

Spokesperson:

Ralio Sung
Director

D-Link Reports 2Q15 Consolidated Financials

- Second quarter 2015 net revenue was NT\$6.401 billion, down 4.7% from 1Q15
- Gross margin exclusive of inventory related gain and loss was 24.9%, as compared to 26.5% in 1Q15
- Gross margin inclusive of inventory related gain and loss was 26.3%, as compared to 26.5% in 1Q15
- Operating margin was negative 3%, as compared minus 2.2% in 1Q15
- Consolidated net loss after tax and minority interest was NT\$132 million, as compared to net loss of NT\$232 million in 1Q15
- EPS on weighted average capital of NT\$6.209 billion was negative NT\$0.22, as compared to negative NT\$0.37 per share in 1Q15
- All of the above are based on consolidated numbers and 2Q15's net income is audited/reviewed.

Taipei, Taiwan, August 14th, 2015 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the second quarter of 2015.

For the first half of 2015, D-Link's net revenue was NT\$13.12 bln, down 8.7% as compared to NT\$14.367 bln of 1H14. Europe was the hardest hit region with sales down 17.4% YoY facing the headwind from the strong USD as well as slow-down in the economy. Conservative stocking policy and project pull-in were widely practiced and channels were adjusting products portfolio and pricing strategy. North America, riding on the strength of a slowly recovering economy and steady project pull-in, sales were up 19.7%. Emerging market sales were down 12.7% as economic condition were constrained by the weak currency and volatile commodity prices which has been a major revenue source to boost local economic growth in prior years. Gross margin including inventory related gain/loss was 26.4%, down from 28% from a year ago same period. Anticipating challenging macro condition and fierce market competition, we have exercised a very cautious and discipline spending policy in the first half of 2015. However, revenue reported in the lower range of our expectation coupled with margin hit from the strong

dollar, operating loss for first half 2015 was –NT\$338M as compared to NT\$115M income YoY.

For the second quarter 2015, net revenue was NT\$6.401 billion and drop 4.7% from sequential quarter and 10.9% from a year ago quarter. Telco projects pull-in remain steady in the US but Europe's channel sales drop after strong pull-in during the first quarter in the wake of our price adjustment. Revenue from emerging markets was down 2% sequentially and 11.1% as compared to same quarter last year as our channel's partners underwent inventory alignment to reduce business and currency risk caused by the rapidly depreciating currency. Gross margin excluding inventory provisional gain/loss was NT\$1.593 billion or 24.9%; down from 26.5% QoQ as margin was negatively impacted by the unfavorable exchange rate movement. Gross margin including inventory provisional gain/loss was NT\$1.685 billion or 26.3% in 2Q15. Operating expenses were NT\$1.875 billion or 29.3% of net revenue as a result of the lower revenue base. Net non-operating profit in 2Q15 was NT\$84 million comprising of NT\$46 million recognized from capital gain, NT\$26 million in foreign exchange gain, and NT\$12 million income derived from other financial accounts. The Group's second quarter consolidated net loss after tax and minority interest was NT\$132 million and EPS was -NT\$0.22 per share based on weighted average capital of NT\$6.209 billion.

D-Link's financial condition and liquidity remained stable at the end of 2Q15. Cash and S-T investment held was NT\$2.519 billion, increased by NT\$450 million as compared to previous quarter end. Accounts receivable was NT\$5.559 billion, decreased by NT\$152 million and AR turnover days improved to 74 days. Net inventory was NT\$6.093 billion, an increase of NT\$229 million from sequential quarter as we were ramping up for the peak retail season during the second half year. Overall, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 1.86 and 0.88 respectively. Annualized ROE for the second quarter of 2015 was -4.5%.

Consolidated Sales Breakdown by Region:

NT\$mIn	2Q15		1Q15		2Q14		QoQ	YoY
NA	1,302	20.3%	1,378	20.5%	1,286	17.9%	-5.5%	1.2%
EU	1,203	18.8%	1,367	20.3%	1,518	21.1%	-12.0%	-20.8%
Emg. & APac	3,896	60.9%	3,975	59.2%	4,381	61.0%	-2.0%	-11.1%
Total	6,401	100%	6,720	100%	7,185	100.0%	-4.7%	-10.9%

From a geographic perspective, 2Q15 revenue contribution from North America, Europe and Emerging/Asia Pacific were 20.3%, 18.8% and 60.9% respectively. North America

sales were down 5.5% due to lumpy projects pull in but up 1.2% YoY. Europe's 2Q15 sales was down 12% from sequential quarter and down 20.8% from last year same quarter. With the retail products season approaching, we are escalating our marketing efforts for a better retail season in the second half year. The company offers a comprehensive line up of IP cameras from enticing price point in the entry level to the full HD PTZ Cameras and continue to strive to be a market leader in offering next generation products. Emerging and Asia Pacific markets for the 2Q15 revenue was down by 2% QoQ and 11.1% year over year mainly due to our channel's partners opt to reduce inventory risk and freeze up in project pull-in in other geo-political effected regions.

Consolidated Sales Breakdown by Product Category:

With respect to 2Q15 consolidated revenue by products category, Wireless contributed 35.5%, followed by Switch at 26.3%, Broadband at 16.4%, Digital Home at 11.5%, and Others at 10.3%. Switch sales increased 5% over previous quarter benefiting from business projects deployments. Wireless and digital home sales were dragged down after a strong pull-in from Europe during the first quarter ahead of our pricing adjustment as a result of the strong dollar.

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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