



Media Release

(all figures in US\$ unless otherwise stated)

UTAC Posts 1Q20 Results

- **Revenue of \$165.8M**
- **Adjusted EBITDA of \$28.9M**
- **Adjusted EBITDA margin of 17.4%**
- **Strong cash balance of \$204.0M**

Singapore, 11 May 2020 – UTAC Holdings Ltd. (“UTAC”), a global semiconductor test and assembly services provider, announced today unaudited financial results for the first quarter of the financial year ending 31 December 2020 (“1Q2020”).

“UTAC delivered solid financial results in the first quarter of 2020 despite a very challenging economic environment and demand trends through April remain reasonably healthy,” said Dr. John Nelson, Chief Executive Officer of UTAC. “There, however, remains a great deal of uncertainty in the global business environment given the impact of COVID-19 which is reducing our visibility in the near term. As such, we have implemented a number of cost containment initiatives, including a hiring freeze, further belt-tightening on capacity-related capital expenditures and a reduction in discretionary expenses. I want to thank our employees, customers, suppliers and local governments for their continued commitment and support during these challenging times.”

1Q2020 Summary

- Revenue declined by 7.7% quarter-on-quarter (“QOQ”) to \$165.8M in 1Q20 from \$179.6M in 4Q19, primarily due to lower sales from mixed-signal and logic product (“MSLP”) and analog customers and lower sales to a major Japanese customer.
- Gross profit margin declined to 13.6% in 1Q20 from 16.1% in 4Q19 due to lower revenue in 1Q20 mitigated by cost containment measures.
- SG&A expenses were \$16.0M in 1Q20 compared to \$24.1M in 4Q19, primarily due to lower bonus accruals and share-based compensation expense.
- R&D expenses were higher at \$8.7M in 1Q20 compared to \$7.8M in 4Q19 with increased spending on strategic projects.
- Other operating expenses were \$1.7M in 1Q20 compared to \$5.1M in 4Q19, primarily due to lower severance expenditure.
- In terms of non-operating items:
 - Other income was \$5.5M mainly consisting of scrap sales and foreign exchange gain.
 - Income tax expense was \$4.8M.

- Adjusted EBITDA was \$28.9M in 1Q20, down from \$36.1 in 4Q19, primarily due to lower revenue mitigated by cost containment measures.
- Adjusted EBITDA margin was 17.4% in 1Q20 compared to 20.1% in 4Q19.
- Net cash from operations was \$22.4M in 1Q20 compared to \$42.3M in 4Q19.
- Capital expenditures were \$22.2M in 1Q20, primarily to support increased investment in MSLP and communications-related customers.
- Cash and cash equivalents were \$204.0M in 1Q20 compared to \$191.8M at the end of 4Q19.

On the 23rd of January 2020, UTAC entered into a sale and purchase agreement with a global private equity firm, whereby the new global private equity firm will become the majority shareholder of UTAC. The transaction is subject to the satisfaction of regulatory approvals and other customary closing conditions. There is no assurance that the transaction will close. We do not plan to provide any further updates until there is certainty of the transaction closing and would advise caution if trading in our securities. In light of the pending transaction as well as the uncertain economic environment resulting from the COVID-19 pandemic, we will not be providing forward guidance. We will continue to hold our earnings call, including a call for the 1Q2020 results.

Segmental Revenue

US\$ Millions	1Q20	4Q19	QOQ	1Q19	YOY
Memory	13.8	13.8	0.0%	13.7	-0.7%
MSLP	50.7	59.3	-14.5%	53.8	-5.8%
Analog	93.9	96.5	-2.7%	90.1	-4.2%
Discrete/Optical	7.4	10.0	-26.0%	12.3	-39.8%
Others (LD)	-	-	0.0%	4.2	-100.0%
Total	165.8	179.6	-7.7%	174.1	-4.8%

US\$ Millions	1Q20	4Q19	QOQ	1Q19	YOY
Assembly	117.3	126.7	-7.4%	118.9	-1.3%
Test	48.5	52.9	-8.3%	51.0	-4.9%
Others (LD)	-	-	-0.0%	4.2	-100.0%
Total Revenue	165.8	179.6	-7.7%	174.1	-4.8%

Note:

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

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

Income Statement (\$'000)

	Q1'19	Q4'19	Q1'20
Sales	174,117	179,598	165,800
Cost of sales	(144,126)	(150,605)	(143,189)
Gross profit	29,991	28,993	22,611
<i>Gross profit margin</i>	<i>17.2%</i>	<i>16.1%</i>	<i>13.6%</i>
SG&A	(19,276)	(24,111)	(16,012)
R&D	(4,215)	(7,835)	(8,734)
Other operating expenses	(311)	(5,087)	(1,676)
Operating profit/(loss)	6,189	(8,040)	(3,811)
Other income	2,408	3,849	5,536
Finance expenses	(14,721)	(15,051)	(14,685)
Profit/(Loss) before tax	(6,124)	(19,242)	(12,960)
Income tax expenses	(2,038)	(1,075)	(4,877)
Net profit/(loss)	(8,162)	(20,317)	(17,837)
Income tax expenses	2,038	1,075	4,877
Finance expenses and interest income	14,030	14,498	14,182
EBIT	7,906	(4,744)	1,222
Depreciation of property, plant and equipment	23,754	23,399	23,824
Depreciation of right-of-use assets	853	2,069	975
Amortization of intangible assets	1,165	664	667
EBITDA	33,678	21,388	26,688
Fair value (gain)/loss on derivatives financial instruments	(96)	(164)	(103)
Foreign exchange (gain)/loss	971	1,196	(2,033)
Debt restructuring costs	1	35	78
Impairment of fixed assets, intangible assets, AFS	-	351	17
Severance expenditure	224	4,752	952
Shared-based compensation (Restricted Stock Units)	2,104	1,803	1,113
USC closure	228	160	100
Others	(17)	6,590	2,033
Adjusted EBITDA	37,093	36,111	28,845
<i>Adjusted EBITDA Margin</i>	<i>21.3%</i>	<i>20.1%</i>	<i>17.4%</i>

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

Balance Sheet (\$'000)	Q1'19	Q4'19	Q1'20
Current Assets			
Cash and cash equivalents	232,467	191,821	204,003
Trade and other receivables	103,229	117,914	107,161
Inventories	38,995	33,768	36,586
Other current assets	9,142	7,400	4,923
Total Current Assets	383,833	350,903	352,673
Non-Current Assets			
Property, plant and equipment	435,458	452,456	442,793
Right-of-use	18,108	26,661	25,742
Goodwill	643,405	643,405	643,405
Intangible assets	12,229	4,553	4,345
Deferred tax assets	6,718	13,038	8,899
Financial assets, at FVOCI	3,233	4,119	4,119
Other non-current assets	3,385	1,012	958
Total Non-Current Assets	1,122,536	1,145,244	1,130,261
Total Assets	1,506,369	1,496,147	1,482,934
Current Liabilities			
Trade and other payables	111,712	130,969	127,067
Derivative financial instrument	106	-	-
Deferred income	-	585	868
Borrowings	-	-	3,969
Finance lease liabilities	3,589	3,992	3,653
Current income tax liabilities	6,711	5,089	6,854
Total Current Liabilities	122,118	140,635	142,411
Non-Current Liabilities			
Borrowings	664,345	664,459	672,354
Finance lease liability	19,442	17,108	16,121
Deferred tax liabilities	13,280	16,785	15,440
Long term benefit obligations	30,316	44,084	40,260
Total Non-Current Liabilities	727,383	742,436	744,175
Total Liabilities	849,501	883,071	886,586
Total Equity	656,868	613,076	596,348
Total Equity and Liabilities	1,506,369	1,496,147	1,482,934

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

Cash Flow (\$'000)	Q1'19	Q4'19	Q1'20
Cash Balance at beginning of Period	209,794	211,744	191,217
Profit/(Loss) after tax	(8,162)	(20,317)	(17,837)
Income tax expense	2,038	1,075	4,877
Depreciation of property, plant and equipment	23,754	23,399	23,824
Depreciation of right-of-use assets	853	2,069	975
(Gain)/ Loss on disposal of property, plant and equipment and AHS	(702)	(124)	(865)
Impairment loss on property, plant and equipment, intangible assets and AHS	-	351	17
Amortization of intangible assets	1,165	664	667
Write-off of fixed assets/inventories/receivables	(73)	73	-
Interest income	(679)	(553)	(503)
Government grant income	(151)	(1,307)	(357)
Finance expenses	14,721	15,051	14,685
Fair value gain on derivative financial instruments	(96)	511	(103)
Share-based compensation (Restricted stock units)	2,104	1,803	1,113
Changes in working capital	15,631	18,239	(4,303)
Government grant received	151	1,296	269
Income tax paid	(136)	82	(70)
Net Cash Provided by Operating Activities	<u>50,418</u>	<u>42,312</u>	<u>22,389</u>
Payment for acquisition of fixed assets and intangible assets	(28,919)	(35,477)	(22,173)
Proceeds from sale of fixed assets, intangible asset and asset held for sales	316	1,141	1,064
Net (increase)/decrease in restricted cash	-	(14)	1
Interest received	846	2,511	521
Net Cash used in Investing Activities	<u>(27,757)</u>	<u>(31,839)</u>	<u>(20,587)</u>
Interest paid	(74)	(30,441)	(509)
Repayment of lease liabilities	(206)	(559)	(1,173)
Proceeds from loans and borrowings - Sales and leaseback arrangement	-	-	12,063
Net Cash Used in Financing Activities	<u>(280)</u>	<u>(31,000)</u>	<u>10,381</u>
Total per cashflow	<u>232,175</u>	<u>191,217</u>	<u>203,400</u>
 Reconciliation to cash balance in balance sheet			
Restricted cash as at end of period	<u>292</u>	<u>604</u>	<u>603</u>
Cash Balance at End of Period	<u>232,467</u>	<u>191,821</u>	<u>204,003</u>
	-	-	-

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For more information, please visit www.utacgroup.com or contact: call_ir@utacgroup.com

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.