



Media Release

(all figures in US\$ unless otherwise stated)

GATE Reports 15.0% Increase in 2Q14 Revenue to \$184.8M

Singapore, 5 August 2014 . Global A&T Electronics Ltd (GATE or the Company), subsidiary of UTAC Holdings Ltd (UTAC), a leading semiconductor testing and assembly services provider headquartered in Singapore, announced today its unaudited financial results for the second quarter 2014 (2Q14).

GATE recorded a strong set of results with revenue exceeding expectations and margins at the higher end of guidance. All three business segments posted solid growth on the back of higher customer orders and incremental growth from new customer wins.

2Q14 Results Highlight

- 2Q14 revenue rose 15.0% quarter-on-quarter (qoq) to \$184.8M, exceeding guidance of +7-13%, on broad based sequential growth across all business segments.
- MSLP sales up 15%, Analog sales up 11%, Memory sales up 29%. MSLP, Analog and Memory account for 46%, 40% and 14% of 2Q14 revenue respectively.
- Gross profit increased 41.3% qoq to \$28.3M as gross margin rose to 15.3% from 12.5% with higher revenue and continued cost restructuring.
- Operating profit rose to \$10.9M from \$1.5M with higher revenue and slightly lower OPEX spending as compared to 1Q14.
- Adjusted EBITDA was \$51.8M and 28.1% of revenue in 2Q14, compared to \$43.6M and 27.1% of revenue in 1Q14.
- The Company generated operating cash inflow of \$40.4M against capital expenditure of \$32.9M and inter-company loan of \$11.0M to UTAC for the acquisition of the Panasonic facilities. Cash and cash equivalents totaled \$187.4M as at 30 June 2014 compared to \$191.8M as at the start of the quarter.

“Looking ahead, we are confident of our 2H14 performance with new smartphone launches and China’s LTE roll-out fuelling higher demand from several customers in the mobile communications sector. We also expect to see cost sharing benefits in 2H14 stemming from the successful completion of the Panasonic facilities in June 2014. The Panasonic acquisition has laid the foundation for UTAC

to breach the \$1 billion revenue mark in FY2015 with an enlarged scale of operations and new growth opportunities,” said Dr. John Nelson, Chief Executive Officer of UTAC.

3Q14 and Full Year Outlook for GATE

Based on current visibility, the Company has the following expectations for 3Q14 and FY2014:

- 3Q14 sales to be up 5-10% qoq in line with industry expectations and customers' forecasts.
- 3Q14 gross profit margin to be up 100-200 bps from 2Q14 level on the back of higher sales and continued cost reduction initiatives.
- FY2014 revenue to be approximately flat to FY2013, unchanged from prior guidance. 2H2014 revenue will depend on the strength of our customers' business results.
- FY2014 gross profit margin is revised upwards to 15-16% and operating profit margin to 6% on cost reduction initiatives. UMS management fees of \$1M per quarter will also contribute to improved operating margins beginning June 2014. GATE has earlier guided a 5-15% yoy increase in gross and operating profit on a dollar basis.
- FY2014 capex guidance is revised upwards to 14%-16% of revenue, up from prior guidance of 11-15%, due to continued investment in test and advanced package technologies. The sale of USG2 and memory related manufacturing assets are on schedule as planned.
- The Company expects free cash flow¹ to be neutral to slightly positive in FY2014, unchanged from prior guidance, and ending cash balance to be higher compared to end FY2013. The Company has an undrawn credit facility of \$125 million, which it has no plans to draw on in the near term.

UTAC Holdings Guidance

UTAC is the parent company of GATE and UMS. UMS is a new entity with operations in Japan, Singapore, Malaysia, Indonesia and Hong Kong, including the three facilities acquired from Panasonic on June 2, 2014. The following are UTAC and UMS' expected forward performance based on current visibility.

- UTAC to achieve revenue of approximately \$500M for 2H2014.
- UTAC to end FY2014 with a cash balance of \$250M.
- UMS is expected to achieve a similar level of EBITDA margin as GATE.
- A portion of Panasonic revenue is expected to be supported by GATE's factories commencing late Q4 and continuing into 2015.

~End~

¹ Free Cash Flow is defined as net cash provided by operating activities, inclusive of asset sales proceeds, less purchases of property, plant and equipment, and interest expenses.

Income Statement (\$'000)

	Q2'13	Q1'14	Q2'14
Sales	192,827	160,676	184,762
Cost of Sales	(169,672)	(140,631)	(156,448)
Gross Profit	23,155	20,045	28,314
<i>Gross Profit Margin</i>	<i>12.0%</i>	<i>12.5%</i>	<i>15.3%</i>
SG&A	(15,965)	(15,718)	(14,389)
R&D	(3,268)	(2,824)	(2,999)
Operating Profit	3,922	1,503	10,926
Other Income/Expense	1,628	(1,550)	1,735
Interest	(29,996)	(29,970)	(30,578)
Taxes	(1,040)	(1,198)	(1,352)
Share of loss of associated companies	(553)	0	0
Net Income	(26,039)	(31,215)	(19,269)
EBIT	4,997	(47)	12,661
Depreciation and Amortization	42,440	38,503	37,383
Restructuring cost	985	2,621	188
Share of loss in Nepes	553	-	-
External legal expenses	640	1,500	(843)
Others (forex, etc)	(1,509)	1,027	2,454
EBITDA (adjusted for non operating items)	48,107	43,604	51,842
<i>EBITDA Margin</i>	<i>24.9%</i>	<i>27.1%</i>	<i>28.1%</i>

Cash Flow (\$'000)

Cash and Cash Equivalents at the beginning of Period	206,320	217,806	191,747
Net Income	(26,039)	(31,215)	(19,269)
Depreciation	38,349	34,408	33,395
Amortisation	4,092	4,063	4,023
Change in Working Capital	1,512	3,682	(3,544)
Net Interest Expense	29,779	29,506	30,244
Others	(8,276)	910	(4,463)
Net Cash Provided by Operating Activities	39,417	41,354	40,386
Payment for Fixed Assets/Intangible Assets	(13,995)	(19,239)	(32,903)
Proceeds from the Sale of Fixed Assets	690	87	1,693
Interest	288	464	200
Others	5	0	(11,000)
Net Cash Provided (Used) in Investing Activities	(13,012)	(18,688)	(42,010)
Net Cash Provided (Used) in Financing Activities	(14,231)	(48,724)	(2,764)
Restricted cash	-	49	49
Cash and Cash Equivalents at the End of Period	218,494	191,797	187,408

* EBIT represents Operating Profit (loss) adjusted for (i) Other Income/Expense which comprises mainly of net gain on disposal of fixed assets, scrap sales, interest income, foreign exchange gain (loss) and (ii) share of loss of associate.

Balance Sheet (\$'000)**Current Assets**

Cash and Cash Equivalents	218,494	191,797	187,408
Trade and Other Receivables	136,148	101,633	131,918
Inventories	36,774	34,858	38,753
Other Current Assets	10,438	21,628	30,668

Total Current Assets 401,854 349,916 388,747

Plant Property and Equipment	603,900	517,880	511,461
Intangible Assets	716,969	704,742	700,820
Other Non-Current Assets	15,361	13,438	13,007

Total Non-Current Assets 1,336,230 1,236,060 1,225,288

Total Assets 1,738,084 1,585,976 1,614,035

Current Liabilities 177,203 130,636 177,964

Long Term Debt	1,136,889	1,094,680	1,096,049
Deferred Tax Liabilities	14,301	8,614	7,865
Long Term Benefit Obligations	21,139	21,325	21,864
Deferred Income	212	144	124

Total Non-Current Liabilities 1,172,541 1,124,763 1,125,901

Total Liabilities 1,349,744 1,255,399 1,303,866

Total Equity 388,340 330,577 310,169

Total Equity and Liabilities 1,738,084 1,585,976 1,614,035

About Global A&T Electronics Ltd

Global A&T Electronics Ltd (GATE) is a leading independent provider of semiconductor assembly and testing services for a broad range of integrated circuits including memory, mixed-signal, analog, 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. GATE 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. For more information, please visit www.utacgroup.com

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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 and strategies.

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 annual report. Important factors that could cause those differences include, but are not limited to: the cyclical nature of the semiconductor industry; increased competition from other companies and our ability to retain and increase our market share; our reliance on certain major customers; our ability to generate growth and profitability; our ability to generate sufficient cash to meet our capital expenditure requirements; our ability to repay or refinance our indebtedness as it falls due; 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. UTAC and/or GATE do not represent or warrant that their actual future results, performance or achievements will be as discussed in those forward looking statements. Further, UTAC and/or GATE disclaim any responsibility, and undertake 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 UTAC and/or GATE based any such statements.