

Entegris to Invest \$200 Million in Taiwan Over 3 to 5 Years

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Suppliers to TSMC have been adding investments in Taiwan
Local chip industry to generate NT\$3 trillion in sales in 2020

(Bloomberg) --Entegris Inc. will spend \$200 million expanding its manufacturing presence in Taiwan over the next three to five years, joining a string of global semiconductor gear suppliers that have unveiled plans in recent months to move closer to Taiwan Semiconductor Manufacturing Co. and other local giants.

Entegris said it plans to start construction on a new facility in Kaohsiung early next year and expects the factory to begin initial operations in late 2021. It will also expand an existing research and development center in northern Taiwan to devise solutions for chip materials and contamination control. The American company plans to hire more than 200 staff for the expansion, on top of its current 300 employees in Taiwan.

"Our closer proximity will strengthen supply security to our customers in the region while supplementing our expansive manufacturing capacity throughout Asia in South Korea, Japan, Malaysia, and China," Entegris Chief Executive Officer Bertrand Loy said in the statement.

The new Kaohsiung facility will help realize volume production of the majority of technologies developed in the Hsinchu research and development unit, Loy said in an interview, adding that some of the products will be shipped to South Korea and the U.S. as well. Entegris is also looking for potential acquisition targets in Asia to increase its presence in the region, the executive said.

In addition to Entegris, semiconductor materials supplier Merck KGaA initiated a long-term plan this year to expand its research and production capacity in the southern Taiwanese city of Kaohsiung. ASML Holding NV spent 13.5 million euros to set up a training center in the island's south for its extreme ultraviolet lithography systems, essential for making the cutting-edge chips that power everything from smartphones to electric cars.

Taiwan's semiconductor industry is expected to generate NT\$3.22 trillion (\$114 billion) in sales this year, up 20.7% from 2019 thanks in part to shelter-in-place demand, according to the island's Industrial Technology Research Institute. Its foundry and chip assembly and test sectors are both world leaders, TSMC Chairman Mark Liu said at a local tech forum last week.

TSMC shares have risen more than 50% since the beginning of this year, aided by emerging 5G applications and devices including Apple Inc.'s newest iPhones. The Taiwanese company's strong performance and increasing capital expenditure have helped boost a large number of its suppliers including Entegris, whose share price has almost doubled over the past 12 months.

Looking ahead, Loy suggested that American chip designers may pressure contract chipmakers to add production capacity in the U.S. due to pandemic and geopolitical concerns. Loy, who is also the incumbent chairman of semiconductor trade group SEMI, said the U.S. government can provide more funding for advanced research and reform immigration regulations to attract and retain foreign talent to bolster domestic chip ma