

# 4Q18 Operating Results

March 18, 2019



# Financial Review

# 4Q18 Income Statement & QoQ/YoY Comparison

Unit: NT\$ million	4Q18		3Q18		QoQ % Change	4Q17		YoY % Change
	AMT	%	AMT	%		AMT	%	
Net Sales	<b>4,604</b>	100.0	<b>4,593</b>	100.0	0.2	<b>5,007</b>	100.0	(8.1)
Cost of Goods Sold - Product	<b>3,225</b>	70.1	<b>3,275</b>	71.3	(1.5)	<b>3,615</b>	72.2	(10.8)
Gross Profit 1	<b>1,379</b>	29.9	<b>1,318</b>	28.7	4.6	<b>1,392</b>	27.8	(0.9)
Inventory Related Gain/(Loss)	<b>(33)</b>	(0.7)	<b>22</b>	0.5		<b>29</b>	0.6	
Gross Profit 2	<b>1,346</b>	29.2	<b>1,340</b>	29.2	0.4	<b>1,421</b>	28.4	(5.3)
Operating Expenses	<b>1,287</b>	28.0	<b>1,266</b>	27.6	1.7	<b>1,407</b>	28.1	(8.5)
Operating Income	<b>58</b>	1.3	<b>74</b>	1.6	(21.4)	<b>14</b>	0.3	314.0
Total Non-Op. Inc. (Loss)	<b>146</b>	3.2	<b>(1)</b>	(0.0)		<b>123</b>	2.5	
Income Before Tax	<b>204</b>	4.4	<b>73</b>	1.6		<b>137</b>	2.8	
Tax (Exp.) / Income	<b>(45)</b>	(1.0)	<b>(45)</b>	(1.0)		<b>(44)</b>	(0.9)	
Net Income	<b>159</b>	3.4	<b>29</b>	0.6		<b>93</b>	1.9	
Non-controlling Interests	<b>(17)</b>	(0.3)	<b>(23)</b>	(0.5)		<b>(20)</b>	(0.4)	
Consolidated Income	<b>142</b>	3.1	<b>6</b>	0.1		<b>73</b>	1.5	
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,507M	<b>0.21</b>		<b>0.01</b>			<b>0.11</b>		

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

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

# 4Q18 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ million	4Q18	3Q18
Investment Income	118	(15)
Sub./Aff.	16	(6)
Capital Gain	102	(9)
FX Gain/(Loss)	13	4
Fin. Income/(Exp.) & Other	15	11
Total Non-op Income/Loss	<u>146</u>	<u>(1)</u>

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

## 2018 Income Statement & YoY Comparison

Unit: NT\$ million	2018		2017		YoY % Change
	AMT	%	AMT	%	
Net Sales	<b>19,383</b>	100.0	<b>19,316</b>	100.0	0.3
Cost of Goods Sold - Product	<b>13,724</b>	70.8	<b>14,178</b>	73.4	(3.2)
Gross Profit 1	<b>5,659</b>	29.2	<b>5,138</b>	26.6	10.1
Inventory Related Gain/(Loss)	<b>(57)</b>	(0.3)	<b>60</b>	0.3	
Gross Profit 2	<b>5,602</b>	28.9	<b>5,199</b>	26.9	7.8
Operating Expenses	<b>5,353</b>	27.6	<b>5,656</b>	29.3	(5.4)
Operating Income	<b>249</b>	1.3	<b>(458)</b>	(2.4)	
Total Non-Op. Inc. (Loss)	<b>48</b>	0.2	<b>332</b>	1.7	
Income Before Tax	<b>297</b>	1.5	<b>(125)</b>	(0.7)	
Tax (Exp.) / Income	<b>(152)</b>	(0.8)	<b>(47)</b>	(0.2)	
Net Income	<b>145</b>	0.7	<b>(172)</b>	(0.9)	
Minority Interest	<b>(39)</b>	(0.2)	<b>(21)</b>	(0.1)	
Consolidated Income	<b>106</b>	0.5	<b>(193)</b>	(1.0)	
EPS (NT\$) - Per Weighted-Avg. Capital of NT\$6,507M	<b>0.16</b>		<b>(0.3)</b>		

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

# 12/31/2018 Balance Sheet & QoQ Comparison

Unit: NT\$ million	12/31/18(*) AMT	%	9/30/18(*) AMT	%	QoQ % Change
Cash & S-T Investment	<b>4,433</b>	25.2	<b>3,328</b>	19.4	33.2
Account Receivable	<b>4,279</b>	24.3	<b>5,100</b>	29.7	(16.1)
Inventory	<b>3,112</b>	17.7	<b>3,008</b>	17.5	3.5
Long-term Investments	<b>2,690</b>	15.3	<b>2,738</b>	16.0	(1.8)
Total Assets	<b>17,607</b>	100.0	<b>17,147</b>	100.0	2.7
Accounts Payable	<b>3,522</b>	20.0	<b>3,711</b>	21.6	(5.1)
Current Liabilities	<b>7,663</b>	43.5	<b>7,351</b>	42.9	4.2
Common Stock	<b>6,520</b>	37.0	<b>6,520</b>	38.0	0.0
Stockholders' Equity	<b>9,199</b>	52.2	<b>9,089</b>	53.0	1.2

\*Adjusted based on IFRS15.

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

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

# Key Financial Ratios

Unit: % , days	4Q18 (*)	3Q18 (*)	2Q18 (*)	1Q18(*)	4Q17
**Days A/R	80	88	87	83	84
**Days Inventory	83	84	81	73	81
**Days A/P	91	96	105	89	93
Cash Cycle	72	76	63	68	72
Current Ratio	1.61	1.61	1.57	1.59	1.56
Debt/Equity Ratio	0.87	0.84	0.90	0.83	0.87
***Net Debt/Equity Ratio	0.39	0.48	0.52	0.47	0.45
ROE	6.16	0.24	-2.4	0.6	3.2

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

\* Adjusted based on IFRS15.

\*\* Annualized

\*\*\* Net of Cash & S-T investment

# Quarterly Revenue by Region

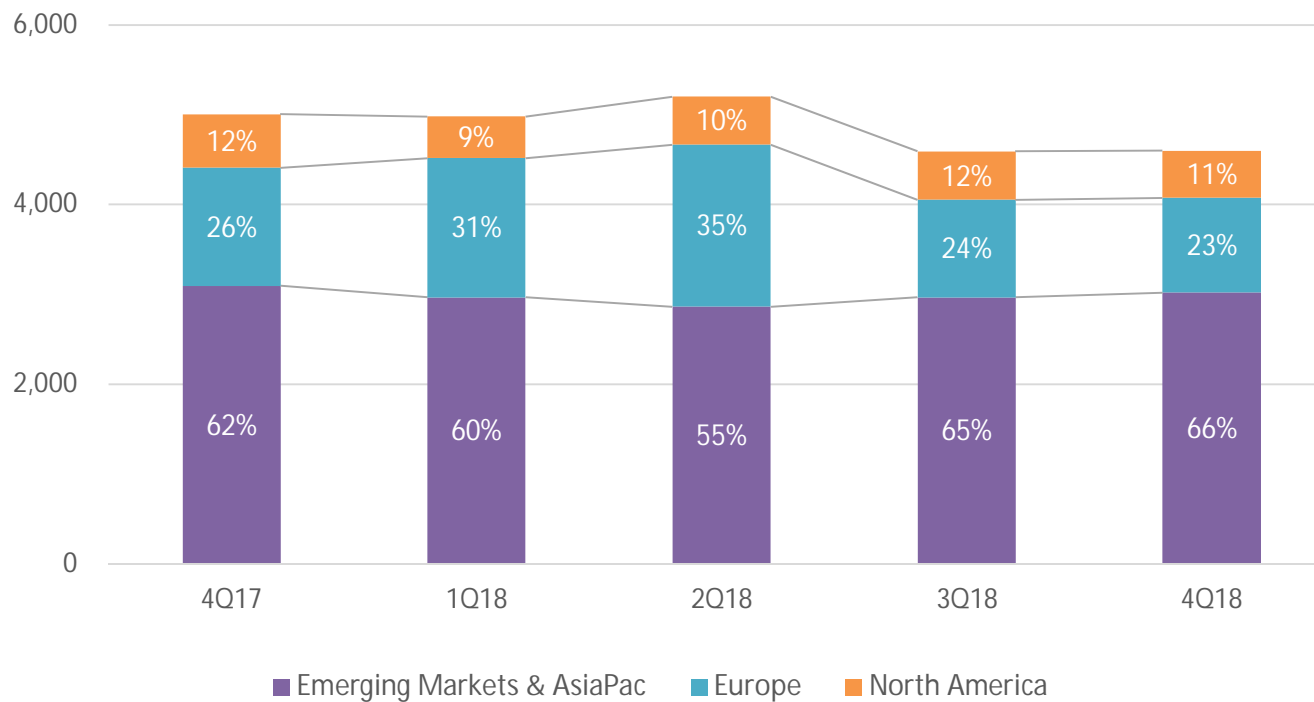
In NT\$, up 0.2% QoQ, down 8.1% YoY

- N.A. down 2.3% QoQ, down 11.8% YoY
- Europe down 3% QoQ, down 19.9% YoY
- Emerging Mkts & APac up 1.8% QoQ, down 2.4% YoY

In US\$, down 0.2% QoQ, down 10.4% YoY

- N.A. down 2.8% QoQ, down 13.6% YoY
- Europe down 3.2% QoQ, down 22.5% YoY
- Emerging Mkts & APac up 1.3% QoQ, down 4.7% YoY

NT\$ mln





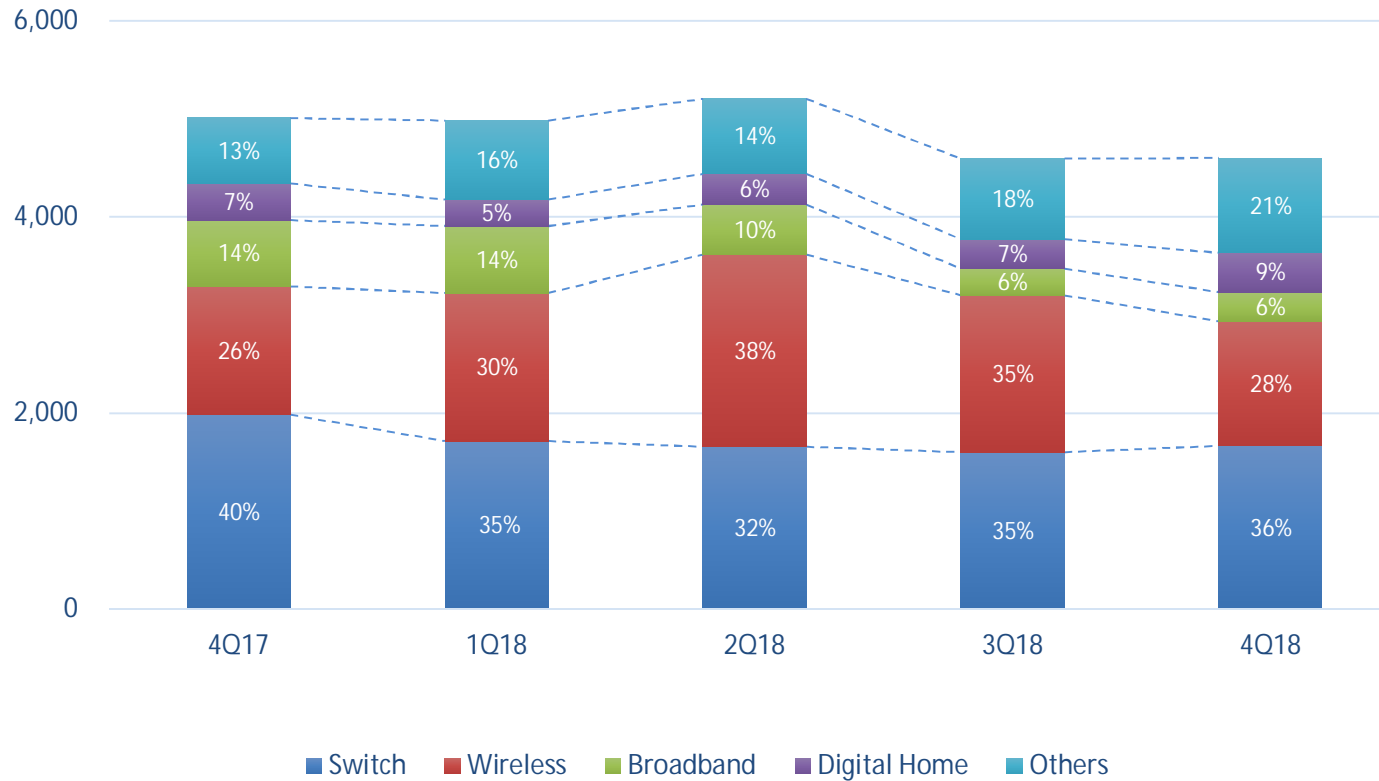
# Quarterly Revenue by Product

In NT\$ terms:

- Switch up 4% QoQ, down 16% YoY
- Wireless down 20.7% QoQ, down 3.1% YoY
- B.B. up 10% QoQ, down 55.8% YoY
- D.H. up 33.5% QoQ, up 6.8% YoY

In US\$ terms:

- Switch up 3.7% QoQ, down 18.1% YoY
- Wireless down 21% QoQ, down 5.5% YoY
- B.B. up 10.2% QoQ, down 56.7% YoY
- D.H. up 33% QoQ, up 4% YoY



# 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.