



**Friendly**  
To the Earth



**Presentation**

**June 2015**

# Company Overview



## A significant player in the burgeoning electric vehicle market

- Profitable and cash generative electric vehicle manufacturer
- Growing unit sales of premium branded and OEM products
- Two-wheel electric vehicle sales increasing year on year in China and internationally – repeat and new customers
- Rapidly expanding footprint both in China and internationally – 40 wholly owned and third party distribution outlets in China, and a presence in over 30 countries
- The wholly owned manufacturing facility is located in Nanjing, China, and is currently operating at <30% capacity
- A new joint venture to produce three- and four-wheel electric vehicles has been entered into, with first sales expected in 2015
- Recently acquired Nanjing Haiyong, an electric controller business, giving Vmoto access to technology central to the electric driving system
- Vmoto is primed to capitalise on the global shift towards environmentally friendly and cost effective transport



# Corporate structure



## **Charles Chen – Managing Director (China)**

- Ex-Honda Sundiro Management, 18 years experience in motor scooter business
- Responsible for day to day business operations in China

## **Ivan Teo – Finance Director (China)**

- Qualified Chartered Accountant – Western and Chinese experience
- Responsible for Group financial and accounting management

## **Olly Cairns – Non-Executive Director (Australia)**

- Over 16 years experience in corporate finance, capital markets, AIM and ASX
- Strategy, IR, business development, funding and corporate governance

## **Jacky Chen – Non-Executive Director (China)**

- Over 25 years' experience in the electric scooter manufacturing industry in China

## **Shannon Coates – Non-Executive Director / Company Secretary (Australia)**

- Qualified solicitor with over 20 years experience in corporate law and compliance
- Legal, compliance and corporate governance

## **Senior Management**

- 15 people

## **Employees**

- 119 people



# Capital structure



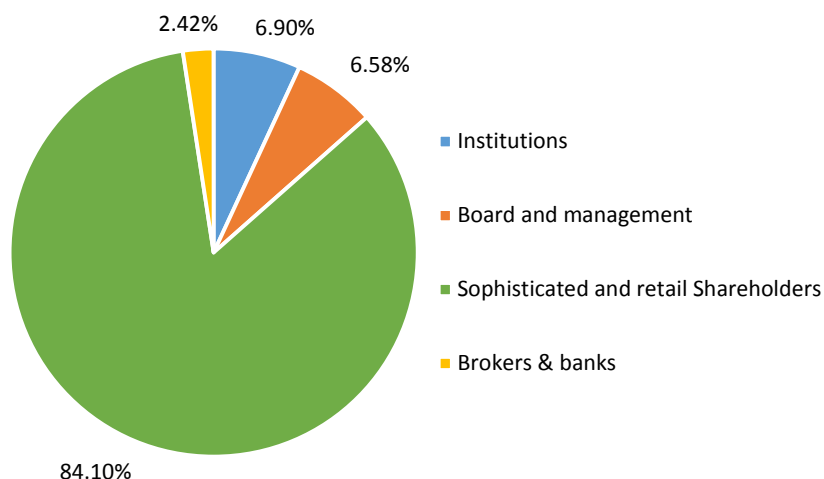
	Capital Structure
Fully Paid Ordinary Shares	132,825,670
Options	1,785,000
Performance Rights	2,933,334

ASX / AIM code	VMT
Share price (at 5 June 2015)	50c / 23.50p
Market Capitalisation	\$66.4m / £31.2m
Cash (as at 31 Dec 2014)	\$3.9m

Broker Coverage	Date Initiated
finnCap	October 2012
Mirabaud Securities	April 2015

Shareholder Geography	% Held
Australia	70.55%
United Kingdom	13.07%
China	12.34%
Rest of the World	3.95%

Capital Structure



# Key achievements in 2014



Growth across all key metrics

76,000 units sold

Profitable and cashflow positive

Successful expansion into new markets

Earnings growing faster than revenues

Acquisition of Haiyong, a prominent EV controller business

Formation of a JV to enter three and four-wheel market

Handlebar technology royalty agreement signed



# Share price growth since Jan 2012 reflects milestones achieved



Performance (indexed)



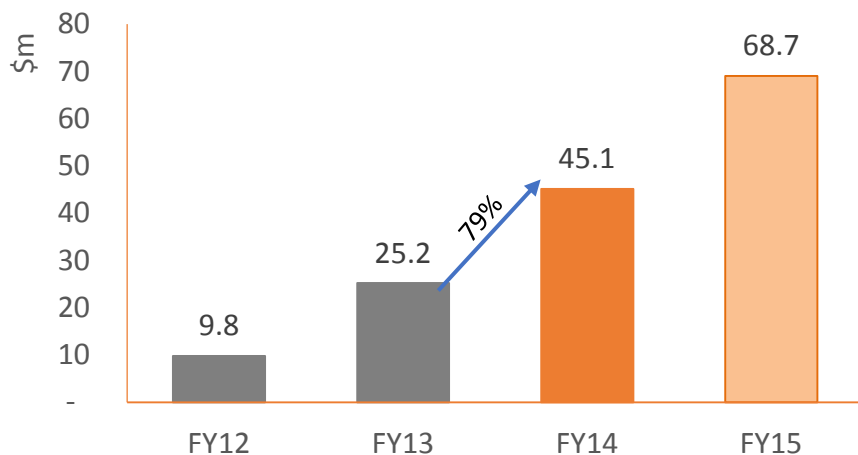


# Strong sustainable growth



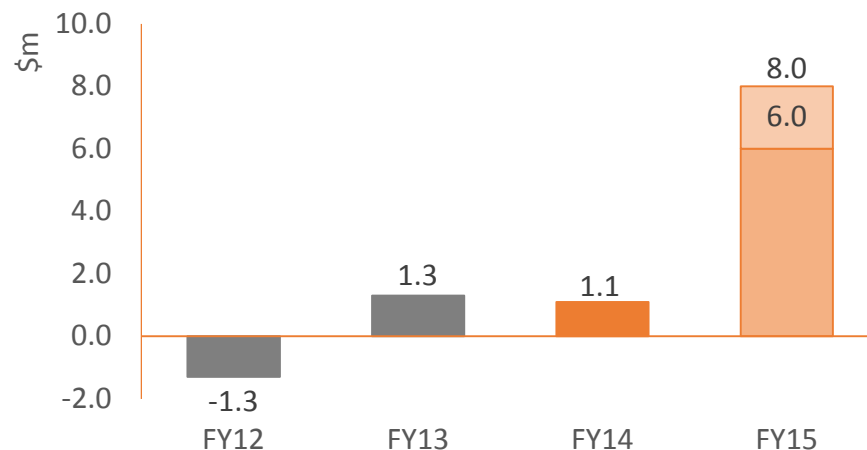
## Continuing sustainable growth in 2015 and beyond

Revenue



- Revenue grew by 79% in FY14
- Forecast revenue for FY15 is \$68.7m, an increase of 52%

Statutory EBITDA



- Statutory EBITDA of \$1.1m, underlying EBITDA\* of \$4.0m in FY14
- Forecast EBITDA of \$6-8m in FY15
- Earnings growing faster than revenues given improved margins
- Higher margins due to growing international sales

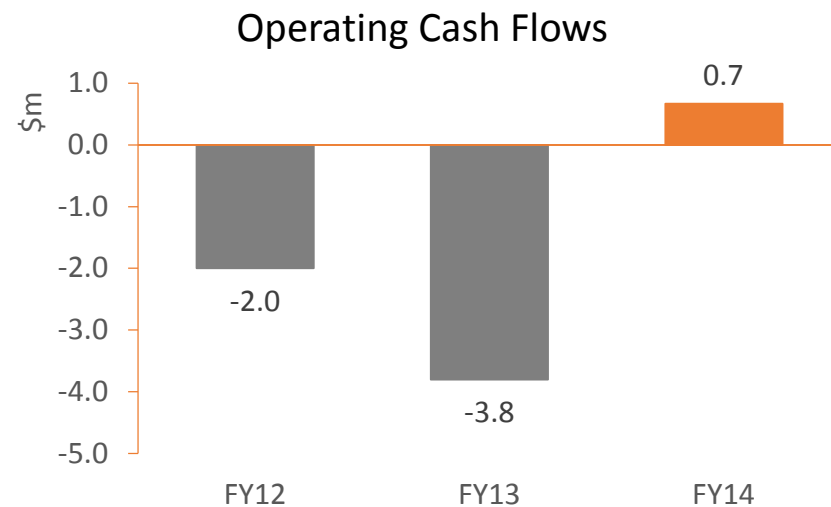
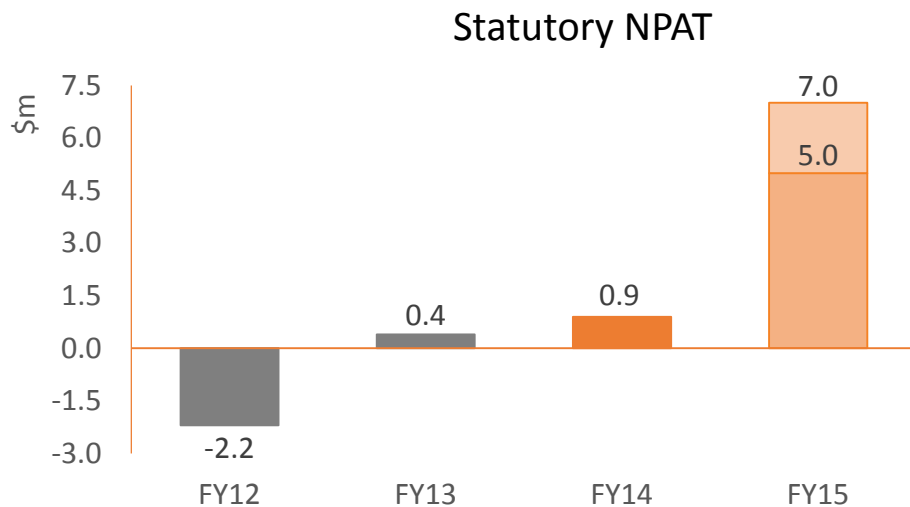
\*Refer to slide 26 for reconciliation of statutory and underlying EBITDA



# Strong sustainable growth



## Generating growing profits and cash



- Statutory NPAT of A\$0.9m, underlying\*\* NPAT of A\$3.2m in FY14
- Forecast NPAT of A\$5m-A\$7m in FY15

- Four consecutive quarters of positive operating cash flow
- \$430k generated in 4Q14

\*\*Refer to slide 26 for reconciliation of statutory and underlying NPAT





# Strong balance sheet



Key balance sheet items (A\$m)	31 Dec 14	31 Dec 13
Cash	3.9	4.4
Other assets	31.3	20.3
<b>Total assets</b>	<b>35.2</b>	<b>24.7</b>
Borrowings	4.7	5.5
Other liabilities*	5.7	1.5
<b>Total liabilities</b>	<b>10.4</b>	<b>7.0</b>
<b>Total equity</b>	<b>24.8</b>	<b>17.7</b>

- Debt reduced, assets increased by \$10.5m
- Inventory up \$0.8m to \$6.0m due to increased production levels to meet demand
- Total operating facility drawn down was \$4.7m and operating facility available was \$2.0m as at 31 December 2014

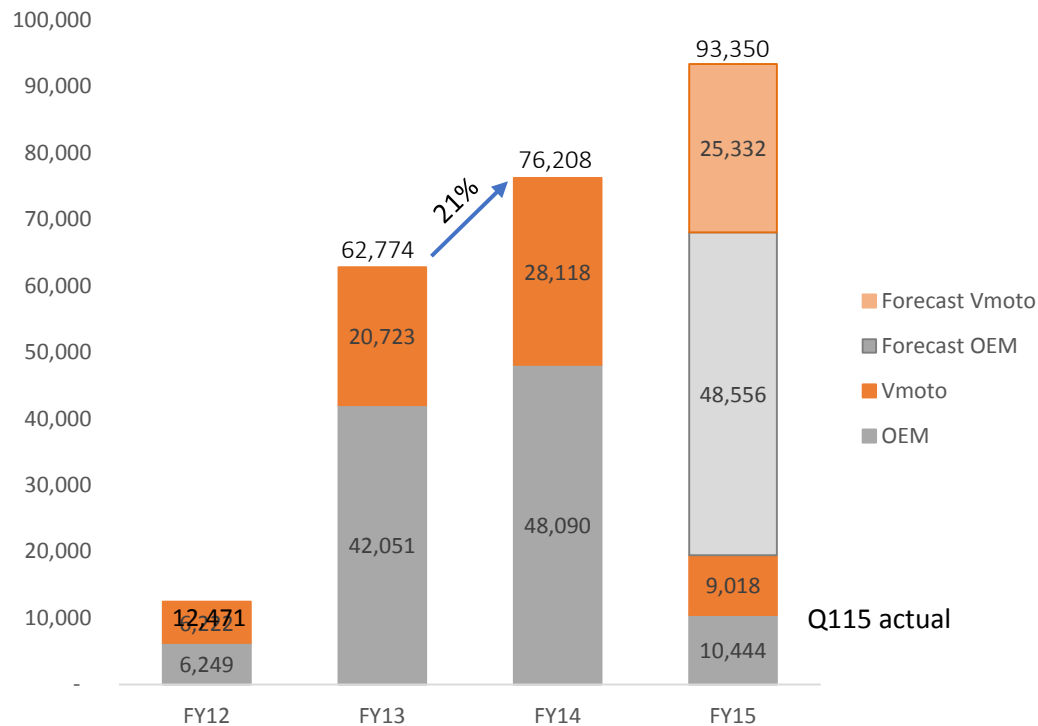
\*Other liabilities include \$1.2m of deposits from customers and \$1.8m of deferred consideration for the acquisition of Haiyong recognised in advance to comply with requirements of accounting standards. The deferred consideration is to be settled by VMT shares when performance conditions are met.



# Production and sales growth



## Production and sales continues to grow as the company expands



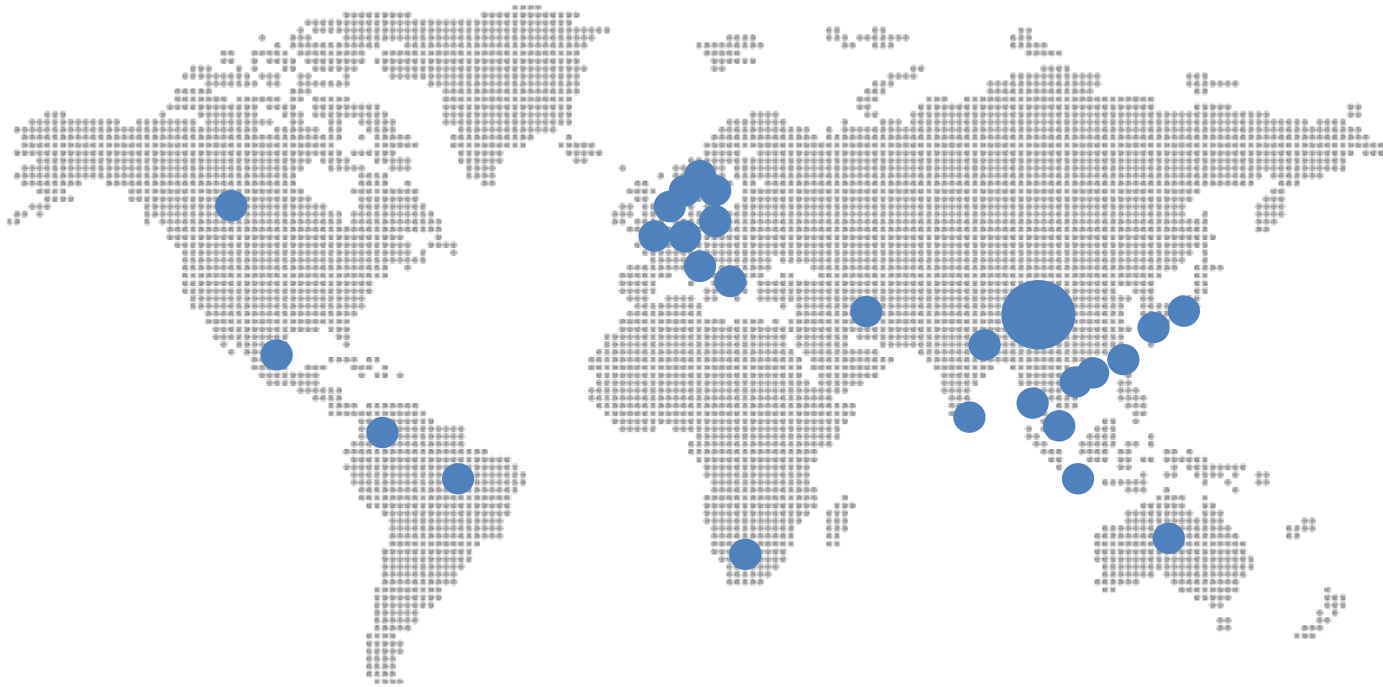
- Production and sales expected to increase to >93,000 units in 2015
- Current production mostly consists of two-wheel vehicles
- Three- and four-wheel production starting
- Estimated production capacity of c300,000 electric two-wheel vehicles per annum (depending on model)
- Sufficient capacity for next 3-5 years based on current growth



# Expanding into high margin markets



Currently over 40 wholly owned and third party distribution outlets in China



...as well as increasing higher margin international distribution – now in over 30 countries

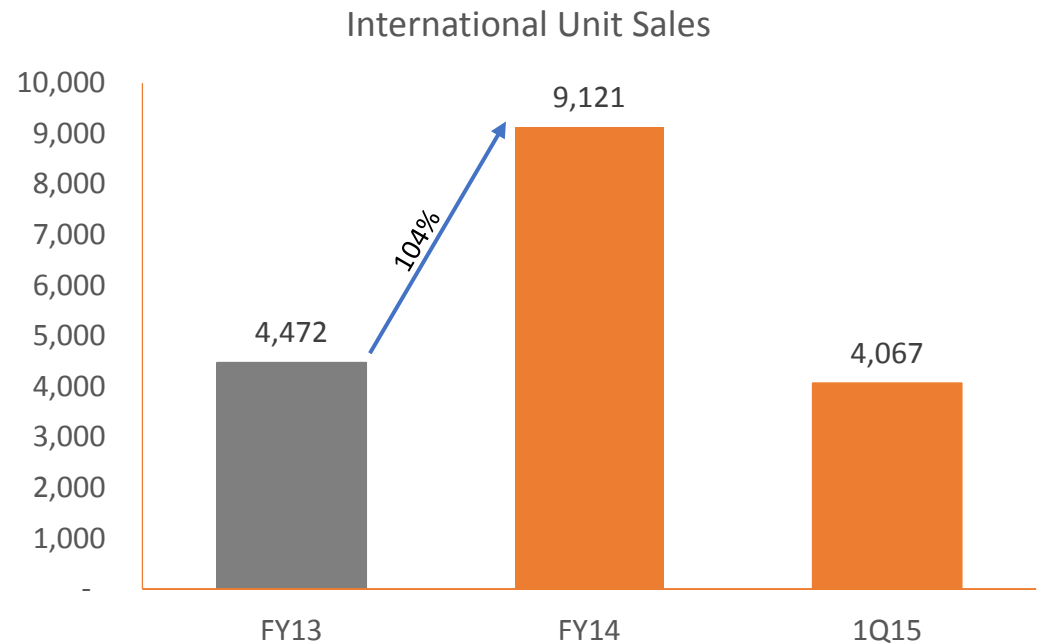


# Expanding into high margin markets



Over the past eighteen months, Vmoto has delivered products or samples to:

- Brazil
- Mexico
- Croatia
- Denmark
- Malaysia
- Japan
- Nepal
- Sri Lanka
- Netherlands
- Canada
- Indonesia
- France
- Belgium
- Vietnam
- Iran
- Taiwan
- South Africa
- Italy
- South Korea
- Thailand
- Hong Kong
- Greece
- Ecuador
- Australia



# Well positioned to ramp up over the next three to five years



## Production facility has capacity to handle increased demand

- 30,000sqm state of the art manufacturing facility in Nanjing, China
  - wholly owned, fully paid for, equipped plant in key industrial zone
  - currently running at less than 30% utilisation
  - no short term infrastructure requirements
- Operates under Chinese manufacturing license
  - Significant intangible value
  - Expected to open up further opportunities for consolidation within China
- Production of three and four-wheel electric vehicles has commenced



# Nanjing Haiyong acquisition



## Vmoto acquires Nanjing Haiyong Electric Technology Co.

- Nanjing Haiyong is an advanced electronic technology company focused on producing controllers, a key component in electric vehicle driving systems
- The acquisition gives Vmoto access to electric vehicle technologies central to the electric driving system
- Huge market for controllers in China and key customers are largest electric two-wheel vehicles manufacturers in China
- Benefits to Vmoto include:
  - Enables Vmoto to market all of its applications to its own customers
  - Fast-tracks the development of its electric driving system
  - Delivers an instant contribution to revenue



Haiyong Key customers:



# Patented handle bar technology agreement



## Cooperation Agreement signed with Changzhou Dusheng Electrical Equipment Co.

- Agreement signed with the third largest handle bar manufacturer in China
- Dusheng will pay a royalty to Vmoto based on the sales volume of handle bars that use Vmoto's patented technology in EV handle bar to control the entire EV
- The agreement is expected to fast-track the penetration of Vmoto's technology to the market through spare parts manufacturers' sales channels
- Royalties expected to contribute to revenue in FY16





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



## New JV formed with a number of experienced partners in China's electric vehicle market

- New JV focus on design, manufacture and distribution of electric three- and four-wheel vehicles for Chinese domestic and international markets
- Vmoto owns a 20% equity interest in the new JV following an initial investment of \$1.5m
- 2015/2016 production and distribution forecast at between 20,000 and 50,000 three- and four-wheel vehicles
- Capitalises on demand for electric vehicles generated by political, environmental and business considerations
- Three-wheel electric vehicle production in China has grown from 500,000 units in 2004 to 10 million units in 2013\*
- Annual demand for four-wheel electric vehicles in China predicted to grow to 820,000 units by 2020\*\*



# Strong start to 2015



## Positive first quarter setting up for remainder of 2015 and beyond

- Over 19,400 scooters sold in 1Q15, up 37% from 1Q14
- Higher margin international sales continue to grow - >20% of total sales (1Q15 international sales of 4,067 units – up 99.6% on 1Q14)
- Old and new international customers visiting the factory for potential new orders
- PowerEagle discussions commenced to enter into new OEM agreement post 2015. An agreement is expected 3Q15
- China sales network set to increase over 2015
- Establishing online sales platform in China
- Three- and four-wheel joint venture operational, sales commenced





## Growth in China: B2C market

- Expansion in China – targeting 300 outlets by 2017
- Launch in China online sales platform and offline logistics and service from 2016
- Chinese demand for electric two-wheel vehicles has gradually shifted to e-scooters
- Vmoto positioned itself as international Western premium brand in B2C market in China
- Plan to launch e-motorcycle racing brand in China
- Plan to undertake e-motorcycle racing campaign and partner with racing circuit nearby Vmoto Nanjing manufacturing facilities
- Vmoto main competitors in China are: Yadea, Aima, Luyuan
- Vmoto's advantage over its competitors - international Western brand, European design, advanced technology in electric systems





## Growth in China: B2B market

- Massive potential for growth in China's B2B market
- Launch international delivery electric scooter in China from 2016
- Target large and famous B2B customers in China
- Providing complete and customisable electric vehicle solutions to all B2B customers for their fleet requirements
- Aiming to be number 1 in China by the end of 2019 in terms of brand, profitability and volume in e-scooter segment



Typical electric delivery bike in China



Vmoto's electric delivery scooter







## Growth in International: B2C market

- Asia – Increase unit sales to existing distributors and identify new distributors, strategic partners and importers
- Europe – Increasing unit sales to Europe, benefiting from government policies including subsidies for buying electric vehicles and bans on petrol two-wheel vehicles more than 50cc on the road



# Future strategy



## Growth in International: B2B market

- Expand existing and target new B2B customers that have needs to replace petrol fleet with electric fleet eg KFC, McDonalds, DHL, TNT, Dominos Pizza
- Partner with B2B customers for innovative services including e-scooter sharing and battery exchange stations, leveraging Vmoto's network and technical expertise



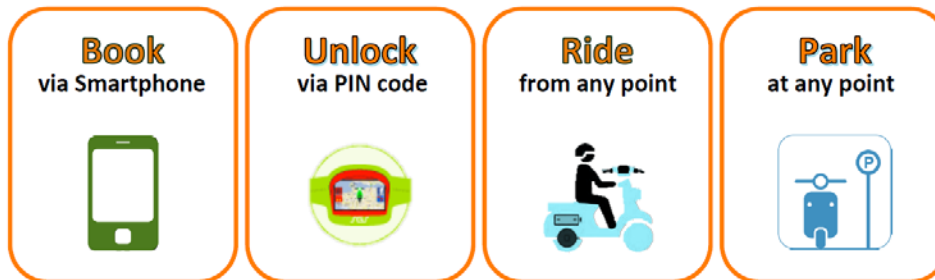
# Potential significant future projects



## Case 1: Electric scooter sharing project

- Partner with B2B customers for shared electric fleets for inner-city transportation to solve congested traffic, air pollution, overcrowded public transport and parking issues (e-scooter sharing project)
- Each electric scooter in the e-scooter sharing project will be upgraded to a “smart scooter” with GPS functionality, 3G enabled, which the scooter location and status will always be displayed on the smartphone app so the vehicle can be reserved for travel

e-scooter sharing





# Potential significant future projects



## Case 2: Battery Exchange Station Project

- Partner with B2B customers for battery exchange station project to overcome long battery charging time and limited travel distance range for electric vehicle users
- Cooperate with battery exchange station operator that have successful track record and battery suppliers that have reliable battery products
- Additional source of income from supplying Vmoto's electric two-wheel vehicle products to the battery exchange station project and also revenue from operating the battery exchange stations



# 2015 – we're not slowing down



Forecast EBITDA of A\$6m – A\$8m

Forecast NPAT of A\$5m – A\$7m

Continue to increase Chinese footprint with new retail stores and distributors

Increase international sales

Progress production of three and four-wheel vehicles

Forecast sales of over 93,000 two-wheel units

Investigate new opportunities in the electric vehicle space

Expand into new markets





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# Reconciliation of 2014 statutory and underlying EBITDA and NPAT



Reconciliation of Underlying EBITDA	FY14 \$m
Statutory NPAT	0.9
<b>Add:</b>	
Depreciation	0.5
Interest expenses	0.3
Income tax benefit	(0.6)
<b>Statutory EBITDA</b>	<b>1.1</b>
<b>Add: One off expenses</b>	
Impairment on inventories	1.5
Impairment on sundry receivables	0.4
Impairment on VAT credit	0.1
Share based expenses	0.9
<b>Underlying EBITDA</b>	<b>4.0</b>

Reconciliation of Underlying NPAT	FY14 \$m
Statutory NPAT	0.9
<b>Add: One off expenses</b>	
Impairment on inventories	1.5
Impairment on sundry receivables	0.4
Impairment on VAT credit	0.1
Income tax benefit	(0.6)
Share based expenses	0.9
<b>Underlying NPAT</b>	<b>3.2</b>

\*The Underlying EBITDA (non-IFRS) excludes impairment charges on inventories (\$1,548,071), sundry receivables (\$377,229) and VAT credit (\$108,865), and share based expenses (\$899,447), totalling A\$2.9 million, from the Statutory EBITDA. This information has not been audited or reviewed however the Directors believe this information is useful to provide investors with transparency on the underlying performance of the Company. FY12 and FY13 calculated on an annualised basis from half year reporting.

\*\*Underlying NPAT (non-IFRS) excludes impairment charges on inventories (\$1,548,071), sundry receivables (\$377,229) and VAT credit (\$108,865), income tax benefits from recognition of tax losses (\$626,842) and share based expenses (\$899,447), totalling A\$2.3 million, from the Statutory NPAT. This information has not been audited or reviewed however the Directors believe this information is useful to provide investors with transparency on the underlying performance of the Company. FY12 and FY13 calculated on an annualised basis from half year reporting



# Vmoto's evolution



2009

**Vmoto** completes manufacturing facility and production begins. The company acquires **E-Max**, a German electric scooter manufacturer

2010 – 2012

**Vmoto** adds to lucrative supply agreements already secured, winning **PowerEagle Electric** OEM contract worth \$86m

2013

**Vmoto** launches its own two wheel electric scooters in China and opens flagship store to overwhelming success

2014

**Vmoto** extends brand reach internationally and acquires **Nanjing Haiyong**. The company also enters a JV focused on three- and four-wheel EV markets, and signs a co-op agreement with **Changzhou Dusheng**.

Distributor

Manufacturer

Aggressive expansion into market



# Vmoto's product offering



## A wide variety of models with a new model coming in 2015

- Two-wheel electric vehicles priced between A\$700 and A\$3,500
- Vehicles come with either a lead acid battery or a lithium battery, depending on model



City 80S



City 80L



V-90S



V-110S



V-110L



V-120L



V-120LD



V-120LD+



VX-110L



VX-110S





# Key Advantages of Vmoto Product



Front carrier



Reverse Function



3 riding mode to choose

Reliable battery and removable, proprietary battery management system



Long battery life (up to 1,000 recharges)

Average charging time of 3-5 hours

Chic European Design



Water-proof LCD speedometer



High performance (up to 80km/h)



Large capacity rear box

Long distance range (up to 140km)



Two side stands

Low running cost (5.7kwh for 100km - €1.14)

Zero emission





# China's Two-Wheel Electric Vehicle Market - Overview



- **Two-wheel electric vehicle market in China**
  - The two-wheel electric vehicle market consists of electric bicycles, electric scooters and electric motorcycles
  - Currently, there are more than 140 million electric two-wheel vehicles in use in China
  - China is the largest market for electric two-wheel vehicles in the world – 30 million units produced in 2012 and estimated to reach 40 million units in 2015\*
- **Market drivers for growth in demand for two-wheel electric vehicles**
  - Demand for higher speed, longer range, better quality and more comfortable transport compared to buses and bicycles
  - Increased urbanisation, which results in longer distance between destinations
  - Government policy banning two-wheel vehicles with internal combustion engines due to pollution
  - Technology of electric two-wheel vehicles is becoming more mature and advanced
  - Significant ongoing running and maintenance cost savings for businesses and individuals compared to petrol vehicles
- **Vmoto's advantages in China's two-wheel electric vehicle market**
  - Vmoto is internationally renowned brand, and is focussed on high quality, premium electric vehicles
  - Operates under its own manufacturing license – critical under new government regulations and key in winning PowerEagle contract
- **Competitive landscape of the two-wheel electric vehicle market**
  - Global scooter market has developed two distinct vendors:
    - High-powered , higher priced scooters in North / South America and Europe
    - Those with cost structures suitable for price-sensitive Asia-Pacific
  - Vmoto is one of few vendors that have found a path to compete in both markets with multiple product options





**vmoto**

- German Technology
- Italian Design
- Environmental-friendly
- Zero Emission
- Regenerative Brake
- Booster & Reverse
- Single Swingarm
- Swift Handling & Stability

powered by **e-max**  
**Born to be Quiet**









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