

D-Link Reports 1Q18 Consolidated Financials

- First quarter 2018 net revenue was NT\$4.98 billion, down 0.5% from 4Q17
- Gross margin exclusive of inventory related gain and loss was 29% as compared to 27.8% in 4Q17
- Gross margin inclusive of inventory related gain and loss was 28.8%, as compared to 28.4% in 4Q17
- Operating margin was 1.2%, as compared to 0.3% in 4Q17
- Consolidated net income after tax and non-controlling interests was NT\$13 million, as compared to NT\$73 million in 4Q17
- EPS on weighted average capital of NT\$6.420 billion was NT\$0.02, as compared to NT\$0.11 per share in 4Q17
- All of the above are based on consolidated numbers and 1Q18's net income is audited/reviewed.

Taipei, Taiwan, May 7th, 2018 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the first quarter of 2018.

For the first quarter 2018, net revenue was NT\$4.98 billion driven by growth in project shipment contributing to a year over year sales increase of 5.3%. Gross margin excluding inventory provisional gain/loss was NT\$1.44 billion or 29% as compared to 27.8% last quarter. Gross margin including inventory provisional gain/loss was NT\$1.43 billion or 28.8% in 1Q18, as compared to 28.4% in 4Q17. Operating expenses were NT\$1.373 billion or 2.4% lower in absolute dollar term from sequential quarter and 3.6% below one year ago quarter as the company continued to exercise cautious spending policy. Net non-operating gain in 1Q18 was NT\$2 million comprising of NT\$28 million loss recognized from long term investee companies under equity method, NT\$17 million in foreign exchange gain, and NT\$13 million derived from financial and other income. The Group's first quarter consolidated net income after tax and non-controlling interests was NT\$13 million and EPS was NT\$0.02 per share based on weighted average capital of NT\$6.420 billion.

D-Link's financial condition and liquidity remained stable at the end of 1Q18. Cash and S-T investment held were NT\$3.25 billion, decreased by NT\$458 million attributing to

normal business cash conversion cycle. Accounts receivable were NT\$4.4 billion and AR turnover days remain stable at 80 days in line with credit terms offered. Net inventory was NT\$2.8 billion and inventory turnover days improved to 73 days after the year-end sell out. Overall, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 1.62 and 0.43 respectively. Annualized ROE for the first quarter of 2018 was 0.6%.

Consolidated Sales Breakdown by Region:

NT\$mIn	1Q18		4Q17		1Q17		QoQ	YoY
NA	463	9.3%	596	11.9%	593	12.5%	-22.3%	-21.9%
EU	1,551	31.1%	1,314	22.4%	1,034	21.9%	18.0%	50.0%
Emg. & APac	2,968	59.6%	3,097	65.7%	3,103	65.6%	-4.1%	-4.3%
Total	4,982	100%	5,007	100.0%	4,730	100.0%	-0.5%	5.3%

From a geographic perspective, 1Q18 revenue contribution from North America, Europe and Emerging/Asia Pacific were 9.3%, 31.1% and 59.6% respectively. North America sales were down 22.3% QoQ and 21.9% YoY mostly affected by the decline retail sales as well as less project shipment. On the other hand Europe's 1Q18 sales were up 18% from sequential quarter benefiting from project shipment in both broadband and wireless products. In the emerging market during 1Q18, revenue were down by 4.1% on QoQ basis as there was less project pull in coincide with slow seasonal retail during the first quarter of the year.

Consolidated Sales Breakdown by Product Category:

With respect to 1Q18 consolidated revenue by product category, Wireless contributed 30%, followed by Switch at 35%, Broadband at 14%, Digital Home at 5%, and Others at 16%. Switch sales were down 13.5% from sequential quarter and down 2.6% YoY basis. Attributing to IAD devices project shipment, Wireless sales were up 15.1% sequentially. Digital home sales were down 28% from sequential quarter as new competition intensify and the company's delay in new products launch which is expected to improve in the coming quarter. Broadband sales were up 1.6% from prior quarter and up 17.8% a year ago quarter also benefiting from project.

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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