

HP Inc.'s 3Q2025 Earnings Results & Implications for EOL Sectors

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HP's third quarter 2025 earnings delivered a stable financial performance, with 3% revenue growth and strong free cash flow. Behind the numbers, HP revealed stronger-than-expected PC sales driven by education demand, enterprise refresh cycles, and accelerating adoption of AI-powered systems. These shifts confirm that the refresh cycle is well underway, which translated into an incoming wave of newer, more complex, and higher-value assets for ITADs requiring more secure handling and resale strategies. Meanwhile, HP's near silence on sustainability during its earnings call, despite strong marketing claims, highlights a growing disconnect between sustainability messaging and operational transparency, offering both a challenge and an opening for downstream players to lead on circularity and data disclosure.

Financial Overview: Solid, Predictable, and On-Target

HP Inc. reported its Q3 2025 earnings results on August 27, 2025, and discussed the details in a meeting with analysts. The key takeaway is that the company delivered what financial analysts consider stable financial performance for fiscal Q3 2025, with total revenue up 3% year over year to \$13.9 billion. GAAP earnings per share came in at \$0.80, exceeding expectations, while non-GAAP EPS of \$0.75 was down slightly from the prior year but within the guided range. Operating margins compressed due to trade-related costs and currency impacts, with GAAP margins at 5.1% and non-GAAP at 7.1%. The company managed free cash flow of \$1.5 billion, confirming \$400 million in shareholder returns. These results are considered a healthy performance for HP as a cash-generating hardware company.

Device Sales Gaining Momentum, Especially in

Commercial and AI PCs

There was good news in HP's personal systems business, showing a 6% growth year-over-year to \$9.9 billion. What's interesting is that this unit outperformed expectations. By segment, commercial PCs rose 5%, and consumer systems climbed 8%, driven by seasonal buying and stronger-than-expected demand across premium segments. Also interesting and of important implication of ITAD and recycling in the long run, HP disclosed that AI-powered PCs (AIPCs) now account for over 25% of its personal systems mix, one quarter ahead of internal targets. The company also reported 5% year-over-year growth in overall unit shipments, confirming that PC volumes are not just holding steady but expanding.

Two verticals appear to have driven PC sales: the education sector with its strong back-to-school performance was a key driver and ongoing enterprise refresh momentum. The company also attributed some of its growth coming from the shift to Windows 11.

If you Are in the ITAD Business, What Does the HP Performance Say?

HP's discussion on market conditions suggests that we should expect a longer, richer refresh cycle than what some in the market previously expected. What's interesting is the assumption that AI PCs are not necessarily replacing PCs at the tail end of life, they're replacing viable systems for capability reasons.

If you are an ITAD provider, and if this trend is confirmed, this means a growing share of relatively recent machines with decent residual value will enter disposition streams, often through enterprise refresh programs with strict chain-of-custody and compliance requirements.

The HP earnings analysis hints on an accelerating refresh cycle, with the combination of AI hardware, higher average selling prices, and compressed replacement intervals meaning the composition of retired assets is changing rapidly. While this is good news, the challenge will be that we should expect the incoming wave of systems to have newer processors, integrated AI acceleration, and software bindings that may complicate wiping and resale. It's important to keep an eye on device-level feature evolution to ensure proper data handling, especially in regulated sectors where embedded AI applications could pose residual data risk.



Another important disclosure is that nearly all HP's North America-bound products are now manufactured outside of China. With production increasingly located in Vietnam, Thailand, Mexico, and select U.S. sites, reverse logistics patterns may shift. ITAD providers with processing or triage facilities in proximity to these production centers, or with cross-border capabilities, may spot new opportunities to integrate into OEM, or partner-led returns programs.

Additionally, this very year and early next year, enterprise refreshes are projected to accelerate, as procurement departments align fiscal planning with the looming Windows 10 sunset and AI productivity stack upgrades.

The coming quarters offer a unique window of opportunity for ITAD players to position themselves as dependable partners in terms of compliance, responsiveness, and as analytics-driven company, particularly for clients evaluating AI PC ROI and sustainability exposure.

Considerations for Recyclers and Commodity Handlers

In this environment, is there an immediate opportunity for recyclers and handlers? While HP's PC business signals value-rich inbound volumes for ITAD, the print division continues its structural decline. Print revenue fell 4% on the year-over-year basis, with a 9% drop in hardware shipments. Even as subscription-based models like HP's "all-in plan" show uptake, the overall print ecosystem is contracting. This trend points toward a sustained stream of end-of-life printers entering the scrap channel, with few pathways to reuse or resale.

For recyclers, this means preparing for increased printer-related waste composed of difficult-to-recycle plastics, mixed metals, and consumables. These devices continue to generate processing inefficiencies and low recovery value. As print units age out, particularly in SMB and home environments, scrap handlers may see spikes in volume without offsetting commodity upside.

Sustainability Narrative Absent in Investor-Facing Messaging

One area that we focused on during the analyst call is sustainability. Despite strong sustainability claims in its 2024 Sustainable Impact Report, HP made only two passing

references to environmental performance during its Q3 earnings call. The first was a reiteration that 99% of its printers and PCs now use recycled content. The second was confirmation that U.S. operations are powered entirely by renewable electricity. No information was shared regarding product take-back, refurbishment, emissions impact, or alignment with global ESG standards such as Scope 3 accounting.

We suspect that this kind of forum, where the company executives meet with Wall Street analysts, is not geared towards sustainability discussions but more on the financial and operation performance. However, this absence of sustainability detail in the company's financial disclosures stands in contrast to its long-standing brand positioning as an ESG leader. As HP's communications on sustainability remain confined to the marketing and CSR domains, at least for now, this could create an opportunity for downstream vendors to lead on environmental disclosure, offering measurable impact data as a differentiator.

Conclusion and Outlook

We believe HP's Q3 results add some evidence that the market is entering the middle phase of a significant transition. The combination of AI functionality and operating system lifecycle limits is driving fresh investment from buyers, translating into both opportunity and complexity for the ITAD sector. As we have been reporting in our IntelliTAD newsletter, the signals for device volume, quality, and refresh timing are positive, but the operational nuance, particularly around AI processing and global production footprints, will require sharper planning from disposition providers.

At the same time, HP's earnings call is also evidence of a growing disconnect between sustainability as strategy and sustainability as disclosure. While sustainability progress is cited in external reports, it is notably absent from the investor narrative.

Dell Technologies reports tonight, and expectations are for similar themes: commercial PC strength, early AI server momentum, and an update on refresh dynamics. Dell's tone on sustainability and IT asset lifecycle performance will be closely watched as a point of contrast, or alignment, with HP's positioning.



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