



ASETEK – Q4 2016: Record Revenue and Profitability on Rising Demand for Liquid Cooling

February 28, 2017

- **Record full-year 2016 revenue of \$51 million, growth exceeding 40%**
- **High-end gaming cooling demand drives desktop revenue**
- **The high-performance computing industry's increasing demand for cooling behind emerging data center revenue**
- **First full year of profitability**
- **Expecting moderate desktop segment revenue growth in the single digit range for 2017, and significant data center growth**
- **Dividend of NOK1.00 to be proposed at general meeting**

Asetek reported total revenue of \$17.9 million in the fourth quarter of 2016, representing growth of 44% from the same period the year before. Revenue in the full year amounted to \$50.9 million, reflecting growth of 42% compared with 2015.

"2016 was a good year, with continued strong revenue growth for Asetek driven by our desktop business. Our profitability improved as well, enabling our first dividend payment. Looking ahead, we are excited about the recently announced data center development-agreement with our undisclosed partner. I expect this is the major breakthrough we have been waiting for. I look forward to see what the rest of 2017 will bring" says Andre S. Eriksen, Chief Executive Officer.

Gross margins were 37% for the fourth quarter and 39% for the full year 2016, increasing from both comparable periods in 2015 (36% and 35%, respectively). An increase in government contract revenue in the fourth quarter resulted in lower margins.

Desktop revenue was \$16.3 million in the fourth quarter, an increase of 41% from the same period of 2015. Revenue in the full year 2016 was \$45.8 million, an increase of 34% from 2015. Operating profit from the desktop segment was \$5.6 million for the fourth quarter and \$15.1 million for the full year, 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, generated the improved results.

Data center revenue grew to \$1.6 million in the fourth quarter, from \$0.9 million in the fourth quarter 2015, principally due to Federal and State government contract installations. Revenue in the full year 2016 rose to \$5.2 million compared with \$1.9 million in 2015. As Asetek continued to invest in this segment, operating losses from the segment amounted to \$1.9 million for the fourth quarter and \$5.1 million for the full year. Expenditures relate to technology development, product marketing and sales activities with data center partners and OEM customers.

In February 2017, the Company announced the signing of a development agreement with an undisclosed major player in the data center market. The Company expects this agreement to result in new products in 2017 which will drive long-term data center revenue.

Asetek provided its outlook for the full year 2017. Within the desktop segment, Asetek expects moderate revenue growth in the single digit range for the full year 2017, compared with a record 2016. Within the emerging data center segment, Asetek expects significant revenue growth in 2017. The rate of growth will depend upon execution of the development agreement with the as yet to be disclosed major player in the data center market.

A dividend of NOK1.00 per share, for a total pay-out of approximately \$2.9 million, will be proposed at the annual general meeting on April 25, 2017.

Asetek will provide a more in-depth description of its strategy and business outlook at its capital markets update to be held on February 28, 2017. See more information below.

Material

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

Capital Markets Update Tuesday 28 February 2017 from 09:45 - 12:30.

Asetek will present the results, its strategy and business outlook to the capital market. Investors, analysts and others are invited to the event, hosted by Asetek's CEO André Eriksen, CFO Peter Dam Madsen and VP Worldwide sales John Hamill.

Program

09:45 Registration
10:00 Presentations by management and Q&A sessions
11:50 Wrap-up
12:00 Informal get-together with Asetek management
12:30 End of program

Location

Felix Conference Centre
Bryggetorget 3, 0250 Oslo
Norway

A live webcast from the presentation can be accessed

at <http://webcast.seria.no/client/SeriaWebcastClient.php?id=47512656>

Presentations will be available for download before the event begins.

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 3.9 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 www.asetek.com.