

Manufacturers of specialised equipment see continued growth by [david tan](#)



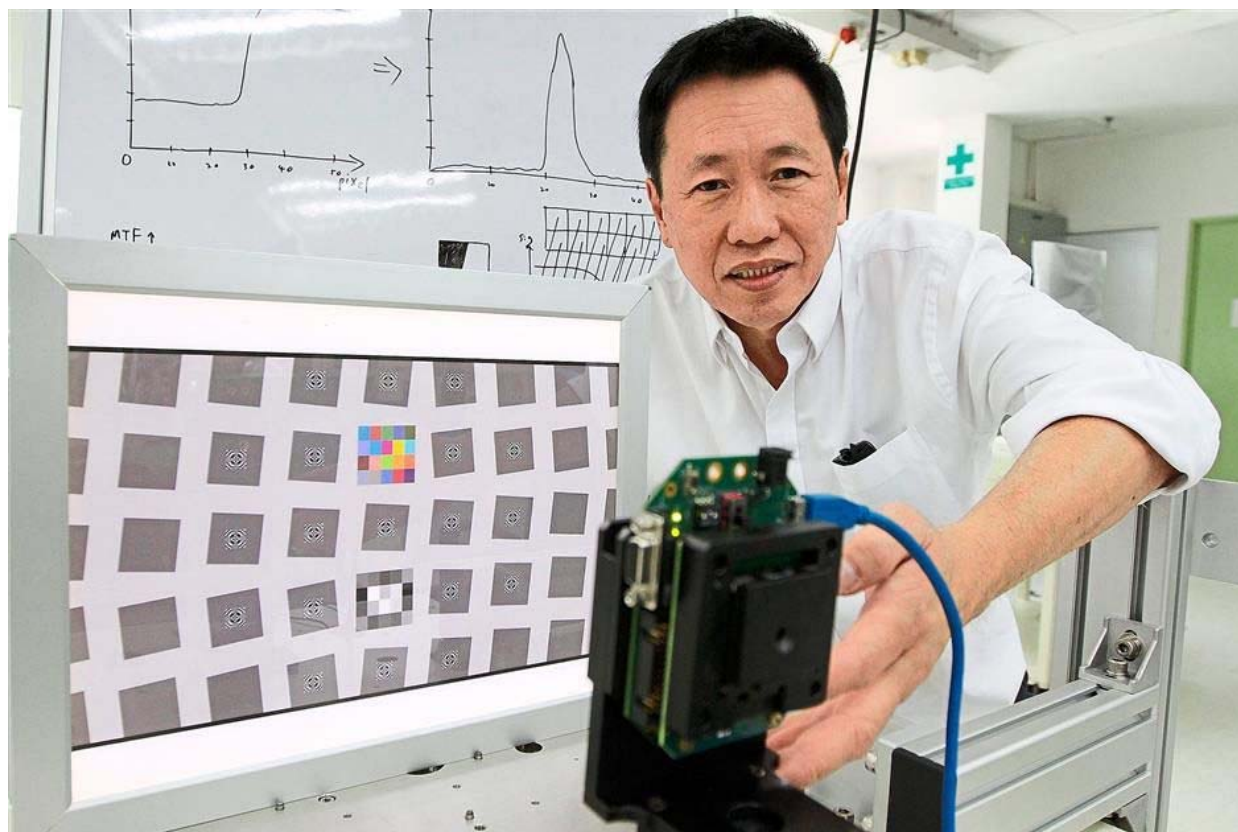
Growth in Asia: A Pentamaster employee working on a test the high precision test and laser mark machine.

Penang-based semiconductor test and vision equipment manufacturing companies expect to outsource more jobs to small and medium enterprises (SMEs) this year, despite a forecast of slower growth for worldwide semiconductor equipment spending for the year.

According to the Connecticut-based research company Gartner, capital equipment spending will increase 5.6% this year, down from 11.3% forecast in the third quarter last year, as the largest spenders adopt conservative investment strategies.

This year, capital spending for equipment is expected increase 5.6% to US\$41bil from US\$38.9bil last year, as manufacturers plan to pull back on the construction of new fabrication facilities, preferring instead to increasing capacity, according to the Gartner report.

Pentamaster Corporation Bhd executive chairman Chuah Choon Bin said the local semiconductor equipment players should still be able to benefit from the 5.6% growth, as the bulk of the equipment spending will be in the Asian region.



More business: Chuah with a camera module tester made by Pentamaster. He says the company plans to raise the amount of outsourcing it does this year.

“Penang, being one of the important centres of semiconductor equipment manufacturing, is set to benefit from any increase in equipment expenditure,” Chuah said.

Pentamaster is expecting to raise its outsourcing expenditure to about RM40mil this year, compared to about RM30mil or 35% of the RM82mil revenue generated last year, for metal fabrication works, printed circuit board assembly products, and cables.

“This means we will produce more testers with material test handling functions this year, compared with last year.

“These testers will have a market value of over RM90mil,” he said.

Pentamaster test equipment, priced between US\$150,000 to US\$250,000, is currently used by more than 10 smart-device manufacturers worldwide.



Growth target: Vitrox employees engaged in software development activities for the vision inspection equipment the company makes.

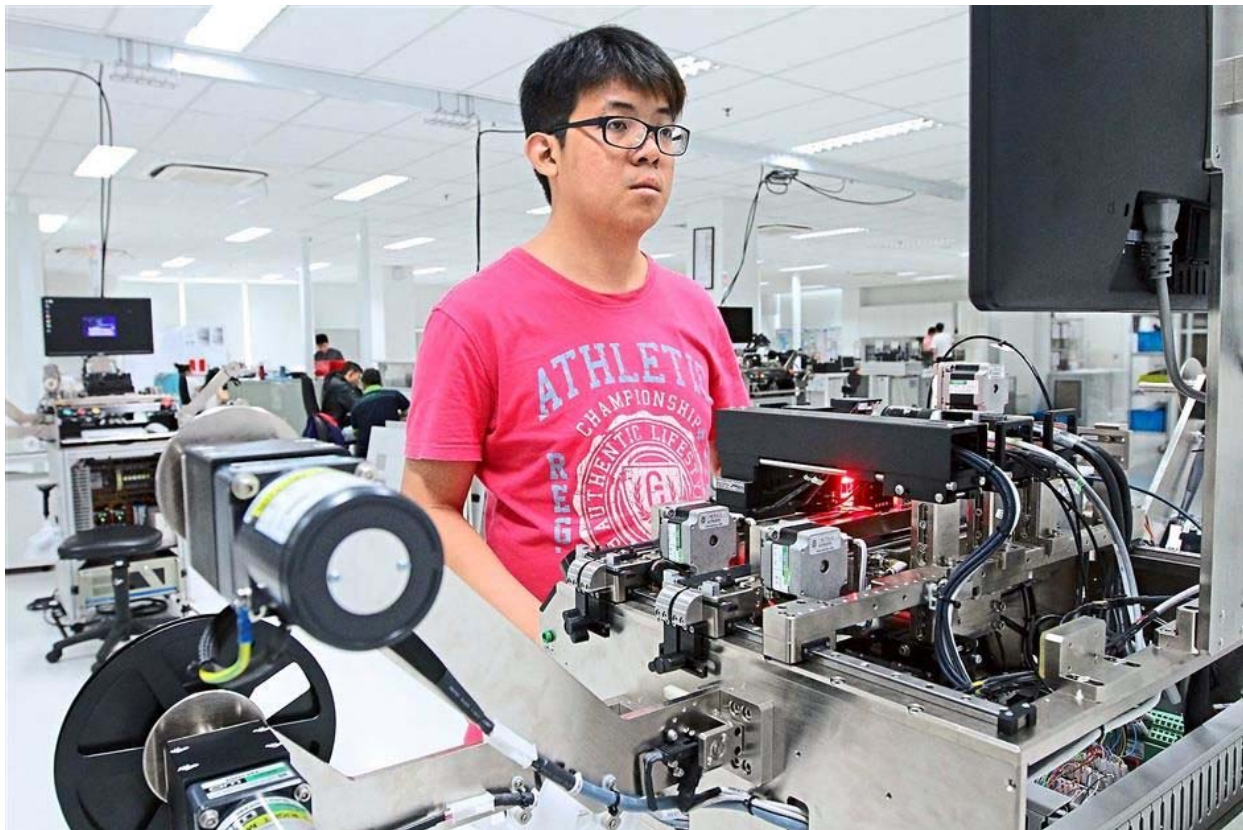
Its customers are based primarily in China, Japan, the US, and Europe.

“They are used for testing the generic electronic components such integrated circuits, multi-functional sensors, microphones, and cameras used in smart devices,” he added.

The test equipment can test between 5,000 to 60,000 electronic and semiconductor components in an hour, depending on the complexity and functions of the components.

Vitrox Corp Bhd also expects to increase its outsourcing expenditure by 15% to 20% this year from RM50mil in 2014, as the group is aiming to achieve double-digit growth in sales this year.

Vitrox has orders in hand for RM15mil to RM17mil worth of vision inspection equipment to deliver by this month, according to its chief executive officer Chu Jenn Weng.



Physical expansion: A Vitrox employee checking vision inspection equipment. The company is building a new plant that is expected to be operational by 2017.

Vitrox vision inspection equipment is used for checking defects in printed circuit board assemblies.

“These orders were received in January and have yet to be shipped out, but would be delivered by the end of this month.

“We expect to register double-digit percentage growth in sales in this quarter, compared with the corresponding period a year ago, when we achieved sales revenue of RM22.8mil.

“We are optimistic of a double-digit percentage growth in sales this year in view of the increase in demand for vision inspection equipment for the semiconductor and electronic assembly industry,” Chu said.

The company is now developing the next generation of the “tray vision” inspection equipment and the advanced 3-D X-ray inspection equipment, according to Chu.

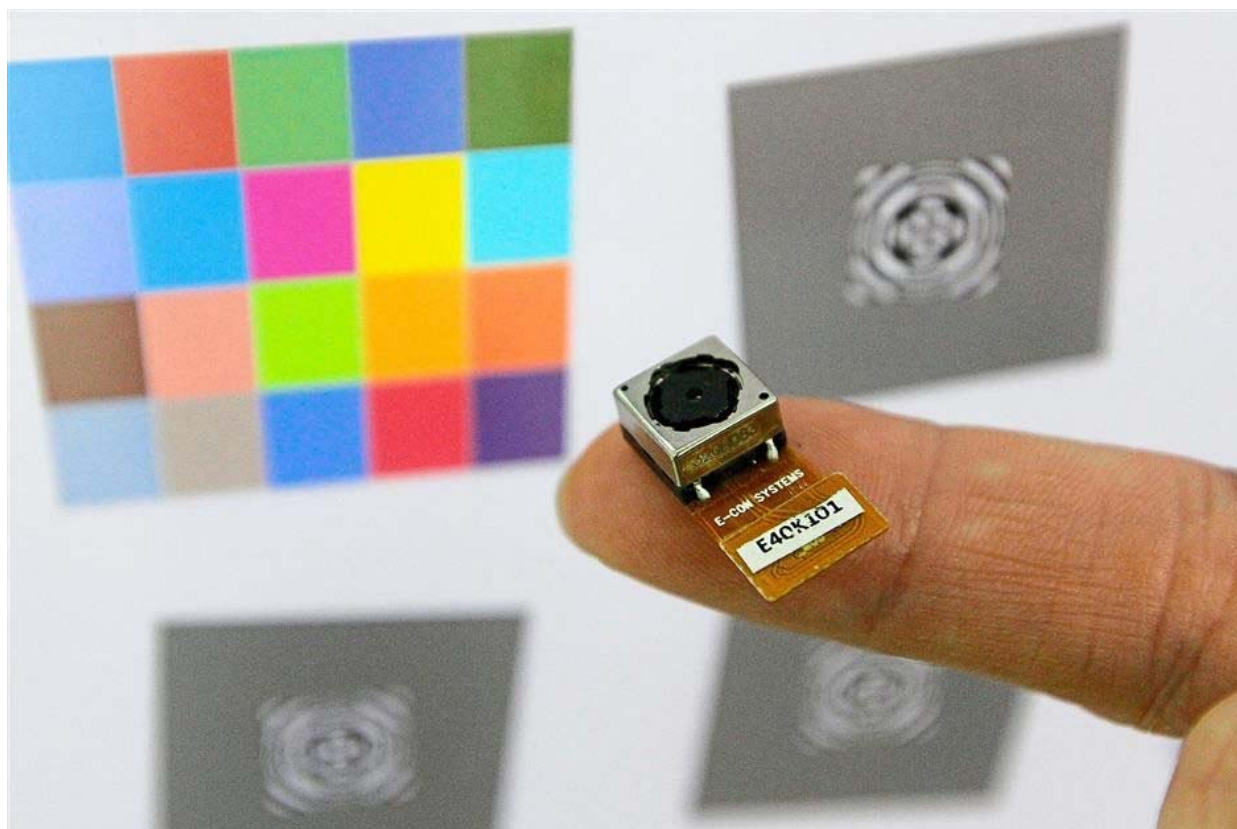
“The tray vision inspection equipment for checking defects in chips will be out in the market by the second quarter, while the new 3-D advanced X-ray inspection equipment is scheduled to be released in the second half,” he said.

“Vitrox will invest RM80mil for the first phase of the plant on a 20 acre site that will be operational by early 2017, which will double the production capacity of the present facility.

“There will be in total three phases for the new facility in Batu Kawan,” he said.

Vitrox will invest about RM20mil this year in design and development activities to develop new machine vision potential applications for the manufacturing sector.

Elsoft Research Bhd chief executive officer C.E. Tan said the automotive lighting sector would play a key role in driving the group’s growth this year.



Specialised equipment: A camera component used in a test equipment.

“Since last year more car manufacturers have been adopting light-emitting diode (LED) lighting for the head lamps in cars.

“Previously LEDs were only used for the display panels in the cars.

“The adoption of daytime running lights is also becoming increasingly popular for cars.

“This means there will be an increase in the demand for LED testers,” Tan said.

Elsoft makes testers to check the brightness, colour, and electrical parameters of LED modules used in smart devices, automotive lighting systems, and general lighting.

“We are now in the midst of negotiating for orders of higher value LED testers from customers in China, the US, and Taiwan.

“If these deals are inked, we should have another good year. We are looking to spend about RM15mil on outsourcing projects to the local SMEs, which is more or less what we spent last year,” Tan said.

Tan said the group expected its orders to increase by a double-digit percentage this quarter, compared to last year’s corresponding period.

“So far, we have delivered more than 10 units of LED test equipment to the automotive and general lighting sectors.

“We expect orders from the smart device industry to come in the second quarter, as the smart products have to be tested prior to their launch for the Christmas holidays,” he said.

Elsoft produced between 100 to 150 testers and testers with handling functions last year. The company’s testers are priced between US\$10,000 (RM37,000) and US\$15,000.

Elsoft’s expertise is designing the internal automation mechanism of the testers and the software programme that runs the equipment.

According to an industry study, the overall LED lighting market covering automotive lighting, backlighting, and general lighting is expected to grow 45% a year through 2020.

“LED lights worth US\$13.6bil were sold in 2014. This is expected to reach US\$63.1bil by 2020,” the report said.