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# Ceragon Networks Ltd. CRNT-USA - Buy-USD$9.00 PT

**Action Summary – 12 November 2025**

Analyst Theodore R. O'Neill Estimate revision post 3Q25 results – Lowering price target to $9 from $10 - *Reiterate our Buy rating*.

- **A tax related one-cent miss to consensus on better-than-expected revenue.** The company reported 3Q25 revenue and non-GAAP EPS of $85.5MM and $0.02, respectively, beating consensus revenue estimates of $83.5MM and missing consensus non-GAAP EPS of $0.03 by $0.01. Without the 96% tax rate, EPS would have been in-line. On a GAAP basis, the company reported breakeven, meeting our breakeven estimate. There was no variance from our EPS estimates, as higher gross profit (driven by sales) was offset by higher finance costs and taxes. On a GAAP basis, without the 96% tax rate, EPS would have beaten our GAAP expectations.
- **Project delays in India that had depressed 2Q25 revenue are being resolved and add support to our current 2026 expectations.** Last quarter it was reported that revenue from India-based projects fell 42% or ~$18MM sequentially. On the call, the company said that this is being resolved, and it sees more opportunity in India for 2026.
- **Adjusting estimates**. We are raising our 2025 revenue estimates to $340.4MM from $338MM and taking our EPS down a penny to $0.10 due to taxes in the current quarter. Our 2026 estimates are unchanged.
- **Shares appear to be priced significantly below absolute and comparative metrics.** The shares sell at a discount to both our discounted price target model and below average peer multiples.

| | | | |
|---|---|---|---|
| **11/11 Closing price: $2.34** | **Market cap: $203 million** | **2026 Market cap/sales: 0.56x** | **2026 EV/Sales: 0.58X** |
| **Shares outstanding: 92 million** | **Insider ownership: ~7%** | **Avg. trading volume: >500,000** | **Dividend/Yield: NA/NA** |

**Revenue, Adjusted EPS and GAAP operating margin estimates (EPS in USD – Revenue in USD millions)**

| Period | EPS | Revenue | Operating Margin |
|---|---|---|---|
| FY23A | $0.20 | $347.2 | 6.1% |
| 1Q24A | $0.05 | $88.5 | 4.8% |
| 2Q24A | $0.11 | $96.1 | 10.8% |
| 3Q24A | $0.16 | $102.7 | 14.3% |
| 4Q24A | $0.09 | $106.9 | 8.9% |
| FY24A | $0.41 | $394.2 | 9.8% |
| 1Q25A | $0.03 | $88.6 | (1.2%) |
| 2Q25A | $0.03 | $82.3 | 2.7% |
| 3Q25A | $0.02 | $85.5 | 4.4% |
| 4Q25E | $0.02 | $84.0 | 2.9% |
| FY25E | $0.10 | $340.4 | 2.1% |
| FY26E | $0.18 | $379.0 | 4.9% |

Note: Numbers may not add due to rounding. See our full model at the back of this report.

**Cash balance (USD millions)**

| | |
|---|---|
| 2022A | $22.9 |
| 2023A | $28.2 |
| 2024A | $35.3 |
| 2025E | $33.1 |
| 2026E | $26.6 |

**Short term debt (USD millions)**

| | |
|---|---|
| 2022A | $37.5 |
| 2023A | $32.6 |
| 2024A | $25.2 |
| 2025E | $20.0 |
| 2026E | $20.0 |

## Risks/Valuation

- Risks include competition, government funding, network growth demands, tariffs.
- Our $9.00 target is derived using a discounted future earnings model.

**Company description**: Ceragon (NASDAQ: CRNT) is a global innovator and leading solutions provider of end-to-end wireless connectivity, specializing in transport, access, and AI-powered managed & professional services. Through its commitment to excellence, it empowers customers to elevate operational efficiency and enrich the quality of experience for their end users.

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*Figure 1 – Ceragon Networks – One year Trading snapshot*




*Source: FactSet*

## Quarterly Analysis

**A tax related one-cent miss to consensus on better-than-expected revenue.** The company reported 3Q25 revenue and non-GAAP EPS of $85.5MM and $0.02, respectively, beating consensus revenue estimates of $83.5MM and missing consensus non-GAAP EPS of $0.03 by $0.01. Without the 96% tax rate, EPS would have been in-line. On a GAAP basis, as shown in Figure 2, the company reported breakeven, meeting our breakeven estimate. There was no variance from our EPS estimates, as higher gross profit (driven by sales) was offset by higher finance costs and taxes. On a GAAP basis, without the 96% tax rate, EPS would have beaten our GAAP expectations.

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*Figure 2 – Ceragon Networks – Quarterly Analysis*

| Income Statement | FY25 Q3E | FY25 Q3A | Better / (worse) than estimates |
|---|---|---|---|
| Sales | | | |
| Total Revenue | $82,000 | 85,484 | $3,484 |
| Total cost of products sold | 54,120 | 56,134 | (2,014) |
| Total Gross Profit | 27,880 | 29,350 | 1,470 |
| GP% | 34.0% | 34.3% | |
| Operating expenses: | | | |
| R&D Net | 7,400 | 6,955 | 445 |
| Sales and Marketing | 11,500 | 12,609 | (1,109) |
| General and administrative | 6,800 | $6,013 | 787 |
| Other incl. restructuring, M&A | 0 | 20 | (20) |
| Total Expenses | 25,700 | 25,597 | 103 |
| Earnings (loss) from Operations | 2,180 | 3,753 | 1,573 |
| Financial costs and other | (2,000) | (2,976) | (976) |
| Earnings before taxes | 180 | 777 | 597 |
| Tax expense/(benefit) | 22 | 749 | (727) |
| Net income | $158 | $28 | ($130) |
| Total GAAP EPS | $0.00 | $0.00 | ($0.00) |
| Adjusted EPS | $0.02 | $0.02 | ($0.00) |
| Diluted common shares | 89,000 | 91,744 | |

*Source: Litchfield Hills Research LLC*

## Valuation Methodology

We believe CRNT is undervalued, and we support that belief with a series of valuation techniques. We use two different techniques, below. To determine our price target, we use a discounted future earnings model, and we validate that result with a comparison to peers, i.e.:

1) The discounted value of all future earnings was used for our price target (see Figure 3)
2) Valuation relative to peers (see Figure 4)

### Discounted Future Earnings – Basis for Price Target

Our 12-month price target of $9.00 is based on a discounted earnings model. For valuation purposes, we sum up all future GAAP earnings discounted at 10%. We assume no EPS growth in 2025, after which growth resumes and then steps down to GDP after 5-7 years. Our valuation model is shown in Figure 3 below. Note, this model understates future new products and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is $8.68, which we round to $9.00. Were it to trade at that level, the implied 2026 EV/Revenue would be slightly below average.

*Figure 3 – Ceragon Networks – Price Target Calculation*

| Discounted future earnings: $8.68 | | | |
|---|---|---|---|
| YEAR | | EPS | Discounted EPS |
| | 2025 | ($0.01) | ($0.01) |
| | 2026 | $0.10 | $0.09 |
| | 2027 | $0.25 | $0.21 |
| | 2028 | $0.32 | $0.25 |
| | 2029 | $0.40 | $0.29 |
| Terminal Value | | | $7.84 |

*Source: Litchfield Hills Research LLC*

## Valuation Relative to Peers

If we compare CRNT to a simple average of its peers (Figure 4), the shares sell at a significant discount on sales measures. Assuming CRNT should trade at an average multiple, and we would argue that due to its growth potential, it should trade above average, these metrics indicate the stock price should be higher than where it is today. Details on each of the peers can be found in Figure 5. The companies we used in Figure 5 are in similar lines of business although none of them are a perfect match.

*Figure 4 – Ceragon Networks – Discount to Peers*

| | 2026 Market Cap / Sales | 2026 EV / Sales |
|---|---|---|
| Average | 2.66 | 2.74 |
| CRNT | 0.56 | 0.58 |
| **Discount to peers** | **79%** | **79%** |

*Source: Litchfield Hills Research LLC and FactSet*

# Guidance and Financial Forecasts

The company provides full year 2025 revenue guidance of $340MM.

*Figure 5– Ceragon Networks – Comp Table*

| | | | | | 2026 Consensus Multiples (except book) | | | |
|---|---|---|---|---|---|---|---|---|
| FactSet Ticker | Company Name | Closing Price | Market Cap $MM | EV $MM | PE | EV /Sales | Market Cap / Sales | EV / EBITDA |
| 6701-JP | NEC Corporation (Ordinary) | $36.43 | 49,701 | 49,576 | 27.44 | 2.08 | 2.08 | 21.34 |
| ERIC.A-SE | Telefon AB L.M.Ericsson (Class A) | $9.72 | 32,680 | 31,616 | 15.93 | 1.31 | 1.36 | 8.01 |
| NOKIA-FI | Nokia Corp. (FI Listing) | $6.76 | 37,702 | 35,339 | 17.62 | 1.50 | 1.59 | 10.89 |
| 000063-CN | ZTE Corporation (Class A) | $5.92 | 26,922 | 23,471 | 22.28 | 1.05 | 1.20 | |
| CIEN-US | Ciena Corp. | $208.74 | 29,444 | 30,424 | 46.97 | 5.45 | 5.28 | 35.20 |
| KTOS-US | Kratos Defense & Security Solutions Inc. | $79.18 | 13,369 | 13,259 | 98.92 | 8.11 | 8.19 | 98.53 |
| 002281-CN | Accelink technologies Co Ltd (CN Listing) | $8.55 | 6,900 | 6,642 | 33.60 | 3.07 | 3.20 | |
| 600498-CN | Fiberhome Telecom Tech Co (Class A) | $3.39 | 4,369 | 6,071 | 25.90 | 1.43 | 1.02 | |
| CALX-US | Calix Inc. | $64.12 | 4,250 | 4,147 | 35.50 | 3.61 | 3.71 | |
| MRCY-US | Mercury Systems Inc | $74.65 | 4,486 | 4,759 | 71.89 | 4.85 | 4.57 | 52.36 |
| 002583-CN | Hytera Communications Corp. Ltd. (Class A) | $1.61 | 2,060 | 2,217 | | | | |
| ADV-DE | Adtran Networks SE | $24.71 | 1,286 | 1,327 | | | | |
| DGII-US | Digi International | $35.55 | 1,320 | 1,371 | 16.12 | 2.99 | 2.88 | |
| MXL-US | MaxLinear Inc. | $15.14 | 1,323 | 1,352 | 19.68 | 2.39 | 2.34 | 51.80 |
| GILT-US | Gilat Satellite Networks (US Listing) | $12.48 | 802 | 716 | 18.88 | 1.41 | 1.59 | |
| AVNW-US | Aviat Networks. Inc. | $23.44 | 301 | 349 | 9.22 | 0.76 | 0.65 | |
| CMTL-US | Comtech Telecommunications | $3.00 | 89 | 488 | | 1.07 | 0.20 | |
| CMBM-US | Cambium Networks Corporation | $2.28 | 64 | 95 | | | | |
| | **AVERAGE** | | | | 32.85 | 2.74 | 2.66 | 39.73 |
| CRNT-US | Ceragon Networks (US Listing) | $2.28 | 203 | 212 | 11.52 | 0.58 | 0.56 | 8.49 |
| | **CRNT Discount to peers:** | | | | **-65%** | **-79%** | **-79%** | **-79%** |

*Source: FactSet and Litchfield Hills Research LLC*

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*Figure 6 – Ceragon Networks – Income Statement (USD$ 000)*

| December ending year | 2022A Year | 2023A Year | 2024A Year | 2025E Q1A | 2025E Q2A | 2025E Q3A | 2025E Q4E | 2025E Year | 2026E Q1E | 2026E Q2E | 2026E Q3E | 2026E Q4E | 2026E Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total revenue** | $295,173 | $347,179 | $394,190 | $88,652 | $82,262 | $85,484 | $84,000 | $340,398 | $82,000 | $92,000 | $100,000 | $105,000 | $379,000 |
| *Growth* | | 18% | 14% | 0% | -14% | -17% | -21% | -14% | -8% | 12% | 17% | 25% | 11% |
| Cost of Goods | 202,110 | 227,310 | 257,339 | 59,553 | 53,822 | 56,134 | 55,440 | 224,949 | 54,120 | 60,720 | 65,500 | 69,300 | 249,640 |
| **Gross Profit** | **93,063** | **119,869** | **136,851** | **29,099** | **28,440** | **29,350** | **28,560** | **115,449** | **27,880** | **31,280** | **34,500** | **35,700** | **129,360** |
| **Gross Margin** | **31.5%** | **34.5%** | **34.7%** | **32.8%** | **34.6%** | **34.3%** | **34.0%** | **33.9%** | **34.0%** | **34.0%** | **34.5%** | **34.0%** | **34.1%** |
| R&D Net | $29,690 | $32,274 | $34,951 | $8,249 | $7,332 | $6,955 | $7,450 | $29,986 | $7,400 | $7,700 | $8,600 | $9,000 | $32,700 |
| % of total revenue | 10.1% | 9.3% | 8.9% | 9.3% | 8.9% | 8.1% | 8.9% | 8.8% | 9.0% | 8.4% | 8.6% | 8.6% | 8.6% |
| Sales and Marketing | 35,795 | 40,577 | 44,717 | 12,297 | 11,722 | 12,609 | 12,200 | 48,828 | 12,000 | 13,000 | 13,000 | 13,000 | 51,000 |
| General and administrative | 34,295 | 23,793 | 14,220 | 5,436 | 6,940 | 6,013 | 6,800 | 25,189 | 6,800 | 6,800 | 6,800 | 6,800 | 27,200 |
| Other incl. restructuring, M&A | 4,220 | 2,015 | 4,236 | 4,207 | 229 | 20 | - | 4,456 | - | - | - | - | - |
| Total Operating Expenses | 104,000 | 98,659 | 98,124 | 30,189 | 26,223 | 25,597 | 26,450 | 108,459 | 26,200 | 27,500 | 28,400 | 28,800 | 110,900 |
| **Operating Income** | **(10,937)** | **21,210** | **38,727** | **(1,090)** | **2,217** | **3,753** | **2,110** | **6,990** | **1,680** | **3,780** | **6,100** | **6,900** | **18,460** |
| **Operating Margin** | **-3.7%** | **6.1%** | **9.8%** | **-1.2%** | **2.7%** | **4.4%** | **2.5%** | **2.1%** | **2.0%** | **4.1%** | **6.1%** | **6.6%** | **4.9%** |
| Total Other Items | (6,306) | (8,468) | (11,474) | 990 | (2,896) | (2,976) | (2,000) | (6,882) | (2,000) | (2,000) | (2,000) | (2,000) | (8,000) |
| **Pre-Tax Income** | **(17,243)** | **12,742** | **27,253** | **(100)** | **(679)** | **777** | **110** | **108** | **(320)** | **1,780** | **4,100** | **4,900** | **10,460** |
| **Pre-Tax Margin** | **-5.8%** | **3.7%** | **6.9%** | **-0.1%** | **-0.8%** | **0.9%** | **0.1%** | **0.0%** | **-0.4%** | **1.9%** | **4.1%** | **4.7%** | **2.8%** |
| Taxes (benefit) | 2,446 | 6,522 | 3,190 | 880 | (81) | 749 | 13 | 1,561 | (38) | 214 | 492 | 588 | 1,255 |
| Tax Rate | -14.2% | 51.2% | 11.7% | -879.2% | 12.0% | 96.4% | 12.0% | 1446.3% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% |
| **Net income** | **(19,689)** | **6,220** | **24,063** | **(980)** | **(598)** | **28** | **97** | **(1,453)** | **(282)** | **1,566** | **3,608** | **4,312** | **9,205** |
| **Net Margin** | **-6.7%** | **1.8%** | **6.1%** | **-1.1%** | **-0.7%** | **0.0%** | **0.1%** | **-0.4%** | **-0.3%** | **1.7%** | **3.6%** | **4.1%** | **2.4%** |
| Adjusted EPS | (0.15) | 0.20 | 0.41 | 0.03 | 0.03 | 0.02 | 0.02 | 0.10 | 0.02 | 0.04 | 0.06 | 0.07 | 0.18 |
| **Total GAAP EPS** | **(0.23)** | **0.07** | **0.27** | **(0.01)** | **(0.01)** | **0.00** | **0.00** | **(0.02)** | **(0.00)** | **0.02** | **0.04** | **0.05** | **0.10** |
| Diluted Shares Outstanding | 84,133 | 85,483 | 88,457 | 88,743 | 89,471 | 91,744 | 92,000 | 90,489 | 92,000 | 92,200 | 92,400 | 92,600 | 92,300 |

*Source: Company reports and Litchfield Hills Research LLC*

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*Figure 7 – Ceragon Networks – Balance Sheet (USD$ 000)*

| December ending year | FY2026E | FY2025E | FY2024A | FY2023A | FY2022A |
|---|---|---|---|---|---|
| **Balance sheet** | | | | | |
| Current Assets | | | | | |
| Cash and S.T.I. | $26,560 | $33,055 | $35,311 | $28,237 | $22,948 |
| Accounts receivable | 160,000 | 120,000 | 149,619 | 104,321 | 100,034 |
| Inventories | 18,000 | 18,000 | 16,415 | 16,571 | 15,756 |
| Other assets | 60,000 | 60,000 | 59,693 | 68,811 | 72,009 |
| **Total Current Assets** | **264,560** | **231,055** | **261,038** | **217,940** | **210,747** |
| Net PP&E | 36,000 | 37,000 | 36,764 | 30,659 | 29,456 |
| Other non-current assets | 23,000 | 22,000 | 22,654 | 25,776 | 40,907 |
| **Total Assets** | **$353,560** | **$322,055** | **$344,996** | **$298,525** | **$289,318** |
| Current Liabilities | | | | | |
| Accounts and other payables | $90,000 | $70,000 | $91,157 | $67,032 | $67,384 |
| Short term borrowings | $20,000 | $20,000 | $25,200 | $32,600 | $37,500 |
| Other AP and accrued | $30,000 | $31,000 | $29,547 | $23,925 | $20,864 |
| Other current liabilities | $6,000 | $6,000 | $5,544 | $9,396 | $7,088 |
| **Total current liabilities** | **146,000** | **127,000** | **151,448** | **132,953** | **132,836** |
| Operating lease liabilities | 12,800 | 12,500 | 12,936 | 13,716 | 13,187 |
| Other non-current | 16,000 | 15,000 | 14,287 | 17,837 | 23,512 |
| **Total Liabilities** | **174,800** | **154,500** | **178,671** | **164,506** | **169,535** |
| Stockholders' Equity | | | | | |
| Preferred stock | | | | | |
| Total stockholders' equity | 178,760 | 167,555 | 166,325 | 134,019 | 119,783 |
| **Total Liabilities and equity** | **$353,560** | **$322,055** | **$344,996** | **$298,525** | **$289,318** |

*Source: Company reports and Litchfield Hills Research LLC*

*Figure 8 – Ceragon Networks – Cash Flow (USD$ 000)*

| | 2025E | 2024A | 2023A |
|---|---|---|---|
| Net Income | ($1,453) | $24,063 | $6,220 |
| Accounts receivable | 29,619 | (45,298) | (4,287) |
| Other AR and Prepaid | (1,585) | 156 | (815) |
| Inventories | (307) | 9,118 | 3,198 |
| Net PP&E | (236) | (6,105) | (1,203) |
| Goodwill and intangibles | (7,460) | (390) | (15,942) |
| Other non-current | 654 | 3,122 | 15,131 |
| | | | |
| Accounts and other payables | (21,157) | 24,125 | (352) |
| Short term borrowings | (5,200) | (7,400) | (4,900) |
| Other AP and accrued | 1,453 | 5,622 | 3,061 |
| Other current liabilities | 456 | (3,852) | 2,308 |
| Operating lease liabilities | (436) | (780) | 529 |
| Other non-current | 713 | (3,550) | (5,675) |
| Redeemable common stock | 0 | 0 | 0 |
| Common stock | 0 | 0 | 0 |
| Additonal paid in capital | 2,623 | 10,216 | 4,947 |
| Other comprehensive loss | 60 | (1,973) | 3,069 |
| Treasury stock and note | 0 | 0 | 0 |
| Dividend/Financing/Adj. Other | 0 | 0 | 0 |
| Total Cash Flow | ($2,256) | $7,074 | $5,289 |

*Source: Litchfield Hills Research LLC*

**Disclosures:**

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