

## FACT SHEET FY 18 – 19:

### Q1

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### Key Location Addresses

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## About Lenovo

Lenovo (HKSE: 992) (ADR: LNVGY) is a US\$45 billion Fortune Global 500 company and a global technology leader in driving Intelligent Transformation through smart devices and infrastructure that create the best user experience. Lenovo manufactures one of the world's widest portfolio of connected products, including smartphones (Motorola), tablets, PCs (ThinkPad, Yoga, Lenovo Legion) and workstations as well as AR/VR devices and smart home/office solutions. Lenovo's data center solutions (ThinkSystem, ThinkAgile) are creating the capacity and computing power for the connections that are changing business and society. Lenovo works to inspire the difference in everyone and build a smarter future where everyone thrives. Follow us on [LinkedIn](#), [Facebook](#), [Twitter](#), [Instagram](#), [Weibo](#), read about the latest news via our [Storyhub](#), or visit our website at <http://www.lenovo.com/>

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Instagram: [www.instagram.com/lenovo](https://www.instagram.com/lenovo)

Weibo: [weibo.com/lenovo](http://weibo.com/lenovo)

StoryHub: [news.lenovo.com/](http://news.lenovo.com/)

## Stock Information

- Incorporated in Hong Kong in 1988
- Listed on the main board of The Stock Exchange of Hong Kong since February 1994 (Stock code: 992)
- Issued Level I American Depositary Receipts (ADRs) in March 1995. Each ADR represents 20 Lenovo common shares (Stock code: LNVGY)
- Subdivided issued and un-issued common shares of nominal value at HK\$0.1 each into four shares of HK\$0.025 each in March 2000
- Ordinary shares outstanding as of Jun 30, 2018: 12,014,791,614 shares
- Market capitalization as of Jun 30, 2018: HK\$51.06 billion (approx. US\$6.55 billion)
- Ownership structure as of Jun 30, 2018
  - Public shareholders 64.82%
  - Legend Holdings Corporation 29.10%
  - Mr. Yang Yuanqing (CEO of Lenovo) 5.88%
  - Other directors 0.19%

## Index Constituent

Lenovo is currently a constituent of the following indexes:

- Global Compact 100
- Hang Seng China (Hong Kong-listed) 100 Index
- Hang Seng Commerce & Industry Index
- Hang Seng Composite Index
- Hang Seng Composite Industry Index – Information Technology
- Hang Seng Composite LargeCap Index
- Hang Seng Corporate Sustainability Index
- Hang Seng Corporate Sustainability Benchmark Index
- Hang Seng (Mainland and HK) Corporate Sustainability Index
- Hang Seng Global Composite Index
- Hang Seng High Dividend Yield Index
- Hang Seng Internet & Information Technology Index
- Hang Seng IT Hardware Index
- Hang Seng SCHK High Dividend Low Volatility Index
- Hang Seng Stock Connect Hong Kong Index
- MSCI China Index



## **FY18-19: Q1 Results Highlights**

### **Back-To-Back Double-Digit Quarterly Revenue Growth**

- Achieved record high Q1 group revenue, up 19% YTY to US\$11.91 billion; the 4<sup>th</sup> consecutive quarter of YTY growth.
- Q1 PTI continues strong momentum, growing to US\$113 million, up US\$182 million YTY, and up US\$76 million QTQ
- PTI Margin year-on-year improvement: PCSD +0.8pts, MBG +4.0pts, DCG +11pts
- Expense to revenue ratio declined YTY to 12.2%, 1.5 pts lower.

## **Performance by Business Group**

### **New Intelligent Devices Group (IDG)**

#### **PC + Tablet**

- Continued strong double-digit growth for the 2nd consecutive quarter, while maintaining leading PTI margin of 5%;
- PC Revenue grew 19.8% year-on-year, driven by the consistent strategy of targeting high growth premium segments.
- #1 in PC+Tablet by IDC; Fastest growing among the top-5 PC player, worldwide #1 in PC by Gartner

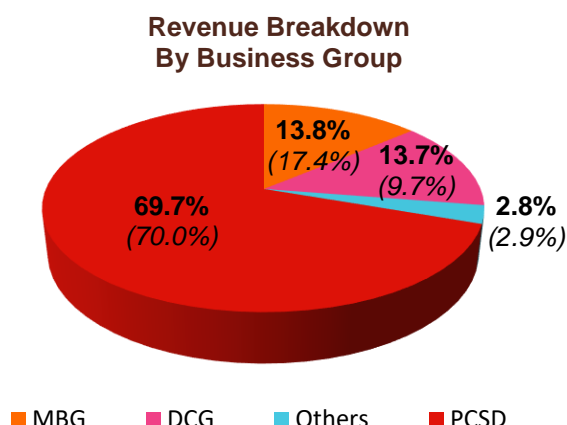
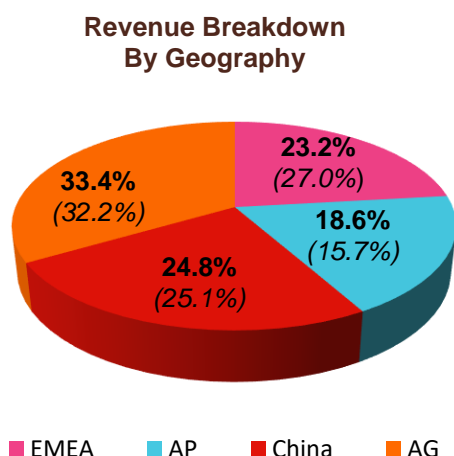
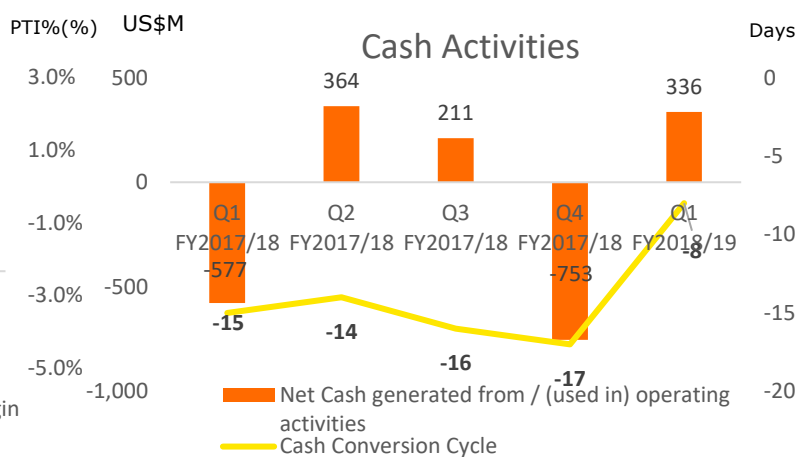
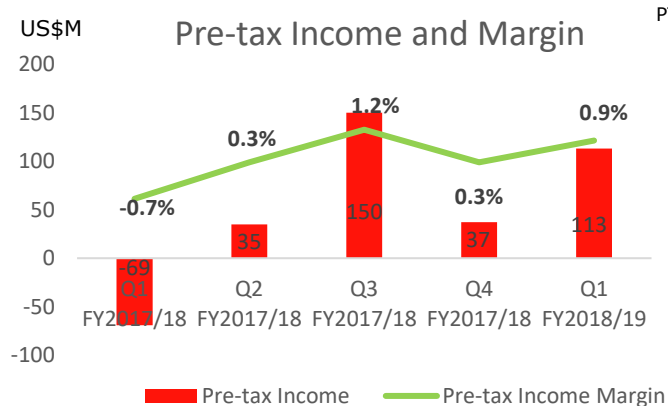
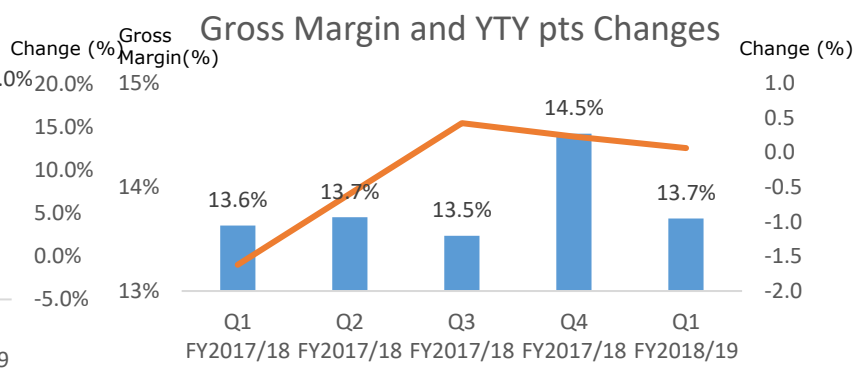
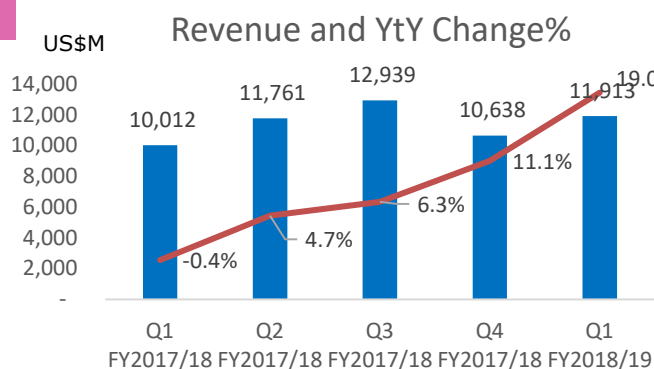
#### **Mobile**

- Reduced operating expenses by \$105 million year-on-year; strong execution of turnaround strategy to improve profitability, resulting in more efficient cost structure and improved PTI margin
- Streamlined product portfolio to reduce complexity, focused on scale in the mainstream segments, i.e. Moto Z, G & E
- Focused on selected markets(Latin America, Mature Markets, China/India)
- Investing in Innovation: Launched Moto Z3 - the first 5G upgradable phone, the 5G Mod scheduled to ship early 2019

### **Data Center (DCG)**

- Revenue grew 67.8% year-on-year; Profitability improved 11 points year-on-year
- 5 consecutive quarters of continuous QTQ PTI margin improvement
- Hyperscale and Software Defined revenue grew by triple-digits year-on-year
- HPC: #1 supercomputer provider on TOP500 list, with 117 systems

## FY18-19 Q1 Financial Information



**Notes:**

- AP include: ASEAN, India, Hong Kong, Taiwan & Korea (HTK), Australia & New Zealand (ANZ), Japan
- EMEA include: Western Europe, Middle East & Africa (MEA), Russia & the Commonwealth of Independent States (RUCIS) and Eastern Europe & Turkey (EET)
- AG include: United States and Canada, Brazil, LAS



## Financial Information

	2018	2017	Y/Y
For the quarter ended Jun 30, 2018	US\$ Million	US\$ Million	Change
<b>Income Statement</b>			
Revenue	11,913	10,012	19%
Gross profit	1,632	1,365	20%
Gross profit margin(%)	13.7%	13.6%	0.1pts
Operating expenses	(1,452)	(1,371)	6%
Expense-to-revenue ratio(%)	12.2%	13.7%	(1.5)pts
Pre-tax income / (loss)	113	(69)	N/A
Pre-tax income / (loss) margin(%)	0.9%	(0.7%)	N/A
Profit / (loss) attributable to equity holders of the Company	77	(72)	N/A
Earnings / (loss) per share – Basic (US cent)	0.65	(0.66)	N/A
Earnings / (loss) per share – Diluted (US cent)	0.65	(0.66)	N/A

	2018	2017
For the quarter ended Jun 30, 2018	US\$ Million	US\$ Million
<b>Cash and Working Capital</b>		
Bank deposits, cash and cash equivalents	2,689	1,541
Total borrowings	4,481	2,843
Net Debt	(1,792)	(1,302)
Cash conversion cycle (days)	(8)	(15)
<b>Cash Flow Statement</b>		
Net cash generated from / (used in) operating activities	336	(577)
Net cash used in investing activities	(198)	(744)
Net cash generated from / (used in) financing activities	692	(67)
Increase / (decrease) in cash and cash equivalents	831	(1,388)

US\$ Million	As at Jun 30, 2018	As at Mar 31, 2018
<b>Balance Sheet</b>		
Non-current assets	12,665	12,831
Current assets	18,646	15,663
Current liabilities	23,015	19,460
Net current liabilities	(4,369)	(3,797)
Non-current liabilities	3,958	4,488
Total equity	4,338	4,546