

Lenovo profit falls five percent after Motorola acquisition

February 3 2015

Lenovo Group said Tuesday its quarterly profit declined 5 percent, reflecting the computer maker's acquisition of the unprofitable Motorola mobile phone business.

The company said it earned \$253 million, or \$2.30 per share, in the three months through December. Revenue rose 31 percent to \$14.1 billion.

The profit decline reflected the integration of Motorola into Lenovo. The acquisition closed in October and Lenovo included two months of Motorola's operations in its results.

Lenovo said its transformation into a supplier of a [mobile devices](#) and enterprise products was proceeding quickly. Mobile devices accounted for 24 percent of revenue, while the share from personal computers declined to 65 percent from 81 percent.

Lenovo, based in Beijing and in Research Triangle Park, North Carolina, also acquired IBM Corp.'s low-end server business in September.

"The two newly acquired businesses are achieving great momentum in their first quarter of integration. They are definitely becoming our growth engines," said chairman Yang Yuanqing in a statement.

Lenovo says that combined with Motorola it is the world's third-largest smartphone producer, behind Apple and Samsung. It said Motorola, which re-launched its brand in China in January following a two-year

absence, sold 10 million phones during the quarter for the first time.

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