



MARKET AND FY18 EARNINGS GUIDANCE UPDATE

ANNOUNCEMENT

29 OCTOBER 2018

Vmoto Limited (ASX: VMT) is pleased to provide the following update on its activities for the quarter ended 30 September 2018 (3Q18), during which time the Company continued to progress its strategy of selling high margin/high value electric two-wheel vehicle products into international markets.

Highlights

- Continuing upward sales trend - total of 3,100 units sold in 3Q18, up 8% on previous quarter.
- 2,739 units sold into international markets, up 13% on 3Q17, down 2% on previous quarter, due to expected impact of the European holiday season.
- 700 units sold in Europe, up 117% on 3Q17, down 34% on previous quarter due to expected impact of European summer holiday season.
- Firm international orders (with deposits received) for 2,574 units at 30 September 2018, scheduled for delivery in 4Q18. Orders for 2,347 of these units were received in 3Q18, up 73% on previous quarter.
- Vmoto launched Super Soco into Australian and New Zealand market, with appointment of exclusive distributor, Urban Moto Imports Pty Ltd.
- Vmoto's distribution network expanded further in Europe and South America, with exclusive distributors appointed in Chile, Belgium, Luxembourg and Poland.
- Vmoto exhibited the new Super Soco product range at the Intermot International Motorcycle, Scooter and E-Bike Fair in Cologne, Germany in October 2018. Significant sales leads were secured and increased sales orders via existing and new distribution agreements in Europe are expected to flow in the near future.
- Delays experienced in European homologation for new Super Soco CU-X model may impact on Vmoto's forecast sales for 4Q18. Compliance is expected to be achieved in November 2018, however European unit sales for 4Q18 depend on the exact timing of compliance and lead time to then manufacture, ship and invoice a backlog of CU-X orders prior to year-end. It is therefore possible that our forecast positive EBITDA result for FY2018 may be impacted. We will be in a position to provide further guidance by mid-November 2018.
- Post 3Q18, in October 2018 Vmoto's bank operating facility was repaid in full. The Company has no debt and RMB25 million (approximately A\$5 million) available for redraw from the bank operating facility.

3Q18 Sales Performance

Unit sales for 3Q18 totalled 3,100 units, comprising:

	3Q18	2Q18	3Q17*
European customers and distributors	700	1,059	322
Non-European customers and distributors	2,039	1,750	2,067
Chinese customers and distributors	361	53	17,068
Total	3,100	2,862	19,457

* The Company notes that total unit sales for 3Q18 were significantly lower than 3Q17 largely results from the Company's strategic decision to exit the low margin Shanghai Jiye (PowerEagle Product) for the Chinese domestic and local Asian markets and focus on selling higher margin/higher value electric two-wheel vehicle products into international markets.

Total unit sales for 3Q18 were up 8% on the previous quarter, continuing the upward trend of firm orders received from the higher margin European market. 2,739 units were sold into international markets in 3Q18. This result is down 2% on 2Q18 however this is largely due to 3Q18 being a historically slower quarter, with the European holiday season occurring in August 2018.

At the end of 3Q18, the Company had firm orders (with deposits received) for 2,574 units, 2,347 of which were received during the quarter, up 73% on firm orders received in previous quarter. The orders in hand from international customers and distributors are expected to be delivered in the next three months and the Company further expects to receive healthy forward orders for its B2B E-Max electric delivery vehicle and its B2C Super Soco electric two-wheel vehicle products from its international distribution network.

International Markets

During 3Q18, the Company signed a number of exclusive international distributor agreements:

Australia and New Zealand: An exclusive distribution agreement was signed with Urban Moto Imports Pty Ltd ("UMI") (www.urbanmotoimports.com.au) to warehouse, distribute and market the Super Soco range of electric two-wheel vehicle products in Australia and New Zealand. UMI is a specialist premium motorcycle importer and distributor in Australia and New Zealand for MV Agusta, Bimota, Benelli, Gas Gas, Royal Enfield and Peugeot Motorcycles and have been very successful in the Australian and American market.

Chile: Vmoto signed an exclusive distribution agreement with Importadora Y Comercializadora Rojabe Motors Tuning Ltda ("Rojabe") (www.rojabe.com) for Rojabe to warehouse, distribute and market the Super Soco TS, TC and CUX electric vehicle products in Chile. Rojabe is a professional importer in Chile and has its own laboratory and a team of experts in the electric vehicle industry. Rojabe has achieved and obtained the highest number of approved electric vehicles models in Chile.

Belgium and Luxembourg: An exclusive distribution agreement was signed with SOCS Bvba (“SOCS”) (www.skyteammotor.com) for SOCS to warehouse, distribute and market the Super Soco range of electric two-wheel vehicle products in Belgium and Luxembourg. SOCS is an experienced importer and motorcycle company in Belgium that has extensive dealers network in Belgium and other European countries.

Poland: An exclusive distribution agreement was signed with Karbon 2 Sp. z.o.o (“Karbon2”) (www.karbon2.pl) for Karbon2 to warehouse, distribute and market the Super Soco range of electric two-wheel vehicle products in Poland. Karbon 2 is a large and successful trade company that has 30 years’ of experience in Poland and significant interest to expand into the electric vehicle industry.

FY18 Earnings Guidance Update

On 2 February 2018, the Company advised it was confident of achieving positive EBITDA for FY18. This forecast result included the projected 4Q18 European sales of the new Super Soco CU-X model, homologation for which was expected to be completed in 3Q18.

Due to circumstances outside of Vmoto’s control, the homologation process to comply with European standards for the new model has experienced delays and is now expected to be completed in November 2018.

The Company recognises sales revenue when units are shipped. European unit sales for 4Q18 will depend on the exact timing of compliance and the lead time to then manufacture, ship and invoice a backlog of CU-X orders prior to year-end. It is therefore possible that our forecast positive EBITDA result for FY2018 may be impacted. We will be in a position to provide further guidance by mid-November 2018.

The Company is confident that any delays caused by the homologation process will create a timing issue only and any forecasted CU-X units not shipped to Europe by the end of FY2018 will be shipped and invoiced in 1Q19.

Exhibitions and Marketing

In October 2018, Vmoto showcased the Super Soco range of two-wheel electric vehicles at the Intermot International Motorcycle, Scooter and E-Bike Fair, held in Cologne, Germany (“Intermot”), targeting B2C markets. Intermot was attended by over 1,041 providers from 40 countries and hosted 220,000 visitors, including 53,000 trade visitors. The Vmoto team secured over 130 sales leads from 29 different countries, which will be followed up and are expected to result in significant sales opportunities in the coming periods.

During the quarter, the Company’s distributors also participated in a number of marketing events promoting both Super Soco and E-Max electric delivery scooters, including:

- Total Bike racing event held in Hungary on 4 August 2018
- Motor Show exhibition held in South Korea on 11 October 2018
- Exhibicion de Motos Electricas held in Uruguay from 15-30 September 2018

Financial

As at 30 September 2018, the Group had cash of A\$4.5 million (2Q18: A\$4.9 million). The decrease in cash from a balance of A\$4.9 million at the end of 2Q18 was largely due to upfront payments to secure material supplies for manufacturing to fulfil international sales orders and for stock for our expanding European distribution operations.

As at 30 September 2018, the total operating facility drawn down was RMB5 million (approximately A\$1 million) and the total available undrawn operating facility was RMB20 million (approximately A\$4 million). In October 2018, the operating facility was repaid in full, with approximately A\$5 million available for redraw.

Outlook

Vmoto continues to execute its strategy of selling high value, high performance electric two-wheel vehicles to the international markets, including delivery, sharing and rental customers and B2C customers. The Company is focused on the B2C market via its sales and marketing of Super Soco two wheel electric vehicles and the B2B market via its own E-Max electric delivery scooters.

The Company has recently expanded its European operations with the establishment of a wholly owned European subsidiary and a warehouse to accelerate the sales into European markets. The Company is now able to provide direct support to its European distributors and provide more confidence to potential customers with its local presence and after sales service.

Vmoto continues to receive significant interest and sales leads due to its increased sales and marketing activities. With the number of additional distributors signed up in 3Q18 and increasing firm orders, Vmoto's management remains confident that the Company will continue to increase international sales and further consolidate its position as a leading electric two-wheel vehicle manufacturer and provider to the international markets.

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About Vmoto

Vmoto Limited (ASX: VMT) is a global scooter manufacturing and distribution group. The Company specialises in high quality "green" electric powered two wheel vehicles and manufactures a range of western designed electric scooters from its low cost manufacturing facilities in Nanjing, China. Vmoto combines low cost Chinese manufacturing capabilities with European design. The group operates through three primary brands: Vmoto (aimed at the value market in Asia), E-Max (targeting the Western B2B markets, with a premium end product) and Super Soco (targeting the Western B2C markets). As well as operating under these brands, the Company also sells to a number of customers on an original equipment manufacturer ("OEM") basis.

Vmoto's Social Media

Vmoto is committed to communicating with the investment community through all available channels including social media. Whilst ASX remains the primary channel for all material announcements and news, all Vmoto shareholders, investors and other interested parties are encouraged to follow Vmoto on website (www.vmoto.com), Facebook ([vmotoworld](https://www.facebook.com/vmotoworld)), Instagram ([vmoto1](https://www.instagram.com/vmoto1)) and Twitter ([vmoto5](https://twitter.com/vmoto5)).



Photo: Vmoto's E-Max electric delivery scooters in operation to deliver letters and parcels at the streets in Netherlands



Photo: Vmoto's E-Max electric delivery scooter in pizza delivery operation in France



Photo: Vmoto's E-Max electric delivery scooter in delivery operation in Colombia



Photo: Super Soco TS, used by Guatemalan police department to undertake patrol duties



Photo: Vmoto participated and showcased Super Soco TS, TC and CU-X electric two-wheeler products at Internot in Cologne, Germany from 3-7 October 2018



Photo: Vmoto participated and showcased Super Soco TS, TC and CU-X electric two-wheeler products at Internot, held in Cologne, Germany from 3-7 October 2018



Photo: Visitors to InterMot test riding the Super Soco TS and TC electric motorcycles



Photo: Vmoto's distributor participated in the Total Bike racing event held in Hungary on 4 August 2018 with Super Soco TC electric motorcycle