EXPANDING DIGITAL MANUFACTURING

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PRESIDENT 3D PRINTING & DIGITAL MANUFACTURING
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Risks, uncertainties and assumptions include the need to address the many challenges facing HP’s businesses; the competitive pressures faced by HP’s businesses; risks associated with executing HP’s strategy and business model changes; successfully innovating, developing and executing HP’s go-to-market strategy, including online, omnichannel and contractual sales, in an evolving distribution and reseller landscape; successfully competing and maintaining the value proposition of HP’s products, including supplies; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers, manage HP’s global, multi-tier distribution network, limit potential misuse of pricing programs by HP’s channel partners, adapt to new or changing marketplaces and effectively deliver HP’s services; challenges to HP’s ability to accurately forecast inventories, demand and pricing, which may be due to HP’s multi-tiered channel, sales of HP’s products to unauthorized resellers or unauthorized resale of HP’s products; the protection of HP’s intellectual property assets, including intellectual property licensed from third parties; risks associated with HP’s international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers, clients and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the results of the restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of HP’s business) and the anticipated benefits of the restructuring plans; the impact of changes in tax laws, including uncertainties related to the interpretation and application of the Tax Cuts and Jobs Act of 2017 on HP’s tax obligations and effective tax rate; the resolution of pending investigations, claims and disputes; and other risks that are described in HP’s Annual Report on Form 10-K for the fiscal year ended October 31, 2018 and HP’s other filings with the Securities and Exchange Commission.

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USE OF NON-GAAP FINANCIAL INFORMATION

HP has included non-GAAP financial measures in this presentation to supplement HP’s consolidated financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

HP’s management uses net revenue on a constant currency basis, non-GAAP total operating expense, non-GAAP operating profit, non-GAAP operating margin, non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share to evaluate and forecast HP’s performance before gains, losses or other charges that are considered by HP’s management to be outside of HP’s core business segment operating results. Gross cash, net cash (debt), and free cash flow are liquidity measures that provide useful information to management about the amount of cash available for investment in HP’s businesses, funding acquisitions, repurchasing stock and other purposes. Net cash (debt) provides useful information to management about the state of HP’s consolidated balance sheet.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of HP’s results as reported under GAAP. For example, items such as amortization of intangible assets, though not directly affecting HP’s cash position, represent the loss in value of intangible assets over time. The expense associated with this change in value is not included in non-GAAP operating profit, non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share and therefore does not reflect the full economic effect of the change in value of those intangible assets. In addition, items such as restructuring and other charges, acquisition-related (credits)/charges, non-operating retirement-related (credits)/charges, defined benefit plan settlement charges, debt extinguishment costs, tax adjustments, and the related tax impact on these items that are excluded from non-GAAP total operating expense, non-GAAP operating profit, non-GAAP tax rate, non-GAAP net earnings and non-GAAP diluted net earnings per share can have a material impact on the equivalent GAAP earnings financial measures and cash flow. HP may not be able to immediately liquidate the short-term and long-term investments included in gross cash, which may limit the usefulness of gross cash as a liquidity measure. In addition, free cash flow, which includes net capital expenditures, does not represent the total increase or decrease in cash for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review those reconciliations carefully.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency to the information used by HP’s management in its financial and operational decision-making and allows investors to see HP’s results “through the eyes” of management. We further believe that providing this information better enables investors to understand HP’s operating performance and financial condition and to evaluate the efficacy of the methodology and information used by HP’s management to evaluate and measure such performance and financial condition.

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OUR DISRUPTION JOURNEY
FROM 3D PRINTING TO DIGITAL MANUFACTURING

FY19
ACCELERATE
Applications & Verticals

FY20
EXPAND
Digital Manufacturing

AND BEYOND
CAPTURE VALUE
of Industry Disruption
EXECUTING ON OUR PLAN

INNOVATION FOR GROWTH
Business Models, Metal Jet, Industrial System, Data & Software, Materials

VERTICAL FOCUS
Direct GTM, Engagement, Applications Development

INDUSTRIAL ECOSYSTEM
Leading Industry 4.0 Partners, HP Digital Manufacturing Network
ACCELERATING PRODUCTION

5M+ Parts in Q3

DOUBLE-DIGIT Materials GROWTH

MOST-USED Industrial 3D Printer

1. Q3'19 - HP internal data
2. Q2'19/Q3'19 - HP internal data
3. "3D Printing Trends Q1 2019", 3D Hubs
EXPANDING INTO DIGITAL MANUFACTURING
BUILDING ON OUR 3D PRINTING LEADERSHIP

DIGITAL DATA ACQUISITION
DESIGN
MANUFACTURE
DISTRIBUTE
SERVICE

Extend Upstream
3D PRINTING LEADERSHIP
Expand Downstream
TRANSFORMING INDUSTRIES
WITH BREAKTHROUGH APPLICATIONS

3D PRINTING
ADVANTAGED OUTCOMES

END-TO-END DISRUPTION
UNIQUE, HIGH VALUE APPLICATIONS

ENTIRELY NEW BUSINESS MODELS
DISRUPTIVE BUSINESS MODEL ENABLEMENT

Automotive | Medical | Footwear

Footwear

Systems | Materials | IP | Software | Services
ESTABLISHING A DIGITAL MANUFACTURING PLATFORM

STRATEGIC INVESTMENTS
- Systems Capabilities
- Software and Data
- Materials
- Metals Mass Production
- Direct GTM

BUSINESS MODELS

CUSTOMERS

DIGITAL DATA ACQUISITION
DESIGN
MANUFACTURE
DISTRIBUTE
SERVICE

Systems | Materials | IP | Software | Services | Partners
DRIVING FROM VOLUME TO VALUE

PARTS & MATERIALS GROWTH

CONTRACTUAL ENGAGEMENTS

VALUE BASED OUTCOMES
OUR DISRUPTION JOURNEY CONTINUES

FY19
ACCELERATE
Applications & Verticals

FY20
EXPAND
Digital Manufacturing

FY21
ESTABLISH
Broad Platform

AND
BEYOND
CAPTURE VALUE
of Industry Disruption
THANK YOU