

1Q11 Operation Review & Business Updates

April 29, 2011



Agenda

- › Operation Reviews & Business Updates Duke Lin
- › Q&A Tony Tsao & A.P. Chen & Duke Lin

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

Operation Reviews & Business Updates

1Q11 Income Statement & QoQ Comparison

Unit: NT\$ million	1Q11		4Q10		QoQ % Change
	AMT	%	AMT	%	
Net Sales	7,802	100.0	9,144	100.0	(14.7)
Cost of Goods Sold - Product	5,225	67.0	6,324	69.2	(17.4)
Gross Profit 1	2,577	33.0	2,820	30.8	(8.6)
Inventory Related Gain/(Loss)	(28)	(0.3)	(110)	(1.2)	(74.5)
Gross Profit 2	2,549	32.7	2,710	29.6	(5.9)
Operating Expenses	2,381	30.5	2,387	26.1	(0.3)
Operating Income	168	2.2	323	3.5	(48.0)
Total Non-Op. Inc. (Loss)	150	1.9	110	1.2	36.4
Income Before Tax	318	4.1	433	4.7	(26.6)
Tax (Exp.) / Income	(72)	(0.9)	(46)	(0.5)	56.5
Net Income	246	3.2	387	4.2	(36.4)
Minority Interest	2	0.0	(8)	(0.1)	NA
Consolidated Income	248	3.2	379	4.1	(34.6)
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,476M	0.38		0.59		(34.6)

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

**In US\$ terms, 1Q11's revenue was down by 10.6% QoQ.

1Q11 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln	1Q11	4Q10	QoQ % Change
Investment Income	104	82	26.8
Sub./Aff.	104	82	26.8
Capital Gain	0	0	NA
FX Gain/(Loss)	27	14	92.9
Fin. Income/(Exp.) & Oth.	19	14	35.7
Total	150	110	36.4

1Q11 Income Statement & YoY Comparison

Unit: NT\$ million	1Q11		1Q10		YoY % Change
	AMT	%	AMT	%	
Net Sales	7,802	100.0	7,908	100.0	(1.3)
Cost of Goods Sold - Product	5,225	67.0	5,163	65.3	1.2
Gross Profit 1	2,577	33.0	2,745	34.7	(6.1)
Inventory Related Gain/(Loss)	(28)	(0.3)	(66)	(0.8)	(57.6)
Gross Profit 2	2,549	32.7	2,679	33.9	(4.8)
Operating Expenses	2,381	30.5	2,383	30.1	(0.1)
Operating Income	168	2.2	296	3.8	(43.2)
Total Non-Op. Inc. (Loss)	150	1.9	48	0.6	212.5
Income Before Tax	318	4.1	344	4.4	(7.6)
Tax (Exp.) / Income	(72)	(0.9)	(80)	(1.0)	(10.0)
Net Income	246	3.2	264	3.4	(6.8)
Minority Interest	2	0.0	(9)	(0.1)	NA
Consolidated Income	248	3.2	255	3.3	(2.7)
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,476M	0.38		0.39		(2.7)

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

**In US\$ terms, 1Q11's revenue was up by 6.8% YoY.

03/31/2011 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	03/31/11 AMT	%	12/31/10 AMT	%	QoQ % Change
Cash	4,928	19	5,297	21	(7.0)
S-T Investment	1,453	6	727	3	99.9
Account Receivable	5,795	22	5,613	22	3.2
Inventory	5,308	21	5,584	22	(4.9)
Long-term Investments	5,275	20	5,280	21	(0.1)
Total Assets	25,863	100	25,655	100	(0.8)
Accounts Payable	5,232	20	5,462	21	(4.2)
Current Liabilities	8,477	33	8,624	34	(1.7)
Common Stock	6,476	25	6,476	25	0.0
Stockholders' Equity	14,835	57	14,753	58	(0.6)

Key Financial Ratios

Unit: % , days	03/31/11	12/31/10	09/30/10	06/30/10	03/31/10
*Days A/R	67	64	69	69	69
*Days Inventory	95	81	95	89	81
*Days A/P	93	89	108	112	100
Cash Cycle	68	56	57	46	50
Current Ratio	2.19	2.13	1.91	1.88	2.16
Debt/Equity Ratio	0.73	0.75	0.90	0.94	0.73
**Net Debt/Equity Ratio	0.40	0.33	0.47	0.40	0.25
ROE	7	10	9	7	7

* Annualized

** Adjust for Cash & S-T investment

Quarterly Revenue by Regions

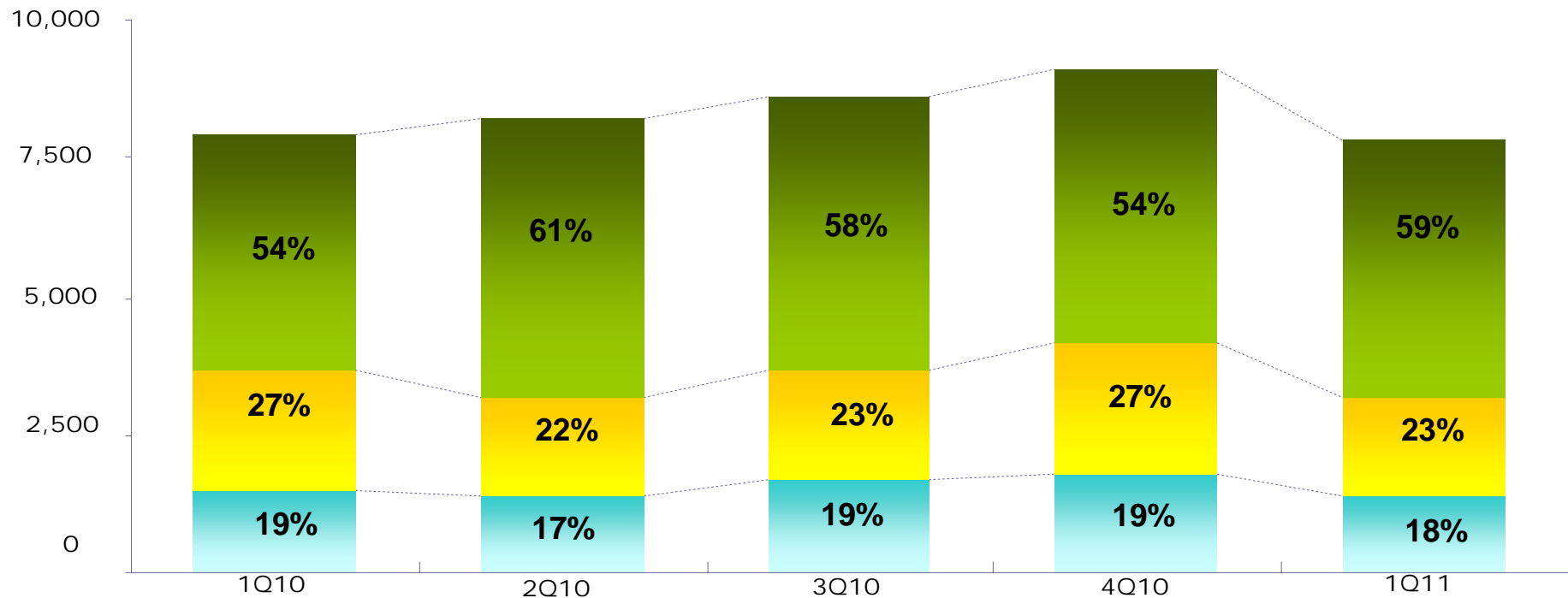
In NT\$, down 14.7% QoQ, down 1.3% YoY

- N.A. down 19.6% QoQ, down 6.0% YoY
- Europe down 25.8% QoQ, down 15.5% YoY
- Emerging Mkts & APac down 7.5% QoQ, up 7.3% YoY

In US\$, down 10.6% QoQ, up 6.8% YoY

- N.A. down 15.7% QoQ, up 1.9% YoY
- Europe down 22.7% QoQ, down 9.1% YoY
- Emerging Mkts & APac down 3.0% QoQ, up 16.5% YoY

NT\$ mln



North America

Europe

Emerging Markets & AsiaPac

Quarterly Revenue by Products

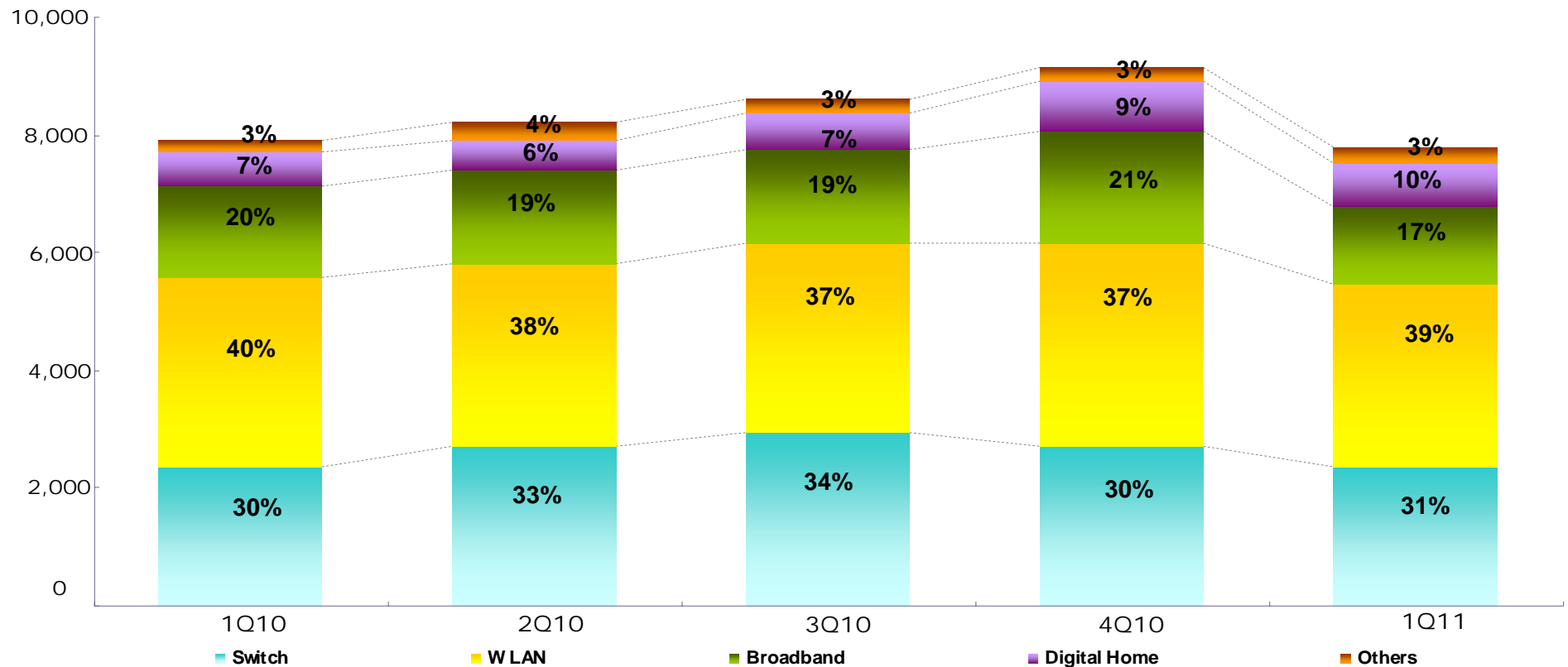
1Q11 revenue comparison in NT\$ terms:

- Switch down 12.5% QoQ, up 0.4% YoY
- WLAN down 10.1% QoQ, down 3.9% YoY
- B.B. down 30.9% QoQ, down 15.0% YoY
- D.H. down 10.0% QoQ, up 33.3% YoY

In US\$ terms:

- Switch down 7.8% QoQ, up 9.6% YoY
- WLAN down 6.3% QoQ, up 4.0% YoY
- B.B. down 26.2% QoQ, down 8.2% YoY
- D.H. down 5.8% QoQ, up 50.6% YoY

NT\$ mln



Corporate Updates

- 2011 Share Buyback Program
 - Buyback Scope: up to 12M Shares
 - Price Range: NT\$20 to NT\$ 30/Sh
 - Execution Period: March 24 to May 22, 2011

2Q11 Guidance

- From QoQ perspective
 - Revenue to be flat to mildly grow in US\$ terms
 - Op. Margin to improve continuously

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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