



Northvolt Ett, Skellefteå, Sweden.

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Northvolt completes equity capital raise to enable Europe's first homegrown

gigafactories for lithium-ion batteries

- Volkswagen Group and Goldman Sachs Merchant Banking Division lead a \$1 billion equity capital raise in Northvolt alongside BMW Group, AMF, Folksam Group and IMAS Foundation.
- With the European Investment Bank and additional lenders set to provide debt financing as a part of the total funding, the establishment of the initial 16 GWh of lithium-ion battery cell manufacturing capacity at the gigafactory, Northvolt Ett, in Sweden is enabled. Building construction will commence in August.
- After entering a number of supply agreements, a significant share of the production volumes from Northvolt Ett has been sold to key customers, amounting to a combined order value of over \$13 billion through 2030.
- A joint venture between the Volkswagen Group and Northvolt will be set up to establish a 16 GWh battery cell gigafactory in Germany. Volkswagen is investing around \$1 billion (€900 million) in joint battery activities with Northvolt. A part of the amount is intended for the joint venture, another part of the total amount will be invested directly in Northvolt.

STOCKHOLM, SWEDEN. – Northvolt today announced the agreement of a \$1 billion equity capital raise to enable the establishment of Europe’s first homegrown gigafactory for lithium-ion battery cells, Northvolt Ett, in Skellefteå, Sweden. In cooperation with the Volkswagen Group, the company also announced plans to establish a second gigafactory with an intended location in Lower Saxony, Germany.

“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, and that we will do so using battery cells which carry the lowest CO2 footprint possible,” said Peter Carlsson, co-founder and CEO of Northvolt.

Volkswagen Group together with funds managed by the Merchant Banking Division of the Goldman Sachs Group, Inc will lead the equity fund raising alongside equity being provided by the BMW Group, AMF, Folksam Group and IMAS Foundation. The transaction is subject to approval from the Swedish Competition Authority.

As previously announced, the European Investment Bank has approved in-principle a \$400 (€350) million loan as a part of the total funding for

Northvolt Ett. Together with additional debt being raised, the establishment of the initial 16 GWh of lithium-ion battery cell manufacturing capacity at Northvolt Ett is enabled. Building construction work will commence in August with large-scale production estimated to begin in 2021.

Northvolt Ett will serve as Northvolt's primary production site, hosting active material preparation, cell assembly, recycling and auxiliaries. The gigafactory will be expanded to at least 32 GWh.

"With these world-class financial and industrial partners coming together and getting behind our mission, we see a tremendous opportunity and momentum for further capacity expansion and product innovation over the coming years. This is only the beginning," said Peter Carlsson.

In addition to the gigafactory in Sweden, Volkswagen and Northvolt plan to set up a 50/50 joint venture to establish a 16 GWh battery cell factory with an intended location in Salzgitter, Lower Saxony, Germany. Volkswagen is investing around \$1 billion (€900 million) in joint battery activities with Northvolt. A part of the amount is intended for the joint venture, another part of the total amount will be invested directly in Northvolt. The production facility is scheduled to start manufacturing battery cells for Volkswagen from late 2023 or early 2024 and could be increased to 24 GWh over the following years.

Dr. Stefan Sommer, Member of the Volkswagen AG Board of Management responsible for Procurement, commented:

"Volkswagen is laying the groundwork at all levels for the successful implementation of its electrification strategy. With Northvolt, we have found a European partner whose know-how and sustainable, CO2 optimized battery cell production processes will enable us to advance cell production here in Germany. The prerequisite for this is, of course, the creation of the political framework."

Over recent few years, Europe has witnessed remarkable growth in demand for domestic cell capacity driven by the industrial transition towards electrification. After entering a number of supply agreements, a significant share of the production volumes from Northvolt Ett has been sold to key customers, amounting to a combined order value of over \$13 billion through 2030.

Michael Bruun, Managing Director at Goldman Sachs, commented:

"The transition to a clean energy future in Europe relies on sustainable and cost-effective battery cell production. Northvolt has developed industry-leading technology and processes which position it to play a crucial role in European supply in the coming years. We are pleased to be partnering with industrial and financial investors and backing a world class management team executing on an ambitious growth strategy."

BMW Group is a strong supporter of locating additional battery manufacturers in Europe, with a focus on creating a sustainable value chain. Therefore, it has backed Northvolt's potential and expertise from an early stage.

Klaus Fröhlich, Member of the Board of Management of BMW AG, Development, commented:

“Over the past 15 years, we have built up our expertise across the entire value chain with regard to electro-mobility. With our flexible architecture and already the fifth generation of our electric drive trains, we will be able to scale up to high production volumes and better cater to changing customer demand. This is why we are using our know-how to support the development of the battery value creation chain in Europe along with several partners. Northvolt shares our approach to sustainability – from regenerative power generation to consistent recycling management. We look forward to jointly developing the next generation of battery technology with them.”

Since its official launch in March 2017, Northvolt has grown from 12 to almost 300 people, and now employs over 45 different nationalities from companies such as Tesla, Daimler, LG Chem, Panasonic, Spotify and Google. In 2018, Northvolt delivered its first product – a battery pack – to Epiroc's fleet of underground mining machines, as well as produced its first battery cell. Currently, the company has an operational research lab and two cell factories under construction in Sweden – Northvolt Ett in Skellefteå and Northvolt Labs in Västerås – as well as one battery systems factory in Gdańsk, Poland, already in production.

Morgan Stanley & Co. International plc acts as financial advisor to Northvolt.

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Northvolt is a European supplier of sustainable, high-quality battery cells and systems. Founded in 2016 to enable the European transition to a decarbonized future, the company has made swift progress on its mission to deliver the world's greenest lithium-ion battery with a minimal CO2 footprint and the highest ambitions for recycling. Among Northvolt industrial partners and customers are ABB, BMW Group, Scania, Siemens, Vattenfall, Vestas and the Volkswagen Group. For more information visit northvolt.com.

Factory locations: Northvolt Ett (Skellefteå, Sweden), Northvolt Labs (Västerås, Sweden), Battery Systems Jeden (Gdańsk, Poland)

Customer segments: Automotive, grid, industrial and portable

Solutions: Strategy, cells and battery systems

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