



VMOTO 1H16 OPERATIONS REVIEW

ANNOUNCEMENT

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Vmoto Limited (ASX: VMT) provides its results for the half year ended 30 June 2016 (1H16).

Commenting on the 1H16 results, Managing Director Charles Chen said: "The first half was operationally an extremely busy period for the Company as it continued with its strategy to grow Chinese and international sales of electric two-wheel vehicles.

"In China, the new subsidiary formed with PowerEagle (VMT 51%) was established with minimal disruption as the operations were moved from Vmoto's manufacturing facility in Nanjing to a leased facility in Shanghai, with production capacity of 150,000 units per annum. In addition to the 300,000 units per annum capacity of the Nanjing facility, Vmoto is well positioned to capitalise on both the domestic Chinese and international electric two-wheel vehicle market.

"The impact of previously announced local Chinese government restrictions on the use of electric two-wheel vehicles in certain areas has not been significantly material to unit sales in China to date. We are continuing to monitor this situation within China, and are comfortable our growth plans remain achievable.

"International unit sales were down on the previous period, due largely to a slowdown in sales of lower value electric two-wheel vehicles in Vietnam and Africa. New models are currently under development to better suit the Vietnam and Africa markets and the Company expects sales to these regions to improve in 2H16. Internationally, the Company continued with its strong relationships with its B2B and B2C customers and distributors, received positive feedback from its potential new customers and distributors, and expects more orders will flow through in future periods.

"Despite the slow start to sales in 1H16, with the PowerEagle operations now established in Shanghai, more time has been freed up for senior management to focus on pursuing higher margin international sales. We continue to receive significant interest from international customers, distributors and other groups for potential collaborations and believe the fruits of this work will be seen in the coming months and years as the international electric two-wheel vehicle market continues to grow.

"We have also invested time and resources into developing new electric two-wheel vehicle models which we intend to launch at Intermot in October 2016. This research and development component of the business is important to ensure our products are evolving in time with the sector. When combined with our facilities, inventory, cash and other assets this puts us in a strong net tangible asset position of 14c per share.



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“The Company remains optimistic on its growth potential for the second half of the financial year and into 2017 and, based on repeat orders now being received from international companies, together with new customer interest, we believe the international electric scooter market is due for an acceleration of growth. Our development plans for this, combined with the launch of new models and additional marketing campaigns puts us in a strong position to capitalise on this growth.” said Mr Chen.

Key financial highlights

- Revenue - \$17.8 million (1H15: \$24.9 million)
- Loss before interest, tax, depreciation and amortisation - \$80,236 (1H15: EBITDA \$2.1 million)
- Net loss of \$597,472 (1H15 NPAT: \$1 million)
- Cash at bank - A\$4.6 million
- Net tangible asset per share - A\$0.14

Key operational highlights

- Total units sold - 39,116 units (1H15: 41,503)
- Units sold to international customers - 3,917 (1H15: 7,211)
- New subsidiary formed with PowerEagle (Vmoto 51%) fully established and operational in Shanghai (capacity 150,000 units pa)
- Secured initial orders of 385 units to Loop Systems Inc, with more orders expected over the remainder of FY2016 and coming years
- Commenced shipments and continued to fulfil orders to a significant European supermarket group with over 300 stores across Europe
- Progressed new market entries in North America, Canada, Costa Rica, Ecuador, Finland, France, Korea, Malta, Netherlands, Sweden, Thailand, United Kingdom and Uruguay
- Invested in marketing of the Company’s Australian online business
- New electric scooter models in development for launch at Intermot in Cologne in October 2016 (<http://www.intermot-cologne.com>)

Outlook

The second half of the financial year is historically stronger than the first for Vmoto.

With the new subsidiary formed with PowerEagle (Vmoto 51%) now fully operational at its leased facilities in Shanghai, Vmoto can begin to capitalise on PowerEagle’s network of over 200 distributorships in China through which Vmoto can supply its own branded electric two-wheel vehicle products.

In conjunction with this, Vmoto will continue to execute on its strategy of targeting high margin international sales and growth markets. The first half of this year has seen the Company undertake the ground work in progressing significant new market entry and distribution opportunities, including in North America, Canada, Costa Rica, Ecuador, Finland, France, Korea, Malta, Netherlands, Sweden, Thailand, United Kingdom and Uruguay. These and further new markets will be developed over the second half of this year as the Company looks to deliver the growth that will drive achievement of its earnings forecast.

The upcoming Intermot exhibition is a case in point where Vmoto will have a significant presence and a chance to showcase the Vmoto brand and scooters (current and new) to over 200,000 trade visitors, motorcycle enthusiasts and media representatives from more than 100 countries. This, combined with more international distributors and customers due to visit the factory to discuss and finalise orders, production and sales are expected to increase over the coming months, in line with management expectations.

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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 scooters and manufactures a range of electric scooters, based on western technology and design, from its low cost manufacturing facilities in Nanjing, China. Vmoto combines low cost Chinese manufacturing capabilities with European design. The group operates through two primary brands: Vmoto (aimed at the value market in Asia) and E-Max (targeting Western markets with a premium end product). As well as operating under its own brands, the Company also sells to a number of customers on an original equipment manufacturer (“OEM”) basis.