

# CY4GATE

Sector: Industrials

**BUY**

Price: Eu4.23 - Target: Eu6.10

## Guidance Confirmed; Early Steps Toward Operational Optimization

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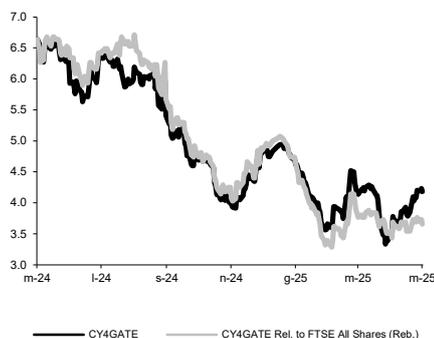
### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	n.m.	n.m.	

### Next Event

 2Q Results Out on Sep 11<sup>th</sup>

### CY4GATE - 12M Performance



### Stock Data

Reuters code:	CY4.MI		
Bloomberg code:	CY4 IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	24.8%	15.6%	-35.2%
Relative	7.1%	9.9%	-50.0%
12M (H/L)	6.64/3.34		
3M Average Volume (th):	44.22		

### Shareholder Data

No. of Ord shares (mn):	24
Total no. of shares (mn):	24
Mkt Cap Ord (Eu mn):	100
Total Mkt Cap (Eu mn):	100
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):	3.84
P/BV:	1.1
Net Financial Position (Eu mn):	-28
Enterprise Value (Eu mn):	124

1Q results are not particularly indicative of FY performance, as the first quarter is soft for seasonal reasons. However, in our view, it marks the beginning of a reorganization process focused on cash flow management and cost efficiency. While still in its early stages, the initial effects are already visible, with positive margins and cash generation recorded in the quarter. We believe that steady progress on these initiatives, combined with the announcement of larger contracts, could support a re-rating of the stock. We broadly confirm our estimates, which now appear more visible, as roughly 80% of revenues are already secured through the order backlog. We maintain our positive view on the stock and reiterate our target price of €6.10, based on a 9x EV/EBITDA multiple on our 2025 estimates.

- **1Q25 line with expectations.** Sales came in at €15.8mn (+9% YoY), in line vs. our est. of €16mn. In term of the revenue mix, Forensic Intelligence has seen a sharp increase (€5.7mn, +23%), also benefiting from an easier comp. (-40% in 1Q24); Cyber Security is continuing to record a positive trend (€3.6mn, +9% YoY), driven by solid demand in the defence sector; Decision Intelligence was stable YoY (€6.5mn), expected to gradually improve over the next quarters. Geographically, foreign sales (32% of total) were flat, while the Italian market was up +9% (€10.7mn), benefiting from orders secured last year, and increasing market share in the forensic field.
- **Positive margin and improving net debt.** Adj. EBITDA was €1.1mn (at breakeven in 1Q24), with the margin at 7.5% due to higher sales volumes and greater efficiency on OpEx; adj. EBIT was negative at €-3.3mn (€-3.3mn in 1Q24) on higher D&A; the net loss came to -€5.9mn (€-6.0mn in 1Q24); net debt was €29.6mn, slightly better QoQ, implying positive FCF of c.€1.3mn vs. -€5mn in 1Q24.
- **Revenue guidance confirmed.** CY4 has reiterated 2025 guidance for: i) revenues of €84-87mn; ii) backlog expiring in 2025, worth ~€68mn; and iii) €18mn to be achieved through the conversion of the commercial pipeline.
- **Focus on process efficiency and CF discipline.** The focus of the call was primarily on financial items, particularly in light of the recent appointment of the new Group CFO. There was notable emphasis on cash flow and WC management, with ongoing efforts to optimize the supply chain through the renegotiation of agreements with key suppliers. CY4 aims to take a more conservative approach on investments, a cautious stance on R&D, and to prioritise initiatives with higher potential returns. A comprehensive review of SG&A costs is in progress aimed at internal cost restructuring and enhancing efficiency. Finally, the company is working to optimise execution of processes to improve delivery and foster synergies among corporates within the Group. The process is still in its early stages, with initial improvements anticipated as early as FY25, while the main benefits are expected to materialize in the medium term.
- **Change in estimates.** We are leaving our estimates unchanged, except for lower PPA amortisation offset by higher financial charges, and slightly lower CapEx.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	68	75	85	94	99
EBITDA Adj (Eu mn)	12	12	19	23	25
Net Profit Adj (Eu mn)	-5	-4	-3	1	2
EPS New Adj (Eu)	-0.228	-0.160	-0.142	0.024	0.098
EPS Old Adj (Eu)	-0.228	-0.160	-0.117	0.051	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	17.5	13.6	6.6	5.3	4.8
EV/EBIT Adj	nm	nm	nm	19.8	14.6
P/E Adj	nm	nm	nm	nm	43.3
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	1.1	2.6	1.5	1.1	0.9

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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 between 5.5%-6.0% are being used.

Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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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:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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