

ANALYSIS

Here’s another sign our go-to cybersecurity stock should climb even higher in 2024

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Signage outside Palo Alto Networks headquarters in Santa Clara, California, U.S., on Thursday, May 13, 2021.

David Paul Morris | Bloomberg | Getty Images

Investors just received another reason to like [Palo Alto Networks](#) — the Club's favorite cybersecurity stock, which has been on fire.

New data indicates a surge in cyberattacks, [bolstering our view](#) that demand for Palo Alto's software and services to protect large-scale computer systems is bound



jump last year in so-called ransomware leak sites, which are used by hackers to post stolen data. The firm's [Ransomware Retrospective analysis](#), released on Monday, found 3,998 posts from ransomware leak sites in 2023. This compares to 2,679 posts in 2022. Unit 42 said there's been a "continued attraction of ransomware as a profitable criminal activity," citing at least at least 25 new ransomware groups emerging last year.

The report also tracks with recent [findings](#) from Corvus, a cyber insurance firm, which said the fourth quarter of 2023 ended a "record-breaking year" for ransomware activity. The number of victims reported for the quarter was up 69% year-over-year, according to Corvus data released last week.

Palo Alto Networks, along with other cybersecurity names such as [Fortinet](#) and [Zscaler](#), are all set up to profit from the growing threat of emboldened hackers. As these threats intensify for businesses, more customers are seeking out products and services like those offered by Palo Alto. That's evident in Palo Alto's 24% year-to-date stock gain on top of more than doubling last year.



Palo Alto Networks Inc

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367.02 ▲ +2.52 (+0.69%)

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1D 5D 1M 3M 6M YTD 1Y 5Y ALL

Palo Alto Networks (PANW) year-to-date performance

Nikesh Arora, CEO of Palo Alto Networks, echoed these sentiments during a [CNBC interview](#) last month, saying “cybersecurity will be a theme for a while” as the world becomes more “technologically dependent” and vulnerable to breaches.



names are vulnerable to threats, presenting [challenges](#) for Microsoft's own \$20 billion-a-year cybersecurity franchise.

Wall Street analysts saw Palo Alto and its peers as beneficiaries of the Microsoft attack. JPMorgan said shortly after the breach that it “could drive greater levels of caution with regard to relying too heavily on Microsoft for security.” Vendors such as Palo Alto that “compete with Microsoft in their core markets will benefit,” the analysts wrote.

Jim Cramer echoed Wall Street's call at the time, describing Palo Alto's stock as “sensational” and adding that shares are clearly not done climbing higher. Fast forward to [Wednesday's Homestretch](#), Jim reiterated his love for Palo Alto after Fortinet's rosy earnings results. “If the worst cybersecurity stock does well, what does it say about the best? Buy Palo Alto Networks,” he said.

Palo Alto Networks became the first cybersecurity stock to top a [\\$100 billion market value](#) late last year — a long-held goal by management. It closed above the level for the first time on Jan. 11 and hasn't looked back. During Thursday's trading session, the stock's market cap was over \$116 billion.

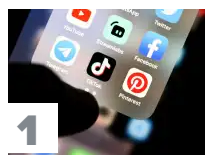
(Jim Cramer's Charitable Trust is long PANW, MSFT. See [here](#) for a full list of the stocks.)



on CNBC TV, he waits 72 hours after issuing the trade alert before executing the trade.

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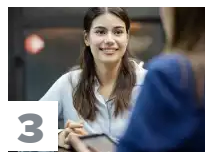
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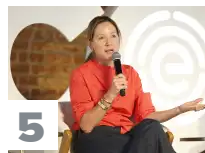
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