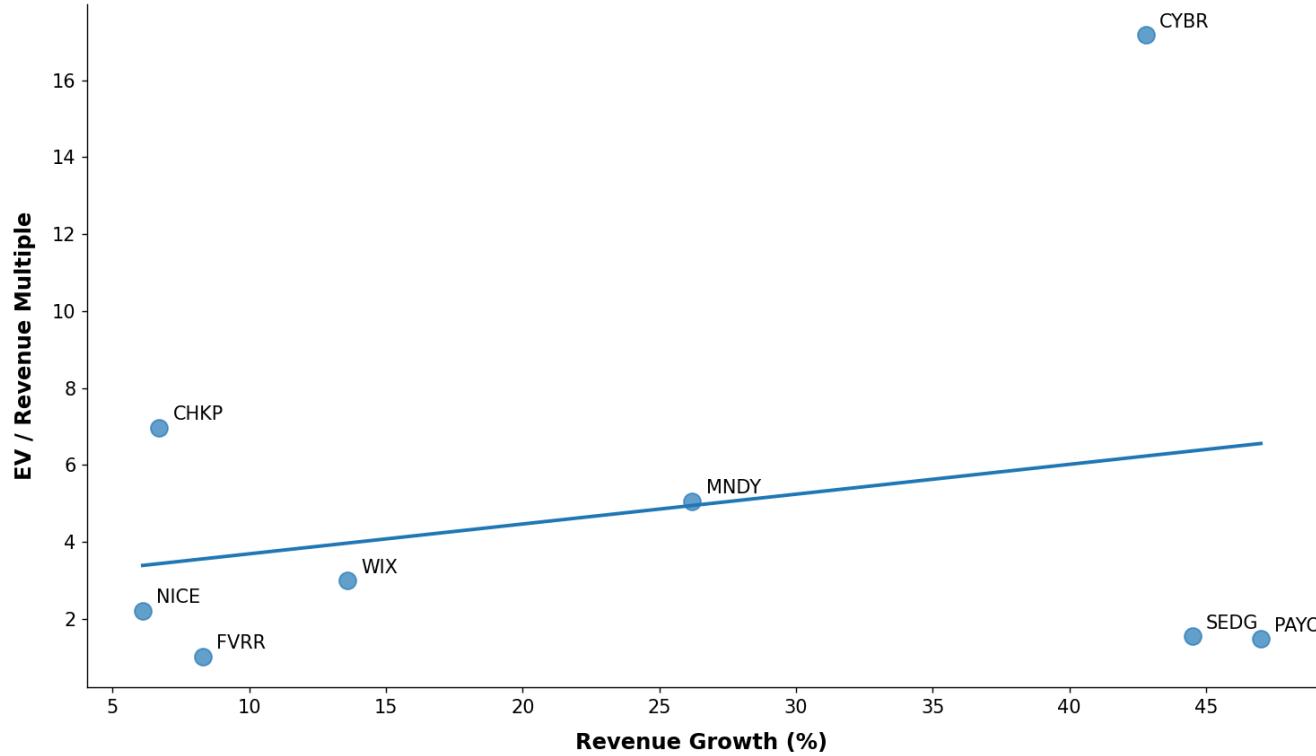


Israeli Tech M&A: Identifying Valuation Dislocation

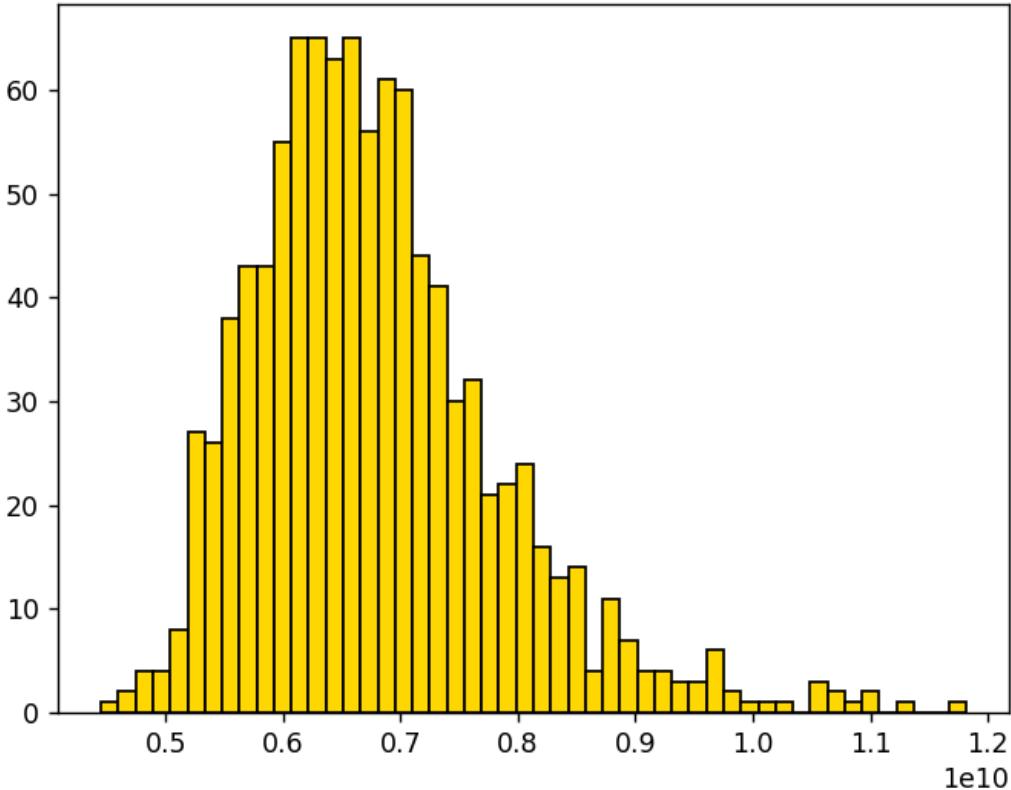
- **Investment Thesis:** Systematically identify high-growth Israeli technology firms trading at a statistical discount to peer group benchmarks to uncover M&A targets.
- **Valuation Framework:** Developed a proprietary Python-based screening engine that regresses Enterprise Value (EV)/Revenue multiples against Forward Revenue Growth for a peer group of 8 NASDAQ-listed Israeli firms.
- **Strategic Opportunity:** Analysis identifies a significant "Valuation Gap" for **SolarEdge (SEDG)** and **Payoneer (PAYO)**; despite ~45% revenue growth, these firms trade at <2x EV/Rev, presenting an attractive entry point for strategic acquirers compared to premium-priced peers like **CyberArk (CYBR)** at 17.1x.

Sector Analysis: Revenue Growth vs. EV/Revenue Multiples



- **The Regression Line:** Established a "Sector Fair-Value Line" where the Y-axis represents the market multiple and the X-axis represents growth.
- **Identification of Outliers:**
- **Undervalued (Below Line):** SEDG and PAYO exhibit high residuals, suggesting the public market is underpricing their growth potential.
- **Premium (Above Line):** CYBR and CHKP command high multiples, likely due to "Cybersecurity Premium" and recurring revenue stability.
- **M&A Implication:** Targets sitting in the bottom-right quadrant (High Growth, Low Multiple) offer the highest potential for valuation re-rating post-acquisition.

Risk-Adjusted Valuation: Monte Carlo Simulation (Target: WIX)



- **Approach:** Stochastic DCF model using 1,000 iterations to account for market volatility.
- **Variables:** WACC sensitized via normal distribution: $\text{WACC} \sim N(0.09, 0.01)$.
- **Results:** * **Mean Fair Value:** Center of distribution suggests an intrinsic value of **\$6.5B - \$7.5B**.
- **Risk Mitigation:** Quantifies "Margin of Safety" by visualizing the probability density of various market outcomes.

Intrinsic value distribution suggests WIX is currently undervalued with a significant margin of safety under normalized market conditions.