



## **Media Release**

(all figures in US\$ unless otherwise stated)

# **UTAC FY05 Net Profit More Than Triples To \$41.8 Million On Doubling Of Revenue**

- 4Q05 net profit highest-ever at \$20.1 million, a five-fold increase over 4Q04
- 4Q05 revenue grew 19% QoQ, above prior guidance of 10-15%
- Record performance marks 10<sup>th</sup> consecutive quarter of sequential revenue growth and profit
- Guidance of 3-8% sequential revenue growth in 1Q06 vs 4Q05
- Target revenue growth rate of 40% for FY06

**SINGAPORE, January 25, 2006** – Leading independent global provider of semiconductor assembly and test services, United Test and Assembly Center Ltd (“UTAC” – SGX: UTAC), announced today its financial results for the October-December quarter (“4Q05”) and for the financial year ended December 31, 2005 (“FY05”).

Group President and CEO of UTAC, Mr Lee Joon Chung, said, “We are pleased to have achieved our 10<sup>th</sup> consecutive quarter of revenue growth and 7<sup>th</sup> consecutive quarter of profit growth. I would like to commend the UTAC team for achieving a splendid set of results, recording a milestone \$100 million in revenue for a quarter while notching over \$20 million in quarterly net profit.”



## Summary of 4Q05 & FY05 Performance

US\$ (million)	4Q05	4Q04	Change %	3Q05	Change %
Revenue	100.5	49.8	101.6	84.4	19.0
Gross Profit	30.9	9.6	222.3	22.3	38.8
Net Profit	20.1	3.8	431.5	10.5	90.6
EBITDA Margin (%)	47.4	38.4	23.4	44.5	6.5
Earnings per share (cent)	1.37	0.45	204.4	0.72	90.3

US\$ (million)	FY05	FY04	Change %
Revenue	325.5	169.6	91.9
Gross Profit	79.2	32.5	143.8
Net Profit	41.8	12.1	245.0
EBITDA Margin (%)	43.6	39.1	11.5
Earnings per share (cent)	3.06	1.49	105.4

- 4Q05 net profit grew 90.6% on a sequential basis over 3Q05 due to higher utilization.
- Revenue for FY05 increased 91.9% to \$325.5 million from \$169.6 million for FY04, propelled by contributions from UTAC Taiwan and stronger demand for both test and assembly services, particularly for DRAM memory, Flash memory and mixed-signal and logic processing (“MSLP”) products.
- Contribution from mixed-signal devices grew significantly by 39.1% over 3Q05. 4Q05 gross margin increased quarter-on-quarter (“QoQ”) to 30.8%.
- 4Q05 net margin increased to 20.0% from 12.5% in 3Q05; FY05 net margin was 12.8%.
- EBITDA margin was 47.4% in 4Q05 due to an increase in test utilization and test revenue mix.
- Capital expenditure (“capex”) for equipment committed in Q405 for FY05 was \$10.3 million principally for new capabilities and production equipment. Total capex for equipment committed in FY05 for FY05 budget was \$121.4 million.
- Net loss in equity investment of \$50,000 was primarily due to UTAC’s stakes in AT2, its joint venture with Semiconductor Manufacturing International Corporation (“SMIC”) for assembly and test services in Chengdu, China, and Nepes Pte Ltd, its joint venture



with Nepes Corporation of Korea. Net asset value per share increased to 36.14 cents at the end of 4Q05 from 34.72 cents as at the end of 3Q05.

- The Group's balance sheet remains strong, with a low leverage ratio of 0.4%. Cash and cash equivalents (cash plus liquid financial assets) was \$84.2 million against total borrowings of \$86.1 million as at 31 December 2005.
- Net assets stood at \$529.9 million as at 31 December 2005.
- During the quarter, we added 31 wirebonders, 10 memory testers and 31 MSLP testers. As at 31 December 2005, the total number of wirebonders, memory testers and MSLP testers were 319, 185 and 168, respectively.

### Market Dynamics

The following tables contain information relating to revenue by business activity, product mix, application and region.

<b>Activity (%)</b>	1Q05	2Q05	3Q05	4Q05
<b>Final Test</b>	45	55	56	56
<b>Wafer Sort</b>	7	7	8	8
<b>Assembly</b>	48	38	36	36

<b>Product Mix (%)</b>	1Q05	2Q05	3Q05	4Q05
<b>DRAM</b>	49	53	54	51
<b>Flash</b>	5	9	11	11
<b>MSLP</b>	46	38	35	38

<b>Application (%)</b>	1Q05	2Q05	3Q05	4Q05
<b>Computing</b>	50	53	55	52
<b>Communication</b>	22	25	27	29
<b>Consumer</b>	26	20	17	18
<b>Others</b>	2	2	1	1

<b>Geographical Region (%)</b>	1Q05	2Q05	3Q05	4Q05
<b>USA</b>	44	38	35	40
<b>Europe</b>	13	11	14	14
<b>Taiwan</b>	32	33	34	32
<b>Others (Asia)</b>	11	18	17	14



## Highlights for FY05

- Attained TS 16949 certification for chips designed for Automotive sector
- Cancellation of 36.5 million shares (2.44% of share capital)
- Volume production ramp for Korean MP3 chipmaker Telechips
- JV with Nepes Corporation of Korea to establish wafer bumping facility in Singapore
- Volume production ramp of DDR II DRAM for Infineon
- JV with SMIC to establish an assembly and test facility in Chengdu, China
- MOU with 9 Chinese fabless IC design companies
- Completion of the acquisition of UltraTera Corp in March 2005
- Award by Asahi Kasei Microsystems for test capability
- Selection by BridgeCo as a turnkey provider of digital entertainment network chips
- Volume production ramp of Mobile-RAM for Infineon
- Volume production ramp for SigmaTel

## Review & Outlook

“Continuing strength in both our growth engines boosted our revenue. We saw significant growth in demand for DRAM, NAND Flash, communication and digital media products,” said Mr Lee.

“The DDR II transition slowed in 4Q05 due to shortage of DDR II-compliant chipsets. However, DDR II demand should accelerate in 1Q06 as chipset-related issues are being rectified. Moreover, we continue to expect complementary test services to remain tight during 1Q06 as most players are still not aggressively adding the new generation of memory testers that should give more stability to the industry. UTAC has begun providing



wCSP™ assembly services in Taiwan to extend support for full turnkey services for DDR II.”

“During the quarter, our Flash capacity utilization was particularly tight, and we expect to add additional capacity to meet the booming demand. The appetite for Flash memory is likely to persist with greater demand for higher density memory in digital cameras and MP3 players and its increasing penetration into consumer electronics devices such as mobile phones.”

Commenting on the MSLP segment, Mr Lee said, “We saw strong demand in 4Q05 driven by increased demand for Bluetooth devices, MP3 products, set-top boxes and by new customer wins. Demand for digital consumer products integrating digital audio/video decoder chips for H.264/MP3/MP4 multimedia formats continued to grow, with more companies, such as Telechips from Korea, being added to our customer portfolio. For 2006, we are optimistic that the MSLP segment will see strong demand driven by the increasing penetration of two applications: handset-related products and wireless connectivity products buoyed by the expected demand for CDMA/3G mobile phones and wireless technologies like Bluetooth. In fact, Bluetooth technology can now be found in many devices that support the Personal Area Network or ‘PAN’ ranging from keyboards, mice and even sunglasses with headsets.”

“UTAC has recently attained the TS 16949 certification for automotive-related semiconductor products. We believe this will help further increase our exposure into a new market segment market segment as more electronics-based features such as MP3, digital audio and video broadcasting rapidly form the staple elements of “in-car” entertainment. We envisage that this will further boost demand for our customers’ MSLP products and increase the demand for memory products.”



“We are also seeing strong demand for our backend test and assembly services as the outsourcing trend looks set to continue amidst continued tight capacity. UTAC’s 1Q06 revenue is expected to be 3-8% sequentially higher than that achieved in 4Q05, while 1Q06 net profit is expected to at least equal that of 4Q05. For FY06, our target is to achieve 40% revenue growth for FY06. To meet demand, UTAC shall incur capex of \$180 million to \$200 million to expand production floor space, capacities and capabilities in our facilities in Singapore, Taiwan and Shanghai. \$98.3 million of capex for FY06 has been committed in Q405. This will be funded from internal resources,” concluded Mr Lee.

### **Information Access**

UTAC will host an analyst briefing today (January 25, 2006) at 5.45pm, Singapore time, to discuss its 4Q05 results and 1Q06 outlook. The presentation material will be available at UTAC’s website at [www.utacgroup.com](http://www.utacgroup.com), under the Investor Relations section. Interested parties may also listen “live” to the briefing at the same website. The recorded audio podcast and video webcast of the briefing will be made available on the website after the event.

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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.utacgroup.com](http://www.utacgroup.com)

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