



THE MOST VALUABLE NETWORK IN THE SKY

Infrastructure is a necessary condition of economic growth.

The Bridgewater Canal, carved out of the English countryside in 1761, was one of a handful of critical factors that sparked the **First Wave of Innovation** – the Industrial Revolution.

It connected surrounding coal fields to factories. Ultimately spurring a ten-fold population rise in the region over a couple of decades.

I can scarcely sum up the scope of the today's infrastructure in a couple of sentences. Zipping information around the world on radio waves, X-rays, and even beams of light adds a massive layer of complexity to the picture. But when it comes to shuffling goods and people around in a \$90 trillion-plus global economy – we mostly rely on roads, bridges, rails, and ports – both sea and air.

Unfortunately, that infrastructure is failing.

In the U.S., some estimate \$400 billion to repair roads and highways. To fix the bridges, we need another \$600 billion. And that only gets them up to par.

Maintaining these crucial pieces of infrastructure will take another \$200 billion annually, at a minimum.

However, to truly grease the skids of economic growth we need a less time and capital-intensive approach to transportation. One that can scale more naturally with tomorrow's economy. And one that can literally leapfrog existing modes of moving people and stuff from one place to another.

Particularly in increasingly dense metropolitan regions.

Crippling Congestion

Americans living in the top 15 U.S. metro areas spend 4.6 billion hours in traffic per year.

Drivers in urban areas around cities like L.A., New York City, Philadelphia, and Boston have seen their commute times increase anywhere between 45% to 65% over the last few years. Nearly 40% percent of that time gets spent stuck in traffic (up from 26%). And, in New York City, average car speeds have almost halved from 9 miles per hour to less than 5.

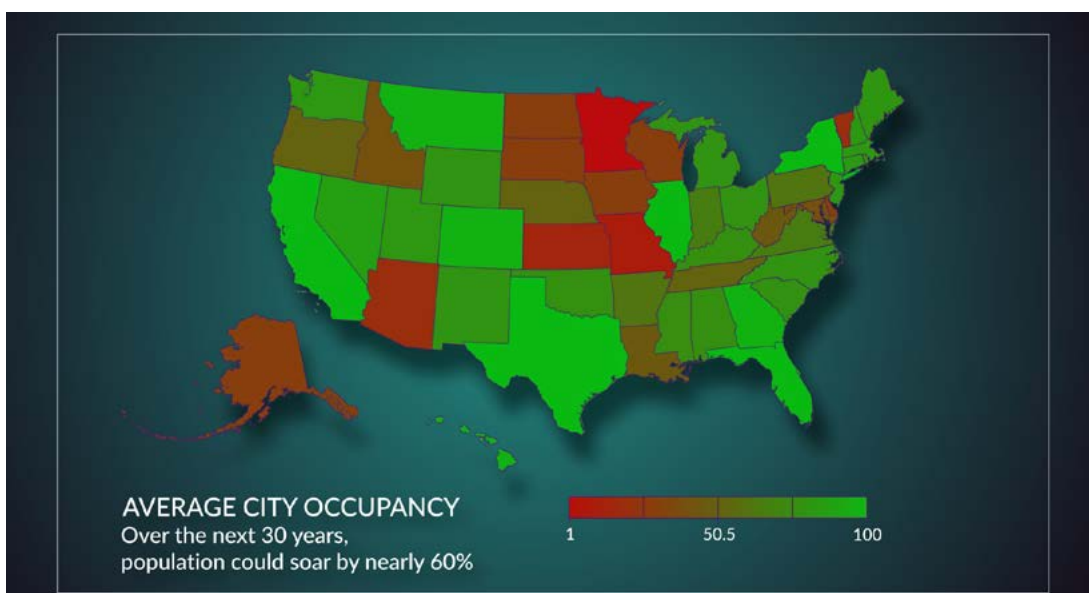


But that's nothing compared to conditions outside the U.S.

In Mumbai, commute times nearly doubled, with those poor folks spending 243 hours (over 10 days) sitting in traffic each year.

Assuming 8-hour workdays, that's a month of work, vacation, family-time, or whatever wasted idling.

Even worse, we can expect the percentage of people living in cities to increase from 55% to 70% over the next 30 years. So, while world population rises to 9.7 billion, urban populations could soar by nearly 60% to 6.8 billion – or the equivalent of the entire global population in 2009.



But we will soon see high-speed regional transportation networks that can massively ease the pressure and expense of maintaining, improving, and expanding our existing ground transportation infrastructure.

These networks will be ten-times faster and one hundred times cheaper to deploy than traditional ground transport. It will take you from Manhattan to JFK in 5 minutes for no more than it would cost you to take an Uber today. And could even slow the trend of increasing urban density in the first place by making 100-plus mile commutes fast and economical.

Morgan Stanley expects passengers and companies shipping cargo will spend over \$1 trillion to utilize this network. Compare that to the \$800 billion spent annually for air travel and freight today, or the \$600 billion spent on trains, and you get a sense of the impact this network can have on the future of regional transportation around the world.

I'm talking about an Urban Air Mobility (UAM) network. Think flying taxis and delivery vans connecting cities, suburbs, and airports by completely bypassing roads, rails, and bridges. And it will use eVTOL (electric vertical take-off and landing) vehicles to do it.

Taxis in the Sky

Powered by batteries and electric motors, eVTOLs act like helicopters in that they can take-off and land vertically. But many designs fly like airplanes to their destination.



Breakthroughs in materials science, noise reduction, and battery-technology have all converged to make this type of transportation viable. And in three years-time, you can expect to see these craft operating in major metropolitan regions around the world.

But you don't want to wait to get in on this emerging sector.

eVTOL tech is nearly prime time ready. And companies focused on the UAM sector have already secured agreements to provide service to many major metropolitan regions around the world. So, it's no longer a question of "if" or "when" air taxis will begin to operate. But, rather, just how quick the market for urban air transport can grow.

Oh...and, of course, what's the best way to own the sector today.

In this special report on *The Most Valuable Network in the Sky*, I want to give you the lay of the land by highlighting a few key considerations of 4 publicly traded air taxi stocks and what to buy to secure your call on the emerging UAM network.

But before we dive into those companies, let's talk about what makes eVTOL technology so nearly ready for prime time.

The Right Time, The Right Circumstance

Zippering around in flying cars have long been a dream. But the reason we haven't seen them yet boils down to cost and noise.

To date, helicopters are the only way to skip traffic and speed over congestion in cities. But helicopters are expensive and complicated to operate and maintain. Plus, they are noisy.

Electric motors eliminate those concerns. Unfortunately, until recently, it cost too much to power craft with electricity. Li-Ion batteries work fine for lightweight drones, but they don't scale well for heavier payloads – including multiple passengers.

But advanced Li-Ion can now deliver power-to-weight ratios that make flying craft with electric motors cost competitive.

This allows us to take advantage of the fact that electric motors and fly-by-wire controls are much cheaper to maintain than internal combustion engines and complicated hydraulics.

Also, electric motors run quiet, eliminating the noise coming from massive turbo engines. Plus, engineering advances have delivered propeller designs that produce less noise than spinning helicopters blades do at ten-times the distance.

Which adds up to a massive reduction in noise over helicopters.

For example, human conversation normally runs at about 60 decibels. That's also about like standing next to a dishwasher. But you must stand a kilometer away from a helicopter to get the noise down to that level.

However, for some eVTOL designs, that distance drops to the length of a football field.

And it's that massive reduction in noise pollution that makes it possible for air taxi manufacturers to now get approval to operate their craft within densely populated urban areas.

Which brings us to four top eVTOL companies making early headway building out the UAM network of tomorrow.

Pick-and-Shovel Play

The first company I want to tell you about is Blade Urban Mobility (NASDAQ: BLDE).

It's more platform than product, so think of it as a pick-and-shovel play on urban air transport.

Blade doesn't design and manufacture aircraft. It operates a network of private terminals serving over 40,000 fliers per year – currently using helicopters – through lease arrangements. It lets aircraft operators choose what to fly, as well as leaving it to them to sort out maintenance, pilot training, and arranging for hangars.

STRATEGIC INFRASTRUCTURE – CURRENT AND FUTURE



In addition to managing a network of terminals with an established customer base, Blade also developed proprietary software to manage everything between the customer and the cockpit. Plus, Blade handles the staff to service customers. And with an established, first-class brand, operators are also relieved of the pressures of marketing.

So, with revenue and expenses linked directly to the volume of flights, Blade offers a truly asset-light, technology agnostic approach to the sector.

Key Partner

The next company you need to know about vying for a niche in the UAM sector is Archer Aviation (NYSE: ACHR).

It revealed its solution to the eVTOL market – the Maker – last June and expects to receive certification from the FAA towards the end of 2024.



Archer, like most eVTOL manufacturers targeting the UAM market, has chosen an open blade configuration. But, unlike other manufacturers, they do not publish the decibels their craft generates during take-off and landing from 100 meters away but instead claim that the Maker will produce 45 decibels of sound when in flight from 600 meters.

Now, that's not a lot of noise. But the in-flight noise isn't the noise that planners who provide the permits are worried about. The concern is how much noise gets produced during take-off and landing. And given they don't publish the noise level during take-off and landing like the other two competitors we'll review today, I infer that the noise level is significant.

Were it a strength, they would broadly advertise this vital performance aspect.

The Maker also doesn't stack up well relative to the competition for range and speed. It manages a mere 60 miles at 150 mph top speed.

Finally, there is a nasty legal battle over allegedly stolen trade secrets happening between Archer and privately held eVTOL company Wisk Aero. Wisk accused Archer of theft, a judge dismissed the case, and Archer is countersuing.

Archer has, however, found a key strategic partnership that translates to real money.

United Airlines has put in an order to purchase 200 Archer aircraft for \$1 billion, with an option to buy another 100 for \$500 million. This is the most meaningful commitment to purchase eVTOL aircraft that I have seen in the sector.

Because of noise restrictions, Archer may not be as competitive in metropolitan markets, but its partnership with United Airlines could make it a viable option for short-haul flights between regional airports where noise is not an issue.

A Step Up in Technology

Unlike Archer, Joby Aviation proudly advertises the performance characteristics of its air taxi.

It too has an open blade configuration and manages a range of 150 miles at a top speed of 200 mph with a five-passenger capacity (including the pilot).

And during the 10-plus years of development, Joby engineers focused heavily on blade and other design features to minimize noise. And they seem to have cracked the code.



During take-off and landing, the propellers generate 55 decibels at 100 meters – or conversational noise level and not much more noticeable than Archer’s Maker craft at six-times the distance during flight.

Plus, about a year ago, Joby purchased Elevate – an aerial ride-hailing app – from Uber. This app provides a door-to-door solution for riders. For each trip, you can secure a ride on an air taxi, hail an Uber to take you to the departure sky port, and lock in an Uber from the destination sky port.

Should we get to the point where we hail an air taxi like we do an Uber today, that could prove to be a valuable asset for Joby shareholders.

The deal also included a \$75 million investment in the company from Uber, which followed a \$50 million investment a few months earlier.

An Entirely Different Approach



The last air taxi stock I want to highlight has taken a very different approach to eVTOL design.

Rather than pursuing an open blade configuration, Lilium (NASDAQ: LILM) has developed ducted fan blades that the company refers to as Ducted Electric Vector Thrust.

This approach provides several key advantages.

First, enclosing the blades in ducts reduces the risk of damaged blades flying off and further damaging the aircraft or passengers.

It also significantly reduces noise and vibration.

Plus, ducted fan blades produce the same amount of thrust in a ten-times smaller footprint. Which allowed engineers to build a higher capacity model with 36 engines.



This different approach has allowed Lilium to produce an eVTOL craft with 155-mile range, can cruise at 175 mph, generate 60 decibels at 100 meters during take-off and landing (virtually no noise heard at the ground level during flight), and carry 7 passengers – or 1.5 times more than competitors.

Plus, the DEVT technology allows them to develop higher capacity aircraft (a 16-seater is planned for launch in 2028) without increasing wingspan and adding propellers – which ramps up the noise.

So, Lilium’s higher capacity design choices can achieve superior unit economics per flight plus scale more easily than competitors.

Plus, 36 engines create redundancy. Their craft can still maneuver safely even with several engines failing simultaneously.

Lilium has also made great headway securing networks in key metropolitan regions.

In Florida, the company has secured \$200 million in commitments and anticipate \$600 million in revenue operating 125 jets. They have 10 sky port sites, including international airports exclusive to Lilium. They expect to launch in 2024, with the potential to expand to at least 13 sites.

In Germany, they have secured 14 sites that could lead to \$900 million in revenue from 190 jets.

And in Brazil, starting in 2025, the company expects to sell 220 aircraft for \$1 billion to Azul, the largest airline network in Brazil.

Of these four companies, Lilium presents the most promise. But all are well positioned to play a profitable role in the rapidly expanding UAM network. They all stand to gain from their efforts to leapfrog traditional transportation infrastructure ten-times faster and at one-hundredth the price.

Which leads me to the best way to play the stock in these four companies.

Your Call on the Network in the Sky

It's early days in this new sector. You don't want to pick just one horse because there's room for lots of winners. So spread your bets.

Now, you could run out and buy stock in each of these companies today. Their stocks all trade for under \$10 per share (as of December 1, 2021) on the New York Stock Exchange and NASDAQ.

But all four stocks came public through a SPAC transaction. And that means you can find warrants trading on each. And, like the teams involved in building and financing these companies know, nothing turns success into big bank accounts like warrants.

Therefore, consider buying the following warrants on these four leading eVTOL (Electric Vertical Takeoff and Landing) stocks:

- Lillium Warrants (NASDAQ: LILMW)
- Archer Aviation Inc. Warrants (NASDAQ: ACHR/WS)
- Blade Air Mobility Inc. Warrants (NASDAQ: BLDEW)
- Joby Aviation Inc. Warrants (NYSE: JOBY/WS)

And put time – and many times the upside – on your side.

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