



# Intelligent Transformation

PC & Smart Devices

18 Mar, 2019

Gianfranco Lanci

Corporate President & Chief Operating Officer

Lenovo

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Lenovo

# Performance Update

IDG: PC & PCD (PC + Tablet)

## Record Revenue & Profit

- PC revenue grew by 16%
- 17-point premium to market YOY
- PC PTI margin improved by 1 point YOY (5.5%)

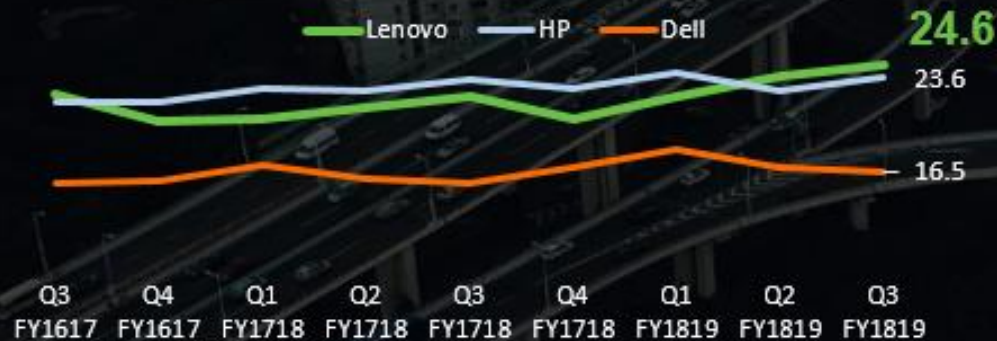
## Undisputed #1 in PC and PCD (PC + Tablet)

- PC record market share of 24.6%
- PCD market share 17%

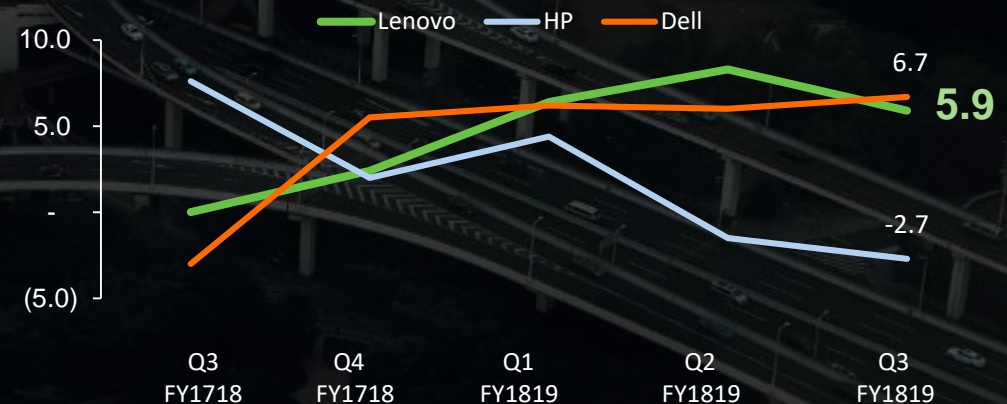
## PC Revenue (\$M) & PTI (\$M)



## Global PC Top 3 Market Share(%)



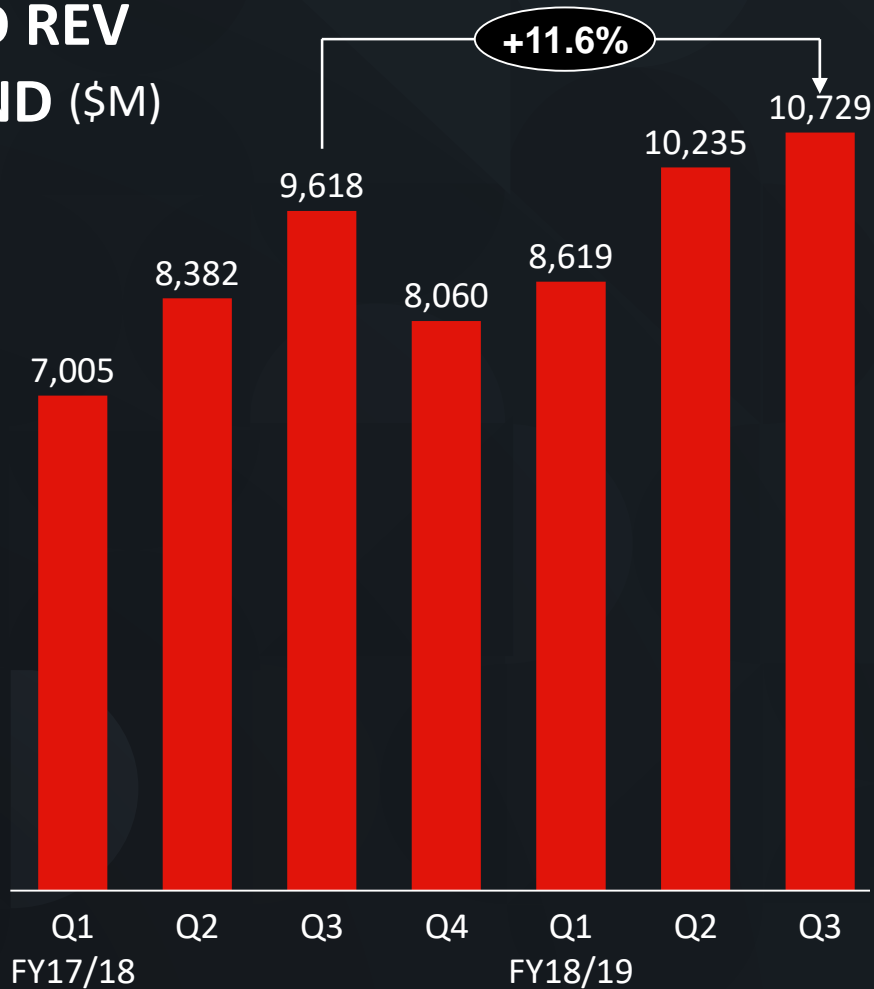
## Growth Premium to Market in PC Revenue



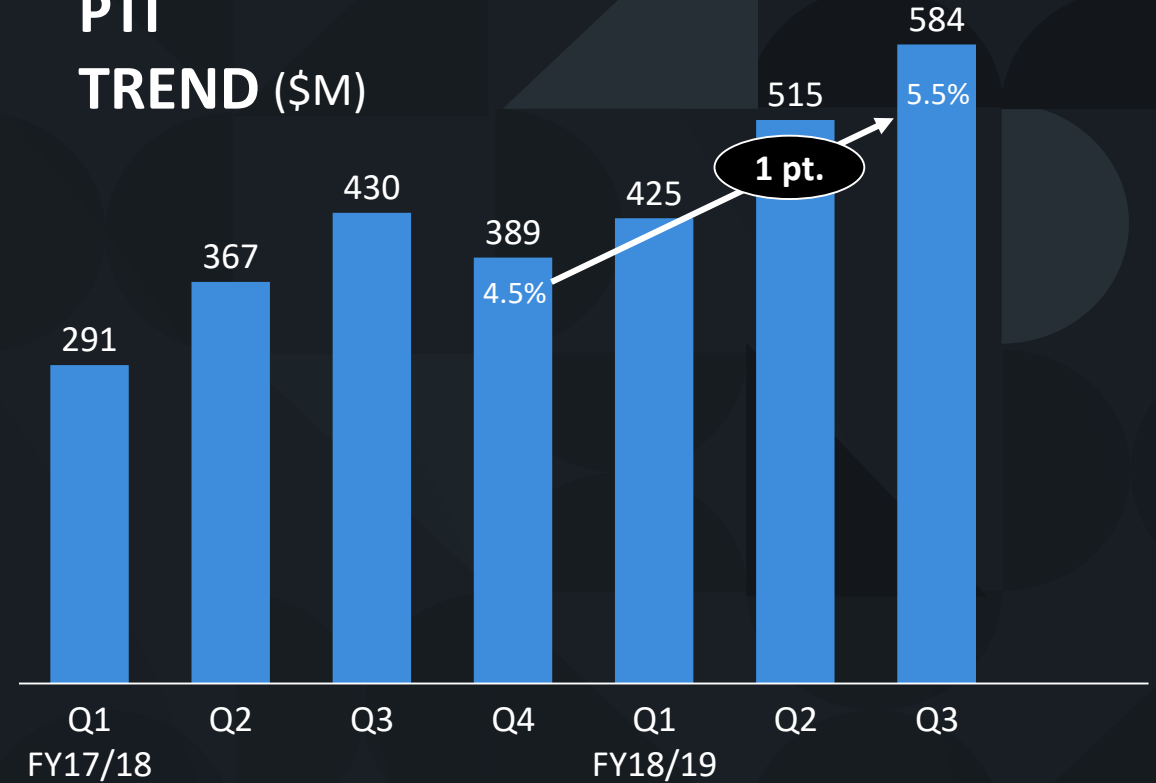
# Profitable Core Business

Driving Double Digit Growth in Revenue and Profit

## PCSD REV TREND (\$M)



## PTI TREND (\$M)

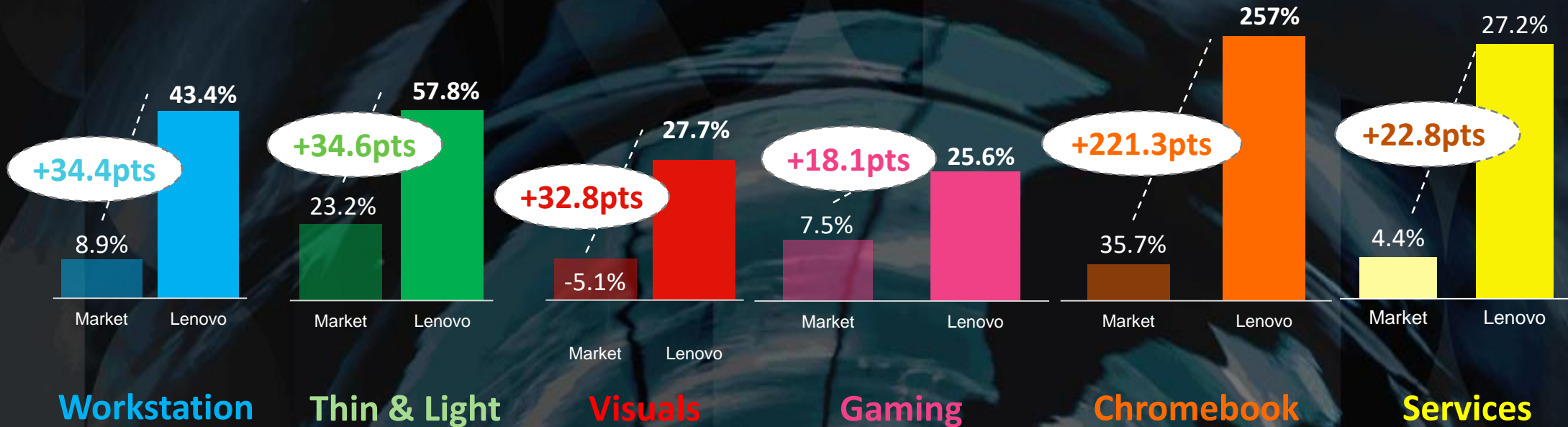


*Sustainable  
Ops Driven*

- 1 Mix Shift to High Profit Categories
- 2 Product Design Leadership
- 3 Anchored Profit Levers
- 4 Prudent E2E Cost Management

# Winning in PCSD High Growth Segments

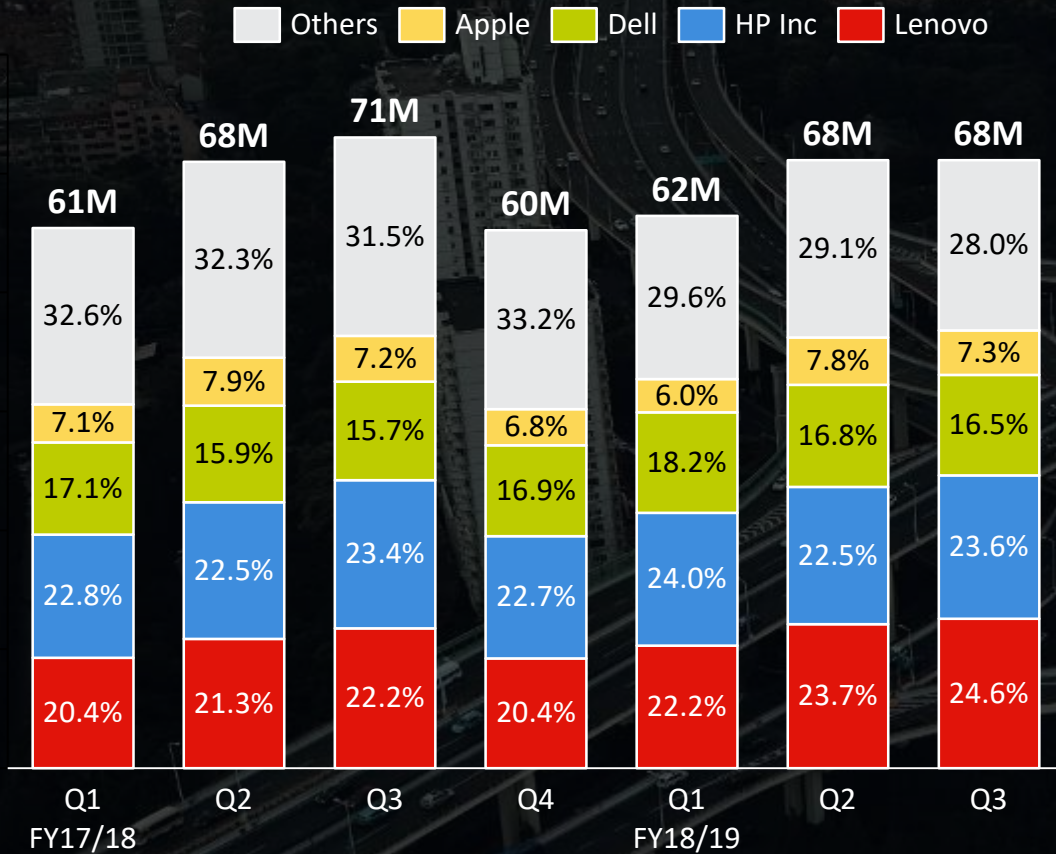
Segment Revenue YoY Growth vs. Market



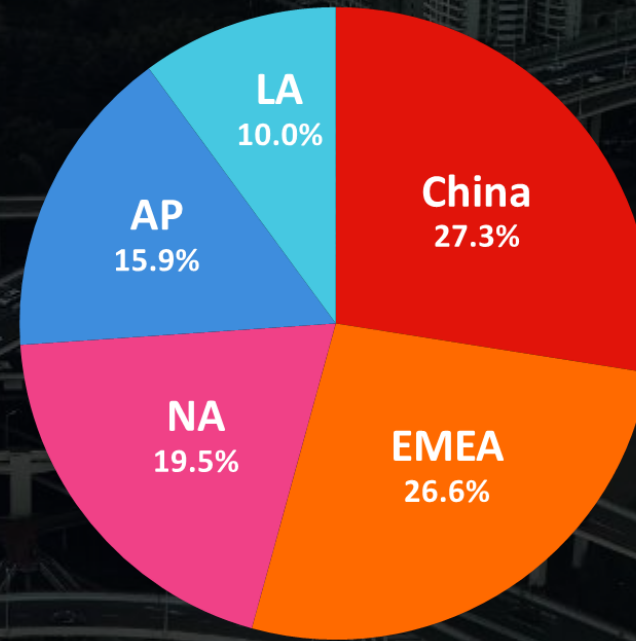
PERFORMANCE ZONE		INCUBATION
<p><b>CORE</b></p> <p>World class Innovation in PC</p> <p>Unparalleled operational efficiency</p>	<p><b>GROWTH</b></p> <p>Expansion in</p> <p><i>Thin / Light</i>    <i>Displays</i></p> <p><i>Workstations</i>    <i>Gaming</i></p> <p><i>Accessories</i>    <i>Services</i></p> <p><i>OEM</i></p>	<p><b>EMERGING</b></p> <p>Investment in</p> <p><i>Smart Home</i>    <i>AR/VR</i></p> <p><i>Smart Office</i>    <i>DaaS</i></p> <p><i>Commercial IoT</i></p>

# MARKET SHARE LEADERSHIP

WW PC Market Trend & Lenovo Unit Market Share



WW Lenovo Market Share



## GEO PERFORMANCE

FY18/19 (Q1-Q3)

Market Share in PC Market

Geo	Rank
China	#1
AP	#1
EMEA	#2
NA	#3
LA	#2
<b>WW</b>	<b>#1</b>

FY18/19 (Q1-Q3)



# Lenovo PCL Milestones (including FCCL)

## Snapshot

Revenue (TTM) Q4FY1718-Q3FY1819

**\$37.6B**

Revenue YoY (TTM)

**+20.2%**

*Company First*



**#1**

PC Units  
In 2018Q4

**#1**

PC Revenue  
In 2018Q4

**#1**

VLB Share  
39.5%

**#1**

Premium PC  
>\$800. 22.5%

**#1**

Commercial  
PC

**#2**

Consumer  
PC

**#1**

12 consecutive  
months, gaming  
PC market

**30%**

YoY Growth.  
ThinkPad X1  
Family Shift

# DRIVEN BY EXPERIENCE

Computing Experience Trends Driving Future Trends.



PERSONAL LIFE  
COMPUTING



WORKPLACE  
COLLABORATION



CONNECTIVITY  
SECURITY  
MANAGEABILITY



"AS A SERVICE"  
SOLUTIONS

# A CHANGING WORLD

New technologies are rapidly evolving transforming our work and home



**Cloud to the Edge**



**Immersive  
Computing-AR/VR**



**Smart Connected  
Solutions**



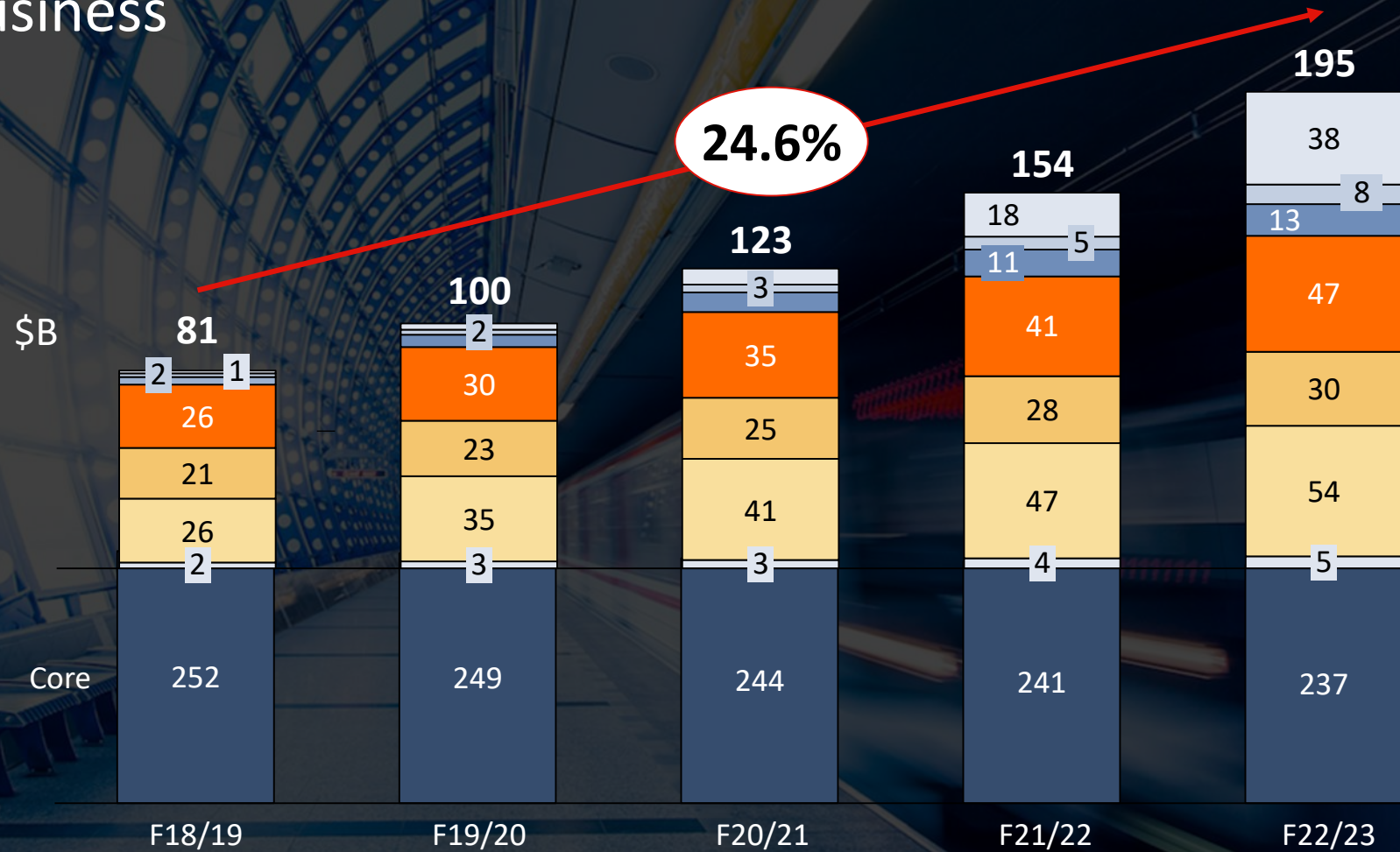
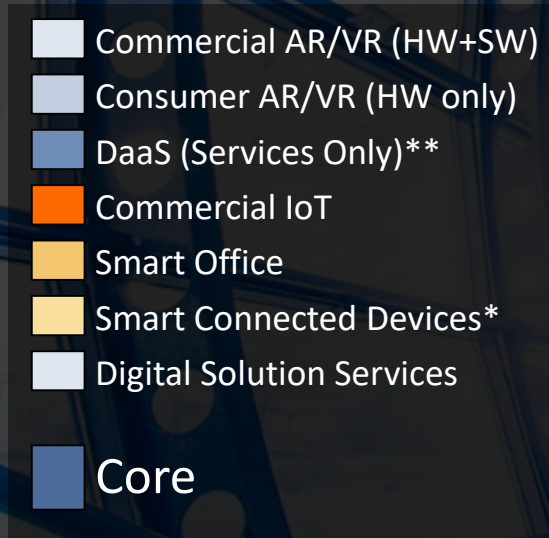
**5G Networks**



**Artificial  
Intelligence**



# Significant Growth Opportunity Outside Core PC Business



\*Smart Speaker, Home Monitoring/Security, Lighting  
Core includes PC, Tablet, Visuals, Workstation, Gaming

\*\*IDC DaaS TAM & MI will conduct a study on the TAM & other related market components

Note: IoT and Smart Office TAM based on FY18/19 STAMP Plan., New TAM being developed for each BU

# HELPING PEOPLE ACHIEVE SUCCESS THROUGH GREAT EXPERIENCES WITH LENOVO TECHNOLOGIES

## FOCUSED STRATEGY

Setting the foundation for transformation & targeting > \$40B revenue in FY19/20 and 10 point premium growth.

### PERFORMANCE ZONE

### INCUBATION

#### CORE

World class  
Innovation in PC

Unparalleled  
operational efficiency

#### GROWTH

Expansion in

*Thin / Light*

*Visuals*

*Workstations*

*Gaming*

*Accessories*

*Services*

#### EMERGING

Investment in

*Smart Home*

*Smart Office*

*Commercial IoT*

*AR/VR*

*Continue PC Leadership  
and build solutions  
beyond PC*

*Establish Leadership in  
high Growth segments of  
the market*

*Develop & Scale Smart,  
Connected Solutions  
focused on select verticals*

# GROWTH

PC Business is the revenue & profit engine that fuels growth, and emerging businesses.



**Thin/Light**  
\$70B 2019 TAM, CAGR +5.2%



**Displays**  
\$14B 2019 TAM, CAGR +1.1%



**Workstations**  
\$9B 2019 TAM, CAGR +4.0%



**Gaming**  
\$17B 2019 TAM, CAGR +16.2%



**Accessories**  
Lenovo YoY growth +17.7%

**Services**  
Lenovo YoY Growth 27.2%



# CONSUMER



## Broaden Smart Home Ecosystem

\$60B TAM 2022, CAGR 18%



## Pioneer Innovation in AR / VR

\$7B TAM 2022, 60%

# EMERGING

Cultivating future growth engines.

# COMMERCIAL



## VR Classroom Education focus



## Healthcare with T Series



## ThinkReality AR / VR

\$36B TAM 2022  
CAGR 143%



## Smart Office

\$30B TAM 2022  
CAGR 10%



## Commercial IoT



customer feedback leads us to

# Meaningful Insights

**Commercial  
Insights  
Community**

595 IT Decision Makers  
311 Small-Med  
Business

**Consumer  
Insights  
Community**

3,461 Consumers

**Partner  
Insights  
Community**

122 Partners  
Across Tiers

**Customer  
Advisory  
Councils**

200 Customers  
Across 9 Councils

**Research  
Forums  
& Tools**

Research Apps  
Focus Groups  
Ethnographic  
Studies

**Big Data,  
Analytics  
(CID)**

eCommerce Sites  
Blogs & Forums  
Social Media

**Surveys**

Closed Loop  
Consumer Surveys  
Commercial Surveys

# World Class Execution

“Lenovo has an award-winning supply chain and was recently ranked the #5 best tech supply chain and #26 best of any company in any industry by Gartner. Lenovo’s Heifei PCA manufacturing facility is huge and is 4X larger than the University of Michigan Stadium, aka the “Big House.” Lenovo has six assembly plants in Mexico, Whitsett (NC), China, Brazil, and Hungary.”\*

## Forbes

**INNOVATION  
DESIGN**

**45**

DESIGN AWARDS\*

**147**

MEDIA &  
INNOVATION  
AWARDS\*\*

**GLOBAL  
SUPPLY CHAIN**

**3**

DEVICES DELIVERED  
EVERY SECOND,  
EVERY DAY\*\*\*\*

**CUSTOMER  
EXPERIENCE**

**51.7**

NPS SCORE  
(X1 CARBON)\*\*\*

**+24%**

YEAR TO YEAR  
IMPROVEMENT  
ON NPS\*\*\*

**PRODUCT  
QUALITY**

**16%**

PC IMPROVEMENT  
OVER PAST  
TWO YEARS\*\*\*\*

\*[HTTPS://WWW.FORBES.COM/SITES/PATRICKMOORHEAD/2018/10/22/LENOVOS-SECRET-RECIPE-FOR-HYPERSCALE-SUCCESS-IS-CALLED-ODM/#1D5041589889](https://www.forbes.com/sites/patrickmoorhead/2018/10/22/lenovos-secret-recipe-for-hyperscale-success-is-called-odm/#1D5041589889)

**Lenovo** EMEA channel  
executive forum

\*INDUSTRY DESIGN AWARDS WON IN 2018  
\*\*MEDIA & INNOVATION AWARDS WON AT CES, MWC, IFA 2018  
\*\*\*2018 LENOVO CUSTOMER SURVEY RESULTS  
\*\*\*\*LENOVO INTERNAL ANALYSIS

*Helping People Achieve Success Through Great Experiences  
with Lenovo Technologies*



Increasing R&D in **TRANSFORMATIONAL DEVICES** and solutions.

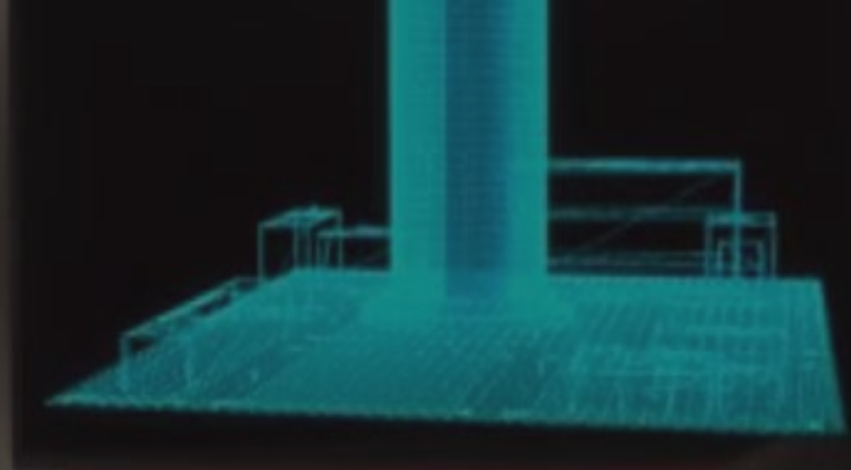
A photograph of three students in a classroom, all wearing VR headsets. They are looking upwards and to the right with expressions of excitement and joy. The student in the foreground has dreadlocks. They are all wearing blue cardigans over white collared shirts. In the background, there are computer monitors on desks and a dark screen on the wall.

It's the Joy of

# DISCOVERY

in the classroom





It's the Ease of

# COLLABORATION

in the workplace



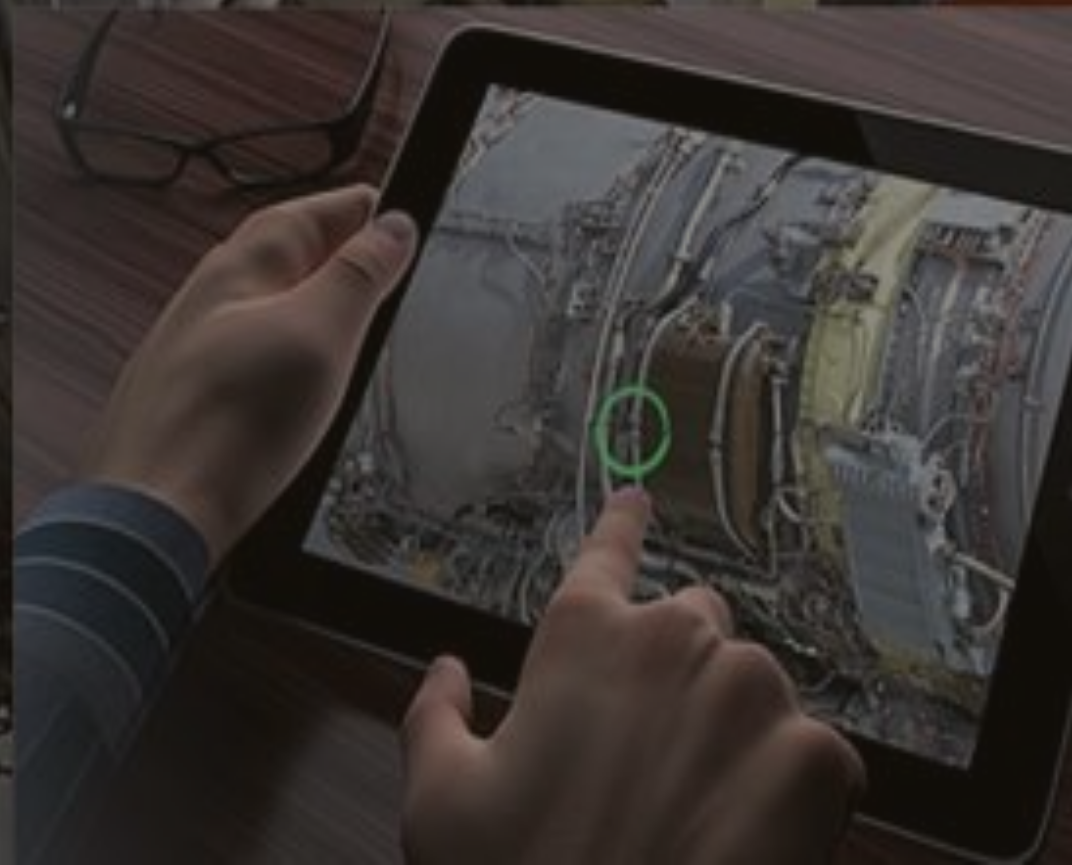


It's the Reliability of

**PERFORMANCE**

in retail & manufacturing

It's the Breadth of  
**CONNECTIVITY**  
in smart verticals



It's the Opportunities of

# INTERACTIVITY

in artificial intelligence





It's the Importance of

# EXPERIENCE

in work, life, and everything in between

# LENOVO IDG

Intelligent Transformation is  
Helping People Achieve Success  
Through Great Experiences with  
Lenovo Technologies



**thanks.**

**Different is better**

