

CLIQ Digital

FY24 results

Management views foundations as fixed

CLIQ Digital was trading in difficult markets through 2024, with the change in credit card companies' policies on cancellations and refunds combined with generally weak consumer sentiment. The group has adapted by reducing its marketing spend and taking a robust view on costs, while expanding both its marketing channels for customer acquisition and the range within its bundled content. FY25 will likely remain challenging, but management regards the foundations of the business as having been fixed through its 'Fit for Future' programme and anticipates margins starting to recover. The group's balance sheet remains cash positive.

Year end	Revenue (€m)	EBITDA (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/23	326.4	50.3	4.91	0.00	0.7	N/A
12/24	243.0	10.2	(2.59)	0.04	N/A	1.1
12/25e	190.0	11.8	0.76	0.04	4.6	1.1
12/26e	215.0	15.0	1.10	0.04	3.2	1.1

Note: EBITDA and EPS are normalised, excluding amortisation of acquired intangibles and share-based payments.

FY24 results in line with lowered guidance

CLIQ Digital's FY24 revenues were €243m, in line with guidance. Reported EBITDA of €10.2m (€21m before special items) was at the low end of the previously guided range. This implies that the Q424 reported EBITDA margin expanded to 5.7% (Q324: 4.9%) as the cost savings programme took hold. As part of the process of the preparation of the financial statements, CLIQ took a €26.6m goodwill write-down (end FY24 goodwill: €20.9m), reflecting the continuing difficult market trading conditions and the decrease in the group's market valuation. Management is hopeful that its broader approach to customer acquisition from a wider range of channels will be successful, that rates of churn will reduce and that CLIQ's financial performance will now start to recover.

'Fit for Future' programme lays foundations

CLIQ spent an additional €2m in Q424 on restructuring, from the €3m spent in Q324, making a total of €11.2m of special items over the full year. There may be some further costs incurred in Q125, after which the programme should be complete and, in management's view, the foundations of the business fixed in light of the new market realities. The group finished the year with €11.9m of cash on the balance sheet (lease debt only). This is despite having spent €5.5m on a share buyback across the year and paying out a dividend totalling €0.3m. FY25 guidance is for revenue in the range of €180–220m, delivering EBITDA of €10–15m. Our new forecasts sit at the lower end of this range.

Valuation reflects unstable market

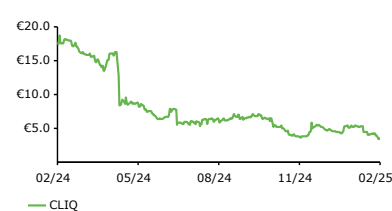
CLIQ's share price is down 82% from the start of 2024, reflecting guidance downgrades over the year. Priced at parity with peers on EV/sales multiples, CLIQ's implied share price comes to €63, from €77 in November. However, given the circumstances, we would apply a significant size and current trading discount. Our DCF-based valuation (WACC: 10%, terminal growth rate: 2%) is at the lower level of c €9 (from €26 at the time of our November note) on reduced short-term and longer-term trading assumptions.

Media

26 February 2025

Price	€3.50
Market cap	€23m
Net cash as at end December 2024	€11.9m
Shares in issue	6.5m
Free float	81.0%
Code	CLIQ
Primary exchange	XETRA
Secondary exchange	FRA

Share price performance



%	1m	3m	12m
Abs	(36.1)	(10.8)	(79.3)
52-week high/low		€18.9	€3.7

Business description

The CLIQ Group is a data-driven online performance marketing company that sells bundled subscription-based digital products to consumers worldwide. The Group licenses content from partners, bundles it to digital products, and sells them via performance marketing.

Next events

AGM	11 April 2025
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Investment summary

Revenue decline slows in Q424

The sales decline in Q424 of 11% over the prior quarter was a slowdown on the previous quarter's 21% sequential drop, reflecting the gradual traction from sales growth initiatives. The change in credit card payment cancellation policies resulted in both an increase in churn and fewer customers, reducing the expected customer lifetime value from €72 to €70. The impact on an annual basis was a 26% fall in sales for FY24. With such an external headwind, management's focus has been on lowering the cost of customer acquisition to protect operating margins. Total customer acquisition costs for the full year were down 45% at €75m, but were slightly ahead in Q424 over Q324. The resultant adjusted EBITDA margin for the fourth quarter was 10%, down from 11% in Q3, with 9% posted for the year, from 15% in FY23.

What does Fit for Future entail?

There are two key strands to the Fit for Future plan that has been implemented to put the group back on an even keel: cost efficiencies and productivity gains. As well as the reduction in customer acquisition costs, there has been a line-by-line examination of costs, with headcount reduced by 22% to 132 over the year and a reduction in the use of external service providers. With greater tech platform efficiency and general belt-tightening, the level of overhead has seen a step-change reduction.

On the productivity side of the equation, there is much focus on new sales channels, which should significantly diversify the funnel from display, as well as an expansion of the product offering, including some software products to add to the entertainment content. An advertising video-on demand (AVoD) model is being trialled in the US and projects are under way to monetise the data acquired alongside customer acquisition.

Muted expectations for FY25

CLIQ Digital should be thought of as a performance marketing company rather than as a content or streaming platform, with its core competence being in customer acquisition. The shift in the underlying market from the new credit card company policies on cancellations has had a substantial impact on customer churn and hence on the lifetime value of those customers.

In order to preserve its profitability, CLIQ has therefore heavily dialled back on its marketing spend, from €135m in FY23 to €75m in FY24. Management guidance for FY25 suggests that customer acquisition spend for the year will fall in a range of €50-75m, with the implication that if trading conditions improve, then spend would be dialled back up. We have set our assumptions in the lower part of this range. It is the spend on customer acquisition that drives the revenue line, so our revenue forecast of €190m is also at the lower end of the guided range of €180-220m. The modelled EBITDA of €12m falls within the guided range of €10-15m. The medium-term revenue guidance of €400m has been withdrawn.

Looking out to FY26 obviously comes with great uncertainty, so we hesitate to frame this as a forecast, more of a possible outcome.

Exhibit 1: Summary financials

€m	FY24 actual	FY25e old	FY25e new	Change	y-o-y change	FY26e	y-o-y change
Gross revenue	243	283	190	-33%	-22%	215	13%
Marketing spend	75	85	60	-29%	-20%	70	17%
EBITDA	10	20	12	-40%	16%	15	27%
EBITDA margin	4%	7%	6%			7%	
Adjusted EBIT	(13)	15	7	-54%	-151%	10	43%
Basic EPS (€)	(4.75)	1.61	0.76	-53%	-116%	1.10	45%
Net cash	12	11	20	78%	68%	26	29%

Source: CLIQ Digital accounts, Edison Investment Research

Valuation

With so much uncertainty over the financial performance, the stock valuation is as much an assessment of sentiment as it is of underlying value.

There are also few quoted stocks that are genuinely comparable in terms of business model, with most content companies having a longer-term subscriber base. Looking on an EV/sales basis across FY25 and FY26, parity with these peers would suggest a share price of €63, down from our last report in November, when it stood at €77. However, this was before the lowering of FY24 guidance in December.

Exhibit 2: Peer valuations

Company	Market Cap (m)	Share price per ytd (%)	Sales growth (%)		EV/Sales (x)		EV/EBITDA (x)		P/E (x)		Hist div yield (%) Last
			FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	
Cineverse	\$74	400	(26)	54	1.5	1.0	12.5	7.5	N/A	N/A	N/A
Stingray	C\$509	50	6	5	2.5	2.4	7.0	6.6	6.0	6.0	0.0
Spotify	\$131,017	242	14	17	7.7	6.6	80.9	45.3	107.2	58.5	N/A
Netflix	\$446,292	114	16	14	11.6	10.2	41.3	33.6	52.2	41.7	N/A
Pantaflix	€32	(50)	N/A	N/A	1.9	N/A	N/A	N/A	N/A	N/A	0.0
Viaplay	SEK3,123	(50)	(1)	(1)	0.2	0.2	41.7	10.4	N/A	N/A	N/A
Storytel	SEK7,464	143	2	15	1.9	1.6	13.6	9.3	N/A	N/A	N/A
Peer average		121	2	17	3.9	3.7	32.8	18.8	55.1	35.4	0.0
Peer median		114	4	15	1.9	1.9	27.4	9.9	52.2	41.7	0.0
Peer average (ex Netflix)		122	(1)	18	2.6	2.4	31.1	15.8	56.6	32.2	0.0
Peer median (ex Netflix)		96	2	15	1.9	1.6	13.6	9.3	56.6	32.2	0.0
Clq Digital	€28	(79)	(22)	13	0.1	0.1	1.7	1.4	5.6	3.9	0.9
Premium/(discount)					-96%	-96%	-94%	-91%	-90%	-88%	

Source: LSEG Data & Analytics, Edison Investment Research Prices as at 20 February 2025

We also run a DCF at varying weighted average cost of capital (WACC) and terminal growth rates. We use a 10% WACC and a 2% terminal growth rate, as previously, but have taken a more cautious view on long-term revenue growth and sustainable EBITDA margin. We now derive an implied value of c €9, down from c €26 when we last carried out the exercise, which reflects the reduction in both expectations of short-term trading and the lowered longer-term assumptions.

Exhibit 3: Financial summary

Year end 31 December	€000s	2022	2023	2024	2025e	2026
		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue		276,066	326,355	243,017	190,000	215,000
Cost of Sales		(201,308)	(241,712)	(197,344)	(147,943)	(168,673)
Gross Profit		74,758	84,643	45,673	42,057	46,327
EBITDA		43,504	50,328	10,160	11,800	15,000
Operating profit (before amort. and excepts.)		42,083	45,865	(13,434)	6,801	9,726
Reported operating profit		42,083	45,865	(24,734)	6,801	9,726
Net Interest		(1,222)	(865)	(119)	(212)	(192)
Profit Before Tax (norm)		40,861	45,000	(13,501)	6,589	9,534
Profit Before Tax (reported)		40,861	45,000	(24,801)	6,589	9,534
Reported tax		(11,908)	(13,163)	(3,049)	(2,056)	(2,975)
Profit After Tax (norm)		29,011	31,950	(15,161)	4,533	6,559
Profit After Tax (reported)		28,953	31,837	(27,850)	4,533	6,559
Minority interests		(94)	(1)	0	0	0
Net income (normalised)		29,105	31,951	(15,161)	4,533	6,559
Net income (reported)		29,047	31,838	(27,850)	4,533	6,559
Average Number of Shares Outstanding (m)		6.51	6.51	5.86	5.94	5.94
EPS - normalised (€)		4.47	4.91	(2.59)	0.76	1.10
EPS - normalised fully diluted (€)		4.45	4.84	(2.56)	0.76	1.10
Dividend (€)		1.79	0.00	0.04	0.04	0.04
Revenue growth (%)		84.1	18.2	(25.5)	(21.8)	13.2
Gross Margin (%)		27.1	25.9	18.8	22.1	21.5
EBITDA Margin (%)		15.8	15.4	4.2	6.2	7.0
Normalised Operating Margin (%)		15.2	14.1	(5.5)	3.6	4.5
BALANCE SHEET						
Fixed Assets		65,055	69,863	34,440	36,361	38,507
Intangible Assets		8,401	12,134	6,867	9,286	11,928
Tangible Assets		4,957	3,979	3,189	2,692	2,195
Goodwill & other		51,697	53,750	24,384	24,384	24,384
Current Assets		70,049	84,815	63,695	62,332	66,006
Receivables		13,618	20,546	22,336	20,822	23,562
Cash & cash equivalents		16,804	15,737	11,922	19,981	25,746
Other		39,626	48,531	29,437	21,529	16,698
Current Liabilities		(31,216)	(33,894)	(17,017)	(19,770)	(22,956)
Creditors		(9,531)	(13,086)	(399)	(3,926)	(7,413)
Tax		(2,613)	(6,886)	(4,387)	(4,387)	(4,387)
Borrowings		0	0	0	0	0
Provisions		(375)	(375)	(375)	(375)	(375)
Other		(18,697)	(13,547)	(11,856)	(11,082)	(10,781)
Long-Term Liabilities		(22,578)	(17,701)	(10,013)	(8,582)	(7,151)
Long-term borrowings		(6,562)	0	0	0	0
Other long-term liabilities		(16,016)	(17,701)	(10,013)	(8,582)	(7,151)
Net Assets		81,310	103,083	71,105	70,341	74,406
Minority interests		(65)	(93)	(93)	(93)	(93)
Shareholders' equity		81,375	103,176	71,198	70,434	74,499
CASH FLOW						
Operating Cash Flow		44,946	53,199	(19,758)	11,588	14,808
Working capital		(18,080)	(19,858)	3,434	5,041	748
Exceptional & other		366	2,389	35,342	462	402
Tax & interest		(3,429)	(5,338)	(10,269)	(2,526)	(3,385)
Operating cash flow		23,803	30,392	8,749	14,565	12,573
Capex		(9,565)	(10,715)	(5,275)	(4,839)	(4,839)
Acquisitions/disposals		1,543	(198)	0	0	0
Equity financing		0	0	(5,465)	0	0
Dividends		(7,155)	(11,643)	(258)	(237)	(237)
Other		(926)	(1,991)	(1,424)	(1,431)	(1,732)
Net Cash Flow		7,700	5,845	(3,673)	8,058	5,765
Opening net debt/(cash)		(2,301)	(9,900)	(15,737)	(11,922)	(19,981)
FX		(101)	(8)	(141)	0	0
Other non-cash movements		0	0	0	0	0
Closing net debt/(cash)		(9,900)	(15,737)	(11,922)	(19,981)	(25,746)

Source: CLIQ Digital accounts, Edison Investment Research

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