

D-Link[®]
Building Networks for People



1Q 2007 Investor Conference

February 12, 2007, Taipei

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/06 Financial Review** A.P. Chen
- **Business Review** Ken Kao
- **Q&A**

All numbers are consolidated, and 4Q/06 numbers are pro forma, except otherwise specified.

4Q/06 Pro Forma Financial Review

4Q/06 QoQ Comparison of Income Statement

Unit: NT\$ mln	4Q/06		3Q/06		QoQ % Change
	AMT	%	AMT	%	
Net Sales	11,311	100.0	11,210	100.0	0.9
Cost of Goods Sold	7,396	65.4	7,735	69.0	(4.4)
Gross Profit	3,915	34.6	3,475	31.0	12.7
Operating Expenses	2,401	21.2	2,450	21.9	(2.0)
Operating Income	1,514	13.4	1,025	9.1	47.7
Total Non-Op. Inc. (Loss)	(172)	(1.5)	36	0.4	(577.8)
Income Before Tax	1,342	11.9	1,061	9.5	26.5
Tax Expenses	(307)	(2.7)	(208)	(1.9)	47.5
Net Income	1,035	9.2	853	7.6	21.3
Minority Interest	(213)	(1.9)	(140)	(1.2)	52.0
Consolidated Income	822	7.3	713	6.4	15.4
EPS (NT\$)	1.24		1.07		15.4

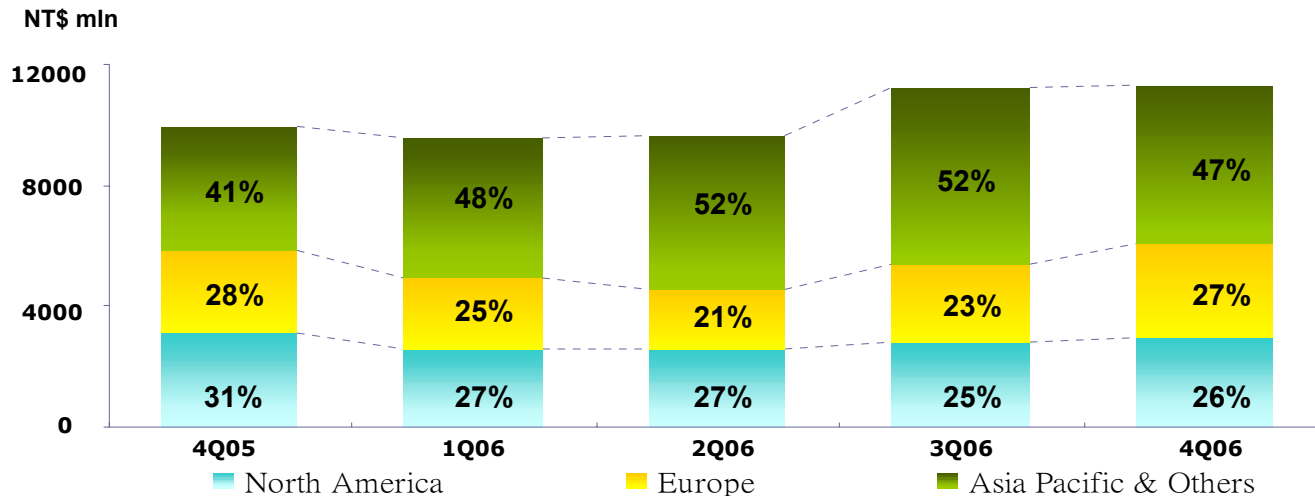
* Calculated by 4Q06 weighted average of 663mln shares.

* 4Q/06 numbers are pro forma

Quarterly Revenue by Regions Consolidated

4Q/06 revenue QoQ comparison:

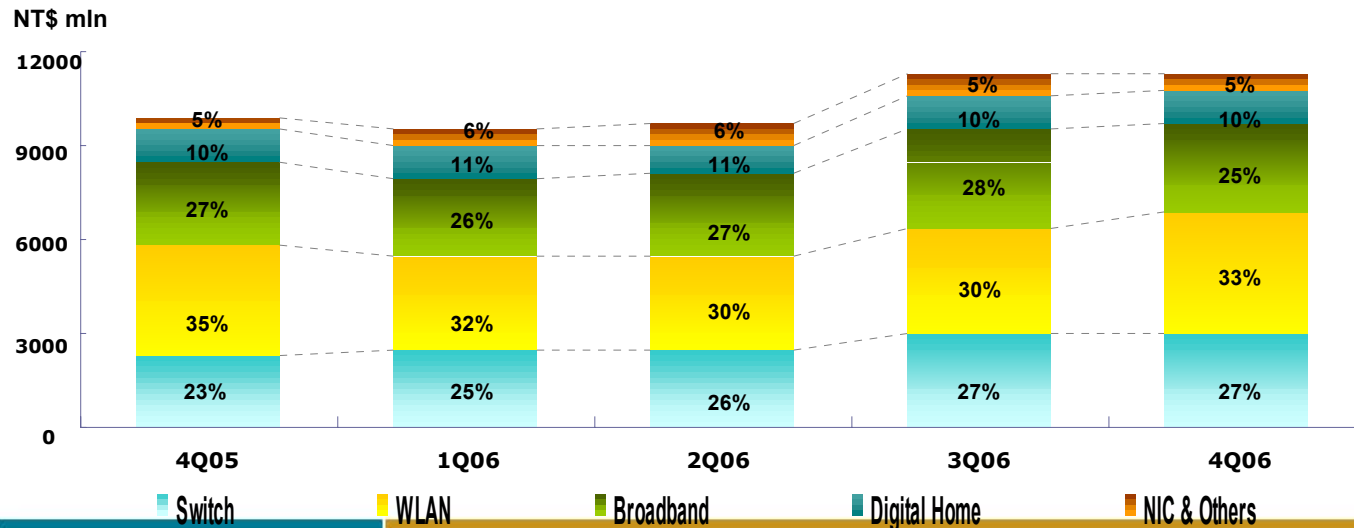
- N.A. rose 7%
- Europe jumped 20%
- AsiaPac & Other emerging markets seasonally down 10%
- In NT\$ terms, WW 4Q revenue grew 1%



Quarterly Revenue by Products Consolidated

4Q/06 revenue QoQ comparison:

- Switch grew 1%
- WLAN increased 12%
- Broadband down 10%
- Digital Home rose 2%



4Q/06 QoQ Comparison of Income Statement

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Net Sales	11,311	100.0	11,210	100.0	0.9
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4Q/06 QoQ Drivers of Margin Premium

- **4Q GM rose 3.6% to 34.6% from 31.0% in 3Q**
 - **Business Improvement**
 - **Consol. Brand Margin +1.0%**
 - **Consol. ODM Margin +0.4%**
 - **One Time Adjustment**
 - **Europe Shipping Cost Reversal +1.1%**
 - **Currency Factor**
 - **EUR Appreciation against USD +1.1%**

4Q/06 QoQ Comparison of Income Statement

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Net Sales	11,311	100.0	11,210	100.0	0.9
Cost of Goods Sold	7,396	65.4	7,735	69.0	(4.4)
Gross Profit	3,915	34.6	3,475	31.0	12.7
Operating Expenses	2,401	21.2	2,450	21.9	(2.0)
Operating Income	1,514	13.4	1,025	9.1	47.7
Total Non-Op. Inc. (Loss)	(172)	(1.5)	36	0.4	(577.8)
Income Before Tax	1,342	11.9	1,061	9.5	26.5
Tax Expenses	(307)	(2.7)	(208)	(1.9)	47.5
Net Income	1,035	9.2	853	7.6	21.3
Minority Interest	(213)	(1.9)	(140)	(1.2)	52.0
Consolidated Income	822	7.3	713	6.4	15.4
EPS (NT\$)	1.24		1.07		15.4

* Calculated by 4Q06 weighted average of 663mln shares.

* 4Q/06 numbers are pro forma

4Q/06 QoQ Comparison of Non-op Income/Loss

Unit : NT\$ mln	4Q06	3Q06	QoQ % Change
Investment Income	(12)	16	(175.0)
Sub./Aff.	(14)	15	(193.3)
Capital Gain	2	1	100.0
FX Gain/(Loss)	4	34	(88.2)
Inventory Loss	(178)	(40)	345.0
Fin. Income/(Exp.) & Oth.	14	26	(6.2)
Total	(172)	36	(577.8)

4Q/06 QoQ Comparison of Income Statement

Unit: NT\$ mln	4Q/06		3Q/06		QoQ % Change
	AMT	%	AMT	%	
Net Sales	11,311	100.0	11,210	100.0	0.9
Cost of Goods Sold	7,396	65.4	7,735	69.0	(4.4)
Gross Profit	3,915	34.6	3,475	31.0	12.7
Operating Expenses	2,401	21.2	2,450	21.9	(2.0)
Operating Income	1,514	13.4	1,025	9.1	47.7
Total Non-Op. Inc. (Loss)	(172)	(1.5)	36	0.4	(577.8)
Income Before Tax	1,342	11.9	1,061	9.5	26.5
Tax Expenses	(307)	(2.7)	(208)	(1.9)	47.5
Net Income	1,035	9.2	853	7.6	21.3
Minority Interest	(213)	(1.9)	(140)	(1.2)	52.0
Consolidated Income	822	7.3	713	6.4	15.4
EPS (NT\$)	1.24		1.07		15.4

* Calculated by 4Q06 weighted average of 663mln shares.

* 4Q/06 numbers are pro forma

4Q/06 YoY Comparison of Income Statement

Unit: NT\$ mln	4Q/06		4Q/05		YoY % Change
	AMT	%	AMT	%	
Net Sales	11,311	100.0	9,860	100.0	14.7
Cost of Goods Sold	7,396	65.4	6,803	69.0	8.7
Gross Profit	3,915	34.6	3,057	31.0	28.0
Operating Expenses	2,401	21.2	2,411	24.4	(0.4)
Operating Income	1,514	13.4	646	6.6	134.4
Total Non-Op. Inc. (Loss)	(172)	(1.5)	(129)	(1.3)	33.3
Income Before Tax	1,342	11.9	517	5.3	159.6
Tax Expenses	(307)	(2.7)	(89)	(0.9)	244.9
Net Income	1,035	9.2	428	4.4	141.8
Minority Interest	(213)	(1.9)	(75)	(0.8)	184.0
Consolidated Income	822	7.3	353	3.6	132.9
EPS (NT\$)	1.24		0.53		132.9

* Calculated by 4Q06 weighted average of 663mln shares.

* 4Q/06 numbers are pro forma

2006 YoY Comparison of Income Statement

Unit: NT\$ mln	2006		2005		YoY % Change
	AMT	%	AMT	%	
Net Sales	41,695	100.0	36,381	100.0	14.6
Cost of Goods Sold	28,260	67.8	25,050	68.8	12.8
Gross Profit	13,435	32.2	11,331	31.2	18.6
Operating Expenses	9,608	23.0	8,784	24.1	9.4
Operating Income	3,827	9.2	2,547	7.1	50.2
Total Non-Op. Inc. (Loss)	1	0.0	114	0.2	(99.1)
Income Before Tax	3,828	9.2	2,661	7.3	43.8
Tax Expenses	(779)	(1.9)	(642)	(1.8)	21.3
Net Income	3,049	7.3	2,019	5.5	51.0
Minority Interest	(527)	(1.3)	(382)	(1.0)	37.9
Consolidated Income	2,522	6.0	1,637	4.5	54.1
EPS (NT\$)	3.80		2.47		54.1

* Calculated by 4Q06 weighted average of 663mln shares.

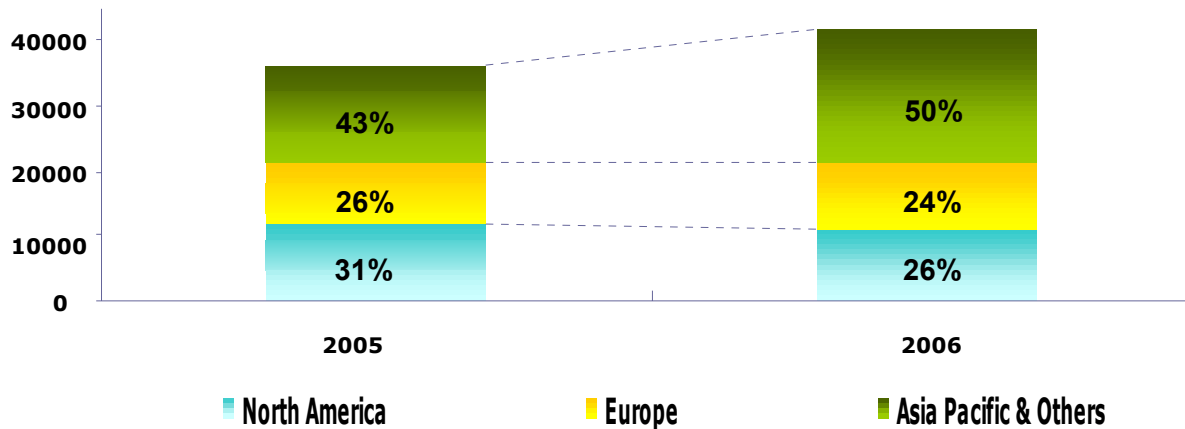
* 2006 numbers are pro forma

2006 Revenue by Regions Consolidated

06 revenue YoY comparison:

- N.A. slightly dropped 5%
- Europe inched 6%
- AsiaPac & Other emerging markets jumped 34%
- In NT\$ terms, WW 06 revenue grew 14%

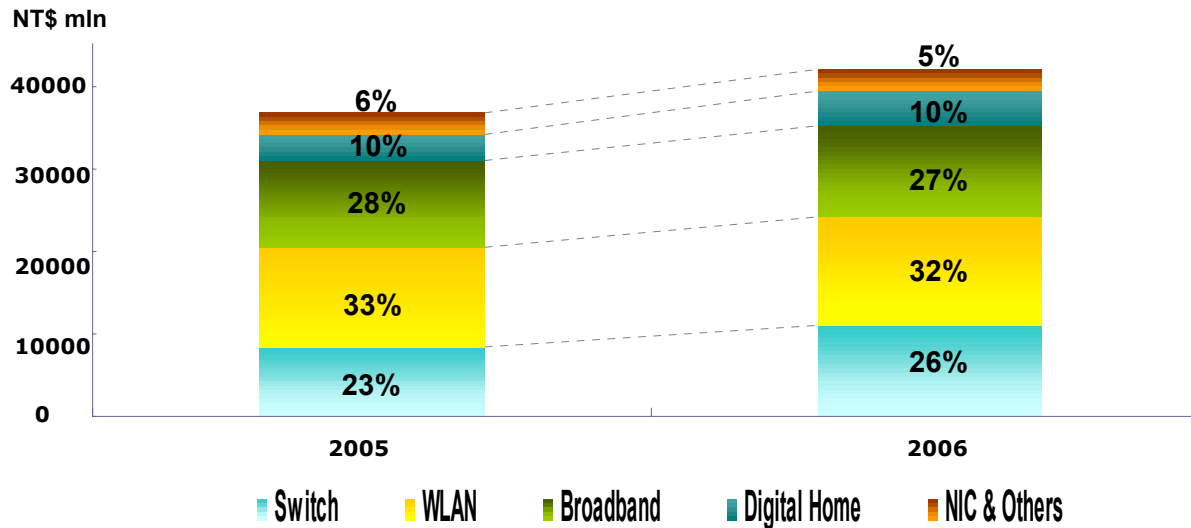
NT\$ mln



2006 Revenue by Products Consolidated

06 revenue YoY comparison:

- Switch grew 28%
- WLAN increased 10%
- Broadband rose 10%
- Digital Home grew 19%



12/31/2006 Consolidated Balance Sheet QoQ Comparison

Unit: NT\$ mln	12/31/06		9/30/06		QoQ %
	AMT	%	AMT	%	Change
Cash	6,125	20	3,686	12	66.2
S-T Investment	845	3	937	3	(9.8)
Account Receivable	8,306	27	9,644	33	(13.9)
Inventory	7,250	24	7,887	27	(8.1)
Long-term Investments	2,654	9	2,426	8	9.4
Total Assets	30,643	100	29,546	100	0.4
Accounts Payable	6,385	21	7,368	25	(13.3)
Current Liabilities	10,763	35	11,634	39	(7.5)
Long-term Loans	1,199	4	1,593	5	(24.7)
Common Stock	6,634	22	6,754	23	(1.8)
Stockholders' Equity	17,934	59	15,779	53	13.7

Consolidated Key Financial Ratios– Liquidity/Leverage

Unit: % , days	12/31/06	9/30/06	6/30/06	3/31/06	12/31/05
Days A/R	67 [*]	75 [*]	70 [*]	67 [*]	63 [*]
Days Inventory	91 [*]	96 [*]	98 [*]	100 [*]	96 [*]
Days A/P	76 [*]	83 [*]	79 [*]	79 [*]	78 [*]
Cash Cycle	82	88	89	87	82
Current Ratio	2.19	1.97	1.86	2.05	1.82
Debt/Equity Ratio	0.86	1.03	1.10	0.89	0.84
Adjusted Debt/ Equity Ratio	0.39 ^{**}	0.69 ^{**}	0.61 ^{**}	0.53 ^{**}	0.59 ^{**}
ROE	20 [*]	17 [*]	16 [*]	18 [*]	14 [*]

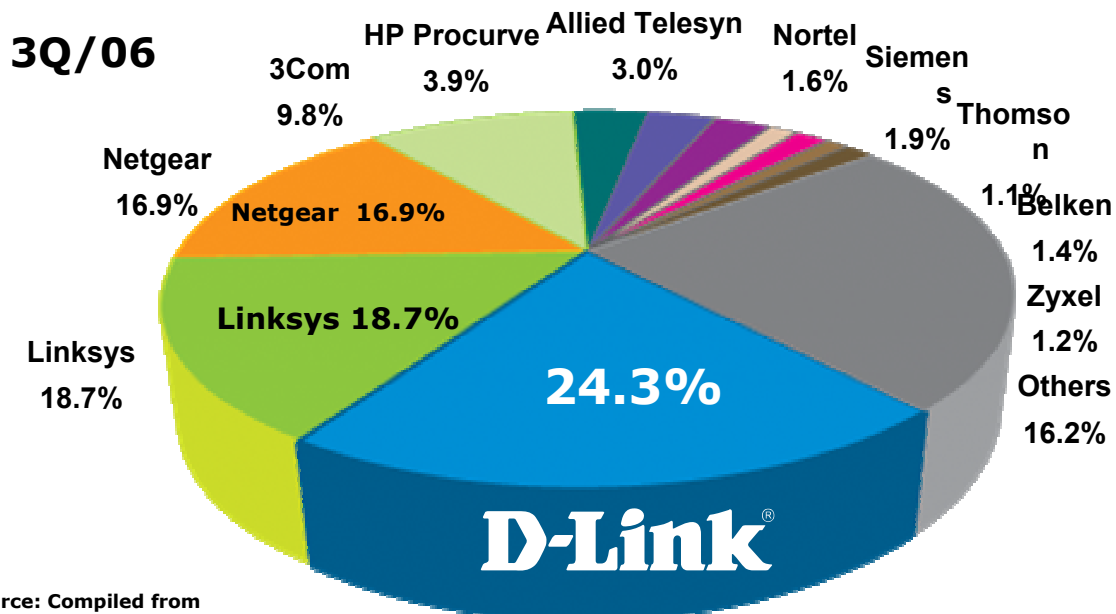
* Annualized

**Adjust for Cash & S-T investment

Business Review

#1 in SOHO/SMB Market

- 3Q/06 D-Link Market share rose to 24.3% from 23.8% in 2Q/06



Source: Compiled from
 In-Stat 3Q 2006 Wireless LAN Equipment Market Share Report
 In-Stat 3Q 2006 Ethernet LAN Switch Market Share Report
 In-Stat 3Q 2006 Broadband Equipment Market Share Report

2007 Outlook

- **Macro-economy**
 - **N.A. remains soft**
 - **Europe gradually warms up**
 - **Emerging markets continuously grow**

- **Industry**
 - **Speedy shake-up amongst networking players**
 - **The larger to become giant**
 - **3C convergence taking place**

- **D-Link**
 - **Maintain leading global market share**
 - **Focus on emerging markets**
 - **Further penetrate and develop SMB sector**
 - **Balance revenue and profit growth**

2007 Product Drivers

➤ **SMB Products**

- Intelligent & GigE Switches take a majority
- Wireless Switches initiates
- SAN penetrates



➤ **Consumer Products**

- Pre-n rapidly ramps up
- D-Link 2.0 kicks off



2007 Regional Thrusts

North America

- Replace 11g by Pre-N
- Balance growth between retail and SMB

Europe

- Improve operational efficiency
- Cost conscious on telcos projects
- Growth in Nordic, Central, Eastern Europe

APac & Other Areas

- Penetrate Japan market
- Start to rebound in China
- Reinforce position in emerging markets

1Q/07 Outlook

Consolidated

- **1Q Guidance**
 - **1Q revenue down seasonally**
 - **Gross margin in a range of 31.5%-32.5%**

- **Upsides**
 - **Pre-N products ramping up in N.A.**
 - **Emerging markets demand for infrastructure equipment**
 - **Continuous management efficiency gain**

- **Downsides**
 - **Mounting credit risk in developing countries**
 - **Slow down of macro-economy**

Q & A

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