

Jefferies

Jefferies Israel Group Global Tech Digest

January 17, 2024

We are pleased to share this special JIG newsletter edition, which includes 2025 outlook reports for various Tech sectors 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..

NOTABLE JEFFERIES NEWS

[Jefferies Ranks # 1 in Israel Investment Banking in 2024](#)

We are exceptionally proud to announce that Jefferies has achieved the #1 ranking in Israel Investment Banking, leading the market in total fees, market share, and number of transactions (Dealogic Data for Israel-based Fee Payer). With team members strategically located in both Tel Aviv and New York, we successfully advised on 22 Israeli transactions in 2024, mostly cross border, representing a total value of \$12B across Capital Markets and M&A. In less than five years since launching our Israel Investment Banking practice, we have emerged as a true market leader and are supported by a strong pipeline of mandates going forward. Our success is rooted in seamless coordination between our Israel Investment Banking team and Jefferies' sector and product teams along with our Israeli Equity and Fixed Income teams. This coordinated effort enables us to present as an integrated, thoughtful, and highly capable partner to Israel's leading companies.

[Jefferies 2024 Shareholder Letter](#)

We are pleased to share our 2024 Shareholder Letter with you. Jefferies offers outstanding insight and execution across Investment Banking and Capital Markets, with deep sector expertise and product capability. For investors, companies and governments, Jefferies provides the full range of solutions to help you achieve your goals and take advantage of your opportunities. From 47 offices in 21 countries around the globe, we at Jefferies thank you for your continued partnership and look forward to serving you in 2025 and beyond.

[Jefferies Served as Financial Advisor to Intra-Cellular Therapies \(NASDAQ: ITCI\) on its \\$14.6 Billion Sale to Johnson & Johnson \(NYSE: JNJ\)](#)

We are pleased to have served as Financial Advisor to Intra-Cellular Therapies, a leading, commercial-stage biopharmaceutical company, in their \$14.6 billion all-cash sale to Johnson & Johnson. This transaction represents the largest pure-play neuroscience transaction in history, as well as the largest biopharmaceutical transaction since March 2023, per Dealogic. This marquee deal highlights our position as a trusted, long-term partner of choice in the biopharmaceutical space, along with exemplifying our client-centric approach to advising on transformative strategic and capital formation transactions.

2025 Semiconductors Outlook: Doubling-Down on AI Again as Broader Recovery Keeps Pushing

Blayne Curtis | January 13, 2025

- SUMMARY – Looking forward to C25 we expect AI stocks to continue outperforming their Analog & Semi-Cap counterparts, with AVGO leading the way. Updated cycle analysis suggests plenty of room to run with continued AI/Memory growth aided by potential 2H25 recovery in more traditional end markets. Overall, we remain optimistic about the Semis investment landscape for 2025 but emphasize selectivity as the days of rising tides lifting all boats are done
- Read [here](#)

2025 Internet Playbook

John Colantuoni | January 13, 2025

- SUMMARY – We are positive on the Internet sector, driven by a supportive macro backdrop and constructive valuations. We recommend investors focus on stories that can consistently beat and raise, as we expect Internet outperformance to be driven more by fundamentals than multiple expansion. Our top picks are UBER/APP in Large-Cap and TTWO/Z in SMID-Cap. We upgrade ETSY to Hold (from Underperform) and downgrade PINS to Hold (from Buy)
- Read [here](#)

Improving Tone — '25 Software Bus Tour Key Takes

Brent Thill | January 10, 2025

- SUMMARY – We hosted 4 consecutive days of meetings with 23 companies and various experts in infrastructure, applications, security, and AI software. The overarching tone is that software demand is stabilizing to improving, while AI could drive revenue upside in 2H25. Our top picks from the event are ROP (organic growth reacceleration), SNOW (catching up in AI), and CRM (Agentforce reinvigorating new deals)
- Read [here](#)

2025 Bus Tour – Cyber Takeaways

Joe Gallo | January 10, 2025

- SUMMARY – We hosted 23 public & private companies at our Jefferies Bus Tour in San Francisco this week including ZS, OKTA & S. Overall market sentiment has been better vs 2024, but spending remains cautious. The biggest theme across all meetings was GenAI adoption remains in the very early innings of deployment making it more likely cyber outperforms broader software in the interim
- Read [here](#)

2025 Software Playbook

Brent Thill | January 5, 2025

- SUMMARY – A combination of 2H-weighted share performance in 2024 and a seasonally challenging 1Q leads us to anticipate more selective stock-picking going into 2025. That said, we believe improving fundamentals as the year progresses, along with potentially more significant revenue contributions from AI, should result in another positive year for the sector. Our top picks include MSFT, AMZN, GOOGL, META, CRM, SNOW, and PCOR
- Read [here](#)

HIGHLIGHTED TECH CONTENT

CIO Survey - Cyber Spend Remains Out Front; Not Viewed as NT AI Beneficiary

Joe Gallo | January 16, 2025

- SUMMARY – We surveyed 40 CIOs with decision-making power for IT budgets. Our data showed that 1) CIOs expected cyber to lead IT & Software budget growth in '25 at 6.1% yoy, 2) cyber is not perceived as a primary near-term AI beneficiary, 3) cloud spending is expected to accelerate to 11.9% yoy in '25 with Security being viewed as most important when choosing a cloud vendor, and 4) PANW leads CRWD & ZS in spending accel expectations for '25 w/ all 3 vendors improving
- Read [here](#)

Survey Says - Cyber Accelerated into '25

Joe Gallo | January 14, 2025

- SUMMARY – Our VAR survey indicates improved demand in C4Q vs C3Q. MSFT, ZS, PANW & NET showed the strongest performance vs plan in C4Q. NET, VRNS & CHKP saw the greatest improvements qoq. C4Q saw evidence of PANWs discounting benefiting results & CRWD's new business was more impacted by the July 19th incident in C4Q vs C3Q although performance improved. 55% of respondents are expecting hardware digestion to last 6+ months w/ only modest yoy growth expectations in CY25
- Read [here](#)

Cyber Check: CRWD Proving Resilient & Mid-Market Showing Signs of Life

Joe Gallo | January 13, 2025

- SUMMARY – We hosted a cyber & cloud channel consultant to gauge C4Q demand. C4Q cyber business performance was up slightly vs C3Q, in part due to strength in large enterprise & federal govt. Cloud growth accelerated. Mid market showed optimistic signs post-election. Budget flush in C4Q was "as expected". FTNT's firewall refresh was noted as beneficiary of potential mid market recovery in '25. CRWD market positioning & growth accel was most notable data point to us
- Read [here](#)

Blayne's Bytes: CES Takeaways

Blayne Curtis | January 9, 2025

- SUMMARY – Detailing our key takeaways from meetings with 15+ public & private companies at CES this week with individual meeting notes below. AI continues to be the biggest topic of discussion, but little in terms of fireworks with NVDA GB10 announcement not a needle mover and MRVL continuing to sound confident in their position in the Trainium roadmap. Analog names were incrementally worse with Auto softer and Industrial not yet recovering
- Read [here](#)

Why We Haven't Seen End of Yield Curve Steepening

Jefferies Macro Strategy | January 12, 2025

- SUMMARY – GREED & fear sees issue for markets if potential new German leader abandons country's "debt brake". More German stimulus creates potential for pro-cyclical trade in Euro-zone equities. Tom thinks term-premium of rates may become relevant in explaining rates and curve. Brad thinks \$ moves higher only if Trump threads needle on policy implementation, probability low. If market smells big spending, vigilantes fight back, results long-end rates higher, USD lower
- Read [here](#)

US-China Tech War - DoD's CMC List May Not Lead to Any Action

Edison Lee | January 6, 2025

- SUMMARY – A few hours ago the US DoD added several Chinese companies including Tencent, CATL and CXMT, to the Chinese military company (CMC) list. The CMC list has no immediate sanction implications, but serve as a guidance for other US gov depts to consider sanctions. During the last Trump presidency, SOEs on the CMC list have been 1) delisted from the US, and 2) subject to US investment ban (eg, Chinese telcos). Trump could potentially ignore such designations
- Read [here](#)

Back to 2 and 20

David Zervos | December 26, 2024

- SUMMARY – Prior to the election, I wrote a few notes suggesting that we are headed towards a neutral monetary policy stance that is similar to that which prevailed at the end of 2019, before all the craziness of COVID. Specifically, I argued that the eventual equilibrium resting place for the combination of interest rates and balance sheet was "2 and 20," respectively. Today I want to drive home this idea that a flat yield curve at around 2% and a Fed balance sheet at 20% of GDP is both the old neutral and the new neutral. And NOTHING from the COVID shock period has caused a permanent change in policy neutrality
- Read [here](#)

Verint Systems (VRNT): Investor Day Takeaways

Samad Samana | January 14, 2025

- SUMMARY – The investor day focused on the ability for VRNT's 50+ AI bots to reduce customers' total CCaaS costs. Mgmt reiterated the FY25 rev and EPS guides, while also announcing that they will now guide to ARR. However, FY25 FCF was guided down. We had also hoped for more specificity on progress towards prior LT tgts (Rule of 40 by FY27). VRNT's valuation is reasonable (10x FY27 FCF), but we think investors need to see consistent execution to get more constructive
- Read [here](#)

Hippo Holdings (HIPO): Updating Model for First Connect Sale

Yaron Kinar | January 14, 2025

- SUMMARY – We update our 4Q estimates to reflect a ~\$40mn gain on sale related to the First Connect divestiture. We expect the gain to result in positive net income in 4Q24, resulting in EPS being based on diluted avg. shares as opposed to basic, thereby increasing our op. LPS est. by 2 cents to \$(0.15). We modestly tweak forward estimates to reflect higher NII from as a result of the sale. Remains Buy. PT unchanged at \$36 (41% ETR)
- Read [here](#)

Max Stock (MAXO): MET W/ MGMT: Stable Consumer Trends, Widening Price Gaps, Reiterate Buy

Corey Tarlowe | January 14, 2025

- SUMMARY – Yesterday, we hosted MAXO's Corporate Development and IR Officer, Talia Sessler, for investor meetings at ICR. Our conversations focused on the following topics: 1) stable Israeli consumer KPIs; 2) store expansion opportunities; 3) category trends; 4) widening price gaps vs. peers; and 5) efficiencies from the new DC. With improving margins, strong SSS, and ample white space, we believe MAXO should remain well-positioned ahead. Reiterate Buy
- Read [here](#)

Plus500 (PLUS): Bumper New Customer Intake, Revenue Well Ahead of Consensus

Julian Roberts | January 13, 2025

- SUMMARY – PLUS made additional investment to attract new customers in Q4, adding 36,000 (50% above the normal run-rate), taking the annual total to c.118,000, +29% YoY, and the highest number since the pandemic. \$768m of revenue was +6% YoY and despite the Q4 investment in marketing and growth, EBITDA was up YoY and ahead of consensus at \$342m. New licences with ICE and in the UAE add to PLUS's appeal and the \$900m cash balance after \$360m of returns is robust
- Read [here](#)

Inmode (INMD): 4Q Sales Miss; FY25 Guide Below; Lowering #s and PT; HWs Remain

Matthew Taylor | January 9, 2025

- SUMMARY – INMD reported 4Q prelim sales of \$97-\$97.5MM (-23% y/y) vs cons \$114MM as macro driven HWs have been more severe than INMD's prior expectations. INMD introduced FY25 sales guidance of \$395-\$405MM, below cons \$421MM. 2025 guidance implies 0-3% sales growth vs. mgmt previously suggesting MSD growth was possible. In our view this mainly shows that INMD continues to face tough macro HWs and has little forward visibility. We are lowering our #s and PT
- Read [here](#)

ISRAELI STOCK PERFORMANCE

Recent Performance of Selected Israeli Tech Stocks

Company	Ticker	Market Cap (m)	Weekly Performance (%)	52-wk Performance (%)
Amdocs	DOX	\$9,554	0.6%	(8.6%)
Arbe Robotics	ARBE	\$267	(8.2%)	61.0%
Audiocodes	AUDC	\$315	6.8%	(12.6%)
Camtek	CAMT	\$4,491	8.9%	25.7%
Cellebrite	CLBT	\$5,014	5.3%	169.4%
Ceva	CEVA	\$787	2.9%	63.0%
Check Point	CHKP	\$20,541	2.0%	18.4%
CyberArk	CYBR	\$17,524	3.2%	52.9%
Evoke PLC	LSE: evok	\$378	24.5%	(10.2%)
Fiverr	FVRR	\$1,204	6.6%	31.2%
Gilat	GILT	\$375	4.1%	11.0%
Global-e	GLBE	\$9,338	5.9%	49.2%
Hippo	HIPO	\$676	6.2%	229.4%
Innovid	CTV	\$458	1.7%	138.8%
Innoviz	INVZ	\$290	(8.5%)	(2.8%)
Ituran	ITRN	\$658	4.9%	30.9%
Jfrog	FROG	\$3,657	4.4%	(3.4%)
Kaltura	KLTR	\$344	2.7%	28.5%
Kornit Digital	KRNT	\$1,418	(0.9%)	84.2%
Lemonade	LMND	\$2,356	(4.2%)	100.6%
Magic Software	MGIC	\$604	5.0%	13.7%
Mobileye	MBLY	\$13,390	(2.6%)	(41.7%)
Monday.com	MNDY	\$11,997	5.8%	23.0%
Nano Dimension	NNDM	\$495	(3.0%)	1.8%
Nayax	NYAX	\$1,245	4.3%	53.3%
NICE	NICE	\$10,466	0.8%	(20.2%)
Nova	NVMI	\$7,039	10.3%	67.8%
Outbrain	OB	\$319	(3.6%)	60.9%
Pagaya	PGY	\$653	(2.3%)	(31.6%)
Payoneer	PAYO	\$3,826	6.6%	123.5%
Perion	PERI	\$428	2.3%	(69.0%)
Playtech	LSE: PTEC	\$2,723	7.2%	68.1%
Playtika	PLTK	\$2,602	1.2%	(5.9%)
Plus500	LSE: PLUS	\$2,576	7.2%	57.9%
Radware	RDWR	\$913	(0.1%)	28.0%
REE	REE	\$165	4.2%	71.3%
Riskified	RSKD	\$814	5.3%	13.5%
Sapiens	SPNS	\$1,433	(0.5%)	(6.8%)
SentinelOne	S	\$7,137	(1.3%)	(10.6%)
SimilarWeb	SMWB	\$1,288	6.1%	188.3%
SolarEdge	SEDG	\$823	(5.2%)	(79.4%)
Stratasys	SSYS	\$644	0.2%	(32.8%)
Taboola	TBLA	\$1,194	(2.5%)	(14.3%)
Tower	TSEM	\$5,812	1.0%	74.8%
Nexxen	NEXN	\$655	(0.4%)	86.9%
Valens	VLN	\$368	10.5%	73.0%
Varonis	VRNS	\$5,160	3.7%	2.9%
Verint	VRNT	\$1,517	(2.6%)	(14.3%)
Weebit Nano	ASX:WBT	\$334	(9.4%)	(32.3%)
Wix	WIX	\$13,530	7.7%	90.1%
Israeli Stocks Weighted Average			3.1%	33.3%
NASDAQ	QQQ		(0.4%)	21.8%
S&P 500	^SPX		0.3%	22.7%

UPCOMING JEFFERIES EVENTS

- Power, Utilities, and Clean Energy Conference, New York, March 4 – 5
- Biotech by the Beach Miami Summit, Miami Beach, March 11 – 12
- Pan-European Mid-Cap Conference, London, March 25 – 27
- Private Growth Conference, Santa Monica, April 22 – 23
- Energy Conference, Kiawah Island, June 10-12
- **Jefferies Tech Trek, Tel Aviv, September 9 – 11**

Best Regards,
Jefferies Israel Group

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