

Full Year

IBM Income Statement

Jan-09

Income Statements	2006		2007		2008 Actual			2009 Forecast		
	Actual	% of	Actual	% of	Forecast	% of	Change	Forecast	% of	Change
	(\$ Mill)	Sales	(\$ Mill)	Sales	(\$ Mill)	Sales	08/07	(\$ Mill)	Sales	09/08
Revenue:										
Hardware	21,970	24.0%	21,315	21.6%	19,287	18.6%	-9.5%	17,744	16.8%	-8.0%
Global Business Services	15,969	17.5%	18,041	18.3%	19,628	18.9%	8.8%	20,217	19.2%	3.0%
Global Technology Services	32,322	35.4%	36,105	36.5%	39,264	37.9%	8.7%	40,442	38.4%	3.0%
Software	18,161	19.9%	19,980	20.2%	22,089	21.3%	10.6%	23,636	22.4%	7.0%
Other	637	0.7%	842	0.9%	803	0.8%	-4.6%	803	0.8%	0.0%
Global Financing	<u>2,365</u>	<u>2.6%</u>	<u>2,502</u>	<u>2.5%</u>	<u>2,559</u>	<u>2.5%</u>	<u>2.3%</u>	<u>2,482</u>	<u>2.4%</u>	<u>-3.0%</u>
Total Revenue	91,424	100.0%	98,786	100.0%	103,630	100.0%	4.9%	105,324	100.0%	1.6%
Costs										
Cost of Hardware	13,686	15.0%	12,854	13.0%	11,946	11.5%	-7.1%	11,001	10.4%	-7.9%
Cost of Business Services	12,278	13.4%	13,804	14.0%	14,385	13.9%	4.2%	13,543	12.9%	-5.9%
Cost of Technology Services	22,713	24.8%	25,293	25.6%	26,464	25.5%	4.6%	27,877	26.5%	5.3%
Cost of Software	2,690	2.9%	2,969	3.0%	3,232	3.1%	8.8%	3,545	3.4%	9.7%
Other	601	0.7%	805	0.8%	694	0.7%	-13.7%	723	0.7%	4.1%
Global Financing	<u>1,177</u>	<u>1.3%</u>	<u>1,333</u>	<u>1.3%</u>	<u>1,247</u>	<u>1.2%</u>	<u>-6.5%</u>	<u>1,489</u>	<u>1.4%</u>	<u>19.5%</u>
Total Costs	53,145	58.1%	57,057	57.8%	57,967	55.9%	1.6%	58,180	55.2%	0.4%
Gross Profit	38,297	41.9%	41,729	42.2%	45,661	44.1%	9.4%	47,144	44.8%	3.2%
SG&A Expenses	20,259	22.2%	22,060	22.3%	23,386	22.6%	6.0%	23,171	22.0%	-0.9%
RD&E Expenses	<u>6,107</u>	<u>6.7%</u>	<u>6,153</u>	<u>6.2%</u>	<u>6,337</u>	<u>6.1%</u>	<u>3.0%</u>	<u>6,530</u>	<u>6.2%</u>	<u>3.0%</u>
Total Costs & Expenses	79,511	87.0%	85,270	86.3%	87,691	84.6%	2.8%	87,881	83.4%	0.2%
Operating Income	11,931	13.1%	13,516	13.7%	15,939	15.4%	17.9%	17,443	16.6%	9.4%
Intellectual Property Income	-900	-1.0%	-958	-1.0%	-1,153	-1.1%	20.4%	-1,176	-1.1%	2.0%
Other Income	-766	-0.8%	-626	-0.6%	-298	-0.3%	-52.4%	-304	-0.3%	2.0%
Interest Expenses	278	0.3%	611	0.6%	673	0.6%	10.1%	707	0.7%	5.0%
Earnings Before Tax	13,319	14.6%	14,489	14.7%	16,715	16.1%	15.4%	18,216	17.3%	9.0%
Tax/Rate	3,901	29.3%	4,071	28.1%	4,381	26.2%	7.6%	5,829	32.0%	33.1%
Net Earnings	9,418	10.3%	10,418	10.5%	12,334	11.9%	18.4%	12,387	11.8%	0.4%
Disco'd ops, acct change	76									
Net Earnings (Loss)	9,494	10.4%	10,418	10.5%	12,334	11.9%	18.4%	12,387	11.8%	0.4%
No. of Shares (Mill)	1,530.8		1,423.0		1,359.8		-4.4%	1,332.6		-2.0%
Earnings/Share (Basic)	6.20		7.32		9.07		23.9%	9.30		2.5%

Source: Annex Research