

# CY4GATE

Sector: Industrials

**BUY**

Price: Eu4.21 - Target: Eu6.10

## Stronger Backlog, but Execution Will Make the Difference

Pietro Nargi +39-02-77115.401  
 pietro.nargi@intermonte.it  
 Andrea Randone: +39-02-77115.364  
 andrea.randone@intermonte.it

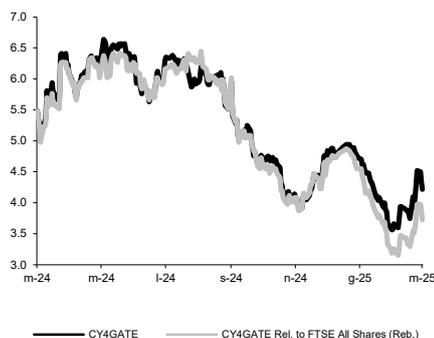
### Stock Rating

Rating:	Unchanged	
Target Price (Eu):	Unchanged	
	2025E	2026E
Chg in Adj EPS	0.0%	0.0%

### Next Event

 1Q25 Results Out on May 14<sup>th</sup>

### CY4GATE - 12M Performance



### Stock Data

Reuters code:	CY4.MI
Bloomberg code:	CY4 IM

Performance	1M	3M	12M
Absolute	18.1%	-12.9%	-23.1%
Relative	16.2%	-22.2%	-36.0%
12M (H/L)	6.64/3.56		
3M Average Volume (th):	51.46		

### Shareholder Data

No. of Ord shares (mn):	24
Total no. of shares (mn):	24
Mkt Cap Ord (Eu mn):	99
Total Mkt Cap (Eu mn):	99
Mkt Float - Ord (Eu mn):	38
Mkt Float (in %):	38.3%
Main Shareholder:	
Elettronica S.p.A.	38.4%

### Balance Sheet Data

Book Value (Eu mn):	90
BVPS (Eu):	3.82
P/BV:	1.1
Net Financial Position (Eu mn):	-30
Enterprise Value (Eu mn):	125

Final FY24 results do not spring any surprises, as we had already adjusted our estimates following the preliminary revenue release. The main news is the announcement of revenue guidance, which aligns with our mid-point estimate and appears more visible compared to last year. Approximately 80% of the projected revenue is expected to come from backlog and recurring contracts, with the remaining 20% from pipeline conversion—an improvement from last year's 60/40% split. We believe that an improvement in the execution of the target (albeit more conservative) and the announcement of larger contracts—which could provide upside on the current estimate—may pave the way for a potential stock rerating. In this note, we are keeping our estimates unchanged, except for lower CapEx assumptions, now more aligned with the FY24 figure. We maintain our BUY rating and our target price to €6.10, still applying a 9x EV/EBITDA multiple on our 25E.

■ **FY24 net sales in line with preliminary data.** Net sales in FY24 were €72.5mn (vs. €66.5mn in FY24, i.e. +10% YoY, ~5% org.), in line with the preliminary figure released at end-January. The business mix has undergone a significant shift: Cyber Security now accounts for 30% of sales, up from 15% in FY23, becoming the highest growth segment. Forensic Intelligence, at 30% (vs 45% in FY24), was impacted by lower-than-expected pipeline conversion in 4Q. At the same time, Decision Intelligence remained relatively stable, contributing approximately 40% to consolidated revenues. Geographically, international sales were around 35%, slightly down from ~37% in FY23.

■ **Adj. EBITDA flat YoY, cash generation worse than expected.** Adj. EBITDA was €12mn (€8.3mn in 4Q), broadly flat YoY and in line with our recently updated estimate, though significantly penalized by the non-conversion of the commercial pipeline. Below the line, adj. EBIT was negative at -€4.8mn (+€2.9mn in 4Q), with the net loss at the bottom line amounting to -€7.4mn. On cashflow, higher WC requirements along with increased tax payments resulted in adj. net debt of €26.7mn (vs. €23.4mn estimated). That said, the adjusted net debt used for covenant calculations (i.e., net of IFRS16 and treasury shares) stands at approximately 1.7x, still below the existing 2x debt covenant threshold.

■ **2025 revenue guidance set at €84-87mn.** CY4gate has provided revenue guidance for 2025 in the €84-87mn range, driven by: i) conversion of the commercial pipeline at €19mn; ii) backlog expiring in 2025 alongside recurring contracts for €67mn. The midpoint of guidance (€85.5mn) implies ~14% YoY growth. During the call, management shared additional insights on the contribution of divisions and end markets. The new guidance incorporates c. €3/4mn in contracts from international forensic (almost negligible in FY24). In addition, the recently announced contract in Decision Intelligence is expected to contribute ~€5mn in 2025, and is already factored into the guidance. In the defence sector, revenue is projected to reach €20-22mn (from €15mn in FY24), supported by a mix of backlog and pipeline conversion; solutions sold to corporate clients should generate revenues of €11-12mn (from ~€6mn in FY24), of which €4.5mn already secured through XTN's recurring contracts. Finally, in the Lawful Interception and Security segment in Italy, after growing +7% in FY24, the company aims to further expand its market share at the expense of smaller players struggling in an increasingly competitive market (due to a unified price list).

Key Figures & Ratios	2022A	2023A	2024A	2025E	2026E
Sales (Eu mn)	57	68	75	85	94
EBITDA Adj (Eu mn)	13	12	12	19	23
Net Profit Adj (Eu mn)	5	-5	-4	-3	1
EPS New Adj (Eu)	0.201	-0.228	-0.160	-0.117	0.051
EPS Old Adj (Eu)	0.314	-0.228	-0.340	-0.117	0.051
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	17.3	17.5	13.6	6.6	5.4
EV/EBIT Adj	nm	nm	nm	nm	20.0
P/E Adj	21.0	nm	nm	nm	82.8
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-0.2	1.1	2.6	1.6	1.2

