BERNSTEIN
SOCIETE GENERALE GROUP

2 June 2026
Price Target Change


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Hewlett Packard Enterprise Co

Rating

Market-Perform

Price Target

HPE **62.00 USD** (35.00 *OLD*)

HPE Q2'26: Agentic AI tidal wave lifts all boats

Yesterday after market close HPE released FQ2'26 results and updated guidance.

FQ2'26 staged solid beat across revenue, margin, and EPS. EPS of $0.79 came in 47.4% above consensus. **Management raised FY26 non-GAAP EPS guidance by $1.00 to $3.35-$3.45 vs. $2.43 Cons**. At the segment level, the biggest change is in Cloud & AI.

All the strength was driven by traditional servers, while AI servers lagged and networking was roughly inline. We see the reported +33% growth in total server revenue largely attributable to traditional servers, where traditional server grew ~44% yoy and AI server revenue flattish. This 44% revenue growth, alongside the 92% growth in combined traditional servers and networking from Dell, reinforces our earnings preview view that the strength in traditional server demand was under-appreciated into the earnings.

We believe the server revenue growth in the current quarter is primarily ASP-driven rather than unit-driven, with long runway of real demand (unit) ahead. Management positioned traditional servers as an emerging AI-adjacent TAM rather than a purely cyclical refresh opportunity. We believe the underlying unit demand is better reflected in the triple-digit yoy traditional server order growth, rather than in the current quarter's reported revenue.

However, a lot of the upside is already in the stock. Since the May 22 market close and including post-market moves at the time of writing, ***HPE has gone up 60%, on par with Dell's 61% rally,*** despite Dell's clear out-performance in revenue and profit growth.

Investment Implications

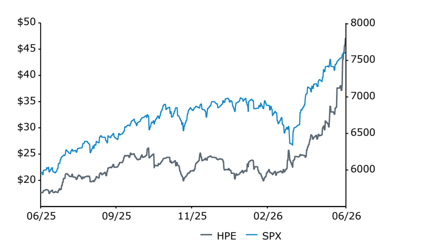
We **increase estimates significantly mainly powered by better traditional server** projections ($4.14 FY27 EPS) and **TP to $62 based on15x** (vs.12.5x prior) our FY27 EPS.

Close Date	1 Jun 2026
HPE Close Price (USD)	47.00
Price Target (USD)	62.00
Upside/(Downside)	32%
52-Week Range	47.97/17.03
SPX	7,599.96
FYE	Oct
Div Yield	1.2%
Market Cap (USD) (M)	61,946
EV (USD) (M)	77,961

Performance	YTD	1M	6M	12M
Absolute (%)	95.7	64.5	114.4	171.1
SPX (%)	11.0	5.1	11.6	28.6
Relative (%)	84.6	59.4	102.9	142.5

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Adjusted EPS	F25A	F26E	F27E
HPE (USD)	1.96	**3.42**	**4.14**
OLD	--	2.43	2.85

Financials	F25A	F26E	F27E	CAGR
Gross Margin (%)	--	--	--	--
Operating Margin (%)	9.8	13.9	14.8	--
EPS Growth (%)	(1.1)	74.3	21.0	--

Valuation Metrics	25A	26E	27E
EV/GP (x)	7.2	4.7	4.2
Adjusted P/E (x)	24.0	13.7	11.4
REL P/E Adjusted (x)	NA	NA	NA
Reported P/E (x)	24.0	13.7	11.4
REL P/E Reported (x)	NA	NA	NA
EV/FCF (x)	79.1	22.6	17.8
EV/EBITDA (x)	12.8	8.2	7.6

Source: Bloomberg, Bernstein estimates and analysis.

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DETAILS

Yesterday after market close HPE released FQ2'26 results.

Another solid beat from a server OEM. **HPE's Q2 results beat consensus in revenue, margin and EPS.**

HPE delivered revenue of $10.7bn at 9.1% above Bernstein / 9.6% above consensus, led by Cloud & AI at $7.7bn, which was 12.8% above Bernstein and 12.0% above consensus, driven primarily by stronger traditional server pricing and demand, along with upside from storage and private cloud, while Networking revenue of $2.69bn was closer to plan at 0.5% above Bernstein and 5.4% above consensus, reflecting broad-based growth across Campus & Branch, Security, Data Center Networking, and Routing. Within Cloud & AI, **AI server revenue was about $900mn in the quarter**, roughly similar QoQ, suggesting that **the Cloud & AI beat was driven more by traditional servers and pricing.**

Gross margin of 36.9% and operating margin of 13.3% were the other key positives, with gross margin ahead by 187bps versus Bernstein and 275bps versus consensus and operating margin ahead by 269bps and 277bps, respectively, as pricing, favorable mix, and cost actions more than offset ongoing component inflation. Segment profitability was more mixed beneath the surface, with Cloud & AI margin at 12.4% materially ahead of expectations, but Networking margin at 21.6% modestly below both Bernstein and Street.

EPS of $0.79 was the clearest bottom-line beat, coming in 45.3% above Bernstein and 47.4% above consensus.

FCF of $915mn was strong, with higher operating profit and payables offsetting elevated inventory/receivables as HPE builds for 2H AI systems shipments.

HPE materially raised its FY26 outlook following a strong FQ2 print, now guiding to consolidated revenue growth of 29%-33% reported, non-GAAP operating profit growth of 80%-85%, and non-GAAP EPS of $3.35-$3.45, versus the FQ1 guide of 17%-22%, 32%-40%, and $2.30-$2.50, respectively; importantly, the new EPS range is ~38%-42% above the current FY26 consensus of $2.43. The company also lifted FCF to at least $3.5bn from at least $2bn, while reducing OI&E expense to $420-$460mn from $540-$590mn. **At the segment level, the biggest change is in Cloud & AI, where HPE now expects revenue growth in the low 20% range versus the prior mid- to high-single-digit outlook**, with operating margin moving up to low- to mid-teens from 7%-9%; Networking was also raised, with normalized revenue growth now expected to approach 10% versus the prior mid- to high-single-digit view, while operating margin was effectively unchanged at low 20s.

Uneven growth within servers, with traditional servers driving the bulk of the upside while AI servers lagged. We estimate that the reported 33% increase in total server revenue was largely attributable to traditional servers, as AI server revenue remained roughly flat year over year at around $900mn for the quarter.

Adjusting for this, traditional server revenue rose from approximately 3,158mn last year to 4,554mn this year, implying growth of about 44% yoy. This strong performance, alongside the 92% growth in combined traditional servers and networking from Dell, reinforces our earnings preview view that the strength in traditional server demand was under-appreciated into the earnings.

We believe the server revenue growth in the current quarter is primarily ASP-driven rather than unit-driven, with real demand (unit) ahead. Underlying unit demand is better reflected in the triple-digit yoy traditional server order growth, rather than in the current quarter's reported revenue. The gap between this strong order momentum and the more modest traditional server revenue growth is largely due to timing mismatches and ongoing supply constraints.

Management positioned traditional servers as an emerging AI-adjacent TAM rather than a purely cyclical refresh opportunity. They highlighted multiple structural demand drivers, including agentic AI, inference workloads, regulatory and compliance requirements, data latency considerations, and a growing preference among customers to bring compute back on-premises. Additionally, they referenced "tokenomics," noting that customers are increasingly evaluating the cost trade-offs between cloud-based frontier models and on-prem or open-source compute deployments.

We believe much of the upside is already reflected in the stock. Since the May 22 market close and at the time of writing, ***HPE has gone up 60%, on par with Dell's 61% rally,*** **despite a clear divergence in the scale of server growth between the two companies** (reminder: Dell AI server revenue grew +757% yoy, while traditional server & networking grew 92% yoy). In our view, the magnitude of Dell's rally is more justified given its clear leadership across both AI servers and traditional servers (Exhibit 5 - Exhibit 7). Additionally, Dell is also positioned to benefit from the AI PC cycle, particularly as edge AI adoption continues to evolve.

We **increased our estimates significantly mainly powered by traditional server projections** (FY 27 EPS to $4.14), and we **increase our TP to $62**, which is roughly15x (vs.12.5x prior) our FY27 EPS.

EXHIBIT 1: **FY26 full year guidance new vs. old**

		New	Old
FY26	Revenue growth	29% -33% (as reported)	17% - 22% (as reported)
	Non-GAAP OP growth	80% - 85% (as reported)	32% - 40% (as reported)
	Non-GAAP EPS	$3.35 - $3.45	$2.30 - $2.50
	FCF	>= $3.5bn	>= $2bn
	Non-GAAP OI&E	$420-460mn expense	$540 - 590mn expense
Networking	Revenue growth	Approaching 10% (normalized)	mid-to-high-sigle digit % (normalized)
	Operating margin	low 20%	low 20%
Cloud & AI	Revenue growth	low 20% range (normalized)	mid-to-high-sigle digit % (normalized)
	Operating margin	low to mid teens	7-9%

Source: Company filing, Bernstein analysis

EXHIBIT 2: **HPE Actual vs Bernstein vs Consensus**

2026Q2 *($USD Millions)*	Reported	Berne	Delta	Consensus	Delta
Revenue	**$10,678**	**$9,784**	***9.1%***	**$9,742**	***9.6%***
Cloud & AI Revenue	**$7,707**	**$6,835**	***12.8%***	**$6,879**	***12.0%***
Networking Revenue	**$2,690**	**$2,676**	***0.5%***	**$2,552**	***5.4%***
Gross Profit	**$3,937**	**$3,424**	***15.0%***	**$3,324**	***18.4%***
Gross Margin %	36.9%	35.0%	*187bps*	*34.1%*	*275bps*
Op. Profit	**$1,423**	**$1,041**	***36.7%***	**$1,029**	***38.3%***
OP Margin %	13.3%	10.6%	*269bps*	*10.6%*	*277bps*
Cloud & AI Op. Profit	**$954**	**$547**	***74.5%***	**$590**	***61.8%***
OP Margin %	12.4%	8.0%	*438bps*	*8.6%*	*381bps*
Networking Op. Profit	**$581**	**$616**	***-5.6%***	**$606**	***-4.2%***
OP Margin %	21.6%	23.0%	*-140bps*	*23.8%*	*-216bps*
Net Income	**$1,136**	**$779**	***45.9%***	**$767**	***48.2%***
EPS ($ per share)	**$0.79**	**$0.54**	***45.3%***	**$0.54**	***47.4%***
Adj FCF	**$915**	**$1,404**	***-34.8%***	**$594**	***53.9%***

Source: Company reports, Bernstein estimates and analysis, Bloomberg

EXHIBIT 3: **HPE Model Before vs After**

	FY 2026E			FY 2027E			FY 2028E		
($USD Millions)	New	Old	Delta	New	Old	Delta	New	Old	Delta
Revenue	**$44,784**	**$39,968**	***12.0%***	**$49,798**	**$42,346**	***17.6%***	**$54,667**	**$44,963**	***21.6%***
Gross Profit	**$16,518**	**$14,137**	***16.8%***	**$18,425**	**$14,821**	***24.3%***	**$20,227**	**$15,737**	***28.5%***
Gross Margin %	36.9%	35.4%	*151bps*	37.0%	35.0%	*200bps*	37.0%	35.0%	*200bps*
Op. Profit	**$6,241**	**$4,580**	***36.3%***	**$7,368**	**$5,137**	***43.4%***	**$7,833**	**$5,538**	***41.4%***
OP Margin %	13.9%	11.5%	*248bps*	14.8%	12.1%	*266bps*	14.3%	12.3%	*201bps*
Net Income	**$4,900**	**$3,423**	***43.2%***	**$5,923**	**$4,026**	***47.1%***	**$6,531**	**$4,580**	***42.6%***
EPS ($ per share)	**$3.42**	**$2.39**	***43.0%***	**$4.14**	**$2.66**	***55.2%***	**$4.56**	**$3.03**	***50.5%***
Adj FCF	**$3,452**	**$2,083**	***65.7%***	**$4,383**	**$2,359**	***85.8%***	**$5,824**	**$3,367**	***73.0%***

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 4: **HPE Bernstein vs. Consensus**

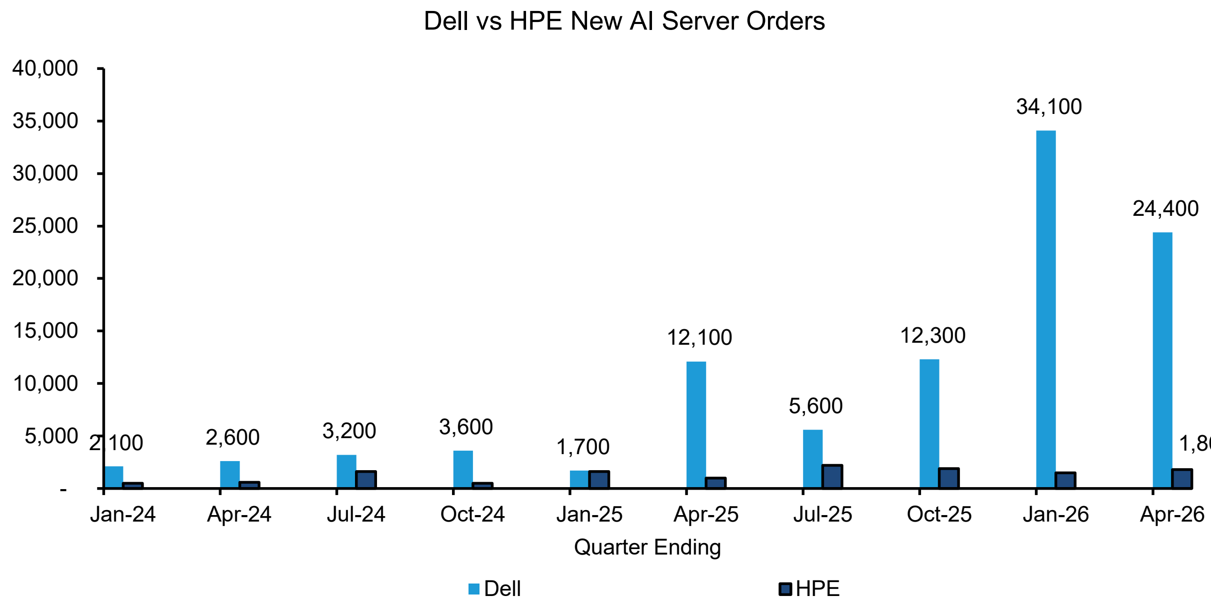
	FY26E	FY27E	FY28E
Total Revenues ($M)			
Consensus	$40,941	$43,108	$45,299
Bernstein Est.	**$44,784**	**$49,798**	**$54,667**
Bernstein vs. Cons.	*9.4%*	*15.5%*	*20.7%*
Operating Margin (%)	11.6%	12.2%	12.8%
vs. Bernstein	13.9%	14.8%	14.3%
EPS ($)			
Consensus	$2.43	$2.73	$3.06
Bernstein Est.	**$3.42**	**$4.14**	**$4.56**
vs. Bernstein	*40.7%*	*51.8%*	*49.3%*
FCF ($)			
Consensus	$2,196	$2,542	$3,596
Bernstein Est.	**$3,452**	**$4,383**	**$5,824**
Bernstein vs. Cons.	*57.2%*	*72.5%*	*62.0%*

Source: Bloomberg, Bernstein estimates and analysis

EXHIBIT 5: **HPE (APU compute revenue)**

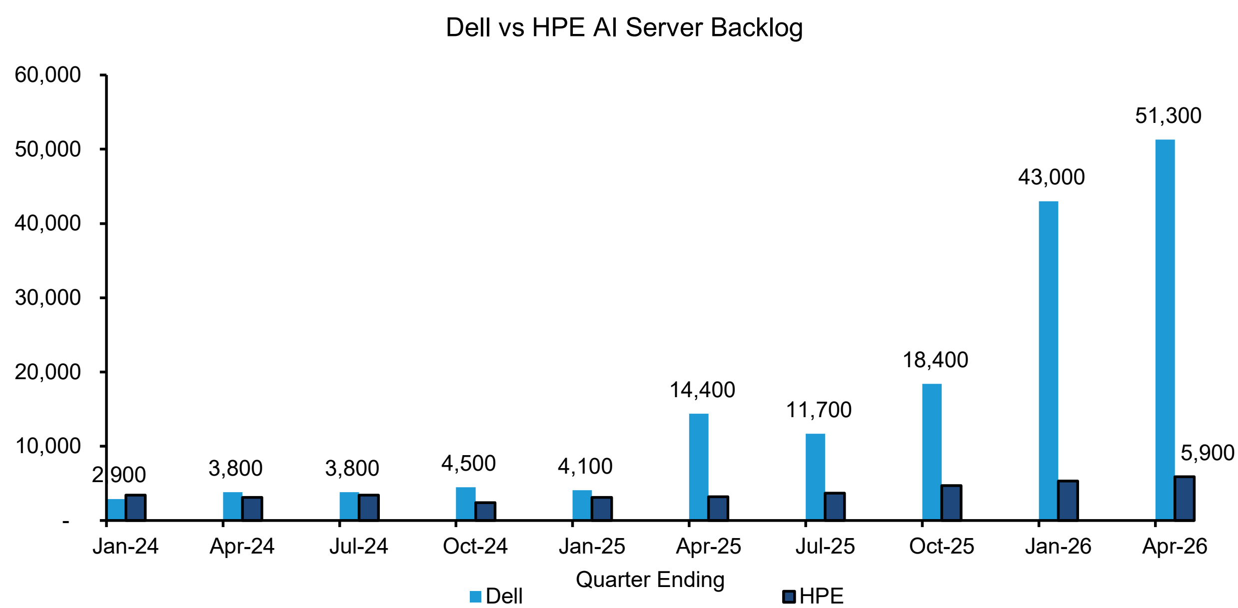
Starting Jan 26, AI revenue, order, and backlog include both AI server and AI networking
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 6: **HPE(APU compute net order)**



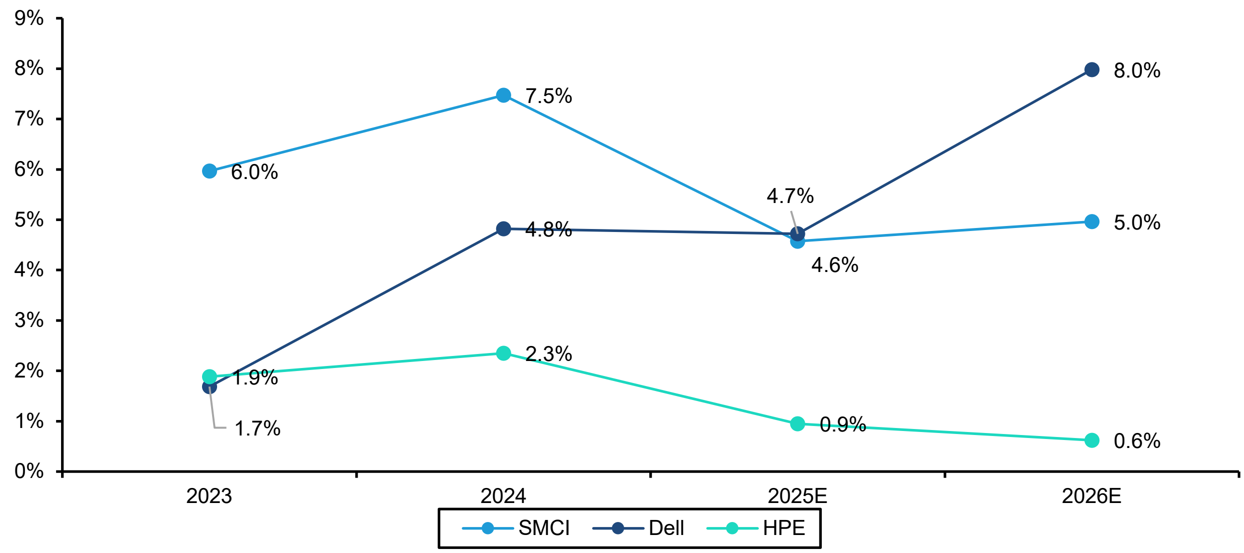
Starting Jan 26, AI revenue, order, and backlog include both AI server and AI networking
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 7: **HPE (APU Compute Backlog at End of Quarter)**



Starting Jan 26, AI revenue, order, and backlog include both AI server and AI networking
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 8: **OEM revenue share as % of AI server**



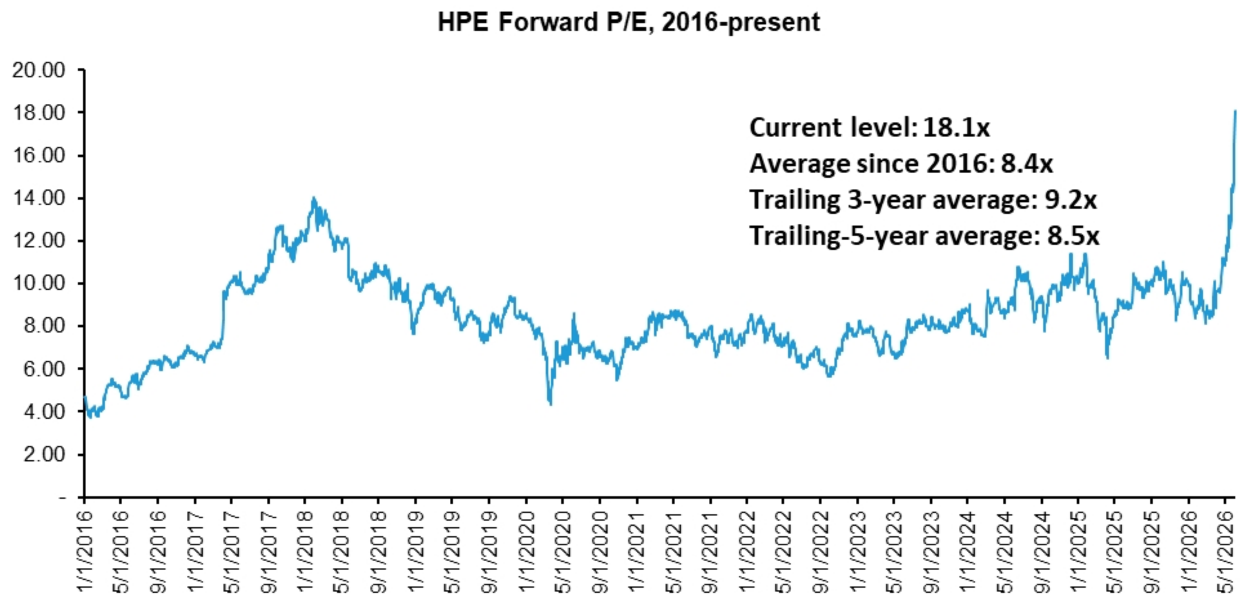
Source: Bloomberg, Bernstein Asia Tech Hardware Team (Alex Wang), Company disclosures, Bernstein estimates and analysis

EXHIBIT 9: **AI Server Economics**

	Tier 1 Cloud	Tier 2 Cloud	Enterprise
Hardware Gross Margin	**5-10%**	**8-12%**	**~15%**
Service as % of Revenues	0-10%	0-10%	~25%
Services Gross Margin	40%	40%	40%
Estimated Order Gross Margin	**~10%**	**8-16%**	**~25%**
Operating margins	**<3%**	**0-6%**	**7-10%**
Typical services consumed	None	Design support, deployment, testing, financing	Design support, deployment, testing, financing
Example customers	Azure, GCP, AWS, Meta	Coreweave, Lambda, Denvr Dataworks	Large and medium-sized corporates

Source: Bernstein estimates and analysis

EXHIBIT 10: **HPE P/FE**



Source: Bloomberg (updated as of Jun 1), Bernstein estimates and analysis

APPENDIX - FINANCIAL FORECASTS

EXHIBIT 11: **HPE Income Statement and Balance Sheet**

Non-GAAP Income Statement	2025	2026E	2027E	2028E	2029E	Q1 26	Q2 26	Q3 26E	Q4 26E
Total Revenues	**$34,296**	**$44,784**	**$49,798**	**$54,667**	**$59,488**	**$9,301**	**$10,678**	**$12,115**	**$12,690**
COGS	$23,491	$28,266	$31,373	$34,440	$37,477	5,898	6,741	7,632	7,995
Gross Profit	**$10,805**	**16,518**	**18,425**	**20,227**	**22,010**	**3,403**	**3,937**	**4,482**	**4,695**
OPEX						2,221	2,514	2,724	2,818
R&D	$2,280	$3,134	$3,239	$3,811	$4,099	659	827	822	826
SG&A	$5,172	$7,143	$7,818	$8,583	$9,340	1,562	1,687	1,902	1,992
Operating Profit	**$3,353**	**$6,241**	**$7,368**	**$7,833**	**$8,572**	**1,182**	**1,423**	**1,758**	**1,877**
Interest and Other, Net	-$114	-$543	-$400	-$150	-$200	-101	-102	-170	-170
Income Before Tax	**$3,239**	**$5,698**	**$6,968**	**$7,683**	**$8,372**	**1,081**	**1,321**	**1,588**	**1,707**
Taxes	$486	$797	$1,045	$1,152	$1,256	151	185	222	239
Net Income	**$2,753**	**$4,900**	**$5,923**	**$6,531**	**$7,116**	**$930**	**$1,136**	**$1,366**	**$1,468**
Dilluted EPS without Adjustments	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0
Convertible Debt Interest Expense	0	0	0	0	0	0	0	0	0
Reported EPS (ex SBC starting FY19)	**$1.96**	**$ 3.42**	**$ 4.14**	**$ 4.56**	**$ 5.09**	**$0.65**	**$0.79**	**$0.95**	**$1.03**
SBC per share	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Reported EPS including SBC	$0.00	$0.00	$0.00	$0.00	$0.00	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Diluted Shares Outstanding	1,378	1,432	1,432	1,432	1,398	1,432	1,432	1,432	1,432
Memo: Tax Rate	15.0%	14.0%	15.0%	15.0%	15.0%	14.0%	14.0%	14.0%	14.0%

HPE - Balance Sheet ($M)									
ASSETS									
Cash and Cash Equivalents	5,773	7,256	10,834	13,935	16,767	4,841	5,292	6,993	7,256
Accounts Receivable	5,290	7,232	7,735	7,788	8,638	4,931	6,286	6,638	7,232
Inventory	6,352	9,638	10,721	10,662	12,321	6,913	9,034	9,201	9,638
Property, Plant and Equip.	6,002	5,693	5,633	5,595	5,572	5,911	5,597	5,884	5,693
Total Financing Receivables and Other	17,643	19,289	22,022	24,175	26,307	17,636	17,686	18,414	19,289
Goodwill / Intangible Assets	30,138	29,129	28,405	27,728	27,095	29,929	29,648	29,318	29,129
Other Assets	4,708	7,094	7,891	8,663	9,427	5,607	5,969	6,772	7,094
Total Assets	**75,906**	**85,331**	**93,241**	**98,546**	**106,126**	**75,768**	**79,512**	**83,221**	**85,331**
Accounts Payable	7,731	10,514	12,378	10,851	11,808	8,379	11,311	10,037	10,514
Other Current Liabilities (Deferred Revenue, Employee Comp)	12,303	16,908	18,879	21,161	22,944	12,072	12,655	16,344	16,908
Total Debt and Notes Payable	22,365	21,046	20,646	20,381	20,381	21,611	21,246	21,146	21,046
Other Non-Current Liabilities	8,753	10,029	11,198	12,551	13,609	8,872	8,947	9,695	10,029
Total Liabilities	**51,152**	**58,496**	**63,101**	**64,944**	**68,742**	**50,934**	**54,159**	**57,222**	**58,496**
HPE Shareholders' Equity	24,688	26,911	30,216	33,414	37,196	24,774	25,292	26,075	26,911
Non-Controlling Interest / Other	66	61	61	61	61	60	61	61	61
Total Shareholders' Equity	**24,754**	**26,972**	**30,277**	**33,475**	**37,257**	**24,834**	**25,353**	**26,136**	**26,972**
Total Liabilities and Shareholders' Equity	**75,906**	**85,469**	**93,379**	**98,419**	**105,999**	**75,768**	**79,512**	**83,358**	**85,469**

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 12: **HPE Operating Model**

HP Enterprise Segment Reporting ($M) Revenues ($M)	2025	2026E	2027E	2028E	2029E		Q1 26	Q2 26	Q3 26E	Q4 26E
Revenue (Resegmented after 1Q24)	**2025**	**2026E**	**2027E**	**2028E**	**2029E**		**Q1 26**	**Q2 26**	**Q3 26E**	**Q4 26E**
Cloud & AI	**26,670**	**32,330**	**36,210**	**39,831**	**43,416**		**6,334**	**7,707**	**8,943**	**9,346**
Networking	**10,326**	**11,346**	**12,481**	**13,729**	**14,965**		**2,706**	**2,690**	**2,902**	**3,049**
Intelligent Edge	5,469	5,469	5,633	5,915	6,151		1,141	986	1,852	1,490
Juniper	5,553	6,027	6,629	7,292	8,021		1,488	1,382	1,577	1,579
Corporate Investments & Other	**1,090**	**1,107**	**1,107**	**1,107**	**1,107**		**261**	**281**	**270**	**295**
Total HPE	**38,086**	**44,784**	**49,798**	**54,667**	**59,488**		**9,301**	**10,678**	**12,115**	**12,690**
HPE exc Juniper	*32,533*									
Operating Profit (Resegmented after 1Q24)	**2025**	**2026E**	**2027E**	**2028E**	**2029E**		**Q1 26**	**Q2 26**	**Q3 26E**	**Q4 26E**
Cloud & AI (stated)	**2,197**	**4,050**	**4,526**	**4,780**	**5,210**		**645**	**954**	**1,189**	**1,262**
Networking (stated)	**2,152**	**2,545**	**3,120**	**3,432**	**3,741**		**640**	**581**	**638**	**686**
Corporate Investments & Other (stated)	**(35)**	**(41)**	**(39)**	**(39)**	**(39)**		**(12)**	**(9)**	**(9)**	**(10)**
Total HPE	**4,314**	**6,555**	**7,608**	**8,173**	**8,912**		**1,273**	**1,526**	**1,818**	**1,937**
Unallocated corporate costs and eliminations	(286)	(314)	(240)	(340)	(340)		(91)	(103)	(60)	(60)
Non-GAAP Operating Profit	**4,028**	**6,241**	**7,368**	**7,833**	**8,572**	**25%**	**1,182**	**1,423**	**1,758**	**1,877**
YoY Change in Revenue (%)	**2025**	**2026E**	**2027E**	**2028E**	**2029E**		**Q1 26**	**Q2 26**	**Q3 26E**	**Q4 26E**
Cloud & AI	**8.5%**	**21.2%**	**12.0%**	**10.0%**	**9.0%**	**14.3%**	**-2.7%**	**22.9%**	**24.0%**	**40.0%**
Networking	**11.4%**	**9.9%**	**10.0%**	**10.0%**	**9.0%**	**10.0%**	**7.3%**	**10.1%**	**10.0%**	**12.0%**
Corp Investment & Other	**-16.2%**	**1.6%**	**0.0%**	**0.0%**	**0.0%**		**-2.2%**	**3.3%**	**0.0%**	**5.0%**
Total HPE	**8.4%**	**17.6%**	**11.2%**	**9.8%**	**8.8%**	**12.8%**	**0.0%**	**18.8%**	**19.7%**	**31.1%**
		38%								
	15%	18%								
Operating Margin (%)	**2025**	**2026E**	**2027E**	**2028E**	**2029E**		**Q1 26**	**Q2 26**	**Q3 26E**	**Q4 26E**
Cloud & AI	***8.2%***	***12.5%***	***12.5%***	***12.0%***	***12.0%***		***10.2%***	***12.4%***	***13.3%***	***13.5%***
Networking	***20.8%***	***22.4%***	***25.0%***	***25.0%***	***25.0%***		***23.7%***	***21.6%***	***22.0%***	***22.5%***
Corp Investment & Other	***-3.2%***	***-3.7%***	***-3.5%***	***-3.5%***	***-3.5%***		***-4.6%***	***-3.2%***	***-3.5%***	***-3.5%***
Non-GAAP OPM	***10.6%***	***13.9%***	***14.8%***	***14.3%***	***14.4%***		***12.7%***	***13.3%***	***14.5%***	***14.8%***

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 13: **HPE Cash Flow Statement**

Cash Flow	2025	2026E	2027E	2028E	2029E	Q1 26	Q2 26	Q3 26E	Q4 26E
Net income	57	3,109	4,217	6,531	7,116	452	624	990	1,043
Depreciation and amortization	2,737	3,232	2,862	2,792	2,734	872	877	729	754
Stock Based Compensation	643	767	663	744	806	216	218	163	169
Other	2,189	(891)	(265)	(265)	(265)	(593)	(5)	(371)	79
Difference b/t Non-Cash & Cash Restructuring	-	0	0	0	0	0	0	0	0
Net change in deferred taxes / taxes on earnings	-	137	0	0	0	-151	288	0	0
Change in Financing receivables	-	(1,321)	(2,733)	(2,153)	(2,132)	70	212	(728)	(875)
Change in Working Capital	-	289	1,452	(12)	(532)	312	(804)	1,094	(312)
Net cash provided by operating activities	**5,626**	**5,323**	**6,195**	**7,636**	**7,727**	**1,178**	**1,410**	**1,877**	**858**
Capex	(2,292)	(2,058)	(1,812)	(1,812)	(1,812)	(569)	(583)	(453)	(453)
Asset Dispositions	380	196	0	0	0	66	130	0	0
Net investment purchases / sales	973	1	0	0	0	-2	3	0	0
Net Financial Collateral	(183)	(38)	0	0	0	-288	250	0	0
Acquisitions	(12,278)	-	0	0	0	0	0	0	0
Divestitures	210	-	0	0	0	0	0	0	0
Net cash used in investing activities	**(13,190)**	**(1,899)**	**(1,812)**	**(1,812)**	**(1,812)**	**(793)**	**(200)**	**(453)**	**(453)**
Debt-Related	2,343	(1,351)	(400)	-	-	(794)	(357)	(100)	(100)
Stock Buybacks	(491)	(828)	(663)	(3,059)	(3,049)	(331)	(164)	(163)	(169)
Dividends	(796)	(859)	(912)	(1,018)	(1,092)	(219)	(226)	(207)	(207)
Net transfer from former parent	-	-	0	0	0	0	0	0	0
Other	(10)	1,082	1,170	1,353	1,058	(8)	8	748	334
Net cash used in financing activities	**1,046**	**(1,956)**	**(806)**	**(2,724)**	**(3,083)**	**-1352**	**-739**	**278**	**-142**
FX impact	(21)	-9	0	0	0	33	-42	0	0
Net change in cash, cash equivalents and restricted cash	**(6,584)**	**1,459**	**3,578**	**3,100**	**2,832**	**(934)**	**429**	**1,701**	**263**
Net change in cash minus sum of cash flows	0	0	0	0	0	0	0	0	0
Cash held for Sale	0	0	0	0	0	0	0	0	0
Restricted cash	(3,963)	(3,987)	(3,987)	(3,987)	(3,987)	(3,965)	(3,987)	(3,987)	(3,987)
Cash, cash equivalents and restricted cash at start of period	8,190	1,810	3,269	6,847	9,948	1,810	876	1,305	3,006
Cash, cash equivalents and restricted cash at end of period	1,810	3,269	6,847	9,948	12,780	876	1,305	3,006	3,269
Free Cash Flow									
As reported:									
Free cash flow	986	3,452	4,383	5,824	5,915	708	915	1,424	405
Sum - Total	-	0	-	-	-	-	-	-	-
FCF growth	-57%	250%	27%	33%	2%	-63%	29%	56%	-72%
FCF margin	3%	8%	9%	11%	10%	8%	9%	12%	3%
FCF per share	0.72	2.41	3.06	4.07	4.23	0.49	0.64	0.99	0.28

Source: Company reports, Bernstein estimates and analysis

BERNSTEIN TICKER TABLE

Ticker	Rating	Cur	1 Jun 2026 Closing Price	Price Target	TTM Rel. Perf.	Cur	Adjusted EPS 2025A	Adjusted EPS 2026E	Adjusted EPS 2027E	Adjusted P/E (x) 2025A	Adjusted P/E (x) 2026E	Adjusted P/E (x) 2027E
HPE (HPE)	M	USD	47.00	**62.00**	142.5%	USD	1.96	**3.42**	**4.14**	24.0	13.7	11.4
OLD				35.00				2.43	2.85			
SPX			7,599.96									

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

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VALUATION METHODOLOGY

Hewlett Packard Enterprise Co

We value HPE at $62, which is roughly15x our FY27 EPS.

RISKS

Hewlett Packard Enterprise Co

The biggest risks to the upside on HPE and to our price target are that: 1) HPE has seen new additions to the senior management team, who could improve the company’s operational execution; 2) Revenue and/or cost synergies from the Juniper acquisition could be unexpectedly strong, driving a company transformation. The biggest risks to the downside are that 3) HPE could see continued mis-steps in the server business or in its merger integration with Juniper, not only pressuring results but also opening opportunities for competitors to poach key accounts.

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

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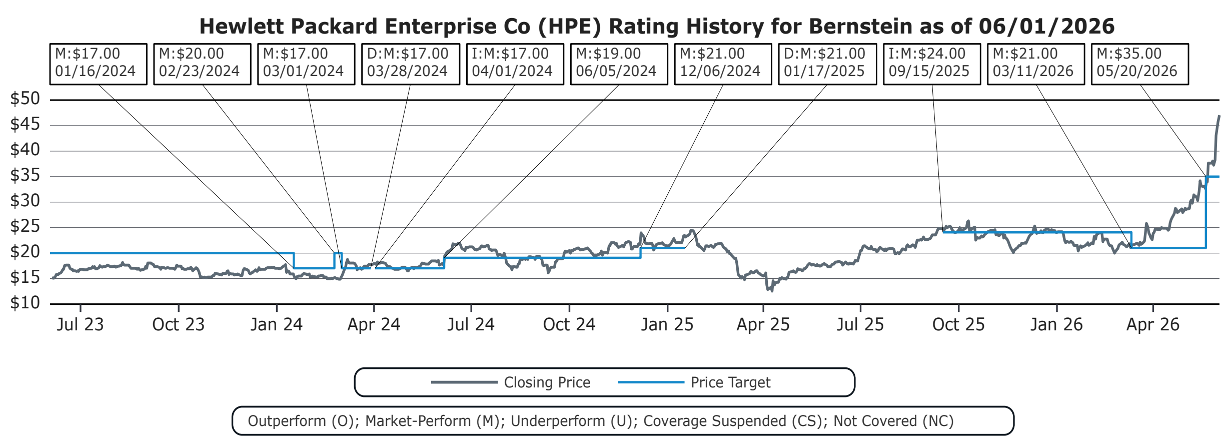

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