

LENOVO GROUP: THIRD QUARTER FINANCIAL RESULTS 2024/25

Lenovo delivers strong performance driven by AI – growth and momentum across all core businesses

The Lenovo logo is a red vertical rectangle with the word "Lenovo" written in white, oriented vertically from bottom to top.

February 20, 2025 – Lenovo Group Limited (HKSE: 992) (ADR: LNVGY), together with its subsidiaries (‘the Group’), today announced Q3 results for fiscal year 2024/25, reporting significant increases in overall group revenue and profit. Revenue grew 20% year-on-year to US\$18.8 billion, marking the third consecutive quarter of double-digit growth. Net income more than doubled year-on-year to US\$693 million (including a non-recurring income tax credit of US\$282 million) on a Hong Kong Financial Reporting Standards (HKFRS) basis. The Group’s diversified growth engines continue to accelerate, with non-PC revenue mix up more than four points year-on-year to 46%. The quarter’s results were driven by the Group’s focused hybrid-AI strategy, the turnaround of the Infrastructure Solutions Group, as well as double-digit growth for both the Intelligent Devices Group and Solutions and Services Group.

Lenovo continues to invest in R&D, with R&D expenses up nearly 14% year-on-year to US\$621 million. At the recent global technology event CES 2025, [Lenovo launched a series of innovative products](#), including the world’s first rollable AI laptop, the world’s first handheld gaming device that allows gamers free choice of Windows OS or Steam OS, as well as Moto AI - winning 185 industry awards for its portfolio of innovation.

The Group’s innovation investment is focused on AI, specifically building a foundational AI technology platform, driving breakthroughs in agentic AI, as well as continuously developing technologies and their applications into products. It is leading in personal AI with its AI device innovations, while at the same time proactively leveraging hybrid infrastructure and the Lenovo Hybrid AI Advantage to build enterprise AI. It believes the current AI boom is creating enormous opportunities for devices, infrastructure and services – as higher inferencing efficiency and lower computing power cost is democratizing the application of AI. Aligned with the Group’s hybrid AI strategy, this will not only accelerate the maturity process of device AI and edge AI, but also promote and accelerate the deployment, customization, and Return on Investment (ROI) of enterprise AI.

Looking ahead, Lenovo remains committed to driving growth through continued investment in hybrid AI innovation. The Group is confident that its global, flexible, and resilient supply chain—along with its [manufacturing expansion in the Middle East](#) with Alcatel and strategic technology partnerships with [Formula 1®](#) and [FIFA](#)—will enable it to navigate any macroeconomic uncertainties successfully. With strong momentum demonstrated in the third quarter, Lenovo is optimistic about sustaining its growth and profitability.

Chairman and CEO quote – Yuanqing Yang:

"Lenovo’s revenue and profit both achieved significant growth last quarter, with strong performance across all core businesses. Notably, the ISG business returned to profitability and the smartphone business experienced rapid growth. AI technology, with higher efficiency and lower costs, is accelerating the maturation of personal AI, particularly on-device AI and edge AI. It has also accelerated enterprise adoption of AI. This aligns perfectly with the direction of hybrid AI we've been driving and leading. Looking ahead, our continued investment in innovation, combined with our exceptional and resilient global operations, positions us well for sustained and profitable growth in the future."

Financial Highlights:

	Q3 FY 24/25 US\$ millions	Q3 FY 23/24 US\$ millions	Change
Group Revenue	18,796	15,721	20%
Pre-tax income	517	471	10%
Net Income (profit attributable to equity holders)	693	337	106%
Net Income (profit attributable to equity holders – non-HKFRS) [1]	430	357	20%
Basic earnings per share (US cents)	5.66	2.81	2.85

Intelligent Devices Group (IDG): Double-digit revenue growth, leading in AI devices

Q3 FY24/25 performance:

- IDG delivered a strong quarter of double-digit year-on-year revenue growth, with revenue of US\$13.8 billion, up 12% year-on-year.
- The PC business strengthened its market leadership position to 24.3% market share, further widening the lead to the number two player to almost five points, while maintaining industry leading profitability.
- Smartphones continued with strong growth, with double-digit revenue growth year-on-year and hypergrowth in both Asia Pacific and EMEA markets.
- Looking ahead, IDG will continue to drive the convergence of more powerful computing and more efficient models into a broad array of devices, while continuing to drive form factor innovation. Additionally, it will optimize AI agent capabilities, enhance multi-device connectivity, and build application ecosystems to provide seamless user experiences across devices and ecosystems.

Infrastructure Solutions Group (ISG): Fast growth, breaking even, heading to profitable growth

Q3 FY24/25 performance:

- ISG delivered an almost 60% increase in revenue year-on-year for the quarter, achieving break-even with revenue of US\$3.9 billion.
- The results were driven by continued hyper-growth in the Cloud Services Provider (CSP) business, as well as steady growth in the enterprise and SMB (E/SMB) business.
- Revenue from ISG's AI server business and industry-leading Lenovo Neptune liquid cooling solutions made strong contributions in the quarter, with AI server revenue growing steadily and Neptune expanding beyond supercomputing and academia to wider vertical industries.
- Looking ahead, ISG expects greater demand for hybrid infrastructure given the wider growth of AI, in particular demand for public clouds as well as on-premises data centers, private clouds, and edge computing. The business group is confident that it will achieve sustainable profitable growth thanks to its clear strategy, further simplification of its product portfolio, strengthening its go-to-market capabilities, and optimizing its E/SMB business model.



Solutions and Services Group (SSG): Record revenue and high profitability, building the Lenovo Hybrid AI Advantage capabilities

Q3 FY24/25 performance:

- SSG extended its double-digit year-on-year revenue growth streak to 15 straight quarters, with revenue of US\$2.3 billion and an operating margin of 20%.
- AI-powered solutions also drove momentum for hardware-attached services, with an elevated user experience, leveraging Lenovo’s hardware expertise.
- Revenue from non-hardware solutions and services remained SSG’s strong profit engine and continues to grow. The combined revenue mix from non-hardware-tied businesses grew five points year-on-year to account for nearly 60% of SSG’s revenue.
- The AI solution business is gaining traction and building lighthouse cases for global customers, including delivering an enterprise AI agent platform.
- Looking ahead, SSG continues to build capabilities under the Lenovo Hybrid AI Advantage framework, and drive premium to market growth across all offerings.

ESG and corporate highlights

Achievements, announcements, and notable commitments over the past quarter include:

- Lenovo [was named as FIFA’s official technology partner](#), FIFA’s top tier sponsorship category – in a deal that includes the FIFA World Cup 2026™ in Canada, Mexico, and the United States, and the FIFA Women’s World Cup 2027™ in Brazil.
- The Group was [honored in prestigious ESG and Corporate Governance awards](#), including receiving the Gold Award in the Most Sustainable Companies/Organizations category of the Best Corporate Governance and ESG Awards, organized by the Hong Kong Institute of Certified Public Accountants. It also received an Award of Excellence in Corporate Governance and Award of Excellence in ESG under the Hang Seng Index Constituent Companies category of the “Hong Kong Corporate Governance and ESG Excellence Awards 2024”, organized by the Chamber of Hong Kong Listed Companies and Hong Kong Baptist University.
- [EcoVadis rated Lenovo](#) in the top 1% of all companies, awarding the company with a Platinum medal, underscoring its commitment and leadership of sustainability.

[1] Non-HKFRS measure was adjusted by excluding net fair value changes on financial assets at fair value through profit or loss, amortization of intangible assets resulting from mergers and acquisitions, impairment and write-off of intangible assets, one-time income tax credit; and the corresponding income tax effects, if any.

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About Lenovo

Lenovo is a US\$57 billion revenue global technology powerhouse, ranked #248 in the Fortune Global 500, and serving millions of customers every day in 180 markets. Focused on a bold vision to deliver Smarter Technology for All, Lenovo has built on its success as the world’s largest PC company with a full-stack portfolio of AI-enabled, AI-ready, and AI-optimized devices (PCs, workstations, smartphones, tablets), infrastructure (server, storage, edge, high performance computing and software defined infrastructure), software, solutions, and services. Lenovo’s continued investment in world-changing innovation is building a more equitable, trustworthy, and smarter future for everyone, everywhere. Lenovo is listed on the Hong Kong stock exchange under Lenovo Group Limited (HKSE: 992) (ADR: LNVGY). To find out more visit <https://www.lenovo.com>, and read about the latest news via our [StoryHub](#).

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LENOVO GROUP LIMITED

FINANCIAL SUMMARY
For the quarter ended December 31, 2024
(in US\$ millions, except per share data)

	Q3 24/25	Q3 23/24	Y/Y CHG
Revenue	18,796	15,721	20%
Gross profit	2,959	2,601	14%
Gross profit margin	15.7%	16.5%	(0.8) pts
Operating expenses	(2,271)	(1,988)	14%
R&D expenses (included in operating expenses)	(621)	(547)	14%
Expenses-to-revenue ratio	12.1%	12.6%	(0.5) pts
Operating profit	688	613	12%
Other non-operating income/(expenses) - net	(171)	(142)	20%
Pre-tax income	517	471	10%
Taxation	184	(94)	N/A
Profit for the period	701	377	86%
Non-controlling interests	(8)	(40)	(80%)
Profit attributable to equity holders	693	337	106%
Profit attributable to equity holders- non-HKFRS [1]	430	357	20%
EPS (US cents)			
Basic	5.66	2.81	2.85
Diluted	5.35	2.64	2.71

