



ASETEK – Q1 2019: Soft Market as Expected - Growth Outlook Unchanged

- Q1 revenue of \$11.2 million, reflecting a softer PC market
- Gross margin grew to 43% up from 36% in Q1 2018
- Q1 EBITDA adjusted of \$0.3 million compared to \$0.9 million in Q1 2018
- Group revenue growth expectation maintained at between 0% to 10% in 2019 from 2018
- Improvement in the Gaming and Enthusiast market seen in Q2 2019

Asetek reported first quarter revenue of \$11.2 million compared with \$13.9 million in the same period of 2018. The change from prior year reflects fewer shipments in the Gaming and Enthusiast segment as expected in a softer market for PC's and components. Gross margin for the first quarter was 43%, an increase from 36% in the first quarter of 2018. The effect of higher average selling prices on new, high-performance products and a stronger U.S. Dollar favorably impacted gross margin in the first quarter 2019.

In March, the Company executed a rebranding to strengthen its Gaming and Enthusiast market position as well as increase awareness of Asetek and its story of innovation in delivering the best in performance, quality and reliability. As part of this rebranding, the Company initiated launch of a redesigned corporate website.

"We have clearly staked our claim as the Gaming and Enthusiast market leader in liquid cooling," said André Sloth Eriksen, CEO and founder of Asetek. "The long-term outlook is strong for our core segment and we will develop our leading position through high-end products, continuous innovation and a clear value proposition to both OEM's and end-users."

"As expected, our first-quarter results reflected macro-economic uncertainties that tempered demand for our Gaming and Enthusiast products. We are seeing the market improving in the second quarter and reiterate our full-year 2019 group revenue expectations," André Sloth Eriksen added.

Operating loss totaled \$1.0 million and Adjusted EBITDA was \$0.3 million in the first quarter of 2019, compared with operating loss of \$0.4 million and Adjusted EBITDA of \$0.9 million in the first quarter of 2018. Operating expense increased during the quarter mainly due to higher litigation costs associated with defending intellectual property.

During the quarter Asetek launched its highest performance all-in-one liquid cooler, designed in collaboration with Intel and approved for the Intel Xeon W-3175X processor. The Asetek 690LX-PN liquid cooler features extreme performance to enable overclocking up to 500 watts and provides stable operation for demanding workloads.

At its Denmark headquarters, Asetek launched a new gaming/Esports academy outfitted with high-end machines, state-of-the-art gear and high-speed connectivity. The academy enables the Company to connect with its roots and provide ambitious gamers with the technology, tools and comfort to excel in their craft.

Gaming and Enthusiast revenue was \$10.5 million, compared with \$13.2 million in the same period of 2018. Operating profit from the Gaming and Enthusiast segment was \$2.8 million for the quarter, reflecting decline from the first quarter of 2018 due to fewer shipments in 2019.

Data center revenue was \$0.7 million, level with the first quarter of 2018. Operating loss from the data center segment was \$1.3 million for the first quarter of 2019. This compares with loss of \$2.3 million in the same period of 2018. 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 reiterates its expectation for Group revenue growth of 0% to 10% for 2019 compared to 2018. The 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. While first-quarter results reflect the above-mentioned uncertainties, Asetek is seeing an improvement in the Gaming and Enthusiast market in the second quarter of 2019.

Conference call and webcast today Tuesday, 30 April at 8:30 AM CEST:

CEO André Sloth Eriksen and CFO Peter Dam Madsen will presentation the Company's results at 8:30 AM CEST. The presentation is expected to last up to one hour, including Q&A, and can be followed through live webcast or by conference call.

The conference call lines will be opened for participants to ask question at the end of the presentation. Questions can also be submitted through the online webcast during the presentation.

Webcast – audio and slide presentation: Please join the Q1 2019 results webcast via the following link: <https://edge.media-server.com/m6/p/7wjkuarv>

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

Copenhagen, Denmark:	+45 3272 8042
Oslo, Norway	+47 2396 0264
London, United Kingdom:	+44 (0) 8445 7188 92
Paris, France:	+33 (0) 1767 00794
New York, United States of America	+1 631 5107 495
Confirmation code: 1939728	

Material:

The first quarter report and presentation will also be made available online at www.asetek.com and www.newsweb.no, as well as through news agencies.

A recorded version of the presentation will be made available at www.asetek.com approximately two hours after the presentation has concluded.

For questions or further information, please contact:

CEO and Founder André S. Eriksen, +45 2125 7076, email: ceo@astek.com
CFO Peter Dam Madsen, +45 2080 7200, email: investor.relations@astek.com

About Asetek:

Asetek is the global leader in liquid cooling solutions for gaming and enthusiast PCs, data centers and servers. 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).

For more information, visit: www.asetek.com