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ASETEK

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Web Presentation



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Agenda



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



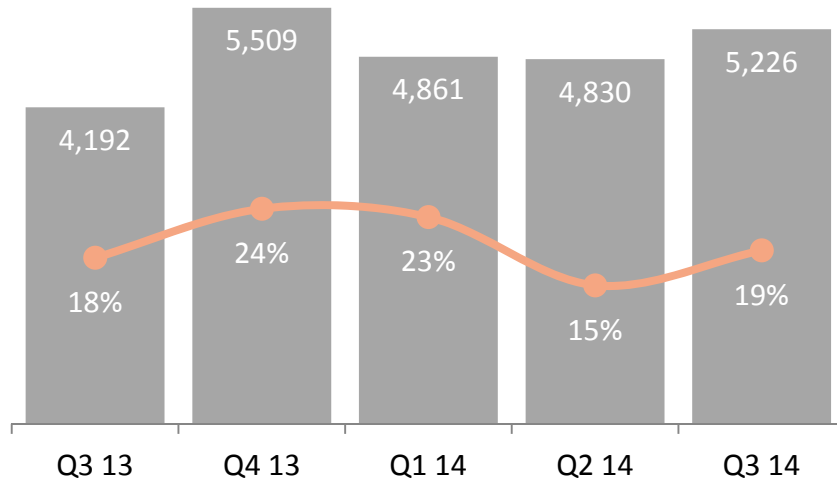
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Earnings development



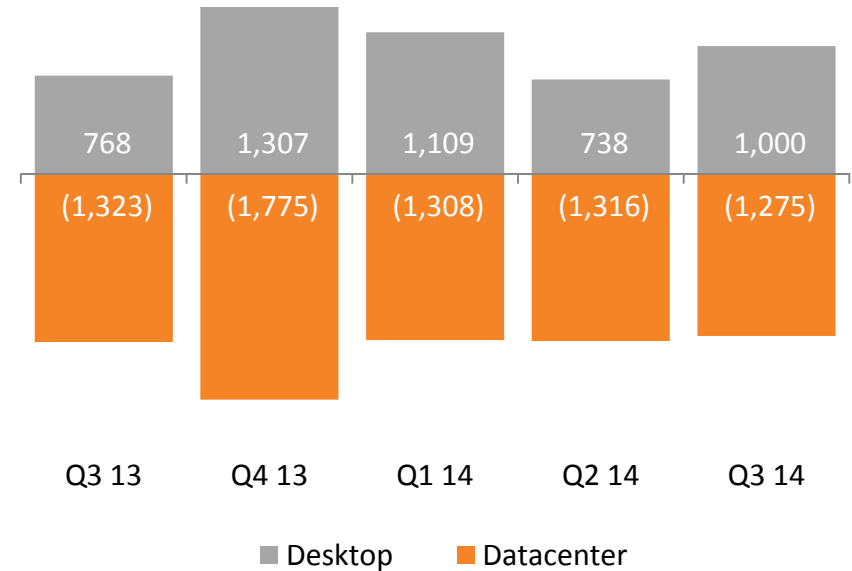
Desktop revenue and EBITDA margin

USD (000's)



Group EBITDA development

USD (000's)



Income Statement – segment breakdown



| USD (000's) | Q3 2014 | | | Q3 2013 | | |
|------------------------------|----------------|---------|-------------|----------------|---------|-------------|
| | Group | Desktop | Data center | Group | Desktop | Data center |
| Revenue | 5 479 | 5 226 | 253 | 4 357 | 4 192 | 165 |
| <i>Gross Margin</i> | 44.8 % | 43.5% | 71.5% | 40.8 % | 40.2% | 57.0% |
| Other operating expenses | 2 728 | 1 272 | 1 456 | 2 333 | 916 | 1 417 |
| EBITDA adjusted | (275) | 1 000 | (1 275) | (555) | 768 | (1 323) |
| Depreciations | 545 | 235 | 310 | 573 | 388 | 185 |
| Share based compensation | 159 | 72 | 87 | 24 | 9 | 15 |
| E B I T | (979) | 693 | (1 672) | (1 152) | 371 | (1 523) |
| <i>EBIT Margin</i> | -17.9 % | 13.3% | N/A | -26.4 % | 8.9% | N/A |
| HQ, Litigation expenses | 854 | | | 562 | | |
| HQ, Share based compensation | 45 | | | 6 | | |
| HQ, Other | 250 | | | 307 | | |
| EBIT, total | (2 128) | | | (2 027) | | |

- Significant increase in desktop revenue compared with Q3 2013
- Data center revenue primarily driven by high margin government revenue
- Margin improvement reflects business model change, cost savings and proactive product mix management



Cash Flow Statement



| USD (000's) | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 |
|---|----------------|----------------|----------------|----------------|----------------|
| Net cash used in operating activities | (1 588) | (611) | (1 822) | (1 393) | (1 236) |
| Net cash used in investing activities | (479) | (624) | (665) | (860) | (1 241) |
| Net cash provided (used) by financing activities | 85 | (156) | 288 | 170 | 398 |
| Effect of exchange rate changes on cash | 194 | 60 | (93) | 465 | 287 |
| Net changes in cash and cash equivalents | (1 788) | (1 331) | (2 292) | (1 618) | (1 792) |
| Cash and cash equivalents at beginning of period | 8 040 | 9 371 | 11 663 | 13 281 | 15 074 |
| Cash and cash equivalents at end of period | 6 252 | 8 040 | 9 371 | 11 663 | 13 281 |

- Growing the datacenter business through marketing and development, and defending intellectual property continues to fuel the usage of cash.
- \$6.3 million of cash on hand as of September 30, 2014.

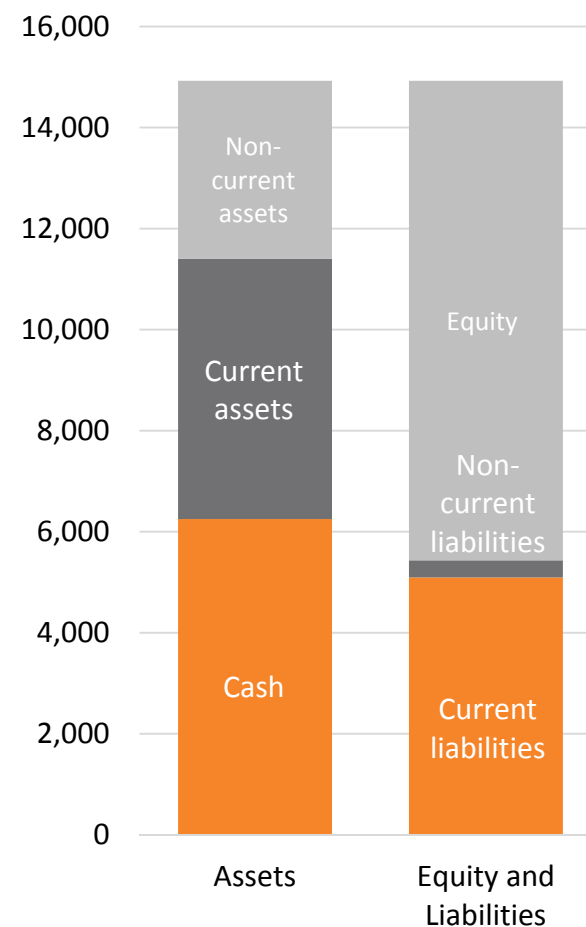


Balance sheet



| USD (000's) | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 | Q3 2013 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total non-current assets | 3 525 | 3 679 | 3 480 | 3 249 | 2 651 |
| Inventories | 1 124 | 1 308 | 1 165 | 1 074 | 963 |
| Receivables | 4 023 | 3 932 | 4 933 | 4 997 | 3 455 |
| Cash and equivalents | 6 252 | 8 040 | 9 371 | 11 663 | 13 281 |
| Total current assets | 11 399 | 13 280 | 15 469 | 17 734 | 17 699 |
| Total assets | 14 924 | 16 959 | 18 949 | 20 983 | 20 350 |
| Total equity | 9 490 | 11 219 | 13 338 | 14 808 | 15 979 |
| Total non-current liabilities | 340 | 391 | 415 | 475 | 228 |
| Total current liabilities | 5 094 | 5 349 | 5 196 | 5 700 | 4 143 |
| Total liabilities | 5 434 | 5 740 | 5 611 | 6 175 | 4 371 |
| Total equity and liabilities | 14 924 | 16 959 | 18 949 | 20 983 | 20 350 |

Balance sheet composition – Q3 2014



- Inventory turns: ~10 times per year
- Trade receivables DSO: ~59 days at Q3 2014



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Desktop

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Operational highlights

- Desktop revenues increased 25% from Q3 2013
 - Due to normal variances in the DIY market
- Margins increased by three percentage points
 - Strategic focus on high-end market and changes in business model on certain products
- Surpassed milestone of two million shipped sealed loop liquid cooling units
- Three new high-end, high-margin products utilizing Asetek liquid cooling were released to the market in Q3 2014:
 - Do-It-Yourself Product: Thermaltake Water 3.0 Extreme S
 - Asetek 570LXL and 591LX available to system integrators

New product launches



Datacenter

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Operational highlights

- Completed phase I of \$2.4m contract at Redstone Arsenal under the U.S. Energy Security Technology Certification Program. Three phases of project:
 - Phase I: installation and monitoring of liquid vs. air cooling on a small sample of servers (completed)
 - Phase II: retrofitting a larger group of servers with liquid cooling (ongoing; valued at ~\$0.3 million)
 - Phase III: deployment of ~18 racks (~350 servers) with liquid cooling, including both new servers and retrofits (valued at ~\$0.6 million)
- Server energy savings at Redstone more than 2x higher than expected
 - The energy savings has led Redstone to accelerate their plans for the phase III server installation.
- Signed on Johnson Controls as the first certified Integrator-Installer for data center products
- Won the 2014 Global Frost & Sullivan award for New Product Innovation Leadership
- Increased focus in High Performance Computing (HPC), hiring business development professionals with deep experience in HPC and end user sales

Frost & Sullivan award



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Summary and outlook



Desktop

- Desktop segment up by 25% in Q3 compared to Q3 2013.
- Gross margins up three percentage points
 - Margin increase due to business model changes and sales of high-end DIY products
- Total fourth quarter revenues expected to be down compared with Q3 due to normal fluctuations
 - Gross margin expected to reduce slightly compared to high Q3 levels
- Three new Asetek products expected to be released in the DIY market in Q4 2014
 - Two of these are targeting incremental DIY revenue

Datacenter

- Design-in efforts continue with multiple OEMs and System Integrators
- Modular data center development project with major OEM
- Project with major chip manufacturer to develop cooling solution for a next-generation platform
- Continued progress on Redstone Arsenal Network Enterprise Center for U.S. Department of Defense



Q&A

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Appendix



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Income statement



| Figures in USD (000's) | Q3 2014 | Q3 2013 | YTD Q3 2014 | YTD Q3 2013 | 2013 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | |
| Revenue | \$ 5,479 | \$ 4,357 | \$ 16,284 | \$ 14,617 | \$ 20,729 |
| Cost of sales | 3,040 | 2,611 | 9,388 | 8,993 | 12,680 |
| Gross profit | 2,439 | 1,746 | 6,896 | 5,624 | 8,049 |
| Research and development | 995 | 921 | 2,676 | 3,151 | 4,492 |
| Selling, general and administrative | 3,402 | 2,807 | 10,362 | 7,843 | 11,236 |
| Foreign exchange loss (gain) | 170 | 45 | 162 | 36 | 80 |
| Total operating expenses | 4,567 | 3,773 | 13,200 | 11,030 | 15,808 |
| Operating income | (2,128) | (2,027) | (6,304) | (5,406) | (7,759) |
| Finance income | - | 272 | 1 | 1,865 | 1,865 |
| Finance costs | (20) | (26) | (62) | (807) | (830) |
| Total financial income (expenses) | (20) | 246 | (61) | 1,058 | 1,035 |
| Income before tax | (2,148) | (1,781) | (6,365) | (4,348) | (6,724) |
| Income tax (expense) benefit | - | - | (4) | - | 443 |
| Income for the period | (2,148) | (1,781) | (6,369) | (4,348) | (6,281) |
| <i>Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Foreign currency translation adjustments | 178 | 87 | 151 | 23 | 52 |
| Total comprehensive income | \$ (1,970) | \$ (1,694) | \$ (6,218) | \$ (4,325) | \$ (6,229) |
| Income per share (in USD): | | | | | |
| Basic | \$ (0.15) | \$ (0.13) | \$ (0.45) | \$ (0.32) | \$ (0.46) |
| Diluted | \$ (0.15) | \$ (0.13) | \$ (0.45) | \$ (0.32) | \$ (0.46) |



Balance Sheet

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| Figures in USD (000's) | 30 Sep 2014 | 31 Dec 2013 |
|--|------------------|------------------|
| ASSETS | <i>Unaudited</i> | |
| <i>Non-current assets</i> | | |
| Intangible assets | \$ 2,407 | \$ 1,823 |
| Property and equipment | 816 | 1,096 |
| Other assets | 302 | 330 |
| Total non-current assets | 3,525 | 3,249 |
| <i>Current assets</i> | | |
| Inventory | 1,124 | 1,074 |
| Trade receivables and other | 4,023 | 4,997 |
| Cash and cash equivalents | 6,252 | 11,663 |
| Total current assets | 11,399 | 17,734 |
| Total assets | \$ 14,924 | \$ 20,983 |
| EQUITY AND LIABILITIES | | |
| <i>Equity</i> | | |
| Share capital | \$ 265 | \$ 264 |
| Share premium | 64,449 | 64,357 |
| Accumulated deficit | (55,054) | (49,490) |
| Translation and other reserves | (170) | (323) |
| Total equity | 9,490 | 14,808 |
| <i>Non-current liabilities</i> | | |
| Long-term debt | 340 | 243 |
| Other long-term liabilities | - | 232 |
| Total non-current liabilities | 340 | 475 |
| <i>Current liabilities</i> | | |
| Short-term debt | 438 | 420 |
| Accrued liabilities | 1,181 | 802 |
| Accrued compensation & employee benefits | 837 | 995 |
| Trade payables | 2,638 | 3,483 |
| Total current liabilities | 5,094 | 5,700 |
| Total liabilities | 5,434 | 6,175 |
| Total equity and liabilities | \$ 14,924 | \$ 20,983 |



Cash Flow

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| Figures in USD (000's) | YTD Q3 2014 <i>Unaudited</i> | YTD Q3 2013 <i>Unaudited</i> | 2013 |
|--|---------------------------------|---------------------------------|------------------|
| Cash flows from operating activities | | | |
| Income (loss) for the period | \$ (6,369) | \$ (4,348) | \$ (6,281) |
| Depreciation and amortization | 1,361 | 1,477 | 2,030 |
| Finance costs (income) | 62 | (1,058) | (1,035) |
| Income tax expense (income) | 4 | - | (443) |
| Impairment of intangible assets | 37 | - | 62 |
| Cash receipt (payment) for income tax | (4) | - | 222 |
| Share based payments expense | 805 | 107 | 593 |
| Changes in trade receivables, inventories, other assets | 588 | 675 | (1,109) |
| Changes in trade payables and accrued liabilities | (505) | (15) | 1,406 |
| Net cash used in operating activities | (4,021) | (3,162) | (4,555) |
| Cash flows from investing activities | | | |
| Additions to intangible assets | (1,629) | (1,427) | (2,128) |
| Addition to other assets | - | (314) | (314) |
| Purchase of property and equipment | (139) | (472) | (631) |
| Net cash used in investing activities | (1,768) | (2,213) | (3,073) |
| Cash flows from financing activities | | | |
| Cash received for leasing of previously purchased equipment | 248 | - | - |
| Long-term deposit received from sub-lessee | - | 234 | 234 |
| Cash payments on long-term debt | - | (3,621) | (3,621) |
| Funds drawn (paid) against line of credit | (5) | 97 | 57 |
| Cash payments for interest on debt | - | (461) | (461) |
| Proceeds from issuance of share capital | 95 | 24,852 | 25,099 |
| Cash paid for fees related to IPO | - | (3,405) | (3,405) |
| Principal and interest payments on finance leases | (121) | (5) | (42) |
| Net cash provided by financing activities | 217 | 17,691 | 17,861 |
| Effect of exchange rate changes on cash and cash equivalents | 161 | (283) | 182 |
| Net changes in cash and cash equivalents | (5,411) | 12,033 | 10,415 |
| Cash and cash equivalents at beginning of period | 11,663 | 1,248 | 1,248 |
| Cash and cash equivalents at end of period | \$ 6,252 | \$ 13,281 | \$ 11,663 |

