

Valor Econômico
Companies Section
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Confrapar Acquires 10% of Oxis Energy

Confrapar, manager of Aerotec, a fund invested by Economic Development Company of Minas Gerais (Codemig), paid 3.75 millions pounds (almost 17 millions reais) for a 10% stake in Oxis Energy, a British company that develops and manufactures lithium-sulphur batteries (Li-S). With the investment, Oxis Energy will launch a research and development center and battery production plant in Minas Gerais.

Li-S is a candidate to replace lithium-ion models, broadly used by the industry nowadays. The technology, which is still in a maturing stage, with limited production and usage, promises lighter, more durable and less polluting batteries than lithium-ion alternatives. Founded in 2004, Oxis Energy has about 70 employees and a small factory in Oxford, England.

According to Marco Antônio Castello Branco, president of Codemig, the laboratory / factory will cost 30 million dollars and should start operating in the first semester of 2020. This manufacturing unit will be able to produce 1 million cells per year. A cell is the smallest energy storage units of a battery, and several of them placed together form a battery. The plan is to produce two types of batteries: the long life, for buses and electric trucks, and the ultralight, which can equip planes and drones.

The expectation is that half of the production capacity will be directed to electric buses (40 fully electric buses can be assembled with the 500,000 cells). The other half will be divided between the aerospace sector (200,000) and energy generation/distribution sector (300,000).

"The basic concept is the same one we are applying in other areas. First, we need to develop the technology and create a small production plant. It's a high risk to do something big. Having the product acceptance in the market first is essential. Next, we bring a big partner from the private sector, stated Castello Branco.

According to him, the investment in Oxis Energy is in line with other investments Codemig has made, such as the graphene production plant, which should be ready in 2020. Graphene is a new carbon-derived component that can replace silicon in the world of electronics, with multiple applications. Codemig's main asset today is a 49% stake in the Brazilian Mining and Metallurgy Company, the world's largest source of niobium.

Oxis Energy is the third company from the 8 expected to be invested by Aerotec. Launched in 2016, the fund has BRL 140 million to invest, of which 90% were applied by Codemig and the remaining 10% by Confrapar. This amount can be increased if current or new LPs invest more capital. The thesis is to invest in eight companies.

In addition to Oxis, the companies Altave (which manufactures balloons for monitoring/security and telecommunications) and Flapper (executive aviation marketplace) were also invested.

According to Rodrigo Esteves, Managing Partner at Confrapar, about 30 companies are being evaluated for the three remaining positions, and two of them are from the additive manufacturing sector. "We are able to invest more abroad, but we do not have anything in sight at the moment. Technology has to be searched all over the world." said Esteves.

The investment of Brazilian funds in foreign companies became a lot easier in August 2016, when by the Brazilian Securities and Exchange Commission (CVM) released 578 Instruction, allowing funds to apply up to 20% of their capital in assets abroad. Before that, the procedure was considerably more bureaucratic.