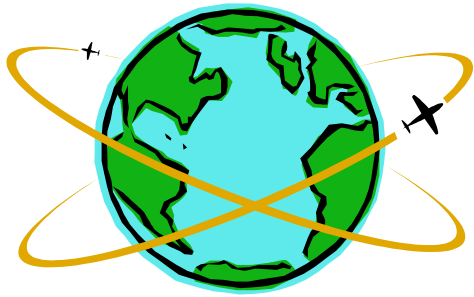


# D-Link<sup>®</sup>



## Investor Conference

August 19, 2003



## 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.**

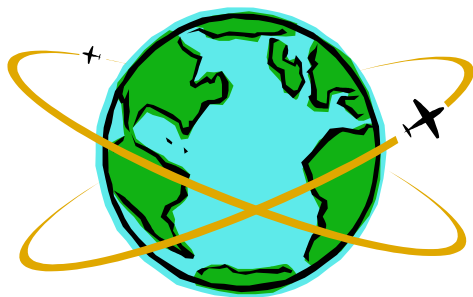
- **1Q/03 Financial Highlights** Yvonne Yan
- **D-Link's Business Updates** A.P. Chen
- **Alpha Network's Business Updates** Wonder Wang
- **Q&A**

※ 1H/03 parent numbers have been audited by CPA.

1H03 consolidated statements are prepared by company.

All numbers shown are parent unless specified as consolidated.

# 1H/03 Financial Highlights



**Presented by Yvonne Yan**



# 1H/03 Income Statement

Amount: NT\$ million	1H/03 Actual	As % of Sales
Net Sales	8,778	100%
Cost of Goods Sold	6,914	79%
Gross Profit	1,864	21%
Operating Profit	1,058	12%
Operating Income	806	9%
Total Non-Op. Inc. (Loss)	(72)	(1)%
Investment Income (Loss)	(133)	(1)%
Income Before Tax	734	8%
Income Tax Credit (Expense)	(25)	-
Net Income	709	8%
Earnings Per Share (NT\$)	1.42	



# 1H/03 YoY Income Statement Comparison

Amount: NT\$ million	1H/03 Actual		1H/02 Actual		YoY % Change
Net Sales	8,778	100%	7,582	100%	16%
Cost of Goods Sold	6,914	79%	6,222	82%	11%
Gross Profit	1,864	21%	1,360	18%	37%
Operating Expenses	1,058	12%	839	11%	26%
Operating Income	806	9%	521	7%	55%
Total Non-Op. Inc. (Loss)	(72)	(1)%	83	1%	(187)%
Investment Income (Loss)	(133)	(1)%	(19)	-	495%
Income Before Tax	734	8%	604	8%	22%
Income Tax Credit (Expense)	(25)	-	(48)	(1)%	-
Net Income	709	8%	556	7%	28%
Earnings Per Share (NT\$)	1.42		1.08 <sup>*</sup>		

\*calculated by 1H/02 balance of 516.3 mln shares.



# 2Q/03 YoY Income Statement Comparison

Amount: NT\$ million	2Q/03		2Q/02		YoY %
	Actual		Actual		Change
Net Sales	4,454	100%	3,547	100%	26%
Cost of Goods Sold	3,513	79%	2,892	82%	21%
Gross Profit	941	21%	6,55	18%	44%
Operating Expenses	579	13%	395	11%	47%
Operating Income	362	8%	260	7%	39%
Total Non-Op. Inc. (Loss)	(71)	(1)%	(70)	(2)%	1%
Investment Income (Loss)	(76)	(1)%	(171)	(5)%	(55)%
Income Before Tax	291	7%	190	5%	53%
Income Tax Credit (Expense)	19	-	(24)	-	(179)%
Net Income	310	7%	166	5%	87%
Earnings Per Share (NT\$)	0.62		0.32*		

\*calculated by 1H/02 balance of 516.3 mln shares.



# 2Q/03 QoQ Income Statement Comparison

Amount: NT\$ million	2Q/03		1Q/03		QoQ %
	Actual		Actual		Change
Net Sales	4,454	100%	4,324	100%	3%
Cost of Goods Sold	3,513	79%	3,401	79%	3%
Gross Profit	941	21%	923	21%	2%
Operating Expenses	579	13%	478	11%	21%
Operating Income	362	8%	445	10%	(19)%
Total Non-Op. Inc. (Loss)	(71)	(1)%	(2)	-	-
Investment Income (Loss)	(76)	(1)%	(57)	(1)%	33%
Income Before Tax	291	7%	443	10%	(34)%
Income Tax Credit (Expense)	19	-	(44)	(1)%	
Net Income	310	7%	399	9%	(22)%
Earnings Per Share (NT\$)	0.62		0.80		





# Long-term Investment Income (loss) Breakdown

Amount: NT\$ million

	<b>2Q/03</b>	<b>1Q/03</b>	<b>4Q/02</b>	<b>3Q/02</b>	<b>2Q/02</b>	<b>1Q/02</b>
Long-term Investment Income						
OBU	<b>(75.5)</b>	<b>(98.7)</b>	<b>49.2</b>	<b>(177.7)</b>	<b>(191.8)</b>	<b>(93.9)</b>
Sub./Aff.	<b><u>(0.2)</u></b>	<b><u>41.3</u></b>	<b><u>(101.5)</u></b>	<b><u>60.8</u></b>	<b><u>20.4</u></b>	<b><u>246.7</u></b>
Subtotal	<b>(75.7)</b>	<b>(57.4)</b>	<b>(52.2)</b>	<b>(116.9)</b>	<b>(171.4)</b>	<b>152.8</b>



## Non-Operating Income/Loss Breakdown

Amount: NT\$ million	2Q/03	1Q/03	4Q/02	3Q/02	2Q/02	1Q/02
Long-term Investment Income (Loss)	(75.8)	(57.4)	(52.2)	(116.9)	(171.4)	152.8
Foreign Exchanges Gain (Loss)	88.4	77.3	103.5	(14.3)	98.3	-
Financial Income (Expenses), net	(25.2)	(21.8)	(24.7)	(22.3)	(20.3)	(9.3)
Disposal Gain	11.2	6.5	52.7	17.4	1.1	5.9
Inventory	(74.7)	(29.0)	(41.2)	(38.8)		
Obsolescence and Devaluation					(18.0)	(18.0)
Other Non-Op. Income (Loss)	<u>4.9</u>	<u>23.1</u>	<u>15.4</u>	<u>2.9</u>	<u>46.2</u>	<u>21.1</u>
Total Non-Op.	(71.2)	(1.3)	53.4	(172.0)	(70.1)	152.5



# 06/30/03 Balance Sheet and Cash Flow YoY Comparison

Amount: NT\$ million	06/30/03		06/30/02		YoY %
	Actual		Actual		Change
Cash	1,929	10%	1,858	11%	4%
S-T Investment	3,454	19%	3,411	21%	1%
Account Receivable	4,375	24%	3,270	20%	34%
Inventory	1,292	7%	910	6%	42%
Long-term Investments	4,081	22%	4,312	26%	(5)%
Total Assets	18,465	100%	16,446	100%	12%
Accounts Payable	3,189	17%	1,857	11%	70%
Current Liabilities	6,836	37%	3,313	20%	107%
Long-term Liabilities	1,978	11%	2,945	18%	(33)%
Common Stock	4,999	27%	5,163	31%	(3)%
Stockholder's Equity	9,477	51%	9,828	60%	(4)%
Depreciation	146		136		
Capital Expenditure	74		180		



# 06/30/03 Balance Sheet and Cash Flow QoQ Comparison

Amount: NT\$ million	06/30/03		03/31/03		QoQ %
	Actual		Actual		Change
Cash	1,929	10%	1,372	8%	41%
S-T Investment	3,454	19%	2,811	17%	23%
Accounts Receivable	4,375	24%	4,619	28%	(5)%
Inventory	1,292	7%	1,093	7%	18%
Long-term Investments	4,081	22%	4,051	24%	1%
Total Assets	18,465	100%	16,566	100%	12%
Account Payable	3,189	17%	2,037	12%	55%
Current Liabilities	6,836	37%	3,687	22%	86%
Long-term Liabilities	1,978	11%	2,815	17%	(30)%
Common Stock	4,999	27%	4,903	30%	2%
Stockholder's Equity	9,477	51%	9,906	60%	(4)%
Depreciation	146		72		
Capital Expenditure	74		47		



## Key Financial Ratios – Liquidity/Leverage

Unit: %, days

	<b>FY2000</b>	<b>FY2001</b>	<b>FY2002</b>	<b>03/31/03</b>	<b>06/30/03</b>
Days A/R	<b>81</b>	<b>91</b>	<b>97</b>	<b>96*</b>	<b>84*</b>
Days Inventory	<b>66</b>	<b>45</b>	<b>32</b>	<b>29*</b>	<b>31*</b>
Days A/P	<b>56</b>	<b>67</b>	<b>71</b>	<b>63*</b>	<b>77*</b>
Cash Cycle	<b>91</b>	<b>69</b>	<b>58</b>	<b>62</b>	<b>39</b>
Current Ratio	<b>2.42</b>	<b>2.92</b>	<b>2.64</b>	<b>2.73</b>	<b>1.79</b>
Debt/Equity Ratio	<b>0.51</b>	<b>0.75</b>	<b>0.72</b>	<b>0.67</b>	<b>0.95</b>
Adjusted Debt/Equity Ratio	<b>0.28**</b>	<b>0.49**</b>	<b>0.28**</b>	<b>0.25**</b>	<b>0.38**</b>

\*Annualized

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



## Key Financial Ratios – Profitability (%)

Unit: %	FY2000	FY2001	FY2002	03/31/03	06/30/03
Net Income/Sales	6.94	6.45	5.35	9.23	8.10
Net Income/Total Assets	6.48	5.90	5.24	9.63*	7.67*
Operating Profit/Sales	3.92	6.18	6.13	10.29	9.20
Return on Equity	11	10	9	16*	15*
EPS (NT\$)	2.26	2.15	1.69	0.81	1.42

\*Annualized

# **D-Link<sup>®</sup>** 1H/03 YoY Consolidated Income Statement Comparison

Amount: NT\$ million	1H/03 Actual		1H/02 Actual		YoY % Change
Net Sales	12,765	100%	10,022	100%	27%
Cost of Goods Sold	9,062	71%	7,234	72%	25%
Gross Profit	3,703	29%	2,788	28%	33%
Operating Expenses	2,989	23%	2,506	25%	19%
Operating Income	714	6%	282	3%	153%
Total Non-Op. Inc. (Loss)	51	-	329	3%	(84)%
Investment Income (Loss)	36	-	236	2%	(85)%
Income Before Tax	765	6%	611	6%	25%
Income Tax Credit (Expense)	(57)	-	(62)	-	(8)%
Net Income	708	6%	549	6%	29%
Minority	1	-	7	-	(86)%
Consolidate Income	709	6%	556	6%	28%
Earnings Per Share (NT\$)	1.42		1.08 <sup>*</sup>		32%

\*calculated by 1H/02 balance of 516.3 mln shares.

# D-Link<sup>®</sup> 2Q/03 YoY Consolidated Income Statement Comparison

Amount: NT\$ million	2Q/03 Actual		2Q/02 Actual		YoY % Change
Net Sales	6,807	100%	4,800	100%	42%
Cost of Goods Sold	4,886	72%	3,424	71%	43%
Gross Profit	1,921	28%	1,376	29%	40%
Operating Expenses	1,583	23%	1,254	26%	26%
Operating Income	338	5%	122	3%	177%
Total Non-Op. Inc. (Loss)	(40)	(1)%	70	1%	(157)%
Investment Income (Loss)	17	-	(9)	-	(289)%
Income Before Tax	298	4%	192	4%	55%
Income Tax Credit (Expense)	10	-	(31)	(1)%	(132)%
Net Income	308	5%	161	3%	91%
Minority	2	-	5	-	(60)%
Consolidate Income	310	5%	166	3%	87%
Earnings Per Share (NT\$)	0.62		0.32*		93%

\*calculated by 1H/02 balance of 516.3 mln shares.





# 2Q/03 QoQ Consolidated Income Statement Comparison

Amount: NT\$ million	2Q/03 Actual		1Q/03 Actual		QoQ % Change
Net Sales	6,807	100%	5,958	100%	14%
Cost of Goods Sold	4,886	72%	4,176	70%	17%
Gross Margin	1,921	28%	1,782	30%	8%
Operating Expenses	1,583	23%	1,406	24%	13%
Operating Income	338	5%	376	6%	(10)%
Total Non-Op. Inc. (Loss)	(40)	(1)%	91	2%	(144)%
Investment Income (Loss)	17	-	19	-	(11)%
Income Before Tax	298	4%	467	8%	(36)%
Income Tax Credit (Expense)	10	-	(67)	(1)%	(115)%
Net Income	308	5%	400	7%	(23)%
Minority	2		(1)		
Consolidate Income	310	5%	399	7%	(22)%
Earnings Per Share (NT\$)	0.62		0.80		



# 06/30/2003 Consolidated Balance Sheet YoY Comparison

Amount: NT\$ million	06/30/03		06/30/02		YoY %
	Actual		Actual		Change
Cash	2,723	12%	2,549	13%	7%
S-T Investment	3,797	16%	3,711	19%	2%
Account Receivable	5,206	22%	4,024	20%	29%
Inventory	3,992	17%	2,461	12%	62%
Long-term Investments	2,404	10%	2,883	15%	(17)%
Total Assets	23,143	100%	19,783	100%	17%
Accounts Payable	4,114	18%	2,570	13%	60%
Current Liabilities	11,267	49%	6,447	33%	75%
Long-term Liabilities	1,978	9%	2,945	15%	(33)%
Common Stock	4,999	22%	5,163	26%	(3)%
Stockholders' Equity	9,477	41%	9,828	50%	(4)%



# 06/30/2003 Consolidated Balance Sheet QoQ Comparison

Amount: NT\$ million	06/30/03		03/31/03		QoQ %
	Actual		Actual		Change
Cash	2,723	12%	2,256	12%	21%
S-T Investment	3,797	16%	3,150	16%	21%
Account Receivable	5,206	22%	5,000	26%	4%
Inventory	3,992	17%	3,163	16%	26%
Long-term Investments	2,404	10%	2,376	12%	1%
Total Assets	23,143	100%	19,503	100%	19%
Accounts Payable	4,114	18%	2,385	12%	72%
Current Liabilities	11,267	49%	6,466	33%	74%
Long-term Liabilities	1,978	9%	2,815	14%	(30)%
Common Stock	4,999	22%	4,903	25%	2%
Stockholders' Equity	9,477	41%	9,906	51%	(4)%



# Consolidated Key Financial Ratios – Liquidity/Leverage

Unit: % , days	FY2000	FY2001	FY2002	03/31/03	06/30/03
Days A/R	66	63	61	67*	64*
Days Inventory	111	88	82	69*	77*
Days A/P	64	69	71	46*	73*
Cash Cycle	113	82	71	90	69
Current Ratio	1.80	2.30	2.66	2.25	1.57
Debt/Equity Ratio	0.75	0.90	1.24	0.97	1.44
Adjusted Debt/Equity Ratio	0.45**	0.56**	0.68**	0.42**	0.75**

\*Annualized

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



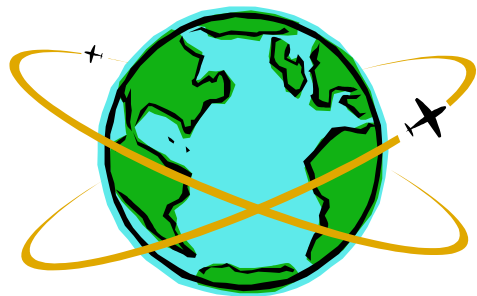
## Consolidated Key Financial Ratios – Profitability (%)

Unit: %	FY2000	FY2001	FY2002	03/31/03	06/30/03
Net Income/Sales	5.97	5.42	4.30	6.70	5.55
Net Income/Total Assets	5.59	5.41	4.61	8.18*	6.13*
Operating Profit/Sales	2.92	2.94	3.21	6.31	5.59
Return on Equity	11	10	9	16*	15*
EPS (NT\$)	2.26	2.15	1.69	0.81	1.42

\*Annualized



# D-Link's Business Updates

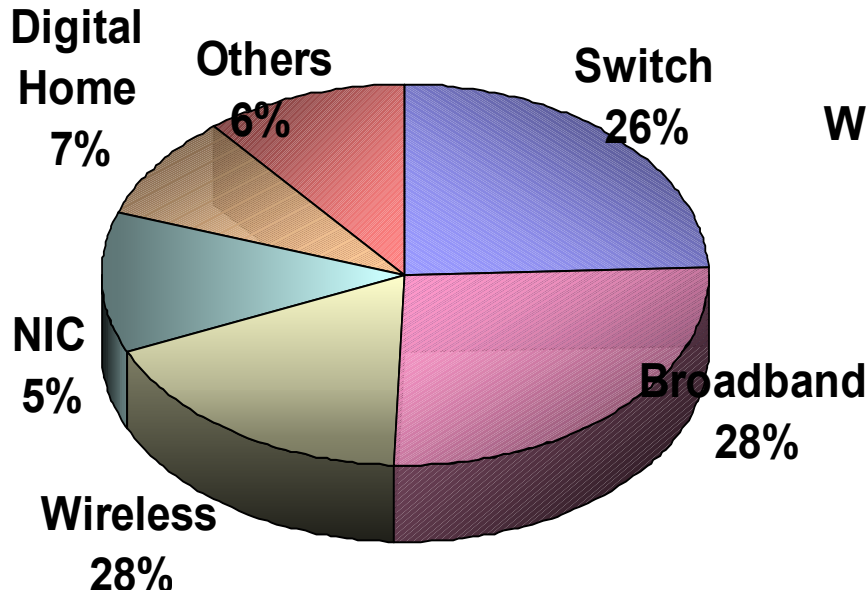


**Presented by AP Chen**

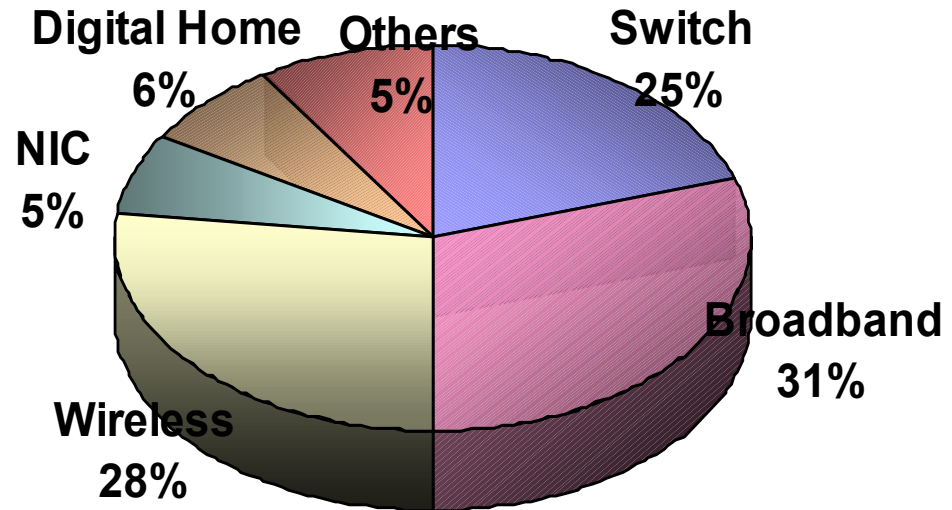
## 2Q At a Glance -- Revenue by Products

- Revenue grew by 3% QoQ, or 26% YoY, driven by Broadband the most.

1H/03



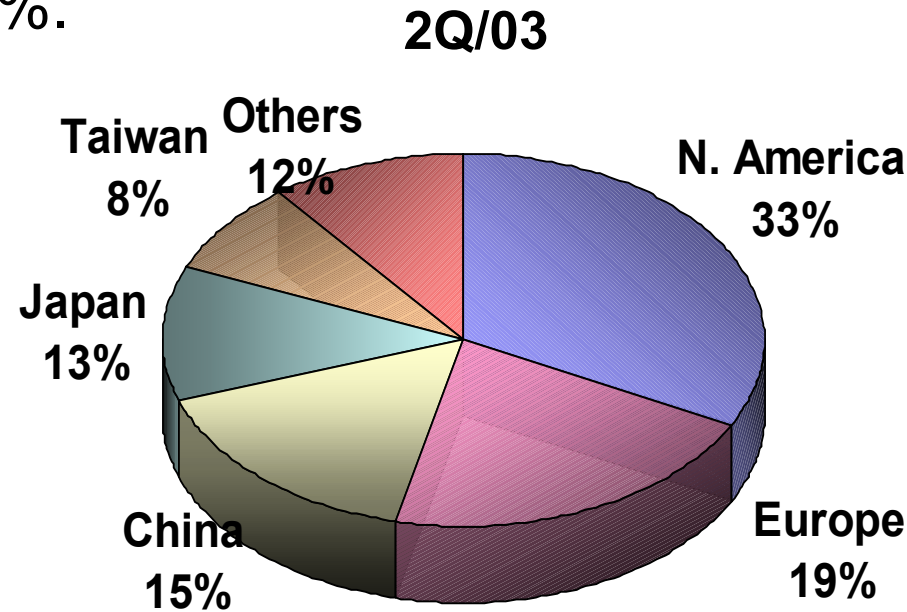
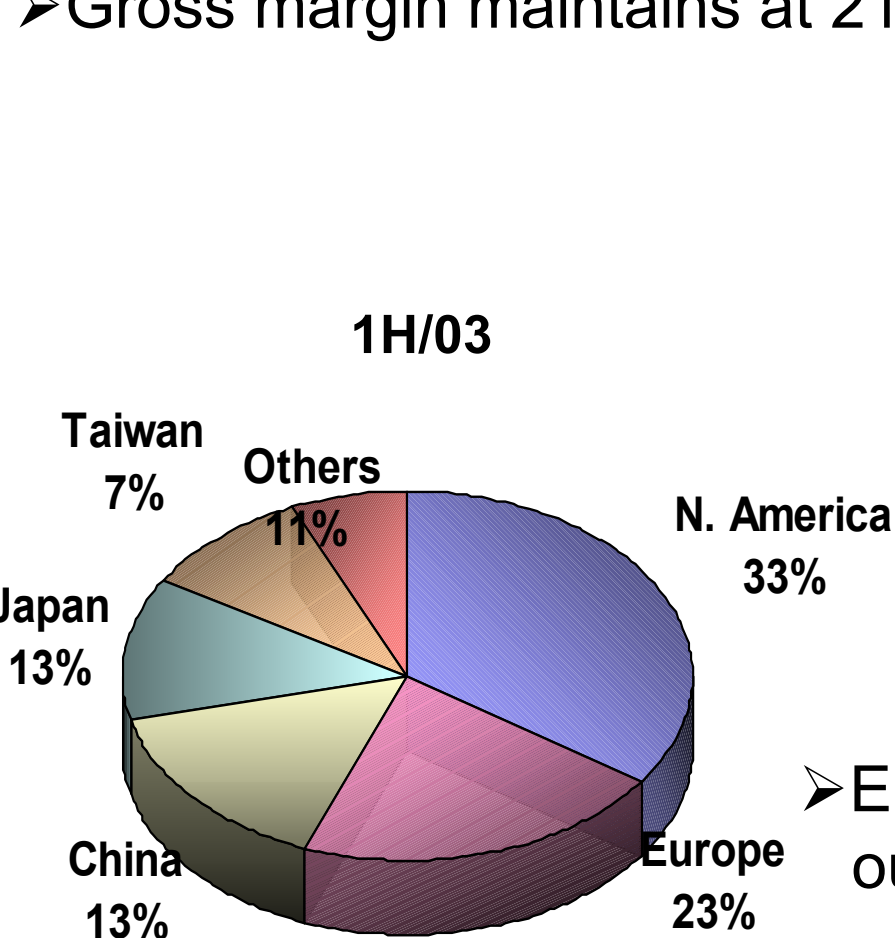
2Q/03



- D-Link accounted for 14.5% of worldwide SOHO/Home WLAN market shares (by Synergy).

## 2Q At a Glance -- Revenue by Regions

➤ Gross margin maintains at 21%.



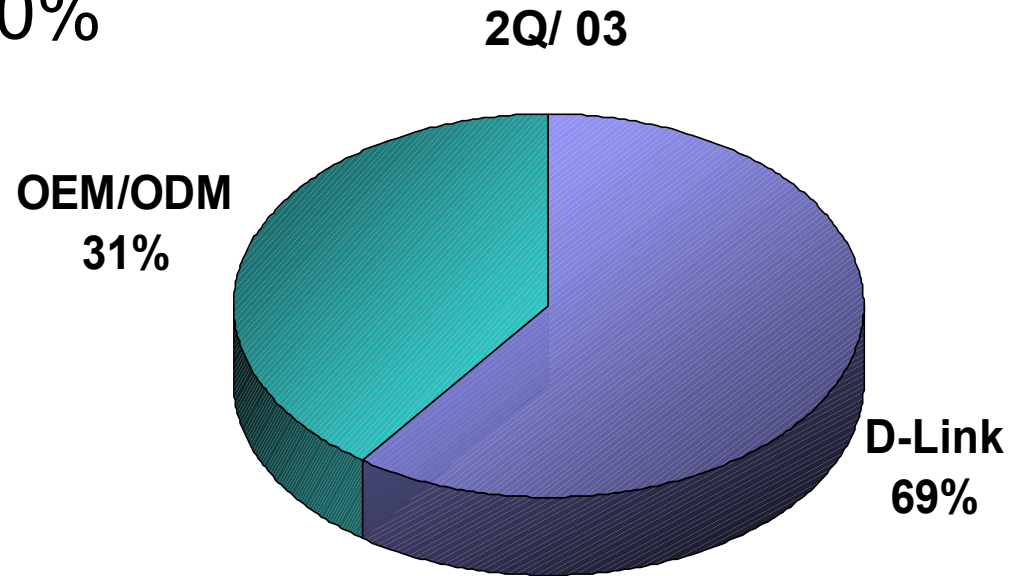
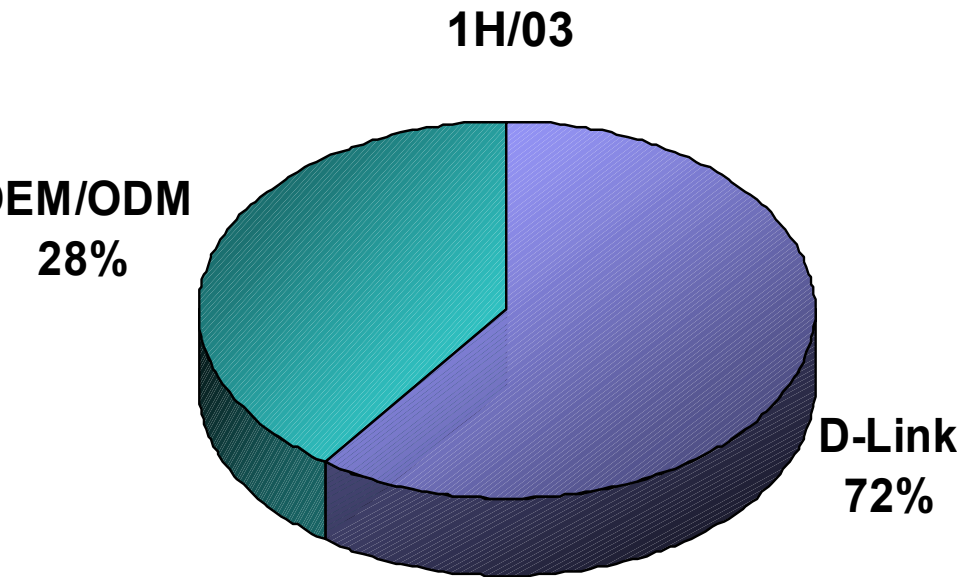
➤ European subsidiaries bottomed out, turned profitable in 1H/03.

Notes: All values indicated are based on Taiwan book.



## 2Q At a Glance -- "D-Link" vs. OEM/ODM

- ODM sales grew by 30% QoQ, or 48% YoY.



Notes:  
All values indicated are based on Taiwan book



# Key Management Change



**Chairman & CEO** : Ken Kao

**John Lee**

**President** : J.C. Liao

**Wonder Wang**

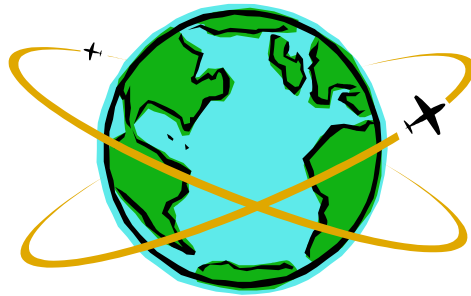


## Q & A

***For complete financial and press releases, please visit***

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

# Thank You!



**Building Networks  
for People**