

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES
July 2018 Vol. XXXIII Issue No.7

JOSEPH MORGENSTERN, PUBLISHER
You are invited to visit us at our website: <http://ishitech.co.il>

Teva On Way To Recovery

Teva well on the road to recovery

The company's share price has risen 118% since Kare Schultz became CEO in November, and 23.5% in the past month. What has changed?

Teva Pharmaceutical Industries Ltd. (NYSE: TEVA; TASE: TEVA) is showing distinct signs of recovery. The share price of the ailing Israeli pharmaceutical company has risen over 10% in the past week (including 3.5% yesterday) to \$24.02, giving a market cap of \$24.5 billion. The share price is up 23.5% over the past month and 118% from its low-point at the beginning of November 2017.

It can surely be no coincidence that the turning point in Teva's fortunes came on November 1 when Kare Schultz took over as CEO.

Several days later the company announced its third quarter results, missing the analysts' estimates and cutting its guidance for the second successive quarter. The share price fell slumped to \$10.85. At the post-results conference call Schultz did not say very much other than that the company's debt burden was his major priority.

He has proved to be a man of action rather than words. By the end of the month he had reorganized Teva's management structure, merging the separate global units for generics and specialty medicines, among other things, and sweeping out many of the managers who had led Teva to disaster.

By mid-December, he had announced a far-reaching streamlining plan which involved a 25% cut in the workforce - 14,000 layoffs worldwide, including 1,700 employees in Israel. He skillfully navigated perilous waters in Israel with politicians vowing to hit Teva's tax breaks and the Histadrut threatening strikes.

Teva's share price had hit almost \$70 in August



<http://ishitech.co.il>

In this issue

- Teva well on the road to recovery
- Israel's startups have raised over \$3.3 billion in the first six months of 2018
- Tiny Box Helps You Relax In Horrible Israel
- Israel ranked 8th most powerful country in the world
- Rafael, Lockheed Martin team on missile guidance system
- IAI and Czech co Aero unveil combat aircraft
- Orbit wins NIS 109m US Air Force deal
- PayU buys Israeli payments technology co ZOOZ for \$80m
- RedHill Biopharma files for \$116m Nasdaq offering
- Israeli high-tech startups have raised a record \$3.2 billion the first half of 2018
- The Top 10 Most Innovative Companies in Israel
- Wix raises 2018 guidance

2015, giving a market cap of \$70 billion, when the \$40 billion acquisition of Allergan's generics division Actavis was announced. The euphoria about then CEO Erez Vigodman's 'genius' move in abandoning the stalled hostile takeover of Mylan soon evaporated.

It turned out to be a disastrous acquisition, all the more so because Teva burdened itself with a huge debt to complete the purchase. Many felt that Actavis had been overvalued anyway and US government pressure to lower generics prices and increased competition meant that Teva's revenue since the Actavis acquisition is now lower than it was prior to the deal.

By the time Teva's second quarter 2017 results were announced last August, and guidance was cut, the share price was worth less than \$32, and by the time Schultz took over it had plunged to just \$11.23, giving a market cap of \$11.4 billion.

The company may have been boosted by Schultz's appointment and the feeling that there was a competent captain at the helm, but what has changed over the past month? Firstly the first quarter results for 2018 showed the debt consistently falling. It is now below \$30 billion with stronger than expected cash flow from Copaxone sales even though there is now generic competition for the multiple sclerosis treatment's 40mg dosage in the US.

After several delays, the US Food and Drug Administration (FDA) will respond to Teva's marketing request for migraine treatment fremanezumab, the branded drug on which Teva is banking on in the coming years to fill the vacuum left by lost Copaxone revenue.

There is growing confidence that the migraine treatment could be on sale by the end of the year, while Huntington's treatment Austedo, already on the market, is predicted to have \$1 billion annual sales by 2023.

However, generics remains Teva's principal source of income and there are signs over the past month that pressure on US generics prices is finally easing with all pharma stocks higher in the past few weeks.

Schultz still has much to do and cannot afford to be complacent. After Teva's 2017 report was published in February, he spoke about a "two-year turnaround timeline" and "a clear move upward" in 2020. In terms of reducing the debt, that timeline probably still holds, despite the company's better than expected performance in recent months.

Most importantly, Teva now feels like a company with a promising future, rather than an enterprise being dragged down by debt and its past failures.

Israel's startups have raised over \$3.3 billion in the first six months of 2018

The country's startups have raised over \$3.3 billion in the first six months of 2018 and

Israel High-Tech & Investment Report

Published monthly since January 1985

Publisher and Editor in Chief

Joseph Morgenstern, B.A. Chem.

Technology Review Board

Prof. S.J. Joel-Cohen, MD, FRCS, FRCOG (1996-2002)

Prof. Hylton Miller, M.B. Ch.B.

Copy Chief

Debbie Mor

Web Master

Marty vonBokel

Graphics Consultant

Daniel Morgenstern

Subscription Inquiries

E-mail: htir_1@netvision.net.il

Annual subscription \$95.- per year, for 12 issues,

Israeli residents add 17% VAT

Web Edition and Archives

<http://ishitech.co.il>

are well on course to beat last year's record of \$5.24 billion.

Israeli startups raised over \$850 million in June, 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.

This sum can be added to the more than \$1.52 billion that Israeli startups raised in the first quarter of 2018, according to IVC-ZAG, as well as the \$400 million raised in April and \$500 million raised in May, also according to press releases issued by the companies. The country's startups have raised over \$3.3 billion in the first six months of 2018 and are on course to beat last year's record of \$5.24 billion, according to IVC-ZAG.

By far the largest amount raised in June was \$300 million by Benny Landa's nanotechnology printing company Landa Digital Printing. There were other large financing rounds including \$80 million raised by taxi hailing company Gett, \$60 million raised by cybersecurity company Claroty and \$60 million raised by fintech company BlueVine.

Three companies completed \$30 million financing rounds: two cybersecurity companies Cyberbit and BigID and AI medical imaging company Zebra Medical Vision. SaaS company YOOBIC raised \$25 million.

Tiny Box Helps You Relax In Horrible Israel

Don't suffer through another long, uncomfortable summer carry this instead...

Be ready! This Summer in Israel is going to be a HOT one...

Traditional AC units are outdated. They are expensive to install and even more costly to run. They look ugly and are difficult and dangerous

to clean. You can't even move them around the house with you or take them outside!

Fans can be cheaper, but they only blow around the air - what if the air is too hot already? Its actually making you feel worse when the hot air is moving around your hot room! Plus they are VERY noisy.

For some of us in Israel the hot weather is already starting to become too much. In peak summer heat it is not enjoyable to suffer in the heat. It is also very hard to sleep at night in humid, stuffy air.

Thousands of people in Israel are now using a much cheaper alternative to cool themselves in the heat and clean their personal air.

Now EVERYONE in Israel wants this awesome looking box for summer too!

What are we talking about?

It's the new CoolAir, an innovative alternative to AC that cools you just the same! It's perfect for those super hot days and nights!

The CoolAir was designed by two German engineers who were fed up suffering in the hot summers in their winter homes. They found that AC units were super inefficient and expensive to use. The engineers also noticed that none of the traditional AC units were made to travel with.

So, they designed this ultra-compact, light-weight, portable AC box. It uses a small fraction of the electricity and all without sacrificing any of the main benefits of a top AC model!

It's tiny, it's easy to use and it can cool you in seconds!

People are using them to cool themselves and purify their air on those super hot, humid times - the results are incredible...

How does it work?

We were surprised by how easy it is to set up! First, you have to plug it into either a socket supply OR any USB port (it's low energy so can even run off of a phone or laptop battery!).

Once you have done that, simply fill up the inbuilt reservoir with 20oz/0.6L of normal tap water.

And then the best part comes, the instant cool air!

The controls are just superb, really easy to understand and stylish. The cool, breezy air from CoolAir feels natural and clean - that's because it is!

How to buy a CoolAir

That's super easy. You can buy it from the official website.

What makes this little box so special?

The main benefits of the CoolAir are its portability, price, health benefits and its ease of use.

The box is just larger than a lunchbox. Combine that with it can be powered by a pocket solar panel or battery pack and you probably have the world's first and most portable AC unit.

Lots of people are giving the CoolAir 5* star reviews online.

Many say it's finally helped them sleep much better:

Bad sleepers are putting the CoolAir next to their bed at night. The relaxing breeze of cool, clean air, the soothing soft night light and the quiet, calming white noise of the fan create the perfect sleeping conditions!

CoolAir users are calming they're sleeping better than ever and waking up fully rested and full of energy!

And so far, we have not even mentioned that the CoolAir is also filtering the dust and harmful particles out of your air. Improving your overall health, boosting your immune system and shortening your recovery time from sickness. It is like breathing the cleanest Swiss mountain air!

We all know traditional AC units are full of dust, harmful mould and dangerous bacteria particles inside. You then breathe that toxic mixture in causing you big health problems later on...

With your CoolAir, you can easily and safely remove and wash the filter. No need to call an expensive AC specialist to do that!

CoolAir recommends replacing the filters every 6 months. You can order online for only \$10.

Last but not least, the price is just amazing. Most AC units cost at least \$200+ AND you have to pay for installation AND cover the expensive electricity bills each month... We all have bills to pay every month and don't need more!

CoolAir is less than \$100 (Low as \$53 on a multi-buy deal here). No messy installation, no expensive electricity bills.

For a Cooling unit of this quality, this must be the single best price-quality AC unit there is!

Conclusion: Is it worth it?

Such a quality unit for this price makes us definitely say yes! Its portable, powerful, effective and cheap to run. Just think of the amazing sleep and comfort you can get with your CoolAir!

Israel ranked 8th most powerful country in the world

US magazine poll of 21,000 people lists Jewish state above Iran, Turkey, Saudi Arabia; Israel is 30th-best country for second year in a row.

An international survey has ranked Israel as the eighth most powerful nation in the world for the second consecutive year, narrowly ahead of Iran, Saudi Arabia and Turkey.

The annual survey by the US News & World Report was published during the weekend, based on the answers of more than 21,000 people from four regions.

The survey ranked 80 countries on a range of issues, including power, cultural influence, economy and entrepreneurship, with the categories adding up to an overall "best countries" ranking.

Israel was ranked 30th on the best countries list, the same ranking as last year, with Switzerland and Canada taking the first two slots.

But in the power ranking Israel was ranked inside the top ten, behind the United States, Russia, China, Germany, the United Kingdom, France and Japan, in that order. Neighbors Saudi Arabia and the United Arab Emirates were ranked 9th and 10th, with fellow Middle Eastern countries Iran and Turkey ranked 13th and 14th.

"For its relatively small size, the country has played a large role in global affairs," the magazine said in its description of Israel, which — following US President Donald Trump's December recognition — listed Jerusalem as its capital.

Israel also made the top ten in the list of "movers" — up and coming economies — where it was ranked 10th. The UAE, India and

Singapore were the three highest-ranked nations in that category, respectively.

The Jewish state was ranked lower in the rest of the categories: 25th in entrepreneurship, 29th in heritage, 33rd in citizenship, 35th in quality of life, 40th in cultural influence, 64th in openness for business and 70th in adventure.

Rafael, Lockheed Martin team on missile guidance system

The two companies will collaborate on Rafael's SPICE air-to-surface weapon systems with part of production to be carried out in the US.

Israel's Rafael Advanced Defense Systems Ltd. and US giant Lockheed Martin (NYSE: LMT) have signed a Memorandum of Understanding (MOU) at the Farnborough Air Show in the UK, to evaluate potential markets and customer requirements for Rafael's Smart, Precise Impact and Cost-Effective (SPICE) missile guidance kits.

Rafael EVP, head of Air & C4ISR Division Yuval Miller said, "SPICE is a leading air-to-surface weapon system offering US and international air forces operating Lockheed Martin's platforms, as well as strategic bomber aircraft, an important complement to their existing operational capabilities. SPICE's unique features greatly enhance the US ability to operate in contested environments. We are excited to engage in cooperation with Lockheed Martin to make SPICE available as a US-made system, adapted to fully meet US standards."

SPICE is a family of stand-off, autonomous, air-to-surface weapon systems, capable of destroying targets with pinpoint accuracy and at high attack volumes in a GPS-denied environment. Combat-proven and in service with the Israeli Air Force and several international customers, SPICE employs a

state-of-the-art electro-optical seeker with unique scene-matching algorithms, navigation guidance and homing techniques to achieve operational missions in adverse weather without GPS. The MOU covers the SPICE 1000 (453 kilogram / 1,000 pound weight class) and SPICE 2000 (907 kilogram / 2,000 pound weight class) precision guided missile kit variants.

"Lockheed Martin has a long history of successfully providing customers with missiles and missile systems that are affordable, proven and in production," said Dan Norton, vice president of Strategy and Business Development at Lockheed Martin Missiles and Fire Control. "This partnership will allow us to share our precision guided system and aircraft integration expertise with allies that can benefit from the mission flexibility that the SPICE 1000 and SPICE 2000 offer."

Rafael hopes that the collaboration with Lockheed Martin will allow it to expand sales and marketing operations for SPICE to new overseas markets with an emphasis on the US. Rafael and Lockheed Martin have been cooperating for many years on weapons systems including the Spike anti-tank guided missile and the Popeye air-to-surface missile. As part of this latest deal, Rafael has agreed that part of production will be carried out in the US.

IAI and Czech co Aero unveil combat aircraft

The F/A-259 Striker is a multirole aircraft for close air support, counter-insurgency operations and border patrolling with interception capabilities.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) and the Czech Republic's Aero Vodochody have introduced a cost-effective, combat proven fighter attack aircraft at the Farnborough airshow in the UK. The F/A-259 Striker is a multirole aircraft for

close air support, counter-insurgency operations and border patrolling with interception capabilities.

The F/A-259 Striker combines the robustness and effectiveness of its successful predecessor, the L-159 Alca, with the latest advances in avionics and aircraft systems technology. Powered by a Honeywell F124 engine and using benefits of a wet wing, F/A-259 Striker is strong on performance, maneuverability, and range.

IAI Lahav Division general manager Benjamin Cohen said, "Our cooperation with Aero Vodochody offers the USAF impressive proven performance of the F/A-259, with new innovative IAI systems, to provide customers with aircraft that meet their OA-X requirements"

Aero president and CEO Giuseppe Giordo said, "Nowadays, national air forces are looking for a solution how to fulfill a great variety of missions in an affordable way, while keeping high survivability of the aircraft and its crew. Aero and IAI are introducing a multirole fighter F/A-259 Striker with a wide range of combat capabilities that meet those needs of Air Forces all around the world by bringing great performance with low acquisition, operation and maintenance cost." Giuseppe Giordo added: "There are not so many aircraft on the market providing such capabilities, because it is a new requirement."

The F/A-259 is able to operate from unpaved runways and has seven hard points for any combination of fuel, weapons, or mission equipment, allowing smart weapons integration and standoff weapon capabilities. As an optional upgrade, the F/A-259 can be equipped by EASA radar and helmet mounted display. Another optional upgrade is air-to-air refueling, increasing the aircraft's range and endurance.

Advance 4th generation avionics for the F/A-259 Striker has an open architecture

concept, allowing future updates based on customer's requirements and use of real time data link, supporting a high situational awareness capability. The advanced digital cockpit is equipped by two large multifunctional displays, electronic flight instrument system, and other features.

Orbit wins NIS 109m US Air Force deal

Orbit's share price has risen 49% since the FIMI fund acquired control of the company.

The share price of Orbit Technologies Ltd. (TASE:ORBI) jumped 7% yesterday on a lively turnover after the company reported that it had signed a NIS 109 million framework agreement to provide upgrading, service, and maintenance for airborne communications management systems on US Air Force KC-135 planes. Under the agreement, Orbit will provide services for internal communications systems and upgrade the operating units on the fleet of KC-135s for five years.

Orbit develops, manufactures, and markets communications solutions combining advanced technologies for sea, land, air, and space applications. Its products are suitable for both the commercial and defense markets. Last November, the FIMI fund, led by Ishay Davidi, became the controlling shareholders in Orbit after acquiring 33.3% of its capital for NIS 36 million. The deal was at NIS 6.70 per share. Orbit's share price has since climbed to NIS, a 49% rise, pushing the company's market cap up to NIS 160 million. Following the deal, the stake of former controlling shareholder Zeev Stein declined from 45% to 26.3% and he left his position as Orbit chairperson (although he will continue to provide the company with consultation services for three

Biggest deal since FIMI's entry

Orbit finished the first quarter of the year with \$10 million in revenue, 39% more than in the

corresponding quarter last year.

The company's operating loss fell 65% to \$507,000 and its \$718,000 net loss was 61% smaller than its loss in the first quarter of 2017.

Orbit's orders backlog amounted to \$58.6 million as of the end of March, compared with \$47.6 million at the end of the first quarter of 2017 and \$56 million at the end of 2017.

The current deal is Orbit's largest since FIMI acquired control of the company. Orbit reported last week that it had received a NIS 3.9 million follow-on order from the Ministry of Defense for the supply of advanced communications systems in 2019, after reporting last month a NIS 3.9 million order from a large fleet in Asia for the supply of new satellite communications systems by the end of 2018.

Orbit CEO Eitan Livne said, "The order shows the great trust by the US Air Force in Orbit's service apparatus. These are critical task systems in the Air Force's operational air fleet."

PayU buys Israeli payments technology co ZOOZ for \$80m

ZOOZ will become part of PayU, which is the payments division of Napster.

PayU, the payments division of Naspers, announced the acquisition of Israeli payments technology platform ZOOZ. Financial details about the acquisition were not disclosed but market sources believe it was for about \$80-90 million.

ZOOZ CEO Oren Levy and CTO Ronen Morecki founded the company in 2010. ZOOZ has raised \$40 million to date from investors including Target Global Ventures, Fang Fund, iAngels, Kreos Capital, Blumberg Capital, lool ventures, Rhodium, Claltech (Access Industries' Israeli tech vehicle), XSeed Capital, CampOne Ventures and angel Eilon Tirosh.

PayU said that it will work together with ZOOZ

to create the leading, global standard payments infrastructure of the future.

As part of this vision they will build a comprehensive, modular, and highly flexible 'Payment OS platform' that can support evolving merchant and broader payment industry needs.

The platform's immediately expected features include fraud management and real time reporting or smart routing, to better aid global merchant growth.

As part of the deal, due to close summer 2018, Levy and Morecki will become part of PayU's Global Leadership team, focusing on tech and business development.

ZOOZ's 70-strong team of experienced technical and payments experts will also become part of the PayU team, boosting the business' technical capabilities.

PayU CEO Laurent le Moal said, "PayU is one of the most active investors in the fintech space and we are always looking for opportunities to innovate and support our merchant clients to grow.

This announcement is a great illustration of this philosophy in action and we are pleased to be welcoming the ZOOZ team further into the PayU fold. By working together to create the first 'Payment OS' platform we will advance PayU's mission to help build a world without financial borders".

Levy added, "After a year-long, productive partnership, our shared vision to create a new global standard in payments infrastructure is becoming a reality with PayU's acquisition of ZOOZ.

The unique contribution we bring to PayU is an advanced technological layer which not only helps merchants worldwide to upscale their operations and provide a better customer experience, but also offers analytics and optimization capabilities that equip them with unprecedented insights."

RedHill Biopharma files for \$116m Nasdaq offering

RedHill Biopharma Ltd. (Nasdaq: RDHL); TASE: RDHL), which develops and markets drugs for the digestive tract, has published a shelf prospectus for raising \$116 million. The prospectus is being published as the market awaits the results of the company's leading trial of its drug for Crohn's Disease, slated for publication in the coming weeks - market rumors say in the next few days. RedHill previously stated that it would not raise capital before publishing the prospectus, but it is very likely that the company will raise money immediately after publishing the trial results, especially if the results boost its share price. RedHill's quarterly results are scheduled for publication tomorrow.

RedHill's share price is down in trading, with its market cap reaching NIS 730 million on the TASE (\$203 million).

Even after publication of the trial results, if the trials prove successful, the company will probably need another trial for confirmation before it can market its product in the US.

RedHill's revenue from the three digestion products it acquired in the past year, designed to provide a marketing platform for its Crohn's Disease product and another product for treatment of H. pylori bacteria, totaled \$2.4 million in the first quarter of 2018.

The company's operating loss was \$10 million and its cash burn rate was \$9.5 million.

RedHill had \$35 million in cash as of the end of the first quarter.

Israeli high-tech startups have raised a record \$3.2 billion the first half of 2018

Israeli high-tech startups raised \$1.61 billion in 170 deals in the second quarter of 2018, according to a report published today by IVC - ZAG-S&W. This sum included \$300 million

raised by Landa Digital Printing - 19% of the total raised in the second quarter of 2018.

Israeli high-tech companies raised a record \$3.2 billion the first half of 2018, which was higher than the annual total capital raised in 2010-2013. Excluding the Landa financing round, the overall amount raised in the first half of the year is still the highest since the beginning of the decade.

IVC found that in the second quarter of 2018, 94 venture capital-backed deals accounted for 55% of the total deals with \$841 million raised, while non-venture capital-backed capital raising reached \$765 million. Due to the Landa financing round, the capital share of the non-venture capital backed rounds soared to 48% of capital raised, higher compared with the historical quarterly benchmark.

Following a remarkable first quarter for series A rounds financing rounds, \$200 million was raised in 39 deals in the second quarter of 2018. Medium range rounds (B and C) attracted \$857 million in 47 deals, 53% of the capital raised. The C financing round increase was the result of the large round by Landa (\$300 million). Excluding this deal, the amount raised in C round decreased dramatically to \$117 million. The notable increase in capital raised by B rounds was attributable to several high-value deals as well as the increase in number of transactions. According to IVC, companies with revenues (initial revenue and revenue growth levels) accounted for \$1.3 billion (81%) of all the capital raised in this period.

Zysman, Aharoni, Gayer & Co. (ZAG-S & W) managing partner Adv. Shmulik Zysman said, "The trend of growth in investments in Israeli high-tech continues to stand out. After a particularly strong first quarter, the amount of capital raised in the second quarter of 2018 continues to rise. With the exception of the second quarter of 2016, this quarter represents

the most successful quarter in the last six years. We are also seeing an increase in capital raised from foreign investors. In our opinion, this growth is also due to an increase in investments from China, as well as from European investors who are interested, among other things, in automotive technology."

He added: "This quarter, along with a certain decline in the volume of investment in companies in the early maturity stages (Seed and R&D) compared to the previous quarter, we saw the continued increase in the amount of investment in late stage companies. Our optimism continues at the start of the second half of the year. Following the breaking of records in the first quarter, the amounts of capital raised in the second quarter of 2018 increased. We expect these trends to continue, both in terms of capital raising and foreign investors entering into the Israeli high-tech industry."

After a year of steep declines in early stage deals, IVC data indicates the trend is changing - 186 early stage deals (seed and A rounds) took place in the first half of 2018. The number of early stage deals peaked in 2016 at 384 transactions before dropping nearly 18% in 2017. If the capital raising activity will continue in the same levels, 2018 forecasted to end as a good year for early stage capital raising.

IVC Research Center research director Marianna Shapira said, "Since 2012, the number of investors involved in the Israeli high-tech market, has grown exponentially, reaching a peak in 2017. In the first half of 2018, the number has already reached 60% of this number."

She added, "IVC findings showed that 65% of the investors in the first half of 2018 were venture capital funds and corporate investors. The number of investment companies has also increased over the past four years.

Lately, we have seen a wider variety of investors actively taking part in the Israeli high-tech industry, enlarging their portfolios with innovative Israeli companies. Israeli startups have never enjoyed such a vibrant and diverse investor community as it is right now."

Capital raising by sector and industry verticals

In the second quarter of 2018, life science deals amounted to \$267 million in 39 deals. The capital raised by life science companies decreased slightly compared to the previous and corresponding last year's quarter. Software companies led capital raising in the second quarter of 2018 with \$584 million in 65 transactions, 36% of the total capital raised in the second quarter.

Looking at the industry verticals, artificial intelligence (AI) companies headed the leading verticals in the second quarter of 2018, raising \$426 million in 45 deals. Cybersecurity capital raising remained high with 30 deals accounting for \$394 million. In the second quarter of 2018, the number of cyber security deals in B round peaked, and attracted most of the capital, soaring to 62% of all capital raised by cyber companies. As a result, the cyber vertical contributed to the notable rise of B round amounts. Both IoT (\$214 million) and fintech (\$150 million) capital raising slowed down this quarter, following a hefty first quarter in 2018.

The Top 10 Most Innovative Companies in Israel

1. Nice Systems

For making apps smarter and more sympathetic. Inside an app, nobody can hear you scream—except the Israeli firm Nice Systems, whose customer-service solutions are used by 25,000 companies. Last year, it rolled out Mobile Reach, software that works in the background of banking, retail, and other apps, and jumps in to help a user the minute she's frustrated. "Enterprises no longer simply pay lip

service to customer service," says Nice's director of solutions marketing, Tamar Sharir. Its research finds that smartphone users fail to complete about 60% of transactions, and only 64% of them then call the company for help.

2. Water-Gen

For creating water where soldiers need it most. Troops can't always transport water, but now they can transport a water maker. The Tel Aviv, Israel-based company Water-Gen has developed three machines: one that turns air moisture into drinking water, one that purifies the dribbles of air-conditioning units, and one that purifies any water source (such as a small stream), even if it's been poisoned by an enemy. Last year, it made sales to seven countries' militaries, including Israel, the United States, and an unnamed Arab state. The company's revenue grew 50% last year, and it expects 300% growth in 2014.

3. BillGuard

For helping consumers fight fraud in an increasingly hack-prone financial system. BillGuard estimates that U.S. credit card users are billed \$14.3 billion annually in "gray" (unapproved) charges. Its free app alerts consumers to those hidden amounts—think "free" magazine orders rolling over to paid subscriptions. With a simple tap, users can notify the financial institution to remove the unwanted charge. BillGuard is clearly doing something right: Over the past two years, the app has helped consumers identify \$60 million in gray charges.

4. Mobileye Vision Technologies

For enabling self-driving cars to see better (and cheaper). While it may be less impressive than Google's self-driving vehicles, Mobileye's technology has helped pave the road to our robot-car future. Its EyeQ system, which uses components that cost only a few hundred dollars per product, has advanced image-sensing of lanes, traffic signs, vehicles, and pedestrians, and has been installed by 19 car manufacturers—including major companies like

Volvo, GM, BMW, and Audi. Mobileye was on track to sell 1.5 million of its single-camera devices by the end of last year, and its own semiautonomous car is poised to hit roads commercially as early as 2016.

5. Silentium

For silencing the noise of our lives. Silentium (meaning “silence” in Latin) has produced a chip and controller system that can be applied to a number of products to easily reduce noise pollution. Installed in systems for IT, HVAC for the residential and automobile markets, and medical equipment, Silentium’s solutions cut 90% of a device’s unwanted hums, whirrs, and clangs. With its new technology, Silentium aims to diminish stress and hearing impairment, and improve communication, work productivity, and health.

6. Moovit

For crowdsourcing public-transit data to speed up commutes. By combining public-transportation data with users’ own accounts of their commute, Moovit provides its customers with the fastest, most comfortable routes. The free app offers rerouting options, information about which vehicles have available seats, and real-time snapshots of your trip. The company, which launched in 2012, already has 3 million users across more than 100 cities around the world, and raised \$28 million in funding in December.

7. Wix

For letting small businesses drag-and-drop their way to a better website. More than 40 million people have used the website-building tools provided by the Tel Aviv, Israel-based startup Wix. The company provides free basic services to build HTML 5-based websites and charges for premium features, such as removing ads or adding e-commerce features. Wix mostly targets small businesses on lean budgets, allowing them to easily customize the site’s design and publish online instantaneously. Last fall, Wix went public and raised

\$127 million—the largest initial public offering in Israel in more than six years.

8. Outbrain

For connecting curious readers to the next best content. Outbrain provides companies with technology that helps their audiences discover more-relevant and personalized content, and increases page views. With hefty clients like CNN and The Guardian, Outbrain has managed to stave off the growing number of competitors in the content recommendation space: Last year, revenue was on track to hit \$130 million, and the company raised \$35 million more.

9. Zerto

For safeguarding the data of companies around the world. As Earth’s climate—and cyberterrorism—grows more unpredictable, companies are searching for surefire methods to protect their data from disasters and outages. One way to do this is to replicate data at a secondary site, but in the event of a disaster, companies often find that the hardware doesn’t mesh. Zerto, which services clients like Dutch banking giant ING, provides a technology called Virtual Replication, which allows companies to copy all their data to any site, regardless of the server type. Last year was Zerto’s biggest yet: It recorded an astounding 200% revenue growth and quadrupled its customer base to more than 400.

10. SecureLogic

For taking a step forward in untangling airport inefficiencies. SecureLogic’s software, iScreen, reduces peak waiting times at airports and other key installations through security-protocol engineering that requires fewer personnel and screening machines. (Its killer app is the ability to direct employees toward individuals and baggage that represent higher risk than others.) SecureLogic recently completed a successful pilot project at New York’s notoriously headache-inducing LaGuardia Airport.

Wix raises 2018 guidance

The company's market cap has risen 83% to \$4.9 billion this year.

Internet company Wix.com Ltd. (Nasdaq: WIX) followed its strong first quarter by again outstripping the market's expectations in the second quarter and raising its guidance for the year as a whole. The company now projects annual revenue of \$597-599 million, compared with its previous guidance of \$594-597 million. The new projection is 40% higher than 2017 and shows that the company expects the second half of 2018 to be even better than the first half, in which its revenue was 44.8% more than in the corresponding period last year.

Wix projects \$656-660 million in collections this year (the figure includes deferred revenue), 36% more than in 2017, and \$101-103 million in free cash flow, 43-46% more than last year. The company projects \$152-153 million in revenue in the third quarter, the same as forecast by the market.

Wix, managed by cofounder and CEO Avishai Abrahami, provides a platform for establishing and managing websites. The company's market cap is \$4.9 billion, following an 83% rise in its share price this year. The company had 3.7 million premium subscribers at the end of the second quarter after adding 205,000 more during the quarter, making a total of 131 million subscribers.

Wix's revenue totaled \$146 million in the second quarter, 41.2% more than in the corresponding quarter last year. According to GAAP accounting standards, the company's net loss was \$5.6 million, down from a \$14.3 million loss in the second quarter of 2017 and a \$19.8 million loss in the first quarter this year.

On a non-GAAP basis excluding capital remuneration for employees, write-downs of intangible assets, and expenses relating to

acquisitions, Wix reported a \$13.8 million net profit, \$0.29 per share, substantially higher than the analysts' expectations, compared with a \$185,000 net loss in the corresponding quarter last year and a \$2.1 million loss in the preceding quarter.

Revenue totaled \$284 million in the first half of 2018, with an \$11.7 million non-GAAP net profit.

Wix generated \$27.3 million from current activity in the second quarter with a \$23.9 million free cash flow. The company recently completed a \$443 million issue of convertible bonds at 0% interest, mostly in the second quarter. Wix had \$637 million in cash and investments as of the end of the second quarter.

"We had a good quarter with continued momentum in our business," Wix CFO Lior Shemesh said today. "There were no special surprises. We outperformed the guidance we gave and had a record quarter in the amount of cash we generated. The new products, such as Wix Code, are contributing, although their contribution is still small, because this is only the beginning. We hope that the large market being opened to us will contribute to our continued growth in the coming years."

"Globes": You gave guidance, outperformed it, and you are raising your guidance for the year again. Maybe your guidance is too conservative.

Shemesh: "No. When I build a model for guidance, I don't take a chance. I look at what exists now or the rate of conversion from free to paying customers. What is happening and should happen is that new products are improving these aspects, but I don't give guidance on the basis of something I don't know for sure."

Have new acquisitions opportunities appeared

since the bond issue?

"The issue was very successful, but there's no change in our strategy. We're still examining companies with interesting technologies, but not strategic investments. Our focus is more on our products. The money raised gives us the ability to be flexible if we need it."



Please enroll me as a subscriber to the Israel High-Tech & Investment Report.

I understand that if not satisfied, I may cancel my subscription at any time and receive a refund of the unexpired portion. I enclose a check for \$95 (or the Israeli shekel equivalent and 18% v.a.t.) and am sending it to POB 33633, Tel-Aviv 61336.

I am providing you with my name, title, mailing address, e-mail and telephone.