

### D-Link Reports 3Q17 Consolidated Financials

- Third quarter 2017 net revenue was NT\$4.901 billion, up 4.8% from sequential quarter.
- Gross margin exclusive of inventory related gain was 27.9%, compared to 24.2% in 2Q17.
- Gross margin inclusive of inventory related gain was 28.3%, compared to 24.7% in 2Q17.
- Operating margin was -1.3%, compared to -4.6% in 2Q17.
- Consolidated net income after non-controlling interests was NT\$ 36 mln for 3Q17 as compared to net loss of NT\$86 million reported last quarter.
- EPS on weighted-average capital of NT\$6.424 bln was NT\$0.06, compared to negative NT\$0.13 per share in 2Q17.
- All of the above figures are based on consolidated numbers and 3Q17 net income is audited/reviewed.

Taipei, Taiwan, November 6th, 2017 - 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 2017.

For the third quarter of 2017, D-Link posted net revenue of NT\$4.901 bln, or 4.8% increase from sequential quarter and down 11.5% from a year ago quarter. Stronger sales in emerging market especially from India recovering from the tax reform impact offset the weaker retail sales in the developed market. With a healthier level of inventory in the channels going into the third quarter, emerging market sales reported 14.3% QoQ increase. Gross margin including inventory provisional gain/loss improved to 28.3% from 24.7% contributing to vigilant inventory management and margin recovery in the emerging markets. Operating expenses was NT\$1.4 billion and up 5.7% from sequential quarter mainly due to account reclassification from top line revenue. As the company continue to exercise strict cost discipline, operating expenses were well control within prior quarter level. Non-operating income in 3Q17 reported at NT\$158 million comprising of NT\$64 million gain recognized from long term investee companies, NT\$15 million foreign exchange gain and NT\$79 million derived from other financial income. The Group reported third quarter consolidated net income after tax and non-controlling interests of NT\$36 million and EPS was NT\$0.06 per share based on weighted average capital of NT\$6.42 billion.

For the YT3Q of 2017, D-Link’s net revenue was NT\$14.3 bln, down by 16.1% as compared to NT\$17 bln of YT3Q16 under the headwind of stagnant economy in the emerging market and weaker retail sales than expected in the developed market. Gross margin including inventory related gain/loss was 26.4%, improved from 25.6% of YT3Q16. On the other hand, operating expenses were 29.7% lower than prior year same period. Net operating margin was negative 3.3% as compared to negative 5.9% on YoY basis.

D-Link Group’s financial condition and liquidity remained sound at the end of 3Q17. Cash and short term investment held was NT\$2.550 billion. Account Receivables were NT\$4.4 bln, increase by NT\$ 180 million from previous quarter which is in line with the trade terms offered and AR turnover days was 81 days. The September quarter ending inventory lowered to NT\$3.452 bln and inventory turnover improved to 88 days. The company’s liquidity position is sound with current ratio and net debt/equity ratio of 1.57 and 0.53 respectively.

Consolidated Sales Breakdown by Region:

NT\$M	3Q17		2Q17		3Q16		QoQ	YoY
Emg. & APac	3,227	65.8%	2,824	60.4%	3,689	66.6%	14.3%	-12.5%
EU	1,019	20.8%	1,218	26.0%	1,084	19.6%	-16.3%	-5.9%
NA	655	13.4%	636	13.6%	762	13.8%	2.8%	-14.1%
<b>Total</b>	<b>4,901</b>	<b>100%</b>	<b>4,678</b>	<b>100%</b>	<b>5,535</b>	<b>100%</b>	<b>4.8%</b>	<b>-11.5%</b>

From a geographic perspective, 3Q17 revenue from Emerging/Asia Pacific, Europe and North America were 65.8%, 20.8% and 13.4% respectively. The emerging markets showed recovery particularly in India after the tax change impact last quarter. Sales in Europe dropped by 16.3% from sequential quarter due to less project shipment as well as weaker retail sales. North America sales increased 2.8% from sequential quarter.

Consolidated Sales Breakdown by Product Category:

With respect to 3Q17 consolidated revenue by product category, wireless products accounted for 32.4% of sales, followed by Switch at 33.9%, Broadband at 13.9%, Digital Home at 7.4%, and Others at 12.4%. Switch and wireless sales were up 2.9% and 10% from sequential quarter riding on the recovery in the emerging markets. Broadband sales was up 9.1% from prior quarter. Digital Home sales was down by 15.9%. Others revenue with QoQ sales increase of 7.4% and YoY increase of 8.2% reflecting our efforts to grow the non-brand business through new partnerships.

## 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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