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Intel Goes on a Buying Spree

Intel acquires Mobileye for \$15.3 b.

The US chipmaker announced that its newly formed global autonomous driving organization will be headquartered in Israel.

Intel Corp. (Nasdaq: INTC) has confirmed that it is acquiring Israeli vehicle safety and automation systems company Mobileye N.V. (NYSE:MBLY). Intel announced that it will commence a tender offer to acquire all of the issued and outstanding ordinary shares of Mobileye for \$63.54 per share in cash- an equity value of about \$15.3 billion and an enterprise value of \$14.7 billion. The deal is the biggest ever in the history of Israeli industry.

Intel said that the acquisition of the Jerusalem based company will position it as a leading technology provider in the fast growing market for highly and fully autonomous vehicles. Intel estimated the vehicle systems, data and services market opportunities to be up to \$70 billion by 2030,

Founded in 1999 Mobileye made its mission to reduce vehicle injuries and fatalities. After receiving an investment of \$130 m. from Goldman Sachs in 2007 it listed on the New York Stock Exchange in 2014, Intel said that the acquisition will combine the best-in-class technologies from both companies, spanning connectivity, computer vision, data center, sensor fusion, high performance computing, localization and machine learning and artificial intelligence. Together with partners and

customers Intel and Mobileye expect to deliver driving solutions that will transform the automotive industry.

Intel added that the combined global autonomous driving organization which will consist of Mobileye and Intel's Automated Driving Group will be headquartered in Israel and led by Prof. Amnon Shashua, Mobileye's co-founder, chairman and CTO.



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The organization will support both companies' existing production programs and build upon relationships with automotive OEM, Tier-1 suppliers and semiconductors partners to develop advanced drivin assist, highly autonomous and fully asutonomous driving programs.

Intel SVP Doug Davis will oversee the combined organization's engagement across Intel's business groups and will report to Prof. Shashua after the transaction's closing.

Intel CEO Brian Krzanich said, "This acquisition is a great step forward for our shareholders, the automotive industry and consumers. Intel provides critical foundational technologies for autonomous driving including plotting the car's path and making real-time decisions. Mobileye brings best automotive grade computer vision and strong momentum with automakers and supplier. Together we can accelerate the future of autonomous driving with improved performance in a cloud-to-car solution at a lower cost to automakers.

Mobileye co-founder, President and CEO Ziv Amiram said, "We expect the growth towards autonomous driving to be transformative. It will provide consumers with safer, more flexible and less costly transportation options, and provide incremental business model opportunities for our automaker customers. By pooling together our infrastructure and resources we can enhance and accelerate our combined know-how in the areas of mapping, virtual driving, simulators, development tool chains, hardware tool, data centers and high performance computing platforms. Together we will provide an attractive value proposition for the automotive industry."

The company originally developed camera-based technology for warning about road hazards and preventing collisions, which formed the basis for systems for driverless cars.

It currently has a market value of some \$10.5 b. Its share price has gone up by some 30% since first reports of the deal with Intel broke. In the past year Mobileye has forged ties with several automotive and technology giants among them BMW, with the aim of achieving series production of automated vehicles by 2021.

Palo Alto Networks buys Israeli co LightCyber for \$130m

Ramat Gan based LightCyber has been developing automated behavioral analytics capabilities, using sophisticated machine learning.

US enterprise security company Palo Alto Networks (Nasdaq: PANW) has acquired Israeli cyber security company LightCyber for \$130 million - \$105 million cash and sources inform "Globes," an additional \$25 million in shares.

LightCyber has been developing automated behavioral analytics capabilities, using sophisticated machine learning to quickly,

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efficiently and accurately identify attacks based on identifying behavioral anomalies inside the network.

LightCyber's investors include Access Industries, through its Israeli technology investments entity, Claltech, and network security luminary Shlomo Kramer, who joined the LightCyber board of directors last year, Battery Ventures, Glilot Capital Partners and Amplify Partners. With offices in Ramat Gan and the US, LightCyber was founded in 2012 by CPO Giora Engel and CTO Michael Mumcuglu. The company provides Behavioral Attack Detection solutions and its products have been deployed by top-tier customers around the world in industries including the financial, legal, telecom, government, media and technology sectors.

LightCyber has raised \$32 million including \$20 million last June, meaning that investors are seeing returns of at least quadruple their investment. Early investor Glilot Capital will see \$27 million for its \$4 million investment, while Shlomo Kramer with a 12% stake will see \$16 million.

The company has annual revenue of \$10m.

This is Palo Alto Networks second Israeli acquisition after buying information security company Cyvera in 2014 for \$200 million.

Palo Alto Networks says it will continue to offer the LightCyber products and support existing customer implementations while it engineers the technology into the Palo Alto Networks Next-Generation Security Platform by the end of the calendar year. Bringing behavioral analytics to the platform will enhance its automated threat prevention capabilities and the ability for customer organizations to prevent cyber breaches throughout the entire attack life cycle.

LightCyber CEO Gonen Fink said, "Palo Alto

Networks has been driving a paradigm shift in the security industry with its natively engineered and highly automated Next-Generation Security Platform designed to change the equation in how organizations prevent cyber breaches. We are pleased to join the Palo Alto Networks team, combining our technology innovations and accelerating adoption of behavioral analytics to help organizations bolster their defenses against the advanced and sophisticated adversaries they are facing today."

Palo Alto Networks chairman and CEO Mark McLaughlin said, "The LightCyber team's vision to bring automation and machine learning to bear in addressing the very difficult task of identifying otherwise undetected and often very sophisticated attacks inside the network is well-aligned with our platform approach. This technology will complement the existing automated threat prevention capabilities of our platform to help organizations not only improve but also scale their security protections to prevent cyber breaches."

In 2014, the company announced that it had received a \$12.5 million investment from Chinese fund GoCapital. The company's products are distributed in a number of countries, including Italy, Brazil, and China, and are approved for marketing in 35 countries.

Cnoga Medical raises \$50m from China's BOE

Cnoga's non-invasive devices measure health through optical diagnosis of the changing color shades of a finger.

Chinese company BOE has invested \$50 million in Israeli company Cnoga Medical for 23% of the company's shares, reflecting a company value of \$217 million, the two companies today reported. The shares given to BOE were newly issued, not sold shares. BOE is a Chinese laboratory equipment

company that wants to establish itself as a leader in the medical sector. According to the BOE, Cnoga's product, developed by the company since 2004, and which facilitates medical monitoring and processing of information on the cloud, matches BOE's strategic plan.

The deal also includes the signing of an agreement for joint marketing of Cnoga's products in China and development of a new line of products for the professional health market.

In 2014, the company announced that it had received a \$12.5 million investment from Chinese fund GoCapital. The company's products are distributed in a number of countries, including Italy, Brazil, and China, and are approved for marketing in 35 countries.

The original goal was to measure blood sugar levels non-invasively, but this proved to be an extremely difficult parameter to measure. The idea for the company actually arose in China, when Segman photographed many Chinese people, and noticed a difference in their skin hues, and differences between their skin and that of Westerners. He thought, however, that they all had one thing in common - a redness in complexion resulting from the flow of blood.

The company previously cooperated with US company Texas Instruments, with support from the Israel-US Binational Industrial Research and Development (BIRD) Foundation. Texas Instruments also led the Cnoga's first financing round, in which \$8 million was raised.

Coincidentally, the day the Intel-Mobileye deal was announced, Israel's Science, Technology and Space Ministry released a poll of which Israeli inventions over the last 70 years Israelis think were the most important. In order, they were the Iron Dome anti-missile system, the Waze navigation app, DiskonKey (the USB flash drive), the multiple sclerosis drug

Copaxone, drip irrigation and microprocessors developed by Intel's Israeli R&D team.

New global post-seed VC fund to raise \$50m

Follow (the) Seed is an Israeli-US-Chinese-Australian fund that has already invested in two Israeli startups.

Follow (the) Seed, a new Chinese-Israeli-US-Australian global venture capital fund, has been formed and is planning to raise \$50 million for funding companies between their seed and A financing rounds. The fund has already obtained commitments for \$30 million, 60% of this amount, and will invest \$500,000-\$2 million per company. The fund, which calls itself global, will invest mainly in Israeli, Chinese, US, and Australian startups.

The fund, according to market sources, has already made eight investments, two of them in Israeli companies. Follow (the) Seed has already raised money for its first Australian fund (which invested in US company WorkSpot and Australian company ClassCover), and is now raising money for its global fund.

The fund has four founders: Curt Shi, an experienced Chinese telecom and media investor; Andrey Shirben, an Israeli who emigrated to Australia and has been investing in high-tech companies for the past decade, including 24 Australian companies; Ajoy Mallik, an Indian enterprise specialist, who formerly managed the corporate venture capital funds of Tata and Cognizant; and Eliav Alaluf, who will handle the fund's investments in Israel, which will be mainly in consumer behavior companies. The \$160 million that Mallik invested in 33 companies for Tata, are now generating \$1 billion a year in revenue for the Indian corporation.

Alaluf is known as a leading figure in Israeli digital marketing. He founded and managed the social media department at "Globes." Later, in partnership with Rani Rahav, he founded

Rahav Social Media, where he handled brands like Isracard, Bank Hapoalim (TASE: POLI), Steimatzky, Zara, and Ofer Malls. Alaluf is also a 25% partner in Like and Share, and leads marketing through online opinion leaders. Four years ago, he founded an independent consultancy whose clients include US television channel The Weather Channel, Teva Pharmaceutical Industries Ltd. (NYSE: TEVA; TASE: TEVA), Santa Monica University, Mentor's Channel, and the Breslev Israel group. Alaluf lectures on consumer behavior, and gives workshops on devising marketing strategy. In the more distant past, he occupied senior marketing positions at Comverse Inc. (Nasdaq: CNSI) and Axis Mobile. He also reported on high-tech for "Globes."

"The Follow (the) Seed fund bridges the yawning gap between financing rounds of \$500,000 and those of \$2 million – a stage at which it is very difficult for many companies to raise money, because they are already too big for angels, but too small for venture capital funds that want to invest in an A round," Shi says in the fund's announcement.

How will the fund attempt to find the next Facebook or Waze? It has developed an algorithm named RavingFans that analyzes the usage patterns of people using a product, and searches for usage patterns that indicate out of the ordinary usage. The fund calls this irrational use, meaning that the user has really fallen in love with the product and uses it every day, such as a game app, instant messaging, ecommerce, fintech, and so forth.

According to the company, this could be any product that can be categorized as habit forming. Most companies checked by the fund will therefore be those developing consumer web and cellular apps that provide a service that is part of every user's daily experience. According to a study by the L2 company, over the past five years, most of the companies

that came out well ahead of the S&P 500 Index, based on their revenue growth rate, were 'algorithm companies' – companies whose product becomes better the more it is used, such as Facebook, Google, Amazon, and Netflix.

Orthopedics co Active Implants raises \$40m

The company's leading product is an artificial meniscus implant.

Orthopedic medical devices company Active Implants today announced a \$40 million financing round: \$30 million from the Ls Health Science Partners fund and \$10 million from its previous investors, mostly private individuals. The company is developing implants for treatment of the hip and knee joints. Its leading product is an implant for replacement of knee meniscus in patients age 35-60.

The company recently appointed Ted Davis, former CEO of Microport Orthopedics, an international medical device company originating in China, as its president and CEO. Davis was previously responsible for orthopedics in Wright Medical, whose sales totaled hundreds of millions of dollars before it was acquired by Microsoft. As part of his job there, he acquired experience in launching new products in the US and Europe.

Davis said today that recruiting patients for two clinical trials of the leading product was on schedule, and that the company believed that it would be completed by the end of the year. "The additional amount raised will enable us to continue investing in R&D on other products and clinical trials for this one, while at the same time making progress towards marketing the first artificial meniscus," he said.

LS Health Science partners Haynes Morris said, "The investment reflects our enthusiasm over the technology and its ability to supply a great and unsatisfied need in the market.

Active Implants VP R&D Eran Linder-Ganz, who manages the company's business outside the US, including R&D, engineering, and production in Israel and the company's European offices, said, "The company has two products: a product for replacing the hip joint and an implant for replacing damaged meniscus in the knee. The hip joint product has been in the market since 2006, but it is not the flagship product. It is marketed in Europe in cooperation with UK company JRI, and is one element in that company's general solution. It has been implanted in 3,000 patients to date, and contributed to our revenue at the beginning.

"Our leading product is an artificial meniscus implant made out of flexible material that resembles natural meniscus. The material, polyurathane, is used in a variety of ways, both in medicine and elsewhere, including both heart valves and boats, mattresses, packing, etc. We have strong patents for the product, and both the design and production are based on special knowledge.

"The product is designed for the middle-age market. People under 35 have operations, and people over 60, and perhaps even younger people now, undergo full knee joint replacements. Between these two age groups, there is a gap, with people who are too old for surgery, but too young for full knee joint replacement, because the replacement breaks down at some stage, and it may be possible to repair it, but usually no more than one repair can be made. Today, this group is offered anti-pain and anti-inflammatory injections and physiotherapy, but there are no other solutions.

"Our product is implanted in a minimally invasive procedure through a small incision, with no need to remove all of the damaged meniscus. It combines with the natural meniscus, and together, they are able to withstand the loads on the knee. The patient can resume normal activity within a very short

time, and postpone a complete knee replacement for many years. If the implant becomes worn after 5-7 years, it can be replaced with a new one."

Elbit Systems wins \$100M contract from Israel Ministry of Defense

Elbit Systems (NASDAQ:ESLT) was awarded an approximately \$100M contract by the Israeli Ministry of Defense for the supply of advanced radio systems over the course of five years.

In addition, Elbit Systems is expected to receive additional order to provide repair and maintenance services for 15 years.

Bezalel (Butzi) Machlis, President and CEO of Elbit Systems, noted: "We are very proud of this award, reinforcing our strategic partnership with the city of Arad on the one hand and with the IDF on the other. Employing 100 workers in Arad is in line with Elbit Systems' strategy to enhance our presence in Israel's peripheral areas. We have many years of experience in managing outsourcing projects in Israel and abroad, in radio communications as well as other military fields, and I am confident this experience will enable us to provide the IMOD with a top quality highly operational solution for a cost effective price."

Smart car co Autotalks raises \$30m

The Israeli company's V2V communications will be deployed in US in new vehicles from 2019 following design wins with leading Tier-1s and OEMs.

Israeli V2X (Vehicle to Everything) communication solutions startup Autotalks has completed a \$30 million Series D financing round. The new funding round includes the company's existing investors: Magma Venture Capital, Gemini Israel Fund, Amiti Fund, Mitsui & Co. Global Investment,

Liberty Ventures and Delek Motors, as well as new financial investors: Israeli institutions, Fraser McCombs Ventures, Vintage Investment Partners and Samsung Catalyst Fund. The proceeds will be used to expand the company's worldwide operations and accelerate deployment of technologies for safer and smarter autonomous vehicles.

The company has raised \$70 million to date including this round.

The new investment comes as USDOT (US Department of Transportation) issued NPRM (Notice of Proposed Rulemaking) that, in an effort to increase road safety, will mandate DSRC (Dedicated Short Range Communication) based V2V in all new light vehicles sold in the US by 2023. To meet this target, deployments will start in 2019. Autotalks' products are the most advanced chipsets addressing this new upcoming regulation, in terms of communication performance, cyber security, integration level, and many other competitive features. Autotalks already ramped up its production capabilities and has been selected by several leading car manufacturers to supply their V2V solution.

Autotalks CEO Hagai Zyss said, "We are very pleased with the completion of this financing round, supported by such strong syndicate. It demonstrates clear vote of confidence in Autotalks' ability to execute and gain a leading market share. Our mission to equip vehicles with such lifesaving technology is now being adopted by the regulators and leading car manufacturers. I believe our chipsets will soon be part of most new vehicles worldwide."

Autotalks, founded in 2008 and based at Kfar Netter near Netanya, is a V2X-chipset market pioneer and leader providing OEMs, Tier-1 and Tier-2 customers with comprehensive V2X solutions. Autotalks' chipsets enable the V2X communication revolution by providing

the most advanced, truly secure V2X solution created for autonomous vehicles. The chipsets are pre-integrated and designed to shorten development schedules and reduced costs. Autotalks' cutting-edge technology addresses all key V2X challenges: communication reliability, security, positioning accuracy and vehicle installation.

Last year, Autotalks released its 2nd generation chipset. This chipset meets the strictest automotive reliability requirements. It also offers the highest level of security with multiple defense layers. The layers include secure boot, secure low-latency signing, line-rate verification of the entire V2X communication link and V2X firewall hardening the communication. Autotalks' cryptographic-agile security engines support field upgrade to future algorithms for assuring security for decades.

ReWalk

As indicated by the company's name, it enables people to walk again using an "exoskeleton" that helps people with spinal cord injuries to stand up and walk. As part of the roadshow, the investors and analysts met disabled people who walked into the room. Some of the investors were stunned, and thought the people who walked in were only pretending to be disabled.

ReWalk is a heartwarming story with a heartwarming twist. Dr. Amit Goffer, founder of Argo Medical Technologies, is himself paralyzed, but the invention he developed is of no use to him personally, because his hands are partially paralyzed, and ReWalk's product can only be used by someone who is paralyzed from the waist down.

Following ReWalk's successful IPO, market expectations drove its shares skyward, but the company's actual sales were lower than the forecasts. The company lost half of its

IPO value, and its current market cap is \$36 million. Although ReWalk's product is capable of transforming the lives of people with paralysis, the company has not managed to obtain enough insurance reimbursement for it, and has also encountered other problems. The product required too great an effort from the users, and was not smoothly integrated in the patients' daily lives. Nevertheless, using the device an hour or two a day improves health significantly, and the product therefore still has great potential.

Goffer decided not to wait for ReWalk. Two and a half years ago, he left the company (selling his holdings in it for a large sum), and founded UpnRIDE Robotics, a startup developing the next generation of devices enabling people with paralysis to stand. If all goes well, even Goffer will be able to use the new product.

Goffer talked about parting from ReWalk and his new venture. "As I see it, to this day, ReWalk's solution is the ultimate solution for people with lower body paralysis, until medicine learns how to reconnect the spinal column," he says. "At the same time, this product is suitable for only 10% of the global wheelchair population. People with paralysis in their hands and people in wheelchairs for other reasons, such as various types of muscular dystrophy, can't use this solution.

"There are now standing chairs in the market. These wheelchairs keep the patient erect, and move him in that position." ReWalk's product is built differently - it moves the patient's legs and has no wheels. UPnRIDE's product, however, which is designed to be the next generation, is a big improvement on standing chairs.

"I myself didn't buy such a standing chair, because I can't leave the house with it," Goffer explains. "It's not stable. It's all right

in the office or at home, but if the solution isn't systematic, it's not worthwhile.

Another problem is that when people rise with this product, they can't sit back down in exactly the same place. Getting up and sitting back down comfortably with it is impossible."

The UPnRIDE device is designed to always leave a person in the center of the device, thereby enabling him to leave home with it. "If you saw me traveling with our product, you'd say, 'Here's a competitor for Segway,' but Segway isn't as safe," Goffer says. When a user leans in a certain direction, the device moves, while leaving the person in the middle. "Even when the device goes uphill or at a slant, the device is able to position the person so that he remains vertical. That's very important, especially for side slopes in countries in which the sidewalk has a steep slope, such as snowy countries where they deliberately build the sidewalk at a slant. Even on a sidewalk like that, the person in the center of the device stands up straight.

Israeli co ReWalk brings new hope to disabled veteran

"I displayed the device for the first time in 2015. I was at a conference, and I moved around. In ReWalk's device, it was important for you for the device to really make the paralyzed patient march. This product rolls.

Goffer: "Striding is healthier, but it's not possible for everyone. Even without walking, standing up straight has a great many health advantages, and any additional standing up in daily life provides a lot of value in comparison with only practicing standing up at home."

What will enable this product to succeed where ReWalk has so far failed?

"The market for this product is huge. ReWalk serves only 10% of the market.

We serve all of the other 90%, but we do serve a great deal of it. The price will be like that of an advanced wheelchair – \$25,000-\$30,000 (compared with \$70,000 for ReWalk's device, G.W.). It's so pleasant, even as just a chair for traveling. You don't feel the difficult terrain. "It's simply an improved high-end wheelchair. There already are standing wheelchairs, but they aren't so good, and they're suitable only for home, so they don't sell so well. They enable you to reach a high kitchen cupboard, and that's about it."

Games co TabTale exceeds 1.2 billion downloads

With 2016 revenue of \$65 million, the Israeli children's games company has refused tempting offers, preferring long-term growth

Founded in 2010, Israeli children's games developer TabTale is now one of the leading children's games companies in the Apple and Google apps stores. "Globes" first mentioned TabTale in the summer of 2013, when the company raised \$12 million in its most recent financing round. A lot has happened to TabTale since then; it has gone from 200 million downloads at that time to 1.2 billion today, a point that brings to mind the Outfit7 acquisition.

TabTale founders CEO Sagi Schliesser, Oran Kushnir, and CTO Nir Bejerano may be in no hurry to sell their company for a price based on the \$1 billion Outfit7 deal, but some in the tech industry have already done so, using mainly the number of downloads, the main parameter for measuring the success of companies of this type. "Outfit7 is our big sister," says Schliesser. "When we checked who we wanted to outperform in the apps stores and/or to learn from them, it was Outfit7. We learned a lot from them."



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