



Media Release

(all figures in US\$ unless otherwise stated)

GATE Announces 3Q15 Sales of \$167.1M

Singapore, 2 November 2015 – Global A&T Electronics Ltd (GATE or the Company), subsidiary of UTAC Holdings Ltd (UTAC), today announced unaudited third quarter (3Q15) sales of \$167.1M, up 0.2% from \$166.8M in 2Q15, and down 16.2% from \$199.5M in 3Q14.

“3Q sales and margins were slightly ahead of guidance and sales visibility from most customers has improved. However, market conditions remain very weak with no recovery expected in 4Q which is traditionally a weaker quarter.

Our Analog sales continue to be dampened by reduced outsourcing from IDM customers while MSLP sales are weighed down by weak fabless and foundry sales. We will continue to keep a tight rein on cost, working capital and capex spending. We are still winning new customers and projects and will continue to invest in new capabilities to support them in 2016,” said Dr. John Nelson, Chief Executive Officer of UTAC.

GATE 3Q15 Results Highlights

- MSLP sales rose slightly by 1% qoq as improved sales to fabless customers offset lower foundry sales. Analog sales declined 5% qoq with continued weakness in consumer and industrial end markets. Memory sales rose 16% qoq with higher sales and better product mix.
- **Gross profit margin** was 180bps higher at 15.9% compared to 14.1% in 2Q15 and above guidance of 12% to 15%. Margin improved with increased cost reduction as cost of revenue declined 1.9% qoq.
- **Adjusted EBITDA** was higher at \$41.3M representing 24.7% of sales in 3Q15, compared to \$40.3M which represented 24.2% of 2Q15 sales.
- **Operating expenses** declined 2.5% qoq to \$22.7M mainly due to absence of a \$3.0M legal provision in 2Q15, offset by higher SG&A and R&D expenses. SG&A expense rose 13.2% due to absence of a one-time corporate cost reduction in 2Q15 as well as higher

infrastructure and expenses associated with certain corporate actions. R&D expense rose to \$2.7M from \$2.1M in 2Q15 due to step-up in new package development.

- **Net cash from operations** rose to \$41.9M in 3Q15 from \$36.3M in 2Q15 due to lower losses after tax and working capital changes.
- **Net cash for investing activities** was higher at \$23.2M in 3Q15 compared to \$12.2M in 2Q15 despite slightly lower cash capex due to absence of a \$12.1M loan repayment from UTAC to GATE in 2Q15. GATE's 3Q15 cash capex declined slightly to \$23.6M in 3Q15 compared to \$24.8M in 2Q15.
- 9M15 capex totaled \$82.3M or 16.3% of 9M15 sales. 62% of the capex was for MSLP testers, 13% for WLCSP assembly lines, 10% for analog, 9% for support functions, and the remainder 6% for flip-chip and memory.
- **Net cash used in financing activities** was \$57.0M in 3Q15 due to interest payments of \$56.9M for the senior notes.
- **Cash balance** was \$176.6M as at end September 2015 down from \$214.9M as at end June 2015.

4Q15 and FY15 Outlook

Based on current visibility, GATE has the following expectations for 4Q15 and FY15:

- 4Q15 sales are expected to be up 1% to down 5% from 3Q15. FY15 sales are expected to be lower than FY14.
- 4Q15 gross margins are expected to be 14% to 16%.
- FY15 capex to be lower than FY14 capex of \$119M. Capex as a percentage of sales to be similar to FY14 levels of around 16%.
- 4Q15 ending cash is expected to be slightly higher than 3Q15 level. FY15 cash balance is expected to be lower compared to FY14

~End~

Segmental Revenue

US\$ Millions	2Q15	3Q15	QOQ
Memory	19.8	22.8	15%
MSLP	77.2	78.0	1%
Analog	69.8	66.3	-5%

US\$ Millions	2Q15	3Q15	QOQ
Assembly	106.3	108.1	2%
Test	60.5	59.0	-3%

Summary of 3Q15 Unaudited Consolidated Statement of Income (all figures in US\$)

Income Statement (\$'000)		After audit adjustment		After audit adjustment
	Q3'14	Q1'15	Q2'15	Q3'15
Sales	199,499	172,238	166,827	167,102
Cost of Sales	(163,061)	(142,624)	(143,300)	(140,508)
Gross Profit	36,439	29,614	23,527	26,594
<i>Gross Profit Margin</i>	<i>18.3%</i>	<i>17.2%</i>	<i>14.1%</i>	<i>15.9%</i>
SG&A	(16,919)	(17,815)	(17,383)	(19,681)
R&D	(2,716)	(2,111)	(2,076)	(2,674)
Other operating expenses	(7,806)	(387)	(3,876)	(387)
Operating Profit	8,997	9,301	192	3,852
Other income	1,810	1,699	1,039	1,118
Other gain - net	32,390	657	174	862
Finance cost	(29,723)	(30,063)	(30,753)	(30,484)
Loss before tax	13,474	(18,406)	(29,348)	(24,652)
Income tax expense	(3,014)	(1,871)	(4,395)	(5,092)
Net Income	10,460	(20,277)	(33,743)	(29,744)
Income tax expense/(credit)	3,014	1,871	4,395	5,092
Finance expenses	29,723	30,063	30,753	30,484
EBIT	43,197	11,657	1,405	5,832
Depreciation of property, plant and equipment	32,932	30,158	29,656	30,068
Amortization of intangible assets	3,953	3,984	3,947	3,603
EBITDA	80,082	45,799	35,008	39,503
Restructuring cost	1,013	443	205	276
Impairment loss on property, plant and equipment	6,713	-	-	-
Impairment loss on non-current assets held-for-sale	-	-	705	-
Gain on sale of Building in Singapore	(28,603)	-	-	-
Dividend income	-	-	-	(22)
Legal provisions	-	-	3,000	-
Fair value loss on derivatives financial instruments	-	-	37	66
Others	-	1,650	1,356	1,519
Adjusted EBITDA	59,205	47,892	40,310	41,342
<i>Adjusted EBITDA Margin</i>	<i>29.7%</i>	<i>27.8%</i>	<i>24.2%</i>	<i>24.7%</i>
Cash Flow (\$'000)				
Cash Balance at beginning of Period	187,359	241,253	191,411	214,819
Profit after tax	10,460	(20,277)	(33,743)	(29,744)
Depreciation	32,932	30,158	29,656	30,068
Amortisation	3,953	3,984	3,947	3,603
Finance Expense and Interest Income	29,229	29,542	30,547	30,352
Fair value loss on derivative financial instruments	-	-	37	66
Legal provisions	-	-	3,000	-
Change in Working Capital	(790)	(4,057)	4,442	9,186
Others	(28,361)	610	(1,545)	(1,646)
Net Cash Provided by Operating Activities	47,423	39,960	36,341	41,885
Payment for Acquisition of Fixed Assets and Intangible Assets	(29,052)	(33,977)	(24,753)	(23,614)
Proceeds from the Sale of Fixed Assets and asset held for sales	59,917	2,114	2	520
Interest	198	232	136	130
(Amount due from)/repayment of loan from intercompany	-	-	12,084	(247)
Others	-	(466)	301	55
Net Cash Provided (Used) in Investing Activities	31,063	(32,097)	(12,230)	(23,156)
Interest paid	(56,944)	(56,922)	(560)	(56,892)
Proceed/repayment loan and borrowing, net	(73)	(87)	(143)	(77)
Others	(521)	(696)	-	-
Net Cash Provided (Used) in Financing Activities	(57,538)	(57,705)	(703)	(56,969)
Restricted cash	47	47	47	47
Cash Balance at End of Period	208,354	191,458	214,866	176,626

Summary of 3Q15 Unaudited Consolidated Balance Sheet
(all figures in US\$)

Balance Sheet (\$'000)		After audit adjustment		
	Q3'14	Q1'15	Q2'15	Q3'15
Current Assets				
Cash and Cash Equivalents	208,354	191,458	214,866	176,626
Trade and Other Receivables	137,172	111,711	109,688	111,817
Inventories	41,661	41,437	39,036	39,668
Other Current Assets	16,126	10,719	9,540	9,480
Total Current Assets	403,313	355,325	373,130	337,591
Non-Current Assets				
Property, Plant and Equipment	499,273	490,593	501,103	485,106
Goodwill	643,405	643,405	643,405	643,405
Intangible Assets	53,469	45,698	43,911	42,449
Trade and Other Receivables	-	12,014	-	-
Other Non-Current Assets	12,643	6,714	7,229	6,705
Total Non-Current Assets	1,208,790	1,198,424	1,195,648	1,177,665
Total Assets	1,612,103	1,553,749	1,568,778	1,515,256
Current Liabilities				
Trade and other payable	139,669	108,258	128,493	133,175
Accrued interest payable	18,788	18,474	46,969	18,808
Deferred Income	-	-	44	26
Other current liabilities	6,309	14,213	14,790	16,409
Total Current Liabilities	164,766	140,945	190,296	168,418
Non-Current Liabilities				
Long Term Debt	1,097,474	1,100,156	1,101,863	1,103,352
Deferred Tax Liabilities	6,586	6,066	4,884	4,934
Deferred Income	101	63	-	-
Long Term Benefit Obligations	22,274	22,598	21,958	20,865
Total Non-Current Liabilities	1,126,435	1,128,883	1,128,705	1,129,151
Total Liabilities	1,291,201	1,269,828	1,319,001	1,297,569
Total Equity	320,902	283,921	249,777	217,687
Total Equity and Liabilities	1,612,103	1,553,749	1,568,778	1,515,256

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Forward-looking statements

This press release includes statements that are, or may be deemed to be, "forward-looking statements" within the meaning of U.S. securities laws. These statements appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the semiconductor industry may differ materially from those made in or suggested by the forward-looking statements contained in this press release. Important factors that could cause those differences include, but are not limited to: the cyclicity of the semiconductor industry; our reliance on certain major customers, our history of substantial losses; our ability to manage our geographically diverse manufacturing facilities and expand our business, our significant indebtedness affecting our operations and our ability to repay or refinance our indebtedness as it falls due; increased competition from other companies and our ability to retain and increase our market share; pending litigation by certain holders of our senior secured notes, litigation relating to our intellectual property and other potential legal liabilities; our ability to successfully develop new technologies; our ability to acquire equipment and supplies necessary to meet our business needs; our ability to generate sufficient cash to meet our capital expenditure requirements; our ability to hire and maintain qualified personnel; fires, natural disasters, acts of terrorism and other developments outside our control; the political stability of our local region; and general local and global economic conditions.

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