

Umicore halts Ontario battery plant construction amid declining revenue

02-Aug-2024 07:01 GMT

IHS Markit

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Supply Chain and Technology, Automotive

Umicore reviews North American expansion, pausing a \$2.8 billion plant in Ontario due to falling demand and revenue challenges

Belgian company Umicore has announced a pause on the construction of a proposed \$2.8 billion battery-materials manufacturing plant in Loyalist, Ontario, Canada, due to a review of its expansion plans in North America amid declining revenue. This decision comes after the company faced setbacks, including the non-materialization of an expected contract with a Chinese manufacturer and a faster-than-anticipated decline in existing contracts.



Source: Getty/wesvandinter

Umicore revealed that demand projections for its battery materials have significantly dropped, prompting a reassessment of growth forecasts for its battery materials business beyond the current year. Despite these challenges, no final decisions have been made regarding the project's future.

Initially announced in 2022, the Loyalist plant was projected to produce cathode active battery materials for 800,000 electric vehicles annually and employ about 600 people, aiming to establish Umicore as a global producer and marking a first for the continent.

Supported by substantial government subsidies, including up to \$551 million from the federal government and an extra \$424 million from Ontario, the plant's construction was expected to start by late 2025 with an estimated cost of \$1.9 billion for its first phase. Both the federal and provincial governments have stated no payments have yet been made to Umicore and remain optimistic about the future of Canadians's EV battery sector despite this setback.

Umicore also announced a €1.60 billion impairment across its battery-materials business, mainly in Asia, attributing this to scaled-back growth projections for the EV market that have significantly impacted its operations. Both governments and industry commentators remain hopeful about the EV sector's potential in Canada, noting that delays in such projects are not uncommon for various reasons.

CONTACTS

The Americas

+1 877 863 1306

Europe, Middle East & Africa

+44 20 7176 1234

Asia-Pacific

+852 2533 3565

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