

## **Electric car sector gets a charge from oil spill**

*Bernard Simon and John Reed*

The Gulf of Mexico oil spill has galvanised the electric car industry as policymakers, investors and consumers show a renewed interest in alternative energy sources.

Shares in makers of batteries and other electric-vehicle components have risen sharply, particularly since Barack Obama said in his address from the Oval Office last Tuesday that "the tragedy unfolding on our coast is the most painful and powerful reminder yet that the time to embrace a clean-energy future is now".

Polypore International, a maker of filtration membranes for lithium-ion batteries, was up 16 per cent over the past week in early trading on Tuesday.

A123 Systems, a battery maker, has gained 5 per cent. Ener1, another battery maker, has risen about 16 per cent.

Bryce Dille, analyst at JMP Securities in San Francisco, said: "The BP oil spill is raising concerns about the impact that our transportation sector is having on drilling, onshore and offshore."

The brightening investment climate has helped encourage Tesla Motors, a California-based electric car maker, to press ahead with a public share offering.

Tesla aims to raise between \$155m and \$178m in the offering, expected to be priced next week.

The IPO has generated much attention in spite of Tesla's modest size and the fact that it is unprofitable.

As at the end of March, Tesla had delivered 1,063 of its battery-powered roadsters, which sell for a starting price of about \$109,000.

The company lost \$29.5m in the first quarter of this year and about \$290.2m cumulatively since its founding, and expects losses to increase as it develops new models.

Michael Lew, analyst at Needham & Co, said that if Tesla's IPO was well received, battery stocks should do well.

Mr Lew estimated that demand for lithium-ion batteries would grow from about \$1bn next year to almost \$25bn in 2015.

However, some analysts and car industry executives express doubts about how quickly consumers will adopt electric cars because of their high initial price and limits on battery performance and recharging infrastructure.

Roland Berger Strategy Consultants warned in a report in February that a bubble was forming in lithium-ion battery production.

It said the sector would "conservatively" have twice the capacity it needed to supply electric and plug-in hybrid cars by 2015.

**Fonte: Financial Times, London, June 22<sup>nd</sup> 2010, Companies, online.**