

Lenovo says quarterly profit nearly doubles

August 18 2011, By JOE McDONALD , AP Business Writer



In this May 26, 2011 file photo, from left, Lenovo Group Limited President and Chief Operating Officer Rory Read, Chief Executive Officer Yang Yuanqing, Chairman of the Board Liu Chuanzhi and Chief Financial Officer Wong Wai Ming, show Lenovo products before announcing its fiscal profit in Hong Kong. Lenovo Group, the world's No. 3 personal computer manufacturer, said Thursday, Aug. 18, 2011, its profit in the latest quarter nearly doubled on strong sales in emerging markets. Profit for the three months ending June 30 was \$108 million, or 1.11 U.S. cents per share, up 98 percent from a year ago, the company said. (AP Photo/Kin Cheung, File)

(AP) -- Lenovo Group, the world's No. 3 personal computer manufacturer, said Thursday its quarterly profit nearly doubled on strong emerging market sales.

The results come as Lenovo expands into mobile Internet, competing with Apple Inc. and other foreign rivals, and in developed markets with an acquisition this year in Germany and a joint venture in Japan.

Profit for the three months ending June 30 was \$108 million, or 1.11 U.S. cents per share, up 98 percent from a year earlier, Lenovo said. It said sales rose 15 percent from the same period last year to a quarterly record of \$5.9 billion and [global market share](#) hit a high of 12.2 percent.

Lenovo, which acquired IBM Corp.'s PC unit in 2005, overtook Taiwan's Acer Group this year to become the third-largest [PC vendor](#), according to International Data Corp.

After spending the past two years focusing on expanding sales, Lenovo is changing strategy to give equal emphasis to profits, said CEO Yang Yuanqing in a conference call with reporters.

"We will continue to invest in capturing growth in emerging markets while focusing on improving profitability," Yang said.

Lenovo entered wireless Internet last year and has launched smartphones and Web-linked [tablet computers](#) in competition with Apple, South Korea's [Samsung Electronics](#) Corp. and Taiwan's HTC Corp. It unveiled a low-priced smartphone last week to target developing markets.

The company's tablet shipments in China have lagged behind Apple's popular [iPad](#) but Yang said that was due partly to supply constraints. He said the company is aiming to achieve a 20 percent share in that market within a year.

Lenovo said PC shipments in Africa, Latin America and other [emerging markets](#) rose 45.7 percent in the latest quarter over a year earlier.

In China, which provides nearly half of Lenovo's sales, [PC shipments](#) rose 23.4 percent in the quarter.

Shipments in North America rose 30.8 percent while those in Japan were

up 14 percent.

In a reflection of Lenovo's growth in mature markets such as Europe and the United States, they provided \$77 million of the [quarterly profit](#), compared with a \$9 million loss a year earlier, said chairman Liu Chuanzhi.

"This is a major improvement," Liu said on the conference call.

Lenovo announced its acquisition of Germany's Medion AG, a maker of multimedia products and consumer electronics, in June. It said that would make it the second-largest PC vendor in Europe's biggest computer market.

Also this year, Lenovo launched a joint venture with Japan's NEC Corp., expanding its presence in the Japanese market.

In June, the company announced that Yang, the CEO, bought 797 million shares in Lenovo from its parent company, Legend Holdings Ltd. That made him its second-largest owner after the holding company, with an 8 percent stake.

Liu said that reflected Lenovo's desire for its top managers to have an ownership stake in the company, which he said would improve performance. Executives on Thursday's conference call did not respond to a question about whether further share purchases by management were expected.

©2011 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Lenovo says quarterly profit nearly doubles (2011, August 18) retrieved 12 September 2024 from <https://phys.org/news/2011-08-lenovo-quarterly-profit.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.