

Industry Focus

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Taiwan MB/NB Food Chain Check

A Very Weak Start for 1Q; No Signs of Demand Recovery Yet

- **Optimism mainly came from MB supply chain** — Jan. NB shipments from top-5 NB ODMs dropped by 19% MoM vs. our estimate of 11% due to weak Netbook shipments (down 38% MoM) and channel distributors/PC OEMs' reluctance of inventory overbuild. On the other hand, Tier-1 MB makers' Jan. shipments surprised on the upside with 3% MoM growth vs. our estimate of -7% thanks to channel distributors' inventory replenishment and better-than-expected clone demand from China and Europe. Some component makers also saw milder MoM decline in Jan. after massive order cuts in Nov. and Dec.
- **Glimmer 1Q outlook for NB** — Although massive order cuts did not happen in Jan., disappointing Jan. shipments signaled that end demand for NBs remains weak. We revised down top-5 NB ODMs' shipment growth to -27% QoQ from -24%, vs. 0~17% decline over the past 8 years. New Netbook models from Acer (10.1" Aspire One) and HPQ (10.1" Mini 2140) starting Feb. should be the major growth drivers to support 1Q shipment, while traditional NB shipments should continue to be weak.
- **Clone MB demand increased slightly in Jan.** — While Jan. MB shipments were much better than market expectations, we believe the momentum won't last long and forecast a 5% MoM decline in Feb. Most of MB makers believe inventory replenishment should be completed in Jan. and expect weak shipments in the following two months given remaining weak end demand. We estimate 1Q shipments from tier-1 MB makers to further decline by 11% QoQ from the already low base in 4Q.
- **Focus on end demand improvements and margins** — NB ODMs' share prices have been strong in the past two weeks given unrealistically high expectations on rush orders. However, we retain our cautious stance on the NB space given concerns on demand outlook and margin pressure. We believe NB ODMs' 09E shipment target and 1Q guidance seem too optimistic and the earnings revision cycle is not over yet. Our top pick remains Acer (2353.TW; NT\$46.15; 1M) given its cost competitiveness and continuous market share gains in the worldwide market.

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See Appendix A-1 for Analyst Certification and important disclosures.

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Figure 1. Monthly Round-up

Company	Ticker	Ratings	Price 2/10/2009	Basis	Jan. sales (NT\$m)	MoM	YoY	Actual vs. Expected Outlook	Comment
Acer	2353.TW	1M	46.15	Parent	21,800	-14%	-15%		- Acer's parent Jan. revenue declined by 14% MoM due to remaining sluggish end demand. - We expect Feb. revenue to grow by 10% MoM thanks to the launch of new Netbook.
Asustek	2357.TW	3M	31.05	Branded	13,500	-16%	-39%		- Asustek decided not to announce brand monthly revenue going forward - We estimate Asustek's brand revenue could decline by around 15% MoM
Quanta	2382.TW	2M	35.50	Adj. Con.	43,056	-19%	-36%		- No rush orders in Jan; clients had little interests in inventory overbuild - Sales decline less than unit drop with lower Netbook mix - Sequential unit growth in Feb/Mar, but slowing momentum from Netbook due to model transition of Acer's Aspire One
Compal	2324.TW	3M	19.05	NB Con.	28,122	-12%	-23%		- Insignificant quarter-end effect from Dell and HPQ in Jan; Netbook shipments will pick up starting Feb while traditional NB could be flat MoM
Wistron	3231.TW	3M	27.50	Con.	33,672	-28%	28%		- Insignificant quarter-end effect from Dell and HPQ in Jan - Sequential unit growth for HPQ's entry-level consumer NBs in Feb., despite likely lower margins - No Netbook projects kick in until 2Q
Gigabyte	2376.TW	NR	13.30	Con.	3,899	77%	-31%		- Strong Jan. as some of Dec. orders were push-out and rush orders from channel distributors - Seeing 0-10% QoQ unit growth for 1Q on lean channel inventory but expects no more rush order in Feb
MSI	2377.TW	NR	16.15	Parent	5,779	-5%	-39%		- Feb units flat and Mar. up, implying 0-5% QoQ decline - Upside risks from the emerging markets where MSI held some shipments to lower A/R risk
ECS	2331.TW	NR	6.38	Con.	4,227	-41%	-42%		- Weaker Jan shipments as order strength in Dec did not sustain - The company expects shipments to be flat in Feb and slightly up in Mar.
SZS	3376.TW	NR	77.10	Con.	395	-12%	-6%		- Jan. units slightly lower than company's previous guidance due to fewer working days - Expecting 20% MoM unit growth in Feb and an uptick in Mar as inventories at ODMs have been lowering; 1Q sales could decline by less than 20% QoQ
Chicony	2385.TW	NR	37.80	Con.	2,815	-13%	-16%		- Some of the shipments in Jan. were pushed out to Feb - DT KB was the weakest while image strongest - No order cuts in Jan but no sign for upticks in end demands either - No visibility for Mar, but expect MoM growth and guides 1Q revenue down 10-20% QoQ
Sunrex	2387.TW	NR	16.60	Con.	736	-4%	-8%		- Better Jan sales on clients' rush order for after-CNY sales - Seeing Feb sales flat MoM on inventory replenishment - Expecting 1Q sales down <20% QoQ

Positive; Neutral; Conservative

Source: Company Reports and CIR Estimates

For all Non-rated stocks, Actual vs. Expected and Outlook are based solely on company guidance

Figure 2. NB Shipments of Tier-1 NB ODMs, including Netbooks

NB (000')	1Q08	2Q08	3Q08	Oct-08	Nov-08	Dec-08	4Q08	Jan-09	Feb-09E	Mar-09E	1Q09E
Quanta	8,000	8,700	9,700	4,000	3,500	2,600	10,100	2,000	2,250	2,800	7,050
Sequential Growth	-15%	9%	11%	21%	-13%	-26%	4%	-23%	13%	24%	-30%
YoY	29%	18%	10%	33%	6%	-16%	7%	-26%	-2%	-7%	-12%
Compal	6,170	6,150	7,000	2,600	1,950	1,700	6,250	1,550	1,650	1,800	5,000
Sequential Growth	-5%	0%	14%	2%	-25%	-13%	-11%	-9%	6%	9%	-20%
YoY	26%	20%	15%	11%	-17%	-6%	-4%	-25%	-8%	-22%	-19%
Wistron	4,300	4,600	6,200	2,700	2,000	2,100	6,800	1,600	1,700	2,000	5,300
Sequential Growth	17%	7%	35%	8%	-26%	5%	10%	-24%	6%	18%	-22%
YoY	102%	92%	93%	131%	60%	68%	85%	23%	36%	14%	23%
Inventec	2,880	3,170	4,573	1,700	1,600	1,300	4,600	1,200	1,200	1,350	3,750
Sequential Growth	5%	10%	44%	0%	-6%	-19%	1%	-8%	0%	13%	-18%
YoY	60%	89%	131%	89%	78%	37%	67%	20%	33%	38%	30%
Asustek/Pegatron	2,850	2,850	3,970	1,535	1,125	617	3,277	425	500	650	1,575
Sequential Growth	11%	0%	39%	6%	-27%	-45%	-17%	-31%	18%	30%	-52%
YoY	111%	133%	106%	66%	20%	-13%	27%	-53%	-40%	-41%	-45%
Total 1st Tier	24,200	25,470	31,443	12,535	10,175	8,317	31,027	6,775	7,300	8,600	22,675
Sequential Growth	-3%	5%	23%	9%	-19%	-18%	-1%	-19%	8%	18%	-27%
YoY	48%	43%	43%	50%	16%	6%	25%	-15%	3%	-6%	-6%

Source: Company Reports and CIR Estimates

Figure 3. MB Shipments of Tier-1 MB ODMs

MB (000')	1Q08	2Q08	3Q08	Oct-08	Nov-08	Dec-08	4Q08	Jan-09	Feb-09E	Mar-09E	1Q09E
Asustek Group	9,938	10,470	12,160	4,135	2,508	2,477	9,120	2,365	2,415	2,594	7,374
Sequential Growth	-33%	5%	16%	11%	-39%	-1%	-25%	-5%	2%	7%	-19%
YoY	-34%	-22%	-21%	-25%	-51%	-41%	-38%	-37%	-20%	-18%	-26%
Elite	5,274	5,502	5,779	1,595	1,331	1,429	4,355	1,097	1,100	1,200	3,397
Sequential Growth	-22%	4%	5%	-23%	-17%	7%	-25%	-23%	0%	9%	-22%
YoY	-13%	-14%	-11%	-30%	-46%	-31%	-36%	-45%	-12%	-41%	-36%
MSI	4,550	4,650	4,950	1,450	1,250	1,300	4,000	1,250	1,250	1,350	3,850
Sequential Growth	0%	2%	6%	-17%	-14%	4%	-19%	-4%	0%	8%	-4%
YoY	3%	19%	4%	-12%	-14%	-10%	-12%	-14%	-7%	-23%	-15%
Gigabyte	5,317	4,616	5,412	1,500	1,260	935	3,695	1,600	1,250	1,300	4,150
Sequential Growth	4%	-13%	17%	-23%	-16%	-26%	-32%	71%	-22%	4%	12%
YoY	41%	-2%	-3%	-17%	-26%	-42%	-28%	-20%	-22%	-24%	-22%
Total 1st Tier	25,079	25,238	28,301	8,680	6,349	6,141	21,170	6,312	6,015	6,444	18,771
Sequential Growth	-20%	1%	12%	-9%	-27%	-3%	-25%	3%	-5%	7%	-11%
YoY	-15%	-11%	-12%	-23%	-41%	-34%	-32%	-31%	-17%	-26%	-25%

Source: Company Reports and CIR Estimates

Figure 4. Monthly Revenues of Taiwan Tier-1 NB ODMs/OEMs

NT\$mnn	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Asustek*												
Branded	20,600	20,300	20,700	18,100	19,300	22,100	25,900	30,300	26,700	24,800	16,100	13,500
MoM	-7%	-1%	2%	-13%	7%	15%	17%	17%	-12%	-7%	-35%	-16%
YoY	47%	6%	20%	7%	40%	36%	24%	42%	9%	-10%	-20%	-39%
YTD	42,700	63,000	83,700	101,800	121,100	143,200	169,100	199,400	226,100	250,900	267,000	13,500
YoY	45%	30%	27%	23%	25%	27%	27%	29%	26%	21%	18%	-39%
Acer												
Parent	27,082	34,262	28,310	34,035	36,105	31,706	37,146	54,258	49,517	35,516	25,211	21,800
MoM	6%	27%	-17%	20%	6%	-12%	17%	46%	-9%	-28%	-29%	-14%
YoY	41%	35%	75%	52%	26%	44%	26%	49%	21%	15%	-9%	-15%
YTD	52,627	86,889	115,199	149,234	185,339	217,045	254,191	308,449	357,967	393,483	418,694	21,800
YoY	35%	35%	43%	45%	41%	41%	39%	40%	37%	35%	31%	-15%
Quanta												
Adj Consolidated	58,968	75,897	73,508	64,517	62,005	65,121	61,346	61,534	73,413	68,318	53,375	43,056
MoM	-13%	29%	-3%	-12%	-4%	5%	-6%	0%	19%	-7%	-22%	-19%
YoY	38%	45%	62%	36%	-5%	5%	-18%	-23%	-1%	-19%	-26%	-36%
YTD	126,746	202,643	276,151	340,669	402,674	467,794	529,140	590,674	664,087	732,405	785,780	43,056
YoY	35%	39%	44%	43%	32%	28%	20%	13%	12%	8%	5%	-36%
Compal												
NB Consolidated	32,318	38,209	30,530	32,495	29,975	36,935	34,979	46,251	47,198	30,016	32,132	28,122
MoM	-12%	18%	-20%	6%	-8%	23%	-5%	32%	2%	-36%	7%	-12%
YoY	17%	6%	-6%	3%	-19%	-5%	-8%	10%	2%	-28%	-6%	-23%
YTD	68,954	107,163	137,693	170,188	200,163	237,098	272,077	318,328	365,526	395,542	427,674	28,122
YoY	10%	9%	5%	5%	0%	0%	-2%	0%	0%	-3%	-3%	-23%
Wistron												
Consolidated	25,502	35,061	28,301	29,481	34,302	37,455	34,481	49,812	53,504	44,298	46,730	33,672
MoM	-3%	37%	-19%	4%	16%	9%	-8%	44%	7%	-17%	5%	-28%
YoY	71%	62%	38%	48%	106%	59%	28%	68%	65%	29%	56%	28%
YTD	51,749	86,810	115,111	144,592	178,894	216,349	250,830	300,643	354,146	398,445	445,175	33,672
YoY	66%	64%	57%	55%	63%	62%	56%	58%	59%	55%	55%	28%
Inventec												
Parent	20,749	21,824	24,657	24,104	22,541	31,026	36,356	40,511	38,598	39,048	27,788	24,918
MoM	-12%	5%	13%	-2%	-6%	38%	17%	11%	-5%	1%	-29%	-10%
YoY	17%	3%	56%	51%	49%	99%	99%	76%	51%	60%	2%	6%
YTD	44,200	66,024	90,681	114,785	137,326	168,352	204,708	245,219	283,817	322,865	350,653	24,918
YoY	19%	13%	23%	28%	31%	40%	47%	51%	51%	52%	47%	6%
Pegatron												
Consolidated	28,144	33,177	33,758	31,771	35,581	43,262	49,447	53,885	52,764	39,261	28,505	23,263
MoM	-22%	18%	2%	-6%	12%	22%	14%	9%	-2%	-26%	-27%	-18%
YoY	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	-36%
YTD	64,323	97,500	131,258	163,029	198,610	241,872	291,319	345,204	397,968	437,229	465,734	23,263
YoY	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	-36%

Source: Company Reports and Citi Investment Research; *Asustek not disclosing monthly branded revenues since 2009. Jan 09 numbers based on Citi Estimate

Figure 5. Monthly Revenues of Taiwan NB Component Makers

NT\$mnn	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09
Chicony Electronics												
Consolidated	2,689	3,549	3,770	3,596	3,890	4,570	4,741	5,683	5,265	3,790	3,252	2,815
MoM	-20%	32%	6%	-5%	8%	17%	4%	20%	-7%	-28%	-14%	-13%
YoY	33%	15%	21%	19%	12%	19%	23%	38%	27%	-4%	-2%	-16%
YTD	6,036	9,585	13,355	16,951	20,841	25,411	30,152	35,835	41,100	44,890	48,142	2,815
YoY	29%	23%	23%	22%	20%	20%	20%	23%	23%	20%	19%	-16%
Sunrex												
Consolidated	549	713	699	686	748	890	903	1,090	1,242	935	770	736
MoM	-31%	30%	-2%	-2%	9%	19%	2%	21%	14%	-25%	-18%	-4%
YoY	17%	19%	47%	51%	51%	78%	68%	86%	99%	46%	27%	-8%
YTD	1,349	2,062	2,761	3,447	4,195	5,085	5,989	7,078	8,320	9,255	10,025	736
YoY	30%	26%	31%	34%	37%	43%	46%	51%	57%	55%	53%	-8%
Darfon												
Consolidated	1,894	2,226	2,057	1,981	2,050	2,536	2,662	2,772	2,833	1,973	1,650	1,633
MoM	-23%	17%	-8%	-4%	3%	24%	5%	4%	2%	-30%	-16%	-1%
YoY	nm	nm	nm	nm	9%	24%	11%	5%	-3%	-29%	-31%	-34%
YTD	4,361	6,587	8,644	10,625	12,675	15,210	17,872	20,643	23,476	25,449	27,099	1,633
YoY	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	-34%
Shin Zu Shing												
Consolidated	421	503	502	469	437	528	639	741	761	536	449	395
MoM	0%	19%	0%	-7%	-7%	21%	21%	16%	3%	-30%	-16%	-12%
YoY	69%	38%	65%	12%	23%	28%	8%	35%	38%	4%	-3%	-6%
YTD	841	1,344	1,846	2,315	2,751	3,279	3,918	4,659	5,420	5,956	6,405	395
YoY	37%	37%	44%	36%	34%	33%	28%	29%	30%	27%	25%	-6%
Simplo												
Parent	1,967	2,345	2,345	2,350	2,330	2,538	2,806	3,068	3,131	3,172	2,533	2,021
MoM	-11%	19%	0%	0%	-1%	9%	11%	9%	2%	1%	-20%	-20%
YoY	60%	41%	39%	37%	32%	35%	44%	40%	36%	17%	10%	-9%
YTD	4,177	6,522	8,867	11,217	13,547	16,086	18,892	21,960	25,091	28,263	30,796	2,021
YoY	52%	48%	46%	44%	42%	40%	41%	41%	40%	37%	34%	-9%
PT Tech												
Consolidated	100	172	163	141	157	173	193	225	250	179	98	108
MoM	-30%	71%	-5%	-14%	11%	10%	12%	17%	11%	-28%	-45%	10%
YoY	6%	7%	-3%	3%	17%	23%	13%	12%	11%	-1%	-34%	-24%
YTD	243	414	578	719	877	1,049	1,242	1,467	1,716	1,895	1,993	108
YoY	2%	4%	2%	2%	5%	7%	8%	9%	9%	8%	5%	-24%
TXC												
Consolidated	476	560	606	594	587	659	712	775	773	560	452	379
MoM	-17%	18%	8%	-2%	-1%	12%	8%	9%	0%	-28%	-19%	-16%
YoY	18%	25%	31%	31%	32%	35%	23%	20%	22%	-16%	-14%	-34%
YTD	1,050	1,610	2,216	2,810	3,397	4,056	4,767	5,543	6,316	6,875	7,327	379
YoY	17%	20%	23%	25%	26%	27%	26%	26%	25%	20%	17%	-34%
KYE Systems												
Consolidated	774	1,043	964	1,013	906	1,127	1,293	1,566	1,429	872	500	531
MoM	-29%	35%	-8%	5%	-10%	24%	15%	21%	-9%	-39%	-43%	6%
YoY	-15%	-6%	-4%	5%	-5%	6%	6%	3%	-3%	-29%	-49%	-51%
YTD	1,867	2,910	3,874	4,887	5,793	6,921	8,214	9,780	11,209	12,081	12,582	531
YoY	-5%	-5%	-5%	-3%	-3%	-2%	-1%	0%	-1%	-3%	-7%	-51%
HannStar Board												
Consolidated	1,476	1,739	1,786	1,715	1,772	1,937	1,966	2,115	2,018	1,195	1,171	918
MoM	-20%	18%	3%	-4%	3%	9%	1%	8%	-5%	-41%	-2%	-22%
YoY	35%	36%	24%	24%	36%	25%	8%	17%	2%	-36%	-26%	-50%
YTD	3,323	5,062	6,848	8,564	10,336	12,273	14,238	16,354	18,371	19,567	20,738	918
YoY	31%	33%	30%	29%	30%	29%	26%	25%	22%	15%	12%	-50%
Gold Circuit												
Consolidated	1,432	1,639	1,624	1,674	1,652	1,613	1,729	1,840	1,678	982	925	765
MoM	-18%	14%	-1%	3%	-1%	-2%	7%	6%	-9%	-41%	-6%	-17%
YoY	26%	9%	16%	15%	19%	-8%	-3%	11%	-12%	-49%	-52%	-56%
YTD	3,186	4,825	6,448	8,122	9,774	11,387	13,116	14,956	16,634	17,616	18,541	765
YoY	16%	14%	14%	14%	15%	11%	9%	9%	7%	0%	-5%	-56%

Source: Company Reports and Citi Investment Research

Acer Inc

Valuation

Our DCF-based target of NT\$48 implies 11.2x FY09E EPS. We assume sustainable revenue growth of 7% until 2018E, as Acer's well established global footprint and brand image should help it expand product lines. We apply a cost of capital of 8.95%, assuming a risk-free rate of 2.6%, a market risk premium of 6.0%, borrowing cost of 7%, and an equity beta of 1.15. At our target price, the stock would trade at the lower end of Acer's employee-adjusted three-year forward P/E band of 8.8x-19.2x, which we think is reasonable given the company's sustained operating margin expansion and our view of solid growth prospects for the core business. We use DCF to value Acer as we see the company generating sustainable cash flow in the long term.

Risks

We rate Acer Medium Risk, based on our quantitative risk-rating system, which tracks 260-day historical share price volatility. Downside risks to our target price are: 1) weaker-than-expected global PC demand; 2) worse than expected operating margin due to irrational price competition from leading PC OEMs; 3) slow market share gains; and 4) disappointing cost synergies if restructuring and resource integration are protracted.

ASUSTeK Computer

Valuation

Our DCF-based target price is NT\$24. Our DCF assumes sustained revenue growth of 7% until 2018E, as Asustek should be able to leverage its brand to expand product lines. We apply a cost of capital of 8.17%, which assumes a risk-free rate of 2.6%, a market risk premium of 6.0%, borrowing cost of 3%, and an equity beta of 1.14. We base our assumptions on the 10-year bond yield, historical return on TAIEX, Asustek's average borrowing costs in 09E, and the average beta we use for the Taiwan hardware coverage universe. Our target price is equivalent to 10.1x FY09E EPS. At our target price, the stock would trade below the low end of Asustek's employee bonus adjusted 3-year forward P/E trading band of 13x-30x, which we think is reasonable given deteriorating profitability and continuous disappointment in earnings/shipments.

Risks

We assign a Medium Risk rating to Asustek based on our quantitative risk-rating system that tracks 260-day historical share price volatility. Upside risks that may cause the shares to trade above our target price include: 1) better demands for NB and motherboard; 2) strong execution on cutting expenses and inventory control; and 3) improving performance from Pegatron and Unihan on the back of major project wins.

Quanta Computer

Valuation

Our DCF-based target price is NT\$35, implying 8.3x FY09E EPS. At our target price, the stock would trade at the lower end of Quanta's employee bonus adjusted 3-year forward P/E trading band of 6.1x-15.1x given declining profitability. We use a DCF-based valuation to reflect Quanta's capability to generate stable cash inflows. Our DCF assumes revenue growth will remain at 1.7% in 2018E as the global NB market might gradually saturate. We apply a cost of equity of 9.38%, which assumes a risk-free rate of 2.6%, a market risk premium of 6.0% and an equity beta of 1.13.

Risks

We have a Medium Risk rating on Quanta based on our quantitative risk rating system, which tracks 260-day historical share price volatility. Downside risks that may cause the shares to trade below the current share price are: 1) sluggish end demand for notebook PCs in 2009, 2) larger-than-expected gross margin decline due to rising component prices and irrational price cutting from competitors, and 3) unexpected FX losses caused by the volatility of the exchange rate of the US dollar and RMB. Upside risks to the current share price include: 1) more project wins on NB/Netbook and 2) easing pricing pressure from NB OEMs. If any of these risks have a greater impact than we expect, the stock may not reach our target price.

Compal Electronics

Valuation

Our DCF-based target price of NT\$16 implies 6.0x FY09E EPS (or 6.5x FY09E EPS considering CB conversion of 277mn shares). At our target price, the stock would trade at the lower end of Compal's employee-adjusted 3-year forward P/E trading band of 5.9x-13.6x. We are using a DCF-based valuation to reflect Compal's capability to generate stable cash inflows. Our DCF assumes revenue growth will remain at 1.7% in 2018E as the global NB market might gradually saturate. We apply a cost of equity of 9.55%, which assumes a risk-free rate of 2.6%, a market risk premium of 6.0% and an equity beta of 1.16.

Risks

We have a Medium Risk rating on Compal, based on our quantitative risk rating system, which tracks 260-day historical share price volatility. Upside risks that may cause the shares to trade above the current share price include: 1) more project wins on NB/Netbook; 2) better-than-expected opex control; and 3) improving financial performance of Toppoly and Vibo.

Wistron Corporation

Valuation

Our DCF-based target price is NT\$24. Our target is based on a DCF, which assumes revenue growth sustains at 1.7% in 2018E as growth in global NB market might gradually saturate. We apply a cost of equity of 9.56%, which assumes a risk-free rate of 2.6%, a market risk premium of 6.0%, and an equity beta of 1.16. Our target price is equivalent to a P/E of 6.1x FY09E EPS.

Risks

We rate Wistron shares Medium Risk based on our quantitative risk rating system, which tracks 260-day historical share price volatility. Upside risks that may cause the shares to trade above the target price are: 1) more project wins on NB/Netbook; 2) improving margin performance; and 3) contribution from non-NB business.

Appendix A-1

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IMPORTANT DISCLOSURES

Compal Electronics (2324.TW)

Ratings and Target Price History Fundamental Research

Analyst: Eve Jung
Covered since July 4 2008



	Date	Rating	Target Price	Closing Price
1	23-Feb-06	1M	*40.40	28.28
2	20-Jul-06	1M	*34.63	28.66
3	7-Aug-06	1M	*36.63	27.33
4	11-Mar-07	1M	*35.64	27.82
5	12-Sep-07	1M	*47.76	36.52

	Date	Rating	Target Price	Closing Price
6	1-Nov-07	1M	*51.74	39.95
7	16-Jan-08	1M	*49.75	27.96
8	29-Jan-08	1M	*35.82	27.11
9	20-Mar-08	Coverage suspended		
10	3-Jul-08	1M	*37.81	32.34

	Date	Rating	Target Price	Closing Price
11	28-Aug-08	1M	*37.81	29.05
12	8-Sep-08	1M	*34.00	27.40
13	9-Oct-08	*2M	*24.00	22.40
14	4-Jan-09	*3M	*16.00	17.25

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Acer Inc (2353.TW)

Ratings and Target Price History Fundamental Research

Analyst: Eve Jung
Covered since September 3 2008



	Date	Rating	Target Price	Closing Price
1	21-May-06	1L	*60.90	49.77
2	3-Aug-06	1L	*57.27	40.96
3	28-Aug-06	1L	*58.24	41.25
4	23-Oct-06	1L	*66.98	55.52
5	3-Jan-07	1L	*80.56	66.30

	Date	Rating	Target Price	Closing Price
6	21-Oct-07	1L	*86.70	67.98
7	28-Oct-07	1L	*98.52	72.12
8	29-Jan-08	1L	*76.85	49.26
9	18-Feb-08	Coverage suspended		
10	2-Sep-08	*1M	*74.00	55.00

	Date	Rating	Target Price	Closing Price
11	9-Oct-08	1M	*68.00	48.05
12	2-Nov-08	1M	*72.00	42.95
13	4-Jan-09	1M	*50.00	42.60
14	12-Jan-09	1M	*48.00	40.70

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

ASUSTeK Computer (2357.TW)

Ratings and Target Price History Fundamental Research

Analyst: Eve Jung
Covered since August 1 2008



Chart current as of 7 February 2009

Date	Rating	Target Price	Closing Price
1 22-Mar-06	*3L	*70.09	72.84
2 1-May-06	3L	*66.94	69.54
3 21-May-06	3L	*51.97	58.75
4 28-Aug-06	3L	*54.57	59.68
5 3-Sep-06	*2L	*70.17	66.79
6 23-Oct-06	*1L	*79.69	64.97
7 3-Jan-07	1L	*96.15	77.18

Date	Rating	Target Price	Closing Price
8 25-Jul-07	1L	*113.48	84.89
9 4-Sep-07	1L	*118.21	89.48
10 15-Oct-07	1L	*124.58	84.30
11 29-Jan-08	1L	*113.67	74.11
12 18-Feb-08	Coverage suspended		
13 1-Aug-08	*3M	*69.11	71.84
14 18-Sep-08	*1M	*74.00	62.00

Date	Rating	Target Price	Closing Price
15 9-Oct-08	1M	*68.00	50.10
16 30-Oct-08	1M	*58.00	48.65
17 9-Dec-08	1M	*50.00	36.90
18 4-Jan-09	*3M	*28.00	36.80
19 8-Jan-09	3M	*24.00	35.90

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Quanta Computer (2382.TW)

Ratings and Target Price History Fundamental Research

Analyst: Eve Jung
Covered since July 4 2008



Chart current as of 7 February 2009

Date	Rating	Target Price	Closing Price
1 3-Apr-06	1M	*60.66	49.00
2 4-May-06	*2M	*56.00	52.54
3 24-Jul-06	2M	*49.46	43.40
4 3-Aug-06	2M	*49.50	42.64
5 30-Aug-06	*1M	*51.40	42.64
6 23-Oct-06	1M	*60.68	50.07

Date	Rating	Target Price	Closing Price
7 31-Oct-06	1M	*61.87	46.93
8 2-Sep-07	1M	*61.87	52.14
9 30-Oct-07	1M	*66.02	52.91
10 16-Jan-08	1M	*64.08	39.61
11 29-Jan-08	1M	*47.57	37.52
12 20-Mar-08	Coverage suspended		

Date	Rating	Target Price	Closing Price
13 3-Jul-08	1M	*63.11	43.69
14 31-Aug-08	1M	*56.00	47.80
15 9-Oct-08	1M	*42.00	33.45
16 31-Oct-08	1M	*45.00	34.40
17 4-Jan-09	*2M	*35.00	34.60

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Wistron Corporation (3231.TW)

Ratings and Target Price History Fundamental Research

Analyst: Eve Jung
Covered since July 4 2008



Chart current as of 7 February 2009

Date	Rating	Target Price	Closing Price
1 9-Feb-06	2M	*41.09	36.04
2 27-Mar-06	*1M	41.09	32.96
3 27-Apr-06	1M	*47.08	35.44
4 30-Oct-06	1M	*43.17	34.13
5 6-Mar-07	1M	*48.56	38.80
6 29-Aug-07	1M	*64.81	55.76

Date	Rating	Target Price	Closing Price
7 29-Oct-07	1M	*70.53	61.19
8 16-Jan-08	1M	*66.72	42.56
9 29-Jan-08	1M	*61.96	45.23
10 20-Mar-08	Coverage suspended		
11 3-Jul-08	*3M	*38.13	43.89
12 25-Jul-08	3M	*42.89	44.61

Date	Rating	Target Price	Closing Price
13 27-Aug-08	3M	*46.00	48.10
14 9-Oct-08	*2M	*40.00	36.10
15 30-Oct-08	*1M	*38.00	24.65
16 4-Jan-09	*3M	*24.00	24.90

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

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