

Spokesperson:

Ralio Sung
Director

D-Link Reports 1Q15 Consolidated Financials

- First quarter 2015 net revenue was NT\$6.72 billion, down 19.8% from 4Q14
- Gross margin exclusive of inventory related gain and loss was 26.5% as compared to 27.3% in 4Q14
- Gross margin inclusive of inventory related gain and loss was 26.5%, as compared to 26.9% in 4Q14
- Operating margin was negative 2.2%, as compared to 1.7% in 4Q14
- Consolidated net income after tax and minority interest was negative NT\$232 million, as compared to NT\$47 million in 4Q14
- EPS on weighted average capital of NT\$6.209 billion was negative NT\$0.37, as compared to NT\$0.08 per share in 4Q14
- All of the above are based on consolidated numbers and 1Q15's net income is audited/reviewed.

Taipei, Taiwan, May 15th, 2015 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the first quarter of 2015.

For the first quarter 2015, net revenue was NT\$6.72 billion, down by 19.8% sequentially due mostly to slower pull-in both from channel's partners and telco projects in light of the volatile FX movement in the Euro and other emerging market currencies on top of the seasonality factor. Furthermore, the revenue loss from the dollar translation was also a key factor to lower revenue reported. Gross margin excluding inventory provisional gain/loss was NT\$1.78 billion or 26.5% as compared to 27.3% last quarter due to margin loss as a result of the strong dollar despite better product mix and less seasonal promotion. Gross margin including inventory provisional gain/loss was NT\$1.779 billion or 26.5% in 1Q15, as compared to 26.9% in 4Q14. Operating expenses were NT\$1.926 billion or 8.6% lower in absolute dollar term from sequential quarter benefiting from the favorable FX translation partly offsetting the negative impact on top line. Operating margin was negative 2.2% as compared to last quarter 1.7%. Net non-operating loss in 1Q15 was NT\$44 million comprising of NT\$64 million income recognized from long term investee

companies under equity method, NT\$114 million in foreign exchange loss, and NT\$6 million derived from financial and other income. The Group's first quarter consolidated net loss after tax and minority interest was NT232 million and EPS was negative NT\$0.37 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 1Q15. Cash and S-T investment held were NT\$2.059 billion, decreased by NT\$1.62 billion attributing to normal business cash conversion cycle and reduction of short term borrowings. Accounts receivable were NT\$5.71 billion, decreased by NT\$935 million and AR turnover days lowered to 75 days. Net inventory was NT\$5.864 billion and inventory turnover days improved to 101 days after the year-end sell out. Overall, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 1.63 and 0.65 respectively. Annualized ROE for the first quarter of 2015 was negative 7.7%.

Consolidated Sales Breakdown by Region:

NT\$mIn	1Q15		4Q14		1Q14		QoQ	YoY
NA	1,378	20.5%	1,526	18.2%	953	13.3%	-9.7%	44.7%
EU	1,367	20.3%	2,001	23.9%	1,591	22.2%	-31.7%	-14.1%
Emg. & APac	3,975	59.2%	4,848	57.9%	4,638	64.6%	-18.0%	-14.3%
Total	6,720	100.0%	8,375	100.0%	7,182	100.0%	-19.8%	-6.4%

From a geographic perspective, 1Q15 revenue contribution from North America, Europe and Emerging/Asia Pacific were 20.5%, 20.3% and 59.2% respectively. North America sales were down 9.7% QoQ due to retail seasonality and less project pull-in but increased 44.7% compared to same quarter a year ago because of shipment to new telco project. We continue to drive sales growth riding on our rich offering of smart connected products such as digital camera, smart plug, motion sensor, and high-end 11ac routers which are welcome by both consumers as well as project partners. Europe's 1Q15 sales were down 31.7% on QoQ reflecting the challenging market condition undermined by the weak Euro. We expect revenue to ramp up once the currency situation stabilized. During 1Q15 revenue were down by 18% as several telco projects were push out in the emerging and Asia Pacific markets due to CAPEX constrain as well as strong USD.

Consolidated Sales Breakdown by Product Category:

With respect to 1Q15 consolidated revenue by product category, Wireless contributed 37.7%, followed by Switch at 23.9%, Broadband at 16.8%, Digital Home at 12.6%, and Others at 9%.

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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