PHILADELPHIA BUSINESS JOURNAL

News

High-tech firm more than doubles capacity

By Bob Brooke – Special To The Business Journal
Aug 11, 1997 **Updated** Aug 11, 1997, 12:00am EDT

WEST CHESTER -- CFM Technologies Inc. has signed a long-term lease for a new corporate headquarters and manufacturing facility in the Oaklands Corporate Center in Exton.

The two new buildings, to be constructed on a 14.5-acre lot at the west side entrance to the corporate park, would give CFM an additional 140,000 square feet of space.

"Our new facility will provide us with the necessary space to support the growing demand for our products," said Roger Carolin, president and chief executive officer. "With this new facility, we'll more than double our manufacturing capacity."

The company plans to use the four-story, 80,000-square-foot office building for its new headquarters, accommodating its engineering, marketing, customer service and administrative departments. According to James J. Gorman, president of Oaklands Business Parks Inc., the building would be constructed of brick, glass and cast stone, similar to the ones seen at entrances of the Great Valley Corporate Center.

The one-story, 60,000-square-foot building would give CFM additional manufacturing space. Meanwhile, the company will retain a 26,000-square-foot building in Goshen Corporate Park in West Chester. That building, which it owns, will be used only for manufacturing.

Both new buildings in the Oaklands corporate park are being designed by Bernardon & Associates, Architects of Kennett Square, and built by Knauer & Gorman Construction Co. The project is estimated to cost up to $14 million.

According to CFM Chief Financial Officer Jeff Randall, both of the new buildings offer opportunities for expansion in the future, should the company need more space. "We expect to occupy our new headquarters in mid-1998 and the manufacturing facility soon after," he said. "Although construction hasn't begun, we're in the process of obtaining the necessary permits and applications."

The new buildings are being built by the Oaklands Corporate Center and will be leased to CFM for 20 years, with several five-year renewal options. "This is a triple-net sort of lease, in which CFM will manage the facilities in a way similar to owning them," Randall said. "The landlord's responsibility is limited."

The Oaklands Corporate Center contains about 1.17 million square feet of office, flex, warehouse and retail space in 26 buildings.

A maker of advanced wet-processing equipment for semiconductor and flat-panel display manufacturing, CFM's systems provide contamination control and processing capabilities. Historically, the company has invested heavily in technical innovations to lower the cost of ownership for advanced wet-processing systems.

Customers use this equipment -- priced at $1 million or more each -- to remove tiny particles and residue from the silicon wafers used to make computer chips. To picture how tiny such particles are, imagine enlarging a palm-size silicon wafer to the surface area of Chester County. A particle enlarged proportionately would be the size of a golf ball. The wafers are cleaned repeatedly in the process of making computer chips.

"The equipment we make is essentially a very high-tech washing machine," Randall said. "It uses some very aggressive chemicals, including sulfuric acid, to clean and etch the surface of the silicon wafers."

CFM equipment also cleans flat-panel display units, which are primarily used in notebook computers.

"It's about 15 percent of our market now, and it's growing faster than our core business," Randall said.

As a result, the company that began as a Harvard Business School project turned into one of the Philadelphia-area's hottest initial public offerings last year. CFM raised $19.9 million when it sold 2.2 million shares June 18, 1996, at $10 a share. The price of CFM common stock closed at $25 per share Aug. 4.

Founded in 1984 by Christopher F. McConnell and Roger A. Carolin, CFM has turned a profit for the last five years. The company holds 30 patents worldwide, 13 of them in the United States, where half its customers are located, with the remainder in Europe, South Korea and Japan.

PHILADELPHIA BUSINESS JOURNAL

With revenues topping $44 million in 1996, the company sells its equipment to the world's manufacturers of semiconductors and flat panels, including IBM, Motorola Inc., Samsung, SGS-Thomson, Texas Instruments Inc. and Toshiba Corp.

"There are two reasons why we have done so well, while other semiconductor equipment makers have struggled over the last year or so," Randall said. "The first is that the we have expanded into the flat-panel market. The second is that our equipment is smaller than that of some of our competitors. It can be installed in the fabrication line of an existing semiconductor plant more easily, making it a hot product for upgrading a plant."

Employment at the company has risen rapidly, going from 130 people two years ago to 280 now.