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## Short Profile Project “BLUESKY”



November 2009

**FERBER** & **co.**

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# Table of Contents

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- I. The Investment Opportunity**
- II. Snap-Shot of the Truck Tail-Lift Market**
- III. Key Investment Considerations**

# I. The Investment Opportunity

## The Opportunity

- **The Business developed and introduced the worldwide first and only electro-mechanical drive system for truck mounted tail-lifts. First systems have already been sold to customers**
- **BLUESKY is a unique opportunity to acquire/or invest into the new technology leader of electro-mechanical truck tail-lifts. Until to date the market for tail-lifts was dominated by hydraulic applications which exist since decades and have significant disadvantages**
- BLUESKY's electro-mechanical driven truck tail-lift system is a fully patented protected state-of-the-art solution. The Business owns all intellectual property rights associated with the product
- BLUESKY's tail-lift system provides a high number of striking economic benefits and competitive advantages against existing hydraulic lifting systems. BLUESKY therefore aims to (partly) replace the existing hydraulic lifting systems in the truck market
- The innovation marks a quantum jump in the truck tail-lift market without changing any of the truck operator's resp. driver's habits and usages

## Selected Benefits of the New Technology

The electro-mechanical tail-lift benefits from following main selected advantages

- The system is significantly more reliable than hydraulic tail-lifts. Hence, no opportunity costs are caused by stand-still periods resulting from repair or maintenance. Life-cycle costs are reduced since the product is basically free of ordinary maintenance and does not require any consumables like oil
- The new innovation is robust and not sensitive to vibrations and shocks. It works reliable from -20°C to +70°C without suffering from winter failure as hydraulic systems do
- The electro-mechanical system is a "green" solution as operating the tail-lift is less energy consuming. As no hydraulic oil or oil change is needed, no environmental pollution from leaking oil occurs. In addition, the system is basically noise-free compared to the invasive hydraulic application
- Everyday user will benefit from time savings as the electro-mechanical tail-lift operates in less than a third of the time a hydraulic system operates

## Key Facts

- BLUESKY has been founded by the owner in July 2008 and has launched the product successfully in the market. First product shipments were made in mid 2009
- Net revenues of c. €0.4m forecasted in 2009, €5.4m in 2010, €14.3m in 2011
- Order book filled with orders worth c. €80m to be shipped within the next four years. Orders already cover 100% of planned revenues 2010 and 76% of planned revenues 2011
- The first units have already been manufactured and shipped
- The solution is fully developed, additional capital expenditure only needed to increase capacity in 2012

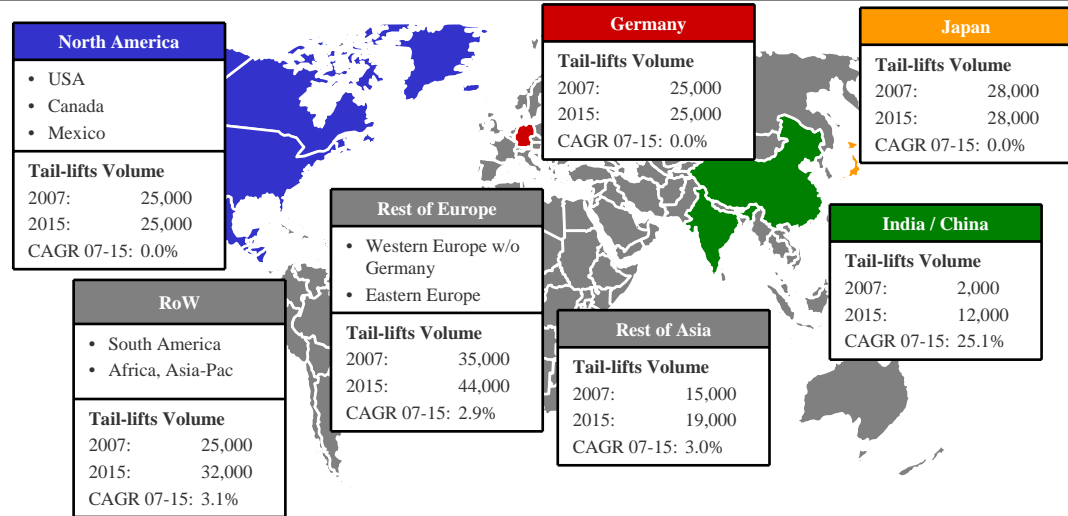
## Investment Case / Process Overview

- The owner is reviewing several strategic options regarding BLUESKY as it aims at focusing on its core businesses. The owner is seeking a partner to develop BLUESKY further and explore the tremendous potential from the new technology
- The owner is willing to consider various possible options for BLUESKY including a minority shareholding of the potential partner, the sale of a majority or a full sale of all ownership interests in BLUESKY to a potential partner
- FERBER & CO. is acting as exclusive financial advisor to the Business and its owner
- A comprehensive Information Package incl. a detailed Business Plan has been prepared by BLUESKY's management and will be provided to selected interested parties, following receipt of a duly executed Confidentiality Agreement

# II. Snap-Shot of the Truck Tail-Lift Market

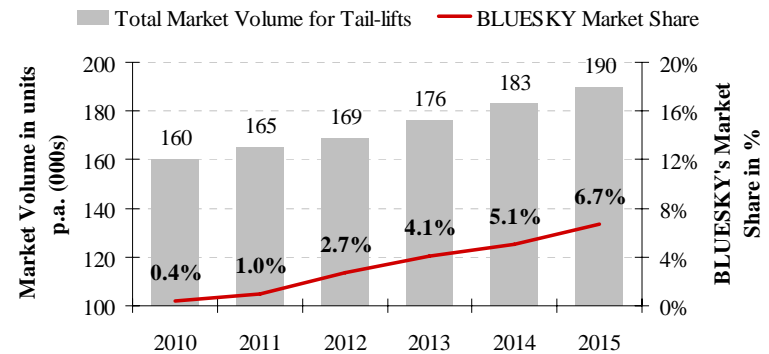
## Overview of the Global Truck Tail-Lift Market

- The global truck tail-lift market generated a sales volume of 155,000 units in 2007 representing a total market value of c. €1.5 bn. Approx. 5% of the globally manufactured trucks have a tail-lift. The percentage is higher in industrialized economies (Germany c. 10%)
- The management expects industrialized regions to be the first-movers for its electro-mechanical based solution. In the long-run the global roll-out is envisaged since all markets offer significant potential for BLUESKY
- Although the tail-lift market is currently suffering from the economic downturn, the high-end logistics market segment (e.g. grocers, consumer oriented industries) is largely not affected by the downturn



## Expected Market Penetration of Electro-Mechanical Drives for Truck Tail-Lifts

- Hydraulic based truck tail-lifts currently account for 100% of sold units in 2008. In the last decades, no significant technical improvement has been developed
- BLUESKY's management does not expect major market entry difficulties resulting from the state of the global economy as its high quality premium solution is initially targeted at the stable high-end markets such as the food and beverage industries. In addition, its revenues planned for 2009 – 2011 are already largely secured by its existing order book
- Based on the order book, the new system has already gained a respectable market share in Germany. Approx. 45 systems will be shipped to customers in 2009. Altogether existing orders amount to €80 million in total for the next 4 years. Among them is a leading German grocery chain which placed a large order to be delivered within four years
- Based on the market feedback received from the customers (manufacturers of truck type mountings, trailers and hydraulic truck tail-lifts as well as truck operators) BLUESKY considers the projected penetration rate for its innovation to be conservative



Source: Business

# III. Key Investment Considerations

## Favorable Market Environment, Attractive and Unique Position

- Favorable long-term potential to significantly penetrate the truck tail-lift market on a global basis
- Major market trends like increasing efficiency and electronic components, a “green” thinking and innovation strongly support the innovational BLUESKY system
- BLUESKY is the only provider of an electro-mechanical truck tail-lift system, the sole and superior alternative to hydraulic systems

## Cutting-Edge Technology

- Strong market-oriented product development with all significant patents filed by BLUESKY secure the unique position on a long-term basis
- Superior high quality system compared to the current available hydraulic technology
- Excellent feedback from customers resp. truck operators as well as the market
- Highly reliable system

## Significant Customer Benefits

- BLUESKY’s solution provides dramatic striking economic, reliability, safety and other benefits to truck tail-lift users
- Comparing life cycle costs, BLUESKY’s solution is significantly less costly than hydraulic systems

## Skilled Management Team

- The entire solution has been developed and launched in the market by BLUESKY’s management team itself
- Dedicated management team with long industry experience and a proven track record in the truck tail-lift market
- Team is highly motivated to remain engaged in the BLUESKY business model

## Efficient Manufacturing Base

- The production process has been optimized to highest technical standards and quality requirements
- Cost optimized manufacturing base is operated in Hungary
- Lean manufacturing and components strategy has been implemented, capacity can be scaled up easily
- Sufficient production space available to cover the projected production volume by 2012

## Attractive Future Financial Performance

- Patented solution provides sustainable high growth opportunities largely independent from current macroeconomic conditions
- Major development costs have been financed by the owner, further investment needs to scale up capacity are limited based on the implemented manufacturing strategy. Thus, the cash conversion rate is highly attractive

Source: Business