EDISON

BioLight Life Sciences

Rights offering

BioLight to raise up to NIS12m in rights offering

Pharma & biotech

BioLight Life Sciences is engaging in a shareholder rights offering of up to NIS12m (if fully subscribed) to strengthen its balance sheet. While BioLight had NIS20.2m net cash at Q117, most was held at subsidiaries, and only NIS4.7m was directly available to the parent firm; hence the imminent funding need. The four largest shareholders (representing 55%) will participate to some degree in the rights offering. If fully subscribed, we estimate the rights offering can provide funding into at least Q417. Our model, which does not yet include the rights offering or the potential IOPtima sale to a Chinese investor, derives an rNPV valuation of NIS92.9-103.4m.

Year end	Revenue (NISm)	PBT* (NISm)	EPS* (NIS)	DPS (NIS)	P/E (x)	Yield (%)
12/15	1.4	(25.1)	(6.96)	0.0	N/A	N/A
12/16	2.1	(26.3)	(5.55)	0.0	N/A	N/A
12/17e	4.8	(27.1)	(9.01)	0.0	N/A	N/A
12/18e	11.1	(33.9)	(12.09)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Continuing to work towards completing IOPtima sale

In April 2017, BioLight's IOPtima subsidiary (of which BioLight holds a 70% ownership stake) signed a non-binding term sheet, calling for it to be sold to Chengdu Kanghong Pharma. Chengdu had a 60-day exclusivity clause restricting IOPtima from entering potential sale discussions with other prospective buyers. While this window should expire imminently (mid-June 2017), BioLight management remains involved with ongoing discussions to finalise a sale transaction with Chengdu, and suggests the expiry of the exclusivity period should not diminish the likelihood of the completion or finalisation of the Chengdu deal.

IOPtima Q117 revenue below our forecasts

BioLight reported Q117 revenue of NIS0.384m, an EBITDA loss of NIS6.3m, and an adjusted net loss per share of NIS1.69, versus our respective estimates of NIS0.85m, and losses of NIS5.3m (EBITDA) and NIS2.06 per share (net). We estimate that IOPtima Q117 revenue was c NIS0.25-0.30m, compared to our NIS0.85m forecast. While IOPtima revenue declined year-on-year, the number of IOPtiMate treatment procedures increased 86% vs Q116. We estimate that product sales timing differences could help account for this difference, and that in the longer term IOPtima sales growth rates should correlate more positively with procedure volume growth. Hence, we view the yearly IOPtima revenue decline in Q117 as temporary.

Valuation: Risk-adjusted rNPV of NIS92.9-103.4m

Following minor market and forex changes, we obtain an rNPV of NIS92.9m-103.4m (vs NIS98.5-106.9m, previously). Our base case model continues to forecast that BioLight will need to raise NIS30m in both 2017 and 2018 to maintain its operations and development strategy. For modelling purposes, we assign these financings to long-term debt. We have not adjusted our model for the potential IOPtima sale or for the rights offering (as the subscription rate is unknown).

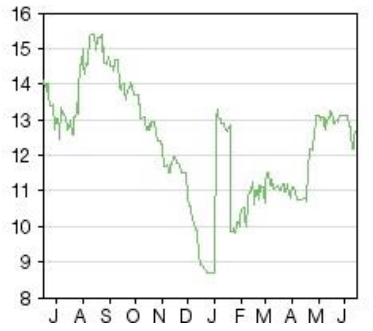
19 June 2017

Price*	**NIS12.69**
Market cap	**NIS33m**
	NIS3.52/US$

*Priced as at 14 June 2017

Net cash (NISm) at 31 March 2017	20.2
Shares in issue	2.6m
Free float	45%
Code	BOLT
Primary exchange	TASE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.3	17.8	(5.6)
Rel (local)	1.1	16.6	(10.4)
52-week high/low	NIS14.9		NIS8.4

Business description

Based in Israel, BioLight Life Sciences is an emerging ophthalmic company focused on the development and commercialisation of products and product candidates that address ocular conditions. Lead products IOPtiMate and VS-101 are directed towards the treatment of glaucoma

Next events

Decision on IOPtiMate regulatory strategy	2017
Eye-D VS-101 Phase I/IIa data	H217

Analysts

Pooya Hemami	+1 646 653 7026
Maxim Jacobs	+1 646 653 7027

healthcare@edisongroup.com

Edison profile page

BioLight plans a rights offering

In early June 2017, BioLight announced that it is engaging in a shareholder rights offering of up to NIS12m (if fully subscribed) in order to raise funds and strengthen its balance sheet. The firm faces an imminent need to raise additional funds, as although it finished Q117 with NIS20.2m in net cash (NIS19.8m cash and equivalents and NIS0.4m in short-term deposits), most of this (NIS12.5m) is held at the IOPtima subsidiary. With NIS3.1m held at its other subsidiaries (including Micromedic), the parent company (BioLight) has c NIS4.7m in net cash available at Q117. As BioLight does not intend to invoke a fund transfer from its subsidiaries, we estimate these funds are likely only sufficient to maintain operations into mid-2017. If fully subscribed, we estimate the rights offering could provide funding into at least Q417.

We believe the rights plan could be potentially less dilutive to existing shareholders than a conventional equity offering, as it provides existing holders with the ability to maintain their proportionate stake in the company at similar terms to other participants in the offering (and any discounts embedded in the rights strike price are proportionately shared among existing shareholders). Each BioLight shareholder as of 11 June 2017 (ex-rights date) received rights enabling them, for every 10 BioLight shares held, to be able to acquire four new shares at a price of NIS11.20 per share (or NIS44.80 in total, for four new shares). The exercise price is at an 11.7% discount to the 14 June 2017 closing price on TASE at NIS12.69 per share.

The rights are tradeable on TASE for one day only (as per TASE regulation), on 21 June 2017, and the expiration date for rights exercise is 26 June 2017. The primary potential disadvantage with any rights offering is that there is no certainty as to whether the deal will be fully subscribed or exercised. If participation is well under 100%, the company may need to engage in another round of financing (such as a public offering, another rights offering, debt financing, or other) to raise the desired amount of funds. To date, the four largest BioLight shareholders (which collectively own about 55% of outstanding shares) have indicated that they will participate in the offering to some degree, but they have not disclosed to what extent (ie what proportion of their holdings and rights will be exercised).

Parties aim to conclude IOPtima sale as exclusivity period ends

On 19 April 2017, BioLight's IOPtima subsidiary (of which BioLight holds a 70% ownership stake) signed a non-binding term sheet, which calls for it to be sold to a Chinese company, Chengdu Kanghong Pharma. As detailed in our 2 May 2017 research note, the proposed transaction is arranged in several tranches, whereby existing IOPtima shareholders (eg BioLight) could begin receiving cash proceeds from the sale approximately six months from the formal signing of the transaction.

As a reminder, on signing of a formal transaction, initially Chengdu would invest $7m in IOPtima for a 19% stake in the company. Six months after this initial investment, Chengdu would acquire additional shares in IOPtima from the existing shareholders for $17.2m (about NIS62m), thereby raising its stake to 60% (this would value IOPtima at about $42m at that point). This amount will be allocated to IOPtima shareholders on a pro rata basis and according to the preferences assigned to different classes of IOPtima shares. While BioLight owns 70% of IOPtima equity, the different IOPtima share classes and their assigned preferences have not been disclosed, and hence the potential allocation to BioLight (of this $17.2m payment) has not yet been disclosed.

In two further stages, scheduled for 2019 and 2021, respectively, Chengdu would acquire the remaining shares in IOPtima (acquiring 20% in each stage) using a pricing formula dependent on

IOPtima's profitability (and that is calculated separately for each stage), and that can reflect an IOPtima valuation of between $40.5m to $56.25m.

When the term sheet was first signed, Chengdu had a 60-day exclusivity clause restricting IOPtima from entering potential sale discussions with other prospective buyers. This window should expire imminently (mid-June 2017), after which IOPtima could potentially entertain other offers. BioLight management indicates that as of the writing of this note, it is involved with ongoing discussions and is continuing to work with Chengdu to finalise a sale transaction, and that the expiry of the 60-day exclusivity period should not diminish the likelihood of the completion or finalisation of the Chengdu deal.

Q117 revenue below Edison forecasts on lower IOPtima revenue

BioLight reported Q117 financial results in May 2017, with Q117 revenue of NIS0.384m, an EBITDA loss of NIS6.3m, and an adjusted net loss per share of NIS1.69. The adjusted net loss calculation excludes NIS0.24m in other/non-specified expenses and a NIS0.17m expense item relating to the company's share of losses of an affiliate accounted for as equity. Including these amounts, the reported IFRS net loss to equity holders was NIS1.66 per share. Both these net loss figures (IFRS reported and adjusted) also remove NIS3.21m of loss reflecting the non-controlling interest, including those attributed to the Micromedic subsidiary (BioLight owns 34% of Micromedic). The total reported Q117 net loss, including the Micromedic non-controlling interest, was NIS7.55m (NIS2.89 per share).

While BioLight consolidates the financial results of the Micromedic subsidiary in its financials, our forecasts do not include projections or considerations for Micromedic. Overall, we had Q117 forecasts of NIS0.85m in revenue, a NIS5.3m EBITDA loss, and a net loss of NIS2.06 per share.

While BioLight reported Q117 revenue of NIS0.384m, this included NIS0.075m from the Micromedic unit. We estimate that the large majority of the remaining NIS0.31m revenue reflected IOPtima-related sales (including capital equipment sales and per-procedure recurring revenue). We believe that a small proportion of Q117 revenue (proportion undisclosed by the company) was recognised from the analysis services agreement entered by DiagnosTear (one of BioLight's subsidiaries, with an 82% ownership interest) with an undisclosed pharmaceutical company in February 2017. Under their agreement, the undisclosed partner will use DiagnosTear's TeaRx multi-parameter diagnostic assays as part of a clinical trial for dry eye syndrome (DES). BioLight indicates this entire contract agreement should provide revenue in the hundreds of thousands of Israeli shekels range, and a positive gross margin, over the term of the services agreement (which we estimate to be likely to be within 12 months); a small proportion of this total contract was recognised in Q117.

IOPtima revenue decreased year-on-year

We estimate that IOPtima Q117 revenue was approximately NIS0.25-0.3m, which is well below our Q117 estimate of NIS0.85m. As a point of comparison, Q116 BioLight revenue (of which IOPtima revenue reflected the large majority) was NIS0.759m. Despite lower IOPtima revenue compared to the prior year, BioLight indicates that the number of treatment procedures performed by IOPtiMate devices (sold and marketed by IOPtima) increased 86% year-on-year in Q117 to about 429. We estimate product sales timing differences account for part of this difference, as well as differing product sales models by territory or channel (some sales arrangements attribute a higher component to capital equipment sales and others to per-procedure fees, etc). Nonetheless, over a longer time horizon (rather than quarterly), we believe IOPtima revenue growth rates should correlate more positively with growth rates in procedure volumes. Hence, we view the Q117 yearly revenue decline for IOPtima as a temporary phenomenon, and are not lowering our longer-term IOPtima sales forecasts at this time.

Eye-D VS-101 data expected in H217

BioLight announced in April 2017 that the last patient in the ongoing Phase I/IIa study of Eye-D VS-101 (an in-office insertable product that provides the controlled release of latanoprost for treating glaucoma) has completed his treatment, and it expects to provide results in H217. If Eye-D VS-101 results are positive, the company then plans to complete a larger scale Phase IIb trial and then a pivotal Phase III under the 505(b)(2) regulatory pathway. Under 505(b)(2), the applicant may rely on much of the existing data already established on latanoprost, and hence the pivotal study would likely be shorter and less costly than what would be required for a new drug application (NDA) or premarket approval (PMA). Our model continues to assumes a 505(b)(2) pathway, with BioLight spending c $8m on VS-101 R&D across 2017 and 2018, before partnering the product prior to starting a Phase III study (funded by the partner) in late 2018.

Financials

Given the Q117 operating cash burn rate of NIS7.15m and available net cash to BioLight of NIS4.7m, we estimate that the NIS12m rights offering, if fully subscribed, would provide BioLight with funding into at least Q417. This runway could potentially be sufficient to allow for the closing or finalisation of the IOPtima sale to Chengdu. The currently proposed terms of this transaction (term sheet) values IOPtima in its current form at above $30m (given that the first step of the proposed transaction involves a $7m investment into IOPtima for a 19% stake in the company). Hence, if the deal is finalised, there may be a positive upward response to BioLight's share price, given that its entire market capitalisation and enterprise value at present are lower than the implied valuation of BioLight's IOPtima stake (70%) under the terms applied to the current term sheet offer. Hence, while in our view, the rights offering does not appear to extend BioLight's runway into 2018, we believe that the company anticipates an uplift in its share price in the near future (upon a conclusion of the IOPtima sale, if it is successful), at which another financing round may be envisioned.

As stated earlier, BioLight finished Q117 with NIS20.2m in net cash (NIS19.8m cash and equivalents and NIS0.4m in short-term deposits), but given that NIS12.5m is held at IOPtima and NIS3.1m held at its other subsidiaries (including Micromedic), the parent company (BioLight) has c NIS4.7m in net cash available at Q117. We continue to model that BioLight will raise a total of NIS30.0m in both 2017 and 2018 to sustain its operations and R&D projects. We also assume a NIS25.0m raise in 2019. For modelling purposes, we assign these financings to long-term debt.

Given the uncertainty as to whether the Chengdu transaction will proceed, we have not adjusted our model or valuation for this potential transaction (our model continues to assume that IOPtima will operate as a separate, BioLight-controlled entity). Further, we have not adjusted for the rights offering as it is unclear whether the rights would be fully subscribed. We continue to assume that IOPtiMate ex-US sales will account for the majority of near-term BioLight revenue, and that R&D and other operating costs will exceed sales growth in the near term. We have not materially changed our G&A and R&D estimates for the remainder of 2017 and for 2018.

Valuation

As we do not include completion of the Chengdu transaction in our forecasts, our BioLight valuation continues to include the prospects for IOPtiMate, Eye-D VS-101 and TeaRx. We apply a risk-adjusted net present value (rNPV) model with a 12.5% cost of capital. For each of these projects, we provide a weighted rNPV based on BioLight's ownership in the associated subsidiary company. For IOPtiMate, we continue to apply a lower probability of success for our US forecasts than our ex-US market forecasts, as the product has yet to receive US regulatory clearance, while it is already

cleared for sale in Europe and China. Eye-D VS-101 remains the largest potential source of revenue for the company and our 20% probability of success estimate reflects its early clinical development stage. After adjusting our forecasts to reflect Q117 results and adjusting forex assumptions (and the public market value of held Micromedic shares), we now obtain an rNPV of NIS92.9-103.4m (down from NIS98.5-106.9m, previously).

Exhibit 1: BioLight upcoming catalysts

Event	Timing
Guidance from FDA on regulatory pathway for IOPtiMate	2017
VS-101 Phase I/IIa data	H217
TeaRx 510(k) clearance and US launch	H218

Source: BioLight Life Sciences reports

Exhibit 2: BioLight Life Sciences Ltd rNPV assumptions

Product contributions (net of R&D costs)	Indication	rNPV (NISm)	rNPV/share (NIS)	Probability of success	Launch year	Peak sales (US$m)
IOPtiMate for ex-US Markets (70% weighted)	Glaucoma	90.1	34.56	70.0%	2015	$21.4 in 2023
IOPtiMate in US Market (70% weighted)	Glaucoma	24.1	9.23	40.0%	2021	$22.6 in 2026
VS-101 (97% weighted)	Glaucoma	79.0	30.31	20.0%	2020	$69.8 in 2026
TeaRx (80% weighted)	DES diagnosis	25.3	9.72	50.0%	2017	$19.8 in 2025
Corporate costs & expenses						
SG&A expenses		(56.1)	(21.52)			
Net capex, NWC & taxes		(73.8)	(28.32)			
Value of Micromedic shares (MCTC, TASE)*		4.6	1.78			
Total rNPV		93.2	35.75			
Net cash (debt) (Q117)		20.2	7.76			
Total equity value**		113.4	43.51			
FD shares outstanding (000) (Q117)		2,607				

Source: Edison Investment Research. Note: *5.29m shares held with 14 June 2017 price of NIS0.879 per share; **Excludes the impacts from any dilution resulting from any future equity offerings.

Exhibit 3: Financial summary

NIS000s	2014	2015	2016	2017e	2018e	2019e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue	941	1,391	2,111	4,810	11,086	22,911
Cost of Sales	(538)	(734)	(996)	(2,257)	(4,989)	(10,310)
Sales, General & Administrative	(8,529)	(11,956)	(10,360)	(9,314)	(9,539)	(12,123)
Research & Development	(18,560)	(13,045)	(10,982)	(17,794)	(27,800)	(21,800)
EBITDA	(26,686)	(24,344)	(20,227)	(24,556)	(31,241)	(21,322)
Depreciation	(3,884)	(1,306)	(3,190)	(1,616)	(2,400)	(2,400)
Amortization	0	0	0	0	0	0
Operating Profit (before exceptionals)	(30,570)	(25,650)	(23,417)	(26,173)	(33,641)	(23,722)
Exceptionals	(5,886)	(2,475)	(7,357)	241	0	0
Other	0	0	0	0	0	0
Operating Profit	(36,456)	(28,125)	(30,774)	(25,932)	(33,641)	(23,722)
Net Interest	448	543	(2,836)	(946)	(253)	(879)
Profit Before Tax (norm)	(30,122)	(25,107)	(26,253)	(27,118)	(33,895)	(24,601)
Profit Before Tax (FRS 3)	(36,008)	(27,582)	(33,610)	(26,877)	(33,895)	(24,601)
Tax	0	0	0	0	0	0
Profit After Tax and minority interests (norm)	(17,216)	(16,784)	(14,467)	(23,481)	(31,524)	(24,038)
Profit After Tax and minority interests (FRS 3)	(23,102)	(19,259)	(21,824)	(23,240)	(31,524)	(24,038)
Average Number of Shares Outstanding (m)	1.9	2.4	2.6	2.6	2.6	2.6
EPS - normalised (NIS)	(8.91)	(6.96)	(5.55)	(9.01)	(12.09)	(9.22)
EPS - normalised and fully diluted (NIS)	(8.91)	(6.96)	(5.55)	(9.01)	(12.09)	(9.22)
EPS - (IFRS) (NIS)	(11.96)	(7.98)	(8.37)	(8.92)	(12.09)	(9.22)
Dividend per share (NIS)	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET						
Fixed Assets	8,002	9,832	5,282	7,953	13,792	17,792
Intangible Assets	7,106	6,869	3,910	3,910	3,910	3,910
Tangible Assets	896	2,963	1,372	4,043	9,882	13,882
Current Assets	32,432	53,439	30,031	32,239	20,311	18,111
Short-term investments	6,408	385	417	381	381	0
Cash	22,196	50,697	25,057	29,621	15,443	9,040
Other	3,828	2,357	4,557	2,237	4,487	9,071
Current Liabilities	(6,552)	(6,605)	(6,988)	(5,460)	(895)	(1,733)
Creditors	(6,552)	(6,605)	(6,988)	(5,460)	(895)	(1,733)
Short term borrowings	0	0	0	0	0	0
Long Term Liabilities	(8,144)	(9,605)	(11,915)	(41,617)	(71,617)	(96,617)
Long term borrowings	0	0	0	(30,000)	(60,000)	(85,000)
Other long term liabilities	(8,144)	(9,605)	(11,915)	(11,617)	(11,617)	(11,617)
Net Assets	25,738	47,061	16,410	(6,885)	(38,408)	(62,446)
CASH FLOW						
Operating Cash Flow	(27,435)	(24,580)	(24,106)	(22,195)	(35,686)	(24,125)
Net Interest	448	543	(2,836)	(946)	(253)	(879)
Tax	0	0	0	0	0	0
Capex	(402)	(182)	(370)	(4,386)	(8,239)	(6,400)
Acquisitions/disposals	0	(837)	(227)	0	0	0
Financing	38,374	47,320	2,554	0	0	0
Net Cash Flow	10,985	22,264	(24,985)	(27,527)	(44,179)	(31,403)
Opening net debt/(cash)	(17,901)	(28,604)	(51,082)	(25,474)	(2)	44,176
HP finance leases initiated	0	0	0	0	0	0
Other	(282)	214	(623)	2,055	0	0
Closing net debt/(cash)	(28,604)	(51,082)	(25,474)	(2)	44,176	75,579

Source: BioLight Life Sciences reports, Edison Investment Research. Note: The reported financial results consolidate Micromedic's financials, and forecast financial results (2017e and beyond) do not include Micromedic operations.

Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting. is authorised and regulated by the Financial Conduct Authority. Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

EDISON ISRAEL DISCLAIMER

Disclosure regarding the scheme to enhance the awareness of investors to public companies in the technology and biomed sectors that are listed on the Tel Aviv Stock Exchange and participate in the scheme (hereinafter respectively "the Scheme", "TASE", "Participant" and/or "Participants"). Edison Investment Research (Israel) Ltd, the Israeli subsidiary of Edison Investment Research Ltd (hereinafter respectively "Edison Israel" and "Edison"), has entered into an agreement with the TASE for the purpose of providing research analysis (hereinafter "the Agreement"), regarding the Participants and according to the Scheme (hereinafter "the Analysis" or "Analyses"). The Analysis will be distributed and published on the TASE website (Maya), Israel Security Authority (hereinafter "the ISA") website (Magna), and through various other distribution channels. The Analysis for each participant will be published at least four times a year, after publication of quarterly or annual financial reports, and shall be updated as necessary after publication of an immediate report with respect to the occurrence of a material event regarding a Participant. As set forth in the Agreement, Edison Israel is entitled to fees for providing its investment research services. The fees shall be paid by the Participants directly to the TASE, and TASE shall pay the fees directly to Edison. Subject to the terms and principals of the Agreement, the Annual fees that Edison Israel shall be entitled to for each Participant shall be in the range of $35,000-50,000. As set forth in the Agreement and subject to its terms, the Analyses shall include a description of the Participant and its business activities, which shall inter alia relate to matters such as: shareholders; management; products; relevant intellectual property; the business environment in which the Participant operates; the Participant's standing in such an environment including current and forecasted trends; a description of past and current financial positions of the Participant; and a forecast regarding future developments in and of such a position and any other matter which in the professional view of the Edison (as defined below) should be addressed in a research report (of the nature published) and which may affect the decision of a reasonable investor contemplating an investment in the Participant's securities. To the extent it is relevant, the Analysis shall include a schedule of scientific analysis of an expert in the field of life sciences. An "equity research abstract" shall accompany each Equity Research Report, describing the main points addressed. The full scope reports and reports where the investment case has materially changed will include a thorough analysis and discussion. Short update notes, where the investment case has not materially changed, will include a summary valuation discussion. The Agreement with TASE regarding the participation of Edison in the scheme for the research analysis of public companies does not and shall not constitute an approval or consent on the part of TASE or the ISA or any other exchange on which securities of the Company are listed, or any other securities' regulatory authority which regulates the issuance of securities by the Company to the content of the Report or to the recommendation contained therein. A summary of this report is also published in the Hebrew language. In the event of any contradiction, inconsistency, discrepancy, ambiguity or variance between the English Report and the Hebrew summary of said Report, the English version shall prevail; and a note to this effect shall appear in any Hebrew summary of a Report. Edison is regulated by the Financial Conduct Authority. According to Article 12.3.2, Chapter 12 of the Conduct of Business Sourcebook, Edison, which produces or disseminates non-independent research, must ensure that it: 1) is clearly identified as a marketing communication; and 2) contains a clear and prominent statement that (or, in the case of an oral recommendation, to the effect that) it: a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research; and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research. The financial promotion rules apply to non-independent research as though it were a marketing communication.

EDISON INVESTMENT RESEARCH DISCLAIMER

 This report has been prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
295 Madison Avenue, 18th Floor
10017, New York
US

Sydney +61 (0)2 8249 8342
Level 12, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia

Tel Aviv +44 (0)20 3734 1007
Medinat Hayehudim 60
Herzilya Pituach, 46766
Israel