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### D-Link Reports 4Q13 Consolidated Financials

- Fourth quarter 2013 net revenue was NT\$7.953 bln, down 2.5% from 3Q13
- Gross margin exclusive of inventory related loss was 25.7%, as compared to 27.8% in 3Q13
- Gross margin inclusive of inventory related loss was 25.3%, as compared to 27.6% in 3Q13
- Operating margin was 2.0%, as compared to 3.1% reported in 3Q13
- Consolidated net income after tax and minority interest was NT\$301 million, as compared to NT\$333 million in 3Q13
- EPS on weighted average capital of NT\$6.106 billion was NT\$0.49, as compared to NT\$0.55 per share in 3Q13
- All of the above are based on consolidated numbers and 4Q13's net income is audited/reviewed.

Taipei, Taiwan, March 7, 2014 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for fiscal year 2013 and fourth quarter of 2013.

For the year 2013, D-Link posted net revenue of NT\$30.6 billion that is 5.9% lower than last year NT\$32.5 billion. The drop in sales was mainly due to sluggish sales in emerging market mirroring the weaker economic conditions and volatile FX rate. Gross margin excluding inventory provisional loss improved to 27.1% as compared to 26.8% in prior year. Taking into consideration of inventory provisional loss, gross margin was 26.4% in 2013 and 26.8% in 2012. Operating expenses as a percentage to revenue was 25.1% up from last year due to a lower revenue base reported; however, in absolute dollar term, operating expenses was 4.3% lower attributed to cautious spending policy. Operating margin was 1.3% in 2013 as compared to 2.1% same period last year. Non-operating income was NT\$348 million, 17.3% lower from the same period in prior year which was negatively impacted by the foreign exchange loss resulting from the weaker currency experienced in most of the emerging markets. 2013 consolidated net income was NT\$648 million and EPS reported at NT\$1.06.

For the fourth quarter 2013, net revenue was NT\$7.953 bln, down by 2.5% both sequentially and on YoY basis. Gross margin excluding inventory provisional gain/loss was 25.7% as compared to 27.8% 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 25.3% in 4Q13 as compared to 27.6% sequentially. Operating expenses was 23.3% of net revenue as compared to 24.5% in 3Q13 and 7.4% lower in absolute dollar term. Net non-operating profit in 4Q13 was NT\$111 million comprising of NT\$110 million income recognized from long term investee companies under equity method, NT\$67 million investment gain, NT\$76 million in foreign exchange loss, and NT\$10 million derived from financial and other income. The Group's fourth quarter consolidated net income after tax and minority interest was NT\$301 million and EPS was NT\$0.49 per share based on weighted average capital of NT\$6.106 billion.

D-Link's financial condition and liquidity remained stable at the end of 4Q13. Cash and S-T investment held were NT\$3.4 billion, decreased by NT\$192 million from previous quarter. Accounts receivable were NT\$6.74 billion, decreased by NT\$81 million and AR turnover days was 76 days in line with the credit terms offered. Net inventory and inventory turnover days were NT\$6.05 billion and 101 days respectively, resulting from the company's vigorous effort to shorten logistic lead time and reduce inventory level. The company's liquidity position remained sound with current ratio and net debt/equity ratio was 1.88 and 0.56 respectively. Annualized ROE for the fourth quarter of 2013 was 9%.

#### Consolidated Sales Breakdown by Region:

NT\$mIn	4Q13		3Q13		4Q12		QoQ	YoY
NA	1,150	14.5%	1,298	15.9%	1,496	18.3%	-11.4%	-23.1%
EU	1,932	24.3%	1,688	20.7%	1,663	20.4%	14.5%	16.2%
Emg. & APac	4,871	61.2%	5,173	63.4%	4,997	61.3%	-5.8%	-2.5%
<b>Total</b>	<b>7,953</b>	<b>100%</b>	<b>8,159</b>	<b>100%</b>	<b>8,156</b>	<b>100.0%</b>	<b>-2.5%</b>	<b>-2.5%</b>

From a geographic perspective, 4Q13 global consolidated revenue from North America, Europe and Emerging/Asia Pacific were 14.5%, 24.3% and 61.2% respectively. North America reported 11.4% QoQ and 23.1% YoY sales decline as we continued to face stiff competition in the wireless market while making respectable market gain in IP camera sales with 36.3% YoY growth. With the launch of a complete line of mydlink enabled 11ac routers, we expect to regain wireless market share in the US. Benefitting from improved economic outlook which boosted both retail sales and services provider's project pull-in,

Europe's 4Q13 sales were up 14.5% sequentially and up 16.2% from last year comparable quarter. Emerging and Asia Pacific market's 4Q13 sales were down by 5.8% QoQ and down 2.5% a year ago quarter mostly reflected slower project pull-in and weak retail sector constrained by the slowing economy.

#### Consolidated Sales Breakdown by Product Category:

With respect to 4Q13 consolidated revenue by product category, Wireless remained the most important contributor accounting for 32%, followed by Switch at 27%, Broadband at 21%, Digital Home at 13%, and Others at 7%. Stronger Europe's projects pull-in and 45% YoY sales growth in mydlink Camera partially offset the weaker sales in switch and wireless products. 4Q13's others category sales contribution also increased by 6.7% on sequential basis as we procured networking peripheral products to complete our "4S" solution offering. For the whole year 2013, the fastest growing product was IP camera which sales grew 36.3% from last year and now contributed to over 10% of group's sales as compared to last year.

For the first quarter 2014 outlook, we expect revenue to trend lower in line with seasonality pattern and gross margin to remain flat as compared to the final quarter last year. We expect business condition should be more favorable in the second half year as more end users devices will start shipping with 11ac capabilities which will drive the network CPEs upgrade cycle.

#### 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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