

FOR IMMEDIATE RELEASE

STATS ChipPAC Reports Third Quarter 2014 Results

Singapore – 28 October 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 third quarter 2014.

Tan Lay Koon, President and Chief Executive Officer of STATS ChipPAC, said, “Revenue for the third quarter of 2014 decreased by 1.5% to \$403.8 million from prior quarter and increased by 0.7% from the third quarter of 2013. Third quarter revenue was affected by delay in wafer supply at several key customers and demand shift from the high-end smartphone space toward the low-cost smartphone segment. New business ramp for advanced packaging programs and seasonal strength in the consumer segment, helped to partially offset weakness in our wireless communication revenue.”

Adjusted EBITDA¹ in the third quarter of 2014 was \$90.2 million or 22.3% of revenue, compared to \$88.1 million or 21.5% of revenue in the prior quarter and \$112.1 million and 28.0% in the third quarter of 2013. Net loss for the third quarter of 2014 was \$5.3 million compared to net loss of \$4.2 million in the prior quarter and net income of \$13.3 million in third quarter of 2013.

Dennis Chia, Chief Financial Officer of STATS ChipPAC, said, “Gross margin for the third quarter of 2014 was lower at 11.8% compared to 12.2% in the prior quarter due to lower revenue and mix change in the wireless communications business. Operating margin for the third quarter of 2014 improved to 3.6% of revenue compared to 3.4% in the prior quarter as higher cost savings in operating expenses made up for the lower gross margin. Excluding the new factory construction in Korea, capital expenditure² for the third quarter of 2014 was \$74.9 million or 18.5% of revenue. Overall capital spending in the third quarter of 2014 was \$161.0 million or 39.9% of revenue compared to \$195.3 million or 47.7% of revenue in the second quarter of 2014. Cash, cash equivalents and bank deposits were \$178.0 million compared to \$185.3 million and debt was \$1,137.3 million compared to \$1,064.6 million at the end of third quarter of 2014 and second quarter of 2014, respectively.”

Outlook

Tan Lay Koon commented, “Based on current visibility, we expect fourth quarter 2014 revenues to be flat to 6% decrease compared to the prior quarter, with adjusted

¹ 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.

² Capital expenditure refers to acquisitions of production equipment, asset upgrades and infrastructure investments.



STATS ChipPAC Ltd.

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EBITDA¹ in the range of 20% to 24% of revenue. We expect capital expenditure² in the fourth quarter of 2014 to be approximately \$65 million to \$85 million, including approximately \$20 million to \$40 million for progressive construction of the new factory in Korea.”

The outlook for the fourth 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 nine months ended 28 September 2014 filed with the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the major assumptions made in preparing our outlook for the fourth 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 EBITDA¹ as a percentage of revenue.

Investor Conference Call / Live Audio Webcast Details

A conference call has been scheduled for 8:00 a.m. in Singapore on Wednesday, 29 October 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. A replay of the call will be available 2 hours after the live call through 13 November 2014 at www.statschippac.com and by telephone at 800-616-2127. The conference ID number to access the conference call and replay is 7726616.

Forward-looking Statements

Certain statements in this release are forward-looking statements, including our outlook for the fourth 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



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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 third quarter of 2014 ended on 28 September while our third quarter of 2013, fourth quarter of 2013, first quarter of 2014 and second quarter of 2014 ended on 29 September 2013, 29 December 2013, 30 March 2014 and 29 June 2014, respectively. References to "\$" are to the lawful currency of the United States of America.

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. 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		Nine Months Ended	
	28 September	29 September	28 September	29 September
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Net revenues	403,772	400,775	1,179,160	1,203,502
Cost of revenues	(355,933)	(343,963)	(1,044,751)	(1,027,345)
Gross profit	47,839	56,812	134,409	176,157
Operating expenses:				
Selling, general and administrative	23,554	24,645	72,804	72,205
Research and development	9,590	10,855	30,273	35,930
Exchange offer and redemption expenses	—	—	—	15,701
Write-off of debt issuance costs	—	—	—	2,392
Operating expenses	33,144	35,500	103,077	126,228
Equipment impairment	1,452	—	3,713	—
Total operating expenses	34,596	35,500	106,790	126,228
Operating income before exceptional items	13,243	21,312	27,619	49,929
Plant closure costs	—	(379)	—	(36,909)
Flood related insurance settlement	—	19,582	—	19,582
Flood related plan charges	—	(3,000)	—	(3,000)
Operating income after exceptional items	13,243	37,515	27,619	29,602
Other income (expenses), net:				
Interest income	380	296	1,330	976
Interest expense	(12,881)	(12,747)	(37,932)	(41,541)
Foreign currency exchange gain (loss)	62	244	(495)	(80)
Other non-operating income (expenses), net	77	(20)	238	25
Total other expenses, net	(12,362)	(12,227)	(36,859)	(40,620)
Income (loss) before income taxes	881	25,288	(9,240)	(11,018)
Income tax expense	(3,723)	(9,615)	(9,934)	(18,136)
Net income (loss)	(2,842)	15,673	(19,174)	(29,154)
Less: Net income attributable to the non-controlling interest	(2,449)	(2,375)	(6,106)	(6,267)
Net income (loss) attributable to STATS ChipPAC Ltd.	(5,291)	13,298	(25,280)	(35,421)
Net income (loss) per ordinary share attributable to STATS ChipPAC Ltd.:				
Basic	\$(0.00)	\$0.01	\$(0.01)	\$(0.02)
Diluted	\$(0.00)	\$0.01	\$(0.01)	\$(0.02)
Ordinary shares (in thousands) used in per ordinary share calculation:				
Basic and Diluted	2,202,218	2,202,218	2,202,218	2,202,218
Key Ratios and Information:				
Gross Margin	11.8%	14.2%	11.4%	14.6%
Operating Expenses as a % of Revenue	8.2%	8.9%	8.7%	10.5%
Operating Margin	3.6%	5.3%	2.7%	4.1%
Depreciation & Amortisation, including Amortisation of Debt Issuance Costs	79,687	75,200	237,107	224,130
Capital Expenditu	160,951	108,694	469,916	306,874



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

	28 September 2014 \$'000	29 December 2013 \$'000
ASSETS		
Current assets:		
Cash and cash equivalents	115,609	129,136
Short-term bank deposits	61,987	42,042
Accounts receivable, net	229,728	238,441
Other receivables	33,785	15,239
Inventories	77,888	71,055
Prepaid expenses and other current assets	24,189	18,970
Total current assets	543,186	514,883
Non-current assets:		
Long-term bank deposits	425	11,604
Property, plant and equipment, net	1,668,817	1,431,247
Intangible assets	34,599	35,117
Goodwill	381,487	381,487
Deferred tax assets	185	186
Prepaid expenses and other non-current assets	3,405	3,146
Total non-current assets	2,088,918	1,862,787
Total assets	2,632,104	2,377,670
LIABILITIES		
Current liabilities:		
Accounts and other payables	185,181	138,004
Payables related to property, plant and equipment purchases	183,681	141,998
Accrued operating expenses	105,189	124,640
Income taxes payable	14,518	18,207
Short-term bank borrowings	73,000	37,947
Short-term amounts due to related parties	29	100
Total current liabilities	561,598	460,896
Non-current liabilities:		
Long-term borrowings	1,064,314	874,281
Deferred tax liabilities	46,559	47,476
Other non-current liabilities	15,663	24,228
Total non-current liabilities	1,126,536	945,985
Total liabilities	1,688,134	1,406,881
EQUITY		
Share capital	873,666	873,666
Retained earnings	26,198	51,478
Other reserves	(9,389)	(7,712)
Equity attributable to equity holders of STATS ChipPAC Ltd.	890,475	917,432
Non-controlling interest	53,495	53,357
Total equity	943,970	970,789
Total liabilities and equity	2,632,104	2,377,670



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STATS ChipPAC Ltd.
Other Supplemental Information
(Unaudited)

	3Q 2014	2Q 2014	3Q 2013
<u>Net Revenues by Product Line</u>			
Advanced Packaging ^{##}	46.7%	49.2%	44.9%
Wirebond Packaging	30.4%	30.0%	32.4%
Test	22.9%	20.8%	22.7%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Net Revenues by End User Market</u>			
Communications	65.5%	67.5%	65.0%
Personal Computers	8.1%	8.5%	9.1%
Consumer, Multi-applications and Others	26.4%	24.0%	25.9%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>Net Revenues by Region</u>			
United States of America	64.4%	63.0%	71.8%
Asia	26.6%	28.8%	19.2%
Europe	9.0%	8.2%	9.0%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Number of Testers	968	943	947
Number of Wirebonders	3,682	4,164	4,107

^{##} Advanced Packaging includes flip-chip and wafer level packaging.



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