

DHH

Sector: Industrials

BUY

Price: Eu24.20 - Target: Eu32.00

A Strong Release on Margin and Cash Conversion

Giorgio Tavolini +39-02-77115.279
 giorgio.tavolini@intermonte.it
Andrea Randone: +39-02-77115.364
 andrea.randone@intermonte.it

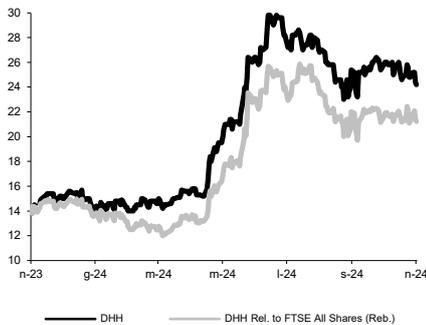
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.4%	-0.4%	-0.2%

Next Event

FY24 Results Out late March 2025

DHH - 12M Performance



Stock Data

Reuters code:	DHH.MI		
Bloomberg code:	DHH IM		
Performance	1M	3M	12M
Absolute	-6.2%	-9.7%	75.4%
Relative	-1.7%	-9.6%	61.4%
12M (H/L)	29.80/13.70		
3M Average Volume (th):	1.14		

Shareholder Data

No. of Ord shares (mn):	5
Total no. of shares (mn):	5
Mkt Cap Ord (Eu mn):	118
Total Mkt Cap (Eu mn):	118
Mkt Float - Ord (Eu mn):	27
Mkt Float (in %):	23.0%
Main Shareholder:	
Antonio D. Baldassarra	33.6%

Balance Sheet Data

Book Value (Eu mn):	28
BVPS (Eu):	5.94
P/BV:	4.1
Net Financial Position (Eu mn):	-1
Enterprise Value (Eu mn):	119

- 9M24 results.** 9M results met expectations at the EBITDA level, with an 8% positive surprise on the bottom line. Net revenues (€26.8mn, +7% YoY, 1H: +9%) were 2% below estimates, primarily due to flat Datacentre & Networking revenues on lower energy prices passed through to customers, with no impact on margins. Consequently, the adj. EBITDA margin came in higher at 33% (vs. 32% expected, 1H: 33%), offsetting top-line softness. OpEx reflected efficient management, with key increases in raw materials (€2.0mn, +€0.6mn YoY) and wholesale services (€3.5mn, +€0.2mn YoY) driven by higher sales and HW acquisitions. Datacentre costs decreased (€2.1mn, -€0.1mn YoY) due to lower energy prices, while professional services (€2.4mn, -€0.7mn YoY) dropped mainly because of the lack of stock option plans (€1.1mn in FY23). Personnel costs (€5.1mn, 19% of sales) remained under control (+€0.3mn YoY), showcasing the scalability of the business model. The icing on the cake was stronger FCFO (€7.7mn vs €6.1mn exp.), leading to lower net debt (9M: €2.9mn vs. our exp. €3.1mn), a sharp improvement from YE23 (€6.5mn).
- Trends by segment.** Business Connectivity was up 10% (1H: +9%), supported by market expansion and advanced connectivity solutions. Cloud Hosting grew by 8% (1H: +7%) while Cloud Computing by 6% (1H: +9%), both benefiting from rising demand for scalable infrastructure. The Datacentre & Networking segment remained stable, with minimal growth (9M: +1%) due to energy price fluctuations. Managed Services saw an 8% decline, while the Other category increased by 36%, reflecting non-recurring and opportunistic sales. The company also emphasized strong growth in its AI-focused infrastructure solutions, particularly GPU and NPU offerings, as a key driver of organic growth, though specific figures were not disclosed due to being competition-sensitive.
- Trends by geography.** Top-line growth was observed across all markets, with Italy (9M: +8%, 1H: +10%), Slovenia (9M: +9%, 1H: +8%), Croatia (9M: +10%, 1H: +11%), and Switzerland (9M: +11%, 1H: +11%) delivering strong performances. Bulgaria showed a sequential improvement (9M: +1%, 1H: flat) driven by Evolink's return to growth after a period of underperformance.
- Change in estimates.** FY24 top line trimmed by ~1% to reflect lower pass-through energy components, with no impact on margin. We now expect FY24 growth at 7% (prev. +8%), implying a 7.6% increase in 4Q. No meaningful change to EPS.
- BUY confirmed, TP still €32.** Despite some top-line softness due to pass-through energy prices, 9M results confirmed the strength of DHH's robust and scalable business model, with 94% of revenues being recurring, ensuring high visibility on FCFO (c. 88% conversion rate). Furthermore, we welcome management's 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. Indeed, M&A activity could bring additional upside to our estimates and our DCF-based TP of €32/share (unchanged). At our TP, the stock would trade at 13.5x EV/EBITDA'24E (10x at current prices), at a discount to larger listed peers and recent private deals (c. 15-19x EV/EBITDA).

Key Figures & Ratios	2023A	2024E	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	5	5	6
EPS New Adj (Eu)	0.678	0.787	0.902	1.073	1.258
EPS Old Adj (Eu)	0.678	0.784	0.906	1.075	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	7.1	9.8	9.0	7.6	6.5
EV/EBIT Adj	13.6	17.7	15.5	12.3	10.0
P/E Adj	35.7	30.7	26.8	22.6	19.2
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.6	0.1	-0.3	-0.7	-1.0

DISCLAIMER (for more details go to [DISCLAIMER](#))

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution. The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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&P500 Index, most of those on the MIBEX 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.

Explanation of our ratings system:

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

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

As at 30 September 2024 Intermonte's Research Department covered 125 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM S.p.A. is acting as ECM advisor and placement agent in AQUAFIL's capital increase with an agreement with the company for the publication of an equity research regarding the company and the transaction. Intermonte will receive fees from the company for its activity as ECM Advisor and placement agent.

Intermonte is acting as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.

Intermonte is acting as financial advisor to Eagle S.p.A. and intermediary responsible for coordinating the collection of sale requests in relation to the sell-out procedure on Greenthesis S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Aquafil, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambientthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DHH, El.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, GPI, Greenthesis (formerly Ambientthesis), IEG, IndelB, Intred, Luve, Misitano & Stracuzzi, Mondadori, Notorious Pictures, Omer, Pharamantra, Relatech, Reply, Revo Insurance, Reway, Saes Getters, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, SyS-Dat Group, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Webisim, which constitute the digital division of Intermonte, acts as a Financial Content Provider and/or Specialist and/or Corporate Broker on the following companies: Abitare In, Alkemy, Allcore, Almawave, Banca Sistema, Bifire S.p.A., B&C Speakers, Casta Diva Group, Cleanbnb, Coffe, Crowdfundme, Cube Labs, Cy4gate, Cyberoo, DHH, Digital Bros, Digital Magics, Digitouch, Doxee, Edilziacrobatica Spa, Eles, Elica, Emak, Energy, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GM Leather, GPI, Green Oleo, High Quality Food, Ikonisys, Intercos, Intred, ISCC Fintech, Lemon Sistemi, Lventure Group, Maps Group, Mare Group, Masi Agricola, Matica Fintec, Misitano & Stracuzzi, Neodecortech, Notorious Pictures, Olidata, Osai Automation System, Racing Force Group, Redfish Long Term Capital, Relatech, Reti, Sciuker Frames, SG Company, Solid World Group, Spindox Digital Soul, Talea, Tamburi, Tesmec, Tinexta, TMP Group, Tps Group, Trendevic, Ulisse Biomed, Xenia Hôtellerie Solution Spa Società Benefit, Wilit, Zest.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
-----------	---	------------

© Copyright 2024 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available