

2011/12 Annual Results

May 23, 2012

lenovo® **FOR**
THOSE
WHO DO.™

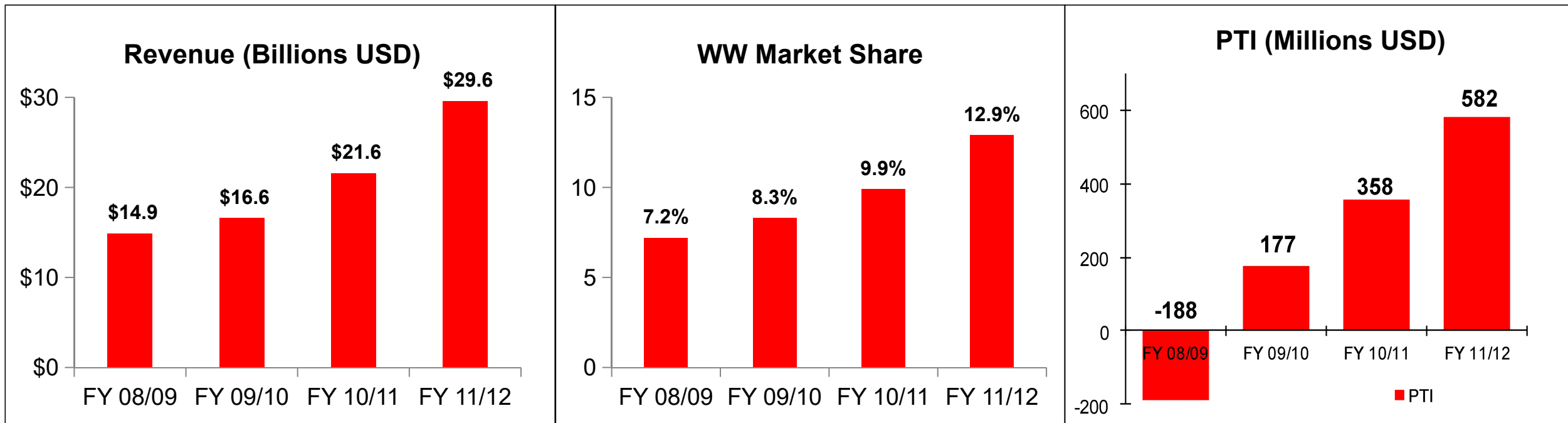
A decorative pattern of red swirls and curls is located in the top right corner of the red banner.

Yang Yuanqing

Chairman & CEO

Record Fiscal Year

- All-time highs in revenue, market share and PTI
 - Revenue \$29.6 billion; Market Share 12.9%; PTI 582 million USD, up over 60% YTY
- Net income of 473 million USD, up over 70% YTY



Source: IDC and Internal Data

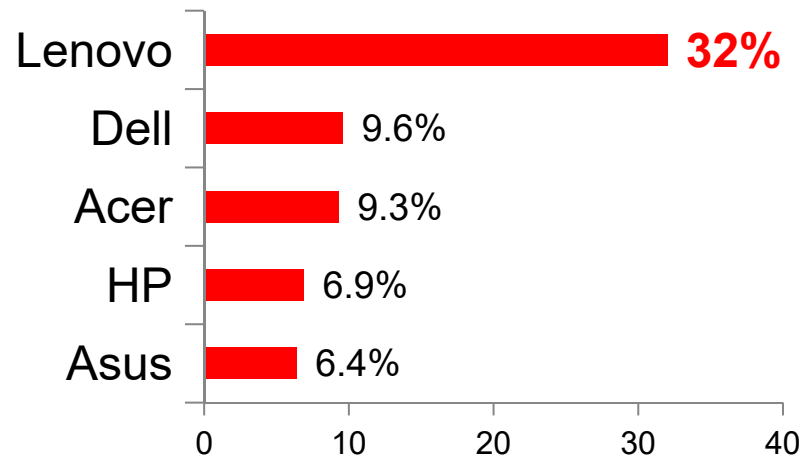
Outstanding Q4



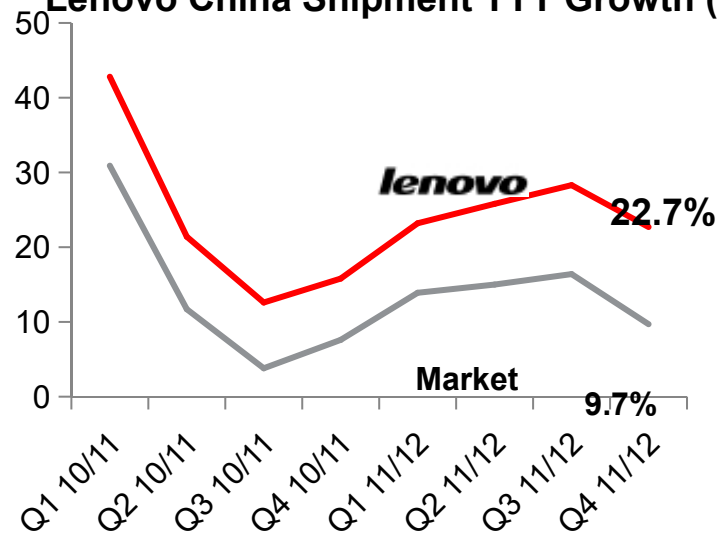
Protect China Leadership

- Record high market share
- Profitability up 27% YTY
- Strong presence in emerging cities will continue to drive growth

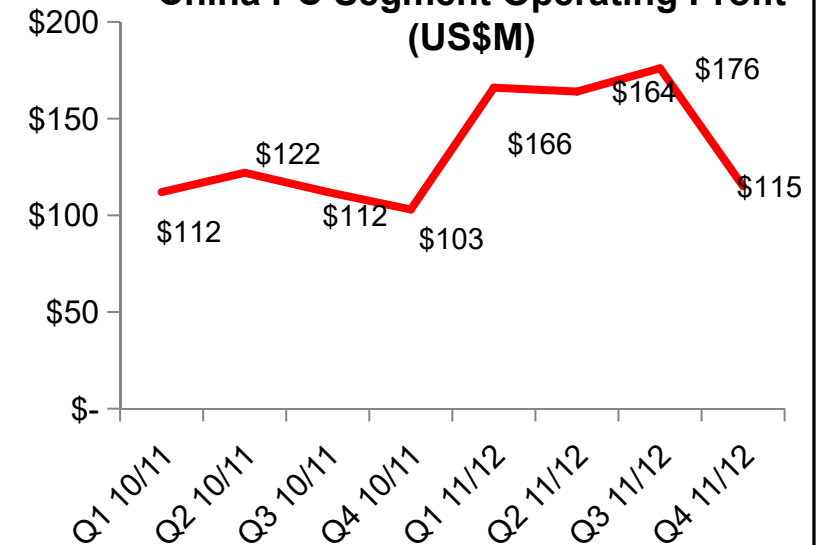
Lenovo China Market Share (%)



Lenovo China Shipment YTY Growth (%)



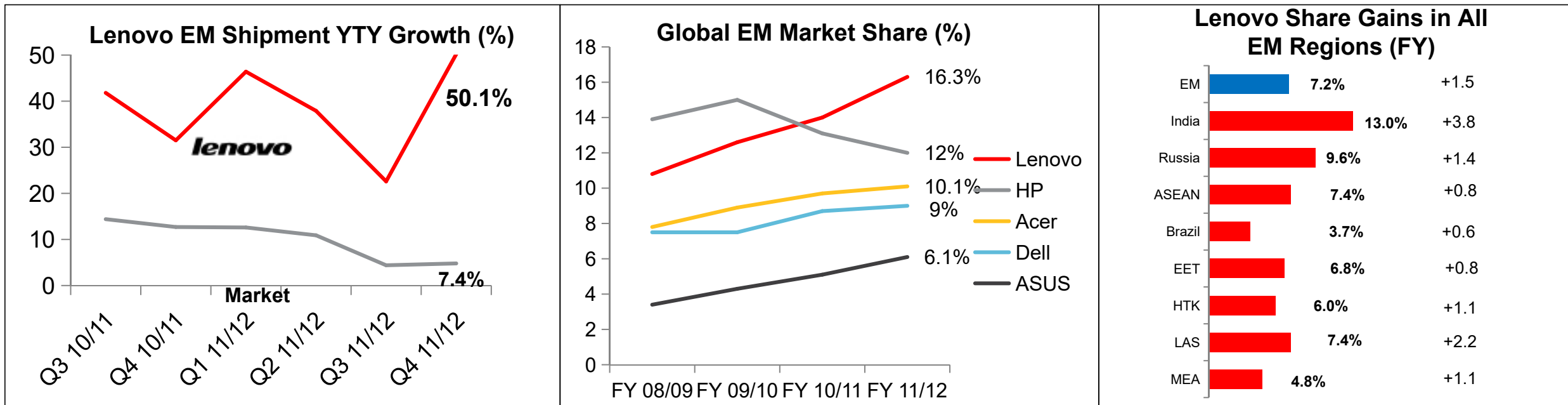
China PC Segment Operating Profit (US\$M)



Source: IDC and Internal Data

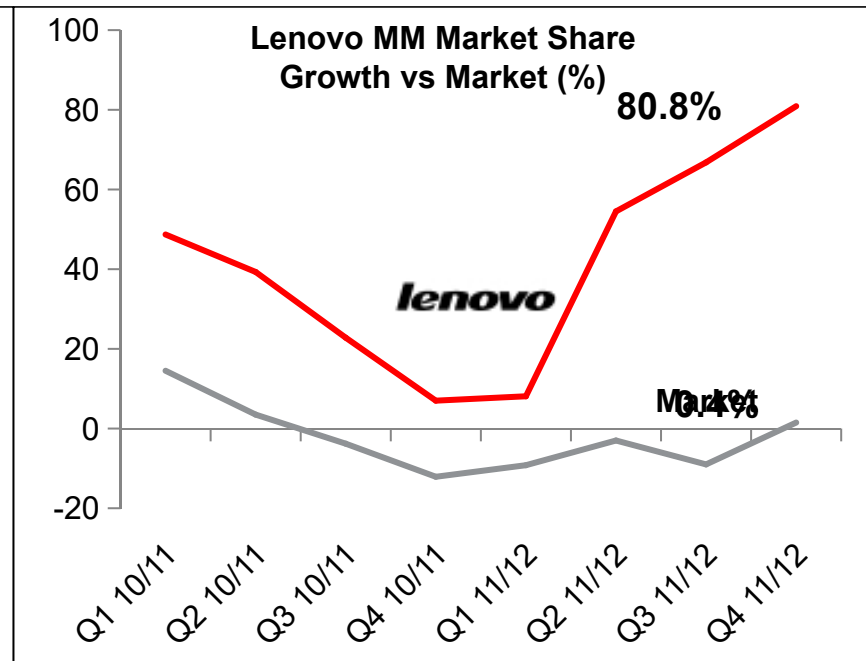
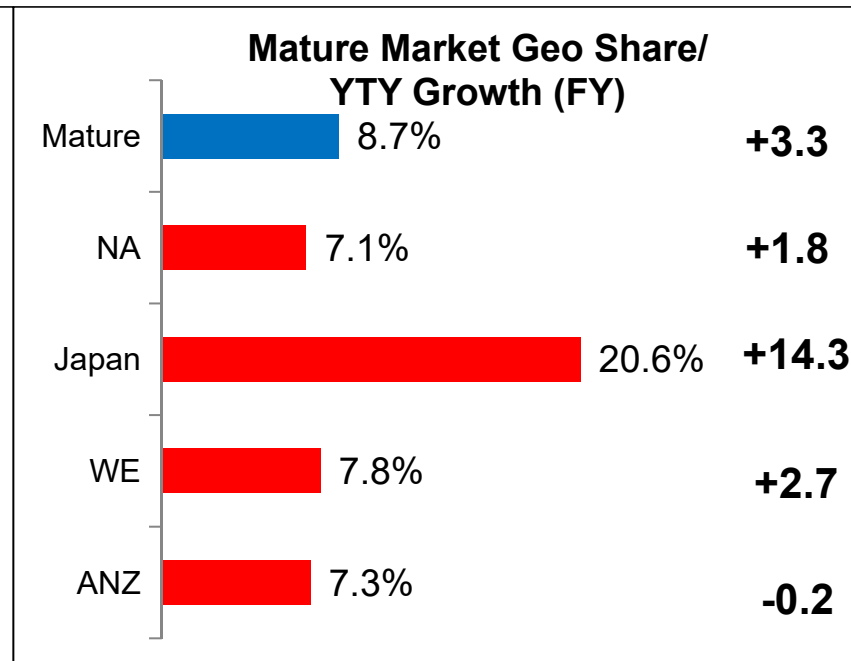
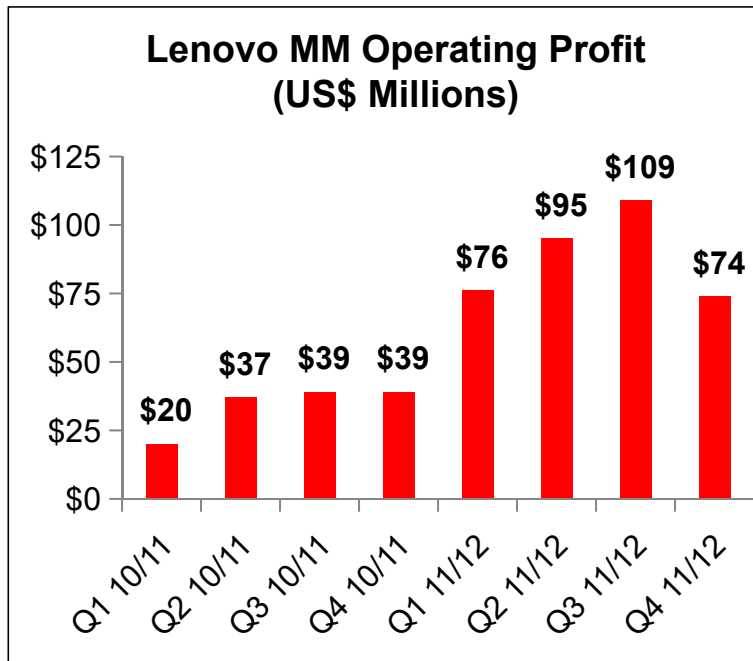
Attack Emerging Markets

- Grew 28 points premium to the market rate
- Strengthened position as #1 in Global Emerging Markets
- Gained share in every region in Q4
 - #1 in India, up almost 6 points YTY; #3 in Russia, up 1.6 points YTY



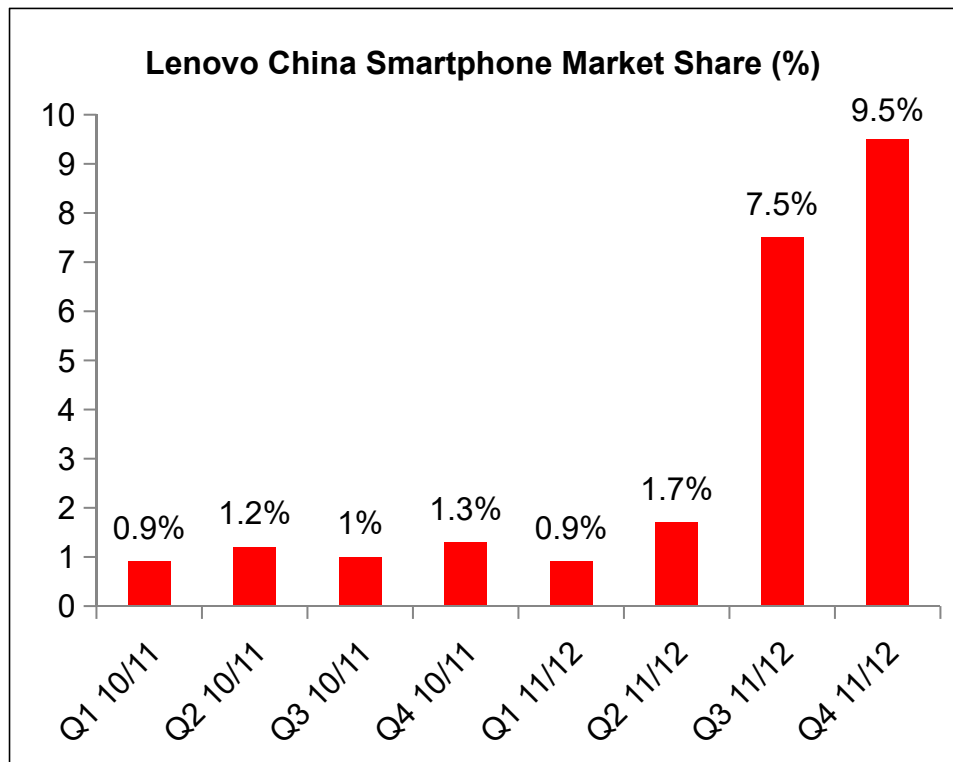
Mature Markets: Protect Relationship / Attack Transactional

- All-time high segment operating profit, market share
- Outgrew market, organically and with NEC PC & Medion
- Share gains in key markets

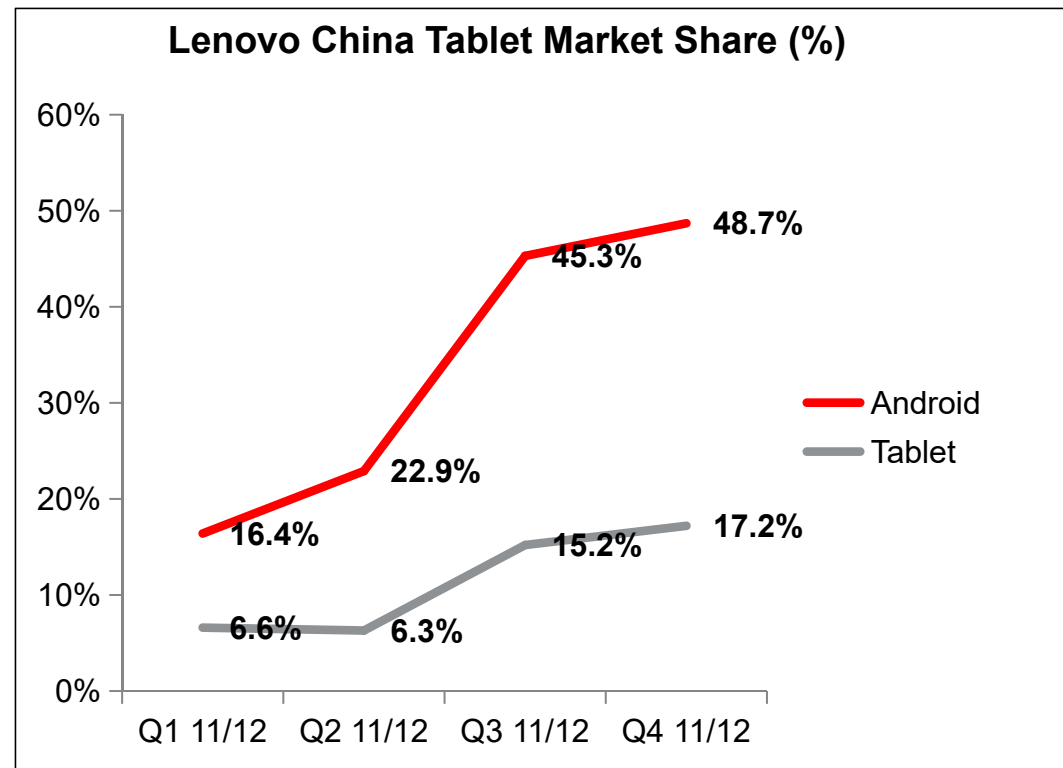


Attack Mobile Internet

- Smartphone grew 11 times YTY, 6x the China market rate, market share 9.5%
- Strong growth in tablets, solid #2 in China, up to #4 in WW



Source: Sino



Source: IDC

Protect and Attack: 2012-13

Protect

China

- 1 Protect PC Leadership
- 2 Drive Profitability

REL

- 1 Deliver steady profits in all regions
- 2 Drive share gain across the board

Profit Pools

- 1 Increase Peripherals & Monetization
- 2 Expand Close-to-box services attach

Attack

Cons/SMB

- 1 Expand number of double digit share countries
- 2 Attack EM SMB/Consumer & move to profitability
- 3 Grow mature share through retail channels

MIDH

- 1 Grow Tablet and Smartphone in China & launch SmartTV
- 2 Expand cloud offerings worldwide

Enterprise Systems

- 1 Drive workstation globally
- 2 Grow server in China & expand global reach

Innovation Leadership

Product Offerings & User Experience | Global Branding | Quality focus | Business Model

Sustainable & Efficient Business Model

Build efficient consumer business model | Improve E2E speed | Focus on customer voice | LSS focus

Global Culture

Meet commitments/Take ownership | Build a world class organization

Winning in the PC+ Era

■ Win in China now

- Targets: Smartphone top 3; Tablet 20% market share; pioneer in Smart TV
- Launched first IdeaTV in early May

■ 2-step process outside of China

- First step: build brand, channel, ecosystem; Second step: win in PC+



Leveraging Our Core Strengths

- Clear Strategy
- Commitment to Innovation
- Unique Business Model
- Ownership Culture



Outlook for the Year

Outgrow market, improve profitability
Realigned to drive further growth
Confident in PC market, PC+ opportunity



Wong Wai Ming

CFO

Financial Summary

US\$ Million	Q4 FY2011/12	Q4 FY2010/11	Y/Y	Q/Q	FY2011/12	Y/Y
Sales	7,496	4,879	54%	-10%	29,574	37%
Gross Profit	806	600	34%	-16%	3,446	46%
Operating Expenses	(704)	(530)	33%	-7%	(2,862)	44%
Operating Profit	102	70	46%	-48%	584	53%
Other Non-Operating Expenses	0	(10)	NA	NA	(2)	-93%
Pre-tax Income	102	60	69%	-47%	582	63%
Taxation	(34)	(18)	91%	-10%	(107)	27%
Profit for the period	68	42	60%	-56%	475	74%
Non-controlling interests	(1)	-	NA	-	(2)	NA
Profit attributable to Equity Holders	67	42	59%	-56%	473	73%
EPS (US cents)						
- Basic	0.65	0.43	0.22	(0.85)	4.67	1.83
- Diluted	0.63	0.42	0.21	(0.83)	4.57	1.84
Dividend per share (HK cents)					13.80	6.20

	Q4 2011/12	Q4 2010/11	Q3 2011/12	FY 2011/12	FY 2010/11
Gross margin	10.8%	12.3%	11.4%	11.7%	10.9%
E/R ratio	9.4%	10.9%	9.1%	9.7%	9.2%
Operating margin	1.4%	1.4%	2.3%	2.0%	1.8%
PTI margin	1.4%	1.2%	2.3%	2.0%	1.7%
Net margin attributable to Equity Holders	0.9%	0.9%	1.8%	1.6%	1.3%

Condensed Balance Sheet

US\$ Million	As at Mar 31, 2012	As at Mar 31, 2011
Non-current assets	4,040	2,769
Property, plant and equipment	392	209
Intangible assets	3,092	2,134
Others	556	426
Current assets	11,820	7,937
Bank deposits and cash	4,172	2,997
Trade, notes and other receivables	6,297	4,066
Inventories	1,218	804
Others	133	70
Current liabilities	11,809	8,033
Short-term bank loans	63	72
Trade, notes and other payables	11,251	7,825
Others	495	136
Net current assets/ (liabilities)	11	(96)
Non-current liabilities	1,603	838
Total equity	2,448	1,835

Cash and Working Capital

US\$ Million	Q4 FY2011/12	Q4 FY2010/11	FY2011/12	FY2010/11
Bank deposits and cash	4,171	2,997	4,171	2,997
Total Bank Borrowings	63	272	63	272
Net Cash Reserves	4,108	2,725	4,108	2,725
Days Inventory	18	18	17	18
Days Receivable	35	32	32	29
Days Payable	70	83	68	75
Cash Conversion Cycle	-17 days	-33 days	-19 days	-28 days

Q4 FY12: Performance By Geography

China

- Unit shipments +22.7%YTY vs. market growth at 9.7%
- Driven by higher exposure in fast growing emerging cities and win across the board
- Strong market share gain: market share 30.0% (+3.2pts YTY)

Emerging Markets (Excluding China)

- Unit shipments growth > 6x market growth (+50.1% vs +7.4% YTY)
- Share gains in all regions led EM market share to 7.6%(+2.1pts YTY)
- #1 position in India and #3 position in Russia

Mature Markets

- Unit shipments growth significantly outperformed market (+80.8% vs. market+0.4% YTY)
- 1st time achieved 10% record high market share (+4.5pts YTY); share gains in all regions
- Profit continued to increase with margin expansion

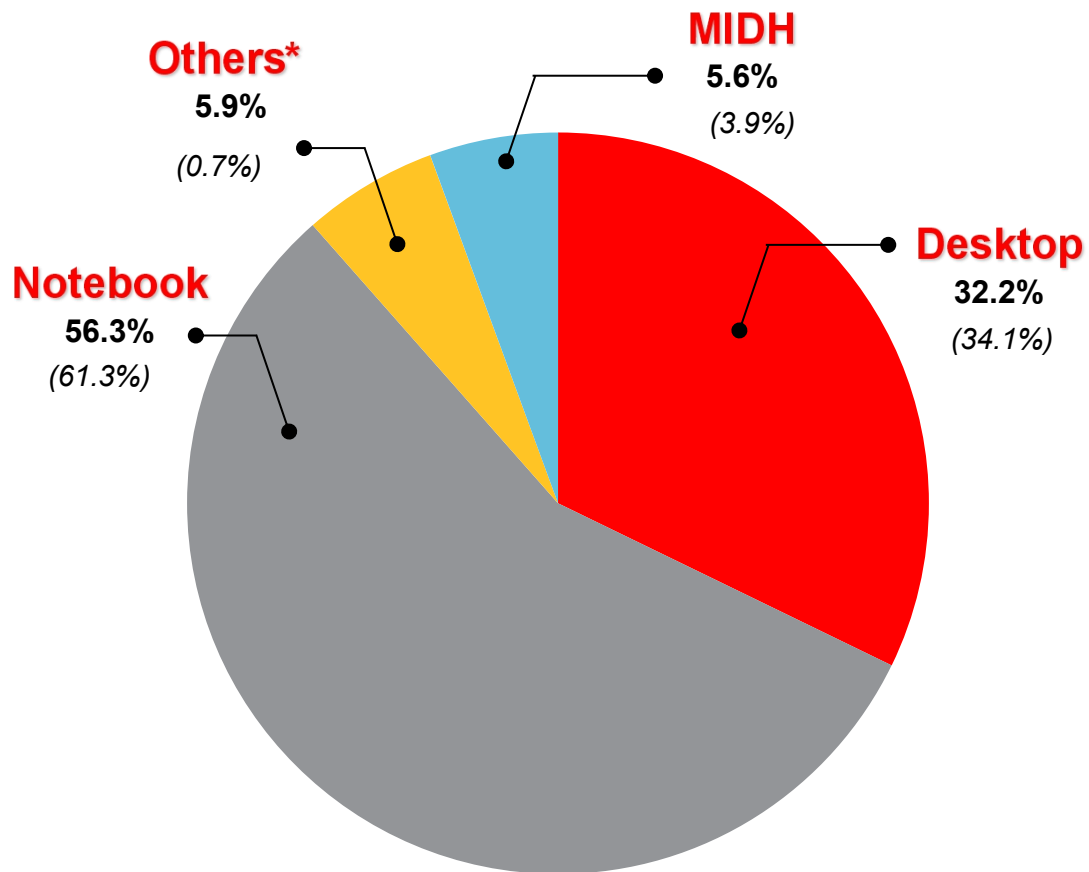
Including MIDH and non-PC revenue & results	Sales US\$mn			Segment Operating Profit/(Loss) US\$mn			Segment Operating Profit Margin		
	Q4 FY12	Y/Y	Q/Q	Q4 FY12	Q4^ FY11	Q3 FY12	Q4 FY12	Q4^ FY11	Q3 FY12
China	2,901	32.1%	-16.7%	95	90	161	3.3%	4.1%	4.6%
China - PC[#]	2,517	25.3%	-16.0%	115	103	176	4.6%	5.1%	5.9%
Emerging Markets (Ex. China)	1,211	42.5%	-4.0%	(19)	(18)	(30)	-1.6%	-2.1%	-2.4%
Mature Markets	3,384	84.5%	-6.7%	74	39	109	2.2%	2.1%	3.0%

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

Q4 FY12: Performance By Product

Revenue by Product



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

Notebook

- Shipments up 44% YTY, >9X faster than market growth(+5% YTY); Sales up 41% YTY
- Record high market share in WW NB: 13.5%(+3.7pts YTY)

Desktop

- Shipments up 43% YTY, >9X faster than market growth(+5% YTY); Sales up 45% YTY
- Market share up 3.4pts YTY to 12.7%

MIDH

- MIDH Sales up 126% YTY
- Smart phones shipments grew 21x faster than the market & share gain to 9.5% (+8.2pts YTY); rank as top 4 brand in China
- Tablets continued to show good momentum and rolled market outside China; No.2 Tablet player in China, No.4 in WW.

Appendix

- Performance by Geography – FY12
- Performance by Product – FY12
- Consolidated Income Statement
- Condensed Consolidated Cash Flow Statement

Performance By Geography - FY12

China

- Unit shipments growth at +25.2% vs. market growth at +12.7% YTY
- Continue to be #1 position with record high 32.0% market share, with significant market share gain (+3.2pts YTY)
- OP Margin at 4.5%(+0.1pts YTY) even with investment in MIDH to drive LT growth, PC Margin at 5.6% (+0.7pts YTY) due to scaling benefits from the substantial market share expansion

Emerging Markets (Excluding China)

- Unit shipments grow 4.0x of the market(+37.9% vs. market +9.6% YTY)
- Share gains in all regions led EM market share to 7.2%(+1.5pts YTY)

Mature Markets

- Strong unit shipments growth YTY (FY12: +52.8% vs. market -5.0%; Organic Growth: +21%) despite market decline
- Record high MM market share (8.7%; +3.3pts YTY)
- >2x increase in operating profit YTY to \$354M due to strong CA growth; Overall OP margin improved to 2.9% (+1.2pts YTY)

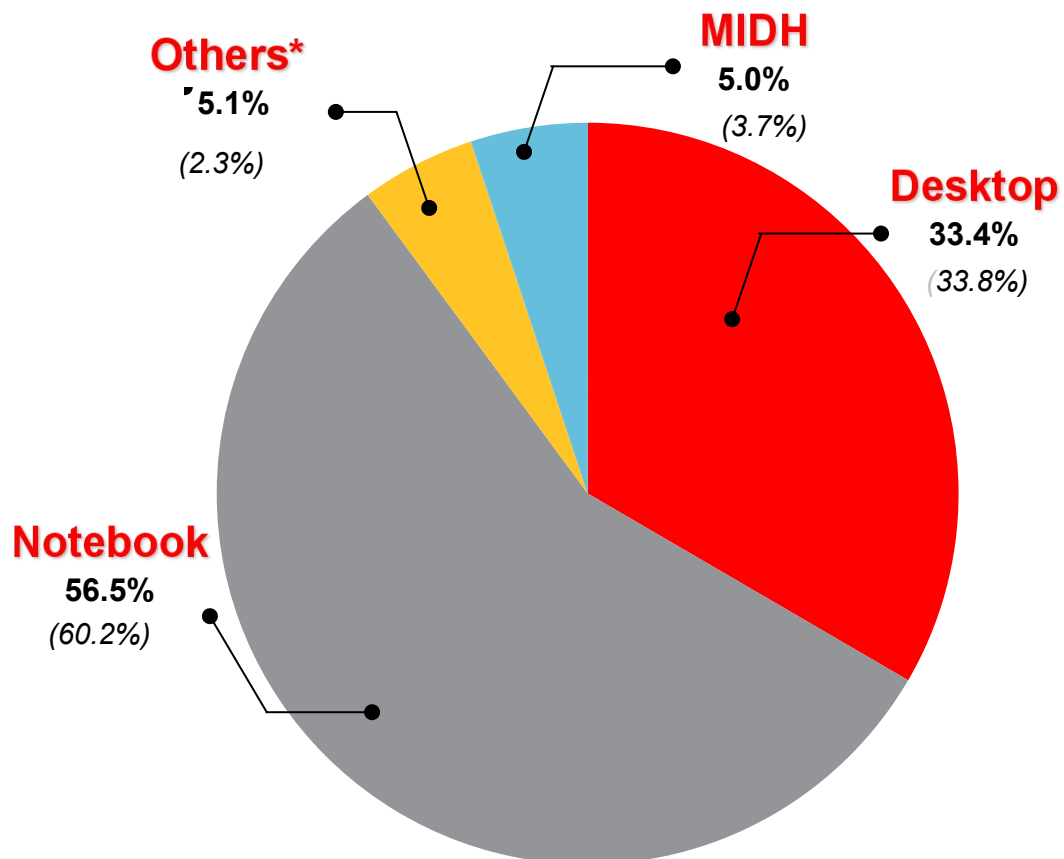
Including MIDH and non-PC revenue & results	Sales US\$ Million		Segment Operating Profit/(Loss) US\$ Million		Segment Operating Profit Margin	
	FY12	YTY	FY12	FY11^	FY12	FY11^
China	12,395	24%	552	436	4.5%	4.4%
<i>China - PC[#]</i>	11,055	20%	622	449	5.6%	4.9%
Emerging Markets (Ex. China)	4,803	24%	(94)	(62)	-2.0%	-1.6%
Mature Markets	12,376	60%	354	134	2.9%	1.7%

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Performance By Product – FY12

Revenue by Product



Notebook

- Shipments up 36% YTY, >6X faster than market growth(+5% YTY); Sales up 29% YTY
- Market share up 2.9pts YTY to 13.0%

Desktop

- Shipments up 34% YTY, >74X faster than market growth(+0.5% YTY); Sales up 35% YTY
- Market share up 3.2pts YTY to 12.8%

MIDH

- MIDH Sales up 85% YTY
- Strong smartphone shipments grew around 6x the market (+10.7x YTY vs. market: +1.8x YTY); Substantial increase in smartphone market shares 5.8%, +4.6pts YTY & become #4 in China as in Q4 FY12
- Solid tablet growth momentum to achieve #2 China tablet with shipments continued to ramp up; about 50% share of android based tablets in China; reached #4 position WW in Q4 FY12

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

Consolidated Income Statement

US\$ Million	Q4 2011/12	FY2011/12	Q4 2010/11	FY2010/11
Sales	7,496	29,574	4,879	21,594
Cost of sales	(6,690)	(26,128)	(4,279)	(19,230)
Gross profit	806	3,446	600	2,364
Other income, net	-	1	-	-
Selling and distribution expenses	(425)	(1,691)	(281)	(1,038)
Administrative expenses	(189)	(730)	(194)	(720)
Research and development expenses	(139)	(453)	(92)	(303)
Other operating income - net	49	11	37	79
Operating profit	102	584	70	382
Finance income	10	43	7	25
Finance costs	(10)	(44)	(17)	(49)
Share of losses of associated companies	0	(1)	0	0
Profit before taxation	102	582	60	358
Taxation	(34)	(107)	(18)	(85)
Profit for the period	68	475	42	273
Profit attributable to:				
Equity holders of the company	67	473	42	273
Non-controlling interests	1	2	-	-
Dividend	-	183	-	97
Earnings per share (US cents)				
- Basic	0.65	4.67	0.43	2.84
- Diluted	0.63	4.57	0.42	2.73

Condensed Consolidated Cash Flow Statement

US\$ Million	FY2011/12	FY2010/11
Net cash generated from operating activities	1,940	965
Net cash (used in) / generated from investing activities	(837)	66
Net cash used in financing activities	(316)	(373)
Increase in cash and cash equivalents	787	658
Effect of foreign exchange rate changes	16	58
Cash and cash equivalents at the beginning of the year	2,954	2,238
Cash and cash equivalents at the end of the year	3,757	2,954

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