

Dell Technologies, Inc. (DELL)
Information Technology – Computer Processing Hardware



September 29, 2025

Stock Rating: **BUY**

Investment Thesis

We believe Dell Technologies is positioned for long-term value creation driven by its leadership in the AI and infrastructure markets. The company's strategic pivot toward high-margin enterprise solutions, its robust operational model, and its key partnerships are the primary drivers of this thesis. We are confident in a multi-year growth trajectory fueled by the global demand for AI infrastructure, and our valuation models support a significant upside potential from its current stock price. We recommend a BUY with a target price of \$168 representing a 29% upside.

Drivers of Thesis

- **AI & Infrastructure Growth:** We project Dell's Infrastructure Solutions Group (ISG) revenue to grow significantly, driven by a sustained demand for AI-optimized servers and the aggressive capital expenditure of hyperscalers
- **Strategic Partnerships:** Dell's long-standing partnership with NVIDIA, exemplified by the Dell AI Factory, creates a competitive moat by proxy
- **Global Market Dominance:** As a globally diversified company, Dell is uniquely positioned to capture market share across different regions.

Risks to Thesis

- **Decelerated Hyperscaler Spending:** The primary risk to our thesis is that the demand from hyperscalers for AI infrastructure plummets below current expectations
- **Dell Liquidity Provider:** The Class C stock, with its near-zero voting rights, conveniently serves as a liquidity mechanism for the controlling shareholder (Michael Dell) to monetize his stake without ever having to relinquish his iron grip on the company's direction
- **Value Destruction Acquisition:** Management pursues a large, high-margin software or services acquisition that ultimately lacks critical synergy with the AI portfolio, resulting in integration failures and negative shareholder value

Price Target: **\$168**

Henry Fund DCF	\$168
Henry Fund DDM	\$113
Relative Multiple	\$130
HF % Upside	29%

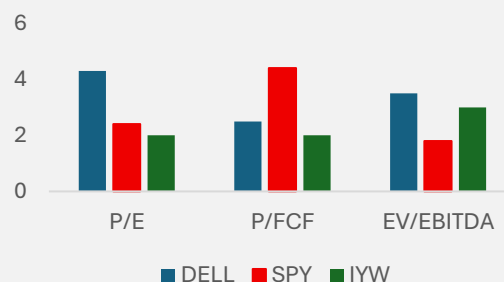
Price Data

Current Price	\$131
Date of Price	09/29/2025
52wk Range	\$66 –148
Consensus Price Target	\$152
Consensus % Upside	12%

Key Statistics

Market Cap (B)	87.9
Diluted Shares Out. (M)	27.84
Institutional Ownership	70.91%
Beta	1.56
Dividend Yield	1.61%
LT Growth Rate	13.4%

DELL vs. SPY & IYW



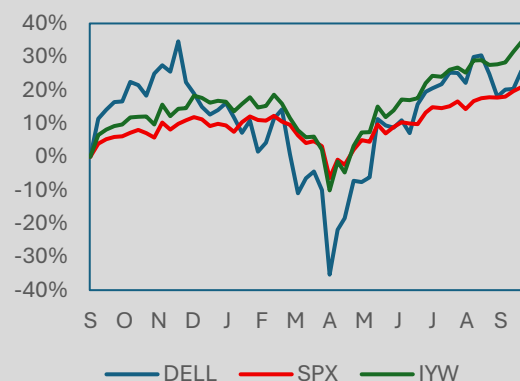
Earnings / EBITDA Estimates

Year	2023	2024	2025	2026e	2027e	2028e
HF EPS	3.33	4.71	6.51	6.20	9.06	11.00
% Growth	-	41%	38%	-5%	46%	21%
Street EPS	3.24	4.36	6.38	7.90	9.46	11.92
% Growth	-	35%	46%	24%	20%	26%
HF EBITDA	2776	2270	3266	4042	5726	7623
% Growth	-	-18%	44%	24%	42%	33%
Street EBITDA	10793	10162	10985	11939	13312	14595
% Growth	-	-6%	8%	9%	12%	10%

Balance Sheet / Cash Flow Snapshot

Net Debt	20981	18628	20934	3768	-11036	-28151
Debt/Equity	-9.78	-12.19	-17.71	12.59	3.67	2.13
FCF	-4,313	5,747	-4,446	7679	1797	2569
IC	6615	2262	9269	5891	9902	14389

Price Performance



Profitability

Gross Margin	22%	24%	22%	24%	25%	26%
Op Margin	6%	6%	7%	7%	9%	10%
Net Margin	2%	4%	5%	4%	6%	7%
ROA	3%	4%	6%	4%	5%	5%
ROE	-81%	-159%	-331%	173%	77%	51%
ROIC	-855%	27%	81%	46%	99%	71%

DELL vs. Peer Group – Sales Growth

Year	2026e	2027e	2028e
HPE	18%	18%	6%
HPQ	2%	2%	1%
CSCO	7%	5%	5%
IBM	4%	4%	5%
LNVGY	12%	8%	7%

Image #1: Michael Dell and PC



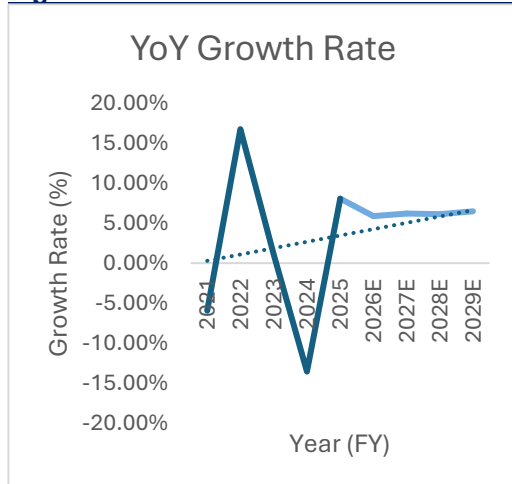
Source: [Getty](#)

Image #2: Dell and EMC



Source: [Walmart](#)

Figure #1: Historical/Forecasted Growth



Source: *DELL 10-K 2021-2025, HF Model*

Company Description

Dell Technologies, founded in 1984, began in a dorm room and grew into a multinational, multibillion-dollar company. Competing with the behemoth of its time, IBM, Dell sold personal computers directly to consumers. This strategy allowed for customization, lower prices by removing the middleman, and faster deliveries. To raise capital for diversifying its product offerings, Dell held its initial public offering (IPO) in 1988. The company opened a manufacturing center in Ireland, enabling it to serve Europe, the Middle East, and Africa. By 1998, Dell had opened a manufacturing center in China, which helped it become China's third-largest provider of computer systems and services. In 2001, Dell was the number one computer systems provider in the world and began its strategic partnership with EMC for enterprise-class storage. It then expanded into servers and storage. During the post-PC era of the late 2000s, despite PCs still accounting for over 60% of its revenue, Michael Dell sought to restructure the company due to slowing PC sales and transitioned to offering enterprise solutions. Shareholders pushed back as Dell sank its cash into research and development and acquisitions of software, networking, security, and services. Seeking to continue selling PCs at ultra-competitive prices to keep customers within its ecosystem of higher-margin software and services, Dell partnered with Silver Lake Capital to complete the largest leveraged buyout in tech history, for almost \$25 billion in 2013.¹

While a private company, Dell shifted its business segments from four global, customer-centric operating segments, Large Enterprise, Public, Small & Medium Business, and Consumer, to its current business segments: Infrastructure Solution Group and Client Solution Group. These new segments were made possible by their extensive mergers and acquisitions (M&A) activity, most notably the 2016 acquisition of Electro-Motive Corporation (EMC) for \$67 billion. EMC specialized in data storage, data management, cybersecurity, and cloud computing; all components pivotal to Big Data. The combined power of Dell Inc. and EMC, operating under Dell Technologies, began generating cash flow as a leader in network-attached storage appliances and data center infrastructure.² Weighed down by debt, Dell sold off Quest Software and SonicWall, among others, to private equity firms, which allowed it to return to stability and agility.³

Primed for the capital markets to further fund M&A activity, Dell once again held an IPO under its current ticker DELL in 2018. Selling for just over \$36 a share, which represented 0.2 times its trailing sales, investor confidence was low. With AI-optimized servers, branded PCs, and service offerings, Dell has positioned itself to experience tailwinds from the artificial intelligence boom.⁴

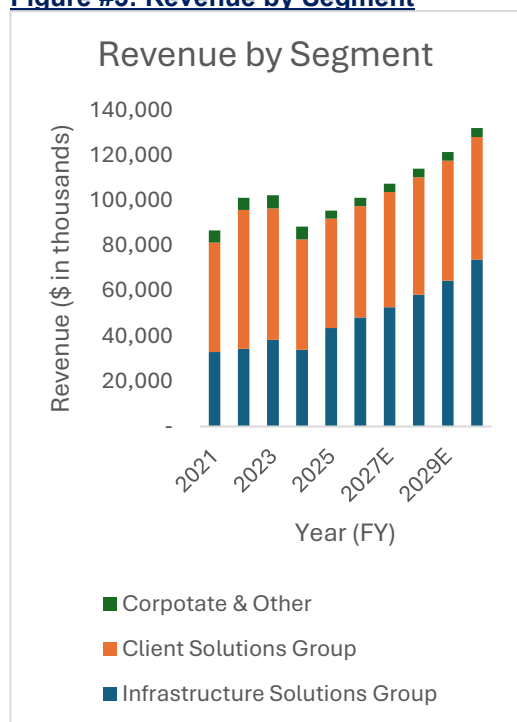
Dell Technologies Inc.'s fiscal year revenue came in at \$95.6 billion, with a gross margin of \$21.3 billion and net income of \$6.2 billion.

Figure #2: CSG Revenue



Source: DELL 10-K 2021-2025, HF Model

Figure #3: Revenue by Segment



Source: DELL 10-K 2021-2025, HF Model

While no longer at its \$100 billion market cap before the dot-com bubble burst, Dell is closing in at its all-time high, with a current market cap of \$88 billion. Dell is seeing a resurgence in its positioning, thanks to forward-looking leadership and patience, as it now sees 8.1% year-over-year growth.⁵

Client Solutions Group (CSG)

The Client Solutions Group (CSG) has long been the foundational aspect and largest segment of Dell, covering both commercial and consumer customers. These clients can purchase a variety of Dell-branded PCs.

Consumer Segment

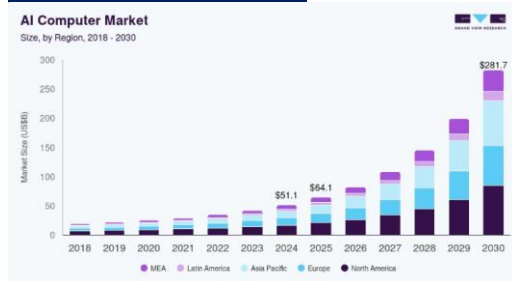
The consumer segment offers desktops, notebooks, branded peripherals (monitors, mice, keyboards, docking stations), and accessories (headphones, headsets, speakers). This segment also includes Alienware, Dell's top-of-the-line gaming brand, which was acquired in 2006. While we acknowledge that we live in a post-PC era where individuals are constantly on mobile devices, PCs, especially for gaming, have become more commonplace, acceptable, and trendy. As tech-native Gen Z and Gen Alpha age, we predict shorter refresh cycles. What was once considered a luxury now accounts for smaller portions of income due to continual advancements in technology and established supply chains.

However, this trend doesn't allow for much growth but instead acts as a defense, with a 5-year and 10-year CAGR of 2% and 1.81% respectively. We forecast a 2026FY Consumer CSG of \$7.7 billion, stopping the downward pressure seen since 2022FY. During that period, revenue was \$15.9 billion (15.7% of total revenue) due to government stimulus and lockdown policies during the COVID-19 pandemic. In the long term, we forecast the consumer segment to continue shrinking as a portion of total revenue, falling to around 5%. Dell operates on an agile, direct-to-consumer model that keeps its inventories low, allowing the company to innovate, keep unit costs affordable, and react to consumer demand. This operational efficiency, paired with a demand for personalization, provides Dell with an opportunity to meet customer needs, act defensively in its market share, and capture margin from its supply chains.

Commercial Segment

The commercial segment offers workstation towers, notebooks, branded peripherals, and accessories. The CSG supports this hardware by offering services such as configuration, support, deployment, and extended warranties. Dell also partners with third parties to provide other software and peripherals. The Commercial CSG also had its best year in FY2022, with \$45.6 billion in revenue when remote work reached its peak. We assume that many companies purchased computers during this time, and the average PC refresh cycle is three years.⁶ This trend, paired with the end of support for Windows 10 in October, is expected to drive renewals

Figure #4: AI PC Market



Source: [Grandview](#)

as un-updated systems become inefficient and exposed to security risks.⁷ We believe that many companies have already begun to renew their PCs, which is why Dell saw moderate growth in commercial CSG of 2.59%. We forecast a 5-year and 10-year CAGR of 2.33% and 2.04%, respectively, with a forecast of \$41.7 billion in revenue for 2026FY.

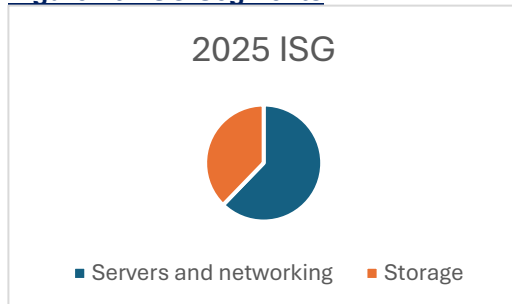
AI-Powered PCs

As a whole, the CSG will experience tailwinds from AI-powered PCs. These devices will have powerful processing units that can execute workloads locally, primarily when AI agents and tools are closed systems increasing security and privacy. They are designed to help users and understand the needs of individual users to accomplish their tasks and can be trained based on a single individual's preferences and past actions to tailor the best agent for them. While we might not see CSG account for 60% of revenue like 2013 when Dell went private or during a global pandemic PC or whatever future form Dell's research development decides, CSG will continue to be a notable portion of revenue as Dell's R&D produces innovative, in-demand PC portfolio drawing clients into PC refresh cycles.

Infrastructure Solutions Group (ISG)

After much public turmoil, Michael Dell is vindicated. In fiscal year 2025, the Infrastructure Solutions Group (ISG) accounted for 45.62% of total revenue with a 28.65% year-over-year growth rate. Dell's enterprise solutions make it one of the largest data center equipment suppliers. With a selection of servers, networking, and storage, Dell provides high-performance general-purpose and AI-optimized servers. By providing the machines that process, the cables and switches that connect, and the storage, Dell's ISG revenue comes from a few key customers. Dell pairs these hardware components with software and services.

Figure #5: ISG Segments



Source: [DELL 10-K 2025](#)

Image #3: PowerEdge Server



Source: [Dell](#)

Image #4: PowerStore Storage



Source: [Dell](#)

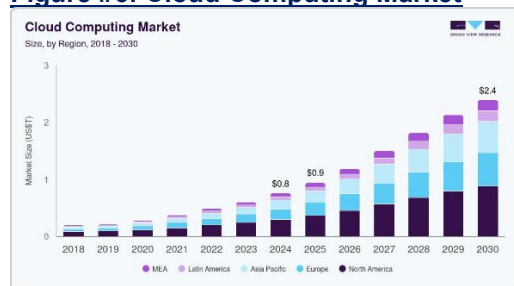
ISG Project Dynamics

ISG projects are often large, multi-year deals, so the continual purchasing of services and solutions is pivotal for profitability. It's also important for Dell to correctly estimate the cost of goods sold to deliver these services and solutions. Historically, Dell has maintained a just-in-time inventory with strong vendor and supplier relationships, providing supply chain flexibility. However, this level of operational efficiency has decreased. To meet the demand for AI-optimized offerings, purchases of components have increased, leading to higher inventory levels and purchase obligations. This reflects new working capital dynamics for Dell as it capitalizes on the Age of AI.

The Rise of AI

Thanks to the rise of big data and cloud computing, machine learning can recognize patterns by training off massive datasets. The promise of improved decision-making, real-time insights, and technological advancements is creating a new industrial age. With trillions of dollars invested in AI and its commercial viability, the

Figure #6: Cloud Computing Market



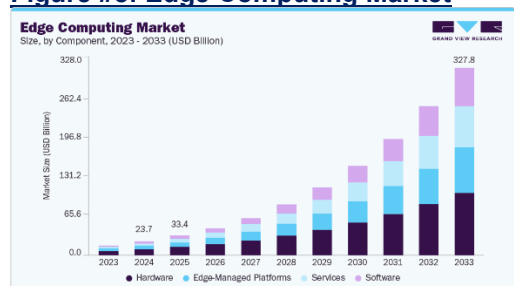
Source: [Grandview](#)

Figure #7: Data Center Market



Source: [Grandview](#)

Figure #8: Edge Computing Market



Source: [Grandview](#)

groundwork for a new era of technology is being laid as AI emerge from a winter period.⁸ The world sees whoever to first creates general intelligence as gold mine. And Dell is selling the shovels to the gold miners.

The Limiting Reagent and the Catalyst

Some of the world's largest companies and hyperscalers are driving this strong demand, purchasing AI solutions and fueling capital expenditures. However, if data center investment outpaces the demand for AI services, it could create overcapacity. Should a return on this investment fail to materialize, especially in a high-interest-rate environment, infrastructure-heavy firms could face balance sheet pressure, and the broader sector might experience a correction.

We believe the need for edge computing and network infrastructure still offers ample runway in our ever-expanding technological world. Continuing to invest in the infrastructure of a virtual and cloud age mirrors the lessons of the Dot Com Bubble: the demand for a revolutionary technology must match the swelling infrastructure built to support it. While uncertainty exists, we believe capital expenditures on data centers will not slow. The risk of missing out on this technology would leave tech giants substantially behind.

The immense compute power required for training and inferencing demands greater processing power, and Dell is well-positioned to benefit. This need is in addition to the rest of the cloud computing systems integrated into our daily lives, such as social networking, streaming, communication, and vast storage.

Growth Opportunity

We forecast an ISG revenue of \$48.1 billion for fiscal year 2026, with a 5-year and 10-year CAGR of 11.12% and 10.82%, respectively. This growth could eventually see the segment double the size of the CSG by 2035. We see this as Dell's greatest opportunity for growth. While hyperscalers try to future-proof their centers, keeping pace with and predicting innovation is challenging. This will require continuous refresh cycles. Dell can capitalize on these relationships by continuing to offer its higher-margin software and services.

Corporate & Other

Dell's Corporate and Other segment is comprised of divested businesses' standalone offerings are no longer actively marketed or sold but still support customers who purchased them in prior periods. A large portion of this segment includes VMware Resale, which was purchased by Broadcom after a spin-off, and Secureworks, which was purchased by a private equity firm. Dell has a history of continuously acquiring and selling subsidiaries.

We forecast Corporate & Other revenue to reach \$3.7 billion in fiscal year 2026, a figure that continues its decline as a percentage

of total revenue. After previously representing 13.4% of revenue in 2020, we project it will fall to less than 1.5% by 2035, with a 5-year CAGR of -21.92%. However, given Dell's history of acquisitions and sales, we do foresee some growth, with a 5-year and 10-year CAGR of 2% and 1.81%, respectively, as Dell diversifies and rebalances its strategies to position itself for core competencies and growth.

Revenue Forecast

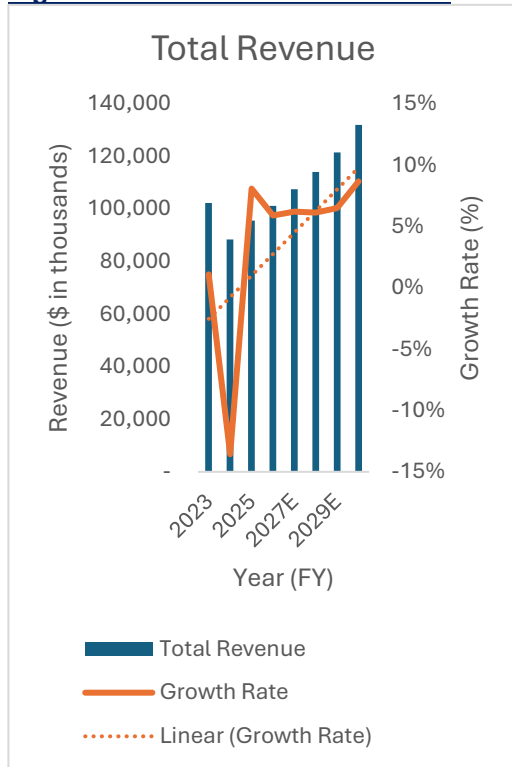
Top-line net revenue has increased at a 0.73% five-year CAGR, growing from \$92.6 billion to \$95.6 billion. We're forecasting a fiscal year 2026 revenue of \$101.2 billion, which we project will grow to \$185 billion by 2035E. This represents a 5-year CAGR of 6.67% and a 10-year CAGR of 6.85%. While Dell will continue to control a sizeable amount of market share in its CSG segment, its primary growth story comes from higher-margin ISG sales.

However, AI-optimized servers have lower margins than generalized servers and networks due to the high use of OEM components. Dell protects its margins through strategic partnerships, such as with NVIDIA. They have collaborated for decades, forming the Dell AI Factory with NVIDIA, which leverages Dell's experience with customization to configure regulations as a service (RaaS) as it builds out AI infrastructure.⁹ Dell's strengths in strategic partnerships, just-in-time inventory, customer-centric service, economies of scale, a diverse manufacturing footprint, and an agile vendor and supplier base all contribute to its ability to maintain its profitability.

Cost Structure Analysis

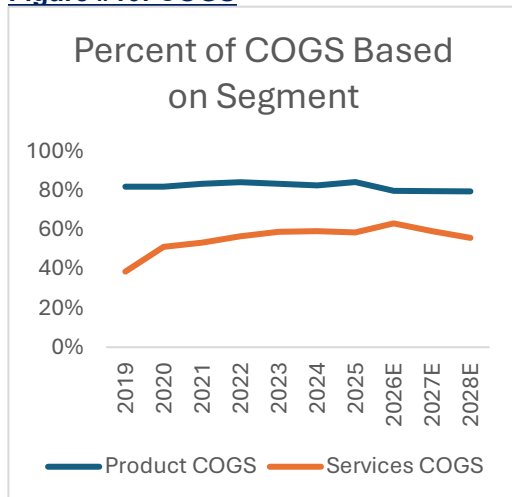
Looking ahead, we forecast Dell to continue its transformation, leveraging its leadership in AI infrastructure to drive long-term growth. While the Client Solutions Group (CSG) will remain a foundational segment, the company's future is firmly anchored in the high-growth Infrastructure Solutions Group (ISG).

Figure #9: Total Revenue & Growth



Source: DELL 10-K 2021-2025, HF Model

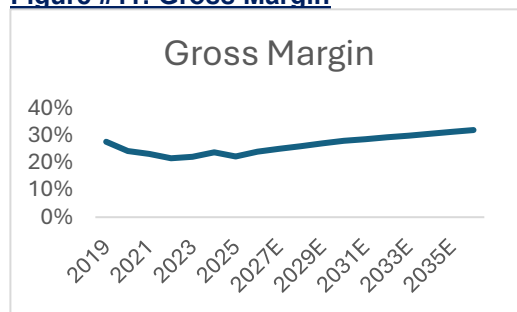
Figure #10: COGS



The immense demand for AI-optimized servers, particularly from hyperscalers and large enterprises, will serve as the primary growth engine. We project that this momentum, fueled by Dell's strategic partnerships and its operational expertise, will enable it to capture a significant share of the rapidly expanding AI hardware market. Despite potential short-term margin pressures from high-cost components, Dell's ability to offer comprehensive, high-margin solutions from hardware and software to services will ultimately protect its profitability.

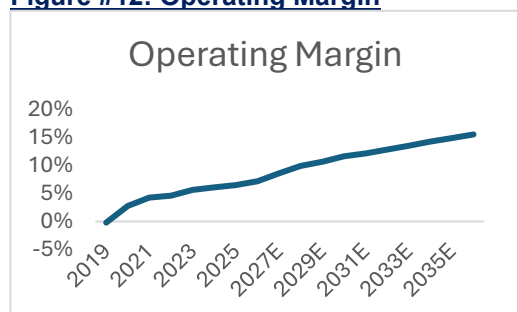
Furthermore, we anticipate that the trend toward AI-enabled PCs and the ongoing commercial refresh cycle will provide a steady, profitable revenue stream, complementing the explosive growth in the ISG segment. Dell's dual-pronged strategy positions it to not only lead the AI revolution but also to generate significant value for its shareholders over the coming decade.

Figure #11: Gross Margin



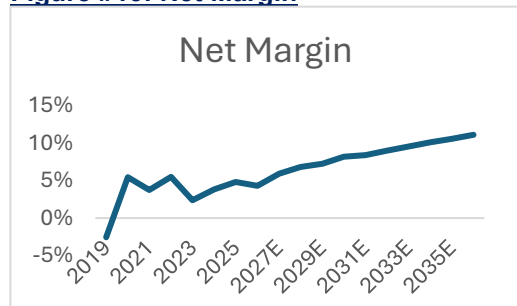
Source: DELL 10-K 2019-2025, HF Model

Figure #12: Operating Margin



Source: DELL 10-K 2019-2025, HF Model

Figure #13: Net Margin



Source: DELL 10-K 2019-2025, HF Model

Gross Margin

We project gross margins to expand from 22.24% in fiscal year 2025 to 22.45% in fiscal year 2026, and to 28.19% by fiscal year 2035. This expansion is driven by the increasing contribution from the higher-margin Infrastructure Solutions Group (ISG). While the rapid growth in AI-optimized servers introduces margin pressure due to high OEM component costs, Dell's strategic partnerships and operational efficiency will support this long-term growth.

Operating Margin

We've seen operating margins shift from -0.21% in fiscal year 2019 to 6.53% in fiscal year 2025. A temporary pullback to 5.62% in fiscal year 2026 is projected, primarily due to higher stock-based compensation to recruit talent as massive contracts are thrown around and increased sales commissions of direct sales model. As the company works through its backlog of contracts, operating leverage is expected to return, driving margins to 11.78% by fiscal year 2035.

Net Margin

Net margins grew from -2.55% in fiscal year 2019 to 4.81% in fiscal year 2025. Similar to operating margins, net margins are expected to contract to 2.70% in fiscal year 2026 before increasing to 8.13% by fiscal year 2035. This expansion is supported by the projected growth in the high-margin ISG business

Additional Company Analysis

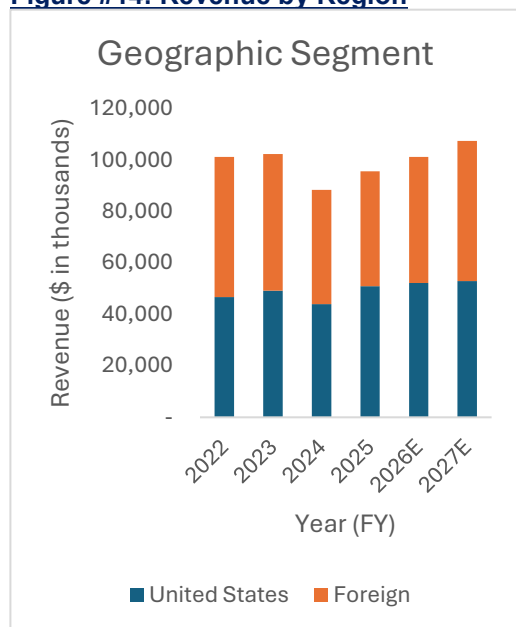
How Dell Makes Money

Dell's revenue comes from an increase in servers and networking, which saw a 53.97% year-over-year growth rate, supported by a 17.22% growth rate in storage. This growth primarily comes from its AI-optimized server portfolio, specifically its PowerEdge AI servers and PowerScale, Dell's Network-Attached Storage system. Demand remains strong for general servers and networking as well. Storage, on the other hand, saw a more modest increase of 1.21%, we forecast low demand for their storage solutions.

Dell's operating margin increased after it reduced its employee base by 10%, from 120,000 employees to 108,000 employees. However, this is part of Dell's disciplined cost management strategy.

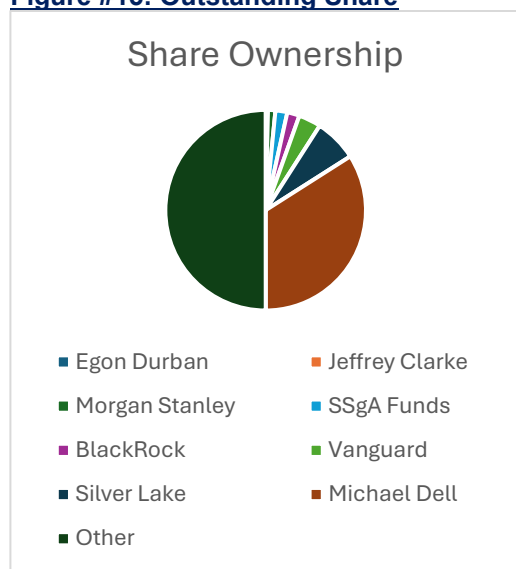
Quarter four (Q4) is typically the strongest season for sales globally, as companies spend the remainder of their annual budgets and consumers purchase products for the holidays. The Americas account for 60% of revenue in both the ISG and CSG segments, with the United States alone accounting for 53.38% in fiscal year 2025.

Figure #14: Revenue by Region



Source: DELL 10-K 2022-2025, HF Model

Figure #15: Outstanding Share



Source: Factset

Figure #16: Debt Maturity Schedule

Fiscal Year	Payment (\$m)
2026	5,208
2027	6,384
2028	1,315
2029	1,372
2030	2,984
Thereafter	7,525
Total	24,788

Source: DELL 10-K 2025

Competitive Position

Dell operates in a highly competitive computer hardware market, with a global market share of around 8%. Despite the lack of a significant monopolistic moat, we believe Dell's ecosystem is "sticky," and the pain and costs of transitioning to a competitor are high enough to retain customers as long as Dell's products remain comparable. This was tested in 2013 when Dell went private without losing any large, notable customers.¹⁰

Dell's biggest strength is CEO Michael Dell, who entered the space early and has maintained a steady, forward-thinking strategic leadership. Some clients have even drafted contingency plans in case he is no longer CEO. With Michael Dell still holding the majority of the voting power, this is not a current concern. We believe that despite the trimmed margins on PC and other CSG products, selling more units at lower margins helps Dell maintain a customer-centric policy and remain competitive. With one of the best operating ratios in the market, Dell's business model allows it to remain highly competitive and continue to vie for a larger market share.

Debt Maturity Analysis

Dell holds approximately \$24.5 billion in long-term debt on its balance sheet. This figure is composed of Senior Notes, Legacy Notes, and Dell Financial Services (DFS) debt. With an investment-grade rating of BBB+,¹¹ there is no reason to believe that Dell will not be able to fulfill its obligations when the debt matures.

The company has been actively managing its debt portfolio, as evidenced by its recent transactions. For instance, it issued new senior notes to prepay debt with higher interest rates, such as the 6.02% Senior Notes due in 2026. Dell had a total principal debt of \$54.2 billion in fiscal year 2019. Given the average interest rate on its borrowings, which ranges from 3.38% to 8.35%, Dell is actively optimizing its debt structure.

Although a portion of the company's debt has fixed interest rates, a decrease in the current high-interest-rate environment could present an opportunity for Dell to refinance and further reduce its borrowing costs. However, given its disciplined debt management and strong financial position, we are not forecasting any immediate need for a major refinancing. However, we would encourage taking advantage of lower interest rates.

ESG Analysis

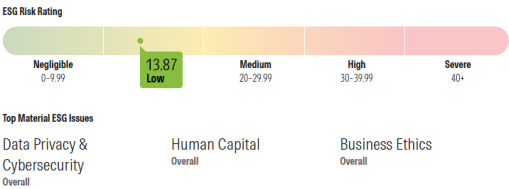
Dell has demonstrated a strong commitment to environmental responsibility through its "Legacy of Good" program. The company has set ambitious goals, including becoming net-zero by 2050. Initiatives like using recycled plastics in its products and establishing a robust take-back program for old electronics highlight its dedication to a circular economy. Dell also aims to

Figure #17: Dell Impact Numbers

Performance metric	Unit of measure	FY23	FY24	FY25
Greenhouse gas emissions				
Scope 1 greenhouse gas (GHG) emissions	MT CO ₂ e	45,800	38,800	36,700 ¹
Scope 2 GHG emissions, market-based		153,300	133,600	118,700 ¹
Scope 2 GHG emissions, location-based		330,600	331,300	326,600 ¹
Scope 3 GHG emissions		35,100,200	28,557,100	32,586,900 ¹
Energy used in Dell Technologies operations				
Total energy consumed	million kWh	1,038	996	992 ¹
Renewable electricity consumed		522	542	565
Water used in Dell Technologies operations				
Water withdrawals (total volume)	thousand m ³	1,650	1,692	1,658 ¹
Sustainable materials				
Total sustainable materials used in products	kg	39,170,318	43,092,675	52,029,921
Responsible electronics disposition				
Percentage of product collected	%	27.3%	30.1%	33.7% ¹
Percentage of collected product recycled	%	N/A	N/A	89.0%

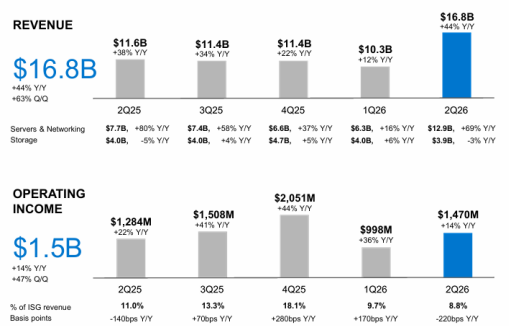
Source: [DELL 2025](#)

Figure #18: Dell ESG Risk Rating



Source: [Morningstar](#)

Figure #19: Performance Review ISG



Source: [DELL 2025 Q2](#)

source 75% of its packaging from recycled or renewable materials.¹²

From a social perspective, Dell focuses on creating an inclusive workplace and promoting digital equity. The company actively works to empower diverse communities and provide technology access to underserved populations through its partnerships and educational programs. However, like many large tech companies, Dell faces scrutiny regarding labor practices within its extensive supply chain. Ensuring ethical and safe working conditions across all its global manufacturing partners remains a key area of concern and requires ongoing vigilance.

In terms of governance, the company's structure, where Michael Dell retains a significant portion of voting power, raises some concerns about board independence. While this founder-led model provides strong, consistent leadership, it can also limit the influence of other shareholders and the broader board. This concentration of power is a variable that investors may monitor closely.

Recent Developments

Recent Earnings Announcement

Q2 earnings on August 28, 2025 gave us a dual beat on earnings and EPS. Dell reported total revenue of \$29.3 billion, significantly beating the street consensus of \$28.5 billion. This outperformance was primarily fueled by the Infrastructure Solutions Group (ISG), which posted a record revenue of \$16.8 billion, a 44% increase year-over-year. This incredible growth was led by the Servers and Networking segment, which soared by 69% due to strong demand for its AI-optimized servers.¹³ The company's focus on the AI boom directly contributed to this outperformance, as it became the limiting reagent for hyperscalers and large enterprises building out their AI capabilities.

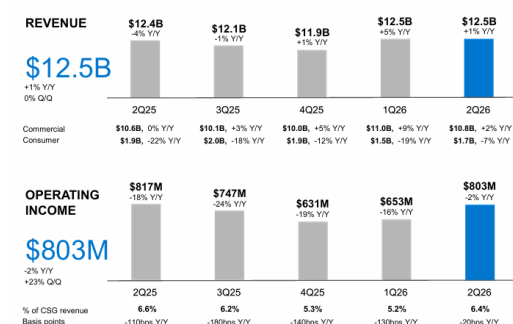
In contrast, the Client Solutions Group (CSG) remained relatively flat, with revenue increasing just 1% to \$12.5 billion. The commercial segment saw modest growth, while consumer revenue declined by 7%, reflecting the continued normalization of PC sales post-pandemic. Despite this mixed performance, the overall results were strong, with ISG's profitability helping to offset softer results in the consumer segment.

Management Guidance and Our Forecast

Dell's management provided robust guidance for the upcoming quarters, reflecting their confidence in the company's trajectory.

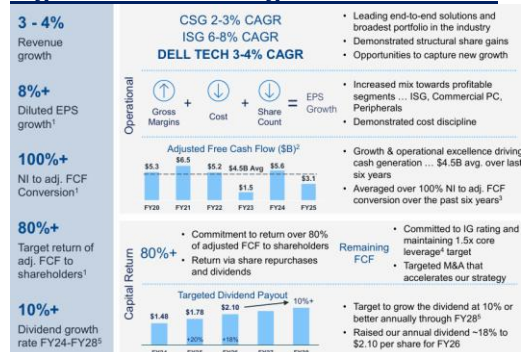
For the third quarter of fiscal year 2026, management expects revenue between \$26.5 billion and \$27.5 billion. This aligns with our forecast, which anticipates continued growth in ISG as a counterbalance to the slower CSG segment.

Figure #20: Performance Review CSG



Source: [DELL 2025 Q2](#)

Figure #21: Dell Long-term Framework



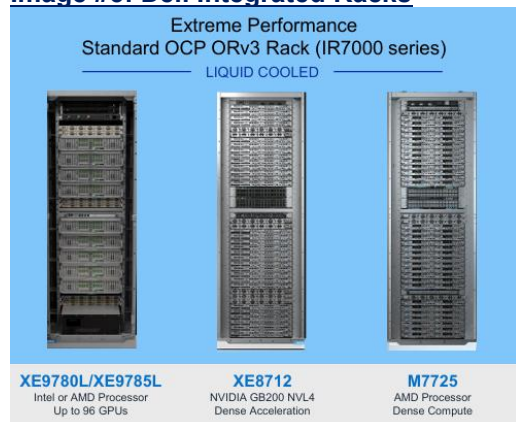
Source: [DELL 2026 Q2](#)

Image #4: Dell AI Factory



Source: [Dell](#)

Image #5: Dell Integrated Racks



Source: [DELL 2026 Q2](#)

For the full fiscal year 2026, Dell projects revenue between \$105.0 billion and \$109.0 billion, which is significantly higher than our forecast of \$101.2 billion. However, we do believe that given broader uncertainty around tariffs, supply chains, and rates clients will not follow typical Q4 seasonality spending patterns.

We believe Dell's disciplined cost management, and higher-margin software and services will result in even greater profitability as they scale. We are confident that Dell's operational efficiency, strategic partnerships, and focus on its higher-margin ISG segment will allow it to exceed the company's current profitability targets.

Dell Partnerships

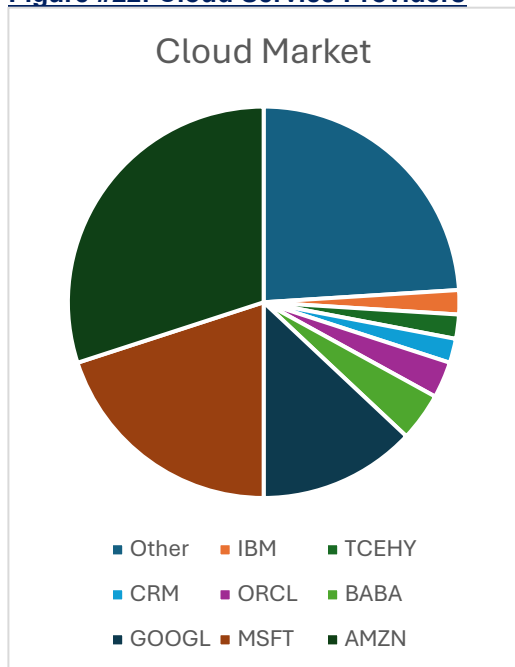
Dell's strategy to lead the AI market is fundamentally driven by its deep, strategic partnerships, which are now a primary force shaping its operations and competitive standing. This approach is essential in a market defined by complex integrated solutions, scarce components, and rapidly evolving technology.

The most significant development is the expansion of the "Dell AI Factory with NVIDIA" collaboration. This is far more than a reseller arrangement; it is a complete, integrated ecosystem that combines Dell's end-to-end hardware stack (servers, networking, storage) with NVIDIA's industry-leading AI chips and proprietary software. This partnership ensures Dell has preferential, high-priority access to key components like NVIDIA GPUs, which are the limiting reagent in the server market. Dell's long-standing supply chain agility allows it to turn this access into a tangible competitive advantage by delivering complex AI systems faster than many competitors.

This joint solution is designed to simplify the entire AI lifecycle for enterprise customers, with a strong focus on Private AI. This approach addresses growing customer concerns around data sovereignty and security, a critical differentiator against public cloud providers. Dell's broader partnership strategy extends to silicon providers like Intel and AMD, ensuring product diversification. Furthermore, software collaborations, such as the recent integration with Cloudera for unified data storage and AI compute, emphasize Dell's commitment to providing a complete, ready-to-deploy environment for complex solutions like agentic AI.

This partnership strategy directly addresses the primary competitive shift in the industry: the move from selling commoditized hardware to delivering integrated, AI-native solutions. This allows Dell to capture higher-margin service revenue alongside its hardware sales. The recent acquisition of Juniper Networks by HPE validates this strategy,¹⁴ as HPE's primary goal was to gain a similar AI-native networking stack to compete directly with Dell. Dell's partnerships are essential to maintaining its competitive edge in the high-growth ISG segment.

Figure #22: Cloud Service Providers



Source: [Cloudwards](#)

Industry Trends

Hyperscaling

Hyperscalers, with their near-monopolistic scale, invest without hesitation in servers that accelerate both current offerings and AI capabilities, in the past they cancel near billion dollar R&D initiatives.¹⁵ This seemingly contradictory behavior is a strategic imperative; they're in an AI arms race, where investing in foundational infrastructure is non-negotiable. The long-term risk of falling behind in this technological shift is far greater than the short-term cost of a failed project.

This investment fuels the development of Large Language Models (LLMs) and agentic agent workflows, which are fundamentally reshaping the world. LLMs provide a new paradigm for human-computer interaction, enabling sophisticated AI assistants and content generation. Agentic agents are revolutionizing workflows by performing complex, autonomous tasks, from automating business processes to conducting scientific research. By building the infrastructure for these innovations, hyperscalers position themselves at the center of the AI era, ready to monetize every layer of the new technology stack.

The worst-case scenario for a few hyperscaler companies is that they are treated like the failed e-commerce ventures of the Dot Com Bubble, such as Pets.com. We believe this is unlikely because these companies already offer an array of diverse products that aren't tied directly to AI. While their stock might sell off due to a mistrust of leadership, we doubt a complete collapse, as their balance sheets and net income are some of the strongest in history.

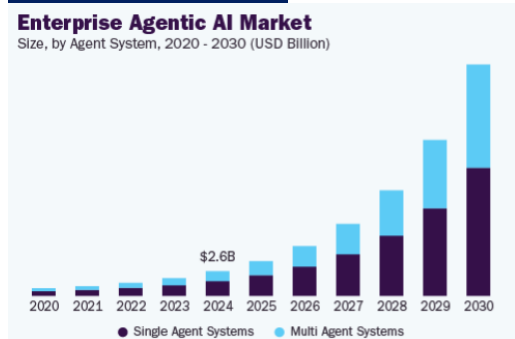
In that scenario, the infrastructure and use cases to ship giant bags of dog food to your doorstep still haven't quite been established. We believe that while the core research behind AI is still ahead of its consumer and client applications, the short-term potential of generative AI to lift humanity is still very much in play.

Worst-case, the efficiency and use cases for this technology are not implemented fast enough, similar to how the lack of widespread broadband infrastructure led to a glut of "dark fiber" in the late 1990s.¹⁶ This could result in data centers going "dark" for a period of time. However, these data centers are viewed as future-proofed assets, and we anticipate that demand and use cases will eventually catch up to the technology. In ten years, the HOA gets to complain about the hum from these future-proofed data centers when demand and use cases catch up to the technology.

Agentic AI

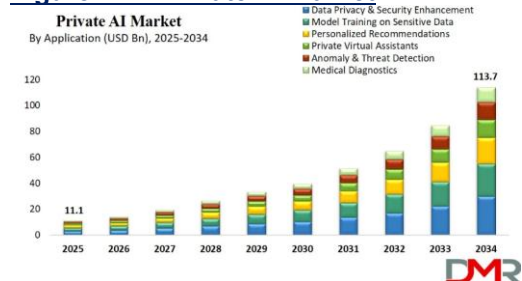
The trend of agentic AI represents the next major phase of the artificial intelligence revolution, moving beyond the reactive capabilities of traditional large language models (LLMs) toward a new era of autonomous, goal-oriented systems. Unlike a simple

Figure #23: Agentic AI



Source: [Grandview](#)

Figure #24: Private AI Market



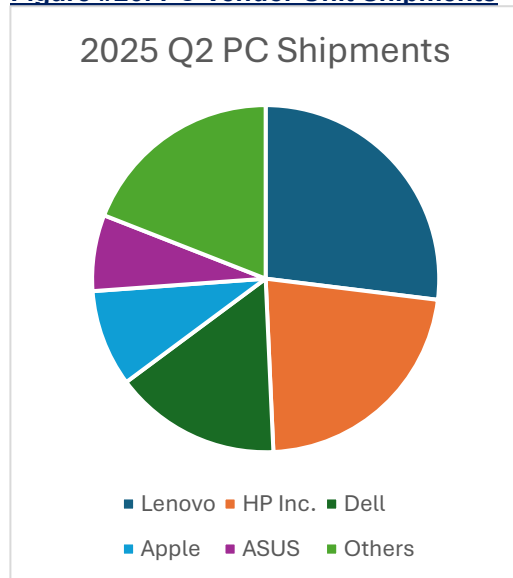
Source: [DMR](#)

Figure #25: Personal Computer Market



Source: [Grandview](#)

Figure #26: PC Vendor Unit Shipments



Source: [Gartner](#)

chatbot that responds to a single prompt, an agentic AI can break down a complex, multi-step task, create a plan to solve it, and execute that plan independently by using external tools and drawing on its own memory and learned experiences. This is a crucial shift that will unlock new levels of automation and business value.

This trend is fundamentally reshaping the industry by creating a new class of applications. We are seeing the rise of AI-native products that are designed from the ground up to leverage these autonomous capabilities, from financial analysis agents that can research and execute trades to personal assistants that manage complex schedules and booking across multiple platforms. This is moving the industry beyond simple chat and into the realm of truly intelligent, proactive systems.

Dell's competitive advantage in this new era lies in its ability to provide the end-to-end infrastructure required for agentic AI. These autonomous agents, with their high compute demands, will drive a sustained need for the very hardware Dell's Infrastructure Solutions Group (ISG) specializes in. This includes high-performance AI-optimized servers and advanced networking, which will be the foundational power for running these agents.

Furthermore, the rise of the AI PC, which Dell is already championing in its Client Solutions Group (CSG), is perfectly suited to this trend. Agentic agents will be deployed on these client-side devices to handle personalized tasks, demanding on-device AI processing units and creating a new hardware refresh cycle. Dell's customer-centric model, with its focus on customization and direct sales, allows it to build these systems with the precise specifications needed to support complex agentic workflows.

The ability to deploy these agents effectively will become a key differentiator for Dell's enterprise customers. As a result, Dell's strategic partnerships with companies like NVIDIA will become even more critical, allowing it to offer integrated, full-stack solutions that combine best-in-class hardware with the necessary software and services to build, launch, and manage agentic AI applications. Dell's ability to provide this comprehensive ecosystem is what will allow it to not only participate but to lead in the age of agentic AI.

Markets and Competition

DELL's Peer Group

Dell, Lenovo, and HP are the top three players in the global PC market, but their business models differ significantly. Dell's legacy is its direct-to-consumer model, which allows for greater customization and lower prices by cutting out the middleman. This contrasts with Lenovo and HP, who primarily rely on extensive partner and retail channels. In the PC market, Lenovo has

Figure #27: FY End Results

Company	Sales (M)	Net Income (M)	Mkt Cap (B)
DELL	95567	4592	73.55
HPQ	50453	2775	34.23
HPE	30127	2554	30.88
LNVGY	69077	1385	17.98
CSCO	56654	10180	270.55
IBM	67073	6023	200.83

Source: [Factset](#)**Figure #28: FY End Valuation Ratios**

Company	P/E	P/S	EV/S
DELL	16.24	0.78	1.01
HPQ	12.66	0.66	0.78
HPE	10.50	0.87	1.02
LNVGY	12.68	0.26	0.26
CSCO	26.98	4.85	4.96
IBM	34.20	3.28	3.98

Source: [Factset](#)**Figure #29: FY End Margins**

Company	Gross Margin	Op Margin	Net Margin
DELL	21.68	7.14	4.81
HPQ	21.14	7.41	5.22
HPE	31.77	8.10	8.58
LNVGY	15.50	3.48	2.00
CSCO	63.83	21.99	17.97
IBM	55.96	17.04	9.59

Source: [Factset](#)**Figure #30: FY End Financial Ratios**

Company	ROA	ROE	Inventories
DELL	5.67	-	14.43
HPQ	7.22	-	7.38
HPE	4.02	11.21	3.30
LNVGY	3.34	23.77	7.98
CSCO	8.25	22.06	6.27
IBM	4.42	24.14	22.56

Source: [Factset](#)

historically held the top spot in market share, with Dell often in third place.¹⁷

In the server market, Dell is a leader, often holding the largest market share, with a focus on its PowerEdge servers and AI-optimized solutions. It competes directly with Hewlett Packard Enterprise (HPE), which was spun off from HP Inc., and with Cisco Systems. Cisco's Unified Computing System (UCS) servers often appeal to customers who are already embedded in its networking ecosystem, as they are tightly integrated. Dell's strategy, by contrast, focuses on a broader portfolio and more flexible solutions.

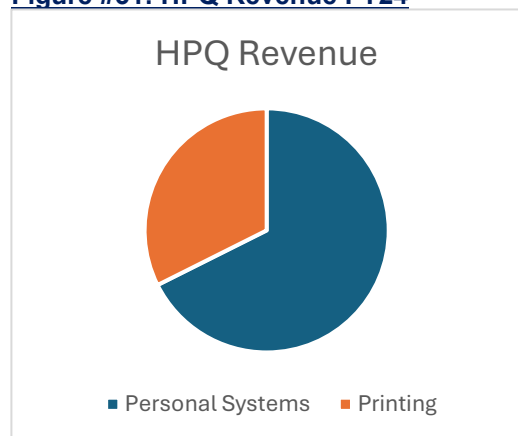
IBM's business model has shifted away from hardware, making it a different kind of competitor. While it still sells servers and mainframes, its primary focus is on hybrid cloud and AI software, with a robust consulting arm. Dell competes with IBM in a limited capacity on hardware but more broadly on managed IT services and cloud solutions. IBM's strength lies in its legacy enterprise relationships and a full-stack offering that includes software, services, and infrastructure.

While all of these companies are major players in the technology landscape, Dell's core competitive advantage lies in its direct sales model, its disciplined cost management, and its ability to rapidly capitalize on new trends like AI servers to drive top-line growth and capture market share.

The peer group, comprised of Lenovo, HP, Cisco, and IBM, was determined by their direct competition with Dell across its major business segments, including PCs and enterprise IT solutions. Notably, we excluded Apple due to its avoidance of enterprise solutions, its positioning as a high-end, creative brand, and its emphasis on unique design and user experience.

While these firms once operated in a state of strategic equilibrium, with each serving a specific niche (e.g., Dell's direct-to-consumer model, HP's printing business, Cisco's networking dominance, and IBM's legacy in mainframes and services), the industry is now in a state of rapid change. The primary development reshaping the landscape is the rise of artificial intelligence (AI), which has accelerated competition and shifted the basis of competition from hardware to a focus on integrated solutions, software, and services. This creates a risk of disruption and substitution, as companies that fail to adapt their business models to this new paradigm could lose significant market share and profitability. The industry, while mature in its core PC segment, is in a high-growth stage in its enterprise and AI infrastructure segments. The distribution of profits and market share remains concentrated among the top players, but the distinctions between them are increasingly defined by their ability to provide end-to-end solutions that support AI workloads.

Figure #31: HPQ Revenue FY24



Source: [HPQ 10-K 2024](#)

Hewlett Packard Inc. (HPQ)

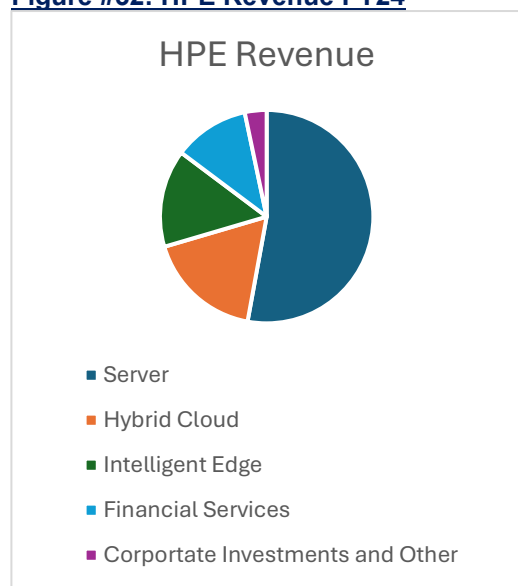
Hewlett Packard Inc. (HPQ) is a multinational technology company that specializes in personal computers and printing. It was formed as a result of the 2015 corporate split from Hewlett-Packard Company. HP Inc. operates through two primary business segments: Personal Systems and Printing.

The Personal Systems segment reported net revenue of \$9.9 billion, a 6% increase year-over-year. This growth was driven by a healthy demand in both the commercial and consumer markets, with units up 5% overall. The segment's operating profit was \$541 million, a 5.4% operating margin.

In contrast, the Printing segment's net revenue was \$4.0 billion, a 4% decrease year-over-year. This decline was seen across both consumer and commercial segments, with total hardware units down 9%. Despite the revenue decline, the Printing segment remains highly profitable, with an operating profit of \$689 million and a high 17.3% operating margin, thanks to its high-margin supplies business.¹⁸

Street is looking for a long-term growth rate of -0.6%.

Figure #32: HPE Revenue FY24



Source: [HPE 10-K 2024](#)

Hewlett Packard Enterprise Co (HPE)

Hewlett Packard Enterprise Co. (HPE) is a global edge-to-cloud company that provides IT, technology, and enterprise solutions. The company's operations are organized into three primary segments: Server, Hybrid Cloud, and Intelligent Edge. HPE's recent performance has been defined by strong growth in its AI and networking businesses, further accelerated by its strategic acquisition of Juniper Networks.

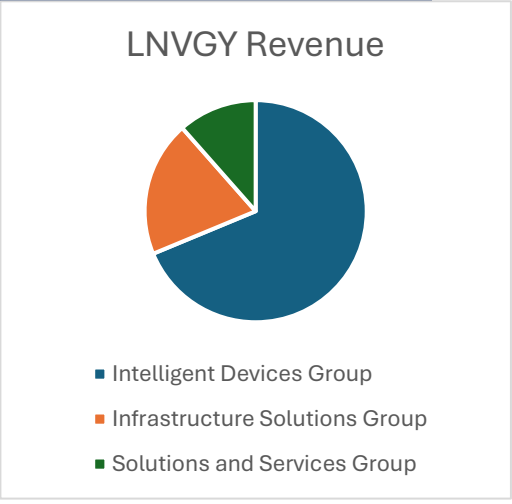
HPE's third-quarter fiscal year 2025 results show strong performance across its key segments. The Server segment reported all-time high revenue of \$4.94 billion, a 16% year-over-year increase. This growth was largely fueled by robust demand for its AI-optimized servers, which resulted in a record AI backlog of \$3.7 billion. The segment's operating profit was \$317 million, a 6.4% margin.

The Networking segment delivered a massive 54% year-over-year revenue increase to \$1.73 billion. This growth reflects strong performance and includes one month of results from the newly acquired Juniper Networks. The segment's operating profit was \$360 million, representing a strong 20.8% operating margin.

The Hybrid Cloud segment also showed solid performance, with revenue of \$1.48 billion, up 12% year-over-year. It generated an operating profit of \$87 million, a 5.9% margin.¹⁹

Street is looking for a long-term growth rate of 7.6%.

Figure #33: LNVGY Revenue FY24



Source: [LNVGY 10-K 2024](#)

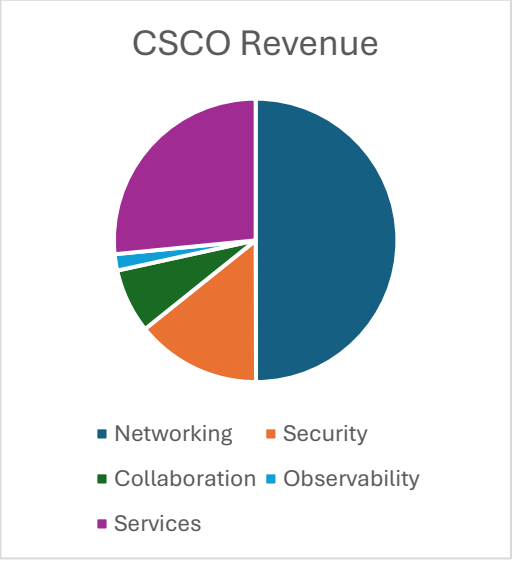
Lenovo Group Limited (LNVGY)

Lenovo Group Limited, a global technology powerhouse, reported a strong first quarter for fiscal year 2025/26, with significant growth in revenue and profit. This performance was driven by the company's firm execution of its hybrid AI vision, continuous investment in innovation, and operational excellence.

The company reported \$18.83 billion in revenue, a 22% year-on-year increase, with operating profit rising to \$785 million. All three of its business groups contributed to this growth. The Intelligent Devices Group (IDG) saw its PC business deliver its fastest growth in 15 quarters, achieving a record market share of 24.6% and strong adoption of AI PCs. The Infrastructure Solutions Group (ISG) reported a 36% year-on-year revenue increase, driven by its hybrid cloud and AI infrastructure businesses. The Solutions and Services Group (SSG) delivered record revenue, positioning it as a key profit engine for the company. The company's performance was underpinned by its hybrid AI vision and continued investment in innovation.²⁰

Street is looking for a long-term growth rate of 13.4%

Figure #34: CSCQ Revenue FY2025



Source: [CSCO 10-K 2025](#)

Cisco System

Cisco Systems is a multinational technology company that develops and sells networking hardware, software, and services. The company recently reported strong fiscal year 2025 fourth-quarter earnings, with results at the high end of its guidance and significant growth driven by demand for its AI infrastructure.

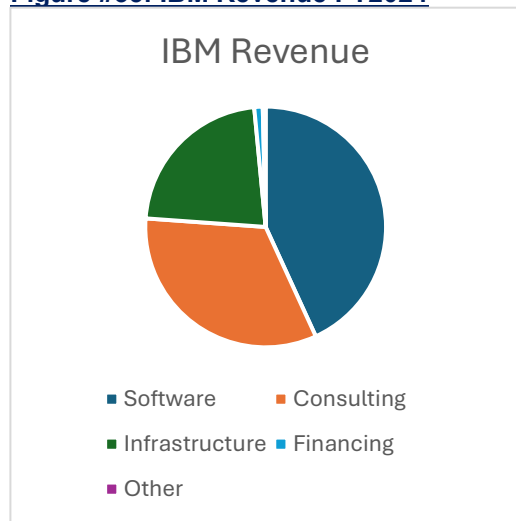
Cisco Systems delivered a strong close to its fiscal year 2025, with fourth-quarter revenue reaching \$14.7 billion, an 8% increase year-over-year. The company reported a non-GAAP EPS of \$0.99, surpassing guidance. This performance was driven by exceptional demand for its AI infrastructure, with orders from webscale customers exceeding \$2 billion for the full year, more than double its original target. For the full fiscal year 2025, revenue was \$56.7 billion. Looking ahead, Cisco expects continued growth, guiding for fiscal year 2026 revenue between \$59.0 billion and \$60.0 billion, as it leverages its strategic position in the AI market.²¹

Street is looking for a long-term growth rate of 8.2%.

International Business Machines Corp (IBM)

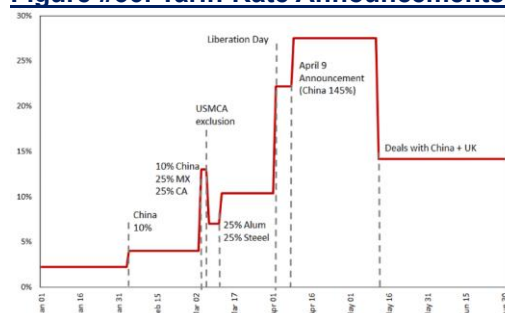
IBM (IBM) has successfully transformed from a legacy hardware company to a leader in hybrid cloud and artificial intelligence (AI). Its operations are built around a platform-centric approach that provides clients with technology and business expertise.

Figure #35: IBM Revenue FY2024



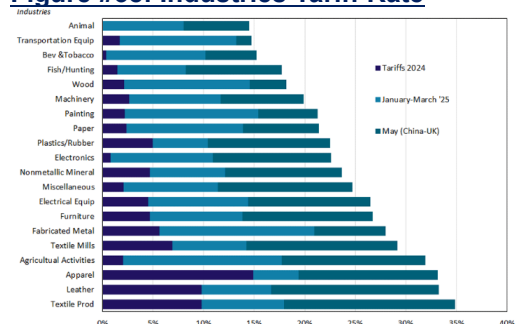
Source: [IBM 10-K 2024](#)

Figure #36: Tariff Rate Announcements



Source: [RichmondFed](#)

Figure #38: Industries Tariff Rate



Source: [RichmondFed](#)

IBM reported strong second-quarter 2025 earnings, with revenue of \$17.0 billion, an 8% increase year-over-year. The company's performance was led by its Software and Infrastructure segments, which saw revenue grow 10% and 14% respectively. This growth was driven by continued client adoption of AI solutions, fueled by the Hybrid Cloud (Red Hat) business and a major product cycle in its IBM Z mainframes. The company also saw significant margin expansion and raised its full-year free cash flow outlook to exceed \$13.5 billion, demonstrating confidence in its strategic focus on hybrid cloud and AI.²²

Street is looking for a long-term growth rate of 6.3%

Economic Outlook

Tariffs

The initial phases of tariffs created significant volatility, particularly for Dell, due to its importing of hardware from places like China, Ireland, and India. However, we've seen that major companies are now absorbing costs rather than passing them on to consumers, motivated to maintain market share and profit margins.

The sustainability of this is in question, and we believe that consumers may see prices rise again as the year progresses. Dell, with its natural low-inventory model, seems to have successfully boosted its inventory levels for ISG contract obligations. This supply, however, will eventually dwindle in the long term. We believe that trade deals will prevent the brunt of the damage as the current administration pivots away from China. We are comfortable with Dell's vendor network and diversified supply chain, which allows it to continue with a best-in-class operational ratio.

A survey found that most U.S. companies are already feeling the negative effects of tariffs, with 57% reporting a decline in gross margins. Despite this, companies are implementing strategies to manage costs, including negotiating with suppliers and even considering reshoring, which in the long term is beneficial to Dell. The survey indicates that 83% of businesses anticipate raising prices within the next six months.²³

We have been in a period of higher-than-desired inflation, with a reported record high of 9.1% in June 2022.²⁴ The main drivers were soaring prices for gas, food, and rent, which disproportionately affected lower-income households. Unlike companies that rely on discretionary spending from a broad consumer base, hyperscalers' revenue is primarily driven by large enterprises and cloud-native businesses. Their customers are not households feeling the pinch of inflation on gas and groceries, but rather corporations making long-term capital expenditure decisions.

Figure #37: SP500 2025



Source: [NYTimes](#)

Figure #36: Personal Consumption



Source: [FRED](#)

Figure #37: Effective Federal Funds



Source: [FRED](#)

This means that while a 9.1% inflation rate may have eroded the purchasing power of the average consumer, it did not directly impact the revenue streams of hyperscalers enough for them to pull back. This insulation allows them to continue their aggressive investments in AI infrastructure, as their growth is tied to the enterprise technology adoption cycle rather than the consumer's economic sentiment. We believe this has continued, and despite higher employment, hyperscalers will continue to invest in servers, with Dell Technologies transforming data center operations.

Rates

Big tech companies, particularly hyperscalers, require massive capital expenditure (capex) to build the data centers and AI infrastructure that fuel their business. While many of these companies have substantial cash reserves and don't rely solely on debt, lower interest rates still make it cheaper to fund these projects with borrowed capital. Lower rates allow companies to refinance their existing debts to increase cash flow to projects rather than servicing debt. This can accelerate the pace of their expansion, and the competitive arms race we've seen in the AI sector. The market is pricing in more rate cuts from the Fed in late 2025, a trend that could lower borrowing costs and make large-scale, long-term investments even more attractive.

REITs are exceptionally sensitive to interest rate changes because their business model relies heavily on debt to finance property acquisitions and operations. For REITs, a lower cost of borrowing directly improves their profitability and enhances the returns on new projects. Lower rates also make REITs more attractive to income-focused investors. When bond yields fall due to expected Fed rate cuts, the relatively higher dividend yields of REITs become more appealing, driving up their stock prices. The market's anticipation of rate cuts has a direct, positive impact on REIT valuations and their ability to execute on their expansion plans. REITs are crucial to supplementing data center creation by investing and managing facilities that house servers.

The market is currently pricing in a more accommodative stance from the Federal Reserve, with expectations for multiple rate cuts by the end of 2025. These expectations are influencing investor behavior and capital markets well before the Fed's official announcements. However, this outlook is not without risk. Unexpectedly strong economic data or persistent inflation could lead the Fed to reverse its course, which would cause borrowing costs to rise and could put immediate pressure on the expansion plans and stock prices of both big tech and REITs. However, we expect a continual trend of higher highs in the short term.

Valuation

Revenue Assumptions

Discuss the revenue assumptions in your model. Our revenue projections for Dell are segmented into three primary business groups: Infrastructure Solutions Group (ISG), Client Solutions Group (CSG), and Corporate & Other. These assumptions are based on our independent analysis of market trends and the company's strategic positioning, rather than relying on consensus estimates. We project a compounded annual growth rate (CAGR) of 6.85% over the next 10 years, reflecting Dell's long-term transformation into an AI and enterprise-first company.

Cost Assumptions

Our model assumes a significant initial decline in D&A in the early years before it begins to grow steadily. This is driven by the amortization of intangible assets from prior acquisitions, which we project will fall off, coupled with the initial costs of the company's aggressive AI infrastructure build-out. The subsequent growth in D&A reflects the continuous capital expenditures required for data centers, servers, and other physical assets necessary to support the high-growth ISG segment.

We believe Dell will achieve significant operating leverage in its business model. This means that as total revenue grows, its SG&A expenses will grow at a slower rate. The model projects that SG&A will decrease as a percentage of total revenue over time, reflecting Dell's disciplined cost management and the scalability of its direct-sales model. This assumption is a key driver of the company's long-term profitability and its ability to expand margins.

Our model assumes that Dell will continue to make substantial investments in R&D. While R&D as a percentage of revenue remains relatively low compared to some pure-play software companies, the absolute dollar amount is projected to increase consistently throughout the forecast period. This spending is critical for Dell to maintain its competitive edge in the rapidly evolving technology landscape and to fund its long-term strategic goals, such as leading the development of AI-optimized hardware and agentic AI solutions.

CapEx Assumptions

The most significant assumption in our model is the projected, sustained growth in Property, plant, and equipment (PP&E). After an initial period of volatility, we forecast a sharp and continuous increase in PP&E from fiscal year 2025 onward. This reflects the company's aggressive investment in building the physical infrastructure necessary to support the AI boom, including new manufacturing facilities and data center hardware. The substantial growth in this area directly correlates with the projected revenue growth in the high-demand Infrastructure Solutions Group (ISG).

WACC Calculation

Our estimated WACC for Dell is 10.05%, calculated by weighting the cost of equity and the after-tax cost of debt based on the company's current capital structure.

The calculation begins by determining the cost of each component of Dell's capital. The Cost of Equity is 11.72%, derived from a risk-free rate of 4.07%, a beta of 1.53, and an equity risk premium of 5.00%. The After-Tax Cost of Debt is 3.72%, based on a pre-tax cost of debt of 4.85% and a marginal tax rate of 23%.

Next, we determine the market values of the company's debt and equity. The Market Value of Equity is \$95.66 billion, calculated from 705 million shares outstanding at a price of \$135.69 per share. The Market Value of Debt is \$25.23 billion. This gives us market value weights of 79.13% for equity and 20.87% for debt.

DCF/EP

Our discounted cash flow (DCF) and economic profit (EP) models yield an intrinsic value of \$159.98 per share for Dell Technologies. This represents a valuation of Dell's future cash flows based on key assumptions about its long-term growth and profitability.

The model centers on several core assumptions that reflect our long-term view of the company:

- **Continuing Value (CV) NOPLAT Growth:** We project a conservative long-term growth rate of 3.5% for Net Operating Profit Less Adjusted Taxes (NOPLAT). This assumption reflects our belief that Dell's business will outpace inflation and achieve real growth by successfully pivoting to high-demand markets like AI and enterprise solutions.
- **Continuing Value Year ROIC:** Our model uses a ROIC of 28.15% for the final projected fiscal year (2035E). This is a strong return on invested capital that reflects the company's best-in-class operational efficiency and its focus on higher-margin business segments, like its ISG.

WACC & Cost of Capital: We use a WACC of 10.05% as our discount rate, which is a weighted average of Dell's cost of equity (11.72%) and its after-tax cost of debt. This WACC is appropriate for a company with an investment-grade rating that is making aggressive, capital-intensive investments.

Based on these inputs, our valuation results in an intrinsic value of \$159.98 per share. This is compared to the current market price of \$133.71, suggesting a potential upside of approximately 19.6% relative to our intrinsic value estimate.

The model is well-suited to capturing the long-term nature of Dell's business, which is driven by its ability to capitalize on secular

growth trends like the AI revolution and the shift to hybrid cloud. Our forward-looking approach incorporates macroeconomic expectations and accounts for growth opportunities, particularly as the company expands its reach into emerging and unfamiliar markets.

Relative Multiple

Our relative valuation analysis indicates that Dell Technologies is trading at a significant premium to its peer group. The analysis suggests a potential downside relative to its current market price of \$135.69, based on a comparison of its forward earnings multiple to a select group of competitors.

Our peer group is comprised of major players in the technology hardware and enterprise solutions space, including PC manufacturers, networking firms, and enterprise software companies. The group's average P/E ratio, based on 2026E earnings, is 16.58. In contrast, Dell is trading at a much higher 2026E P/E ratio of 21.9.

This comparison suggests that Dell is valued at a premium to the market's average earnings multiple for comparable companies. By applying the peer group's average P/E ratio of 16.58 to Dell's 2026E EPS of \$6.20, we arrive at an implied intrinsic value of \$102.88 per share. This calculation indicates a significant disconnect between Dell's current market price and its value relative to its peers. However, we believe that Dell has a larger long-term growth story than its peers.

Dividend Discount Model

Our Dividend Discount Model (DDM) for Dell yields an intrinsic value of \$113.40 per share. This model values the company based on the present value of its future dividend payments and a terminal value that captures all cash flows beyond the forecast period.

The model's final intrinsic value of \$113.40 is the sum of the discounted dividends and this discounted future stock price. This contrasts with Dell's current market price of \$135.69, suggesting that our model, based on these assumptions, indicates a potential downside. This model is highly sensitive to the chosen P/E multiple and the assumed dividend growth rate beyond the explicit forecast period. We believe that while Dell is older in the tech space as it transitions into the new AI Age it is a growth stock and dividends forecasted in the next 10 years don't do its value justice.

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11. [Fitch](#)
12. [Dell](#)
13. [Dell](#)
14. [HPE](#)
15. [NPR](#)
16. [Fortune](#)
17. [Gartner](#)
18. [HPQ](#)
19. [HPE](#)
20. [LNVGY](#)
21. [CSCO](#)
22. [IBM](#)
23. [KPMG](#)
24. [BLS](#)

Dell Technologies

Revenue Decomposition

[illegible]

Dell Technologies
Income Statement

Fiscal Years Ending Jan. 31	2019	2020	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total net revenue	90,621	84,815	102,301	88,425	95,567	101,188	107,469	114,053	121,445	131,976	140,900	150,595	161,190	172,754	185,300
Net revenue:															
Products	70,707	67,607	79,250	64,353	71,420	78,025	82,727	87,350	92,738	100,305	106,792	114,789	123,208	131,881	141,290
Services	19,914	17,208	23,051	24,072	24,147	23,163	24,741	26,703	28,707	31,672	34,108	35,806	37,982	40,873	44,010
Cost of net revenue (a):															
Products	57,889	55,369	66,029	53,116	60,162	62,242	65,805	69,425	73,537	79,465	84,373	89,674	95,447	101,718	108,488
Services	7,679	8,807	13,586	14,240	14,155	14,630	14,653	14,880	14,987	15,432	16,227	16,724	17,426	18,067	18,779
Total cost of net revenue	65,568	64,176	79,615	67,356	74,317	76,871	80,458	84,305	88,524	94,897	100,601	106,398	112,873	119,785	127,267
Gross margin	25,053	20,639	22,686	21,069	21,250	24,317	27,011	29,748	32,921	37,079	40,300	44,197	48,317	52,969	58,033
Operating expenses:															
Depreciation and amortization	7,746	6,143	3,156	3,303	3,123	3,403	3,713	3,834	4,121	4,492	4,771	5,112	5,472	5,859	6,288
Selling, general, and administrative	20,640	15,819	14,136	12,857	11,952	13,783	14,568	15,087	16,357	17,708	18,840	20,208	21,604	23,145	24,842
Research and development	4,604	2,454	2,779	2,801	3,061	3,244	3,157	3,358	3,595	3,985	4,315	4,589	4,877	5,182	5,575
Total operating expenses	25,244	18,273	16,915	15,658	15,013	17,027	17,726	18,445	19,952	21,693	23,155	24,798	26,480	28,327	30,417
Operating income	(191)	2,366	5,771	5,411	6,237	7,290	9,285	11,303	12,969	15,386	17,144	19,399	21,836	24,642	27,616
Interest and other, net	(2,170)	(2,417)	(2,546)	(1,324)	(1,189)	(1,764)	(1,607)	(1,704)	(1,916)	(2,009)	(2,158)	(2,325)	(2,470)	(2,653)	(2,849)
Income before income taxes	(2,361)	(51)	3,225	4,087	5,048	5,526	7,678	9,599	11,054	13,377	14,987	17,075	19,366	21,989	24,768
Income tax expense	(180)	(572)	803	715	472	1,180	1,292	1,795	2,244	2,584	3,128	3,504	3,992	4,528	5,141
Net income	(2,181)	521	2,422	3,372	4,576	4,345	6,386	7,804	8,809	10,793	11,859	13,571	15,374	17,461	19,626
Income from discontinued operations, net of income taxes (Note 16)		5,008													
Net income from continuing operations		5,529	2,422	3,372	4,576	4,345	6,386	7,804	8,809	10,793	11,859	13,571	15,374	17,461	19,626
Less: Net loss attributable to non-controlling interests	129	(4)	(20)	(16)	(16)	(12)	(14)	(16)	(15)	(15)	(14)	(15)	(15)	(15)	(15)
Less: Net income attributable to non-controlling interests of discontinued operations		917													
Net income attributable to Dell Technologies	(2,310)	4,616	2,442	3,388	4,592	4,333	6,372	7,788	8,795	10,778	11,845	13,556	15,359	17,447	19,612
Basic Earnings Per Share	6.01	6.38	3.33	4.71	6.51	6.20	9.06	11.00	12.34	15.03	16.41	18.66	21.00	23.70	26.48
Total Shares Outstanding (Year End)	719	743	716	705	696	701	705	710	715	720	724	729	734	738	743
Weighted Average Shares Outstanding (basic)		724	734	720	705	698	703	708	712	717	722	727	731	736	741
Cash dividends declared & paid per common share	0.00	0.00	1.32	1.48	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78

Dell Technologies
Balance Sheet

<i>Fiscal Years Ending Jan. 31</i>	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
ASSETS													
Current assets:													
Cash and cash equivalents	8,607	7,366	3,633	27,785	41,523	60,902	81,304	103,923	130,379	157,229	188,659	224,381	264,097
Accounts receivable, net of all	12,482	9,343	10,298	11314	11651	12469	13340	14411	15422	16490	17631	18907	20280
Due from related party, net	378	-	-	-	-	-	-	-	-	-	-	-	-
Short-term financing receivab	5,281	4,643	5,304	5384	5775	6176	6522	7109	7595	8105	8682	9305	9978
Inventories	4,776	3,622	6,716	5327	5871	6750	6738	7447	8036	8481	9122	9786	10473
Other current assets	10,827	11,010	9,610	11161	12014	12266	13344	14483	15366	16499	17643	18892	20282
Current assets held for sale	-	-	668	-	-	-	-	-	-	-	-	-	-
Total current assets	42,351	35,984	36,229	60,971	76,834	98,563	121,249	147,373	176,798	206,804	241,737	281,270	325,110
Longterm assets:													
Property, plant, and equipmei	6,209	6,432	6,336	9,349	12,449	15,845	19,423	23,299	27,460	31,896	36,644	41,737	47,196
Long-term investments	1,518	1,316	1,496	1,497	1,498	1,499	1,500	1,501	1,502	1,503	1,504	1,505	1,506
Long-term financing receivabl	5,638	5,877	5,927	6067	6408	6915	7498	8023	8531	9136	9813	10525	11259
Goodwill	19,676	19,700	19,120	19,120	19,120	19,120	19,120	19,120	19,120	19,120	19,120	19,120	19,120
Intangible assets, net	6,468	5,701	4,988	6068	6327	6502	7119	7677	8163	8771	9367	10036	10775
Due from related party, net	440	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current assets	7,311	7,116	5,650	7119	7521	7583	8373	9036	9576	10310	11009	11789	12662
Non-current assets of disconti	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	89,611	82,126	79,746	110,190	130,156	156,028	184,282	216,029	251,151	287,540	329,194	375,982	427,629
LIABILITIES AND STOCKHOLDERS' EQUITY													
Current liabilities:													
Short-term debt	6,573	6,982	5,204	6649	6898	7472	7987	8331	9139	9742	10443	11168	11937
Accounts payable	18,598	19,226	20,832	22956	23907	24328	26670	29041	31062	33007	35223	37930	40683
Due from related party, ne	2,067	-	-	-	-	-	-	-	-	-	-	-	-
Accrued and other	8,874	6,828	6,597	7904	8296	8857	9211	9973	10832	11540	12333	13179	14152
Short-term deferred reven	15,542	15,318	13,673	15410	16366	17628	18835	19989	21577	23087	24745	26484	28341
Current liabilities held for :	-	-	221	-	-	-	-	-	-	-	-	-	-
Total current liabilities	51,654	48,354	46,527	52,920	55,468	58,286	62,703	67,334	72,610	77,376	82,744	88,760	95,113
Long-term debt	23,015	19,012	19,363	24904	23590	25279	26837	29321	31855	33444	35879	38486	41348
Long-term deferred reveni	14,744	13,827	12,292	14240	15075	16198	17197	18299	19818	21180	22682	24264	25983
Other non-current liabilitie	3,223	3,065	2,951	3611	3629	3798	4088	4415	4787	5064	5416	5816	6238
Non-current liabilities of di	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	92,636	84,258	81,133	95,674	97,762	103,561	110,824	119,369	129,070	137,064	146,722	157,325	168,682
Redeemable shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Stockholders' equity (deficit):													
Common stock and capital in excess of :	8,424	8,926	9,119	9,999	10,878	11,758	12,638	13,518	14,397	15,277	16,157	17,036	17,916
Treasury stock at cost	(3,813)	(5,900)	(8,502)	(9,809)	(11,247)	(12,829)	(14,570)	(16,486)	(18,594)	(20,913)	(23,466)	(26,275)	(29,365)
Accumulated deficit	(6,732)	(4,453)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)
Accumulated other comprehensive loss	(1,001)	(800)	(939)	3,394	9,766	17,554	26,349	37,127	48,972	62,528	77,887	95,334	114,946
Total Dell Technologies Inc. stockholde	(3,122)	(2,227)	(1,482)	2,424	8,238	15,324	23,257	32,999	43,616	55,732	69,418	84,936	102,337
Non-controlling interests	97	95	95	83	69	53	38	23	9	(6)	(20)	(35)	(50)
Total stockholders' equity (deficit)	(3,025)	(2,132)	(1,387)	2,507	8,307	15,376	23,295	33,023	43,625	55,726	69,398	84,901	102,287
Total liabilities and stockholders' equit	89,611	82,126	79,746	98,181	106,068	118,937	134,119	152,392	172,695	192,790	216,119	242,226	270,969

Dell Technologies
Historical Cash Flow Statement

Fiscal Years Ending Jan. 31	2021	2022	2023	2024	2025
Cash flows from operating activities:					
Net income	3,505	5,707	2,422	3,372	4,576
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	5,390	4,551	3,156	3,303	3,123
Stock-based compensation expense	1,609	1,622	931	878	785
Deferred income taxes	(399)	(365)	(717)	(91)	(208)
Provision for doubtful accounts — including financing receivables	-	-	-	-	-
Impairments	-	-	-	-	-
Other, net	(88)	(3,130)	961	609	453
Changes in assets and liabilities:					
Accounts receivable	(396)	(2,193)	113	2,977	(1,295)
Financing receivables	(728)	(241)	(461)	309	(951)
Inventories	(243)	(2,514)	-	-	-
Other assets and liabilities	(1,656)	(1,948)	973	(1,484)	2,347
Due from/to related party, net	-	479	649	(652)	-
Accounts payable	1,598	5,742	(8,546)	(498)	1,703
Deferred revenue	2,815	2,597	3,209	(1,022)	(2,497)
Accrued and other liabilities	-	-	-	-	-
Change in cash from operating activities	11,407	10,307	3,565	8,676	4,521
Cash flows from investing activities:					
Purchases of investments	(338)	(414)	(108)	(172)	(125)
Maturities and sales of investments	169	513	116	226	382
Capital expenditures and capitalized software development costs	(2,082)	(2,796)	(3,003)	(2,756)	(2,652)
Capitalized software development costs	-	-	-	-	-
Acquisition of businesses and assets, net	(424)	(16)	(70)	(126)	-
Divestitures of businesses, net	2,187	3,957	-	-	-
Asset acquisitions, net	-	-	-	-	-
Asset dispositions, net	-	-	-	-	-
Other	28	62	41	45	180
Change in cash from investing activities	(460)	1,306	(3,024)	(2,783)	(2,215)
Cash flows from financing activities:					
Share repurchases for tax withholdings of equity awards	-	-	-	-	-
Dividends paid by VMware, Inc. to non-controlling interests	-	(2,240)	-	-	-
Proceeds from the issuance of common stock	452	334	5	10	1
Repurchases of Class V Common Stock	-	-	-	-	-
Repurchases of common stock of subsidiaries	-	-	-	-	-
Repurchases of parent common stock	(241)	-	-	-	-
Repurchases of subsidiary common stock	(1,363)	-	-	-	-
Repurchases of common stock	-	(1,496)	(2,883)	(2,080)	(2,588)
Repurchases of common stock for employee tax withholdings	-	(342)	(398)	(372)	(577)
Net transfer of cash, cash equivalents, and restricted cash to VMware, Inc.	-	(5,052)	-	-	-
Payments of dividends and dividend equivalents	-	-	(964)	(1,072)	(1,275)
Proceeds from debt	16,391	20,425	12,479	7,775	9,258
Repayments of debt	(20,919)	(26,723)	(9,825)	(11,246)	(10,570)
Other	-	-	-	-	-
Debt-related costs and other, net	(270)	(1,515)	(39)	(109)	(64)
Change in cash from financing activities	(5,950)	(16,609)	(1,625)	(7,094)	(5,815)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	36	(106)	(104)	(186)	(179)
Change in cash, cash equivalents, and restricted cash	5,033	(5,102)	(1,188)	(1,387)	(3,688)
Cash, cash equivalents, and restricted cash at beginning of the period	10,151	15,184	10,082	8,894	7,507
Cash, cash equivalents, and restricted cash at end of the period	15,184	10,082	8,894	7,507	3,819
Less: Cash, cash equivalents, and restricted cash attributable to discontinued operations	4,770	-	-	-	-
Cash, cash equivalents, and restricted cash from continuing operations	10,414	10,082	8,894	7,507	3,819
Income tax paid	1,421	1,257	1,208	1,379	555
Interest paid	2,279	1,825	1,169	1,438	1,304

Dell Technologies
Value Driver Estimation

Fiscal Years Ending Jan. 31	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
NOPLAT:													
EBITA:													
Revenue	102,301	88,425	95,567	101,188	107,469	114,053	121,445	131,976	140,900	150,595	161,190	172,754	185,300
COGS (-)	79,615	67,356	74,317	76,871	80,458	84,305	88,524	94,897	100,601	106,398	112,873	119,785	127,267
SGA (-)	14,136	12,857	11,952	13,783	14,568	15,087	16,357	17,708	18,840	20,208	21,604	23,145	24,842
R&D (-)	2,779	2,801	3,061	3,244	3,157	3,358	3,595	3,985	4,315	4,589	4,877	5,182	5,575
Depreciation & Amortization (-)	3,156	3,303	3,123	3,403	3,713	3,834	4,121	4,492	4,771	5,112	5,472	5,859	6,288
Implied Interest on Operating Leases (+)	161	162	152	155	155	155	155	155	156	156	156	156	157
EBITA	2,776	2,270	3,266	4,042	5,726	7,623	9,004	11,050	12,529	14,443	16,521	18,939	21,484
Implied Marginal Tax Rate	22.20%	22.90%	23.00%	23.38%	23.38%	23.38%	23.38%	23.38%	23.38%	23.38%	23.38%	23.38%	23.38%
Total Adjusted Taxes													
Provision for (benefit from) income tax	803	715	472	1,180	1,292	1,795	2,244	2,584	3,128	3,504	3,992	4,528	5,141
Tax Shield on Interest Income (-)	(565)	(303)	(273)	(412)	(376)	(398)	(448)	(470)	(504)	(544)	(577)	(620)	(666)
Tax shield on operating lease interest (-)	161	162	152	155	155	155	155	155	156	156	156	156	157
Total adjusted taxes	1,529	1,180	897	1,747	1,822	2,349	2,847	3,210	3,788	4,203	4,726	5,305	5,964
Deferred tax assets, net	3,015	2,191	(208)	2,007	1,904	1,782	1,535	1,404	1,726	1,670	1,623	1,592	1,603
Deferred tax liabilities, net valuation alk	(1,655)	(1,487)											
Deferred Taxes	1,360	704	(208)	2,007	1,904	1,782	1,535	1,404	1,726	1,670	1,623	1,592	1,603
NOPLAT	2,607	1,794	2,161	4,302	5,808	7,057	7,691	9,244	10,467	11,910	13,418	15,227	17,124
Invested Capital (IC):													
Normal Cash	3,889	3,361	3,633	3,847	4,085	4,336	4,617	5,017	5,356	5,725	6,128	6,567	7,044
Accounts receivable, net of allowance of \$	12,482	9,343	10,298	11,314	11,651	12,469	13,340	14,411	15,422	16,490	17,631	18,907	20,280
Due from related party, net	378	-	-	-	-	-	-	-	-	-	-	-	-
Short-term financing receivables, net of al	5,281	4,643	5,304	5,384	5,775	6,176	6,522	7,109	7,595	8,105	8,682	9,305	9,978
Inventories	4,776	3,622	6,716	5,327	5,871	6,750	6,738	7,447	8,036	8,481	9,122	9,786	10,473
Other current assets	10,827	11,010	9,610	11,161	12,014	12,266	13,344	14,483	15,366	16,499	17,643	18,892	20,282
Current assets held for sale	-	-	668	-	-	-	-	-	-	-	-	-	-
Operating Current Assets (Non-Interest B)	37,633	31,979	36,229	37,033	39,396	41,997	44,561	48,467	51,776	55,300	59,206	63,457	68,057
Accounts payable	18,598	19,226	20,832	22,956	23,907	24,328	26,670	29,041	31,062	33,007	35,223	37,930	40,683
Due from related party, net	2,067	-	-	-	-	-	-	-	-	-	-	-	-
Accrued and other	8,874	6,828	6,597	7,904	8,296	8,857	9,211	9,973	10,832	11,540	12,333	13,179	14,152
Operating Current Liabilities (Non-Interest)	29,539	26,054	27,429	30,860	32,204	33,186	35,881	39,014	41,894	44,547	47,556	51,109	54,835
Net operating working capital	8,094	5,925	8,800	6,173	7,192	8,811	8,680	9,453	9,881	10,754	11,649	12,348	13,222
Property, plant, and equipment, net	6,209	6,432	6,336	9,349	12,449	15,845	19,423	23,299	27,460	31,896	36,644	41,737	47,196
Intangible assets, net	6,468	5,701	4,988	6,068	6,327	6,502	7,119	7,677	8,163	8,771	9,367	10,036	10,775
Operating lease Assets	725	707	660	661	662	663	664	665	666	667	668	669	670
Other non-current assets	7,311	7,116	5,650	7,119	7,521	7,583	8,373	9,036	9,576	10,310	11,009	11,789	12,662
Long-term Operating Assets	20,713	19,956	17,634	23,196	26,959	30,593	35,579	40,677	45,866	51,643	57,688	64,231	71,303
Short-term deferred revenue	15,542	15,318	13,673	15,410	16,366	17,628	18,835	19,989	21,577	23,087	24,745	26,484	28,341
Long-term deferred revenue	14,744	13,827	12,292	14,240	15,075	16,198	17,197	18,299	19,818	21,180	22,682	24,264	25,983
Long-term Operating Liabilities	30,286	29,145	25,965	29,650	31,442	33,826	36,032	38,288	41,396	44,267	47,426	50,747	54,324
Invested Capital	6,615	2,662	9,269	5,891	9,902	14,389	16,907	21,296	24,233	28,883	33,560	38,180	43,423
Free Cash Flow (FCF):													
NOPLAT	2,607	1,794	2,161	4,302	5,808	7,057	7,691	9,244	10,467	11,910	13,418	15,227	17,124
Change in IC	6,920	(3,953)	6,607	(3,378)	4,010	4,487	2,518	4,389	2,937	4,650	4,678	4,619	5,243
FCF	(4,313)	5,747	(4,446)	7,679	1,797	2,569	5,173	4,856	7,531	7,260	8,741	10,607	11,880
Return on Invested Capital (ROIC):													
NOPLAT	2,607	1,794	2,161	4,302	5,808	7,057	7,691	9,244	10,467	11,910	13,418	15,227	17,124
Beginning IC	(305)	6,615	2,662	9,269	5,891	9,902	14,389	16,907	21,296	24,233	28,883	33,560	38,180
ROIC	-854.83%	27.12%	81.16%	46.41%	98.58%	71.27%	53.45%	54.68%	49.15%	49.15%	46.46%	45.37%	44.85%
Economic Profit (EP):													
Beginning IC	(305)	6,615	2,662	9,269	5,891	9,902	14,389	16,907	21,296	24,233	28,883	33,560	38,180
x (ROIC - WACC)	-864.83%	17.12%	71.16%	36.41%	88.58%	61.27%	43.46%	44.68%	39.15%	39.15%	36.46%	35.37%	34.85%
EP	2,637	1,132	1,894	3,375	5,219	6,067	6,253	7,554	8,338	9,488	10,531	11,871	13,307

Dell Technologies
Forecasted Cash Flow Statement

Fiscal Years Ending Jan. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Cash at the beginning of the period	3,633	27,785	41,523	60,902	81,304	103,923	130,379	157,229	188,659	224,381
Net income attributable to Dell Technologies Inc.	4,333	6,372	7,788	8,795	10,778	11,845	13,556	15,359	17,447	19,612
Adjustments to reconcile net income to cash										
Depreciation and amortization	7,746	6,143	5,390	4,551	3,156	3,303	3,123	3,394	3,690	3,794
Cash from Operating Activities:										
Changes in Accounts receivable, net of allowance of \$ 63 at	(1,016)	(337)	(818)	(872)	(1,071)	(1,011)	(1,068)	(1,141)	(1,276)	(1,373)
Changes in Short-term financing receivables, net of allowan	(80)	(391)	(401)	(346)	(587)	(486)	(510)	(577)	(623)	(673)
Changes in Inventories	1,389	(544)	(879)	12	(709)	(588)	(445)	(641)	(664)	(687)
Changes in Other current assets	(1,551)	(853)	(252)	(1,078)	(1,139)	(883)	(1,133)	(1,143)	(1,249)	(1,390)
Changes in Long-term financing receivables, net of allowanc	(140)	(341)	(508)	(582)	(525)	(508)	(605)	(676)	(712)	(734)
Changes in Other non-current assets	(1,551)	(853)	(252)	(1,078)	(1,139)	(883)	(1,133)	(1,143)	(1,249)	(1,390)
Changes in Accounts payable	2,124	951	421	2,342	2,370	2,022	1,944	2,216	2,707	2,753
Changes in Accrued and other current liabilities	1,307	392	561	353	762	859	708	794	845	974
Changes in Short-term deferred revenue	1,737	956	1,262	1,207	1,154	1,588	1,510	1,657	1,739	1,857
Changes in Long-term deferred revenue	1,948	836	1,123	999	1,102	1,520	1,362	1,502	1,582	1,720
Changes in Other non-current liabilities	660	18	169	290	328	371	278	352	399	423
Changes in Non-current liabilities of discontinued operation	-	-	-	-	-	-	-	-	-	-
Net Cash from Operating Activities	16,906	12,350	13,603	14,592	14,481	17,147	17,587	19,951	22,636	24,884
Cash Flows from Investing Activities										
Changes in Current assets held for sale	668	-	-	-	-	-	-	-	-	-
Changes in Property, plant, and equipment, net	(3,013)	(3,100)	(3,396)	(3,578)	(3,875)	(4,162)	(4,436)	(4,747)	(5,093)	(5,459)
Changes in Long-term investments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Changes in Goodwill	-	-	-	-	-	-	-	-	-	-
Changes in Intangible assets, net	(1,080)	(260)	(175)	(616)	(558)	(486)	(608)	(597)	(669)	(739)
Changes in Non-current assets of discontinued operations	-	-	-	-	-	-	-	-	-	-
Changes in Current liabilities held for sale	(221)	-	-	-	-	-	-	-	-	-
Net Cash from Investing Activities	(3,646)	(3,361)	(3,572)	(4,196)	(4,434)	(4,649)	(5,045)	(5,345)	(5,763)	(6,199)
Cash Flows from Financing Activities:										
Changes in Due from related party, net (current)	-	-	-	-	-	-	-	-	-	-
Changes in Due from related party, net (longterm)	-	-	-	-	-	-	-	-	-	-
Changes in Short-term debt	1,445	249	574	515	344	808	603	702	724	770
Changes in Due from related party, net (current liability)	-	-	-	-	-	-	-	-	-	-
Changes in Long-term debt	5,541	(1,315)	1,689	1,558	2,485	2,534	1,588	2,436	2,607	2,862
Changes in Common stock and capital in excess of \$ 0.01 p	880	880	880	880	880	880	880	880	880	880
Changes in Treasury stock at cost	(1,307)	(1,438)	(1,582)	(1,741)	(1,916)	(2,108)	(2,320)	(2,553)	(2,809)	(3,091)
Changes in Accumulated deficit	-	-	-	-	-	-	-	-	-	-
Changes in Accumulated other comprehensive loss	4,333	6,372	7,788	8,795	10,778	11,845	13,556	15,359	17,447	19,612
Net Cash Flow from Financing Activities	10,893	4,748	9,349	10,006	12,571	13,958	14,308	16,824	18,849	21,032
Cash and cash equivalents at the end of the period	27,785	41,523	60,902	81,304	103,923	130,379	157,229	188,659	224,381	264,097

Dell Technologies
Common Size Balance Sheet

Fiscal Years Ending Jan. 31	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
ASSETS													
Current assets:													
Cash and cash equivalents	8.41%	8.33%	3.80%	27.46%	38.64%	53.40%	66.95%	78.74%	92.53%	104.41%	117.04%	129.88%	142.52%
Accounts receivable, net of all	12.20%	10.57%	10.78%	11.18%	10.84%	10.93%	10.98%	10.92%	10.95%	10.95%	10.94%	10.94%	10.94%
Due from related party, net	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Short-term financing receivabl	5.16%	5.25%	5.55%	5.32%	5.37%	5.41%	5.37%	5.39%	5.39%	5.38%	5.39%	5.39%	5.38%
Inventories	4.67%	4.10%	7.03%	5.26%	5.46%	5.92%	5.55%	5.64%	5.70%	5.63%	5.66%	5.66%	5.65%
Other current assets	10.58%	12.45%	10.06%	11.03%	11.18%	10.75%	10.99%	10.97%	10.91%	10.96%	10.95%	10.94%	10.95%
Current assets held for sale	0.00%	0.00%	0.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current assets	41.40%	40.69%	37.91%	60.26%	71.49%	86.42%	99.84%	111.67%	125.48%	137.32%	149.97%	162.82%	175.45%
Longterm assets:													
Property, plant, and equipmen	6.07%	7.27%	6.63%	9.24%	11.58%	13.89%	15.99%	17.65%	19.49%	21.18%	22.73%	24.16%	25.47%
Long-term investments	1.48%	1.49%	1.57%	1.48%	1.39%	1.31%	1.24%	1.14%	1.07%	1.00%	0.93%	0.87%	0.81%
Long-term financing receivable	5.51%	6.65%	6.20%	6.00%	5.96%	6.06%	6.17%	6.08%	6.05%	6.07%	6.09%	6.09%	6.08%
Goodwill	19.23%	22.28%	20.01%	18.90%	17.79%	16.76%	15.74%	14.49%	13.57%	12.70%	11.86%	11.07%	10.32%
Intangible assets, net	6.32%	6.45%	5.22%	6.00%	5.89%	5.70%	5.86%	5.82%	5.79%	5.82%	5.81%	5.81%	5.81%
Due from related party, net	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other non-current assets	7.15%	8.05%	5.91%	7.04%	7.00%	6.65%	6.89%	6.85%	6.80%	6.85%	6.83%	6.82%	6.83%
Non-current assets of discontii	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total assets	87.60%	92.88%	83.45%	108.90%	121.11%	136.80%	151.74%	163.69%	178.25%	190.94%	204.23%	217.64%	230.78%
LIABILITIES AND STOCKHOLDERS' EQUITY													
Current liabilities:													
Short-term debt	6.43%	7.90%	5.45%	6.57%	6.42%	6.55%	6.58%	6.31%	6.49%	6.47%	6.48%	6.46%	6.44%
Accounts payable	18.18%	21.74%	21.80%	22.69%	22.25%	21.33%	21.96%	22.00%	22.05%	21.92%	21.85%	21.96%	21.96%
Due from related party, net	2.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accrued and other	8.67%	7.72%	6.90%	7.81%	7.72%	7.77%	7.58%	7.56%	7.69%	7.66%	7.65%	7.63%	7.64%
Short-term deferred revenu	15.19%	17.32%	14.31%	15.23%	15.23%	15.46%	15.51%	15.15%	15.31%	15.33%	15.35%	15.33%	15.29%
Current liabilities held for s	0.00%	0.00%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current liabilities	50.49%	54.68%	48.69%	52.30%	51.61%	51.10%	51.63%	51.02%	51.53%	51.38%	51.33%	51.38%	51.33%
Long-term debt	22.50%	21.50%	20.26%	24.61%	21.95%	22.16%	22.10%	22.22%	22.61%	22.21%	22.26%	22.28%	22.31%
Long-term deferred revenu	14.41%	15.64%	12.86%	14.07%	14.03%	14.20%	14.16%	13.87%	14.07%	14.06%	14.07%	14.05%	14.02%
Other non-current liability:	3.15%	3.47%	3.09%	3.57%	3.38%	3.33%	3.37%	3.35%	3.40%	3.36%	3.36%	3.37%	3.37%
Non-current liabilities of dis	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total liabilities	90.55%	95.29%	84.90%	94.55%	90.97%	90.80%	91.25%	90.45%	91.60%	91.01%	91.02%	91.07%	91.03%
Redeemable shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Stockholders' equity (deficit):													
Common stock and capital in excess of \$	8.23%	10.09%	9.54%	9.88%	10.12%	10.31%	10.41%	10.24%	10.22%	10.14%	10.02%	9.86%	9.67%
Treasury stock at cost	-3.73%	-6.67%	-8.90%	-9.69%	-10.46%	-11.25%	-12.00%	-12.49%	-13.20%	-13.89%	-14.56%	-15.21%	-15.85%
Accumulated deficit	-6.58%	-5.04%	-1.21%	-1.15%	-1.08%	-1.02%	-0.96%	-0.88%	-0.82%	-0.77%	-0.72%	-0.67%	-0.63%
Accumulated other comprehensive loss	-0.98%	-0.90%	-0.98%	3.35%	9.09%	15.39%	21.70%	28.13%	34.76%	41.52%	48.32%	55.18%	62.03%
Total Dell Technologies Inc. stockholder	-3.05%	-2.52%	-1.55%	2.40%	7.67%	13.44%	19.15%	25.00%	30.95%	37.01%	43.07%	49.17%	55.23%
Non-controlling interests	0.09%	0.11%	0.10%	0.08%	0.06%	0.05%	0.03%	0.02%	0.01%	0.00%	-0.01%	-0.02%	-0.03%
Total stockholders' equity (deficit)	-2.96%	-2.41%	-1.45%	2.48%	7.73%	13.48%	19.18%	25.02%	30.96%	37.00%	43.05%	49.15%	55.20%
Total liabilities and stockholders' equity	87.60%	92.88%	83.45%	97.03%	98.70%	104.28%	110.44%	115.47%	122.57%	128.02%	134.08%	140.21%	146.23%

Dell Technologies
Common Size Income Statement

<i>Fiscal Years Ending Jan. 31</i>	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total net revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<i>Net revenue:</i>													
Products	77.47%	72.78%	74.73%	72.60%	76.98%	76.59%	76.36%	76.00%	75.79%	76.22%	76.44%	76.34%	76.25%
Services	22.53%	27.22%	25.27%	22.89%	23.02%	23.41%	23.64%	24.00%	24.21%	23.78%	23.56%	23.66%	23.75%
Cost of net revenue (a):													
Products	64.54%	60.07%	62.95%	61.51%	61.23%	60.87%	60.55%	60.21%	59.88%	59.55%	59.21%	58.88%	58.55%
Services	13.28%	16.10%	14.81%	14.46%	13.63%	13.05%	12.34%	11.69%	11.52%	11.11%	10.81%	10.46%	10.13%
Total cost of net revenue	77.82%	76.17%	77.76%	75.97%	74.87%	73.92%	72.89%	71.90%	71.40%	70.65%	70.03%	69.34%	68.68%
Gross margin	22.18%	23.83%	22.24%	24.03%	25.13%	26.08%	27.11%	28.10%	28.60%	29.35%	29.97%	30.66%	31.32%
Operating expenses:													
Selling, general, and adm	13.82%	14.54%	12.51%	13.62%	13.56%	13.23%	13.47%	13.42%	13.37%	13.42%	13.40%	13.40%	13.41%
Research and developme	2.72%	3.17%	3.20%	3.21%	2.94%	2.94%	2.96%	3.02%	3.06%	3.05%	3.03%	3.00%	3.01%
Total operating expenses	16.53%	17.71%	15.71%	16.83%	16.49%	16.17%	16.43%	16.44%	16.43%	16.47%	16.43%	16.40%	16.41%
Operating income	5.64%	6.12%	6.53%	7.20%	8.64%	9.91%	10.68%	11.66%	12.17%	12.88%	13.55%	14.26%	14.90%
Interest and other, net	-2.49%	-1.50%	-1.24%	-1.74%	-1.49%	-1.49%	-1.58%	-1.52%	-1.53%	-1.54%	-1.53%	-1.54%	-1.54%
Income before income tax	3.15%	4.62%	5.28%	5.46%	7.14%	8.42%	9.10%	10.14%	10.64%	11.34%	12.01%	12.73%	13.37%
Income tax expense	0.78%	0.81%	0.49%	1.17%	1.20%	1.57%	1.85%	1.96%	2.22%	2.33%	2.48%	2.62%	2.77%
Net income	2.37%	3.81%	4.79%	4.29%	5.94%	6.84%	7.25%	8.18%	8.42%	9.01%	9.54%	10.11%	10.59%
Income from discontinued opera	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income from continuing opel	2.37%	3.81%	4.79%	4.29%	5.94%	6.84%	7.25%	8.18%	8.42%	9.01%	9.54%	10.11%	10.59%
Less: Net loss attributable to nor	-0.02%	-0.02%	-0.02%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%
Less: Net income attributable to	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income attributable to Del	2.39%	3.83%	4.81%	4.28%	5.93%	6.83%	7.24%	8.17%	8.41%	9.00%	9.53%	10.10%	10.58%

Dell Technologies

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.07%
Beta	1.53
Equity Risk Premium	5.00%
Cost of Equity	11.72%

ASSUMPTIONS:

10Y Treasury
Bloomberg Raw
HF Consensus

Cost of Debt:

Risk-Free Rate	4.07%
Implied Default Premium	0.78%
Pre-Tax Cost of Debt	4.85%
Marginal Tax Rate	23%
After-Tax Cost of Debt	3.72%

10Y Treasury

YTM on company's 10-year corporate bond 9/12/25

Market Value of Common Equity:

Total Shares Outstanding	705
Current Stock Price	\$130.67
MV of Equity	92,122.35

MV Weights

78.50%

Market Value of Debt:

Short-Term Debt	5,204
Current Portion of LTD	
Long-Term Debt	19,363
PV of Operating Leases	660
MV of Total Debt	25,227.00

21.50%

Market Value of the Firm

117,349

100.00%

Estimated WACC

10.00%

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

CV Growth of NOPLAT	3.50%
CV Year ROIC	40.54%
WACC	10.00%
Cost of Equity	11.72%

Fiscal Years Ending Jan. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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Free Cash Flow (FCF)	7,679	1,797	2,569	5,173	4,856	7,531	7,260	8,741	10,607	11,880
Continuing Value (CV)										240,780
PV of FCF	6,981	1,485	1,931	3,534	3,015	4,251	3,726	4,078	4,499	102,133
Value of Operating Assets:	135,633									
Non-Operating Adjustments										
Excess cash (+)	-									
Long-term investments (+)	1,496									
Short-term debt (-)	5,204									
Long-term debt (-)	19,363									
PV of operating leases (-)	660									
Non-controlling interests (-)	95									
Value of Equity	111807									
Shares Outstanding	705									
Intrinsic Value of Last FYE	\$ 158.59									
Implied Price as of Today	\$ 168.22									

Economic Profit (EP)	3,375	5,219	6,067	6,253	7,554	8,338	9,488	10,531	11,871	13,307
Continuing Value (CV)										202,600
PV of EP	3,068	4,313	4,558	4,271	4,691	4,707	4,869	4,913	5,035	85,938
Total PV of EP	126,364									
Invested Capital (last FYE)	9,269									
Value of Operating Assets:	135,633									
Non-Operating Adjustments										
Excess cash (+)	-									
Long-term investments (+)	1,496									
Short-term debt (-)	5,204									
Long-term debt (-)	19,363									
PV of operating leases (-)	660									
Non-controlling interests (-)	95									
Value of Equity	111,807									
Shares Outstanding	705									
Intrinsic Value of Last FYE	\$ 158.59									
Implied Price as of Today	\$ 168.22									

Dell Technologies

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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EPS	\$ 6.20	\$ 9.06	\$ 11.00	\$ 12.34	\$ 15.03	\$ 16.41	\$ 18.66	\$ 21.00	\$ 23.70	\$ 26.48
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Key Assumptions

CV growth of EPS	3.50%
CV Year ROE	19.17%
Cost of Equity	11.72%

Future Cash Flows

P/E Multiple (CV Year)										9.947128
EPS (CV Year)										\$ 26.48
Future Stock Price										\$ 263.37
Dividends Per Share	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	1.78	
Discounted Cash Flows	1.59	1.43	1.28	1.14	1.02	0.92	0.82	0.73	0.66	97.15

Intrinsic Value as of Last FYE \$ 106.74

Implied Price as of Today \$ 113.22

Dell Technologies

Relative Valuation Models

Ticker	Company	Price	EPS 2026E	EPS 2027E	P/E 25	P/E 26	Est. 5yr EPS gr.	PEG 25	PEG 26
HPQ	Hewlett Packard Inc.	\$28.08	\$3.38	\$3.51	8.31	8.00	0.6	13.85	13.33
LVGY	Lenovo Group Limited	\$11.95	\$1.00	\$1.17	11.95	10.21	9.3	1.28	1.10
HPE	Hewlett Packard Enterp	\$25.80	\$2.42	\$2.67	10.66	9.66	7.6	1.40	1.27
CSCO	Cisco Systems	\$67.75	\$4.05	\$4.43	16.73	15.29	8.2	2.04	1.87
SMCI	Super Micro Computer	\$46.87	\$2.52	\$3.34	18.60	14.03	19.1	0.97	0.73
NTAP	NetApp, Inc.	\$124.61	\$7.75	\$8.55	16.08	14.57	11.7	1.37	1.25
IBM	International Business M	\$271.37	\$11.97	\$12.71	22.67	21.35	6.3	3.60	3.39
APPL	Apple Inc.	\$256.08	\$9.26	\$11.65	27.65	21.98	7.9	3.50	2.78
Average					16.58	14.39		3.50	3.21

DELL	Dell Technologies	\$130.67	\$6.20	\$9.06	21.1	14.4	6.7	3.2	2.2
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Implied Relative Value:

P/E (EPS26)	\$ 102.88
P/E (EPS27)	\$ 130.42
PEG (EPS26)	\$ 144.93
PEG (EPS27)	\$ 194.33

Dell Technologies
Key Management Ratios

Fiscal Years Ending Jan. 31	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Liquidity Ratios:																	
Current Ratio Current Assets / Current Liabilities	0.80	0.70	0.80	0.80	0.82	0.74	0.78	1.15	1.39	1.69	1.93	2.19	2.43	2.67	2.92	3.17	3.42
Quick Ratio (Current Assets - Inventory) / Current Liabilities	(0.08)	(0.06)	(0.06)	(0.10)	(0.09)	(0.07)	(0.14)	(0.10)	(0.11)	(0.12)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Cash Ratio (Cash + Marketable Securities) / Current Liabilities	0.22	0.18	0.18	0.17	0.17	0.15	0.08	0.53	0.75	1.04	1.30	1.54	1.80	2.03	2.28	2.53	2.78
Asset-Management Ratios:																	
Asset Turnover Ratio Sales/ Average Total Assets	0.38	0.19	0.21	0.24	0.24	0.28	0.31	0.28	0.24	0.21	0.19	0.18	0.16	0.15	0.14	0.13	0.12
Inventory Turnover Ratio COGS / Average Inventory	8.79	(90.39)	325.02	15.95	(30.02)	(32.20)	12.42	(28.96)	77.50	50.35	(4,067.75)	70.91	90.43	126.82	93.39	95.87	98.00
Accounts Receivable Turnover Sales/ Average Accounts Receivable	4.68	(113.39)	210.36	(1,632.21)	(58.79)	(35.63)	(12.80)	2.09	3.91	2.94	2.98	2.92	2.66	2.80	2.56	2.42	2.33
Financial Leverage Ratios:																	
Debt-to-Assets Ratio (Short-term Debt + Long-term Debt) / Total Assets	0.48	0.44	0.32	0.29	0.33	0.32	0.31	0.29	0.23	0.21	0.19	0.17	0.16	0.15	0.14	0.13	0.12
Debt-to-Equity Ratio (Short-term Debt + Long-term Debt) / Total Equity	(56.82)	16.50	5.19	(17.06)	(9.78)	(12.19)	(17.71)	12.59	3.67	2.13	1.49	1.14	0.94	0.77	0.67	0.58	0.52
Profitability Ratios:																	
Return on Equity (NI/Beg TSE)																	
Return on Assets Net Income / Total Assets	-2.07%	3.88%	2.63%	6.00%	2.73%	4.13%	5.76%	3.93%	4.90%	4.99%	4.77%	4.99%	4.72%	4.71%	4.67%	4.64%	4.59%
Return on Equity Net Income / Beg Total Equity	245.22%	146.31%	43.03%	-352.09%	-80.73%	-158.91%	-331.07%	172.86%	76.71%	50.65%	37.75%	32.64%	27.15%	24.33%	22.13%	20.55%	19.17%
Gross Margin Gross Profit / Sales	27.65%	24.33%	23.24%	21.63%	22.18%	23.83%	22.24%	24.03%	25.13%	26.08%	27.11%	28.10%	28.60%	29.35%	29.97%	30.66%	31.32%
Operating Margin Operating Profit / Sales	-0.21%	2.79%	4.25%	4.60%	5.64%	6.12%	6.53%	7.20%	8.64%	9.91%	10.68%	11.66%	12.17%	12.88%	13.55%	14.26%	14.90%
Net Margin Net Profit / Sales	-2.55%	5.44%	3.75%	5.50%	2.39%	3.83%	4.81%	4.28%	5.93%	6.83%	7.24%	8.17%	8.41%	9.00%	9.53%	10.10%	10.58%
Payout Policy Ratios:																	
Dividend Payout Ratio Dividend / EPS	0.00%	0.00%	0.00%	0.00%	39.64%	31.42%	27.34%	28.69%	19.64%	16.18%	14.42%	11.84%	10.85%	9.54%	8.47%	7.51%	6.72%
Total Payout Ratio ((Dividends + Repurchases) / Net Income)	620.30%	-99.74%	-183.08%	-298.56%	-66.54%	-209.39%	-126.63%	-9.85%	-8.76%	-9.02%	-9.79%	-9.61%	-10.37%	-10.62%	-10.89%	-11.06%	-11.27%

Dell Technologies

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares): 25
Average Time to Maturity (years): 1.70
Expected Annual Number of Options Exercised: 15

Current Average Strike Price: \$ 59.82
Cost of Equity: 11.72%
Current Stock Price: \$130.67

<i>Fiscal Years Ending Jan. 31</i>	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
Increase in Shares Outstanding:	15	15	15	15	15	15	15	15	15	15	15	15
Average Strike Price:	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82	\$ 59.82
Increase in Common Stock Account:	880	880	880	880	880	880	880	880	880	880	880	880
Share Repurchases (\$)	1,307	1,438	1,582	1,741	1,916	2,108	2,320	2,553	2,809	3,091	3,401	3,742
Expected Price of Repurchased Shares:	\$ 130.67	\$ 143.79	\$ 158.22	\$ 174.10	\$ 191.58	\$ 210.81	\$ 231.97	\$ 255.26	\$ 280.88	\$ 309.07	\$ 340.10	\$ 374.24
Number of Shares Repurchased:	10	10	10	10	10	10	10	10	10	10	10	10
Shares Outstanding (beginning of the year)	696	701	705	710	715	720	724	729	734	738	743	748
Plus: Shares Issued Through ESOP	15	15	15	15	15	15	15	15	15	15	15	15
Less: Shares Repurchased in Treasury	10	10	10	10	10	10	10	10	10	10	10	10
Shares Outstanding (end of the year)	701	705	710	715	720	724	729	734	738	743	748	752