



## **Media Release**

(all figures in US\$ unless otherwise stated)

### **GATE Reports \$44.0M in EBITDA for 3Q16**

**Singapore, 7 November 2016** – Global A&T Electronics Ltd (GATE or the Company), a wholly-owned subsidiary of UTAC Holdings Ltd (UTAC), a global semiconductor test and assembly services provider headquartered in Singapore, announced today a 7.4% quarter-on-quarter (“qoq”) increase in 3Q16 sales with adjusted EBITDA rising 28.3% qoq to \$44.0M from \$34.3M in 2Q16. Adjusted EBITDA margin was higher at 24.5% versus 20.5% in 2Q16.

*“3Q16 sales came in at the higher end of our guidance with another quarter of double-digit qoq growth for Analog and recovery in MSLP sales. The higher sales and stronger demand for Test services translated to a 57% qoq growth in gross profit and margins that exceeded our 17% guidance.*

*Looking ahead, we are seeing healthy demand from US and European customers in the Analog and MSLP segments. Some of our sites are at near full utilization and we will have to invest in new capacity to meet demand. We are taking a very prudent approach in capital spending by selectively investing in new capabilities and shifting production capacity from non-strategic sites,”* said Dr. John Nelson, Chief Executive Officer of UTAC.

#### **GATE’s 3Q16 Results Highlight**

- **Sales** rose 7.4% qoq to \$179.8M with higher sales across all three segments. Analog, MSLP and Memory sales increased qoq by 10.8%, 4.0% and 6.5%, respectively, for 3Q16.
- **Gross profit** rose 57.4% qoq to \$31.8M as gross margin grew to 17.7% from 12.1% in 2Q16 boosted by higher sales and higher Test contribution. Test revenue rose 14.5% qoq to \$57.0M from \$49.8M in 2Q16.
- SG&A and R&D expenses were flat at \$20.3M compared to \$19.1M in 2Q16.
- **Cash from operations** was higher at \$32.8M from \$16.2M in line with reduced losses. **Cash used in investments** was slightly higher at \$16.4M compared to \$14.1M in 2Q16 as capex maintained at \$17.5M compared to \$16.2M in 2Q16.
- **Cash and cash equivalents** were lower at \$96.0M compared to \$136.2M in 2Q16 due to \$56.7M in bond interest payment in August 2016.

## **GATE's 4Q16 Outlook**

Based on current visibility, GATE has the following expectations for 4Q16:

- Sales expected to be above seasonal norm; 4Q16 sales expected to be down 2% to up 2% qoq.
- Gross margin expected to be within 15-17%.
- Cash balance expected to be around \$110M by end FY16. Capex expected to be around \$90M for FY16.

The Company is reviewing various measures to improve its operating performance and liquidity. The Company believes that it has sufficient liquidity for its operations and debt obligations, for the next 12 months, after taking into account the expected cash to be provided by operations, the financial resources currently available to us, and contingent on certain corporate actions including but not limited to sales of non-strategic assets.

## **UTAC Performance**

- UTAC reported 3Q16 sales of \$227.3M, up 5.7% qoq from \$215.0M in 2Q16. 3Q16 adjusted EBITDA was \$61.0M (26.9% of revenue) compared to 2Q16 adjusted EBITDA of \$52.8M (24.6% of revenue). UTAC ended 9M16 with cash and cash equivalent of \$215.4M.

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## **Segmental Revenue**

<b>US\$ Millions</b>	<b>3Q16</b>	<b>3Q15</b>	<b>YOY</b>	<b>2Q16</b>	<b>QOQ</b>
Memory	18.0	22.8	-21.1%	16.9	6.5%
MS & Logic	75.4	78.0	-3.3%	72.5	4.0%
Analog	86.4	66.3	30.3%	78.0	10.8%
Total Revenue	179.8	167.1	7.6%	167.4	7.4%

<b>US\$ Millions</b>	<b>3Q16</b>	<b>3Q15</b>	<b>YOY</b>	<b>2Q16</b>	<b>QOQ</b>
Assembly	122.8	108.1	13.6%	117.6	4.4%
Test	57.0	59.0	-3.4%	49.8	14.5%
Total Revenue	179.8	167.1	7.6%	167.4	7.4%

Note:

\*\* Certain amounts and percentages have been rounded; consequently, certain figures may add up to be more or less than the total amount.

**Global A&T Electronics Ltd**  
**Summary of Unaudited Consolidated Statement of Income and Cash Flows**  
(all figures in US\$)

**Income Statement (\$'000)**

	Q3'15	Q2'16	Q3'16
Sales	167,102	167,437	179,834
Cost of sales	(140,508)	(147,209)	(148,050)
<b>Gross profit</b>	<b>26,594</b>	<b>20,228</b>	<b>31,784</b>
<i>Gross profit margin</i>	<i>15.9%</i>	<i>12.1%</i>	<i>17.7%</i>
SG&A	(19,681)	(16,028)	(16,904)
R&D	(2,674)	(3,065)	(3,436)
Other operating expenses	(387)	(17,506)	(116)
<b>Operating profit/(loss)</b>	<b>3,852</b>	<b>(16,371)</b>	<b>11,328</b>
Other income	1,118	1,896	1,491
Other gain/(losses) - net	862	133	(268)
Finance cost	(30,484)	(30,945)	(31,884)
Loss before tax	(24,652)	(45,287)	(19,333)
Income tax expense	(5,092)	(239)	(1,337)
<b>Net loss</b>	<b>(29,744)</b>	<b>(45,526)</b>	<b>(20,670)</b>
Income tax expense	5,092	239	1,337
Finance expenses	30,484	30,945	31,884
<b>EBIT</b>	<b>5,832</b>	<b>(14,342)</b>	<b>12,551</b>
Depreciation of property, plant and equipment	30,068	27,361	27,514
Amortization of intangible assets	3,603	3,969	3,966
<b>EBITDA</b>	<b>39,503</b>	<b>16,988</b>	<b>44,031</b>
Restructuring cost	276	631	51
Impairment loss of property, plant and equipment, non-current assets held for sale and other non-trade receivables and (gain)/loss on disposal of non-current assets held-for-sale	(41)	(102)	(48)
UTC settlement fee to Tessera	-	16,757	-
Others	1,497	-	-
<b>Adjusted EBITDA</b>	<b>41,235</b>	<b>34,274</b>	<b>44,034</b>
<i>Adjusted EBITDA Margin</i>	<i>24.7%</i>	<i>20.5%</i>	<i>24.5%</i>

**Cash Flow (\$'000)**

<b>Cash Balance at beginning of Period</b>	214,819	134,932	136,232
Loss after tax	(29,744)	(45,526)	(20,670)
Depreciation	30,068	27,361	27,514
Amortisation	3,603	3,969	3,966
Finance expense and interest income	30,352	30,809	31,808
Fair value loss on derivative financial instruments	891	(87)	(124)
UTC settlement fee to Tessera	-	16,757	-
Change in working capital	8,360	(10,073)	(6,779)
Others	(1,646)	(7,012)	(2,876)
<b>Net Cash Provided by Operating Activities</b>	<b>41,885</b>	<b>16,198</b>	<b>32,839</b>
Payment for acquisition of fixed assets and intangible assets	(23,614)	(16,181)	(17,520)
Proceeds from sale of fixed assets, intangible asset and asset held for sales	520	1,920	918
Interest	130	120	160
Increase in (Amount due from)/repayment of loan from intercompany	(247)	-	-
Others	55	-	40
<b>Net Cash used in Investing Activities</b>	<b>(23,156)</b>	<b>(14,141)</b>	<b>(16,402)</b>
Interest paid	(56,892)	(569)	(56,594)
Dividend paid to non-controlling interests	-	(114)	-
Proceed/repayment loan and borrowing, net	(77)	(74)	(97)
<b>Net Cash Used in Financing Activities</b>	<b>(56,969)</b>	<b>(757)</b>	<b>(56,691)</b>
<b>Restricted cash</b>	<b>47</b>	<b>-</b>	<b>-</b>
<b>Cash Balance at End of Period</b>	<b>176,626</b>	<b>136,232</b>	<b>95,978</b>

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**Global A&T Electronics Ltd**  
**Summary of Unaudited Consolidated Balance Sheet**  
**(all figures in US\$)**

Balance Sheet (\$'000)	Q3'15	Q2'16	Q3'16
<b>Current Assets</b>			
Cash and cash equivalents	176,626	136,232	95,978
Trade Receivables	105,502	105,883	110,164
Other receivables	6,315	7,283	6,496
Inventories	39,668	43,501	45,151
Other current assets	9,480	8,131	7,061
<b>Total Current Assets</b>	<b>337,591</b>	<b>301,030</b>	<b>264,850</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	485,106	448,840	440,337
Goodwill	643,405	643,405	643,405
Intangible assets	42,449	30,617	26,966
Other non-current assets	6,705	4,666	4,002
<b>Total Non-Current Assets</b>	<b>1,177,665</b>	<b>1,127,528</b>	<b>1,114,710</b>
<b>Total Assets</b>	<b>1,515,256</b>	<b>1,428,558</b>	<b>1,379,560</b>
<b>Current Liabilities</b>			
Trade Payables	87,348	84,161	78,684
Other Payables	45,827	47,023	51,480
Accrued interest payables	18,808	46,969	18,788
Deferred Income	26	108	87
Other current liabilities	16,409	4,348	3,430
<b>Total Current Liabilities</b>	<b>168,418</b>	<b>182,609</b>	<b>152,469</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	-	4,789	4,982
Long term debt	1,103,352	1,107,950	1,109,732
Deferred tax liabilities	4,934	7,801	6,837
Long term benefit obligations	20,865	20,306	21,117
<b>Total Non-Current Liabilities</b>	<b>1,129,151</b>	<b>1,140,846</b>	<b>1,142,668</b>
<b>Total Liabilities</b>	<b>1,297,569</b>	<b>1,323,455</b>	<b>1,295,137</b>
<b>Total Equity</b>	<b>217,687</b>	<b>105,103</b>	<b>84,423</b>
<b>Total Equity and Liabilities</b>	<b>1,515,256</b>	<b>1,428,558</b>	<b>1,379,560</b>

Note:

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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, strategies and the industries in which we operate.*

*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 press release. Important factors that could cause those differences include, but are not limited to: the cyclical nature of the semiconductor industry; our reliance on certain major customers, our history of substantial losses; our ability to manage our geographically diverse manufacturing facilities and expand our business, our significant indebtedness affecting our operations and our ability to repay or refinance our indebtedness as it falls due; increased competition from other companies and our ability to retain and increase our market share; pending litigation by certain holders of our senior secured notes, litigation relating to our intellectual property and other potential legal liabilities; our ability to successfully develop new technologies; our ability to acquire equipment and supplies necessary to meet our business needs; our ability to generate sufficient cash to meet our capital expenditure requirements; our ability to hire and maintain qualified personnel; fires, natural disasters, acts of terrorism and other developments outside our control; the political stability of our local region; 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. GATE does not represent or warrant that their actual future results, performance or achievements will be as discussed in those forward looking statements. Further, GATE disclaims any responsibility, and undertakes 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 GATE based any such statements.*