

DELL Technologies Inc.

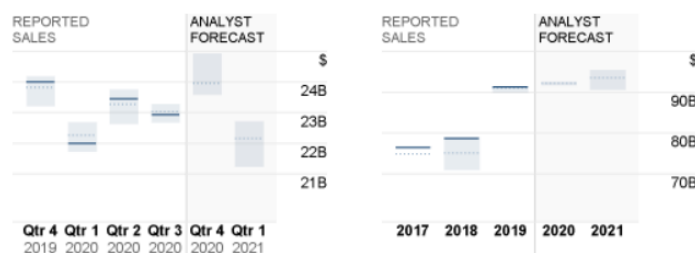
Performance Conclusions

For the last fiscal year ended, the fiscal year 2019, Dell greatly improved from the previous year. Ratio analysis shows that management carefully considered the poor state of the company in 2018 and created a strategy to streamline Dell's workflows and steer their financials back on track. Liquidity ratios show that while Dell still does not have enough assets to cover liabilities, their efficiency in collecting debts has increased, they not only sell their entire inventory more times throughout the year, they collect debts and sell their inventory in a smaller amount of time than previous years. Dell's profitability in the fiscal year of 2019 also increased from previous years - the amount of profit Dell generates on each sale has increased from the previous year and shows that Dell makes a little more than a quarter of the sales price per sale. Dell's return on assets and equity is negative, but it is an increase from previous years, suggesting Dell's business decisions have encouraged the value of each share. Moreover, the value of each share in proportion to the total shareholders' equity increased but was still negative. However, the earnings per share increased to a less negative amount. Dell's solvency ratios for the fiscal year of 2019 show that an overwhelming amount of Dell's total assets are financed by debt but Dell's ability to cover the interest on expenses has greatly improved from the previous year, which suggests that Dell is in a more financially stable position than previous years.

Future Projection

Dell's steps towards a more modern technological future include its steps towards leveraging 5G, artificial intelligence, and machine learning to gather insights on customer data, which point to both corporate and financial growth. For every year in the past 3 years, Dell's revenue has increased by at least 7% from the previous year, which suggests that Dell has been implementing strategies to optimize workflows of their three largest revenue sources: ISG (Infrastructure Solutions Group), CSG (Client Solutions Group), and VMware. Moreover, each individual source of the three revenue streams has grown in generated revenue by at least 9% from the previous year, a rate of growth that will increase over time in the future. Furthermore, Dell's sales are predicted to increase in the coming fiscal periods, with a periodicity of gradual increases from the first quarter of a year to the last quarter of the year until sales decreases for the next year. Although the amount of sales decreases from the

Sales



last quarter of the previous fiscal year to the first quarter of the current fiscal year, the total amount of sales of the current fiscal year is typically greater than the total amount of sales of the previous fiscal year. The earnings per

share and stock price also follow a similar pattern, suggesting that Dell has a financially successful future in which their sales and earnings follow a steady rate of increase throughout the years.

Will you invest in this company?

Based on Dell's financially successful future predictions yielded by increases in sales and earnings per share from previous years, Dell has a financially bright future and would be a good

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investment. However, it's important to note that over past years, Dell has consistently not had adequate assets to cover liabilities, a positive return on equity or assets, nor the ability to cover interest expenses. This dangerous pattern may prove disastrous if the market changes dramatically as Dell may not be able to recover from large losses in sales. If the market maintains its current state without large deviations, Dell's ability to cover interest expenses, make a positive return on equity or assets, and possess adequate assets to cover liabilities will increase as it has in previous years. Under these conditions, investing in Dell now would prove to be very profitable many years in the future, perhaps around 2030, when Dell is more efficient and has streamlined many of its workflows. In the short-term future, it may prove profitable to short sell Dell's stock in the fourth quarter of 2020 to make a profit on the periodic decrease in stock price between the fourth quarter of the fiscal year of 2020 and the first quarter of the fiscal year of 2021. After short selling, buying Dell's stock in the first quarter of the fiscal year of 2021 would allow the purchase of the most stock, proving the most profitable over time.



What advice do you have for the company's creditors & shareholders?



Leveraging the future predictions and analysis of Dell's stock price presented in this report, Dell's creditors should expect Dell to pay any large debts closer to the end of the fiscal year, as Dell will typically have the most sales and earnings per share in the fourth quarter of a year. Dell's shareholders, in the short-term, should short sell Dell's stock close to the end of each fiscal year and then buy more of Dell's stock in the first quarter of the fiscal year. These patterns match closest to historical data about Dell's stock as well as future predictions about Dell's

stock price.

Compare and contrast your company to other companies in the same industry.

Performing a vertical analysis of the balance sheets and income statements between Hewlett-Packard(HP), another technology giant in the personal computer industry, produces a few glaring differences. HP appears to be less efficient than Dell with assets as they have a higher percentage of current assets and a lower percentage of long-term assets. Moreover, HP doesn't appear to have matured as much as Dell, as they have a much higher percentage of current liabilities and a smaller percentage of shareholders' equity. From the income statement vertical analysis, Dell has a much higher gross margin, but their net income is a very small percentage of their total sales. While HP may not have a high gross margin, they have a higher net income. From the vertical analyses, Dell has more efficient operations than its competitors but does not net as much in income than its competitors. It should be noted the difference in size between Dell and HP, while they are both technology giants, Dell is significantly larger than HP, allowing Dell to pursue other industries, requiring a higher R&D cost.

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Vertical Analysis - Balance Sheet

ASSETS	DELL	%	HP	%
Current Assets:				
Cash and cash equivalents	\$ 9,676,000.00	9%	\$ 4,537,000.00	13.3%
Receivables (add all types of receivables)	\$ 12,371,000.00	12%	\$ 6,031,000.00	17.6%
Inventories	\$ 3,649,000.00	4%	\$ 5,734,000.00	16.8%
Prepaid expenses and other	\$ -	0%	\$ -	0.0%
Investments	\$ -	0%	\$ -	0.0%
Other current assets	\$ 6,044,000.00	6%	\$ 3,875,000.00	11.3%
	\$ 31,740,000.00	31%	\$ 20,177,000.00	59.0%
Long-Term Assets:				
Land	\$ -	0%	\$ -	0.0%
Buildings and improvements	\$ -	0%	\$ -	0.0%
Property, plant, and equipment	\$ 5,259,000.00	5%	\$ 2,794,000.00	8.2%
Accumulated amortization for all assets (negative number)	\$ -	0%	\$ -	0.0%
Goodwill	\$ 40,089,000.00	39%	\$ 6,372,000.00	18.6%
Deferred charges	\$ -	0%	\$ -	0.0%
Other assets	\$ 26,110,000.00	25%	\$ 4,841,000.00	14.2%
	\$ 71,458,000.00	69%	\$ 14,007,000.00	41.0%
Total Assets	\$ 103,198,000.00	100%	\$ 34,184,000.00	100.0%
LIABILITIES & SHAREHOLDERS' EQUITY	2018	%	2017	%
Current Liabilities:				
Short-term borrowings		0%		0.0%
Accounts payable	\$ 19,213,000.00	19%	\$ 14,793,000.00	43.3%
Accrued liabilities (includes unearned revenues)	\$ 8,495,000.00	8%		0.0%
Accrued income taxes	\$ 12,944,000.00	13%		0.0%
Long-term debt due within one year	\$ 8,495,000.00	8%	\$ -	0.0%
Current liabilities of discontinued operations	\$ -	0%	\$ -	0.0%
Other current liabilities	\$ 3,098,000.00	3%	\$ 11,678,000.00	34.2%
	\$ 51%		\$ 77.4%	

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	52,245,000.00		26,471,000.00	
Long-Term Liabilities:				
Long-term debt	\$ 45,459,000.00	44%	\$ 4,780,000.00	14.0%
Deferred income taxes and other	\$ 11,066,000.00	11%	\$ 1,129,000.00	#DIV/0!
Other liabilities	\$ 6,327,000.00	6%	\$ 4,587,000.00	13.4%
	\$ 62,852,000.00	61%	\$ 10,496,000.00	30.7%
Shareholders' Equity:				
Common shares	\$ 16,114,000.00	16%	\$ 15,000.00	0.0%
Preferred shares	\$ -	0%	\$ -	0.0%
Total Stockholders' Equity	\$ (5,765,000.00)	-6%	\$ (1,193,000.00)	-3.5%
Retained earnings	\$ (21,349,000.00)	-21%	\$ (818,000.00)	-2.4%
Noncontrolling interest		0%		0.0%
Other equity	\$ (467,000.00)	0%	\$ (1,225,000.00)	-3.6%
	\$ (11,467,000.00)	-11%	\$ (3,221,000.00)	-9.4%
Total Liabilities & Shareholders' Equity	\$ 103,630,000.00	100%	\$ 33,746,000.00	98.7%

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Vertical Analysis - Income Statement				
REVENUE	DELL	%	HP	%
Sales or Revenue	\$ 90,621,000.00	100.0%	\$ 58,756,000.00	100.0%
Other income	\$ -	0.0%	\$ -	0.0%
Less: Cost of Sales or COGS (negative number)	\$ (65,568,000.00)	72.4%	\$ (47,586,000.00)	81.0%
Gross Profit or Gross Margin	\$ 25,053,000.00	27.6%	\$ 11,170,000.00	19.0%
OPERATING EXPENSES				
Sales and marketing	\$ -	0.0%	\$ -	0.0%
Selling, General, and administrative	\$ 20,640,000.00	22.8%	\$ 5,368,000.00	9.1%
Amortization	\$ -	0.0%	\$ -	0.0%
Impairment losses	\$ -	0.0%	\$ -	0.0%
Foreign exchange loss (gain)	\$ -	0.0%		0.0%
Pensions	\$ -	0.0%	\$ -	0.0%
Research and development	\$ 4,604,000.00	5.1%	\$ 1,499,000.00	2.6%
Other operating, selling, general, administrative expenses	\$ -	0.0%	\$ -	0.0%
Earnings Before Interest & Taxes (EBIT)	\$ (191,000.00)	-0.2%	\$ 4,303,000.00	7.3%
Interest expense (positive number)	\$ 2,488,000.00	2.7%		0.0%
Income taxes (positive number)	\$ 180,000.00	0.2%	\$ (629,000.00)	1.1%
Other revenues and gains (negative number)	\$ (549,000.00)	0.6%		0.0%
Other expenses and losses (positive number)		0.0%	\$ 310,000.00	0.5%
Total interest, income taxes, and other gains and losses	\$ 2,119,000.00	2.3%	\$ (319,000.00)	0.5%
Net Income or Net Earnings	\$ (2,310,000.00)	-2.5%	\$ 4,622,000.00	7.9%

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