



Media Release

(all figures in US\$ unless otherwise stated)

UTAC 3Q06 Net Profit Jumps 63% To \$17.1 Million

- 3Q06 revenue grew 91.9% over 3Q05 to \$162.0 million
- 13th consecutive quarter of sequential revenue growth and profitability
- 3Q06 results included full quarter contribution from UTAC Thailand
- Guidance of 0% to 5% sequential revenue growth in 4Q06 over 3Q06

Singapore, October 26, 2006 – Singapore Exchange-listed United Test and Assembly Center Limited (“UTAC” – SGX:UTAC), a leading independent global provider of semiconductor assembly and test services, announced today its financial results for the quarter ended 30 September 2006 (“3Q06”).

Group President and CEO of UTAC, Mr Lee Joon Chung, said, “Our revenue growth came in strong with a sequential growth rate of 34.4% which is at the high end of our guidance, although profitability was impacted by the inventory correction in the mixed-signal sector this quarter. This was mitigated by strength in the analog sector and partial recovery of our memory business, proving again the value of our sector diversification strategy. Despite a slower-than-expected mixed-signal sector, we managed to maintain double-digit margins as we recorded our 13th consecutive quarter of revenue growth and profitability.”

Summary of 3Q06 and YTD06 Performance

US\$ (million)	3Q06	3Q05	Change %	2Q06	Change %
Revenue	162.0	84.4	91.9%	120.5	34.4%
Gross Profit	36.6	22.3	64.3%	29.8	22.7%
Net Profit after MI	17.1	10.5	62.9%	15.5	10.5%
EBITDA Margin (%)	39.0	46.1	-15.4%	43.2	-9.7%
Earnings per share (cent)	1.15	0.72	59.7%	1.04	10.6%



US\$ (million)	YTD06	YTD05	Change %
Revenue	385.7	225.0	71.4%
Gross Profit	96.7	48.3	100.3%
Net Profit after MI	53.3	21.7	145.8%
EBITDA Margin (%)	43.1	43.6	-1.1%
Earnings per share (cent)	3.59	1.64	118.9%

- 3Q06 net profit grew 62.9% over 3Q05 and 10.5% over 2Q06 due to increased revenue base and the recovery of the DRAM business over 2Q06.
- Basic earnings per share (“EPS”) in 3Q06 was 1.15 cents, compared to 0.72 cent in 3Q05 and 1.04 cents in 2Q06.
- Revenue for 3Q06 increased 91.9% to \$162.0 million from \$84.4 million in 3Q05, and by 34.4% on a sequential basis. Compared to 2Q06, the growth was driven by a partial recovery in the DRAM sector and the additional two months of contribution from UTAC Thai Limited (“UTL”), despite weakness in our mixed-signal business.
- 3Q06 net margin decreased to 10.6% from 12.5% in 3Q05 and 12.9% in 2Q06 due to weaker mixed-signal utilisation and a higher packaging mix.
- EBITDA margin was 39.0% in 3Q06, lower from 43.2% in 2Q06 due to the lower test-to-assembly mix. EBITDA generated in 3Q06 was a record \$63.2 million, higher than the \$52.1 million generated in 2Q06.
- Operating expenses in 3Q06 increased 50.6% to \$20.1 million compared to \$13.3 million in 3Q05 due to an increase in sales activities and the full quarter consolidation of UTL.
- Finance costs in 3Q06 increased 499.6% to \$6.1 million from \$1.0 million in 3Q05 due to an increase in bank loans.
- Tax expenses during the quarter were \$2.9 million.
- UTAC’s share of losses of associated companies for 3Q06 was \$0.9 million, primarily due to start-up losses at 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 for wafer bumping services in Singapore.

- Depreciation during the quarter was \$37.0 million, compared to \$31.1 million in 2Q06. This was due to the inclusion of depreciation charges at UTL and the purchase of new machinery and equipment to cater for increasing orders from our customers.
- Capital expenditure (“capex”) for equipment committed year-to-date for FY06 was \$314.3 million, principally for new production equipment.
- The Group’s balance sheet remains strong, with a leverage ratio of 51.3%. Cash and cash equivalents (cash plus liquid financial assets) were \$94.0 million, against total borrowings of \$399.1 million, as at 30 September 2006.
- Net assets stood at \$594.5 million as at 30 September 2006. Net asset value per share increased to 38.85 cents at the end of 3Q06 from 38.68 cents at the end of 2Q06.
- As at 30 September 2006, the total number of wirebonders, memory testers and MSLP testers that UTAC operated were 1,052, 413 and 366, respectively.

Revenue Mix

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

- Assembly revenue mix increased to 53% versus 47% for test revenue percentage. The main reasons are the full quarter of contribution from UTL and the increase in converting test-only services to full turnkey.
- UTAC revenue base by product types was even more diversified in 3Q06 with 38% from memory, 41% from mixed-signal and 21% from analog and discretetes.

Activity (%)	3Q05	4Q05	1Q06	2Q06	3Q06
Final Test	56	56	55	47	39
Wafer Sort	8	8	9	11	8
Assembly	36	36	36	42	53



Product Mix (%)	3Q05	4Q05	1Q06	2Q06	3Q06
DRAM	54	51	49	31	27
Flash + Other Memory	11	11	11	12	11
MSLP	35	38	40	57	41
Analog	*	*	*	*	21

* included into MSLP

Application (%)	3Q05	4Q05	1Q06	2Q06	3Q06
Computing	55	52	50	37	37
Communication	27	29	33	42	39
Consumer	17	18	16	19	22
Others	1	1	1	2	2

Geographical Region (%)	3Q05	4Q05	1Q06	2Q06	3Q06
USA	35	40	42	50	53
Europe	14	14	18	18	23
Taiwan	34	32	28	19	15
Others (Asia)	17	14	12	13	9

Highlights for 3Q06

- Extension of joint R&D with Qimonda
- NSEB officially changed its name to UTAC Thai Limited
- Full quarter contribution from UTL

Review & Outlook

“Entering 4Q06, we see continuing strength in our memory and analog business segments but are generally cautious about the mixed-signal sector as our customers’ inventory situation continues to work itself through the system. The upcoming holiday season should help to further digest any inventory overhang,” said Mr Lee.

“The memory market started recovering for UTAC towards the middle of 3Q06 and should remain strong with PC makers installing greater memory density in their products to make them ready for the upgrade to Microsoft Vista. In addition, while visibility in the mixed-signal market sector remains somewhat hazy, we see several bright spots in 3G,



Bluetooth, 802.11n wireless LAN and digital TV. We are continuing to ramp-up production for some new customers albeit at a slower pace.”

“Overall, we expect 4Q06 revenue to be 0% to 5% higher than that of 3Q06,” Mr Lee added.

Information Access

UTAC will host an analyst briefing today (October 26, 2006) at 5.45pm, Singapore time, to discuss its 3Q06 results and 4Q06 outlook. The presentation material will be available at UTAC’s website at 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 following the conclusion of the event.

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About UTAC

United Test and Assembly Center Ltd (“UTAC”, SGX-ST: UTAC) is a leading independent provider of semiconductor assembly and testing services for a broad range of integrated circuits including memory, mixed-signal, logic and radio-frequency ICs. The company offers a full range of package and test development, engineering and manufacturing services and solutions to a worldwide customer base, comprising leading integrated device manufacturers (“IDMs”), fabless companies and wafer foundries. UTAC operates manufacturing facilities in Singapore, Thailand, Taiwan and China, in addition to its global network of sales offices in the United States, Europe, Japan, Korea, China and Singapore. More information on the company can be found at www.utacgroup.com.

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