Slower ramp-up in revenues leads to forecast miss

Preliminary data indicates FY'23 revenues of EUR 326m missing consensus (guidance had called for EUR 345m, PASe EUR 340m), whilst EBITDA of EUR 50m met guidance (at least EUR 50m, PASe EUR 51.7m). This development was driven by a slower ramp-up in revenues despite the high level of marketing spend (EUR 135m) to highlight the strength of the family-orientated streaming proposition offered. We currently have a EUR 71 TP and BUY rating.

Longer than anticipated ramp-up in revenues leads to revenue miss

Preliminary data indicates FY'23 revenues of EUR 326m (+15%) implying Q4'23 with growth of just 1% to EUR 84m (PASe EUR 97m). Albeit a little disappointing, we still view it as a reasonable performance when considering that the comparative Q4'22 period had recorded 77% growth. A longer than anticipated ramp-up in revenues particularly in Europe, lies behind the slight miss on sales guidance.

Higher marketing weighs on EBITDA in Q4

EBITDA in Q4'23 fell c.10% to EUR 11.4m (PASe 13.2m), with the margin declining to c.13.5% (Q4'22: 15.4%). Behind this was a 17% increase in marketing spend in the quarter to EUR 35m due to higher advertising volume to help promote the subscription business. Consequently, the expected average lifetime value of newly acquired members during 2023 was notably higher year-on-year at EUR 85 (FY'22: EUR 73) which has positive implications for future margins and cash flow.

Details to be published 22 February

The Group will publish final results and disclose its full year 2024 outlook on 22 February 2024. Given the 2023 shortfall, PASe revenues of EUR 417m could be a little optimistic although EBITDA of EUR 64m still looks reasonable. We currently have EUR 71 TP and confirm our BUY rating,

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