

CYBEROO

Sector: Industrials

BUY

Price: Eu7.80 - Target: Eu10.40

1H21 Preview: Covid Impact Lingers but Positive Core Trends Remain

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Stock Rating

Rating: Unchanged

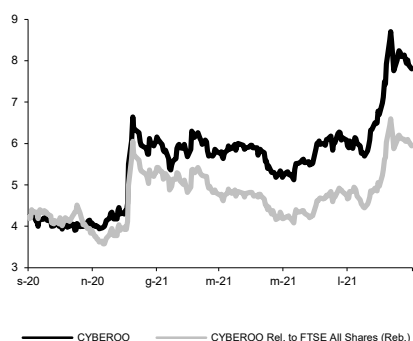
Target Price (Eu): from 9.20 to 10.40

	2021E	2022E	2023E
Chg in Adj EPS	-108.4%	-27.2%	-8.1%

Next Event

 1H21 Results Out September 30th 2021

CYBEROO - 12M Performance



Stock Data

Reuters code: CYB.MI

Bloomberg code: CYB IM

Performance	1M	3M	12M
Absolute	16.4%	41.3%	87.5%
Relative	18.8%	40.2%	56.0%
12M (H/L)	8.70/3.90		
3M Average Volume (th):	45.24		

Shareholder Data

No. of Ord shares (mn):	10
Total no. of shares (mn):	10
Mkt Cap Ord (Eu mn):	75
Total Mkt Cap (Eu mn):	75
Mkt Float - Ord (Eu mn):	20
Mkt Float (in %):	26.3%
Main Shareholder:	
Founders	3.7%

Balance Sheet Data

Book Value (Eu mn):	14
BVPS (Eu):	1.32
P/BV:	5.9
Net Financial Position (Eu mn):	3
Enterprise Value (Eu mn):	78

■ **Client acquisition should have continued in 1H despite lingering Covid-19 effect:** we forecast net sales of €3.8mn, up +35% YoY and +36% vs. 2H20, as we expect to see some continuity in CYB's growth trends. Cybersecurity sales growth is forecast at +110% YoY/+46% HoH to €1.4mn (37% of sales), as the commercial development of CYB's Cyber Security Suite solutions (Cypeer/CSI) should have remained the main growth driver, with new client additions proceeding rapidly (c.80 expected), albeit slower than previous FY21 expectations (c.250 targeted for FY21 following c.40 in FY20) due to persisting Covid-19 disruptions affecting commercial development in early 2021. Contrary to what was announced following FY20 results, the "Defence for Italy" discount programme remains in place, and will again have limited the extent to which client acquisition figures were reflected in top line numbers in 1H. Managed Services (60% sales) are expected to have grown +14% YoY. Production value (Italian GAAP) is forecast at €4.5mn, up 13% YoY and 22% vs. 2H20.

■ **Margins to reflect further step up in fixed costs, negative cash flow expected:** the continued investments in personnel, technology and consulting in support of the strong expected growth are again likely to have resulted in higher fixed costs, affecting 1H margins. We therefore expect EBITDA of €0.6mn, a 14.2% margin (on production value, vs. €1.2mn/€0.7mn and 30.8%/18.1% in 1H/2H20) and EBIT below breakeven at €-0.3mn (vs. €0.5mn/€-0.3mn in 1H/2H20). We also expect 1H21 cash burn of €-0.6mn (€-0.2mn/€1.4mn in 1H/2H20) as CapEx efforts more than offset OpCF. NFP is expected at €+1.5mn, down from €+2.1mn at FY20.

■ **Slight revision to short-term client acquisition targets likely:** despite assuming a much stronger 2H21, the Covid impact seen earlier in the year may make previous client acquisition goals challenging. The c.250 new Cypeer/CSI clients targeted for 2021 would imply c.170 net adds in 2H, more than double the 80 expected in 1H. We still believe the recent material expansion of CYB's distribution network through partnerships with IT distributors (over 35 at 1H21 vs. just 3 entering 2020) should enable growth targets to be achieved in the medium term.

■ **Change in estimates:** we are adapting our forecasts to i) re-integrate the "Defence for Italy" discount programme's top line implications, and ii) reflect the expected adjustment in cybersecurity client acquisition targets for FY21. We confirm our expectations for CYB's medium-term growth and also our cost forecasts. All in all, these result in changes of -86%/-25%/-8% to our 2021E/22E/23E EPS forecasts.

■ **BUY confirmed; target €10.4 (from €9.2):** in our view, the recent stock rally (+29% since 30th June) has been powered by the renewed focus on cyber security following the attack on the Lazio region. The aftermath of this event should reinforce visibility on the domestic cyber security market's growth potential and strengthen business adoption of security solutions, with CYB's advanced MDR offering likely to be a key beneficiary of this trend. The stock and the European cybersecurity sector are still trading at a discount to US cyber security peers, which leaves room for a further re-rating, in our view. We are raising our target price despite our lower estimates, as we now value CYB on multiples based on 2022/23 estimates (only 2022 previously).

Key Figures & Ratios	2019A	2020A	2021E	2022E	2023E
Sales (Eu mn)	7	8	10	18	28
EBITDA Adj (Eu mn)	2	2	2	8	16
Net Profit Adj (Eu mn)	1	0	0	4	9
EPS New Adj (Eu)	0.092	0.006	-0.012	0.380	0.875
EPS Old Adj (Eu)	0.092	0.006	0.146	0.522	0.952
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	13.5	20.2	nm	9.5	4.3
EV/EBIT Adj	29.1	nm	nm	12.9	5.1
P/E Adj	84.4	nm	nm	20.5	8.9
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-1.3	-1.1	-1.7	-0.7	-0.8

CYBEROO – Key Figures

Profit & Loss (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Sales	5	7	8	10	18	28
EBITDA	2	2	2	2	8	16
EBIT	0	1	0	-0	6	14
Financial Income (charges)	0	0	0	0	0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	0	1	0	-0	6	14
Taxes	-0	-0	-0	0	-2	-5
Tax rate	-100.0%	-32.9%	-42.3%	-33.0%	-33.0%	-33.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	0	1	0	-0	4	9
EBITDA Adj	2	2	2	2	8	16
EBIT Adj	0	1	0	-0	6	14
Net Profit Adj	0	1	0	-0	4	9
Per Share Data (Eu)	2018A	2019A	2020A	2021E	2022E	2023E
Total Shares Outstanding (mn) - Average	7	10	10	10	10	10
Total Shares Outstanding (mn) - Year End	7	10	10	10	10	10
EPS f.d	0.000	0.092	0.006	-0.012	0.380	0.875
EPS Adj f.d	0.000	0.092	0.006	-0.012	0.380	0.875
BVPS f.d	0.377	1.120	1.156	1.318	1.698	2.573
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 (%)						
Cash Flow (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Gross Cash Flow		2	1	2	6	11
Change in NWC		-1	-0	-1	-1	-2
Capital Expenditure		-4	-3	-3	-3	-3
Other Cash Items		0	0	0	0	0
Free Cash Flow (FCF)		-3	-2	-2	2	7
Acquisitions, Divestments & Other Items		-0	-0	-0	0	0
Dividends		0	0	0	0	0
Equity Financing/Buy-back		8	0	3	0	0
Change in Net Financial Position		4	-1	1	2	7
Balance Sheet (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Total Fixed Assets	4	7	8	9	9	10
Net Working Capital	0	2	2	2	4	5
Long term Liabilities	-1	-1	-1	-1	-1	-1
Net Capital Employed	3	7	9	11	12	14
Net Cash (Debt)	-0	3	2	3	5	13
Group Equity	3	11	11	14	18	27
Minorities	0	0	0	0	0	0
Net Equity	3	11	11	14	18	27
Enterprise Value (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Average Mkt Cap		36	40	81	81	81
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-0	3	2	3	5	13
Enterprise Value		33	38	78	76	69
Ratios (%)	2018A	2019A	2020A	2021E	2022E	2023E
EBITDA Adj Margin	33.1%	36.5%	24.7%	17.7%	43.8%	57.4%
EBIT Adj Margin	5.7%	16.9%	2.5%	nm	32.2%	49.3%
Gearing - Debt/Equity	18.3%	-30.9%	-19.1%	-22.0%	-29.6%	-46.6%
Interest Cover on EBIT	nm	nm	nm	nm	nm	nm
Net Debt/EBITDA Adj	0.3	-1.3	-1.1	-1.7	-0.7	-0.8
ROACE*	9.6%	21.7%	2.3%	-2.1%	50.7%	94.8%
ROE*	0.0%	10.6%	0.5%	-1.0%	25.2%	34.0%
EV/CE		6.3	4.6	7.9	6.6	4.8
EV/Sales		4.9	5.0	7.7	4.2	2.5
EV/EBITDA Adj		13.5	20.2	nm	9.5	4.3
EV/EBIT Adj		29.1	nm	nm	12.9	5.1
Free Cash Flow Yield		-4.5%	-2.1%	-2.2%	2.9%	9.7%
Growth Rates (%)	2018A	2019A	2020A	2021E	2022E	2023E
Sales		28.3%	13.5%	33.1%	80.3%	50.8%
EBITDA Adj		41.7%	-23.2%	-4.8%	347.2%	97.5%
EBIT Adj		279.9%	-83.5%	nm	nm	130.8%
Net Profit Adj		nm	-92.1%	nm	nm	130.4%
EPS Adj		nm	-93.7%	nm	nm	130.4%
DPS						

*Excluding extraordinary items

Source: Intermonte SIM estimates

1H21 preview snapshot

Cyberoo – snapshot of 1H21 preview (in € thousands)

Net Sales	1H19A	2H19A	FY19A	1H20A	2H20A	FY20A	1H21E	2H21E	FY21E
Cyber Security & Device Security	512	756	1,268	669	962	1,631	1,403	2,307	3,709
YoY			46.6%	30.7%	27.2%	28.6%	109.6%	139.8%	127.4%
% Net Sales	19%	25%	23%	24%	35%	29%	37%	48%	43%
Managed Services	1,915	1,740	3,655	2,011	1,737	3,748	2,284	2,409	4,693
YoY			27.2%	5.0%	-0.1%	2.5%	13.6%	38.7%	25.2%
% Net Sales	73%	58%	65%	72%	62%	67%	60%	50%	55%
Digital Transformation	207	493	700	125	82	207	94	61	155
YoY			-16.4%	-39.5%	-83.4%	-70.4%	-25.0%	-25.0%	-25.0%
% Net Sales	8%	16%	12%	4%	3%	4%	2%	1%	2%
Total Net Sales	2,634	2,989	5,623	2,805	2,781	5,586	3,781	4,777	8,558
YoY			22.9%	6.5%	-6.9%	-0.7%	34.8%	71.8%	53.2%
% of production value	87%	81%	84%	71%	76%	73%	84%	84%	84%
P&L	1H19A	2H19A	FY19A	1H20A	2H20A	FY20A	1H21E	2H21E	FY21E
Total Net Sales	2,634	2,989	5,623	2,805	2,781	5,586	3,781	4,777	8,558
YoY			22.9%	6.5%	-6.9%	-0.7%	34.8%	71.8%	53.2%
Increase in Fixed Assets for internal works	381	470	851	700	778	1,478	600	800	1,400
Other revenue	18	232	250	451	118	570	100	100	200
Production Value	3,033	3,691	6,724	3,957	3,678	7,634	4,481	5,677	10,158
YoY			28.3%	30.4%	-0.4%	13.5%	13.2%	54.4%	33.1%
EBITDA	1,030	1,425	2,455	1,217	667	1,884	638	1,157	1,795
% Margin on net sales	39.1%	47.7%	43.7%	43.4%	24.0%	33.7%	16.9%	24.2%	21.0%
% Margin on Prod. Value	34.0%	38.6%	36.5%	30.8%	18.1%	24.7%	14.2%	20.4%	17.7%
YoY			41.7%	18.2%	-53.2%	-23.2%	-47.6%	73.3%	-4.8%
EBIT	575	561	1,136	490	-303	188	-262	57	-205
% Margin on net sales	21.8%	18.8%	20.2%	17.5%	-10.9%	3.4%	-6.9%	1.2%	-2.4%
% Margin on Prod. Value	19.0%	15.2%	16.9%	12.4%	-8.2%	2.5%	-5.9%	1.0%	-2.0%
YoY			279.9%	-14.8%	-154.0%	-83.5%	-153.5%	-118.7%	-209.5%
Net Income	356	349	705	361	-305	56	-168	45	-123
YoY			NM	1%	-187%	NM	-147%	-115%	NM
EBITDA excl. R&D capitalization	649	955	1,604	517	-111	406	38	357	395
% Margin on net sales	24.6%	32.0%	28.5%	18.4%	-4.0%	7.3%	1.0%	7.5%	4.6%
Cash Flow	1H19A	2H19A	FY19A	1H20A	2H20A	FY20A	1H21E	2H21E	FY21E
OpCF	576	-67	509	1,618	-278	1,341	693	619	1,313
Net Capex	-1,301	-2,582	-3,883	-1,805	-1,143	-2,948	-1,300	-1,700	-3,000
FCF	-725	-2,648	-3,374	-187	-1,421	-1,608	-607	-1,081	-1,687
Net Debt / (Cash)	1,083	-3,289	-3,289	-3,083	-2,126	-2,126	-1,519	-3,026	-3,026

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

Change in estimates

Change in estimates (in € mn)

	New Estimates			Old Estimates			Diff %		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Cyber Security & Device Security	3.7	11.0	19.2	6.1	13.4	20.6	-39%	-18%	-7%
YoY	127.4%	195.2%	75.5%	274.9%	118.4%	54.3%			
Managed Services	4.7	5.9	7.0	5.2	6.3	7.5	-9%	-6%	-6%
YoY	25.2%	26.3%	18.8%	38.3%	21.4%	18.8%			
Digital Transformation	0.2	0.2	0.3	0.3	0.3	0.3	-46%	-27%	4%
YoY	-25.0%	50.0%	50.0%	40.0%	10.0%	5.0%			
Total Net Sales	8.6	17.1	26.6	11.6	20.0	28.4	-26%	-14%	-6%
YoY	53.2%	99.9%	55.5%	107.4%	72.3%	42.3%			
Production Value	10.2	18.3	27.6	13.2	21.2	29.4	-23%	-13%	-6%
YoY	33.1%	80.3%	50.8%	72.7%	60.5%	39.0%			
EBITDA	1.8	8.0	15.9	4.3	10.3	17.1	-58%	-22%	-7%
% Margin	17.7%	43.8%	57.4%	32.3%	48.7%	58.2%			
YoY	-4.8%	347.2%	97.5%	126.3%	141.8%	66.0%			
EBIT	-0.2	5.9	13.6	2.2	8.1	14.8	-109%	-27%	-8%
% Margin	-2.0%	32.2%	49.3%	16.4%	38.3%	50.3%			
YoY	-209.5%	-2967.3%	130.8%	1053.1%	274.4%	82.7%			
EPS	-0.01	0.38	0.88	0.15	0.52	0.95	-108%	-27%	-8%
Capex	-3.0	-2.5	-2.5	-3.0	-2.5	-2.5	0%	0%	0%
FCF	-1.7	2.2	7.3	-1.1	4.0	8.6	50%	-45%	-15%
Net Debt (Cash)	-3.0	-5.2	-12.5	-3.7	-7.8	-16.4	-19%	-32%	-23%
Net Debt (Cash) / EBITDA	-1.7x	-0.7x	-0.8x	-0.9x	-0.8x	-1.0x			
EBITDA excluding R&D capitalization	0.4	6.8	14.9	2.9	9.1	16.1	-86%	-25%	-8%
% Margin (on net sales)	4.6%	39.9%	55.8%	24.7%	45.6%	56.7%			
YoY	-2.8%	1630.0%	117.6%	605.3%	218.1%	76.9%			

Source: Intermonte SIM Estimates

Intermonte Estimates

Net sales breakdown by segments (in € thousands)

	FY18PF	FY19A	FY20A	1H21E	2H21E	FY21E	FY22E	FY23E	FY24E	CAGR 19-23E
Cyber Security & Device Security	865	1,268	1,631	1,403	2,307	3,709	10,950	19,216	28,050	97.3%
YoY	0.0%	46.6%	28.6%	109.6%	139.8%	127.4%	195.2%	75.5%	46.0%	
Managed Services	2,873	3,655	3,748	2,284	2,409	4,693	5,928	7,042	8,597	17.8%
YoY	0.0%	27.2%	2.5%	13.6%	38.7%	25.2%	26.3%	18.8%	22.1%	
Digital Transformation	837	700	207	94	61	155	233	349	454	-16.0%
YoY	0.0%	-16.4%	-70.4%	-25.0%	-25.0%	-25.0%	50.0%	50.0%	30.0%	
Total Net Sales	4,575	5,623	5,586	3,781	4,777	8,558	17,111	26,607	37,101	47.5%
YoY	0.0%	22.9%	-0.7%	34.8%	71.8%	53.2%	99.9%	55.5%	39.4%	
% of production value	87%	84%	73%	84%	84%	84%	93%	96%	97%	

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

Income Statement Forecast (in € thousands)

	FY18PF	FY19A	FY20A	1H21E	2H21E	FY21E	FY22E	FY23E	FY24E
Total Net Sales	4,575	5,623	5,586	3,781	4,777	8,558	17,111	26,607	37,101
YoY	0.0%	22.9%	-0.7%	34.8%	71.8%	53.2%	99.9%	55.5%	39.4%
Other	666	1,101	2,048	700	900	1,600	1,200	1,000	1,000
Production Value	5,241	6,724	7,634	4,481	5,677	10,158	18,311	27,607	38,101
YoY	0.0%	28.3%	13.5%	13.2%	54.4%	33.1%	80.3%	50.8%	38.0%
Raw mat, consumption, goods	-1,141	-2,527	-1,770	-1,400	-1,600	-3,000	-3,500	-4,000	-5,000
Gross Margin	3,996	4,556	5,845	3,081	4,077	7,158	14,811	23,607	33,101
% Margin	76.2%	67.8%	76.6%	68.8%	71.8%	70.5%	80.9%	85.5%	86.9%
YoY	0.0%	14.0%	28.3%	3.2%	42.6%	22.5%	106.9%	59.4%	40.2%
Services	-835	-433	-1,446	-700	-798	-1,498	-1,662	-1,929	-2,295
Use of third party assets	-87	-115	-178	-80	-91	-171	-411	-639	-890
Staff costs	-1,227	-1,461	-2,291	-1,663	-2,031	-3,694	-4,513	-4,988	-5,463
Other	-114	-92	-45	0	0	0	-200	-200	-200
EBITDA	1,733	2,455	1,884	638	1,157	1,795	8,025	15,851	24,253
% Margin	33.1%	36.5%	24.7%	14.2%	20.4%	17.7%	43.8%	57.4%	63.7%
YoY	0.0%	41.7%	-23.2%	-47.6%	73.3%	-4.8%	347.2%	97.5%	53.0%
D&A	-1,434	-1,319	-1,697	-900	-1,100	-2,000	-2,134	-2,254	-2,308
EBIT	299	1,136	188	-262	57	-205	5,891	13,597	21,945
% Margin	5.7%	16.9%	2.5%	-5.9%	1.0%	-2.0%	32.2%	49.3%	57.6%
YoY	0.0%	279.9%	-83.5%	-153.5%	-118.7%	-209.5%	-2967.3%	130.8%	61.4%
Net Financial costs	37	-87	-91	11	11	21	29	44	44
PBT	336	1,050	97	-251	67	-184	5,920	13,641	21,989
Tax	-336	-345	-41	83	-22	61	-1,954	-4,501	-7,256
Tax rate %	-100%	-33%	-42%	-33%	-33%	-33%	-33%	-33%	-33%
Net Income	0	705	56	-168	45	-123	3,966	9,139	14,733
YoY	N.M.	N.M.	-92.1%	-146.7%	-114.8%	-320.3%	-3316.2%	130.4%	61.2%
NOSH avg	7,000	7,625	9,537	9,648	10,044	10,044	10,441	10,441	10,441
EPS	0.00	0.09	0.01	-0.02	0.00	-0.01	0.38	0.88	1.41
EBITDA excluding R&D capitalization	1,213	1,604	406	38	357	395	6,825	14,851	23,253
% Margin (on net sales)	26.5%	28.5%	7.3%	1.0%	7.5%	4.6%	39.9%	55.8%	62.7%
YoY %	0.0%	32.2%	-74.7%	-92.7%	-421.6%	-2.8%	1630.0%	117.6%	56.6%

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

Cash Flow Statement forecasts (in € thousands)

	FY19A	FY20A	1H21E	2H21E	FY21E	FY22E	FY23E	FY24E
Net Income	705	56	-168	45	-123	3,966	9,139	14,733
D&A	1,319	1,697	900	1,100	2,000	2,134	2,254	2,308
Change in WC	-1,318	-50	-38	-526	-564	-1,382	-1,614	-2,265
Other	-197	-362	0	0	0	0	0	0
CF from Operations	509	1,341	693	619	1,313	4,719	9,779	14,776
Net Capex	-3,883	-2,948	-1,300	-1,700	-3,000	-2,500	-2,500	-2,600
FCF	-3,374	-1,608	-607	-1,081	-1,687	2,219	7,279	12,176
M&A and others	-491	-19	0	-150	-150	0	0	0
Capital Increase	7,635	464	0	2,737	2,737	0	0	0
Dividend Payment	0	0	0	0	0	0	0	0
Net Cash Flow	3,770	-1,163	-607	1,507	900	2,219	7,279	12,176
Net Debt (Cash) at BoP	481	-3,289	-2,126	-1,519	-2,126	-3,026	-5,244	-12,524
Net Debt / (Cash) at EoP	-3,289	-2,126	-1,519	-3,026	-3,026	-5,244	-12,524	-24,700
Net Debt/EBITDA	-1.3x	-1.1x	0.0x	0.0x	-1.7x	-0.7x	-0.8x	-1.0x

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

Balance sheet forecasts (in € thousands)

	FY18PF	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Net Fixed Assets	2,753	5,666	7,288	8,438	8,804	9,049	9,341
Net Working Capital	368	1,686	1,736	2,300	3,682	5,296	7,561
Net Capital Employed	3,121	7,352	9,024	10,738	12,486	14,346	16,902
Equity	2,639	10,641	11,150	13,764	17,730	26,870	41,602
NFP	482	-3,289	-2,126	-3,026	-5,244	-12,524	-24,700
Net Invested Capital	3,121	7,352	9,024	10,738	12,486	14,346	16,902

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 FY22E	17.1	4.0x	68.4	5.2	-0.3	73.3	10.4	7.0
Net Sales FY23E	26.6	3.5x	93.1	12.5	-0.3	105.3	10.4	10.1
EBITDA Adj. FY22E	7.0	12.5x	87.8	5.2	-0.3	92.7	10.4	8.9
EBITDA Adj. FY23E	14.9	10.0x	148.5	12.5	-0.3	160.7	10.4	15.4
EPS FY22E	0.4	20.0x				79.3		7.6
EPS FY23E	0.9	15.0x				137.1		13.1
Average						99.9		10.4
Current market value						76.0		7.9
Up/(Downside)								32.0%

Source: Intermonte SIM Estimates

We are adjusting our valuation by:

- Reflecting the sector re-rating in the multiples we use on 2022E figures to value CYB. Indeed, we are raising our multiples to 4.0x EV/sales, 12.5x EV/EBITDA and 20x P/E.
- Applying the multiples we previously used on 2022E figures to 2023E in our valuation of CYB (i.e. 3.5x EV/sales, 10x EV/EBITDA and 15x PE)

The multiples used on both our 2022E and 2023E forecasts reflect an overall discount of c.30%, a slight discount to peer groups' 2023E multiples that factors in the smaller size of CY4.

Intermonte valuation vs peer group

	€ 10.4	EV/Sales			EV/EBITDA			EV/EBIT			PE		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
CYB @ TP	€ 10.4	11.4x	5.6x	3.3x	109.2x	13.6x	5.9x	N.M	16.2x	6.5x	N.M	27.4x	11.9x
TOTAL PEER GROUP	Median	6.4x	5.3x	4.4x	20.7x	16.1x	13.7x	33.1x	22.2x	18.6x	44.2x	33.5x	25.0x
Premium/(discount) vs peer group median %		78%	6%	(25%)	428%	(16%)	(57%)		(27%)	(65%)		(18%)	(52%)
Bucket 1: International Cybersecurity	Median	6.0x	5.8x	5.6x	16.4x	15.3x	14.1x	24.0x	20.3x	17.2x	35.8x	31.3x	26.9x
Bucket 2: Italy IT Services & Consulting	Median	6.9x	5.3x	4.3x	22.6x	16.1x	12.9x	36.8x	22.2x	18.6x	54.2x	34.6x	24.6x
CYB @ Mkt Px	€ 7.88	7.2x	3.9x	2.3x	40.9x	8.9x	4.0x	N.M.	12.1x	4.7x	N.M.	20.7x	9.0x

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

Peer group valuation snapshot

	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
Bucket 1: International Cybersecurity														
USA	Fortinet Inc	41,667	15.3x	13.1x	11.2x	52.3x	44.6x	37.2x	57.7x	48.7x	40.7x	78.7x	68.2x	58.3x
USA	Palo Alto Networks	39,554	9.1x	8.9x	7.4x	37.0x	38.8x	32.1x	49.0x	48.0x	38.2x	65.0x	67.0x	54.7x
ISR	Check Point Software Tech	13,206	7.3x	7.0x	6.8x	12.2x	13.0x	13.1x	12.6x	13.3x	13.0x	17.3x	16.2x	15.1x
JPN	Trend Micro	7,005	4.8x	4.5x	4.3x	10.5x	10.3x	9.9x	15.0x	14.2x	13.3x	27.5x	27.0x	25.3x
GBR	NCC Group	1,048	2.8x	2.6x	2.4x	11.8x	10.7x	10.2x	15.0x	13.5x	12.9x	24.0x	21.6x	20.5x
FIN	F-Secure	755	3.2x	3.0x	2.8x	20.7x	17.5x	15.1x	33.1x	26.4x	21.0x	44.2x	35.6x	28.4x
	Median		6.0x	5.8x	5.6x	16.4x	15.3x	14.1x	24.0x	20.3x	17.2x	35.8x	31.3x	26.9x
	Average		7.1x	6.5x	5.8x	24.1x	22.5x	19.6x	30.4x	27.4x	23.2x	42.8x	39.3x	33.7x
Bucket 2: Italy IT Services & Consulting														
ITA	WIIT	735	11.1x	9.6x	8.7x	29.4x	24.7x	21.8x	56.7x	43.3x	35.7x	74.1x	53.3x	44.6x
ITA	Tinexta	1,926	5.6x	4.8x	4.2x	20.7x	17.2x	14.4x	29.6x	23.3x	18.6x	36.3x	29.7x	24.6x
ITA	CY4Gate	192	8.3x	5.8x	4.5x	24.6x	15.1x	11.5x	36.8x	21.1x		54.2x	31.4x	24.6x
ITA	Neosperience	48	2.5x	2.0x	1.5x	10.7x	8.0x	5.8x	NR	20.9x	10.7x	NR	37.9x	17.9x
	Median		6.9x	5.3x	4.3x	22.6x	16.1x	12.9x	36.8x	22.2x	18.6x	54.2x	34.6x	24.6x
	Average		6.9x	5.5x	4.7x	21.3x	16.2x	13.4x	41.0x	27.1x	21.6x	54.9x	38.1x	27.9x

		EV/Sales			EV/EBITDA			EV/EBIT			PE		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Bucket 1: International Cybersecurity	Median	6.0x	5.8x	5.6x	16.4x	15.3x	14.1x	24.0x	20.3x	17.2x	35.8x	31.3x	26.9x
Bucket 2: Italy IT Services & Consulting	Median	6.9x	5.3x	4.3x	22.6x	16.1x	12.9x	36.8x	22.2x	18.6x	54.2x	34.6x	24.6x
TOTAL PEER GROUP	Median	6.4x	5.3x	4.4x	20.7x	16.1x	13.7x	33.1x	22.2x	18.6x	44.2x	33.5x	25.0x
TOTAL PEER GROUP	Average	7.0x	6.1x	5.4x	23.0x	20.0x	17.1x	33.9x	27.3x	22.7x	46.8x	38.8x	31.4x

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

Cyberoo in Brief

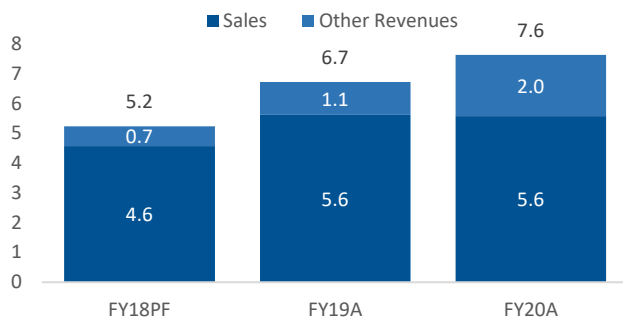
Company description

Founded in 2008, Cyberoo is a provider of managed detection and response (MDR) cybersecurity solutions and a managed service provider present in the IT outsourcing segment. The company is part of the SEDOC group and is 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

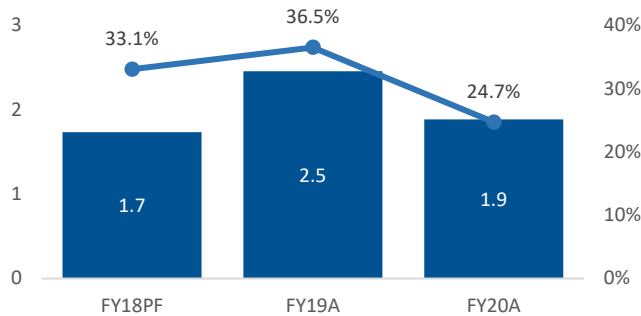
- Skilled talent pool in Ukraine labs
- Advanced AI capabilities
- Extensive national distribution network through partnerships
- Recurring revenue model
- Growing demand for MDR/MSP from Italian SMEs
- Scarcity of Italian Cybersecurity professionals

CYB: Breakdown of Production Value (€mn)



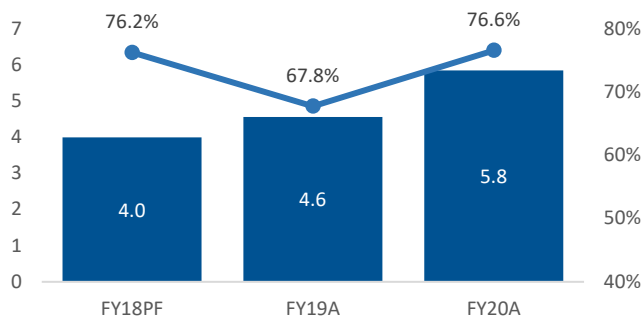
Source: Company data

CYB: EBITDA (€mn, l-ax) and EBITDA margin (% Production Value, r-ax)



Source: Company data

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



Source: Company data

Management

CEO and CFO: F. Leonardi

Chairman: M. Bonifati

Next BoD renewal: March, 2023

BoD independent members: 2/7

Shareholders

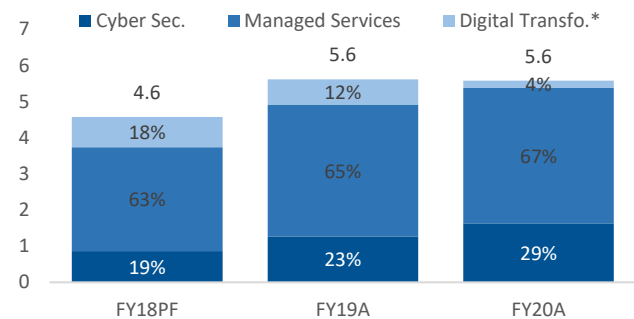
SEDOC (direct & indirect)	62.7%
Fabio Leonardi *	2.5%
Daive Cignatta *	0.8%
Massimo Bonifati *	0.3%
Market/others	33.8%

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

Weaknesses/Threats

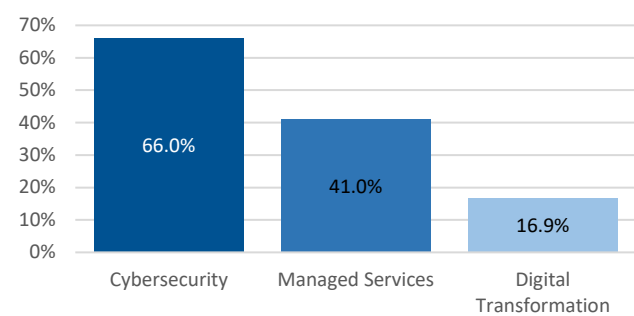
- Small size compared to large international players
- Conservative accounting of commercial discounts
- Crowded Italian IT outsourcing market
- Significant exposure to the Ukraine
- Relationship with parent SEDOC a potential source of conflict of interest

CYB: Breakdown of Net Sales by Segment (€mn)



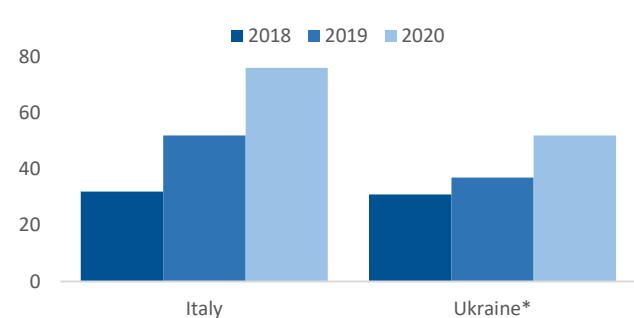
Source: Company data - *Digital Transformation activities shifted to Data Protection and Data Governance activities through Cyberoo51 from September 2020

CYB: EBITDA margin by segment (2019, % net sales, latest reported)



Source: Company data - *see chart above

CYB: Staff headcount evolution (nb employees)



Source: Company data - * Ukraine entities not included in consolidation group, cost of Ukrainian Labs staff reflected at P&L level in the "Services" line

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	CYBEROO		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	10.40	Previous Target (Eu):	9.20
Current Price (Eu):	7.80	Previous Price (Eu):	5.84
Date of report:	17/09/2021	Date of last report:	31/03/2021

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- 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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- 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 30 June 2021 Intermonte's Research Department covered 124 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	16,94 %
OUTPERFORM:	52,42 %
NEUTRAL:	26,61 %
UNDERPERFORM	04,03 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (48 in total) is as follows:

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OUTPERFORM:	56,25 %
NEUTRAL:	16,67 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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Emittente	%	Long/Short
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COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
OLIDATA	0,74	SHORT

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