



India EV Leasing & Financing Platform (“Futuro”)

- Brief Intro
- 17th October 2023



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The EV opportunity in India is large and currently under-tapped

- EVs in India have become an economically attractive product for operators; driven by domestic manufacturing, an abundance of low cost renewables & a high imported oil cost

- The below chart shows the current EV sales in India (000s) and potential 2030 EV sales



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Sources: Vahan Portal
(1) Estimated by multiplying the number of EV sales in 2030 by the average cost of the EV under study. Average bus cost assumed is US\$ 175k; average 4W cost assumed: US\$ 9.9k, average 3W cost assumed: US\$ 2.2k, average 2W cost assumed US\$ 0.65k. (2) Preliminary estimates, projections will be refined based on Kearney's market analysis

Strong impetus from the Govt. to decarbonise the road transport sector with EVs

- In line with its NDCs and COP26 pledges

Financing India's Green Commitment



11.1%

Transport sector accounted for c.11.1% of total pollution emissions in India¹.

177 out of 180

India is ranked 177 out of 180 countries in Environment Performance Index 2018; and has 4 cities which are among the World's Top 10 most polluted cities²



- India's Nationally Determined Contributions (NDCs) as per the Paris Agreement³ is to:
- Reduce carbon emissions by 33-35% by 2030 from 2005 levels and
- Achieve 40% of cumulative electric power installed capacity from non-fossil fuels by 2030 etc.



- Achieve **net zero carbon by 2070**
- Increase RE capacity to **500 GW by 2030**
- Meet **50% of energy requirements** from RE by 2030
- Reduce the total projected CO2 by **1b tonnes by 2030**
- Reduce the carbon intensity of the economy by **<45%**



US\$ 110b

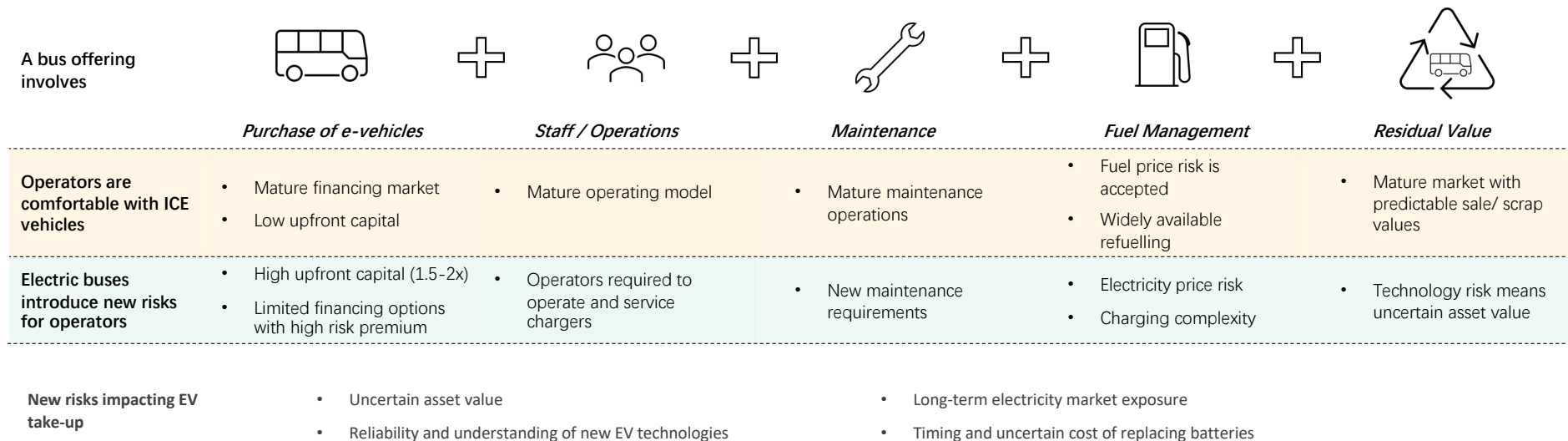
India imports 85-90% of its crude oil requirement worth US\$ 110b; comprising 23% of the total imports bill in terms of value⁴.
Govt.'s push for EV is directly linked with its stated intent to enhance energy security

• Source: 1. 2nd Biennial Update report to the UNFCCC, Dec 2018, 2. India Business Guide to EV adoption, wbcso report, transformation of on-road automobiles to electric vehicles in India, KPMG report Mar 2018, 3. Climateactiontracker.org, 4. Ministry of Petroleum Annual report FY19, 5. Mobilising Finance for EVs in India by Niti Aayog and Rocky Mountain Institute, Jan 2021, GtCO2e – Giga tonnes of Carbon dioxide equivalent, EV – Electric vehicles, FAME – Faster Adoption & Manufacturing of Hybrid & EV, 2W & 3W – 2 & 3 wheelers, ICE – Internal Combustion Engine

There are however several challenges to solve

- The transition to EVs poses new challenges for the market as users grapple with lack of suitable financing, energy market complexity and technology risk

- Overview of challenges that the transition to EVs presents



To address the same, Macquarie in partnership with GCF is setting up an integrated Leasing & Financing Platform in India

Company Objectives	<ul style="list-style-type: none"> • Provide suitable <u>operationally integrated financial solutions</u> to electric vehicle owners and operators, which is a constraint today; • Provide tailored financial solutions to <u>ancillary areas to develop the electric vehicle ecosystem</u> such as charging infrastructure; • Provide <u>competitively priced solutions</u> that immediately bring parity in the long-term cost of ownership of EVs vis-à-vis Internal Combustion Engine (ICE) vehicles, aligned with Government of India's policy; • <u>Mobilize a significant amount of nascent but hesitant institutional capital</u> to aid the electrification of India's road transport sector
Business model & clientele	<ul style="list-style-type: none"> • Focus on B2B segment initially (e-busses, charge infrastructure, fleets etc) and potentially expand into B2C segment over time
Structure	<ul style="list-style-type: none"> • Holding structure: Single asset pooled fund (closed ended) incorporated in Singapore. • Platform: 2 Indian entities (Operating co – Fleet Electrification Solutions Company and NBFC) with largely common management
Capitalisation	<ul style="list-style-type: none"> • US\$ 200m GCF commitment in place; US\$ 205m to be secured from commercial investors
Backed by Green Climate Fund (GCF)'s capital	<ul style="list-style-type: none"> • Underlying risks in the segment is constraining rapid deployment of institutional capital and growth of the sector - <u>E-busses cost ~2X ICE busses and last 0.5X of ICE busses, presenting significant Residual Value (RV) risk</u> • Hence there is need for GCF's concessional capital which will be <u>low cost, first loss, long tenor</u> and assist in catalysing commercial capital to finance climate mitigation, adaptation and resilience solutions • Lower blended cost will enable the Company to price the solutions at competitive rates to customers while meeting target returns of investors • Significant downside protection is required for mobilising commercial capital on account of high underlying technology and RV risks

Backed by



Ministry of Environment, Forest and Climate Change (MoEFCC), Govt. Of India (Letter of supported provided on 14 Sep 2021)

Several Financial and non-financial outcomes have been targeted¹

- Performance to be tracked through multiple indicators



Capital Deployment and Business Size

- Mobilise **c.US\$ 1.5b** of capital in the e-mobility sector over next 10 years
- Raise **US\$ 405m of equity capital** from GCF and commercial investors and **US\$ 1.1b of 3rd party debt capital** (INR or US\$ denominated in the form of loans/bonds)¹



Enabling EV ecosystem development

- Provide solutions to **100,000+ electric vehicles** and **10,500 EV charging stations** over next 10 years
- Act as a key enabler in **driving up the EV penetration** from 1.7% in 2021 to 15% by 2033 and achieving **TCO parity** between ICE and electric vehicles



GHG Reduction

- Lifetime GHG emissions to be reduced: **c.9.5 MtCO₂e**
- Estimated reduction in other pollutants:
 - Tail pipe emissions of CO avoided: **20,500 tonnes**
 - Tail pipe emissions of NO_x avoided: **~11,500 tonnes**



Social Impacts

- Enable direct and indirect job Creation
Incorporate measures that help address GBVH² at Platform & counterparties levels
- Program well aligned with 6 out of 17 UN Sustainability Development Goals (SDGs)³
- Help achieve various government objectives:
 - India NDCs as per the Paris Agreement
 - COP26 pledges
 - Govt. of India's Atmanirbhar and Make in India initiatives

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¹ Note: 1. These are basis alignment with GCF and are non-binding targets. These will depend on the market traction and execution efficiency of the Platform, 2. Gender Based Violence and Harassment, 3. Such as 1) Good Health and Well Being, 2) Decent work and economic growth, 3) Industry, innovation and infrastructure, 4) Sustainable cities and communities, 5) Climate action and 6) Partnerships for the goals

Benefits of blended finance for catalysing new sectors

- Brings the best of Public and Private sector expertise and capital base in driving large scale transformation

