

lenovo[®]

2011/12 Q3 Results

February 8, 2012 – San Francisco /
February 9, 2012 – Hong Kong

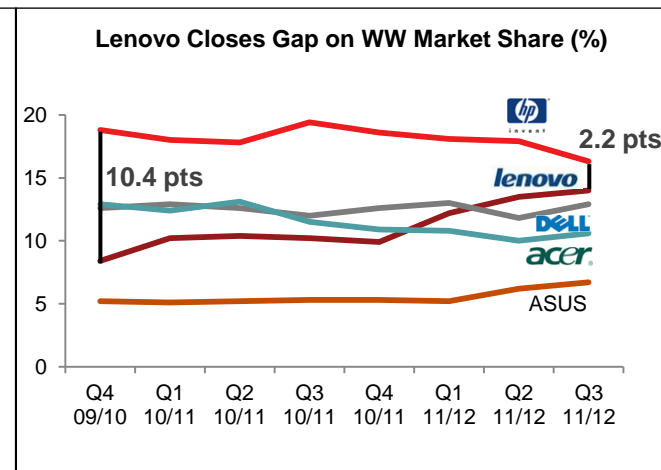
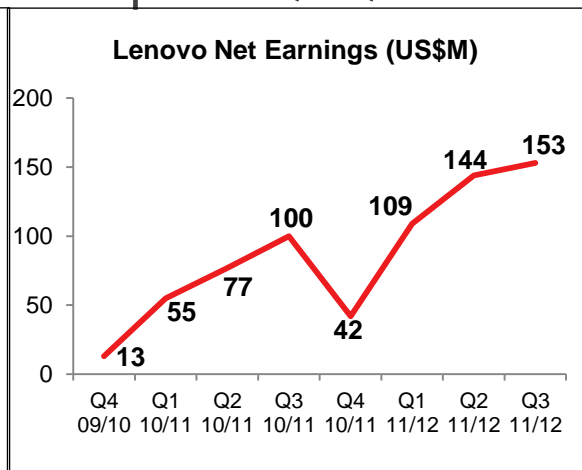
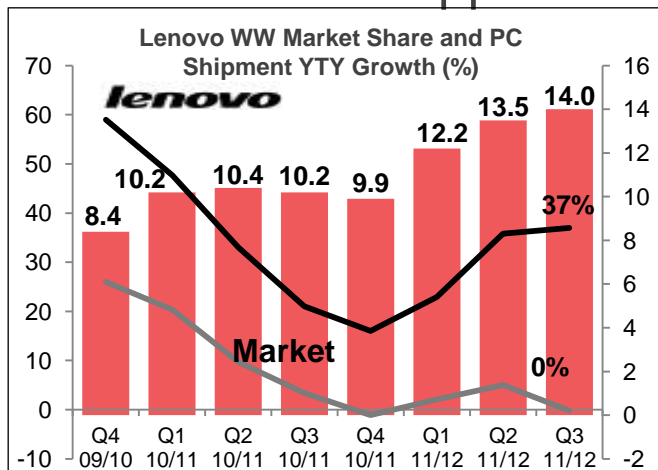


Yang Yuanqing

Chairman and Chief Executive Officer

Lenovo #2 in the world, closing gap on #1 position

- Fastest growing for 9th straight quarter
- Record highs in market share, shipments, revenue and PTI
- Closing gap with #1 position to just 2 points
- E/R ratio dropped almost a point QTTQ

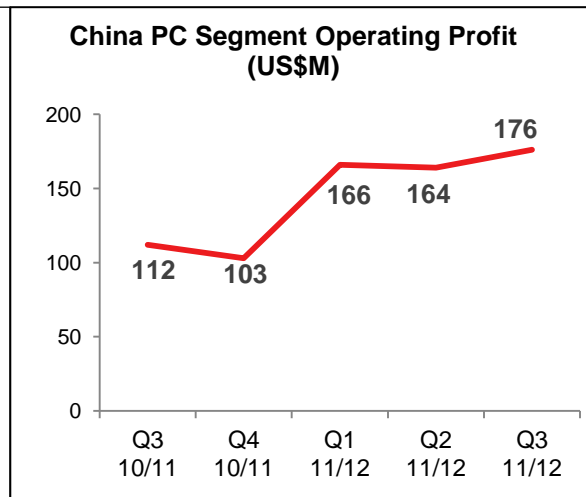
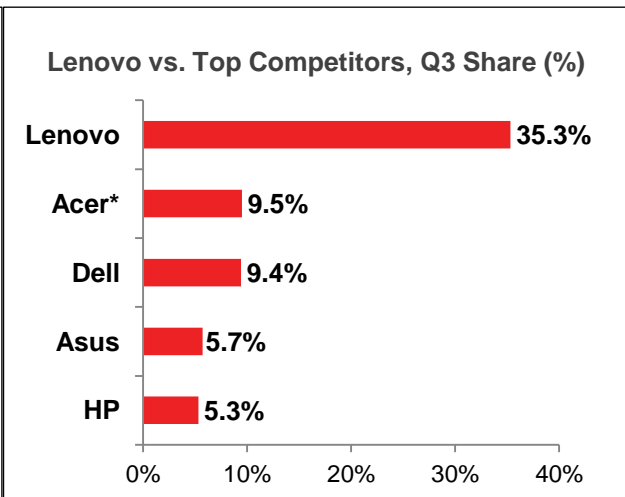
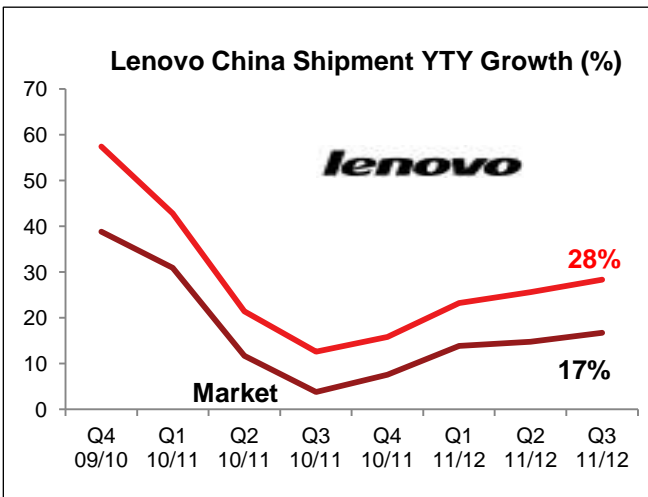


Source: IDC and Internal Data



Protect China

- Extended lead vs. competitors in world's largest PC market
- Achieved record market share of 35.3%
- Improved PC operating profit by 57% YTY



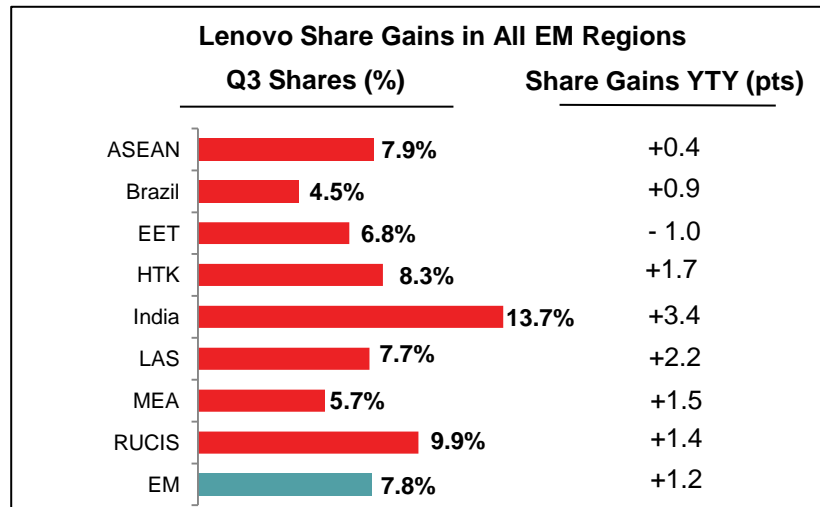
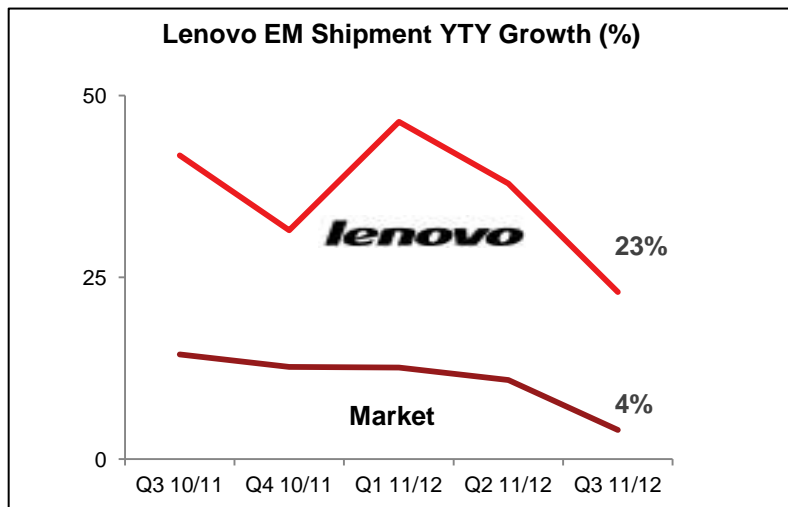
*Includes Founder

Source: IDC and Internal Data



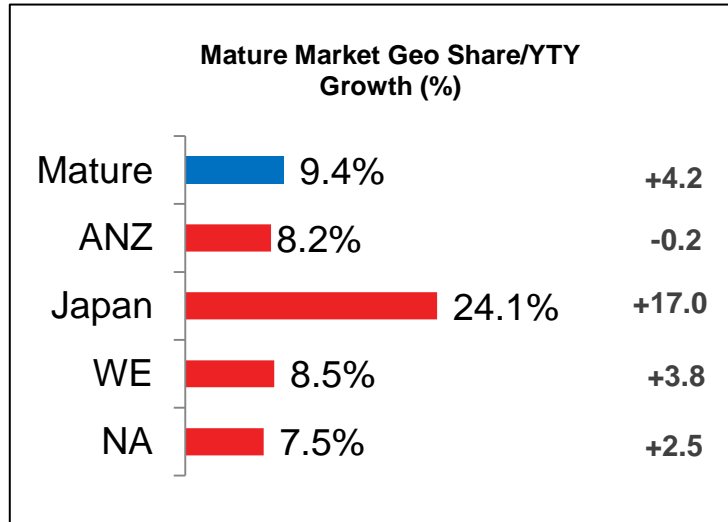
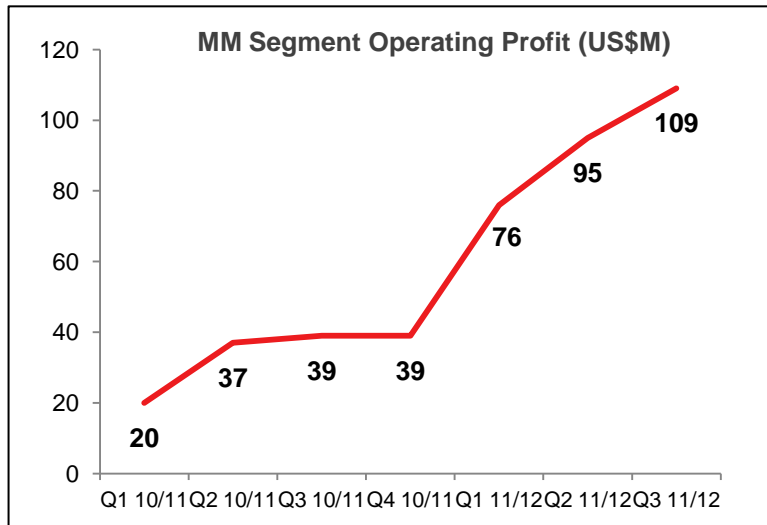
Attack Emerging Markets

- Grew more than 5x the market
- Share outside China grew 1.2 points YTY
- Strengthened #1 position in Global Emerging Markets
- Gained 3.4 points in India, 1 point in Russia



Mature Markets: Protect Relationship / Attack Transactional

- More than doubled operating profit YTY
- Record high market share of 9.4%, up 4.2 points YTY
- Successful integrations of NEC and Medion



Source: IDC and Internal Data

Attack Mobile Internet

- Smartphone sales grew over 400% QTD in China, double-digit share in December.
- Tablets: Dominating Android-based player in China
 - 51.9% Android-based market share; 16.5% overall, strong #2 in China
- Smart TV leads slate of new, innovative products coming to market



A60



IdeaPad Yoga



IdeaTablet S2110A



Smart TV **lenovo** FOR
THOSE
WHO DO.

CES Success Demonstrates Innovation Capability

- Lenovo won 23 awards, more than next 5 competitors combined

South China Morning Post
南華早報

Lenovo beats Apple to unveil smart television



© CBS Interactive



Success Factors and Core Strengths

- World-class innovation capability
- Efficient business model
- Investments in branding
- Diverse leadership team
- Global ownership culture

Outlook

- Deeply committed to PC industry
- Optimistic about future of PC industry
- On pace to become the industry leader

The right strategy...

...diverse talents & global culture ...

...successful business model

...innovation

A red decorative shape, resembling a stylized arrow or a corner piece, is located on the left side of the slide.

Wong Wai Ming

Chief Financial Officer

Financial Summary

<i>US\$ Million</i>	Q3 FY2011/12	Q3 FY2010/11	Y/Y	Q/Q	YTD FY2011/12	Y/Y
Sales	8,372	5,808	2,564	586	22,078	5,363
Gross Profit	954	648	306	6	2,641	877
Operating Expenses	(761)	(524)	(237)	21	(2,158)	(707)
Operating Profit	193	124	69	27	483	170
Other Non-Operating Expenses	(1)	(3)	2	0	(2)	13
Pre-tax Income	192	121	71	27	481	183
Taxation	(38)	(21)	(17)	(18)	(73)	(6)
Profit for the period	154	100	54	9	408	177
Non-controlling interests	(1)	0	(1)	(2)	(2)	(2)
Profit attributable to Equity Holders	153	100	53	7	406	175
EPS (US cents)						
- Basic	1.50	1.03	0.47	0.09	4.03	1.62
- Diluted	1.46	0.98	0.48	0.08	3.94	1.65

	Q3 2011/12	Q3 2010/11	Q2 2011/12
Gross margin	11.4%	11.2%	12.2%
E/R ratio	9.1%	9.0%	10.0%
Operating margin	2.3%	2.2%	2.1%
PTI margin	2.3%	2.1%	2.1%
Net margin	1.8%	1.7%	1.9%



Condensed Balance Sheet

US\$ Million

	As at Dec 31, 2011	As at Mar 31, 2011
Non-current assets	3,955	2,769
Property, plant and equipment	414	209
Intangible assets	2,835	2,134
Others	706	426
Current assets	11,512	7,937
Bank deposits and cash	4,122	2,997
Trade, notes and other receivables	6,025	4,066
Inventories	1,252	804
Others	113	70
Current liabilities	11,448	8,033
Short-term bank loans	71	72
Trade, notes and other payables	10,730	7,375
Current portion of non-current liabilities	501	450
Others	146	136
Net current assets/ (liabilities)	64	(96)
Non-current liabilities	1,579	838
Total equity	2,440	1,835

Cash and Working Capital

<i>US\$ Million</i>	<u>Q3 FY2011/12</u>	<u>Q3 FY2010/11</u>	<u>Q2 FY2011/12</u>
Bank deposits and cash	4,122	3,428	4,223
Total Bank Borrowings	271	275	259
Net Cash Reserves	3,851	3,153	3,964
Days Inventory	17	16	18
Days Receivable	34	30	33
Days Payable	68	77	71
Cash Conversion Cycle	-17 days	-31 days	-20 days

Performance By Geography

China

- Record high unit shipments with strong growth at +28% vs. market growth at +17% YTY
- Record market share at 35.3% (+3.1pts YTY)
- Record high sales and segmental operating profit

Emerging Markets (Excluding China)

- Unit shipments at over 5x market growth (+23% vs. market +4% YTY)
- Share gains in most regions led Lenovo market share to 7.8% (+1.2pts YTY)

Mature Markets

- Record high unit shipments, revenue and segmental operating profit
- Medion/NEC: gaining market shares and earnings accretive

Including MIDH and non-PC revenue & results	Sales US\$m			Segment Operating Profit US\$m			Segment Operating Profit Margin		
	Q3 FY12	Y/Y	Q/Q	Q3 FY12	Q3 [^] FY11	Q2 FY12	Q3 FY12	Q3 [^] FY11	Q2 FY12
China	3,483	29.9%	8.8%	161	107	137	4.6%	4.0%	4.3%
China - PC[#]	2,994	21.5%	2.4%	176	112	164	5.9%	4.6%	5.6%
Emerging Markets (Ex. China)	1,262	12.9%	-2.6%	(30)	(10)	(23)	-2.4%	-0.9%	-1.8%
Mature Markets	3,627	80.6%	8.6%	109	39	95	3.0%	2.0%	2.9%

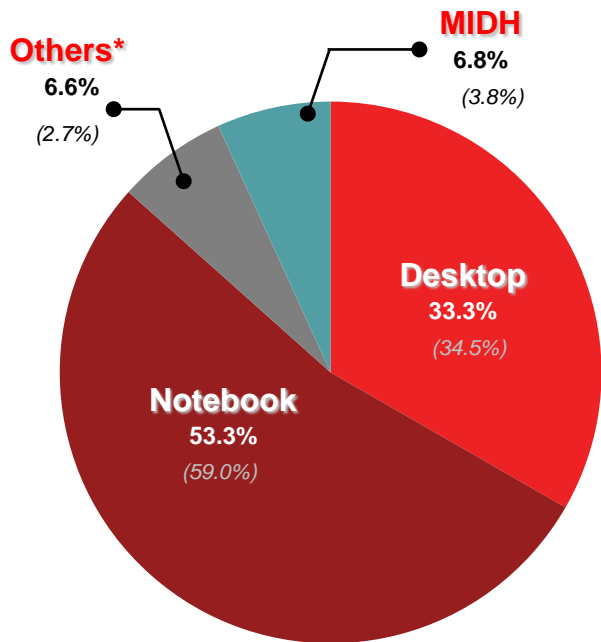
Financials on China PC extracted from management report are not presented as a separate reportable segment in external report and are shown for reference only

[^] Reclassified after the adoption of new IT expense allocation method since beginning of FY11/12



Performance By Product

Revenue by Product



Notebook

- Shipments up 41% YTY; Sales up 30% YTY
- Market share up 3.6pts YTY to 13.2%
- World's No.1 commercial notebook player

Desktop

- Shipments up 32% YTY; Sales up 39% YTY
- Market share up 4.1pts YTY to 15.2%
- World's No.1 consumer desktop player

MIDH

- MIDH Sales up 159% YTY
- Strong smartphone shipment growth at 20X YTY driven by strong demand of A60 & successful launch of P70
- Strong feature phone shipment growth at 26% YTY
- Tablets continued to show good momentum and rolled market outside China; No.2 Tablet player in China

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



Appendix

- Consolidated Income Statement
- Condensed Consolidated Cash Flow Statement

Consolidated Income Statement

<i>US\$ Million</i>	Q3 2011/12	YTD FY2011/12	Q3 2010/11	YTD FY2010/11
Sales	8,372	22,078	5,808	16,715
Cost of sales	(7,418)	(19,437)	(5,160)	(14,951)
Gross profit	954	2,641	648	1,764
Other income, net	1	1	-	-
Selling and distribution expenses	(458)	(1,266)	(291)	(757)
Administrative expenses	(170)	(541)	(174)	(525)
Research and development expenses	(118)	(314)	(76)	(212)
Other operating (expense)/income - net	(16)	(38)	17	43
Operating profit	193	483	124	313
Finance income	13	32	7	18
Finance costs	(14)	(33)	(10)	(33)
Share of gains of associated companies	0	(1)	0	0
Profit before taxation	192	481	121	298
Taxation	(38)	(73)	(21)	(67)
Profit for the period	154	408	100	231
Profit attributable to:				
Equity holders of the company	153	406	100	231
Non-controlling interests	1	2	-	-
Dividend	-	50	-	33
Earnings/(Loss) per share (US cents)				
- Basic	1.50	4.03	1.03	2.41
- Diluted	1.46	3.94	0.98	2.29

Condensed Consolidated Cash Flow Statement

<i>US\$ Million</i>	Q3 2011/12	Q3 2010/11
Net cash generated from operating activities	59	862
Net cash used in investing activities	(120)	(6)
Net cash used in financing activities	(36)	(124)
Increase in cash and cash equivalents	(97)	732
Effect of foreign exchange rate changes	2	20
Cash and cash equivalents at the beginning of the period	4,169	2,522
Cash and cash equivalents at the end of the period	4,074	3,274

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