

# Global A&T Electronics Ltd

## Media Release

(all figures in US\$ unless otherwise stated)

### **GATE Reports 3Q17 EBITDA of \$46.4M**

**Singapore, 14 November 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 September 2017 (3Q17).

*"We posted a good third quarter, keeping pace with seasonal industry growth especially in the MSLP segment. This would not have been possible without the continued support of our customers, suppliers and employees of which we are grateful for. The capital restructuring process is progressing smoothly and we expect UTAC to be in a stronger position to grow with the industry in 2018 with a strengthened capital structure and consolidated operations," said Dr. W. John Nelson, Chief Executive Officer of the Company.*

#### **3Q17 Results Highlights**

- Sales rose 8.6% QOQ to \$184.9M from \$170.3M in 2Q17 backed by strong sales to communication-related customers with an 18.2% QOQ growth from the MSLP segment. Analog remained strong, growing 4.9% over the same period.
- Gross profit margin improved to 20.3% from 16.2% in 2Q17 with higher revenue and increased sales from higher-margin test business.
- SG&A expenses were higher at \$27.0M compared to \$18.1M mainly due to higher professional fees related to the capital restructuring exercise. Other operating expenses of \$2.8M were mainly for the UTAC Shanghai closure, which is expected to be completed by end 2017.
- EBITDA margin improved to 25.1% from 23.2% in 2Q17 with higher adjusted EBITDA of \$46.4M compared to \$39.5M in 2Q17.
- GATE ended the quarter with cash balance of \$67.5M, having generated \$12.4M in net cash from operations and spent \$22.8M in capex. GATE expects FY2017 capex to be lower than FY2016 as the closure of the Shanghai plant has enabled production equipment to be transferred to other sites to meet customer demand.

#### **Restructuring Update**

As announced on 2 November 2017, the Company has entered into a Global Settlement, Forbearance, and Restructuring Support agreement (RSA) that is supported by approximately 85% of all of its noteholders. The Company has as of 13 November obtained approximately 95% support for the RSA.

The RSA requires the Company to solicit votes from all holders of Initial Notes and Additional Notes, which is expected to commence by November 20, 2017, and to thereafter implement the restructuring through court

supervised proceedings in the Southern District of New York. The Company expects to obtain an order from the Court confirming the plan of reorganisation by no later than 31 December 2017.

During the implementation of the restructuring transaction; there will not be any impact to customers and suppliers. The agreement when implemented will reduce the Company's approximately \$1.12 billion debt to a total of \$665 million and reduce its annual debt service by nearly half, to approximately \$56.5 million. It will also consolidate UMS and GATE into one company, leading to a company with revenue of approximately \$850M and strengthened capital structure.

Taking into account the above restructuring progress, the Company is confident of meeting its working capital and investment capex needs, and other financial obligations for 2017.

### **UTAC Financials**

UTAC, which comprises of GATE and UMS, reported revenue of \$229.7M in 3Q17 compared to \$213.7M in 2Q17. Adjusted EBITDA was \$61.6M in 3Q17 compared to \$52.1M in 2Q17. Cash balance was \$218M as of end September 2017.

~End~

### **Segmental Revenue**

<b>US\$ Millions</b>	<b>3Q17</b>	<b>2Q17</b>	<b>QOQ</b>	<b>3Q16</b>	<b>YOY</b>
Memory	15.3	16.5	-7.3%	18.0	-15.0%
MS & Logic	73.4	62.1	18.2%	75.4	-2.7%
Analog	96.2	91.7	4.9%	86.4	11.3%
<b>Total Revenue</b>	<b>184.9</b>	<b>170.3</b>	<b>8.6%</b>	<b>179.8</b>	<b>2.8%</b>

<b>US\$ Millions</b>	<b>3Q17</b>	<b>2Q17</b>	<b>QOQ</b>	<b>3Q16</b>	<b>YOY</b>
Assembly	132.1	122.2	8.1%	122.8	7.6%
Test	52.8	48.1	9.8%	57.0	-7.4%
<b>Total Revenue</b>	<b>184.9</b>	<b>170.3</b>	<b>8.6%</b>	<b>179.8</b>	<b>2.8%</b>

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)**

	Q3'16	Q2'17	Q3'17
Sales	179,834	170,284	184,860
Cost of sales	(148,050)	(142,678)	(147,403)
<b>Gross profit</b>	<b>31,784</b>	<b>27,606</b>	<b>37,457</b>
<i>Gross profit margin</i>	17.7%	16.2%	20.3%
SG&A	(16,904)	(18,138)	(27,030)
R&D	(3,436)	(3,685)	(3,952)
Other operating expenses	(116)	(641)	(2,829)
<b>Operating profit/(loss)</b>	<b>11,328</b>	<b>5,142</b>	<b>3,646</b>
Other income	1,491	4,867	7,813
Other gain/(losses) - net	(268)	1,717	(579)
Finance cost	(31,884)	(30,435)	(30,191)
Loss before tax	(19,333)	(18,709)	(19,311)
Income tax expense/(credit)	(1,337)	(185)	(725)
<b>Net loss</b>	<b>(20,670)</b>	<b>(18,894)</b>	<b>(20,036)</b>
Income tax expense/(credit)	1,337	185	725
Finance expenses	31,884	30,347	30,116
<b>EBIT</b>	<b>12,551</b>	<b>11,638</b>	<b>10,804</b>
Depreciation of property, plant and equipment	27,514	26,035	27,031
Amortization of intangible assets	3,966	2,633	2,597
<b>EBITDA</b>	<b>44,031</b>	<b>40,306</b>	<b>40,432</b>
Impairment loss on PPE and intangible assets, inventories write-down and gain on disposal of non-current assets held-for-sale	(48)	(1,462)	1,462
Restructuring cost	51	296	1
Impairment / (Reversal of) impairment and provisions / (reversal of) provisions relating to Shanghai closure	-	(2,737)	(5,364)
Others (mainly debt restructuring expenses)	-	3,085	9,890
<b>Adjusted EBITDA</b>	<b>44,034</b>	<b>39,489</b>	<b>46,421</b>
<i>Adjusted EBITDA Margin</i>	24.5%	23.2%	25.1%

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

Cash Flow (\$'000)	Q3'16	Q2'17	Q3'17
<b>Cash Balance at beginning of Period</b>	136,232	77,411	72,796
Loss after tax	(20,670)	(18,894)	(20,036)
Depreciation	27,514	26,035	27,031
Amortisation	3,966	2,633	2,597
Finance expense and interest income	31,808	30,347	30,116
Fair value loss on derivative financial instruments	(124)	(214)	(24)
Reversal of provision for onerous contracts	-	(950)	(1,943)
Reversal of impairment loss on property, plant and equipment	-	(1,461)	(3,417)
Change in working capital	(6,779)	(21,081)	(21,097)
Others	(2,876)	(4,543)	(844)
<b>Net Cash Provided by Operating Activities</b>	<b>32,839</b>	<b>11,872</b>	<b>12,383</b>
Payment for acquisition of fixed assets and intangible assets	(17,520)	(19,364)	(22,840)
Proceeds from sale of fixed assets, intangible asset and asset held for sales	918	2,835	5,190
Interest received	160	90	65
Others	40	70	(0)
<b>Net Cash used in Investing Activities</b>	<b>(16,402)</b>	<b>(16,369)</b>	<b>(17,586)</b>
Interest paid	(56,594)	-	0
Proceed/repayment loan and borrowing, net	(97)	(118)	(84)
<b>Net Cash Used in Financing Activities</b>	<b>(56,691)</b>	<b>(118)</b>	<b>(84)</b>
<b>Cash Balance at End of Period</b>	<b>95,978</b>	<b>72,796</b>	<b>67,510</b>
	-	0	0
<b>Balance Sheet (\$'000)</b>			
<b>Current Assets</b>			
Cash and cash equivalents	95,978	72,796	67,510
Trade receivables	110,164	103,920	105,969
Other receivables	6,496	13,126	15,169
Inventories	45,151	47,076	52,387
Other current assets	7,061	15,407	16,199
<b>Total Current Assets</b>	<b>264,850</b>	<b>252,325</b>	<b>257,234</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	440,337	403,139	391,527
Goodwill	643,405	643,405	643,405
Intangible assets	26,966	13,837	11,250
Deferred tax assets	-	4,109	4,043
Other non-current assets	4,002	2,743	1,801
<b>Total Non-Current Assets</b>	<b>1,114,710</b>	<b>1,067,233</b>	<b>1,052,026</b>
<b>Total Assets</b>	<b>1,379,560</b>	<b>1,319,558</b>	<b>1,309,260</b>
<b>Current Liabilities</b>			
Trade payables	78,684	65,956	51,494
Other payables	51,480	48,256	48,608
Accrued interest payables	18,788	46,969	75,150
Deferred income	87	51	48
Provision	-	9,806	3,488
Other current liabilities	3,430	2,712	1,900
<b>Total Current Liabilities</b>	<b>152,469</b>	<b>173,750</b>	<b>180,688</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	4,982	1,447	1,583
Long term debt	1,109,732	1,114,925	1,116,856
Deferred tax liabilities	6,837	8,446	8,387
Long term benefit obligations	21,117	23,766	24,585
<b>Total Non-Current Liabilities</b>	<b>1,142,668</b>	<b>1,148,584</b>	<b>1,151,411</b>
<b>Total Liabilities</b>	<b>1,295,137</b>	<b>1,322,334</b>	<b>1,332,100</b>
<b>Total Equity</b>	<b>84,423</b>	<b>(2,776)</b>	<b>(22,840)</b>
<b>Total Equity and Liabilities</b>	<b>1,379,560</b>	<b>1,319,558</b>	<b>1,309,260</b>

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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.*