



# Unaudited 3Q09 Earnings Release

November 4, 2009

## Agenda

- **Operation Review & Updates** A.P. Chen
- **Q&A** Tony Tsao & A.P. Chen

All numbers are consolidated and unaudited, except otherwise specified.

# Operation Review & Updates

## 3Q09 Income Statement & QoQ Comparison

Unit: NT\$ million	3Q09		2Q09		QoQ % Change
	AMT	%	AMT	%	
Net Sales	8,334	100.0	7,025	100.0	18.6
Cost of Goods Sold - Product	5,782	69.4	4,992	71.1	15.8
Gross Profit 1	2,552	30.6	2,033	28.9	25.6
Inventory Related Gain/Loss	21	0.3	325	4.6	(93.5)
Gross Profit 2	2,573	30.9	2,358	33.5	9.2
Operating Expenses	2,382	28.6	2,220	31.5	7.3
Operating Income	191	2.3	138	2.0	38.4
Total Non-Op. Inc. (Loss)	161	1.9	49	0.7	228.6
Income Before Tax	352	4.2	187	2.7	88.2
Tax (Exp.) / Income	(85)	(1.0)	28	0.4	NA
Net Income	267	3.2	215	3.1	24.2
Minority Interest	(7)	(0.1)	4	0.1	NA
Consolidated Income	260	3.1	219	3.2	18.7
EPS (NT\$)-Per Fully Diluted Capital of NT\$6,476M	0.40		0.34		18.7

\* The numbers are unaudited.

## 3Q09 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln	3Q09	2Q09	QoQ % Change
<b>Investment Income</b>	71	(48)	NA
<b>Sub./Aff.</b>	71	(48)	NA
<b>Capital Gain</b>	0	0	0
<b>FX Gain/(Loss)</b>	57	63	(9.5)
<b>Fin. Income/(Exp.) &amp; Oth.</b>	33	34	(2.9)
<b>Total</b>	161	49	228.6

## 3Q09 Income Statement & YoY Comparison

Unit: NT\$ million	3Q09		3Q08		YoY % Change
	AMT	%	AMT	%	
Net Sales	8,334	100.0	8,629	100.0	(3.4)
Cost of Goods Sold - Product	5,782	69.4	5,808	67.3	(0.5)
Gross Profit 1	2,552	30.6	2,821	32.7	(9.5)
Inventory Related Gain/Loss	21	0.3	(88)	(1.0)	NA
Gross Profit 2	2,573	30.9	2,733	31.7	(5.8)
Operating Expenses	2,382	28.6	2,282	26.5	4.4
Operating Income	191	2.3	451	5.2	(57.6)
Total Non-Op. Inc. (Loss)	161	1.9	172	2.0	(6.4)
Income Before Tax	352	4.2	623	7.2	(43.5)
Tax (Exp.) / Income	(85)	(1.0)	(165)	(1.9)	(48.5)
Net Income	267	3.2	458	5.3	(41.7)
Minority Interest	(7)	(0.1)	0	0.0	NA
Consolidated Income	260	3.1	458	5.3	(43.2)
EPS (NT\$)-Per Fully Diluted Capital of NT\$6,476M	0.40		0.71		(43.2)

\* The numbers are unaudited.

## YT3Q09 Income Statement & YoY Comparison

Unit: NT\$ million	YT3Q09		YT3Q08		YoY % Change
	AMT	%	AMT	%	
Net Sales	22,164	100.0	25,628	100.0	(13.5)
Cost of Goods Sold - Product	15,695	70.8	17,091	66.7	(8.2)
Gross Profit 1	6,469	29.2	8,537	33.3	(24.2)
Inventory Related Gain/Loss	133	0.6	(320)	(1.2)	NA
Gross Profit 2	6,602	29.8	8,217	32.1	(19.6)
Operating Expenses	6,711	30.3	7,159	27.9	(6.2)
Operating Income	(109)	(0.5)	1,058	4.1	NA
Total Non-Op. Inc. (Loss)	384	1.7	386	1.5	(0.5)
Income Before Tax	275	1.2	1,444	5.6	(80.9)
Tax (Exp.) / Income	(121)	(0.5)	(276)	(1.1)	(56.1)
Net Income	154	0.7	1,168	4.5	(86.8)
Minority Interest	0	0.0	0	0.0	NA
Consolidated Income	154	0.7	1,168	4.5	(86.8)
EPS (NT\$)-Per Fully Diluted Capital of NT\$6,476M	0.24		1.80		(86.8)

\* The numbers are unaudited.

## 09/30/2009 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	09/30/09		06/30/09		QoQ %
	AMT	%	AMT	%	Change
Cash	3,975	16	3,170	14	25.4
S-T Investment	98	0	68	0	44.1
Account Receivable	6,410	26	5,900	25	8.6
Inventory	5,288	22	5,558	24	(4.9)
Long-term Investments	5,185	21	5,633	24	(7.9)
Total Assets	24,218	100	23,502	100	3.0
Accounts Payable	5,614	23	5,125	22	9.5
Current Liabilities	8,961	37	8,831	38	1.5
Common Stock	6,476	27	5,652	24	14.6
Stockholders' Equity	14,336	59	13,753	59	4.2



## Key Financial Ratios

Unit: % , days	09/30/09	06/30/09	03/31/09	12/31/08	09/30/08
<b>Days A/R</b>	77 <sup>*</sup>	78 <sup>*</sup>	80 <sup>*</sup>	74 <sup>*</sup>	74 <sup>*</sup>
<b>Days Inventory</b>	112 <sup>*</sup>	121 <sup>*</sup>	115 <sup>*</sup>	131 <sup>*</sup>	125 <sup>*</sup>
<b>Days A/P</b>	100 <sup>*</sup>	101 <sup>*</sup>	81 <sup>*</sup>	101 <sup>*</sup>	141 <sup>*</sup>
<b>Cash Cycle</b>	89	99	114	104	57
<b>Current Ratio</b>	1.89	1.84	2.01	1.91	1.58
<b>Debt/Equity Ratio</b>	0.70	0.71	0.63	0.79	0.95
<b>Net Debt/Equity Ratio</b>	0.39 <sup>**</sup>	0.47 <sup>**</sup>	0.44 <sup>**</sup>	0.57 <sup>**</sup>	0.67 <sup>**</sup>
<b>ROE</b>	7 <sup>*</sup>	6 <sup>*</sup>	-8 <sup>*</sup>	9 <sup>*</sup>	13 <sup>*</sup>

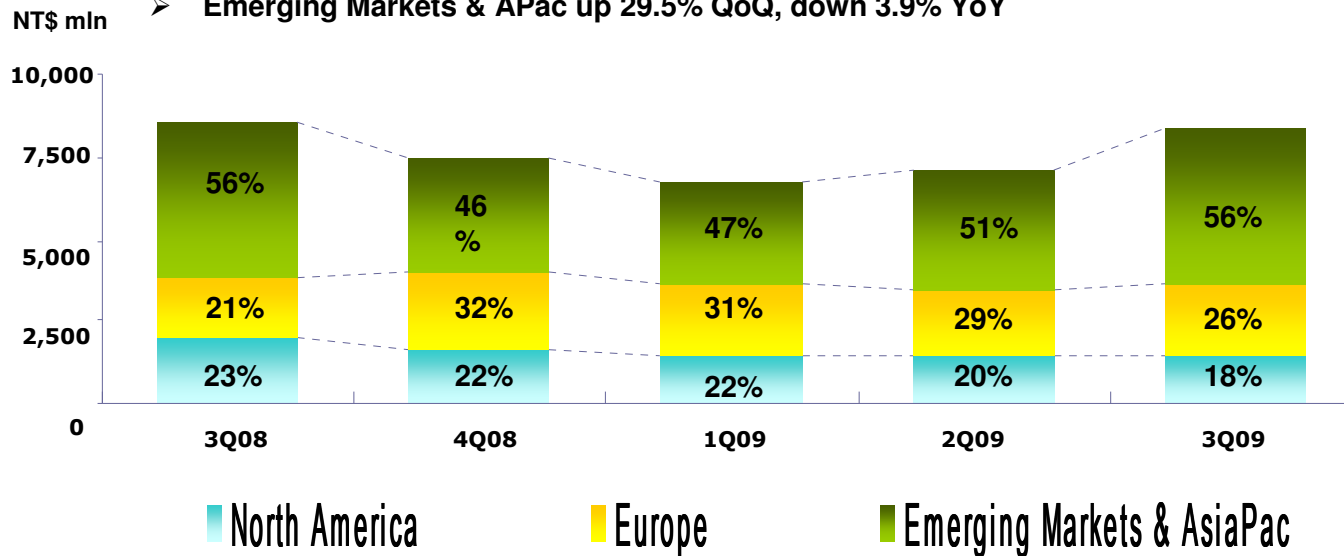
\* Annualized

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

## Quarterly Revenue by Regions

3Q09 revenue up 18.6% QoQ, down 3.4% YoY

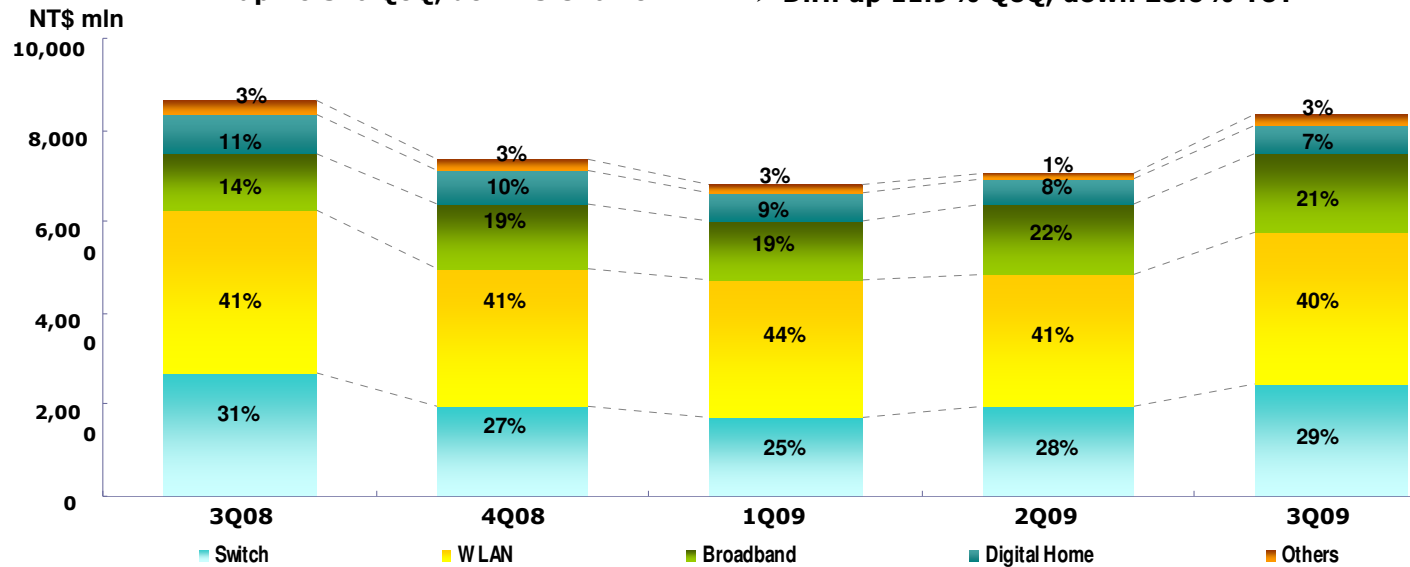
- N.A. up 8.8% QoQ, down 24.1% YoY
- Europe up 6.3% QoQ, up 20.8% YoY
- Emerging Markets & APac up 29.5% QoQ, down 3.9% YoY



# Quarterly Revenue by Products

**3Q09 revenue comparison:**

- Switch up 23.9% QoQ, down 8.9% YoY
- WLAN up 16.5% QoQ, down 5.8% YoY
- B.B. up 11.8% QoQ, up 39.3% YoY
- D.H. up 11.9% QoQ, down 28.6% YoY

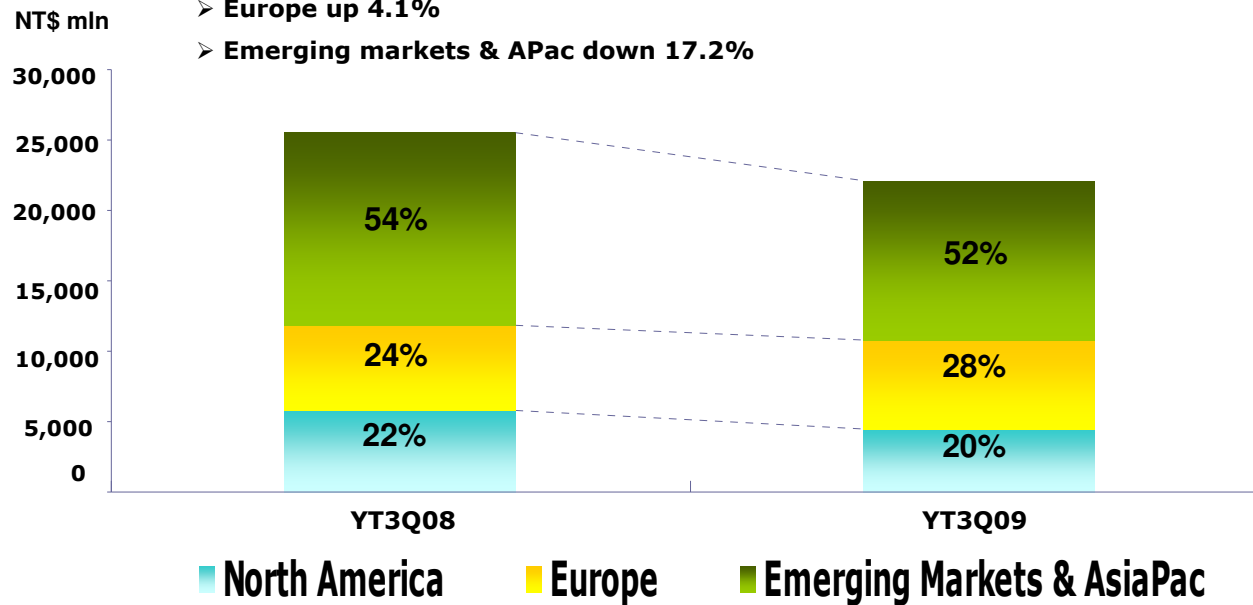


# YT3Q09 Revenue by Regions

**YT3Q09 revenue YoY comparison: WW revenue down**

**13.5%**

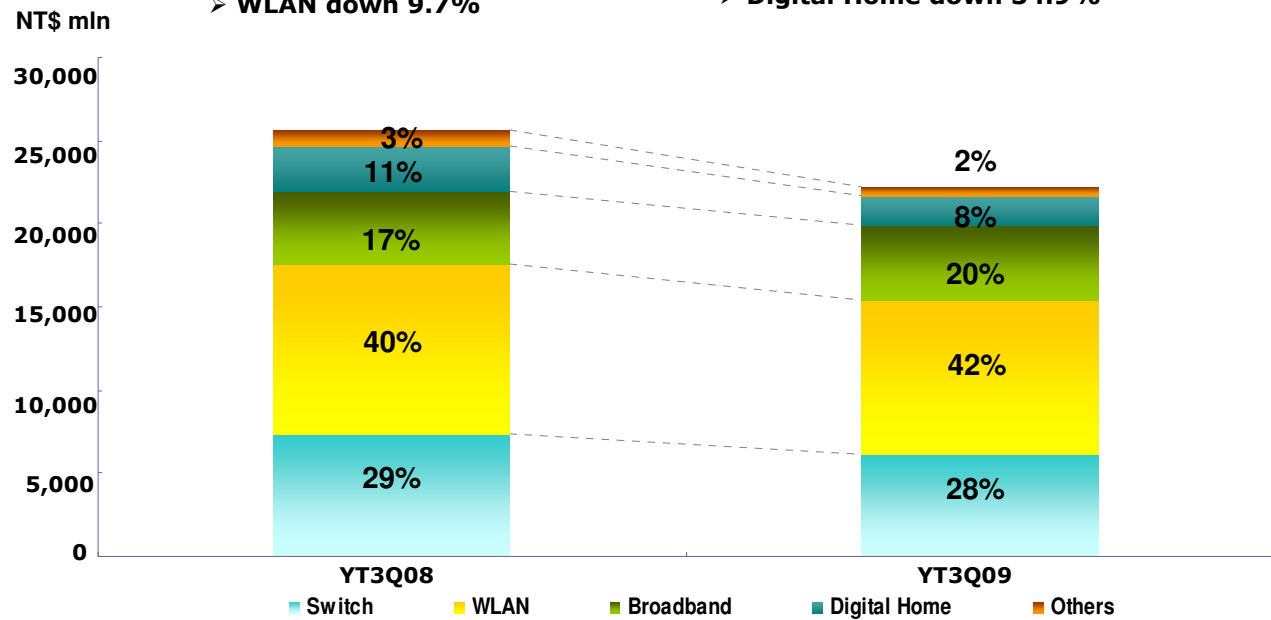
- N.A. down 23.5%
- Europe up 4.1%
- Emerging markets & APac down 17.2%



## YT3Q09 Revenue by Products

YT3Q09 revenue YoY comparison:

- Switch down 16.3%
- WLAN down 9.7%
- Broadband up 4.4%
- Digital Home down 34.9%
- Others



## 4Q09 Updates & Outlooks

- **Corporate updates**
  - **Convertible Bond – NT\$2.0bln**
  
- **4Q outlooks**
  - **Revenue flat**
  - **Margin flat**

## **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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