

## INITIATION OF COVERAGE



**Fair Value: €4.62**  
(Prev. n.a.)

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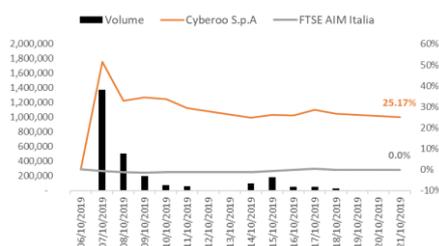
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### Relative Performance Chart (Since IPO)



### Market Data:

Current Price (€)	3.58
Fair Value (€)	4.62
Market Cap (€mn)	34.01
52 Wk High (€)	4.69
52 Wk Low (€)	3.51
Free Float (%)	26.3
Avg. Daily Trading 90d	288389
Price Change 1w (%)	-7.01
Price Change 1m (%)	n.a.
Price Change YTD (%)	n.a.
EV/EBITDA 2019E	12.61
EV/EBITDA 2020E	8.23
P/E 2019E	36.7
P/E 2020E	20.2

## Better (Cyber) Safe Than Sorry!

**Overview.** Cyberoo SpA, headquartered in Reggio Emilia and controlled by SEDOC Srl, is an emerging Italian player in the cybersecurity sector. Started in 2008 as a device distributor, the company has been able to evolve initially as a provider of subscription-based managed security services and subsequently entered the cybersecurity market. In 2019 Cyberoo launched 3 proprietary security software, developed in-house. Cyberoo's business units are: Cyber Security, Managed Services and Digital Transformation.

**Snapshot of the Market.** Cyberoo operates in different IT markets, all of them showing interesting growing trends. According to International Data Corporation (IDC), worldwide spending on security-related hardware, software, and services will reach \$103.1bn in 2019 (+9.4% YoY) growing at a CAGR 2018-22 of 9.2% reaching \$133.8bn. Looking at the Italian market, the information security market reached €1.19bn in 2018, up 9% YoY. In detail, a) security software totaled a value of ca. €380mn in 2018, with an expected CAGR 2018-21 of ca. 7%; b) Security appliances in 2018 reached €220mn, with a CAGR 2018-2021E around 4%; c) IT security services exceeded €500mn in 2018 representing more than 40% of the entire market (CAGR 2018-2021E 3%).

**2018 Financial Results.** Cyberoo recorded €5.2mn of total revenues (€4.6mn sales) in FY18, of which 64% are recurring. In 2018, in terms of revenues, Cyber Security accounted for 19% reaching €865k, Managed Services recorded revenues of €2.9mn (63%) and Digital Transformation accounted for 18% reaching €837k. EBITDA reached €1.7mn in 2018, with EBITDA margin reaching 33.1% also thanks to Kiev Technological hub, which allows for lower personnel costs without sacrificing strong know-how.

**IPO and Drivers of Growth.** Cyberoo went public on October 7, 2019 raising ca. €7.2mn (floating 26%) through capital increase with an oversubscription of 5.6x. The IPO price was €2.86mn, for an initial market cap of ca. €27mn. Cyberoo's strategy is based on: a) leveraging on the proprietary software (for Cyber Security and Managed Service); b) Up-selling, Cross-selling and new client acquisition through Cyberoo sales network, distribution partnerships and bolt-on M&As; c) Developing of international business activity.

**Future Estimates.** We expect revenues at €6.6mn in 2019 (+27% YoY) and at €20.1mn at the end of the period, with a CAGR 2018A-2023E of 30.8% mainly driven by the cross-selling activity on the Cyberoo's customer base - 600+ clients - and thanks to the distribution partnerships with SEDOC Group. Cyber Security is expected to contribute for 22% of sales revenues in 2019E while reaching 59% in 2023E. We forecast EBITDA at €2.3mn in 2019 (+32.2% YoY) and at €10.6mn in 2023E, with a 2019-2023E CAGR of 43.7%, higher than revenues growth thanks to the new proprietary software solutions that enjoy a higher profitability.

**Valuation.** Our valuation - based on both DCF and market multiple models - returns an equity value of €43.9mn or €4.62ps, a potential upside of 29% on current market price (€3.58ps). We note that on October 14, 2019 a fund managed by Thoma Bravo launched a tender offer on Sophos Group plc - a cloud security and cyber security company listed on LSE- for the 100% of the shares. The implies a total enterprise value of \$3.9bn, for an EV/EBITDA 2019E multiple of ca. 32x.

€ Million	Total Revenues	EBITDA	EBITDA Margin	EBIT	Net Profit*	Net Margin	EPS
2018A	5.2	1.7	33.1%	0.9	0.4	8.3%	n.m.
2019E	6.6	2.3	34.5%	1.3	0.9	13.9%	0.1
2020E	9.0	3.5	38.8%	2.4	1.7	18.6%	0.2
2021E	12.7	5.7	45.2%	4.4	3.1	24.7%	0.3
2022E	17.7	9.1	51.3%	7.7	5.4	30.8%	0.6
2023E	20.1	10.6	58.3%	9.2	6.5	32.5%	0.7

Source: Company data, KT&Partners' estimates; \*2018 Net Profit Adjusted for extraordinary items (€0.4mn after-tax)

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## Cyberoo SpA - Key Figures

	Current price (€)	Fair Value (€)	Sector				Free Float (%)
	3.58	4.62	Software				26.3
Per Share Data							
	2018A	2019E	2020E	2021E	2022E	2023E	
Total shares outstanding (mn)	n.m.	9.50	9.50	9.50	9.50	9.50	
EPS	n.m.	0.10	0.18	0.33	0.57	0.69	
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Profit and Loss (EUR million)							
Revenues	5.2	6.6	9.0	12.7	17.7	20.1	
EBITDA	1.7	2.3	3.5	5.7	9.1	10.6	
EBIT	0.9	1.3	2.4	4.4	7.7	9.2	
EBT	0.3	1.3	2.4	4.4	7.7	9.2	
Taxes	(0.3)	(0.4)	(0.7)	(1.3)	(2.2)	(2.7)	
Tax rate	100%	29%	29%	29%	29%	29%	
Net Income*	0.4	0.9	1.7	3.1	5.4	6.5	
Balance Sheet (EUR million)							
Total fixed assets	3.9	4.0	3.9	4.0	4.1	4.2	
Net Working Capital (NWC)	(0.5)	(0.3)	0.2	1.0	2.2	2.7	
Provisions	(0.2)	(0.4)	(0.6)	(0.9)	(1.1)	(1.4)	
Total Net capital employed	3.1	3.3	3.5	4.1	5.1	5.4	
Net financial position/(Cash)	0.5	(6.5)	(8.0)	(10.5)	(14.9)	(21.1)	
Total Shareholder's Equity	2.6	9.8	11.5	14.6	20.0	26.6	
Cash Flow (EUR million)							
Net operating cash flow	-	1.9	2.8	4.4	6.8	7.9	
Change in NWC	-	(0.3)	(0.5)	(0.8)	(1.2)	(0.5)	
Capital expenditure	-	(1.0)	(1.0)	(1.3)	(1.4)	(1.4)	
Other cash items/Uses of funds	-	0.1	0.1	0.1	0.2	0.2	
Free cash flow	-	0.8	1.5	2.5	4.5	6.2	
Enterprise Value (EUR million)							
Market Cap	n.a.	34.0	34.0	34.0	34.0	34.0	
Minorities	-	-	-	-	-	-	
Net financial position/(Cash)	0.5	(6.5)	(8.0)	(10.5)	(14.9)	(21.1)	
Enterprise value	n.a.	28	26	24	19	13	
Ratios (%)							
EBITDA margin	33.1%	34.5%	38.8%	45.2%	51.3%	52.8%	
EBIT margin	17.6%	19.6%	26.3%	34.8%	43.4%	45.7%	
Gearing - Debt/equity	18.2%	-66.4%	-69.6%	-71.6%	-74.4%	-79.5%	
Interest cover on EBIT	-4.1%	0.0%	0.0%	0.0%	0.0%	0.0%	
NFP/EBITDA	27.8%	-283.4%	-227.0%	-182.4%	-164.3%	-199.1%	
ROCE	29.5%	39.7%	68.1%	106.5%	149.3%	168.6%	
ROE	0.0%	9.5%	14.7%	21.5%	27.2%	24.5%	
EV/Sales	n.m.	4.3x	3.2x	2.3x	1.6x	1.4x	
EV/EBITDA	n.m.	12.6x	8.2x	5.0x	3.2x	2.7x	
P/E	n.m.	36.7x	20.2x	10.8x	6.2x	5.2x	
Free cash flow yield	n.m.	2.6%	5.1%	8.6%	15.4%	21.5%	
Growth Rates (%)							
Sales	n.m.	26.8%	36.0%	40.3%	39.3%	13.7%	
EBITDA	n.m.	32.2%	53.3%	63.1%	58.3%	16.9%	
EBIT	n.m.	41.6%	82.2%	86.1%	73.4%	19.8%	
Net Income	n.m.	288.5%	82.2%	86.1%	73.4%	19.8%	

Source: Company Data, KT&Partners Elaboration, \*2018 Net Profit Adjusted for extraordinary items (€0.4mn after-tax)

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## Investment Case

**Focus on Cyber Security.** Cyberoo's activity is comprised of three businesses: a) Cyber Security; b) Managed Services; c) Digital Transformation. The company is planning to focus mostly on the Cyber Security business unit in the next years. In 2019, the company launched two new cyber security proprietary software applications, called CSI and Cypeer, expanding the product portfolio, strengthening the cross-selling activity and the customer lock-in. We expect therefore an increase both in sales and in the recurring part of revenues, which reached 64% in 2018.

**Kiev Hub.** Ukraine has one of the most highly educated workforces globally. The country has over 2.5mn university students producing around 640,000 graduates annually, with a strong focus on technical disciplines. Cyberoo established its R&D department in Kiev in 2016 to be able to hire and retain talented IT professionals. The Kiev lab started with 10 software developers, reached 31 professionals at the end of 2018 with a target of 50 by the end of 2019. The Kiev Hub, focused on software and services solutions development, is one of the company's main strengths, allowing for lower personnel costs without sacrificing strong know-how. The 3 proprietary software launched in 2Q2019 were designed in Italy and developed by the Kiev Hub.

**M&A Management Experience.** The management team has a strong 10+ years' experience in M&A activity. In 2011, the management team was directly involved in the MBO acquiring the 70% of SEDOC Digital Group (€3.2mn). In the following years, the management team was able to lead several M&A activities acquiring, developing and profiting from the subsequent sale:

- SDG Four Dynamics: acquired in 2008, managed until 2013 turning around profitability from a negative EBITDA to €225k, sold to P.A. Expertise Srl for €1.26mn (6 times the EBITDA);
- Longwave Srl: founded in 2000, internally developed and sold in 2014 to Zucchetti SpA for €6.4mn (6 times the EBITDA);
- SEDOC Finance Network: acquired as Benesystem Srl in 2007 for €0.77mn, merged in SEDOC Finance Network and sold in 2014 to Unione Fiduciaria for 90% and a private investor for 10% at a price of €13mn (10 times the EBITDA).

**IPO and Use of Proceeds.** The firepower generated by the IPO through €7.2mn of capital increase is expected to be invested: a) in marketing activities to strengthen the Cyber Security business unit speeding up the launch of the new software; b) in R&D to develop new software applications; c) to consolidate company's structure; and finally, to exploit M&A opportunities.

**Statement of Risks.** The reference clients for Cyberoo are small and medium enterprises (SMEs), which have moderate spending budgets. Despite large players potentially entering the market, we expect Cyberoo to maintain its competitive advantages thanks to the Kiev Technological Hub, that allows the provision of a high-standing service at a competitive price, and to the strong long-lasting relationships with SMEs. The Kiev Hub may also represent a potential risk. Ukraine experienced a period of political and economic instability in recent years. Despite that, the recently elected president Volodymyr Zelenskiy will work to improve the relationship between Ukraine and Russia - which deteriorated as a result of the civil war in Crimea - and to restore the economic stability of the country.

## Company Overview

Cyberoo SpA, headquartered in Reggio Emilia, is an emerging Italian player in the cybersecurity sector.

Started in 2008 as a device distributor, the company then evolved into a managed services provider, looking after clients' IT infrastructures remotely and on a subscription basis. Subsequently, exploiting the emergence of cybersecurity threats, the company expanded its services to security, thus becoming a managed security service provider, providing clients with complete management of security systems. The evolution process continued in 2018 with the development of three proprietary security software solutions launched in 2Q2019.

The Cyberoo activity is based on the following pillars:

- 1) a strong client base and wide client pool also thanks to the reputation gained by SEDOC Srl, Cyberoo's controlling shareholders, in more than 40 years of activity. Cyberoo currently has a direct and indirect (through SEDOC) client pool of around 2,000 companies;
- 2) talented human resources and a strong leverage provided by a consolidated presence in Ukraine, the best IT outsourcing market in Europe and one of the best places for cybersecurity talents;
- 3) monitoring of information coming from more than 40,000 devices, including appliances, endpoints and servers.

The company revenues model is based on recurring fees related to infrastructure and security management services and software usage. Cyberoo recorded €5.2mn of total revenues (€4.6mn sales revenues) in FY18, of which 64% are recurring total revenues. Cybersecurity accounted for 18% and 54.3% of FY18 revenues and EBITDA, respectively.



### SEDOC Group

SEDOC Digital Group Srl was founded in 1973 and is headquartered in Reggio Emilia. The company mission is offering consultancy, services and products in the field of IT. Later, SEDOC Digital Group Srl expanded its offer to the management of technological products and the implementation of software solutions to support the customer business.

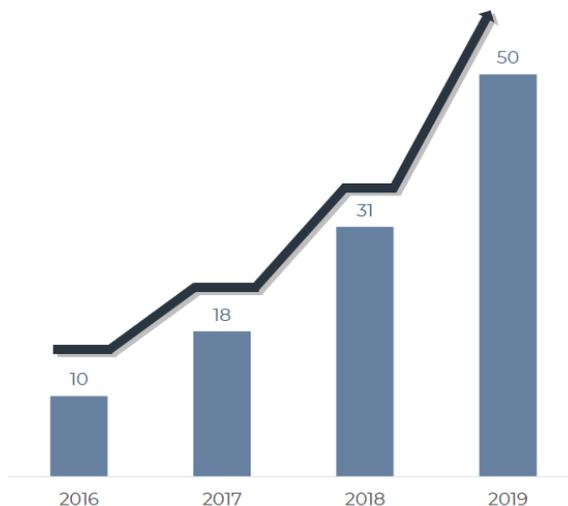
Thanks to the strong technological know-how and through highly innovative solutions, such as IoT systems, AI software and the constant attention to IT security, SEDOC Digital Group, with around 2,000 clients, is consolidating its position as a service-provider in the world of software. As a managed service provider in 2018<sup>1</sup>, SEDOC was the only Italian company to be ranked in the top 4 in the EMEA area and in the top 100 in the World by Channel Future MSP 501. At the beginning of 2018, it achieved the ISO 27001 certification, which acknowledges the group as a safe and reliable partner.

Sedoc, as a distributor of Cyberoo services, for FY18 and 1H19 represented the 32% and 36% of Cyberoo revenues respectively. On the other side, due to the services offered, Sedoc represented the 45% (FY18) and 59% (1H19) of the purchases from suppliers made by Cyberoo.

### Ukraine Software Development Hub

Cyberoo established its R&D department in 2016 in Ukraine in order to hire and retain talented IT professionals. The Kiev lab started with 10 software developers, reaching 31 professionals at the end of 2018 with a target of 50 by the end of 2019.

#### Ukraine Hub Staff Growth

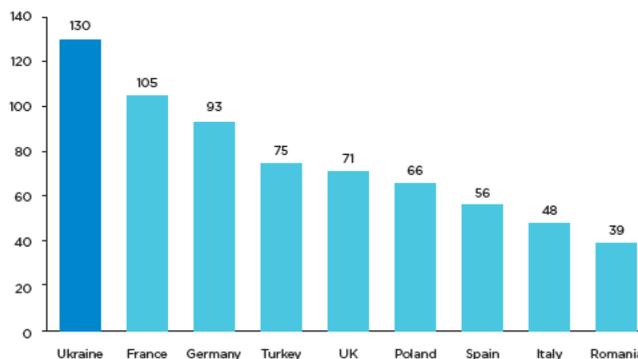


Source: Analyst presentation

Ukraine has one of the most highly educated workforces in the world. The country has over 2.5mn university students producing around 640,000 graduates annually, with a strong focus on technical disciplines, Ukraine produces over 130,000 engineers and 16,000 IT graduates each year. Ukraine is home to the largest IT engineering force in the CEE.

<sup>1</sup> Channel Futures MSP 501, 2019

Top European Countries by Number of Engineering Graduates (in thousands)



Source: World Economic Forum, Forbes

According to the 2019 Edition of the “The tech Ecosystem Guide to Ukraine”, there are over 110 R&D centers and US has the largest share (45% of companies) followed by the EU and Israel. Ukraine R&D expertise includes: big data and artificial intelligence, games and e-commerce.

Selected Companies with Ukrainian IT Outsourcing and R&D Labs



Source: UkraineInvest

According to the 2016 HackerRank report<sup>2</sup>, Ukraine is in 1<sup>st</sup> place for cyber security, and 4<sup>th</sup> for mathematics and distributed systems.

Countries with the Best Developers By Domain (Ranked by Average Score)

Mathematics		Distributed Systems		Security	
1	China	1	Sri Lanka	1	<b>Ukraine</b>
2	Czech Republic	2	Malaysia	2	China
3	Finland	3	Pakistan	3	Switzerland
4	<b>Ukraine</b>	4	<b>Ukraine</b>	4	Czech Republic
5	Japan	5	Finland	5	Colombia

Source: HackerRank

<sup>2</sup> Which Country Would Win in the Programming Olympics?

## Cyberoo Group's History

Cyberoo was started in 2008 (with the name AT Store) as a device distributor. Over time, the company has been able to evolve into a provider of subscription-based managed services and managed security services. Recently Cyberoo developed three proprietary software solutions dedicated to security. Cyberoo business is centered around three business units: Cyber Security, Managed Services and Digital Transformation, reaching €4.6mn of sales revenues in 2018 with more than 600 clients and recurring total revenues of 64%.

### Cyberoo Group's History



Source: Analyst presentation

The company's history can be divided into the following phases:

- **Start-up (2008-2011):** the company started its activity as a device distributor.
- **Printing Management (2011-2015):** the company expanded its offer into the printing management business. In this period the company signed a partnership with HP and started offering a subscription-based service developing a recurring revenue model, establishing the current modus operandi.
- **MSP & MSSP (2015-2019):** in 2015, following several "Faxploit<sup>3</sup>" attacks, the company started to operate as a managed service provider, expanding its monitoring services also to servers and appliances, covering the first layer of security. In 2017, the company - leveraging on its experience - began its activity as a managed security service provider.
- **IPO and Further Expansion (2019-2023):** Cyberoo is now planning to expand and enhance its current product portfolio. In 2019 the company launched three new proprietary solutions (CSI and CY in the Cyber Security BU and Titaan in the Managed Services BU) developed in-house by the Kiev Technological Hub. In order to accelerate its growth, Cyberoo went listed on the AIM Italia market, on October 7, 2019 raising €7.2mn through capital increase. The proceeds of the IPO are expected to be invested in order to speed up the launch of the Cyber Security BU and the new software.

<sup>3</sup> A cyber-attack that was carried out on all-in-one printer-fax machines

## Management Team and Group Organizational Chart

The company employs more than 70 people, among which 31 in the Kiev Hub are focused on software and services solutions development. The board of directors is headed by the Chairman Massimo Bonifati.

### Massimo Bonifati (Chairman)



Massimo Bonifati graduated in business economics at the University of Verona and completed his managerial training at SDA Bocconi in Milan. After an experience as an administrative manager in the ceramic sector, he worked for 10 years as Project Manager for Finance Information Systems and became the director of For Consulting Srl, providing consulting services to major companies operating in Italy and abroad. In 2005 he started working with SEDOC and today he is CEO and CFO of the SEDOC Group. He was directly involved in the MBO operation and he coordinated the technical and administrative aspects of all the extraordinary operations carried out by the Group.

### Fabio Leonardi (CEO and CFO)



Fabio Leonardi began his entrepreneurial career in 1991 becoming a shareholder of SEDOC and a member of its board of directors. He made a decisive contribution to the company's growth both organically and through M&As. Fabio Leonardi held the role of Sales Director, General Manager and Managing Director of SEDOC Digital Group. In 2011 he was one of the main promoters of the SEDOC's MBO operation, which allowed the acquisition of the Group from the MBFG curatorship. Subsequently, he carried out a series of important and virtuous extraordinary operations that allowed the Group to develop its core business activities. Today he is Chairman of SEDOC Digital Group and its subsidiaries.

### Veronica Leonardi (CMO)



Veronica Leonardi graduated in Management Engineering at the Politecnico di Milano and completed her studies with a MSc in Marketing and Communication at SDA Bocconi. She has carried out several important brand management and trade marketing projects for several companies such as L'Oreal, Pirelli and Magneti Marelli, which have allowed her to strengthen her knowledge in the world of marketing. In 2014 she held the role of Web Marketing Consultant in LYB and in 2016 she joined Henkel div. Beauty Care as Marketing Specialist, where she took care of the Launch Plans of the division's main products. She joined Cyberoo in 2018 as CMO.

### Cyberoo Group's Structure

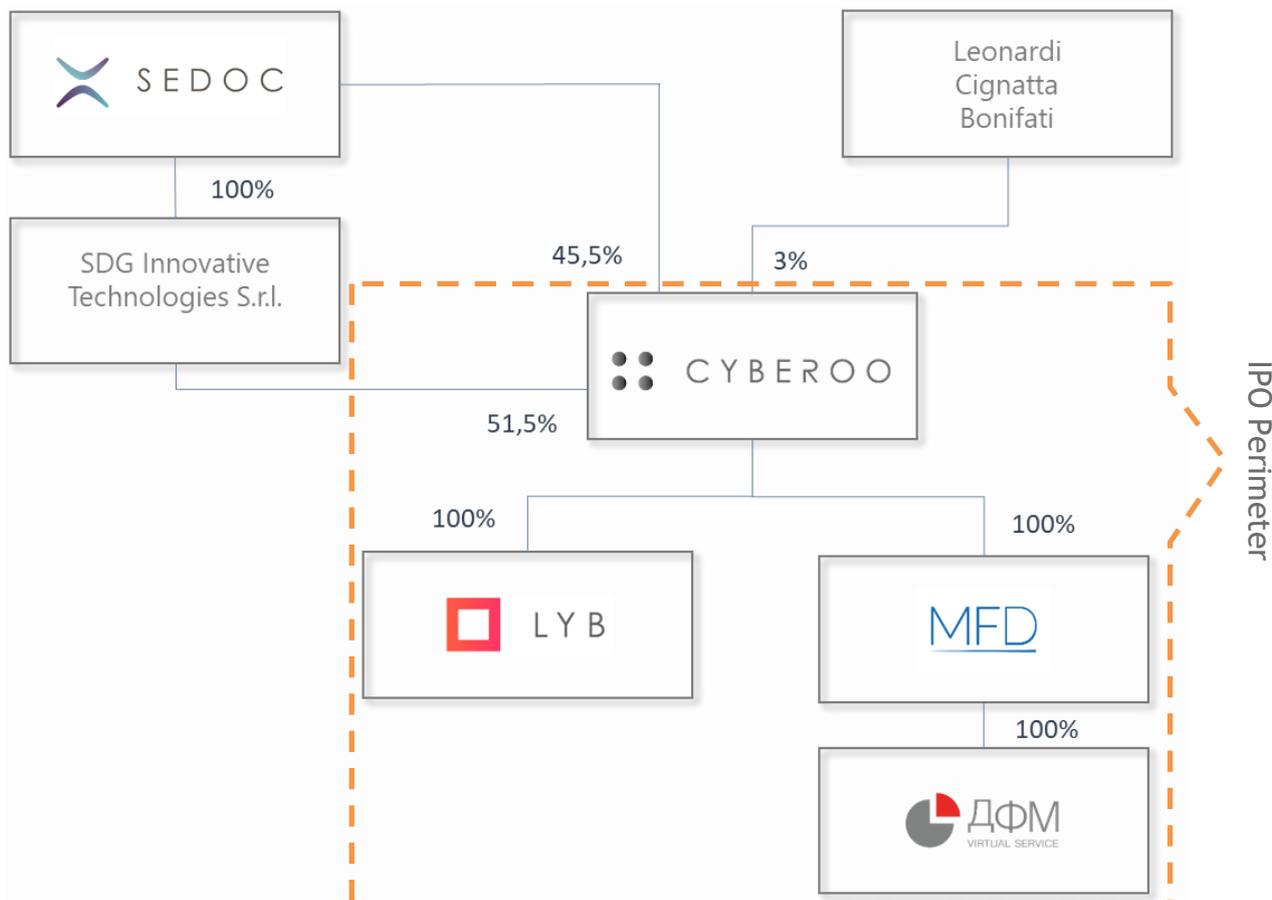
Cyberoo Group, before the IPO, was controlled by SEDOC Digital Group for 97% (of which 51.5% is indirect shareholding) and for the remaining 3% by Fabio Leonardi, Davide Cignatta and Massimo Bonifati.

Following the listing, now the market holds ca. the 26% of the shares.

The group is composed by:

- **Cyberoo:** focused on cyber security services and responsible for the coordination of the companies of the group.
- **LYB:** engaged in managed services and in digital transformation, LYB is a team of professionals working in the consulting field, whose mission is to guide its customers in the complex process of developing business strategies and implementing executive solutions to improve their business.
- **MFD:** with a commercial and telemarketing structure (more than 10 people), this subsidiary is engaged in origination activities.
- **DFM:** the technological hub located in Kiev. DFM is engaged in software and services solutions development along with an uninterrupted monitoring and security service.

### Cyberoo Group's Structure



Source: Company presentation

## Business Units and Products

The group operates through three business units: Cyber Security Services, Managed Services and Digital Transformation, which account respectively for 19%, 63% and 18% of 2018PF total revenues.

### Revenues by Business Unit



Source: Analyst presentation, KT&Partners elaboration

### Cyber Security Service Business Unit

In 2018, Cyber Security business generated €865k, accounting for 19% of sales revenues. Cyberoo is currently focused on the development of this area, and 2019 is in fact a year of change, firstly with the change of company name (from Managed Service Solution Srl) and secondly with the launch of two new services based on a proprietary software. This business unit provides:



- Cyber Security Intelligence (CSI) - New solution:**
  - This new proprietary software allows the user to monitor Deep and Dark web activities protecting the client's security workstation and providing a strong know-how to better understand the impact of cyber threats on the client's business.
- Cypeer (CY) - New solution:**
  - The proprietary software provides an advanced attack detection and response system.
- Other services:**
  - Antispam, Antivirus, Web Filtering, Log Management, Threat Hunting, Security Awareness.

### Cyber Security Intelligence (CSI)

Cyber Security Intelligence, based on open-source intelligence, consists of data collection and analysis. The proprietary software developed by the company is able to provide the following services:

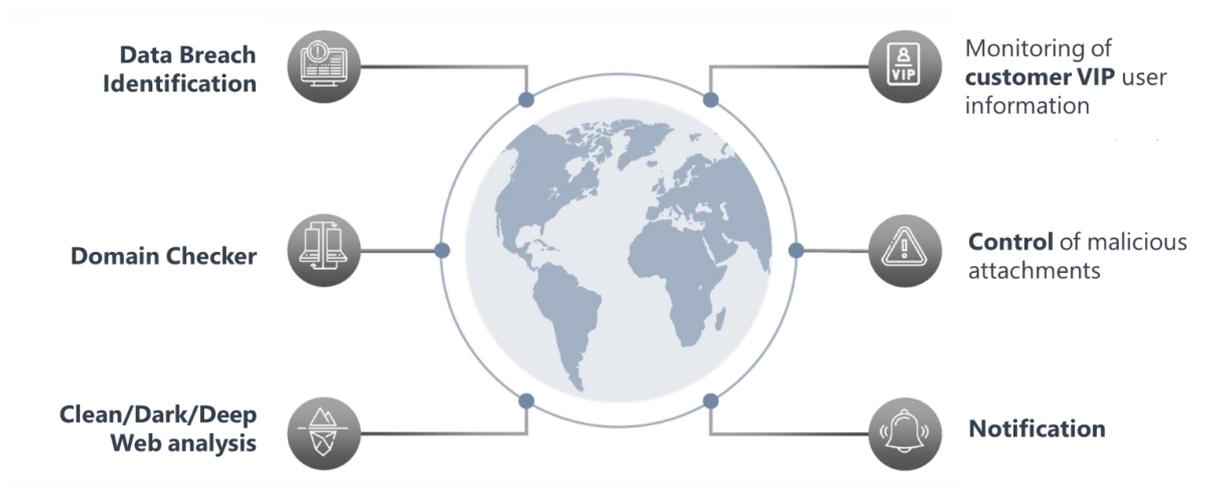
- **DataBreach identification** system to verify the leakage of company credentials;

- **Domain checker** that verifies the presence of clone domains used for fraud;
- **Control** of malicious attachments;
- **Monitoring** of **customer VIP** user information (CEO, Director, etc.);
- **Clean/Dark/Deep Web analysis** of information with possible impacts on the customer;
- **Notification** of new vulnerabilities.

The Cyber Security Team benefits from the presence of Ethical Hacker, with a strong experience in the Deep and Dark web, having access to sources of information not accessible to most.

Most of this data is in Cyrillic language, since many hackers are Russian. This can represent a problem for many, but not for Cyberoo, thanks to the Kiev Security Operation Center (SOC) team.

### Cyber Security Intelligence (CSI) Services



Source: Analyst presentation, KT&Partners elaboration

### Cypeer (CY)

In addition to CSI, the company has developed CY, another proprietary software, that will allow the company to increase its profitability. CY is an advanced system that collects and correlates all information and logs coming from security applications of customers, identifying hidden attacks and problems that are not otherwise visible and notify them immediately to the Cyberoo’s Security Operation Center (SOC) in Kiev that operates 24/7/365.

The platform is based on artificial intelligence which allows the highlighting of the events tracked by the system and provides timely alerts reducing false positives to almost zero.

Furthermore, Cypeer is able to collect all the security information in a single dashboard data from different corporate security systems such as: Web Filtering, Antispam, Security Agent, Firewall, Threat Hunting, IDS/HIDS, DHCP, Antivirus.

## Other Services

Cyberoo's traditional cyber security services will continue to be part of the offer, such as: Antispam, Antivirus, Web Security, Log Management, Threat Hunting, Security Awareness.

The company also provides software that manage, analyze and control the tools and data produced by the different services offered, not from a technical point of view, but rather with the vision of a cyber security specialist. Furthermore, the company offers a portal for training and self-learning on new threats and cyber security issues.

## Managed Services Business Unit

In 2018, this business unit generated €2.87mn, accounting for 63% of sales revenues. Managed Services indicates an outsourcing approach towards certain proactive monitoring activities in order to optimize the use of resources and reduce costs, transforming fixed costs into variable costs from the client standpoint. The services offered in this area are the following:

1. **Data Center Management** - centralization of the management of infrastructure and the protection of customer data to ensure business continuity;
2. **Cloud Management** - providing cloud infrastructures and applications that guarantee high levels of performance and availability;
3. **Device Management** - management and monitoring of devices using systems based on artificial intelligence.

In 2019 Cyberoo has expanded its offer thanks to its proprietary software, **Titaan**, moving from a proactive to a predictive approach, using the knowledge of artificial intelligence, deep learning and big data.

## Data Center Management

Data Center Management offers market-leading solutions able to support small, medium and large companies. The main services are the following:

- i. **Backup Management.**  
Providing complete management, monitoring and control of the infrastructure, for saving data, and virtual threats (the backup software provided is the best program on the market).
- ii. **Backup in Cloud.**  
Providing remote disk space, controlling and monitoring the entire process of remotely copying data within the remote disk space.
- iii. **Datacenter Management.**  
Managing physical or virtual servers of network equipment (switches, routers, firewalls and fiber channel switches), disk drives (NAS and SAN) present in a Data Center.

## Cloud Management

By providing infrastructure and cloud applications, Cyberoo can help customers to reduce infrastructure costs, offering a virtually unlimited scalability and agility and ensuring a high degree of security and compliance.

Furthermore, Cyberoo can provide IaaS (Infrastructure as a Service) solutions to its customers in two ways:

New Proprietary  
Software



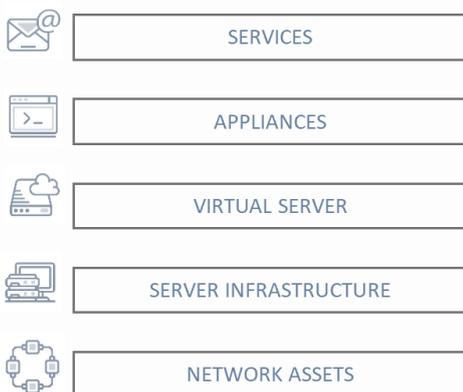
- Cloud mode - data are hosted at a datacenter of national importance;
- On-premise - data are hosted in a local infrastructure at the customer's premises.

### Device Management

Thanks to the use of artificial intelligence, Cyberoo offers a device management and monitoring service capable of detecting device activity within the customer's network, guaranteeing maximum operational efficiency to safeguard the user's operations. Furthermore, the help desk service increases the control of workstations, monitors the HW and SW status of the posts themselves and manages possible updates (patches) of the systems and the main applications of personal productivity.



#### System Behaviour Analyser



### Titaan

Titaan is a System Behavior Analyzer fully developed by the company, that collects and correlates in a single hub the logs of services, applications, virtual servers, server infrastructure and network assets without using a threshold-based alerting system. This prevents inefficiencies by reducing management costs.

The system, based on artificial intelligence, analyzes the behavior of the machine under normal conditions, creating a pattern of default behavior. Titaan intervenes when the machine starts to deviate from the usual behavior by reporting the real anomalies and their level of severity eliminating so-called false positives.

The Titaan offer is structured on three levels:

1. **Titaan Atlaas** - enables a detailed and full view of their IT ecosystem in a simple dashboard.
2. **Titaan Croono** - represents the inventory of network assets infrastructure and can be fully integrated with Titaan Atlaas.
3. **Titaan Hyperioon** - the solution is not only proactive, but also predictive, able to forecast system sizing for up to 2 months in the future. It fully exploits artificial intelligence with the best computing power currently available on the market and it is offered only in cloud.

### Digital Transformation Business Unit

In 2018, this business unit generated €837k, accounting for 18% of sales revenues. Cyberoo, through its subsidiary LYB, offers digital transformation services, bringing valuable digital technology integration to all areas of a company, supporting cultural change. The services offered in this area are:

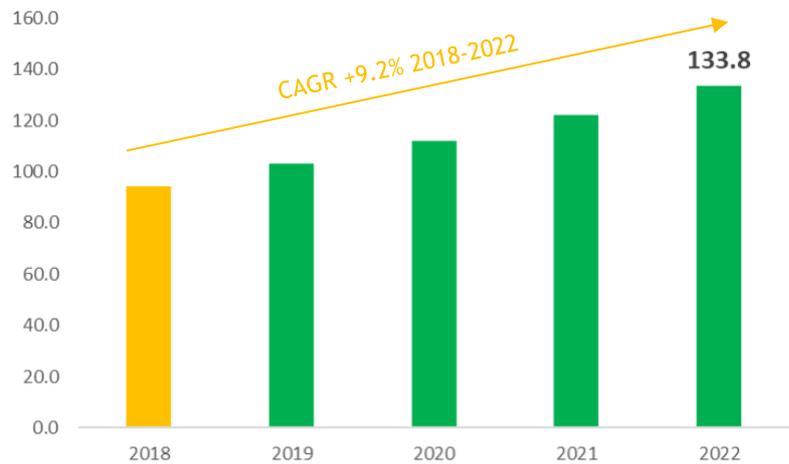
- CRM: allows effective planning and monitoring of all activities related to existing or potential customers.
- HRM: the application manages the presence in the company (entrances/exits of employees), requests for holidays and/or permits, expense reimbursement processes, booking of meeting rooms or lunches, modules for the assignment of project tasks, with consequent measurement of performance per employee;

- PMS: allows companies to organize their product data and to centralize data in a single system to make them immediately available;
- Check in Point: management of access and reception of visitors in an organized and automated way, meeting and protecting the needs of security;
- Digital Marketing: all marketing activities (SEO, social media marketing, web advertising, web marketing, web design, e-commerce) aimed at developing sales network, analyzing market trends and strengthening the brand reputation;
- Mobile App: creation of mobile apps for iOS or Android suitable for smartphones, tablets and different touch systems tailored to customer's business.

## Market Overview

According to International Data Corporation (IDC)<sup>4</sup>, worldwide spending on security-related hardware, software, and services will reach \$103.1bn in 2019 (+9.4% with respect to 2018) growing at a CAGR of 9.2% over the 2018-2022 period reaching a size of \$133.8bn in 2022. The US will be the largest market with a value of \$44bn in 2019, followed by China, Japan and the UK.

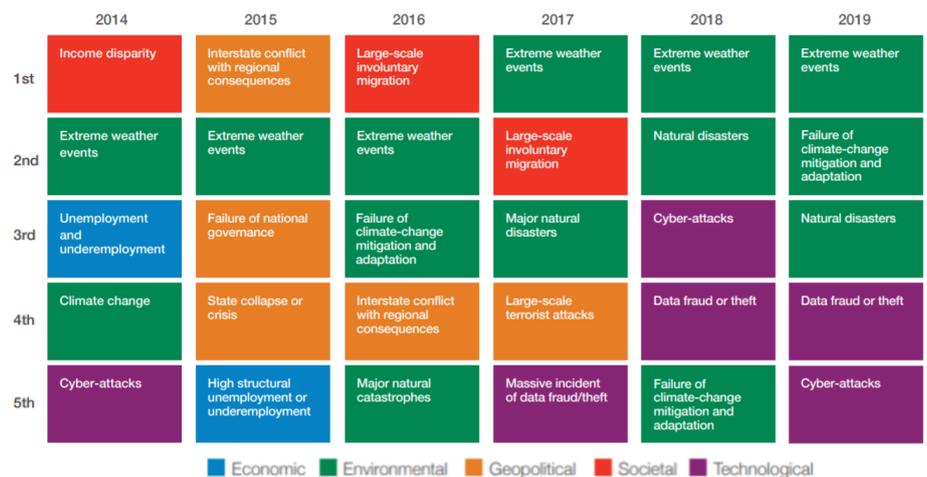
### Worldwide Information Security Market 2018A-2022E (€bn)



Source: Worldwide Semiannual Security Spending Guide - IDC 2019

The 5G network's technological development and the growth of IoT are leading to an exponential increase in the area that can be attacked by cyber criminals. These factors and the contribution of the regulatory changes, like the EU's Global Data Protection Regulation (GDPR), are driving the continuing growth in the information security market. According to a Gartner survey<sup>5</sup>, the top three drivers for security spending are: security risks, business needs and industry changes.

### Top 5 Global Risks in Terms of Likelihood 2014-2019



Source: World Economic Forum 2009-2019, Global Risks Reports 14th Edition

<sup>4</sup>Source: Worldwide Semiannual Security Spending Guide, IDC 2019

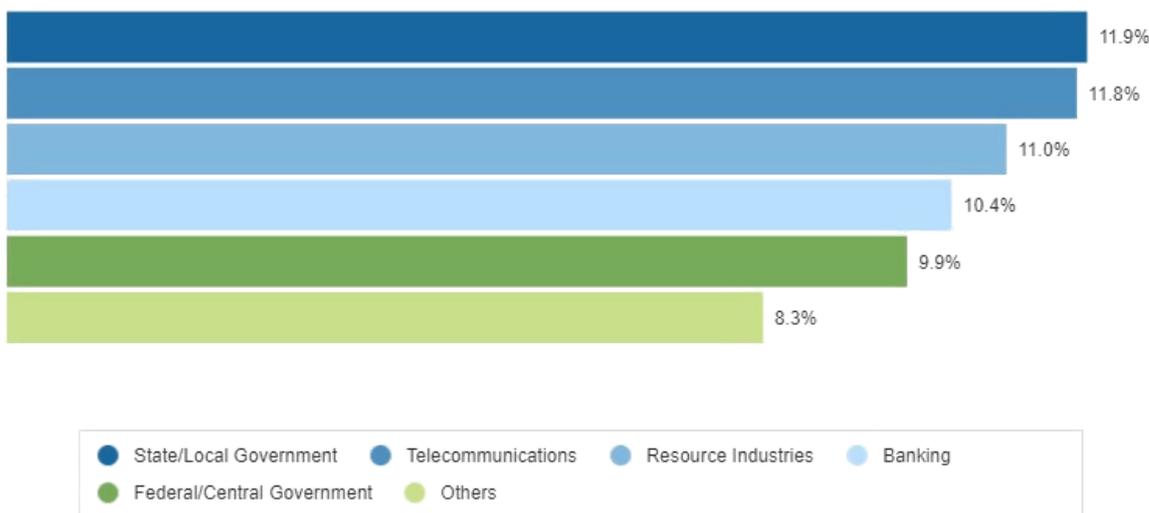
<sup>5</sup>In September and October 2017, Gartner conducted a survey to gain insights about current and planned security spendings.

In line with the growth of the information security market, it is possible to identify an increase in awareness of the risk of not protecting a business against such threats. In the 2019 edition of the Global Risk Report<sup>6</sup>, by the World Economic Forum, “massive data fraud and theft” and “cyberattacks” were respectively ranked the number four and five global risks by likelihood, confirming the trend of the previous year.

According to the IDC Guide on Security Spending<sup>7</sup>, the three main industries that spend most on security solutions are banking, discrete manufacturing and the federal/central government, with an expected combined expenditure of \$30bn in 2019. The industries that will experience the highest spending growth in the 2018-2022 period will be government (11.9% CAGR), telecommunications (11.8% CAGR) and the resource Industries (11.3% CAGR).



**Top Industry Based on 5 Year CAGR (2017 - 2022) (Value (Constant Annual))**



Source: IDC Worldwide Semiannual Security Spending Guide, 2018H1

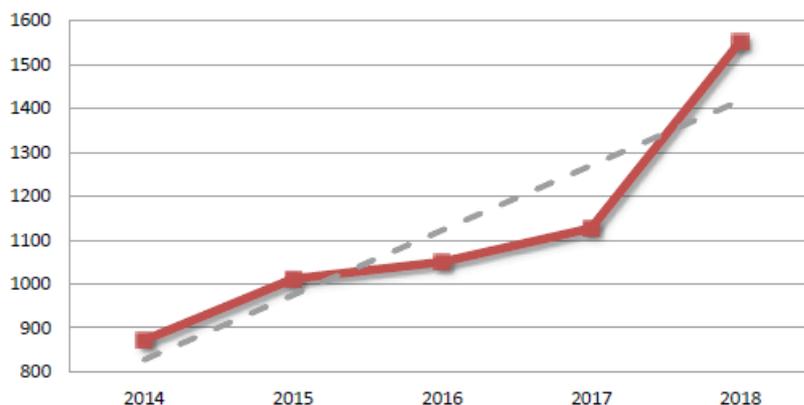
According to the IDC Worldwide Semiannual Security Spending Guide, managed security services will reach a market size of more than \$21bn, being the largest technology category in 2019 and the category with the higher expected growth over 2017-2022 period (CAGR 14.2%). Managed security services will also be the largest category of spending for each of the top five industries in 2019. The second largest technology category in 2019 will be network security hardware, which includes unified threat management, firewalls, and intrusion detection and prevention technologies. The third and fourth largest investment categories will be integration services and endpoint security software. The technology categories that will see the higher spending growth in addition to managed security services will be security analytics, intelligence, response and orchestration software (10.6% CAGR), and network security software (9.3% CAGR).

<sup>6</sup> Global Risks Reports 14th Edition, World Economic Forum 2019; the survey is based on 916 participants  
<sup>7</sup> Worldwide Semiannual Security Spending Guide, IDC 2019

### Focus on Cyber Attacks

According to the Clusit Report on ICT Security<sup>8</sup>, in 2018 worldwide cyber-attacks with “significant impact” for the victims - in terms of economic loss, damage to reputation, personal and non-personal data theft - were equal to 1,552, +38% compared to 2017 (1,127). The study is based on a sample made up of 8,417 known attacks of particular severity which occurred in the world from January 1, 2011 to the end of 2018.

#### Annual Number of Cyber-attacks with “Significant Impact” (2014 - 2018)



Source: Clusit - Rapporto 2019 sulla Sicurezza ICT in Italia

Looking at the attacks, the report classifies them as follows:

- Cybercrime: criminal activities carried out through the use of a computer or the internet;
- Hacktivism: actions and attacks carried out for political or social purposes;
- Cyber Espionage: espionage activities carried out through the use of illicit computer techniques;
- Cyber Warfare: computer attacks in order to destabilize a state or non-government organization.

Looking at the 2014-2018 period, the categories "Cybercrime" and "Cyber Espionage" recorded the highest number of attacks, reaching 1,232 (+43.8% YoY) and 203 (+57.4% YoY) attacks respectively. Hacktivism (-22.8% YoY) and Cyber warfare (-9.7% YoY) attacks, on the other hand, were down.

#### Number of Attacks Classified by Type

Kind of Attacks	2014	2015	2016	2017	2018	YoY%	Trend
Cybercrime	526	684	751	857	1232	43.8%	↑
Hacktivism	236	209	161	79	61	-22.8%	↓
Espionage/Sabotage	69	96	88	129	203	57.4%	↑
Cyber Warfare	42	23	50	62	56	-9.7%	↔
<b>Total</b>	<b>873</b>	<b>1012</b>	<b>1050</b>	<b>1127</b>	<b>1552</b>	<b>37.7%</b>	<b>↑</b>

Source: Clusit - Rapporto 2019 sulla Sicurezza ICT in Italia

<sup>8</sup> Clusit - Rapporto 2019 sulla Sicurezza ICT in Italia

Malware is the most common technique to perform a cyber-attack, accounting for about 37.7% (+139 respect to 2017) of the attacks analyzed in 2018. One of the most famous malwares is WannaCry, a ransomware cryptoworm that exploited a Microsoft Windows security vulnerability called EternalBlue, emerged and spread across the Internet in May 2017. WannaCry had earned more than \$143k<sup>9</sup> through 312 ransom payments to decrypt data, generating much more damage, as in the case of the National Health Service (NHS), in which the ransomware generated £92mn<sup>10</sup> of costs, locking 200,000 computers.

In second place there are “unknown” techniques for 408 attacks (+47.3% YoY) demonstrating the evolution in the types of attacks and therefore the need to continue to develop technology defenses to protect information from these threats.

A significant growth was experienced by the category “APT” (Advanced Persistent Threat), +55.6% YoY, which includes attacks typically for espionage purposes, characterized by an accurate study of the target, the use of malware and the persistence of the threat. SQL injection falls to the last place, marking -85.7% compared to 2017. The exploitation of “0-day” (computer-software vulnerability that is unknown) is still growing (+66.7% YoY), although this figure is derived from a limited number of known incidents and is probably underestimated. Attacks based on account cracking techniques are on the rise again (+7.7%). Phishing/social engineering is widely used (+56.9% YoY); it includes action that induces the victim, through a false communication in an electronic communication, to give sensitive information like usernames, passwords details.

**Number of Attacks Classified by Different Techniques**

Kind of Attack Techniques	2014	2015	2016	2017	2018	YoY%	Trend
Malware	127	106	229	446	585	31.2%	
Unknown	199	232	338	277	408	47.3%	
Known Vulnerabilities/ Misconfig.	195	184	136	127	177	39.4%	
Phishing/ Social Engineering	4	6	76	102	160	56.9%	
Multiple Techniques/ APT	60	104	59	63	98	55.6%	
Account Cracking	86	91	46	52	56	7.7%	
DDoS	81	101	115	38	38	0.0%	=
0-day	8	3	13	12	20	66.7%	
Phone Hacking	3	1	3	3	9	200.0%	
SQL Injection	110	184	35	7	1	-85.7%	

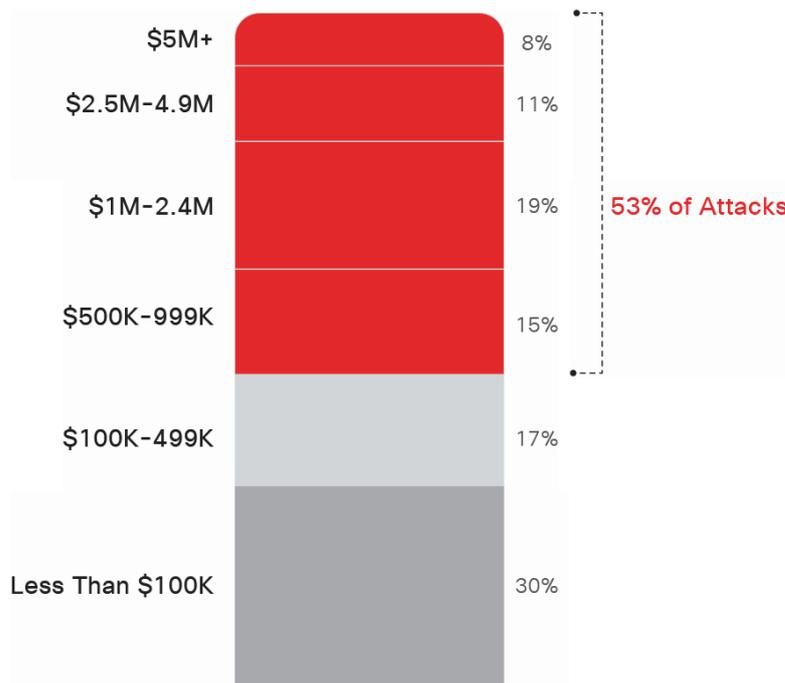
Source: Clusit - Rapporto 2019 sulla Sicurezza ICT in Italia

<sup>9</sup> Annual Cybersecurity Report, Cisco 2018

<sup>10</sup> The Department of Health and Social Care (DHSC), <https://www.telegraph.co.uk/technology/2018/10/11/wannacry-cyber-attack-cost-nhs-92m-19000-appointments-cancelled/>

The Annual Cybersecurity Report made by Cisco<sup>11</sup> highlights the economic damages to organizations that could take months or years to be resolved. According to study respondents, only 30% experienced an attack that had a cost of less than \$100k, while 19% experienced a cost of \$1mn-\$2.4mn. Looking at the data more than half of the sample (53%) experienced economic damage of more than US\$500k, including lost revenue, opportunities and customers.

**Cost of Attacks 2018**



Source: Annual Cybersecurity Report, Cisco 2018

Looking at the days of lost business, 40% of respondents from midmarket companies<sup>12</sup> (250-499 employees) experienced eight hours or more of system downtime due to a severe security breach in the past year. Similar results have been seen for larger organizations.

<sup>11</sup> Annual Cybersecurity Report, Cisco 2018

<sup>12</sup> Small and Mighty: How small and Midmarket Businesses can fortify their defenses against today's threats on Security Capabilities Benchmark Study, Cisco 2018; the research involved more than 3600 respondents across 26 countries.

## Information Security Industry

Information security may be defined as a set of processes and services designed to prevent, detect and counter threats to an organization's data. According to a research paper of the "Osservatorio del Politecnico di Milano"<sup>13</sup> the Information Security may be divided in three main categories:

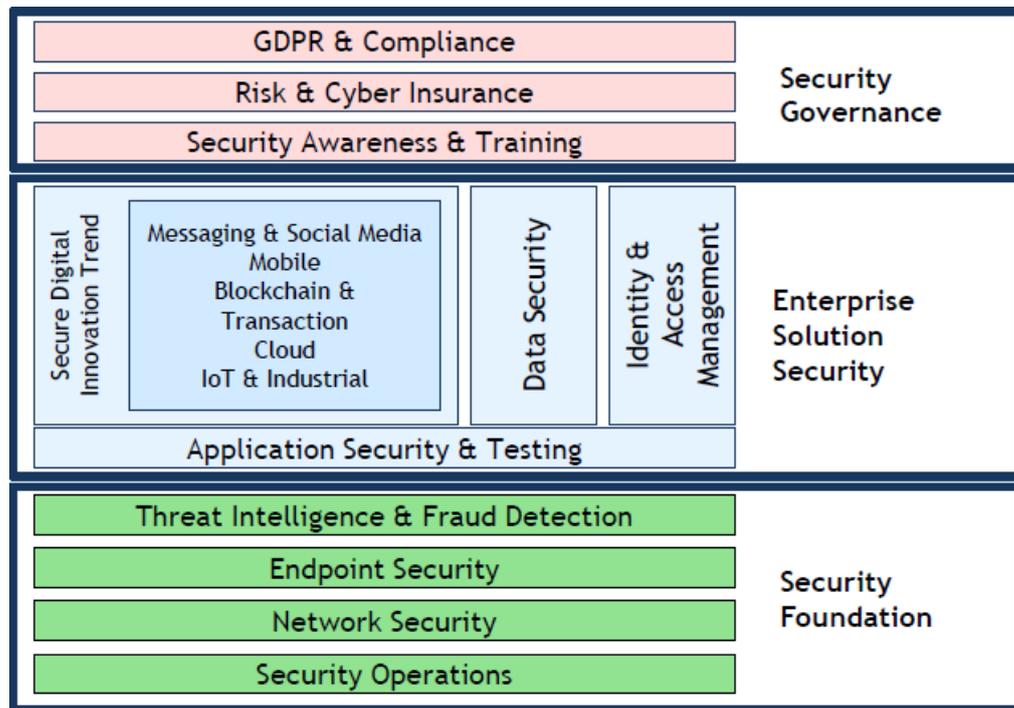
- i. Security Governance: tools to support governance processes ensuring compliance and increasing performance and culture on information security issues within the company. This class can in turn be divided into:
  - Security Awareness & Training: training courses and awareness programs on cyber security;
  - GDPR & Compliance: supporting the companies adaptation process to regulatory requirements on information security and data protection, with particular focus on GDPR;
  - Risk & Cyber Insurance: analysis of the level of exposure to cyber risk and identification of appropriate cyber insurance policies that allow the residual risk to be transferred to third parties.
- ii. Enterprise Solution Security: development of processes to guarantee the security of a fundamental asset within the company. In turn, the category can be divided into the following subcategories:
  - Application Security & Testing: processes to identify and measure the degree of vulnerability in a given system (Vulnerability Assessment) as well as tools to test the security of the applications themselves, including the simulation of an attack (Penetration Test);
  - Identity & Access Management: management and monitoring of user access to critical infrastructures, applications and data;
  - Data Security: protection of company data such as services and solutions for managing and securing passwords, usernames, PINs and online documents (Secure Document Management) and tools for monitoring sensitive data in order to prevent its loss due to theft or error (Data Loss Prevention);
  - Secure Digital Innovation Trends: Solutions to counter potential security threats introduced by digital innovation trends. This area includes services for the protection of information exchanged within Blockchain, Cloud Security, IoT, Social Media Security, and Mobile Security.
- iii. Security Foundation: products and services for network monitoring, real-time analysis and response to security incidents. The following subcategories have been identified within this class:
  - Endpoint Security: services to ensure the security of computers, mobile devices and smart objects connected to the corporate network;
  - Network Security: network monitoring to prevent and counteract attempts at cyber-attacks (including web Security, email security);

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<sup>13</sup> "Winter is coming: adapt to react"; Osservatorio Information Security & Privacy, February 2019

- Security Operations: identification, analysis and response to threats to information systems;
- Threat Intelligence & Fraud Detection: tools that exploit the new knowledge in big data analytics, AI and machine learning to collect, monitor and analyze information, risks and security threats, in order to implement preventive protection plans.

**Information Security & Privacy Industry**

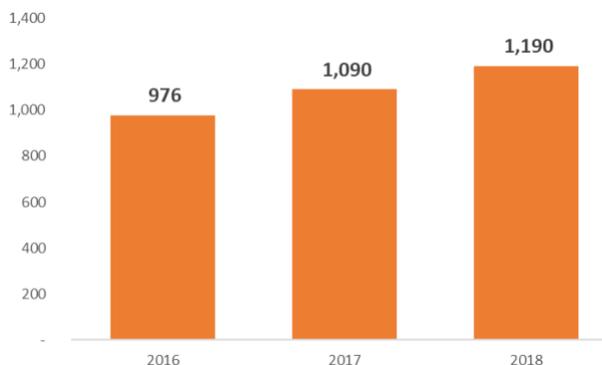


Source: Osservatorio Information Security & Privacy - Winter is Coming: adapt to react!

**The Market in Italy**

According to the analysis of the Osservatorio del Politecnico di Milano, the information security market in Italy reached a value of €1.19bn in 2018, up 9% on the previous year. In 2017, the growth recorded was around 12% with a significant boost attributable to GDPR projects.

**Italian Information Security & Privacy Market 2016-18 (€mn)**

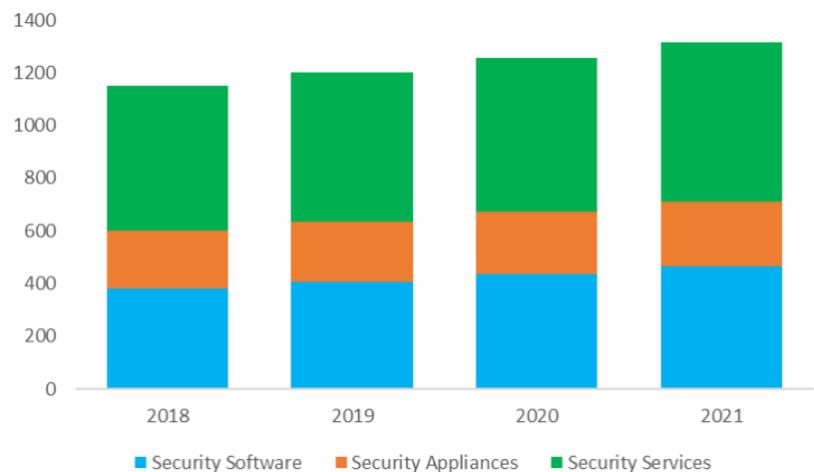


Source: Osservatorio Information Security & Privacy - Winter is Coming: adapt to react!

A study conducted by the International Observatory IDC<sup>14</sup>, segmented the Italian market into 3 main areas: Security Software, Security Appliances and Security Services:

- **Security Software** totaled a value of about €380mn in 2018, represented by the following services: Web Security, Security & Vulnerability Management, Network Security, Identity & Access Management and Endpoint Security. The growth of this market segment is expected to be about 7% per year for the period 2018-2021. The services that will contribute more to the Security Software segment are applications related to Security & Vulnerability Management and Network Security, with growth rates that will reach double figures.
- **Security Appliances**, divided by IDC into 5 main categories (VPN, Firewall, IDP, Unified Threat Management, Content), in 2018 expressed a total value about €220mn, with an expected CAGR 2018-2021 of around 4%. The main service that will drive the growth is attributable to the VPN area, which is expected to have a growth rate higher than the two figures in the medium term.
- **IT Security Services** (IT Consulting services and System Integration/Implementation services), the most dynamic sector in terms of the continuous renewal of the proposals, with a value of services exceeding €500mn in 2018, represents more than 40% of the entire market. The expected CAGR 2018-2021 is 3%.

**Italian Information Security Market Main Segments 2018-21 (€mn)**



Source: Clusit - Rapporto 2019 sulla Sicurezza ICT in Italia on data IDC Italia, 2019

<sup>14</sup> Clusit - Rapporto 2019 sulla Sicurezza ICT in Italia on data IDC Italia, 2019

## 2018 Financial Results

During 2018 Cyberoo undertook a group structure reorganization, also through divestment of non-core assets, in order to be prepared for the IPO. Consolidated financials are available only for 2018 therefore comparison with 2017 data would be misleading.

The key economics and financials of 2018 are the following:

- Total Revenues at €5.2mn;
- EBITDA €1.7mn (33.1% EBITDA margin);
- EBIT at €921k;
- Net financial position (NFP) at €482k.

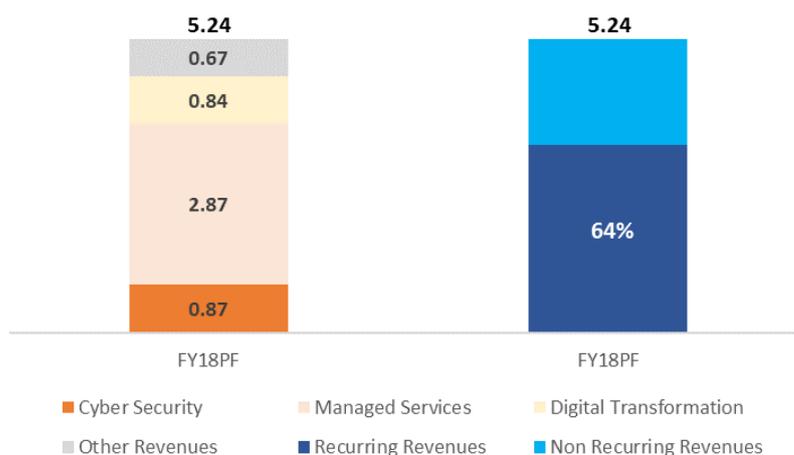
### Breakdown of Revenue

Cyberoo recorded €5.2mn of total revenues (€4.6mn sales revenues) in FY18, of which 64% are recurring total revenues. The business model is mainly based on the sale of services against monthly/annual fees, which allows most of the revenues stable. In 2018, Cyber Security contributed 19% of revenues reaching €865k, Managed Services recorded revenues of €2.9mn (63% of revenues) and Digital Transformation accounted for 18% of revenues, reaching €837k.

Over the coming years, the company aims to have a strong growth in the cyber security segment, exploiting the market needs and trends. In 2019, the company launched two new proprietary software (CSI and Cypeer), expanding the product portfolio in the cyber security business, helping the cross-selling activity and the customer lock-in. This will allow to boost and increase the recurring part of revenues.

The company is also continuing to invest in managed services; in fact, with the new software Titaan (developed entirely by the company) the customer will be able to prevent inefficiencies by reducing management costs.

### Breakdown of Total Revenues by Business Unit (€mn), 2018



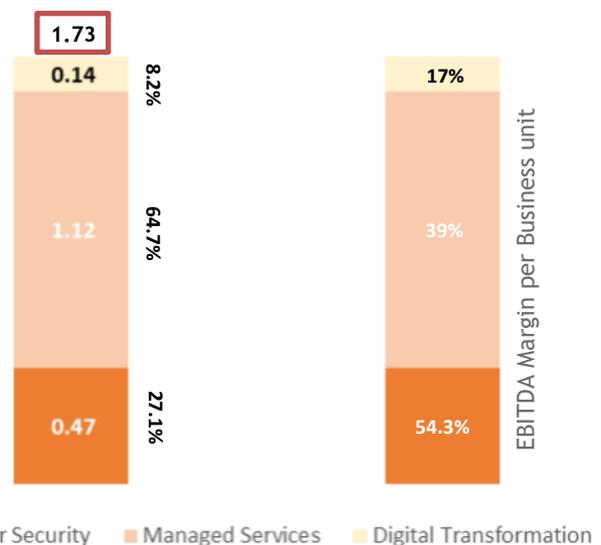
Source: Company data

### Profitability Analysis

Cyberoo’s EBITDA reached €1.7mn in 2018, mainly generated in the Managed Services division (64.7% of total EBITDA) as result of a higher share of revenues. The Cyber Security division reached €470k of EBITDA in 2018 with a 27% contribution to total EBITDA. The Digital Transformation division reached €142k of EBITDA.

Cyberoo’s EBITDA margin stood at 33.1%, also thanks to the Kiev Hub, focused on software and services solutions development, which allows for lower personnel costs without sacrificing strong know-how. The Cyber Security division is characterized by higher profitability: in 2018 the EBITDA margin was 54.3% and it is expected to grow in the coming years thanks to the development of new proprietary software. In 2018, the EBITDA margin of the Managed Services and Digital Transformation businesses stood at 39% and 17% respectively.

#### EBITDA Breakdown by Business Unit (€mn), 2018



Source: Company data

In 2018, EBIT stood at €921k with an EBIT Margin of 17.6%.

Looking at the bottom line, Net Income stood at €0k affected by €622k non-recurring provision and write-off related to non-core assets. Adjusting for the after-tax extraordinary effects, Net Income would have been ca. €400k with a Net Income margin of around 8%.

## Consolidated Income Statement 2018

€ thousand	FY18PF
Cyber Security	865
Managed Services	2,873
Digital Transformation	837
<b>Sales Revenues</b>	<b>4,575</b>
Other Revenues	666
<b>Total Revenues</b>	<b>5,241</b>
Products and Raw materials	(1,245)
<b>Gross Profit</b>	<b>3,996</b>
<i>Gross Margin</i>	76.2%
Cost of Services	(835)
Rental Costs	(87)
Personnel Expenses	(1,227)
Other Operating Expenses	(114)
<b>EBITDA</b>	<b>1,732</b>
<i>EBITDA margin</i>	33.1%
D&A and Provisions	(811)
<b>EBIT</b>	<b>921</b>
<i>EBIT margin</i>	17.6%
Financial Income and Expenses	37
Extraordinary items	(622)
<b>EBT</b>	<b>336</b>
Taxes	(336)
<i>Tax Rate</i>	100.0%
<b>Net Income</b>	<b>0</b>
<i>Net margin</i>	0.0%

Source: Company presentation

## 1H19 Interim results

During the first half of the year Cyberoo registered Sales Revenues for €2.6mn and Total revenues for €3.0mn. On the profitability side, EBITDA 1H19 resulted equal to €1.0mn, with an EBITDA margin of 34.0% (+90bp with respect to FY2018). On the bottom line the company reached €0.4mn, with a margin of 11.7%.

## Consolidated Income Statement 2018

€ thousand	1H19
<b>Sales Revenues</b>	<b>2,634</b>
Other Revenues	399
<b>Total Revenues</b>	<b>3,033</b>
Products and Raw materials	(967)
<b>Gross Profit</b>	<b>2,066</b>
<i>Gross Margin</i>	68.1%
Cost of Services	(243)
Rental Costs	(38)
Personnel Expenses	(741)
Other Operating Expenses	(15)
<b>EBITDA</b>	<b>1,030</b>
<i>EBITDA margin</i>	34.0%
D&A and Provisions	(455)
<b>EBIT</b>	<b>575</b>
<i>EBIT margin</i>	19.0%
Financial Income and Expenses	(31)
Extraordinary items	-
<b>EBT</b>	<b>545</b>
Taxes	(190)
<i>Tax Rate</i>	34.8%
<b>Net Income</b>	<b>355</b>
<i>Net margin</i>	11.7%

Source: Company data

## Capital Structure Analysis

In 2018, fixed assets stood at €3.9mn, while in 1H19 they reached €4.7mn, mainly composed of intangible assets reflecting the value of Cyberoo tech investments. This is mainly due to the development of proprietary software.

Trade working capital (TWC) reached €775k in 2018, composed of trade receivables and trade payables that account for €1.35mn and €578k respectively. At 30 June 2019 was negative for €70k, mainly due to a strong increase in trade payables.

The company enjoys a strong capital structure with Total Shareholder's equity that account for more than 5x the company NFP, which was €482k at the end of 2018 and €1.1mn at the end of June 2019 (which obviously does not include the capital increase of the IPO held in October 2019).

## Consolidated Balance Sheet 2018-1H19

€ thousand	FY18A	1H19
<b>Fixed Assets</b>	<b>3,851</b>	<b>4,705</b>
Trade receivables	1,351	1,297
Inventory	3	229
Trade Payables	(578)	(1,595)
<b>Trade Working Capital</b>	<b>775</b>	<b>(70)</b>
Other assets and liabilities	(1,300)	(200)
<b>Net Working Capital</b>	<b>(524)</b>	<b>(270)</b>
Other Provisions	(206)	(211)
<b>Net Capital Employed</b>	<b>3,121</b>	<b>4,224</b>
<b>Total shareholders' equity</b>	<b>2,640</b>	<b>3,141</b>
Short-term debt / Cash (-)	482	1,083
Long-term liabilities	-	-
<b>Net Financial Position</b>	<b>482</b>	<b>1,083</b>
<b>Sources</b>	<b>3,121</b>	<b>4,224</b>

Source: Company Data

## Group Strategy

### Organic Growth

Cyberoo's organic growth strategy is based on 3 pillars:

- **Proprietary software:**

The company aims to boost its sales by launching new services based on new proprietary software applications. In the Cyber Security segment, the company developed CSI (Cyber security intelligence) and CY (Cypeer), monitoring Deep and Dark web activities and providing an advanced attack detection and response system. In the Managed Services segment, the company launched the new Titaan System Behavior Analyzer that allows the prevention of inefficiencies by reducing management costs. The development of proprietary software will increase the profitability and the lock-in of customers thanks to the wider range of services offered and the strong expertise in the market.

- **Client acquisition:**

The strong loyalty of existing customers and the development of new proprietary solutions will facilitate cross-selling activities in the direct channel. In addition to direct sales, Cyberoo will leverage on the several future partnerships for the placement of new services. For instance, Cyberoo will continue to exploit the partnership with SEDOC Digital Group and its customer base. Currently, the company is also discussing a partnership with the most important technology consultant on the market, Gartner. The collaboration will focus on the following points: market intelligence; messaging & positioning; sales effectiveness.

The company could also accelerate the client acquisition process through small and targeted acquisitions.

- **Internationalization:**

In 2018, world-wide cyber-attacks with "significant impact" for the victims were equal to 1,552, +38% compared to 2017 (1,127), driving the growth of the information security market. In view of the above, worldwide spending on security-related hardware, software and services will reach \$103.1bn in 2019 (+9.4% with respect to 2018) growing at a CAGR of 9.2% over the 2018-2022 period reaching a size of \$133.8bn in 2022. The company aim is to exploit this global market trend leveraging on its strong and the partnership which is signing with Gartner, the most important technology consultant on the market, that will help the company to acquire an international visibility.

## Future Financials

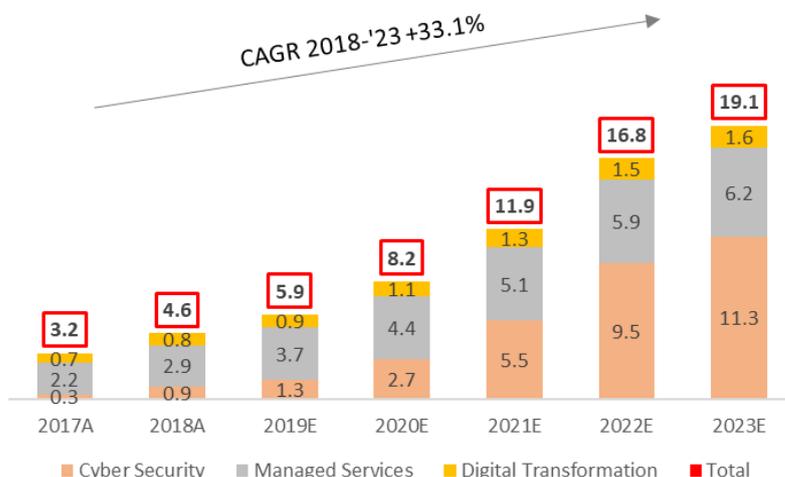
### Deconstructing Forecasts

Analyzing Cyberoo business model and company strategy, we built our forecast on the period 2019E-2023E. The expected growth is mainly associated with the new proprietary solution entirely developed by the Kiev Technological Hub. This is expected to grant recurring revenue and a higher customer lock-in.

We note that we did not consider any M&As and Internalization activity in our forecast.

Starting from the top line, we expect revenues to grow with a CAGR 2018A-23E of 33.1%, reaching €19.1mn at the end of the period.

#### Sales Revenue Forecast (€mn) 2018A-2023E



Source: Company data, KT&Partners' elaborations

Note: 2018 is based on financial results reflecting the IPO perimeter. 2017 data are aggregate and not consolidated.

We forecasted Cyberoo's revenues growth considering the company's strong cross-selling potential with its own clients and SEDOC's client pool. In fact, our revenues estimated are based on:

- cross-selling activity on the Cyberoo's customer base of more than 600 clients;
- acquisition of new clients thanks to the partnerships with SEDOC Group, which has more than 40 years of reputable presence in the market and around 2,000 clients. Moreover, SEDOC is the only Italian company ranked in the MSP Mentor ranking (in the top 4 in EMEA in 2018<sup>15</sup>);
- acquisition of new clients mainly in small and medium-size enterprises.

Considering each business unit, revenue forecasts are as follows:

- Cyber Security:** it is expected to grow at a CAGR FY2018A-2023E of 67.3%, reaching €11.3mn (ca. 59% of Sales Revenues). The division

<sup>15</sup> Channel Futures MSP 501, 2019

will benefit from the two recently launched proprietary solutions Cyber Security Intelligence (CSI) and Cypeer (CY), which are expected to generate higher subscription fees. Thanks to these new solutions the company expanded its product portfolio, which will lead to increased cross-selling activity and better customer retention rate.

- **Managed Services:** according to our estimates, the division will reach around €6.2mn of revenues in 2023E with a CAGR of 16.8% over the period 2018A-2023E. We expect the company enhancing its position in MSS business thanks to the launch of Titaan, the internally developed solution, coupled with the partnership with SEDOC Group, a leader in the managed services business.
- **Digital Transformation:** it is expected to grow at a CAGR 2018A-2023E of 13.1%, reaching €1.6mn. The company will continue to offer these services while also exploiting the new customer base acquired thanks the growth of the other business units.

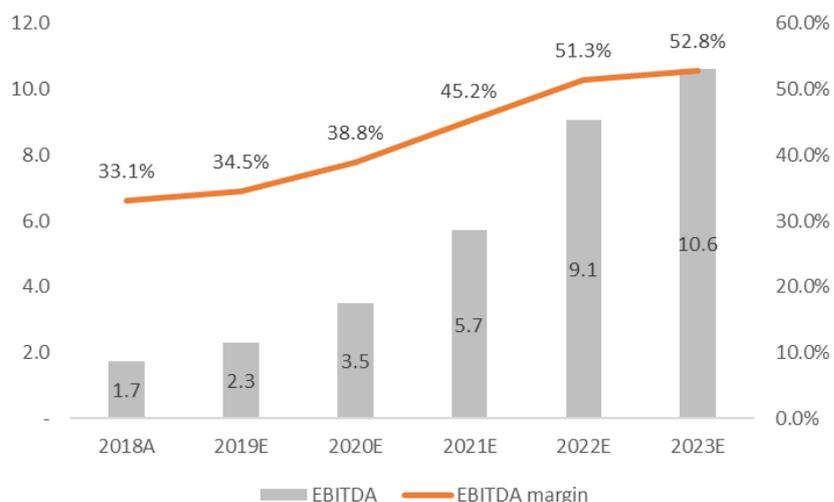
### Consolidated Income Statement (€mn) 2018A-2023E

€ thousand	FY18PF	FY19E	FY20E	FY21E	FY22E	FY23E	CAGR 18A-23E
Cyber Security	865	1,292	2,730	5,452	9,497	11,341	67.3%
Managed Services	2,873	3,680	4,412	5,129	5,865	6,240	16.8%
Digital Transformation	837	911	1,080	1,275	1,463	1,551	13.1%
<b>Sales Revenues</b>	<b>4,575</b>	<b>5,883</b>	<b>8,221</b>	<b>11,856</b>	<b>16,826</b>	<b>19,132</b>	<b>33.1%</b>
Growth %		28.6%	39.7%	44.2%	41.9%	13.7%	
Other Revenues	666	765	822	830	841	957	7.5%
<b>Total Revenues</b>	<b>5,241</b>	<b>6,648</b>	<b>9,044</b>	<b>12,686</b>	<b>17,667</b>	<b>20,089</b>	<b>30.8%</b>
Growth %	60.4%	26.8%	36.0%	40.3%	39.3%	13.7%	
Products and Raw materials	(1,245)	(1,479)	(1,710)	(1,917)	(2,098)	(2,175)	
<b>Gross Profit</b>	<b>3,996</b>	<b>5,169</b>	<b>7,334</b>	<b>10,769</b>	<b>15,569</b>	<b>17,913</b>	<b>35.0%</b>
Gross Margin	76.2%	77.8%	81.1%	84.9%	88.1%	89.2%	
Cost of Services	(835)	(1,168)	(1,781)	(2,542)	(3,517)	(4,066)	
Rental Costs	(87)	(112)	(156)	(225)	(320)	(364)	
Personnel Expenses	(1,227)	(1,452)	(1,680)	(1,976)	(2,240)	(2,400)	
Other Operating Expenses	(114)	(147)	(206)	(296)	(421)	(478)	
<b>EBITDA</b>	<b>1,732</b>	<b>2,290</b>	<b>3,512</b>	<b>5,729</b>	<b>9,071</b>	<b>10,605</b>	<b>43.7%</b>
EBITDA margin	33.1%	34.5%	38.8%	45.2%	51.3%	52.8%	
Growth %		32.2%	53.3%	63.1%	58.3%	16.9%	
D&A and Provisions	(811)	(986)	(1,136)	(1,309)	(1,406)	(1,421)	
<b>EBIT</b>	<b>921</b>	<b>1,304</b>	<b>2,375</b>	<b>4,420</b>	<b>7,665</b>	<b>9,184</b>	<b>58.4%</b>
EBIT margin	17.6%	19.6%	26.3%	34.8%	43.4%	45.7%	
Growth %		41.6%	82.2%	86.1%	73.4%	19.8%	
Financial Income and Expenses	37	-	-	-	-	-	
Extraordinary items	(622)	-	-	-	-	-	
<b>EBT</b>	<b>336</b>	<b>1,304</b>	<b>2,375</b>	<b>4,420</b>	<b>7,665</b>	<b>9,184</b>	<b>93.8%</b>
Taxes	(336)	(378)	(689)	(1,282)	(2,223)	(2,663)	
Tax Rate	100.0%	29.0%	29.0%	29.0%	29.0%	29.0%	
<b>Net Income</b>	<b>0</b>	<b>926</b>	<b>1,686</b>	<b>3,138</b>	<b>5,442</b>	<b>6,520</b>	<b>910.1%</b>
Net margin	0.0%	13.9%	18.6%	24.7%	30.8%	32.5%	
Growth %		n.m.	82.2%	86.1%	73.4%	19.8%	

Source: Company data and KT&Partners' elaborations

We forecast EBITDA at €10.6mn in 2023E, with a 2019-2023E CAGR of 43.7%, higher than revenues growth thanks to the new proprietary software solutions that enjoy a higher profitability.

**EBITDA Forecast (€mn) 2018A-2023E**



Source: Company data and KT&Partners' elaborations

According to our forecast, EBIT will grow at a higher pace than EBITDA reaching €9.2mn in 2022 (CAGR 2018-2023E of 58.4%).

On the bottom line, Net Income will reach €6.5mn, influenced by lower Net financial expenses and stable taxes on EBT.

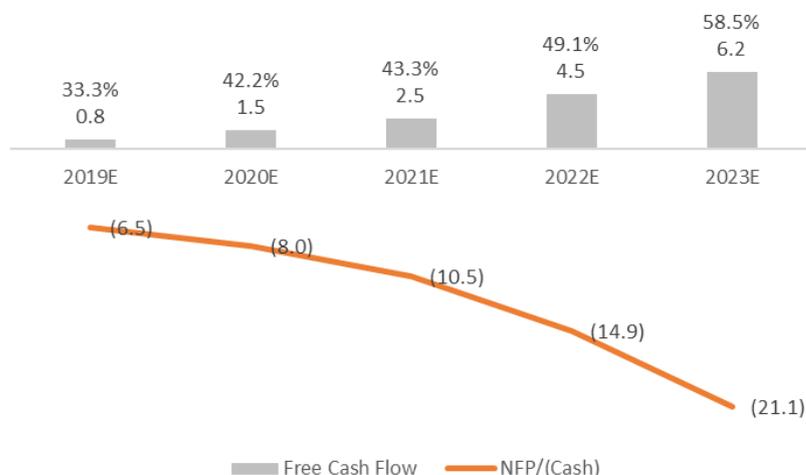
Working capital is expected to follow the growth of the company in the next few years, therefore maintaining a constant ratio on revenues.

Capex is expected to be in the region of €1.0/€1.5mn, mainly related to R&D investments for software updates on recent cyber security evolution.

The company has not defined a dividend policy for next years, so we forecast a Net Financial position to reach net cash of around €14.9mn, thanks to the strong company cash generation fully reinvested in the company (average 2019E-2023E EBITDA cash conversion ratio of around 45%<sup>16</sup>).

<sup>16</sup> Cash conversion has been calculated considering the ratio between Free Cash Flow over EBITDA

## Cash Flow (€mn; cash conversion ratio %) - NFP/(Cash) (€mn) 2018A-2023E



Source: Company data, KT&Partners' elaborations

## Consolidated Balance Sheet 2018A-2023E

€ thousand	FY18A	FY19E	FY20E	FY21E	FY22E	FY23E
Goodwill	0	0	0	0	0	0
Tangible and Intangible	3,716	3,830	3,793	3,884	3,978	4,056
Other LT Assets	135	135	135	135	135	135
<b>Fixed Assets</b>	<b>3,851</b>	<b>3,965</b>	<b>3,928</b>	<b>4,019</b>	<b>4,113</b>	<b>4,191</b>
Trade receivables	1,351	1,765	2,466	3,557	5,048	5,740
Inventory	3	4	5	5	6	6
Trade Payables	(578)	(736)	(972)	(1,249)	(1,583)	(1,761)
<b>Trade Working Capital</b>	<b>775</b>	<b>1,033</b>	<b>1,499</b>	<b>2,313</b>	<b>3,471</b>	<b>3,984</b>
Other assets and liabilities	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)
<b>Net Working Capital</b>	<b>(524)</b>	<b>(266)</b>	<b>199</b>	<b>1,013</b>	<b>2,171</b>	<b>2,685</b>
<b>Other Provisions</b>	<b>(206)</b>	<b>(413)</b>	<b>(638)</b>	<b>(884)</b>	<b>(1,150)</b>	<b>(1,428)</b>
<b>Net Capital Employed</b>	<b>3,121</b>	<b>3,285</b>	<b>3,490</b>	<b>4,149</b>	<b>5,134</b>	<b>5,448</b>
Group shareholders' equity	2,640	9,775	11,462	14,600	20,042	26,563
Minority shareholders' equity	0	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>2,640</b>	<b>9,775</b>	<b>11,462</b>	<b>14,600</b>	<b>20,042</b>	<b>26,563</b>
Short-term debt / Cash (-)	482	(6,490)	(7,972)	(10,451)	(14,908)	(21,114)
Long-term liabilities	-	-	-	-	-	-
<b>Net Financial Position</b>	<b>482</b>	<b>(6,490)</b>	<b>(7,972)</b>	<b>(10,451)</b>	<b>(14,908)</b>	<b>(21,114)</b>
<b>Sources</b>	<b>3,121</b>	<b>3,285</b>	<b>3,490</b>	<b>4,149</b>	<b>5,134</b>	<b>5,448</b>

Source: Company data and KT&Partners' elaborations

## Cash Flow Statement 2019E-2023E

€ thousand	FY19E	FY20E	FY21E	FY22E	FY23E
<b>EBITDA</b>	<b>2,290</b>	<b>3,512</b>	<b>5,729</b>	<b>9,071</b>	<b>10,605</b>
Income Taxes	(378)	(689)	(1,282)	(2,223)	(2,663)
Change in NWC	(258)	(465)	(814)	(1,158)	(513)
Change in provision for employee	108	124	146	166	178
<b>Operating Cash Flow</b>	<b>1,762</b>	<b>2,482</b>	<b>3,779</b>	<b>5,857</b>	<b>7,606</b>
CAPEX	(1,000)	(1,000)	(1,300)	(1,400)	(1,400)
Investments in financial assets	-	-	-	-	-
<b>FCF</b>	<b>762</b>	<b>1,482</b>	<b>2,479</b>	<b>4,457</b>	<b>6,206</b>
Net financial income/(expenses)	-	-	-	-	-
Extraordinary Items	-	-	-	-	-
Change in Total Shareholders' Equity	6,210	0	(0)	(0)	(0)
Dividend Paid	-	-	-	-	-
<b>Change in NFP</b>	<b>6,972</b>	<b>1,482</b>	<b>2,479</b>	<b>4,457</b>	<b>6,206</b>
Beginning NFP/(Cash)	482	(6,490)	(7,972)	(10,451)	(14,908)
<b>Final NFP/(Cash)</b>	<b>(6,490)</b>	<b>(7,972)</b>	<b>(10,451)</b>	<b>(14,908)</b>	<b>(21,114)</b>

Source: Company data, KT&Partners elaborations

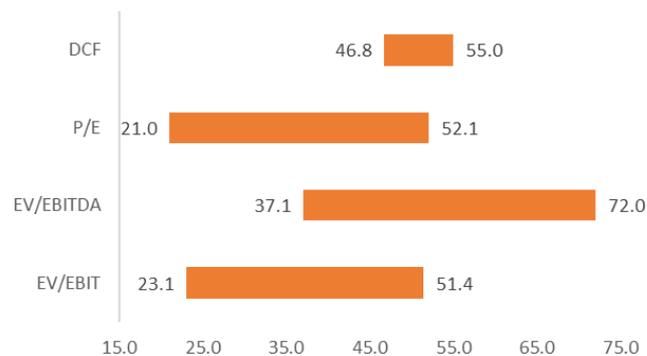
## Valuation

Following the projections of Cyberoo's future financials, we carried out the valuations of the company by applying the following methods: (i) DCF method; (ii) 2019-2020-2021 EV/EBITDA multiple; (iii) 2019-2020-2021 EV/EBIT multiple; (iv) 2019-2020-2021 P/E multiple.

According to the different valuation methods, our estimate of Cyberoo's fair value is equal to €43.9mn or €4.62ps. The range of the different valuations is the following:

- DCF method: €46.8mn - €55.0mn;
- EV/EBITDA method: €37.1mn - €72.0mn;
- EV/EBIT method: €23.1mn - €51.4mn;
- P/E method: €21.0mn - €52.1mn.

### Valuation Range



Source: KT&Partners' elaboration

## Peer Comparison

We carried out an in-depth analysis of potential public companies that could be considered as peers of Cyberoo, taking into account its core business, growth profile and the profitability structure.

It is important to notice that we had to exclude small companies focused on cyber security which - differently from Cyberoo - show low or negative profitability. Despite that, these companies are positively valued by the market. Among them we find companies such as:

- **Corero Network Security:** listed on LSE with a market cap of around €13mn, it operates in the cybersecurity market with 2018 revenues equal to €12mn and negative EBITDA. Corero currently trades at 2018 EV/Sales of 1.1x;
- **Osirium Technologies:** listed on LSE with a capitalization of around €5mn. It engages in the development and provision of IT services. Osirium currently trades 2018 EV/Sales equal to 5.4x;

Furthermore, within the information security sector in the last few days (October 14, 2019) there has been an important tender offer. A fund managed by Thoma Bravo, LLC launched an offer on Sophos Group plc - a company listed on LSE active in the cloud security and cyber security - for the 100% of the shares. The acquisition value is around \$3.8bn, for a total enterprise value of \$3.9bn, which implies an EV/EBITDA 2019E multiple of ca. 32x and a 37% upside on the last closing price before the announcement.

Our final 10-companies sample consists of:

- **Symantec Corporation:** listed on Nasdaq, with a market capitalization of around €13bn. Symantec Corp engages in the provision of security, storage and systems management solutions. It operates through Enterprise Security and Consumer Digital Safety segments. In 2018, the company's revenues reached €4bn. Broadcom is currently discussing a potential acquisition of Symantec at more than \$15bn.
- **Fortinet, Inc.:** Listed on Nasdaq, with a market capitalization of around €12bn. Fortinet, Inc. is a provider of cyber-security solution for enterprises. Particularly, it operates in the following segment: Security (network and fabric), Cloud and Internet of Things. In 2018, the company's revenues reached €1.5bn.
- **CyberArk Software Ltd.:** Listed on Nasdaq, with a market capitalization of around €4bn. CyberArk Software Ltd. engages in the development, marketing, and sale of access security software solutions. In 2018, the company's revenues reached €291mn.
- **Palo Alto Networks, Inc.:** Listed on NYSE, with a market capitalization of around €19bn. Palo Alto Networks, Inc. engages in the provision of network security solutions to enterprises, service providers, and government entities. It operates through the following geographical segments: Americas; Europe, the Middle East and Africa; and Asia Pacific and Japan. In 2018, the company's revenues reached €1.9bn.
- **NetScout Systems, Inc.:** Listed on Nasdaq, with a market capitalization of ca. €1.5bn. NetScout Systems, Inc. engages in the provision of application and network performance management solutions, for enterprises, government agencies and telecommunication providers. In 2018, the company's revenues reached €786mn.
- **Check Point Software Technologies Ltd.:** Listed on Nasdaq, with a market capitalization of ca. €15bn. Check Point Software Technologies Ltd. engages in the development and marketing of software and hardware solutions for IT security. Its solutions cover: point of sale systems, automated teller machines, private and public cloud, and telecommunications providers. In 2018, the company's revenues reached €1.6bn.
- **Trend Micro, Inc.:** Listed on Tokyo stock exchange, with a market capitalization of ca. €6bn. Trend Micro, Inc. engages in the development and sale of security-related products and services for computers and the Internet. Its products include security software for home and home offices, small businesses, data center and cloud, network and web, and mobile devices. In 2018, the company's revenues reached €1.2bn.

- **Qualys, Inc.:** Listed on Nasdaq, with a market capitalization of ca. €3bn. Qualys, Inc. engages in the provision of cloud security and compliance solutions. The firm also offers solutions through a software-as-a-service model, primarily with renewable annual subscriptions. In 2018, the company's revenues reached €236mn.
- **Neosperience SpA.:** Listed on AIM Italia Market, with a market capitalization of ca. €55mn. Neosperience SpA develops and operates a software platform for digital experiences. It is a digital customer experience cloud that empowers organizations to understand, engage with and delight digital customers. In 2018, the company's revenues reached €9mn.
- **Expert System SpA.:** Listed on AIM Italia Market, with a market capitalization of ca. €120mn. Expert System SpA engages in the development of semantic technology. It provides solutions for online activities such as searching and exploring, tagging and categorization, intelligence, natural language understanding and advertising. In 2018, the company's revenues reached €29mn.

We analyzed the peer companies by considering their marginalities and historical growth rates and compared their average results to Cyberoo's historical and expected financials.

The peer companies have a level of EBITDA marginality which is below Cyberoo: the average EBITDA margin recorded by the peers was 24%, whereas Cyberoo's margin registered in the same period was 33.1%. Looking at the 2018 EBIT margin, Cyberoo stood at 17.6% below the peer average EBIT Margin of 21.3%.

### Peers Comparison - Profitability

Company Name	EBITDA Margin					EBIT Margin					Net Margin						
	2017	2018	2019	2020	2021	2015	2016	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Symantec Corporation	24.0%	26.2%	38.4%	39.1%	42.7%	16.5%	7.3%	10.7%	13.2%	32.0%	33.0%	33.2%	23.3%	0.3%	23.1%	23.9%	24.9%
Fortinet, Inc.	11.2%	21.0%	26.4%	27.1%	26.0%	2.6%	3.7%	7.5%	12.8%	23.3%	23.9%	24.5%	2.1%	18.4%	18.9%	19.0%	19.4%
CyberArk Software Ltd.	10.8%	24.9%	27.5%	27.4%	28.5%	23.1%	16.6%	7.8%	13.9%	25.4%	25.3%	26.7%	6.1%	13.7%	21.2%	20.6%	21.5%
Palo Alto Networks, Inc.	1.2%	3.2%	22.9%	24.1%	24.7%	neg	neg	neg	neg	18.3%	19.7%	21.2%	neg	neg	15.3%	16.2%	17.3%
NetScout Systems, Inc.	15.6%	14.1%	21.7%	23.4%	n.a.	0.2%	5.6%	0.2%	neg	18.5%	19.9%	23.8%	8.1%	neg	12.5%	13.8%	16.8%
Check Point Software Technologies Lt	50.7%	48.8%	51.4%	51.7%	52.4%	51.5%	48.9%	49.8%	47.7%	50.1%	50.3%	50.9%	43.3%	42.9%	46.5%	45.5%	45.8%
Trend Micro Incorporated	33.9%	32.3%	32.5%	32.3%	32.5%	24.9%	26.0%	24.5%	22.3%	22.9%	23.3%	25.3%	17.3%	17.7%	17.4%	17.8%	19.0%
Qualys, Inc.	25.1%	28.4%	39.5%	39.6%	40.4%	15.1%	15.2%	16.1%	18.1%	31.7%	31.7%	32.1%	17.5%	20.5%	26.7%	26.3%	25.6%
Neosperience SpA	29.2%	26.8%	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	neg	n.a.	n.a.	n.a.	12.5%	4.9%	n.a.	n.a.	n.a.
Expert System SpA	neg	11.5%	19.1%	22.3%	n.a.	neg	neg	neg	neg	4.0%	10.2%	19.6%	neg	neg	neg	1.6%	3.2%
Peers Average	22.4%	23.7%	31.0%	31.9%	35.3%	19.1%	17.6%	15.7%	21.3%	25.1%	26.4%	28.6%	16.3%	16.9%	22.7%	20.5%	21.5%
Cyberoo Group	13.6%	33.1%	34.5%	38.8%	45.2%		n.a.	neg	17.6%	19.6%	26.3%	34.8%	0.5%	0.0%	13.9%	18.6%	24.7%

Source: Cyberoo's company presentation, FactSet, KT&Partners' estimates

According to our forecast, Cyberoo's revenues will grow at CAGR 2018-2021E of 34.3%, overperforming its peers by 19%.

According to our estimate on EBITDA growth, Cyberoo will overperform its peers by 20% over the period 2018-2021.

## Peers Comparison - Sales (€mn) and Sales CAGR (%)

Company Name	2017-2018			Sales			CAGR
	2017	2018	YoY 17-18	2019	2020	2021	2018-'21
Symantec Corporation	4,137	4,088	-1.2%	4,390	4,453	4,434	2.7%
Fortinet, Inc.	1,325	1,527	15.2%	1,914	2,168	2,430	16.8%
CyberArk Software Ltd.	232	291	25.4%	383	455	535	22.5%
Palo Alto Networks, Inc.	1,905	2,551	33.9%	3,138	3,755	4,440	20.3%
NetScout Systems, Inc.	844	786	-6.9%	807	830	859	3.0%
Check Point Software Technologies	1,644	1,624	-1.2%	1,806	1,876	1,948	6.2%
Trend Micro Incorporated	1,177	1,231	4.6%	1,368	1,437	1,503	6.9%
Qualys, Inc.	205	236	15.5%	292	337	393	18.5%
Neosperience SpA	5	9	n.m.	n.a.	n.a.	n.a.	n.a.
Expert System SpA	26	29	12.1%	33	37	43	14.7%
<b>Peers Average</b>	<b>1,150</b>	<b>1,237</b>	<b>7.6%</b>	<b>1,570</b>	<b>1,705</b>	<b>1,843</b>	<b>14.2%</b>
<b>Cyberoo</b>	<b>3</b>	<b>5</b>	<b>n.m.</b>	<b>7</b>	<b>9</b>	<b>13</b>	<b>34.3%</b>

Source: Cyberoo's company presentation, FactSet, KT&Partners' estimates

Note: 2018 is based financial results reflecting the IPO perimeter. Comparison with 2017 data would be misleading because data are not consolidated.

## Peers Comparison - EBITDA (€mn) and EBITDA CAGR (%)

Company Name	2017-2018			EBITDA			CAGR
	2017	2018	YoY 17-18	2019	2020	2021	2018-'21
Symantec Corporation	992	1,071	7.9%	1,686	1,743	1,894	20.9%
Fortinet, Inc.	148	320	n.m.	506	588	633	25.5%
CyberArk Software Ltd.	25	72	n.m.	105	124	152	28.1%
Palo Alto Networks, Inc.	23	82	n.m.	719	905	1,099	n.m.
NetScout Systems, Inc.	132	110	-16.1%	175	194	n.a.	n.a.
Check Point Software Technologies Ltd	834	792	-5.0%	929	970	1,020	8.8%
Trend Micro Incorporated	398	397	-0.3%	444	464	488	7.1%
Qualys, Inc.	51	67	30.9%	115	133	159	33.2%
Neosperience SpA	2	2	49.7%	n.a.	n.a.	n.a.	n.a.
Expert System SpA	-1	3	-629.9%	6	8	n.a.	n.a.
<b>Peers Average</b>	<b>420</b>	<b>449</b>	<b>6.8%</b>	<b>670</b>	<b>715</b>	<b>933</b>	<b>27.7%</b>
<b>Cyberoo</b>	<b>0</b>	<b>2</b>	<b>n.m.</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>49.0%</b>

Source: Cyberoo's company presentation, FactSet, KT&Partners' estimates

Note: 2018 is based on pro-forma financial results reflecting the IPO perimeter. Comparison with 2017 data would be misleading because data are not consolidated.

## Market Multiple Valuation

Following the comparable analysis, we proceeded with the definition of market multiples of the peer group, focusing on 2019, 2020 and 2021 data.

### Peers Comparison - Market Multiples 2018-2020

Company Name	Exchange	Market Cap	EV/SALES			EV/EBITDA			EV/EBIT			P/E 2019	P/E 2020	P/E 2021
			2019	2020	2021	2019	2020	2021	2019	2020	2021			
Symantec Corporation	NASDAQ	13,055	3.6x	3.5x	3.6x	9.4x	9.0x	8.3x	11.2x	10.7x	10.7x	13.5x	12.6x	12.2x
Fortinet, Inc.	NASDAQ	12,138	5.6x	4.9x	4.4x	21.0x	18.1x	16.8x	23.9x	20.5x	17.9x	35.1x	31.8x	28.8x
CyberArk Software Ltd.	NASDAQ	3,461	8.0x	6.7x	5.7x	28.9x	24.5x	20.0x	31.3x	26.4x	21.3x	44.3x	39.1x	32.5x
Palo Alto Networks, Inc.	NYSE	18,696	5.6x	4.7x	4.0x	24.5x	19.4x	16.0x	30.5x	23.7x	18.6x	41.9x	34.3x	27.9x
NetScout Systems, Inc.	NASDAQ	1,491	2.0x	2.0x	1.9x	9.3x	8.4x	n.m.	10.9x	9.9x	8.0x	15.6x	13.8x	10.5x
Check Point Software Technologies Ltd.	NASDAQ	14,798	7.5x	7.2x	6.9x	14.5x	13.9x	13.2x	14.9x	14.3x	13.6x	17.8x	16.8x	15.3x
Trend Micro Incorporated	Tokyo	6,188	3.5x	3.4x	3.2x	10.9x	10.4x	9.9x	15.4x	14.5x	12.8x	25.6x	24.0x	21.2x
Qualys, Inc.	NASDAQ	2,730	8.6x	7.5x	6.4x	21.9x	18.9x	15.9x	27.2x	23.6x	20.0x	37.5x	33.7x	28.6x
Neosperience SpA	Milan	56	n.a.	n.a.	n.a.	n.m.								
Expert System SpA	Milan	121	3.7x	3.3x	2.8x	19.3x	14.7x	n.m.	n.m.	n.m.	32.1x	14.3x	n.m.	n.m.
<b>Average peer group</b>		<b>7,273</b>	<b>5.3x</b>	<b>4.8x</b>	<b>4.3x</b>	<b>17.7x</b>	<b>15.3x</b>	<b>14.3x</b>	<b>20.7x</b>	<b>19.5x</b>	<b>15.2x</b>	<b>28.9x</b>	<b>25.8x</b>	<b>22.1x</b>
<b>Median peer group</b>		<b>4,825</b>	<b>5.6x</b>	<b>4.7x</b>	<b>4.0x</b>	<b>19.3x</b>	<b>14.7x</b>	<b>15.9x</b>	<b>19.7x</b>	<b>20.5x</b>	<b>14.3x</b>	<b>30.3x</b>	<b>27.9x</b>	<b>22.1x</b>

Source: FactSet

We based our evaluation upon including a size/liquidity discount of 25%, and our estimates of Cyberoo's EBITDA, EBIT and Net Income for 2019, 2020 and 2021.

### EV/EBITDA Valuation

Multiple Valuation (€mn)	2019E	2020E	2021E
EV/EBITDA Comps	19.3x	14.7x	15.9x
Cyberoo EBITDA	2.29	3.51	5.73
<b>Enterprise value</b>	<b>44.3</b>	<b>51.6</b>	<b>90.9</b>
NFP/(Cash) 1H19A adjusted	(5.1)	(5.1)	(5.1)
<b>Equity Value</b>	<b>49.4</b>	<b>56.7</b>	<b>96.0</b>
<i>Size Discount</i>	25%	25%	25%
<b>Equity Value Post-Discount</b>	<b>37.1</b>	<b>42.5</b>	<b>72.0</b>
<b>Average Equity Value</b>	<b>50.5</b>		
<i>Number of shares (mn)</i>	<b>10</b>		
<b>Value per Share €</b>	<b>5.32</b>		

### EV/ EBIT Valuation

Multiple Valuation (€mn)	2019E	2020E	2021E
EV/EBIT Comps	19.7x	20.5x	14.3x
Cyberoo EBIT	1.30	2.38	4.42
<b>Enterprise value</b>	<b>25.6</b>	<b>48.7</b>	<b>63.4</b>
NFP/(Cash) 1H19A adjusted	(5.1)	(5.1)	(5.1)
<b>Equity Value</b>	<b>30.8</b>	<b>53.8</b>	<b>68.5</b>
<i>Size Discount</i>	25%	25%	25%
<b>Equity Value Post-Discount</b>	<b>23.1</b>	<b>40.4</b>	<b>51.4</b>
<b>Average Equity Value</b>	<b>38.3</b>		
<i>Number of shares (mn)</i>	<b>10</b>		
<b>Value per Share €</b>	<b>4.03</b>		

### P/E Valuation

Multiple Valuation (€mn)	2019E	2020E	2021E
P/E Comps	30.3x	27.9x	22.1x
Cyberoo Net Income	0.93	1.69	3.14
<b>Equity Value</b>	<b>28.1</b>	<b>47.0</b>	<b>69.4</b>
<i>Size Discount</i>	25%	25%	25%
<b>Equity Value Post-Discount</b>	<b>21.0</b>	<b>35.3</b>	<b>52.1</b>
<b>Average Equity Value</b>	<b>36.1</b>		
<i>Number of shares (mn)</i>	<b>10</b>		
<b>Value per Share €</b>	<b>3.80</b>		

Source: FactSet, KT&Partners' estimates;

### DCF Model

We have also conducted our valuation using a four-year DCF model, based on 14.8% cost of equity, 3.0% cost of debt and a target capital structure with no debt. The cost of equity is a function of the risk-free rate of 1.0% (Italian 10y BTP), 5.96% equity risk premium (Damodaran for the Italian market) and a premium for size and liquidity of 5.0%. We, therefore, obtained 12.5% WACC.

We discounted 2019E-2023E annual cash flows and considered a terminal growth rate of 1.5%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

### DCF Valuation

€ thousand	2019E	2020E	2021E	2022E	2023E
EBIT	1,304	2,375	4,420	7,665	9,184
Taxes	(378)	(689)	(1,282)	(2,223)	(2,663)
D&A	886	1,036	1,209	1,306	1,321
Change in Net Working Capital	(258)	(465)	(814)	(1,158)	(513)
Change in Funds	208	224	246	266	278
Net Operating Cash Flow	1,762	2,482	3,779	5,857	7,606
Capex	(1,000)	(1,000)	(1,300)	(1,400)	(1,400)
<b>FCFO</b>	<b>762</b>	<b>1,482</b>	<b>2,479</b>	<b>4,457</b>	<b>6,206</b>
g	1.5%				
Wacc	12.6%				
FCFO (discounted)	744	1,285	1,910	3,050	3,774
Discounted Cumulated FCFO	10,763				
TV	56,926				
TV (discounted)	34,615				
Enterprise Value	45,378				
NFP/(Cash) 1H19A adjusted	(5,127)				
Equity Value	50,505				
Current number of shares (mn)	9.5				
Value per share (€)	5.32				

Source: KT&Partners' elaborations

### Sensitivity Analysis (€ thousand)

€ thousand		WACC				
		13.1%	12.8%	12.6%	12.3%	12.1%
Terminal growth Rate	1.0%	46,758	47,779	48,846	49,960	51,127
	1.3%	47,493	48,551	49,657	50,815	52,027
	1.5%	48,259	49,357	50,505	51,708	52,969
	1.8%	49,059	50,199	51,393	52,644	53,958
	2.0%	49,895	51,080	52,322	53,625	54,995

Source: KT&Partners' elaborations



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