



Friendly
To the Earth



Company Update

May 2016

Company Highlights



- Vmoto is a global electric scooter manufacturer and distribution group
- Growing sales and underlying profits over FY2013 to FY2015
- Wide China sales channels with over 200 distributors and stores
- Global network of customers, partners and distributors in 36 countries, growing year on year
- Wide variety of products targeting lower cost and “premium value” market in China and Asia and premium end products for Western markets
- Significant tangible and intangible assets with 100% owned Chinese manufacturing facility, inventory, licences and patented technology
- Annual capacity across owned Nanjing and leased Shanghai facilities of ~450,000 electric 2 wheel vehicles per annum
- Strategically positioned to capitalise on the burgeoning electric scooter market through organic growth opportunities
- Fully funded for current business plan to increase scale of manufacturing with existing facilities



Corporate Snapshot



- **Directors and senior management**
 - Charles Chen – Managing Director
 - Ivan Teo – Finance Director
 - Olly Cairns – Non-Executive Director
 - Shannon Coates – Non-Executive Director / Company Secretary
 - Jacky Chen – Non-Executive Director

>100 employees across Australia, China and Europe
- **Capital structure**
 - ASX code - VMT
 - Shares – 158m
 - Share price – 20c (as at 2 May 2015)
 - Market cap - \$31.6m
- **Shareholders**
 - Australian / Chinese and retail – 71%
 - Australian / UK institution – 16%
 - Management – 13%



2015 – Financial Highlights



Continuing to achieve underlying growth

Key profit & loss items (A\$m)	FY15	FY14	% change
Revenue	47.6	42.9	11%
Underlying EBITDA*	5.4	4.0	35%
Underlying Net profit after tax*	4.1	3.2	28%
Underlying earnings per share (cps)	2.88	2.57	12%

Key balance sheet items (A\$m)	FY15	FY14	% change
Cash	6.7	3.9	72%
Other assets	32.0	31.3	2%
Total assets	38.7	35.2	10%
Borrowings	2.1	4.7	(55%)
Other liabilities	2.5	5.7	(56%)
Total liabilities	4.6	10.4	(56%)
Total equity	34.1	24.8	38%

Key cash flow Items (A\$m)	FY15	FY14	% change
Net cash flows from operating	0.01	0.62	N/A
Net cash flows from investing	(2.87)	(1.49)	N/A
Net cash flows from financing	5.44	0.12	N/A
Net (decrease) / increase in cash	2.58	(0.75)	N/A

*After adjustments – excludes one-off / non-cash impairment costs and losses from Haiyong disposal, tax adjustments, and share based expenses

- **Underlying Financial Performance positive**
 - Underlying profitable financial year with a net profit of \$4.1m on revenue of \$47.6m
 - Gross margins improving with economies of scale
- **Stronger cash position**
 - Up to \$6.7m at 31 December 2015
- **More manageable facility**
 - Total operating facility drawn down was RMB10m (approximately A\$2.1m) at 31 December 2015
 - Total undrawn operating facility was RMB24m (approximately A\$5.1) at 31 December 2015
- **Stronger balance sheet**
 - Net assets up to \$34.1m at 31 December 2015
- **Inventory**
 - As at 31 December 2015, inventory stood at \$4.5m



Key International Developments



- International reach increasing
- Distributor and customer base now in 36 countries around the world.
- Marketing and sales increasing in line with management strategy to focus on higher margin channels
- Vmoto name and brand expanding with a healthy pipeline of repeat and new customers. These include:
 - Initial order to supply Vmoto electric scooters to a significant European supermarket group, shipments have commenced, potential to establish long term sales channel through their stores
 - Secured initial order from Loop, a North American Telematics high-tech company, which intends to purchase 32,000 units from Vmoto, and to launch its Scooter Sharing Project in 11 major cities over 2016-2017
 - Interest in trials and orders coming from countries such as Netherlands, France, Israel, Italy, Croatia, Finland, Malta, Sweden, Ecuador, Israel



Chinese Operational Developments



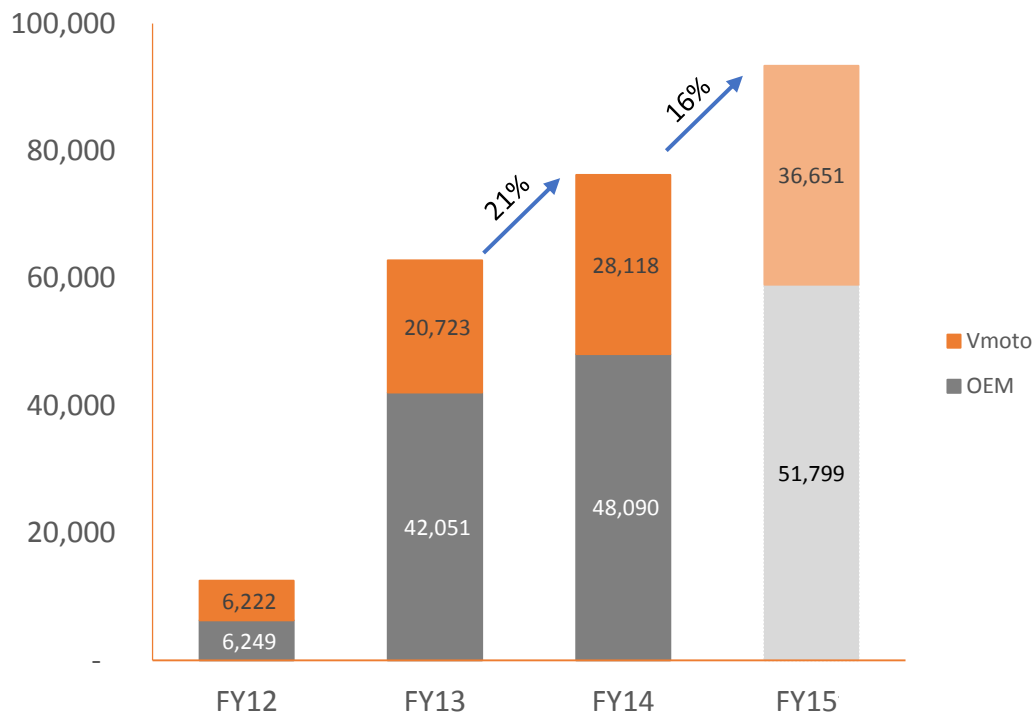
- Chinese operations footprint expanding through JV with PowerEagle (51% Vmoto), securing long term future production in China
- JV responsible for all production of PowerEagle products and Vmoto distribution – network of over 200 distributors and stores
- JV production now based in new leased facility in Shanghai, closer to dealers and customers, with a capacity ~150,000 units per annum. Vmoto products still produced in Nanjing
- Potential softening of China sales in 2016 due to certain local governments limiting electric bikes, not expected to have material long term effects for Vmoto
- 3/4 wheel JV (15% Vmoto) own electric three-wheel vehicle models developed, exhibited and received sales orders more than expected



Production and Sales Growth



Production and sales continues to grow as the company expands



- International sales increasing – better profit margins
- 1st year of JV sales expected to be slower as more work required for move to Shanghai and marketing
- Plenty of capacity in Nanjing and Shanghai for future years growth



2 Production Facilities – Nanjing and Shanghai



Nanjing and Shanghai are positioned to service Chinese and International growth – combined capacity of ~450,000 units pa

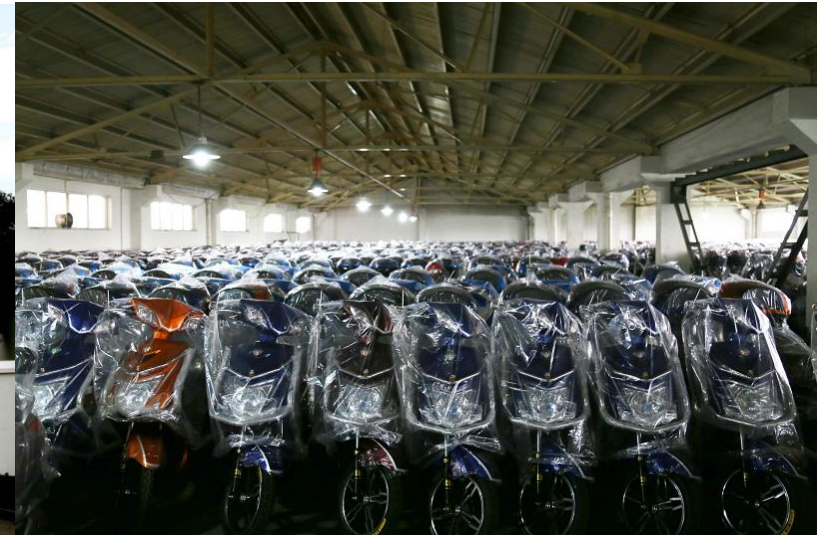
- Nanjing - 30,000sqm state of the art manufacturing facility in Nanjing - ~300,000 capacity pa
 - wholly owned producing Vmoto international and domestic products
 - currently running at less than 20% utilisation excluding 3/4 wheel JV
 - no short term infrastructure requirements
 - Operates under Chinese manufacturing license – significant intangible value
- Shanghai - ~150,000 capacity pa
 - Run by JV with PowerEagle producing and servicing their dealers and customers
 - Produces predominantly PowerEagle products



PowerEagle JV significantly increases Chinese distribution footprint



Through own distribution network and PowerEagle's established distribution network Vmoto has access to >200 dealers



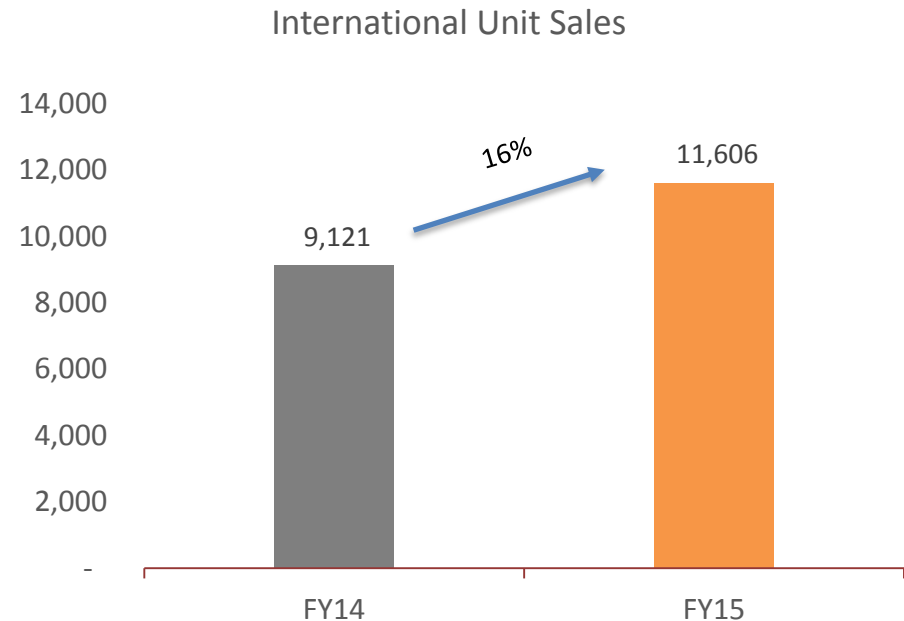
Strategic plans to expand to other cities



Positive International growth & higher margin markets



- Vmoto now has customers in over 36 countries across Asia, Europe, South America and North America
- Some customers are significant business chains in the food delivery, supermarket and postal sectors
- Certain customers have exclusive distributor rights for their country
- Many orders are repeat business
- Other developments include international supply agreements for technology companies and 'shared transportation'
- Interest continues to be generated in Vmoto's products and on an OEM basis
- Management very focussed on increasing international sales where margins are greater



Joint venture to enter electric three-wheel and four-wheel vehicle markets

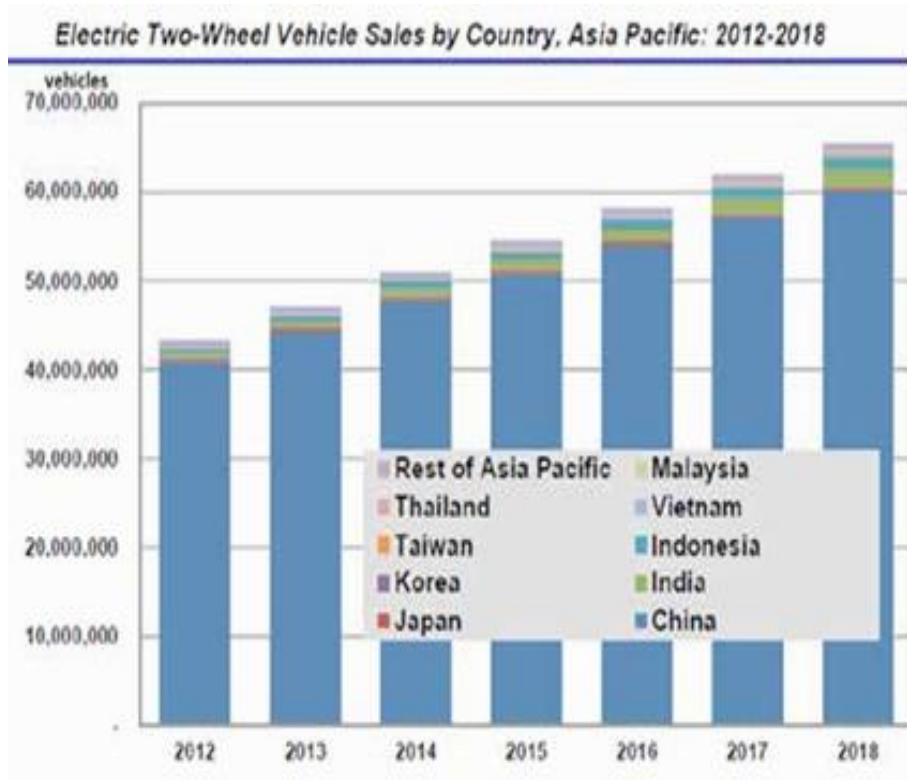


Three-wheel and four-wheel electric vehicle JV formed with a number of experienced partners in China's electric vehicle market

- JV focuses on design, manufacture and distribution of electric three-wheel and four-wheel vehicles for Chinese domestic and international markets
- Vmoto own a 15% equity interest in the three-wheel and four-wheel electric vehicles company
- Successfully developed its own three-wheel electric vehicle models in March 2016 after many months of development
- Recently exhibited in the largest two-wheel and three-wheel electric vehicle exhibitions, Northern International Electric Vehicle Exhibition, held in Tianjin, China with significant interest received
- Initial sales started, outlook encouraging



The Market



- **Asia-Pacific**

- Electric two-wheel sales are expected to reach >60 million by 2018, still largely drive by China

- **International**

- Rest of the world is following, driven by advances in technology, company change and government incentives

Source: Navigant Research



2016 Outlook and Future Strategy



- **International growth**
 - More focus on international sales and higher margin opportunities as those markets grow
 - Repeat business from B2B customers
 - Strong marketing efforts
 - New country distributors for B2C customers
- **Chinese growth**
 - JV to focus on China for PowerEagle and Vmoto products
 - China growth slower due to limitations on electric two-wheel vehicles by some regional governments
 - Marketing into other cities and provinces
- **Pursue growth opportunities including scooter sharing, rental and other OEM customers**
- **Forecasting FY16 NPAT of \$1.8m - \$2.0m**



Summary



- Vmoto growing internationally in 2016 – large international presence
- Despite slowing sales China is still the biggest market for electric 2 wheel vehicles
- Long term China production, cost savings and better margins secured with PowerEagle JV
- Organic growth, distributor electric vehicle collaborations being assessed and progressed
- Fully funded for current business plan and strategically placed for growth
- Infrastructure, licensing, branding, patented technology and IP all in place
- Strong competitive position
- Ability to increase scale of manufacturing operations with existing facilities up to 450,000 units pa



Global cooling,
one kilometre at a time



Appendices



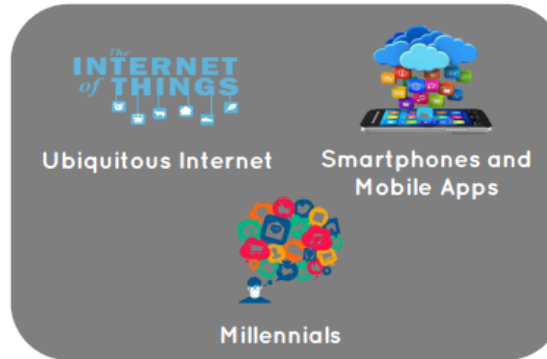
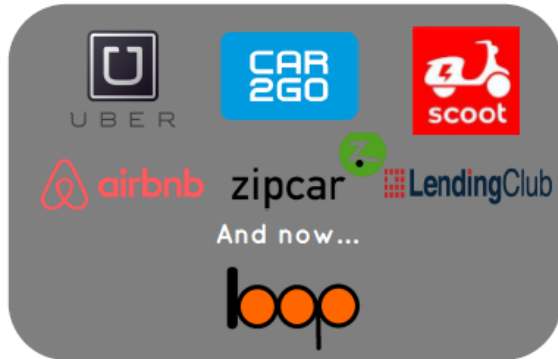
Appendices



Collaborative Consumption is Changing the World

Who?

Why?



Consumer preferences are shifting from **ownership** to **access**



Appendices



THE TRAVELLER

Ride your Way



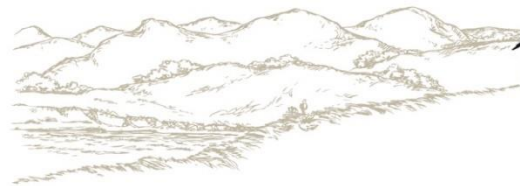
THE URBAN

Ride your Way



THE ENDURO

Ride your Way



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