

# CYBEROO

Sector: Industrials

**BUY**

Price: Eu3.80 - Target: Eu5.50

## Strong 1H22 paves way to unlocking full operating leverage potential

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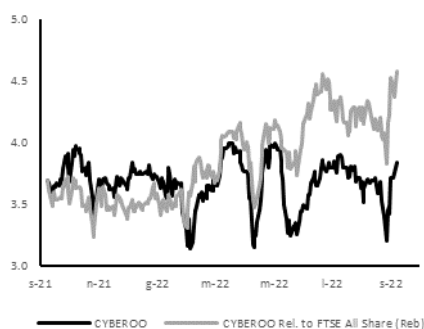
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### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 5.20 to 5.50		
	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>Chg in Adj EPS</b>	-4.5%	-4.0%	-3.6%

### CYBEROO - 12M Performance



### Stock Data

 Reuters code: CYB.MI  
 Bloomberg code: CYB IM

Performance	1M	3M	12M
Absolute	3.3%	6.1%	3.5%
Relative	6.3%	9.8%	23.7%
12M (H/L)	8.00/3.21		
3M Average Volume (th):	7.92		

### Shareholder Data

No. of Ord shares (mn):	20
Total no. of shares (mn):	21
Mkt Cap Ord (Eu mn):	75
Total Mkt Cap (Eu mn):	75
Mkt Float - Ord (Eu mn):	25
Mkt Float (in %):	33.6%
Main Shareholder:	
Founders	3.7%

### Balance Sheet Data

Book Value (Eu mn):	17
BVPS (Eu):	0.83
P/BV:	4.6
Net Financial Position (Eu mn):	1
Enterprise Value (Eu mn):	76

- Fast Cybersecurity sales growth drives 1H22 performance.** Sales grew by +67% YoY to €5.8mn, more than matching the expected rapid expansion in 1H (Intermonte est. €5.7mn/+65%) and even coming 9% above the 2H21 level. This highlights the strength of CYB's growth momentum in our view: as a reminder, the typical seasonality of the business concentrates most commercial development in 2H/4Q. Cyber-security was the main growth driver as expected, at €3.6mn/+192% YoY, driven by the strong commercial growth of the cyber security suite: c.100 new clients added with a growing average contract size. Managed Services remained almost flat at €2.1mn/-2% YoY. Value of production was €6.7mn, up +50% YoY (vs Intermonte est. €6.6mn/+48%) with capitalized R&D costs of €0.75mn, slightly below our estimate of €0.9mn.
- Positive trend in margins notwithstanding 1H seasonality.** CYB reported positive margins across the board, clear progress from the negative EBIT and net income seen in 1H21. Despite the c.€1mn step-up in the fixed cost base compared to 2H21 (of which c. €0.6mn in additional staff costs), CYB's 1H22 EBIT of €0.9mn was superior to the 2H21 level of €0.8mn. EBITDA excl. capitalized R&D costs was €1.2mn, a 20% margin on sales (vs €-0.5mn/€1.5mn in 1H21/2H21), beating our €0.9mn/15% margin forecast. Net debt of €0.82mn was up from FY21 (€0.27mn) as solid, positive operating cash flow of €1.1mn was offset by CapEx (€1.3mn) and the share buyback program (€0.35mn).
- Growth to accelerate in 2H, resumption of expansion abroad.** CYB targets growth accelerating in 2H22 relative to 1H. CYB indicated that its pipeline offered good visibility on achieving this growth trajectory as we now enter the high season (4Q is the busiest period for commercial activity). Price increases may further support this trend, enabled by: i) product innovation (launch of Cypeer Sonic, with the price tag up 20%); and ii) an increasing share of larger mid-sized companies in the client base (coincidental with higher pricing). Other indications for 2H included: i) staff costs to increase only slightly in 2H; ii) R&D spend and CapEx to remain broadly steady (from €0.75mn/€1.3mn in 1H respectively). CYB has also resumed its expansion activities in the DACH region, where it targets onboarding 3 to 5 partners during 2H, with a contribution to sales growth targeted from 2023 onwards.
- Growth profile confirmed, EPS slightly reduced on a higher tax rate.** We confirm our growth forecasts though we re-balance our mix, enhancing Cybersecurity (growing client size in 2022, international expansion in 2023) and reducing Managed Services. The slight reduction in EPS (-4%) reflects the higher tax rate, as seen in 1H.
- BUY rating confirmed, TP €5.5 (from €5.2).** 1H22 results again show the solid execution of CYB's growth strategy, enhancing visibility on our FY22 forecasts. The combination of the expected growth acceleration in 2H with the steadier cost base may potentially (finally) unlock a healthy level of operating leverage, enabled by the scalability of CYB's MDR offering and enhanced automation capabilities at SOC level. The change in our TP reflects: i) the roll-over of our multiples-based valuation to base our TP solely on the 2023 multiples which, for reasons of prudence, we reduce by c.-10%, coherent with our approach across our cybersecurity coverage (€+0.5 p.s.); and ii) our slightly lower EPS estimates (€-0.2 p.s.).

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	8	10	19	28	40
EBITDA Adj (Eu mn)	0	1	6	15	25
Net Profit Adj (Eu mn)	0	0	4	9	16
EPS New Adj (Eu)	0.003	0.008	0.173	0.434	0.749
EPS Old Adj (Eu)	0.003	0.008	0.182	0.453	0.777
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	nm	nm	11.8	4.8	2.4
EV/EBIT Adj	nm	nm	13.3	5.1	2.5
P/E Adj	nm	nm	21.9	8.7	5.1
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-3.8	0.3	-0.2	-0.4	-0.7

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**CYBEROO – Key Figures**

<b>Profit &amp; Loss (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	7	8	10	19	28	40
EBITDA	2	2	2	8	16	27
EBIT	1	0	0	6	14	24
Financial Income (charges)	0	0	0	0	0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	1	0	0	6	14	24
Taxes	-0	-0	-0	-2	-5	-8
Tax rate	-32.9%	-42.3%	-38.8%	-35.0%	-35.0%	-35.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	1	0	0	4	9	16
EBITDA Adj	2	0	1	6	15	25
EBIT Adj	1	0	0	6	14	24
Net Profit Adj	1	0	0	4	9	16
<b>Per Share Data (Eu)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Total Shares Outstanding (mn) - Average	19	21	21	21	21	21
Total Shares Outstanding (mn) - Year End	19	19	20	20	21	21
EPS f.d	0.046	0.003	0.009	0.181	0.440	0.749
EPS Adj f.d	0.034	0.003	0.008	0.173	0.434	0.749
BVPS f.d	0.560	0.578	0.615	0.828	1.296	2.045
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)						
<b>Cash Flow (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Gross Cash Flow	2	2	2	6	11	18
Change in NWC	-1	-0	-2	-2	-4	-4
Capital Expenditure	-4	-3	-3	-3	-3	-3
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	-3	-2	-3	1	4	12
Acquisitions, Divestments & Other Items	-0	-0	-0	-0	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	8	0	1	1	1	0
Change in Net Financial Position	4	-2	-2	1	6	12
<b>Balance Sheet (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Total Fixed Assets	7	8	10	10	11	11
Net Working Capital	2	2	3	5	10	14
Long term Liabilities	-1	-1	-0	0	0	0
Net Capital Employed	7	9	12	16	20	24
Net Cash (Debt)	3	2	-0	1	7	18
Group Equity	11	11	12	17	27	43
Minorities	0	0	0	0	0	0
Net Equity	11	11	12	17	27	43
<b>Enterprise Value (Eu mn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Average Mkt Cap	73	80	128	77	79	79
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	3	2	-0	1	7	18
Enterprise Value	69	79	129	76	73	61
<b>Ratios (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
EBITDA Adj Margin	23.9%	5.3%	9.7%	34.9%	53.1%	63.6%
EBIT Adj Margin	16.9%	2.5%	4.0%	31.0%	49.9%	61.0%
Gearing - Debt/Equity	-30.9%	-13.7%	2.2%	-7.3%	-24.9%	-42.8%
Interest Cover on EBIT	nm	nm	nm	nm	nm	nm
Net Debt/EBITDA Adj	-2.1	-3.8	0.3	-0.2	-0.4	-0.7
ROACE*	21.7%	2.3%	3.9%	40.9%	69.3%	99.0%
ROE*	10.6%	0.5%	1.5%	25.0%	33.5%	36.6%
EV/CE	13.2	9.6	12.0	5.4	3.6	2.5
EV/Sales	10.3	10.3	12.3	4.1	2.6	1.5
EV/EBITDA Adj	nm	nm	nm	11.8	4.8	2.4
EV/EBIT Adj	nm	nm	nm	13.3	5.1	2.5
Free Cash Flow Yield	-4.5%	-2.1%	-3.6%	1.0%	5.8%	15.4%
<b>Growth Rates (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales	28.3%	13.5%	37.3%	76.8%	52.4%	40.5%
EBITDA Adj	-7.4%	-74.7%	151.1%	534.4%	131.9%	68.2%
EBIT Adj	279.9%	-83.5%	121.5%	1280.2%	145.9%	71.6%
Net Profit Adj	nm	-92.1%	210.8%	1980.9%	150.4%	72.5%
EPS Adj	nm	-92.1%	210.9%	1980.7%	150.4%	72.5%
DPS						

\*Excluding extraordinary items Source: Intermonte SIM estimates

## 1H22 results snapshot

Cyberoo – snapshot of 1H22 results (in € thousands)

(in EUR '000s)	Reported				Intermonte 1H forecasts	
	1H21A	2H21A	FY21A	1H22A	1H22E	1H AvE %
<b>Cyber Security &amp; Device Security</b>	<b>1,223</b>	<b>3,086</b>	<b>4,309</b>	<b>3,567</b>	<b>3,354</b>	<b>6%</b>
YoY	82.8%	220.8%	164.2%	191.7%	174.2%	
<b>Managed Services</b>	<b>2,155</b>	<b>2,166</b>	<b>4,321</b>	<b>2,121</b>	<b>2,284</b>	<b>-7%</b>
YoY	7.2%	24.7%	15.3%	-1.5%	6.0%	
<b>Digital Transformation</b>	<b>96</b>	<b>92</b>	<b>188</b>	<b>113</b>	<b>95</b>	<b>19%</b>
YoY	-23.7%	13.1%	-9.2%	17.9%	-0.5%	
<b>Total Net Sales</b>	<b>3,473</b>	<b>5,345</b>	<b>8,818</b>	<b>5,802</b>	<b>5,733</b>	<b>1%</b>
YoY	23.8%	92.2%	57.9%	67.0%	65.1%	
Capitalized R&D costs	943	493	1,436	751	900	-17%
Other revenue	70	155	225	175	0	
<b>Production Value</b>	<b>4,486</b>	<b>5,993</b>	<b>10,479</b>	<b>6,727</b>	<b>6,633</b>	<b>1%</b>
YoY	13.4%	63.0%	37.3%	49.9%	47.9%	
<b>EBITDA</b>	<b>450</b>	<b>2,006</b>	<b>2,456</b>	<b>1,925</b>	<b>1,763</b>	<b>9%</b>
% Margin on Prod. Value	10.0%	33.5%	23.4%	28.6%	26.6%	
<b>EBIT</b>	<b>-414</b>	<b>830</b>	<b>416</b>	<b>900</b>	<b>763</b>	<b>18%</b>
% Margin on Prod. Value	-9.2%	13.8%	4.0%	13.4%	11.5%	
<b>Net Income</b>	<b>-521</b>	<b>695</b>	<b>174</b>	<b>482</b>	<b>471</b>	<b>2%</b>
<b>EBITDA excl. R&amp;D capitalization</b>	<b>-493</b>	<b>1,513</b>	<b>1,020</b>	<b>1,174</b>	<b>863</b>	<b>36%</b>
% Margin on net sales	-14.2%	28.3%	11.6%	20.2%	15.0%	
<b>Net Debt / (Cash)</b>	<b>221</b>	<b>268</b>	<b>268</b>	<b>820</b>	<b>636</b>	<b>29%</b>

Source: Intermonte SIM (E), Company data (A)

## Changes to estimates

Changes to estimates (in € mn)

	New Estimates			Old Estimates			Diff %		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
<b>Cyber Security &amp; Device Security</b>	<b>12.1</b>	<b>21.3</b>	<b>31.8</b>	<b>11.0</b>	<b>19.4</b>	<b>28.8</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
YoY	180.5%	76.1%	49.6%	155.9%	75.6%	48.9%			
<b>Managed Services</b>	<b>4.4</b>	<b>5.0</b>	<b>5.9</b>	<b>5.5</b>	<b>7.0</b>	<b>9.1</b>	<b>-20%</b>	<b>-28%</b>	<b>-35%</b>
YoY	2.2%	13.2%	18.7%	27.5%	26.4%	31.3%			
<b>Digital Transformation</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>20%</b>	<b>12%</b>	<b>12%</b>
YoY	20.0%	40.0%	30.0%	0.0%	50.0%	30.0%			
<b>Total Net Sales</b>	<b>16.7</b>	<b>26.6</b>	<b>38.2</b>	<b>16.7</b>	<b>26.6</b>	<b>38.4</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY	89.7%	59.0%	43.6%	89.7%	59.1%	44.1%			
<b>Production Value</b>	<b>18.5</b>	<b>28.2</b>	<b>39.7</b>	<b>18.2</b>	<b>28.1</b>	<b>39.9</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>
YoY	76.8%	52.4%	40.5%	73.9%	54.3%	41.8%			
<b>EBITDA</b>	<b>8.0</b>	<b>16.5</b>	<b>26.7</b>	<b>7.9</b>	<b>16.5</b>	<b>26.8</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% Margin (on net sales)	43.0%	58.4%	67.4%	43.5%	58.8%	67.2%			
YoY	224.4%	107.0%	62.0%	222.9%	108.3%	62.1%			
<b>EBITDA excluding R&amp;D capitalizati</b>	<b>6.5</b>	<b>15.0</b>	<b>25.2</b>	<b>6.4</b>	<b>15.0</b>	<b>25.3</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>
% Margin (on net sales)	38.7%	56.4%	66.1%	38.5%	56.4%	65.9%			
YoY %	534.4%	131.9%	68.2%	530.7%	133.5%	68.3%			
<b>EBIT</b>	<b>5.7</b>	<b>14.1</b>	<b>24.2</b>	<b>5.8</b>	<b>14.2</b>	<b>24.3</b>	<b>0%</b>	<b>-1%</b>	<b>0%</b>
% Margin (on net sales)	31.0%	49.9%	61.0%	31.6%	50.5%	61.0%			
YoY	1280.2%	145.9%	71.6%	1285.9%	146.7%	71.2%			
<b>EPS Diluted</b>	<b>0.17</b>	<b>0.43</b>	<b>0.75</b>	<b>0.18</b>	<b>0.45</b>	<b>0.78</b>	<b>-4%</b>	<b>-4%</b>	<b>-4%</b>
Capex	-2.8	-3.0	-2.6	-2.8	-3.0	-2.6	0%	0%	0%
FCF	0.8	4.3	11.5	2.0	5.2	12.2	-61%	-17%	-5%
<b>Net Debt (Cash)</b>	<b>-1.2</b>	<b>-6.7</b>	<b>-18.3</b>	<b>-2.8</b>	<b>-9.2</b>	<b>-21.4</b>	<b>-56%</b>	<b>-26%</b>	<b>-14%</b>
<b>Net Debt (Cash) / EBITDA</b>	<b>-0.2x</b>	<b>-0.4x</b>	<b>-0.7x</b>	<b>-0.4x</b>	<b>-0.6x</b>	<b>-0.8x</b>			

Source: Intermonte SIM Estimates

## Intermonte Estimates

### Net sales breakdown by segment (in € thousands)

	FY18PF	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Cyber Security &amp; Device Ser</b>	<b>865</b>	<b>1,268</b>	<b>1,631</b>	<b>4,309</b>	<b>12,085</b>	<b>21,278</b>	<b>31,829</b>
YoY	0.0%	46.6%	28.6%	164.2%	180.5%	76.1%	49.6%
<b>Managed Services</b>	<b>2,873</b>	<b>3,655</b>	<b>3,748</b>	<b>4,321</b>	<b>4,416</b>	<b>4,997</b>	<b>5,932</b>
YoY	0.0%	27.2%	2.5%	15.3%	2.2%	13.2%	18.7%
<b>Digital Transformation</b>	<b>837</b>	<b>700</b>	<b>207</b>	<b>188</b>	<b>226</b>	<b>316</b>	<b>411</b>
YoY	0.0%	-16.4%	-70.4%	-20.0%	20.0%	40.0%	30.0%
<b>Total Net Sales</b>	<b>4,575</b>	<b>5,623</b>	<b>5,586</b>	<b>8,818</b>	<b>16,727</b>	<b>26,590</b>	<b>38,171</b>
YoY	0.0%	22.9%	-0.7%	57.9%	89.7%	59.0%	43.6%
<i>% of production value</i>	<i>87%</i>	<i>84%</i>	<i>73%</i>	<i>84%</i>	<i>90%</i>	<i>94%</i>	<i>96%</i>

Source: Company data (A), Intermonte SIM Estimates (E)

### Income statement forecasts (in € thousands)

	FY18PF	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Total Net Sales</b>	<b>4,575</b>	<b>5,623</b>	<b>5,586</b>	<b>8,818</b>	<b>16,727</b>	<b>26,590</b>	<b>38,171</b>
YoY	0.0%	22.9%	-0.7%	57.9%	89.7%	59.0%	43.6%
Increase in Fixed Assets for	520	851	1,478	1,436	1,500	1,500	1,500
Other revenue	146	250	570	225	300	150	0
Other	666	1,101	2,048	1,662	1,800	1,650	1,500
<b>Production Value</b>	<b>5,241</b>	<b>6,724</b>	<b>7,634</b>	<b>10,479</b>	<b>18,527</b>	<b>28,240</b>	<b>39,671</b>
YoY	0.0%	28.3%	13.5%	37.3%	76.8%	52.4%	40.5%
Raw mat, consumption, goi	-1,141	-2,527	-1,770	-2,825	-3,675	-4,050	-4,650
<b>Gross Margin</b>	<b>3,996</b>	<b>4,556</b>	<b>5,845</b>	<b>7,707</b>	<b>14,852</b>	<b>24,190</b>	<b>35,021</b>
% Margin	76.2%	67.8%	76.6%	73.5%	80.2%	85.7%	88.3%
YoY	0.0%	14.0%	28.3%	31.9%	92.7%	62.9%	44.8%
Services	-835	-433	-1,446	-1,382	-1,775	-1,860	-1,977
Use of third party assets	-87	-115	-178	-261	-318	-532	-763
Staff costs	-1,227	-1,461	-2,291	-3,541	-4,601	-5,152	-5,405
Other	-114	-92	-45	-68	-190	-150	-150
<b>EBITDA</b>	<b>1,733</b>	<b>2,455</b>	<b>1,884</b>	<b>2,456</b>	<b>7,968</b>	<b>16,496</b>	<b>26,726</b>
% Margin	33.1%	36.5%	24.7%	23.4%	43.0%	58.4%	67.4%
YoY	0.0%	41.7%	-23.2%	30.3%	224.4%	107.0%	62.0%
D&A	-1,434	-1,319	-1,697	-2,041	-2,232	-2,395	-2,528
<b>EBIT</b>	<b>299</b>	<b>1,136</b>	<b>188</b>	<b>416</b>	<b>5,736</b>	<b>14,102</b>	<b>24,198</b>
% Margin	5.7%	16.9%	2.5%	4.0%	31.0%	49.9%	61.0%
YoY	0.0%	279.9%	-83.5%	121.5%	1280.2%	145.9%	71.6%
Net Financial costs	37	-87	-91	-137	-180	-180	-180
<b>PBT</b>	<b>336</b>	<b>1,050</b>	<b>97</b>	<b>279</b>	<b>5,556</b>	<b>13,922</b>	<b>24,018</b>
Tax	-336	-345	-41	-108	-1,944	-4,873	-8,406
<i>Tax rate %</i>	<i>-100%</i>	<i>-33%</i>	<i>-42%</i>	<i>-39%</i>	<i>-35%</i>	<i>-35%</i>	<i>-35%</i>
<b>Net Income</b>	<b>0</b>	<b>705</b>	<b>56</b>	<b>174</b>	<b>3,621</b>	<b>9,069</b>	<b>15,642</b>
YoY	N.M.	N.M.	-92.1%	210.8%	1980.9%	150.4%	72.5%
<i>NOSH avg</i>	<i>14,000</i>	<i>15,250</i>	<i>19,074</i>	<i>19,530</i>	<i>20,044</i>	<i>20,603</i>	<i>20,882</i>
<b>EPS</b>	<b>0.00</b>	<b>0.05</b>	<b>0.00</b>	<b>0.01</b>	<b>0.18</b>	<b>0.44</b>	<b>0.75</b>
<b>EBITDA excluding R&amp;D capi</b>	<b>1,213</b>	<b>1,604</b>	<b>406</b>	<b>1,020</b>	<b>6,468</b>	<b>14,996</b>	<b>25,226</b>
% Margin (on net sales)	26.5%	28.5%	7.3%	11.6%	38.7%	56.4%	66.1%
YoY %	0.0%	32.2%	-74.7%	151.1%	534.4%	131.9%	68.2%

Source: Company data (A), Intermonte SIM Estimates (E)

**Cash flow statement forecasts (in € thousands)**

	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Net Income	705	56	174	3,621	9,069	15,642
D&A	1,319	1,697	2,041	2,232	2,395	2,528
Change in WC	-1,318	-174	-1,648	-2,266	-4,125	-4,021
Other	-197	-238	49	0	0	0
<b>CF from Operations</b>	<b>509</b>	<b>1,341</b>	<b>616</b>	<b>3,588</b>	<b>7,339</b>	<b>14,149</b>
Net Capex	-3,883	-2,948	-3,322	-2,800	-3,000	-2,600
<b>FCF</b>	<b>-3,374</b>	<b>-1,608</b>	<b>-2,706</b>	<b>788</b>	<b>4,339</b>	<b>11,549</b>
M&A and others	-491	-19	-2	-350	0	0
Capital Increase	7,635	464	810	1,059	1,162	0
Dividend Payment	0	0	0	0	0	0
<b>Net Cash Flow</b>	<b>3,770</b>	<b>-1,761</b>	<b>-1,796</b>	<b>1,497</b>	<b>5,501</b>	<b>11,549</b>
Net Debt (Cash) at BoP	481	-3,289	-1,528	268	-1,229	-6,730
<b>Net Debt / (Cash) at EoP</b>	<b>-3,289</b>	<b>-1,528</b>	<b>268</b>	<b>-1,229</b>	<b>-6,730</b>	<b>-18,279</b>
Net Debt/EBITDA	-1.3x	-0.8x	0.1x	-0.2x	-0.4x	-0.7x

Source: Company data (A), Intermonte SIM Estimates (E)

**Balance sheet forecasts (in € thousands)**

	FY18PF	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Net Fixed Assets	2,753	5,666	7,288	9,213	10,131	10,736	10,808
Net Working Capital	368	1,686	1,736	3,217	5,482	9,607	13,628
<b>Net Capital Employed</b>	<b>3,121</b>	<b>7,352</b>	<b>9,024</b>	<b>12,430</b>	<b>15,613</b>	<b>20,343</b>	<b>24,436</b>
Equity	2,639	10,641	11,150	12,162	16,824	27,056	42,697
NFP	482	-3,289	-1,528	268	-1,229	-6,730	-18,279
<b>Net Invested Capital</b>	<b>3,121</b>	<b>7,352</b>	<b>9,621</b>	<b>12,430</b>	<b>15,596</b>	<b>20,326</b>	<b>24,419</b>

Source: Company data (A), Intermonte SIM Estimates (E)

## Valuation

### Intermonte valuation

	Intermonte Estimate EUR mn	Multiple	EV EUR mn	Net Cash / (Debt) EUR mn	Other EV Adj. EUR mn	Equity Value EUR mn	NOSH fully diluted	Equity Value per share
Net Sales FY23E	26.6	3.2x	83.8	6.8	-0.4	90.2	20.6	4.4
EBITDA Adj. FY23E	15.0	8.5x	127.5	6.8	-0.4	133.9	20.6	6.5
EPS FY23E	0.43	13.0x				116.3		5.6
<b>Average</b>						<b>106.1</b>		<b>5.5</b>
Current market value						73.3		3.8
<b>Up/(Downside)</b>								<b>44.7%</b>

Source: Intermonte SIM Estimates

We have rolled-over our multiples-based valuation to now base our TP solely on FY23 multiples. Our valuation uses an average of the implied valuations obtained using the following multiples:

- multiples of 3.2x EV/sales, 8.5x EV/EBITDA, and 13x P/E based on our 2023E forecasts.

Note that these values represent a 10% reduction to the 2023 EV/sales multiple and a c.15% reduction to the previous 2023E EV/EBITDA and P/E multiples we used to value the stock. These adjustments to the arbitrary multiples used have been done in order to at least partly reflect the de-rating of the cyber sector amid rising interest rates.

The implicit 2023E multiples reflected by our €5.8 TP for CYB are aligned with the current sector multiples for Italian peers in terms of EV/EBITDA and PE.

### Intermonte valuation vs peer group

		EV/Sales			EV/EBITDA			EV/EBIT			PE		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>CYB @ TP</b>	€ 5.5	12.1x	6.3x	3.8x	N.M.	16.3x	6.7x	N.M.	18.4x	7.1x	N.M.	30.4x	12.5x
TOTAL PEER GROUP	Average	3.8x	2.6x	2.1x	21.3x	13.2x	10.3x	27.1x	13.0x	15.9x	32.9x	17.8x	23.1x
Premium/(discount) vs peer group		218%	141%	77%		24%	-35%		41%	-55%		71%	-46%
<i>Bucket 1: International</i>	Average	3.1x	3.0x	2.5x	12.7x	15.9x	14.8x	16.1x	12.7x	26.8x	27.1x	17.3x	45.7x
<i>Bucket 2: Italy</i>	Average	4.6x	2.1x	1.6x	23.4x	11.4x	7.2x	29.9x	13.1x	8.6x	35.8x	18.0x	11.8x
<b>CYB @ Mkt Px</b>	€ 3.8	7.1x	3.9x	2.4x	72.6x	11.2x	4.5x	N.M.	12.6x	4.8x	N.M.	21.0x	8.6x

Source: based on Intermonte SIM estimates for Cyberoo, Cy4Gate, Tinexta and WIIT, FactSet consensus estimates for the other companies - CYB multiples as follows: EV/Net Sales, EV/ Adj. EBITDA, Price to Adj. EPS

We have adjusted the Peer Group used in our analysis as follows:

- Bucket 1 (International peers):**
  - Out:** Fortinet, Palo Alto Networks, Check Point Software and Trend Micro (size mismatch)
  - In:** Rapid7 and Darktrace (better match for MDR activities)
  - Kept:** European peers NCC Group and WithSecure
- Bucket 2 (Italian peers):** addition of Sababa, justified by the similarity between the activities of CYB's Cyber Security Suite and Sababa's Security Monitoring operations. We have removed WIIT.

### Peer group valuation snapshot

	Country	Mkt Cap Eu mn	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Bucket 1: International Cybersecurity</b>														
Rapid7	USA	2,565	5.7x	4.0x	3.2x	N.M.	N.M.	N.M.	N.M.	N.M.	42.7x	-	N.M.	75.9x
Darktrace	GBR	2,476	N.M.	5.7x	4.4x	N.M.	23.2x	21.8x	-	N.M.	N.M.	-	N.M.	N.M.
NCC Group	GBR	778	2.3x	2.1x	1.9x	12.7x	8.5x	7.8x	16.1x	12.7x	11.0x	18.4x	17.3x	15.5x
WithSecure	FIN	268	1.9x	1.8x	1.7x	-	-	-	-	-	-	35.8x	-	-
<b>Average</b>			<b>3.1x</b>	<b>3.0x</b>	<b>2.5x</b>	<b>12.7x</b>	<b>15.9x</b>	<b>14.8x</b>	<b>16.1x</b>	<b>12.7x</b>	<b>26.8x</b>	<b>27.1x</b>	<b>17.3x</b>	<b>45.7x</b>
<i>Median</i>			2.3x	2.1x	1.9x	12.7x	15.9x	14.8x	16.1x	12.7x	26.8x	27.1x	17.3x	45.7x
<b>Bucket 2: Italy IT Services &amp; Consulting</b>														
Tinexta	ITA	872	4.6x	3.0x	2.5x	17.5x	11.3x	9.2x	27.6x	15.7x	12.1x	17.6x	18.1x	14.5x
CY4Gate	ITA	192	6.6x	2.9x	2.1x	23.1x	10.0x	7.4x	25.6x	13.9x	8.8x	36.9x	19.5x	13.3x
Vantea Smart	ITA	64	2.6x	1.1x	0.8x	18.9x	N.M.	N.M.	29.9x	N.M.	N.M.	50.2x	16.6x	10.3x
Sababa Security	ITA	22	4.4x	1.4x	1.0x	34.1x	12.8x	5.2x	36.5x	9.7x	4.9x	38.4x	17.7x	9.2x
<b>Average</b>			<b>4.6x</b>	<b>2.1x</b>	<b>1.6x</b>	<b>23.4x</b>	<b>11.4x</b>	<b>7.2x</b>	<b>29.9x</b>	<b>13.1x</b>	<b>8.6x</b>	<b>35.8x</b>	<b>18.0x</b>	<b>11.8x</b>
<i>Median</i>			4.5x	2.2x	1.6x	21.0x	11.3x	7.4x	28.7x	13.9x	8.8x	37.7x	17.9x	11.8x
<b>TOTAL PEER GROUP (B1 &amp; B2)</b>														
<b>Bucket 1: International</b>	<b>Average</b>		<b>3.1x</b>	<b>3.0x</b>	<b>2.5x</b>	<b>12.7x</b>	<b>15.9x</b>	<b>14.8x</b>	<b>16.1x</b>	<b>12.7x</b>	<b>26.8x</b>	<b>27.1x</b>	<b>17.3x</b>	<b>45.7x</b>
<b>Bucket 2: Italy</b>	<b>Average</b>		<b>4.6x</b>	<b>2.1x</b>	<b>1.6x</b>	<b>23.4x</b>	<b>11.4x</b>	<b>7.2x</b>	<b>29.9x</b>	<b>13.1x</b>	<b>8.6x</b>	<b>35.8x</b>	<b>18.0x</b>	<b>11.8x</b>
<b>TOTAL PEER GROUP</b>	<b>Average</b>		<b>3.8x</b>	<b>2.6x</b>	<b>2.1x</b>	<b>21.3x</b>	<b>13.2x</b>	<b>10.3x</b>	<b>27.1x</b>	<b>13.0x</b>	<b>15.9x</b>	<b>32.9x</b>	<b>17.8x</b>	<b>23.1x</b>
<b>TOTAL PEER GROUP</b>	<b>Median</b>		3.5x	2.1x	1.9x	18.9x	11.3x	7.8x	27.6x	13.3x	11.0x	36.4x	17.7x	13.9x

Source: Factset consensus, Intermonte estimates for Cy4Gate, WIIT and Tinexta

## Cyberoo in Brief

### Company description

Founded in 2008, Cyberoo is a provider of managed detection and response (MDR) cybersecurity solutions and a managed service provider in the IT outsourcing segment. The company is part of the SEDOC group and has been listed on the AIM segment of the Italian stock exchange since 7th October 2019. Cyberoo serves corporate clients in Italy through a network of over 26 distributors and has recently opened up in France, Germany, and Austria. It employs over 125 people across Italy and the Ukraine.

### Strengths/Opportunities

- Extensive national distribution network through partnerships
- Industry recognition of CYB's MDR offering (Gartner)
- Recurring revenue model
- Growing demand for MDR/MSP from Italian SMEs
- Scarcity of Italian cybersecurity professionals
- Advanced AI capabilities

### Management

**CEO and CFO:** F. Leonardi

**Chairman:** M. Bonifati

**Next BoD renewal:** March 2023

**BoD independent members:** 2/7

### Shareholders

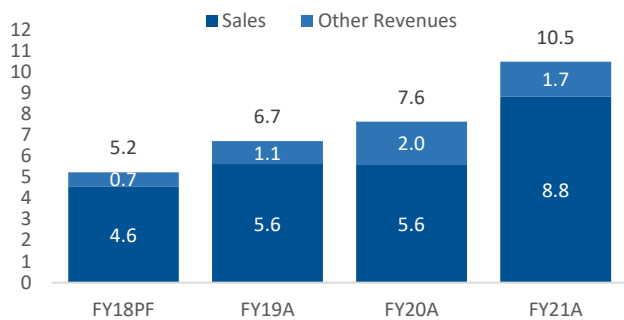
SEDOC (direct & Indirect)	62.7%
Fabio Leonardi *	2.5%
Davide Cignatta *	0.8%
Massimo Bonifati *	0.3%
Market/others	33.8%

\* SEDOC is owned by F. Leonardi (65%), D. Cignatta (20%) and M. Bonifati (15%)

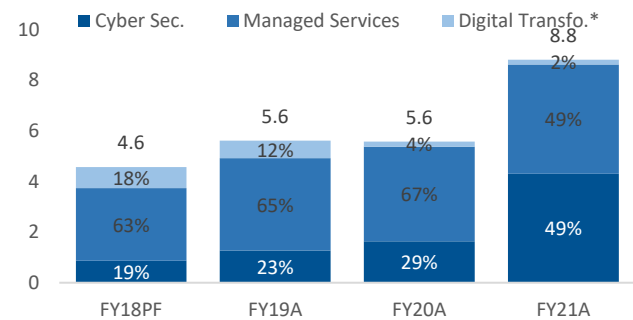
### Weaknesses/Threats

- Small in size compared to large international players
- Conservative accounting of commercial discounts
- Crowded Italian IT outsourcing market
- Significant exposure to the Ukraine
- Relationship with parent SEDOC is a potential source of conflict of interest

### CYB: Breakdown of production value (€mn)



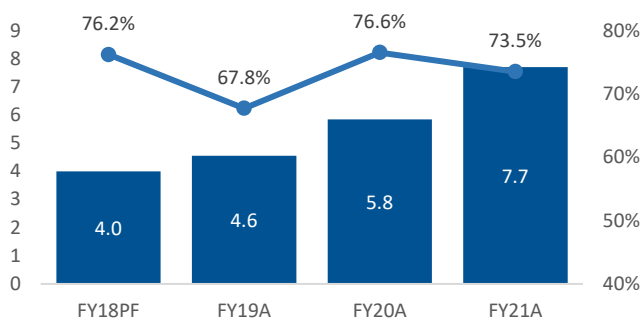
### CYB: Breakdown of net sales by segment (€mn)



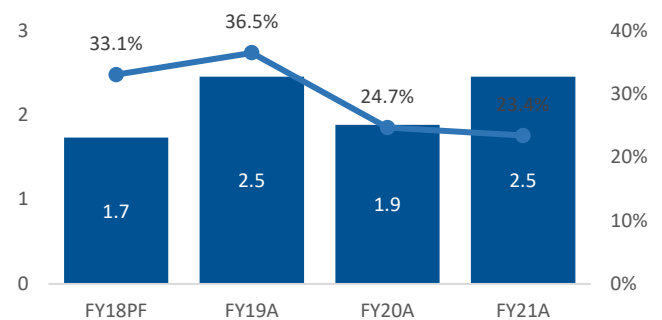
Source: Company data

Source: Company data - \*Digital Transformation activities shifted to Data Protection and Data Governance activities through Cyberoo51 from September 2020

### CYB: Gross profit (€mn, l-ax) and gross margin (% Production Value, r-ax)



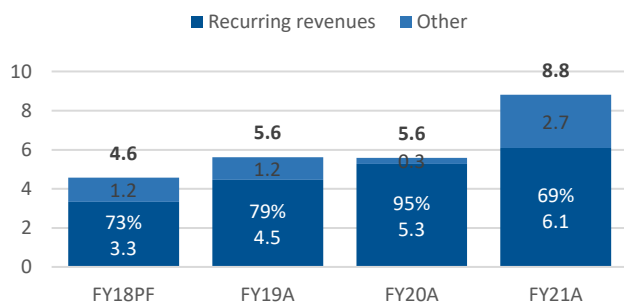
### CYB: EBITDA (€mn, l-ax) and EBITDA margin (% production value, r-ax)



Source: Company data

Source: Company data

### CYB: Recurring revenue vs net sales (€mn)



Source: Company data

<b>DETAILS ON STOCKS RECOMMENDATION</b>			
<b>Stock NAME</b>	<b>CYBEROO</b>		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	5.50	Previous Target (Eu):	5.20
Current Price (Eu):	3.80	Previous Price (Eu):	7.30
Date of report:	10/10/2022	Date of last report:	04/04/2022