

CYBEROO

BUY

Price (Eu):

5.58

Target Price (Eu):

9.20

SECTOR: Industrials

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Gearing-up to Enter (Substantial) Growth Stage

- Continuous delivery on robust client acquisition expected in 2H.** We expect CYB to have delivered on its 2020 client acquisition targets, as we forecast 20 new clients for its cybersecurity suite (CSI and/or Cypeer), and 30 additional clients for the TITAAN suite, in line with CYB's plans. Important commercial milestones were recently achieved, which may contribute to improving the price/mix (partnerships with leading Italian systems integrator Engineering and IT solutions provider Horsa SpA, both active with mid-to-large sized clients) and expanding the company's geographical footprint (partnership with Integra Systems in France) in the coming years.
- Remodeling our 2020/21 forecasts on timing of client onboarding and faster headcount expansion...** We believe most of the cybersecurity client additions were achieved in (late) 4Q. Consequently, due to CYB's "first three months free" commercial policy, the bulk of the expansion should not be reflected in the 2H top line, which we expect to have closed at €3.0mn, flat YoY (vs. +15% expected previously; it was +6.5% in 1H). In addition, we expect the rapid commercial expansion to have accelerated CYB's recruitment plans. We believe it is likely that CYB will have brought the planned increase in sales and support resources in Italy forward to 2H20/1H21, as opposed to implementing it more gradually by 2023. Our updated forecasts therefore include higher staff costs, which we reflect by reducing our 2020/21 adj. EBITDA forecast by -59%/-27% to €0.6mn/€2.9mn.
- ... while confirming 2022 estimates, reflecting rapid commercial expansion.** Strong client growth momentum and new decisive partnerships power the upgrades to our client acquisition and average contract value forecasts in cybersecurity (expected at €12.0mn/60% of sales by 2022, vs €9.0mn/49% previously). These are partly offset at top line by our less aggressive volume growth forecasts in the Managed Services segment (140/200 new TITAAN clients in 2021/22 vs. 200/250 previously, 2022 MS sales €7.4mn or 37% of the total vs. €8.6mn or 47% previously). We expect the impact of higher staff costs to be absorbed better from 2022, so we are slightly upgrading our 2022 EBITDA forecast by +6% to €10.3mn (€9.1mn adj.).
- Change in estimates.** This fine-tuning results in changes of -91%/-31%/+6% in our 2020/21/22 EPS. We assume full conversion of outstanding (deep in-the-money) warrants in 2021 (vs. 2020 prev.).
- BUY confirmed; target raised to €9.2 (from €6.8) on a more consistent valuation approach.** We remain positive on the stock, as CYB's innovative MDR solutions showcase decisive and valuable technological capabilities and advanced know-how in the AI and ML fields. Furthermore, CYB's equity story is supported by the high growth potential of the fast-developing Italian market, which might benefit from further tailwinds thanks to the stronger focus from corporates on cybersecurity and given the substantial public investments in digital initiatives in the upcoming Italian Recovery Fund, while the high scalability of fixed costs offered by CYB's business model remains a strong point. CYB is a tech start-up set to enter the growth stage of its life cycle, and we are adjusting our valuation approach to better reflect this feature. Indeed, we are stepping away from the ill-fitting DCF method (too skewed towards TV) and now use a more appropriate 2022 multiples-based approach, broadly confirming our 2022 estimates. Our new TP implies a multiple of 9.4x 2022 EV/adj. EBITDA, consistent with the Italian peer group.

Key Figures	2018A	2019A	2020E	2021E	2022E
Sales (Eu mn)	5	7	8	13	21
Ebitda (Eu mn)	2	2	2	4	10
Net profit (Eu mn)	0	1	0	1	5
EPS - New Adj. (Eu)	0.000	0.092	0.006	0.146	0.522
EPS - Old Adj. (Eu)	0.000	0.092	0.067	0.213	0.490
DPS (Eu)	0.000	0.000	0.000	0.000	0.000

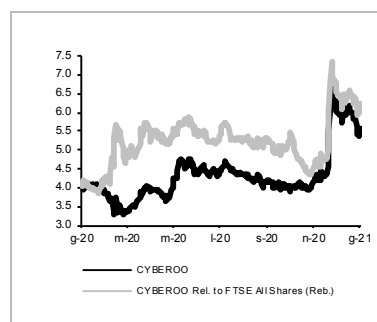
Ratios & Multiples	2018A	2019A	2020E	2021E	2022E
P/E Adj.	nm	60.4	nm	38.2	10.7
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Ebitda Adj.	30.9	20.3	25.5	11.4	4.3
ROCE	9.6%	21.7%	0.7%	23.0%	70.8%

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Next event:

2H20 results out 29 March 2021

CYBEROO - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 6.80 to 9.20

Ch. in Adj.EPS est: 2020E 2021E
-91.3% -31.3%

STOCK DATA

Reuters code: CYB.MI
Bloomberg code: CYB IM

Performance	1m	3m	12m
Absolute	-7.6%	42.3%	37.1%
Relative	-4.7%	21.7%	47.6%
12 months H/L:	6.64/3.28		

SHAREHOLDER DATA

No. of Ord. shares (mn):	10
Total No. of shares (mn):	10
Mkt Cap Ord (Eu mn):	53
Total Mkt Cap (Eu mn):	53
Mkt Float - ord (Eu mn):	14
Mkt Float (in %):	26.3%
Main shareholder:	
Founders	3.7%

BALANCE SHEET DATA

	2021
Book value (Eu mn):	15
BVPS (Eu):	1.47
P/BV:	3.8
Net Financial Position (Eu mn):	5
Enterprise value (Eu mn):	48

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on the last page of this report

CYBEROO - KEY FIGURES

		2018A	2019A	2020E	2021E	2022E
	Fiscal year end	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
PROFIT & LOSS (Eu mn)	Sales	5	7	8	13	21
	EBITDA	2	2	2	4	10
	EBIT	0	1	0	2	8
	Financial income (charges)	0	0	0	0	0
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	0	1	0	2	8
	Taxes	(0)	(0)	(0)	(1)	(3)
	Tax rate (%)	-100.0%	-32.9%	-24.0%	-33.0%	-33.0%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	0	1	0	1	5
	Total extraordinary items	0	0	0	0	0
	Ebitda excl. extraordinary items	2	2	2	4	10
	Ebit excl. extraordinary items	0	1	0	2	8
Net profit restated	0	1	0	1	5	
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	7	10	10	10	10
	EPS stated fd	0.000	0.092	0.006	0.146	0.522
	EPS restated fd	0.000	0.092	0.006	0.146	0.522
	BVPS fd	0.377	1.120	1.157	1.472	1.993
	Dividend per share (ord)	0.000	0.000	0.000	0.000	0.000
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)		0.0%	0.0%	0.0%	0.0%
CASH FLOW (Eu mn)	Gross cash flow		2	2	4	8
	Change in NWC		(1)	1	(2)	(1)
	Capital expenditure		(4)	(3)	(3)	(3)
	Other cash items		0	0	0	0
	Free cash flow (FCF)		(3)	(1)	(1)	4
	Acquisitions, divestments & others		(0)	(0)	0	0
	Dividend		0	0	0	0
	Equity financing/Buy-back		8	0	3	0
Change in Net Financial Position		4	(0)	2	4	
BALANCE SHEET (Eu mn)	Total fixed assets	4	7	8	9	9
	Net working capital	0	2	1	3	4
	Long term liabilities	(1)	(1)	(1)	(1)	(1)
	Net capital employed	3	7	8	11	12
	Net financial position	(0)	3	3	5	9
	Group equity	3	11	11	15	21
	Minorities	0	0	0	0	0
Net equity	3	11	11	15	21	
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	53	53	53	53	53
	Adjustments (associate & minorities)	0	0	0	0	0
	Net financial position	(0)	3	3	5	9
	Enterprise value	53	50	50	48	44
RATIOS(%)	EBITDA margin*	33.1%	36.5%	25.6%	32.5%	48.7%
	EBIT margin*	5.7%	16.9%	0.8%	16.6%	38.2%
	Gearing - Debt/equity	18.3%	-30.9%	-26.9%	-30.4%	-41.4%
	Interest cover on EBIT	nm	nm	nm	nm	nm
	Debt/Ebitda	0.28	nm	nm	nm	nm
	ROCE*	9.6%	21.7%	0.7%	23.0%	70.8%
	ROE*	0.0%	10.6%	0.5%	11.1%	30.1%
	EV/CE	17.1	9.5	6.4	5.1	3.9
	EV/Sales	10.2	7.4	6.5	3.7	2.1
	EV/Ebit	nm	nm	nm	22.3	5.5
Free Cash Flow Yield		-6.4%	-1.4%	-2.0%	7.5%	
GROWTH RATES (%)	Sales		28.3%	13.9%	70.8%	62.1%
	EBITDA*		41.7%	-20.1%	116.9%	142.5%
	EBIT*		279.9%	-94.9%	3644.0%	273.5%
	Net profit		nm	-92.2%	2560.1%	271.1%
	EPS restated		nm	-93.7%	2425.6%	257.0%

* Excluding extraordinary items

Source: Intermonte SIM estimates

Robust client acquisition in 2H... skewed to (late) 4Q

We expect CYB to have delivered on its 2020 client acquisition targets, as we forecast 20 new clients for its cybersecurity suite (CSI and/or Cypeer), and 30 additional clients for the TITAAN suite, in line with CYB's plans.

In the table below, we show the stream of announced new contracts signed in recent months, with 10 important contracts sealed in 2H20. Overall, we estimate the size of these announced contracts reflects an average annual contract value to CYB at run-rate (i.e. net of distributor's or partner's fee, not accounting for the "3 months free" discount) of around €60,000.

We note the important client acquisitions shown in the table below are mostly concentrated in 4Q.

Cyberoo – summary of new contracts announced since June 2020

Date announced	Client activity description	Solutions sold	Nb. Devices	Partner / Distributor	Estimated net annual value to CYB (EUR)*	Initial contract duration
19/06/2020	Multinational company	CSI & Cypeer	1,000/2,000*	Sedoc	75,000	1 Year
27/07/2020	Listed Italian company (AIM)	CSI & Cypeer	1,000/2,000	Sedoc	75,000	3 Years
02/09/2020	Listed Italian company (AIM)	CSI & Cypeer	400/600	Sedoc	50,000	1 Year
09/09/2020	Listed Italian company (STAR)	Cypeer	900	Sedoc	35,000	1 Year
27/10/2020	Italian fashion house	CSI	5000	-	55,000	1 Year
03/11/2020	Italian automotive	CSI & Cypeer	NA	NA	NA	1 Year
10/11/2020	Italian multi-utility company	CSI & Cypeer	200+	-	30,000/45,000	1 Year
03/12/2020	Italian food company	CSI & Cypeer & TITAAN	150/200	Sedoc	35,000	1 Year
10/12/2020	Italian fashion house	CSI	2,500	-	40,000	1 Year
22/12/2020	Multinational transport & logistics	Cypeer	2,000/2.500	Enwenta	80,000	3 Years
29/12/2020	Italian sanitary ware	CSI & Cypeer	6,000	Engineering	130,000	1 Year
19/01/2021	Italian hydraulics components	Cypeer	200/300	Sedoc	30,000	1 Year

Source: Company communication, Intermonite Estimates - * Intermonite Estimate

Important commercial milestones reached in 2020

Important commercial milestones were recently achieved, which may contribute to improving the price/mix (partnerships with leading Italian systems integrator Engineering and IT solutions provider Horsa SpA, both active with mid-to-large sized clients) and expanding the company's geographical footprint (partnership with Integra Systems in France) in the coming years.

In particular, as we highlighted in our [flash report out on 18 December 2020](#), the new partnership with Engineering is set to bring much bigger clients to CYB. Indeed, we estimate that Engineering's annual cybersecurity contracts are on average in the €100k-€350k range. We estimate CYB's share of such contracts at around 60% (the remainder going to the reseller and the distributor), meaning an individual annual contract size of ~€60k-~€210k for CYB. We believe the new contract, achieved through this partnership, signed with an Italian sanitary ware company on 29/12/2020 (see previous table) falls right into our estimated value range.

Cyberoo – summary of new commercial & technological partnerships announced

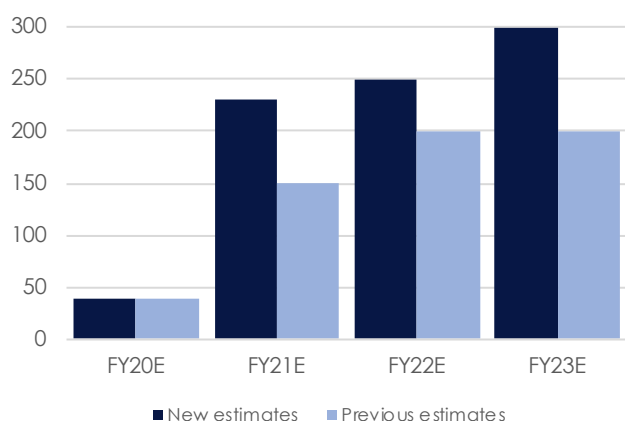
Date announced	Partner	Activity	Geographical area	Nb. Clients in partner's pool	Partner revenues EURm	Partner nb. of employees	Partner's clients size
14/05/2020	NPO Sistemi (Ricoh group)	IT solutions	Italy	NA	110	435	Small-Mid
01/12/2020	Horsa SpA	IT solutions	Italy & UK	NA	>100	900	Mid-Large
17/12/2020	Cybertech (Engineering group)	System Integrator	Italy & Europe	450	1,250	12,000	Large
14/01/2021	Integra Systems	Cloud infrastructure	France	NA	2.5	9	Small-Mid

Source: company data, Intermonite estimates

Remodelling our estimates as company gears up to enter a (substantial) growth phase

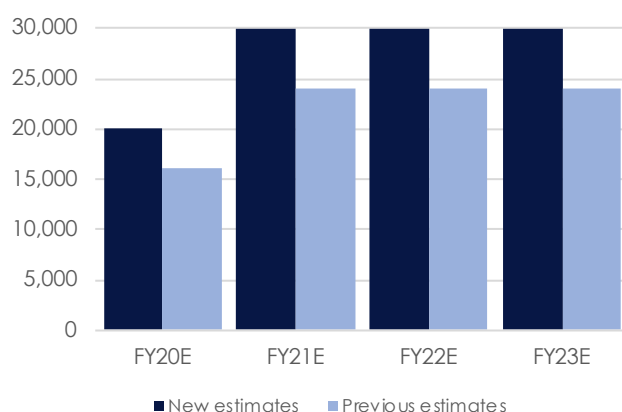
Based on the stream of new client announcements made by the company, we believe most cybersecurity client additions were achieved in (late) 4Q. Consequently, due to CYB's "first three-month free" commercial policy, the bulk of the witnessed client-base expansion should not be reflected in the 2H top line, which we expect at €3.0mn, flat YoY (was +6.5% of 1H, vs +15% expected previously). Strong client growth momentum and new decisive partnerships power the upgrade to our client acquisition and average contract value forecasts in the cybersecurity segment (expected at €12.0mn/60% of sales by 2022, vs €9.0mn/49% previously). These are partly offset at top line by our less aggressive volume growth forecasts in the Managed Services segment (140/200 new clients in 2021/22 vs. 200/250 previously, 2022 MS sales €7.4mn or 37% of total vs. €8.6mn or 47% previously).

Cybersuite (CSI & Cypeer) – change in estimated new contracts (in nb. contracts)



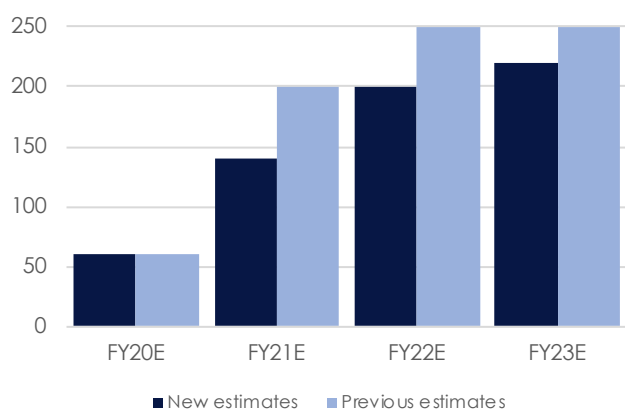
Source: Intermonte SIM estimates

Cybersuite (CSI & Cypeer) – change in estimated average new contract annual run-rate value to CYB (in €)



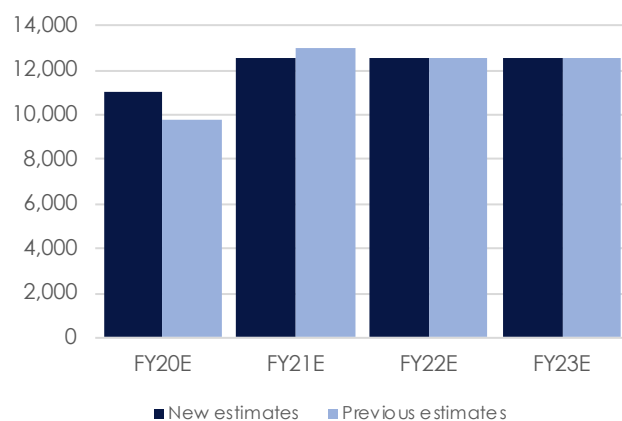
Source: Intermonte SIM estimates

Innovative MS suite (TITAAN) – change in estimated new contracts (in nb. contracts)



Source: Intermonte SIM estimates

Innovative MS suite (TITAAN) – change in estimated average new contract annual run-rate value to CYB (in €)



Source: Intermonte SIM estimates

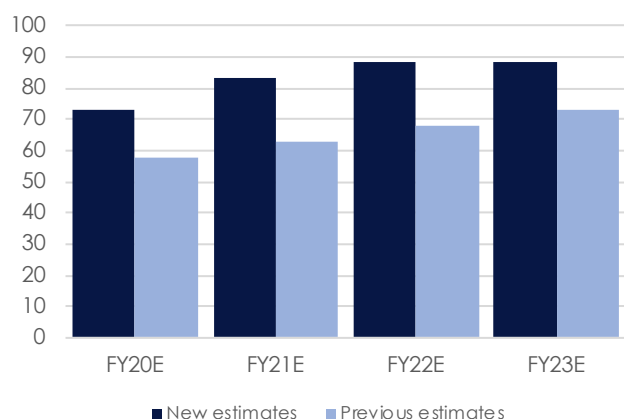
Net Sales breakdown by Segment (EUR '000s)

	2H19A	FY19A	1H20A	2H20E	FY20E	FY21E	FY22E	FY23E	CAGR 19-23E
Cyber Security & Device Security	756	1,268	669	877	1,546	5,577	11,962	17,930	93.9%
YoY		46.6%	30.7%	16.0%	21.9%	260.7%	114.5%	49.9%	
Managed Services	1,740	3,655	2,011	1,792	3,803	5,354	7,435	9,608	27.3%
YoY		27.2%	5.0%	3.0%	4.0%	40.8%	38.9%	29.2%	
Digital Transformation	493	700	125	330	455	546	601	631	-2.6%
YoY		-16.4%	-39.5%	-33.1%	-35.0%	20.0%	10.0%	5.0%	
Total Net Sales	2,989	5,623	2,805	2,999	5,804	11,477	19,998	28,169	49.6%
YoY		22.9%	6.5%	0.4%	3.2%	97.7%	74.2%	40.9%	

Source: Intermonte SIM Estimates

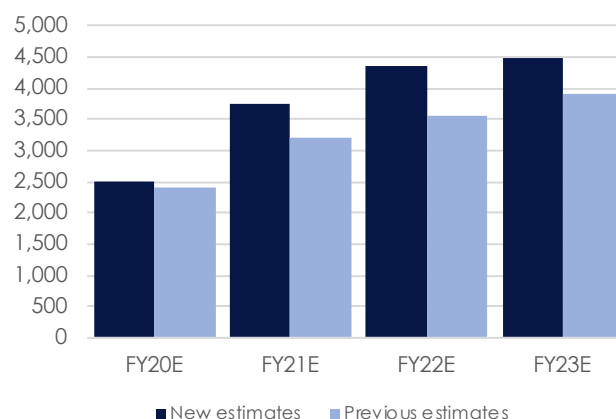
We expect the rapid commercial expansion to have accelerated CYB's recruitment plans. We believe it is likely that CYB will have brought the planned increase in sales and support resources in Italy forward to 2H20/1H21, as opposed to a more gradual process by 2023.

Change in Italy headcount forecast (in nb. Employees at year-end)



Source: Intermonte SIM estimates

Change in Staff cost forecast (in € '000s)



Source: Intermonte SIM estimates

Our updated forecasts therefore include higher staff costs, which we reflect by reducing our 2020/21 adj. EBITDA forecast by -59%/-27% to €0.6mn/€2.9mn.

We expect the impact of the higher staff costs to be absorbed better as of 2022, even slightly upgrading our 2022 EBITDA forecast by +6% to €10.3mn (€9.1mn adj.).

Income Statement forecast (in EUR '000s)

	2H19A	FY19A	1H20A	2H20E	FY20E	FY21E	FY22E	FY23E
Total Net Sales	2,989	5,623	2,805	2,999	5,804	11,477	19,998	28,169
YoY	0.0%	22.9%	6.5%	0.4%	3.2%	97.7%	74.2%	40.9%
Other	702	1,101	1,152	700	1,851	1,600	1,200	1,000
Production Value	3,691	6,724	3,957	3,699	7,655	13,077	21,198	29,169
YoY	0.0%	28.3%	30.4%	0.2%	13.9%	70.8%	62.1%	37.6%
Raw mat, consumption, goods	-1,560	-2,527	-914	-972	-1,886	-3,500	-4,000	-4,500
Gross Margin	2,264	4,556	2,985	2,784	5,769	9,577	17,198	24,669
% Margin	61.3%	67.8%	75.4%	75.3%	75.4%	73.2%	81.1%	84.6%
YoY	0.0%	14.0%	30.2%	23.0%	26.6%	66.0%	79.6%	43.4%
Services	36	-433	-602	-602	-1,203	-1,287	-1,818	-2,234
Use of third party assets	-77	-115	-68	-42	-110	-241	-500	-704
Staff costs	-720	-1,461	-1,092	-1,396	-2,488	-3,744	-4,361	-4,488
Other	-77	-92	-6	0	-6	-50	-200	-200
EBITDA	1,425	2,455	1,217	745	1,962	4,255	10,319	17,042
% Margin	38.6%	36.5%	30.8%	20.1%	25.6%	32.5%	48.7%	58.4%
YoY	0.0%	41.7%	18.2%	-47.7%	-20.1%	116.9%	142.5%	65.2%
D&A	-864	-1,319	-727	-1,177	-1,904	-2,086	-2,217	-2,256
EBI	561	1,136	490	-432	58	2,169	8,102	14,787
% Margin	15.2%	16.9%	12.4%	-11.7%	0.8%	16.6%	38.2%	50.7%
YoY	0.0%	279.9%	-14.8%	-177.1%	-94.9%	3644.0%	273.5%	82.5%
Net Financial costs	-56	-87	-37	52	15	21	29	44
PBT	504	1,050	453	-380	73	2,191	8,130	14,830
Tax	-155	-345	-92	75	-17	-723	-2,683	-4,894
Tax rate %	-31%	-33%	-20%	-20%	-24%	-33%	-33%	-33%
Net Income	349	705	361	-306	55	1,468	5,447	9,936
YoY		N.M.	1.3%	-187.6%	-92.2%	2560.1%	271.1%	82.4%
NOSH avg		7,625	9,500	9,574	9,537	10,044	10,441	10,441
EPS		0.09	0.04	-0.03	0.01	0.15	0.52	0.95
EBITDA excluding R&D capitalization	955	1,604	517	45	562	2,855	9,119	16,042
% Margin (on net sales)	32.0%	28.5%	18.4%	1.5%	9.7%	24.9%	45.6%	57.0%
YoY %		32.2%	-20.3%	-95.3%	-65.0%	408.1%	219.4%	75.9%

Source: Intermonte SIM Estimates

We assume full conversion of (deep in-the-money) warrants remaining in 2021 (vs. 2020 previously).

Cash Flow Statement forecast (in EUR '000s)

	FY19A	1H20A	2H20E	FY20E	FY21E	FY22E	FY23E
Net Income	705	361	-306	55	1,468	5,447	9,936
D&A	1,319	727	1,177	1,904	2,086	2,217	2,256
Change in WC	-1,318	638	-25	613	-1,626	-1,209	-1,150
Other	-197	-107	0	-107	0	0	0
CF from Operations	509	1,618	846	2,464	1,928	6,456	11,042
Net Capex	-3,883	-1,805	-1,390	-3,195	-3,000	-2,500	-2,500
FCF	-3,374	-187	-544	-730	-1,072	3,956	8,542
M&A and others	-491	-19	0	-19	0	0	0
Capital Increase	7,635	0	464	464	2,737	0	0
Dividend Payment	0	0	0	0	0	0	0
Net Cash Flow	3,770	-206	-80	-286	1,666	3,956	8,542
Net Debt (Cash) at BoP	481	-3,289	-3,083	-3,289	-3,003	-4,669	-8,624
Net Debt / (Cash) at EoP	-3,289	-3,083	-3,003	-3,003	-4,669	-8,624	-17,167
Net Debt/EBITDA	-1.3x	-1.3x	-2.0x	-1.5x	-1.1x	-0.8x	-1.0x

Source: Intermonte SIM Estimates

Balance Sheet forecast (in EUR '000s)

	FY18PF	FY19A	FY20E	FY21E	FY22E	FY23E
Intangible	2,857	5,662	6,953	7,867	8,150	8,394
PPE	862	854	854	854	854	854
Financial	135	141	141	141	141	141
Provisions	-206	-215	-215	-215	-215	-215
Other non-recurring liabilities	-895	-776	-649	-649	-649	-649
Net Fixed Assets	2,753	5,666	7,083	7,997	8,280	8,524
Inventories	3	362	380	535	743	961
Receivables	1,352	2,823	2,603	5,231	7,101	8,751
Payables	-706	-1,696	-2,107	-3,264	-4,134	-4,850
Other current assets	314	1,081	1,081	1,081	1,081	1,081
Other current liabilities	-595	-884	-884	-884	-884	-884
Net Working Capital	368	1,686	1,073	2,699	3,908	5,058
Net Capital Employed	3,121	7,352	8,157	10,696	12,188	13,582
share capital	116	950	950	950	950	950
Reserves	2,634	8,986	9,450	12,187	12,187	12,187
Profit/loss carryforward	-111	0	705	760	2,228	7,675
Profit/loss of the period	-1	705	55	1,468	5,447	9,936
Equity	2,639	10,641	11,159	15,365	20,812	30,748
Cash & equivalents	-9	-4,384	-4,098	-5,764	-9,719	-18,262
Financial debts	490	1,095	1,095	1,095	1,095	1,095
NFP	482	-3,289	-3,003	-4,669	-8,624	-17,167
Net Invested Capital	3,121	7,352	8,156	10,696	12,188	13,582

Source: Intermonte SIM Estimates

Change in estimates (in EUR mn)

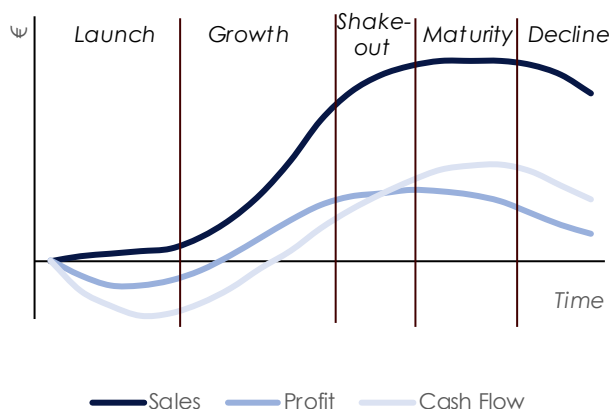
	New Estimates				Old Estimates				Diff %			
	FY20E	FY21E	FY22E	FY23E	FY20E	FY21E	FY22E	FY23E	FY20E	FY21E	FY22E	FY23E
Cyber Security & Device Se	1.5	5.6	12.0	17.9	1.8	4.8	9.0	13.7	-16%	16%	33%	31%
YoY	21.9%	260.7%	114.5%	49.9%	45.5%	160.1%	86.9%	52.5%				
Managed Services	3.8	5.4	7.4	9.6	3.9	5.9	8.6	11.3	-3%	-10%	-13%	-15%
YoY	4.0%	40.8%	38.9%	29.2%	7.2%	51.1%	44.7%	32.1%				
Digital Transformation	0.5	0.5	0.6	0.6	0.5	0.7	0.7	0.8	-7%	-17%	-17%	-25%
YoY	-35.0%	20.0%	10.0%	5.0%	-30.0%	35.0%	10.0%	15.0%				
Total Net Sales	5.8	11.5	20.0	28.2	6.3	11.4	18.3	25.8	-7%	1%	9%	9%
YoY	3.2%	97.7%	74.2%	40.9%	11.2%	82.0%	60.5%	41.4%				
Production Value	7.7	13.1	21.2	29.2	8.4	13.3	20.2	27.7	-8%	-2%	5%	5%
YoY	13.9%	70.8%	62.1%	37.6%	24.2%	59.0%	51.8%	37.5%				
EBITDA	2.0	4.3	10.3	17.0	2.8	5.3	9.7	14.9	-29%	-20%	6%	15%
% Margin	25.6%	32.5%	48.7%	58.4%	33.3%	39.9%	48.1%	53.6%				
YoY	-20.1%	116.9%	142.5%	65.2%	13.3%	90.3%	83.1%	53.3%				
EBIT	0.1	2.2	8.1	14.8	0.8	3.3	7.6	12.8	-93%	-34%	6%	16%
% Margin	0.8%	16.6%	38.2%	50.7%	10.1%	24.8%	37.7%	46.0%				
YoY	-94.9%	3644.0%	273.5%	82.5%	-25.9%	291.2%	131.3%	67.6%				
EPS	0.01	0.15	0.52	0.95	0.07	0.21	0.49	0.82	-91%	-31%	6%	16%
Capex	-3.2	-3.0	-2.5	-2.5	-3.5	-2.3	-2.3	-2.3	-9%	30%	9%	9%
FCF	-0.7	-1.1	4.0	8.5	-0.7	1.0	3.4	6.6	2%	-211%	16%	30%
Net Debt (Cash)	-3.0	-4.7	-8.6	-17.2	-5.5	-6.5	-9.9	-16.5	-46%	-28%	-13%	4%
Net Debt (Cash) / EBITDA	-1.5x	-1.1x	-0.8x	-1.0x	-2.0x	-1.2x	-1.0x	-1.1x				
EBITDA excluding R&D capi	0.6	2.9	9.1	16.0	1.4	3.9	8.3	13.9	-59%	-27%	10%	16%
% Margin (on net sales)	9.7%	24.9%	45.6%	57.0%	22.1%	34.2%	45.4%	53.7%				
YoY %	-65.0%	408.1%	219.4%	75.9%	-13.8%	181.8%	112.9%	67.2%				

Source: Intermonte SIM Estimates

Switching to a more adequate valuation method

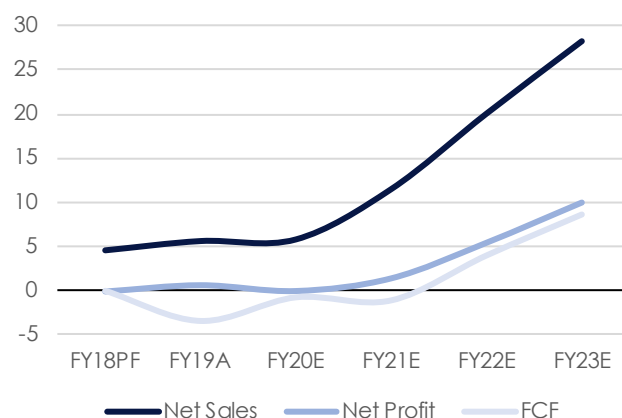
CYB is a tech start-up that is about to enter the growth stage of its life cycle, and we are adjusting our valuation approach to better reflect this characteristic.

Representation of typical company life cycle stages



Source: Intermonte SIM

Cyberoo – gearing up to enter the growth phase (EUR mn)



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

Indeed, we are stepping away from the ill-fitting DCF method (too skewed towards TV) in favour of a more appropriate 2022 multiples-based approach, while substantially confirming our 2022 estimates. Our new TP implies a multiple of 9.4x '22 EV/Adj. EBITDA, consistent with the Italian peer group we have identified.

Valuation

	Intermonte Estimate EUR mn	Multiple	EV EUR mn	Net Cash / (Debt) '22 EUR mn	Other EV Adj. EUR mn	Equity Value EUR mn	NOSH fully diluted	Equity Value per share
Net Sales FY22E	20.0	3.5x	70.0	8.6	-0.2	78.4	10.4	7.5
EBITDA Adj. FY22E	9.3	10.0x	93.2	8.6	-0.2	101.6	10.4	9.7
EPS FY22E	0.5	20.0x				108.9		10.4
Average						96.3		9.2
Current market value						58.1		5.6
Up/(Downside)								65.9%

Source: Intermonte SIM Estimates

Our valuation is based on the following multiples:

- 3.5x EV/Net sales 2022: in line with both current peer group valuation (in both buckets) and with historical total peer group levels.
- 10x EV/EBITDA Adj. 2022 and 20x PE Adj. 2022: in line with the current valuations in our Italian peer group (Bucket 2).

Intermonte valuation vs. peer group

		EV/Sales			EV/EBITDA			EV/EBIT			PE		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
CYB @ TP	€ 9.2	14.9x	8.0x	4.4x	74.2x	27.4x	9.4x	N.M.	42.3x	10.9x	N.M.	63.1x	17.7x
TOTAL PEER GROUP	Median	5.5x	4.6x	3.6x	15.5x	15.1x	12.8x	25.0x	22.5x	15.0x	35.9x	37.5x	23.2x
Premium/(discount) vs peer group median %		172%	74%	22%	378%	81%	(27%)		88%	(27%)		68%	(24%)
Bucket 1: International Cybersecurity	Median	5.5x	5.2x	4.8x	15.5x	15.4x	14.8x	23.6x	23.0x	19.5x	35.9x	32.2x	28.9x
Bucket 2: Italy IT Services & Consulting	Median	5.7x	4.4x	3.4x	15.3x	13.7x	9.9x	32.9x	22.5x	13.5x	41.8x	37.5x	19.5x
CYB @ Mkt Px	€ 5.58	6.7x	4.1x	2.4x	26.0x	12.6x	4.8x	N.M.	24.8x	6.2x	N.M.	38.2x	10.7x

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 drawn up a set of listed companies displaying some similarities with Cyberoo. We have then divided this large peer group into two buckets, reflecting the diverse profiles of the comparable companies we identified:

- **Bucket 1:** International listed cybersecurity groups.
- **Bucket 2:** Italian small/mid-caps active in the IT services and consulting segments.

The key valuation metrics and financial features of our peer group are summarised in the tables and charts below.

Peer groups valuation snapshot

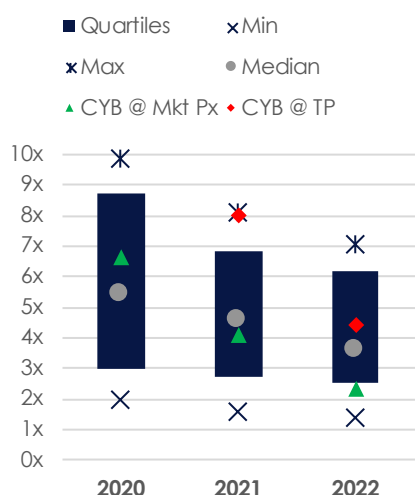
		Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Bucket 1: International Cybersecurity														
USA	Fortinet Inc	19,341	9.0x	7.5x	6.3x	30.6x	25.7x	21.4x	34.0x	28.8x	23.6x	44.5x	40.0x	35.2x
USA	Palo Alto Networks	27,964	9.9x	8.1x	6.6x	41.7x	34.6x	27.8x	56.1x	44.7x	34.4x	71.9x	60.8x	50.6x
ISR	Check Point Software Tech	14,741	7.1x	6.9x	7.0x	13.7x	13.6x	14.3x	14.1x	14.0x	14.5x	19.0x	18.5x	17.5x
JPN	Trend Micro	6,346	3.9x	3.6x	3.4x	13.2x	11.9x	11.2x	17.9x	15.1x	14.0x	29.9x	24.4x	23.7x
GBR	NCC Group	783	2.4x	2.2x	2.1x	14.6x	12.6x	11.4x	20.7x	17.1x	15.4x	29.2x	23.9x	22.6x
FIN	F-Secure	616	2.8x	2.6x	2.4x	16.5x	17.2x	15.2x	26.5x	30.4x	24.5x	41.9x	43.3x	34.1x
Median			5.5x	5.2x	4.8x	15.5x	15.4x	14.8x	23.6x	23.0x	19.5x	35.9x	32.2x	28.9x
Average			5.8x	5.2x	4.6x	21.7x	19.3x	16.9x	28.2x	25.0x	21.1x	39.4x	35.1x	30.6x
Bucket 2: Italy IT Services & Consulting														
ITA	WIIT	402	9.6x	6.7x	5.9x	26.7x	17.6x	14.8x	50.0x	30.3x	23.4x	53.9x	37.8x	28.6x
ITA	Tinexta	921	3.7x	3.3x	3.0x	12.2x	10.7x	9.7x	17.3x	14.5x	12.9x	21.0x	18.5x	17.3x
ITA	CY4Gate	131	7.8x	5.6x	3.9x	18.3x	16.6x	10.1x	23.5x	24.9x	14.1x	29.8x	37.3x	21.7x
ITA	Neosperience	37	2.0x	1.6x	1.4x	7.8x	6.0x	4.6x	42.3x	20.2x	9.7x	98.7x	39.0x	14.2x
Median			5.7x	4.4x	3.4x	15.3x	13.7x	9.9x	32.9x	22.5x	13.5x	41.8x	37.5x	19.5x
Average			5.7x	4.3x	3.5x	16.3x	12.7x	9.8x	33.3x	22.5x	15.0x	50.9x	33.1x	20.4x
			EV/Sales			EV/EBITDA			EV/EBIT			PE		
			2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Bucket 1: International Cybersecurity		Median	5.5x	5.2x	4.8x	15.5x	15.4x	14.8x	23.6x	23.0x	19.5x	35.9x	32.2x	28.9x
Bucket 2: Italy IT Services & Consulting		Median	5.7x	4.4x	3.4x	15.3x	13.7x	9.9x	32.9x	22.5x	13.5x	41.8x	37.5x	19.5x
TOTAL PEER GROUP		Median	5.5x	4.6x	3.6x	15.5x	15.1x	12.8x	25.0x	22.5x	15.0x	35.9x	37.5x	23.2x
TOTAL PEER GROUP		Average	5.8x	4.8x	4.2x	19.5x	16.7x	14.0x	30.2x	24.0x	18.7x	44.0x	34.3x	26.5x

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

We are making the following modifications compared to the peer group used previously in our analysis of Cyberoo:

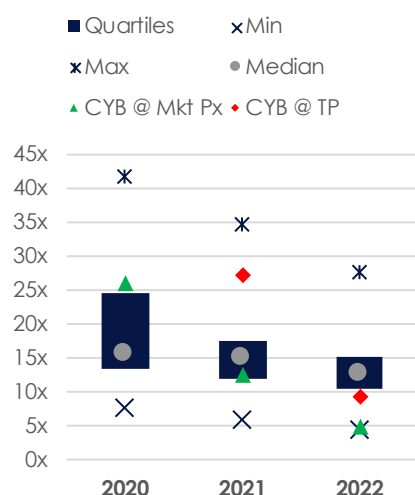
- We are **adding Tinexta** to our Italian peer bucket, as the company displays a more similar EBITDA margin compared to CYB than Reply, which we are consequently leaving out of our peer group. We are also leaving out Expert System due to the expected negative margins in the coming years, which limit the significance of the current stock valuation, and **adding Cy4Gate** instead.

EV/Sales – CYB valuation vs. total PG



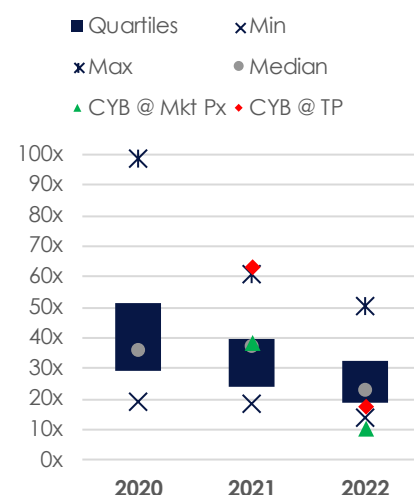
Source: Intermonte SIM, Factset – PG = Peer Group

EV/EBITDA – CYB valuation vs. total PG



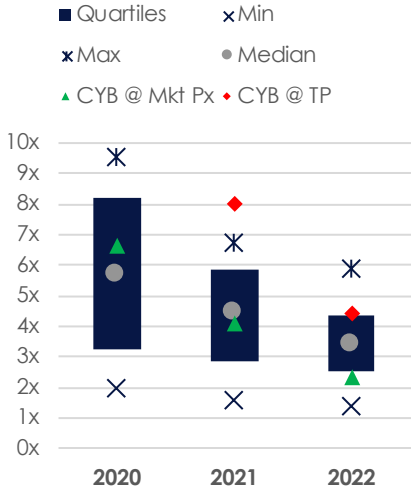
Source: Intermonte SIM, Factset – PG = Peer Group

PE – CYB valuation vs. total PG



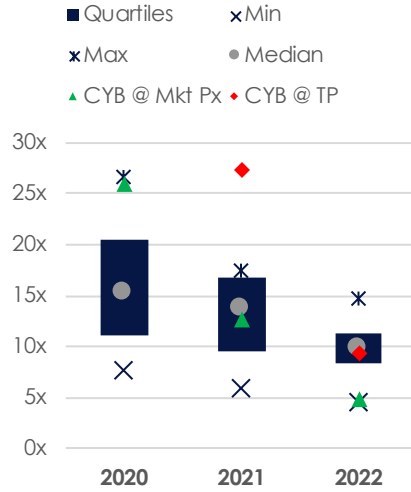
Source: Intermonte SIM, Factset – PG = Peer Group

EV/Sales – CYB valuation vs. Bucket 2



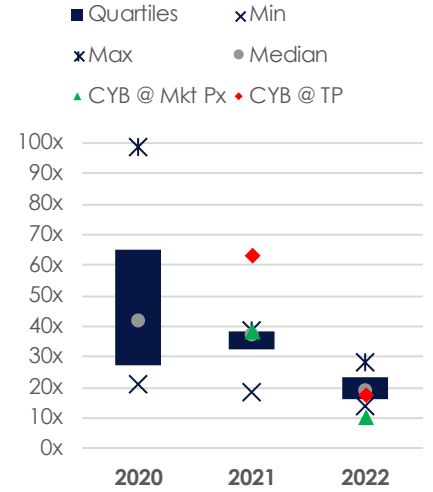
Source: Intermonte SIM, Factset

EV/EBITDA – CYB valuation vs. Bucket 2



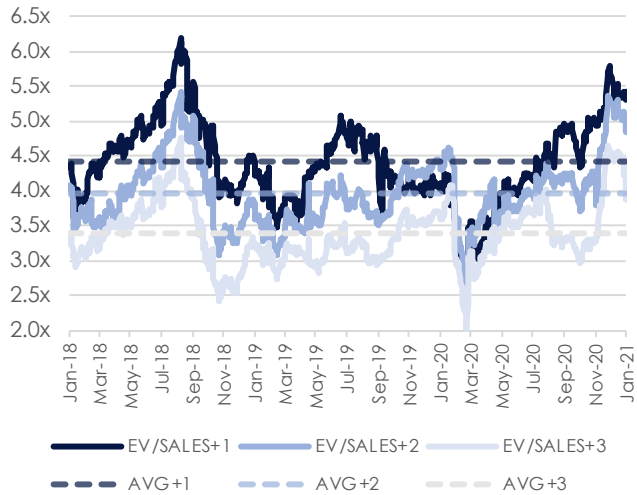
Source: Intermonte SIM, Factset

PE – CYB valuation vs. Bucket 2



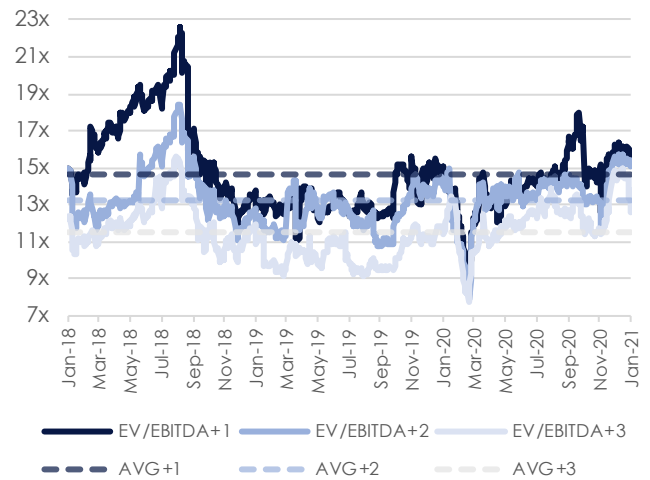
Source: Intermonte SIM, Factset

Total peer group – EV/Sales historical data (3Y)



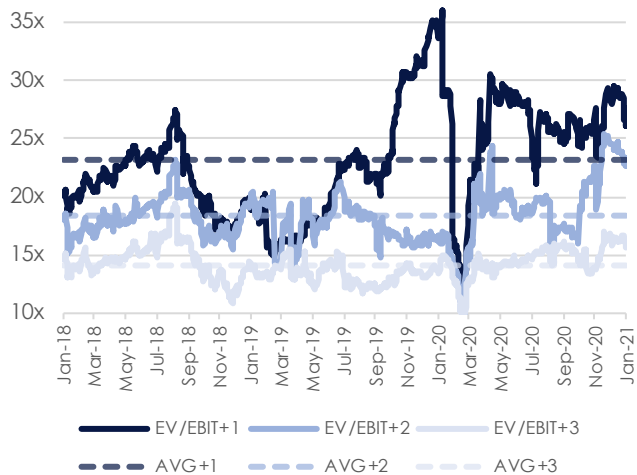
Source: Factset

Total peer group – EV/EBITDA historical data (3Y)



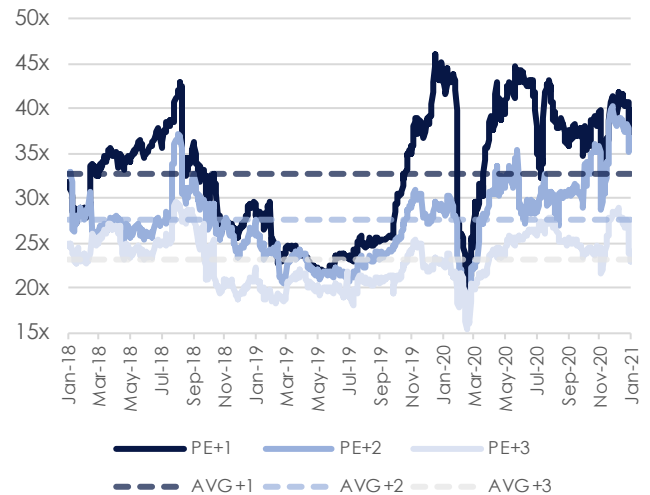
Source: Factset

Total peer group – EV/EBIT historical data (3Y)



Source: Factset

Total peer group – PE historical data (3Y)



Source: Factset

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	CYBEROO		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	9.20	Previous Target (Eu):	6.80
Current Price (Eu):	5.58	Previous Price (Eu):	4.19
Date of report:	01/02/2021	Date of last report:	02/10/2020

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 31 December 2020 IntermonTE's Research Department covered 124 companies. IntermonTE's distribution of stock ratings is as follows:

BUY:	10,57 %
OUTPERFORM:	50,41 %
NEUTRAL:	34,95 %
UNDERPERFORM	04,07 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from IntermonTE in the last 12 months (49 in total) is as follows:

BUY:	18,37 %
OUTPERFORM:	55,10 %
NEUTRAL:	26,53 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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Emittente	%	Long/Short
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IKF	0,57	SHORT
LIFE CARE CAPITAL	0,59	LONG
OLIDATA	0,74	SHORT

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