

CYBEROO

Sector: Industrials

BUY

Price: Eu3.19 - Target: Eu3.75

1H Preview: Solid Growth and Good Margins

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

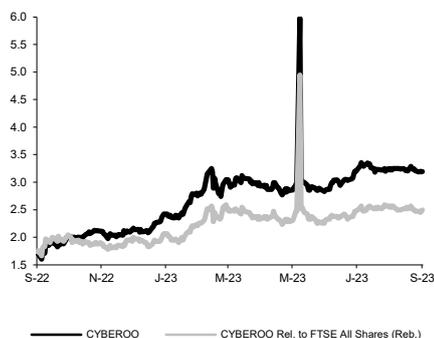
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	form 7.50 to 3.75		
	2023E	2024E	2025E
Chg in Adj EPS	-29.6%	-38.6%	

Next Event

1H23 Results Out on Sep 28

CYBEROO - 12M Performance



Stock Data

Reuters code:	CYB.MI		
Bloomberg code:	CYB IM		
Performance	1M	3M	12M
Absolute	-0.8%	11.9%	84.1%
Relative	-1.8%	8.6%	55.3%
12M (H/L)	5.98/1.61		
3M Average Volume (th):	16.67		

Shareholder Data

No. of Ord shares (mn):	40
Total no. of shares (mn):	42
Mkt Cap Ord (Eu mn):	126
Total Mkt Cap (Eu mn):	126
Mkt Float - Ord (Eu mn):	42
Mkt Float (in %):	33.6%
Main Shareholder:	
Founders	3.7%

Balance Sheet Data

Book Value (Eu mn):	22
BVPS (Eu):	0.52
P/BV:	6.1
Net Financial Position (Eu mn):	6
Enterprise Value (Eu mn):	128

- 1H23 results out on 28 September:** Cyberoo will release its 1H results on 28 September, with a conference call scheduled for the following day.
- Revenue growth should have remained solid in 1H:** we expect CYB to release good 1H revenue growth at €7.8mn (+34% YoY), largely due to the continuous expansion of MDR solutions, which are gaining good traction across Italian mid-size customers. Indeed, we expect Cyber Security & Device Security to have been the fastest-growing segment, with turnover exceeding €5.4mn (+52% YoY), while, by contrast 1H revenue should have remained fairly flat in the Managed Services division (+3% YoY) at €2.2mn. Overall, we expect the Group to have recorded excellent growth, albeit more gradual than in 2H22, but with a better profile for customer quality (more skewed to mid-size corporates) and solutions offered.
- Margins should have improved despite higher costs to support future growth:** we expect EBITDA to have reached €3.2mn in 1H (+65% YoY), a 36.2% margin (28.6% in 1H22), highlighting the scalability of Cyberoo's MDR offering. We forecast higher structural costs aimed at bolstering operations through the new SOC in Poland, with the goal of enhancing service accuracy and reducing escalation to the final level. On cash flow, we expect a slight decrease in NFP, seen at €1.6mn.
- New FY23-25 estimates:** in light of 1H23 estimates and assuming the first signs of a deteriorating macro picture, which can translate into slower customer acquisition, we are lowering our turnover assumptions by 11% for FY23 and 15% for FY24, still assuming 42% YoY growth in 2H. Margins-wise, we include higher operating costs required to support medium-term growth, mainly linked to recruitment in Poland (c.15 new employees) and also in Italy. We are now extending our explicit estimates to FY25, factoring in more balanced but still-healthy growth: we expect revenue to keep growing at a high double-digit rate (3-year CAGR 30%), with steadily-improving margins.
- BUY confirmed; target still €3.75:** if our preview estimates are confirmed, 1H results should once again demonstrate the effectiveness of CYB's business model, able to combine strong revenue growth with high margins and good cash generation. Our estimate revision assumes more gradual customer acquisition to reflect a less supportive macro environment, and the short-term impact on margins from investments to expand business outside Italy. In our view, 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. Recent cyberattacks once again underline the importance of cybersecurity services to ensure the highest possible level of operational resilience. The Gartner ranking of CYB among the top 12 MDR vendors in Europe is further proof of the quality of its offering. We confirm our €3.75 TP (following the 1:2 stock split effective since May), derived from the simple average of a fair valuation of 10x EV/EBITDA FY24 and a DCF model (WACC 9.3%, g=3%) that best suits CYB's cash generation capability.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	10	18	24	30	37
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	0.168	0.283	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	26.3	10.9	12.4	8.8	6.3
EV/EBIT Adj	nm	16.8	17.5	11.8	8.0
P/E Adj	nm	45.6	27.1	18.4	13.1
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