

# 1Q17 Operating Results

May 10, 2017



# Financial Review

# 1Q17 Income Statement & QoQ/YoY Comparison

Unit: NT\$ million	1Q17		4Q16		QoQ % Change	1Q16		YoY % Change
	AMT	%	AMT	%		AMT	%	
Net Sales	<b>4,730</b>	100.0	<b>5,864</b>	100.0	(19.3)	<b>5,939</b>	100.0	(20.4)
Cost of Goods Sold - Product	<b>3,485</b>	73.7	<b>4,328</b>	73.8	(19.5)	<b>4,312</b>	72.6	(19.2)
Gross Profit 1	<b>1,245</b>	26.3	<b>1,535</b>	26.2	(18.9)	<b>1,627</b>	27.4	(23.5)
Inventory Related Gain/(Loss)	<b>(13)</b>	(0.3)	<b>117</b>	2.0		<b>(46)</b>	(0.8)	
Gross Profit 2	<b>1,232</b>	26.0	<b>1,653</b>	28.2	(25.5)	<b>1,581</b>	26.6	(22.1)
Operating Expenses	<b>1,425</b>	30.1	<b>1,497</b>	25.5	(4.8)	<b>1,769</b>	29.8	(19.4)
Operating Income	<b>(194)</b>	(4.1)	<b>155</b>	2.7		<b>(188)</b>	(3.2)	
Total Non-Op. Inc. (Loss)	<b>(2)</b>	(0.0)	<b>20</b>	0.3		<b>13</b>	0.2	
Income Before Tax	<b>(195)</b>	(4.1)	<b>176</b>	3.0		<b>(175)</b>	(3.0)	
Tax (Exp.) / Income	<b>(15)</b>	(0.3)	<b>(40)</b>	(0.7)		<b>(35)</b>	(0.5)	
Net Income	<b>(210)</b>	(4.4)	<b>136</b>	2.3		<b>(210)</b>	(3.5)	
Non-controlling Interests	<b>(6)</b>	(0.1)	<b>(23)</b>	(0.4)		<b>(4)</b>	(0.1)	
Consolidated Income	<b>(216)</b>	(4.6)	<b>112</b>	1.9		<b>(214)</b>	(3.6)	
EPS (NT\$)- Per Weighted-Avg. Capital of NT\$6,420M	<b>(0.34)</b>		<b>0.18</b>			<b>(0.34)</b>		

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

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

# 1Q17 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ million	1Q17	4Q16
Investment Income	62	106
Sub./Aff.	61	52
Capital Gain	1	54
FX Gain/(Loss)	(72)	(37)
Fin. Income/(Exp.) & Other	8	(49)
Total Non-op Income/Loss	(2)	20

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

## 3/31/2017 Balance Sheet & QoQ Comparison

Unit: NT\$ million	<b>3/31/17 AMT</b>	<b>%</b>	<b>12/31/16 AMT</b>	<b>%</b>	<b>QoQ % Change</b>
Cash & S-T Investment	<b>3,354</b>	19.0	<b>4,350</b>	22.4	(22.9)
Account Receivable	<b>4,100</b>	23.2	<b>4,664</b>	24.1	(12.1)
Inventory	<b>2,869</b>	16.3	<b>3,097</b>	16.0	(7.4)
Long-term Investments	<b>3,695</b>	20.9	<b>3,503</b>	18.1	5.5
Total Assets	<b>17,642</b>	100.0	<b>19,391</b>	100.0	(9.0)
Accounts Payable	<b>3,561</b>	20.2	<b>3,867</b>	20.0	(7.9)
Current Liabilities	<b>7,764</b>	44.0	<b>9,123</b>	47.0	(14.9)
Common Stock	<b>6,520</b>	36.9	<b>6,520</b>	33.6	0.0
Stockholders' Equity	<b>9,114</b>	51.7	<b>9,499</b>	49.0	(4.1)

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

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

# Key Financial Ratios

Unit: % , days	1Q17	4Q16	3Q16	2Q16	1Q16
**Days A/R	78	77	76	76	77
**Days Inventory	79	83	89	95	93
**Days A/P	85	91	92	88	80
Cash Cycle	72	69	73	84	90
Current Ratio	1.43	1.43	1.39	1.44	1.78
Debt/Equity Ratio	0.89	1.00	0.99	0.95	0.84
***Net Debt/Equity Ratio	0.52	0.54	0.66	0.66	0.60
ROE	-9.5	4.7	-16.2	-19.3	-8.2

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

\*\* Annualized

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

# Quarterly Revenue by Region

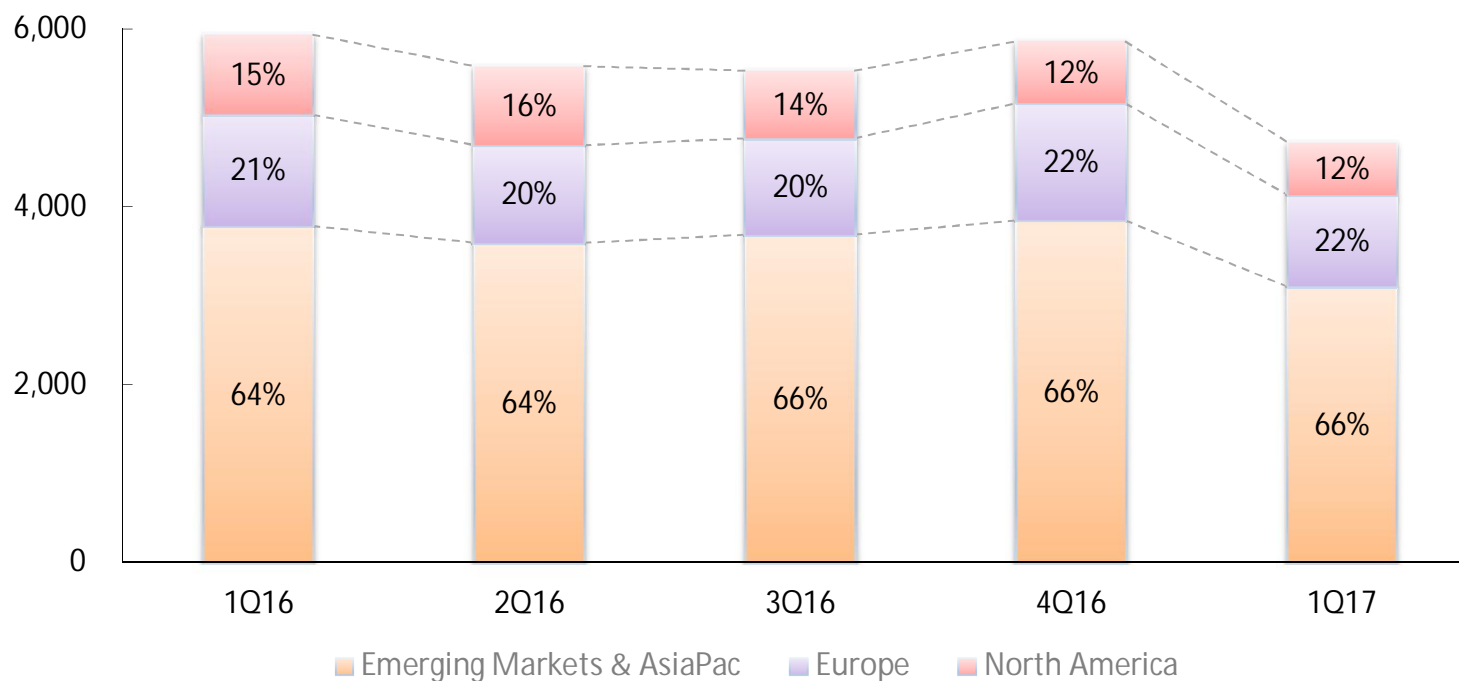
In NT\$, down 19.3% QoQ, down 20.4% YoY

- N.A. down 14.8% QoQ, down 34.2% YoY
- Europe down 21.5% QoQ, down 17.3% YoY
- Emerging Mkts & APac down 19.4% QoQ, down 18.1% YoY

In US\$, down 17.7% QoQ, down 14.7% YoY

- N.A. down 13.6% QoQ, down 29.7% YoY
- Europe down 19.6% QoQ, down 11.4% YoY
- Emerging Mkts & APac down 17.8% QoQ, down 12.3% YoY

NT\$ mln



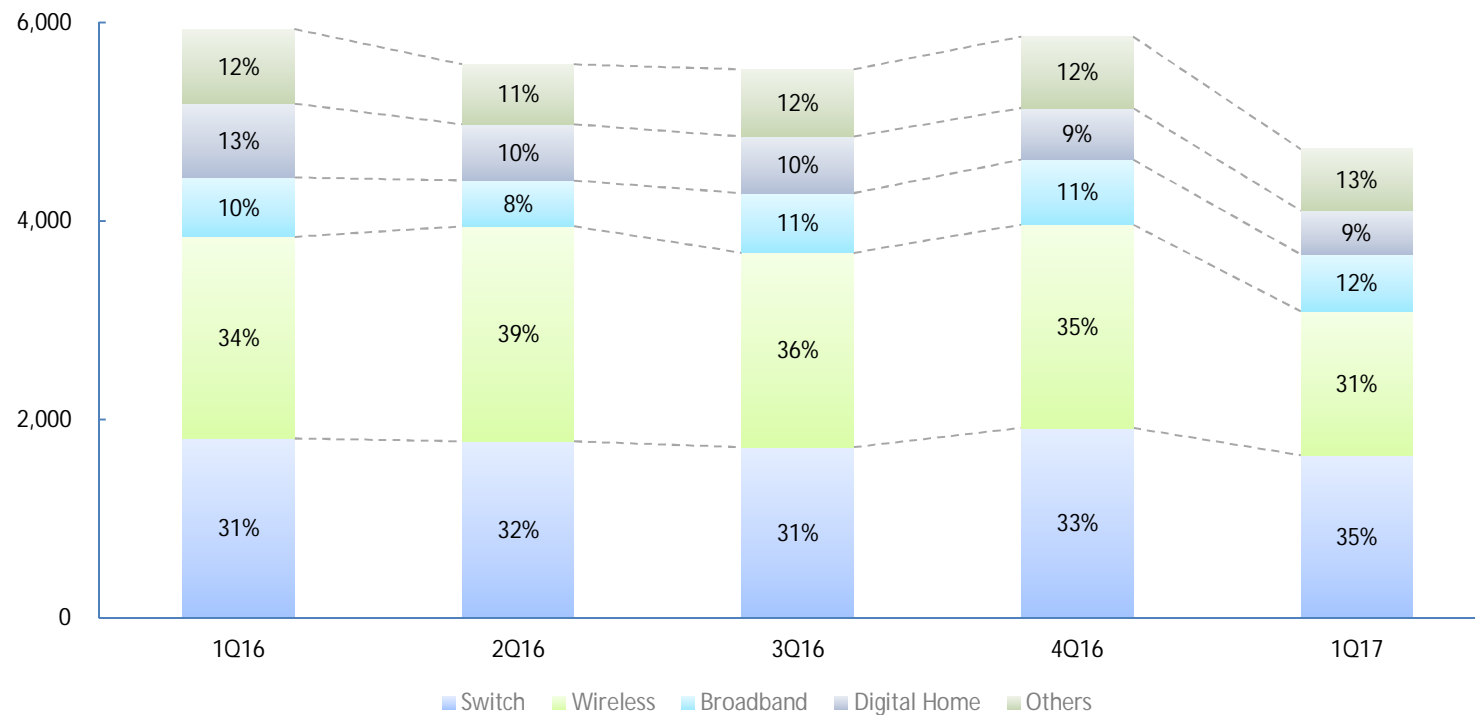
# Quarterly Revenue by Product

In NT\$ terms:

- Switch down 14.3% QoQ, down 9.3% YoY
- Wireless down 29.3% QoQ, down 28.7% YoY
- B.B. down 12.1% QoQ, down 4% YoY
- D.H. down 15.4% QoQ, down 40.8% YoY

In US\$ terms:

- Switch down 12.4% QoQ, down 2.9% YoY
- Wireless down 27.9% QoQ, down 23.6% YoY
- B.B. down 10.7% QoQ, up 2.7% YoY
- D.H. down 14% QoQ, down 36.8% 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.