

**NOT  
LISTED**
**ATHER ENERGY**

| Automobiles

| 18 October 2019

## Key call takeaways

We hosted a call with Karan Punjabi, Head of Finance at electric scooter manufacturer Ather Energy (Ather). Following are the key call takeaways:

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**Sales ramp-up underway:** Ather currently sells 250-300 electric scooters per month (peak of ~400 units), lower than the company's initial expectations given supply-side constraints. Management expects to ramp this run-rate up to 400-500 units in the next few months. The company has sold a total of 2,000 units to date. Current plant utilisation stands at ~20%.

**S340 model discontinued:** Ather recently discontinued one of its scooter variants, the S340, as the order booking trend showed that close to 95% of customers opted for the premium S450 model. In addition, with the reduction in GST rates, pricing of the S450 has reduced to Rs 113k, closely matching that of the S340.

**Encouraging response to Chennai foray:** The company entered into Chennai in Jul'19, its second market after Bengaluru. Management stated that the response was encouraging (1,000+ bookings) and comparable to its Bengaluru launch.

**Gross margin to improve:** Ather currently operates at a negative gross margin but expects this to improve over the next 3-4 months with scale and engineering-related upgrades.

**EV vs. ICE breakeven in two years:** According to management, the running cost for its scooters is 30-40p/km as against Rs 2.2-2.5/km for a conventional (ICE) scooter. Based on an average run of 20km/day, breakeven on cost of ownership can typically be achieved at 15,000km (~2 years).

**Battery cost continues to fall:** The battery cost of electric two-wheelers continues to fall as industry volumes scale up. The long-term view that battery cost should come down below US\$ 100/KwH stands, but timelines for the same remain unsure.

**Financing of vehicles still low:** In Ather's experience, ~20% of vehicles are bought on finance/lease. Insurance cover is provided by new-age companies such as Godigit. As volumes scale up, management expects the larger incumbents to also enter the space.



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