

# Samsung to invest \$18 billion in memory chip business

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Samsung Electronics will invest nearly \$18 billion in its chip business, the South Korean firm said Tuesday, as it seeks to expand its lead in the global memory chip and smartphone markets.

The world's top maker of smartphones and memory chips will invest 20.4 trillion won (\$17.7 billion) by 2021 to expand and upgrade its chip plants in the South Korean cities of Pyeongtaek and Hwaseong, it said in a statement.

The factory in Pyeongtaek, 70 kilometres (44 miles) south of Seoul, is the world's biggest and has recently started production after Samsung Electronics spent 15.6 trillion won over the past two years to build it.

The company also plans to expand its NAND chip plant in the Chinese city of Xian to meet booming demand for the chips used in high-end storage products, it said.

It did not elaborate on when and how much money it plans to invest there.

In smartphones, Samsung has been increasingly sandwiched by smaller Chinese rivals in the low and mid-end markets, and by Apple's iPhone in the high-end segment.

It also suffered a blow to its reputation after a humiliating mass recall last year of its Galaxy Note 7 smartphone over faulty, exploding

batteries.

But the firm managed to post stellar profits partly thanks to the robust chip business, which supplies not only to its own handset unit but also other electronics giants including Apple.

Samsung—which accounted for more than 40 percent of global memory [chip](#) sales in the first quarter of this year—posted in April its biggest quarterly net profit in more than three years.

"Our clients are having difficulty securing enough semiconductor chips due to growing global demand for high-tech gadgets," it said.

"We plan to actively respond to those demands by making aggressive investments on our production lines at home and abroad," it said.

Analysts say a global shortage of chips may persist throughout 2017, driving prices higher and benefiting major suppliers such as Samsung and another South Korean chipmaker, SK Hynix.

Average prices for DRAM chips used in PCs and servers, and NAND flash chips used in handsets are expected to jump 53 percent and 28 percent respectively this year, according to market researcher IC Insights.

The announcement also came after newly elected South Korean President Moon Jae-In set tackling rising unemployment as his top priority.

Samsung said its investment would eventually help create as many as 440,000 jobs through 2021, including indirectly, and help bolster Asia's fourth-largest economy.

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