

Lenovo profit up 23 percent on mobile growth

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Lenovo Group, the world's biggest personal computer maker, said Thursday its latest quarterly profit rose 23 percent on strong growth in sales of smartphones and other mobile devices.

The company said it earned \$214 million, or \$2.06 per share, in the three months ended June 30. Global [revenue](#) rose 18 percent to \$10.4 billion.

Sales of [mobile devices](#) rose 32 percent over a year earlier to \$1.6 billion. The company is investing heavily in smartphones, tablet computers and other wireless devices, and has said it expects mobile sales to be the bulk of its future revenue.

Lenovo, based in Beijing and in Research Triangle Park, North Carolina, expanded its market presence by acquiring part of IBM Corp.'s server business in January for \$2.3 billion. A week later, it bought the Motorola Mobility smartphone business from Google Inc. for \$2.9 billion.

With those acquisitions and the recovery of the PC market, "we see even more opportunity to keep growing rapidly," said chairman Yang Yuanqing in a statement.

Sales of Lenovo's traditional desktop PCs rose 20 percent to \$3 billion, accounting for 29 percent of total revenue. The company said shipments rose 12.1 percent over a year earlier, compared with an industry average of 2.4 percent.

"We believe Lenovo's PC business will remain solid given the better global PC outlook. We expect Lenovo to continue to gain market share," said Kirk Yang and Ric Cheng of Barclays in a report. "Its [smartphone](#) shipment momentum is likely to pick up."

Still, they cautioned that Lenovo's strength in its home China market, where it has experience and strong distributor relationships, "is not easily replicated" abroad.

Revenue in China rose 2 percent to \$3.8 billion, or 36 percent of the total. Revenue in the United States and the rest of the Americas rose 19 percent to \$2.2 billion while combined revenue for Europe, the Middle East and Africa rose 27 percent to \$2.8 billion.

The company said it rose to No. 3 among global [tablet computer](#) suppliers.

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