



Media Release

(all figures in US\$ unless otherwise stated)

GATE Announces 1Q15 Revenue of \$172.2M

Singapore, 4 May 2015 – Global A&T Electronics Ltd (GATE or the Company), subsidiary of UTAC Holdings Ltd (UTAC), a leading semiconductor assembly and test services provider headquartered in Singapore, today announced unaudited first quarter (1Q15) revenue of \$172.2M, up 7.2% year-on-year (yoy) and down 9.0% quarter-on-quarter (qoq).

“We started 2015 in a stronger position than a year ago with a 7.2% year-on-year revenue growth and a more profitable structure with gross margins almost 5 percentage points higher.

However, we faced some revenue headwinds in 1Q15, particularly from memory and MSLP customers, which resulted in revenue falling below guidance. We were able to meet our profit margin guidance as we continue to focus on cost and production efficiency,” said Dr. John Nelson, Chief Executive Officer of UTAC.

GATE 1Q15 Results Highlight

- 1Q15 revenue declined 9.0% qoq to \$172.2M. Gross margin declined to 17.1% from 19.6% in line with lower sales, higher assembly as percentage of revenue, and an unfavorable product mix within assembly. Assembly and test accounted for 65% and 35% of 1Q15 revenue, compared to 64% and 36% in 4Q14.
- Memory segment declined 22% qoq to \$18.7M as key flash and DRAM memory customers were affected by product mix issues and weakness in the PC market.
- MSLP segment declined 11% qoq to \$83.0M as a result of lower customer demand for specific end products and weakness in some mobile communications segment.
- Analog segment declined 2% qoq to \$70.5M.
- Operating expenses declined from \$22.0M in 4Q14 to \$20.3M. SG&A and R&D expenses remained stable, accounting for 11.5% of revenue compared to 11.1% in 4Q14.
- Tax expense declined to \$1.9M from \$7.2M due to lower taxable profit from certain subsidiaries in 1Q15. Tax expenses were also higher in 4Q14 due to a \$2.2M capital gain tax from asset sales and a one-off write-off of deferred tax assets amounting to \$1.8M in UTAC Dongguan in 4Q14.

- Adjusted EBITDA was \$47.9M representing 27.8% of revenue, compared to \$57.8M and 30.5% of revenue in 4Q14.
- Net cash from operations declined to \$40.0M from \$59.5M primarily due to lower revenue and working capital changes. Net cash used in investing activities rose to \$32.1M from \$25.9M, with cash capex of \$34.0M mainly for WLCSP assembly and MSLP testers. Net cash used in financing activities was \$57.7M primarily due to bond interest payment of \$56.9M.
- Cash balance declined to \$191.5M as at 31 March 2015 from \$241.3M as at the start of the quarter due mainly to the bond interest repayment.

2Q15 Outlook

Looking ahead to 2Q15, Dr. Nelson said, *“Our channel checks indicate some major customers are adjusting and managing inventory closely, and experiencing softer end market demand, notably in certain communications and computing segments. Against this backdrop, we expect 2Q growth to be slower as compared to seasonal trends.*

We continue to see growth associated with specific market segments and will continue to invest prudently in areas such as WLCSP assembly, while improving our cost structure and service quality.”

UTAC is considering a potential initial public offering and has appointed bankers and advisers for the exercise. No timelines have been established at this point and UTAC will promptly announce plans at the appropriate time. For these reasons, GATE will not be providing guidance beyond 2Q15 at this point in time.

Based on current visibility, the Company has the following expectations for 2Q15.

- 2Q15 sales expected to be qoq flat to up 6%, below seasonal trend.
- 2Q15 gross profit margin expected to be within 16 -18%
- 2Q15 ending cash balance expected to be slightly higher compared to 1Q15 after repayment of \$12.2M in intercompany loan and interest due from UMS to GATE as part of the acquisition of Panasonic’s facilities in June 2014.

UTAC 1Q15 Financials

- UTAC’s 1Q15 revenue declined 5.9% qoq to \$226.2M which included \$4.5M of take-and-pay contractual payment from Panasonic. UTAC’s 1Q15 revenue was 40.8% yoy higher from \$160.7M in 1Q14.
- UTAC closed 1Q15 with cash balance of 258.0M, down from \$301.2M as at end 4Q14.

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Global A&T Electronics Ltd
Summary of 1Q15 Unaudited Consolidated Statement of Income
(all figures in US\$)

Income Statement (\$'000)

	Q1'14	Q4'14	Q1'15
Sales	160,673	189,186	172,238
Cost of Sales	(140,628)	(152,057)	(142,757)
Gross Profit	20,045	37,129	29,481
<i>Gross Profit Margin</i>	<i>12.5%</i>	<i>19.6%</i>	<i>17.1%</i>
SG&A	(15,719)	(18,410)	(17,815)
R&D	(2,824)	(2,570)	(2,111)
Other operating expenses	(2,809)	(1,031)	(387)
Operating Profit	(1,306)	15,117	9,168
Other income	1,690	3,601	1,832
Other gains/(loss) - net	(431)	3,231	657
Finance cost	(29,970)	(30,392)	(30,063)
Income tax expense	(1,198)	(7,216)	(1,871)
Share of loss of associated companies			
Net Income	(31,215)	(15,658)	(20,277)
EBIT	(48)	21,950	11,657
Depreciation and Amortization	38,488	35,789	34,141
Restructuring cost	2,621	384	443
Impairment of fixed assets	11	33	-
Others (forex, etc)	-	(401)	1,650
EBITDA (adjusted for non operating items)	41,073	57,754	47,891
<i>EBITDA Margin</i>	<i>25.6%</i>	<i>30.5%</i>	<i>27.8%</i>

Cash Flow (\$'000)

Cash Balance at beginning of Period	217,806	208,354	241,253
Net Income	(31,215)	(15,658)	(20,277)
Depreciation	34,408	31,839	30,158
Amortisation	4,063	3,949	3,984
Change in Working Capital	3,682	8,005	(4,057)
Net Interest Expense	29,506	29,881	29,542
Others	910	1,479	610
Net Cash Provided by Operating Activities	41,354	59,495	39,960
Payment for Fixed Assets/Intangible Assets	(19,239)	(37,644)	(33,977)
Proceeds from the Sale of Fixed Assets	87	11,092	2,114
Interest	464	216	232
Others	-	452	(466)
Net Cash Provided (Used) in Investing Activities	(18,688)	(25,884)	(32,097)
Interest paid	(48,675)	(617)	(56,922)
Proceed/repayment loan and borrowing, net	(49)	(74)	(87)
Others	-	(20)	(696)
Net Cash Provided (Used) in Financing Activities	(48,724)	(711)	(57,705)
Restricted cash	49	-	47
Cash Balance at End of Period	191,797	241,253	191,458

Global A&T Electronics Ltd
Summary of 1Q15 Unaudited Consolidated Balance Sheet
(all figures in US\$)

Balance Sheet (\$'000)			
	Q1'14	Q4'14	Q1'15
Current Assets			
Cash and Cash Equivalents	191,797	241,253	191,458
Trade and Other Receivables	101,633	111,624	111,711
Inventories	34,858	41,045	41,437
Other Current Assets	21,630	10,281	10,719
Total Current Assets	349,917	404,203	355,325
Non-Current Assets			
Plant Property and Equipment	517,880	503,486	490,593
Goodwill	643,405	643,405	643,405
Intangible Assets	61,337	49,679	45,698
Trade and Other Receivables	-	11,725	12,014
Other Non-Current Assets	13,438	8,566	6,714
Total Non-Current Assets	1,236,059	1,216,861	1,198,424
Total Assets	1,585,976	1,621,064	1,553,749
Current Liabilities			
Trade and other payable	120,838	177,973	126,732
Other current liabilities	9,798	11,002	14,213
Total Current Liabilities	130,636	188,975	140,945
Non-Current Liabilities			
Long Term Debt	1,094,680	1,098,977	1,100,156
Deferred Tax Liabilities	8,614	6,450	6,066
Long Term Benefit Obligations	21,325	22,356	22,598
Deferred Income	144	81	63
Total Non-Current Liabilities	1,124,763	1,127,864	1,128,883
Total Liabilities	1,255,399	1,316,839	1,269,828
Total Equity	330,577	304,225	283,921
Total Equity and Liabilities	1,585,976	1,621,064	1,553,749

About UTAC Holdings Ltd

UTAC Holdings Ltd (UTAC) is a leading independent provider of assembly and test services for a broad range of semiconductor chips and we offer a full range of semiconductor assembly and test services in the following key product categories: analog, mixed-signal and logic, and memory. Our customers are primarily fabless companies, integrated device manufacturers and wafer foundries.. UTAC is headquartered in Singapore, with production facilities located in Singapore, Thailand, Taiwan, China, Indonesia and Malaysia, in addition to its global sales network focused on five regions: United States, Japan, China and Taiwan, rest of Asia and Europe, with sales offices located in each of these regions.

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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 cyclical nature 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.

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.