

FOR IMMEDIATE RELEASE

STATS ChipPAC Reports Second Quarter 2014 Results

Singapore – 8 August 2014 – STATS ChipPAC Ltd. (“STATS ChipPAC” or the “Company” – SGX-ST: STATSchP), a leading provider of advanced semiconductor packaging and test services, today announced results for the second quarter 2014.

Tan Lay Koon, President and Chief Executive Officer of STATS ChipPAC, said, “Revenue for the second quarter of 2014 increased by 12.2% to \$409.9 million from prior quarter and increased by 3.4% from the second quarter of 2013, at the high end of our guidance. We saw strength in the mobile communications segment, driven by multiple important production ramp for the emerging market wireless chipsets and next-generation LTE processors. In addition, we saw general seasonal market rebound in the computing and consumer segments.”

Operating margin for the second quarter of 2014 improved to 3.4% of revenue, compared to 0.7% in the prior quarter and 0.9% in second quarter of 2013. Net loss for the second quarter of 2014 was \$4.2 million compared to net loss of \$15.8 million in the prior quarter and \$52.2 million in second quarter of 2013, which included plant closure costs of \$36.5 million. Adjusted EBITDA¹ in the second quarter of 2014 was \$88.1 million or 21.5% of revenue, compared to \$78.4 million or 21.4% of revenue in the prior quarter and \$92.5 million and 23.3% in the second quarter of 2013.

Dennis Chia, Chief Financial Officer of STATS ChipPAC, said, “Gross margin for the second quarter of 2014 was higher at 12.2% compared to 10.0% in the prior quarter as we improved revenue sequentially. Gross margin this quarter included higher production ramp-up cost associated with our expansion for several key advanced packaging programs. This quarter, we expanded our advanced flip chip, wafer level and turnkey test capacity to support expected higher demand from our customers in the mobile communications segment. Excluding the new factory construction in Korea, capital expenditure for the second quarter of 2014 was \$153.0 million or 37.3% of revenue. Overall capital spending in the second quarter of 2014 was \$195.3 million or 47.7% of revenue compared to \$113.6 million or 31.1% of revenue in the first quarter of 2014. Cash, cash equivalents and bank deposits were \$185.3 million compared to \$176.9 million and debt was \$1,064.6 million compared to \$1,011.9 million at the end of second quarter of 2014 and first quarter of 2014, respectively.”

¹ Adjusted EBITDA is not required by, or presented in accordance with, Singapore Financial Reporting Standards (“FRS”). We define adjusted EBITDA as net income attributable to STATS ChipPAC Ltd. plus income tax expense, interest expense, net, depreciation and amortisation, restructuring charges, share-based compensation, goodwill and equipment impairment, tender offer, debt exchange or debt redemption expenses and write-off of debt issuance costs. Adjusted EBITDA excludes the plant closure costs related to our Malaysia plant and our restructuring actions. We present adjusted EBITDA as a supplemental measure of our performance. Management believes the non-FRS financial measure is useful to investors in enabling them to perform additional analysis.



STATS ChipPAC Ltd.

Company Registration No.: 199407932D

Headquarters: 10 Ang Mo Kio Street 65, #05-17/20 Techpoint,
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Outlook

Tan Lay Koon commented, “Based on current visibility, we expect third quarter 2014 revenues to increase 2% to 8% compared to the prior quarter, with adjusted EBITDA¹ in the range of 20% to 25% of revenue. We expect capital expenditure² in the third quarter of 2014 to be approximately \$175 million to \$205 million, including approximately \$75 million to \$95 million for progressive construction of the new factory in Korea.”

The outlook for the third quarter of 2014 is subject to a number of risks and uncertainties that could cause actual events or results to differ materially from those disclosed in the outlook statements. These statements are based on our management’s beliefs and assumptions, which involve judgments about future trends, events and conditions, all of which are subject to change and many of which are beyond our control. Please refer to our Financial Statements for the three and six months ended 29 June 2014 filed with the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the major assumptions made in preparing our outlook for the third quarter of 2014. Investors should consider these assumptions and make their own assessment of the future performance of STATS ChipPAC and note that there may not be a direct correlation between the net income of the Company with adjusted EBITDA¹ as a percentage of revenue.

Investor Conference Call / Live Audio Webcast Details

A conference call has been scheduled for 8:00 a.m. in Singapore on Tuesday, 12 August 2014. During the call, time will be set-aside for analysts and investors to ask questions of executive officers.

The call may be accessed by dialing +65-6823-2299. A live audio webcast of the conference call will be available on STATS ChipPAC’s website at www.statschippac.com. A replay of the call will be available 2 hours after the live call through 27 August 2014 at www.statschippac.com and by telephone at 800-616-2127. The conference ID number to access the conference call and replay is 1797158.

Forward-looking Statements

Certain statements in this release are forward-looking statements, including our outlook for the third quarter of 2014, that involve a number of risks and uncertainties that could cause actual results to differ materially from those described in this release. Factors that could cause actual results to differ include, but are not limited to, general business and economic conditions and the state of the semiconductor industry; prevailing market conditions; demand for end-use applications products such as communications equipment, consumer and multi-applications and personal computers; decisions by customers to discontinue outsourcing of test and packaging services; level of competition; our reliance on a small group of principal customers; our continued success in technological innovations; pricing pressures, including declines in average selling prices; intellectual property rights disputes and litigation; our ability to control operating expenses; our substantial level of indebtedness and access to credit markets; potential impairment charges; availability of financing; changes in our product mix; our capacity utilisation; delays in acquiring or installing new equipment; limitations imposed by our financing

² Capital expenditure refers to acquisitions of production equipment, asset upgrades and infrastructure investments.



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arrangements which may limit our ability to maintain and grow our business; returns from research and development investments; changes in customer order patterns; customer credit risks; disruption of our operations; shortages in supply of key components and disruption in supply chain; inability to consolidate our Malaysia operations into our China operations and uncertainty as to whether such plan will achieve the expected objectives and results; loss of key management or other personnel; defects or malfunctions in our testing equipment or packages; rescheduling or cancelling of customer orders; adverse tax and other financial consequences if the taxing authorities do not agree with our interpretation of the applicable tax laws; classification of our Company as a passive foreign investment company; our ability to develop and protect our intellectual property; changes in environmental laws and regulations; exchange rate fluctuations; regulatory approvals for further investments in our subsidiaries; majority ownership by Temasek Holdings (Private) Limited ("Temasek") that may result in conflicting interests with Temasek and our affiliates; unsuccessful acquisitions and investments in other companies and businesses; labour union problems in South Korea; uncertainties of conducting business in China and changes in laws, currency policy and political instability in other countries in Asia; natural calamities and disasters, including outbreaks of epidemics and communicable diseases; the continued trading and listing of our ordinary shares on the Singapore Exchange Securities Trading Limited ("SGX-ST"). You should not unduly rely on such statements. We do not intend, and do not assume any obligation, to update any forward-looking statements to reflect subsequent events or circumstances.

Basis of Preparation of Results

The financial statements included in this release have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

Our 52-53 week fiscal year ends on the Sunday nearest and prior to 31 December. Our fiscal quarters end on a Sunday and our 13-week second quarter of 2014 ended on 29 June 2014, while our 13-week second quarter of 2013, 13-week fourth quarter of 2013 and 13-week first quarter of 2014 ended on 30 June 2013, 29 December 2013 and 30 March 2014, respectively. References to "\$" are to the lawful currency of the United States of America.

About STATS ChipPAC Ltd.

STATS ChipPAC Ltd. (SGX-ST Code: S24) is a leading service provider of semiconductor packaging design, assembly, test and distribution solutions in diverse end market applications including communications, digital consumer and computing. With global headquarters in Singapore, STATS ChipPAC has design, research and development, manufacturing or customer support offices throughout Asia, the United States and Europe. STATS ChipPAC is listed on the SGX-ST. Further information is available at www.statschippac.com. Information contained in this website does not constitute a part of this release.

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STATS ChipPAC Ltd.
Consolidated Income Statement
(Unaudited)

	Three Months Ended		Six Months Ended	
	29 June	30 June	29 June	30 June
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Net revenues	409,912	396,366	775,388	802,727
Cost of revenues	(359,862)	(339,455)	(688,818)	(683,382)
Gross profit	50,050	56,911	86,570	119,345
Operating expenses:				
Selling, general and administrative	25,128	24,268	49,250	47,560
Research and development	10,751	12,700	20,683	25,075
Exchange offer and redemption expenses	—	14,129	—	15,701
Write-off of debt issuance costs	—	2,176	—	2,392
Operating expenses	35,879	53,273	69,933	90,728
Equipment impairment	—	—	2,261	—
Total operating expenses	35,879	53,273	72,194	90,728
Operating income before exceptional item	14,171	3,638	14,376	28,617
Plant closure costs	—	(36,530)	—	(36,530)
Operating income (loss) after exceptional item	14,171	(32,892)	14,376	(7,913)
Other income (expenses), net:				
Interest income	388	353	950	680
Interest expense	(12,676)	(13,536)	(25,051)	(28,794)
Foreign currency exchange loss	(347)	(8)	(557)	(324)
Other non-operating income, net	152	53	161	45
Total other expenses, net	(12,483)	(13,138)	(24,497)	(28,393)
Income (loss) before income taxes	1,688	(46,030)	(10,121)	(36,306)
Income tax expense	(3,273)	(3,850)	(6,211)	(8,521)
Net loss	(1,585)	(49,880)	(16,332)	(44,827)
Less: Net income attributable to the non-controlling interest	(2,597)	(2,368)	(3,657)	(3,892)
Net loss attributable to STATS ChipPAC Ltd.	(4,182)	(52,248)	(19,989)	(48,719)
Net loss per ordinary share attributable to STATS ChipPAC Ltd.:				
Basic	\$(0.00)	\$(0.02)	\$(0.01)	\$(0.02)
Diluted	\$(0.00)	\$(0.02)	\$(0.01)	\$(0.02)
Ordinary shares (in thousands) used in per ordinary share calculation:				
Basic and Diluted	2,202,218	2,202,218	2,202,218	2,202,218
Key Ratios and Information:				
Gross Margin	12.2%	14.4%	11.2%	14.9%
Operating Expenses as a % of Revenue	8.8%	13.5%	9.0%	11.3%
Operating Margin	3.4%	0.9%	2.2%	3.6%
Depreciation & Amortisation, including Amortisation of Debt Issuance Costs	78,468	76,486	157,420	148,930
Capital Expenditures	195,345	105,774	308,965	198,180



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STATS ChipPAC Ltd.
Consolidated Statement of Financial Position
(Unaudited)

	29 June 2014 \$'000	29 December 2013 \$'000
ASSETS		
Current assets:		
Cash and cash equivalents	126,892	129,136
Short-term bank deposits	57,978	42,042
Accounts receivable, net	235,945	238,441
Other receivables	30,711	15,239
Inventories	80,049	71,055
Prepaid expenses and other current assets	22,364	18,970
Total current assets	553,939	514,883
Non-current assets:		
Long-term bank deposits	446	11,604
Property, plant and equipment, net	1,586,897	1,431,247
Intangible assets	34,799	35,117
Goodwill	381,487	381,487
Deferred tax assets	223	186
Prepaid expenses and other non-current assets	3,010	3,146
Total non-current assets	2,006,862	1,862,787
Total assets	2,560,801	2,377,670
LIABILITIES		
Current liabilities:		
Accounts and other payables	162,369	138,004
Payables related to property, plant and equipment purchases	172,121	141,998
Accrued operating expenses	129,824	124,640
Income taxes payable	11,838	18,207
Short-term bank borrowings	100,000	37,947
Short-term amounts due to related parties	216	100
Total current liabilities	576,368	460,896
Non-current liabilities:		
Long-term borrowings	964,644	874,281
Deferred tax liabilities	50,253	47,476
Other non-current liabilities	21,751	24,228
Total non-current liabilities	1,036,648	945,985
Total liabilities	1,613,016	1,406,881
EQUITY		
Share capital	873,666	873,666
Retained earnings	31,489	51,478
Other reserves	(8,881)	(7,712)
Equity attributable to equity holders of STATS ChipPAC Ltd.	896,274	917,432
Non-controlling interest	51,511	53,357
Total equity	947,785	970,789
Total liabilities and equity	2,560,801	2,377,670



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STATS ChipPAC Ltd.
Other Supplemental Information
(Unaudited)

	2Q 2014	1Q 2014	2Q 2013
<u>Net Revenues by Product Line</u>			
Advanced Packaging ^{##}	49.2%	49.1%	45.6%
Wirebond Packaging	30.0%	29.7%	32.0%
Test	20.8%	21.2%	22.4%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Net Revenues by End User Market</u>			
Communications	67.5%	67.2%	70.3%
Personal Computers	8.5%	8.6%	8.5%
Consumer, Multi-applications and Others	24.0%	24.2%	21.2%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Net Revenues by Region</u>			
United States of America	63.0%	65.1%	68.8%
Asia	28.8%	24.6%	19.6%
Europe	8.2%	10.3%	11.6%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Number of Testers	943	948	992
Number of Wirebonders	4,164	4,118	4,012

^{##} Advanced Packaging includes flip-chip and wafer level packaging.



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