

Driving Innovation: Semiconductor Growth in Automotive Image Sensors, High-Performance Computing, and Silicon Carbide (SiC) Technology

An interview with UTAC Senior Vice President of Sales & Marketing, Jonathan Abela

UTAC, an OSAT company based in Singapore, whose Japanese subsidiary goes by the name Shimogyo-Ku Kyoto City, is increasing its investment in advanced packages for automotive image sensors, power packages, SiP and bumping. Undeterred by the current slowing of the market, UTAC continues to focus on initiatives in several growth areas as it prepares for the future ahead. In light of these new initiatives and innovations within UTAC, Sanagyo Times spoke to Jonathan Abela, Senior Vice President of Sales & Marketing at UTAC to get a keener perspective on how the company is taking on the new challenges in the market.

Jonathan Abela began his journey at UTAC in 2014 as the head of Europe Sales. Jonathan was later promoted to his current position of Senior Vice President of Sales & Marketing in 2022.

Sanagyo Times: What were your financial results for the fiscal year ending December 2023?

Abela: We closed the financial year with total sales of \$1.64 billion, maintaining levels similar to 2022. A breakdown of our results shows that sales in our automotive sector remained strong. Overall, it was a challenging year for the semiconductor industry, marked by macroeconomic challenges and geopolitical risks. Notably, we observed a trend of customers shifting production from China to Southeast Asia.

Sanagyo Times: What is UTAC's financial outlook for the fiscal year ending December 2024?

Abela: While sales started out slow in the first quarter of the year, the work that UTAC has put in has placed it in a position to see some recovery moving into the April-June period. All-in-all, we expect to see a 10% increase in sales, compared to the previous quarter. We expect further recovery in the second half of the year, and we plan for our full-year sales to hold steady leading into the end of the fiscal year.

Sanagyo Times: Can you comment on the potential of generative AI and SiC?

Abela: Power packages for high performance computing (HPC) continue to grow as generative AI expands in popularity throughout the globe. With this movement in the industry, we expect to see increased adoption of our Cu Clip packages. Right now, SiC is often only manufactured in-house by device manufacturers or in special packages, but it is expected that leadless and manufacturing modularization will bring changes to this in the future. This will be a good fit for our portfolio in 2025 and 2026, where we can expect full-scale expansion of our services to fit the growing industry needs.

Sanagyo Times: Can you comment on the company's focus on automotive image sensors?

Abela: The Singapore factory we acquired from Panasonic many years ago initially offered ceramic packages for image sensors. Over the years, driven by market demand and cost competitiveness, our offerings have shifted to laminate packages for image sensors. UTAC now provides iBGA image sensors to our automotive customers and plans to increase its capacity by three to six times over the next two to three years. The demand for image sensors in vehicles is growing, especially as we move towards high-level autonomous driving.

Sanagyo Times: What are UTAC's capital investment plans and major initiatives?

Abela: UTAC continues to invest in R&D, with \$162 million invested in 2023. Beyond the iBGA package investments in our Singapore factory, UTAC also acquired a wafer bumping facility and expanded its test solutions. We made significant strategic investments in other facilities across Asia as well. In our Thailand site, we enhanced our existing Cu clip, SiP, flip chip, and MIS production. Additionally, we invested in China with a new facility in Yantai. Moving into 2024, UTAC aims to continue its investments in innovation, particularly in new technologies.

Sanagyo Times: How does UTAC aim to strengthen its Southeast Asian market in the face of geopolitical risks?

Abela: UTAC aims to strengthen its Southeast Asian market in the face of geopolitical risks by diversifying operations and increasing investments in the region. We have strategically expanded our facilities and capabilities across Southeast Asia, including significant investments in our sites in Singapore and Thailand. Our commitment to continuous innovation and R&D enables us to remain competitive and resilient amidst geopolitical challenges. By focusing on regional diversification, we can adapt to shifting market dynamics and maintain a stable supply chain for our customers.

Sanagyo Times: Lastly, what are your expectations for the Japanese market?

Abela: UTAC is recognized as a high-quality supplier in the automotive industry and is well-received in the Japanese market. With our base in Southeast Asia, we have a strategic advantage in managing geopolitical risks. As investment in the front-end of the semiconductor industry increases in Japan, we believe this presents a significant business opportunity for our company.

We have strong engagements and a robust pipeline with several Japanese automotive companies. Additionally, there are promising opportunities for UTAC to expand in MEMS for automotive applications, as well as in the communications, mobile, and IoT sectors.

As we continue to invest in advancing our technology offerings and expanding capacity, we view Japan as a strategic location and market for UTAC. We are committed to focusing our resources and efforts on supporting our Japanese customers in the coming years.