

Jefferies Israel Group Global Tech Digest

February 6, 2025

We are pleased to share our most recent JIG newsletter, which includes 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.

Additionally, Jefferies is proud to announce an initiating coverage of Israel's economy in collaboration with Leader Capital Markets, our partners in Israel. **Please find the full report attached and [here](#)**. If you wish to subscribe to this content going forward, please email Israel.ib@jefferies.com and you will be subscribed.

Following the initiation report, we are privileged to present an in-depth conversation between Mohit Kumar, Chief Economist for FICC EMEA and Jonathan Katz, an expert in Israel's macroeconomics and financial markets. Mohit and Jonathan will be conducting a 30-minute discussion and 15-minutes open Q&A on a range of topics from Trump's policy implications, Central Banks outlook, to Israel's economic resilience despite recent geopolitical challenges, particularly after the October 7, 2023, conflict.

The webinar will take place on Tuesday, February 11th at 10:00am ET / 17:00 IL - please see the full invitation attached. **For additional information and registration, please click [here](#)**

HIGHLIGHTED TECH REPORT: THE STATE OF ISRAEL FINTECH

Our friends at Viola Group recently released an excellent and timely report about Israel's FinTech ecosystem – [The State of Israel Fintech: 2025 – The Comeback Year](#).

The report examines the major trends driving FinTech's public and private markets, with a special focus on Israel's FinTech ecosystem. Amid global economic shifts, the Israeli FinTech ecosystem has shown signs of resiliency and the ability to weather market headwinds.

With interest rates on the decline, regulatory ease on the horizon, the AI revolution, and the Web 3.0 Revival, Viola believes that 2025 will be the comeback year for the FinTech ecosystem, globally and locally.

We invite you to read the full report [here](#)

NOTABLE JEFFERIES NEWS

[Jefferies served as the Financial Advisor to Xerox \(Nasdaq: XRX\) on its \\$1.5 Billion acquisition of Lexmark](#)

Jefferies is pleased to have served as the Financial Advisor to Xerox (Nasdaq: XRX) on its acquisition of Lexmark. This acquisition will strengthen the Xerox core print portfolio and build a broader global print and managed print services business better suited to meet the evolving needs of clients in the hybrid workplace.

HIGHLIGHTED TECH CONTENT

Semiconductors: Diving Deep – DeepSeek Not a Sign Training Spend Is Done, Inference Costs UP

Blayne Curtis | January 29, 2025

- SUMMARY – DeepSeek rattled the markets this week after investors spent the weekend digesting potential implications of the release of their R1 model last Tuesday (01/21/25). We believe the news is highly misunderstood and the trend towards "reasoning" based models and more inference implies compute demand should actually accelerate. We hosted an expert call with Adam Beberg, prior Principal Architect of Distributed Systems for NVDA to discuss his views
- Read [here](#)

Software: Cyber Preview - Expecting a Strong 4Q; CY25 Guides Loom

Joe Gallo | January 29, 2025

- SUMMARY – Our checks & survey have indicated improved demand in 4Q vs 3Q. We expect upside to 4Q results although CY25 remains a high bar for some vendors & we prefer vendors with easier CY25 set-ups (CYBR). We expect CHKP, CYBR, NET, & VRNS to beat 4Q results. RPD, FTNT, TENB & QLYS should be able to meet 4Q guide but upside may prove more challenging
- Read [here](#)

Semiconductors: Implications of DeepSeek on Software

Brent Thill | January 27, 2025

- SUMMARY – We view DeepSeek's release as part of an ongoing evolution, not revolution, and think that this market reaction is largely overdone. We believe these innovations which continue to drive increasing efficiency at inference, but also training, will further improve the ROI of AI, leading to faster software adoption. We maintain our existing theses owning MSFT & AMZN for enterprise, META & GOOGL for consumer, and SNOW for a potential Data & AI breakout play
- Read [here](#)

Software: Observability Preview: Achievable Setups For Both, But Favor DT

Brent Thill | January 28, 2025

- SUMMARY – DDOG is a premium story but is priced accordingly at 12x CY26 rev. F4Q expectations seem reasonable and DDOG should benefit from accel cloud demand, though there is concern over a conservative CY25 guide. DT's F3Q setup looks undemanding with a >2x RPO-to-rev growth gap (34% RPO growth, 16.5% rev growth) and expected DPS tailwinds. Favor DT given multiple growth levers, easy setup with a prudent guide and 2H weighted FY, and relative stock underperformance
- Read [here](#)

Internet: 4Q24 Mobile Gaming AdTech Survey: Seeing Broader Strength

James Heaney | January 24, 2025

- SUMMARY – Our 4Q mobile ad tech survey representing \$1.7B+ in app install spend suggests an acceleration in growth in '25. APP remains the #1 return on ad spend (ROAS) network for the largest spenders, and also saw a 367bp increase in '25 supply share from e-comm. However, with better macro, mobile game cos are looking to diversify incremental spend into smaller networks with TikTok and ironSource (U) cited as share gainers in '25. APP remains our Top Pick. Buy, \$425 PT
- Read [here](#)

Internet: Smooth Operator: New OpenAI Agent Is a Best-Case Outcome for OTAs

John Colantuoni | January 24, 2025

- SUMMARY – OpenAI today unveiled "Operator," an AI agent capable of handling a variety of browser tasks. Rumors of the announcement contributed to HSD downside for BKNG/EXPE in recent days on fears of disintermediation. Details provided today helped allay those fears, given OpenAI's list of partners included BKNG. The partnerships support our view that AI agents will eventually be another performance channel that could help consolidate share around scaled Internet names
- Read [here](#)

Semiconductors: Blayne's Bites: NVDA in the Spotlight Again, TXN Preview, PI NRF Takeaways

Blayne Curtis | January 16, 2025

- SUMMARY – NVDA's pullback over the past two weeks offers a solid entry point for investors as fears around a range of issues seem overdone. Setup into TXN earnings is difficult, with recovery in Industrial and Auto likely to pressure earnings through at least 1H25. PI also under pressure, with near-term numbers likely too high and a lack of material catalysts to help buck the trend
- Read [here](#)

MACRO STRATEGY RESEARCH

Tariff Make-Believe

David Zervos | February 3, 2025

- SUMMARY – The mainstream economics profession, through their Phillips Curve based Keynesian models, brought you the failed forecasts of recession and sharply higher unemployment in 2023/24. They also brought you the flawed stagflationary trade policy predictions during Trump 1.0. And yet somehow today, many investors are following these same folks as they push a simple repeat of their tried, tested, and failed Armageddon tariff narrative
- Read [here](#)

DeepSeek: If It's Real, Then Bring on The Deflation and Lower Rates

David Zervos | January 29, 2025

- SUMMARY – Like most folks, the first time I heard of DeepSeek was around 48 hours ago. I quickly tried to read all the "expert" analysis I could find on what they purportedly accomplished for a fraction of the cost their US peers incurred. After a few hours, I found credible sources that said it was all hype, and others of equal caliber that thought it was transformational. Bottom line: I have no idea if this is as big a deal as the market price action is suggesting
- Read [here](#)

Global | Washington Strategy: Trump's Day One Executive Orders Cheat Sheet

Aniket Shah | January 21, 2025

- SUMMARY – Within 24 hours of taking the oath, President Trump signed over 40 presidential directives, such as executive orders, memoranda, and proclamations on issues like Immigration/National Security, Federal Government, and Energy/Environment. This note provides a full list of the Day One presidential actions, accompanied by a one-sentence summary
- Read [here](#)

Trump World 2.0, New & Improved? Quanting the MAG 7

Jefferies Macro Strategy | January 19, 2025

- SUMMARY – GREED & fear highlights money markets now discounting 36bps of Fed cuts, up from 29bps before CPI report. Tom points out one needs perspective in anticipating effects of Trump's policies. Tariffs disruptive, no lasting negative impact on growth/inflation. Small businesses flourish, manufacturers exit 2-year recession. According to Desh, not all MAG 7 fared well, average dispersion of 25% shows importance of stock picking, provide quant framework to rank Mag 7
- Read [here](#)

ISRAELI COMPANIES EQUITY RESEARCH

Varonis (VRNS): Some Conversion Confusion But Copilot Inflecting

Joe Gallo | February 5, 2025

- SUMMARY – 4Q ARR growth accelerated to 18.2% yoy (beat cons by 0.6% vs 1.0% avg past 4 Qs) while 4Q op margins (& guide) were weak given the shift to SaaS. '25 ARR guide of 15-16% yoy appears overly prudent (no growth in NNARR) especially when considering bullish copilot commentary. Cust. conversions increased cycle times & VRNS is leaning in to finish this transition in '25 which elevates execution risk/churn potential but also helps '26 & beyond growth. Remain Hold
- Read [here](#)

Amdocs (DOX): This Is Feeling Better; Maintain Buy Rating

George Notter | February 4, 2025

- SUMMARY – December results and forward-looking guidance were in-line with expectations. The good news – they're seeing some improvement in the overall macro environment and a growing pipeline of potential deals. This is a significant change versus their views in recent quarters
- Read [here](#)

Inmode (INMD): HWs Continue in '25; Reit Sales Guide; Prioritizing Share Repo; Reit Hold

Matthew Taylor | February 4, 2025

- SUMMARY – 4Q sales of \$97.9MM (-22.8%) were slightly >prelim \$97-\$97.5MM, which was <cons \$114MM due to more severe, broad-based macro HWs. INMD is not seeing signs of improvement. The co reit FY25 sales guide of \$395-\$405MM (0-3%), intro'd FY25 GM and EPS guide that bracket cons, but OM<cons. Mgmt is prioritizing share repo, which is not baked into EPS guide. The environment remains challenged w/ little fwd visibility. Our #s are largely unch, maintain PT, reit Hold
- Read [here](#)

Plus500 (PLUS): Good Signs in the USA

Julian Roberts | February 4, 2025

- SUMMARY – Plus500 Financial Services, the company's US clearing and execution business, discloses daily customer segregated funds. The amount of funds gives some indication of the volumes of business the firm is doing in that segment. Having been relatively held steady around \$450m in the second half of 2024, they have recently increased to c. \$630m, which we take as a positive indicator of the health of the US institutional futures business
- Read [here](#)

Energean (ENOG): Revising Net Debt Higher, Production Lower, Dividend Unchanged

Mark Wilson | February 3, 2025

- SUMMARY – Guidance for YE25 net debt \$2.7 - 2.9bn post completion of Carlyle deal is higher vs our previous \$2.5bn estimate ahead of ENOG Trading Update, but CFO Panos Benos is "cautiously optimistic that this range will move lower" once all the moving parts and debt optimisation variables are known. The intention to return special dividend up to \$200m appears firm which will deliver on the "to return \$1 billion to shareholders by the end of 2025"
- Read [here](#)

Teva (TEVA): Spending More on R&D/S&M Because Pipeline/Brands Exploding – Great Entry Point

Glen Santangelo | January 31, 2025

- SUMMARY – While the 4Q EBITDA & initial F25 EBITDA guide was disappointing, we are very surprised by the magnitude of the reaction. With 3 brands, 18 biosims, and 6+ pipeline programs all in various stages of dev/commercialization, we agree w the decision to spend, but acknowledge the messaging was not great. This WAS a crowded long with high expectations, but NOW w valuation back to the 6-7x EBITDA range, we view this a great entry point right here, right now. Reit BUY
- Read [here](#)

Check Point (CHKP): New CEO Ready to Shift Growth to Higher Gear

Joe Gallo | January 30, 2025

- SUMMARY – CHKP accel billings growth to 11% yoy (cons 7%) while new CEO Zafrir's vision impressed w/ a clear focus on GTM refinement. Sales leadership changes may create NT hiccups in execution although '25 rev guidance feels overly prudent when considering billings/RPO strength + prod refresh dynamics. '25 margin guidance of 42.3% was 30bps worse than cons as CHKP prioritizes sustainable rev growth. Our \$250 PT implies 25x P/NTM E vs 28x large cap median
- Read [here](#)

SolarEdge (SEDG): 4Q24 Preview: Looking for Ways to Escape the Cash Burn Cycle

Julien Dumoulin-Smith | January 29, 2025

- SUMMARY – Key focus going into the Q will be where SEDG lands on cash gen/burn outlook given past liquidity concerns and upcoming '25 maturity. We can see 45X sales helping, but path to profitability is key. Mgmt. had cited 1H25 as the return to +ve FCF, but with a new CEO at the helm, will we see the messaging change? We lower our '25 growth and '25-'27 GM outlook as we account for slower recovery, reflecting -11% lowered EBITDA in '25 and +ve FCF pushed out into '26
- Read [here](#)

NICE (NICE): 4Q24 Preview: Uncertainty Abound

Samad Samana | January 26, 2025

- SUMMARY – We see a reasonable 4Q setup for total revs, but are less confident in NICE's ability to hit the implied cloud rev mdpt. The focus will be on the FY25 guide--we believe consensus for cloud rev (\$2,320m; +17% y/y) is too high, as reflected in our +15% estimate. We are also concerned about the backdrop of AI competition, subpar CC hiring, and a decline in RNG-related revs. While the valuation has compressed, we do not see a catalyst for multiple expansion
- Read [here](#)

Phoenix (PHOE): Looking to the Long-Term

Philip Kett | January 22, 2025

- SUMMARY – To our eyes, the outlook for Phoenix Financial has materially improved. Geopolitical risk may be falling, capital market conditions are favourable, while the macroeconomic backdrop is improving. For Phoenix Financial, the private equity owners have been replaced with international investors and the strategic plan offers an attractive runway from earnings growth. We reiterate our Buy recommendation
- Read [here](#)

monday.com (MNDY): Resetting Our Numbers on Recent Jitters; Remain L-T Fans

Brent Thill | January 20, 2025

- SUMMARY – Recent neg. signals raised fears that FY25 rev initial guide could miss cons. 26%+ and be as low as ~22-25%. The low end looks too pessimistic given 33-35% growth in last 4Qs + more stable macro, '24 price increase, add-on products, and enterprise expansion. We conservatively cut to 23% from 26.8% & cut PT to \$300 (10x CY26 rev). MNDY trades at 7.8x vs. historical avg 13x and hi-growth software avg. ~13x. MNDY remains one of the top fundamental cos in mid-cap
- Read [here](#)

Bezeq (BEZQ): Anticipating the 2026 FCF ramp

Alex Wright | January 20, 2025

- SUMMARY – We see 2025 as the final year of elevated investment, during which Bezeq is expected to complete the rollout of its fibre network and the upgrade of yes to IPTV. From 2026, capex related to fibre should drop off considerably (by over 10% or c. ILS0.2bn), while opex savings from decommissioning of satellite capacity at yes should also kick in, driving both EBITDA growth and a positive inflection in FCF and dividends
- Read [here](#)

ISRAELI STOCK PERFORMANCE

Recent Performance of Selected Israeli Tech Stocks

Company	Ticker	Market Cap (m)	Weekly Performance (%)	52-wk Performance (%)
Amdocs	DOX	\$9,944	2.1%	(1.5%)
Arbe Robotics	ARBE	\$237	(0.8%)	35.5%
Audiocodes	AUDC	\$344	10.4%	(16.9%)
Camtek	CAMT	\$4,246	6.3%	18.1%
Cellebrite	CLBT	\$5,673	8.5%	176.0%
Ceva	CEVA	\$809	7.5%	66.1%
Check Point	CHKP	\$23,865	6.4%	33.0%
CyberArk	CYBR	\$18,748	3.2%	45.4%
Evoke PLC	LSE: evok	\$399	0.3%	(23.4%)
Fiverr	FVRR	\$1,083	(3.7%)	10.5%
Gilat	GILT	\$436	10.4%	17.5%
Global-e	GLBE	\$10,081	(0.2%)	50.4%
Hippo	HIPO	\$751	11.7%	229.8%
Innovid	CTV	\$468	1.0%	104.5%
Innoviz	INVZ	\$250	(4.5%)	(9.8%)
Ituran	ITRN	\$678	3.5%	33.1%
Jfrog	FROG	\$4,051	2.9%	(4.2%)
Kaltura	KLTR	\$412	19.6%	69.8%
Kornit Digital	KRNT	\$1,404	0.2%	67.3%
Lemonade	LMND	\$2,497	5.0%	117.7%
Magic Software	MGIC	\$655	4.1%	26.3%
Mobileye	MBLY	\$13,098	0.9%	(38.9%)
Monday.com	MNDY	\$12,938	3.8%	14.3%
Nano Dimension	NNDM	\$583	11.8%	4.3%
Nayax	NYAX	\$1,418	5.4%	53.3%
NICE	NICE	\$10,781	4.4%	(19.7%)
Nova	NVMI	\$7,221	7.0%	65.7%
Outbrain	OB	\$357	14.5%	70.6%
Pagaya	PGY	\$770	16.4%	(20.8%)
Payoneer	PAYO	\$3,937	3.5%	122.1%
Perion	PERI	\$486	12.8%	(57.9%)
Playtech	LSE: PTEC	\$2,817	2.1%	62.3%
Playtika	PLTK	\$2,721	(1.9%)	0.0%
Plus500	LSE: PLUS	\$2,646	4.5%	62.5%
Radware	RDWR	\$962	3.1%	18.0%
REE	REE	\$162	(4.2%)	35.6%
Riskified	RSKD	\$863	3.1%	11.4%
Sapiens	SPNS	\$1,512	1.3%	(3.3%)
SentinelOne	S	\$7,744	1.8%	(17.0%)
SimilarWeb	SMWB	\$1,426	5.8%	149.1%
SolarEdge	SEDG	\$831	10.6%	(81.0%)
Stratasys	SSYS	\$894	30.4%	(6.6%)
Taboola	TBLA	\$1,301	1.6%	(18.4%)
Tower	TSEM	\$5,602	7.2%	70.5%
Nexxen	NEXN	\$616	(6.6%)	77.3%
Valens	VLN	\$272	4.1%	13.3%
Varonis	VRNS	\$4,878	(2.5%)	(14.4%)
Verint	VRNT	\$1,636	2.6%	(14.4%)
Weebit Nano	ASX:WBT	\$292	0.2%	(42.0%)
Wix	WIX	\$12,585	(7.1%)	71.7%
Israeli Stocks Weighted Average			3.1%	31.9%
NASDAQ	QQQ		1.2%	21.7%
S&P 500	^SPX		0.4%	21.3%

Source: CapIQ (as of February 5, 2024)

UPCOMING JEFFERIES EVENTS

- Power, Utilities, and Clean Energy Conference, New York, March 4 – 5
- Value-Based Healthcare Summit, Miami Beach, March 10
- Biotech by the Beach Miami Summit, Miami Beach, March 11 – 12
- Med Tools Summit, Miami Beach, March 13
- Pan-European Mid-Cap Conference, London, March 25 – 27
- Private Growth Conference, Santa Monica, April 22 – 23
- Software & Internet Conference, Newport Coast, May 28 – 29
- Global Healthcare Conference, New York, June 3 – 5
- Energy Conference, Kiawah Island, June 10-12
- **Jefferies Tech Trek, Tel Aviv, September 9 – 11**

Best Regards,
Jefferies Israel Group

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