



## Asetek – Q2 2019: Solid Quarter – Increased Uncertainty for Remainder of 2019

- Q2 revenue of \$17.1 million compared with record level of \$19.5 million in Q2 2018
- Gross margins grew to 42% in Q2 and first half, up from 36% in the same periods of the prior year
- Q2 EBITDA adjusted of \$3.3 million, improved from \$2.9 million in Q2 2018
- First half revenue of \$28.3 million and EBITDA adjusted of \$3.6 million compared with \$33.4 million and \$3.8 million respectively in 2018
- Group revenue expectation for 2019 adjusted in July to a decrease of approximately 20% compared with 2018, due to macroeconomic and industry headwinds reducing customer forecasts in the second half

Asetek reported second quarter revenue of \$17.1 million compared with a record \$19.5 million in Q2 2018. First-half 2019 revenue amounted to \$28.3 million compared with \$33.4 million in the same period of 2018. The change from the 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 second quarter and first half was 42%, up from 36% in both comparable periods of the prior year, which led to a 2% increase in gross profit in the second quarter compared with Q2 2018. The improved gross margin reflects higher ASPs on Gaming and Enthusiast products as well as a stronger U.S. dollar.

"Despite prevailing macroeconomic uncertainties, we delivered our second-highest quarterly revenue to date following good demand for our liquid cooling technology in the Gaming and Enthusiast market," said André Sloth Eriksen, CEO and founder of Asetek. "We remain impacted by economic and industry headwinds, which have led to a more uncertain outlook for the second half of the year and the recent reduction to our revenue forecast. However, despite a decrease in revenue, we expect to deliver another profitable year."

Operating income totaled \$2.1 million and adjusted EBITDA was \$3.3 million in the second quarter of 2019, compared with operating income of \$1.7 million and adjusted EBITDA of \$2.9 million in the second quarter of 2018. Operating expenses in the second quarter of 2019 included a positive effect of \$0.8 million related to a favorable patent litigation settlement. First-half 2019 operating income was \$1.1 million and adjusted EBITDA was \$3.6 million, compared with operating income of \$1.3 million and adjusted EBITDA of \$3.8 million in the same period of 2018. Adjusted EBITDA in the second quarter and first half of 2019 was favorably impacted by an accounting change to IFRS 16 Leases.

In April, the Company announced the 645LT liquid cooler, a new design for small form factor PC cases. The 645LT combines Asetek's latest generation of pump technology (Gen6) and unique tube design to enable space-saving and ease of installation.

Asetek is powering EVGA's new GeForce RTX2080 Ti K|NGP|N Hybrid GPU cooler. The ultimate solution for hardcore gamers and enthusiasts, Asetek's Gen6 liquid cooling technology enables extreme performance with minimal noise, providing targeted cooling of ultra high-end GPUs to ensure advanced overclocking capabilities.

In efforts to establish EU standards that will reduce permitted energy consumption used for data center cooling, Asetek executives are proactively working with political leaders to create a wider understanding of the significant environmental benefits enabled by liquid cooling.

Gaming and Enthusiast revenue was \$16.6 million in the second quarter, compared with a record \$18.3 million in the same period of 2018. First-half revenue was \$27.0 million, compared with \$31.5 million in the first half of 2018. Adjusted EBITDA was \$5.1 million for the quarter and \$8.0 million for the first half, compared with \$5.9 million and \$9.9 million in 2018, respectively, reflecting increased investment in the Gaming and Enthusiast segment in 2019.

Data center revenue was \$0.5 million in the second quarter, compared with \$1.2 million in Q2 2018. First-half revenue was \$1.2 million, compared with \$1.9 million in the first half of the prior year. Adjusted EBITDA was (\$1.4 million) in the second quarter and (\$2.7 million) in the first half of 2019, both of which are an improvement from 2018 and reflect a reduction of segment operating expenses of approximately 35% in 2019.

On July 23, the Group revenue expectation for the full year 2019 was adjusted to a decrease of approximately 20% compared with 2018. Initial customer forecasts for the second half of 2019 reflect reduced demand in the DIY market segment as a result of macroeconomic and industry headwinds. Based on current revenue and cost outlook, Asetek expects to report a pre-tax profit for 2019.

### Conference call and webcast today Wednesday, 14 August at 8:30 AM CEST:

CEO André Sloth Eriksen and CFO Peter Dam Madsen will present the Company's results at 8:30 AM CEST and 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 via live webcast or conference call.

Webcast – audio and slide presentation: Please join the Q2 2019 results webcast via the following link: <https://edge.media-server.com/mmc/p/9i9dhkks>

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

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Paris, France:	+33 (0) 1767 00794
New York, United States of America	+1 631 5107 495
Confirmation code:	9995035

### Material:

The second quarter report and presentation will also be made available online at [www.asetek.com](http://www.asetek.com) and [www.newsweb.no](http://www.newsweb.no), as well as through news agencies.

A recorded version of the presentation will be made available at [www.asetek.com](http://www.asetek.com) approximately two hours after the presentation 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 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](http://www.asetek.com)