

# **Citigroup Mini Tech Conference**

**Tokyo, March 17, 2006**

## **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

- **Introduction**
- **FY 2005 Financials**
- **Industry Outlook**
- **Business Updates**

All numbers consolidated except otherwise specified.  
FY 2005 numbers are pro forma ..

# Introduction

## Company Profile

- Founded in 1986
- Publicly listed in 1994 at Taiwan Stock Market
- Paid-in Capital: NT\$ 5.972bln (US\$ 190mln)
- Current Market Cap: around US\$ 645mln
- Number of employees: over 1,700 worldwide
- Over 90 sales offices serving more than 100 countries

## Healthy Fundamentals

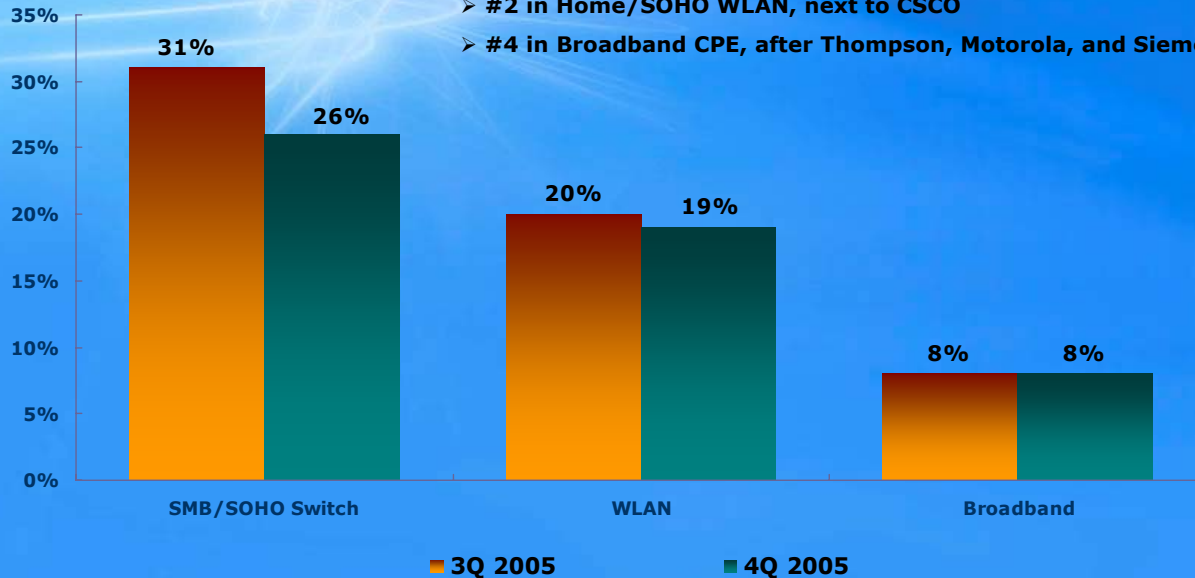
- A full range network solutions offering to consumer, business, and service providers
- Extensive global market coverage via various channels
- Unique brand equity
- Leading position in SOHO/SMB market segments
- Expertise in Switches, WLAN, and Broadband
- Strong partnerships with broad product vendors



# Dominance in Key Segments

**Market Shares by Products** D-Link is, in unit terms,

- #1 in SOHO/SMB Ethernet LAN Switch
- #2 in Home/SOHO WLAN, next to CSCO
- #4 in Broadband CPE, after Thompson, Motorola, and Siemens



Source: In-Stat Research Report, 2005

## The Vision

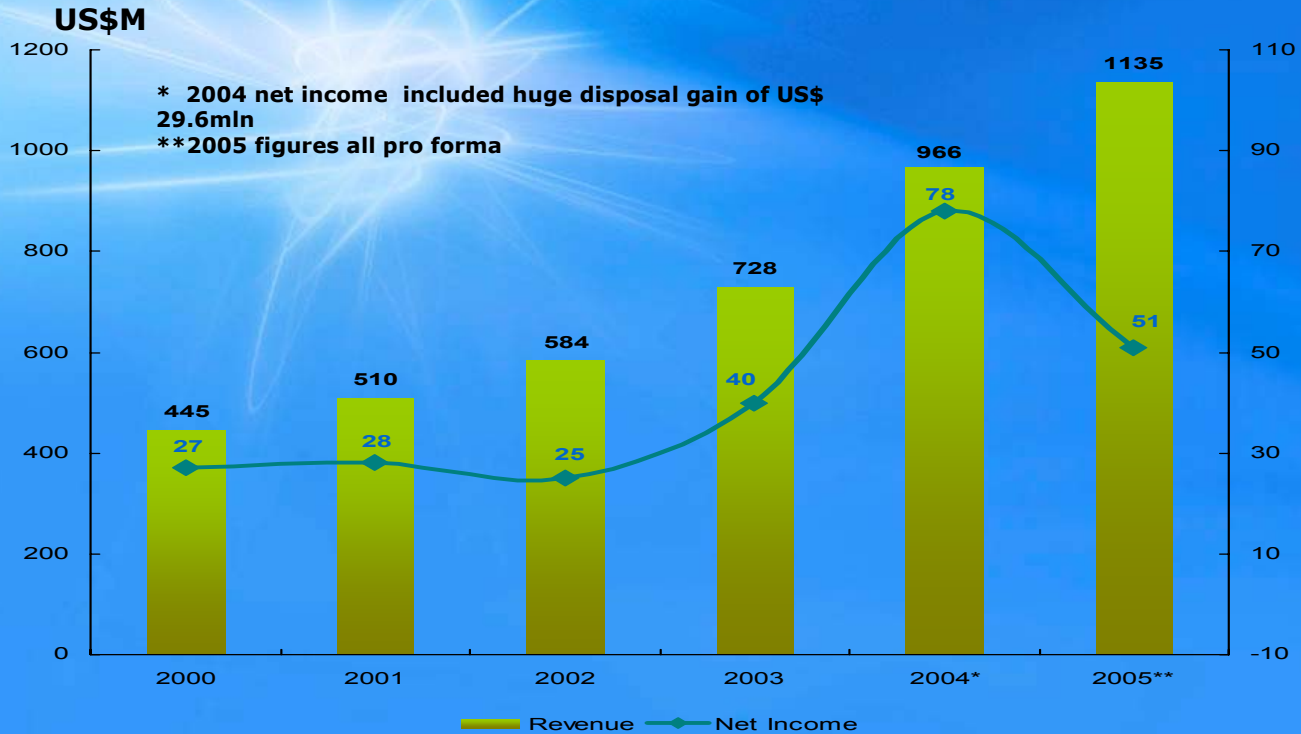
**In the *Network Economy*, the world will soon be connected in one large network that provides,**

- **Everything over internet**
- **Everywhere thru wireless**
- **Everyone with broadband**

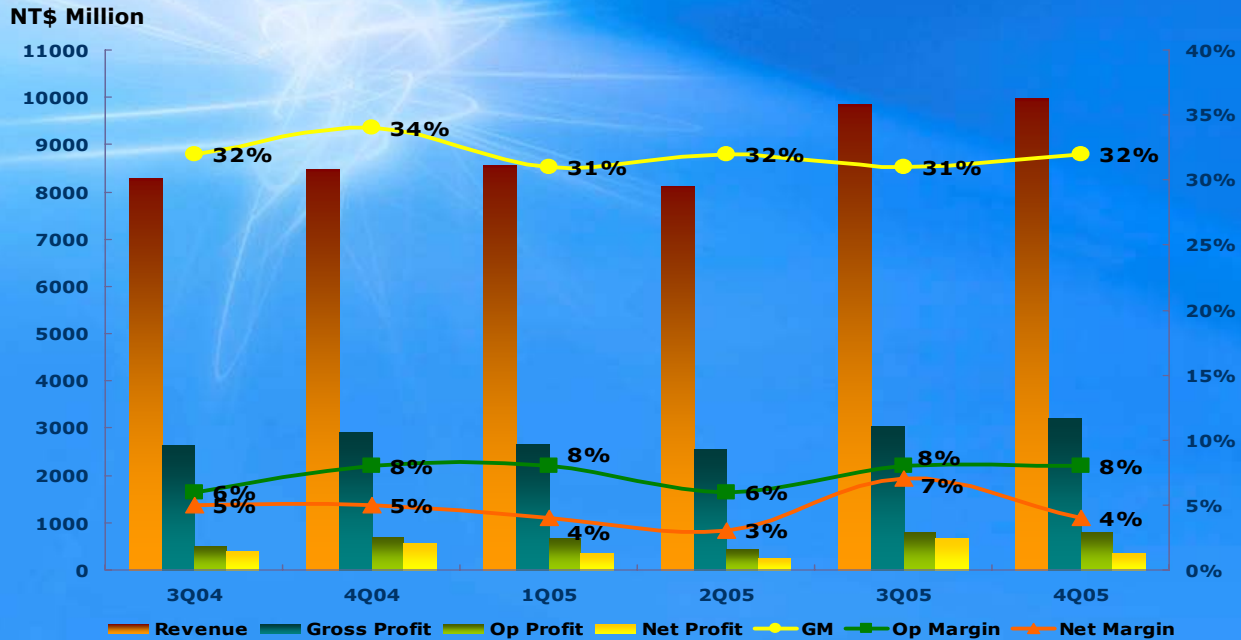


# **FY 2005 Financials**

# Revenue & Earnings



# Strong Earnings



## FY2005 YoY Consolidated Income Statement Comparison

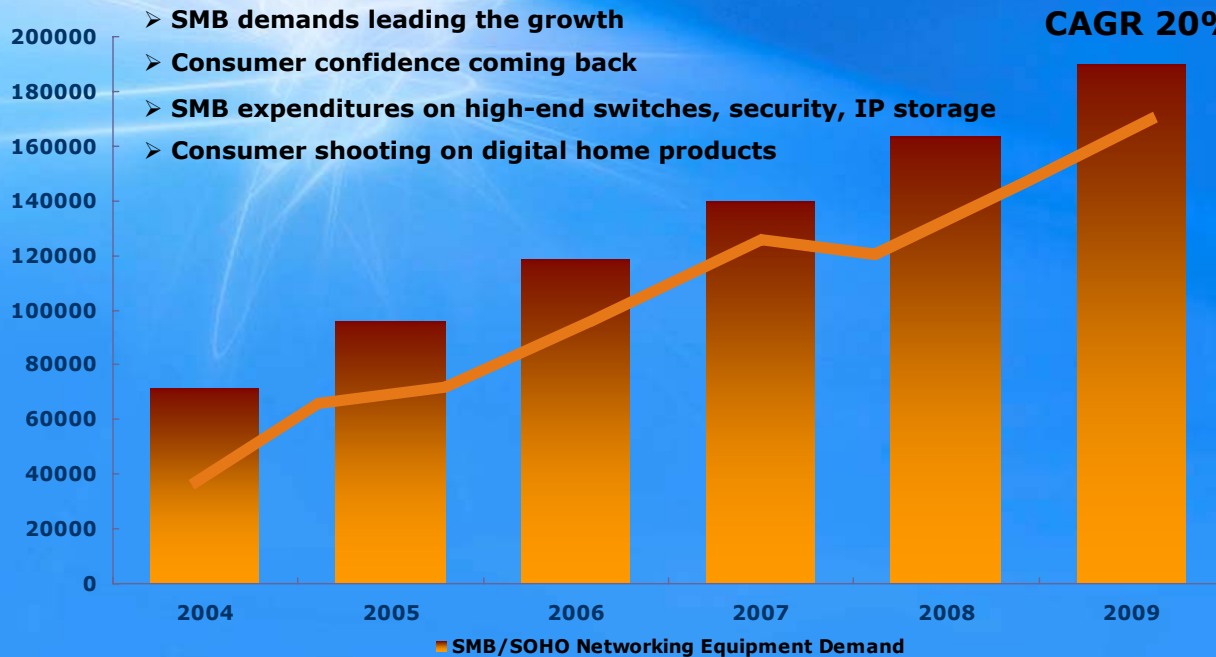
Amount: NT\$ million	2005 Estimate		2004 Actual		YoY % Change
Net Sales	36,508	100%	32,245	100%	13%
Cost of Goods Sold	25,022	69%	21,437	66%	17%
Gross Profit	11,486	31%	10,808	34%	6%
Operating Expenses	8,788	24%	8,174	25%	8%
Operating Income	2,698	7%	2,634	8%	2%
Total Non-Op. Inc. (Loss)	160	-	581	2%	(72)%
Income Before Tax	2,858	8%	3,215	10%	(11)%
Tax Expenses	(773)	(2)%	(399)	(1)%	94%
Net Income	2,085	6%	2,816	9%	(26)%
Minority Interest	(454)	(1)%	(215)	(1)%	111%
Consolidated Income	1,631	4%	2,601	8%	(37)%
Earnings Per Share (NT\$)	2.73 *		4.82		(43)%

\*Calculated by 4Q05 weighted average of 597mln shares.

# Industry Outlook

# WW SMB and SOHO Networking Market

US\$ Million



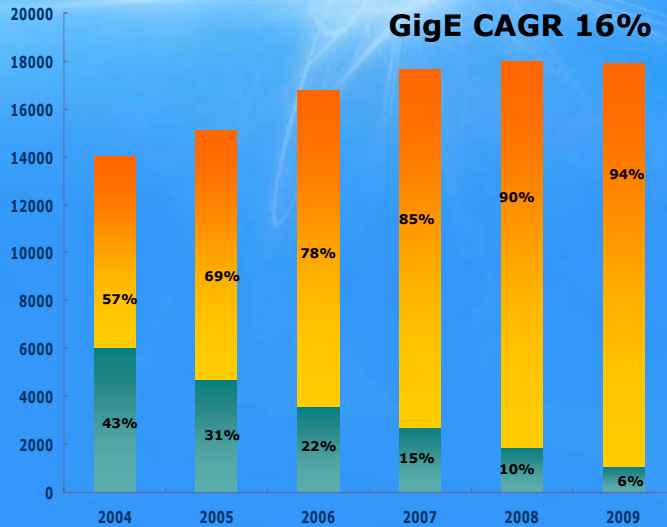
Source: IDC, FY2005



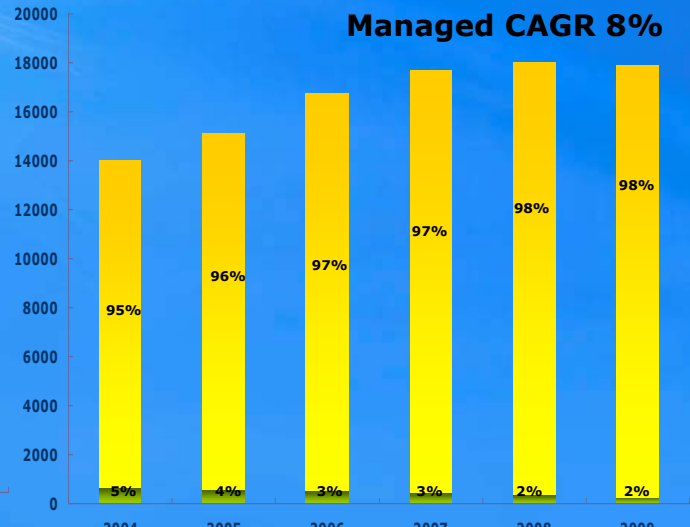
# Switching

- GigE officially crossovers FE
- Managed dominates Unmanaged
- Stackable Switches outgrows Chassis/Modular
- Pull-through for Security, IP Storage (SAN)
- More software efforts, higher profitability
- Wireless Switches initiate

US\$ Million



US\$ Million



Source: IDC, FY2005

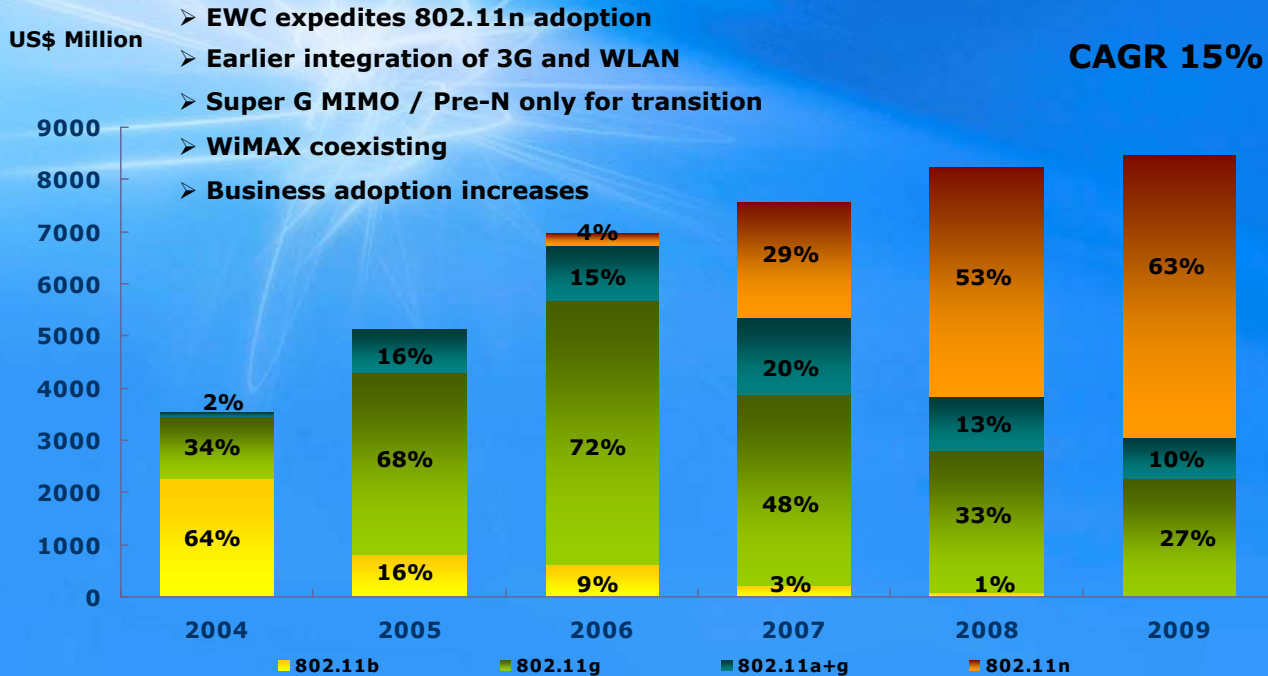
F.E.

GigE

Unmanaged

Managed

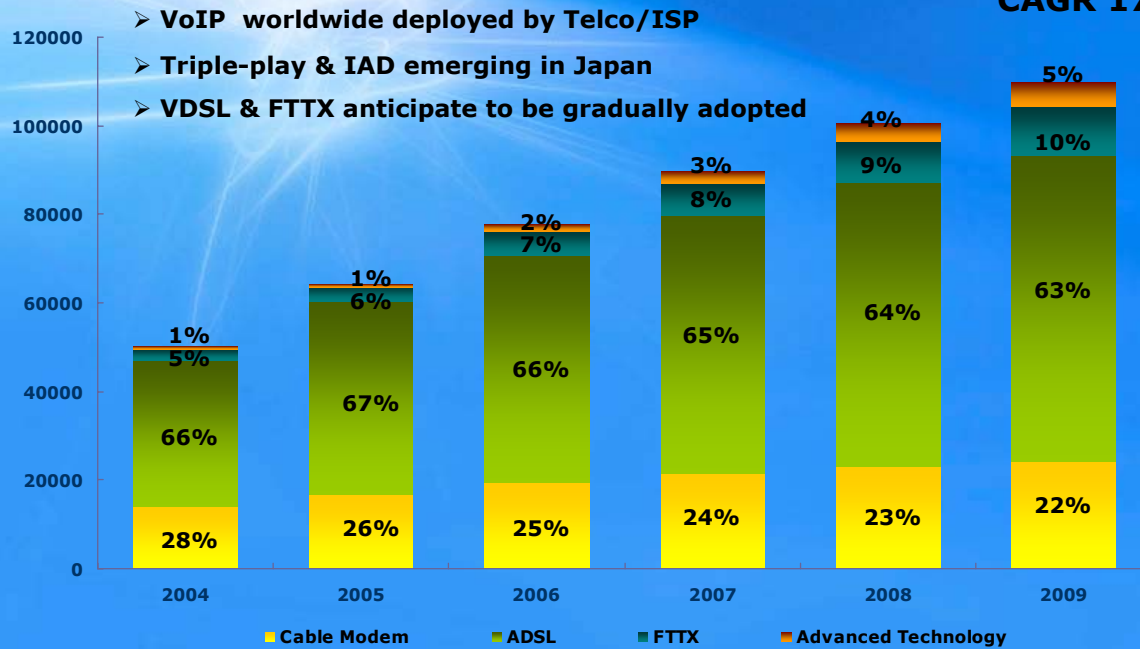
# WLAN



Source: IDC, FY2005

# Broadband

US\$ Million



Source: IDC, FY2005

## 2006 Outlook

- **Fateful year for emerging technologies**
  - **802.11n / WiMAX, VoIP, Digital Home**
- **Corporate spending up for networking**
- **Emerging market gap narrowing**
- **Industry convergence more obvious**
- **Growth slightly better than 2005**

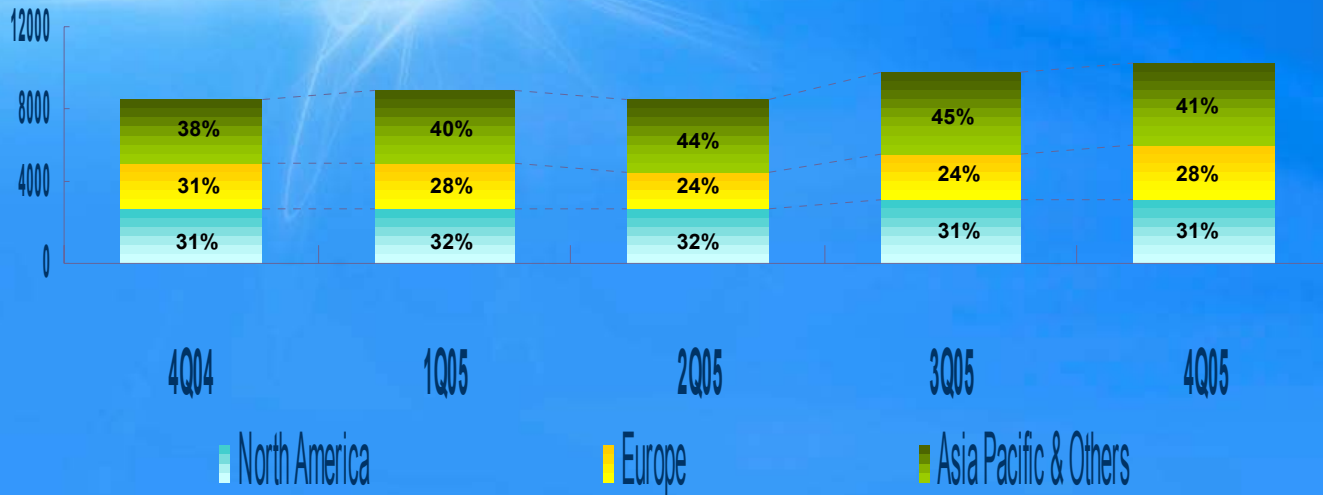
# Business Updates

## Revenue by Regions Consolidated

### 4Q/05 revenue YoY comparison:

- N.A. grew positively 18%
- Europe increased 7%
- AsiaPac & Others rose 27%
- In NT\$ terms, WW 4Q revenue grew 18%

NT\$ Million





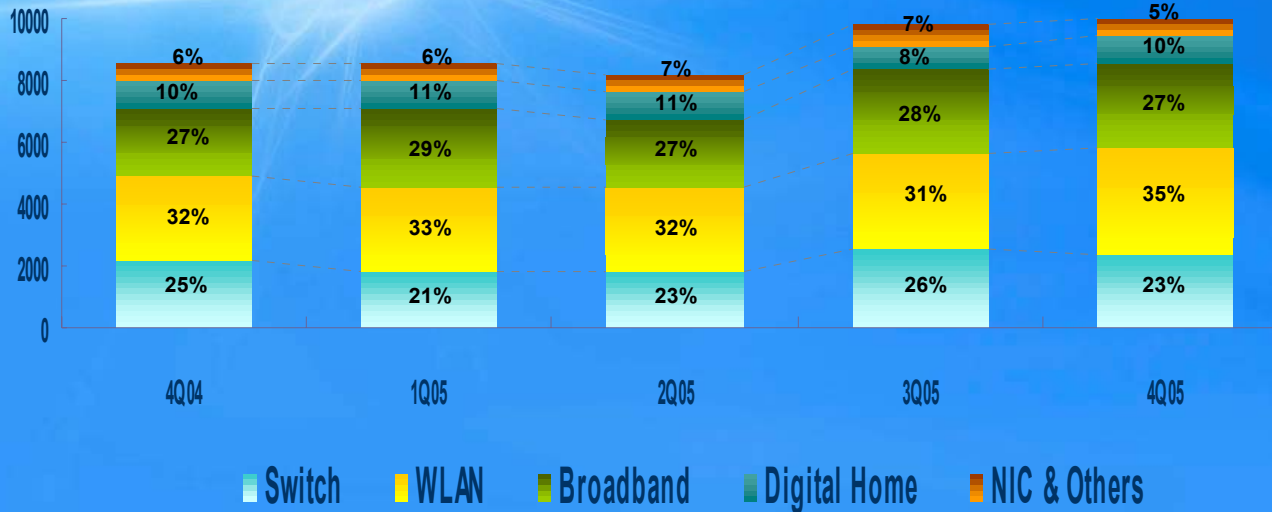
## Revenue by Products Consolidated

4Q/05 revenue YoY comparison:

- Switch grew 8%
- WLAN grew 29%

- Broadband rose 18%
- Digital Home rose 18%

NT\$ Million

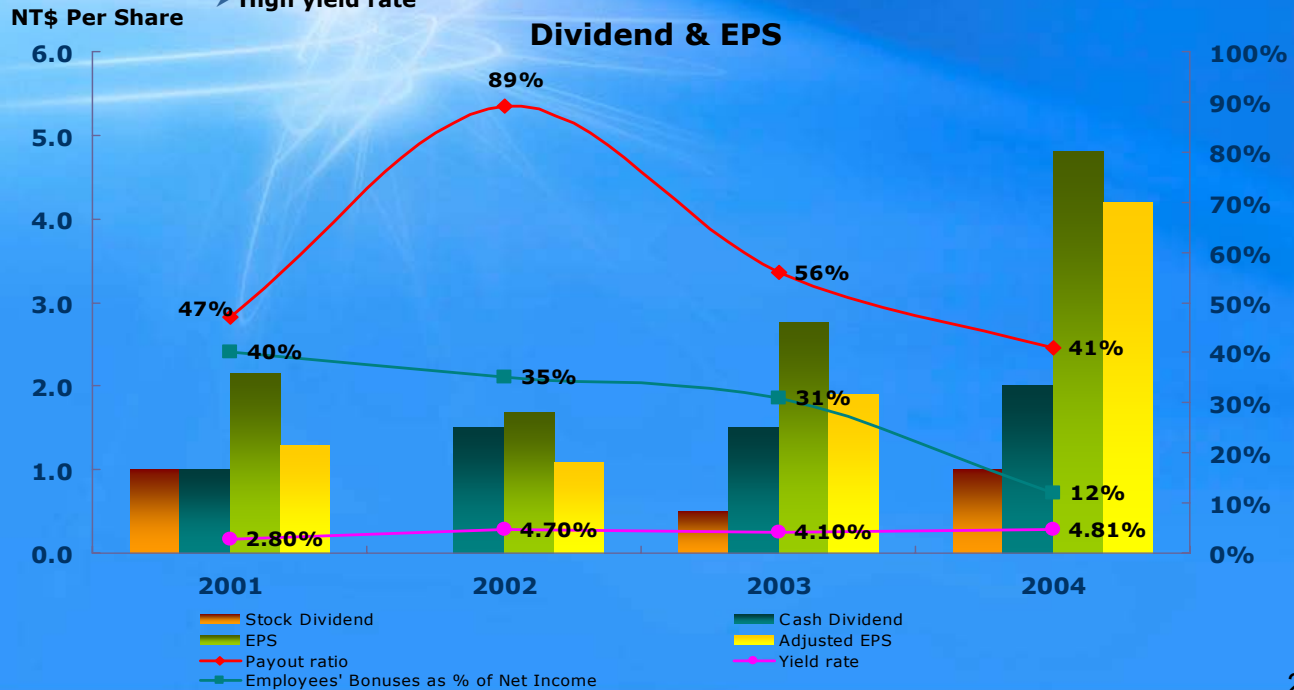


## Market Trends

<b>Region</b> <b>Product</b>	<b>N.A.</b>	<b>Europe</b>	<b>A.P.A.C. &amp; Others</b>
<b>Switch</b>	<b>XStack, GigE SMB</b>	<b>XStack, GigE SMB</b>	<b>XStack, GigE/F.E. SMB</b>
<b>WLAN</b>	<b>Pre-N &amp; N Retail</b>	<b>Pre-N &amp; N Retail</b>	<b>G &amp; G+/ Pre-N &amp; N Retail</b>
<b>Broadband</b>	<b>VoIP Teleco/ISP</b>	<b>VoIP Teleco/ISP</b>	<b>VoIP Teleco/ISP</b>
<b>Digital Home</b>	<b>DMA &amp; IP Cam Retail</b>	<b>DMA &amp; IP Cam Retail</b>	<b>DMA &amp; IP Cam Retail</b>

# High Dividend Payout

- Payout more cash over stock
- High yield rate
- Limited employees' bonuses dilution



## Longer Term Business Model

	<u>FY03</u>	<u>FY04</u>	<u>FY05*</u>	<u>Model**</u>
<b>Sales Growth(%)</b>	<b>24%</b>	<b>29%</b>	<b>13%</b>	<b>20%</b>
<b>Gross Margin (%)</b>	<b>31%</b>	<b>33%</b>	<b>31%</b>	<b>32%</b>
<b>Operating Margin (%)</b>	<b>6%</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>
<b>Tax Exp. (% of PBT)</b>	<b>11%</b>	<b>12%</b>	<b>25%</b>	<b>20%</b>
<b>ROE (%)</b>	<b>14%</b>	<b>22%</b>	<b>14%</b>	<b>15%</b>

\* FY 05 Figures are all pro forma

\*\* Assuming deconsolidation of Alpha

# Q & A

*For complete financial and  
press releases, please visit  
<http://ir.dlink.com>*