Large-scale European battery materials production

26 September 2022
Investing in value creative growth, in line with our 2030 RISE strategy.

Through the JV, Umicore gains secured access to an important part of the European demand for EV cathode materials.

Firm take or pay offtake commitments for the invested capacity.

Shared costs and investments.

The JV will generate guaranteed value creative returns in line with the Umicore 2030 return ambitions.
A Umicore/PowerCo (VW) JV with 160 GWh European battery materials production

Unique cooperation in the European automotive industry:

- Partners to establish first large-scale European supply chain for sustainable batteries; a major milestone to help the European Union achieve its Green Deal ambitions
- Bringing a considerable first-mover advantage to both partners in fast-growing European EV market

Joint venture to produce 160 GWh annually by the end of the decade:

- Providing Umicore secured access to an important part of the European demand for EV cathode materials
- Securing supply for PowerCo’s Gigafactory in Salzgitter and other PowerCo sites

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 chain.

Immediate access to extensive capacities is a very clear competitive advantage.
JV structure

Umicore refinery in Europe
Metals Refining

100%

50%*

JV
pCAM and CAM

Volkswagen

100%

50%

PowerCo

50%

First 60GWh equivalent of metals refining to be exclusively supplied by Umicore

Metals will be consigned by PowerCo to the JV

Umicore and PowerCo to collaborate on the sustainable and responsible sourcing of raw materials

Both parties are considering including at a later stage elements of refining and battery recycling in the JV

* Umicore has 50% + 1 share
JV set-up

Governance and Management

• Governance rights and reserved matters for both partners
• Joint control
• Operational Management by Umicore
• Umicore’s IP and know-how will be made available through a license agreement to the JV
• Umicore currently anticipates to account for the JV under equity accounting and will provide additional disclosure to reflect the economic interest of the JV to Umicore

JV designed to meet both partners’ profitability and return criteria

Both partners share costs, investments, revenues and profits on a 50/50 basis

Large-scale European battery materials production
Co-investing to power up to 2.2 million EVs annually by the end of the decade

- Both partners to co-invest € 2.5 billion by the end of 2026 and € 3 billion by 2030
- Co-investment on a 50/50 basis
- Biggest portion of the investment anticipated in 2024-26, with production to start in 2025
  - 40 GWh in 2026 to supply PowerCo’s Salzgitter Gigafactory
  - Both partners will grow the JV’s annual production capacity to 160 GWh by the end of the decade, based on market and demand development
- Investments will be funded by a mix of non-recourse debt incurred by the JV and equity from the shareholders, whereby Umicore and PowerCo strive to a 50% debt ratio
JV to generate guaranteed value creative returns in line with our 2030 RISE ambitions

**Between JV and PowerCo:**
- Agreed ramp-up scenario for capacities (only to be deviated by mutual agreement)
- Take-or-pay offtake commitments
- Guarantee for minimum value-creative returns in the JV

**Between Umicore and PowerCo**
- First 60 GWh equivalent of metals refining to be exclusively supplied by Umicore
- Similar safeguarding principles as in the JV agreement

**Between Umicore and JV:**
- License agreement to protect and valorize Umicore’s IP and know-how
- Strong set of Service Level Agreements in place

Backed by solid contractual agreements
materials for a better life