

20/11/2017: Executive Board interview with Dr Wolfram Peschko, Chief Executive Officer of Mynaric AG

Company: Mynaric AG^{*5a, 11}

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Reason for the Research Comment: Executive Board interview

Analysts: Marcel Goldmann, Cosmin Filker

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** catalogue of potential conflicts of interests on page 5*

GBC: The amount of data that is transferred globally over communications networks has risen rapidly over the last few years. What are the reasons for this and what are your predictions for future developments?

Dr Peschko: Progressive digitisation has many different aspects – the Internet of Things (IoT), Industry 4.0, driverless cars and artificial intelligence, but also a wide range of consumer applications, such as augmented reality. Almost all heavily-traded growth markets require a fast and, above all, widespread internet connection. As a result, the number of internet users and devices connected to the internet is growing steadily. Today, more than 17 billion devices are already connected to the internet. By 2021, it is estimated that over 27 billion will be so connected. At the same time, the data needs per user and device are increasing. We are expecting the global flood of data to triple by 2021.

GBC: Are traditional communications networks able to handle current and future quantities of data, as well as meet the requirements of users within reason, and what supporting role can Mynaric take on in this regard?

Dr Peschko: The current infrastructure mainly consists of international fibre optic networks on the ground. These are increasingly reaching their logistical and economic limits – in particular in sparsely populated and remote areas. Our customers and diverse, international companies, such as Facebook, Google, SpaceX and OneWeb, want to build an “internet above the clouds”, in order to economically provide these areas with broadband connectivity. These businesses view laser communication as a key technology in building digital highways between the many hundreds and even thousands of high-altitude platforms, drones and satellites which virtually make up the backbone of these data networks above the clouds. Mynaric provides these key technologies in the form of tested products.

GBC: How does laser communication technology from existing providers or traditional systems differ in comparison with the technology used by Mynaric (USP)?

Dr Peschko: Laser communication is especially suitable for digital highways, the so-called backbone connections. Laser connections achieve considerably higher data rates than those that are possible over radio frequency systems. The current world record in terms of laser communication has already surpassed the milestone of 1,000 Gbps and this is by no means its limit. In addition, laser communication is conveniently encrypted, since the beam is highly collimated. In contrast to radio communication, licences for the use of this technology are not required. Compared to other providers of laser communication, we see ourselves as a mass producer of products that suit the economic business models of our customers. We think on industrial scales and quantities in the three to four-digit range.

GBC: Your business is creating a completely new market with its technology. How high do you think the market potential is for successfully establishing your technology?

Dr Peschko: To begin with, it is not just us who single-handedly work to form this market. In fact, our customers and large, diverse, international companies have discovered laser communication as their technology of choice for their data networks above the clouds. We expect a market volume similar to that of terrestrial optical networks: that is to say, a market in the tens of billions of dollars per year.

GBC: What are the main target groups that Mynaric is aiming for with its laser-based communication technology and what are typical hardware components that you plan to deliver to your customers?

Dr Peschko: We target all those businesses that would like to build communications networks in air and space. This spans all the way from operators of regional networks consisting of several dozen drones to global networks comprising hundreds of satellites. We provide equipment precisely for these types of networks so that air platforms and satellites are networked together with high data rates. We manufacture so-called laser terminals, which are simultaneously both receivers and senders of laser communication connections between these network nodes. We additionally have optical ground stations in our portfolio, which enable high-speed connections on the ground.

GBC: What further technological developments were you able to achieve in the past fiscal year of 2016 and what projects have already been completed or initiated with clients?

Dr Peschko: Last year, we were able to demonstrate, on behalf of a client, a connection with a data transmission rate of 1 Gbps between two air platforms in the stratosphere that were 80km apart. In 2017, we demonstrated a connection of 10 Gbps from the air to the ground – so the data rate of our products has increased tenfold. An optical ground station for satellite communication is currently in production.

GBC: After the successful subscription phase in the course of the IPO, your company reaped around 27.3 million euros in investor capital. What will these financial resources be used for?

Dr Peschko: The funds will largely be used for developing serial production. For example, investments in measuring systems and assembly capacities, as well as more employees, are required. In addition, the funds should be used for the further development of our laser terminals for satellites, as well as for the general evolution of the performance of our products and further internationalisation.

GBC: What objectives are you going to pursue on an operational and technological level over the coming years?

Dr Peschko: To begin with, we expect increasing quantities in the field of laser terminals for aviation. In this respect, we shall be seeing network demonstrations with aeroplanes or other platforms and several dozen of our laser terminals. Following this, we then anticipate the beginning of operational roll-outs of our products for aviation, which will be required in three to four-digit quantities. At the same time, we will continue to develop our laser terminals for satellites, which we started at the end of last year and which we hope will be finished towards the end of 2018. In 2019, we plan to fly the terminal on a satellite into space for the first time.

GBC: Where do you see the business being in five years' time?

Dr Peschko: We would like Mynaric to have established itself as a leading business for building communications networks in the aviation and space industries, and to reach a market capitalisation of 1 billion euros.

GBC: Dr Peschko, thank you for talking to us.

GBC's conclusion: Mynaric AG believes itself to be the only provider that currently supplies laser-based communications technology specifically for commercial use to a wide group of customers. This market is still in its infancy and we predict that it will experience highly dynamic growth over the coming years. We are confident that this market can achieve a market volume in the double-digit billion range in the long term. With its know-how and expertise, Mynaric should be able to achieve a significant market share. We therefore see a ready opportunity for investors to profit very early on from this new growth market.

ANNEX

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