

2012/13 Q1 Results

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THOSE
WHO DO.™



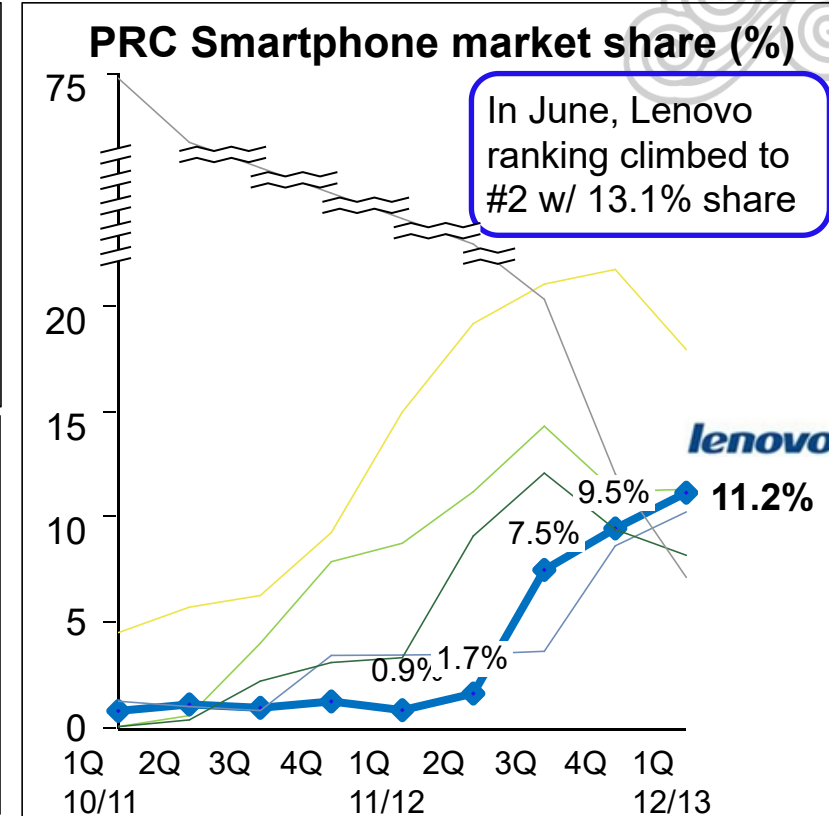
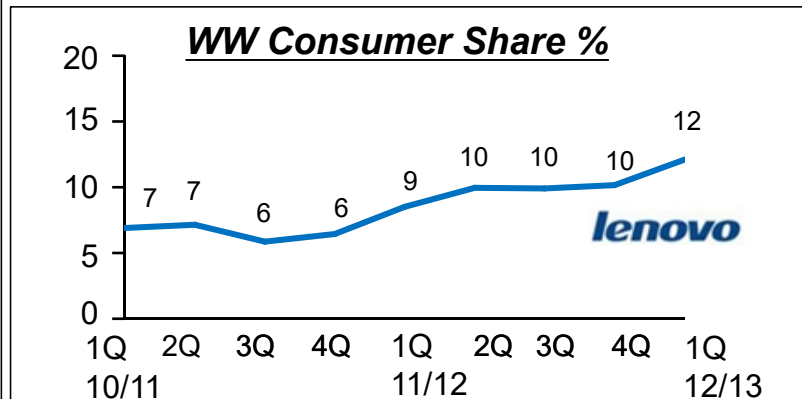
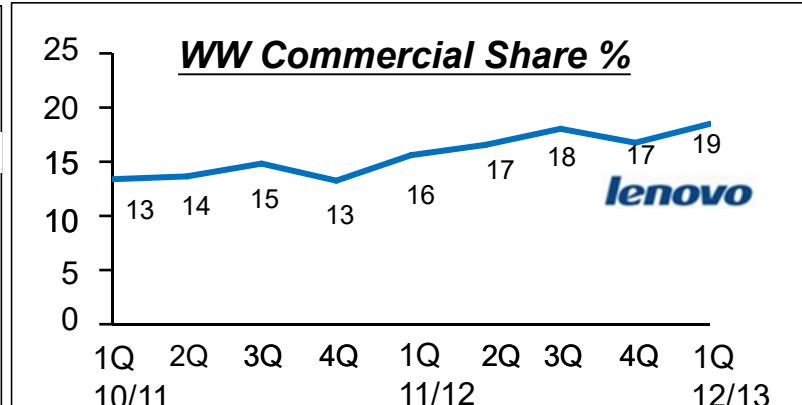
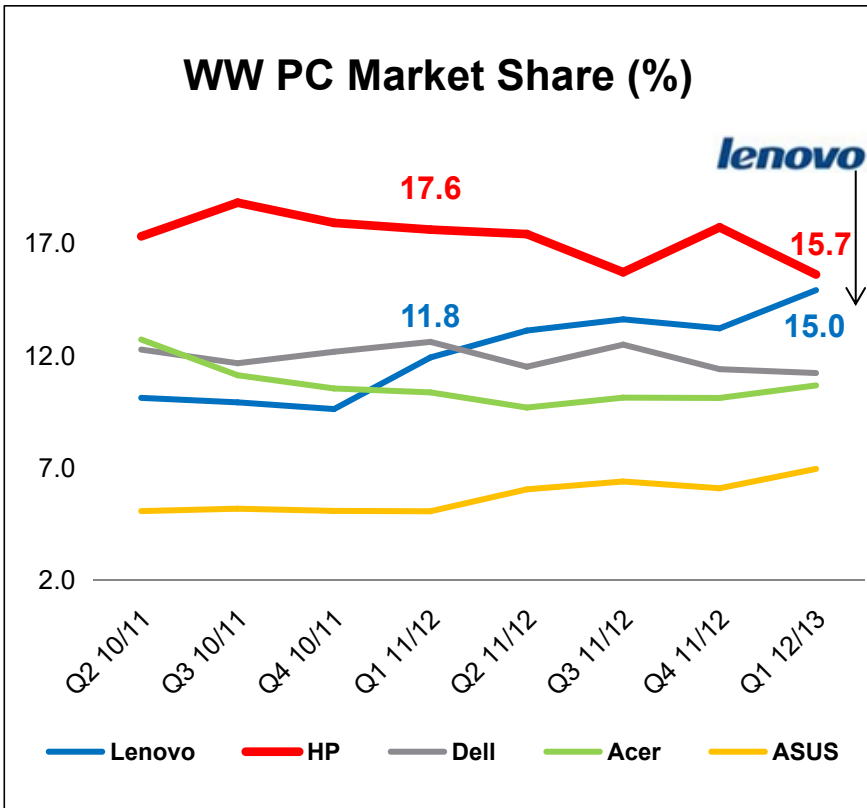
Yang Yuanqing

Chairman & CEO

Our Momentum Gets Stronger and More Balanced

Strong Growth

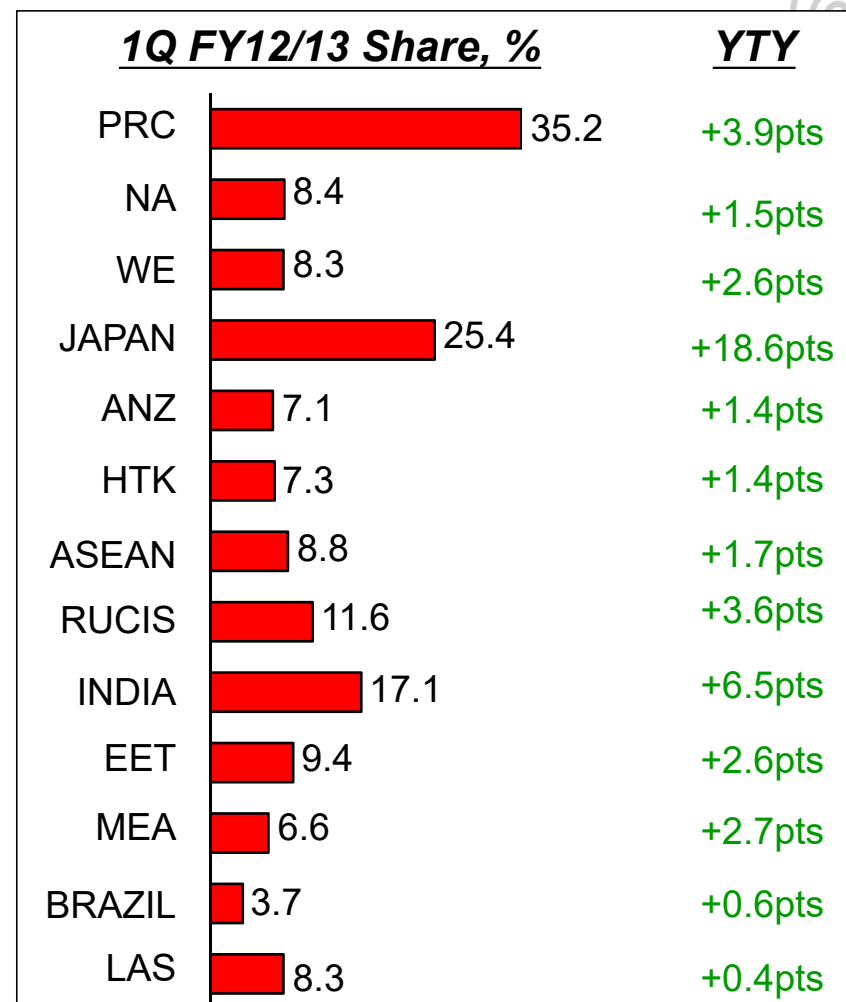
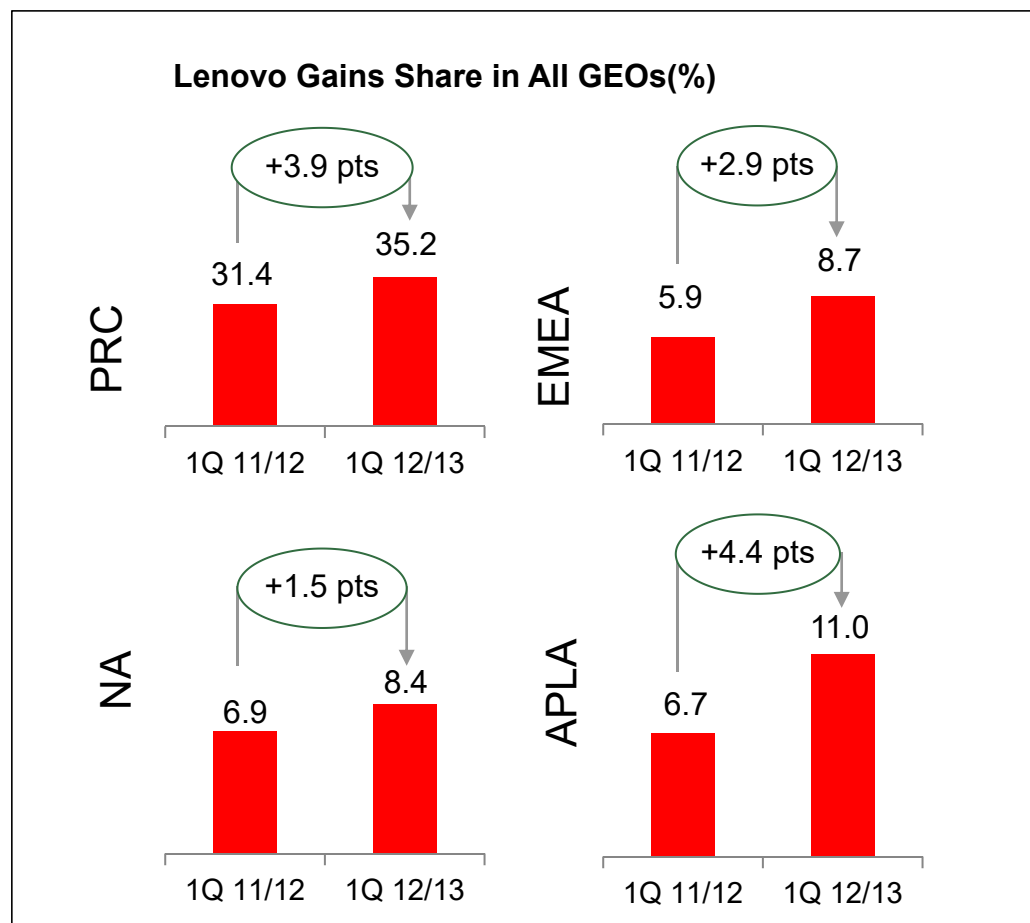
- Record market share, closed gap with #1 to less than a point
- Record market share in customer and product segments
- Record market share in smartphones in China, reached #2 for the first time



Our Momentum Gets Stronger and More Balanced

Strong Growth

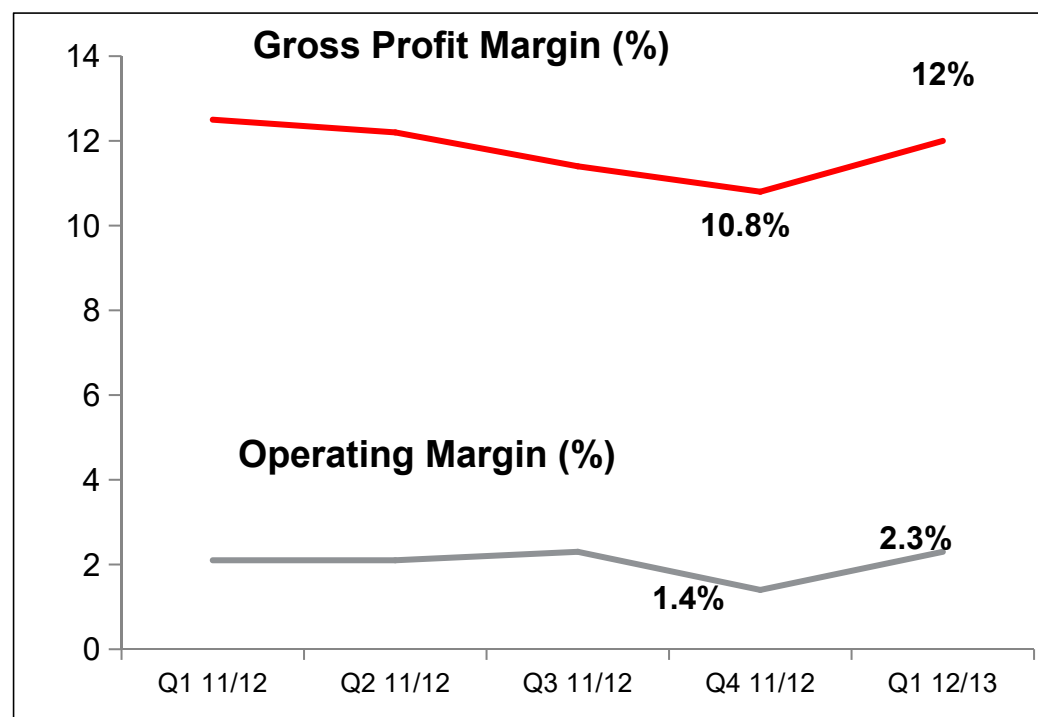
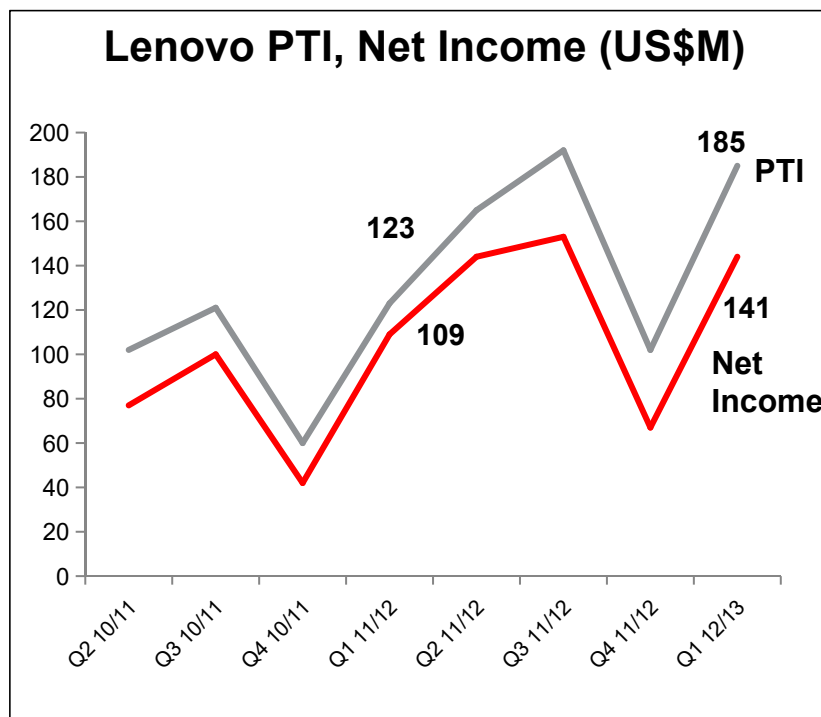
- 4 GEOs all deliver stellar performance



Our Momentum Gets Stronger and More Balanced

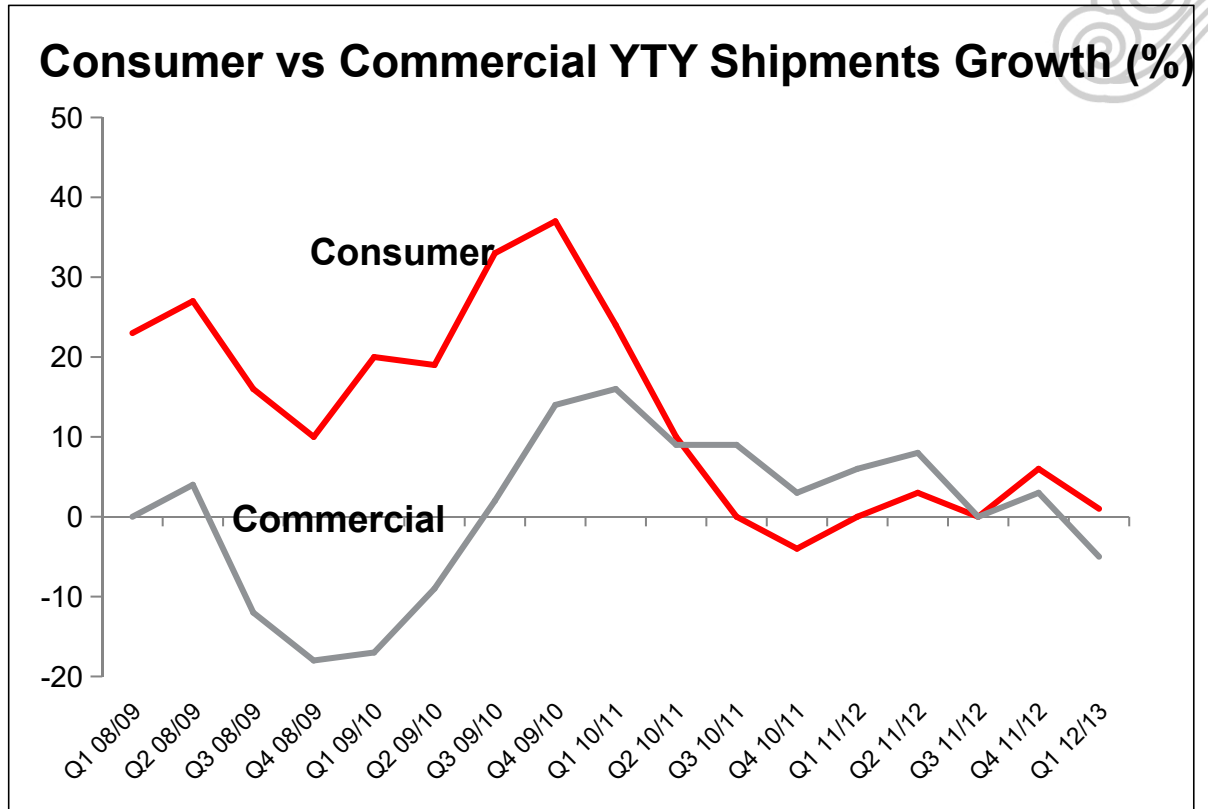
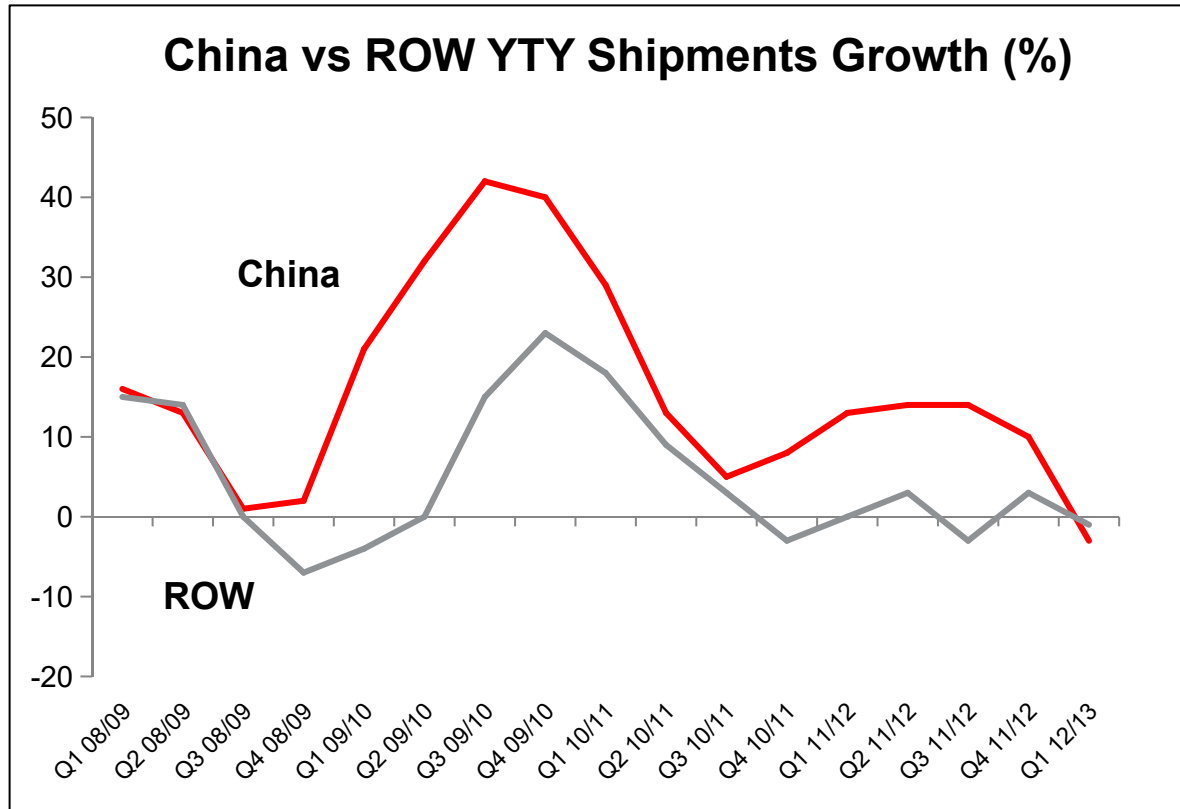
Improved Profitability

- Net income of 141 million USD, up 30% YTY
- PTI of 185 million USD, up 50% YTY
- GP Margin improved by more than 1 point QTQ



2009 vs 2012: Similar Situations, Different Results

- Similarities: China PC market grew slower than ROW, Commercial PC business shrank
- Different results for Lenovo
 - Before 2009: Revenue dropped, losses mounted
 - Now: Strong growth and improved profitability



How did we do it?

- **Right Strategy & Strong Execution**
- Efficient Business Model
- Innovative Products
- Diversified Team Culture

Protect

China

- 1 Extend PC share lead
- 2 Increase profitability
- 3 Grow commercial with Server and workstation

Mature Rel

- 1 Deliver steady profits in all regions
- 2 Drive share gain across the board

Attack

MIDH

- 1 Grow our MIDH presence globally
 - Pad / Phone / Smart TV in China
 - Global Pad offering
- 2 Drive convergence (cloud devices, killer apps, best user experience)

REM

- 1 Get 10%+ share in key countries
- 2 Attack SMB/consumer & move to profitability

Mature TM

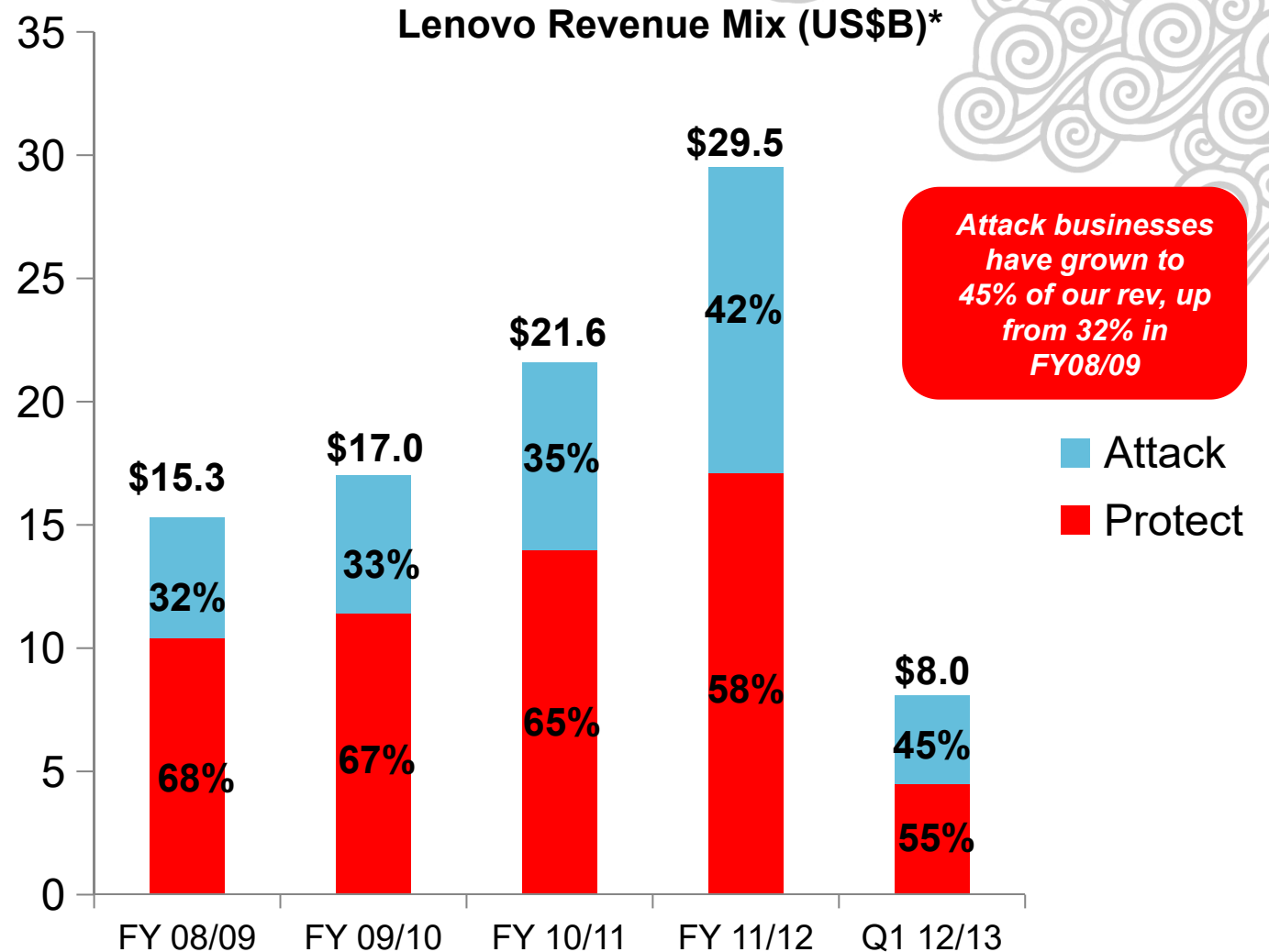
- 1 Grow share through Home/SMB and retail channels
- 2 Expand attach business to drive profitability

Right Strategy drives balanced mix and stronger results

- Compared to 2008, we almost doubled our annual PC revenue in emerging markets outside China
- Our PC consumer business in mature markets grew more than 4 times
- Since established in 2011, MIDH doubled, now a billion dollar business

Still growing rapidly in Q1 12/13:

- Emerging Markets outside China, volume up 39% YTY, 36-point market premium
- Global consumer up 43% YTY, a 42-point market premium
- China smartphone volume up 44x YTY



Right Strategy, Strong Execution Secured Healthy, Long-term Profit

- Growing share and profitability is hard in this market....but we DID IT!
- Strong execution delivered healthy profit in challenging environment
- China, Global Commercial maintaining strong profit
- EMC Joint Venture strengthens enterprise offerings
- New businesses reached double-digit share, entering profitable phase
- End game is the same: Make new businesses as profitable as core businesses

Building Our Core Strengths

- **Clear Strategy and Strong Execution**
- **Efficient Business Model**
- **Innovative Products and Branding**
- **Diversified Team and Culture**



Looking Ahead

Optimistic about future of PC+
On course to be the industry leader
Outgrow the market, deliver strong profits



Wong Wai Ming
Chief Financial Officer

Financial Summary

US\$ Million	Q1 FY2012/13	Q1 FY2011/12	Y/Y%	Q/Q%
Sales	8,010	5,920	35%	7%
Gross Profit	959	739	30%	19%
Operating Expenses	(777)	(616)	26%	10%
Operating Profit	182	123	48%	79%
Other Non-Operating Income	3	0	NA	NA
Pre-tax Income	185	123	50%	82%
Taxation	(41)	(15)	178%	19%
Profit for the period	144	108	33%	114%
Non-controlling interests	(3)	0	NA	305%
Profit attributable to Equity Holders	141	108	30%	112%
EPS (US cents)				
- Basic	1.37	1.11	0.26	0.72
- Diluted	1.33	1.08	0.25	0.70

	Q1 FY2012/13	Q1 FY2011/12	Q4 2011/12
Gross margin	12.0%	12.5%	10.8%
E/R ratio	9.7%	10.4%	9.4%
Operating margin	2.3%	2.1%	1.4%
PTI margin	2.3%	2.1%	1.4%
Net margin attributable to Equity Holders	1.8%	1.8%	0.9%

Condensed Balance Sheet

US\$ Million

	As at Jun 30, 2012	As at Mar 31, 2012
Non-current assets	4,008	4,040
Property, plant and equipment	387	392
Intangible assets	3,039	3,092
Others	582	556
Current assets	11,777	11,820
Bank deposits and cash	3,766	4,171
Trade, notes and other receivables	6,350	6,297
Inventories	1,510	1,218
Others	151	134
Current liabilities	11,471	11,809
Short-term bank loans	41	63
Trade, notes and other payables	10,962	11,251
Others	468	495
Net current assets	306	11
Non-current liabilities	1,846	1,603
Total equity	2,468	2,448

Cash and Working Capital

US\$ Million	<u>Q1 FY2012/13</u>	<u>Q1 FY2011/12</u>	<u>Q4 FY2011/12</u>
Bank deposits and cash	3,766	3,899	4,171
Total Bank Borrowings	41	261	63
Net Cash Reserves	3,725	3,638	4,108
Days Inventory	19	16	18
Days Receivable	34	29	35
Days Payable	66	72	70
Cash Conversion Cycle	-13 days	-27 days	-17 days

Q1 FY13: Performance By Geography

China

- Unit shipments +9.2%YTY vs. market growth at -2.8%
- Driven by higher exposure in fast growing emerging cities and win across the board
- Stable PC margin; continue to invest in mobile internet business

APLA

- Unit shipments +59.2%YTY vs. market growth at -3.9%
- Share gains in all regions led APLA market share to 11.0%(+4.4pts YTY)
- #1 position in Japan and India

EMEA

- Unit shipments +62.3%YTY vs. market growth at +9.1%
- Share gains in all regions led EMEA market share to 8.7%(+2.9pts YTY)
- Strong profitable growth with margin improvements

NA

- Unit shipments +8.6%YTY vs. market growth at -10.3%
- Strong share gains led NA market share to 8.4%(+1.5pts YTY)
- #3 Position in US commercial PC and #3 in US commercial DT

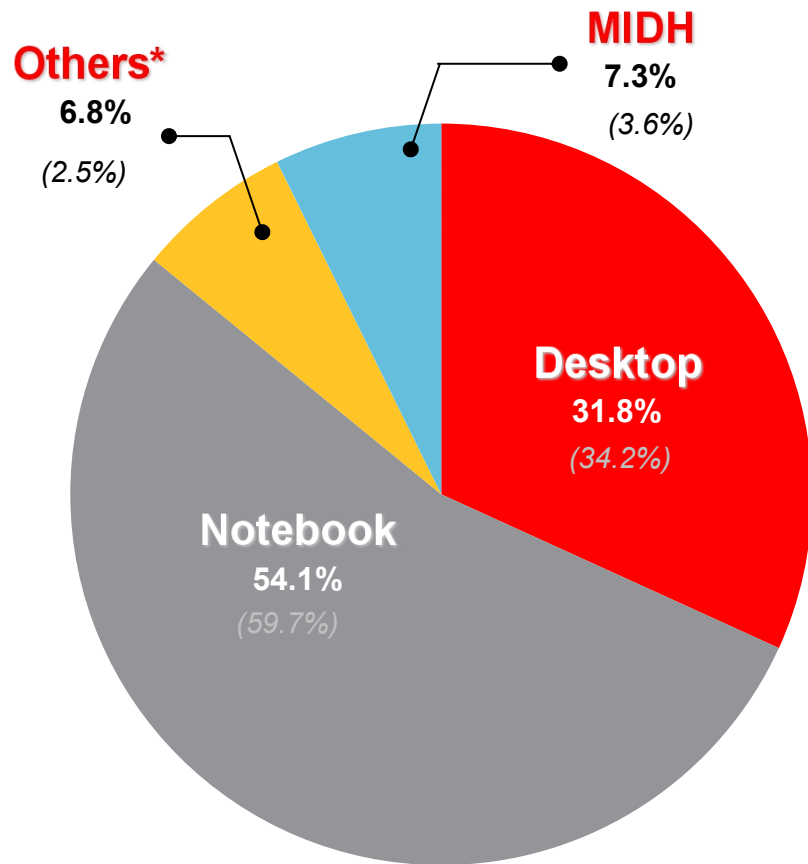
Including MIDH and non-PC revenue & results	Sales US\$ Million			Segment Operating Profit/ (Loss) US\$ Million			Segment Operating Profit Margin		
	Q1 FY13	Y/Y	Q/Q	Q1 FY13	Q1 FY12^	Q4 FY12^	Q1 FY13	Q1 FY12^	Q4 FY12^
China	3,520	24%	21%	170	162	100	4.8%	5.7%	3.4%
China - PC [#]	2,971	13%	18%	192	169	120	6.5%	6.5%	4.8%
APLA	1,725	72%	-3%	0	(4)	0	0.0%	-0.4%	0.0%
EMEA	1,584	62%	-9%	23	4	16	1.4%	0.4%	0.9%
North America	1,181	7%	10%	46	52	33	3.9%	4.7%	3.1%

Financials on China PC extracted from management report are not presented as a separate reportable segment in external report and are shown for reference only.

^ Reclassified after the adoption of new Geo structure and shared expenses allocation .

Q1 FY13: Performance By Product

Revenue by Product



Notebook

- Shipments up 27% YTY, outgrow the market(+0% YTY); Sales up 23% YTY
- Record high market share in WW NB: 15.4%(+3.2pts YTY)

Desktop

- Shipments up 21% YTY, outgrow the market(-4% YTY); Sales up 26% YTY
- Market share up 3.0pts YTY to 14.4%

MIDH

- MIDH Sales up 173% YTY
- Smartphones shipments grew 37x faster than the market & rank as top 2 brand in China
- Tablets continued to show good momentum; shipments up around 1.2x in China and 2.8x in WW

* Note: miscellaneous businesses including servers, services and software and Medion's non-PC business.

Appendix

- Consolidated Income Statement
- Condensed Consolidated Cash Flow Statement
- Segment Reclassification - FY 12 Q1 – Q4

Consolidated Income Statement

US\$ Million	Q1 2012/13	Q1 2011/12
Sales	8,010	5,920
Cost of sales	(7,051)	(5,181)
Gross profit	959	739
Selling and distribution expenses	(446)	(349)
Administrative expenses	(194)	(174)
Research and development expenses	(135)	(78)
Other operating expenses - net	(2)	(15)
Operating profit	182	123
Finance income	11	8
Finance costs	(8)	(8)
Profit before taxation	185	123
Taxation	(41)	(15)
Profit for the period	144	108
Profit attributable to:		
Equity holders of the company	141	108
Non-controlling interests	3	-
Dividend	-	-
Earnings/(Loss) per share (US cents)		
- Basic	1.37	1.11
- Diluted	1.33	1.08

Condensed Consolidated Cash Flow Statement

US\$ Million	Q1 FY2012/13	Q1 FY2011/12
Net cash (used in)/generated from operating activities	(334)	919
Net cash generated from/(used in) investing activities	153	(43)
Net cash generated from/(used in) financing activities	11	(9)
(Decrease)/Increase in cash and cash equivalents	(170)	867
Effect of foreign exchange rate changes	(25)	21
Cash and cash equivalents at the beginning of the period	3,758	2,954
Cash and cash equivalents at the end of the period	3,563	3,842

Segment Reclassification - FY 12 Q1 – Q4

After Reclassification[^]:

Including MIDH and non-PC revenue & results	Sales US\$ Million					Segment Operating Profit/ (Loss) US\$ Million					Segment Operating Profit Margin				
	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY12	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY12	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY12
China	2,836	3,175	3,483	2,901	12,395	162	140	166	100	568	5.7%	4.4%	4.8%	3.4%	4.6%
China – PC [#]	2,621	2,923	2,994	2,517	11,055	169	167	181	120	637	6.5%	5.7%	6.0%	4.8%	5.7%
APLA	1,001	1,865	1,690	1,781	6,337	(4)	7	(4)	-	(1)	-0.4%	0.4%	-0.2%	0.0%	-0.01%
EMEA	978	1,599	1,974	1,745	6,296	4	23	40	16	83	0.4%	1.4%	2.0%	0.9%	1.3%
North America	1,105	1,147	1,224	1,069	4,545	52	39	38	33	162	4.7%	3.4%	3.1%	3.1%	3.5%

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[^] Reclassified after the adoption of new Geo structure and shared expenses allocation

THANK YOU **GRAZIE** **MERCI** **DANKE** **GRAZIAS** 謝謝 **СПАСИБО**
GRACIAS **OBRIGADO** ありがとう **DANK** **TAKK** **BEDANKT** **DAKUJEM**