# Lenovo Mobile Sales Drive Profit Growth

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BEIJING (AP) — Lenovo Group says it is evolving quickly into a supplier of wireless computing, driven by booming sales of smartphones and tablets as consumers shift away from desktop computers.

Sales of wireless devices rose 105 percent in the three months ended June 30, driving a 23 percent rise in profit to $174 million, Lenovo announced Thursday. Total revenue rose 10 percent to $8.8 billion.

Lenovo was declared the No. 1 personal computer maker in the latest quarter by research firms Gartner and IDC. But that came as global PC shipments fell for a fifth straight quarter, highlighting the rapid consumer shift to mobile.

"We actually sold more smartphones and tablets than PCs in this quarter for the first time ever," said CFO Wong Wai Ming in a conference call with reporters.

PC shipments were flat and their share of total revenue fell to 28 percent. Laptop sales, which account for 52 percent of revenue, rose 4.7 percent. Mobile devices supplied 14 percent of revenue.

"We are impressed by Lenovo's strong execution," said Barclay's analysts in a report. "It is the only Asia PC company that is able to deliver market expectation results, facing strong headwinds from concerns about global PC and smartphone demand, as well as a slowdown of China's economy."

Lenovo, with headquarters in Beijing and in Research Triangle Park, North Carolina, broke into the wireless market with the 2010 launch of its first smartphone.

It has since released more phones and Web-linked tablets to compete with Apple Inc., South Korea's Samsung Electronics Corp. and Taiwan's HTC Corp.

An update of its Thinkpad laptop released last year was designed to appeal to tablet users with features that mimic the quick startup and response times of mobile devices.

Other traditional technology leaders are also scrambling to shift emphasis to mobile products and to diversify into services as well as hardware.

Sales in China rose 5.6 percent to $3.7 billion, providing 42 percent of revenue. In

the United States and the rest of the Americas, sales grew 29 percent to $1.9 billion.

Worldwide PC shipments declined 11 percent in the April-June period, according to Gartner and IDC.

In smartphones, Lenovo said it became the world's fourth-largest vendor during the quarter. Global sales rose 132 percent.

This year's sales target is 50 million smartphones and 10 million tablets, said chairman Yang Yuanqing. He said Lenovo is "very confident" it can meet that after the latest quarter.

"We are transforming our company into a 'PC Plus company' at full speed," said Yang on the conference call

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