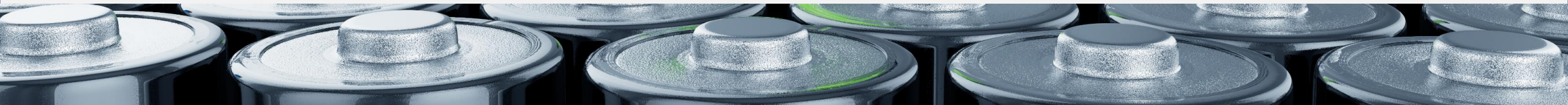




AUSTRALIAN BATTERY RECYCLING INITIATIVE

Implications of COVID19 for the Battery Industry

Member Survey ~ May 2020






Topics

1

Update on assessment of industry experience of COVID19



2

Industry perspectives on medium to long term prognosis



3

Global context & opportunity for industry development



4

Building blocks for creating market security





INDUSTRY SPECIFIC CHARACTERISTICS

- Reliance on battery products continues
- A highly competitive market
- Hazardous waste essential service
- Job seeker and job keeper have been a great help

ONE SIZE DOES NOT FIT ALL

Impacts vary depending on:

- Supply chain role
- Business models
- Location
- Type of battery
- Scale
- Reliance on export market

TRADE VOLATILITY

- Market closures in Pakistan, South Korea, Poland & India
- Supply failures in raw materials
 - Cobalt supply: Congo is in lock down

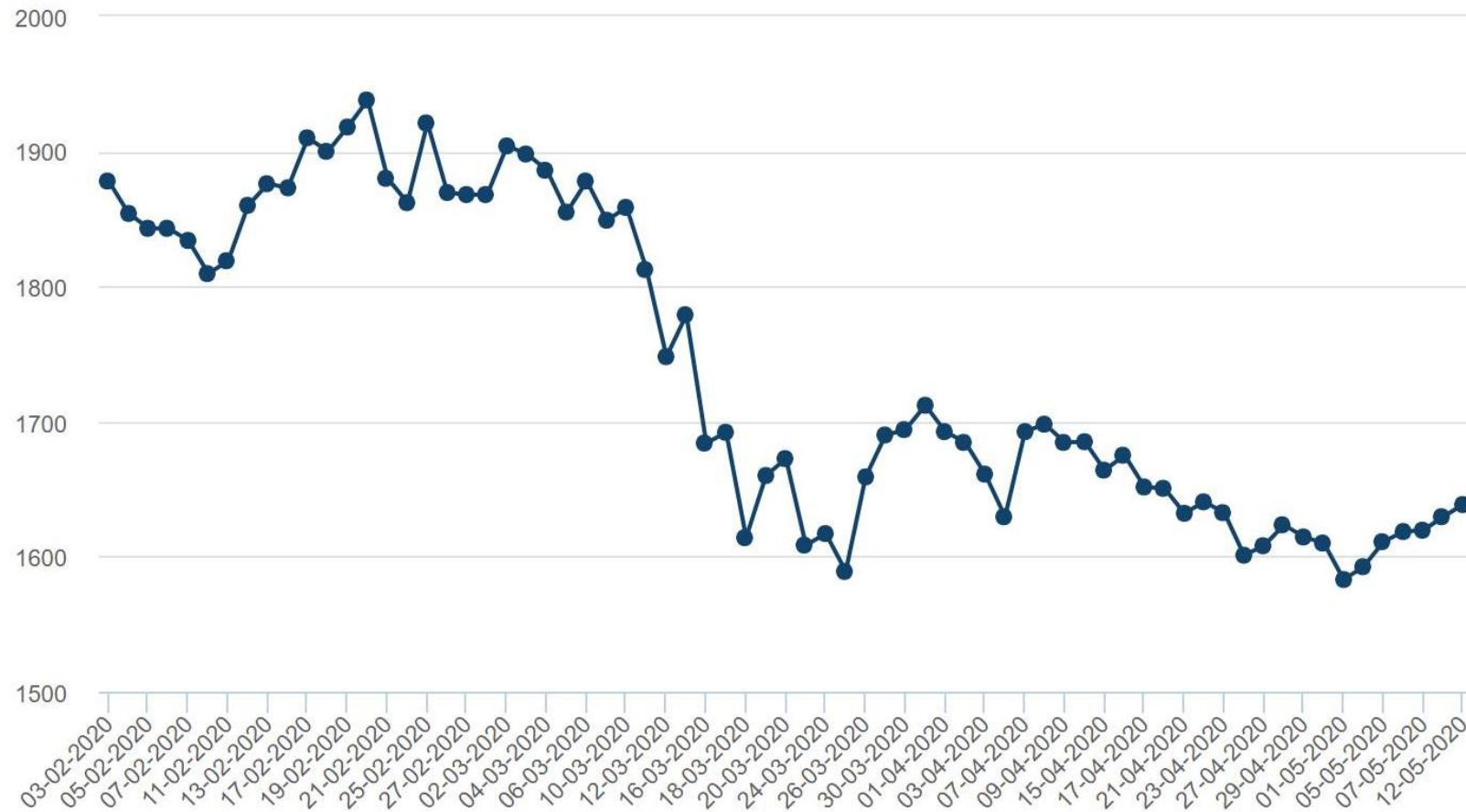
FINANCIAL INDICATORS

Huge Impact

- AU\$ fluctuation
 - US68c Feb
 - US55c Mar
 - US64c May
- Unstable commodity pricing
- e.g. \$ lead /tonne
 - 16/1 - US\$2026
 - 25/3 - US\$1583
 - now \$1640



LME LEAD HISTORICAL PRICE GRAPH





**IMPACT ON STAFFING &
CONTRACTING**



**IMPACT ON
BATTERY SALES**



**OPERATIONAL
IMPACTS**



**CHANGES IN THE
RECYCLING CHAIN**



TRANSPORT



**IMPACT ON COLLECTIONS
& STOCKPILING**



**CHANGES IN
DOWNSTREAM PRICING**



**IMPORT / EXPORT
IMPACTS**



**IMPACT ON REVENUE
& CASH FLOW**



IMPACT ON STAFFING & CONTRACTING

- Varied widely with some:
 - unaffected – 30% reduction
 - layoffs due to early impacts – temporary labor/ contractors
 - reduced hours / forced leave
 - reductions in overtime
 - displacement of resources to other projects
- Human Resource issues
 - workplace safety
 - increase in sick leave
 - anxiety across the workforce



IMPACT ON BATTERY SALES

- Initial dip followed by surge
- Big increase in e-commerce
- Reduction in deep cycle batteries sales (caravans / camping)
- Car batteries sales increased due to reduced use / replacement
- Increase in motorcycle batteries as people avoid public transport
- Shift in sales from residential to industrial



OPERATIONAL IMPACTS

- Some site closures / some increased drop offs as people clean up at home
- Significant shift to work from home in administrative workers
- Some with week on week off shifts to cope with social distancing and reduce exposure in event of COVID19 outbreak



CHANGES IN THE RECYCLING CHAIN

- 2 of 3 major recyclers not accepting used lead acid batteries – easing now
- Major recycler in Sydney not accepting batteries
- Apparent drop in illegal export as scrap yards seek local solution
- Concerns about supply from upstream battery aggregators – debtors
- Expect to see increase in ethical sourcing/circular economy (EU policy)



TRANSPORT

- Social distancing protocols for delivery drivers / collections
- Transport companies have reduced capacity
- Significant transport delays
- Difficulty securing containers
- Increased costs up to 30%



IMPACT ON COLLECTIONS & STOCKPILING

- Handheld batteries
 - Reduction in collections 5-20%
 - Suspected stockpiling due to delays in receipt of batteries
- Used lead acid batteries
 - Significant stockpiling of used lead acid batteries in wait of an increase in the price of lead
 - Reduction in collections across the board
 - Regional collections in jeopardy



CHANGES IN DOWNSTREAM PRICING

Domestic

- Crippling price impacts for some regions – e.g. price of lead dived while dollar strengthened

International

- Commodity instability impacting domestic market viability
- Unwillingness to buy product in case export market fails



IMPORT / EXPORT IMPACTS

- Some concerns about imports of new batteries due to lock down
- Force majeure of export contracts
- Quarantine delays for imported recycled batteries
- Additional customs fees
- Delays - long lead time on vessel bookings and departures
- Highlighted dependence on international markets



IMPACT ON REVENUE & CASH FLOW

- Cash flow issues across the board
- Concerns around financial stability in suppliers / customers across all levels of the supply chain including recyclers & processors
- Some were unaware of their exposure to overseas market & currency fluctuations
- Governments cash flow boosts will be a godsend for May / June

Impact of COVID19 – Industry quotes



This is the perfect storm for the ULAB industry

I expect continued market decline to be felt for several years

Huge cash flow impacts

Biggest concern is buying in an uncertain market with volatile commodity prices

How is COVID₁₉ impacting your business?

Time to pivot away from mining towards recycling and circular economy

Survival of suppliers / customers is a genuine concern

Very concerned government will lower its priorities

I have a fanciful dream that Western Australia will become a hub for making batteries

Time to re-invent waste & focus on localisation

We need to insulate supply chains to protect our circular economy

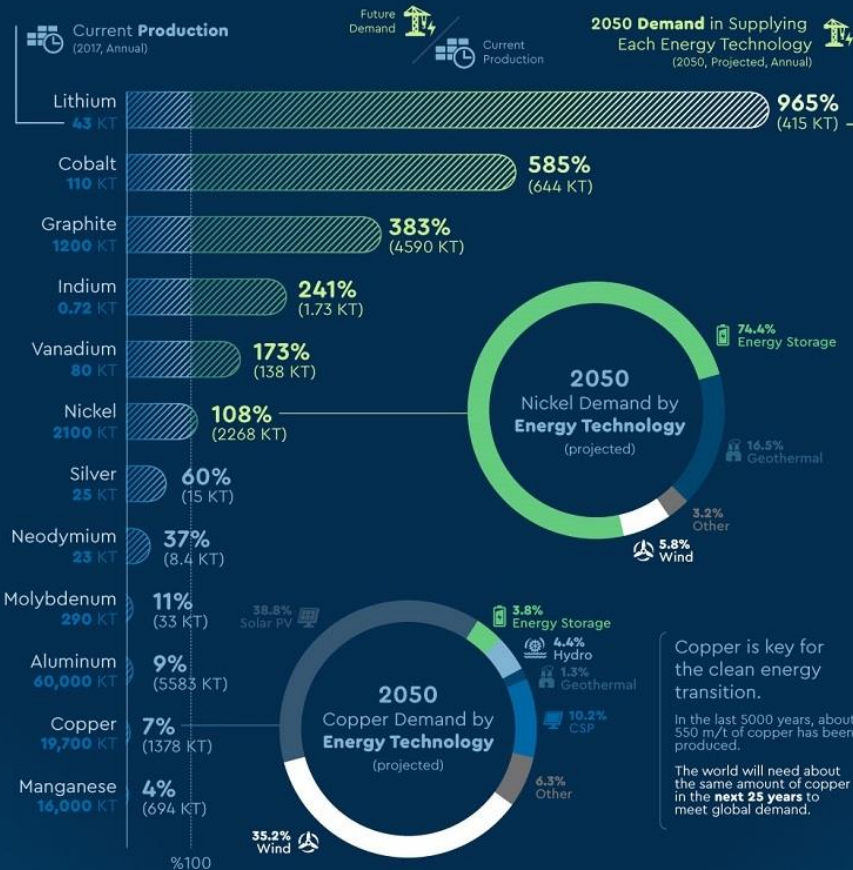


- **Significant number believe the market will stabilise**
 - Government support through the job seeker and job keeper program have been critical
- **General perception of long-term uncertainty**
 - Concerns around financial stability in suppliers / customers
- **Importance of government intervention to facilitate energy and waste security**
 - Critical time for government to prioritise environmental sustainability, circular economy and stewardship



Growing Demand

By 2050, low-carbon technologies will demand a higher percentage of the world's mineral production. To meet this demand, sustainable and reliable production will need to keep up.



- **Battery metal demand to jump by 500% by 2050**
- EV sales continued through lockdown despite dramatic falls in combustion sales.
- Looking for carbon emissions to be cut by 50% by 2030 and to a net-zero by 2050 with construction of renewable power and energy storage
- Emissions for mining & processing of metals for renewable energy generation and storage estimated at just 6% of fossil fuel generation
- **Growth required means even if recycling rates were to reach 100% still not be enough copper, aluminium and other metals to meet demand**
- Encouraging nations to strengthen commitments to climate-smart mining
- COVID-19 creating a significant number of pneumonia cases creating an urgent need to ensure clean air quality is maintained in towns and cities
- Social-distancing restrictions combined with return to work strategies are encouraging workers to drive to work which may raise pollution levels

**Fertile ground building strong
battery manufacturing & recycling sectors in Australia
&
provides an important opportunity to future proof
our energy and waste security**

1

IMPORT REQUIREMENTS

- % Australian made parts
- % recycled content or discount if proven recycled content
- Join stewardship scheme
- Onshore end-of-life plan for products

2

INVESTMENT IN LOCAL

- Government procurement priorities
 - % recycled content
 - Australian made
- Market development
 - Value added onshore manufacturing
- Real employment opportunities

3

INFRASTRUCTURE PROJECTS

- % Australian made
- % recycled content or discount if proven recycled content
- Onshore end-of-life plan for products / materials

4

BATTERY STEWARDSHIP

- Maintain momentum
- Funding to overcome short term cash flow impacts for importers
 - Operational design phase
 - Initial collection phase
- COVID19 stockpiles

5

ENFORCEMENT

- Registration of aggregators to prevent illegal dealings / export

6

DIGITAL ONE TOUCH REPORTING

- Efficiency
- Prevent COVID19 spread

7

STOCKPILING

- Monitoring emerging evidence of battery stockpiling
- Liaison between regulators and aggregators to increase awareness of the issue & mitigation strategy

8

HARMONISATION

- Different rules in different jurisdictions create inefficiencies moving forward:
 - Landfill bans
 - Hazardous waste definitions
 - Storage
 - Transport

HOW CAN ABRI HELP?

Access to
diverse
membership
perspectives
across the
supply chain



Applied
research &
knowledge of
best practices

On the
ground
experience
in all
jurisdictions



Conduit
between
government
to industry

Source of
market
intel



Industry wide
perspective on
opportunities
for
improvement

More information

Libby Chaplin

CEO, AUSTRALIAN BATTERY RECYCLING INITIATIVE

Email | secretariat@batteryrecycling.org.au

Website | www.batteryrecycling.org.au

