



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

# Unaudited 2Q08 Earnings Release

**August 6, 2008**

## Agenda

➤ **Operation Review &  
Updates**

A.P. Chen

Tony Tsao, & AP Chen

➤ **Q&A**

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

# Operation Review & Updates

## 2Q08 Income Statement & QoQ Comparison

Unit: NT\$ million	2Q08		1Q08		QoQ %
	AMT	%	AMT	%	Change
Net Sales	<b>8,507</b>	100.0	<b>8,493</b>	100.0	0.2
Cost of Goods Sold	<b>5,655</b>	66.5	<b>5,629</b>	66.3	0.5
Gross Profit	<b>2,852</b>	33.5	<b>2,864</b>	33.7	(0.4)
Operating Expenses	<b>2,499</b>	29.4	<b>2,384</b>	28.1	4.8
Operating Income	<b>353</b>	4.1	<b>480</b>	5.6	(26.5)
Total Non-Op. Inc. (Loss)	<b>38</b>	0.5	<b>(49)</b>	(0.5)	177.5
Income Before Tax	<b>391</b>	4.6	<b>431</b>	5.1	(9.3)
Tax (Exp.) / Income	<b>(52)</b>	(0.6)	<b>(60)</b>	(0.7)	(13.3)
Net Income	<b>339</b>	4.0	<b>371</b>	4.4	(8.6)
Minority Interest	<b>0</b>	0.0	<b>0</b>	0.0	0.0
Consolidated Income	<b>339</b>	4.0	<b>371</b>	4.4	(8.6)
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	<b>0.60</b>		<b>0.66</b>		(8.6)

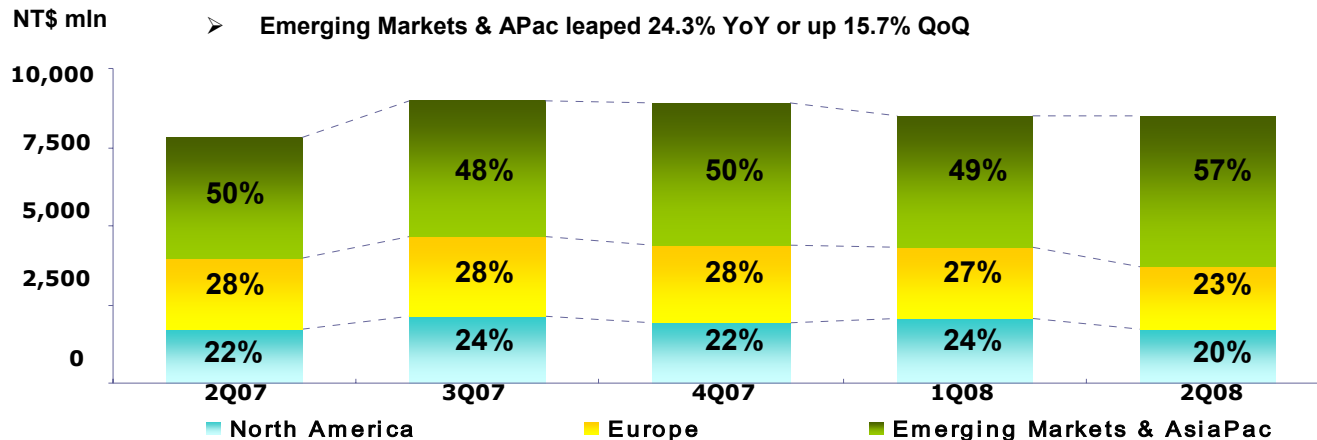
\* The numbers are unaudited.

# Quarterly Revenue by Regions

## Brand Only

2Q08 revenue up 8.6% YoY, up 0.2% QoQ; in US\$ terms up 18.1% YoY, up 4.0% QoQ

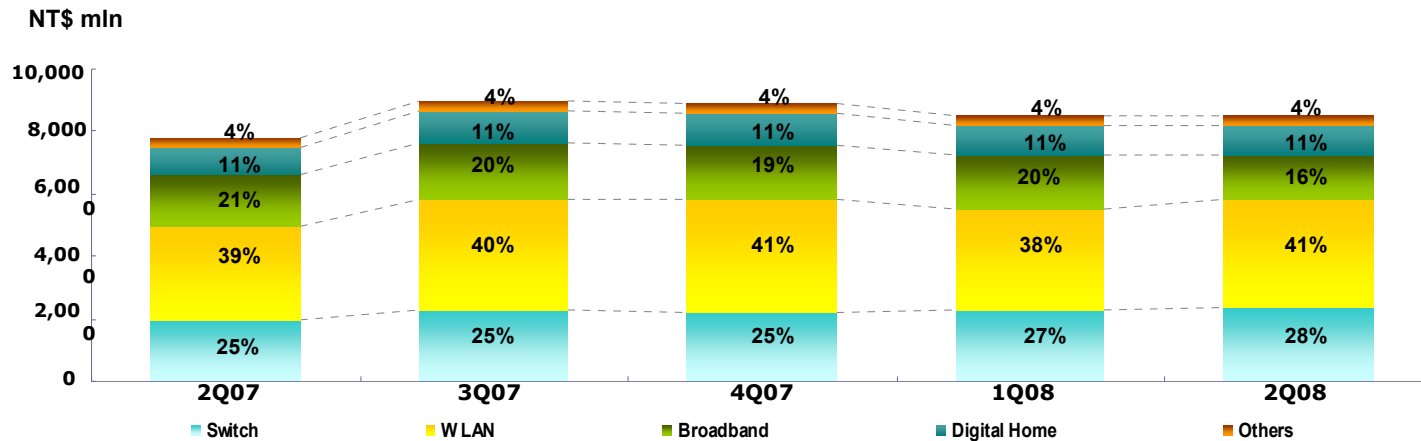
- N.A. dropped 1.9% YoY or down 17.1% QoQ
- Europe slipped 10.6% YoY or down 12.7% QoQ
- Emerging Markets & APac leaped 24.3% YoY or up 15.7% QoQ



## Quarterly Revenue by Products Brand Only

### 2Q08 revenue comparison:

- Switch leaped 21.8% YoY, up 4.7% QoQ
- WLAN jumped 14.4% YoY, up 8.2% QoQ
- B.B. dropped 14.1% YoY, down 19.4% QoQ
- D.H. up 2.7% YoY, down 0.7% QoQ



## 2Q08 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln	2Q08	1Q08	QoQ % Change
<b>Investment Income</b>	84	91	(7.7)
<b>Sub./Aff.</b>	74	91	(18.7)
<b>Capital Gain</b>	10	0	NA
<b>FX Gain/(Loss)</b>	(24)	(38)	(36.8)
<b>Inventory Loss</b>	(84)	(148)	(43.2)
<b>Fin. Income/(Exp.) &amp; Oth.</b>	62	46	34.8
<b>Total</b>	38	(49)	177.5

## 2Q08 Income Statement & YoY Comparison

Unit: NT\$ million	2Q08		2Q07		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>8,507</b>	100.0	<b>7,833</b>	100.0	8.6
Cost of Goods Sold	<b>5,655</b>	66.5	<b>5,117</b>	65.3	10.5
Gross Profit	<b>2,852</b>	33.5	<b>2,716</b>	34.7	5.0
Operating Expenses	<b>2,499</b>	29.4	<b>2,118</b>	27.1	18.0
Operating Income	<b>353</b>	4.1	<b>598</b>	7.6	(40.9)
Total Non-Op. Inc. (Loss)	<b>38</b>	0.5	<b>78</b>	1.0	(51.3)
Income Before Tax	<b>391</b>	4.6	<b>676</b>	8.6	(42.2)
Tax (Exp.) / Income	<b>(52)</b>	(0.6)	<b>105</b>	1.3	149.5
Net Income	<b>339</b>	4.0	<b>781</b>	9.9	(56.6)
Minority Interest	<b>0</b>	0.0	<b>(10)</b>	(0.1)	(100.0)
Consolidated Income	<b>339</b>	4.0	<b>771</b>	9.8	(56.0)
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	<b>0.60</b>		<b>1.36</b>		(56.0)

\* The numbers are unaudited.



## 1H08 Income Statement & YoY Comparison

Unit: NT\$ million	1H08		1H07		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>17,000</b>	100.0	<b>15,345</b>	100.0	10.8
Cost of Goods Sold	<b>11,284</b>	66.4	<b>10,005</b>	65.2	12.8
Gross Profit	<b>5,716</b>	33.6	<b>5,340</b>	34.8	7.0
Operating Expenses	<b>4,883</b>	28.7	<b>4,148</b>	27.0	17.7
Operating Income	<b>833</b>	4.9	<b>1,192</b>	7.8	(30.1)
Total Non-Op. Inc. (Loss)	<b>(11)</b>	(0.1)	<b>699</b>	4.5	(101.6)
Income Before Tax	<b>822</b>	4.8	<b>1,891</b>	12.3	(56.5)
Tax (Exp.) / Income	<b>(112)</b>	(0.6)	<b>56</b>	0.4	300.0
Net Income	<b>710</b>	4.2	<b>1,947</b>	12.7	(63.5)
Minority Interest	<b>0</b>	0.0	<b>(19)</b>	(0.1)	(100.0)
Consolidated Income	<b>710</b>	4.2	<b>1,928</b>	12.6	(63.2)
EPS (NT\$)-Per Fully Diluted Capital of NT\$5,652M	<b>1.26</b>		<b>3.41</b>		(63.2)

\* The numbers are unaudited.

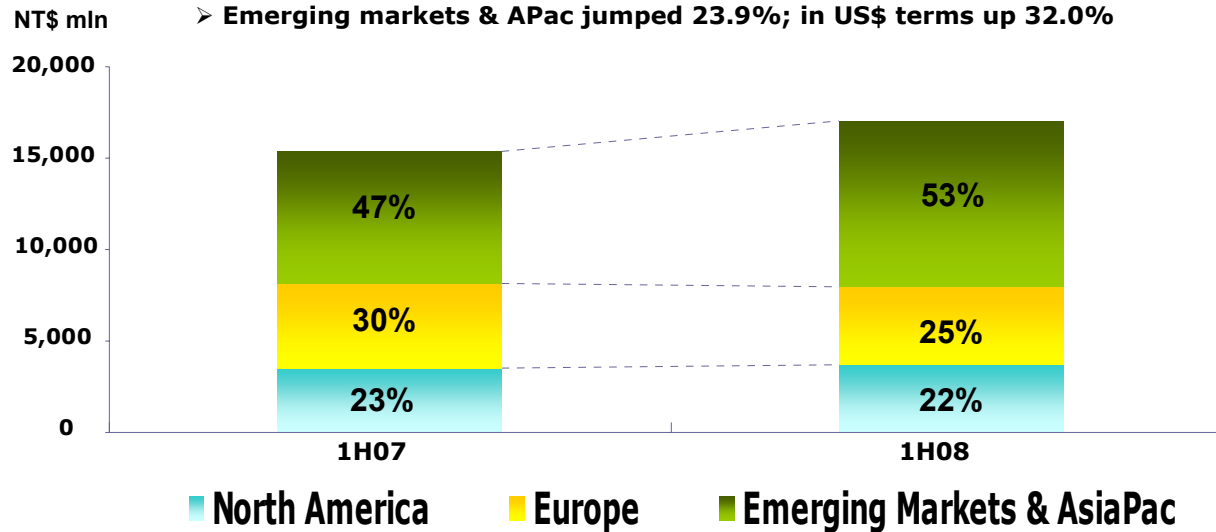
# 1H08 Revenue by Regions

## Brand Only

**1H08 revenue YoY comparison:**

**WW revenue grew 10.8%; in US\$ terms up 17.9%**

- N.A. increased 7.2%; in US\$ terms up 14.1%
- Europe dropped 7.1%; in US\$ terms down 1.3%
- Emerging markets & APac jumped 23.9%; in US\$ terms up 32.0%



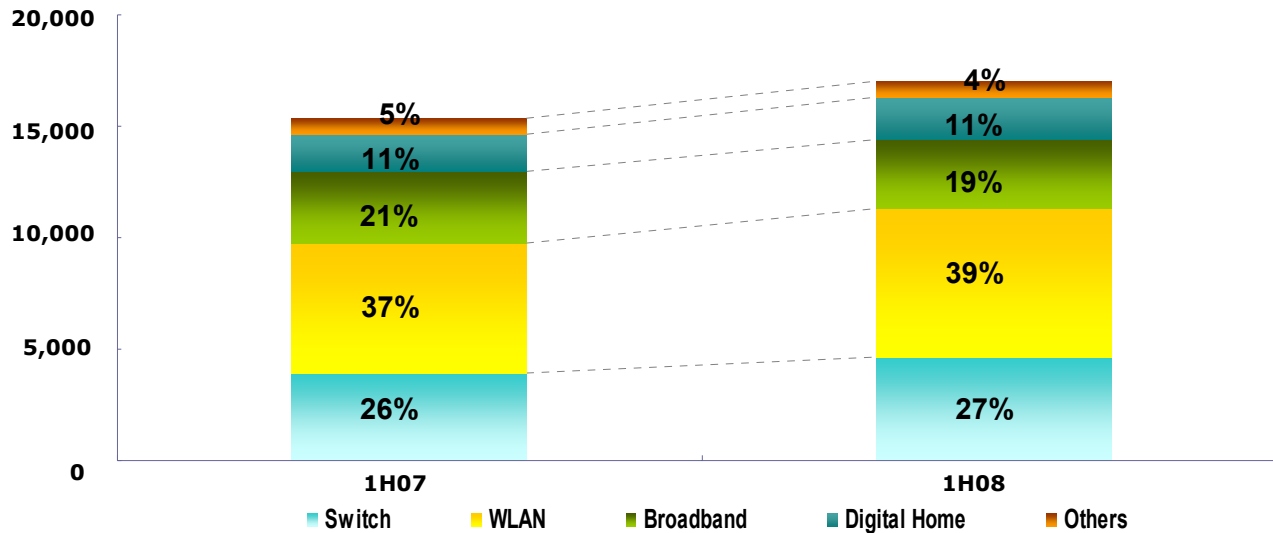
# 1H08 Revenue by Products

## Brand Only

### 1H08 revenue YoY comparison:

- Switch grew 17.6%
- WLAN increased 16.1%
- Broadband down 2.5%
- Digital Home grew 9.3%

NT\$ mln



## 06/30/2008 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	06/30/08		03/31/08		QoQ %
	AMT	%	AMT	%	Change
Cash	4,773	19	3,583	15	33.2
S-T Investment	334	1	630	3	(47.0)
Account Receivable	6,978	27	5,818	25	19.9
Inventory	5,185	20	5,031	21	3.1
Long-term Investments	5,618	22	6,165	26	(8.8)
Total Assets	25,576	100	23,743	100	7.7
Accounts Payable	6,527	26	4,598	19	41.9
Current Liabilities	11,508	45	8,147	34	43.7
Common Stock	5,652	22	5,471	23	3.3
Stockholders' Equity	13,526	53	15,128	64	(10.6)

## Key Financial Ratios

Unit: % , days	06/30/08	03/31/08	12/31/07	9/30/07	06/30/07
<b>Days A/R</b>	75 <sup>*</sup>	63 <sup>*</sup>	61 <sup>*</sup>	67 <sup>*</sup>	68 <sup>*</sup>
<b>Days Inventory</b>	84 <sup>*</sup>	82 <sup>*</sup>	101 <sup>*</sup>	112 <sup>*</sup>	103 <sup>*</sup>
<b>Days A/P</b>	105 <sup>*</sup>	75 <sup>*</sup>	100 <sup>*</sup>	119 <sup>*</sup>	107 <sup>*</sup>
<b>Cash Cycle</b>	53	70	62	61	64
<b>Current Ratio</b>	1.59	1.96	1.70	1.80	1.79
<b>Debt/Equity Ratio</b>	0.89	0.57	0.77	0.71	0.69
<b>Net Debt/Equity Ratio</b>	0.51 <sup>**</sup>	0.29 <sup>**</sup>	0.40 <sup>**</sup>	0.38 <sup>**</sup>	0.32 <sup>**</sup>
<b>ROE</b>	16 <sup>*</sup>	17 <sup>*</sup>	22 <sup>*</sup>	22 <sup>*</sup>	25 <sup>*</sup>

\* Annualized

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

## 3Q08 Guidance

- **3Q revenue seasonally strong QoQ**
  
- **Operating margin ramp up to normal**
  - **Product cost containment**
  
  - **Operating expenses control**

## **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

*For complete financial and  
press releases, please visit  
<http://ir.dlink.com>*