Linklaters

Powering the future: battery manufacturing projects



The surge in demand for electric vehicles has seen a rapid growth in "gigafactories". Linklaters are experts in advising on the development and financing of these projects.

The development and financing of large-scale manufacturing facilities such as these often pose unique challenges in managing construction risk, supply chain risk and offtake risk. There is significant opportunity for corporates, financial investors and financiers to invest in the development of gigafactories, and Linklaters' expertise in advising on the development and financing of this type of project globally makes us best placed to advise on these opportunities.

Our role advising on the gigafactory being developed by Northvolt AB gives us invaluable insights into the complex supply chain, offtake strategy and customer relationships involved in the development of a greenfield gigafactory, as well as the approach taken to the development by national and regional regulatory authorities, financial and strategic equity investors, commercial banks, Export Credit Agencies and multilateral financing institutions. Bringing a complex development project to a successful close requires a legal adviser with the breadth and expertise to identify, anticipate and analyse the full range of issues at play. We are known for our strength in advising on complex, large-scale manufacturing projects such as gigafactories and our ability to leverage our deep bench of experts in the most efficient way possible.

Our team advises on:

> construction contracts (including multi-contract construction arrangements which are common to large-scale manufacturing projects);
> supply agreements (including the regulatory context for the supply of raw materials such as minerals and metals);
> offtake contracts and regulatory matters;
> the full range of financing structures used for developments of this kind; and
> joint venture arrangements, equity investment structures and M&A processes.

Linklaters is one of the few firms with a dedicated automotive sector team, and we are very familiar with the commercial and regulatory challenges and opportunities arising out of the E-mobility battery market. This integrated service is something that very few firms, if any, can rival.

Linklaters' experience includes:

Financing manufacturing facilities

> Northvolt: advising an investment banking, securities and investment management company on its role as co-lead investor in a US$2.75bn equity investment into this lithium-ion battery cell 16GWh gigafactory in Sweden, set to be Europe's largest battery factory. We advised on the joint venture and shareholder agreements as well as the construction, procurement and offtake arrangements – including the offtaker commitments from automotive customers and the protection of IP and IT arrangements.
> Construction of automotive plant: advising a Brazilian automotive company on their investment in a greenfield project in Brazil to construct an automotive plant.
> Development of plant: advising DaimlerChrysler on the development of its manufacturing plant in Juiz de Fora.
> Construction of automotive component plants: advising Hyundai on the construction of auto and auto parts manufacturing plants in the Czech Republic and Slovakia.
> Development of an automotive plant: advising KIA Motors Polska and Hyundai Mobis on legal issues relating to the choice between Poland and Slovakia for the development of a large auto assembly plant, including the commercial legal environment and greenfield project development issues.
> Construction of car tyre plant: advising two banks on a term loan facility for the construction of a passenger car radial tyre plant in Indonesia.
> Construction of wood pulp plant: advising Austrian cellulose fibre producer Lenzing AG and Brazilian wood panel manufacturer Duratex S.A. as sponsors, and their joint venture LD Celulose S.A. as borrower, in connection with the US$1.1bn financing to build one of the largest and most energy-efficient dissolving wood pulp plants in the world in Brazil.
> Construction of diesel filters factory: advising Denso Corporation and Robert Bosch GmbH on a joint venture for construction of a diesel filters factory in Poland.
> Project One: advising INEOS on the development of a world-scale propane dehydration and ethane cracker facility in Belgium.

> Greenfield industrial plant: advising the sponsors on the project financing and MIGA political risk cover for a greenfield industrial plant in Russia.
> Contracts for manufacturing plants: advising Silfab on EPC and O&M contracts for manufacturing plants, as well as supply and offtake agreements and project financing of a solar grade polysilicon manufacturing plant in Italy.
> Financing for glass plant: advising the sponsors on the financing from IFC and EBRD for the Sandomierz plant, Poland.
> Financing for manufacturing facility: advising EBRD on the financing of a manufacturing facility in Romania.
> Solar component manufacturing: advising on the construction and financing of manufacturing facilities for PV components associated with the KaXu and Khi solar IPPs in South Africa.
> Construction of manufacturing plant: advising a British-Swedish multinational pharmaceutical and biopharmaceutical company on the creation of a joint venture to build and operate a pharmaceutical manufacturing plant in North Africa.
> Construction of factories: advising Food Union (Asia) Limited as joint venture company on its negotiations with engineering companies and suppliers for the construction, development and operation of two milk processing factories in China.
> Construction of factory: advising EIB as lender on the construction of a cement factory in Algeria.
> Financing of manufacturing plant: advising a Korean bank and a multinational banking and financial services company on the term loan facilities to a manufacturing (textiles) company for the purposes of financing the construction of a spandex unit in India.
> Construction of manufacturing plant: advising 3Sun (joint venture of Enel, Sharp and STMicroelectronics) on the project financing for the construction of a thin-film manufacturing plant in Sicily.
> Development of hydrogen peroxide plant: advising Dow Chemical Company and Solvay as sponsors on the term loan facility agreement to finance their joint venture project for the development, commissioning and operation of the hydrogen peroxide plant in Thailand.
> Construction of manufacturing plant: advising on the guarantee, term loan and working capital facilities agreement for the financing of the construction and operation of the PT Amoco Mitsui PTA Indonesia Manufacturing Plant, in Indonesia.
> Manufacturing facility in UK: advising the project company on the project financing of a manufacturing facility for the construction of modular energy efficient housing.
> Construction of plant line: advising the lenders (ECGD, West LB and Fortis) on the financing of the construction and operation of a stainless-steel annealing and pickling line at the plant of Alliance Stainless Steel Company in Guangshou PRC.
> Financing for bottle plant: advising Italpet on the limited recourse financing of the PepsiCo bottle plant in Italy, supported by long term offtakes from Pepsi and various industrials with bottling operations.

Electric vehicle battery expertise

> Varta acquisition: advising DB Investments as investor and DB Industrial Holdings AG as bidder on the public tender offer to acquire a 90% stake in battery manufacturer Varta AG.
> BYD: advising MidAmerican Energy Holdings on the acquisition of a stake in BYD Co., a producer of rechargeable batteries for EVs.
> Battery joint venture: advising a Chinese OEM on its EV battery joint venture project in China with a leading battery materials company.
> Chinese OEM: advising on the acquisition of (i) R&D technology company focusing on EV battery modules in the US and Germany.
> Battery liability issues: advising a major global manufacturer of batteries on warranty, guarantee and liability issues in supply contracts with German car manufacturers.
> Battery warranties: advising on new warranty and guarantee terms and conditions for batteries for use in electric car platforms.
> Lithium battery manufacturer: advising Hengtong Group on the proposed acquisition of a Chinese car battery manufacturer (aborted).

Electric vehicles

> Hybrid component production: advising Peugeot Citroën SA in the setting up of a joint venture with BMW for the development and production of electronification components for hybrid vehicles.
> China EV manufacturing investment: advising a major internet technology company on its US$9.5bn investment into a project for manufacturing EVs in China.
> EV joint venture: advising Groupe PSA on a joint venture with Punch Powertrain for the development of future generation mild hybrid and plug-in hybrid EVs.
> EV joint venture: advising a leading US EV manufacturer on its selection of Chinese partners for the establishment of a joint venture for EV manufacturing in China.
> New energy vehicles investment: advising the investor on the US$30m acquisition of minority equity interest in a company whose business includes R&D, design and manufacturing of new energy vehicles in China.
> EV parts company acquisition: advising a state-owned car OEM on its proposed acquisition of an auto components company with strong development in EV parts supplies in Germany.

European Industrial Deal of the Year

Northvolt

PFI Awards 2020

Key contacts



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