



# **VTech Holdings Limited**



Conference Call – Acquisition of LeapFrog

15 April 2016, 4:00 pm HKT

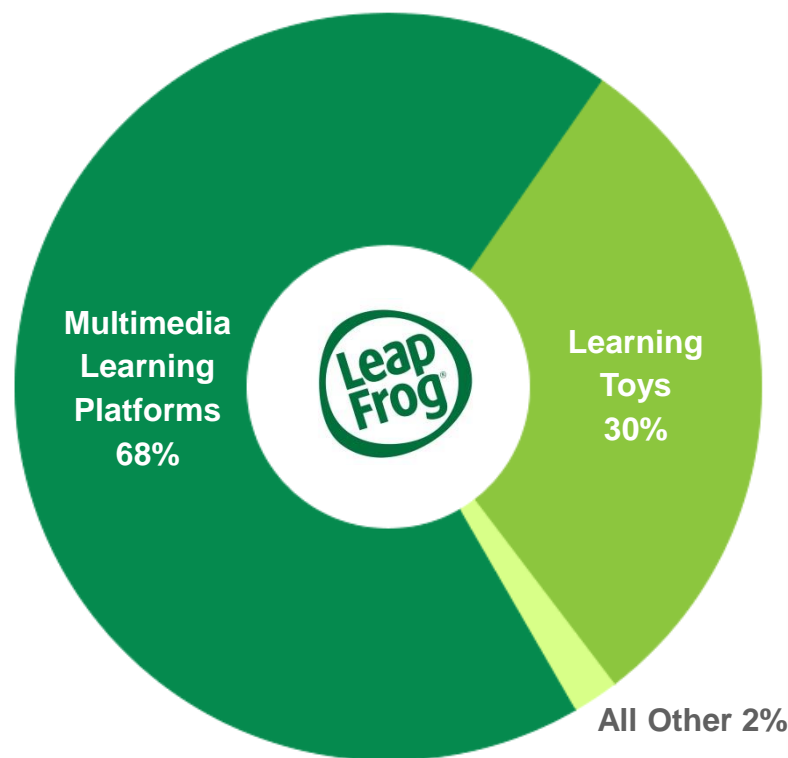
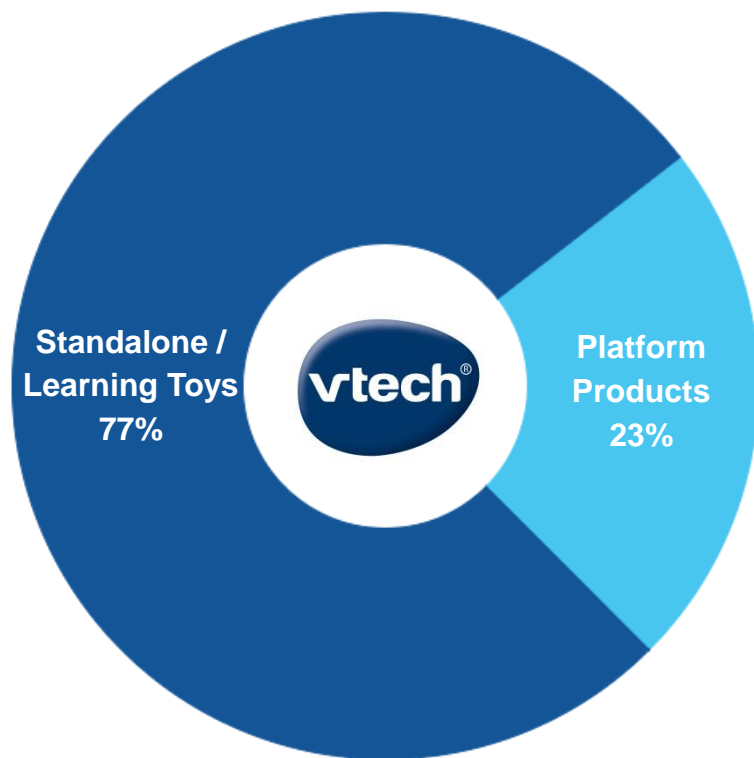
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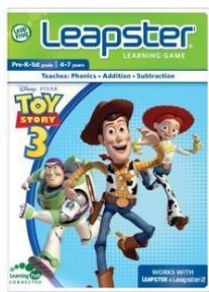
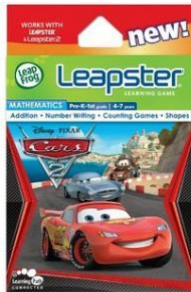
- Announced acquisition of LeapFrog by way of merger in February 2016
- Consideration: approx. US\$72 million
- Financed by internal resources
- Merger completed on 4 April 2016
- LeapFrog is now an indirect wholly-owned subsidiary of VTech

		
<b>Brand</b>	<ul style="list-style-type: none"> <li>Stronger brand name in Europe</li> </ul>	<ul style="list-style-type: none"> <li>Stronger brand name in US</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>Stronger in standalone products</li> </ul>	<ul style="list-style-type: none"> <li>Stronger in platform products</li> </ul>
<b>Geography</b>	<ul style="list-style-type: none"> <li>Global distribution</li> </ul>	<ul style="list-style-type: none"> <li>More US focused</li> </ul>
<b>Talent</b>	<ul style="list-style-type: none"> <li>Stronger in technology and engineering</li> </ul>	<ul style="list-style-type: none"> <li>Stronger in content development</li> <li>Strong education team</li> </ul>
<b>Cost Structure</b>	<ul style="list-style-type: none"> <li>In-house manufacturing</li> <li>Cost efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing outsourced</li> <li>Higher overheads in operations</li> </ul>

For the year ended 31 March 2015



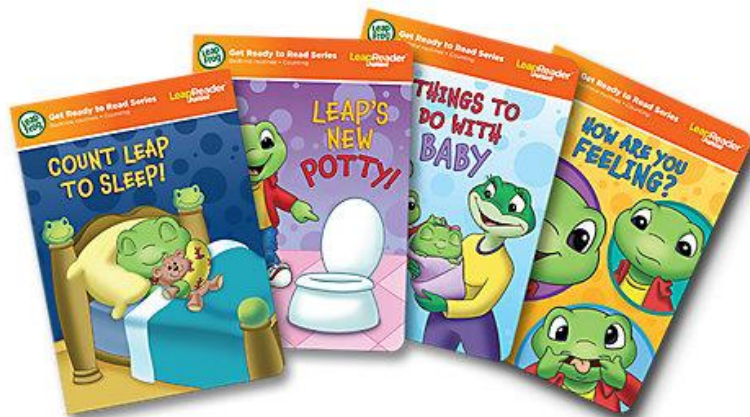
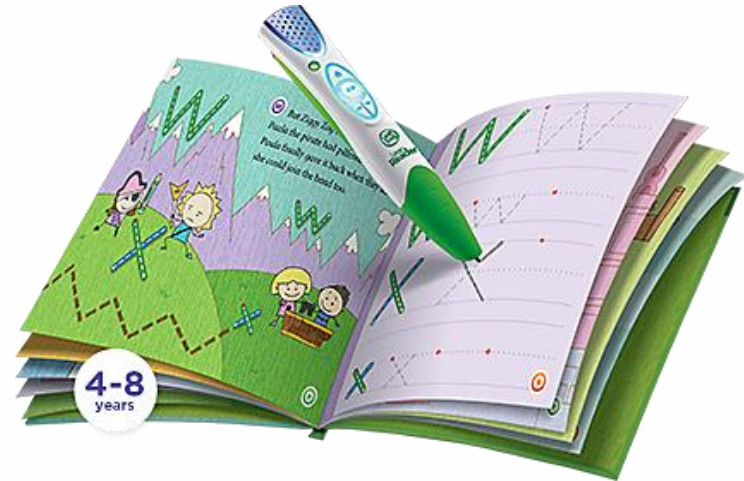
Consoles and software	
Reading	
Toys with Keyboards or Alphabets	
3D Character Design	
Playsets	
Big Boxed Products	
Technology Intensive Products	
Manufacturing Intensive Products	





vtech

Reading



> INNOVATION BEYOND TECHNOLOGY







# vtech | Playsets









# Technology Intensive Products







- Immediate revenue contribution
- Negative contribution in FY2017
- Acquire a well-known educational toy brand
- Enhance R&D capability in learning content development

- Broaden product portfolio
- Eliminate costs and investment for competing with LeapFrog
- Strengthen global leadership

# Q&A

# Thank You