

ISRAEL HIGH-TECH & INVESTMENT REPORT

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Israeli M&A market cooled in 2017

Mergers and acquisitions of Israeli companies totaled \$12.2 billion in 2017, compared with \$16.8 billion in 2016.

The average price of mergers and acquisitions (M&A) deals involving Israeli companies was down 27% in 2017, the first decline in five years, while the number of deals increased, according to figures from a report on 2017 issued by PriceWaterhouseCoopers (PwC) Israel. According to PwC Israel, the monetary value of M&A deals in 2017, totaled \$12.2 billion, compared with \$16.8 billion in 2016 (the figures for the \$15 billion Mobileye acquisition by Intel and the \$40 billion acquisition of Allergan's generic division Actavis by Teva Pharmaceutical Industries Ltd. (NYSE: TEVA; TASE: TEVA) were excluded). The number of deals in 2017 grew 9% to 131, while the average price dropped 38% to \$142 million. PwC Israel noted, however, that the number of deals with a value of over \$100 million rose again in 2017. 9% of the deals carried out were closed at a value of \$400 million-\$1 billion, compared with 5% in 2016.

"We are seeing another fall in the proportion of deals with a value less than \$100 million, from 85% in 2012 to 68% in 2016 to 66% in 2017," the report stated. The number of deals with a value of over \$1 billion (including Mobileye) fell to three, compared with five in 2016 (including Allergan), and the same in 2015.

"Deals of this type are already not as exceptional in the Israeli market as they once were, which shows the continued development and reinforcement of the M&A market in Israel," says PwC Israel partner and transaction services leader Liat Enzel-Aviel. She also believes that the fall in the average price per deal in 2017 does not necessarily indicate a change in trend.

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PwC says that 45% of all deals closed by foreign investors were at prices of over \$100 million per deal, and 34% of them were at a value of over \$200 million.

Five deal closed by foreigners in 2017 were in the \$400 million-\$1 billion price range, compared with only one deal in 2016.

PwC regards this as evidence of the Israeli market's strength and a vote of confidence by global players in the local economy.

On the other hand, the prices of acquisitions by Israeli players fell. There was no deal in 2017 in which a local company party acquired a company with a value of over \$1 billion. PwC attributed this to the fact that Teva, which previously acquired many companies, is now selling assets and activities. The biggest deals this year were Delek Group Ltd.'s (TASE: DLEKG) acquisition of a controlling interest in Ithaca and the acquisition of ABM Italia by Keter, both for \$500 million.

Israeli exits up 110% in 2017

Exits in Israel totaled \$7.44 billion in 2017, and the average exit was \$106 million.

After a steep drop in all the exit indices in 2016, compared with 2015, high-tech exits recovered strongly in 2017. A report by the PriceWaterhouseCoopers (PwC) Israel accounting firm stated that Israeli high-tech exits totaled \$7.44 billion in 2017, 110% more than the \$3.5 billion in exits in 2016.

The figures exclude the acquisitions of Mobileye and NeuroDerm, which would have increased the value of exits in 2017 to \$23.8 billion. These two acquisitions were already reported as exits in 2014, when the companies held their IPOs. The report also excluded exits of less than \$5 million. 48% of the volume of exits in the report was in computing and software for corporations, including cyber technologies. Life sciences

companies accounted for 23% of the volume of exits, Internet companies 12%, and communications companies 9%. Exits as a whole averaged \$106 million.

The number and value of IPOs also recovered in 2017. 11 Israeli high-tech companies held IPOs on various stock exchanges in Israel, the US, Sweden, the UK, and Australia, raising an aggregate \$414 million at an aggregate company value of \$1.5 billion, a substantial increase over 2016, when only two companies held IPOs, raising \$44 million. In 2015, on the other hand, there were eight IPOs in which a total of \$3.5 billion was raised.

The biggest IPO this year was by ForeScout, which raised \$116 million on Nasdaq in October at a company value of \$814 million. "We expect this trend to continue in 2018, because the number of IPOs by technology companies will increase, including medical companies," PwC Israel writes. "Furthermore, in our opinion, new markets, such as the stock exchange in Canada and various Far Eastern markets, such as Hong Kong and Singapore, will also be an attractive option for an IPO."

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The dispersal of deals during 2017 was not even. The first half of the year was a direct continuation of 2016, with only \$1.9 billion in deals, but the second half of the year was completely different, with deals totaling \$5.5 billion. Attempting to explain this, PwC writes, "Strong forces affected the local market at the beginning of the year, including Chinese governmental restrictions on investments by Chinese outside of China, the anticipated reform in the US tax regime, and possibly also the fact that following their substantial acquisitions in recent years, the buyers needed a reasonable time to digest them before going back for more."

"On the other hand, the amount of available money in global markets and an interest rate that is still negligible, even after several minor revisions, served as counter forces operating in the technology market's favor. It appears that these forces had an effect, tipping the scales in the second half of 2017, with no fewer than 55 different buyers during the year compared with 48 in 2016."

These explanations are only one element of the market trends, PwC Israel writes, adding, that things require assessment with a higher resolution. "The evolutionary trend in the image of the Israeli entrepreneur in recent years cannot be ignored. While it appeared in past years that the local entrepreneur was looking for a quick sale, it appears that 2017 marks the development that occurred in local technology companies. The year featured a larger number of deals with an average volume per deal of \$106 million (excluding Mobileye and NeuroDerm).

"There were 11 acquisitions deals in 2017 with a value in excess of \$250 million, while no fewer than a third of the total number of deals had values of over \$100 million (compared with 15% of all deals in 2016). Another interesting figure involves the proportion of local acquisitions made by Israeli companies;

there were 13 such acquisitions in 2017. Companies such as Gett, Innovid, Playtika, Radware Ltd. (Nasdaq:RDWR), and Top Ramdor Systems & Computers Co. (1990) Ltd. (TASE:TOPS) made acquisitions for an aggregate price of over \$400 million, which unquestionably reflects the way they perceive themselves and, some will say, provides an indication of the future."

Israeli startups raise over \$5b in 2017

Startups have surpassed the \$4.8 billion raised last year, which was itself a record.

Israeli startups have raised over \$5 billion in 2017, beating last year's record of \$4.8 billion. Startups raised a record \$3.8 billion in the first nine months of 2017, IVC-ZAG reported. Israeli startups raised more than \$1.3 billion during the final quarter, according to press releases issued by companies that have completed financing rounds. The figure may be more as some companies prefer not to publicize the investments they have received.

After raising \$550 million in October and \$300 million in November, Israeli startups have raised about \$500 million in December.

The trend by which fewer startups are raising more money was again evident in December, with three startups raising over 60% of the funds. Medical device company Insightec raised \$150 million, online insurance company Lemonade raised \$120 million and 3D imaging company Vayyar Imaging raised \$45 million.

Japan's NEC and Tel Aviv University set up incubator

Opening in February, the new Israeli incubator called AlphaC will house early stage cyber security startups.

Tel Aviv University (TAU), TAU Ventures and Japanese electronics giant NEC are founding

AlphaC, a new incubator program for early stage startups. With its first class scheduled to start this February, the program will focus on cyber ventures. A selection process that will take place during January will shortlist 10 early stage ventures that will join an intensive, 3-month incubation program.

AlphaC will run from a new space designated and prepared for this purpose at TAU Technical Engineers School at the Broshim Compound near TAU campus in north Tel Aviv. The participants will receive close, personal support from the project's manager and representatives of partner companies, access to University resources, specialized business and technological mentors, a spacious and comfortable work space, high quality, focused content and direct communication channels with industry.

Tel Aviv University president Prof. Joseph Klaffer said, "Tel Aviv University encourages entrepreneurship in all areas as well as a strong link between academia and industry. TAU's status has made it very attractive for investors, government representatives and industry leaders in Israel and abroad. We believe that the talents and creativity of our researchers, students and alumni, combined with open approach to information and the direct interface with the industry make us fertile soil for the startups that will spearhead Israeli cyber."

IVC-Meitar: Israel exits soar to \$23b in 2017

Even without the huge Mobileye and Neuroderm deals, Israeli exits rose 19% in 2017.

In 2017, Israeli high-tech exit activity soared to \$23 billion in 112 deals, IVC-Research - Meitar Liquornik Geva Leshem Tal. The exceptional amount included two huge deals accounting for 72% of the total. Mobileye was acquired by Intel for \$15.3 billion and Neuroderm was

acquired by Mitsubishi Tanabe Pharma for \$1.1 billion. Excluding these two enormous exits, the total was \$6.6 billion, up 19% from 2016. The number of exits was down 8% in 2017 compared with 2016.

Excluding buyouts and exits above \$1 billion, a major decrease was seen during 2017 in the number of non-VC-backed exits; 57 deals - the lowest in the past 5 years. The value of non-VC-backed exits continued to decline for the fourth year, down to \$2.22 billion in 2017. VC-backed exits performed more steadily with 44 exits in 2017 worth \$2.88 billion.

There was an 18% decline in the number of exits in small to mid-range deals (up to \$100 million) in 2017. The major decline happened in non-VC-backed exits, while VC-backed exits demonstrated a minor decline. The number of large exits (above \$100 million) was up more than 60% compared with 2016.

IVC Research Center CEO Benzi Segev said, "While we can see a decrease in several threads of Israeli high-tech, the specifics of this exit report support the known innovative strength of the Israeli high-tech. Although we noted a drop in the number of exits in the cyber security cluster - a major innovation center in Israel these days - the high valuations of the 13 M&A deals performed in 2017 prove that the Israel cyber sector created a knowledge hub that can supply innovation solutions even to most conservative industries".

While software and life sciences exit activity slightly increased in terms of amounts, and kept to the average number of deals compared to 2016, the number of exits in communications (-29%) and Internet (-28%) dropped significantly compared with the previous four years. Both sectors suffered from a decrease in exit capital volume.

Meitar Liquornik Geva Leshem partner Adv. Alon Sahar said, "One of the interesting items

in the report relates to the large transaction volume increase. Alongside a 60% increase in the number of exits of large amounts, we also see an increase in large capital raisings. This figure supports the thesis that both entrepreneurs and investors are trying to establish bigger companies, while simultaneously aiming for higher value in the upcoming years."

Meitar Liquornik Geva Leshem partner Adv. Dan Shamgar added, "The industry has experienced in recent years a decline in the number of transactions, but an increase in average deal size, accompanied by heightened interest in late stage growth investments.

In the coming years, many mature companies will reach the stage of making critical decisions about their future.

Given the fact that Nasdaq IPOs continue to be challenging, companies should explore multiple alternatives, such as IPO in Tel Aviv and private mergers."

2017 Mergers & Acquisitions

IVC analysis of the number of mergers and acquisitions below \$1 billion revealed a drop of 19% from 2016. Ninety Israeli high-tech companies were acquired or merged for a total of \$4.67 billion in 2017, compared to \$5.08 billion in 111 deals in 2016. Specifically, the number of communications and Internet M&As shrank in 2017, compared to the three previous years.

In 2017, 49 Israeli high-tech companies performed 68 M&As globally, similar to the past four years. However, the capital volume reached only \$1.17 billion, compared to \$3.46 billion in the M&As of 2016.

This decline was caused by the absence of large deals in the software and Internet sectors, responsible for the majority of the M&A amounts in 2014-2016. The \$200 million acquisition of Juno Lab by Gett was the largest deal among Israeli acquirers in 2017.

2017 Initial Public Offerings

Even though all the 13 IPOs were completed in 2017 by Israeli high-tech companies, the total reached a very modest \$440 million in 2017. Three IPOs were held in the US, but only one made it to NASDAQ - ForeScout, raising \$116 million. Six IPOs were held on ASX (Australian Stock Exchange), but with an average capital value of \$5.2 million per deal. Therefore, it seems that ASX was more of a new source for funding, than a liquidity market.

Israeli army unveils secret data science unit

Unit 3060 is a field intelligence unit that supports decision making by commanders in the field with big data analysis.

The Israel Defense Forces (IDF) unveiled development Unit 3060 in the Intelligence Corps, which was formed in 2014 by merging field intelligence technology units. The unit is responsible for developing data systems for intelligence officers. Unit 3060 has some 400 soldiers, half of them conscripts and half career soldiers. The unit includes a data science laboratory and includes dozens of technology specialists from various branches of the army and collaborates closely with academia and high-tech companies in the data sector.

eBay Israel chief scientist and director of data Dr. Kira Radinsky participated in the unveiling of Unit 3060. She collaborates with the Unit's data science laboratory as an academic.

Radinsky said that the need for a data science laboratory stemmed from the fact that Israel has very few data science specialists with deep enough training and that this shortfall was by no means unique to Israel. "Worldwide there is a shortfall of 200,000 data scientists so that that the demand here is extremely acute," she said.

Radinsky told "Globes that at present the few academics that there are in Israel specializing in the field are instructing the elite graduates of prestigious IDF training programs like Mamram, Psagot, Talpiot and others - and creating the first group of experts for the IDF laboratory so that it can pass on the data to the army personnel themselves. "They have already made impressive achievements in the field," she added.

Unit 3060 is sometimes called the "Purple Unit" from the fusion of blue, which represents the DF, and red, which represents the enemy, because the Unit has developed a system designed to serve intelligence officers in the field at any point where a conflict takes place. The unit stresses big data - gathering the biggest amounts of intelligence possible, processing it and presenting it in the most effective way to commanders in various sectors, managing opening fire, maneuvers, protecting borders and secret operations. The system interfaces with other technological systems that serve the commanders.

The types of data that the intelligence systems are required to cope with are diverse: stills photographs, video clips from drones, text messages and more. In order to cope with the different types of data the system is required to implement interpreting images, research geographic data, analyze assault decision making, analyze threats in maneuvers, updates and alerts and monitor developments in real-time.

Through machine learning and artificial intelligence, the system can form a picture of the enemy, analyze terrain, and construct an image of targets. A senior officer in the unit said, "Every target attacks comes from our system. The system does not replace the decision making of intelligence officers - but actually analyzes the data - supporting decisions and supporting processes."

XIO looking to sell Lumenis for \$1b

XIO has hired Credit Suisse and China's CICC to find a buyer for the Israeli medical technology company, "Bloomberg" reports.

London-based XIO fund is looking to sell Israeli medical technology company Lumenis, "Bloomberg" reports. XIO has put a billion dollar price tag on the company, almost double the \$510 million it paid for the company in 2015. Credit Suisse and Chinese investment bank CICC have been hired to find a buyer.

Based in Yokneam near Haifa, Lumenis has hundreds of employees. In its last financial statement in 2014 before being delisted by XIO, the company had annual revenue of \$289 million.

The company develops, manufactures and markets minimally-invasive clinical solutions for the surgical, ophthalmology and aesthetic markets, and is a world-renowned expert in developing and commercializing innovative energy-based technologies, including laser, intense pulsed light (IPL) and radio-frequency (RF).

In the past few years companies in this sector have fetched high prices especially from Chinese investors and XIO hopes to cash in on this.

Lumenis was founded in the 1990s as ESC and was a pioneer in aesthetic laser medical technology. After an IPO on Nasdaq, the company had a market cap of \$1 billion. But management disputes and changes in market dynamics saw difficult times and Lumenis was acquired by the Ofer Brothers for just \$120 million. Relisted on Nasdaq in 2014 with a market cap of \$470 million, it was acquired by XIO a year later for \$510 million.

Lumenis's founders also set up Syneron Medical Ltd. (Nasdaq: ELOS) and Alma Lasers,

which was sold to Fosun Pharma in 2013 for \$240 million. Renamed Sisram, it recently held an IPO on the Hong Kong stock market at a company value of \$390 million.

Delek Auto offers NIS 1.05b for Veridis

Veridis, formerly part of Veolia International, is active in waste disposal, desalination, and power production in Israel.

Delek Automotive Systems Ltd. (TASE: DLEA), which imports and sells Mazda, Ford and BMW vehicles in Israel, announced today that it was negotiating with a Luxembourgish company to buy control of Veridis (formerly part of Veolia International). Delek Automotive Systems, headed by Gil Agmon, has made a binding offer of NIS 1.05 billion.

Veridis is active in Israel in environmental infrastructure. It deals in collection, treatment and recycling of urban waste and handling of dangerous materials, water desalination, power production and energy solutions. Delek Automotive Systems said the deal was subject to approval of a final agreement between the sides and approval by the Antitrust Commissioner.

Delek Automotive Systems says the deal "represents a business opportunity that enables it to penetrate new areas of activity that, it believes, have substantial growth potential that will produce results mainly in the long term."

Last month, Delek Automotive Systems reported a 2.5% rise in third quarter revenue to NIS 834 million and a flat net profit of NIS 80 million, of which NIS 75 million was distributed as a dividend.

In previous quarters, Delek Automotive Systems suffered from weakness in sales of Mazda vehicles, one of the most popular brands in Israel. Altogether it sold 17,900 cars

in the first three quarters of 2017, 9% fewer than in the corresponding period of 2016, with sales of Mazda cars down by a similar percentage to 11,700, while Ford sales plummeted 21% to 3,650. By contrast, demand for the prestige cars that the company imports was buoyant, and sales of BMW cars rose 10% to over 3,300. Thanks to changes in finance expenses offsetting a decline in gross and operating profit, net profit for the first nine months of 2017 was up 13% to NIS 275 million.

Israeli launches world's first flight of nano-satellites

The project has been developed by a team of researchers headed by Prof. Pini Gurfil, head of the Asher Institute for Space Research and a member of the aerospace engineering faculty at the Technion.

A group of three nano-satellites developed by scientists from Haifa's Technion-Israel Institute of Technology will be the first autonomous spacecraft in the world to be flown in formation.

The project, developed with the support of the Adelis-Samson Foundation and the Israeli Space Agency (ISA) in the Science and Technology Ministry, will be launched on the Indian launcher PSLV at the end of 2018 by the Dutch company Innovative Solutions In Space, which specializes in launching nano-satellites.

The project has been developed by a team of researchers headed by Prof. Pini Gurfil, head of the Asher Institute for Space Research and a member of the aerospace engineering faculty at the Technion.

It is designed to prove that a combination of satellites can hold together in a controlled formation for a year some 600 kilometers above Earth. A successful small model of the nano-satellites also exist at the Technion.

“Israeli technology is breaking boundaries and proving its innovation again and again,” commented Science and Technology Minister Ofir Akunis on Monday. “We are proud to be part of this flagship project, which is a significant contribution to the advancement of space in Israel and to the training of students in the field.”

The satellites will be used to receive signals from Earth and calculate the location of the source of the broadcast for rescue, detection, remote sensing and environmental monitoring.

Each of the satellites is 10 cm. x 20 cm. x 30 cm. – about the size of a shoebox – and weighs about eight kg. They will be equipped with measuring devices, antennas, computer and control systems and navigation devices. The software and algorithms that will control the flight were developed in a laboratory for distributed space systems at the Technion.

“Miniaturization in the field of satellites, together with advanced Israeli technology, allows us to take Israel an important step forward with mini-satellites,” explained Gurfil. “The degree of innovation of nano-satellites can be compared to switching from a PC to a mobile phone, which offers far more capabilities than its predecessors.”

“The field of nanosciences has been increasing significantly in recent years and the number of launches doubles every year,” added ISA director Avi Blasberger. “The development and launch costs of such satellites, capable of filling a variety of uses, are significantly lower than those of conventional satellites... In the near future, networks are expected to include thousands of nano-satellites that will cover the Earth and enable high-speed Internet communications at a significantly lower cost than today.”

“The nanoscale program was made possible by the generosity of donors from Israel and

abroad who understand the importance of space exploration for Israel’s security and prosperity,” said Prof. Boaz Golani, the Technion’s vice president for external relations and resource development. “The Technion thanks its supporters, headed by the Adelis Foundation, for their important contribution to the realization of this program and is proud of its partnership with Israel’s space industry without the active help of the relevant industry players.”

The unique features of the satellites are all locally produced. Rafael’s krypton gas-based propulsion system will be the first of its kind in the world to fly a tiny satellite.

The digital receiver was developed by Elta and the guidance control system was developed at the Israel Aircraft Industries’ Mabat plant in cooperation with the Technion researchers.

In addition to the propulsion system, the satellites will accumulate energy through solar panels that will be spread out alongside each satellite and serve as wings that will be able to control the flight of the nano-satellites’ structures without the use of fuel through air resistance in the atmosphere.

Each of the satellites will have a digital signal receiver, one of the most complex receivers ever designed in a nanoscale.

The satellite information-processing system and the algorithms that will maintain the formation will be the first of their kind in the world and support the autonomous operation of several satellites together.

The communication and navigation systems will include two GPS receivers, through which the three nano-satellites will communicate with one another and with the ground station - a significant challenge that has been solved in the current project.

A dedicated frequency will be used to transfer information to the Earth in broadband.

"If we can prove in an experiment in space that the flight of satellites in formation is possible," Gurfil concluded, "it will be a significant boost to the development of small satellites and technologies related to minimizing electronic components, efficient space processing and space propulsion systems."

Republican Mega-donors Koch Brothers Invest in Israeli Startup

U.S. backers of conservative causes may put as much as \$150 million into medical-device maker Insightec

Charles and David Koch, the twin brothers who have spent hundreds of millions of dollars backing conservative causes in the United States, are making their first investment in Israel through a newly formed high-tech fund.

Koch Disruptive Technologies, a subsidiary of the brothers Koch Industries, led a group of investors putting an initial \$75 million into the Israeli startup Insightec. Elbit Imaging a company that is traded on the Tel Aviv Stock Exchange and holds 31% of Insightec, made the announcement.

Haifa-based Insightec was not only the first Koch investment in Israel but the first investment of any kind for KDT, which was only formed last month. This investment aligns well with the founding principles of both Koch Disruptive Technologies and Koch Industries, said Chase Koch, KDT's president and Charles Koch's son.

Elbit said the round valued Insightec, which makes non-invasive surgical devices using ultrasound, at \$460 million before the money. The Koch-led group has an option to invest another \$75 million later. In the meantime, the Koch group will hold a 17% stake.

KDT said the money will be used by Insightec to further commercialize devices for already

approved indications, as well as to continue research in areas such as Parkinsons disease, Alzheimers disease and brain tumors.

Insightecs Exablate Neuro is the first focused ultrasound device approved by the U.S. Food and Drug Administration to treat an essential tremor when it doesnt respond to medication. Clinical research with the companys technology has successfully disrupted the blood-brain barrier, which could lead to targeted drug delivery to treat Alzheimers disease and brain tumors.

Owners of Koch Industries, a closely held Kansas-based conglomerate with interests in oil, industry and farming, the Koches have been major donors to conservative and libertarian causes in the United States since the 1980s, earning notoriety in liberal circles along the way. Last month they helped finance the \$1.8 billion takeover of Time Incorporated by the magazine publisher Meredith Corporation.

Bloomberg estimates the Kochs net worth at \$47 billion, placing them in 12th place on the Bloomberg Billionaires Index of the worlds wealthiest people.

Israeli defense company SCD buys US company Quantum Imaging

SCD, owned jointly by Elbit Systems and Rafael, is preparing to zero in on the US defense and civilian markets.

SCD, which develops and produces electro-optic systems, completed its acquisition of US company Quantum Imaging in recent days, sources inform "Globes."

The company confirmed that the deal for the acquisition of the US company had been signed, but refused to say how much it had paid for it.

SCD, located in Karmiel, has 500 employees.

Its annual sales to the defense and civilian markets are believed to be \$150-200 million. the company is owned in equal shares by government defense company Rafael Advanced Defense Systems Ltd. and private defense company Elbit Systems Ltd.. (Nasdaq: ESLT; TASE: ESLT). Quantum Imaging, which is based in Colorado, has several dozen employees.

Most of SCD's activity is in the development of advanced detectors that improve the performance of night vision systems used by both military and civilian entities. Quantum Imaging develops and manufactures cameras and night vision devices, and SCD was its main supplier of detectors for many years.

SCD CEO Dan Slasky told "Globes" that the decision to acquire the US company had been taken in the framework of SCD's preparations for expanding its activity in the both the defense and civilian markets in the US, with autonomous vehicles and unmanned aerial vehicles (UAVs) being marked as targets.

"The demand for our products in the US market has risen in recent years, and the connection between us and Quantum Imaging will enable us to jointly expand activity in the US," Slasky said. "Quantum Imaging's customers in the US also include leading defense companies, which use its products in various development plans at the level of the soldier in the field, armored fighting vehicles (AFVs) and airborne systems."

Israeli researchers find way to spot drone surveillance

The invention by Ben Gurion University researchers will be presented at the world's largest cybertech conference outside the US.

The use of drones has become common and popular in recent years, but has brought many

problems in its wake. Civilian use of drones has led to invasion of other people's privacy from nosy neighbors wanting to see how you designed your living room to a teenager peeping into your bathroom.

At the security level, the use of drones poses an intelligence challenge. A trained terrorist controlling a drone can photograph the deployment of IDF forces in the border area, or construction of an engineering barrier against tunnels for the purpose of staging a terrorist attack that will prevent the work.

A new study at Ben Gurion University (BGU) of the Negev unveils a technique for detecting the photographing of a target by drones from an encrypted video stream. "While it has been possible to detect a drone, now someone can also tell if it is recording a video of your location or something else," a researcher at the BGU Cyber Security Research Center said.

In the first simulation, the researchers showed how it is possible to detect an attempted invasion of a person's privacy in his home. A smart curtain placed on the window intercepted the encrypted video traffic broadcast from the drone to the operator on a First Person View (FPV) channel. The flickering of the smart curtain caused by the increased rate of video traffic from the drone enabled the researchers to prove that a neighbor was illegally using a DJI Mavic drone to photograph the house, thereby violating the owner's privacy.

The method can be used from any mobile computer with a Linux OS operating system, and does not require complicated break-in capabilities or cryptographic training.



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