

Simmtech's arrival to boost Penang's participation in PCB and package substrates manufacturing

Simmtech Holdings Inc. (Simmtech), South Korea's leading printed circuit board (PCB) and packaging substrate manufacturer has selected an 18-acre site at Batu Kawan Industrial Park, Penang, Malaysia for its new manufacturing facility. Simmtech's site in Penang is estimated to start operating in the first quarter of 2022. With US\$120 million investment in Phase-1 of the project, the new facility in Penang is expected to create 1,200 high value jobs by the first half of 2023. Being its first large scale semiconductor PCB and packaging substrate factory in Southeast Asia, the new capacity in Penang will contribute an additional 20% to Simmtech Group's current combined capacity in Korea, China and Japan.

Awarded "World Class Products" by the Korean Government, Simmtech is also recognized as the "Best in Class Supplier" among its global tier-1 semiconductor customers. With US\$1 billion revenue in 2020, Simmtech recorded a CAGR of 11% in 2016-2020.

Simmtech's strategic investment will complement Penang's semiconductor supply chain which houses prominent players such as ASE Electronics, Broadcom, Infineon, Intel, Microchip, Micron, Renesas Electronics, TF AMD, Western Digital, among others. In particular, Simmtech being one of the renowned global players in memory-use PCB technology and owns the biggest market share in the memory module PCB and packaging substrate BOC (board on chip), the company's presence will strengthen Penang's ecosystem in the memory subcategory. Penang currently houses a number of PCB manufacturing players, including Ibiden, ELNA PCB and homegrown companies QDOS Flexcircuits and GUH Holdings. The addition of Simmtech is a great testament to the State's ecosystem that gains traction from global leaders in PCB manufacturing.

PCB market seeing positive growth with accelerated technological advances

According to World Semiconductor Trade Statistics (WSTS), the worldwide semiconductor market is forecasted to increase by 19.7% in 2021, followed by another 8.8% growth in 2022 to reach US\$573 billion. Specifically, memory is estimated to experience the fastest growth among all semiconductor subcategories at 31.7% in 2021 and 17.4% in 2022. The memory semiconductor subsegment market is expected to reach US\$182 billion in 2022, representing approximately 32% of the total worldwide semiconductor market for the year.

The growth in memory subsegment will be underpinned by several factors, which include buoyed by the heightened demand in the cloud and 5G communications, other wireless devices and miniaturization of devices. Due to the rapid technological advancements in semiconductor memory devices, the demand for new generation memory devices, such as the fifth-generation DDR5 DRAM has increased. Such dynamics open up opportunities for all industry players within the supply chain, including the advanced PCB and substrate manufacturers.

Penang, a key pillar to the country's E&E industry

Driven by its position as the country's leading E&E hub, Penang continues to be a key pillar of Malaysia's external trade. In 2020, Penang recorded a commendable RM310 billion exports and RM110 billion trade surplus, contributed 32% and 60% of the country's said total, respectively. Notably, Penang's E&E exports were valued at RM231 billion in 2020, which formed more than half of the country's total. On the investment front, Penang recorded an outstanding investment performance in 2019 and 2020, clocked up a total of RM31 billion manufacturing investment for the said period, among which 47% is contributed by Electronics & Electrical products, representing 35% of the country's total in E&E, further entrenching the State's position as the Silicon Island of the East.