

CATL raises billions, supports bull case for clean tech

The recent public listing of a leading clean energy storage technology company offers several key insights. It sheds light on the company's strategic business plans and transition strategy, as well as the medium-term outlook for the energy storage sector. The listing also highlights strong investor interest in businesses aligned with the energy transition. **Joseph Jacobelli** explains.

On May 20, the world's largest battery producer, Contemporary Amperex Technology Co. Ltd, widely known as CATL, successfully secured a secondary listing on the Hong Kong Stock Exchange. It was first listed in June 2018 on the Shenzhen Stock Exchange, where shares are not freely tradable by all investors, including foreign investors.

CATL was founded in 2011 and is headquartered in Ningde, Fujian. It is the world's leading developer and manufacturer of lithium-ion batteries, primarily serving the electric vehicle (EV) and energy storage systems (ESS) sectors. The company quickly rose to prominence thanks to strong technological capabilities, a vertically integrated supply chain, and early partnerships with global automakers. Over the past decade, CATL has demonstrated remarkable growth. It has been the world's largest EV battery maker for eight consecutive years (2017-2024), holding a share of almost 38 per cent of the global market in 2024. In the ESS market, it has led for four straight years, with a similar global share that year.

Its client roster is unmatched. In the automotive sector, it includes global manufacturers such as BMW, Ford, Honda, Mercedes-Benz, Stellantis, Toyota, and Volkswagen, as well as domestic makers like Geely, NIO, SAIC and Xiaomi. In the ESS segment, clients include the US's NextEra Energy and Synergy, as well as Finland's Wärtsilä. CATL's global footprint spans 13 manufacturing bases and six research and development centres, with significant international expansion in Europe, Southeast Asia, and beyond. It is also a leader in battery innovation, pioneering products like the Qilin battery – which supports fast charging from 10 per cent to 80 per cent in approximately 10 minutes under optimal conditions – and the Shenxing battery, an ultra-fast-charging lithium iron phosphate model capable of adding up to 520 km of range in five minutes.

As the biggest player in the battery storage space, it is important to understand the company's strategic business plans and transition strategy.

In terms of business development, CATL has adopted a multi-layered approach. Firstly, it is keen to expand globally. It already has two overseas

manufacturing bases – Germany's Thuringia factory and Hungary's Debrecen factory. In Hungary, it plans to invest HK\$27.6 billion (\$3.5 billion), amounting to around 90 per cent of its Hong Kong initial public offering proceeds. It is also at an advanced stage of setting up a joint-venture factory in Zaragoza, Spain, with Stellantis, and is progressing with battery value chain projects in Indonesia. In Spain, CATL's €4.1 billion (\$4.6 billion) venture aims to build a 50 GWh lithium-iron phosphate battery plant by 2026. These European ventures will bring the company closer to the manufacturing facilities of key customers.

As previously noted in *The Energy Industry Times* ("VPPs, AI, and EVs: a boost to the EU energy transition", June 2024), battery storage is seeing rapid innovation. CATL has embraced this trend and is diversifying its battery technology portfolio. For example, it aims to mass-produce sodium-ion (Naxtra) batteries by late 2025. These offer cost efficiency and competitive energy density (175 Wh/kg). It is also developing a battery-swap eco-system in China, aiming to cover about 80 per cent of key logistics routes nationwide by 2030.

In terms of energy transition planning and sustainability, CATL is targeting carbon neutrality in its core operations by 2025 and across its entire value chain by 2035 – well ahead of China's national 2060 target. The company is transitioning all its factories to renewable energy sources and already has four facilities certified carbon neutral under PAS2060 standards (a globally accepted specification developed by the British Standards Institution), including one hydropower-powered site in Chengdu. It is implementing supplier sustainability audits and promoting blockchain-based raw material tracing and battery passports to enhance lifecycle transparency. Innovations such as high-density condensed batteries and advanced recycling systems aim to reduce reliance on fossil fuels in ESS. The company is also collaborating with industries such as steel and cement to develop zero-carbon industrial parks and islands, aligning with China's dual carbon goals.

CATL is a dominant player in the booming energy storage sector, driven



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by the global shift towards decarbonisation and the increasing adoption of electrification. Policy incentives, the rising energy demands of data centres, and the expansion of renewable energy sources are all contributing to sustained demand for batteries, particularly ESS.

These trends are creating strong tailwinds for the battery market, as industries and governments seek to reduce carbon emissions and transition to more sustainable energy solutions. Market projections reflect this rapid expansion. According to data in CATL's prospectus, EV battery capacity is expected to grow from 969 GWh in 2024 to 3754 GWh by 2030, representing a compound annual growth rate (CAGR) of 25.3 per cent. ESS battery capacity is forecast to rise from 10 GWh to 300 GWh in the same period, a surprising CAGR of 76.3 per cent.

Battery recycling and emerging applications – in sectors such as aviation, maritime, and industrial machinery – are also projected to become major long-term demand drivers.

CATL issued shares at HK\$263 (\$33.58) per share. By the end of the first trading day, the stock had climbed to HK\$311.40 – a 16 per cent gain – despite weak and volatile global markets. According to *Reuters*, "the institutional tranche of the deal was oversubscribed 15.2 times, according to CATL's filings, while the retail portion was 151 times oversubscribed". CATL's offering is likely the largest by a clean energy or clean tech company in the past five years.

Its strong performance signals that global investors remain keen on companies tied to the energy transition, even as enthusiasm wanes in the US capital markets. Investor interest remains robust in regions such as Asia and Europe. The offering can be seen as an endorsement of the prospects for at least some segments

of the energy transition space.

In recent months, the fourth quarter of 2024 to first quarter of 2025, there has been compelling evidence of healthy global investor and capital markets interest in the energy transition. Despite some quarterly fluctuations and notable project cancellations influenced by policy uncertainty, especially in the US, the underlying momentum remains strong as there has been significant year-over-year growth in overall clean energy investment globally as well as a substantial rebound in mergers and acquisition activity.

Among the many examples is the increase in Asia investment in the UK's offshore wind sector in May. Chinese firms Goldwind and Mingyang Smart Energy, alongside Japanese companies such as Mitsubishi Heavy Industries, committed billions to projects, including a £1.2 billion (\$1.6 billion) floating wind farm off Scotland's east coast and an £800 (\$1.1 billion) million fixed-bottom wind farm off England's east coast.

In conclusion, the successful offering by CATL is by no means a harbinger of growth in energy transition-related investments. However, it stands as a key example that, despite negative signals from current US policy towards the energy transition, the market remains on a growth trajectory. It is still offering exponential business and investment opportunities to both direct and capital markets investors alike.

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