



ASETEK – Q4 2018 and CMU: Record FULL-YEAR revenue and EBITDA - Building a gaming and enthusiast brand

- * Record full-year revenue of \$67.3 million in 2018, representing 16% growth from 2017
- * 2018 Gaming and Enthusiast (former Desktop) revenue of \$63.0 million, up 18% from 2017
- * 2018 full-year adjusted EBITDA increased 38% to \$9.4 million
- * Q4 revenue was \$16.5 million (Q417: \$17.9 million) and adjusted EBITDA of \$2.6 million (\$2 million)
- * Gaming and Enthusiast, the renamed Desktop segment, reflects a wider corporate rebranding in Q1 2019
- * Group revenue is expected to grow in the range of 0% to 10% in 2019 when compared to 2018

"Our performance in 2018 reflected increased demand for our market leading liquid cooling solutions from gamers and enthusiasts. Our expectations for 2019 reflect macro-economic uncertainties that temper the Gaming and Enthusiast growth outlook compared to recent prior years and a protracted adoption of liquid cooling in the data center market," said André Sloth Eriksen, CEO and founder of Asetek.

Today, Asetek introduced a new brand strategy to strengthen its Gaming and Enthusiast market positioning and increase awareness of Asetek and its story of innovation and of delivering the best in performance, quality and reliability. The former Desktop reporting segment was renamed Gaming and Enthusiast.

"We are doubling down our effort on gamers and enthusiasts, engaging the community and implementing marketing initiatives to strengthen our position with OEM customers and develop brand strategies that support our high-end products value proposition to both OEM's and end-users," said André Sloth Eriksen.

Financial review

Asetek reported record revenue of \$67.3 million for the full year 2018, 16% higher compared with 2017 (\$58.2 million), reflecting increased Gaming and Enthusiast shipments. In the fourth quarter of 2018, revenues amounted to \$16.5 million, compared with \$17.9 million which was a record level in 2017.

Gross margin for the full year of 2018 grew to 38.9% compared with 36.0% in the full year 2017, reflecting higher average selling prices (ASPs) associated with a richer mix of Gaming and Enthusiast product shipments. Gross margin rose to 42.1% in the fourth quarter of 2018, from 33.8% in 2017, due to both a richer mix of product shipments and a stronger U.S. dollar.

Adjusted EBITDA for the full year 2018 was \$9.4 million, compared to \$6.8 in 2017, reflecting higher revenue and gross margin. Adjusted EBITDA was \$2.6 million in the fourth quarter of 2018, compared with \$2.0 million in the fourth quarter of 2017.

Gaming and Enthusiast revenue was \$63.0 million in full year for the full year 2018, an increase of 18% from 2017. Fourth quarter revenue was \$15.4 million, compared with \$16.4 million in the same period of 2017. Operating profit from the Gaming and Enthusiast segment was \$20.7 million for the year and \$5.4 million for the fourth quarter, both reflecting improvement over the respective periods of 2017, due to improved gross margins in 2018.

Data center revenue was \$4.3 million for the full year 2018, compared with \$5.0 million in 2017. Revenue in the fourth quarter 2018 totaled \$1.1 million, compared with \$1.5 million in the same period of 2017. Operating loss from the data center segment was \$7.3 million for the year and \$1.6 million for the fourth quarter of 2018. This compares with losses of \$7.3 million and \$2.3 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.

Asetek's latest generation of direct-to-chip (D2C) liquid cooling, incorporated in new Intel® Compute Modules, were installed by Ace Computers in a new HPC cluster for a U.S. Defense contractor. The initial deployment utilizes Asetek InRackCDU to capture and remove heat from the system nodes.

The November 2018 edition of the TOP500 list of fastest computers in the world includes thirteen installations that are cooled by Asetek D2C liquid cooling technology. Three of the thirteen on the list are in the world's TOP20 fastest computers.

Asetek expects Group revenue growth of 0% to 10% for 2019 compared to 2018. The group revenue expectation reflects macro-economic uncertainties that temper the Gaming and Enthusiast growth outlook compared to recent prior years and a protracted data center market adoption of liquid cooling solutions. The Company has decided to discontinue segment revenue guidance until the data center business more clearly develops into a meaningful business.

Material

The interim report and presentation material is available on www.asetek.com and www.newsweb.no.

Capital Markets Update Tuesday 5 March 2018 from 12:00 – 15:30.

The day will provide an update on Asetek's market, strategy, operations, financial development and outlook. Asetek's fourth quarter 2018 results will be discussed at the event. The presentations will be given in English.

Program

- 11:45 Registration
- 12:00 Lunch
- 12:30 Presentations by management and Q&A session
- 14:30 Wrap up
- 14:45 Informal get-together with Asetek management
- 15:30 End of program

Location

Asetek A/S
Assensvej 2, 9220 Aalborg East
Denmark

(approximately 25 minutes drive from Aalborg Airport)

A live webcast from the presentation can be accessed at <https://getvisualtv.net/stream/?asetek-q4-2018-and-capital-markets-update>

Presentations will be available for download before the event begins.

For 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).