Milan, 19 December 2025

Italian Equity Research – Company Update

CY4GATE

BUY

Sector: Industrials

Price: Eu7.81 - **Target: Eu9.10**

Recovery Picks Up Momentum, Growth Set to Continue

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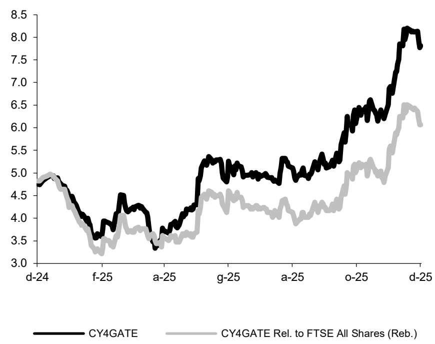
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 7.40 to 9.10
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.0%	0.0%	0.0%

CY4GATE - 12M Performance



Stock Data			
Reuters code:			CY4.MI
Bloomberg code:			CY4 IM
Performance	**1M**	**3M**	**12M**
Absolute	13.7%	49.6%	61.9%
Relative	9.8%	44.6%	33.0%
12M (H/L)			8.20/3.34
3M Average Volume (th):			98.91

Shareholder Data	
No. of Ord shares (mn):	24
Total no. of shares (mn):	24
Mkt Cap Ord (Eu mn):	184
Total Mkt Cap (Eu mn):	184
Mkt Float - Ord (Eu mn):	70
Mkt Float (in %):	38.3%
Main Shareholder:	
Elettronica S.p.A.	38.4%

Balance Sheet Data	
Book Value (Eu mn):	89
BVPS (Eu):	3.77
P/BV:	2.1
Net Financial Position (Eu mn):	-20
Enterprise Value (Eu mn):	204

FY25 marks a pivotal year for CY4, driven by strong order intake and a comprehensive internal reorganisation, including a strengthening of governance. These developments represent a clear structural inflection from previous years, supporting upgraded guidance and improved visibility heading into FY26. We are keeping our estimates unchanged, but raising our TP to €9.1, assuming continued progress in the reorganisation and sustained order momentum could drive a further re-rating. Additional upside could come from increased penetration among corporate clients and the award of new contracts in the defence field.

- **Multiple actions have supported re-rating.** As already highlighted in our previous reports, in recent quarters we have observed clear signs of a structural inflection, which have underpinned a significant re-rating of the stock, supported, in our view by several factors: i) robust YtD order intake, nearly doubling YoY, with a high proportion of contracts secured from international customers; ii) increased focus on multi-year contracts, helping the company build up an order backlog and reducing seasonality in revenues and cash flow generation; iii) strengthening of the management team through the appointment of senior executives with long-standing experience in the defence industry; iv) ongoing organisational restructuring, aimed at reinforcing organic business development, optimising OpEx, and adopting a more disciplined and conservative approach on investments.
- **Recovery gained traction, further developments pending.** CY4 has recently raised its revenue guidance by approximately 4% based on the new floor compared with the previous mid-point. Management also highlighted that an option in relation to a contract announced on 6th November could be worth up to an additional €15mn, to be recognised over multiple years, which could provide upside to our expectations. The latest backlog amounts to around €100mn, with approximately €70mn attributable to FY26, including an estimated ~€35mn in recurring business, enhancing visibility on next year.
- **Next goals: strategic focus on corporate clients and defence sector.** As outlined recently, CY4 is pursuing the development of partnerships with larger players that can facilitate and accelerate the go-to-market of its proprietary solutions for corporate customers. A workstream focused on marketing and business definition is currently underway, to be followed by a technical development phase. We expect the cybersecurity division, in particular, to return to double-digit growth after expectations for a stable performance in 2025. Furthermore, the defence segment represents a significant growth opportunity for CY4, which is working on partnerships with major players to integrate its solutions into naval, aerial, and land platforms, while progressively developing new solutions in cooperation with the ELT Group.
- **Valuation update.** We are lifting our TP to €9.1 (from €7.4), driven by the average of a peer comparison and a DCF approach (WACC 8.4%, PGR 3%, exit TV/EBITDA c.10x), which we believe is now more appropriate given CY4's renewed ability to generate cash. At target, the stock would trade at 11x EV/adj. EBITDA on our FY26 estimates, slightly above the 3Y average of domestic peers. In our view, this premium is justified by the positive order intake momentum and improved visibility on financial forecasts.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	68	75	94	99	105
EBITDA Adj (Eu mn)	12	12	17	20	23
Net Profit Adj (Eu mn)	-5	-4	-4	0	2
EPS New Adj (Eu)	-0.228	-0.160	-0.161	-0.017	0.095
EPS Old Adj (Eu)	-0.228	-0.160	-0.161	-0.017	0.095
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	18.0	14.0	12.0	9.8	8.5
EV/EBIT Adj	nm	nm	nm	nm	27.7
P/E Adj	nm	nm	nm	nm	82.3
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	1.1	2.6	1.2	0.8	0.5

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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.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
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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OUTPERFORM:	38.35%
NEUTRAL:	28.57%
UNDERPERFORM:	00.75%
SELL:	00.00%

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NEUTRAL:	17.10%
UNDERPERFORM:	01.32%
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