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In This Issue

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Alternative Power

By Guy Youngs, Forecast & Adoption Lead

Repsol Cancels 200MW Green Hydrogen Project

Guy Youngs

Repsol has hit the brakes on its ambitious 200MW green hydrogen project in Puertollano, Spain, pulling the plug due to a mix of economic and technical hurdles. While the project passed the environmental test, the company says it just doesn't add up financially or practically.

The decision, however, throws a spotlight on the bigger picture: scaling up hydrogen production in Europe is proving trickier than expected. Between sky-high upfront costs, immature tech, murky policy frameworks, and a shaky market, the road to a sustainable energy economy is anything but smooth.

Source: *Hydrogen Fuel News* **Read The Article**

PSR Analysis. Across Europe, Hydrogen projects are being delayed or cancelled. This itself is not news as many hydrogen buses have been replaced with electric ones, once the government support has ended. What is of interest here is that it is clear that hydrogen's future is questionable without governmental support. The support is needed financially and to help with regulations, lower the economic barriers, and rethink how these innovations are brought to market. **PSR**

Ethiopia Updates ICE Vehicle Import Ban, Includes SKD and CKD Kits

Over a year ago, Ethiopia became effectively the first country in the world to ban the import of internal combustion engine vehicles. This was an immediate ban on the import of all ICE cars. The motivation wasn't environmental, but economic: A high fossil fuel import bill of over US$5 billion a year, was taking a huge chunk of the country's scarce foreign currency resources. Energy security and self-sufficiency were other major drivers.

Ethiopia's ban covered fully built units and left out semi-knocked down (SKD) and completely knocked down (CKD) ICE vehicle kits. That meant companies importing SKD and CKD kits for local assembly could still do so.

This month, the Ethiopia's Ministry of Industry updated the notice to include bans on Semi-knockdown (SKD) or completely knockdown (CKD) ICE powered automobiles, three wheeled vehicles and motorcycles.

Source: *CleanTechnica* **Read The Article**

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Alternative Power

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While increasing the energy density of a battery is generally very good news, there have to be several caveats.

PSR Analysis. Ethiopia recently commissioned the first units from the Grand Ethiopian Renaissance Dam (GERD) which will generate a significant surplus of energy once completed, together with the removal of subsidies on fossil fuels. Ethiopia plans to introduce 15% VAT and 15% excise on fossil fuels. Almost by accident, Ethiopia has taken a huge step towards being the first ICE free country, but it should be noted trucks still are exempt. **PSR**

Rare-Earth Metal that Increases Battery Energy Density Identified

Researchers at McGill University in Canada have increased a battery's energy density by adding a rare-earth metal to an anode.

The scientists added a small amount of neodymium (Nd) to the anode in a bid to increase its energy density without compromising safety. This resulted in a 19% increase in energy density.

Source: *BEST Magazine* **Read The Article**

PSR Analysis. While increasing the energy density of a battery is generally very good news, there have to be several caveats. First, it needs to be successfully commercialized and second, the rare earth neodymium, is another rare earth material which China dominates, so there is a potential bottleneck as China uses the minerals in geo-political bargaining. **PSR**

Maersk Institute Was Right About Ship Batteries But Wrong On Price

In September 2024 the Maersk McKinney Møller Center produced a pre-feasibility study on battery-powered vessels. The report identified battery-hybrid propulsion as an essential part of shipping's decarbonization toolkit. It demonstrates a clear understanding that batteries offer significant efficiency gains over internal combustion and that partial electrification can sharply reduce greenhouse gas emissions and local air pollution.

However, the core assumptions underpinning the economic modelling, specifically regarding battery system prices, are incorrect. The Maersk study built its economic analysis on a battery system price of around $300 per kWh. Even their sensitivity tests only considered costs down to only $200 per kWh. Their conclusion was that at these price points, the economics of battery-electric hybrids for maritime transport, particularly on deep-sea and medium-range routes, appeared marginal or at best cost-neutral.

In July 2025, the most recent auctions for large-scale lithium iron phosphate (LFP) battery storage systems in China cleared at just $51 per kWh.

Source: *CleanTechnica* **Read The Article**

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Alternative Power

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PSR Analysis. Re-evaluating the calculations to allow for actual price points for battery storage demonstrates that battery-electric hybrids transition from being marginally competitive to significantly cost-effective. The next question is how long will it take for the global shipping industry to start constructing charging stations along all the major shipping routes. **PSR**

DATAPOINT:
North America U.S. Crawler Production
3,000

By Carol Turner, Senior Analyst, Global Operations

3,000 units is the estimate by Power Systems Research of the number of Crawlers expected to be produced in the U.S. in 2025.

There are two types of Crawlers: a Crawler Excavator and a Crawler Loader.

A Crawler Excavator is a self-propelled crawler mounted on heavy equipment that is designed to dig or move large objects and is classified by its mode of locomotion. The main function of a Crawler Excavator is to dig holes or trenches for construction related activities.

A Crawler Loader is a piece of mobile construction equipment used to load materials; it's used primarily in tough, off-road terrain. It's similar to a wheel loader, except it has treads instead of wheels.

This product information comes from industry interviews and from two proprietary databases maintained by Power Systems Research: **EnginLink™**, which provides information on engines, and **OE Link™**, a database of equipment manufacturers.

Exports: Collectively, to 30% worldwide.

Market Share: With combined plant totals of 60%, Cat leads in production of Crawlers in North America. In second position is Deere with 32%; third, is Terramac with 6%.

Trends. In 2024, production of Crawlers in North America (US) decreased 15% from the previous year. Production is expected to drop 9% in 2025 from 2024. The decline is attributed to losing production by Case along with the weakening in construction related activities that include supply chain issues.

Prior manufacturing increases were stemmed with newer efficient models that make tasks more productive and safer. In 2021, declines were mostly due to COVID-19 related factors such as plant shutdowns, parts availability and lack of workforce. The market also dropped significantly in the Spring of 2021 caused by low oil prices and a lull in mining and construction projects.

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DataPoint Report

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Recent decreases in production are also attributed to divergent trends, however, as public sector construction activity continues to decline while private sector demand for new construction continues to strengthen.

Even though sales dropped considerably in 2020/2021, production is expected to gain up to 10% by 2030 primarily influenced by the outlook of construction (infrastructure) and mining related activities. **PSR**

Truck Production Report

By Chris Fisher, Senior Commercial Vehicle Analyst

2025 Heavy Truck Production Expected To Decline

Power Systems Research
TPI
Truck Production Index

Read the complete TPI Report here

In 2025, Medium and heavy commercial vehicle production in South America, Greater China, South Asia and Japan/Korea are expected to increase while European and North American production is expected to decline somewhat significantly this year over 2024.

Chris Fisher

Global Index. Globally, medium and heavy commercial vehicle production is expected to decline by 1.9% this year over 2024. A moderate softening of the global economy along with negative impacts from increased tariffs has placed pressure on vehicle demand this year.

North America. The commercial truck market in North America remains in a "wait and see" mode with regard to truck sales this year. Uncertainty about the economy and the impact of the trade tariffs moving forward is causing hesitancy among the various fleets. Many fleet owners also believe the EPA will modify or outright cancel the phase 3 GHG emission regulations thus significantly reducing the cost of the MY 2027 vehicles and effectively eliminating any significant 2026 truck pre-buy.

At the time of this writing, PSR believes there will be no significant truck pre-buy through the rest of this year and a significantly reduced pre-buy if any, in 2026. Medium and heavy truck production is expected to decline by 13% this year compared with 2024. **PSR**

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The 2025 Exhibition emphasized port electrification, alternative fuels, and infrastructure development.

Europe Report

By Natasa Mulahalilovic, Marine Pleasure Boat Analyst-Europe

Natasa Mulahalilovic

Marine Exhibition 2025: Industry Collaboration and Innovation

Read the complete Show Report here

The Electric & Hybrid Marine Exhibition 2025 held June 24 - 26, 2025 featured increased corporate collaboration and demonstrated a focus on sustainability, the adoption of immersive technologies, and enhanced connectivity.

These development trends were built on a collaborative approach to maritime electrification and decarbonization and reflect incremental improvements as well as a strategic shift toward smarter, greener, and more autonomous marine operations.

Representatives of Power Systems Research attended the show to collect data on new products and to talk with exhibitors and attendees about industry trends.

The 2025 Exhibition emphasized port electrification, alternative fuels, and infrastructure development.

The 2025 show included renowned global leaders such as Torqeedo, PowerCell, MAN, Volvo Penta, Rolls-Royce, ABB, MG Energy, EPTechnologies, and Molabo underscored the serious investments being made in sustainable marine propulsion and clean technologies. Their participation highlighted the diverse range of innovative solutions shaping the future of maritime transport.

The 2025 conference offered more than 100 speakers and new content focused on scalable charging infrastructure, alternative fuels, and strategic regulatory partnerships. There was a strong emphasis on practical pathways toward maritime sustainability and net zero emissions.

The 2025 edition placed greater emphasis on scalable solutions for a wider range of vessel types and port infrastructure.

The show was held at the RAI Amsterdam complex and lasted three days. About 200 exhibitors participated, including leading companies in electric and hybrid marine technology, propulsion, and charging infrastructure.

The 2025 show introduced dedicated stages for in-depth technology presentations and Q&A with manufacturers, such as battery comparison sessions.

The 2025 event included the Autonomous Ship Conference & Expo, expanding the event's reach into maritime automation and digitalization.

The next exhibition will be held in Chicago, August 20 - 21, 2025, indicating that this clean marine movement is growing worldwide. The Electric & Hybrid Marine Exhibition is becoming a key place for sharing new ideas, working together, and aiming for cleaner oceans and greener shipping. **PSR**

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South America/Brazil Report

By Fabio Ferraresi, Director Business Development South America

Chinese Machinery Gains Market Share in Brazil

Fabio Ferraresi

Chinese machinery now accounts for 30% of Brazil's market, up from 18% a decade ago. The agricultural sector, once dominated by local firms, now sees 13.2% of its machines coming from China. Abimaq warns of risks to domestic manufacturers, including loss of market and post-sales service challenges. Despite concerns, 2025 shows recovery: agricultural machinery sales rose 22.8% through May, construction equipment 17.3%. Abimaq, the Machinery OEM association, urges government support and "equal" competition conditions.

Source: *Autodata* **Read The Article**

PSR Analysis. This market rebound in 2025 is primarily driven by favorable weather conditions and government support for small farmers. However, high interest rates and limited credit for large producers pose risks. Meanwhile, Chinese machines are gaining market share, rising from 9.7% to 13.2% in agriculture and 30% overall, raising concerns about post-sales support and declining local industry competitiveness. Without policy changes, foreign content—especially from China—will likely continue displacing domestic production long term. PSR

Brazil Will Be Largest Mercedes Truck Market in 2025

If current trends continue, Brazil is set to once again become Mercedes-Benz's largest truck market worldwide, surpassing Germany as it did in 2023. This outlook was confirmed by Achim Puchert, global CEO of Mercedes-Benz Trucks and former head of the Brazilian operation from 2022 to 2024.

During a brief 12-hour visit to the São Bernardo do Campo plant for the relaunch of the Axor heavy-duty truck line, Puchert emphasized Brazil's importance: "Brazil is a key market due to its size, sales potential, and future opportunities. We've had good results, and I remain confident in its potential."

According to Puchert, Brazil's operation regained profitability following a restructuring plan launched in 2022. Despite high interest rates, he believes Brazil continues to outperform Germany and Europe, which are facing economic and political challenges.

Source: *Autodata* **Read The Article**

PSR Analysis:. Mercedes strong performance in Brazil is followed by the sales profile, with strong decrease in Heavy Duty Segment (Class 7 and 8) and growth in Light and Medium Segment (Class 3 thru 6), where Mercedes is well positioned

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South America Report

Continued from page 7

and competes mostly with Volkswagen Truck and Bus and Iveco slightly behind the two major players. Other players with portfolios concentrated on Heavy Duty, Volvo, Scania and DAF, have different scenarios, as you will be able to check in our OE Link Production Database. **PSR**

Mitsubishi Logisnext plans to increase the electrification rate of its forklifts from approximately 60% to 90% by 2035.

Far East: Japan Report

By Akihiro Komuro, Research Analyst, Far East and Southeast Asia

Mitsubishi Logisnext To Electrify 90% of its Forklifts

Akihiro Komuro

Mitsubishi Logisnext plans to increase the electrification rate of its forklifts from approximately 60% to 90% by 2035. The company has its roots in Mitsubishi Heavy Industries and Nissan Motor Co., Ltd., and it specializes in high-output engine vehicles. However, the global electrification rate has already surpassed 70%, with Chinese companies leading the way in technology. To catch up, the company is introducing new models in China that align with the trend toward electrification.

"The price of lithium-ion batteries has dropped, which has led to increased customer demand for electric forklifts," said President Maeno of Mitsubishi Logisnext. He highlighted the need to expand the company's product lineup to meet market needs. As part of this strategy, the company plans to introduce a locally produced electric vehicle model in China by the 2025 fiscal year. The key feature is thorough "localization." The company has adopted locally sourced batteries, motors, hydraulic components, and other parts to reduce prices to levels comparable to those of Chinese manufacturers. Until now, the company has sold vehicles developed in Japan but has struggled against low-priced local competitors. In China, battery prices have fallen rapidly due to the increased popularity of electric vehicles (EVs). Mitsubishi Logisnext has adopted a “when in Rome, do as the Romans do” strategy to counter this trend. Depending on sales performance, the company plans to expand into markets such as Southeast Asia.

Mitsubishi Logisnext has established a strong industry presence through advanced technology, such as a system that automatically loads and unloads cargo from trucks using unmanned forklifts. However, the company has been slow to adopt electric vehicles. To break out of this stagnation, Mitsubishi Logisnext is now focusing on developing EV-related strategies.

Source: The Nikkei

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Japan Report

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PSR Analysis: About a decade ago, it was widely believed that the ratio of engine-powered to battery-powered vehicles would stabilize at 5:5. However, battery-powered models have experienced significant growth. Of course, engine-powered vehicles will continue to be used in environments without charging infrastructure and in off-road conditions. Still, battery-powered vehicles are expected to account for 70-80% of global demand. Mitsubishi Logisnext, the world's fourth-largest forklift manufacturer, aims to catch up in the electrification race. This move is expected to accelerate the overall electrification of the market. **PSR**

極東 > 日本レポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

三菱ロジスネクスト、フォークリフト電動化9割に

三菱ロジスネクストは2035年までにフォークリフトの電動化率を現在の約6割から9割に高める。同社は三菱重工業や日産自動車の事業部が源流にあり、高出力のエンジン車が強みだ。しかし世界の電動化率は7割に達し、技術では中国勢が先行する。電動化の潮流に対応した新車種を中国で投入するなど、巻き返しを急ぐ。

「これまで課題だったリチウムイオン電池の価格が下がったことで顧客からも電動フォークリフトの引き合いが増えている」。三菱ロジスネクストの間野社長はこう話し、市場ニーズに合わせた製品拡充の必要性に言及してきた。その一手として25年度内にも中国での現地専用の電動車種を投入する。特徴は徹底的な「現地化」だ。現地調達した電池やモーター、油圧部品などを採用し、価格を中国メーカーに近い水準まで下げたという。これまでは日本で開発した車両を販売してきたが、低価格の現地勢に押され苦戦してきた。中国ではEV普及もあり電池価格が急速に下がっている。「郷に入れば郷に従う」戦略で対抗策を見いだした。売れ行き次第で東南アジアなどの市場にも展開したい考えだ。

三菱ロジスネクストはトラックの積み荷を自動で積み下ろしする無人フォークリフトのシステムなど、技術面の高さで存在感を示してきたが、電動化では出遅れ気味だった。現状打破に向け、電動車にまつわる戦略策定に力を入れている。

参考: 日経（一部筆者により元記事内容を改編しました）

PSR 分析: エンジン車とバッテリー車の比率は5:5くらいで落ち着くだろう、という見方が10年ほど前までは一般的だったが、現実ではバッテリーモデルが大きく伸長することになった。もちろん今後も充電設備が無い使用環境やオフロード環境での場合にはエンジン車が使用されていくだろうが、大局的にはバッテリー車が世界需要の7-80%を占めていくことになるだろう。フォークリフト市場シェア世界4位の三菱ロジスネクストが、遅れ気味だった電動化で巻き返しを図る。これによってさらに市場全体の電動化は加速するだろう。**PSR**

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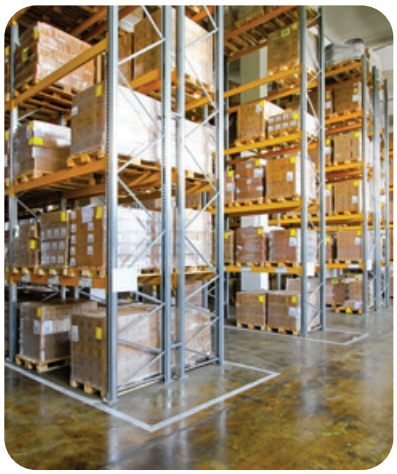

Far East: South Korea Report

By Akihiro Komuro, Research Analyst, Far East and Southeast Asia

Major Shipbuilder Secures U.S. Military Ship Orders

Akihiro Komuro

South Korea is collaborating with the government and private sector to strengthen its ties with the U.S. in the shipbuilding industry. Major companies, such as HD Hyundai Heavy Industries, are establishing bases in the U.S., and the government is supporting efforts to train individuals. They are taking advantage of the Trump administration's push to revive the shipbuilding industry to gain a share of the market for building and repairing military ships. South Korea aims to catch up with China, which holds over half of the global shipbuilding market share, by leveraging its alliance with the US.

In late June, HD Hyundai emphasized its partnership with Edison Chouest Offshore (ECO), a U.S. shipbuilding company. The two companies plan to build LNG-fueled container ships together by 2028. ECO has five commercial shipbuilding bases in the US and specializes in offshore support vessels (OSVs); however, orders have been sluggish in recent years.

ECO approached HD Hyundai for a partnership because HD Hyundai saw it as an opportunity to expand its business in the US market. In July 2024, HD Hyundai became the first South Korean company to sign a ship repair agreement with the U.S. Navy, marking a significant step toward entering the U.S. market on a large scale. The agreement grants HD Hyundai eligibility to participate in the MRO (maintenance, repair, and overhaul) business, estimated to be worth 20 trillion won (approximately US$ 14.4 billion) annually. In April 2025, HD Hyundai announced a collaboration with Huntington Ingalls Industries, the largest defense shipbuilding company in the U.S., to develop next-generation ships. In collaboration with U.S. defense technology startups, HD Hyundai plans to complete an unmanned maritime reconnaissance vessel by 2026. With future combat applications in mind, HD Hyundai aims to become a "game-changer in future naval warfare."

Hanwha Ocean, South Korea's second-largest shipbuilder, is intensifying its shift toward the U.S. market. In March, Hanwha Ocean completed the first regular maintenance of the U.S. Navy's 40,000-ton military support vessel, the Wally Schiller. Hanwha aims to secure 5 to 6 U.S. Navy vessel maintenance, repair, and overhaul (MRO) projects by 2025.

In line with HD Hyundai and Hanwha's focus on U.S. operations, U.S. naval and shipbuilding officials have been visiting South Korean shipbuilding facilities since spring 2024. In February, U.S. Senator Mark Kelly visited Hanwha's Philadelphia shipyard, acquired by Hanwha in December 2024. Kelly stated, "Cooperation with South Korea is essential to counter China's rise."

Source: The Nikkei

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South Korea Report

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PSR Analysis: South Korea's shift toward the U.S. is influenced by China's presence. China accounts for 70% of shipbuilding orders, so South Korea (with 17%) needs to collaborate with other countries to maintain its industry. South Korea hopes that countries will place orders to South Korea for reasons of international security. The U.S. is also sending signals to Japan, but its response has been slow. **PSR**

極東 > 韓国レポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

韓国造船大手、米国の軍艦需要取り込み　官民連携で中国勢追う

韓国が官民を挙げて米国と造船業の連携を進めている。最大手のHD現代重工業などが米国に拠点を設け、政府も人材育成を後押しする。トランプ米政権が造船業の再建に乗り出した機を捉え、軍艦の建造や修理の需要を取り込む。米国との同盟関係を生かし、世界の造船業界で過半のシェアを握る中国勢を追う。

HD現代は6月下旬、米造船のエジソン・シュエスト・オフショア（ECO）との提携の発表で強調した。2028年までにLNG燃料対応のコンテナ船を共同で建造する。ECOは米国内に5つの商船建造拠点を持ち洋上支援船（OSV）を得意とするが、近年は受注が低迷していた。ECOがHD現代に協力を要請し、HD現代も米市場で事業を広げる好機になるとみて提携が実現した。HD現代は24年7月、韓国企業として初めて米海軍と艦艇整備協約を結び、米国への本格進出の足がかりとなった。年間20兆ウォン（約2兆円）規模のMROと呼ばれる修理・補修事業に参入する資格を得た。25年4月には米国最大の防衛造船企業ハンティントン・インガルス・インダストリーズとも協業を発表した。HD現代は次世代船の開発でも米国と手を組む。米防衛テック新興と連携し26年までに無人で海上を偵察する船舶を完成させる計画だ。ゆくゆくは戦闘用の開発も念頭に置き、HD現代は「未来の海戦でのゲームチェンジャーを目指す」という。

韓国造船2位のハンファオーシャンも米国シフトを強める。3月には同社にとって初めてとなる米海軍の4万トン級軍需支援艦「ウォリー・シラー」の定期整備を完了させた。ハンファは25年に米海軍艦艇MRO事業で5～6艘を受注する目標を掲げる。

HD現代やハンファが米国事業に注力するのと歩調をあわせ、米国の海軍や造船関係者は25年春以降、相次いで韓国の造船業の拠点を訪ねている。2月には米国上院のマーク・ケリー議員がハンファが24年12月に買収した米国のフィリー造船所を訪れ、「中国の台頭に対抗するため、韓国との協力が不可欠だ」と話した。

参考: 日経（一部筆者により元記事内容を改編しました）

PSR 分析: 韓国が米国へのシフトを強めている背景には中国の存在がある。造船受注シェアは中国が70%を占めており、17%の韓国が産業を維持するために他の需要国との連携が不可欠だ。国際安全保障上、中国以外の国に発注をする動きを韓国は期待している。米国は日本にも秋波を送っているが日本の動きは鈍い。**PSR**

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China National Heavy Duty Truck Group and Toyota Motor Corporation signed a strategic cooperation agreement on April 25, at Toyota's headquarters in Nagoya, Japan.

China Report

By Jack Hao, Senior Research Manager - China

Jack Hao

Heavy Duty Truck Group Signs Cooperation Pact with Toyota

China National Heavy Duty Truck Group and Toyota Motor Corporation signed a strategic cooperation agreement on April 25, at Toyota's headquarters in Nagoya, Japan.

Toyota Motor Corporation possesses world-leading hydrogen fuel cell technology, and China National Heavy Duty Truck Group is a leading enterprise in China's commercial vehicle industry. The hydrogen fuel cell tractor jointly developed by the two parties has already been delivered to the market in batches. In the future, the two sides will establish more extensive cooperation in the fields of cooperative research and development, demonstration and operation, promotion and application, and business model innovation of hydrogen fuel commercial vehicles, and work together to create a new ecosystem for the zero-carbon logistics industry chain.

Source: *CNHTC* **Read The Article**

PSR Analysis. Toyota possesses world-leading hydrogen fuel cell technology, while China National Heavy Duty Truck Group is a leading enterprise in China's commercial vehicle industry. The hydrogen fuel cell tractors jointly developed by the two parties have already been delivered to the market in batches. This kind of cooperation can combine Toyota's technological advantages with China National Heavy Duty Truck Group's market and manufacturing capabilities, accelerating the optimization and innovation of hydrogen fuel cell technology.

The cooperation between Toyota and China National Heavy Duty Truck Group may form a complete hydrogen energy industry chain. For example, the inauguration of Toyota's dedicated fuel cell research and production plant in Beijing marks the entry into a new phase of the fuel cell project jointly promoted by Toyota and its Chinese local partners. This kind of industrial synergy will help enhance the overall competitiveness of the hydrogen energy industry and promote its rapid development

This year, three hydrogen energy corridors are planned to be put into operation, covering major arteries such as the Beijing-Shanghai, Guangzhou-Shenzhen, and Chengdu-Chongqing routes. After scaling up, the cost of fuel cell systems is expected to decrease by 60% compared to 2020.

At the same time, it is also observed that infrastructure needs to be developed in tandem. Currently, 60% of the cost of hydrogen comes from green hydrogen

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China Report

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production using renewable electricity, and there is a need to further reduce electricity prices. Additionally, there are only 300 hydrogen refueling stations nationwide, with a target of 1,000 stations by the end of 2025. The construction of hydrogen refueling stations requires substantial financial investment. The government may include hydrogen-powered heavy-duty trucks in its purchase subsidy program for new energy vehicles. The implementation progress of these measures will largely determine the development trajectory of hydrogen energy heavy-duty trucks. **PSR**

India Report

By Aditya Kondejkar, Research Analyst – South Asia Operations

Used Car Market Shifts Toward Sustainable Profitability

Aditya Kondejkar

India's used car market has entered a high-growth phase, reflecting a clear structural shift in consumer demand. After years of sluggish expansion, the segment grew 8% in FY25, with FY26 growth expected to touch 10%.

Sales volumes are set to cross the 6-million-unit mark this fiscal. The used-to-new car sales ratio has reached 1.4x, a significant increase from less than 1.0 five years ago. This growth is being driven by a rising preference for value-for-money mobility solutions, especially in a post-pandemic landscape where cost sensitivity remains high.

The used car segment is also increasingly seen as a reliable, first-choice option for new-age consumers, thanks to greater digital access and easier financing. These dynamics indicate that used vehicles are no longer a fallback option, but a mainstream choice for a broad swath of buyers.

Evolving Consumer Behavior and Vehicle Trends. Underlying the volume surge is a fundamental evolution in consumer mindset. Buyers are upgrading vehicles more quickly, leading to a younger pool of available used cars. The average age of used cars sold has declined from 5.3 years in FY17 to a projected 3.7 years in FY26. This reflects faster ownership cycles and improved supply quality.

Demand is increasingly skewing toward utility vehicles and compact SUVs, aligning closely with new car market preferences. Moreover, global supply chain disruptions—such as semiconductors and rare-earth magnet shortages—have increased waiting periods for new cars, further shifting attention toward pre-owned vehicles that offer quicker delivery and lower upfront costs. First-time buyers, in particular, are finding better availability and broader choice in the used segment.

Role of Organized Platforms and Profitability Pressures. Organized players have expanded their footprint significantly and now contribute to roughly one-

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India Report

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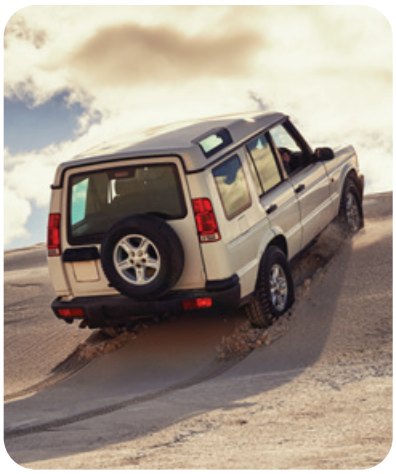

third of total used car sales. These companies offer full-stack services including inspection, refurbishment, financing, insurance, and doorstep delivery—features that have enhanced customer confidence and formalized what was once a highly fragmented market.

However, profitability remains a critical concern. Despite strong revenue growth, high costs associated with logistics, customer acquisition, and vehicle refurbishment continue to weigh heavily on operating margins. While topline expansion is robust—with revenues for leading platforms expected to rise from ₹6,500 crore in FY22 to ₹16,500 crore in FY26—many players are still operating at thin or negative margins. Achieving breakeven within the next 12 to 18 months will require disciplined cost management and operational efficiency.

Capital Deployment and Liquidity Challenges. Capital investment has played a vital role in scaling the organized used car ecosystem. Since FY19, players have raised over ₹14,000 crore in equity funding to build inspection hubs, expand logistics capabilities, and develop technology platforms. For the current fiscal year, planned capital expenditures range between ₹800 and ₹1,000 crore. However, liquidity pressures are emerging as fundraising becomes more selective, with investors increasingly focused on profitability. Access to bank credit remains limited due to ongoing cash losses and insufficient tangible collateral, especially for asset-light models. Inventory-led businesses may have an edge in securing credit, but a broad recovery in funding access is likely to depend on visible improvement in operating performance.

Source: *Business Standard.com* **Read The Article**

PSR Analysis. India's used car market is transitioning from informal growth to institutional scale. The rise in the used-to-new car sales ratio, shrinking vehicle age, and digital-led transaction models all point to a maturing ecosystem.

Yet, the real test lies in balancing growth with profitability. Organized players must now pivot from scale-at-any-cost strategies to sustainable business models focused on cost control, liquidity management, and customer trust. With the right focus, India has the potential to close the gap with global benchmarks and establish used vehicles as a core pillar of its automotive future. **PSR**

Russia Report

By Maxim Sakov, Market Consultant, Russia Operations

Editor's Note: *Power Systems Research has paused all research and business development activities in Russia. We maintained an important presence in Russia from 2013-2022 to bring important updates to our clients about the powered equipment markets within Russia. We are continuing to monitor the current situation and hope to again establish this presence when the conflict with Ukraine is resolved. Please contact us at* ***info@powersys.com*** *if you have questions regarding business conditions in Russia. Thank you.* **PSR**

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