

4Q18 News Release

D-Link Reports 4Q18 Consolidated Financials

- Fourth quarter 2018 net revenue was NT\$4.604 billion, up 0.2% from sequential quarter.
- Gross margin exclusive of inventory related gain was 29.9%, compared to 28.7% in 3Q18.
- Gross margin inclusive of inventory related gain was 29.2%, in par with that in 3Q18.
- Operating margin was 1.3%, compared to 1.6% in 3Q18.
- Consolidated net income after tax and non-controlling interests was NT\$ 142 mln for 4Q18 as compared to net income of NT\$6 million reported last quarter.
- EPS on weighted-average capital of NT\$6.507 bln was NT\$0.21, compared to NT\$0.01 per share in 3Q18.
- All of the above figures are based on consolidated numbers and 4Q18 net income is audited/reviewed.

Taipei, Taiwan, March 18th, 2019 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the YT4Q and fourth quarter of 2018.

For the fourth quarter of 2018, D-Link posted net revenue of NT\$4.604 bln, at about the same level as in sequential quarter. Sales in Europe sales was 3% lower mainly due to less project shipment in mobile products. The retail sales in North America came in the lower range of our sales expectation resulting in an 2.3% drop from sequential quarter. The drop in sales in the developed markets were made up by more projects sales in Emerging and APAC. Gross margin excluding inventory provisional gain/loss was 29.9% and including inventory provision loss, gross margin dropped to 29.2% same as that in sequential quarter. As the company continues to focus on bottom line achievement and exercise strict cost discipline, operating expenses was 8.5% lower from a year ago quarter. With higher margin and lower operating expenses, the company reported NT\$58 million net operating income for the final quarter 2018. Non-operating income in 4Q18 was NT\$146 million comprising of NT\$118 million gain recognized from long term investee companies under equity method and other capital gain, NT\$13 million foreign exchange gain and NT\$15 million derived from other financial gain. The Group reported fourth quarter consolidated net income after tax and non-controlling interests of NT\$142 million and EPS was NT\$0.21 per share based on weighted average capital of NT\$6.507 billion.

For the year ended 2018, D-Link’s net revenue was NT\$19.4 bln, up by 0.3% as compared to last year. Since the company strives to manage its bottom line achievement while making the necessary investment to regain sales growth momentum, gross margin excluding inventory related gain/loss was 29.2%, up from 26.6%. On the other hand, operating expenses was 5.4% lower than prior year. Net operating margin for the year was 1.3% and net income for the year reported at NT\$106 million.

D-Link Group’s financial condition and liquidity remained sound at the end of 4Q18. Cash and short term investment held was NT\$4.43 billion. Account Receivables were NT\$4.3 bln, decreased by NT\$ 0.8 billion and AR DOH improve to 80 days due to collection from carrier projects. Inventory level reported at NT\$3.11 bln and inventory turnover improved to 83 days. Overall cash conversion cycle shorten by 4 days showing some of the result of the company’s effort to shorten logistic cycle and better managed its inventory. The company’s liquidity position is sound with current ratio and net debt/equity ratio of 1.61 and 0.39 respectively.

Consolidated Sales Breakdown by Region:

NT\$M	4Q18		3Q18		4Q17		QoQ	YoY
Emg. & APac	3,023	65.7%	2,969	64.7%	3,097	61.8%	1.8%	-2.4%
EU	1,052	22.9%	1,058	23.6%	1,314	26.2%	-3.0%	-19.9%
NA	526	11.4%	539	11.7%	596	11.9%	-2.3%	-11.8%
Total	4,601	100%	4,593	100%	5,007	100%	0.2%	-8.1%

From a geographic perspective, 4Q18 revenue from Emerging/Asia Pacific, Europe and North America were 65.7%, 22.9% and 11.4% respectively. The emerging market increase 1.8% on QoQ attributed to stable currency and economic condition. Sales in Europe drop 3% from sequential quarter and 19.9% YoY quarter largely due to higher project pull included in prior reporting period. North America dropped by 2.3% from sequential quarter as retail sales continued to be weaker than expected.

Consolidated Sales Breakdown by Product Category:

With respect to 4Q18 consolidated revenue by product category, wireless products accounted for 27.7% of sales, followed by Switch at 36.2%, Broadband at 6.5%, Digital Home at 8.7%, and Others at 20.9%. Switch sales were higher by 4% from sequential quarter mainly due to higher seasonal sales in Europe and in emerging market. Broadband sales benefited from project pull in Emerging markets which increase 10% from prior

quarter. On the other hand, digital home sales and other category were up 33.5% and 9.3% respectively on sequential basis attributing to new products launch.

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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