HP Issues Upbeat Guidance for 2014

Associated Press

SAN JOSE, Calif. (AP) — Hewlett-Packard is upbeat about 2014, saying it will be a year of "recovery and expansion."

The technology bellwether on Wednesday projected earnings for the fiscal year starting in November that exceeded analysts' forecasts and predicted "stabilizing revenue declines."

HP's stock rose 8.9 percent to close at $22.60. The shares have gained about 59 percent this year.

HP has been trying to ease the pain of a declining PC market by cutting costs and focusing on more profitable areas. Research firms IDC and Gartner Inc. also reaffirmed Wednesday that they believe the PC market will hit bottom this year or next before recovering. HP is the world's second largest maker of PCs.

In a presentation to analysts Wednesday, CEO Meg Whitman said the company will focus on new products and services next year while controlling costs under stable leadership. "While there is a lot more work to be done, I am confident about the progress we are making," Whitman said in a statement.

The Palo Alto, Calif., company expects net income, excluding one-time items, of $3.55 to $3.75 per share in the 2014 fiscal year. The midpoint is 3 cents higher than the $3.62 analysts polled by FactSet expected.

The company said it would also return at least half of its $6 billion to $6.5 billion in free cash flow next year to shareholders through dividends and stock repurchases, which boost earnings per share.

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