



4Q12 Operating Results

March 8, 2013

Agenda

- **Financial Review** Ralio Sung
- **Business Update & Outlook** A.P. Chen
- **Q&A**

All numbers are consolidated and audited unless otherwise specified.

Financial Review

4Q12 Income Statement & QoQ Comparison

Unit: NT\$ million	4Q12 AMT	%	3Q12 AMT	%	QoQ % Change
Net Sales	8,156	100.0	8,367	100.0	(2.5)
Cost of Goods Sold - Product	5,767	70.7	5,860	70.0	(1.6)
Gross Profit 1	2,389	29.3	2,507	30.0	(4.7)
Inventory Related Gain/(Loss)	119	1.5	(37)	(0.4)	NA
Gross Profit 2	2,509	30.8	2,470	29.6	1.6
Operating Expenses	2,238	27.4	2,195	26.3	2.0
Operating Income	270	3.3	275	3.3	(1.8)
Total Non-Op. Inc. (Loss)	136	1.7	109	1.3	24.8
Income Before Tax	406	5.0	384	4.6	5.7
Tax (Exp.) / Income	(134)	(1.7)	(92)	(1.1)	45.7
Net Income	272	3.3	292	3.5	(6.8)
Minority Interest	(10)	(0.1)	(4)	(0.0)	150
Consolidated Income	262	3.2	288	3.4	(9.0)
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,338M	0.41		0.45		(8.9)

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

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

4Q12 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ million	4Q12	3Q12	QoQ % Change
Investment Income	108	62	74.2
Sub./Aff.	79	56	41.1
Capital Gain	29	6	383
FX Gain/(Loss)	(8)	10	NA
Fin. Income/(Exp.) & Other	36	37	(2.7)
Total	136	109	24.8

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

4Q12 Income Statement & YoY Comparison

Unit: NT\$ million	4Q12 AMT	%	4Q11 AMT	%	YoY % Change
Net Sales	8,156	100.0	8,132	100.0	0.3
Cost of Goods Sold - Product	5,767	70.7	5,644	69.4	2.2
Gross Profit 1	2,389	29.3	2,488	30.6	(4.0)
Inventory Related Gain/(Loss)	119	1.5	(47)	(0.6)	NA
Gross Profit 2	2,509	30.8	2,441	30.0	2.8
Operating Expenses	2,238	27.4	2,316	28.5	(3.4)
Operating Income	270	3.3	125	1.5	116
Total Non-Op. Inc. (Loss)	136	1.7	134	1.6	1.5
Income Before Tax	406	5.0	259	3.1	56.8
Tax (Exp.) / Income	(134)	(1.7)	(33)	(0.4)	306
Net Income	272	3.3	226	2.7	20.4
Minority Interest	(10)	(0.1)	(11)	(0.1)	9.1
Consolidated Income	262	3.2	215	2.6	21.9
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,338M	0.41		0.34		20.6

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

2012 Income Statement & YoY Comparison

Unit: NT\$ million	2012		2011		YoY % Change
	AMT	%	AMT	%	
Net Sales	32,467	100.0	32,506	100.0	(0.1)
Cost of Goods Sold - Product	22,971	70.8	21,971	67.6	4.6
Gross Profit 1	9,496	29.2	10,535	32.4	(9.9)
Inventory Related Gain/(Loss)	(14)	(0.0)	(202)	(0.6)	93.1
Gross Profit 2	9,482	29.2	10,333	31.8	(8.2)
Operating Expenses	8,789	27.1	9,441	29.1	(6.9)
Operating Income	693	2.1	892	2.7	(22.3)
Total Non-Op. Inc. (Loss)	411	1.3	286	0.9	43.7
Income Before Tax	1,104	3.4	1,178	3.6	(6.3)
Tax (Exp.) / Income	(300)	(1.0)	(201)	(0.6)	49.3
Net Income	804	2.4	977	3.0	(17.7)
Minority Interest	(25)	(0.0)	(7)	(0.0)	257
Consolidated Income	779	2.4	970	3.0	(19.7)
EPS (NT\$)-Per Weighted-Avg. Capital of NT\$6,338M	1.23		1.52		(19.1)

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

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

2H12 Income Statement & YoY Comparison

Unit: NT\$ million	2H12		2H11		YoY % Change
	AMT	%	AMT	%	
Net Sales	16,523	100.0	16,683	100.0	(1.0)
Cost of Goods Sold - Product	11,627	70.4	11,403	68.3	2.0
Gross Profit 1	4,896	29.6	5,280	31.7	(7.3)
Inventory Related Gain/(Loss)	83	0.5	(148)	(0.9)	NA
Gross Profit 2	4,979	30.1	5,133	30.8	(3.0)
Operating Expenses	4,434	26.8	4,738	28.4	(6.4)
Operating Income	545	3.3	395	2.4	38.0
Total Non-Op. Inc. (Loss)	245	1.5	123	0.7	99.2
Income Before Tax	790	4.8	518	3.1	52.5
Tax (Exp.) / Income	(226)	(1.4)	(59)	(0.4)	283
Net Income	564	3.4	459	2.7	22.9
Minority Interest	(14)	(0.0)	(13)	(0.0)	7.7
Consolidated Income	550	3.3	445	2.7	23.6
EPS (NT\$)-Per Weighted-Avg. Capital of NT\$6,338M	0.86		0.70		22.9

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

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

12/31/2012 Balance Sheet & QoQ Comparison

Unit: NT\$ million	12/31/12 AMT	%	09/30/12 AMT	%	QoQ % Change
Cash	4,031	16	2,801	12	43.9
S-T Investment	40	0	40	0	0.0
Account Receivable	5,862	24	6,177	26	(5.1)
Inventory	6,452	26	7,084	29	(8.9)
Long-term Investments	4,844	20	4,802	20	1.0
Total Assets	24,509	100	24,207	100	1.2
Accounts Payable	5,466	22	6,125	25	(10.8)
Current Liabilities	9,065	37	9,692	40	(6.5)
Common Stock	6,476	26	6,476	27	0.0
Stockholders' Equity	13,656	56	13,643	56	0.0

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

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

Key Financial Ratios

Unit: % , days	12/31/12	09/30/12	06/30/12	03/31/12	12/31/11
* Days A/R	69	67	67	66	62
* Days Inventory	109	115	116	114	107
* Days A/P	94	100	105	102	99
Cash Cycle	84	82	78	78	70
Current Ratio	1.96	1.78	1.71	1.78	1.66
Debt/Equity Ratio	0.78	0.76	0.82	0.75	0.86
** Net Debt/Equity Ratio	0.48	0.55	0.57	0.50	0.47
ROE	8	8	-0.2	7	7

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

* Annualized

** Adjust for Cash & S-T investment

Quarterly Revenue by Region

In NT\$, down 2.5% QoQ, up 0.3% YoY

➤ N.A. up 19.2% QoQ, up 33.5% YoY

➤ Europe up 5.8% QoQ, down 13.8% YoY

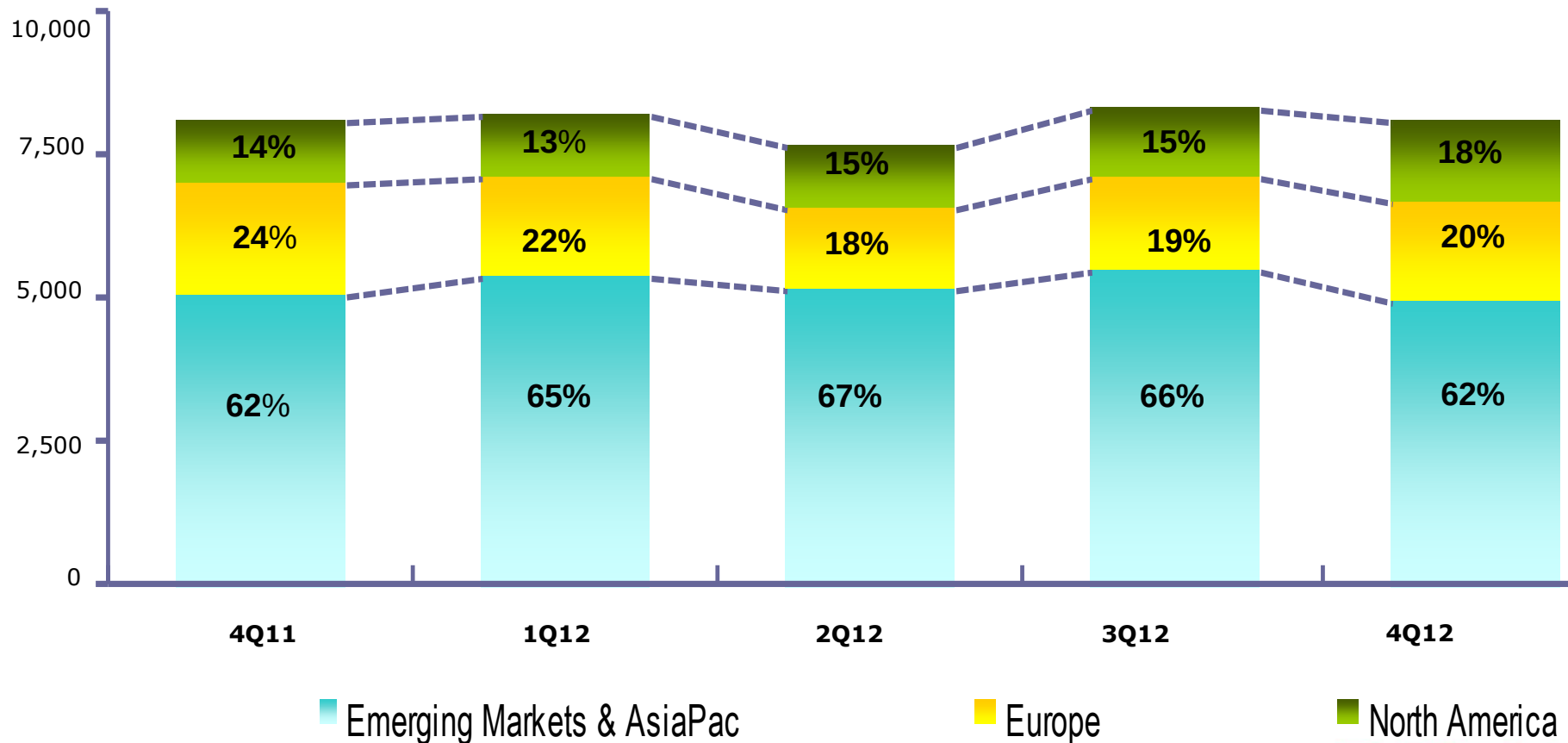
NT\$ mln ➤ Emerging Mkts & APac down 9.8% QoQ, down 1.7% YoY

In US\$, down 0.3% QoQ, up 4.0% YoY

➤ N.A. up 21.4% QoQ, up 38.6% YoY

➤ Europe up 8.2% QoQ, down 11.0% YoY

➤ Emerging Mkts & APac down 7.7% QoQ, up 2.1% YoY



Quarterly Revenue by Product

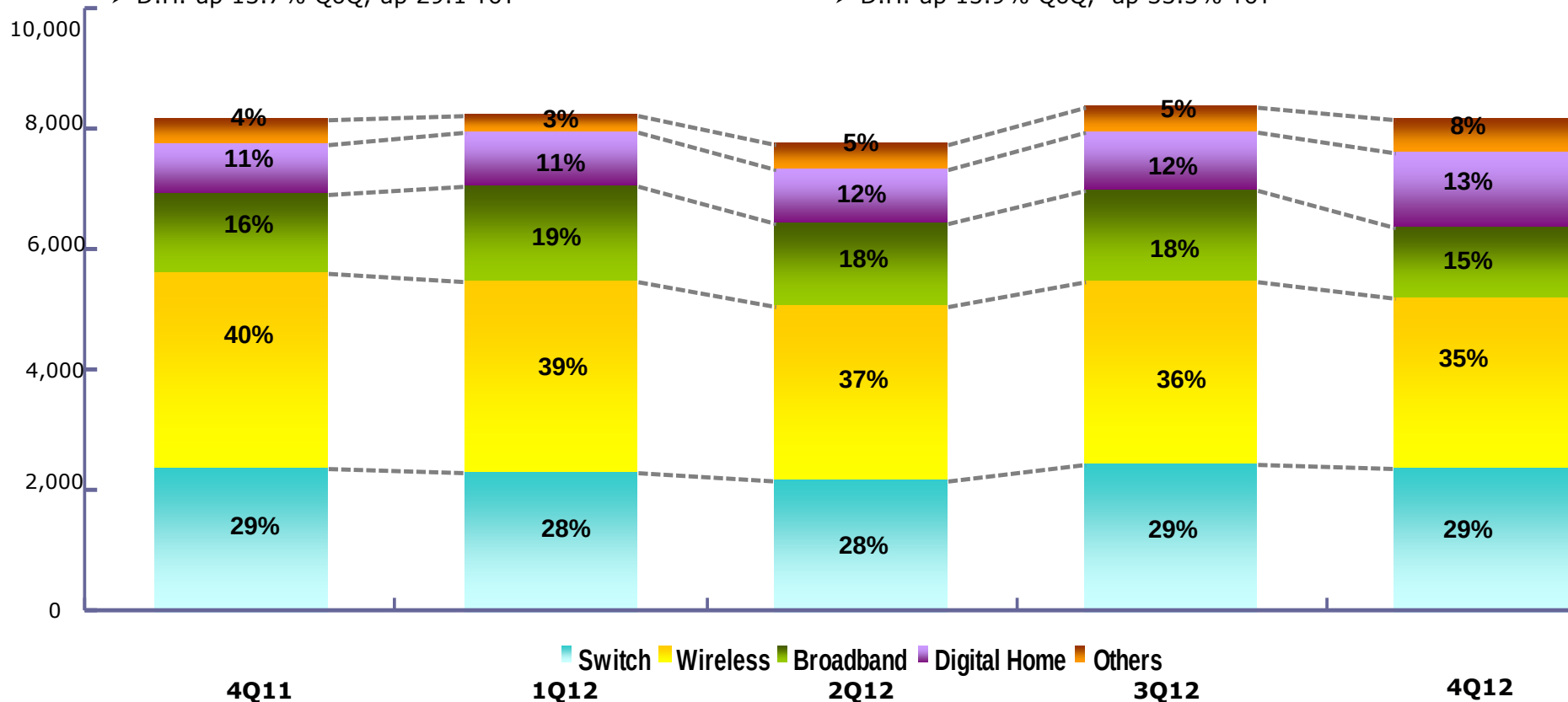
In NT\$ terms:

- Switch down 2.4% QoQ, up 0.6% YoY
- Wireless down 5.9% QoQ, down 11.2% YoY
- B.B. down 23.2% QoQ, down 12.4% YoY
- D.H. up 13.7% QoQ, up 29.1 YoY

In US\$ terms:

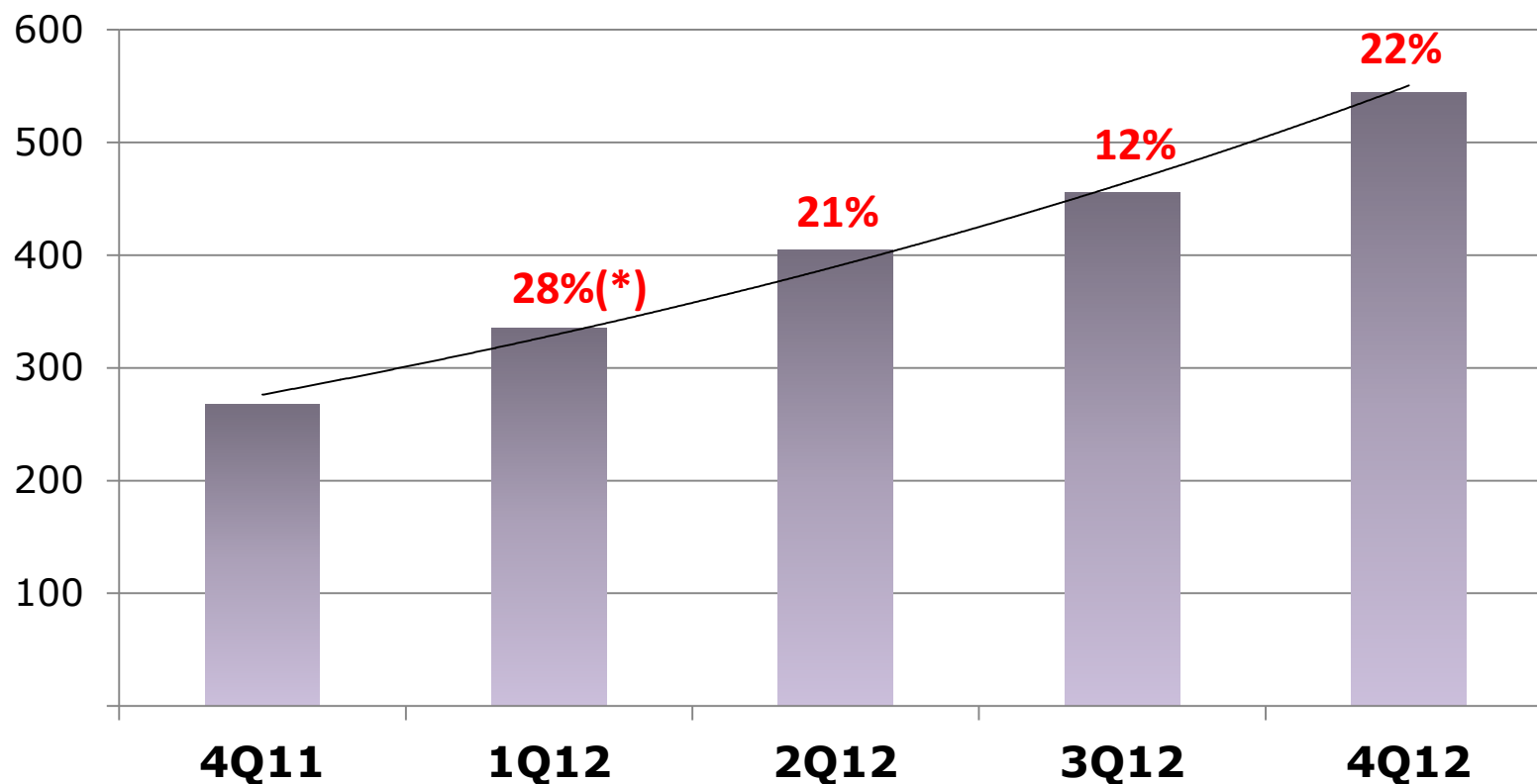
- Switch down 0.1% QoQ, up 4.5% YoY
- Wireless down 3.7% QoQ, down 7.9% YoY
- B.B. down 21.2% QoQ, down 9.1% YoY
- D.H. up 15.9% QoQ, up 33.3% YoY

NT\$ mln



Quarterly Revenue by IP Surveillance

NT\$ mln



* QoQ Growth %

** 2012 YoY : 85% Growth

2012 Revenue by Region

2012 revenue YoY comparison:

In NT\$ terms:

- 2012 down 0.1%
- Emerging Mkts & AsiaPac up 3.7%
- Europe down 9.4%
- N.A. down 2.6%

In US\$ terms:

- 2012 down 0.6%
- Emerging Mkts & AsiaPac up 3.1%
- Europe down 9.6%
- N.A. down 3.1%

NT\$ mln

40,000

30,000

20,000

10,000

0

2011

2012

■ Emerging Markets & AsiaPac

■ North America

■ Europe

22%

16%

62%

20%

15%

65%

2012 Revenue by Product

2012 revenue YoY comparison:

In NT\$ terms:

- Switch down 5.2%
- Wireless down 6.8%
- Broadband up 2.7%
- Digital Home up 22.7%

In US\$ terms:

- Switch down 5.8%
- Wireless down 7.4%
- Broadband up 1.9%
- Digital Home up 20.6%

NT\$ mln

40,000

30,000

20,000

10,000

0

2011

2012

Switch

WLAN

Broadband

Digital Home

Others

4%

10%

17%

39%

30%

5%

12%

17%

37%

29%

Business Update & Outlook

2013 Business Outlook

Consumer

- **Cloud Camera, Zero configuration....**
- **Portable Cloud Router**
- **Home Cloud Router, 11ac**

Business

- **One Stop 4S Surveillance Solution with Integrated Apps.**
- **Smart Switch/POE...**
- **wireless AP/Unified WLAN**

Telcos/ISPs

- **IAD Home Gateway and Video Centric WiFi CPEs**
- **Mobile WiFi offload, FTTH, LTE Router/Dongle**
- **Customized and Collaborative Business Model**

1Q13 Guidance

From QoQ Perspective:

- **Revenue lower and better second half expected**
- **Gross margin % remain flat**

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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