

BANKING/FINANCE

Warren Buffett Calls It Right on EV Batteries



SHUTTERSTOCK

Warren Buffett has backed BYD Co. Ltd., one of China's oldest makers of cars and automotive batteries, for over a decade, holding around 22% in the Hong Kong-listed company, which now sits on a market capitalization of over \$117.6 billion.

by Anjani Trivedi

Warren Buffett gets lots of investments right with his patient and deliberate buy-and-hold strategy. And it's becoming apparent that he's doing it again with electric vehicles. For investors pouring money into the technology, it would be wise to consider how the Sage of Omaha has looked into the future of the sector.

The value of Berkshire Hathaway Inc.'s holdings in BYD Co. Ltd., one of China's oldest makers of cars and automotive batteries, has skyrocketed this year: BYD's share price is up almost 30%. Buffett has backed BYD for over a decade, holding around 22% in the Hong Kong-listed company, which now sits on a market capitalization of over \$117.6 billion. That's more than investor darling Nio Inc., the new-generation Chinese automaker listed in New York.

So how is that different from the rest of the EV universe, which just keeps on surging?

BYD is more than just another upstart trying to take on Tesla Inc. It is getting closer to mastering the right technology for EV batteries — the core of the electric car that accounts for almost 50% of the price and is crucial to widespread EV adoption. And that's what Berkshire has honed in on.

Longtime Buffett partner Charlie Munger had spotted the genius of Wang Chuanfu, the chemist and researcher behind BYD, leading to Berkshire taking a 10% stake for around \$230 million in the company in 2008. In a 2009 Fortune magazine cover story, Munger described Wang as "a combination of Thomas Edison and [General Electric's] Jack Welch — something like Edison in solving technical problems, and something like Welch in getting done what he needs to do. I have never seen anything like it."

That's turned out to be quite a prescient call. Wang understands batteries: Getting the chemistry right would determine how well cars equipped with these powertrains would and could do. It's given his company a leg-up as the rest of the sector stumbles through recalls and battery fires. BYD electric cars are clunky

and don't carry the techy-coolness of new generation cars such as Nio Inc.'s or Tesla's Model X with its falcon wing doors. But it does have the right price and safe battery technology. It's now China's largest EV maker, selling more cars than the competition in the mainland.

BYD has doubled down on making affordable batteries at scale — and has bet on the technology to achieve that goal. At its 2020 annual results, the company said it would stop plans for nickel-cobalt-manganese battery adoption, which most car and battery makers are set on. Instead, BYD has turned all its attention to so-called lithium iron phosphate, or LFPs, for its so-called Blade battery, which was released early last year.

Wang's focus on LFPs is turning out to be a game-changer. It's cheaper and more readily usable. The chemistry is far more stable than the up-and-coming NCM type that promises to take cars hundreds of kilometers further but isn't as safe. Meanwhile, the flat Blade battery takes up less space and reduces the weight of the car, another problem automakers have had to contend with. BYD has managed to bring costs down by almost 30% and reduce the number of parts while also boosting efficiency.

BYD commands almost 15% of the battery market in China, behind Contemporary Amperex Technology Ltd. Globally, it could end up with a 3% share in the electric vehicle market by 2025, according to an estimate by analysts at Goldman Sachs Group Inc. BYD's battery deliveries, for its own cars and external sales, could reach 30% of industry consumption, Goldman notes.

Carmakers too, are realizing this is the way forward. Or at least, until other options can be commercially produced that don't result in frequent battery fires. Tesla is testing BYD's Blade battery for its Model Y, according to reports in Chinese media. The likes of Volkswagen AG, for their part, want to make their own powertrains. Even for one of the world's largest carmakers, that is a challenging task unlikely to yield results any time soon.

Anjani Trivedi is a Bloomberg Opinion columnist covering industrial companies in Asia.



CITY OF DORAL NOTICE OF PUBLIC HEARING

All residents, property owners and other interested parties are hereby notified of a **LOCAL PLANNING AGENCY (LPA)** meeting on **August 25, 2021, beginning at 5:30 PM** to consider a text amendment to the City's Land Development Code, by amending Chapter 77, "Roads and Vehicular Use Areas," Article IV, "Parking and Loading Areas," Division 2, "Off-Street Parking," creating a new section, Section 77-141 "Electric Vehicle (EV) Charging Stations," establishing EV charging equipment requirements. The meeting will be held at the **City of Doral, Government Center, Council Chambers located at 8401 NW 53rd Terrace, Doral, Florida, 33166.**

The City of Doral proposes to adopt the following Resolution:

RESOLUTION No. 21-

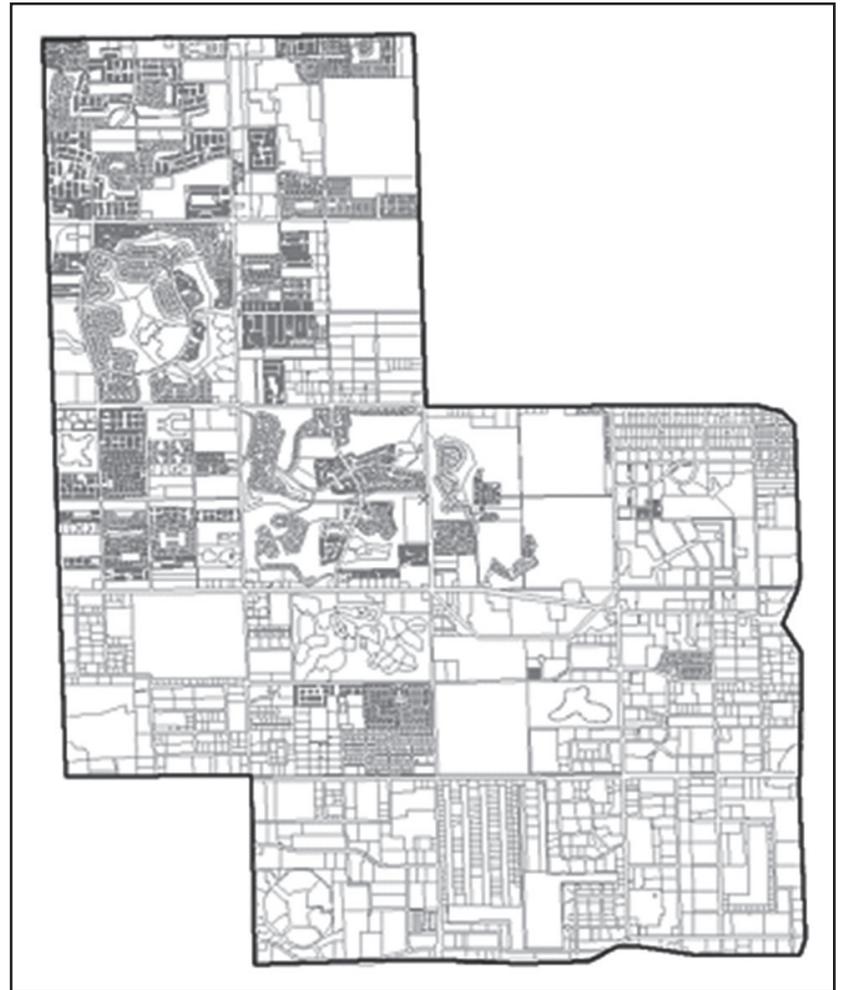
A RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, SITTING AS THE LOCAL PLANNING AGENCY, RECOMMENDING APPROVAL / DENIAL OF, OR GOING FORWARD WITHOUT A RECOMMENDATION TO THE LOCAL GOVERNING BODY OF THE ADOPTION OF A TEXT AMENDMENT TO THE CITY'S LAND DEVELOPMENT CODE, BY AMENDING CHAPTER 77, "ROADS AND VEHICULAR USE AREAS," ARTICLE IV, "PARKING AND LOADING AREAS," DIVISION 2, "OFF-STREET PARKING," CREATING A NEW SECTION, SECTION 77-141, "ELECTRIC VEHICLE (EV) CHARGING STATIONS," ESTABLISHING EV CHARGING EQUIPMENT REQUIREMENTS; AND PROVIDING FOR AN EFFECTIVE DATE

HEARING NO.: 21-08-DOR-05

APPLICANT: City of Doral

REQUEST: The City Manager's Office respectfully recommends that the Mayor and City Councilmembers approve a text amendment to the City's Land Development Code, by amending Chapter 77, "Roads and Vehicular Use Areas," Article IV, "Parking and Loading Areas," Division 2, "Off-Street Parking," creating a new section, Section 77-141, "Electric Vehicle Charging Stations," establishing EV charging equipment requirements.

Location Map



Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes If a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, any person who are disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

Connie Diaz, MMC
City Clerk
City of Doral City of Doral

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