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NEW WORLD. NEW THINKING.

Lenovo Group Limited

2008/09 Q1 Results

August 7, 2008

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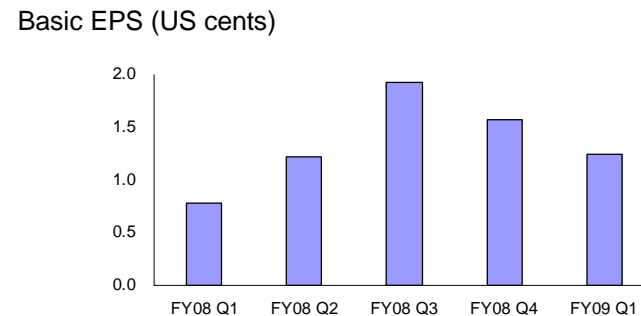
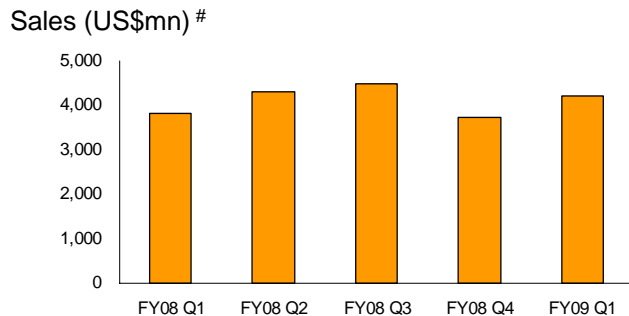
Wong Wai Ming

Senior Vice President &
Chief Financial Officer



Lenovo Q1 FY08/09 Results Highlights

- PC unit shipment up 14.6%, with WW market share flat at 7.9%*
- Sales US\$ 4,213 million, up 10.5%
- Gross margin at 14.1%, down 0.7 pts
- E/R reduced to 11.1%, improved by 0.3 pts
- Net profit US\$110 million, up 65%
- Basic EPS 1.25 US cents, up 60%



* Industry estimates

Continuing operations for previous quarters figures

Financial Summary

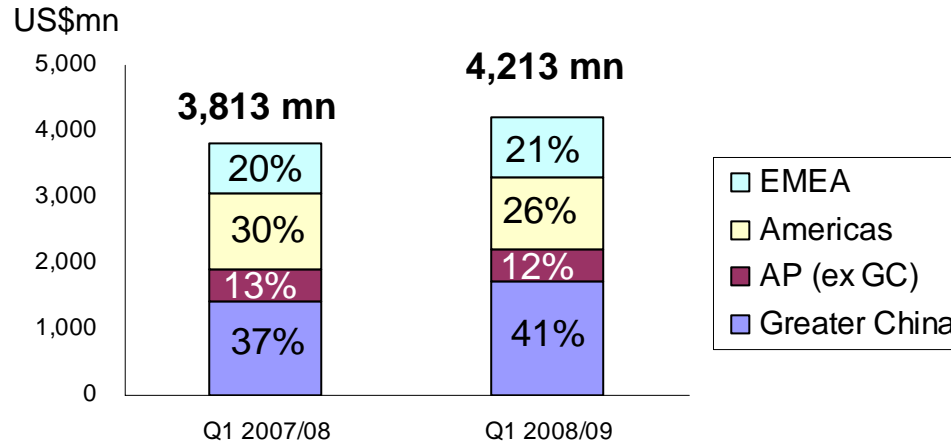
US\$ Million	Q1 FY2008/09	Q1 FY2007/08	Y/Y	Q/Q
Continuing Operations				
Sales	4,213	3,813	+ 10.5%	+ 12.8%
Gross Profit	595	565	+ 5.2%	+ 6.3%
Operating Expenses	(469)	(433)	+ 8.1%	- 0.6%
Other Income, net	1	2		
Operating Profit before Restructuring Cost	127	134	- 5.1%	+ 35.0%
Other Non-Operating Income / (Expenses)	10	(2)		
Pre-tax Income before Restructuring Cost	137	132	+ 3.7%	+ 33.2%
Restructuring Cost	0	(45)		
Pre-tax Income	137	87	+ 57.1%	+ 32.5%
Taxation	(27)	(15)		
Profit from Continuing Operations	110	72	+ 54.4%	+ 5.3%
Loss from Discontinued Operations	-	(5)		
Profit attributable to Shareholders	110	67	+ 65.3%	- 21.3%

	Q1 2008/09	Q1 2007/08	Q4 2007/08
Gross margin	14.1%	14.8%	15.0%
Expense-to-revenue ratio*	11.1%	11.4%	12.6%
Operating margin*	3.0%	3.5%	2.5%
PTI margin*	3.2%	3.5%	2.8%
Net profit margin	2.6%	1.8%	3.8%

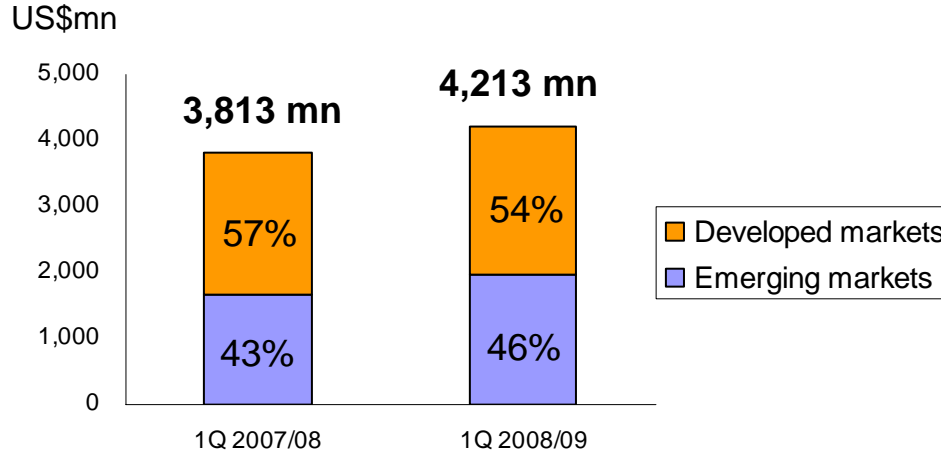
* Excludes restructuring costs



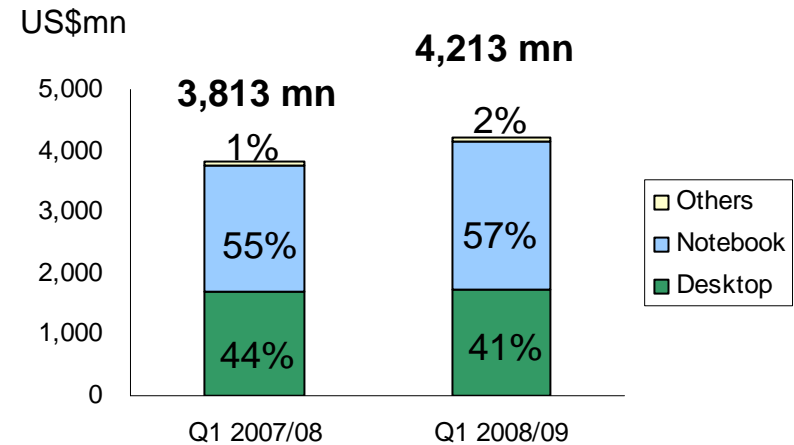
Sales Breakdown*



Balanced geographic mix



Increasing emerging markets presence



Higher notebook mix

* Continuing operations

Geography Performance*

- All geographies (except Americas) posted YTY sales growth
- Positive segment operating profit for all geographies

	Sales US\$mn			Segment Operating Profit US\$mn			Segment Operating Profit Margin		
	Q1 09	Y/Y	Q/Q	Q1 09	Q1 08	Q4 08	Q1 09	Q1 08	Q4 08
Greater China	1,719	21.6%	33.5%	117	103	99	6.8%	7.3%	7.7%
Americas	1,093	-4.8%	6.6%	4	39	16	0.3%	3.4%	1.5%
EMEA	904	19.8%	2.8%	20	14	18	2.2%	1.8%	2.0%
AP (ex GC)	497	0.1%	-8.5%	7	0.3	6	1.5%	0.1%	1.2%

* Continuing operations and excludes last year and last quarter restructuring costs for comparisons

Condensed Balance Sheet

US\$ Million	As at Jun 30, 2008	As at Mar 31, 2008
Non-current assets	2,522	2,494
Property, plant and equipment	355	365
Intangible assets	1,839	1,838
Others	328	291
Current assets	5,167	4,705
Bank deposits and cash	2,298	2,191
Account receivables	2,235	1,999
Inventories	584	472
Others	50	43
Current liabilities	4,869	4,488
Short-term bank loans	13	61
Account payables	4,728	4,273
Current portion of non-current liabilities	51	49
Others	77	105
Net current assets	298	217
Non-current liabilities	1,116	1,098
Total equity	1,704	1,613

Cash and Working Capital

US\$ Million	<u>Q1 2008/09</u>	<u>Q1 2007/08</u>	<u>Q4 2007/08</u>
Bank deposits and cash	2,298	1,507	2,191
Total bank borrowings	<u>513</u>	<u>193</u>	<u>561</u>
Net cash reserves	1,785	1,314	1,630
Days inventory	13	11	13
Days receivable	28	23	28
Days payable	64	60	70
Cash conversion cycle	-23 days	-26 days	-29 days

Share Repurchase Update

Share Repurchase (Apr 1 - Jun 30, 2008)

Total no. of shares repurchased	74.63M
Weighted average repurchase price	HK\$5.40
Highest price	HK\$5.99
Lowest price	HK\$5.03
Aggregate consideration paid	US\$51.9M

- Total no. of shares repurchased since March is approx. 148 million, at an aggregate consideration of US\$96 million.

Outlook

- PC market expected to grow despite global economic slow-down
- Balanced approach to investment and to profitability
- Growth driver in consumer business and emerging markets
- Pursue operational excellence
- Improve scaling of expenses

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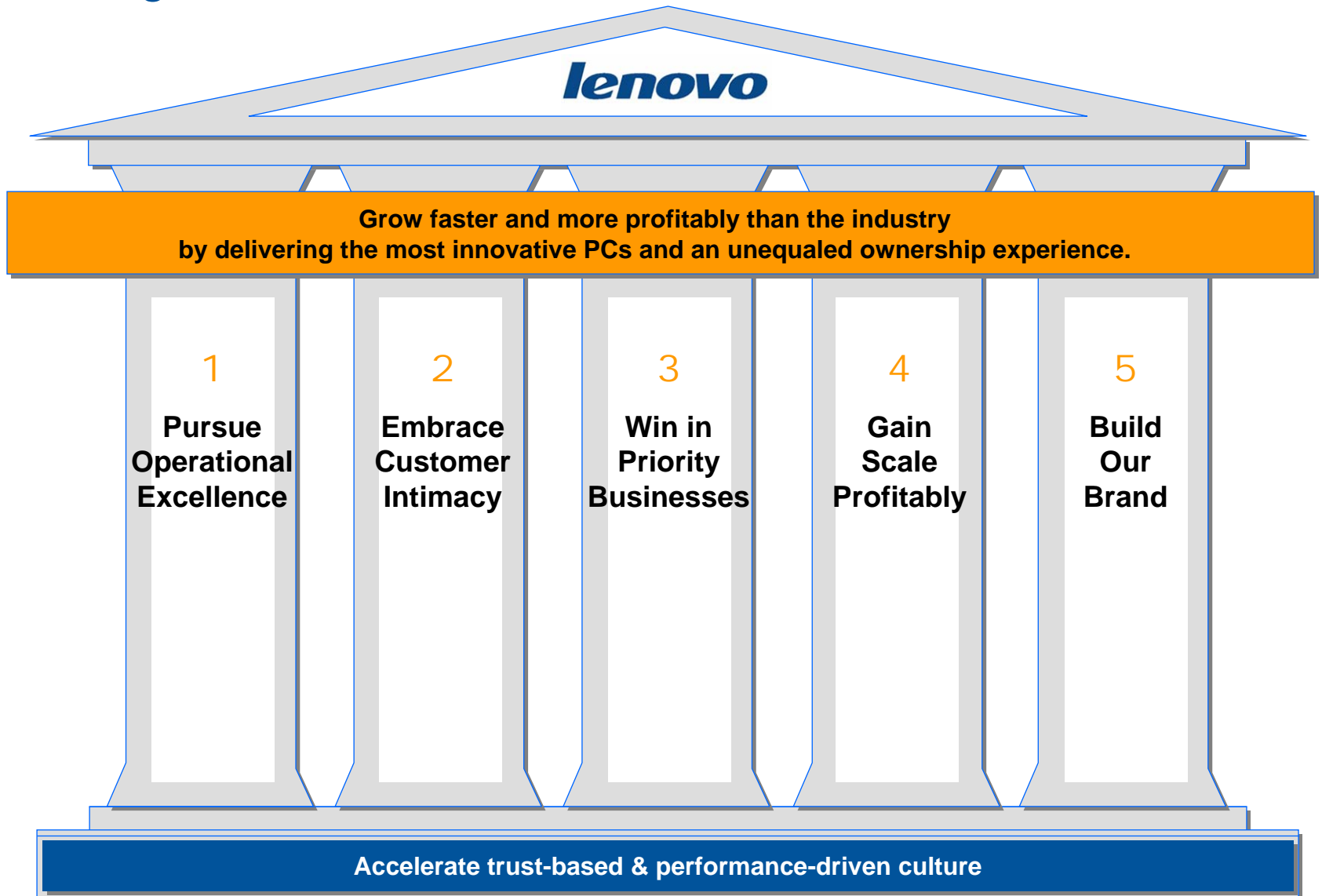
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William Amelio

President &
Chief Executive Officer



Strategic Focus



Pursue Operational Excellence

- Global Supply Chain → Significant competitive advantage
- Overall cost and efficiency improvements
 - Worldwide serviceability +9% YOY
 - 13% YOY cost-per-box savings
- Key focus on Lean Six Sigma
- Awarded U.S. C-TPAT Tier III validation



Embrace Customer Intimacy

- Recognition for excellence in customer satisfaction
 - #1 in notebook customer satisfaction in 1Q08 (TBR)
 - Moved to #2 (1Q08) from #4 (1Q06) in desktop (TBR)
 - Independent “Customer Delight” surveys at all time highs
- Lenovo Services
 - Contract signings up 47% YOY
- Lenovo Software & Peripherals
 - Sales up 16% YOY; strong growth in China, AP & EMEA
 - Agreement with McAfee to be security software partner



Win in Priority Businesses

- Emerging Markets
 - China growth ahead of market for 12th consecutive quarter
 - Gained share in targets: Mexico, Russia, Turkey & UAE/Saudi Arabia
 - Improved business processes & strengthened leadership for India
- Workstations & Servers
 - Workstation sales & profitability solid; strong pipeline
 - ThinkServer launch on track for next quarter
- Consumer
 - Sales & volume outpaced market in 1Q
 - Web consumer direct successfully launched in U.S.
 - Introduced IdeaPad ultra-portable “netbook”
 - Expansion of IdeaPad product line & consumer PC sales channels



Build Scale Profitably

- Transaction Business
 - Sales: 1Q08 +21%
 - Shipments: 1Q08 +20%
 - 9th consecutive quarter of profitable growth worldwide
 - Notebook volume 11 pts ahead of market
- Relationship Business
 - Sales: 1Q08 +2%
 - Shipments: 1Q08 +5%
 - All geographies profitable; 6th consecutive quarter



Build Our Brand



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Yang Yuanqing

Chairman of the Board



The Lenovo logo is displayed in a bold, italicized, white sans-serif font.

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Appendix

- **Income Statement**
- **Cash Flow Statement**
- **Netbook's Definition**

Consolidated Income Statement

US\$ Million	Q1 2008/09	Q1 2007/08
Continuing operations:		
Sales	4,213	3,813
Cost of sales	(3,618)	(3,248)
Gross profit	595	565
Other income, net	1	2
Selling and distribution expenses	(250)	(254)
Administrative expenses	(174)	(129)
Research and development expenses	(54)	(49)
Other operating income/(expenses) - net	9	(46)
Operating profit	127	89
Finance income	20	6
Finance costs	(9)	(8)
Share of losses of associated companies	(1)	(0)
Profit before taxation	137	87
Taxation	(27)	(15)
Profit from continuing operations	110	72
Losses from discontinued operations	-	(5)
Profit for the period	110	67
Profit attributable to:		
Shareholders of the Company	110	67
Earnings per share		
- Basic	1.25 US cents	0.78 US cents
- Diluted	1.15 US cents	0.74 US cents

Condensed Consolidated Cash Flow Statement

US\$ Million	2008/09 Q1	2007/08 Q1
Net cash generated from operating activities	182	402
Net cash used in investing activities	(285)	(56)
Net cash (used in)/generated from financing activities	(107)	87
(Decrease)/increase in cash and cash equivalents	(210)	433
Decrease in cash and cash equivalents from discontinued operations	-	(15)
Effect of foreign exchange rate changes	28	25
Cash and cash equivalents at the beginning of the period	1,651	1,064
Cash and cash equivalents at the end of the period	1,469	1,507

Netbook's Definition

- The term was introduced by Intel in February 2008. It is a category of super-slim, super-small subnotebooks to complement a customer's primary PC or as a first-time, introductory PC purchase. It is optimized for Internet access and core computing functions, such as Web browsing and multimedia content use.



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