

ModernGraham Valuation

Company Name:

Company Ticker HPE
Date of Analysis

Hewlett Packard
Enterprise Co

6/10/2018



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	\$24,866,810,356	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.04	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	13733.33%	Pass
5. Earnings Growth	PEmg < 20	11.73	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.06	Pass
7. Moderate Price to Assets			

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	1.04	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	14.08	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.37
MG Growth Estimate	15.00%
MG Value	\$52.57
MG Value based on 3% Growth	\$19.80
MG Value based on 0% Growth	\$11.61
Market Implied Growth Rate	1.61%

MG Opinion

Current Price	\$16.01
% of Intrinsic Value	30.46%
Opinion	Undervalued
MG Grade	C+

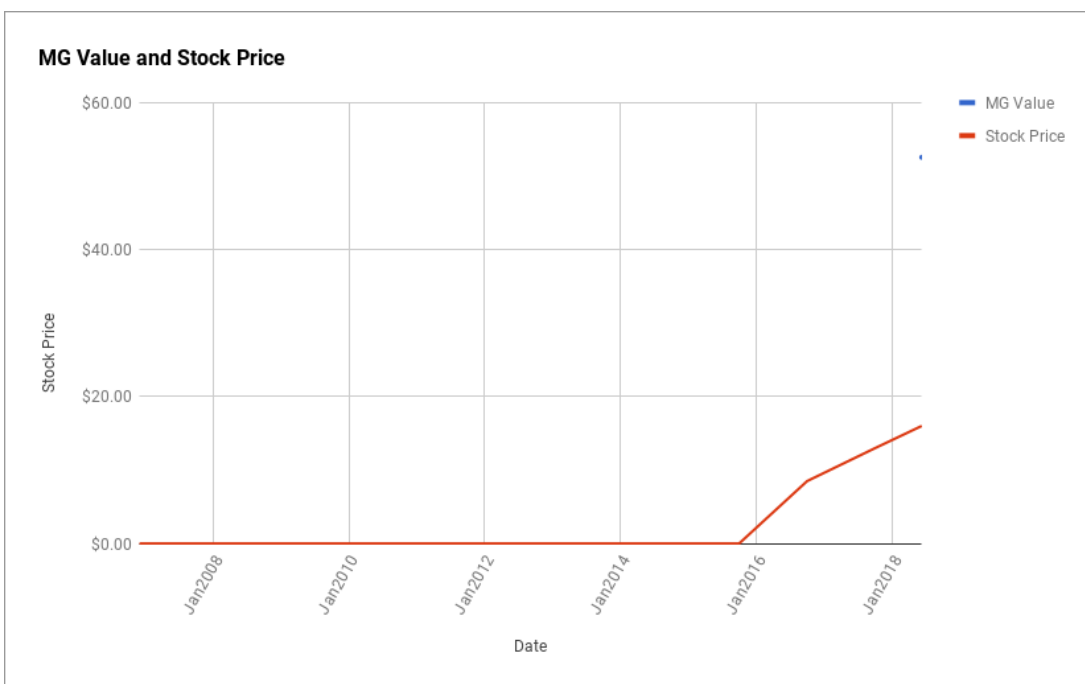
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$10.19
Graham Number	\$26.29
PEmg	11.73
Current Ratio	1.04
PB Ratio	1.06
Current Dividend	\$0.26
Dividend Yield	1.62%
Number of Consecutive Years of Dividend Growth	2

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.12	Next Fiscal Year Estimate	\$1.37
Oct2017	\$0.21	Oct2017	\$0.94
Oct2016	\$1.82	Oct2016	\$1.14
Oct2015	\$1.34	Oct2015	\$0.69
Oct2014	\$0.90	Oct2014	\$0.30
Oct2013	\$0.00	Oct2013	\$0.00
Oct2012	\$0.00	Oct2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information 4/1/2018	
Dec2000	\$0.00	Total Current Assets	\$19,792,000,000
Dec1999	\$0.00	Total Current Liabilities	\$19,084,000,000
Dec1998	\$0.00	Long-Term Debt	\$9,970,000,000
		Total Assets	\$59,876,000,000
		Intangible Assets	\$18,444,000,000
		Total Liabilities	\$35,910,000,000
		Shares Outstanding (Diluted Average)	1,582,000,000





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.

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