

# ModernGraham Valuation

Company Name:

HP Inc

Company Ticker HPQ

Date of Analysis

2/27/2018



## 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	\$38,695,774,462	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.91	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-54.29%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	13.34	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-14.32	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	0.91	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.97	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.76
MG Growth Estimate	12.02%
<b>MG Value</b>	<b>\$57.34</b>
MG Value based on 3% Growth	\$25.56
MG Value based on 0% Growth	\$14.98
Market Implied Growth Rate	2.42%

### MG Opinion

Current Price	\$23.52
% of Intrinsic Value	41.02%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$10.05
Graham Number	\$0.00
PEmg	13.34
Current Ratio	0.91
PB Ratio	-14.32
Current Dividend	\$0.53
Dividend Yield	2.26%
Number of Consecutive Years of Dividend Growth	1

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Oct2017	\$1.73	Oct2017	\$1.76
Oct2016	\$1.48	Oct2016	\$1.89
Oct2015	\$1.43	Oct2015	\$1.58
Oct2014	\$2.48	Oct2014	\$1.42
Oct2013	\$2.62	Oct2013	\$0.98
Oct2012	\$2.62	Oct2012	\$0.53
Oct2011	-\$6.41	Oct2011	\$0.12
Oct2010	\$3.32	Oct2010	\$3.33
Oct2009	\$3.69	Oct2009	\$3.22
Oct2008	\$3.14	Oct2008	\$2.79
Oct2007	\$3.25	Oct2007	\$2.42
Oct2006	\$2.68	Oct2006	\$1.85
Oct2005	\$2.18	Oct2005	\$1.26
Oct2004	\$0.82	Oct2004	\$0.71
Oct2003	\$1.15	Oct2003	\$0.68
Oct2002	\$0.83	Oct2002	\$0.57
Oct2001	-\$0.36	Oct2001	\$0.61
Oct2000	\$0.21	<b>Balance Sheet Information</b>	
Oct1999	\$1.80	<b>1/1/2018</b>	
Oct1998	\$1.67	Total Current Assets	\$21,217,000,000
	\$1.39	Total Current Liabilities	\$23,349,000,000
		Long-Term Debt	\$6,340,000,000
		Total Assets	\$35,245,000,000
		Intangible Assets	\$5,935,000,000
		Total Liabilities	\$37,987,000,000
		Shares Outstanding (Diluted Average)	1,669,000,000





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:

**Other ModernGraham posts about the company**

- [Hewlett-Packard Company \(HPQ\) Annual Valuation](#)
- [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](#)

**Other ModernGraham posts about related companies**

- [Intel Corp Valuation – February 2018 \\$INTC](#)
- [Apple Inc Valuation – February 2018 \\$AAPL](#)
- [Lam Research Corp Valuation – September 2017 \\$LRCX](#)
- [Vicor Corp Valuation – Initial Coverage \\$VICR](#)
- [Emerson Electric Co Valuation – August 2017 \\$EMR](#)
- [General Cable Corporation Valuation – Initial Coverage \\$BGC](#)
- [3D Systems Corp Valuation – Initial Coverage \\$DDD](#)
- [Teradyne Inc Valuation – Initial Coverage \\$TER](#)
- [Diebold Nixdorf Inc Valuation – Initial Coverage \\$DBD](#)
- [Tech Data Corp Valuation – Initial Coverage \\$TECD](#)