

EQUITY RESEARCH

DHH S.P.A INITIATION OF COVERAGE

BUY
TP 30.2€
Up/Downside: 20%

Deal-Making Machine

In the Cloud Computing sector, one of the most strategic markets globally, DHH positions itself as a benchmark in the Italian and Balkan markets, supported by 4 proprietary data centers and M&A expertise driven by cash generation exceeding that of competitors.

An extremely strategic and rapidly growing market.

The global Cloud Computing market (IaaS and PaaS), fueled by substantial investments from AWS, Microsoft Azure, and Google Cloud, is expected to grow from \$255.1bn in 2023 to \$585bn by 2028 (2023-2028 CAGR of 18.1%, Source: BDO & Statista). Europe represents 20% of the global market and is expected to grow at 16.5% CAGR from 2023 to 2028. Meanwhile, Italy anticipates growth at a rate of 15% CAGR from 2023 to 2028 (Anitec Assinform). In this context of strong growth, DHH positions itself as a consolidated leader in Italy and the Balkans and, with its customer loyalty, flexibility, innovation, and geographic diversification of services, we believe it will benefit from this expected growth.

Diversification of the offering through M&A.

DHH mainly provides Cloud Computing, Cloud Hosting, and Business Connectivity services (representing 40%, 23%, and 22% of consolidated revenues in 2023, respectively). Leveraging its proprietary infrastructure, DHH generates around 70% of its revenues in Italy, with the remaining 30% in the Balkan region (Slovenia, Croatia, Serbia, and Bulgaria). A third of the company's historical growth is attributable to organic development, while 2/3 comes from M&A activities. As a key strategy, the company acquires and retains local brands, keeps the management, and, after maximizing synergies, enables acquired entrepreneurs to focus their efforts on growth and cash generation (2020-2024E average FCF/EBITDA of 43% versus an average of 33% for the 14 selected comparables).

Massive growth potential and a moderate valuation.

DHH's stock trades with a 2024E EV/EBITDA and EV/EBIT valuation multiple of 10.2x and 17.2x, respectively, with a discount of 37% and 54% relative to comparable companies. The company's EBITDA and EBIT margin (2021-2024E average) stand at 33% and 18%, respectively, in line with its peers, but its average EBITDA-to-FCF conversion over the same period is 43%, significantly above competitors' average of 33%. We consider the current stock price an attractive buying opportunity and, for this reason, initiate coverage on the company with a buy recommendation and a TP of €30.2.

Key data

Price (€)	25.2
Industry	Data Processing Services
Ticker	DHH-IT
Shares Out (m)	4.792
Market Cap (m €)	120.8
Average trading volumes (k shares / day)	0.120
Next event	22 November (3Q)

Source: FactSet

Ownership (%)

Antonio Baldassarra	33.6
Daniele e Marianna Vona	32.5
Alkemia SGR	5.0
Free float	23.7

Source: TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	0.85	0.98	1.10
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	8.6	-3.1	62.6



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	33.7	36.3	38.9	41.5	EV/Sales	3.4	3.0	2.7
Current Op Inc (m €)	5.1	7.2	8.2	9.0	EV/EBITDA	10.2	9.1	8.1
Current op. Margin (%)	15.1	19.8	21.0	21.7	EV/EBIT	17.2	14.5	12.5
EPS (€)	0.46	0.85	0.98	1.10	PE	29.8	25.7	22.9
DPS (€)	0.00	0.00	0.00	0.00	Source: TPICAP Midcap			
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	3.7	4.6	5.0	5.4				

Consensus FactSet - Analysts:na	12/24e	12/25e	12/26e
Sales	37.2	44.2	50.4
EBIT	7.0	8.8	10.1
Net income	4.0	5.1	6.1

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Description

The DHH Group offers Cloud Computing, Cloud Hosting, and Business Connectivity services, primarily in Italy (>70% of revenues) but also in Southeastern Europe (mainly Croatia, Slovenia, and Bulgaria). It provides its services in a subscription model, often pay-per-use, with upfront payment, which has historically allowed for excellent conversion from EBITDA margin (>30%) to free cash flow (FCF/EBITDA >45%). The substantial cash generation capacity of the business, combined with the management's experience in identifying potential M&A targets, has enabled DHH to successfully execute over 17 transactions since its inception, primarily in Eastern Europe. The company leverages cost synergies (administrative, financial, and governance) and allows acquired management to focus solely on growth strategy while maintaining brand identity. This unique strategy has enabled DHH to achieve a revenue CAGR of over 30% in the last three years alone.

SWOT Analysis

Strengths

- Adaptability of offered solutions to clients and country's needs and maturity (Internet access, Cloud Hosting, Cloud Computing up to GPU-as-a-Service)
- Great strategy (Maintaining local brands and maximizing intra-group synergies) and M&A track record.
- Great EBITDA margins (>30%) and its conversion in Free cash flow (average 45%).

Weaknesses

- Small size compared to market leaders and high concentration of revenues and infrastructure in Italy (>70%).
- Exposure to the retail/professional/SME segment, which can benefit from strong growth trends but also experience potentially more intense downturns.
- The contracts are generally small in size (especially on hosting), and consequently, the backlog does not provide a clear medium-term view.

Opportunities

- Low leverage (<1x ND/EBITDA) and massive capex/M&A potential.
- Early positioning in the GPU and NPU as-a-Service segment, with high potential.
- Attractive proprietary infrastructure in both Italy and Bulgaria, which may attract private equity and industrial takeover attempts, boosting valuation.

Threats

- It may be difficult to maintain the long-term commitment of acquired companies/management while preserving their brand identity.
- Main market leaders have massive capex and technology investments; therefore, the risk of falling behind in terms of technology must be monitored.
- The shortage/cost of high-quality hardware could hinder optimal positioning in the GPU-as-a-Service segment.
- The historical focus on cash generation and cost containment could limit the ability to attract highly qualified personnel in the segments with the greatest potential.

Key Questions

What are the main value characteristics in this investment case?

Today, the company appears undervalued with a 2024 EV/EBITDA multiple of 10.2x (-37% compared to the selected peer group multiple) and a 2024 EV/EBIT multiple of 17.2x (a -54% discount relative to competitors), despite its proven track record of successful M&A activities and an expected year-end ND/EBITDA level of 0.2x, compared to a peer average of 1.5x. This position would allow the company, should it aim for the same debt level as its peers, to allocate nearly €20m to M&A activities starting in 2024. Additionally, the company has positioned itself ahead of one of the main future growth drivers in the Cloud Computing market, namely GPU and NPU as a Service, aiming to provide clients with scalable computing power for fine-tuning, training, and inference activities for AI models. The company uses hardware provided by Canadian company Tenstorrent for its NPU as a Service offering and is among the first 15 companies worldwide to offer this type of service (Cloud AI). NPU as a Service is less capital-intensive than GPU as a Service and particularly efficient for inference activities, reducing the energy consumption typical of GPUs, which are more suitable for training activities. The AI infrastructure market, which includes fine-tuning of LLM models by GPU and NPU, is projected to grow from \$23.6bn in 2020 to \$84.8bn in 2026, with a 2020-2026 CAGR of 23.7% (Markets and Markets), far surpassing the general Cloud Computing market.

What is the Cloud Computing market structure, and how is DHH positioned?

The global Cloud Computing market is one of the most sought-after segments in the tech industry. By the end of 2023, it is estimated to reach \$255.1bn (only IaaS and PaaS) and, with an 18.1% CAGR from 2023 to 2028, could reach \$585bn globally. Three of the six most capitalized companies worldwide are strategically positioned in this segment and have been investing heavily for years. Europe represents about 20% of the global Cloud Computing market (IaaS and PaaS) and is expected to maintain a CAGR of 16.5% from 2023 to 2028. Italy, according to a recent Anitec Assinform study, is expected to maintain a 15% CAGR from 2023 to 2027 in the Cloud Computing segment (IaaS, PaaS, and SaaS), accounting for approximately 5.7% of the European market. To date, between the hyperscalers (AWS, Azure, and Google Cloud) and major American and Asian cloud service providers, local operators hold about 13% of the market share in Europe. DHH generates 70% of its revenue (around €36m) in Italy, where, supported by its proprietary infrastructure, it provides Cloud Computing, Cloud Hosting, and B2B connectivity services. Key factors that make DHH unique include its proximity to customers, compliance with European, national, and regional regulations, a proven track record in structuring M&A operations in Italy and the Balkans, and a niche position in the B2B segment, serving small businesses, professionals, and public administrations with tailored offerings and 24/7 local support. Although our DCF model is based on conservative organic growth (between 7.6% and 6% for 2024-2028), which is less than half of the expected growth of the Italian market, the fair value of the stock remains significantly above the current price.

What are the main indicators of M&A activity in Europe and sector valuation multiples?

Like the investments of the three main hyperscalers, M&A activity is particularly dynamic in this sector. The average number of annual transactions in Europe has increased from 21 in 2019 to 70 in 2023 (Source: Dealroom). Both industry players and Private Equity funds are drawn to companies with recurring revenues, high margins, and significant synergetic opportunities. For this reason, the number of future transactions is expected to grow further. As for valuation multiples (EV/EBITDA) of publicly traded companies in the Cloud Computing (and hosting) sector, the market peaked in 2020 (>30x EV/EBITDA), dropped to around 20x by the end of 2022, and gradually recovered in 2023. The TMT sector average (Technology, Media, and Telecommunications) is again approaching its maximum of about 15x, with a discount of about 35% compared to Cloud Computing. Market multiples also suggest that DHH could have an intrinsic value at least 50% higher than the current market price.

Investment Case

Undervaluation Compared to Key Competitors

As of today, the stock is trading at an expected EV/EBITDA multiple of 10.3x for the end of 2024, reflecting a 36% discount compared to the median of its main comparable companies, despite an EBITDA margin in line with the average of the selected panel of 14 companies (33%). Observing the EV/EBIT multiple, this discount becomes even more pronounced, as with profitability similar to the sector average (19-20%), the company trades at 18.2x its expected 2024 EBIT, while competitors trade at 26.7x, showing a notable 47% discount. Finally, in terms of cash flow generation—historically high—the company is currently trading at 21.6x the free cash flow expected for the end of 2024, reflecting a 78% discount compared to selected peers (31.1x), despite an expected FCF/EBITDA ratio of 48% by the end of 2024, approximately 300bps above the industry average (45%), and a cash conversion rate averaging 1,900bps higher than competitors from 2021 to 2024.

While most of the selected peers are larger U.S. companies with greater stock liquidity, operating in a market with higher projected cloud computing growth (18.1% in the U.S. versus 15% in Italy), only part of this discount is justifiable. Although we applied a 10% discount to the peers' multiples, the company's valuation based on these multiples stands at €31, about 24% above the current share price, despite historically aligned EBITDA and EBIT margins with the sector average and a significantly higher FCF/EBITDA conversion rate over the past four years.

Strong Positioning in Italy and the Balkan Region

Today, 25 years after the founding of Seeweb, the DHH Group operates three proprietary data centers in Italy (two in Lombardy and one in Lazio) and one in Bulgaria, allowing it to provide low-latency, close-proximity services to its clients. The group offers a well-diversified range of services across the Cloud Hosting, Cloud Computing, and Internet connectivity segments, allowing it to steer growth (both organic and through M&A) as desired. Recent M&A activities have focused on southern Italy and the B2B connectivity segment (providing connectivity infrastructure for public administrations and companies located in underserved areas), while part of organic growth is directed towards GPU and NPU as a Service offerings. DHH's geographic diversification enables talent search and growth in both Italy (its main market) and the Balkans (Slovenia, Croatia, and Bulgaria), where its well-established presence facilitates optimization of synergies. On one hand, hyperscalers will remain the main beneficiaries of market growth; on the other, in this sector, proximity to clients, the strength of longstanding brands supported by proprietary infrastructure, and the development of dedicated infrastructures will remain, in our view, essential aspects for end clients. Cautiously, we assume the company could maintain an organic revenue CAGR of 6.9% over the 2023-2028 period—less than half the projected growth rate for the Italian cloud computing market over the same period (15%)—but we estimate this level of growth to be easily achievable and sustainable given its positioning.

Expected Growth for the Company and Focus on AI as a Service Segment

We estimate that Seeweb, which accounts for about 42% of the group's revenue, could grow in line with the group's projected growth in the coming years, with a CAGR of 6.5% over the 2023-2028 period. We anticipate higher growth for the Hosting and Cloud Computing activities in Slovenia and Croatia (Webtasy doo and Plus Hosting doo), with a compound annual growth rate of 9.2%. The infrastructure connectivity development activity of Connesi, which contributes approximately 20% of the group's revenue in 2023, is expected to maintain a 10.3% CAGR for 2023-2028. We are more cautious about Hosting in Italy (Tophost) and the Bulgarian market, where the company is gradually improving Evolink's profitability while adopting a prudent approach.

Moreover, the company has positioned itself well in the GPU/NPU as a Service segment, a high-potential market for the coming years, supported by the global shift toward AI tools aimed at enhancing productivity, accuracy, and business efficiency. In particular, Seeweb offers a highly transparent and flexible service, allowing potential clients to run simulations on the company's website based on their desired configuration (GPU, CPU, RAM...) and obtain automatic calculations of monthly and annual costs based on chosen specifications. This same transparent strategy applies to GPU and NPU as a Service offerings, ensuring clients a clear understanding of costs, payment structure (monthly pay-as-you-go), and—thanks to competitive pricing—quickly guiding their decision to sign a contract with Seeweb.

Overview of the Group

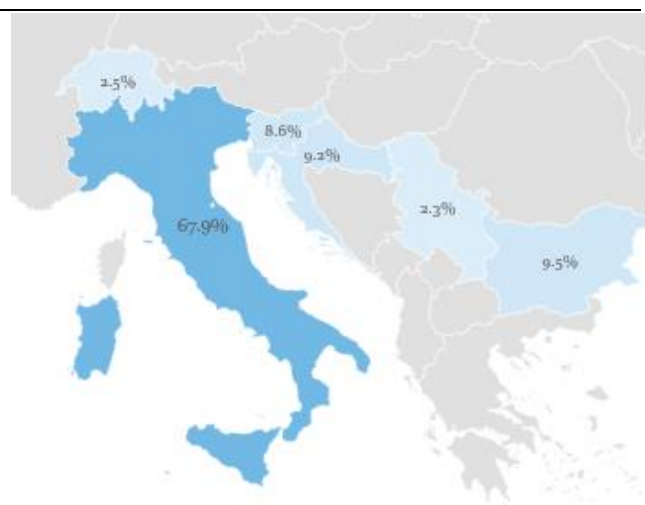
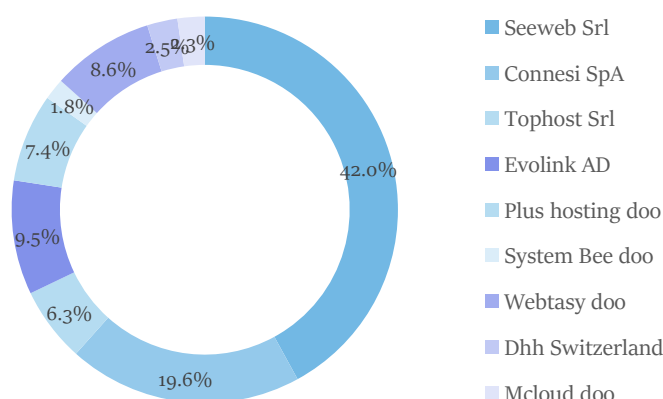
DHH SpA is an Italian company founded in 2015, primarily operating in the B2B sector, providing solutions mainly in Cloud Computing, hosting, and internet infrastructure. DHH was listed on the Milan stock exchange in 2016.

DHH began its operations in Italy and, through approximately 18 M&A transactions, now operates in 7 European countries, serving a total of over 124,000 clients. The company's strategy is based on acquiring companies specializing in cloud or web services while maintaining their brands, business models, and management teams. DHH offers a model based on sharing organizational and technological resources, particularly for hosting and cloud computing, and provides financial support to develop the acquired companies while preserving their administrative autonomy. The company has expanded in Italy and the Balkans, where there are many growth opportunities due to a level of digitalization that is below the European average.

DHH's main market is currently Italy, where, through its subsidiaries Seeweb Srl, Connesi SpA, and Tophost Srl, the group generated 67.9% of its revenue in 2023. This is followed by Bulgaria, with Evolink a.d., which accounted for 9.5% of the group's revenue in 2023. In Croatia, the subsidiaries Plus Hosting and System bee d.o.o. generated 9.2% of revenue. Slovenia represents 8.6% of the group's revenue in 2023, with the subsidiary Webtasy d.o.o. Finally, Switzerland and Serbia complete the picture, where the group, through its subsidiaries DHH Switzerland and Mcloud d.o.o., generated 2.5% and 2.3% of its revenue in 2023, respectively.

DHH holds 5 minority stakes, the main one being Warian Srl (45%), an internet service provider B2B offering connectivity and cloud computing solutions via its marketplace, generating €1.8m in revenue in 2023. Additionally, there are 4 other minority stakes in small companies: Icona Technology (4.35% with an equity value 'EqV' of €2.1m at the end of 2022), Sync Srl (3.2% on an EqV of €0.3m), Materialuce Srl (4.5% on an EqV of €0.2m), and Baasbox Srl (2.6% on an EqV of €0.1m).

Revenue Distribution of the Group by Controlled Company and Region



Recurring Revenues (>90%)		Cash Generation		Diverse Customer Base (+125k)	
The majority of the revenue is recurring, providing a predictable revenue stream, improved financial planning, and increased stability.		The strong operational cash flow (90% EBITDA conversion to free cash flow) enhances financial flexibility, enabling reinvestments, debt reduction, and the implementation of strategic initiatives.		A diverse customer base mitigates revenue decline risk, strengthens resilience against market fluctuations, and supports consistent growth.	
Proprietary Technology	Growth Strategy	Increased Focus on B2B		Talent Attraction	
Proprietary technology ensures control, flexibility, competitive advantage, cost efficiency, security, and scalability, thereby facilitating strategic decisions.	A historical organic growth of approximately 10% combined with a successful track record in mergers and acquisitions provides excellent support for future prospects.	The focus on professional clients and businesses leads to larger-scale transactions, lasting relationships, predictable revenues, greater loyalty, and reduced price sensitivity.		The presence of 200 individuals across various countries in the Mediterranean region allows us to access top engineers and leverage growth opportunities in underserved markets.	

Souce: DHH SpA & TP ICAP Midcap

Main activities

DHH SpA currently holds majority stakes in 8 controlled companies, each with proprietary brands and independent growth strategies. The offerings of these 8 controlled companies vary both by geographical reference and by type of service/customer. The main services offered are 4: Cloud Computing, Cloud Hosting, Business Connectivity, and Datacenter & Networking.

Cloud Computing (€14.1m LTM as of June 2024, +17% CAGR Jan 2021-June 2024) is currently DHH's core activity and contributes to 40% of the group's revenue. Cloud computing is a system that allows the use of computing resources via the Internet without having them physically on your computer or in a physical server at the company. Datacenters are like huge computers that provide, as needed: a) hardware: storage space for your files, but also RAM (temporary memory to manage and speed up programs currently in use), computing power with CPU (processor) and GPU (graphics card); and b) software: such as platforms (PaaS) hosted by the Cloud Computing provider where the client can develop/test applications or ready-to-use applications (SaaS) accessible by end-users via the Internet. Anyone can exploit these resources at will, from anywhere, with maximum flexibility according to needs, requiring only an Internet connection, without having to directly purchase or maintain hardware/software.

The main service offered by the DHH group, through Seeweb, is the Cloud Server (IaaS), available in various configurations (shared CPU, High Memory, Hosting, and Shared Hosting). The company provides 24/7 technical support (also proactive), cybersecurity services (SSL, Antivirus, Backup, and Data Protection), streaming, email traffic management, and storage, with highly customizable solutions. Typical clients of the company are SMEs, professionals, e-commerce businesses, and system integrators.

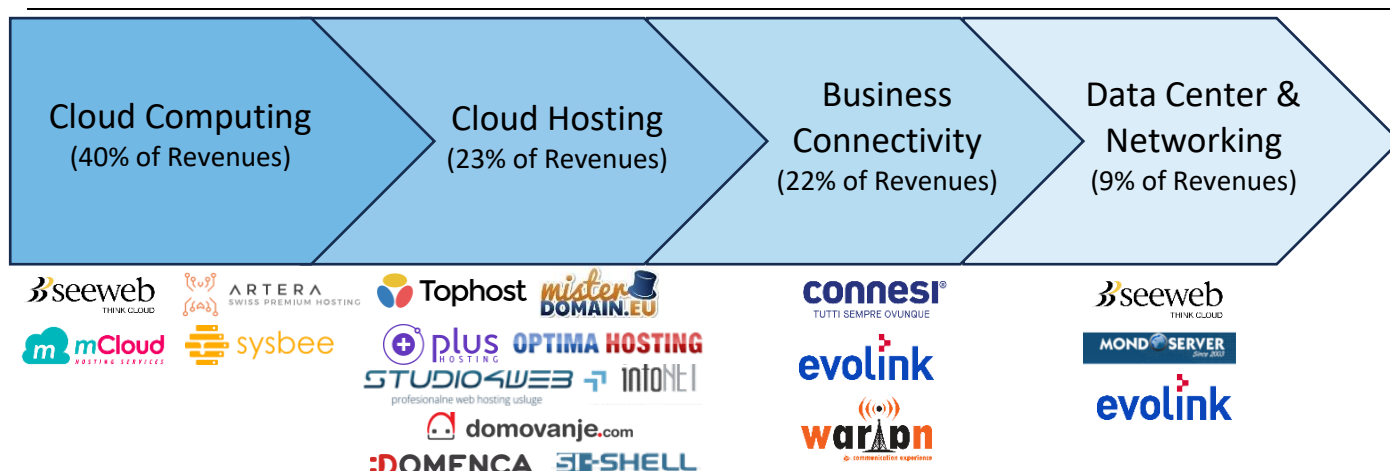
In addition to the Cloud Computing segment, there is also a new innovative segment of GPU and NPU as a Service, related to high-performance AI infrastructures to support companies in processing/inferencing large amounts of data, enabling efficient training and implementation of AI applications. This is a rapidly growing market in which DHH is well positioned.

Cloud Hosting (€8.2m LTM as of June 2024, +5% CAGR Jan 2021-June 2024) contributes to 23% of the group's revenue through a portfolio of 9 active brands primarily in Italy, Slovenia, and Croatia. The company offers three main services: a) Shared Hosting: aimed at small businesses seeking cost-effective solutions and willing to share infrastructure with other clients; b) CMS Hosting (Content Management System) to simplify database management without maintenance costs; c) e-Commerce Hosting, which includes virtual private servers for quick deployment and supports platforms like Prestashop and WooCommerce dedicated to the segment.

Business Connectivity (€7.6m LTM as of June 2024) is the most recent segment, structured since 2021 with the acquisitions of Evolink in Bulgaria and then Connesi and Warian in Italy. This segment is related to the construction of high-speed Internet access infrastructures, primarily for public administrations and underserved shopping centers.

Finally, in Datacenter & Networking (€3.3m LTM as of June 2024), the group provides secure proprietary environments for data and application hosting, with networking solutions that optimize data flow and reduce latency, maximizing the quality perceived by the end client. In this division, the Colocation activity performed by the group is also included, which involves the management of client-owned infrastructures stored in a dedicated space..

Main Business Units and Brands



AI as a Service

The research organization Towards AI has included Seeweb among the top 15 providers of dedicated cloud servers for fine-tuning and training GPU-powered LLMs, alongside some of the largest market leaders such as Amazon Web Services, Microsoft Azure, and Google Cloud. Although DHH launched this new service in June 2021 and it contributed only €0.3m to the group's revenues in 2023, we believe it is a segment with significant growth potential in which the group is well positioned.

The AI infrastructure market, including the fine-tuning of GPU and NPU LLMs, is expected to grow from \$23.6B in 2020 to \$84.8B in 2026, with a CAGR of 23.7% from 2020 to 2026 (Markets and Markets), far exceeding the overall cloud computing market. Regarding the specific segment of GPU as a service, according to Fortune Business Insight, it is estimated to have reached a size of \$3.2B in 2023 and could grow to \$25.5B by 2030 (CAGR of 34.5% from 2023 to 2030).

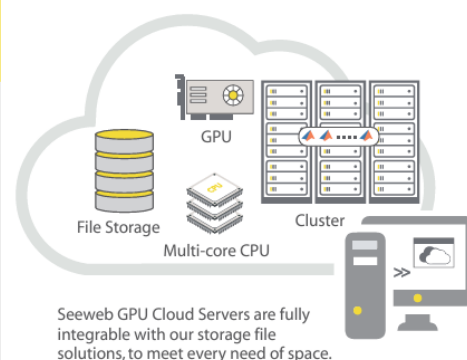
In June 2021, Seeweb entered the GPU as a service segment with a flexible, ready-to-use offering and competitive pricing. GPU as a Service is particularly suited for fine-tuning and training LLMs (Large Language Models) for AI model development, which structurally requires high computing power. Over the years, the company has integrated dedicated hardware for NPU as a service, relying on equipment supplied by the Canadian company Tenstorrent. NPU as a service is less capital-intensive than GPU as a service (as CPU processors are less costly than GPU graphics cards) and is particularly efficient for inference activities, which occur after the AI model training phase, reducing the energy consumption typically associated with GPUs, which, if also used for inference activities, would not maximize the datacenter's efficiency.

In particular, the company currently has several development axes in this segment: a) broadening and increasing the flexibility of the offered service and thus the hardware available for clients (Nvidia, AMD, Tenstorrent...); b) expanding the geographical reach of the offering, currently mainly focused on the domestic market and primarily related to Seeweb; c) developing a dedicated platform for offering this type of service.

The main use cases for this type of technology include: machine learning and deep learning; Nvidia AI infrastructure (based in Italy); natural language processing; graphical computing acceleration; video processing; big data processing; CUDA applications (a programming language for AI training, owned by NVIDIA); computational finance; genomics; scientific research VDI; seismic analysis. (Source: GPU as a Service brochure from the company).

Current GPU as a Service Offering and Pricing (Pay-per-use)

BEST PERFORMANCE		BEST SELLER		
CS GPU H100	CS GPU A100	CS GPU L40S	CS GPU RTX A6000	CS GPU L4
Graphic Processor NVIDIA H100	Graphic Processor NVIDIA A100	Graphic Processor NVIDIA L40S	Graphic Processor NVIDIA Quadro RTX A6000	Graphic Processor NVIDIA L4
HOURLY COST [?] 8.40 €	HOURLY COST [?] 1.89 €	HOURLY COST [?] 0.85 €	HOURLY COST [?] 0.74 €	HOURLY COST [?] 0.38 €
MONTHLY FEE (estimated use 24h x 30d) 6,080.00 €	MONTHLY FEE (estimated use 24h x 30d) 1,360.80 €	MONTHLY FEE (estimated use 24h x 30d) 612.00 €	MONTHLY FEE (estimated use 24h x 30d) 535.00 €	MONTHLY FEE (estimated use 24h x 30d) 279.00 €



Source: Seeweb website

Growth Strategy and Company History

Growth through M&A operations is a fundamental pillar of the group's strategy and aims to create an ecosystem of independent companies. This means that each company retains its own brand, organization, and management team. By leveraging the total commitment of all founders, along with a management team that brings extensive experience in the digital sector, the Group aims to support the local technology pioneers it acquires.

Strategically, the company undertakes three types of operations: Expansion (€2-20m), typically related to entering new geographies or market segments, with the acquired stake always being majority but, in most cases, not total at the outset; Consolidation (€0.5-2m) aimed at increasing market shares held; and Start-up, where the company historically invests up to €1m to acquire minority stakes in innovative start-ups worldwide with promising ideas.

M&A Criterias	1. Expansion	2. Consolidation	3. Start-up
Objective	Entry into new geographies or expansion into contiguous market segments by acquiring growing, cash-generating companies.	Increase the current company's market share by acquiring small and medium enterprises.	Invest at least €1m in innovative start-ups globally with promising ideas.
Development Phase	Cash-generating companies with low financial leverage or companies with an existing infrastructure network.	Companies with an existing customer base and distribution network.	Team and product with proven traction.
Deal Structure	Initial cash purchase of 51%-60% of equity with an option to buy the remaining share in cash or equity.	Asset acquisition without retaining management.	Initial minority stakes with conditional buyout options.
Transaction size	2m - 20m	0.5m - 2m	<€0.5m

Source: DHH SpA & TP ICAP Midcap

Once the expansion operation is completed, DHH provides support to achieve cost and revenue synergies, enhance resources, and maximize the acquired capabilities. This includes providing expertise in management processes, business development, and implementing processes based on monitoring clear financial performance indicators, as well as offering strategic thinking, technological solutions, and marketing expertise.

The company has a history of success in M&A and, since its founding in 2015, has spent at least €44.5m (of which €31.2m is related solely to the reverse takeover of Seeweb), acquiring at least €26.1m in revenue (including €1.8m attributable to Warian and therefore still not consolidated) through M&A operations. At the same time, the company closed 2023 with €33.7m in revenue, and we expect it to finish 2024 with the same value, growing by +7.6% to €36.3m. Therefore, at least 67% of the expected revenue for the end of the year has been acquired, while the remaining 33% comes from organic growth. Additionally, according to data released by the company, the total acquired EBITDA is at least €7m (of which approximately €5m is attributable solely to Seeweb), although we estimate that the company could close 2024 with a figure exceeding €12.1m thanks to a successful business strategy based on synergies and cost control.

Target	Date	Country	Description	Activity	Stake	Price (€m)	Ref. Year	Revenues (€m)	EBITDA (€m)
Klaro	Oct-15	SLO	Slovenian web agency controlling Domenca, Domovanje, Plus	Host	100%	1.8	FY14	2.5	0.4
Tophost	Nov-15	ITA	Low-cost web hosting player	Host	100%	1.2	FY14	1.2	0.1
Infonet	Sep-16	CRO	Controlling Hosting IT, a web hosting provider	Host	100%	0.5	FY15	0.4	0.1
Studio 4Web	Mar-17	CRO	Low-cost web hosting provider	Host	100%	0.3			
Bee Bee Web	May-17	SWI	Web hosting company owner of the brand Artera	Host	60%	0.6			
mCloud	Oct-18	SER	Cloud computing provider fully dedicated to delivering advance	CC	62%	0.2			
Si-Shell	Dec-19	SLO	Slovenian provider with 1800 active customers	Host	100%				
Seeweb	Jun-20	ITA	Cloud computing provider	CC	100%	31.2	FY19	11.3	5.1
Optima Hosting	Mar-21	CRO	Croatian (>80%) and Bosnian web hosting provider	Host	100%		FY19	0.2	0
MondoServer	Apr-21	Italy	Cloud computing provider in the South of Italy	CC	100%				
Evolink	Nov-21	BUL	Largest IaaS provider in Bulgaria	CC	60%	2.5	FY21	3.2	0.2
Connesi	Jul-22	ITA	B2B provider of Internet Access, VOIP, and Cloud Computing	BC	69%	5.5	FY21	5.5	1.1
Warian	Dec-22	ITA	B2B internet service provider focused on the wholesale market	BC	45%		FY21	1.3	
Mister Domain	Jan-23	ITA	Web hosting provider	Host	100%	0.7	FY22	0.5	
Hosterdam	Mar-23	SLO	Shared hosting and domain registration provider	Host	100%				
						>44.5		>26.1	>7

Source: DHH SpA & TP ICAP Midcap

The company has historically implemented and continues to implement a series of strategic initiatives aimed at maximizing the organic growth of its portfolio companies, with the goal of a) increasing the Average Revenue Per User (ARPU) through premium products b) launching innovative proprietary solutions (such as the new NPU and GPU as a service) c) improving the go-to-market strategy through valuable partnerships.

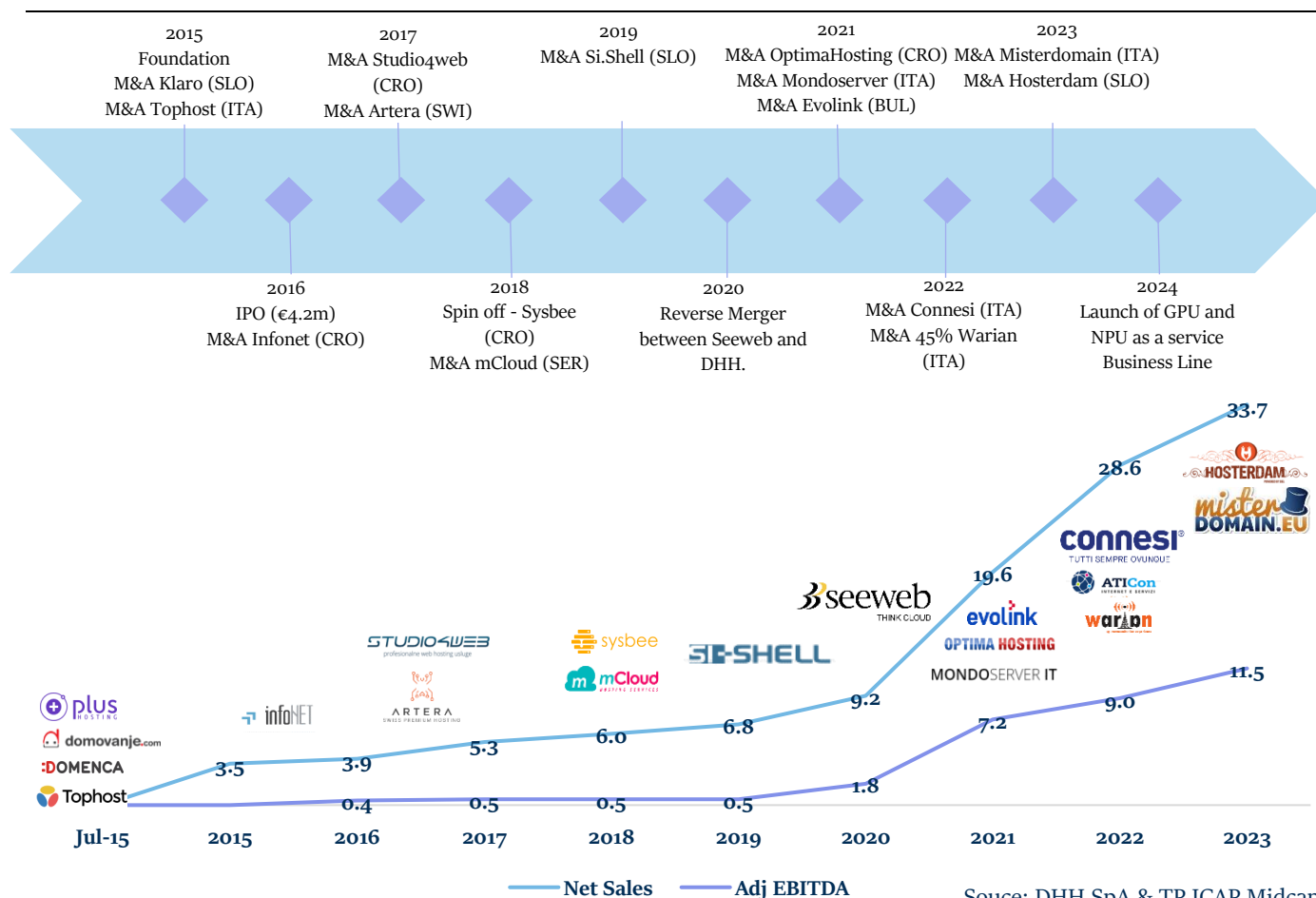
Increase in ARPU	Proprietary Solutions	Go-to-Market Strategy
The company aims to increase the Average Revenue Per User (ARPU) by introducing premium and value-added products. This strategy not only enhances the quality of the offering but also improves customer experience and satisfaction, thereby contributing to the company's profitability.	To remain competitive, the company launches innovative products that meet customer needs. An example is the Cloud Server GPU, launched in June 2021 for AI applications. DHH positions itself as a leading player in Europe, benefiting from the growing demand for AI integration.	The company develops strategic partnerships with web agencies and specialists (such as SAP) to expand its customer base. These collaborations aim to improve retention rates and market presence by providing added value to customers.

The company was founded in July 2015 by Giandomenico Sica and Seeweb, an Italian cloud computing services group, with the goal of becoming a national reference point in hosting and cloud computing services in Italy and the emerging economies of Eastern Europe. Among the founders are Antonio Baldassarra, Giandomenico Sica, Uroš Čimžar, and Matija Jekovec.

In 2015, the company launched its expansion strategy by acquiring Klaro (now Webtasy, 8.6% of 2023 revenue) in Slovenia and Tophost in Italy (6.3% of 2023 revenue). In 2016, the company went public, raising €4.2m and acquiring Infonet and Studio4web in Croatia (now Plus Hosting, 7.4% of 2023 revenue) and subsequently 60% of Bee Bee Web in Switzerland (now DHH Switzerland, 2.5% of 2023 revenue). In 2018, it entered the Serbian market with mCloud (2.3% of 2023 revenue). In 2019, it acquired Si.Shell in Slovenia, integrating it into Webtasy to strengthen its leading position.

In 2020, Seeweb and DHH merged via a reverse takeover. In 2021, DHH continued its expansion by acquiring Optima Hosting in Croatia (7.4% of 2023 revenue), Mondoserver in Italy, and 60% of Evolink in Bulgaria (9.1% of 2023 revenue). In 2022, it focused on Italy with the acquisition of Connesi (20.5% of 2023 revenue) and a 45% stake in Warian. In 2023, it acquired Mister Domain (integrated into Tophost) and Hosterdam (integrated into Webtasy) to support growth in strategic hosting segments.

Progression of the group with a focus on the brands acquired through M&A.



Source: DHH SpA & TP ICAP Midcap

Income statement distributed by region/company

Italie - Seeweb Srl (100% controlled)

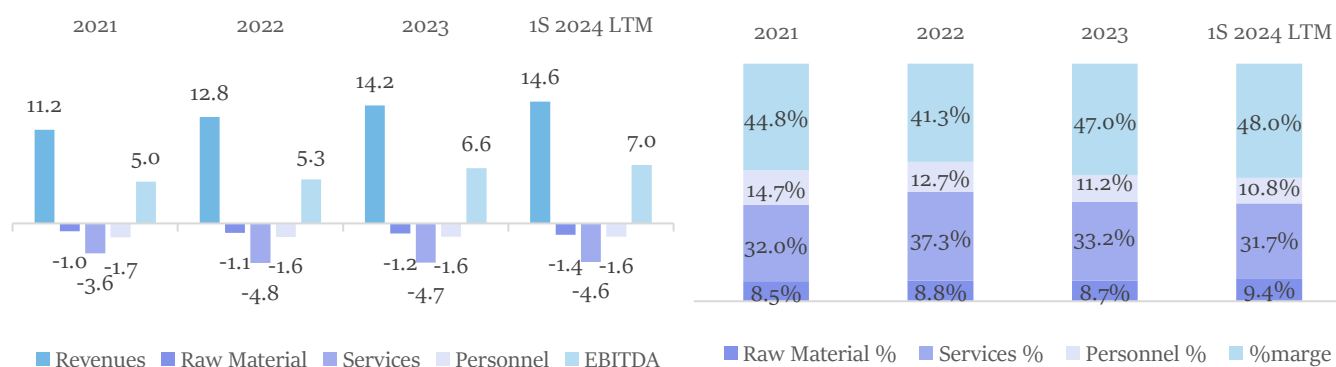
Seeweb has been part of the DHH group since November 2020 following a reverse takeover, and then in April 2021. It is an Italian company offering cloud computing services as well as a wide range of additional IT services such as shared hosting, dedicated servers, housing, and colocation, relying on three physical data centers (2 in Milan and 1 in Frosinone), the infrastructure of the group's partners (Sofia, Zurich...), and a proprietary fiber optic network.

The main service offered is the Cloud Server with different configurations, including: shared CPU, GPU, serverless GPU, NPU, high memory, and shared hosting. The company provides 24/7 technical support (including proactive support), cybersecurity services (SSL, antivirus, backup & data protection), as well as streaming services, email traffic management, and storage, depending on the configuration requested by the client. The standard sales model is pay-per-use with monthly payments and generally annual contracts, which benefits the company's working capital management (negative NWC).

Seeweb has a highly diversified customer base (Top 5 customers <5% of revenues) and sells its services directly to large companies (often e-commerce) or to agencies that manage the configuration of IT systems for third parties; in this case, Seeweb's flexible offering is particularly valued, as is the connectivity infrastructure provided by Connesi.

Seeweb is the main contributor to both the group's revenue and EBITDA margin. By the end of 2023, revenue from Seeweb amounted to €14.2m (+11% YoY, representing 42% of the group's revenue), while EBITDA was €6.6m (vs €5.3m YoY) for an EBITDA margin of 47% (vs 41.3% YoY).

Main indicators of Seeweb's income statement (2021-1H 2024 LTM)

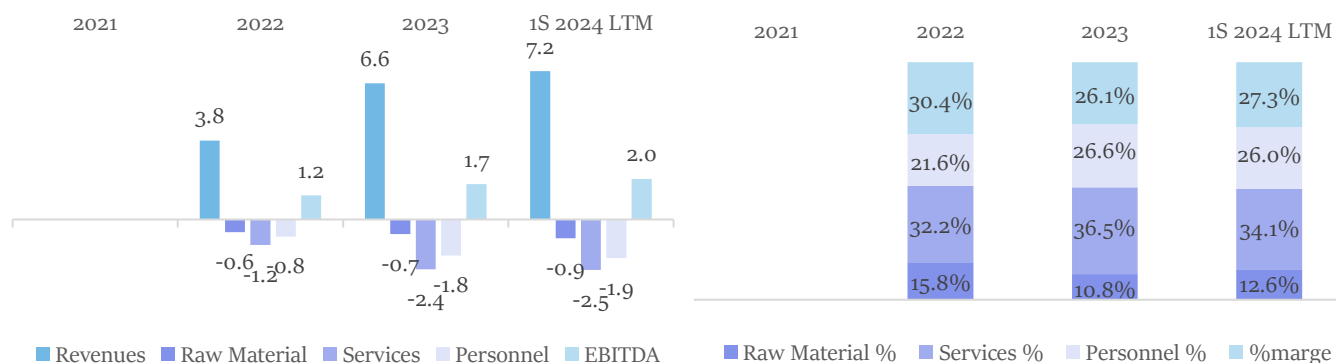


Source: DHH SpA & TP ICAP Midcap

Italie-Connesi (100% controlled)

Connesi is the second largest company in the group in terms of revenue; in 2023, it generated €6.6m. The company was consolidated into the group starting from July 1, 2022. Connesi is an independent provider specializing in Internet access (via fiber optics, both owned and leased, and fixed wireless networks), VOIP, and Cloud Computing. The company primarily operates in Umbria but also in Tuscany and the Marche region. Connesi focuses on the premium B2B market, with approximately 35 employees and 3,000 clients, including large enterprises and public administrations.

Key indicators of Connesi's income statement (July 2022-1H 2024 LTM)



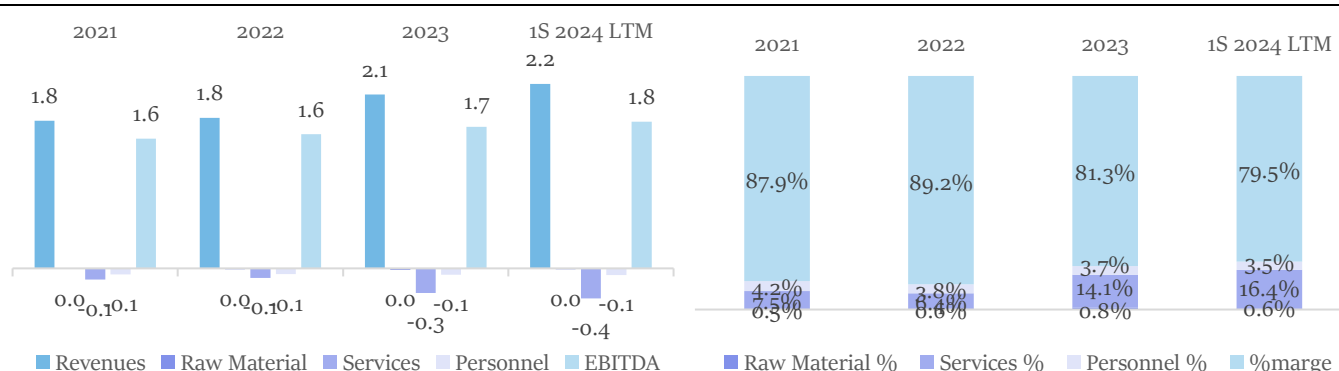
Source: DHH SpA & TP ICAP Midcap

Italie-Tophost Srl (100% controlled)

Founded in 2004 with the aim of becoming a major player in the "mass market" web hosting sector in Italy, the company quickly established a leading position in the market by offering entry-level web hosting services. The company has highly automated processes, allowing it to achieve excellent EBITDA margin levels (>80%). Given that lead generation primarily occurs through Google advertising and the market is gradually transforming, we do not foresee, conservatively, significant revenue growth in the coming years. Top Host, after acquiring Mister Domain in January 2023, is the sixth company in terms of revenue generated but is tied for second place with Connesi for EBITDA generated.

(*Approximately €1.3m of costs attributed to Top Host are intergroup synergies with Seeweb; excluding these items, the company would have an EBITDA margin closer to 19.2%.)

Tophost main income statement indicators (2021-1H 2024 LTM)



Source: DHH SpA & TP ICAP Midcap

Italie-DHH Switzerland (100% controlled)

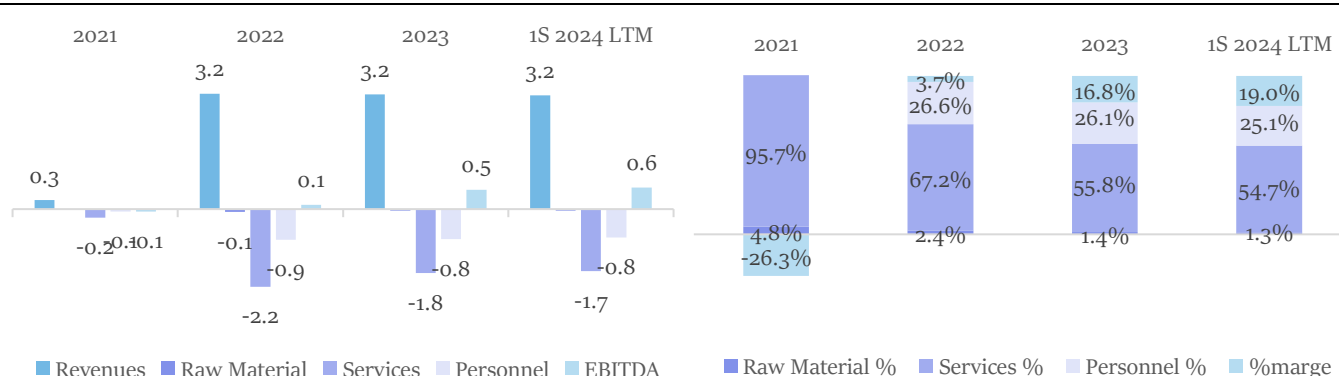
Founded in 2002 and owner of the Artera brand, this company became part of DHH in May 2017. The Swiss company offers high-tech services, primarily very reliable and technologically advanced web hosting. The Swiss division generated approximately €0.9m in revenue and €0.2m in EBITDA in 2023. At the regional level, it is considered an extension of the business in Italy.

Bulgarie-Evolink (60% controlled)

Founded in 2004 and based in Sofia (Bulgaria), with a team of approximately 40 employees, it is one of the largest providers of Infrastructure-as-a-Service (IaaS) in Bulgaria, active in the fields of Cloud Computing, cybersecurity, and data transport services. The company manages two data centers, both located in Sofia. The client portfolio includes large enterprises and telecommunications operators.

Evolink is the third company in terms of revenue and the only one based in Bulgaria. Evolink finished 2023 after two years of transformation, with revenue of €3.2m and EBITDA of €0.5m, relying on its proprietary data centers (the only ones outside the Italian peninsula). The company underwent a post-acquisition transformation focused on margin generation, and in the first half of 2024, it reduced its workforce from 42 to 39 employees.

Evolink main income statement indicators (2021-1H 2024 LTM)

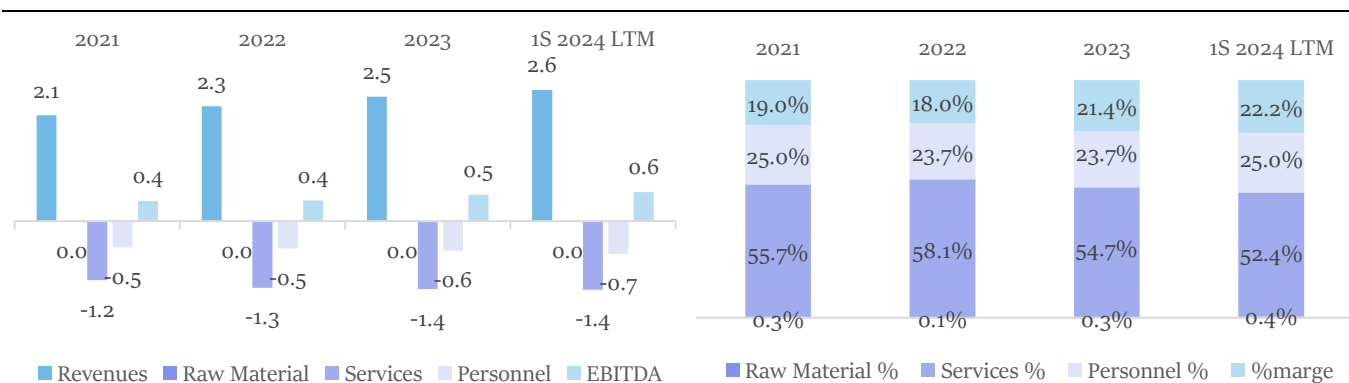


Source: DHH SpA & TP ICAP Midcap

Croatia-Plus Hosting (100% controlled)

Founded in 2001, Plus Hosting joined the DHH group in 2015, and following a transformative operation, the Croatian entity is now the largest local player, recognized for its technical expertise and the quality of its customer service. The company manages three Croatian brands (Plus Hosting, Studio4web, and Infonet) that offer a wide range of services, primarily entry-level hosting and managed hosting for high-end clients. Additionally, the company manages a fourth brand (Optima Hosting), which, with its 5,600 clients, is currently the only Croatian company also active in Bosnia and Herzegovina for over 8 years. Currently, Plus Hosting is the fifth company in terms of revenue, but if we included it with System Bee doo and Mcloud (Croatian region), it would surpass Evolink to rank third.

Plus Hosting main income statement indicators (2021-1H 2024 LTM)



Source: DHH SpA & TP ICAP Midcap

Croatie - System Bee doo (100% controlled)

Founded in 2018, System Bee, owner of the Sysbee brand, consists of a group of system engineers and infrastructure architects dedicated to introducing DevOps culture in SMEs in Croatia. It currently has approximately 80 active clients. The company generated around €0.6m in revenue in 2023 with an EBITDA margin of 21.7%. For the sake of simplicity in regional analysis, it is integrated into Plus Hosting.

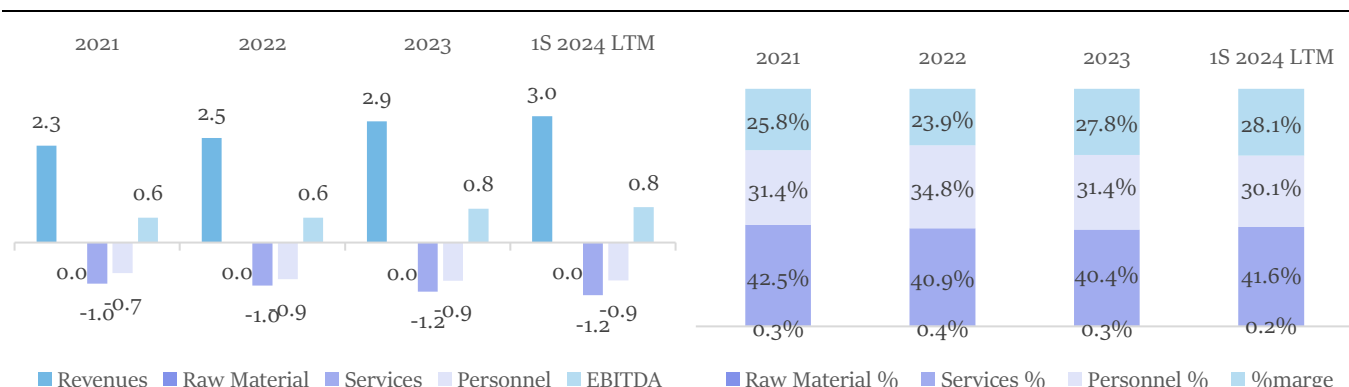
Croatie - MCloud doo (100% controlled)

Serbian provider of advanced hosting services, MCloud was founded in March 2018 and has been part of DHH since October 2018. The company specializes in providing advanced hosting services and manages two brands, Plus Hosting (the same Croatian brand) and mCloud, each targeting different types of clients (entry level and higher-quality technology, respectively).

Slovénie - Webtasy doo (100% controlled)

Finally, Webtasy, the only Slovenian company in the group, is the fourth in terms of revenue generated, with a margin of 27.8% in 2023. Webtasy d.o.o., part of DHH since 2015 and known for the brands Domovanje, Domenca, and Si-Shell, has been the market leader for over 20 years, serving more than 30,000 clients with a market share of approximately 30% and over 72,000 registered domains. It offers domain registration, web hosting, and cloud solutions, focusing on SMEs. In March 2023, it acquired Hosterdam, which manages around 450 active shared hosting packages.

Webtasy main income statement indicators (2021-1H 2024 LTM)



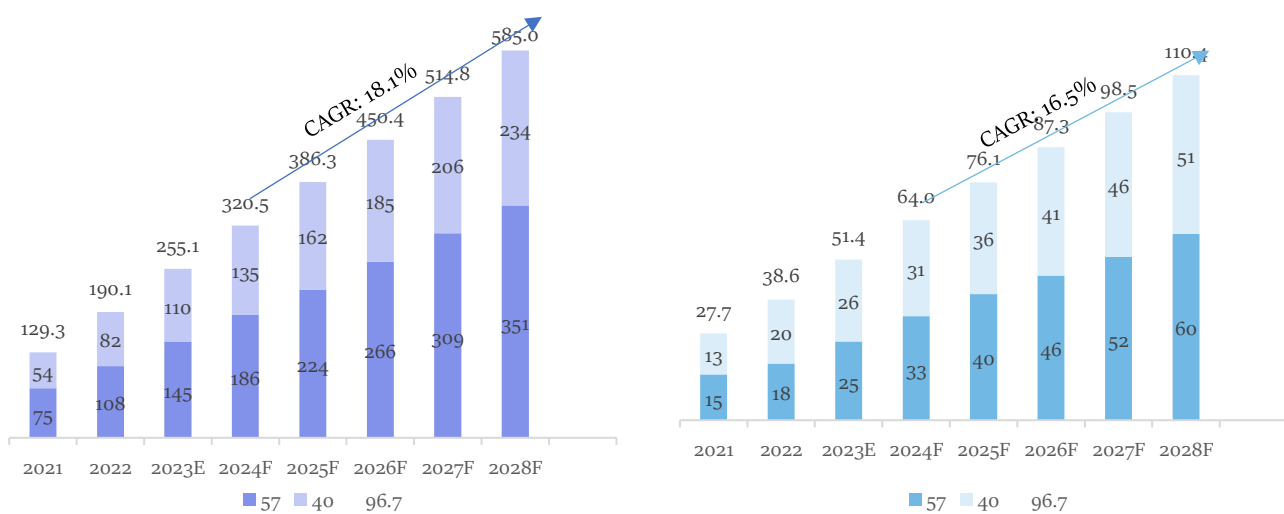
Source: DHH SpA & TP ICAP Midcap

The Italian Market

The global Cloud computing market (PaaS and IaaS) is estimated at \$255.1B by the end of 2023 (Source: Statista, Synergy Research Group) and is expected to more than double by 2028, reaching a market size of \$585B (CAGR 2023-2028 of 18.1%). Europe, the third-largest market after North America and Asia, accounts for approximately 20.1% of the global market and is expected to underperform compared to global market growth by about 160bps per year, reaching a market size of \$110.4B by the end of 2028 (CAGR 2023-2028 of 16.5%).

Global market growth will be driven by the rapid transition from on-premise IT systems to Cloud Computing, offering greater flexibility, reliability, enhanced performance, improved efficiency, reduced risks, and lower costs. Platform as a Service is expected to grow faster than IaaS (CAGR 2023-2028), both globally (19.3% vs. 16.4%) and in Europe (18.8% vs. 14.1%). It is estimated that the market share held by local European providers among hyperscalers (AWS, Microsoft, and Google) and level 2 Cloud service providers, whether American or Asian, has decreased from approximately 27% in 2017 to 13% at the beginning of 2023.

Global and European Cloud Computing Market Size and Expected CAGR (IaaS and PaaS 2023-2028).

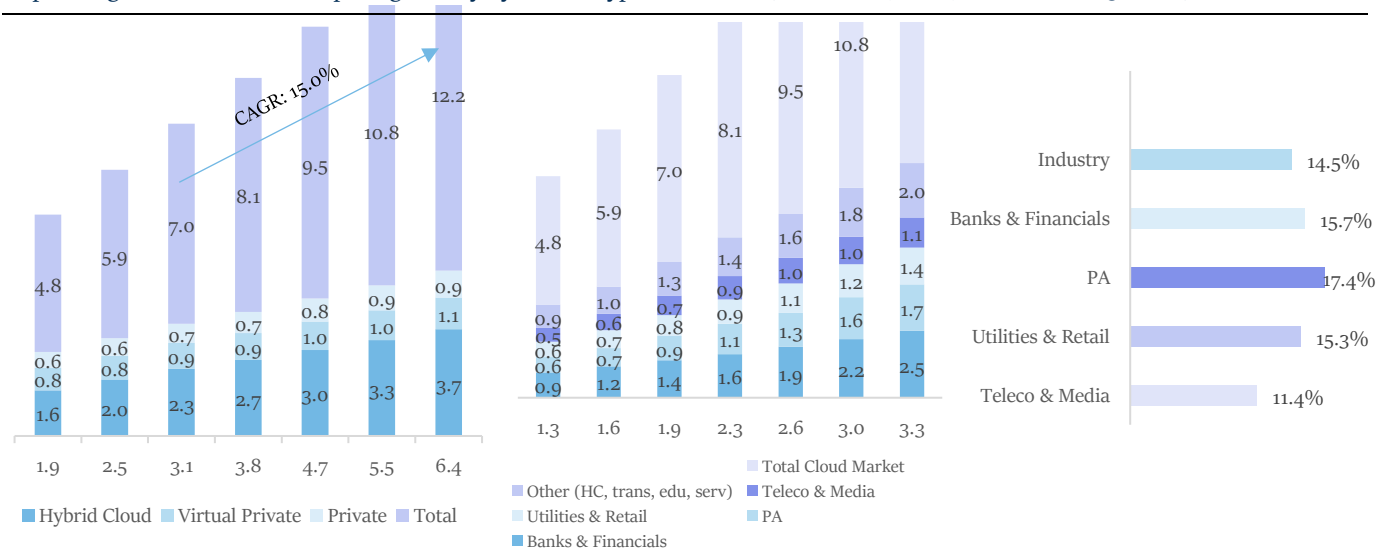


Source: BDO, Statista & TP ICAP Midcap

Regarding the Italian Cloud market, according to the recent study "Digital in Italy 2024" published by Anitec Assinform, the market size at the end of 2023 was €7B (including SaaS services, which account for 42% of the total), which would bring the size of the PaaS and IaaS market to approximately €2.9B, or about 5.7% of the total European market.

The expected growth for the Italian Cloud market is 15% (CAGR 2023-2027), with the Public segment anticipated to grow by 20.4% (CAGR 2023-2027), while the Private Cloud is projected to grow by 8.5% (CAGR 2023-2027).

Expected growth of Cloud Computing in Italy by service type and sector (CAGR IaaS, PaaS, and SaaS 2023-2028).



Source: Anitec Assinform & TP ICAP Midcap

Market Positioning

Globally, the undisputed leaders in the Cloud Computing market are Amazon Web Services, Microsoft Azure, and Google Cloud. In Europe, these three players hold at least 65% of the market. Regarding the Italian market, AWS is estimated to hold 32.7% of the market, Microsoft Azure 21%, and Google Cloud approximately 11.2%. The remaining market share is divided among IBM, Alibaba, and local players. One of the main local players in Italy, among the companies most comparable to DHH, is WIT, although WIT generates about 60% of its revenue in Germany.

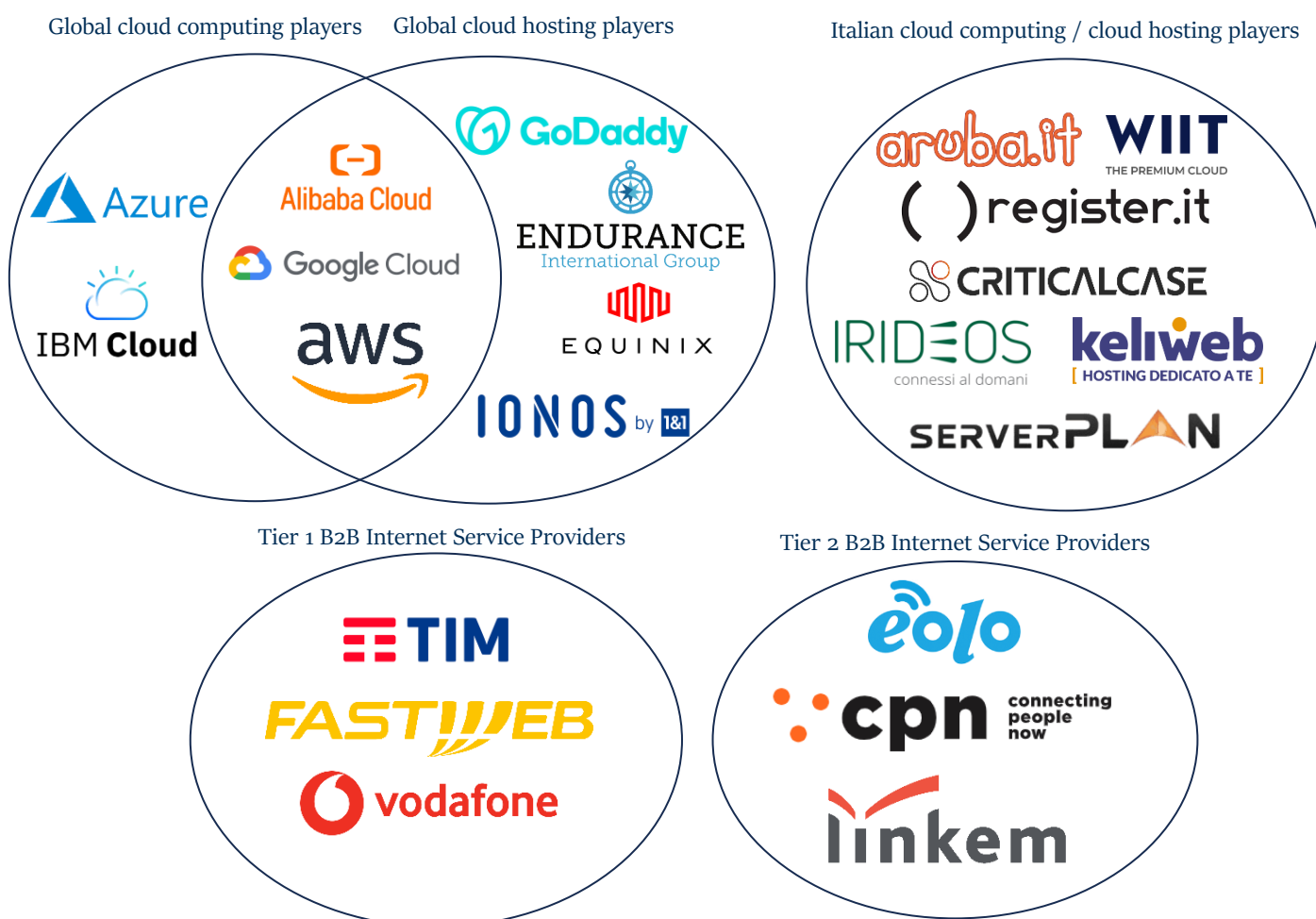
In terms of cloud hosting, this is a more mature and consolidated segment where business processes must be efficient and pricing aggressive to maintain market share. The main operators in this segment are Equinix, Godaddy, Ionos, and Endurance. Some of the largest market operators are considered to be real estate investment funds dedicated to building data centers for hosting. Many of them are indeed Real Estate Investment Trusts (REITs).

Finally, for the Business Connectivity segment in Italy, the three main operators are Tim, Vodafone, and Fastweb, followed by Eolo, Linkem, and Cpn, depending on the quality of infrastructure and service provided based on the areas.

What distinguishes DHH from the main market players is the geographical proximity to customers and compliance with European/national and/or regional regulations, high-quality infrastructure offering low latency, a strong positioning in Eastern European countries with an M&A strategy that keeps acquired local entrepreneurs/management/brands invested, excellent working capital management with monthly/advance pay-per-use payments, and finally a varied offering with local support extending from Cloud Computing to Hosting, as well as infrastructure investments aimed at providing B2B connectivity.

Regarding Cloud Computing and Hosting, the company focuses on a B2B and Professional clientele with maximized customization of the offering. In the recently developed Business Connectivity segment, the clientele remains primarily B2B and also includes public administrations, often in underserved areas..

Market Positioning and Key Competitors



Source: DHH SpA & TP ICAP Midcap

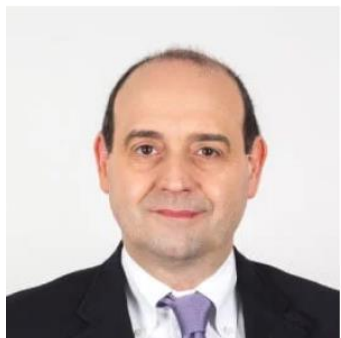
The Board of Directors



Giandomenico Sica – Executive Chairman – Investor in the Technology Sector.

Co-founder of DHH SpA (5.5%) and Grafoventures.

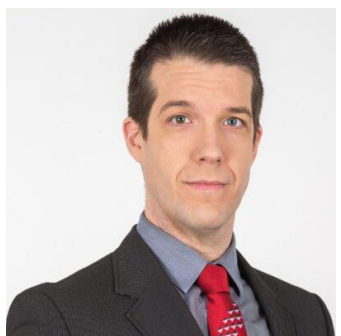
Grafoventures focuses on investing in small technology companies to support them in implementing growth strategies, governance, and capital raising (often through an IPO), primarily in the technology sector.



Antonio Baldassarra – CEO

Founder of Seeweb and co-founder of DHH (33.6%).

He currently serves as the CEO of DHH and Seeweb. He is actively involved in funding and supporting emerging companies in the technology sector, and, through his established network and industry knowledge, he can generate synergies and collaborations between businesses, facilitating their growth and visibility.



Matija Jekovec – COO

He is a co-founder of DHH and the founder of Klaro in Slovenia, the first acquisition made by DHH after its establishment, which led to the creation of Webtasy, a Slovenian subsidiary that generated 8.6% of the company's revenue in 2023.

Within the DHH group, he is the Chief Operating Officer and is dedicated to creating growth strategies and expanding the company's portfolio, as well as identifying and implementing new services and technologies to meet the needs of DHH's clients.



Tamara Arduini – CFO

She has been the CFO of DHH and Seeweb for over 20 years. In addition to providing the financial support necessary to facilitate the group's extraordinary operations, she also manages the relationship with investors alongside Antonio and Giandomenico.

Shareholding and Group Structure

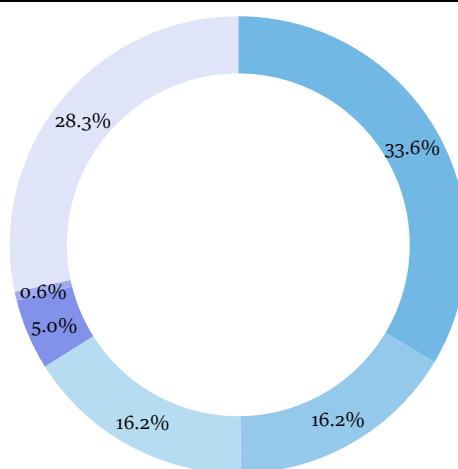
After the reverse merger of Seeweb into DHH SpA, Antonio Baldassarra became the main shareholder of the company with 33.6% of the shares. Following him are Daniele and Marianna Vona, the children of Seeweb co-founder Enrico Vona, each holding 16.2% of DHH's shares. Giandomenico Sica holds 5.5% of the company's shares.

Alkemia SGR entered the company's capital in early May 2024 by purchasing 101k shares directly from DHH and 131k shares from other shareholders, reaching a stake of 4.7% of the share capital. A week after this transaction, Alkemia announced that it had surpassed the 5% threshold in DHH. To date, it holds a total of 246k shares, representing a stake of 5%.

DHH holds 31k treasury shares (0.6%), and the free float accounts for 22.9% (1.12m shares).

Currently, the company has an active stock option plan covering the period 2022-2025, at the end of which (March 2025) approximately 230k DHH shares will be issued, increasing the number of shares outstanding by 4.7%.

Main Shareholders and Group Structure



■ Antonio Baldassarra ■ Daniele Vona ■ Marianna Vona ■ Alkemia SGR ■ Own shares ■ Free Float

DHH SpA

Cloud Computing Providers

ARTERA
DHH Switzerland SA
100%

seeweb
Seeweb Srl
Italy - 100%

mCloud
m Cloud d.o.o
Serbia - 100%

sysbee
System Bee d.o.o
Croatia - 100%

Cloud Hosting Providers

plus **OPTIMA HOSTING**
STUDIO4WEB **infoNET**
Plus hosting Grupa d.o.o
Croatia - 100%

Tophost **misterDOMAIN.EU**
Tophost Srl
Italy - 100%

DOMENCA **SE-SHELL**
domovanje.com
Webtasy d.o.o
Slovenia - 100%

B2B Internet Service Providers

evolink
Evolink AD
Bulgaria - 60%

warion
Warian Srl
Italy - 45%

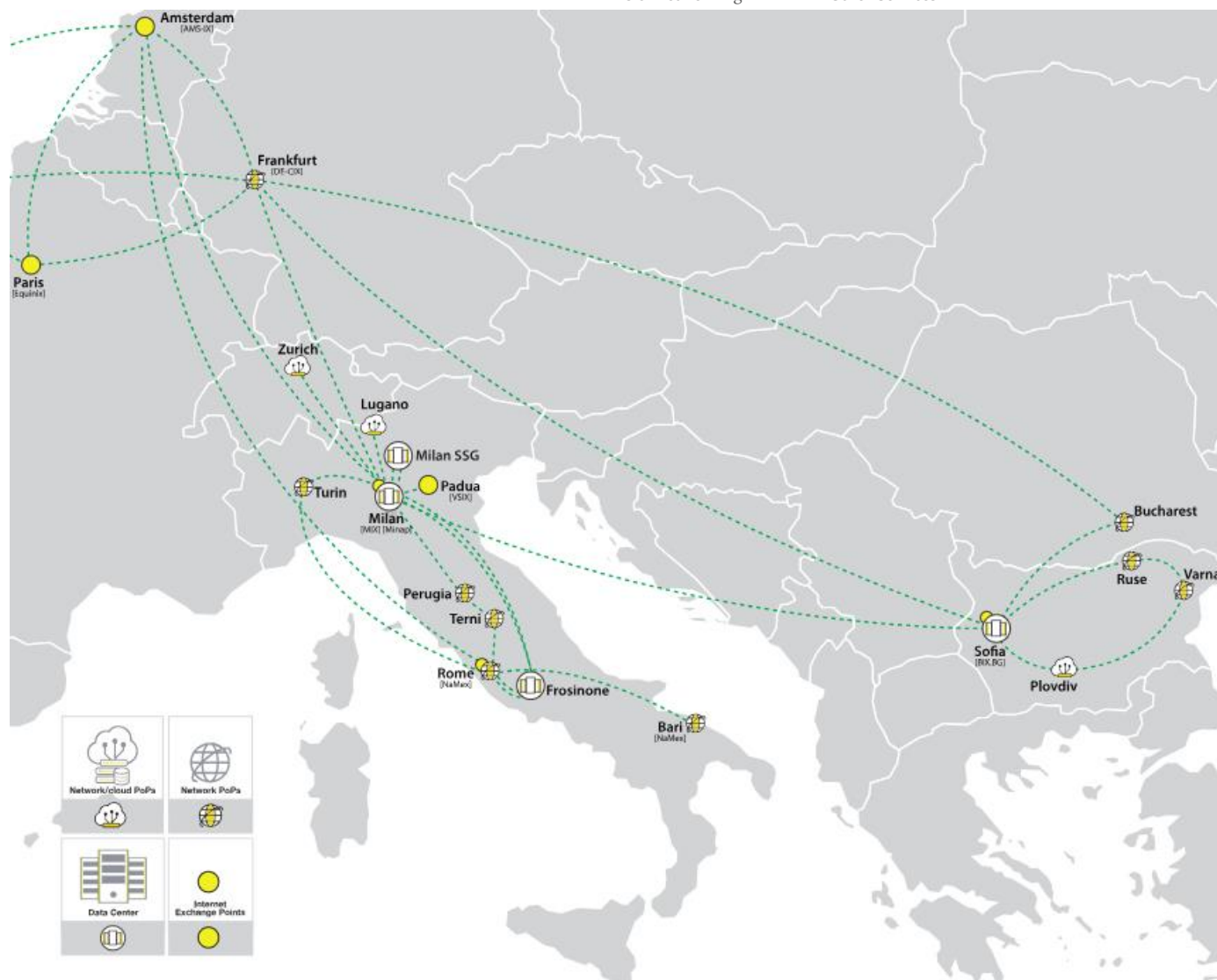
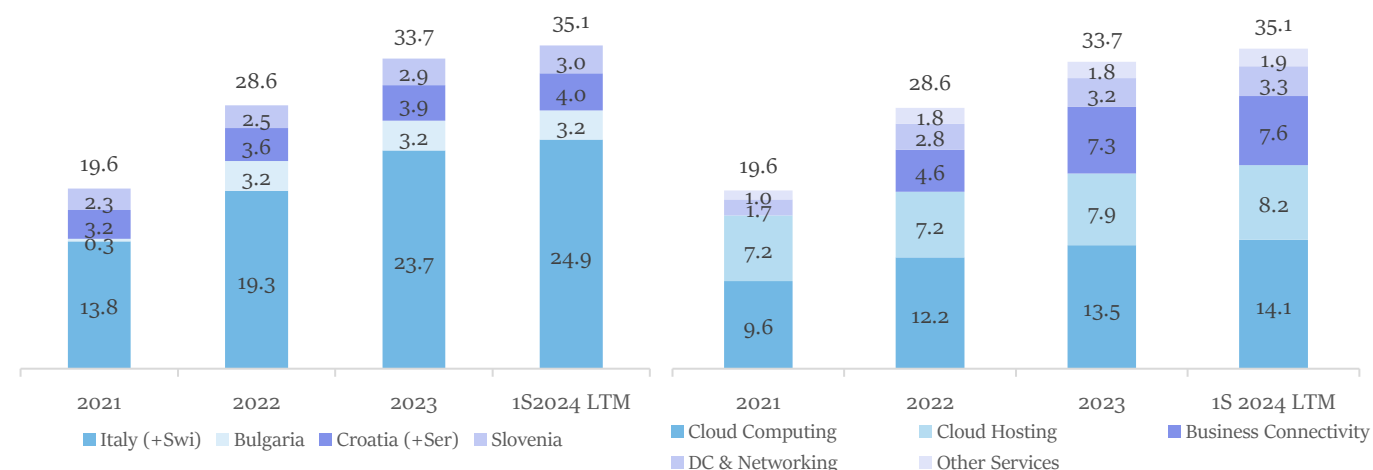
connesi
Connesi SpA
Italy - 100%

Source: DHH SpA & TP ICAP Midcap

Group Income Statement

The group closed the 2023 fiscal year with revenues of €33.7m, the majority of which was generated in Italy (67.9%). The company's CAGR for 2021-2023 was 32.2%, thanks to an optimal mix of organic growth (approximately 10.7%) and M&A activities (21.5%). Over the past 2 years, the dependence on revenues from Italy has increased to 67.9% (compared to 66.6% in 2021), primarily due to the organic growth of historical activities as well as acquired companies. The reliance on foreign revenues has slightly decreased while awaiting Evolink, the acquired Bulgarian company, to demonstrate its untapped growth potential. The main services offered are Cloud Computing (40%), Cloud Hosting (23%), and, following the acquisition of Connesi and Evolink, Business Connectivity services (22%).

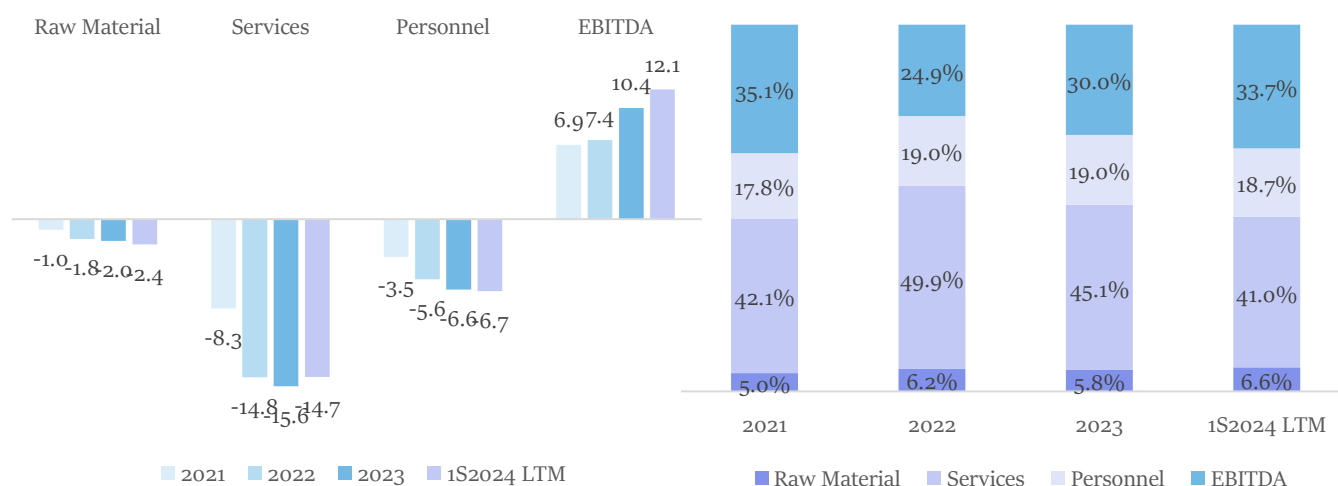
Revenue distribution by region, type of service, and proprietary infrastructure configuration.



Source: DHH SpA & TP ICAP Midcap

From 2021 to 2023, the impact of raw material costs as a percentage of revenue increased by 80bps, a change almost entirely attributed to the acquisition of Connesi, whose business is more dependent on raw material costs compared to the group's historical mix (10.8% in 2023 versus 5% for the group in 2021, pre-acquisition). The reliance on service costs increased by 300bps (2021-2023), a trend linked to the acquisition of Evolink in Bulgaria, which generated €3.2m in revenue with service costs accounting for 55.8% of the total. Compared to 2022 data, the company successfully reduced service costs by 480bps, thanks to synergies and organizational efficiency, a figure that is expected to contract further when considering the last 12 months of activity starting from the end of H1 2024, substantially benefiting from the growth in EBITDA margin. Finally, personnel costs increased by 120bps (compared to 2021), a figure consistent with 2022, highlighting a healthy organic growth of the workforce in line with the growth of the group.

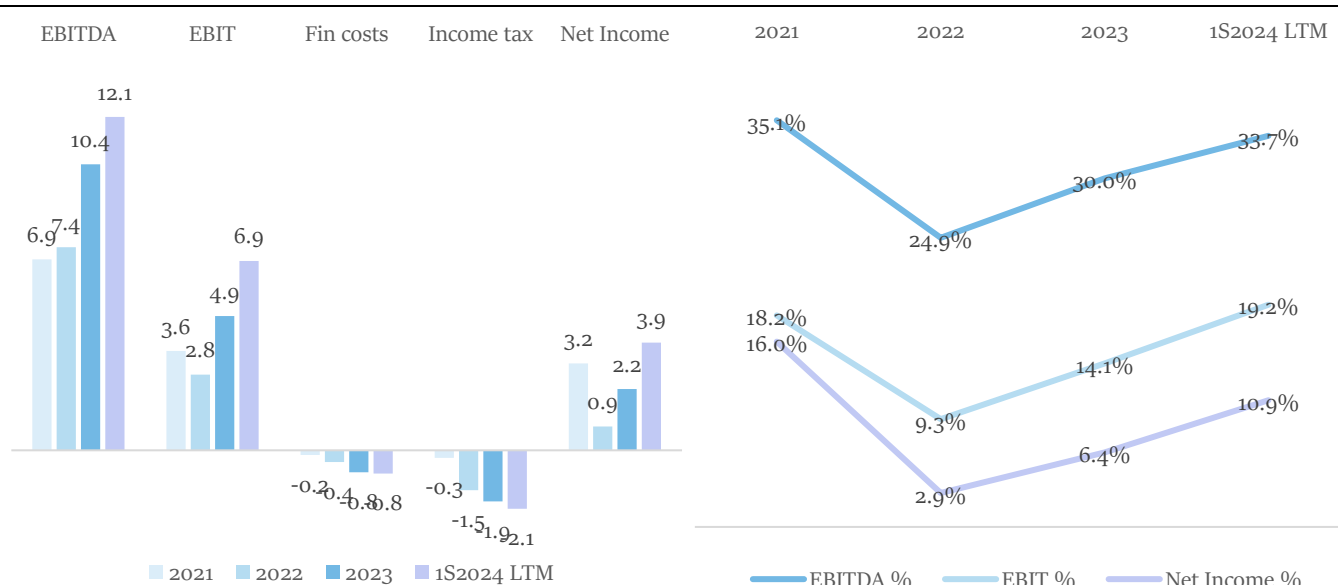
Cost Structure of the Group's Income Statement and EBITDA Margin



Source: DHH SpA & TP ICAP Midcap

By observing the growth dynamics of EBIT and net income, there is a reduction in the gap between the EBITDA margin and EBIT, decreasing from 16.9% in 2021 to 15.9% in 2023, indicating a decrease in the value of depreciation as a % of sales. The company has experienced significant growth through M&A activities over the past three years, and the Capex/Revenue ratio has been, on average, lower than the depreciation/Revenue ratio over the last three years (mainly due to a modest 2022 figure), allowing for a narrowing of the EBITDA-EBIT gap. Between the end of 2021 and 2023, net debt, due to numerous M&A transactions, increased from €0.9m to €6.5m. During this period, interest rates also rose in line with the ECB's monetary policy decisions, widening the gap between EBIT and net income from 180bps to 770bps. We expect a gradual reduction of this figure due to the expected cash generation for 2024.

Key indicators and margins of the group's income statement



Source: DHH SpA & TP ICAP Midcap

Consolidated Balance Sheet and Income Statement

During the year 2022, the company acquired Connesi, which had a significant impact on the growth of the company's property, plant, and equipment (PPE), primarily concerning installations and equipment, which increased from a net value of €0 to approximately €7.4m. Outside of M&A activities, DHH has invested an average of about €3.4m per year in property, plant, and equipment between 2021 and 2023, mainly in hardware infrastructure (hw) for its Data Centers and, to some extent, in fiber optics and modems. When the company acquires equipment through leasing, the purchase value is generally recorded on the balance sheet as a capex investment in Right of Use. Investments in intangible assets, typically ranging from €0.2m to €0.4m, relate to the company's Research and Development activities..

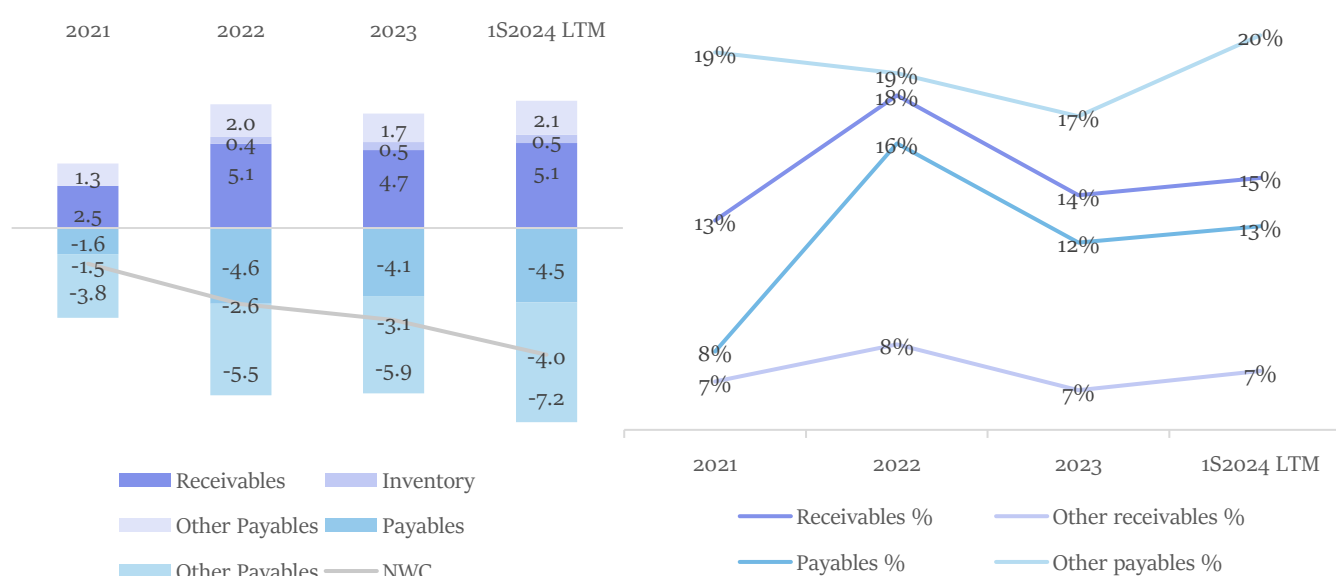
Structure of the group's assets, focusing on capex and D&A dynamics. (2021-1H 2024 LTM)



Source: DHH SpA & TP ICAP Midcap

Regarding working capital management, the company has historically demonstrated significant skill both in anticipating accounts receivable collection, thanks to its monthly pay-per-use billing model, and in controlling cash outflows related to its trade payables. In particular, a significant portion of the growth in current liabilities pertains to services billed in advance but recognized in future periods (deferred charges), which, along with trade payables, has allowed DHH to maintain a negative net working capital balance in recent years, thereby facilitating cash generation.

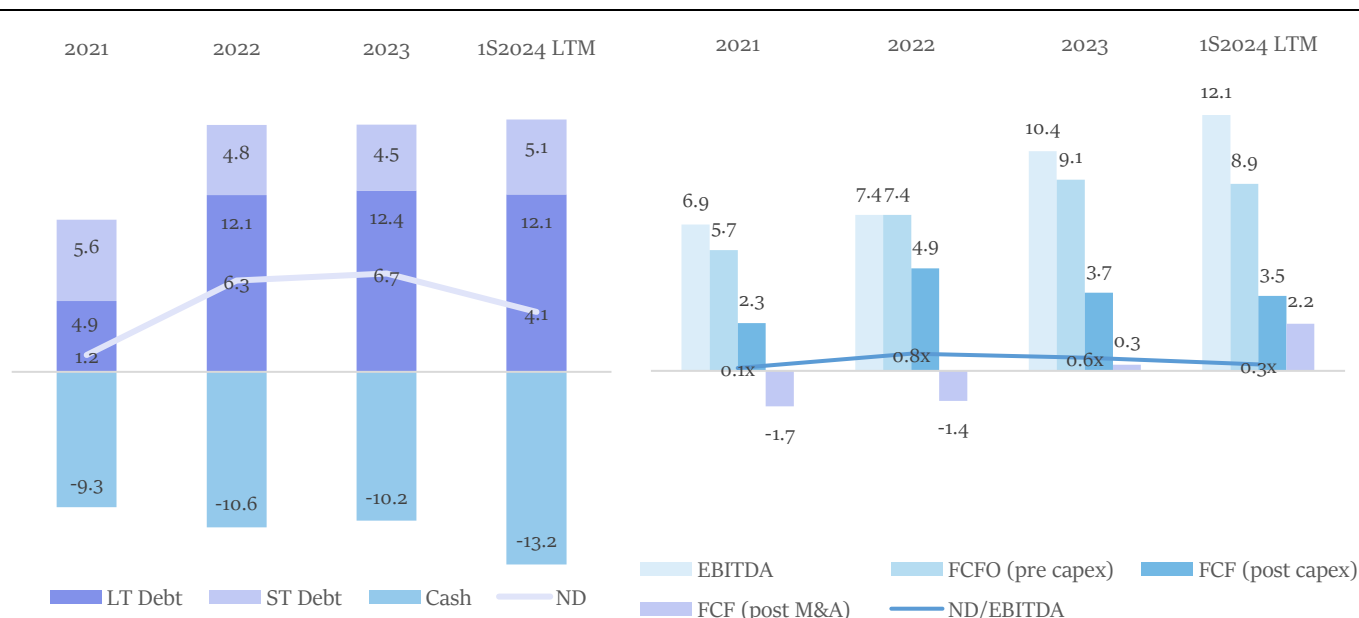
Dynamics of the group's net working capital. (2021-1H 2024 LTM)



Source: DHH SpA & TP ICAP Midcap

The company has been able to generate an average of approximately €3.6m in free cash flow each year over the past three years (2021-2023), representing around 13.2% of the company's revenue. Net debt increased from €1.2m at the end of 2021 to €4.1m at the end of June, which is not due to a lack of free cash flow generation (after capex), but rather to the company's M&A activity. Despite the various acquisitions made in recent years, the net debt to EBITDA ratio remained extremely manageable, peaking at 0.8x at the end of 2022 and then decreasing to 0.3x at the end of June 2024. These figures highlight the company's greater focus on managing debt with financial institutions, as well as its orientation toward growth and efficiency in margin and operational cash generation.

Structure of the group's net financial position and key cash generation indicators. (2021-1H 2024 LTM)



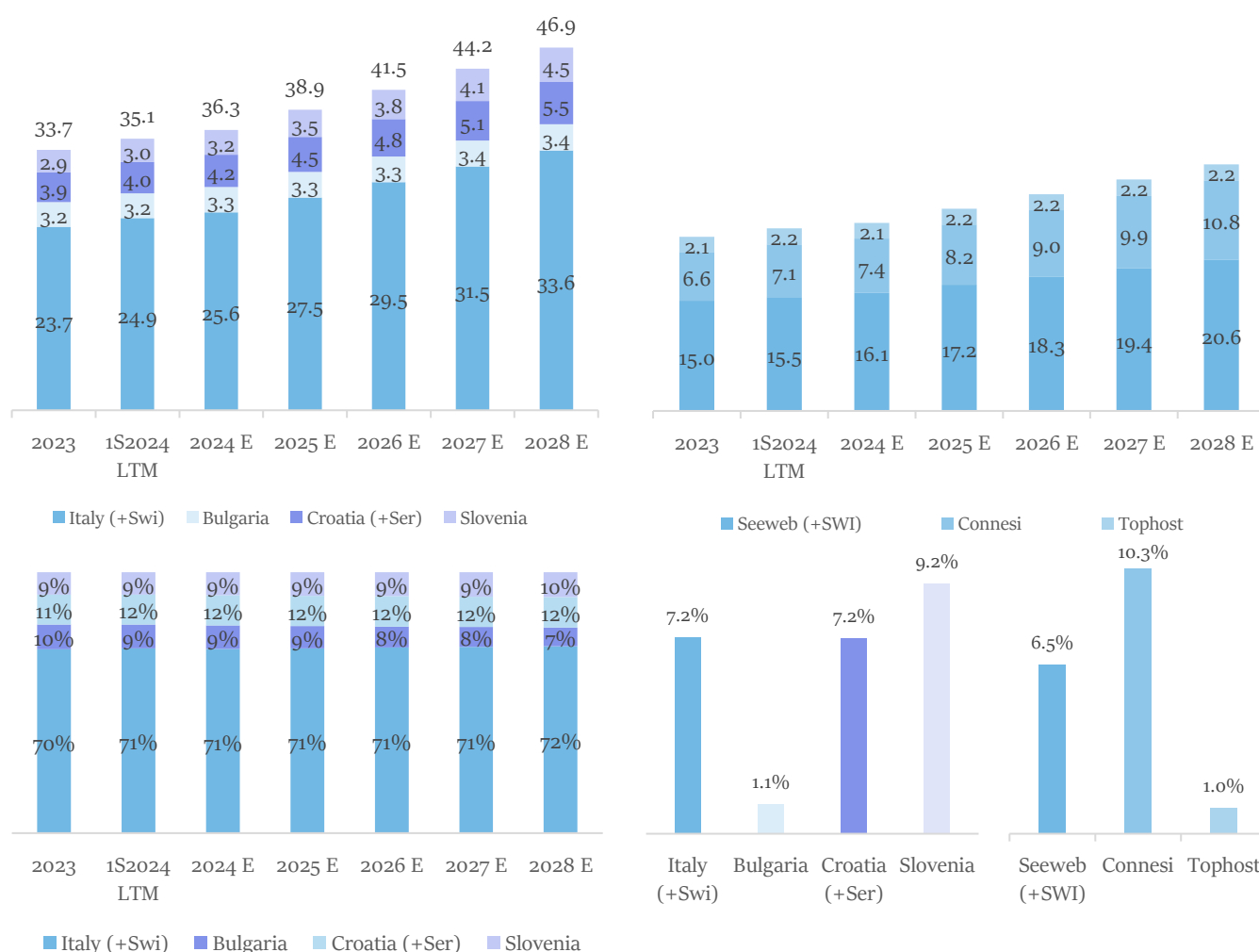
Source: DHH SpA & TP ICAP Midcap

Prospective financial analysis.

Regarding our prospective analysis, we cautiously believe that the company can maintain a CAGR of 6.9% from 2023 to 2028, with most of the absolute growth driven by Italy, where we estimate that by the end of the period the company could generate 72% of its revenues (up from 70% in 2023). We do not expect particularly strong growth in the hosting activity in Italy, a more mature market undergoing a transformation (CAGR 2023-2028 for TopHost equal to 1%), but we believe there is considerable growth potential in Seeweb's activities (mainly Cloud Computing services), for which we anticipate a CAGR of 6.5% from 2023 to 2028, and in Connesi's activities (Internet connectivity), where we forecast double-digit growth over the next five years (CAGR 2023-2028 of 10.3%). The new business model based on the concept of GPU (or NPU) as a service could, in the coming years, accelerate Seeweb's growth, on which we currently maintain a good level of caution. Italy (which, at the consolidated level, includes the activity of DHH Switzerland) could maintain a CAGR of 7.2% from 2023 to 2028.

Regarding international activities, Croatia, the second-largest market for the group (11% of total revenue in 2023), could maintain the same growth rate as Italy (CAGR 2023-2028 of 7.2%). In Croatia (where Serbian revenue from Mcloud is included), the company primarily provides more or less advanced hosting services (Plus Hosting grupa doo). Given that Croatia is a less digitally developed country than Italy and that Plus Hosting holds a leading market position, we believe it can maintain an excellent growth rate in the coming years. Following is Slovenia, where thanks to Webtasy, the company generated 9% of its revenue in 2023, positioning itself as a market leader (about 30%) and primarily offering hosting services, but also cloud computing for SMEs. We believe it can sustain a growth rate of 9.2% in the coming years (CAGR 2023-2028). Finally, we remain cautious about Bulgaria (Evolink), which has seen a decline of 2% in 1H 2024, where the company has slightly reduced its workforce. Although it has proprietary infrastructure, we cautiously believe it could maintain a CAGR of slightly above 1% from 2023 to 2028.

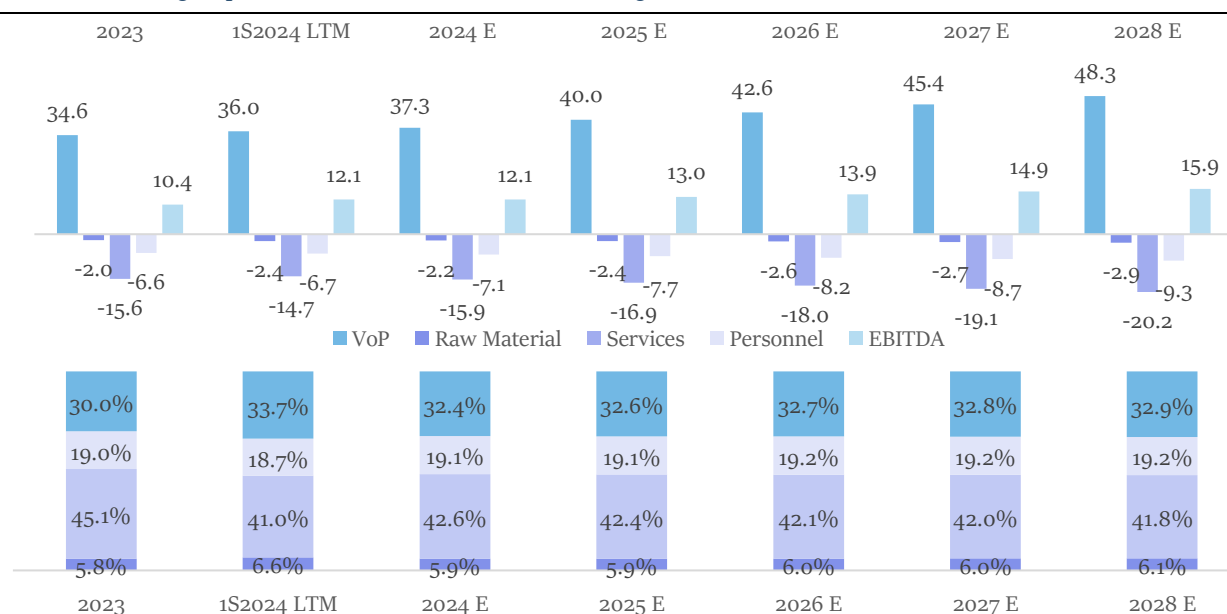
Forecast of the group's revenue growth by country and by Italian controlled company (CAGR and outlook 2023-2028).



Source: DHH SpA & TP ICAP Midcap

H1 2024 was the best first half in DHH's history, with EBITDA of €6m, slightly below H2 2023 (€6.1m) but up 40% compared to the same period in H1 2023. This improvement is partly due to greater efficiency in cost management, partly due to the growth of Seeweb, which historically has an EBITDA margin at least 100bps higher than the group's, and finally to costs of about €1m lower attributable to the parent company (DHH Spa). Maintaining a cautious approach, we believe that the company could improve its EBITDA margin in the coming years, with an expected improvement of 240bps by the end of 2024 YoY, supported by the good first half already achieved, and a cautious growth of 10-20bps per year until 2028. This is due to the company's historical ability to increase costs in a less proportional manner compared to revenues, combined with the good performance expected from Seeweb (EBITDA margin of 47%) and companies like Connesi in Italy (EBITDA margin of 25%) and Webtasy in Slovenia (EBITDA margin of 28%), which have historically good margins.

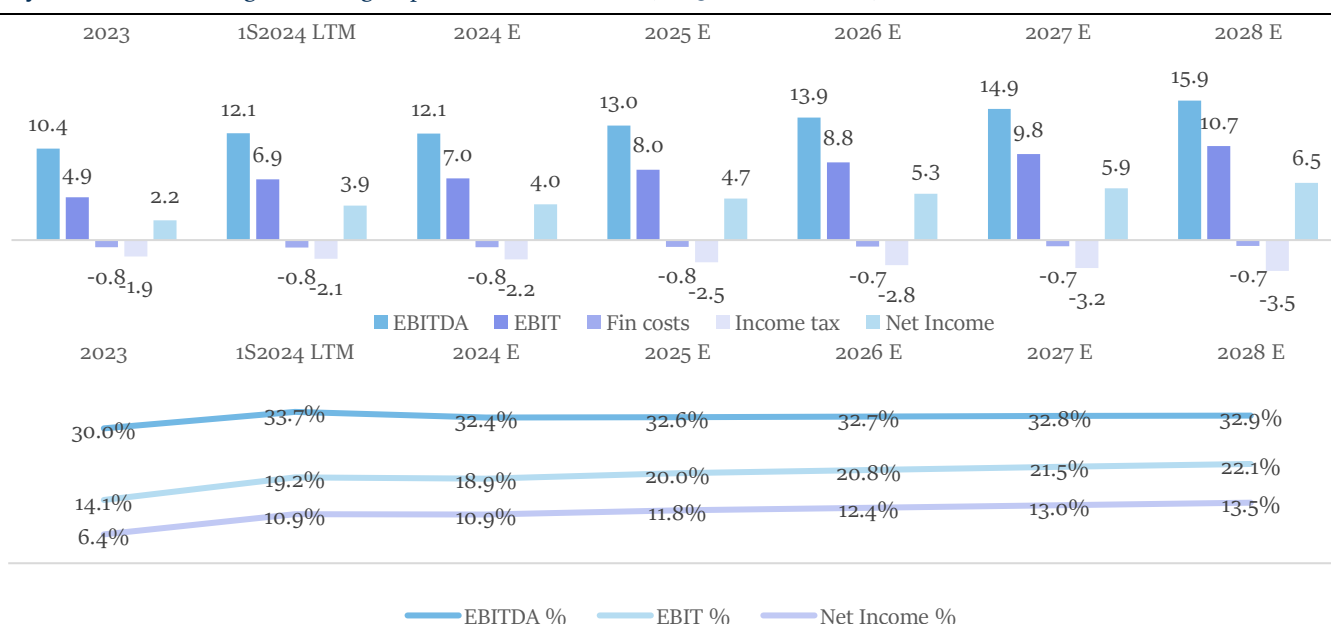
Cost structure of the group's income statement and EBITDA margin (2023-2028E outlook)



Source: DHH SpA & TP ICAP Midcap

Depreciation for the first half of 2024 showed a decrease of 10% YoY, in line with a slight reduction in capex investments in hw leasing (-17% YoY), which benefited the EBIT margin and net income. We believe that the company will require capex between 13% and 11% of revenues to support the anticipated cautious growth, amounting to approximately €4.6m-5.5m annually. This, combined with cash generation and therefore reduced financial costs, could enable the EBIT margin and net income margin to grow by 50-100bps annually between 2024 and 2028.

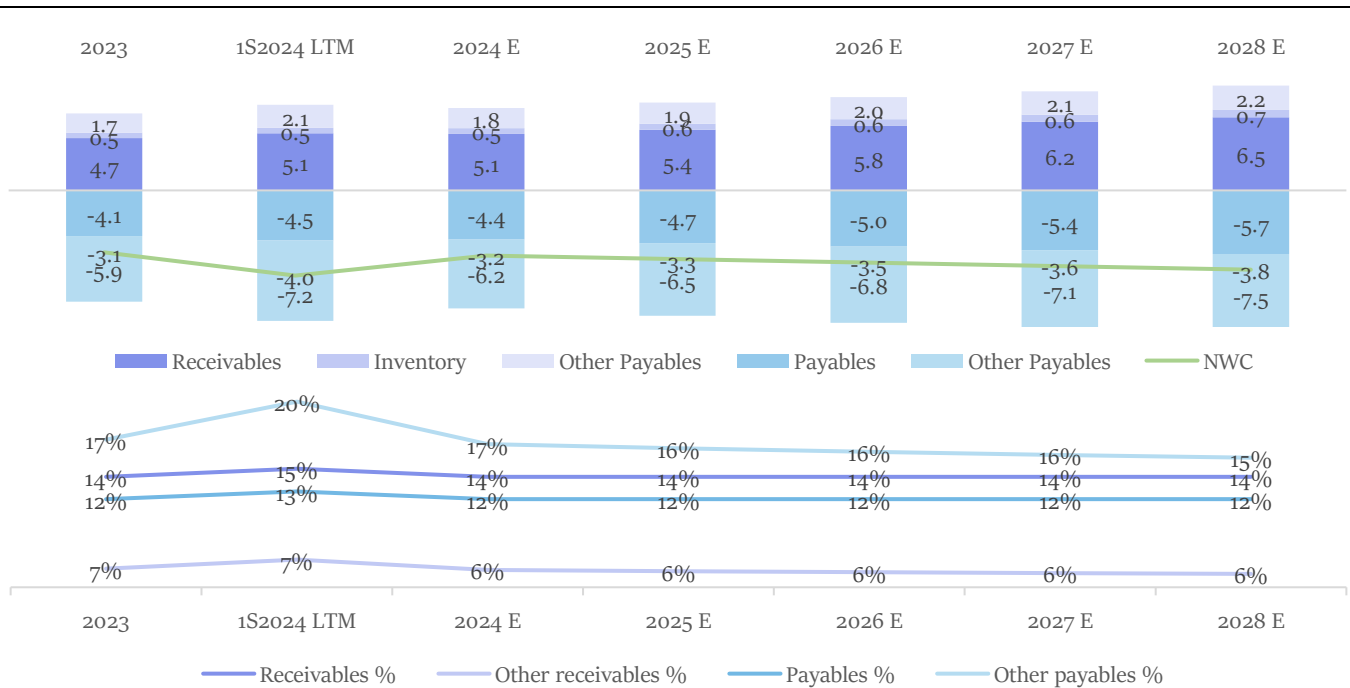
Key indicators and margins of the group's income statement. (2023-2028E outlook)



Source: DHH SpA & TP ICAP Midcap

Regarding working capital management, we also expect substantial continuity in the levels displayed in recent years, with a slight degree of caution. The company receives certain payments for services provided in advance, which is why the items for payables and receivables grow proportionally with revenue growth (around 17%), a level approximately 300bps higher than trade receivables relative to sales. Cautiously, we have tempered this effect over the next five years, while remaining convinced that the working capital dynamics could continue to benefit the company's cash generation.

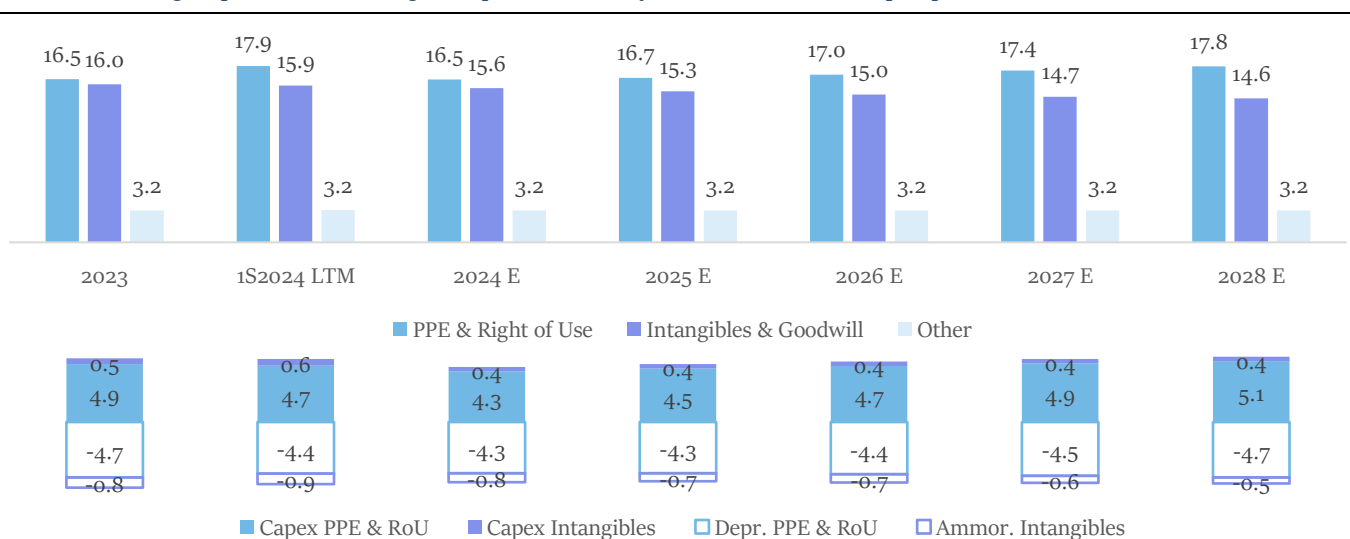
Dynamics of the group's net working capital. (2023-2028E outlook)



Source: DHH SpA & TP ICAP Midcap

As mentioned previously, the level of capex investments is declining, as are the depreciations. However, we believe that the company has reached a critical size that allows it to grow while investing less. Overall, we think that both depreciations and capex investments, in intangible and tangible assets, could remain roughly at the same level (around €5m) to support the expected growth in the coming years. The total non-current assets could therefore remain around €32-33m until 2028. If the company experiences strong demand in the GPU as a service segment, related to AI model training, we believe it may be possible for the company to invest more in providing additional hardware.

Structure of the group's assets, focusing on capex and D&A dynamics. (2023-2028E perspectives)



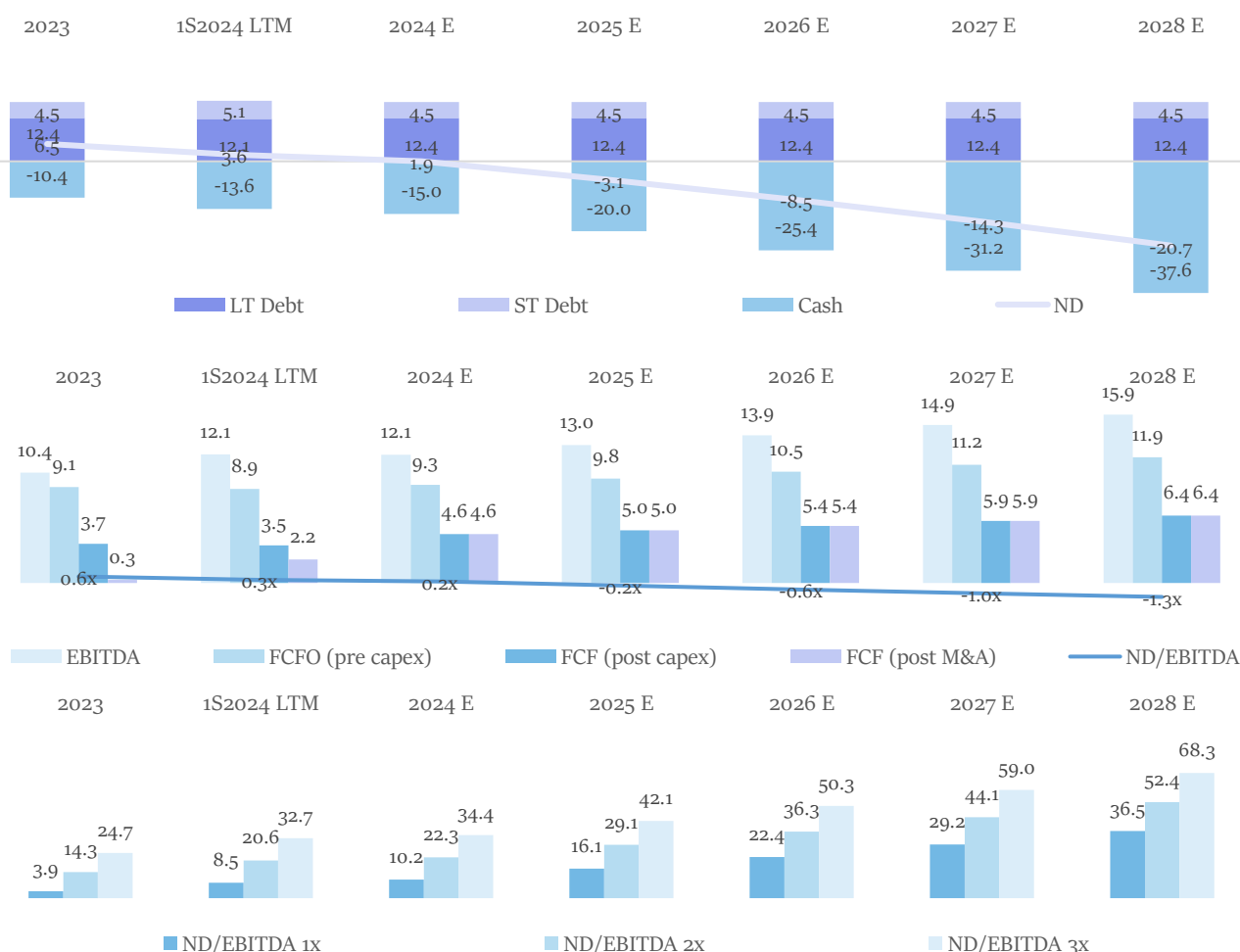
Source: DHH SpA & TP ICAP Midcap

The company has maintained an EBITDA to FCF (before M&A) conversion rate of 45% over the past three years (2021-2023), an excellent indicator, for an annual cash generation equivalent to €3.6m. At the same time, the company has invested heavily in M&A operations and financial stake acquisitions. For this reason, the company absorbed approximately -€1.2m per year post-M&A during the same period. By not anticipating any M&A operations in the coming years, it is reasonable that our expectations for organic growth are more modest than the 31.2% CAGR displayed between 2021 and 2023, of which 10.7% was purely organic. We are cautiously positioning ourselves for a CAGR of 6.9% for the period 2023-2028. Simultaneously, without M&A investments, we believe that cash generation could gradually improve the group's net financial position in the coming years, and that by the end of December 2025, cash could exceed financial liabilities by more than €3m. The amount of net cash, cumulatively and in the absence of M&A and extraordinary capex, could reach nearly €21m by the end of 2028, thus leaving ample room for potential dividend distribution, extraordinary capex investments, or M&A activities.

On one hand, we consider that the company has historically maintained a DN/EBITDA ratio below 1x, a successful strategic choice in recent years marked by high interest rates. This does not mean that the company does not potentially have the ability to push its leverage (DN/EBITDA) beyond this threshold, given that in the reference market, there are competitors like WüT SpA, which have maintained this ratio above 4x during the same period. For this reason, we conducted a three-scenario simulation to show how much the company could cumulatively invest by 2028, based on our cautious estimates, and whether it chooses to maintain a DN/EBITDA debt level below the historical threshold (1x), the most realistic according to the company strategy, or if it decides to increase this ratio to 2x or 3x by adopting a more aggressive capex or M&A investment policy.

If the company wishes to keep the DN/EBITDA ratio below 1x, it could invest up to €10.2m as early as 2024 and up to €36.5m by 2028. With a more aggressive leverage policy (3x), it could spend up to €34.4m as early as 2024 and up to €68.3m by 2028. It is noteworthy that these calculations do not take into account the potential additional EBITDA generated by the same acquired companies, which could facilitate an even higher level of spending, potentially further enhanced by possible synergies.

Structure of the Net Debt and the DN/EBITDA ratio of the company, key indicators of cash generation, and spending potential (M&A/Capex/dividends) with three debt scenarios. (2023-2028E outlook)



Source: DHH SpA & TP ICAP Midcap

Firm Valuation

To determine the intrinsic value of DHH SpA, a discounted cash flow (DCF) methodology (weighted at 70%) was applied, and in addition to this result, a relative valuation model (weighted at 30%) based on thirteen comparable companies, primarily in the U.S. and Europe, was used. The relative valuation model relies on the multiples EV/EBITDA (weighted at 10%), EV/EBIT (weighted at 10%), and EV/FCF (weighted at 10%).

The valuation does not take into account potential future M&A operations but focuses solely on the expected organic growth with a high degree of caution. We note that the company has a DN/EBITDA ratio close to zero, and an increased capital raising, currently allowing for cost control, could alter future estimates.

DCF Method

To develop the DCF model, the following assumptions were applied:

EBITDA margin normalized to 32.9% of revenues starting in 2028E;

The capex/revenues ratio gradually decreases from the average of 13.3% (2021-2023) to 4.5% of revenues in 2033, similar to the D&A/revenues ratio;

The NWC/revenues ratio remains stable between -9% historical and -7.8% in 2033;

Tax rate set at 27.9%.

Discount Rate

Risk-free rate of 3.6% (Italian 10-year BTP, average of the last three months);

Equity risk premium of 6.8% (source: Damodaran's website);

Leveraged beta of 1.0x;

Long-term growth rate (g) of 2.5%;

Cost of equity of 8.9% for an equity weighting of 80%;

Cost of debt of 2.5% for a debt capital weighting of 20%;

A WACC of 8.9%.

Calculation of Beta

	Peers	Beta 3YR	EV	Equity value	Gearing	Tax	Beta Unlevered
msft-us	Microsoft	1.24	2973.18	2954.90	1%	18%	1.24
googl-us	Google	1.33	1839.34	1776.10	3%	14%	1.32
amzn-us	Amazon	1.58	1913.79	1841.12	4%	19%	1.57
ibm-us	IBM	0.56	224.70	183.96	18%	14%	0.55
baba-us	Alibaba	1.16	199.91	246.57	-23%	22%	1.23
gddy-us	Godaddy	1.05	24.68	21.11	14%	19%	1.02
eqix-us	Equinix	0.96	95.27	81.34	15%	14%	0.94
ios-de	Ionos	0.96	4.58	3.52	23%	19%	0.92
wiit-it	WiiT	0.85	0.79	0.61	22%	29%	0.79
ovh-par	OVH	1.04	2.48	1.66	33%	29%	0.95
docn-us	Digital Ocean	2.27	4.67	3.53	24%	28%	2.13
eze-in	E2E Networks	0.27	0.58	0.66	-14%	28%	0.28
CBF-PL	Cloud Falks	0.48	0.46	0.38	18%	14%	0.47
BKS-GB	beeks ed	0.67	0.19	0.19	2%	29%	0.66
	DHH-IT	0.23			25%	28%	1.01

Source: Factset & TP ICAP Midcap

Discounted Cash Flow Model

DCF Valuation (€M)	2021A	2022A	2023E	2024A	2025A	2026A	2027A	2028E	2029E	2030E	2031E	2032E	2033E
Sales	19.8	29.6	34.6	37.3	40.0	42.6	45.4	48.3	50.9	53.3	55.5	57.3	58.7
% YoY		49.6%	16.9%	7.6%	7.2%	6.7%	6.5%	6.3%	5.5%	4.8%	4.0%	3.3%	2.5%
EBITDA	6.9	7.4	10.4	12.1	13.0	13.9	14.9	15.9	16.7	17.5	18.2	18.8	19.3
% margin	35.1%	24.9%	30.0%	32.4%	32.6%	32.7%	32.8%	32.9%	32.9%	32.9%	32.9%	32.9%	32.9%
Depreciation & Amortisation	(3.3)	(4.6)	(5.5)	(5.1)	(5.0)	(5.1)	(5.1)	(5.2)	(4.8)	(4.4)	(3.9)	(3.3)	(2.6)
% of Sales	-16.8%	-15.6%	-16.0%	-13.6%	-12.5%	-11.9%	-11.3%	-10.8%	-9.5%	-8.3%	-7.0%	-5.8%	-4.5%
EBIT	3.6	2.8	4.9	7.0	8.0	8.8	9.8	10.7	11.9	13.1	14.3	15.5	16.7
EBIT Margin	18.2%	9.3%	14.1%	18.9%	20.0%	20.8%	21.5%	22.1%	23.4%	24.6%	25.9%	27.1%	28.4%
Taxes	(0.3)	(1.5)	(1.9)	(2.0)	(2.2)	(2.5)	(2.7)	(3.0)	(3.3)	(3.7)	(4.0)	(4.3)	(4.6)
Marginal tax rate	7.5%	52.8%	38.0%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
NOPAT	3.3	1.3	3.0	5.1	5.8	6.4	7.0	7.7	8.6	9.5	10.3	11.2	12.0
D&A	3.3	4.6	5.5	5.1	5.0	5.1	5.1	5.2	4.8	4.4	3.9	3.3	2.6
Capital Expenditures	(3.5)	(2.5)	(5.4)	(4.6)	(4.9)	(5.1)	(5.3)	(5.5)	(5.1)	(4.6)	(4.0)	(3.4)	(2.6)
% of Sales	-17.5%	-8.6%	-15.5%	-12.4%	-12.2%	-12.0%	-11.7%	-11.4%	-10.0%	-8.6%	-7.3%	-5.9%	-4.5%
NWC	(1.5)	(2.6)	(3.1)	(3.2)	(3.3)	(3.5)	(3.6)	(3.8)	(4.0)	(4.2)	(4.3)	(4.5)	(4.6)
% of Sales	-7.7%	-8.9%	-8.9%	-8.6%	-8.4%	-8.2%	-8.0%	-7.8%	-7.8%	-7.8%	-7.8%	-7.8%	-7.8%
Increase (decrease) in NW	(0.7)	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1
% of Sales													
FCF	2.5	3.6	3.4	5.6	6.0	6.5	7.0	7.5	8.5	9.5	10.4	11.3	12.1
WACC	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Discount Period				0.2	1.2	2.2	3.2	4.2	5.2	6.2	7.2	8.2	9.2
Discount Factor				1.0	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.5
Present Value of FCF				5.6	5.5	5.4	5.4	5.3	5.5	5.6	5.7	5.7	5.6

Summary of the DCF Valuation and Sensitivity to Changes in WACC and Growth Rate (g)

Source: TP ICAP Midcap

Terminal Value Calculation:		WACC CALCULATION	
Perpetuity Growth Rate	2.5%	Risk-free rate (BTP 6 Months)	3.6%
Terminal Year Free Cash Flow	12.1	Specific risk premium	0.00%
Terminal Value	197.4	Beta	1.0 x
TV as a % of EV	62%	Equity premium	6.8%
Discount Factor	46%	Cost of equity	10.4%
NPV of Terminal Value	91.3		
Cumulative NPV of Free Cash Flow	55.3	Interest rate	3.5%
NPV of Terminal Value	91.3	Tax rate	27.9%
Enterprise Value	146.6	Cost of debt (after tax)	2.5%
Less : Bridge	1.9		
Equity Value	144.7		
Shares Outstanding (fully diluted)	4.8	% equity	80.0%
Price Per Share	30.2	% debt	20.0%
Potential upside	22.7%	WACC	8.8%

Price (€)		WACC				
		7.8%	8.3%	8.8%	9.3%	9.8%
Perpetuity growth rate	1.5%	31.4	28.9	26.8	24.9	23.3
	2.0%	33.7	30.8	28.4	26.3	24.5
	2.5%	36.3	33.0	30.2	27.8	25.8
	3.0%	39.5	35.6	32.3	29.6	27.3
	3.5%	43.5	38.7	34.9	31.7	29.0

Source: TP ICAP Midcap

Logos and Description of Selected Comparable Companies (Source: Factset and Web)

	Microsoft is one of the leading global technology companies, known for its Windows operating system and Office suite. Its cloud platform, Azure, provides advanced computing, storage, and artificial intelligence services, forming the core of the company's expansion strategy in cloud computing and digital innovation.
	Google is a world-leading technology company, recognized for its namesake search engine and the Android operating system. Its cloud platform, Google Cloud, offers computing, storage, and AI solutions, assisting businesses in their digital transformation.
	Amazon is a leader in e-commerce and technology services, known for its vast online sales platform. With Amazon Web Services (AWS), it provides advanced cloud solutions for computing, storage, and AI, becoming a benchmark for businesses across all sectors in their digital transformation and IT infrastructure management.
	IBM is a historic global technology company, recognized for its enterprise hardware and software solutions. With IBM Cloud, it offers advanced cloud services, artificial intelligence, and quantum computing, supporting businesses in their digital transformation and competing particularly in the hybrid cloud and security sectors.
	Alibaba is a Chinese technology giant, known for its online marketplace and e-commerce services. With Alibaba Cloud, it provides cloud solutions for computing, storage, and artificial intelligence, aiding both Asian and international businesses in their digitalization..
	GoDaddy is a leading company in web hosting and domain registration services. It offers a simple and accessible cloud platform for creating and managing websites, primarily aimed at small businesses and individual users seeking a reliable and customizable online presence.
 EQUINIX	Equinix is one of the world's leading digital infrastructure companies, specializing in data centers and network interconnections. It provides solutions for connecting businesses to their partners and customers through a global colocation platform and hybrid cloud services, supporting the digital transformation of companies across various sectors.
	IONOS is a leading European provider of web hosting, domain registration, and cloud solutions. It offers a platform for businesses and individuals, providing hosting, cloud servers, and online management tools to facilitate their digitalization.
 THE PREMIUM CLOUD	WiiT is an Italian and German provider of ICT services, specializing in private cloud computing solutions, data centers, and connectivity. It offers customized services for businesses, ensuring secure and scalable infrastructures that support digital transformation and business process optimization.
 OVHcloud	OVH is a European provider of cloud services and web hosting, known for its wide range of solutions (dedicated servers, VPS, and shared hosting). It offers scalable and secure infrastructures, supporting businesses of all sizes in their digitalization efforts.
	DigitalOcean is a cloud computing provider specializing in hosting solutions for developers and SMEs. It offers scalable services (droplets, managed databases, and Kubernetes) that enable users to deploy and manage web applications.
 E2E Networks	E2E Networks is an Indian provider of cloud services and IT infrastructure, specializing in scalable and customizable hosting solutions. It offers a range of services, including dedicated servers, cloud computing, and performance management, supporting businesses in their digital transformation and IT resource management.
	Cyber Folks is a Polish IT services provider that offers web hosting, domain registration, and online security management solutions. It primarily targets small and medium-sized enterprises, providing scalable and secure infrastructures to support digital presence and ensure data protection.
	Beeks is a cloud infrastructure and hosting service provider specializing in solutions for high-frequency trading and financial sector businesses. It offers colocation, connectivity, and cloud computing services, ensuring high performance and low latency to meet the trading and data analysis needs of its clients.

Valuation through multiples

The relative valuation using the EV/EBITDA multiple results in a value of €30.3 per share, with a growth potential of 23.1%, to which we have assigned a weight of 10%. The relative valuation using the EV/EBIT multiple results in a value of €31.8 per share, with an appreciation potential of 29.5%, to which we have assigned a weight of 10%. The relative valuation using the EV/FCF multiple results in a value of €28.8 per share, with an appreciation potential of 17%, to which we have assigned a weight of 10%. We emphasize that a 15% discount has been applied to the median multiple because Italy is considered a riskier country compared to the comparables, with DHH being smaller than the comparables and its stock being less liquid than those of the comparables.

The relative valuation results in an average price target of €30.2.

Summary of the relative valuation

Company Name	Country	Market Value (m)		EV/EBITDA			EV/EBIT			EV/FCF		
		Equity	EV	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Microsoft	United States	2,925,473	2,955,787	21.1 x	18.3 x	15.7 x	26.0 x	22.7 x	19.6 x	47.6 x	37.9 x	29.9 x
Google	United States	1,909,785	2,018,859	14.6 x	12.8 x	11.3 x	19.8 x	17.4 x	15.3 x	28.6 x	24.0 x	20.7 x
Amazon	United States	2,042,802	2,138,403	16.3 x	14.0 x	11.9 x	35.0 x	28.7 x	23.4 x	49.9 x	35.8 x	25.2 x
IBM	United States	182,748	224,192	15.3 x	14.9 x	14.2 x	21.5 x	20.3 x	19.2 x	20.7 x	19.0 x	17.5 x
Alibaba	China	243,971	201,007	8.4 x	7.8 x	7.3 x	12.0 x	10.7 x	9.6 x	12.5 x	7.7 x	8.3 x
Godaddy	United States	23,023	26,455	21.0 x	18.6 x	16.6 x	32.3 x	25.9 x	22.6 x	21.1 x	18.6 x	16.4 x
Equinix	United States	81,008	94,695	24.9 x	22.5 x	20.4 x	62.9 x	54.4 x	45.3 x	172.6 x	132.4 x	79.9 x
Ionos	Germany	3,346	4,435	9.9 x	8.6 x	7.7 x	13.1 x	11.3 x	9.9 x	21.2 x	18.2 x	15.7 x
WiiT	Italy	570	748	14.0 x	11.6 x	10.2 x	26.7 x	20.1 x	16.8 x	58.6 x	32.0 x	22.9 x
OVH	France	1,652	2,472	5.6 x	5.1 x	4.5 x	44.8 x	31.4 x	16.6 x	357.2 x	43.5 x	32.0 x
Digital Ocean	United States	3,309	4,741	15.6 x	14.0 x	12.2 x	24.2 x	22.3 x	18.8 x	38.0 x	30.1 x	25.2 x
Cloud Falks	Poland	383	475	11.9 x	10.1 x	8.9 x	14.8 x	12.1 x	11.1 x			
beeks ed	United Kingdom	217	223	13.0 x	11.4 x	11.4 x	30.5 x	25.9 x	25.9 x			
DHH	Italy	120	123	9.8 x	8.4 x	7.4 x	17.4 x	13.9 x	12.0 x	20.6 x	16.3 x	14.6 x
Mean				17.3 x	15.0 x	13.0 x	28.0 x	23.3 x	19.5 x	75.3 x	36.3 x	26.7 x
Median				14.6 x	12.8 x	11.4 x	26.0 x	22.3 x	18.8 x	38.0 x	30.1 x	22.9 x
Harmonic Mean				12.7 x	11.3 x	10.1 x	22.7 x	19.3 x	16.6 x	31.4 x	22.8 x	20.0 x

EV/EBITDA	2024E	2025E	2026E	EV/EBIT	2024E	2025E	2026E	EV/FCF	2024E	2025E	2026E
EBITDA reported	12.1	13.0	13.9	EBIT	7.0	8.0	8.8	Figure	4.6	5.0	5.4
Multiple	14.6 x	12.8 x	11.4 x	Multiple	26.0 x	22.3 x	18.8 x	Multiple	38.0 x	30.1 x	22.9 x
-15% discount	12.4 x	10.8 x	9.7 x	-15% discount	22.1 x	19.0 x	15.9 x	-15% discount	34.2 x	27.1 x	20.6 x
Enterprise Value	150.1	141.1	134.8	Enterprise Value	155.1	152.0	141.1	Enterprise Value	158.1	134.9	111.1
Bridge	1.9	(3.1)	(8.5)	Bridge	1.9	(3.1)	(8.5)	Bridge	1.9	(3.1)	(8.5)
Equity	148.2	144.2	143.2	Equity	153.2	155.0	149.6	Equity	156.2	138.0	119.5
Diluted Nosh	4.8	4.8	4.8	Diluted Nosh	4.8	4.8	4.8	Diluted Nosh	4.8	4.8	4.8
Price/share	30.9	30.1	29.9	Price/share	32.0	32.4	31.2	Price/share	32.6	28.8	24.9
% up (downside)	25.7%	22.3%	21.5%	% up (downside)	30.0%	31.5%	26.9%	% up (downside)	32.5%	17.1%	1.4%

Source: Factset & TP ICAP Midcap

In conclusion, our valuation, based 70% on the DCF and 30% on multiples, results in an intrinsic value of the share of €30.2, implying a growth potential of 22.9%.

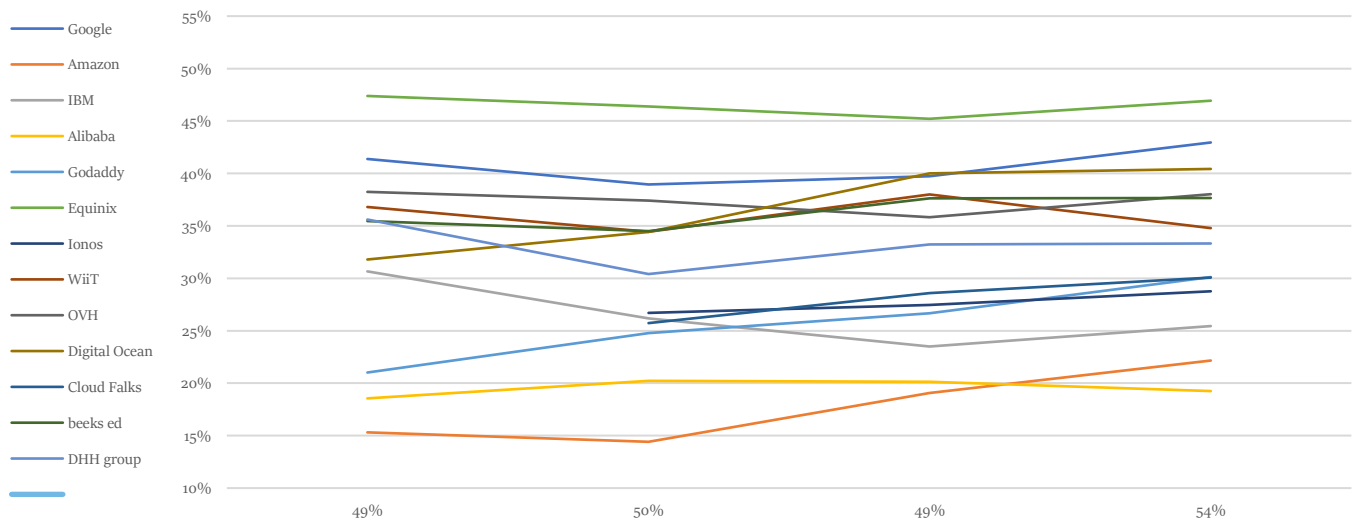
Final result of the valuation

Method	Price/Share	Coefficient	Target Price	Upside (Downside)
Discounted FCF	30.2	70%		
EV/EBITDA	30.3	10%		
EV/EBIT	31.8	10%		
EV/FCF	28.8	10%		

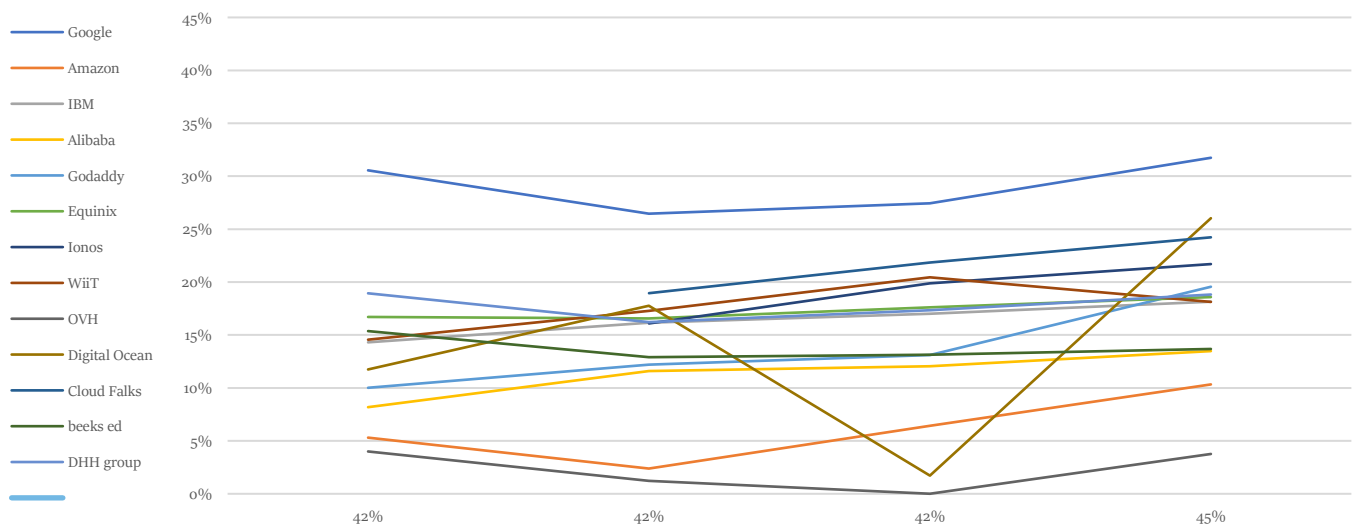
Source: Factset & TP ICAP Midcap

Annexe

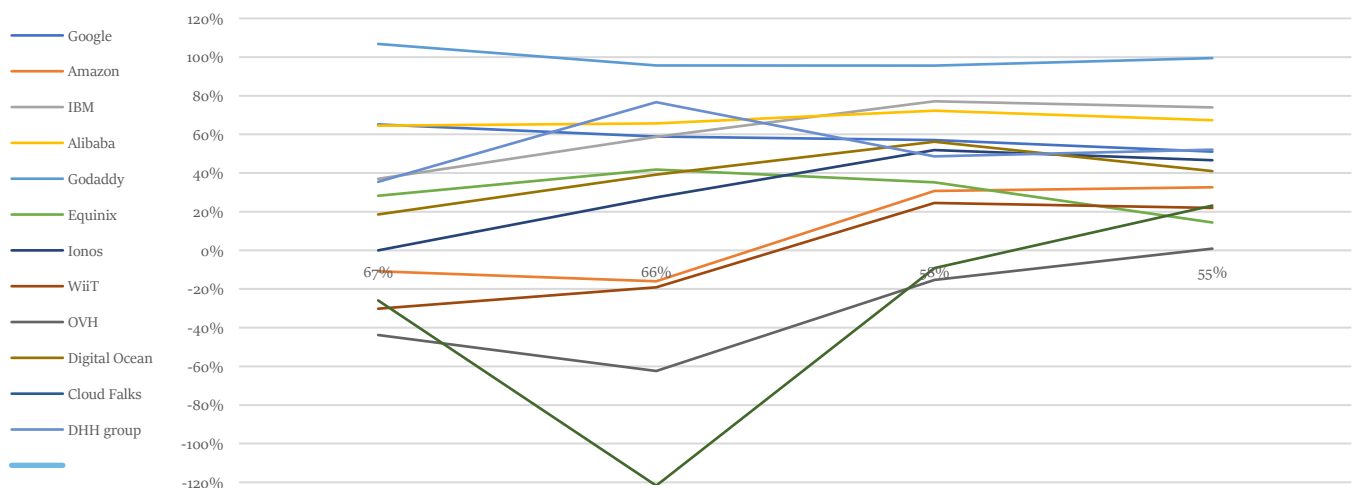
EBITDA margin dynamics of all competitors compared to DHH (2021-2024E)



EBIT margin dynamics of all competitors compared to DHH (2021-2024E)



FCF/EBITDA dynamics of all competitors compared to DHH (2021-2024E)



EBITDA margin, EBIT margin, and FCF/EBITDA by competitor compared to DHH (2021-2024E)

Company Name	EBITDA margin				EBIT margin				FCF/EBITDA			
	2021	2022	2023	2024E	2021	2022	2023	2024E	2021E	2022E	2023E	2024E
Microsoft	49%	50%	49%	54%	42%	42%	42%	45%	67%	66%	58%	55%
Google	41%	39%	40%	42%	31%	26%	27%	31%	65%	59%	57%	52%
Amazon	15%	14%	19%	22%	5%	2%	6%	10%	-11%	-16%	31%	40%
IBM	31%	26%	23%	25%	14%	16%	17%	18%	37%	59%	77%	75%
Alibaba	19%	20%	20%	19%	8%	12%	12%	13%	64%	66%	72%	67%
Godaddy	21%	25%	27%	29%	10%	12%	13%	19%	107%	96%	96%	100%
Equinix	47%	46%	45%	47%	17%	17%	18%	19%	28%	42%	35%	10%
Ionos		27%	27%	29%		16%	20%	22%	0%	27%	52%	46%
WiiT	37%	34%	38%	35%	15%	17%	20%	18%	-30%	-19%	25%	22%
OVH	38%	37%	36%	38%	4%	1%	0%	4%	-44%	-62%	-15%	1%
Digital Ocean	32%	34%	40%	39%	12%	18%	2%	25%	19%	39%	56%	43%
Cloud Fawks		26%	29%	30%		19%	22%	24%				
beeks ed	35%	35%	38%	38%	15%	13%	13%	14%	-26%	-122%	-9%	23%
DHH group	35.6%	30.4%	33.2%	33.3%	18.9%	16.2%	17.3%	18.8%	35.5%	76.7%	48.7%	52.1%

Source: Factset & TP ICAP Midcap

FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	19.6	28.6	33.7	36.3	38.9	41.5
Changes (%)	na	46.4	17.7	7.6	7.2	6.7
Gross profit	18.6	26.8	31.7	34.1	36.5	38.9
% of Sales	94.9	93.6	94.0	93.9	93.9	93.8
EBITDA	6.9	7.4	10.4	12.1	13.0	13.9
% of Sales	35.5	25.8	30.9	33.4	33.5	33.6
Current operating profit	3.7	3.1	5.1	7.2	8.2	9.0
% of Sales	18.7	10.8	15.1	19.8	21.0	21.7
Non-recurring items	-0.1	-0.3	-0.2	-0.1	-0.1	-0.2
EBIT	3.6	2.8	4.9	7.0	8.0	8.8
Net financial result	-0.2	-0.4	-0.8	-0.8	-0.8	-0.7
Income Tax	-0.3	-1.5	-1.9	-2.2	-2.5	-2.8
Tax rate (%)	-7.9	-62.7	-45.4	-35.0	-35.0	-35.0
Net profit, group share	3.2	0.7	2.2	4.0	4.7	5.3
EPS	0.66	0.18	0.46	0.85	0.98	1.10
Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	9.7	10.5	10.4	10.3	10.1	10.0
Tangible and intangible assets	6.8	16.3	17.3	17.3	17.4	17.5
Right of Use	5.1	4.9	4.8	4.5	4.4	4.5
Financial assets	0.8	2.0	1.7	1.7	1.7	1.7
Working capital	-1.3	-2.4	-2.9	-3.0	-3.1	-3.3
Other Assets	1.5	1.5	1.5	1.5	1.5	1.5
Assets	22.6	32.8	32.9	32.3	32.0	31.9
Shareholders equity group	19.3	22.0	23.1	27.1	31.8	37.1
Minorities	0.6	2.1	0.6	0.6	0.6	0.6
LT & ST provisions and others	0.5	0.7	0.8	0.8	0.8	0.8
Net debt	1.2	6.3	6.7	2.1	-2.9	-8.3
Other liabilities	0.9	1.6	1.6	1.6	1.6	1.6
Liabilities	22.6	32.8	32.9	32.3	32.0	31.9
Net debt excl. IFRS 16	1.2	6.3	6.7	2.1	-2.9	-8.3
Gearing net	0.1	0.3	0.3	0.1	-0.1	-0.2
Leverage	0.2	0.8	0.6	0.2	-0.2	-0.6
Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	6.5	7.2	8.9	9.1	9.7	10.4
ΔWCR	-0.7	0.2	0.2	0.1	0.1	0.1
Operating cash flow	5.7	7.4	9.1	9.3	9.8	10.5
Net capex	-3.5	-2.5	-5.4	-4.6	-4.9	-5.1
FCF	2.3	4.9	3.7	4.6	5.0	5.4
Free Cash Flow excl IFRS 16	2.3	4.9	3.7	4.6	5.0	5.4
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	-4.0	-6.3	-3.4	0.0	0.0	0.0
Change in borrowings	2.1	1.3	0.1	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	-0.3	-0.2	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	0.1	-0.4	0.4	4.6	5.0	5.4
ROA (%)	8.5%	1.6%	4.2%	7.0%	7.5%	7.6%
ROE (%)	16.4%	3.9%	9.6%	14.9%	14.8%	14.2%
ROCE (%)	16.2%	9.4%	15.5%	22.2%	25.5%	28.2%

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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
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3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
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History of investment rating and target price – DHH S.p.A



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Sell	3%	40%
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