

2012/13 Third Quarter Results

January 30, 2013

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THOSE
WHO DO.™

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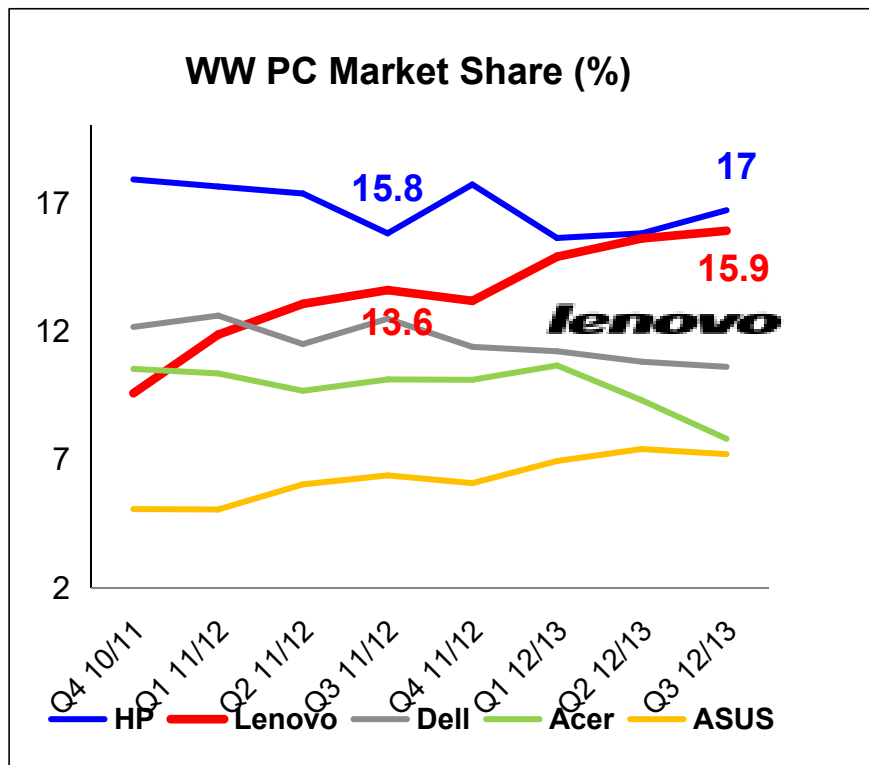


Yang Yuanqing

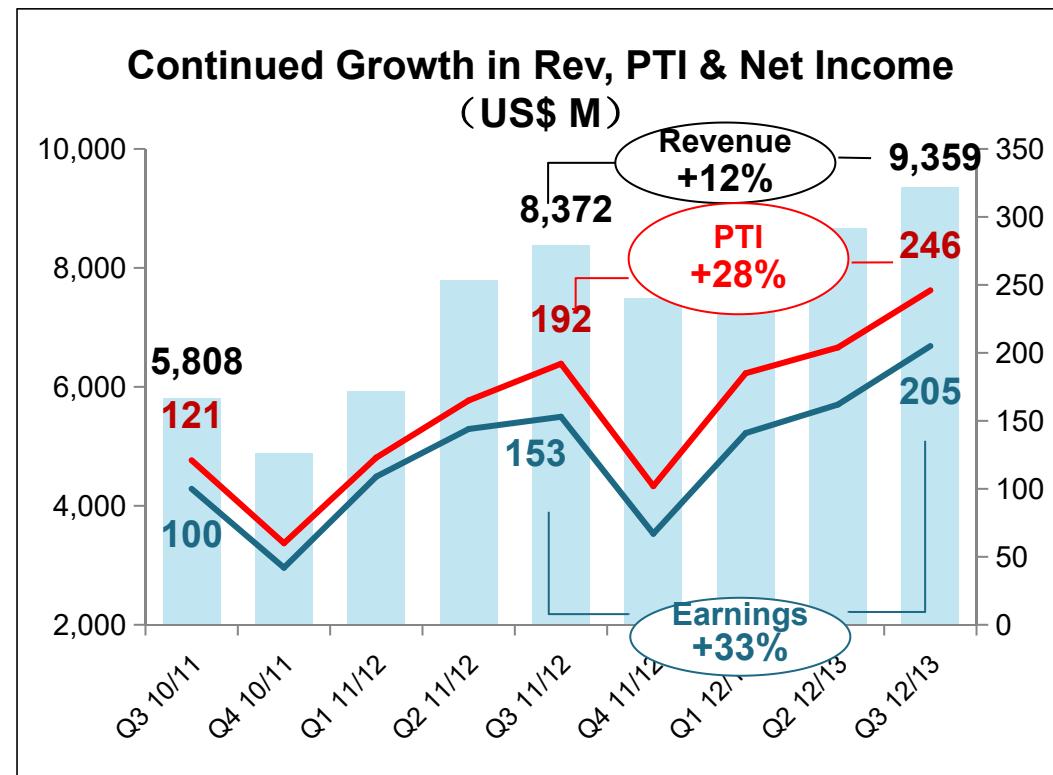
Chairman & CEO

Strong Performance Leads to Record Results

- PC sales grew 16 points faster than market
- Record market share of 15.9%
- Record profitability; PTI Margin up 0.3 YTY, Earnings record \$205 M USD



Source: IDC

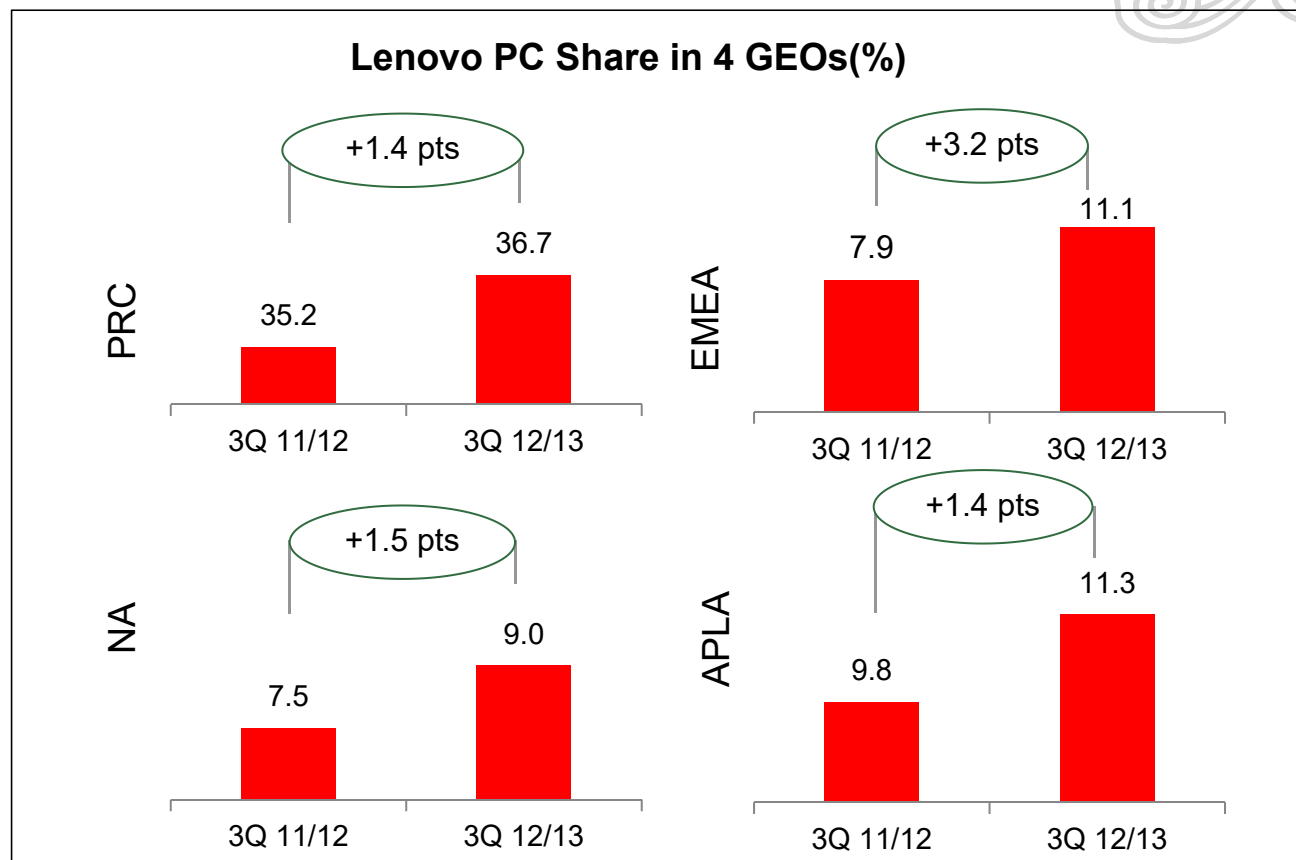


Source: Internal Data

Balanced Performance Across All Segments, Geos

Outgrew market in all segments, Geos

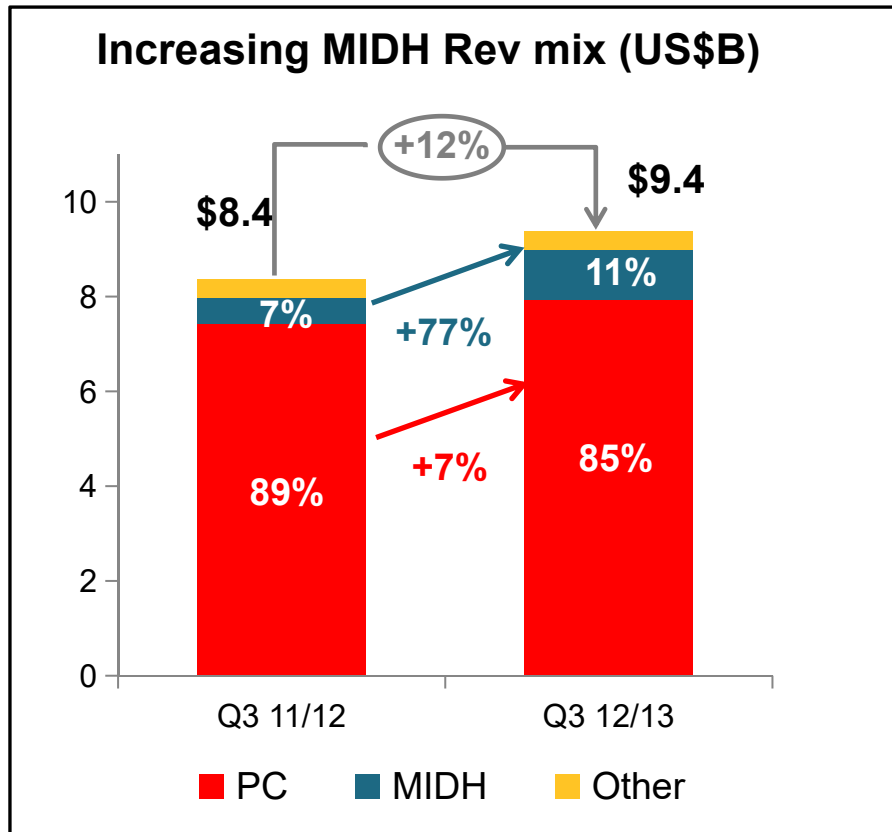
- **EMEA:**
 - Outgrew market by 36 points
 - Record market share of 11.1%
 - Now #2, strong consumer growth
- **APLA:**
 - Outgrew market by 13 points
 - Improved profitability YTY
- **NA:**
 - Outgrew market by 18 points
 - Record share of 9%
 - Strong profitability
 - Breakthrough in premium area in consumer
- **China:**
 - Protected profit pool, grew profitability
 - Record market share of 36.7%



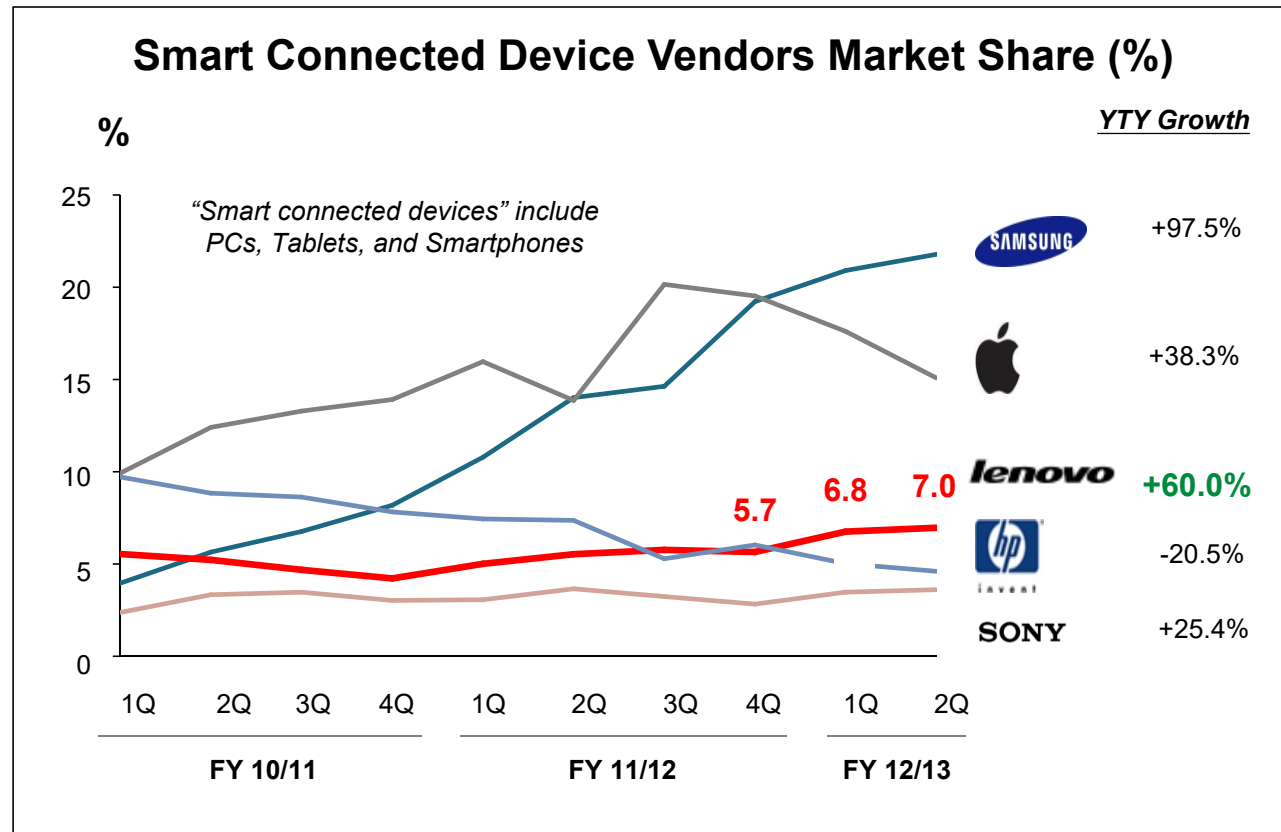
Source: IDC and Internal Data

PC+ Business Achieved Hyper Growth

- China smartphone volume doubled YTY; overall smartphone profitable for first time
- WW Tablet volume increased by 77% YTY, became profitable
- MIDH now contributes 11% of Lenovo's overall revenue
- #3 worldwide in Smart Connected Devices (PCs+Tablets+Smartphones)



Source: Internal Data



Source: IDC

Source: IDC

Clear Strategy Key to Success

Protect

China

- 1 Extend PC share lead
- 2 Increase profitability
- 3 Grow commercial with Server and workstation

Mature Rel

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

Attack

MIDH

- 1 Grow our MIDH presence globally
 - Pad / Phone / Smart TV in China
 - Global Pad offering
- 2 Drive convergence (cloud devices, killer apps, best user experience)

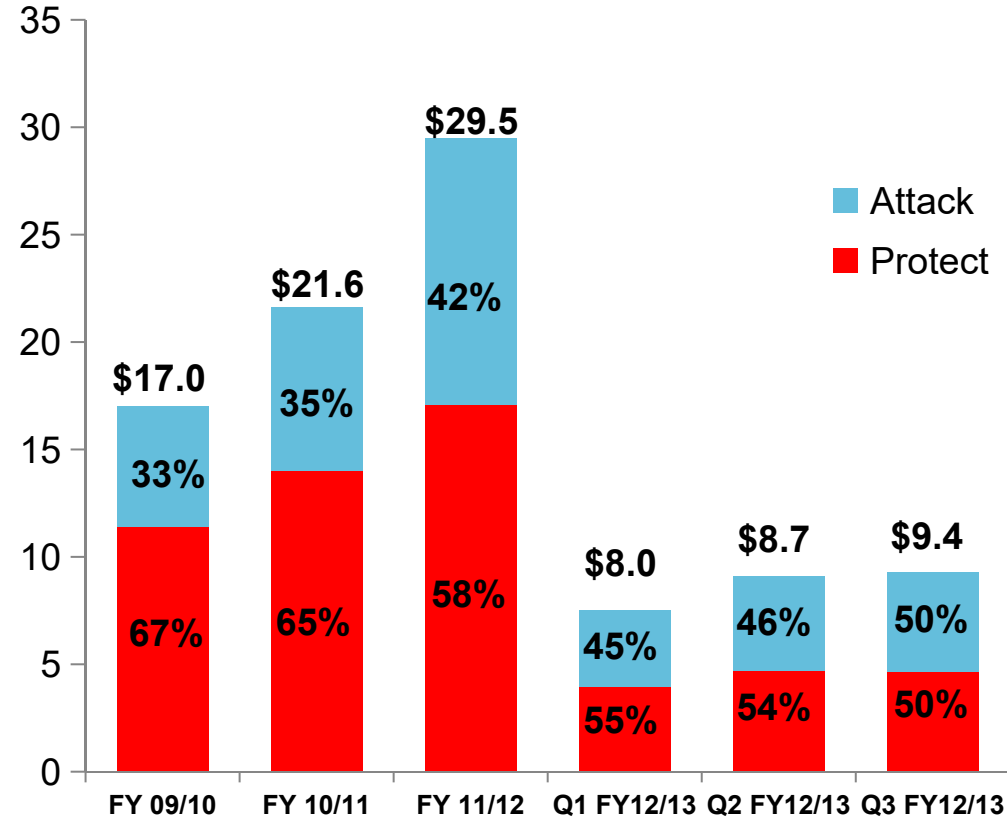
REM

- 1 Get 10%+ share in key countries
- 2 Attack SMB/consumer & move to profitability

Mature TM

- 1 Grow share through Home/SMB and retail channels
- 2 Expand attach business to drive profitability

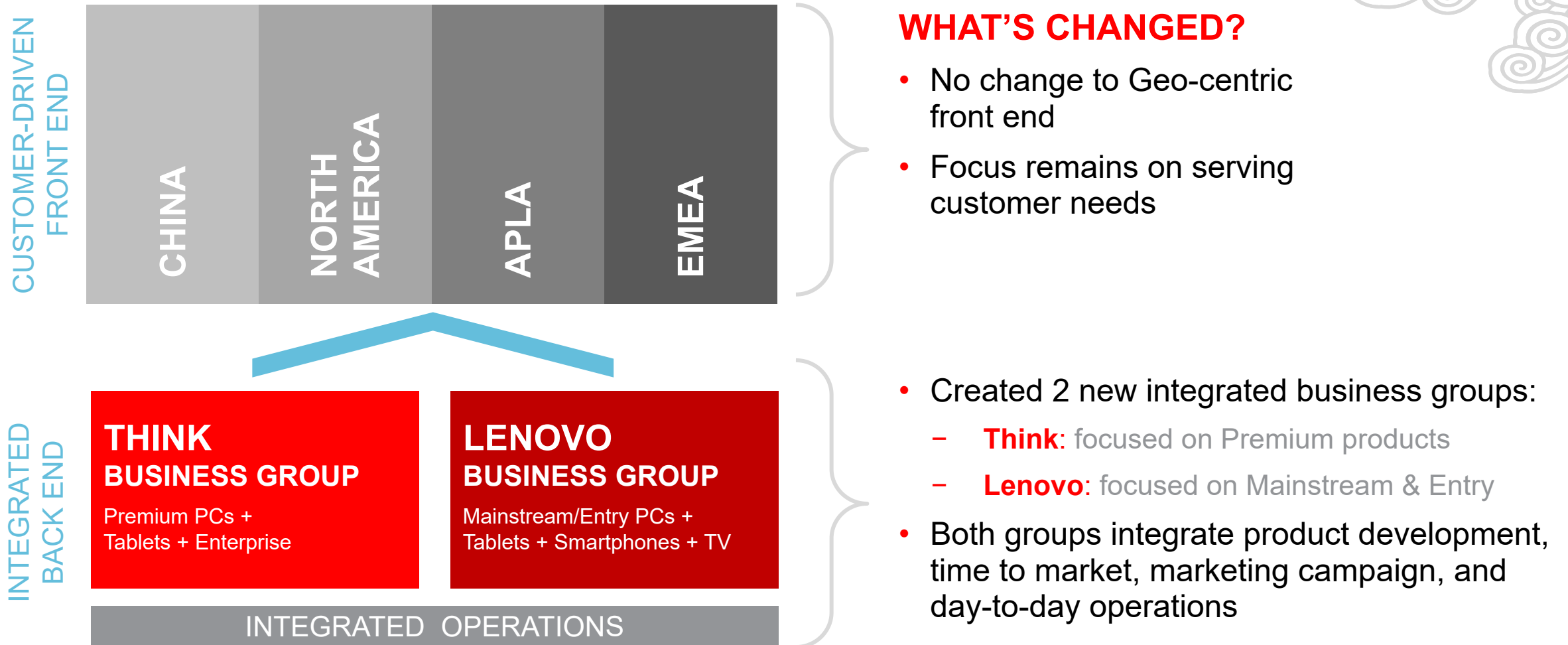
Increasing Revenue Mix From Attack(US\$B)*



*FY 08/09 and FY 09/10 each include \$0.4B USD in Lenovo Mobile sales, which are included for comparison purposes.

New Structure to Fuel Growth

Lenovo Org Structure



Create Differentiation through Innovation

- Won record 50 major awards at CES
- Created new categories to redefine PC and transforms the industry
- Innovation is in our DNA, driving growth in PC and PC+ products



ThinkVision
Mobile Monitor



ThinkPad
Helix



IdeaCentre Horizon



IdeaPad Yoga 11s



Lenovo K900

Looking Ahead

- Better positioned in the market
- On course to be the industry leader
- Improve PTI margin by 1 pt in 3 years
- Continually invest and grow fast in smart connected devices



Wong Wai Ming
Chief Financial Officer

Financial Summary

US\$ Million	Q3 FY2012/13	Q3 FY2011/12	Y/Y%	Q/Q%	YTD FY2012/13	Y/Y%
Revenue	9,359	8,372	12%	8%	26,041	18%
Gross Profit	1,101	954	15%	5%	3,110	18%
Operating Expenses	(858)	(761)	13%	10%	(2,479)	13%
Operating Profit	243	193	26%	18%	631	31%
Other Non-Operating Income / (Expenses)	3	(1)	NA	NA	4	NA
Pre-tax Income	246	192	28%	21%	635	32%
Taxation	(46)	(38)	22%	13%	(128)	76%
Profit for the Period	200	154	30%	23%	507	24%
Non-controlling Interests	5	(1)	NA	NA	1	NA
Profit attributable to Equity Holders	205	153	34%	26%	508	25%
EPS (US cents)						
- Basic	1.99	1.50	0.49	0.41	4.94	2.41
- Diluted	1.96	1.46	0.50	0.41	4.85	2.39

	Q3 FY2012/13	Q3 FY2011/12	Q2 FY2012/13
Gross margin	11.8%	11.4%	12.1%
E/R ratio	9.2%	9.1%	9.7%
Operating margin	2.6%	2.3%	2.4%
PTI margin	2.6%	2.3%	2.4%
Net margin attributable to equity holders	2.2%	1.8%	1.9%

Condensed Balance Sheet

US\$ Million

	As at Dec 31, 2012	As at Sep 30, 2012
Non-current assets	4,324	4,154
Property, plant and equipment	401	399
Intangible assets	3,177	3,086
Others	746	669
Current assets	13,692	12,558
Bank deposits and cash	4,480	3,875
Trade, notes and other receivables	7,253	7,033
Inventories	1,802	1,540
Others	157	110
Current liabilities	13,343	12,077
Short-term bank loans	22	24
Trade, notes and other payables	12,755	11,507
Others	566	547
Net current assets	349	481
Non-current liabilities	2,071	2,241
Total equity	2,602	2,394

Cash and Working Capital

US\$ Million	Q3 FY2012/13	Q3 FY2011/12	Q2 FY2012/13
Bank deposits and cash	4,480	4,122	3,875
Total Bank Borrowings	321	271	324
Net Cash Reserves	4,159	3,851	3,551
Days Inventory	20	17	19
Days Receivable	36	34	33
Days Payable	61	68	61
Cash Conversion Cycle	-5 days	-17 days	-9 days

Q3 FY13: Performance By Geography

China

- Total revenue of China up 17% YTY driven by 83% YTY revenue growth of MIDH
- PC volume at record high share 36.7%, benefited from high exposure in emerging cities & urbanization
- China PC operating margin up 0.3pt YTY to 6.3%
- MIDH profitability continued to improve

APLA

- PC volume up 4% YTY, 13%-market premium
- Operations turned profitable against loss last year
- Closed the deal with CCE to help speed up the growth in Brazil

EMEA

- Became #2; Record market share at 11.1%
- PC volume up 26% YTY, 36%-market premium
- #1 in Germany & Russia
- EMEA consumer profitability continued to improve QTQ
- Operating margin maintained at 2.0%

NA

- Record market share in NA & US
- PC volume up 11% YTY, 18%-market premium
- Operating margin down 0.5pt YTY to 2.6% due to higher mix of consumer sales during Christmas

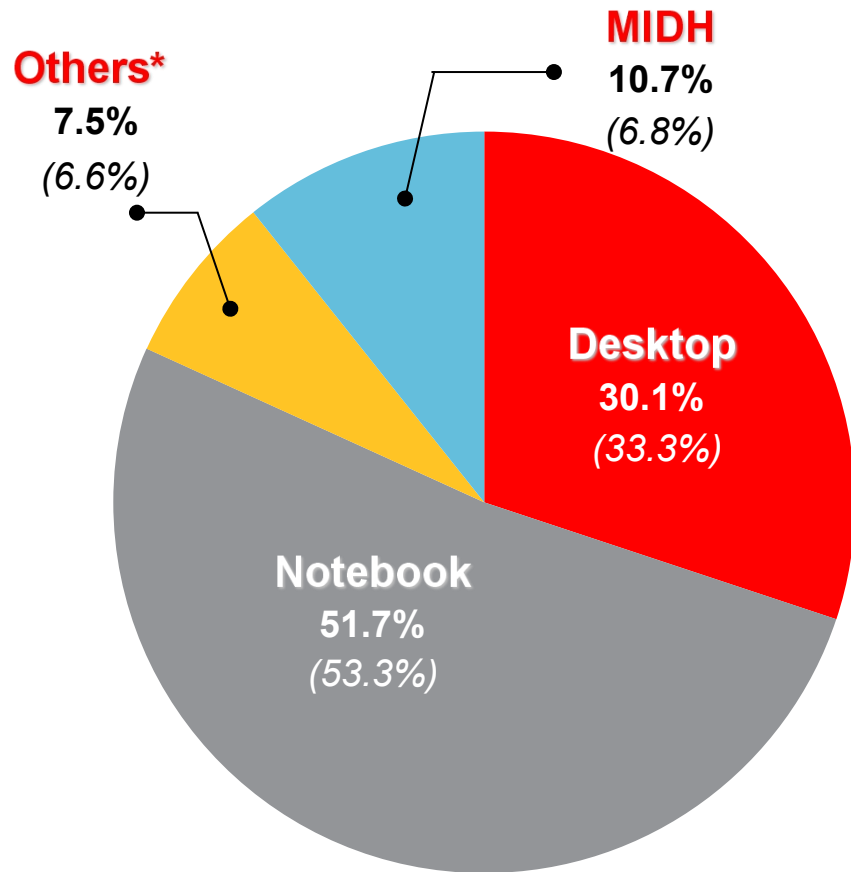
Including MIDH and non-PC revenue & results	Sales US\$ Million			Segment Operating Profit/ (Loss) US\$ Million			Segment Operating Profit Margin		
	Q3 FY13	Y/Y	Q/Q	Q3 FY13	Q3 FY12 [^]	Q2 FY13	Q3 FY13	Q3 FY12 [^]	Q2 FY13
China	4,068	584	246	193	166	163	4.7%	4.8%	4.3%
China - PC [#]	3,173	179	27	200	181	185	6.3%	6.0%	5.9%
APLA	1,660	(30)	(165)	6	(4)	15	0.3%	-0.2%	0.8%
EMEA	2,308	334	515	45	40	36	2.0%	2.0%	2.0%
North America	1,323	99	91	34	38	45	2.6%	3.1%	3.6%

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 Geo structure and shared expenses allocation

Q3 FY13: Performance By Product

Revenue by Product



Notebook

- Shipments up 9% YTY, 18% market premium; Sales up 8% YTY
- Market share at 15.8%, up 2.6pts YTY

Desktop













- Shipments up 6% YTY, 13% market premium; Sales up 1% YTY
- Record high market share at 16.1%, up 1.9pts YTY

MIDH

- MIDH Sales up 77% YTY
- Strong smartphone volume growth; PRC smartphone grew 2x YTY
- WW tablet volume up 77% YTY

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

Acquisition/Partnership Integrations Are On Track And Achieving Aspirations

Close date	Acquisition	Description	Integration Progress			Achievements
			Close	Prelim Integration Completed	Primary Integration Objectives Completed	
Jun 2011		JV with NEC PC in Japan to become # 1 PC player in Japan				Joint entity is # 1 PC player in Japan with >27% share ¹ including 3% market share synergy
Aug 2011		Acquisition of Consumer PC player in WE to achieve market leadership				Consumer PC share steadily growing reaching 7% since acquisition; Lenovo is now #2 PC player in EMEA
Apr 2012		JV with Compal on PC Vertical Integration to optimize manufacturing and drive innovation				Mass production launched in December, 2012 for consumer & commercial PC
Dec 2012		Acquisition of cloud computing provider to enhance and expand cloud computing solutions				Completed initial integration into PC+ portfolio
Dec 2012		JV & strategic partnership that enhances Lenovo's position in industry standard servers and networked storage solutions				Integrating into Lenovo structure to grow server & storage business while driving revenue & cost synergies
Jan 2013		Acquisition of consumer PC+ player in Brazil with aspiration to achieve market leadership				Integrating business functions to drive revenue and cost synergies

Appendix

- Consolidated Income Statement
- Condensed Consolidated Cash Flow Statement

Consolidated Income Statement

US\$ Million	Q3 FY2012/13	YTD FY2012/13	Q3 FY2011/12	YTD FY2011/12
Revenue	9,359	26,041	8,372	22,078
Cost of sales	(8,258)	(22,931)	(7,418)	(19,437)
Gross profit	1,101	3,110	954	2,641
Other income, net	20	20	1	1
Selling and distribution expenses	(536)	(1,471)	(458)	(1,266)
Administrative expenses	(227)	(619)	(170)	(541)
Research and development expenses	(162)	(450)	(118)	(314)
Other operating income/(expense) - net	47	41	(16)	(38)
Operating profit	243	631	193	483
Finance income	11	32	13	32
Finance costs	(8)	(27)	(14)	(33)
Share of losses of associated companies	-	(1)	0	(1)
Profit before taxation	246	635	192	481
Taxation	(46)	(128)	(38)	(73)
Profit for the period	200	507	154	408
Profit attributable to:				
Equity holders of the Company	205	508	153	406
Non-controlling interests	(5)	(1)	1	2
Dividend	-	60	-	50
Earnings per share (US cents)				
- Basic	1.99	4.94	1.50	4.03
- Diluted	1.96	4.85	1.46	3.94

Condensed Consolidated Cash Flow Statement

US\$ Million	Q3 FY2012/13	Q3 FY2011/12	Q2 FY2012/13
Net cash generated from operating activities	889	41	143
Net cash used in investing activities	(207)	(102)	(328)
Net cash (used in)/generated from financing activities	(82)	(36)	58
Increase/(Decrease) in cash and cash equivalents	600	(97)	(127)
Effect of foreign exchange rate changes	6	1	18
Cash and cash equivalents at the beginning of the period	3,453	4,169	3,563
Cash and cash equivalents at the end of the period	4,059	4,073	3,454

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