

## Valence Tech Sees \$500 Mln Annual Sales In 5 Yrs >VLNC

By G. Christian Hill

Dow Jones Staff Reporter

451 words

27 September 1993

Dow Jones News Service

English

(Copyright (c) 1993, Dow Jones & Co., Inc.)

SAN JOSE, Calif. -DJ- **Valence** Technology Inc. (VLNC) will ship "hundreds of thousands" of newly developed lithium polymer batteries to Motorola Inc. (MOT) next year, and expects to generate annual sales of more than \$500 million within five years, Calvin L. Reed, president, told Dow Jones.

**Valence**, an emerging-technology concern, announced today an agreement with the government of Northern Ireland, under which the government will contribute \$40 million in capital and research and development grants over the next five years for the construction of a manufacturing plant with a total value of \$100 million. The plant, in the town of Mallusk, will eventually have a capacity of a battery a second, according to analysts.

Rechargeable lithium polymer batteries are based on a technology considered to be a breakthrough by **Valence's** supporters and a still-formidable manufacturing challenge by skeptics. The battery cells are connected in a thin cardboard-like material, consisting of a lithium metal anode, flexible solid polymer electrolyte and a cathode that stores lithium ions. The material can be cut and shaped in many forms, and is much lighter and longer-lasting than conventional rechargeable batteries.

For example, **Valence** asserts that one of its batteries can deliver as much power as a conventional battery, but occupy one-third as much volume and weigh one-fourth as much. Motorola has placed a \$100 million order for such batteries, which it believes will add to the performance of its pagers, cellular phones and two-way radios, while enabling further reductions in size or weight.

Skeptics still abound. **Valence's** stock at one point fell as much as 50% from a high of \$26 a share in January, and currently trades around 17 5/8. Reed said the sharp decline may be due to uncertainty in the market about **Valence's** ability to mass manufacture lithium batteries, worsened by a negative story in **Forbes** magazine earlier this year.

But he said Northern Ireland's decision to pore \$40 million into a high-volume plant validates **Valence's** ability to meet its manufacturing goals.

"Northern Ireland has done its due diligence," he noted. "They reviewed our processes and our factory in California, and talked to our partners. They made sure we have a real product and a real technology."

Reed also said **Valence** wouldn't start plant construction unless it was sure it could overcome the remaining engineering problems in manufacturing the batteries. "We certainly wouldn't be building this giant factory if we didn't have anything to make in it."