

Lg chem hungary

The new company will be called LG Toray Hungary Battery Separator (LTHS), will be based in Nyergesújfalu, Hungary, and will be 50 per cent owned by both parties.

The transaction behind the formation is as follows: LG Chem will invest 43 billion yen (about 330 billion euros) in Toray's subsidiary Toray Industries Hungary (THU), which was established in Hungary in 2018. The company, which already specialises in battery separator films, will then, in turn, establish the actual joint venture LTHS, whose main business will be 'the production and sales of battery separator films', according to a Toray release. The transaction is expected to close in the first half of 2022. Toray expects LG Chem's de facto entry into Hungary to generate net proceeds of about 10 billion yen (about 77 million euros) on its own balance sheets.

The joint venture will subsequently use existing facilities of Toray Industries Hungary in Nyergesújfalu. However, in order to meet the projected growth in demand, Toray and LG Chem have agreed to expand the production facilities for film substrates there and to install new coating equipment. And: Toray has agreed to sell 20 per cent of its shares in LTHS to LG Chem two and a half years after the joint venture was founded, they say. LG Chem is thus expected to run the joint venture's business from 2025 at the latest.

The background is that LTHS licenses the technologies required for the production of battery separators from LG Group. 'It [the joint venture] should generate synergies from the technologies of its parents to produce top-quality automotive lithium-ion battery separator films, for which demand should surge in coming years,' Toray informs. The Japanese company intends to continue developing, manufacturing and supplying battery separator films and coatings in Japan and Korea.

The two companies initially would each have a 50% stake in the joint venture and would invest a combined KRW1trn (US\$854m) in stages to establish an annual production capacity of 800m square metres of separators by 2028 for use in rechargeable batteries.

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LG Chem in a regulatory filing said it had so far earmarked KRW643bn for the project and it had also agreed to acquire an additional 20% stake in the joint venture from Toray within 30 months to take management control.

Construction was scheduled to start in the first half of next year on a 420,000 sq m site owned by Toray Industries Hungary in Nyergesújfalu. The plant's key customer would be the Polish electric vehicle (EV) battery plant owned by LG Chem's wholly-owned subsidiary LG Energy Solution while other European EV battery plants would also be targeted.

The investment would strengthen LG Chem presence in the European electric vehicle supply chain, having recently announced major investments to produce EV batteries and components in North America earlier this year.

The deal would also allow LG Chem to secure access to separator membrane technology, according to reports in South Korea, which it would combine with its in house coating technology.

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LG Chem acquired its separator coating lines in South Korea, China and Poland from LG Electronics in July.

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