

# CYBEROO

Sector: Industrials

**BUY**

Price: Eu2.73 - Target: Eu3.75

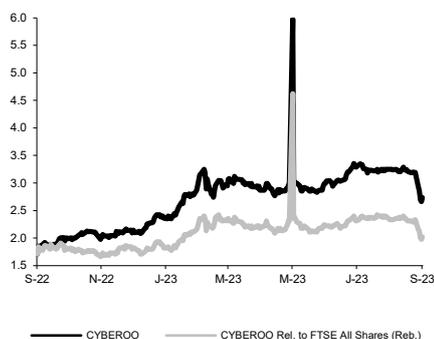
## Strong Growth in 1H23, Internationalisation Gains Traction

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### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.0%	0.0%

### CYBEROO - 12M Performance



### Stock Data

Reuters code:	CYB.MI
Bloomberg code:	CYB IM

Performance	1M	3M	12M
Absolute	-15.8%	-8.5%	59.9%
Relative	-13.3%	-9.0%	23.8%
12M (H/L)	5.98/1.83		
3M Average Volume (th):	20.00		

### Shareholder Data

No. of Ord shares (mn):	40
Total no. of shares (mn):	42
Mkt Cap Ord (Eu mn):	108
Total Mkt Cap (Eu mn):	108
Mkt Float - Ord (Eu mn):	28
Mkt Float (in %):	25.9%
Main Shareholder:	
Cyberoo Glob1 Spa	55.5%

### Balance Sheet Data

Book Value (Eu mn):	22
BVPS (Eu):	0.52
P/BV:	5.2
Net Financial Position (Eu mn):	6
Enterprise Value (Eu mn):	108

- Strong growth continued in 1H:** revenues came to €7.8mn (+35% YoY) in line with our estimate (+1%), with solid growth in the Cyber Security & Device Security division (revenues €5.4mn, +52% YoY), and a steadier trend in Managed Services (€2.3mn, +8% YoY). Recurring revenue stood at 59%, slightly below the 63% recorded in FY22. VoP was €8.8mn (+31% YoY). As things stand, roughly 600 clients are adopting CYB solutions, with an increase of 55 units in the first part of the year; the retention rate remains extremely high (c.98.5%), while the average ticket is growing steadily, consistent with the company's strategy to target larger and mid-size customers and improve the quality of products and services offered.
- Margins up despite rising structural costs.** EBITDA was €3.0mn (+54% YoY), vs. our estimate of €3.2mn (-7%), with a margin of 33.7% (28.6% in 1H22), despite a significant increase in operating costs due to recruitment in Italy (+16 people), and the opening of a new SOC in Poland (+15 outsourced workers). EBIT came to €1.8mn, in line with our estimate and more than doubling YoY, with a margin of 20.9%. Net profit closed at €1.2mn (€0.5mn in 1H22). The NFP was €1.4mn, down vs. our estimate of €1.6mn, a shift due mainly to higher investments in the development of new solutions with the aim of completing the cybersecurity offering and improving the precision and efficacy of incident response activity.
- Investing in new products and services, and new geographical markets.** During the call management confirmed its positive outlook, with the solid growth trajectory foreseen continuing in 2H. CYB kept investing in new features and solutions, as well as in the engineering of the soon-to-be-launched virtual network operations centre (V-NOC), that will offer a complementary solution to the current MDR. Lastly, a new 24/7 service has been introduced allowing corporates (both existing and potential clients) to contact specialists in the event of a cyber incident. For the future, CYB is keeping a keen eye on the French and German markets, with a clear strategy: invest cashflow in opening new SOCs (as recently done in Poland) rather than entering through M&A and developing a network of partners/local distributors.
- FY23-25 estimates unchanged.** Considering the just-released interim results, we are leaving our estimates unchanged. Our current estimates embed a 30% 3-year top line CAGR to 2025, with margins projected to improve steadily over the same period.
- BUY; target €3.75 confirmed.** We continue to appreciate CYB's business model, which can combine strong revenue growth with high margins and good cash generation. We believe CYB is just at the beginning of its scale-up phase and is well equipped to benefit from structural sector trends, as secure technologies and data protection remain crucial for both public and private entities. We confirm our BUY recommendation and €3.75 TP on a fully-diluted basis, assuming the full exercise of deep-in-the-money warrants (strike price at €1.04) which expire as of 16 October. We note that our estimates and valuation do not include additional opportunities relating to business expansion outside Italy. The Polish market may represent a further test-bench for the effectiveness of CYB's business model, and can blaze a trail for the German and French markets.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	9	16	22	28	34
EBITDA Adj (Eu mn)	2	7	10	14	19
Net Profit Adj (Eu mn)	0	3	5	7	10
EPS New Adj (Eu)	0.004	0.070	0.118	0.174	0.244
EPS Old Adj (Eu)	0.004	0.070	0.118	0.174	0.244
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	26.3	10.9	10.5	7.5	5.3
EV/EBIT Adj	nm	16.8	14.9	9.9	6.7
P/E Adj	nm	39.1	23.2	15.8	11.2
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.1	-0.3	-0.6	-0.6	-0.8

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