

# ModernGraham Valuation

Hewlett Packard  
Enterprise Co



## Company Name:

Company Ticker HPE

Date of Analysis

3/20/2019

## 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	\$21,727,342,562	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.94	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-137.37%	Fail
6. Moderate PEmg Ratio	PEmg < 20	12.98	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.22	Pass

*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	0.94	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-10.01	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	\$1.22
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$47.05</b>
MG Value based on 3% Growth	\$17.72
MG Value based on 0% Growth	\$10.39
Market Implied Growth Rate	2.24%

### MG Opinion

Current Price	\$15.86
% of Intrinsic Value	33.71%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B-</b>

## Stage 3: Information for Further Research

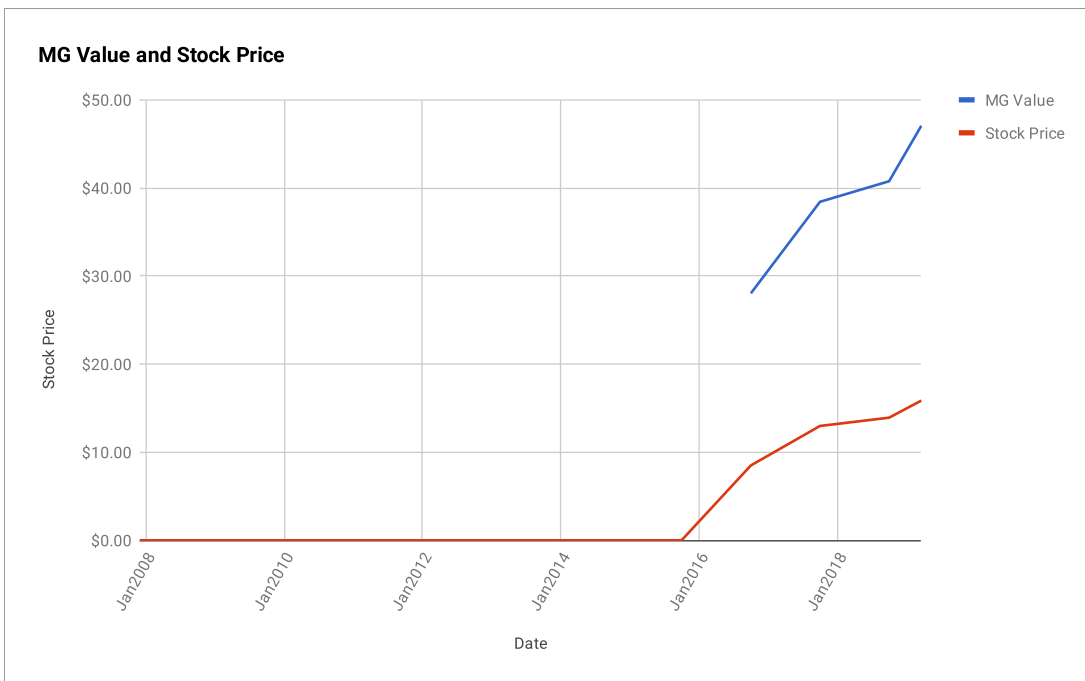
Net Current Asset Value (NCAV)	-\$12.74
Graham Number	\$22.89
PEmg	12.98
Current Ratio	0.94
PB Ratio	1.22
Current Dividend	\$0.38
Dividend Yield	2.36%
Number of Consecutive Years of Dividend Growth	3

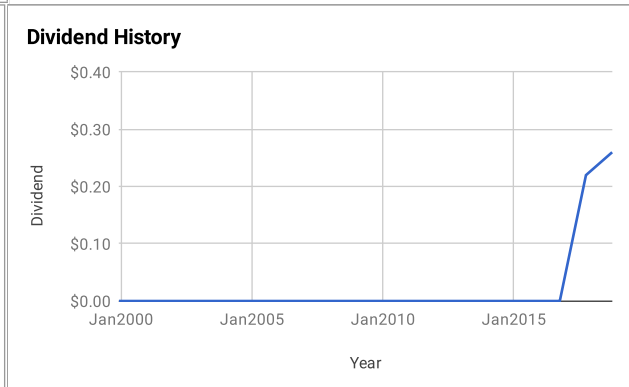
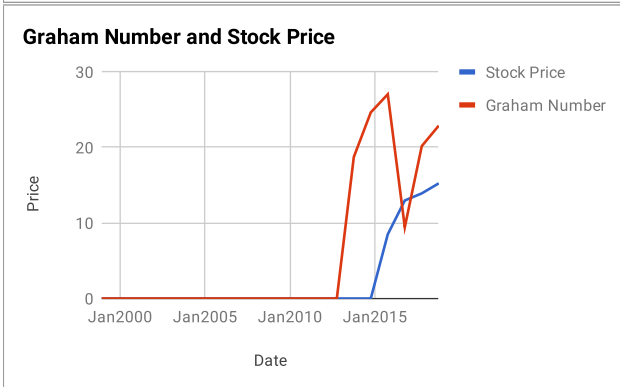
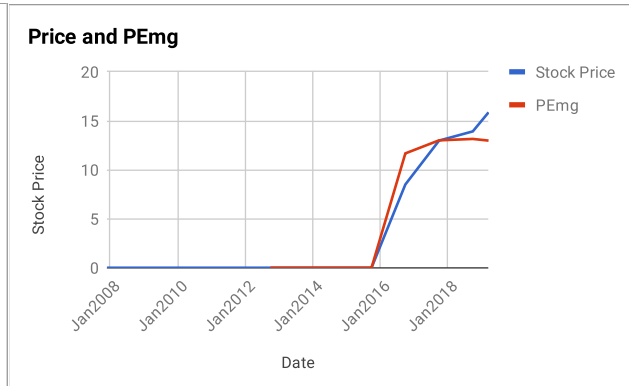
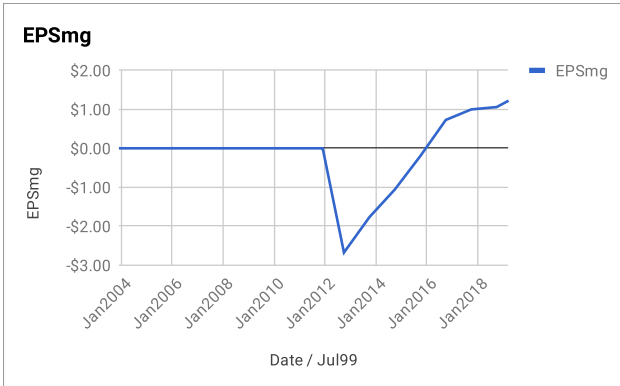
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.56	Next Fiscal Year Estimate	\$1.22
Oct2018	\$1.23	Oct2018	\$1.06
Oct2017	\$0.21	Oct2017	\$1.00
Oct2016	\$1.82	Oct2016	\$0.73
Oct2015	\$1.34	Oct2015	-\$0.20
Oct2014	\$0.75	Oct2014	-\$1.06
Oct2013	\$1.12	Oct2013	-\$1.77
Oct2012	-\$8.03	Oct2012	-\$2.68
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	<b>Balance Sheet Information 1/1/2019</b>	
Dec2001	\$0.00	Total Current Assets	\$15,432,000,000
Dec2000	\$0.00	Total Current Liabilities	\$16,459,000,000
Dec1999	\$0.00	Long-Term Debt	\$10,280,000,000
		Total Assets	\$51,758,000,000
		Intangible Assets	\$18,334,000,000
		Total Liabilities	\$33,423,000,000
		Shares Outstanding (Diluted Average)	1,412,000,000





**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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