

# Vtation Wireless Technology AG

**Financial Results 2010 Conference Call**  
**21 April, 2011**

*Wireless Anywhere*



## Vtion at a Glance

- Founded in 2002
- The only prime standard IPO in Frankfurt in 2009
- Traded on the Frankfurt Exchange Ticker – V33
- Offices in Chinese mainland, Taiwan, Hong Kong, Germany
- Currently has 191 employees
- Offers products in three major product groups –
  - Wireless data connectivity terminals
  - Mobile intelligent terminals
  - Mobile application services
- Products range to cover all technology standards, interfaces and operators
- Named one of the 500 Most Valuable Chinese Brands by the World Brand Lab – 4 years running

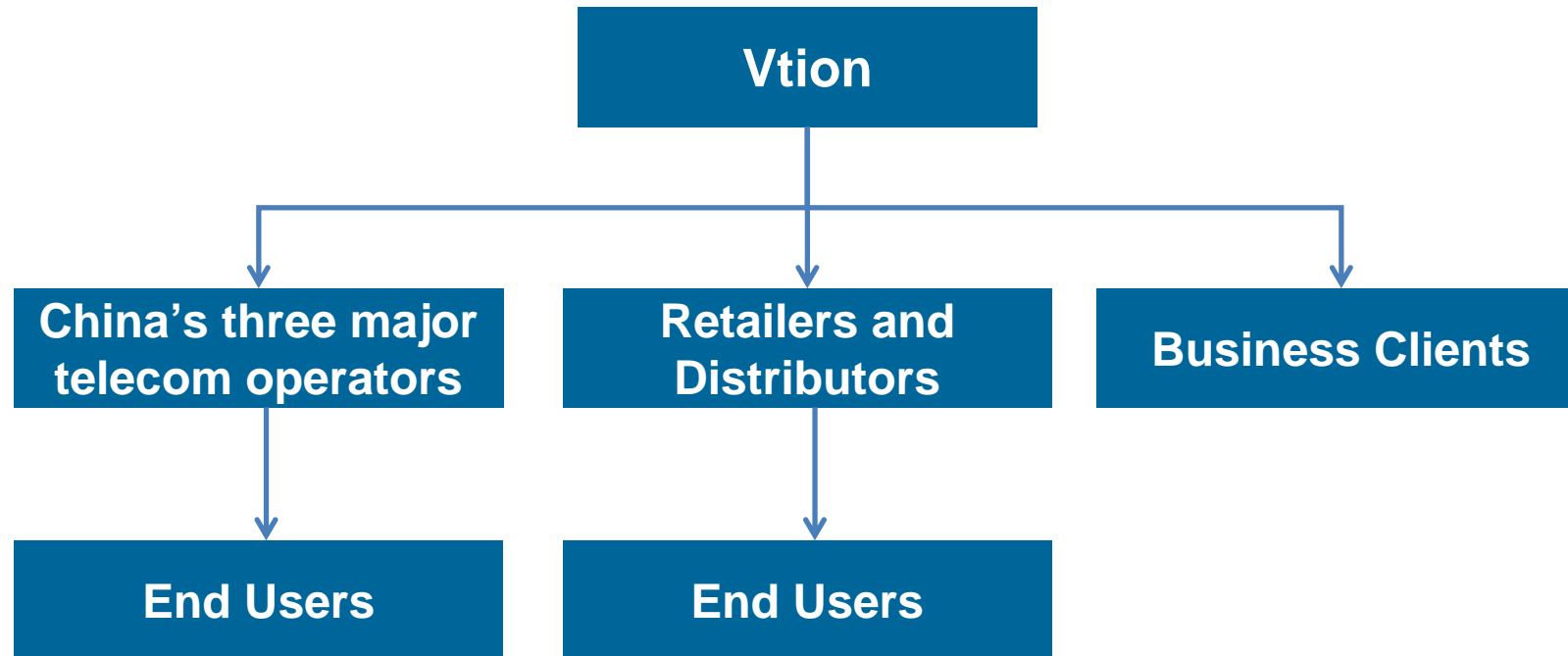


## Product Overview



Vtion's wireless data card product line covers all three technology standards used by China's three wireless operators: China Unicom, China Telecom and China Mobile. The company's products include wireless data connectivity terminals, such as wireless data cards and 3G routers, wireless intelligent terminals, such as e-readers and a tablet PC to be released later in the year, and mobile application services offered through Vtion Anzhuo.





- Vtion distributes its products through both China's telecom operators and electronics retail agents who sell on nationwide distribution networks. With its new products and application services, the company intends to grow sales with business clients in specific target industries.

## 2010 Finance Results at a Glance



|                               |           | 2010   | 2009  | +/-% |
|-------------------------------|-----------|--------|-------|------|
| Revenues                      | million € | 101.66 | 67.64 | 50   |
| Gross profit                  | million € | 37.27  | 22.56 | 65   |
| Gross profit margin           | %         | 37     | 33    | 3pp  |
| EBITDA                        | million € | 29.65  | 19.15 | 55   |
| EBITDA margin                 | %         | 29     | 28    | 1pp  |
| EBIT                          | million € | 29.23  | 18.93 | 54   |
| EBIT margin                   | %         | 29     | 28    | 1pp  |
| Net profit                    | million € | 21.99  | 16.56 | 33   |
| Net profit margin             | %         | 22     | 24    | -3PP |
| Earning per share             | €         | 1.38   | 1.31  | 5    |
| Net Cash flow from operations | million € | 30.58  | -9.64 | 417  |

## ➤ Share Buyback

In its 2010 AGM, Vtion was authorized to repurchase up to 10% of the company's total share capital (1,598,000 shares), before June 2015.

On April 20, 2011, Vtion's management and supervisory boards resolved to initiate a share repurchase plan, to be executed by an investment bank within the following parameters:

- The company will repurchase up to 1,000,000 shares;
- The program will be initiated on 26 April 2011 and continue until 26 April 2012;
- The shares will be used to strengthen the company's balance sheet for future potential acquisitions or as share option offerings to key employees;

## ➤ Dividend

Vtion will issue a dividend of 15% of 2010 net profit to shareholders in 2011;

This amounts to Euro 0.21 per share;

### ➤ **Confirm Guidance**

- January 31, 2011 ,Vtion re-affirms its guidance issued for FY 2011 operating results,(revenue between Euro 75 million and Euro 100 million , an EBIT margin of 10%-12%).
- Currently , the company has seen slower early-year data cards sales, consistent with expectations;
- Similar to earlier years, supplemented by early revenues from tablet PC and mobile application products.
- In the future ,Vtion expects slightly stronger performance in the data card segment in the middle of the year,

### ➤ **Transitioning in 2011 for a stronger future**

- To leave the company better positioned for long-term growth. Vtion expects 2011 to be a year of adaptation for the business model in an ever-changing mobile internet marketplace, Vtion is planning the following initiatives later in the year.



## Strategic Goals

Become a top provider of comprehensive wireless data service solutions in China, staying ahead of the market and continuously upgrading the company's value chain and integration capacity

## Business Model

Provide high-quality cost-efficient products in two product spheres – wireless connectivity terminals and wireless intelligent terminals, adapting product offerings to the needs of China's major telecom operators as well as the broader market. Vtion also develops mobile application solutions through its Vtion Anzhuo platform, to both pair with its hardware offerings and sell individually.

## Market Strategy

Leverage ties with China's telecom operators to sell mobile computing hardware and application solutions. Create product and service offerings based on operator feedback regarding market needs.



## New Business Initiatives

### ➤ Tablet PC

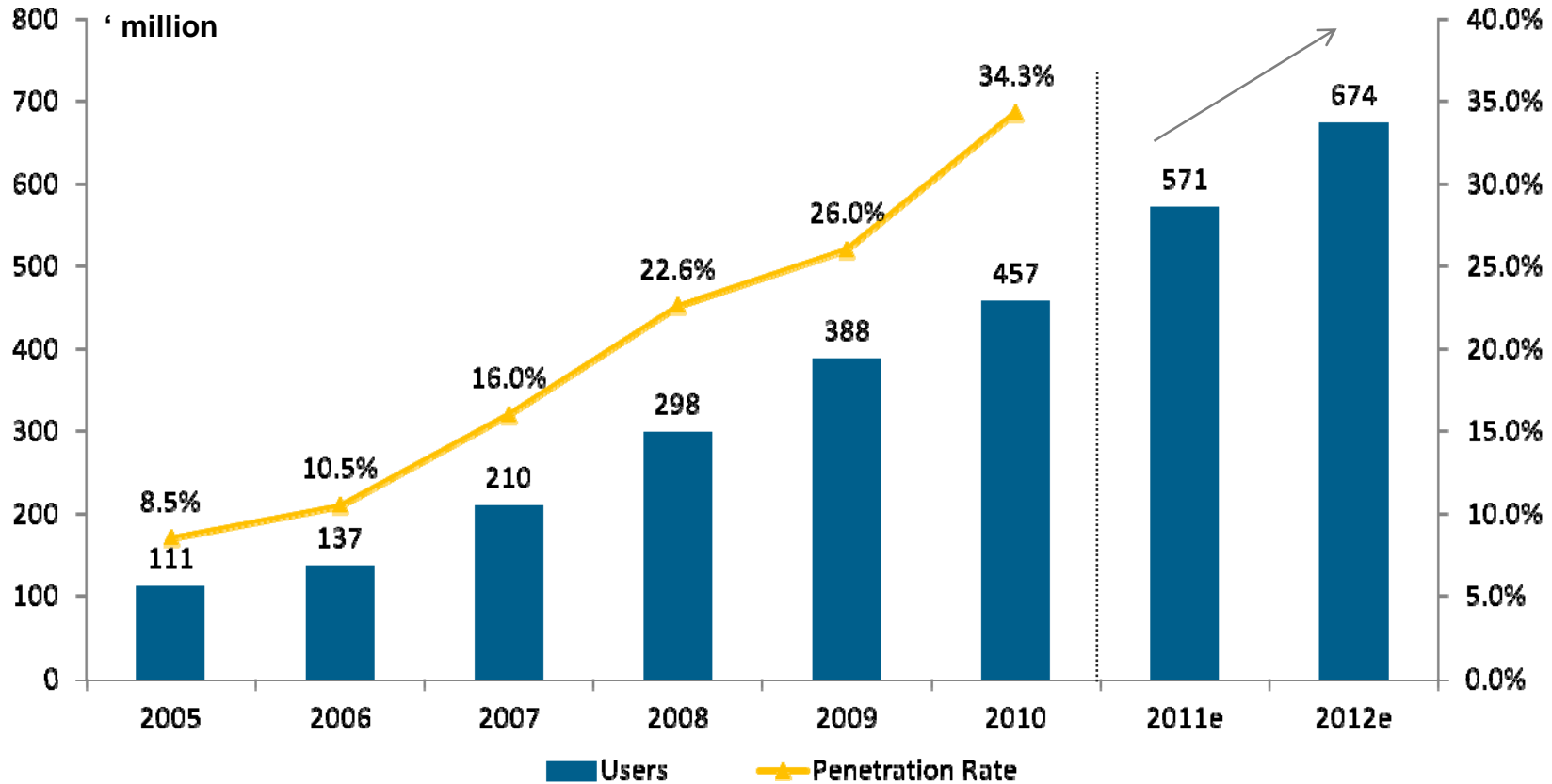
- Currently ,the company is working on a hardware-software application solution for the insurance industry, to meet the specific needs mobile computing needs of China's many door-to-door insurance salespersons.
- In the second half of 2011, Vtion will release a tablet PC product, targeted at business/professional users and industry clients, providing customized mobile computing solutions for the latter.

### ➤ Vtion Anzhuo Mobile Application Platform

- In the second half of 2011,Vtion will launch its own mobile Appstore :  
Vtion Anzhuo,
- To be an aggregator of applications from both inside and outside China,
- Sell applications to China's three major telecom operators, device manufacturers, independent app distributors as well as on Vtion's own platform.



## Growth Rate of Chinese Internet Users



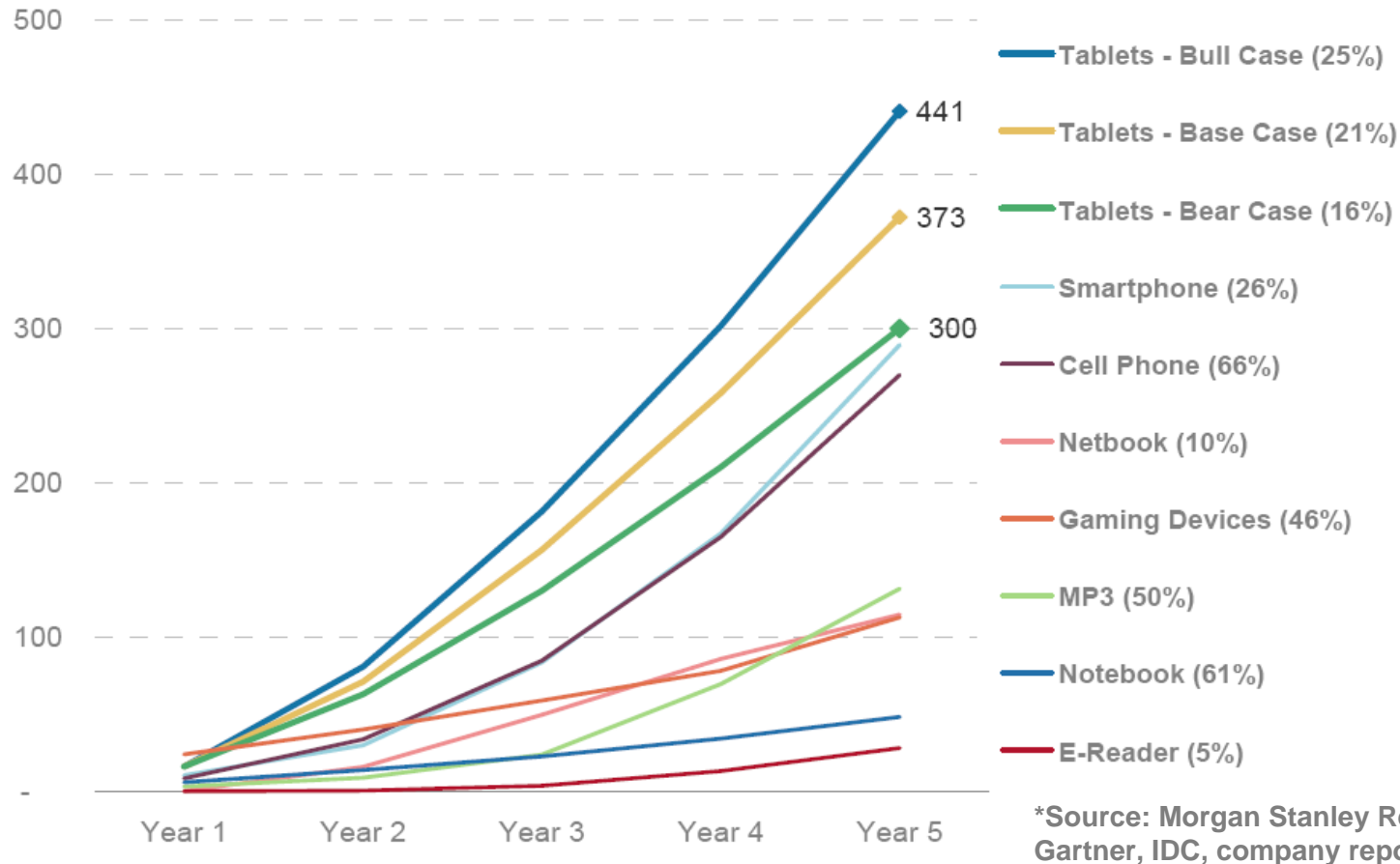
\*Source: China IDCPS & CNNIC Sep, 2010

- China's 3G users only represent 3% of total mobile users, a number that is expected to increase to 10% next year according to the research dept. of China's Ministry of Industry and Information Technology. The country's overall internet penetration rate remains at less than half, signaling further room for growth in a wide array of internet-related spheres.

# Tablets: The Fastest Ramping Mobile Device...



## Total Cumulative Shipments in First Five Years of Product History (millions)

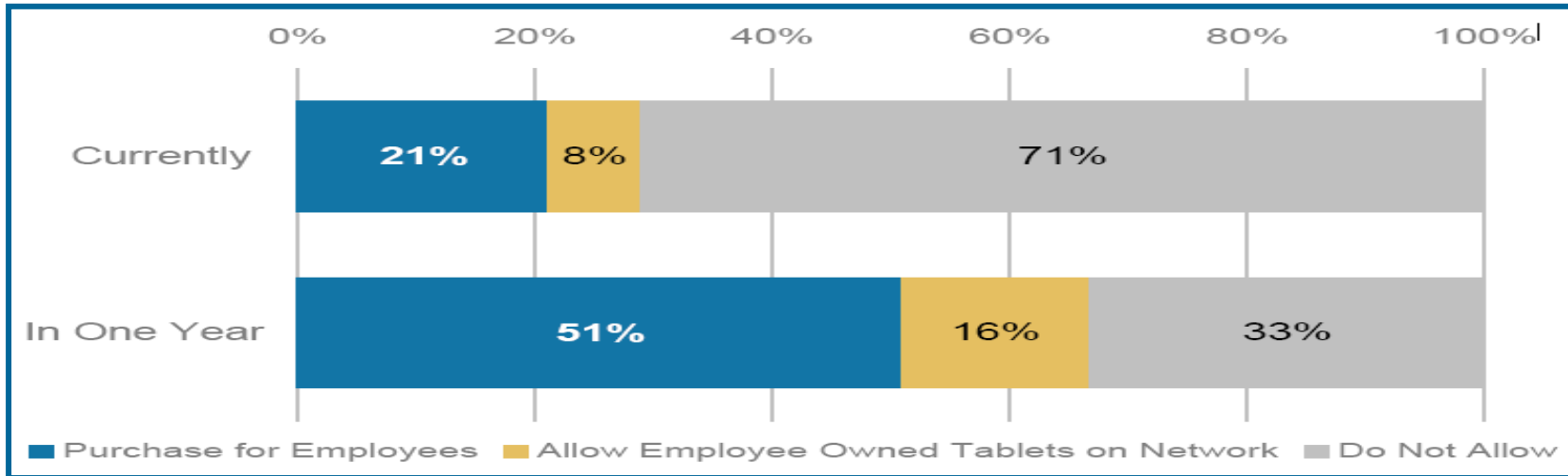


➤ Percentages represent current penetration rates for each device. Figures for bull, base, and bear case forecasts represent penetration rate in year five. For notebook, cell phones, and gaming devices, shipments are in early years of product history.

# Tablet Demand and Development

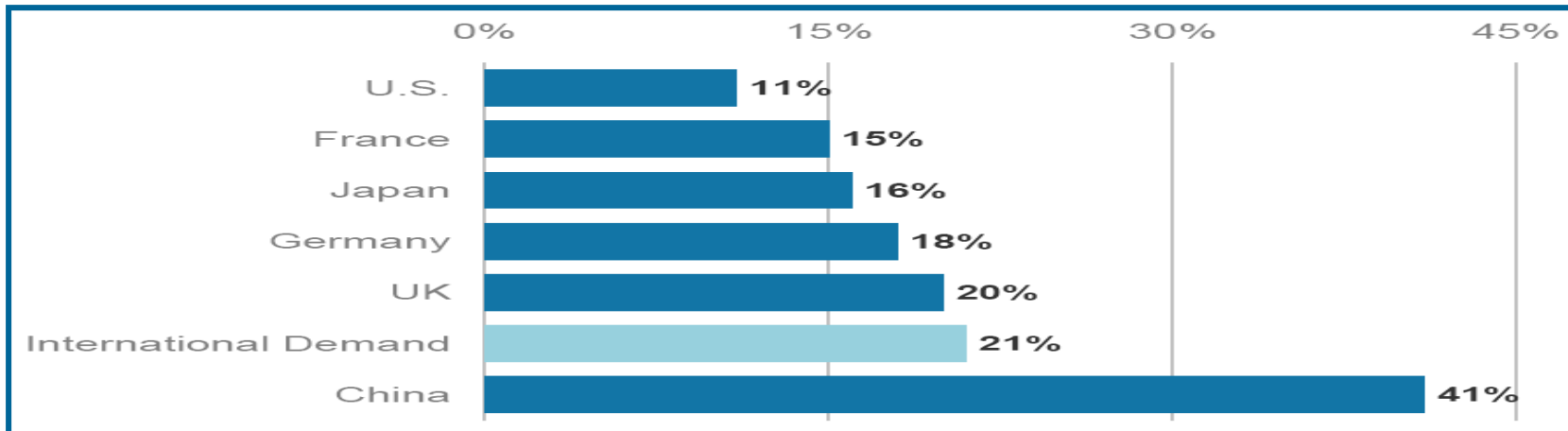


## Tablet Usage in the Enterprise--Being Adopted in 2/3 of Companies in 2011...



\*Source: AlphaWiseSM CIO survey

## Strongest Demand in the Chinese Market



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