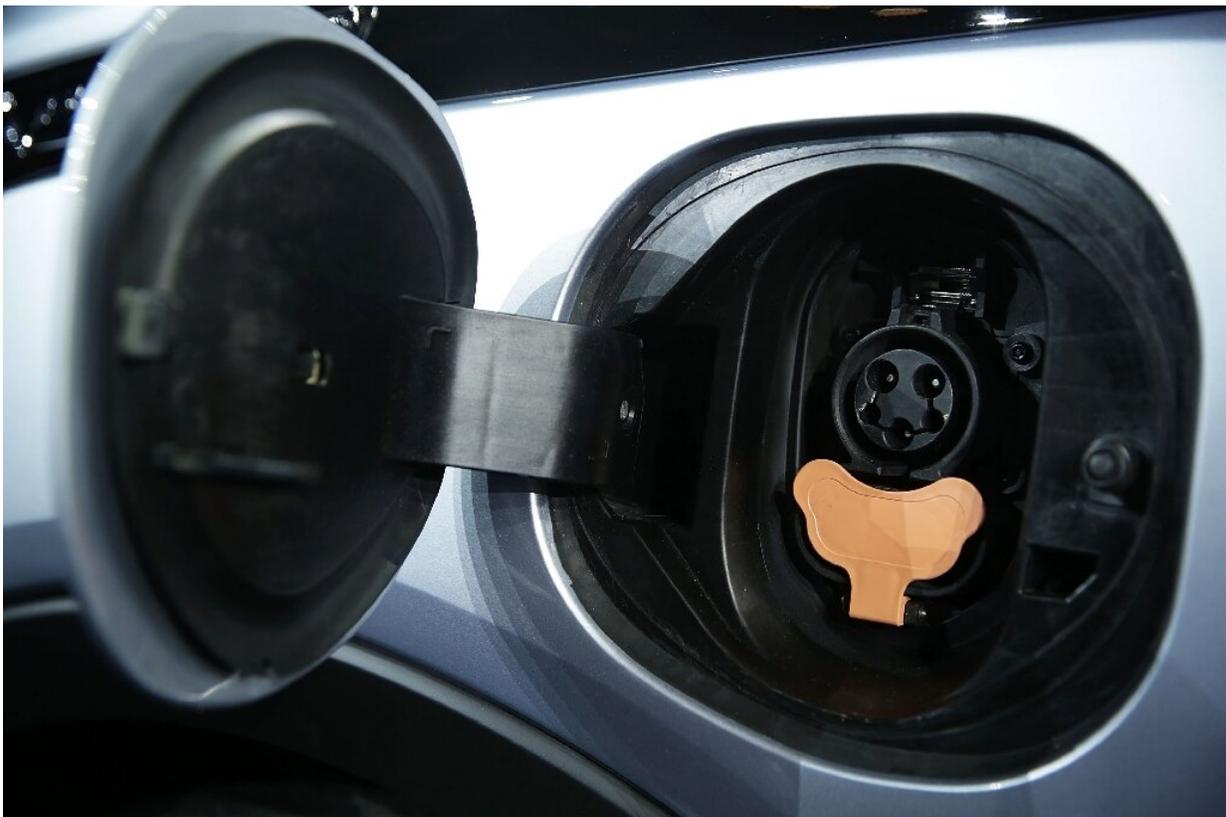


Swedish start-up secures funds for battery 'gigafactory'

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Turbo-charging Europe's car battery industry

Swedish start-up Northvolt Wednesday announced it had secured funding, in large part from Volkswagen, for Europe's biggest car battery factory, set to rival electric carmaker Tesla's US "Gigafactory".

The battery producer said it had completed a \$1 billion equity capital raise, led by Volkswagen and Goldman Sachs, alongside BMW, Swedish pension fund AMF, insurer Folksam and the IMAS Foundation, part of the IKEA Group.

"Today is not only a great milestone for Northvolt, it also marks a key moment for Europe that clearly shows that we are ready to compete in the coming wave of electrification," Peter Carlsson, CEO of Northvolt, said in a statement.

The company did not specify how much capital the different investors were providing, and added that the transaction needed the approval of the Swedish Competition Authority.

According to a separate statement by Volkswagen, the German carmaker would be acquiring a 20 percent stake of Northvolt and would have one seat on its board.

In 2017 Northvolt announced plans for battery factory "Northvolt Ett", to employ between 2000 to 2500 people and be located in Skelleftea, a coastal town in Sweden's industrial north-east.

The European Investment Bank gave an in-principle approval of a loan of 350 million euro (\$396.2 million) to Northvolt in May of this year, and together with the additional funds raised the company said the "establishment of the initial 16 GWh of lithium-ion battery cell manufacturing capacity at Northvolt Ett is enabled".

Construction work is scheduled to commence in August and large scale production is estimated to begin in 2021.

Northvolt also said that it was also planning on setting up a joint venture with Volkswagen to build another battery factory in Salzgitter, Germany.

In May, Volkswagen already announced it would spend close to one billion euros (\$1.1 billion) building a factory for battery cells in Salzgitter.

Production of the individual cells that make up the massive batteries for electric vehicles is seen by politicians and some businesspeople as key to keeping Europe competitive in carmaking.

German economy minister Peter Altmaier has promised one billion euros of public support to consortiums planning to build the cells in Germany and the wider European Union, while France has offered 700 million.

Volkswagen and Northvolt are members of one such research consortium stretching across seven EU nations.

But Asian firms, which enjoy a headstart in battery tech, are already gearing up to supply an expected surge of electric vehicles from European factories.

One major example is China's CATL, which plans a battery plant in Erfurt, eastern Germany to rival Tesla's production site.

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