

# Lenovo Group Delivers Solid Results with Diversified Growth Engines and Operational Excellence

*Group revenue from non-PC businesses reaches 41%, (SSG) and (ISG) achieve record highs, and all main business groups contribute to operating profit.*

SAN JOSE, CALIFORNIA, USA, June 21, 2023 /EINPresswire.com/ -- Lenovo Group (HKSE: 992) (ADR: LNVGY) announced today its third-quarter results for the fiscal year 2022/23, reporting a group revenue of US\$15.3 billion and net income of US\$437 million. The company's diverse growth

engines, including the Solutions and Services Group (SSG) and Infrastructure Solutions Group (ISG: <https://www.lenovo.com/us/en/d/deals/servers/> ), drove revenue to record highs of US\$1.8 billion and US\$2.9 billion, respectively, representing year-on-year growth of 23% and 48%. Additionally, all main business groups contributed to operating profit for the fifth consecutive quarter.



Group revenue from non-PC businesses reaches 41%, (SSG) and Infrastructure Solutions Group (ISG) achieve record highs, and all main business groups contribute to operating profit."

*Resultfirst*

Despite macroeconomic pressures faced by the industry, Lenovo sees long-term opportunities as global digitalization and intelligent transformation trends continue to accelerate. The company expects IT spending to recover to a moderate growth rate in the mid-to-long term. In the PC sector, Lenovo observed strong real demand, surpassing industry shipment data, as reflected by activation data in 2022. The company anticipates a resumption of year-on-year growth in the second half of the calendar year, with end-user demand expected to

surpass pre-Covid levels.

Lenovo remains committed to strengthening its cost competitiveness through proactive



measures, including investing in high-margin growth engines and reducing operational expenses. The company maintains a strong cash balance, continuously improves its cash conversion cycle, reduces channel inventory, and makes investments in research and development and sustainability. Lenovo aims to double profitability in the medium term.

#### Financial Highlights:

Group Revenue: US\$15,267 million (Q3 22/23), compared to US\$20,127 million (Q3 21/22), representing a decrease of 24%.

Pre-tax income: US\$605 million (Q3 22/23), compared to US\$855 million (Q3 21/22), representing a decrease of 29%.

Net Income (profit attributable to equity holders): US\$437 million (Q3 22/23), compared to US\$640 million (Q3 21/22), representing a decrease of 32%.

Basic earnings per share: US\$3.65 (Q3 22/23), compared to US\$5.50 (Q3 21/22), representing a decrease of US\$1.85.

Lenovo's Chairman and CEO, Yuanqing Yang, commented on the results, stating, "Today's solid results demonstrate that our service-led transformation strategy is paying off. Our diversified growth engines, which now account for over 40% of our group revenue, are driving solid profitability. Despite the complex macro environment, we retained our market leadership in PCs. I remain confident that our clear strategy, operational resilience, healthy liquidity, and continued investment in innovation will ensure we can deliver long-term sustainable growth and improved profitability.

#### Solutions and Services Group (SSG): Record Revenue and High Margin

Q3 FY22/23 performance: SSG revenue grew by 23% year-on-year to US\$1.8 billion, with an operating margin of 20.2% and operating profit up 12% year-on-year.

The revenue mix from non-hardware-centric solutions and services achieved a record of 53%, with managed services almost doubling year-on-year, driven by TruScale Everything as a Service.

Lenovo's SSG and ISG segments are strategically positioned to tap into substantial market opportunities. The IT services market, estimated at a trillion dollars, is projected to maintain strength in the mid-to-long term, particularly in managed services for cloud, on-prem, and edge solutions. Vertical solutions and services in education, smart retail, smart city, and

manufacturing are also expected to grow at a significant compound annual growth rate (CAGR).

SSG achieved record revenue of US\$1.8 billion in the last quarter, with an operating margin of 20.2%. The segment's revenue mix from non-hardware-centric solutions and services reached a record 53%, driven by strong growth in managed services, including TruScale Everything as a Service.

ISG reported a historic high revenue of US\$2.9 billion, representing a remarkable 48% year-on-year growth. The segment's operating profit more than doubled to reach an all-time high of US\$43 million. Lenovo's server revenue grew by 35%, making it the third-largest server company globally.

The company is known for different sever solutions, such as storage servers (<https://www.lenovo.com/us/en/servers-storage/storage/>) tower servers, edge servers, rack servers (<https://www.lenovo.com/us/en/c/servers-storage/servers/racks/>) and Data Center Servers.

Diversified growth engines and operational excellence drive profitability

Revenue from non-PC businesses reaches a record high of 41%

Solutions and Services Group (SSG) and Infrastructure Solutions Group (ISG) achieve significant revenue growth.

Proactive measures taken to strengthen cost competitiveness.

Long-term opportunities anticipated in the digitalization and intelligent transformation trends.

PC sector expected to resume year-on-year growth in the second half of the calendar year.

Lenovo continues to strengthen its cost competitiveness through proactive measures, including investments in high-margin growth engines and the reduction of operational expenses. The company maintains a strong cash balance, improved cash conversion cycle, reduced channel inventory, and continued investments in research and development (R&D) and sustainability. Lenovo remains committed to doubling profitability in the medium-term.

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