

Acer Inc.

Q1, Y2006

Investor Conference

April 28, 2006

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Consolidated Financial Results

Howard Chan

CFO & V.P.

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Consolidated Income Statement (1st Quarter)

(NT\$ Million)	1Q'06		1Q'05		Change
Revenue	82,996	100%	65,710 _(b)	100%	+26%
Gross Profit	8,844	10.7%	7,981	12.1%	+11%
Operating Expenses	6,919	8.3%	6,041	9.2%	+15%
Operating Income	1,925	2.3%	1,940_(b)	3.0%	*(b)
Non-Operating Income	3,307	4.0%	618		
PBT	<u>5,232</u>	6.3%	<u>2,558</u>		
PAT	<u>4,021</u>	4.8%	<u>2,145</u>		
EPS	1.82		0.97		

Note: (a) Figures in 1Q'06 are un-audited

(b) Operating Income growth rate in 1Q'06 is 33% Y/Y on comparable base after excluding the one-time special gains in 1Q'05

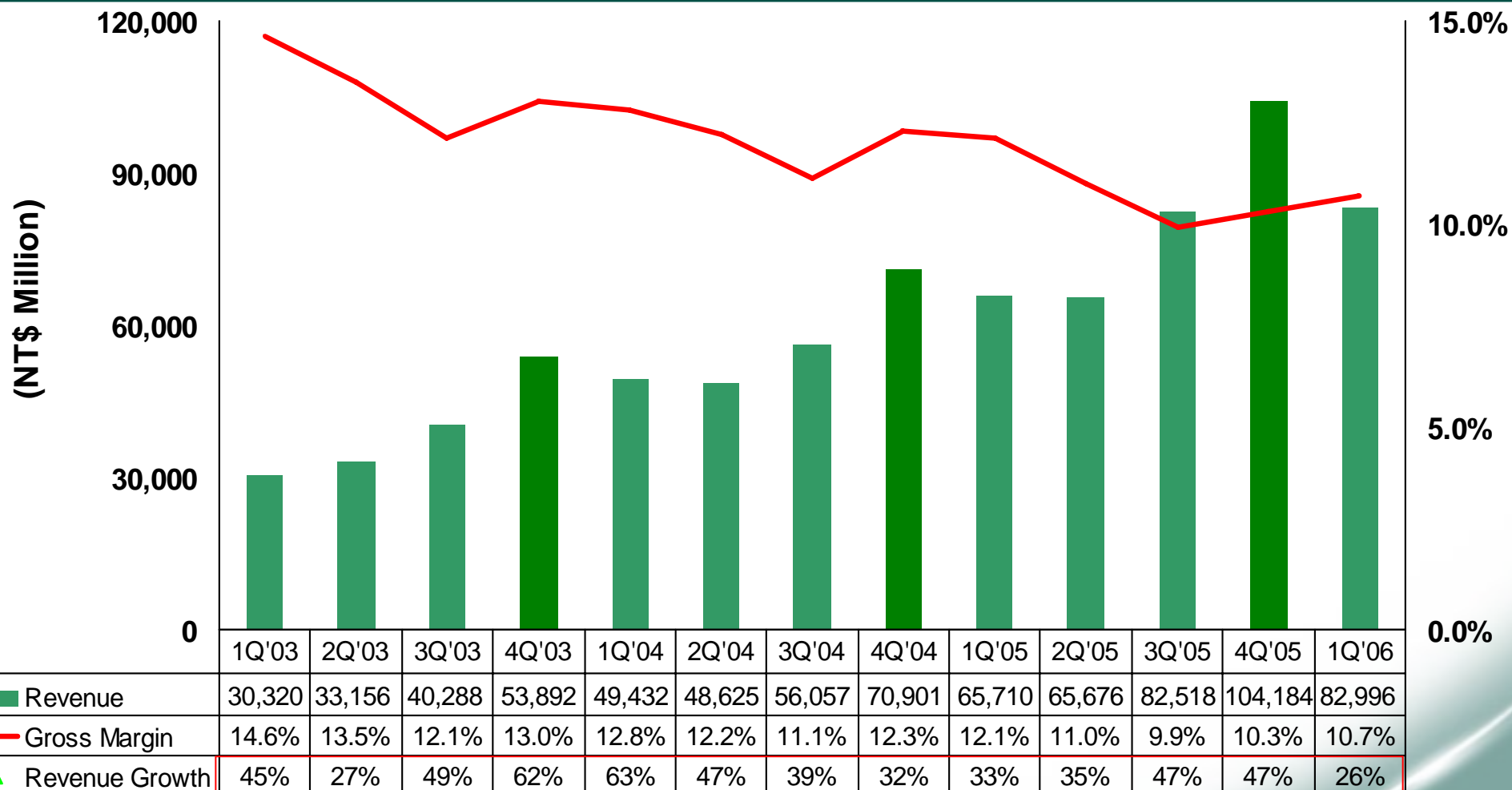
Hit Rate of 2006 Financial Forecast

(NT\$ Million)	Actual 1Q'06	Forecast 1Q'06	Hit Rate %	Forecast Y2006	Hit Rate %
Revenue	82,996	81,912	101.3%	400,029	20.8%
Operating Income	1,925	2,059	93.5%	10,779	17.9%
Non-Operating Income	3,307	1,734		2,535	
PBT	5,232	3,793	137.9%	13,314	39.3%
PAT	<u>4,021</u>	<u>3,018</u>	133.2%	<u>10,018</u>	40.1%

Note: Figures in 1Q'06 are un-audited

Consolidated Revenue and Gross Margin

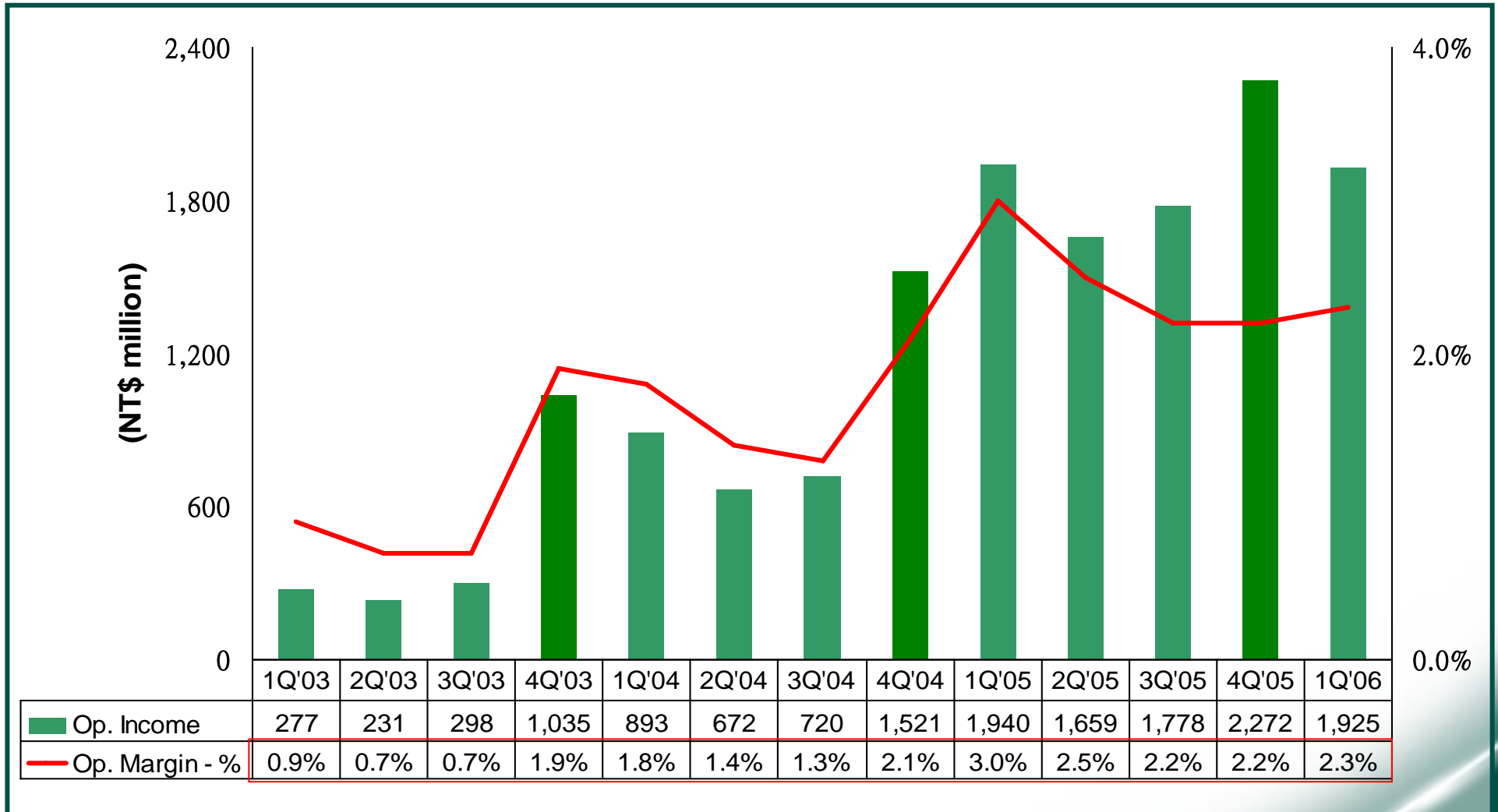
Q1, 2006 Revenue Growth: +26% Y/Y



Note: Figures in 1Q'06 are un-audited



Consolidated Operating Income



Note: (a) Figures in 1Q'06 are un-audited

(b) Operating Income in 1Q'05 includes one-time special gains

Consolidated Balance Sheet

(NT\$ Million)

Mar. 31, 2006

Current Assets

Cash and cash equivalence	29,692	17%
Financial Assets-Current	7,876	4%
Notes & Account receivable	71,771	41%
Inventory	26,300	15%
Others	7,618	4%

Total Current Assets **143,258** 82%

Long-term Investment 13,311 8%

Financial Asset-Non current 4,471 2%

Property, plant and equipment 9,470 5%

Others 5,249 3%

Total Asset **175,759** 100%

Account payable 67,802 39%

Other current liabilities 31,088 17%

Current Liabilities **98,890** 56%

Total Liabilities **101,813** 58%

Total Shareholders' Equity **73,946** 42%

Healthy Financial Ratio

- ◆ Current Ratio : 145%
- ◆ Quick Ratio : 111%
- ◆ Liability Ratio : 58%
- ◆ D/E Ratio : 138%

Holding & Investment Business

	Percentage of Ownership	Market Value (NT\$ M)	Book Value (NT\$ M)	Potential Gain (Apr. 26,2006)
Major Shareholdings				
BenQ	5.3%	3,712	1,704	2,008
Wistron	23.8%	11,267	5,877	5,390
TSMC	0.1%	2,485	706	1,779
Hon Hai	0.1%	869	133	736
CDIB	1.0%	1,388	1,263	125
Taiwan Fixed Network	3.3%	1,233*	2,100	(867)
Others**		8,373	7,122	1,251
Total		29,327	18,905	10,422

Note: The above numbers are valued on Apr. 26, 2006

* Share price is based on Emerging Stock Market

**Others include Venture Capital Business

Dividend & Employee Bonus

◆ Dividend Policy (NT\$ per share)

Year	EPS	Stock	Cash
2002	4.46	1.033	2.066
2003	3.61	0.505	2.525
2004	3.38	0.6	2.3
2005	3.83	0.2	3.0

◆ Employee Bonus (Percentage of 90% PAT plus or minus Special Reserve)

Year	Stock	Cash
2002	7%	1%
2003	6.4%	1.6%
2004	6.4%	1.6%
2005	4.0%	4.0%

* 10% for Legal Reserve

Business Review

Gianfranco Lanci

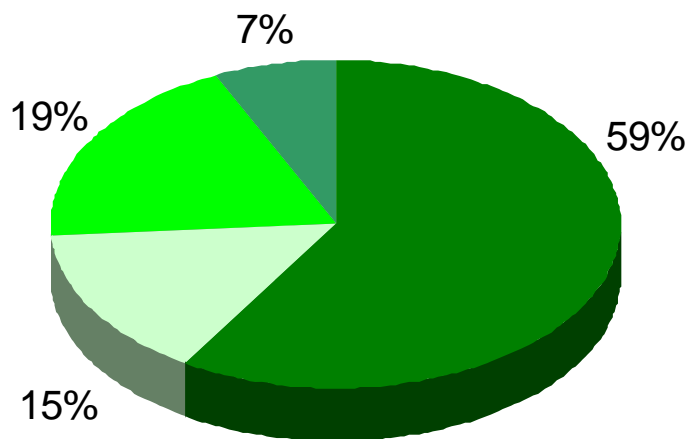
President

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IT Product Revenue Breakdown

Q1, 2006

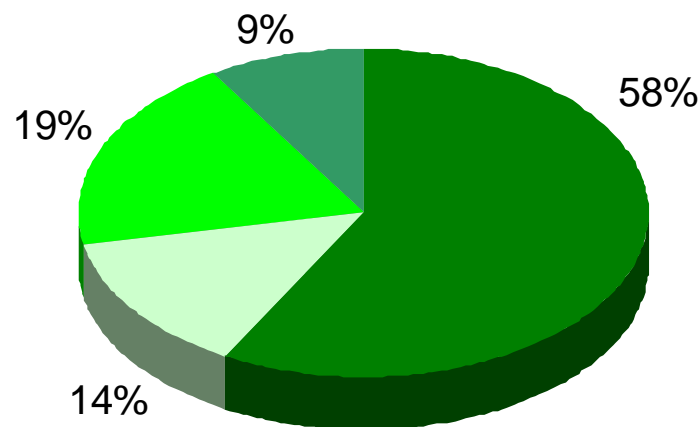
NT\$71,782 Million



■ Notebook ■ Desktop PC
■ Display ■ Others

Q1, 2005

NT\$52,903 Million



■ Notebook ■ Desktop PC
■ Display ■ Others

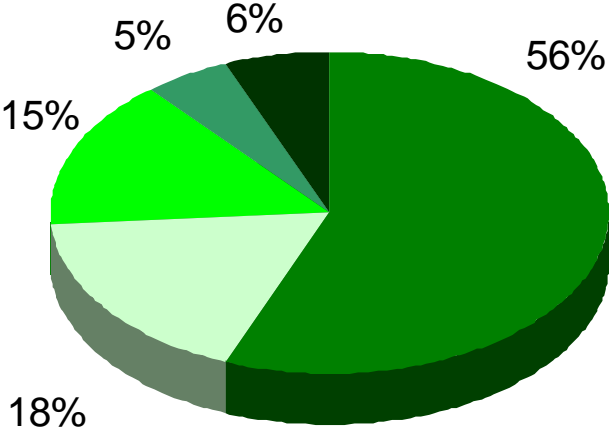
Note: Others include servers, projector and IA products

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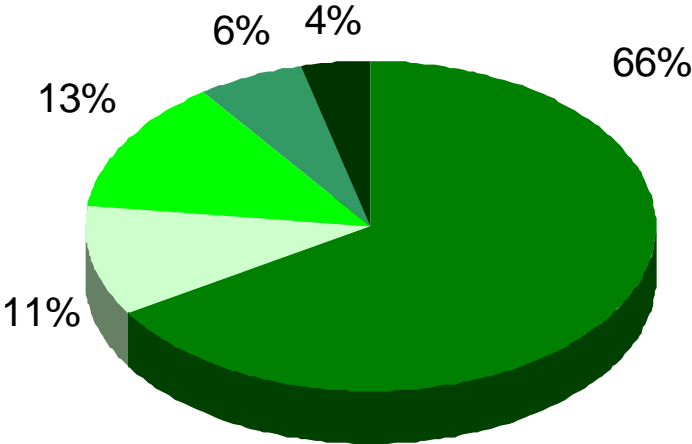
IT Product Revenue Breakdown by Geography

Q1, 2006
NT\$71,782 Million

Q1, 2005
NT\$52,903 Million



- EMEA
- Asia Pacific
- China
- Pan America
- Taiwan & HK

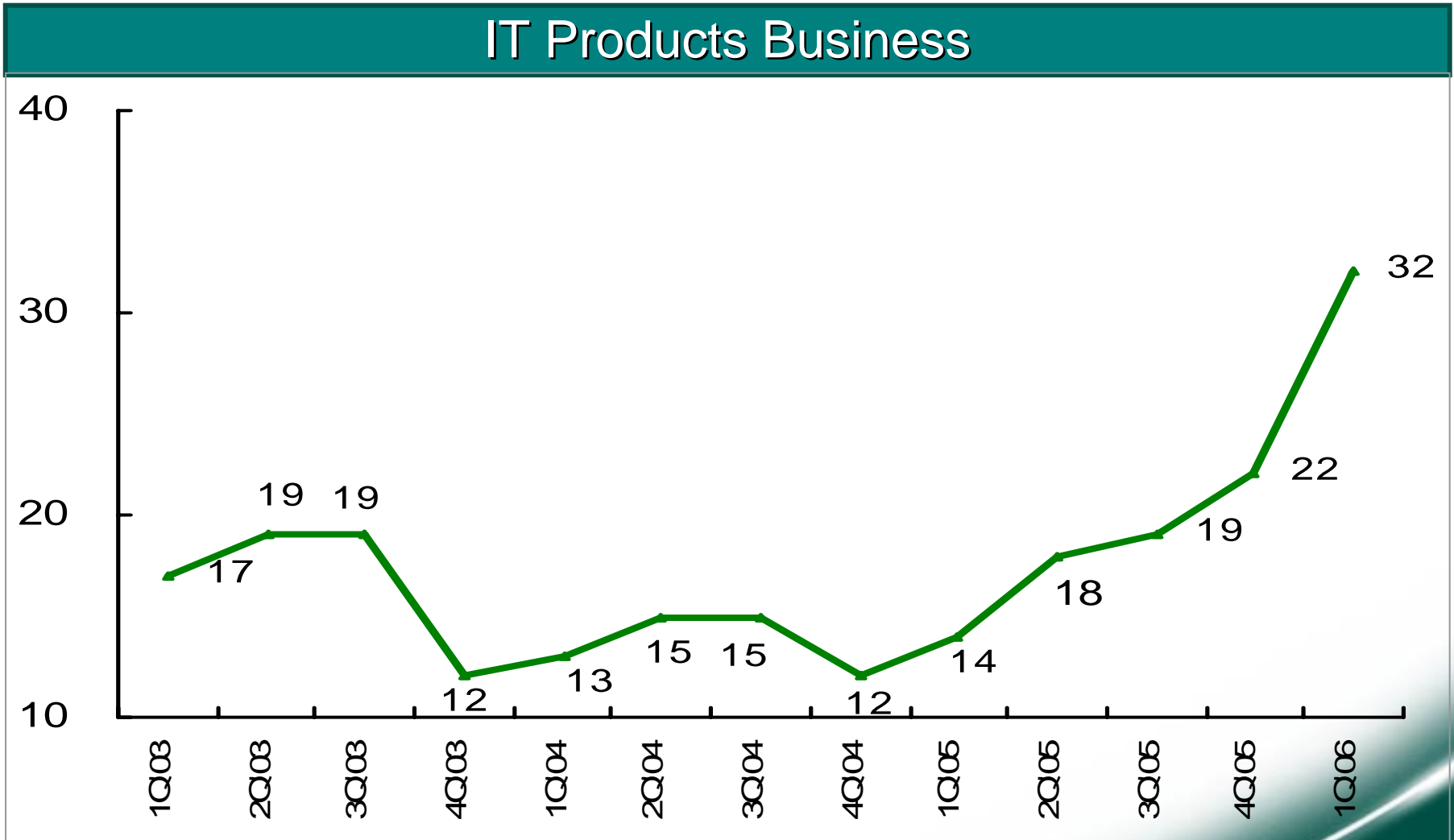


- EMEA
- Asia Pacific
- China
- Pan America
- Taiwan & HK

Note: (a) Asia Pacific excludes Greater China (Taiwan, HK, and Mainland China)
 (b) EMEA stands for Europe, Middle East and Africa

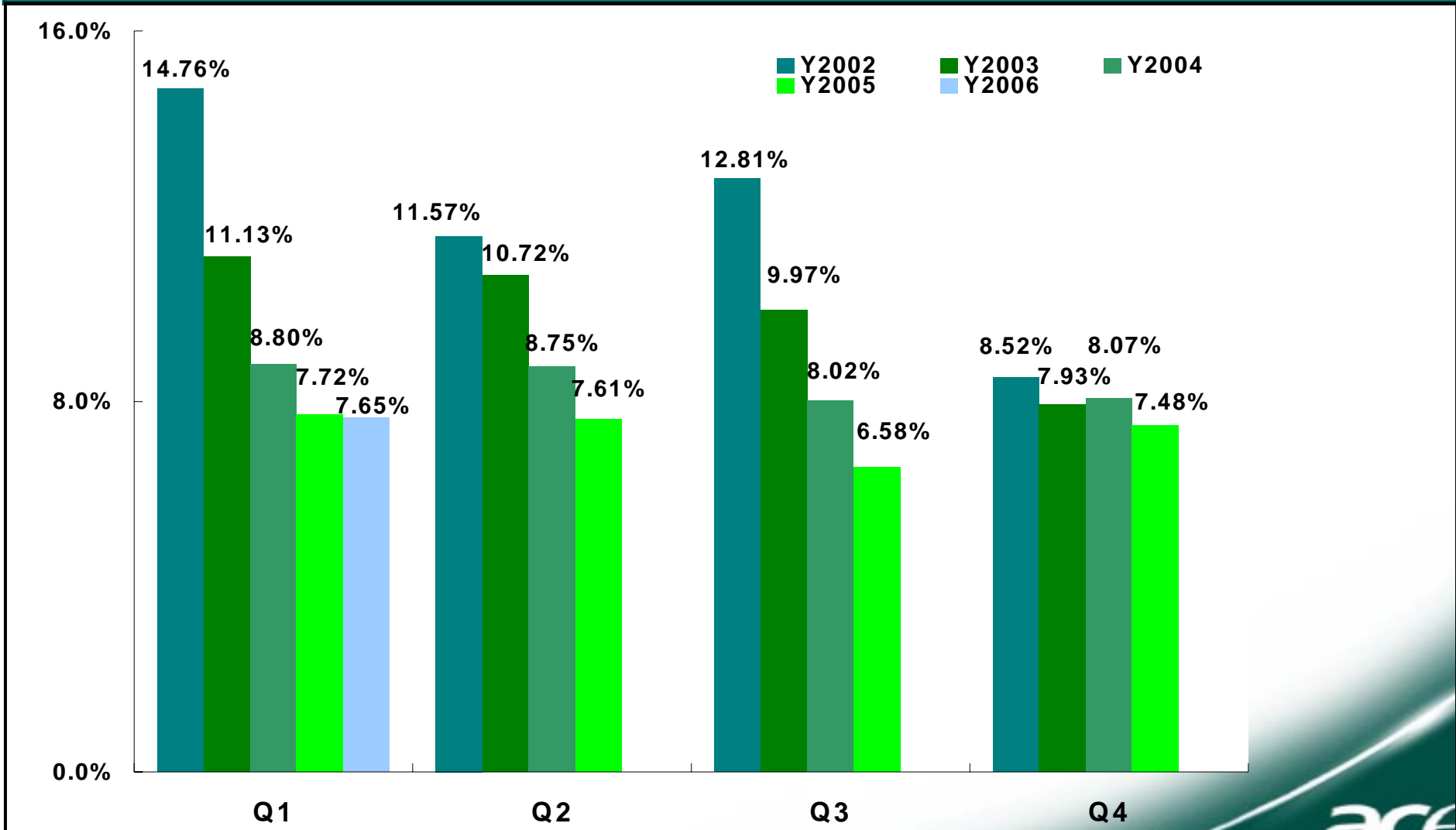


Inventory Turnover Days (ADS)



Operating Expenses % Trend

IT Product Business




Acer Business Status & Strategy

J.T. Wang

Chairman & CEO

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I . Top 5 PC Brands Worldwide (1Q'06)

Rank		Market Share			Unit Growth
		1Q'06	4Q'05	1Q'05	YoY
1	Dell	16.5%	16.3%	16.9%	10.2%
2	HP	14.9%	15.0%	13.8%	22.3%
3	Lenovo	6.0%	6.9%	6.1%	10.5%
4		5.0%	5.5%	3.9%	45.5%
5	F.S.	3.9%	3.9%	4.2%	6.6%
Overall Market					13.1%

Source: Gartner Dataquest (April, 2006)

Remarks

1. Acer and HP gained market share from Q1'06 YoY for unit shipment; Acer's growth was more than double of HP's. Other top-five players experienced declining share.
2. Acer's market share was 1% less than Lenovo, but our growth rate more than quadrupled Lenovo's. We have the opportunity to become world's No.3 PC brand in 2007.
3. HP's growth rate bettered Dell in the past six months. HP is Acer's major competitor at this stage.

II. Acer's 2006 Financial Forecast

1. Consolidated revenue: NT\$400 billion

PAT: NT\$10 billion

2. High confidence in achieving targets despite of intensive competition.

3. Revenue: Better-than-expected growth in the U.S. and China can compensate lower growth in other regions.

4. PAT: Better-than-target non-operating income gives Acer head start in achieving total PAT of NT\$10 billion.
5. Operating Income: We consider it highly possible to keep within the range of $\pm 10\%$ compared with our 2006 financial forecast.

III. Business Growth Strategy

We will continue to pursue fastest growth when operating margin can be maintained in the range of 3% for Acer's IT product business by 2007. Balancing revenue growth and profit from the U.S. market is our key objective.