

4908 7183 39869

38227 **ANNUAL RATES** Past Est'd '18-'20 Past 5 Yrs. -1.0% -1.0% -4.5% of change (per sh) 10 Yrs. to '24-'26 1.0% 2.5% 1.5% Revenues "Cash Flow" 2.5% 1.5% Earnings Dividends Book Value 11.5% 3.5% 8.0% 6.0% 1 0% 16.0%

49146

10207

21462

6558

38420

4896

8797

24008

37701

39165

Current Assets

Accts Payable Debt Due

Current Liab.

Cal-	QUARTERLY REVENUES (\$ mill.)				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2018	19072	20003	18756	21760	79591
2019	18181	19161	18028	21777	77147
2020	17571	18123	17560	20366	73620
2021	17600	18300	17950	21150	75000
2022	18350	18800	18350	22000	77500
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2018	2.44	3.08	3.42	4.87	13.81
2019	2.25	3.17	2.68	4.71	12.81
2020	1.84	2.18	2.58	2.07	8.67
2021	1.85	2.15	2.60	4.15	10.75
2022	1.95	2.35	2.75	4.55	11.60
Cal-	QUARTERLY DIVIDENDS PAID B.				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2017	1.40	1.50	1.50	1.50	5.90
2018	1.50	1.57	1.57	1.57	6.21
2019	1.57	1.62	1.62	1.62	6.43
2020	1.62	1.63	1.63	1.63	6.51
2021	1.63				

and systems hardware. 2020 revenue breakdown: Cloud & Cognitive Software, 32%; Global Business Services, 22%; Global Technology Services, 35%; Systems, 9%; Financing, 2%. Geographic revenue mix: Americas region, 46% of revenue; EMEA, 32%; Asia,

IBM's proposed tax-free spinoff of its managed infrastructure services business to existing IBM shareholders is on track to be completed in late 2021. The new publicly-traded entity will have \$19 billion of revenues. IBM's business mix will change, from a dependence on services, to high-value cloud computing software and solutions. Recurring revenues will account for over 50% of the total. Our estimates and projections don't yet reflect the transaction.

Operating results in the final quarter of 2020 were reduced by a charge of over \$2 billion related to measures to simplify operations and reduce costs. We have not factored the charge out of earnings, but our share-net presentation for the period and the year *excludes* \$0.66 and \$2.54, respectively, of negative nonoperating items. Revenues in all four of IBM's business groups declined in the period, with systems hurt by the falloff in sales of IBM's z15 mainframe computer over a year after the product's introduction. Economic uncertainty caused software clients to opt for shorter-term enterprise license agreements, and some

of common stock; The Vanguard Group, 8.3%; BlackRock, 7.0%; State Street, 5.8% (3/21 proxy). Chairman & CEO: Arvind Krishna. Incorporated: NY. Address.: New Orchard Road, Armonk, NY 10504. Tel.: 914-499-1900. Internet: www.ibm.com.

delayed services engagements.

Management aims to reverse IBM's decade-long revenue decline in 2021. The company is focusing on facilitating clients' digital transformations, driving adoption of its hybrid cloud computing platform, and on helping clients deploy artificial intelligence to gain insights from data. Sales organization improvements should help. IBM's turnaround probably won't be quick, however. It expects the operating environment to remain challenging and z15 sales to fall further in the first half, but belives these headwinds will dissipate later in the year. It expects Global Business Services revenues to strengthen, and plans to take another \$260 million charge tied to structural cost-reduction actions in 2021. After the separation (in 2022), management believes revenues might advance at a mid-single-digit pace.

IBM shares have good total return potential to 2024-2026. But conservative investors may want to wait for the company to make more bottom-line progress and for more details (to be available this fall) concerning the spinoff transaction. Theresa Brophy March 26, 2021

(A) Based on diluted shs. Excl. gains (losses) from discontinued operations; '04, (\$0.01); '05, (\$0.02); '06, \$0.05; '14. (\$3.65). Excludes non-\$2.24; '20.\$2.54. Quarters may not sum due to change in shs. Next earnings report mid-April. (D) Incl. Intangibles. As of 12/31/20, \$73.4 bil-(B) Dividends historically paid in early March, lion, \$82.24/sh. (E) In '08, incl. \$15.2 bill. retire-

Company's Financial Strength Stock's Price Stability Price Growth Persistence **Earnings Predictability**

90 85