

D-Link Reports 3Q19 Consolidated Financials

- Third quarter 2019 net revenue was NT\$4.29 billion, up 6% from sequential quarter.
- Gross margin exclusive of inventory related gain was 28.8%, compared to 27.6% in 2Q19.
- Gross margin inclusive of inventory related gain was 28.8%, compared to 26.3% in 2Q19.
- Operating margin was -0.8%, compared to -5.4% in 2Q19.
- Consolidated net income after non-controlling interests was -NT\$ 75 mln for 3Q19 as compared to -NT\$232 million reported last quarter.
- EPS on weighted-average capital of NT\$6.52 bln was -NT\$0.12, compared to negative NT\$0.08 per share in 2Q19.
- All of the above figures are based on consolidated numbers and 3Q19 net income is audited/reviewed.

Taipei, Taiwan, November 13th, 2019 - 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 2019.

For the third quarter of 2019, D-Link posted net revenue of NT\$4.29 bln, or up 6% from sequential quarter mainly due to higher seasonal retail sales and project shipments in the emerging markets. Gross margin after inventory provision improved to 28.8% from 26.2% contributing to favorable product mix. As the company focused on expense management, operating expenses was NT\$1.27 or 1% lower from prior quarter and 5.3% lower on year to date basis as compared to last reporting year. Net operating loss was NT\$36 million showing substantial improvement from NT\$218 million in sequential quarter. Non-operating gain in 3Q19 reported at NT\$13 million comprising of NT\$51 million income recognized from long term investee companies, NT\$49 million foreign exchange gain/financial instrument valuation and NT\$11 million derived from other financial income. The Group reported third quarter consolidated net loss after tax and non-controlling interests of NT\$75 million and EPS was -NT\$0.12 per share based on weighted average capital of NT\$6.52 billion.

For the YT3Q of 2019, D-Link's net revenue was NT\$12.541 bln, down 15.1% as compared to NT\$14.779 bln of YT3Q18 mainly due to high project shipment included in last year base.

Gross margin including inventory related gain/loss was 27.9%, down from 28.8% of YT3Q18. Despite operating expenses in absolute dollar term was 5.3% lower year over year, the lower sales scale resulted in net operating loss of NT\$353 million. Consolidated net loss YT3Q reported at NT\$476 million and EPS was -0.73.

D-Link Group's financial condition and liquidity remained sound at the end of 3Q19. Cash and short term investment held was NT\$3.429 billion. Account Receivables were NT\$3.62 bln and AR turnover days was 93 days which is in line with the trade offered. The September quarter ending inventory was NT\$3.28 bln and inventory turnover was 93 days. The company's liquidity position is sound with current ratio and net debt/equity ratio of 1.67 and 0.85 respectively. Return on equity was negative -3.5 at the end of 3Q19.

Consolidated Sales Breakdown by Region:

NT\$M	3Q19		2Q19		3Q18		QoQ	YoY
Emg. & APac	2,989	69.7%	2,772	68.4%	2,969	64.7%	7.8%	-0.7%
EU	847	19.7%	800	19.8%	1,085	23.6%	5.9%	-21.9%
NA	454	10.6%	477	11.8%	539	11.7%	-4.8%	-15.7%
Total	4,290	100%	4,049	100%	4,593	100%	6%	-6.6%

From a geographic perspective, 3Q19 revenue from Emerging/Asia Pacific, Europe and North America were 69.7%, 19.7% and 10.6% respectively. The emerging markets showed QoQ sales increase of 7.8% mainly due to higher project pull and Europe also showed QoQ increase resulting from higher channel pull to meet year end seasonal demand. North America sales was down 4.8% from sequential quarter due to less sell out in business projects.

Consolidated Sales Breakdown by Product Category:

With respect to 3Q19 consolidated revenue by product category, Switch products accounted for 40.4% of sales, followed by Wireless at 29.5%, Broadband at 6%, Digital Home at 6.3%, and Others at 17.8%. Switch were up 8.7% and wireless were up 6.5% resulting from higher retail sales as well as project shipment as compared to sequential quarter. Broadband sales were also up 16.1% due to higher project pull. Digital Home sales was flat and Others revenue was down 1.4 QoQ.

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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