



Q2 2005 Investor Conference

Taipei, April 29th, 2005

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.

Agenda

- **1Q/05 Financial Review** A.P. Chen
- **Business Updates** J.C. Liao
- **Q&A**

All numbers consolidated except otherwise specified.
1Q/05 numbers are pro forma .



1Q/05 Pro Forma Financial Review

Presented by
AP Chen, CFO

FY2004 YoY Consolidated Income Statement Comparison

Amount: NT\$ million	FY2004		FY2003		YoY % Change
Net Sales	32,245	100%	25,016	100%	29%
Cost of Goods Sold	21,437	66%	17,201	69%	25%
Gross Profit	10,808	34%	7,815	31%	38%
Operating Expenses	8,174	25%	6,212	25%	32%
Operating Income	2,634	8%	1,603	6%	64%
Total Non-Op. Inc. (Loss)	581	2%	(48)	-	(1310)%
Investment Income (Loss)	1,009	3%	334	1%	202%
Income Before Tax	3,215	10%	1,555	6%	107%
Income Tax Expense	(399)	(1)%	(173)	(1)%	131%
Net Income	2,816	9%	1,382	6%	104%
Minority	(215)	(1)%	(8)	-	2588%
Consolidate Income	2,601 *	8%	1,374	5%	89%
Earnings Per Share (NT\$)	4.82		2.75		75%

*Calculated by FY2004 weighted average of 539.1mln shares.

FY2004 Consolidated I/S Pro Forma vs. Audited

Amount: NT\$ million	Audited		Pro Forma		Variance	
Net Sales	32,245	100%	32,239	100%	6	-
Cost of Goods Sold	21,437	66%	21,521	67%	(84)	-
Gross Profit	10,808	34%	10,718	33%	90	1%
Operating Expenses	8,174	25%	8,134	25%	40	-
Operating Income	2,634	8%	2,584	8%	50	2%
Total Non-Op. Inc. (Loss)	581	2%	612	2%	(31)	(5)%
Investment Income (Loss)	1,009	3%	905	3%	104	11%
Income Before Tax	3,215	10%	3,196	10%	19	1%
Income Tax Expense	(399)	(1)%	(390)	(1)%	(9)	2%
Net Income	2,816	9%	2,806	9%	10	-
Minority	(215)	(1)%	(218)	(1)%	3	(1)%
Consolidate Income	2,601	8%	2,588	8%	13	1%
Earnings Per Share (NT\$)	4.82		4.80			

1Q/05 QoQ Consolidated Income Statement Comparison

Amount: NT\$ million	1Q/05 Actual		4Q/04 Actual		QoQ % Change
Net Sales	8,557	100%	8,489	100%	1%
Cost of Goods Sold	5,881	69%	5,503	65%	7%
Gross Profit	2,676	31%	2,986	35%	(10)%
Operating Expenses	2,010	24%	2,229	26%	(10)%
Operating Income	666	8%	757	9%	(12)%
Total Non-Op. Inc. (Loss)	(88)	(1)%	(56)	(1)%	57%
Investment Income (Loss)	63	1%	173	2%	(64)%
Income Before Tax	578	7%	701	8%	(18)%
Income Tax Expense	(168)	-	(103)	(1)%	63%
Net Income	410	5%	598	7%	(31)%
Minority	(57)	-	(31)	-	
Consolidate Income	353 [*]	4%	567 [*]	7%	(38)%
Earnings Per Share (NT\$)	0.66		1.06		(39)%

*Calculated by 1Q05 weighted average of 536.3mln shares.

1Q/05 YoY Consolidated Income Statement Comparison

Amount: NT\$ million	1Q/05 Actual		1Q/04 Actual		YoY% Change
Net Sales	8,557	100%	7,814	100%	10%
Cost of Goods Sold	5,881	69%	5,357	69%	10%
Gross Profit	2,676	31%	2,457	31%	9%
Operating Expenses	2,010	23%	1,790	23%	12%
Operating Income	666	8%	667	9%	-
Total Non-Op. Inc. (Loss)	(88)	(1)%	715	9%	(112)%
Investment Income (Loss)	63	1%	852	11%	(93)%
Income Before Tax	578	7%	1,382	18%	(58)%
Income Tax Expense	(168)	-	(95)	(1)%	77%
Net Income	410	5%	1,287	16%	(68)%
Minority Interests	(57)		(44)	(1)%	30%
Consolidate Income	353*	4%	1,243	16%	(72)%
Earnings Per Share (NT\$)	0.66		2.30		(72)%

*Calculated by 1Q05 weighted average of 536.3mln shares.

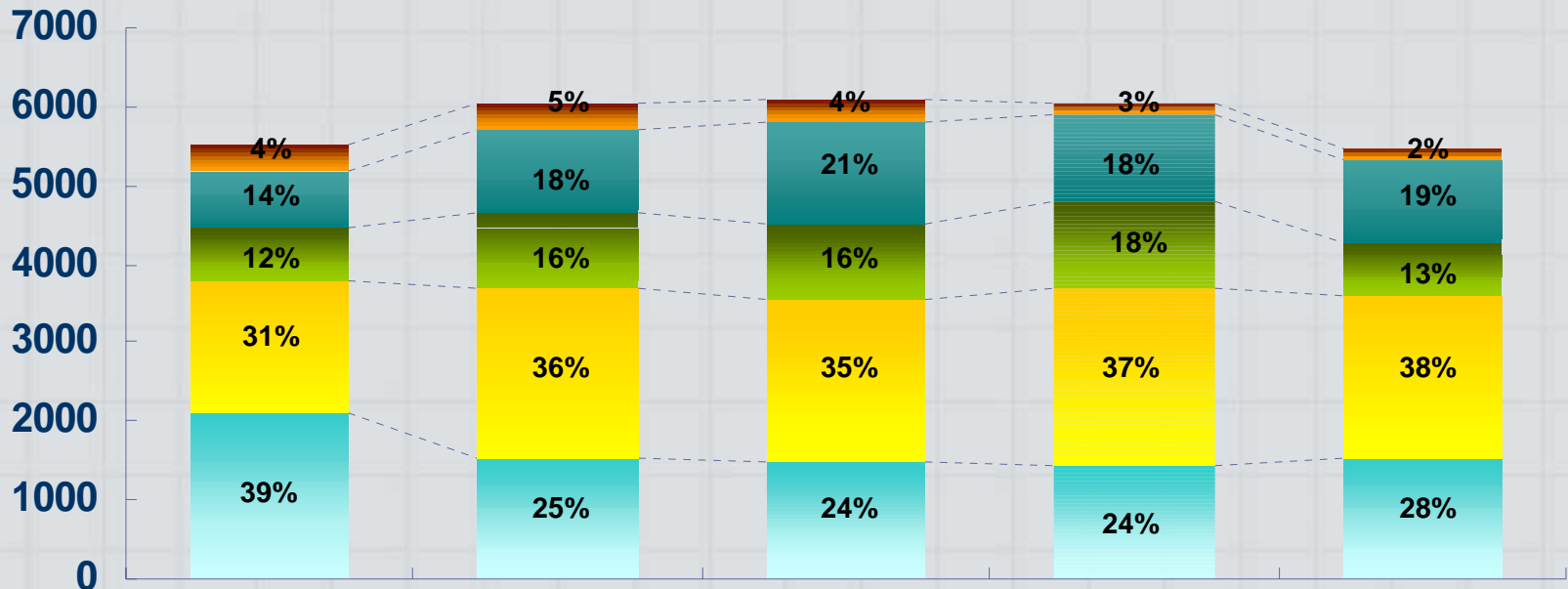
Non-op Income/Loss Breakdown

Unit : NT\$MIn	1Q05	FY2004
Investment Income/(Loss)	63	1,009
FX Gain/(Loss)	(48)	(128)
Inventory Gain/(Loss)	(98)	(374)
Financial Income/(Exp.) & Others	(5)	(74)
Total	(88)	581

Inventory by Region

- N.A. dropped 9% QoQ
- Europe dropped 36% QoQ
- Emerging market dropped 5% QoQ
- China dropped 21% QoQ
- Alpha increased 6% QoQ

NT\$ Million



Alpha North American Europe Emerging Market China

03/31/2005 Consolidated Balance Sheet QoQ Comparison

Amount: NT\$ million	03/31/05		12/31/04		QoQ %
	Actual		Actual		Change
Cash	1,775	7%	3,826	15%	(54)%
S-T Investment	3,680	14%	1,364	5%	170%
Account Receivable	6,468	25%	5,791	22%	12%
Inventory	5,454	21%	6,043	23%	(10)%
Long-term Investments	2,115	8%	2,151	8%	(2)%
Fixed Assets (net)	2,270	9%	2,329	9%	(3)%
Total Assets	25,532	100%	25,876	100%	(1)%
Accounts Payable	4,945	19%	4,728	18%	5%
Current Liabilities	11,404	45%	12,260	47%	(7)%
Long-term Liabilities	21	-	22	-	(5)%
Common Stock	5,487	21%	5,475	21%	-
Stockholders' Equity	12,024	47%	11,662	45%	3%

03/31/2005 Consolidated Balance Sheet YoY Comparison

Amount: NT\$ million	03/31/05		03/31/04		YoY % Change
	Actual		Actual		
Cash	1,775	7%	2,366	9%	(25)%
S-T Investment	3,680	14%	5,188	20%	(29)%
Account Receivable	6,468	25%	6,001	23%	8%
Inventory	5,454	21%	5,404	21%	1%
Long-term Investments	2,115	8%	2,326	9%	(9)%
Fixed Assets(net)	2,270	9%	2,604	10%	(13)%
Total Assets	25,532	100%	26,118	100%	(2)%
Accounts Payable	4,945	19%	5,468	21%	(10)%
Current Liabilities	11,404	45%	13,288	51%	(14)%
Long-term Liabilities	21	-	40	-	(48)%
Common Stock	5,487	21%	5,252	20%	4%
Stockholders' Equity	12,024	47%	11,544	44%	4%

03/31/2005 Consolidated Cash Flow from Operation

D-Link has NT\$5.46bln in Cash & S-T Investment

- Cash flow from operations of NT\$321mln in Q1/05
 - Net Profit in Q1/05: NT\$353mln
 - Depreciation & Amortization in Q1/05: NT\$101mln
- Cash used in investing activities of NT\$1.724bln in Q1/05
 - Bond Funds in Q1/05: NT\$2.318bln

Consolidated Key Financial Ratios— Liquidity/Leverage

Unit: % , days

	1Q/05	FY2004	4Q/04	3Q/04	2Q/04	1Q/04	FY2003
Days A/R	65 [*]	60 [*]	60 [*]	60 [*]	60 [*]	62 [*]	61
Days Inventory	89 [*]	94 [*]	94 [*]	96 [*]	99 [*]	89 [*]	93
Days A/P	75 [*]	87 [*]	87 [*]	86 [*]	88 [*]	93 [*]	90
Cash Cycle	80	67	67	70	71	59	64
Current Ratio	1.70	1.54	1.54	1.43	1.44	1.57	1.46
Debt/Equity Ratio	1.12	1.35	1.35	1.33	1.51	1.26	1.34
Adjusted Debt/ Equity Ratio	0.58 ^{**}	0.77 ^{**}	0.77 ^{**}	0.90 ^{**}	0.83 ^{**}	0.61 ^{**}	0.69 ^{**}

* Annualized

**Adjust for Cash & S-T investment

Consolidated Key Financial Ratios – Profitability (%)

Unit: %	1Q/05	FY2004	4Q/04	3Q/04	2Q/04	1Q/04	FY2003
Net Income/Sales	4.13	8.00	7.00	4.95	4.99	15.82	5.49
Net Income/ Total Assets	1.38	9.41	2.02	1.57	1.39	4.73	5.78
Operating Profit/ Sales	7.78	8.00	8.00	6.18	9.12	8.43	6.41
Return on Equity [*]	12	22	22	22	22	22	14
EPS (NT\$) ^{**}	0.66	4.82	1.03	0.76	0.71	2.30	2.75

* Annualized

** Calculated by 1Q05 weighted average of 536.3mln shares.



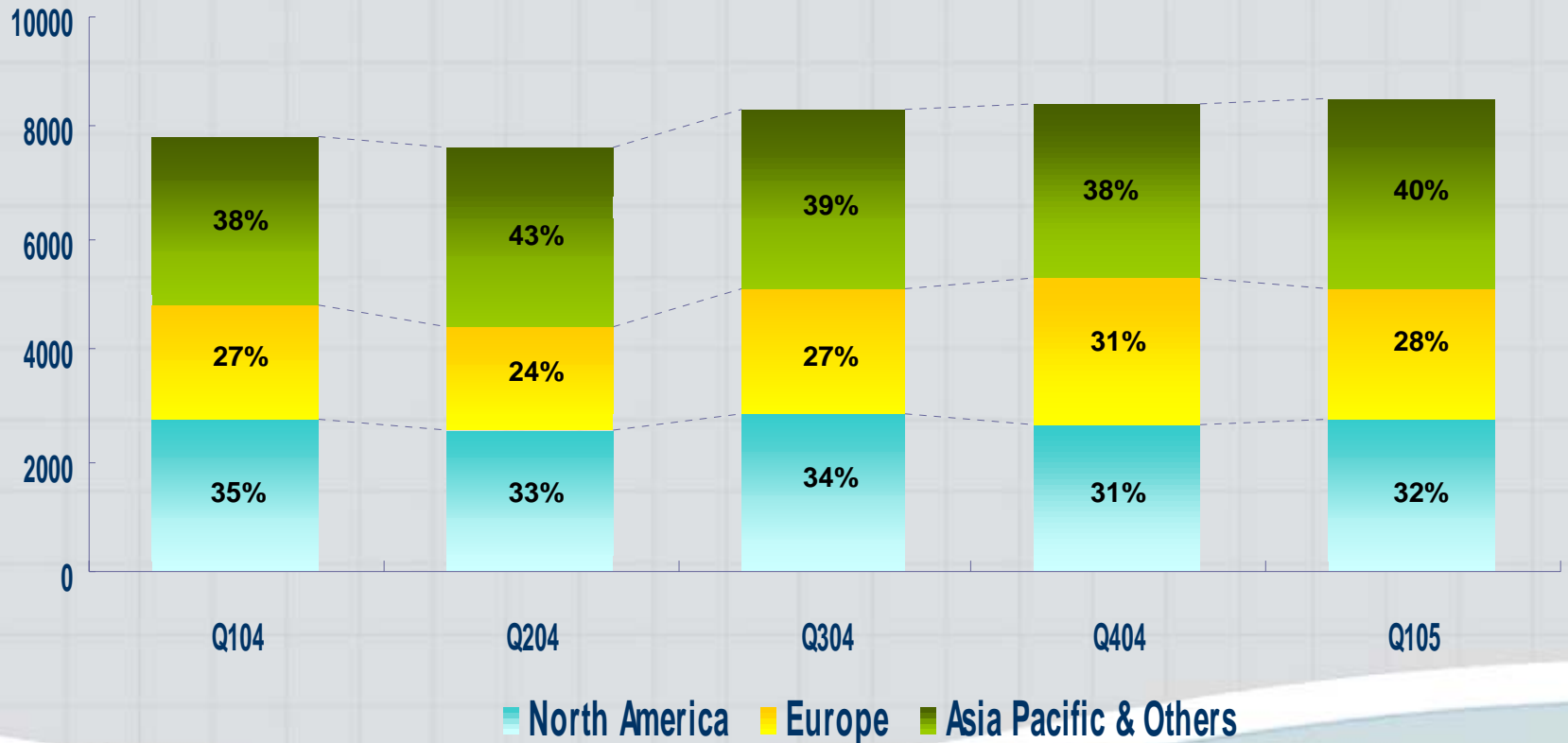
Business Updates

Presented by
JC Liao, President

Revenue by Regions

- N.A. increased 4% QoQ
- Europe dropped 9% QoQ
- A. P. & Others increased 6% QoQ

NT\$ Million

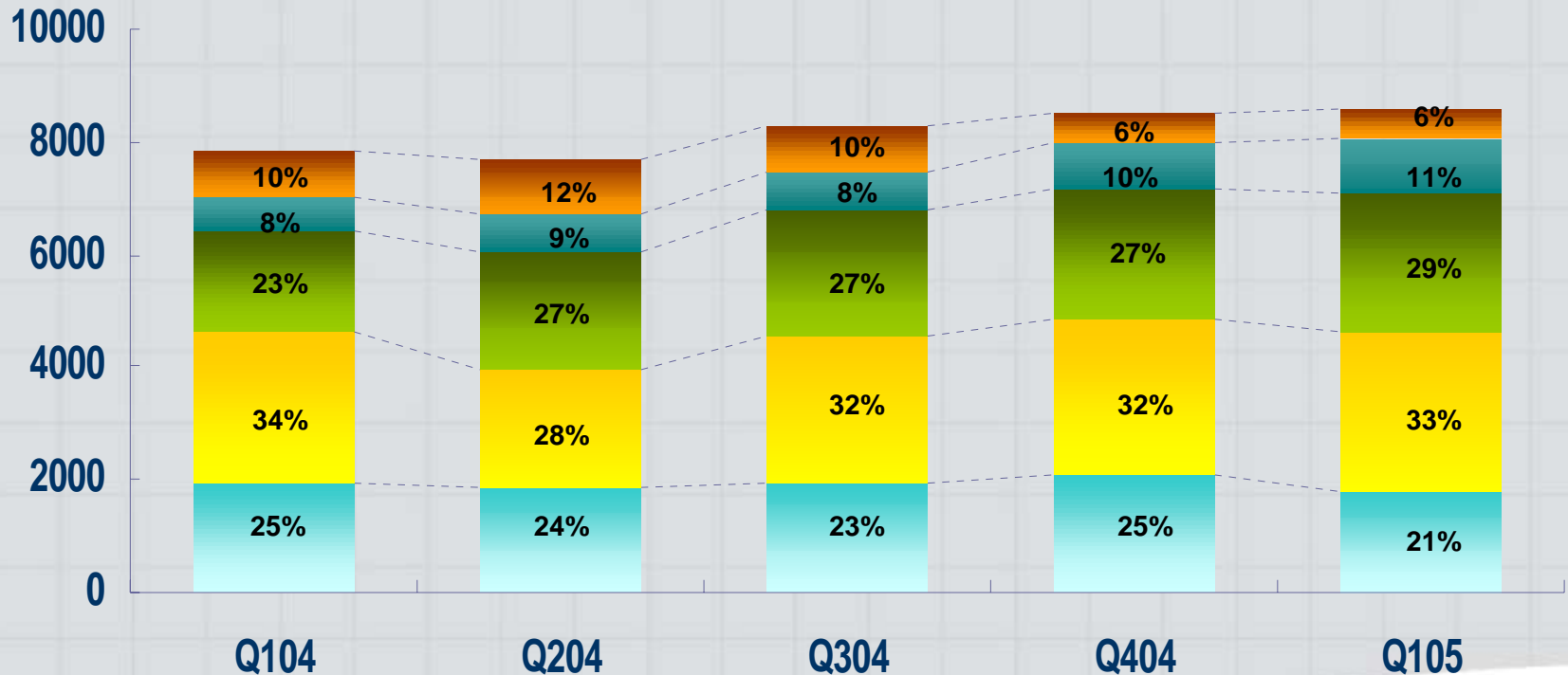


Revenue by Products

- Switch dropped 15% QoQ
- WLAN increased 4% QoQ

- Broadband increased 8% QoQ
- Digital Home increase 11% QoQ

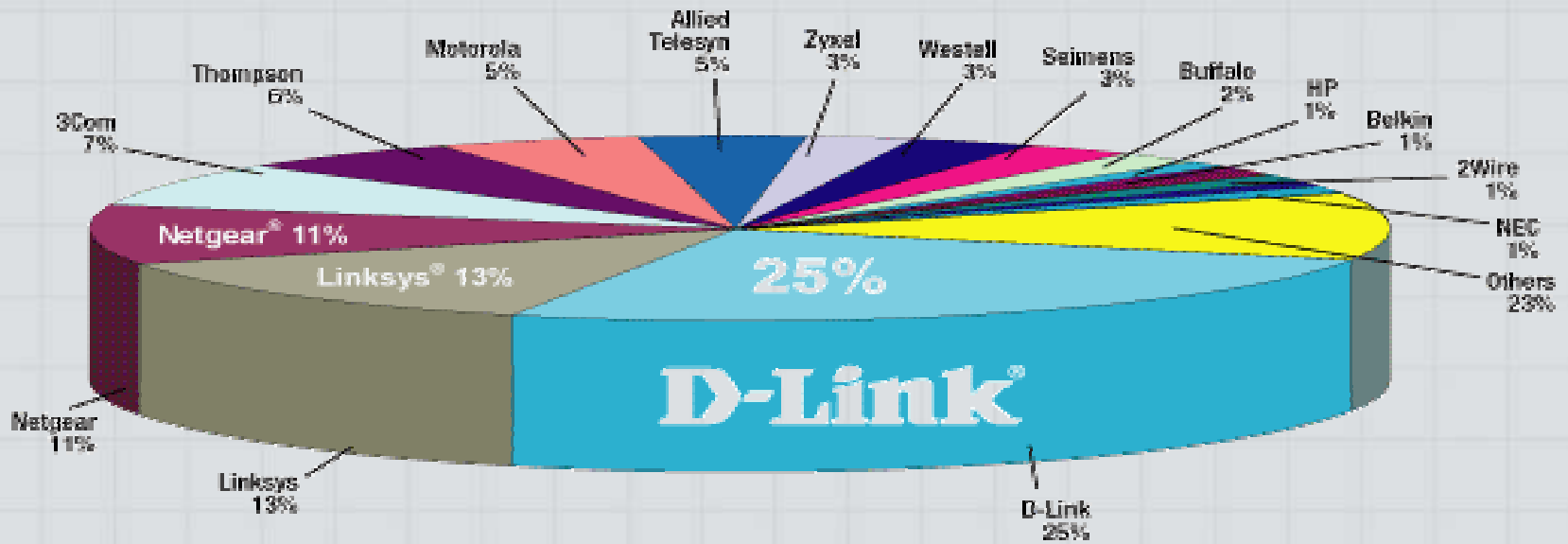
NT\$ Million



Switch WLAN Broadband Digital Home NIC & Others

WW SMB/SOHO Market Share Leader

Q4/04

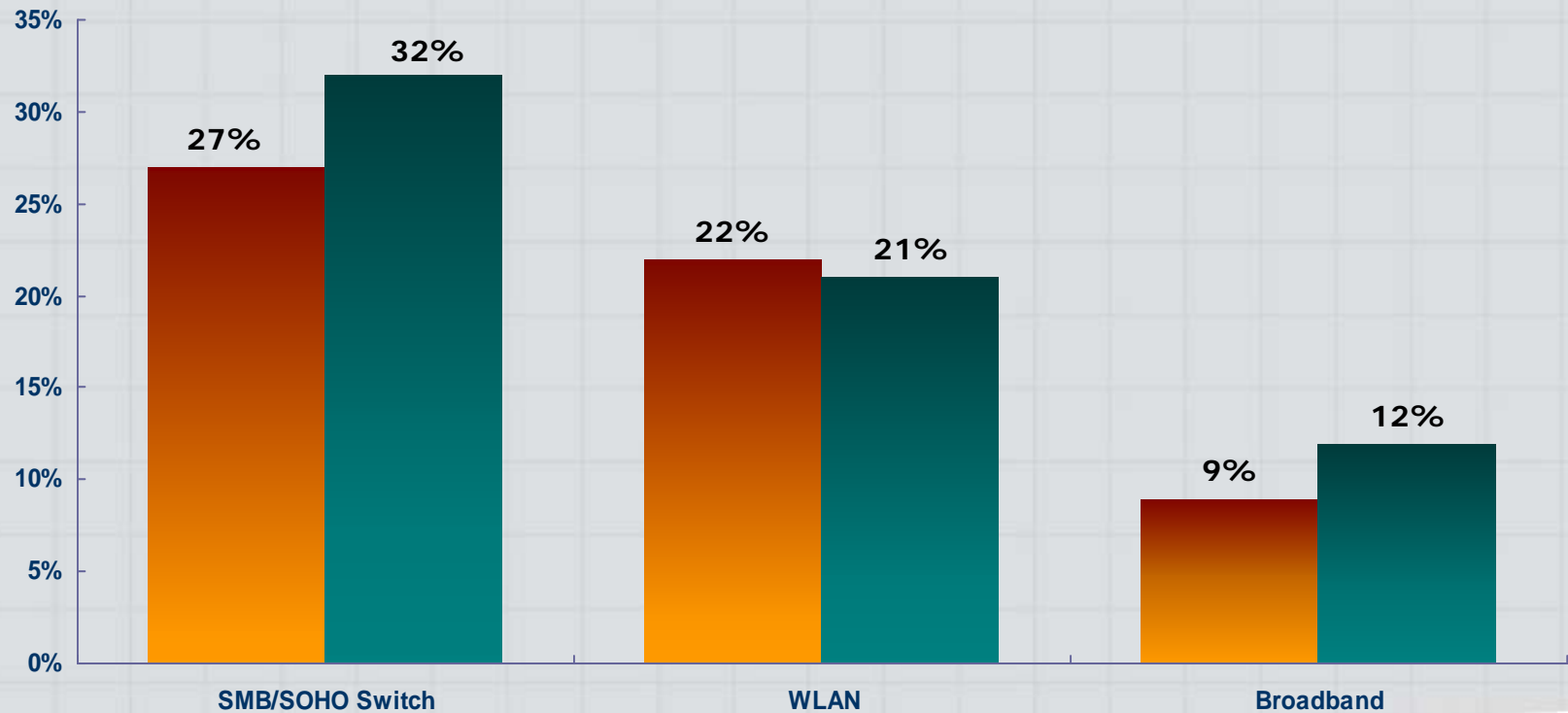


SRG Q4 2004 WIRELESS LAN Equipment Market Share Report
 SRG Q4 2004 ETHERNET LAN Switch Market Share Report
 SRG Q4 2004 Broadband Equipment Market Share Report

Source: Synergy Research Group, Q4/04

Dominance in all Segments

Market Shares by Products



Source: Synergy Research Group, FY2004

■ 2003 ■ 2004

Regional Update (D-Link Brand Only)

➤ North America

- Significant increases in WLAN and Digital Home volume
- Very strong acceptance of MediaLounge and GamerLounge lines of products

➤ EMEA

- Double-digit YoY revenue growth in US\$ terms
- IDC named D-Link the fastest growing LAN switches supplier in EMEA
- Xstack L3 switch won Best Product of Network Computing in Germany

➤ AsiaPac and Others

- Strong 60%+ YoY revenue growth from ANZ, ASEAN, CIS and L.A.
- Major Broadband and VoIP project wins in Taiwan, India, and ANZ

Industry Snapshots

- Over 35m new xDSL installed in 2004 that will refuel demands for faster and better home networking equipments.
- From 2005 onwards, WW new xDSL subscribers will grow 50-90m annually. Faster ADSL2+ /VDSL/SDSL will begin to dominate broadband services.
- Media Home networking will have a CAGR of 29% onto 2009.
- Revenue of IP-based Home Control networking devices will be doubled to \$4B (04-08)
- Total home networking revenue will also become twofold to \$17.1B (04-08)
- Gigabit outpaced FE. D-Link is the leader of unmanaged GigE switches for both port shipment and revenue in 2004.

Guidance for Q2/05 (For the Group)

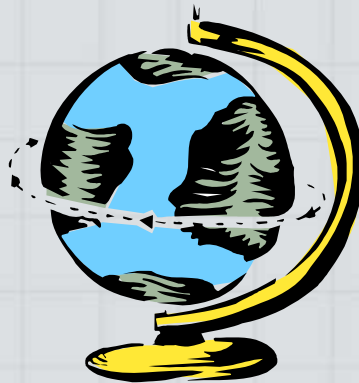
- **Q2 revenue forecast is better than the usual seasonal downward adjustment** (in US\$ terms)
 - Flat to marginally up sequentially
 - YoY growth will outpace Q1's 15.9%
 - Brand relatively stronger than OEM
- **Gross margin will track back to normal range**
 - Share of switch shipment will be up, Broadband down
 - AsiaPac and others continues to lead the growth



Q & A

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press releases, please visit
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Thank You



**Building Networks
for People**