



3Q11 Operation Review & Business Updates

October 27, 2011

Agenda



- › Operation Reviews & Business Updates Gavin Lee
- › Q&A A.P. Chen & Gavin Lee

All numbers are brand consolidated and unaudited, except otherwise specified.



Operation Reviews & Business Updates

3Q11 Income Statement & QoQ Comparison

Unit: NT\$ million	3Q11		2Q11		QoQ % Change
	AMT	%	AMT	%	
Net Sales	8,551	100.0	8,021	100.0	6.6
Cost of Goods Sold - Product	5,759	67.3	5,344	66.6	7.8
Gross Profit 1	2,792	32.7	2,677	33.4	4.3
Inventory Related Gain/(Loss)	(101)	(1.2)	(26)	(0.3)	288.5
Gross Profit 2	2,691	31.5	2,651	33.1	1.5
Operating Expenses	2,422	28.3	2,322	29.0	4.3
Operating Income	269	3.2	329	4.1	(18.2)
Total Non-Op. Inc. (Loss)	(11)	(0.1)	14	0.2	NA
Income Before Tax	258	3.1	343	4.3	(24.8)
Tax (Exp.) / Income	(26)	(0.3)	(70)	(0.9)	(62.9)
Net Income	232	2.8	273	3.4	(15.0)
Minority Interest	(2)	(0.1)	4	0.1	NA
Consolidated Income	230	2.7	277	3.5	(17.0)
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,429M	0.36		0.43		(17.0)

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

**In US\$ terms, 3Q11's revenue was up by 5.7% QoQ.

***4,611K treasury shares were bought back from March to May, 2011.

3Q11 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln	3Q11	2Q11	QoQ % Change
Investment Income	101	(19)	NA
Sub./Aff.	101	(19)	NA
Capital Gain	0	0	NA
FX Gain/(Loss)	(193)	21	NA
Fin. Income/(Exp.) & Oth.	81	12	575.0
Total	<u>(11)</u>	<u>14</u>	<u>NA</u>

3Q11 Income Statement & YoY Comparison

Unit: NT\$ million	3Q11		3Q10		YoY% Change
	AMT	%	AMT	%	
Net Sales	8,551	100.0	8,589	100.0	(0.4)
Cost of Goods Sold - Product	5,759	67.3	5,833	67.9	(1.3)
Gross Profit 1	2,792	32.7	2,756	32.1	1.3
Inventory Related Gain/(Loss)	(101)	(1.2)	(95)	(1.1)	6.3
Gross Profit 2	2,691	31.5	2,661	31.0	1.1
Operating Expenses	2,422	28.3	2,441	28.4	(0.8)
Operating Income	269	3.2	220	2.6	22.3
Total Non-Op. Inc. (Loss)	(11)	(0.1)	206	2.4	NA
Income Before Tax	258	3.1	426	5.0	(39.4)
Tax (Exp.) / Income	(26)	(0.3)	(79)	(0.9)	(67.1)
Net Income	232	2.8	347	4.1	(33.1)
Minority Interest	(2)	(0.1)	(4)	(0.1)	(50.0)
Consolidated Income	230	2.7	343	4.0	(32.9)
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,429M	0.36		0.53		(32.1)

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

**In US\$ terms, 3Q11's revenue was up by 9.2% YoY.

***4,611K treasury shares were bought back from March to May, 2011.

YT3Q11 Income Statement & YoY Comparison

Unit: NT\$ million	YT3Q11		YT3Q10		YoY % Change
	AMT	%	AMT	%	
Net Sales	24,374	100.0	24,713	100.0	(1.4)
Cost of Goods Sold - Product	16,327	67.0	16,570	67.1	(1.5)
Gross Profit 1	8,047	33.0	8,143	32.9	(1.2)
Inventory Related Gain/(Loss)	(155)	(0.6)	(274)	(1.1)	(43.4)
Gross Profit 2	7,892	32.4	7,869	31.8	0.3
Operating Expenses	7,125	29.2	7,217	29.2	(1.3)
Operating Income	767	3.2	652	2.6	17.6
Total Non-Op. Inc. (Loss)	151	0.6	429	1.7	(64.8)
Income Before Tax	918	3.8	1,081	4.3	(15.1)
Tax (Exp.) / Income	(167)	(0.7)	(233)	(0.9)	(28.3)
Net Income	751	3.1	848	3.4	(11.4)
Minority Interest	4	0.0	(5)	(0.0)	NA
Consolidated Income	755	3.1	843	3.4	(10.4)
EPS (NT\$) -Per Weighted-Avg. Capital of NT\$6,429M	1.18		1.30		(9.2)

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

**In US\$ terms, YT3Q11's revenue was up by 7.9% YoY.

***4,611K treasury shares were bought back from March to May, 2011.

09/30/2011 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	09/30/11 AMT	%	6/30/11 AMT	%	QoQ % Change
Cash	5,831	21	6,232	23	(6.4)
S-T Investment	187	1	549	2	(65.9)
Account Receivable	6,361	23	5,914	22	7.6
Inventory	7,117	26	6,214	23	14.5
Long-term Investments	4,929	18	4,916	18	0.3
Total Assets	27,498	100	27,335	100	0.6
Accounts Payable	7,309	27	6,813	25	7.3
Current Liabilities	12,616	46	12,810	47	(1.5)
Common Stock	6,476	24	6,476	24	0.0
Stockholders' Equity	14,220	52	13,824	51	2.9

Key Financial Ratios

Unit: % , days	09/30/11	06/30/11	03/31/11	12/31/10	09/30/10
*Days A/R	67	66	67	64	69
*Days Inventory	105	101	95	81	95
*Days A/P	106	105	93	89	108
Cash Cycle	67	62	68	56	57
Current Ratio	1.63	1.59	2.19	2.13	1.91
Debt/Equity Ratio	0.92	0.96	0.73	0.75	0.90
**Net Debt/Equity Ratio	0.49	0.47	0.40	0.33	0.47
ROE	6	8	7	10	9

* Annualized

* *Adjust for Cash & S-T investment

Quarterly Revenue by Regions

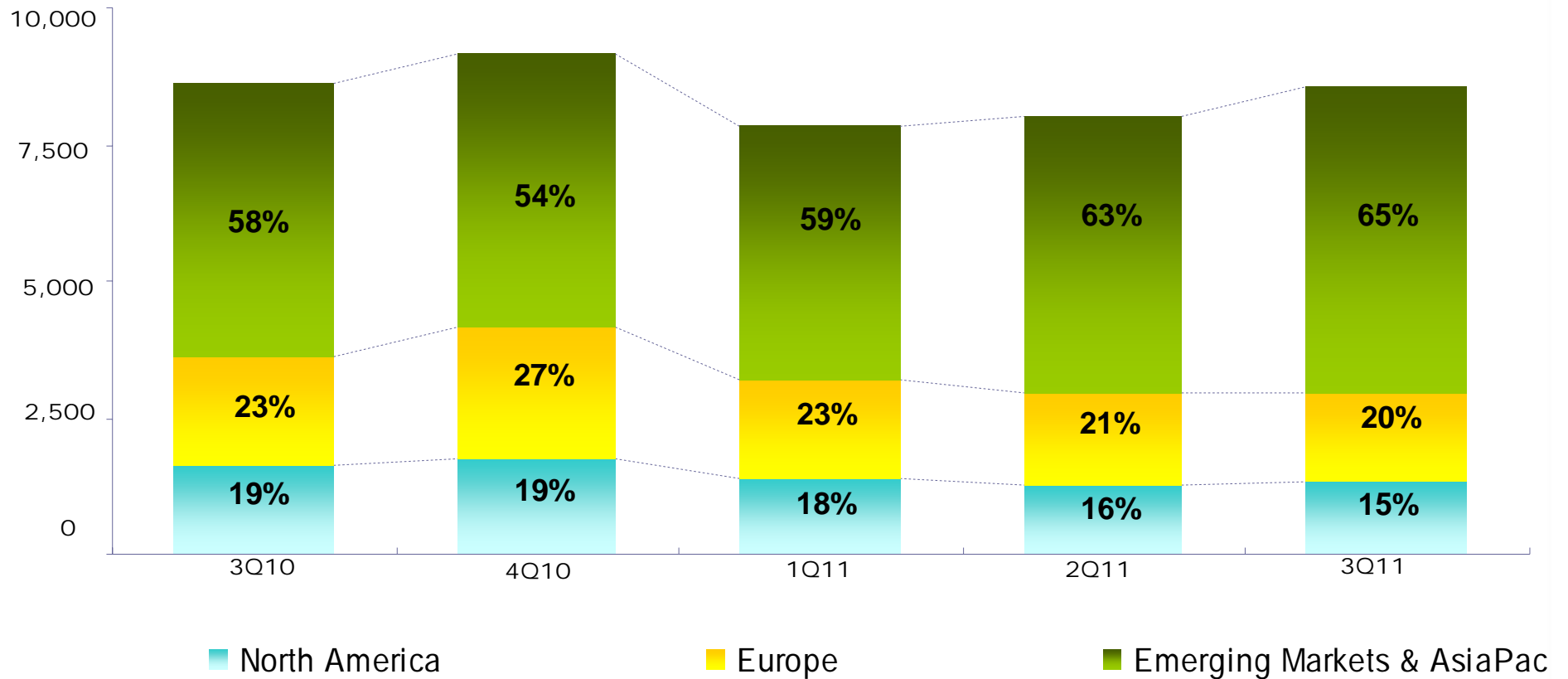
In NT\$, up 6,6% QoQ, down 0.4% YoY

- N.A. up 1.4% QoQ, down 20.1% YoY
- Europe up 0.8% QoQ, down 16.1% YoY
- Emerging Mkts & APac up 9.8% QoQ, up 12.3% YoY

In US\$, up 5.7% QoQ, up 9.2% YoY

- N.A. up 0.4% QoQ, down 12.3% YoY
- Europe down 0.3% QoQ, down 8.2% YoY
- Emerging Mkts & APac up 9.0% QoQ, up 23.2% YoY

NT\$ mln



Quarterly Revenue by Products

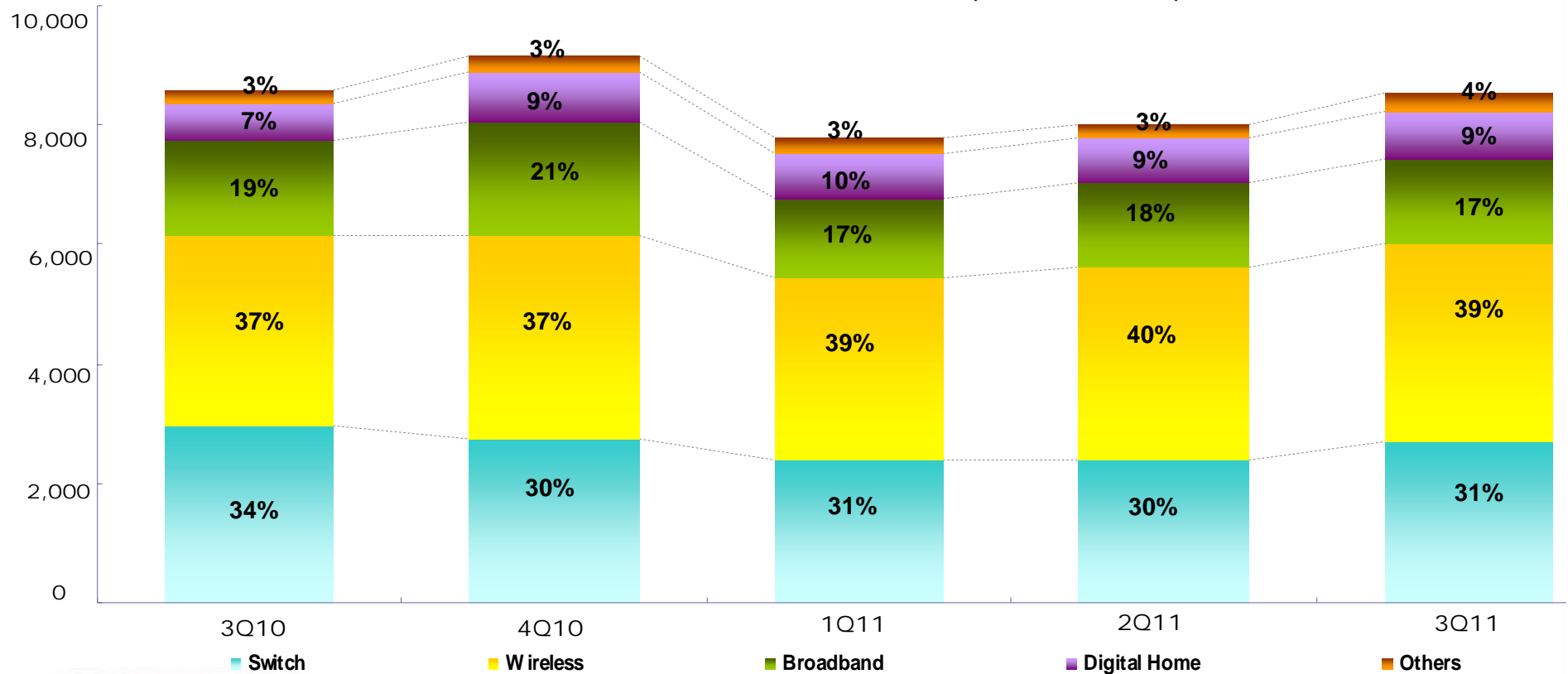
3Q11 revenue comparison in NT\$ terms:

- Switch up 11.8% QoQ, down 9.3% YoY
- Wireless up 3.5% QoQ, up 4.2% YoY
- B.B. up 0.1% QoQ, down 11.8% YoY
- D.H. up 7.7% QoQ, up 29.4% YoY

In US\$ terms:

- Switch up 10.8% QoQ, down 0.5% YoY
- Wireless up 2.7% QoQ, up 14.0% YoY
- B.B. flat QoQ, down 2.0% YoY
- D.H. up 2.3% QoQ, up 42.6% YoY

NT\$ mln



YT3Q11 Revenue by Regions

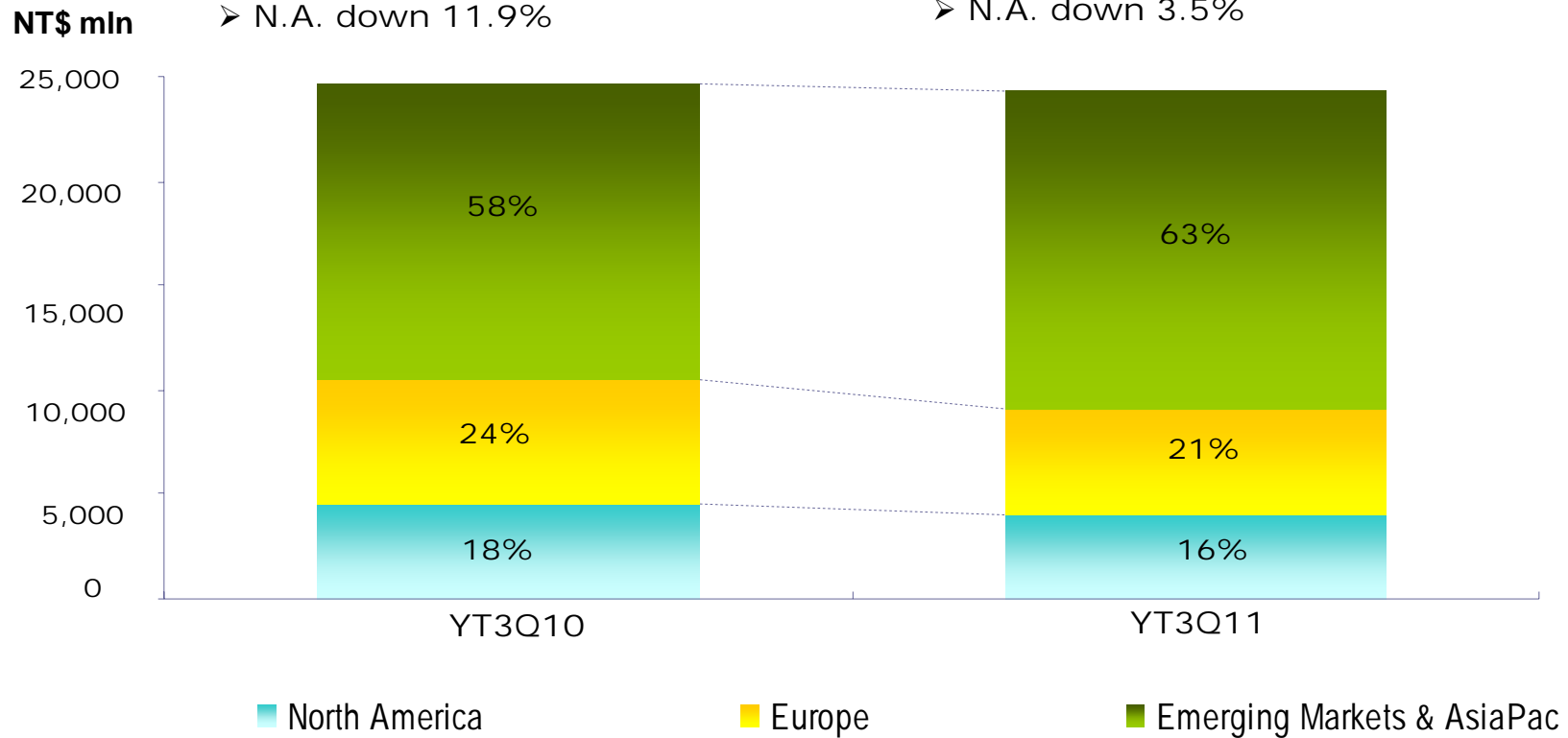
YT3Q11 revenue YoY comparison:

In NT\$ terms:

- YT3Q11 down 1.4%
- Emerging Mkts & AsiaPac up 6.9%
- Europe down 13.3%
- N.A. down 11.9%

In US\$ terms:

- YT3Q11 up 7.9%
- Emerging Mkts & AsiaPac up 17.1%
- Europe down 5.4%
- N.A. down 3.5%



YT3Q11 Revenue by Products

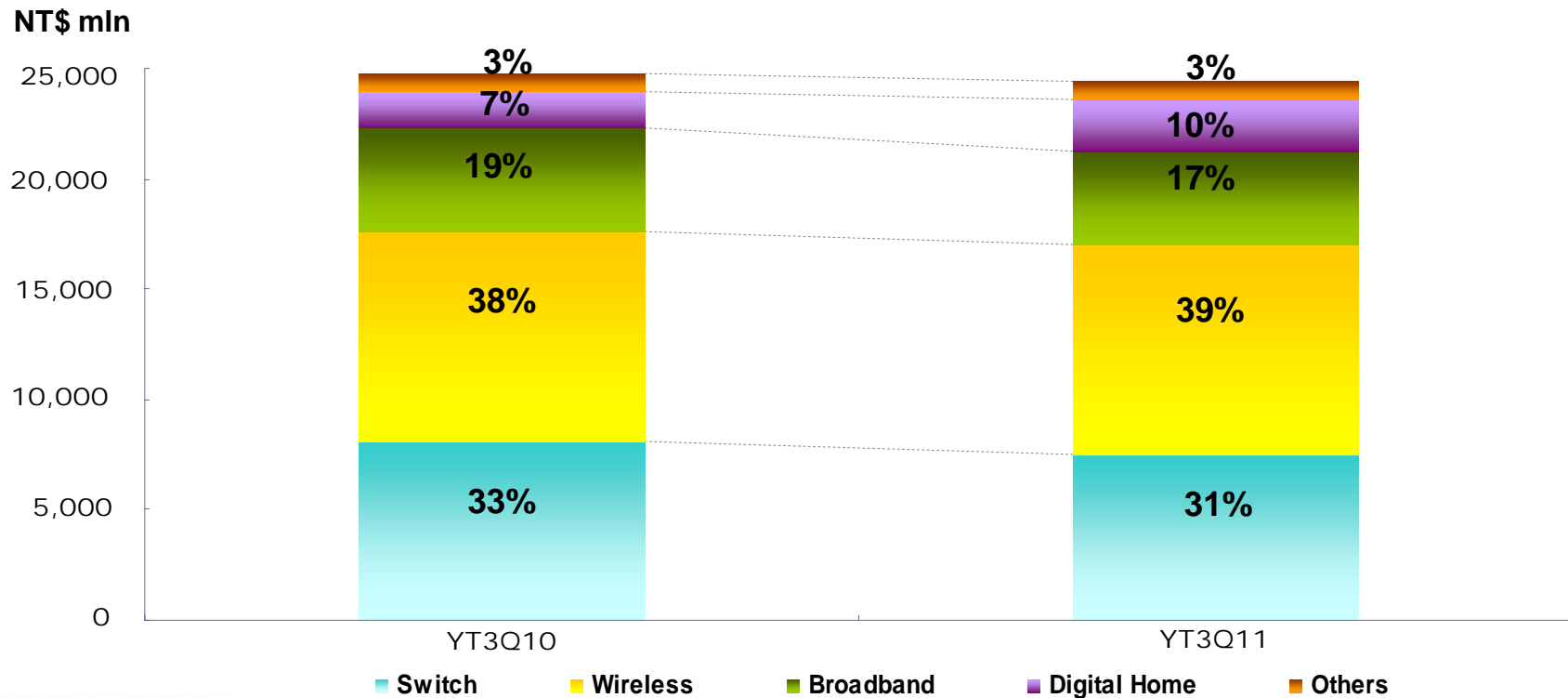
YT3Q11 revenue YoY comparison:

In NT\$ terms:

- Switch down 7.2%
- Wireless up 1.0%
- Broadband down 11.8%
- Digital Home up 35.0%

In US\$ terms:

- Switch up 1.8%
- Wireless up 10.4%
- Broadband down 3.4%
- Digital Home up 52.3%



4Q11 Guidance



- From QoQ perspective
 - Revenue to mildly grow
 - Op. Margin to slightly improve

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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