

# 1Q10 Operation Review & Business Updates

April 29, 2010



# Agenda

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› **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.

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# Operation Review & Business Updates

## 1Q10 Income Statement & QoQ Comparison

Unit: NT\$ million	1Q10		4Q09		QoQ % Change
	AMT	%	AMT	%	
<b>Net Sales</b>	<b>7,908</b>	100.0	<b>8,852</b>	100.0	(10.7)
<b>Cost of Goods Sold - Product</b>	<b>5,163</b>	65.3	<b>5,902</b>	66.7	(12.5)
<b>Gross Profit 1</b>	<b>2,745</b>	34.7	<b>2,950</b>	33.3	(6.9)
<b>Inventory Related Gain/Loss</b>	<b>(66)</b>	(0.8)	<b>64</b>	0.7	NA
<b>Gross Profit 2</b>	<b>2,679</b>	33.9	<b>3,014</b>	34.0	(11.1)
<b>Operating Expenses</b>	<b>2,375</b>	30.0	<b>2,511</b>	28.3	(5.4)
<b>Operating Income</b>	<b>304</b>	3.9	<b>503</b>	5.7	(39.6)
<b>Total Non-Op. Inc. (Loss)</b>	<b>40</b>	0.5	<b>(43)</b>	(0.5)	NA
<b>Income Before Tax</b>	<b>344</b>	4.4	<b>460</b>	5.2	(25.2)
<b>Tax (Exp.) / Income</b>	<b>(80)</b>	(1.0)	<b>(83)</b>	(0.9)	(3.6)
<b>Net Income</b>	<b>264</b>	3.4	<b>377</b>	4.3	(29.9)
<b>Minority Interest</b>	<b>(9)</b>	(0.1)	<b>(19)</b>	(0.3)	(52.6)
<b>Consolidated Income</b>	<b>255</b>	3.3	<b>358</b>	4.0	(28.8)
<b>EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,476M</b>	<b>0.39</b>		<b>0.55</b>		(28.8)

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

## 1Q10 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln

	<b>1Q10</b>	<b>4Q09</b>	<b>QoQ % Change</b>
<b>Investment Income</b>	71	0	NA
<b>Sub./Aff.</b>	71	0	NA
<b>Capital Gain</b>	0	0	0.0
<b>FX Gain/(Loss)</b>	(54)	(45)	(20.0)
<b>Fin. Income/(Exp.) &amp; Oth.</b>	23	2	1000.5
<b>Total</b>	40	(43)	NA

## 1Q10 Income Statement & YoY Comparison

Unit: NT\$ million	1Q10		1Q09		YoY % Change
	AMT	%	AMT	%	
<b>Net Sales</b>	<b>7,908</b>	100.0	<b>6,805</b>	100.0	16.2
<b>Cost of Goods Sold - Product</b>	<b>5,163</b>	65.3	<b>4,921</b>	72.3	4.9
<b>Gross Profit 1</b>	<b>2,745</b>	34.7	<b>1,884</b>	27.7	45.7
<b>Inventory Related Gain/Loss</b>	<b>(66)</b>	(0.8)	<b>(213)</b>	(3.1)	(69.0)
<b>Gross Profit 2</b>	<b>2,679</b>	33.9	<b>1,671</b>	24.6	60.4
<b>Operating Expenses</b>	<b>2,375</b>	30.0	<b>2,109</b>	31.0	12.6
<b>Operating Income</b>	<b>304</b>	3.9	<b>(438)</b>	(6.4)	NA
<b>Total Non-Op. Inc. (Loss)</b>	<b>40</b>	0.5	<b>174</b>	2.6	(77.0)
<b>Income Before Tax</b>	<b>344</b>	4.4	<b>(264)</b>	(3.8)	NA
<b>Tax (Exp.) / Income</b>	<b>(80)</b>	(1.0)	<b>(64)</b>	(0.9)	25.0
<b>Net Income</b>	<b>264</b>	3.4	<b>(328)</b>	(4.7)	NA
<b>Minority Interest</b>	<b>(9)</b>	(0.1)	<b>3</b>	0.04	NA
<b>Consolidated Income</b>	<b>255</b>	3.3	<b>(325)</b>	(4.7)	NA
<b>EPS (NT\$)-Per Weighted Avg. Capital of NT\$6,476M</b>	<b>0.39</b>		<b>(0.50)</b>		NA

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

## 03/31/2010 Balance Sheet & QoQ Comparison

Unit: NT\$ mln

	03/31/10 AMT	%	12/31/09 AMT	%	QoQ % Change
Cash	5,637	22	5,558	22	1.4
S-T Investment	1,586	6	0	0	NA
Account Receivable	5,715	22	6,297	25	(9.2)
Inventory	4,550	17	4,690	19	(3.0)
Long-term Investments	5,485	21	5,481	22	0.1
Total Assets	26,177	100	25,372	100	3.2
Accounts Payable	5,573	21	5,836	23	(4.5)
Current Liabilities	8,620	33	9,430	37	(8.6)
Common Stock	6,476	25	6,476	26	0.0
Stockholders' Equity	15,211	58	15,002	59	1.4

# Key Financial Ratios

Unit: % , days	03/31/10	12/31/09	09/30/09	06/30/09	03/31/09
Days A/R	69 <sup>*</sup>	72 <sup>*</sup>	77 <sup>*</sup>	78 <sup>*</sup>	80 <sup>*</sup>
Days Inventory	81 <sup>*</sup>	104 <sup>*</sup>	112 <sup>*</sup>	121 <sup>*</sup>	115 <sup>*</sup>
Days A/P	100 <sup>*</sup>	99 <sup>*</sup>	100 <sup>*</sup>	101 <sup>*</sup>	81 <sup>*</sup>
Cash Cycle	50	77	89	99	114
Current Ratio	2.16	1.90	1.89	1.84	2.02
Debt/Equity Ratio	0.73	0.70	0.70	0.71	0.62
Net Debt/Equity Ratio	0.25 <sup>**</sup>	0.31 <sup>**</sup>	0.39 <sup>**</sup>	0.47 <sup>**</sup>	0.45 <sup>**</sup>
ROE	7 <sup>*</sup>	10 <sup>*</sup>	7 <sup>*</sup>	6 <sup>*</sup>	(10) <sup>*</sup>

\* Annualized

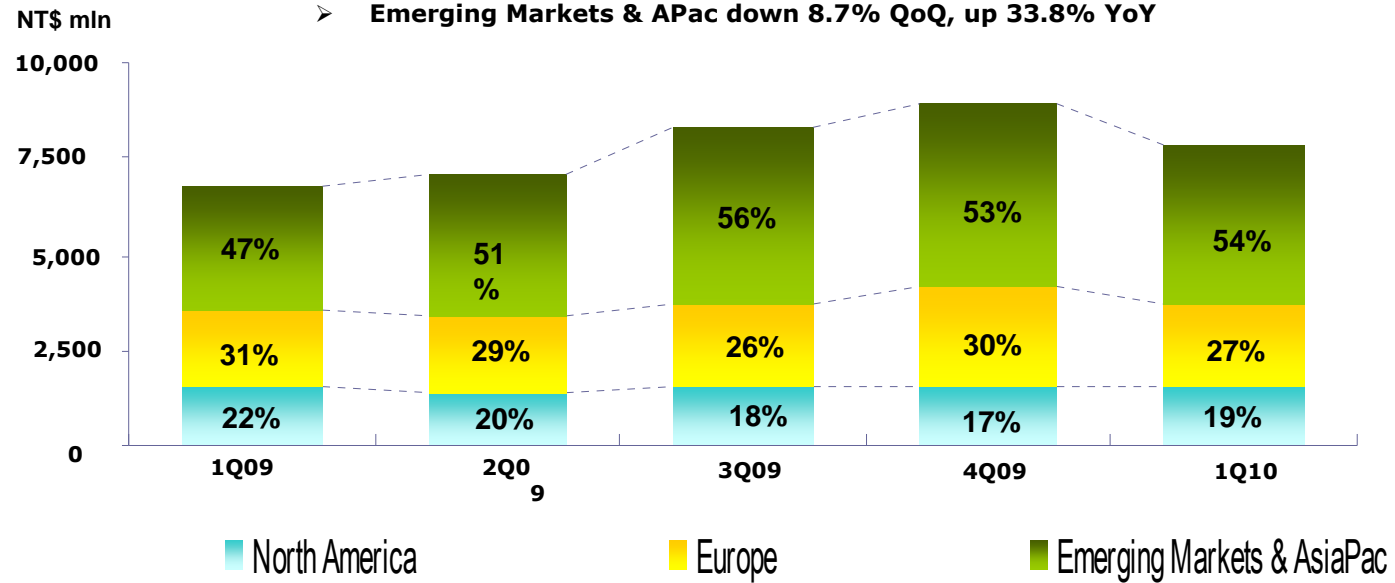
\*\* Adjust for Cash & S-T investment



# Quarterly Revenue by Regions

**1Q10 revenue down 10.7% QoQ, up 16.2% YoY**

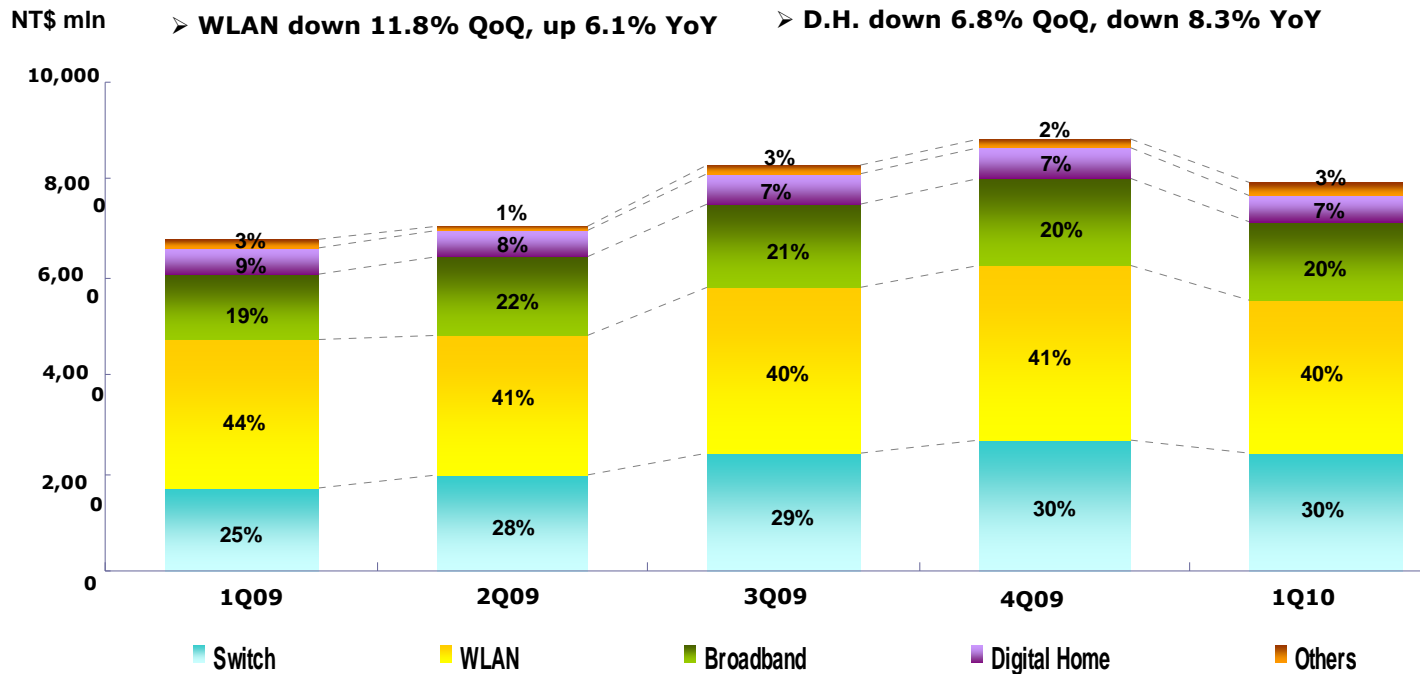
- **N.A. up 0.8% QoQ, down 0.1% YoY**
- **Europe down 20.4% QoQ, up 1.0% YoY**
- **Emerging Markets & APac down 8.7% QoQ, up 33.8% YoY**



# Quarterly Revenue by Products

## 1Q10 revenue comparison:

- Switch down 10.6% QoQ, up 37.1% YoY
- WLAN down 11.8% QoQ, up 6.1% YoY
- Broadband down 11.6% QoQ, up 21.2% YoY
- Digital Home down 6.8% QoQ, down 8.3% YoY
- Others down 6.8% QoQ, down 8.3% YoY



# Corporate Updates

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- **2009 Dividend Plan**
  - **Cash NT\$1.0/Sh (09 ESP 0.79)**
  - **Payout Ratio 126.6%**
- **New Regulations**
  - **Tax Incentives Terminated**
  - **Reporting Requirements**

# 2Q10 Outlooks

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- **From QoQ Perspective**
  - **Revenue to Sequentially Grow**
  - **Op. Margin to Improve**
  - **Net Profit to Increase**

# Safe Harbor Statement

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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.

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# Q & A

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