

D-Link®

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**Investor
Conference**

August, 2002



友訊科技

Safe Harbor Statement

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.

➤ **Presentation of
1H/2002 Audited
Financial Results**

Yvonne Yan

➤ **D-Link's Strategy &
Industry Updates**

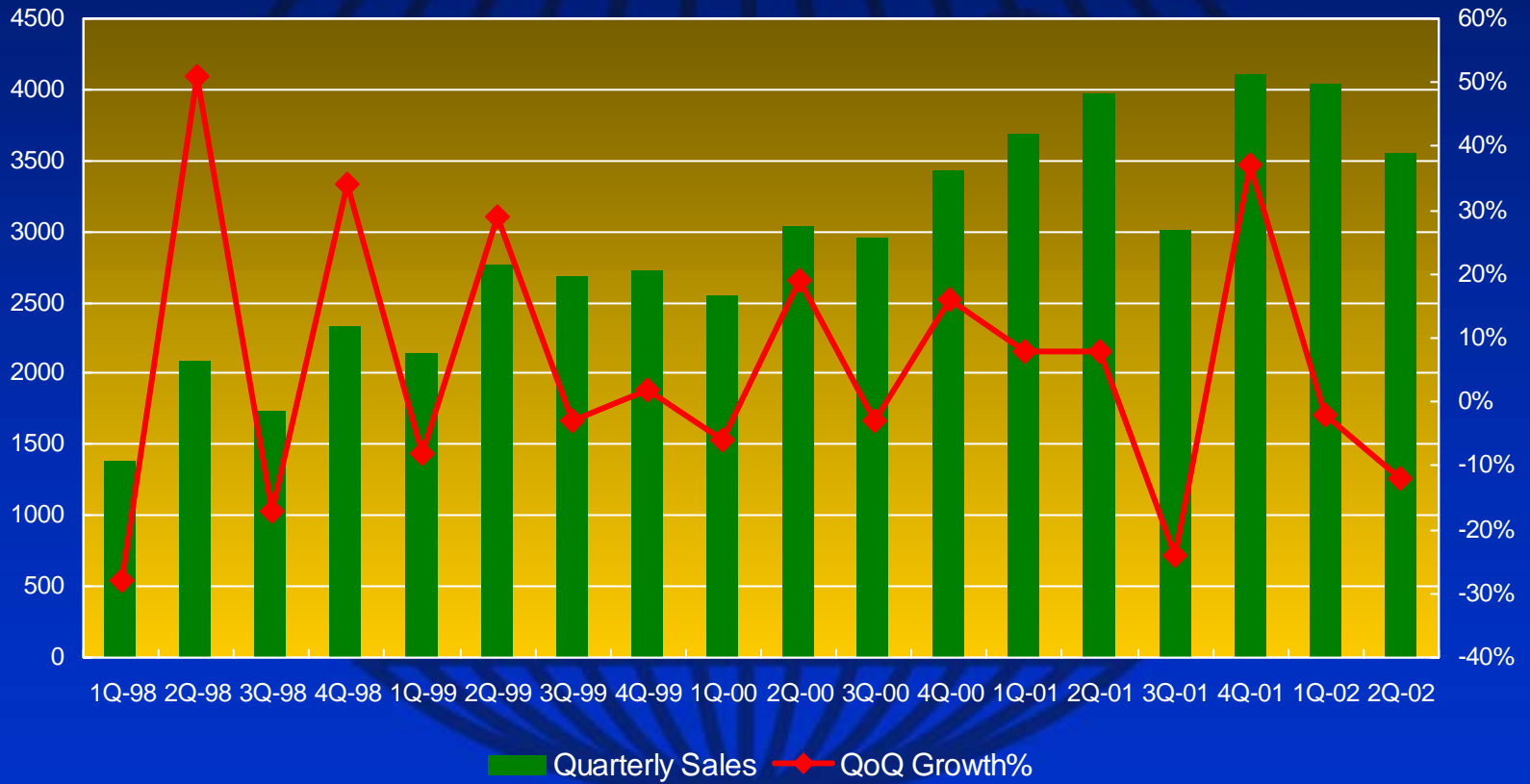
A.P. Chen

➤ **Q&A**

※ D-Link Corp.'s 1H/02 and 2Q/02 results are based on audited financial statements, and 1Q/02 numbers are reviewed by CPAs.
All consolidated financials are based on unaudited internal statements.

Quarterly Revenue Trend

Amount: NT\$ Million



1H/02 Income Statement

Amount: NT\$ million	1H/2002 Actual	As % of Sales
Net Sales	7,582	100%
Cost of Goods Sold	6,222	82%
Gross Margin	1,360	18%
Operating Expenses	839	11%
Operating Income	521	7%
Total Non-Op. Inc. (Loss)	83	1%
Investment Income (Loss)	(19)	0%
Income Before Tax	604	8%
Income Tax Credit (Expense)	(48)	(1)%
Net Income	556	7%
Earnings Per Share (NT\$)	1.08 [*]	

* EPS has adjusted for current capital of 516.3 million shares

1H/02 YoY Comparison

Amount: NT\$ million

	1H/02 Actual		1H/01 Actual		YoY % Change
Net Sales	7,582	100%	7,626	100%	(1)%
Cost of Goods Sold	6,222	82%	6,346	83%	(2)%
Gross Margin	1,360	18%	1,280	17%	6%
Operating Expenses	839	11%	769	10%	9%
Operating Income	521	7%	511	7%	2%
Total Non-Op. Inc. (Loss)	83	1%	155	2%	(46)%
Investment Income (Loss)	(19)	0%	108	1%	(117)%
Income Before Tax	604	8%	666	9%	(9)%
Income Tax Credit (Expense)	(48)	(1)%	(42)	-	-
Net Income	556	7%	624	8%	(11)%
Earnings Per Share (NT\$)	1.08 [⊛]		1.25 [⊛]		

⊛ EPS has adjusted for current capital of 516.3 million shares

2Q/02 QoQ Comparison

Amount: NT\$ million

	2Q02		1Q02		QoQ %
	Actual		Actual		Change
Net Sales	3,547	100%	4,035	100%	(12)%
Cost of Goods Sold	2,892	83%	3,329	83%	(12)%
Gross Margin	655	17%	706	17%	(7)%
Operating Expenses	395	10%	444	11%	(11)%
Operating Income	260	7%	261	6%	(1)%
Total Non-Op. Inc. (Loss)	(70)	(2)%	152	4%	(145)%
Investment Income (Loss)	(173)	(5)%	154	4%	(212)%
Income Before Tax	190	5%	414	10%	(54)%
Income Tax Credit (Expense)	(24)	-	(24)	-	-
Net Income	166	5%	390	10%	(57)%
Earnings Per Share (NT\$)	0.32 [⊛]		0.76 [⊛]		

⊛ EPS has adjusted for current capital of 516.3 million shares

1H/02 Consolidated Income Statement

Amount: NT\$ million

	1H02 Actual	As % of Sales
Net Sales	10,022	100%
Cost of Goods Sold	7,234	72%
Gross Margin	2,788	28%
Operating Expenses	2,506	25%
Operating Income	282	3%
Total Non-Op. Inc. (Loss)	329	3%
Investment Income (Loss)	236	2%
Income Before Tax	611	6%
Income Tax Credit (Expense)	(62)	-
Net Income	549	6%
Minority Interest	7	-
Consolidated Income	556	6%
Earnings Per Share (NT\$)	1.08 [*]	

* EPS has adjusted for current capital of 516.3 million shares

1H02 YoY Consolidated Income Statement Comparison

Amount: NT\$ million

	1H02 Actual		1H01 Actual		YoY % Change
Net Sales	10,022	100%	8,637	100%	16%
Cost of Goods Sold	7,234	72%	6,298	73%	15%
Gross Margin	2,788	28%	2,339	27%	19%
Operating Expenses	2,506	25%	1,960	23%	28%
Operating Income	282	3%	379	4%	(26)%
Total Non-Op. Inc. (Loss)	329	3%	328	4%	0%
Investment Income (Loss)	236	2%	327	4%	(28)%
Income Before Tax	611	6%	707	8%	(14)%
Income Tax Credit (Expense)	(62)	-	(80)	(1)	(22)%
Net Income	549	6%	627	7%	(12)%
Minority	7	-	(3)	-	-
Consolidate Income	556	6%	624	7%	(11)%
Earnings Per Share (NT\$)	1.08 [*]		1.25 [*]		

* EPS has adjusted for current capital of 516.3 million shares

1H/02 Balance Sheet and Cash Flow YoY Comparison

Amount: NT\$ million

	06/30/02 Actual		06/30/01 Actual		YoY % Change
Account Receivable	3,270	20%	4,225	29%	(23)%

1H/02 Balance Sheet and Cash Flow YoY Comparison

Amount: NT\$ million

	06/30/02 Actual		06/30/01 Actual		YoY % Change
Inventory	910	6%	1,549	10%	(41)%

2Q/02 Balance Sheet and Cash Flow QoQ Comparison

Amount: NT\$ million

	06/30/02 Actual		03/31/02 Actual		QoQ % Change
Account Receivable	3,270	20%	4,735	29%	(31)%

Key Financial Ratios – Liquidity/Leverage

Unit: %, days

	12/31/00	12/31/01	3/31/02	6/30/02
Days A/R	81	91	100*	89*
Days Inventory	66	45	32*	32*
Days A/P	56	67	63*	65*
Cash Cycle	91	69	69	56
Current Ratio	2.42	2.92	3.54	3.32
Debt/Equity Ratio	0.51	0.75	0.63	0.67
Adjusted Debt/ Equity Ratio	0.28	0.49	0.48	0.48

*Annualized

Key Financial Ratios – Profitability (%)

Unit: %

	12/31/00	12/31/01	3/31/02	6/30/02
Net Income/Sales	6.94	6.45	9.67	7.33
Net Income/Total Assets	6.48	5.90	9.40 [*]	6.76 [*]
Net Income/Total Net Worth	9.77	10.29	15.35 [*]	11.3 [*]
Operating Profit/Sales	3.92	6.18	6.49	6.87
Return on Equity	11	10	14 ^{**}	11 ^{**}
EPS (NT\$)	2.26	2.15	0.76 [⊛]	1.08 [⊛]

*Annualized

**Annualized and adjusted for stock dividend issuance

⊛ EPS has adjusted for current capital of 516.3 million shares

1H/02 Consolidated Balance Sheet

	06/30/02		12/31/01		12/31/00	
Amount: NT\$ million	Actual		Actual		Actual	
Cash	2,549	13%	3,167	18%	2,501	17%
Account Receivable	4,024	20%	2,979	17%	3,040	20%
Inventory	2,461	12%	2,994	17%	3,233	22%
Long-term Investments	2,883	15%	3,136	18%	2,457	17%
Fixed Assets (net)	2,630	13%	2,792	16%	2,857	19%
Total Assets	19,783	100%	17,660	100%	14,873	100%
Accounts Payable	2,570	13%	2,730	15%	2,102	14%
Current Liabilities	6,447	33%	4,863	28%	5,188	35%
Long-term Liabilities	2,945	15%	2,984	17%	962	6%
Common Stock	5,163	26%	4,459	25%	3,788	25%
Stockholders' Equity	9,828	50%	9,279	53%	8,507	57%

Consolidated Key Financial Ratios – Liquidity/Leverage

Unit: % , days

	2000	2001	3/31/02	6/30/02
Days A/R	66	63	62*	64*
Days Inventory	111	88	66*	69*
Days A/P	64	69	61*	67*
Cash Cycle	113	82	67	66
Current Ratio	1.80	2.30	2.59	2.12
Debt/Equity Ratio	0.75	0.90	0.81	1.01
Adjusted Debt/Equity Ratio	0.45	0.56	0.58	0.75

*Annualized

Consolidated Key Financial Ratios – Profitability (%)

Unit: %

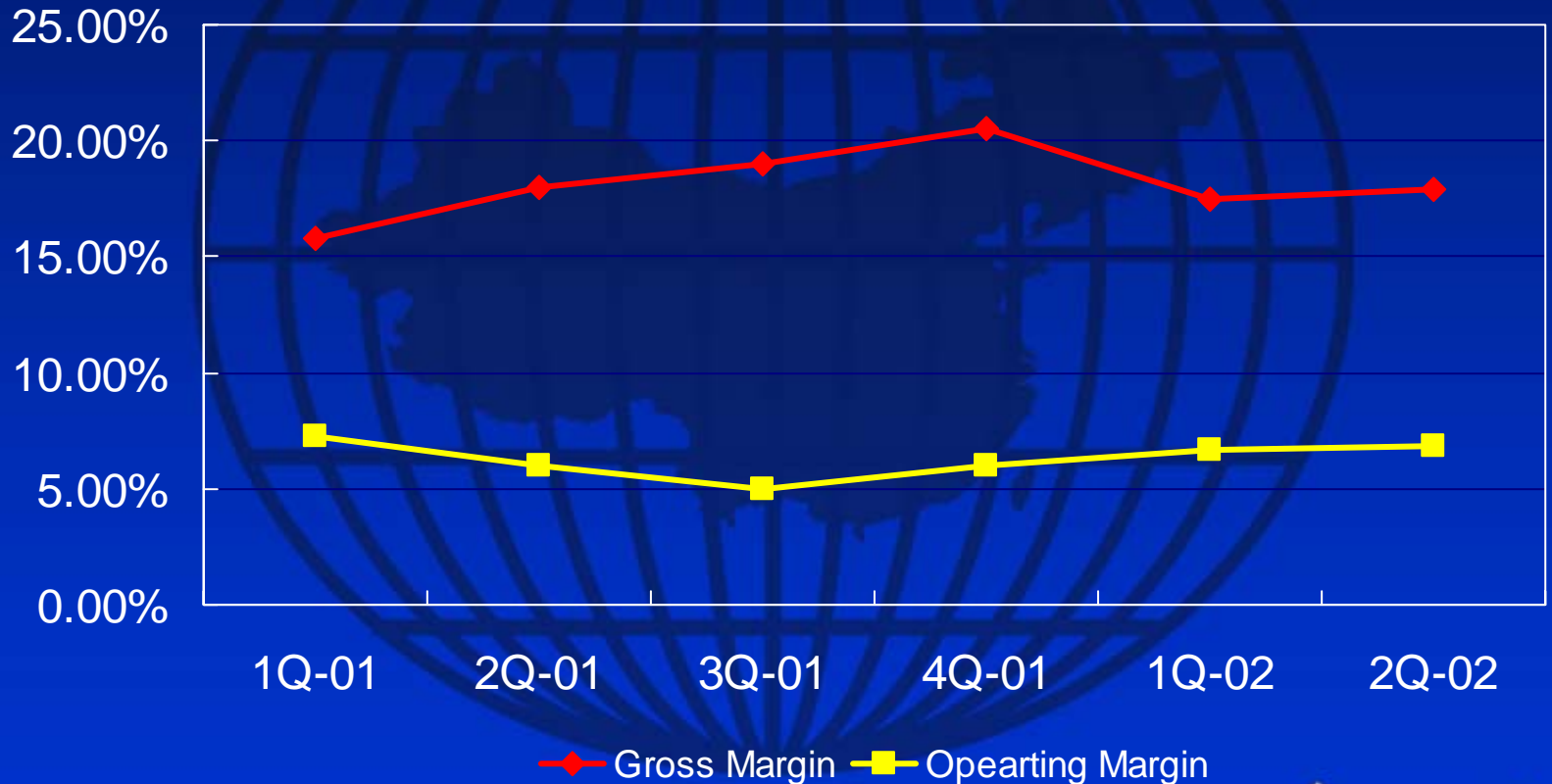
	2000	2001	3/31/02	6/30/02
Net Income/Sales	5.97	5.42	7.47	5.55
Net Income/Total Assets	5.59	5.41	8.49*	5.62*
Net Income/Total Net Worth	9.77	10.29	15.35*	11.3*
Operating Profit/Sales	2.92	2.94	3.06	2.81
Return on Equity	11	10	14**	11**
EPS (NT\$)	2.26	2.15	0.76 [⊛]	1.08 [⊛]

*Annualized

**Annualized and adjusted for stock dividend issuance

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Gross vs. Operating Margin --Quarterly



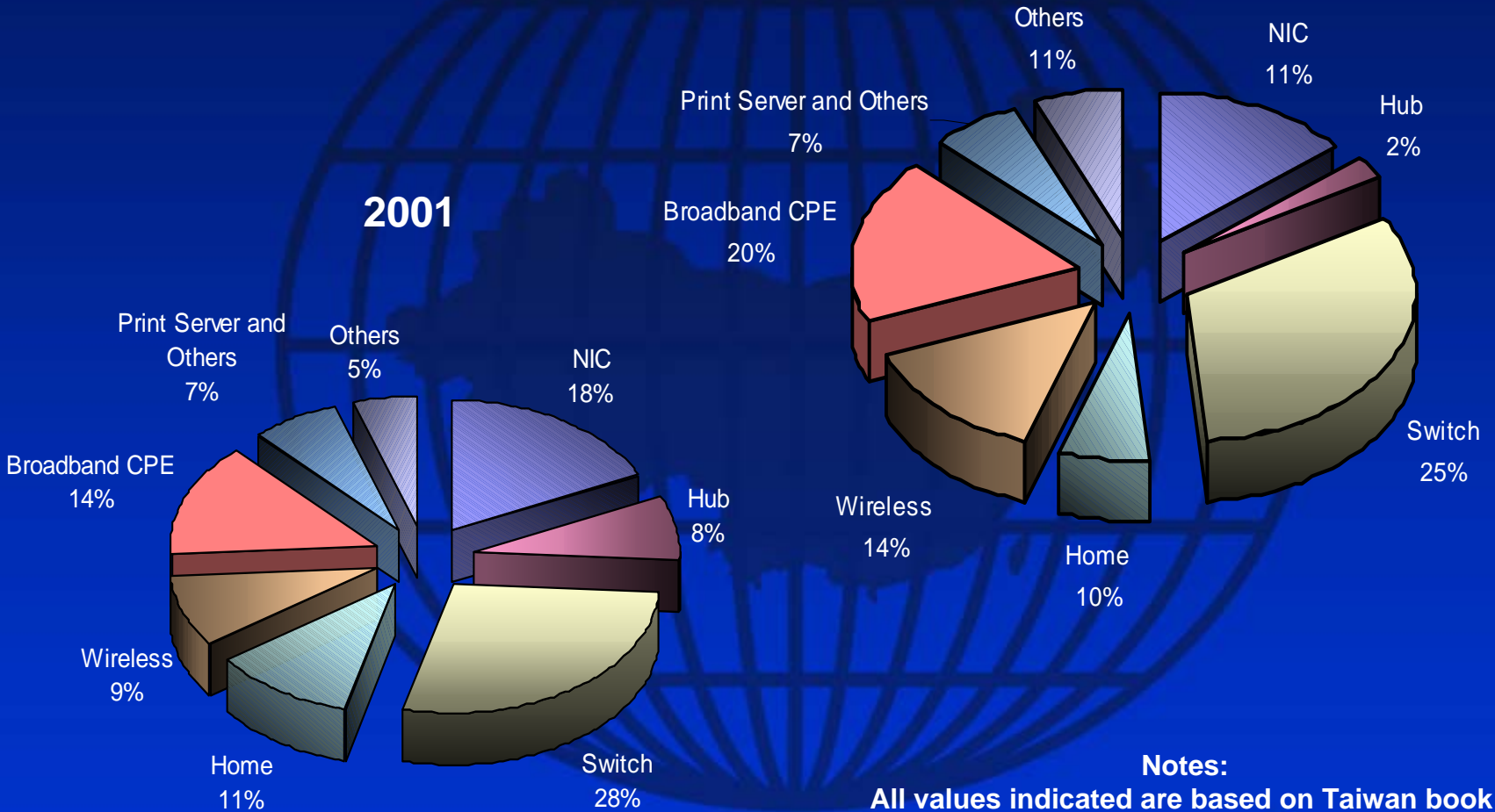
Days Inventory vs. Days A/R --Quarterly



Revenue by Products

1H2002

2001

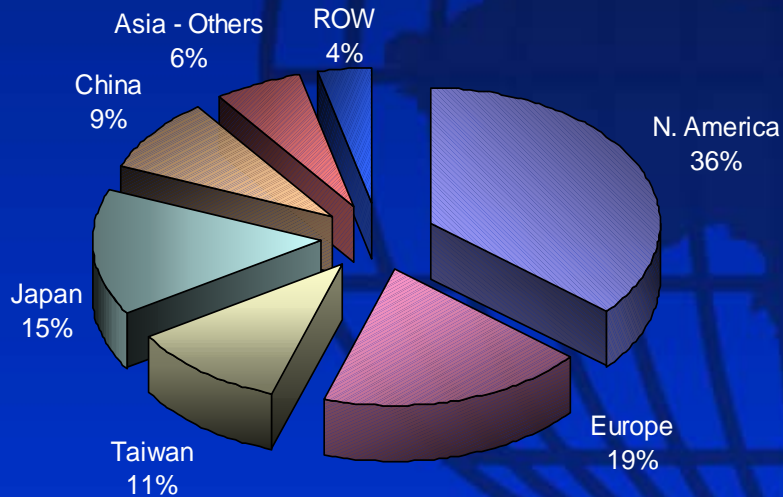


Notes:

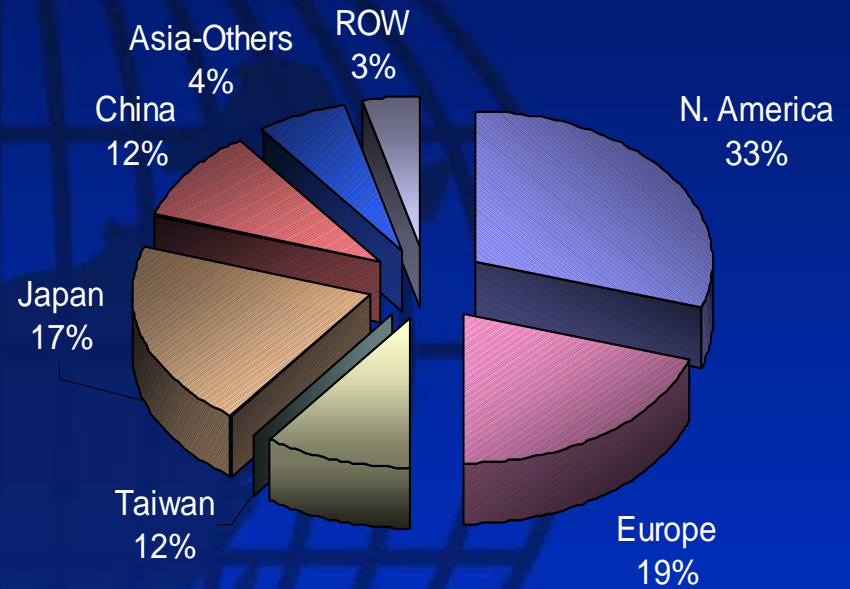
All values indicated are based on Taiwan book

Revenue by Geography

2001



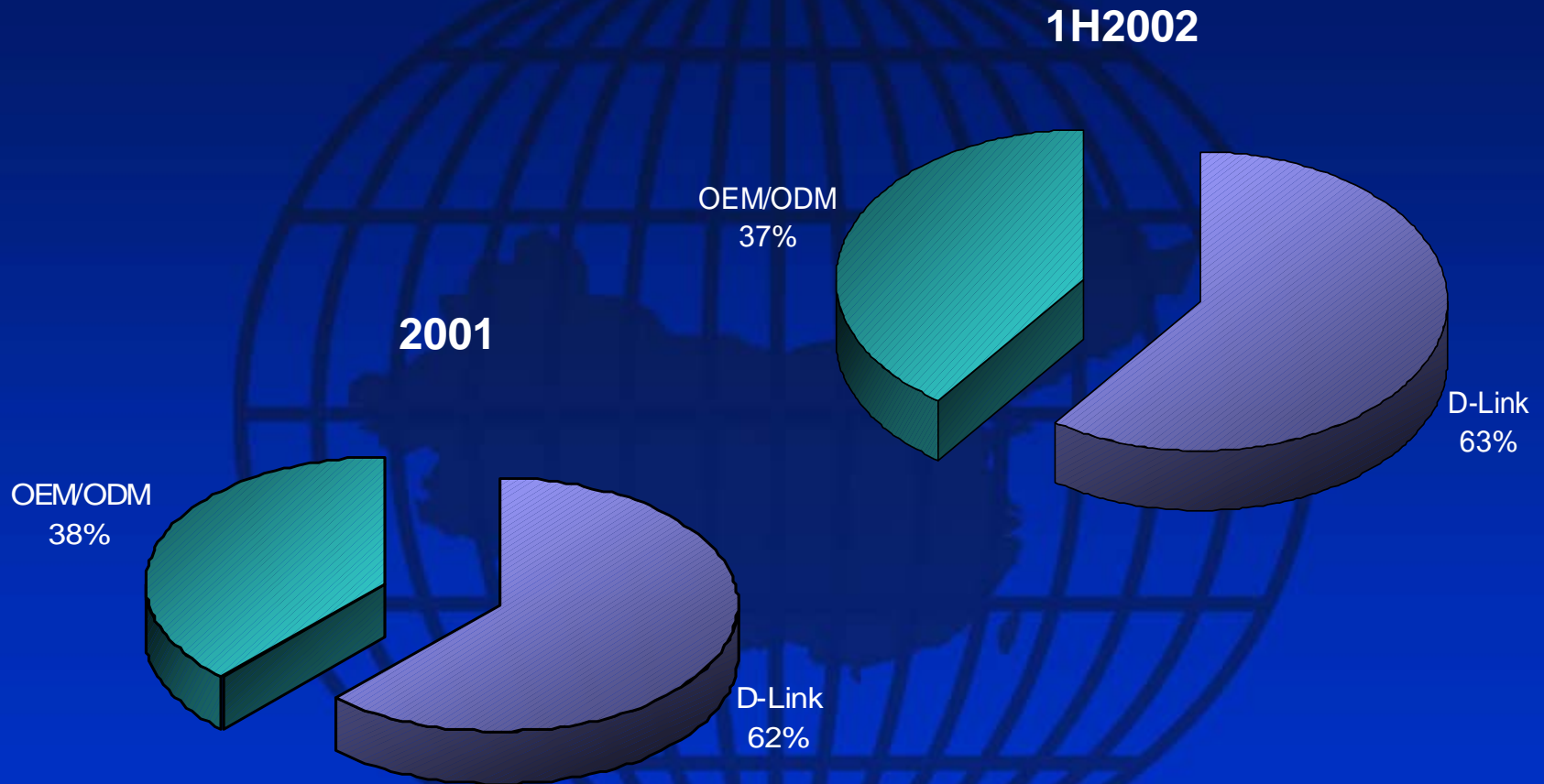
1H2002



Notes:

Taiwan sales included components + OEM, IPO sales

“D-Link” vs. OEM/ODM



Notes:

All values indicated are based on Taiwan book

D-Link's Strategy and Industry Updates



- Project wins for SI channels in US, Taiwan, China, Russia, Middle East, India, South America, for chassis based and L3 switches beating 3Com and others.
- D-Link AirPlus WLAN products and Home Gateway routers won numerous awards and recognition in US, with increased penetration in top retail channels including Best Buy .
- D-Link recognized as top 3 most favored networking equipment provider in China in an IT manager survey done by IT Purchasing Media.
- Successful deployment of ADSL and WLAN products in Australia.

➤ China in spotlight

- Establishment of D-Link China(友訊網絡)with 6 sales offices in Shenyang, Beijing, Jinan, Shanghai, Chendu, and Quanzou and 3 additional new offices to be opened by end of August.
- Signed 4 nationwide, 60 regional distributorships and over 200 resellers. To develop 800 dealerships by year end.
- China to host 200 and more sales including a task force aimed at service providers and SI customers.
- Major contract wins for metro Ethernet projects in China with top tier service providers beating Cisco and others.
- 150 R&D engineers by YE 2002.

- A flatter than expected 2Q for most data networking players.
- China finished channel restructuring and sales resumed, marking a 104% sequential increase in 2Q, or 84% YoY.
- Traditional weak quarter and pushed out orders had lowered the 2Q sales to Japan.
- No explicit enterprise demand, but WLAN has become a hit in US home and SOHO markets, up 54% sequentially or 100% YoY.

- US - consumer spending continues, hot sale of WLAN and Home Gateway products.
- Europe - slow, due to the summer recess.
- Japan - benefiting from continued outsourcing from ODM partners, solid demand in broadband CPE.
- China - presenting the best visibility for LAN products, both from enterprise and service providers. The “home market” strategy with a complete high-end switching product offering remains in-tact.

- In this traditional low summer season, we expect
 - Flat to low single digit QoQ growth in revenue, or over 10% YoY growth.
 - Cautious on bottom line.
- New product offerings due this quarter:
 - Dual Band solutions for WLAN(802.11a+b)
 - Giga server card
 - L2 unmanaged GigE switch
 - L2/L3 GigE stackable managed switch
 - L2/L3 chassis switch
 - VPN/firewall products for LAN enhancement
 - Wireless ADSL routers
 - VoIP Gateways & IAD

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Q & A

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<http://www.dlink.com.tw/ir>*

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Thank You!



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