

Buy (old: Buy)

08.08.2023

EUR 76.60 (old: EUR 76.60)

Q2: better membership quality visible in figures

Q2 sales were 8% behind expectations at € 76.8m and up 19.6% yoy. This represents a slow-down in growth compared to Q1 (c 58% yoy growth): a. the base is becoming more challenging, b. the company is deliberately premiumizing the membership base by focusing on higher-LTV bundled content memberships and c. brand marketing for cliq.de was launched in Germany in April only and has been paused until presumably end of summer to optimize conversions. Bundled content accounts for 93% of sales as of Q2, up 8 pts yoy, flat vs. Q1 levels. CLIQ is boosting content quality further with access to more movie blockbusters in Italy, LatAm and Spain.

Q2 EBITDA was in line with the margin up 50 bps yoy and 70 bps ahead of expectations at 16.2%. We had expected a yoy deterioration due to brand marketing for cliq.de. In addition, in light of persistently high ad prices, the company is focusing spend on high LTV customers to defend margins.

The **EBITDA margin is effectively flat at high levels as per H1 at 15.8%.** We conservatively forecast a 15.1% margin on a full year basis to account for more brand marketing ahead after a mere € 1.2m out of overall € 28.9m expensed in the P&L and € 31.8m total "cash" marketing spend. The company is guiding for marketing spend in "excess of € 120m" for FY 2023 (eNuW € 125m). Annualizing the H1 run-rate brings us to c. to € 129m. Given a comfortable liquidity position, we deem it plausible for Cliq to spend even these amounts and secure more high-quality bundled memberships if conversions are good.

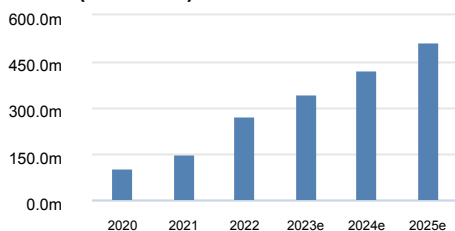
Strong cash flow generation: Cash flow from operations amounted to € 17m as of 6M, FCF was € 10.5m. The company paid out € 11.6m in dividends and ended Q2 with a gross cash position of € 15.5m and a net cash position of € 8m considering bank borrowings of € 7.4m. We expect the company to end the year with a solid c. € 10m in net cash.

What else? The company is switching from bearer to **registered shares** to get more transparency into share ownership as it seeks to strengthen the institutional shareholder base. It also has the **authorization to own up to 10% in treasury stock** which could come in handy in countering depressed share price levels and also to use those shares potentially as M&A currency. It is also for the first time ever holding a **Capital Markets Day in early Q4. Remains a BUY PT € 76.60 on FCFY 23e & 24e.** Unique exposure to value for money streaming – cont'd-

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	107.0	150.0	276.1	345.1	424.4	513.6
Sales growth	69.4%	40.2%	84.1%	25.0%	23.0%	21.0%
EBITDA	15.9	27.2	43.5	52.0	62.0	73.0
Net debt (if net cash=0)	2.0	1.5	-3.9	-8.6	-23.5	-36.2
FCF	14.1	16.0	15.4	17.2	28.2	28.8
Net Debt/EBITDA	0.1	0.1	0.0	0.0	0.0	0.0
EPS pro forma	1.14	2.74	4.28	5.11	6.16	7.32
EBITDA margin	14.9%	18.1%	15.8%	15.1%	14.6%	14.2%
ROCE	24.8%	40.8%	51.6%	53.0%	49.5%	48.3%
EV/sales	1.3	1.0	0.5	0.4	0.3	0.2
EV/EBITDA	8.8	5.4	3.3	2.7	2.0	1.5
PER	19.7	8.2	5.2	4.4	3.6	3.1
Adjusted FCF yield	6.0%	13.5%	23.5%	30.2%	39.2%	54.3%

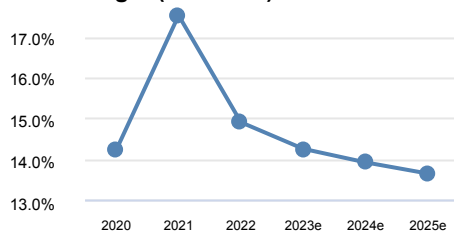
Source: Company data, NuWays, Close price as of 07.08.2023

Sales (2020-25e)



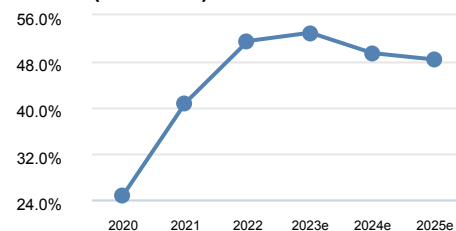
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

ROCE (2020-25e)



Source: NuWays Research

Company description

CLIQ Digital sells 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 (€)	32.65 / 16.64
3m rel. performance	-10.8%
6m rel. performance	-27.4%
12m rel. performance	-34.3%

Market data

Share price (in €)	22.45
Market cap (in € m)	146.1
Number of shares (in m pcs)	6.5
Enterprise value (in € m)	137.9
Ø trading volume (6 months)	11,878

Identifier

Bloomberg	CLIQ GR
Reuters	CLIQ
WKN	A0HHJR
ISIN	DE000A0HHJR3

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	-1%	-1%	-1%

Comment on changes

Guidance

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

€ m	Q2 23	Q2 23E	Q2 22	yoy	Q1 23	H1 23	H1 22	yoy
Sales	76.8	82.9	64.2	19.6%	82.9	159.6	116.8	36.6%
EBITDA	12.4	12.8	10.1	22.8%	12.8	25.2	18.4	37.0%
EBITDA margin	16.2%	15.4%	15.7%	0.5 pts	15.4%	15.8%	15.8%	0.0 pts
EBIT	11.6	11.9	9.7	19.4%	11.9	23.5	17.7	32.8%
EBIT margin	15.1%	14.4%	15.1%	0.0 pts	14.4%	14.7%	15.2%	-0.4 pts
Net profit	8.0	8.2	7.0	14.3%	8.2	16.2	12.8	26.6%
Net margin	10.4%	9.9%	10.9%	-0.5 pts	9.9%	10.2%	11.0%	-0.8 pts
EPS	€ 1.23	€ 1.26	1.07	15.0%	€ 1.26	€ 2.49	€ 1.97	26.4%

Source: NuWays Research

Next results: Q3 02.11.2023

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net sales	107.0	150.0	276.1	345.1	424.4	513.6
Sales growth	69.4%	40.2%	84.1%	25.0%	23.0%	21.0%
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	345.1	424.4	513.6
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	72.0	98.8	201.3	255.4	316.2	388.5
Personnel expenses	13.7	18.0	20.7	26.5	33.1	37.1
Other operating expenses	5.3	6.0	9.6	11.2	13.2	14.9
Total operating expenses	91.0	122.8	231.6	293.1	362.5	440.5
EBITDA	15.9	27.2	43.5	52.0	62.0	73.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	15.9	27.2	43.5	52.0	62.0	73.0
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	2.8	2.9	3.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	15.2	26.3	41.1	49.2	59.1	70.0
Interest income	0.1	0.3	0.0	0.0	0.0	0.0
Interest expenses	0.3	1.2	1.2	1.6	1.7	1.9
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.8	-0.9	-1.2	-1.6	-1.7	-1.9
Recurring pretax income from continuing operations	14.4	25.3	39.9	47.6	57.4	68.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	14.4	25.3	39.9	47.6	57.4	68.1
Income tax expense	4.0	7.1	11.9	14.2	17.1	20.3
Net income from continuing operations	10.4	18.2	28.0	33.4	40.2	47.8
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	33.4	40.2	47.8
Minority interest	3.3	0.4	0.0	0.0	0.0	0.0
Net profit (reported)	7.2	17.8	28.0	33.4	40.2	47.8
Average number of shares	6.2	6.5	6.5	6.5	6.5	6.5
EPS reported	1.16	2.74	4.47	5.13	6.18	7.34

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%	25.0%	23.0%	21.0%
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%	74.0%	74.5%	75.7%
Personnel expenses	12.8%	12.0%	7.5%	7.7%	7.8%	7.2%
Other operating expenses	4.9%	4.0%	3.5%	3.2%	3.1%	2.9%
Total operating expenses	85.1%	81.9%	83.9%	84.9%	85.4%	85.8%
EBITDA	14.9%	18.1%	15.8%	15.1%	14.6%	14.2%
Depreciation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	14.9%	18.1%	15.8%	15.1%	14.6%	14.2%
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%	0.8%	0.7%	0.6%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	14.2%	17.5%	14.9%	14.2%	13.9%	13.6%
Interest income	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.3%	0.8%	0.4%	0.5%	0.4%	0.4%
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%	13.8%	13.5%	13.3%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	13.4%	16.9%	14.5%	13.8%	13.5%	13.3%
Tax rate	27.5%	28.0%	29.8%	29.8%	29.8%	29.8%
Net income from continuing operations	9.7%	12.2%	10.1%	9.7%	9.5%	9.3%
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%	9.7%	9.5%	9.3%
Minority interest	3.1%	0.3%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	6.7%	11.9%	10.1%	9.7%	9.5%	9.3%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	48.9	51.5	55.8	59.0	62.1	65.1
Property, plant and equipment	2.2	3.8	5.0	7.1	9.2	11.3
Financial assets	0.0	1.5	2.7	2.7	2.7	2.7
FIXED ASSETS	51.1	56.8	63.5	68.8	74.0	79.1
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	9.1	12.5	13.6	17.0	20.9	25.3
Other assets and short-term financial assets	7.7	17.0	39.6	63.8	74.0	88.3
Liquid assets	4.9	7.3	16.8	21.4	36.3	49.1
Deferred taxes	4.1	2.6	1.6	2.0	2.4	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	104.2	133.7	165.7
TOTAL ASSETS	77.0	96.2	135.1	173.0	207.7	244.7

SHAREHOLDERS EQUITY	50.8	59.6	81.4	100.2	127.1	158.9
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	2.1	2.1	2.1
Short-term liabilities to banks	0.0	5.0	6.6	6.6	6.6	6.6
Accounts payable	2.0	7.9	9.5	20.8	25.6	31.0
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	23.4	23.4	23.4
Deferred taxes	1.7	4.0	10.5	13.1	16.1	16.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	12.0	22.3	28.3	44.2	49.0	54.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	76.9	96.2	135.1	173.0	207.7	244.7

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	63.5%	53.5%	41.3%	34.1%	29.9%	26.6%
Property, plant and equipment	2.8%	4.0%	3.7%	4.1%	4.4%	4.6%
Financial assets	0.0%	1.6%	2.0%	1.5%	1.3%	1.1%
FIXED ASSETS	66.4%	59.0%	47.0%	39.8%	35.6%	32.3%
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	11.8%	13.0%	10.1%	9.8%	10.1%	10.3%
Other assets and short-term financial assets	10.1%	17.7%	29.3%	36.9%	35.6%	36.1%
Liquid assets	6.4%	7.6%	12.4%	12.4%	17.5%	20.1%
Deferred taxes	5.4%	2.7%	1.2%	1.1%	1.2%	1.2%
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%	60.2%	64.4%	67.7%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	66.1%	61.9%	60.2%	58.0%	61.2%	64.9%
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%	0.2%
Other provisions and accrued liabilities	0.9%	1.6%	1.3%	1.2%	1.0%	0.9%
Short-term liabilities to banks	0.0%	5.2%	4.9%	3.8%	3.2%	2.7%
Accounts payable	2.6%	8.2%	7.1%	12.0%	12.3%	12.6%
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%	13.5%	11.3%	9.6%
Deferred taxes	2.3%	4.2%	7.8%	7.6%	7.8%	6.6%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	15.6%	23.2%	20.9%	25.6%	23.6%	22.2%
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	33.4	40.2	47.8
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	2.8	2.9	3.0
Others	-0.3	-13.6	-0.4	0.0	0.0	0.0
Cash flow from operating activities	14.4	20.4	22.4	26.8	33.4	33.9
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	-3.4	-3.9	-4.4
Increase/decrease in accounts payable	-0.0	5.9	1.6	11.3	4.8	5.4
Increase/decrease in other working capital positions	0.0	0.0	-10.8	-17.2	-7.7	-14.8
Increase/decrease in working capital	-0.9	2.6	-10.4	-9.4	-6.8	-13.9
Cash flow from operating activities	14.8	20.8	22.8	27.2	36.3	36.9
CAPEX	0.7	3.3	9.9	10.0	8.1	8.1
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	-8.1	-8.1
Cash flow before financing	12.0	14.2	7.3	5.6	14.9	12.8
Increase/decrease in debt position	-1.2	0.8	-0.2	0.0	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	13.3	16.1
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	-11.6	-13.3	-16.1
Increase/decrease in liquid assets	10.5	2.4	8.5	5.6	14.9	12.8
Liquid assets at end of period	4.9	7.3	15.8	21.4	36.3	49.1

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	69.4%	40.2%	84.1%	25.0%	23.0%	21.0%
EBITDA growth	313.7%	372.8%	172.7%	91.1%	42.4%	40.6%
EBIT growth	409.6%	450.9%	170.4%	87.1%	43.6%	42.5%
EPS growth	232.1%	686.2%	286.4%	87.1%	38.3%	43.3%
Efficiency						
Sales per employee	1,296.4	1,497.6	2,193.6	2,464.9	2,829.7	3,209.9
EBITDA per employee	193.3	271.4	345.6	371.1	413.0	456.5
No. employees (average)	82	100	126	140	150	160
Balance sheet analysis						
Avg. working capital / sales	5.3%	3.6%	2.0%	0.1%	-0.1%	-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	17.2	28.2	28.8
Free cash flow/sales	13.2%	10.7%	5.6%	5.0%	6.7%	5.6%
FCF / net profit	135.5%	87.8%	55.0%	51.6%	70.2%	60.3%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.0	1.5	-3.9	-8.6	-23.5	-36.2
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%	14.8%	13.2%	14.8%
Returns						
ROCE	24.8%	40.8%	51.6%	53.0%	49.5%	48.3%
ROE	14.1%	29.9%	34.4%	33.3%	31.6%	30.1%
Adjusted FCF yield	6.0%	13.5%	23.5%	30.2%	39.2%	54.3%
Dividend yield	2.0%	4.9%	8.0%	9.1%	11.0%	13.1%
DPS	0.5	1.1	1.8	2.1	2.5	2.9
EPS reported	1.16	2.74	4.47	5.13	6.18	7.34
Average number of shares	6.2	6.5	6.5	6.5	6.5	6.5
Valuation ratios						
P/BV	2.8	2.5	1.8	1.5	1.2	0.9
EV/sales	1.3	1.0	0.5	0.4	0.3	0.2
EV/EBITDA	8.8	5.4	3.3	2.7	2.0	1.5
EV/EBIT	9.3	5.6	3.5	2.8	2.1	1.6

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	06.12.2022	Sennewald, Philipp	Buy	EUR 70.00	EUR 26.95

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

Date of publication creation: 08/08/2023 08:01 AM

Date of publication dissemination: 08/08/2023 08:01 AM

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