

2Q10 Operation Review & Business Updates

August 19, 2010



Agenda

- › **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.

Operation Review & Business Updates

2Q10 Income Statement & QoQ Comparison

Unit: NT\$ million	2Q10		1Q10		QoQ % Change
	AMT	%	AMT	%	
Net Sales	8,217	100.0	7,908	100.0	3.9
Cost of Goods Sold - Product	5,573	67.8	5,163	65.3	7.9
Gross Profit 1	2,644	32.2	2,745	34.7	(3.7)
Inventory Related Gain/(Loss)	(114)	(1.4)	(66)	(0.9)	(72.7)
Gross Profit 2	2,530	30.8	2,679	33.8	(5.6)
Operating Expenses	2,393	29.1	2,383	30.1	0.4
Operating Income	137	1.7	296	3.7	(53.7)
Total Non-Op. Inc. (Loss)	174	2.1	48	0.6	262.5
Income Before Tax	311	3.8	344	4.3	(9.6)
Tax (Exp.) / Income	(74)	(0.9)	(80)	(1.0)	(7.5)
Net Income	237	2.9	264	3.3	(10.2)
Minority Interest	8	0.1	(9)	(0.1)	NA
Consolidated Income	245	3.0	255	3.2	(3.9)
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,476M	0.38		0.39		(3.9)

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

2Q10 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln

	2Q10	1Q10	QoQ % Change
Investment Income	152	71	114.1
Sub./Aff.	76	71	7.0
Capital Gain	76	0	NA
FX Gain/(Loss)	(5)	(61)	(91.8)
Fin. Income/(Exp.) & Oth.	27	38	(28.9)
Total	174	48	262.5

2Q10 Income Statement & YoY Comparison

Unit: NT\$ million	2Q10		2Q09		YoY % Change
	AMT	%	AMT	%	
Net Sales	8,217	100.0	7,025	100.0	17.0
Cost of Goods Sold - Product	5,573	67.8	4,992	71.1	11.6
Gross Profit 1	2,644	32.2	2,033	28.9	30.1
Inventory Related Gain/(Loss)	(114)	(1.4)	325	4.7	NA
Gross Profit 2	2,530	30.8	2,358	33.6	7.3
Operating Expenses	2,393	29.1	2,220	31.6	7.8
Operating Income	137	1.7	138	2.0	(0.7)
Total Non-Op. Inc. (Loss)	174	2.1	48	0.6	262.5
Income Before Tax	311	3.8	186	2.6	67.2
Tax (Exp.) / Income	(74)	(0.9)	28	0.4	NA
Net Income	237	2.9	214	3.0	10.7
Minority Interest	8	0.1	5	0.1	60.0
Consolidated Income	245	3.0	219	3.1	11.9
EPS (NT\$)-Per Weighted Avg. Capital of NT\$6,476M	0.38		0.34		11.9

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

1H10 Income Statement & YoY Comparison

Unit: NT\$ million	1H10		1H09		YoY % Change
	AMT	%	AMT	%	
Net Sales	16,125	100.0	13,830	100.0	16.6
Cost of Goods Sold - Product	10,737	66.6	9,912	71.7	8.3
Gross Profit 1	5,388	33.4	3,918	28.3	37.5
Inventory Related Gain/(Loss)	(179)	(1.1)	112	0.8	NA
Gross Profit 2	5,209	32.3	4,030	29.1	29.3
Operating Expenses	4,776	29.6	4,329	31.3	10.3
Operating Income	433	2.7	(299)	(2.2)	NA
Total Non-Op. Inc. (Loss)	222	1.4	222	1.6	0.0
Income Before Tax	655	4.1	(77)	(0.6)	NA
Tax (Exp.) / Income	(154)	(1.0)	(36)	(0.3)	327.8
Net Income	501	3.1	(113)	(0.9)	NA
Minority Interest	(1)	(0.0)	7	0.1	NA
Consolidated Income	500	3.1	(106)	(0.8)	NA
EPS (NT\$)-Per Fully Diluted Capital of NT\$6,476M	0.77		(0.16)		NA

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06/30/2010 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	06/30/10 AMT	%	03/31/10 AMT	%	QoQ % Change
Cash	6,331	22	5,637	22	12.3
S-T Investment	1,484	5	1,586	6	(6.4)
Account Receivable	5,965	21	5,715	22	4.4
Inventory	5,923	21	4,550	17	30.2
Long-term Investments	5,196	18	5,485	21	(5.3)
Total Assets	28,452	100	26,177	100	8.7
Accounts Payable	7,543	27	5,573	21	35.3
Current Liabilities	11,322	40	8,620	33	31.3
Common Stock	6,476	23	6,476	25	0.0
Stockholders' Equity	14,748	52	15,211	58	(3.0)

Key Financial Ratios

Unit: % , days	06/30/10	03/31/10	12/31/09	09/30/09	06/30/09
*Days A/R	69	69	72	77	78
*Days Inventory	89	81	104	112	121
*Days A/P	112	100	99	100	101
Cash Cycle	46	50	77	89	99
Current Ratio	1.88	2.16	1.90	1.89	1.84
Debt/Equity Ratio	0.94	0.73	0.70	0.70	0.71
**Net Debt/Equity Ratio	0.40	0.25	0.31	0.39	0.47
ROE	7	7	10	7	6

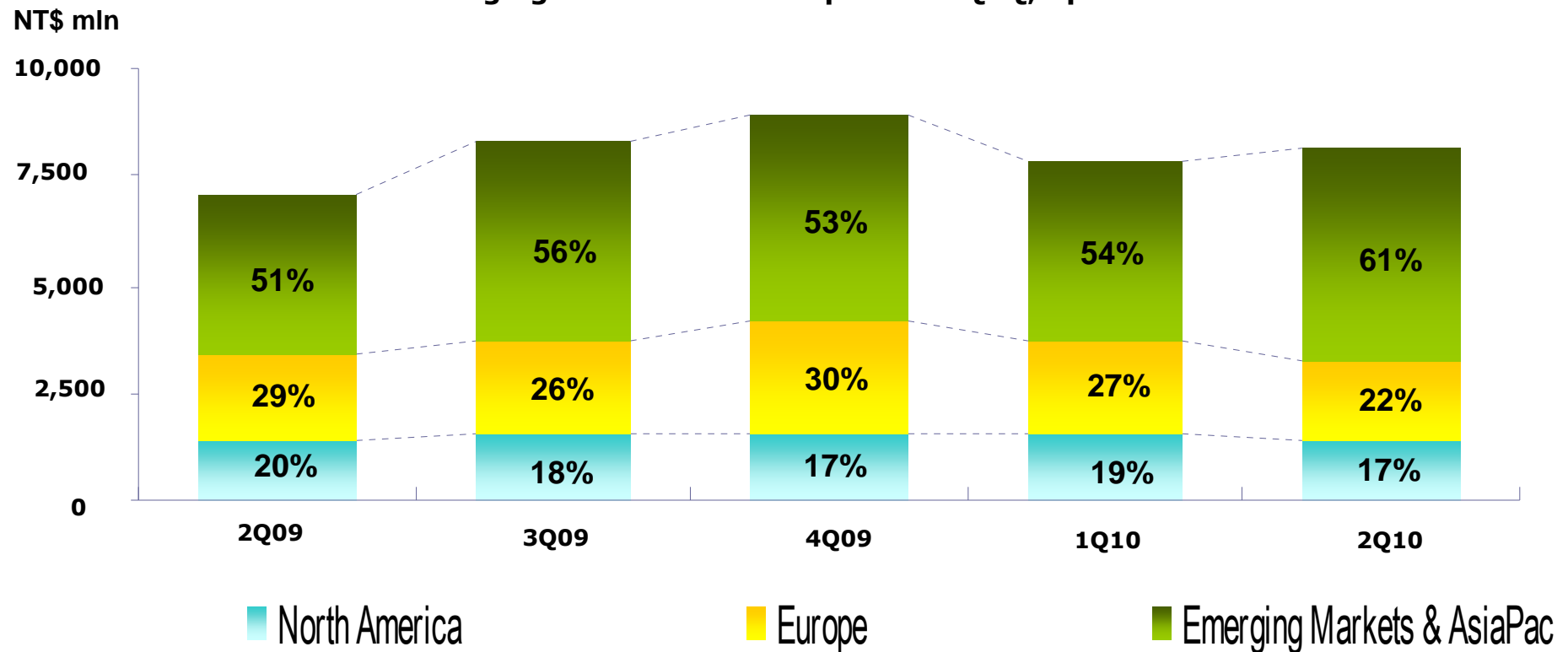
* Annualized

**Adjust for Cash & S-T investment

Quarterly Revenue by Regions

2Q10 revenue up 3.9% QoQ, up 17.0% YoY

- **N.A. down 5.0% QoQ, up 1.7% YoY**
- **Europe down 16.2% QoQ, down 12.5% YoY**
- **Emerging Markets & APac up 17.0% QoQ, up 39.6% YoY**



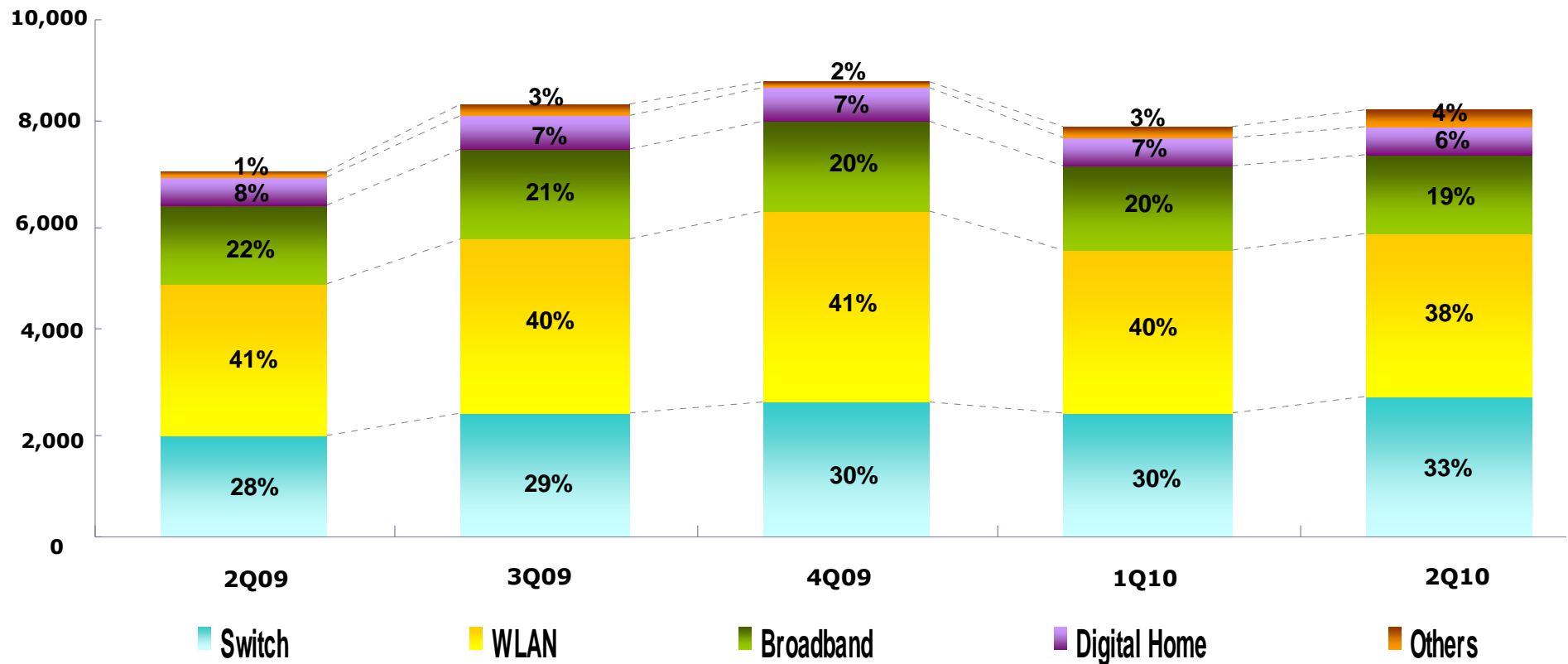
Quarterly Revenue by Products

2Q10 revenue comparison:

- Switch up 14.5% QoQ, up 38.3% YoY
- WLAN down 2.6% QoQ, up 8.3% YoY

- B.B. down 0.8% QoQ, up 0.6% YoY
- D.H. down 7.5% QoQ, down 4.8% YoY

NT\$ mln

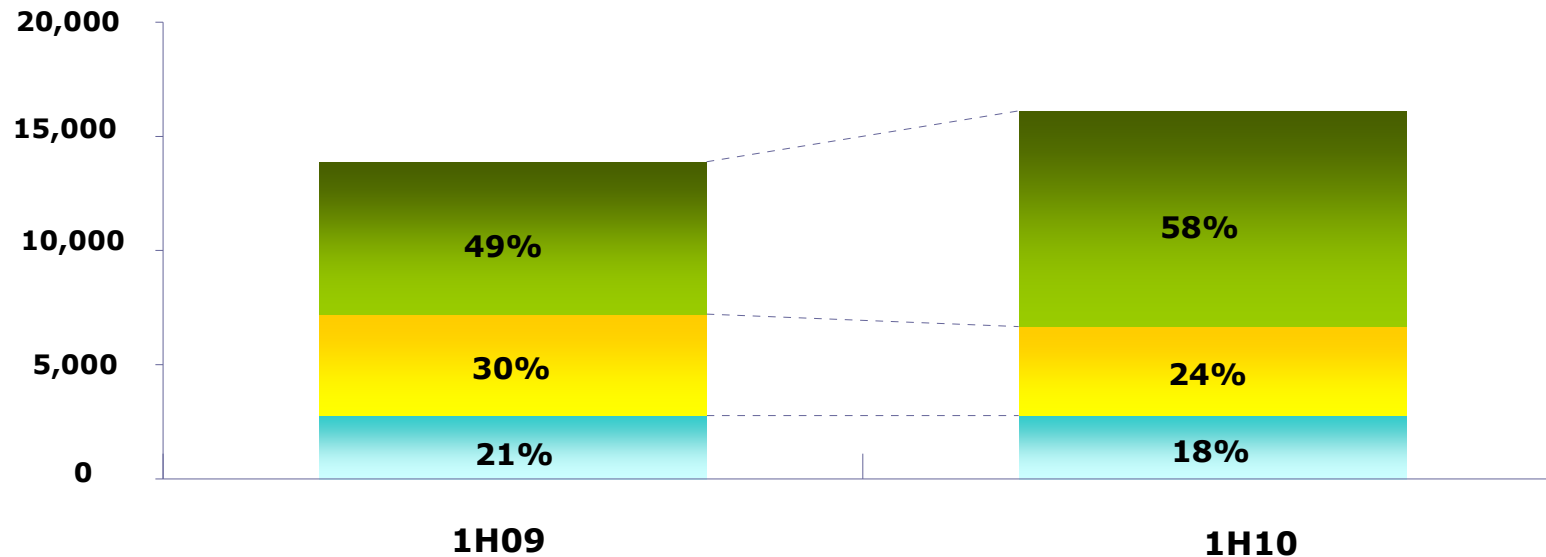


1H10 Revenue by Regions

1H10 revenue YoY comparison:

- 1H10 revenue up 16.6%
- Emerging markets & AsiaPac up 36.9%
- Europe down 5.6%
- N.A. up 0.8%

NT\$ mln



North America

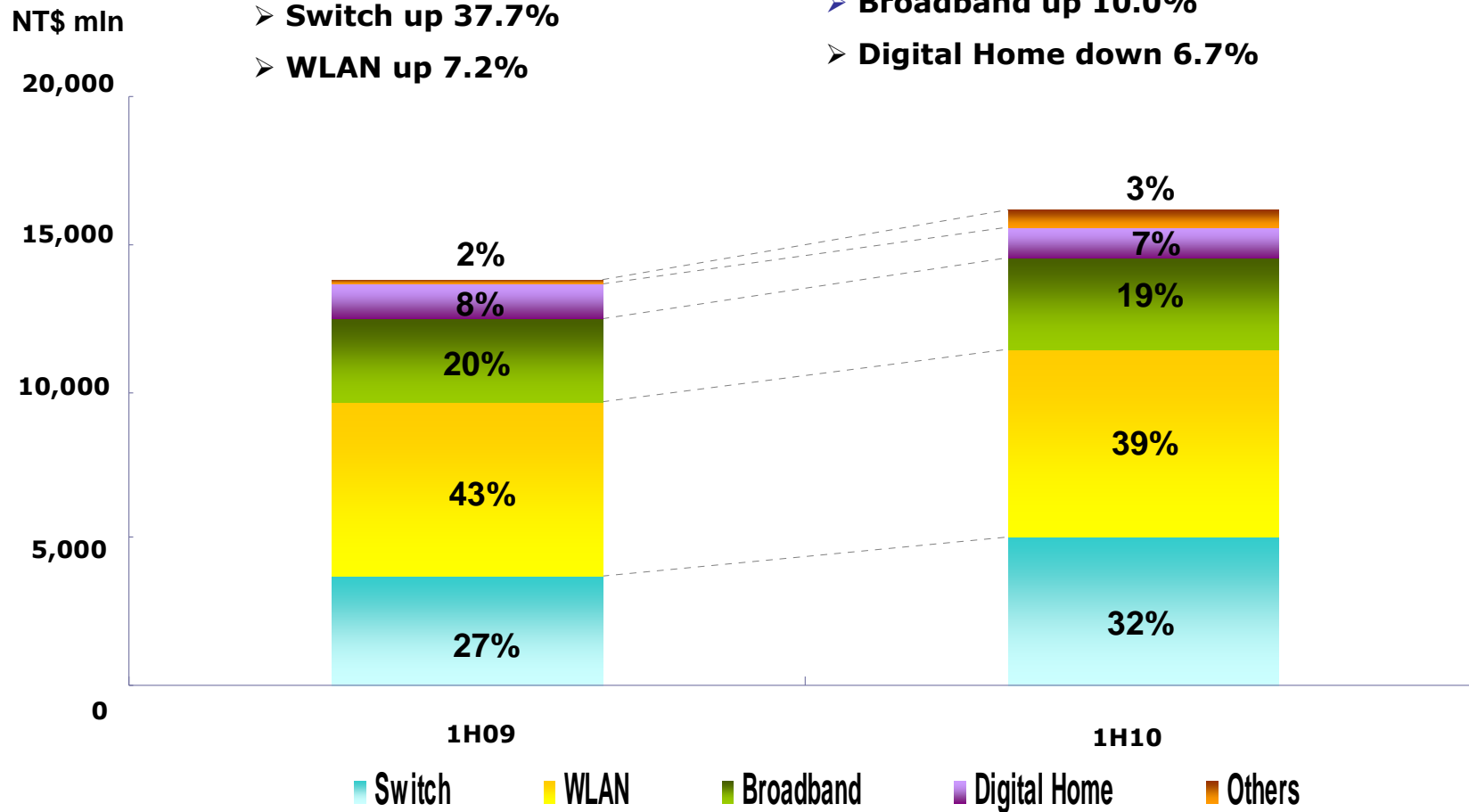
Europe

Emerging Markets & AsiaPac

1H10 Revenue by Products

1H10 revenue YoY comparison:

- Switch up 37.7%
- WLAN up 7.2%
- Broadband up 10.0%
- Digital Home down 6.7%



3Q10 Outlooks

- **Revenue to grow sequentially**
- **Op. Margin to bottom out**

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.

Q & A

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