

ZENN MOTOR COMPANY INC.

Price (May 27, 2009)	\$5.10
52-Week High-Low	\$6.89 -\$1.40
Shares O/S	33.6 million
Market Cap	\$171.4 million
20-day Average Volume	175,100
150-day Average Volume	95,400
Year-End	September 30
Symbol	TSX-V: ZNN
Website	www.zenncars.com

Financial Data (CAD\$)

Selected Income/Cash Flow

	Last 12 Mos	Year End
(CAD\$ 000s)	Dec-08	Sep-08
Net Revenues	\$2,843	\$3,044
Adjusted EBITDA	(\$7,595)	(\$7,450)
Net Income	(\$7,847)	(\$7,739)
Cash Flow (CF) From Operations	(\$6,865)	(\$6,857)

Selected Balance Sheet

	Last 12 Mos	Year End
(CAD\$ 000s)	Dec-08	Sep-08
Cash (& Equivalents)	\$11,765	\$14,686
Shareholders' Equity	\$18,765	\$20,287
Total Assets	\$20,547	\$22,542
Enterprise Value	\$60,547	\$91,248
Working Capital	\$13,435	\$15,069
Working Capital Ratio	8.54x	7.68x

Key Ratios

EBITDA Margin	-267.11%	-244.74%
Net Profit Margin	-275.99%	-254.22%
Return on Equity (ROE)	-41.82%	-38.15%
Return on Assets (ROA)	-38.19%	-34.33%

Per Share Statistics

Sales Per Share	\$0.08	\$0.09
Earnings Per Share	(\$0.23)	(\$0.23)
Shareholders' Equity Per Share	\$0.56	\$0.60
Cash Per Share	\$0.35	\$0.44
Enterprise Value Per Share	\$1.80	\$2.71

Multiples

Price/Cash	6.15x	7.21x
Price/Book Equity	3.85x	5.22x

eResearch Analysts: Perry Siu, B.A.Sc., M.A.Sc.
Bob Weir, B.Sc., B.Comm., CFA

eResearch Corporation
56 Temperance Street, Suite 501
Toronto, ON M5H 3V5
Telephone: 416-643-7650
Toll Free: 877-856-0765

Note: This report was prepared with public information only.



Source: www.bigcharts.com

THE COMPANY

Founded in 2000, ZENN Motor Company ("ZENN" or the "Company") has the primary goal of developing and manufacturing environmentally-responsible electric vehicles that reduce the use of fossil fuel and the emission of greenhouse gases, as well as the costs of operating an automobile.

INVESTMENT CONSIDERATIONS

Strengths

- Relatively few competitors;
- Favourable outlook, such as industrial and environmental factors; and
- Possible strong rapid revenue growth as gasoline prices and the demand for electric vehicles increases.

Challenges

- Product still in its development stage; and
- Substantial funding still required for marketing and development.

FEATURED PRODUCT

The Zero Emission No Noise, or ZENN in short, is fully electric driven and, unlike a hybrid, it does not require gasoline. As the name suggests, the Neighbourhood Electric Vehicle (NEV) emits absolutely no pollution, and operates at approximately one-tenth of the cost of running a conventional vehicle. The low affordable initial price tag is less than \$18,000 and, as a bonus, when purchased in the province of Quebec, the ZENN is also potentially eligible for a \$4,000 tax credit.

CORPORATE STRATEGY

Key priorities for management include the following:

- Target markets where credits, such as Zero Emission Vehicle, are available as a buying incentive;
- Increase consumer, government and media awareness of environmental issues, as well as NEV and Low-Speed Vehicles (LSV);
- Increase advertising and gain visibility to the public by providing point-of-sale rebate through the Ambassador Program;
- Invest in cutting-edge power storage technology known as electrical energy storage unit ("EESU") currently under development by EESstor, Inc.

ECONOMIC OUTLOOK

As global warming continues to evolve into a more prominent issue, the company most equipped with an environmentally-friendly mindset and technology is well-positioned to benefit and prosper. The U.S. government has also taken leading action in encouraging the research and development of environmentally-friendly energy sources and uses.

INDUSTRY

The American automotive industry has experienced a long secular decline. Even with the support of the new U.S. administration, a huge breakthrough is essential to its recovery. Meanwhile, the environmental status of our planet calls for a wholesale change in how we use energy, and especially how we build the cars we drive.

COMPETITION

There are relatively few competitors in the field of developing high-end environmentally-responsible automotive technology in Canada. *Zongshen PEM* produces similar non-gasoline technology but for bicycles and motorcycles. *Azure Dynamics* develops components for hybrid vehicles only.

FINANCIAL REVIEW

Since the inception of revenue in 2007, ZENN has had rapid revenue growth, exceeding 50% in 2008. The funding raised was used in two major areas, namely, marketing/ promotion and engineering development, which are both essential to the future success of the Company. Its financial position strengthened in 2008, with over \$14 million of cash or equivalent assets, compared to a little over \$6 million the year before. The absence of debt on the balance sheet is also a positive factor.

RECENT DEVELOPMENTS

May 21, 2009: EESstor's permittivity certification results have been verified by PTI on behalf of ZENN, which will make a payment of \$700,000 (for its equity interest) as per a former Technology Agreement.

- *April 27, 2009:* EESstor, Inc. confirms positive news about the correction of its relative permittivity certification results, which might be a huge step in the development of electrical energy storage technology.
- *April 17-23, 2009:* Significant increase in trading activity of the stock; price advances \$2.34, or 83%, from \$2.82 to \$5.16 in the span of five trading days.
- *April 9, 2009:* The Company offers the ZENN vehicle for under \$10,000 through a \$4,750 rebate Ambassador Program.

MANAGEMENT

Ian Clifford, Founder & CEO (since 2001). In 1995, Mr. Clifford co-founded a full-service Internet marketing company, digIT Interactive, which was sold in 2000.

Brian Cott, President & COO (since February 2006). He is an experienced entrepreneur in the high-tech sector, and founded CallPro Canada, which is now part of IBM.

Lawrence Schreiner, CFO (since January 2006).

BOARD OF DIRECTORS

Richard McGraw, Chairman. Mr. McGraw is the founding President of Vitran Corporation Inc. He also sits on various boards.

Ian Clifford, Director

Brian Cott, Director

Peter Mackechnie, Director

Steve Rodgers, Director

Stewart Somers, Director

CORPORATE INFORMATION

ZENN Motor Company Inc.

85 Scarsdale Rd, Suite 100

Toronto, ON M3B 2R2

Telephone: 416-535-8395

Fax: 416-535-4043

Website: www.zenncars.com

E-mail: cscrimgeour@zenncars.com

