

DHH

Sector: Technology

M&A driven growth in 2021. Resilient business model in the current environment

After the preliminary results reported in February, the company confirmed its top line for FY21, with Datacenter & Networking and IaaS leading the growth, as a result of the consolidation of Seeweb. In terms of profitability, EBITDA and Net Profit came in slightly short of estimates. The company announced a stock dividend of equivalent Eu1.6mn (1 share for each 45). More acquisitions are expected in 2022, while the Russia/Ukraine conflict should have a marginal impact on the performance of the group. We keep our top line estimates unchanged but we marginally adjust downward profitability in the coming years. We confirm our BUY rating and keep our TP of Eu22.5/share. We believe that the business model of the group (predictable recurring sales coupled with M&A optionality) offers a protection in the current environment

- FY21 top line confirmed, with Datacentre & Networking and IaaS leading growth.** As a result of the consolidation of Seeweb (included in the group starting from Nov 20) and Evolink (Bulgarian company consolidated from Dec 21), FY21 revenues jumped to Eu19.6mn (+113% yoy). Datacenter & Networking (Eu1.7mn for the full year 21) and the IaaS (Eu9.3mn) segments experiencing the strongest growth rate yoy (respectively, +349% and +227%). The other segments experienced high-double-digit hikes (+83% SaaS, +43% PaaS, and +36% Managed Services). Out of the total revenues, 95% were recurring.
- EBITDA slightly below estimates. Stock dividend of equivalent Eu1.6mn (1 share for each 45).** Adj. EBITDA and Net profit came in slightly below expectations. DHH reported Adj. EBITDA of Eu3.7mn for the half-year (up 155% yoy) and Eu7.2mn for the full year (up 264%). Adj. EBITDA margin reached 37.3% in 2H (vs 26.2% for 2H20), and 37.0% in the FY21 (vs 21.6% in FY20). Adj. Net Profit for the full year came in at Eu2.7mn (up 249% yoy), recording an adj. net profit margin of 13.6% (vs 8.3% in FY20). The NFP went from positive Eu1.5mn in FY20 to negative Eu0.9mn in FY21, following to the multiple acquisitions finalized during the year and sustained by a strong cash conversion at 82.6%. The group has also approved a stock dividend to be paid by the assignment of 1 treasury share for each 45 shares (equivalent to ca. Eu1.6mn as per 25 March 2022 price). Furthermore, the BoD has proposed a stock option plan for the period 2022-2025, addressed to part of the management and to be allocated free of charge (allowing for a conversion at a fixed price).
- More acquisitions are expected in 2022. Russia/Ukraine conflict should have a marginal impact on the performance of the group.** While the acquisitions finalized in 2021 (Evolink, Mondoserver, Optima Hosting and Errera Technology) will start showing their full effect in the coming year, the group intends to continue its acquisition strategy in 2022, targeting local cloud computing providers in its target markets (emerging economies of Europe and beyond). DHH should be only marginally affected by the Russia/Ukraine conflict. We highlight that DHH exhibits a diversified portfolio of 120k clients, which brings further comfort in the current economic environment.
- Top line estimates unchanged and marginal downward revision on profitability.** We maintain our 2022 and 2023 numbers for the top line. We slightly cut our EBITDA estimate by 2.4% and 2.3% in FY22E and FY23E respectively. At the same time EPS estimates are also adjusted downwards, by 3.4% and 4.7% for 2022 and 2023. We cut our estimates in light of the profitability slightly below our estimate in 2021.
- We confirm our BUY rating and our TP of Eu22.5/share.** DHH is now trading close to its highs, at FY23E EV/EBIT of 13.5x (>45% discount versus selected peers). We base our TP on 2022/23 EV/EBIT multiples of peers (after 25% size discount) and cross-check with DCF. We believe that the delivery of the expected organic growth, additional M&A deals and potential vertical integration in the physical infrastructure could trigger reduction of the valuation gap. Furthermore, the business model of the group (predictable recurring sales coupled with M&A optionality) offers a protection in the current environment.

BUY

Unchanged

TP 22.50

Unchanged

Target price upside 33%

| Change in EPS est. | FY22E | FY23E |
|--------------------|-------|-------|
| | -3.4% | -4.7% |

| Ticker (BBG, Reut) | DHH IM | DHH.MI |
|---------------------------------|--------|--------|
| Share price Ord. (Eu) | | 16.8 |
| N. of Ord. shares (mn) | | 4.9 |
| Total N. of shares (mn) | | 4.9 |
| Market cap (Eu mn) | | 82 |
| Total Market Cap (EU mn) | | 82 |
| Free Float Ord. (%) | | 24% |
| Free Float Ord. (Eu mn) | | 20 |
| Daily AVG liquidity Ord. (Eu k) | | 34 |

| | 1M | 3M | 12M |
|--------------------|-------|-------|-------|
| Absolute Perf. | -0.6% | 5.9% | 30.8% |
| Rel. to FTSEMidCap | 2.0% | 18.9% | 29.8% |
| 52 weeks range | | 12.5 | 18.0 |



| | FY21A | FY22E | FY23E |
|---------------------|-------|-------|-------|
| Sales | 20 | 25 | 27 |
| EBITDA adj. | 7.2 | 8.5 | 9.7 |
| Net profit adj. | 2.7 | 3.1 | 3.9 |
| EPS adj. | 0.541 | 0.617 | 0.776 |
| DPS - Ord. | 0.000 | 0.000 | 0.000 |
| EV/EBITDA adj. | 9.3x | 7.8x | 6.8x |
| P/E adj. | 26.7x | 21.3x | 18.4x |
| Dividend yield | 0.0% | 0.0% | 0.0% |
| FCF yield | 4.8% | 4.3% | 4.8% |
| Net debt/(Net cash) | 0.9 | (3.0) | (6.6) |
| Net debt/EBITDA | nm | nm | nm |

Giuseppe Marsella
giuseppe.marsella@alantra.com
+39 02 63 671 620

Marco Costantini
marco.costantini@alantra.com
+39 02 63 671 614

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Financial Summary (IFRS)

| P&L account (Eu mn) | FY20A | FY21A | FY22E | FY23E | FY24E |
|----------------------------|------------|------------|------------|------------|-------------|
| Total Revenues | 9.3 | 19.8 | 25.1 | 27.5 | 29.9 |
| First margin | na | na | na | na | na |
| EBITDA reported | 1.8 | 6.9 | 8.5 | 9.7 | 10.8 |
| D&A | (0.8) | (3.3) | (3.9) | (4.0) | (4.1) |
| EBIT reported | 0.9 | 3.6 | 4.5 | 5.6 | 6.7 |
| Net financial charges | (0.1) | (0.2) | (0.3) | (0.3) | (0.3) |
| Associates | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Extraordinary items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax profit | 0.9 | 3.4 | 4.2 | 5.3 | 6.4 |
| Taxes | (0.3) | (0.3) | (1.2) | (1.5) | (1.8) |
| Minorities | (0.0) | 0.0 | 0.0 | 0.0 | (0.1) |
| Discontinued activities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit reported | 0.6 | 3.2 | 3.0 | 3.8 | 4.4 |
| EBITDA adjusted | 2.0 | 7.2 | 8.5 | 9.7 | 10.8 |
| EBIT adjusted | 1.2 | 3.9 | 4.6 | 5.7 | 6.7 |
| Net profit adjusted | 0.8 | 2.7 | 3.1 | 3.9 | 4.5 |

| Margins (%) | FY20A | FY21A | FY22E | FY23E | FY24E |
|-------------------------|-------|-------|-------|-------|-------|
| First margin | na | na | na | na | na |
| EBITDA margin | 19.6% | 35.1% | 33.9% | 35.4% | 36.1% |
| EBITDA margin (adj) | 21.2% | 36.5% | 33.9% | 35.4% | 36.1% |
| EBIT margin | 10.1% | 18.2% | 18.1% | 20.5% | 22.3% |
| EBIT margin (adj) | 12.4% | 19.9% | 18.3% | 20.8% | 22.6% |
| Pre-tax margin | 9.3% | 17.4% | 16.8% | 19.4% | 21.3% |
| Net profit margin | 6.5% | 16.1% | 12.1% | 13.9% | 14.8% |
| Net profit margin (adj) | 8.2% | 13.4% | 12.3% | 14.1% | 15.0% |

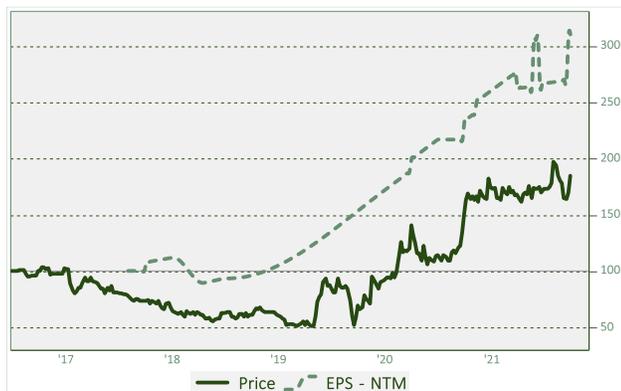
| Growth rates (%) | FY20A | FY21A | FY22E | FY23E | FY24E |
|---------------------|--------|--------|-------|-------|-------|
| Sales | 37.3% | 111.8% | 27.0% | 9.2% | 8.8% |
| EBITDA | 270.8% | 278.5% | 22.8% | 14.0% | 11.2% |
| EBITDA adjusted | 301.1% | 264.2% | 17.9% | 14.0% | 11.2% |
| EBIT | 553.8% | 281.8% | 25.8% | 24.1% | 18.2% |
| EBIT adjusted | 695.6% | 240.5% | 16.8% | 23.9% | 18.1% |
| Pre-tax | 674.5% | 295.4% | 23.2% | 25.9% | 19.3% |
| Net profit | 517.8% | 421.1% | -4.8% | 25.9% | 15.5% |
| Net profit adjusted | 665.8% | 248.8% | 15.9% | 25.7% | 15.4% |

| Per share data | FY20A | FY21A | FY22E | FY23E | FY24E |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Shares | 4.840 | 4.997 | 4.997 | 4.997 | 4.997 |
| N. of shares AVG | 3.165 | 4.918 | 4.997 | 4.997 | 4.997 |
| N. of shares diluted AVG | 3.070 | 4.779 | 4.907 | 4.907 | 4.907 |
| EPS | 0.194 | 0.649 | 0.608 | 0.766 | 0.884 |
| EPS adjusted | 0.241 | 0.541 | 0.617 | 0.776 | 0.895 |
| DPS - Ord. | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| DPS - Sav. | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| BVPS | 5.178 | 3.933 | 4.486 | 5.261 | 6.126 |

| Enterprise value (Eu mn) | FY20A | FY21A | FY22E | FY23E | FY24E |
|--------------------------|-------|-------|-------|-------|-------|
| Share price Ord. (Eu) | 8.7 | 14.2 | 16.8 | 16.8 | 16.8 |
| Market cap | 42.2 | 71.1 | 82.4 | 82.4 | 82.4 |
| Net debt/(Net cash) | (1.5) | 0.9 | (3.0) | (6.6) | (8.9) |
| Adjustments | 0.3 | (0.3) | (0.2) | (0.2) | (0.0) |
| Enterprise value | 41.0 | 71.7 | 79.2 | 75.7 | 73.5 |

Share price performance

After bottoming out at the end of 2019, the stock began a strong upward trend



| Cash flow (Eu mn) | FY20A | FY21A | FY22E | FY23E | FY24E |
|----------------------------|--------------|--------------|------------|------------|------------|
| EBITDA reported | 1.8 | 6.9 | 8.5 | 9.7 | 10.8 |
| Net financial charges | (0.1) | (0.2) | (0.3) | (0.3) | (0.3) |
| Cash taxes | (0.3) | (0.3) | (1.2) | (1.5) | (1.8) |
| Ch. in Working Capital | 0.6 | (0.7) | 1.1 | 0.2 | 0.2 |
| Other Op. items | 0.0 | (0.0) | 0.1 | 0.0 | (0.1) |
| Operating cash flow | 2.1 | 5.7 | 8.2 | 8.1 | 8.7 |
| Capex | (0.7) | (3.5) | (4.3) | (4.5) | (4.8) |
| FCF | 1.4 | 2.3 | 3.9 | 3.5 | 4.0 |
| Disposals/Acquisitions | 0.0 | (4.0) | 0.0 | 0.0 | (1.6) |
| Changes in Equity | 0.0 | (0.3) | 0.0 | 0.0 | 0.0 |
| Others | (2.1) | (0.5) | 0.0 | 0.0 | 0.0 |
| Dividends | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ch. in NFP | (0.7) | (2.4) | 3.9 | 3.5 | 2.4 |

| Ratios (%) | FY20A | FY21A | FY22E | FY23E | FY24E |
|-------------------------|-------------|--------------|--------------|--------------|--------------|
| Capex/Sales | 8.0% | 17.5% | 17.0% | 16.5% | 16.0% |
| Capex/D&A | 0.9x | 1.1x | 1.1x | 1.1x | 1.2x |
| FCF/EBITDA | 74.3% | 32.6% | 46.3% | 36.5% | 36.8% |
| FCF/Net profit | 222.5% | 70.9% | 129.9% | 92.6% | 89.8% |
| Dividend pay-out | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

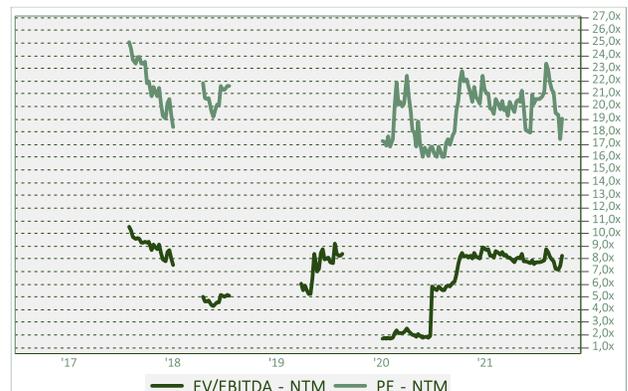
| Balance sheet (Eu mn) | FY20A | FY21A | FY22E | FY23E | FY24E |
|-----------------------------|--------------|-------------|--------------|--------------|--------------|
| Working capital | (2.3) | (1.5) | (2.6) | (2.8) | (3.0) |
| Fixed assets | 17.8 | 23.0 | 23.3 | 23.9 | 26.2 |
| Provisions & others | (0.6) | (0.5) | (0.7) | (0.8) | (0.8) |
| Net capital employed | 14.9 | 20.9 | 20.0 | 20.3 | 22.3 |
| Net debt/(Net cash) | (1.5) | 0.9 | (3.0) | (6.6) | (8.9) |
| Equity | 16.4 | 19.3 | 22.4 | 26.3 | 30.6 |
| Minority interests | (0.0) | 0.6 | 0.6 | 0.5 | 0.6 |

| Ratios (%) | FY20A | FY21A | FY22E | FY23E | FY24E |
|------------------------------|---------------|--------------|---------------|---------------|---------------|
| Working capital/Sales | -25.1% | -7.7% | -10.5% | -10.3% | -10.2% |
| Net debt/Equity | nm | 4.9% | nm | nm | nm |
| Net debt/EBITDA | nm | 0.1x | nm | nm | nm |

| Valuation | FY20A | FY21A | FY22E | FY23E | FY24E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| EV/CE | 2.7x | 3.3x | 3.8x | 3.6x | 3.2x |
| P/BV | 2.6x | 3.7x | 3.7x | 3.1x | 2.7x |
| EV/Sales | 4.4x | 3.6x | 3.1x | 2.8x | 2.5x |
| EV/EBITDA | 22.3x | 10.3x | 9.3x | 7.8x | 6.8x |
| EV/EBITDA adjusted | 20.6x | 9.9x | 9.3x | 7.8x | 6.8x |
| EV/EBIT | 43.3x | 19.8x | 17.4x | 13.4x | 11.0x |
| EV/EBIT adjusted | 35.3x | 18.2x | 17.2x | 13.2x | 10.9x |
| P/E | 68.8x | 22.3x | 27.1x | 21.5x | 18.7x |
| P/E adjusted | 55.2x | 26.7x | 26.7x | 21.3x | 18.4x |
| ROCE pre-tax | 11.1% | 21.4% | 21.9% | 27.4% | 30.6% |
| ROE | 4.7% | 13.8% | 13.8% | 14.7% | 14.6% |
| EV/FCF | 30.1x | 31.7x | 20.1x | 21.3x | 18.5x |
| FCF yield | 3.2% | 3.2% | 4.8% | 4.3% | 4.8% |
| Dividend yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Valuation

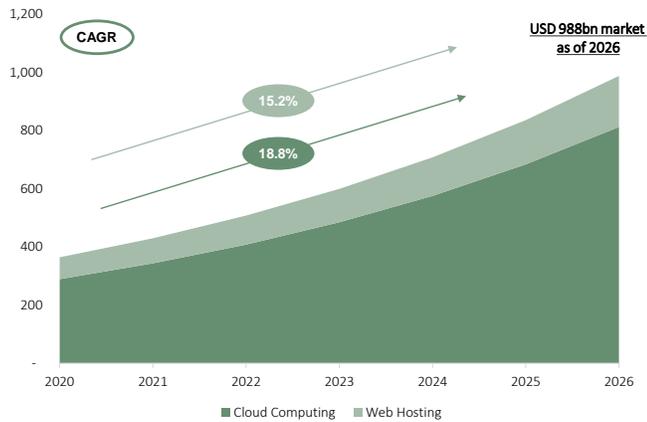
Valuation close to its highs



Key Charts

Cloud Computing & Hosting market trend (FY20-26)

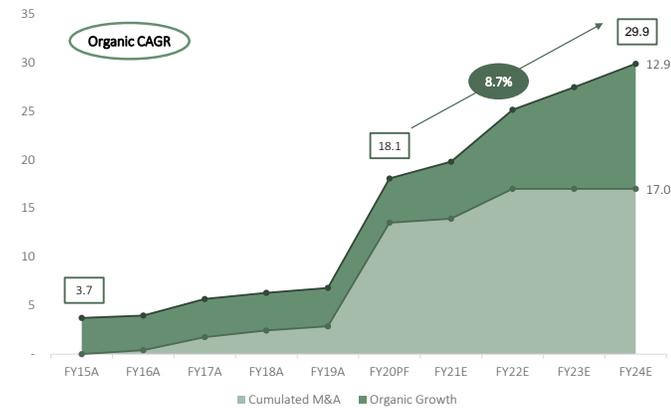
Target markets set to surge to a USD1tn market by 2026



Source: Alantra analysis based on Business Wire and Allied Market Research

Organic top line CAGR

Organic top line CAGR at 8.7% between 2020PF and 2024E



Source: DHH, Alantra estimates

Evolution of NWC, DSO and DPO

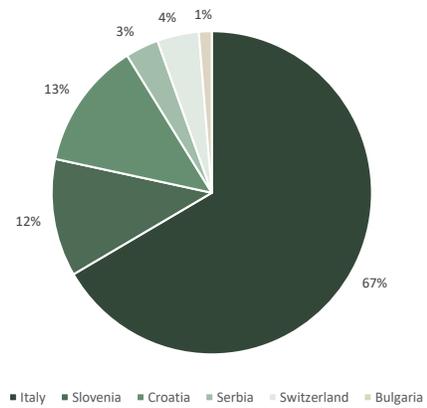
Eu1.5mn cash generation from NWC between FY21A and FY24E



Source: DHH, Alantra estimates

Revenues by geography (FY20PF)

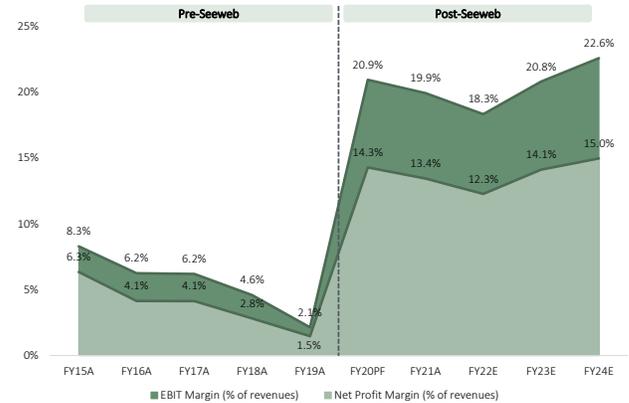
Italy prevails with almost 70% of FY20PF Revenues



Source: Company's financial statements

Profitability trends (FY15A-FY24E)

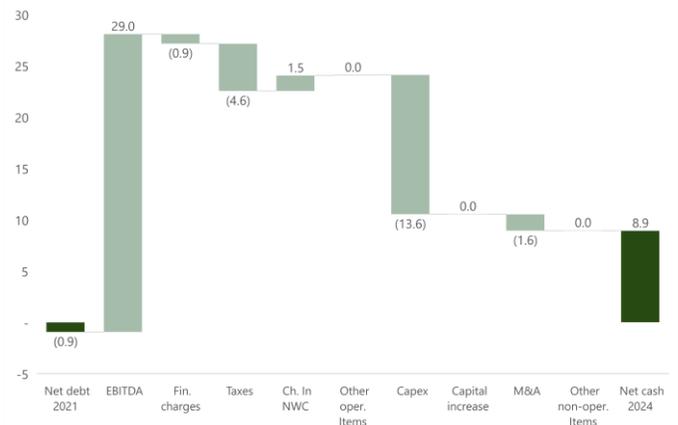
EBIT and Net Profit margins soaring 10-fold post-transformational acquisition



Source: DHH, Alantra estimates

2020-2024E Net Cash bridge

Strong free cash flow generation to 2024



Source: DHH, Alantra estimates

Profile

Background Established in 2015, DHH offers cloud computing (49% of 2020PF sales) and hosting (41%) services to SMEs and solo entrepreneurs in Italy (67% of FY21 sales), Croatia (13%), Slovenia (12%), Serbia (3%), Italian Switzerland (4%), and the recently added Bulgaria (1%). Its offer includes IaaS (48% of FY21 sales), PaaS (37%), SaaS (2%), Datacenter & Networking (9%), and Managed Services (4%). The group operates through an ecosystem of 8 independent and autonomous entities built through M&A. The entities offer a broad array of products, from simple web hosting packages to complex tailor-made cloud computing solutions.

Positioning By means of M&A, DHH has built a solid leadership in cloud hosting and computing in targeted Southeast European countries. The company has been a first mover consolidator in some Southeast European countries outside of Italy, acquiring a strong position in Slovenia, Serbia and Croatia. The recent reverse merger with Seeweb has been transformational for DHH (FY20PF sales and EBITDA up 93% and 272% versus actuals) and, in our view, it has created a sounder base to continue the M&A Buy&Build strategy going forward.

The group generates recurring sales from a fragmented and loyal customer base of small and micro corporates. As of Dec 2020, DHH had a fragmented portfolio of >100k clients (Top 10 clients slightly above 10%), generating sales from either annual subscription-based contracts with automatic renewal or service usage. Acquisition and onboarding of new clients is completely inbound and online, with a minimal churn-rate (c. 5%).

Growth Since the IPO, DHH has completed 14 acquisitions (including the Bulgarian Evolink) for a total combined value of around Eu40mn. Revenues went from Eu6.0mn in FY18A to Eu19.8mn in FY21A, thanks to a combination of M&A and organic growth. Over the same period, adjusted EBITDA jumped from Eu0.5mn to Eu7.2mn, with EBITDA margin boasting an expansion of ca. 30% (reaching 37% in FY21A).

The group should enjoy some positive catch-up trends: 1) small & micro caps are usually much less digitalised than medium and large caps. According to our analysis on data coming from the European Commission, while 94% of European big corporates have a company website, only 76% of SMEs have it; 2) the current level of digitalisation in South European countries is below the European average (with a tech gap standing at c. 10% vs the overall Euro Area); 3) the geographies targeted by the group should outperform the rest of Europe in terms of GDP growth. As a matter of fact, the countries where DHH is present (target markets) should have an average yearly outperformance of around 0.4% GDP growth vs the overall Euro Area in the coming 5 years.

Strategy Further M&A is not just an option for DHH: we expect more acquisitions in the future, although our estimates only incorporate the deals already finalised. Organic growth will be driven by the specific markets covered by the group, which should catch-up on corporate digitalisation and enjoy above average GDP growth.

The reverse merger (100% share exchange) with the main shareholder Seeweb (approved in June 2020 with a whitewash waiver) has been a transformational deal for the group. Seeweb was the first company to offer cloud computing solutions on the Italian market and was one of the first company to register domains in Italy. From an almost pure web hosting player, DHH has transitioned to a cloud computing provider, now being able to leverage on a proprietary infrastructure. Seeweb manages six physical datacentres (out of which four are completely owned) in Italy, Switzerland and Croatia, as well as an internet backbone which connects proprietary datacentres to important domestic and foreign exchange points.

Growth potential may also come from additional vertical integration in the physical infrastructure: 1) acquisition of players with an infrastructure network (datacentres and fiber connection); 2) organic build-up of the network, leveraging on the strong expertise of Seeweb. Migration of the existing clients on a proprietary infrastructure would be strongly margin enhancing and value accretive.

| Strengths | Weaknesses |
|---|---|
| Fragmented and loyal portfolio of business clients | Exposure to riskier than average European countries |
| Proprietary infrastructure in Italy | Lack of advanced ERP |
| Organic growth potential of target markets/clients | Forex risk |
| Market Leadership in Slovenia, Croatia, Serbia, Bosnia and Bulgaria | |
| Opportunities | Threats |
| Further expansion in existing markets through M&A | Stronger competition from local and global competitors |
| Expansion in other emerging geographies | Potential value disruption with M&A and integration |
| Stronger vertical integration in infrastructure outside Italy | Low vaccination levels in some Eastern European countries |

| Key shareholders |
|-------------------------------------|
| Antonio Domenico Baldassarra, 34.0% |
| Enrico Vona, 32.7% |
| Giandomenico Sica, 5.4% |
| Treasury Shares, 3.7% |
| Free Float, 24.3% |

| Management |
|---|
| Antonio Domenico Baldassarra - Director |
| Giandomenico Sica - Co-Founder & Chairmam |
| Uroš Čimžar - CSO, Managing Director |
| Matija Jekovec - COO, Managing Director |
| Guido Busato - Independent Director |

| Next events |
|----------------------------------|
| 28 April 2022 - FY GM |
| 16 May 2022 - 1Q 2022 Sales |
| 29 July 2022 - 2Q 2022 Sales |
| 28 September 2022 - 1H 2022 |
| 15 November 2022 - 3Q 2022 Sales |

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2H21/FY21 Results

2H21/FY21 results

FY21 top line confirmed, EBITDA slightly below estimates

| Eu mn | 2H20A | 2H21A | YoY % | Alantra | | FY20A | FY21A | YoY % | Alantra | |
|------------------------------|--------|--------|--------|---------|---------|--------|--------|--------|---------|---------|
| | | | | 2H21E | A vs E | | | | FY21E | A vs E |
| Net Revenues | 5.5 | 9.9 | 79.2% | 10.0 | -0.5% | 9.2 | 19.6 | 112.7% | 19.6 | -0.3% |
| <i>on net sales %</i> | 100.0% | 100.0% | | 100.0% | | 100.0% | 100.0% | | 100.0% | |
| EBITDA Adj. | 1.5 | 3.7 | 155.0% | 3.9 | -5.1% | 2.0 | 7.2 | 264.2% | 7.4 | -2.7% |
| <i>Ebitda Margin %</i> | 26.2% | 37.2% | | 39.0% | | 21.6% | 37.0% | | 37.9% | |
| EBITDA | 1.3 | 3.4 | 162.6% | 3.9 | -12.3% | 1.8 | 6.9 | 278.5% | 7.4 | -6.5% |
| <i>Ebitda Margin %</i> | 23.5% | 34.4% | | 39.0% | | 19.9% | 35.5% | | 37.9% | |
| EBIT | 0.6 | 1.7 | 168.5% | 2.2 | -24.2% | 0.9 | 3.6 | 281.8% | 4.2 | -13.0% |
| <i>Ebit Margin %</i> | 11.4% | 17.0% | | 22.3% | | 10.3% | 18.5% | | 21.2% | |
| Net Profit | 0.4 | 1.0 | 153.3% | 0.6 | 88.8% | 0.6 | 3.2 | 414.0% | 2.7 | 18.2% |
| <i>Net Profit Margin %</i> | 7.5% | 10.5% | | 5.5% | | 6.7% | 16.3% | | 13.8% | |
| Restated Net Profit | 0.4 | 1.1 | 160.1% | 0.4 | 147.1% | 0.8 | 2.7 | 248.8% | 2.7 | -1.4% |
| <i>Net Profit Margin %</i> | 7.4% | 10.8% | | 4.3% | | 8.3% | 13.6% | | 13.8% | |
| NFP at YE (debt)/cash | 1.5 | (0.9) | | 2.3 | -141.1% | 1.5 | (0.9) | | 2.3 | -141.1% |

Source: Alantra estimates and Factset

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Estimates

Change in Estimates

Top line estimates unchanged and marginal downward revision on profitability

| (Eu mn) | NEW Estimates | | | | % Change | | | | OLD Estimates | | | |
|--------------------------------------|---------------|-------|-------|-------|----------|--------|--------|--------|---------------|-------|-------|-------|
| | FY21A | FY22E | FY23E | FY24E | FY21A | FY22E | FY23E | FY24E | FY21A | FY22E | FY23E | FY24E |
| Total Revenues / Value of Production | 19.8 | 25.1 | 27.5 | 29.9 | -0.1% | 0.0% | 0.0% | 0.0% | 19.8 | 25.1 | 27.5 | 29.9 |
| EBITDA Adjusted | 7.2 | 8.5 | 9.7 | 10.8 | -2.7% | -2.4% | -2.3% | -2.2% | 7.4 | 8.7 | 9.9 | 11.0 |
| EBIT Adjusted | 3.9 | 4.6 | 5.7 | 6.7 | -4.9% | -4.7% | -4.1% | -3.7% | 4.2 | 4.8 | 6.0 | 7.0 |
| Pretax Profit | 3.4 | 4.2 | 5.3 | 6.4 | -12.4% | -8.1% | -6.9% | -6.2% | 3.9 | 4.6 | 5.7 | 6.8 |
| Net profit | 3.2 | 3.0 | 3.8 | 4.4 | 18.2% | -4.1% | -2.9% | -7.3% | 2.7 | 3.2 | 3.9 | 4.8 |
| Net profit restated | 2.7 | 3.1 | 3.9 | 4.5 | -1.4% | -2.7% | -1.6% | -6.1% | 2.7 | 3.2 | 3.9 | 4.8 |
| EPS | 0.158 | 0.533 | 0.617 | 0.776 | 0.0% | -3.4% | -4.7% | -3.7% | 0.158 | 0.552 | 0.648 | 0.805 |
| Net financial position | (0.9) | 3.0 | 6.6 | 8.9 | -141.1% | -52.8% | -38.3% | -37.1% | 2.3 | 6.4 | 10.6 | 14.2 |

Source: Alantra estimates and Factset

ALANTRA

Italian Equity Research

Peers

DHH and comparable companies: Multiples

DHH is trading at a discount of >45% to Hosting & Computing peers on 2022/23 EV/EBIT multiples

| Company | Country | Mkt Cap (Eu mn) | EV/EBITDA | | | EV/EBIT | | | PE | | | EV/Sales | | | |
|-------------------------------------|----------------|-----------------|-----------|--------|--------|---------|--------|--------|---------|---------|--------|----------|-------|-------|-------|
| | | | FY22E | FY23E | FY24E | FY22E | FY23E | FY24E | FY22E | FY23E | FY24E | FY22E | FY23E | FY24E | |
| DHH S.p.A | ITALY | 79 | 9.3 x | 7.8 x | 6.8 x | 17.4 x | 13.4 x | 11.0 x | 27.1 x | 21.5 x | 18.7 x | 3.1 x | 2.8 x | 2.5 x | |
| Premium (discount) to Peers' Median | | | -29% | -44% | -46% | -48% | -49% | -62% | -52% | -41% | -46% | -20% | -15% | -38% | |
| PEERS | | | Average | 15.1 x | 12.3 x | 13.7 x | 41.5 x | 30.4 x | 36.2 x | 66.3 x | 43.2 x | 42.9 x | 4.2 x | 3.8 x | 4.4 x |
| | | | Median | 13.1 x | 14.0 x | 12.5 x | 33.2 x | 26.3 x | 29.2 x | 57.0 x | 36.6 x | 34.3 x | 4.0 x | 3.2 x | 4.0 x |
| WIIT SpA | ITALY | 844 | 24.3 x | 20.6 x | 18.6 x | 42.5 x | 33.6 x | 29.2 x | 57.0 x | 43.7 x | 36.6 x | 8.6 x | 8.0 x | 7.2 x | |
| iomart Group plc | UNITED KINGDOM | 210 | 6.0 x | 5.7 x | na | 12.9 x | 12.2 x | na | 14.1 x | 14.9 x | na | 2.2 x | 2.1 x | na | |
| Gigas Hosting SA | SPAIN | 108 | 8.1 x | 7.5 x | na | 26.1 x | 21.8 x | na | 63.3 x | 44.2 x | na | 1.8 x | 1.7 x | na | |
| Locaweb Servicos de Internet SA | BRAZIL | 1,075 | 26.0 x | 16.6 x | 11.1 x | 53.8 x | 28.1 x | na | 60.0 x | 36.6 x | 32.0 x | 4.0 x | 3.2 x | 2.6 x | |
| GoDaddy, Inc. Class A | UNITED STATES | 12,872 | 16.8 x | 14.3 x | 13.4 x | 33.2 x | 26.3 x | 22.9 x | 38.6 x | 32.0 x | 22.8 x | 4.0 x | 3.5 x | 3.2 x | |
| Unidata S.P.A. | ITALY | 123 | 9.4 x | 7.4 x | na | 17.1 x | 12.5 x | na | 23.4 x | 17.4 x | na | 2.7 x | 2.2 x | na | |
| ReeVo SpA | ITALY | 77 | na | na | na | na | na | na | na | na | na | na | na | na | |
| OVH Groupe SAS | FRANCE | 4,416 | 16.2 x | 14.0 x | 11.7 x | 105.1 x | 78.2 x | 56.3 x | 207.6 x | 113.6 x | 80.2 x | 6.4 x | 5.6 x | 4.8 x | |
| Hosting & Computing Peers | | | Average | 15.3 x | 12.3 x | 13.7 x | 41.5 x | 30.4 x | 36.2 x | 66.3 x | 43.2 x | 42.9 x | 4.2 x | 3.8 x | 4.4 x |
| | | | Median | 16.2 x | 14.0 x | 12.5 x | 33.2 x | 26.3 x | 29.2 x | 57.0 x | 36.6 x | 34.3 x | 4.0 x | 3.2 x | 4.0 x |

Source: Alantra estimates and Factset

DHH and comparable companies: Profitability and growth rates

DHH has higher margins than the ones of the overall panel and slightly lower expected CAGR over the period FY21A – FY24E

| Company | Country | Mkt Cap (Eu mn) | FY22E - FY24E average margins | | | | | CAGR FY21A - FY24E | | | | |
|---------------------------------|----------------|-----------------|-------------------------------|-------------|-------------------|---------------|-----------------|--------------------|--------|---------|---------|---------|
| | | | EBITDA Margin | EBIT Margin | Net Income Margin | Capex / Sales | Dividend Payout | Sales | EBITDA | EBIT | EPS | |
| DHH S.p.A | ITALY | 79 | 35.1% | 20.3% | 13.6% | 16.5% | 0.0% | 14.7% | 15.9% | 22.7% | 10.9% | |
| WIIT SpA | ITALY | 844 | 37.7% | 22.9% | 13.3% | 16.5% | 48.1% | 21.5% | 21.9% | 30.7% | 39.3% | |
| iomart Group plc | UNITED KINGDOM | 210 | 36.7% | 17.0% | 12.1% | na | 62.7% | na | na | na | na | |
| Gigas Hosting SA | SPAIN | 108 | 22.5% | 7.4% | 3.0% | na | 0.0% | na | na | na | na | |
| Locaweb Servicos de Internet SA | BRAZIL | 1,075 | 19.5% | 3.3% | 10.9% | 7.0% | 0.0% | 30.1% | 63.0% | -324.8% | -315.4% | |
| GoDaddy, Inc. Class A | UNITED STATES | 12,872 | 23.9% | 13.0% | 9.7% | 1.5% | na | 9.5% | 14.6% | 22.0% | 37.7% | |
| Unidata S.P.A. | ITALY | 123 | 29.0% | 16.6% | 12.0% | na | 0.0% | na | na | na | na | |
| ReeVo SpA | ITALY | 77 | na | na | na | na | na | na | na | na | na | |
| OVH Groupe SAS | FRANCE | 4,416 | 40.3% | 7.3% | 3.6% | 49.5% | 0.0% | 17.3% | 18.8% | 34.0% | -238.8% | |
| Hosting & Computing Peers | | | Average | 29.9% | 12.5% | 9.2% | 18.6% | 18.5% | 19.6% | 29.6% | -59.5% | -119.3% |
| | | | Median | 29.0% | 13.0% | 10.9% | 11.8% | 0.0% | 19.4% | 20.4% | 26.3% | -100.5% |

Source: Alantra estimates and Factset

DHH and comparable companies: Performance

DHH has overperformed sector peers over the last year

| Company | Country | Mkt Cap (Eu mn) | Performance | | | | | | |
|---------------------------------|----------------|-----------------|-------------|--------|--------|--------|--------|--------|--------|
| | | | 1M | 3M | 6M | 1YR | 3YR | 5YR | |
| DHH S.p.A | ITALY | 79 | -0.6% | 5.9% | 7.3% | 30.8% | 186.2% | 76.3% | |
| PEERS | | | Average | 1.4% | -7.3% | -3.5% | 11.4% | 130.1% | 138.8% |
| | | | Median | 1.3% | -3.7% | 12.1% | -0.7% | 26.8% | 132.7% |
| WIIT SpA | ITALY | 844 | 5.5% | -15.7% | 22.8% | 100.8% | 521.0% | na | |
| iomart Group plc | UNITED KINGDOM | 210 | 1.3% | -2.8% | -26.3% | -49.8% | -54.3% | -44.8% | |
| Gigas Hosting SA | SPAIN | 108 | -5.3% | -15.0% | -14.7% | -11.0% | 41.1% | 328.5% | |
| Locaweb Servicos de Internet SA | BRAZIL | 1,075 | -3.9% | -25.6% | -56.2% | -58.3% | na | na | |
| GoDaddy, Inc. Class A | UNITED STATES | 12,872 | 1.3% | 2.4% | 20.3% | 9.5% | 12.4% | 132.7% | |
| Unidata S.P.A. | ITALY | 123 | -2.0% | 0.0% | 17.6% | 77.3% | na | na | |
| ReeVo SpA | ITALY | 77 | 10.9% | 2.7% | 12.1% | na | na | na | |
| OVH Groupe SAS | FRANCE | 4,416 | 3.3% | -4.6% | na | na | na | na | |
| Hosting & Computing Peers | | | Average | 1.4% | -7.3% | -3.5% | 11.4% | 130.1% | 138.8% |
| | | | Median | 1.3% | -3.7% | 12.1% | -0.7% | 26.8% | 132.7% |

Source: Alantra estimates and Factset

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