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Research

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Distribution

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Price (\$)	2.06
Shares in issue (m)	267
Mkt Cap (\$m)	600
Net debt (\$m)	0
EV (\$m)	599
BVPS (c)	14.0

Share price performance

1m	-12.0%
3m	-22.3%
12m	-80.9%
12 m high/low	11.4/1.8
Ave daily vol (30D)	1,380,093

Shareholders

Tencent Holdings	28.6%
Zennstrom Niklas	15.4%
Atomico (Guernsey)	15.4%
Baillie Gifford And	7.1%
Lgt Global Invest	6.9%
Born Sebastian	6.8%
Meiner Matthias	6.8%
Invesco Ltd	2.3%
Allianz Se	1.2%
683 Capital	1.1%
Total for top 10	91.3%
Free float	26.3%
Source: Bloomberg	28 Sep 22

Next news Q3s Q1

Business description

eVTOL developer and regional air mobility operator



Q2 TESTING SHOWS POSITIVE RESULTS

Lilium has released its Q2 update to 30 June. The period has seen continued development of the Lilium Jet with testing of aircraft and battery showing positive results. This is the first update under new CEO Klaus Roewe, formerly of Airbus, and the evolving strategy sees private sales added to the mix with the prospect of locking in meaningful deposits.

100kt high speed transition flight

The recent past has seen continued testing of the Phoenix 2 demonstrator aircraft with high speed transition flight at 100kt from hover to cruise with a full validation of computer model predictions. Battery aging tests have also been undertaken confirming that the target of over 800 cycles at 80% DoD in the launch aircraft can be achieved. Additional independent testing is also in progress. The company is now on track for a manned type-conforming aircraft with assembly to start in 2023 and a flight in 2024.

Agreements on 483 aircraft

Commercially, Lilium now has agreements for the sale of 483 aircraft with pre-delivery payments starting in 2023. The commercial strategy is evolving and while it remains initially focused on charters, shuttles and fractional ownership models a limited edition for private sales will be launched with early interest in the market including receipt of deposits. Certification remains on track with the third EASA Design Origination Approval audit planned for the end of 2022 and fourth and final audit for H1 2023. EASA is also consulting on rules to enable manned eVTOL operation in cities with the proposals broadly taking an enabling approach. The consultation ends tomorrow so we see the likely timing as helpful.

Spend in line with Q1

The period saw total cash spend of €63m, broadly in line with the €60m in Q1. While the company is mindful of inflationary pressures, it is taking actions to mitigate these and expects full year cash spend to be no more than €250m. Cash at the period end was €229m and the €75m equity line of credit with Tumin Stone Capital became effective on 24 June 2022. While the company will require additional funding in time a number of options are open to them. The company will report similar updates in Euros going forward and we have recast our forecasts in Euros from Dollars to reflect this although the impact is minimal given the close to parity exchange rate.

€m, Dec	2020pf	2021a	2022e	2023e	2024e	2025e
Sales	0	0	0	0	0	280
EBITDA	-292	-284	-265	-280	-307	-297
PBT	-342	-299	-282	-308	-345	-367
EPS	-1.2	-1.4	-1.0	-1.1	-0.6	-0.6
CFPS	-1.0	-1.9	-0.9	-0.8	-0.4	-0.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-509	-320	-79	157	-2,093	-1,584
Debt/EBITDA	1.7	1.1	0.3	-0.6	6.8	5.3
P/E	-1.8	-1.6	-2.2	-2.0	-3.7	-3.5
EV/EBITDA	-0.5	-1.1	-2.1	-2.9	4.7	3.2
EV/sales	na	na	na	na	na	0.5
FCF yield	-47.0%	-87.5%	-38.8%	-37.7%	-19.2%	-39.6%
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	-292	-289	-282	-307	-343	-371
CO2	0	0	0	0	0	1
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating profit	-292	-289	-282	-307	-343	-370
P&L Account						
Turnover	0	0	0	0	0	280
Operating Profit	-292	-289	-282	-307	-343	-370
Investment income	0	-1	0	0	0	0
Net Interest	-50	-9	0	-1	-2	3
Pre Tax Profit (UKSIP)	-342	-299	-282	-308	-345	-367
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	-111	0	0	0	0
Pre Tax Profit (FRS3)	-342	-410	-282	-308	-345	-367
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	-342	-411	-282	-308	-345	-367
Dividend	0	0	0	0	0	0
Retained	-342	-411	-282	-308	-345	-367
EBITDA	-292	-284	-265	-280	-307	-297
EPS (c) (UKSIP)	-1.22	-1.40	-1.01	-1.10	-0.59	-0.63
EPS (c) (FRS3)	-1.22	-1.91	-1.01	-1.10	-0.59	-0.63
FCFPS (c)	-1.04	-1.94	-0.86	-0.84	-0.43	-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	29	42	109	174	235	470
Fixed Asset Depreciation	-6	-11	-28	-55	-91	-164
Net Fixed Assets	23	31	81	119	143	305
Goodwill	0	0	0	0	0	0
Other intangibles	1	1	1	1	1	1
Investments	0	15	15	15	15	15
Stock	0	0	0	0	0	92
Trade Debtors	0	0	0	0	0	46
Other Debtors	6	31	31	31	31	31
Trade Creditors	-8	-35	-62	-108	-162	-254
Other Creditors <1yr	-5	-15	-15	-15	-15	-15
Creditors >1yr	0	-3	-3	-3	-3	-3
Provisions	0	-3	-5	-8	-10	-12
Pension	0	0	0	0	0	0
Capital Employed	16	22	44	33	1	207
Cash etc	620	353	112	-123	2,125	1,723
Borrowing <1yr	101	23	23	23	23	23
Borrowing >1yr	10	10	10	10	9	116
Net Borrowing	-509	-320	-79	157	-2,093	-1,584
Share Capital	38	40	40	40	54	54
Share Premium	837	779	779	779	3,265	3,265
Retained Earnings	-459	-717	-999	-1,307	-1,652	-2,019
Other	110	240	302	364	427	491
Minority interest	0	0	0	0	0	0
Capital Employed	16	22	44	33	1	207
Net Assets	526	343	122	-124	2,094	1,791
Total Equity	526	343	122	-124	2,094	1,791

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	-292	-289	-282	-307	-343	-370
Depreciation	0	6	17	27	36	73
Provisions	0	2	2	2	2	2
Other	0	61	62	62	63	64
Working capital	0	4	27	46	54	-46
Operating cash flow	-292	-215	-174	-169	-188	-277
Tax paid	0	0	-1	0	0	0
Capex (less disposals)	0	-17	-67	-65	-61	-235
Investments	0	-185	0	0	0	0
Net interest	0	-2	0	-1	-2	3
Net dividends	0	0	0	0	0	0
Residual cash flow	-292	-419	-241	-235	-251	-508
Equity issued	0	0	0	0	2,500	0
Change in net borrowing	0	189	241	235	-2,249	508
Adjustments	0	-36	0	0	0	0
Total financing	0	153	241	235	251	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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