



3Q13 News Release

Spokesperson:

Stephen S. Hsu
Associate Vice President

D-Link Reports 3Q13 Consolidated Financials

- Third quarter 2013 net revenue was NT\$8.159 bln, up 12.9% from sequential quarter.
- Gross margin exclusive of inventory related gain was 27.8%, compared to 27.0% in 2Q13.
- Gross margin inclusive of inventory related gain was 27.6%, compared to 25.5% in 2Q13.
- Operating margin was 3.1%, compared to -2.0% in 2Q13.
- Consolidated income after tax and minority interest was NT\$333 mln for 3Q13 as compared to net loss of NT\$110 million reported last quarter.
- EPS on weighted-average capital of NT\$6.112 bln was NT\$0.55, compared to -NT\$0.18 per share in 2Q13.
- All of the above figures are based on consolidated numbers and 3Q13 net income is audited/reviewed.

Taipei, Taiwan, November 13th, 2013 - 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 2013.

For the third quarter of 2013, D-Link posted net revenue of NT\$8.159 bln, up 12.9% from sequential quarter. The strengthening local currency in major emerging markets added incentive for the channels to restock resulting in stronger pull-in both in retail and projects. The upcoming retail season in the developed markets also contributed positively to top line performance. Gross margin excluding inventory provisional gain/loss was 27.8% in 3Q13, up from 27.0% in prior quarter benefitting from both favorable products mix and the roll out of the new generation AC routers with cloud features. Gross margin including inventory provisional gain/loss was 27.6% in 3Q13, up from 25.5% in 2Q13. Due to the higher revenue base, operating expenses as percent of net revenue was 24.5%, improved from 27.5% in previous quarter. Operating margin in 3Q13 also hit our target range at 3.1%. Net non-operating profit in 3Q13 was NT\$166 million comprising of NT\$94 million income recognized from long term investee companies under equity method, NT\$6 million investment loss, NT\$45 million foreign exchange gain and NT\$33 million derived from

financial and other income. The Group reported third quarter consolidated net income after tax and minority interest of NT\$333 million and EPS was NT\$0.55 per share based on weighted average capital of NT\$6.112 billion.

For the YT3Q of 2013, D-Link's net revenue was NT\$22.6 bln, down by 7.0% as compared to NT\$24.31 bln of YT3Q12. Gross margin excluding inventory gain/loss was 27.6%, up from 26.8% same period last year. Gross margin including inventory related gain/loss was 26.8%, up from 26.2% of YT3Q12. Operating expenses was 25.7% of sales, slightly higher due to lower revenue base as compared to 24.5% same period last year. Net operating margin was 1.1% as compared to 1.7% in the same comparable period a year ago.

D-Link Group's financial condition and liquidity remained sound at the end of 3Q13. Cash and short term investment held was NT\$3.547 billion, a decreased of NT\$381 million from 2Q13 due mainly to the annual cash dividend distribution. Account Receivables were NT\$6.821 bln, increased by NT\$ 340 million from previous quarter end and AR turnover days remained stable at 77 days. The September quarter ending inventory lowered to NT\$6.546 bln or NT\$83 million less than previous quarter reflecting stronger sales out and inventory was 111 days. Overall cash conversion cycle remained well managed at 88 days. The company's liquidity position is sound with current ratio and net debt/equity ratio of 1.83 and 0.69 respectively. Annualized ROE for the third quarter of 2013 was 10.3%.

Consolidated Sales Breakdown by Region:

| NT\$M | 3Q13 | | 2Q12 | | 3Q12 | | QoQ | YoY |
|--------------|--------------|-------------|--------------|---------------|--------------|---------------|--------------|--------------|
| Emg. & APac | 5,173 | 63.4% | 4,471 | 61.9% | 5,540 | 66.2% | 15.7% | -6.6% |
| EU | 1,688 | 20.7% | 1,474 | 20.4% | 1,572 | 18.8% | 14.5% | 7.4% |
| NA | 1,298 | 15.9% | 1,279 | 17.7% | 1,255 | 15.0% | 1.4% | 3.4% |
| Total | 8,159 | 100% | 7,224 | 100.0% | 8,367 | 100.0% | 12.9% | -2.5% |

From a geographic perspective, 3Q13 global consolidated revenue from Emerging/Asia Pacific, Europe and North America were 63.4%, 20.7% and 15.9% respectively. Channels and projects pull-in picked up noticeably especially in the emerging markets with 15.7% QoQ growth resulting from channel's inventory adjustment in light of the stabilized exchange rate. Europe also reported better than expected top line with 14.5% increase from sequential quarter riding on new products launch such as the AC routers and

cameras and the addition of new on-line and specialty channels. North America sales were also up slightly from prior quarters with 1.4% gain.

Consolidated Sales Breakdown by Product Category:

With respect to 3Q13 consolidated revenue by product category, wireless products remained the most important contributor accounting for 33.1% of sales, followed by Switch at 29.3%, Broadband at 19.8%, Digital Home at 10.5%, and Others at 7.3%. As compared to previous quarter, Broadband sales were up 26.3% attributed to stronger pull-in this quarter in Europe and the lumping sales pattern. Switch and wireless sales increased by 19.7% and 18.3% respectively from prior quarter in line with normal seasonal trend and market gains from the new products push. With our strong market position, the digital camera products on YTD basis registered over 30% YoY growth and number of mydlink's registered users broke the one million mark. Digital camera products now accounted for over 10% of our global sales.

In 3Q13, the weaker US\$ against the major emerging market currency provided a strong boost to our performance both in top line as well as margin gain in the bottom line. Barring from another surge in US dollar, we expect to maintain the sales momentum going into the fourth quarter with stable operating income.

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)

{ Copyright © 2013 D-Link Corporation, All Rights Reserved. }