

Global A&T Electronics Ltd

Media Release

(all figures in US\$ unless otherwise stated)

GATE Reports 2Q17 EBITDA of \$39.5M

Singapore, 1 August 2017 . Global A&T Electronics Ltd (GATE or the Company), a global semiconductor test and assembly services provider headquartered in Singapore, announced today unaudited financials for the quarter ended 30 June 2017 (~~2Q17~~).

2Q17 Results Highlights

- Sales rose 3.0% QOQ to \$170.3M from \$165.4M in 1Q17 on continued analog strength and higher MSLP sales.
- Gross profit margin dropped from 17.4% to 16.2% due to higher labour cost to meet expected higher customer orders in second half 2017. Gross profit declined 3.9% to \$27.6M from \$28.7M in 1Q17.
- SG&A expenses were higher at \$18.1M compared to \$16.0M mainly due to higher professional fees related to the debt restructuring exercise.
- Other income of \$4.9M mainly consists of a \$2.4M reversal of contract provision and fixed asset impairment relating to the Shanghai closure.
- GATE reported higher adjusted EBITDA of \$39.5M compared to \$37.7M in 1Q17.
- GATE generated \$11.9M in net cash from operations down from \$44.4M in 1Q17 due to changes in working capital with lower trade receivables and payables partly due to \$6M in settlement payment to Tessera.
- GATE spent \$19.4M in capex this quarter on assembly and test capacity expansion.
- GATE ended the quarter with cash balance of \$72.8M, which is within the cash guidance of below \$5M to \$10M from 1Q17 level.

Update on Liquidity and Capital Resources

After taking into account the expected cash to be provided by operations, the financial resources currently available to us and discussions with certain holders of the senior secured notes regarding a restructuring of the Company's obligations under the senior secured notes, the Company has elected to exercise a 30-day grace period with respect to the \$56 million cash coupon payment due on August 1, 2017. The Company will not be making payment of the coupon on August 1, 2017 and expects to utilize the 30-day period to continue discussions with its noteholders on a plan to address the Company's capital structure. The Company can elect to make the payment due under the Notes at any time during the grace period, and the Company will continue to evaluate a range of options for managing its liquidity during that time.

Due to the ongoing capital restructuring process, there will be no earnings call scheduled for this release and GATE's management will not be available for meetings, phone calls, or discussions. Investors are encouraged to contact the bondholder advisors for questions regarding the capital structure process.

~End~

Segmental Revenue

US\$ Millions	2Q17	1Q17	QOQ	2Q16	YOY
Memory	16.5	16.7	-1.2%	16.9	-2.4%
MS & Logic	62.1	61.0	1.8%	72.5	-14.3%
Analog	91.7	87.7	4.6%	78.0	17.6%
Total Revenue	170.3	165.4	3.0%	167.4	1.7%

US\$ Millions	2Q17	1Q17	QOQ	2Q16	YOY
Assembly	122.2	118.0	3.6%	117.6	3.9%
Test	48.1	47.5	1.2%	49.8	-3.5%
Total Revenue	170.3	165.4	3.0%	167.4	1.7%

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)

	Q2'16	Q1'17	Q2'17
Sales	167,437	165,418	170,284
Cost of sales	(147,209)	(136,681)	(142,678)
Gross profit	20,228	28,737	27,606
<i>Gross profit margin</i>	12.1%	17.4%	16.2%
SG&A	(16,028)	(15,983)	(18,138)
R&D	(3,065)	(3,950)	(3,685)
Other operating expenses	(17,506)	(7,100)	(641)
Operating profit/(loss)	(16,371)	1,704	5,142
Other income	1,896	1,983	4,867
Other gain/(losses) - net	133	(1,121)	1,717
Finance cost	(30,945)	(29,746)	(30,435)
Loss before tax	(45,287)	(27,180)	(18,709)
Income tax expense/(credit)	(239)	870	(185)
Net loss	(45,526)	(26,310)	(18,894)
Income tax expense/(credit)	239	(870)	185
Finance expenses	30,945	29,641	30,347
EBIT	(14,342)	2,461	11,638
Depreciation of property, plant and equipment	27,361	25,768	26,035
Amortization of intangible assets	3,969	2,627	2,633
EBITDA	16,988	30,857	40,306
Impairment loss / (Reversal of) impairment loss on property, plant and equipment and intangible assets, inventories write-down and (gain)/loss on disposal of non-current assets held-for-sale	(102)	(0)	(1,462)
Restructuring cost	631	201	296
Impairment / (Reversal of) impairment and provisions / (reversal of) provisions relating to Shanghai closure	-	5,491	(2,737)
Settlement fees to Tessera	16,757	-	-
Others (mainly debt restructuring expenses)	-	1,137	3,085
Adjusted EBITDA	34,274	37,685	39,489
<i>Adjusted EBITDA Margin</i>	20.5%	22.8%	23.2%

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

	Q2'16	Q1'17	Q2'17
Cash Flow (\$'000)			
Cash Balance at beginning of Period	134,932	108,634	77,411
Loss after tax	(45,526)	(26,310)	(18,894)
Depreciation	27,361	25,768	26,035
Amortisation	3,969	2,627	2,633
Finance expense and interest income	30,809	29,641	30,347
Fair value loss on derivative financial instruments	(87)	(157)	(214)
USG settlement fee to Tessera	-	-	-
Reversal of provision for onerous contracts	-	-	(950)
Reversal of impairment loss on property, plant and equipment	-	-	(1,461)
UTC settlement fee to Tessera	16,757	-	-
Impairment loss on impairment loss on property, plant and equipment	-	-	-
Impairment loss on non-current assets held-for-sale	-	-	-
Impairment loss on intangible assets	-	-	-
Inventories written down and provision for onerous purchase commitment	-	-	-
Non-trade receivables written off	-	-	-
Change in working capital	(10,073)	13,739	(21,081)
Others	(7,012)	(904)	(4,543)
Net Cash Provided by Operating Activities	16,198	44,404	11,872
Payment for acquisition of fixed assets and intangible assets	(16,181)	(19,581)	(19,364)
Proceeds from sale of fixed assets, intangible asset and asset held for sales	1,920	241	2,835
Interest received	120	164	90
Increase in (Amount due from)/repayment of loan from intercompany	-	-	-
Others	-	-	70
Net Cash used in Investing Activities	(14,141)	(19,176)	(16,369)
Interest paid	(569)	(56,363)	-
Dividend paid to non-controlling interests	(114)	-	-
Proceed/repayment loan and borrowing, net	(74)	(89)	(118)
Others	-	-	-
Net Cash Used in Financing Activities	(757)	(56,452)	(118)
Restricted cash	-	-	-
Cash Balance at End of Period	136,232	77,411	72,796
	-	(0)	0
Balance Sheet (\$'000)			
Current Assets			
Cash and cash equivalents	136,232	77,411	72,796
Trade receivables	105,883	104,444	103,920
Other receivables	7,283	6,908	13,126
Inventories	43,501	44,012	47,076
Other current assets	8,131	7,860	15,407
Total Current Assets	301,030	240,635	252,325
Non-Current Assets			
Property, plant and equipment	448,840	401,352	403,139
Goodwill	643,405	643,405	643,405
Intangible assets	30,617	16,346	13,837
Deferred tax assets	-	4,442	4,109
Other non-current assets	4,666	2,914	2,743
Total Non-Current Assets	1,127,528	1,068,459	1,067,233
Total Assets	1,428,558	1,309,094	1,319,558
Current Liabilities			
Trade payables	84,161	54,585	65,956
Other payables	47,023	51,355	48,256
Accrued interest payables	46,969	18,474	46,969
Deferred income	108	53	51
Provision	-	14,290	9,806
Other current liabilities	4,348	3,727	2,712
Total Current Liabilities	182,609	142,484	173,750
Non-Current Liabilities			
Trade and other payables	4,789	5,311	1,447
Long term debt	1,107,950	1,113,143	1,114,925
Deferred tax liabilities	7,801	8,953	8,446
Deferred income	-	-	-
Long term benefit obligations	20,306	23,126	23,766
Total Non-Current Liabilities	1,140,846	1,150,533	1,148,584
Total Liabilities	1,323,455	1,293,017	1,322,334
Total Equity	105,103	16,077	(2,776)
Total Equity and Liabilities	1,428,558	1,309,094	1,319,558

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For more information, please contact:

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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 the U.S. Private Securities Litigation Reform Act of 1995 and the securities laws of other jurisdictions. 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. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "expects," "projects," "may," "will," "could," "would," "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts.

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. In addition, even if our results of operations, financial condition and liquidity are consistent with the forward-looking statements contained in this communication, those results or developments may not be indicative of results or developments in subsequent periods.

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.