

Korean company plans to buy Mitsubishi Electric plant, employ 410 people, up to \$87M investment

Dec 13, 2019, 9:42am CST Updated: Dec 13, 2019, 10:46am CST

A Korean company is buying Memphis' troubled Mitsubishi Electric facility.

Hyosung Heavy Industries (HICO) will enter the U.S. for the first time with an estimated \$86.9 million investment, buying and updating the current Mitsubishi Electric Power Products Inc. plant.

The deal was made public with a Friday, Dec. 13, announcement that brought Tennessee Gov. Bill Lee to Memphis. *MBJ* first reported the news Thursday evening.

The move into Memphis will see the employment of 410 people over seven years, according to a release from the Tennessee Department of Economic and Community Development (TNECD). HICO will update the Mitsubishi Electric facility to increase its production capacity.

Mitsubishi Electric filed a WARN (Worker Adjustment and Retraining Notification) notice in November that it was laying off 160 employees at the plant, but GM Joe Durante said at the time that he expected whatever company that bought the plant would hire a majority of the people being laid off.

In the first year, Hyosung will employ 98 people at the factory. A release from Morris Marketing Group, representing Hyosung, said HICO "has committed to hiring many of the current [Mitsubishi Electric] Memphis facility employees."

Morris Marketing Group's Valerie Morris declined to disclose an average wage but said it will be "very livable."

"There could've been a much different outcome for this piece of property," Memphis Mayor Jim Strickland said during the press conference. "To me, that's the Memphis story. ... We never give up."

HICO's deal with Mitsubishi is set to close in February, which would allow production to begin in the first half of 2020.

At the Memphis facility, HICO will be manufacturing core-form power transformers, as opposed to the larger, shell-form transformers Mitsubishi Electric was producing. Core-form transformers make up 95 percent of the transformer market, HICO SVP Sunghoon Ahn said.

"Our team has been actively working with HICO for more than two years, so today's announcement is a tremendous win for the state, Memphis, and Shelby County," TNECD commissioner Bob Rolfe said in a release. "Tennessee continues to see an uptick of foreign-owned companies choosing to locate operations in our state, and I want to thank HICO for continuing this momentum by creating hundreds of jobs in West Tennessee."

HICO is headquartered in Seoul and manufactures electrical power equipment, including transformers, switchgear, flexible AC transmission systems, and energy storage solutions. Korea is a top 10 country for investments in Tennessee, according to the TNECD.

Mitsubishi Electric received a \$34.4 million PILOT (payment-in-lieu-of-taxes) from EDGE in 2011. The company was also awarded an \$11 million infrastructure grant from the State of Tennessee and infrastructure assistance from the city and county. The facility is located at 2865 Riverfront Rd.



COURTESY MORRIS MARKETING GROUP