

Foresight Autonomous Holdings

Associate Rail Vision looking at Nasdaq listing

Foresight's (FRSX) 24.8%-owned associate, Rail Vision (RV), has announced that it is considering a Nasdaq listing. RV is one of relatively few developers of advanced driver assistance systems (ADAS) for the rail industry and it has had a number of successful trials of its 1.5km range obstacle identification systems with major European railways. We therefore see strong potential for future sales of its ADAS, as well as attractive revenue streams from big data collected from its train-mounted equipment. In our recent note on Foresight, [Well placed for China's coming ADAS revolution](#), published on 31 October 2017, we valued RV at \$79.3m (see discussion below), equating to \$19.6m or NIS0.65 per FRXS share for Foresight's stake. With increased accounts and management transparency, we see potential for the market to derive a significantly higher DCF-based value for RV with positive impact for FRXS's valuation.

Year end	Revenue (\$m)	EBITDA* (\$m)	PBT* (\$m)	EPS* (\$)	DPS (\$)	EV/revenue (x)	P/E (x)
12/16	0.0	(3.3)	(3.4)	(0.08)	0.00	N/A	N/A
12/17e	0.0	(5.8)	(5.7)	(0.06)	0.00	N/A	N/A
12/18e	1.1	(11.5)	(11.5)	(0.11)	0.00	98.6	N/A
12/19e	14.6	(8.6)	(8.7)	(0.08)	0.00	7.9	N/A

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

FRSX's stake in RV was diluted in 2017 from 32% to 24.8% by not taking part in the last two RV capital increases. However, Foresight has warrants to increase its stake to 38.7% (fully diluted) by February 2019 for an outlay of \$11.3m. **Valuation note:** in our outlook note of 31 October 2017 we valued unlisted RV applying EV/revenue multiples of 4.2x to 2018 and 2019 revenue forecasts, discounted to an end-2017 value at a 15% rate. With no real direct listed competitors, we derived this multiple from the average of three companies representing different facets of the RV business: Tesla (TSLA), which is involved in cutting-edge driverless auto technology (trading on an EV/revenue of 3.5x), BII Railway (HKG:1522), engaged in transportation technology, active in global railway traffic management systems (EV/revenue 4.7x) and Nvidia (NVDA), engaged globally in interactive 3D graphics with numerous applications including autonomous driving (EV/revenue 4.4x).

Potential RV Nasdaq listing

Software & comp services

13 November 2017

Price per share*	NIS3.94
Price per ADR*	\$5.59
Market cap	NIS424m
Market cap ADR	\$120m

*Priced at 9 November 2017 NIS3.5152/US\$

Net cash (\$m) at 30 June 2017 18.3

Shares in issue 107.6m

Free float 66.6%

Code FRXS

Primary exchange TASE

Secondary exchange Nasdaq

Share price performance



Business description

Foresight Autonomous (FRSX) is a development-stage technology company in Israel developing ADAS systems based on technology developed by its parent company Magna BSP. FRXS also has a 24.8% stake in rail ADAS specialist Rail Vision.

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