

**D-Link**<sup>®</sup>  
Building Networks for People



# Sinopac Securities Europe NDR

November 20~27, 2006

## 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

- **Industry Outlook**
- **Regional Growth**
- **Product Drivers**
- **Overall Business**

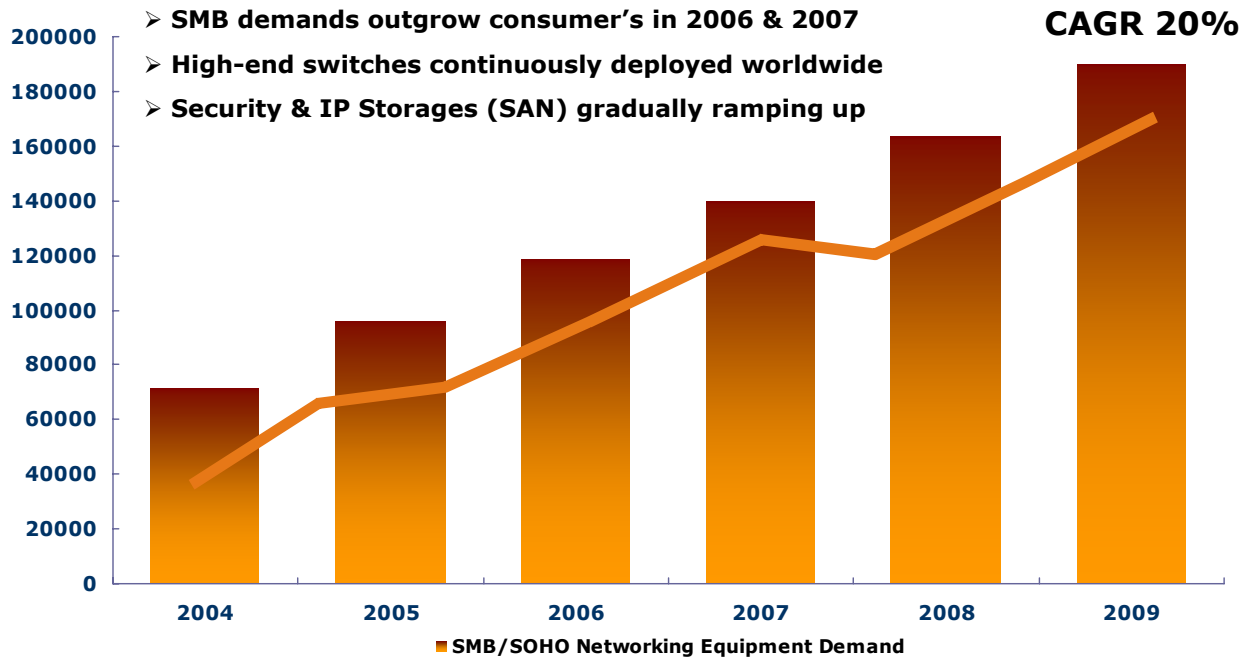
## Updates

All numbers are in US dollars, except otherwise specified.  
2Q/06 numbers are pro forma ..

# Industry Outlook

## WW SMB and SOHO Networking Market

US\$ Million



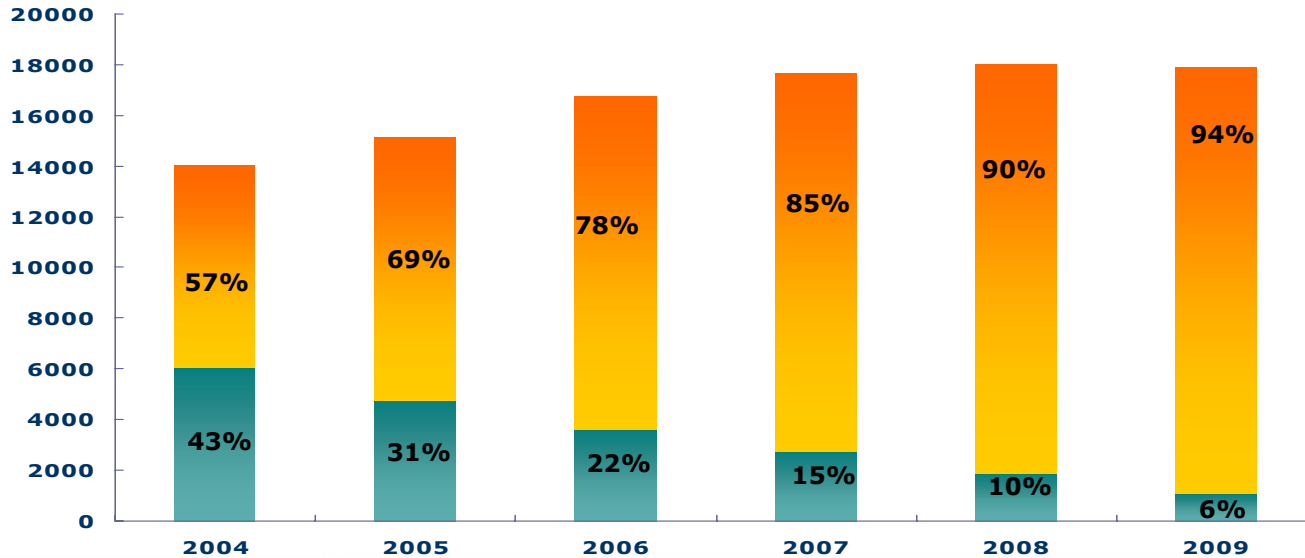
Source: IDC, FY2006

# Switching

- LAN switching market growth remains solid
- L2 & L3 outgrow L4-L7
- Modular declines but stackable grows

US\$ Million

GigE CAGR 16%

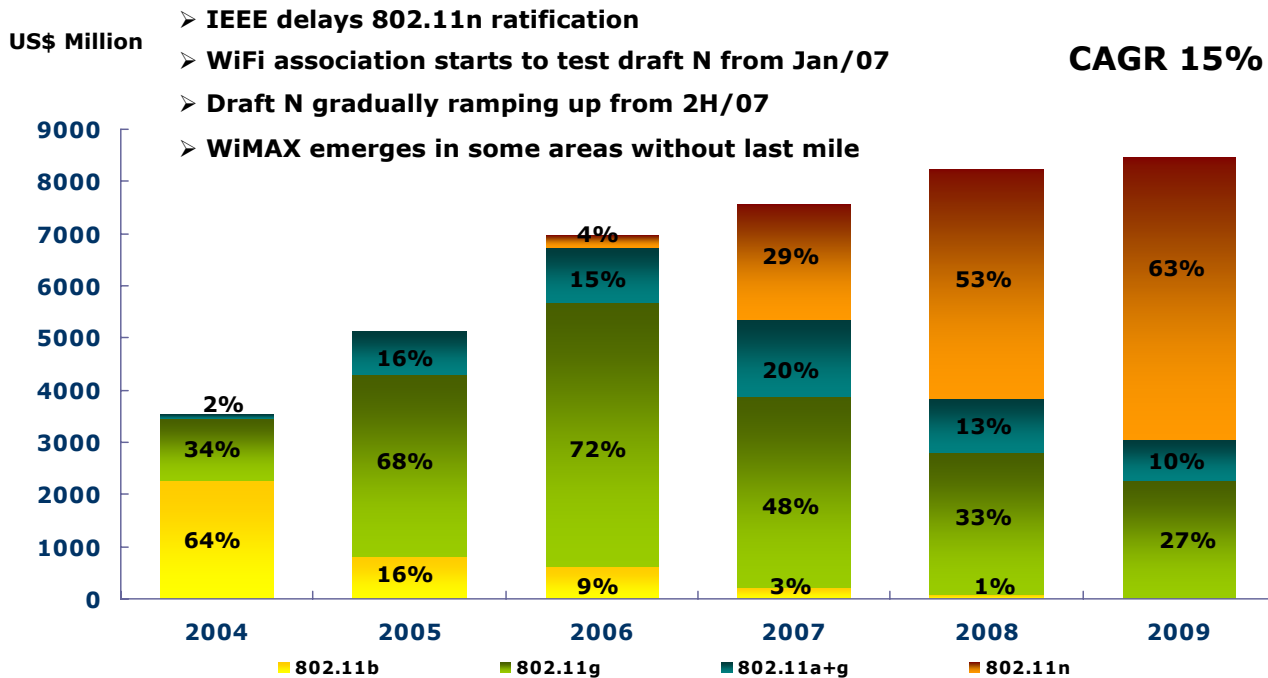


Source: IDC, FY2006

F.E.

GigE

# WLAN



Source: IDC, FY2006

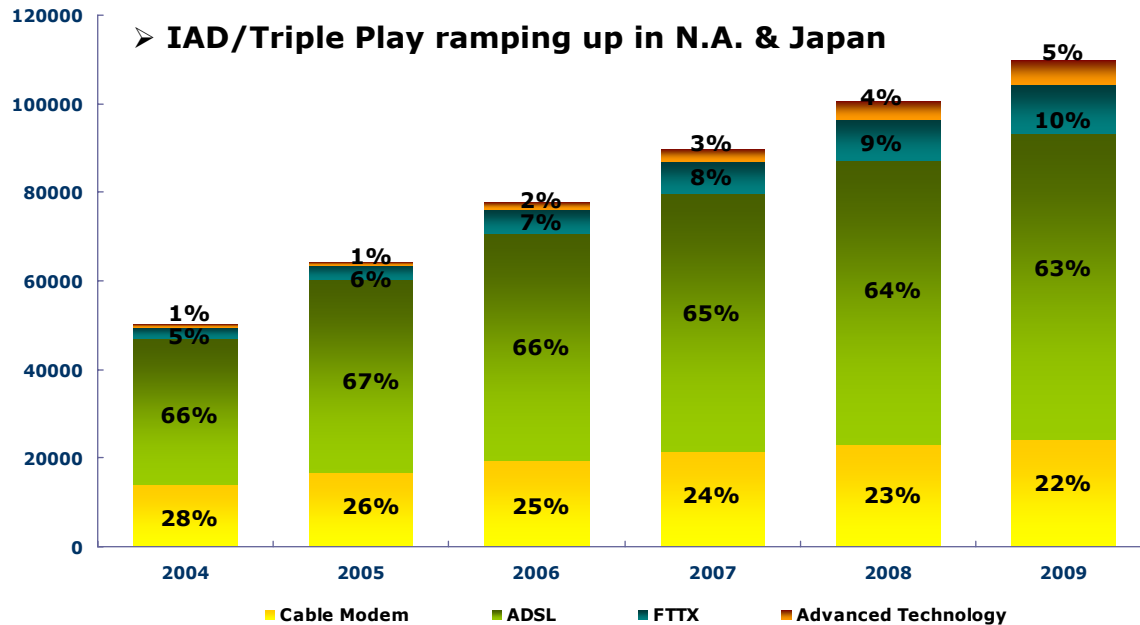
# Broadband

US\$ Million

➤ VoIP devices rapidly penetrate

➤ IAD/Triple Play ramping up in N.A. & Japan

**CAGR 17%**



Source: IDC, FY2006

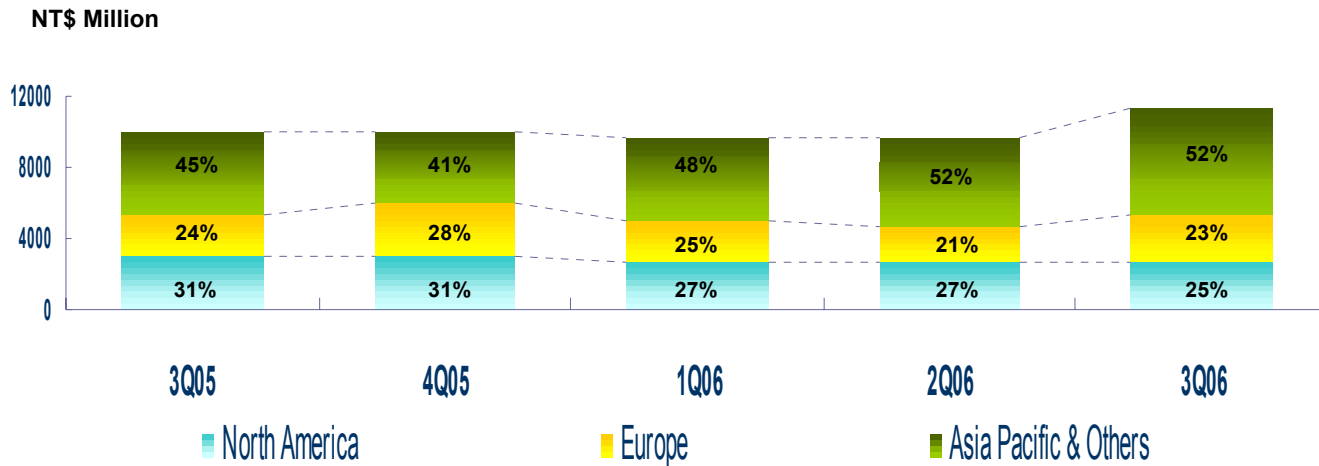


# Regional Growth

# Revenue by Regions Consolidated

**3Q/06 revenue QoQ comparison:**

- N.A. rose 8%
- Europe jumped 29%
- AsiaPac & Others seasonally up 15%
- In NT\$ terms, WW 3Q revenue grew 16%

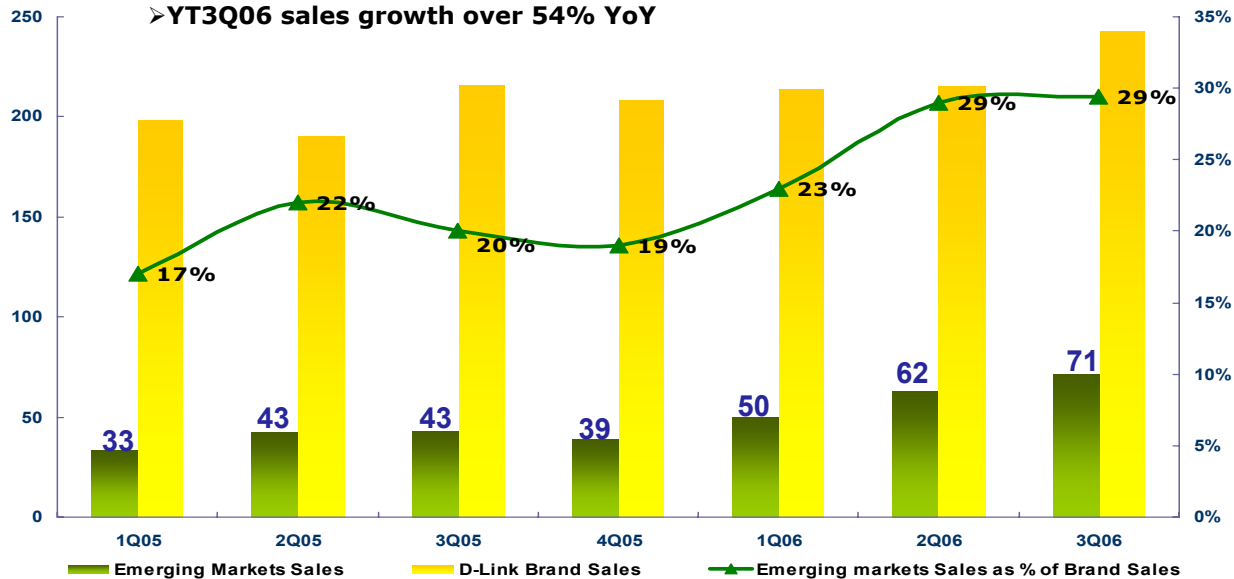


# Emerging Markets vs. D-Link Brand Sales

US\$ Million

➤ Emerging markets remain the fastest growing area

➤ YTD3Q06 sales growth over 54% YoY



## Strength in Emerging Markets

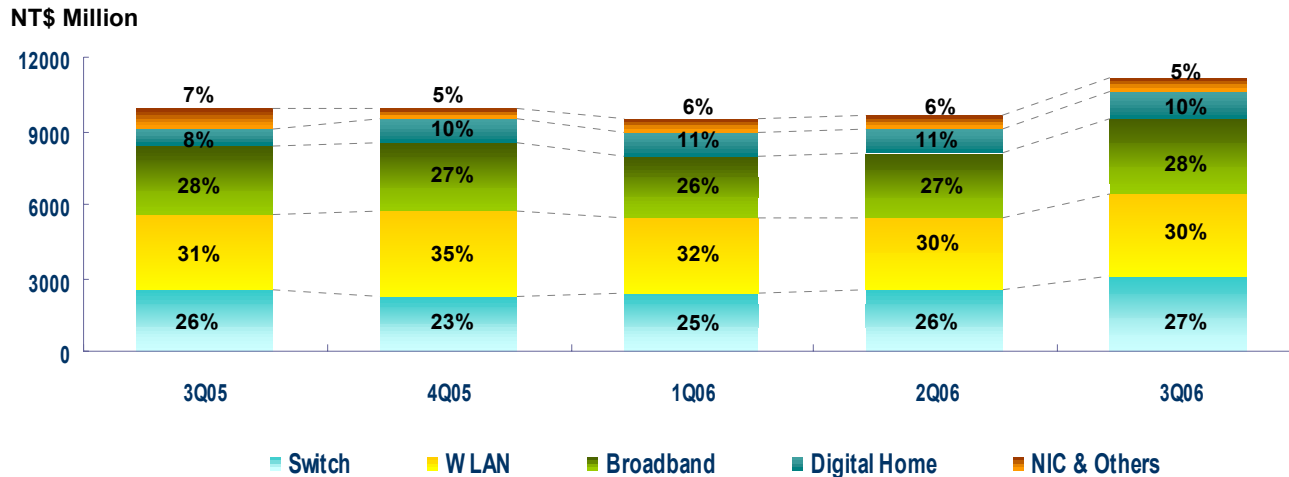
- **Localization**
  - **In Country Operation**
- **Products Differentiation**
  - **Customization**
- **Technical Supports**
  - **Real-time after Service & RMA**

# Product Drivers

## Revenue by Products Consolidated

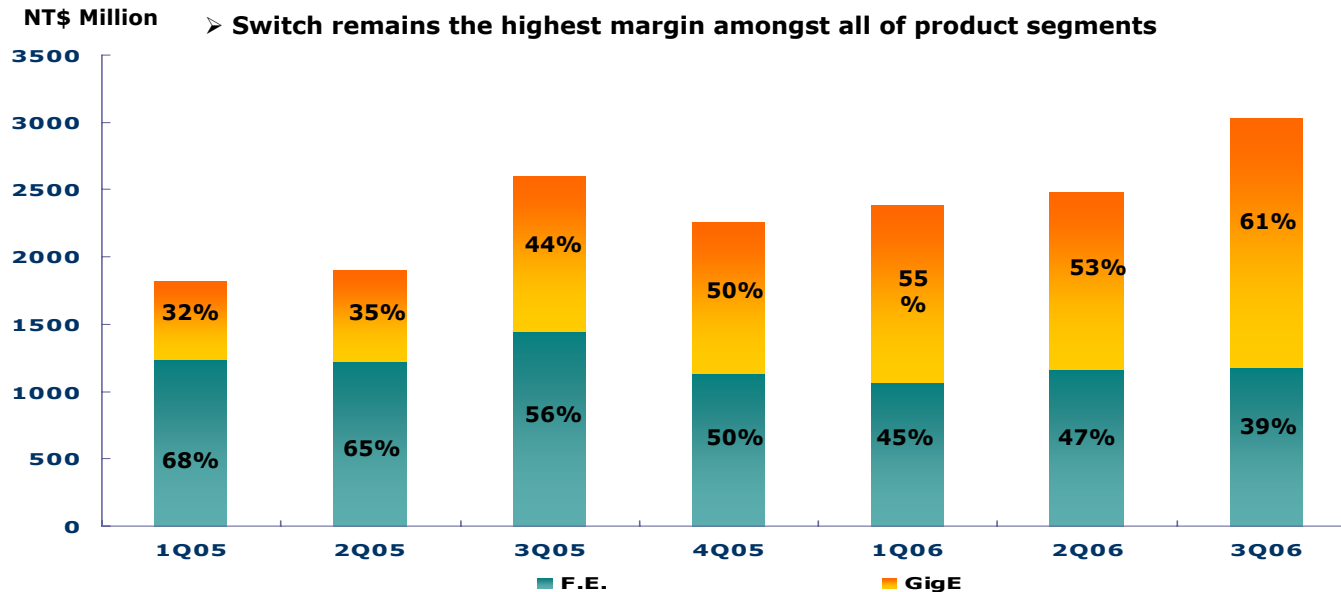
3Q06 revenue QoQ comparison:

- Switch grew 23%
- WLAN increased 15%
- Broadband up 18%
- Digital Home rose 12%



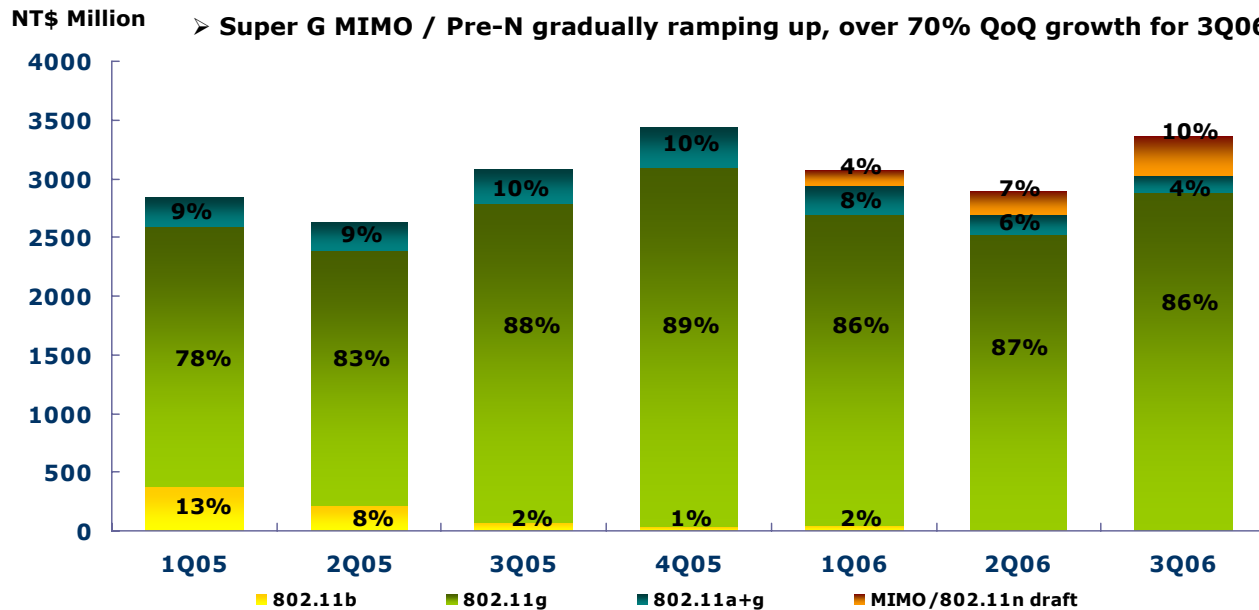
## Switch Sales Breakdown

- High-end switch sales in YT3Q06 delivered over 87% YoY growth
- Pull-through more SMB products such as Security, IP Storage (SAN)
- Switch remains the highest margin amongst all of product segments



# WLAN Sales Breakdown

- In terms of D-Link WLAN Breakdown, 11g remains the largest pie
- Super G MIMO / Pre-N gradually ramping up, over 70% QoQ growth for 3Q06

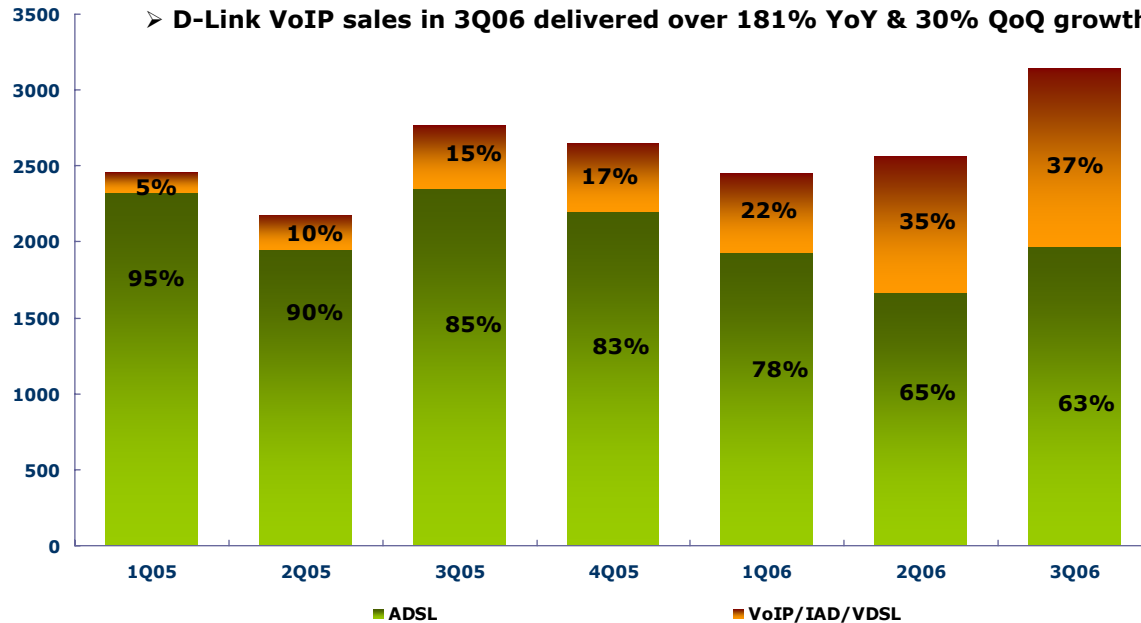




# Broadband Sales Breakdown

NT\$ Million

- VoIP worldwide continuously deployed by Telco/ISP
- D-Link VoIP sales in 3Q06 delivered over 181% YoY & 30% QoQ growth

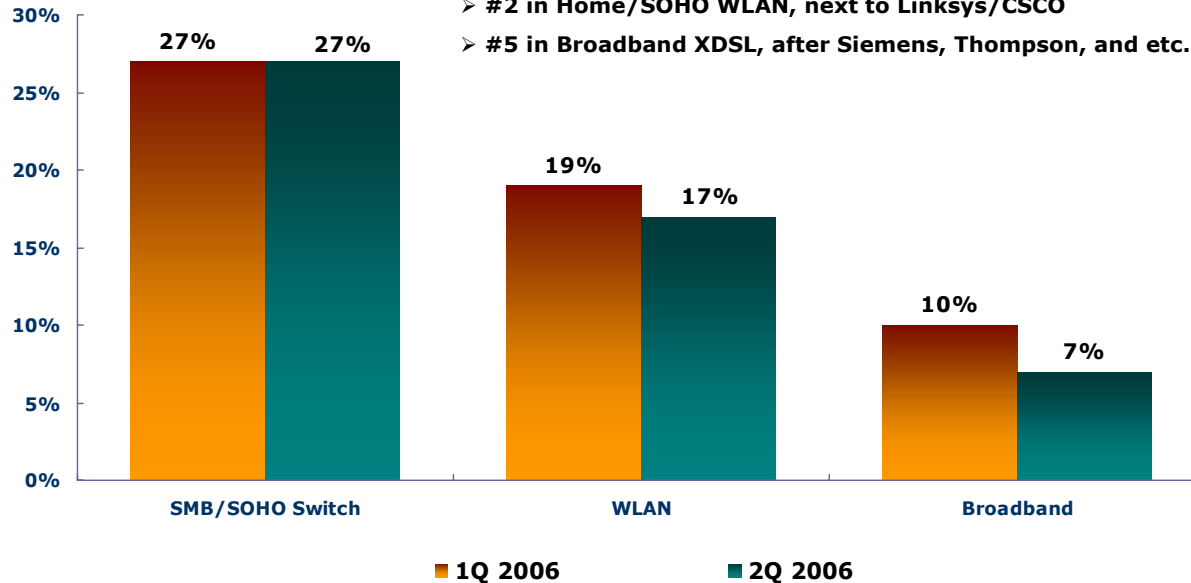


# Overall Business Updates

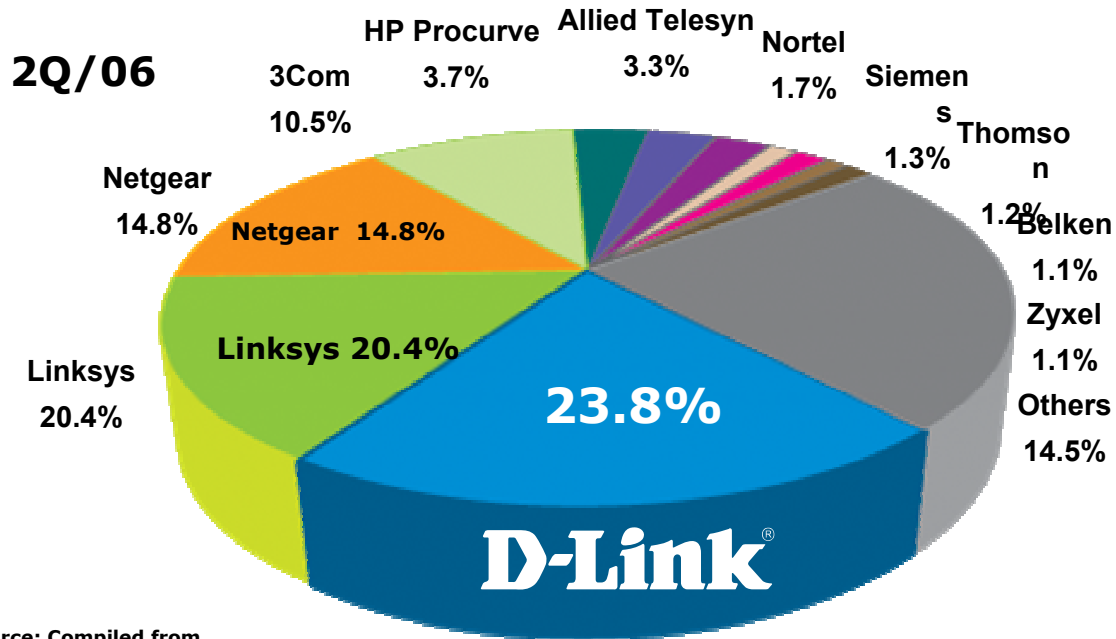
# Dominance in Key Segments

**Market Shares by Products** D-Link is, in unit terms,

- #1 in SOHO/SMB Ethernet LAN Switch
- #2 in Home/SOHO WLAN, next to Linksys/CISCO
- #5 in Broadband XDSL, after Siemens, Thompson, and etc.



## #1 in SOHO/SMB Market



Source: Compiled from  
 In-Stat 2Q 2006 Wireless LAN Equipment Market Share Report  
 In-Stat 2Q 2006 Ethernet LAN Switch Market Share Report  
 In-Stat 2Q 2006 Broadband Equipment Market Share Report

# New Products Releases

## 22 New Product Announcements in Q3

### Significant Highlight:

#### 2-bay SATA network storage enclosure



- Internet file sharing
- Critical failsafe Disc mirror
- Built-in media server function

#### L2+ Wireless switches



- 24 wireless or wired ports
- Central management
- Secured and seamless roaming

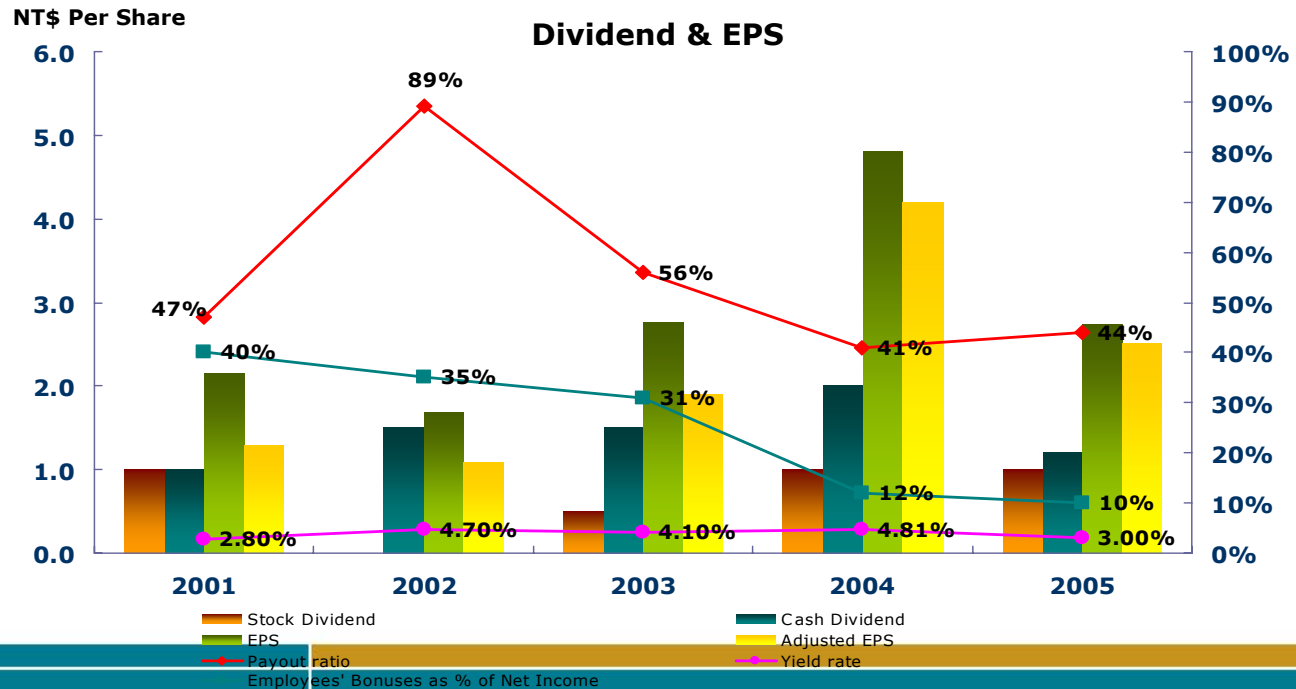
#### Day & Night, Audio & Video IP Cam



- Full-featured Wireless Surveillance Camera
- Support 16 simultaneous viewing and motion detection recording

# High Dividend Payout

- Payout more cash over stock
- Limited employees' bonuses dilution
- High yield rate



Employees' Bonuses as % of Net Income

## **4Q/06 Outlook**

### **Consolidated**

- **4Q Guidance**
  - **4Q revenue flat sequentially**
  - **Gross margin maintains 31%**
  
- **Upsides**
  - **Thanksgiving & Christmas shopping in N.A. & Europe**
  - **Emerging markets continuously grow**
  
- **Downsides**
  - **11n ratification delays**
  - **Cool down of economy**

# Q & A

*For complete financial and  
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