

Samsung plans \$3.6 billion Austin plant upgrade, 500 new jobs

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Samsung Electronics Co. unveiled plans today for a \$3.6 billion expansion project to its Fab 2 semiconductor manufacturing plant in Northeast Austin.

The project will provide temporary construction jobs for nearly 3,000 workers and will add about 500 permanent employees to Samsung's Austin operation by late next year. The company presently employs about 1,000 people in Austin in its only chip manufacturing operation outside South Korea.

Work is expected to begin within days.

Samsung, the world's second largest chip company, said its Austin payroll will expand to about \$105 million a year, an increase of about 50 percent, when the expansion is complete. The project is the most expensive in Austin history, surpassing the \$3.5 billion spent the company's Fab 2 project, which was finished in 2007.

When that project was built, half of its internal manufacturing space was left vacant for future expansion. The new project will convert that vacant space into a high-production, state-of-the-art chip factory.

The expanded facility, unlike the rest of Samsung's operations in Austin, won't be making memory chips. Instead, it will produce complex, low-power "systems on a chip" that are expected to be used for the brains of future generations of smart phones, tablet computers and other mobile devices. Samsung also disclosed that it is creating a 50-person engineering center in Austin to focus on designing advanced systems on a chip. "This investment, along with the creation of Samsung Austin's first research and development facility ensures Austin's premier status as a center for semiconductor research and manufacturing," said W.S. Han, president of the company's Austin subsidiary.

Samsung's announcement comes on the heels of other high-tech expansions announced this year, including a 200-employee customer support center for Facebook Inc.

"It is hard to describe how big this is," said Dave Porter, senior vice president for economic development at the Greater Austin Chamber of Commerce. "This continues to solidify Samsung's footprint in Austin."

"This type of investment speaks volumes about our city's image on the national and international level," said Mayor Lee Leffingwell.

Most of the spending on the new project will go toward computer-controlled manufacturing equipment that Samsung will install to process about tens of thousands of 12-inch silicon wafers every month. Each wafer can include 1,000 or more individual chips.

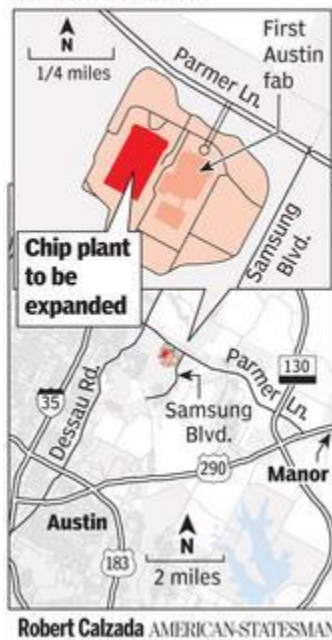
Most of the new jobs created by the project will be for engineers and technicians, whose job is to keep the highly automated process equipment running efficiently.

Samsung, which is already the largest customer of the city's Austin Energy utility, will increase its electrical purchases from the city to more than \$45 million a year. Its water and waste water purchases will grow to almost \$13 million a year. The first stage of the new product will involve building the internal infrastructure for the new manufacturing area, which will include massive amounts of piping systems to deliver high-purity gases and other materials to manufacturing equipment. But most of the money will go toward the purchase and installation of the equipment itself. Modern semiconductor manufacturing machines can be as large as a pickup truck and cost several million dollars each.

Analysts have expected chipmakers to start expanding their factories this year after two years of sharply declining spending brought on by the deep global recession. Samsung appears to be making more aggressive plans than any other company in the industry

The South Korean company said in May that it expects to spend about \$9.6 billion this year worldwide on expanding its semiconductor production with new plants and equipment. That level of spending is about twice as much as planned by Intel Corp., the largest chip company in the world.

Samsung Austin Semiconductor



Courtesy of JB Goodwin