



ASETEK

Second quarter 2013

14 August, Oslo, Norway

USD (000's)	Q2 2013	Q1 2013	Q2 2012
Revenue	5 335	4 925	4 741
<i>Revenue, desktop</i>	5 335	4 889	4 741
<i>Revenue, datacenter</i>	-	36	-
Gross profit	2 000	1 878	1 775
Gross margin %	37.5%	38.1%	37.4%
EBITDA (unaudited)	(1 524)	(950)	(328)
Operating profit (loss)	(1 880)	(1 498)	(821)
Net income (loss)	(2 386)	(180)	(1 417)
Purchases of property and equipment	182	17	22
Units shipped (1 000)	114	105	101

Second quarter highlights

- Record level of revenues \$ 5.3 million
- Operating loss \$1.9 million
 - Continued good profitability in the Desktop segment
 - Shipped 114,000 liquid cooling units
 - Increased investments in development, manufacturing and marketing in the Datacenter segment according to plan
- RackCDU™ performance evaluations at industry leading technology companies and laboratories
 - Major European telecommunications company
 - Hyperscale Internet company completed small scale testing and is expected to move on with larger scale validation
- Received prominent recognition from industry experts through three different awards

- I. **Operational review**
- II. Financial review
- III. Summary and outlook
- IV. Q&A session

Operational highlights

Do-it-yourself (DIY)

- New Corsair product releases drive revenue
- Intel and Thermaltake refreshed and launched new generation of existing offerings

Original Equipment Manufacturer (OEM)

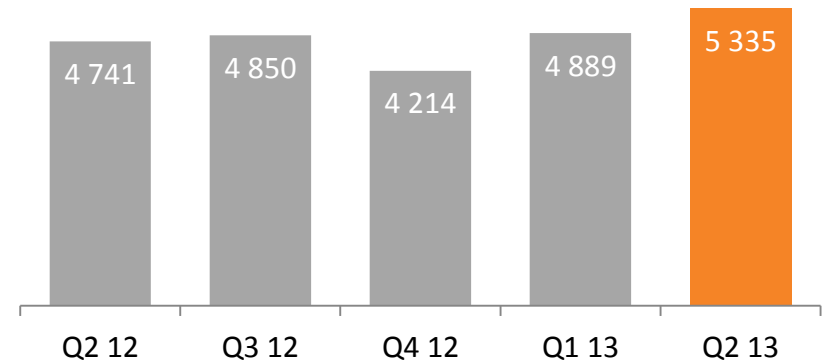
- HP and Lenovo releases key for 10% growth target
- New design win with graphics processing unit (GPU) company

Gaming

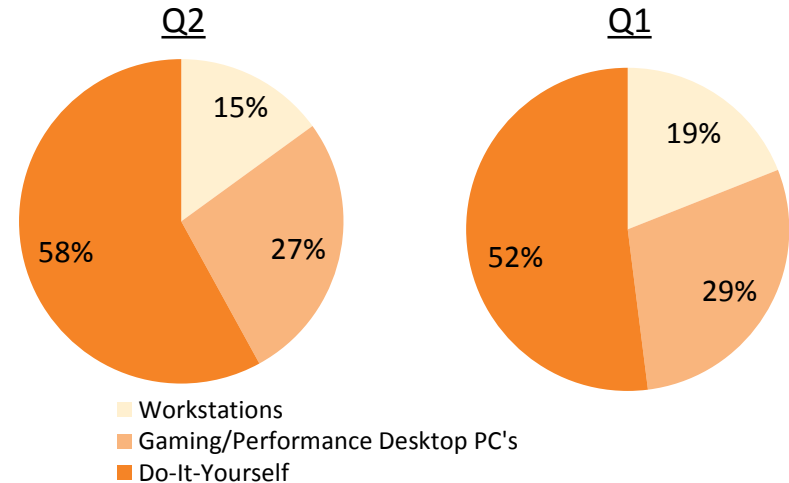
- Launch of premium product with Dell

Revenue development

USD (000's)



Revenue split 2013

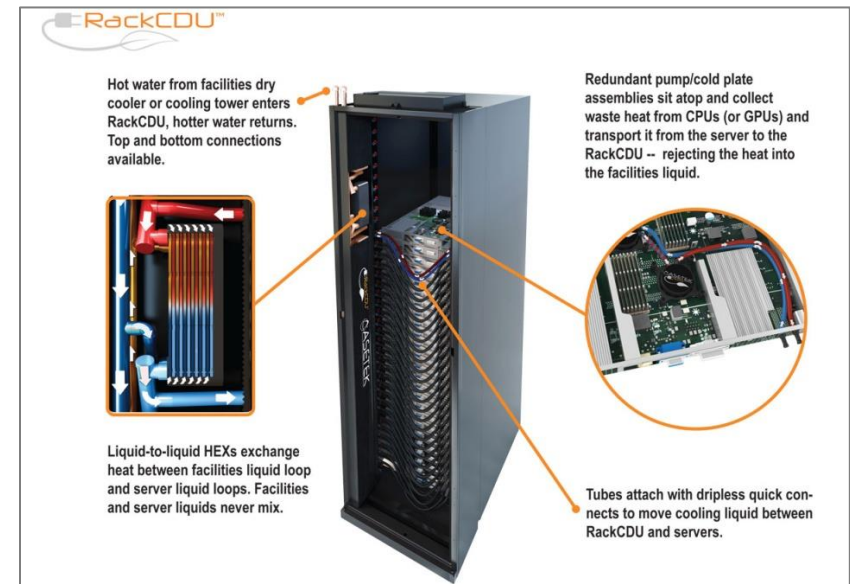
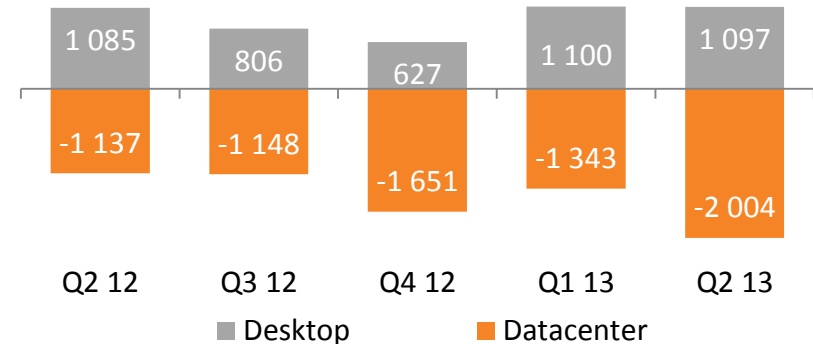


Operational highlights

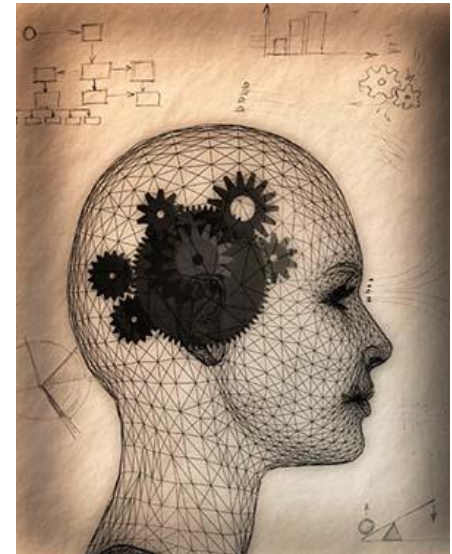
- A leading enterprise server OEM began their internal process of productizing RackCDU by building the business case involving their full supply chain
- Hyperscale internet company tested RackCDU server prototypes
 - Validated Asetek's performance claims
 - Expected to purchase full rack-scale test platform in H2 for larger scale validation
- European telecom provider and an OEM provider of enterprise servers began a full rack-scale testing of RackCDU™
- Expanding and implementing manufacturing capabilities to ensure ability to deliver

EBITDA: increased investments in Datacenter

USD (000's)



- Filed 7 new patent applications during second quarter of 2013
- Two competitors refrained from selling potentially infringing products in the U.S
- Competition in the desktop space is increasing. Continues to closely review and assess new competitive offerings for patent infringement
- Ongoing litigation against Cooler Master USA Inc. and CoolIT Systems Inc.
- Antec and Zalman decided to pursue their own liquid cooling products. May or may not infringe
 - Asetek proactively terminated the partnerships to avoid competing with customers and/or hand over trade secrets to competitors



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Income Statement



USD (000's)	1H 2013	Q2 2013	Q1 2013	Q2 2012	FY 2012
Revenue	10 260	5 335	4 925	4 741	18 681
Gross Profit	3 878	2 000	1 878	1 775	6 788
<i>Gross margin</i>	38%	37%	38%	37%	36%
Total operating expenses	7 257	3 880	3 377	2 596	11 660
Operating Income	(3 379)	(1 880)	(1 499)	(821)	(4 872)
Financial Income (expense)	812	(506)	1 318	(596)	(3 686)
Income for the period	(2 567)	(2 386)	(181)	(1 417)	(8 558)
Foreign currency translation adjustments	(64)	68	(132)	(61)	67
Total comprehensive income	(2 631)	(2 318)	(313)	(1 478)	(8 491)

- Increasing revenue to match the expectation of an overall 10% increase over 2012
- Stable margins
- Increasing operating expenses reflecting increased investment in Datacenter segment

Income Statement – segment breakdown



USD (000's)	Q2 2013		Q1 2013		Q2 2012	
	Desktop	Datacenter	Desktop	Datacenter	Desktop	Datacenter
Revenue	5 335	-	4 889	36	4 741	-
Cost of sales	3 288	-	2 983	20	2 930	-
Gross Profit	2 047	-	1 906	16	1 811	-
Gross Margin	38.4%	N/A	39.0%	44.4%	38.2%	N/A
Other operating expenses	1 042	2 166	904	1 750	1 061	1 137
Capitalized expenses	- 92	- 162	- 98	- 391	- 335	-
EBITDA	1 097	(2 004)	1 100	(1 343)	1 085	(1 137)
EBITDA margin	20.6%	N/A	22.5%	N/A	22.9%	N/A
Depreciations	329	27	527	21	493	-
EBIT, by segment	768	(2 031)	573	(1 364)	592	(1 137)
EBIT Margin	14.4%	N/A	11.7%	N/A	12.5%	N/A
Headquarters costs	617		707		276	
EBIT, total	(1 880)		(1 498)		(821)	

Cash Flow Statement



USD (000's)	Q2 2013	Q1 2013	Q2 2012	FY 2012
Income (loss) for the period	(2 386)	(180)	(1 417)	(8 558)
Depreciation, amortization and impairment	356	548	493	2 126
Finance cost (income) and taxes	506	(1 318)	598	3 684
Share based compensation	40	37	20	140
Changes in trade receivables, inventories, other assets	740	(292)	(29)	(2 070)
Changes in trade payables and accrued liabilities	(78)	102	(562)	1 045
Net cash used in operating activities	(822)	(1 103)	(897)	(3 633)
Additions to intangible assets	(284)	(489)	(424)	(1 165)
Purchase of property and equipment	(182)	(17)	(22)	(88)
Net cash used in investing activities	(466)	(506)	(446)	(1 253)
Proceeds from debt issuance	-	-	-	3 306
Cash payments on credit lines/debt/lease	(277)	(3 871)	1 026	(357)
Proceeds from issuance of conv. shares and share capital	(2 800)	24 241	367	369
Net cash provided by financing activities	(3 077)	20 370	1 393	3 318
Effect of exchange rate changes on cash and cash equivalents	(490)	(80)	106	148
Net changes in cash and cash equivalents	(4 856)	18 681	156	(1 420)
Cash and cash equivalents at beginning of period	19 929	1 248	292	2 668
Cash and cash equivalents at end of period	15 073	19 929	448	1 248

Unpaid IPO fees included in accrued liabilities

2 791



Balance Sheet

LIQUID
COOLING
Done right!

USD (000's)	Q2 2013	Q1 2013	FY 2012
Plant, Property and Equipment	489	367	440
Intangible Assets - Development Projects	1 454	1 428	1 448
Total non-current assets	1 943	1 795	1 888
Inventories	938	1 019	1 055
Receivables	3 616	4 203	3 971
Cash and equivalents	15 073	19 929	1 248
Total current assets	19 627	25 151	6 274
Total assets	21 570	26 946	8 162
Total equity	17 637	19 925	(40 642)
Total non-current liabilities	4	5	7 451
Preferred convertible shares	-	-	37 122
Accrued liabilities	1 239	4 146	2 241
Trade payables	2 690	2 870	1 990
Total current liabilities	3 929	7 016	41 353
Total liabilities	3 933	7 021	48 804
Total equity and liabilities	21 570	26 946	8 162

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Desktop

- Continued growth in desktop
 - Important product launches in all three markets during Q2
- Despite termination with Antec and Zalman we maintain our 10% growth target for 2013
 - HP and Lenovo product launches are key
 - GPU design win is key
 - Expected revenue dip in Q3 as a result of no Antec/Zalman revenue. Comeback in Q4
- Expecting a continued flow of new product versions to existing and new customers
- Margins expected to be stable

Datacenter

- Announced projects developing to plans
 - In discussions to secure Asetek's first certified installation and channel partner
 - Redstone Arsenal initial installation and revenue recognition expected in second half of 2013
- Expecting to announce agreement with minimum one OEM for design-in RackCDU™ before year end
- Building infrastructure to secure efficient scaling of R&D, marketing, sales and manufacturing

Q&A

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Appendix

Income Statement

Figures in USD (000's)	Q2 2013		Q2 2012		H1 2013		H1 2012		2012
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
Revenue	\$ 5,335	\$ 4,741	\$ 10,260	\$ 9,617	\$ 18,681				
Cost of sales	3,335	2,966	6,382	5,974	11,893				
Gross profit	2,000	1,775	3,878	3,643	6,788				
Research and development	1,234	1,010	2,230	1,746	3,717				
Selling, general and administrative	2,666	1,671	5,036	2,999	7,878				
Foreign exchange loss (gain)	(20)	(85)	(9)	(57)	65				
Total operating expenses	3,880	2,596	7,257	4,688	11,660				
Operating loss	(1,880)	(821)	(3,379)	(1,045)	(4,872)				
Finance income	43	-	1,593	-	-				
Finance costs	(549)	(596)	(781)	(1,132)	(3,693)				
Total financial income (expenses)	(506)	(596)	812	(1,132)	(3,693)				
Loss before tax	(2,386)	(1,417)	(2,567)	(2,177)	(8,565)				
Income tax	-	-	-	2	7				
Loss for the period	(2,386)	(1,417)	(2,567)	(2,175)	(8,558)				
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>									
Foreign currency translation adjustments	68	(61)	(64)	(10)	67				
Total comprehensive loss	\$ (2,318)	\$ (1,478)	\$ (2,631)	\$ (2,185)	\$ (8,491)				
Loss per share (in USD):									
Basic	\$ (0.17)	\$ (0.90)	\$ (0.30)	\$ (1.38)	\$ (5.43)				
Diluted	\$ (0.17)	\$ (0.90)	\$ (0.30)	\$ (1.38)	\$ (5.43)				

Balance Sheet

Figures in USD (000's)	30 June 2013	31 Mar 2013	31 Dec 2012
	Unaudited	Unaudited	
ASSETS			
<i>Non-current assets</i>			
Property and equipment	\$ 489	\$ 367	\$ 440
Intangible assets	1,454	1,428	1,448
Total non-current assets	1,943	1,795	1,888
<i>Current assets</i>			
Inventory	938	1,019	1,055
Trade receivables and other	3,616	4,203	3,971
Cash and cash equivalents	15,073	19,929	1,248
Total current assets	19,627	25,151	6,274
Total assets	\$ 21,570	\$ 26,946	\$ 8,162
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	\$ 239	\$ 239	\$ 2
Share premium	64,608	64,577	3,935
Accumulated deficit	(46,785)	(44,398)	(44,218)
Translation reserves	(425)	(493)	(361)
Total equity	17,637	19,925	(40,642)
<i>Non-current liabilities</i>			
Long-term debt	4	5	7,451
Total non-current liabilities	4	5	7,451
<i>Current liabilities</i>			
Redeemable preferred shares	-	-	29,510
Convertible option on preferred shares	-	-	7,612
Short-term debt	253	527	314
Accrued liabilities	446	3,113	1,393
Accrued compensation and employee benefits	540	506	534
Trade payables	2,690	2,870	1,990
Total current liabilities	3,929	7,016	41,353
Total liabilities	3,933	7,021	48,804
Total equity and liabilities	\$ 21,570	\$ 26,946	\$ 8,162

Cash Flow



Figures in USD (000's)	H1 2013	H1 2012	2012
	<i>Unaudited</i>	<i>Unaudited</i>	
Cash flows from operating activities			
Loss for the period	\$ (2,567)	\$ (2,177)	\$ (8,558)
Depreciation and amortization	904	932	2,052
Finance costs (income)	(812)	1,132	3,693
Income tax expense (income)	-	-	(7)
Impairment of intangible assets	-	-	74
Cash payments for income tax	-	-	(2)
Share based payments expense	77	40	140
Changes in trade receivables, inventories, other assets	448	(1,701)	(2,070)
Changes in trade payables and accrued liabilities	24	(817)	1,045
Net cash used in operating activities	(1,926)	(2,591)	(3,633)
Cash flows from investing activities			
Additions to intangible assets	(773)	(720)	(1,165)
Purchase of property and equipment	(199)	(66)	(88)
Net cash used in investing activities	(972)	(786)	(1,253)
Cash flows from financing activities			
Proceeds from debt issuance	-	-	3,306
Cash payments on long-term debt	(3,621)	-	-
Funds drawn (paid) against line of credit	(63)	730	-
Cash payments for interest on debt	(461)	-	(322)
Proceeds from issuance of share capital	24,835	-	3
Cash paid for fees related to IPO	(3,394)	-	-
Proceeds from issuance of convertible preferred shares	-	367	366
Principal and interest payments on finance leases	(3)	(25)	(35)
Net cash provided by financing activities	17,293	1,072	3,318
Effect of exchange rate changes on cash and cash equivalents	(570)	85	148
Net changes in cash and cash equivalents	13,825	(2,220)	(1,420)
Cash and cash equivalents at beginning of period	1,248	2,668	2,668
Cash and cash equivalents at end of period	\$ 15,073	\$ 448	\$ 1,248