

*“Samsung’s Austin facility is approximately ½ mile from Commerce Park on Parmer Lane, the Galesi Group’s industrial park located in the Harris Branch PUD. We are excited about Samsung’s new focus and what it means to the area.”*

*John McCullough  
Senior Vice President  
The Galesi Group*

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## **Samsung To Spend \$4 Billion To Boost Texas Chip Output**

By Jun Yang - Aug 21, 2012 Bloomberg.com



Samsung Electronics Co., the world’s largest maker of memory chips, said it will invest about \$4 billion in its Texas factory to boost output of processors increasingly used in smartphones and tablet computers. The investment will help convert the production of memory chips to logic products, including processors that power mobile devices, at the Austin, Texas, plant, Samsung said in a statement today. The Suwon, South Korea-based company plans to complete the conversion and start mass production in the second half of 2013. It chose Austin in 1986 for its first manufacturing site outside its home country.

Samsung, which plans to spend \$13 billion on the semiconductor business this year, had added another production line dedicated to logic chips at the Austin plant and plans to begin full operations in October.

Samsung is shifting away from chips used to hold memory in personal computers and digital gadgets to more complicated, yet lucrative processors acting as the brains of devices. As the exclusive manufacturer of Apple Inc.-designed chips running the iPhone and iPad, Samsung has

benefitted from the popularity of the U.S. rival's devices and its own Galaxy phones that together control more than half the global smartphone market.

Production at the Austin factory may be tailored for iPhone and iPad chips, Choi said. Apple accounts for 8.9% of Samsung's revenue, making it the company's largest customer, according to a Bloomberg supply-chain analysis, even as the two companies have been locked in global patent disputes for more than a year.

Apple's reliance on Samsung chips for its best-selling phones and tablets will be worth as much as \$7.5 billion to Samsung this year, a 60 percent jump from 2011, Gartner Inc. estimates. Chief Executive Officer Tim Cook said at a conference earlier this year that "the engine" for the iPhone and iPad is made in Austin, without mentioning Samsung.

Samsung and Apple's interdependence traces its roots to the beginning of the iPhone. The two companies, which had already worked together in screens and memory chips, cut a deal that resulted in Samsung becoming the sole manufacturer of the so-called A-series of chips, which are at the heart of the iPhone and iPad.

With the new investment, the largest in size to be made by a foreign company in Texas, Samsung's spending on the factory since 1996 will exceed \$13 billion, according to the statement. Samsung currently has a workforce of 2,400 workers and an additional 2,500 construction workers and equipment vendors will be hired for the project and production at the Austin factory.