

3Q10 Operation Review & Business Updates

October 26, 2010



Agenda

› **Operation Review & Business Updates** A.P. Chen

› **Q&A** Tony Tsao & A.P. Chen

All numbers are consolidated and the net income is audited/reviewed, unless otherwise specified.

Operation Review & Business Updates

3Q10 Income Statement & QoQ Comparison

Unit: NT\$ million	3Q10		2Q10		QoQ %
	AMT	%	AMT	%	Change
Net Sales	8,589	100.0	8,217	100.0	4.5
Cost of Goods Sold - Product	5,833	67.9	5,573	67.8	4.7
Gross Profit 1	2,756	32.1	2,644	32.2	4.2
Inventory Related Gain/(Loss)	(95)	(1.1)	(114)	(1.4)	(16.7)
Gross Profit 2	2,661	31.0	2,530	30.8	5.2
Operating Expenses	2,441	28.4	2,393	29.1	2.0
Operating Income	220	2.6	137	1.7	60.6
Total Non-Op. Inc. (Loss)	206	2.4	174	2.1	18.4
Income Before Tax	426	5.0	311	3.8	37.0
Tax (Exp.) / Income	(79)	(0.9)	(74)	(0.9)	6.8
Net Income	347	4.1	237	2.9	46.4
Minority Interest	(4)	(0.1)	8	0.1	NA
Consolidated Income	343	4.0	245	3.0	40.0
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,476M	0.53		0.38		40.0

* The numbers are consolidated and the net income is audited/reviewed.

3Q10 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln

	3Q10	2Q10	QoQ % Change
Investment Income	96	152	(36.8)
Sub./Aff.	96	76	26.3
Capital Gain	0	76	NA
FX Gain/(Loss)	64	(5)	NA
Fin. Income/(Exp.) & Oth.	46	27	70.4
Total	206	174	18.4

3Q10 Income Statement & YoY Comparison

Unit: NT\$ million	3Q10		3Q09		YoY % Change
	AMT	%	AMT	%	
Net Sales	8,589	100.0	8,334	100.0	3.1
Cost of Goods Sold - Product	5,833	67.9	5,782	69.4	0.9
Gross Profit 1	2,756	32.1	2,552	30.6	8.0
Inventory Related Gain/(Loss)	(95)	(1.1)	21	0.3	NA
Gross Profit 2	2,661	31.0	2,573	30.9	3.4
Operating Expenses	2,441	28.4	2,382	28.6	2.5
Operating Income	220	2.6	191	2.3	15.2
Total Non-Op. Inc. (Loss)	206	2.4	161	1.9	27.9
Income Before Tax	426	5.0	352	4.2	21.0
Tax (Exp.) / Income	(79)	(0.9)	(85)	1.0	(7.1)
Net Income	347	4.1	267	3.2	30.0
Minority Interest	(4)	(0.1)	(7)	(0.1)	(42.9)
Consolidated Income	343	4.0	260	3.1	31.9
EPS (NT\$)-Per Weighted Avg. Capital of NT\$6,476M	0.53		0.40		31.9

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YT3Q10 Income Statement & YoY Comparison

Unit: NT\$ million	YT3Q10		YT3Q09		YoY % Change
	AMT	%	AMT	%	
Net Sales	24,713	100.0	22,164	100.0	11.5
Cost of Goods Sold - Product	16,570	67.1	15,695	70.8	5.6
Gross Profit 1	8,143	32.9	6,469	29.2	25.9
Inventory Related Gain/(Loss)	(274)	(1.1)	133	0.6	NA
Gross Profit 2	7,869	31.8	6,602	29.8	19.2
Operating Expenses	7,217	29.2	6,711	30.3	7.5
Operating Income	652	2.6	(109)	(0.5)	NA
Total Non-Op. Inc. (Loss)	429	1.7	384	1.7	11.7
Income Before Tax	1,081	4.3	275	1.2	293.1
Tax (Exp.) / Income	(233)	(0.9)	(121)	(0.5)	92.6
Net Income	848	3.4	154	0.7	450.6
Minority Interest	(5)	(0.0)	0	0.0	NA
Consolidated Income	843	3.4	154	0.7	447.4
EPS (NT\$) -Per Weighted-Avg. Capital of NT\$6,476M	1.30		0.24		447.4

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09/30/2010 Balance Sheet & QoQ Comparison

Unit: NT\$ mln

	09/30/10 AMT	%	06/30/10 AMT	%	QoQ % Change
Cash	5,927	21	6,331	22	(6.4)
S-T Investment	447	2	1,484	5	(69.9)
Account Receivable	6,231	22	5,965	21	4.5
Inventory	7,056	25	5,923	21	19.1
Long-term Investments	5,417	19	5,196	18	4.3
Total Assets	28,607	100	28,452	100	0.5
Accounts Payable	7,451	26	7,543	27	(1.2)
Current Liabilities	11,003	38	11,322	40	(2.8)
Common Stock	6,476	23	6,476	23	0.0
Stockholders' Equity	15,151	53	14,748	52	2.7

Key Financial Ratios

Unit: % , days	09/30/10	06/30/10	03/31/10	12/31/09	09/30/09
*Days A/R	69	69	69	72	77
*Days Inventory	95	89	81	104	112
*Days A/P	108	112	100	99	100
Cash Cycle	57	46	50	77	89
Current Ratio	1.91	1.88	2.16	1.90	1.89
Debt/Equity Ratio	0.90	0.94	0.73	0.70	0.70
**Net Debt/Equity Ratio	0.47	0.40	0.25	0.31	0.39
ROE	9	7	7	10	7

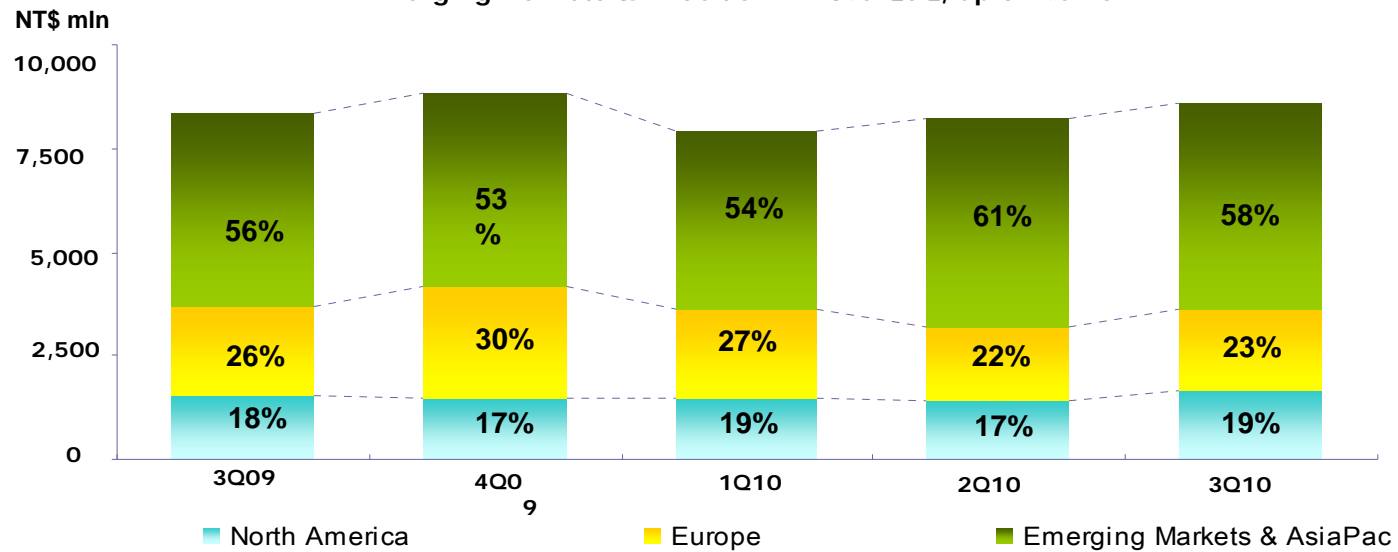
* Annualized

* *Adjust for Cash & S-T investment

Quarterly Revenue by Regions

3Q10 revenue up 4.5% QoQ, up 3.1% YoY

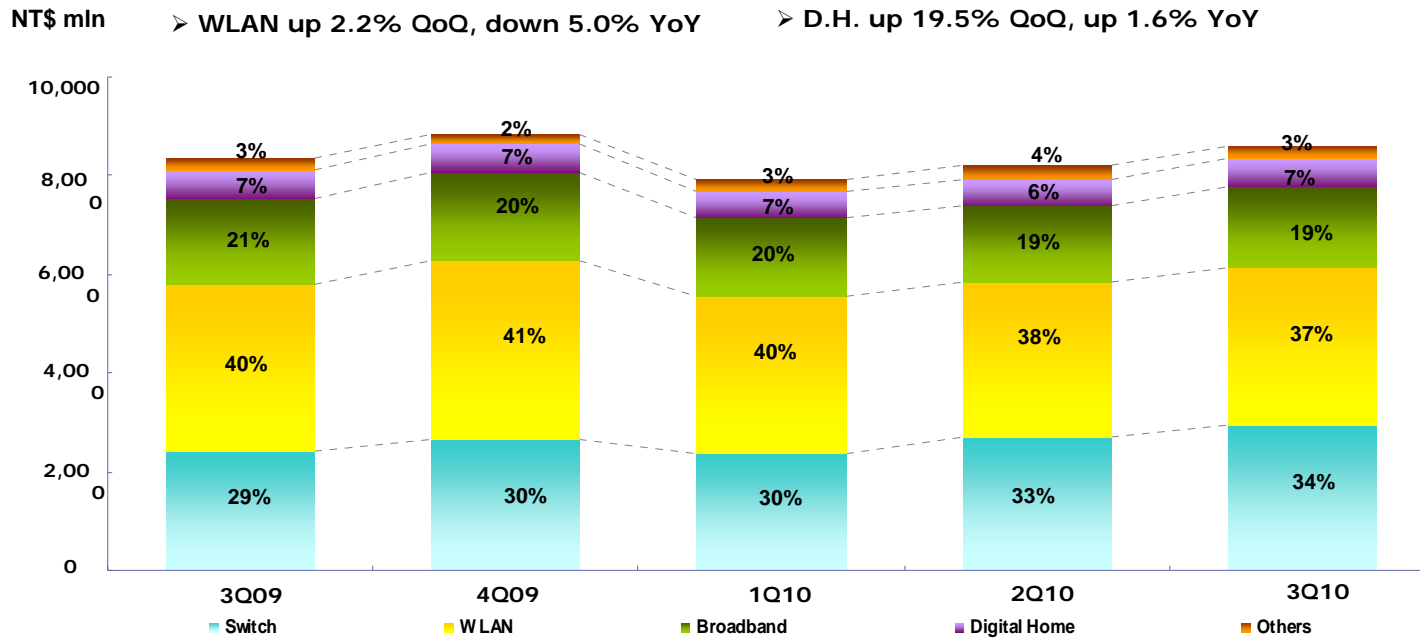
- N.A. up 16.0% QoQ, up 8.4% YoY
- Europe up 11.1% QoQ, down 8.5% YoY
- Emerging Markets & APac down 1.0% QoQ, up 6.7% YoY



Quarterly Revenue by Products

3Q10 revenue comparison:

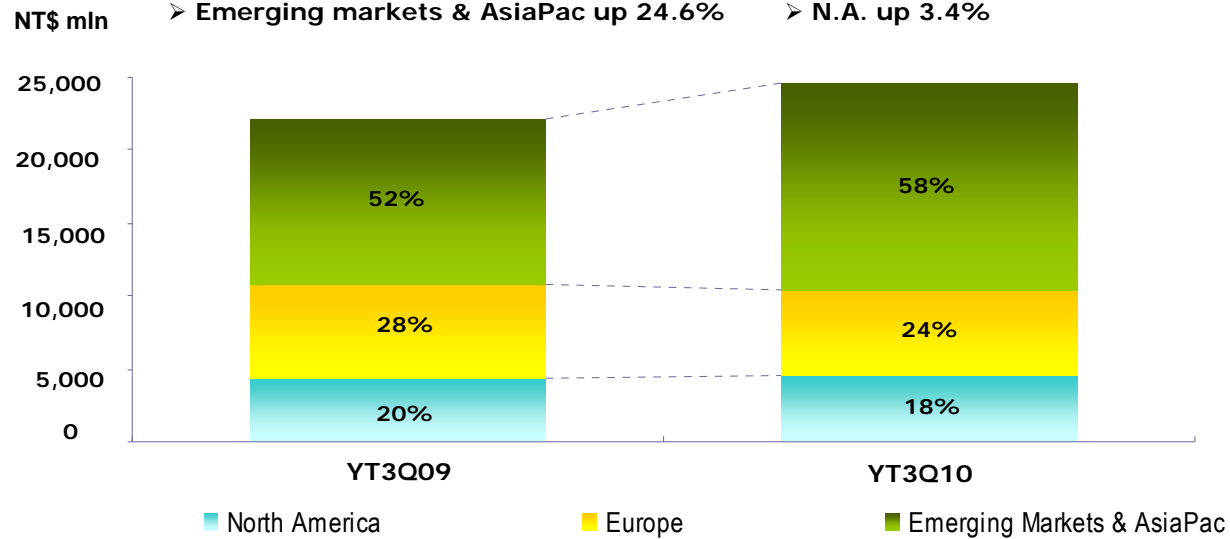
- Switch up 8.9% QoQ, up 21.6% YoY
- WLAN up 2.2% QoQ, down 5.0% YoY
- B.B. up 3.9% QoQ, down 6.6% YoY
- D.H. up 19.5% QoQ, up 1.6% YoY



YT3Q10 Revenue by Regions

YT3Q10 revenue YoY comparison:

- YT3Q10 revenue up 11.5%
- Emerging markets & AsiaPac up 24.6%
- Europe down 6.6%
- N.A. up 3.4%

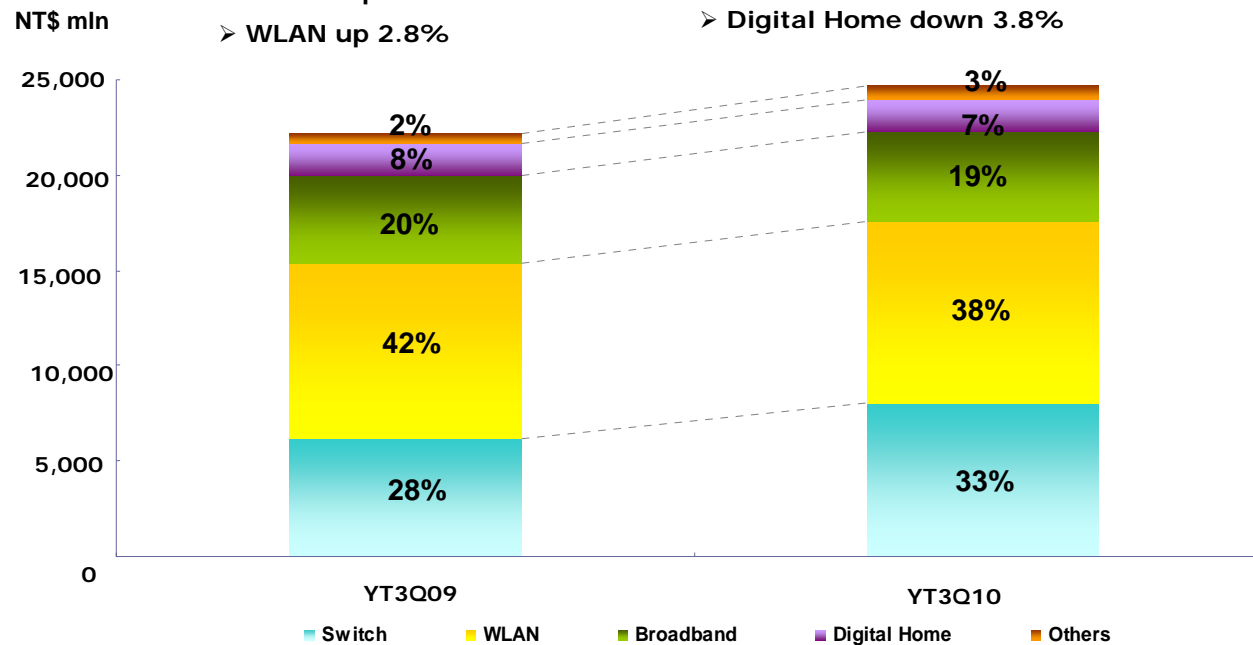


YT3Q10 Revenue by Products

YT3Q10 revenue YoY comparison:

- Switch up 31.3%
- WLAN up 2.8%

- Broadband up 3.7%
- Digital Home down 3.8%



4Q10 Outlooks

- Revenue to grow sequentially
- Op. Margin to maintain

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

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