

## PowerCo and Umicore establish joint venture for European battery materials production

- **Unique cooperation in European automotive industry: Volkswagen Group battery company PowerCo and Belgian circular materials technology group Umicore establish large-scale supply chain for sustainable battery materials**
- **Joint venture invests EUR 3 billion and aims to produce battery materials for 2.2 million fully electric cars per year by the end of the decade**
- **Headquartered in Brussels, cooperation will cover large part of supply for PowerCo's gigafactories in Europe – and provide Umicore secured access to important part of European demand for EV cathode materials**
- **Major milestone to help European Union achieve its Green Deal ambitions**

Salzgitter/Brussels, September 26, 2022 – PowerCo, the new battery company of the Volkswagen Group, and Umicore, the Belgian circular materials technology group, announced today the founding of a joint venture for precursor and cathode material production in Europe. From 2025 onwards, the joint venture will supply PowerCo's European battery cell factories with key materials. By the end of the decade, the partners aim to produce cathode material and their precursors for 160 GWh cell capacity per year, which compares to an annual production capacity capable of powering about 2.2 million full electric vehicles. Cathode active materials are crucial for a successful powertrain transition towards e-mobility as they are the key technological lever for battery performance, as well as the biggest single contributor to overall battery cost.



**From left to right: Thomas Schmall, Group Board Member for Technology at Volkswagen AG and Chairman of the Supervisory Board of PowerCo SE, Jörg Teichmann, PowerCo Chief Procurement Officer, Ralph Kiessler, EVP Energy & Surface Technologies at Umicore, Umicore CEO Mathias Miedreich <sup>1/2</sup>**

The long-term partnership centers on the production of precursor and cathode materials in Europe, which are strategically important input materials central to battery value creation. Under the terms of additional agreements, Umicore and PowerCo will collaborate on the sustainable and responsible sourcing of raw materials, an area in which Umicore is an industry leader. In this context, Umicore will be also providing refining services to PowerCo. At a later stage, based on Umicore's technology and know-how, both

partners aim to include elements of refining and battery recycling into the scope of the JV.

Thomas Schmall, Group Board Member for Technology at Volkswagen AG and Chairman of the Supervisory Board of PowerCo SE, said at the signing of the JV: "Cathode material is an indispensable strategic resource for battery production, accounting for roughly fifty percent of overall cell value. Immediate and long-term access to extensive capacity is thus a very clear competitive advantage. We are setting up a sustainable, transparent supply chain with high environmental and social standards, localizing value creation here in Europe."

Umicore CEO Mathias Miedreich: "This partnership is a strong signal of recognition of our product and process expertise and a testament to the success of our strategy to establish sustainable industrial-scale, closed loop battery materials value chains in key regions. We are supporting our customers on their path to electrification right from the start, and are very pleased to partner with PowerCo and support Volkswagen in their fast transformation towards sustainable electric mobility."

Production at the JV is scheduled to start in 2025 to supply PowerCo's Salzgitter factory, reaching an annual capacity of 40 GWh in 2026. Both partners target to grow the JV's annual production capacity to 160 GWh by the end of the decade, based on market and demand development. The production site search is still ongoing.

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Under the terms of the agreement, both partners will jointly control the JV and will equally share costs, investments, revenues and profits. The JV will give both partners a significant first-mover advantage in the fast-growing e-mobility market in Europe. Together they plan to invest EUR 3 billion into new materials production capacities.

The partnership will provide PowerCo, at significant scale, with secure and cost-competitive access to Umicore's innovative, sustainably sourced and tailored high-performance battery materials for its unified cell strategy in Europe. It will allow PowerCo to benefit from Umicore's proven production capabilities as well as from its upstream expertise. It will in turn provide Umicore with secured access, through firm take or pay commitments, to an important part of the European demand for EV cathode materials at guaranteed value creative returns.

The JV is designed to meet both partners' profitability and return criteria and will unlock for each side significant synergies and economies of scale. Umicore's IP and know-how will be made available to the JV through a license agreement to ensure its leading technology position.

PowerCo CEO Frank Blome commented the contract signing: "The availability, cost and technical performance of battery cells are key requirements for the successful ramp-up of e-mobility. By building up substantial production capacities, we are securing the rapidly growing demand for battery-grade materials for our main customer Volkswagen AG in terms of volume and at optimal cost."

Jörg Teichmann, PowerCo Chief Procurement Officer, emphasized: "We are consistently entering the holistic value creation of the battery. A supplier industry for battery materials on the scale required does not yet exist today. We are changing that through our long-term cooperation with Umicore as a global market leader for the key materials used in cell production."

Ralph Kiessling, EVP Energy & Surface Technologies at Umicore: "Through this agreement, we are bringing in our long-standing and proven expertise in the battery materials value chain, while gaining secured access to substantial sales volumes. Moreover, the JV will unlock significant cost and operational synergies with the Umicore Group, hereby strongly contributing to Umicore's 2030 Return on Capital Employed ambitions expressed at our recent Capital Markets Day."

The transaction remains subject to regulatory approval and customary closing conditions. The name of the joint venture has not been decided yet and will be disclosed at a later point in time.

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<sup>1</sup>ID. Buzz Pro - power consumption in kWh/100 km: combined 21.7 - 20.5 (WLTP); CO<sub>2</sub> emissions combined in g/km: 0. Efficiency class: A+++; WLTP range: 402 to 423 km.

<sup>2</sup>ID. Buzz Cargo - power consumption in kWh/100 km: combined 22.2 - 20.4 (WLTP); CO<sub>2</sub> emissions in g/km: combined 0. Efficiency class: A+++; WLTP range: 402 to 425 km.



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#### About PowerCo:

The Volkswagen Group is bundling its global battery activities in the European company (SE) PowerCo. From Salzgitter, the company will manage international factory operations, the further development of cell technology, the vertical integration of the value chain and the supply of machinery and equipment to the factories. Looking ahead, further products such as major storage systems for the energy grid are planned. Following Salzgitter, the next cell factory is planned to be established at Valencia. Sites are currently being identified for three further cell factories in Europe. In addition to Europe, PowerCo is also already exploring

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the possibility of locating cell production capacity in North America.

**About Umicore:**

Umicore is a leading circular materials technology company with an extensive expertise in the fields of material science, chemistry and metallurgy. Our overriding goal of sustainable value creation is based on the ambition to develop, produce and recycle materials in a way that fulfils our mission: "materials for a better life". Which is why we are now more than ever determined to leverage our unique position and mutually reinforcing portfolio of activities to accelerate the global transformation of mobility, respond to the growing need for advanced materials, and contribute to the pursuit of a global circular economy.

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