

D-Link[®]
Building Networks for People



2006 CLSA Taipei Forum

Westin Hotel Taipei, May 11, 2006

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.

Agenda

- **Industry Outlook**
- **Global Position**
- **Financials**
- **Business Updates**

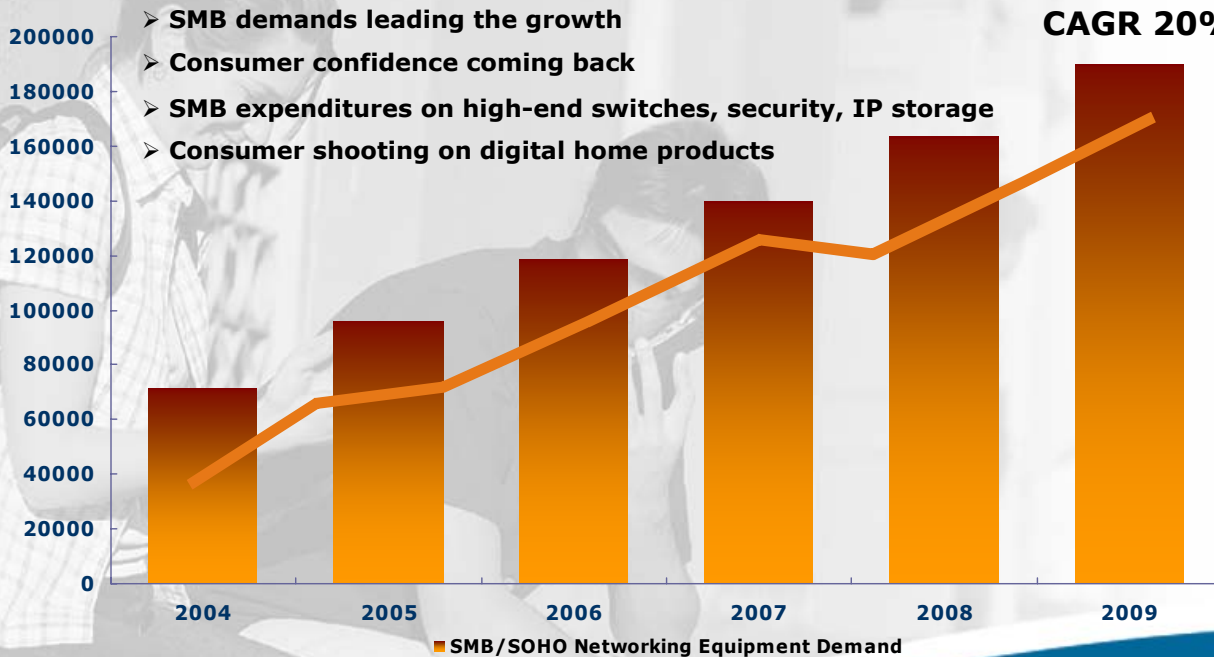
All numbers consolidated except otherwise specified.
FY 2005 numbers are pro forma ..



Industry Outlook

WW SMB and SOHO Networking Market

US\$ Million

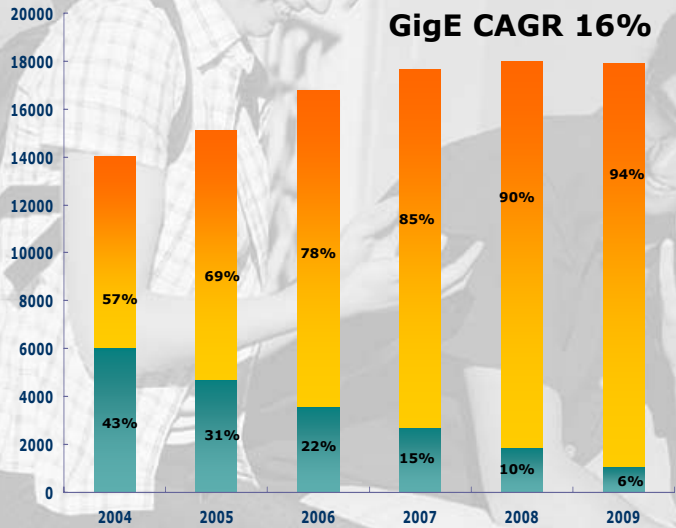


Source: IDC, FY2005

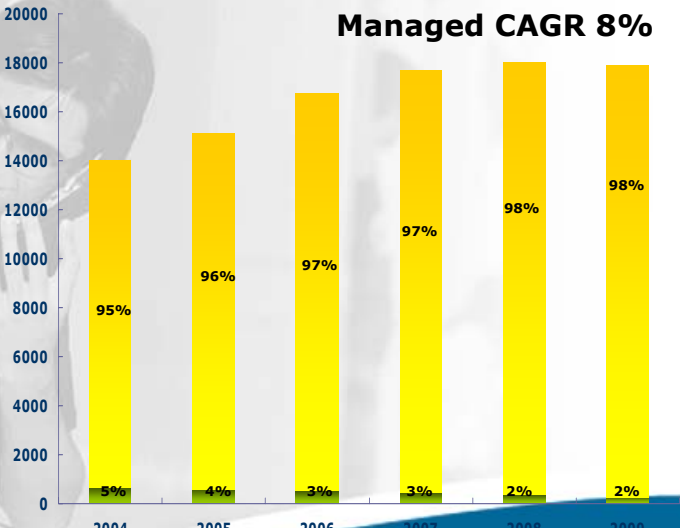
Switching

- GigE officially crossovers FE
- Managed dominates Unmanaged
- Stackable Switches outgrows Chassis/Modular
- Pull-through for Security, IP Storage (SAN)
- More software efforts, higher profitability
- Wireless Switches initiate

US\$ Million



US\$ Million

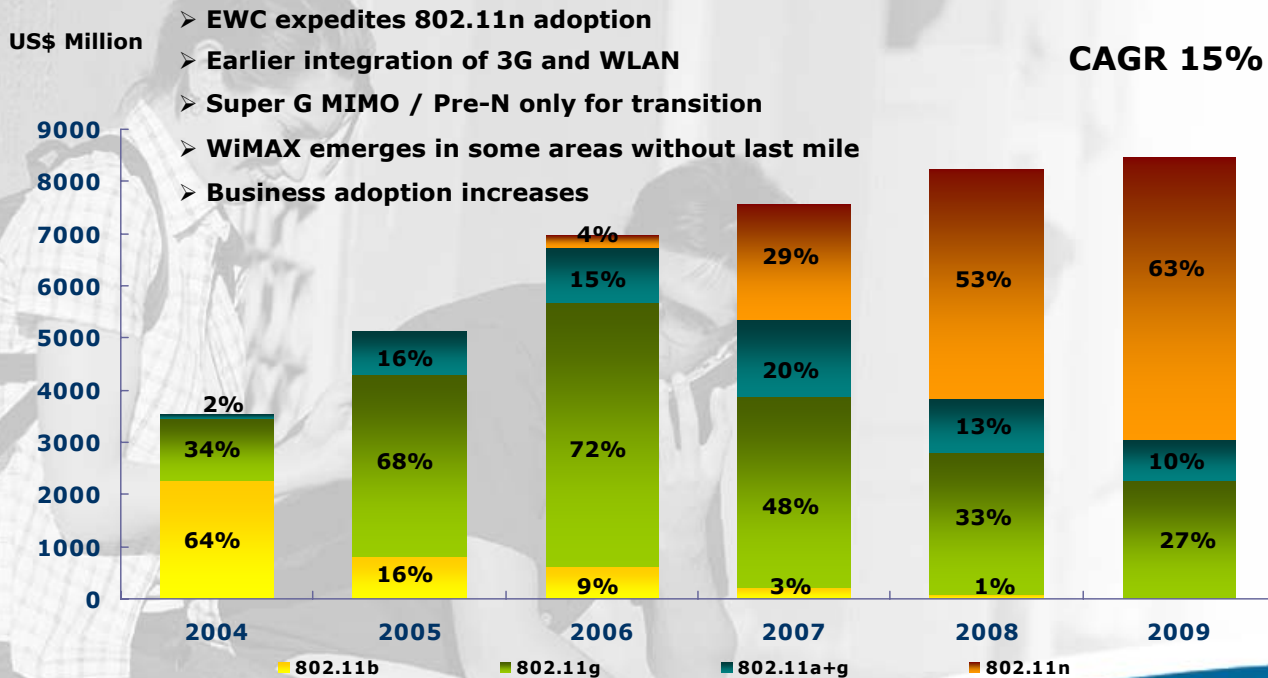


Source: IDC, FY2005

F.E. GigE

Unmanaged Managed

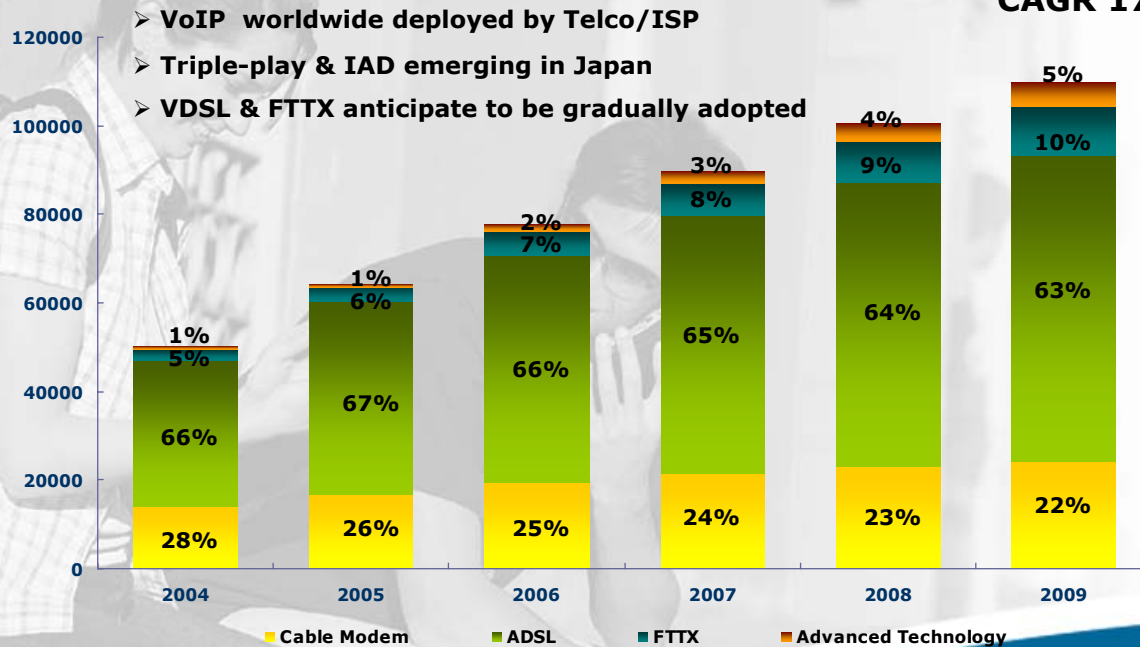
WLAN



Source: IDC, FY2005

Broadband

US\$ Million



Source: IDC, FY2005



Global Position

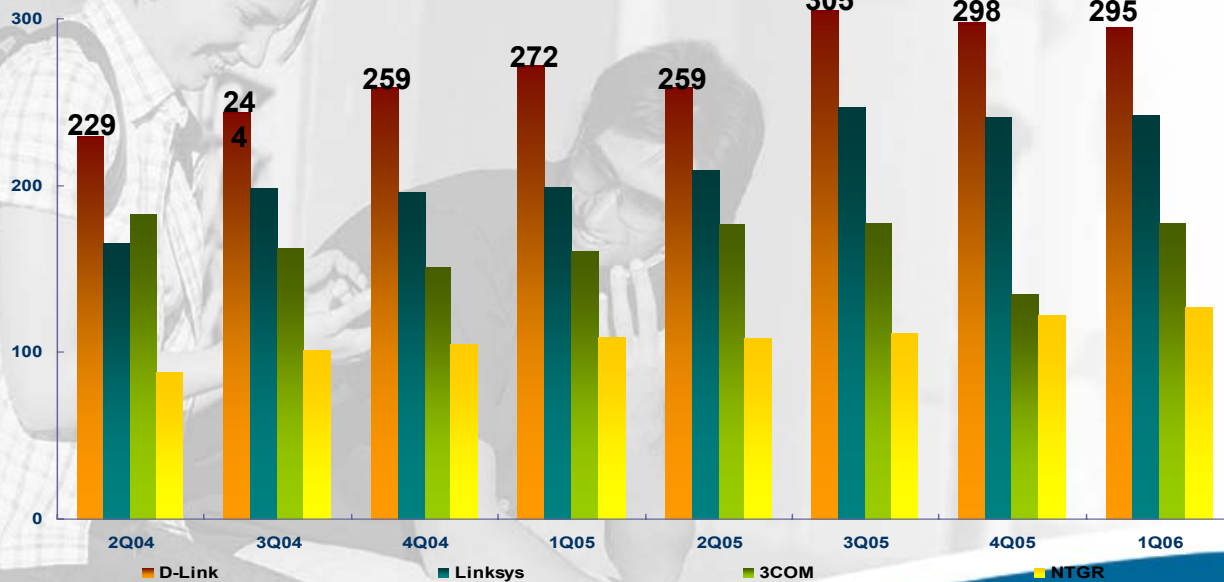
Extensive Channels



1 in Global Revenue

Qtrly Revenue

US\$ Million

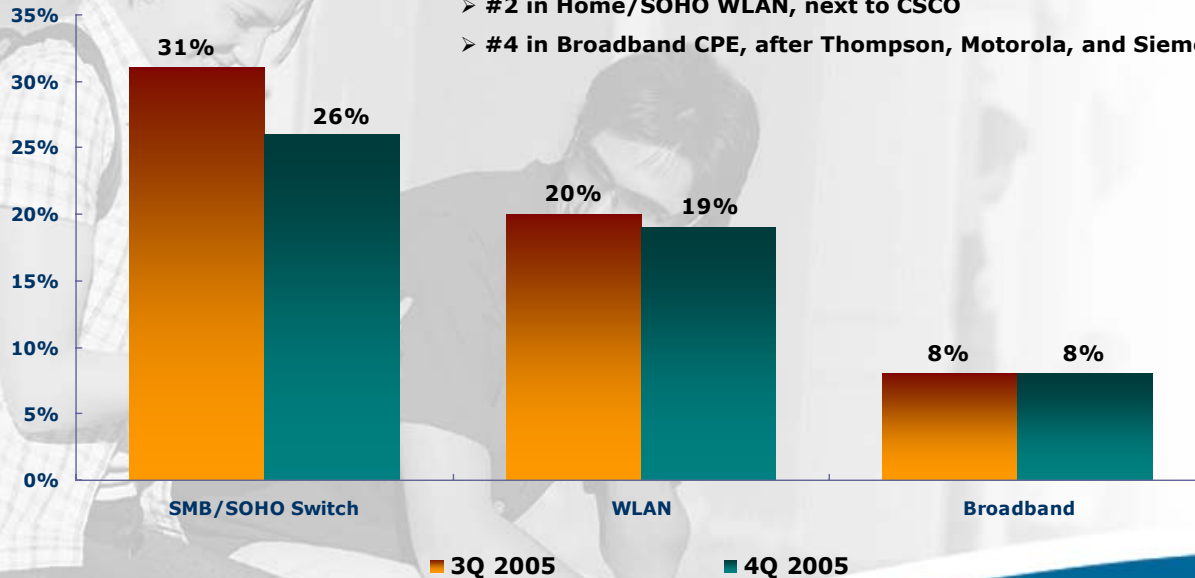


* Linksys's sales are estimated.

Dominance in Key Segments

Market Shares by Products D-Link is, in unit terms,

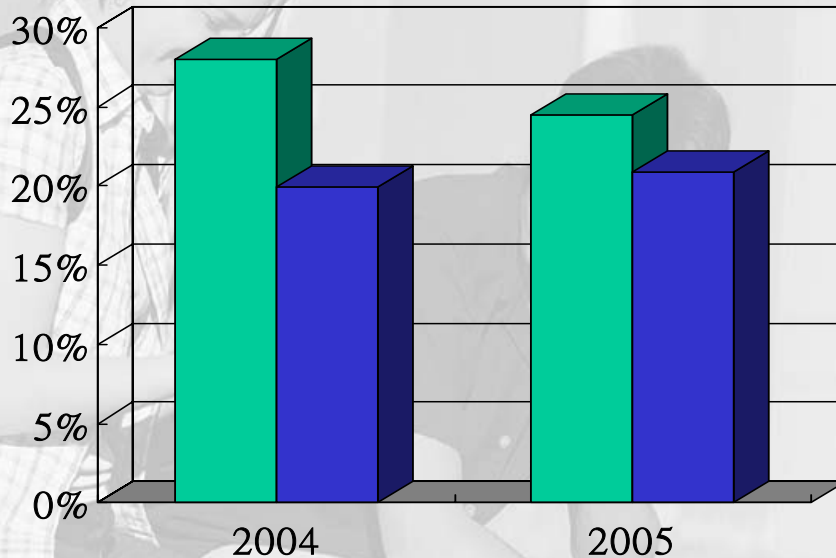
- #1 in SOHO/SMB Ethernet LAN Switch
- #2 in Home/SOHO WLAN, next to CSCO
- #4 in Broadband CPE, after Thompson, Motorola, and Siemens



Source: In-Stat Research Report, 2005

Market Share

Total Switch port shipments



- All Ethernet switches
- L2/3/4-7
- Managed/smart/dump
- FE/Gig/10G
- No. 1 in unmanaged
- No. 2 in all segments

■ CISCO
■ D-LINK

Source: In-Stat Research Report, 2005

Top 5 in SMB/Enterprise Consideration for Data Networking Equipments

Rank	company	percentage
1	Cisco	58%
2	Dell	44%
3	IBM	42%
4	Microsoft	37%
5(tie)	D-Link/3Com	33%

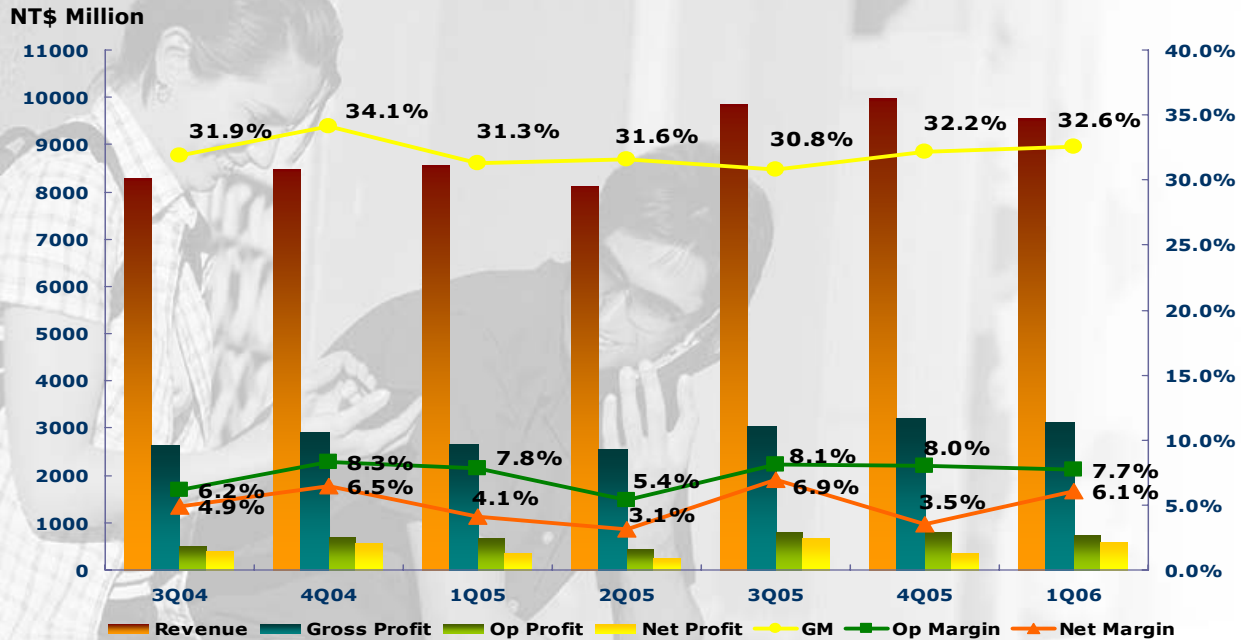
7. Linksys a division Cisco - 30% 8. Netgear - 28% 9. Siemens - 25%
10. Avaya - 24%

Source: CompTIA/IDC Convergent Technologies Research Study 2005



Financials

Strong Earnings



1Q/06 QoQ Consolidated Income Statement Comparison

Amount: NT\$ million	1Q/06		4Q/05		QoQ % Change
Net Sales	9,543	100.0%	9,987	100.0%	(4.4)%
Cost of Goods Sold	6,431	67.4%	6,775	67.8%	(5.1)%
Gross Profit	3,112	32.6%	3,212	32.2%	(3.1)%
Operating Expenses	2,375	24.9%	2,415	24.2%	(1.7)%
Operating Income	737	7.7%	797	8.0%	(7.5)%
Total Non-Op. Inc. (Loss)	77	0.8%	(82)	(0.8)%	193.9%
Income Before Tax	814	8.5%	715	7.2%	13.8%
Tax Expenses	(121)	(1.3)%	(219)	(2.2)%	(44.7)%
Net Income	693	7.3%	496	5.0%	39.7%
Minority Interest	(110)	(1.2)%	(147)	(1.5)%	(25.2)%
Consolidated Income	583	6.1%	349	3.5%	67.0%
Earnings Per Share (NT\$)	0.98		0.58		67.1%

* Calculated by 4Q05 weighted average of 597mln shares.

* All numbers are pro forma

1Q/06 YoY Consolidated Income Statement Comparison

Amount: NT\$ million	1Q/06		1Q/05		YoY % Change
Net Sales	9,543	100.0%	8,557	100.0%	11.5%
Cost of Goods Sold	6,431	67.4%	5,880	68.7%	9.4%
Gross Profit	3,112	32.6%	2,677	31.3%	16.2%
Operating Expenses	2,375	24.9%	2,010	23.5%	18.2%
Operating Income	737	7.7%	667	7.8%	10.5%
Total Non-Op. Inc. (Loss)	77	0.8%	(89)	(1.0)%	186.5%
Income Before Tax	814	8.5%	578	6.8%	40.8%
Tax Expenses	(121)	(1.3)%	(168)	(2.0)%	(28.0)%
Net Income	693	7.3%	410	4.8%	69.0%
Minority Interest	(110)	(1.2)%	(57)	(0.7)%	93%
Consolidated Income	583	6.1%	353	4.1%	65.2%
Earnings Per Share (NT\$)	0.98		0.59		65.2%

• Calculated by 4Q05 weighted average of 597mln shares.
**All numbers are pro forma.

3/31/2006 Consolidated Balance Sheet QoQ Comparison

Amount: NT\$ million

	3/31/06		12/31/05		QoQ % Change
Cash	4,665	17%	2,415	10%	93%
S-T Investment	54	-	720	3%	(93)%
Account Receivable	7,019	26%	6,840	28%	3%
Inventory	7,282	27%	7,141	29%	2%
Long-term Investments	2,543	9%	2,248	9%	13%
Total Assets	26,780	100%	24,431	100%	10%
Accounts Payable	5,824	22%	5,928	24%	(2)%
Current Liabilities	9,823	37%	9,874	40%	(1)%
Long-term Liabilities	1,066	4%	16	-	6562%
Common Stock	6,092	23%	6,092	25%	-
Stockholders' Equity	15,232	56%	14,223	58%	7%

Consolidated Key Financial Ratios– Liquidity/Leverage

Unit: % , days	3/31/06	12/31/05	9/30/05	6/30/05	3/31/05
Days A/R	67*	63*	70*	64*	65*
Days Inventory	100*	96*	100*	96*	89*
Days A/P	79*	78*	87*	79*	75*
Cash Cycle	87	82	83	82	80
Current Ratio	2.05	1.82	1.71	1.67	1.70
Debt/Equity Ratio	0.89	0.84**	0.98	1.05	1.12**
Adjusted Debt/ Equity Ratio	0.53**	0.59	0.71**	0.55**	0.58

* Annualized

**Adjust for Cash & S-T investment

Consolidated Key Financial Ratios – Profitability (%)

Unit: %	1Q/06	2005	4Q/05	3Q/05	2Q/05	1Q/05
Net Income/Sales	6.11	4.47	3.49	6.91	3.33	4.13
Net Income/Total Assets	2.18	6.68	1.43	2.67	1.12	1.38
Operating Profit/Sales	7.72	7.39	7.98	8.07	5.66	7.78
Return on Equity ^{**}	18	14	14	14	11	12
EPS (NT\$)	0.98	2.73	0.58	1.14	0.42	0.59

* Annualized

**Calculated by 4Q05 weighted average of 597mln shares.



Business Updates

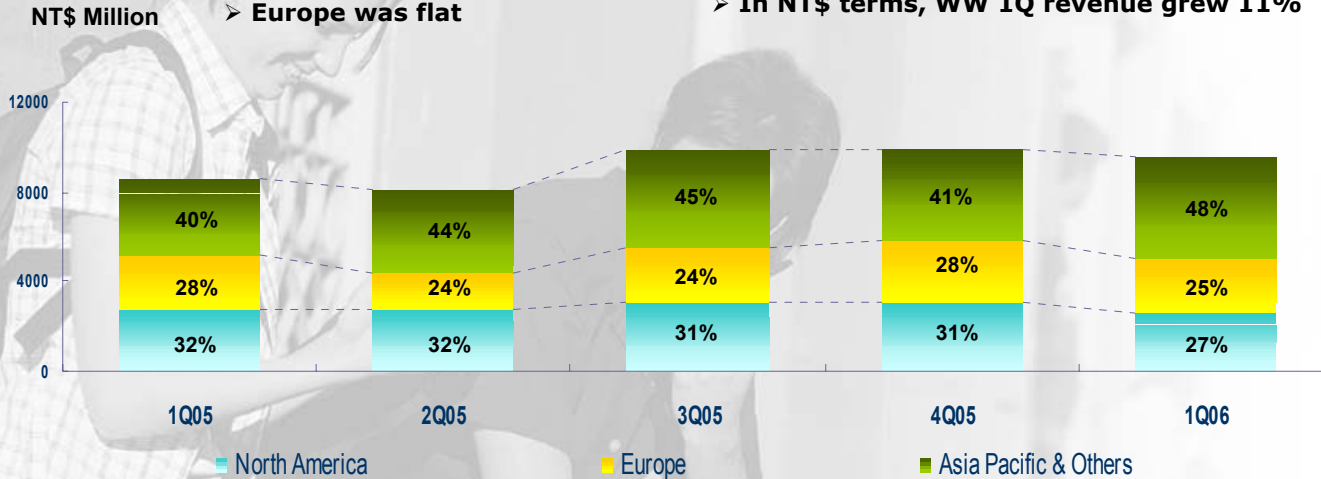
Revenue by Regions Consolidated

1Q/06 revenue YoY comparison:

- N.A. seasonally dropped by 6%
- Europe was flat

➤ AsiaPac & Others jumped 34%

➤ In NT\$ terms, WW 1Q revenue grew 11%



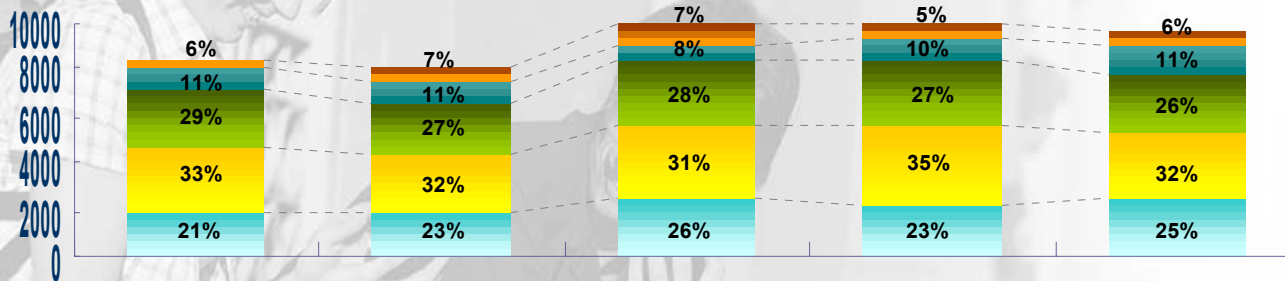
Revenue by Products Consolidated

1Q/06 revenue YoY comparison:

- Switch grew 33%
- WLAN grew 8%

- Broadband stood still
- Digital Home rose 11%

NT\$ Million

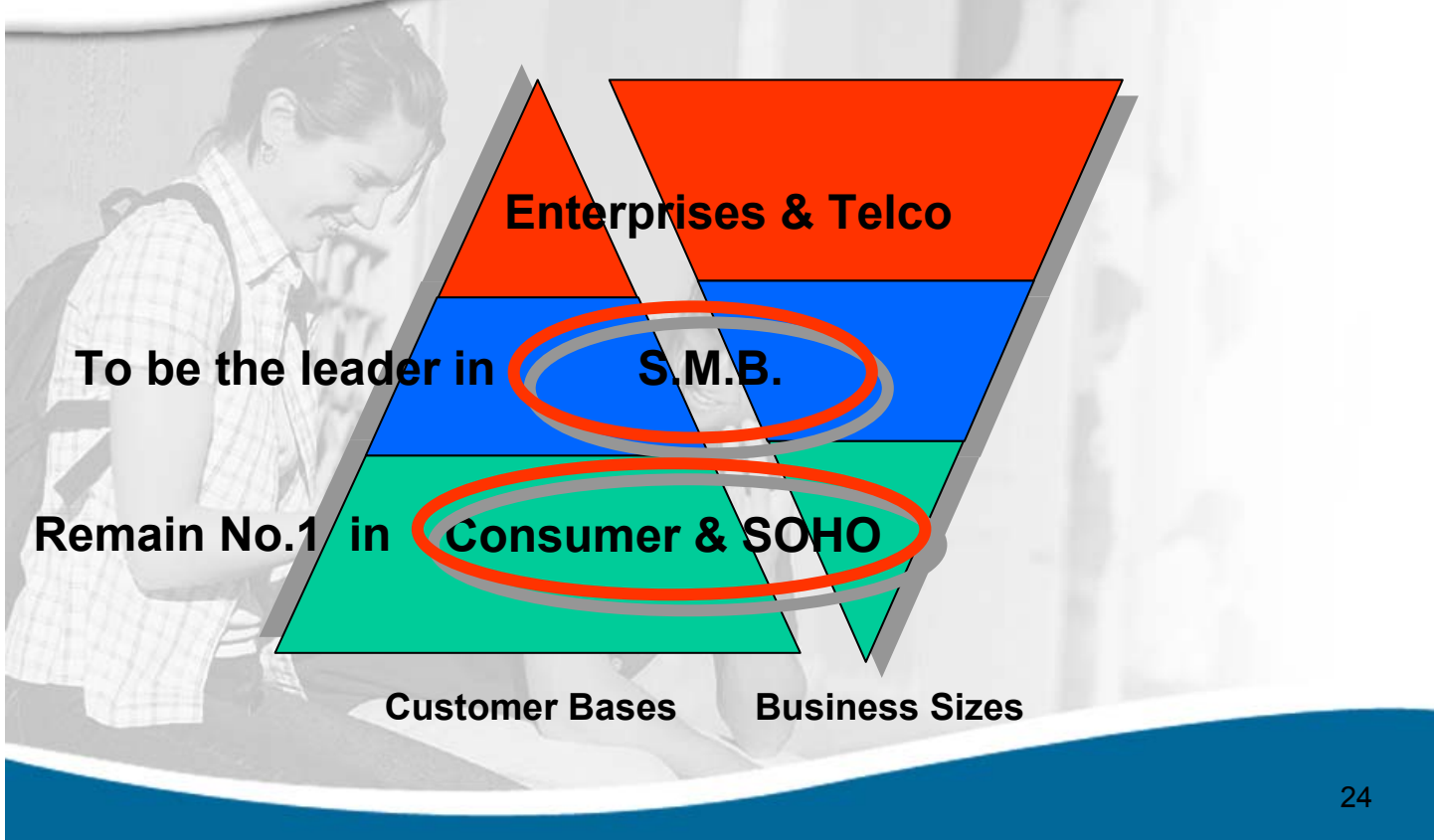


■ Switch
 ■ WLAN
 ■ Broadband
 ■ Digital Home
 ■ NIC & Others

Market Trends

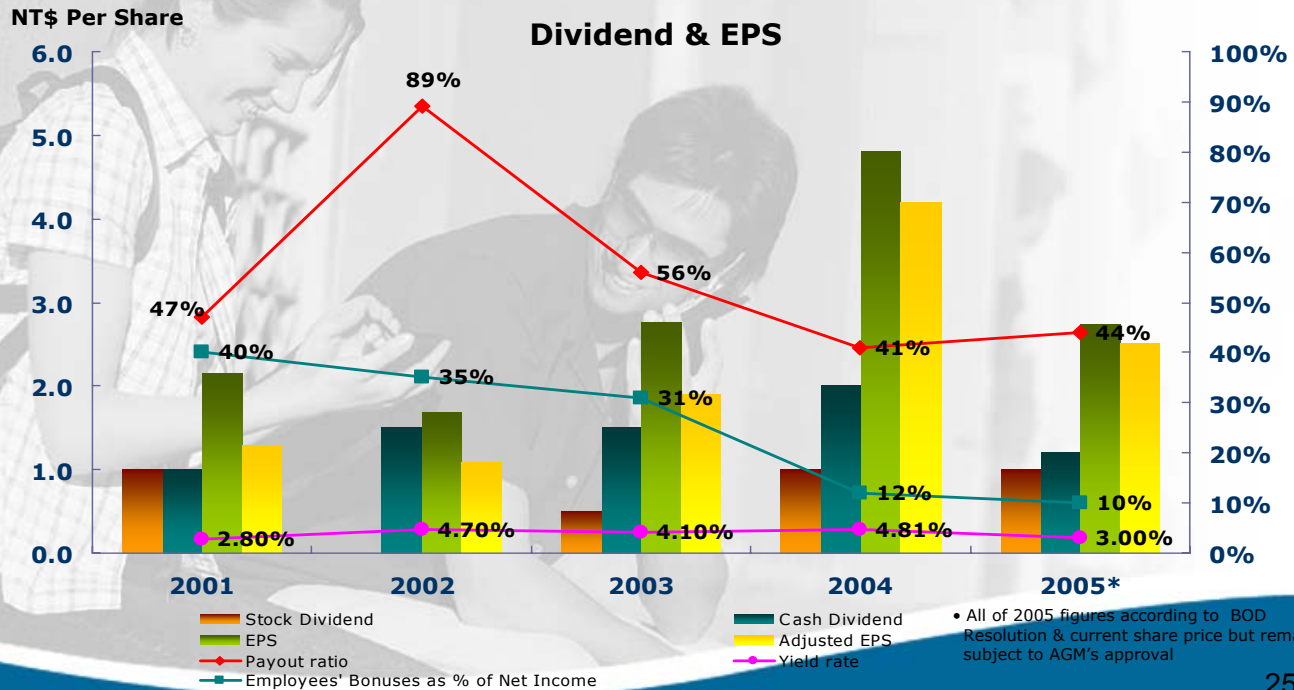
Region Product	N.A.	Europe	A.P.A.C. & Others
<i>Switch</i>	XStack, GigE SMB	XStack, GigE SMB	XStack, GigE/F.E. SMB
<i>WLAN</i>	Pre-N & N Retail	Pre-N & N Retail	G & G+/ Pre-N & N Retail
<i>Broadband</i>	VoIP Teleco/ISP	VoIP Teleco/ISP	VoIP Teleco/ISP
<i>Digital Home</i>	DMA & IP Cam Retail	DMA & IP Cam Retail	DMA & IP Cam Retail

Market Strategy



High Dividend Payout

- Payout more cash over stock
- High yield rate
- Limited employees' bonuses dilution



Longer Term Business Model

	<u>FY04</u>	<u>FY05</u>	<u>FY06*</u>	<u>Model**</u>
Sales Growth (%)	29%	13%	15-20%	20%
Gross Margin (%)	33%	31%	31-32%	32%
Operating Margin (%)	8%	7%	7-8%	7%
Tax Exp. (% of PBT)	12%	25%	15-20%	20%
ROE (%)	22%	14%	14-15%	15%

* FY 06 Figures are all estimated & pro forma

** Assuming deconsolidation of Alpha



Q & A

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