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Govt may allow foreign partner in Silterra, says PM

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WISMAR (Germany): The government is open to the idea of selling a stake in state-controlled wafer-fab maker Silterra Malaysia Sdn Bhd to foreign buyers, said Datuk Seri Najib Razak yesterday. But, said the prime minister, the purchase terms must be acceptable

to the government.

Khazanah Nasional Bhd has a 98 per cent stake in the chip foundry based in Kulim. Despite previous attempts, it has not been able to find local suitors.

"We are open (to the idea) because we have given every opportunity to local partners or local players to try and take over Silterra, but they have not been able to come up with the necessary resources to do so. Now, we are open to foreign companies," Najib told reporters at the end of his three-day official visit to Germany.

"But, it is not going to be at any price. It is going to be a price that is acceptable to us, and to ensure that Silterra's operations will benefit Malaysia as well."

German wafer-fab giant X-FAB Silicon Foundries said this week that it was looking for acquisitions, and Silterra could be one of its targets.

X-FAB chief executive officer Rudi De Winter met Najib for a closed-door meeting in Berlin earlier this week.

"We are looking at acquisitions around the world, and Silterra is one of them," he later told the *New Straits Times*.

X-FAB is the world's leading foundry group for analog/mixed-signal semiconductor applications. The company has five plants — three in Germany, and one each in Kuching, Malaysia, and the United States. The plants have a combined capacity of 72,000 eight-inch equivalent wafer starts per month.

X-FAB has a 65 per cent stake in the Sarawak plant, with the remaining 35 per cent held by the state government.

The company had, in November last year, announced that it would expand the capacity and capabilities of its Kuching-based foundry operation, X-FAB Sarawak Sdn Bhd, to meet accelerating demand for its core technologies: the 0.18µm and 0.35µm process platforms.

With revenue having grown 25 per cent annually over the past two years, and similar growth expected

for the next two, X-FAB has plans to invest a total of US\$114 million (RM470 million) between last year and next year. This includes capex spending amounting to US\$29 million in the current year.

Silterra was founded in November 1995 as Wafer Technology Malaysia Sdn Bhd to promote front-end semiconductor manufacturing and as a catalyst for high-technology investments in Malaysia. It was renamed Silterra in December 1999.

Since its inception, Silterra has served top-tier global fabless design and product companies, covering the consumer electronics, communications and computing, and mobile device market segments. It is also believed to have 20 patents under its name filed in the US.

Khazanah has reportedly been looking for a strategic partner for Silterra's long-term growth for some time. There had been plans to sell a stake in the company to a Chinese firm in 2014, but they were called off.