



Asetek – Q2 2018: Record quarterly revenue

- Record quarterly and first-half revenue driven by high-end gaming cooling demand
- Q2 revenue growth of 75% reflecting increased DIY sales
- Q2 data center revenue fueled by OEM shipments
- ASUS selects Asetek's newest generation design for its first liquid coolers
- 2018 desktop revenue growth expectation of between 15% to 25%

Asetek reported revenue of \$19.5 million in the second quarter of 2018, a 75% increase from the second quarter of 2017. First-half 2018 revenue amounted to \$33.4 million, representing growth of 48% compared with the first half of 2017. The change from prior year reflects an increase in desktop revenue driven by shipments in the do-it-yourself (DIY) market.

"The growing popularity of PC gaming and eSports fueled growth in DIY sales for our desktop segment and led to record quarter and first-half revenues. While the long-term outlook is strong for the desktop business, we expect a more modest development in the second half of the year", said Andre Sloth Eriksen, CEO and founder of Asetek.

"For our data center business, we continue to execute on our strategy of adding new OEM partnerships while increasing end-user adoption with existing ones. Adoption of new technology takes time, and performance will continue to fluctuate as our emerging data center business is maturing", said Sloth Eriksen.

EBITDA adjusted for share-based compensation expense was \$2.9 million in the second quarter of 2018, compared with EBITDA adjusted of \$1.1 million in the second quarter of 2017. First-half 2018 EBITDA adjusted was \$3.8 million, compared to \$1.8 million for the first-half of 2017.

Desktop revenue was \$18.3 million in the second quarter, an increase of 80% from the same period of 2017. First half revenue was \$31.5 million, an increase of 49% from 2017. Operating profit from the desktop segment was \$5.9 million for the second quarter and \$9.9 million for the first half, both reflecting improvement over the respective periods of 2017, due to growth in DIY sales.

During the quarter Asetek announced that ASUS, a premium brand for gaming systems, is expanding its Republic of Gamers (ROG) ecosystem utilizing Asetek solutions. The new ASUS ROG all-in-one coolers, Ryujin and Ryuo, are based on Asetek's latest Generation 6 liquid cooling solution and include custom lighting and other features.

Data center revenue was \$1.2 million in the second quarter, an increase of 25% from the same period of 2017. Revenue in the first half of 2018 totaled \$1.9 million, an increase of 35% from the same period of 2017. Operating loss from the data center segment was \$2.1 million for the second quarter and \$4.3 million for the first half of 2018. This compares with losses of \$1.6 million and \$3.4 million in 2017, respectively. Continued variability of data center operating results is expected while the company secures new OEM partners and growth of end-user adoption through existing OEM partners.

Through partnerships with data center OEMs, the company is growing its end-user adoption with technology deployed to new HPC installations. In the second quarter, Asetek announced it will provide data center liquid cooling to a new OEM, Quanta Computer, for an HPC cluster at the National Center for High-Performance Computing in Hsinchu, Taiwan. The new HPC installation will focus on artificial intelligence, and will be the largest supercomputer in Taiwan at the time of commission.

During the quarter Asetek received orders for RackCDU™ liquid cooling solutions from two established data center OEMs. Penguin submitted a follow-on order for further build-out of an undisclosed U.S. Department of Energy HPC installation, and Fujitsu will utilize 1,300 Asetek Direct-to-Chip (D2C) coolers for a new HPC system installation in Japan.

On June 15, Asetek raised its full year 2018 desktop revenue expectation to a range of 15% to 25% growth over 2017. Desktop revenue variability by quarter is expected to continue, partly due to when new key hardware components such as GPUs and CPUs are made available to the market. As one such major product launch has experienced delays, Asetek's full-year revenue growth may shift towards the lower-end of the guided range. The outlook for the data center business is unchanged, with revenue expected to be level compared with 2017.

Conference call and webcast today Wednesday, 15 August at 9:00 AM CEST:

CEO André Sloth Eriksen and CFO Peter Dam Madsen will host a presentation at 9:00 AM CEST. Asetek invites investors, analysts and media to join the presentation. The presentation is expected to last up to one hour, including Q&A, and can be followed through live webcast or by conference call.

Webcast – audio and slide presentation: Please join the Q2 2018 Results webcast by [clicking here](#).

Conference call – audio only: Please dial in 5-10 minutes prior using the phone numbers and confirmation code below:

Copenhagen, Denmark:	+45 3515 8049
Oslo, Norway:	+47 2100 2610
London, United Kingdom:	+44 (0) 330 336 9125
Paris, France:	+33 (0)1 70 72 25 50
New York, United States of America:	+1 929 477 0324
Confirmation code: 7079537	

Material:

The second quarter report and presentation will also be made available on www.asetek.com and www.newsweb.no, as well as through news agencies. A recorded version of the presentation will be made available on www.asetek.com approximately two hours after the broadcast has concluded.

For questions or further information, please contact:

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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).