

Jefferies Israel Group Global Tech Digest

December 22, 2024

We are pleased to share this special JIG newsletter edition, which includes different outlook reports for the Tech market in 2025 in addition to the usual thematic insights from Jefferies research, significant tech industry updates, performance analysis of Israeli stocks, and upcoming events. We hope you find the content relevant and insightful – please feel free to contact any member of our team to discuss the contents of this newsletter in further detail.

We wish you and your family happy holidays!

NOTABLE JEFFERIES NEWS

[Jefferies acted as Sole Global Coordinator on the ~\\$173m Secondary Follow-On by Centerbridge & Gallatin Point in Phoenix Financial](#)

Jefferies acted as Sole Global Coordinator on the ~\$173 million secondary follow-on on behalf of Centerbridge and Gallatin Point in Phoenix Financial, the largest insurance company listed in Israel with a market cap of ~\$3.3 billion. This was the third transaction Jefferies executed in Phoenix on behalf of Centerbridge and Gallatin Point in recent months for a total of ~\$853 million, following the ~\$560 million and ~\$120 million transactions in July and October, respectively.

[Jefferies acted as Sole Financial Advisor to Sharon Personal Care, and its shareholders Tene Capital, on sale to Eternis Fine Chemicals](#)

As a result of this strategic move, Eternis further expands its global footprint, whilst leveraging the multi-location research labs, manufacturing and distribution platforms to continue serving its customers better. This acquisition marks a significant step towards diversifying its offerings and widening the portfolio into the growing personal care segment and meet the evolving demands of today.

2025 TECH OUTLOOKS

2025 Cybersecurity Playbook

Joe Gallo | December 19, 2024

- SUMMARY – Cyber outperformed a bleak 1H24 for overall software but performance was more measured vs the IGV's meteoric rise in 2H24. We expect Software will have a slower start out of the gate in '25 as investors recalibrate, adjust to the changes implemented by the new admin, and material AI benefits aren't likely til late '25. Cyber should prove more resilient in 1H25 based on strong fundamentals but will lag any material broader AI driven software market rebound
- Read [here](#)

2025 SMID Software Playbook

Samad Samana | December 19, 2024

- SUMMARY – SMID Software has surged in 2H24 after a bleak 1H24. YTD, the IGV is up 25% vs. 23% for the S&P500. We expect a slow start to 2025 as investors recalibrate and adjust to the changing macro backdrop. As 2025 unfolds, we expect SMID Software to benefit from the rise of the digital workforce, SMBs/enterprises shifting back into growth-mode, reasonable expectations, and a robust consumer supporting growth at SMBs. We see the group moving higher as 2025 progresses
- Read [here](#)

Payments: 10 Things We Think Into 2025

Trevor Williams | December 19, 2024

- SUMMARY – We boil down our views for '25. The macro should stay supportive with a resilient consumer and a more optimistic outlook for SMBs, but we see limited potential for upward revisions-- leaving multiple expansion as the key variable for relative performance. We see the most room for a '25 re-rating at CPAY (discount to FI should narrow on faster mix shift to Corp. Payments) and SQ (US GPV acceleration would drive more conf. in med-term algo). Favor MA over V
- Read [here](#)

AI Software Deep Dive: Top Debates Into 2025

Brent Thill | December 15, 2024

- SUMMARY – Our ~225-pg deep dive analyzes the top 5 Software AI debates for 2025. While significant revenues are unlikely until late '25 into '26, with Semis (SMH +43% YTD) & Internet (PNQI +35% YTD) outperforming Software (IGV +30%), we believe investors should start positioning now. Own MSFT & AMZN for enterprise, META & GOOGL for consumer, and SNOW for a potential Data & AI breakout play
- Read [here](#)

Payments & FinTech 2025 Outlook: The Search for Growth

Hannes Leitner | December 4, 2024

- SUMMARY – We expect 2025 to be a continuation of 2024, with Adyen and Wise being the Top Picks among our coverage, while Edenred is the least preferred, albeit being at a better risk/reward than few months ago. Among SMidCaps, we see Boku and Nayax best placed with both players being international plays. We believe in 2025, key themes in the sector will be international diversification, NII to turn a headwind and lower economic activity in Mobility (fuel cards)
- Read [here](#)

HIGHLIGHTED TECH CONTENT

Software: Are Calendar 2025 Top Line Estimates Still Too High?

Joe Gallo | December 16, 2024

- SUMMARY – We take a renewed look at CY25 top-line cons estimates across our coverage post C3Q results. CY25 new business estimates continue to feel a touch high broadly for our coverage. While CY25 rev estimates in our coverage are down 3% on avg the past 12 months & there are reasons for top-line growth optimism (rate cuts, post election budget clarity, easier comps), we believe cons estimates are generally too high with CYBR/VRNS having the most appealing setups
- Read [here](#)

Software: Cyber Thermometer: Post-Earnings Check-Up

Joe Gallo | December 11, 2024

- SUMMARY – While C3Q cyber results have been modestly better so far, weaker C4Q guide has been a theme with no expectations of budget flush. Other key themes include addressing the CY25 problem (cons estimates appear high), new administration's impact on fed spending, waiting on Gen AI lift off & M&A. Our conversations with investors indicate an increased appetite for Software although this has benefited cyber to a lesser degree given prior outperformance
- Read [here](#)

Software: Digital Download – A Santa Rally

Charles Brennan | December 8, 2024

- SUMMARY – Christmas feels like it has come early in the sector, with the past week posting the second best return of the year (+4.6%). Reflecting on performance in 2024, it has clearly been a difficult year. That said, at least it has been rational. Notably, performance in 2024 reminds us of a simple truth: companies that deliver incrementally better news tend to outperform companies that don't
- Read [here](#)

Infrastructure Software: Why Such Terrible Underperformance?

Brent Thill | November 25, 2024

- SUMMARY – There was tepid appetite for software this year as AI hype from '23 became more muted and the AI rev timeline was pushed out. Within software, infra names underperformed YTD (+6%) vs security (+18%) and apps (+31%), which we attribute to more exposure to volatile consumption models & high growth high multiple names that did not live up to expectations. Until we see a turn in AI adoption, we think owning infra through the hyperscalers has better r/r
- Read [here](#)

Software: Mullet Flow Back

Brent Thill | November 24, 2024

- SUMMARY – Software vals. are up 36% while the IGV is up 19% since the start of Oct. The rebound in software vals. has been driven by better-than-expected results like SNOW and ESTC last wk. Software vals. at 9.3x NTM rev. are now 23% above historical avg. We view 4 key catalysts to drive higher growth & val. in '25: (1) improving fundamentals; (2) accelerating AI monetization; (3) a more favorable M&A environment; (4) budgets unlocking following election overhang
- Read [here](#)
- Chart 1 – Overall Software EV/NTM Revenue Multiples, 2015-2024



ISRAELI COMPANIES EQUITY RESEARCH

Similarweb (SMWB): NDR Key Takes—Well Positioned to See Revenue Growth Accelerate in 2025

Surinder Thind | December 20, 2024

- SUMMARY – Earlier this week we traveled with the CFO. We come away more optimistic about growth accelerating in 2025 with both SMB and Enterprise customers likely to see NRR continuing to improve. Meanwhile, inbound inquiries from new customers have been increasing, giving mgmt confidence to accelerate some S&M spend. Scale is expected to aid margins, and AI was characterized as a \$100-200M direct opportunity, with the indirect opportunity being much bigger
- Read [here](#)

NICE (NICE): Tough Setup Entering FY25; Downgrading to Hold

Samad Samana | December 19, 2024

- SUMMARY – We are downgrading shares of NICE to Hold from Buy with a \$200 PT for the following reasons: 1) we think consensus for Cloud growth in 2025 (+16.6% y/y) is too high (JEFe: +15%); 2) the CEO transition could create near-term disruption; 3) non-CCaaS vendors are encroaching on the market, increasing competitive pressure. While we have a positive bias toward the company, we believe the stock will likely be challenged through at least 1H25
- Read [here](#)

Monday.com (MNDY): Block the Grinch; Fears Overblown

Brent Thill | December 18, 2024

- SUMMARY – Stock is -13% in last 2 days on fears of EMEA weakness. We spoke to co and believe the reaction is overdone. Mgmt had consistently noted choppy macro on earnings calls, and Nov. EMEA softness is part of that dynamic (Oct. was strong after soft Sep., and U.S. strength continued in Nov.). We still expect a slight Q4 beat as usual and rising ests thru FY25 on both execution & better macro. EV/S 9.1x is rich but well below high-growth software peers. Maintain Buy
- Read [here](#)

PureTech (LSE: PRTC): Positive Lung Fibrosis Results Highly Encouraging for Potential Path to Market

Peter Welford | December 16, 2024

- SUMMARY – Positive ELEVATE Phase IIb for deupirfenidone (LYT-100) confirm a potentially differentiated profile vs generic Esbriet for lung fibrosis, in our view, with an impressive reduction in lung function decline to perhaps near normal, and likely better GI tolerability. We currently forecast \$800m WW peak LYT-100 sales at 40% probability for c.85p/share NPV (18%). Positive headlines could see NPV c.+40p/share and provide a much needed sentiment boost for the stock
- Read [here](#)

Global-e (GLBE): NDR Takeaways: On Track for a Solid Close to 2024

Samad Samana | December 15, 2024

- SUMMARY – We hosted investor meetings with CEO Amir Schlachet and CFO Ofer Koren in Boston. Much was discussed, but key topics included the 4Q GMV hurdle, QTD trends, the SHOP Partnership, the potential impact of tariffs, and BorderFree. We came away incrementally positive on GLBE's near-term outlook and long-term opportunity. We believe that GLBE presents an attractive combination of growth/profitability and that the stock should continue to perform well into 2025
- Read [here](#)

Nayax (NYAX): On the Road with Management

Hannes Leitner | December 11, 2024

- SUMMARY – This week, we hosted Sagit Manor, CFO, and Aaron Greenberg, CSO, of Nayax with investors virtually. The conversation covered Nayax's vision, M&A strategy, market opportunities, and hardware prospects, while recent results were less discussed suggesting many investors focus on the long-term thesis. We summarize the key takeaways in this note
- Read [here](#)

Elbit Systems (ESLT): Mgmt Meeting Takes: Navigating an Increasingly Complex Geopolitical Environment

Sheila Kahyaoglu | December 10, 2024

- SUMMARY – We hosted ESLT's Mgmt with CFO and EVP Dr. Yaacov (Kobi) Kagan in Dallas-Ft. Worth. Key takes: 1) The increasingly complex geopolitical environment supports another LDD growth rate in 2025 (est +9%); 2) DOGE is not expected to have any material impact on ESLT, w/ ESA backlog full out to 2026; 3) the directed energy laser solution could be a \$2BB oppty over time, supported by Iron Beam and the upcoming airborne solution
- Read [here](#)

CyberArk Software (CYBR): CYBR has Machine Legs to Run; PT to \$400

Joe Gallo | December 8, 2024

- SUMMARY – CYBR shares have performed well (+48% vs IGV 36% ytd) and remain well positioned to sustain momentum given an elevated threat environment coupled with achievable new business set-up in '25 (cons implies decel vs reaccel for most of our coverage). We see ample runway for ARR growth given new PAM logos, maintenance conversions & Venafi cross=sell. CYBR is a top idea for 2025 and we have confidence in 25%+ FCF margins in CY27 leading to our \$400 PT (41x '27 FCF)
- Read [here](#)

Verint Systems (VRNT): F3Q25 Recap: Back on Track

Samad Samana | December 5, 2024

- SUMMARY – VRNT posted a 7% rev beat and an \$0.11 EPS beat (26% upside). The upside was partly a function of deal timing, as unbundled SaaS transactions pulled into F3Q (vs. closing in F4Q). Due to this, mgmt also maintained the FY25 rev and EPS guidance. M&A contributed ~\$1m in F3Q

revenue and will be ~\$4m in F4Q revs. We believe the results helped allay investor concerns about the F2H ramp. We expect the January Analyst Day to be another potential catalyst

- Read [here](#)

Palo Alto Networks (PANW): Notes from the Road with PANW

Joe Gallo | December 5, 2024

- SUMMARY – We hosted PANW's Walter Pritchard (SVP IR & Corporate Development) & Ryan Fenwick (Senior Manager IR) today in NYC. Investor questions during our meeting were focused on FCF (including the impact of PANFS/duration), QRadar opportunity, federal (given the new administration), AI adoption & the opp within competitors firewall refresh cycle. We continue to see PANW's platform strategy taking root driving share gains, which should culminate in ~\$4.5B of FY27 FCF
- Read [here](#)

SentinelOne (S): All Good Things Take Time

Joe Gallo | December 5, 2024

- SUMMARY – 29% yoy ARR growth fell short of elevated investor expectations (did beat cons by 0.3%) but instilled some future hope as NNARR returned to yoy growth after 2 Qs of declines. S saw healthy F3Q pipeline momentum & enterprise traction which is likely a small benefit from CRWD's IT outage. While the exact timing of material new ARR inflection remains in question, there remains several positives for S's LT trajectory (GTM changes, Lenovo & IT incident tailwinds)
- Read [here](#)

Global-e (GLBE): GLBE and SHOP: Black Friday, Cyber Monday Trends Positive for 4Q Outlook

Samad Samana | December 3, 2024

- SUMMARY – Combined BFCM GMV of ~\$11.5b grew 24% y/y, outpacing BF standalone growth of +22%. We believe SHOP is well-positioned to deliver a 4Q24 GMV beat, as we expect BFCM to represent a smaller % of total GMV vs. 2023. Outside of GMV growth, notable takeaways include: 1) cross-border represented 16% of orders (vs. 15% in 2023), 2) orders made via Shop Pay increased 58% y/y, and 3) avg cart price increased 1% on a CC basis, moderating from 2022-2023 levels
- Read [here](#)

Lemonade (LMND): Takeaways and Outstanding Questions from Lemonade Investor Day

Yaron Kinar | December 2, 2024

- SUMMARY – After the investor day that highlighted growth and expansion to auto, we raise our top line estimates but lower our adj. EBITDA and LPS estimates. In the note, we focus on outstanding questions to mgmt. We raise our PT to \$20 (61% downside) to reflect valuation roll-forward and honing of our valuation methodology
- Read [here](#)

Phoenix Financial (TASE: PHOE): Accelerating Momentum

Phil Kett | November 29, 2024

- SUMMARY – Just one quarter on from Phoenix Financial's new strategic plan and there are already signs that the group is on track to meet or exceed the targets. Crucially, we note that the Return on Equity is higher than targeted in 3Q and in line for 9M. By business, earnings growth in Asset Management, Agencies & Credit stands at an impressive +28%, while the Insurance businesses have already earned more in 9M 2024 than in all of FY 2023
- Read [here](#)

Strauss Group (STRS): Q3 Results: Improved Top Line and Profit

Feng Zhang | November 25, 2024

- SUMMARY – Q3 organic growth was 15.4% and operating profit was NIS 223m with margins of 7.4%, improved from Q2 (6.0% org & 5.5% margins). This is supported by strong performance in Snacks & Sweets in Israel (11% of sales) and International Coffee (42% of sales). Operating margins improvement was driven by Health & Wellness and Snacks & Sweets in Israel, which was partly offset by lower margins in Coffee due to inflation
- Read [here](#)

ISRAELI STOCK PERFORMANCE

Recent Performance of Selected Israeli Tech Stocks

Company	Ticker	Market Cap (m)	Weekly Performance (%)	52-wk Performance (%)
Amdocs	DOX	\$9,816	(0.3%)	(1.1%)
Arbe Robotics	ARBE	\$138	1.2%	(19.3%)
Audiocodes	AUDC	\$280	1.3%	(22.8%)
Camtek	CAMT	\$3,783	11.3%	21.6%
Cellebrite	CLBT	\$4,914	13.3%	157.1%
Ceva	CEVA	\$735	(4.7%)	34.7%
Check Point	CHKP	\$20,682	0.1%	23.5%
CyberArk	CYBR	\$13,906	1.8%	46.6%
Evoke PLC	LSE: evok	\$344	(6.7%)	(34.5%)
Fiverr	FVRR	\$1,139	(5.3%)	14.4%
Gilat	GILT	\$334	(1.5%)	(6.2%)
Global-e	GLBE	\$9,148	(3.0%)	37.4%
Hippo	HIPO	\$640	(3.0%)	178.2%
Innovid	CTV	\$471	3.6%	111.3%
Innoviz	INVZ	\$192	23.7%	(55.8%)
Ituran	ITRN	\$594	(2.6%)	10.0%
Jfrog	FROG	\$3,443	2.3%	(11.0%)
Kaltura	KLTR	\$350	4.0%	18.8%
Kornit Digital	KRNT	\$1,550	1.6%	74.1%
Lemonade	LMND	\$2,966	(0.9%)	142.6%
Magic Software	MGIC	\$591	(1.8%)	20.2%
Mobileye	MBLY	\$14,201	0.0%	(59.2%)
Monday.com	MNDY	\$12,090	(11.2%)	28.0%
Nano Dimension	NNDM	\$546	9.7%	3.8%
Nayax	NYAX	\$977	(1.0%)	40.0%
NICE	NICE	\$11,121	(6.3%)	(12.8%)
Nova	NVMI	\$5,621	2.8%	43.1%
Outbrain	OB	\$365	12.6%	63.0%
Pagaya	PGY	\$659	(7.2%)	(49.9%)
Payoneer	PAYO	\$3,609	(1.6%)	97.7%
Perion	PERI	\$394	(4.0%)	(72.7%)
Playtech	LSE: PTEC	\$2,726	(4.0%)	57.4%
Playtika	PLTK	\$2,553	(10.2%)	(20.4%)
Plus500	LSE: PLUS	\$2,394	(1.8%)	55.6%
Radware	RDWR	\$948	(2.7%)	37.3%
REE	REE	\$171	(15.1%)	48.2%
Riskified	RSKD	\$761	(5.7%)	1.3%
Sapiens	SPNS	\$1,551	(2.5%)	(4.9%)
SentinelOne	S	\$7,208	(6.2%)	(18.8%)
SimilarWeb	SMWB	\$1,189	13.9%	179.5%
SolarEdge	SEDG	\$856	10.6%	(84.6%)
Stratasys	SSYS	\$675	(6.3%)	(27.9%)
Taboola	TBLA	\$1,291	(4.2%)	(7.2%)
Tower	TSEM	\$5,678	2.1%	68.5%
Nexxen	NEXN	\$658	(1.6%)	98.2%
Valens	VLN	\$196	(13.6%)	(24.0%)
Varonis	VRNS	\$5,095	(3.8%)	0.5%
Verint	VRNT	\$1,674	(7.4%)	(2.0%)
Weebit Nano	ASX:WBT	\$398	(1.3%)	(32.8%)
Wix	WIX	\$12,391	0.8%	80.3%
Israeli Stocks Weighted Average			(1.1%)	26.7%
NASDAQ			(2.2%)	27.0%
S&P 500			(2.0%)	24.7%

Source: CapIQ (as of December 20, 2024)

UPCOMING JEFFERIES EVENTS

- Jefferies Software Bus Tour, San Francisco, January 6 – 9
- Biotech by the Beach Miami Summit, Miami Beach, March 11 – 12
- Jefferies Pan-European Mid-Cap Conference, March 25 – 27
- Jefferies Private Growth Conference, Santa Monica, April 22 – 23
- Jefferies Energy Conference, June 10-12
- **Jefferies Tech Trek, Tel Aviv, September 9 – 11**

Best Regards,
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