**Trade Idea Template**

**Quantitative Analysis (Annual) – LONG HPQ**

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| **Comments on Quantitative Analysis Sector Comparison**According to IDC, AI PC is projected to grow from 50 million units in 2024 to 167 million in 2027, with a CAGR of 49.5%. AI PC would account for 60% of the PC shipment worldwide by the end of 2027. HPQ is currently traded at a discount compared to its peers: PE1 8.79 and PE2 8.26, well below the sector average.FED Industrial Production data shows strong growth in the computer manufacturing industry in the first two months of 2024. |

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| **Comments on Annual Quantitative Analysis** -5% YOY revenue growth in PS and Printing4.41%, 6.16% growth projected in the next two yearsOperating Margin of both PS and Printing improved from Q1 2023 (5.4%-6.1%, 18.9%-19.9%) |
| **Comments on Business** HP Inc. provides personal computing and other digital access devices, imaging and printing products, and related technologies, solutions, and services worldwide. The company operates through three segments: Personal Systems, Printing, and Corporate Investments.**Revenue Breakdown:****67% Personal System (where AI PC booms)*** 69% Commercial
* 31% Personal

**33% Printing*** 65% Supplies
* 28% Commercial Printing
* 7% Consumer Printing

**HP introduced the industry’s largest portfolio of AI PCs** |
| **KPI’s driving Revenue and Earnings** FCF forecast: 3.1-3.6 billion in 2024, out of the 2023 trough level of 2.96 billion.Net Debt/ EBITDA: 1.5x LTMROIC 2096.77% in 2023, 593.05% in 202240%-60% penetration 3 years after launch (ahead of the previous industry average penetration)775 million returned to shareholders in Q1 2024 VS. 359 million in Q1 2023Example of AI PC:**HP Elite 1000 Series G11 Notebook PCs** (the world’s most powerful AI business PC)80% better graphic performance38% less power132% faster AI video editing40% quittermade up of more than 70% recycled materials.Headwind:17% YOY decrease in Printing Hardware Units, due to low-pricing strategy from Japanese competitors & weak demand in China. |

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| **Earnings Announcements** May 30th 2024 |

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| **Catalysts excluding Earnings** **Annual Meeting of Shareholders April 22, 2024****A likely refresh cycle in PCs in the second half of 2024 – UBS Analyst****Dell Q2 Earnings May 30th 2024****HPE Q2 Earnings May 24th 2024** |





Yellow Light. 20 SMA just surpassed the 60 SMA, with RSI at its healthy range. See if the stock price could reach the support/ resistance outlined in the graph.



Implied Volatility:

28%