

Press release

Bosch Malaysia to set up new plant in Penang Construction of new semiconductors test center starts 2021

June 3, 2020

- ▶ Bosch Malaysia and Penang Development Corporation sign an agreement for the land purchase in Batu Kawan Industrial Park, Penang
- ▶ New manufacturing facility to focus on semiconductor testing

Penang, Malaysia – Bosch, a leading global supplier of technology and services, has announced the signing of a Sales and Purchase Agreement (SPA) with the Penang Development Corporation for land in the Batu Kawan Industrial Park in Penang. The company plans to build a manufacturing facility there focusing on the business of semiconductor components and sensor testing. The construction of the plant is scheduled to begin in 2021 and completion of the production area and first series production to commence in 2023. Some 400 associates are expected to work at the new facility.

The building will sit on an approximately 100,000 sqm of land and will primarily focus on the final testing of components manufactured at Bosch Automotive Electronics' fab in Dresden, Germany. These components comprise semiconductors used in airbag systems or engine control units, to name a few. The plant will also house R&D and training facilities.

“With the long-term forecasts for growth of semiconductor component quantities, coupled with the front-end production in Bosch's Dresden facility in Germany, capacity expansion is required for the back-end production, which is the final testing phase of semiconductors and sensors. This new site is also intended to strengthen the matured ecosystem for the semiconductor industry here in Penang,” said Simon Song, managing director of Bosch Malaysia.

The semiconductor business at Bosch is part of the Automotive Electronics division within the Mobility Solutions business sector, with its headquarters located in Reutlingen, Germany. Other locations which Bosch Automotive Electronics is already testing components as intended for the facility in Penang are Reutlingen and Suzhou, China.

Dato' Azman Mahmud, Chief Executive Officer of the Malaysian Investment Development Authority (MIDA) said, "Bosch's commitment in complementing Malaysia's electrical and electronics (E&E) ecosystem is a true reflection of the company's continued confidence in Malaysia as a preferred destination for long-term growth. This project will also serve as a catalyst in developing a higher level of expertise through the adoption of Industry 4.0 and production automation in the industry."

Penang, Malaysia as the preferred location for facility

The final testing facility in Penang will be the first of its kind for Bosch in Southeast Asia, and was chosen in the region for several reasons. First of all, there is a high level of semiconductor knowledge in the region. The proximity to business partners is another advantage. Malaysia and especially Penang have the ability to manufacture economically, even under cost pressure. According to statistics, Malaysia contributes ten percent of back-end semiconductor output globally, among which eight percent is contributed by Penang.

"The State government is pleased to further strengthen our relationship with Bosch, one of the eight pioneers that charted Penang's industrialisation five decades ago," said Right Honourable Mr. Chow Kon Yew, Chief Minister of Penang. "Bosch new investment ventures implies the company's confidence in its technology for the future and Penang's ecosystem is capable and sustainable in fulfilling the stringent requirements of the automotive industry."

Penang is already home to three existing Bosch manufacturing sites and research and development offices since 1972. Robert Bosch (M) Sdn Bhd, Robert Bosch Power Tools Sdn Bhd, and Robert Bosch Automotive Steering Sdn Bhd produce car multimedia systems, power tools and automotive steering respectively. This is the largest number of manufacturing facilities in a single country for Bosch in Southeast Asia. To-date, Bosch's workforce in Penang is more than 4,500 employees.

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About Bosch in Malaysia

Bosch has been present in Malaysia since 1923, represented by Robert Bosch Sdn Bhd, with offices located in Selangor and Penang. In Malaysia, Bosch is active in the areas of Mobility Solutions, Industrial Technology, Consumer Goods, and Energy and Building Technology. The company has three manufacturing arms in Penang providing car multimedia systems, power tools and automotive steering. In 2019, Malaysia employed more than 4,500 associates. Additional information is available at www.bosch.com.my and <http://www.facebook.com/BoschMalaysia>.

About the Bosch Group

The Bosch Group is a leading global supplier of technology and services. It employs roughly 400,000 associates worldwide (as of December 31, 2019). The company generated sales of 77.7 billion euros in 2019. Its operations are divided into four business sectors: Mobility Solutions, Industrial Technology, Consumer Goods, and Energy and Building Technology. As a leading IoT provider, Bosch offers innovative solutions for smart homes, Industry 4.0, and connected mobility. Bosch pursuing a vision of mobility that is sustainable, safe, and exciting. It uses its expertise in sensor technology, software, and services, as well as its own IoT cloud, to offer its customers connected, cross-domain solutions from a single source. The Bosch Group's strategic objective is to facilitate connected living with products and solutions that either contain artificial intelligence (AI) or have been developed or manufactured with its help. Bosch improves quality of life worldwide with products and services that are innovative and spark enthusiasm. In short, Bosch creates technology that is "Invented for life." The Bosch Group comprises Robert Bosch GmbH and its roughly 440 subsidiary and regional companies in 60 countries. Including sales and service partners, Bosch's global manufacturing, engineering, and sales network covers nearly every country in the world. The basis for the company's future growth is its innovative strength. Bosch employs some 72,600 associates in research and development at 126 locations across the globe, as well as roughly 30,000 software engineers.

Additional information is available online at www.bosch.com, www.iot.bosch.com www.bosch-press.com and <http://twitter.com/BoschPresse>

About MIDA

MIDA is the government's principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 20 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit www.mida.gov.my and follow us on Twitter, Instagram and Facebook, LinkedIn and YouTube channel.

About InvestPenang

InvestPenang is the Penang State Government's principal agency for promotion of investment. Its objectives are to develop and sustain Penang's economy by enhancing and continuously injecting business activities in the State through foreign and local investments including the spawning of viable new growth centres. To support the realization of its objectives, InvestPenang also runs initiatives like SMART Centre (to assist SMEs), Penang CAT Centre (to assist talents) and @CAT Penang (to assist start-ups). Learn more about InvestPenang at our website: www.investpenang.gov.my