

Click here to
subscribe to
Chip Scale Review.

It's Free!

August 7, 2007

THE TUESDAY REPORT



Published every Tuesday by *Chip Scale Review*

Kulicke & Soffa open to being either party in an acquisition

By Ron Iscoff, Editor

WEB
EXCLUSIVE

SAN FRANCISCO—C. Scott Kulicke, CEO of wire bonder leader Kulicke & Soffa Industries, said he recognizes that escalating costs and a concentration of the customer base make consolidation inevitable in the semiconductor equipment industry.



Scott Kulicke ponders a question during the company's annual media luncheon. (Chip Scale Review)

Speaking at the company's annual media luncheon during SEMICON West, Kulicke said he hopes K&S becomes the consolidator. "I can also imagine us becoming, all of a sudden, the consolidatee."

On the short term, however, "we will run our business as well as we can and strengthen our balance sheet as we've been doing for the past several years."

Kulicke also said the company has set a "specific goal" to develop a core competency in the ability to do acquisitions.

"The Alphasem acquisition was a test case for developing this competency," he added.

Kulicke conceded the company's acquisition of two test companies several years ago—sockets and interface products—was "not a great experience. It didn't work out very well, and we got out of it."

Lessons learned during those acquisitions provided "part of our due diligence" in acquiring Alphasem, he said, and will help form a checklist for future acquisitions.



Alphasem die bonders have joined the K&S line.

(page 1-continued)

Kulicke & Soffa open to being either party in an acquisition

Asked how the Alphasem acquisition came about, Kulicke said, "That's a great story!"

He said he was unaware that Alphasem was potentially for sale. "We have said for some time that we would love to get into the die bonder space."

In the late '90s, Kulicke & Soffa attempted to buy Alphasem from its then-owner, Gustav Wirtz, "but we could not agree on price," Kulicke said. About a month later, giant Dover industries bought Alphasem for "more than we were willing to pay."

Kulicke said that everytime he sat down with an investment banker he mentioned he would like to acquire Alphasem, based in Switzerland.

"The answer was always Dover (Alphasem's former owner), never sells companies; it only buys them!"

During a conference call, Kulicke said, "somebody mentioned that ESEC was available. It's a great franchise."

But that afternoon, Kulicke received a call from Dover Industries "asking if I wanted to buy a die bonder company. The next week I flew out to California (to begin discussions)."



K&S' purchase of Alphasem for about \$27 million in cash closed last November. At about the same time, Dover sold not only Alphasem, but Universal Instruments and Hover-Davis, as well.

Selling IBM was one of industry pioneer K&S' first major business coups. The late Al Soffa (holding paper), and Fred Kulicke (to his left), founded an industry. (K&S archives)

According to VLSI research, Alphasem held a 10 percent share of the \$520 million die bonder market in CY2005. Alphasem generated sales of about \$60 million in CY2005 for die bonders, related materials and services with 260 employees.

About a week after the SEMICON West luncheon, K&S released its Q306 earnings. Net income for the quarter was \$5.5 million, or 8 cents/diluted share, a decline from \$14.8 million, or 22 cents/diluted share, a year ago. Income from the year-ago quarter, however, included a gain of \$4.5 million on the sale of the company's Willow Grove, Pa., building.

Revenue for the quarter fell by 1 percent to \$168.6 million from \$169.9 million a year ago.

(page 2-continued)

Kulicke & Soffa open to being either party in an acquisition

Kulicke said he never felt the Alphasem acquisition would be a “pie in the sky” business. He knew, he added, “there would be some heavy lifting, but we are exactly on plan.”

The first of several phases of the acquisition involves the mechanical integration of Alphasem’s die bonder line.

“We strongly believe this is an Asian-based business,” Kulicke added, “and we’re moving the manufacturing (of die bonders) to Asia. That’s something that’s well on the way,” he said.

K&S will maintain the philosophy it’s used in wire bonders, Kulicke said: manufacturing and sustaining engineering will be done in Asia and and core platform design and product management will remain in the U.S.

Both Alphasem and K&S operate factories in Suchow, China. The Alphasem factory, Kulicke noted, “is just down the street from ours.”

Alphasem, he added, has been building die bonders from a Swiss and German supply chain, “and that just makes the airplane guys rich.” K&S will move to Asian sources. [kns.com]

V-Caps plans Vietnam-based IC assembly plant

PALO ALTO, Calif.—Vietnam-Chipscale Advanced Packaging Services (V-Caps), led by industry veteran Harry Rozakis, plans to build an IC assembly plant in Hoa Lac High Tech Park in Vietnam.

Rozakis has been an executive with several packaging foundries and co-founded ChipPAC (now STATS ChipPAC). He began scouting Vietnam after visiting the country four years ago, according to a report in the *San Jose Mercury News*.

According to the publication, investors have pledged up to \$200 million to build the 91,440 square-meter factory that will employ up to 1500.

The announcement of the factory was formally made during the first Vietnamese Strategic Ventures Network (VSVN) Conference in Palo Alto, although Rozakis was seen at SEMI-CON West in July, where he strolled the aisles informally to generate interest in the plant.

Intel opened an assembly and test plant in Vietnam at the end of last year. [intel.com]



Harry Rozakis swapped business cards at SEMI-CON West.

PEOPLE IN THE NEWS

Patrick Tang, Surflect Technologies

ALBUQUERQUE, N.M.—Patrick Tang has joined Surflect Technologies as vice president and G.M. of the company's Asia region.

Most recently Tang was a principal with the Ptgroup, a management consulting and technology advisory firm. A 20-year industry veteran, he earlier served as G.M. of Ultratech's Asia-Pacific region.



Patrick Tang

His experience also includes posts at Matrix Integrated Systems, ASET, Perkin-Elmer and SEMI-TOOL.

Tang earned an MBA from the University of San Francisco and holds a professional engineer license in chemical engineering. [surflect.com]

Peter Tin, ASAT

MILPITAS, Calif.—Peter Tin has rejoined ASAT as senior vice president of quality and reliability assurance. He replaces Ed Bedell, who resigned to pursue other interests.

Tin served as ASAT's vice president of quality from 2004-2005 before ASAT moved its manufacturing from Hong Kong to China. Most recently Tin served with Philips Consumer Electronics in Hong Kong. [asat.com]

Dave Dixon, FlipChip International

PHOENIX—Dave Dixon has joined FlipChip International as bump fab director of operations.

Dixon has 27 years industry experience, which includes posts at Motorola Semiconductor and its spinoff, Freescale Semiconductor. [flipchip.com]

Jerry Kirby, Infiniti Solutions

SINGAPORE—Jerry Kirby, an IC packaging industry veteran, has joined Infiniti Solutions. He will be based in Santa Clara as vice president of sales.

The company operates ISPL (formerly ATEC), an assembly-test facility in the Philippines; and Viko Labs in Austin, Texas, and Santa Clara, among other enterprises. Kirby most recently held a similar post at NSEB, a Thailand-based packaging foundry acquired in 2006 by UTAC of Singapore.

[infinitisolutions.com]

(page 4)

Microbonds, Mirror and PROMEX announce collaboration

ONTARIO, Canada—Microbonds of Ontario, Mirror Semiconductor of Irvine, Calif., and PROMEX Industries of Santa Clara will partner to develop advanced integrated circuit packaging.



Martin Hart, president of Mirror Semiconductor (center), displays a Mirror Semiconductor QFN package prototype that features Microbond's X-Wire technology. John Scott, Microbond's president (right), and Richard Otte, PROMEX president, look on.

This collaborative effort will enable PROMEX to employ Microbond's X-Wire technology and to co-develop IC packages that use Mirror Semiconductor's novel *Mirrored Pinout* designs.

X-Wire technology allows interconnect bonding wires to touch and cross without electrical shorting, permitting a fuller utilization of the x, y and

z dimensions in electronics design and packaging, according to Microbonds.

"This collaborative effort follows our approach of bringing X-Wire to market in a way that minimizes the time, cost and risk of adoption," said John Scott, Microbonds' CEO.

"We have been fortunate to build a number of technology and business alliances designed to provide wins for all involved. This relationship provides companies interested in X-Wire with the ability to have packages built, tested and prepared for volume assembly with PROMEX or their packager of choice," Scott added.



The X-Wires can be seen in this Mirror Semiconductor open-cavity QFN package prototype.

Mirror Semiconductor's *Chip Packaging 2.0* products and services enable package designers to create optimum circuit boards with shorter copper tracings and fewer layers at the lowest cost with reduced time-to-market, according to Martin Hart, president of Mirror Semiconductor.

[\[microbonds.com\]](http://microbonds.com) [\[mirrorsemi.com\]](http://mirrorsemi.com) [\[promex-ind.com\]](http://promex-ind.com)

(page 5)

IBM, STMicro will jointly develop next-generation recipes

ARMONK, N.Y.—IBM and STMicroelectronics of Geneva, Switzerland, will collaborate in the development of next-generation semiconductor process technology, the companies announced recently.

The agreement includes 32nm and 22nm CMOS process technology development, manufacturing and research, which will be employed with 300mm wafers.

In addition, both companies will partner on intellectual property development and platforms “to speed the design of system-on-chip devices” in the 32- and 22nm technologies.

Each company will establish a technical development team at the other’s facility. [\[ibm.com\]](http://ibm.com) [\[st.com\]](http://st.com)

Henkel signs new North American distributor

IRVINE, Calif.—Henkel has expanded its distribution with the addition of Production Automation Corp. (PAC). The agreement calls for PAC to sell all Henkel electronics assembly and packaging materials in Arizona, New England, N. Dakota, Nebraska, S. Dakota, Southern California, Texas, Wisconsin, and Mexico. [\[henkel.com\]](http://henkel.com)

Services held for David “Dave” Tovar

PASO ROBLES, Calif.—Private funeral services were held here recently for David “Dave” Tovar, 69, who died July 21 from ALS (Lou Gehrig’s disease), a progressive neurological disorder.

Mr. Tovar was a veteran of the semiconductor packaging industry. Over about four decades, he held positions at IBM, ChipPAC, IPAC, National Semiconductor, Pac Tech and VLSI Technology, among others.

He received bachelor’s and master’s degrees from San Jose State University. Mr. Tovar is survived by two daughters, Adrienne and Camille, and his wife, Vicki.

THE TUESDAY REPORT™

is published every Tuesday, except on federal and California state holidays, by *Chip Scale Review*. Copyright © Gene Selven & Associates Inc., 2007. All rights reserved. To contact the office of publication, phone 408/996-7016.

Publisher

Gene Selven

gselven@aol.com

Editor

Ron Iscoff

chipscale@gmail.com

Senior Editor

Terrence E. Thompson

tethompson@aol.com