



# 2Q15 Operating Results

August 14, 2015

# Financial Review

## 2Q15 Income Statement & QoQ/YoY Comparison

| Unit: NT\$ million                                     | 2Q15          |       | 1Q15          |       | QoQ %<br>Change | 2Q14         |       | YoY %<br>Change |
|--|---------------|-------|---------------|-------|-----------------|--------------|-------|-----------------|
|  | AMT           | %     | AMT           | %     |                 | AMT          | %     |                 |
| Net Sales  | <b>6,401</b>  | 100.0 | <b>6,720</b>  | 100.0 | (4.7)           | <b>7,185</b> | 100.0 | (10.9)          |
| Cost of Goods Sold - Product                           | <b>4,808</b>  | 75.1  | <b>4,940</b>  | 73.5  | (2.7)           | <b>5,152</b> | 71.7  | (6.7)           |
| Gross Profit 1   | <b>1,593</b>  | 24.9  | <b>1,780</b>  | 26.5  | (10.5)          | <b>2,033</b> | 28.3  | (21.6)          |
| Inventory Related Gain/(Loss)                          | <b>92</b>     | 1.4   | <b>(1)</b>    | (0.0) | N.A.            | <b>(34)</b>  | (0.5) | N.A.            |
| Gross Profit 2   | <b>1,685</b>  | 26.3  | <b>1,779</b>  | 26.5  | (5.3)           | <b>1,998</b> | 27.8  | (15.7)          |
| Operating Expenses                                     | <b>1,875</b>  | 29.3  | <b>1,926</b>  | 28.7  | (2.6)           | <b>1,969</b> | 27.4  | (4.8)           |
| Operating Income                                       | <b>(190)</b>  | (3.0) | <b>(148)</b>  | (2.2) | 28.4            | <b>29</b>    | 0.4   | N.A.            |
| Total Non-Op. Inc. (Loss)                              | <b>84</b>     | 1.3   | <b>(44)</b>   | (0.7) | N.A.            | <b>87</b>    | 1.2   | (3.4)           |
| Income Before Tax                                      | <b>(106)</b>  | (1.7) | <b>(192)</b>  | (2.9) | (44.8)          | <b>116</b>   | 1.6   | N.A.            |
| Tax (Exp.) / Income                                    | <b>(13)</b>   | (0.2) | <b>(32)</b>   | (0.5) | (59.4)          | <b>(42)</b>  | (0.6) | (69.0)          |
| Net Income   | <b>(119)</b>  | (1.9) | <b>(224)</b>  | (3.4) | (46.9)          | <b>74</b>    | 1.0   | N.A.            |
| Minority Interest                                      | <b>(12)</b>   | (0.2) | <b>(8)</b>    | (0.1) | 50.0            | <b>(11)</b>  | (0.2) | 9.1             |
| Consolidated Income                                    | <b>(132)</b>  | (2.1) | <b>(232)</b>  | (3.5) | (43.1)          | <b>63</b>    | 0.9   | N.A.            |
| EPS (NT\$)- Per Weighted-Avg.<br>Capital of NT\$6,209M | <b>(0.22)</b> |       | <b>(0.37)</b> |       |                 | <b>0.11</b>  |       |                 |

\*The numbers are consolidated and the net income is audited/reviewed.

\*\*Weighted-Avg. Capital adjusted for treasury shares.

## 2Q15 Non-op Income/Loss & QoQ Comparison

| Unit : NT\$ million        | 2Q15 | 1Q15  | QoQ %<br>Change |
|----------------------------|------|-------|-----------------|
| Investment Income          | 46   | 64    | (28.1)          |
| Sub./Aff.                  | 0    | 64    | N.A.            |
| Capital Gain               | 46   | 0     | N.A.            |
| FX Gain/(Loss)             | 26   | (114) | N.A.            |
| Fin. Income/(Exp.) & Other | 12   | 6     | 100.0           |
| Total Non-op Income/Loss   | 84   | (44)  | N.A.            |

\* The numbers are consolidated and the net income is audited/reviewed.

# 1H15 Income Statement & YoY Comparison

| Unit: NT\$ million                                   | 1H15          |       | 1H14          |       | YoY %<br>Change |
|--|---------------|-------|---------------|-------|-----------------|
|  | AMT           | %     | AMT           | %     |                 |
| Net Sales  | <b>13,120</b> | 100.0 | <b>14,367</b> | 100.0 | (8.7)           |
| Cost of Goods Sold - Product                         | <b>9,748</b>  | 74.3  | <b>10,382</b> | 72.3  | (6.1)           |
| Gross Profit 1                                       | <b>3,372</b>  | 25.7  | <b>3,985</b>  | 27.7  | (15.4)          |
| Inventory Related Gain/(Loss)                        | <b>90</b>     | 0.7   | <b>35</b>     | 0.3   | 157             |
| Gross Profit 2                                       | <b>3,463</b>  | 26.4  | <b>4,021</b>  | 28.0  | (13.9)          |
| Operating Expenses                                   | <b>3,801</b>  | 29.0  | <b>3,905</b>  | 27.2  | (2.7)           |
| Operating Income                                     | <b>(338)</b>  | (2.6) | <b>115</b>    | 0.8   | N.A.            |
| Total Non-Op. Inc. (Loss)                            | <b>40</b>     | 0.3   | <b>131</b>    | 0.9   | (69.5)          |
| Income Before Tax                                    | <b>(298)</b>  | (2.3) | <b>246</b>    | 1.7   | N.A.            |
| Tax (Exp.) / Income                                  | <b>(46)</b>   | (0.3) | <b>(87)</b>   | (0.6) | (47.1)          |
| Net Income   | <b>(344)</b>  | (2.6) | <b>159</b>    | 1.1   | N.A.            |
| Minority Interest                                    | <b>(20)</b>   | (0.2) | <b>(16)</b>   | (0.1) | 25.0            |
| Consolidated Income                                  | <b>(365)</b>  | (2.8) | <b>143</b>    | 1.0   | N.A.            |
| EPS (NT\$) - Per Weighted-Avg. Capital of NT\$6,209M | <b>(0.59)</b> |       | <b>0.24</b>   |       |                 |

The numbers are based on consolidated numbers and the net income is audited/reviewed.

## 6/30/2015 Balance Sheet & QoQ Comparison

| Unit: NT\$ million    | <b>6/30/15<br/>AMT</b> | <b>%</b> | <b>3/31/15<br/>AMT</b> | <b>%</b> | <b>QoQ %<br/>Change</b> |
|-----------------------|------------------------|----------|------------------------|----------|-------------------------|
| Cash & S-T Investment | <b>2,519</b>           | 11.2     | <b>2,059</b>           | 9.2      | 22.3                    |
| Account Receivable    | <b>5,559</b>           | 24.7     | <b>5,711</b>           | 25.6     | (2.7)                   |
| Inventory             | <b>6,093</b>           | 27.1     | <b>5,864</b>           | 26.3     | 3.9                     |
| Long-term Investments | <b>3,787</b>           | 16.8     | <b>4,290</b>           | 19.2     | (11.7)                  |
| Total Assets          | <b>22,483</b>          | 100.0    | <b>22,320</b>          | 100      | 0.7                     |
| Accounts Payable      | <b>4,447</b>           | 19.8     | <b>4,602</b>           | 20.6     | (3.4)                   |
| Current Liabilities   | <b>8,449</b>           | 37.6     | <b>9,191</b>           | 41.2     | (8.1)                   |
| Common Stock          | <b>6,788</b>           | 30.2     | <b>6,478</b>           | 29.0     | 4.8                     |
| Stockholders' Equity  | <b>11,787</b>          | 52.4     | <b>12,051</b>          | 54.0     | (2.2)                   |

\*The numbers are consolidated and the net income is audited/reviewed.

\*\*Weighted-Avg. Capital adjusted for treasury shares.

# Key Financial Ratios

| Unit: % , days           | 2Q15 | 1Q15 | 4Q14 | 3Q14 | 2Q14 |
|--------------------------|------|------|------|------|------|
| **Days A/R               | 74   | 75   | 81   | 82   | 76   |
| **Days Inventory         | 108  | 101  | 105  | 109  | 109  |
| **Days A/P               | 93   | 84   | 99   | 102  | 103  |
| Cash Cycle               | 90   | 91   | 87   | 88   | 82   |
| Current Ratio            | 1.86 | 1.63 | 1.57 | 1.65 | 1.67 |
| Debt/Equity Ratio        | 0.88 | 0.82 | 0.96 | 0.90 | 0.89 |
| ***Net Debt/Equity Ratio | 0.66 | 0.65 | 0.68 | 0.68 | 0.64 |
| ROE                      | -4.5 | -7.7 | 1.5  | -4   | 2    |

The numbers are based on consolidated numbers and the net income is audited.

\*\* Annualized

\*\*\* Net of Cash & S-T investment

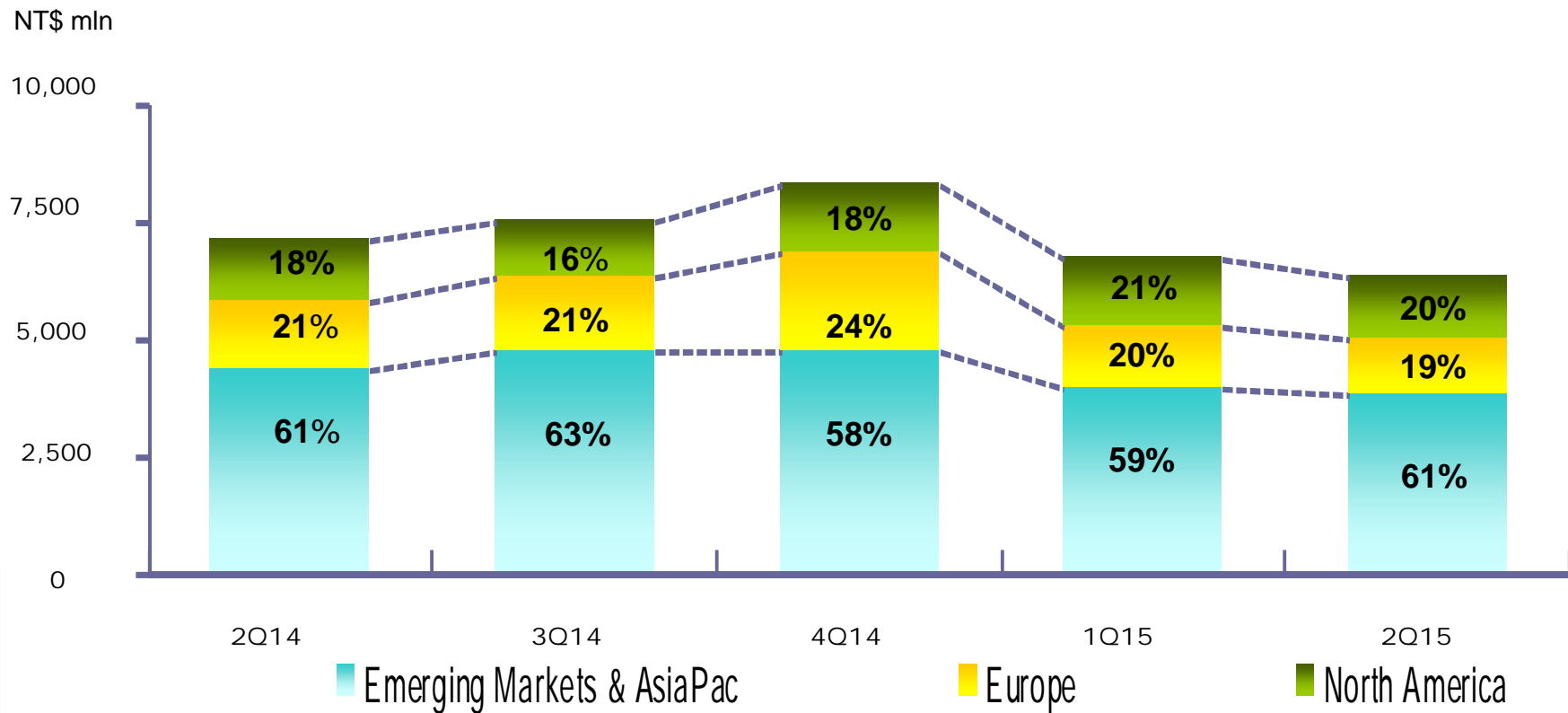
# Quarterly Revenue by Region

In NT\$, down 4.8% QoQ, down 10.9% YoY

- N.A. down 5.5% QoQ, up 1.2% YoY
- Europe down 12% QoQ, down 20.8% YoY
- Emerging Mkts & APac down 2% QoQ, down 11.1% YoY

In US\$, down 2.8% QoQ, down 13.2% YoY

- N.A. down 3.7% QoQ, down 1.4% YoY
- Europe down 10.0% QoQ, down 22.7% YoY
- Emerging Mkts & APac down 0.1% QoQ, down 13.4% YoY





# Quarterly Revenue by Product

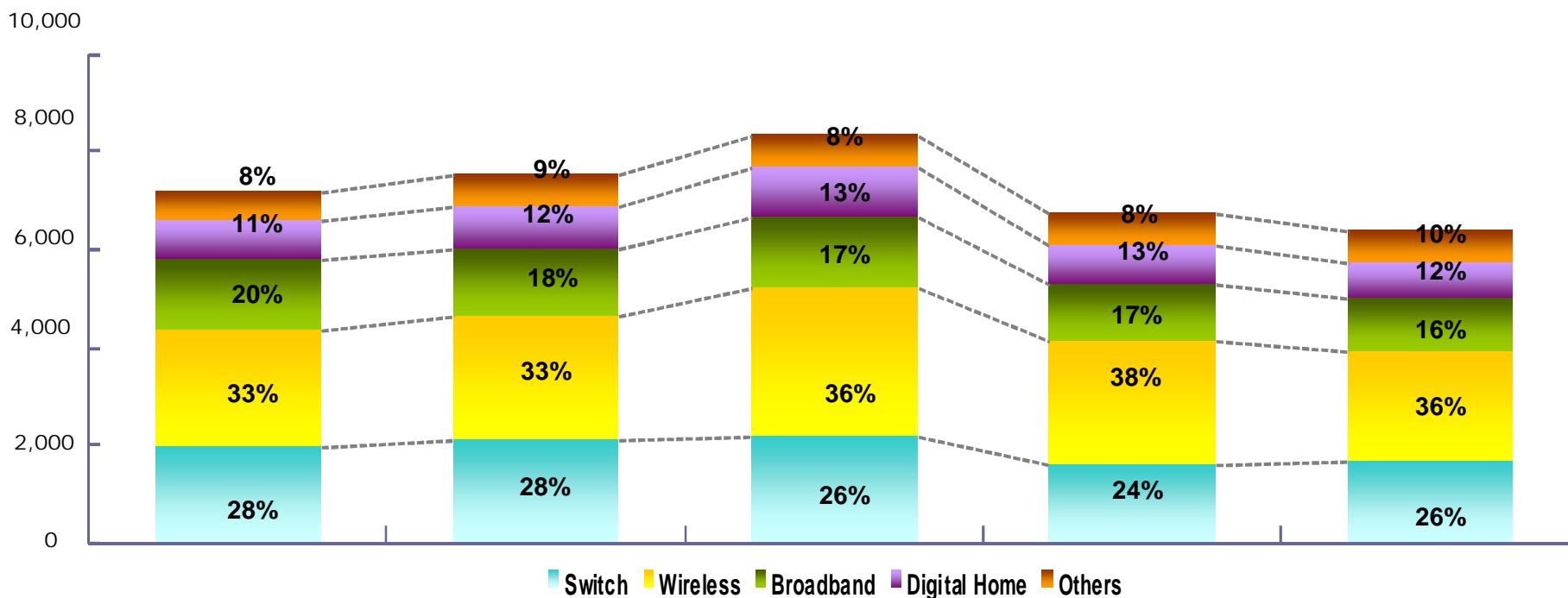
In NT\$ terms:

- Switch up 5% QoQ, down 16.2% YoY
- Wireless down 10.5% QoQ, down 4.6% YoY
- B.B. down 6.7% QoQ, down 24.7% YoY
- D.H. down 13.6% QoQ, down 10.5% YoY

In US\$ terms:

- Switch up 7.6% QoQ, down 18.3% YoY
- Wireless down 8.6% QoQ, down 6.9% YoY
- B.B. down 4.8% QoQ, down 26.8% YoY
- D.H. down 11.6% QoQ, down 12.5% YoY

NT\$ mln



# Safe Harbor Statement

All numbers are consolidated. Except for statements in respect of historical matters, the statements contained in this release are "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of D-Link Corporation to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.