



Spokesperson:

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### D-Link Reports 4Q12 Consolidated Financials

- Fourth quarter 2012 net revenue was NT\$8.16 billion, down 2.5% from 3Q12
- Gross margin exclusive of inventory related loss was 29.3%, as compared to 30.0% in 3Q12
- Gross margin inclusive of inventory related loss was 30.8%, as compared to 29.6% in 3Q12
- Operating margin was 3.3% same as that reported in 3Q12
- Consolidated net income after tax and minority interest was NT\$262 million, as compared to NT\$288 million in 3Q12
- EPS on weighted average capital of NT\$6.338 billion was NT\$0.41, as compared to NT\$0.45 per share in 3Q12
- All of the above are based on consolidated numbers and 4Q12's net income is audited/reviewed.

Taipei, Taiwan, March 8, 2013 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for fiscal year 2012 and fourth quarter of 2012.

For the year 2012, D-Link posted net revenue of NT\$32.467 billion, at about same level as last year NT\$33.506 billion. Gross margin excluding inventory provisional loss was 29.2% lowered from 32.4% in previous year. Taking into consideration of inventory provisional loss, gross margin was 29.2% in 2012 and 31.8% in 2011. Operating expenses as a percentage to revenue was 27.1% of net revenue, decreased 6.9% in absolute dollar term from a year ago. Operating margin was 2.1% as compared to 2.7% in 2011. Non-operating income for the year 2012 was NT\$411 million, increased by 44% on year over year basis due to lower investment impairment loss from investee companies reported. 2012 consolidated net income was NT\$779 million and EPS reported at NT\$1.23.

For the fourth quarter 2012, net revenue was NT\$8.16 billion, down by 2.5% sequentially but up by 0.3% year over year as limited spending budget was allocated more to smartphone upgrade in the retail market. Gross margin excluding inventory provisional

gain/loss was 29.3% as compared to 30.0% last quarter due to more incentive rebates and seasonal programs aimed to promote sales and reduce inventory. Gross margin including inventory provisional gain/loss was 30.8% in 4Q12, which improved from both QoQ and YoY perspective. Operating expenses were 27.4% of net revenue as compared to 26.3% in 3Q12. For two consecutive quarters, operating profit margin was maintained at 3.3% within the optimal range. Net non-operating profit in 4Q12 was NT\$136 million comprising of NT\$79 million income recognized from long term investee companies under equity method, NT\$29 million investment gain, NT\$8 million in foreign exchange loss, and NT\$36 million derived from financial and other income. The Group's fourth quarter consolidated net income after tax and minority interest was NT\$262 million and EPS was NT\$0.41 per share based on weighted average capital of NT\$6.338 billion.

D-Link's financial condition and liquidity remained strong at the end of 4Q12. Cash and S-T investment held were NT\$4.071 billion, increased by NT\$1.23 billion from previous quarter. Accounts receivable were NT\$5.86 billion, decreased by NT\$315 million and AR turnover days was 69 days in line with the credit terms offered. Net inventory and inventory turnover days were NT\$6.452 billion and 109 days respectively, reflecting the company's efforts made in containing its inventory level. The company's liquidity position remained sound with current ratio and net debt/equity ratio was 1.96 and 0.48 respectively. Annualized ROE for the fourth quarter of 2012 was 8%.

#### Consolidated Sales Breakdown by Region:

NT\$mIn	4Q12		3Q12		4Q11		QoQ	YoY
NA	1,496	18.2%	1,255	15.0%	1,121	13.8%	19.2%	33.5%
EU	1,663	20.4%	1,572	18.8%	1,930	23.7%	5.8%	-13.8%
Emg. & APac	4,997	61.4%	5,540	66.2%	5,081	62.5%	-9.8%	-1.7%
<b>Total</b>	<b>8,156</b>	<b>100.0%</b>	<b>8,367</b>	<b>100.0%</b>	<b>8,132</b>	<b>100.0%</b>	<b>-2.5%</b>	<b>0.3%</b>

From a geographic perspective, 4Q12 global consolidated revenue from North America, Europe and Emerging/Asia Pacific were 18.2%, 20.4% and 61.4% respectively. North America reported 19.2% QoQ and 33.5% YoY sales revenue growth led by strong growth from the digital home products line including "mydlink" digital camera and media streaming devices. Europe's 4Q12 sales were up 5.8% sequentially but down 13.8% from last year comparable quarter mainly due to the continued spending drag in both the commercial and service provider's market. Emerging and Asia Pacific market's 4Q12 sales were down by 9.8% QoQ and down 1.7% YoY but for the whole 2012 still registered 3.7% growth over prior year.

On an annual basis, 2012 group's consolidated revenue was about flat as compared to the year before. Revenue from Emerging Market and AsiaPac grew by 3.7% while Europe and North America were down by 9.4% and 2.6% respectively reflecting a softer end market demand.

#### Consolidated Sales Breakdown by Product Category:

With respect to 4Q12 consolidated revenue by product category, Wireless remained the most important contributor accounting for 35%, followed by Switch at 29%, Broadband at 15%, Digital Home at 13%, and Others at 8%. Due to weak commercial markets and slower fourth quarter telco projects deployment, revenue from Switch and Broadband experienced a drop in revenue of 2.4% and 23.2% sequentially. Digital Home products were up 13.7% as the company rolled out several "mydlink" cameras in North America and Europe with good market reception. 4Q12's others category sales contribution also increased by 61% from year over year quarter as we procured more from partner vendors to complete our "4S" solution offering.

For the whole year 2012, sales of Switch was down 5.2%, Wireless was down 6.8% and Broadband was up 2.7%. The strongest growth area was Digital Home with 22.7% year over year increase.

#### Outlook for 2013:

We believe 2013 could remain challenging to our business given the extremes in leverage in the western economies and possibly impact of slowing china economy may continue to hamper global economic growth. Despite the economic overhang, we remain cautiously optimistic in the consumer sector as mobile and personal cloud emphasis is the undisputable internet trend in 2013. While consumer enjoys their new digital lifestyle build around the proliferation of mobile devices such as smartphone and iPad, rich media and social sharing applications, supported by more robust mobile infrastructure under deployment globally, they will demand more powerful networking products both in terms of higher bandwidth and cloud functionality. D-Link's Cloud push aims to provide an effortless experience to view, control, and share their digital life anywhere and everywhere. In 2013, we will continue to expand "mydlink" enabled products family as well as enhancing "mydlink" functionality. To support the increase video consumption on the go, the adoption of 11ac should provide extra boost to revenue growth in 2013.

In the business area, unified communication and collaboration remains a key growth driver

as businesses need to replace aging infrastructure and support mobility. We will continue to expand our eco-partner system through working with SI channels for distribution; application and system partners such as video management, business vertical solutions, integrated security management system etc. to complete our "4S" solution offering. D-Link's key value proposition as one stop vendor for networking solution with integrated cloud applications and in country after sales support should be a clear business choice to SOHOs and SMBs as they do not have the technical expertise to deal with the management and interoperability issues inherent in networking system.

As for the Broadband sector, there is an increasing trend for carrier and service providers to run WIFI network for home based data offload and business hotspots as part of their metropolitan mobile BB networks which will be a key growth driver for our Telco business in 2013. Additionally, service providers are also under competitive pressure to pursue new revenue stream opportunities leveraging on their existing customer base and relationship with content owners by offering increasingly higher bandwidth as well as additional services thus requiring more investments in IADs, WIFI and video centric CPEs.

#### About D-Link

D-Link is the global leader in total products shipped for consumer networking connectivity according to reports published by the In-Stat Research Group. D-Link is the worldwide leader and award winning designer, developer, and planner of networking, broadband, digital electronics, voice and data communications solutions for the digital home, Small Office/Home Office (SOHO), Small to Medium Business (SMB), and Workgroup to Enterprise environments. With in-depth worldwide channel coverage over 100 countries and full-range product offering of Ethernet adapters, switches and routers for professional and home users, D-Link is a dominant market participant and price/performance leader in the networking and communications market. D-Link Corporation is headquartered at No.289, Sinhu 3rd Road, Neihu District, Taipei City 114, Taiwan. Phone: 886-2-6600-0123; FAX: 886-2-6600-9898; [http:// www.dlink.com.tw](http://www.dlink.com.tw)

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