

Headline:	CybAero seeks partner to accelerate growth, CEO says  <b>Proprietary Intelligence</b>
Main body :	<p><b>CybAero</b>, the listed Swedish developer of unmanned helicopters, is looking for a global partner to ramp up marketing and strengthen its financial position, Chief Executive Officer Leif Erlandsson said. A partner could gain ownership through a directed new issue of shares or by buying shares in the company via the stock market, he added.</p> <p>The ideal partner would be a global company operating in the aerospace industry, the CEO said, adding that discussions are already underway. Aircraft manufacturers like Swedish <b>Saab AB</b>, defence and aerospace systems manufacturers like the UK's <b>BAE</b>, or manufacturers of civilian helicopters or supplementary equipment in the aerospace industry, like sensors and radar equipment, would be interesting candidates, he said.</p> <p>The company would also consider an established financial investor with some knowledge of the industry, he added. CybAero could partner up with one of its existing customers, <b>EADS</b> and <b>Indra Sistemas</b>, Erlandsson said, adding that such a partnership has not been discussed with them.</p> <p>CybAero has used the one-man company Vellenova as financial advisor, but the CEO did not rule out using other advisors. The company uses the law firm Delphi as its legal advisor, he said.</p> <p>The company is R&amp;D-heavy and a strong partner would give it financial security and enable it to increase its pace of growth. The company has raised over SEK 60m (EUR 6.8m) in total through new share issues on a number of occasions since it was founded in 2002, Erlandsson said. 2010 was a break-even year, he added.</p> <p>CybAero is in the process of raising SEK 11.25m through a new issue of shares to existing and new owners, closing 24 February, the CEO said, adding that he believes most of the company's larger owners will invest. The capital is needed for building two or three more helicopters for demo purposes, continuing marketing at trade fairs and through customer visits, and creating an organization for large-scale manufacturing, he said, adding that CybAero will not have its own factory but will rely on subcontractors.</p> <p>The company made a new shares issue to existing owners in June 2011, taking in SEK 15m. The reason for another new issue so soon is a postponed</p>

order from EADS subsidiary **Cassidian** which will come in 2012 instead of 2011, the CEO said.

In 2011 CybAero was granted SEK 1.3m by Vinnova, Sweden's governmental innovation support agency, he said.

The company has 1,100 shareholders, mostly individuals. The 10 major owners hold 40% between them, the CEO said. Amer Al-Khalili is the largest shareholder with 9%. Erlandsson, Chairman Mikael Hult and CFO Paul Appelgren own 12% between them.

The company operates within two segments: marine systems, and civilian applications such as emergency services, fire fighting, coast guard, and commercial applications. The focus is on smaller national defences and smaller systems - the US marines, for example, use helicopters much larger than CybAero's and are not therefore a potential customer, the CEO said.

Unmanned aerial vehicles (UAVs) has been the most dynamic growth sector of the aerospace industry this decade and the market is estimated to double over the next decade, analysis institute Teal Group states in its report World Unmanned Aerial Vehicle Systems 2011. The total market for the segments CybAero operates within would then be approximately SEK 4bn, the CEO said. The company's vision is to become market leading in unmanned helicopters and to have a third of the market share in its segments within 10 years. This would mean a turnover of SEK 1.2bn with EBIT margin of 20-25%, he said. The company reported a turnover of SEK 26m in 2010 and employs 20 staff and consultants.

Its main competitors are Austrian **Schiebel** and Swedish Saab AB, which has developed the UAV Skeldar, Erlandsson said.

CybAero is developing helicopters for European Aeronautic Defence and Space Company, EADS (parent company of Airbus), and for defence systems company Indra Sistemas on behalf of the Spanish navy. The company also delivered to the United Arab Emirates in 2004, he said.

Unmanned airplanes have been in use on a large scale since the Iraq war, but unmanned helicopters have yet to have their breakthrough, the CEO said. They have obvious advantages in marine systems – it is easier to land a helicopter on a boat than it is to land an airplane. “A lot of countries are looking at these systems at the moment”, he said.

The company listed on alternative stock market Nasdaq OMX First North in 2007 with a market cap of SEK 22.5m, the CEO said. It aims to list on the main stock market in the future, but this will not happen until it has grown and is more established - not within the next two years, he estimated.

by Christel Thunell in London

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	<b>Target:</b> CybAero <i>Financial advisor:</i> Vellenova AB <i>Lawyer:</i> Delphi <b>Other:</b> Saab AB, European Aeronautic Defence and Space Company EADS N.V., BAE Systems Plc, Indra Sistemas SA, Government of Spain, Government of United Arab Emirates, Cassidian France
Source :	Proprietary Intelligence
Size :	5m < (GBP)
Value :	6 m GBP (total new share issues)
Stake Value :	N/A
Grade :	Confirmed
Alert :	Nordic all
Intelligence ID :	1320593

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