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2011/12 Q1 Results

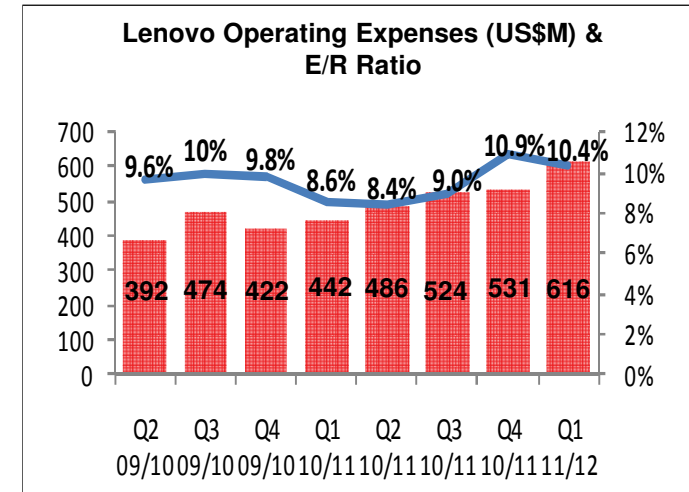
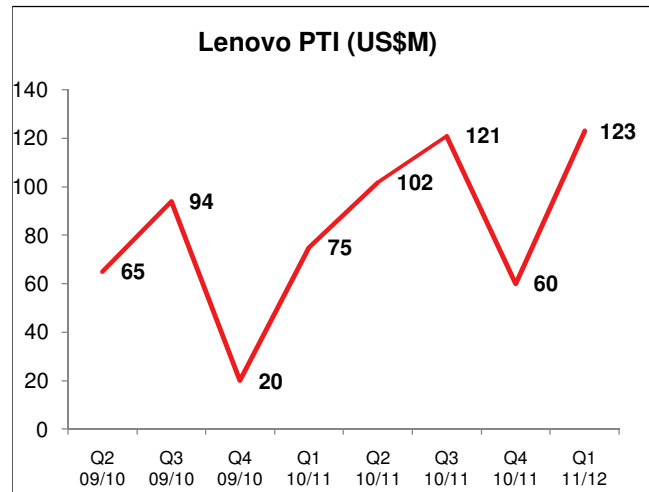
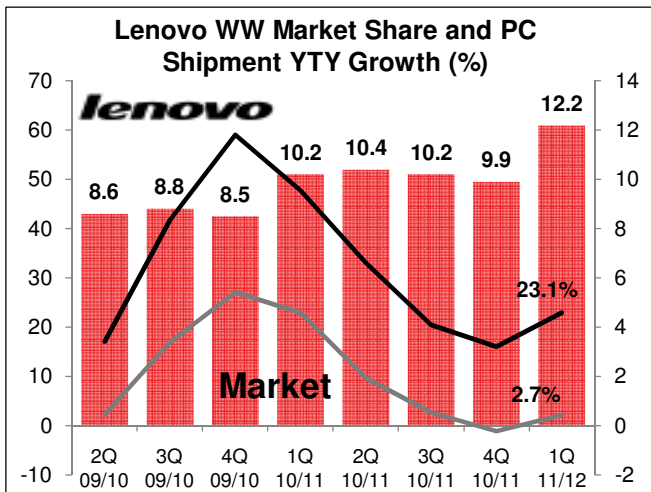
August 17, 2011 – New York /
August 18, 2011 – Hong Kong

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Yang Yuanqing
Chief Executive Officer

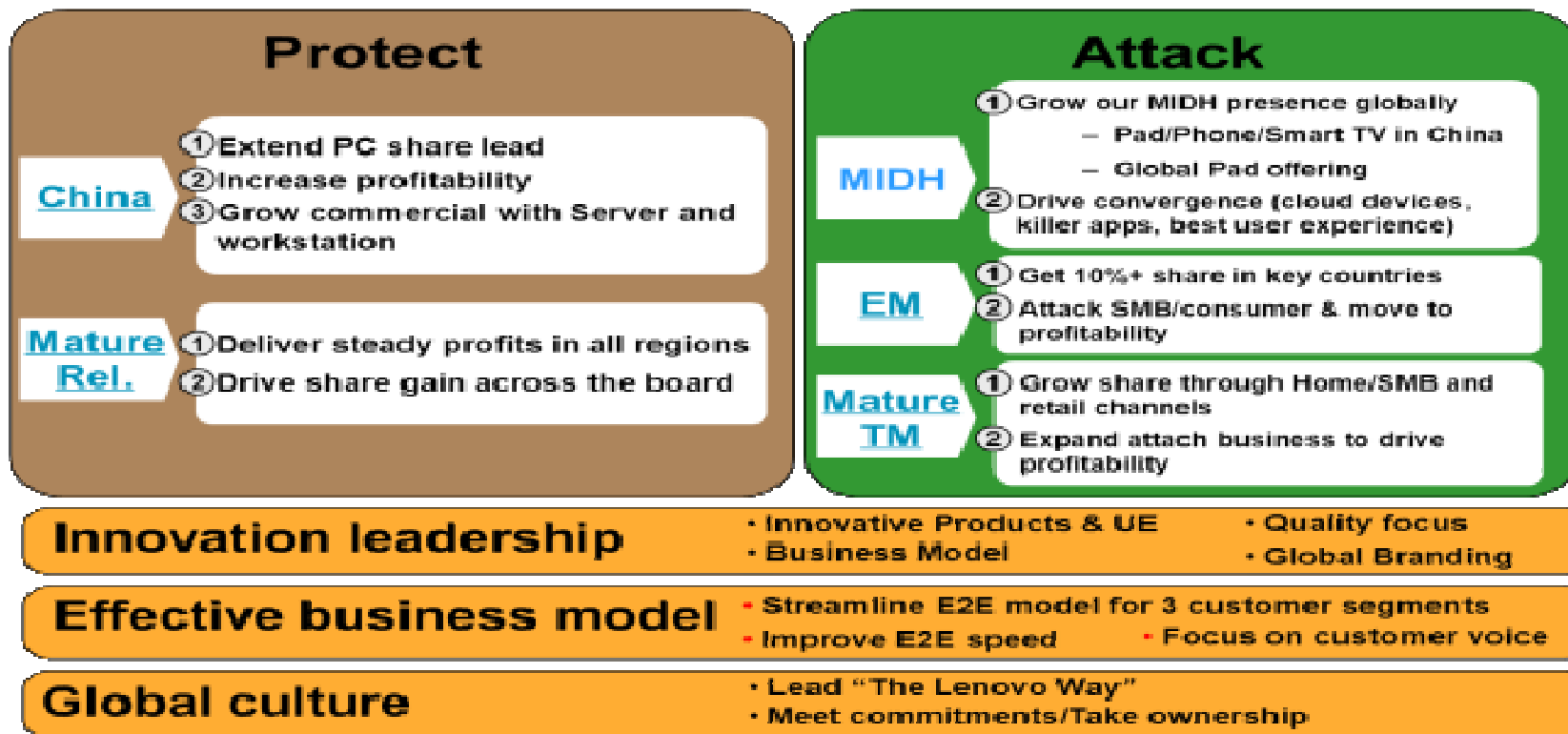
Strong Performance Drives Lenovo to #3

- Record high in market share, shipments and revenue
- Fastest growing for 7th straight quarter
- Improved profitability, PTI up 64% YTY
- E/R ratio slightly higher due to continued investments in innovation & branding



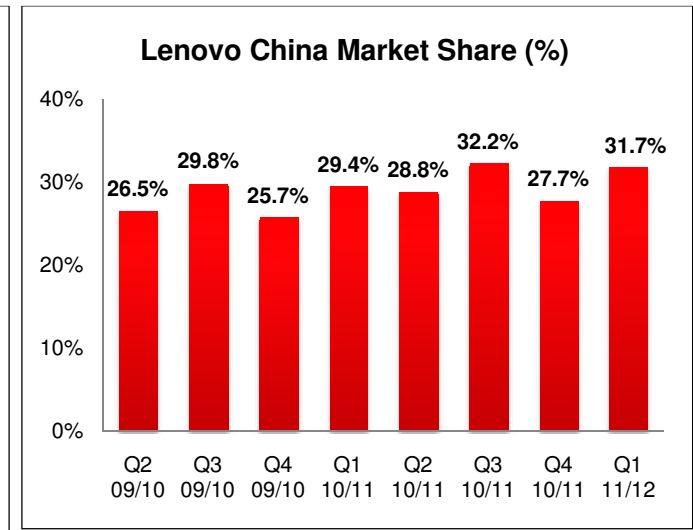
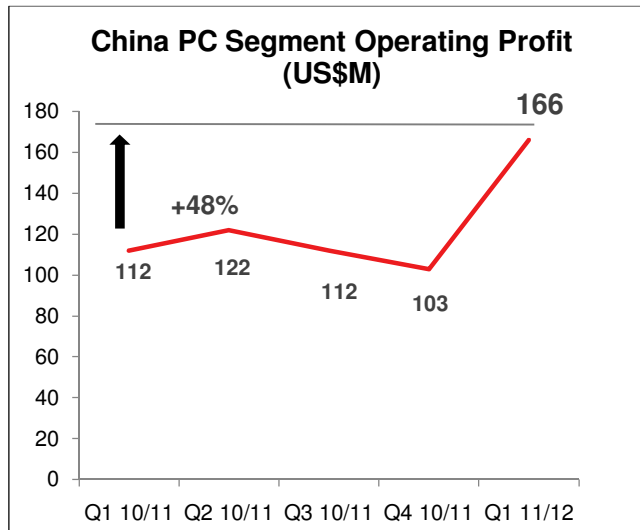
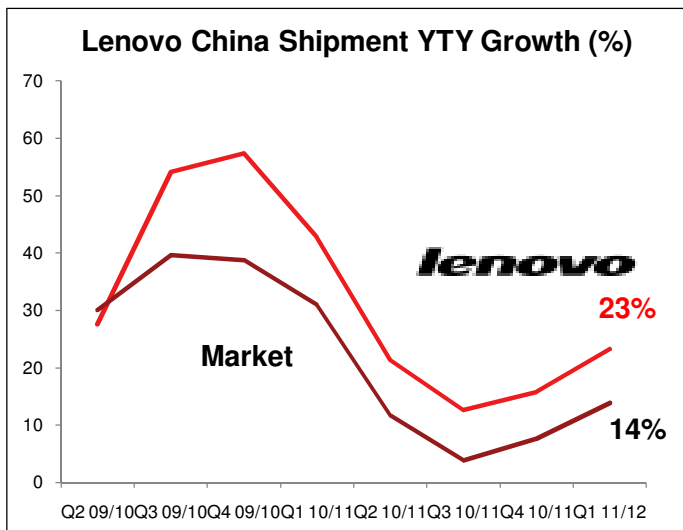
Source: IDC and Internal Data

Execution of Strategy Continues to Drive Growth



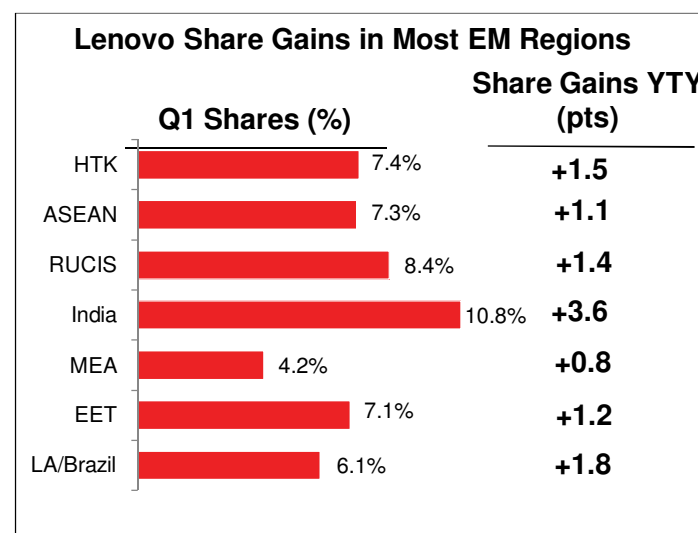
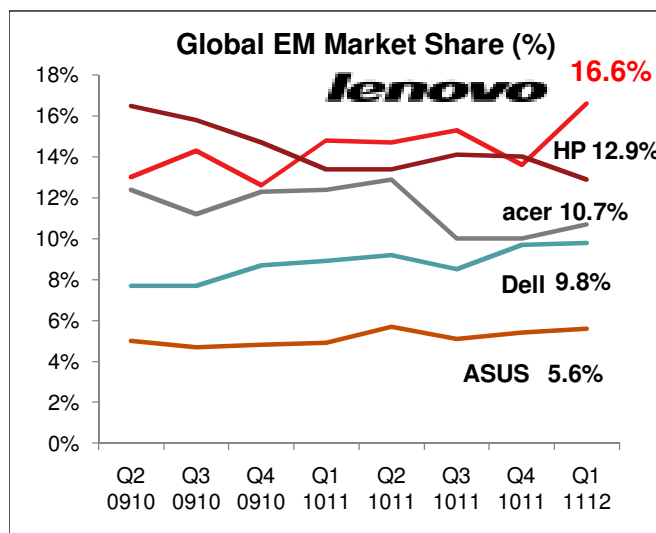
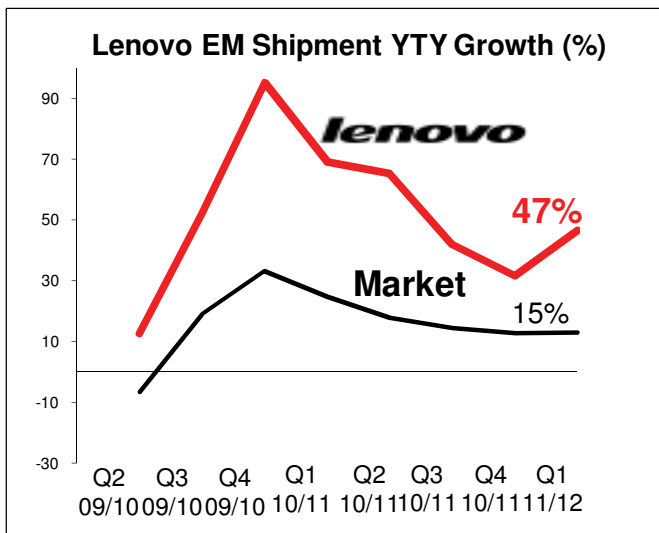
Protect China

- Extended lead vs. competitors as China overtook U.S. for 1st time
- Outgrew market, gained 2.3 points YTY
- Improved segment operating profit 48% YTY



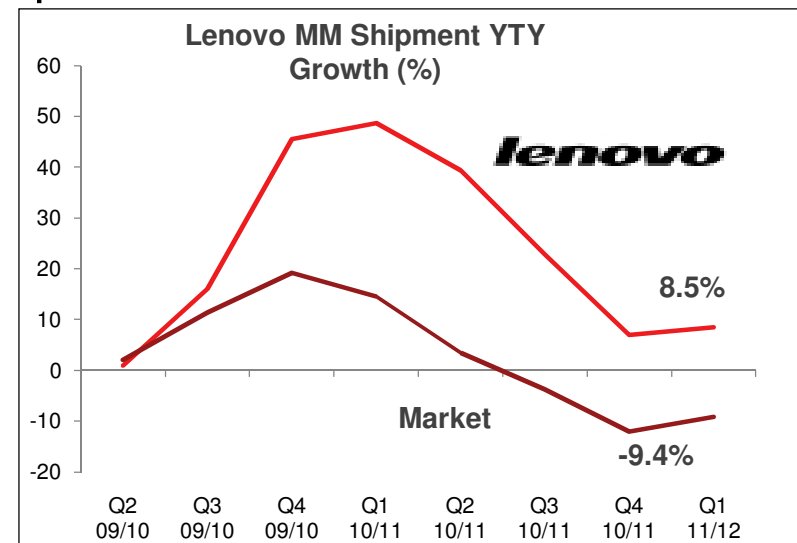
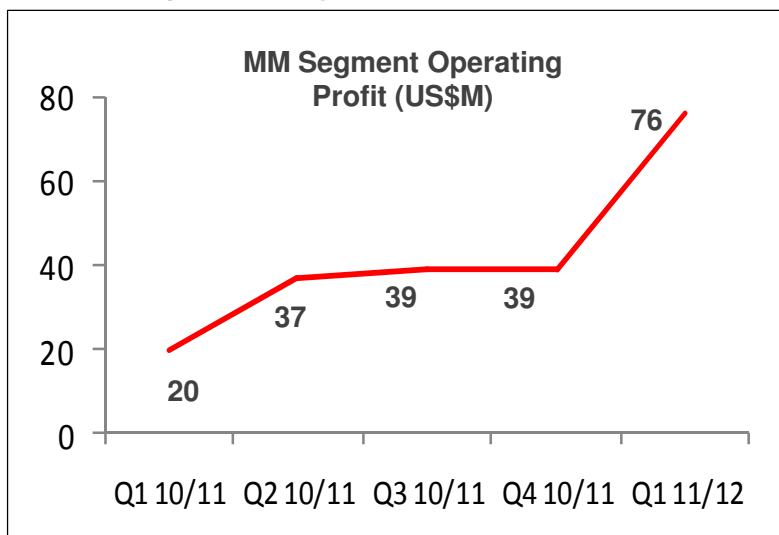
Attack Emerging Markets

- Grew 3x the market rate (46.5% v. 14.7%)
- Reached 6.9% share outside China, up 1.5 points YTY
- Strengthened #1 rank in Global Emerging Markets, including China
- Gained share in key markets such as India



Mature Markets: Protect and Attack

- Improved profitability by US\$56M YTY
- Record high market share of 6.6%, up 1.1 point YTY
 - North America grew to almost 2 points YTY, record share of 7%
- Completed joint venture with NEC, and acquisition of Medion



Source: IDC and Internal Data

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Attack: Mobile Internet

- Strong LePad launch in China, sold 80k as we ramp up
- Expanded tablet line up launched worldwide
- Launched A60 smartphone aimed at < 1,000 RMB market



A60 Smartphone

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Focus on a balanced strategy

- Investments of last 2 years have driven growth
- Focus on a balanced strategy: growth and profitability
- Continue to make strategic investments to strengthen business:
 - Innovation
 - Branding
 - Mobile Internet
 - Emerging Markets and Consumer

Outlook for the Year

Optimistic we can capture opportunities, and drive sustainable growth

- Emerging markets, including China, gaining momentum
- Global refresh cycle continues
- Mobile internet industry enters a fast-growing era

The right strategy...

... innovative products...

... and a good position

for future growth

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Wong Wai Ming
Chief Financial Officer

Financial Summary

<i>US\$ Million</i>	Q1 FY2011/12	Q1 FY2010/11	Y/Y	Q/Q
Sales	5,920	5,147	773	1,041
Gross Profit	739	523	216	139
Operating Expenses	(616)	(442)	(174)	(86)
Operating Profit*	123	81	42	53
Other Non-Operating Expenses	0	(6)	6	10
Pre-tax Income*	123	75	48	63
Other Income, net	0	0	0	0
Pre-tax Income	123	75	48	63
Taxation	(15)	(20)	5	3
Profit Attributable to Equity Holders	108	55	53	66
EPS (US cents)				
- Basic	1.11	0.57	0.54	0.68
- Diluted	1.08	0.54	0.54	0.66

* Excluding other income, net

	Q1 2011/12	Q1 2010/11	Q4 2010/11
Gross margin	12.5%	10.2%	12.3%
E/R ratio	10.4%	8.6%	10.9%
Operating margin*	2.1%	1.6%	1.4%
PTI margin*	2.1%	1.5%	1.2%
Net margin	1.8%	1.1%	0.9%

Condensed Balance Sheet

<i>US\$ Million</i>	As at Jun 30, 2011	As at Mar 31, 2011
Non-current assets	2,798	2,769
Property, plant and equipment	211	209
Intangible assets	2,142	2,134
Others	445	426
Current assets	9,560	7,937
Bank deposits and cash	3,899	2,997
Trade, notes and other receivables	4,670	4,066
Inventories	936	804
Others	55	70
Current liabilities	9,522	8,033
Short-term bank loans	61	72
Trade, notes and other payables	8,887	7,375
Current portion of non-current liabilities	462	450
Others	112	136
Net current assets/ (liabilities)	38	(96)
Non-current liabilities	875	838
Total equity	1,961	1,835

Cash and Working Capital

US\$ Million	Q1 FY2011/12	Q1 FY2010/11	Q4 FY2010/11
Bank deposits and cash	3,899	2,715	2,997
Total Bank Borrowings	261	478	272
Net Cash Reserves	3,638	2,237	2,725
Days Inventory	16	19	18
Days Receivable	29	28	32
Days Payable	72	70	83
Cash Conversion Cycle	-27 days	-23 days	-33 days

Performance By Geography

China

- Strong share growth to 31.7% (+2.3pts YTY)
- Solid shipments growth driven by stronger presence in emerging cities

Emerging Markets (Excluding China)

- Continuous share gains; close to 10% market share benchmark in selected countries (e.g. India)
- Investments in brand building to strongly attack the fast growing Emerging Markets

Mature Markets

- Record high market share at 6.6% (+1.1pts YTY) benefited from strong commercial PC demand
- Enhanced profitability due to enhanced product mix and better operational efficiency

(Excluding restructuring charges & one-off items)	Sales US\$m			Segment Operating Profit / (Loss) US\$m			Segment Operating Profit Margin		
	Q1 FY12	Y/Y	Q/Q	Q1 FY12	Q1 FY11 [^]	Q4 FY11 [^]	Q1 FY12	Q1 FY11 [^]	Q4 FY11 [^]
China*	2,836	13.1%	29.2%	159	113	90	5.6%	4.5%	4.1%
China - PC[#]	2,621	12.7%	30.4%	166	112	103	6.4%	4.8%	5.1%
Emerging Markets (Ex. China)	1,037	26.4%	22.0%	(22)	(23)	(18)	-2.1%	-2.8%	-2.1%
Mature Markets	2,047	12.6%	11.6%	76	20	39	3.7%	1.1%	2.1%

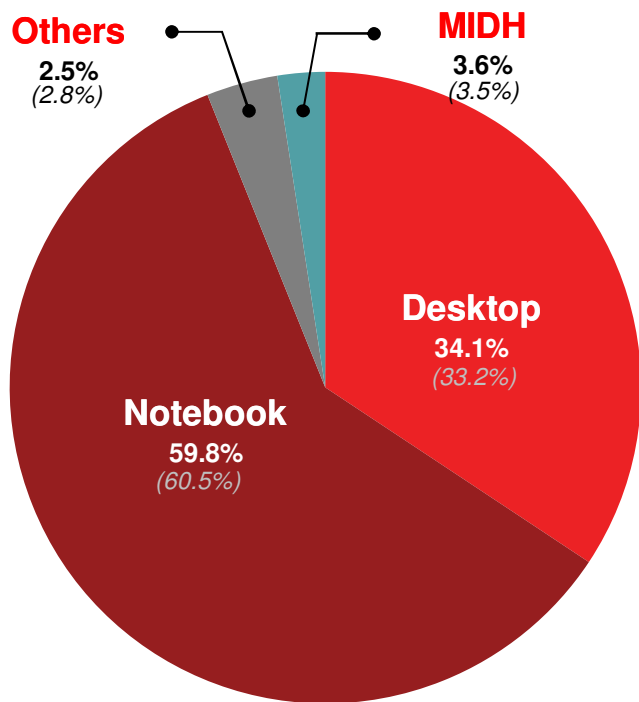
* Mobile Internet and Digital Home ("MIDH") included

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

Performance By Product

Revenue by Product



Desktop

- Shipments up 23% YTY; Sales up 18% YTY
- World's second largest consumer desktop player
- Market share up 2.4 pts YTY
- Strong growth through launch of enhanced AIO and SMB targeted desktops

Notebook

- Shipments up 23% YTY; Sales up 14% YTY
- Market share up 1.7 pts YTY
- World's second largest commercial notebook player
- New generation of ultraportable laptops to target SMB customers

MIDH

- Sales up 18% YTY
- Strong mobile phone shipment growth at 34% YTY with market share up 1.5 pts YTY
- LePhone shipments growth at 172% YTY
- Early feedback on LePad has been good with shipments ramping up
- A new family of tablets launched in late July in overseas targeting a wide spectrum of consumers



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Liu Chuanzhi

Chairman of the Board



Appendix

- Consolidated Income Statement
- Condensed Consolidated Cash Flow Statement
- Historical Performance By Geography (Reclassified)

Consolidated Income Statement

<i>US\$ Million</i>	Q1 2011/12	Q1 2010/11
Sales	5,920	5,147
Cost of sales	(5,181)	(4,624)
Gross profit	739	523
Other income, net	-	-
Selling and distribution expenses	(349)	(222)
Administrative expenses	(174)	(160)
Research and development expenses	(78)	(70)
Other operating (expense)/ income - net	(15)	10
Operating profit	123	81
Finance income	8	5
Finance costs	(8)	(11)
Share of gains of associated companies	0	0
Profit before taxation	123	75
Taxation	(15)	(20)
Equity holders of the company	108	55
Earnings per share (US cents)		
- Basic	1.11	0.57
- Diluted	1.08	0.54



Condensed Consolidated Cash Flow Statement

<i>US\$ Million</i>	Q1 2011/12	Q1 2010/11
Net cash generated from operating activities	919	325
Net cash (used in)/generated from investing activities	(43)	87
Net cash used in financing activities	(9)	(34)
Increase in cash and cash equivalents	867	378
Effect of foreign exchange rate changes	21	1
Cash and cash equivalents at the beginning of the period	2,954	2,238
Cash and cash equivalents at the end of the period	3,842	2,617

Historical Performance By Geography (Reclassified)

As reported in Financial Statements

(Excluding restructuring charges & one-off items)	FY1011 Q1			FY1011 Q2			FY1011 Q3			FY1011 Q4		
	Sales US\$m	Segment Operating Profit / (Loss) US\$m	Segment Operating Profit Margin	Sales US\$m	Segment Operating Profit / (Loss) US\$m	Segment Operating Profit Margin	Sales US\$m	Segment Operating Profit / (Loss) US\$m	Segment Operating Profit Margin	Sales US\$m	Segment Operating Profit / (Loss) US\$m	Segment Operating Profit Margin
China *	2,508	138	5.5%	2,630	150	5.7%	2,682	132	4.9%	2,195	88	4.0%
China - PC #	2,326	137	5.9%	2,411	147	6.1%	2,464	137	5.6%	2,009	100	5.0%
Emerging Markets (Ex. China)	821	(25)	-3.0%	1,071	(17)	-1.6%	1,117	(13)	-1.2%	850	(10)	-1.2%
Mature Markets	1,818	0	0.0%	2,059	20	1.0%	2,009	22	1.1%	1,834	36	2.0%

After reclassification[^]

(Excluding restructuring charges & one-off items)	FY1011 Q1 [^]			FY1011 Q2 [^]			FY1011 Q3 [^]			FY1011 Q4 [^]		
	Sales US\$m	Segment Operating Profit / (Loss) US\$m	Segment Operating Profit Margin	Sales US\$m	Segment Operating Profit / (Loss) US\$m	Segment Operating Profit Margin	Sales US\$m	Segment Operating Profit / (Loss) US\$m	Segment Operating Profit Margin	Sales US\$m	Segment Operating Profit / (Loss) US\$m	Segment Operating Profit Margin
China *	2,508	113	4.5%	2,630	126	4.8%	2,682	107	4.0%	2,195	90	4.1%
China - PC #	2,326	112	4.8%	2,411	122	5.1%	2,464	112	4.6%	2,009	103	5.1%
Emerging Markets (Ex. China)	821	(23)	-2.8%	1,071	(11)	-1.1%	1,117	(10)	-0.9%	850	(18)	-2.1%
Mature Markets	1,818	20	1.1%	2,059	37	1.8%	2,009	39	2.0%	1,834	39	2.1%

* MIDH included

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