

ModernGraham Valuation

Company Name:

HP Inc

Company Ticker HPQ

Date of Analysis

5/18/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$19,686,016,163	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.90	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-27.12%	Fail
6. Moderate PEmg Ratio	PEmg < 20	7.15	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-4.19	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.90	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-4.16	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.61
MG Growth Estimate	15.00%
MG Value	\$62.01
MG Value based on 3% Growth	\$23.35
MG Value based on 0% Growth	\$13.69
Market Implied Growth Rate	-0.68%

MG Opinion

Current Price	\$11.51
% of Intrinsic Value	18.56%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

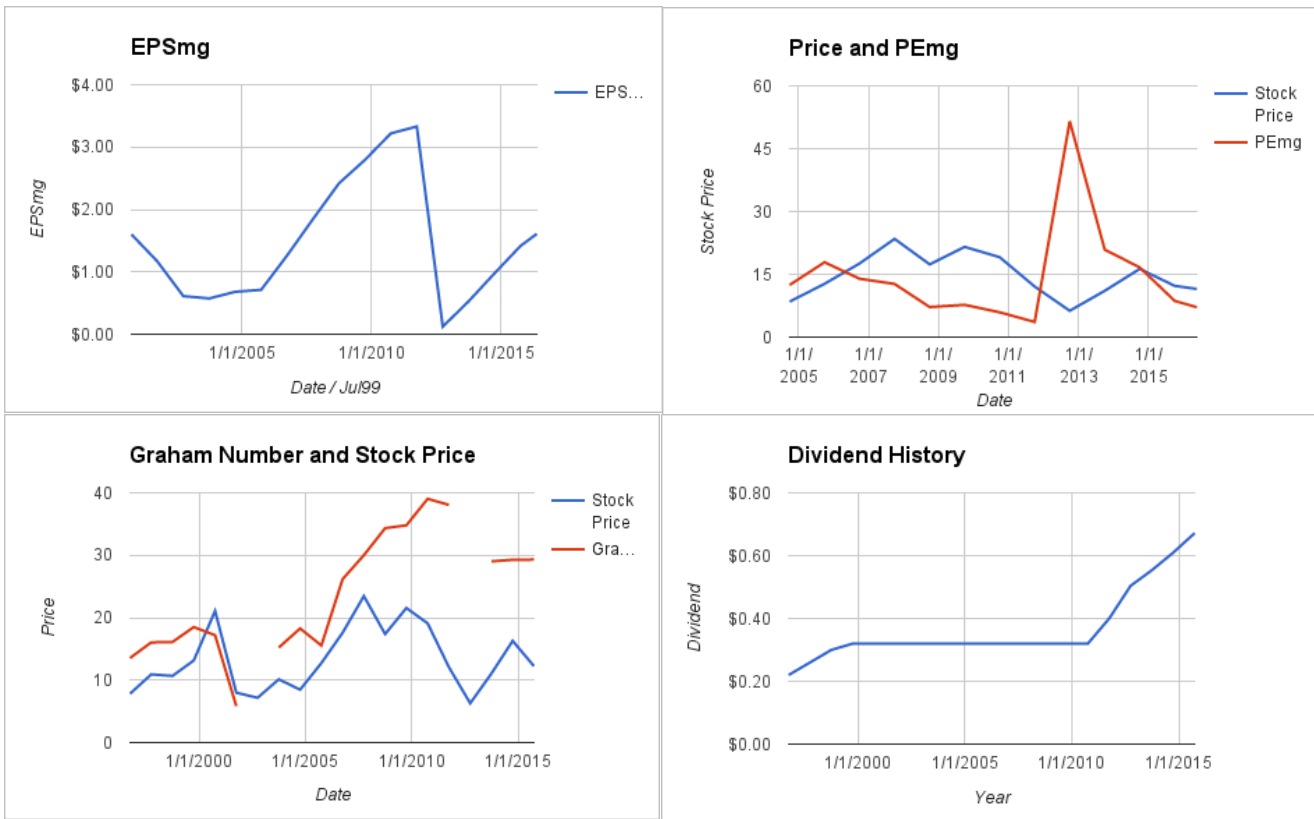
Net Current Asset Value (NCAV)	-\$8.56
Graham Number	\$0.00
PEmg	7.15
Current Ratio	0.90
PB Ratio	-4.19
Current Dividend	\$0.64
Dividend Yield	5.53%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.51	Next Fiscal Year Estimate	\$1.61
10/1/2015	\$2.48	10/1/2015	\$1.42
10/1/2014	\$2.62	10/1/2014	\$0.98
10/1/2013	\$2.62	10/1/2013	\$0.53
10/1/2012	-\$6.41	10/1/2012	\$0.12
10/1/2011	\$3.32	10/1/2011	\$3.33
10/1/2010	\$3.69	10/1/2010	\$3.22
10/1/2009	\$3.14	10/1/2009	\$2.79
10/1/2008	\$3.25	10/1/2008	\$2.42
10/1/2007	\$2.68	10/1/2007	\$1.85
10/1/2006	\$2.18	10/1/2006	\$1.26
10/1/2005	\$0.82	10/1/2005	\$0.71
10/1/2004	\$1.15	10/1/2004	\$0.68
10/1/2003	\$0.83	10/1/2003	\$0.57
10/1/2002	-\$0.36	10/1/2002	\$0.61
10/1/2001	\$0.21	10/1/2001	\$1.17
10/1/2000	\$1.80	10/1/2000	\$1.60
10/1/1999	\$1.67	Balance Sheet Information 1/1/2016	
10/1/1998	\$1.39	Total Current Assets	\$15,155,000,000
10/1/1997	\$1.48	Total Current Liabilities	\$16,761,000,000
10/1/1996	\$1.23	Long-term Debt	\$6,683,000,000
		Total Assets	\$25,517,000,000
		Intangible Assets	\$5,680,000,000
		Total Liabilities	\$30,426,000,000
		Shares Outstanding (Diluted Average)	1,785,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

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ModernGraham
posts about the
company

- [58 Companies in the Spotlight This Week – 1/31/15](#)
- [Hewlett-Packard Corporation Annual Valuation – 2015 \\$HPQ](#)
- [14 Companies in the Spotlight This Week – 1/18/14](#)
- [Hewlett-Packard Company \(HPQ\) Annual Valuation](#)

Other
ModernGraham
posts about related
companies

- [FLIR Systems Inc Valuation – May 2016 \\$FLIR](#)
- [NetApp Inc Valuation – March 2016 \\$NTAP](#)
- [Applied Materials Inc Valuation – February 2016 \\$AMAT](#)
- [Skyworks Solutions Inc Stock Valuation – February 2016 \\$SWKS](#)
- [Analog Devices Inc Stock Valuation – February 2016 \\$ADI](#)
- [Garmin Ltd Stock Valuation – February 2016 \\$GRMN](#)
- [Emerson Electric Co Valuation – February 2016 \\$EMR](#)
- [Applied Materials Inc Valuation – February 2016 \\$AMAT](#)
- [Skyworks Solutions Inc Stock Valuation – February 2016 \\$SWKS](#)
- [Analog Devices Inc Stock Valuation – February 2016 \\$ADI](#)