

CLIQ Digital

CMD/upgrade

Strategic update and financials upgrade

CLIQ Digital has updated its business plan and lifted guidance, raising the FY22 revenue target from €210m to €250m, with EBITDA up from over €33m to over €38m. We have increased our forecasts, with FY23e revenue also raised (from €290m to €300m). This follows February's upgrade, implying that its marketing approach continues to pay off. Management is targeting €500m of revenues by FY25, which, in our view, is demanding but achievable. The new packaged content offering will be marketed under the CLIQ.de brand and is designed to be simple but affordable, so well suited to a backdrop of pressure on household disposable income. The shares continue to trade at a sizeable discount to peers.

Year end	Revenue (€m)	PBT* (€m)	Adjusted EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/20	107.0	14.4	1.2	0.5	20.0	2.0
12/21	150.0	25.3	2.6	1.1	9.0	4.7
12/22e	250.0	36.5	3.8	1.5	6.2	6.5
12/23e	300.0	45.9	4.8	1.9	5.0	8.2

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Repackaging supported by brand advertising

The [strategic update](#) focused on the repackaging of content into a coherent brand offering. This will be available on the web and through native apps, utilising the 'CLIQ' branding for the first time, so avoiding too much overlap with the existing customer base. It will offer the 'best of everything' across the five content categories – movies, games, sport, music and audiobooks – at an introductory price of €6.99, so below the monthly outlay needed to subscribe to many larger single-category content services. This will be supported by a major brand marketing campaign, including TV, out of home and consumer brand partnerships. Marketing spend guidance for the year increases from €70m to €90m. Guidance for paid memberships also increases from 1.7–1.8m to over 2.0m (from the 1.5m disclosed at end March). Management envisages that this upscaled version of its offering will reduce membership churn as well as drive organic growth.

Raised forecasts

We have increased our FY22 revenue and EBITDA projections in line with revised guidance. This has had a knock-on benefit on FY23 revenue, particularly as the relaunch is scheduled for 1 September 2022. While the cost of customer acquisition will be increased by the additional marketing (FY22e EBITDA margin: 15.9% to 15.2%; FY23e: 16.8% to 15.9%), the ratio to lifetime value should improve.

Valuation: Discount persists despite outperformance

CLIQ's share price is roughly unchanged year-to-date, while peers are down 44%, a further deterioration since our last [report in May](#) when they were down 32% on average. However, across FY22e and FY23e, CLIQ's shares continue to trade at a discount across average EV/sales, EV/EBITDA and P/E multiples. Parity across these ratios would equate to an implied share price of €60.2 (May 2022: €65.4).

Media

17 June 2022

Price €23.20

Market cap €151m

Net cash (€m) at 31 March 2022 2.5

Shares in issue 6.5m

Free float 89%

Code CLIQ

Primary exchange XETRA

Secondary exchange FRA

Share price performance



%	1m	3m	12m
Abs	5.5	9.2	(7.8)
Rel (local)	13.0	21.0	11.1

52-week high/low €28.25 €18.20

Business description

CLIQ Digital is a global streaming provider specialising in the direct marketing of affordable entertainment products and offering its members unlimited access to music, audiobooks, sports, movies and games. It works in over 30 countries. In FY21, 42% of sales were generated in Europe, 50% in North America and 8% in other regions.

Next events

H122 results 2 August 2022

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Exhibit 1: Financial summary

	€'m	2020	2021	2022e	2023e
31-December		IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue		107.0	150.0	250.0	300.0
Cost of Sales		(72.0)	(98.8)	(172.7)	(203.2)
Gross Profit		34.9	51.2	77.3	96.8
EBITDA		15.9	27.2	38.0	47.6
Operating profit (before amort. and excepts.)		15.2	26.3	37.2	46.7
Reported operating profit		15.2	26.3	37.2	46.7
Net Interest		(0.8)	(0.9)	(0.7)	(0.8)
Profit Before Tax (norm)		14.4	25.3	36.5	45.9
Profit Before Tax (reported)		14.4	25.3	36.5	45.9
Reported tax		(4.0)	(7.1)	(11.4)	(14.3)
Profit After Tax (norm)		10.4	17.4	25.1	31.6
Profit After Tax (reported)		10.4	18.2	25.1	31.6
Minority interests		3.3	0.4	0.6	0.7
Net income (normalised)		7.2	17.0	24.5	30.9
Net income (reported)		7.2	17.8	24.5	30.9
Average Number of Shares Outstanding (m)		6.2	6.5	6.5	6.5
EPS - basic (€)		1.16	2.62	3.77	4.75
EPS - normalised fully diluted (€)		1.16	2.59	3.72	4.69
Dividend (€)		0.46	1.10	1.51	1.90
Revenue growth (%)		69.4	40.2	66.7	20.0
Gross Margin (%)		32.7	34.1	30.9	32.3
EBITDA Margin (%)		14.9	18.1	15.2	15.9
Normalised Operating Margin		14.2	17.5	14.9	15.6
BALANCE SHEET					
Fixed Assets		55.2	59.4	61.9	65.3
Intangible Assets		0.8	2.6	5.0	7.5
Tangible Assets		2.2	3.8	5.1	5.9
Goodwill & other		52.3	53.0	51.7	51.9
Current Assets		21.7	36.9	59.3	69.7
Receivables		9.1	12.5	15.0	20.8
Cash & cash equivalents		4.9	7.3	23.5	23.6
Other		7.7	17.1	20.8	25.4
Current Liabilities		(12.9)	(27.3)	(24.3)	(27.2)
Creditors		(2.0)	(7.9)	(10.4)	(13.3)
Tax		(3.2)	(1.2)	(1.2)	(1.2)
Borrowings		0.0	(5.0)	0.0	0.0
Provisions		(0.4)	(0.4)	(0.4)	(0.4)
Other		(7.3)	(12.8)	(12.4)	(12.4)
Long Term Liabilities		(8.5)	(9.4)	(20.7)	(11.1)
Long term borrowings		(3.8)	0.0	(11.4)	(1.9)
Other long term liabilities		(4.7)	(9.4)	(9.3)	(9.2)
Net Assets		55.6	59.6	76.2	96.8
Minority interests		4.8	0.0	0.6	1.3
Shareholders equity		50.8	59.5	75.5	95.5
CASH FLOW					
Operating Cash Flow		15.1	26.8	37.3	46.8
Working capital		1.6	(1.2)	(0.1)	(2.9)
Exceptional & other		0.9	1.3	(1.9)	(2.4)
Tax		(2.8)	(6.1)	(12.4)	(15.1)
Operating cash flow		14.8	20.8	22.9	26.4
Capex		(0.7)	(3.3)	(3.4)	(3.6)
Acquisitions/disposals		0.0	(10.3)	0.0	0.0
Net interest		0.0	0.0	0.0	0.0
Equity financing		0.0	0.0	0.0	0.0
Dividends		(2.1)	(3.3)	(9.8)	(12.4)
Other		(1.5)	(2.5)	(0.1)	(0.8)
Net Cash Flow		10.5	1.4	9.7	9.6
Opening net debt/(cash)		9.6	(0.9)	(2.3)	(12.0)
FX		(0.0)	0.0	0.0	0.0
Other non-cash movements		0.0	0.0	0.0	0.0
Closing net debt/(cash)		(0.9)	(2.3)	(12.0)	(21.6)

Source: Company accounts, Edison Investment Research

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