

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



# Citigroup NDR In Singapore & HK

September 25-28, 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

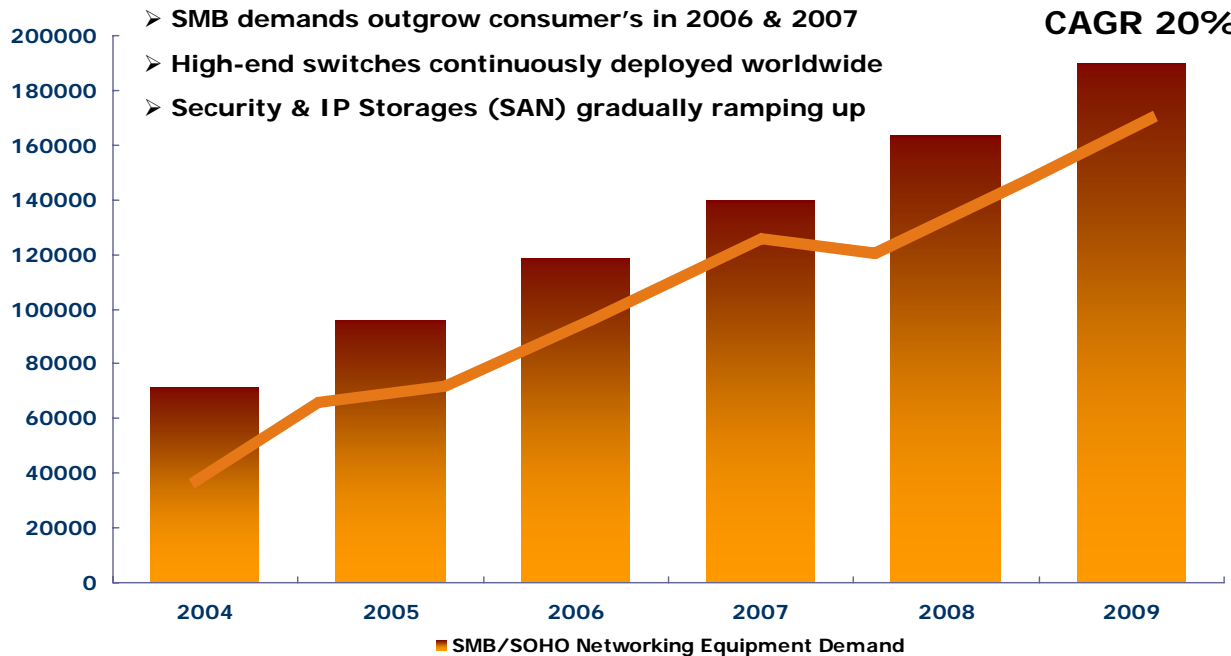
- **Industry Outlook**
- **Product Drivers**
- **Overall Business Updates**

All numbers consolidated except otherwise specified.  
2Q/06 numbers are pro forma ..

# Industry Outlook

## WW SMB and SOHO Networking Market

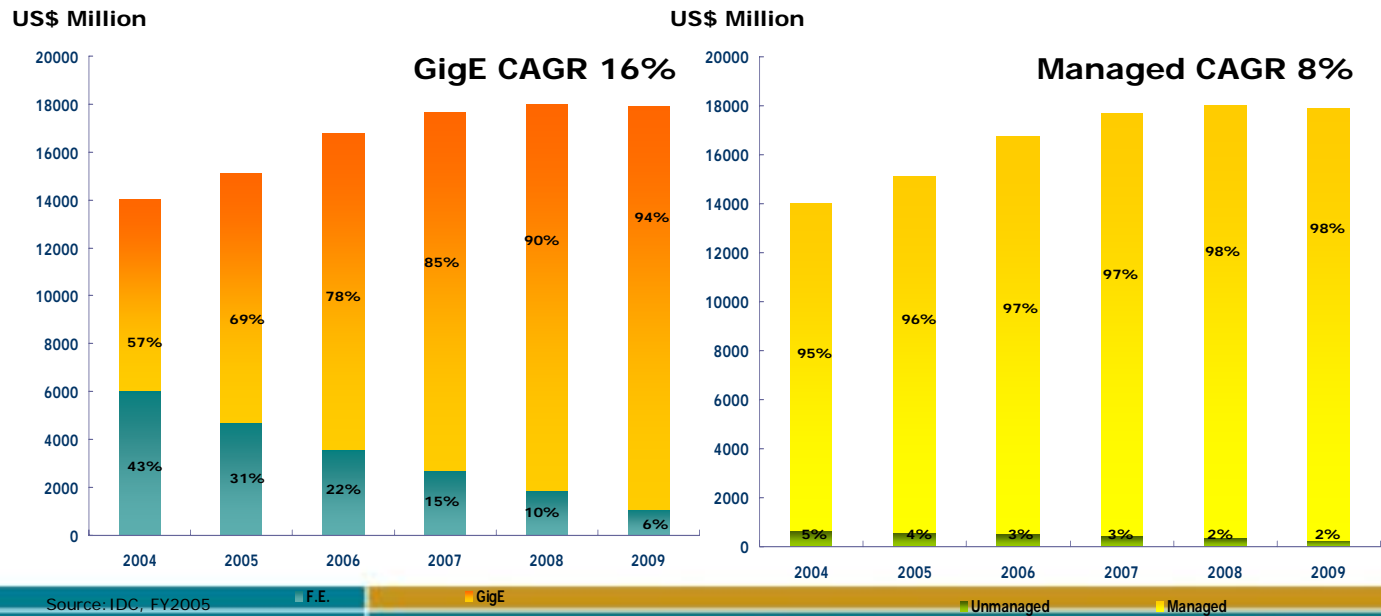
US\$ Million



Source: IDC, FY2005

# Switching

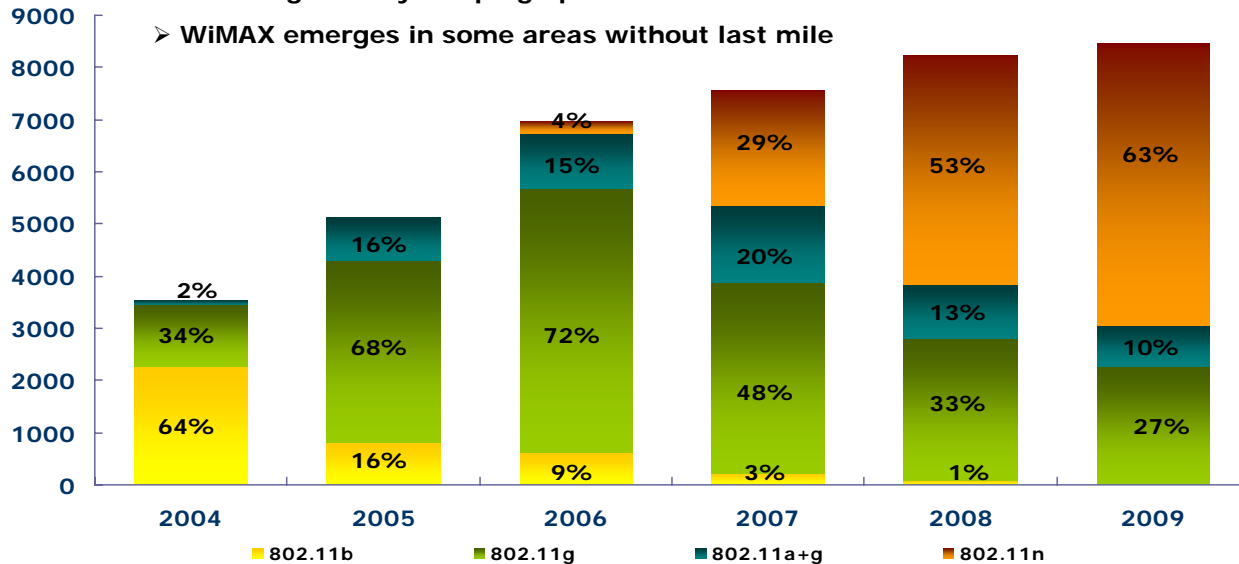
- LAN switching market growth remains solid
- L2 & L3 outgrow L4-L7
- Modular declines but stackable grew



# WLAN

- US\$ Million
- IEEE delays 802.11n ratification
  - WiFi association starts to test draft N from Jan/07
  - Draft N gradually ramping up from 2H/07
  - WiMAX emerges in some areas without last mile

**CAGR 15%**



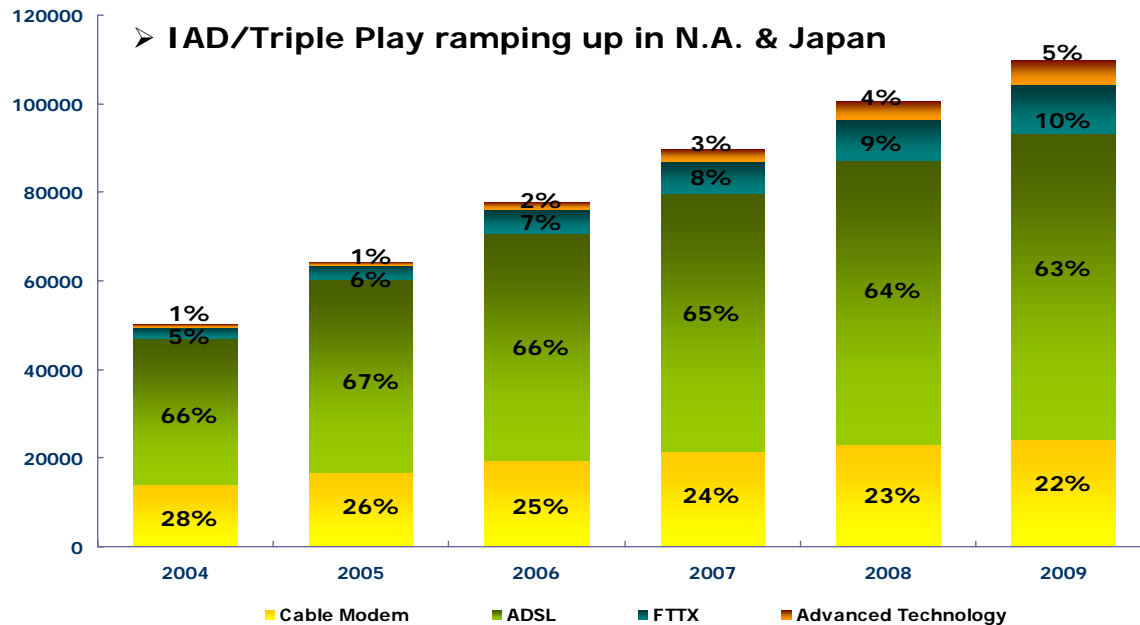
# Broadband

US\$ Million

➤ VoIP devices rapidly penetrate

➤ IAD/Triple Play ramping up in N.A. & Japan

CAGR 17%



Source: IDC, FY2005



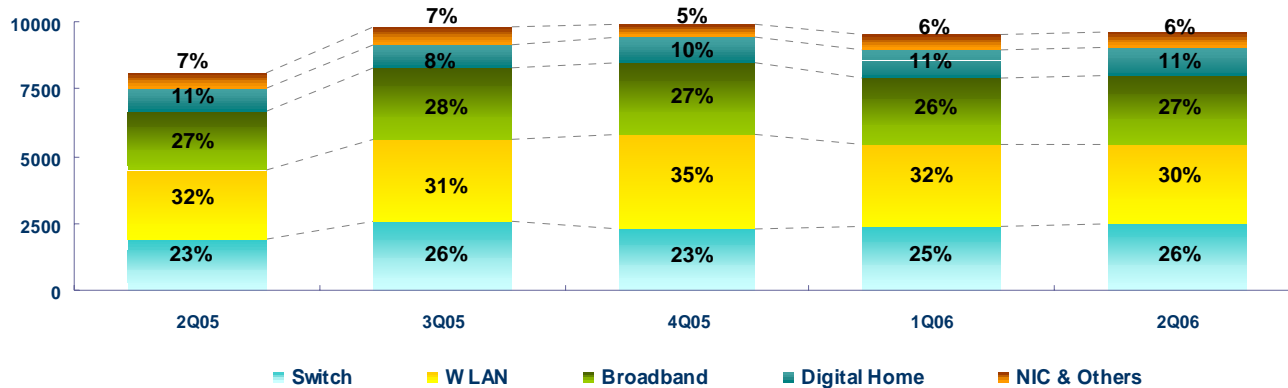
# Product Drivers

## Revenue by Products Consolidated

2Q/06 revenue YoY comparison:

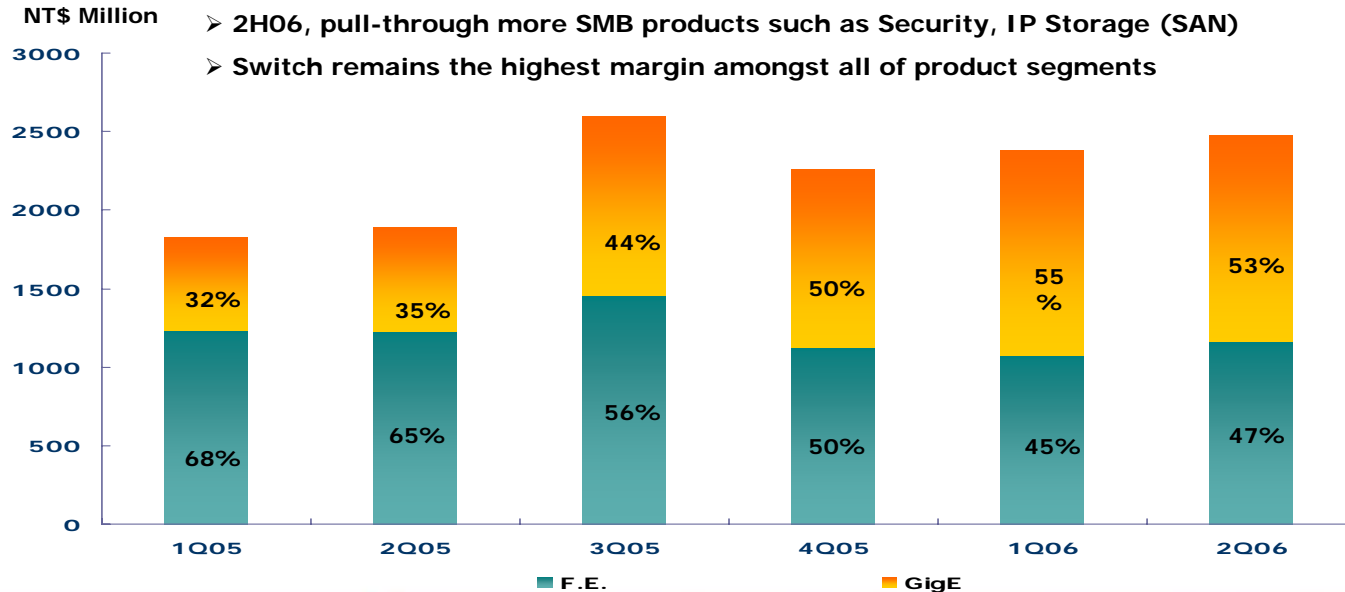
- Switch grew 32%
- WLAN increased 13%
- Broadband up 21%
- Digital Home rose 13%

NT\$ Million



## Switch Sales Breakdown

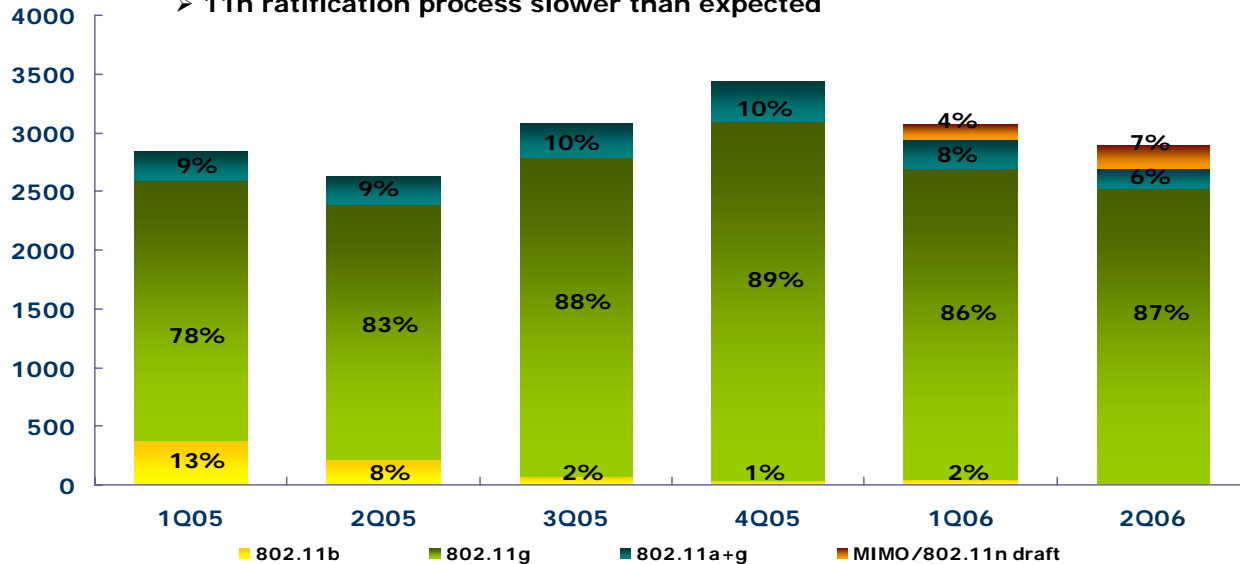
- In terms of D-Link consolidated switch sales, GigE officially crossovers FE in 1Q06
- High-end switch sales in 1H06 delivered over 110% YoY growth
- 2H06, pull-through more SMB products such as Security, IP Storage (SAN)
- Switch remains the highest margin amongst all of product segments



# WLAN Sales Breakdown

- In terms of D-Link WLAN Breakdown, 11g remains the largest pie
- Super G MIMO / Pre-N gradually ramping up, over 57% QoQ growth for 2Q06
- 11n ratification process slower than expected

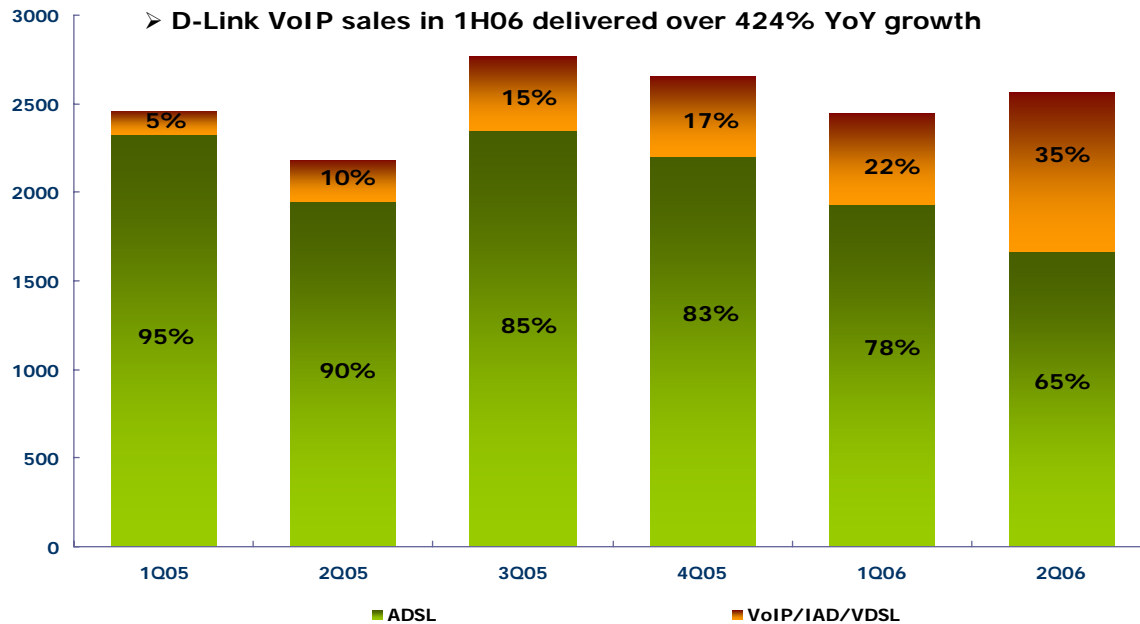
NT\$ Million



# Broadband Sales Breakdown

NT\$ Million

- VoIP worldwide continuously deployed by Telco/ISP
- D-Link VoIP sales in 1H06 delivered over 424% YoY growth

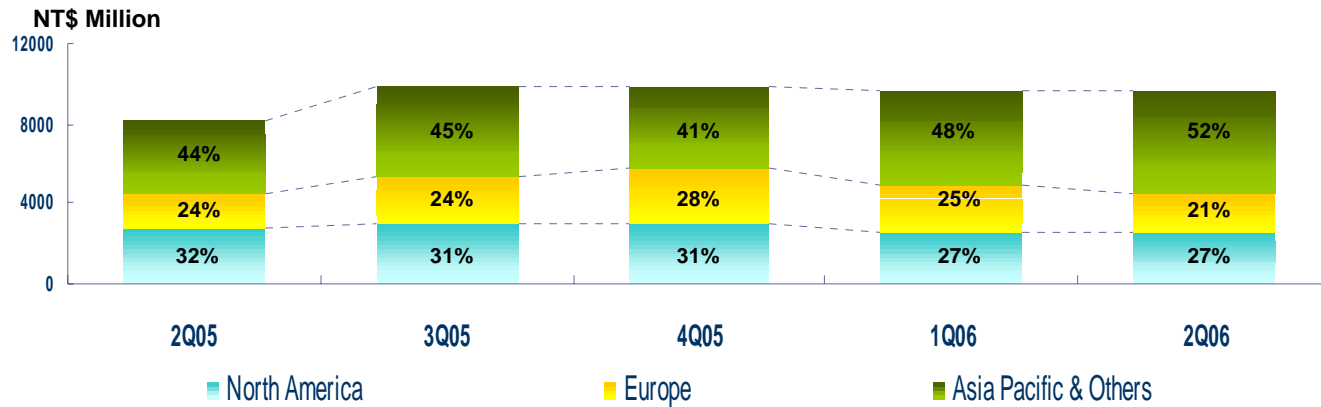


# Overall Business Updates

## Revenue by Regions Consolidated

2Q/06 revenue YoY comparison:

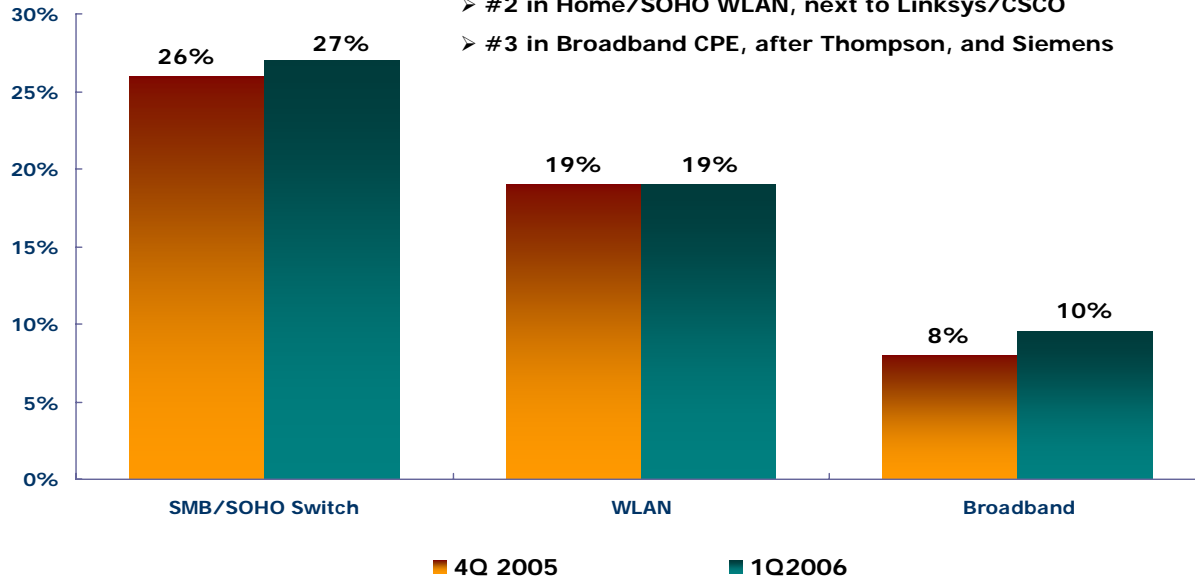
- N.A. seasonally dropped by 1%
- Europe was up 2.5%
- AsiaPac & Others jumped 42%
- In NT\$ terms, WW 2Q revenue grew 19%



## Dominance in Key Segments

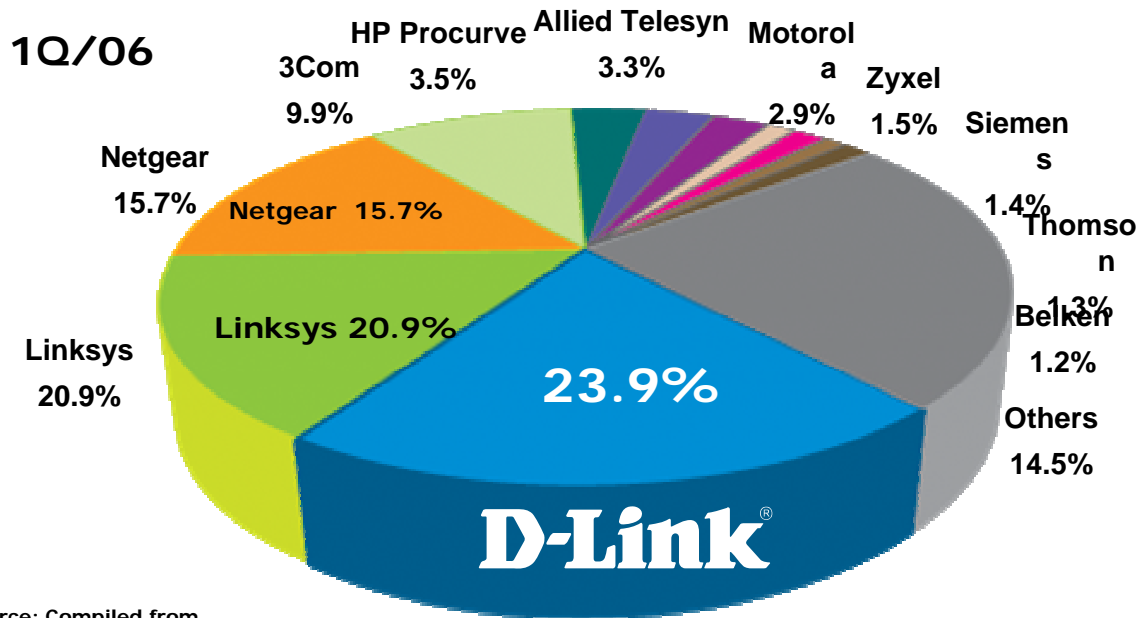
**Market Shares by Products** D-Link is, in unit terms,

- #1 in SOHO/SMB Ethernet LAN Switch
- #2 in Home/SOHO WLAN, next to Linksys/CISCO
- #3 in Broadband CPE, after Thompson, and Siemens





# #1 in SOHO/SMB Market



Source: Compiled from  
 In-Stat Q1 2006 Wireless LAN Equipment Market Share Report  
 In-Stat Q1 2006 Ethernet LAN Switch Market Share Report  
 In-Stat Q1 2006 Broadband Equipment Market Share Report

## New Products Releases

**22 New Product Announcements in Q2,  
Including XStack Switches, KVM Switch, Wireless  
Router, Wireless Internet Camera, Wireless Print  
Server, VoIP Gateway, Network Storage Array, and  
Security Adapter**

### Xstack SAN Array Storage



- iSCSI SoC over 65,000 I-O/s
- Single 10GbE or 8x1GbE Port
- Up to 6 Tera-Bytes of Data Space in 15 SATA RAID bays

### Xstack Wireless Gb Switch



- stack up to 32 units, 768 Gb ports
- optional 10Gb uplink
- Upgradeable to wireless

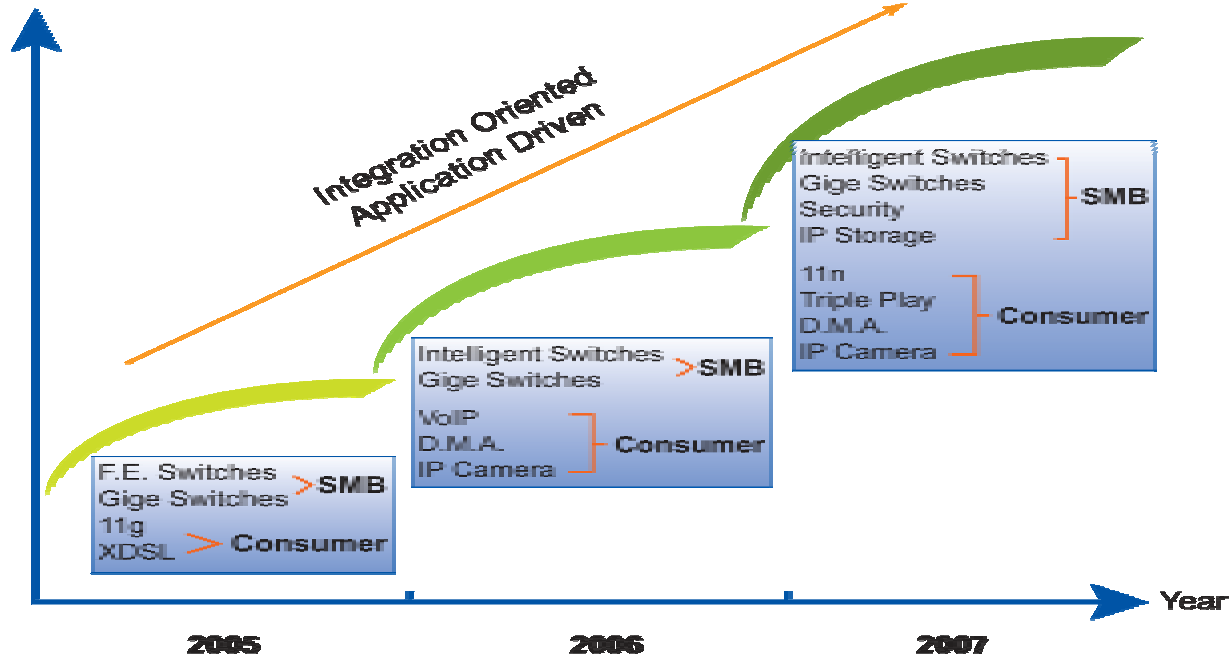
### Gigabit Wireless Office Router



- All-in-One Wireless Router, Print Server, and VoIP Enhancer
- Double Firewall (SPI and NAT) for Advanced Security

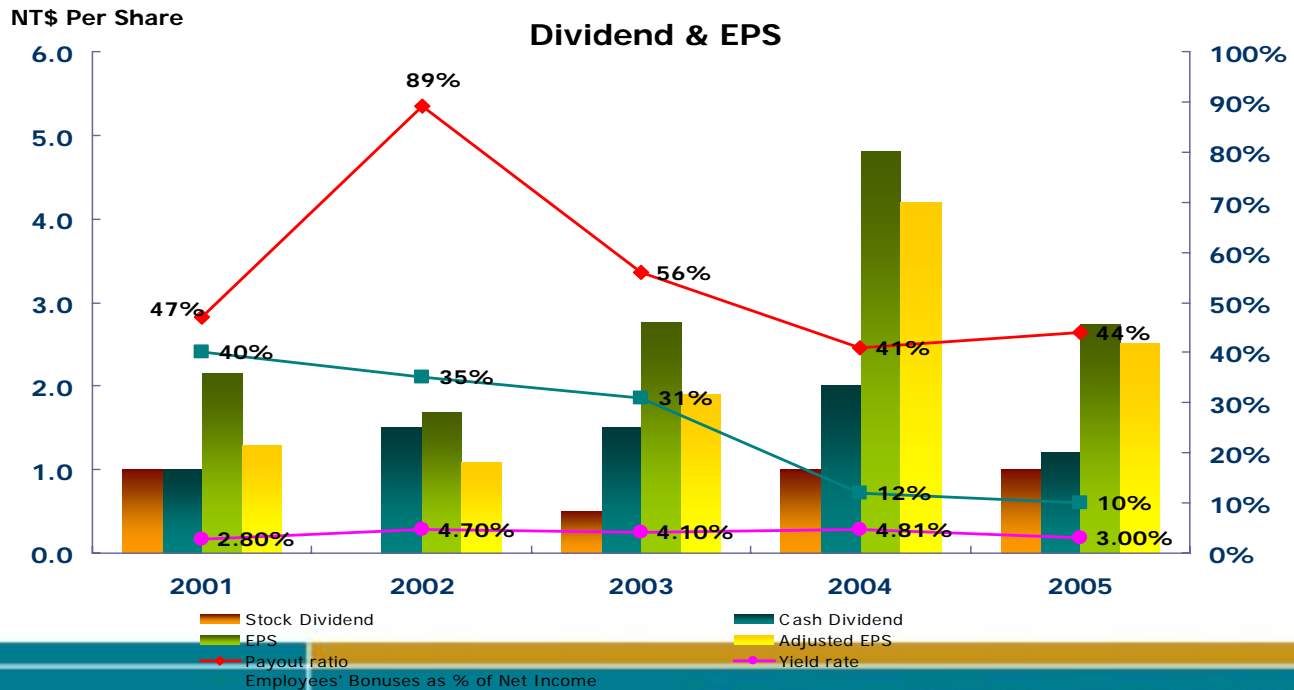
## Growth Strategy

Growth Drivers



# High Dividend Payout

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



Employees' Bonuses as % of Net Income

## Longer Term Business Model

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

\* FY 06 Figures are all estimated & pro forma

\*\* Assuming deconsolidation of Alpha

# Q & A

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