



D-Link Announced 1Q/2004 Results

Taipei, Taiwan, April 29, 2004 D-Link Corporation ("D-Link" or "the Company") (TAIEX2332) announced its audited FY2003 financials: revenue was NT\$ 25bln, up 24% from Year 2002, gross profit was NT\$ 7.8bln, up 48% from previous year, after-tax income was NT\$ 1,374mln, and EPS was NT\$ 2.75, up 63% from last year.

For 1Q/2004, D-Link reported NT\$ 7,814mln in sales, representing 11% sequential growth. Compared to the 1st quarter of 2003, the Company was able to report 38% growth.

Thanks to the strong sales in Switch and Broadband products, D-Link was able to beat its original guidance of low single digit sequential revenue growth in the 1Q by growing 11%. While most data networking players face the component price hike in 1st quarter, D-Link, as a system company, improved its gross margin by 21%. The operating margin was 8.5% in 1Q, also better than our Year 2004's goal of 8%.

Alpha Networks, D-Link's original ODM business division is under the IPO preparation. Per local regulations, D-Link should dilute Alpha's holdings down to 70% prior to listing. To date, D-Link sold around 25% of Alpha's outstanding in 1Q04, including 20% to Quanta Group. D-Link recognized NT\$ 753mln of capital gain from disposal of Alpha's shares during the reported period, which raised EPS by NT\$ 1.48.

The profit before tax was NT\$ 1,382mln. Since some tax credit can only be absorbed by D-Link, and most of them will expire in FY2004, D-Link took advantage of such benefit in 1st quarter, by applying an effective tax rate of 6.9% of pretax profit. The management further assumes the tax policy for the full year will be approximately 10% of pretax earnings.

For 1Q/04, the Company reported NT\$ 1,243mln of after-tax profit, or NT\$ 2.45 of EPS, up 239% sequentially. NT\$ 1.3 was from its core business operations.

D-Link's balance sheet remained sound as of March 2003. Cash cycle shortened to 59 days from 2003's year-end of 64 days due to faster turnover of inventory and longer payment term over its suppliers. As most long-term debt will due in next 12 months, the debt level will gradually trend down over the year. The adjusted D/E ratio was improved to 61%, at the lowest level in the past two years.

By product categories, Wireless LAN ranked No.1, accounting for 34% of Q1/04 revenue, followed by Switch 25% and Broadband CPE 23%. By geographic regions, North America was 37% in 1Q, Europe was 23%, and Asia Pacific and emerging market was 40%.

In the reported period, D-Link's products continued to win numerous awards, not limited to only Wireless LAN products, but also high-end switches, beating Nortel, 3Com...etc. Lots of activities happened along with the market revival, other than the broadband projects won in Europe, D-Link also seek alliance opportunities with major players, such as Foundry Networks in India.

Going forward, we expect the strong demand will continue for Wireless LAN, Broadband and Gigabit Switch. As the major data-networking player, D-link will have several new products releases in 2Q, such as Digital Home, Network security, IP Camera, VOIP, Bluetooth and Switches. 2Q sales looks to revert seasonal down-trend to at least matching 1Q performance, and high regional growth is expected from Asia Pacific and all emerging markets. Gross margin will maintain in the range of 31-33%, and operating margin is expected to be at 8-9% for 2Q.



Mr. A.P. Chen
Chief Financial Officer & Spokesperson

For further information, please contact
Email: ir@dlink.com.tw

Ms. Yvonne Yan
Senior Director of Investor Relations

Ms. Janet Lai
Manager of Investor Relations

Ms. Tracy Wang
Investor Relations

or visit the website at
<http://www.dlink.com.tw/ir>