

## Homegrown machinery & equipment players announce RM520m expansion in Penang

Three large local companies (LLCs), namely, Greatech Technology Berhad (Greatech), Pentamaster Corporation Berhad (Pentamaster) and UWC Berhad (UWC), are expanding their respective footprints in Penang. The three renowned companies in the equipment manufacturing supply chain are collectively taking up 35 acres in Batu Kawan Industrial Park, Penang, and will invest a total of RM520 million in their expansion projects. All three projects are slated to commence in 1Q 2022, and are expected to create up to 1,300 new job opportunities for local talent.

With a combined market capitalisation of almost RM20 billion, the three LLCs have grown tremendously in the last five years in terms of revenue, clientele as well as their respective product portfolios to include higher value add and upstream activities. Leaning on their core expertise in equipment and module fabrication know-how, the companies continue to seize opportunities arising from global technological megatrends to broaden their respective total addressable markets. Greatech is an automation systems provider and integrator serving the electric vehicles (EV), solar energy and semiconductor segments, while Pentamaster specialises in automated test equipment (ATE) for the semiconductor industry as well as automation solutions for the medical industry, factories and warehouses. UWC, on the other hand, provides integrated engineering and manufacturing services for customers specialising in ATE who serve the semiconductor and life science industries.

Greatech, Pentamaster and UWC's domestic expansion plans prove that Penang's industrial ecosystem not only confers operational advantages to multinational companies, but also provides a conducive environment for local players to scale-up and thrive. This is further evidenced by the exponential rise of many agile and enterprising local SMEs in emerging and frontier technologies, as well as the broader global technology supply chain in the past 10 years. The growing strength of LLCs continues to groom local SMEs for bigger and brighter ambitions through increased business opportunities and knowledge transfer. This creates a new generation of emerging local companies, and enhances the local ecosystem.

Penang continues to thrive as a regional high-technology manufacturing hub, particularly for the machinery and equipment (M&E) subsector. The state accounted for the lion's share of Malaysia's direct investments in M&E, garnering RM10.3 billion or 56% of Malaysia's total approved M&E manufacturing investments from 2016 to June 2021. More recently, despite the pandemic, Penang secured a record RM5.7 billion or 81% of the country's total direct investment inflows in M&E in 2020.

Penang already boasts a comprehensive supply chain in the M&E and automation subsectors. Aside from Greatech, Pentamaster and UWC, the State is also home to renowned ATE and automation players such as Aemulus, Cortex Robotics, Elsoft, Ideal Vision Integration, MI Technovation, MMS Ventures, NSW Automation, SRM Integration and Vitrox; and companies that specialise in precision machining and engineering, die casting, fabrication of sheet metal and/or sub-modular assembly, include Coraza Systems, Engtek Group, Kobay Technology, Prodelcon, Professional Tools & Dies, SFP Technology, Walta Group, among others. These local companies operate alongside prominent equipment manufacturing multinationals and their supply chain, which include Advanced Energy, Agilent, Comet, Bruker Corporation, Keysight Technologies, Lam Research, National Instruments, UCT and VAT Engineering.

As the world races to build IC capacity amid the prolific growth of 5G, IoT, cloud computing services, high performance computing applications and other technological advancements, both the front- and back-end semiconductor equipment segments are expected to experience rapid expansion. According to SEMI, global semiconductor equipment sales are expected to surpass US\$100 billion in 2022, after a 34% hike to US\$95 billion in 2021. Penang, which is already a regional hub for back-end equipment and automation solutions, marked another milestone in 2020 with the arrival of wafer fabrication equipment heavyweight Lam Research. These developments, together with the emerging LLCs in the M&E industry, has further advanced the equipment supply chain and positioned **Penang on a strong growth trajectory as a global front-to-backend equipment manufacturing hub.**