



Media Release

(all figures in US\$ unless otherwise stated)

GATE reports 1Q14 earnings

Singapore, 5 May 2014 – Global A&T Electronics Ltd (GATE or the Company), subsidiary of UTAC Holdings Ltd (UTAC), a leading semiconductor testing and assembly services provider headquartered in Singapore, announced today its unaudited financial results for the first quarter 2014 (1Q14).

1Q14 Results Highlight

- 1Q14 revenue was within guidance and in line with seasonality, declining 7.1% sequentially from the prior quarter to \$160.7M.
- Gross profit margin increased to 12.5% in 1Q14 from 11.9% in 4Q13 as cost of sales declined 7.6% with cost reduction efforts mitigating the impact of revenue decline.
- Operating profit declined to \$1.5M from \$2.8M in 4Q13 mainly due to lower revenue as SG&A and R&D expenses maintained at approximately 9% and 2% of sales respectively.
- Adjusted EBITDA was \$43.6M and 27.1% of revenue in 1Q14, compared to \$44.1M and 25.5% of revenue in 4Q13.
- The Company generated operating cash inflow of \$41.4M against capital expenditure of \$19.2M and interest payment of \$48.7M in 1Q14. Cash and cash equivalents totaled \$191.8M as at 31 March 2014 compared to \$217.9M as at the start of the quarter.

2Q14 Outlook

Based on current visibility, the Company has the following expectations for 2Q14 and FY2014:

- 2Q14 sales to be up 7-13% quarter-on-quarter in line with industry expectations and customer forecast.
- Gross profit margin to be up 200-300 bps from 1Q14 levels on higher sales and continued cost reduction initiatives.
- FY2014 gross and operating profit revised upwards by 5-15% on a dollar-basis from earlier guidance of flat-10% due to acceleration of cost reduction initiatives.
- FY14 revenue, capex and cashflow guidance remains unchanged from 4Q13 announcement.

Commenting on the outlook, Dr. John Nelson, Chief Executive Officer of UTAC, said, *"We are seeing 2Q growth driven by restocking demand and uptick in mobile customers demand. In particular, we see growth in the analog segment from the automotive, industrial and consumer devices end-markets. To meet demand, we are progressively adding more test capacity across the Company, especially in Taiwan and Thailand. We are also driving backfill of our existing capacity to improve overall utilization."*

Douglas Devine, Chief Financial Officer of UTAC, added, *"We are gaining traction with existing and new customers, and making investments in hi-end testers and WLCSP capacity to meet demand. Our balance sheet and liquidity remains healthy, and we would be able to support our capex plans with internal resources."*

The Company has signed an option for the sale of its USG2 facility in Singapore for approximately \$47.4M, which is expected to be completed in 3Q14. It also plans to divest off some of its under-utilized memory assets by the end of FY2014 for an estimated \$19M. The Company has an undrawn credit facility of \$125M, which it has no plans to draw on in the short-term.

UTAC's acquisition of Panasonic's facilities, announced in February 2014, is expected to be completed in June 2014. GATE expects to recognize the benefits of cost-sharing of management fee from 2Q14. The impacts of the Panasonic acquisition are not included in the forward looking guidance in this earnings release.

GATE will be filing its 10-Q 1Q2014 financial statements on 14 May 2014 with an earnings call to be scheduled on 15 May 2014.

~End~

Summary of 1Q14 Results (Unaudited)

Income Statement (\$'000)

	Q1'13	Q4'13	Q1'14
Sales	200,980	172,940	160,676
Cost of Sales	(172,580)	(152,276)	(140,631)
Gross Profit	28,400	20,664	20,045
<i>Gross Profit Margin</i>	<i>14.1%</i>	<i>11.9%</i>	<i>12.5%</i>
	0	0	0
SG&A	(15,862)	(14,784)	(15,718)
R&D	(2,926)	(3,061)	(2,824)
Operating Profit	9,612	2,819	1,503
	0	0	0
Other Income/Expense	(344)	3,705	(1,550)
Interest	(29,627)	(30,916)	(29,970)
Taxes	(2,204)	2,480	(1,198)
Other	(189)	(3,074)	0
Net Income	(22,752)	(24,986)	(31,215)
EBIT	9,079	3,450	(47)
Depreciation and Amortization	43,772	40,614	38,503
Restructuring cost	2,393	2,026	2,621
Impairment of fixed assets	-	1,665	-
Share of loss in Nepes	189	3,074	-
External legal expenses	1,790	(983)	1,500
Write back of unclaimed monies		(4,846)	
Others (forex, etc)	(360)	(926)	1,027
Adjusted EBITDA	56,863	44,074	43,604
<i>EBITDA Margin</i>	<i>28.3%</i>	<i>25.5%</i>	<i>27.1%</i>

Cash Flow (\$'000)

Cash and Cash Equivalents at the beginning of Period	201,219	208,141	217,806
Net Income	(22,752)	(24,986)	(31,215)
Depreciation	39,603	36,554	34,408
Amortisation	4,169	4,067	4,063
Change in Working Capital	(1,735)	7,448	3,682
Net Interest Expense	29,423	25,680	29,506
Others	1,843	(5,657)	910
Net Cash Provided by Operating Activities	50,551	43,106	41,354
Payment for Fixed Assets/Intangible Asset:	(14,443)	(13,719)	(19,239)
Proceeds from the Sale of Fixed Assets	654	16,571	87
Interest	128	319	464
Others	3	(2,279)	0
Net Cash Provided (Used) in Investing Activities	(13,658)	892	(18,688)
Net Cash Provided (Used) in Financing Activities	(31,792)	(34,333)	(48,724)
Restricted cash	-	49	49
Cash and Cash Equivalents at the End of Period	206,320	217,855	191,797

Balance Sheet (\$'000)

Current Assets			
Cash and Cash Equivalents	206,320	217,855	191,797
Trade and Other Receivables	137,548	106,747	101,633
Inventories	39,501	33,548	34,858
Other Current Assets	11,957	10,585	21,628
Total Current Assets	395,326	368,735	349,916
Plant Property and Equipment	628,763	536,157	517,880
Intangible Assets	720,981	708,745	704,742
Other Non-Current Assets	16,634	13,692	13,438
Total Non-Current Assets	1,366,378	1,258,594	1,236,060
Total Assets	1,761,704	1,627,329	1,585,976
Current Liabilities	165,047	140,411	130,636
Long Term Debt	1,136,522	1,093,674	1,094,680
Deferred Tax Liabilities	16,382	9,439	8,614
Long Term Benefit Obligations	17,229	21,841	21,325
Deferred Income	237	168	144
Total Non-Current Liabilities	1,170,370	1,125,122	1,124,763
Total Liabilities	1,335,417	1,265,533	1,255,399
Total Equity	426,287	361,796	330,577
Total Equity and Liabilities	1,761,704	1,627,329	1,585,976

Note: Reclassification of transaction cost of \$19.7M, relating to the exchange bond offer, was made in 4Q13 to ensure consistency for comparative purposes. This resulted in differences in Other Expense and Interest compared to the 4Q13 announcement.

About Global A&T Electronics Ltd

Global A&T Electronics Ltd (GATE) is a leading independent provider of semiconductor assembly and testing services for a broad range of integrated circuits including memory, mixed-signal, analog, logic and radio frequency ICs. The Company offers a full range of package and test development, engineering and manufacturing services and solutions to a worldwide customer base, comprising leading integrated device manufacturers (IDMs), fabless companies and wafer foundries. GATE operates manufacturing facilities in Singapore, Thailand, Taiwan and China, in addition to its global network of sales offices in the United States, Europe, Japan, Korea, China and Singapore. For more information, please visit www.utacgroup.com

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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 and strategies.

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 annual report. Important factors that could cause those differences include, but are not limited to: the cyclicity of the semiconductor industry; increased competition from other companies and our ability to retain and increase our market share; our reliance on certain major customers; our ability to generate growth and profitability; our ability to generate sufficient cash to meet our capital expenditure requirements; our ability to repay or refinance our indebtedness as it falls due; and general local and global economic conditions.

Given the risks and uncertainties which may cause actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this press release, undue reliance must not be placed on those statements or information. UTAC and/or GATE do not represent or warrant that their actual future results, performance or achievements will be as discussed in those forward looking statements. Further, UTAC and/or GATE disclaim any responsibility, and undertake no obligation to update or revise any forward-looking statements contained in this press release to reflect any change in their expectations with respect to such statements or information after the date of this press release or to reflect any change in events, conditions or circumstances on which UTAC and/or GATE based any such statements.