



D-Link Announced 4Q/02 Results

Taipei, Taiwan, February 10, 2003
D-Link Corporation (“D-Link” or “the Company”) (TAIEX2332) announced its un-audited financial results for the 4Q/02. 4Q net sales reached NT\$ 4,669M, representing a 12% sequential growth. Pretax income was NTD 269M, remarkably up from NTD 92M in 3Q/02. Bottom line it reported an after-tax profit of NTD 245M, or an EPS of 0.48 on diluted share base.

For FY 2002, D-Link ended the year with net sales of NTD 16,408M, 11% up from FY2001. Net profit was NTD 869M, or NTD 1.70 per share.

The Company improved significantly on the cost level in 4Q/02, with gross margin of 19%, compared with 16.5% in 3Q/02, mainly due to the decrease in “unrealized intercompany gross profit adjustment”, as the inventory levels in overseas sales offices’ books reduced drastically in 4Q, mainly due to the high sales turnover in this strong quarter. However, due to seasonal peak of selling/marketing expense in 4Q, the operating

expenses increased to 15% of net sales, compared to 10% in 3Q/02, but flat YoY. Since US and Europe sales improved significantly, D-Link saw its investment loss shrink 77% to NTD 27M from NTD 117M in 3Q/02. Coupled with a successful F/X hedging strategy, net profit showed 260% growth QoQ, or 24% YoY.

The company also provided an unaudited consolidated financial, with 4Q/02 net sales of NTD 6,935M, and pretax profits of NTD 260M. FY 2002 consolidated sales was NTD 22,641M, with gross profit of NTD 6,460M, subject to CPA auditing due to be released 04/30/2003.

By product categories in 4Q, 25% were Switches, Wireless LAN was 25%, Broadband CPE accounted for 18%, and Digital Home was 13%. WLAN marked the most aggressive growth of 55% sequentially, due to X’mas season and the launch of *AirPlus* 802.11b+ products worldwide.



By geographic regions, North America was 36% in 4Q, followed by Asia 34% and Europe 25%. Sales to Europe, in particular, grew 65% sequentially or 32% YoY, thanks to the hot sales of *AirPlus* series. US also achieved 27% YoY growth, contributed by strong sales of all products.

In the past quarter, D-Link continued launching new products, including the 54Mbps 802.11g draft-compliant wireless networking *AirPlus Xtreme G*, and *i2eye* (DVC-1000), a videoconferencing kit that drew lots of attentions during the CES. Moreover, numerous D-Link products, such as *AirPlus Series*, *DBT-120*, *DCS-1000W*, and *DSL-810*, were recommended as top picks for holiday gifts by media. *IAD* (Integrated Access Device) and *VoDSL* are also the main products serving Japanese OEM/ODM clients.

The company's balance sheet remained sound as of 12/31/2002. *A/R* days and *A/P* days both improved during the 4Q; inventory increased by 36% sequentially in absolute terms, yet inventory days remained healthily at 32 days. At the consolidated book, cash cycle

remained flat in 4Q, and debt ratio/adjusted debt ratio improved due to repayment of S-T borrowings.

Going forward, the Management expects sales in 1Q/03 to slightly decline by 5% sequentially, considering fewer working days (due to Chinese New Year) and high comparable base in 4Q. *ADSL* and *VoIP* will be the key drivers. Other than developing new products, the Company has all eyes on improving operating profits, to deliver better *EPS* and *ROE* in 2003.

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