



Media Release

(all figures in US\$ unless otherwise stated)

GATE Reports 1Q17 EBITDA of \$37.7M

Singapore, 20 April 2017 – Global A&T Electronics Ltd (GATE or the Company), a wholly-owned subsidiary of UTAC Holdings Ltd (UTAC), a global semiconductor test and assembly services provider headquartered in Singapore, announced today unaudited financials for the quarter ended 31 March 2017 (1Q17) and released the publication of full year 2016 audited financials.

“1Q sales were within guidance as weaker demand from our smartphone customers impacted MSLP sales. Our efforts to grow Analog continued to pay off as the segment delivered flat sales in a seasonally weak first quarter. Analog has grown almost 29% YOY and helped to increase group sales by 5% versus 1Q16. We continue to see opportunities in Analog and MSLP test but will be required to make further investments to support new customers and projects in these segments. At the same time, we continue to review various measures to improve our operating performance and liquidity,” said Dr. John Nelson, Chief Executive Officer of UTAC.

GATE's 1Q17 Results Highlights

- Sales declined 10.3% QOQ to \$165.4M from \$184.4M in 4Q16 mainly on weak MSLP sales.
- Analog remained relatively strong, declining 1% QOQ. MSLP declined 22% QOQ due to general weakness from smartphone customers.
- Gross profit declined to \$28.7M from \$34.8M in 4Q16 as gross margin dropped from 18.9% to 17.4%. This is in line with the lower revenue and lower test mix.
- Operating expenses, mainly SG&A and R&D, were at \$19.9M. Excluding legal and professional fees related to the restructuring exercise, operating expenses would be lower compared to \$19.2M in 4Q16.
- Other operating expenses of \$7.1M consist of \$5.5M in relation to the Shanghai closure and the remainder mainly for internal restructuring expenses.
- GATE reported adjusted EBITDA of \$37.7M compared to \$51.3M in 4Q16.
- GATE generated \$44.4M in net cash from operations and spent \$19.6M on capital expenditure, mainly for analog assembly capacity.
- Cash used in financing activities was \$56.5M due to the high yield coupon paid on 1 Feb 2017.
- GATE ended the quarter with cash balance of \$77.4M, compared to \$108.6M as of 31 Dec 2016. The 1Q17 cash balance was slightly higher than guidance mainly due to lower capex spent, improved working capital and slower ramp up of capital structure advisory expenses.

GATE's 2Q17 Outlook

Based on current visibility, GATE has the following expectations for 2Q17:

- 2Q17 sales expected to be higher QOQ by 3-7%. Gross margin expected to be within 17 - 19%.
- 2Q17 ending cash expected to decline approximately \$5M-\$10M below 1Q17 ending cash.
- FY2017 capex is expected to be higher than FY2016 capex of \$91.7M.

GATE's independent auditors, PWC Singapore, released their audit report on the full year financial statements on 07 April 2017. The Company's independent auditors, PwC, concluded that they were not able to obtain sufficient audit evidence regarding the likely outcome of any negotiations with the holders of our senior secured notes in relation to our interest payment obligations. As a result, the independent auditors have issued a disclaimer of opinion on our consolidated financial statements for the year ended 31 December 2016.

As previously announced, UTAC and GATE have engaged investment banking firm *Moelis & Company* and law firm *Kirkland & Ellis* to explore and develop strategic options concerning possible changes to its capital structure. The bondholders have organized into two ad hoc committees, each with its own financial advisor and law firm: one committee has engaged *PJT Partners* and *Milbank, Tweed, Hadley & McCloy LLP*, while the other committee has engaged *Houlihan Lokey* and *Ropes & Gray LLP*. Discussions are ongoing between management, management's advisors and the respective advisors to the ad hoc committees.

Due to the ongoing capital structure process, GATE will not be releasing UTAC's financial information and the management team will not be available for investor meetings, phone calls, or discussions with the exception of the public quarterly earning call following the quarterly 10Q filing. Investors are encouraged to contact the bondholder advisors for questions regarding the capital structure process.

The management team will not be addressing questions on the capital structure, liquidity, or UMS financial results during the earnings call on 21 April 2017 beyond what is publicly available in the published materials.

~End~

Segmental Revenue

US\$ Millions	1Q17	4Q16	QOQ	1Q16	YOY
Memory	16.7	17.5	-4.8%	16.5	0.6%
MS & Logic	61.0	78.3	-22.0%	72.4	-15.7%
Analog	87.7	88.6	-1.0%	68.1	28.8%
Total Revenue	165.4	184.4	-10.3%	157.0	5.3%

US\$ Millions	1Q17	4Q16	QOQ	1Q16	YOY
Assembly	118.0	128.3	-8.1%	108.2	9.1%
Test	47.5	56.0	-15.3%	48.8	-2.9%
Total Revenue	165.4	184.4	-10.3%	157.0	5.3%

Note:

** Certain amounts and percentages have been rounded; consequently, certain figures may add up to be more or less than the total amount.

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

Income Statement (\$'000)						
	Q1'16	Q2'16	Q3'16	Q4'16	FY2016	Q1'17
Sales	157,034	167,437	179,834	184,385	688,690	165,418
Cost of sales	(138,505)	(147,209)	(148,050)	(149,572)	(583,336)	(136,681)
Gross profit	18,529	20,228	31,784	34,813	105,354	28,737
<i>Gross profit margin</i>	<i>11.8%</i>	<i>12.1%</i>	<i>17.7%</i>	<i>18.9%</i>	<i>15.3%</i>	<i>17.4%</i>
SG&A	(16,782)	(16,028)	(16,904)	(15,426)	(65,140)	(15,983)
R&D	(2,910)	(3,065)	(3,436)	(3,722)	(13,133)	(3,950)
Other operating expenses	(2,529)	(17,506)	(116)	(30,688)	(50,839)	(7,100)
Operating profit/(loss)	(3,692)	(16,371)	11,328	(15,023)	(23,758)	1,704
Other income	1,150	1,896	1,491	2,206	6,743	1,983
Other gain/(losses) - net	(1,067)	133	(268)	1,711	509	(1,121)
Finance cost and interest income	(30,245)	(30,945)	(31,884)	(30,106)	(123,180)	(29,746)
Loss before tax	(33,854)	(45,287)	(19,333)	(41,212)	(139,686)	(27,180)
Income tax expense/(credit)	(260)	(239)	(1,337)	35	(1,801)	870
Net loss	(34,114)	(45,526)	(20,670)	(41,177)	(141,487)	(26,310)
Income tax expense/(credit)	260	239	1,337	(35)	1,801	(870)
Finance expenses and interest income	30,245	30,945	31,884	30,106	123,180	29,641
EBIT	(3,609)	(14,342)	12,551	(11,106)	(16,506)	2,461
Depreciation of property, plant and equipment	27,588	27,361	27,514	27,410	109,873	25,768
Amortization of intangible assets	3,993	3,969	3,966	3,534	15,462	2,627
EBITDA	27,972	16,988	44,031	19,838	108,829	30,857
Impairment loss of property, plant and equipment and intangible assets, inventories write-down and (gain)/loss on disposal of non-current assets held-for-sale	(392)	(102)	(48)	7,030	6,488	-
Restructuring cost	2,405	631	51	113	3,200	201
Impairment and provisions relating to Shanghai closure	-	-	-	24,287	24,287	5,491
Settlement fees to Tessera	86	16,757	-	-	16,843	-
Others (mainly debt restructuring expenses)	-	-	-	-	-	1,137
Adjusted EBITDA	30,071	34,274	44,034	51,268	159,647	37,685
<i>Adjusted EBITDA Margin</i>	<i>19.1%</i>	<i>20.5%</i>	<i>24.5%</i>	<i>27.8%</i>	<i>23.2%</i>	<i>22.8%</i>

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

	Q1'16	Q2'16	Q3'16	Q4'16	FY2016	Q1'17
Cash Flow (\$'000)						
Cash Balance at beginning of Period	183,900	134,932	136,232	95,978	183,900	108,634
Loss after tax	(34,114)	(45,526)	(20,670)	(41,177)	(141,487)	(26,310)
Depreciation	27,588	27,361	27,514	27,410	109,873	25,768
Amortisation	3,993	3,969	3,966	3,534	15,462	2,627
Finance expense and interest income	30,001	30,809	31,808	29,877	122,495	29,641
Fair value loss on derivative financial instruments	-	(87)	(124)	211	-	(157)
USG settlement fee to Tessera	-	-	-	-	-	-
Reversal of provision	-	-	-	-	-	-
UTC settlement fee to Tessera	-	16,757	-	-	16,757	-
Impairment loss on and written off of property, plant and equipment	-	-	-	15,819	15,819	-
Impairment loss on non-current assets held-for-sale	-	-	-	2	2	-
Impairment loss on intangible assets	-	-	-	5,028	5,028	-
Inventories written down and provision for onerous purchase commitment	-	-	-	8,968	8,968	-
Non-trade receivables written off	-	-	-	-	-	-
Change in working capital	2,020	(10,073)	(6,779)	(5,829)	(20,661)	13,739
Others	(244)	(7,012)	(2,876)	(1,738)	(11,870)	(904)
Net Cash Provided by Operating Activities	29,244	16,198	32,839	42,105	120,386	44,404
Payment for acquisition of fixed assets and intangible assets	(26,489)	(16,181)	(17,520)	(31,428)	(91,618)	(19,581)
Proceeds from sale of fixed assets, intangible asset and asset held for sales	6,514	1,920	918	1,860	11,212	241
Interest received	147	120	160	191	618	164
Increase in (Amount due from)/repayment of loan from intercompany	-	-	-	-	-	-
Others	-	-	40	-	40	-
Net Cash used in Investing Activities	(19,828)	(14,141)	(16,402)	(29,377)	(79,748)	(19,176)
Interest paid	(56,915)	(569)	(56,594)	16	(114,062)	(56,363)
Dividend paid to non-controlling interests	(1,371)	(114)	-	-	(1,485)	-
Proceed/repayment loan and borrowing, net	(98)	(74)	(97)	(89)	(358)	(89)
Others	-	-	-	-	-	-
Net Cash Used in Financing Activities	(58,384)	(757)	(56,691)	(73)	(115,905)	(56,452)
Restricted cash	-	-	-	-	-	-
Cash Balance at End of Period	134,932	136,232	95,978	108,633	108,633	77,411
Balance Sheet (\$'000)						
Current Assets						
Cash and cash equivalents	134,932	136,232	95,978	108,634	108,634	77,411
Trade receivables	104,262	105,883	110,164	118,909	118,909	104,444
Other receivables	6,938	7,283	6,496	6,888	6,888	6,908
Inventories	39,994	43,501	45,151	43,086	43,086	44,012
Other current assets	7,692	8,131	7,061	7,875	7,875	7,860
Total Current Assets	293,818	301,030	264,850	285,392	285,392	240,635
Non-Current Assets						
Property, plant and qquipment	452,553	448,840	440,337	410,100	410,100	401,352
Goodwill	643,405	643,405	643,405	643,405	643,405	643,405
Intangible assets	34,594	30,617	26,966	18,596	18,596	16,346
Deferred tax assets	-	-	-	-	-	4,442
Other non-current assets	5,706	4,666	4,002	6,195	6,195	2,914
Total Non-Current Assets	1,136,258	1,127,528	1,114,710	1,078,296	1,078,296	1,068,459
Total Assets	1,430,076	1,428,558	1,379,560	1,363,688	1,363,688	1,309,094
Current Liabilities						
Trade payables	74,926	84,161	78,684	60,660	60,660	54,584
Other payables	40,452	47,023	51,480	54,865	54,865	51,354
Accrued interest payables	18,474	46,969	18,788	46,969	46,969	18,474
Deferred income	93	108	87	56	56	53
Provision	-	-	-	8,307	8,307	14,290
Other current liabilities	9,818	4,348	3,430	2,419	2,419	3,727
Total Current Liabilities	143,763	182,609	152,469	173,276	173,276	142,483
Non-Current Liabilities						
Trade and other payables	-	4,789	4,982	5,176	5,176	5,311
Long term debt	1,106,352	1,107,950	1,109,732	1,111,414	1,111,414	1,113,143
Deferred tax liabilities	8,521	7,801	6,837	9,339	9,339	8,953
Deferred income	-	-	-	-	-	-
Long term benefit obligations	20,698	20,306	21,117	22,149	22,149	23,126
Total Non-Current Liabilities	1,135,571	1,140,846	1,142,668	1,148,078	1,148,078	1,150,533
Total Liabilities	1,279,334	1,323,455	1,295,137	1,321,354	1,321,354	1,293,016
Total Equity	150,742	105,103	84,423	42,332	42,332	16,077
Total Equity and Liabilities	1,430,076	1,428,558	1,379,560	1,363,686	1,363,686	1,309,093

Note:

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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 the U.S. Private Securities Litigation Reform Act of 1995 and the securities laws of other jurisdictions. 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. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "expects," "projects," "may," "will," "could," "would," "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts.

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. In addition, even if our results of operations, financial condition and liquidity are consistent with the forward-looking statements contained in this communication, those results or developments may not be indicative of results or developments in subsequent periods.

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. GATE does not represent or warrant that their actual future results, performance or achievements will be as discussed in those forward looking statements. Further, GATE disclaims any responsibility, and undertakes 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 GATE based any such statements.