

lenovo® FOR
THOSE WHO DO.™

2012/13 Annual Results

May 23, 2013



Forward Looking Statement

This presentation contains “forward-looking statements” which are statements that refer to expectations and plans for the future and include, without limitation, statements regarding Lenovo’s future results of operations, financial condition or business prospects as well as other statements based on projections, estimates and assumptions. In some cases, these statements can be identified by terms such as “expect,” “intend,” “plan,” “believe,” “estimate,” “may,” “will,” “should” and comparable words (including the negative of such words). These forward-looking statements, reflect the current expectations and plans of the directors and management of Lenovo, which may not materialize or may change. Many risks, uncertainties and other factors, some of which are unpredictable and beyond Lenovo’s control, could affect the matters discussed in these forward-looking statements. These factors include, without limitation, economic and business conditions globally and in the countries where we operate, Lenovo’s ability to predict and respond quickly to market developments, consumer demand, pricing trends and competition; changes in applicable laws and regulations (including applicable tax and tariff rates). Any variance from the expectations or plans on which these forward-looking statements are based could cause Lenovo’s actual results or actions to differ materially from those expressed or implied in these statements. These forward-looking statements are not guarantees of future performance and you are cautioned not to place undue reliance on these statements. Lenovo undertakes no obligation to update any forward-looking statements in this presentation, whether as a result of new information or any subsequent change, development or event. All forward-looking statements in this presentation are qualified by reference to this paragraph.

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Yuanqing Yang Chairman and CEO

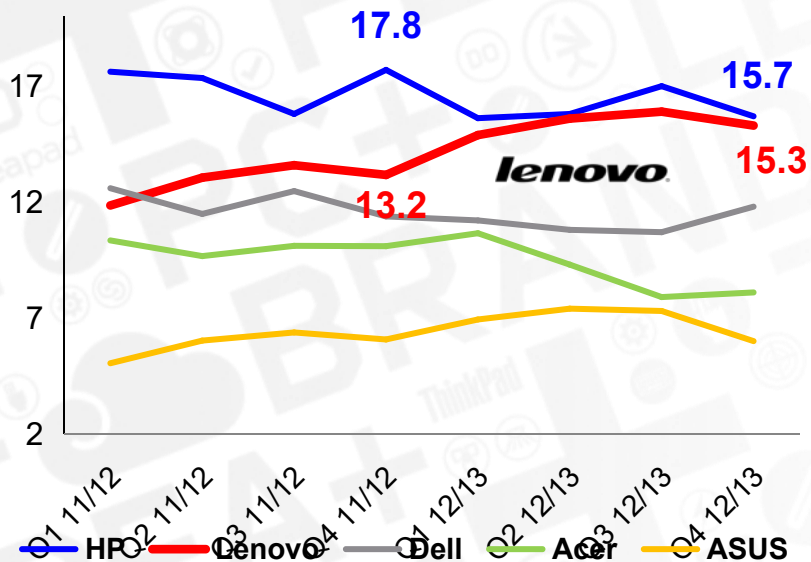
May 23, 2013



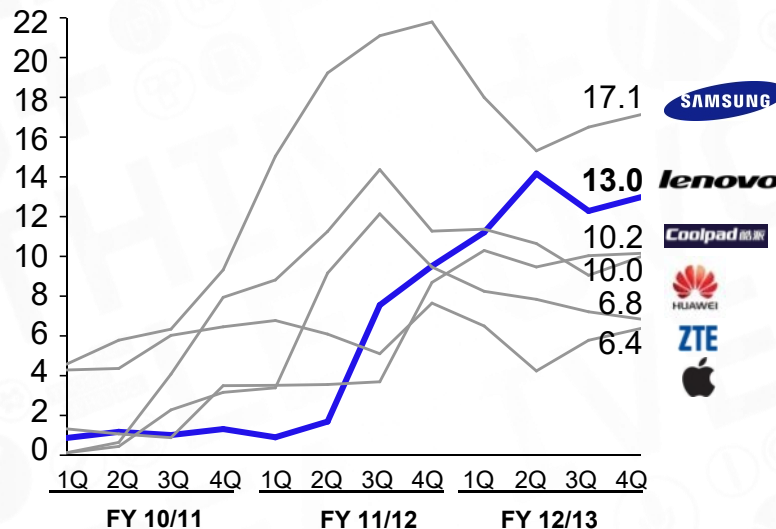
Strong Fourth Quarter

- PC sales grew 14 points faster than market
- Market share of 15.3%, up 2.1 points YTY
- Smartphone business in China more than doubled YTY
- Improved profitability; PTI Margin up to 2.1%, Earnings up 90% YTY

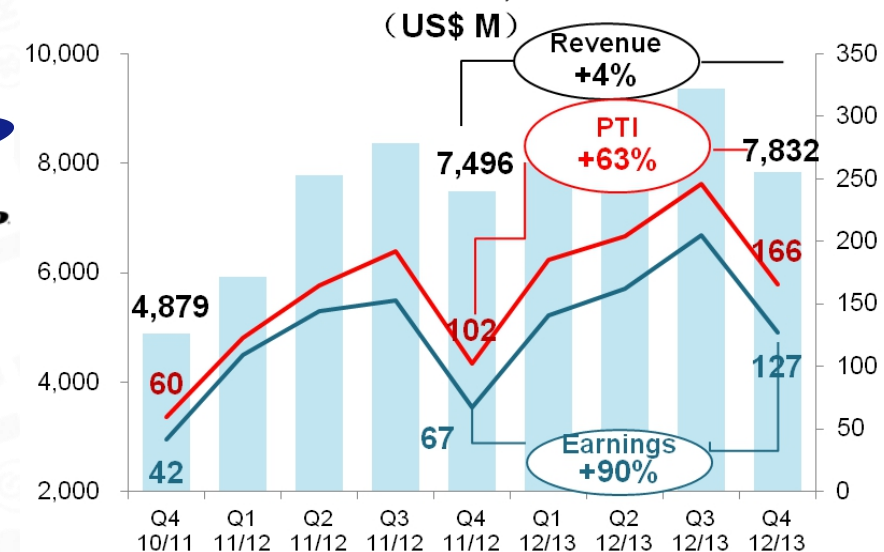
WW PC Market Share (%)



PRC Smartphone Market Share (%)

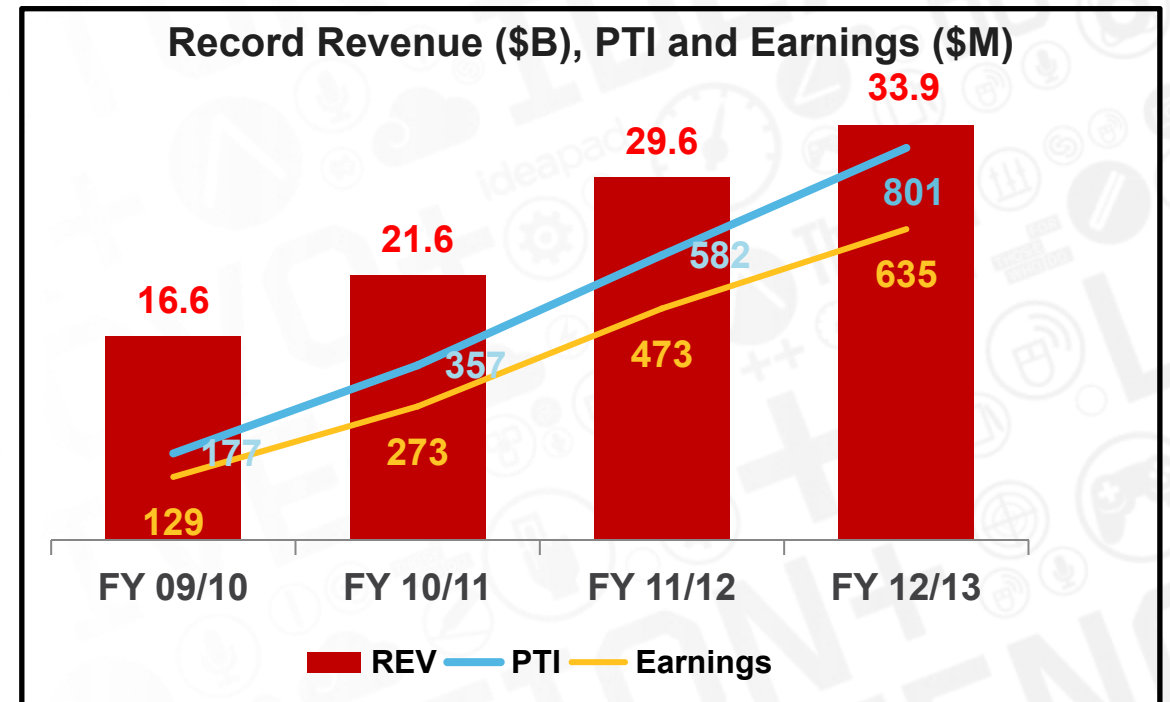
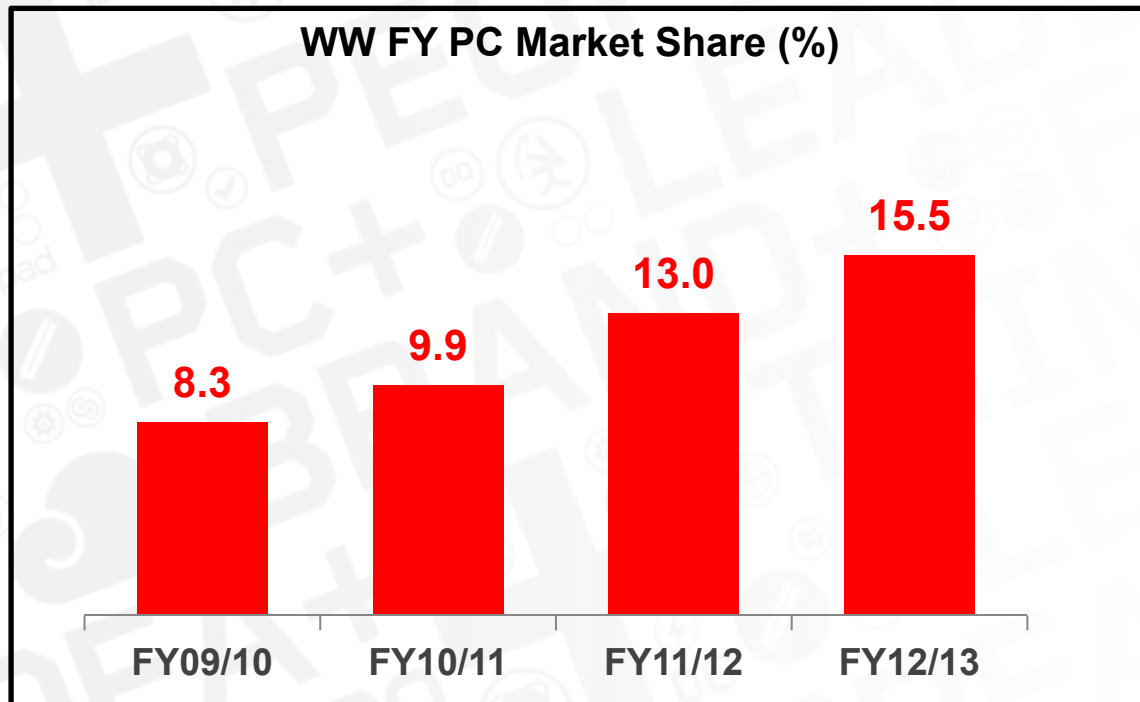


Continued Growth in Rev, PTI & Net Income (US\$ M)



Record Fiscal Year

- Record PC volume over 52 million
- Record Market share of 15.5%, up 2.6 points YTY
- Record Revenue, PTI and Earnings
- Delivered on commitment to improve profitability
 - PTI Ratio: FY 11/12: 2% to FY12/13: 2.4%



Balanced Performance Across All Segments, Geos

Outgrew Market in all Segments, Geos

■ EMEA:

- Outgrew market by 37 points
- Record market share of 10.7%
- Segment profit up 77% YTY

■ APLA:

- Outgrew market by 21 points
- Improved profitability YTY

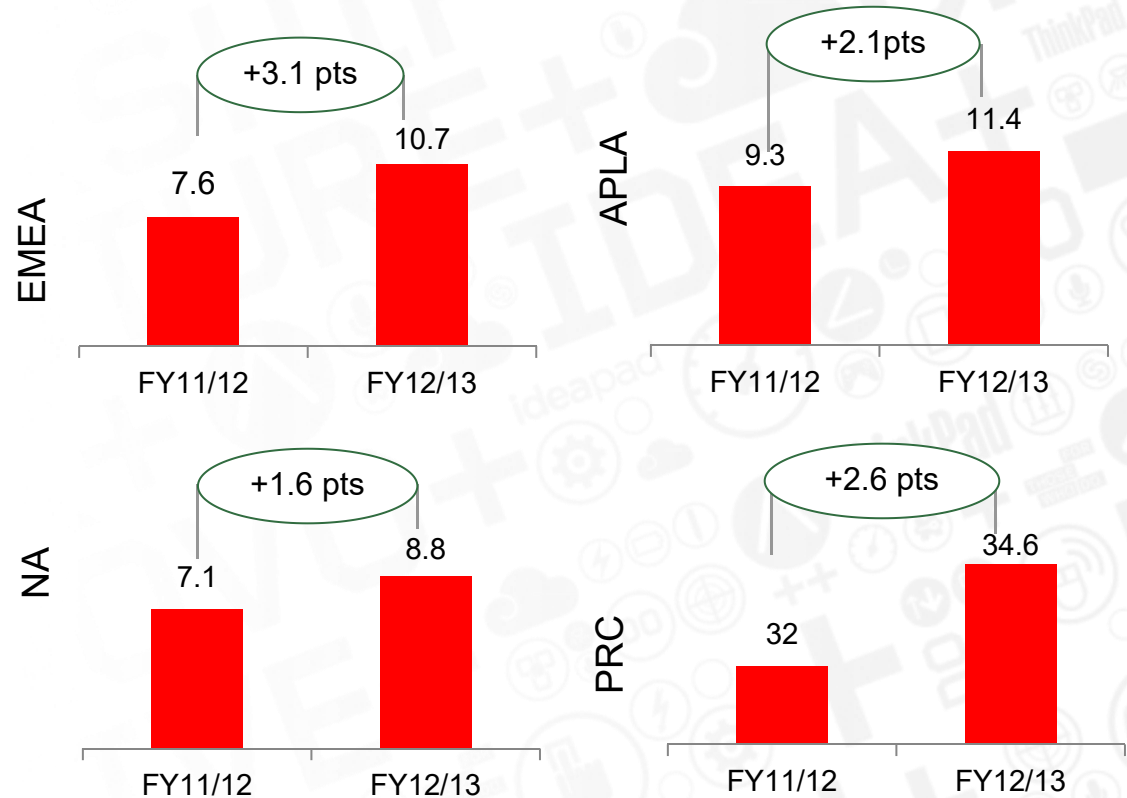
■ NA:

- Outgrew market by 20 points
- Record market share
- Strong profitability

■ China:

- Protected profit pool, grew profitability
- Record market share of 34.6%

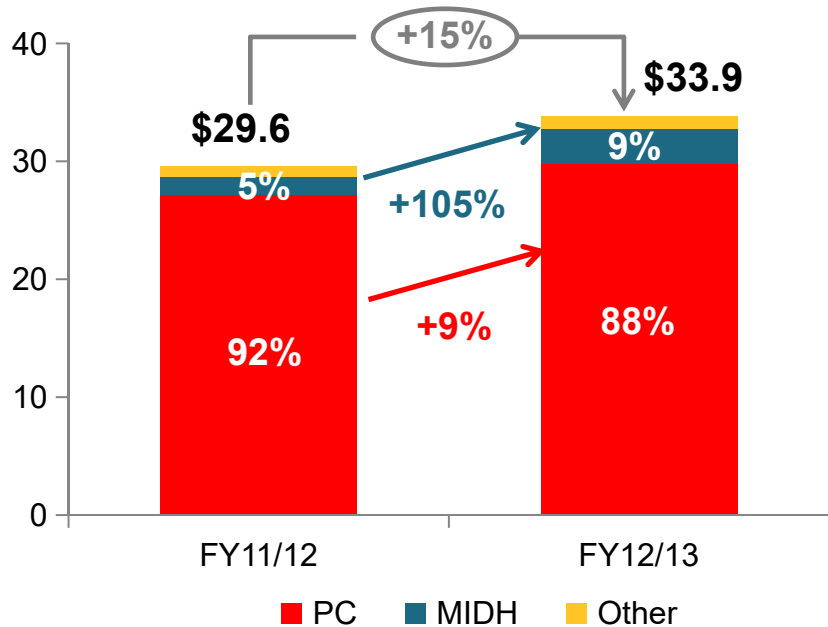
Lenovo PC Share in 4 GEOs(%)



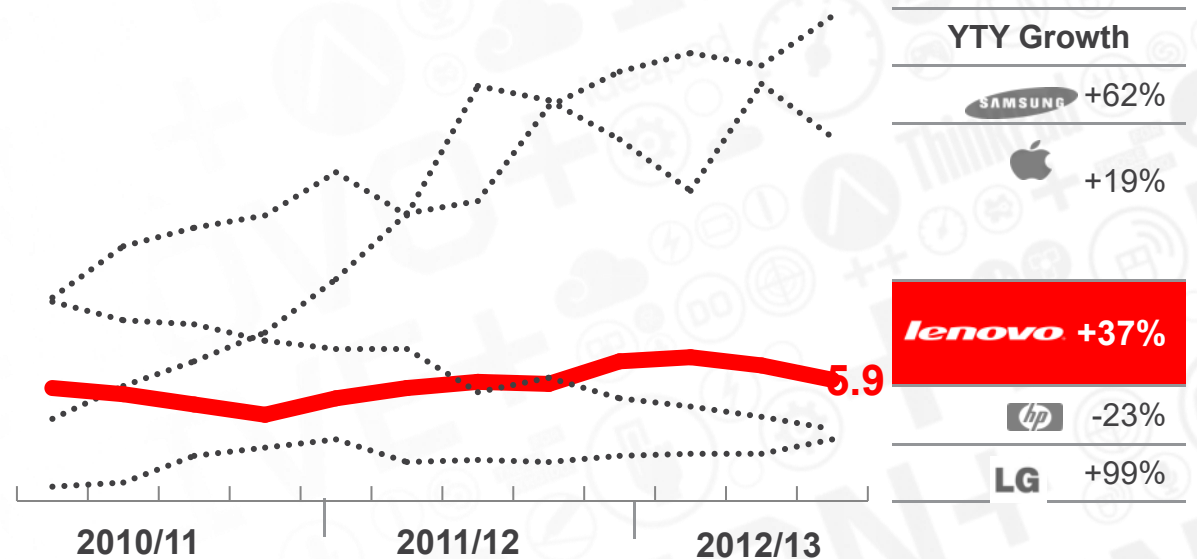
PC+ Business Continued Rapid Growth

- China Smartphone volume grew almost 3.7x YTY; profitable last two quarters
- WW Tablet volume increased by 74% YTY
- MIDH contributed 9% of Lenovo's overall revenue
- #3 worldwide in Smart Connected Devices (PCs+Tablets+Smartphones)

Increasing MIDH Rev mix to Group (US\$B)



Smart Connected Device Market Share (%)



Clear Strategy Key to Success

Protect PC

Profit Pools

- 1 China PC Leadership
- 2 Deliver steady REL profits in all regions
- 3 Drive attachment of Peripherals/Monetization/Services

Profitable Growth

- 1 Build scale in TM, esp. Consumer
- 2 Drive share in REM to 10%+

Attack PC+

Smartphone and Tablet

- 1 Solidify China leadership position in Smartphone and Tablet markets
- 2 Aggressively expand smartphone into emerging markets while preparing mature infrastructure
- 3 Jumpstart Tablets outside of China

Enterprise Systems

- 1 Grow Server to a relevant global player
- 2 Drive Workstation to stronger Tier 1 player

Innovation Leadership

Product Offerings & User Experience | New Categories & Businesses | Global Branding

Operational Effectiveness

Integrated Business Groups | Global-Local Business Model | Improve time-to-volume | Sustainable

Global Culture

Meet commitments/Take ownership | Build a world class organization

Strategy: Protect PCs

- Protect PC business, drive higher profitability
 - Protect Leadership of China, Global Commercial
 - Pursue Profitable Growth in Emerging Markets, Consumer and SMB



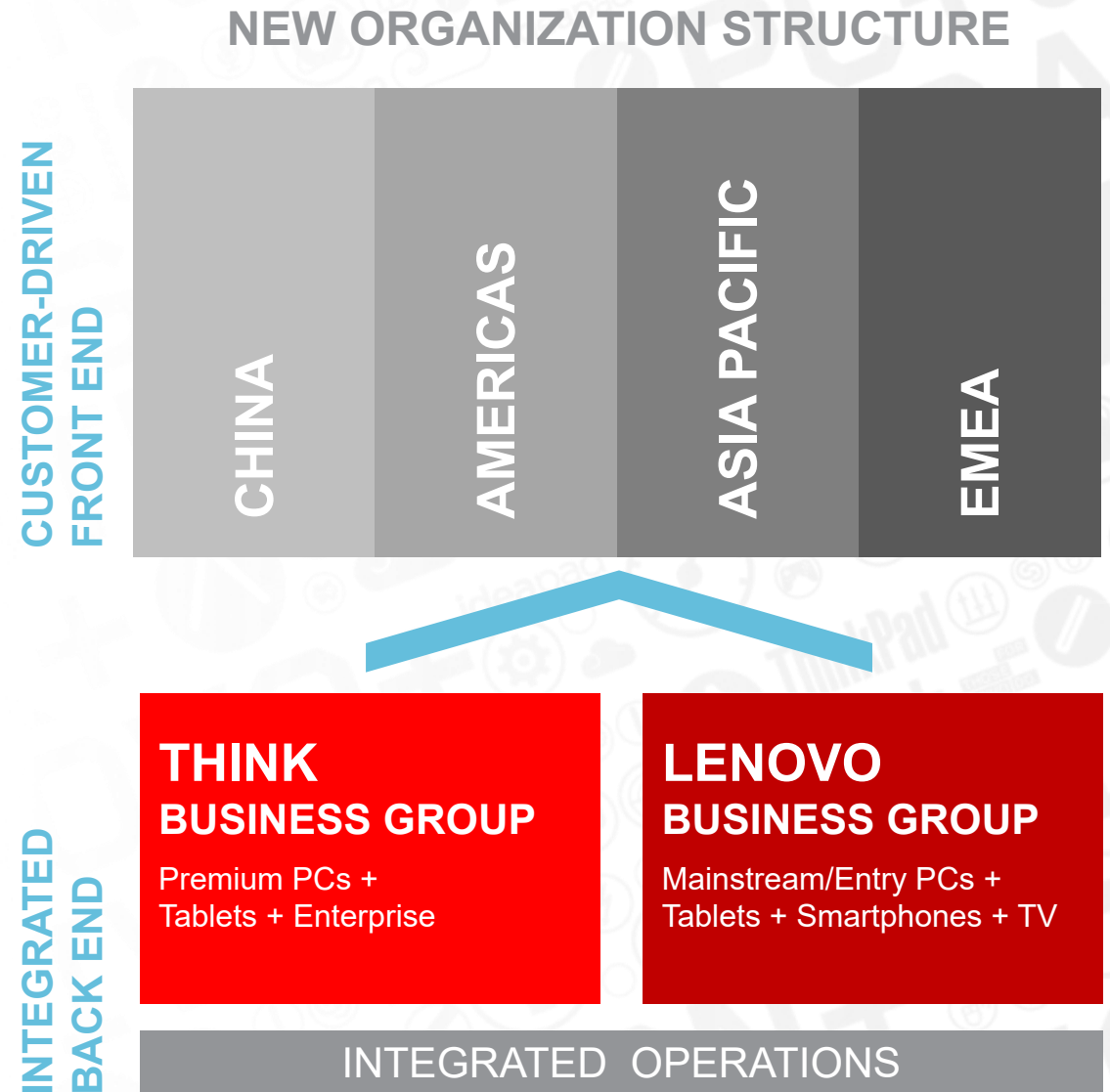
Strategy: Attack PC+

- Smartphones
 - Become market leader in China
 - Grow aggressively in Emerging Markets
- Tablets
 - Grow even faster
 - Leverage Android and Windows
- Grow Server/Storage to relevant global player in 3 years



Business Model: Built for PC+

- Recent reorganization will drive better execution of strategy
- Continue to strengthen vertical integration
- Continue to improve efficiency



Innovation: Critical to Win in PC+ Era

- Product differentiation based on:
 - Core breakthroughs
 - Integrating hardware, software and services perfectly to provide best user experience



Diverse Global Culture

Our Foundation and Competitive Advantage

- 
- A world map illustrating Lenovo's global presence. Red dots represent company locations, with a high density in Europe and Asia. Two callout boxes provide detailed views of regional headquarters: one in North America (USA) and one in China. A legend in the bottom-left corner defines the symbols used on the map.
- ★ GLOBAL HEADQUARTERS
 - REGIONAL HEADQUARTERS
 - MANUFACTURING
 - RESEARCH CENTER
 - COMPANY LOCATION

Outlook for the Year

- We are now in the PC+ Era
- Will continue to improve profitability, outpace PC market
- Ready to continue outpacing PC+ market



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Wong Wai Ming
Chief Financial Officer

May 23, 2013



Financial Summary

<i>US\$ Million</i>	Q4 FY2012/13	Q4 FY2011/12	Y/Y%	Q/Q%	FY2012/13	Y/Y%
Revenue	7,832	7,496	4%	-16%	33,873	15%
Gross Profit	963	806	20%	-13%	4,073	18%
Operating Expenses	(794)	(704)	13%	-7%	(3,273)	14%
Operating Profit	169	102	67%	-31%	800	37%
Other Non-Operating (Expenses) / Income	(3)	0	NA	NA	1	NA
Pre-tax Income	166	102	63%	-33%	801	38%
Taxation	(42)	(34)	22%	-10%	(170)	59%
Profit for the period	124	68	84%	-38%	631	33%
Non-controlling interests	3	(1)	NA	-44%	4	NA
Profit attributable to Equity Holders	127	67	90%	-38%	635	34%
EPS (US cents)						
- Basic	1.22	0.65	0.57	(0.77)	6.16	1.49
- Diluted	1.20	0.63	0.57	(0.76)	6.07	1.50
Dividend per share (HK cents)					18.50	4.70

	Q4 FY2012/13	Q4 FY2011/12	Q3 FY2012/13	FY2012/13	FY2011/12
Gross margin	12.3%	10.8%	11.8%	12.0%	11.7%
E/R ratio	10.1%	9.4%	9.2%	9.7%	9.7%
Operating margin	2.2%	1.4%	2.6%	2.4%	2.0%
PTI margin	2.1%	1.4%	2.6%	2.4%	2.0%
Net margin attributable to Equity Holders	1.6%	0.9%	2.2%	1.9%	1.6%

Condensed Balance Sheet

US\$ Million

	As at Mar 31, 2013	As at Mar 31, 2012
Non-current assets	4,492	4,040
Property, plant and equipment	480	392
Intangible assets	3,326	3,092
Others	686	556
Current assets	12,390	11,820
Bank deposits and cash	3,573	4,172
Trade, notes and other receivables	6,694	6,297
Inventories	1,965	1,218
Others	158	133
Current liabilities	12,091	11,809
Short-term bank loans	176	63
Trade, notes and other payables	10,576	11,251
Others	1,339	495
Net current assets	299	11
Non-current liabilities	2,111	1,603
Total equity	2,680	2,448

Cash and Working Capital

US\$ Million

Q4 FY2012/13

Q4 FY2011/12

FY2012/13

FY2011/12

Bank deposits and cash

3,573

4,172

3,573

4172

Total Bank Borrowings

479

63

479

63

Net Cash Reserves

3,094

4,109

3,094

4,109

Days Inventory

26

18

21

17

Days Receivable

40

35

35

32

Days Payable

73

70

64

68

Cash Conversion Cycle

-7 Days

-17 days

-8 Days

-19 days

Q4 FY13: Performance By Geography

China

- Total revenue of China up 8% YTY driven by 74% YTY revenue growth of MIDH
- Protected PC leadership with share gain by 1.7pt YTY to 31.7%, benefited from high exposure in emerging cities & urbanization
- China overall margin up 1.5pt YTY to 4.9%; China PC margin also improved by 1.6pt YTY to 6.4%
- MIDH profitability continued to improve

APLA

- Strong #2; Record market share at 11.7%; up 1.1pt YTY; 10pt-market premium
- Operating margin at 0.2% from breakeven YTY
- CCE integration on track & 1st Qtr to contribute; expect to accelerate expansion in Brazil and improve profitability over time

EMEA

- Strong #2; Record market share at 11.8%; up 3.2pt YTY
- PC volume up 11% YTY, 31pt-market premium
- #1 in Germany
- EMEA consumer profitability continued to improve YTY
- Operating margin up 1.4pt to 2.3%

NA

- Record market share in NA at 9.3 %; up 1.8pt YTY
- PC volume up 10% YTY, 22pt-market premium
- Operating margin up 0.5pt YTY to 3.6%

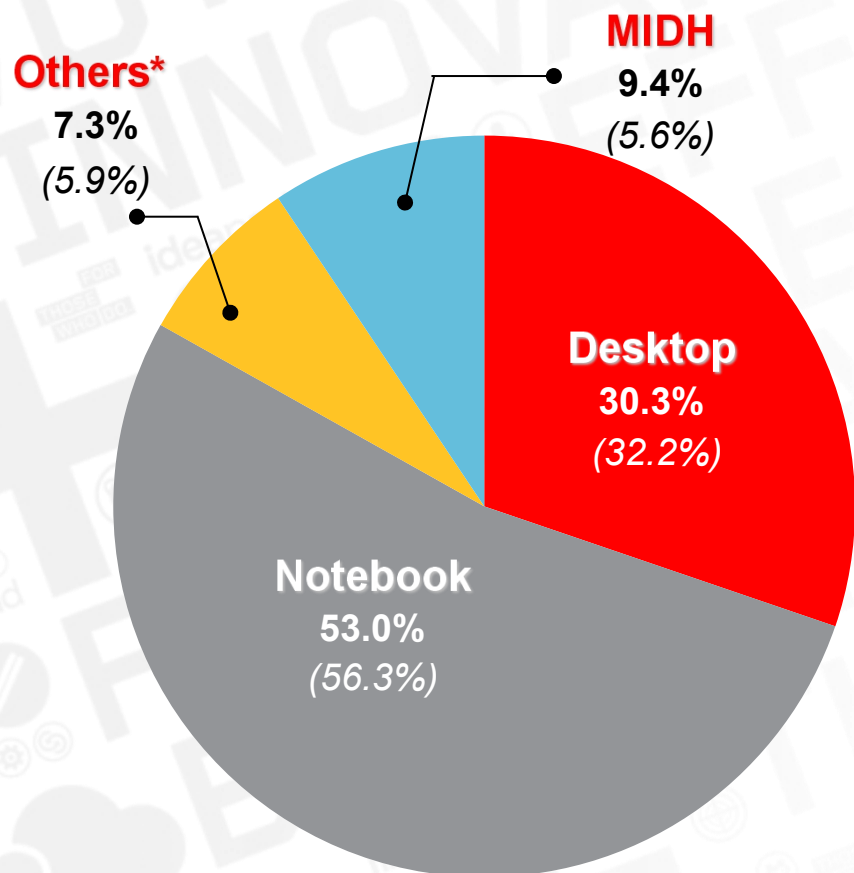
Including MIDH and non-PC revenue & results	Revenue US\$ Million			Segment Operating Profit/ (Loss) US\$ Million			Segment Operating Profit Margin		
	Q4 FY13	Y/Y	Q/Q	Q4 FY13	Q4 FY12 [^]	Q3 FY13	Q4 FY13	Q4 FY12 [^]	Q3 FY13
China	3,129	228	(939)	152	100	193	4.9%	3.4%	4.7%
China – PC [#]	2,461	(56)	(712)	156	120	200	6.4%	4.8%	6.3%
APLA	1,651	(130)	(9)	3	0	6	0.2%	0.0%	0.3%
EMEA	1,849	104	(459)	42	16	45	2.3%	0.9%	2.0%
North America	1,203	134	(120)	43	33	34	3.6%	3.1%	2.6%

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

Q4 FY13: Performance By Product

Revenue by Product



Notebook

- 15-pt market premium
- Market share at 15.8%, up 2.3pts YTY

Desktop


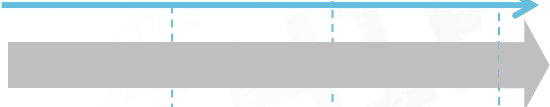










- 12-pt market premium
- Market share at 14.6%, up 1.8pts YTY

MIDH

- MIDH Sales up 74% YTY
- MIDH mix increased from 6% to 9% group sales YTY with improving profitability
- Strong China smartphone shipments up +2.1x YTY; Second quarter to be profitable
- Encouraging initial feedback for smartphone roll-out in ROW
- WW tablet volume up 23% YTY

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

Acquisition/partnership integrations are on track and achieving aspirations

Close date	Acquisition	Description	Integration Progress				Achievements
			Announce	Close	Prelim Integration Completed	Primary Integration Obj. Achieved	
Jun 2011		JV with NEC PC in Japan to become # 1 PC player in Japan					Joint entity is # 1 PC player in Japan with >25% market share in FY 12/13
Aug 2011		Acquisition of Consumer PC player in WE to achieve market leadership					Consumer PC share in EMEA steadily growing reaching >9% in FY 12/13; Lenovo is now #2 PC player in EMEA
Apr 2012		JV with Compal on PC Vertical Integration to optimize manufacturing and drive innovation					Five product families on scheduled mass production; all project development schedules on track
Dec 2012		Acquisition of cloud computing provider to enhance and expand cloud computing solutions					Completed integration into PC+ portfolio, collaborating to expand cloud offerings
Dec 2012		JV & strategic partnership that enhances Lenovo's position in industry standard servers and networked storage solutions					Completed initial integration for JV to insure strong low-end NAS business; leveraging EMC enterprise expertise
Jan 2013		Acquisition of consumer PC+ player in Brazil with aspiration to achieve market leadership					Integration of business functions to drive revenue and cost synergies ongoing – jointly we are already # 4 in the Brazil PC market ahead of HP & Dell

Market Share Source IDC.

Appendix

- Performance by Geography – FY13

- Performance by Product – FY13

- Consolidated Income Statement

- Condensed Consolidated Cash Flow Statement



Performance By Geography - FY13

China

- Total revenue of China up 17% YTY driven by 108% YTY revenue growth of MIDH
- PC volume at record high share 34.6%, benefited from high exposure in emerging cities & urbanization
- China PC operating margin up 0.4pt YTY to 6.2%
- MIDH profitability continued to improve

APLA

- PC volume up 13% YTY, 21pt-market premium
- Operating margin turned profitable YTY to 0.3%
- CCE integration on track & started contribute since Q4 FY13; expect expansion to accelerate in Brazil and profitability to improve over time

EMEA

- Became #3; Record market share at 10.7%
- PC volume up 28% YTY, 37pt-market premium
- #1 in Germany & Denmark; #2 in Russia
- Operating margin improved by 0.7pt YTY to 2.0% driven by continuous improvement in EMEA consumer profitability

NA

- Record market share in NA at 8.8%
- PC volume up 9% YTY, 20pt-market premium
- Operating margin down 0.1pt YTY to 3.4% due to higher mix of consumer YTY

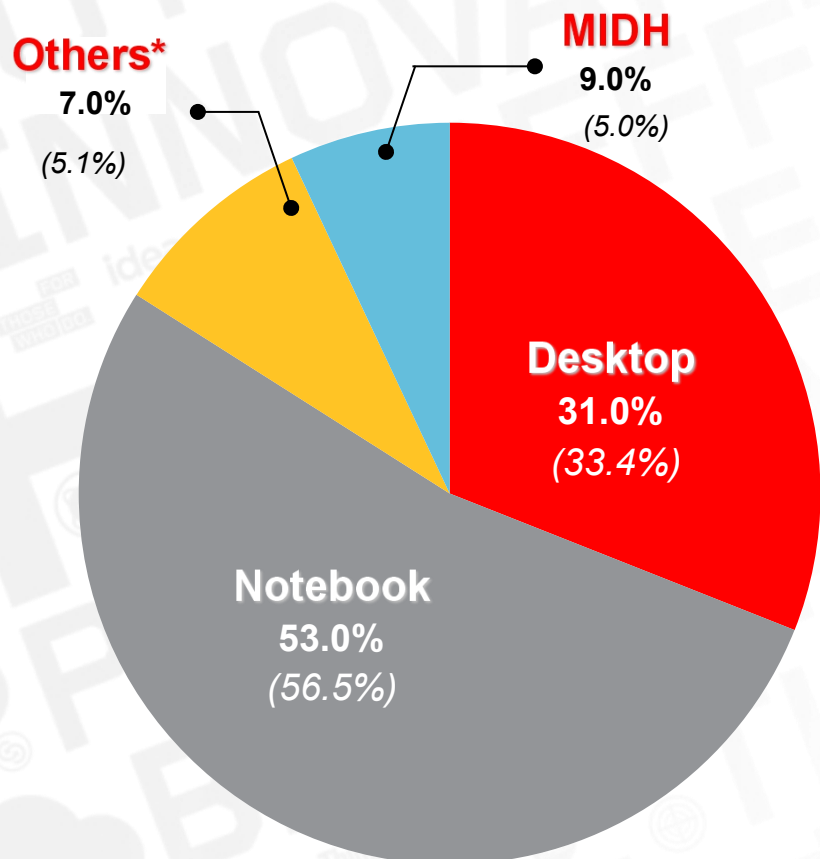
Including MIDH and non-PC revenue & results	Revenue US\$ Million		Segment Operating Profit/ (Loss) US\$ Million		Segment Operating Profit Margin	
	FY13	Y/Y	FY13	FY12 [^]	FY13	FY12 [^]
China	14,539	17%	678	569	4.7%	4.6%
China - PC [#]	11,751	6%	733	638	6.2%	5.8%
APLA	6,860	8%	24	0	0.3%	0.0%
EMEA	7,535	20%	147	83	2.0%	1.3%
North America	4,939	9%	168	161	3.4%	3.5%

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 IT expense allocation method since beginning of FY11/12

Performance By Product – FY13

Revenue by Product



Notebook

- 20-pt market premium
- Market share at 15.8%, up 2.8pts YTY

Desktop

- 17-pt market premium
- Market share at 15.1%, up 2.3pts YTY

MIDH

- MIDH Sales up 105% YTY
- MIDH mix increased from 5% to 9% group sales YTY with improving profitability
- Strong smartphone volume growth; WW and PRC smartphone shipments grew 3.7x YTY
- WW tablet volume up 74% YTY

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

Consolidated Income Statement

<i>US\$ Million</i>	Q4 FY2012/13	FY2012/13	Q4 FY2011/12	FY2011/12
Revenue	7,832	33,873	7,496	29,574
Cost of sales	(6,869)	(29,800)	(6,690)	(26,128)
Gross profit	963	4,073	806	3,446
Other income, net	-	20	-	1
Selling and distribution expenses	(417)	(1,888)	(425)	(1,691)
Administrative expenses	(228)	(847)	(189)	(730)
Research and development expenses	(173)	(623)	(139)	(453)
Other operating income – net	24	65	49	11
Operating profit	169	800	102	584
Finance income	12	44	10	43
Finance costs	(15)	(42)	(10)	(44)
Share of losses of associated companies	-	(1)	0	(1)
Profit before taxation	166	801	102	582
Taxation	(42)	(170)	(34)	(107)
Profit for the period	124	631	68	475
Profit attributable to:				
Equity holders of the company	127	635	67	473
Non-controlling interests	(3)	(4)	1	2
Dividend		248		183
Earnings per share (US cents)				
- Basic	1.22	6.16	0.65	4.67
- Diluted	1.20	6.07	0.63	4.57

Condensed Consolidated Cash Flow Statement

US\$ Million

	FY2012/13	FY2011/12
Net cash generated from operating activities	20	1,940
Net cash used in investing activities	(245)	(837)
Net cash used in financing activities	(68)	(316)
(Decrease)/Increase in cash and cash equivalents	(293)	787
Effect of foreign exchange rate changes	(10)	16
Cash and cash equivalents at the beginning of the period	3,757	2,954
Cash and cash equivalents at the end of the period	3,454	3,757

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