



# CHARDAN

**Company Update**

May 10, 2019

Industrial &amp; Consumer Technology

## Arcimoto, Inc. (FUV - \$3.51 - Buy) Estimate Change

## COMPANY NOTE

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**Sales and trading** 7 a.m. to 7 p.m. ET, (646) 465-9090

**Sales and trading** 7 p.m. to 7 a.m. ET, (646) 465-9063

Stock Data	05/09/19
Price	\$3.51
52 Week Range	(\$1.55 - \$7.35)
Price Target	\$10.00
Market Cap (mil)	\$64.37
Shares out (mil)	18.34
3-Mo Avg Vol	392,426
Cash (mil)	\$4.9
Total Debt (mil)	\$4.7
<i>General: Shares outstanding includes 2M Convertible Class-C Preferred.</i>	

Revenues (\$ millions)					
Yr Dec	2018A	2019E		2020E	
	Actual	Curr	Prev	Curr	Prev
Mar	0.0	0.0A	-	-	-
Jun	0.1	0.4	-	-	-
Sep	0.0	1.5	-	-	-
Dec	0.0	4.0	-	-	-
YEAR	0.1	5.9	-	60.0	-

EPS (\$)					
Yr Dec	2018A	2019E		2020E	
	Actual	Curr	Prev	Curr	Prev
Mar	(0.13)	(0.20)A	(0.24)	-	-
Jun	(0.14)	(0.26)	(0.22)	-	-
Sep	(0.20)	(0.23)	(0.19)	-	-
Dec	(0.22)	(0.20)	(0.17)	-	-
YEAR	(0.70)	(0.89)	(0.81)	(0.38)	(0.35)

### One year price history FUV



## FUV (Buy PT\$10) Q1 Results. Commercial Production Imminent

Q1 results were a bit better than expected with opex of \$2.9 million lower than our \$4.1 million estimate. Production of the retail series of the Fun Utility Vehicle (FUV) is likely to begin in June pending successful final test results on a handful of parts and components including seatbelts and and EMC. We have production and sales ramping through the end of this year and rising significantly next year. The company targets production capability of 200 vehicles per week (10,000 per year) 12 months after commercial production begins, or about June 2020.

Arcimoto has taken reservations for 100 Evergreen Edition Fun Utility Vehicles, and we expect these to be delivered into Q3. The company has targeted production of 400+ Evergreen vehicles this year, at an average sales price of \$20,000, or revenue of \$8 million. However, our 2019 revenue estimate of \$5.8 million assumes delivery of some of the vehicles occurs next year.

The company is working off a backlog of pre-orders of 3,883 vehicles, a retail value of almost \$60 million at an ASP of \$15,000. Initial deliveries will be limited to Washington, Oregon and California which will allow the company to better service the vehicles as necessary. Establishing product and delivery service networks as well as opening key destination rental locations are key goals for the company this year.

A rental location was opened, temporarily, in Eugene, Oregon in October last year, where it was used as a test bed for rental operations. The facility will re-open this year as well as a San Diego location after production begins. The company is exploring a rental franchise model that will generate revenue and awareness for direct sales to consumers. Arcimoto is currently approved for franchise sales in Florida, Rhode Island, Texas and can also sell franchises in the 27 states where franchise registration is not required.

Consumer sales of the FUV will accelerate in 2020 and initial sales of the company's Rapid Responder and delivery vehicle will commence as well. There are pilot programs with the Eugene-Springfield Fire Department and the city of Eastvale California that will guide product enhancements for scheduled production in 2020.

The company's target market of recreational users, commuters, ride-sharing and environmentally conscience consumers is large and growing. The company sits at the intersection of three forces that are transforming the transportation industry: EV's, ride-sharing, and autonomy. The company's offering is unique and competes favorably against other EV's like Solo and also against gas powered vehicles like the SMART Car, the

Polaris Slingshot and the yet to be delivered Elio. We reiterate our Buy Recommendation and \$10 price target.

**Valuation:**

Our price target is based on capitalizing the mid-year 2019 estimated retail value of the reservations at 2.5x, or \$150 million.

**Risks to achievement of target price:**

Risks to achieving our price target include rising interest rates leading lower economic growth, greater competition, manufacturing issues, parts and labor shortages, and building distribution outlets.

Arcimoto, Inc.  
Actual v. Estimates

<b>Q1 19</b> <b>(\$ in 000's except per share)</b>	<b>Actual</b>	<b>Estimates</b>
Revenue	3	0
COGS	1	140
Gross Profit	1	(140)
R&D	1,060	1,000
Sales & Marketing	245	1,000
G&A	1,571	2,000
Opex	2,877	4,000
Operating Income	(2,876)	(4,140)
Interest Income	0	0
Interest Expense	(193)	(118)
Other	0	(5)
Pretax Income	(3,068)	(4,263)
Taxes	0	0
Net Income	(3,068)	(4,263)
Basic Shares	15,424	17,686
Diluted Shares	15,424	17,686
Basic EPS	\$ (0.20)	\$ (0.24)
Diluted EPS	\$ (0.20)	\$ (0.24)
Operating Income	(2,876)	(4,140)
Depreciation	171	150
Stock Comp	96	250
EBITDA	(2,608)	(3,740)

Arcimoto Income Statement  
(\$ in 000's except per share data)

(\$ in 000's) (except per share data)	31-Dec-17 FY2017	31-Dec-18 FY2018	31-Mar-19 FQ12019	30-Jun-19 FQ22019E	30-Sep-19 FQ32019E	31-Dec-19 FQ42019E	31-Dec-19 FY2019E	31-Dec-20 FY2020E
Revenue	127	95	3	398	1,493	3,980	5,873	60,000
COGS	78	128	1	400	1,343	3,582	5,327	47,850
Gross Profit	49	(33)	1	(2)	149	398	546	12,150
R&D	1,451	3,815	1,060	1,000	1,000	1,000	4,060	6,000
Sales & Marketing	828	1,570	245	1,000	1,000	1,000	3,245	6,000
G&A	1,064	5,605	1,571	2,000	2,000	2,000	7,571	9,000
Opex	3,343	10,989	2,877	4,000	4,000	4,000	14,877	21,000
Operating Income	(3,294)	(11,022)	(2,876)	(4,002)	(3,851)	(3,602)	(14,330)	(8,850)
Interest Income	0	0	0	0	0	0	0	0
Interest Expense	(34)	(101)	(193)	(193)	(193)	(193)	(773)	(473)
Other	13	72	0	0	0	0	2	2
Pretax Income	(3,315)	(11,051)	(3,068)	(4,195)	(4,044)	(3,795)	(15,102)	(9,321)
Taxes	0	0	0	0	0	0	0	0
Net Income	(3,315)	(11,051)	(3,068)	(4,195)	(4,044)	(3,795)	(15,102)	(9,321)
Basic Shares	13,554	15,829	15,424	16,344	17,237	19,018	17,006	24,427
Diluted Shares	13,554	15,829	15,424	16,344	17,237	19,018	17,006	24,427
Basic EPS	\$ (0.24)	\$ (0.70)	\$ (0.20)	\$ (0.26)	\$ (0.23)	\$ (0.20)	\$ (0.89)	\$ (0.38)
Diluted EPS	\$ (0.24)	\$ (0.70)	\$ (0.20)	\$ (0.26)	\$ (0.23)	\$ (0.20)	\$ (0.89)	\$ (0.38)
Operating Income	(3,294)	(11,022)	(2,876)	(4,002)	(3,851)	(3,602)	(14,330)	(8,850)
Depreciation	20	454	171	150	150	150	621	600
Stock Comp	204	496	96	250	250	250	846	1,000
EBITDA	(3,071)	(10,072)	(2,608)	(3,602)	(3,451)	(3,202)	(12,862)	(7,250)

Arcimoto Balance Sheet & Cash Flow Statement  
(\$ in 000's)

(\$ in 000's)	31-Dec-17 FY2017	31-Dec-18 FY2018	31-Mar-19 FQ12019	30-Jun-19 FQ22019E	30-Sep-19 FQ32019E	31-Dec-19 FQ42019E	31-Dec-19 FY2019E	31-Dec-20 FY2020E
Cash	7,824	4,903	4,883	6,215	6,875	3,909	3,909	3,142
Certificates of Deposit	6,247	0	0	0	0	0	0	0
A/R	1	0	4	106	597	1,592	1,592	9,600
Inventory	195	1,704	2,565	2,500	2,500	3,980	3,980	13,000
Other	401	1,627	2,119	2,000	2,500	2,500	2,500	2,500
<b>Current Assets</b>	<b>14,667</b>	<b>8,233</b>	<b>9,571</b>	<b>10,821</b>	<b>12,472</b>	<b>11,981</b>	<b>11,981</b>	<b>28,242</b>
PP&E	2,434	5,810	5,714	5,714	5,714	5,714	5,714	5,714
Other	0	42	42	42	42	42	42	42
<b>Total Assets</b>	<b>17,101</b>	<b>14,085</b>	<b>15,327</b>	<b>16,577</b>	<b>18,227</b>	<b>17,737</b>	<b>17,737</b>	<b>33,998</b>
A/P	664	717	401	391	391	622	622	2,033
Accrued Liabilities	256	246	262	256	256	407	407	1,330
Customer Deposits	400	455	877	907	937	967	967	967
STD	0	2,677	2,758	2,758	2,758	0	0	0
Capital Lease	0	384	406	406	406	406	406	406
Warranty Accrual	0	0	0	32	179	318	318	960
<b>Current Liabilities</b>	<b>1,320</b>	<b>4,479</b>	<b>4,704</b>	<b>4,749</b>	<b>4,926</b>	<b>2,721</b>	<b>2,721</b>	<b>5,695</b>
Capital Lease	0	1,514	1,488	1,638	1,788	1,938	1,938	2,538
Warranty Accrual	0	25	25	25	142	252	252	760
Equity	15,782	8,067	9,110	10,165	11,372	12,827	12,827	25,005
<b>Total Liabilities &amp; Equity</b>	<b>17,101</b>	<b>14,085</b>	<b>15,327</b>	<b>16,577</b>	<b>18,227</b>	<b>17,737</b>	<b>17,737</b>	<b>33,998</b>

  

	31-Dec-17 FY2017	31-Dec-18 FY2018	31-Mar-19 FQ12019	30-Jun-19 FQ22019E	30-Sep-19 FQ32019E	31-Dec-19 FQ42019E	31-Dec-19 FY2019E	31-Dec-20 FY2020E
Net Income	(3,315)	(11,051)	(3,068)	(4,195)	(4,044)	(3,795)	(15,102)	(9,321)
Depreciation	20	454	171	150	150	150	621	600
Stock Comp	204	496	96	250	250	250	846	1,000
Working Capital	(253)	(2,571)	(1,159)	127	(697)	(1,813)	(3,542)	(13,546)
<b>Operating CF</b>	<b>(3,344)</b>	<b>(12,672)</b>	<b>(3,960)</b>	<b>(3,668)</b>	<b>(4,341)</b>	<b>(5,208)</b>	<b>(17,176)</b>	<b>(21,267)</b>
Certificates of Deposit	(6,247)	6,247	0	0	0	0	0	0
Capx	(1,960)	(1,717)	(24)	(150)	(150)	(150)	(474)	(600)
Other	0	(42)	42	0	0	0	42	0
<b>Investing Activities</b>	<b>(8,207)</b>	<b>4,488</b>	<b>18</b>	<b>(150)</b>	<b>(150)</b>	<b>(150)</b>	<b>(432)</b>	<b>(600)</b>
Equity	19,147	2,518	4,015	5,000	5,000	5,000	19,015	20,500
Debt	(125)	2,745	(93)	150	150	(2,608)	(2,400)	600
<b>Financing</b>	<b>18,961</b>	<b>5,263</b>	<b>3,922</b>	<b>5,150</b>	<b>5,150</b>	<b>2,392</b>	<b>16,614</b>	<b>21,100</b>
<b>Change in Cash</b>	<b>7,410</b>	<b>(2,897)</b>	<b>(20)</b>	<b>1,332</b>	<b>659</b>	<b>(2,965)</b>	<b>(994)</b>	<b>(767)</b>

## Required Research Disclosures



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Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [BUY]	69	67.65	20	28.99
HOLD [NEUTRAL]	25	24.51	2	8.00
SELL [SELL]	0	0.00	0	0.00
NOT RATED [NR]	8	7.84	0	0.00

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**Neutral:** Returns expected to be in line with sector average over 12 months and indicates total return between negative 10% and 10% over the next 12 months.

**Sell:** Returns expected to be materially below sector average over 12 months and indicates total price decline of at least 10% over the next 12 months.

### Arcimoto, Inc. (FUV - \$3.51 - Buy)

Price Target \$10.00

### VALUATION:

Our price target is based on capitalizing the mid- year 2019 estimated retail value of the reservations at 2.5x, or \$150 million.

**RISKS TO ACHIEVEMENT OF TARGET PRICE:**

Risks to achieving our price target include rising interest rates leading lower economic growth, greater competition, manufacturing issues, parts and labor shortages, and building distribution outlets.

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