

Giandomenico Sica, President of DHH, comments the six-monthly results of the group

Milan, 27 September 2018. Emerging markets always appeared as a hot topic of discussion in the business world. As a matter of fact, many emerging markets feature complex specifics that might seem challenging for those, who enter these areas.

One of such areas are the Balkan states, 12 different countries that make up the Balkan Peninsula. While some of these countries have been involved in some internal conflicts around 20 years ago, today, the collaboration and communication levels between them improved quite substantially. One of the factors that have a huge impact on this matter is the business cooperation between these nations.

DHH had its eyes on accepting the challenge of uniting Balkan countries via its initiative to help create great synergies between countries' top web hosting and cloud computing companies. As of the moment, DHH operates in Serbia, Slovenia, and Croatia from the Balkan States. In the future, the company looks into expanding its reach to other countries, as well.

To find out how the DHH managed not only to stay afloat but to succeed in this challenging area, we've talked with Giandomenico Sica, the President of DHH. He also shared some of the DHH's H1 results and discussed the factors that helped this company progress.

As the President of DHH, what is the key vision of the organization, in your opinion?

Giandomenico Sica: "First of all, I believe it is essential to differentiate between the short-term goals and long-term vision of the company. As we have set out a long-term goal, we are working very hard right now to achieve it by accomplishing some short-term projects and milestones.

Our long-term vision is to become the reference player in the market of cloud computing in the emerging markets on the international scale. DHH is a company that aims to invest and to acquire the best providers in the web hosting and cloud computing field in the emerging markets. Since the world of emerging markets is pretty vast, we decided to start from the emerging markets of Europe as a sort of a playground to do the first experiment.

The first test that we did was to enter the market of the Balkans and to find the best providers there. Then, we made another test in Southern Europe. Southern Europe, in general, has some peculiarities that make this geographic context a little bit different from Germany, France, and the UK.

All in all, our crucial long-term vision is to position DHH as the reference investment player in the field of web hosting and cloud computing in the emerging markets. We started from Europe as a playground, but in the future, we can look into expanding our geographic reach.”

DHH invests in companies from the Web Hosting, SaaS and Cloud Computing industries across Southern Europe. What does the company evaluation process usually involve?

Giandomenico Sica: “We have two different investment directions. The first one is the acquisition of mature businesses. When we plan on acquiring a mature business, we typically look for companies that are market leaders in their regions, meaning that they are one of the top 3 players in the market. They need to have very healthy financials, which means a nice growth rate, at least 10 percent, good EBITDA and profitability indicators, and no debt.

Another factor we look at is the management of the company. Because, in the end, as per our acquisition model, we keep the management of the company involved with the company after the acquisition has been executed. In fact, DHH is not a multinational that buys companies and then integrates them one with the other. Instead, we are an ecosystem of different companies that stay independent and autonomous with their brand, organization, and technology even after the acquisition. We make a lot of synergies within the group and all of these synergies and bottom-up. So, all the initiatives regarding a company’s decision are taken by the CEOs of these companies.

We, as a group, strive to create an environment, where CEOs can cooperate, discuss and build value together.

The second direction in our investment strategy is focused towards startups and small businesses with high growth. In this case, we are looking for the best talents and best projects in the region that we are scouting. We tend to look for small companies with less than half of million euro of revenue, but with an outstanding growth rate in place – at least 50 percent. In this case, we acquire the minority stake to support the company to grow even more and to become an international player.

We also ask for the option to acquire the majority stake in the very long term, around seven years time. Also, in this case, we look for very good entrepreneurs to partner with.

When we started DHH, we decided to start in Italy, since our mother company is based here, so it was quite natural for us to start from this country. Then, we decided to look for companies in Slovenia since it is very close to Italy. And the rest of the companies followed – an opportunity appeared in Croatia together with an opportunity in Serbia.”

DHH was established in July 2015, and since then, the company has significantly grown. What, from your perspective, has appeared as the key result-driving factor?

Giandomenico Sica: “I think that the key driver is the combination of our selection of good companies and good people. One thing that I am pretty proud of is our ability to communicate with each other in DHH. In DHH, as in all of the global companies, sometimes obstacles arise. When troubles happen, it is very important to have people with a cooperative attitude and with a supportive spirit in your company. This is one of the key strengths of the DHH, in my opinion.

I am proud of diverse people that work for our company because they understand what it means to work in a group. They are supportive of one another. This is also why we are so selective in our process of evaluation. If we have a good potential company to buy, but with non-transparent management, we will not work with them.”

So far, DHH gathered a total of 8 businesses under its wing. How did the first semester of 2018 go for these companies? Which interesting significant projects have taken place during the first six months of the current year?

Giandomenico Sica: “Okay, concerning performance, we did very well - we have our growth rate of more than 20% on all the main KPIs – revenue, EBITDA, and net profit. This is also considering that we did not execute any acquisition in the first semester of 2018.

The first semester was more focused on the consolidation of what we did in the last two years – we finalized all the optimization processes in the companies that we have acquired.

Then, there was big news that influenced all businesses in Europe – the introduction of the GDPR regulations. We were very busy with managing everything that is related to the GDPR.

We also launched a program that is called Cloud Seed together with SeeWeb, a co-founder and the technological partner of DHH. It aims to invest in the most promising startups in our region. We launched an internal startup, Sysbee, a spinoff from Croatia. It is focused on managing infrastructure.

During the first semester, DHH made progress in improving its brand awareness. Since we are still a young company, we have to perform a lot of communication and branding activities to let the market know that we exist.

To sum up, the focus of this semester was the branding of DHH, lots of internal organization work, the launch of a new investment program on startup together with the first experiment of Sysbee.”

Having talked about the results, what are the plans of DHH for the remaining months of 2018? Are there any grand product launches or projects that are about to take place?

Giandomenico Sica: “DHH is an industrial investment company, so, investment activities are the core part of our business. In the first six months of the year, we were busy with the consolidation of and the other events.

In the second half of the year, we will be focusing on the investment activities primarily. There are already some of the acquisition deals in the pipeline, and we are working on them.

In this context, we will also concentrate on visibly restarting our activity in the upcoming months.”

About DHH S.p.A.

DHH S.p.A. (“DHH”) is an industrial investment company focused on the web hosting, SaaS and cloud-computing industry with the goal of creating the leading “*Internet Platform of European emerging markets*,” a geographic area where expected growth rates are higher thanks to current lower digital penetration.

DHH is listed on AIM Italia, a Multilateral Trading Facility regulated by Borsa Italiana and registered as an SME Growth Market.

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