



Media Release

(all currency figures in US\$ or cents unless otherwise stated)

UTAC 1Q05 Net Profit Up 92.1% Following UTC Acquisition; Sees Continued Strong Growth for 2Q05 and FY05

- 7th consecutive quarter of revenue and profit growth
- Revenue grew 74.5% year-on-year to \$63.1 million and 26.7% sequentially from 4Q04
- Excluding UTC, UTAC grew 11.6% on sequential basis, exceeding guidance of 0-5%
- Net profit surged 92.1% y-o-y and 3.4% sequentially to \$3.9 million; EPS rose to 0.37 cent from 0.28 cent a year ago
- 2Q05 revenues to be in the range of \$76-80 million

US\$ (million)	1Q05	1Q04	Change %	4Q04	Change %
Revenue	63.1	36.2	74.5	49.8	26.7
Gross Profit	10.3	6.7	55.1	9.6	7.7
Net Profit	3.9	2.0	92.1	3.8	3.4
EBITDA	23.5	14.2	65.3	19.2	22.5
EBITDA Margin	37.2	39.3	(5.3)	38.4	(3.1)
Earnings per share (EPS)	0.37 cent	0.28 cent	32.1	0.45 cent	(17.8)

SINGAPORE, 26 April 2005 – Leading semiconductor test and assembly service provider, **United Test and Assembly Center Ltd** (“**UTAC**” – SGX: UTAC), reported today that its revenue for the quarter ended 31 March 2005 (“1Q05”) rose to \$63.1 million, up 74.5% from 1Q04 and up 26.7% on a sequential basis from 4Q04. Net profit surged 92.1% to \$3.9 million from \$2.0 million in 1Q04 and up 3.4% from 4Q04. This marks the seventh consecutive quarter of revenue and profit growth.

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The inclusion of one-month's performance from UltraTera Corporation, now renamed to UTAC (Taiwan) Corporation ("UTC"), whose acquisition by UTAC Group was completed in March 2005, contributed \$7.5 million and \$1.0 million in revenue and net profit respectively for the quarter. Without UTC's contribution, UTAC revenues would have increased by 11.6% on a sequential basis, exceeding UTAC's earlier guidance of 0-5% sequential revenue growth.

UTAC's strong growth was underpinned by higher contribution from both the assembly and test segments as a result of new customer additions, new exposure to fast-growing product sectors such as digital audio, contribution from the module business and the March month contribution from UTC. Test services contributed 50.1% of total 1Q05 revenue while revenue from assembly & module business accounted for 48.3% with the remaining 1.6% from other activities. Memory and Mixed-Signal & Logic Products (MSLP) accounted for 53.3% and 44.8%, respectively, of 1Q05 revenues.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin was 37.2% in 1Q05 compared to 39.3% in 1Q04 and 38.4% in 4Q04. This is due to variations in revenue mix.

Capital expenditure committed in 1Q05 was \$23.1 million principally for new capabilities and production equipment. As at 31 March 2005, UTAC had 288 wirebonders and 289 testers. Of the 289 testers, 131 were mixed-signal and logic testers with the remaining 158 being memory testers. Of the equipment total, UTC has 36 wirebonders and 121 testers.

Net profit margin for 1Q05 was 6.2% compared to 5.6% in 1Q04 and 7.6% in 4Q04. Gross margin for 1Q05 was 16.3% compared to 18.4% in 1Q04 and 19.2% in 4Q04. Profit margins during the quarter were lower mainly due to increased depreciation expense, change in revenue mix and seasonal factors.

Basic earnings per share registered was 0.37 cent in 1Q05 compared to 0.28 cent in 1Q04, while net asset value per share increased to 32.49 cents at the end of 1Q05 from 30.37 cents as at the end of December 2004.

The Group will recognize goodwill of \$58.9 million on its balance sheet as a result of the acquisition of UTC. The Group's balance sheet remains strong with a net debt of \$20.6 million for a leverage ratio of 4.2%.

Mr Lee Joon Chung, President and CEO of UTAC, said, "Our performance in 1Q05 is laudable especially when set against the backdrop of weak seasonality for the semiconductor industry. I would like commend the staff of UTAC group for their resourcefulness in seeking new business to balance out our weaker segment and bucking the trend of decline seen in 1Q05."



Highlights and Achievements for the Quarter

- Volume production ramp of MP3 chips for Sigmatel
- Volume production ramp of Mobile-RAM for Infineon
- Selection by BridgeCo as a turnkey service provider for digital entertainment network semiconductor products
- Award from Asahi Kasei Microsystems Co., Ltd (“AKM”) of Japan recognizing the value of contributions made by UTAC’s test engineering and production to AKM
- Strengthening of management team with the addition of Mr Mike Lee and Ms Jeanette Liao to the UTAC Team
- Completion of the acquisition of UTC.

Outlook for 2Q05

“While DRAM prices declined significantly in February and March, DRAM volume remains strong and memory back-end capacity remains tight. In addition, the flash memory sector continues to grow strongly in volume while maintaining relatively stable average selling prices (“ASP”) due to strong demand from applications such as MP3, digital cameras, mobile phones and thumb-drives. As such, we believe that risks of significant ASP erosion, will be somewhat mitigated by the continuing tight capacity for both DRAM and flash memory products,” said Mr Lee.

“We believe that the MSLP sector is nearing the end of its inventory adjustment cycle. While strong growth has yet to resume, we believe the bottom is behind us.”

“As a result, we are confident of our earlier projection of another healthy growth year for UTAC in 2005. For 2Q05, UTAC Group will recognize the full quarter contribution from UTC and expects to post revenues in the range of \$76-80 million. “

Progress of Integration of UTC

“The integration process with UTC is going well and was underway even before the official completion. As there is little overlap between the two organizations, the main effort has been in integrating financial reporting, IT and purchasing.”

“We are seeking to reap further synergies in the integration process by introducing memory packaging capability in UTC. In addition, we intend to launch MSLP capability in Taiwan as soon as business conditions allow,” added Mr Lee.



Market Penetration Into China

Commenting on UTAC's recent efforts into China's semiconductor market, Mr Lee said, "UTAC continues to seek ways to further penetrate China's semiconductor market and expand its customer base. Our recent alliance with nine China-based fabless companies is an example of our aim to build a strong foundation for robust and sustainable growth of our business with Integrated Device Manufacturers, fabless companies and wafer foundries."

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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, 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 established a global network of sales offices in the United States, Europe, Japan, Korea and China. It also has wholly-owned subsidiaries in China and Taiwan to provide wafer probing and testing services. For more information, visit www.utac.com.sg

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