

Chipmaker adds jobs, output

BY JEFF BOUNDS S / STAFF WRITER

In response to growing demand for its communications semiconductors, a Pacific Northwest company is boosting its head count at a Richardson factory by about 31 percent this year and plans to invest \$100 million in new equipment at the plant in the next five years.

As of Oct. 4, TriQuint Semiconductor Inc., which is based in Hillsboro, Ore., had 669 full-time employees in Richardson, up about 27 percent from 527 at the beginning of the year. By year-end, the company's Richardson staff should number closer to 700, officials said.

And in the first six months of 2011, TriQuint (Nasdaq:TQNT) will likely bring aboard roughly 100 temporary workers to work in its fabrication operation in Richardson, officials said. Most of those temps will likely become full-timers within six to nine months after they're hired, officials said.

"The demand for our products is really going up," Howard Witham, vice president of Texas operations at TriQuint, said in an interview.

Wages vary for the jobs that TriQuint is filling in Richardson, as the positions range from engineers, designers and technicians to support professionals, salespeople and marketers, officials said, adding that most of the spots pay well.

Worldwide, TriQuint has 2,600 employees and 120 open positions, company officials said.

In addition to the new hires in Richardson, TriQuint is bringing in new equipment for making its chips and other components, which are used in various electronics. Among other things, TriQuint will be adding capacity to print its chips on six-inch wafers made of a compound called gallium arsenide.

The plant currently prints its chips on 4-inch wafers. The 6-inch wafers will provide the basis for making more chips. "It means more real estate on the wafer," With-



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am said. Work has begun on bringing in the new 6-inch wafer equipment, and it should be operational by the second or third quarter of next year, Witham said.

TriQuint has chosen vendors for the new equipment, and those suppliers have selected subcontractors to help with related work on its mechanical and electrical infrastructure. "These tools are big, bulky and heavy, and you need people to help you bring them into the facility," Witham said.

TriQuint's Richardson facility, the company's largest manufacturing center, sits on roughly 38 acres of land at 500 W. Renner Road. The 540,000-square-foot facility includes around 48,000 square feet of "clean room" space, which has very low levels of environmental pollutants such as dust or chemical vapors. The rule of thumb is that clean rooms cost around \$2,000 per square foot, according to Witham.

TriQuint is using around two-thirds of the clean room at its Richardson plant. The company has enough real estate to accommodate its expansion needs locally, officials said.

Less revenue, higher margins

Two of TriQuint's three major operations are based in Richardson: its defense and aerospace unit, whose products are used by the likes of Lockheed Martin Corp., Northrop Grumman Corp. and Raytheon Co., and its networks business, whose technology aids in the transfer of phone calls and data across wireless and wired networks.

The defense and aerospace business is a "good, steady business, with modest growth," Witham said. The networks business is a big growth area, especially in developing countries that don't have much wired telecom infrastructure, and are

instead building out wireless systems, he added.

In 2009, defense and aerospace accounted for roughly 12 percent of the company's \$654.3 million in revenue, according to TriQuint's annual report. That would mean defense and aerospace brought in \$78 million, while the networks segment, which clocked 25 percent of sales, accounted for closer to \$163.5 million. The third major segment, called mobile devices, was 63 percent of sales, according to the company.

On a stand-alone basis for 2009, the Richardson plant accounted for about 42 percent of TriQuint's net fixed assets and roughly 18 percent of revenue, the annual report says.

TriQuint uses high-performance, specialized materials for its chips and other components. Semiconductors made in Richardson, for instance, are built using gallium arsenide, a dark gray compound that allows electrons to move as much as five times faster than silicon, the basis for most of the world's chips. That enables the Richardson-made chips to deliver better speed and performance with less "noise," extraneous signals or other disturbances.

TriQuint says the market for its chips is not affected by concerns of overproduction.

The flip side: Chips that use gallium arsenide cost more than silicon-based chips, according to Will Strauss, president of the Arizona market research firm Forward Concepts. Partly for that reason, silicon has been the most-used base for chips, while gallium arsenide is a "niche," Strauss said.

"It's a valuable niche, but nevertheless, it is" a niche, he said. The niche was big enough for TriQuint to post a \$16.2 million profit on \$654.3 million in revenue in 2009, compared with a \$14.6 million loss and \$573.4 million in sales in '08.

The company's stock closed Tuesday at \$9.20, not much off its 52-week high of \$9.85. TriQuint had a market value of around \$1.43 billion as of the Tuesday close.