



# 4Q11 Operation Review & Business Update

March 2, 2012

# Agenda



- › Financial Review Ralio Sung
- › Business Update & Outlook A.P. Chen
- › Q&A

All numbers are consolidated and unaudited unless otherwise specified.



# Financial Review

# 4Q11 Income Statement & QoQ Comparison

Unit: NT\$ million	4Q11		3Q11		QoQ % Change
	AMT	%	AMT	%	
Net Sales	<b>8,132</b>	100.0	<b>8,551</b>	100.0	(4.9)
Cost of Goods Sold - Product	<b>5,644</b>	69.4	<b>5,759</b>	67.3	(2.0)
Gross Profit 1	<b>2,488</b>	30.6	<b>2,792</b>	32.7	(10.9)
Inventory Related Gain/(Loss)	<b>(47)</b>	(0.6)	<b>(101)</b>	(1.2)	(53.4)
Gross Profit 2	<b>2,441</b>	30.0	<b>2,691</b>	31.5	(9.3)
Operating Expenses	<b>2,316</b>	28.5	<b>2,422</b>	28.3	(4.4)
Operating Income	<b>125</b>	1.5	<b>269</b>	3.2	(53.5)
Total Non-Op. Inc. (Loss)	<b>134</b>	1.6	<b>(11)</b>	0.1	NA
Income Before Tax	<b>259</b>	3.1	<b>258</b>	3.1	0.4
Tax (Exp.) / Income	<b>(33)</b>	(0.4)	<b>(26)</b>	(0.3)	26.9
Net Income	<b>226</b>	2.7	<b>232</b>	2.8	(2.6)
Minority Interest	<b>(11)</b>	(0.1)	<b>(2)</b>	(0.1)	450
Consolidated Income	<b>215</b>	2.6	<b>230</b>	2.7	(6.5)
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,393M	<b>0.34</b>		<b>0.36</b>		(5.6)

\*The numbers are consolidated and the net income is audited/reviewed.

\*\*12,000K treasury shares were bought back from March to May, 2011.

# 4Q11 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ million	4Q11	3Q11	QoQ % Change
Investment Income	71	101	(29.7)
Sub./Aff.	162	101	60.4
Capital Loss	(91)	0	NA
FX Gain/(Loss)	(11)	(193)	NA
Fin. Income/(Exp.) & Other	74	81	(13.6)
Total	<u>134</u>	<u>(11)</u>	<u>NA</u>

\* The numbers are consolidated and the net income is audited/reviewed.

# 4Q11 Income Statement & YoY Comparison

Unit: NT\$ million	4Q11		4Q10		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>8,132</b>	100.0	<b>9,144</b>	100.0	(11.1)
Cost of Goods Sold - Product	<b>5,644</b>	69.4	<b>6,324</b>	69.2	(10.8)
Gross Profit 1	<b>2,488</b>	30.6	<b>2,820</b>	30.8	(11.8)
Inventory Related Gain/(Loss)	<b>(47)</b>	(0.6)	<b>(110)</b>	(1.2)	(57.3)
Gross Profit 2	<b>2,441</b>	30.0	<b>2,710</b>	29.6	(9.9)
Operating Expenses	<b>2,316</b>	28.5	<b>2,387</b>	26.1	(3.0)
Operating Income	<b>125</b>	1.5	<b>323</b>	3.5	(61.3)
Total Non-Op. Inc. (Loss)	<b>134</b>	1.6	<b>110</b>	1.2	21.8
Income Before Tax	<b>259</b>	3.1	<b>433</b>	4.7	(40.2)
Tax (Exp.) / Income	<b>(33)</b>	(0.4)	<b>(46)</b>	(0.5)	(28.2)
Net Income	<b>226</b>	2.7	<b>387</b>	4.2	(41.6)
Minority Interest	<b>(11)</b>	(0.1)	<b>(8)</b>	(0.1)	(37.5)
Consolidated Income	<b>215</b>	2.6	<b>379</b>	4.1	(43.2)
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,393M	<b>0.34</b>		<b>0.59</b>		(42.4)

\* The numbers are consolidated and the net income is audited/reviewed.

# 2011 Income Statement & YoY Comparison

Unit: NT\$ million	2011		2010		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>32,506</b>	100.0	<b>33,857</b>	100.0	(4.0)
Cost of Goods Sold - Product	<b>21,971</b>	67.6	<b>22,893</b>	67.6	(4.0)
Gross Profit 1	<b>10,535</b>	32.4	<b>10,964</b>	32.4	(3.9)
Inventory Related Gain/(Loss)	<b>(202)</b>	(0.6)	<b>(384)</b>	(1.1)	(47.4)
Gross Profit 2	<b>10,333</b>	31.8	<b>10,580</b>	31.3	(2.3)
Operating Expenses	<b>9,441</b>	29.1	<b>9,604</b>	28.4	(1.7)
Operating Income	<b>892</b>	2.7	<b>976</b>	2.9	(8.6)
Total Non-Op. Inc. (Loss)	<b>286</b>	0.9	<b>539</b>	1.6	(46.7)
Income Before Tax	<b>1,178</b>	3.6	<b>1,515</b>	4.5	(22.2)
Tax (Exp.) / Income	<b>(201)</b>	(0.6)	<b>(280)</b>	(0.8)	(28.2)
Net Income	<b>977</b>	3.0	<b>1,235</b>	3.7	(20.9)
Minority Interest	<b>(7)</b>	(0.0)	<b>(13)</b>	(0.1)	(46.2)
Consolidated Income	<b>970</b>	3.0	<b>1,222</b>	3.6	(20.6)
EPS (NT\$) -Per Weighted-Avg. Capital of NT\$6,393M	<b>1.52</b>		<b>1.89</b>		(19.6)

\* The numbers are consolidated and the net income is audited/reviewed.

# 12/31/2011 Balance Sheet & QoQ Comparison

Unit: NT\$ million	12/31/11 AMT	%	09/30/11 AMT	%	QoQ % Change
Cash	5,320	20	5,831	21	(8.8)
S-T Investment	322	1	187	1	72.2
Account Receivable	5,456	20	6,361	23	(14.2)
Inventory	7,392	28	7,117	26	3.9
Long-term Investments	4,818	18	4,929	18	(2.3)
Total Assets	26,722	100	27,498	100	(2.8)
Accounts Payable	6,585	25	7,309	27	(9.9)
Current Liabilities	11,844	44	12,616	46	(6.1)
Common Stock	6,476	24	6,476	24	0.0
Stockholders' Equity	14,216	53	14,220	52	0.0

\* The numbers are consolidated and the net income is audited/reviewed.



# Key Financial Ratios

Unit: % , days	12/31/11	09/30/11	06/30/11	03/31/11	12/31/10
*Days A/R	62	67	66	67	64
*Days Inventory	107	105	101	95	81
*Days A/P	99	106	105	93	89
Cash Cycle	70	67	62	68	56
Current Ratio	1.66	1.63	1.59	2.19	2.13
Debt/Equity Ratio	0.86	0.92	0.96	0.73	0.75
**Net Debt/Equity Ratio	0.47	0.49	0.47	0.40	0.33
ROE	7	6	8	7	10

- Annualized
- Adjust for Cash & S-T investment
- The numbers are consolidated and the net income is audited/reviewed.



# Business Update & Outlook

# Quarterly Revenue by Region

In NT\$, down 4.9% QoQ, down 11.1% YoY

➤ N.A. down 14.2% QoQ, down 35.4% YoY

➤ Europe up 15.6% QoQ, down 20.7% YoY

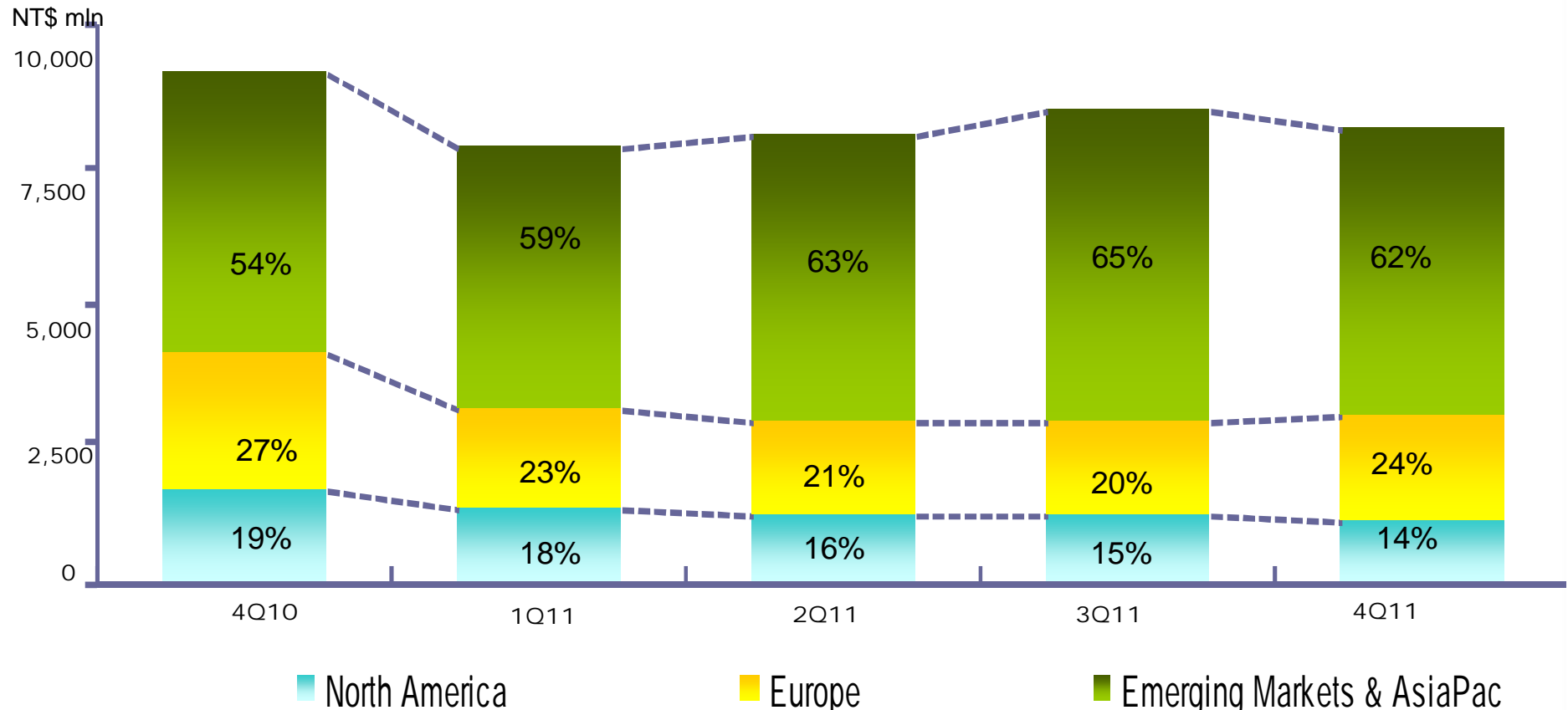
➤ Emerging Mkts & APac down 8.9% QoQ, up 2.1% YoY

In US\$, down 8.4% QoQ, down 9.3% YoY

➤ N.A. down 17.9% QoQ, down 34.4% YoY

➤ Europe up 11.9% QoQ, down 18.6% YoY

➤ Emerging Mkts & APac down 12.3% QoQ, up 4% YoY



# Quarterly Revenue by Product

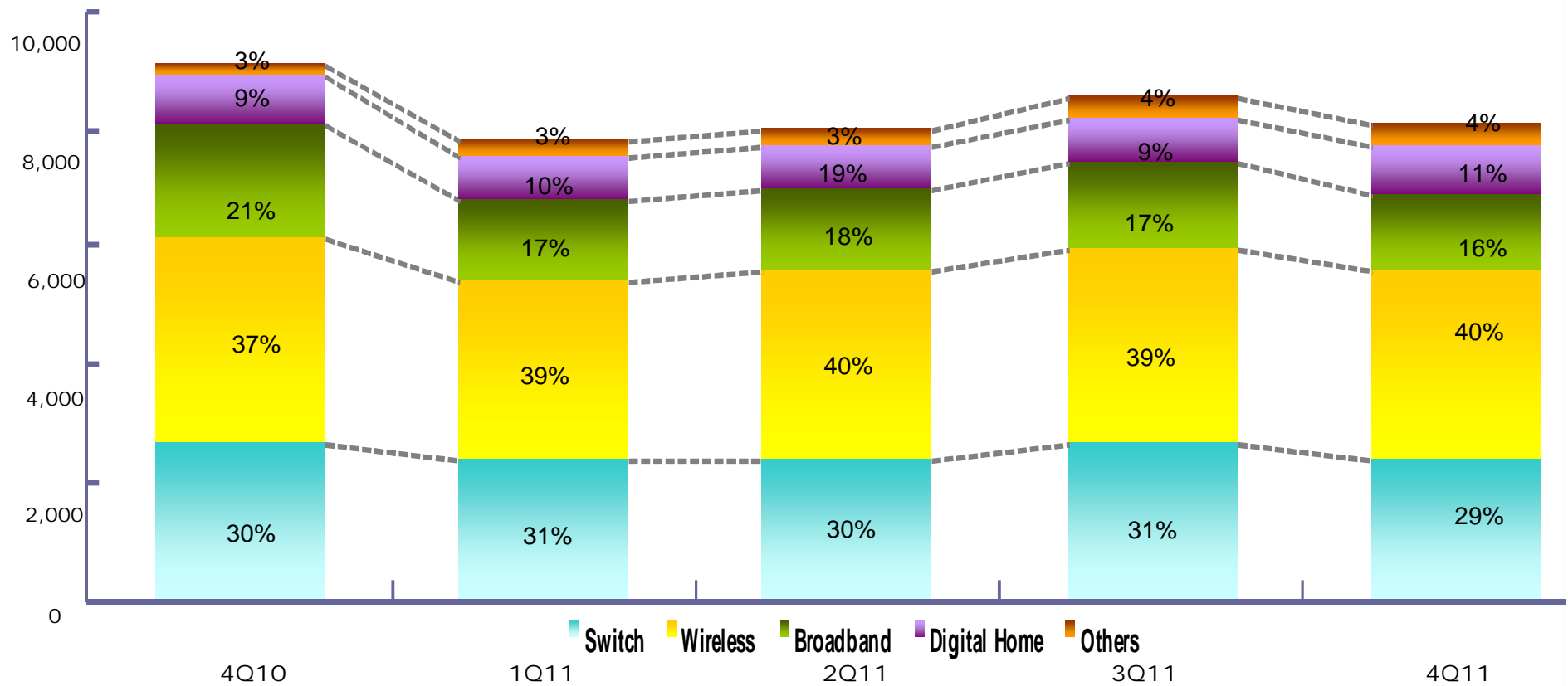
4Q11 In NT\$ terms:

- Switch down 11.3% QoQ, down 12.6% YoY
- Wireless down 2.9% QoQ, down 5.8% YoY
- B.B. down 6.8% QoQ, down 31.1% YoY
- D.H. up 5.2% QoQ, up 1.6% YoY

In US\$ terms:

- Switch down 14.6% QoQ, down 10.7% YoY
- Wireless down 6.8% QoQ, down 4.2% YoY
- B.B. down 10.6% QoQ, down 28.2% YoY
- D.H. up 3.0% QoQ, up 0.4% YoY

NT\$ mln



# 2011 Revenue by Region

2011 revenue YoY comparison:

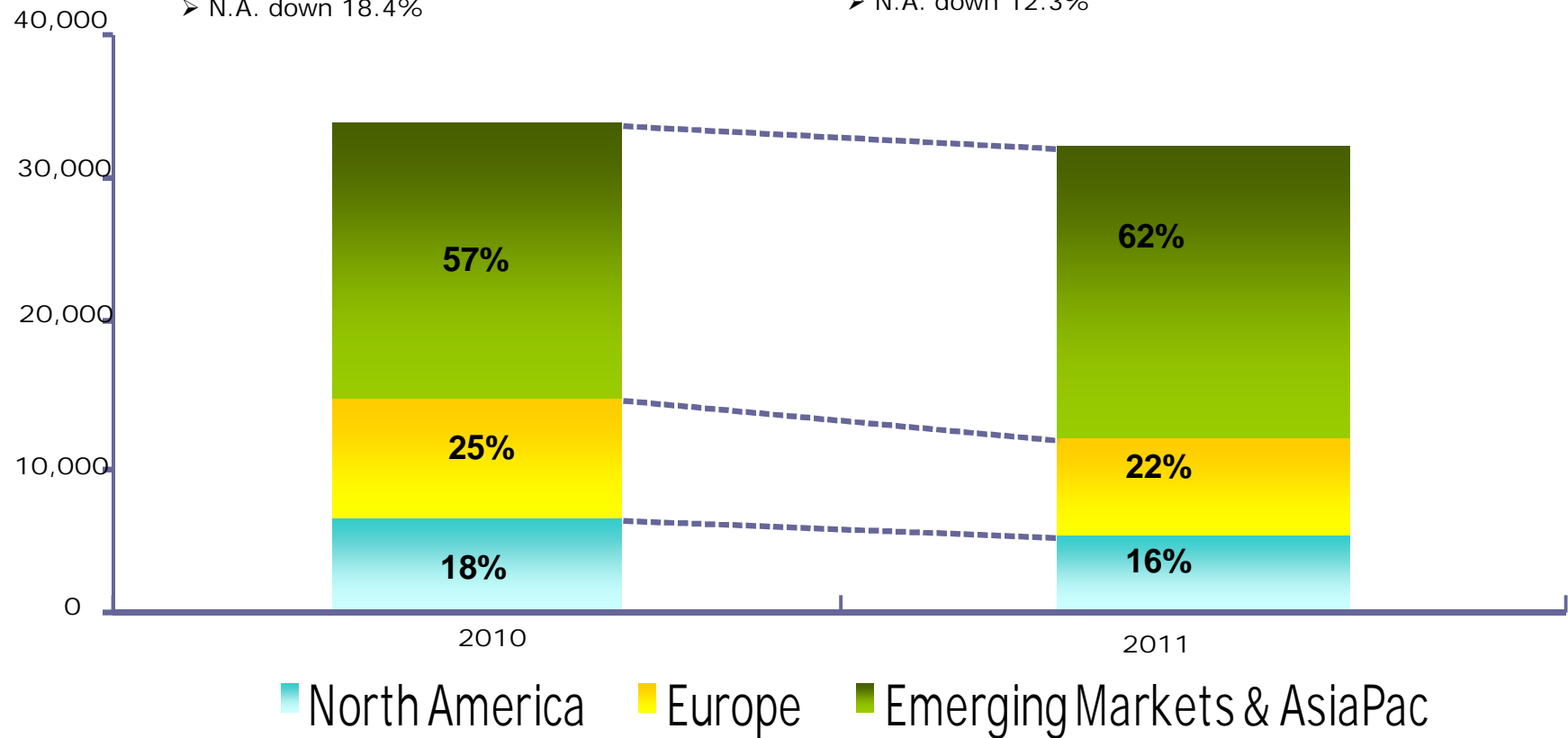
In NT\$ terms:

- 2011 down 4%
- Emerging Mkts & AsiaPac up 5.7%
- Europe down 15.4%
- N.A. down 18.4%

In US\$ terms:

- 2011 up 3.2%
- Emerging Mkts & AsiaPac up 13.6%
- Europe down 9.3%
- N.A. down 12.3%

NT\$ mln



# 2011 Revenue by Product

2011 revenue YoY comparison:

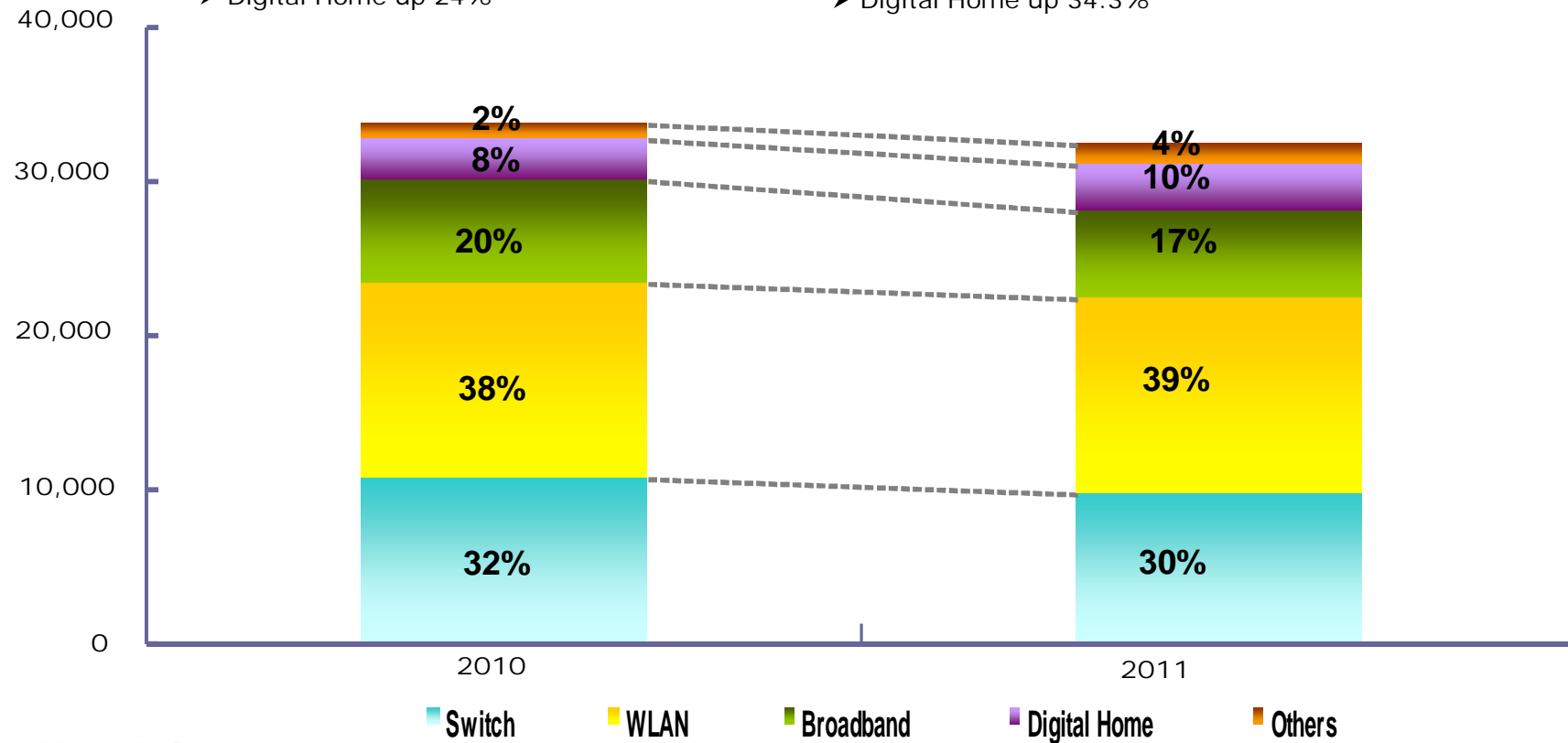
In NT\$ terms:

- Switch down 8.6%
- Wireless down 0.8%
- Broadband down 17.4%
- Digital Home up 24%

In US\$ terms:

- Switch down 1.4%
- Wireless up 6.4%
- Broadband down 10.6%
- Digital Home up 34.3%

NT\$ mln



# 2012 Business Outlook



## Consumer

- “mydlink” Consumer Cloud
- Expand “mydlink” enabled products
- Engage more e-tail partners
- Bundle applications/contents

## Business

- Unified network platform-mydlink Business Cloud
- One stop 4S surveillance business solution
- Expand SI /VAR and vertical channel partners

## Telcos/ISPs

- 3G/4G offload, WiFi, FTTH/FTTB, data center equipment
- Mobile broadband deployment speed up
- Displace traditional disties in customized CPEs

# 2012 Regional Outlook

## Emerging Mkts & Asia Pac.

- Further deepen in-country operations
- Growth driver China, India/Middle East, Japan
- Focusing on Telco & vertical projects

## Europe

- Regain market share in Telco projects
- Ramp-up Cloud products and IP camera solution

## North America

- Focus to regain market leadership
- Regain market share in retail/e-tail channel
- Aggressive channel engagement with SI /VAR



# 1Q12 Guidance



From QoQ perspective:

- Revenue slightly lower and back-end loaded for the year
- Operating margin remain flat

# Safe Harbor Statement



All numbers are consolidated. Except for statements in respect of historical matters, the statements contained in this release are "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of D-Link Corporation to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.



# Q & A

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