



Media Release

(all figures in US\$ unless otherwise stated)

UTAC Reports 3Q18 Financials

- **Sales up 7% QOQ with higher sales across all segments**
- **Adjusted EBITDA up 22% QOQ to \$46.5M**
- **Cash increased 10% QOQ to \$223M**

Singapore, 6 November 2018 – UTAC Holdings Ltd (“UTAC”), a global semiconductor test and assembly services provider, announced today unaudited financials for the third quarter of the financial year 2018 (“3Q2018”).

“Third quarter sales were at the higher end of our guidance with broad-based recovery in customer demand across all segments. We continue to invest in new technologies, capabilities and capacity and are making great progress on several strategic initiatives for key customers and end-markets. We do, however, expect to see modest softening of demand as we go through the fourth quarter as certain customers and the supply chain adjust inventory levels,” said Dr. John Nelson, Chief Executive Officer of UTAC.

3Q2018 Highlights

- Revenue was up 7% to \$201.5M from \$187.9M in 2Q2018 with sequential sales growth across all business segments. MSLP, Analog and Memory were up 12%, 3% and 15%, respectively, quarter-on-quarter (“QOQ”).
- Gross margin was higher at 20% compared to 16% in 2Q2018 primarily due to increased revenue as well as greater revenue from test. Gross profit was up 33% QOQ to \$40.3M from \$30.3M.
- SG&A expenses were down 13% QOQ to \$17.7M from \$20.4M primarily due to lower legal and professional expenses. R&D remained flat at \$3.9M.
- Other operating income/expense was a gain of \$0.3M compared to expenses of \$0.7M in 2Q18.
- Non-operating items:
 - Lower other income of \$0.1M compared to \$4.1M in 2Q2018.
 - Lower income tax of \$1.5M compared to \$5.1M due to higher tax provisions in 2Q2018.
 - Finance expense of \$14.2M primarily related to the high-yield bond.
- Adjusted EBITDA rose 22% to \$46.5M from \$38.1M primarily due to increased revenue as well as greater revenue from test.
- Net cash from operations was higher at \$39.7M compared to \$30.4M in 2Q2018.
- Capital expenditure was higher at \$22.9M from \$16.3M in 2Q2018.
- Cash and cash equivalents balance was higher than guidance at \$223.2M primarily due to lower capex spend in 3Q2018 and better working capital management.

4Q2018 Outlook

Based on current visibility, UTAC expects the following for 4Q18:

- Sales expected to be approximately \$200 million plus or minus two percent.
- Gross margin expected to be approximately 20% plus or minus one percent.
- Cash expected to be greater than \$200 million exiting the year.
- FY2018 capital expenditures expected to be up to \$90M.

~End~

Segmental Revenue

US\$ Millions	3Q18	2Q18	QOQ	3Q17	YOY
Memory	16.7	14.6	14%	18.0	-7%
MSLP	69.4	61.8	12%	90.7	-23%
Analog	98.5	95.7	3%	100.1	-2%
Discrete/Optical	13.9	13.4	4%	16.9	-18%
Liquidated Damages	3.0	2.4	25%	4.1	-27%
Total Revenue	201.5	187.9	7%	229.8	-12%

US\$ Millions	3Q18	2Q18	QOQ	3Q17	YOY
Assembly	137.7	127.8	8%	159.0	-13%
Test	60.8	57.7	5%	66.7	-9%
Liquidated Damages	3.0	2.4	25%	4.1	-27%
Total Revenue	201.5	187.9	7%	229.8	-12%

Note:

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

UTAC Holdings Ltd
Summary of Unaudited Consolidated Statement of Income
(all figures in US\$)

Income Statement (\$'000)

	Q3'17	Q2'18	Q3'18
Sales	229,707	187,922	201,507
Cost of sales	(175,726)	(157,627)	(161,197)
Gross profit	53,981	30,295	40,310
<i>Gross profit margin</i>	23.5%	16.1%	20.0%
SG&A	(30,639)	(20,411)	(17,764)
R&D	(4,425)	(3,862)	(3,946)
Other operating expenses	(2,829)	(670)	344
Operating profit/(loss)	16,088	5,352	18,944
Other income	8,338	4,058	142
Finance expenses	(31,145)	(14,042)	(14,197)
Profit/(Loss) before tax	(6,719)	(4,632)	4,889
Income tax expenses	(1,612)	(5,139)	(1,470)
Net profit/(loss)	(8,331)	(9,771)	3,419
Income tax expenses	1,612	5,139	1,470
Finance expenses and income	30,618	13,399	13,538
EBIT	23,899	8,767	18,427
Depreciation of property, plant and equipment	28,826	25,147	24,233
Amortization of intangible assets	2,839	1,210	1,191
EBITDA	55,564	35,124	43,851
Debt restructuring fees	9,915	1,817	17
Impairment of fixed assets, intangible assets, AFS	-	-	(34)
Loss on disposal of property	-	-	1,909
USC closure	(4,519)	389	201
Others	352	804	552
Adjusted EBITDA	61,312	38,134	46,496
<i>Adjusted EBITDA Margin</i>	26.7%	20.3%	23.1%

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UTAC Holdings Ltd
Summary of Unaudited Consolidated Balance Sheet
(all figures in US\$)

Balance Sheet (\$'000)	Q3'17	Q2'18	Q3'18
Current Assets			
Cash and cash equivalents	218,009	202,288	223,222
Trade and other receivables	140,808	113,877	122,140
Inventories	59,924	47,111	47,408
Other current assets	19,510	11,633	10,673
Total Current Assets	438,251	374,909	403,443
Non-Current Assets			
Property, plant and equipment	454,399	426,642	416,016
Goodwill	643,405	643,405	643,405
Intangible assets	19,525	15,351	14,253
Deferred tax assets	4,515	4,786	5,073
Financial assets, available-for-sale	983	978	978
Other non-current assets	3,576	2,786	2,768
Total Non-Current Assets	1,126,403	1,093,948	1,082,493
Total Assets	1,564,654	1,468,857	1,485,936
Current Liabilities			
Trade and other payables	207,984	105,965	121,404
Deferred income	48	14	14
Provision	3,460	-	-
Borrowings	283	305	329
Current income tax liabilities	4,323	5,859	3,549
Total Current Liabilities	216,098	112,143	125,296
Non-Current Liabilities			
Trade and other payables	38,211	-	-
Borrowings	1,116,856	664,667	664,778
Deferred tax liabilities	11,542	12,652	12,390
Long term benefit obligations	26,746	27,850	28,523
Total Non-Current Liabilities	1,193,355	705,169	705,691
Total Liabilities	1,409,453	817,312	830,987
Total Equity	155,201	651,545	654,949
Total Equity and Liabilities	1,564,654	1,468,857	1,485,936

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UTAC Holdings Ltd
Summary of Unaudited Cash Flow
(all figures in US\$)

Cash Flow (\$'000)	Q3'17	Q2'18	Q3'18
Cash Balance at beginning of Period	196,127	215,205	201,984
Profit/(Loss) after tax	(8,331)	(9,771)	3,419
Income tax expense	1,612	5,139	1,470
Dividend income	-	(26)	-
Depreciation of property, plant and equipment	28,826	25,147	24,233
(Gain)/ Loss on disposal of property, plant and equipment and AHS	(467)	(120)	1,425
Impairment loss/(Reversal of impairment loss) on property, plant and equipment, intangible a	(3,417)	-	(34)
Amortization of intangible assets	2,839	1,210	1,191
Write-off of fixed assets/inventories/receivables	-	3	-
Interest income	(527)	(643)	(659)
Government grant income	(92)	(138)	(50)
Finance expenses	31,145	14,042	14,197
Changes in working capital	(26,702)	(1,376)	(1,730)
Government grant received	90	139	50
Income tax paid	(2,883)	(3,180)	(3,791)
Net Cash Provided by Operating Activities	22,093	30,426	39,721
Payment for acquisition of fixed assets and intangible assets	(27,153)	(16,270)	(22,871)
Proceeds from sale of fixed assets, intangible asset and asset held for sales	5,189	180	3,630
Net decrease / (increase) in restricted cash	(5,280)	-	-
Interest received	517	602	564
Dividend received	-	26	-
Net Cash used in Investing Activities	(26,727)	(15,462)	(18,677)
Interest paid	(269)	(28,105)	-
Repayment of finance lease liabilities	(84)	(80)	(110)
Net Cash Used in Financing Activities	(353)	(28,185)	(110)
Total per cashflow	191,140	201,984	222,918
Reconciliation to cash balance in balance sheet			
Restricted cash as at end of period	26,869	304	304
Cash Balance at End of Period	218,009	202,288	223,222

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About UTAC Holdings Ltd

UTAC Holdings Ltd (UTAC) is a leading independent provider of assembly and test services for a broad range of semiconductor chips. We offer a full range of semiconductor assembly and test services in these key product categories: analog, mixed-signal and logic, and memory. Our customers are primarily fabless companies, integrated device manufacturers and wafer foundries. UTAC is headquartered in Singapore, with production facilities located in Singapore, Thailand, Taiwan, China, Indonesia and Malaysia. We have a global sales network across United States, Japan, China and Taiwan, rest of Asia and Europe, with sales offices in each of these regions.

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; 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. UTAC does not represent or warrant that their actual future results, performance or achievements will be as discussed in those forward looking statements. Further, UTAC 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 UTAC based any such statements.