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HP Inc posts fiscal 4Q earnings beat on both top and bottom line

HP Inc (NYSE:HPQ) posted a fiscal fourth-quarter earnings that beat on both the top and bottom line, projecting optimism that a broad restructuring will pay off while spurning an increasingly acrimonious takeover offer from Xerox Holdings Corp (NYSE:XRX).

The Palo Alto, California-based hardware maker said Tuesday that profit, excluding some items, will be \$2.24 a share to \$2.32 a share in fiscal 2020, ahead of analysts' estimates.

For the fiscal fourth quarter ended October 31, HP reported adjusted earnings per share of \$0.60 on revenue of \$15.41 billion, exceeding the EPS of \$0.58 and revenue of \$15.25 billion analysts had expected.

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The struggling printer business logged a 6% year-over-year drop in sales. Revenue for the larger computer-making unit rose 4%, the company said, boosting the top line.

The financial results cap a tumultuous fiscal year for HP, coming at a time when talks with Xerox about a blockbuster combination that would reshape the printing industry have raised questions about its future.

Xerox formally approached HP about a possible takeover earlier this month with a \$33 billion offer, first reported by "The Wall Street Journal." HP has rejected Xerox's offer, which it said undervalued the company, though it added it was open to talks.

Xerox said Tuesday it plans to go directly to HP's shareholders, adding that HP's refusal to engage on the \$22-a-share offer "defies logic." Xerox Chairman John Visentin, said in a letter sent to HP on Tuesday, that the company would now directly engage with HP shareholders to convince them of the merits of a deal.

Activist investor Carl Icahn, who has a 10.6% stake in Xerox, is backing the combination and has taken a 4.24% stake in HP, the Journal has reported.

On Sunday, HP reiterated its stance that it has many options to create value for shareholders, other than accepting the offer.

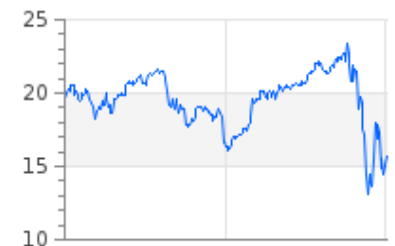
"The results show that our strategy is working and we're driving both short- and long-term value creation," said HP Inc CEO Enrique Lores in a press briefing.

HP veteran Lores, last month announced the company would be eliminating around 7,000 to 9,000 jobs, or 16% of its workforce. The three-year restructuring program aims to generate \$1 billion in annual savings, the company has said.

Price: 15.72

Market Cap: \$22.48 billion

1 Year Share Price Graph



April 2019 October 2019 April 2020

Share Information

Code: HPQ

Listing: NYSE

52 week	High	Low
	23.925	12.54

Sector: Hardware & electrical equipment

Website: www.hp.com

Company Synopsis:

Hewlett-Packard (HP) is a global provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses and large enterprises, including customers in the government, health and education sectors.

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