



Over the past year, KEYS shares are up 10.4%, versus a gain of 11.9% for the broader market. The 52 week trading range is \$119.72 to \$186.20. The Argus A6 target price is \$212 representing a 30.2% gain from the current level.

Keysight Technologies is a leader in the field of testing and measurement, helping electronics OEMs and suppliers alike bring products to market to fit industry standards and specifications.

Growth Analysis	GAAP Data					Growth Rates		
	2020	2021	2022	2023	2024	1-Year	3-Year	5-Year
Revenue (B)	4.2	4.9	5.4	5.5	5.0	-9%	1%	16%
Gross Margin	60%	62%	64%	65%	63%	-3%	1%	7%
Operating Income	765.0M	1.1B	1.3B	1.4B	833.0M	-39%	-23%	17%
Interest Expense (M)	78.0	79.0	79.0	78.0	84.0	8%	6%	5%
Pre Tax Income	761.0M	1.0B	1.3B	1.4B	865.0M	-36%	-14%	21%
Net Income	627.0M	894.0M	1.1B	1.1B	614.0M	-42%	-31%	-1%
EPS	3.31	4.78	6.18	5.91	3.51	-41%	-27%	8%
Dividend/Share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shares Outstanding (M)	189.0	187.0	182.0	179.0	175.0	-2%	-6%	-8%
Market Cap (B)	19.8	33.7	31.7	21.8	24.0	10%	-29%	25%
Book Value (B)	1.40	1.88	2.39	2.86	2.11	-26%	12%	62%

Financial Condition	GAAP Data					Growth Rates		
	2020	2021	2022	2023	2024	1-Year	3-Year	5-Year
Cash / Short Term Inv. (B)	1.8	2.1	2.0	2.5	1.8	-27%	-12%	12%
Current Assets (B)	3.4	3.8	4.2	4.8	4.3	-11%	11%	32%
Current Liabilities (B)	1.1	1.3	1.4	2.0	1.4	-30%	9%	42%
Working Capital (B)	2.3	2.5	2.8	2.8	2.8	3%	12%	28%
Short-Term Debt (M)	Nil	Nil	Nil	599.0	Nil	Nil	Nil	Nil
Long Term Debt (B)	1.8	1.8	1.8	1.2	1.8	50%	0%	0%
Total Debt (B)	2.0	2.0	2.0	2.0	2.0	0%	0%	14%
Shareholders Equity (B)	3.3	3.8	4.2	4.7	5.1	10%	35%	70%

Ratio Analysis						Trend		
	2020	2021	2022	2023	2024	1-Year	3-Year	5-Year
Operating Margin	18%	22%	25%	25%	17%	Lower	Lower	Higher
Net Margin	15%	18%	21%	19%	12%	Lower	Lower	Lower
ROE	20%	25%	28%	24%	13%	Lower	Lower	Lower
ROA	9%	12%	14%	13%	7%	Lower	Lower	Lower
Current Ratio	3.1	2.9	3.0	2.3	3.0	Higher	Higher	Lower
Interest Coverage	10.8	13.8	17.3	18.4	11.3	Lower	Lower	Higher
Dividend Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
L-T Debt/Equity	59%	52%	48%	30%	39%	Higher	Lower	Lower
Total Debt/Total Cap	37%	34%	32%	23%	28%	Higher	Lower	Lower

Valuation Analysis						Trend		
	2020	2021	2022	2023	2024	1-Year	3-Year	5-Year
Price - Year End	104.87	180.02	174.15	122.05	137.31	Higher	Lower	Higher
52-Week High	109.08	181.46	207.93	188.51	161.52	Lower	Lower	Higher
52-Week Low	78.28	104.74	130.61	119.31	120.80	Higher	Higher	Higher
P/E High	33.0	38.0	33.6	31.9	46.0	Higher	Higher	Higher
P/E Low	23.6	21.9	21.1	20.2	34.4	Higher	Higher	Higher
P/S High	Nil	Nil	7.2	6.1	5.7	Lower	Nil	Higher
P/S Low	Nil	Nil	4.5	3.8	4.2	Higher	Nil	Higher
P/B High	Nil	Nil	9.5	6.7	5.3	Lower	Nil	Lower
P/B Low	Nil	Nil	5.9	4.3	4.0	Lower	Nil	Lower
Yield High	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Yield Low	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Return	4%	72%	-3%	-30%	13%	Higher	Lower	Nil

Argus Rating: BUY

Rating Since: 09/20/23

Current Price: \$162.80

Target Price: \$212.00

Market Cap: \$28.1 billion

Dividend: Nil

Yield: Nil

Beta: 1.57

Sector: Information Technology

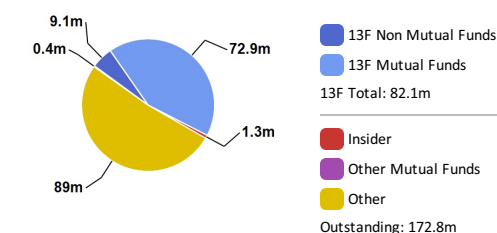
Industry: Data Processing, Consulting & IT Outsourcing

Argus A6 Sub-component Scores

H High M Medium L Low

- H **Industry**
Earnings revisions, analyst conviction, performance and historical industry weighting.
- M **Management**
Consistency of growth & financial strength.
- M **Safety**
Liquidity, dividend yield, market cap, debt leverage and stock price beta.
- M **Financial Strength**
Balance sheet debt and liquidity ratios.
- H **Growth**
Normalized earnings estimates and sales trends.
- M **Value**
Price/earnings, price/sales ratios, trend lines, and DCF valuation.

Vicker's Institutional & Insider Holdings



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Peer Comparison Table: Information Technology

Ticker	Company	Price(\$)	Market Cap (Millions \$)	5-yr EPS Growth Rate	Current FY P/E	Net Margin	1-yr EPS Growth Rate	Argus Rating
CTSH	COGNIZANT TECH SOLUTIONS-A	80.99	39,923.37	37%	16.64	12%	7%	BUY
IT	GARTNER INC	447.90	34,473.49	525%	33.73	20%	44%	HOLD
KEYS	KEYSIGHT TECHNOLOGIES IN	162.80	28,133.55	8%	41.12	15%	-41%	BUY
GIB	CGI INC	108.25	21,777.71	47%	Nil	12%	-1%	BUY
JKHY	JACK HENRY & ASSOCIATES INC	186.02	13,545.23	49%	31.69	19%	4%	BUY
Peer Average			27,570.7	133%	25	15%	3%	

Our rating on the Information Technology sector is Over-Weight. Consumer electronics demand, which was reduced by inflation, is now showing signs of recovery. IT demand in enterprise and data center markets weakened after consumer demand but now also shows signs of recovery, fueled by mounting interest in generative AI.

As of the end of March, the sector accounted for 29.6% of the S&P 500. Over the past five years, the weighting has ranged from 16% to 33%. The sector was underperforming the market, with a loss of 12.8%. The sector outperformed in 2024, with a gain of 35.7% compared to a gain of 23.3% for the S&P 500.

The sector's P/E ratio on projected 2025 EPS was 22, above the market multiple. Yields of 0.2% were below the market average. The sector's smoothed earnings growth rate of 16% was above the market average.

Over the long term, we expect the Tech sector to benefit from pervasive digitization across the economy, greater acceptance of transformative technologies, and the development of the Internet of Things (IoT). Generative AI is poised to become a huge industry driver, although timeline of actual AI deployments is uncertain. Healthy company and sector fundamentals are also positive. For individual companies, these include high cash levels, low debt, and broad international business exposure.

Key Sector Trends

Communications Equipment

- Data demand is exploding because of mobile internet, video on the web, social networking and other factors. Generative AI has shifted from an emerging driver to perhaps the most-significant factor in communications equipment demand. AI is driving demand for bandwidth capacity at the optical transport level as well as network efficiency (IP) and ubiquity (Ethernet) at the access level.
- Prevailing trends in the global information society - including collaboration, virtualization, cloud, social networking, and exponential growth in "big" file-based data - are driving the need for more network "intelligence," meaning security, efficiency, extensibility, personalization, and sophisticated data management. Mobility, once a voice-centric domain, now encompasses mobile internet, and this reality

- is impacting device demand trends in computing and communications.

Information Processing

- AI is driving growth in computing, both in GPU-based servers and in on-device Gen AI for PCs and smartphones. It also is disrupting the data center, as cloud service providers accelerate growth with the help of leading computing and semiconductor companies. .

Semiconductors

- Overall semiconductor demand, formerly driven by first by PCs and then by the proliferation of mobile devices, now has multiple secular drivers. These include AI data center, legacy cloud data center, Internet of Things (IoT) & factory automation, EV & hybrid EV, autonomous vehicles, robotics, and more
- The need for massive GPU clusters to train Large Language Models (LLMs) and for inferencing for generative AI has led to explosive demand for GPU computing implementations and has become as one of the most significant semiconductor drivers.
- ARM-based cores (licensed from ARM Holdings Ltd.) that power smartphones and tablet PCs have disrupted the hegemony in processing once enjoyed by x86 architecture. Traditional x86 processor companies such as Intel and AMD are fighting back with lower-power products that integrate central processing and graphics processing within a single die.
- The nature of memory is changing, with mobile computers transitioning away from hard disk drive-based memory (HDD) to solid-state memory (SSD). Memory demand too is accelerating as data storage accommodates massive AI-related traffic flows.

Software

- New software-centric developments such as collaboration, virtualization, cloud computing, SaaS, analytics, and interactivity are transferring the software power center onto public and private cloud networks serving enterprises. At the same time, advances in mobility and competitive developments have driven demand for mobile devices and, in turn, mobile applications supplied by nontraditional players.
- These factors have diminished the central role once played by Microsoft's operating system and applications. At the same time, enterprise software companies have prioritized enabling AI for their customers, leading to strong growth for major industry participants including Salesforce Inc, ServiceNow, Oracle, and more.

Argus A6 Quantitative Universe

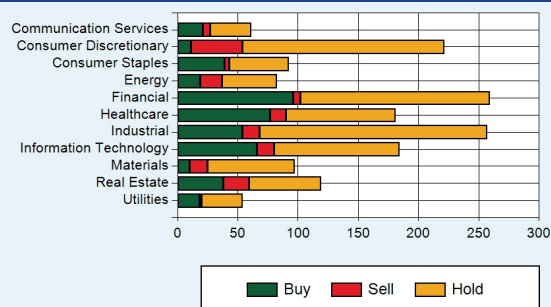
Our A6 Quantitative Universe includes more than 1,500 companies that are diversified across all asset classes and industry sectors. Ratings for these companies are derived through a proprietary algorithm we have designed and tested so that the ratings are based on our fundamental Six-Point System. Our A6 Quantitative Ratings include sub-ratings for each of the six factors.

The A6 algorithm is designed to capture and analyze financial trends for each company under coverage. Companies are measured against their historical record, peer group, and the broad market. For each covered company, the A6 algorithm generates a subrating for growth, financial strength, industry outlook, management, risk/safety and valuation. These scores are totaled and provide an overall rating for each company. The A6 algorithm rates stocks on growth based on normalized earnings estimates and sales trends, among other factors. Our financial strength ranking is based primarily on balance sheet debt and liquidity ratios. For risk, we factor in liquidity, dividend yield, market cap, debt leverage and stock price beta. Our valuation subrating includes factors such as price/earnings and price/sales ratios, trend lines, and discounted cash flow valuations. Ratings are reviewed weekly.

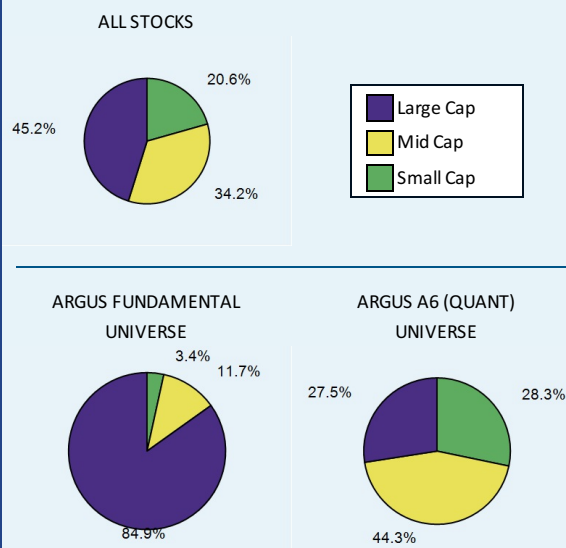
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