

HP: Enterprise Offsets Weak PC Market

Written by Marco Attard
21 February 2014

HP reports improvements for the first fiscal quarter ending 31 January 2014, with all but flat net earnings of \$28.2 billion (-1% Y-o-Y decline) thanks to better-than-expected enterprise PC and server sales.



The company generated cash flow worth \$3bn during the quarter, up 17% Y-o-Y.

"The progress we're making is reflected in growth across several parts of our portfolio, the growing strength of our balance sheet, and the strong support we're receiving from customers and channel partners," CEO Meg Whitman says. "Innovation is igniting our comeback, and at a time when many of our competitors are confronting new challenges, two years of turnaround work is setting us up for an exciting future."

The HP Personal Systems Group sees revenue growth of 4% Y-o-Y to \$8.53bn-- the first growth in 7 quarters-- thanks to strong enterprise sales. Commercial revenues are up by 8% Y-o-Y, while consumer revenues drop by -3%. Total shipments are up by 6% Y-o-Y as divided between weak desktops (-3% decline) and improving notebooks (5% growth).

"The PC market contraction is slowing and we are seeing signs of stabilization," Whitman remarks.

As for Enterprise Group revenues are up by 1% Y-o-Y to \$6.99bn thanks to industry standard server revenues growth of 6% and networking revenue growth of 4%. However the company sees declines in the non-x86 based business critical systems (-25% revenue decline) as

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storage revenues remain flat, even if the company hopes for short-term enterprise business gains as IBM hands over its server business to Lenovo.

HP enterprise service revenues drop by -7% Y-o-Y, while software is also down with revenue declines of -4% Y-o-Y.

Such improvements come at a cost-- 34000 HP employees face layoffs as part of ongoing turnaround efforts.

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