

Jefferies Israel Group Global Tech Digest

August 2, 2024



We are happy to share with you this newsletter, which includes thematic content from Jefferies research, noteworthy tech industry news, Israeli stocks performance and research, 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.



[Jefferies acted as Joint Lead Arranger and Joint Financial Advisor to Outbrain on its Acquisition of Teads S.A.](#)

Jefferies acted as joint financial advisor and joint lead arranger to Outbrain in the acquisition of Teads and in the financing of a new \$100 million revolving credit facility and a new \$750 million committed debt financing in connection with the transaction. Jefferies is a leading advisor and underwriter serving technology clients globally. In Israel, Jefferies has advised on 40 transactions with a total value of \$45 billion across capital markets and M&A since January 2021. This transaction highlights Jefferies' exceptional ability to leverage its expertise in the Internet sector and debt capital markets to assist clients in raising capital to support their strategic needs.

[Jefferies acted as Sole Global Coordinator on the ~\\$558m Secondary Follow-On by Centerbridge & Gallatin Point in Phoenix Holdings](#)

Jefferies acted as Sole Global Coordinator on the ~\$558 million secondary follow-on by Centerbridge and Gallatin Point in Phoenix Holdings, an insurance company listed in Israel with a \$2.7 billion market cap. The placing was offered to a limited number of investors including Affinity (an entity controlled by Jared Kushner), Delek, Lazard Asset Management and other leading international investors. The deal is the largest secondary follow-on in Israel since January 2018 and the second follow-on Jefferies has priced in Israel this year following the ~\$95 million follow-on in the Tel Aviv Stock Exchange where demand was led by Bill Ackman and other institutional investors.

[Jefferies Served as Exclusive Financial Advisor to Altimetrik in Majority Investment from TPG](#)

Altimetrik, a pure-play digital business company, announced today that it has signed a definitive agreement for TPG, a leading global alternative asset firm, to make a majority investment in the company. The investment will enhance Altimetrik's brand and support its goal of reaching \$1 billion in annual revenue within the next three years. Jefferies ranks #2 in Americas IT Services M&A YTD, per Dealogic. This deal adds to our strong track record of advising on complex and significant transactions in the sector, along with our expertise in working with companies with first-of-its-kind solutions and capabilities.

[Jefferies acted as Sole Financial Advisor to Acturis in its stake sale to Astorg](#)

Acturis, a leading supplier of insurance software, and Astorg, a leading European private equity firm, announced that they have signed an agreement for Astorg to acquire a further stake in Acturis. Astorg will now own approximately 52% of the capital of Acturis. Alongside Acturis management and colleagues, the co-founders, Theo Duchen and David McDonald, will remain significant shareholders with a sizable minority stake, and continue to partner closely with Astorg to support existing clients and drive the company's international growth.

[Jefferies acted as Lead Financial Advisor to Duetto in its acquisition by GrowthCurve Capital](#)

Duetto, a leading provider of revenue management software for the hospitality industry, announced that it has been acquired by GrowthCurve Capital ("GrowthCurve"). GrowthCurve is acquiring the business from affiliates of Warburg Pincus and other shareholders. GrowthCurve will partner with Duetto to further accelerate its AI strategy, including the development of new AI products, support the launch of new business lines and expand into new markets.

[Jefferies Takes Home Double Win at 2024 Asian Banking & Finance Awards](#)

Congratulations to our team in India for securing both the Corporate & Investment Bank of the Year and the Mergers and Acquisitions Deal of the Year accolades at this year's Asian Banking & Finance Awards. These wins are a result of the team's consistently strong momentum in the equity capital markets, as well as their pivotal role in some of the most significant transactions in India. Notably, our role as Sole Financial Advisor to HDFC on the sale of HDFC Credila to EQT & Chryscapital was called out as the largest ever private equity buyout in the Indian financial services sector, valued at \$1.3 billion

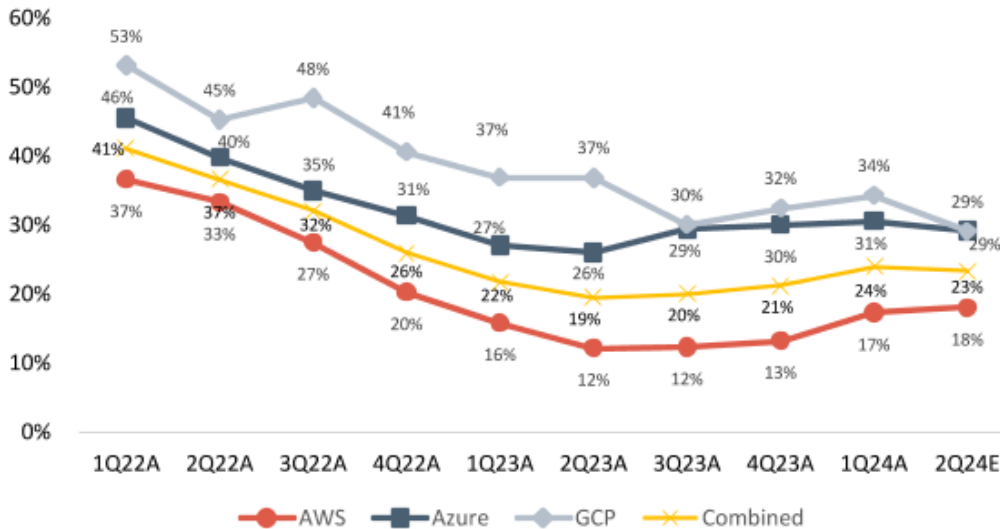
Highlighted Tech Content



Internet: Favor Azure and AWS — Q2 Preview for Mega Cloud

Brent Thill | July 23, 2024

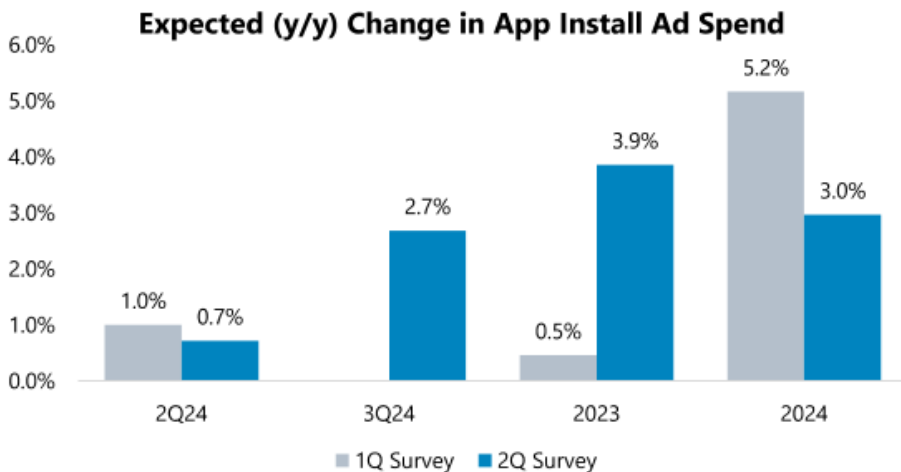
- **SUMMARY** – Key Takes: 1) Our intra quarter checks were most bullish for Azure, followed by AWS, indicating healthy cloud consumption trends as data and AI initiatives are prioritized; 2) expect Azure to be biggest share gainer in CYQ2 for 3rd straight Q; 3) we forecast Azure and GCP to have same growth in CYQ2 despite GCP being ~1/3rd the size; 4) expect AI's halo effect to shine in Q2 as companies prepare data foundations for AI. Top Enterprise AI Picks = MSFT and AMZN
- Read [here](#)
- Exhibit 1 - Azure and GCP to Have Same Growth in CYQ2 Despite GCP Being ~1/3rd the Size



Interactive Entertainment: 2Q24 Mobile Gaming AdTech Survey & Earnings Preview

James Heaney | July 23, 2024

- **SUMMARY** – In our latest mobile game ads survey, 2024 expectations came down again, now expecting ad spend growth of +3.0% (from +5.2%). Rising CPI remains the top comment, with spend further consolidating in Google, Meta, and AppLovin, providing performance against higher costs. APP remains the largest share gainer. Expect an APP 2Q beat against raised expectations, and U in-line, with a possible U guide cut & reset into new CEO and 2H
- Read [here](#)
- Exhibit 1 - 2Q24 demand spend expectations similar at ~1% growth, 2024 has come down again to 3%



Software: Buyside Feedback Ahead of 2Q Earnings

Samad Samana | July 22, 2024

- **SUMMARY** – Over the last few weeks, we have had several touch points with investors in small and large format meetings. We have found most investors have low conviction on both the long and short side heading into the 2Q Software earnings cycle. The whipsawing political backdrop and resultant market volatility has only compounded investor caution on taking big swings ahead of prints. Below we share additional feedback on NOW, HUBS, Cybersecurity, and Payroll
- Read [here](#)

Internet: 2Q24 Preview: Durability of Top-Line Growth Is the Key Debate

John Colantuoni | July 22, 2024

- **SUMMARY** – Sustainability of top-line growth is the key debate for 2Q earnings, as signs of softening discretionary spend increase risk of downside to 2H estimates. We continue to recommend buying names poised to beat/raise in 2Q (CVNA, EBAY, RDFN, Z), but also see some compelling entry points at stories disproportionately impacted by recent market volatility (DASH, UBER). Join us Tuesday at 11am ET for a call to discuss our views
- Read [here](#)

Semiconductors: Blayne's Bytes: Sell off Thoughts, AI Feedback, Week 1 Previews

Blayne Curtis | July 21, 2024

- **SUMMARY** – Trifecta of what we see as bad news for the sector (Trump/Taiwan, Potential China restrictions, and an ASML miss) was a healthy breather ahead of earnings
- Read [here](#)

Software: Expert Download: Cloud Expert Recap & Invites to Upcoming Calls and Events

Brent Thill | July 21, 2024

- **SUMMARY** – We hosted 2 Cloud experts this week, our top three takes were: 1) steady Q2 demand, with 2H looking better; 2) despite MSFT's head start in AI, Cloud leader board not expected to change with AWS #1; 3) AI experimentation is up sharply, though significant revs may take 6-18 mos to show. We also hosted 2 ad experts, find the recaps and key takes below. We'll be hosting a network security VAR tomorrow morning. Please find additional details and speaker bios below
- Read [here](#)

Software: Observability Picture Book: Favorable Backdrop for DDOG/ESTC/DT

Brent Thill | July 18, 2024

- **SUMMARY** – We're out with a 35+ page picture book analyzing the dynamics of the observability market after 1Q earnings. We remain positive on DDOG's LT oppty despite the premium valuation and believe improving market share gains against its peers, product breadth and 52% backlog growth point to accelerating rev growth. We believe ESTC is an underappreciated AI winner with potential for rev acceleration. Attractive R/R given search AI upside potential + valuation support
- Read [here](#)

Software: Cyber Preview: Expecting a Steady 2Q w/ No Inflection

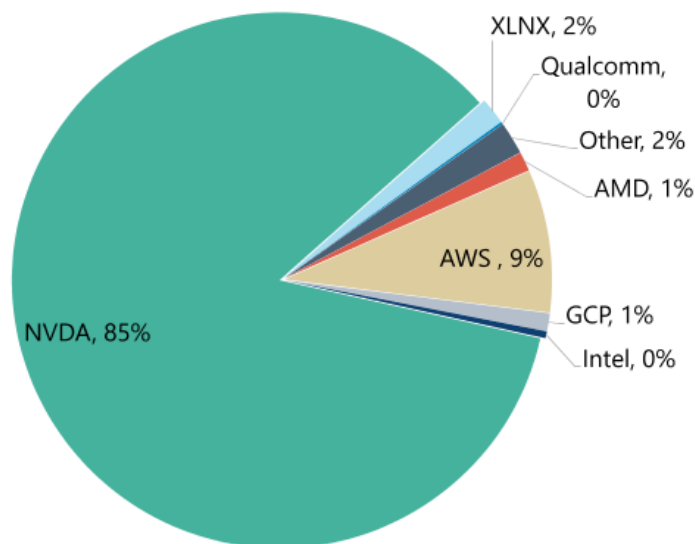
Joseph Gallo | July 18, 2024

- **SUMMARY** – Demand was stable qoq in 2Q but broadbased upside is likely illusive until 2H and beyond. We favor vendors in enterprise/fed verticals while SMB/hardware pressures persist. Cyber relatively performed well ytd making us tactically cautious. We expect CYBR & NET to beat results (although high expectations may tether share upside). CHKP/VRNS should meet 2Q guidance but material upside may prove difficult until 2H24 while FTNT 2Q/3Q results to be pressured
- Read [here](#)

Semiconductors: Liftr Data Update - May 2024 Takeaways

Blayne Curtis | July 16, 2024

- **SUMMARY** – NVDA retains dominant share of dedicated accelerator instances, making up the largest incremental instance gainer, with share relatively flat at 85% vs. 86% in April. We see some incremental AWS instances for the first time this year, but AMD had no incremental instances. On the CPU side, INTC and AMD remained relatively flat on instance share. Methodology included at bottom of report
- Read [here](#)
- Figure 1 - NVDA Retains Dominant Share of Cloud Accelerator Instances



Interactive Entertainment: Transcript: Focus On Mobile Video Games – Implications For The Market In 2024

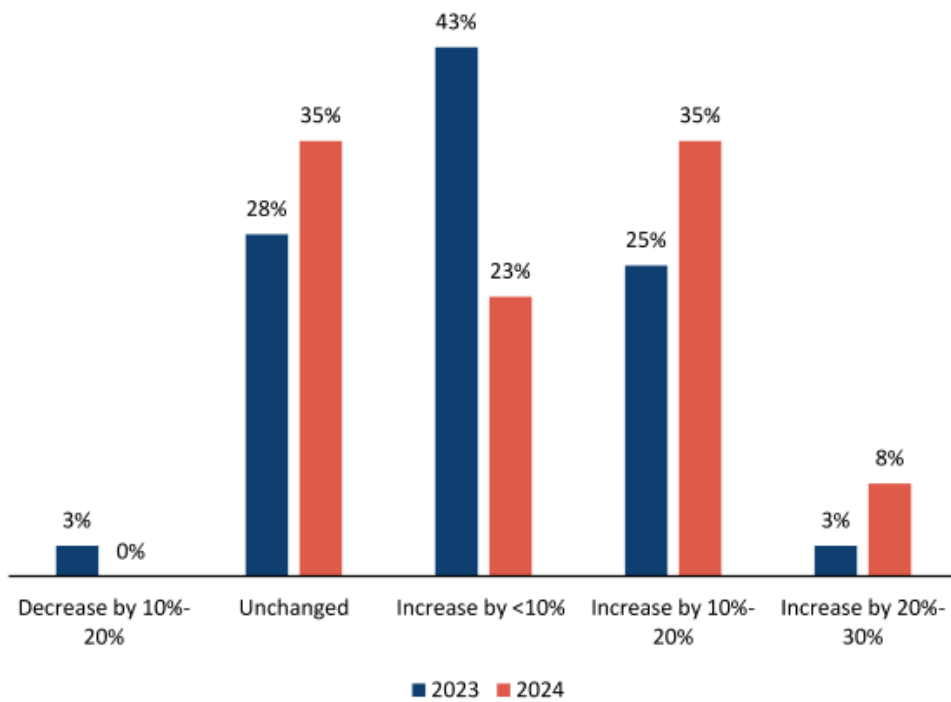
Sebastian Patulea | July 9, 2024

- **SUMMARY** – On 2 July we hosted an event where we discussed the mobile video games sector and any implications for the market in 2024. This came after our first video games event in the series, which focused on the PC and console segment
- Read [here](#)

Internet: Cloud Survey Says: Spend Rebounding; Azure Slight Edge Over AWS

Brent Thill | July 8, 2024

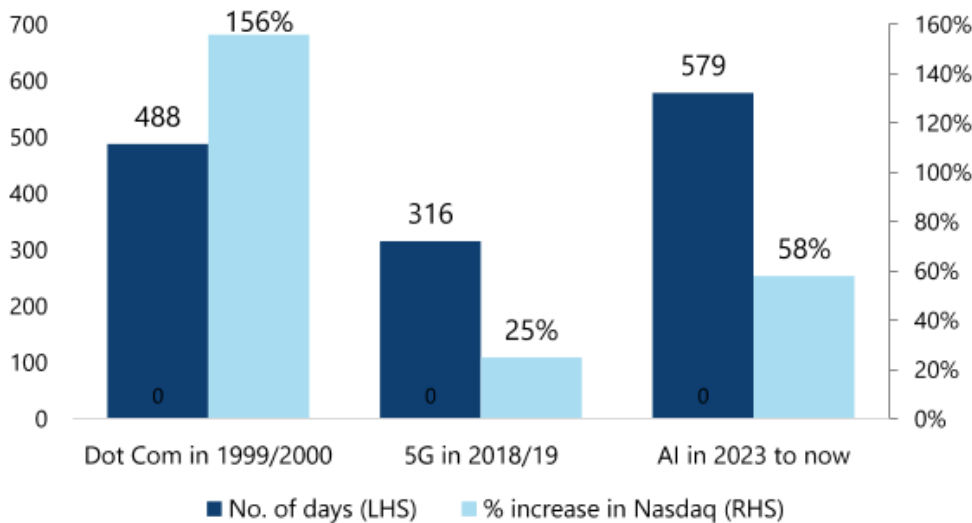
- **SUMMARY** – Key takes from survey of 40 U.S. CIOs on Cloud spend: 1) Big jump in spend intentions: 43% expect >10% increase in '24, up from 28% that saw 10%+ in '23; 2) Workloads shifting to Cloud: 58% expect >50% of workloads in Cloud by end of '25, up from 36% of CIOs today; 3) MSFT has momentum: Azure edged out AWS as primary Cloud provider at 45% vs. 43% of CIOs; 57% expect Azure spend to increase in NTM vs. 51% for AWS. Remain Buy on all 3 CSPs. Full survey inside
- Read [here](#)
- Chart 1 - 43% of respondents expect to increase their Cloud spend by >10% y/y in 2024 vs. 28% of respondents that did in 2023



Technology: Global AI: The Bubble Could Get Bigger

Edison Lee | July 7, 2024

- **SUMMARY** – Since the advent of ChatGPT, our basket of 27 large-cap AI stocks has added ~US\$10trn in value (127%), but 2025E NP has added only US\$145bn (29%), implying 73x incremental PE. But the bubble will likely get bigger before deflating, as 1) '24/25 AI capex certainty remains high, 2) the stock mkt has rewarded NVDA's key customers (6 CSPs) by doubling their mkt cap, 3) these CSPs are cash rich (US\$108bn net cash), and 4) valuation, at 37x 2024E FCF, is not “crazy.”
- Read [here](#)
- Chart 1 – Major Stock Mkt Bubbles in Recent Past



Thankfully, Jay appears to care more about his legacy than the election outcome

David Zervos | July 30, 2024

- **SUMMARY** – Before launching into today's missive, I want to highlight an upcoming conference call which will take place on Thursday, August 1st. In virtually every meeting with clients over the last few months, the dominant focus has been the US Presidential election. Sure, there has been a little bit of Fed talk, and some debate on the economic data, but the election just consistently overwhelms these discussions. So, with all the twists and turns in the political landscape over the last couple weeks, I felt compelled to host a call
- Read [here](#)

Software Sector ESG Integration Refresh

Brent Thill | July 28, 2024

- **SUMMARY** – We are refreshing our ESG view on the Software Sector. We first highlight the Sustainability Accounting Standards Board's view & then present our views on the top three issues, updated and narrowed from five, and why: 1) Data Security; 2) Customer Privacy; and 3) Energy Management. We then explore ESG opportunities. Finally, we analyze how these factors impact asset pricing, why, how to play, and what to watch going forward
- Read [here](#)

Day One: 10 Policies if Trump Wins & Stock Implications

Aniket Shah | July 19, 2024

- **SUMMARY** – This note outlines 10 possible policies that former President Trump could action immediately on a win. Our list is based on Agenda 47—the only candidate-endorsed proposals—and the full list of 220 executive orders during his 1st term, complemented by opinions of our policy experts. These policies focus on Immigration/Border Security, Trade/Int'l Relations, Deregulation, Energy, Gov't Restructuring. Our analysts provide perspective across sectors
- Read [here](#)

It's not rocket science

David Zervos | July 19, 2024

- **SUMMARY** – Over the last three weeks, the odds of a Trump victory have jumped markedly. Biden's debate performance, Trump's judicial wins, and the awful events in Bethel Park last Saturday have all contributed to the shift. And while other macro forces such as softer inflation and unemployment data have surely been at work, the knee-jerk market moves each time Trump's odds bumped up have become pretty clear. Equities rise, the dollar rallies, and rates increase. But the impulses on the rate and dollar sides could never sustain themselves for long - the tide quickly turned, and the downtrend for both resumed
- Read [here](#)



Radware (RDWR): Solid Results and Improving Outlook; Maintain Hold

George Notter | July 31, 2024

- **SUMMARY** – Radware’s business is starting to benefit from an incrementally better macro environment. The Defense Pro X refresh cycle is interesting as well. Modest growth rates, lack of scale, competition with bigger players, and liquidity are still significant concerns. We remain on the sidelines with respect to the shares
- Read [here](#)

American Well Corporation (AMWL): Results Slightly Above as the Co Continues on its 2026 Path to Profitability

Glen Santangelo | July 31, 2024

- **SUMMARY** – 2Q rev and Adj EBITDA were both better than cons, as the co started to recognize some revs related to its DHA contract. We would highlight AMWL continues to make progress in preparing to fully onboard the DHA and migrating its existing base to Converge. While the co seems to be tracking well toward its LT targets, we cont to believe the elongated path to profitability combined with ltd liquidity in the shares is enough to keep investors on sidelines for now
- Read [here](#)

Teva Pharmaceutical Industries (TEVA): Impressive 2Q & Guidance Raise to Lift Shares into Catalyst Rich 2H - Reit Buy

Glen Santangelo | July 31, 2024

- **SUMMARY** – Strong 2Q on all fronts as revenue and adj EBITDA both beat with management raising the FY24 guidance by \$200M/\$50M at the midpoint, respectively. With TEVA trading at just 7x C25E Adj EBITDA, and the new F24 outlook implying improved underlying strength in gx/key products plus pipeline catalysts (Olanzapine LAI safety and anti-TL1A Ph2) coming into focus, we expect shares will get a bump and reit our Buy
- Read [here](#)

Lemonade (LMND): First Take: 2Q24 Beat on Loss Ratio and Growth Spend, with Slight Growth Miss

Yaron Kinar | July 30, 2024

- **SUMMARY** – \$(0.81) LPS beat JEF/Cons \$(0.92)/\$(0.88) on loss ratio and growth spend. We await tomorrow's call for color on PYD and LAE, and their impact on the 15pp YoY LR improvement. The top line was slightly lighter than ests but above the midpoint of 2Q's guide in all but IFP, which missed. Subject to loss ratio color, we expect LMND shares to underperform tomorrow on top-line and reiteration of guidance as opposed to the typical raise, despite an adj. EBITDA beat
- Read [here](#)

Varonis Systems (VRNS): 2Q Results: Impressive Results Ahead of Gen AI Inflection

Joseph Gallo | July 30, 2024

- **SUMMARY** – 2Q ARR growth accelerated to 17.6% yoy (beat cons by 1.3% vs 1.0% avg past 4 Qs), which was aided by SaaS transitions but still impressive. CY24 ARR guide was raised by 2Q beat (\$7M), reflecting conservatism as VRNS benefits from inflecting SaaS transitions, MDDR, & Copilot. Overall results were clean & while op margins remain near breakeven, progress was made w/ CY24 FCF margin raised to 15% from 13%. AH val of 8.3x CY25 ARR feels fair. Remain Hold, PT to \$55
- Read [here](#)

Check Point Software Technologies (CHKP): Product Returns to Growth w/ More Potential in 2H & New CEO on the Way

Joseph Gallo | July 24, 2024

- **SUMMARY** – CHKP announced Nadav Zafir as CEO (starting Dec), which we view positively given his plethora of M&A/industry experience. Investors will be focused on his GTM changes. Prod rev grew for the first time in 6 Qs, driving a billings accl to 9.5% yoy vs 6.5% in 1Q (driven by Infinity). While macro pressures seem to be easing, 2024 guide was maintained. We're confident CHKP can be a 10%+ EPS grower, supporting our \$210 PT (21x P/NTM E vs 17x 5 yr avg)
- Read [here](#)

Elbit Systems (ESLT): Farnborough Air Show: Converting Broad Based Demand Into EPS

Sheila Kahyaoglu | July 23, 2024

- **SUMMARY** – We met with Dr. Kobi Kagan (CFO) and David Rada (Head of IR) of Elbit at the Farnborough Air Show. Key takes include: 1) Expecting EPS to almost 2x on significant demand and improvement in margins across segments; 2) Recent share pressure should improve; and 3) Expecting to see significant benefit from GloCal strategy, able to support global demand while maintaining IP in-house
- Read [here](#)

Inmode (INMD): Risk to 2H Numbers, '25 Cons; Macro Transition Pressures; D/G to Hold

Matthew Taylor | July 22, 2024

- **SUMMARY** – We expect the aesthetics market environment to remain challenging due to macro pressures and INMD continues to struggle to bring increased demand for its new platforms which could impact 2H24. Given a tough setup, we see risks to INMD's '24 guidance and cons estimates in '24/25, views supported by our proprietary US Plastic Surgeon survey. We are lowering our numbers and PT and DG shares to Hold
- Read [here](#)

The Phoenix Holdings (PHOE): Shifting Shareholders

Philip Kett | July 18, 2024

- **SUMMARY** – This week, The Phoenix announced a change in the ownership structure, with the controlling private equity funds selling up to 21.43% of their shares, potentially leaving them with 10.02%. In our view, these arrangements remove an overhang that had dissuaded local investors from buying. Moreover, we believe that lifting the ownership by international public market institutions will lift the profile of the company and help close the sum-of-the-parts discount
- Read [here](#)

Plus500 (PLUS): PLUS on Track

Julian Roberts | July 8, 2024

- **SUMMARY** – Management expectations are in line with consensus (revenues of \$670m and \$300m of EBITDA), but PLUS is still tracking ahead of that, with 1H revenues and EBITDA of \$398m and \$184m, respectively. New customer numbers are up c.13% YoY and active numbers are stable. Q1 was strong, Q2 was resilient in a quiet market, and rate moves and the US election make for a constructive picture in 2H
- Read [here](#)

NewMed Energy (NWMD): Ministry of Energy & Export Expansion Supportive of Growth

Ruben Dewa | July 8, 2024

- **SUMMARY** – Post 1Q24 results, our production estimates are unchanged, with higher tax and lower Israel gas price assumptions increasing our net debt 4% to \$1,266m. However, the Israel Ministry of Energy recent approval of up to 118bcm of export volumes from Leviathan Phase 1B until 2044, is the most recent supportive news for NWMD (100% Israel production), with ongoing export infrastructure expansion from 12bcm to 25bcm, also improving the gas export landscape of Israel
- Read [here](#)

Israeli Stocks Performance



Recent Performance of Selected Israeli Tech Stocks

Company	Ticker	Market Cap (m)	Weekly Performance (%)	52-wk Performance (%)
Amdocs	DOX	\$9,980	(0.9%)	(2.5%)
Arbe Robotics	ARBE	\$163	(1.4%)	(26.9%)
Audiocodes	AUDC	\$332	0.8%	(2.5%)
Camtek	CAMT	\$4,154	(8.9%)	96.0%
Cellebrite	CLBT	\$2,748	(4.2%)	81.2%
Ceva	CEVA	\$432	(10.8%)	(28.0%)
Check Point	CHKP	\$20,529	(0.5%)	43.0%
CyberArk	CYBR	\$11,007	(1.0%)	64.0%
Evoke PLC	LSE: evok	\$330	(2.1%)	(49.5%)
Fiverr	FVRR	\$901	2.5%	(26.9%)
Gilat	GILT	\$248	(7.4%)	(30.6%)
Glassbox	TASE:GLBX	\$126	(1.1%)	88.5%
Global-e	GLBE	\$5,397	(7.2%)	(21.4%)
Hippo	HIPO	\$400	(13.2%)	7.3%
Innovid	CTV	\$295	(0.5%)	82.1%
Innoviz	INVZ	\$124	(12.4%)	(79.9%)
Ituran	ITRN	\$529	0.4%	(4.6%)
Jfrog	FROG	\$3,905	(8.8%)	21.6%
Kaltura	KLTR	\$185	(6.0%)	(41.1%)
Kornit Digital	KRNT	\$736	(4.4%)	(46.4%)
Lemonade	LMND	\$1,229	(26.1%)	1.0%
Magic Software	MGIC	\$523	(8.7%)	(18.0%)
Mobileye	MBLY	\$13,128	(23.3%)	(56.9%)
Monday.com	MNDY	\$10,806	(8.8%)	34.8%
Nano Dimension	NNDM	\$513	(4.9%)	(16.1%)
Nayax	NYAX	\$776	(9.7%)	(3.1%)
NICE	NASDAQ: NICE	\$11,497	(2.4%)	(16.2%)
Nova	NVMI	\$5,496	(4.7%)	59.3%
Outbrain	OB	\$243	0.6%	(6.7%)
Pagaya	PGY	\$1,002	(5.5%)	(50.3%)
Payoneer	PAYO	\$2,095	2.6%	14.0%
Perion	PERI	\$408	(0.1%)	(75.6%)
Playtech	LSE: PTEC	\$2,183	(0.5%)	2.1%
Playtika	PLTK	\$2,713	(4.2%)	(34.6%)
Plus500	LSE: PLUS	\$2,278	3.0%	60.6%
Radware	RDWR	\$932	20.2%	30.8%
REE	REE	\$42	(2.2%)	(58.8%)
Riskified	RSKD	\$1,039	(1.9%)	28.0%
Sapiens	SPNS	\$2,015	(9.0%)	20.3%
SentinelOne	S	\$6,767	(6.1%)	38.0%
SimilarWeb	SMWB	\$509	(5.1%)	(11.9%)
SolarEdge	SEDG	\$1,521	(3.7%)	(85.5%)
Stratasys	SSYS	\$583	(7.1%)	(49.6%)
Taboola	TBLA	\$1,109	(4.6%)	(2.9%)
Tower	TSEM	\$4,349	(8.6%)	6.7%
Nexxen	NEXN	\$478	4.3%	(7.6%)
Valens	VLN	\$226	(5.7%)	(14.7%)
Varonis	VRNS	\$5,965	9.7%	78.5%
Verint	VRNT	\$2,112	(2.9%)	(6.5%)
WalkMe	WKME	\$1,303	0.1%	59.0%
Weebit Nano	ASX:WBT	\$283	(3.5%)	(60.3%)
Wix	WIX	\$8,280	(5.1%)	57.0%
Israeli Stocks Weighted Average			(4.9%)	19.4%
NASDAQ			(0.7%)	23.6%
S&P 500			(0.2%)	21.6%

Upcoming Jefferies Events



- Jefferies Semiconductor, IT Hardware & Communications Technology Summit, Chicago, August 27 – 28
- **Jefferies Israel Tech Trek, Tel Aviv, September 10 – 12**
- Jefferies 4th Annual Global Office of the CFO Software Summit, San Francisco, September 24
- Jefferies MedTech Summit, Virtual, October 2 – 3
- Jefferies London Healthcare Conference, London, November 19 – 21
- Jefferies Clean Technology Conference, New York, December 4 – 5
- Jefferies Biotech by the Beach Miami Summit, Miami Beach, March 11 – 12

Jefferies Tech Trek 2024

SEPTEMBER 10 – 12, 2024

David Kempinski Hotel, Tel Aviv, Israel | #TechTrek | techtrek.com

Best regards,
Jefferies Israel Team

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