

LIQUID
COOLING
Done right!



ASETEK

First quarter 2014

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www.asetek.com

Web Presentation



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Agenda



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

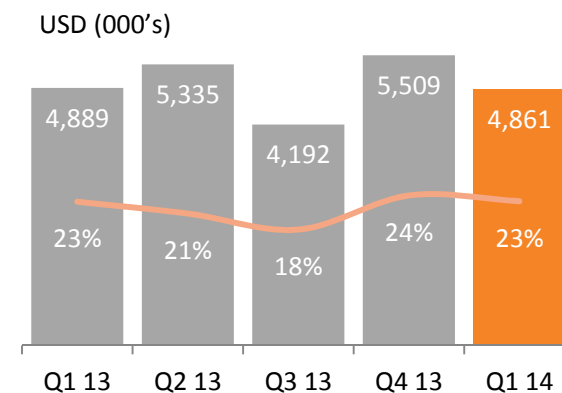


Income Statement – segment breakdown

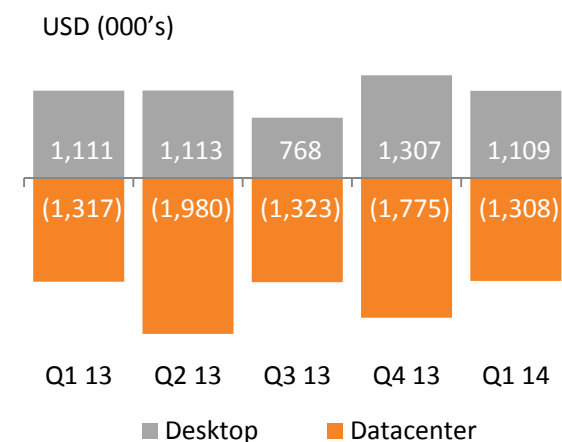


USD (000's)	Q1 2014		Q1 2013	
	Desktop	Datacenter	Desktop	Datacenter
Revenue	4,861	539	4 889	36
Cost of sales	2,748	389	2 983	20
Gross Profit	2 113	150	1 906	16
<i>Gross Margin</i>	43.5%	27.8%	39.0%	44.4%
Other operating expenses	1 286	1 803	893	1 724
Capitalized expenses	- 282	- 345	- 98	- 391
EBITDA adjusted	1 109	(1 308)	1 111	(1 317)
<i>EBITDA margin</i>	22.8%	-242.7%	22.7%	N/A
Depreciations	169	244	527	21
Share based compensation	107	161	11	26
EBIT, by segment	833	(1 713)	573	(1 364)
<i>EBIT Margin</i>	17.1%	N/A	11.7%	N/A
HQ, litigation expenses	547		303	
HQ, share based comp.	61		6	
HQ, Other	254		257	
Headquarters costs, total	862		707	
EBIT, total	(1 742)		(1 498)	

Desktop revenue and EBITDA margin



EBITDA development



Cash Flow Statement



USD (000's)	Q1 2014	Q1 2013	FY 2013
Income (loss) for the period	(1 767)	(180)	(6 281)
Depreciation, amortization and impairment	433	548	2 092
Finance cost (income) and taxes	21	(1 318)	(1 256)
Share based compensation	329	37	593
Changes in current assets other than cash	(27)	(292)	(1 109)
Changes in payables and accrued liabilities	(811)	102	1 406
Net cash used in operating activities	(1 822)	(1 103)	(4 555)
Additions to intangible assets	(626)	(489)	(2 128)
Purchase of property and equipment & other assets	(39)	(17)	(945)
Net cash used in investing activities	(665)	(506)	(3 073)
Proceeds from debt issuance, other LT liabilities	-	-	234
Cash flows on credit lines/debt/lease	233	(3 871)	(4 067)
Proceeds from issuance of capital / conv debt	55	24,241	21,694
Net cash provided by financing activities	288	20 370	17 861
Effect of exchange rate changes on cash	(93)	(80)	182
Net changes in cash and cash equivalents	(2 292)	18 681	10 415
Cash and cash equivalents at beginning of period	11 663	1 248	1 248
Cash and cash equivalents at end of period	9 371	19 929	11 663

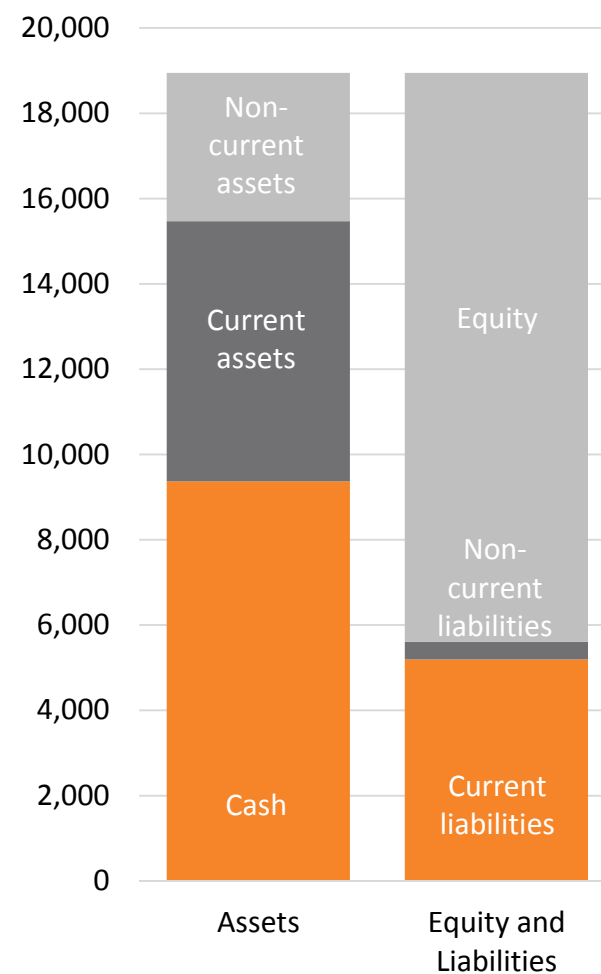


Balance sheet

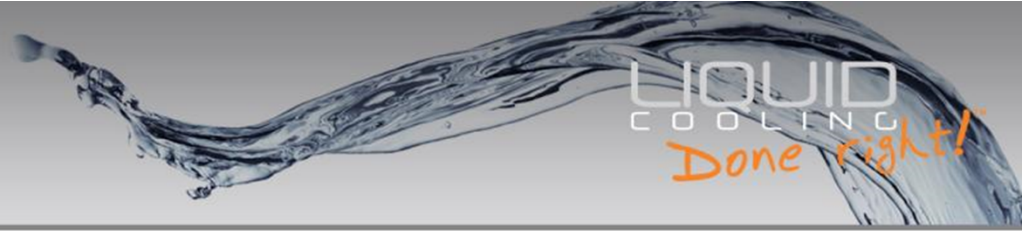


USD (000's)	Q1 2014	Q4 2013
Intangible Assets - Development Projects & Other Assets	2 468	2 153
Plant, Property and Equipment	1 012	1 096
Total non-current assets	3 480	3 249
Inventories	1 165	1 074
Receivables	4 933	4 997
Cash and equivalents	9 371	11 663
Total current assets	15 469	17 734
Total assets	18 949	20 983
Total equity	13 338	14 808
Total non-current liabilities	415	475
Accrued liabilities	2 270	2 217
Trade payables	2 926	3 483
Total current liabilities	5 196	5 700
Total liabilities	5 611	6 175
Total equity and liabilities	18 949	20 983

Balance sheet composition – Q1 2014



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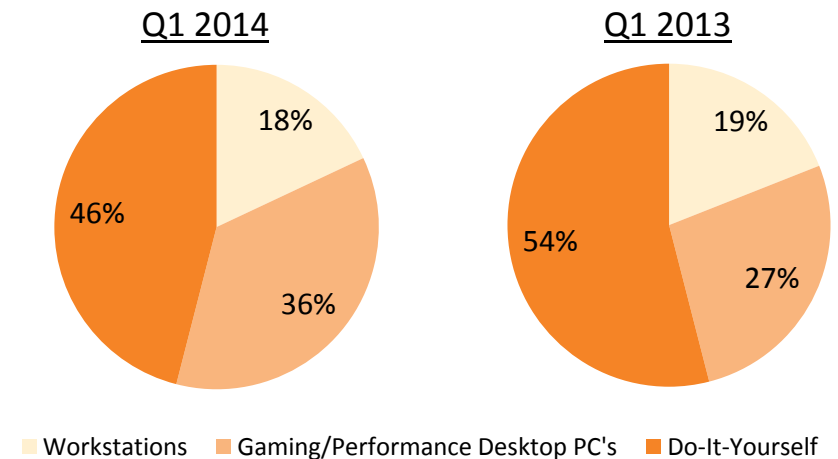
Desktop

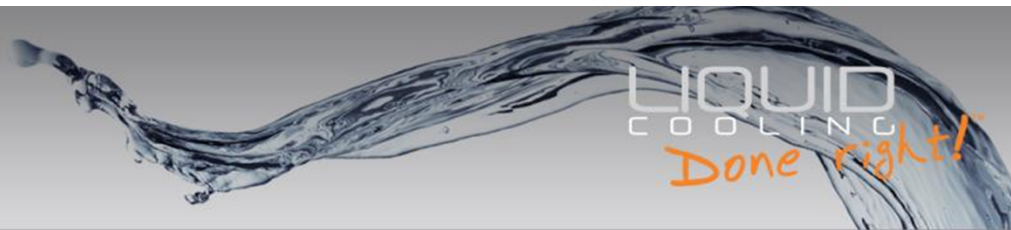
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Operational highlights

- Desktop revenues stable compared to Q1 2013
 - As expected down by 12% over Q4 2013 (some Q3 2013 revenue was shifted to Q4 2013)
- Margins increased
 - Up 4.5 %-points over Q1 2013
 - Cost optimization and product mix changes
- Strong quarter for the Gaming/Performance Desktop PC business
 - Revenue up 35% over Q1 2013
 - Increase was offset by decline in the Workstation and DIY markets

Revenue split





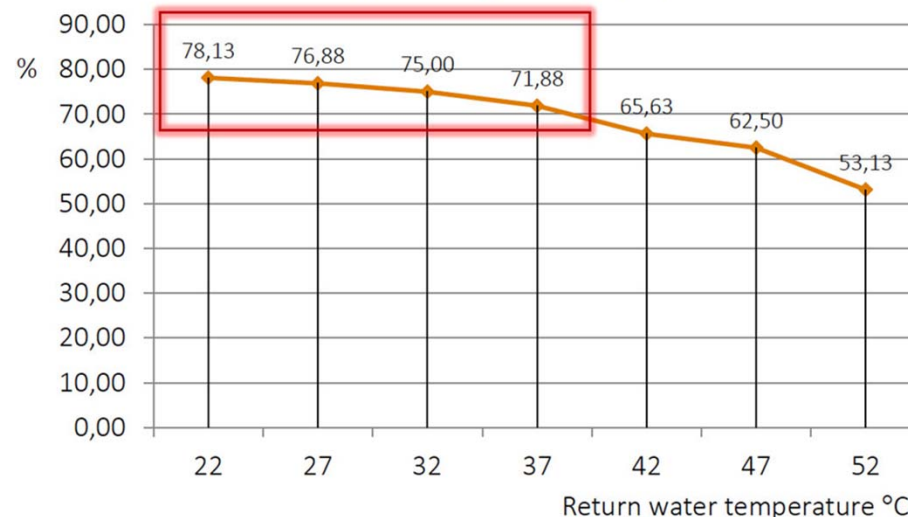
Operational highlights

- Initial positive test results on a RackCDU cluster installed at the University of Tromsø (UiT) in Norway were published
 - Recycling up to 80% of the waste heat generated by the IT equipment
 - Reducing overall data center power consumption
- Secured engineering design contract with major OEM for modular data center product
- Purchase order for RackCDU pilot system from an undisclosed leader in quantitative investing and trading
 - Potential to develop into significantly larger retrofit of an entire data center in 2015
- Repeat purchase order from an OEM for a repeat end user of five RackCDU systems with cooling loops for 280 compute nodes

Operational achievements

Re-cycling effect*

Inlet water at 12°C, Room temp at 20°C



) Benchmark run on 1 rack of 48 HP SL230 g8 servers with dual 10 core 2.8 GHz Ivy Bridge, retrofitted with Asetek Rack CDU water-cooling. Rack load was ~16 kW

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Summary and outlook

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Desktop

- Modest growth in desktop markets
- Three new Asetek products expected to be released in Q2 by DIY customers
- Strong Q1 2014 margins expected to continue in Q2
 - Represents significant improvement over Q1 2013
- Potential for future growth in graphics cards business

Datacenter

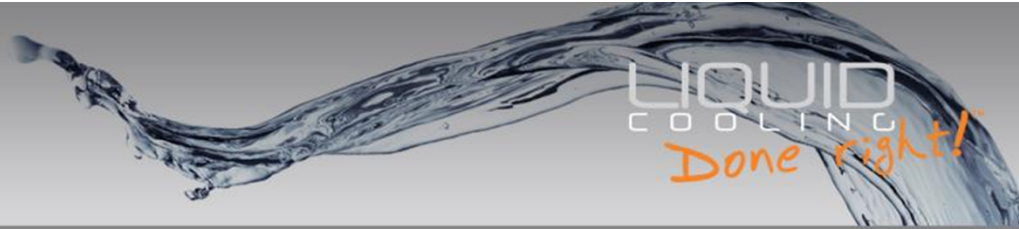
- Design-in efforts continue with multiple OEMs and System Integrators
- HP 3PO Program replaced by OEM design in focus
- Expects to launch an ISAC (In-Server Air Conditioning) Intel rack mounted server platform in Europe with a leading system integrator
- Good traction from early adopters in the educational and lab segments
- Anticipates additional purchase orders from early adopters in 2014 within said segments
- RackCDU patent claims allowed by USPTO



Q&A

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Appendix



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Income statement



Figures in USD (000's)	Q1 2014	Q1 2013	2013
	<i>Unaudited</i>	<i>Unaudited</i>	
Revenue	\$ 5,400	\$ 4,925	\$ 20,729
Cost of sales	3,156	3,047	12,680
Gross profit	2,244	1,878	8,049
Research and development	786	996	4,492
Selling, general and administrative	3,220	2,369	11,236
Foreign exchange loss (gain)	(20)	11	80
Total operating expenses	3,986	3,376	15,808
Operating income	(1,742)	(1,498)	(7,759)
Finance income	-	1,550	1,865
Finance costs	(21)	(232)	(830)
Total financial income (expenses)	(21)	1,318	1,035
Income before tax	(1,763)	(180)	(6,724)
Income tax (expense) benefit	(4)	-	443
Income for the period	(1,767)	(180)	(6,281)
<i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation adjustments	(87)	(132)	52
Total comprehensive income	\$ (1,854)	\$ (312)	\$ (6,229)
Income per share (in USD):			
Basic	\$ (0.13)	\$ (0.01)	\$ (0.46)
Diluted	\$ (0.13)	\$ (0.01)	\$ (0.46)



Balance Sheet



Figures in USD (000's)	31 Mar 2014	31 Dec 2013
ASSETS	<i>Unaudited</i>	
<i>Non-current assets</i>		
Intangible assets	\$ 2,138	\$ 1,823
Property and equipment	1,012	1,096
Other assets	330	330
Total non-current assets	3,480	3,249
<i>Current assets</i>		
Inventory	1,165	1,074
Trade receivables and other	4,933	4,997
Cash and cash equivalents	9,371	11,663
Total current assets	15,469	17,734
Total assets	\$ 18,949	\$ 20,983
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	\$ 264	\$ 264
Share premium	64,411	64,357
Accumulated deficit	(50,928)	(49,490)
Translation and other reserves	(409)	(323)
Total equity	13,338	14,808
<i>Non-current liabilities</i>		
Long-term debt	415	243
Other long-term liabilities	-	232
Total non-current liabilities	415	475
<i>Current liabilities</i>		
Short-term debt	481	420
Accrued liabilities	1,004	802
Accrued compensation & employee benefits	785	995
Trade payables	2,926	3,483
Total current liabilities	5,196	5,700
Total liabilities	5,611	6,175
Total equity and liabilities	\$ 18,949	\$ 20,983



Cash Flow



Figures in USD (000's)	Q1 2014	Q1 2013	2013
	Unaudited	Unaudited	
Cash flows from operating activities			
Income (loss) for the period	\$ (1,767)	\$ (180)	\$ (6,281)
Depreciation and amortization	413	548	2,030
Finance costs (income)	21	(1,318)	(1,035)
Income tax expense (income)	4	-	(443)
Impairment of intangible assets	20	-	62
Cash receipt (payment) for income tax	(4)	-	222
Share based payments expense	329	37	593
Changes in trade receivables, inventories, other assets	(27)	(292)	(1,109)
Changes in trade payables and accrued liabilities	(811)	102	1,406
Net cash used in operating activities	(1,822)	(1,103)	(4,555)
Cash flows from investing activities			
Additions to intangible assets	(626)	(489)	(2,128)
Addition to other assets	-	-	(314)
Purchase of property and equipment	(39)	(17)	(631)
Net cash used in investing activities	(665)	(506)	(3,073)
Cash flows from financing activities			
Cash received for leasing of previously purchased equipment	248	-	-
Long-term deposit received from sub-lessee	-	-	234
Cash payments on long-term debt	-	(3,100)	(3,621)
Funds drawn (paid) against line of credit	26	(308)	57
Cash payments for interest on debt	-	(461)	(461)
Proceeds from issuance of share capital	55	24,825	25,099
Cash paid for fees related to IPO	-	(584)	(3,405)
Principal and interest payments on finance leases	(41)	(2)	(42)
Net cash provided by financing activities	288	20,370	17,861
Effect of exchange rate changes on cash and cash equivalents	(93)	(80)	182
Net changes in cash and cash equivalents	(2,292)	18,681	10,415
Cash and cash equivalents at beginning of period	11,663	1,248	1,248
Cash and cash equivalents at end of period	\$ 9,371	\$ 19,929	\$ 11,663
Supplemental disclosure - non-cash transactions			
Unpaid IPO fees included in accrued liabilities	\$ -	\$ 2,791	\$ -
Property and equipment acquired on finance leases	\$ -	\$ -	\$ 321

