

# Ground breaking in Salzgitter: Volkswagen enters global battery business with “PowerCo”



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German Chancellor Olaf Scholz said with regard to the groundbreaking ceremony: “Today is a good day for the automotive industry in Germany and Europe. Volkswagen is showing how the future of sustainable, climate-compatible mobility could look. Together, we are laying the foundation for shaping this future to a significant extent in Salzgitter.”

Herbert Diess, CEO of Volkswagen AG, said: “Today we are not only laying a foundation stone but also marking a strategic milestone. The battery cell business is one of the cornerstones of our NEW AUTO strategy which will make Volkswagen a leading provider of the sustainable, software-driven mobility of tomorrow. Establishing our own cell factory is a megaproject in technical and economic terms. It shows that we are bringing the leading-edge technology of the future to Germany!”

The Volkswagen Group is bundling its global battery activities in the European company (SE) PowerCo. From Salzgitter, the company will, with immediate effect, 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 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 further gigafactories in North America.

PowerCo is to be managed by CEO Frank Blome and Board Members Sebastian Wolf (Chief Operations Officer), Kai Alexander Müller (Chief Financial Officer), Soonho Ahn (Chief Technology Officer), Jörg Teichmann (Chief Purchasing Officer) and Sebastian Krapoth (Chief

Human Resources Officer).

Thomas Schmall, Member of the Board of Management of Volkswagen AG responsible for Technology and Supervisory Board Chairman of PowerCo, said: “In building our first in-house cell factory, we are consistently implementing our technology roadmap. PowerCo will become a global battery player. The company’s major strength will be vertical integration from raw materials and the cell right through to recycling. In future, we will handle all the relevant activities in-house and will gain a strategic competitive advantage in the race to take the lead in e-mobility. We have secured a top team for this great undertaking.”

Daniela Cavallo, Chairwoman of the General and Group Works Council of Volkswagen AG, said: “Today is a day to celebrate. At the heart of Europe, we are creating a new future-oriented segment and up to 20,000 future-proof jobs, including 5,000 in Salzgitter alone, at the home of VW. Our heartfelt commitment and responsibility for the transformation of our proud engine plant and the exemplary retention of secure jobs for its employees continues. This principle remains one of our guiderails, just as it has been in the future-oriented area of the battery from a very early stage, is firmly anchored in the Pact for the Future and has been robustly defended for many years. As a result of these efforts, we now have a showcase for ecological and social transformation.”

The Minister-President of Lower Saxony, Stephan Weil, said: “At Salzgitter, we can see the transformation of the automotive industry more clearly than at any other location in Germany. Battery cells are soon to be produced where conventional engines are still rolling off the production line. Jobs for the future are being created here. The heart of the automotive industry will be electric in the future. And it will be beating in Lower Saxony.”

Standard factory and unified cell enable rapid global rollout

On the occasion of the ground breaking ceremony, the Group presented the concept of the standard factory for the first time; Salzgitter is to be a blueprint for cell factories throughout Europe and will set new standards in terms of sustainability and innovation. “What we have put to the test millions of times over with vehicle platforms such as the MQB and MEB will also lay the foundation for establishing cell production: we will be standardizing on the basis of European

standards and upscaling. This way, we will combine speed and cost optimization with the highest quality levels“, said PowerCo CEO Frank Blome. Standardization will not only cover equipment, buildings and infrastructure but also products, processes and IT. This way, factories that can rapidly be converted for further product and production innovations will be created. Each factory will be operated 100 percent on electricity from regenerative sources and will be designed for future closed-loop recycling.

Volkswagen also unveiled the prismatic unified cell announced at the Power Day in 2021. This allows the flexible use of a raft of different cell chemistries and will be used in up to 80 percent of all Group models. At Salzgitter, unified cells for the volume segment are to be produced from 2025 onwards. In future, the plant is to reach an annual capacity of 40 GWh – enough for about 500,000 electric vehicles. By 2030, the Volkswagen Group intends to operate six cell factories with a total volume of 240 GWh throughout Europe together with partners. The new unified cell harnesses synergy effects and will reduce battery costs by up to 50 percent. The prototypes produced to date have demonstrated highly promising performance with respect to range, charging times and safety – essential prerequisites for a future industrial standard.

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