

HP Enterprise shares surge 14 percent after strong report

March 4 2016, by Brandon Bailey

Hewlett Packard Enterprise's stock rose nearly 14 percent on Friday, a day after the commercial technology vendor reported solid earnings in its first quarter as an independent company.

Analysts said the results were better than expected, showing the new company can increase sales and become more profitable after spinning off from the old Hewlett-Packard last fall.

Hewlett Packard Enterprise Co. sells commercial tech products and services, while another spin-off, HP Inc., is focused on personal computers and printers.

While total sales were down 3 percent from a year ago, HP Enterprise said revenue from computer servers, data storage systems and networking gear all increased after adjusting for currency fluctuations and one-time costs. All told, computer hardware contributed more than half of the company's \$12.7 billion in revenue for the quarter that ended Jan. 31.

The company also reported revenue from technology services was flat, after excluding the effects of a strong dollar. But analysts said the company should be able to increase profits from that segment in future quarters, as CEO Meg Whitman carries out previously announced plans to cut staffing and move some jobs overseas.

The results show "operating margins improved and we believe it will

likely continue, due to improved (an) business mix as well as restructuring benefits," said Wells Fargo analyst Maynard Um in a note to clients Friday.

Credit Suisse analysts said the results provide "continuing evidence" of a turnaround for the company, after several years in which the old Hewlett-Packard struggled with internal problems and changes in tech industry buying patterns.

HP Inc., the other spinoff, disappointed investors last week by reporting a 12 percent revenue drop amid signs that PC and printer sales are still sluggish.

Shares in HP Enterprise, which is based in Palo Alto, California, climbed to \$15.84 on Friday before closing at \$15.44, up \$1.84 for the day.

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Citation: HP Enterprise shares surge 14 percent after strong report (2016, March 4) retrieved 23 April 2024 from <https://phys.org/news/2016-03-hp-enterprise-surge-percent-strong.html>

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