

# CRNT (Ceragon Networks Ltd.) – Stock Analysis

## 1. Key Financials

- **Market Cap & Shares:** ~\$179.8M market cap (with ~89.9M shares outstanding) <sup>1</sup>.
- **Revenue & Growth:** 2024 revenue ~\$394.2M (up 13.5% YoY) <sup>2</sup>. Trailing 12-month sales ~\$380.5M <sup>1</sup>. Gross margin ~34–35% (2024 gross profit \$136.85M on \$394.19M sales <sup>2</sup>).
- **Profitability:** 2024 net income ~\$24.1M (GAAP) <sup>3</sup>. Q2 2025 non-GAAP income \$2.5M (\$0.03/share) with positive free cash flow <sup>4</sup>. H1 2025 cash from ops covered capex, per management.
- **Balance Sheet:** Cash ~\$29.2M (June 30, 2025) vs. \$35.3M at YE 2024 <sup>5</sup>. Short-term debt ~\$25.2M drawn on a \$77M facility <sup>6</sup>. Modest debt and covenants exist, but liquidity seems adequate.
- **Valuation:** Trades at ~13.4× trailing EPS <sup>7</sup> (P/E ~13), EV/Sales ~0.45×. No dividend. Low P/E and ~0.5× EV/S are low for a growing tech/equipment firm, suggesting a cheap valuation if growth resumes.

## 2. Business Model & Competitive Position

- Ceragon sells **wireless transport solutions** (microwave/mmWave radios and network management) to telecom carriers, private network operators, utilities, and government/industrial users <sup>8</sup> <sup>9</sup>. Its products (IP-20, IP-50 series, etc.) link cell towers and 5G sites.
- Customers span 600+ service providers and 1,600+ private networks in >130 countries <sup>10</sup>. Key verticals: mobile backhaul for 4G/5G, critical infrastructure (energy, utilities), and emerging private networks (e.g. campuses).
- **Competitive landscape:** Intense – peers include Nokia/Alcatel, Ericsson, Huawei (for macro backhaul) and specialized vendors (e.g. Siklu's mmWave). Ceragon differentiates via high-capacity, all-outdoor radios. In June 2025 it launched a new high-power 5G E-band radio ("IP-50EXP") for 20+Gbps links <sup>11</sup>, highlighting ongoing R&D. Margins (~35%) reflect moderate pricing power in a competitive market.
- **Moat:** Limited; product roadmaps and patent portfolio (e.g. inherited 31 Siklu patents <sup>12</sup>) help, but technology cycles and competitor products evolve rapidly. Success depends on rapid 5G/industrial adoption and Ceragon's ability to win design-ins.

## 3. Price & Volume Behavior

- **Price Trend (1–6 months):** The stock peaked ~\$5.73 (Dec 2024) then sharply fell to ~\$2.00 (current, Sep 5, 2025) <sup>13</sup>. The decline (~65%) reflects mixed earnings, a sluggish India market and geopolitical concerns. The 52W range is \$1.82–\$5.73 <sup>14</sup>. Recently trading near the low suggests markets are pricing in near-term headwinds.
- **Volume & Liquidity:** Avg. daily volume ~300K shares <sup>15</sup>. At ~\$2, this gives ~\$600K daily value – modest but tradable for a microcap. Bid/ask spreads are unknown, but liquidity appears reasonable for position entry/exit.
- **Distribution:** No obvious block trading or single-day spikes are visible. The decline was gradual (no one-time crash) suggesting broad selling pressure. Relative to peers in comms equipment, CRNT's

fall has been steeper, though the sector has also been choppy due to 5G rollouts and macro concerns.

## 4. Risks & Red Flags

- **Dilution & Financing:** Ceragon has a large shelf registration (up to \$150M) allowing equity or debt raises <sup>16</sup>. It just issued ~215K shares for the End2End acquisition <sup>17</sup>. Future use of the shelf or other financings could dilute shareholders significantly. Debt from acquisitions adds leverage (25.2M of \$77M used <sup>6</sup>).
- **Market/Customer Concentration:** ~30% of 2025 sales guidance is India <sup>18</sup>. Delayed Indian projects materially hurt visibility (management now only expects flat H2 vs H1) <sup>19</sup>. A deeper or prolonged Indian telecom/enterprise slowdown would slosh through results. Similarly, a handful of large deals (utilities, carriers) can swing quarterly results, adding volatility.
- **Geopolitical/Execution:** Ceragon is Israeli-based; the Oct 2023 Israel-Gaza war caused supply-chain/safety disruptions <sup>20</sup>. Ongoing regional conflicts (shipping in Red Sea, supplier delays) could impede production. Integration risks from recent acquisitions (Siklu in 2023, End2End in 2025) also exist.
- **Governance & Activism:** Largest shareholder holds only ~10.6% <sup>21</sup> (hedge fund manager Joseph Samberg) – no controlling owner. However, in 2022 competitor Aviat launched a hostile bid, showing Ceragon is a takeover target <sup>22</sup>. Activist pressure could resurface. No SEC/audit flags are apparent, and reporting seems standard.
- **Liquidity:** As a microcap, liquidity is limited; stock moves can be volatile. No dividend or buyback is in place as a shareholder cushion.

## 5. Upcoming Catalysts (next 6 months)

- **Q3 2025 Earnings (Nov 2025):** Key read-out on revenue trends. Management has guided flat H2 revenue (vs H1) and profitability on non-GAAP basis <sup>19</sup>. Results will reveal if NA growth or India rebounds.
- **Utility Contract Execution:** The announced \$8M EMEA power-utility project (multiphase, now ~75% booked) <sup>23</sup>; remaining phases to deliver by end-2025. Milestones or follow-on orders (the IR says revenues recognized progressively) should lift revenue.
- **Acquisition Synergies:** Integration of End2End (closed Jan 2025) should start converting that ~\$15–19M backlog into sales <sup>24</sup>. If Ceragon secures additional private-network contracts via this team (not yet announced), it would accelerate NA growth.
- **New Products/Trials:** Rolling out the IP-50EXP and other high-bandwidth units (e.g. upcoming IP-100 series) to customers. Orders or trials at large enterprises/MNOs could be significant if publicized.
- **Geopolitical/Market:** Any stabilization of Middle East or improved India 5G spending (e.g. spectrum auctions or private-network investments) would be positive catalysts.

## 6. Alpha Thesis

Ceragon is *cheaply valued* given its growth opportunities. The stock's decline mainly reflects cyclical hiccups (anemic India spending, regional instability) rather than a fundamental loss of technology lead or addressable market. In 1–6 months, the **upside scenario** is that the market re-rates Ceragon as its backlog and profits resume growing. Specifically, recent wins – notably the \$8M utility contract and the End2End

acquisition (adding ~\$15–19M sales in 2025) <sup>24</sup> <sup>23</sup> – underpin a solid revenue base. North America is a bright spot (NA bookings >\$20M in Q2) <sup>25</sup>, and Ceragon claims “preferred vendor” status with a top U.S. carrier, suggesting accelerating enterprise deals. Meanwhile profitability has recovered (Q2 saw \$2.5M non-GAAP net profit, and CFO expects H2 to be positive) <sup>4</sup>. At ~13.4× earnings <sup>7</sup> (and ~0.45× EV/S), the stock looks undervalued if even a fraction of these catalysts play out.

The *bear case* – and what would refute the buy thesis – is if core markets remain weak. If Indian projects continue to stall or cancel, or if macro/geopolitical shocks (e.g. escalation of conflict) delay deliveries, revenues may languish. Similarly, if Ceragon’s accretive targets are missed (acquisition synergies failing, or the utility project gets delayed), the expected boost wouldn’t materialize. Finally, heavy dilution (via equity raises) or credit problems would undercut value. Over the next 6 months, evidence for the thesis will be Q3 results that beat on stable-to-rising revenue and renewed backlog. Failure to see any uptick – and any signs of margin erosion or debt strain – would invalidate the upside case.

## 7. Final Recommendation: [Buy]

### Top 3 Reasons:

- **Backlog & Growth Pipeline:** Recent deals/acquisitions add material revenue (e.g. End2End adds ~\$15–19M in 2025 <sup>24</sup>, plus an \$8M utility network project <sup>23</sup>). These support H2 sales and 2026 growth.
- **Improving Profitability:** Q2 delivered non-GAAP profit and cash flow, and management expects further profit in H2 <sup>4</sup>. Coupled with NA market momentum (Q2 bookings surge) <sup>25</sup>, Ceragon can leverage operating leverage.
- **Attractive Valuation:** Trades at ~13× earnings <sup>7</sup> despite double-digit sales growth in 2024 and new catalysts ahead. With gross margins ~35%, even modest upticks in revenue imply big EPS gains. Downside appears limited (no bankruptcy risk) but upside is substantial if projects convert to revenue.

Given the evidence, CRNT offers **asymmetric upside** in the coming 1–6 months, assuming execution stays on track. The risks (geopolitical and execution) are real but already embedded in the low price; the potential for multi-quarter growth from new contracts seems underappreciated, justifying a *Buy*.

**Sources:** Official financial filings and press releases <sup>2</sup> <sup>5</sup> <sup>25</sup> <sup>24</sup> <sup>16</sup> <sup>22</sup> <sup>1</sup>.

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<sup>1</sup> <sup>7</sup> <sup>9</sup> <sup>13</sup> <sup>14</sup> <sup>15</sup> Ceragon Networks (CRNT) Stock Price & Overview

<https://stockanalysis.com/stocks/crnt/>

<sup>2</sup> <sup>3</sup> <sup>6</sup> <sup>12</sup> CERAGON NETWORKS LTD - 1119769 - 2025

<https://www.sec.gov/Archives/edgar/data/1119769/000117891325000997/zk2532876.htm>

<sup>4</sup> <sup>5</sup> <sup>18</sup> <sup>19</sup> <sup>25</sup> Ceragon Reports 2025 Second Quarter Financial Results

<https://www.ceragon.com/news/ceragon-reports-2025-second-quarter-financial-results>

<sup>8</sup> <sup>10</sup> <sup>23</sup> Ceragon to Provide \$8 Million Private Network Modernization for a Leading Power Utility in EMEA

<https://www.ceragon.com/news/ceragon-to-provide-8-million-private-network-modernization-for-a-leading-power-utility-in-emea>

<sup>11</sup> Ceragon Introduces IP-50EXP, Delivering Millimeter Wave Capacity Over Microwave Distances

<https://www.ceragon.com/news/ceragon-introduces-ip-50exp-delivering-millimeter-wave-capacity-over-microwave-distances>

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17 24 Ceragon to Acquire End 2 End Technologies, Expanding its Offering to Private Networks in North America

<https://www.ceragon.com/news/ceragon-to-acquire-end-2-end-technologies-expanding-its-offering-to-private-networks-in-north-america>