

# ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES  
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## China Enters Israel

Until this past year the Israeli-Chinese connection was nonexistent. The first major move by China was not in the high tech field but a major investment in one of Israel's major dairy companies. This was followed by a Chinese venture capital company that assumed a position into the local economy.

This activity has had a reciprocal effect as it has opened the doors for Israeli businessmen and entrepreneurs who formerly have had no relationship with the Chinese.

Carmel Ventures said it raised \$194 million for its Carmel Ventures IV fund with participation from new strategic investors in Asia that include Chinese Internet search engine Baidu.

China's role in Israel has been growing fast as it offers a large market and source of funding at a time of growing calls, especially in Europe, for a boycott of Israel over its failure to make peace with the Palestinians.

We believe that this trend will continue and we will hear of increased rate of activity.

In the party at interest deal, ADAMA Agricultural Solutions will gain a major foothold in the Chinese market.

Agrochemicals company Adama Agricultural Solutions Ltd. (formerly Makhteshim Agan Industries) is acquiring Chinese businesses for

\$300 million and assuming a further \$323 million in debt. In a party at interest deal, China National Agrochemical Corporation (CNAC), a strategic business unit of China National Chemical Corporation (ChemChina) and Adama's parent company, will sell the companies, which 2013 sales of a \$850m.

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### Adama files for \$300m New York offering

Once finalized, the acquisition is expected to raise ADAMA's revenue to close to \$4 billion annually and give the company a major foothold in the Chinese market. Adama expects to close the transaction during the first half of 2015.

Adama Chairman Yang Xingqiang said, "We believe there is remarkable potential emanating from the combination between Adama and the Chinese businesses it is acquiring. These businesses are key players in the Chinese agrochemical industry, and we believe they will provide Adama with a significant foundation for a leading commercial and operational platform in China."

Adama President and CEO Chen Lichtenstein said, "This is the most significant milestone in the evolution of Adama's six-decade history, and in our partnership with ChemChina. The signing of the agreement with CNAC is a first step towards the creation of the only truly integrated China-Global player in the crop protection industry. "

Through the acquisition, Adama will acquire 100% of each of Jiangsu Anpon, Jiangsu Maidao, Jiangsu Huaihe (collectively called the Huai'an Hub) and Jingzhou Sanonda Holdings (Sanonda Holdings), for a cash consideration of approximately \$323m, together with assumed net debt of approximately \$300m. The Huai'an Hub is based in the vicinity of Huai'an City in Jiangsu Province, the heart of the agrochemical industry in China. Sanonda Holdings owns a 20% stake in Hubei Sanonda Ltd. (Sanonda) a company publicly traded on the Shenzhen Stock Exchange, and its acquisition by Adama will increase Adama's existing stake in Sanonda from 11% to 31%, with Adama thereby becoming the single largest shareholder in the company. Israeli Wall Street IPOs surpass \$3.5b in 2014

2014 is shaping up to be a record year for the raising of capital says Hapoalim high tech head Yossi Vinitzki.

The successful IPO of CyberArk Software Ltd. (Nasdaq:CYBR) on the eve of Rosh Hashana and the subsequent impressive rally in the share price follows a series of IPOs by Israeli high-tech companies, which exploited this year's window of opportunity in London and New York's primary market. So far in 2014, Israeli companies have raised \$3.5 billion on the US capital market. 2014 is shaping up to be a record year for the raising of capital.

A deeper examination shows that that the offerings are shared by veteran and mature companies with substantial sales, like Varonis Systems Inc. (Nasdaq: VRNS), Mobileye (NYSE: MBL), Borderfree Inc. (Nasdaq: BRDR) and CyberArk, and biotech companies such as BioBlast Pharma Ltd. (Nasdaq:ORPN) and MacroCure Ltd. (Nasdaq:MCUR), which mainly raised

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capital in order to finance their drug development and testing programs. In either case, the capital raised will enable these companies to try and realize their potential and serve as a safety cushion to overcome obstacles and dry periods that will come in the primary market.

The high-tech companies' private placement front from funds, investment companies, and angel investors also boomed, comparable to the records posted in 2000.

The rate of founding of new start-ups has been stable. The number of visiting foreign delegations, which slowed during Operation Protective Edge, quickly picked up to its normal level, demonstrating the high interest in Israeli innovation. The innovation and sale of high-tech companies is based on a uniquely supportive environment of academe, military units, the Office of the Chief Scientist, foreign corporations' development centers, services providers, and more. This unique environment, the ecosystem in which high-tech companies grow and operate, exists in only a few places in the world.

As a venture capitalist, I have seen the reduction in services providers over the years, including accounting and law firms, which focus on high tech. These firms learned the unique needs of their high-tech clients and developed suitable programs that were specially priced to the payment capabilities of these clients at the different stages of their business. The foundation of this policy was a differentiated and focused service provided by an "expert service provider", who spoke the language of high-tech, "while foregoing small immediate profits in favor of the chance of large future profits."

It seems that the banking system, which always served high-tech companies, has lagged behind and has not made the necessary adjustments. In the past year, the banks have changed direction to reach the companies' level. In the past

few years, Bank Hapoalim (TASE: POLI) has been applying a strategy to deepen activity in high tech through its fintech initiative to foster financial technology companies and partnerships with the Microsoft Corporation (Nasdaq: MSFT) accelerator.

Bank Hapoalim is now expanding its services for high-tech customers with special tools customized to their needs. These changes will improve these companies' work, enabling to focus more on their development and marketing challenges.

Rosh Hashana 5775, the Jewish New Year in September 2014, shows promise with pending IPOs, acquisitions, and investments in the fourth quarter of the year. These will boost the companies' capital, and facilitate fundraising by investment institutions, which are showing better returns than last year, enabling them to continue expanding the industry over the coming year

### **Pulse Secure acquires MobileSpaces for \$100m.**

MobileSpaces BYOD solution makes it possible to separate personal and organizational information.

Israeli cyber security company MobileSpaces has been acquired by California-based company Pulse Secure for an estimated \$100 million. According to IVC data, MobileSpaces, which was founded as CellSec in 2011, has raised \$12 million in two financing rounds. The big beneficiary is Accel Partners, which invested in the company in both rounds, and the Marker LLC fund is another. MobileSpaces currently has 20 employees in Petah Tikva and Silver Spring in the US, who are expected to join Pulse Secure.

MobileSpaces is developing a solution to help organizations deal with employees who bring a laptop computer, smartphone or tablet from



home, a category referred to as BYOD (bring your own device). The solution enables organizations to guard sensitive information kept on the employees mobile devices. The growing use of smartphones and tablets is liable to cause significant leaks of information from the mobile devices, with the organization having no chance to close the breach.

MobileSpaces' solution, which can be run on any mobile device, makes it possible to separate personal and organizational information. In this situation, an employee who wants access to the organization's information will have to work through a defensive wall protected by a password. The company was founded by CEO David Goldschlag, formerly VP of Mobile at global security company McAfee, and CTO Yoav Weiss, one of the first employees at Israeli security giant Check Point Software Technologies Ltd. (Nasdaq: CHKP). The company's solution can be run on devices based on either Google's Android operating system or Apple's iOS operating system.

The acquisition of MobileSpaces is Pulse Secure's first significant acquisition in the mobile devices market. MobileSpaces' technology will be combined with the Pulse Secure's existing products, and will help the latter create a uniform user experience on both PCs and mobile devices.

Pulse Secure CEO Andrew Monshaw said, "Security is the No. 1 issue for IT organizations, but it's also the No. 1 reason many BYOD programs fail if not done right. So, if we're going to live in a world where employees want to use their own personal devices for work, it's extremely important to get the necessary security policies enacted in a simple, easy-to-use and robust way for both the end user and IT admin."

Monshaw added, "Many times, enterprises

focus on the device exclusively, as opposed to also considering data in motion, like secure access to data. Additionally, they fail to consider the compliance aspects, as in who is accessing what with which device." He continued, "Lastly, we've seen many enterprises try to protect apps with container solutions that alter the user experience and require the use of SDKs or app wrapping to secure business applications. We're creating a secure environment on devices that ensures a native user experience for both work and life. For the enterprise, this is an important part of creating a work environment that is conducive to talent retention."

"MobileSpaces pioneered a unique virtualization technology that allows enterprises to create a seamless and secure BYOD strategy for the end user, meaning enterprises can connect the native business apps they need seamlessly to campus, data center and cloud applications and services," Monshaw explained.

Goldschlag said, "Enterprise mobility is key to business today but faces new challenges of connectivity, scale and application support. With the acquisition of MobileSpaces, Pulse Secure is helping enterprises rethink mobility to deliver unmatched power to their business in a way that is simple and secure for IT while also being natural for users."

### **Publicis acquires 20% stake in Matomy for \$65.6m**

The French media giant has an option to buy 4.9% more of the Israeli digital ad company.

French media giant Publicis Groupe is buying a 20% stake in Israeli digital media ad company Matomy Media Group (LSE:MTMY) for \$65.6 million at £2.27 per share. Matomy has given Publicis an option to buy a further 4.9% stake at the same price. If the option is taken up then Publicis would have bought 24.9% of Matomy

for \$81.7 million.

### Matomy raises \$70m in London IPO

Tel Aviv-based Matomy, founded in 2006 by ad executive and Chairman Ilan Shiloah, completed its IPO on the London Stock Exchange in July when it raised \$70.1 million at a share price of £2.27, the same amount that Publicis paid in yesterday's deal. Matomy's IPO was no simple matter. It had initially been planned for April at a company value of \$500 million and included an offer to sale shares by its owners. But "due to market conditions," the IPO was postponed by three months and its company value was cut to \$347 million.

Matomy provides a digital network that mediates between advertisers and those with ad space to sell.

### Israel tech firms raise \$930 mln in Q2 from venture capital

Israeli private high-tech firms raised \$930 million in venture capital in the second quarter, the highest quarterly amount since 2000, the Israel Venture Capital (IVC) Research Center said on Tuesday.

This is up 38 percent from the amount raised in the first quarter and 109 percent above the year-ago quarter, IVC, in cooperation with the Israeli office of consultancy KPMG, said in a report.

The quarterly figure included a \$135 million investment in Landa Digital Printing by German specialty chemicals group Altana.

In the first half of 2014, 335 Israeli high-tech companies raised \$1.6 billion, an increase of 81 percent from a year earlier, making it the strongest capital raising period on record for Israel's high-tech industry.

"Mature, revenue growth companies are con-

tinuing to raise significant capital," said Ofer Sela, a partner at KPMG's technology group. "While in the past, venture capital funds saw the M&A (mergers and acquisitions) route as providing the best opportunity for revenue growth company exits, potential Nasdaq IPOs (initial public offerings) are now a major driver of VC investment."

Israeli high-tech companies are key drivers of the economy, helping to spur growth of 3.3 percent in 2013. High-tech firms raised \$2.3 billion in 2013, the highest amount in a decade.

Israeli VC fund investments amounted to \$153 million in the second quarter, up 40 percent from a year earlier, IVC said.

"In the first six months of 2014, we counted 15 deals above \$20 million, nearly equal to the number of such deals for the entire 2013," said Koby Simana, chief executive of the IVC Research Center.

In the second quarter, the life sciences sector attracted the largest share of funds at 27 percent.

### Israeli start-up building robotic weapon to protect search and rescue helicopters

Airborne robotic weapon system designed by Israeli startup Duke Airborne Systems provides automated suppression fire for helicopters at their most vulnerable

An Israeli startup is developing a robotic weapons system designed to protect a helicopter when it is at its most vulnerable – flying over hostile terrain on a search and rescue mission, such as retrieving wounded from the battlefield.

Currently, most rescue helicopters are equipped with a manual gun operated by a soldier, which provides inadequate suppression fire when attempting to search, land and quickly take-off

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in the midst of battle, says Sagiv Aharon, CEO of Duke Airborne Systems.

His company's solution is to provide autonomous suppression fire over a panoramic targeting zone for search and rescue helicopters.

"There are helicopters like the Apache and other attack helicopters that their aim is an attack but I'm talking about protecting the aircraft," Aharon says. "You need to know where the target is and fire back as quickly as possible. And that is this unique solution that we give for search and rescue helicopters."

The Duke Airborne solution is a state-of-the-art robotic system with maximized stability and accuracy, as well as an array of sensors to accurately pinpoint potential threats.

The system is also designed to operate on other platforms, including airborne drones and ground and marine vehicles.

### **Voiceitt, the Israeli startup that speaks for those who cannot**

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### **Lingua.ly, the startup that helps you learn languages**

Through a personalized dictionary and reading choices for your level, this Israeli startup can help you learn, including by phone.

An anti-bull running protest in Pamplona, May 7, 2014.

Not all protests conveniently translate their signs into other languages. This one is a demonstration against bull-running in Spain. Photo by AP

Story of Yo: The app about nothing and everything

Startup of the week / Eco Wave: Power the city with ocean waves

Voiceitt, the Israeli startup that speaks for those who cannot

Israeli start-up building robotic weapon to protect search and rescue helicopters

Want to master Mandarin? Or declare your love in French? Lingua.ly may be the startup for you, with its cross-platform program for language learning.

Provided you have certain basics – knowing about 100 words and rudiments of sentence structure is enough, the company says – all

you do to start is download the app, mark the language you want to learn and start to read online.

The company's free app enables you to mark words you don't understand while surfing. It then translates them and builds a personalized dictionary for you. You can practice them with a flash-card memory game based on your dictionary – and the app will even assess your skill level and find other Web pages with the same words, for you to see more applications of the words you're learning.

Confounded as to pronunciation? You can click on words and hear them said aloud.

Lingua.ly exists as a website and smartphone app, so it can accompany you along your digital day.

Founder Orly Fuhrman had studied how people learn language in university. Frontal lessons may have been the norm for centuries, but the world has changed, she says. Now, in the digital world, the study of language can be personalized through the creation of a personal "smart dictionary" through Ligua.ly.

This is a mechanism to expand vocabulary, not teach grammar, but one can learn syntax and the like on the go, just like children learning to speak do. "We keep track of what you need to learn at any given moment (say, the verb 'to like') and expose you to as many natural examples of it, until you understand!" the company explains on its website.

Lingua.ly supports more than 18 dictionary languages and can suggest reading material in six: English, French, Russian, Spanish, Hebrew and Arabic, says Fuhrman. Right now all features are free, but in the future it plans to introduce premium features as well.

Fuhrman, who holds a doctorate in cognitive psychology from Stanford University, founded the company with Germany-born Jan Ihmels, who holds a Masters in theoretical physics from Cambridge and a doctorate cum laude in computational biology from the Weizmann Institute.

Their company won the Challenge Cup competition in Washington this May, in the category of education (international companies). It has nine employees and has raised \$800,000 so far from private investors.

### **Imperus of Canada acquires Israeli gaming firm Diwip for up to \$100m.**

Diwip, a Tel-Aviv based social gaming company, has been acquired by a Toronto-area company, Imperus Technologies, in a share purchase agreement, it was announced last week. The purchase price for the Israeli firm could go as high as \$100 million, but the transaction is subject to a number of conditions.

Diwip's products include Best Casino, which the Venture Beat website noted is among the higher-grossing games on mobile devices and on Facebook. Diwip also operates the Slots Club gaming brand.

"Imperus likely found Diwip particularly appealing due to its recent growth," Venture Beat surmised. "The developer went from revenues of \$7.8 million in 2011 to \$28.3 million in 2013. Diwip also claims to have 24 million registered customers across its numerous games."

In a statement, Imperus said it would be paying \$50 million for Diwip (\$10 million of which will be in the form of Imperus stock). An additional sum of up to \$50 million over two years will be paid in cash and stock if certain financial milestones are met. Imperus said it would be retaining Diwip's senior management and at least 50 of its employees.



Diwip was founded in 2010 by Ehud Kantzucker and Yaniv Gamzo. Kantzucker serves as the firm's chief product officer while Gamzo is its chief technical officer. They share the position of CEO and each owns a 50% stake in the company. For the year ending December 31, 2013, Diwip had net profits of \$12.9 million.

Imperus recently changed its name from ISIS Labs, apparently after the rise to public prominence of the militant group the Islamic State of Iraq and Syria, which is commonly referred to by same initials. Imperus specializes in the convergence of social networking, mobile gaming and real money gaming, and is the developer of Casina, a social gaming software platform.

Publicis acquires 20% stake in Matomy for \$65.6m

Ilan Shiloah The French media giant has an option to buy 4.9% more of the Israeli digital ad company.

French media giant Publicis Groupe is buying a 20% stake in Israeli digital media ad company Matomy Media Group (LSE:MTMY) for \$65.6 million at £2.27 per share. Matomy has given Publicis an option to buy a further 4.9% stake at the same price. If the option is taken up then Publicis would have bought 24.9% of Matomy for \$81.7 million.

Tel Aviv-based Matomy, founded in 2006 by ad executive and Chairman Ilan Shiloah, completed its IPO on the London Stock Exchange in July when it raised \$70.1 million at a share price of £2.27, the same amount that Publicis paid in yesterday's deal. Matomy's IPO was no simple matter. It had initially been planned for April at a company value of \$500 million and included an offer to sale shares by its owners. But "due to market conditions," the IPO was postponed by three months and its company value was cut to \$347 million.

Matomy provides a digital network that mediates between advertisers and those with ad space to sell.

Shiloah said, "Our vision is to build the best performance-based media company in the world, and with Publicis Groupe becoming our largest shareholder, we will be able to create a more mature and sustainable ecosystem, providing marketers with an unprecedented ability to accurately engage, acquire and retain customers."

As part of the sale, Shiloah will reduce his stake in the company from 24.38% to 15.44%. But Shiloah added that Matomy is in no need of cash and that only existing shares have been sold with no new shares being issued.

Publicis has 45 days to take up its option to buy 4.9% more.

Publicis CEO Maurice Levy said, "Tel Aviv is second only to the Silicon Valley in technological innovation and patents. Matomy is fueled by the innovators and technology experts of Israel and has quickly risen to the top of this important market by creating a world-leading, state-of-the-art platform."

### **BIRD - Israel - U.S. Binational Industrial R&D Foundation to invest \$9 million in 11 new projects**

The approved projects involve innovations in the areas of 3D Printing, Agro-technology, Information Security, Homeland Security and others

July 7, 2014 – During its meeting on June 26, 2014, held in Washington D.C., the Board of Governors of the Israel-U.S. Binational Industrial Research and Development (BIRD) Foundation, approved \$8.9 million in funding for eleven



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new projects between Israeli and American companies. In addition to the grants from BIRD, the projects will access private sector funding, boosting the total value of all projects to approximately \$25 million.

The BIRD Foundation promotes collaboration between Israeli and American companies in various technological fields for the purpose of joint product development. In addition to providing conditional grants of up to \$1 million for approved projects, the Foundation assists by working with companies to identify potential strategic partners and facilitate introductions.

Projects submitted to the BIRD Foundation are thoroughly reviewed by evaluators appointed by the National Institute of Standard and Technology (NIST) and by evaluators appointed by the Chief Scientist's Office of the Israeli Ministry of Economy.

The eleven projects approved by the Board of Governors are in addition to the 889 projects which the BIRD Foundation has approved for funding during its 37 year history. To date, BIRD's total investment in these projects has been over \$308 million, helping to generate direct and indirect sales of more than \$10 billion.

The approved projects are as follows:

- ColorChip (Yokne'am, Israel) and Gigoptix (San Jose, CA) will develop next generation pluggable transceivers
- DVP Technologies (Tel Aviv, Israel) and DVTEL (Ridgefield Park, NJ) will develop video surveillance for sea and waterside applications
- Evogene (Rehovot, Israel) and Marrone Bio Innovations (Davis, CA) will develop novel agricultural insect control products from microbial sources
- Galileo Satellite Navigation Ltd. (Rishon Le Zion, Israel) and Cadence Design Systems,

Inc. (San Jose, CA) will develop software GNSS implementation

- Genome Compiler (Jerusalem, Israel) and Amyris (Emeryville, CA) will develop "Biofab" – synthetic biology software platform-as-a-service
- iReveal Design Automation (Nazareth, Israel) and Alphabyte Technologies (Santa Clara, CA) will develop scalable end-to-end verification
- Lightapp (Herzliya, Israel) and Pratt Industries (Conyers, GA) will develop resource optimization for paper manufacturing facilities
- Mekorot (Tel Aviv, Israel) and ANP Technologies (Newark, DE) will develop an automated test system for detection of pesticides in waters
- Stratasys (Rehovot, Israel) and Graphene Technologies (Novato, CA) will develop Graphene enhanced 3D printing materials
- TeleMessage (Petach Tikva, Israel) and Sprint (Overland Park KS) will develop secure RCS messaging
- ZDF Medical (Tiberias, Israel) and Molex/Polymicro Technologies (Downers Grove, IL) will develop technology for high energy delivery devices for medical applications

Dr. Eitan Yudilevich, Executive Director of the BIRD Foundation, said: "This is an impressive list of projects when you consider their technological innovation, diversity of applications, and partnerships: among them are a project that can advance 3D printing, an application to identify infections in water, which includes an American start up and an established Israeli utility, and a system to manage and optimize resources for paper manufacturing facilities."

Dr. Phillip Singerman, Associate Director for Innovation and Industry Services at the U.S. National Institute of Standards and Technology (NIST), and co-Chairman of BIRD's Board of Governors said: "Once again we had a very robust set of proposals from which we chose the

11 winning projects. The proposing US companies are from 14 States and range in size from 3 employees to 40,000. As we have seen over the past several years, increasingly small US companies are participating in the BIRD program, learning from their Israeli counterparts in a true partnership. This year 75% of the proposing US companies are under 500 employees.”

Mr. Avi Hasson, Chief Scientist at the Israel Ministry of Economy and co-Chairman of BIRD’s Board of Governors said: “The United States is a leading R&D partner of Israel in the various programs of the Office of the Chief Scientist. The BIRD Foundation continues to be the central vehicle in implementing strategic cooperation between the countries in the areas of Innovation and Technology. The success of the BIRD Foundation provides a solid base for further expansion of cooperation with the United States, through Federal R&D programs and programs with various States, where the Chief Scientist has finalized agreements during the last two years.”

The deadline for submission of Executive Summaries for the next BIRD cycle is on September 16, 2014. Approval of projects will take place in December 2014.

### **Elbit Systems wins contracts worth \$85m in Asia**

The contracts, mainly for an F-5 fighter upgrade, are with an unnamed Asian country.

Elbit Systems (ESLT) announced today that it has been awarded contracts from an Asian country in a total amount of approximately \$85 million. Most of the amount is for an F-5 aircraft avionics upgrade program and the balance is for the supply of electro-optic and communications systems. The contracts will be performed over a three-year period.

Elbit Systems wins US Army Apache helmet deal

Elbit Systems president and CEO Bezalel (Butzi) Machlis said, “Asia-Pacific is a very important market for Elbit Systems, and we are pleased to be awarded further programs in the region, which programs benefit from the synergies across the various parts of our organization. We are proud to have been selected to perform this aircraft upgrade program, building on our vast know-how and experience in F-5 avionics modernization projects. We have witnessed a growing demand for upgrades of this nature, and we trust that further customers will follow, benefiting from a mature aircraft upgraded with market leading technologies”.

The F-5 is an agile, highly maneuverable fighter that has been serving customers for more than four decades, among them the US, Switzerland, Norway and Brazil. Elbit Systems has performed various F-5 upgrades in the past and has supplied mission computers, advanced glass cockpits featuring 3-color displays and operational capabilities, as well as the DASH IV Helmet, Weapon Delivery and Navigation Systems, Electronic Warfare suites, radars, flight simulators, spares and ground support equipment.

Sony buys stakes in Israeli telenovela channels  
Tie-up also includes Indonesian channel for toddlers operated by Dori Media.

Sony Pictures Television

A screenshot from variety.com of the Sony Pictures Television logo.

2013, the year Israel took Hollywood by storm  
By Aimee Amiga | Dec. 29, 2013 | 4:21 PM  
Israeli directors get ready for Hollywood close-up

Sony Pictures Television agreed to buy a 50% interest in two Israeli telenovela cable television channels called Viva and Via Plus as well as a related digital business from Dori Media Group, the companies said on Tuesday.

Financial details were not disclosed in what is Sony's first foray into the Israeli market. Sony Pictures Television, a unit of Sony Entertainment, also bought 50% stakes in Dori's Baby TV operations in Indonesia and in Dori Media Ot, which provides technical services such as dubbing, subtitling and closed caption.

The two companies will operate all the holdings through a new joint venture called Dori TLV.

"This acquisition builds on our strategy to capitalize on channels opportunities around the world, which includes entering new markets," said Andy Kaplan, president of Sony Pictures Television's worldwide networks.

The acquisition is the second major one for Sony Pictures Television this year after it agreed in June to acquire the UK's CSC Media Group. Dori, which is owned by Tamar Mozes Borovitz and CEO Nadav Palti, operates in Switzerland and Argentina as well. With a library of some 5,500 hours of TV programming, including video clips and webisodes, it sells in 100 countries to other media outlets.

Viva and Viva Plus and their fare of Spanish-language soap operas are highly popular in Israel. The digital version that Sony is buying a stake in, called Viva Walla, is operated as a joint venture with the Walla.co.il website.

Baby TV, Indonesia's first-ever channel targeting toddlers ages three and younger, airs commercial free on the region's leading pay-television platform Indovision. Baby TV would complement Sony Pictures Television's presence in Indonesia, where it offers five chan-

nels.

### **Solar Panels Don't Grow On Trees ... Most of the Time**

An Israeli renewable energy startup has developed a "tree" bedecked with solar panels that's designed to blend into parks and other public spaces. Apart from offering shade, Sologic's eTree has a water fountain, a WiFi hotspot, a docking station to charge devices, and lights up with LEDs at night, according to the company. The metallic tree with its faux foliage was designed by artist Yoav Ben-Dov. "I wanted to integrate the idea of solar energy to the community by creating the eTree," Sologic chairman Michael Lasry told NBC News. "The tree is made of metal pipes and the leaves are solar panels." The six-year-old Israeli company got its start providing solar energy systems to homes and businesses. The first eTree is due to be unveiled Thursday at a park near the town of Zichron Ya'akov, in northern Israel, according to Ynetnews.com.

### **Dori Media Group**

Sony Pictures Television has acquired a 50% stake in a number of television channels owned and operated by Israel's Dori Media Group, including Viva and Viva Plus Cable.

As part of the deal a new company called Dori TLV will be established. Through it, Dori and Sony will jointly own equal shares in the two Viva channels in Israel, the Viva Walla online free video on demand service, the Baby TV channel in Indonesia, and Dori Media Ot, which provides dubbing and subtitling services.

While the exact amount paid by Sony for the acquisition was not revealed, Globes estimates its value at tens of millions of Shekels.

Dori Media Group is an international group of

The decline in investments by Israeli venture capital funds continued in the first quarter, amounting to \$106 million, the lowest quarterly share - 16% - on record, and down 25% from the preceding quarter and 33% from the corresponding quarter.

"This is the third quarter in a row that capital raising exceeded \$650 million. These are great figures that show a sustained, positive momentum for the Israeli high-tech industry," said IVC Research Center Koby Simana. "At the same time, high-tech's success is clouded by the weakness of local venture capital funds, with investments continuing to shrink from quarter to quarter." He added, "While foreign VC participation in Israel is a positive development for the high-tech industry, it is important to understand that at the core of the process lies a clear food chain. Without funds raised by local VCs, there won't be sufficient capital for early stage investments. Without early stage financing, there won't be late stage investments. Therefore, it is critical to understand that prolonged absence of Israeli VC funds threatens high-tech industry growth in the longer run."

Internet start-ups raised the most capital in the first quarter, \$260 million, or 39% of the total - the highest amount and share by the sector since 2000. Software companies were in second place, despite the steady drop in their share of total capital raised to 21% in the first quarter from 23% in the preceding quarter and 31% in the corresponding quarter.

Late-stage companies raised \$227 million in the first quarter, 34% of the total raised, mid-stage companies raised \$221 million, and seed-stage companies accounted for 6%.

media companies, located in Israel, Switzerland, Argentina and the US. Owned by Tamar Mozes Borovitz and President and CEO Nadav Palti, the group produces and distributes TV and New Media content, broadcasts various TV channels and operates video-content internet sites. It owns approximately 5,500 TV hours; more than 7,000 3 minute video clips; 120 9-minute webisodes and around 550 1-5 minute cellular episodes of telenovelas and daily dramas, which it sells to a wide variety of audiences in more than 100 countries.

Dori Media owns and operates two Viva branded telenovela channels, carried by all Israeli multi-channel platforms as well as a very successful Viva video internet site.

Andy Kaplan, President of Sony Pictures Television's worldwide networks, said: "This acquisition builds on our strategy to capitalize on channels opportunities around the world, which includes entering new markets. We've had a great experience working with the DMG team and are happy to be expanding our relationship."

Nadav Palti, president and CEO of DMG, said, "SPT Networks' decision to expand our working relationship in Indonesia, and in Israel for the first time, reflects the strength of our position in two excellent markets."

The deal marks Sony's first venture into the Israeli media market. The two companies have been working in partnership for the last 18 months.

### **IAI inaugurates F-35 wings production line F-35**

Israel Aerospace Industries will deliver the first pair of wings for the stealth in 2015.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) Lahav Division today inaugurated its wing production line for the Lockheed Martin F-35 stealth fighter at its headquarters near Ben



Gurion Airport.

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F-35

Israel to buy 2nd F-35 squadron

The advanced technology production line IAI is scheduled to produce more than four pairs of wings per month and 800 pairs of wings for the F-35 over the next decade, for shipment to Lockheed's Fort Worth final assembly plant in Texas. The first wings are scheduled for delivery by mid-2015. IAI estimates the deal has a potential value of \$2.5 billion over 10-15 years.

The inauguration was attended by Defence Minister Moshe Ya'alon, US Ambassador to Israel Daniel Shapiro, and F-35 program executive officer Lt Gen Christopher Bogdan.

IAI Chairman Rafi Maor said, "Our partnership with Lockheed Martin in producing sub-assemblies for the most advanced fighter aircraft in the world is strategic for IAI, and constitutes an acknowledgement and expression of faith by Lockheed Martin and the US government in IAI's capabilities as a global industry leader.

IAI has invested tens of millions of dollars in the production line. In the past, the company has manufactured wings for the Lockheed F-16 and the US Air Force's Northrop T-38 trainers, among others.

Israel recently agreed to purchase a second IAI inaugurates F-35 wings production line F-35

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Israel recently agreed to purchase a second batch of 25 F-35s, following a meeting between Ya'alon and US Defense Secretary Chuck Hagel in Washington. Israel had already agreed

## Israel High-Tech & Investment Report

to procure 19 F-35s for \$2.75 billion, and the Israeli Air Force is making preparations to receive the fighters in 2017 and 2018.

### NICE Systems soars on strong Q3 results

Revenue in the third quarter rose to \$250 million, up 8.6% from the corresponding quarter.

NICE Systems Ltd. (Nasdaq: NICE; TASE: NICE) saw its share price rise 4.4% in afternoon trading on the Tel Aviv Stock Exchange (TASE) after reporting strong third quarter results.

### NICE Systems reports lower profit on higher revenue

Revenue for the third quarter 2014 was \$250 million, up 8.6% from \$230.1 million in the corresponding quarter of 2013. Third quarter 2014 non-GAAP net profit and non-GAAP net margin increased to \$42.5 million and 17%, respectively, from \$38.2 million and 16.6% in the corresponding quarter of 2013. Third quarter 2014 non-GAAP earnings per share rose 12.9% to \$0.70, up from \$0.62 in the corresponding quarter of 2013.

NICE CEO Barak Eilam said, "We are very pleased with our strong performance for the third quarter. These results reflect the initial impact of the plan we began to execute in the second quarter of this year. This plan included a focus on improving execution, streamlining the business and increasing profitability. We have made good progress so far - organic growth accelerated and profitability improved. Additionally, analytic applications, which are at the core of our strategy, continue to perform well."

He continued, "We are in the right markets at the right time as demand around the key drivers of our business, including customer experience, compliance and regulation and security, continues to be strong from organizations worldwide. With continued robust demand for our products and a solid pipeline, we believe we are well positioned for a strong finish to the year."

The company declared a cash dividend for the third quarter of 2014 of \$0.16 per share. The record date will be November 17 and the payment date will be December 2. Tax will be withheld at a rate of 15%.

Fourth quarter 2014 non-GAAP total revenue is expected to be in a range of \$285 million to \$300 million. Fourth quarter 2014 non-GAAP earnings per share are expected to be in a range of \$0.89 to \$1.01. Full year 2014 non-GAAP total revenues are expected to be in a range of \$1.003 billion to \$1,018 million. Full year 2014 non-GAAP earnings per share are expected to be in a range of \$2.73 to \$2.85.



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