

# HP Paints Rosy Outlook Despite Missing A CEO

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SAN FRANCISCO (AP) — Hewlett-Packard Co. offered a rosy financial outlook Tuesday without giving any guidance on the biggest issue hanging over the world's largest technology company: the identity of its next CEO.

The leading maker of personal computers and printers has been looking for a new leader since its board pressured Mark Hurd, its CEO of five years, to step down in an early August scandal revolving around allegations of sexual harassment and deceptive expense reports.

Although HP didn't shed any light on its CEO search at Tuesday's analyst meeting, its current executives left little doubt that they believe the company will prosper no matter who is at the helm.

The company's interim CEO, Cathie Lesjak, told analysts HP's per-share earnings for its fiscal year ending in October 2011 will range from \$5.05 to \$5.15, excluding certain accounting items related to its recent acquisition spree. That would be up by as much as 14 percent from this year and ahead of the average estimate of \$4.99 per share among analysts polled by Thomson Reuters.

Next year's revenue is expected to total \$131.5 billion to \$133.5 billion, an increase of 5 percent to 7 percent. Analysts were looking for \$131.4 billion in revenue.

The projections reflect HP's confidence that it can boost profit margins as it expands into consulting services, computer security and storage while maintaining its lead in PCs and printers. The company also expects to keep grabbing market share through acquisitions, having already spent about \$31 billion buying 35 companies during the past four years.

One of those recent acquisitions, Palm Inc., will provide the operating system for a computer tablet that HP plans to introduce next year to compete against Apple Inc.'s popular iPad. HP spent \$1.8 billion to snap up the long-struggling Palm while Hurd was still CEO.

Until he was forced out, Hurd had delighted Wall Street by consistently increasing HP's earnings, largely through mass layoffs and other cost cutting. Investor doubts about whether HP will do as well without Hurd calling the shots have contributed to a 10 percent drop in the company's stock price since the board forced him out.

HP shares gained 36 cents to close Tuesday at \$41.62, then added another 42 cents in extended trading.

The company, based in Palo Alto, anticipates a "robust" recovery in its stock price next year, Lesjak said. If the shares remain in a funk, HP plans to buy back more of

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its stock in an effort to boost the price.

There had been some speculation that HP might introduce Hurd's replacement Tuesday, but the company only provided a glimpse at some of his possible replacements.

This group includes: Todd Bradley, who oversees HP's personal computer division; Ann Livermore, who runs the company's rapidly expanding technology services; and Vyomesh "VJ" Joshi, who steers HP's highly profitable printer-ink operations.

Most analysts have anointed Bradley as the front-runner if HP promotes from its own ranks.

Without mentioning names, Lesjak said HP has been considering CEO candidates from inside and outside the company. She gave no indication when the board might announce its decision.

Lesjak, who is also HP's chief financial officer, has previously said she has no interest in holding the top job on a permanent basis.

Some investors reacted earlier Tuesday to rumors that HP was poised to hire Apple Inc.'s chief operating officer, Tim Cook, as its CEO. But that speculation died down after Gleacher & Co. analyst Brian Marshall told various media outlets that Cook had informed him that he planned to stay at Apple.

"He said he's happy at Apple and that the rumors (about him leaving) are ridiculous," Marshall said in an interview with The Associated Press.

The encounter occurred at a Palo Alto coffee shop, Marshall said, and Cook "had an iPad with him, not a HP notebook, so I don't think he is going anywhere."

Apple spokesman Steve Dowling declined to comment on the rumors about Cook and HP.

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