

**D-Link®**

**D-Link®**



**Investor  
Conference**

**April, 2002**

友訊科技

# Safe Harbor Statement

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.

- **Presentation of FY2001 Audited and 1Q/2002 Financial Results**

Yvonne Yan

- **D-Link's Strategy & Industry Updates**

Sam Liang

- **Q&A**

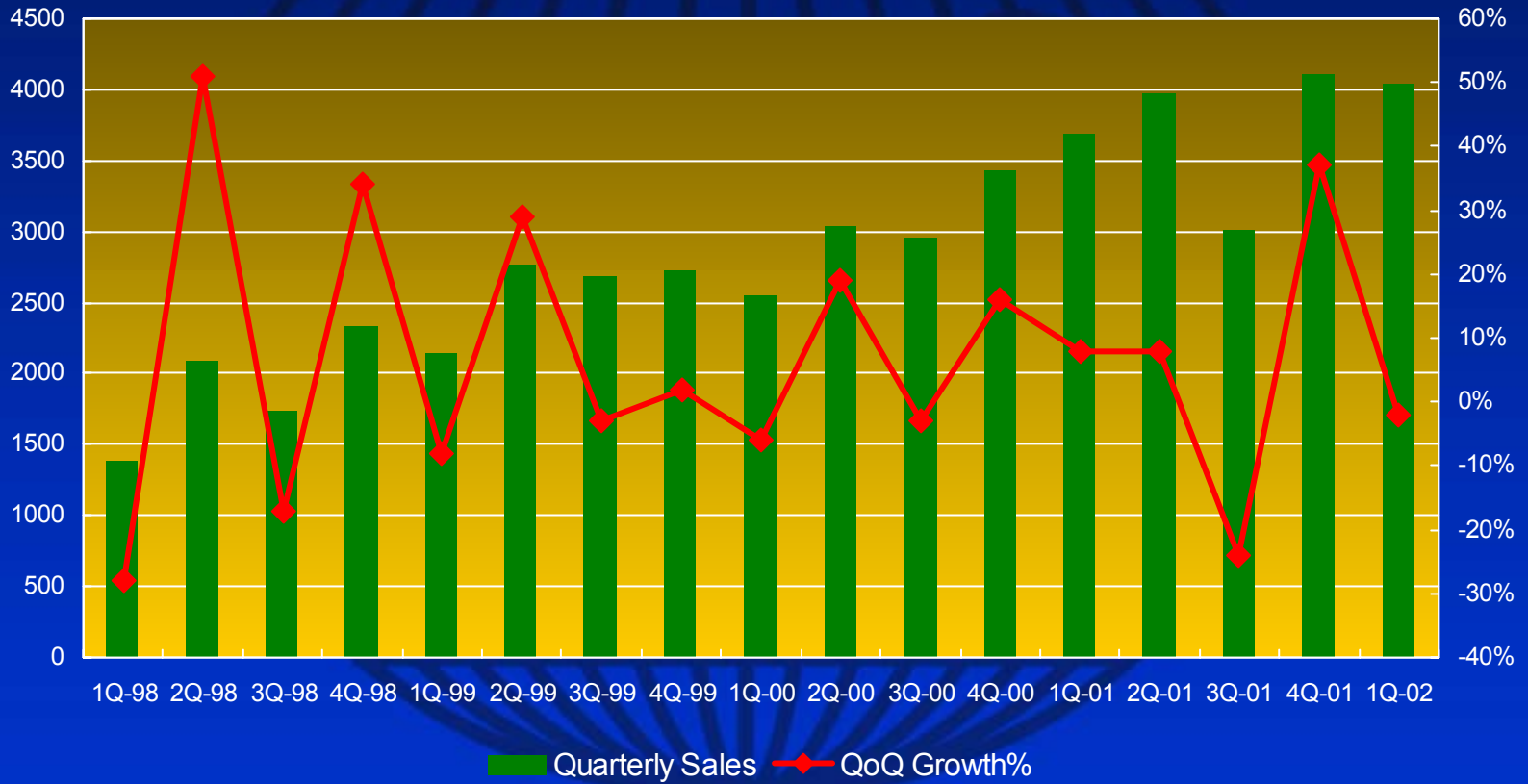
Ken Kao, John Lee

Sam Liang, A.P. Chen et al.

※ All numbers for 2001 are based on audited financial statements.  
1Q/02 non-consolidated financials are reviewed by CPAs, and consolidated are company prepared.

## Quarterly Revenue Trend

Amount: NT\$ Million



# 2001 Income Statement

Amount: NT\$ million

	2001 Actual	As % of Sales
Net Sales	14,807	100%
Cost of Goods Sold	12,110	82%
Gross Margin	2,697	18%
Operating Expenses	1,782	12%
Operating Income	915	6%
Total Non-Op. Inc. (Loss)	140	1%
Investment Income (Loss)	122	1%
Income Before Tax	1,055	7%
Income Tax Credit (Expense)	(100)	-
Net Income	955	6%
Earnings Per Share (NT\$)	2.15	

# 2001 YoY Comparison

Amount: NT\$ million

	2001 Actual		2000 Actual		YoY % Change
Net Sales	14,807	100%	11,975	100%	24%
Cost of Goods Sold	12,110	82%	10,200	85%	19%
Gross Margin	2,697	18%	1,775	15%	52%
Operating Expenses	1,782	12%	1,305	11%	37%
Operating Income	915	6%	470	4%	95%
Total Non-Op. Inc. (Loss)	140	1%	336	3%	(58)%
Investment Income (Loss)	122	1%	390	3%	(69)%
Income Before Tax	1,055	7%	805	7%	31%
Income Tax Credit (Expense)	(100)	-	26	-	-
Net Income	955	6%	831	7%	15%
Earnings Per Share (NT\$)	2.15		2.26		



# 4Q01 QoQ Comparison

**Amount: NT\$ million**

	4Q01		3Q01		QoQ %
	Actual		Actual		Change
Net Sales	4,175	100%	3,006	100%	39%
Cost of Goods Sold	3,319	79%	2,445	81%	36%
Gross Margin	856	21%	561	19%	53%
Operating Expenses	605	14%	408	14%	48%
Operating Income	251	6%	153	5%	64%
Total Non-Op. Inc. (Loss)	5	0%	(20)	(1)%	(125)%
Investment Income (Loss)	(60)	1%	(45)	(1)%	(223)%
Income Before Tax	256	6%	133	4%	92%
Income Tax Credit (Expense)	(49)	-	(9)	-	-
Net Income	207	5%	124	4%	67%
Earnings Per Share (NT\$)	0.46		0.28		

# 2001 Performance vs. Forecast

Amount: NT\$ million

	2001 Actual		2001 Forecast		
Net Sales	14,807	100%	15,100	100%	98%
Cost of Goods Sold	12,110	82%	12,759	84%	95%
Gross Margin	2,697	18%	2,341	16%	115%
Operating Expenses	1,782	12%	1,360	9%	131%
Operating Income	915	6%	981	6%	93%
Total Non-Op. Inc. (Loss)	140	1%	100	1%	140%
Investment Income (Loss)	122	1%	82	1%	149%
Income Before Tax	1,055	7%	1,081	7%	98%
Income Tax Credit (Expense)	(100)	-	-	-	-
Net Income	955	6%	1,081	7%	88%
Earnings Per Share (NT\$)	2.15		2.43		



# D-Link® 2001 Consolidated Income Statement

**Amount: NT\$ million**

	2001 Actual		2000 Actual		YoY % Change
Net Sales	17,609	100%	13,934	100%	26%
Cost of Goods Sold	12,858	73%	10,254	74%	25%
Gross Margin	4,751	27%	3,680	26%	29%
Operating Expenses	4,234	24%	3,272	23%	29%
Operating Income	517	3%	408	3%	27%
Total Non-Op. Inc. (Loss)	501	3%	422	3%	19%
Investment Income (Loss)	561	3%	608	4%	(8)%
Income Before Tax	1,018	6%	830	6%	23%
Income Tax Credit (Expense)	(68)	-	(7)	-	871%
Net Income	950	5%	823	6%	15%
Minority Interest	(5)	0%	8	0%	(38)%
Consolidated Income	955	5%	831	6%	15%
Earnings Per Share (NT\$)	2.15		2.26		

# 1Q02 Income Statement

Amount: NT\$ million

	1Q02 Actual	As % of Sales
Net Sales	4,035	100%
Cost of Goods Sold	3,329	83%
Gross Margin	706	17%
Operating Expenses	444	11%
Operating Income	262	6%
Total Non-Op. Inc. (Loss)	152	4%
Investment Income (Loss)	154	4%
Income Before Tax	414	10%
Income Tax Credit (Expense)	(24)	-
Net Income	390	10%
Earnings Per Share (NT\$)	0.85	

# 1Q02 YoY Comparison

Amount: NT\$ million

	1Q02 Actual		1Q01 Actual		YoY % Change
Net Sales	4,035	100%	3,703	100%	9%
Cost of Goods Sold	3,329	83%	3,118	84%	7%
Gross Margin	706	17%	585	16%	21%
Operating Expenses	444	11%	316	9%	41%
Operating Income	262	6%	269	7%	(3%)
Total Non-Op. Inc. (Loss)	152	4%	37	1%	311%
Investment Income (Loss)	154	4%	83	2%	86%
Income Before Tax	414	10%	306	8%	35%
Income Tax Credit (Expense)	(24)	-	-	-	
Net Income	390	10%	306	8%	27%
Earnings Per Share (NT\$)	0.85		0.81		

# 1Q02 QoQ Comparison

Amount: NT\$ million

	1Q02		4Q01		QoQ %
	Actual		Actual		Change
Net Sales	4,035	100%	4,175	100%	(3)%
Cost of Goods Sold	3,329	83%	3,319	79%	-
Gross Margin	706	17%	856	21%	(18)%
Operating Expenses	444	11%	605	14%	(27)%
Operating Income	262	6%	251	6%	4%
Total Non-Op. Inc. (Loss)	152	4%	5	-	2940%
Investment Income (Loss)	154	4%	60	1%	157%
Income Before Tax	414	10%	256	6%	62%
Income Tax Credit (Expense)	(24)	-	(49)	-	-
Net Income	390	10%	207	5%	88%
Earnings Per Share (NT\$)	0.85		0.46		

# D-Link® 1Q02 Consolidated Income Statement

Amount: NT\$ million

	1Q02 Actual	As % of Sales
Net Sales	5,221	100%
Cost of Goods Sold	3,809	73%
Gross Margin	1,412	27%
Operating Expenses	1,252	24%
Operating Income	160	3%
Total Non-Op. Inc. (Loss)	259	5%
Investment Income (Loss)	245	5%
Income Before Tax	419	8%
Income Tax Credit (Expense)	(31)	-
Net Income	388	7%
Minority Interest	2	0%
Consolidated Income	390	7%
Earnings Per Share (NT\$)	0.85	

友訊科技

# 12/31/2001 Balance Sheet and Cash Flow YoY Comparison

Amount: NT\$ million

	12/31/01 Actual		12/31/00 Actual		YoY % Change
Inventory	1,256	8%	1,730	13%	(27)%



# 12/31/2001 Balance Sheet and Cash Flow YoY Comparison

Amount: NT\$ million

	12/31/01 Actual		12/31/00 Actual		YoY % Change
Long-term Liabilities	2,984	18%	962	7%	210%

# 12/31/2001 Balance Sheet and Cash Flow QoQ Comparison

Amount: NT\$ million

	4Q01 Actual		3Q01 Actual		QoQ % Change
Inventory	1,256	8%	1,378	10%	(9)%

# 1Q02 Balance Sheet and Cash Flow QoQ Comparison

Amount: NT\$ million

	1Q02 Actual		4Q01 Actual		QoQ % Change
Inventory	1,052	6%	1,256	8%	(16)%

# Key Financial Ratios – Liquidity/Leverage

Unit: %, days

	12/31/99	12/31/00	12/31/01	3/31/02
Days A/R	76	81	91	100*
Days Inventory	79	66	45	32*
Days A/P	72	56	67	63*
Cash Cycle	83	91	69	69
Current Ratio	3.10	2.42	2.92	3.54
Debt/Equity Ratio	0.55	0.51	0.75	0.63
Adjusted Debt/ Equity Ratio	0.37	0.28	0.49	0.48

\*Annualized

# Key Financial Ratios – Profitability (%)

Unit: %

	12/31/99	12/31/00	12/31/01	3/31/02
Net Income/Sales	6.83	6.94	6.45	9.67
Net Income/Total Assets	6.88	6.48	5.90	9.40 <sup>*</sup>
Net Income/Total Net Worth	10.69	9.77	10.29	15.35 <sup>*</sup>
Operating Profit/Sales	5.39	3.92	6.18	6.49
Return on Equity	11	11	10	14 <sup>**</sup>
EPS (NT\$)	2.34	2.26	2.15	0.85

<sup>\*</sup>Annualized<sup>\*\*</sup>Annualized and adjusted for stock dividend issuance

# 1Q/2002 Consolidated Balance Sheet

	1Q/02		12/31/01		12/31/00	
Amount: NT\$ million	Actual		Actual		Actual	
Cash	2,293	12%	3,167	18%	2,501	17%
Account Receivable	4,154	23%	2,979	17%	3,040	20%
Inventory	2,506	14%	2,994	17%	3,233	22%
Long-term Investments	2,983	16%	3,136	18%	2,457	17%
Fixed Assets (net)	2,670	15%	2,792	16%	2,857	19%
Total Assets	18,384	100%	17,660	100%	14,873	100%
Accounts Payable	2,398	13%	2,730	15%	2,102	14%
Current Liabilities	4,681	25%	4,863	28%	5,188	35%
Long-term Liabilities	2,966	16%	2,984	17%	962	6%
Common Stock	4,596	25%	4,459	25%	3,788	25%
Stockholders' Equity	10,163	55%	9,279	53%	8,507	57%



# Consolidated Key Financial Ratios – Liquidity/Leverage

Unit: % , days

	1999	2000	2001	1Q/02
Days A/R	54	66	63	62*
Days Inventory	114	111	88	66*
Days A/P	67	64	69	61*
Cash Cycle	101	113	82	67
Current Ratio	2.45	1.80	2.30	2.59
Debt/Equity Ratio	0.74	0.75	0.90	0.81
Adjusted Debt/Equity Ratio	0.46	0.45	0.56	0.58

\*Annualized

# Consolidated Key Financial Ratios – Profitability (%)

Unit: %

	1999	2000	2001	1Q/02
Net Income/Sales	5.54	5.97	5.42	7.47
Net Income/Total Assets	6.15	5.59	5.41	8.49 <sup>*</sup>
Net Income/Total Net Worth	10.69	9.77	10.29	15.35 <sup>*</sup>
Operating Profit/Sales	6.02	2.92	2.94	3.06
Return on Equity	11	11	10	14 <sup>**</sup>
EPS (NT\$)	2.34	2.26	2.15	0.85

\*Annualized

\*\*Annualized and adjusted for stock dividend issuance

# Trend Analysis --Revenue



## Trend Analysis --Gross Profit



## Trend Analysis --Operating Profits



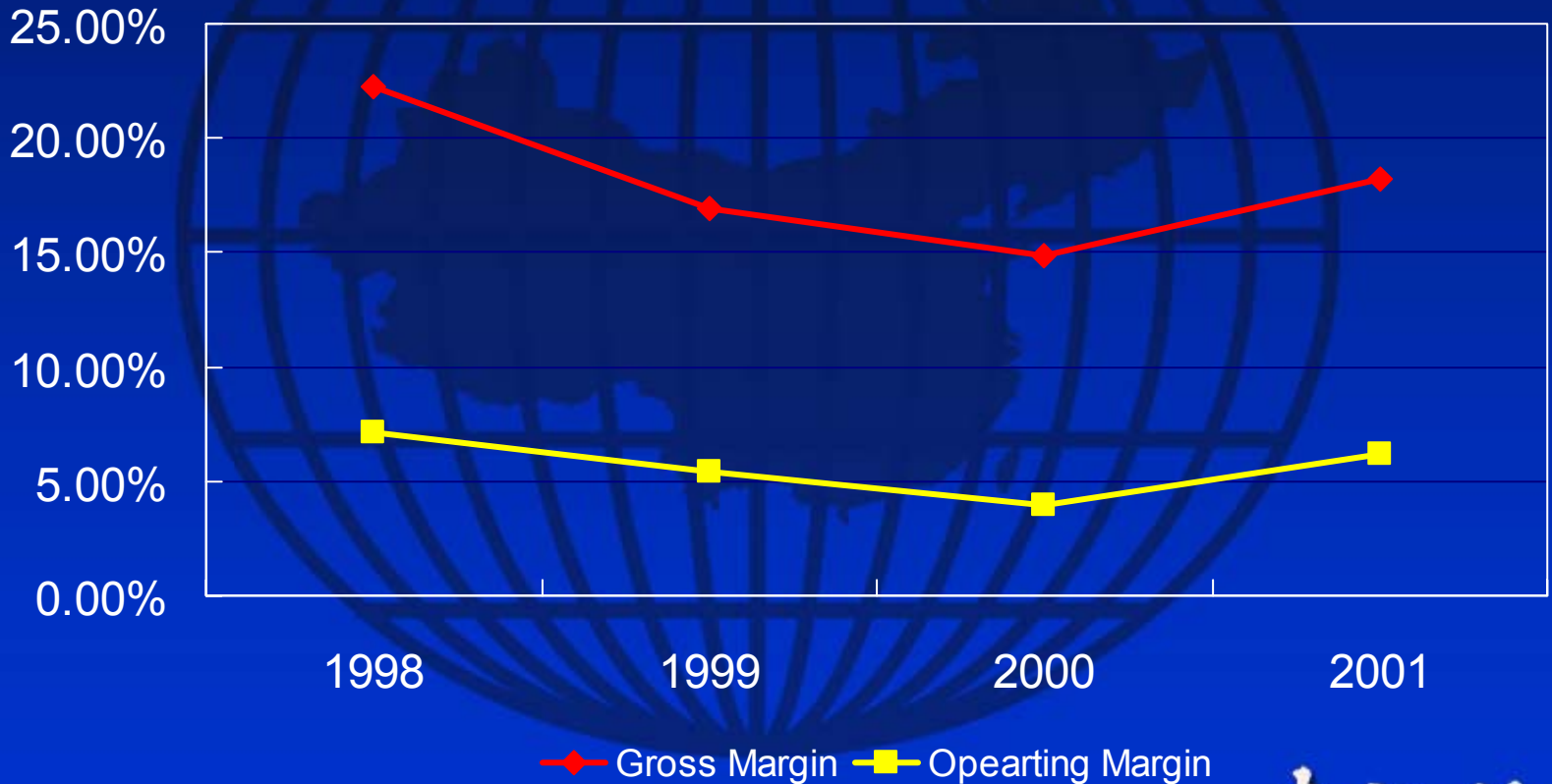
## Trend Analysis --EPS vs. EPS Growth





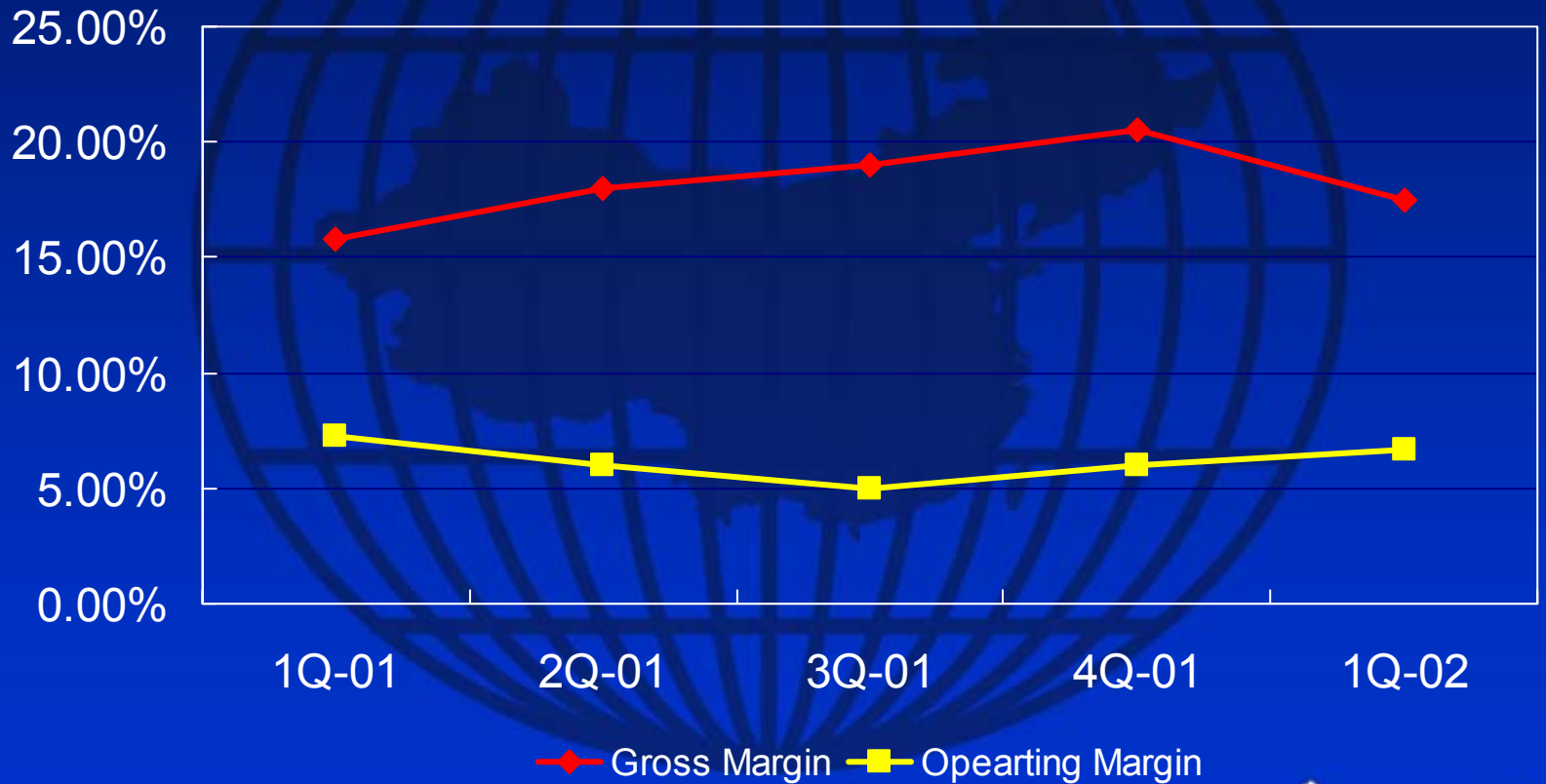
# Gross vs. Operating Margin

## --Annual



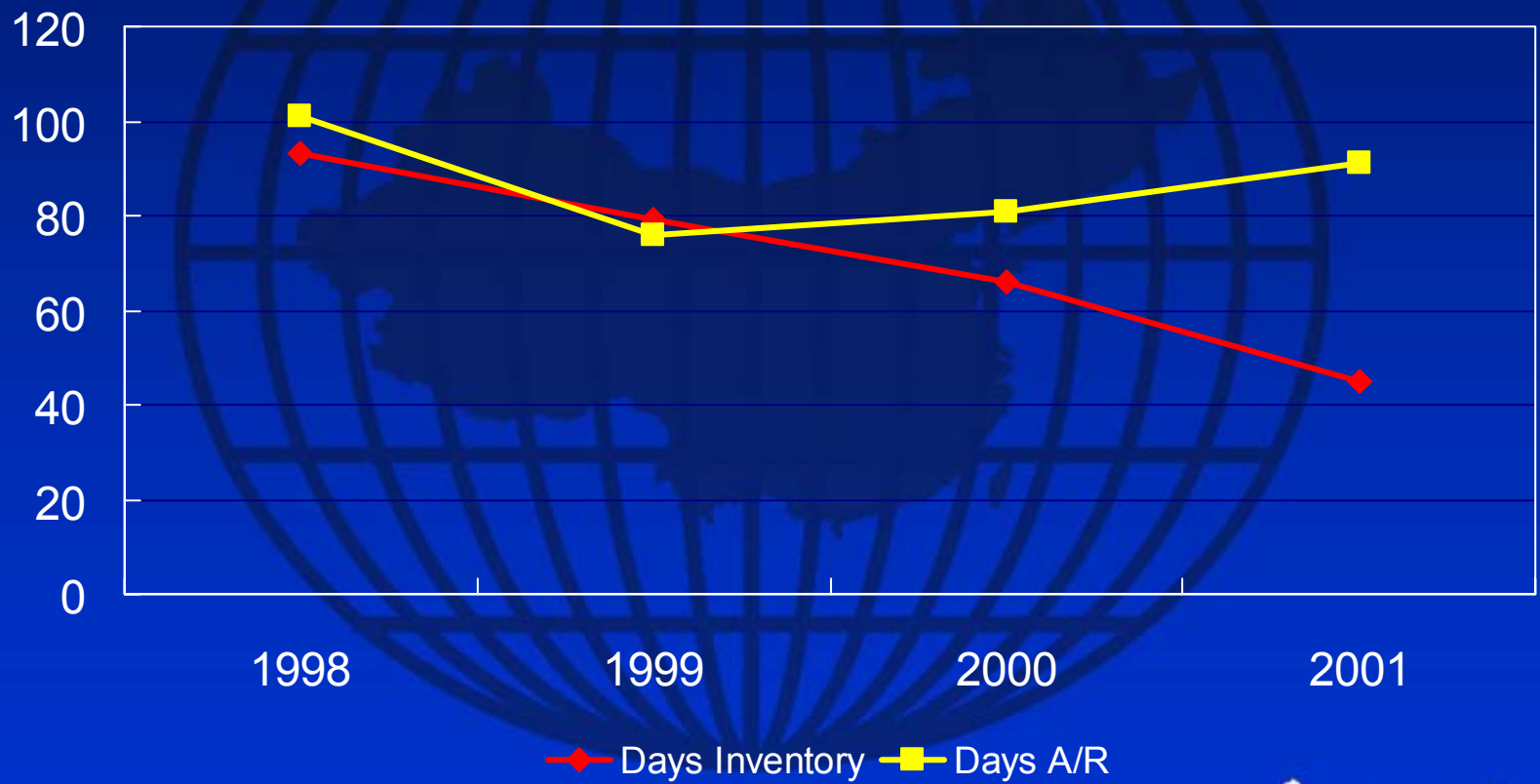
# Gross vs. Operating Margin

## --Quarterly



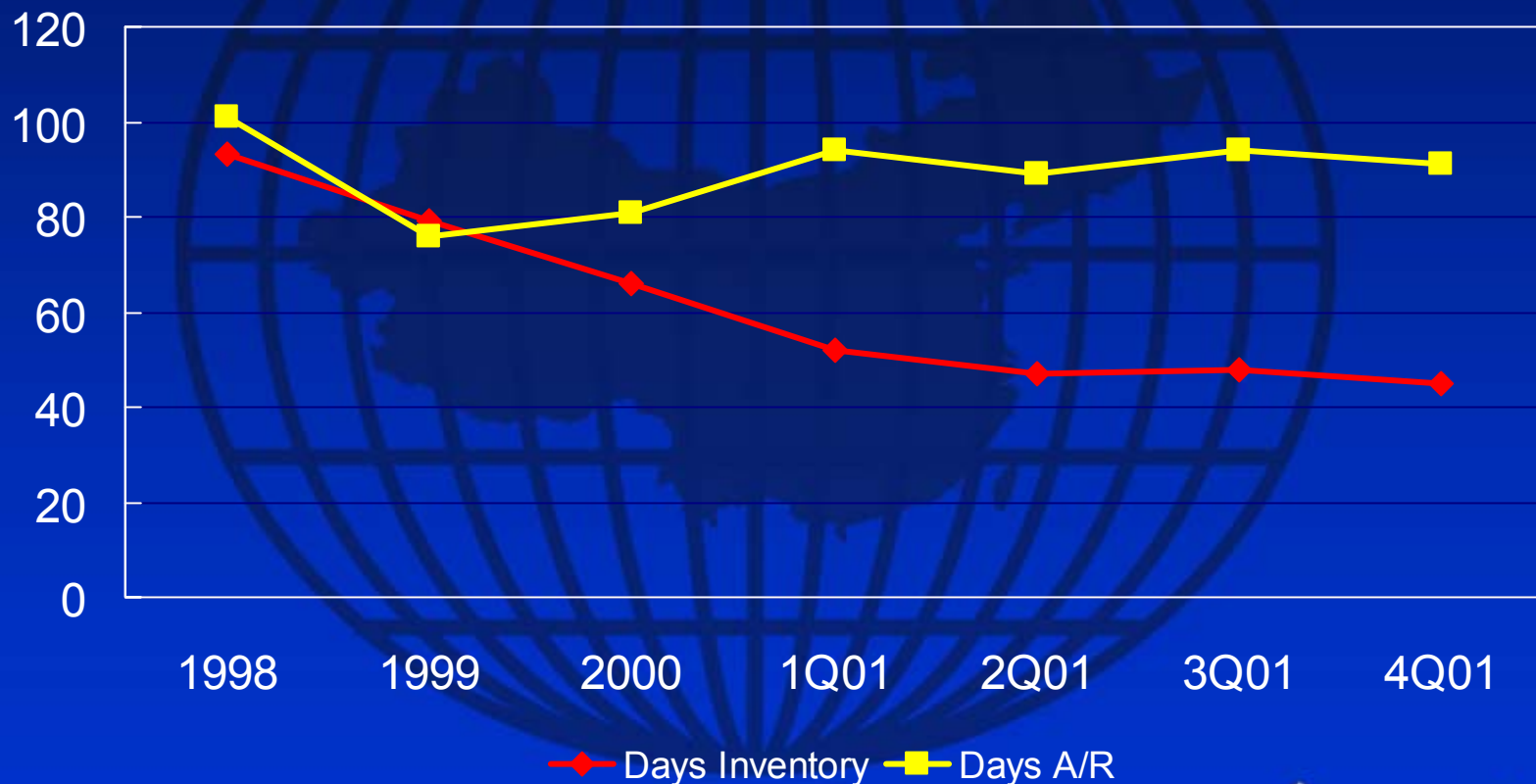
# Days Inventory vs. Days A/R

--Annual

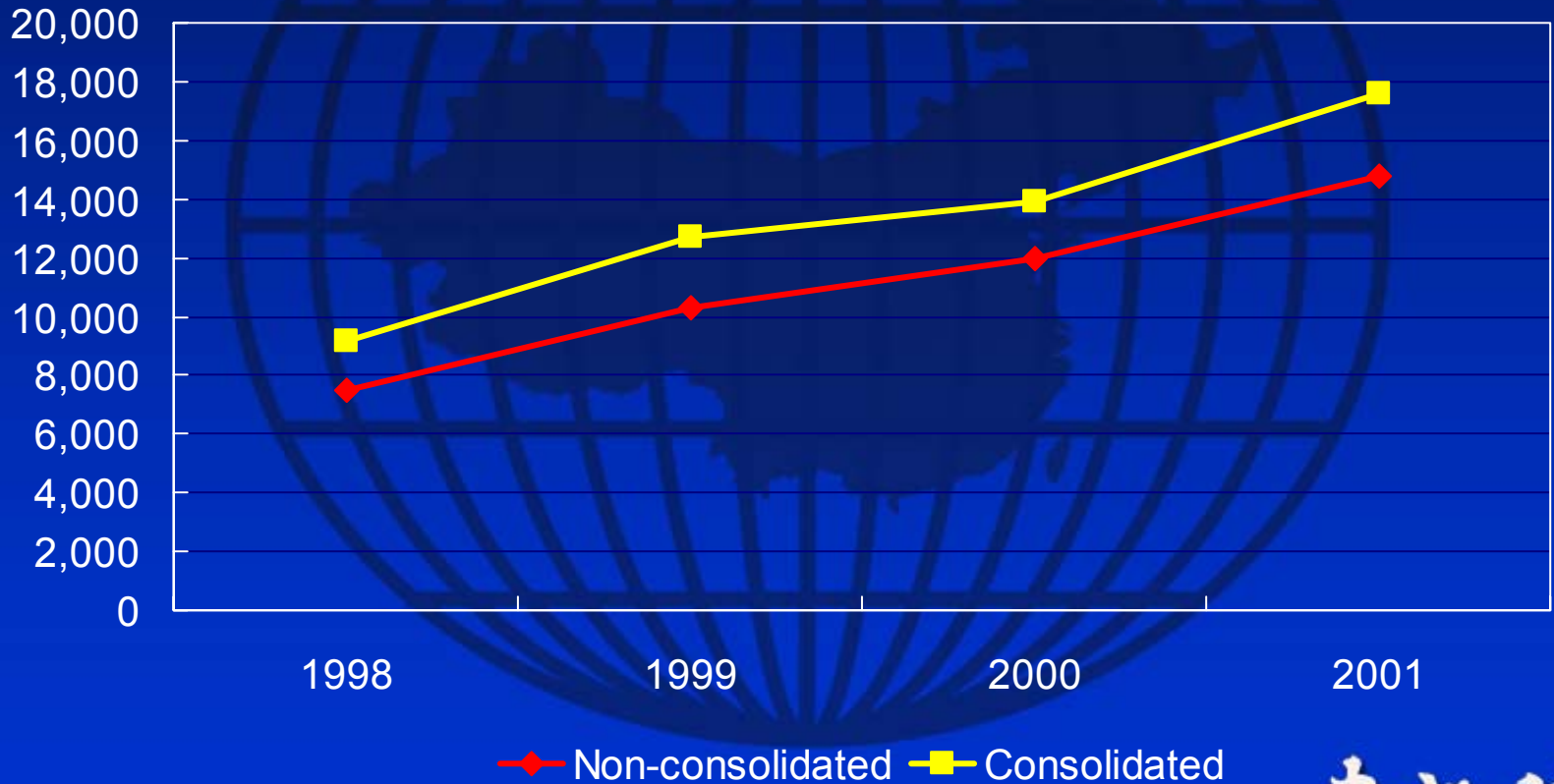


# Days Inventory vs. Days A/R

## --Quarterly

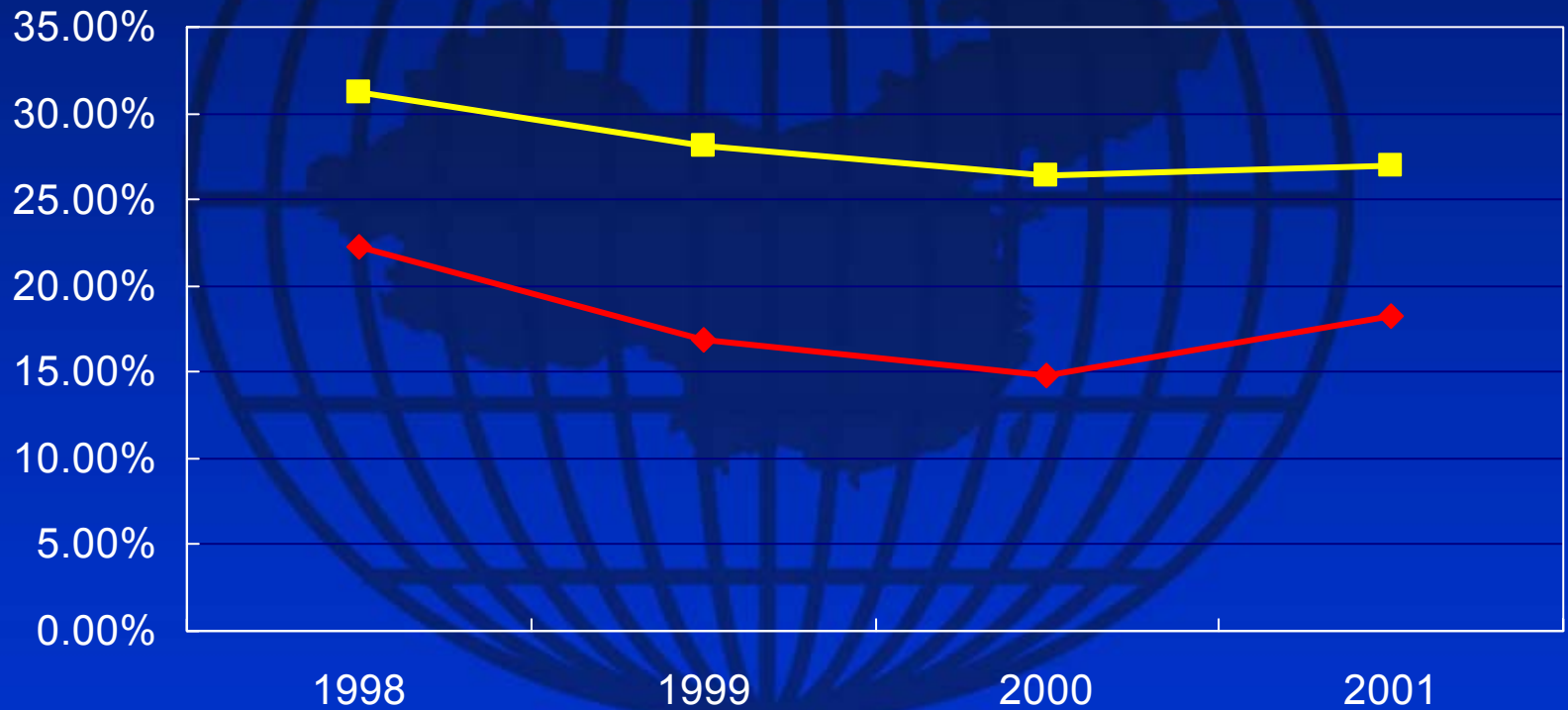


## Non-consolidated vs. Consolidated --Revenue





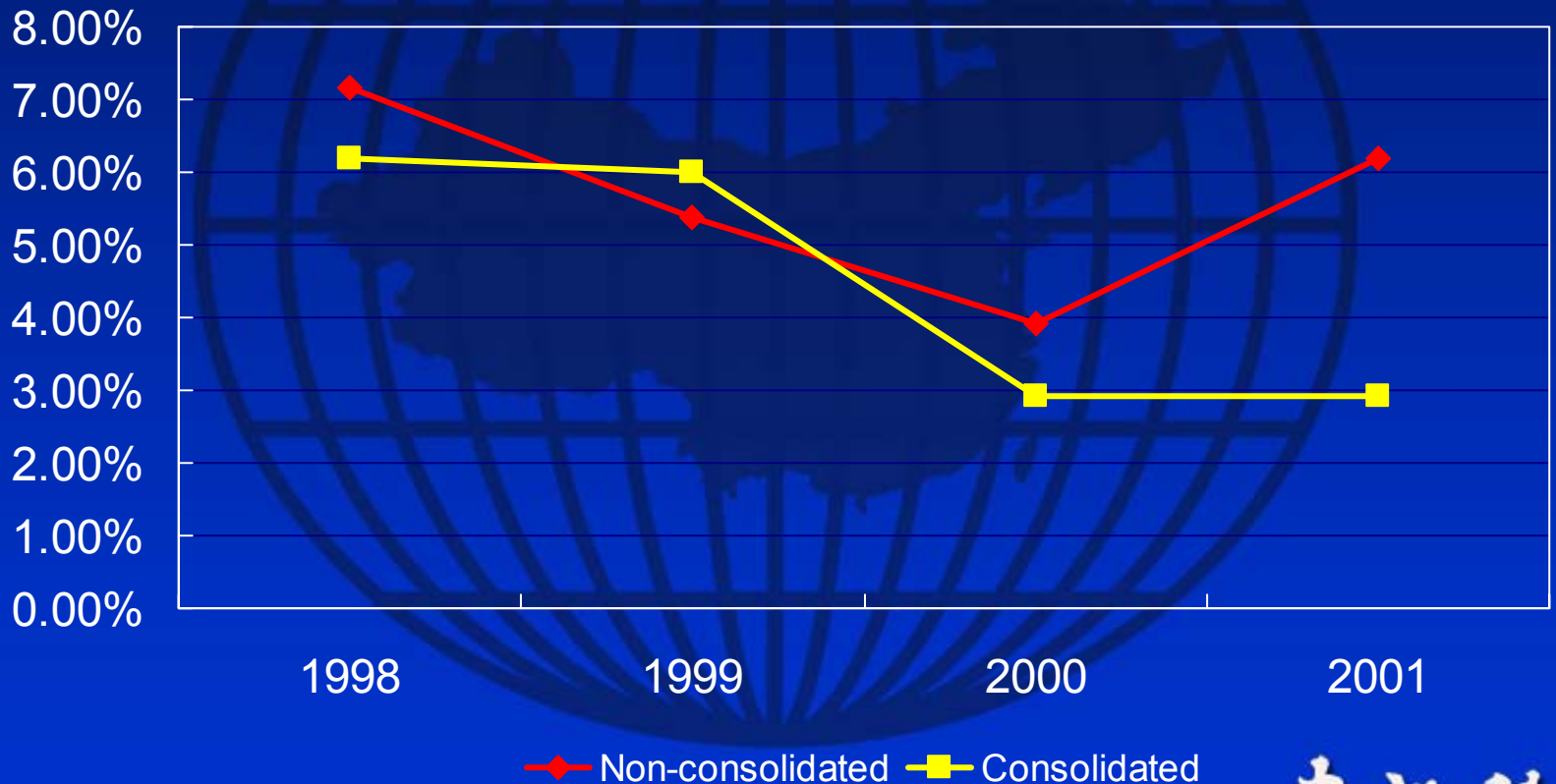
## Non-consolidated vs. Consolidated --Gross Margin



◆ Non-consolidated ■ Consolidated



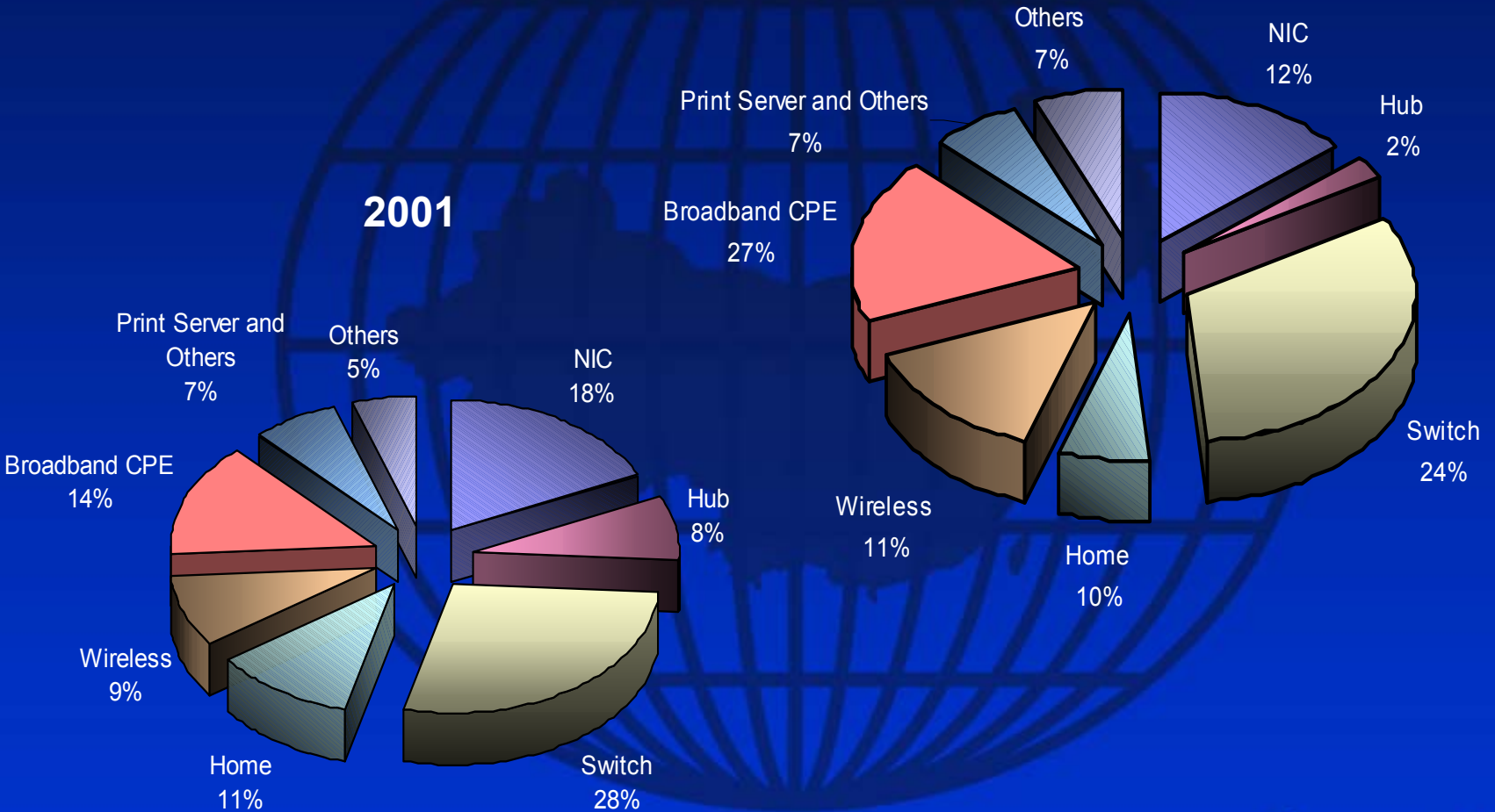
## Non-consolidated vs. Consolidated --Operating Margin



# Revenue by Products

1Q/2002

2001

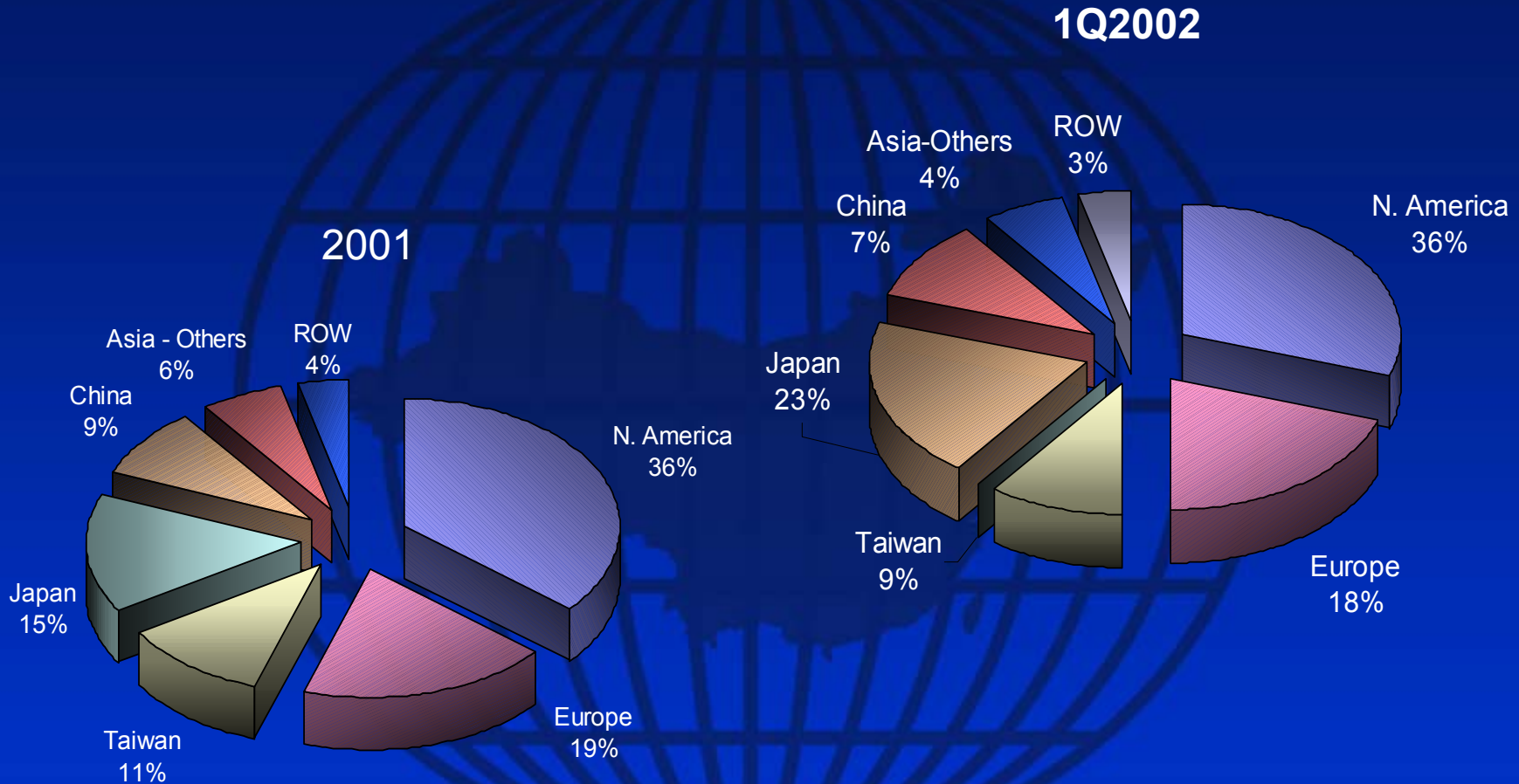


Notes:

All values indicated are based on Taiwan book

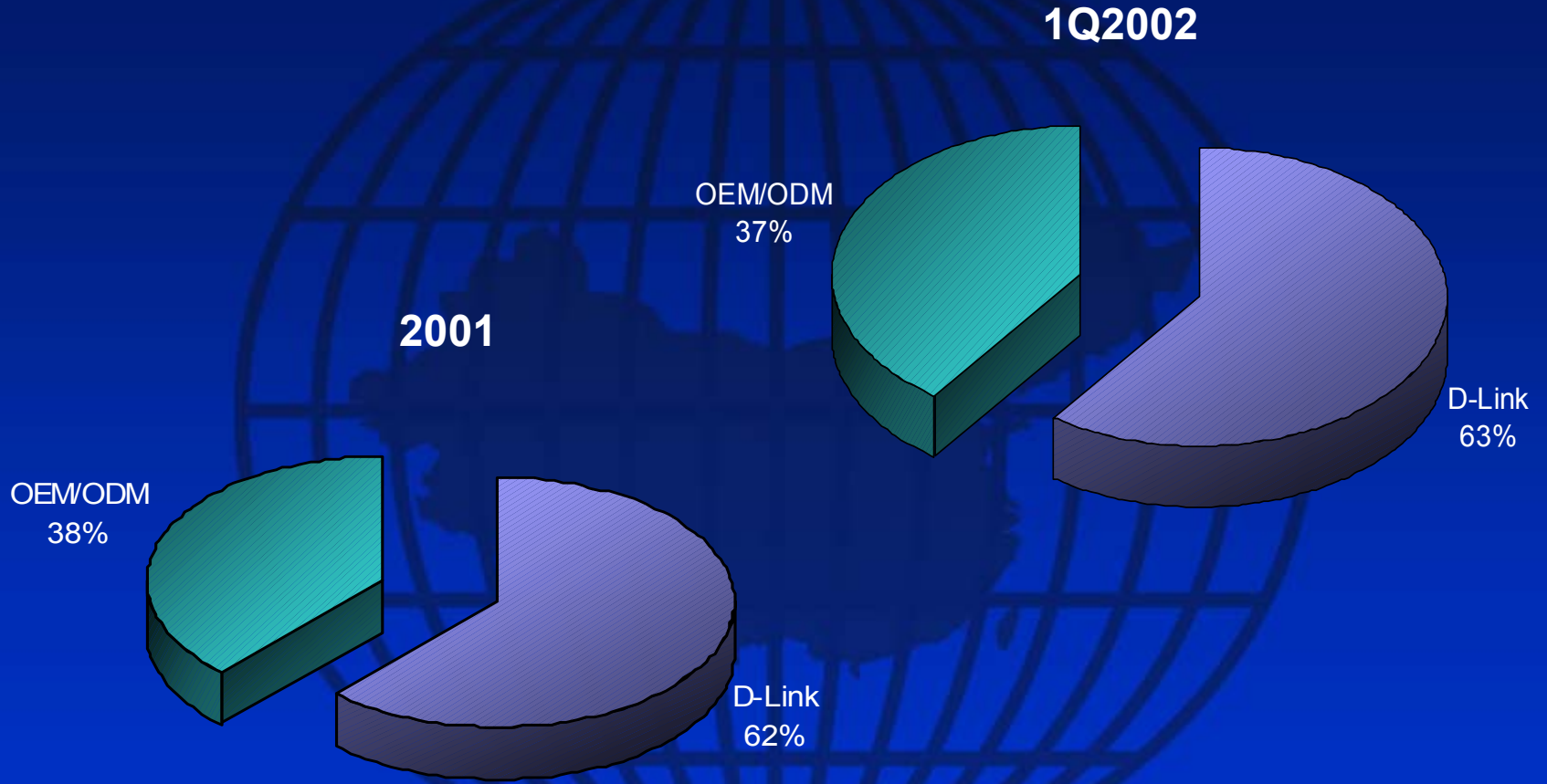
友訊科技

## Revenue by Geography



Notes: Taiwan sales included components OEM, IPO sales

## “D-Link” vs. OEM/ODM



Notes:

All values indicated are based on Taiwan base



# D-Link's Strategy and Industry Updates



# What's Happening Now

- Worldwide IT business - mixed.
  - USA : slow in telecom, but strong in WLAN.
  - Japan : yet to recover, but heavy e-Japan investment, and strong demand for broadband equipment.
  - Europe : stagnant.
  - China : continue to grow - VoIP, VDSL, Wireless...etc.
- Most datacoms trim, but OEM outsourcing continued in US, Japan and China. New opportunities abound in Q3 and Q4.

- Completed channel restructuring in China, dedicated to deployment of VDSL, FTTH and ADSL.
- Continued reinvestment in R&D.
  - L2/L3 chassis switch,
  - Chassis based VDSL switch and CPE,
  - Chassis based Fiber WDM switch and CPE,
  - Integrated ADSL router,
  - IP based DSLAM,
  - Full range WLAN 11a/11b/11g products.
- Global partnerships in MAN, IP Storage, Enterprise Wireless...etc.

**D-Link®**



**Q & A**

*For more information please visit  
<http://www.dlink.com.tw>*

**友訊科技**



**D-Link®**

**Thank You!**



**Building Networks  
for People**

**友訊科技**