Qell Acquisition Corp.
Qell Acquisition Corp. and Lilium Announcement
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Presenters
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Operator
Greetings, and welcome to Qell Acquisition Corp and Lilium announcement call. I would now like to turn the conference over to your host, Geoffrey Richardson, CFO, Lilium. Please proceed.

Geoffrey Richardson
Good morning, everyone. Welcome to today's conference call to discuss the business combination of Lilium and Qell. We issued a press release a short time ago. If you haven't received a copy of the release, it's available on the investor section of our website at lilium.com/investors. We have prepared a slide presentation to accompany today's webcast, and that presentation is also posted online in the investor section lilliam.com.

I am Geoffrey Richardson, CFO of Lilium. I've been a chief financial officer in Silicon Valley for seven years, most recently with Cruise, the self-driving car company that I helped scale from 280 to 1700 people and raised over $7 billion in capital. I worked from the finance side on a $1.5 billion autonomous vehicle program, taking it through design to mass manufacturing. I'm pleased to be here with you today on behalf of Lilium to present the business combination.

Please note that the Q&A session will not be conducted as part of today's presentation. Before proceeding with this call, please be reminded that remarks made during this call may include forward looking statements pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. We want to emphasize that these forward looking statements involve risks and uncertainties that could cause actual results to differ materially from those discussed in such forward looking statements. Please refer to the press release for a fuller review of the risks and uncertainties associated with our business.

Joining me for today's call are Barry Engle, CEO and co-founder of Qell Acquisition Corp. Daniel Wiegand, founder and CEO of Lilium, and Alex Asseily, Chief Strategy Officer of Lilium. With that, I'll turn the call over to Barry.

Barry Engle

Hi, I'm Barry Engle, CEO and co-founder of Qell Acquisition Corp. Thank you for joining us on this important day. We raised our SPAC last year with an investment thesis focused on sustainable mobility and transportation. I spent my career in and around these industries. I've led big — big businesses like General Motors North America, as well as smaller entrepreneurial growth companies. From the frontlines, I could see the secular transition away from fossil fuels across all modes of transportation. It was accelerating and being enabled by disruptive new technologies.

So along with my co-founder, Sam, I formed Qell to leverage those trends and help the right company to grow, scale, and create real value. Our team at Qell considered more than 100 different opportunities across our target sectors, including dozens of companies involved in the electrification of transportation. The one we found to be the most exciting and potentially the most disruptive is Lilium. It has the opportunity to literally change the world.

We see this company as a clear leader at the forefront of a new industry with an addressable market for regional travel that is measured in the trillions of dollars. We're also attracted to the high barriers to entry and limited competition in the electrical aviation industry. Finally, as we studied the sector, we came to understand the significance of Lilium's differentiated technology, which includes a unique aircraft design and proprietary jet propulsion system. It's this technology that enables a scalable solution, one with superior economics and a highly compelling business model.

We were first introduced to Lilium roughly five months ago. And we've taken the time to conduct extensive due diligence of the technology, the certification plans, business strategy, operations, financials, and public market readiness. We've been assisted by various advisors with the appropriate expertise and experience. As we went through this process, the thing that ultimately gave us the most conviction as investors was the team.

When you meet the people and engage with them, you quickly appreciate why this company will be successful. Daniel is an extraordinary leader who has surrounded himself with unique combination of entrepreneurial co-founders and deeply experienced aerospace professionals. This includes board members like Tom Enders, the former longtime CEO of Airbus and one of the most respected leaders in aerospace. The Qell team, including our directors, investors and partners who bring extensive operational and financial acumen, are pleased to join forces with Lilium. It is a serious group working together to make clean, efficient electric air mobility a reality.

Let me speak to the transaction. It is no secret the public markets are volatile from time to time. We view Lilium as having a long term leadership position in a large growing industry. Great companies like this will endure and thrive through market conditions, both good and bad. In terms of transaction metrics, today's announcement values the combined company at approximately $2.4 billion pro forma enterprise value based on the $10 per share pipe price. We see this as an attractive entry point and one that investors should find very compelling.

Total gross proceeds to the company are expected to be approximately $830 million, consisting of $380 million from cash and trust plus the proceeds of a $450 million pipe led by long term financial and strategic investors including Baillie Gifford, Blackrock, LGT, Pimco, Tencent, Palantir, and (inaudible). We are pleased to have the support of such astute and thoughtful investors who share our vision of the company's potential.

We believe this merger positions Lilium to execute its business plan with a long term shareholder base and a strong public board to help guide its journey. In an effort to create long term alignment amongst all shareholders and as a sign of our conviction, we have tied a significant portion of the sponsor promote to the achievement of important operational milestones. These include first flight of the production aircraft, its subsequent certification, and revenue generation. I personally look forward to joining the Lilium board and helping build a great public company. Let me now introduce you to Daniel Wiegand, CEO of Lilium.

Daniel Wiegand
Thank you, Barry. Hi, everyone. I was 14 when I did my first flight alone in an aircraft and that passion stayed with me when my co-founders and me founded Lilium six years ago here in Munich. From the beginning, our ambition was to create a great aerospace company, one that becomes the global leader in electric air mobility.

Our goal is to take vertical takeoff and landing electric sets and use them to connect communities with a high speed air transport network. It will use a regional shuttle service business model that will save our customers hours, not minutes. A larger passenger capacity aircraft will deliver better unit economics and more affordable ticket pricing by spreading the cost of the pilot and landing fees across more seats. These air shuttle networks we envisage roughly 100 times cheaper and 10 times faster to deploy than alternative ground based infrastructure. And thanks to the lower cost, we can create transport networks that have at least 10 times the density of alternatives on the ground.

What will enable this is our seven seater electric vertical takeoff and landing jet which has been in development over several years. The aircraft has an average cruise speed of 175 miles an hour and comes 155 miles range at launch and features the lowest noise in the market, thanks to the use of electric turbofan technology. We spent around 5 years in technology development and have had 14 narrations of demonstrator airplanes in flight testing.

The latest one that you can see here is the five seater full-scale demonstrator aircraft, which flew for the first time in 2019 and has had, since then, a very successful flight test campaign. On this aircraft, we've been able to test the classic maneuvers like the vertical takeoff and landing, the forward flight, circles, climbs, descent, but also important items like engine failures and actuator failures we've been able to test in flight. This gave us the confidence to proceed and enter the development of our seven seater (inaudible) aircraft two years ago.

Our airplane has a different form factor. It's the form factor of the jet aircraft and this provides us not only with higher capacity and better unit economics, but it also enables a differentiated customer experience. Our cabin for example is comparable to an airliner cabin with six passenger seats and a spacious layout. For the enterprise side of the business, it also means that we have a very strong cargo capacity of more than 200 standard parcels in the aircraft.

The technology that enables these capabilities is our proprietary Ducted Electric Vectored Thrust technology. And these electric turbofan engines come with a bunch of advantages. Firstly, you have a duct around the fan in which you have acoustic liners, and these liners capture and dissipate the noise before it propagates into the environment. This is the key reason why these engines are less noisy than propellers.

Secondly, you can contain the loss of a fan blade in the duct, which makes it safer. And lastly, these engines are roughly 10 times smaller than a propeller to lift the same weight. This allows us to make larger airplanes with more passenger capacity which still fit on the same standard landing infrastructure. So let me explain this in a bit more detail.

If you look at the bottom left, you see a generic five seat propeller eVTOL (ph) aircraft and you can immediately recognize that the size of the propellers required to lift this aircraft vertically into the air is so big that it covers almost the entire width of the landing pad. In contrast to this, our seven seater has 50% more capacity but it's — it fits very easily on the same landing pad because its propulsion system is so compact. And our technology allows us to even build a 16 seater eVTOL in the future with four times the capacity while still sitting on the same landing infrastructure.

You can of course make propeller eVTOLs with 10 or 15 seats capacity, but they would be far too large to fit on standard infrastructure. Our technology also enables market leading low noise. If you compare the noise levels of a Lilium jet at takeoff with a eVTOL propeller airplane of the same size and weight, our airplane generates five times lower noise footprint on the ground in hover flight than open propellor eVTOLs. The consequence of this is that Lilium will be permitted to land in more locations.

We have secured a battery technology that allows us to achieve our launch range of 150 miles, and this technology has been proven on our own test benches. It’s basically a standard lithium ion pouch cell battery except it has a higher silicon content in the anode (ph). It will be manufactured on standard lithium ion battery cell lines and our battery production partners in Europe. We will ride (ph) the battery curve in the future and, as battery energy entities get better, we will upgrade the aircraft and improve the aircraft's range even further.

The thing that I am the most proud about is the team. Our aerospace leadership team have certified in shipped some of the most significant airliners and fighter jets in the world. And underneath them we have 650 people, including 400 aerospace engineers, with a combined 4000 years of aerospace experience. Our CTO, for example, was the chief engineer of the Airbus

AC50 and Gulfstream G650 engines. Our chief manufacturing officer was running the assembly of the Airbus A380 and A320, and our chief program officer was running the program quality and the supply chain of these same airplanes. Our deputy CTO was running the Euro Fighter and the Harrier Jet Program in the past.

We've been engaged with regulators since 2016 and we received a CRI-A01 certification basis for our seven seater jet at the end of 2020. This puts us into the front line of eVTOL players to certify and enter the market in 2024. Our first airplane will come off the production line and begin final flight testing in 2022, and we are working towards a concurrent certification with IASA and FAA, which gives us a global market access from the get-go.

Today we have around 100,000 square foot of manufacturing facilities in place. All the buildings on the image here are Lilium buildings and our plan is to stay very Capex light and only do final assembly in those facilities but partner on all the systems and parts in the aircraft with tier one aerospace suppliers to the de-risk the ramp up of our manufacturing. I'll hand over to Alex, who will share more about our business model.

Alex Asseily
Thanks, Daniel. Hello. My name is Alex Asseily. I'm the Chief Strategy Officer of Lilium. I got to know Daniel and Lilium four years ago when I came on as an investor. I've worked in the tech sector for the better part of 20 years, mostly in silicon valley.

What I'm going to try to take you through today is a deeper understanding of the commercial possibilities for Lilium and how the technologies that Daniel has walked you through today have implications on economics. And I'll talk mainly on the revenue generation of this business. Daniel explained very succinctly earlier the three dimensions that make all the difference for transportation business like ours. The first is payload. How many people and how much stuff you can transport. The second is speed how quickly you can get those people all that stuff from A to B.

Thirdly, infrastructure throughput. In other words, how much can your infrastructure handle in any given day, and that ultimately generates revenue per day and ultimately the economics of the business as a whole. There are two broad buckets for commercializing this aircraft. First, we've got a Lilium network where we're going to be filling seats within our own jets with passengers. The second, turnkey enterprise solution where we will be leasing fleets of aircraft to governments or corporates to move out of people or to move cargo. For example, we might lease a fleet of aircraft with a supporting maintenance contract to a logistics company to help them move freight faster in a specific region. We have a number of active conversations with potential turnkey enterprise partners around the world.

With these two broad buckets in mind, the question then becomes how do we actually operationalize this? Firstly, it's important to bear in mind we are not running an airline. We are going to be designing and manufacturing an aircraft. We will also be building a digital platform

to coordinate those aircraft, coordinate ground infrastructure, do network management, interact with customers, pilots, and so on. On the other hand we will be outsourcing all the airline operations, pilot training, maintenance, and vertical infrastructure ops to very experienced industry partners. This partnership model allows us to be very capital efficient and to scale our business more quickly.

So how does this all distill down as a unit economics? The big highlights here are ultimately that the (inaudible) itself is much cheaper than people imagine at $2.5 million per single unit when we launch. As production volume grows, this will, of course, come down. What that means is that when we're running a Lilium network, for example, we're going to be generating about $15,000 per jet per day on a given route, which means over a year, we're going to be generating about $5 million per jet. So our payback period on a single jet is about two years and the lifetime profit on that jet is about $10 million.

On the turnkey enterprise model we will charge an upfront fee and an annual maintenance fee over the course of the jet's life. This means we will be exchanging some of the profit upside of our network business through increased revenue visibility and immediate payback of the aircraft these. What these two complimentary models allow us to do is, on the one hand, maximize profits and regions and geographies where we feel we can build efficient passenger networks and, on the other hand, have the predictability and the scale of turnkey enterprise customers.

For the last couple of years we've been working to establish substantial partnerships with large and aviation infrastructure players. These partners will actually build and operate vertiports and allow us to scale efficient, high capacity networks. With that in mind, we've partnered with companies like Ferrovial, the owner and operator, for example, of Heathrow Airport and one of the most established infrastructure players in the world. They will be helping us to build, develop, and operate vertiports across Florida. We have $200 million overall of commitments from our partners, including Ferrovial, to develop these networks. We have more vertiports and infrastructure partners, which we'll be announcing very soon. Our launch networks in Germany and in Florida, for example, represent $1 billion of annual revenue by 2026.

Let me zoom in a bit on Florida. This is a map of the plan network in Florida, which we will be developing with Ferrovial and Tavistock (ph). It includes 14 vertiport sites, which we've picked with our partners. These will be built and operated by our partners and ready in time from our launch in 2024. In this case, for example, we will be running about 125 jets that will produce about $600 million of annual revenue in the first phase.

We've also signed a partnership with Lufthansa Aviation Training to develop a pilot training program starting this year. Lufthansa will be a key partner for Lilium as we launch networks in Florida, Germany, and other locations. Let's return now to Geoff Richardson to take you through the financials.

Geoffrey Richardson
Thanks, Alex. How far does this transaction take us? This funds us through commercial operations with the proceeds from this transaction, we're going to deepen our bench in engineering, build out our production, manufacturing, and business development teams, finish the seven seater through design into manufacturing certification, finalize our first factory that we're already constructing in Germany, and launch our network.

I really wanted to double click on what the technology means for the revenue. The easiest way to do that is to consider a day in the life of one jet. So with six seats, we assume an average of four and a half passengers, an average trip of 60 miles, an average of 25 flights a day. And $2.20 per mile per passenger, that gets you to 1550 miles per day, 7000 passenger miles, and that ties to the $15,000 per day of revenue that Alex showed you earlier, which equals $5.5 million. Multiply that by our network fleet, and that's how you get to the revenue numbers here. So that's the network side. And it really is the longer trips and the more passengers that drive that.

On the enterprise side, what I really like about it is the predictability of revenue that allows us to plan the supply chain and manufacturing side of the business. It allows us to allocate production across different business lines, different regions, whether it's the U.S., Germany, or otherwise.

Jumping to the financial profile, 2024 is when we target our launch of flight operations and primarily focused on enterprise. 2025 is about expansion, operational excellence. In 2026, we hit our run rate. A couple of things to focus on here are what is not on this. You will see that there is capex for aircraft and capex for engineering, but you will not see any capex or infrastructure or operations as that has been outsourced.

Lilium is a fundamentally disruptive technology with a huge tail. Our CompSet is emerging air mobility, established electric vehicles, next gen mobility, and disruptive technology such as Lidar. We price this comparatively to these CompSets. We Project 3.4 times 2026 EV to EBITDA, with EBITDA approximately 700 million, and 2,026 EV to revenue of .7 with revenue approximately $3.3 billion. For the transaction overview, 100% of our existing shareholders will be rolling into the new transaction.

Daniel Wiegand
So let me wrap up here. Lilium's new seven seater jet offers a superior scalable technology and architecture that drives unit economics. We can handle 50% more passengers and 50% more cargo payloads. That equals higher revenue and lower dollar per cost mile. I also believe that our business model is the right one.

Barry Engle
We appreciate you being with us on this important day for Lilium's future. The Qell team is excited to be part of this disruptive technology company that will help revolutionize sustainable transportation. We believe that with this merger, Lilium is positioned to be a global leader in

electric air mobility. We're thrilled to partner with Daniel and the team and help the company realize its outstanding growth prospects. Thank you.

Operator
This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.