

7 June 2022

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Price (\$)	2.9
Shares in issue (m)	264
Mkt Cap (\$m)	826
Net debt (\$m)	-1
EV (\$m)	825
BVPS (\$)	14.0

Share price performance

1m	-3.1%
3m	-9.5%
12m	-71.2%
12 m high/low	11.7/2.2
Ave daily vol (30D)	1,232,514

Shareholders

Tencent Holdings	27.0%
Atomico	14.0%
Daniel Wiegand	9.0%
Sebastian Born	6.0%
Matthias Meiner	6.0%
LGT	6.0%
Baillie Gifford	6.0%
Patrick Nathen	4.0%
Total for top 8	78.0%
Free float	33.4%

Next news Q2's Q4

Business description

eVTOL developer and regional air mobility operator



Q1 PROGRESS

Lilium's Q1 shareholder letter caps a period of strong progress for the company with many of the building blocks for design, production and certification now in place. The strong partner network continues to evolve with key collaborations on the motor, wing and battery. We think the company is well placed to move forward under the new CEO Klaus Roewe who has recently joined the company from Airbus.

New key partnerships in place

Lilium has issued its Q1 22 shareholder letter covering the three-month period to 31 March 2022. The period has been busy and since the last quarterly update the company has conducted a preliminary design review and has hit a major milestone with the successful flight testing of the full-scale demonstrator Phoenix 2, including demonstration of the critical main wing transition. Lilium is moving into a certification and industrialization phase and has been establishing relationships with strong partners and suppliers. Honeywell and DENSO are partnering on the air-cooled electric motors and Aernnova on the propulsion mounting system.

Certification progressing

The company has already started battery production with partner CUSTOMCELLS and has signed a collaboration agreement with Livent on lithium. The company continues to work with Zenlabs who recently released test data confirming that the cells can maintain the high specific power required to deliver aircraft performance. Type certification is also progressing with a Design Organization Approval (DOA) audit completed and a Means of Compliance submitted in April. Lilium is seeking to advance the final DOA timing and remains on target for Type Certification in 2025 with agreement on the EASA programme scheduled to complete by the end of 2022.

Cash spend under control

The company has continued to manage spending well and total cash spend in Q1 fell to \$67m from \$73m in Q4 21. Lilium expects Q2 to be in line with Q1 but the stronger pace of the development program means we should expect higher spend in Q3 and Q4. The company has now signalled a full year cash spend of \$265m. We had expected \$232m so will update our forecasts but we see this as broadly positive as it represents accelerated progress. We make a similar change for FY 23 but otherwise are leaving future years unchanged and the impact on our valuation is minimal. Net liquidity at 31 March was \$331m and the company has established an "equity line of credit" with Tumim Stone Capital potentially adding up to \$75m in new equity.

\$m, Dec	2020pf	2021a	2022e	2023e	2024e	2025e
Sales	0	0	0	0	0	280
EBITDA	-354	-238	-265	-280	-307	-297
PBT	-414	-256	-283	-309	-347	-368
EPS	-1.5	-1.2	-1.0	-1.1	-0.6	-0.6
CFPS	-1.3	-1.8	-0.8	-0.8	-0.4	-0.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-616	-379	-142	84	-2,176	-1,668
Debt/EBITDA	1.7	1.6	0.5	-0.3	7.1	5.6
P/E	-1.9	-2.4	-2.8	-2.6	-4.8	-4.5
EV/EBITDA	-0.6	-1.9	-2.6	-3.2	4.4	2.8
EV/sales	na	na	na	na	na	0.7
FCF yield	-44.2%	-64.5%	-29.5%	-28.1%	-14.3%	-30.7%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

FINANCIAL MODEL

Profit and Loss Account

\$m, Dec	2020pf	2021a	2022e	2023e	2024e	2025e
Turnover						
eVTOL	0	0	0	0	0	279
CO2	0	0	0	0	0	1
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	0	0	0	0	0	280
Operating profit						
eVTOL	-354	-245	-283	-308	-345	-372
CO2	0	0	0	0	0	1
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-354	-245	-283	-308	-345	-371
P&L Account						
Turnover	0	0	0	0	0	280
Operating Profit	-354	-245	-283	-308	-345	-371
Investment income	0	-1	0	0	0	0
Net Interest	-60	-11	0	-1	-2	3
Pre Tax Profit (UKSIP)	-414	-256	-283	-309	-347	-368
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	-131	0	0	0	0
Pre Tax Profit (FRS3)	-414	-388	-283	-309	-347	-368
Tax	0	-1	0	0	0	0
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	0	0	0	0
Net Profit	-414	-389	-283	-309	-347	-368
Dividend	0	0	0	0	0	0
Retained	-414	-389	-283	-309	-347	-368
EBITDA	-354	-238	-265	-280	-307	-297
EPS (c) (UKSIP)	-1.48	-1.20	-1.01	-1.10	-0.60	-0.63
EPS (c) (FRS3)	-1.48	-1.81	-1.01	-1.10	-0.60	-0.63
FCFPS (c)	-1.26	-1.84	-0.84	-0.80	-0.41	-0.88
Dividend (c)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, Longspur Research estimates

KEY POINTS

- Company pre-revenue while it develops until 2025 when we assume first revenue begins
- C\$200m cost outflow rising ahead of launch in 2025

Balance Sheet

\$m, Dec	2020pf	2021a	2022e	2023e	2024e	2025e
Fixed Asset Cost	35	49	116	181	242	477
Fixed Asset Depreciation	-7	-13	-31	-59	-97	-171
Net Fixed Assets	27	36	85	122	145	306
Goodwill	0	0	0	0	0	0
Other intangibles	2	2	2	2	2	2
Investments	0	18	18	18	18	18
Stock	0	0	0	0	0	92
Trade Debtors	0	0	0	0	0	46
Other Debtors	8	37	37	37	37	37
Trade Creditors	-10	-42	-73	-128	-192	-284
Other Creditors <1yr	-6	-17	-17	-17	-17	-17
Creditors >1yr	0	-3	-3	-3	-3	-3
Provisions	-1	-3	-6	-9	-12	-15
Pension	0	0	0	0	0	0
Capital Employed	20	27	41	20	-23	181
Cash etc	750	418	182	-45	2,214	1,813
Borrowing <1yr	122	28	28	28	28	28
Borrowing >1yr	12	12	12	12	10	117
Net Borrowing	-616	-379	-142	84	-2,176	-1,668
Share Capital	46	47	47	47	62	62
Share Premium	1,012	922	922	922	3,407	3,407
Retained Earnings	-556	-848	-1,131	-1,440	-1,787	-2,155
Other	133	284	346	408	471	535
Minority interest	0	0	0	0	0	0
Capital Employed	20	27	41	20	-23	181
Net Assets	636	405	184	-63	2,153	1,849
Total Equity	636	405	184	-63	2,153	1,849

Source: Company data, Longspur Research estimates

KEY POINTS

- Fixed assets grow with capex accelerating from 2024 with assumed network capex
- Cash is adequate but tight in 2023
- Equity raise assumed in 2024 to fund network capex

Cashflow

\$m, Dec	2020pf	2021a	2022e	2023e	2024e	2025e
Operating profit	-354	-245	-283	-308	-345	-371
Depreciation	0	8	18	28	38	74
Provisions	0	3	3	3	3	3
Other	0	73	62	62	63	64
Working capital	0	5	32	55	64	-46
Operating cash flow	-354	-157	-168	-160	-177	-276
Tax paid	0	0	-1	0	0	0
Capex (less disposals)	0	-20	-67	-65	-61	-235
Investments	0	-219	0	0	0	0
Net interest	0	-2	0	-1	-2	3
Net dividends	0	0	0	0	0	0
Residual cash flow	-354	-398	-236	-226	-240	-508
Equity issued	0	0	0	0	2,500	0
Change in net borrowing	0	238	236	226	-2,260	508
Adjustments	0	-43	0	0	0	0
Total financing	0	195	236	226	240	508

Source: Company data, Longspur Research estimates

KEY POINTS

- Operating cash outflow and capex dominate ahead of launch
- Capex for network from 2025 assumed in our forecasts but could be external
- Working capital impact with first revenue in 2025

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