CLIQ Digital AG

Media & Telecommunication - Germany

Buy (old: Buy) 24.11.2023

EUR 78.30 (old: EUR 78.30)

Analyst teach-in highlights data-driven content distribution

On Friday, November 17th, CLIQ hosted its first ever analyst teach-in, a welcome step in increasing transparency. Here are our key takeaways:

Savvy performance marketing as USP. While CLIQ offers streaming content, it is anything but a mere streaming platform; its main competitive edge lies in its performance marketing expertise. Aided by proprietary business intelligence and predictive analysis, the company places ad banners on numerous marketing URLs, thereby boosting conversions and traffic on its own landing pages.

Investments in quality content. To increase platform desirability and customer retention, the company continues to improve its content catalogue across all verticals with tailored movies, series, sports, audiobooks, music, and gaming. Particularly CLIQ's entry into cloud gaming capitalizes on the rapidly advancing market, which is expected to grow by 46% CAGR until 2030, according to Statista. Instead of owning the content outright, the company licenses finished content from well-known partners on either a fixed, revenue-linked, or pay-per-use basis (e.g. 90% of CLIQ's licensing agreements are based on a fixed licensing fee). While this will enable CLIQ to operate a flexible and asset-light business model, higher content quality will result in higher licensing fees, presently captured in our estimates.

Sales target of € 500m by 2025 confirmed. Three drivers should contribute to € 500m in sales by 2025: (1) The quality of the membership base is continuously improving with LTV at € 89.01 as of Q3 (+1.7% qoq; +24% yoy) due to selling bundled content as opposed to single content, which strengthens customer loyalty, (2) geographic expansion (e.g. Latin America), and (3) exploring B2B partnerships and resuming affiliate marketing with trusted partners to position CLIQ as a unique D2C brand.

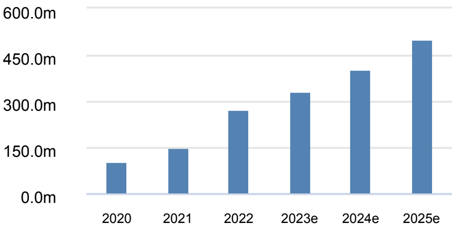
Outlook. FY 23e guidance of sales > € 345m, EBITDA > € 50m and marketing spend > € 120m is maintained. Although sales developed slightly below expectations due to muted consumer sentiment, management maintains the EBITDA guidance and margins should remain at the levels of 9M, in our view. Importantly, CLIQ's debt-free balance sheet, strong FCF (€ 15m as of 9M) and net cash position of € 12m should support its 40% payout ratio and strong 10% dividend yield, going forward.

CLIQ remains a **BUY** with an **unchanged PT of € 78.30** based on FCFY 23e & 24e.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	107.0	150.0	276.1	331.3	407.5	505.3
Sales growth	69.4%	40.2%	84.1%	20.0%	23.0%	24.0%
EBITDA	15.9	27.2	43.5	52.7	63.4	76.9
Net debt (if net cash=0)	2.0	1.5	-3.9	-16.9	-32.9	-48.9
FCF	14.1	16.0	15.4	25.6	29.7	32.8
Net Debt/EBITDA	0.1	0.1	0.0	0.0	0.0	0.0
EPS pro forma	1.14	2.74	4.28	5.22	6.43	7.88
EBITDA margin	14.9%	18.1%	15.8%	15.9%	15.6%	15.2%
ROCE	24.8%	40.8%	51.6%	52.0%	47.7%	46.8%
EV/sales	1.0	0.7	0.4	0.3	0.2	0.1
EV/EBITDA	6.7	4.1	2.4	1.8	1.2	0.8
PER	14.8	6.2	3.9	3.2	2.6	2.1
Adjusted FCF yield	8.0%	18.1%	32.3%	48.9%	69.4%	123.9%

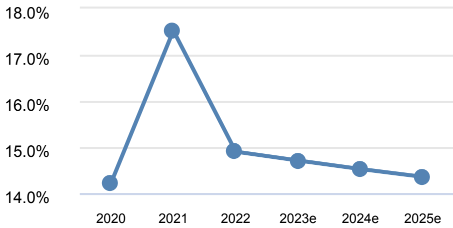
Source: Company data, NuWays, Close price as of 22.11.2023

Sales (2020-25e)



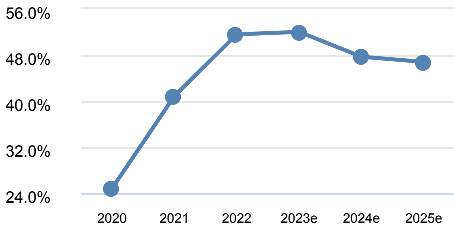
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

ROCE (2020-25e)



Source: NuWays Research

Company description

CLIQ Digital markets subscription-based streaming services that bundle movies, series, audiobooks, sports and games to consumers globally. Operating in more than 40 countries, the company offers exciting niche products to the mass market.

Share Performance

High/low 52 weeks (€)	30.95 / 15.16
3m rel. performance	-13.1%
6m rel. performance	-28.3%
12m rel. performance	-36.5%

Market data

Share price (in €)	17.46
Market cap (in € m)	110.0
Number of shares (in m pcs)	6.5
Enterprise value (in € m)	93.5
Ø trading volume (6 months)	11,878

Identifier

Bloomberg	CLIQ GR
Reuters	CLIQ
WKN	A35JS4
ISIN	DE000A35JS40

Key shareholders

Members of Mgmt. & Supervisory Boards	11.0%
Free float	89.0%

Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Guidance

- 2023 sales: > € 345m
- 2023 EBITDA: > € 50m

CLIQ Digital AG

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NuWays
by Hauck Aufhäuser Lampe

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net sales	**107.0**	**150.0**	**276.1**	**331.3**	**407.5**	**505.3**
Sales growth	*69.4%*	*40.2%*	*84.1%*	*20.0%*	*23.0%*	*24.0%*
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	**107.0**	**150.0**	**276.1**	**331.3**	**407.5**	**505.3**
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	72.0	98.8	201.3	244.5	301.9	380.5
Personnel expenses	13.7	18.0	20.7	25.1	29.5	33.2
Other operating expenses	5.3	6.0	9.6	9.0	12.6	14.7
Total operating expenses	**91.0**	**122.8**	**231.6**	**278.6**	**344.1**	**428.3**
EBITDA	**15.9**	**27.2**	**43.5**	**52.7**	**63.4**	**76.9**
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	**15.9**	**27.2**	**43.5**	**52.7**	**63.4**	**76.9**
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.7	0.9	2.4	4.0	4.2	4.4
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	**15.2**	**26.3**	**41.1**	**48.7**	**59.2**	**72.5**
Interest income	0.1	0.3	0.0	0.0	0.0	0.0
Interest expenses	0.3	1.2	1.2	1.0	0.4	0.5
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.8	-0.9	-1.2	-1.0	-0.4	-0.5
Recurring pretax income from continuing operations	**14.4**	**25.3**	**39.9**	**47.7**	**58.8**	**72.0**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	**14.4**	**25.3**	**39.9**	**47.7**	**58.8**	**72.0**
Income tax expense	4.0	7.1	11.9	13.6	16.7	20.5
Net income from continuing operations	**10.4**	**18.2**	**28.0**	**34.1**	**42.0**	**51.5**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**10.4**	**18.2**	**28.0**	**34.1**	**42.0**	**51.5**
Minority interest	3.3	0.4	0.0	0.0	0.0	0.0
Net profit (reported)	**7.2**	**17.8**	**28.0**	**34.1**	**42.0**	**51.5**
Average number of shares	6.2	6.5	6.5	6.5	6.5	6.5
EPS reported	**1.16**	**2.74**	**4.47**	**5.24**	**6.46**	**7.91**

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Sales growth	*69.4%*	*40.2%*	*84.1%*	*20.0%*	*23.0%*	*24.0%*
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Other operating income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Material expenses	67.3%	65.9%	72.9%	73.8%	74.1%	75.3%
Personnel expenses	12.8%	12.0%	7.5%	7.6%	7.2%	6.6%
Other operating expenses	4.9%	4.0%	3.5%	2.7%	3.1%	2.9%
Total operating expenses	**85.1%**	**81.9%**	**83.9%**	**84.1%**	**84.4%**	**84.8%**
EBITDA	**14.9%**	**18.1%**	**15.8%**	**15.9%**	**15.6%**	**15.2%**
Depreciation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	**14.9%**	**18.1%**	**15.8%**	**15.9%**	**15.6%**	**15.2%**
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.7%	0.6%	0.9%	1.2%	1.0%	0.9%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	**14.2%**	**17.5%**	**14.9%**	**14.7%**	**14.5%**	**14.4%**
Interest income	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.3%	0.8%	0.4%	0.3%	0.1%	0.1%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	**13.4%**	**16.9%**	**14.5%**	**14.4%**	**14.4%**	**14.3%**
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	**13.4%**	**16.9%**	**14.5%**	**14.4%**	**14.4%**	**14.3%**
Tax rate	27.5%	28.0%	29.8%	28.5%	28.5%	28.5%
Net income from continuing operations	**9.7%**	**12.2%**	**10.1%**	**10.3%**	**10.3%**	**10.2%**
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	**9.7%**	**12.2%**	**10.1%**	**10.3%**	**10.3%**	**10.2%**
Minority interest	3.1%	0.3%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	**6.7%**	**11.9%**	**10.1%**	**10.3%**	**10.3%**	**10.2%**

Source: Company data, NuWays

CLIQ Digital AG

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Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	48.9	51.5	55.8	57.8	59.6	61.2
Property, plant and equipment	2.2	3.8	5.0	15.0	23.0	31.0
Financial assets	0.0	1.5	2.7	2.7	2.7	2.7
FIXED ASSETS	**51.1**	**56.8**	**63.5**	**75.5**	**85.3**	**94.9**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	9.1	12.5	13.6	16.3	20.1	24.9
Other assets and short-term financial assets	7.7	17.0	39.6	55.8	67.6	83.2
Liquid assets	4.9	7.3	16.8	23.2	39.2	55.2
Deferred taxes	4.1	2.6	1.6	1.9	2.3	2.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	**25.9**	**39.4**	**71.6**	**97.2**	**129.2**	**166.2**
TOTAL ASSETS	**77.0**	**96.2**	**135.1**	**172.6**	**214.5**	**261.1**
SHAREHOLDERS EQUITY	**50.8**	**59.6**	**81.4**	**108.9**	**143.2**	**183.9**
MINORITY INTEREST	4.8	0.0	-0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.4	0.4	0.4	0.4
Other provisions and accrued liabilities	0.7	1.5	1.7	2.0	2.0	2.0
Short-term liabilities to banks	0.0	5.0	6.6	-0.0	-0.0	-0.0
Accounts payable	2.0	7.9	9.5	20.0	24.6	30.5
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	10.0	14.4	18.7	22.5	22.5	22.5
Deferred taxes	1.7	4.0	10.5	12.6	15.5	15.5
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	**12.0**	**22.3**	**28.3**	**42.4**	**47.0**	**52.9**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**76.9**	**96.2**	**135.1**	**172.6**	**214.5**	**261.0**

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	63.5%	53.5%	41.3%	33.5%	27.8%	23.5%
Property, plant and equipment	2.8%	4.0%	3.7%	8.7%	10.7%	11.9%
Financial assets	0.0%	1.6%	2.0%	1.6%	1.2%	1.0%
FIXED ASSETS	**66.4%**	**59.0%**	**47.0%**	**43.7%**	**39.8%**	**36.3%**
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	11.8%	13.0%	10.1%	9.5%	9.4%	9.5%
Other assets and short-term financial assets	10.1%	17.7%	29.3%	32.3%	31.5%	31.9%
Liquid assets	6.4%	7.6%	12.4%	13.4%	18.3%	21.1%
Deferred taxes	5.4%	2.7%	1.2%	1.1%	1.1%	1.1%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	**33.6%**	**41.0%**	**53.0%**	**56.3%**	**60.2%**	**63.7%**
TOTAL ASSETS	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
SHAREHOLDERS EQUITY	**66.1%**	**61.9%**	**60.2%**	**63.1%**	**66.8%**	**70.5%**
MINORITY INTEREST	6.3%	0.0%	-0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.3%	0.2%	0.2%	0.1%
Other provisions and accrued liabilities	0.9%	1.6%	1.3%	1.2%	1.0%	0.8%
Short-term liabilities to banks	0.0%	5.2%	4.9%	-0.0%	-0.0%	-0.0%
Accounts payable	2.6%	8.2%	7.1%	11.6%	11.5%	11.7%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	13.0%	15.0%	13.9%	13.0%	10.5%	8.6%
Deferred taxes	2.3%	4.2%	7.8%	7.3%	7.2%	5.9%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	**15.6%**	**23.2%**	**20.9%**	**24.6%**	**21.9%**	**20.3%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	10.4	18.2	28.0	34.1	42.0	51.5
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill & intangible assets	0.7	0.9	2.4	4.0	4.2	4.4
Others	-0.3	-13.6	-0.4	0.0	0.0	0.0
Cash flow from operating activities	14.4	20.4	22.4	35.2	33.5	36.4
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.9	-3.4	-1.1	-2.7	-3.8	-4.8
Increase/decrease in accounts payable	-0.0	5.9	1.6	10.4	4.6	5.9
Increase/decrease in other working capital positions	0.0	0.0	-10.8	-10.6	-9.4	-16.2
Increase/decrease in working capital	-0.9	2.6	-10.4	-2.9	-8.5	-15.1
Cash flow from operating activities	**14.8**	**20.8**	**22.8**	**35.6**	**37.7**	**40.8**
CAPEX	0.7	3.3	9.9	10.0	8.0	8.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	1.5	0.0	0.0	0.0
Cash flow from investing activities	**-0.7**	**-3.3**	**-8.4**	**-10.0**	**-8.0**	**-8.0**
Cash flow before financing	12.0	14.2	7.3	13.9	16.0	16.0
Increase/decrease in debt position	-1.2	0.8	-0.2	-6.6	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	2.1	3.3	7.1	11.6	13.6	16.8
Others	-0.3	-13.6	-0.4	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.0	1.0	1.8	0.0	0.0	0.0
Cash flow from financing activities	**-3.6**	**-16.1**	**-7.7**	**-18.2**	**-13.6**	**-16.8**
Increase/decrease in liquid assets	10.5	2.4	8.5	7.3	16.0	16.0
Liquid assets at end of period	**4.9**	**7.3**	**15.8**	**23.2**	**39.2**	**55.2**

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	69.4%	40.2%	84.1%	20.0%	23.0%	24.0%
EBITDA growth	313.7%	372.8%	172.7%	93.9%	45.7%	45.9%
EBIT growth	409.6%	450.9%	170.4%	85.4%	43.9%	48.8%
EPS growth	232.1%	686.2%	286.4%	91.3%	44.4%	50.9%
Efficiency						
Sales per employee	1,296.4	1,497.6	2,193.6	2,366.3	2,716.5	3,157.9
EBITDA per employee	193.3	271.4	345.6	376.6	422.5	480.7
No. employees (average)	82	100	126	140	150	160
Balance sheet analysis						
Avg. working capital / sales	5.3%	3.6%	2.0%	0.1%	-0.0%	-0.9%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	31.0	30.4	18.0	18.0	18.0	18.0
Accounts payable turnover	6.8	19.3	19.3	22.0	22.0	22.0
Cash flow analysis						
Free cash flow	14.1	16.0	15.4	25.6	29.7	32.8
Free cash flow/sales	13.2%	10.7%	5.6%	7.7%	7.3%	6.5%
FCF / net profit	135.5%	87.8%	55.0%	74.9%	70.7%	63.7%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.0	1.5	-3.9	-16.9	-32.9	-48.9
Net Debt/EBITDA	0.1	0.1	0.0	0.0	0.0	0.0
Dividend payout ratio	39.8%	40.0%	41.6%	40.0%	40.0%	40.0%
Interest paid / avg. debt	2.6%	10.8%	12.4%	13.3%	4.2%	8.0%
Returns						
ROCE	24.8%	40.8%	51.6%	52.0%	47.7%	46.8%
ROE	14.1%	29.9%	34.4%	31.3%	29.3%	28.0%
Adjusted FCF yield	8.0%	18.1%	32.3%	48.9%	69.4%	123.9%
Dividend yield	2.7%	6.5%	10.6%	12.4%	15.3%	18.7%
DPS	0.5	1.1	1.8	2.1	2.6	3.2
EPS reported	1.16	2.74	4.47	5.24	6.46	7.91
Average number of shares	6.2	6.5	6.5	6.5	6.5	6.5
Valuation ratios						
P/BV	2.1	1.8	1.4	1.0	0.8	0.6
EV/sales	1.0	0.7	0.4	0.3	0.2	0.1
EV/EBITDA	6.7	4.1	2.4	1.8	1.2	0.8
EV/EBIT	7.0	4.2	2.6	1.9	1.3	0.8

Source: Company data, NuWays

Disclosures

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Company	Disclosures
CLIQ Digital AG	2,8

Historical target price and rating changes for CLIQ Digital AG

Company	Date	Analyst	Rating	Target Price	Close
CLIQ Digital AG	03.11.2023	Grübner, Marie-Thérèse	Buy	EUR 78.30	EUR 16.90
	22.02.2023	Grübner, Marie-Thérèse	Buy	EUR 76.60	EUR 28.55
	06.12.2022	Grübner, Marie-Thérèse	Buy	EUR 70.00	EUR 26.95

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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