

Smarter technology for all

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

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

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

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 2022¹



Digital Transformation

- Accelerated deployment of new technologies, such as IoT and cloud
- Hybrid cloud market CAGR 18.6% in 2020-26²



Business Complexity

- Increased demand for complex solutions to meet rising infrastructure complexity and business transformation
- Industry specific solution services growing at 17.4% CAGR 21-24²

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

Smarter
technology
for all

Lenovo

thanks.