

Ceragon, the complete Analysis, the technicals and fundamentals.

First I'll start with a short technical analysis which in the last few days of trading does not look so good, however, there are no bad news except that the market was falling hard lately and Ceragon didn't escaped to the fall and at least till today (november 10) it could hold the \$ 4.

Graph 1, Ascending channel broken to the downside.



In the above Chart you can see that the ascending channel started in October was broken to the downside. This is a bearish signal. Of course this is in line with the whole market which from October till today the DOW lost like 2500 points and SPX 300 points. The fact that Ceragon didn't break the \$4 line to the downside, till now, adds a little bullish sentiment to the bearish image.

Graph 2: Descending Triangle



The above figure, a descending triangle is not either adding a good sentiment. Descending triangle is a bearish signal.

So looking at both signals above I would be cautious for a short term trade. If your target is long like at least 9 to 12 months or more than I'm not worried. As you can read in the fundamental analysis below, in my humble opinion you can safely invest in Ceragon as it's undervalued and there are no news that justifies the bearish reflected in the charts for the long term investor.

Be aware also that Ceragon is a Microcap, for now, and it has inherent volatility as as traders can move the stock price 10 cents (about 2.5%) easily and it seems they like to "play" with CRNT.

I think the strategy is buy and Hold for at least 12 month or so unless a pop in the price justifies the sell.

Below you can read a complete and detailed analysis of the company from fundamental, valuation and technical point of view.

Summary

- CRNT undervalued, near-term possible 50% upside.
- Turn-around complete: debt free, positive EPS three years in a row, revenue and EPS growth expected for next year.
- New products coming 2019-2021.
- Cellular carriers fueling growth.
- New Octa-core technology positions Ceragon as the leader in backhaul for advanced 4G and 5G.
- Global Footprint.
- Existing leader in wireless backhaul segment.

Ceragon Networks (NASDAQ:[CRNT](#)), founded in 1996 is the leader in wireless backhaul equipment and services. Their radios link cellular antenna towers to the net, central processing offices and data centers.

Recent Price Action

The share price recently peaked to \$4.95, achieving a level last seen more than 5 years ago, but we note that recently, Ceragon shares were selling at less than \$2 with effectively the same fundamentals. This is indicative of the trader activity often apparent in price movements of this stock. CRNT's microcap status makes it relatively common to see the stock moving up and down by 5% or more in short cycles.

But Ceragon is showing financial stability of late, the turn-around planned in 2015 is working, with minimal hype from Ceragon, the management has showed us that they are indeed succeeding on their strategy as planned.

While Ceragon can't control when customers will place orders and this often delays revenue recognition, revenue will be higher in 2018 compared to 2017 and even higher in 2019, this will be proven despite the CFO coming across a bit reserved on the last call where he used a less enthusiastic tone regarding future revenue, but those who watch the company closely will recall Ceragon always underestimates and over delivers.

Valuation, Revenue and Earnings

Recent market cap is about 340M, (note: with similar fundamentals it was 135M about a year ago), and projected revenue for the current year is about 340M, putting their valuation at about 1x revenue. For a healthy company with 40M in cash & equivalents, no debt, low expenses, OpEx and CapEx under strict control, 1x revenue is a rather low valuation.

It should be noted that Ceragon has increased R&D expenses by almost 2M but has kept OpEx in line with their target of 21 to 22M per quarter, this accelerating their leadership in backhaul technology while the competition has been reducing their R&D investment and decreasing their worldwide presence. Ceragon's cost-efficient R&D commitment should be viewed as very positive.

EPS for 2018 is estimated at approximately 25% above 2017 which gives us an EPS of 23 cents. We think 2018 will be in line with this number or even a little higher depending on the timing of orders received. If some orders are delayed, the EPS and revenue will simply be carried over to 2019. Using what we think is the lowest possible EPS for 2018, .22, the P/E is 19. For a leading edge technology company in the 5G space a P/E of 19 impresses this analyst as an undervalued opportunity.

In the last conference call, CFO Doron Arazi indicated that base revenue is in the range of 80 to 85M per quarter, and they announced two issues related to revenue:

- The base revenue for Q4 will be in range of stated base revenue, we assume about 84M revenue for Q4 according to CFO commentary.
- The talk of lumpiness in orders means number can change, likely to the upside.

Per the above and according to our estimations, we expect Ceragon will report revenue in the range of 89M and an EPS of .07 for Q4. The market expects a revenue of 84.8M and an EPS of .04. What's more, any additional orders that land in December will further enhance revenue and EPS.

We get to 89M in revenue partly due to the optimistic tone from CEO Ira Palti speaking to new revenue opportunities touching upon most areas, including Latin America with their new project in Peru, Africa ramping up their investments, and the same in optimism for Asia. The USA is finally gaining traction and India continues to be a "war zone" between carriers over customers. All of this makes us think that the CFO is giving their classical guidance approach: in the range, and then they over deliver.

From a revenue perspective, with a conservative 1.5x valuation to revenue, The (NASDAQ:[CRNT](#)) valuation should be around 500M which gives us a \$6.3 share price, still low as many tech firms are valued at 2x revenue and more.

As to current earnings, with projected earnings of .23 for 2018 and with a 25 times related P/E, (not much for a tech company), the share price should be around \$5.75.

A couple more points worth mentioning:

- As to gross margin: Ceragon sells hardware, software and service licenses on their hardware & software. In some quarters gross margin and EPS were lower due to revenue coming from hardware and services sales in India which are high volume but lower in gross margin. In future quarters gross margin will increase as revenue comes from areas where margins are higher, especially in the US. Some optimizations in the supply chain will also contribute to margins which will rise above 33% according to the CFO. Currency should roll in their favor in 2019 adding further to their edge.
- AS to supply chain: A shortage of passive components affected companies during 2018 all over the world. This headwind is easing which means better gross margins in the future.
- Ceragon Solutions: Customers initially pay for a certain speed, and over time as they wish to increase transmission speed they simply pay increasing license fees. Given the huge amount of

equipment installed in India, better gross margin are ahead as these license payments increase as they opt into speed upgrades.

In the following chart you can see the evolution of revenue and earnings for Ceragon.

Revenue and Earning per quarter



Source: Yahoo Finance

From the above chart we see that revenue is slowly coming back, and as mentioned, we expect 2018 to end with about 345M cash and no debt. Earnings and revenues are growing, albeit slowly, but the competition both large and small are losing money in this same time period.

If we compare 2017 with 2018, full year 2017 EPS was .18 and in just three quarters of 2018 cumulative EPS sits at .16, so it's very likely Ceragon can achieve .22 EPS for 2018 or even bring a possible surprise further to the upside.

The chart above shows that Ceragon has been focused on earning more money with lower revenue. Note how much money Ceragon lost during 2014 on higher revenues.

The "Best of Breed" approach Ceragon has championed may initially have stifled revenues as they refused to sell at low margin and instead held out for income with higher revenue. Of course companies can't continue to lose money over the long term and trying to fight giants like Huawei with low pricing can prove suicidal. Ceragon must carefully balance earnings and revenues in such a way that allows for certain markets with high volume orders to make sense on lower margins. India is inherently such a high-volume, low margin market. But consider how big the Indian market is by looking at just one carrier, like Jio, who has a MW network bigger than all the US carriers combined at this juncture.

New Products and Technology

During 2017 Ceragon released updated equipment with new features. Going forward, all units will now be multicore, thus enabling two channels in a single radio. This feature was pioneered by Ceragon in 2013. The competition has introduced this feature, and has some similar features in one device, but Ceragon is migrating their complete line of IP-20 radios to multicore.

Ceragon has the advantage of being able to offer multicore solutions in most scenarios while the competition may have a multicore solution for just one scenario, giving Ceragon significant strategic advantages. Ceragon multicore technology is also much more efficient than the competition offerings, as their design basically just packs two conventional units inside one chassis.

The true multicore nature of Ceragon's equipment allows them to implement features like frequency reuse and energy reduction that the competition can't provide with their 2 in 1 solution.

Ceragon is introducing higher order 4096 QAM modulation upgrading from the 2048 QAM previously supported. This means higher transmission speeds.

While Ceragon arrives with 4096 QAM later than others, it's worth noting that 4096 QAM is inherently sensitive to noise and the competition was unable to show an advantage over Ceragon 2048 QAM with their 4096 device. Their higher modulation, 4096 QAM, not only could not provide double the speed, in fact with noise effects, the Ceragon 2048 QAM modulation offered a much more reliable link than their 4096 QAM.

Ceragon has a further powerful advantage with their multicore offerings. They can deploy a single radio with just one channel enabled and when the carrier needs more capacity they just opt to turn on the second channel and double the unit capacity, all without requiring on-site service, installation or the cost of any new hardware, thus significantly reducing the initial investment. The carrier pays for the license of the second channel only when they require the increased capacity and are ready to pay for it, effectively locking in future revenue for Ceragon.

Other features in which Ceragon has an edge are the advanced frequency reuse feature which allows users to reuse frequencies and minimize their payment for costly radio channel licenses. As far as we know, this feature is unique to Ceragon IP-20 backhaul radios.

During 2017 Ceragon also quietly released the IP-20F model, which is a split mount unit design, but has unique features like supporting several links in the same chassis, minimal installation-space requirements, no forced cooling required, and can work in harsh environments, including high temperatures and all this with the ability to be coupled with microwave *and* millimeter wave radios at the same time. This is a unique solution tailored by Ceragon per individual customer requirements.

Next year Ceragon will release a wireless backhaul radio with optic fiber like transmission speeds of 10 Gbps, and perhaps even their 20 Gbps unit which most competitors have yet to introduce. While they are not always the first, Ceragon insures they release a high quality, high performance, well thought out and completely integrated line with their radio backhaul offerings.

Lately Ceragon is offering combined MW and mmWave equipment. The logic behind this is that mmWave allows higher speeds but is affected by weather, like rain and fog. So when the weather is good the transmission is carried through the mmWave unit and when the mmWave speed degrades, the device transparently switches over to the microwave link which ensures continuous communication. While this system is not unique to Ceragon, the proven high reliability of Ceragon equipment and the fact that they make their own chipsets allows them to optimize and coordinate this solution better than others.

Importantly, Ceragon is one of the few microwave backhaul companies who develop their own radio chipsets, and while this adds to OpEx and CapEx, it gives them a big advantage. They can optimize their backhaul equipment to the max and achieve very high transmission speeds, while maintaining efficiency

and reliability and in contrast to run-of-the-mill equipment made using off the shelf commercial chipsets.

A recent comment from CEO Ira Palti is that the company that produces the off the shelf chipset, MaxLinear, is likely not going to make a next generation chipset which leaves companies like AVIAT with a dilemma on how to compete in the future. NEC is currently making a chipset for some but not for all their own equipment and they may prove to be one of the few that can survive when new off the shelf chipsets are no longer available.

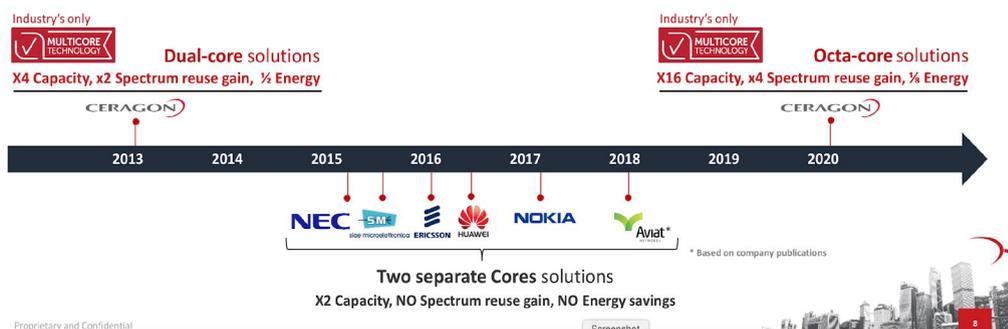
Ira also indicated that the big boys, namely NOK and ERIC are in conversations to use Ceragon concepts, which for us means they intend to buy Ceragon chipsets in the future, perhaps propelling CRNT to industry standard status.

Building your own chipset changes the supply chain risk scenarios. MaxLinear as a sole supplier can charge virtually any price for their chipset. Ceragon not being dependent on an outside supplier gives them quite an advantage.

OCTA-CORE Technology

During a 2017 conference call, Ira Palti, Ceragon CEO, stated that they will soon have Octa-core radios, and more recently they indicated that this product will be available by mid or end of 2020. Octa-core should give a huge advantage to Ceragon over the competition. In one investor presentation they showed very basic specs of an Octa-core radio unit, (the new technology will be rolled out gradually).

The market will see some of the technology in 10/20 Gbps units by 2019 and full Octa-core enabled 40 Gbps capable units by 2020/2021. These are fiber-like speeds but with the advantage of the simplicity and quick deployment afforded by wireless. Ceragon will be at the ready with best-in-class hardware as the worldwide 5G rollout reaches full-steam.



But even near-term, the first stages of 5G deployment are fixed wireless. Fixed wireless can be rapidly deployed to compete with cable and fiber as fixed wireless tech allows for very rapid deployment. Ceragon wireless backhaul will be crucial for carriers as they compete to deploy 5G services at the lowest cost and fastest pace.

Why Octa-core will become a big advantage

While it's easy to package two radios in a single box, it's not so easy to pack 8 radios in a single box of similar size. Octa-core will multiply the advantages already being achieved with dual-core, saving critical energy and allowing more reuse of the costly frequency bands, all while increasing throughput speeds 16 times. It's not going to be easy for the competition to catch up in any near term.

More words from Ira on the cc: " Two years ago, we began deploying some of our R&D resources to focus on the next leap forward. Today, we offer dual-core, and by the time 5G will require exponentially higher

throughput, we'll be offering eight core solutions”.

Ceragon has clearly been developing Octa-core for some time. As he reveals the rollout plans, we see they are confident of their competitive advantage. With demand for ever more speed and data the market will be dominated by those who can supply faster, more efficient hardware at competitive costs and that's what's Octa-core is all about.

https://www.ceragon.com/wp-content/uploads/2018/05/Ceragon_IR_Presentation-May-2018_final.pdf

The Backhaul Market

Looking back at the market as it has evolved since around 2012 when Huawei started offering wireless backhaul equipment, we see several companies within the segment who suffered financial problems. Sales dropped for many, Ceragon was no exception. Huawei is accused of utilizing aggressive business practices which are alleged to include giving away equipment, price dumping and hiding unexpected charges for services or ancillary equipment. Such a player is an extreme challenge to compete with and yet a reality of business for Ceragon. From a variety of sources we know that some companies are replacing Huawei backhaul equipment and are switching to better equipment like Ceragon IP-20 radios. Recently Ceragon was awarded contracts in Asia from former Huawei customers. This shows Ceragon is fighting back against Huawei with superior technology right in their own backyard.

We think the industry will see some M&A alongside a continued shakeout. There are too many players in the current structure. Competitors like Aviat Networks (NASDAQ:[AVNW](#)), SIAE, and ITRACOM are still suffering and DragonWave (NASDAQ:[DRWI](#)) no longer exists. To compete with Huawei efficient companies are needed with high revenue, strong market presence and much better technology. A merger between AVNW and CRNT might be a good strategy but neither are in position to buy the other.

Ericsson might have their eye on CRNT to gain market positioning in India, Mexico and South America where it lost market share to NOK and Huawei.

NOK could also be interested in Ceragon as could be networking companies who want to add wireless networking technology to their portfolio companies, perhaps names like HPE, Juniper and Arista.

It is true that bundle deals are often a problem for small companies in the space. Ceragon revenue per quarter is about 85M compared to the 5B of NOK or ERIC, however, Ceragon Networks (NASDAQ:[CRNT](#)) with their superior technology could easily pull a David on the Goliaths and make big, profitable deals.

Looking at large competitors Ericsson (NASDAQ:[ERIC](#)), Nokia (NASDAQ:[NOK](#)), and NEC, we perceive Ericsson and Nokia as generalists who have further suffered the indignation of losing share to Huawei's aggressive pricing strategy. Ceragon is unable to compete when the giants make deals that involve a blind bundle of equipment and no detailed cost-benefit analysis of the backhaul gear is taken in account. Despite this significant headwind Ceragon does fare well on projects where backhaul components are analyzed in detail. Proof of that is found in the recently awarded contracts from India, Mexico, the US and Latin America.

So, while ERIC and NOK still struggle with losses and restructuring their businesses, Ceragon is three years into their recovery and has transformed into a lean and profitable operation, allowing them to invest in R&D and gain market share leveraging their superior technology.

On the last call Ira mentioned that their new technology puts them on the radar of the bigger players like Nokia and Ericsson and we now see it appears they are already in talks. New technology combined with a

healthy operation as the world's leading backhaul supplier makes Ceragon Networks more than attractive for acquisition or at least engaged by these large entities.

Carrier markets are in transition. In the USA 4G networks are now being expanded and densified while 5G trial markets and test systems are simultaneously being deployed. In India 4G is in full deployment and there Ceragon Networks is the #1 supplier for backhaul with about 50% of the MW backhaul market. In parts of South America the trend is similar with 4G being deployed and Ceragon dominating markets, notably Brazil and Argentina. Other regions like Europe are expected to pick up activity next year. While Ira Palti says that the market is far from ideal there are some signs of recovery, companies are planning capex increases and building more towers.

An interesting source of information is the Ericsson Microwave outlook which states that 65% of cells will be connected using microwave. According to the report, fiber is stalling while microwave will be expected to grow in the next year for backhaul applications.

[Ericsson Microwave Backhaul Report](#)

The Sprint / T-Mobile merger is ongoing and if completed, (which IMHO it will finally be approved resulting in a stronger company able to invest quite heavily), and Ceragon will benefit as their primary wireless backhaul supplier, however, with or without the merger of S and TMUS, Ceragon is going to be their preferred supplier of backhaul. Ceragon will inevitably be a big winner for the coming expansion of the US market.

Looking at the Indian market for guidance we see Indian carriers fighting for market share and wanting to build out their networks quickly, all with Ceragon as the preferred vendor. Recently Bharti Airtel India announced aggressive investment plans. VodaFone Idea plans to invest big to try to catch Jio and Airtel after their lengthy merger process.

[Bharti Airtel to aggressively invest in 4G, fibre network - ET Telecom](#)

Jio will also have to invest further if they want to keep up their business growth. Throughout, I emphasize, Ceragon is the #1 supplier of backhaul in India. Both Tier 1 mobile carriers Bharti Airtel and Jio are Ceragon Networks customers. Ceragon dominates the India backhaul market with more than 50% market share. Even if we see some delays in USA and India, this will only mean we're moving bookings to the coming quarters. Sooner or later, Ceragon will get the big orders from these huge markets.

Ceragon among the favorite for wireless backhaul

Ceragon in the last 12 months was selected by multiple big mobile carriers as their main supplier. America Movil and AT&T in Mexico, Jio and Airtel in India, AT&T, Sprint and T-Mobile in the US. In December 2017 Ceragon announced a 66M contract from an Indian operator. While there have been some delays in awarded projects in Latin America, USA and India it's very likely they will receive them in Q1 2019, and with new contracts coming the Ceragon CEO has stated that they will gain market share.

Vertical markets and OEMS

Ceragon was working to gain share in vertical markets during 2017 and was awarded some contracts from utilities. Among other vertical markets CRNT might tap for further growth are safety, ISPs, and Oil & Gas which lately has been showing signs of recovery.

Ceragon has successfully established partners dedicated to sell CRNT products in vertical markets in the US and Asia. Ceragon is giving them support, knowledge and technology advancements which will aid

them and ultimately result in further growth for CRNT. It's slow going to develop these relationships but they recently announced a reseller agreement with Zurich Technology Solutions.

As regarding to **OEMS**, in February Ceragon signed an agreement with Fujitsu. The plan of Fujitsu is to use Ceragon Premium microwave technology for North America. Bear in mind that Fujitsu has their own MW equipment, this recognizes that Ceragon is the best out there. The press release stated that this agreement may take ceragon to hard to touch markets.

We identified two hard to touch markets for Ceragon in USA, one is Utilities and the other is Verizon, all other three big carriers are Ceragon customers.

I speculate that Fujitsu can open the door for Ceragon in VZ as Fujitsu is a prime partner of VZ in Fios and Fiber Optic Technology.

Ira Palti, Ceragon CEO, mentioned in CC that they are closing OEM deals with other small companies, but that will take some time to give some results.

5G

Believe the hype. 5G will be pioneered by the US and other countries like South Korea. Latin America and India are still busy deploying 4G, so they probably may be the last to move to 5G.

Initially there was a speculation that the first 5G full-scale installations wouldn't start until 2020 but it seems AT&T and others will start in 2019 and ramp up into 2020 according this article [AT&T: 5G likely to scale commercially by late 2019](#). The network itself must be ready before service roll-out and thus Ceragon may benefit during 2019 from the network expansion and preparation for 5G, especially from 2H19 and on.

With Ceragon multi-core technology, backhaul systems can be designed to accommodate the requirements of the initial deployment, then scale up later as the network grows. One can't underestimate Ceragon's advanced frequency reuse advantage in 5G deployments. Accommodating more links on the same tower and at the same time minimizing spectrum usage. Taking into account base station deployment densities, (amount of equipment per square mile), for advanced 4G/LTE and 5G, the conclusion is simple, Ceragon equipment is the best solution out there, especially the hardened, full outdoor IP-20C unit. There's no doubt scalable Ceragon wireless backhaul with Octa-core will be preferred in countless 5G scenarios.

Fiber Vs. Microwave Backhaul

It's common to hear that microwave can't provide the speed and performance required by 4G , advanced 4G or 5G. However microwave is more suitable for some scenarios than fiber. If you need fast deployment or access in places where such access is difficult, microwave has a big advantage. Given the higher cost of fiber deployment you find a lot of scenarios where microwave is a more cost-effective solution than fiber.

Recent developments in microwave backhaul technology achieve speeds comparable to basic fiber. By the time 5G starts deployment in earnest Ceragon microwave equipment will be able to achieve speeds of 40 Gbps. The higher speeds combined with the lower cost and simplicity of deployment will make microwave the technology of preference for multiple scenarios. For instance, backhaul in India is 80% microwave, 20% fiber.

Recent storms in Florida partially destroyed the fiber telecom infrastructure. The FCC filed a complaint on the delays to repair the fiber links. With microwave in place you can repair links much faster. Not that microwave will replace fiber, but in critical links both fiber and MW should be deployed, which points to more MW not less.

Finally some say that 4G and 5G can't be done over MW. 4G cells which are assigned a bandwidth of about 400 Mbps can be handled with just a single IP-20C unit that can deliver 2 Gbps, without combining any mmWave spectrum.

5G cells will be assigned similarly or in some deployments of higher speeds like 1 Gbps or 5 Gbps. A 1 Gbps cell can be accommodated easily with a 2 x IP-20C which can achieve 2 Gbps with 2 units and 5Gbps can be handled with a combination of mmWave and Microwave. So the answer is yes, full 4G and 5G can be served using Ceragon equipment and recent estimation talks about 50% of new deployments will be done over MW and mmWave and 50% with fiber.

Risks for Investors

- Delays in projects may delay revenue generation (but it doesn't inherently mean a problem for CRNT as sooner than later projects will resume and revenue will be accounted for the next quarter.)
- In April 2017 Ceragon announced the renewal of the shelf offering. This allows Ceragon to offer obligations, issuing more shares or warrants for up to 150M. The market didn't like the move, as issuing more shares means stock dilution. However, investor relations clarified that there was no intention to use the shelf at least for now, and that it will be used in such a way that will result in immediate benefit for the company and thus for shareholders. If we remember, the last shelf was partially used to pay for Nera acquisition. I speculate that if share price spikes they will partially use the shelf to strengthen their cash position, selling some stock on the open market. I don't see any company they may target for acquisition at the moment.
- Ceragon was served with a motion to approve a purported class action, naming the Company, its Chief Executive Officer and its directors as defendants. The motion was filed with the District Court of Tel Aviv (Economic Department), on behalf of holders of ordinary shares, including those who purchased shares during the period following the Company's follow on public offering in July 2014. The purported class action alleges breaches of duties by making false and misleading statements in the Company's SEC filings and public statements. Israeli Courts states that plaintiff must demonstrate they had a significant loss due to the price action of the stock and the company has the right to answer and demonstrate that they have no responsibility in the stock price action by wrongdoing or misbehavior. Once this hearing process is done, the courts will rule accordingly. The high standards of the Israeli Courts require plaintiff to demonstrate without doubt that there was wrongdoing or misbehavior. We believe the case is without merit and will be dismissed. The plaintiff alleged that at July 2014 CC they stated a certain revenue and a gross margin of about 30%. While the revenue was met at the next Q, the Gross Margin came in 25%, much lower than guided. The plaintiff said that at the moment of report, Ceragon had all information, knowing that GM would be lower and even though they guided in 30%. By our analysis, at that moment Ceragon was negotiating new conditions with Indian carriers which ended with higher gross margins, above 30% but this took one more quarter. So our conclusion is that Ceragon was negotiating conditions and negotiation took more time than initially estimated. In our opinion no judge in the world can approve this type of class action.

This just in...

The new merged Indian carrier Vodafone Idea Limited has selected their suppliers:

<https://telecom.economictimes.indiatimes.com/news/vodafone-idea-inks-4g-network-pacts-worth-1-4-bn-huawei-zte-emerge-as-major-gainers/66753251>

My final thought about this is that with such a big presence in Indian market it is very likely that Ceragon will receive at least part of the backhaul of the Vodafone Idea project. Ceragon has the expertise to deploy huge 4G networks in India as they did for Jio Network with 100,000 radios and that's what Vodafone Idea requires. With a big presence in India its straightforward to hire Ceragon to deploy at least a large portion of the MW backhaul for Vodafone-Idea. I think an initial contract of about 60-100M will be awarded to Ceragon by the Q1 2019 at the latest.

Conclusions

- As described in the article, Ceragon is undervalued with steady growth of revenue as forecasted and accompanied by improvements in earnings. Increased earnings will allow Ceragon to accelerate spending on the technology side that will maintain their leadership position.
- Ceragon technology advances will encourage the generalists and smaller players to partner with Ceragon and reduce their own exposure to the market of microwave backhaul they are struggling to support.
- The company is well managed, financially stable and has a global presence with Tier 1 Cell Carriers.
- Upcoming 4G expansion and densification cycle has started, Sprint and T-Mobile in USA are starting to accelerate investments in their network, 4G deployments in several developing countries like India and Mexico are underway, future 5G deployments, tower modernization and new towers installations are in process, all this along with release of new consumer and enterprise equipment, points to a bright future for Ceragon.
- Short term share price target is \$ 5.30, and we expect further price improvement by next year.

Ceragon will report earnings of Q4 by February 2019. I / We are long CRNT.