

Interstate Batteries investing \$10 million, 1 million batteries in recycling startup

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JAKE DEAN

Interstate Batteries CEO Scott Miller

Interstate Batteries is feeding \$10 million and more than 1 million automotive and other lead-acid batteries to lead recycling company [Aqua Metals](#) (Nasdaq: AQMS).

In a deal completed last week, Dallas-based Interstate invested \$10 million for a 5-percent minority stake in the Alameda, California company, with the option to grow up to a 20-percent stake. For its investment, Interstate will receive common stock, a fixed-price note that converts into common stock and two cash warrants to purchase common stock over the next three years.

Interstate will also feed roughly 1.1 million batteries to Aqua Metals this year for recycling. In 2015, Interstate recycled more than 24.9 million automotive batteries and sold around 17.5 million. It plans to recycle roughly 25 million this year.

Through 280 distributors who service roughly 200,000 battery sellers and dealers across North America, Interstate has traditionally shipped its batteries to companies to have them smelted, a dry process that uses heat to recycle the lead in batteries. While it plans to continue to use smelting companies, it may also feed more batteries to Aqua Metals after this year.

Interstate CEO [Scott Miller](#) added that while the company plans to expand its partnership with Aqua Metals, it is not ready to disclose specifics on how it might grow.

“We’re very bullish on the future of the industry and the dependable power they provide,” he said. “We believe this will be a good investment for us, and we think, as the technology matures, Aqua Metals will continue to grow and it will be an investment that pays off long term.”

“We think we have an obligation to the industry to invest in this type of technology and think that it matters to our customers,” he added. “We think this will resonate with people who care about the environment and choose to do business with companies making investments in the environment and future technology.”

Aqua Metal’s recycling method differs significantly from smelting. AquaRefining is a wet process that uses electrochemical reactions to recycle 100 percent of the lead in a battery. Unlike smelting, it is an emissions-free process.

The California company plans to build its first AquaRefinery in July in Nevada’s Tahoe Reno Industrial Center, also home to Tesla’s gigafactory, which produces lithium ion batteries.

“We’ve been recycling millions of batteries through our 64 years (in business) and began a dialogue with Aqua Metals roughly a year ago and started doing due diligence,” Miller said. “We believe this is something that could be a huge breakthrough for the (recycling) process. It has no emissions, greenhouse gases or waste from the process.”

Like Interstate Batteries' other recycling partners, Aqua Metals will buy the batteries' lead cores from Interstate, who declined to say how much Aqua Metals will pay for the cores. After the recycling process, Aqua Metals will sell the lead back to Interstate and other battery companies.

Concurrent with its agreement with Interstate Batteries, Aqua Metals signed agreements with various other institutional and individual investors to raise gross proceeds of roughly \$5.1 million in a private placement of stock.

Founded in 1952, Interstate Batteries is North Texas’ 15th-largest private company by revenue, logging \$1.73 billion in 2014. As of October, it employed 1,463 workers company-wide.

Aqua Metals was founded in 2014. Shares of the company closed at \$10.50 on Friday, trading up more than 96 percent since its initial public offering on July 31.

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