

By DAVID TAN
davidtan@thestar.com.my

GEORGE TOWN: Printed circuit board (PCB) product companies in Penang are generally expecting a slower first quarter in 2012 compared with the corresponding period last year due to the weakening global economy.

P.I.E. Industrial Bhd, GUH Holdings Bhd and Vitrox Corp Bhd expect a sluggish first quarter while Kontron Design Manufacturing Services (M) Sdn Bhd (KDMS) expects a strong quarter.

PCB is the cornerstone of the electronics industry, as all electronic circuits require PCBs.

P.I.E. managing director Alvin Mui said in an interview that orders for the group's PCB assembled products used in the industrial electronics sector had dropped by a single digit since January compared with the corresponding period last year, which would result in a softer first quarter.

"A weakening global economy coupled with shorter working days due to the Chinese New Year holidays are reasons for the drop in orders. We expect the second quarter to pick up with orders from markets in the United States and Europe," he said.

GUH managing director Datuk Kenneth Hng said the first quarter 2012 was expected to be slower compared with the corresponding period last year due to slower sales of LED-backlit televisions worldwide.

"However, in the second quarter, we will increase at our operations in Suzhou, China and in Penang the monthly production of our higher-yielding PCBs such as the double-sided and six-layered PCBs to 70,000

Sluggish demand for PCB seen in Q1

But manufacturers expect a pick-up in Q2 with orders from markets in US and Europe

sq m from 55,000 sq m presently.

"This is because we want to expand our market share in the automotive and advertising display industries which require high-end PCBs," Hng added.

GUH's high-end PCBs, which are largely used in branded LCD and LED-backlit televisions, generate about 40% of the group's revenue.

According to a recent NPDP Display Search Advanced Quarterly Global TV Shipment and Forecast Report released last month, growth in the global shipment of televisions is expected to be 2% to hit 254 million units this year, compared with 0.1% growth in 2011.

Large televisions of 40-inch and above are expected to spearhead the growth, according to the report.

Vitrox managing director Chu Jenn Weng said orders for the group's advanced optical inspection equipment used for checking defects in the PCB and PCB assembly industries and semiconductor equipment were expected to be slower this year compared to the same period a year ago.

"There is no clear visibility yet on



PCB makers expect Q1 to be slower compared with the corresponding period last year.

demand," he said.

"In Penang, we are focusing on research and development to move up the value chain, while the manufacturing is outsourced to our partner. Some of Kontron's newest technologies are being developed in Penang, which will see engineering force here expand."

Located in Seberang Prai, KDMS makes PCB-assembled and system integration products for the telecommunications, industrial, automotive, gaming and medical industries.

On the radio frequency (RF) component business, Mini-Circuits Technologies (M) Sdn Bhd chairman and president Datuk Seri Kelvin Kiew said the orders for RF components had increased by 5% to 10% in January and February 2012, compared to last year's corresponding period.

"The orders come from telecommunication base station projects being developed in China and the United States.

"In the United States, the government is investing in telecommunication infrastructure, as the country is scheduled to hold a general election this year.

"The second half of 2012 should see further improvement for the RF business, fueled by worldwide demand for tablets and mobile telecommunication devices," he said.

Meanwhile, the US economy, a key market for consumer electronic, telecommunication, and industrial electronic products, is struggling to recover.

The Washington-based Kiplinger which publishes business forecast said in February 2012 reports that the US economy would grow about 2.3% this year, slightly higher than the 1.7% in 2011.

how well the second quarter will do. We will come out with new range of advanced optical inspection equipment for both the PCB and PCB assembly industries this year," Chu added.

KDMS chief executive officer Michael Krieger said the business for