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|--|---|
| Company: Gogoro Inc. | Nasdaq: GGR |
| Industry: Two-Wheeled Electric Scooters | URL: https://www.gogoro.com/ |
| Price (7/11/22 close): US\$ 6.09/share | Market Cap: ~US\$ 1.5 billion |

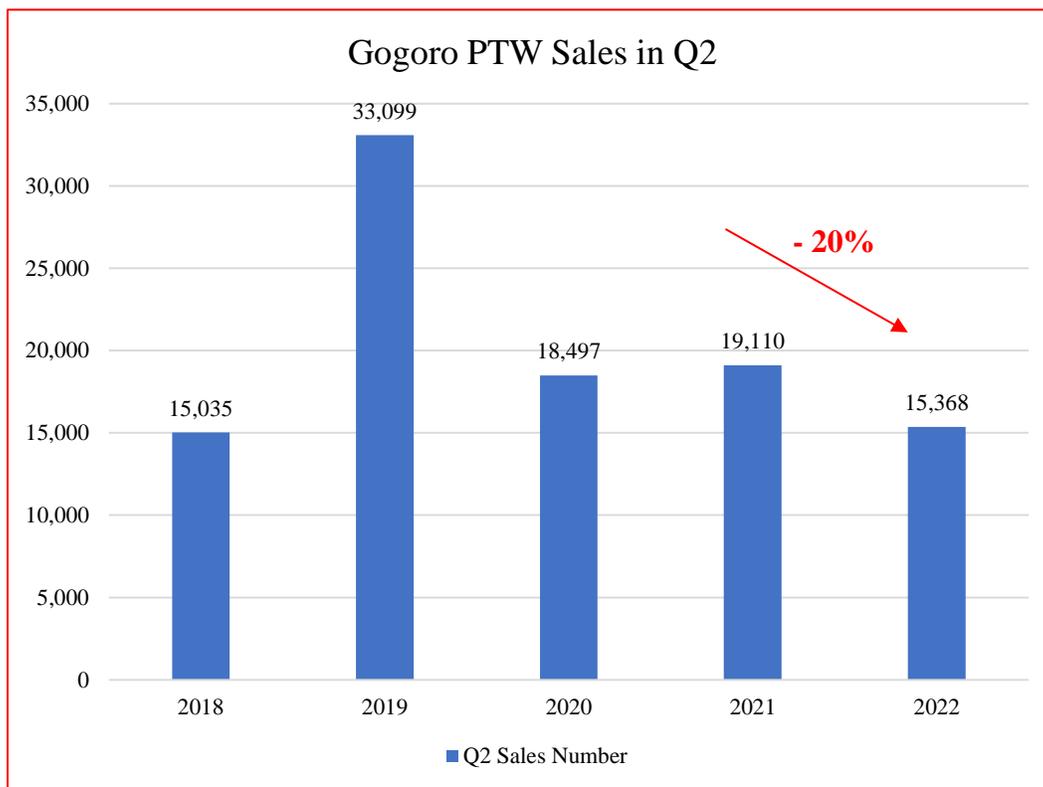
2Q'22 NEW VEHICLE REGISTRATIONS DOWN 20% yr/yr

Gogoro, Inc. (“Gogoro”, “GGR” or the “Company”) is a Taiwanese electric scooter manufacturer known for its battery-swapping business model. Since established in 2011, nearly all of Gogoro’s sales were from Taiwan, the majority from new Gogoro-branded electric powered two-wheeled scooters.

Gogoro’s 1Q’22 Earnings Call disclosed new vehicle registrations grew 57% in 1Q’22 year-over-year. With encouraging first quarter results (de-SPACed in April 2022), investor interest increased and GGR’s stock price rebounded by 50%+ from its recent lows.

To us, the optimism is unwarranted.

According to Taiwanese vehicle registration data, Gogoro's 2Q'22 new vehicle registrations declined 20% year-over-year to 15,368, its worst second quarter unit sales volume since 2018.



Source: MOTC <https://stat.motc.gov.tw/mocdb/stmain.jsp?sys=100#>

Source: U-Car <https://motor.u-car.com.tw/motor/articles>

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Every time a vehicle is sold in Taiwan, that vehicle is registered with Taiwan's Ministry of Transportation and Communications (“MOTC”), similar to how vehicles are registered with the U.S. Department of Motor Vehicles (“DMV”) with more disclosure.

The MOTC publishes monthly aggregate vehicle registration data by manufacturer, including powered two-wheeled scooters (“PTW”) for free. MOTC revealed Gogoro new vehicle registrations were 4,631 and 4,802 in April and May 2022, respectively.



交通部 Ministry Of Transportation and Communications R.O.C.
統計查詢網

主要查詢 簡易查詢 跨業別查詢 統計報告 其他資料庫

單位：輛
Unit: number

各型機車新增掛牌車輛數按廠牌分
Newly registered motorcycles categorized according to brand

表格數：1

| | Total | 總計 | |
|----------|----------|---------|-----------|
| | | 總計 | 睿能 Gogoro |
| Nov 2021 | 110年 11月 | 90,246 | 8,722 |
| | 110年 12月 | 101,207 | 10,550 |
| Jan 2022 | 111年 1月 | 45,714 | 2,298 |
| | 111年 2月 | 44,603 | 3,332 |
| | 111年 3月 | 71,084 | 7,176 |
| | 111年 4月 | 58,075 | 4,631 |
| May 2022 | 111年 5月 | 48,907 | 4,802 |

Source: <https://stat.motc.gov.tw/mocdb/stmain.jsp?sys=100#>

U-Car.com.tw (“U-Car”), the authoritative website on automobile sales in Taiwan, disclosed aggregate monthly vehicle registrations figures on its own website prior to the free monthly figure published on the MOTC website. On July 4, 2022, U-Car revealed that Gogoro's June 2022 PTW new vehicle registrations were 5,935.



2022 7月 4日

2022年6月份臺灣機車市場銷售報告·
電動機車篇

張景純 撰文 | 周可誠 製表 攝影 | 12,897

6月份臺灣整體機車市場掛牌數提升，包含電動機車市場也有成長趨勢，6月份新掛牌數為7,902輛，相較5月份成長14.94%，較2021年同期成長達28.38%。台北桃園與加碼補助於6月截止，同時迎來畢業季，部分車廠傳出車價調漲，搭配購車優惠促銷下，加快民眾換購新車的步伐。

6月份電動機車市場新掛牌數為7,902輛，前5名由Gogoro旗下Viva Mix與2 Series奪下。

| June Sales by Brand | | | | | Cumulative Sales for the year (Number) | |
|---------------------|-----------|------------------------|----------|----------|--|------------|
| 排名 | 品牌 | Monthly Sales (Number) | 本月銷量 (輛) | 本月佔比 (%) | 上月比 (%) | 年度累積銷量 (輛) |
| 1 | 睿能 Gogoro | 5,935 | 75.11 | 123.59 | 28,174 | |

Source: U-Car <https://motor.u-car.com.tw/motor/article/71199>

In 2Q'22, Gogoro new PTW registrations declined 20% year-over-year to 15,368, its worst second quarter since 2018.

While in 1Q'22 Gogoro new PTW registrations grew 57% year-over-year, 1H'22 Gogoro new PTW registrations declined 19% from 1H'20 and grew only 3% from 1H'21.

Let me unpack each of those a bit in terms of our Q1 progress. According to statistics published by Taiwan's Department of Motor Vehicles, there were 12,806 Gogoro vehicles registered in Q1, up from 8,120 in 2021, a 57.7% increase.

Source: Gogoro 1Q'22 Earnings Call

https://seekingalpha.com/article/4511760-gogoro-inc-ggr-ceo-horace-luke-on-q1-2022-results-earnings-call-transcript?source=content_type%3Areact%7Csection%3ATranscripts%7Csection_asset%3ATranscripts%7Cfirst_level_url%3Asymbol%7Cbutton%3ATitle%7Clock_status%3ANo%7Cline%3A1

| | PTW sold | Change YoY | Change YoY % |
|--------|----------|------------|--------------|
| 1H2020 | 34,756 | | |
| 1H2021 | 27,230 | (7,526) | (21.7%) |
| 1H2022 | 28,174 | 944 | 3.5% |

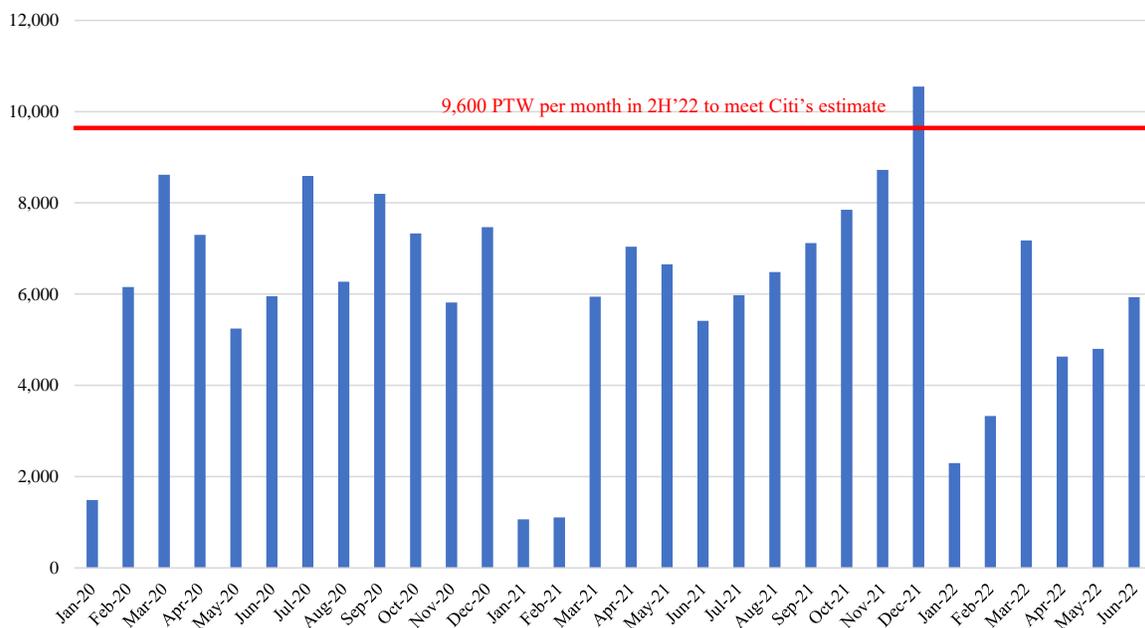
Source: (left) MOTC, U-Car (right) Gogoro Investor Presentation dated December 9, 2021 – p.41
https://www.sec.gov/Archives/edgar/data/1826333/000110465921148235/tm2134991d1_ex99-1.htm

Citi's Initiation Report dated June 8, 2022, priced in base case Gogoro's Taiwanese PTW unit sales at 86,000 for 2022.

To achieve Citi's estimates, Gogoro will have to sell at least 9,600 PTWs per month in 2H'22, a number achieved only once in the past 30 months.

We think Citi's 2H'22 estimates are too high...

Gogoro Monthly New PTW Registrations



Source: MOTC, U-Car, Citi Initiation Report dated June 8, 2022, Bonitas Graphic

Gogoro’s investor presentation disclosed a 97% market share for Gogoro-branded and other branded electric two-wheeled scooters (“ePTW”) powered by Gogoro’s battery and battery stations (“PBGN”). Citi used Gogoro’s market share assumption to estimate future Gogoro PTW sales.

Launched in 2015
Gogoro undisputed market share leader
97% of ePTW₃
 Current Gogoro/PBGN Marketshare

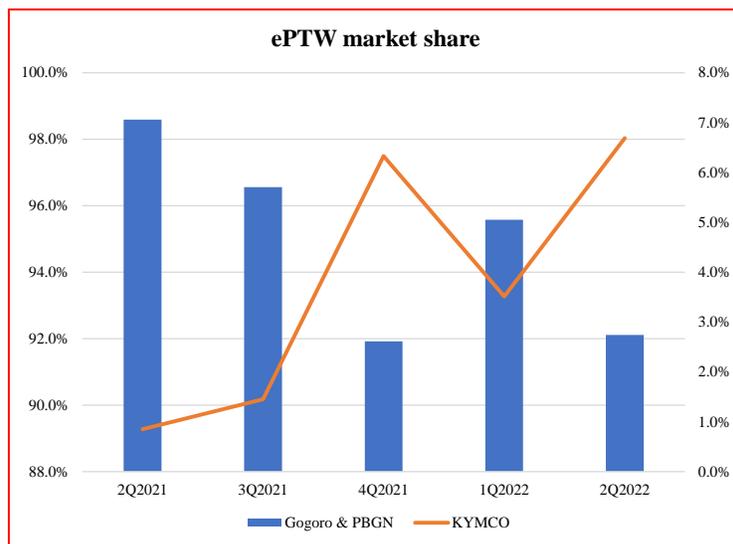


Source: Gogoro Investor Presentation dated December 9, 2021 – p.82
https://www.sec.gov/Archives/edgar/data/1826333/000110465921148235/tm2134991d1_ex99-1.htm

However, MOTC and U-Car records revealed that Gogoro’s ePTW market share has declined below 97% since 3Q’21.

Gogoro’s recent market share decline was due to Kwang Yang Motor Co., Ltd. (“KYMCO”), the undisputed market leader with a 30% market share in Taiwan PTWs, pushing into the ePTW market under the brand name “iONEX”.

While still early days, KYMCO has quickly gained ePTW market share. KYMCO ePTWs utilize a battery swapping model that looks almost identical, but not compatible, to Gogoro’s system.



Source: MOTC, U-Car, Bonitas Graphic



Source: (left) <https://www.gogoro.com/>

(right) <https://www.cool3c.com/article/170920>

Increased competition from the largest PTW manufacturer in Taiwan put pressure on Gogoro's gross profit margins.

Gogoro's 1Q'22 gross profit margin was 13.7%, significantly lower than the 20.9% forecasted to investors in its SEC filings as recently as March 2022.

| IFRS gross profit and gross margin | Three months E | |
|------------------------------------|----------------|--------|
| | 2022 | |
| | \$ | 12,898 |
| | | 13.7% |

Source: Gogoro 1Q'22 Earnings Presentation – p.22

<https://investor.gogoro.com/static-files/9e4cde5e-3491-4cba-b6c5-8f3bb070a063>

| (US\$ in millions) | 2021E | 2022E |
|-------------------------|-------|-------|
| Consolidated Revenue(1) | 326.9 | 500.2 |
| Hardware Revenue(2) | 222.3 | 365.5 |
| Battery Swap Revenue(3) | 104.5 | 134.8 |
| Gross Profit(4) | 52.4 | 104.5 |
| Gross Margin(5) | 16.0% | 20.9% |
| EBITDA | 11.8 | 69.7 |

Source: GGR 424B3 dated March 17, 2022 – p.123

<https://www.sec.gov/Archives/edgar/data/0001886190/000119312522078467/d196077d424b3.htm>

Gogoro's subscribers use an app to swap batteries at any of its charging stations.

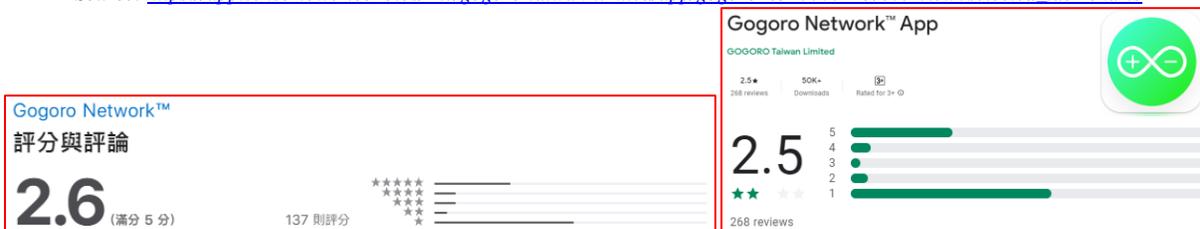
The Gogoro App has poor 2.0 and 2.3 average review scores on the Apple App Store and Google Play Store respectively, with the majority being 1-star reviews.

Similarly, the Gogoro Network app used by customers of non-Gogoro PBGN ePTWs, has poor 2.6 and 2.5 average review scores. The reviews in 2022 were also overwhelmingly 1-star.



Source: <https://apps.apple.com/tw/app/gogoro-app/id927757129?platform=iphone&see-all=reviews>

Source: https://app.sensortower.com/ios/TW/gogoro-taiwan-limited/app/gogoro-r/927757129/overview?selected_tab=charts



Source: <https://apps.apple.com/TW/app/id1463351156?l=zh-tw&see-all=reviews>

Source: <https://play.google.com/store/apps/details?id=com.gogoro.network&gl=tw>

Fewer new vehicle sales equate to fewer battery-swapping subscribers.

Increased competition equates to lower gross profit margins for a business that historically loses money.

Ultimately, we think Gogoro is a de-SPACed cash-burning over-valued stock promotion with declining user growth.

We are short GGR and think its stock is going lower...

DISCLAIMER

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