

# The AAM Rewind



## Joby Gets USD\$180 Million From Tesla Shareholder, Reports Loss for Q1

Joby Aviation procured USD\$180 million in funding from British investment management firm Baillie Gifford, which has previously invested in Tesla. The announcement was made in conjunction with Joby's first quarter results for 2023, which saw the electric aircraft firm post a net loss of USD\$113 million.

**Our take:** Joby announced a surprising additional raise from returning investor Baillie Gifford. What is surprising is the fact that the best capitalized AAM OEM decided to raise additional funding. Why do we think they did it? We have three hypotheses: 1) Joby is padding its reserves anticipating higher costs due to the certification complexity of its vertically integrated design; 2) the company is adding additional cash to prepare for what will be a very expensive launch and scaling of its operations; 3) why not: it is always better to have more capital, if possible.

## Lilium Raising USD\$250 Million, Secures USD\$100 Million from Tencent

Lilium announced it is looking to raise USD\$250 million in funds and has already secured USD\$100 million from Tencent Holdings affiliate Aceville. Aceville will provide a further USD\$75 million contingent on Lilium raising an additional USD\$75 million of equity, debt, or grants from certain third parties.

**Our take:** As we predicted, Lilium recently received an infusion of funds. However, what we got wrong was where it was coming from - it came from Tencent, Lilium's largest shareholder. Lilium also modified the voting structure of the company to make sure no single shareholder can have more than 19.8% of voting shares. The company has currently received less than half of the \$250 million it is seeking and we believe that it will need an additional \$100 million to rollout its conforming aircraft, an important milestone that will unlock an additional \$250 million in customer deposits needed for certification.



## Vertical Postpones VX4 Certification to 2026, Reports Q1 Loss

Vertical Aerospace has pushed back the certification target for its VX4 electric aircraft from 2025 to 2026. The announcement coincided with the company's financial results for the first quarter of 2023, which saw it post a net loss of £23 million (USD\$28.9 million).

**Our take:** Following Vertical CEO Stephen Fitzpatrick's preview of this announcement at Revolution.Aero in Dublin, where he anticipated that the complexity of Vertical's eVTOL would see it certify in the second half of the decade, here comes the official confirmation of the certification slip to 2026. Does that mean we should not expect to see the VX4 in service until 2027? To get there the company needs to raise additional funding this year.

## Lilium Jet Undergoes Wind Tunnel Testing

Lilium said its electric jet is undergoing wind tunnel testing at the German-Dutch Wind Tunnels (DNW) facility in Marknesse, Netherlands. The tests at the largest wind tunnel site in Europe are being conducted with a 1 to 2.5 scale (40% size) Lilium Jet model that features fully functioning engines and flap actuators.

**Our take:** Following its PDR, Lilium continues its preparation for its CDR and the freezing of the vehicle configuration. The wind tunnel model being tested in the Netherlands is sub-scale, but it is still as large as the Phoenix 5-seater demonstrator flying in Spain. It is a twin of the full-scale vehicle, but we wonder if the learnings from this campaign will be directly transferrable to the full-scale conforming aircraft.



## EHang Signs MENA Manufacturing Partnership

EHang has signed an agreement with UAE-based Monarch Airplane Manufacturing to build its first electric aircraft manufacturing facility in MENA. The facility in Abu Dhabi, the capital of the UAE, will produce and operate electric aircraft and drones to transport passengers and cargo.

**Our take:** The Middle East is going to be one of the first markets for Advanced Air Mobility. The governments in the region not only want to be a home to AAM operators, but their goal is to capture other elements of the ecosystem. One of the most prized elements is production, due to the number of aircraft the OEMs forecast they will need to produce. This agreement puts the UAE in pole position for the region, but we expect the Kingdom of Saudi Arabia to follow in the coming years