

## Better Than Expected Q2 for IBM

Written by Marco Attard  
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IBM beats analyst expectations in Q2 2013, even if net income drops by -17.% Y-o-Y (from \$3.9 billion in Q2 2012 to \$3.2bn) due to a "workforce rebalancing" charge (read "layoffs") worth \$1bn.



Big Blue sales reach \$24.92bn with a -3.3~% Y-o-Y decline, an improvement over the -5.1% drop seen in Q1 2013.

"The workforce restructuring had significant impact on our year-to-year profits," IBM CFO Mark Loughridge says. The so-called "restructuring" involved the firing of over 3000 employees according to IBM employee organisation Alliance@IBM.

IBM EMEA sales remain flat at \$7.8bn, if with growth in the UK and Spain.

The company hints at a "larger divestiture project" getting pushed to 2014. Maybe [Lenovo is going to buy the IBM x86 server business](#) after all?

Meanwhile the IBM Systems and Technology Group (makers of servers, storage, networking

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equipment and chips) sees sequential improvement in Q2 2013, with sales reaching \$3.76bn with a -11.8% Y-o-Y drop (from -17% Y-o-Y decline and \$405 million pretax loss in Q1 2013), an improvement in part due to a 10% Y-o-Y increase in mainframe revenues and aggregate mainframe capacity shipments growing by 23%.

Power Systems sales drop by -25% Y-o-Y, combined disk and tape storage revenues fall by -7% and OEM microelectrics revenues grow by 6%. Software is another bright spot for IBM, with sales growing by 4.1% to \$6.43bn through growing WebSphere middleware, database, Tivoli systems management and security, Rational development tools and Social Workforce Solutions (Lotus groupware plus Kenexa talent management apps) revenues.

Global Technology Services revenues drop by -5% to \$9.5bn and Global Business Services revenues are down by -1% to \$4.6bn.

As for the future, IBM expects the workforce restructuring to "yield" by Q3 2013 and continue throughout Q4 2013 and Q1/Q2 2014.

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