

DHH

Sector: Cloud Computing / Internet infrastructure

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Fair Value (€) **28.5****Market Price (€)** **19.8****Market Cap. (€mn)** **103.7**

Some Step-Up: Warrant Optionality, Teknonet Entry & Evolink Control

DHH S.p.A. aims to position itself as a relevant player in the evolution of global internet infrastructure through the integration of next-generation technology and artificial intelligence. Based in Europe, the company leverages open-source technologies to enhance digital connectivity across various industries and regions.

M&A Momentum and Warrant Upside

In recent months, DHH has been very active on the corporate development side. Particularly, we flag: i) the issue of **2025E–2028E Warrant Plan**, highly skewed on the future performance of the share price (€26.0 p/s kick in level, €39.75 p/s cap price) ; ii) the **60% acquisition of Teknonet** — a cash-generative Managed Services Provider with a subscription-based model and €1.8mn Net Cash — at an implied 7.0x EV/EBITDA 2024 post-adjustments (and pre-synergies), enhancing DHH's SME offering and cross-selling perimeter; iii) the €2.25mn **buyout of the residual 40% stake in Evolink AD**, streamlining full control over a mission-critical, infrastructure-based asset with ~9% contribution to Group Top Line and solid margin trajectory.

Minimal Fine-Tuning of 2025E–27E Forecasts

We have **updated our 2025E–2027E estimates**, mainly to take into account the financial effects of the above mentioned moves. In 2025E–27E, we now expect:

- 1) VoP to reach €60.1mn (17.4% CAGR_{24A–27E}, ~9% organic + targeted M&A);
- 2) EBITDA and EBIT margins at ca. 30.6% and 17.5% by 2027E;
- 3) ca. €49mn cumulated EBITDA more than offsetting >€25mn cumulated capex and €13.0–13.5mn expected M&A cash out, leading Net Debt to €2.7mn by 2027E.

Fair Value Intact at €28.5 p/s

Our valuation remains unchanged vs. end-March, with a **Fair Equity Value of €28.5 p/s**, translating into an implied market cap. of ~€150mn. This is derived as the average of:

- i) €29.5 p/s DCF-based valuation and;
- ii) €27.6 p/s SOTP valuation. Particularly, the latter stood slightly up due to a higher contribution from the AI Infrastructure segment (now 9% of EV vs. 7%), supported by rising sector multiples.

At fair value, DHH would be trading at 11.1x and 9.0x EV/EBITDA 2025E–26E, broadly aligned with peers. We underline that at fair value the dilution impact of the Warrant Plan would be ca. 2.1%.

KEY FINANCIALS (€mn)	2024	2025E	2026E
REVENUES	37.1	43.6	54.6
EBITDA	12.0	13.7	17.1
EBIT	6.8	8.2	10.0
NET PROFIT	3.6	4.5	5.6
EQUITY	28.2	32.9	38.5
NET FIN. POS.	-3.1	-5.7	-7.6
ADJ. EPS (€)	0.71	0.86	1.06
DPS (€)	0.0	0.0	0.0

Source: DHH Group (2024), Value Track (2025E–26E)

RATIOS & MULTIPLES	2024	2025E	2026E
EBITDA MARGIN (%)	32.3	31.4	31.4
EBIT MARGIN (%)	18.3	18.8	18.2
NET DEBT / EBITDA (x)	0.3	0.4	0.4
NET DEBT / EQUITY (x)	0.1	0.2	0.2
EV/SALES (x) (*)	3.3	2.5	2.0
EV/EBITDA (x) (*)	10.2	7.8	6.4
EV/EBIT (x) (*)	18.0	13.1	10.9

Source: DHH Group (2024), Value Track (2025E–26E)

(*) EV adjusted for peripherals and treasury shares

STOCK DATA	
FAIR VALUE (€)	28.5
MARKET PRICE (€)	19.8
SHS. OUT. (m)	5.2
MARKET CAP. (€m)	103.7
FREE FLOAT (%)	24.2
AVG. -20D VOL. (#)	350
RIC / BBG	DHH.MI / DHH IM
52 WK RANGE	19.2–29.4

Source: Stock Market Data



Business Description

DHH S.p.A. is dedicated to reshaping internet infrastructure through the integration of next-generation technology and artificial intelligence. Based in Europe, the company leverages open-source technologies to enhance digital connectivity across various industries and regions. With a commitment to continuous research and open innovation, DHH aligns technological progress with stringent data privacy standards. This approach promotes technological excellence while safeguarding individual privacy, aiming to position the company as a relevant player in the evolution of global internet infrastructure.

Key Financials

€mn	2024	2025E	2026E	2027E
Total Revenues	37.1	43.6	54.6	60.1
Chg. % YoY	7.2%	17.4%	25.3%	10.1%
EBITDA	12.0	13.7	17.1	18.4
EBITDA Margin (%)	32.3%	31.4%	31.4%	30.6%
EBIT	6.8	8.2	10.0	10.5
EBIT Margin (%)	18.3%	18.8%	18.2%	17.5%
Net Profit Reported	3.6	4.5	5.6	5.9
Chg. % YoY	63.2%	25.4%	23.2%	5.8%
Net Profit Adjusted	3.6	4.5	5.6	5.9
Chg. % YoY	8.4%	25.4%	23.2%	5.8%
Net Fin. Position	-3.1	-5.7	-7.6	-2.7
Net Fin. Pos. / EBITDA (x)	0.3	0.4	0.4	0.1
Capex	-6.8	-7.3	-8.3	-9.3
OpFCF b.t.	5.6	7.0	9.7	9.4
OpFCF b.t. as % of EBITDA	46.3%	50.9%	56.6%	51.3%

Source: DHH Group (historical figures), Value Track (estimates)

Investment case

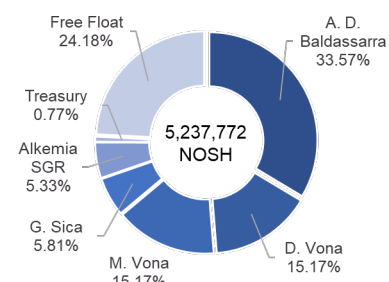
Strengths / Opportunities

- ◆ Excellent geographic footprint, market leader in Croatia and Slovenia
- ◆ Exposed to macro-trends such as AI hype and European Digital Reshoring
- ◆ Outstanding track record in digital business and M&A activities
- ◆ High profitability ratios, sound Free Cash Flow generation deriving from subscription-based recurring revenues business model

Weaknesses / Risks

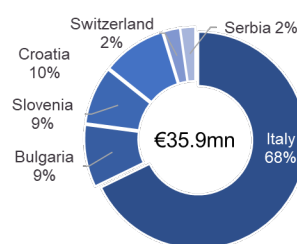
- ◆ Much lower size if compared to US tech giants
- ◆ Highly competitive market with several players

Shareholders Structure



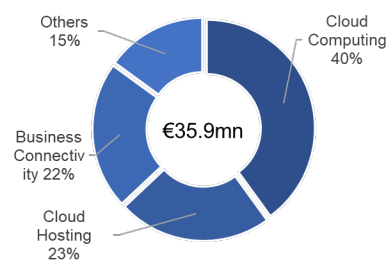
Source: DHH Group

Sales b.down by country (2024)



Source: DHH Group

Sales b.down by segment (2024)



Source: DHH Group

Stock multiples @ €28.5 Fair Value

	2025E	2026E
EV / SALES (x)	3.5	2.8
EV / EBITDA (x)	11.1	9.0
EV / EBIT (x)	18.6	15.5
EV / Cap. Empl. (x)	3.9	3.3
OpFCF Yield (%)	6.7	9.1
P / E Adj. (x)	33.0	26.8
P / BV (x)	4.6	4.0
Cash Div. Yield. (%)	0.0	0.0

Source: Value Track

What's New?

Over the past few months, DHH has delivered three noteworthy corporate development moves:

1# Approval of a Warrant Programme (2025E-28E);

2# Acquisition of Teknonet;

3# Squeeze out of Evolink AD minorities.

1# Approval of a Warrant Programme (2025E-28E)

On March 29th, DHH approved the issuance of **up to 1,039,485 warrants** at €0.10 each, allocated to existing shareholders in the ratio of 1 warrant per every 5 shares held (record date: May 6, 2025). Each warrant grants the right to subscribe 1 ordinary share at €3.10, **exercisable from June 2027 through December 2028**, provided the Monthly Average Price exceeds the €26.00 strike threshold.

The number of shares to be received per warrant (Conversion Ratio) increases progressively with the underlying share price and is capped at a maximum price of €39.75. The formula is:

$$\frac{\text{Monthly Avg. Price} - \text{Strike Price}}{\text{Strike Price} - \text{Subscription Price}}$$

Depending on DHH's share performance, the number of shares to be issued and the capital raised could vary as shown below:

DHH Group: Warrant Plan 25E-28E

Monthly Avg. Price (€)	A	B	Conversion Ratio (A/B)	Warrants : Shares	Exercisable Shares	As a % of ToT	Capital Increase	Capital Increase Adj.	Impact on share capital (%)
≤26.00	-3.0	22.9	nm	nm	nm	nm	nm	103,949	nm
27.00	1.0	22.9	0.044	22.90	45,392	7%	140,716	244,665	0.9%
28.00	2.0	22.9	0.087	11.45	90,785	15%	281,433	385,381	1.7%
29.00	3.0	22.9	0.131	7.63	136,177	22%	422,149	526,097	2.5%
30.00	4.0	22.9	0.175	5.73	181,569	29%	562,865	666,814	3.4%
31.00	5.0	22.9	0.218	4.58	226,962	36%	703,582	807,530	4.2%
32.00	6.0	22.9	0.262	3.82	272,354	44%	844,298	948,246	4.9%
33.00	7.0	22.9	0.306	3.27	317,747	51%	985,014	1,088,963	5.7%
34.00	8.0	22.9	0.349	2.86	363,139	58%	1,125,730	1,229,679	6.5%
35.00	9.0	22.9	0.393	2.54	408,531	66%	1,266,447	1,370,395	7.2%
36.00	10.0	22.9	0.437	2.29	453,924	73%	1,407,163	1,511,112	8.0%
37.00	11.0	22.9	0.480	2.08	499,316	80%	1,547,879	1,651,828	8.7%
38.00	12.0	22.9	0.524	1.91	544,708	87%	1,688,596	1,792,544	9.4%
39.00	13.0	22.9	0.568	1.76	590,101	95%	1,829,312	1,933,261	10.1%
39.75	13.8	22.9	0.600	1.67	623,691	100%	1,933,442	2,037,391	10.6%

Source: Value Track Analysis

Following the offer period (7–13 May 2025), DHH announced that 3,394,170 subscription and pre-emption rights were exercised out of the 5,197,425 allocated to shareholders.

As a result, all 1,039,485 warrants were fully subscribed, generating a gross cash inflow of €103,949 for the Company.

#2 Acquisition of Teknonet

On April 16th, DHH announced the acquisition of 60% of Teknonet Srl, Managed Service Provider (MSP) active in the remote management of corporate customers IT infrastructure and connectivity on a proactive basis, typically under a subscription model. DHH as agreed to pay **€5.6mn for the 60%** of Teknonet, (including the costs related to the transaction) and has started consolidating Teknonet as of April 2025. DHH also acquired a call option on the residual 40% of the share capital to be possibly exercised after the approval of 2026 financial statements. Teknonet closed 2024 with €4.2mn Revenue from sales (€3.6mn in 2023), €923k EBITDA (>€1.05mn on an adjusted basis), (€798k in 2023), and €643k Net Profit (€500k in 2023). Operating Cash Flow reached €1.0mn, with €1.8mn Net Cash.

DHH Group: Teknonet Acquisition

Date	Value (€mn)	Stake (%)	Equity Value (€mn)	Minorities (€mn)	Call Option (Year) (*)	EV (€mn)	EV/EBITDA 24 post adj. pre-syn (x)
16/04/2025	5.60	60.00%	9.33	3.73	FY27E	7.53	7.0x

Source: DHH, Value Track Analysis, (*) Not mandatory

Our View

We estimate the deal closed at a **non-dilutive EV/EBITDA multiple 2024 of 7.0x post-adjustments (and pre-synergies)**. From an industrial perspective, Teknonet positions itself as a “horizontal” ICT service provider with a client base highly aligned with DHH’s product suite — spanning from business connectivity to cloud infrastructure and the recently launched AI-as-a-service solutions. On this front, we see Teknonet not only as a direct distributor, but also as a key enabler for prospective clients lacking internal capabilities to adopt advanced AI services. Also, its geographic proximity to Connesi further strengthens the potential for cross-selling and operational synergies. Financially, Teknonet brings a solid profile to the Group, with a subscription-based revenue model, an EBITDA margin of 22% (ca.), positive free cash flow, and a net cash position — all of which enhance visibility on our 2025E top-line targets.

#3 Full Buyout of Evolink AD

On July 15th, DHH finalized the acquisition of the **residual 40% equity interest in Evolink AD** — the Bulgaria-based subsidiary that provides IaaS and advanced connectivity solutions — for a total **€2.25mn** cash consideration, thereby achieving full ownership. The transaction follows the initial 60% stake acquired in FY21 for €2.45mn, implying a ToT EV of around €4.7mn, which equates to an EV/Sales multiple of ~1.4x (based on FY24 Sales), i.e., ~40% discount to DHH’s current EV/Sales FY25E multiple. Evolink generated €3.29mn in FY24 revenues, accounting for ca. 9% of consolidated group Top Line. Originally acquired during a turnaround phase, Evolink has since then regained operating momentum, with margin recovery and a return to top-line expansion — and notably ranked as the best-performing entity across the group in 1Q25. We remind that Evolink operates two proprietary data centers in Bulgaria and manages a virtual pan-European backbone, delivering mission-critical services across cloud infrastructure, cybersecurity, and data transport.

Our View

We view the transaction as a strategically sound move that secures full control of a mission-critical infrastructure asset in a scalable and operationally synergistic geography. Evolink remains relevant for its scale, resilient margins, and positioning within key service verticals, allowing DHH to leverage it as both a growth driver and a monetization platform within its cloud-native architecture.

Minimal fine-tuning of 2025E-onward estimates

Looking ahead, we are revising our 2025E and outer-year projections to incorporate recent developments. Key elements include:

- ◆ 1Q25 revenues of €9.6mn (+5% YoY), a bit below our full-year assumption of ~10% organic growth, with solid fundamentals (93% recurring revenues), but softer ramp-up in Cloud Hosting and subdued contribution from legacy assets;
- ◆ Full take-up of the 2025–2028 warrant plan, yielding an initial €104k cash inflow, with up to €1.93mn potential equity proceeds depending on share price evolution during the exercise window;
- ◆ 60% acquisition of Teknonet (April 2025), consolidated from 2Q25, for €5.6mn EV and implying ~7.0x EV/EBITDA post-adjustments (and pre synergies), reinforcing DHH's footprint in Managed Services and expanding its cross-selling surface across SME clients;
- ◆ Evolink's full consolidation (July 2025), with DHH acquiring the residual 40% stake for €2.25mn, aligning capital structure with operational control and fully incorporating a high-margin, infrastructure-based contributor (~9% of FY24 revenues) into group perimeter;
- ◆ At least one additional M&A deal is factored across the 2025–26E window, though for simplicity, we allocate the contribution fully to FY26E.

DHH Group: New vs. Old estimates – Total

(€ mn)	2025E			2026E			2027E		
	Old	New	Change	Old	New	Change	Old	New	Change
Value of Production	44.6	43.6	-2.3%	55.9	54.6	-2.4%	61.5	60.1	-2.2%
EBITDA	14.0	13.7	-2.2%	17.5	17.1	-1.9%	18.8	18.4	-2.4%
EBITDA Margin (%)	31.4%	31.4%	1bps	31.2%	31.4%	14bps	30.6%	30.6%	-6bps
D&A	5.6	5.5	-1.6%	7.3	7.2	-1.1%	8.0	7.9	-1.0%
EBIT	8.4	8.2	-2.6%	10.2	10.0	-2.5%	10.9	10.5	-3.4%
EBIT Margin (%)	18.8%	18.8%	-7bps	18.3%	18.2%	-3bps	17.7%	17.5%	-22bps
Pre-tax profit	7.4	7.2	-3.0%	9.1	8.9	-2.9%	9.8	9.4	-3.8%
Net Profit	4.5	4.5	0.8%	5.5	5.6	0.6%	5.9	5.9	-0.3%
Net Fin. Position [Net debt (-)]	-4.3	-5.7	-1.4	-6.0	-7.6	-1.6	-0.9	-2.7	-1.8
OpFCF a.t.	4.6	4.3	-6.2%	6.6	6.4	-2.6%	6.2	6.0	-3.7%

Source: Value Track Analysis

DHH Group: New vs. Old estimates – ex M&A

(€ mn)	2025E			2026E			2027E		
	Old	New	Change	Old	New	Change	Old	New	Change
Value of Production	40.6	40.1	-1.3%	43.9	43.3	-1.3%	48.3	47.6	-1.3%
EBITDA	13.2	12.9	-2.6%	15.0	14.6	-2.6%	15.9	15.5	-2.5%
EBITDA Margin (%)	32.5%	32.1%	-41bps	34.1%	33.7%	-45bps	33.0%	32.6%	-40bps
EBIT	8.0	7.8	-2.9%	9.0	8.7	-3.2%	9.3	9.0	-3.0%
EBIT Margin (%)	19.7%	19.4%	-30bps	20.4%	20.0%	-37bps	19.2%	18.9%	-33bps
Net Fin. Position [Net debt (-)]	0.2	-2.2	-2.4	4.8	2.2	-2.6	8.8	5.9	-2.8

Source: Value Track Analysis

DHH Group: New vs. Old estimates – M&A

(€ mn)	2025E			2026E			2027E		
	Old	New	Change	Old	New	Change	Old	New	Change
Value of Production	4.0	3.5	-11.8%	12.0	11.3	-6.1%	13.2	12.5	-5.3%
EBITDA	0.8	0.8	3.6%	2.5	2.5	2.3%	2.9	2.9	-1.5%
EBITDA Margin (%)	20.0%	23.5%	350bps	20.5%	22.3%	184bps	22.0%	22.9%	89bps
EBIT	0.4	0.4	1.4%	1.3	1.3	2.0%	1.6	1.5	-5.7%
EBIT Margin (%)	10.0%	11.5%	150bps	10.5%	11.4%	90bps	12.0%	11.9%	-6bps
Net Fin. Position [Net debt (-)]	-4.5	-3.5	1.0	-10.8	-9.8	1.0	-9.7	-8.7	1.0

Source: Value Track Analysis

Our new 2025E-27E forecasts can be summarized as follows:

- ◆ Top Line expected to grow from €43.6mn in 2025E to ca. €60.1mn by 2027E, reflecting a +17.4% CAGR_{24A-27E}, driven by ~9% organic growth p.a. and bolt-on M&A aimed at doubling that pace;
- ◆ Operating profitability expected to remain solid, with EBITDA and EBIT margins at 30.6% and 17.5% by 2027E, respectively, while disciplined working capital management supports strong cash conversion, with OpFCF b.t. / EBITDA averaging ~50-55%;
- ◆ Net Financial Position seen at -€2.7mn by 2027E, below prior breakeven assumptions due to the €2.25mn cash-out for the Evolink minority buyout (which also reduces minority leakage, allowing Net Profit to grow more than proportionally vs. VoP). Cumulative €49.2mn EBITDA is expected to absorb >€25mn in capex and €13.0-13.5mn in M&A cash outflows.

DHH Group: 2024A – 2027E P&L

(€mn)	2024A	2025E	2026E	2027E
Value of Production	37.1	43.6	54.6	60.1
COGS	-18.1	-21.6	-27.1	-30.3
Labour costs	-7.0	-8.3	-10.4	-11.4
EBITDA	12.0	13.7	17.1	18.4
EBITDA Margin (%)	32.3%	31.4%	31.4%	30.6%
Depreciation & Amortization	-5.2	-5.5	-7.2	-7.9
EBIT	6.8	8.2	10.0	10.5
EBIT Margin (%)	18.3%	18.8%	18.2%	17.5%
Net Fin. Charges	-0.8	-1.0	-1.1	-1.1
Non-Operating Items	-0.1	0.0	0.0	0.0
Pre-tax Profit	5.8	7.2	8.9	9.4
Tax	-2.2	-2.7	-3.3	-3.5
Reported Net Profit	3.6	4.5	5.6	5.9

Source: DHH, Value Track Analysis

DHH Group: 2024A – 2027E Balance Sheet

(€mn)	2024A	2025E	2026E	2027E
Net Fixed Assets	37.2	45.0	53.4	54.8
Net Working Capital	-3.4	-3.9	-4.8	-5.1
Severance Pay and Other Funds	2.5	2.5	2.5	2.6
Total Capital Employed	31.4	38.6	46.1	47.1
Group Net Equity	28.2	32.9	38.5	44.4
Net Fin. Position [Net Debt (-)]	-3.1	-5.7	-7.6	-2.7

Source: DHH, Value Track Analysis

DHH Group: 2024A – 2027E Cash Flow Statement

(€mn)	2024A	2025E	2026E	2027E
EBITDA	12.0	13.7	17.1	18.4
Δ NWC & Provisions	0.3	0.6	0.9	0.4
Capex (inc. RoU but not Fin. Inv.)	-6.8	-7.3	-8.3	-9.3
OpFCF b.t.	5.6	7.0	9.7	9.4
As a % of EBITDA	46%	51%	57%	51%
Cash Taxes	-2.1	-2.7	-3.3	-3.5
OpFCF a.t.	3.4	4.3	6.4	6.0
Capital Injections	0.1	0.1 (*)	0.0	0.0
Financial Investments	0.7	-6.0	-7.2	0.0
o/w Evolink AD	0.0	-2.2	0.0	0.0
M&A (Teknonet & Others)	0.7	-3.8	-7.2	0.0
Net Financial Charges	-0.8	-1.0	-1.1	-1.1
Change in Net Fin. Position	3.4	-2.6	-1.9	4.9

Source: DHH, Value Track Analysis; (*) €104k Warrant Inflow

Valuation Update

The **fair equity value p/s remains stable at €28.5** — unchanged from the end-March update — implying a market cap. of ca. €150mn, based on the simple average of: **i)** a DCF-derived value of €29.5 p/s ; **ii)** a SOTP-based valuation of €27.6 p/s.

At fair value, DHH would be trading at 11.1x and 9.0x EV/EBITDA for 2025E–2026E respectively. These implied multiples are broadly consistent with peer group benchmarks for 2025E–2026E, yet stand well above DHH’s current market multiples — underscoring the valuation gap that persists despite the Group’s recurring revenue profile, solid profitability, and growing strategic relevance.

Note that, while the Warrant Plan 25E-28E remains “out-of-the-money” at current market levels, it would become partially exercisable at our €28.5 fair value estimate, potentially resulting in the issuance of up to 113k new shares and a corresponding dilution of ca. 2.1%.

SOTP based Peers’ Analysis

Stock Market Multiples Benchmark

The overall peer group is currently trading at median multiples of **3.8x EV/Sales, 11.2x EV/EBITDA, and 25.7x P/E Adj.** for 2025E, while DHH continues to trade at a significant discount of approximately **10%–30%** on 2025E–26E multiples — more specifically, a **30%–45% discount on EV/EBITDA** and around **10% on P/E**. However, a more granular breakdown of the peer universe reveals differentiated valuation dynamics across clusters:

- ◆ **Cloud Computing & Internet Access** companies are currently trading at median 2025E multiples of 10.2x EV/EBITDA and 23.7x EV/EBIT;
- ◆ **AI Enablers**, as expected, command the highest valuation levels, fueled by continued market enthusiasm, with the segment trading at a median EV/Sales of 21.6x, up vs. 16.6x at end-March.

DHH: Peers’ Stock Trading Multiples (1/2)

Company	EV / Sales (x)		EV / EBITDA (x)		P/E (x)	
	2025E	2026E	2025E	2026E	2025E	2026E
Cloud Computing						
WIIT	3.5	3.2	9.3	8.2	28.7	20.5
Beeks Financial Cloud	3.8	3.5	10.2	9.3	23.7	21.1
IONOS	3.7	3.3	12.5	10.6	24.7	20.2
Gigas Hosting	1.8	1.7	7.3	6.9	<0	>50
OVH	2.5	2.3	6.4	5.7	>50	42.5
Go Daddy	5.6	4.9	17.6	14.9	29.5	24.7
Cyber Folks	3.4	3.1	11.3	9.3	25.7	18.1
Peer’s Cloud Computing - Average	3.5	3.1	10.7	9.3	26.4	24.5
Peer’s Cloud Computing - Median	3.5	3.2	10.2	9.3	25.7	20.8
AI Enablers						
E2E	na	na	na	na	na	na
Nvidia	20.6	16.0	33.4	24.7	39.7	30.3
CloudFlare	31.6	24.8	>50	>50	>100	>100
Nextdc	22.7	22.2	45.4	47.2	<0	<0
DigitalOcean	4.4	3.7	11.1	9.7	14.0	13.5
Peer’s AI Enablers - Average	19.8	16.7	30.0	27.2	26.8	21.9
Peer’s AI Enablers - Median	21.6	19.1	33.4	24.7	26.8	21.9

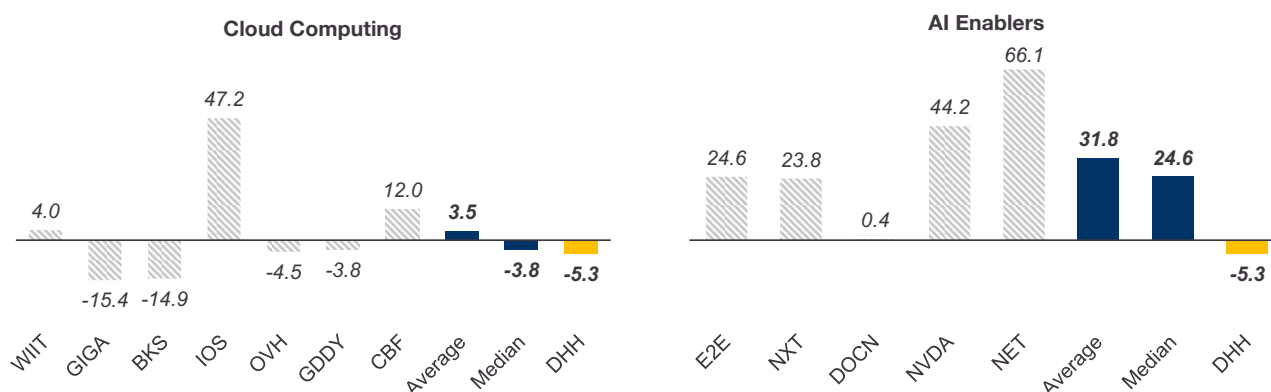
Source: Factset, Market Consensus, Value Track Analysis

DHH: Peers' Stock Trading Multiples (2/2)

Company	EV / Sales (x)		EV / EBITDA (x)		P/E (x)	
	2025E	2026E	2025E	2026E	2025E	2026E
Total Average Peers	9.4	8.1	16.5	14.6	26.6	23.9
Total Median Peers	3.8	3.5	11.2	9.5	25.7	20.8
DHH @ current market price (i.e., €19.80)	2.5	2.0	7.8	6.4	22.9	18.6
DHH discount vs Average	-74%	-75%	-53%	-57%	-14%	-22%
DHH discount vs Median	-36%	-43%	-30%	-33%	-11%	-10%

Source: Factset, Market Consensus, Value Track Analysis

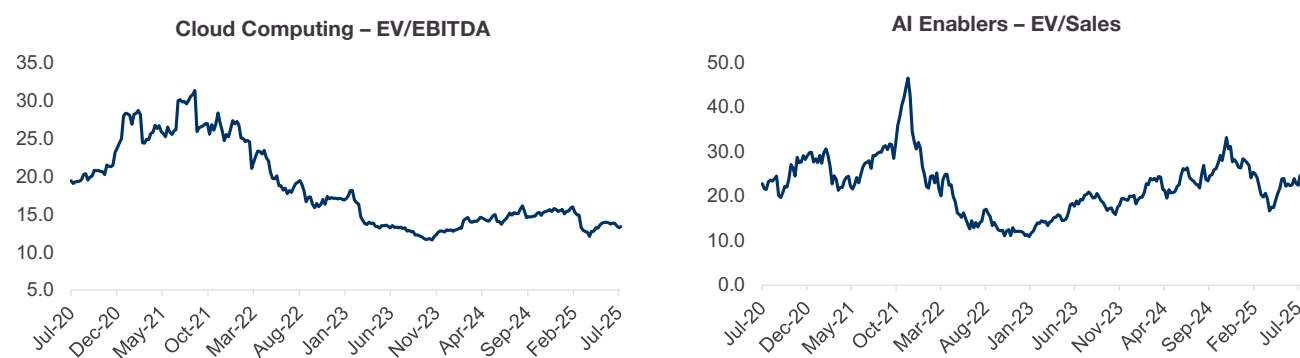
DHH Peers: Stock Market 3-months Performance (%)



Source: Factset, Value Track Analysis

Valuation dynamics across the sector remain structurally sound yet asymmetric, with Cloud Computing peers undergoing a multiple compression phase since mid-2021 — gradually normalising toward mid-cycle EV/EBITDA levels in the 10x–15x range. In contrast, AI Enablers continue to trade at structurally elevated EV/Sales LTM multiples, generally ranging between 20x and 25x, with episodic spikes to 40x–50x amid speculative momentum.

Historical Avg. EV/Sales and EV/EBITDA LTM Trend – Selected Peers by Cluster



Source: Factset, Value Track Analysis

SOTP Valuation

Our SOTP valuation yields a fair equity value of **€27.6 per share**, based on:

- ◆ The application of the 2025E median EV/EBITDA multiple (10.2x) of the Cloud Computing & Hosting peer group to **DHH's stand-alone EBITDA**, excluding the AI Infrastructure segment;
- ◆ A 2025E EV/Sales multiple of 21.6x for the AI Enablers peer group, adjusted by a 50% discount (resulting in an effective multiple of 10.8x), applied to the **AI Infrastructure and Other Innovative Products division**, for which we now forecast €1.2mn in 2025E revenues.

DHH: Value of Production and EBITDA Assumptions by BU (*)

Assumptions	2025E
Value of Production	43.6
Cloud Computing & Cloud Hosting	42.4
AI Infrastructure / Other Innovative Products	1.2
EBITDA	13.7
Cloud Computing & Cloud Hosting	13.2
AI Infrastructure / Other Innovative Products	0.5

Source: Value Track Analysis (*) Value Track estimates

While the Fair Equity Value remains unchanged vs. the end-March update, the composition of Enterprise Value has slightly shifted: AI Infrastructure & Other Innovative Products now account for 9% of total EV (vs. 7% previously), driven by higher sector multiples. The Cloud segment now represents 91% (vs. 93%), with peer valuations broadly stable. Post-Evolink adjustments were value-accretive, yet largely offset by the increase in Net Debt (€5.7mn vs. €4.3mn).

DHH: Sum of the Parts Valuation

Fair Equity Value (€mn)	Cloud Computing & Cloud Hosting	AI Infrastructure & Other Innovative Products	Total
Peers EV/Sales 2025E (x)		21.6	
Peers EV/EBITDA 2025E (x)	10.2		
Discount vs. Peers (%)	0%	50%	
Fair Multiple (x)	10.2	10.8	
Fair Enterprise Value (€mn)	134.7	13.0	147.7
As a % of Total	91%	9%	100%
Net Financial Position 2025E (€mn)			-5.7
Adjustments 2025E			2.4 (*)
Fair Equity Value			144.4
NOSH			5.2
Fair Equity Value p/s (€)			27.6

Source: Market Consensus, Value Track Analysis, (*) Including ca. 40k treasury shares at current price

Discounted Cash Flow Model

Our DCF valuation is based on a **Target Capital Structure** with Net Debt representing 30% of Capital Invested, and a **WACC of approx. 7.95%**, derived through an extended CAPM framework. Key underlying assumptions include:

- ◆ A 2.0% risk-free rate, an unlevered beta of 0.99x (weighted across the EU Internet and System/Application Software sectors), a 5.37% equity risk premium for Italy (source: *Damodaran*), and a 1.0% small-cap premium to reflect DHH's size and liquidity profile;
- ◆ Explicit forecasts from 2025E to 2034E, with Terminal Value calculated as of 2034E using a 3.0% perpetuity growth rate (PGR).

The resulting **fair equity value** from the DCF model stands at **€29.5 per share**, unchanged vs. the end-March assessment.

DHH: DCF Model

€mn

PV of future cash flows 2025E-2034E	47.5
PV of Terminal value	107.4
Fair Enterprise value	155.0
Implied EV/ EBITDA 25E (x)	11.1x
Net Fin. Position 2024A	-3.1
Peripheral assets	2.4
Fair Equity value	154.3
Number of shares (mn)	5.2
Fair Equity value per share (€)	29.5

Source: Value Track Analysis

DHH: Multiples Analysis at various prices

DHH share price (€)	EV/EBITDA		EV/EBIT		P/E	
	2025E	2026E	2025E	2026E	2025E	2026E
20.50	8.1	6.6	13.5	11.3	23.7	19.3
21.50	8.5	6.9	14.2	11.8	24.9	20.2
22.50	8.8	7.2	14.8	12.4	26.0	21.1
23.50	9.2	7.5	15.5	12.9	27.2	22.1
24.50	9.6	7.8	16.1	13.4	28.3	23.0
25.50	10.0	8.1	16.7	13.9	29.5	24.0
26.50	10.4	8.4	17.4	14.5	30.7	24.9
27.50	10.8	8.7	18.0	15.0	31.8	25.8
28.50	11.1	9.0	18.7	15.5	33.0	26.8
29.50	11.5	9.3	19.3	16.0	34.1	27.7

Source: Value Track Analysis

Appendix: DHH Investment Case

DHH at a glance

DHH (or “the Group”) is a tech group dedicated to **reshaping internet infrastructure through the integration of next-generation technology and artificial intelligence**. Based in Europe, the group leverages open-source technologies to enhance digital connectivity across various industries and regions, and offers its products in a subscription model (**SaaS/IaaS/PaaS**) to more than 120.000 corporate and professional customers. Founded back in **July 2015**, the **Group has expanded significantly through conspicuous M&A activity**, finalizing close to 20 deals.

Key points of DHH investment case

In our view, DHH stands out at the forefront of technological innovation and ethical business practices, excelling for the following key points:

- # 1 – Ideal mix of products / solutions;
- # 2 – Optimal market positioning in space and time;
- # 3 – Well carved growth strategy combining organic and M&A levers;
- # 4 – Highly skilled Top Management with “skin in the game”;
- # 5 – Outstanding Financial profile;
- # 6 – Acting with a highly responsible approach.

1 - Ideal mix of products / solutions

DHH Group B2B cloud computing and premium B2B internet access product portfolio is the result of a proactive approach aimed at maintaining a technological edge over competitors and banks on an **extensive proprietary physical and network infrastructures** managed by some subsidiaries (Seeweb, Evolink and Connesi).

We can cluster different families of products depending on the time of introduction in DHH portfolio:

- ◆ **1st wave: Cloud Hosting products**, e.g. Shared hosting, Virtual Private Server (VPS) and more;
- ◆ **2nd wave: Cloud Computing products**, such as Cloud Servers Rentals dispensed in the PaaS, or IaaS models. These products have become relevant with reverse merger with Seeweb in 2020;
- ◆ **3rd wave: Premium B2B infrastructure-based Internet Service Provisioning products**, such as Premium Internet Connectivity, VOIP, VPN, WAN. These products got relevant following a series of acquisitions in 2021 and 2022;
- ◆ **4th wave: AI infrastructure products**. DHH, though its subsidiary Seeweb is included among the top 15 Cloud Server Providers for GPU-Powered LLM fine-tuning and training (Source: online publication *Towards AI*).

2 - Optimal market positioning in space and time

Cloud computing and Cloud hosting, the two primary sectors in which DHH currently operates, are experiencing significant growth rates. Indeed, **the market for cloud computing and web-hosting services is projected to exceed \$3.1tn by 2030, more than doubling its size from 2022**.

On top of these highly growing markets, we underline that **AI infrastructure market is expected to grow to \$84.8bn by 2026E, 23.7% CAGR** (Source: *Markets and Markets*) fuelled by the adoption of AI across industries such as healthcare, automotive, and finance.

We remind that DHH is currently active in Italy (accounting for some 68% of DHH Group Revenues from Sales), Switzerland, Bulgaria and Balkan areas (Slovenia, Croatia, Serbia) i.e., geographies expected to post higher-than-average growth rates ahead, as the current digital adoption is growing but, in most cases, (Slovenia is an exception) still below the EU average.

3 - Well carved growth strategy combining M&A levers

DHH is pursuing an aggressive growth strategy that adds M&A to organic growth. In the last nine years, it has completed **close to 20 M&A transactions with an average total ROI close to 140%**. The result of the above-mentioned M&A activity is that DHH Group can be viewed as an **ecosystem of independent entities** unified by a shared theme that empowers tech entrepreneurs to innovate, and exchange best practices. In this scenario, DHH SpA acts as holding company, providing broad business and administrative support and ensuring seamless operations / strategic guidance.

4 - Highly skilled Top Management with “skin in the game”

DHH's top management includes highly skilled professionals such as:

- ◆ **Antonio Baldassarra – Chief Executive Officer.** Founder of Seeweb and co-founder of DHH, he boasts more than 25 yy experience in Electronics, Telecommunications and Computer Science.
- ◆ **Giandomenico Sica – Executive Chairman.** Co-founder of DHH, he also is the founder of Filomatica, his holding focused on IT industry SMBs.
- ◆ **Tamara Arduini – Chief Financial Officer.** With over two decades of experience in accounting administration and finance, she previously served as the CFO of Seeweb.
- ◆ **Matija Jekovec – Chief Operating Officer.** Co-founder of Klaro in 2003, beginning as a developer before transitioning into an R&D managerial role.

Worthy to note, the co-founders (Mr. Baldassarra and Mr. Sica) have a lot of “skin in the game” as they are controlling more than 40% of share capital.

5 - Outstanding Financial profile

As a result of its well carved business model, DHH boasts several notable financial features such as:

- ◆ High scalability;
- ◆ Extremely high incidence (ca. 94%) of recurring revenues;
- ◆ Strong client retention (churn rate lower than 10%) with long revenue periods.
- ◆ Strong cash flow generation, with OpFCF_{b.t.} (defined as Adj. EBITDA – Tangible and Intangible Capex ± ΔNWC ± Δ Provisions) always in excess of 50% of EBITDA.

6 - Highly responsible ESG approach

DHH's sustainability strategy is firmly rooted in integrating responsible practices across every level of the organization, from daily operational management to executive decision-making.

As an example of their commitment to ESG themes, we underline that DHH, recognizing the significant impact of power consumption in data centers and throughout product lifecycles, is mitigating its carbon footprint by:

- 1) Enhancing operational energy efficiency;
- 2) Transitioning to renewable energy sources;
- 3) Promoting responsible disposal methods for end-of-life equipment.

Moreover, through Connesi and Seeweb, DHH Group has launched several initiatives to minimize environmental impacts and cut emissions.

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