



# 2Q13 Operating Results

August 14, 2013

# Agenda

- Financial Review
- Business Update & Outlook
- Q&A

All numbers are consolidated and audited unless otherwise specified.  
Complying to new IFRS reporting, certain historical numbers were adjusted to provide comparison consistency.

# Financial Review

## 2Q13 Income Statement & QoQ Comparison

Unit: NT\$ million	2Q13		1Q13		QoQ % Change
	AMT	%	AMT	%	
Net Sales	<b>7,224</b>	100.0	<b>7,223</b>	100.0	0.0
Cost of Goods Sold - Product	<b>5,277</b>	73.0	<b>5,200</b>	72.0	1.5
Gross Profit 1	<b>1,947</b>	27.0	<b>2,023</b>	28.0	(3.8)
Inventory Related Gain/(Loss)	<b>(106)</b>	(1.5)	<b>(59)</b>	(0.8)	79.7
Gross Profit 2	<b>1,841</b>	25.5	<b>1,964</b>	27.2	(6.3)
Operating Expenses	<b>1,988</b>	27.5	<b>1,829</b>	25.3	8.7
Operating Income	<b>(147)</b>	(2.0)	<b>136</b>	1.9	N.A.
Total Non-Op. Inc. (Loss)	<b>24</b>	0.3	<b>47</b>	0.6	(48.9)
Income Before Tax	<b>(123)</b>	(1.7)	<b>183</b>	2.5	N.A.
Tax (Exp.) / Income	<b>20</b>	0.3	<b>(52)</b>	(0.7)	N.A.
Net Income	<b>(103)</b>	(1.4)	<b>131</b>	1.8	N.A.
Minority Interest	<b>(7)</b>	(0.1)	<b>(7)</b>	(0.1)	0.0
Consolidated Income	<b>(110)</b>	(1.5)	<b>124</b>	1.7	N.A.
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,124M	<b>(0.18)</b>		<b>0.20</b>		N.A.

\*The numbers are consolidated and the net income is audited/reviewed.

\*\*Weighted-Avg. Capital adjusted for treasury shares.

\*\*\*RMA expenses included in operating expenses has been reclassified to cost of goods sold in accordance to the new IFRS.

## 2Q13 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ million	2Q13	1Q13	QoQ % Change
Investment Income	106	48	121
Sub./Aff.	30	23	30
Capital Gain	76	25	204
FX Gain/(Loss)	(105)	(8)	1213
Fin. Income/(Exp.) & Other	23	7	229
Total Non-op Income/Loss	24	47	(49)

\* The numbers are consolidated and the net income is audited/reviewed.

## 2Q13 Income Statement & YoY Comparison

Unit: NT\$ million	2Q13		2Q12		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>7,224</b>	100.0	<b>7,720</b>	100.0	(6.4)
Cost of Goods Sold - Product	<b>5,277</b>	73.0	<b>5,746</b>	74.4	(8.2)
Gross Profit 1	<b>1,947</b>	27.0	<b>1,974</b>	25.6	(1.4)
Inventory Related Gain/(Loss)	<b>(106)</b>	(1.5)	<b>(103)</b>	(1.3)	2.9
Gross Profit 2	<b>1,841</b>	25.5	<b>1,871</b>	24.3	(1.6)
Operating Expenses	<b>1,988</b>	27.5	<b>1,970</b>	25.5	0.9
Operating Income	<b>(147)</b>	(2.0)	<b>(99)</b>	(1.2)	48.5
Total Non-Op. Inc. (Loss)	<b>24</b>	0.3	<b>89</b>	1.2	(73.0)
Income Before Tax	<b>(123)</b>	(1.7)	<b>(10)</b>	(0.0)	1130.0
Tax (Exp.) / Income	<b>20</b>	0.3	<b>5</b>	0.0	300.0
Net Income	<b>(103)</b>	(1.4)	<b>(5)</b>	(0.0)	1960.0
Minority Interest	<b>(7)</b>	(0.1)	<b>(5)</b>	(0.0)	40.0
Consolidated Income	<b>(110)</b>	(1.5)	<b>(10)</b>	(0.0)	1000.0
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,124M	<b>(0.18)</b>		<b>(0.02)</b>		800.0

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\*\*Weighted-Avg. Capital adjusted for treasury shares.

\*\*\*RMA expenses included in operating expenses has been reclassified to cost of goods sold in accordance to the new IFRS.

# 1H13 Income Statement & YoY Comparison

Unit: NT\$ million	1H13		1H12		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>14,447</b>	100.0	<b>15,943</b>	100.0	(9.4)
Cost of Goods Sold - Product	<b>10,477</b>	72.5	<b>11,718</b>	73.5	(10.6)
Gross Profit 1	<b>3,970</b>	27.5	<b>4,225</b>	26.5	(6.0)
Inventory Related Gain/(Loss)	<b>(165)</b>	(1.2)	<b>(96)</b>	(0.6)	71.9
Gross Profit 2	<b>3,805</b>	26.3	<b>4,129</b>	25.9	(7.8)
Operating Expenses	<b>3,817</b>	26.4	<b>3,988</b>	25.0	(4.3)
Operating Income	<b>(12)</b>	(0.1)	<b>141</b>	0.9	N.A.
Total Non-Op. Inc. (Loss)	<b>71</b>	0.5	<b>165</b>	1.0	(57.0)
Income Before Tax	<b>59</b>	0.4	<b>306</b>	1.9	(80.7)
Tax (Exp.) / Income	<b>(32)</b>	(0.2)	<b>(61)</b>	(0.4)	(47.5)
Net Income	<b>27</b>	0.2	<b>245</b>	1.5	(89.0)
Minority Interest	<b>(14)</b>	(0.1)	<b>(10)</b>	(0.0)	40.0
Consolidated Income	<b>13</b>	0.1	<b>235</b>	1.5	(94.5)
EPS (NT\$) - Per Weighted-Avg. Capital of NT\$6,124M	<b>0.02</b>		<b>0.37</b>		(94.6)

The numbers are based on consolidated numbers and the net income is audited/reviewed.

# 06/30/2013 Balance Sheet & QoQ Comparison

Unit: NT\$ million	<b>6/30/13 AMT</b>	<b>%</b>	<b>3/31/13 AMT</b>	<b>%</b>	<b>QoQ % Change</b>
Cash	<b>3,888</b>	15	<b>3,869</b>	16	0.5
S-T Investment	<b>40</b>	0	<b>41</b>	0	(2.4)
Account Receivable	<b>6,481</b>	25	<b>6,104</b>	25	6.2
Inventory	<b>6,629</b>	26	<b>5,904</b>	24	12.3
Long-term Investments	<b>4,649</b>	18	<b>4,880</b>	20	(4.7)
Total Assets	<b>25,783</b>	100	<b>24,296</b>	100	6.1
Accounts Payable	<b>6,617</b>	26	<b>4,978</b>	20	32.9
Current Liabilities	<b>10,514</b>	41	<b>8,336</b>	34	26.1
Common Stock	<b>6,476</b>	25	<b>6,476</b>	27	0.0
Stockholders' Equity	<b>12,764</b>	50	<b>13,556</b>	56	(5.8)

\*The numbers are consolidated and the net income is audited/reviewed.

\*\*Weighted-Avg. Capital adjusted for treasury shares.



# Key Financial Ratios

Unit: % , days	6/30/13	3/31/12	12/31/12	09/30/12	06/30/12
**Days A/R	75	69	69	67	67
**Days Inventory	111	106	109	115	116
**Days A/P	103	90	94	100	105
Cash Cycle	83	85	84	82	78
Current Ratio	1.76	2.03	1.96	1.78	1.71
Debt/Equity Ratio	1.00	0.77	0.78	0.76	0.82
***Net Debt/Equity Ratio	0.69	0.48	0.48	0.55	0.57
ROE	-3	4	8	8	-0.2

The numbers are based on consolidated numbers and the net income is audited.

\*\* Annualized

\*\*\* Net of Cash & S-T investment

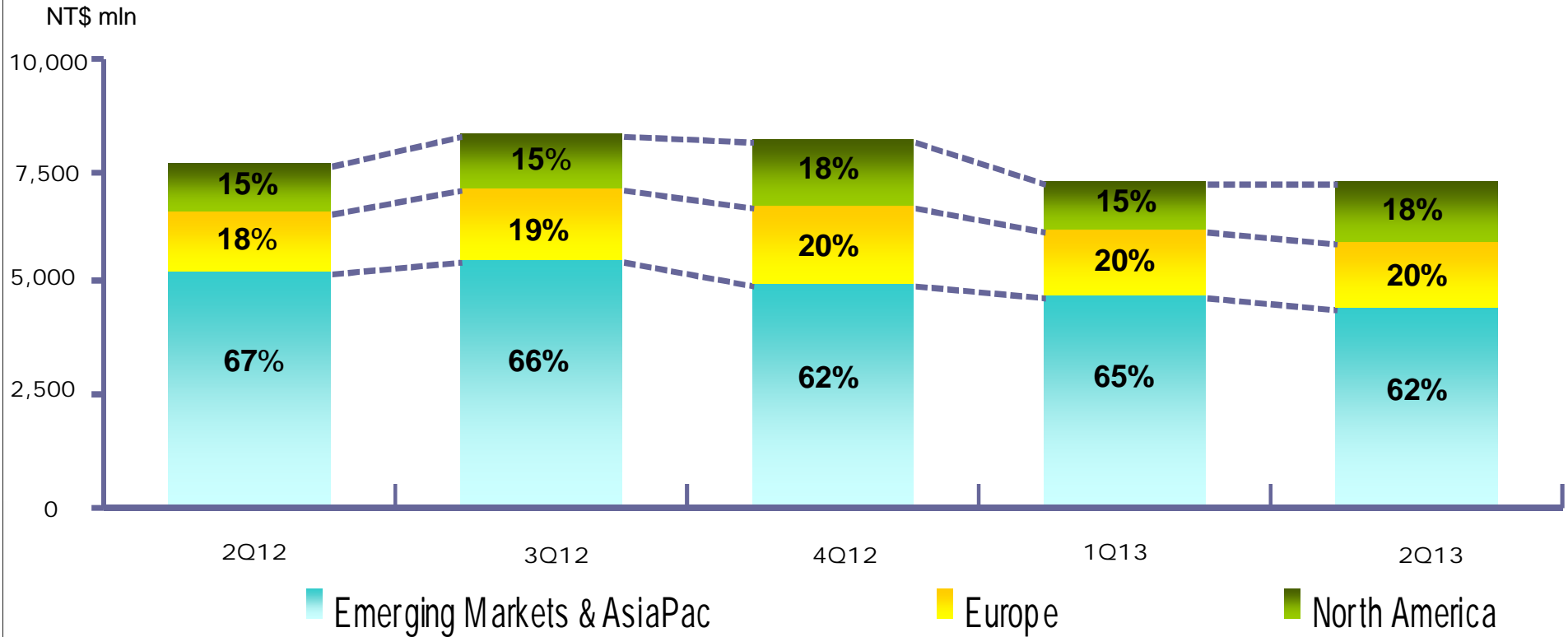
# Quarterly Revenue by Region

In NT\$, flat QoQ, down 6.4% YoY

- N.A. up 18.6% QoQ, up 11.0% YoY
- Europe up 1.8% QoQ, up 6.5% YoY
- Emerging Mkts & APac down 4.8% QoQ, down 13.7% YoY

In US\$, down 1.3% QoQ, down 7.4% YoY

- N.A. up 17.3% QoQ, up 10.0% YoY
- Europe up 0.4% QoQ, up 5.4% YoY
- Emerging Mkts & APac down 6.2% QoQ, down 14.6% YoY



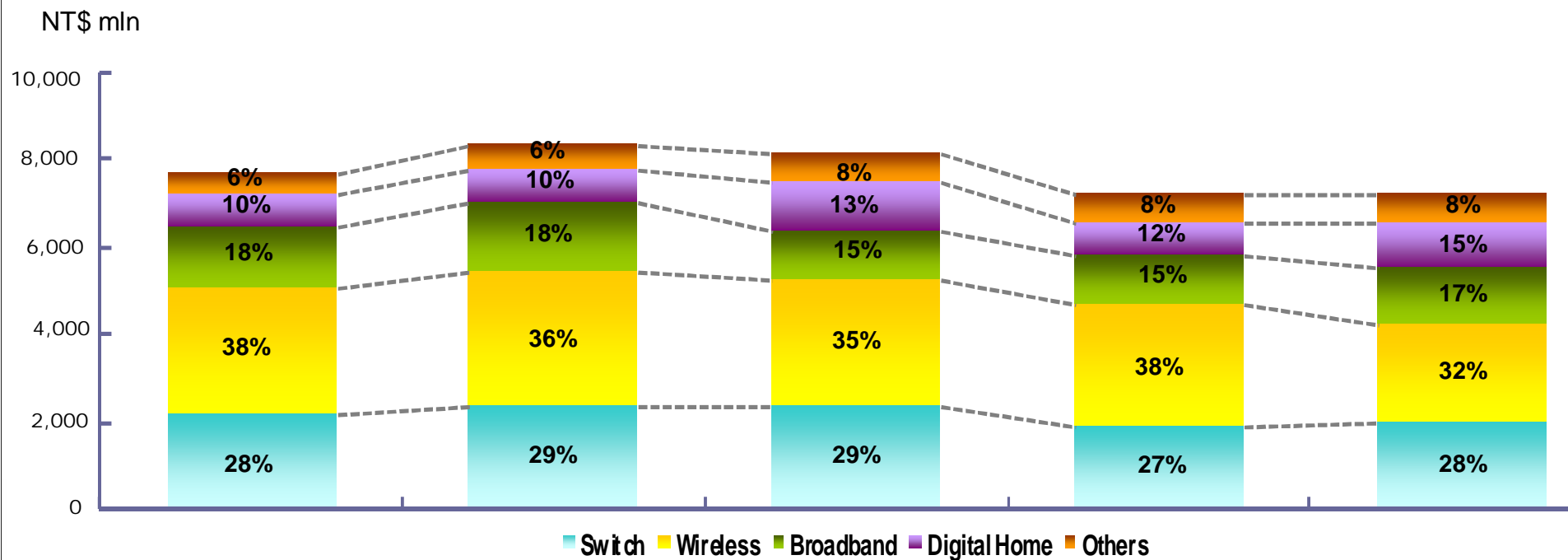
# Quarterly Revenue by Product

In NT\$ terms:

- Switch up 0.9% QoQ, down 8.7% YoY
- Wireless down 16.3% QoQ, down 20.7% YoY
- B.B. up 15.8% QoQ, down 9.8% YoY
- D.H. up 26.5% QoQ, up 36.8% YoY

In US\$ terms:

- Switch down 0.4% QoQ, down 9.6% YoY
- Wireless down 17.4% QoQ, down 21.5% YoY
- B.B. up 14.2% QoQ, down 10.7% YoY
- D.H. up 24.6% QoQ, up 35.3% YoY



# 3Q13 Guidance

From QoQ Perspective:

- Revenue expected to grow in single digit range
- Operating margin turn to positive

# 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.

# Q & A

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