



MARKET UPDATE

ANNOUNCEMENT

3 NOVEMBER 2017

Vmoto Limited (ASX: VMT), the global scooter manufacturing and distribution group specialising in "green" electric powered two-wheel vehicles, provides the following update on its activities for the quarter ended 30 September 2017 (3Q17) and FY2017 outlook.

Highlights

- 19,457 units sold in 3Q17 (3Q16: 23,045; 2Q17: 19,258)
- 2,389 units sold into international markets in 3Q17 (3Q16: 1,242; 2Q17: 4,158 (down on last quarter due to European holiday season))
- Agreement executed with European renting customer, Greenmo, and significant interest received from other potential international B2B leasing customers; opportunities being progressed
- Exhibition space secured at highly regarded EICMA international motorcycle exhibition to be held in Milan, Italy, from 7 to 12 November 2017
- Progressing with establishment of a new subsidiary in Netherlands to facilitate ramp up of sales into European markets

3Q17 Sales Performance

Unit sales for 3Q17 totalled 19,457 units (3Q16: 23,045 and 2Q17: 19,258), comprising:

	3Q17	3Q16
Chinese customers and distributors (JV 100%)	17,068	21,803
International customers and distributors	2,389	1,242
Total	19,457	23,045

While total unit sales for the quarter are lower overall when compared with 3Q16, pleasingly, the number of higher margin/higher value units sold into international markets was up 92% on 3Q16 as the Company continues to progress its strategy to focus on international B2B sales into delivery, fleet, renting and sharing markets.

China

17,068 units were sold to Chinese customers and distributors (Shanghai Jiye operation achieved sales of 16,951 units) during 3Q17, up 13% on 2Q17, but down 22% on 3Q16, largely as a result of general volatility in the Chinese retail market, as previously reported. This is in line with management's expectations.

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International

In 3Q17, 2,389 units of electric two-wheel vehicle products were sold to international customers and distributors, up 92% on 3Q16, validating the Company's strategy to focus on international sales, and specifically B2B sales into delivery, fleet, renting and sharing markets.

As announced on 26 October 2017, post the end of the quarter, Vmoto finalised an agreement with existing customer, Greenmo Rent BV ("Greenmo") to support Greenmo's growth and accelerate Vmoto's penetration into these European markets. Greenmo (www.greenmo.nl) is a European company focused on renting electric scooters to delivery companies. In order to fast track the Vmoto brand penetration into this important market, Vmoto agreed to provide a further four containers of Vmoto's E-Max electric delivery scooters on commercial terms to Greenmo.

During 3Q17, the Company provided product samples to a number of other potential international B2B customers for review and testing. Feedback to date has been positive and it is expected that the B2B sales strategy will start delivering value for the Company in the coming quarters. In 3Q17, we received orders for future deliveries from over 14 countries and as a result, we are planning a ramp up in production and delivery in 4Q17.

In addition, during 3Q17, the Company received significant interest from potential international B2B customers especially in Europe including post offices, world-renowned fast food chains and food & parcel delivery companies. The interest in the Company's electric vehicle products remains strong and it is now management's focus to convert this interest into sales. The larger fleet owners are seeking leasing options rather than outright purchases so we are exploring how best to meet that demand.

Any material international orders or collaborations will be announced as and when appropriate.

Exhibitions and Marketing

Vmoto has secured exhibition space at EICMA international motorcycle exhibition (www.eicma.it), one of the world's largest exhibitions and events for two-wheel vehicles. EICMA will be held in Milan, Italy, from 7 to 12 November 2017. In 2016, EICMA hosted trade visitors from 124 countries and exhibitors from 41 countries. Historically, exhibitions such as EICMA have provided valuable sales leads for the Company.

Vmoto's Managing Director, Charles Chen, and Chairman, Phillip Campbell will attend EICMA to meet with prospective customers and following the exhibition, will travel to meet with some of Vmoto's key existing international distributors and customers to further develop these relationships.

Financial

As at 30 September 2017, the Group had cash of A\$3.0 million. The increase from the cash balance of A\$2.7 million at the end of 2Q17 was largely due to increased receipts from customers in relation to orders and delivery of products.

As at 30 September 2017, the total operating facility drawn down was RMB5 million (approximately A\$986k) and the total available undrawn operating facility was RMB20 million (approximately A\$3.9 million).

Outlook

Vmoto is committed to executing its strategy of selling high value, high performance electric two-wheel vehicles to the international B2B sector, including delivery, sharing and rental customers.

The Company is evaluating a number of sales and marketing proposals from a number of its European distributors to further consolidate its position in the European market. At the same time, the Company is progressing the set up a new subsidiary company in Europe. This subsidiary will operate as a representative office and employ sales and marketing staff to support existing business partners in Europe.

The Managing Directors' and senior management's primary focus is to increase international sales in the remainder of FY2017 through more trials, discussions, exhibitions and collaborations, and continue to execute its strategy to focus on higher margin and higher value international markets and become a worldwide leading electric vehicle manufacturer and provider to B2B delivery, fleet, renting and sharing markets internationally.

For further information, please contact:

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About Vmoto

Vmoto Limited (ASX/AIM: 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 two primary brands: Vmoto (aimed at the value market in Asia) and E-Max (targeting the 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.



Photo: Vmoto Electric Scooters in Guatemala



Photo: Vmoto Electric Products exhibited in Uruguay