**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 Printing  4.41%, 6.16% growth projected in the next two years  Operating 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 LTM  ROIC 2096.77% in 2023, 593.05% in 2022  40%-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 2023  Example of AI PC:  **HP Elite 1000 Series G11 Notebook PCs** (the world’s most powerful AI business PC)  80% better graphic performance  38% less power  132% faster AI video editing  40% quitter  made 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** |

图表

描述已自动生成

图表, 折线图

描述已自动生成

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%