

D-Link[®]
Building Networks for People

A blurred image of a person sitting and working on a laptop, positioned on the left side of the slide. The person is wearing a dark shirt and light-colored pants. The background is a blurred blue and white pattern.

1Q 2006 Investor Conference

Taipei, February 20, 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

- **4Q/05 Financial Review** A.P. Chen
- **Business Updates** Ken Kao
- **Q&A**

All numbers consolidated except otherwise specified.
4Q/05 numbers are pro forma .

4Q/05 Pro Forma Financial Review

Presented by
AP Chen, CFO

4Q/05 QoQ Consolidated Income Statement Comparison

Amount: NT\$ million	4Q/05 Estimate		3Q/05 Actual		QoQ % Change
Net Sales	9,987	100%	9,846	100%	1%
Cost of Goods Sold	6,775	68%	6,814	69%	(1)%
Gross Profit	3,212	32%	3,032	31%	6%
Operating Expenses	2,415	24%	2,237	23%	8%
Operating Income	797	8%	795	8%	-
Total Non-Op. Inc. (Loss)	(82)	(1)%	324	3%	(125)%
Income Before Tax	715	7%	1,119	11%	(36)%
Tax Expenses	(220)	(2)%	(277)	(3)%	(21)%
Net Income	495	5%	842	9%	(41)%
Minority Interest	(147)	(2)%	(162)	(2)%	(9)%
Consolidated Income	348	4%	680	7%	(49)%
Earnings Per Share (NT\$)	0.58*		1.14		(49)%

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

Non-op Income/Loss Breakdown

Unit : NT\$Mln	4Q05	3Q05
Investment Income/(Loss)	144	136
Sub./Aff.	144	79
Capital Gain	0	57
FX Gain/(Loss)	(91)	184
Inventory Gain/(Loss)	(84)	(60)
Financial Income/(Exp.) & Others	<u>(51)</u>	<u>64</u>
Total	(82)	324

4Q/05 YoY Consolidated Income Statement Comparison

Amount: NT\$ million	4Q/05 Estimate		4Q/04 Actual		YoY % Change
Net Sales	9,987	100%	8,489	100%	18%
Cost of Goods Sold	6,775	68%	5,503	65%	23%
Gross Profit	3,212	32%	2,986	35%	8%
Operating Expenses	2,415	24%	2,229	26%	8%
Operating Income	797	8%	757	9%	5%
Total Non-Op. Inc. (Loss)	(82)	(1)%	(56)	(1)%	46%
Income Before Tax	715	7%	701	8%	2%
Tax Expenses	(220)	(2)%	(103)	(1)%	114%
Net Income	495	5%	598	7%	(17)%
Minority Interest	(147)	(1)%	(31)	-	374%
Consolidated Income	348	3%	567	7%	(39)%
Earnings Per Share (NT\$)	0.58*		1.05		(44)%

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

FY2005 YoY Consolidated Income Statement Comparison

Amount: NT\$ million	2005 Estimate		2004 Actual		YoY % Change
Net Sales	36,508	100%	32,245	100%	13%
Cost of Goods Sold	25,022	69%	21,437	66%	17%
Gross Profit	11,486	31%	10,808	34%	6%
Operating Expenses	8,788	24%	8,174	25%	8%
Operating Income	2,698	7%	2,634	8%	2%
Total Non-Op. Inc. (Loss)	160	-	581	2%	(72)%
Income Before Tax	2,858	8%	3,215	10%	(11)%
Tax Expenses	(773)	(2)%	(399)	(1)%	94%
Net Income	2,085	6%	2,816	9%	(26)%
Minority Interest	(454)	(1)%	(215)	(1)%	111%
Consolidated Income	1,631	4%	2,601	8%	(37)%
Earnings Per Share (NT\$)	2.73 *		4.82		(43)%

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

12/31/2005 Consolidated Balance Sheet QoQ Comparison

Amount: NT\$ million	12/31/05		09/31/05		QoQ %
	Estimat		Actual		Change
Cash	e	10%	2,650	10%	(9)%
S-T Investment	2,415	3%	537	2%	34%
Account Receivable	720	26%	7,788	31%	(12)%
Inventory	6,840	27%	7,228	28%	(1)%
Long-term Investments	7,141	9%	2,173	9%	3%
Total Assets	2,248	100%	25,502	100%	(4)%
Accounts Payable	24,431	24%	6,813	27%	(13)%
Current Liabilities	5,928	40%	11,316	44%	(13)%
Long-term Liabilities	9,874	0%	15	-	7%
Common Stock	16	25%	6,092	24%	-
Stockholders' Equity	6,092	58%	13,887	54%	2%
	14,223				

Consolidated Key Financial Ratios– Liquidity/Leverage

Unit: % , days	12/31/05	9/30/05	6/30/05	3/31/05	12/31/04
Days A/R	63*	70*	64*	65*	59*
Days Inventory	96*	100*	96*	89*	95*
Days A/P	78*	87*	79*	75*	86*
Cash Cycle	82	83	82	80	68
Current Ratio	1.82	1.71	1.60	1.70	1.60
Debt/Equity Ratio	0.84	0.98**	1.05	1.12	1.22**
Adjusted Debt/ Equity Ratio	0.59**	0.71	0.55**	0.58**	0.64

* Annualized

**Adjust for Cash & S-T investment

Consolidated Key Financial Ratios – Profitability (%)

Unit: %	2005	4Q/05	3Q/05	2Q/05	1Q/05	2004
Net Income/Sales	4.47	3.49	6.91	3.33	4.13	8.07
Net Income/Total Assets	6.68	1.43	2.67	1.12	1.38	10.05
Operating Profit/Sales	7.39	7.98	8.07	5.66	7.78	8.17
Return on Equity**	14	14	14	11	12	22
EPS (NT\$)	2.73	0.58	1.14	0.42	0.59	4.82

* Annualized

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

Business Updates

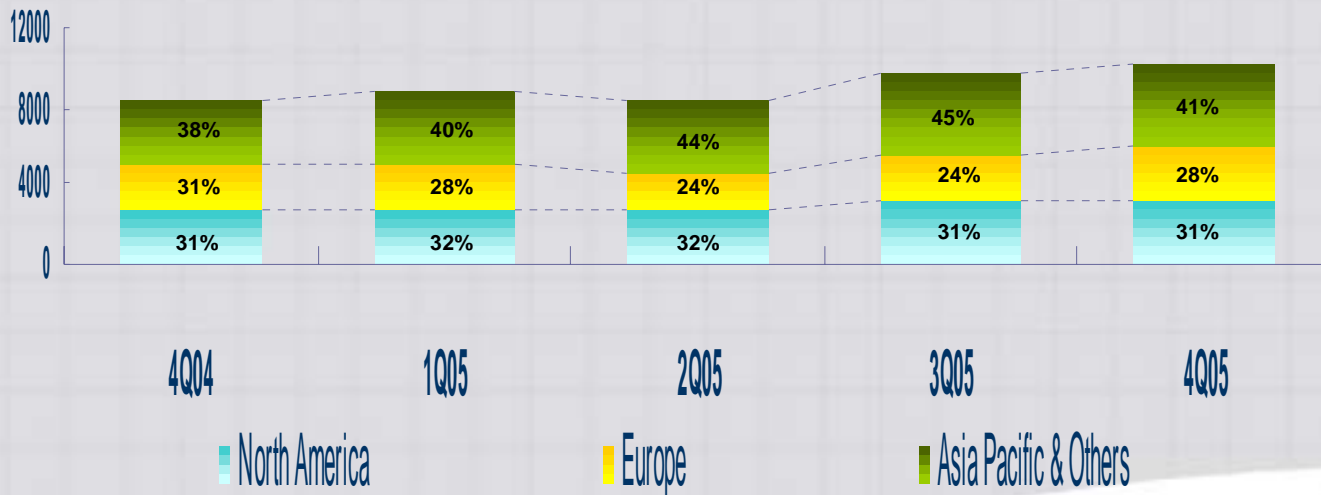
Presented by
Ken Kao, Chairman/CEO

Revenue by Regions Consolidated

4Q/05 revenue YoY comparison:

- N.A. grew positively 18%
- Europe increased 7%
- AsiaPac & Others rose 27%
- In NT\$ terms, WW 4Q revenue grew 18%

NT\$ Million

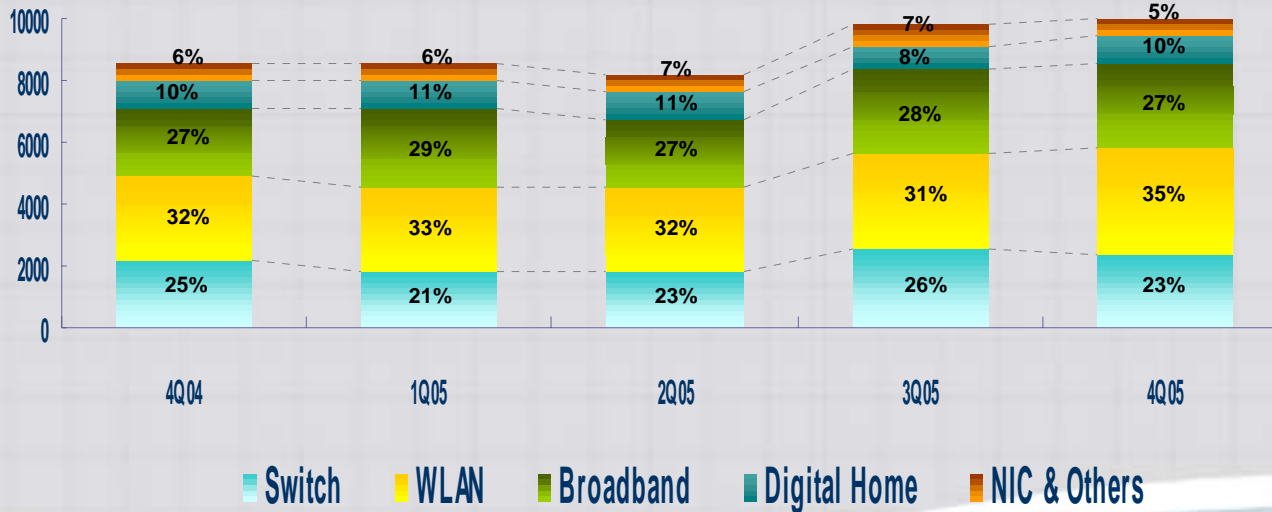


Revenue by Products Consolidated

4Q/05 revenue YoY comparison:

- Switch grew 8%
- WLAN grew 29%
- Broadband rose 18%
- Digital Home rose 18%

NT\$ Million



New Product Update

30 New Product Announcements in Q4 (nearly 100 for FY2005)

- Two DSM series Digital Home Audio & Video products: DSM-120, DSM-520
- Three VOIP gateway products
- Three Xstack series managed GigaSwitches: 24/48 ports with 10G link & IPV6
- Also Includes Network Storage, SOHO Routers, Chassis Switch modules, Internet Camera & ADSL Routers.



iRadio
MP3.WMA.WAV HD
add-in USB2 Wi-fi



HDTV USB2 Wi-fi



XSTACK



MIMO home router

2006 Outlook

- **Fateful year for emerging technologies**
 - **802.11n / WiMAX, VoIP, Digital Home**
- **Corporate spending up for networking**
- **Emerging market gap narrowing**
- **Industry convergence more obvious**
- **Growth slightly better than 2005**

Looking Forward

North America

- SMB leads the growth
- VoIP ramping up rapidly
- More mature for Digital Home products

Europe

- Higher acceptance for Digital Home products
- SMB growth stronger than Consumer
- Eastern Europe outgrows the rest of Europe

APac & Other Areas

- Remain the fastest growing region
- Latin America, Russia, and Middle East lead the growth
- Start-up in Japan & Korea

1Q/06 Outlook Consolidated

- **1Q Guidance**
 - 1Q revenue flat QoQ
 - Gross margin at the range of 31-32%

- **Upsides**
 - SMB sector growing in North America & Europe
 - Emerging markets keep leaping forwards
 - Digital Home acceptance in Europe & Emerging markets
 - Major Broadband / VoIP projects awarded / pipelined

- **Downsides**
 - SMB spending retreat due to Macro-economy slow down
 - Delay of Digital Home break-through

Q & A

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