

techman / May 21, 2012 07:50PM

[\[Industrial\] Chip-makers in Taiwan Expand Capacity Even As IC Slowdown Expected](#)

[Industrial] Chip-makers in Taiwan Expand Capacity Even As IC Slowdown Expected ([Chinese Version](#))

The China Post (2012/05/21) Taiwan Semiconductor Manufacturing Co. (TSMC) and United Microelectronics Corp. (UMC), the nation's two major contract chip-makers, are both actively expanding capacity, data from the companies revealed.

The expansion efforts came even as growth in the global integrated circuit (IC) industry is expected to slow down this year. Experts said that global IC output is set to grow merely two to three percent from 2011.

TSMC on April 9 held the groundbreaking ceremony for the fifth phase of its Fab 14 in Southern Taiwan Science Park (STSP). "Fab" is industry jargon for fabrication facility.

Afterwards, on May 24, UMC held the groundbreaking ceremony for the fifth and sixth phases of its Fab 12A, also in STSP.

TSMC, meanwhile, has decided to raise capital expenditure for this year from US\$6 billion to between US\$8 billion and US\$8.5 billion, a margin of 33 to 41 percent, to meet demands for its 28-nanometer process and expedite development of the more advanced 20-nm node.

UMC's capital expenditure will be US\$2 billion for this year.

According to TSMC, this year capacity will reach 14.834 million eight-inch-equivalent wafers, a rise of 12 percent from last year. Capacity for 300-millimeter wafers will increase 17 percent from last year and will account for 58 percent of the total at TSMC by the end of the year.

With the firm's Fab 15 in Central Taiwan Science Park entering mass production in April, the company will have 28-nanometer capacity of 50,000 wafers by the year-end, the fastest ever for a TSMC's so-called "Gigafab" to enter mass production. It is expected the company can meet clients' demands for 28-nm production in the first quarter of next year.

While UMC saw only slight growth in capacity in the first half, total capacity for the year may increase by four percent compared to 2011. The capacity for 300-mm wafers may increase eight percent compared to last year.

To accommodate its future development, UMC has secured the land from STSP for the seventh and eighth phases of Fab 12A, whose construction will depend on the market situation after the completion of the fifth and sixth phases.

Both TSMC and UMC have centered their focuses on 300-millimeter wafers as well as specialized technology. For example, TSMC will spend US\$200 million this year on embedded Flash memory.

Both firms will also issue debts to raise money, with UMC set to issue NT\$10 billion worth of non-collateral company bonds, NT\$7.5 billion worth of five-year company bonds, and NT\$2.5 billion worth of seven-year company bonds.

Reference:

[The China Post 2012/05/21](#)

[National Science Council International Cooperation Sci-Tech Newsbrief](#)

Edited 1 time(s). Last edit at 05/21/2012 07:52PM by techman.

techman / May 25, 2012 03:33PM

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UMC facility in southern science park breaks ground

2012/05/24 20:08:52

http://focustaiwan.tw/ShowNews/WebNews_Detail.aspx?Type=aALL&ID=201205240032

Tainan, May 24 (CNA) A new facility at United Microelectronics Corp. (UMC)'s 12-inch wafer plant in the Southern Taiwan Science Park broke ground Thursday, marking the start of a project to produce chips on the 28, 20 and 14 nanometer processes.

UMC, the world's second largest contract chip maker, said the investment in the fifth and sixth phases of the 12-inch wafer plant in the southern science park will total about US\$8 billion (NT\$236.8 billion).

The new facility is scheduled to be completed in 2013, and UMC is expected to install production equipment there in the second half of that year, the company said.

The two new phases of the 12-inch plant are scheduled to become operational in 2014 with a monthly capacity of 50,000 units, featuring the production of chips on the sophisticated 28, 20 and 14 nanometer processes, UMC said.

The total capacity of phases 1-4 at the plant will be about 80,000 units a month, according to the chip maker

UMC said it is planning to add phases 7 and 8 to the 12-inch wafer plant, investing more than US\$8 billion to boost the plant's total monthly capacity to 180,000 units.

The company said it will set a timeframe for the construction of phases 7 and 8 based on the market climate.

At the groundbreaking ceremony, UMC Chief Executive Officer Sun Shih-wei said he remains upbeat about the company's earnings outlook for the second quarter of this year.

Sun said he has faith that UMC will meet its goal of a 15 percent quarterly-on-quarter increase in shipments for the April-June period, on the back of solid demand for communications devices such as smartphones and tablet computers, as well as consumer electronics gadgets.

In the first quarter of the year, UMC posted earnings of NT\$1.34 billion (US\$45.27 million), an increase of 36.2 percent from the fourth quarter of last year, while shipments during the same period totaled 963,000 eight-inch equivalent wafers, up 5.24 percent from the previous quarter.

Sun said he expects UMC's bottom line to improve further in the third quarter, when the global semiconductor sector will enter an annual peak season.

(By Jackson Chang and Frances Huang)
