



**D-Link**<sup>®</sup>  
Building Networks for People

# Unaudited 3Q08 Earnings Release

October 28, 2008

# Agenda

➤ **Operation Review & Updates** A.P. Chen

➤ **Q&A** Tony Tsao & AP Chen

All numbers are brand consolidated and unaudited, except otherwise specified.

# Operation Review & Updates

## 3Q08 Income Statement & QoQ Comparison

Unit: NT\$ million	3Q08		2Q08		QoQ %
	AMT	%	AMT	%	Change
Net Sales	<b>8,628</b>	100.0	<b>8,507</b>	100.0	1.4
Cost of Goods Sold	<b>5,808</b>	67.3	<b>5,655</b>	66.5	2.7
Gross Profit	<b>2,820</b>	32.7	<b>2,852</b>	33.5	(1.1)
Operating Expenses	<b>2,281</b>	26.5	<b>2,499</b>	29.4	(8.7)
Operating Income	<b>539</b>	6.2	<b>353</b>	4.1	52.7
Total Non-Op. Inc. (Loss)	<b>83</b>	1.0	<b>38</b>	0.5	118.4
Income Before Tax	<b>622</b>	7.2	<b>391</b>	4.6	59.1
Tax (Exp.) / Income	<b>(164)</b>	(1.9)	<b>(52)</b>	(0.6)	215.4
Net Income	<b>458</b>	5.3	<b>339</b>	4.0	35.1
Minority Interest	<b>0</b>	0.0	<b>0</b>	0.0	0.0
Consolidated Income	<b>458</b>	5.3	<b>339</b>	4.0	35.1
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	<b>0.81</b>		<b>0.60</b>		35.1

\* The numbers are unaudited.

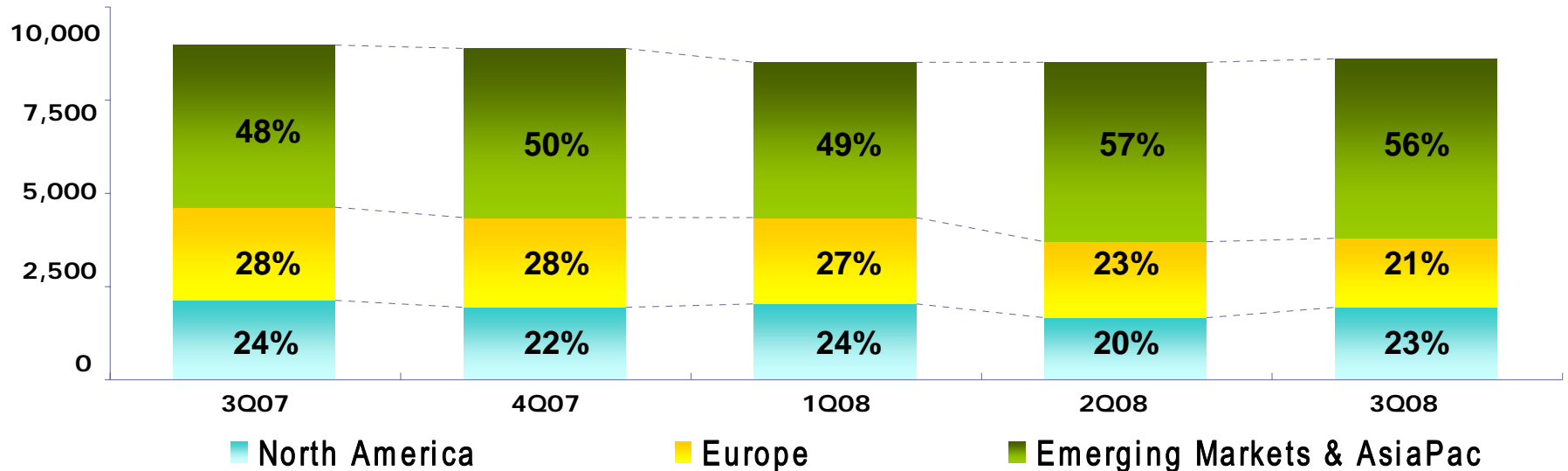
# Quarterly Revenue by Regions

## Brand Only

**3Q08 revenue up 1.4% QoQ, down 4.1% YoY**

- N.A. up 17.4% QoQ, down 5.6% YoY
- Europe down 9.9% QoQ, down 29.5% YoY
- Emerging Markets & APac up 0.5% QoQ, up 11.5% YoY

NT\$ mln



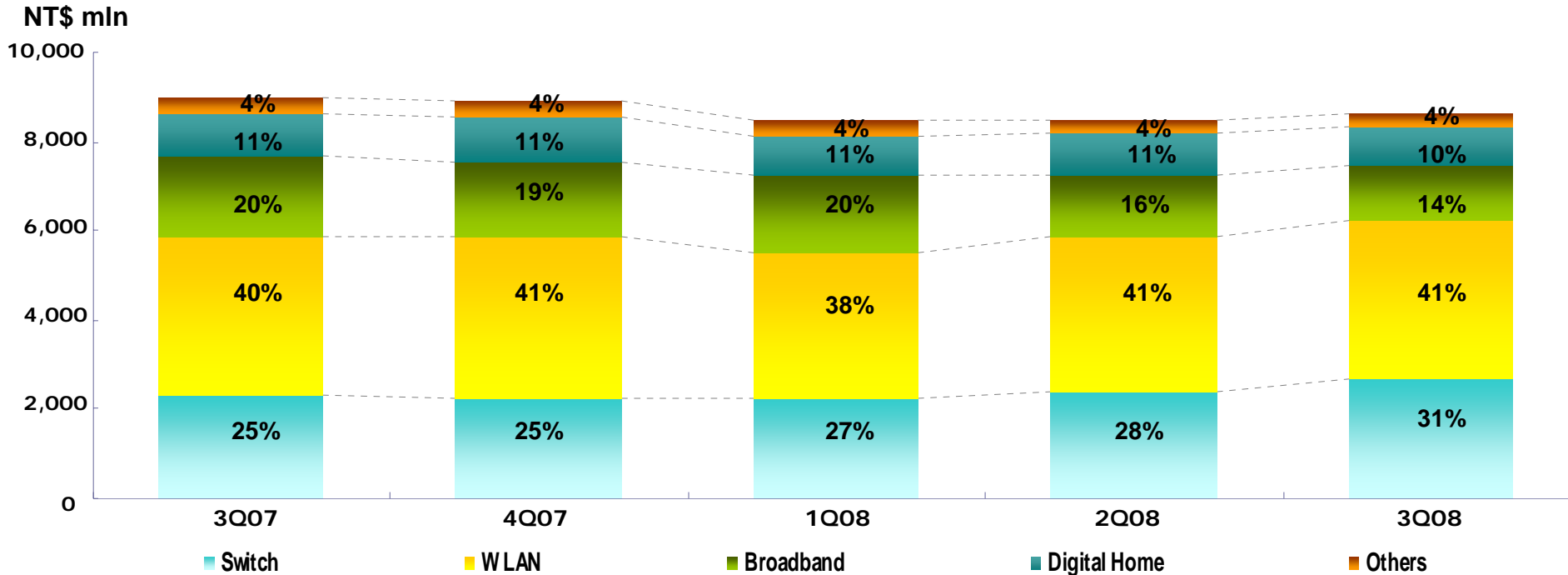
# Quarterly Revenue by Products

## Brand Only

3Q08 revenue *comparison*:

- Switch up 16.5% YoY, up 12.2% QoQ
- WLAN up 0.1% YoY, up 2.5% QoQ

- B.B. down 32.2% YoY, down 11.2% QoQ
- D.H. down 10.4% YoY, down 7.8% QoQ



## 3Q08 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln	3Q08	2Q08	QoQ % Change
<b>Investment Income</b>	177	84	110.7
<b>Sub./Aff.</b>	177	74	139.2
<b>Capital Gain</b>	0	10	(100.0)
<b>FX Gain/(Loss)</b>	(107)	(24)	345.8
<b>Inventory Loss</b>	(88)	(84)	4.8
<b>Fin. Income/(Exp.) &amp; Oth.</b>	101	62	62.9
<b>Total</b>	83	38	118.4

## 3Q08 Income Statement & YoY Comparison

Unit: NT\$ million	3Q08		3Q07		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>8,628</b>	100.0	<b>8,999</b>	100.0	(4.1)
Cost of Goods Sold	<b>5,808</b>	67.3	<b>5,850</b>	65.0	(0.7)
Gross Profit	<b>2,820</b>	32.7	<b>3,149</b>	35.0	(10.4)
Operating Expenses	<b>2,281</b>	26.5	<b>2,462</b>	27.4	(7.4)
Operating Income	<b>539</b>	6.2	<b>687</b>	7.6	(21.5)
Total Non-Op. Inc. (Loss)	<b>83</b>	1.0	<b>274</b>	3.1	(69.7)
Income Before Tax	<b>622</b>	7.2	<b>961</b>	10.7	(35.3)
Tax (Exp.) / Income	<b>(164)</b>	(1.9)	<b>(156)</b>	(1.7)	5.1
Net Income	<b>458</b>	5.3	<b>805</b>	9.0	(43.1)
Minority Interest	<b>0</b>	0.0	<b>(4)</b>	0.1	(100.0)
Consolidated Income	<b>458</b>	5.3	<b>801</b>	8.9	(42.8)
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	<b>0.81</b>		<b>1.42</b>		(42.8)

\* The numbers are unaudited.



# YT3Q08 Income Statement & YoY Comparison

Unit: NT\$ million	YT3Q08		YT3Q7		YoY %
	AMT	%	AMT	%	Change
Net Sales	<b>25,628</b>	100.0	<b>24,345</b>	100.0	5.3
Cost of Goods Sold	<b>17,092</b>	66.7	<b>15,856</b>	65.1	7.8
Gross Profit	<b>8,536</b>	33.3	<b>8,489</b>	34.9	0.6
Operating Expenses	<b>7,158</b>	27.9	<b>6,609</b>	27.2	8.3
Operating Income	<b>1,378</b>	5.4	<b>1,880</b>	7.7	(26.7)
Total Non-Op. Inc. (Loss)	<b>66</b>	0.2	<b>972</b>	4.0	(93.2)
Income Before Tax	<b>1,444</b>	5.6	<b>2,852</b>	11.7	(49.4)
Tax (Exp.) / Income	<b>(276)</b>	(1.1)	<b>(100)</b>	(0.4)	176.0
Net Income	<b>1,168</b>	4.5	<b>2,752</b>	11.3	(57.6)
Minority Interest	<b>0</b>	0.0	<b>(23)</b>	(0.1)	(100.0)
Consolidated Income	<b>1,168</b>	4.5	<b>2,729</b>	11.2	(57.2)
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	<b>2.07</b>		<b>4.83</b>		(57.2)

\* The numbers are unaudited.

## 09/30/2008 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	09/30/08		06/30/08		QoQ %
	AMT	%	AMT	%	Change
Cash	<b>3,837</b>	14	<b>4,773</b>	19	(19.6)
S-T Investment	<b>99</b>	0	<b>334</b>	1	(70.4)
Account Receivable	<b>7,014</b>	26	<b>6,978</b>	27	0.5
Inventory	<b>7,926</b>	29	<b>5,185</b>	20	52.9
Long-term Investments	<b>5,260</b>	20	<b>5,618</b>	22	(6.4)
Total Assets	<b>26,959</b>	100	<b>25,576</b>	100	5.4
Accounts Payable	<b>8,991</b>	33	<b>6,527</b>	26	37.8
Current Liabilities	<b>12,628</b>	47	<b>11,508</b>	45	11.7
Common Stock	<b>5,652</b>	21	<b>5,652</b>	22	0.0
Stockholders' Equity	<b>13,831</b>	51	<b>13,526</b>	53	2.3

## Key Financial Ratios

Unit: % , days

	09/30/08	06/30/08	03/31/08	12/31/07	09/30/07
<b>Days A/R</b>	74 <sup>*</sup>	75 <sup>*</sup>	63 <sup>*</sup>	61 <sup>*</sup>	67 <sup>*</sup>
<b>Days Inventory</b>	125 <sup>*</sup>	84 <sup>*</sup>	82 <sup>*</sup>	101 <sup>*</sup>	112 <sup>*</sup>
<b>Days A/P</b>	141 <sup>*</sup>	105 <sup>*</sup>	75 <sup>*</sup>	100 <sup>*</sup>	119 <sup>*</sup>
<b>Cash Cycle</b>	57	53	70	62	61
<b>Current Ratio</b>	1.58	1.59	1.96	1.70	1.80
<b>Debt/Equity Ratio</b>	0.95	0.89	0.57	0.77	0.71
<b>Net Debt/Equity Ratio</b>	0.67 <sup>**</sup>	0.51 <sup>**</sup>	0.29 <sup>**</sup>	0.40 <sup>**</sup>	0.38 <sup>**</sup>
<b>ROE</b>	13 <sup>*</sup>	16 <sup>*</sup>	17 <sup>*</sup>	22 <sup>*</sup>	22 <sup>*</sup>

\* Annualized

\*\*Adjust for Cash & S-T investment

## 4Q08 Guidance

- **Revenue high single digit down QoQ**
- **Operating margin range of 5.0-5.5%**
- **Accelerating shift to SME / Green products**

# 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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