

Another strong quarter from CLIQ Digital

CLIQ Digital has reported another strong quarter, (revenue +20%, EBITDA +23%) and the high level of marketing spend should underpin a continuing strong development for the rest of the year with the group's focus on a family-orientated proposition proving to be a winner with streaming customers. A focus on acquiring new members with higher projected average lifetime value should also support margins. FY'23 guidance is confirmed but looks comfortable after this H1 result and we believe that our existing forecasts are underpinned by these results. We confirm our EUR 74 TP and reiterate our BUY ratings.

North and Latin America with stronger growth; more modest development in Europe

CLIQ has seen further strong development in Q2'23, with revenue growth of 20% to EUR 76.8m (PASE 78.6m), against a high base which recorded a 94% increase in the comparative. North America continues to underpin this development with a 20% increase to EUR 89.9m and the new region of Latin America contributed EUR 3.0m. By contrast, Europe recorded EUR 59.4m (+11%) slightly missing PASE which had assumed a stronger contribution given the start of the cliq.de platform in Germany, whilst revenues from the Rest of the World dropped to EUR 2.2m (-22%). Revenue development was led by the continued roll-out of the group's multi-content portal which now account for 94% of the group total.

Change in marketing focus and economies of scale support further margin development-

Encouragingly, EBITDA rose 23% in Q2'23 to EUR 12.4m with the margin rising to 16.2% (Q2'22: 15.7%). This was clearly above PASE 7.7m which had assumed much higher net marketing expenses than the EUR 28.9m (+45%) reported given the launch of cliq.de plus the assumption that the latter included brand marketing that cannot be capitalized. Otherwise, economies of scale could restrict the increase in personnel expense to 13% (at EUR 6.0m) and third-party cost to 9% (EUR 12.2m) whilst there was a reduction in other costs of sales to EUR 15.3m (-15%). With a new disclosure format, member numbers for bundled and single-content streaming services fell by 100k yoy (now 1.1m) given a change in focus acquiring new members with a projected higher average lifetime value (LTVCB: +15% yoy).

FY guidance is confirmed and looks comfortable; Buy rating maintained

FY guidance is confirmed but looks comfortable after this H1, calling for revenue >EUR 345m and EBITDA >EUR 50m after an investment in marketing spend >EUR 120m. We believe that our existing forecasts are underpinned by these results and confirm our EUR 74 TP and Buy rating, viewing CLIQ Digital's focus on a family-orientated proposition proving to be a winner with streaming customer.

Mark Josefson

+49 69 58997 437, mark.josefson@paretosec.com

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