

**D-Link<sup>®</sup>**



**Investor  
Conference**

**October, 2002**



## Safe Harbor Statement

**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.**

➤ **Presentation of  
3Q/2002 Audited  
Financial Results**

Yvonne Yan

➤ **D-Link's Business  
Updates**

A.P. Chen

➤ **Q&A**

D-Link Corp.'s 3Q/02 results are based on reviewed financial statements.  
All consolidated financials are based on unaudited internal statements.



# YTSept. Income Statement

Amount: NT\$ million	YTSept. 2002	As % of Sales
Net Sales	11,739	100%
Cost of Goods Sold	9,691	83%
Gross Margin	2,048	17%
Operating Expenses	1,263	10%
Operating Income	785	7%
Total Non-Op. Inc. (Loss)	(90)	(1)%
Investment Income (Loss)	(136)	(1)%
Income Before Tax	695	6%
Income Tax Credit (Expense)	(72)	(1)%
Net Income	623	5%
Earnings Per Share (NT\$)	1.21	

\* EPS has adjusted for current capital of 516.3 million shares



# YtSept. YoY Comparison

Amount: NT\$ million

	YtSept. 2002		YtSept. 2001		YoY % Change
Net Sales	11,739	100%	10,632	100%	10%
Cost of Goods Sold	9,691	83%	8,791	83%	10%
Gross Margin	2,048	17%	1,841	17%	11%
Operating Expenses	1,263	10%	1,177	11%	7%
Operating Income	785	7%	664	6%	18%
Total Non-Op. Inc. (Loss)	(90)	(1)%	135	1%	(167)%
Investment Income (Loss)	(136)	(1)%	62	1%	(319)%
Income Before Tax	695	6%	799	7%	(13)%
Income Tax Credit (Expense)	(72)	(1)	(51)	-	41%
Net Income	623	5%	748	7%	(17)%
Earnings Per Share (NT\$)	1.21 <sup>*</sup>		1.45 <sup>*</sup>		

\* EPS has adjusted for current capital of 516.3 million shares



## 3Q/02 QoQ Comparison

Amount: NT\$ million

	3Q/02		2Q/02		QoQ %
	Actual		Actual		Change
Net Sales	4,157	100%	3,547	100%	17%
Cost of Goods Sold	3,470	83%	2,892	82%	20%
Gross Margin	687	17%	655	18%	5%
Operating Expenses	423	10%	395	11%	7%
Operating Income	264	6%	260	7%	2%
Total Non-Op. Inc. (Loss)	(172)	(4)%	(70)	(2)%	146%
Investment Income (Loss)	(117)	(3)%	(173)	(5)%	(32)%
Income Before Tax	92	2%	190	5%	(52)%
Income Tax Credit (Expense)	(24)	-	(24)	-	-
Net Income	68	2%	166	5%	(59)%
Earnings Per Share (NT\$)	0.13		0.32		

\* EPS has adjusted for current capital of 516.3 million shares



# YTSept. Consolidated Income Statement

Amount: NT\$ million

	YTSept. Actual	As % of Sales
Net Sales	15,706	100%
Cost of Goods Sold	11,454	73%
Gross Margin	4,252	27%
Operating Expenses	3,907	25%
Operating Income	345	2%
Total Non-Op. Inc. (Loss)	361	2%
Investment Income (Loss)	318	2%
Income Before Tax	706	4%
Income Tax Credit (Expense)	(87)	-
Net Income	619	4%
Minority Interest	4	-
Consolidated Income	623	4%
Earnings Per Share (NT\$)	1.21	

\* EPS has adjusted for current capital of 516.3 million shares



# YtSept. YoY Consolidated Income Statement Comparison

Amount: NT\$ million	YtSept. 2002		YtSept. 2001		YoY % Change
Net Sales	15,706	100%	12,963	100%	21%
Cost of Goods Sold	11,454	73%	9,261	71%	24%
Gross Margin	4,252	27%	3,702	29%	15%
Operating Expenses	3,907	25%	3,243	25%	20%
Operating Income	345	2%	459	4%	(25)%
Total Non-Op. Inc. (Loss)	361	2%	393	3%	(8)%
Investment Income (Loss)	318	2%	411	3%	(23)%
Income Before Tax	706	4%	852	7%	(17)%
Income Tax Credit (Expense)	(87)	(1)%	(98)	(1)	(11)%
Net Income	619	4%	754	6%	(18)%
Minority	4	-	(6)	-	
Consolidate Income	623	4%	748	6%	(17)%
Earnings Per Share (NT\$)	1.21 <sup>*</sup>		1.45 <sup>*</sup>		

\* EPS has adjusted for current capital of  
516.3 million shares





# 3Q/02 QoQ Consolidated

Amount: NT\$ million

	3Q/02 Actual		2Q/02 Actual		QoQ % Change
Net Sales	5,684	100%	4,800	100%	18%
Cost of Goods Sold	4,220	74%	3,424	71%	23%
Gross Margin	1,464	26%	1,376	29%	6%
Operating Expenses	1,401	25%	1,254	26%	12%
Operating Income	63	1%	122	3%	(48)%
Total Non-Op. Inc. (Loss)	32	1%	71	1%	(55)%
Investment Income (Loss)	82	1%	(9)	-	(1011)%
Income Before Tax	95	2%	193	4%	(51)%
Income Tax Credit (Expense)	(25)	(1)%	(32)	(1)%	(22)%
Net Income	70	1%	161	3%	(57)%
Minority	(2)		5		
Consolidate Income	68	1%	166	3%	(59)%
Earnings Per Share (NT\$)	0.13 <sup>*</sup>		0.32 <sup>*</sup>		

\* EPS has adjusted for current capital of 516.3 million shares



## 3Q/02 Balance Sheet and Cash Flow YoY Comparison

Amount: NT\$ million	09/30/02		09/30/01		YoY %
	Actual		Actual		Change
Cash	1,412	8%	1,803	13%	(22)%
S-T Investment	4,679	26%	206	1%	2171%
Account Receivable	4,248	24%	4,046	29%	5%
Inventory	816	5%	1,378	10%	(41)%
Long-term Investments	4,192	23%	3,992	28%	5%
Total Assets	17,914	100%	14,166	100%	26%
Accounts Payable	3,106	17%	1,572	11%	98%
Current Liabilities	4,164	23%	2,174	15%	92%
Long-term Liabilities	2,992	17%	2,392	17%	25%
Common Stock	5,163	29%	4,450	31%	16%
Stockholder's Equity	9,901	55%	9,110	64%	9%
Depreciation	207		164		26%
Capital Expenditure	273		763		(64)%



## 3Q/02 Balance Sheet and Cash Flow QoQ Comparison

Amount: NT\$ million	09/30/02		06/30/02		QoQ %
	Actual		Actual		Change
Cash	1,412	8%	1,858	11%	(24)%
S-T Investment	4,679	26%	3,411	21%	37%
Accounts Receivable	4,248	24%	3,270	20%	30%
Inventory	816	5%	910	6%	(10)%
Long-term Investments	4,192	23%	4,312	26%	(3)%
Total Assets	17,914	100%	16,446	100%	9%
Account Payable	3,106	17%	1,857	11%	67%
Current Liabilities	4,164	23%	2,948	18%	41%
Long-term Liabilities	2,992	17%	2,945	18%	2%
Common Stock	5,163	29%	5,163	31%	-
Stockholder's Equity	9,901	55%	9,828	60%	1%
Depreciation	207		136		52%
Capital Expenditure	273		180		52%



## Key Financial Ratios – Liquidity/Leverage

Unit: %, days

	<b>12/31/00</b>	<b>12/31/01</b>	<b>3/31/02</b>	<b>6/30/02</b>	<b>9/30/02</b>
Days A/R	<b>81</b>	<b>91</b>	<b>100*</b>	<b>89*</b>	<b>98*</b>
Days Inventory	<b>66</b>	<b>45</b>	<b>32*</b>	<b>32*</b>	<b>29*</b>
Days A/P	<b>56</b>	<b>67</b>	<b>63*</b>	<b>65*</b>	<b>80*</b>
Cash Cycle	<b>91</b>	<b>69</b>	<b>69</b>	<b>56</b>	<b>47</b>
Current Ratio	<b>2.42</b>	<b>2.92</b>	<b>3.54</b>	<b>3.32</b>	<b>2.74</b>
Debt/Equity Ratio	<b>0.51</b>	<b>0.75</b>	<b>0.63</b>	<b>0.67</b>	<b>0.81</b>
Adjusted Debt/ Equity Ratio	<b>0.28</b>	<b>0.49</b>	<b>0.48</b>	<b>0.48</b>	<b>0.67</b>

\*Annualized



# Key Financial Ratios – Profitability

Unit: %	12/31/00	12/31/01	3/31/02	6/30/02	9/30/20
Net Income/Sales	6.94	6.45	9.67 <sup>*</sup>	7.33 <sup>*</sup>	5.31 <sup>*</sup>
Net Income/Total Assets	6.48	5.90	9.40	6.76	4.64
Operating Profit/Sales	3.92	6.18	6.49	6.87	6.69
Return on Equity	11	10	14 <sup>**</sup>	11 <sup>**</sup>	9 <sup>**</sup>
EPS (NT\$)	2.26	2.15	0.76 <sup>※</sup>	1.08 <sup>※</sup>	1.21 <sup>※</sup>

\*Annualized

\*\*Annualized and adjusted for stock dividend issuance

※EPS has adjusted for current capital of 516.3 million shares



## 3Q/02 Consolidated Balance Sheet YoY Comparison

	09/30/02		09/30/01		YoY %
Amount: NT\$ million	Actual		Actual		Change
Cash	2,003	10%	2,331	15%	(14)%
S-T Investment	4,802	23%	250	2%	1821%
Account Receivable	4,757	23%	3,571	22%	33%
Inventory	2,478	12%	2,893	18%	(14)%
Long-term Investments	2,868	14%	2,920	18%	(2)%
Total Assets	21,004	100%	16,065	100%	31%
Accounts Payable	3,580	17%	1,649	10%	117%
Current Liabilities	7,460	36%	4,264	27%	75%
Long-term Liabilities	2,992	14%	2,395	15%	25%
Common Stock	5,163	25%	4,450	28%	16%
Stockholders' Equity	9,901	47%	9,110	57%	9%



# Consolidated Key Financial Ratios – Liquidity/Leverage

Unit: % , days	2000	2001	3/31/02	6/30/02	9/30/02
Days A/R	66	63	62	64	68
Days Inventory	111	88	66	69	65
Days A/P	64	69	61	67	75
Cash Cycle	113	82	67	66	58
Current Ratio	1.80	2.30	2.59	2.12	2.01
Debt/Equity Ratio	0.75	0.90	0.81	1.01	1.12
Adjusted Debt/Equity Ratio	0.45	0.56	0.58	0.75	0.92

\*Annualized



## Consolidated Key Financial Ratios – Profitability

Unit: %	2000	2001	3/31/02	6/30/02	/30/02
Net Income/Sales	5.97	5.42	7.47	5.55	3.97
Net Income/Total Assets	5.59	5.41	8.49 <sup>*</sup>	5.62 <sup>*</sup>	3.95 <sup>*</sup>
Operating Profit/Sales	2.92	2.94	3.06	2.81	2.20
Return on Equity	11	10	14 <sup>**</sup>	11 <sup>**</sup>	9 <sup>**</sup>
EPS (NT\$)	2.26	2.15	0.76 <sup>※</sup>	1.08 <sup>※</sup>	1.21 <sup>※</sup>

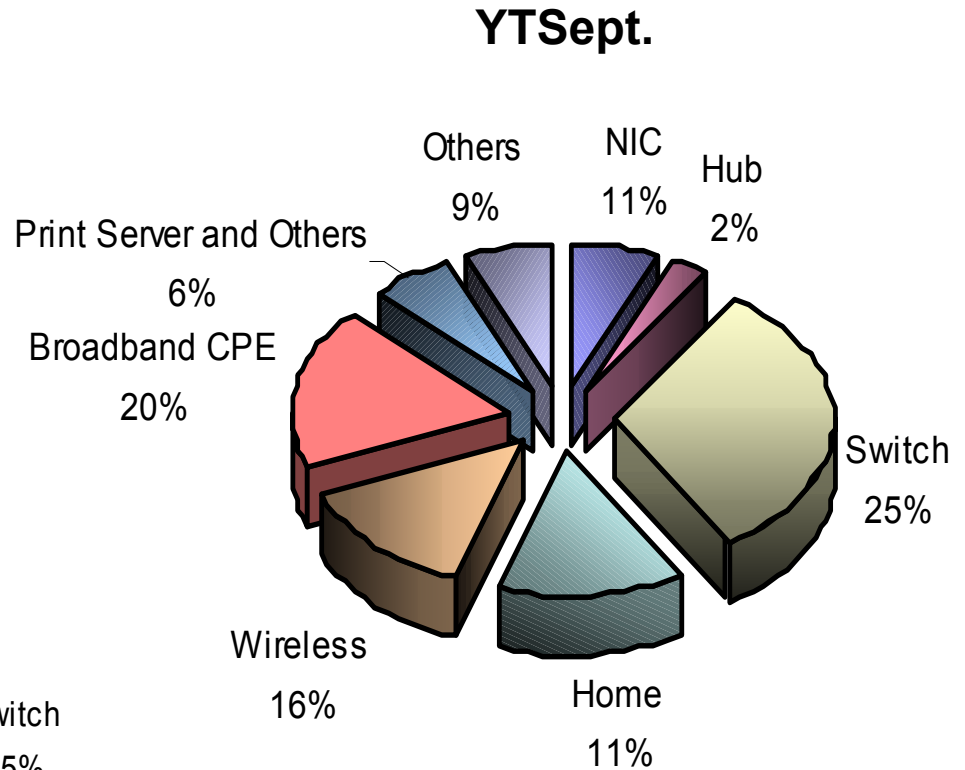
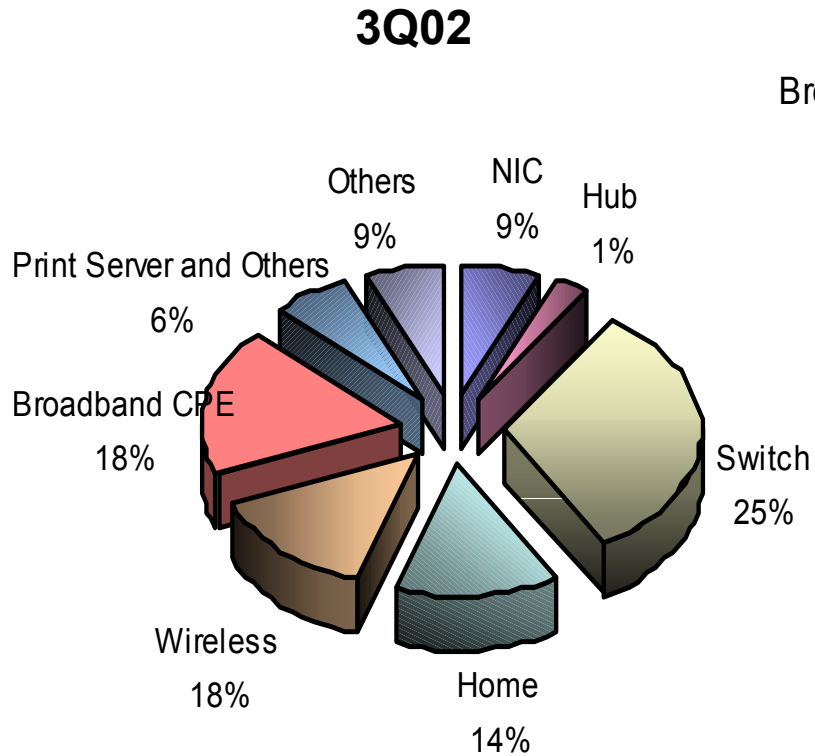
\*Annualized

\*\*Annualized and adjusted for stock dividend issuance

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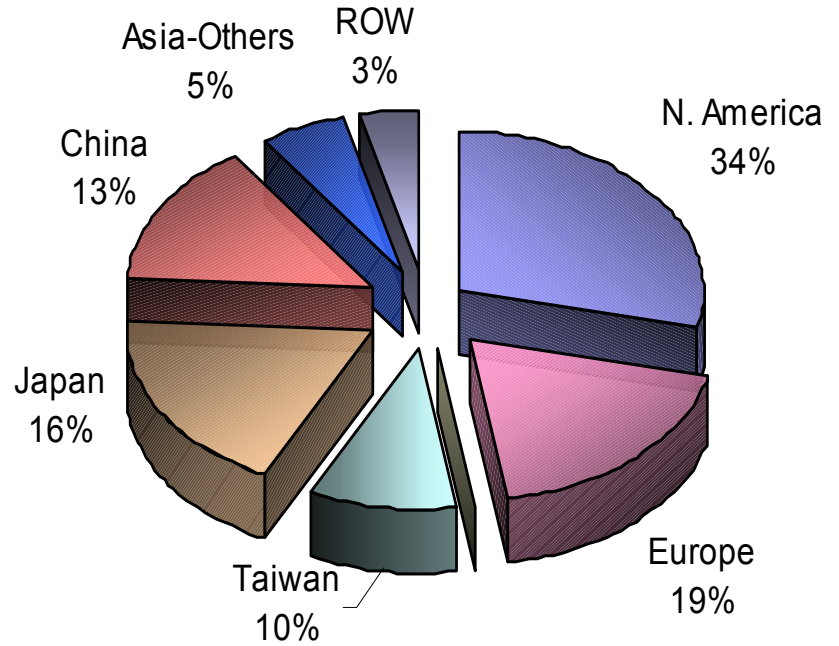
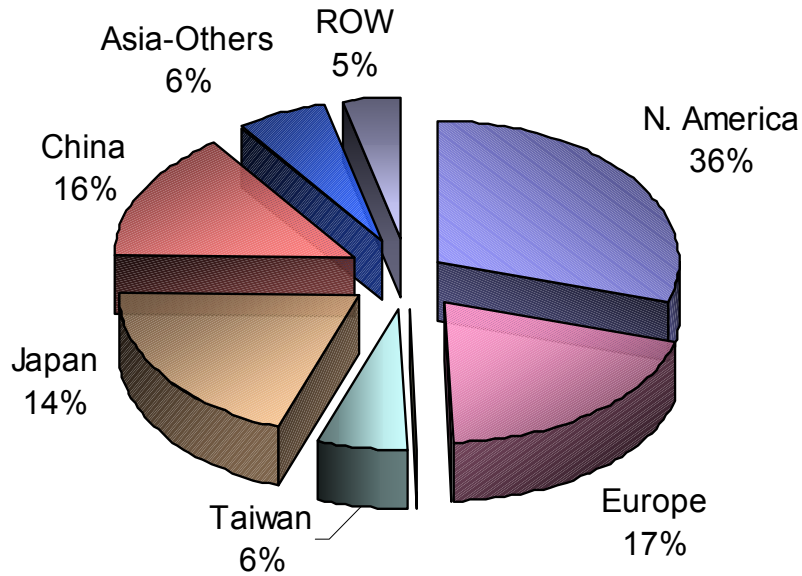


## Revenue by Products



## Revenue by Geography

YTSept.

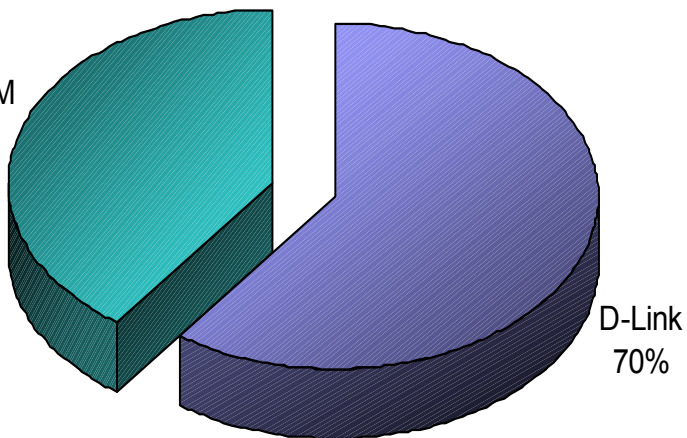


## “D-Link” vs. OEM/ODM

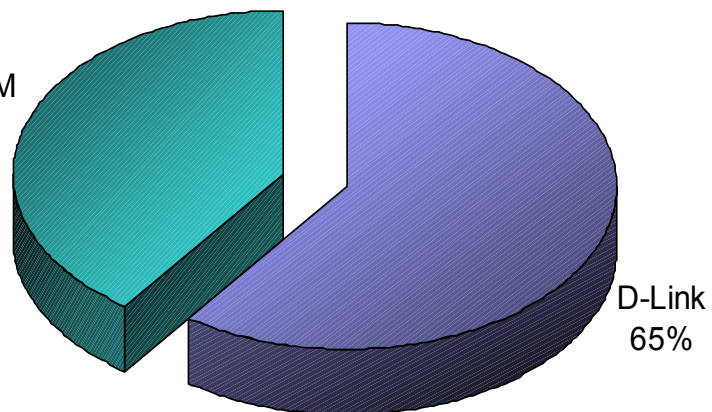
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3Q02

OEM/ODM  
30%



OEM/ODM  
35%





# **D-Link's Business Updates**

- D-Link China won LAN projects for Tianjin high schools and primary schools as the sole switch supplier - big thrust into China's education market.
- D-Link China won Ningbo Telecom's MAN project.
- D-Link China provided L3 and VDSL switches for Diaoyutai's project, a solid proof of D-Link products' superior price/performance.
- D-Link Australia seized a lion's share in Australian ADSL CPE market, and continued to penetrate.
- D-Link Europe and D-Link SA (South America) launched AirPlus 22 Mbps high-speed WLAN series. The huge success in US has drawn lots of attentions from distributors worldwide.

## Award & Recognitions

- IDC Sweden positioned D-Link as No. 1 in wireless LAN market in Nordic territory.
- In-Stat ranked D-Link No. 2 in worldwide total wireless LAN market.
- CRN India surveyed D-Link as the No. 4 in most admired companies, only after HP, Samsung and Intel.
- US Gamespy Research surveyed D-Link
  - No. 2 as home networking company for 1<sup>st</sup> time buyers.
  - No. 3 as most bought brand for LAN CIO's.

## Award & Recognitions

(continued)

- MacWorld Magazine acknowledged D-Link as the only major manufacturer and supplier of Mac-based Bluetooth adapters.
- Network World Fusion named D-Link the first manufacturer to deliver a dual-band router.
- Computer4sure.com positioned D-Link as the “best sellers” for all networking products.
- D-Link AirPlus passed Acid Test during the German Game Convention, further proving its secured bandwidth and rapid data transfer rate.

- 17% QoQ growth in non-consolidated sales, or 15% in globally consolidated sales.
- Digital Home and DSL are biggest contributors, registering 72% and 51% growth sequentially.
- North America and Japan posted the largest gain (40% and 57%), thanks to WLAN, Digital Home, and DSL CPE.
- Continued restructuring in Europe amid weak enterprise demand resulted in bigger L/T investment loss.



## What to Look For in 4Q

- **US** consumer spending continues, deeper penetration of WLAN and Home Gateway products.
- **Europe** recovering slowly, added by WLAN product launch.
- **Japan** mild increase in DSL CPE shipment, more high-end IADs.
- **China** strong growth led by switching and WLAN products.