

# Acer Inc.

Q3, 2009

Investor Conference

October 30, 2009

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# Consolidated Financial Results

**Howard Chan**

CFO

The Acer logo is located in the bottom right corner of the slide. It consists of the word "acer" in a white, lowercase, sans-serif font, set against a dark green background that forms a curved shape in the bottom right corner of the slide.

# Consolidated Income Statement (3<sup>rd</sup> Quarter)

(R.O.C. GAAP-comparison base)

(NT\$ Million)	3Q'09		3Q'08		Change
Revenue	167,617	100%	159,163	100%	+ 5%
Gross Profit	16,722	10.0%	16,065	10.1%	+ 4%
Operating Expenses	11,968	7.1%	11,415	7.2%	+ 5%
<b>Operating Income - GAAP</b>	<b>4,754</b>	<b>2.8%</b>	<b>4,650</b>	<b>2.9%</b>	<b>+ 2%</b>
Non-Operating Income	(20)		(503)		
PBT	<u>4,733</u>	2.8%	<u>4,147</u>	2.6%	
<b>PAT – GAAP</b>	<b><u>3,470</u></b>	<b>2.1%</b>	<b><u>3,043</u></b>	<b>1.9%</b>	<b>+14%</b>
EPS	1.32		1.22		

Note: Figures in 3Q'09 are un-audited

# Consolidated Income Statement (Q1-Q3)

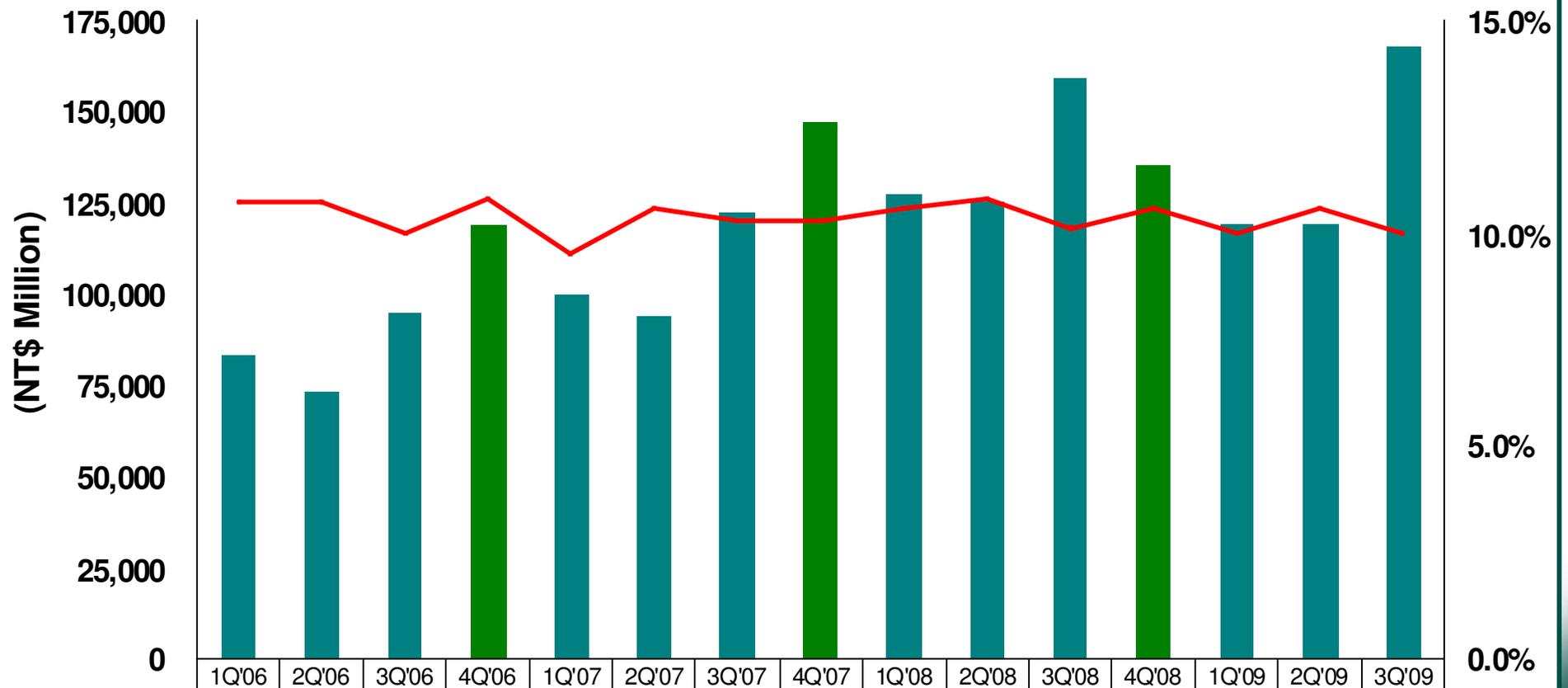
(ROC GAAP-comparison base)

(NT\$ Million)	2009 Q1-Q3		2008 Q1-Q3		Change
Revenue	405,786	100%	411,330	100%	- 1%
Gross Profit	41,206	10.2%	42,975	10.4%	- 4%
Operating Expenses	30,838	7.6%	32,877	8.0%	- 6%
<b>Operating Income - GAAP</b>	<b>10,367</b>	<b>2.6%</b>	<b>10,097</b>	<b>2.4%</b>	<b>+ 3%</b>
Non-Operating Income	(52)		1,401	0.3%	
PBT	10,315	2.5%	11,498	2.8%	
PAT – GAAP	<u>7,836</u>	1.9%	<u>8,929</u>	2.2%	
PAT – without stock disposal gains	7,810	1.9%	6,130	1.5%	+27%
EPS - GAAP	2.98		3.61		

Note: Figures in 3Q'09 are un-audited

# Consolidated Revenue and Gross Margin

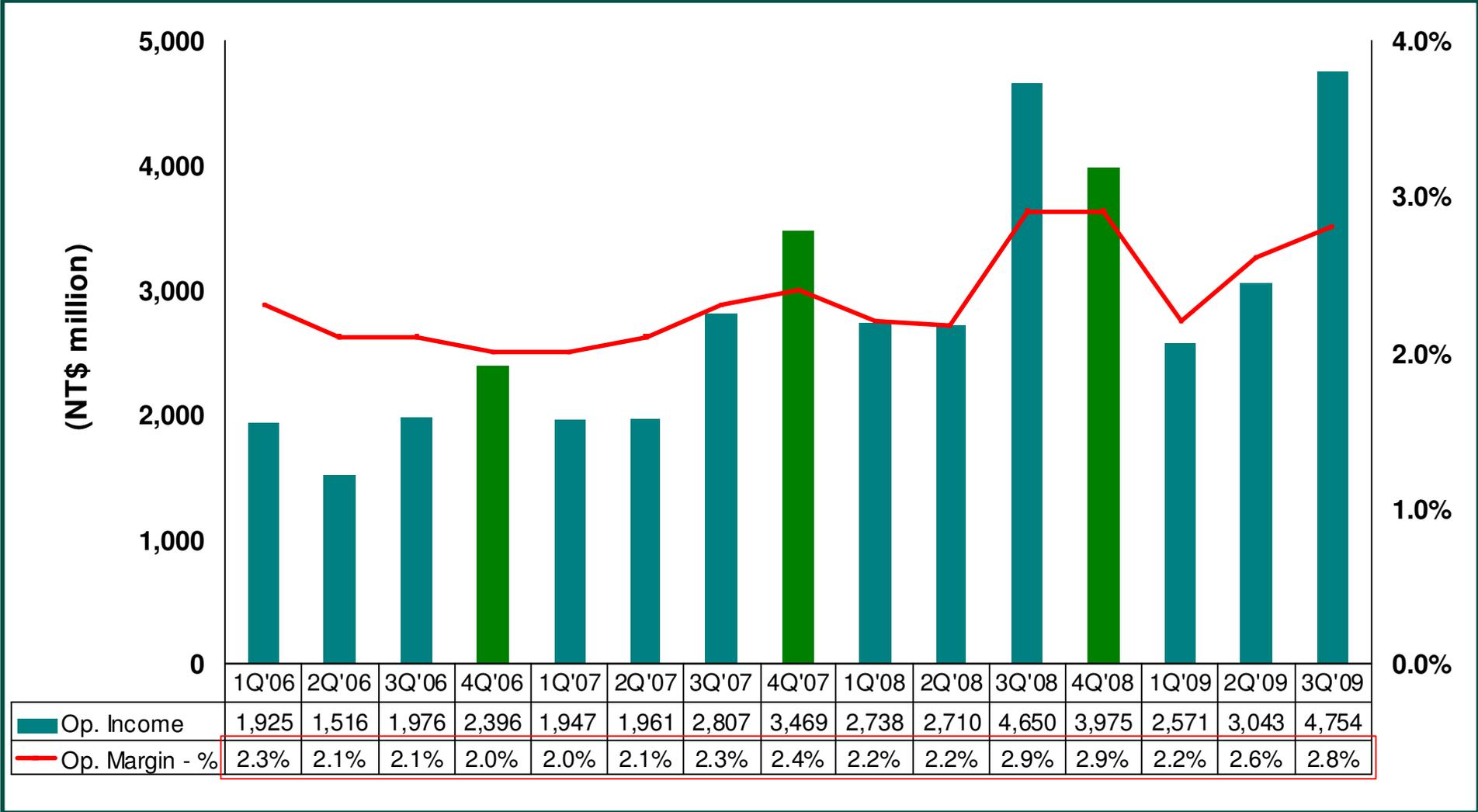
3Q, 2009 Revenue Growth: +5% Y/Y



Revenue	82,996	72,855	94,726	118,516	99,513	93,520	121,934	147,099	127,376	124,791	159,163	134,944	119,086	119,083	167,617
Gross Margin	10.7%	10.7%	10.0%	10.8%	9.5%	10.6%	10.3%	10.3%	10.6%	10.8%	10.1%	10.6%	10.0%	10.6%	10.0%
Revenue Growth	26%	11%	15%	14%	20%	28%	29%	24%	28%	33%	31%	-8%	-7%	-5%	5%

Note: The figures include Gateway since 4Q'07, Packard Bell since 1Q '08 and E-ten since 3Q'08

# Consolidated Operating Income



Note: (a) The figures include Gateway since 4Q'07, Packard Bell since 1Q '08, and E-ten since 3Q'08

(b) The figures have expensed employee bonuses and board of directors' remuneration since 2008.



# Consolidated Balance Sheet (Y/Y Comparison)

(NT\$ Million)	Sept. 30, 2009		Sept. 30, 2008	
<b>Current Assets</b>				
Cash and cash equivalence	41,559	14%	28,232	10%
Notes & Account receivable	127,813	42%	132,160	47%
Financial Assets-Current	1,044	0%	4,490	2%
Inventory	52,642	17%	44,602	16%
Others	19,508	6%	12,869	5%
<b>Total Current Assets</b>	<b>242,566</b>	<b>80%</b>	<b>222,353</b>	<b>80%</b>
<b>Long-term Investment</b>	9,099	3%	7,714	3%
<b>Property, plant and equipment</b>	12,189	4%	12,711	5%
<b>Intangible asset</b>	36,197	12%	32,877	12%
<b>Others</b>	3,102	1%	3,174	1%
<b>Total Asset</b>	<b>303,153</b>	<b>100%</b>	<b>278,829</b>	<b>100%</b>
Short-term borrowings	1,144	0%	7,943	3%
Account payable	108,334	36%	106,891	38%
Other current liabilities	83,611	28%	67,168	24%
<b>Current Liabilities</b>	<b>193,089</b>	<b>64%</b>	<b>182,002</b>	<b>65%</b>
Long-term Debt	12,378	4%	8,848	3%
<b>Total Liabilities</b>	<b>212,984</b>	<b>70%</b>	<b>197,962</b>	<b>71%</b>
<b>Total Shareholders' Equity</b>	<b>90,169</b>	<b>30%</b>	<b>80,868</b>	<b>29%</b>

# Consolidated Balance Sheet (Q/Q Comparison)

(NT\$ Million)	Sept. 30, 2009		June 30, 2009	
<b>Current Assets</b>				
Cash and cash equivalence	41,559	14%	43,191	16%
Notes & Account receivable	127,813	42%	98,992	37%
Financial Assets-Current	1,044	0%	286	0%
Inventory	52,642	17%	47,021	18%
Others	19,508	6%	15,063	6%
<b>Total Current Assets</b>	<b>242,566</b>	<b>80%</b>	<b>204,554</b>	<b>77%</b>
<b>Long-term Investment</b>	9,099	3%	8,043	3%
<b>Property, plant and equipment</b>	12,189	4%	12,172	5%
<b>Intangible asset</b>	36,197	12%	36,936	14%
<b>Others</b>	3,102	1%	3,174	1%
<b>Total Asset</b>	<b>303,153</b>	<b>100%</b>	<b>264,879</b>	<b>100%</b>
Short-term borrowings	1,144	0%	241	0%
Account payable	108,334	36%	82,432	31%
Other current liabilities	83,611	28%	77,697	29%
<b>Current Liabilities</b>	<b>193,089</b>	<b>64%</b>	<b>160,370</b>	<b>60%</b>
Long-term Debt	12,378	4%	12,374	5%
<b>Total Liabilities</b>	<b>212,984</b>	<b>70%</b>	<b>180,040</b>	<b>68%</b>
<b>Total Shareholders' Equity</b>	<b>90,169</b>	<b>30%</b>	<b>84,840</b>	<b>32%</b>

# Business Review

**Gianfranco Lanci**

Acer Inc. CEO & President

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# PC Market out-look

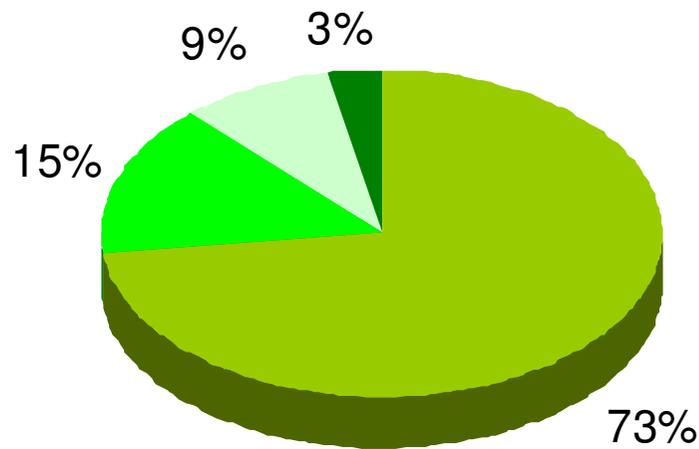
- PC demand strengthens as global economy recovers. Replacement activity increases. Demand remains price-sensitive, but buyers willing to pay for applications and features with demonstrated value-add
- Desk-based PCs — Replacements gradually accelerate . Consumer interest continues to look for new designs ( AIO), form factor (SFF) and features (Touch, 3D ). Gaming, entertainment, media center
- Mobile PCs — Mobile-for-desk-based substitution continues unabated. Thin&light, battery life (8-10 hr), connectivity (3G) Netbook will continue to spearhead mobile PC growth. Additional sales rather than cannibalization. MID new wave in 2H 2010

# PC Market out-look

- Majority of sales still go to consumer but Education and Small Business will continue to grow
- PC ASP Declines to Decelerate as Units Recover and Dollar Subsides
- Emerging Market will lead the growth again next year
- Windows 7 reducing the perception gap with Mac OS.  
Positive impact on year end demand and on replacement cycle next year  
but Android, Chrome can be a viable alternative to MS OS's for web application on different mobile devices

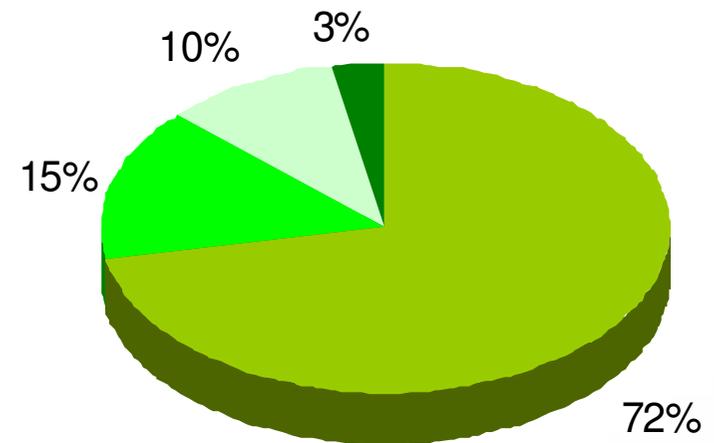
# Revenue by Product

Q3, 2009  
US\$4,968M



Notebook+Netbook  
Desktop PC  
Display  
Others

Q3, 2008  
US\$4,982 M



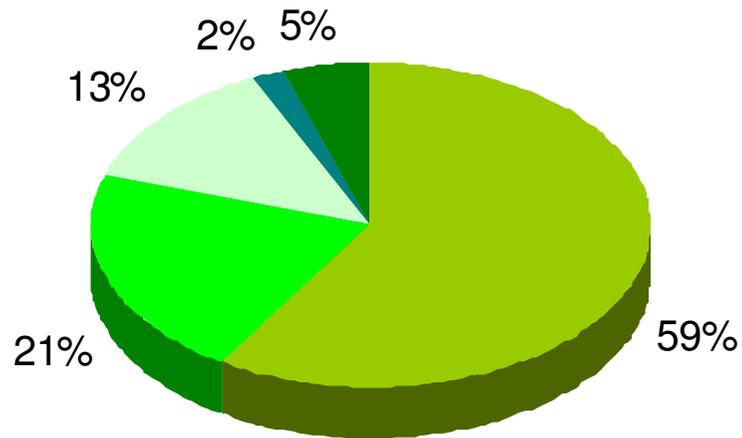
Notebook+Netbook  
Desktop PC  
Display  
Others

Note: Others include servers, projector and IA products

# Revenue by Region

Q3, 2009

US\$4,968M



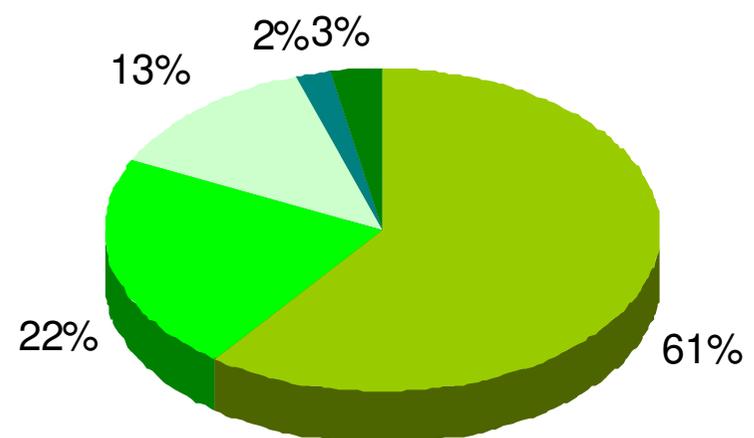
■ EMEA                      ■ Pan America  
■ Asia Pacific            ■ Taiwan  
■ China

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

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

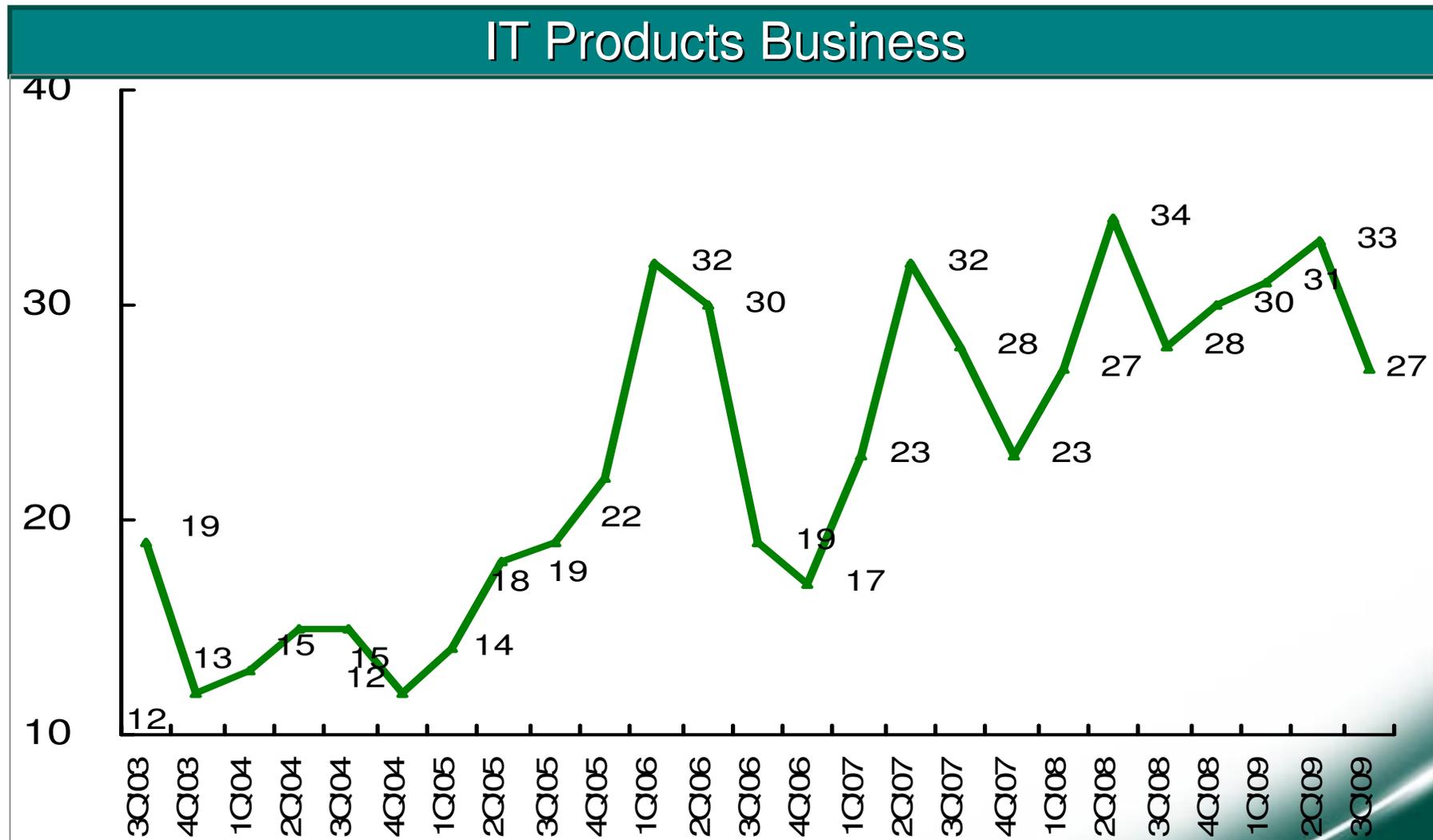
Q3, 2008

US\$4,982 M



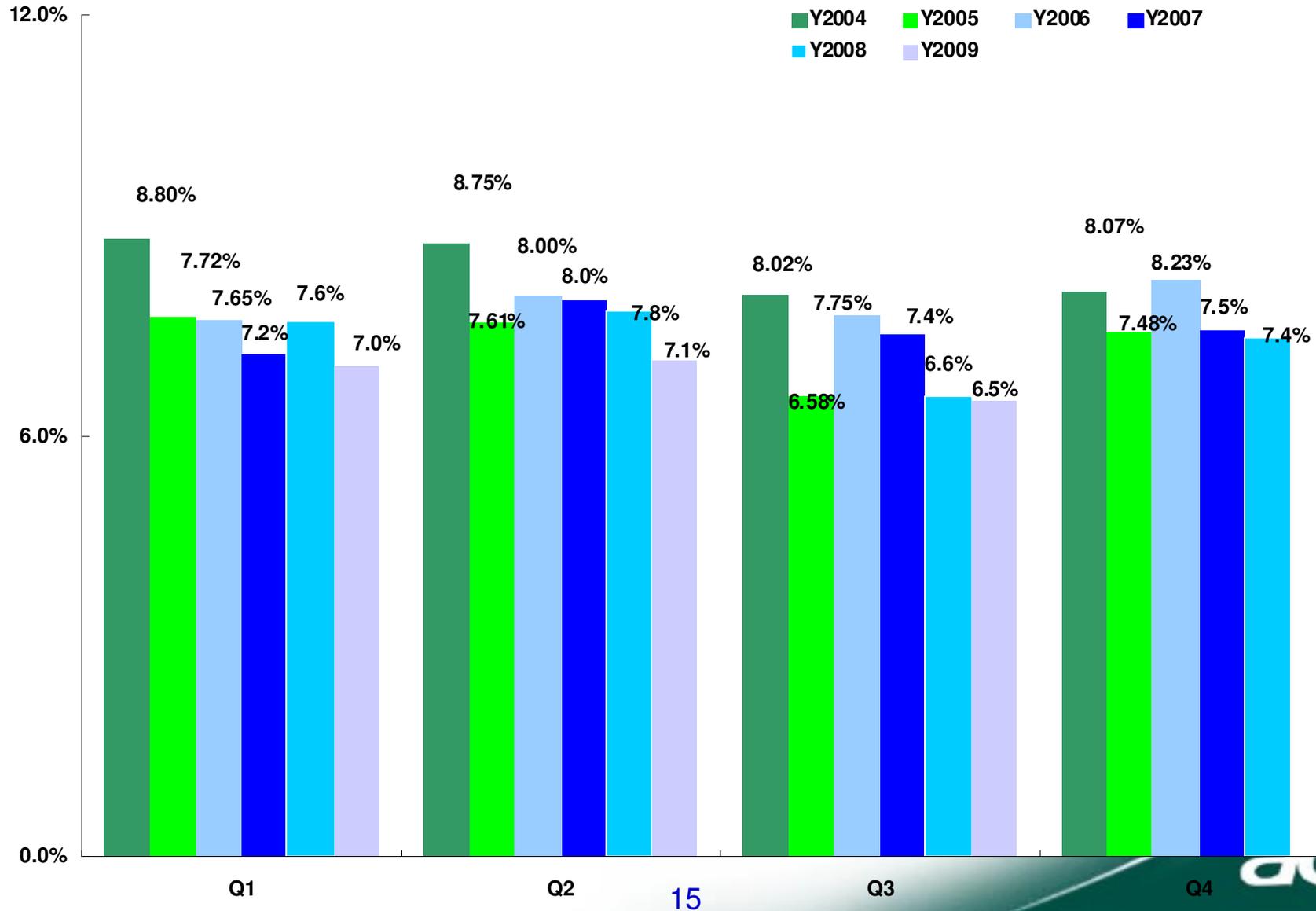
■ EMEA                      ■ Pan America  
■ Asia Pacific            ■ Taiwan  
■ China

# Inventory Turnover Days (ADS)



# Operating Expenses as % of Total Revenue

## IT Product Business



# FROM 2009 ACER IS TOP SPONSOR

**2010 Olympic Winter Games in Vancouver and  
2012 Olympic Games in London**

**Acer Group is also IOC, NOCs, LOCOG  
preferred supplier**







# Acer Business Status & Strategy

**J.T. Wang**

Chairman & Acer Group CEO

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- 1. Mobile PC has higher potential of growth**
- 2. Multi-brand strategy is working well**
- 3. Mobile PC #1 in 2010**

# 1. Mobile PC has higher potential of growth

## PC quantity forecast

Year	<u>2009</u>	<u>2014</u>
Mobile PC	156M	372M
Desktop PC	130M	143M
<hr/>		
Total PC	286M	515M

Source: Gartner 2009 Data

## 2. Multi-brand strategy works effectively to gain market share

- Over 30% market share is no longer impossible
- Multi-brand strategy does not cause promotion expenditure % to increase
- Confidence to gain market share and profit simultaneously

Source: Gartner 2009 Data

# Acer Mobile PC market share / ranking

	2008,Q2	2009,Q2		2008,Q2	2009,Q2
<b>Worldwide</b>	<b>15.6%</b>	<b>20.1%</b>			
<b><i>acer</i></b>	<b>2</b>	<b>2</b>			
U.S.A.	9.4%	18.2%	France	29.7%	34.5%
	5	3		1	1
EMEA	22.3%	27.8%	Germany	16.9%	22.2%
	1	1		1	1
Taiwan	23.8%	33.3%	Spain	32.0%	39.8%
	2	1		1	1
Malaysia	31.3%	38.3%	U.K.	16.8%	24.0%
	1	1		3	1
Denmark	28.4%	46.1%	Mexico	20.5%	30.0%
	1	1		2	1

Source: Gartner Q2, 2009 Data

### 3. Mobile PC #1 is achievable in 2010

- Worldwide netbook PC quantity will grow 40-50% in 2010.
- Thin & Light 8+ hr notebook PC quantity will grow significantly.
- Acer commercial notebook PC, netbook PC will be ready for the market booming.

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# Q & A

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