

Immediate Update

2 July, 2018



Update regarding the sale of the controlling shareholders' shares to US based Desilu Studios Inc.; target price unchanged at NIS 1.43

Primary Exchange: TASE

Ticker: TLV: VNTZ

Sector: Technology

Industry: Software/Internet

Data as at 2 July, 2018

(Source: TASE)

Closing price: NIS 0.86

Market cap: NIS 34.9M

of shares: 40.7M

Stock performance (12 mos.): -25%

Daily-trading-vol. (12 mos.): NIS 409k

Stock target price: NIS 1.43

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Company Overview

Vonetize PLC offers video on demand (VOD) and over-the-top (OTT) content services, and technology platforms as fully-managed services for set-top boxes, smartphones, smart TVs and other Internet-connected devices. The company offers multiscreen end-to-end video content solutions including premium content from Hollywood studios; cloud-based digital video delivery of live and VOD content; content management systems; billing; CRM; and marketing/business intelligence (BI) analysis systems. Headquartered in Israel, the company is also active in Latin America, Africa, the US and Europe. Vonetize has been listed on the Tel Aviv Stock Exchange ([TASE:VNTZ](https://www.tase.co.il/stock-exchange/stocks/VNTZ)) since July 2016. It was established and incorporated in Cyprus as Pixelate T.V. Ltd. in April 2011, and rebranded in February 2016.

Highlights & Analysis

In our report for Q1-2018 that was published at the end of June 2018, we reported delays in the completion of phase A of the sale of the controlling shareholders' shares to Desilu Studios Inc., a Hollywood studio that will acquire control of Vonetize at a very high premium relative to the share price of the company prior to the acquisition being announced.

- For further information see analysis in our [Annual Report of 5 May 2018](#).

Vonetize released an immediate report on 1 July, 2018 detailing the following:

An update regarding the sale of the controlling shareholders' shares to the American film studio Desilu

On June 30, 2018, shares in the private company T.V. SmartPay Ltd. (Hereinafter: "SmartPay") controlled by the controlling shareholders were designated for the sale of the Company's shares in the first stage of the Transaction, and SmartPay will transfer to the Purchaser 212,766 shares of the Company at a rate of 514.65 Agorot per share (NIS 1 million).

- The controlling shareholders also informed the Company that they will forward an additional update when they receive additional funds, and additional shares will be transferred to the Purchaser, according to the various stages of the share purchase transaction.

We maintain our valuation of the company at NIS 58.0 million (\$16.1 million), corresponding to a target price ranging from NIS 1.35 to NIS 1.52; a mean of NIS 1.43 on average.

- We emphasize that the valuation of the company as per the acquisition of the controlling shareholders' shares is a synergetic valuation in the eyes of the acquirer.
- In our view, the market value is not expected to match the synergetic value in the foreseeable future, and to the best of our knowledge is not expected to influence the trading price of shares that remain floated nor yield revenues to the company.

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