

DHH

Sector: Industrials

BUY

Price: Eu22.20 - Target: Eu32.00

Business Resilience and High Revenue Quality

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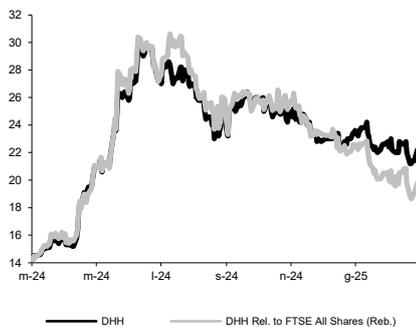
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-2.7%	-0.1%	-0.2%

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	-2.6%	-2.6%	49.0%
Relative	-3.8%	-17.4%	36.1%
12M (H/L)	29.80/14.20		
3M Average Volume (th):	0.94		

Shareholder Data

No. of Ord shares (mn):	5
Total no. of shares (mn):	5
Mkt Cap Ord (Eu mn):	109
Total Mkt Cap (Eu mn):	109
Mkt Float - Ord (Eu mn):	25
Mkt Float (in %):	23.0%
Main Shareholder:	
Antonio D. Baldassarra	33.6%

Balance Sheet Data

Book Value (Eu mn):	32
BVPS (Eu):	6.41
P/BV:	3.5
Net Financial Position (Eu mn):	1
Enterprise Value (Eu mn):	113

FY24 results broadly in line with our estimates; management confident on 2025 outlook, and proposed issuing warrants to incentivize shareholder involvement, aligning interests by guaranteeing democratic participation in medium / long-term value creation.

FY24 results. DHH reported solid FY24 results with revenues of €35.9mn (vs our €36.1mn estimate), up +7% YoY. Growth was broad-based across all core segments—Cloud Computing (€14.2mn, +5%), Cloud Hosting (€8.4mn, +7%), and Business Connectivity (€8mn, +9%)—as well as all regions. Regionally, standout growth came from Croatia (+10%), Switzerland (+11%), and Slovenia (+9%), while Italy (€24.3mn, +5%) remained solid. Seeweb showed slower growth due to M&A-driven client migration, but strong performances from Connesi (+15%), Webtasy, and Artera supported resilience. Costs evolved in line with growth: raw materials up +25% to €2.5mn (SW licenses), professional services down -20% to €3.1mn post stock-option impact, and personnel up +6% to €6mn from team expansion. This resulted in adj. EBITDA of €11.9mn (vs our €12.2mn), up +3% YoY, with a 33% margin. Net debt halved to €3.1mn (our exp. €0.9mn), driven by €9.2mn in CFFO (our exp. €9.0mn), partially absorbed by €2.3mn spent on fixed assets, €4mn on right-of-use, €0.4mn on R&D, €0.1mn on a minority buyout, and €1mn on buyback.

Warrant issue. The BoD approved up to 1,039,485 warrants at a €0.10 strike price. Shareholders will receive 1 right for share held on 6 May 2025, with 5 rights granting 1 warrant. The subscription period runs from 7-13 May 2025. Each warrant, exercisable between 1 June 2027 and 29 Dec. 2028, entitles holders to subscribe for 1 DHH share at €3.10. A capital increase (up to 623k new shares) will support the plan.

Positive tone from call. Management confirmed DHH's resilience even in a foggy macro environment, with solid early FY25 growth and a high-quality top line (94% recurring revenues) reflecting a highly diversified and loyal client base. The 34% EBITDA margin target for FY25 is seen as challenging but achievable. Strategic priorities include disciplined CapEx, rollout of AI-related products (more visibility expected after 1Q), active M&A—especially in Eastern Europe—and a new warrant plan to align long-term shareholder value.

Change in Estimates. We make minor adjustments to our top-line and EBITDA estimates, while factoring in higher financial expenses, resulting in a slight cut to EPS.

BUY confirmed, TP still €32. FY results confirm DHH's robust and scalable business model, with 94% of revenues recurring, ensuring high visibility on FCFO (c. 80% conversion rate). Furthermore, we welcome management hints that DHH is actively pursuing M&A opportunities in domestic and Mediterranean markets, aiming to expand its cloud computing presence in new regions and enter complementary market segments. M&A could add upside to our estimates and our DCF-based TP of €32/share (unchanged). At our TP, the stock would trade at ~12x EV/EBITDA'25E (~9x at current prices), at a discount to larger listed peers and recent private deals (c. 15-19x EV/EBITDA).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	34	36	39	43	47
EBITDA Adj (Eu mn)	12	12	13	15	16
Net Profit Adj (Eu mn)	3	4	4	5	6
EPS New Adj (Eu)	0.678	0.749	0.878	1.072	1.256
EPS Old Adj (Eu)	0.678	0.787	0.902	1.073	1.258
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	7.1	9.1	8.5	7.2	6.2
EV/EBIT Adj	13.6	16.2	14.2	11.4	9.4
P/E Adj	32.7	29.6	25.3	20.7	17.7
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.6	0.3	0.0	-0.4	-0.8

