

Infineon Expands in Portugal - Memory Chip Assembly and Testing Facility Enlarged at Cost of Euro 230 Million

June 15 2004

Munich/Germany and Porto/Portugal – June 15, 2004 – Infineon Technologies AG, one of the world’s leading semiconductor manufacturers, today announced that it is expanding its existing memory chip assembly and test (backend) facility. The company is investing a total of EUR 230 million in the second module. Work on expanding the facility kicked off in fall 2003 and full capacity will be reached by mid-2006. It is planned to create about 500 new jobs in the process, increasing the workforce in Porto to around 1,500. The new module will be formally opened on June 16, 2004, in the presence of Portuguese Prime Minister Jose Manuel Durao Barroso and the first products are already rolling off the production line in the new manufacturing facility.

The need to expand assembly and testing capacities arose because Infineon is steadily expanding its frontend capacities, for example with the successful ramp-up of the 300mm fab in Dresden, Germany, and with the planned start up of the 300mm production module in Richmond, USA, as well as enlarging its product portfolio. Up to 600 million chips per year are planned as the maximum capacity when the new module in Porto is completed, which means that current capacity will be more than doubled as a result of the expansion. The first module has around 5,000 m² of cleanroom area and the second about 7,000 m², making it as large as a soccer pitch.

“The expansion of our production in Portugal symbolizes the

competitiveness of Europe and especially Portugal, evidenced by very well-qualified employees and an exceptional manufacturing performance at our Porto backend facility,” said Dr. Michael Majerus, Chief Financial Officer of the Memory Products Group. “When we have reached full capacity in Porto, about 30 to 40 percent of our global memory chip production will be assembled and tested here.”

Building work on the second module began in fall 2003 and the ready-for-equipment milestone was reached in April 2004. Volume production got going with the production of 256-Mbit devices in BGA packages. Maximum capacity is scheduled to be reached in mid-2006. Most of the wafers arriving for further processing at the plant come from Dresden, Germany, and Richmond, USA. The expanded Porto site, like the Malacca fab in Malaysia and the plant currently under construction in Suzhou in China, is one of Infineon’s high-volume backend facilities for memory products.

About the backend process

Chip production is divided into two processes. In the frontend, complex processes are applied to produce the chips on the silicon wafers, while in the backend the silicon wafers containing the finished chips are diced and the chips assembled in the package and tested. The resulting components enable simple mounting of the chips on printed circuit boards.

The original press release can be found [here](#).

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