



# Q1 2005 Investor Conference

Taipei

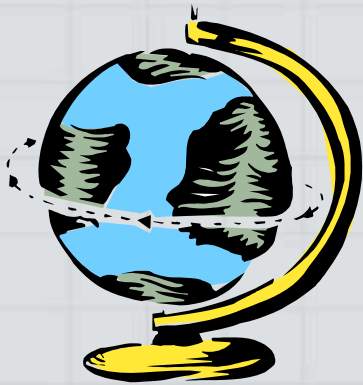
February 18th, 2005

## Agenda

- **4Q/04 Financial Review** A.P. Chen
- **Business Updates** Ken Kao
- **Q&A**

All FY2004 numbers shown are pro forma and consolidated.

# 4Q/04 Pro Forma Financial Review



Presented by

AP Chen

CFO

## FY2004 YoY Consolidated Income Statement Comparison

Amount: NT\$ million

	FY2004		FY2003		YoY % Change
Net Sales	32,239	100%	25,016	100%	29%
Cost of Goods Sold	21,521	67%	17,201	69%	25%
Gross Profit	10,718	33%	7,815	31%	37%
Operating Expenses	8,134	25%	6,212	25%	31%
Operating Income	2,584	8%	1,603	6%	61%
Total Non-Op. Inc. (Loss)	612	2%	(48)	-	(1375)%
Investment Income (Loss)	905	3%	334	1%	171%
Income Before Tax	3,196	10%	1,555	6%	106%
Income Tax Expense	(390)	(1)%	(173)	(1)%	125%
Net Income	2,806	9%	1,382	6%	103%
Minority	(218)	(1)%	(8)	-	2625%
Consolidate Income	2,588*	8%	1,374	5%	88%
Earnings Per Share (NT\$)	4.80		2.75		74%

\*Calculated by FY2004 weighted average of 539.1mln shares.

## FY2004 YoY Consolidated I/S Comparison w/out Alpha Capital Gain

Amount: NT\$ million

	FY2004		FY2003		YoY % Change
Income Before Tax	2,279	7%	1,555	6%	47%
Net Income	1,889	6%	1,382	6%	37%

## 4Q/04 QoQ Consolidated Income Statement Comparison

Amount: NT\$ million

	4Q/04 Actual		3Q/04 Actual		QoQ % Change
Net Sales	8,483	100%	8,285	100%	2%
Cost of Goods Sold	5,587	66%	5,640	68%	(1)%
Gross Profit	2,896	34%	2,645	32%	9%
Operating Expenses	2,189	26%	2,133	26%	3%
Operating Income	707	8%	512	6%	38%
Total Non-Op. Inc. (Loss)	(25)	-	99	1%	(125)%
Investment Income (Loss)	69	1%	4	-	1625%
Income Before Tax	682	8%	611	7%	12%
Income Tax Expense	(94)	-	(122)	(1)%	(23)%
Net Income	588	7%	489	6%	20%
Minority	(34)	-	(79)	-	
Consolidate Income	554*	7%	410*	5%	35%
Earnings Per Share (NT\$)	1.03		0.76		

\*Calculated by FY2004 weighted average of 539.1mln shares.

## 4Q/04 YoY Consolidated Income Statement Comparison

Amount: NT\$ million

	4Q/04 Actual		4Q/03 Actual		YoY% Change
Net Sales	8,483	100%	7,009	100%	21%
Cost of Goods Sold	5,587	66%	4,982	71%	12%
Gross Profit	2,896	34%	2,027	29%	43%
Operating Expenses	2,189	26%	1,480	21%	48%
Operating Income	707	8%	547	8%	29%
Total Non-Op. Inc. (Loss)	(25)	-	(156)	(2)%	(84)%
Investment Income (Loss)	69	1%	30	-	128%
Income Before Tax	682	7%	391	6%	74%
Income Tax Expense	(94)	-	(35)	-	169%
Net Income	588	7%	356	5%	65%
Minority Interests	(34)	-	11	-	(409)%
Consolidate Income	554	7%	367	5%	51%
Earnings Per Share (NT\$)	1.03		0.87		

\*Calculated by FY2004 weighted average of 539.1mln shares.

## Non-op Income/Loss Breakdown

Unit : NT\$Mln

	4Q04	FY2004
<b>Investment Income/(Loss)</b>	69	905
<b>FX Gain/(Loss)</b>	(156)	(113)
<b>Inventory Gain/(Loss)</b>	(125)	(346)
<b>Financial Income/(Exp.) &amp; Others</b>	<u>187</u>	<u>166</u>
<b>Total</b>	(25)	612



## 12/31/2004 Consolidated Balance Sheet QoQ Comparison

Amount: NT\$ million

	12/31/04		09/30/04		QoQ % Change
	Actual		Actual		
Cash	3,809	14%	2,517	10%	115%
S-T Investment	1,364	5%	2,241	9%	(39)%
Account Receivable	5,939	22%	5,759	22%	3%
Inventory	6,006	22%	6,072	23%	(1)%
Long-term Investments	2,228	8%	2,431	9%	(8)%
Fixed Assets (net)	2,657	10%	2,679	10%	(1)%
Total Assets	27,489	100%	26,077	100%	5%
Accounts Payable	4,866	18%	4,568	18%	7%
Current Liabilities	13,712	50%	13,638	52%	1%
Long-term Liabilities	20	-	-	-	-
Common Stock	5,475	20%	5,508	21%	(1)%
Stockholders' Equity	11,722	43%	11,191	43%	5%

## 12/31/2004 Consolidated Balance Sheet YoY Comparison

Amount: NT\$ million

	12/31/04		12/31/03		YoY % Change
	Actual		Actual		
Cash	3,809	14%	3,075	13%	76%
S-T Investment	1,364	5%	3,511	15%	(61)%
Account Receivable	5,939	22%	4,687	20%	27%
Inventory	6,006	22%	5,082	21%	18%
Long-term Investments	2,228	8%	2,218	9%	-
Fixed Assets(net)	2,657	10%	2,748	12%	(3)%
Total Assets	27,489	100%	23,771	100%	16%
Accounts Payable	4,866	18%	5,413	23%	(10)%
Current Liabilities	13,712	50%	12,572	53%	9%
Long-term Liabilities	20	-	223	1%	(91)%
Common Stock	5,475	20%	5,138	22%	7%
Stockholders' Equity	11,722	43%	10,143	43%	16%

## Consolidated Key Financial Ratios– Liquidity/Leverage

Unit: % , days

	FY2004	FY2003	FY2002
Days A/R	60 *	61	61
Days Inventory	94 *	93	82
Days A/P	87 *	90	71
Cash Cycle	67	64	71
Current Ratio	1.54	1.46	2.66
Debt/Equity Ratio	1.35	1.34	1.24
Adjusted Debt/ Equity Ratio	0.77 **	0.69 **	0.68 **

\*Annualized

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

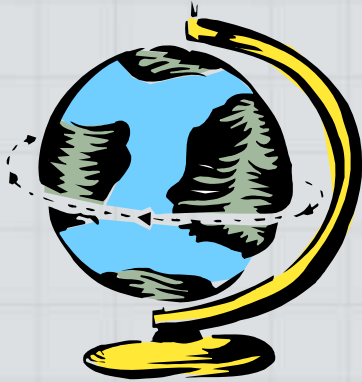
## Consolidated Key Financial Ratios – Profitability (%)

Unit: %	FY2004	FY2003	FY2002
Net Income/Sales	8.00	5.49	4.30
Net Income/ Total Assets	9.41	5.78	4.61
Operating Profit/ Sales	8.00	6.41	3.21
Return on Equity	22	14	9
EPS (NT\$)*	4.80	2.75	1.69

\*Calculated by FY2004 weighted average of 539.1mln shares.

# Business Updates

Presented by  
**Ken Kao**  
Chairman & CEO

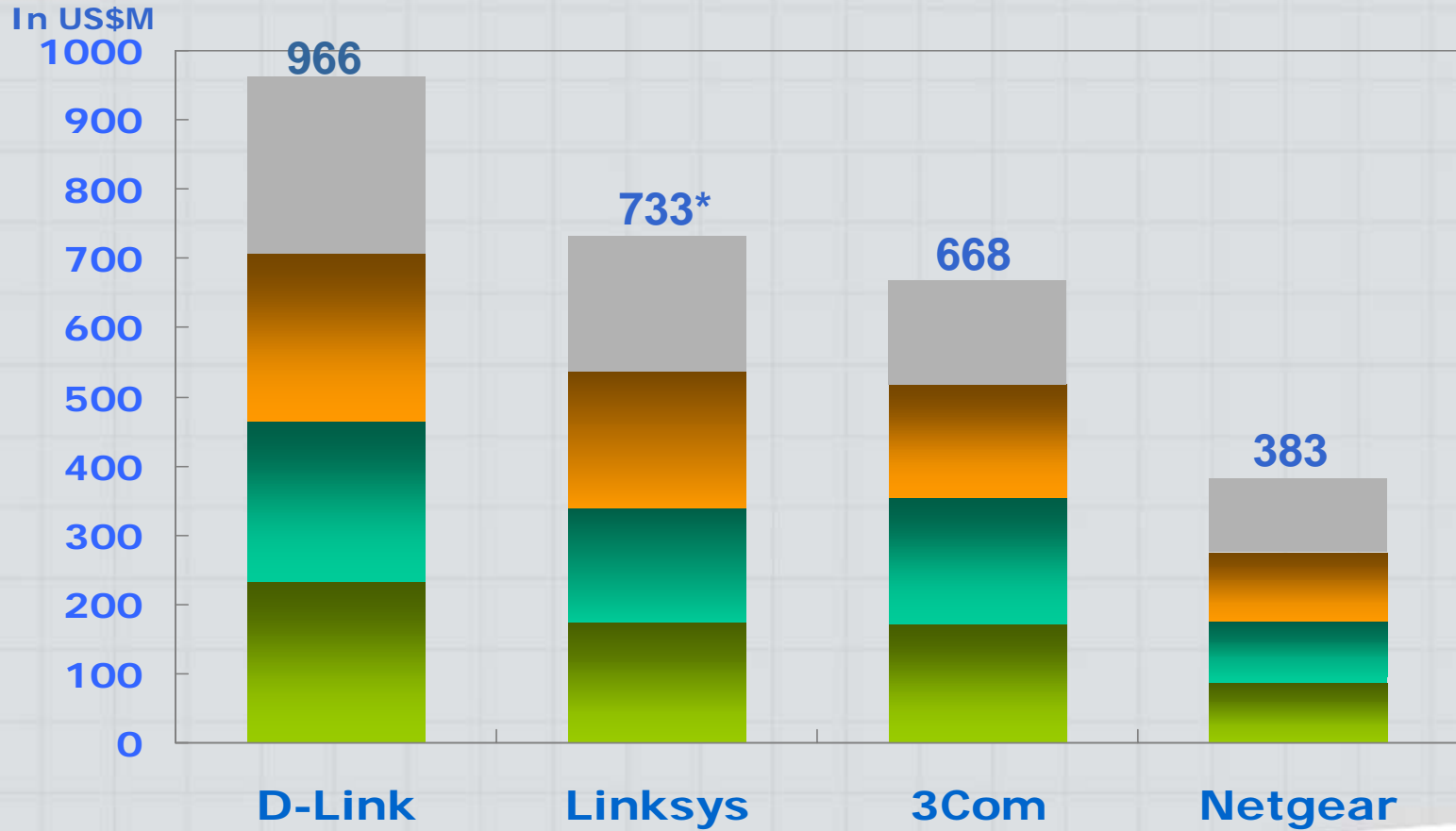


## 2004 Recap

➤ #1 Sales revenue in SMB/SOHO market

➤ #1 Market share in SMB/SOHO connectivity

## Number 1 in Global Revenue



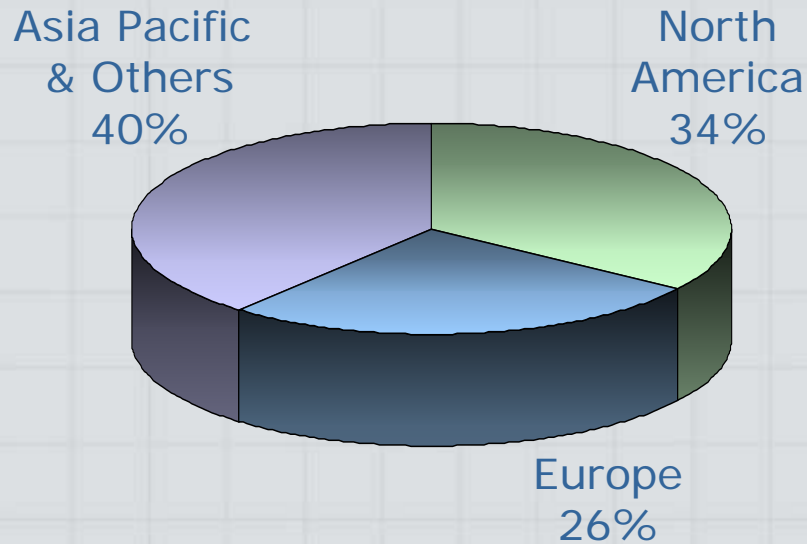
\*3Q&4Q 04's figures are estimated.



## Revenue By Regions

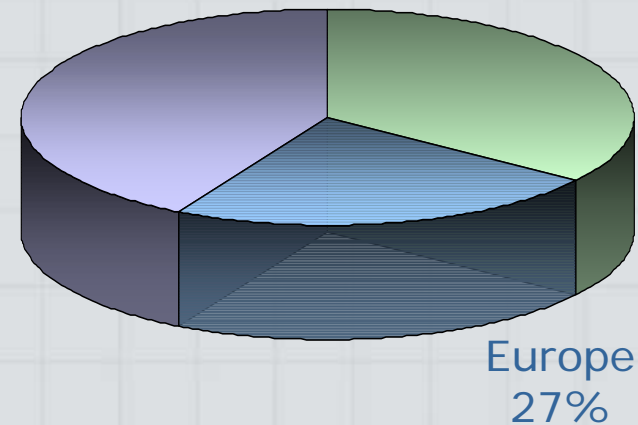
### FY2004

### FY2003



Asia Pacific  
& Others  
40%

North  
America  
33%



\*FY2004 sales are pro forma and consolidated

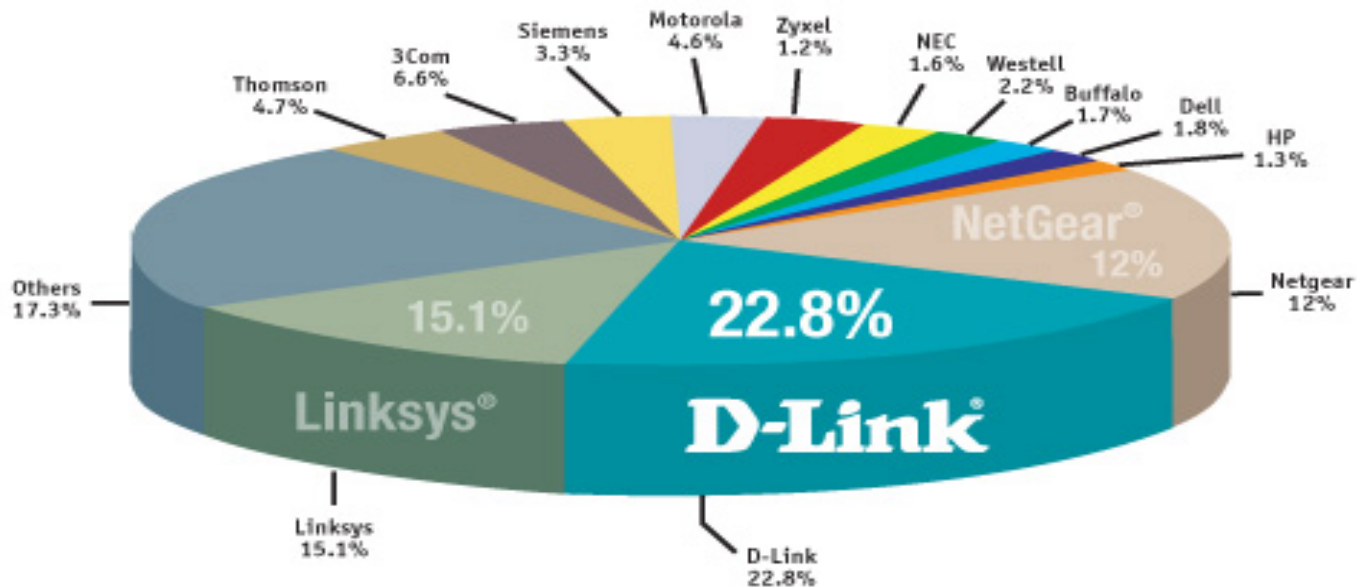


## 2004 Recap

➤ #1 Sales revenue in SMB/SOHO market

➤ #1 Market share in SMB/SOHO connectivity

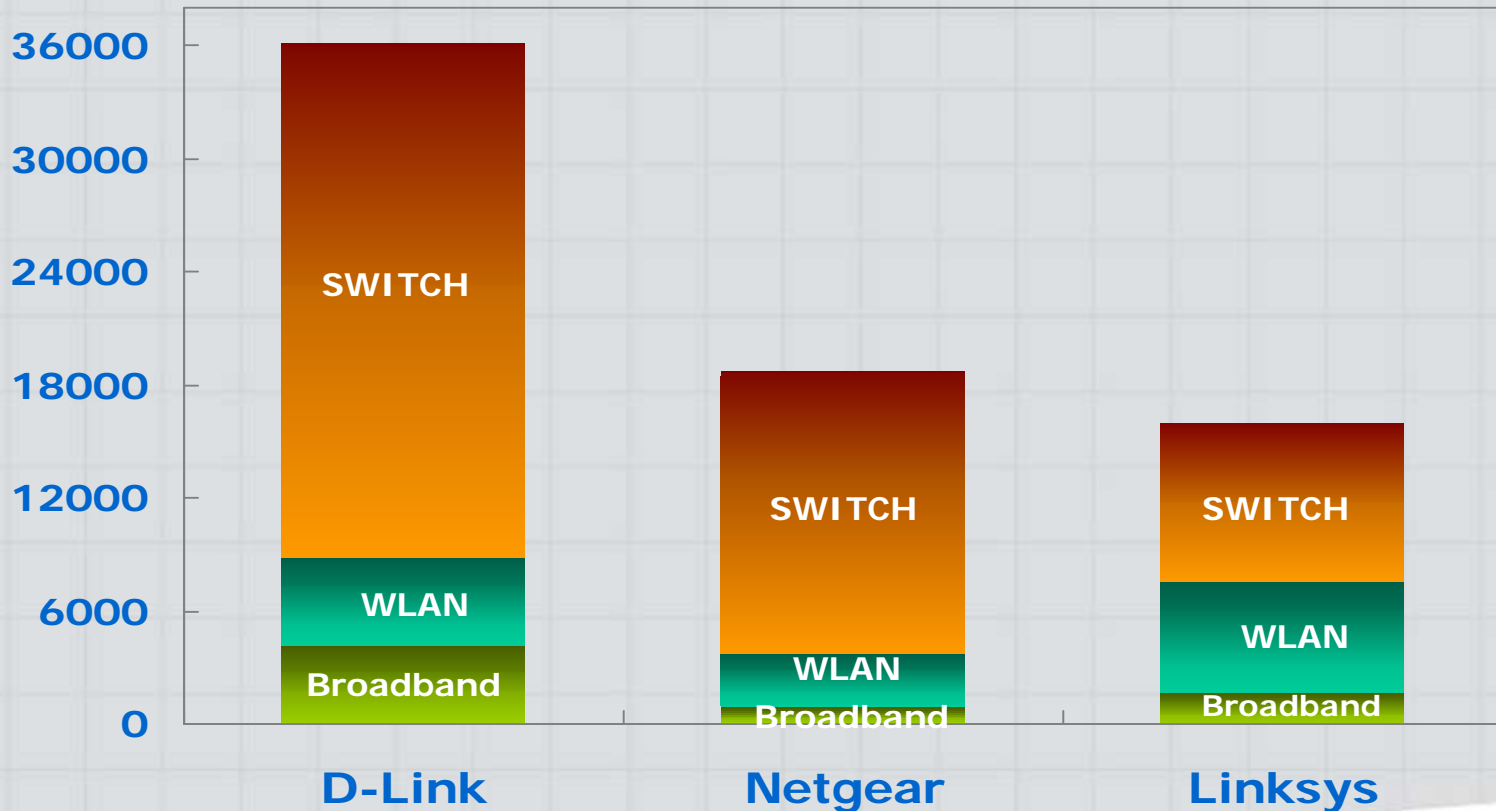
## Global SMB/SOHO Connectivity Market Share Q304



SRG Q3 2004 Wireless LAN Equipment Market Shares Report  
SRG Q3 2004 Ethernet LAN Switch Market Shares Report  
SRG Q3 2004 Broadband Equipment Market Shares Report

## Number 1 in SMB/SOHO Connectivity

Unit/port shipments, thousands

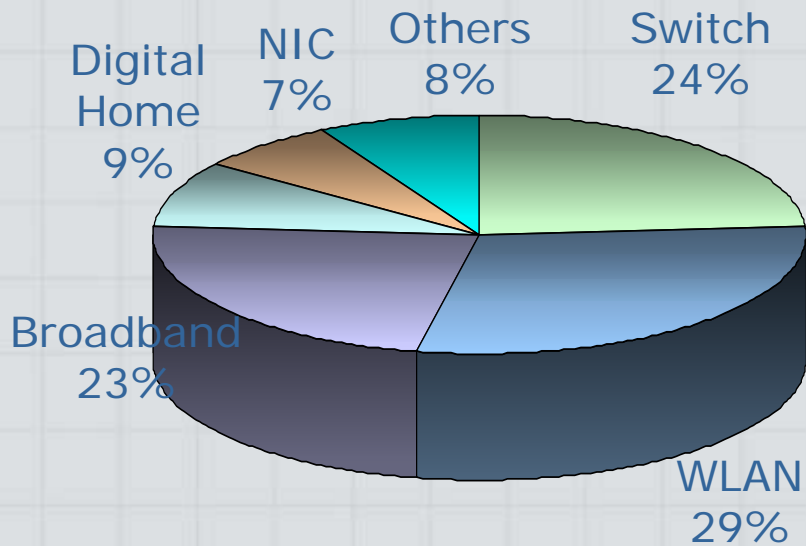


Source:  
Synergy Research Group, FY2004,  
except broadband which is YT3Q04.

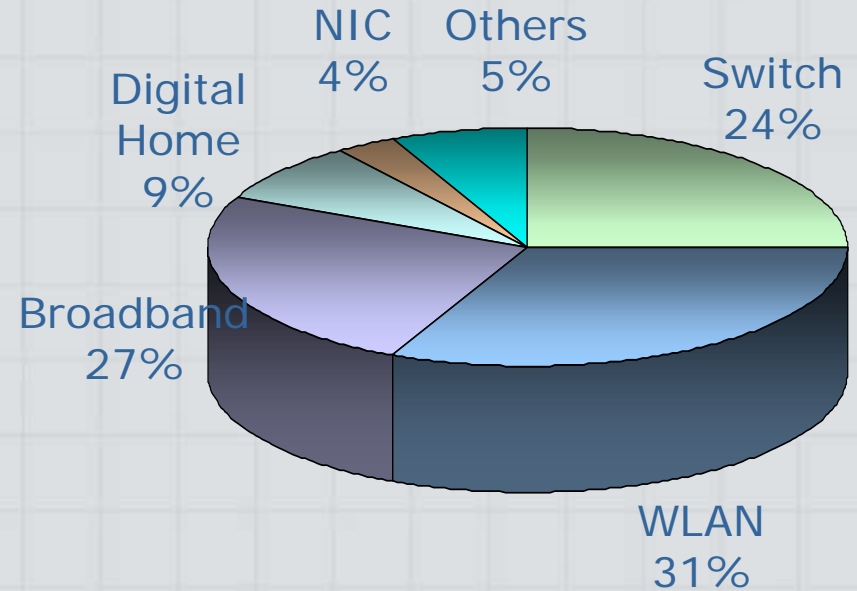
■ Broadband ■ WLAN ■ SWITCH

## Revenue By Products

### FY2003



### FY2004



\*FY2004 sales are pro forma and consolidated

## Product Trends 2005

### Switch

#### GigE Taking Off, L3 Outgrows L2

**Adapter** 100% business adoption; 10% for home

**Switch** 20% in 2004, 40% in 2005 and 75% in 2006



#### More Powerful Chips Create New Opportunities

Xstack 40G-120G

24G+4XGE Single chip IPv6 MPLS

Wireless Switch

Narrower cost differential GigE vs. FE

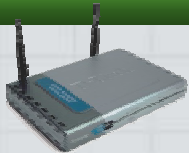
### Wireless

#### WiFi Consumer Market Poised for Explosive Growth

11g, a/g replacing 11b

MiniPCI replacing PC Cards

WiFi triple play emerging



### Broadband

#### Massive Broadband Growth Worldwide

Price continues to drop

Shift from ADSL to VDSL & FTTX

Triple play & IAD



# Global Strategies

## North America

- Market share gain in WLAN
- Take-off of Digital Home and Gaming products
- Penetrating business channels

## Europe

- Maintain dominant positions
- Humongous growth in Eastern Europe
- Switch & Security as key growth drivers

## Other Areas

- Fastest growth among all regions, #1 in all countries
- Latin America, Russia, Mid-East growing more than 100%

## 2005 Outlook

- Softer Industry Growth Compared to 2004.
- Big Becomes Bigger. More Consolidation.
- D-Link Continues to Grow & Outperforms Peers.



# Q & A

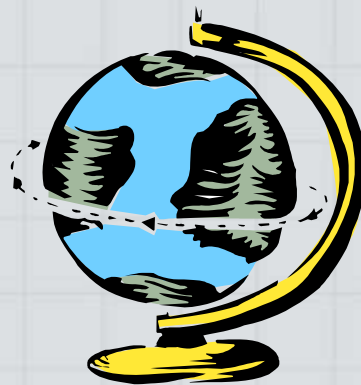
*For complete financial and  
press releases, please visit  
[ir.dlink.com](http://ir.dlink.com)*



## 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.

# Thank You



**Building Networks  
for People**