



Hewlett-Packard Inc.

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Agenda

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Computer Hardware Industry



Lenovo

acer

ASUS



Description

The competitive computer hardware industry includes personal computer, laptop, desktop, and server manufacturing, with success hinging on new developments, effective cost controls, and offering a “one-stop shop” for consumers.

Industry Outlook



Outperformed S&P 500 & NASDAQ by 6% & 11% in 2021



Increase in working from home leading to consumer upgrades

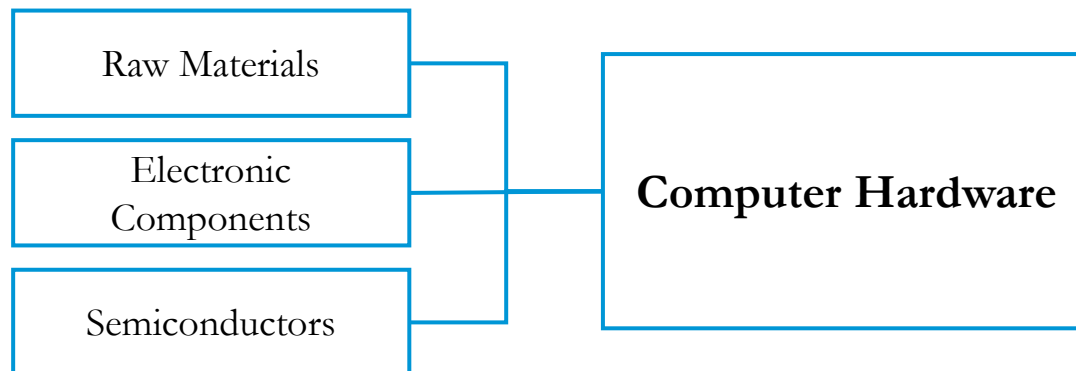


2022 sales projections up 59% in 2022 vs. 2019

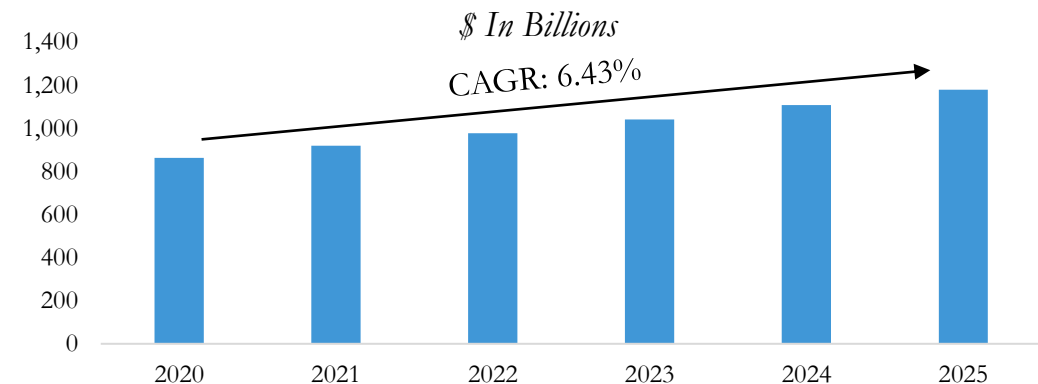


Hardware sector PE at 8% discount compared to historical

Computer Hardware Supplying Industries



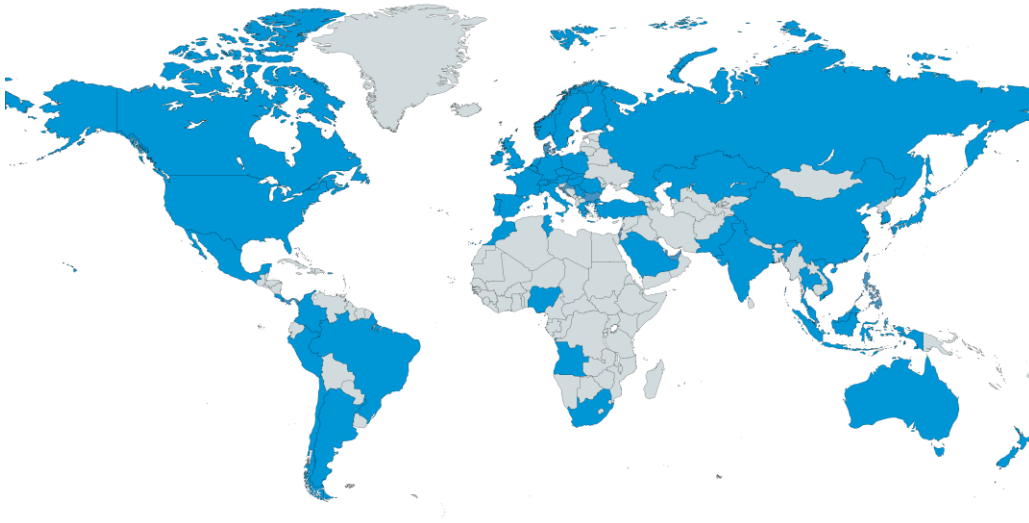
Industry Growth



Hewlett-Packard

Targeted Consumers

HPQ caters to clients ranging from individuals to large enterprises, with emphasis in government, health, & education sectors.



Major Acquisitions FY 2021



- Transaction closed Q4 2021
- Remote desktop software to 15 million worldwide



- Acquired for \$425 Million
- Capabilities to address demand for next-gen gaming

CHOOSE PACKAGING

- Acquired on February 2nd, 2022
- Creates new eco-friendly packaging solutions

\$63.5 bn in
2021

25.9% Market
Share in US

170 Countries
of Operation

250K Channel
Partners

28K+ Total
Patents

Product Offerings

Personal Systems



Notebooks: Consumer & commercial notebooks, workstations, peripherals, commercial mobility devices



Desktops: Consumer & commercial desktops, thin clients, displays, peripherals, retail POS systems



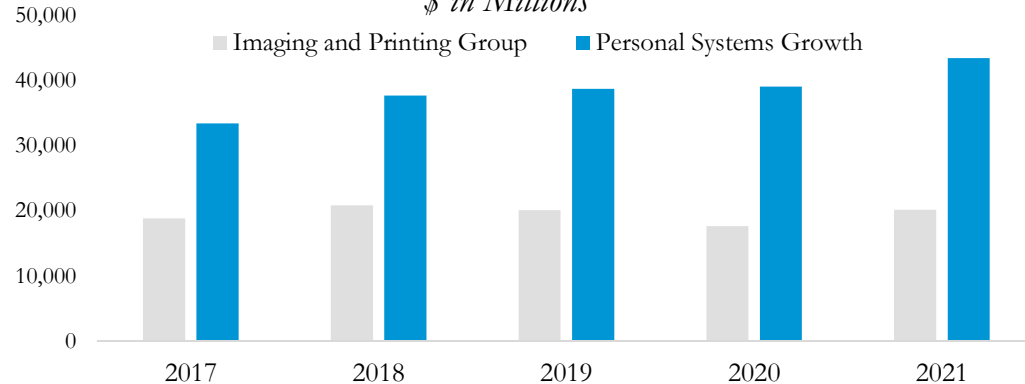
Workstations: Desktop workstations, displays, and peripherals



Other: Consumer and commercial services as well as other miscellaneous personal systems

Revenue Growth By Category

\$ in Millions



Imaging & Printing



Office Printing Solutions: Printers, supplies, services, solutions; OEM hardware & solutions



Home Printing Solutions: Products, supplies, services, & solutions for the home

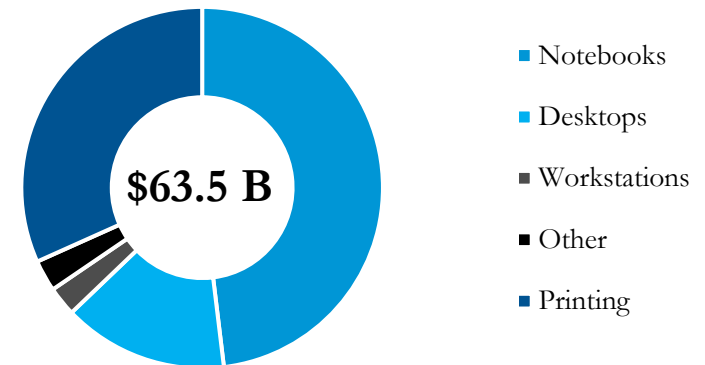


Graphics Solutions: Large-format, commercial, & industrial solutions and supplies



3D Printing & Digital Manufacturing: Manufacturing and industrial solutions & supplies

Revenue Breakdown by Product



Competitive Advantages



Commitment to Sustainability

Eco-friendly company committed to building efficient supplier network
Will be prepared to comply with govt. regulations



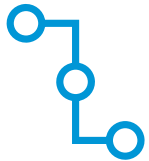
3D Printing Development

Growing technology with increasing demands and uses
Will increase HPQ's presence in the medical sector



Redefining and Revolutionizing

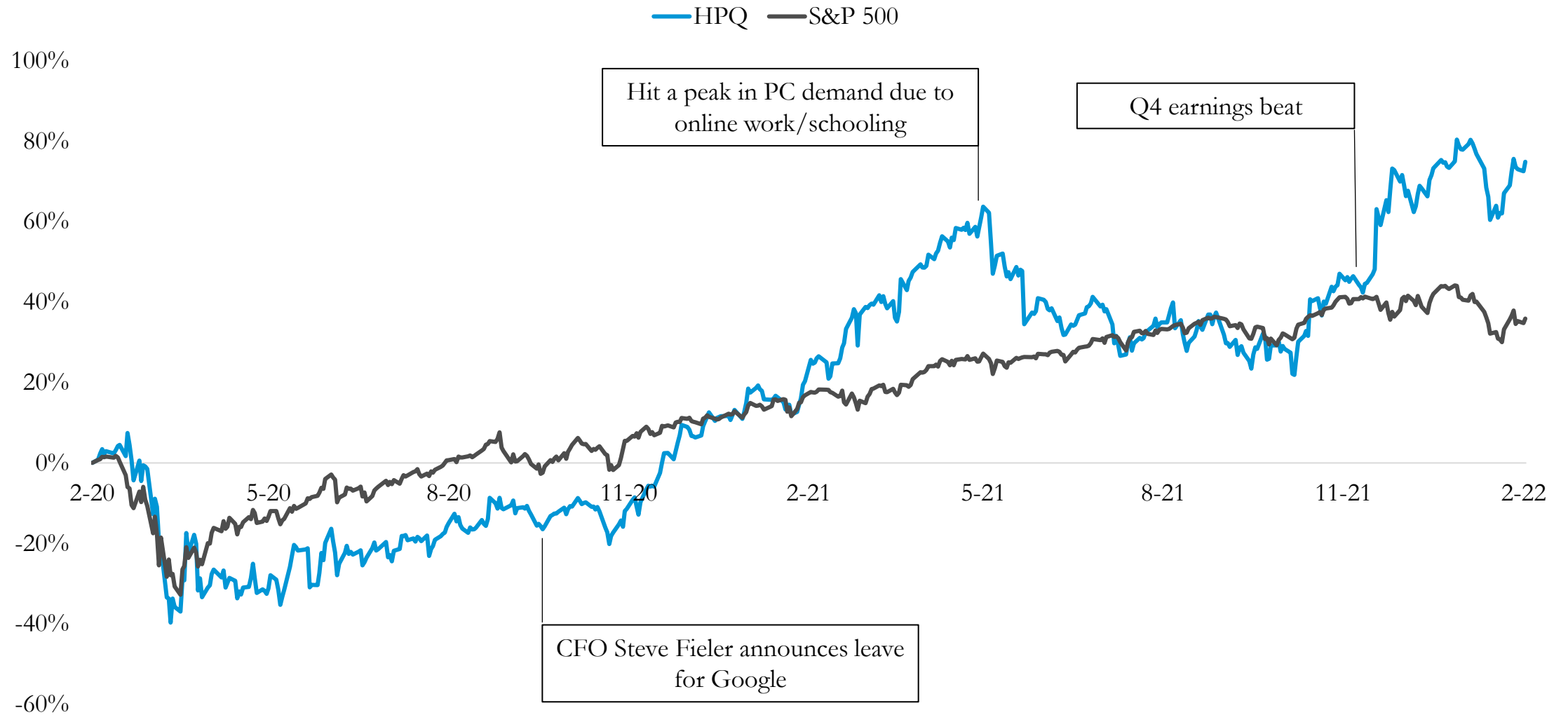
Investing billions into microfluidics research for life sciences
Leading the industry in cybersecurity developments for their products



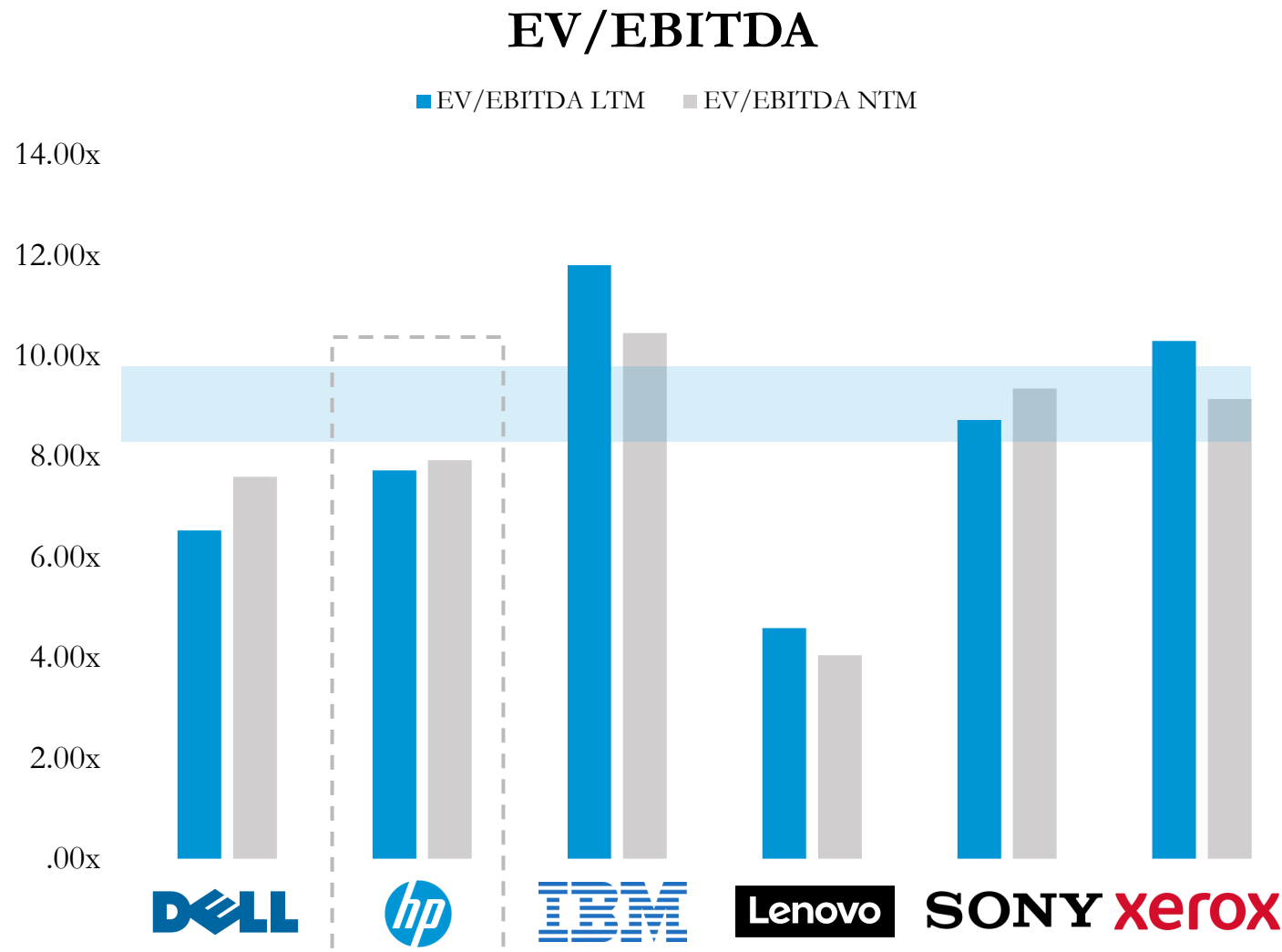
Reliable Supply Chain

Multiple outsourced manufacturers for cost efficiency & to reduce time to market
#15 on Gartner's Top 25 Global Supply Chain rankings 2021

Stock Performance



Comparative Companies Analysis



\$DELL
Market Cap
\$45.8B



\$HPQ
Market Cap
\$40.7B



\$IBM
Market Cap
\$123.0B

Lenovo

\$LNVGY
Market Cap
\$13.5B

SONY

\$SONY
Market Cap
\$136.1B

xerox

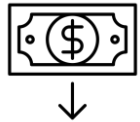
\$XRX
Market Cap
\$3.5B

Discounted Cash Flow

Key Inputs & Considerations



Decreasing revenue growth rates as HP growth becomes steady



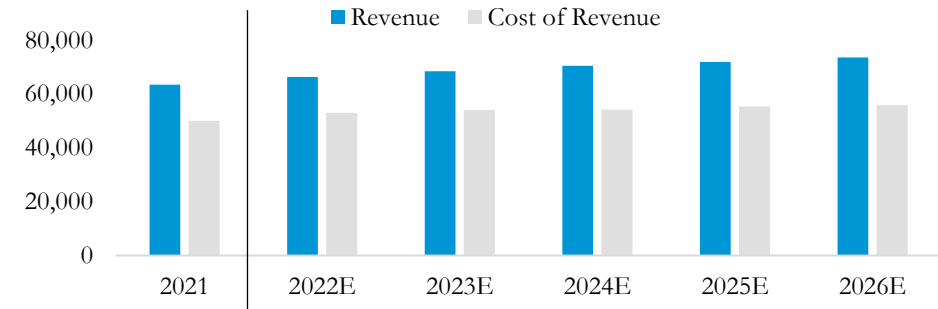
Decreased cost of revenue as supply chain becomes more streamline with maturity



Net income to remain steady pacing back up to record 2021 year

Projected Revenues & Costs

\$ in Millions



EBITDA Exit Multiple: 7.69x

Implied Upside: 45%

	5.57%	6.07%	6.57%
6.59x	\$ 50.67	\$ 49.59	\$ 48.53
7.59x	\$ 56.29	\$ 55.07	\$ 53.89
8.59x	\$ 61.90	\$ 60.55	\$ 59.24

WACC
6.07%

Beta
1.15

Cost of Debt
3.10%

Cost of Equity
6.63%

Investment Thesis

Growth of the Digital Age



Computer hardware is the foundation for the increasingly digital world.

Well Established and Respected

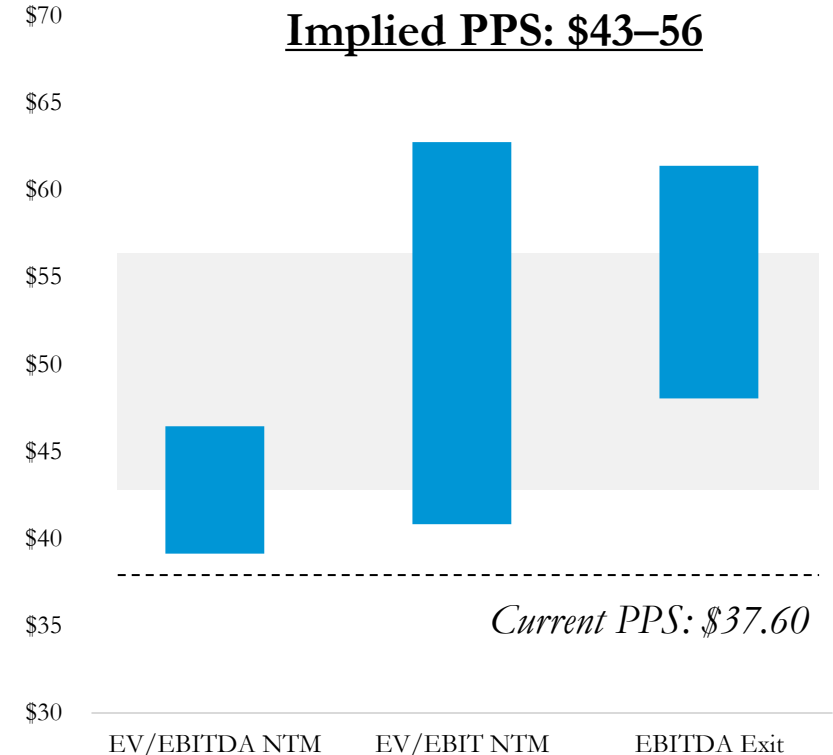


HPQ is a known, reliable brand positioned to have continued success.

Commitment to Innovation



Innovating, revolutionizing, & developing new, demanded technologies.



We recommend the Boulevard Investment Group purchase 67 shares of \$HPQ at its current share price of \$37.60 and reevaluate upon reaching the target low price of \$42.72.

Q&A



Appendix A, Comps

Company	Ticker	Price	Mkt Cap	EV	Shares Outstanding	Sales LTM	Sales NTM	EBIT LTM	EBIT NTM	EBITDA LTM	EBITDA NTM	EPS LTM	EPS NTM	EV/Revenue		EV/EBIT		EV/EBITDA		P/E Multiples	
														LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM
Xerox	XRX-US	\$ 21.39	3,409	6,545	159	7,038	7,074	320	416	647	729	(2.56)	1.70	.93x	.93x	20.45x	15.73x	10.12x	8.98x	-8.35x	12.58x
Dell	DELL-US	\$ 59.95	45,795	79,261	290	94,329	104,131	5,833	8,198	11,991	10,312	4.22	6.94	.84x	.76x	13.59x	9.67x	6.61x	7.69x	14.21x	8.64x
Lenovo	LVNGBY-US	\$ 21.58	12,992	14,822	12,042	60,742	71,572	2,285	2,894	3,345	3,794	1.91	2.82	.24x	.21x	6.49x	5.12x	4.43x	3.91x	11.31x	7.64x
IBM	IBM-US	\$ 137.02	122,880	171,626	897	57,350	60,754	8,132	11,544	14,548	16,452	6.35	9.98	2.99x	2.82x	21.11x	14.87x	11.80x	10.43x	21.58x	13.73x
Sony	SONY-US	\$ 109.77	136,060	145,205	1,261	85,865	92,479	10,381	10,554	16,640	15,529	8.98	6.16	1.69x	1.57x	13.99x	13.76x	8.73x	9.35x	12.23x	17.82x
HP	HPQ-US	\$ 38.35	41,143	50,834	1,083	63,701	65,635	5,798	5,642	6,579	6,415	5.33	4.17	.80x	.77x	8.77x	9.01x	7.73x	7.92x	7.19x	9.20x
Low			.24x	.21x	6.49x	5.12x	4.43x	3.91x	-8.35x	7.64x											
Q1			.84x	.76x	13.59x	9.67x	6.61x	7.69x	11.31x	8.64x											
Median			.93x	.93x	13.99x	13.76x	8.73x	8.98x	12.23x	12.58x											
Mean			1.34x	1.26x	15.12x	11.83x	8.34x	8.07x	10.19x	12.08x											
Q3			1.69x	1.57x	20.45x	14.87x	10.12x	9.35x	14.21x	13.73x											
Max			2.99x	2.82x	21.11x	15.73x	11.80x	10.43x	21.58x	17.82x											
Low										.84x	.76x	13.59x	9.67x			8.34x	8.07x	10.19x	12.08x		
High										1.34x	1.26x	13.99x	13.76x			10.12x	9.35x	14.21x	13.73x		
EV-Low										53,525	49,959	78,785	54,547			54,844	51,775				
EV-High										85,333	82,549	81,097	77,621			66,552	59,985				
Equity Value-Low										\$ 43,835	\$ 40,268	\$ 69,094	\$ 44,856			\$ 45,153	\$ 42,084				
Equity Value-High										\$ 75,642	\$ 72,859	\$ 71,406	\$ 67,930			\$ 56,862	\$ 50,295				
Implied PPS-Low										\$ 40.49	\$ 37.19	\$ 63.82	\$ 41.43			\$ 41.70	\$ 38.87	\$ 54.34	\$ 50.39		
Implied PPS-High										\$ 69.86	\$ 67.29	\$ 65.95	\$ 62.74			\$ 52.52	\$ 46.45	\$ 75.72	\$ 57.27		
Upside/Downside										6%	-3%	66%	8%			9%	1%	42%	31%		
Upside/Downside										82%	75%	72%	64%			37%	21%	97%	49%		

Appendix B, DCF

WACC	
Weight of Debt	13.44%
Cost of Debt	3.10%
Weight of Equity	86.56%
Cost of Equity	6.63%
WACC	6.07%

Assumptions	
Tax Rate	21.00%
Interest Rate	3.10%
Risk Free Rate	1%
Equity Beta	1.15
Equity Risk Premium	4.9%
Perpetuity Growth Rate	2.00%
EBITDA Exit Multiple	7.69x
Shares Outstanding	1,083
PPS	\$ 38.35
Market Cap	41,143
Total Debt	6,386
Current Cash Balance	4,299

Free Cash Flow Calculation						
(\$ in millions)	2021	2022E	2023E	2024E	2025E	2026E
Discount Period		1	2	3	4	5
EBIT		3,471	4,327	6,616	6,091	6,979
(-) Taxes		729	909	1,389	1,279	1,466
NOPAT		2,742	3,418	5,227	4,812	5,513
(+) D&A		604	657	724	807	990
(-) CapEx		(663)	(685)	(1,057)	(1,080)	(1,471)
(-) NWC		(1,288)	574	682	362	992
Unlevered FCFs		3,971	2,816	4,211	4,177	4,040
PV of FCFs		3,744	2,503	3,529	3,300	3,009
Networking Capital	\$ 45,861	\$ 44,573	\$ 45,147	\$ 45,829	\$ 46,191	\$ 47,183
Increase in NWC		\$ (1,288)	\$ 574	\$ 682	\$ 362	\$ 992

		WACC				
		5.07%	5.57%	6.07%	6.57%	7.07%
5.69x	\$	46.04	\$ 45.06	\$ 44.11	\$ 43.18	\$ 42.27
6.69x	\$	51.79	\$ 50.67	\$ 49.59	\$ 48.53	\$ 47.50
7.69x	\$	57.54	\$ 56.29	\$ 55.07	\$ 53.89	\$ 52.73
8.69x	\$	63.29	\$ 61.90	\$ 60.55	\$ 59.24	\$ 57.97
9.69x	\$	69.04	\$ 67.52	\$ 66.04	\$ 64.60	\$ 63.20