

**FOR IMMEDIATE RELEASE**

## ***STATS ChipPAC Reports Fourth Quarter and Full Year 2013 Results***

**Singapore – 29 January 2014** – STATS ChipPAC Ltd. (“STATS ChipPAC” or the “Company” – SGX-ST: STATSchP), a leading provider of advanced semiconductor packaging and test services, today announced results for the fourth quarter and full year 2013.

Tan Lay Koon, President and Chief Executive Officer of STATS ChipPAC, said, “Revenue for the fourth quarter of 2013 decreased 1.4% sequentially to \$395.0 million. We saw strength in demand from our wireless communication customers in the emerging market chipset space and new product ramps in the global handset space offset by seasonal weakness in the computing and consumer markets.”

Revenue for the fourth quarter and full year 2013 decreased by 17.8% and 6.1% from the fourth quarter and full year 2012 respectively. Excluding the benefit of an extra week last year, revenue decrease in the fourth quarter and full year 2013 was 11.4% and 4.2% respectively.

Gross margin for the fourth quarter of 2013 was 12.0% compared to 14.2% in the prior quarter and 18.3% in the fourth quarter of 2012, mainly due to the lower fourth quarter 2013 revenue. Operating margin<sup>1</sup> for the fourth quarter of 2013 was 2.8% of revenue, compared to 5.3% in the prior quarter and 4.4% in the fourth quarter of 2012.

Net loss for the fourth quarter of 2013 was \$6.1 million compared to net income of \$13.3 million in the prior quarter and net income of \$1.7 million in the fourth quarter of 2012. The net income in the prior quarter included gain from exceptional items of \$16.2 million. Net loss for the full year 2013 of \$41.5 million included senior notes redemption expenses of \$18.1 million and exceptional items of \$20.3 million (plant closure costs of \$36.9 million, insurance settlement gain of \$19.6 million and flood related plan charges of \$3.0 million). Net income for the full year 2012 of \$16.6 million included exceptional gain of \$16.7 million (insurance settlement gain of \$26.7 million and flood related plan charges of \$10.1 million).

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<sup>1</sup> Operating margin is stated before goodwill impairment, equipment impairment and exceptional items which comprised plant closure costs and flood related plan income (expenses).



**STATS ChipPAC Ltd.**

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John Lau, Chief Financial Officer of STATS ChipPAC, said, "Our adjusted EBITDA<sup>2</sup> in the fourth quarter and full year 2013 was \$91.3 million and \$392.4 million or 23.1% and 24.5% of revenue, respectively, compared to \$100.1 million and \$408.9 million or 20.8% and 24.0% of revenue, respectively, in the fourth quarter and full year 2012. Capital spending in the fourth quarter and full year 2013 was \$200.6 million and \$507.5 million or 50.8% and 31.7% of revenue, respectively, compared to \$55.2 million and \$409.9 million or 11.5% and 24.1% of revenue in the fourth quarter and full year 2012. Excluding the new factory construction in Korea, capital expenditure for the fourth quarter and full year 2013 was \$184.4 million or 46.7% of revenue and \$478.9 million or 30.0% of revenue, respectively. Compared to our outlook guidance, the higher capital expenditure was for production capacity in advanced wafer level packaging, wirebond packaging and turnkey test to support ramp for the emerging market chipsets and global handset new products. We ended the fourth quarter of 2013 with cash, cash equivalents and bank deposits of \$182.8 million and debt of \$912.2 million compared to \$210.6 million and \$843.3 million as of the end of fourth quarter of 2012, respectively."

### Outlook

Tan Lay Koon commented, "Based on current visibility, we expect first quarter 2014 revenues to be impacted by seasonality and decrease 8% to 14% compared to the prior quarter, with adjusted EBITDA<sup>2</sup> in the range of 18% to 24% of revenue. We expect capital expenditure<sup>3</sup> in the first quarter of 2014 to be approximately \$105 million to \$125 million for long lead-time equipment to support anticipated demand this year for advanced wafer level packaging services, and includes \$45 million to \$55 million for progressive construction of the new factory in Korea."

The outlook for the first quarter of 2014 is subject to a number of risks and uncertainties that could cause actual events or results to differ materially from those disclosed in the outlook statements. These statements are based on our management's beliefs and assumptions, which involve judgments about future trends, events and conditions, all of which are subject to change and many of which are beyond our control. Please refer to our Financial Statements for the three and twelve months ended 29 December 2013 filed with the Singapore Exchange Securities Trading Limited ("SGX-ST") for the major assumptions made in preparing our outlook for the first quarter of 2014. Investors should consider these assumptions and make their own assessment of the future performance of STATS ChipPAC and note that there may not be a direct correlation between the net income of the Company with adjusted EBITDA<sup>2</sup> as a percentage of revenue.

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<sup>2</sup> Adjusted EBITDA is not required by, or presented in accordance with, Singapore Financial Reporting Standards ("FRS"). We define adjusted EBITDA as net income attributable to STATS ChipPAC Ltd. plus income tax expense, interest expense, net, depreciation and amortisation, restructuring charges, share-based compensation, goodwill and equipment impairment, tender offer, debt exchange or debt redemption expenses and write-off of debt issuance costs. Adjusted EBITDA excludes the plant closure costs related to our Malaysia plant and our restructuring actions. We present adjusted EBITDA as a supplemental measure of our performance. Management believes the non-FRS financial measure is useful to investors in enabling them to perform additional analysis.

<sup>3</sup> Capital expenditure refers to acquisitions of production equipment, asset upgrades and infrastructure investments.



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**Investor Conference Call / Live Audio Webcast Details**

A conference call has been scheduled for 8:00 a.m. in Singapore on Thursday, 30 January 2014. During the call, time will be set-aside for analysts and investors to ask questions of executive officers.

The call may be accessed by dialing +65-6823-2299. A live audio webcast of the conference call will be available on STATS ChipPAC's website at [www.statschippac.com](http://www.statschippac.com). A replay of the call will be available 2 hours after the live call through 14 February 2014 at [www.statschippac.com](http://www.statschippac.com) and by telephone at 800-616-2127. The conference ID number to access the conference call and replay is 2312968.



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## **Forward-looking Statements**

Certain statements in this release are forward-looking statements, including our outlook for the first quarter of 2014, that involve a number of risks and uncertainties that could cause actual results to differ materially from those described in this release. Factors that could cause actual results to differ include, but are not limited to, general business and economic conditions and the state of the semiconductor industry; prevailing market conditions; demand for end-use applications products such as communications equipment, consumer and multi-applications and personal computers; decisions by customers to discontinue outsourcing of test and packaging services; level of competition; our reliance on a small group of principal customers; our continued success in technological innovations; pricing pressures, including declines in average selling prices; intellectual property rights disputes and litigation; our ability to control operating expenses; our substantial level of indebtedness and access to credit markets; potential impairment charges; availability of financing; changes in our product mix; our capacity utilisation; delays in acquiring or installing new equipment; limitations imposed by our financing arrangements which may limit our ability to maintain and grow our business; returns from research and development investments; changes in customer order patterns; customer credit risks; disruption of our operations; shortages in supply of key components and disruption in supply chain; inability to consolidate our Malaysia operations into our China operations and uncertainty as to whether such plan will achieve the expected objectives and results; loss of key management or other personnel; defects or malfunctions in our testing equipment or packages; rescheduling or cancelling of customer orders; adverse tax and other financial consequences if the taxing authorities do not agree with our interpretation of the applicable tax laws; classification of our Company as a passive foreign investment company; our ability to develop and protect our intellectual property; changes in environmental laws and regulations; exchange rate fluctuations; regulatory approvals for further investments in our subsidiaries; majority ownership by Temasek Holdings (Private) Limited ("Temasek") that may result in conflicting interests with Temasek and our affiliates; unsuccessful acquisitions and investments in other companies and businesses; labour union problems in South Korea; uncertainties of conducting business in China and changes in laws, currency policy and political instability in other countries in Asia; natural calamities and disasters, including outbreaks of epidemics and communicable diseases; the continued trading and listing of our ordinary shares on the Singapore Exchange Securities Trading Limited ("SGX-ST"). You should not unduly rely on such statements. We do not intend, and do not assume any obligation, to update any forward-looking statements to reflect subsequent events or circumstances.

## **Basis of Preparation of Results**

The financial statements included in this release have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

Our 52-53 week fiscal year ends on the Sunday nearest and prior to 31 December. Our fiscal quarters end on a Sunday and our fourth quarter of 2013 and year 2013 ended on 29 December 2013, while our third quarter of 2013, fourth quarter of 2012 and year 2012, ended on 29 September 2013, 30 December 2012 and 30 December 2012, respectively. References to "\$" are to the lawful currency of the United States of America.



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**About STATS ChipPAC Ltd.**

STATS ChipPAC Ltd. (SGX-ST Code: S24) is a leading service provider of semiconductor packaging design, assembly, test and distribution solutions in diverse end market applications including communications, digital consumer and computing. With global headquarters in Singapore, STATS ChipPAC has design, research and development, manufacturing or customer support offices throughout Asia, the United States and Europe. STATS ChipPAC is listed on the SGX-ST. Further information is available at [www.statschippac.com](http://www.statschippac.com). Information contained in this website does not constitute a part of this release.

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**STATS ChipPAC Ltd.**  
Consolidated Income Statement  
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	29 December	30 December	29 December	30 December
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Net revenues	395,020	480,357	1,598,522	1,701,549
Cost of revenues	(347,617)	(392,370)	(1,374,962)	(1,414,045)
Gross profit	47,403	87,987	223,560	287,504
Operating expenses:				
Selling, general and administrative	23,935	47,247	96,140	122,958
Research and development	10,502	14,978	46,432	51,722
Restructuring charges	1,886	4,602	1,886	5,715
Exchange offer and redemption expenses	—	—	15,701	—
Write-off of debt issuance costs	—	—	2,392	—
Operating expenses	36,323	66,827	162,551	180,395
Goodwill impairment	—	—	—	24,100
Equipment impairment	—	—	—	3,819
Total operating expenses	36,323	66,827	162,551	208,314
Operating income before exceptional items	11,080	21,160	61,009	79,190
Plant closure costs*	—	—	(36,909)	—
Flood related insurance settlement	—	—	19,582	26,741
Flood related plan charges **	—	(837)	(3,000)	(10,061)
Operating income after exceptional items	11,080	20,323	40,682	95,870
Other income (expenses), net:				
Interest income	358	358	1,334	1,518
Interest expense	(12,918)	(15,806)	(54,459)	(59,829)
Foreign currency exchange gain	3,721	357	3,641	583
Share of loss of associate	—	—	—	(739)
Other non-operating income (expenses), net***	(1,994)	151	(1,969)	477
Total other expenses, net	(10,833)	(14,940)	(51,453)	(57,990)
Income (loss) before income taxes	247	5,383	(10,771)	37,880
Income tax expense	(4,193)	(2,070)	(22,329)	(14,023)
Net income (loss)	(3,946)	3,313	(33,100)	23,857
Less: Net income attributable to the non-controlling interest	(2,147)	(1,620)	(8,414)	(7,294)
Net income (loss) attributable to STATS ChipPAC Ltd.	(6,093)	1,693	(41,514)	16,563
Net income (loss) per ordinary share attributable to STATS ChipPAC Ltd.:				
Basic	\$ (0.00)	\$ 0.00	\$ (0.02)	\$ 0.01
Diluted	\$ (0.00)	\$ 0.00	\$ (0.02)	\$ 0.01
Ordinary shares (in thousands) used in per ordinary share calculation:				
Basic	2,202,218	2,202,218	2,202,218	2,202,218
Diluted	2,202,218	2,202,218	2,202,218	2,202,220

Key Ratios and Information:

Gross Margin	12.0%	18.3%	14.0%	16.9%
Operating Expenses as a % of Revenue	9.2%	13.9%	10.2%	10.6%
Operating Margin	2.8%	4.4%	3.8%	6.3%
Depreciation & Amortisation, including Amortisation of Debt Issuance Costs	78,455	76,938	302,585	289,207
Capital Expenditures	200,592	55,244	507,466	409,949



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\* Plant closure costs relate to the restructuring, plant shutdown and associated charges for the Malaysia plant.

\*\* Flood related plan charges of \$3.0 million in the full year of 2013 primarily relate to additional land and building impairment on the Thailand plant. Flood related plan charges of \$0.8 million in the fourth quarter of 2012 and \$10.1 million in the full year of 2012 primarily relate to depreciation on suspended production operations and labour and other expenses to support production shift from the Thailand plant to other manufacturing locations of STATS ChipPAC.

\*\*\* Other non-operating expenses in the fourth quarter and full year of 2013 primarily relate to lease termination cost of \$2.0 million incurred in restructuring.



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**STATS ChipPAC Ltd.**  
Consolidated Statement of Financial Position  
(Unaudited)

	29 December 2013 \$'000	30 December 2012 \$'000
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	129,136	170,558
Short-term bank deposits	42,042	39,601
Accounts receivable, net	238,441	258,043
Other receivables	15,239	20,726
Inventories	71,055	90,203
Prepaid expenses and other current assets	18,970	24,559
Total current assets	514,883	603,690
<b>Non-current assets:</b>		
Long-term bank deposits	11,604	489
Property, plant and equipment, net	1,437,226	1,242,950
Intangible assets	35,117	36,361
Goodwill	381,487	381,487
Deferred tax assets	186	—
Prepaid expenses and other non-current assets	3,146	3,299
Total non-current assets	1,868,766	1,664,586
<b>Total assets</b>	<b>2,383,649</b>	<b>2,268,276</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts and other payables	138,004	164,301
Payables related to property, plant and equipment purchases	141,998	42,746
Accrued operating expenses	124,640	113,476
Income taxes payable	18,207	13,155
Short-term bank borrowings	37,947	50,690
Short-term amounts due to related parties	100	28
Total current liabilities	460,896	384,396
<b>Non-current liabilities:</b>		
Long-term borrowings	874,281	792,609
Deferred tax liabilities	47,476	47,141
Other non-current liabilities	24,228	21,532
Total non-current liabilities	945,985	861,282
<b>Total liabilities</b>	<b>1,406,881</b>	<b>1,245,678</b>
<b>EQUITY</b>		
Share capital	873,666	873,666
Retained earnings	57,457	98,971
Other reserves	(7,712)	(1,828)
Equity attributable to equity holders of STATS ChipPAC Ltd.	923,411	970,809
Non-controlling interest	53,357	51,789
<b>Total equity</b>	<b>976,768</b>	<b>1,022,598</b>
<b>Total liabilities and equity</b>	<b>2,383,649</b>	<b>2,268,276</b>



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**STATS ChipPAC Ltd.**  
Other Supplemental Information  
(Unaudited)

	<b>4Q 2013</b>	<b>3Q 2013</b>	<b>4Q 2012</b>
<u>Net Revenues by Product Line</u>			
Advanced Packaging <sup>##</sup>	47.8%	44.9%	51.2%
Wirebond Packaging	29.2%	32.4%	27.9%
Test	23.0%	22.7%	20.9%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Net Revenues by End User Market</u>			
Communications	66.7%	65.0%	75.8%
Personal Computers	8.1%	9.1%	6.0%
Consumer, Multi-applications and Others	25.2%	25.9%	18.2%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Net Revenues by Region</u>			
United States of America	67.3%	71.8%	70.0%
Asia	22.6%	19.2%	15.9%
Europe	10.1%	9.0%	14.1%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Number of Testers	959	947	950
Number of Wirebonders	4,088	4,107	4,352
Overall Equipment Utilisation Rate	65%	67%	78%

<sup>##</sup> Advanced Packaging includes flip-chip and wafer level packaging.



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