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2013/14 Q3 Results



Forward Looking Statement

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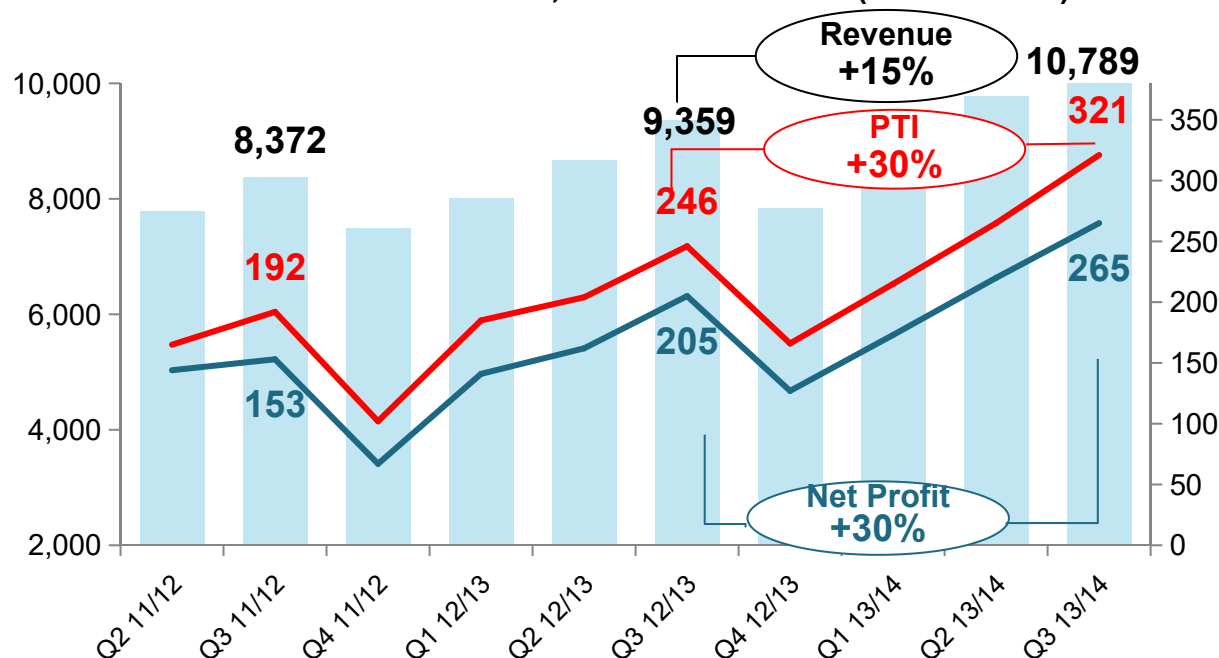
Yuanqing Yang
Chairman and CEO



Clear Strategy Guided Record Performance

- Record revenue and record profit
 - Revenue of \$10.8 billion, up 15% YTY
 - Net Profit of \$265 million, up 30% YTY
- Clear strategy and consistent execution
 - Protecting core PC business; aggressively attacking in PC+

Consistent Growth in Rev, PTI & Net Income(USD Million)



Source: Internal Data

Protect PC

Profit Pools

- 1 China PC Leadership
- 2 Delivery steady REL profits in all regions
- 3 Drive attachment of Peripherals/Monetization/Services

Profitable Growth

- 1 Build scale in TM, esp. Consumer
- 2 Drive share in REM to 10%+

Attack PC+

Smart Connected

- 1 Solidify China leadership position in Smartphone and Tablet markets
- 2 Aggressively expand smartphone into emerging markets while preparing mature infrastructure
- 3 Jumpstart Tablets outside of China

Enterprise Systems

- 1 Grow Server to a relevant global player
- 2 Drive Workstation to stronger Tier 1 player

Innovation Leadership

Product Offerings & User Experience | New Categories & Businesses | Global Branding

Operational Effectiveness

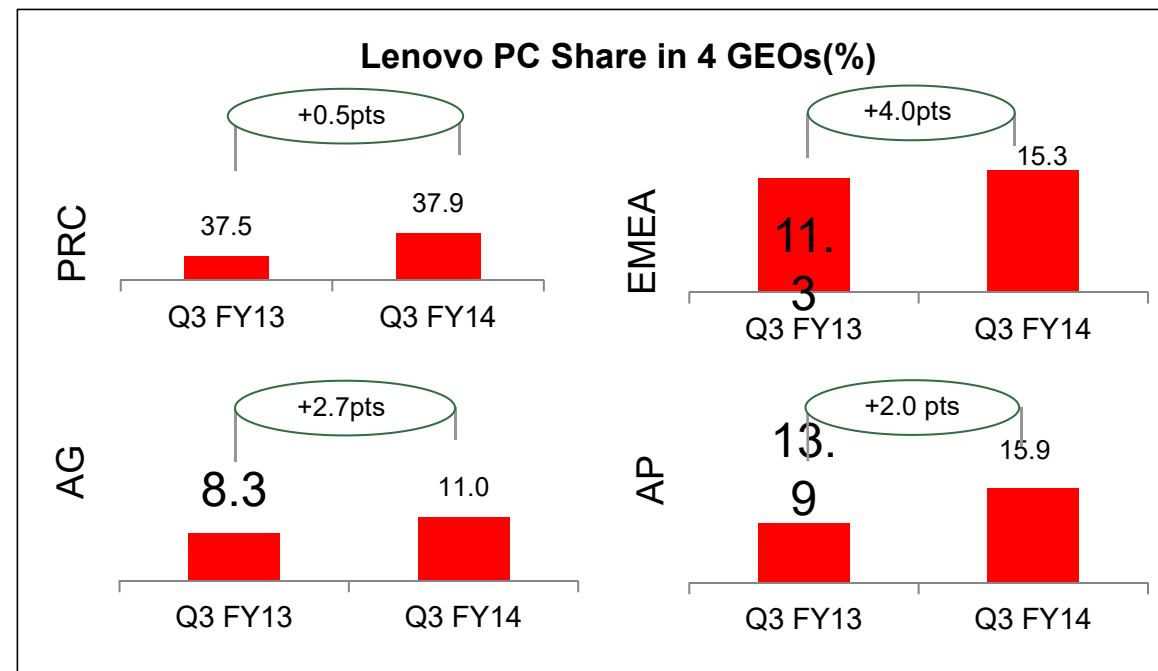
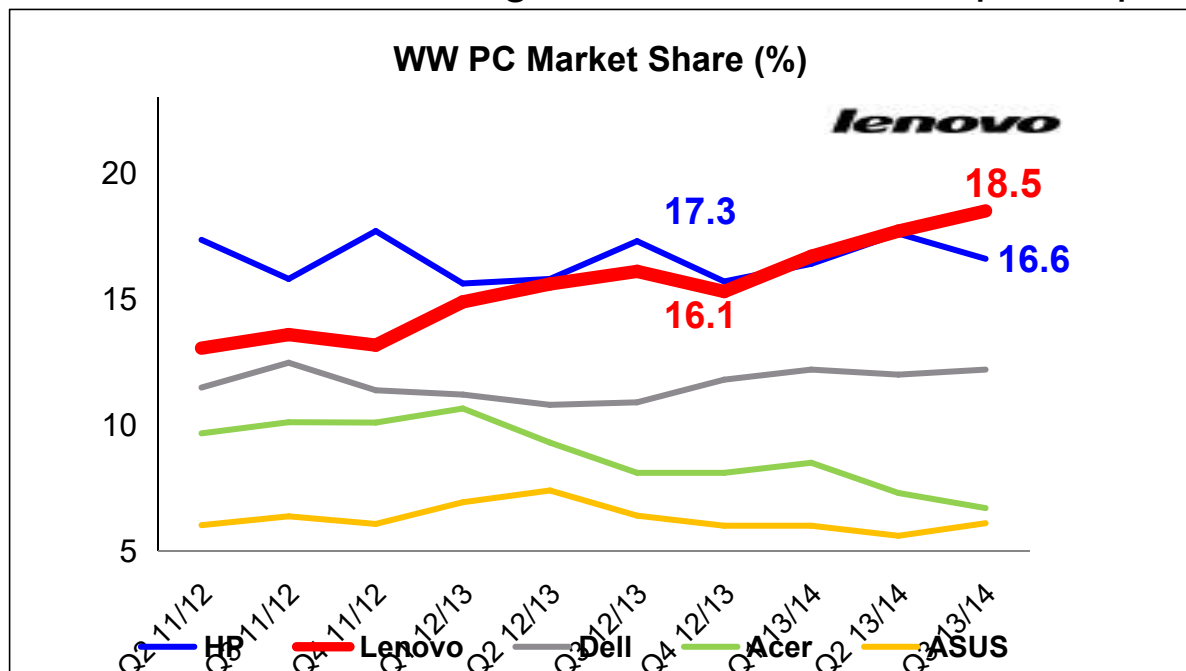
Integrated Business Groups | Global-Local Business Model | Improve time-to-volume | Sustainable

Global Culture

Meet commitments/Take ownership | Build a world class organization

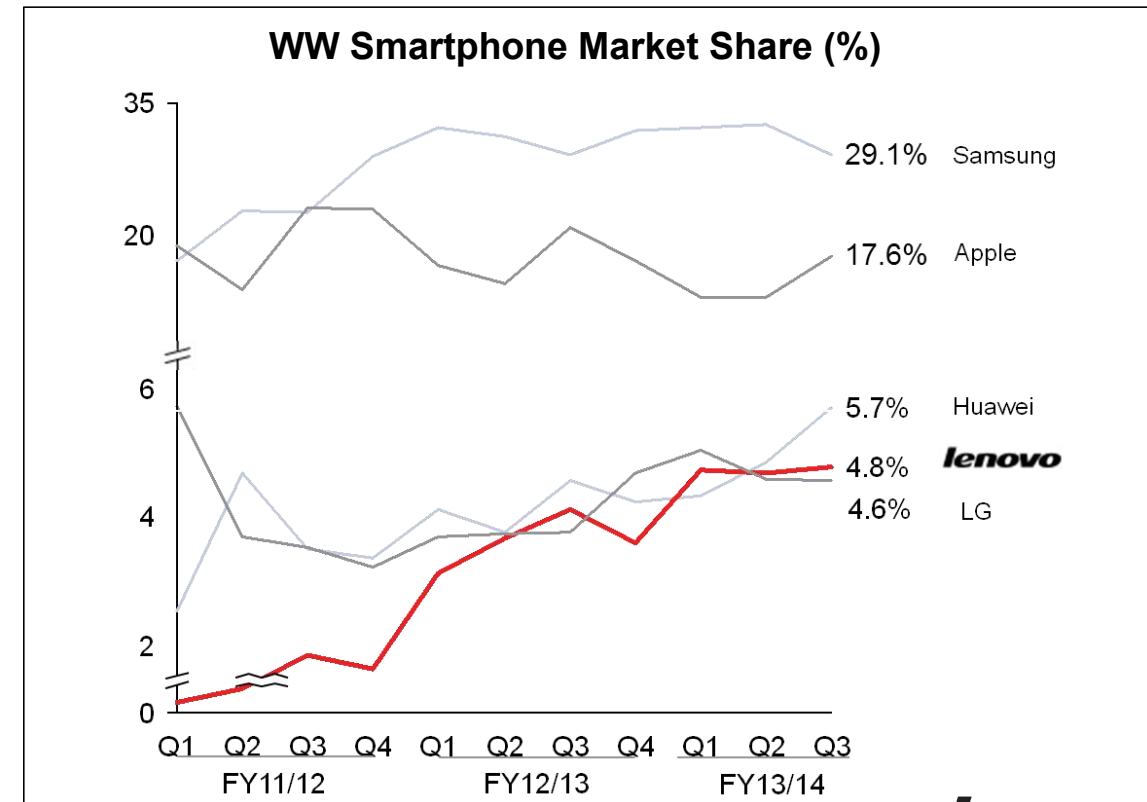
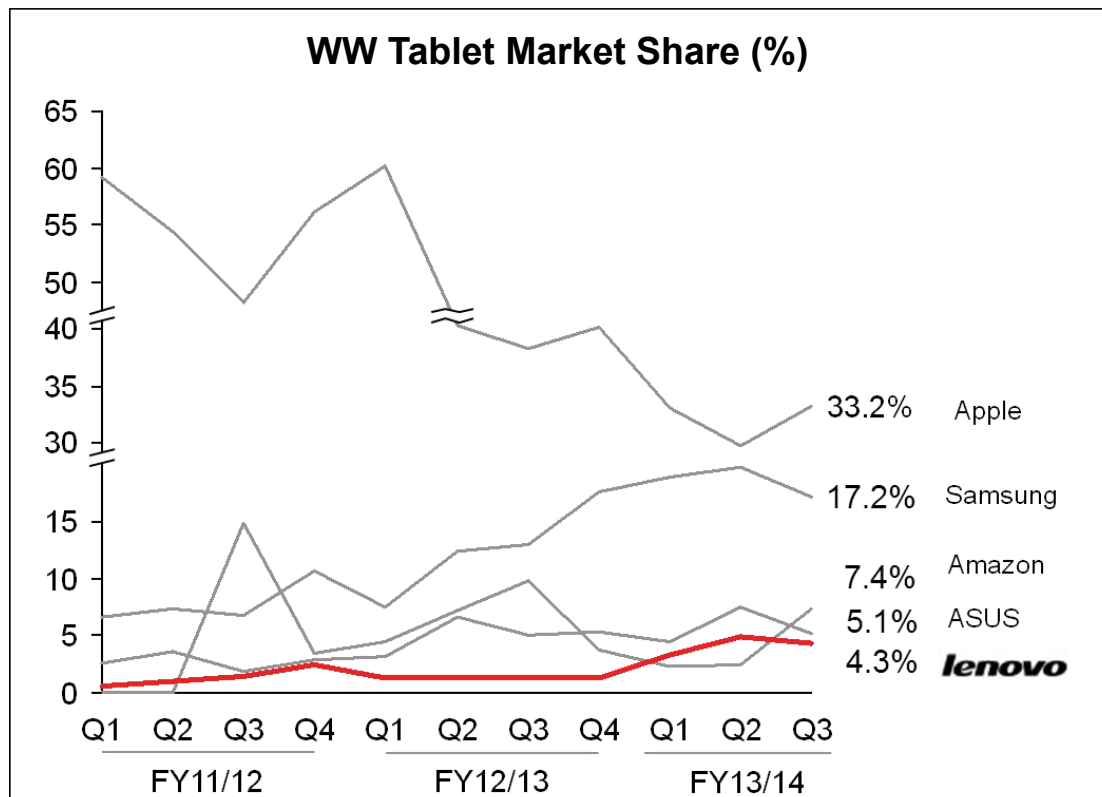
PC: Strengthened the leading position and improved profitability

- **Maintained position as world's #1 PC company:**
 - Record high market share of 18.5%, up 2.4 points YTY
 - Improved profitability 27% YTY
- **Strong results driven by balanced performance worldwide:**
 - China significantly improved operating margin by 1.3 points; EMEA gained 4 points market share YTY; AP regained #1
 - Americas grew the fastest at 31 points premium to the market



PC+: Strong Performance in Smartphones, Tablets

- **Tablet sales volume WW grew 326% YTY to volume almost 3.4 million units**
 - WW Market share of 4.3%; strong growth in every Geo; Yoga tablet was star product
- **Smartphone sales WW grew 47% YTY driven by hypergrowth in Asia Pacific and EMEA**
 - Sold 2 million units outside China for first time
 - WW volume of 13.9 M, #4 ranking; ready to capture 4G with new products, especially in China



SOURCE: IDC

A Stronger Player with IBM X86 Servers in Enterprise

How Lenovo will realize growth from the deal:

- Leverage strengths in supply chain to bring costs down, improve profitability
- Leverage higher server profit margins to quickly contribute to overall Lenovo profitability
- Draw on Lenovo's strong channel relationships to drive higher growth in servers
- Leverage Lenovo strength in China, where demand for servers is still strong

Why IBM?

- Immediately make Lenovo #3 player globally
- Makes Lenovo leader in key growth markets around the world

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IBM
x86 Server Business

Motorola Strengthens Smartphone Position

How Lenovo will realize growth from deal

- Achieve significant material savings from lower material costs, and global scaling
- Reduce E/R with our global scale
- Richer, more innovative products through iconic Motorola brand
- Expand Motorola products to customers in Emerging markets, and China, where we expect Chinese customers will again embrace Motorola

Why Motorola?

- Creates a perfect fit with global growth strategy in smartphones
- Become much stronger #3 player globally
- Re-introduce Motorola brand back to China
- Already mapping integration to realize real and substantial synergies from Day 1
- Will introduce Motorola products to existing markets

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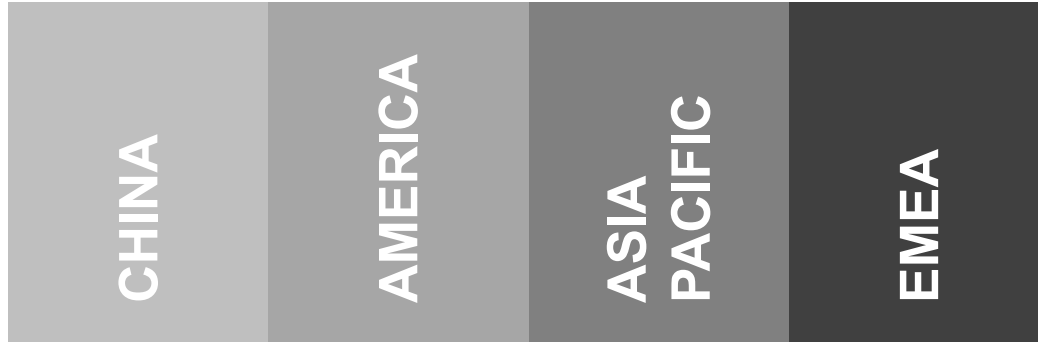


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Organized for Growth

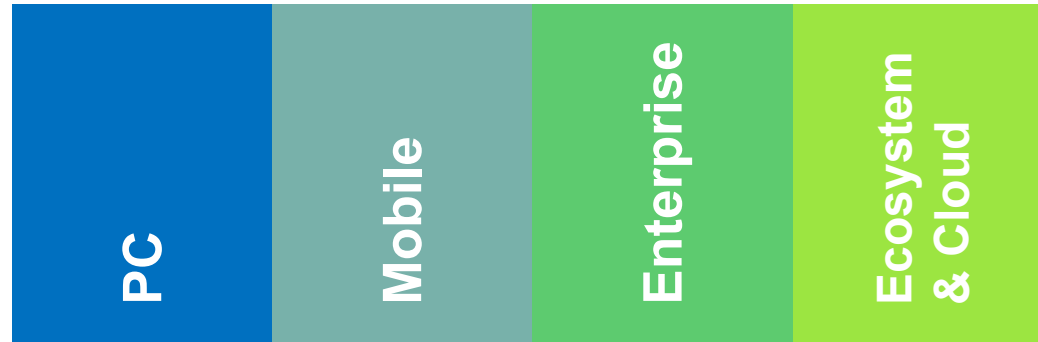
NEW ORGANIZATION STRUCTURE

CONSISTENT
CUSTOMER-DRIVEN
FRONT END



- GEOs remain largely consistent to continue to:
 - enabling efficient response to the market, &
 - delivering same high level of focus on serving customer needs

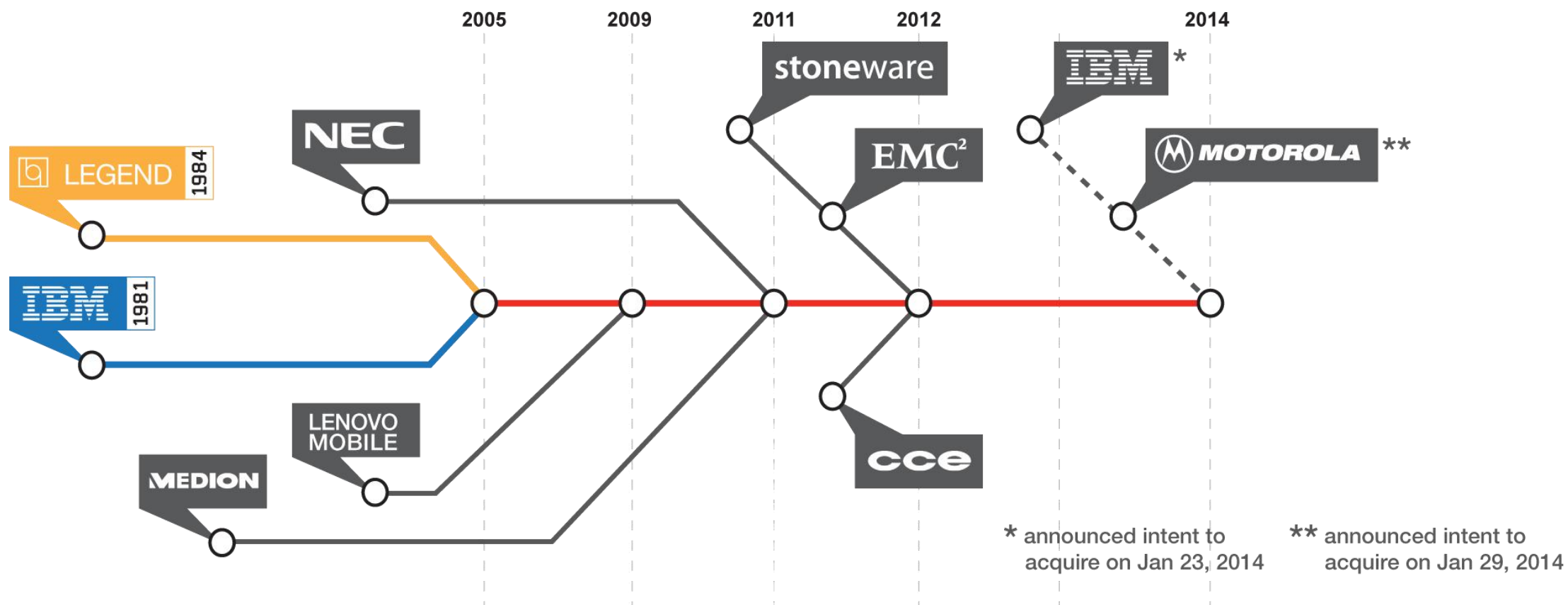
DISTINCTIVE
BUSINESS GROUPS



- Created 4 new distinctive business groups:
 - **PC**: focused on Lenovo & Think branded PCs
 - **Mobile**: focused on smartphone, tablet, smart TV
 - **Enterprise**: focused on servers & storage
 - **Ecosystem & Cloud**: focused on monetization and ecosystem expansion on both Android & Win opportunities

Outlook

- Confident existing businesses will grow as we have committed
- Confident new businesses build new pillars for long-term, sustainable growth



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Wong Wai Ming
Chief Financial Officer



Financial Summary

US\$ Million	Q3 FY2013/14	Q3 FY2012/13	Y/Y%	Q/Q%	YTD FY2013/14	Y/Y%
Revenue	10,789	9,359	15%	10%	29,350	13%
Gross Profit	1,363	1,190	15%	8%	3,820	13%
Operating Expenses	(1,029)	(947)	9%	5%	(2,998)	9%
Operating Profit	334	243	37%	18%	820	30%
Other Non-Operating (Expenses) / income	(13)	3	NA	-30%	(18)	NA
Pre-tax Income	321	246	30%	21%	802	26%
Taxation	(56)	(46)	20%	9%	(151)	19%
Profit for the period	265	200	33%	24%	651	28%
Non-controlling interests	0	5	NA	NA	10	961%
Profit attributable to Equity Holders	265	205	30%	21%	661	30%
EPS (US cents)						
- Basic	2.56	1.99	0.57	0.44	6.35	1.41
- Diluted	2.52	1.96	0.56	0.42	6.27	1.43
	Q3 FY2013/14	Q3 FY2012/13	Q2 FY2013/14			
Gross margin	12.6%	12.7%	12.9%			
E/R ratio	9.5%	10.1%	10.0%			
Operating margin	3.1%	2.6%	2.9%			
PTI margin	3.0%	2.6%	2.7%			
Net margin attributable to Equity Holders	2.5%	2.2%	2.3%			

Condensed Balance Sheet

US\$ Million

	As at Dec 31, 2013	As at Sep 30, 2013
Non-current assets	4,726	4,695
Property, plant and equipment	608	568
Intangible assets	3,333	3,337
Others	785	790
Current assets	14,797	13,337
Bank deposits and cash	3,820	3,015
Trade, notes and other receivables	8,168	7,614
Inventories	2,663	2,596
Others	146	112
Current liabilities	14,736	13,481
Short-term bank loans	444	436
Trade, notes, other payables and provisions	13,652	12,394
Others	640	651
Net current assets/(liabilities)	61	(144)
Non-current liabilities	1,860	1,812
Total equity	2,927	2,739

Cash and Working Capital

US\$ Million

	Q3 FY2013/14	Q3 FY2012/13	Q2 FY2013/14
Bank deposits and cash	3,820	4,480	3,015
Total Bank Borrowings	456	321	452
Net Cash Reserves	3,364	4,159	2,563
Net cash generated from / (used in) operating activities	1,010	889	(189)
Days Inventory	26	20	28
Days Receivable	35	36	34
Days Payable	63	61	65
Cash Conversion Cycle	-2 days	-5 days	-3 days

Geography Summary

China

- Strengthened #1; Record share at 37.9%, up 0.5pts YTY
- China PC shipments continued to stabilize with improving ASP, and growth in mobile internet devices stayed strong
- China overall margin up 0.8pt YTY to 5.4%; China PC margin also improved by 1.3pt YTY to 7.1%
- Continue to invest in PC+: ramp up LTE smartphone products, SmartTV, etc.

AP

- Regained #1 in AP; solid PC+ execution drove profitability improvement
- Record share at 15.9% up 2.0pt YTY; #1 in Japan
- Hypergrowth in tablet, especially in ASEAN; strong smartphone growth, including Indonesia, Philippine, Malaysia, etc

EMEA

- Reinforced strong #2 position, Record share of 15.3%; up 4.0 pt YTY
- PC volume up 27% YTY, outperformed market by 33 pts
- Achieved #1 in 11 EMEA countries including key markets, e.g. Germany, Eastern Europe, Russia
- Hypergrowth for both smartphones and tablets from strong PC+ strategy execution.

AG (Americas)

- AG revenue grew 36% YTY driven by growth across all products
- Total PC shipments up 28% YTY, outperformed market by 31pts
- AG PC share was up 2.7pts YTY to 11.0%; NA share up 1.2.pts to 10.2%; Brazil share up 14.9pts YTY to record-high 18.6% through solid integration
- Continued to invest in fast growing Brazil and LA businesses

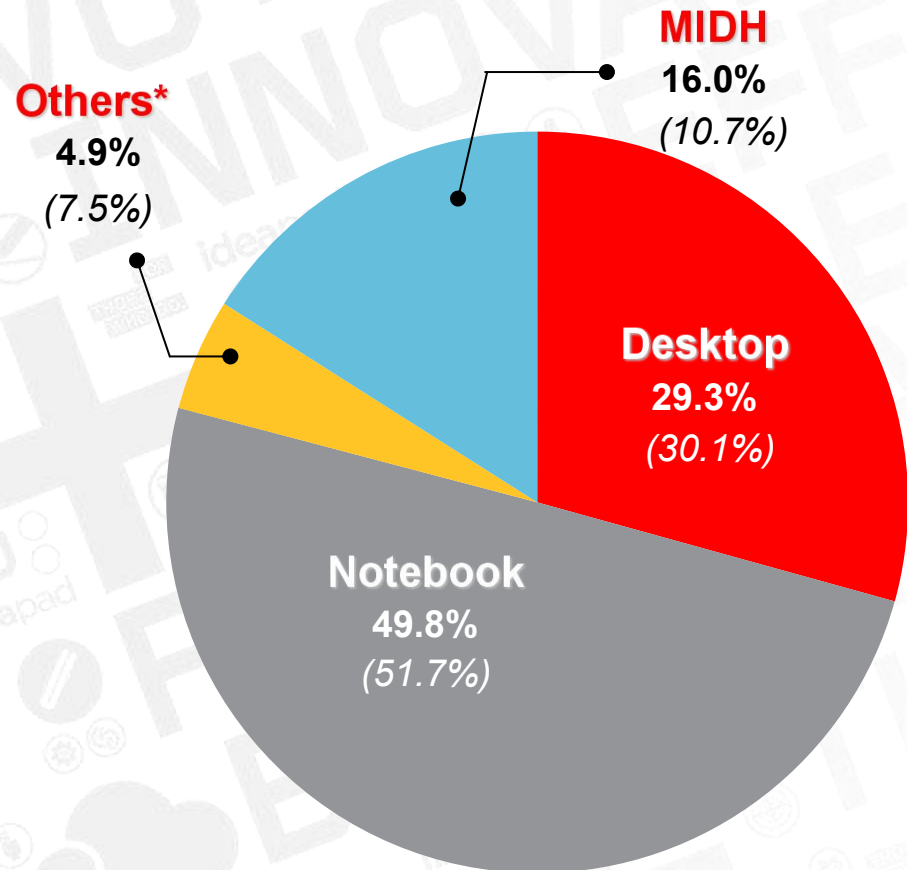
Including MIDH and non-PC revenue & results	Revenue US\$ Million			Segment Operating Profit/ (Loss) US\$ Million			Segment Operating Profit Margin		
	Q3 FY14	Y/Y	Q/Q	Q3 FY14	Q3 FY13^	Q2 FY14	Q3 FY14	Q3 FY13^	Q2 FY14
China	4,046	(22)	186	218	187	206	5.4%	4.6%	5.3%
China – PC [#]	3,065	(108)	188	218	183	197	7.1%	5.8%	6.8%
AP	1,607	290	106	25	15	25	1.5%	1.1%	1.7%
EMEA	2,880	572	622	54	36	35	1.8%	1.6%	1.5%
AG	2,256	591	102	0	12	30	0.0%	0.7%	1.4%

[#] 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

Performance By Product

Revenue by Product



Notebook

- 15-pt market growth premium
- Market share at 18.8%, up 2.7pts YTY

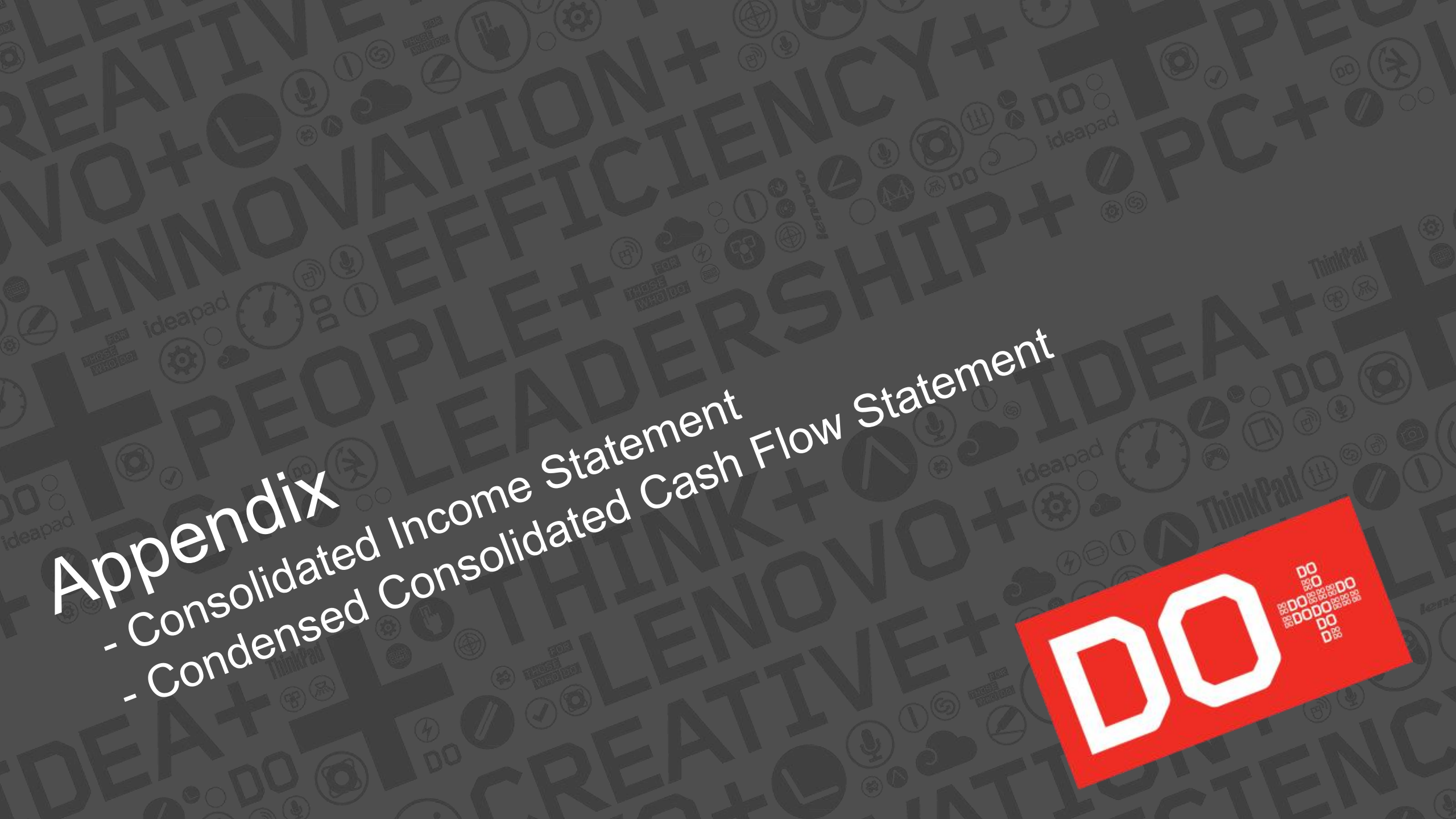
Desktop

- 12-pt market growth premium
- Market share at 18.0%, up 2.0pts YTY

MIDH

- Revenue up 73% YTY
- Strong WW smartphone shipments up 47% YTY
- WW tablet shipments up 3.3x YTY

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



Appendix

- Consolidated Income Statement
- Condensed Consolidated Cash Flow Statement



Consolidated Income Statement

US\$ Million	Q3 FY2013/14	YTD FY2013/14	Q3 FY2012/13	YTD FY2012/13
Revenue	10,789	29,350	9,359	26,041
Cost of sales	(9,425)	(25,530)	(8,169)	(22,665)
Gross profit	1,363	3,820	1,190	3,376
Other income, net	22	23	20	20
Selling and distribution expenses	(529)	(1,443)	(536)	(1,471)
Administrative expenses	(340)	(1,004)	(316)	(885)
Research and development expenses	(188)	(548)	(162)	(450)
Other operating income/(expense) – net	6	(28)	47	41
Operating profit	334	820	243	631
Finance income	6	25	11	32
Finance costs	(19)	(54)	(8)	(27)
Share of profit/(losses) of associates and jointly controlled entities	-	11	-	(1)
Profit before taxation	321	802	246	635
Taxation	(56)	(151)	(46)	(128)
Profit for the period	265	651	200	507
Profit/(losses) attributable to:				
Equity holders of the company	265	661	205	508
Non-controlling interests	-	(10)	(5)	(1)
Dividend	-	80	-	60
Earnings per share attributable to equity holders of the Company (US cents)				
- Basic	2.56	6.35	1.99	4.94
- Diluted	2.52	6.27	1.96	4.84

Condensed Consolidated Cash Flow Statement

<i>US\$ Million</i>	Q3 2013/14	Q3 2012/13	Q2 2013/14
Net cash generated from/(used in) operating activities	1,010	889	(189)
Net cash used in investing activities	(90)	(207)	(102)
Net cash used in financing activities	(73)	(82)	(258)
Increase/(Decrease) in cash and cash equivalents	847	600	(549)
Effect of foreign exchange rate changes	7	18	6
Cash and cash equivalents at the beginning of the period	2,870	3,453	3,413
Cash and cash equivalents at the end of the period	3,724	4,059	2,870

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