

Spokesperson:

Ralio Sung
Director

D-Link Reports 4Q14 Consolidated Financials

- Fourth quarter 2014 net revenue was NT\$8.375 bln, up 10.7% from 3Q14
- Gross margin exclusive of inventory related loss was 27.3%, as compared to 28.6% in 3Q14
- Gross margin inclusive of inventory related loss was 26.9%, as compared to 26.5% in 3Q14
- Operating margin was 1.7%, as compared to 0.6% reported in 3Q14
- Consolidated net income after tax and minority interest was NT\$47 million, as compared to a loss of NT\$129 million in 3Q14
- EPS on weighted average capital of NT\$6.209 billion was NT\$0.08, as compared to negative NT\$0.21 per share in 3Q14
- All of the above are based on consolidated numbers and 4Q14's net income is audited/reviewed.

Taipei, Taiwan, March 13, 2015 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for fiscal year 2014 and fourth quarter of 2014.

For the year 2014, D-Link posted net revenue of NT\$30.3 billion at about the same level as in 2013 NT\$30.5 billion despite facing some headwind due to challenging market condition in the emerging markets as well as strengthening of the US dollar. Gross margin excluding inventory provisional loss improved to 27.8% as compared to 27.1% in prior year. Taking into consideration of inventory provisional loss, gross margin was 27.3% in 2014 and 26.4% in 2013. Operating expenses as a percentage to revenue was 26.3%, up from last year's 25.1% mainly due to a deferred tax credit write-off as well as increasing R&D investment in the deployment of mydlink connected home cloud platform. Operating margin was 1.0% in 2014 as compared to 1.3% same period last year. As a result of the strong US\$ in the second half of 2014, we recorded non-operating loss of NT\$164 million mainly due to foreign exchange loss as opposed to non-operating income of NT\$348 million on year over year basis. 2014 consolidated net income was NT\$62 million and EPS reported at NT\$0.1.

For the fourth quarter 2014, net revenue was NT\$8.375 bln, up by 10.7% sequentially and 5.3% on YoY basis. Gross margin excluding inventory provisional gain/loss was 27.3% as compared to 28.6% last quarter due to more seasonal marketing programs as well as tightening margin from the strong US dollar. Given the prevailing turbulence market outlook, we have adopted very cautious inventory management which reflected on a lower inventory provision loss this quarter. Gross margin including inventory provisional gain/loss was 26.9% in 4Q14 slightly improved from 26.5% sequentially. Operating expenses was 25.2% of net revenue as compared to 25.8% in 3Q14. Operating income was NT\$ 143 million and operating margin improved to 1.7% from 0.6% sequentially. Net non-operating loss in 4Q14 was NT\$143 million comprising of NT\$50 million income recognized from long term investee companies under equity method, NT\$65 million investment gain, NT\$288 million in foreign exchange loss, and NT\$30 million derived from financial and other income. The Group's fourth quarter consolidated net income after tax and minority interest was NT\$47 million and EPS was NT\$0.08 per share based on weighted average capital of NT\$6.209 billion.

D-Link's financial condition and liquidity remained stable at the end of 4Q14. Cash and S-T investment held were NT\$3.6 billion, increased by NT\$822 million from previous quarter. Accounts receivable were NT\$6.6 billion, increased by NT\$101 million and AR turnover days was 81 days in line with the credit terms offered. Net inventory and inventory turnover days were NT\$6.66 billion and 105 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 1.57 and 0.68 respectively. Annualized ROE for the fourth quarter of 2014 was 1.5%.

Consolidated Sales Breakdown by Region:

NT\$mIn	4Q14		3Q14		4Q13		QoQ	YoY
NA	1,526	18.2%	1,203	15.9%	1,150	14.5%	26.9%	32.7%
EU	2,001	23.9%	1,600	21.1%	1,932	24.3%	25.1%	3.5%
Emg. & APac	4,848	57.9%	4,762	63.0%	4,871	61.2%	1.8%	-0.5%
Total	8,375	100%	7,564	100%	7,953	100.0%	10.7%	5.3%

From a geographic perspective, 4Q14 global consolidated revenue from North America, Europe and Emerging/Asia Pacific were 18.2%, 23.9% and 57.9% respectively. North America reported 26.9% QoQ and 32.7% YoY sales increase due to the impact from lumpy project shipment to service provider as well as seasonal peak retail sales. With the launch

of a complete line of mydlink supported AC routers, cameras, and connected home products, we expect to maintain our US growth momentum both in retail as well as service providers segment. Europe region also reported 4Q14 sequential growth of 25.1% and 3.5% as compared to same quarter last year attributing to the market gain in digital cameras and smart switches. Emerging and Asia Pacific market's economic situation continued to be hampered by both low gas price and strong US dollar as in sequential quarter and 4Q14 sales grew 1.8% and at about the same level as in last year same quarter.

Consolidated Sales Breakdown by Product Category:

With respect to 4Q14 consolidated revenue by product category, Wireless remained the most important contributor accounting for 36.1%, followed by Switch at 26%, Broadband at 17.3%, Digital Home at 12.7%, and Others at 7.9%. Stronger US projects pull-in in wireless routers and the peak retail sales in the developed markets for the connected home products were the main sales driver in 4Q14 sales.

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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