

HP: Q4 Revenues Down, Allegedly Cooked Autonomy Books

Written by Marco Attard
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HP's revenue **losses** for Q4 2012 might total **\$6.9 billion**, but that might be the least of its trouble-- the company faces **an impairment charge worth \$8.8 billion** from 2011 acquisition **Autonomy**.



The company blames the majority (over \$5bn) of the non-cash charge on "serious accounting improprieties." Meaning HP alleges Autonomy cooked its books by billions before it was bought by then CEO Leo Apotheker for \$12 bn.

"There appears to have been a willful sustained effort" to inflate Autonomy's revenue and profitability... This was designed to be hidden," HP CEO Meg Whitman says. On the other hand Apotheker makes suitably disappointed noises, claiming "the developments are a shock to the many who believed in the company, myself included."

The alleged accounting scandal comes from a whistleblower following the outing of ex-Autonomy CEO Mike Lynch back in May 2012. In a Wall Street Journal interview Lynch refutes the accusations, describing them as "completely and utterly wrong."

This is the 2nd 2012 writedown for HP-- it also had to wipe out \$8bn from Q3 2012 results due to a ["good will impairment" from 2008 purchase EDS](#) , legacy of ex-CEO Mark Hurd.

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Even if one removes charges and alleged accounting scandals, HP is still not doing too well... Not when Q4 2012 is the 5th consecutive quarter of big declines for the company.

PC division revenues for Q4 2012 are down by -14% Y-o-Y while printing revenues fall by -5%. Enterprise division (covering servers and networking) revenues drop by -9% and services revenues fall by -6%.

Ironically only software revenues (including Autonomy results) show positive signs, with 14% Y-o-Y growth.

Overall Q4 2012 HP net revenue is down by -6.7% to \$29.96bn.

Will HP emerge stronger following such troubles and still undergoing restructuring? Or will it remain, as one analyst unkindly put it, "an unmitigated train wreck"? Only time will tell, at least so far.

Go [HP Q4 2012 Results](#)

Go [HP Statement Regarding Autonomy Impairment Charge](#)

Go [HP Says it was Duped, Takes \\$8.8bn Charge \(WSJ.com\)](#)