

# Semiconductor Test And Assembly Solutions Provider, UTAC, To List On SGX Mainboard

Dec 26, 2003

United Test and Assembly Center Ltd ("UTAC"), a leading solutions provider for semiconductor test and assembly, announced today that it has lodged its preliminary prospectus with the Monetary Authority of Singapore. UTAC intends to list its shares on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

DBS Bank is the Lead Manager, Lead Underwriter, Lead Placement Agent and Sole Bookrunner for UTAC's initial public offer. CLSA is the Co-Underwriter and Co-Placement Agent for the listing.

Established in 1997, UTAC has carved out a name for itself as a leading independent provider of semiconductor assembly and testing services to its customers, which comprise Integrated Device Manufacturers ("IDMs"), fabless companies and wafer foundries.

One of the world's leading companies in the testing of semiconductors, UTAC was ranked the ninth largest independent provider of semiconductor test services for the year 2002 in terms of revenue by Gartner Dataquest. UTAC provides wafer probing and final testing services on a diverse selection of test platforms for a range of semiconductors including memory, logic, mixed-signal and radio-frequency ICs. UTAC's test services contributed US\$34.9 million or 70% to total revenue for the six months ended June 30, 2003 ("1H03").

Besides testing services, UTAC also provides assembly services of a broad range of leadframe and array packages. Revenue from UTAC's assembly services accounted for the remaining 30% of Group revenue for 1H03. This amounted to US\$15.0 million.

Headquartered in Singapore where it houses its manufacturing, test engineering and package design facilities, UTAC has also established a global network of sales offices in the United States, Italy and Japan and an appointed sales agent in Israel. It has also incorporated a wholly-owned manufacturing facility in the PRC to provide wafer probing and testing services.

## Strength in memory and mixed signal/RF & logic segments

Besides its expertise in the testing and assembly of advanced memory semiconductors such as the latest DDR and DDR II SDRAMs, UTAC is also able to provide full turnkey solutions for mixed signal/RF and logic ICs.

For 1H03, revenue from memory and mixed signal/RF & logic each accounted for approximately 50% of UTAC's test revenue.

For the mixed signal/RF & logic market, it is targeting the Broadband Mobile/Wireless ("BM/W") market segments, which uses mixed-signal semiconductors extensively. This includes products used in mobile phones, routers, switches, interface cards, storage, consumer entertainment, wired line and cable set-top boxes. According to Gartner Dataquest, BM/W represents the fastest growing segment in the semiconductor application market with a CAGR of approximately 20%.

UTAC also focuses its assembly development on packages that support the memory and BM/W market segments.

"Our unique ability to provide solutions for both memory and mixed-signal/RF semiconductors differentiates us from our competitors. In particular, we have been able to leverage on our ability to test both memory and non-memory chips to provide full turnkey assembly & test solutions for multi-chip package (MCP) and System-In-Package (SiP) solutions that integrate both types of chips into a single package," said Mr Lee Joon Chung, President and Chief Executive Officer of UTAC.

## Value-added Engineering Expertise

Another core strength of UTAC is its ability to provide value-added engineering services for both test and assembly services. For testing services, UTAC has established capabilities to develop customised test solutions for new semiconductor devices. This includes expertise in test program development, test-time reduction, yield enhancement, test program conversion and optimization. UTAC also has the ability to test multiple semiconductor chips simultaneously, enabling it to reduce the overall cost of testing for its customers.

"Our strategy is to target the fast growing market segments, focusing on the testing of complex, higher-performance semiconductors, which typically command a higher premium," added Mr Lee.

For its assembly services, UTAC offers package development expertise that includes developing new packaging capabilities for advanced packages, introducing cost-effective packaging materials and optimizing assembly process flow. It also collaborates with its material suppliers to source for new and alternative packaging materials to improve package quality or reduce material costs.

## Experienced Management Team

UTAC is spearheaded by an experienced management team, with an average of more than 10 years of experience each in the semiconductor assembly and test business. Many of its key management executives have worked in IDMs, wafer foundries, and/or independent providers of assembly and test services and several of them have track records of establishing and contributing to the growth of other independent assembly and test facilities.

## Presence in the PRC

In August this year, UTAC established a presence in the PRC with the incorporation of UTAC Shanghai, a wholly-owned foreign enterprise located in Waigaoqiao, a free trade zone in Shanghai, PRC. Its primary focus is to provide wafer probing and final testing to customers in the PRC, such as wafer foundries, fabless customers and electronic component distributors.

To accelerate its growth in the PRC and to position itself to capitalize on the PRC semiconductor sector growth, UTAC Shanghai inked a strategic business collaboration agreement with Amkor Assembly and Test (Shanghai) Co., Ltd. ("ATC"), whereby under this agreement, ATC will provide packaging services and UTAC Shanghai will provide wafer probing and final testing services for common customers. ATC is a subsidiary of Amkor Technology ("Amkor"), the world's largest IC packaging and test company.

"We believe that this is a win-win relationship where we can tap on Amkor's strength in packaging capabilities, and Amkor on our test capabilities. Amkor's established packaging capability in China coupled with our competency in test will allow UTAC Shanghai to provide full turnkey services to our customers in the PRC," said Mr Lee.

"With the shift of electronics production into the PRC, there is huge potential for the country's share of the global semiconductor market to grow exponentially. Our expansion into the PRC market will be a crucial component of our business strategy going forward to tap the growth opportunities there," added Mr Lee.

According to Gartner Dataquest, the market for semiconductors in China is projected to grow at a CAGR of 18.6% from US\$23.0 billion in 2002 to reach US\$54.0 billion in 2007, significantly higher than the global CAGR of 10.2%.

## Financial Highlights

For the six months ended 1H2003, UTAC registered a turnover of US\$49.95 million, an increase of 39% from the previous corresponding period. UTAC narrowed its losses to US\$10.4 million in 1H2003, from a loss of US\$13.9 million in the same period a year ago.

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