

### D-Link Reports 3Q18 Consolidated Financials

- Third quarter 2018 net revenue was NT\$4.593 billion, down 11.8% from sequential quarter.
- Gross margin exclusive of inventory related gain was 28.7%, compared to 29.1% in 2Q18.
- Gross margin inclusive of inventory related gain was 29.2%, compared to 28.5% in 2Q18.
- Operating margin was 1.6%, compared to 1.1% in 2Q18.
- Consolidated net income after non-controlling interests was NT\$ 6 mln for 3Q18 as compared to net loss of NT\$54 million reported last quarter.
- EPS on weighted-average capital of NT\$6.42 bln was NT\$0.01, compared to negative NT\$0.08 per share in 2Q18.
- All of the above figures are based on consolidated numbers and 3Q18 net income is audited/reviewed.

Taipei, Taiwan, November 12th, 2018 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the YT3Q and third quarter of 2018.

For the third quarter of 2018, D-Link posted net revenue of NT\$4.593 bln, or down 11.8% from sequential quarter due to the higher projects shipment included in last quarter. Gross margin including inventory provisional write back improved to 29.2% from 28.5% contributing to vigilant inventory management. Operating expenses was NT\$1.26 billion which in absolute dollar amount was down 11.3% from sequential quarter mainly due to a one off accounting adjustment related to selling expense reclassification from OPEX to sales reduction. Without the impact from the accounting adjustment, operating expenses were well control in par with prior quarter level. With focus effort to deliver bottom-line performance, the company managed to report positive operating income in three consecutive quarters this year. Non-operating loss in 3Q18 reported at NT\$1million comprising of NT\$15 million loss recognized from long term investee companies, NT\$4 million foreign exchange gain and NT\$11 million derived from other financial income. The Group reported third quarter consolidated net income after tax and non-controlling interests of NT\$6 million and EPS was NT\$0.01 per share based on weighted average capital of NT\$6.42 billion.

For the YT3Q of 2018, D-Link's net revenue was NT\$14.779 bln, up by 3.3% as compared to NT\$14.309 bln of YT3Q17 benefitting from strong project shipment in the wireless segment. Gross margin including inventory related gain/loss was 28.8%, improved from 26.4% of YT3Q17 as the company continues to pursue better product mix by moving to higher ASP products and enriched online services. On the other hand, operating expenses improved to 27.5% of sales which in absolute dollar term was a reduction of 4.3% YoY. Net operating margin was 1.3% as compared to negative 3.3% same reporting period last year.

D-Link Group's financial condition and liquidity remained sound at the end of 3Q18. Cash and short term investment held was NT\$3.328 billion. Account Receivables were NT\$5.1bln, increased by NT\$ 259 million from previous quarter which is in line with the longer trade term on the projects and AR turnover days was 88 days. The September quarter ending inventory was NT\$3.008 bln and inventory turnover was 84 days. The company's liquidity position is sound with current ratio and net debt/equity ratio of 1.61 and 0.48 respectively. Return on equity turn positive with 0.24 at the end of 3Q18.

Consolidated Sales Breakdown by Region:

NT\$M	3Q18		2Q18		3Q17		QoQ	YoY
Emg. & APac	2,969	64.7%	2,864	55.0%	3,227	65.8%	3.7%	-8.0%
EU	1,085	23.6%	1,805	34.7%	1,019	20.8%	-39.9%	6.5%
NA	539	11.7%	536	10.3%	655	13.4%	0.6%	-17.7%
<b>Total</b>	<b>4,593</b>	<b>100%</b>	<b>5,204</b>	<b>100%</b>	<b>4,901</b>	<b>100%</b>	<b>-11.8%</b>	<b>-6.3%</b>

From a geographic perspective, 3Q18 revenue from Emerging/Asia Pacific, Europe and North America were 64.7%, 23.6% and 11.7% respectively. The emerging markets showed QoQ sales increase of 3.7% mainly due to higher project pull and slight recovery in channel sales as the US\$ stabilize in the current quarter. Sales in Europe dropped by 39.9% due to sales ramp down from project shipment as well as weaker retail sales than expected. North America sales remain in par with sequential quarter.

Consolidated Sales Breakdown by Product Category:

With respect to 3Q18 consolidated revenue by product category, wireless products accounted for 34.8% of sales, followed by Switch at 34.9%, Broadband at 5.9%, Digital Home at 6.5%, and Others at 17.9%. Switch were down 3.4% and wireless were down 18.4% resulting from much lower project shipment as compared to sequential quarter. Broadband sales were also down substantially due to project pull happened mostly in the

first half of the year. Digital Home sales was down by 4.9% and with new products launch plan in the fourth quarter, the company is optimistic to improve sell-out in this growing market segment. Others revenue was up 7.5% QoQ and 34.7% YoY reflecting our efforts to grow the non-brand business through new partnerships and passive components.

#### 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 market 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 headquarter is located 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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