



## AI systems revenue doubled sequentially, beating Q2 revenue guidance



"HPE delivered very solid results in Q2, exceeding revenue and non-GAAP EPS guidance. AI systems revenue more than doubled from the prior quarter, driven by our strong order book and better conversion from our supply chain. Our deep expertise in designing, manufacturing, and running AI systems at scale fueled growth of cumulative AI systems orders to \$4.6 billion, with enterprise AI orders representing more than 15%. HPE's AI advantage, increased HPE GreenLake adoption, and leading infrastructure portfolio, as well as an improved supply chain environment, set us up very well to deliver a strong second half."

**Antonio Neri**  
President & CEO

Net revenue

**\$7.2** billion

Non-GAAP operating margin<sup>(1)</sup>

**9.5%**

Non-GAAP gross margin<sup>(1)</sup>

**33.1%**

Non-GAAP diluted net earnings per share<sup>(1)</sup>

**\$0.42**

Free cash flow<sup>(1)(2)</sup>

**\$610** million

### Key Points

- Revenue **exceeded outlook range**, growing 4%<sup>(3)</sup> y/y
- More than **doubled AI systems revenue** sequentially to over \$900 million
- Cumulative AI systems orders<sup>(4)</sup> increased** to \$4.6 billion
- More than 15% of cumulative AI systems orders from enterprise customers
- Nearly tripled** the number of enterprise AI customers y/y
- Record Q2 free cash flow<sup>(1)(2)</sup>** of \$610 million
- Raising **full-year revenue and non-GAAP EPS guidance**

### HPE GreenLake Highlights

- ↑ ARR<sup>(5)</sup> grew **39%<sup>(3)</sup>** y/y to more than **\$1.5 billion**
- ↑ As-a-service total contract value (TCV)<sup>(7)</sup> of **more than \$15 billion**
- ↑ Demand is increasing for **on-premises private cloud solutions** using HPE GreenLake cloud platform



## Business Segments



**Server:** Offers general purpose computing, workload-optimized servers and supercomputers as well as integrated systems of software and hardware for global customers engaging in artificial intelligence (AI), high performance computing (HPC), data analytics, simulation and transaction processing.



**Hybrid Cloud:** Provides hybrid cloud infrastructure, software, and management, including storage, private clouds, data protection, AIOps and data analytics for AI. The solutions are offered as a service through HPE GreenLake.



**Intelligent Edge:** Operates platforms and services at network edges, connecting devices and applications via HPE Aruba Networking solutions such as wired and wireless local area network, campus and data center switching, software-defined wide area networking, and network security.



**HPE Financial Services:** Serves as the financial engine behind HPE's offerings to provide financial solutions including leasing offers, asset management, and asset upcycling.

## Outlook



- 1 - Reconciliation of specific adjustments to GAAP results for the current and prior periods and description of HPE's use of non-GAAP financial information are included in the earnings presentation at <https://investors.hpe.com>.
- 2 - Free cash flow represents cash flow from operations, less net capital expenditures (investments in property, plant & equipment ("PP&E") less proceeds from the sale of PP&E), and adjusted for the effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash.
- 3 - In constant currency. A description of HPE's use of non-GAAP financial information is provided in the earnings presentation at <https://investors.hpe.com>.
- 4 - Tabulates AI systems orders since Q1'23. Orders can be adjusted for customer re-bookings, which are difficult to predict and may alter timing of order recognition.
- 5 - For definition of ARR, please refer to the earnings presentation at <https://investors.hpe.com>.
- 6 - Q324 non-GAAP diluted net EPS excludes net after-tax costs of approximately \$0.14 per diluted share primarily related to stock-based compensation expense, amortization of intangible assets, and acquisition, disposition and other related charges. FY24 non-GAAP diluted net EPS estimates exclude net after-tax adjustments of approximately \$0.24 per diluted share, primarily related to stock-based compensation expense, acquisition, disposition and other related charges, amortization of intangible assets, structural tax-rate adjustments, adjustments related to the sale of H3C and a portion of the H3C income.
- 7 - Total Contract Value (TCV) represents the total value of one-time and recurring revenue for the period defined by the contract.