



# HP Inc. (HPQ)

Updated March 25<sup>th</sup>, 2026 by Jonathan Weber

## Key Metrics

<b>Current Price:</b>	\$19	<b>5 Year CAGR Estimate:</b>	14.1%	<b>Market Cap:</b>	\$18B
<b>Fair Value Price:</b>	\$26	<b>5 Year Growth Estimate:</b>	3.0%	<b>Ex-Dividend Date:</b>	05/10/26 <sup>1</sup>
<b>% Fair Value:</b>	73%	<b>5 Year Valuation Multiple Estimate:</b>	6.4%	<b>Dividend Payment Date:</b>	06/01/26 <sup>2</sup>
<b>Dividend Yield:</b>	6.3%	<b>5 Year Price Target</b>	\$30	<b>Years Of Dividend Growth:</b>	15
<b>Dividend Risk Score:</b>	C	<b>Sector:</b>	Information Technology	<b>Rating:</b>	Hold

## Overview & Current Events

Hewlett-Packard's story goes back to 1935 with two men in a one-car garage making a huge impact on electronic test equipment, computing, data storage, networking, software and services that has lasted for more than eight decades. On November 1<sup>st</sup>, 2015, Hewlett-Packard spun off Hewlett Packard Enterprise Company (HPE) – which was its enterprise technology infrastructure, software and services business – and changed its name to HP Inc. (HPQ). Today HP Inc. has centered its business activities around two main segments: its product portfolio of printers, and its range of so-called personal systems, which includes computers and mobile devices.

HP reported its first quarter (fiscal 2026) results on February 24<sup>th</sup>. The company reported revenue of \$14.4 billion for the quarter, which beat the analyst consensus estimate by a nice \$510 million, and which was up 7% from the previous year's quarter. This was a bit better than the performance of the company during the previous quarter, when revenues had grown at a slightly slower rate.

Non-GAAP earnings-per-share totaled \$0.81 during the first quarter, which was just ahead of the analyst consensus estimate. Earnings-per-share were up by 9% from one year earlier on an adjusted basis. The company currently forecasts adjusted earnings-per-share in a range of \$0.70 to \$0.76 for the second quarter of the current fiscal year, which would mean a weaker result versus the most recent quarter. For the current year, HP is expected to generate earnings-per-share of around \$3.05, with management forecasting free cash flow at around \$2.9 billion.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$1.53	\$1.48	\$2.02	\$2.24	\$2.28	\$3.79	\$4.08	\$3.28	\$3.38	\$3.12	<b>\$3.05</b>	<b>\$3.54</b>
<b>DPS</b>	\$0.37	\$0.52	\$0.55	\$0.64	\$0.70	\$0.78	\$1.00	\$1.05	\$1.10	\$1.16	<b>\$1.20</b>	<b>\$1.46</b>
<b>Shares<sup>3</sup></b>	1,712	1,650	1,570	1,490	1,360	1,140	1,040	1,000	970	950	<b>930</b>	<b>900</b>

HP Inc. does not have an overly long history as a standalone company, as it was created around a decade ago. HP grew its earnings-per-share meaningfully between 2016 and 2025, while also ramping up its dividend payments nicely.

Over the last decade, HP's earnings-per-share rose thanks to a combination of growing net earnings and a declining share count, although the ~8% growth rate since 2016 will likely not be replicated forever.

HP is a leader in the printing and personal computing markets, but these are areas that face challenges as consumers continue to prioritize mobile devices. The adoption of 3D printing could help, as HP is already entrenched in this industry, but so far, the majority of profits are generated by traditional printers and printing products. Even without any meaningful business growth, corporations can still generate growth on a per-share basis using shareholder return programs, and we believe that buybacks will remain a key growth factor for HP in the future. We think that a ~3% earnings-per-share growth rate in the coming years is realistic, as growth slowed down in the more recent past, relative to the more pronounced earnings-per-share growth HP experienced in the early years following its creation.

<sup>1</sup> Estimated date

<sup>2</sup> Estimated date

<sup>3</sup> In Millions

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*



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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	8.3	12.0	11.3	8.0	7.9	8.2	6.9	7.9	10.7	8.7	6.2	8.5
Avg. Yld.	3.9%	3.0%	2.4%	3.6%	3.9%	2.5%	3.6%	4.0%	3.1%	4.3%	6.3%	4.9%

The combined entity known as Hewlett-Packard used to trade hands at a low- to mid-teens earnings multiple. Since the split, a high single-digit earnings multiple has been more typical for HP Inc., as investors are unsure how the legacy business can continue to evolve. Shares look undervalued at current prices versus our 8.5x earnings multiple target, while the dividend yield is at an attractive level of more than 6% right now.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	24%	35%	27%	29%	31%	21%	25%	32%	33%	37%	39%	41%

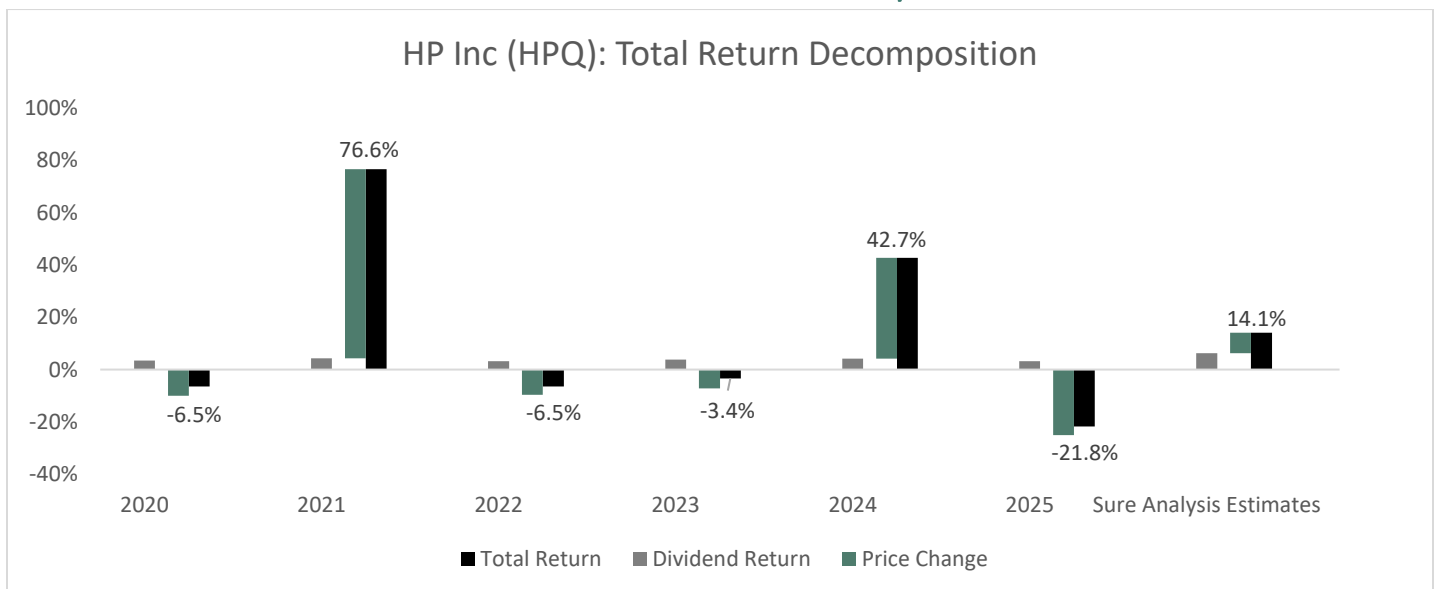
HP Inc. has increased its dividend reliably for more than a decade when we also account for the time before the split from HPE. The dividend looks reasonably safe, as it is easily covered by both profits and cash flows. HP pays out a large amount of cash to its owners via share repurchases, which have been a major growth driver for its earnings-per-share in the past. HP decided to continue to raise its dividend during the pandemic, which is a good sign for its dividend safety.

HP enjoys competitive advantages as a leader in its two legacy businesses. The long-term viability of these markets is unknown to some extent, but for now HP owns a multi-billion annual profit machine. HP could be a beneficiary of consolidation in the industry, and thanks to its strong balance sheet and ample cash flows, it could easily become an acquirer of businesses. Things can change quickly in technology, however, and there is no guarantee that HP Inc's businesses will continue to deliver the current level of profit forever.

## Final Thoughts & Recommendation

There is a possibility that HP's legacy business may ultimately dwindle, but for now, the company's profit generation remains very solid and HP keeps returning a lot of cash to its owners. HP's shares are trading below our fair value estimate right now. 2025 was a slightly weaker year than the previous one, and we could see another minor earnings decline this year. Factoring in all the pros and cons, we rate HP Inc. a hold at current prices.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	48,218	52,212	58,131	58,331	56,531	63,246	62,033	53,475	53,151	55,295
<b>Gross Profit</b>	9,046	9,768	10,266	10,672	10,241	13,069	11,259	11,082	11,234	11,047
<b>Gross Margin</b>	18.8%	18.7%	17.7%	18.3%	18.1%	20.7%	18.2%	20.7%	21.1%	20.0%
<b>SG&amp;A Exp.</b>	4,012	4,381	5,099	5,368	4,906	5,727	5,264	5,357	5,658	5,821
<b>D&amp;A Exp.</b>	332	354	528	744	789	785	780	850	830	916
<b>Operating Profit</b>	3,423	4,196	3,764	3,807	3,855	5,493	4,343	4,151	3,940	3,624
<b>Op. Margin</b>	7.1%	8.0%	6.5%	6.5%	6.8%	8.7%	7.0%	7.8%	7.4%	6.6%
<b>Net Profit</b>	2,666	2,526	5,327	3,152	2,844	6,541	3,132	3,263	2,775	2,529
<b>Net Margin</b>	5.5%	4.8%	9.2%	5.4%	5.0%	10.3%	5.0%	6.1%	5.2%	4.6%
<b>Free Cash Flow</b>	2,819	3,275	3,982	3,983	3,736	5,827	3,672	2,962	3,157	2,800
<b>Income Tax</b>	1,095	750	(2,314)	(629)	387	1,027	1,192	(326)	504	139

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	28,987	32,913	34,622	33,467	34,681	38,605	38,494	37,004	39,909	41,769
<b>Cash &amp; Equivalents</b>	6,288	8,146	5,877	4,537	5,138	4,299	3,145	3,232	3,253	3,705
<b>Acc. Receivable</b>	4,114	4,414	5,113	6,031	5,381	5,536	4,546	4,237	5,117	5,692
<b>Inventories</b>	4,484	5,786	6,062	5,734	5,963	7,930	7,614	6,862	7,720	8,512
<b>Goodwill &amp; Int.</b>	5,622	5,622	6,421	7,033	6,920	7,587	10,474	10,184	9,946	8,706
<b>Total Liabilities</b>	32,876	36,321	35,261	34,660	36,909	40,249	41,519	38,073	41,232	42,115
<b>Accounts Payable</b>	11,103	13,279	14,816	14,793	14,704	16,075	15,303	14,046	16,903	18,051
<b>Long-Term Debt</b>	6,786	6,843	5,089	5,087	7,080	7,994	11,836	10,258	10,408	8,821
<b>Total Equity</b>	(3,889)	(3,408)	(639)	(1,193)	(2,228)	(1,644)	(3,025)	(1,069)	(1,323)	
<b>LTD/E Ratio</b>	(1.75)	(2.29)	(9.37)	(4.31)	(3.32)	(5.34)	(4.06)	(10.05)	(8.24)	(27.94)

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	3.9%	8.2%	15.8%	9.3%	8.3%	17.9%	8.1%	8.6%	7.2%	6.2%
<b>Return on Equity</b>	22.0%									
<b>ROIC</b>	13.3%	68.9%	109.2%	67.8%	62.4%	106.3%	38.2%	34.5%	28.8%	26.8%
<b>Shares Out.</b>	1,712	1,650	1,570	1,490	1,360	1,140	1,040	1,000	970	950
<b>Revenue/Share</b>	27.66	30.68	35.58	38.27	39.81	51.84	59.08	53.48	53.74	58.02
<b>CF/Share</b>	1.62	1.92	2.44	2.61	2.63	4.78	3.50	2.96	3.19	2.94

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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