



# Lithium-Ion Cell Gigafactory Update

SEPTEMBER 30, 2024



# Presenters



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**Lisa  
Hartman**  
VP, Investor  
Relations and  
Corporate  
Communications



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**Dave  
Shaffer**  
President  
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**Joern  
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SVP and  
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**Mark  
Matthews**  
President,  
Specialty –  
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**Andi  
Funk**  
EVP and  
CFO



# Welcome & Opening Remarks

LISA HARTMAN

VP, INVESTOR RELATIONS AND  
CORPORATE COMMUNICATIONS

# Forward Looking Statements

As a reminder, we will be presenting certain forward-looking statements on this call that are based on Management's current expectations and views regarding future events and operating performance and are subject to uncertainties and changes in circumstances. Our actual results may differ materially from the forward-looking statements for a number of reasons. Our forward-looking statements are applicable only as of the date of this presentation. For a list of the factors which could affect our future results, including our earnings estimates, see forward-looking statements included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," set forth in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, which was filed with the U.S. Securities and Exchange Commission.

In addition, we will also be presenting certain non-GAAP financial measures. For an explanation of the differences between the comparable GAAP financial information and the non-GAAP information, please see our company's Form 8-K which includes our press release dated August 7, 2024, which is located on our website at [www.enersys.com](http://www.enersys.com).



# Lithium-Ion Gigafactory Strategy and Overview

DAVE SHAFFER

PRESIDENT AND CEO

# New Lithium-Ion Cell Gigafactory: Project Overview

- 1 500,000 square foot, 5GWh capacity, lithium-ion cell production facility to be built<sup>1</sup> in Greenville, SC
- 2 \$665 million investment, partially funded by federal, state and local incentives, as well as a portion of IRA tax credits
- 3 100% capacity dedicated to EnerSys products across all lines of business, including specialized line for DOD<sup>2</sup> applications
- 4 Strategic relationship with Verkor provides expertise in electrode manufacturing and high-speed cell production
- 5 Supports EnerSys' strategic growth plans and delivers strong long-term financial returns; lowers costs and unlocks incremental revenue

1) Construction intended to begin in CY25, commercial production operations expected to begin in CY28  
2) U.S. Department of Defense



# Strategic and Financial Benefits

## Strategic

- Supports mix shift to higher performance lithium solutions
- Provides reliable, domestic supply of lithium-ion cells for EnerSys lithium batteries
- Flexibility to supply EnerSys products across all lines of business (LOB's)
- Large production capacity and ability to create custom cells to meet customer application needs
- Meets stringent DOD requirements and strengthens customer relationship

## Financial

- Expansion de-risks long-term revenue and earnings growth
- Insourcing lowers cost
- Avoids Chinese tariffs on lithium cells
- Investment partially funded by federal, state, and local incentives
- Synergies with Bren-Tronics acquisition
- Unlocks additional and incremental high margin revenue opportunity with DOD
- Strong financial return profile

# Gigafactory Supports Lithium-Ion Products Across All Business Segments

## ENERGY SYSTEMS

Reserve power for communications networks, data centers, and industrials



## NEW VENTURES

Battery energy storage systems (BESS) for various end markets

## MOTIVE POWER

Energy storage for electric forklifts in warehouse and logistics

## SPECIALTY

Energy storage for current and future DOD ground vehicles and ground support equipment



# EnerSys Current and Future Lithium-Ion Products

## ENERGY SYSTEMS

Alpha® XRT-Li extended runtime power systems for Communications networks



## MOTIVE POWER

NexSys® iON batteries to power electric forklifts



## SPECIALTY

Current and future incremental high-energy Li6T batteries for DOD ground vehicles and ground support equipment



## NEW VENTURES

First DC Fast Charge & Storage<sup>1</sup> system installed at customer site, Sept. 2024



1) Fast Charge & Storage system shown is white labeled for customer use; EnerSys product marketed as Express® DC Fast Charger Ecosystem

# Gigafactory Financial Highlights

## CAPITAL INVESTMENT

**~\$665** to construct and commission the plant over the next four years  
**MILLION**

- Includes \$50M specialized production line for U.S. DOD applications
- Bulk of investment expected in FY 26-27

## PROJECT FUNDING

**\$199** DOE<sup>1</sup> award negotiation announced<sup>2</sup>  
**MILLION**

- Federal awards expected to lag expenditures by one quarter

**~\$200** local and state incentive package received  
**MILLION**

- Short- and long-term

**\$120M-\$160M** annual IRC 45X tax credits<sup>3</sup> – A portion will help support plant development costs

- IRA benefit to accelerate existing strategies and manufacturing of lithium-ion cells in the U.S.

**IRR > 20%; payback < 3 years post plant completion<sup>4</sup>**

1) U.S. Department of Energy

2) Award selection is subject to final contract and funding negotiations between the DOE and EnerSys, which could take approximately 120 days to conclude

3) Program duration CY2023 – CY2032. Sunset period in final three years: 75% CY2030, 50% CY2031, 25% CY2032

4) Construction intended to begin in CY25, commercial production operations expected to begin in CY28



# Lithium-Ion Cell Technology

JOERN TINNEMEYER

SVP AND CTO

# EnerSys ENS1 Prismatic Cell Technology

The EnerSys ENS1 cell uses lithium-ion cell technology developed to automotive standards and leverages technical, quality, cost, and supply base maturity for industrial applications

- 1 Leveraging EnerSys' >10-year history of advanced lithium-ion cell technology for Aerospace and Medical Device applications
- 2 Integrate and enhance the ENS1 cell with latest developments in automotive technology
- 3 Gigafactory enables EnerSys to **scale up** lithium-ion cell production for Industrial applications
- 4 **Evolve** manufacturing expertise through strategic relationship with **Verkor**



Cell Performance: 2,500 cycles  
with an energy density of 250 Wh/kg

Optimizes lithium-ion cell sizing, energy density, and safety for EnerSys battery solutions to meet customer needs

# EnerSys / Verkor Strategic Relationship

**Verkor is a proven French technology leader** focused on large-scale industrialization of lithium-ion batteries

**540**  
employees

**200+**  
Individual patents filed

**€3.5B+**  
In funding raised

**16GWh/year**  
initial capacity  
facility in Dunkirk,  
France set to be  
operational in 2025



*Architect's rendering of the new Verkor facility in France*

## **EnerSys and Verkor have entered a strategic non-equity Prototype Agreement**

- ENS1 cell prototype development in Verkor's Innovation Center (VIC) in Grenoble, France (150 MWh of production)
- Verkor manufacturing and supplying electrodes under EnerSys specifications

**Verkor's industry-leading experience in electrode design and production (specifically mixing and coating) will enable EnerSys to accelerate (and de-risk) product qualification and large-scale production activities in Greenville**



# Site Readiness and Next Steps

MARK MATTHEWS

PRESIDENT, SPECIALTY GLOBAL

# Site Readiness and Community Support

- ✓ **Launched** the EnerSys Gigafactory **Steering Committee**, led by the **CEO**, to oversee project governance
- ✓ **Established office location in Greenville, SC**
- ✓ EnerSys leadership and project management teams are **engaged and invested in its Greenville, SC community commitments** to become a trusted and prominent employer
- ✓ **Formed 14 strategic local relationships**, focusing on workforce development, career readiness, diversity and accessibility, sustainability, and risk management and safety
- ✓ **Executing hiring plan** with initial focus on strategic sourcing, product development and process engineering
- ✓ **Utilizing a risk register** to identify potential risks and develop mitigation strategies specific to the material supply chain
  - ✓ **Identified dual sourcing in critical materials** and issued several RFQs
- ✓ **Commenced pre-NEPA environmental work** through Ramboll to meet (FONSI)<sup>1</sup> compliance requirements



# Site Readiness and Next Steps

## DOE \$199M Award Negotiations, next ~120 days

- Expect to receive full amount
- Cost share reimbursement model
- Negotiations to finalize terms of agreement, review budget, timeline, and allowable costs

## Status of Site Development

### COMPLETE

- ✓ Established gigafactory Governance Steering Committee
- ✓ Purchased land in Greenville, SC
- ✓ Agreements in place with highly respected contractors:
  - Design Firm – Ghafari Associates
  - Construction Management – IPI
  - Environmental, Health & Safety - Ramboll
  - Technical – Verkor, non-equity prototype agreement
  - Site Selection Services – Yates Construction

### IN PROCESS

- Environmental studies for NEPA process
- Down select general contractor
- Facility Design – site master plan and process layout
- Supply Chain – capital equipment and raw materials sourcing and testing
- Construction intended to begin in CY25

**GHAFARI**



**RAMBOLL**







# Q&A



# Thank you.

For more information visit  
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