



# Asetek – Q3 2017: Revenue Growth Driven by High-end Gaming Cooling Demand

- Q3 revenue growth of 24% driven by high-end gaming cooling demand
- USD 1.4 million pre-tax profit and \$3.0 million EBITDA adjusted in the quarter
- New desktop product developments with Lenovo and AMD
- Full-year 2017 data center revenue expectation changed: Now anticipating roughly the same level as in 2016 due to an unexpected adjustment to a large anticipated order in Q4
- Firming up full-year 2017 desktop revenue growth expectations to 15% - 20% compared to the earlier announced 10%-20%

Asetek reported revenue of \$17.7 million in the third quarter of 2017, an increase of 24% from the third quarter of 2016 on higher desktop revenue driven by shipments in the DIY market. Growth in the quarter also reflects an increase in shipment of data center products to OEMs. Revenue for the first nine months ending 30 September was \$40.3 million, an increase of 22% from the same period of 2016.

"While we are on track for another year of growth and record group revenue driven by our desktop segment, we are not satisfied with not meeting our expectations for the data center segment towards the end of 2017", said Andre Sloth Eriksen, CEO and founder of Asetek. "However, as we have stated repeatedly, with only a few OEMs signed up at this time as well as a lumpy order intake we have to accept fluctuations while our emerging data center business is maturing. Our confidence in, and strategy for, the long-term development of the data center business and market, remain unchanged."

EBITDA adjusted for share based compensation expense was \$3.0 million in the third quarter of 2017, compared with EBITDA adjusted of \$2.8 million in the third quarter of 2016. First nine months 2017 EBITDA adjusted was \$4.8 million, compared to \$4.3 million for the first nine months of 2016.

Desktop revenue was \$15.6 million in the third quarter, an increase of 26% from the same period of 2016. Operating profit from the desktop segment was \$5.1 million, an increase from \$4.5 million in the same period last year due to an increase in DIY sales.

During the quarter, Asetek announced that its retention kits will be included with shipments of AMD's new Ryzen Threadripper CPUs. Retention kits enable desktop customers to easily attach Asetek cooling systems to processors. Also in the third quarter, Asetek announced that its products will liquid cool Lenovo's Legion Y920 tower computer, a new high-performance gaming machine.

Data center revenue was \$2.0 million, an increase from \$1.8 million in the prior year due to an increase in shipments to OEM customers. Revenue variability is expected to continue while the Company secures new OEM partners and growth of end-user adoption through existing OEM partners.

Asetek continued to invest in its data center business and the segment operating loss was \$1.6 million for the third quarter, compared with \$1.0 million in the same period of 2016. Expenditures relate to technology development, manufacturing, and sales development with data center partners and OEM customers.

Through new orders received from data center OEM partners in the first nine months of 2017, Asetek is increasing its end-user adoption with technology deployed to new HPC installations. In the third quarter 2017, Asetek received multiple orders from Penguin Computing for RackCDU D2C™ (Direct-to-Chip) liquid cooling for two HPC sites at U.S. Department of Energy National Laboratories.

Due to an unexpected adjustment to a large anticipated order in Q4, the full-year 2017 data center expectation has been changed. Asetek now anticipates revenue at roughly the same level as in 2016. Outlook for the desktop segment is firming up, to a full-year 2017 revenue growth expectation of 15%-20%.

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About Asetek:

Asetek is the global leader in liquid cooling solutions for data centers, servers and PCs. Founded in 2000, Asetek is headquartered in Denmark and has operations in California, Texas, China and Taiwan. Asetek is listed on the Oslo Stock Exchange (ASETEK.OL).