

DHH S.p.A.

Sector: Cloud Computing / Internet Infrastructure

Premium ABB Boosts M&A War Chest

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.

€8.2mn Accelerated Bookbuilding at €23.0 p/s

On 19th December, DHH successfully completed a **capital increase via an accelerated bookbuilding** reserved to institutional investors.

The whole transaction involved 354,916 shares, including 324,916 newly issued shares following the partial exercise of the discretionary increase option to cover over-allocations (ca. 82% of total shares placed), raising ca. **€8.2mn at a price of €23.0 p/s** (ca. €7.5mn of primary capital), equivalent to a **premium of around 11% versus the 30-day VWAP** prior to the ABB. The placement saw the participation as anchor investors of *Alkemia SGR* and *NextStage AM*. Also, the transaction included a secondary sale of 30,000 shares by existing shareholder Matija Jekovec.

The successful ABB confirms strong institutional appetite for DHH's equity story, while increasing free float, liquidity and financial flexibility to support M&A-driven growth.

Capital Increase Drives NFP Re-rating, P&L Unchanged

For the time being, we leave our **P&L estimates unchanged**. The only Δ vs our previous forecasts relates to the **capital increase**, which **improves the NFP**, reflecting net proceeds of ca. €7.3mn after transaction fees (we assume 2.5% i.e., just under €200k). Accordingly, FY25E NFP shifts from a previously expected ca. €5.7mn Net Debt to a ca. €1.6mn Net Cash position, with a similar positive carry-over effect in subsequent years.

Thus, for FY25E–27E, we expect: i) VoP to reach €60.1mn (17.4% CAGR_{24A–27E}; ~9% organic + targeted M&A); ii) EBITDA and EBIT Margins at ca. 30.6% and 17.5% by 2027E; iii) ~€49mn cumulated EBITDA more than offsetting >€25mn cumulated capex and €13.0–13.5mn expected M&A cash out, driving Net Cash to ~€4.6mn by 2027E.

FV at €28.9 p/s (from €29.3) on Minimal Dilution

All else being equal, the **Fair Value p/s is fine tuned to €28.9**, from €29.3 previously, to account for the small dilution from the capital increase vs our previous FV. Indeed, the previous FV implied an equity value of ca. €153.5mn (based on ca. 5.2mn shares outstanding). Following the issuance of ca. 325k new shares at €23 p/s, for ca. €7.3mn of new equity raised (net of fees), the implied fair equity value increases to ca. €160.8mn, now spread over ca. 5.6mn shares outstanding. At FV, DHH would trade at ca. **11.4x and 9.2x EV/EBITDA for 2025E–26E**, in line with peer-group medians.

Tommaso Martinacci
tommaso.martinacci@value-track.com

Marco Greco
marco.greco@value-track.com

FAIR VALUE (€) **28.9**

MARKET PRICE (€) **23.3**

MARKET CAP.(€m) **129.6**

KEY FINANCIALS	FY24A	FY25E	FY26E
VALUE OF PRODUCTION	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	40.2	45.8
NET FIN.POS.	-3.1	1.6	-0.3
EPS	0.7	0.8	1.0
DPS	0.0	0.0	0.0

Source: DHH, ValueTrack Analysis

KEY RATIOS	FY24A	FY25E	FY26E
EBITDA MARGIN (%)	32.3	31.4	31.4
EBIT MARGIN (%)	18.3	18.8	18.2
NET MARGIN (%)	9.7	10.4	10.2
NET DEBT / EBITDA (x)	0.3	nm	0.0
ROE (%)	13.1	11.4	12.3
EV/SALES (x)	3.3	2.9	2.3
EV/EBITDA (x)	10.2	9.2	7.4
EV/EBIT (x)	18.0	15.3	12.8
P/E (x)	32.3	27.8	23.2

Source: DHH, ValueTrack Analysis

STOCK DATA	
SHS.OUT (m)	5.6
MARKET CAP. (m)	129.6
ENTREPRISE VALUE (m)	125.3
FREE FLOAT (%)	25.5
AVG. 20D VOL ('000)	20,280
RIC/BBG	DHH.MI / DHH IM
52 WK MAX	26.30
52-WK MIN	19.20

Source: DHH, ValueTrack Analysis

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.

Financial Highlights

€mn	FY24A	FY25E	FY26E	FY27E
Value of Production	37.1	43.6	54.6	60.1
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	3.6	4.5	5.6	5.9
YoY (%)	63.2%	25.4%	23.2%	5.8%
Net Fin.Position [Net Debt (-)/Cash(+)]	-3.1	1.6	-0.3	4.6
Net.Fin.Pos./EBITDA (x)	0.3	nm	0.0	nm
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

Investment case

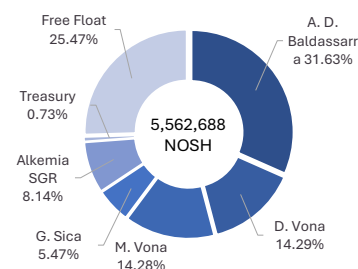
Strengths / Opportunities

- 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

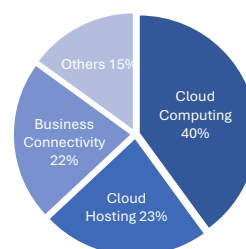
- Much lower size if compared to US tech giants
- Highly competitive market with several players

SHAREHOLDER STRUCTURE



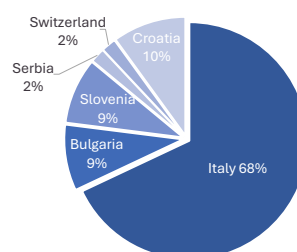
Source: DHH

FY24 SALES BREAKDOWN BY SERVICE



Source: DHH

FY24 SALES BREAKDOWN BY COUNTRY



Source: DHH

STOCK MULTIPLES @ FV (€28.9)	FY25E	FY26E
EV / SALES (x)	3.6	2.9
EV / EBITDA (x)	11.4	9.2
EV / EBIT (x)	19.1	15.9
EV / CAP.EMP. (x)	4.0	3.4
OpFCF Yield (%)	6.6	8.8
P / E Adj.(x)	34.5	28.8
P / BV (x)	4.1	3.6
Div. Yield.(%)	0.0	0.0

Source: Value Track

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