

D-Link Reports 1Q19 Consolidated Financials

- First quarter 2019 net revenue was NT\$4.2 billion, down 8.8% from 4Q18
- Gross margin exclusive of inventory related gain and loss was 27.7% as compared to 29.9% in 4Q18
- Gross margin inclusive of inventory related gain and loss was 28.4%, as compared to 29.2% in 4Q18
- Operating margin was -2.3%, as compared to 1.3% in 4Q18
- Consolidated net loss after tax and non-controlling interests was NT\$168 million, as compared to net income of NT\$142 million in 4Q18
- EPS on weighted average capital of NT\$6.520 billion was negative NT\$0.26, as compared to NT\$0.21 per share in 4Q18
- All of the above are based on consolidated numbers and 1Q19's net income is audited/reviewed.

Taipei, Taiwan, May 8th, 2019 - 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 2019.

For the first quarter 2019, net revenue reported at NT\$4.2 billion or 8.8% lower from sequential quarter. Lower sales in consumer retail products due to seasonality as well as less projects shipment contributed to the sales drop. Gross margin excluding inventory provisional gain/loss was NT\$1.16 billion or 27.7% as compared to 29.9% last quarter. Gross margin including inventory provisional gain/loss was NT\$1.19 billion or 28.4% in 1Q19. Operating expenses were NT\$1.293 billion or 5.8% as compared to the same quarter last year as the company continued to exercise cautious spending policy and streamline operation. Net non-operating loss in 1Q19 was NT\$1 million comprising of NT\$5 million gain recognized from long term investee companies under equity method, NT\$11 million in foreign exchange loss, and NT\$5 million derived from financial and other income. The Group's first quarter consolidated net loss after tax and non-controlling interests was NT\$168 million and EPS was negative NT\$0.26 per share based on weighted average capital of NT\$6.520 billion.

D-Link's financial condition and liquidity remained stable at the end of 1Q19. Cash and S-T investment held were NT\$3.83 billion, decreased by NT\$596 million attributing to

normal business cash conversion cycle. Accounts receivable were NT\$3.7 billion and AR turnover days remain stable at 80 days in line with credit terms offered. Net inventory was NT\$2.9 billion and inventory turnover days improved to 80 days after the year-end sell out. Overall, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 1.67 and 0.4 respectively. Annualized ROE for the first quarter of 2019 was -7.4%.

Consolidated Sales Breakdown by Region:

NT\$mIn	1Q19		4Q18		1Q18		QoQ	YoY
NA	424	10.1%	526	11.5%	463	9.2%	-19.4%	-8.4%
EU	792	18.9%	1,052	22.8%	1,551	31.1%	-24.7%	-48.9%
Emg. & APac	2,985	71.0%	3,026	65.7%	2,968	59.6%	-1.4%	-0.5%
Total	4,201	100%	4,604	100.0%	4,982	100.0%	-8.8%	-15.7%

From a geographic perspective, 1Q19 revenue contribution from North America, Europe and Emerging/Asia Pacific were 10.1%, 18.9% and 71% respectively. On QoQ basis, North America and Europe sales were down 19.4% and 24.7% respectively mostly affected by the decline in retail sales reflecting seasonality pattern as well as less project shipment. With relatively stable currency and stagnant economic condition, 1Q19 revenue from emerging market were slightly down by 1.4% as compared to sequential quarter.

Consolidated Sales Breakdown by Product Category:

With respect to 1Q19 consolidated revenue by product category, Wireless contributed 31.9%, followed by Switch at 35.2%, Broadband at 5.1%, Digital Home at 6.3%, and Others at 21.5%. Switch sales were down 11.3% from sequential quarter and down 14.2% YoY mainly due to lower project sales from emerging markets. Wireless sales were up 5.2% while digital home products were down 21.5%. Project shipment in Broadband was also lower causing 28.5% revenue drop from sequential quarter.

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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