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INDEPENDENT EQUITY RESEARCH



allot

Immediate Report

October 6, 2020



Today's forms of communication have made the world into a very small place. We can easily communicate with our families, friends, and colleagues **via our cellular network**, to message them about the latest episode of our favorite show, streamed **via our home WiFi network**. Because these networks have become such a vital part of our lives they have become a vital asset for communication service providers (CSPs) that supply us with cellular, internet, and other services.

Allot Ltd. (NASDAQ, TASE: ALLT) is a B2B2C software company with over 20 years of experience that focuses on Network-based Security Solutions and Network Intelligence Solutions. These solutions enable entities such as communication service providers and enterprises to secure and optimize the digital experience of their users. Allot's motto is "See. Control. Secure." and it is a precise definition of the company's value proposition. The company allows its customers to see what is going on in their network, control their network to give the best experience to end users on all connected devices, and secure all of these devices against threats. It does this while providing network insights that save its customers significant capital and while creating new revenue streams for them. In essence, Allot empowers its customers to get more out of their networks.

The Company's solutions are deployed globally for network analytics, traffic control and shaping, and network-based security including mobile security, DDoS protection, IoT security, and more. Allot's multi-service platforms are deployed by over 500 mobile, fixed, and cloud service providers and over 1000 enterprises. Their network-based security as a service solution has achieved over 50% penetration with some service providers and is already used by over 23 million subscribers in Europe.



Telefónica Expands Security-as-a-Service Solution Powered by Allot to Protect Spanish SMBs from Cyberattacks; Allot consistently hits our progress targets, target price maintained at 46.85 NIS / 13.6 USD

Stock Exchange: NASDAQ / TASE

Ticker: ALLT

Sector: Technology

Sub Sector:
Software/Internet

Stock target price:

46.85 NIS / 13.6USD

Closing price: NIS 32.25

Market cap: 1.132 B NIS

of shares: 35.1 million

Stock performance (YTD):

9.4%

Recent Highlights

Telefónica España, the leading telecommunications operator in Spain, has expanded its Allot-powered 'Conexión Segura' SECaS service that provides recurring revenue and high double-digit service adoption rate to protect small and medium-sized business (SMBs) against a broad range of cyber threats. The expansion also includes the new version of McAfee MultiAccess that includes privacy control capabilities for up to 10 devices. So far in 2020, the number of SMBs in Spain that have subscribed to the service has exceeded Telefónica forecasts by almost 3 years.

Since the end of March, despite the economic constraints imposed by the COVID-19 pandemic, customer demand has continued to grow at double-digit monthly rates. Conexión Segura leverages the Allot NetworkSecure solution to provide effective and immediate protection against phishing, ransomware, malicious third-party sites, and malware in both fixed and mobile networks. The solution provides recurring revenue that is shared between Telefónica, McAfee and Allot. Installed in the core of the Telefónica network, Conexión Segura also prevents users from accessing websites categorized as risky or inappropriate due to their content.

Read our annual initiation report [here](#) in order to get a comprehensive understanding of Allot's executive investment thesis, offering, market, competition, and growth drivers.

Forecast and Price Action:

000, \$	2018A	2019A	2020E	2021E	2022E	2023E
Revenues	95,837	110,100	136,125	166,158	215,071	277,153
Gross profit	67,751	76,266	101,229	117,474	152,055	195,947
Operating (loss) profit	-4,810	-8,978	1,245	2,961	15,102	33,268

Lead Analyst
Dr. Tiran Rothman

Frost & Sullivan
Research & Consulting Ltd.

T: +972 (0) 9 950 2888
E: equity.research@frost.com
W: www.frost.com/equityresearch



Credit to experts: Chen Yakar

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For further inquiries, please contact our lead analyst:

Dr. Tiran Rothman T: +972 (0) 9 950 2888 E: equity.research@frost.com

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