



ASETEK – Q2 2016: Good Progress

August 17, 2016

- **Desktop segment revenue as expected, data center segment growing**
- **Positive EBITDA and cash flow last 4 quarters**
- **Largest OEM order to date received from Fujitsu for data center installation in Japan**
- **Positive full year 2016 outlook, expecting revenue growth from record 2015 level**

Asetek reported total revenue of \$8.4 million in the second quarter of 2016, representing growth of 4% from the same period last year. First half 2016 revenue amounted to \$18.8 million, equal to growth of 38% compared with the first half of 2015.

Gross margins were 38% and 39% for the second quarter and first half of 2016, respectively, increasing from both comparable periods in 2015 (27.4% and 31.2%).

Cost savings and revenue growth resulted in positive adjusted EBITDA of \$0.3 million and total cash flow of \$0.8 million in the second quarter of 2016, the fourth consecutive quarter of positive cash flow. In the first half of 2016, adjusted EBITDA was \$1.6 million and total cash flow was \$2.5 million.

Desktop revenue was \$7.6 million in the second quarter, a decline of 1% from the same period last year. First half revenue was \$17.0 million, an increase of 30% from the first half of 2015. Operating profit from the desktop segment was \$2.2 million for the second quarter and \$5.0 million for the first half, both reflecting improvement over the respective periods of 2015 due to an increase in gross margins and reduced operating expenses.

Data center revenue grew to \$0.8 million in the second quarter, from \$0.3 million in Q2 2015. Revenue in the first half of 2016 rose to \$1.8 million compared with \$0.5 million in the same period of 2015. While Asetek continued to invest in this segment, operating losses from the segment amounted to \$1.3 million for the second quarter and \$2.2 million for the first half. Expenditures relate to technology development, product marketing and sales activities with data center partners and OEM customers.

In April, Asetek received an order from Fujitsu for a total of 70 Rack CDU™ for installation at the Joint Center for Advanced High Performance Computing (JCAHPC) in conjunction with University of Tokyo and Tsukuba University. This is Asetek's largest single installation purchase order to date from an OEM partner. The order is expected to generate revenue of \$1.0 to \$1.5 million in 2016. In June, the Company received a repeat order from an OEM for a customer installation in Europe.

"Asetek's expectation for full year 2016 revenue within the desktop segment has solidified through the first half and into the second half of 2016. The company now expects desktop segment revenue above \$37m, equal to more than 10% revenue growth, and significant revenue growth within the data center segment in 2016 from \$1.9m in 2015. We see our growth as a reflection of the broadening acceptance of liquid cooling" says Andre S. Eriksen, Chief Executive Officer.

Material

The interim report and presentation material will be made available on www.asetek.com and www.newsweb.no, as well as through news agencies.

Webcast at 8:30 AM CEST

The company will give a presentation today Wednesday, 17 August at at 8:30 AM CEST which can be followed through a webcast or a conference call. CEO André Eriksen and CFO Peter Dam Madsen will give the presentation.

In order to follow the presentation of the results use one of the following channels:

- a. Webcast – audio and slide presentation

A link to the webcast will be released on the company's investor website in due time before the presentation. Please refer to asetek.com/investor-relations/reports-presentations.

- b. Conference call – audio only

Dial in 5-10 minutes prior to the start time using the phone numbers and confirmation code below:

Oslo, Norway	+47 2316 2771
Copenhagen, Denmark	+45 3832 2869
London, United Kingdom	+44(0)20 3427 1903
New York, United States of America	+1 646 254 3366

Confirmation Code 8767254

Q&A: The conference call lines will be opened for participants to ask question at the end of the presentation.

A recorded version of the presentation will be available on www.asetek.com after the broadcast has concluded.

About Asetek

Asetek is the world leading provider of energy efficient liquid cooling systems for data centers, servers, workstations, gaming and high performance PCs. Its products are used for reducing power and greenhouse emissions, lowering acoustic noise, and achieving maximum performance by leading OEMs and channel partners around the globe. Asetek's products are based upon its patented all-in-one liquid cooling technology with more than 3 million liquid cooling units deployed in the field. Founded in 2000, Asetek is headquartered in Denmark with offices in California, China and Taiwan. For more information, visit <http://www.asetek.com>.

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