



Spokesperson:

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D-Link Reports 1Q13 Consolidated Financials

- First quarter 2013 net revenue was NT\$7.223 billion, down 11.4% from 4Q12
- Gross margin exclusive of inventory related gain and loss was 28.0%, as compared to 27.0% in 4Q12
- Gross margin inclusive of inventory related gain and loss was 27.2%, as compared to 28.5% in 4Q12
- Operating margin was 1.9%, as compared to 3.4% in 4Q12
- Consolidated net income after tax and minority interest was NT\$124 million, as compared to NT\$270 million in 4Q12
- EPS on weighted average capital of NT\$6.160 billion was NT\$0.20, as compared to NT\$0.43 per share in 4Q12
- All of the above are based on consolidated numbers and 1Q13's net income is audited/reviewed.

Taipei, Taiwan, May 15th, 2013 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the first quarter of 2013.

For the first quarter 2013, net revenue was NT\$7.223 billion, down by 11.4% sequentially and down by 12.2% year over year due to seasonality in the retail market and slower pull-in from telco projects especially in Eastern Europe and emerging markets due to local economic recession. We also experienced a supplier chain delay due to the Chinese Holiday which slowed down the push out of the fast growing products such as IP camera and 11AC routers. Gross margin excluding inventory provisional gain/loss was NT\$2.023 billion or 28.0% as compared to 27.0% last quarter due to better product mix. Gross margin including inventory provisional gain/loss was NT\$1.964 billion or 27.2% in 1Q13, as compared to 28.5% in 4Q12. Operating expenses were reduced to NT\$1.8 billion or 25.3% of net revenue as compared to 25.1% of previous quarter as a result of the lower revenue base. Operating profit margin was 1.9% as compared to last quarter 3.4%. Net non-operating profit in 1Q13 was NT\$47 million comprising of NT\$23 million income recognized from long term investee companies under equity method, NT\$25 million

capital gain, NT\$8 million in foreign exchange loss, and NT\$7 million derived from financial and other income. The Group's first quarter consolidated net income after tax and minority interest was NT\$124 million and EPS was NT\$0.20 per share based on weighted average capital of NT\$6.160 billion.

D-Link's financial condition and liquidity remained strong at the end of 1Q13. Cash and S-T investment held were NT\$3.910 billion, decreased by NT\$171 million contributing to normal business cash conversion cycle. Accounts receivable were NT\$6.10 billion, increased by NT\$175 million and AR turnover days remained at 69 days, same as previous quarter. Net inventory was NT\$5.904 billion, a reduction of NT\$548 million from sequential quarter, reflecting our continuous effort to work down rising inventory level as we are crossing over to the cloud based products. Inventory days were reduced to 106 days. As a result of the higher accounts receivable days, cash cycle lengthened to 85 days. Overall, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 2.03 and 0.48 respectively. Annualized ROE for the first quarter of 2013 was 4%.

Consolidated Sales Breakdown by Region:

NT\$mIn	1Q13		4Q12		1Q12		QoQ	YoY
NA	1,079	15.0%	1,496	18.2%	1,077	13.1%	-27.9%	0.2%
EU	1,447	20.0%	1,663	20.4%	1,781	21.7%	-13.0%	-18.7%
Emg. & APac	4,697	65.0%	4,997	61.4%	5,365	65.2%	-6.0%	-12.5%
Total	7,223	100.0%	8,156	100.0%	8,223	100.0%	-11.4%	-12.2%

From a geographic perspective, 1Q13 revenue contribution from North America, Europe and Emerging/Asia Pacific were 15.0%, 20.0% and 65.0% respectively. North America sales were down 27.9% QoQ due to retail seasonality and phasing out end of life products to accommodate new IP camera and 11AC routers launch. The sales ramp-up was impacted as we experienced supply chain problems due to the Chinese holiday and shortage of key components. We believe digital camera which grew 85% for the year 2012 and 11AC routers will fuel growth in the second half 2013 retail season. Europe's 1Q13 sales were down 13.0% sequentially and down 18.7% from last year evidencing the unresolved European economic turmoil. With our European strong presence in the SMEs and prosumer market, we are transforming our European operations to capture the fast growing IP camera and surveillance market which grew 41% for the year 2012 and accounted for 21% of its sales. This process is expected to be gradual and align with the speed of the European market recovery. Emerging and Asia Pacific markets for the 1Q13 revenue were down by 6.0% QoQ and 12.5% year over year mostly because of the

much higher 2012 sales recorded in emerging market countries due to election year and government projects to improve telecommunication infrastructure. Despite economic headwind and uprising political unrest in the Emerging and APAC market, we continue to gain markets in Middle East and North East Asia regions which both reported over double digit YoY growth as compared to 2012 same period.

Consolidated Sales Breakdown by Product Category:

With respect to 1Q13 consolidated revenue by product category, Wireless continued to be the most important contributor accounting for 37.8%, followed by Switch at 27.4%, Broadband at 15.3%, Digital Home at 11.4%, and Others at 8.1%. Reflecting both seasonality softness, market competition and a slowdown in infrastructure development, revenue from Switch and Wireless registered 1Q13 sales decrease of 13.9% and 14.1% respectively on YoY basis. Broadband sales also operating under the prolonging debt crisis headwind and globally, we are seeing a sharp drop in new projects pipeline as well as slower pull-in rate for existing projects recording a YoY decline of 29.6%. Digital surveillance products under Digital Home category recorded slight 3.5% decline from sequential quarter coming off a record 4Q12 holiday retail sales push in US and Europe. The other portion of Digital Home products was mostly media player which recorded one-off project shipment in 4Q12 and caused the sharp sequential decline in Digital Home sales.

Regarding 2Q13 guidance, the Company's revenue and operating margin are projected to remain flat and sales should ramp up in the second half year as previously guided.

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)