

Industry Report – HP Inc. (NYSE:HPQ)

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Current Share Value: \$18.35

Target Share Value: \$30.64

Recommendation: **Buy**

Upside: **67.0%**



Company Overview

HP Revenue Segmentation and Key Business Lines

HP reports two primary business segments — *Personal Systems* and *Printing* — each containing distinct product categories with separate revenue drivers

Personal Systems (PS) (65–70% of total revenue)

- **Commercial:** Laptops, desktops, workstations, and peripherals for enterprise, education, and government customers.
 - **Revenue driver:** installed base refresh cycles, enterprise demand, and average selling prices.
- **Consumer:** Laptops, desktops, and gaming PCs for households and students.
 - **Revenue driver:** consumer PC demand, ASPs, and mix between premium and entry-level devices.

Printing (30–35% of total revenue)

- **Supplies:** Ink and toner cartridges (the recurring component).
 - **Revenue driver:** installed printer base, print volumes, and usage per unit.
- **Commercial:** Printing Hardware, LaserJet and enterprise printers.
 - **Revenue driver:** office equipment refreshes, commercial print demand, and channel inventory levels.
- **Consumer:** Inkjet printers for home use.
 - **Revenue driver:** consumer print demand and hardware replacement cycles.

Revenue – Personal Systems

Historical Revenue and Forecast by Segment

Historical performance (2017–2025)

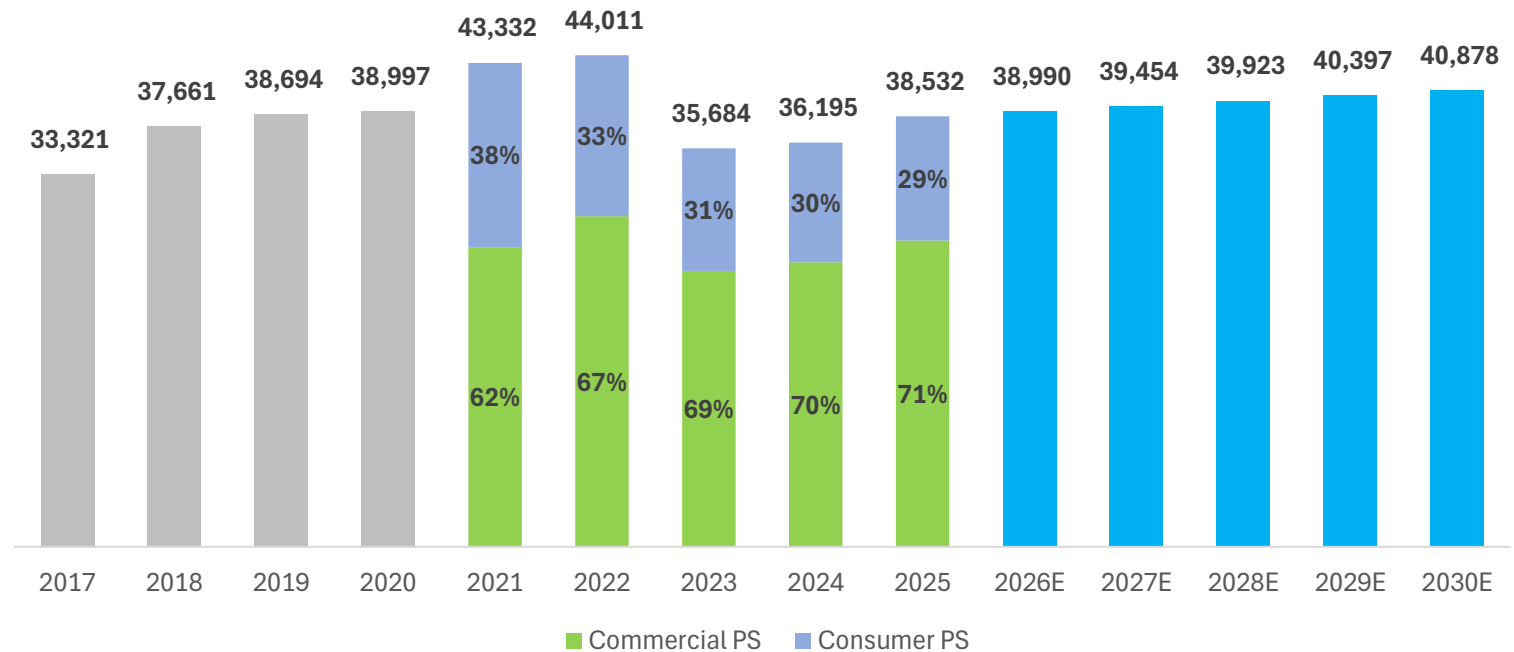
- Revenue grew steadily until a sharp COVID-era spike (2021–2022), followed by a sharp decline and then normalization.
- Commercial PS demand held firmer than Consumer, supported by enterprise refresh cycles and education orders.
- FY2025 PS revenue stabilized at around **\$38.5 billion**, with Commercial representing above 70% of segment sales.

Forecast assumptions (2026–2030E)

- Detailed Commercial and Consumer data are available only from FY2021 and distorted by COVID-related demand swings, so long-term forecasting relies on aggregate segment trends.
- Over 2017–2025, Personal Systems revenue grew at a 1.8% CAGR, consistent with a mature industry profile.
- To project forward, we assume growth roughly in line with the historical trend and peer guidance:
- Dell** (Q2 FY2026 guidance) expects its CSG to grow 1–5%, matching its own 7-year CAGR of 3%
- Dell’s historical guidance accuracy supports using this range as a reliable external benchmark.
- Given HP’s maturity profile and Dell’s comparable outlook, we apply a **1.8% annual growth rate** for the PS segment.

Personal Systems

CAGR 2017-2025:
1.8%



Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Commercial PS					26,822	29,616	24,712	25,486	27,438
Consumer PS					16,510	14,395	10,972	10,709	11,094
Total Personal Systems	33,321	37,661	38,694	38,997	43,332	44,011	35,684	36,195	38,532
YoY Change									
Commercial PS						10.4%	-16.6%	3.1%	7.7%
Consumer PS						-12.8%	-23.8%	-2.4%	3.6%
Total Personal Systems		13.0%	2.7%	0.8%	11.1%	1.6%	-18.9%	1.4%	6.5%

Revenue – Printing

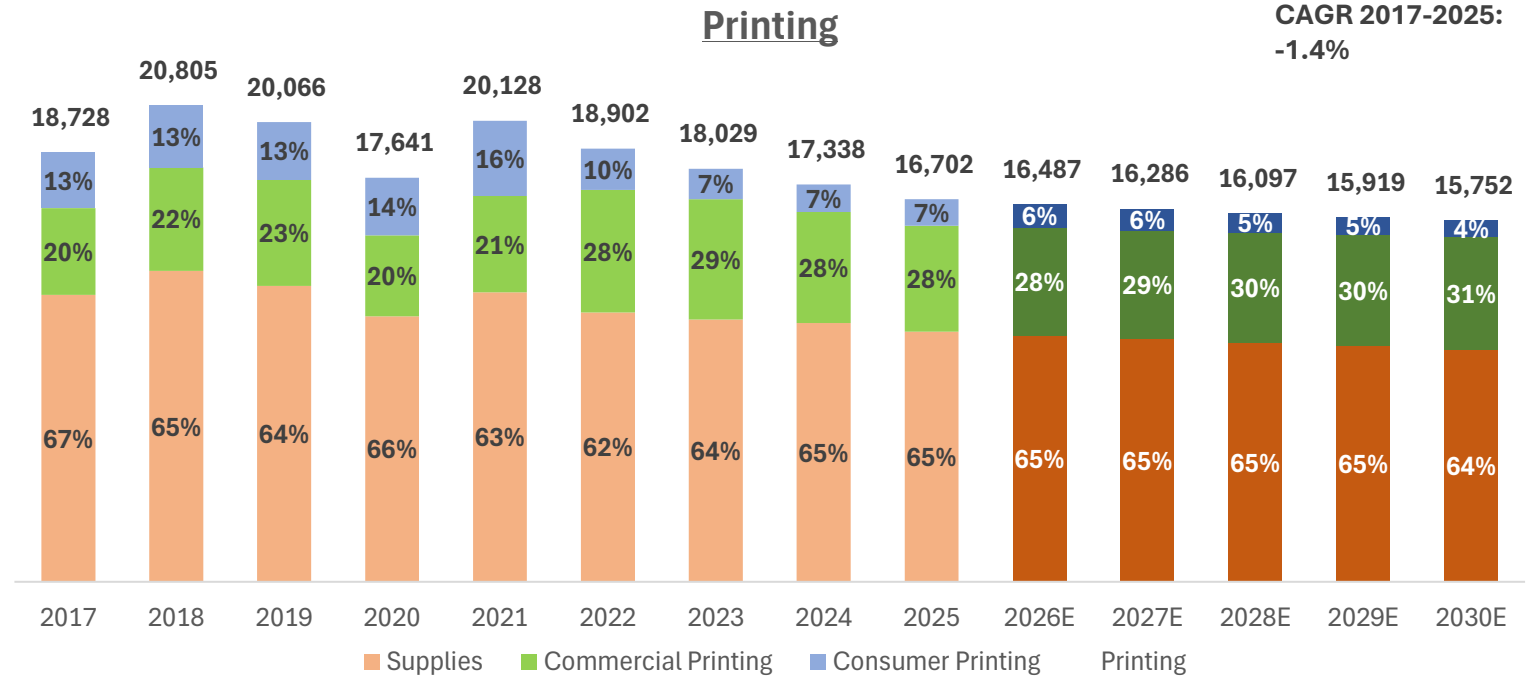
Historical Revenue and Forecast by Segment

Historical performance (2017–2025)

- Segment revenue declined at a -1.4% CAGR, driven mainly by a sharp ~50 % fall in Consumer Printing in the past 8 years, which now accounts for only 7 % of total segment revenue (down from about 16% at the peak).
- Commercial Printing has gradually increased, offsetting part of the decline.
- Supplies show a mild but steady decrease, suggesting that while the installed base remains stable or slightly higher in Commercial, customers are printing less overall.

Forecast assumptions (2026–2030E)

- Printing remains a mature and slowly declining industry, so each revenue stream is forecast separately using its recent CAGR, excluding abnormal years. This approach implies about **-1.4% annual growth** for the Printing segment.
- Commercial Printing:** stable demand from offices supports a **0.4% annual growth**, consistent with recent trends and similar to competitors such as Xerox and Canon.
- Supplies:** forecast to continue declining at an **annual rate of -1.7%**, as installed printers remain, but page volumes fall. It seems that people print less than they did a decade ago.
- Consumer Printing:** the weakest stream, with home printer demand steadily eroding; projected at roughly the same negative **CAGR of -8.8%** observed historically.



Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Supplies	12,524	13,575	12,921	11,586	12,632	11,761	11,452	11,295	10,916
Commercial Printing	3,792	4,514	4,612	3,539	4,209	5,339	5,250	4,841	4,633
Consumer Printing	2,412	2,716	2,533	2,516	3,287	1,802	1,327	1,202	1,153
Total Printing	18,728	20,805	20,066	17,641	20,128	18,902	18,029	17,338	16,702
YoY Change									
Supplies		8.4%	-4.8%	-10.3%	9.0%	-6.9%	-2.6%	-1.4%	-3.4%
Commercial Printing		19.0%	2.2%	-23.3%	18.9%	26.8%	-1.7%	-7.8%	-4.3%
Consumer Printing		12.6%	-6.7%	-0.7%	30.6%	-45.2%	-26.4%	-9.4%	-4.1%
Total Printing		11.1%	-3.6%	-12.1%	14.1%	-6.1%	-4.6%	-3.8%	-3.7%

Revenue – Total

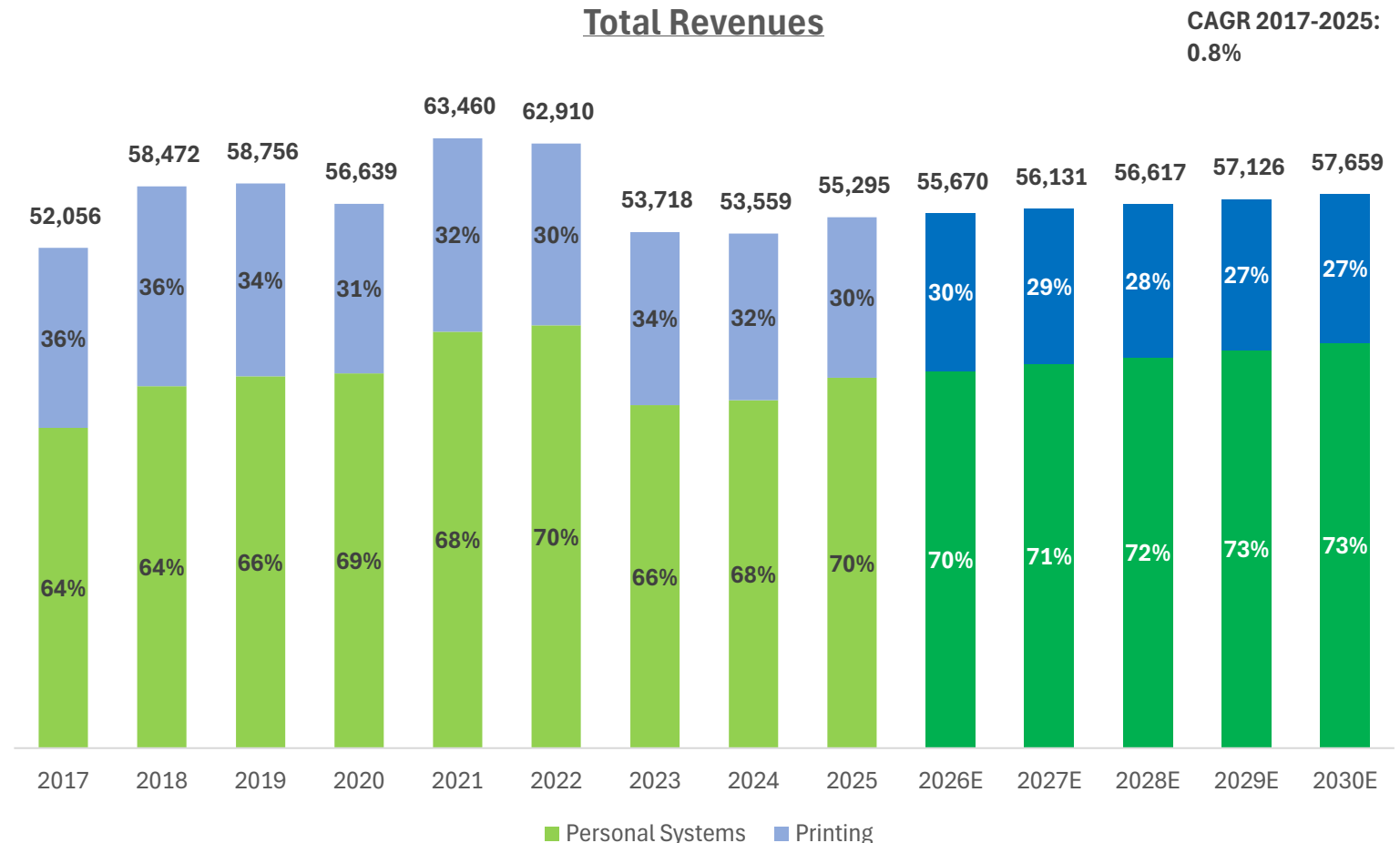
Historical Revenue and Forecast by Segment

Historical performance (2017–2025)

- Since 2017, Printing has contributed more than one-third of HP’s revenue, declining from 36% in 2017 to about 30% in 2025, and we expect it to fall further to around 27% by 2030.

Forecast assumptions (2026–2030E)

- **Personal Systems:** modest growth of about 1.8%, supported by commercial PC demand and improving mix.
- **Printing:** gradual -1.4% decline as lower supplies usage and weaker consumer demand persist
- Given Personal Systems’ larger base, the net result is overall **revenue growth of roughly 0.8% per year.**



Revenue – Total

Historical Revenue and Forecast by Segment

Historical Revenue

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Personal Systems	33,321	37,661	38,694	38,997	43,332	44,011	35,684	36,195	38,532
<i>% of Revenue</i>	64%	64%	66%	69%	68%	70%	66%	68%	70%
Total Printing	18,728	20,805	20,066	17,641	20,128	18,902	18,029	17,338	16,702
<i>% of Revenue</i>	36%	36%	34%	31%	32%	30%	34%	32%	30%
Corporate Investments	8	5	2	2	3	2	7	25	62
Other	(1)	1	(6)	(1)	(3)	(5)	(2)	1	(2)
Total Revenues	52,056	58,472	58,756	56,639	63,460	62,910	53,718	53,559	55,295
YoY Change									
Total Personal Systems		13.0%	2.7%	0.8%	11.1%	1.6%	-18.9%	1.4%	6.5%
Total Printing		11.1%	-3.6%	-12.1%	14.1%	-6.1%	-4.6%	-3.8%	-3.7%
Total Revenues		12.3%	0.5%	-3.6%	12.0%	-0.9%	-14.6%	-0.3%	3.2%

Forecast

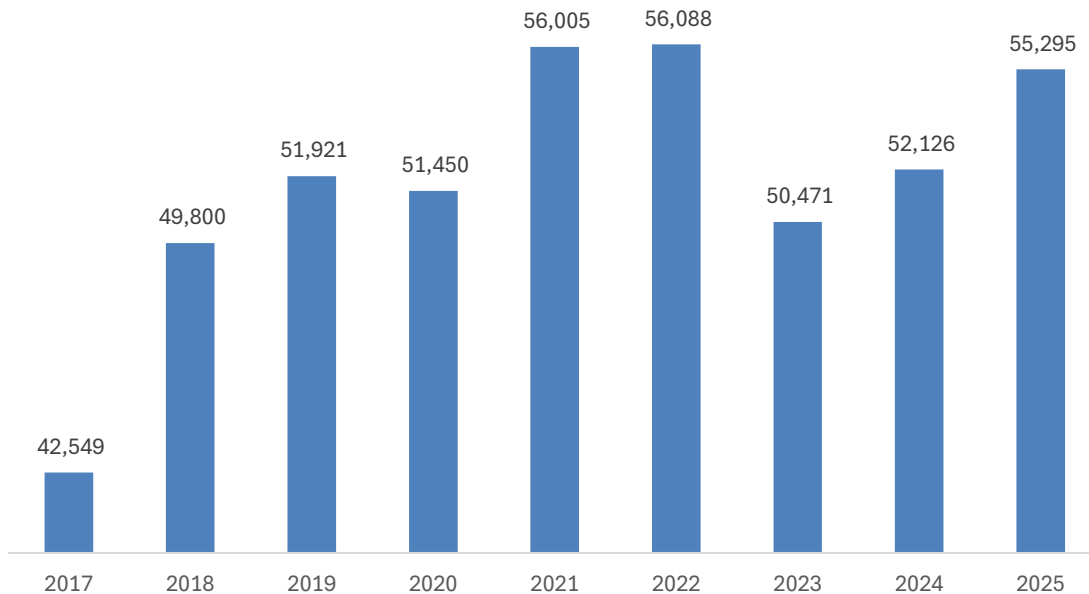
Year	2026E	2027E	2028E	2029E	2030E	TY	YoY Growth
Total Personal Systems	39,238	39,957	40,690	41,436	42,195	42,968	1.8%
<i>% of Revenue</i>	70%	71%	72%	72%	73%	73%	
Supplies	10,730	10,547	10,368	10,191	10,018	9,847	-1.7%
Commercial Printing	4,650	4,668	4,685	4,702	4,720	4,737	0.4%
Consumer Printing	1,153	1,153	1,153	1,153	1,153	1,153	-8.8%
Total Printing	16,533	16,368	16,206	16,047	15,891	15,737	-1.4%
<i>% of Revenue</i>	30%	29%	28%	28%	27%	27%	
Total Revenues	55,772	56,325	56,895	57,482	58,086	58,706	0.8%

Revenue – Real Dollars

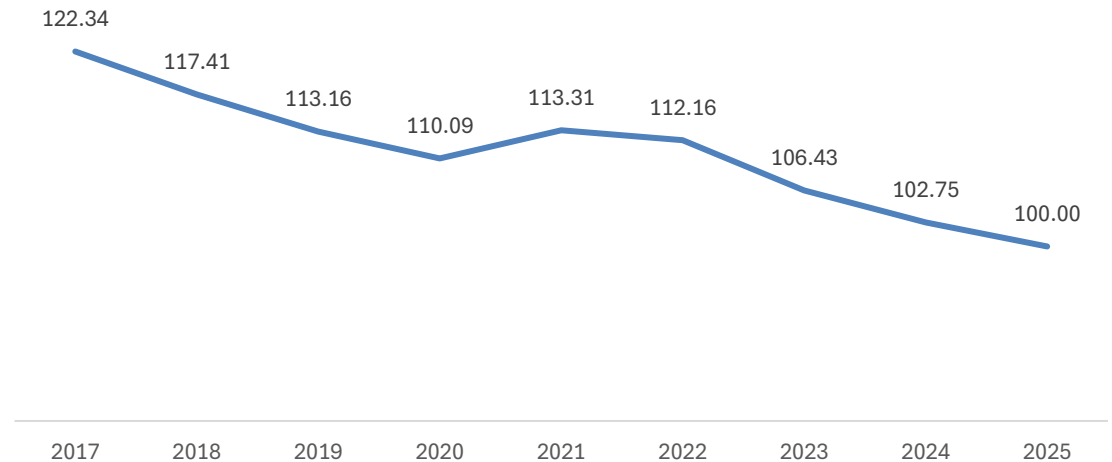
Historical Revenue and Forecast by Segment – Real Dollars

Over the past eight years, the U.S. CPI category for computers, peripherals, and smart home assistants declined by 18.3%, approximately 2.5% annually. Against this backdrop, HP generated real revenue growth from 2017 to 2019 and again from 2023 to 2025. The COVID period, 2020 to 2022, created a temporary distortion, with unusually strong demand in 2021 to 2022 driven by work-from-home dynamics that pulled forward future purchases and contributed to softer demand in 2023 as the market normalized. Adjusting for this timing effect, HPQ demonstrates underlying real growth, with an 8-year CAGR of 3.3%, despite operating in a category with long-term price declines.

Revenue in Real Dollars (2025=100)



CPI - Computers, Peripherals, and Smart Home Assistants in U.S.



Earnings from Operations - by Segment

Historical Earnings from Operations and Forecast by Segment

Historical performance (2017–2025)

- Both segments show clear margin expansion over the past five years, supported by HP’s “Future Ready” Plan, which delivered roughly \$2.2 billion in annualized structural savings.
- As a result, PS operating margins rose from around 3-4% to roughly 6%, while Printing margins improved from around 15-17% to 19%.

Forecasting approach

- HP discloses segment-level earnings from operations for both Personal Systems and Printing.
- Instead of separately projecting gross profit, SG&A, and R&D, we forecast each segment’s operating income directly, using historical margins and management commentary.
- After segment forecasts, we add corporate-level expenses (unallocated items, restructuring, and other costs) to arrive at consolidated EBIT in later steps.

Earnings from operations - Segments	2017	2018	2019	2020	2021	2022	2023	2024	2025
Personal Systems	1,206	1,402	1,898	2,312	3,152	2,761	2,129	2,253	2,054
<i>% of Personal Systems Revenue</i>	3.6%	3.7%	4.9%	5.9%	7.3%	6.3%	6.0%	6.1%	5.3%
Printing	3,142	3,314	3,202	2,495	3,647	3,619	3,399	3,290	3,118
<i>% of Printing Revenue</i>	16.8%	15.9%	16.0%	14.1%	18.1%	19.1%	18.9%	19.0%	18.7%
Corporate Investments	(87)	(82)	(96)	(69)	(96)	(230)	(142)	(132)	(130)
Total segment earnings from operations	4,261	4,634	5,004	4,738	6,703	6,150	5,386	5,352	5,042
<i>% of Revenue</i>	8.2%	7.9%	8.5%	8.4%	10.6%	9.8%	10.0%	10.0%	9.2%

Earnings from Operations - by Segment

Historical Earnings from Operations and Forecast by Segment

Forecast logic (2026–2030E)

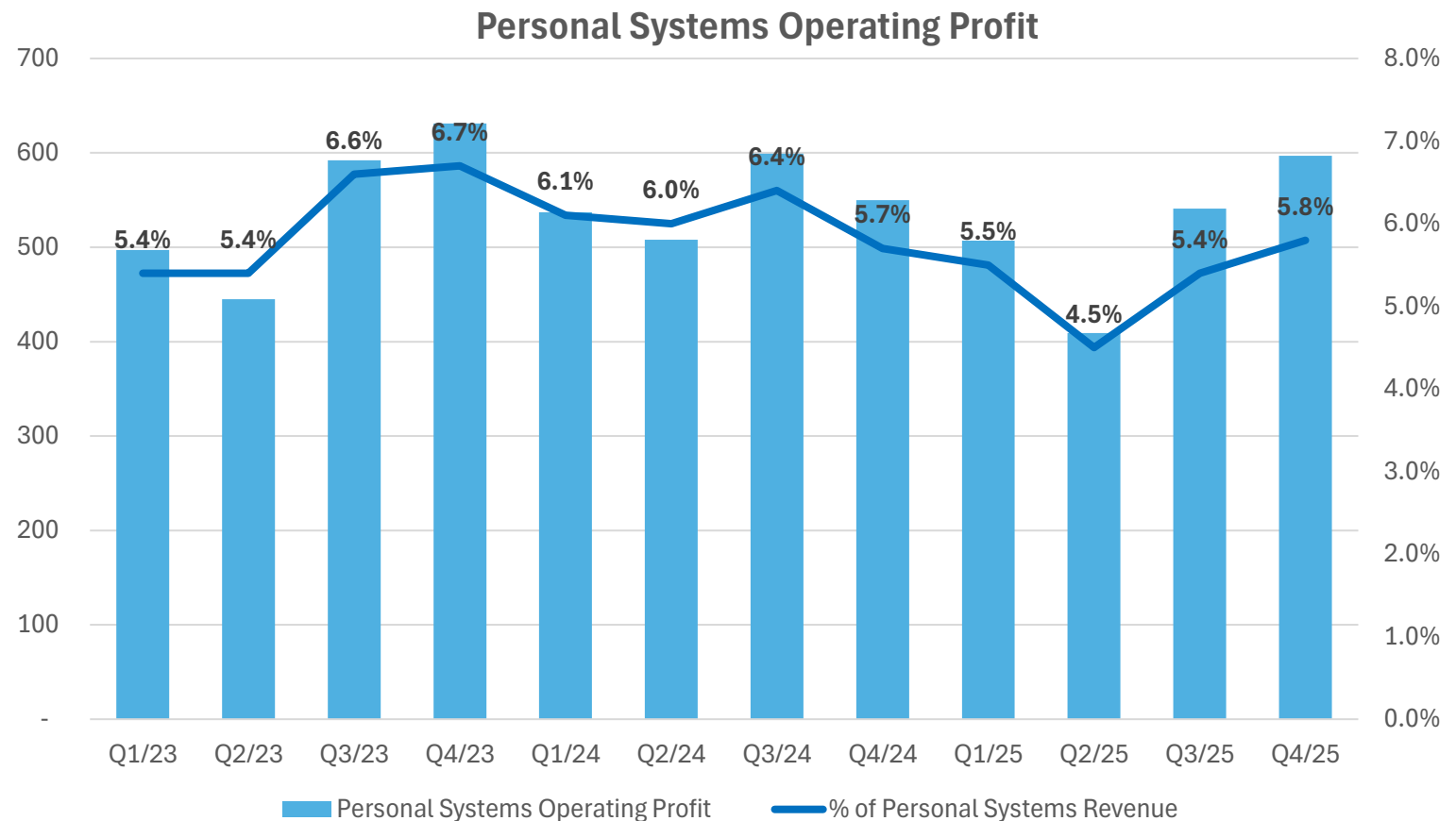
- “Future Ready” savings are fully realized, so no major margin gains are expected, though the improvements appear sustainable.
- PS margins are assumed to remain within management’s long-term 5–7% range, while Printing margins are expected to stay broadly stable near historical levels.
- In 2025, PS margins fell to 5.3 %, mainly from tariff-related cost pressures, as can be seen in the next slide. Management had guided that margins would stay at the lower end of the 5–7 % range in the near term, and results have been consistent with that outlook. They also noted that production for North America has shifted out of China, which should help reduce tariff exposure and support margin recovery toward the midpoint over time. That’s why we assumed steady increase of PS margin back to 6% at 2027.
- At the corporate level, expenses have risen in recent years, reflecting restructuring and acquisition and divestiture charges linked to the Future Ready Plan. These costs are expected to remain elevated over the next few years as the company completes its transformation and later keep OPEX efficiency.

Earnings from operations - Segments	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Personal Systems	1,206	1,402	1,898	2,312	3,152	2,761	2,129	2,253	2,054	2,153	2,320	2,348	2,376	2,404
% of <i>Personal Systems</i> Revenue	3.6%	3.7%	4.9%	5.9%	7.3%	6.3%	6.0%	6.2%	5.3%	5.6%	6.0%	6.0%	6.0%	6.0%
Printing	3,142	3,314	3,202	2,495	3,647	3,619	3,399	3,290	3,118	3,127	3,089	3,053	3,019	2,987
% of <i>Printing</i> Revenue	16.8%	15.9%	16.0%	14.1%	18.1%	19.1%	18.9%	19.0%	18.7%	18.8%	18.8%	18.8%	18.8%	18.8%
Corporate Investments	(87)	(82)	(96)	(69)	(96)	(230)	(142)	(132)	(130)	(108)	(108)	(108)	(108)	(108)
Total segment earnings from operations	4,261	4,634	5,004	4,738	6,703	6,150	5,386	5,411	5,042	5,172	5,301	5,293	5,287	5,283
% of Revenue	8.2%	7.9%	8.5%	8.4%	10.6%	9.8%	10.0%	10.1%	9.2%	9.4%	9.6%	9.6%	9.5%	9.4%
Corporate level expenses	(893)	(803)	(1,127)	(1,276)	(1,338)	(1,591)	(1,930)	(1,593)	(1,868)	(1,725)	(1,733)	(1,742)	(1,751)	(1,760)
% of Revenue	-1.7%	-1.4%	-1.9%	-2.3%	-2.1%	-2.5%	-3.6%	-3.0%	-3.4%	3.1%	3.1%	3.1%	3.1%	3.1%
Total Earnings from operations (EBIT)	3,368	3,831	3,877	3,462	5,365	4,559	3,456	3,818	3,174	3,447	3,568	3,551	3,536	3,523
% of Revenue	6.5%	6.6%	6.6%	6.1%	8.5%	7.2%	6.4%	7.1%	5.7%	6.3%	6.5%	6.4%	6.3%	6.3%

Earnings from Operations – Personal Systems

Only one margin dip to 4.5% in 12 quarters, driven by temporary tariff impact

- Over the past 12 quarters, Personal Systems operating margin remained within a 5.4% to 6.7% range, with one temporary decline to 4.5% in Q2/25
- The dip was driven by one-time tariff-related cost pressures
- Management indicated these impacts were largely offset through pricing actions, cost controls, and supply chain adjustments
- Margins subsequently recovered, supporting the view that the weakness was temporary rather than structural
- Given mitigation actions and production shifts, we do not expect margins to revisit that level again



Tax

- HP's effective tax rate averaged 12.2% (2020–2025), driven by its international profit mix and recurring tax benefits.
- Management has consistently guided that the rate should remain broadly in line with recent years, around the mid-teens, with no major structural or policy changes expected.
- Quarterly fluctuations often stem from discrete items such as restructuring charges, stock-based compensation, or shifts in geographic profit mix, which in some cases even produce temporary negative tax rates.
- For valuation, we apply a **12.2% effective tax rate**, consistent with HP's realized performance in recent years.

Income statement (in, millions)	FY'2016	FY'2017	FY'2018	FY'2019	FY'2020	FY'2021	FY'2022	FY'2023	FY'2024	FY'2025	FY'2026E	FY'2027E	FY'2028E	FY'2029E	FY'2030E
Earnings before tax	3,761	3,276	3,013	2,523	3,231	7,568	4,324	2,937	3,279	2,668	2,758	2,901	3,096	3,124	3,153
Tax	1,095	750	(2,314)	(629)	387	1,027	1,192	(326)	504	139	336	353	377	380	384
Tax rate	29.1%	22.9%	-76.8%	-24.9%	12.0%	13.6%	27.6%	-11.1%	15.4%	5.2%	12.2%	12.2%	12.2%	12.2%	12.2%

Capex

- HP's capital expenditures have remained consistently low, averaging 1.2% of revenue over the past five years.
- The company's asset-light model and outsourced manufacturing keep investment needs minimal.
- Recent spending focuses mainly on IT systems, digital infrastructure, and automation under the Future Ready plan rather than new production capacity.
- For the forecast period (2026–2030E), Capex is held constant at 1.2% of revenue, aligned with historical levels and management's capital efficiency targets.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Capex	402	546	671	580	582	765	593	592	897	648	654	659	665	672
% of Revenue	0.8%	0.9%	1.1%	1.0%	0.9%	1.2%	1.1%	1.1%	1.6%	1.2%	1.2%	1.2%	1.2%	1.2%

Depreciation & Amortization (D&A)

- HP's depreciation and amortization have been stable over time, averaging 1.4% of revenue in recent years
- The company's asset-light, outsourced manufacturing model limits capital investment needs, resulting in relatively low D&A.
- Most amortization relates to intangible assets from past acquisitions and declines gradually over time.
- For the forecast period (2026–2030E), D&A is held constant at 1.4% of revenue, consistent with historical averages and HP's low capital intensity.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
D&A	354	528	744	789	785	780	850	830	824	788	794	801	809	816
% of Revenue	0.7%	0.9%	1.3%	1.4%	1.2%	1.2%	1.6%	1.5%	1.5%	1.4%	1.4%	1.4%	1.4%	1.4%

Working Capital

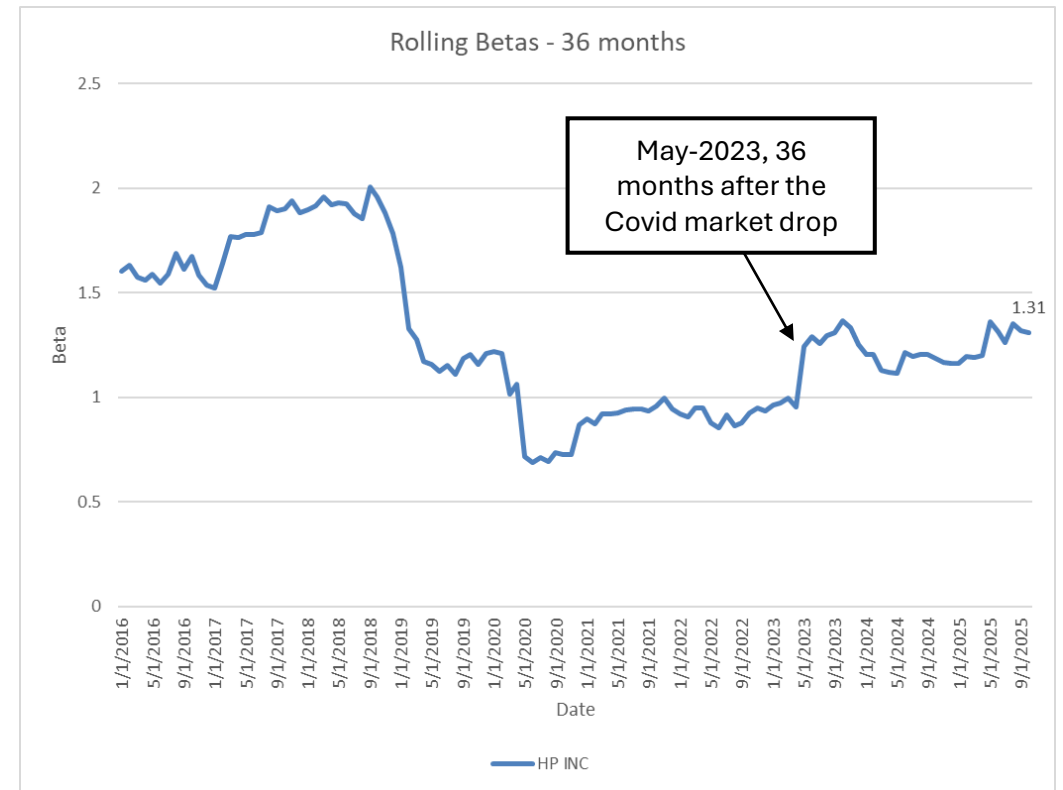
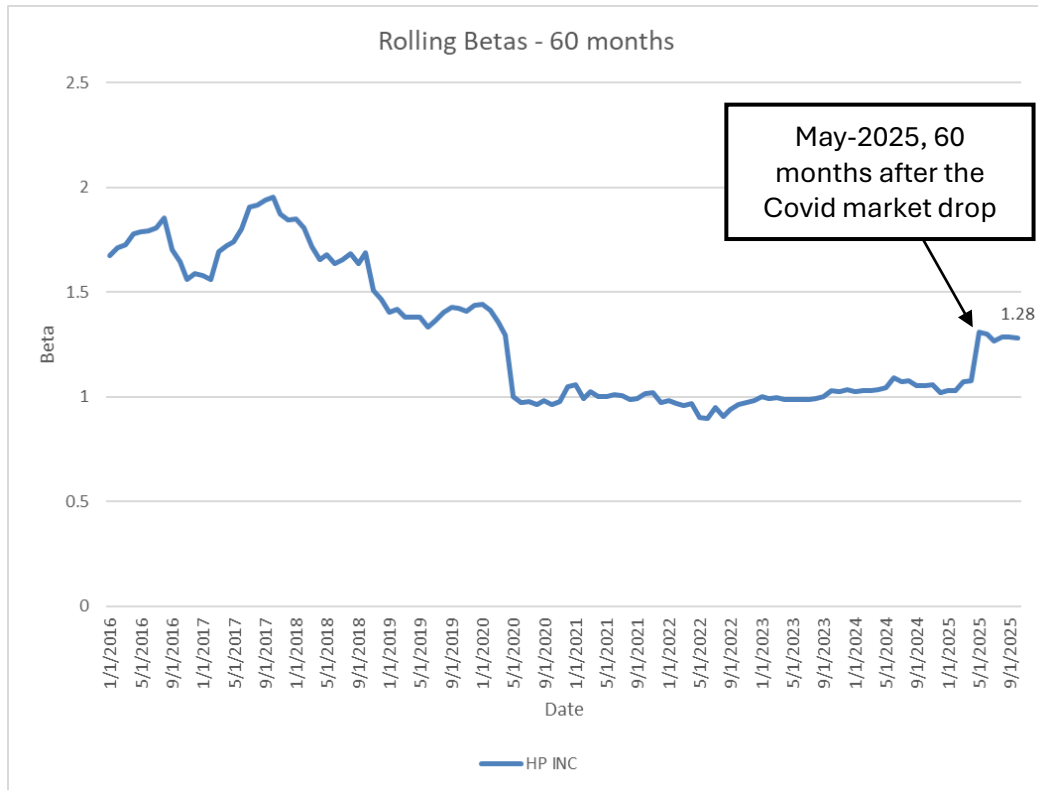
- HP operates with a meaningfully negative working capital, **averaging –10.2% of revenue** in recent years.
- This structure is financially efficient, as it allows HP to finance its operations through supplier credit rather than external debt, supporting strong liquidity and free cash flow generation.
- Negative working capital is particularly advantageous during growth periods, since higher sales naturally provide additional supplier financing.
- However, it is a **double-edged sword**: when revenue declines, the release of supplier financing reduces operating cash flow, amplifying cyclical swings in free cash flow.
- For the forecast period, the model assumes working capital remains constant at –10.2% of revenue, consistent with HP’s stable historical pattern.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Capex	-6,246	-5,627	-5,644	-5,728	-5,329	-5,800	-5,839	-6,121	-6,206	-5,683	-5,730	-5,780	-5,832	-5,886
% of Revenue	-12.0%	-9.6%	-9.6%	-10.1%	-8.4%	-9.2%	-10.9%	-9.3%	-11.2%	-10.2%	-10.2%	-10.2%	-10.2%	-10.2%
	-573	619	-17	-84	399	-471	-39	-321	-85	523	-47	-50	-52	-54

Beta

Beta Analysis – Adjusted for COVID Impact

Beta was estimated using rolling 60- and 36-month regressions of HPQ returns against the Russel 3000, with both periods producing a value near 1.3. Earlier estimates were closer to 1.0, as they still included the sharp COVID-related market drop in 2020. Once that period rolled out, the beta rose and stabilized around 1.3, which better reflects HP's current market risk and is used in the cost of equity.



Discounted Cash Flow (DCF)

Intrinsic Valuation Using FCFF Methodology

$$R_f = 4.05\%^1$$

$$R_d = 4.60\%^2$$

$$\beta = 1.30$$

$$R_m - R_f = 6.44\%^3$$

$$R_e = 12.55\%$$

$$WACC = 10.29\%^4$$

¹ R_f is Based on the yield of the U.S. 10-year Treasury bond.

² R_d is taken directly from HP's Q4 2025 10-K disclosure of the company's weighted average interest rate

³ $R_m - R_f$ represents the long-term U.S. equity market risk premium, based on CRSP historical data (95 years)

⁴ $WACC$ is calculated assuming a capital structure of 27% debt (D/D+E), consistent with the company's average leverage over recent years. Management has indicated they are comfortable with this capital structure and plan to maintain it.

Discounted Cash Flow Valuation							
<i>\$ and shares in millions, except per share data</i>							
Most recent year end		10/31/2025		Discount rate (WACC)		10.3%	
End of first year		10/31/2026		Share price (NYSE:HPQ)	\$	18.35	
Valuation date		2/23/2026					
Portion of year 1 cash flows in forecast		68.9%					
Unlevered Free Cash Flows			Year 1	Year 2	Year 3	Year 4	Year 5
Period (t)		2025A	2026P	2027P	2028P	2029P	2030P
EBITDA		4,474	4,253	4,386	4,375	4,367	4,361
Operating Income	(EBIT)	3,650	3,465	3,591	3,574	3,559	3,545
Recurring expenses - HPQ		0	0	0	0	0	0
Tax rate		5.2%	12.2%	12.2%	12.2%	12.2%	12.2%
EBIT (1-tax)		3,460	3,043	3,154	3,139	3,125	3,114
D&A		824	788	794	801	809	816
NWC		85	(523)	47	50	52	54
Capital expenditures		(897)	(648)	(654)	(659)	(665)	(672)
Unlevered free cash flows (UFCF)		3,472	2,660	3,342	3,330	3,321	3,313
		Val date	Yr 1 - Stub	Year 2	Year 3	Year 4	Year 5
Date for discounting cash flows		2/23/2026	10/31/2026	10/31/2027	10/31/2028	10/31/2029	10/31/2030
# Periods			0.7	1.7	2.7	3.7	4.7
UFCF stub adjusted	68.9%		1,832	3,342	3,330	3,321	3,313
Present value of UFCF			1,713	2,833	2,559	2,314	2,093

Discounted Cash Flow (DCF)

Intrinsic Valuation Using FCFF Methodology

The **DCF valuation**, based on projected free cash flows for 2026–2030, yields an **intrinsic value of \$30.64 per share**, compared with the current market price of \$18.35, implying an **upside potential of about 67.0%**. This result reflects modest revenue growth and stable operating margins, supporting a valuation close to market levels with limited but positive upside.

Recommendation: Buy

Sensitivity Analysis

Long-Term Growth Rates

	0.0%	0.5%	1.0%	1.5%	2.0%
8%	\$38.12	\$40.38	\$42.96	\$45.93	\$49.40
9%	\$33.13	\$34.84	\$36.77	\$38.95	\$41.44
10%	\$29.14	\$30.47	\$31.95	\$33.61	\$35.47
11%	\$25.88	\$26.94	\$28.10	\$29.39	\$30.82
12%	\$23.16	\$24.02	\$24.95	\$25.98	\$27.11
13%	\$20.86	\$21.56	\$22.33	\$23.16	\$24.06

Terminal value - growth in perpetuity approach	
Long term growth rate	1.0%
2030 FCF x (1+g)	3,345
Terminal value in 2030	35,855
Stage 2: PV of TV	22,652
Enterprise value (stage 1 + 2)	34,164
Net debt	
Short-term Borrowings and Term debt	829
Long-term debt	8,802
Gross debt	9,631
Cash and cash equivalents	3,690
Short-term marketable securities	0
Nonoperating assets	3,690
Net debt	5,941

Equity value	
	Perpetuity approach
Enterprise value	\$34,164
Net debt	5,941
Equity value	\$28,223
Shares outstanding	921.1
Equity value per Share	\$ 30.64
Share Price Upside Potentia	67.0%

Stock Price – Market

Tariffs and Cost Headwinds Driving Multiple Compression

Drivers of HPQ Share Price Decline

April 2025:

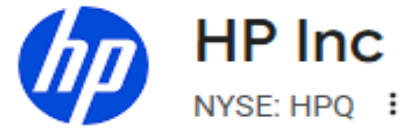
Broad market sell-off on “**Liberation Day**,” with risk assets declining across sectors

May 2025:

Lowered guidance amid tariff pressure, reflecting higher input costs and weaker near-term visibility

September 2025 to Present:

- **PC demand normalization** following COVID pull-forward, creating softer year-over-year comparisons
- **Margin pressure** from higher component costs, particularly memory and supply chain inputs
- **Sector cost dynamics** weighing on hardware manufacturers
- **Broader valuation compression** in the hardware sector as investors reassessed growth durability



18.35 USD

-16.32 (-47.07%) ↓ past year

Closed: Feb 23, 4:30 PM EST • [Disclaimer](#)

After hours 18.34 -0.010 (0.054%)

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Stock Price – Our Valuation

Temporary Headwinds Create a Strong Buy Opportunity

Mitigating Factors

- **Demand normalization:** COVID disrupted the normal business cycle, as unusually strong demand during 2021 to 2022 pulled forward purchases and distorted replacement timing. In the past three years, demand patterns have normalized, and Personal Systems revenues have returned to a growth trajectory. Commercial refresh cycles appear delayed rather than cancelled, and AI-enabled PCs, already representing more than 30% of the PS segment's sales, may support the next replacement cycle and stabilize volumes.
- **Cost pressure partially offset:** Ongoing supply chain reconfiguration and production shifts outside China reduce tariff exposure and mitigate margin pressure. As reflected in quarterly results, margins recovered following the temporary dip in Q2/25, supporting the view that the pressure was a one-time effect rather than structural.
- **Pricing power in a concentrated industry:** The Personal Systems and Printing markets are concentrated among a small number of global brands, with HP among the top three in each. Industry-wide cost pressures increase the likelihood of broad-based pricing adjustments, supporting cost pass-through over time.
- **Valuation reflects pessimism:** Multiple compression suggests the market is pricing in prolonged weakness, while segment margins remain broadly within historical ranges and free cash flow generation remains intact
- **Investment implication:** Given the normalization in demand, margin recovery following temporary tariff impacts, cost mitigation efforts, industry concentration supporting pricing discipline, and valuation compression that already reflects significant pessimism, we believe the stock is undervalued. The current headwinds appear cyclical rather than structural, and as temporary pressures ease and sentiment normalizes, we expect the valuation to better reflect the company's underlying earnings power. Accordingly, **we view the stock as a strong buy, with an estimated upside of 67% and a target price of \$30.64.**

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