

Press release

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Umicore and PowerCo establish joint venture for European battery materials production

- **Unique cooperation in European automotive industry: Umicore and Volkswagen Group battery company PowerCo to establish large-scale supply chain for sustainable batteries**
- **Joint venture invests € 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, JV will provide Umicore secured access to important part of European demand for EV cathode materials and cover large part of supply for PowerCo's gigafactories in Europe**
- **Major milestone to help European Union achieve its Green Deal ambitions**

Brussels/Salzgitter, 26 September 2022 – Umicore and PowerCo, the new battery company of the Volkswagen 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. The partners aim to produce by the end of the decade cathode materials 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.

The long-term partnership includes the production of precursor and cathode materials in Europe, which are strategically important input materials central to battery value creation. In addition, Umicore and PowerCo will collaborate on the sustainable and responsible sourcing of raw materials, an area in which Umicore is an industry leader. Finally, Umicore will be providing refining services to PowerCo and both partners aim to include, at a later stage, elements of refining and battery recycling based on Umicore's technology and know-how into the scope of the JV.

Umicore CEO Mathias Miedreich: *"This partnership further strengthens and diversifies our exposure to a major player in the EV value chain and marks an important step in the execution of our strategy to set-up value creative partnerships across the battery value. It is also 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."*

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."*

Production at the JV is scheduled to start in 2025 to supply PowerCo's Salzgitter factory and 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.

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 about €3 billion into new materials production capacities.

The partnership will 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. It will provide PowerCo, at a significant scale, 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 also allow PowerCo to benefit from Umicore's proven production capabilities as well as its upstream expertise.

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 through a license agreement to the JV to ensure its leading technology position.

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."*

PowerCo CEO Frank Blome said at 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." "At the same time, value creation will be localized here in Europe and a sustainable, transparent supply chain with high environmental and social standards will be created,"* Blome said.

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



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 Kiessling, EVP Energy & Surface Technologies at Umicore, Umicore CEO Mathias Miedreich.

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.

Webcast and conference call for analysts and investors

An analyst and investor conference call and webcast will be held at **9:00 AM CEST**, during which Umicore CEO Mathias Miedreich will elaborate on the joint venture.

- **LIVE AUDIO WEBCAST**

To access the audio webcast, please click on the following link:
https://channel.royalcast.com/landingpage/umicore/20220926_1/

- **CONFERENCE CALL**

To access the conference call, please click on the following link:
http://umicore.com/dial_in_260922

We invite you to register at least 10 minutes in advance for the conference call via the hyperlink above. Once registered, you will receive a dial-in number together with a PIN code to connect to the conference call.

Press conference

A webcast for media will take place today at 10:00 AM CEST.

[Please click here to join the press conference](#)



Disclaimer

The conference call and webcast hosted by Umicore will be recorded. The audio and visual recording of the live conference call and webcast includes any documents and materials exchanged or viewed during the live event, questions asked by participants during the live event and the transcript. Such recording will be retained by Umicore and may subsequently be shared by Umicore with other interested parties or used by Umicore in the public domain, each time with a view to providing interested parties equal access to information and a level playing field. The lawful basis for processing any personal data included in the recording is legitimate interests and hence you will not be requested to expressly consent to such processing. Participants who do not wish to be recorded have the option of muting their microphone, turning off their webcam and/or not contributing. Any personal data included in the recording will be stored and processed by Umicore in accordance with its privacy policy, which can be consulted on our website www.umicore.com. If you have any questions regarding the above, you can contact Umicore's Data Protection manager via data_protection@umicore.com. "Umicore" refers to Umicore, NV, a company with registered seat at Broekstraat 31, 1000 Brussels, Belgium, with enterprise number 401.574.852

For more information

Umicore

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PowerCo

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About Umicore

Umicore is the *circular* materials technology Group. It focuses on application areas where its expertise in materials science, chemistry and metallurgy makes a real difference. Its activities are organised in three business groups: Catalysis, Energy & Surface Technologies and Recycling. Each business group is divided into market-focused business units offering materials and solutions that are at the cutting edge of new technological developments and essential to everyday life.

PowerCo



Umicore generates the majority of its revenues and dedicates most of its R&D efforts to clean mobility materials and recycling. Umicore's overriding goal of sustainable value creation is based on an ambition to develop, produce and recycle materials in a way that fulfils its mission: materials for a better life.

Umicore's industrial and commercial operations as well as R&D activities are located across the world to best serve its global customer base. The Group generated revenues (excluding metal) of € 2.1 billion (turnover of €13.8 billion) in the first half of 2022 and currently employs 11,350 people.

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 the possibility of locating cell production capacity in North America.