

ISRAEL HIGH-TECH & INVESTMENT REPORT

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Biomedicals are Booming

Nearly every Jewish mother dreams of her son becoming a doctor. It is a small wonder as how many biomed companies have sprouted in Israel.

Israel's biomed sector raising record amounts Israeli biomed is enjoying one of its best periods in its history. Israel Advanced Technology Industries (IATI), the umbrella organization of the Israeli high-tech industry, published a comprehensive report in advance of the IATI Biomed 2015 conference, which was held in Tel Aviv. The conference was co-chaired by Ruth Alon and Dr. Benny Zeevi.

The life-sciences figures are impressive. There are 1,380 companies active in Israel today, an all-time record - 53% are medical devices companies, 23% are pharmaceutical companies, and 20% are digital or mobile healthcare companies. Investment in medical devices in 2014 accounted for 54% of total biomed investment, slightly less than the 61% that the industry saw in 2005-2010. This decrease reflects the difficulty the medical devices industry has been facing globally in raising funds. On the other hand, pharmaceuticals had a 79% increase in investment relative to 2013.

Total investment in pharmaceuticals last year was low relative to medical devices (\$286 million compared with \$410 million), but the gap has narrowed relative to past years. In the last five years, the digital healthcare sector has grown, and from 2009 until today

a total of roughly \$400 million has been invested, \$200 million of it in the past two years.

There are 280 R&D centers operating in Israel for foreign companies, some of them in healthcare. In most cases, the development centers were established following the acquisition of a local company, as was the case for Johnson & Johnson, Philips,

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General Electric, Merck Serono, Abbott, Foson Pharmaceutical, Covidien (Medtronics), and others.

Start-up Nation is becoming more and more interesting to foreign investment groups - a number of corporations are busy looking for start-ups to invest in. Novartis scouts with the help of Israel's BioLineRx; Roche invests in seed-stage companies with Pontifax; Merck Serono set up an independent incubator at an investment of €10 million, and Samsung has established an innovation-seeking center in Israel, which is focused on digital healthcare, among other things. These centers' operations are testaments to the high regard foreign companies have for Israeli innovation.

Though not mentioned in the report, this phenomenon stems in part from the strategic decision made by Israeli generics giant Teva to reduce its investments in start-ups. In the past, it was said that Teva buys any worthwhile start-up in Israel, but after the changes the Israeli drug giant has been through, the playing field has been cleared for some of its major competitors to begin participating in the start-up scene in earlier stages.

\$801 million in 2014

The report points to the fact that venture capital investment in biomed is finally recovering from the global financial crisis of 2008/9. According to IVC data that were analyzed for the report, life-sciences companies raised \$801 million from venture capital firms in 2014 - 24% of all VC investments. Last decade, the average was 22%. In 2014, 55% growth was recorded compared with 2013, and 64% compared with 2012. This achievement is even more impressive in light of the fact that the average annual VC biotech investment in 2005-2011 was \$371 million.

The growing interest in Israeli biomed has been primarily on the part of foreign entities. Israeli venture capital firms invested only 13% of their

funds in 2014, down 20% compared with 2013 and 24% compared with 2012. Thus, the source of the increase in total investment is primarily from foreign funds.

The report points to the fact that venture capital firms prefer to invest in relatively mature companies, and invest larger sums, \$10 million or more, in them. This tendency reflects the fact that leading entities are wary of the risk associated with young companies, but also that the industry as a whole is "growing up," and there are more veteran companies. Generally speaking, the Israeli industry is young relative to the rest of the world, but this situation is improving.

The most active investors in the life-sciences industry over the past five years were Pontifax and Orbimed, which focus on pharmaceuticals. In third place is a new group, OurCrowd, a crowd-funding community of angel investors. Another notable investor in 2014 was Shavit Capital, a fund that invests a significant portion of its resources in financing companies in pre-IPO stages.

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Most of the money coming into life-sciences companies actually came through the Nasdaq. In 2013-2014, 11 life-sciences companies raised \$761 million. The average IPO raised \$49.65 million, and some of the companies that held IPOs also held secondary offerings, shortly after the initial listing. This trend has continued into 2015, alongside companies already traded on the Tel Aviv Stock Exchange (TASE) listing on the Nasdaq as well. 12 out of 51 life-sciences companies that are traded on the TASE are traded also on the Nasdaq.

Most of the companies that held IPOs are trading below their IPO price, but ReWalk, Foamix, Neuroderm, and BiolineRx are trading higher.

In contrast to their success on the Nasdaq, Israeli biomed companies had difficulty with IPOs on the local exchange - just two companies did so, by buying stock-market shells. Despite this, already publicly traded companies succeeded in raising \$39 million. In 2013, the situation was better, and companies raised \$69 million, such that the TASE did contribute, albeit only slightly, to the biomed sector.

The total capital raised for life science from all sources (including government funding) in 2014 reached an all-time record of \$2 billion.

IATI Biomed 2015 co-chair Dr. Benny Zeevi said: "What we can see from the report is that the companies are much more mature, and some are in advanced trial stages. The large amount of funds raised in the sector - almost as much as was raised by the entire high-tech sector in Israel - also stands out. Many players who invested this year are new to investing in Israel, be they venture capital firms, or new corporate funds, or investors from China and India (whose entry explains most of the rise in investment in private companies).

"And still, and perhaps because of the potential

for prosperity- the field needs very serious support, in every respect - support from academia, in technology transfer, in seed stages, and in commercial stages."

The TASE biomed index yields have seen ups and downs in recent years, and the index is currently at a relative low. Over the course of 2014, the index lost 37% of its value (though it has recovered slightly since). It has risen 34% since it was launched in early 2010.

Acquisitions totaling \$2.9 billion

In addition to the fundraising, there were quite a few acquisitions. In 2013-2014, Israeli companies were acquired for a total of \$2.9 billion - much more than the average over the last decade (during which there was an annual average of \$850 million)

Teva's share price near all-time high

Most of the companies were acquired when they were already in sales stages, and half were already established in the market. Another third of the companies were acquired while still in R&D stages. 70% were medical devices companies. In the US too, where the medical devices industry has had funding difficulties in recent years, there was actually considerable mergers and acquisitions activity.

There were also many mergers and acquisitions in pharmaceuticals, which generated a great deal of value for the acquired companies. \$200 billion changed hands in 2014 in global pharmaceuticals acquisitions, even without the "mega-mergers" between the giants that took place in recent years.

Success is rooted in the academic research. The success of Israel's biomed industry is dependent upon the success of the academic research in the field. The 2013 joint Technion Samuel Neaman Institute and Ministry of Science report, which is quoted in the IATI report, states that 45% of the patents

registered by Israeli researchers in 2007-2011 were in life sciences.

As for the next generation, 46% of PhD students in Israel are pursuing studies in the various life-sciences disciplines. According to the report, the number of patents registered by the universities and hospitals based on researchers' inventions increased by 24% between 2008 and 2013, with life-sciences patents leading the trend.

Israeli commercialization (technology transfer) companies have a combined 1,966 active commercialization agreements, 71% of which are with Israeli companies, and 17% of which are with US companies. Commercialization company revenue reached \$1.9 billion in 2012, an increase of 11.9% compared with 2011. 94% of royalties were from pharmaceuticals.

Israel private equity deals down in Q1

IVC-GKH Private Equity Survey reports that 14 Israeli private equity deals accounted for \$310 million in the first quarter of 2015.

14 Israeli private equity deals accounted for \$310 million in the first quarter of 2015, down 55% from \$696 million invested by Israeli and foreign private equity investors in the preceding quarter, and down 34% from \$471 million invested in the corresponding quarter, reports the IVC-GKH private equity survey.

The largest deal in the quarter, which accounted for 52% of quarterly investments, was the \$162 million investment by foreign private equity fund Northleaf Capital and geothermal company Ormat Technologies Inc. (NYSE: ORA; TASE: ORMT) in a new joint venture.

In the first quarter of 2015, Israeli private equity fund investments of \$77 million accounted for 25% of all investments. This compared to \$217 million and \$262 million in the preceding

and corresponding quarters respectively. All private equity transactions involving Israeli private equity funds in the first quarter of 2015 were valued at under \$40 million.

Israeli high-tech deals captured \$263 million or 85% of total private equity investments in the first quarter of 2015, compared with 71% and 41% in the preceding and corresponding quarters respectively. Even though the amount invested in high-tech deals was down 47% from the previous quarter, it was up 37% from the amount invested in technology companies in the corresponding quarter of 2014.

Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co. (GKH) partner and head of M&A Rick Mann said, "The strong growth in the portion of PE transactions that involve technology companies is an important trend. When non-tech deals occur, they are often led by local PE funds. Foreign PE funds continue to show a strong interest in Israel in tech deals and despite the lower overall figures in the first quarter of 2015, we expect higher results in the coming quarters."

IVC Research Center research manager Marianna Shapira said, "On the one hand, the first quarter of 2015 demonstrated a marked slowdown in Israeli private equity dealmaking, mostly due to the decline in Israeli PE fund activity. On the other hand, PE fund raising has already surpassed our earlier projections. From the beginning of 2015, three Israeli private equity funds raised approximately \$1.5 billion, and 11 other funds are currently engaged in fund raising. This in large part explains the drop in PE transactions at the beginning of the year, as most funds were short of capital and focused on capital raising efforts. We expect the situation in the Israeli PE market to improve significantly later this year both in terms of deal value and number of transactions as newly raised funds start engaging in investment activity. Moreover, we expect growth in Israeli PE fund

involvement both in technology and non-technology transactions throughout 2015."

The IVC-Online Database maintains data on 34 active Israeli private equity management companies with a total of \$7.4 billion under management. Currently, 11 funds are raising capital, and are expected to close some \$800 million.

Eucalyptus Growth Capital to raise \$300m fund

The fund, managed by Dadi Perlmutter, Rami Hadar and Tamir-Fishman, will invest in late stage Israeli technology companies.

Dadi Perlmutter, Rami Hadar and Tamir-Fishman have formed a partnership and plan to raise \$300 million for a late stage investment firm named Eucalyptus Growth Capital. Eucalyptus will focus on investing and helping late stage Israeli companies grow their business, penetrate international markets and achieve successful IPO's as part of their growth while creating revenues in the hundreds of millions of dollars.

Investment focus will be on companies with experienced management teams that have developed disruptive technologies and can become world leaders in the new digital revolution. The three founding partners - Dadi Perlmutter, Rami Hadar and Eldad Tamir - plan on taking proactive board seats, leveraging their personal experience to help the companies grow and maximize shareholder value.

An important part of Eucalyptus strategy is the assembly of an advisory board with world class industry leaders to help portfolio companies scale and penetrate international markets. The advisory board will be: Paul Otellini former CEO of Intel and Google board member, Atiq Raza former President and COO of AMD, Irwin Federman General Partner USVP,

Eyal Waldman CEO of Mellanox Technologies Ltd. (Nasdaq:MLNX) and Yonel Cohen former CEO of Migdal Insurance and Financial Holdings Ltd. (TASE: MGDL)

Dadi Perlmutter served as an EVP and general manager of the Intel Architecture Group (IAG), and Chief Product Officer of Intel Corp. During this period (2009-2013), he was responsible for the business and development of Intel's platform solutions for all computing and communication segments covering data centers, desktops, laptops, handhelds, embedded devices and wireless communication that generated sales growth from \$34 billion to \$52 billion and made acquisitions that totaled \$2.4 billion.

Rami Hadar is the former CEO of Allot Communications Ltd. (Nasdaq:ALLT; TASE: ALLT), where over eight years he grew sales to over \$100 million, made three acquisitions and led its Nasdaq IPO. In 2012, the company reached over \$900 million valuation. Before Allot, he was the CEO of two other Israeli companies with successful exits; CTP which was acquired by DSPC and Native Networks acquired by Alcatel, and also a cofounder and board member at Combox acquired by Terayon [NASDAQ: TERN].

Eldad Tamir is the founder & CEO of the Tamir Fishman Group, which today manages over NIS 16 billion in different asset classes, and he is one of Israel's leading economic public figures. He has over 25 years of experience in investments, investment banking and venture capital. Tamir was the sole founder and partner at all TF VC funds that have created some of Israel's greatest companies and exits, including companies such as Chromatis, Allot, Modem Art, Copergate, Radware and many others. Prior to that, he was the EVP of the Evergreen Group & Venture Funds, executive in Clal Holdings and as an analyst at one of Israel's

first ever venture funds.

Managing partner Dadi perlmutter said, "There is a large funnel of Israeli companies with sales over \$10M that can grow to be billion dollar companies in sales and multi \$B in value. But they need appropriate funding, long term strategy and experienced guidance in order to achieve their full potential, rather than sell out at an early stage. We plan to work with the right teams and companies and help them grow. Our mission is to maximize investors' returns and help build more very large companies like Teva and Checkpoint and others."

Translation co finds 6 hot technology trends

Top trends found by One Hour Translation include convergence of apps and websites, BYOD, IoT, and data-based marketing.

A recent study by the research department at One Hour Translation, which examined several thousand translation projects in the last year, found six emerging major global technology trends. The study analyzed the content of technology companies, which hired One Hour Translation to translate their content, and concluded which emerging technology trends are most significant.

The top trends found by the study are: Convergence of applications and websites more and more multinationals consider their application the primary branding tool of the company. For many, the app itself has become the homepage and identity of the company. One Hour Translation's data point to a 50% increase over the last two years in the number of companies requesting app interface localization.

"Bring Your Own Device" (BYOD): while bringing personal smartphones, tablets

or laptops to work was once a big no-no, BYOD has become far more permissible. Increasing demands from multinational enterprises to translate their BYOD policies into different languages highlight this growing international trend. The main target languages are Spanish, German, French, Mandarin, Japanese, Korean, and Cantonese.

Enterprise application market is crossing more borders and becoming more open:

One Hour Translation saw a 20% increase in enterprise app localization demand in 2014, indicating a far more global and far more open app space. The demand for relevant translation projects shows that more enterprises allow third party software or app developers to integrate their software with their enterprise platforms.

Boom in data-based marketing worldwide:

One Hour Translation saw a 25% increase in translation requests for banners and online ads from online global marketing and data mining companies in 2014 - indicating a growing shift to data-based marketing across countries. This growth is fostered by substantially lower big data processing costs.

China and South Korea are the early adopters of IoT:

the data reveal that China and South Korea are the manufacturers and the early adaptors of many connected devices developed in Western countries. Increasing demand for Mandarin and Korean technical translations for IoT devices confirms that the Internet of Things is The Next Big Thing.

Natural language search is not ripe yet:

Although developers would love to teach computers to understand speech, the current software is far from fluent. Computers may mimic human language, but they still cannot really speak. For now, developers still use human translators to improve their translations. An increase in demand for human translators in the field indicates that actual and effective natural language search on our smartphones is still more talk than reality.

Israeli firm designing battery stations for Chinese buses

Ziv-Av Engineering (ZAE) is taking the quick-change technology for replacing batteries in electric vehicles, pioneered by Shai Agassi's failed Better Place venture, to China. Over the weekend, the Israeli engineering company signed an agreement in a festive ceremony with China's Bustil to design battery-changing stations for a fleet of buses operating in Nanjing, near Shanghai.

Amir Ziv-Av, the firm's founder and a former chief scientist in the Transportation Ministry, helped design Better Place's changing stations, which mimic how robots install fuel tanks and missiles onto fighter jets quickly. Unlike the Better Place stations, the Nanjing ones won't be entirely automated and won't involve any underground construction, in order to save costs. The goal is to be able to switch a bus' 7-9 batteries in just a few minutes.

Jerusalem to introduce online building applications

Starting June 1, Jerusalem will become the first city in Israel to let residents apply for building permits online through the municipal website. The city said on Monday that the online application is one of a series of measures the city is taking to make itself a more attractive place to live and do business. The system was developed and tested with 15 of the city's leading architectural offices before being opened to the general public, which will now no longer have the option of filing an application on paper.

The first of three training sessions in using the new system takes place this Wednesday. But while the system will help applicants save time and money, they should beware: Jerusalem is also going to be allowing people to file objections to build applications online as well

Hexagon Israel sells 3-D camera system to Lockheed

Hexagon Metrology Israel, the local unit of the Swedish company, has won a 555,000-euro (\$603,000) order from the U.S. defense contractor Lockheed Martin to help it in manufacturing the F-35 stealth fighter jet. The three-dimensional system is used to measure thousands of connections used to attach the aircraft's trapezoidal wings during manufacturing without having to interrupt production. "Our system, including the 3-D camera, saves time and money, and is more exacting," said Aviel First, vice president for marketing at Hexagon Israel, adding, "We're expecting additional orders from Lockheed after the first systems are installed." Hexagon Metrology Israel sells its 3-D cameras and related equipment to many of the world's leading automobile makers, but recently expanded to aerospace and counts the Israel Air Force among its customers.

Pfizer to collaborate on Bar-Ilan DNA robots

Pfizer is cooperating with the DNA robot laboratory managed by Prof. Ido Bachelet at Bar-Ilan University. Bachelet has developed a method of producing innovative DNA molecules with characteristics that can be used to "program" them to reach specific locations in the body and carry out pre-programmed operations there in response to stimulation from the body. This cooperation was revealed in a lecture by Pfizer president of worldwide research and development (WRD), portfolio strategy and investment committee chairman, and executive VP Mikael Dolstein at the IATI Biomed Conference in Tel Aviv being concluded today.

Bar-Ilan Research & Development Co. CEO Orli Tori said, "This is Pfizer's first cooperative venture with someone in Israeli higher education. The technology is fairly new

for a drug company, but Pfizer has agreed to take up the challenge and support this technology, in the hope that it will make a contribution to the company at the proper time.

"As in all of our research agreements, the company coming from the industry has the right to negotiate the acquisition of the technology at the end of the process." The financial volume of the deal was not disclosed, but most such agreements amount to several hundred thousand dollars at most. The medical sector in which cooperation will take place was also not disclosed, but it appears that research will focus on the possibility that the robots will deliver the medical proteins to designated tissue.

Bachelet came to Bar-Ilan from the Massachusetts Institute of Technology (MIT) several years ago. At a Tedmed event held two years ago, he explained, "In order to make a nanometric robot, we first of all create a selected DNA sequence, and then fold it using a process called DNA origami. With this method, a person can give a command to a computer, which folds the DNA molecule as needed.

"The result is that a DNA sequence can be made in the form of a clam, for example, and containing a drug. The DNA molecule, however, contains a code activated upon encountering certain materials in the body. For example, the clam can be designed to change its shape and release the drug only when it meets a cancer cell or the right tissue.

"In addition, the molecules can receive signals from each other, and can theoretically change their shape according to signals from the body, and can be pre-programmed to attach themselves to one another. In the future, it will be possible to combine each such molecule with a miniature antenna. When the antenna receives an external signal, it will make a small change in the molecule that will make it open

or close, and dissipate or connect itself to another molecule."

Tori adds, "What is special about the robots is that they open and close according to signals from the surroundings, and that makes it possible to manage the disease. The robot exposes the drug to the target site according to biological signs within the body. For example were we to develop a product for diabetes, although that is not the purpose of this cooperation, it would be possible to develop a robot that would release insulin only when it sensed a rise in the blood sugar level."

Summary of Israeli High-Tech Company Capital Raising Q1/2015

IVC and KPMG report:

\$994 million raised in Q1/2015 – the second highest quarterly amount in a decade
Key facts:
- Israeli VC fund first investments up 55% from the previous quarter
- Internet attracted \$343 million – highest ever quarterly amount for the sector
- Initial revenue stage led all investments for the first time since 2013

* Tel Aviv, Israel, April 28, 2015. In the first quarter of 2015, 166 Israeli high-tech companies raised \$994 million – the second highest quarterly amount in the last decade and just 10 percent below the record high \$1.1 billion invested in 184 companies in the previous quarter. The Q1/2015 amount was 48 percent above the \$673 million attracted by 160 companies in the first quarter of 2014. (Chart 1) The average company financing round reached \$6 million, equal to the previous quarter's average, and well above \$4.2 million of Q1/2014.

* In Q1/2015, 91 VC-backed deals accounted for \$832 million – 84 percent of total capital invested. The average VC-backed deal peaked at \$9.1 million, compared to \$7.7 million and \$6.1 million in Q4/2014 & Q1/2014, respectively.

* Ofer Sela, partner in KPMG Somekh Chaikin's Technology group commented, "As can be seen from Q1 2015 results, the level of investment activity in Israeli companies is on the rise. This trend is being fueled by higher revenues, improved business results and other key performance indicators. However, the returns from the appreciation in value of VC-backed Israeli companies are mostly enjoyed by foreign investors. The majority of Israeli institutional investors, and through them the Israeli general public, is not participating in venture capital investments.

* Sela believes that "The Israeli government should consider actions that encourage and facilitate Israeli institutional investment at a much higher level than currently. By doing so, global and local momentum could enable Israel's technology industry to expand and become a global technology superpower in absolute numbers, not just relative to its size."

Israeli VC Fund Investment Activity

Israeli venture capital funds invested \$180 million in Israeli high-tech companies or 18 percent of all investments in Q1/2015. The amount was down 6 percent from \$192 million (17 percent of total) invested in Q4/2014, but 80 percent higher than the \$100 million (15 percent of total) invested in Q1/2014.

First investments by Israeli VC funds accounted for 31 percent in Q1/2015, a marked improvement, 55 percent above the 20 percent of the previous quarter although still below the 43 percent of Q1/2014.

Capital Raised by Sector, Stage and Deal Size

The Internet sector experienced its best quarter ever with \$343 million (35 percent) raised by 44 companies, and the sector continued to lead capital raising as in the two previous quarters. The life sciences and software followed, accounting for 22 percent and 19 percent

of total capital raised, respectively.

"The increase in high-tech capital raising is not coincidental, but directly reflects the trend toward growth company investments and higher valuations of mid and late stage companies," noted Koby Simana, CEO of IVC Research Center.

"Up to a year ago we were accustomed to seeing average financing rounds of \$3 million to \$4 million, in the Internet sector. In recent quarters though, we've been observing a distinct rise in the average Internet financing round. This trend is even more evident among growth stage Internet companies for which the average deal jumped from \$6 million about a year ago to \$16.3 million in the first quarter of 2015. Even though exceptionally large financing rounds of Taboola and Quixey (led by Alibaba) were responsible for the jump in Q1, our analysis shows that these were not special or unique events. They fit in well with the activity surrounding the Internet sector and the rise in the number of early stage investments. These parallel trends mostly feed each other as the increase in growth stage Internet companies attracts more entrepreneurs and investors into the sector. We believe that Internet success stories will drive the volume of growth deals as well as contribute to increase seed stage investments, which up until last quarter, were on the decline," concluded Simana.

Another emerging trend is the increase in growth stage deals, which was accelerated in Q1/2015, when initial revenue companies led all investments for the first time since 2013 with 47 firms raising \$319 million (32 percent). Early stage companies attracted \$315 million (32 percent), a decrease of 14 percent from the especially strong previous quarter, when early stage firms led capital raising. Late stage companies followed closely with a 31 percent share of total investments.

Additionally, Q1/2015 demonstrated escalation in deals above \$20 million, a trend pointed out in the previous quarter's IVC-KPMG Survey. In Q1/2015, deals above \$20 million reached record levels, with 16 deals that accounted for 55 percent of total investments. In comparison, there were 13 deals (42 percent) and six deals (27 percent) in Q4/2014 and Q1/2014, respectively.

Infinity Fund to hold \$100m stake in Baozun after IPO

Two years ago, the Chinese-Israeli fund invested only a few million dollars in e-commerce company Baozun.

Chinese-Israeli fund Infinity Private Equity is on to a very good thing. At the end of last week, Chinese company Baozun filed a revised prospectus for a Nasdaq IPO. The company is seeking a company value of \$1.8-2.1 billion for the issue, at a share price of \$12-14.

Two years ago, Infinity invested a few million dollars in the Chinese company at a company value of only \$100 million, and currently holds 6.6% of its shares. At the price range being sought, Infinity's shares are worth \$89-104 million.

Baozun is planning on raising \$132-177 million, depending on the share price and whether the underwriters exercise their option to buy shares after the offering. The underwriters for the issue are Morgan Stanley, Credit Suisse, and Bank of America-Merrill Lynch. According to figures from Nasdaq, the Baozun IPO is slated to take place next week, probably on Thursday. Following the offering, the company share will be traded under the BZUN ticker symbol.

Shareholders in Infinity include Clal Industries and Investments Ltd. (TASE: CII), formerly of the IDB group, and currently controlled by businessman Len Blavatnik. Amir Gal-Or is a founding and managing partner.

Infinity invests in companies that it believes have potential for becoming market leaders in China by leveraging their technological knowhow. Last year, the fund scored a success when Wafer Level Chip Scale Package (WLCSP), a subsidiary of Chinese-Israeli company Shellcase (in which the fund is a key investor) dealing in chip protection, held an offering on the Shanghai exchange at a company value of \$780 million.

Representative of Nike and HP in China

In its amended prospectus, Baozun explains that it plans to allocate \$32 million of the money it raises for marketing and sales, \$26 million for R&D and technological infrastructure, and \$13m for expanding its warehouses and the physical infrastructure necessary for its business.

Founded in Shanghai in 2007, Baozun provides logistics services for e-commerce. It represents international brand names in China, such as HP and Haagen Dazs. These companies wish to outsource at least some of their online business, and Baozun assumes responsibility for the logistical, marketing, making connections, and strategy in this area.

According to figures published by the company, the e-commerce market for brand name companies in China has grown from \$4 billion in 2010 to \$129 billion in 2014 - average annual growth of 145.7% - and expectations are that the market will reach \$379 billion in 2017. The market for accompanying services for e-commerce in brand names is expected to grow from \$4 billion in 2014 to \$16 billion in 2017.

The largest shareholder in Baozun is Chinese Internet giant Alibaba, which held 23.5% of Baozun's share capital before the offering.

Baozun's revenue totaled \$255 million in 2014, and the net loss attributed to its shareholders was \$25.1 million.

Israel's biomed sector raising record amounts

Sanofi appoints Israel scout to find biomed start-ups

In Israel, every person has a medical record at one or more of the health funds, which is associated with his or her ID number, from birth until death. In this regard, Israel is uniquely positioned to develop clinical databases. Currently, the task at hand is to gather DNA samples from citizens, and associate them with the clinical data. This is tremendous challenge, both because of regulatory and ethical issues of protecting the citizens' right to privacy, and because of the logistical and budgetary challenge involved in gathering the samples and carrying out the chemical tests to determine the genetic sequences (which currently costs roughly \$1000 per sample).

Weizmann Institute molecular geneticist Prof. Michel Revel took part in outlining the plan. Prof. Revel, one of the developers of Rebif (marketed by Merck Serono), is among the founders of Kadimastem, and serves as chairman of Israel's National Bioethics Council. Revel's committee will seek to understand the ethical consequences of operating the database.

In light of the regulatory and ethical challenges, it has been decided that, at first, the database will be open only to patients who are very interested in having their samples included and in the existence of the database - only later will there be an attempt to sell the idea to the general public. The assumption is that the first participants will be patients suffering from rare genetic diseases, who hope that the research carried out using the database will improve their personal situations. A few hundred samples from patients suffering from a particular disease are sufficient for significant research to take place.

Big healthcare and IT companies have already expressed interest in participating in the project.

Warren Buffett invests in Israeli co eVolution Networks

The Ramat Gan based energy savings solution company has raised \$22.5 million from Berkshire Hathaway and GE Ventures.

Israeli energy savings solutions company eVolution Networks today announced that it has raised \$22.5 million from Warren Buffett's Berkshire Hathaway Energy subsidiary IES Holding, and GE Ventures. With the funding, eVolution Networks, which develops energy savings solutions for Mobile Network Operators (MNOs), plans to expand its worldwide presence and promote its solutions to new industries, such as data center energy management.

eVolution Networks was founded in 2011 by CEO Roy Morad and CTO Idan Cohen. The company, which had previously raised \$4 million from Breslau Capital, has 50 employees, and has its offices in Ramat Gan.

Roy Morad said, "Energy costs are a huge problem for mobile operators. Operators are constantly forced to expand their network to support the growing data demand from subscribers and the Internet of Things (IOT). However, the way networks are designed today doesn't allow operators to wisely "right size" their energy use according to live traffic demand. eVolution Networks' Smart Energy Solution eliminates this problem."

eVolution Networks' Smart Energy Solution is a software-based solution that analyzes the mobile network's traffic needs and adjusts the use of the network's resources based on real-time demand from subscribers. This adaptive and unique approach to managing the network's resources has been deployed by Tier-1 operators such as Telefonica Group and has proven to save millions of dollars annually on energy bills.

"This team's management experience and strong technical background have helped establish eVolution Networks as a leader in the telecommunications energy efficiency market. eVolution Networks is poised for tremendous growth as more customers and business partners realize the benefits provided by the technology," said Bill Fehrman, president of Berkshire Hathaway Energy subsidiary IES Holding. "This funding will be used to capitalize on this potential, boost the company's growth worldwide and establish eVolution Networks products and technology as an industry standard."

"Given that energy costs are the largest portion of operating expenses for telecom operators, a 35 percent reduction in energy usage with Smart Energy Solution will have a significant impact on profitability," said Jonathan Pulitzer, Senior Director at GE Ventures. "GE Ventures is investing in eVolution Networks because of this potential for savings and the positive impact on global energy consumption."

Bol to increase investment in Japanese stocks

The Bank of Israel has more than doubled the amount of foreign currency reserves it can invest in the Tokyo Stock Exchange.

The Monetary Committee of the Bank of Israel has decided to raise the maximum threshold for investing in Japanese shares traded on the Tokyo Stock exchange from 0.33% of Israel's foreign currency reserves to 0.75%.

Israel has \$86 billion in foreign currency reserves, meaning that the threshold has more than doubled from \$286 million to \$645 million.

The Bank of Israel said that the decision was taken, "after additional examination that included investigating alternative elements that have been accepted as part of the strategic allocation, and due to the advantages of this

market (the second largest) and the high level of trading, the marketing division has recommended increasing the maximum level allowed to invest in the Japanese stock market."

Taboola attracts major investment from China's Baidu

The multi-million dollar investment will also help the Israeli content-recommendation company penetrate the Chinese market.

Chinese Internet giant Baidu Inc. (Nasdaq: BIDU) is investing millions of dollars in Israeli content recommendation company Taboola. The content-recommendation platform, founded and managed by Adam Singolda, is expected to hold an IPO within two years, and it seems Baidu wanted to board the train before it was too late. Taboola said it is a multi-million dollar deal, but has declined to name an amount.

Baidu, which is often referred to as "China's Google" because of its popular search engine, will adopt Taboola's content recommendation technology, and the strategic agreement between the parties will make it possible for the product to penetrate the Chinese. Its previous, \$117 million fundraising round, led by Fidelity Investments and existing investors, including Marker LLC, and private equity fund Steadfast Capital. New investors that joined the previous round include Advance Publications (parent company of Condé Nast), Comcast Ventures (Comcast's investment branch), Yahoo Japan, Arnault Group (controlling shareholder of LVMH, owner of Louis Vuitton), Italian billionaire Carlo De Benedetti (chairman of Italian media group Gruppo Editorial L'Espresso, publisher of La Repubblica). Prior to Baidu's investment, Taboola had raised a total of \$157 million, so the total investment is now expected to reach \$200 million.

Looking back at Singolda's statements upon the completion of the investment round in

February, the expansion of the round to include Baidu seems unexpected: "During the past six months, in which we raised the current investment, demand grew to more than we wanted. We could have raised much more than \$117 million, but we didn't want to, and didn't need to. The company has targets, and in the end it was decided that this would be the size of the investment round," Singolda explained at the time, in an interview with "Globes." However, Baidu is a significant player in the global Internet market, and certainly for anyone seeking access to the Chinese market. Presumably, these factors played a part in the decision to include Baidu.

"Though our roots are in China, Baidu actively seeks out innovative technology companies abroad to partner and invest with," said Peter Fang, senior director of Corporate Development at Baidu. "Taboola's remarkable vision and growth over the past few years captured the admiration of our executive team, and we're very excited about the potential of the discovery market worldwide."

"We're extremely honored to gain the support of such an esteemed global partner as Baidu," said Singolda. "We believe that discovery has massive growth potential in both existing and untapped markets around the world, and we plan to grow this new category even further with Baidu to help change the way people in China discover content they may like and never knew existed."

Israel to set up genetic database

Israel's Chief Scientist plans a national genetic database using health fund medical records.

Israel Chief Scientist Avi Hasson said at the IATI Biomed 2015 conference that Israel plans to set up a government-authorized

genetic database. The details of the initiative have not yet been finalized, and the initiative is not yet officially underway, but meetings have been held with a number of think tanks that are examining what the potential hurdles might be in setting up such a database, and how they may be dealt with.

Office of the Chief Scientist (OCS) Head of Life Sciences Dr. Ora Dar added that the matter is currently being examined and formulated by the OCS's Telem, the national infrastructure forum for research and development. A think tank led by senior EMC executives was behind the initiative, but it is not yet clear who will manage the database. Upon the completion of the examination, Telem and the OCS are expected to put out a call for applications from organizations interested in managing the database.



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