

CYBEROO

Sector: Industrials

BUY

Price: Eu3.37 - Target: Eu4.60

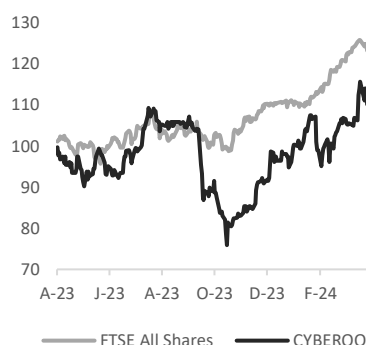
Growth to Remain Strong in 2024

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 3.75 to 4.60		
	2024E	2025E	2026E
Chg in Adj EPS	-18.9%	-20.3%	

Next Event
1H Results Out on Sep-26th

CYBEROO - 12M Performance



Stock Data			
Reuters code:	CYB.MI		
Bloomberg code:	CYB IM		
Performance	1M	3M	12M
Absolute	3.1%	9.4%	10.1%
Relative	1.8%	-1.6%	-10.6%
12M (H/L)		3.55/2.33	
3M Average Volume (th):		25.57	

Shareholder Data	
No. of Ord shares (mn):	41
Total no. of shares (mn):	41
Mkt Cap Ord (Eu mn):	140
Total Mkt Cap (Eu mn):	140
Mkt Float - Ord (Eu mn):	51
Mkt Float (in %):	36.9%
Main Shareholder:	
Cyberoo Glob1 Spa	52.8%

Balance Sheet Data	
Book Value (Eu mn):	26
BVPS (Eu):	0.64
P/BV:	5.3
Net Financial Position (Eu mn):	6
Enterprise Value (Eu mn):	133

- **Growth continued in 2H.** CYB released another good set of results, which showed a continuation of the growth trajectory in the second half of the year. FY23 net sales were Eu20.0mn (+29% YoY), slightly below our Eu21.7mn estimate (-7%), fully driven by the exceptional performance of the Cyber Security & Device Security division, +40% YoY (+35% in 2H), while the Managed Services division remained flat for the third consecutive year, in line with company strategy to focus mainly on high-margin business. Rising demand for MDR services boosted profitability, with EBITDA at Eu9.3mn (+38% YoY), leading to a 42.2% margin on VoP (+380 bps YoY), despite c.Eu0.5mn higher OpEx in the Polish market (still at startup phase) to set up a new SOC and sales network. Cash generation stayed positive (NFP at ~Eu4mn vs. Eu1.4mn in 1H) albeit below expectations, amid higher investments and working capital absorption for increased receivables linked to the acquisition of new customers. As at YE23, CYB had 270+ new clients, increasing the share of larger and mid-size customers and improving the quality of products and services offered.
- **Continuing to invest in new SOC and sales force.** CYB launched its SOC in Poland in 2023, bolstering its capabilities with 24/7 support from cyber experts, thus beefing up its activities across 3 levels (Ternopil, Warsaw, Reggio Emilia), in addition to so-called operational level 0, based in Milan. At the same time, CYB strengthened its sales team in Italy (mainly in the south and centre) aiming to tap potential opportunities, and Poland, signing partnerships with local entities and recruiting its first sales representatives to secure local clients.
- **Change in estimates.** CYB anticipates growth remaining solid in 2024, driven by expanded penetration in the MDR segment; i) net sales seen increasing ~30% YoY, (new business in Poland to contribute about 1/3 of the growth); ii) EBITDA margin to remain almost stable/ increase slightly YoY; iii) CapEx to exceed Eu3mn, while NWC on sales to remain relatively consistent YoY. Considering FY23 results and qualitative messages during the call, on average we are trimming our FY24-25 estimates by 9% on sales and 14% on EBITDA. We expect revenue concentration to remain significant in 2H, with 1H expected to contribute c.35% of the total.
- **BUY confirmed; new TP Eu4.60.** We reiterate our BUY rating, raising our TP from Eu3.75 to Eu4.60 on the back of an updated DCF that features a WACC of 8.3% (down from 9.3%), a lower risk-free rate (from 4.5% to 4.0%) and a lower additional equity risk premium for small caps (from 1.0% to 0.5%). At our TP, CYB would still be at a ~40% discount vs. cyber security players. Our investment case and positive view relies on: i) exposure to a fast-growing market segment, with a leading position in the Italian MDR market; ii) resilience of its 3-level SOCs; iii) solid client acquisition (250 new clients on average a year), with a very low churn rate (~2%); iv) an attractive business model based on recurring revenues and multiyear contracts, combined with high margins and good cash generation. Furthermore, a successful startup may showcase the replicability of the business model also in other European countries (Spain and Portugal) and provide additional upside to our estimates and valuation. Finally, Gartner's recognition of CYB among the top 50 vendors of MDR in the world, and the only Italian among the 12 European firms chosen, completes the picture.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	16	20	25	31	37
EBITDA Adj (Eu mn)	7	9	12	16	19
Net Profit Adj (Eu mn)	3	4	6	8	10
EPS New Adj (Eu)	0.070	0.096	0.141	0.195	0.248
EPS Old Adj (Eu)	0.070	0.118	0.174	0.244	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	10.9	12.4	10.9	8.1	6.4
EV/EBIT Adj	16.8	18.9	15.2	10.8	8.2
P/E Adj	48.1	35.2	23.9	17.3	13.6
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-0.3	-0.4	-0.5	-0.6	-0.8

CYBEROO – Key Figures

Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	9	16	20	25	31	37
EBITDA	2	7	9	12	16	19
EBIT	0	4	6	9	12	15
Financial Income (charges)	0	0	0	0	0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	0	4	6	8	12	15
Taxes	-0	-1	-2	-2	-3	-4
Tax rate	-38.8%	-32.0%	-30.2%	-30.0%	-30.0%	-30.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	0	3	4	6	8	10
EBITDA Adj	2	7	9	12	16	19
EBIT Adj	0	4	6	9	12	15
Net Profit Adj	0	3	4	6	8	10
Per Share Data (Eu)	2021A	2022A	2023A	2024E	2025E	2026E
Total Shares Outstanding (mn) - Average	41	41	41	41	41	41
Total Shares Outstanding (mn) - Year End	40	40	41	41	41	41
EPS f.d	0.005	0.070	0.097	0.141	0.195	0.248
EPS Adj f.d	0.004	0.070	0.096	0.141	0.195	0.248
BVPS f.d	0.308	0.377	0.495	0.636	0.831	1.079
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)	2021A	2022A	2023A	2024E	2025E	2026E
Gross Cash Flow	2	5	7	9	12	15
Change in NWC	-2	-0	-2	-3	-3	-4
Capital Expenditure	-3	-3	-4	-4	-5	-5
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	-3	2	1	2	4	0
Acquisitions, Divestments & Other Items	-0	-0	-0	0	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	1	0	2	0	0	0
Change in Net Financial Position	-2	2	2	2	4	6
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	10	10	11	12	13	13
Net Working Capital	3	3	6	8	12	16
Long term Liabilities	-0	-0	-1	-1	-1	-1
Net Capital Employed	12	13	17	20	24	29
Net Cash (Debt)	-0	2	4	6	10	16
Group Equity	12	15	21	26	34	45
Minorities	0	0	0	0	0	0
Net Equity	12	15	21	26	34	45
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	64	75	119	140	140	140
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-0	2	4	6	10	16
Enterprise Value	65	73	115	133	129	124
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	27.9%	43.3%	46.4%	48.2%	51.2%	52.4%
EBIT Adj Margin	4.7%	27.9%	30.4%	34.4%	38.4%	40.9%
Gearing - Debt/Equity	2.2%	-12.6%	-18.8%	-23.6%	-29.8%	-36.0%
Interest Cover on EBIT	nm	nm	nm	nm	nm	nm
Net Debt/EBITDA Adj	0.1	-0.3	-0.4	-0.5	-0.6	-0.8
ROACE*	3.9%	34.0%	36.5%	43.6%	49.5%	52.9%
ROE*	1.5%	20.5%	19.3%	22.1%	23.4%	23.0%
EV/CE	6.0	5.7	6.9	6.6	5.4	4.3
EV/Sales	7.3	4.7	5.7	5.2	4.1	3.3
EV/EBITDA Adj	26.3	10.9	12.4	10.9	8.1	6.4
EV/EBIT Adj	nm	16.8	18.9	15.2	10.8	8.2
Free Cash Flow Yield	-1.9%	1.3%	0.4%	1.7%	2.9%	0.0%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	57.9%	76.4%	28.7%	27.3%	22.3%	18.9%
EBITDA Adj	30.3%	174.2%	37.8%	32.3%	30.0%	21.5%
EBIT Adj	121.6%	945.0%	39.9%	44.5%	36.3%	26.6%
Net Profit Adj	211.2%	1499.6%	42.1%	47.2%	38.2%	27.7%
EPS Adj	211.2%	1563.9%	36.6%	47.2%	38.2%	27.7%
DPS						

*Excluding extraordinary items

Source: Intermonte SIM estimates

Cyberoo in Brief

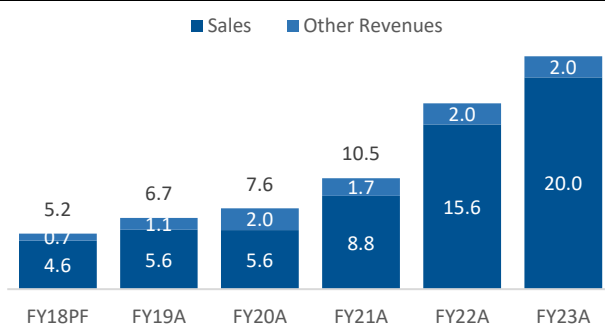
Company description

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 EGM segment (ex AIM) of the Italian stock exchange since 7 October 2019. Cyberoo serves corporate clients in Italy through a network of 80+ partners and recently opened a new Security Operations Centre (SOC) in Poland. It employs people across Italy, Poland and Ukraine.

Strengths/Opportunities

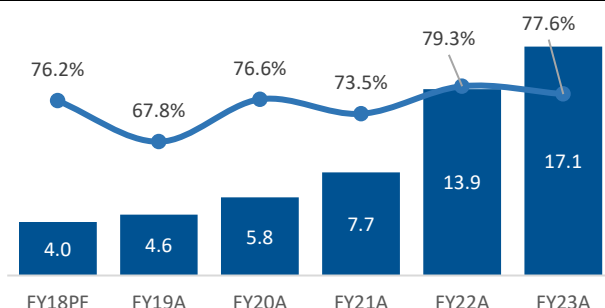
- Extensive national distribution network through partnerships
- Industry recognition of CYB's MDR offering (Gartner)
- Recurring revenue model
- Growing demand for MDR/MSP from Italian SMEs
- Scarcity of Italian cybersecurity professionals
- Advanced AI capabilities
- Intercept new growth opportunities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

CYB: Breakdown of production value (€mn)



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 2025

BoD independent members: 2/7

Shareholders

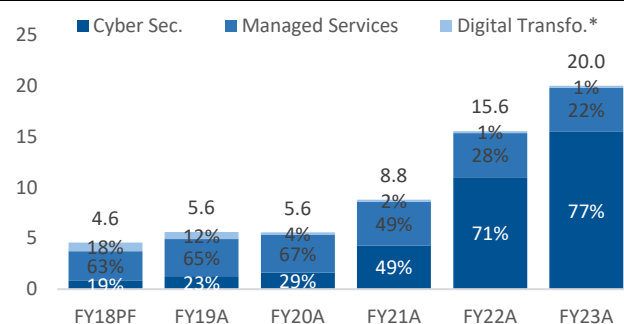
Cyberoo Glob1*	52.8%
SEDOC	5.8%
Fabio Leonardi	2.8%
Market/others	38.6%

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

Weaknesses/Threats

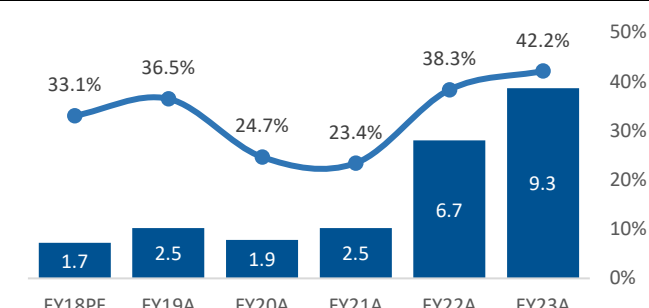
- Small in size compared to large international players
- Crowded Italian IT outsourcing market
- Exposure to Ukraine
- Relationship with parent SEDOC is a potential source of conflict of interest

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



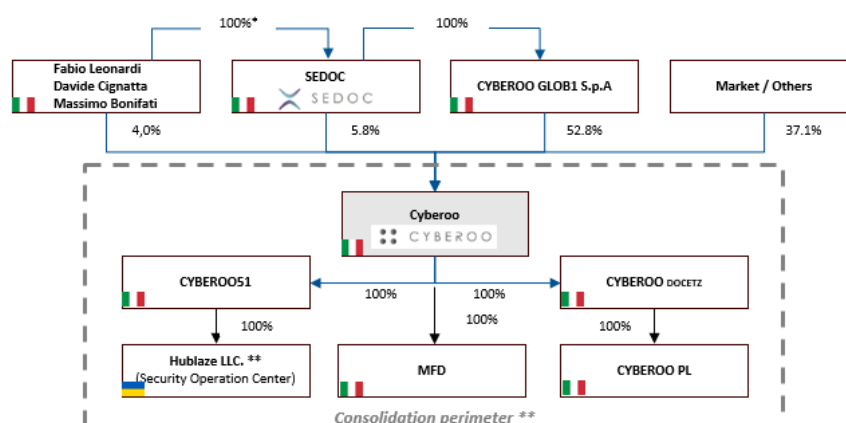
Source: Company data - *Digital Transformation activities shifted to Data Protection and Data Governance activities through Cyberoo from September 2020

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



Source: Company data

Cyberoo: Group structure and main shareholders



Source: Intermonte SIM

FY23 Results: Strong Growth Trajectory Continues

2023 results show a continuation of strong revenue growth, ever more driven by the excellent performance of the Cyber Security & Device Security division, whose revenues have gone from Eu1.3mn in FY19 to Eu15.5mn in FY23. By contrast, revenues from the Managed Services division were flat for the third year in a row. Strong demand for Managed Detection and Response (MDR) services had a positive impact on profitability, with the EBITDA margin up c.380bp during 2023, despite higher investments on the Polish market, mainly due to hiring staff for the new Security Operations Centre (SOC) and sales network. Cash generation came in below estimates, impacted by higher CapEx and greater net working capital absorption.

Overall, while below our estimates, 2H figures continued to show a strong growth trend, with further expansion of profitability. Cash generation was lower than expected, hit by higher investments and working capital absorption that exceeded expectations, linked to the growth of turnover from important new customers.

2H23 results

- Net sales Eu12.2mn (+25% YoY), vs. our estimate of Eu13.8mn (-11.6%);
 - Cyber Security & Device Security at Eu10.1mn (+35% YoY)
 - Managed Services at Eu2.1mn (+0.2% YoY)
- EBITDA at Eu6.3mn (+31% YoY), vs. our estimate of Eu7.3mn (-13.8%);
- EBITDA margin at 47.8% (44.4% in 2H22) vs. our estimate of 48.4%;
- Net profit at Eu2.8mn (Eu2.3mn in 2H22), vs. our estimate of Eu3.8mn;
- NFP at Eu3.9mn vs. our estimate of Eu5.8mn

FY23 results

- Net sales at Eu20.0mn (+29% YoY), vs. our estimate of Eu21.7mn (-7.4%);
- EBITDA at Eu9.3mn (+38% YoY), vs. our estimate of Eu10.3mn (-9.8%);
- EBITDA margin at 42.2% (38.3% in FY22) vs. our estimate of 43.0%;
- Net profit at Eu3.9mn (Eu2.8mn in FY22), vs. our estimate of Eu4.9mn.

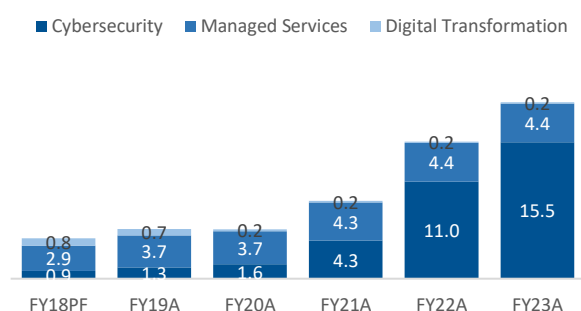
Cyberoo: 2H/FY23 results vs. Intermonte expectations

(in EUR '000s)	1H22A	2H22A	FY22A	1H23A	2H23A	FY23A	2H23E	2H AvE	FY23E	FY AvE
Cyber Security & Dev. Sec.	3,567	7,446	11,013	5,414	10,065	15,479	11,460	-12%	16,874	-8%
YoY	191.7%	141.3%	155.6%	51.8%	35.2%	40.6%	53.9%		53.2%	
% Net Sales	61%	76%	71%	69%	83%	77%	83%		78%	
Managed Services	2,121	2,241	4,362	2,292	2,077	4,369	2,201	-6%	4,493	-3%
YoY	-1.5%	3.4%	1.0%	8.1%	-7.3%	0.2%	-1.8%		3.0%	
% Net Sales	37%	23%	28%	29%	17%	22%	16%		21%	
Digital Transformation	113	65	178	116	50	165	134	-63%	249	-34%
YoY	17.9%	-29.3%	-5.3%	2.6%	-24.2%	-7.2%	104.4%		40.0%	
% Net Sales	0%	0%	1%	1%	0%	1%	0%		1%	
Total Net Sales	5,802	9,752	15,553	7,822	12,191	20,014	13,794	-12%	21,617	-7%
Other revenue	925	1,084	2,009	970	1,034	2,004	1,330		2,300	
Production Value	6,727	10,835	17,562	8,792	13,225	22,017	15,124	-13%	23,917	-8%
YoY	49.9%	80.8%	67.6%	30.7%	22.1%	25.4%	39.6%		36.2%	
EBITDA	1,925	4,810	6,735	2,964	6,317	9,280	7,327	-14%	10,290	-10%
% Margin on Prod. Value	28.6%	44.4%	38.3%	33.7%	47.8%	42.2%	48.4%		43.0%	
YoY	327.9%	139.7%	174.2%	54.0%	31.3%	37.8%	52.3%		52.8%	
EBIT	900	3,445	4,345	1,840	4,237	6,076	5,451	-22%	7,290	-17%
% Margin on Prod. Value	13.4%	31.8%	24.7%	20.9%	32.0%	27.6%	36.0%		30.5%	
YoY	-317.4%	315.1%	945.0%	104.4%	23.0%	39.9%	58.2%		67.8%	
Net Income	499	2,307	2,787	1,158	2,805	3,961	3,770	-26%	4,928	-20%
NFP	-820	1,893	1,893	1,373	3,854	3,851	5,821		5,821	

Source: Intermonte SIM

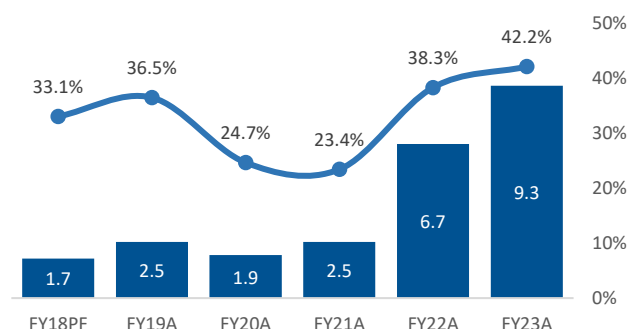
The graphs below show the evolution of net sales and EBITDA since FY18 (IPO in 2019), with a strong increase in the cyber security revenue stream along with an improving trend for profitability, entirely due to organic business expansion.

Cyberoo: Net Sales by product (FY18A-FY23A)



Source: Intermonte SIM

Cyberoo: EBITDA and EBITDA Margin evolution (FY18A-FY23A)



Source: Intermonte SIM

Feedback from the conference call

The company has not provided a quantitative outlook; however, we highlight a positive tone from the conference call, with management expecting another year of remarkable growth in 2024, fuelled by increasing penetration in the MDR segment. We highlight:

- Net sales to continue increasing at a high double-digit rate, seen at +30% YoY, with Cyber Security and Device Security expected to drive the growth, while Managed Services remain almost flat. Sales in the Polish market are forecast to contribute c.10%.
- EBITDA margin seen stable / slightly increasing YoY, net of possible investments to enter new geographical markets (Spain and Portugal above all).
- CapEx seen above Eu3mn, while NWC on sales to remain almost in line (or slightly above) YoY.

More qualitative messages were provided on the company's strategy and its ambitions to realise international expansion and keep acquiring new customers in Central and Southern Italy, which are still underpenetrated (please see the following sections for further details).

CYB has reiterated its intention to continue investing in organic business expansion, as M&A is not a priority.

Better understanding of Cyberoo's MDR offering

A pure MDR player. Cyberoo, as an MDR provider, and unlike system integrators, operates at the forefront of the MDR space, offering a comprehensive package of technology and services. Cyberoo embodies the essence of MDR according to Gartner's definition, enjoying the technological skills to gather data from an array of endpoints (firewalls, networks, cloud environments, and IoT devices). This breadth of data collection enables Cyberoo to offer uninterrupted service (24/7), backed by a team of cybersecurity analysts proficient in analysing attack patterns and delivering timely responses.

Pursuing an agnostic approach. One of Cyberoo's key differentiators is its approach to detection, based on a philosophy it defines as agnostic, meaning it can seamlessly integrate with any relevant cybersecurity data source. This extends beyond technological integration to encompass a commercial approach where integrations are considered standard components of the service, except for bespoke software tailored to individual clients.

Another hallmark of Cyberoo's service is its responsive capabilities. It prioritises client communication, delivering services in the client's preferred language. Furthermore, Cyberoo's SOC activities extend beyond incident response, encompassing proactive reporting during quiet periods. These reports, driven by data analytics, identify common attack vectors and vulnerabilities, empowering clients to fortify their cyber resilience.

Increasing customers' cyber resilience. At the heart of Cyberoo's philosophy is the drive to enhance cyber resilience. By strengthening a clients' resilience, Cyberoo aims to minimise the residual risk of future attacks. While technology and AI are integral to its operations, Cyberoo's primary focus is on threat management and mitigation. By prioritising cyber resilience, Cyberoo seeks to make its clients' infrastructure more resilient to potential threats, ultimately aiming for insurability. This client-centric ethos stands in contrast to the product-centric models prevalent in the cybersecurity industry.

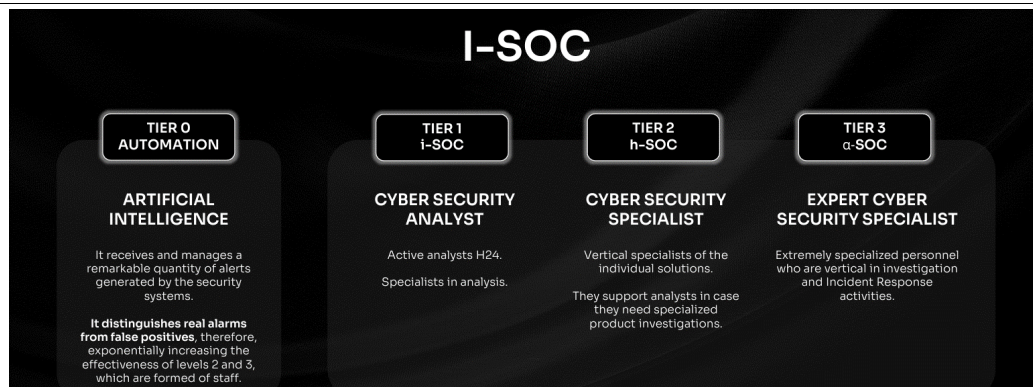
SOC Reorganisation

During 2023 Cyberoo established the new SOC in Warsaw, which will carry out second-level activities, with a large group of cyber specialists actively supporting CYB's operations 24 hours a day. With the start of activities in Poland, CYB has strengthened SOC activities, which are currently spread across 3 levels, in addition to the so-called operational level 0, structured as follows:

- **Level 0** – based in Milan, it is entirely AI automated, able to distinguish between real and false positive alarms, with the aim of reducing the escalation to the next levels.
- **Level 1** – based in Ternopil (Ukraine), it currently employs c.50 cyber security analysts.
- **Level 2** – located in Warsaw, it relies on cyber security specialists focused on individual use cases, supporting analysts in specific product investigations (c.20 people involved).
- **Level 3** – located in Reggio Emilia, it is the “pre-incident” phase, and relies on highly-skilled personnel (35 cyber security specialists) with expertise in vertical investigation and incident response activities.

The new scalable model will guarantee further improvement of the service offered to customers and will allow Cyberoo to support the constant growth of the customers that rely on CYB's MDR services.

Cyberoo: New SOC reorganization following the establishment of the new SOC in Warsaw



Source: Company presentation

Further investments in the sales force

Italian market

In 2023, the strengthening of the commercial structure in Italy continued, with the aim of reinforcing its sales team, particularly in the south and centre of the peninsula, a geographical area that represents a potential growth opportunity for the company (in FY23, sales in Central and Southern Italy amounted to just 12% of the total). This strategy will continue into the first part of 2024, combined with an ongoing focus on northern Italy. CYB also increased the number of partners in the domestic field to 80 vs. 61 in FY22. In terms of clients, CYB currently delivers its solutions to c.750, with an increase of 270+ units in FY23 (of which c.70% for MDR), and an extremely low churn rate close to 2%.

Cyberoo: Sales Network across Italy



Source: Company presentation

Cyberoo: Partnership Agreements across Italy



Source: Company presentation

Polish market

In the Polish market, in addition to opening the new SOC, CYB has initiated its first partnerships with local partners and hired its first sales representatives, with the goal of acquiring its first local clients. CYB is also working towards a distribution agreement with a major operator with an international footprint. According to management, the Polish market, despite being smaller than Italy (approximately half the size), is characterised by greater willingness to invest in cybersecurity solutions. Overall, management expects a contribution of c.10% of sales from this market in 2024.

Cyberoo: Sales Network across Poland



Source: Company presentation

Cyberoo: Partnership Agreements across Poland



Source: Company presentation

Change in estimates

Considering FY23 results and qualitative messages provided during the conference call, on average we are trimming our FY24-25 estimates by 9% on sales and 14% on EBITDA, while unchanged D&A leads to a more significant reduction in EPS. We expect revenue concentration to remain significant in 2H, with 1H expected to contribute c.35% of the total (in line with historical figures).

Cyberoo: New vs. Old estimates

	2024 N	2025 N	2026 N	2024 O	2025 O	2026 O	2024 Ch.	2025 Ch.	2026 Ch.
Net Sales	25.5	31.2	37.1	27.8	34.4		-8%	-9%	
YoY	27.3%	22.3%	18.9%	28.7%	23.7%				
Prod. Value	27.5	33.3	39.2	30.4	37.2		-9%	-11%	
YoY	25.1%	20.9%	17.7%	27.0%	22.6%				
Gross Margin	21.7	26.4	31.4	25.1	30.7		-14%	-14%	
% Margin	78.7%	79.4%	80.1%	82.6%	82.4%				
YoY	26.8%	21.9%	18.8%	28.0%	22.3%				
EBITDA	12.3	16.0	19.4	14.1	18.8		-13%	-15%	
% Margin	44.6%	48.0%	49.5%	46.5%	50.6%				
YoY	32.3%	30.0%	21.5%	37.1%	33.4%				
EBIT	8.8	12.0	15.1	10.6	14.8		-17%	-19%	
% Margin	31.9%	35.9%	38.7%	34.9%	39.8%				
EPS	0.14	0.19	0.25	0.17	0.24		-19%	-20%	
Capex	-4.3	-4.7	-4.9	-4.3	-4.9				
FCF	2.4	4.0	5.8	2.9	5.7				
Net Debt	-6.2	-10.2	-16.1	-8.7	-14.4				
Net Debt (Cash) / EBITDA	-0.5x	-0.6x	-0.8x	-0.6x	-0.8x				

Source: Intermonte SIM

Valuation

We reiterate our BUY rating, lifting our TP to Eu4.60 (from Eu3.75), on the back of an updated DCF based on an 8.3% WACC (down from 9.3%), due to a lower risk-free rate (from 4.5% to 4.0%) and lower additional small cap equity risk premium (from 1.0% to 0.5%). At our TP, CYB would trade at 15x/11x EV/EBITDA 2024/25 on our revised estimates, still at a ~40% discount vs. cyber security players.

Cyberoo: TP sensitivity to both perpetual growth rate and WACC

		WACC				
		6.3%	7.3%	8.3%	9.3%	10.3%
Terminal Growth	2.0%	6.2	4.9	4.0	3.3	2.8
	2.5%	6.9	5.3	4.2	3.5	3.0
	3.0%	7.8	5.8	4.6	3.7	3.1
	3.5%	9.0	6.4	4.9	4.0	3.3
	4.0%	10.8	7.3	5.4	4.3	3.5

Source: Intermonte SIM

Our investment case and positive view relies on:

- Exposure to a fast-growing market segment, with a leading position in the Italian MDR market with a focus on SMEs.
- 3 SOCs across three countries which rely on cyber specialists along with an additional Level 0 centre (fully automated, AI-based) enabling higher resilience for customers.
- Solid customer acquisition (250 new clients on average per year), with a very low churn rate (~2%).
- Attractive business model based on recurring revenues and multi-year contracts.
- Strong opportunity on the Polish market through replication of the business model put in place so far in the domestic field.
- Further internationalisation projects, targeting new geographical markets in the medium term, with a focus on the Iberian Peninsula.
- Excellent financial figures, with high, double-digit growth combined with healthy margins and good cash generation.

Finally, we also highlight that Gartner has confirmed CYB among the Top 50 vendors of MDR in the world, and as the only Italian among the 12 European firms chosen. Gartner also indicates that by 2025, c.60% of organisations (vs. the current 30%), will actively use the threat interruption and containment functionality provided by MDR suppliers.

Additionally, CYB is pursuing a distribution agreement with a major international operator for the Polish market, which despite being smaller than the Italian market, features greater willingness to invest in cybersecurity solutions among SMEs. The Polish market represents a further test-bench for the effectiveness of CYB's business model and can blaze a trail for other European markets.

Cyberoo: Peers relative market multiples

	Mkt Cap	EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			P/E (x)		
	€mn	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
Cyberoo	139	4.8x	3.9x	3.2x	10.9x	8.1x	6.4x	15.2x	10.8x	8.2x	23.9x	17.3x	13.6x
Splunk	-	6.0x	5.1x	-	17.0x	14.1x	-	21.0x	15.9x	-	28.2x	21.5x	-
Fortinet Inc	48,343	9.0x	7.9x	6.8x	30.9x	26.8x	22.3x	33.8x	29.3x	23.9x	39.8x	35.1x	28.2x
Palo Alto Networks	84,429	12.2x	10.7x	9.1x	40.9x	35.6x	27.7x	45.4x	38.9x	31.7x	50.9x	45.9x	39.0x
Check Point S. Tech	18,490	7.0x	6.6x	6.3x	15.6x	14.7x	13.9x	16.0x	15.1x	14.1x	17.9x	16.3x	14.0x
Dynatrace	13,061	8.0x	6.7x	5.6x	27.8x	22.6x	17.9x	29.4x	24.0x	19.6x	36.1x	30.2x	25.2x
Trend Micro	6,756	2.9x	2.7x	2.6x	11.1x	9.8x	8.9x	15.6x	13.3x	11.8x	31.0x	25.9x	22.7x
Rapid7	2,883	4.3x	3.9x	3.4x	21.2x	18.7x	15.1x	23.7x	20.0x	16.8x	23.0x	20.7x	18.0x
SecureWorks	493	1.4x	1.3x	1.3x	40.1x	11.2x	5.8x	28.6x	16.5x	7.9x	184.3x	56.8x	28.5x
Darktrace	3,559	5.2x	4.3x	3.6x	24.5x	19.8x	15.9x	33.0x	25.7x	21.0x	40.0x	33.0x	27.1x
NCC Group	446	1.3x	1.3x	-	9.3x	7.8x	-	11.9x	9.9x	-	16.0x	12.7x	-
WithSecure	191	1.2x	1.1x	1.0x	28.9x	14.1x	10.5x	-	139.3x	30.0x	-	789.6x	49.4x
CrowdStrike	70,294	18.5x	14.7x	11.6x	71.7x	53.3x	38.4x	81.7x	60.8x	44.6x	79.6x	64.2x	49.4x
SentinelOne	6,386	6.8x	5.3x	4.3x	-	53.2x	29.7x	-	96.6x	37.0x	912.3x	82.1x	42.6x
Qualys	5,687	9.6x	8.8x	7.9x	22.9x	20.8x	19.7x	25.1x	22.9x	20.1x	31.9x	29.1x	25.3x
Zscaler	25,635	12.1x	9.7x	7.8x	56.3x	41.8x	31.8x	64.7x	48.7x	36.6x	66.4x	55.8x	43.9x
Peer Group Median		6.8x	5.3x	5.6x	26.1x	19.8x	17.9x	28.6x	24.0x	21.0x	37.9x	33.0x	28.2x
Replay	4,777	2.0x	1.7x	1.5x	12.4x	10.7x	9.2x	15.7x	13.5x	11.6x	24.3x	21.7x	19.5x
TXT e-solutions	294	1.2x	1.1x	0.9x	8.5x	7.3x	6.2x	14.3x	11.9x	9.9x	13.9x	12.6x	11.0x
WIIT	463	4.6x	4.2x	3.8x	12.3x	10.7x	9.5x	21.5x	17.5x	14.9x	27.7x	21.5x	18.3x
CY4Gate	147	2.0x	1.8x	1.7x	6.7x	5.6x	5.0x	14.7x	11.9x	10.1x	23.1x	17.0x	13.9x
Tinexta	841	2.7x	2.4x	2.1x	9.7x	8.1x	7.0x	12.6x	10.2x	8.6x	13.1x	10.9x	9.3x
ITA Group Median		2.0x	1.8x	1.7x	9.7x	8.1x	7.0x	14.7x	11.9x	10.1x	23.1x	17.0x	13.9x

Source: Intermonte SIM

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	CYBEROO		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	4.60	Previous Target (Eu):	3.75
Current Price (Eu):	3.37	Previous Price (Eu):	2.73
Date of report:	12/04/2024	Date of last report:	02/10/2023

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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 4.0% and a risk premium of 5.5% 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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BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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