



Azure Dynamics Corporation
Toronto Stock Exchange: AZD
Website: www.azuredynamics.com

3Q2011 Financial Results
November 16, 2011

A small, vibrant green seedling with two leaves is growing out of a thick layer of dark green moss. The background is a soft, out-of-focus green forest scene, suggesting growth and nature.

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Who We Are & What We Do

Best Technology

Balance™
Hybrid Electric
Balance™



Force Drive™
Pure Electric



Best Partners










Best Value



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AZD Top Ten Customers

Customer Name	Total Vehicles ⁽¹⁾	Approximate Fleet Size	
Purolator	955	4,000	
Schwan's ⁽³⁾	323	6,000	
Bus manufacturers	206	65,000 ⁽²⁾	
RohnSelmer – Norway dealer	138	N/A	
CINTAS	100	4,000	
FedEx	82	36,700	
DHL	80	18,500	
AT&T	25	66,800	
Johnson Controls	21	7,200	
Norway Post	20	3,500	
Top 10 Customers	1,950		
Other customers	303		
Total Units⁽¹⁾	2,253		

(1) Total vehicles delivered since 2008, plus backlog as of 11/14/2011

(2) Represents annual U.S. paratransit vehicles in operation

(3) Auxiliary electric power units

Our Customers are the Top Commercial Fleet Operators in the World

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3Q2011 & Subsequent Highlights

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- Record Q3 sales of \$12.4 million versus 1.8 million last year
 - Shipped 272 units – 143 TCE, 129 Balance/other
- 3Q YTD orders for 2011 deliveries total \$33.0M, or 719 vehicles
 - Norway dealer places 100 TCE follow-up order – 158 units to date
 - Hertz, Western Michigan University and Westinghouse
- Continued global dealership expansion
 - North American base at 140 – 90 dealers support TCE sales and service
 - European dealership base at 13, representing 57 retail locations in 6 countries
- CARB (California) adopts incentive for TCE – on top of \$7.5K Federal incentive
 - Up to \$15K per vehicle for 2011, up to \$10K per vehicle in 2012
 - Reduces payback to less than 2 years for California deployments
- Johnson Controls makes \$5M follow-on equity purchase – 7.2% stake in AZD
- Public offering for gross proceeds of up to CDN\$6.1 million expected to close November 18, 2011

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Financial Summary 3Q2011

KEY STATISTICS - Qtrly

<i>(in millions)</i>	3Q11	3Q10	Variance	% Inc (Dec)	Comments
Cash	\$ 1.29	\$ 24.16	\$ (22.87)	(95%)	\$20.2M equity offerings in 1Q11 compared to \$30M and \$6.3M in 4Q09 and 2Q10, respectively
Cash Flow	\$ (10.43)	\$ (7.55)	\$ (2.88)	38%	Increased working capital to support production build and increased net loss
Revenue	\$ 12.43	\$ 1.83	\$ 10.60	579%	Launch of TCE (143 units) and 80 more Balance units year over year
Gross Margin	\$ 0.17	\$ (0.14)	\$ 0.31	221%	Improvement in Balance product, lower warranty expense offset by higher than anticipated TCE costs
<i>Percentage</i>	1%	(8%)			
Expenses	\$ 9.37	\$ 6.44	\$ 2.93	46%	Higher engineering and SG&A costs, offset by lower product development costs , as well as a decrease in customer contributions compared to 3Q10
Other Income (Expense)	\$ (0.64)	\$ (0.09)	\$ (0.56)	639%	
Net Income (Loss)	\$ (9.84)	\$ (6.66)	\$ (3.18)	48%	
EPS Income / (Loss)	\$ (0.01)	\$ (0.01)	\$ (0.00)	34%	

RECORD Q3 REVENUES – SHIPPED 272 UNITS

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Sales & Gross Margin 3Q2011

Sales & Gross Margin - Qtrly

<i>(in millions)</i>	3Q11	3Q10	Variance	% Inc (Dec)
Revenue	\$ 12.43	\$ 1.83	\$ 10.60	579%
Gross Margin Percentage	\$ 0.17 1%	\$ (0.14) (8%)	\$ 0.31	221%

Summary Highlights

Balance™ Hybrid Electric

Shipped 125 delivery truck units in Q3 versus 40 in 3Q10
Shipped 1 shuttle bus unit in Q3 versus 6 in 3Q10

Transit Connect Electric

Shipped 82 TCE units in Q3 in North America
Shipped 61 TCE units in Q3 in Europe

LEEP

Shipped 24 units to Schwan's in 3Q10

Gross Margin

Improvement in Balance product, lower warranty expense offset by higher than anticipated TCE costs
Sept '11 GM @ 6.2%

Units Shipped

	3Q11	3Q10	Variance	% Inc (Dec)
Balance Hybrid	126	46	80	174%
Transit Connect Electric	143	0	143	-
Force Drive Components	3	22	(23)	(88%)
LEEP	0	24	(20)	(100%)
Total	272	92	180	196%

Manufacturing Inefficiencies Improving – September Gross Margin @ 6.2%

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Sales & Gross Margin YTD 3Q2011

Sales & Gross Margin - YTD

(in millions)	2011 YTD	2010 YTD	Variance	% Inc (Dec)
Revenue	\$ 23.12	\$ 8.54	\$ 14.58	171%
Gross Margin Percentage	\$ 0.47 2%	\$ (0.01) (0%)	\$ 0.48	7,837%

Summary Highlights

Balance™ Hybrid Electric
Shipped 223 delivery truck units YTD Q3 versus 57 LY
Shipped 26 shuttle bus unit in YTD Q3 versus 79 LY

Transit Connect Electric
Shipped 152 TCE units YTD Q3 in North America
Shipped 89 TCE units in YTD Q3 in Europe

LEEP
Shipped 1 unit YTD Q3 versus 248 units LY

Gross Margin
Improved margin on Balance driven by lower bill of material and warranty costs, offset by lower margin than anticipated on TCE

Units Shipped

	2011 YTD	2010 YTD	Variance	% Inc (Dec)
Balance Hybrid	249	136	113	83%
Transit Connect Electric	241	0	241	-
Force Drive Components	34	67	(38)	(53%)
LEEP	1	248	(240)	(100%)
Total	<u>525</u>	<u>451</u>	<u>76</u>	17%

ORDERS FOR 2011 DELIVERIES TOTAL \$33.0 MILLION, REPRESENTING 719 VEHICLES

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Expense Detail 3Q2011

Expense Detail - Qtrly					Summary Highlights
(in millions)	3Q11	3Q10	Variance	% Inc (Dec)	
Product Development	\$ 2.73	\$ 3.84	\$ (1.10)	(29%)	Lower TCE product development costs offset by PHEV development costs
Engineering	\$ 2.97	\$ 2.78	\$ 0.20	7%	Lower TCE related costs offset by higher salaries and wages from product launch activities
Contributions	\$ -	\$ (2.66)	\$ 2.66	(100%)	\$1.4M in customer contributions and \$1.3M in government grants in 3Q10
Net Engineering	\$ 5.70	\$ 3.95	\$ 1.75	44%	
Selling & Marketing	\$ 1.04	\$ 0.55	\$ 0.48	87%	Increased sales and marketing activities related to both the Balance™ and TCE vehicle products
% of Revenues	8%	30%			
G&A	\$ 2.63	\$ 1.93	\$ 0.70	36%	Higher salaries and wages and outside consultant fees
% of Revenues	21%	106%			
Total Expenses	<u>\$ 9.37</u>	<u>\$ 6.44</u>	<u>\$ 2.93</u>	<u>46%</u>	

SG&A Expenses as % of Revenues Improve Significantly

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Expense Detail YTD 3Q2011

Expense Detail - YTD					Summary Highlights
(in millions)	2011 YTD	2010 YTD	Variance	% Inc (Dec)	
Product Development	\$ 8.63	\$ 9.60	\$ 0.04	0%	Lower TCE product development costs offset by PHEV development costs
Engineering	\$ 9.86	\$ 7.67	\$ 1.18	14%	Lower TCE related costs offset by higher salaries and wages from product launch activities
Contributions	\$ (3.39)	\$ (7.82)	\$ 4.43	(57%)	\$3.4M in customer contributions YTD 3Q11 compared to \$2.2M in customer contributions and \$5.6M in government grants YTD 3Q10
Net Engineering	\$ 15.10	\$ 9.45	\$ 5.65	60%	
Selling & Marketing	\$ 2.82	\$ 1.64	\$ 1.18	72%	Increased sales and marketing activities related to both the Balance™ and TCE vehicle products
% of Revenues	12%	19%			
G&A	\$ 7.69	\$ 6.30	\$ 1.38	22%	Higher salaries and wages and outside consultant fees
% of Revenues	33%	74%			
Total Expenses	<u>\$ 25.61</u>	<u>\$ 17.40</u>	<u>\$ 8.21</u>	<u>47%</u>	

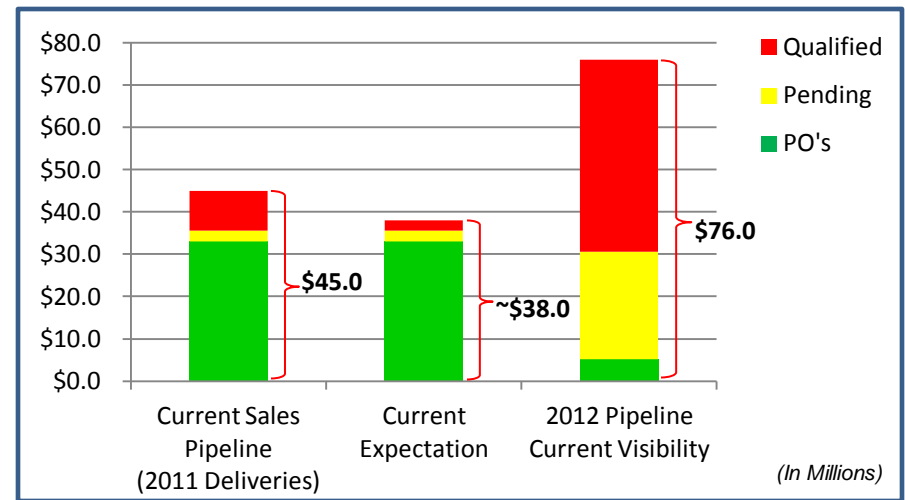
Product Development & Engineering Costs Related to TCE are Complete

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2011 Financial Outlook

	Current Guidance
2011 Revenues	\$38M – \$45M
Midpoint 2011 revenue	\$41.5M
Total units	850 – 950
TCE units	500 – 575
Balance / other	350 – 400



Good Visibility into 2012 Revenue Pipeline

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Summary

- Successful 3rd quarter – record revenues
 - Manufacturing inefficiencies improving – Sept GM 6.2%
- Expect a record 4th quarter 2011 revenues
 - 2011 revenues expected to be at low-end of range (\$38M - \$45M)
 - Expected 4 year CAGR 92% (2007 – 2011)
- 2012 revenue pipeline building – good visibility
- Transit Connect Electric continues to gain acceptance
 - European dealerships opportunities
 - GSA Award Contract opportunities
 - CARB incentive – significant buying incentive
- Johnson Controls \$5M equity investment – strong endorsement
- Public offering expected to close Nov 18 – up to \$6.1M