DHH

BUY

Sector: Industrials

Price: Eu21.20 - **Target: Eu31.00**

Rising GPU Demand Flags Up Improving Adoption of AI

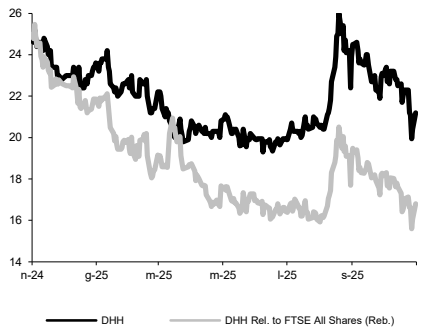
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Stock Rating	
Rating:	Unchanged
Target Price (Eu):	Unchanged

	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event
FY25 Results Out March 2026

DHH - 12M Performance



Stock Data	
Reuters code:	DHH.MI
Bloomberg code:	DHH IM

Performance	1M	3M	12M
Absolute	-7.8%	2.4%	-13.8%
Relative	-7.4%	4.6%	-39.8%
12M (H/L)			26.00/19.30
3M Average Volume (th):			2.33

Shareholder Data	
No. of Ord shares (mn):	5
Total no. of shares (mn):	5
Mkt Cap Ord (Eu mn):	111
Total Mkt Cap (Eu mn):	111
Mkt Float - Ord (Eu mn):	26
Mkt Float (in %):	23.0%
Main Shareholder:	
Antonio D. Baldassarra	33.6%

Balance Sheet Data	
Book Value (Eu mn):	32
BVPS (Eu):	6.25
P/BV:	3.4
Net Financial Position (Eu mn):	-5
Enterprise Value (Eu mn):	116

DHH delivered sparkling 9M results, 4% above our adj. EBITDA estimate, confirming the strengthening of trends in the various BUs and geographical markets, supported by accelerating organic revenue growth (3Q: +10%, 2Q: +4%), stronger margins, and a very high proportion of recurring revenues (c.96%). On AI, management highlighted an exceptionally sharp pick-up in July–September as a clear sign of customer adoption and expects to begin providing AI revenue figures in the coming months as visibility improves. Despite that, we make no meaningful changes to consensus estimates at this stage.

- **9M25 results.** Excluding the Teknonet contribution (consolidated from 2Q, Managed IT and other services), DHH delivered 9M sales growth of +6% YoY (3Q: +10%, 2Q: +4%, 1Q: +5%) and EBITDA up +15% YoY (+19% in 3Q) confirming the high scalability of its business model. Cloud computing (37% of sales) and Cloud Hosting (22%) were up 3% and 5% YoY respectively, while the remaining segments posted double-digit increases. Italy is still the main market (69% of sales), growing 13% YoY. The EBITDA margin improved YoY from 33% to 35%, supported by lower raw material costs (-3%, €2.02mn) but spending increased on data centre services (+8%, €2.3mn), network services (+27%, €1.7mn) and wholesale services and licences (+10%, €3.8mn). Personnel costs rose (+13%, €5.8mn), along with professional services (+13%, €2.7mn) and marketing & sales (+3%, €0.8mn). Operating cashflow was €8.8mn (our exp. €8.0mn), i.e. 85% of EBITDA was converted into cash. Net debt (€7.2mn) was €1mn above our expectation (we believe mainly due to the M&A cash-out for Teknonet and Evolink). Excluding €8.0mn lease liabilities, the company would be cash positive at €0.8mn.
- **Confident tone from call**. 3Q organic acceleration was supported by some positive one-offs (pre-litigation settlements with some suppliers), strong growth at Evolink, and a sharp pick-up in AI infrastructure, with GPU demand up >40/50% in Jul–Sep. GPU margins remain strong and consistent with cloud-computing profitability; demand is led by pharma and other active sectors. Management confident of exceeding 8% organic top-line growth both in 4Q and in 2026. Cash generated is primarily allocated to M&A. The business model is fully self-sustaining, with maintenance CapEx covered multiple times by operating cash flow.
- **No change to estimates.** We have left our estimates unchanged, incorporating high single-digit organic revenue growth in FY25, while not ruling out upside on the margin (currently at 34%), especially in light of the 35% achieved in 9M.
- **BUY confirmed, TP still €31.** 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). We appreciate the company's strong commitment to consolidating a sustainable growth trajectory through organic development and disciplined margin management, while proactively assessing external growth opportunities in both existing and new EU markets (e.g. France/Spain). Its solid financial structure and well-diversified revenue base underpin resilience, with no concerns on insolvency risks or revenue concentration.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	34	36	41	44	46
EBITDA Adj (Eu mn)	12	12	14	15	16
Net Profit Adj (Eu mn)	3	4	4	5	6
EPS New Adj (Eu)	0.678	0.749	0.866	0.958	1.081
EPS Old Adj (Eu)	0.678	0.749	0.866	0.958	1.081
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	7.1	9.1	8.5	7.4	6.5
EV/EBIT Adj	13.6	16.2	14.2	12.1	10.6
P/E Adj	31.3	28.3	24.5	22.1	19.6
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.6	0.3	0.4	0.0	-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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 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.

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

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As at 25 November 2025 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	31.82%
OUTPERFORM:	37.12%
NEUTRAL:	30.30%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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