Intermonte

Milan, 17 April 2025

Italian Equity Research – Company Update

DHH

BUY

Sector: Industrials

Price: Eu20.10 - **Target: Eu33.00**

Acquisition of Teknonet to Enable Entry to MSP Market

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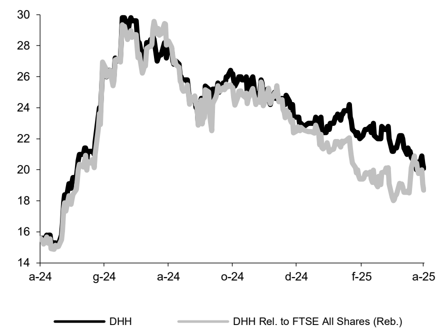
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 32.00 to 33.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	3.4%	1.8%	2.1%

Next Event
1Q25 Results Out 22 May

DHH - 12M Performance



Stock Data			
Reuters code:			DHH.MI
Bloomberg code:			DHH IM
Performance	**1M**	**3M**	**12M**
Absolute	-8.6%	-11.1%	28.8%
Relative	-2.1%	-11.7%	21.2%
12M (H/L)			29.80/15.20
3M Average Volume (th):			1.07

Shareholder Data	
No. of Ord shares (mn):	5
Total no. of shares (mn):	5
Mkt Cap Ord (Eu mn):	98
Total Mkt Cap (Eu mn):	98
Mkt Float - Ord (Eu mn):	23
Mkt Float (in %):	23.0%
Main Shareholder:	
Antonio D. Baldassarra	33.6%

Balance Sheet Data	
Book Value (Eu mn):	32
BVPS (Eu):	6.45
P/BV:	3.1
Net Financial Position (Eu mn):	-5
Enterprise Value (Eu mn):	108

- **Teknonet acquisition.** DHH has announced completion of the acquisition of a 60% stake in Teknonet. Founded in 2005 with headquarters in Monteprandone (Ascoli Piceno), Teknonet (www.teknonet.it) is a Managed Service Provider (MSP), i.e. a B2B company that remotely manages customers' IT infrastructure and connectivity on a proactive basis, typically under a subscription model. Led by CEO Luigi Carboni, the company closed 2024 with €4.2mn in revenue from sales (vs. €3.6mn in 2023), €923k in EBITDA (vs. €798k in 2023), and €643k in net profit (vs. €500k in 2023). Operating cash flow reached €1.0mn, with almost no financial debt and €1.8mn in net cash. The total value of the deal was €5.6mn (c.6x EV/EBITDA), including the costs related to the transaction. DHH completed the first step of the transaction, the purchase of the first 60% stake in the Teknonet share capital and signed shareholders' agreements through which it acquired the option right to purchase an additional 40% of the share capital within 90 days of approval of the 2026 financial statements. Teknonet's results will be fully consolidated in DHH's financial statements from April 2025.
- **Highly complementary offer with steady growth profile.** Management noted that DHH has been in talks with Teknonet since 2022 and has long appreciated the company for its solid foundations, capable leadership, and consistent growth. As an MSP, Teknonet's offer is complementary to the DHH Group portfolio. Based primarily in Central Italy — where DHH already operates through Connesi — the company combines the sale of technology solutions with subscription-based support services. This deal introduces a new, synergistic revenue stream aligned with DHH's core focus on business connectivity and cloud computing. It also opens the door to further explore a service-based subscription model, with potential for expansion both in Italy and across the Balkans.
- **Change in estimates.** The consolidation of Teknonet from April 2025 translates into increases of c.8% in revenues for FY25 and 9–10% for FY26–27. Assuming Teknonet's margins are in the low 20s, with a gradual improvement toward the mid-20s, this will result in a 5-7% increase in our FY25–27 EBITDA estimates. At bottom line, after accounting for higher D&A and financial charges, we are raising our EPS by c.2-3%.
- **BUY confirmed, new target €33 (from €32).** We welcome the acquisition of Teknonet as a highly strategic and synergistic move, particularly in relation to Connesi, further strengthening DHH Group's presence in Italy — which now accounts for over 70% of total sales — and marking DHH's entry into the MSP segment, typically characterised by a subscription-based model and high scalability. The deal also underscores DHH's commitment to executing its M&A strategy across domestic and Mediterranean markets, with the aim of expanding its cloud computing footprint and entering complementary vertical markets. At our updated target price, the stock would trade at ~12x EV/EBITDA '25E (~8x at current levels), reflecting a meaningful discount to larger listed peers and recent private transactions, which typically range from 15x to 19x EV/EBITDA.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	34	36	42	47	51
EBITDA Adj (Eu mn)	12	12	14	16	17
Net Profit Adj (Eu mn)	3	4	5	6	7
EPS New Adj (Eu)	0.678	0.749	0.908	1.092	1.283
EPS Old Adj (Eu)	0.678	0.749	0.878	1.072	1.256
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	7.1	9.1	7.7	6.4	5.4
EV/EBIT Adj	13.6	16.2	12.7	10.1	8.4
P/E Adj	29.7	26.8	22.1	18.4	15.7
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.6	0.3	0.3	-0.1	-0.5

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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