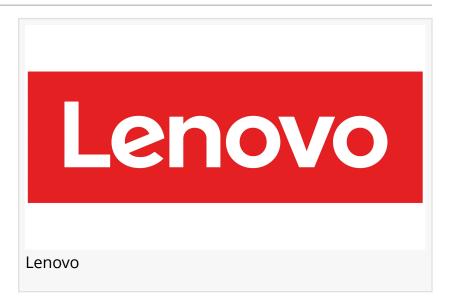


Lenovo Group Delivers Solid Results with Diversified Growth Engines and Operational Excellence

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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