



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

# Unaudited 4Q08 Earnings Release

February 26, 2009

## Agenda

- **4Q08 Unaudited Financial Review**      A.P. Chen
- **Business Updates & Outlooks**      A.P. Chen
- **Q&A**      John Lee & A.P. Chen

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

# 4Q08 Unaudited Financial Review

## 4Q08 Income Statement & QoQ Comparison

Unit: NT\$ million	4Q08		3Q08		QoQ % Change
	AMT	%	AMT	%	
Net Sales	7,364	100.0	8,628	100.0	(14.6)
Cost of Goods Sold	5,192	70.5	5,808	67.3	(10.6)
Gross Profit	2,172	29.5	2,820	32.7	(22.9)
Operating Expenses	2,295	31.2	2,281	26.5	0.6
Operating Income	(123)	(1.7)	539	6.2	(122.8)
Total Non-Op. Inc. (Loss)	89	1.2	83	1.0	7.2
Income Before Tax	(34)	(0.5)	622	7.2	(105.4)
Tax (Exp.) / Income	60	0.8	(164)	(1.9)	(136.6)
Net Income	26	0.3	458	5.3	(94.3)
Minority Interest	0	0.0	0	0.0	0.0
Consolidated Income	26	0.3	458	5.3	(94.3)
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	0.05		0.81		(94.3)

\* The numbers are unaudited.

## 4Q08 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln	4Q08	3Q08	QoQ % Change
<b>Investment Income</b>	127	177	(28.2)
<b>Sub./Aff.</b>	127	177	(28.2)
<b>Capital Gain</b>	0	0	0.0
<b>FX Gain/(Loss)</b>	(22)	(107)	(79.4)
<b>Inventory Loss</b>	(105)	(88)	19.3
<b>Fin. Income/(Exp.) &amp; Oth.</b>	89	101	(11.9)
<b>Total</b>	89	83	7.2

## 4Q08 Income Statement & YoY Comparison

Unit: NT\$ million	4Q08		4Q07		YoY % Change
	AMT	%	AMT	%	
Net Sales	7,364	100.0	8,886	100.0	(17.1)
Cost of Goods Sold	5,192	70.5	5,989	67.4	(13.3)
Gross Profit	2,172	29.5	2,897	32.6	(25.0)
Operating Expenses	2,295	31.2	2,472	27.8	(7.2)
Operating Income	(123)	(1.7)	425	4.8	(128.9)
Total Non-Op. Inc. (Loss)	89	1.2	296	3.3	(69.9)
Income Before Tax	(34)	(0.5)	721	8.1	(104.7)
Tax (Exp.) / Income	60	0.8	(134)	(1.5)	(144.8)
Net Income	26	0.3	587	6.6	(95.6)
Minority Interest	0	0.0	23	0.3	(100.0)
Consolidated Income	26	0.3	610	6.9	(95.7)
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	0.05		1.08		(95.7)

\* The numbers are unaudited.

## 2008 Income Statement & YoY Comparison

Unit: NT\$ million	2008		2007		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>32,992</b>	100.0	<b>33,231</b>	100.0	(0.7)
Cost of Goods Sold	<b>22,283</b>	67.5	<b>21,845</b>	65.7	2.0
Gross Profit	<b>10,709</b>	32.5	<b>11,386</b>	34.3	(5.9)
Operating Expenses	<b>9,454</b>	28.7	<b>9,082</b>	27.4	4.1
Operating Income	<b>1,255</b>	3.8	<b>2,304</b>	6.9	(45.5)
Total Non-Op. Inc. (Loss)	<b>154</b>	0.5	<b>1,270</b>	3.8	(87.9)
Income Before Tax	<b>1,409</b>	4.3	<b>3,574</b>	10.7	(60.6)
Tax (Exp.) / Income	<b>(215)</b>	(0.7)	<b>(235)</b>	(0.7)	(8.5)
Net Income	<b>1,194</b>	3.6	<b>3,339</b>	10.0	(64.2)
Minority Interest	<b>0</b>	0.0	<b>0</b>	0.0	0.0
Consolidated Income	<b>1,194</b>	3.6	<b>3,339</b>	10.0	(64.2)
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	<b>2.11</b>		<b>6.10</b>		(64.2)

\* The numbers are unaudited.

## 12/31/2008 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	12/31/08		09/30/08		QoQ %
	AMT	%	AMT	%	Change
Cash	<b>2,595</b>	11	<b>3,837</b>	14	(32.4)
S-T Investment	<b>286</b>	1	<b>99</b>	0	188.9
Account Receivable	<b>5,985</b>	25	<b>7,014</b>	26	(14.7)
Inventory	<b>7,472</b>	31	<b>7,926</b>	29	(5.7)
Long-term Investments	<b>5,133</b>	21	<b>5,260</b>	20	(2.4)
Total Assets	<b>24,420</b>	100	<b>26,959</b>	100	(9.4)
Accounts Payable	<b>5,725</b>	23	<b>8,991</b>	33	(36.3)
Current Liabilities	<b>9,180</b>	38	<b>12,628</b>	47	(27.3)
Common Stock	<b>5,652</b>	23	<b>5,652</b>	21	0.0
Stockholders' Equity	<b>13,692</b>	56	<b>13,831</b>	51	(1.0)



## Key Financial Ratios

Unit: % , days	12/31/08	09/30/08	06/30/08	03/31/08	12/31/07
<b>Days A/R</b>	74 <sup>*</sup>	74 <sup>*</sup>	75 <sup>*</sup>	63 <sup>*</sup>	61 <sup>*</sup>
<b>Days Inventory</b>	131 <sup>*</sup>	125 <sup>*</sup>	84 <sup>*</sup>	82 <sup>*</sup>	101 <sup>*</sup>
<b>Days A/P</b>	101 <sup>*</sup>	141 <sup>*</sup>	105 <sup>*</sup>	75 <sup>*</sup>	100 <sup>*</sup>
<b>Cash Cycle</b>	104	57	53	70	62
<b>Current Ratio</b>	1.91	1.58	1.59	1.96	1.70
<b>Debt/Equity Ratio</b>	0.79	0.95	0.89	0.57	0.77
<b>Net Debt/Equity Ratio</b>	0.57 <sup>**</sup>	0.67 <sup>**</sup>	0.51 <sup>**</sup>	0.29 <sup>**</sup>	0.40 <sup>**</sup>
<b>ROE</b>	9 <sup>*</sup>	13 <sup>*</sup>	16 <sup>*</sup>	17 <sup>*</sup>	22 <sup>*</sup>

\* Annualized

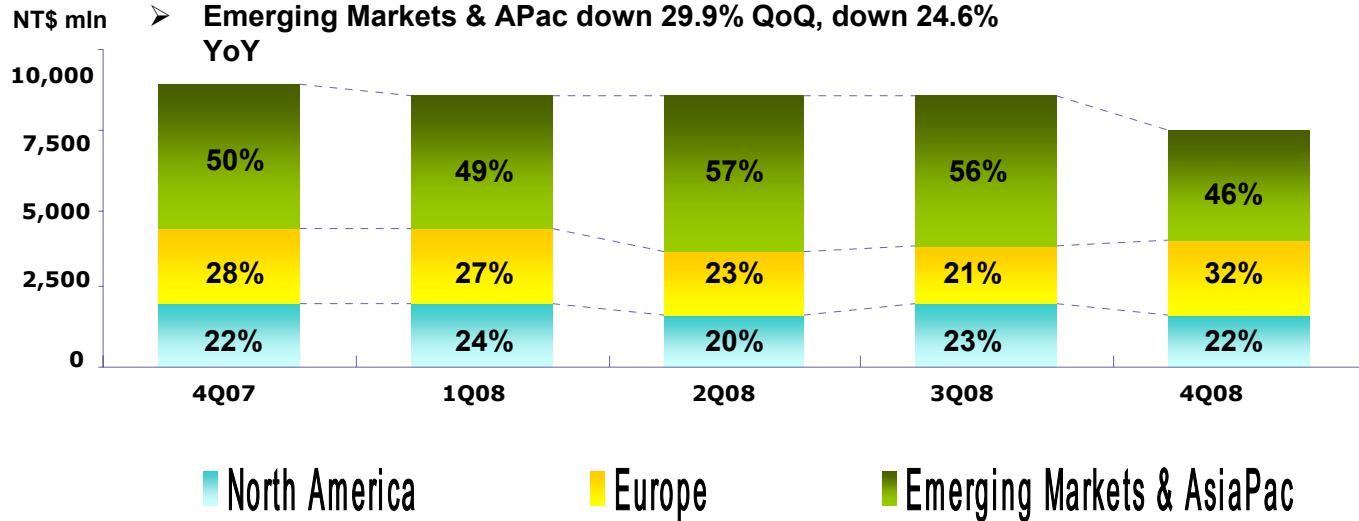
\*\*Adjust for Cash & S-T investment

# Business Updates & Outlooks

# Quarterly Revenue by Regions

**4Q08 revenue down 14.6% QoQ, down 17.1% YoY**

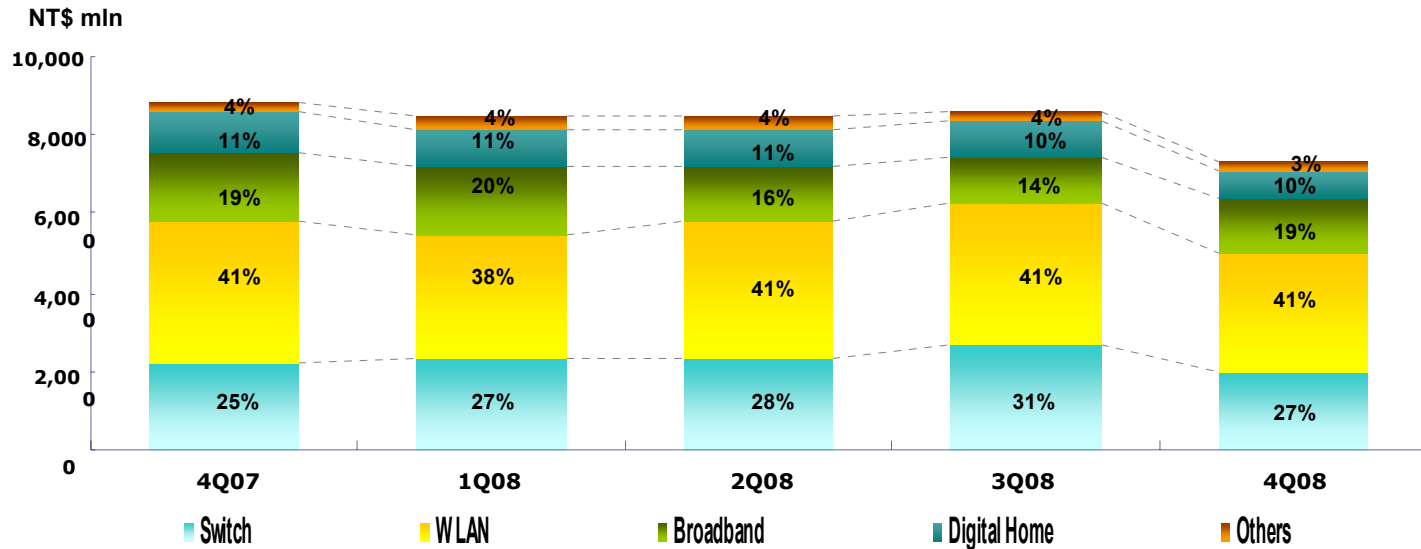
- N.A. down 17.0% QoQ, down 14.7% YoY
- Europe up 29.1% QoQ, down 5.3% YoY
- Emerging Markets & APac down 29.9% QoQ, down 24.6% YoY



## Quarterly Revenue by Products

### 4Q08 revenue comparison:

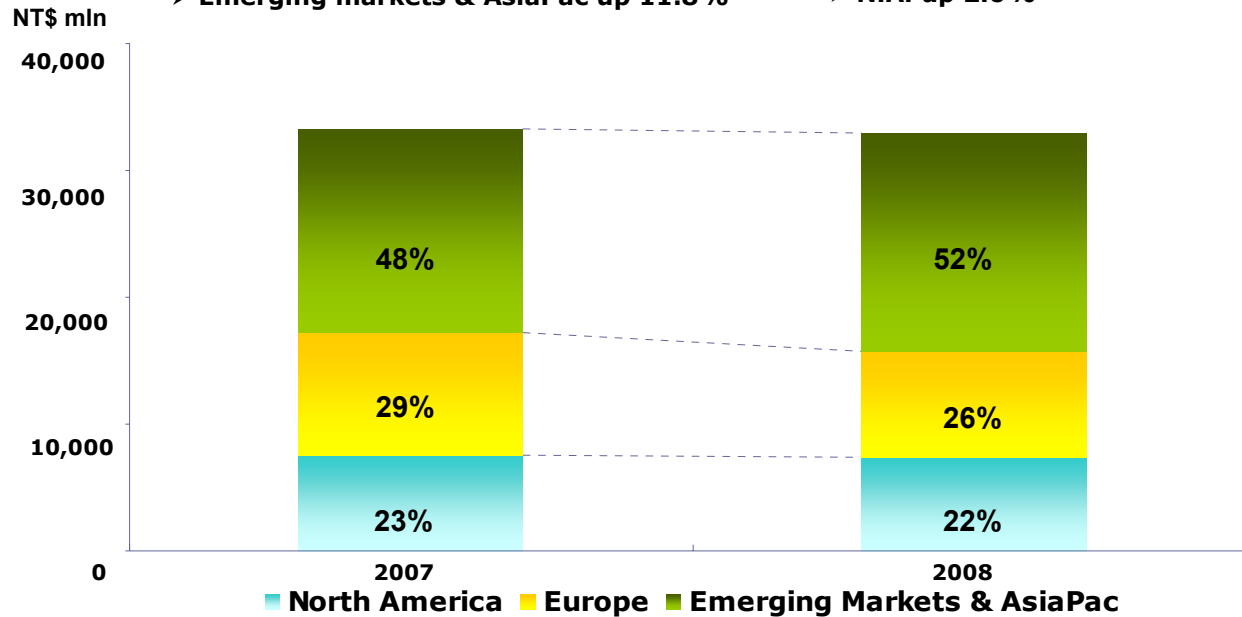
- Switch down 27.0% QoQ, down 12.1% YoY
- WLAN down 14.6% QoQ, down 16.2% YoY
- B.B. up 10.7% QoQ, down 19.8% YoY
- D.H. down 11.3% QoQ, down 24.0% YoY
- Others down 3.0% QoQ, down 10.0% YoY



# Annual Revenue by Regions

## 08 revenue YoY comparison:

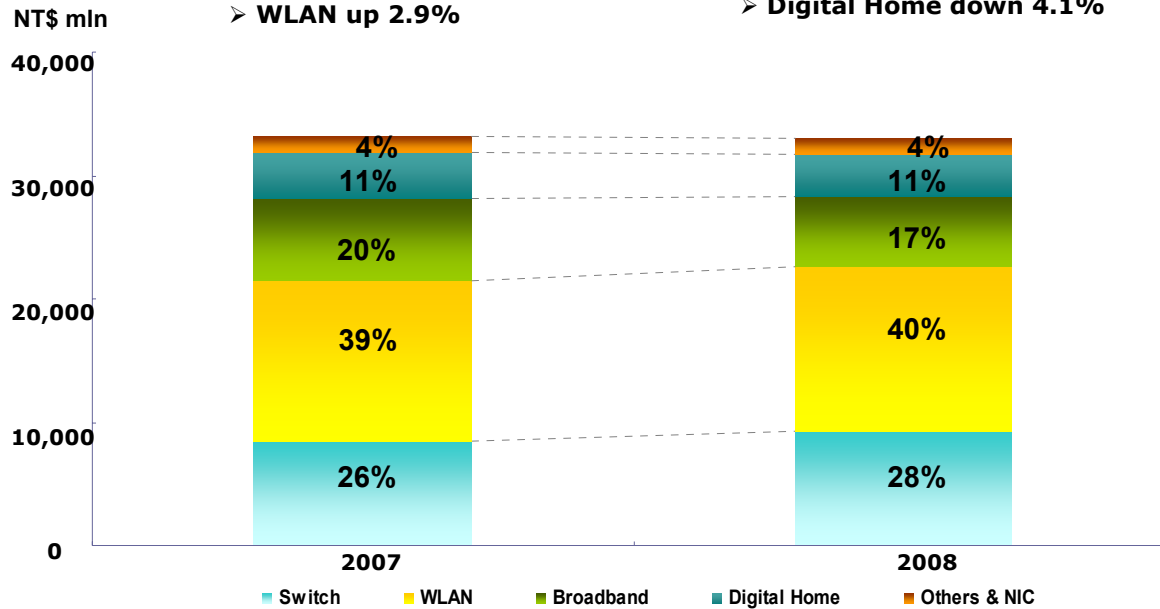
- In US\$ terms, WW 08 revenue up 3.5%
- Europe down 9.1%
- Emerging markets & AsiaPac up 11.8%
- N.A. up 2.0%



# Annual Revenue by Products

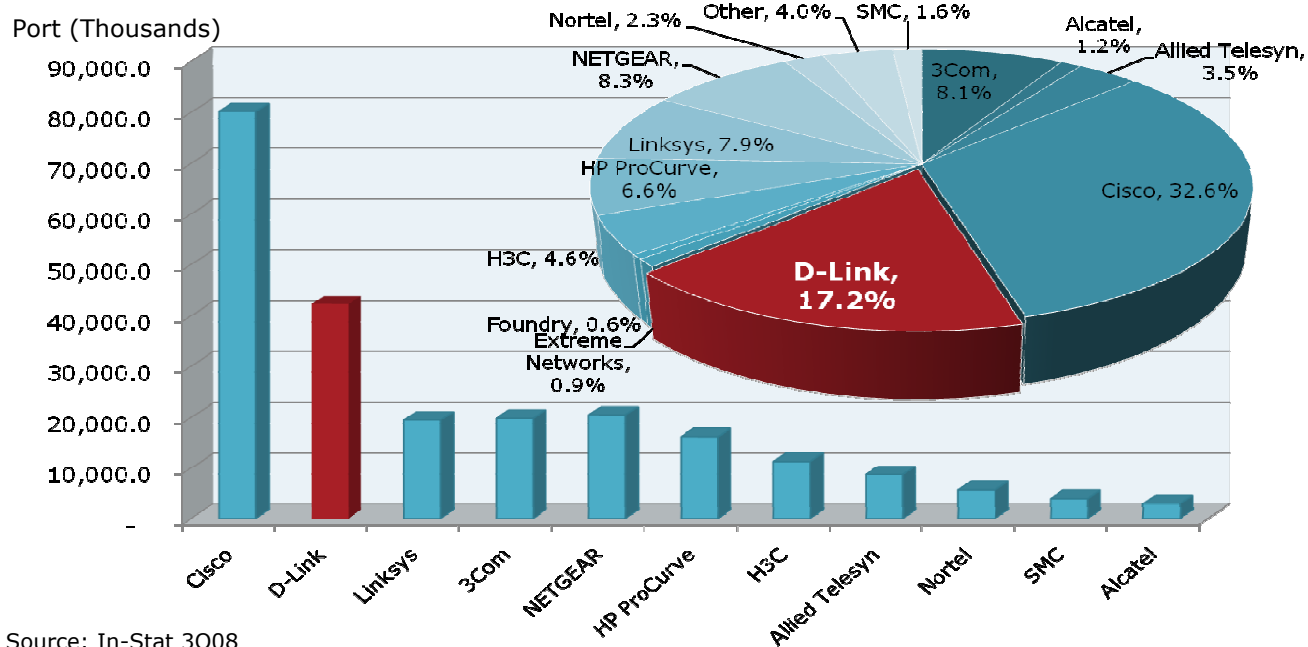
**08 revenue YoY comparison:**

- Switch up 9.0%
- WLAN up 2.9%
- Broadband down 15.5%
- Digital Home down 4.1%



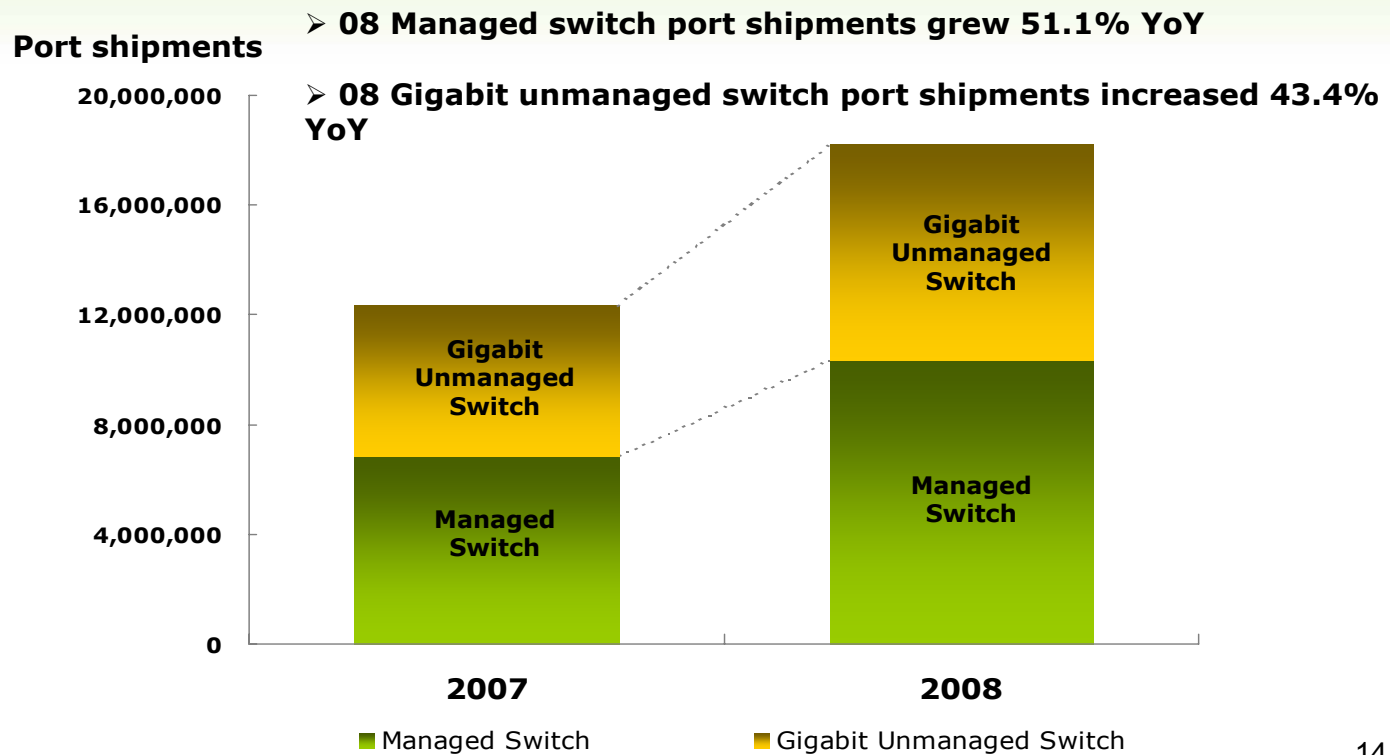
## 3Q08 WW Switch Marketshares -in port shipments

- D-Link is No.2 in total market share



Source: In-Stat 3Q08

## 2008 Switch Shipment Growth





## 2009 Market Outlooks

### Telcos/ISPs

- More Projects stimulated by Governments
- Accelerating fixed / mobile convergence (FMC)
- Emerging telcos demand for CPEs

### Business

- Enterprise cutting expenditure
- SME relatively stronger
- Stable demands in verticals e.g. health care & education

### Consumer

- Mid-long term weakness in developed countries
- Growth Drivers
  - Affordably priced products
  - Multimedia applications

## 2009 Regional Outlooks

### Emerging Mkts

- Access devices demand remaining strong
- Broadband & WiFi prevailing
- FMC to take off in China

### Europe

- Expanding in SME/Verticals channels
- Growing service operators business

### North America

- SME continuing to grow via share shift
- Channel re-structuring to supplement retail

## 2009 Guidance

- **Yearly revenue to drop YoY**
- **Margin erosion to level off in 1Q09**
- **Profit to rebound in 2H09**

## **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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