



ASETEK – Q3 2016: Growing Adoption of Liquid Cooling for Desktop PCs and Data Centers

October 27, 2016

- **Record quarterly and first nine months revenues**
- **Demand for cooling high-end gaming systems drives desktop revenue growth, OEM installations starting to lift data center revenue**
- **Profitable in the quarter and first nine months**
- **Growth expected to continue**

Asetek reported total revenue of \$14.2 million in the third quarter of 2016, representing growth of 43% from the same period last year. Revenue in the first nine months amounted to \$33.0 million, reflecting growth of 40% compared with the first nine months of 2015.

“Adoption of Asetek’s liquid cooling systems – for gaming and high performance PCs, servers and data centers – is growing. As of today, close to 3.5 million of our liquid cooling units have been deployed in the field around the world. Asetek’s solutions improve performance and energy efficiency, while lowering costs for end-users” says Andre S. Eriksen, Chief Executive Officer.

Gross margins were 41% for the third quarter and 40% for the first nine months of 2016, increasing from both comparable periods in 2015 (37.3% and 33.8%, respectively). Revenue growth and cost savings resulted in net income of \$2.1 million and total cash flow of \$2.7 million in the third quarter of 2016. In the first nine months of 2016, net income was \$2.1 million and total cash flow was \$5.2 million.

Desktop revenue was \$12.4 million in the third quarter, an increase of 32% from the same period last year. Revenue in the first nine months was \$29.4 million, an increase of 31% from the first nine months of 2015. Operating profit from the desktop segment was \$4.5 million for the third quarter and \$9.5 million for the first nine months, both reflecting improvement over the respective periods of 2015. Revenue growth in the DIY and Gaming/Performance Desktop PC markets, partly related to cooling solutions for high-end graphic processor units, combined with reduced operating expenses, generated the improved results.

Data center revenue grew to \$1.8 million in the third quarter, from \$0.5 million in the third quarter 2015. Revenue in the first nine months of 2016 rose to \$3.6 million compared with \$1.0 million in the same period of 2015. As Asetek continued to invest in this segment, operating losses from the segment amounted to \$1.0 million for the third quarter and \$3.2 million for the first nine months. Expenditures relate to technology development, product marketing and sales activities with data center partners and OEM customers.

The data center business shipped 64 RackCDU™ and over 10,000 cooling loop sets in the third quarter, representing significant growth from the third quarter of 2015. Shipments included \$1.3 million of RackCDU Direct to Chip™ products to Fujitsu Technology Solutions GmbH (Fujitsu) for two separate installations.

Asetek reaffirms its annual outlook for the full year 2016. The company expects desktop segment revenue of more than 20% over 2015, equal to above \$43 million. The increase in demand is due to higher activity within the desktop segment’s do-it-yourself (DIY) and gaming/performance PC customers. Within its data center segment, Asetek maintains its expectation of significant revenue growth in 2016 from \$1.9m in 2015.

Material

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

Webcast at 4:00 PM CEST today 27 October 2016

In connection with the release of Asetek’s financial results for the third quarter 2016

today Thursday, 27 October at 7:00 AM CEST, the company will give a presentation at 4:00 PM

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.

London, United Kingdom	+44(0)20 3427 1911
New York, United States of America	+1 212 444 0895
Oslo, Norway	+47 2316 2771
Copenhagen, Denmark	+45 3271 1658
Confirmation Code	9329126

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 (<http://www.asetek.com/investor-relations/reports-presentations/>) after the broadcast has concluded.

About Asetek

Asetek® (ASETEK.OL) is the global leader in liquid cooling solutions for data centers, servers and PCs. Asetek's server products enable OEMs to offer cost effective, high performance liquid cooling data center solutions. Its PC products are targeted at the gaming and high performance desktop PC segments. With over 3.5 million liquid cooling units deployed, Asetek's patented technology is being adopted by a growing portfolio of OEMs and channel partners. Founded in 2000, Asetek is headquartered in Denmark and has operations in California, Texas, China and Taiwan. For more information visit <http://www.asetek.com>.

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