



Lenovo Reports Fourth Quarter and Record Full Year 2011/12 Results

Begins full-year 2011/12 as world's fourth-largest PC vendor, ends full year 2011/2012 as world's second-largest PC vendor, with record operational performance

- Record full-year sales of \$US29.6 billion
- Record full-year pre-tax income of \$US582 million
- Profit attributable to equity holders of \$US473 million
- Record full-year market share of 12.9 percent *
- Full-year basic EPS of 4.67 US cents , or 36.32 HK cents
- Net cash reserves of \$US4.1 billion (as of March 31, 2012)

HONG KONG, May 23, 2012 – Lenovo Group today announced results for its fourth fiscal quarter and full year ended March 31, 2012. With full-year record sales of \$US29.6 billion, an increase of almost 37 percent year-over-year, Lenovo finished its financial year as the world's second largest PC vendor with a record full-year market share of 12.9 percent. Throughout the year, Lenovo continued to demonstrate its ability to execute against the Company's strategy of "protect and attack," in established markets and new markets respectively, while achieving balanced growth in all geographies, customer segments and product lines. The result was a record full-year pre-tax income of \$US582 million, an increase of 63 percent year-over-year.

During the fourth fiscal quarter, Lenovo's consolidated sales increased a healthy 54 percent to \$US7.5 billion. For the tenth quarter in a row, the Company was the fastest growing among the top four PC vendors, with worldwide PC shipments up 44 percent year-over-year. Compared to an overall industry growth rate of just 4.6 percent year-over-year, Lenovo outgrew the overall industry for the 12th quarter in a row.

Lenovo achieved pre-tax income of \$US102 million during the fourth fiscal quarter, an impressive 69 percent increase over the same period last year.

The Company's gross profit for the fourth fiscal quarter grew to \$US806 million, an increase of 34 percent year-over-year. Gross margin was 10.8 percent. Operating profit for the fourth quarter was \$US102 million, up 46 percent year-over-year, while profit attributable to equity holders jumped 59 percent year-over-year to \$US67 million.

Basic earnings per share for the fourth fiscal quarter was 0.65 US cent, or 5.04 HK cents. Lenovo's Board of Directors declared a final dividend of 1.29 US cents, or 10 HK cents per share for the fiscal year ended March 31, 2012.

For the 2011/12 fiscal year, Lenovo's PC shipments grew 34.9 percent year-over-year, compared to an overall industry growth rate of just three percent during the same period. Gross profit for the full year was \$US3.4 billion, an increase of 46 percent year-over-year. Gross margin was 11.7 percent. While operating profit for the full fiscal year was \$US584 million, a 53 percent jump over year-over-year. Lenovo's profit attributable to equity holders grew an impressive 73 percent year-over-year to \$US473 million.

“The 2011/12 fiscal year was a record-setting year for Lenovo, where we set an all-time high for revenue, shipment, market share and pre-tax income. Our fiscal year ended impressively with strong momentum. Lenovo’s global PC shipments grew by 35% year-over-year, outperforming the industry by ten times, global market share increased by three percentage points, and net profit jumped by 73% year-over-year. During the fourth fiscal quarter, Lenovo was the fastest growing among the top PC vendors in Global Emerging Markets, and Commercial Markets, as well as Consumer Markets and Mature Markets, where for the first-time ever, we reached double-digit market share in both. We furthered our leadership position in the Global Emerging Markets, in which Lenovo already achieved double digit-market share in 15 markets and became number one in India,” said Yang Yuanqing, Lenovo Chairman and CEO. “With the emergence of multiple devices such as smartphones, tablets and smart TV, our industry is entering the PC + era. Lenovo is focused on leading the PC industry, and building upon that leadership in the PC+ era.”

During the fourth fiscal quarter, Lenovo announced the formation of four new reporting business units based upon geographic efficiencies, cost savings and customer value: China, Europe/Middle East/Africa (EMEA), North America, and Asia Pacific/Latin America (APLA), each headed by a Lenovo senior vice president. With the leading market share position in both China and Japan, Lenovo is now the number one PC vendor in two out of three of the world’s largest PC markets. This new organization was created in recognition that Lenovo’s continued success depends on staying as close to its customers as possible, and will help ensure that the Company remains in the strongest position to execute its worldwide strategy going forward.

GEOGRAPHIC OVERVIEW

Lenovo China’s PC shipments in the fourth fiscal quarter increased 22.7 percent year-over-year, more than double the overall industry growth rate of approximately ten percent during the same period. This helped Lenovo achieve strong market share gains in China of 3.2 points year-over-year during the fourth quarter to an industry-leading 30 percent. Consolidated sales in China for the quarter were up 32 percent year-over-year, to \$US2.9 billion, or 39 percent of the Company’s total sales. Lenovo’s strong performance in China continues to be driven in part by Lenovo’s significant presence in emerging cities throughout the country, and the added value the Company is able to bring to its customers in those unique locations.

In the **Emerging Markets**, Lenovo’s PC shipments far surpassed industry expectations for PC shipments, with the Company delivering a 50 percent year-over-year increase, seven times the overall industry growth rate of 7.4 percent during the fourth fiscal quarter. Representing 16 percent of Lenovo’s overall sales, Emerging Markets sales jumped 43 percent year-over-year during the fourth quarter to a total of \$US1.2 billion. Lenovo enjoyed notable market share gains across the entire region, picking up 2.1 share points year-over-year, with a particularly strong showing in India and Russia. Lenovo ended the quarter as the number-one PC vendor in India, a first-time ever milestone, and in Russia, Lenovo became the number three PC vendor, no less an impressive achievement.

With the joint venture with NEC and the acquisition of Medion complete and fully operational, consolidated sales in **Mature Markets** for the fourth fiscal quarter increased 85 percent year-over-year to \$US3.4 billion, or 45 percent of the Company’s total sales. Despite the overall industry being flat year-over-year during the fourth quarter, Lenovo’s PC shipments exploded to an 81 percent increase year-over-year during the same period. Of particular note was the Company’s performance in North America, where PC shipments were up 26 percent, in an overall market that was flat year-over-year. Helped by strong market share gains in Japan, where Lenovo is the number one PC

vendor, and Western Europe, Lenovo achieved an overall ten percent market share across the Mature Markets for the first-time ever.

PRODUCT OVERVIEW

Consolidated sales for Lenovo's **laptop PC** business worldwide in the fourth fiscal quarter increased 41 percent year-over-year to \$US4.2 billion, accounting for 56 percent of the Company's overall sales. During the same period, Lenovo's worldwide PC shipments increased a solid 44 percent, or almost nine times an overall industry increase of just five percent. In the fourth quarter, Lenovo introduced the ThinkPad X1 hybrid laptop with up to ten hours of battery life, and the Thinkpad T430u Ultrabook, the company's first business ultrabook, featuring an extremely thin and light design. In addition, Lenovo introduced several new consumer IdeaPad laptops in a full spectrum of styles, colors, and performance for every consumer – from mobile professionals to students to everyone in between.

During the fourth fiscal quarter, Lenovo's **desktop PC** shipments grew 43 percent worldwide year-over-year, or just as with laptops, almost nine times an overall industry increase worldwide of just five percent worldwide. Lenovo's desktop PC shipments for the same period increased 45 percent to \$US2.4 billion, or 32 percent of the Company's overall sales worldwide. In the fourth quarter, Lenovo introduced the IdeaCentre A720 all-in-one desktop PC, featuring a pioneering 27-inch screen that allows a more widely-adjustable angle from five to 90 degrees. Also announced was the new IdeaCentre K430, a traditional tower desktop PC sporting optional dual graphics and twin hard drives.

Lenovo saw strong growth in its **Mobile Internet Digital Home (MIDH)** product lines as its smartphone shipments grew ten times faster than the overall market in China, allowing the Company to gain 8.2 share points year-over-over, and finishing the quarter at just a shade under double-digit market share as the number four smartphone provider in China. In a market that was down a dramatic 25 percent year-over-year, shipments of Lenovo feature phones in China increased 4.5 percent, allowing the Company to gain 8.2 share points year-over-year. Most impressive in the MIDH product lineup was the continued momentum of tablets, which climbed year-over-year to 17.2 percent market share in China, allowing the Company to become the number two tablet provider in China, and number four in the world.

ABOUT LENOVO

Lenovo (HKSE: 992) (ADR: LNVGY) is a \$US30 billion personal technology company – and the second largest PC company in the world, serving customers in more than 160 countries. Dedicated to building exceptionally engineered PCs and mobile internet devices, Lenovo's business is built on product innovation, a highly efficient global supply chain and strong strategic execution. Formed by Lenovo Group's acquisition of the former IBM Personal Computing Division, the Company develops, manufactures and markets reliable, high-quality, secure and easy-to-use technology products and services. Its product lines include legendary Think-branded commercial PCs and Idea-branded consumer PCs, as well as servers, workstations, and a family of mobile internet devices, including tablets and smart phones. Lenovo has major research centers in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; and Raleigh, North Carolina. For more information, see www.lenovo.com.

* See IDC 2012Q1 press release

** includes Africa, Asia Pacific, Central/Eastern Europe, Hong Kong, India, Korea, Latin America, Mexico, Middle East, Pakistan, Russia, Taiwan, Turkey

***includes Australia/New Zealand, Israel, Japan, North America, Western Europe and global accounts

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LENOVO GROUP
FINANCIAL SUMMARY
For the fiscal quarter and full year ended March 31, 2012

(in US\$ millions, except per share data)

	Q4 11/12	Q4 10/11	Y/Y CHG	FY11/12	Y/Y CHG
Sales	7,496	4,879	54%	29,574	37%
Gross Profit	806	600	34%	3,446	46%
Gross Profit Margin	10.8%	12.3%	(1.5 pts)	11.7%	0.8 pts
Operating Expenses	(704)	(530)	33%	(2,862)	44%
Expenses-to-Revenue Ratio	9.4%	10.9%	(1.5 pts)	9.7%	0.5 pts
Operating Profit	102	70	46%	584	53%
Other Non-Operating Expenses	-	(10)	NA	(2)	(93%)
Pre-tax Income	102	60	69%	582	63%
Taxation	(34)	(18)	91%	(107)	27%
Profit for the period	68	42	60%	475	74%
Non-controlling interests	(1)	-	NA	(2)	NA
Profit Attributable to Equity Holders	67	42	59%	473	73%
EPS (US cents)					
Basic	0.65	0.43	0.22	4.67	1.83
Diluted	0.63	0.42	0.21	4.57	1.84
Dividend per share (HK cents)				13.80	6.20