



Media Release

(all figures in US\$ unless otherwise stated)

GATE Announces 2Q16 EBITDA Of \$34.3M With 20.5% EBITDA Margin

Singapore, 12 August 2016 – 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, today announced a 14.0% qoq increase in adjusted EBITDA of \$34.3M in 2Q16 with a 6.6% qoq increase in revenue to \$167.4M

“Our 2Q results came in within guidance despite still challenging market conditions. Analog continues to be the bright spot, growing 15% from last quarter and 12% year-on-year. This reflects our steady progress in cultivating new customers and winning business from existing major analog customers. MSLP was disappointingly flat with weaker test revenue as customers push out ramp up for new products from 2Q16 to 3Q16.

3Q16 is expected to be another growth quarter supported by continued analog growth and recovery in our US smartphones customers. We continue to streamline our operations and are shifting production capacity to focus on sites, such as Thailand, with business and margin potential”, said Dr. John Nelson, Chief Executive Officer of UTAC.

GATE’s 2Q16 Results Highlight

- **Sales** rose 6.6% qoq to \$167.4M on a 14.5% growth in analog sales which mitigated the drop in memory sales while MSLP stayed flat. Assembly and Test revenue grew 8.7% and 2.0% qoq, respectively.
- **Gross profit margin** maintained at 12.1% compared to 11.8% in 1Q16. Gross margin was impacted by a higher proportion of assembly versus test revenue, as well as pricing erosion within the test segment.
- **Adjusted EBITDA** was higher at \$34.3M compared to \$30.1M in 1Q16 in line with higher gross profit as SG&A and R&D expenses stayed relatively flat.
- **Other Operating Expenses** was \$17.5M comprising mainly a \$16.8M* legal settlement with Tessera and \$630K in restructuring costs.
- The legal settlement with Tessera amounted to \$18.0M, which will be paid in 4 annual installments every second quarter from FY2016 to FY2019. The first payment of \$6.0M was made in 2Q16.
- Cash from operations was lower at \$16.2M from \$26.2M mainly due to Tessera settlement of \$6.0M and higher tax payment of \$6.4M (\$94K in 1Q16). Cash used in investments was lower at \$14.1M compared to \$19.8M in 1Q16 mainly due to lower capex of \$16.2M versus \$26.5M.
- **Cash and cash equivalents** were slightly higher at \$136.2M compared to \$134.9M in 1Q16.

Note:

*\$16.8M is the discounted present value of the \$18.0M settlement recognized in the income statement.

Revolving Credit Facility Termination

GATE terminated its \$125M undrawn revolving credit facility as of 5 August 2016 as it does not meet the debt service coverage ratio to draw down the facility in its entirety and does not expect any changes to its financials to meet this ratio in the medium term. Management expects GATE to have sufficient liquidity for its operational needs and debt obligations for at least the next 12 months, after taking into account its available financial resources, and certain corporate actions which we intend to take in the next 12 months. Cancellation of the facility will also bring about some cost savings.

GATE's 3Q16 Outlook

Based on current visibility, GATE has the following expectations for 3Q16:

- Sales expected to increase 4 - 8% qoq due to continued strength in analog and modest recovery in communications.
- Gross margin expected to be higher at between 15 - 17% with sales recovery and shift in production capacity to higher margin sites.
- 3Q16 ending cash balance expected to be around \$90M following interest payment for the hi-yield bonds. Expects FY2016 cash capex to be around \$90M – 100M with \$42.7M paid in 1H16.

UTAC Performance

- UTAC reported 2Q16 sales of \$215.0M, up 6.1% from \$202.7M in 1Q16. 2Q16 adjusted EBITDA was \$52.8M (24.6% of revenue) compared to \$48.9M (24.1% of revenue) in 1Q16. UTAC ended 1H16 with cash and cash equivalent of \$246.1M.

~End~

Segmental Revenue

US\$ Millions	2Q16	2Q15	YOY	1Q16	QOQ
Memory	16.9	19.8	-14.6%	16.5	2.4%
MS & Logic	72.5	77.3	-6.2%	72.4	0.1%
Analog	78.0	69.8	11.7%	68.1	14.5%
Total Revenue**	167.4	166.8	0.4%	157.0	6.6%

US\$ Millions	2Q16	2Q15	YOY	1Q16	QOQ
Assembly	117.6	106.3	10.6%	108.2	8.7%
Test	49.8	60.6	-17.8%	48.8	2.0%
Total Revenue**	167.4	166.8	0.4%	157.0	6.6%

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)		After audit adjustment		
		Q2'15	Q1'16	Q2'16
Sales		166,827	157,034	167,437
Cost of Sales		(143,300)	(138,505)	(147,209)
Gross Profit		23,527	18,529	20,228
<i>Gross Profit Margin</i>		<i>14.1%</i>	<i>11.8%</i>	<i>12.1%</i>
SG&A		(17,383)	(16,782)	(16,028)
R&D		(2,076)	(2,910)	(3,065)
Other operating expenses		(3,876)	(2,529)	(17,506)
Operating Profit/(Loss)		192	(3,692)	(16,371)
Other income		1,039	1,150	1,896
Other gain/(losses) - net		174	(1,067)	133
Finance cost		(30,753)	(30,245)	(30,945)
Loss before tax		(29,347)	(33,854)	(45,287)
Income tax expense		(4,395)	(260)	(239)
Net Loss		(33,742)	(34,114)	(45,526)
Income tax expense		4,395	260	239
Finance expenses		30,753	30,245	30,945
EBIT		1,406	(3,609)	(14,342)
Depreciation of property, plant and equipment		29,656	27,588	27,361
Amortization of intangible assets		3,947	3,993	3,969
EBITDA		35,008	27,972	16,988
Restructuring cost		205	2,405	631
Net (gain)/loss on sales or impairment of fixed assets		705	(392)	(102)
USG settlement fee to Tessera ⁽¹⁾		3,000	86	-
UTC settlement fee to Tessera ⁽²⁾		-	-	16,757
Others		1,356	-	-
Adjusted EBITDA		40,274	30,071	34,274
<i>Adjusted EBITDA Margin</i>		<i>24.1%</i>	<i>19.1%</i>	<i>20.5%</i>
Cash Flow (\$'000)				
Cash Balance at beginning of Period		191,411	183,900	134,932
Loss after tax		(33,743)	(34,114)	(45,526)
Depreciation		29,656	27,588	27,361
Amortisation		3,947	3,993	3,969
Finance expense and interest income		30,547	30,001	30,809
Fair value loss on derivative financial instruments		92	-	(87)
USG settlement fee to Tessera ⁽¹⁾		3,000	-	-
UTC settlement fee to Tessera ⁽²⁾		-	-	16,757
Impairment loss on non-current assets held-for-sale		705	-	-
Change in working capital		4,387	2,020	(10,073)
Others		(2,250)	(244)	(7,012)
Net Cash provided by Operating Activities		36,341	29,244	16,198
Payment for acquisition of fixed assets and intangible assets		(24,753)	(26,489)	(16,181)
Proceeds from the sale of fixed assets, intangible asset and asset held for sales		2	6,514	1,920
Interest		136	147	120
(Amount due from)/repayment of loan from intercompany		12,084	-	-
Others		301	-	-
Net Cash used in Investing Activities		(12,230)	(19,828)	(14,141)
Interest paid		(560)	(56,915)	(569)
Dividend paid to non-controlling interests		-	(1,371)	(114)
Proceed/repayment loan and borrowing, net		(143)	(98)	(74)
Net Cash used in Financing Activities		(703)	(58,384)	(757)
Restricted Cash		47	-	-
Cash Balance at End of Period		214,866	134,932	136,232

Note:

- (1) On February 19, 2016, we announced that USG would pay \$3.1M related to the settlement of an audit dispute regarding a packaging technology license agreement with Tessera. We made a \$3.0M provision in the year ended December 31, 2015 for this dispute based on initial findings by Tessera's auditors.
- (2) Relates to UTC settlement with Tessera in the amount of \$18.0M at a discounted present value of \$16.8M.

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

Balance Sheet (\$'000)	After audit adjustment		
	Q2'15	Q1'16	Q2'16
Current Assets			
Cash and cash equivalents	214,866	134,932	136,232
Trade and other receivables	109,688	111,200	113,166
Inventories	39,036	39,994	43,501
Other current assets	9,540	7,692	8,131
Total Current Assets	373,130	293,818	301,030
Non-Current Assets			
Property, plant and equipment	501,103	452,553	448,840
Goodwill	643,405	643,405	643,405
Intangible assets	43,911	34,594	30,617
Other non-current assets	7,229	5,706	4,666
Total Non-Current Assets	1,195,648	1,136,258	1,127,528
Total Assets	1,568,778	1,430,076	1,428,558
Current Liabilities			
Trade and other payables	128,493	115,378	131,184
Accrued interest payables	46,969	18,474	46,969
Deferred Income	44	93	108
Other current liabilities	14,790	9,818	4,348
Total Current Liabilities	190,296	143,763	182,609
Non-Current Liabilities			
Trade and other payables	-	-	4,789
Long term debt	1,101,863	1,106,352	1,107,950
Deferred tax liabilities	4,884	8,521	7,801
Long term benefit obligations	21,958	20,698	20,306
Total Non-Current Liabilities	1,128,705	1,135,571	1,140,846
Total Liabilities	1,319,001	1,279,334	1,323,455
Total Equity	249,777	150,742	105,103
Total Equity and Liabilities	1,568,778	1,430,076	1,428,558

For more information, please visit www.utacgroup.com or contact:

Roger NG

Director, Investor Relations, Treasury and Communications

DID: (65) 6714 2245; HP: (65) 9005 0132

Email: roger_ng@utacgroup.com

Sherena LIEW

Manager, Communications

DID: (65) 6714 2280; HP: (65) 9742 1436

Email: sherena_liewls@utacgroup.com

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. 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.