



News Release

(all figures in US\$ unless otherwise stated)

UTAC Posts Record Profits on Record Revenues for 4Q04 and FY04

- 6th consecutive quarter of revenue and profit growth
- FY04 revenue grew 47.0% YoY to \$169.6 million; 4Q04 revenue grew 12.6% sequentially to \$49.8 million over 3Q04
- 4Q04 net profit rose sequentially by 5.8% to \$4.1 million; EPS at 1.66 cents in FY04 vs loss of 1.37 cents in FY03 and 0.49 cent in 4Q04 vs 0.46 cent in 3Q04
- FY04 profit 2.5 times the forecast number in the IPO prospectus; FY04 revenue also exceeded forecast
- Continued healthy growth expected for FY05; 1Q05 to rise sequentially QoQ by 0% to 5% from 4Q04

US\$ (million)	FY04	FY03	Change %
Revenue	169.6	115.4	47.0
Gross Profit	33.0	11.7	182.7
Net Profit	13.6	(7.6)	278.6
EBITDA Margin	39.9	36.9	8.1
Earnings per share (EPS)	1.66 cents	(1.37) cents	221.2

US\$ (million)	4Q04	4Q03	Change %	3Q04	Change %
Revenue	49.8	35.1	42.1	44.3	12.6
Gross Profit	9.7	6.4	50.9	8.9	9.0
Net Profit	4.1	2.3	77.5	3.9	5.8
EBITDA Margin	39.2	41.5	(5.5)	40.1	(2.0)
Earnings per share (EPS)	0.49 cents	0.40 cents	22.5	0.46 cents	6.5

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SINGAPORE, 31 January 2004 – Leading semiconductor test and assembly service provider, **United Test and Assembly Center Ltd** (“**UTAC**” – SGX: UTAC), reported today its net profit for financial year ended 31 December 2004 (“FY04”) rose 278.6% to \$13.6 million from a loss of \$7.6 million in the financial year ended 31 December 2003 (“FY03”). Fourth quarter 2004 (“4Q04”) net profit was 5.8% higher sequentially at \$4.1 million compared to \$3.9 million achieved in 3Q04.

Strong orders for both mixed-signal and logic and memory businesses lifted year-on-year revenue in FY04 to \$169.6 million, a 47.0% increase from \$115.4 million in the previous period. Increasing contribution from new customers in the mixed-signal and logic segment, combined with stronger demand for full turnkey memory products led to the rise in sales. Revenues from the mixed-signal and memory segments accounted for 55.1% and 44.9% of total revenue in FY04 respectively.

Revenue from test services amounted to 56.6% of total FY04 revenue while revenue of assembly services accounted for 43.4%. The wafer sort services constituted 22.7% of test revenues, an increase from 16.5% in FY03. UTAC has developed a strong base of wafer sort services and continues to prime itself as an industry leader in the 300mm category.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin was 39.9% in FY04 compared to 36.9% in FY03. EBITDA for 4Q04 was 39.2% down from 40.1% achieved in 3Q04. Increase in component content and third-party services for the full turnkey operations (especially programmes for new clients) led to slight decrease in EBITDA margin for the year.

Capital expenditure for equipment delivered in FY04 was \$144.0 million. Consequently, fixed asset depreciation increased to \$52.8 million from \$47.4 million in FY03 due to charges for new equipment purchased for business expansion. As at 31 December 2004, UTAC had 252 wirebonders and 163 testers, up from 249 wirebonders and 151 testers on 30 September 2004. 127 testers were for mixed-signal and logic tests and the remainder 36 were memory testers.

Net profit margin for FY04 rose to 8.0% compared to losses in FY03. Gross margin in FY04 was 19.5% compared to 10.1% in FY03. Basic earnings per share for FY04 was 1.66 cents compared to loss per share of 1.37 cents in FY03. Net asset value per share increased to 30.37 cents as at the end of FY04 from 20.86 cents as at the end of FY03.

The growth in revenues and profits in 4Q04 marks the sixth consecutive quarter of both top-line and bottom-line growth for UTAC.



The President and CEO of UTAC, Mr Lee Joon Chung, said: "I am very pleased that we have delivered very healthy top-line and bottom-line growths for the fourth quarter and the full year, surpassing the guidance we had issued earlier. This performance is due to the whole UTAC team who worked hard to execute our strategy of having twin growth engines - memory and mixed-signal – creating a robust business model which served us well in weathering the market volatility we saw in FY04. The communications sector inventory correction we saw in the mixed-signal segment towards the end of FY04 may continue into 1Q05 but the memory segment registered good growth during the third and fourth quarters of FY04."

"Our team has also executed well in winning new customers and new design wins from existing customers. In FY04, we added new blue-chip customers such as Qualcomm, Freescale, Seagate and SMIC among others. We have also managed to penetrate new markets such as the fast-growing digital audio market with wins from Sigmatal and Synaptics. We committed much resources during FY04 in strengthening our operations and we are seeing the earlier capital investments made in 1H04 bearing us good returns in 2H04 and into FY05."

"We believe strength in the memory segment will continue at least into 1Q05. The ramp-up in the digital audio business will help drive the mixed-signal and logic segment. Overall, we expect to see revenue increase sequentially by 0% to 5% from 4Q04," added Mr Lee.

"For the full year of 2005, the recent launch of DDR2 should help drive demand and accelerate volume from the small production volumes we saw in 4Q04. For the mixed-signal segment, we expect the rise in demand for 3G handsets and related products will boost growth for our broadband, mobile/wireless sectors in the second half of 2005. Similarly, the rise of DVD recorders and MP3 players will spur the demand for consumer-related mixed-signal business in FY05. UTAC's focus in test will continue to strengthen our net profit margin and overall bottom line. All in all, we expect to see continued healthy growth in FY05. To support this growth, we have budgeted capital expenditure of up to \$100 million for this year."

UTAC is awaiting the final approval from Investment Commission of Taiwan for the proposed acquisition of UltraTera Corporation ("UTC"). After completion of the deal, UTC's financials will be consolidated into UTAC's financials. The acquisition is important to UTAC's strategy to have a physical presence in three strategic locations of Singapore, China and Taiwan and provide entry for mixed-signal business in Taiwan.

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About United Test and Assembly Center Ltd (UTAC)

Established in 1997 and listed on the Main Board of the Singapore Exchange on 9 February 2004, UTAC is a leading independent provider of semiconductor assembly and testing services to its customers, which comprise Integrated Device Manufacturers ("IDMs"), fabless companies and wafer foundries. UTAC provides wafer probing and final testing services on a diverse selection of test platforms for a range of semiconductors including memory, logic, mixed-signal and radio-frequency ICs. Besides testing services, UTAC also provides assembly services for a broad range of leadframe and array packages.

Headquartered in Singapore where it houses its manufacturing, test engineering and package design facilities, UTAC has also established a global network of sales offices in the United States, Italy and Japan. It has also incorporated a wholly-owned subsidiary in the People's Republic of China to provide wafer probing and testing services. For more information, visit www.utac.com.sg.

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