

Xerox Corporation (XRX)

\$2.61 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **\$3.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 09/03/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM: C

Value: A

Growth: F

Momentum: D

Summary

We have a neutral rating on Xerox shares. XRX's "Project Reinvention" strategy is boosting its bottom line by lowering operating expenses. The company's key focus, IDP, is turning heads in the market. IDP's ability to automate, reduce errors, and provide other meaningful features is enhancing customer value. Impressively, XRX's RPE witnessed significant growth in 2024, waving the green flag to investors. While its current ratio of 1.1 falls slightly below the industry standards, it still comfortably covers short-term obligations. However, XRX shares have declined 67% in the past year, primarily due to a decline in demand for paper-related systems. Other reasons include its brand perception as a "copier company", the highly competitive nature of business, and vulnerability to security breaches.

Data Overview

| | |
|----------------------------|-----------------------------------|
| 52 Week High-Low | \$9.91 - \$2.32 |
| 20 Day Average Volume (sh) | 3,180,141 |
| Market Cap | \$334.2 M |
| YTD Price Change | -69.0% |
| Beta | 1.73 |
| Dividend / Div Yld | \$0.10 / 3.8% |
| Industry | Office Supplies |
| Zacks Industry Rank | Bottom 5% (230 out of 243) |

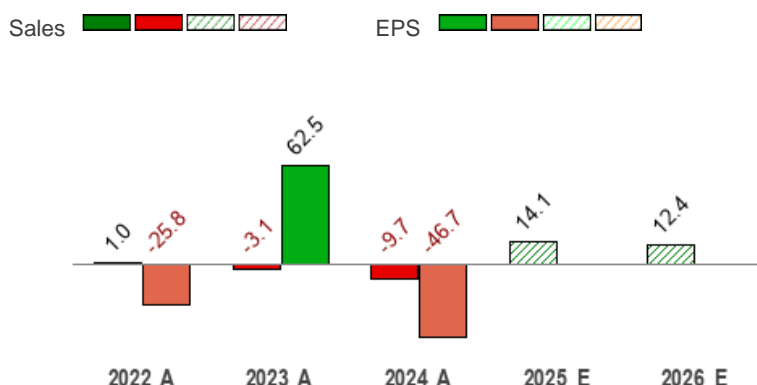
| | |
|---------------------------|-------------------|
| Last EPS Surprise | 400.0% |
| Last Sales Surprise | -4.5% |
| EPS F1 Est- 4 week change | -18.6% |
| Expected Report Date | 01/27/2026 |
| Earnings ESP | 31.0% |

| | |
|---------|-------------|
| P/E TTM | NA |
| P/E F1 | -8.4 |
| PEG F1 | -1.1 |
| P/S TTM | 0.1 |

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|---------|---------|---------|---------|---------|
| 2026 | 1,904 E | 1,990 E | 1,988 E | 2,100 E | 7,981 E |
| 2025 | 1,457 A | 1,576 A | 1,961 A | 2,105 E | 7,099 E |
| 2024 | 1,502 A | 1,578 A | 1,528 A | 1,613 A | 6,221 A |

EPS Estimates⁽²⁾

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|---------|---------|--------|--------|---------|
| 2026 | 0.02 E | 0.20 E | 0.36 E | 0.54 E | 1.12 E |
| 2025 | -0.06 A | -0.64 A | 0.20 A | 0.19 E | -0.31 E |
| 2024 | 0.06 A | 0.29 A | 0.25 A | 0.36 A | 0.97 A |

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/12/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 11/18/2025.

Overview

Despite experiencing top-line decline over the years on decreased demand for paper-related systems and products, Norwalk, Connecticut-based Xerox remains a leader in the contractual print and document services market.

Post reorganization (that does not involve any change in operations, directors and executive officers) as a wholly-owned subsidiary of a new holding company in 2019, the company is trying to attain greater strategic, operational as well as financial flexibility.

Xerox deploys an aggressive product development program to revive sales. It has developed one of the industry's strongest portfolios of managed print service (MPS) solutions and services. XRX's digital services strategy deals with developing and deploying essential products and services that address the productivity problems of a hybrid workplace and distributed workforce.

The company operates two reportable segments – Print and Other and Xerox Financial Services (XFS).

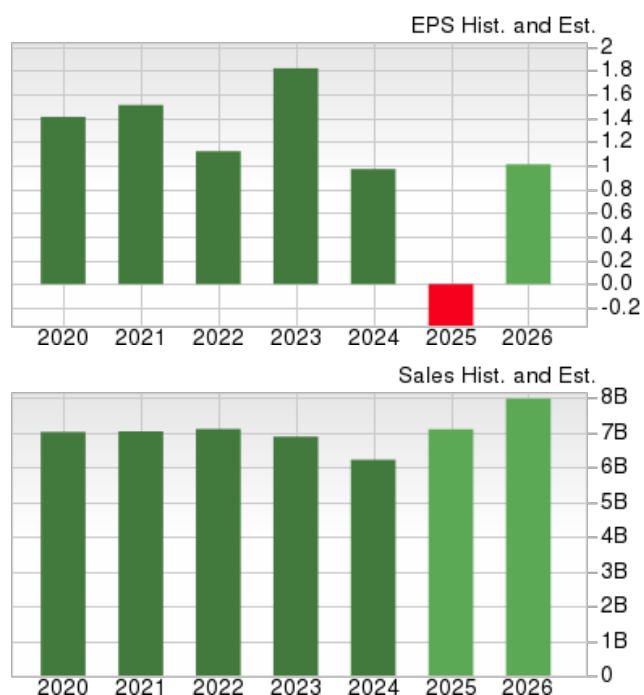
Print and Other (95% of the total revenues in 2024): In this segment, the company designs, develops and sells document systems, solutions, and services as well as associated technology offerings, including IT and software products and services.

XFS (6%): It is a financial solution business for direct channel customer purchases of the company's equipment and solutions, and lease financing to end-user customers who purchase equipment and solutions.

Intersegment elimination takes away 1% of the top line.

Xerox's strategy is to use data-centric technologies to better help customers in their digital transformation journey, taking advantage of the changing market conditions. It focuses on market trends, such as cloud, analytics, digital and security, intending to effectively address customer needs.

The company is using security and digital transformation as key competitive differentiators. A global service delivery model, flexibility, and scalability of MPS services and billing options, and close relationships with customers and partners are its key strengths. Programs like Virtual Print and FedRAMP authorization are helping the company broaden its market opportunities.



As of 11/18/2025



As of 12/12/2025

Reasons To Buy:

- ▲ Xerox's **"Project Reinvention"** strategy aims at streamlining operations and bolstering efficiency across the company. This initiative directly impacts the bottom line by reducing operating expenses by a significant margin evident from a double-digit percentage decline in expenses in the first quarter of 2025. This notable decline excludes one-time charges and costs associated with the ITsavvy buyout, painting a vivid picture of the ongoing operational improvements. XRX's management is confident in the prolonged benefits of this initiative such that it targets to achieve over \$100 million in cost savings throughout 2025 solely from this strategy. Savings as such translates to freeing up capital, improving profitability, and reinvesting in growth areas.
- ▲ Xerox's **strategic pivot to Intelligent Document Processing (IDP)** provides investor value. This utilizes XRX's expertise in document management to explore the expanding markets. IDP solutions generate recurring revenues and high margins, bolstering customer engagement by incorporating them into critical business processes. This is also a mode of diversification that lowers reliance on hardware sales, improving financial stability. IDP promotes automation, lowers errors, boosts efficiency, and mitigates compliance risks across different industries, boosting customer value significantly.
- ▲ In 2022, Xerox's revenues per employee (RPE) increased by 12%, reflecting improvements in employee productivity. This performance was short-lived, as the metric slowed to a 2% growth in 2023 due to strategic recalibration and reinvestments. The company recorded a **24% surge in RPE in 2024**, demonstrating strong operational efficiencies and a significant return on those investments. This surge in productivity is a green flag for investors as this indicates a more lean and effective business model poised for sustainable growth.
- ▲ Xerox's **current ratio** (a measure of liquidity) of 1.1 in the third quarter of 2025 is slightly lower than the industry average of 1.11. However, the fact that the metric exceeds 1 signal that the company can easily pay off short-term obligations.

"Project Reinvention" lowers XRX's costs. IDP and rising RPE drive growth and liquidity.

Reasons To Sell:

- ▼ Advancements in IT have replaced the traditional means of sending and storing information with digital media. As a result, Xerox is **grappling with demand for paper-related systems and products**, while its attempts to leverage the business process outsourcing market are yet to yield the desired results. This is the main reason for the 67% decline in Xerox's share price in the past year.
- ▼ Xerox's old legacy can be overshadowed by its **brand perception as a "copier company"**. This notion can easily challenge investor relations, hindering its strategic transformation efforts. It can create a perception gap that damages investor sentiment toward transformation initiatives such as IDP and IT Solutions. This can lead to a legacy discount on its valuation despite its segmental growth.
- ▼ Xerox operates in a **fiercely competitive environment**, led by rapid technological developments, changes in industry standards, and customers' need to become more efficient. Although there are fewer chances of new entry due to high capital investment, established brand recognition, and customer loyalty, the company competes with Canon, FUJIFILM Business Innovations Corp., HP Inc., Konica Minolta, and Ricoh, primarily based on technology, price, reliability, quality, brand distribution, and customer service and support. To tackle the competition, XRX aims to develop high-tech products and services that are complex, costly, and uncertain. Failure to accurately project customers' dynamic requirements and emerging trends in technology could significantly hamper its growth prospects and, consequently, its market share.
- ▼ Xerox's business is **vulnerable to security breaches** caused by cyber and malware attacks. These attacks can have a pervasive impact as they can affect the company financially and taint its reputation as well. With technological advancements, there are newer and more sophisticated ways to get unauthorized access without the risk of recognition.

Declining paper demand and brand image hurt XRX's prices. Competition and cybersecurity risks are an added concern.

Last Earnings Report

Xerox Holdings Beat Q3 Earnings Estimate

Xerox reported mixed third-quarter 2025 results, wherein earnings beat the Zacks Consensus Estimate but revenues missed the mark.

Quarterly adjusted earnings of 20 cents per share surpassed the Zacks Consensus Estimate by 4% and decreased 20% from the year-ago quarter. Revenues of \$1.96 billion lagged the consensus estimate by 4.5% and increased 28.3% on a year-over-year basis.

FY Quarter Ending 12/31/2024

| Earnings Reporting Date | Oct 30, 2025 |
|-------------------------|--------------|
| Sales Surprise | -4.50% |
| EPS Surprise | 400.00% |
| Quarterly EPS | 0.20 |
| Annual EPS (TTM) | -0.14 |

Q3 Revenue Details for XRX

Post-sale revenues came in at \$1.58 billion, up 32.7% year over year on a reported basis and 31.3% at cc, lagging our estimate of \$1.72 billion. Equipment sales rose 13% year over year on a reported basis and 12.1% at cc to \$383 million, beating our estimate of \$338.5 million.

The Print and Other segment's revenues totaled \$1.74 billion, up 20.6% year over year on a reported basis and down 9.8% at cc, beating our estimate of \$1.42 billion.

Sales revenues amounted to \$993 million, up 68.9% year over year on a reported basis and 67.9% at cc. Services, maintenance, rentals and other revenues included financing revenues generated from direct and indirectly financed Xerox equipment sale transactions of \$32 million and \$38 million for the third quarter of 2025 and 2024, respectively.

XRX's Operating Performance

Adjusted operating income came in at \$65 million, down 18.8% on a year-over-year basis. The adjusted operating margin was 3.3%, down 1.9 basis points year over year.

XRX's Key Balance Sheet and Cash Flow Figures

Xerox exited the quarter with a cash and cash equivalent balance of \$479 million compared with \$576 million at the end of the December-end quarter of 2024. The company's net cash provided by operating activities and free cash flow for the quarter were \$159 million and \$131 million, respectively.

XRX's Q4 & 2025 Guidance

Xerox expects the fourth-quarter revenue growth range to be 16-17% at constant currency, and capital expenditures are anticipated to be \$95 million.

For 2025, the adjusted operating margin is projected to be approximately 3.5-4.5%. The mid-point of the guided growth range (4%) is lower than the prior view of 4.5%. The company anticipates free cash flow to be approximately \$150-\$250 million. The mid-point of the guided range (\$200 million) is less than the prior view of \$250 million.

The operating cash flow for 2025 is expected to be approximately \$245 million, down from the prior view of \$345 million.

Recent News

On **Nov 06, 2025**, Xerox declared a quarterly dividend of 2.5 cents per share payable on Jan 30, 2026, to shareholders of record on Dec 31, 2025.

Valuation

Xerox shares have declined 68% in the year-to-date period and 67% in the trailing 12-month period. Stocks in the Zacks sub-industry declined 49.4% while those in the Zacks Industrial Products sector showed a 5.5% rise in the year-to-date period. In the past year, the Zacks sub-industry declined 48.1% and those in the sector moved down 0.5%.

The S&P 500 index increased 17.3% in the year-to-date period and 17.1% in the trailing 12-month period.

The stock is currently trading at 2.39X the price-to-forward 12-month earnings, which compares to 4.72X for the Zacks sub-industry, 19.87X for the Zacks sector, and 23.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.86X and as low as 2.18X, with a 5-year median of 9.3X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$3.00 price target reflects 2.76X forward 12 months' earnings.

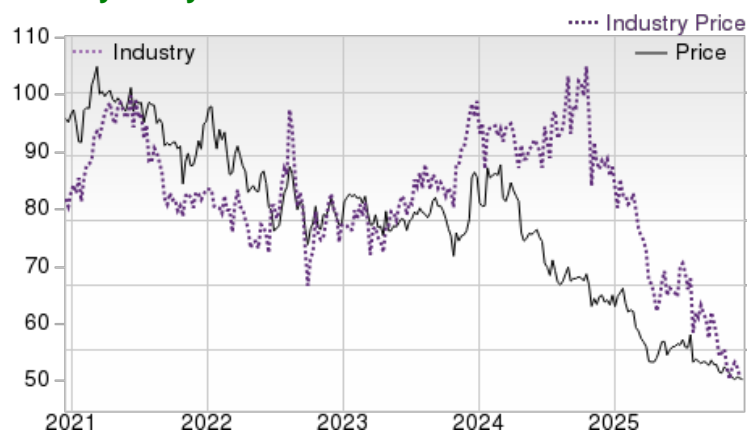
The table below shows summary valuation data for XRX

| Valuation Multiples - XRX | | | | | |
|---------------------------|---------------|-------|--------------|--------|---------|
| | | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F12M | Current | 2.39 | 4.72 | 19.87 | 23.2 |
| | 5-Year High | 20.86 | 13.76 | 22.96 | 23.81 |
| | 5-Year Low | 2.18 | 4.13 | 13.32 | 15.73 |
| | 5-Year Median | 9.3 | 9.5 | 18.13 | 21.2 |
| P/S F12M | Current | 0.04 | 0.09 | 4.03 | 5.29 |
| | 5-Year High | 0.74 | 0.61 | 4.17 | 5.52 |
| | 5-Year Low | 0.04 | 0.09 | 2.3 | 3.84 |
| | 5-Year Median | 0.34 | 0.31 | 3.12 | 5.06 |
| P/B TTM | Current | 0.88 | 1.56 | 8.41 | 8.33 |
| | 5-Year High | 1.32 | 1.92 | 10.96 | 9.19 |
| | 5-Year Low | 0.4 | 0.58 | 5.83 | 6.62 |
| | 5-Year Median | 0.73 | 0.8 | 7.6 | 8.05 |

As of 11/17/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 5% (230 out of 243)



Top Peers⁽¹⁾

| Company (Ticker) | Rec | Rank |
|--------------------------------|---------|------|
| Acco Brands Corporat... (ACCO) | Neutral | 4 |
| AppLovin Corporation (APP) | Neutral | 3 |
| Booz Allen Hamilton ... (BAH) | Neutral | 3 |
| CompX International ... (CIX) | Neutral | |
| Maximus, Inc. (MMS) | Neutral | 2 |
| Rollins, Inc. (ROL) | Neutral | 2 |
| Ennis, Inc. (EBF) | NA | |

Industry Comparison⁽¹⁾ Industry: Office Supplies

| | XRX | X Industry | S&P 500 | Industry Peers |
|----------------------------------|-----------|------------|-----------|----------------|
| Zacks Recommendation (Long Term) | Neutral | - | - | Neutral |
| Zacks Rank (Short Term) | 4 | - | - | 4 |
| VGM Score | C | - | - | A |
| Market Cap | 334.18 M | 334.18 M | 39.38 B | 341.62 M |
| # of Analysts | 2 | 2 | 22 | 3 |
| Dividend Yield | 3.83% | 5.45% | 1.41% | 7.92% |
| Value Score | A | - | - | A |
| Cash/Price | 1.43 | 0.17 | 0.04 | 0.24 |
| EV/EBITDA | -4.37 | 6.09 | 14.60 | 26.62 |
| PEG Ratio | -1.13 | NA | 2.23 | 0.45 |
| Price/Book (P/B) | 0.89 | 1.54 | 3.35 | 0.53 |
| Price/Cash Flow (P/CF) | 0.79 | 8.41 | 15.20 | 2.01 |
| P/E (F1) | -8.42 | NA | 19.78 | 4.49 |
| Price/Sales (P/S) | 0.05 | 1.21 | 3.06 | 0.22 |
| Earnings Yield | -13.41% | -13.41% | 4.99% | 22.16% |
| Debt/Equity | 10.95 | 0.00 | 0.57 | 1.30 |
| Cash Flow (\$/share) | 3.29 | 2.18 | 8.99 | 1.89 |
| Growth Score | F | - | - | B |
| Hist. EPS Growth (3-5 yrs) | -5.54% | 10.17% | 8.16% | -1.42% |
| Proj. EPS Growth (F1/F0) | NA% | -131.16% | 8.57% | -17.65% |
| Curr. Cash Flow Growth | -23.98% | -23.64% | 6.75% | -5.20% |
| Hist. Cash Flow Growth (3-5 yrs) | -19.95% | 0.09% | 7.43% | -2.14% |
| Current Ratio | 1.10 | 3.38 | 1.19 | 1.68 |
| Debt/Capital | 87.43% | 0.00% | 38.01% | 56.54% |
| Net Margin | -14.79% | 10.86% | 12.78% | 2.63% |
| Return on Equity | -0.55% | 13.29% | 17.00% | 12.96% |
| Sales/Assets | 0.74 | 0.99 | 0.53 | 0.68 |
| Proj. Sales Growth (F1/F0) | 14.10% | 0.00% | 5.77% | -8.30% |
| Momentum Score | D | - | - | C |
| Daily Price Chg | 0.00% | 0.71% | -1.07% | -0.79% |
| 1 Week Price Chg | -2.97% | 0.69% | -0.63% | 5.57% |
| 4 Week Price Chg | -5.09% | -3.24% | 1.39% | 10.82% |
| 12 Week Price Chg | -36.34% | -12.62% | 2.45% | -7.56% |
| 52 Week Price Chg | -70.27% | -21.57% | 12.83% | -35.65% |
| 20 Day Average Volume | 3,180,141 | 211,804 | 2,728,366 | 817,601 |
| (F1) EPS Est 1 week change | 0.00% | 0.00% | 0.00% | 0.00% |
| (F1) EPS Est 4 week change | -18.64% | -18.64% | 0.00% | 0.00% |
| (F1) EPS Est 12 week change | -75.00% | -75.00% | 0.69% | -1.56% |
| (Q1) EPS Est Mthly Chg | -47.27% | -47.27% | 0.00% | 0.00% |

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

| | |
|----------------|----------|
| Value Score | A |
| Growth Score | F |
| Momentum Score | D |
| VGM Score | C |

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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