Strategic Partnership
- With PCCW to create a technology solutions business

June 2022
Strategic Partnership to Accelerate Service-led Transformation

- **Partnership**: Lenovo will acquire
  - 80% of PCCW Lenovo Technology Solutions (PLTS) shares¹
  - 20% of PCCW Network Services shares
- **Total Consideration**: US$614 million
  - 84% cash (US$514 million)
  - 16% Lenovo stock (US$100 million, new shares issued at HK$9.025 per share, representing a premium of 19%, based on the close of trading as of 14 June, 2022)
- **Expected Closing**: By end of 2QFY23

Note: 1. Total effective ownership of PLTS is 84% through a combination of direct and indirect shareholding. 2. Solutions and Services Group

Strategic Partnership Framework

- PLTS will focus on servicing existing customers and expanding the business across the Asia Pacific region as well as enhancing SSG² capabilities in high growth verticals
- Through PCCW Network Services, will have an indirect interest in PCCWS, which will primarily focus on serving public sector customers in Hong Kong
- PLTS shall have the delivery capabilities to service existing and new customers
Structural Megatrends Driving Growth in NEW IT Services

### Workforce Transformation
- Organization accelerated priority shift to improving efficiency since the pandemic, resulting higher investment in IT services
- Global IT services to grow by 6.8% in 2022

### Digital Transformation
- Accelerated deployment of new technologies, such as IoT and cloud
- Hybrid cloud market CAGR 18.6% in 2020-26

### Business Complexity
- Increased demand for complex solutions to meet rising infrastructure complexity and business transformation
- Industry specific solution services growing at 17.4% CAGR 21-24

Industry megatrends are driving the growing need for IT services and improved IT infrastructure

Note: 1 Gartner; 2. Industry Research
Strategic Rationale

O1 Create a new leader
✓ Create a leading Services franchise across pan-Asia on the basis of service talents, solutions, and customer base

O2 Scale and capability
✓ Expand scale and solution capabilities, with unique strength focused on digital and business transformation for enterprises

O3 Vertical diversification
✓ Diversified and strong vertical expansion to Communication, Public Sector, and Financial Services

O4 Enlarged market access
✓ Enlarged addressable market for Lenovo’s SSG by penetrating the IT service need of broad commercial client base

Sustainable Growth Trajectory
A Win-Win Combination

Immediate top-line contribution at accretive margins to Lenovo; increase SSG’s market share in the US$69Bn IT services and BPO¹ total addressable market²

Market Position: the #1 IT services company in Hong Kong SAR², with proven managed service capabilities, patents and strong track record

Complementary Talent
• ~4,100 highly trained talent for service delivery; Experienced management team; 94% of workforce is IT service professionals
• Lift SSG service talent pool by 160%

Customer Base: 300+ blue-chip client base from diversified verticals and long-standing customer relationships of up to 20+ years. Complementary customer base helping to accelerate SSG’s growth in Asia Pacific (AP)

Vertical Expansion: Stronghold verticals in Telcom, Transportation, Public Sector, and Financial Services with domain know-how

Synergies
• Drive solutions cross-sell
• Lenovo Group’s strong brand, global footprint, and channel network to provide significant long-term upside for the strategic partnership and SSG
• Potential for integrating delivery capabilities and improving efficiency

Notes: 1. Business Process Outsourcing; 2. Industry Research

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thanks.