Acer Inc. Q1, Y2006 Investor Conference

April 28, 2006

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Consolidated Financial Results

Howard Chan
CFO & V.P.



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	5,232	6.3%	2,558		
PAT	4,021	4.8%	2,145	=	
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



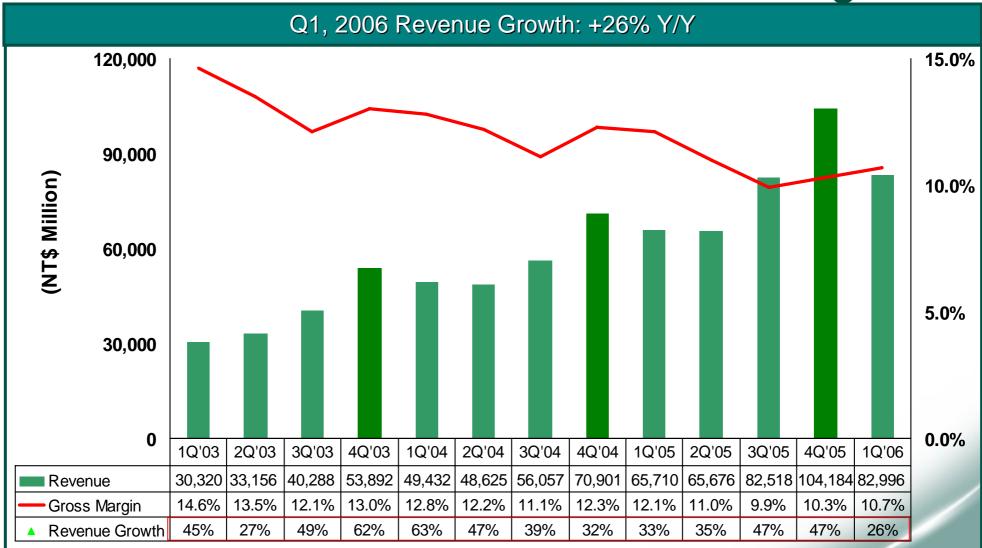
Hit Rate of 2006 Financial Forecast

(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	4,021	3,018	133.2%	10,018	40.1%

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



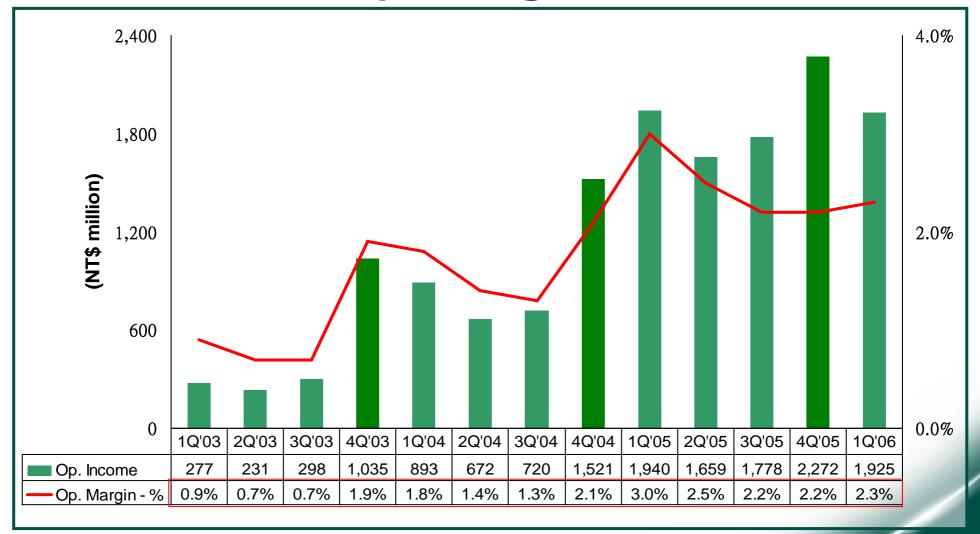
Consolidated Revenue and Gross Margin



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, 2	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%	Healthy Financial Ratio
Total Current Assets	143,258	82%	◆ Current Ratio : 145%
Long-term Investment	13,311	8%	◆ Quick Ratio : 111%
Financial Asset-Non current	4,471	2%	◆ Liability Ratio : 58%
Property, plant and equipment	9,470	_ 5%	·
Others	5,249	3%	◆ D/E Ratio : 138%
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%	

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

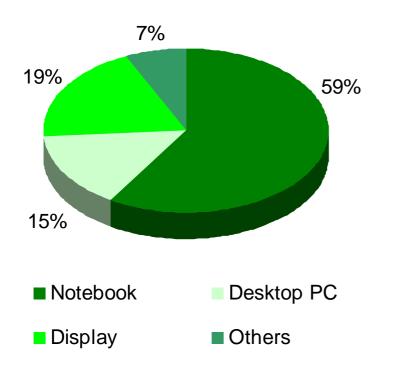
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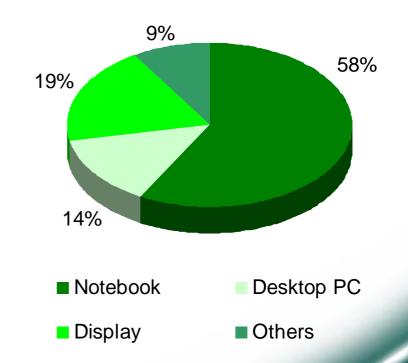


IT Product Revenue Breakdown

Q1, 2006 NT\$71,782 Million

Q1, 2005 NT\$52,903 Million



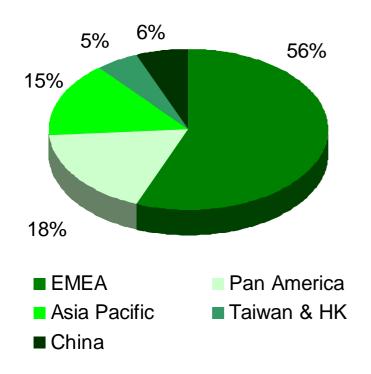


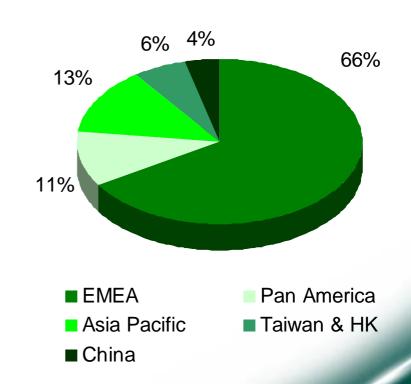
Note: Others include servers, projector and IA products



IT Product Revenue Breakdown by Geography

Q1, 2006 NT\$71,782 Million Q1, 2005 NT\$52,903 Million



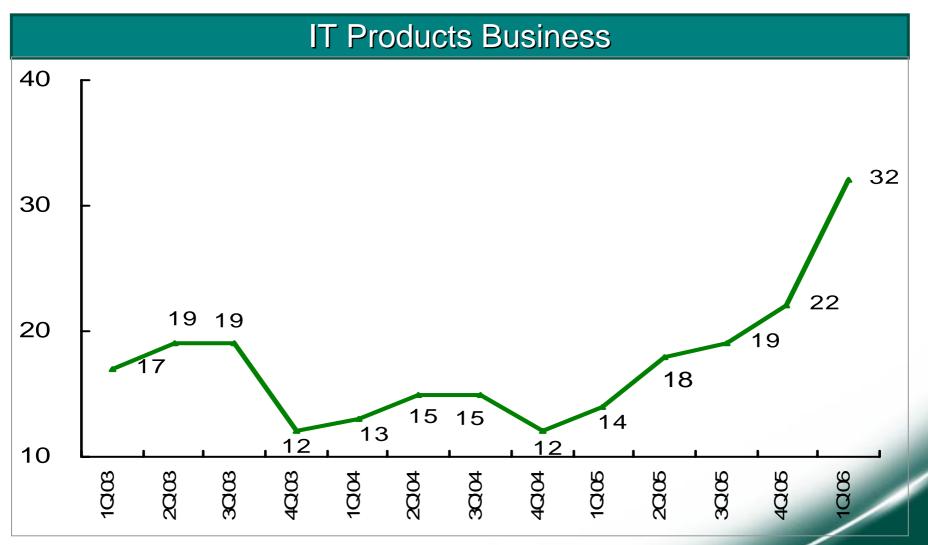


Note: (a) Asia Pacific excludes Greater China (Taiwan, HK, and Mainland China)

(b) EMEA stands for Europe, Middle East and Africa

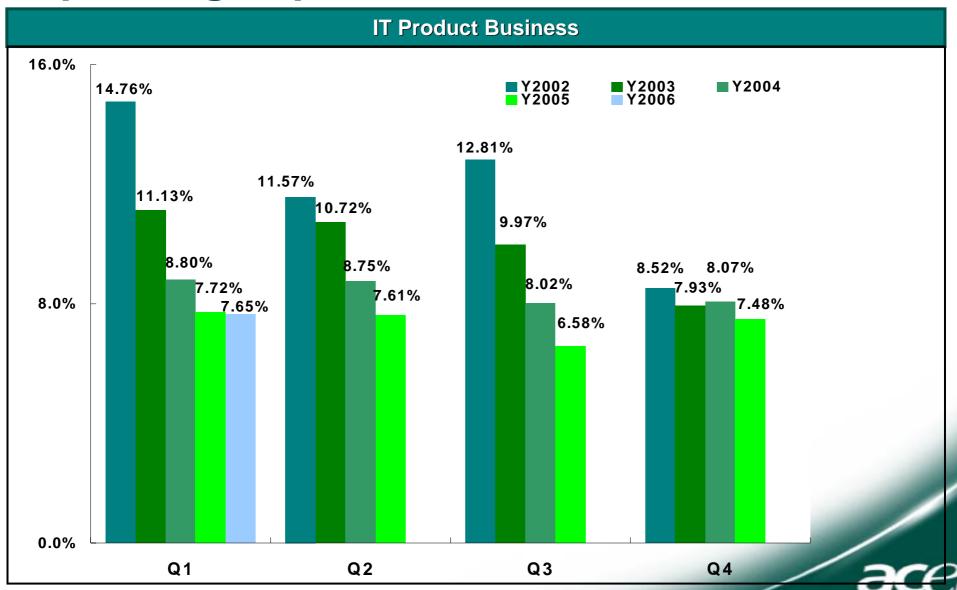


Inventory Turnover Days (ADS)





Operating Expenses % Trend



Acer Business Status & Strategy

J.T. Wang

Chairman & CEO



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

	Market Share			Unit Growth		
Ran	ık	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	acer	5.0%	5.5%	3.9%	45.5%	
5	F.S.	3.9%	3.9%	4.2%	6.6%	
Ove	Overall Market 13.1%					

Source: Gartner Dataquest (April, 2006)



Remarks

- 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 ±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.

