



3Q12 News Release

Spokesperson:

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D-Link Reports 3Q12 Consolidated Financials

- Third quarter 2012 net revenue was NT\$8.36 bln, up 8.4% from sequential quarter.
- Gross margin exclusive of inventory related gain was 30.0%, compared to 28.0% in 2Q12.
- Gross margin inclusive of inventory related gain was 29.6%, compared to 26.7% in 2Q12.
- Operating margin was 3.3%, compared to -1.2% in 2Q12.
- Consolidated income after tax and minority interest was NT\$288 mln for 3Q12 as compared to net loss of NT\$7 million reported last quarter.
- EPS on weighted-average capital of NT\$6.352 bln was NT\$0.45, compared to -NT\$0.01 per share in 2Q12.
- All of the above figures are based on consolidated numbers and 3Q12 net income is unaudited/reviewed.

Taipei, Taiwan, October 31, 2012 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the YT3Q and third quarter of 2012.

For the third quarter of 2012, D-Link posted net revenue of NT\$8.367 bln, up 8.4% from sequential quarter as a result of seasonality and down 2.2% from same period last year due to generally weaker end consumer demand globally especially in the developed countries. Gross margin excluding inventory provisional gain/loss was 30% in 3Q12, up from 28% in prior quarter benefitting from new cloud products launch and higher switch products sales. Gross margin including inventory provisional gain/loss was 29.6% in 3Q12, up from 26.7% in 2Q12. Operating expenses as percent of net revenue was 26.3%, down from 27.9% in previous quarter due to higher revenue base. Operating margin in 3Q12 recovered to 3.3% as compared to a negative margin of -1.2% in the second quarter. Net non-operating profit in 3Q12 was NT\$109 million comprising of NT\$56 million income recognized from long term investee companies under equity method, NT\$6 million investment gain, NT\$10 million foreign exchange gain and NT\$37 million derived from financial and other income. The Group reported third quarter consolidated net income

after tax and minority interest of NT\$288 million and EPS was NT\$0.45 per share based on weighted average capital of NT\$6.352 billion.

D-Link Group's financial condition and liquidity remained sound at the end of 3Q12. Cash and short term investment held was NT\$2.841 billion, a decreased of NT\$401 million from 2Q12 due mainly to the annual cash dividend distribution. Account Receivables were NT\$6.177 bln, increased by NT\$ 436 million from previous quarter end and AR turnover days remained stable at 67 days. The September quarter ending inventory lowered to NT\$7.084 bln or NT\$354 million less than previous quarter reflecting stronger sales out. Thus, inventory days decreased to 115 days from 116 days as of last quarter end. Overall cash conversion cycle remained well managed at 82 days. The company's liquidity position is sound with current ratio and net debt/equity ratio of 1.78 and 0.55 respectively. Annualized ROE for the third quarter of 2012 was 8%.

For the YT3Q of 2012, D-Link's net revenue was NT\$24.31 bln, down by 0.3% as compared to NT\$24.37 bln of YT3Q11. Gross margin excluding inventory gain/loss was 29.2%, down from 33% of prior-year period due to more competitive pricing environment and stronger US dollar which resulted in higher procurement cost. Gross margin including inventory related gain/loss was 28.7%, down from 32.4% of YT3Q11. Operating expenses as percentage to sales was lowered to 26.9% as compared to 29.2% for YT3Q11 reflecting our continued strict financial discipline to control operating expenses. Net margin was 2.1% as compared to 3.1% in the same comparable period a year ago.

Consolidated Sales Breakdown by Region:

NT\$M	3Q12		2Q12		3Q11		QoQ	YoY
Emg. & APac	5,540	66.2%	5,183	67.2%	5,574	65.2%	6.9%	-0.6%
EU	1,572	18.8%	1,384	17.9%	1,670	19.5%	13.6%	-5.9%
NA	1,255	15.0%	1,153	14.9%	1,307	15.3%	8.8%	-4.0%
Total	8,367	100%	7,720	100.0%	8,551	100.0%	8.4%	-2.2%

From a geographic perspective, 3Q12 global consolidated revenue from Emerging/Asia Pacific, Europe and North America were 66.2%, 18.8% and 15.0% respectively. All regions reported sales growth from prior quarter reflecting seasonality trend. Our third quarter sales in Emerging and Asia Pacific markets were up 6.9% from previous quarter but on a year to year basis, sales were flat. Europe, due to improved project pull-in and stronger Euro grew 13.6%. However on year over year basis, sales from Europe recorded a decline of 5.9%. North America's 3Q12 sales were up 8.8% from prior quarter due to

better retail and project sales but still down 4% from last year same quarter.

Consolidated Sales Breakdown by Product Category:

With respect to 3Q12 consolidated revenue by product category, wireless products remained the most important contributor accounting for 36.3% of sales, followed by Switch at 29.3%, Broadband at 18.1%, Digital Home at 11.5%, and Others at 4.8%. Switch and Wireless sales were up 12.3% and 5.7% respectively from sequential quarter. As compared to previous quarter, Broadband sales were up 6.9% and Digital Home sales were up 7.6%.

Our third quarter performance slightly exceeded our expectation largely on the strength of our business in emerging markets as US and European market remained soft. Outlook for 4Q12 continues to point toward a slow and uneven recovery hinder by the economic impact from the evolvement of European debt crisis. Until such marco condition clears up, we expect 4Q sales to stay flat and net operating margin to trend down slightly in line with seasonality from quarter over quarter basis.

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 market 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 headquarter is located 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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