

PowerCo and Umicore establish joint venture for European battery materials production



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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.

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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