<https://www.koreatimes.co.kr/www/tech/2019/10/133_277102.html>

Samsung, LG struggle in phone components

Samsung Electro-Mechanics and LG Innotek are struggling with their high-density interconnect(HDI) printed circuit board(PCB) component business, due to increasing competition from Chinese rivals amid the stagnant global smartphone market, according to company officials Monday.

An HDI PCB is where the components for smartphones and other electronic devices such as touchscreen devices, laptops, digital cameras and network equipment are placed closer to each other on a circuit board that has higher circuitry density than traditional circuit boards.

Due to a low entry barrier to the business, Samsung and LG have to compete with not only long-standing powerhouses from Japan and Taiwan but also Chinese companies and even small-sized firms here, they said.

To seek a breakthrough, Samsung Electro-Mechanics said it will transfer its main HDI PCB production line from Busan to Vietnam to raise its price competitiveness while LG Innotek is also considering reorganizing its HDI PCB business.

“Samsung Electro-mechanics has decided to transfer its HDIPCB manufacturing line from Busan to Vietnam. The Busan factory has produced a small number of HDI PCB While concentrating on research and development activities of the product. But to improve our competitiveness, the Vietnam factory will be responsible for mass – producing the product,” a Samsung Electro-mechanics official said.

But the official said Samsung will not give up its business because there will be an increasing number of opportunities in the fast-growing industries related to fifth-generation(5G) network equipment and components of electric systems for vehicles.

“The PCB business is something that we cannot withdraw from as more circuit boards will be increasingly used in other devices such as equipment for 5G networks and electrical systems of vehicles,” the official said.

LG Innotek was also embroiled in the speculation that it would withdraw from the HDIPCB business but denied that, saying it is considering measures to improve its production efficiency.