



## **LENOVO REPORTS FOURTH QUARTER AND FULL-YEAR 2009/10 RESULTS**

- **Full-year sales of US\$16.6 billion**
- **Full-year pre-tax income (excluding restructuring/one-off items) of US\$161 million**
- **Full-year profit attributable to equity holders of US\$129 million**
- **Full-year basic EPS of 1.42 US cents, or 11.1 HK cents**
- **Net cash reserves of US\$1.94 billion (as of March 31, 2010)**

**HONG KONG, May 27, 2010**– Lenovo Group today reported results for its fourth fiscal quarter and full year ended March 31, 2010. Lenovo was the fastest growing of the top five PC manufacturers for the second consecutive quarter and was profitable in each of the last three quarters. The Company also recorded its highest ever full-year market share and lowest year-end expense to revenue ratio.

During the fourth quarter, Lenovo's worldwide PC shipments increased 59 percent year-over-year, compared to an overall industry growth rate of approximately 27 percent. This is the fourth straight quarter in which the Company outgrew the market.

"Over the past year, Lenovo has demonstrated its ability to meet some difficult business challenges, and the improved financial performance we are announcing today is a direct result of the business strategy we put in place, the technological capabilities we unleashed, and the winning culture we have embraced worldwide. The Board of Directors is very satisfied with the results," said Lenovo Chairman Liu Chuanzhi. "While we have achieved much in the past 12 months, there are both significant challenges and tremendous opportunities ahead of us, and we believe we have the right pieces in place to lead our business as we continue to build our base in China and expand globally."

"Last quarter, Lenovo was the fastest growing of the top five PC companies for the second consecutive quarter and our profits continued to improve. Moreover, we achieved our highest-ever global market share during the year. These results completed the turnaround from the 2008/09 fiscal year and clearly demonstrate that we have the right strategy in place and are effectively executing on it," said Lenovo CEO Yang Yuanqing, "Looking ahead, we will continue to implement our strategy, while closely monitoring the changes in the economic environment and industry trends. We are committed to drive the development of our core PC business and grab the growth opportunities generated by mobile Internet arena."

Consolidated sales for the fourth fiscal quarter increased a record 56 percent year-over-year to US\$4.3 billion. The Company's gross profit for the quarter increased 50 percent year-over-year, with gross margin at 10.4 percent. Lenovo reported fourth quarter pre-tax income of US\$40 million (excluding a US\$20 million one-off cost). The profit attributable to equity holders for the quarter was US\$13 million, in contrast to last year's fourth quarter loss of US\$264 million, an US\$277 million improvement. Basic earnings per share for the fourth quarter was 0.14 US cent, or 1.09 HK cents. Net cash reserves as of March 31, 2009, totaled US\$1.94 billion.

Lenovo's Board of Directors declared a final dividend of 0.58 US cents, or 4.5 HK cents per share for the fiscal year ended March 31, 2010.

## GEOGRAPHIC OVERVIEW

- Lenovo **China** posted US\$2.0 billion in consolidated sales in the fourth fiscal quarter, a 67 percent increase year-over-year, and accounting for 45.3 percent of the Company's worldwide sales. During the quarter, Lenovo continued its industry-leading market share in China with 28.7 percent. Lenovo's PC shipments in China increased 57 percent year-over-year in the quarter, compared to an overall industry increase of PC shipments in China of 47 percent. The Company's growth in consumer products in China was of particular note, with an increase of 90 percent year-over-year.
- In **Emerging Markets**\* Lenovo's PC shipments during the fourth fiscal quarter grew three times faster than the industry at 95 percent year-over-year, compared to an overall PC industry growth rate in the region during the same period at 33 percent. Of particular note, Lenovo's year-over-year PC shipments rose 104 percent in India, 70 percent in Southeast Asia (ASEAN), and by 105 percent in Latin America during the quarter. Lenovo's consolidated sales totaled US\$744 million for the fourth quarter, accounting for 17.2 percent of the Company's worldwide sales.
- **Mature Markets**\*\* recorded US\$1.6 billion in consolidated sales during the fourth fiscal quarter, an increase of 33.7 percent year-over-year, and accounting for 37.5 percent of the Company's worldwide sales. The Company's year-over-year PC shipments increased by 45 percent during the fourth quarter and were more than double the industry growth rate in the region of 19 percent. Growth rates in mature markets were buoyed this quarter by the continuing recovery in commercial products, which saw PC shipments increase by 37 percent year-over-year.

## PRODUCT OVERVIEW

- Lenovo's **Notebook** computers are the largest contributor to the Company's sales worldwide, generating close to 62 percent of Lenovo's total sales revenue. Consolidated sales for Lenovo's notebook PC business worldwide in the fourth fiscal quarter totaled US\$2.7 billion, up 59 percent year-over-year. The Company's notebook shipments worldwide in the quarter were up 76 percent year over year, compared to an overall industry increase of 40 percent. Several exciting new laptops including eight IdeaPad-branded PCs such as the Y460 and Y560, as well as the new ThinkPad Edge and X100e, were all launched with much fanfare at the Consumer Electronics Show and fourth quarter sales of these laptops were encouraging.
- Consolidated sales of Lenovo **Desktop** computers worldwide increased 41 percent year-over-year in the fourth fiscal quarter to US\$1.5 billion, or 36 percent of Lenovo's total sales revenue. The Company's desktop shipments for the same period grew 40 percent, compared to an industry increase of 12 percent during the same period. During the fourth quarter, Lenovo introduced several new desktop PCs, including the ThinkCentres M90 and M90p, as well as the ThinkCentre A63, designed for small and medium business customers. For consumers, the Company announced the IdeaCentre-branded A300, C310 and K320 desktop PCs.

Lenovo's reacquisition of Lenovo Mobile is complete and the Company recently began shipping its new smartphone in China. Lenovo is well positioned to participate in the mobile convergence and 3G market growth opportunities in China, and the Lenovo smartphone is the Company's first foray into new mobile internet platforms and devices.

## FULL YEAR RESULTS

For the 2009/10 fiscal year, consolidated sales increased 11.4 percent year-over-year to US\$16.6 billion. Lenovo's PC shipments grew 28.1 percent year-over-year, compared to an overall industry increase of 10.7 percent.

Including one-off costs, the Company's pre-tax income was US\$176 million. The full-year profit attributable to equity holders was US\$129 million, a US\$355 million improvement over last year. Basic earnings per share for the 2009/10 fiscal year totaled 1.42 US cents, or 11.1 HK cents.

## ABOUT LENOVO

Lenovo (HKSE: 992) (ADR: LNVGY) is dedicated to building exceptionally engineered PCs. Lenovo's business model is built on innovation, operational efficiency, and customer satisfaction as well as a focus on investment in emerging markets. Formed by Lenovo Group's acquisition of the former IBM Personal Computing Division, the Company develops, manufactures and markets reliable, high-quality, secure, and easy-to-use technology products and services worldwide. Lenovo has major research centers in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; and Raleigh, North Carolina. For more information, see [www.lenovo.com](http://www.lenovo.com)

\* includes Africa, Asia Pacific, Brazil, Central/Eastern Europe, Hong Kong, India, Korea, Latin America, Mexico, Middle East, Pakistan, Russia, Southeast Asia, Taiwan, Turkey

\*\* includes Australia/New Zealand, Israel, Japan, North America, Western Europe and Global accounts.

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**LENOVO GROUP**  
**FINANCIAL SUMMARY**  
For the fiscal quarter and full year ended March 31, 2010

(in US\$ millions, except per share data)

	Q4 09/10	Q4 08/09	Y/Y CHG	FY 09/10	Y/Y CHG
Sales	4,317	2,771	55.8%	16,605	11.4%
Gross Profit*	449	299	50.1%	1,790	-2.4%
Gross Profit Margin*	10.4%	10.8%	-0.4 pt	10.8	-1.5 pts
Operating Expenses*	(402)	(375)	7.2%	(1,586)	-12.3%
Expenses-to-Revenue Ratio*	9.3%	13.5%	-4.2 pts	9.6%	2.6 pts
Operating Profit/(Loss) *	47	(76)	n/a	204	n/a
Other Non-Operating Expenses	(7)	(5)	46.8%	(43)	n/a
Pre-tax Income/(Loss) *	40	(81)	n/a	161	n/a
One-off costs	(20)	(187)	-89.3%	(68)	n/a
Other income, net	0	0	n/a	83	89.5%
Pre-tax Income/(Loss)	20	(268)	n/a	176	n/a
Taxation	(7)	4	n/a	(47)	22%
Profit/(Loss) Attributable to Equity Holders	13	(264)	n/a	129	n/a
EPS (US cents)					
Basic	0.14	-2.98	n/a	1.42	n/a
Diluted	0.13	-2.98	n/a	1.33	n/a
Dividend per share (HK cents)				5.5	83%

\* Excludes restructuring costs & one-off items.