

CLIQ Digital

H124 results

Sales decline decelerating in Q224

CLIQ Digital's H124 results were as expected following the July trading update, at which point the company lowered its guidance. The change in the refund policies of credit card providers resulted in revenue falling 12% to €141m, due to higher churn in the customer base. To focus on profitability, CLIQ lowered the cost per acquisition in line with the group's lower lifetime value of a new customer, resulting in fewer new customer acquisitions. CLIQ is progressing with its Fit for Future transformation programme, seeking productivity gains and cost efficiencies. Management has discontinued the promotion of cliq.de, its first own-brand platform in Germany, aiming to relaunch an own-brand platform in a more favourable geography. We have left [our forecasts](#) broadly unchanged following the recent trading update, with a tweaked cash position to reflect the share buyback programme and higher EBITDA to reflect ongoing cost savings.

| Year end | Revenue (€m) | EBITDA* (€m) | EPS* (€) | DPS (€) | P/E (x) | Yield (%) |
|----------|--------------|--------------|----------|---------|---------|-----------|
| 12/22 | 276.1 | 43.5 | 4.47 | 1.79 | 1.4 | 28.1 |
| 12/23 | 326.4 | 50.3 | 4.91 | 0.00 | 1.3 | N/A |
| 12/24e | 261.5 | 11.1 | 0.56 | 0.04 | 11.4 | 0.6 |
| 12/25e | 282.5 | 19.8 | 1.55 | 0.00 | 4.1 | N/A |

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

H124 results

H124 revenue was weaker due to the change in the refund policy of credit card providers, combined with fewer new customers acquired. Consequently, the number of paying customers fell to 1.0 million (Q124: 1.1 million) as new customer acquisitions did not offset those lost. Adjusted EBITDA fell to €10.9m (H123: €25.2m) at a margin of 7.7%, reflecting an improved Q224 performance. The share buyback programme has progressed with 50% of the maximum volume bought back at end H124 at a cost of €3.6m. Combined with the €3.9m operating free cash outflow, this resulted in a lower net cash position of €7.2m (end FY23: €15.7m).

Strategic updates

CLIQ has ceased the promotion of its own-brand flagship platform cliq.de in Germany. Management aims to launch another flagship platform in the US, with a greater focus on profitability. The company has also initiated a licensing deal with WatchMojo, a distributor of online content. CLIQ will feature WatchMojo content on its platforms, with access to more than 24,000 videos in a variety of categories across infotainment, biographies and more.

Valuation: Weak year-to-date share price performance

CLIQ's share price has fallen 68% year to date, reflecting the downgrade to guidance in July. Priced at parity with peers across EV/sales multiples, CLIQ's implied share price comes to €70. However, we would apply a size and current trading discount to this relative to peers. Our DCF-based valuation (WACC: 10%, terminal growth rate: 2%) is at the lower level of c €26.

Media

13 August 2024

Price €6.36
Market cap €41m

| | |
|-------------------------------|------|
| Net cash (€m) at 30 June 2024 | 7.2 |
| Shares in issue | 6.2m |
| Free float | 84% |
| Code | CLIQ |
| Primary exchange | XTRA |
| Secondary exchange | FRA |

Share price performance



| | | | |
|------------------|------|--------|--------|
| % | 1m | 3m | 12m |
| Abs | 8.9 | (31.0) | (70.4) |
| Rel (local) | 15.2 | (26.9) | (73.5) |
| 52-week high/low | | €22.4 | €5.4 |

Business description

CLIQ Digital is a leading online performance marketing company selling subscription-based streaming services that bundle movies & series, music, audiobooks, sports and games globally. In H124, 23% of sales were generated in Europe, 67% in North America, 5% in Latin America and 5% in other regions.

Next events

| | |
|--------------|-----------------|
| Q324 results | 7 November 2024 |
|--------------|-----------------|

Analysts

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Exhibit 1: Financial summary

| | €m | 2021 | 2022 | 2023 | 2024e | 2025e |
|---|----|--------|---------|---------|---------|---------|
| Year end 31 December | | IFRS | IFRS | IFRS | IFRS | IFRS |
| INCOME STATEMENT | | | | | | |
| Revenue | | 150.0 | 276.1 | 326.4 | 261.5 | 282.5 |
| Cost of Sales | | (98.8) | (201.3) | (241.7) | (212.5) | (222.9) |
| Gross Profit | | 51.2 | 74.8 | 84.6 | 49.0 | 59.6 |
| EBITDA | | 27.2 | 43.5 | 50.3 | 11.1 | 19.8 |
| Operating profit (before amort. and excepts.) | | 26.3 | 42.1 | 45.9 | 6.1 | 14.7 |
| Reported operating profit | | 26.3 | 42.1 | 45.9 | 6.1 | 14.7 |
| Net Interest | | (0.9) | (1.2) | (0.9) | (0.9) | (0.9) |
| Profit Before Tax (norm) | | 25.3 | 40.9 | 45.0 | 5.2 | 13.8 |
| Profit Before Tax (reported) | | 25.3 | 40.9 | 45.0 | 5.2 | 13.8 |
| Reported tax | | (7.1) | (11.9) | (13.2) | (1.6) | (4.3) |
| Profit After Tax (norm) | | 18.2 | 29.0 | 32.0 | 3.6 | 9.5 |
| Profit After Tax (reported) | | 18.2 | 29.0 | 31.8 | 3.6 | 9.5 |
| Minority interests | | 0.4 | (0.1) | (0.0) | 0.1 | 0.2 |
| Net income (normalised) | | 17.8 | 29.1 | 32.0 | 3.5 | 9.3 |
| Net income (reported) | | 17.8 | 29.0 | 31.8 | 3.5 | 9.3 |
| Average Number of Shares Outstanding (m) | | 6.5 | 6.5 | 6.5 | 6.3 | 6.0 |
| EPS - normalised (€) | | 2.74 | 4.47 | 4.91 | 0.56 | 1.55 |
| EPS - normalised fully diluted (€) | | 2.71 | 4.45 | 4.84 | 0.55 | 1.52 |
| Dividend (€) | | 1.10 | 1.79 | 0.00 | 0.04 | 0.00 |
| Revenue growth (%) | | 40.2 | 84.1 | 18.2 | (19.9) | 8.0 |
| Gross Margin (%) | | 34.1 | 27.1 | 25.9 | 18.7 | 21.1 |
| EBITDA Margin (%) | | 18.1 | 15.8 | 15.4 | 4.3 | 7.0 |
| Normalised Operating Margin | | 17.5 | 15.2 | 14.1 | 2.3 | 5.2 |
| BALANCE SHEET | | | | | | |
| Fixed Assets | | 59.4 | 65.1 | 69.9 | 75.5 | 80.5 |
| Intangible Assets | | 2.6 | 8.4 | 12.1 | 18.1 | 23.4 |
| Tangible Assets | | 3.8 | 5.0 | 4.0 | 3.5 | 3.0 |
| Goodwill & other | | 53.0 | 51.7 | 53.8 | 54.0 | 54.2 |
| Current Assets | | 36.9 | 70.0 | 84.8 | 72.2 | 76.5 |
| Receivables | | 12.5 | 13.6 | 20.5 | 25.1 | 34.0 |
| Cash & cash equivalents | | 7.3 | 16.8 | 15.7 | 8.7 | 10.3 |
| Other | | 17.1 | 39.6 | 48.5 | 38.4 | 32.2 |
| Current Liabilities | | (27.3) | (31.2) | (33.9) | (35.5) | (39.3) |
| Creditors | | (7.9) | (9.5) | (13.1) | (15.2) | (19.3) |
| Tax | | (1.2) | (2.6) | (6.9) | (6.9) | (6.9) |
| Borrowings | | (5.0) | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) |
| Other | | (12.8) | (18.7) | (13.5) | (13.1) | (12.8) |
| Long Term Liabilities | | (9.4) | (22.6) | (17.7) | (14.7) | (14.6) |
| Long term borrowings | | 0.0 | (6.6) | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | | (9.4) | (16.0) | (17.7) | (14.7) | (14.6) |
| Net Assets | | 59.6 | 81.3 | 103.1 | 97.5 | 103.1 |
| Minority interests | | 0.0 | (0.1) | (0.1) | (0.0) | (0.0) |
| Shareholders' equity | | 59.5 | 81.4 | 103.2 | 97.5 | 103.1 |
| CASH FLOW | | | | | | |
| Operating Cash Flow | | 26.8 | 44.9 | 53.2 | 10.3 | 18.9 |
| Working capital | | (1.2) | (18.1) | (19.9) | (2.5) | (4.9) |
| Exceptional & other | | 1.3 | 0.4 | 2.4 | 0.9 | 0.9 |
| Tax & interest | | (6.1) | (3.4) | (5.3) | (2.5) | (5.2) |
| Operating cash flow | | 20.8 | 23.8 | 30.4 | 6.2 | 9.7 |
| Capex | | (3.3) | (9.6) | (10.7) | (8.6) | (7.7) |
| Acquisitions/disposals | | (10.3) | 1.5 | (0.2) | 0.0 | 0.0 |
| Equity financing | | 0.0 | 0.0 | 0.0 | (3.6) | 0.0 |
| Dividends | | (3.3) | (7.2) | (11.6) | (0.3) | 0.0 |
| Other | | (2.5) | (0.9) | (2.0) | (0.8) | (0.4) |
| Net Cash Flow | | 1.4 | 7.7 | 5.8 | (7.0) | 1.6 |
| Opening net debt/(cash) | | (0.9) | (2.3) | (9.9) | (15.7) | (8.7) |
| FX | | 0.0 | (0.1) | (0.0) | 0.0 | 0.0 |
| Other non-cash movements | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Closing net debt/(cash) | | (2.3) | (9.9) | (15.7) | (8.7) | (10.3) |

Source: CLIQ Digital, Edison Investment Research

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