

HP revenue inches up after years of decline

August 20 2014, by Glenn Chapman



The Hewlett-Packard headquarters on May 23, 2014 in Palo Alto, California

Hewlett-Packard on Wednesday reported that its quarterly revenue rose for the first time in three years, nudged by improved computer sales everywhere except Russia and China.

Net revenue for the quarter that ended July 31 was \$27.6 billion, a one percent improvement from the same period last year when the California computer maker took in \$27.2 billion.

Meanwhile, HP profit in the recently ended quarter ebbed to \$985 million compared to \$1.39 billion in the same period a year earlier, due in part to cost savings from a massive effort by chief executive Meg Whitman to find new momentum as lifestyles shift from personal computers to smartphones and tablets.

"Overall, I'm very pleased with the progress we've made," Whitman said in the earnings release.

"When I look at the way the business is performing, the pipeline of innovation and the daily feedback that I receive from our customers and partners, my confidence in the turnaround grows stronger."

HP shares slipped a fraction of a percent to \$34.86 in after-market trading that followed release of the earnings figures.

Whitman said during an earnings call with analysts that the financial quarter marked an "important milestone" in the effort to turn HP around, and that she was encouraged by progress.

Sales of home and business computers were bright spots in the quarter despite pressure on the overall personal computer market due to competition from smartphones and tablets.

Acquisitions in the cards

"The PC market, I mean right up through tablets, is flat to declining," Whitman said.

"We think that will continue and we think that we can continue to gain share in a flat market."

She based her confidence in HP's product line-up and relationships with

partners, saying the company's PC business "has some wind beneath its wings."

And while China, home to HP rival Lenovo, was a weak spot for HP personal computer sales, the region did well when it came to printer, server and software products, according to Whitman.

HP expected political forces in Russia and fierce competition in China to present challenges for the company.

HP executives promised that at least half of the company's cash flow will go to buy back shares or pay dividends, with an emphasis on the former because they saw the stock as attractively priced.

Whitman said that HP would also put money into acquisitions.

Last month, HP announced that Whitman will replace Ralph Whitworth as chair of the US tech giant. Whitworth said he was stepping down for health reasons.

"Meg has been an outstanding leader since coming to HP, and we believe that as chairman she can most effectively drive the turnaround and continue to build value for our shareholders," said Gary Reiner, chairman of the board's nominating committee.

Whitman, who previously was chief executive at eBay, has been president and chief executive officer of HP since September 2011.

HP is undergoing a massive reorganization to cope with the move away from traditional personal computers to mobile devices.

The California company said in May that it was cutting an additional 11,000 to 16,000 jobs on top of 34,000 reductions planned under a

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