
From: Richard Kahn <[REDACTED]>
Sent: Tuesday, August 26, 2014 2:02 PM
To: jeffrey E.
Subject: Fwd: DB initiates on MBLY with a Buy, \$45 tgt [C]
Attachments: Mail Attachment.jpeg; Untitled attachment 00163.htm; Disclaimer.txt; Untitled attachment 00166.htm

Richard Kahn
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[REDACTED]

Begin forwarded message:

From: Tazia Smith <[REDACTED]>
</=iv>
Subject: DB initiates on MBLY with a Buy, =45 tgt [C]

Date: =/b>August 26, 2014 at =:38:28 AM EDT

To: =/b>"Rich Kahn" <[REDACTED]>
Cc: =/b>"Vahé Stepanian" <[REDACTED]>

Classification: =onfidential

Rich - as you know, Jeffrey is long a small position =f MBLY from the IPO.

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Tazia Smith
Director
Key =lient Partners - US

Deutsche Bank Securities, Inc.
Deutsche =sset & Wealth Management
345 Park Avenue - 26th Floor
New =ork, NY 10154
[REDACTED]



From: EVS =quityFocus
Sent: 08/26/2014 10:02 AM GDT
Subject: DB: MBLY.N - Rod Lache

<<https://gm-secure.db.com/welcome.html>> Deutsche Bank - Equity Research - North America

Mobileye {Ticker: MBLY.N, =losing Price: 38.19 USD, Target Price: 45.00 USD, Recommendation: =uy}

Initiating Coverage with a =uy

We are initiating coverage =f Mobileye with a Buy rating and a \$45 target

Based on the effectiveness of =technologies such as Autonomous Emergency Braking, there is a huge regulatory push =or “Active Safety” in cars (i.e. collision avoidance as opposed to =ollision mitigation). We expect AEB to gain nearly 100% penetration in developed markets, and 80% global penetration by 2025, vs. ~6% global penetration in '14.

Vision based technologies =re likely to dominate this space

For much of the past decade, =ost Auto Parts Suppliers believed that radar would serve as the core sensor =technology for active safety. Mobileye believed that vision based sensor systems =ould be superior to radar in terms of accuracy, functionality, and cost. =obileye has proven their technology through a series of very high profile, =ndustry disruptive contracts. And today, most new contract awards incorporate =ision, or vision/radar “fusion”.

Mobileye has emerged as the =ndustry leader.

We've mapped the major =utonomous Emergency Braking contract awards. And impressively, Mobileye's technology =ppears to be at the core of 91% of the vision and vision/radar based contracts awarded over the past 3-years. By 2016, we expect Mobileye's systems =o be on 237 models produced by 20 Automakers.

And we believe that they are =likely to maintain their leadership position

Mobileye has a strong patent =ortfolio and the largest contingent of scientists and engineers focused on this specialty. And importantly, Mobileye appears to be expanding their lead by growing the functionality of their systems. This is expected to =nclude sophisticated software that will serve at the core of the world's =irst commercially available autonomously driving vehicles.

We see significant upside =or Mobileye's shares

We expect Mobileye's revenue =o double from 2014 (\$131 MM) to 2016 (\$343 MM), double again by 2018 (\$736 MM), nearly double again by 2020 (\$1.3 bn), and nearly double again by 2025 (\$2.5 bn). And we believe that the value embedded in MBLY's shares =hould become increasingly apparent as investors gain appreciation for the =ompany's profit/cash flow profile (gross margins of ~75%, EBIT of ~60%, net =ncome/free cash flow margin of ~50%). Our 12-month target of \$45 is based on a ~25x multiple applied to our 2020 est, discounted back to year-end 2015 at =0% per year. Downside risks include lower penetration of ADAS, and =otential for competing technologies.

Full Report - <http://full.db-gmresearch.com/p/350-ACDF/40364761/0=00b8c088a6d844.pdf>

Regards,
Rod Lache [REDACTED]

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