

Hybrid vehicle company XL Fleet, valued at more than \$1B, looks to go public

Boston firm expects to triple its revenue this year as companies look to electrify their fleets

By [Jon Chesto](#) Globe Staff, Updated September 18, 2020, 6:54 p.m.



XL's powertrain technology can be found in a number of commercial vehicles, including this hybrid Chevy Silverado 2500 HD. XL FLEET

XL Fleet is charged up about going public.

The Boston-based supplier of electrified powertrains will become one of the few local cleantech companies to be publicly traded after it completes a

merger with a shell company, likely later this fall.

XL joins a parade of businesses opting to go public by merging with a publicly traded “special purpose acquisition company,” or SPAC for short, rather than pursuing a traditional IPO. Once considered relatively unusual, these deals have become [increasingly common this year](#). In the Boston area, sports gaming firm [DraftKings](#) and 3D printing startup [Desktop Metal](#) are prominent examples.

In XL’s case, it will join with a shell company called [Pivotal Investment Corp. II](#), which is led by [Jon Leddecky](#), co-owner of the New York Islanders.

The deal [unveiled on Friday](#) values XL at nearly \$1.4 billion, including an estimated \$350 million in cash that XL will have from Pivotal and a new round of private investment. XL plans to plow much of that cash into product development and expansion opportunities, including potential acquisitions.

The company started more than 10 years ago, and [New Balance chairman Jim Davis](#) and Boston’s [WindSail Capital](#) were among its early backers. [More recent investors](#) include Exelon’s Constellation Technology Ventures arm. All existing equity investors are expected to stick with XL, which will trade on the New York Stock Exchange, through the upcoming merger.

XL employs nearly 60 people, largely at its Brighton headquarters and facilities in Illinois and California, and is still adding jobs. The company [generated \\$7 million in revenue](#) last year, but plans to reap \$21 million this year and \$75 million in 2021. It expects to be profitable in 2022.

Cofounder Tod Hynes said XL used to rely primarily on outbound sales calls to potential clients. In the past two years, that dynamic has shifted: Now XL is fielding a surge of inbound requests from companies that want to go green.

“The market we’re in is taking off,” Hynes said. “What we’ve been able to do over the last few years is really position the company to take advantage of this opportunity.”

XL’s powertrain systems are installed in gas- and diesel-powered commercial vehicles, such as those made by Ford and General Motors, as part of the manufacturing process, essentially converting those trucks and vans to hybrid machines. Soon, XL will also offer 100-percent electric options.

Its fortunes have risen as an increasing number of companies, universities and government agencies try to curb their impact on the environment. Rivals include [Nikola](#) and [Hyllion](#), two specialists in powertrain technology for trucks that recently unveiled their own SPAC merger plans.

“There are a lot of institutions out there that have these fleets and have sustainability goals,” said Peter Rothstein, president of the [Northeast Clean Energy Council](#) trade group. “If you’ve got sustainability goals, you’ve got to focus on transportation. One of the best ways to do it is look at these conversion technologies that help you electrify your vehicles.”

For Hynes, who teaches a course on energy ventures at MIT, it's been gratifying to play a key role in Greater Boston's burgeoning clean-tech cluster.

“The ecosystem around MIT and the Boston energy ecosystem in general is amazing,” Hynes said. “It’s a great honor to be right in the middle of it. I really love the camaraderie of everybody in this space.”

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