



Spokesperson:

Stephen S. Hsu
Senior Director

D-Link Reports 4Q11 Consolidated Financials

- Fourth quarter 2011 net revenue was NT\$8.13 billion, down 4.9% from 3Q11
- Gross margin exclusive of inventory related loss was 30.6%, as compared to 32.7% in 3Q11
- Gross margin inclusive of inventory related loss was 30.0%, as compared to 31.5% in 3Q11
- Operating margin was 1.5%, as compared to 3.2% in 3Q11
- Consolidated net income after tax and minority interest was NT\$215 million, as compared to NT\$230 million in 3Q11
- EPS on weighted average capital of NT\$6.393 billion was NT\$0.34, as compared to NT\$0.36 per share in 3Q11
- All of the above are based on consolidated numbers and 4Q11's net income is audited/reviewed.

Taipei, Taiwan, March 2, 2012 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for fiscal year 2011 and fourth quarter of 2011.

For the year 2011, D-Link posted net revenue of NT\$32.506 billion, down 4.0% as compared to NT\$33.857 billion in 2010 due to exchange rate fluctuation. In US dollar term, the Group's net revenue grew by 3.2% from a year ago. Gross margin excluding inventory provisional loss was 32.4%, same as last year. Gross margin including inventory provisional loss was 31.8%, slight improvement from the 31.3% reported in 2010 mainly due to better inventory control thus reducing inventory provisional loss by 47.4% year over year. Operating expenses were 29.1% of net revenue, slightly higher than 28.4% a year ago but 1.7% lower in absolute dollar terms. Operating margin was 2.7%, as compared to 2.9% in 2010. Non-operating income for the year 2011 was NT\$286 million or 46.7% lower than previous year mainly due to impairment loss from investee companies and foreign exchange loss associated with the volatile US dollar appreciation during the third quarter. 2011 consolidated net income was NT\$970 million and EPS reported at NT\$1.52.

For the fourth quarter 2011, net revenue was NT\$8.13 billion, down by 4.9% sequentially and down by 11% year over year due to weak end user demand in the developed markets and inventory adjustment by channel and project partners in the emerging market. Gross margin excluding inventory provisional gain/loss was 30.6% as compared to 32.7% last quarter due to unfavorable foreign exchange fluctuation and more incentive rebates and seasonal programs aimed to promote sales. Gross margin including inventory provisional gain/loss was 30.0% in 4Q11, as compared to 31.5% in 3Q11. Operating expenses were stable at 28.5% of net revenue as compared to 28.3% in 3Q11. Operating profit margin was lower to 1.5% sequentially from 3.2% in 3Q11 as result of lower gross margin. Net non-operating profit in 4Q11 was NT\$134 million comprising of NT\$162 million income recognized from long term investee companies under equity method, NT\$91 million investment impairment losses related to three investee companies, NT\$11 million in foreign exchange loss, and NT\$74 million derived from financial and other income. The Group's fourth quarter consolidated net income after tax and minority interest was NT\$215 million and EPS was NT\$0.34 per share based on weighted average capital of NT\$6.393 billion.

D-Link's financial condition and liquidity remained strong at the end of 4Q11. Cash and S-T investment held were NT\$5.642 billion, decreased by NT\$376 million from previous quarter due to pay down of accounts payable. Accounts receivable were NT\$5.45 billion, decreased by NT\$905 million and AR turnover days improved from 67 days to 62 days as compared to the previous quarter. Net inventory and inventory turnover days were NT\$7.392 billion and 107 days respectively, slightly higher than third quarter level. Annualized inventory turnover of 107 days was above normal seasonal level as compared to 81 days in 2010 due mainly to weaker sell through and delayed project shipment to Telco caused by chipset quality issue which should resume shipment once fixed. While cash cycle lengthened slightly from 67 days to 70 days, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 1.66 and 0.47 respectively. Annualized ROE for the fourth quarter of 2011 was 7%.

Consolidated Sales Breakdown by Region:

NT\$mIn	4Q11		3Q11		4Q10		QoQ	YoY
NA	1,121	13.8%	1,307	15.3%	1,736	19.0%	-14.2%	-35.4%
EU	1,930	23.7%	1,670	19.5%	2,433	26.6%	15.6%	-20.7%
Emg. & APac	5,080	62.5%	5,574	65.2%	4,975	54.4%	-8.9%	2.1%
Total	8,131	100.0%	8,551	100.0%	9,144	100.0%	-4.9%	-11.1%

From a geographic perspective, 4Q11 global consolidated revenue from North America,

Europe and Emerging/Asia Pacific were 13.8%, 23.7% and 62.5% respectively. In terms of QoQ and YoY comparison, North America sales were down 14.2% and 35.4% respectively. Europe's 4Q11 sales were up 15.6% sequentially but down 20.7% from last year. Emerging and Asia Pacific markets were down by 8.9% QoQ but up 2.1% YoY. Customers' inventory adjustment, weak end user demand, and less broadband projects as a result of delayed DOCSIS 3.0 offering were the major factors affecting D-Link's overall sales performance in the fourth quarter.

On an annual basis, 2011 group consolidated revenue was down 4%. Revenue from Emerging Market and AsiaPac grew by 5.7% while Europe and North America were down by 15.4% and 18.4% respectively. In terms of US dollar, the Group's consolidated revenue was up 3.2% as compared to 2010. Revenue from Emerging and AsiaPac markets grew by 13.6% year over year compensating for the softer Europe and North America markets which were down by 9.3% and 12.3% respectively.

Consolidated Sales Breakdown by Product Category:

With respect to 4Q11 consolidated revenue by product category, Wireless remained the most important contributor accounting for 39.6%, followed by Switch at 29.3%, Broadband at 16.3%, Digital Home at 10.4%, and Others at 4.4%. Due to weak end markets and slow down in Telco projects deployment, revenue from Switch, Wireless and Broadband experienced a drop in revenue of 11.3%, 2.9% and 6.8% sequentially. Digital Home products were up 5.2% from previous quarter.

For the whole year 2011 and in US dollar terms, sales of Switch was down 1.4%, Wireless was up 6.4% and Broadband was down 10.6%. The strongest growth area was Digital Home with 34.3% year over year increase.

The year of 2012 is a pivotal year for D-Link as the Company makes transition into the "Cloud" era. The demand for more powerful and easy-to-install networking devices from consumers is expected to increase due to the proliferation of CPE devices such as smart phone, pad, WiFi enabled devices together with the change in consumer behavior to view, control, sync, and share rich media contents over the internet both on the go and at home. D-Link's mydlink™ service platform together with mydlink's enabled devices will offer product differentiation to meet customers' networking requirement. Digital Home is expected to be the growth driver for the Company in 2012.

In the business area, SOHOs and SMBs are increasingly adopting mobile applications and their office networking infrastructure has become mission critical component of their

businesses. These customers usually lack in-house technical networking expertise and thus will appreciate D-Link's end- to-end solution offerings and after sales support.

As for the Broadband sector, D-Link will remain a key player for its ability to offer integrated and customized solutions in advanced technology such as 3G/4G offload to Wi-Fi, Femto Cell, VDSL, IAD, DOCSIS 3.0 Cable boxes, etc.

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)

{ Copyright © 2008 D-Link Corporation, All Rights Reserved. }