Media Release

(all figures in US$ unless otherwise stated)

GATE Reports $159.6M in EBITDA for FY2016

Singapore, 13 February 2017 – 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, are pleased to announce unaudited financials for financial year ended 31 December 2016 (FY2016). GATE posted revenue of $688.7M and adjusted EBITDA of $159.6M for FY2016.

"*We finished FY2016 on a satisfactory note as continued analog growth and industry recovery saw 4Q16 come in above guidance and marks the third consecutive quarter of sales growth since 1Q16. We see some sales weakness in 1Q17 due to mobile product seasonality.*

We have implemented various extensive cost reduction programs and made the decision to shut down our loss-making Shanghai plant to focus our resources on strategic business and customers. At the same time, we have engaged professional teams to look at opportunities to optimize the company strategy and potential structure. These efforts together are expected to deliver value for stakeholders in the long term," said Dr. John Nelson, Chief Executive Officer of UTAC.

UTAC and GATE have engaged investment banking firm Moelis & Company and law firm Kirkland & Ellis to explore and develop strategic options concerning possible changes to its capital structure. UTAC and GATE have also appointed a new General Counsel, Michael E. Foreman, who brings over 30 years of corporate and finance experience to the UTAC management team.

GATE has decided to cease operations in its Shanghai factory with last revenue production estimated to complete by late 2017. The Shanghai plant is loss making and the closure will enable GATE to reduce annual fixed costs by approximately $7M. There would also be capex savings from 2018 onwards as most Shanghai production capacity will be transferred to UTAC Thailand to support growth in the analog business.

The closure is expected to be cash neutral in 2017 as asset sales and reduced operating losses would offset closure related payments. GATE took an impairment charge and other provisions of $16.9M in 4Q16 relating to the closure with a further $7M to be expected in 1Q17.

GATE's FY2016 Results Highlight

- Sales rose 1.4% to $688.7M from $679.1M in FY2015 as higher analog sales mitigated the drop in memory and MSLP sales.
- Analog sales grew 16.8% YOY with increasing orders from existing customers as well as orders from new customers in sectors such as automotive and MEMs.
- Gross profit declined to $104.6M from $109.3M as gross margin reduced from 16.1% to 15.2%. This is due to lower test mix, as test dropped to 30.7% of revenue from 35.1% a year ago.
- Operating expenses, mainly SG&A and R&D, were lower at $78.3M in FY2016 from $80.8M a year ago.
- GATE generated $121.4M in net cash from operations and spent $92.5M on capital expenditures, offset by $11.2M in equipment sales. Cash used in financing activities was $115.9M.
- GATE ended the year with $108.6M of cash compared to $183.9M in FY2015. .

GATE's 4Q16 Results Highlight

- Sales rose 2.5% qoq to $184.4M on MSLP recovery and continued analog growth. Analog posted its third consecutive quarter of growth, and was 29.3% higher YOY in 4Q16 compared to 4Q15.
- Gross margins were higher at 18.5% from 17.7% in the prior quarter with higher revenue and improved MSLP test revenue.
- Other operating expenses were $22.6M which mainly included $16.9M for impairment and provisions relating to the Shanghai closure, and a $5.0M impairment for customer-related intangible assets.
- Adjusted EBITDA rose to $51.2M (27.8% margin) from $44.0M (24.5% margin) in 3Q16 due to higher revenue and lower operating expenses.

GATE's 1Q17 Outlook

Based on current visibility, GATE has the following expectations for 1Q17:

- 1Q17 sales expected to be lower by 9% to 13%. Gross margin expected to be within 13-15%.
- 1Q17 ending cash expected to be around $65M after the bond coupon payment in Jan 2017.
- FY2017 capex expected to be within $70M - $75M with bulk of capex going towards analog capacity expansion

UTAC 2016 Performance

- UTAC reported FY2016 sales of $875.4M compared to $877.5M in FY2015. FY2016 adjusted EBITDA was $232.0M (26.5% of revenue) compared to $256.6M (29.2% of revenue) in FY2015. Cash balance was $251.8M as at 31 December 2016, compared to $289.3M as at 31 December 2015.

- UTAC revenue was $230.4M in 4Q16, up 1.4% from $227.3M in 3Q16. UTAC adjusted EBITDA was $69.3M (30.1% of revenue), up 13.6% from $61.0M (26.9% of revenue) in 3Q16.

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Segmental Revenue

US$ Millions	FY16	FY15	YOY	4Q16	3Q16	QOQ	4Q15	YOY
Memory	68.9	83.0	**-17.0%**	17.5	18.0	**-2.8%**	21.7	**-19.4%**
MS & Logic	298.6	321.0	**-7.0%**	78.3	75.4	**3.8%**	82.8	**-5.4%**
Analog	321.2	275.0	**16.8%**	88.6	86.4	**2.5%**	68.5	**29.3%**
Total Revenue	688.7	679.1	**1.4%**	184.4	179.8	**2.6%**	172.9	**6.7%**

US$ Millions	FY16	FY15	YOY	4Q16	3Q16	QOQ	4Q15	YOY
Assembly	477.0	440.7	**8.2%**	128.3	122.8	**4.5%**	114.4	**12.2%**
Test	211.7	238.4	**-11.2%**	56.0	57.0	**-1.8%**	58.5	**-4.3%**
Total Revenue	688.7	679.1	**1.4%**	184.4	179.8	**2.6%**	172.9	**6.7%**

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)	Q4'15	Audited FY2015	Q1'16	Q2'16	Q3'16	Q4'16	FY2016
Sales	172,900	679,067	157,034	167,437	179,834	184,385	688,690
Cost of sales	(143,307)	(569,739)	(138,505)	(147,209)	(148,050)	(150,311)	(584,075)
Gross profit	**29,593**	**109,328**	**18,529**	**20,228**	**31,784**	**34,074**	**104,615**
Gross profit margin	*17.1%*	*16.1%*	*11.8%*	*12.1%*	*17.7%*	*18.5%*	*15.2%*
SG&A	(16,708)	(71,587)	(16,782)	(16,028)	(16,904)	(15,426)	(65,140)
R&D	(2,379)	(9,240)	(2,910)	(3,065)	(3,436)	(3,722)	(13,133)
Other operating expenses	(4,504)	(9,154)	(2,529)	(17,506)	(116)	(22,569)	(42,720)
Operating profit/(loss)	**6,002**	**19,347**	**(3,692)**	**(16,371)**	**11,328**	**(7,643)**	**(16,378)**
Other income	1,215	5,071	1,150	1,896	1,491	2,206	6,743
Other gain/(losses) - net	(3,561)	(1,868)	(1,067)	133	(268)	1,711	509
Finance cost	(30,609)	(121,909)	(30,245)	(30,945)	(31,884)	(30,106)	(123,180)
Loss before tax	(26,953)	(99,359)	(33,854)	(45,287)	(19,333)	(33,832)	(132,306)
Income tax expense/(credit)	(6,744)	(18,102)	(260)	(239)	(1,337)	35	(1,801)
Net loss	**(33,697)**	**(117,461)**	**(34,114)**	**(45,526)**	**(20,670)**	**(33,797)**	**(134,107)**
Income tax expense/(credit)	6,744	18,102	260	239	1,337	(35)	1,801
Finance expenses	30,609	121,909	30,245	30,945	31,884	30,106	123,180
EBIT	3,656	22,550	(3,609)	(14,342)	12,551	(3,726)	(9,126)
Depreciation of property, plant and equipment	28,884	118,766	27,588	27,361	27,514	27,410	109,873
Amortization of intangible assets	4,250	15,784	3,993	3,969	3,966	3,534	15,462
EBITDA	**36,790**	**157,100**	**27,972**	**16,988**	**44,031**	**27,218**	**116,209**
Restructuring cost	167	1,091	2,405	631	51	64	3,151
Impairment of intangible assets, fixed assets, non-current assets held for sale and other non-trade receivables, net (gain)/ loss on non-current assets held for sale	6,923	6,649	(392)	(102)	(48)	7,029	6,487
Impairment and provisions relating to Shanghai closure	-	-	-	-	-	16,907	16,907
USG settlement fee to Tessera	-	3,000	86	-	-	-	86
Reversal of provision	(2,000)	(2,000)	-	-		-	-
UTC settlement fee to Tessera	-	-	-	16,757	-	-	16,757
Foreign currency exchange - unrealised	666	666	-	-	-	-	-
Others	(178)	4,325	-	-	-	-	-
Adjusted EBITDA	42,368	170,831	30,071	34,274	44,034	51,219	159,598
Adjusted EBITDA Margin	*24.5%*	*25.2%*	*19.1%*	*20.5%*	*24.5%*	*27.8%*	*23.2%*
Cash Flow ($'000)							
Cash Balance at beginning of Period	176,579	241,253	183,900	134,932	136,232	95,978	183,900
Loss after tax	(33,697)	(117,461)	(34,114)	(45,526)	(20,670)	(33,797)	(134,107)
Depreciation	28,884	118,766	27,588	27,361	27,514	27,410	109,873
Amortisation	4,250	15,784	3,993	3,969	3,966	3,534	15,462
Finance expense and interest income	30,286	120,727	30,001	30,809	31,808	29,877	122,495
Fair value loss on derivative financial instruments	(983)	-	-	(87)	(124)	443	232
USG settlement fee to Tessera	-	3,000	-	-	-	-	-
Reversal of provision	(2,000)	(2,000)	-	-	-	-	-
UTC settlement fee to Tessera	-	-	-	16,757	-	-	16,757
Impairment loss on and written off of property, plant and equipment	4,122	4,122	-	-	-	12,707	12,707
Impairment loss on non-current assets held-for-sale	521	1,226	-	-	-	2	2
Impairment loss on intangible assets	-	-	-	-	-	5,027	5,027
Inventories written down and provision for onerous purchase commitment	-	-	-	-	-	6,200	6,200
Non-trade receivables written off	1,799	1,799	-	-	-	-	-
Change in working capital	(12,713)	(4,023)	2,020	(10,073)	(6,779)	(8,975)	(23,807)
Others	5,182	1,897	(244)	(7,012)	(2,876)	(179)	(10,311)
Net Cash Provided by Operating Activities	25,651	143,837	29,244	16,198	32,839	42,249	120,530
Payment for acquistion of fixed assets and intangible assets	(18,871)	(101,215)	(26,489)	(16,181)	(17,520)	(31,464)	(91,654)
Proceeds from sale of fixed assets, intangible asset and asset held for sales	600	3,236	6,514	1,920	918	1,860	11,212
Interest received	325	823	147	120	160	116	543
Increase in (Amount due from)/repayment of loan from intercompany	247	12,084	-	-	-	-	-
Others	233	77	-	-	40	-	40
Net Cash used in Investing Activities	(17,466)	(84,995)	(19,828)	(14,141)	(16,402)	(29,488)	(79,859)
Interest paid	(654)	(115,028)	(56,915)	(569)	(56,594)	(17)	(114,095)
Dividend paid to non-controlling interests	-	-	(1,371)	(114)	-	-	(1,485)
Proceed/repayment loan and borrowing, net	(164)	(471)	(98)	(74)	(97)	(88)	(357)
Others	-	(696)	-	-	-	-	-
Net Cash Used in Financing Activities	(818)	(116,195)	(58,384)	(757)	(56,691)	(105)	(115,937)
Restricted cash	(46)	-	-	-	-	-	-
Cash Balance at End of Period	183,900	183,900	134,932	136,232	95,978	108,634	108,634

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

Balance Sheet ($'000)	Audited FY2015	Q1'16	Q2'16	Q3'16	Q4'16	FY2016
Current Assets						
Cash and cash equivalents	183,900	134,932	136,232	95,978	108,634	108,634
Trade receivables	110,759	104,262	105,883	110,164	121,499	121,499
Other receivables	11,593	6,938	7,283	6,496	4,263	4,263
Inventories	39,003	39,994	43,501	45,151	42,347	42,347
Other current assets	6,826	7,692	8,131	7,061	7,908	7,908
Total Current Assets	352,081	293,818	301,030	264,850	284,651	284,651
Non-Current Assets						
Property, plant and qquipment	464,529	452,553	448,840	440,337	413,212	413,212
Goodwill	643,405	643,405	643,405	643,405	643,405	643,405
Intangible assets	39,320	34,594	30,617	26,966	18,596	18,596
Other non-current assets	6,515	5,706	4,666	4,002	6,195	6,195
Total Non-Current Assets	1,153,769	1,136,258	1,127,528	1,114,710	1,081,408	1,081,408
Total Assets	1,505,850	1,430,076	1,428,558	1,379,560	1,366,059	1,366,059
Current Liabilities						
Trade payables	82,257	74,926	84,161	78,684	60,660	60,660
Other payables	42,864	40,452	47,023	51,480	53,365	53,365
Accrued interest payables	46,969	18,474	46,969	18,788	46,969	46,969
Deferred income	217	93	108	87	56	56
Provision	-	-	-	-	4,800	4,800
Other current liabilities	12,019	9,818	4,348	3,430	2,419	2,419
Total Current Liabilities	184,326	143,763	182,609	152,469	168,269	168,269
Non-Current Liabilities						
Trade and other payables	-	-	4,789	4,982	5,176	5,176
Long term debt	1,104,833	1,106,352	1,107,950	1,109,732	1,111,414	1,111,414
Deferred tax liabilities	9,155	8,521	7,801	6,837	9,339	9,339
Deferred income	-	-	-	-	-	-
Long term benefit obligations	21,324	20,698	20,306	21,117	22,149	22,149
Total Non-Current Liabilities	1,135,312	1,135,571	1,140,846	1,142,668	1,148,078	1,148,078
Total Liabilities	1,319,638	1,279,334	1,323,455	1,295,137	1,316,347	1,316,347
Total Equity	186,212	150,742	105,103	84,423	49,712	49,712
Total Equity and Liabilities	1,505,850	1,430,076	1,428,558	1,379,560	1,366,059	1,366,059

Note:
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