



FEATURED OPTIONS RADAR REPORT



Bulls See Upside in Value Tech Name with Buffett Support

Ticker/Price: HPQ (\$35.25)

Analysis:

HP Inc. (HPQ) will host an Analyst Day later this week and has seen a steady accumulation of bullish options positioning with 1000 January \$33 calls bought on 6/23 and 3000 July \$35.50 calls, the September \$34 and \$35 calls each bought 1500X on 6/15, August \$38/\$31 bull risk reversals 5000X on 6/14, and 4000 November \$40 calls bought on 4/22. HPQ does also have 11,215 August \$35 puts in open interest as its largest action from 4/12 and 4/22 buys. HPQ has outperformed Tech peers in 2022 as a value name with shares -6.5% and the last two weeks tested and held its rising 55-week moving average and low-end of its 2022 trading range. HPQ closed last week recapturing the rising 200-MA and sets up well versus a \$33.50 stop. HPQ is a leading global provider of personal computing and other access devices, imaging and printing products, and related technologies, solutions and services. Personal Systems offers commercial and consumer desktop and notebook PCs, workstations, thin clients, commercial mobility devices, retail POS systems, displays and peripherals, software, support and services. Printing provides consumer and commercial printer hardware, supplies, services and solutions. HPQ has a market cap of \$35.5B and trades 6.3X EBITDA, 8X Earnings and 8.2X FCF with a 2.84% dividend yield. Revenues are seen rising 4% in 2022 before returning to minimal growth while EPS similar seen rising 14% in 2022. HPQ recently delivered a bet and raise in a tough supply chain and Macro environment, and sees \$10B in revenues from growth vectors like Security this year, also higher margin businesses. The growth vectors range from gaming, peripherals, Workforce Solutions, Consumer Solutions and industrial. HPQ also did a key M&A deal for Poly allowing it to double down on hybrid work. HPQ's F2Q results were almost entirely driven by favorable pricing dynamics in both PS and Print. Analysts have an average target of \$38 with short interest at 5.5% of the float. Evercore removed from Tactical Outperform on /2 seeing ASP normalization but noted that buybacks remain the story and has a \$43 target and Outperform rating. Berkshire Hathaway disclosed a large \$4.4B stake in HPQ last quarter.

Hawk Vision:



Hawk's Perspective: HPQ sets up nicely with the recent dip with value likely continuing to outperform and buybacks driving \$5 EPS making shares very cheap.

Confidence Ranking: \$\$