

Cliq Digital

Digital content marketing

Cliq Digital's strategy to focus its marketing investment on higher ARPU European markets achieved another year of strong revenue growth in FY16, and with a steady marketing efficiency coefficient, this converted to a doubling of net profit. Momentum remains strong and management expects another year of double-digit sales and profit growth. The shares trade in line with peers on FY18 P/E; however, evidence that the group can maintain its marketing effectiveness as it grows could drive further upside.

Doubling of net profit in FY16

FY16 was another year of significant operational and financial progress for Cliq Digital (CLIQ). The group's strategy to focus its marketing investment in higher ARPU European markets resulted in a 17% increase in revenues, and with a similar marketing efficiency coefficient (the Cliq Factor) as that delivered in FY15, this led to a 2.2pp expansion in the EBIT margin and a 73% increase in EBIT. Net debt reduced by €4.3m to €10.6m and the gearing effects of a flat finance charge meant that EPS more than doubled to €0.43.

Double-digit profit growth expected in FY17

Cliq Digital has built up considerable experience converting mobile audiences to paying customers for its portfolio of digital products. Marketing investment across its affiliate network is the key driver of revenue growth and in FY17 management plans another increase in marketing spend, which it expects to drive double-digit revenue and profit growth. Revenues and EBIT increased by 11% and 43% respectively in Q1, putting it comfortably on course to achieve this goal. In addition, CLIQ is investing in its own direct media buying capabilities as well as the commercialisation of its mobile payments services. Investment in these areas may impact EBITDA margin progression to a degree in 2017, but longer term should support margin expansion and generate new content marketing opportunities.

Valuation: Premium earnings growth at peer multiples

After a two-year period of underperformance, the shares have increased by 121% over the last six months following the company's excellent FY16 numbers and positive outlook statement. On a PE basis, the shares now trade 10% above its peer group average in FY17 but in line in 2018, and after this strong run, may be considered up with events. However, consensus earnings are looking for a 10% increase in revenues in FY17, the bottom end of management's 'double digit revenue growth' guidance. Evidence that it is able to continue to drive a similarly strong return on its marketing investment as over the last two years could drive further upside to the share price.

Historic and consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/15	55.57	1.7	0.21	0.0	39.8	0.0
12/16	65.3	3.6	0.43	0.0	19.4	0.0
12/17e	72.6	4.7	0.55	0.0	15.2	0.0
12/18e	79.9	6.0	0.70	0.0	11.9	0.0

Source: Bloomberg

Media

08 May 2017

Price €8.35
Market cap €52m

Share price graph



Share details

Code	CLIQ
Listing	Deutsche Börse Scale
Shares in issue	6.2m
Net debt as at 31 December 2016	€10.6m

Business description

Cliq Digital is a sales and marketing group for digital products and services. It also operates a proprietary payments platform. It is headquartered in Düsseldorf and has an office in Amsterdam. Via its network of affiliate partners and its own direct media buying platform it has customers across the globe. In 2016 82% of sales were generated in Europe, 10% in the Asia Pacific region and 8% in the Americas.

Bull

- Exposure to the fast growth mobile marketing sector
- Experienced management
- Strong revenue momentum over the last few years

Bear

- As the group scales it may become harder to maintain the same rate of marketing efficiency
- Dependent on major mobile carriers and gateways for customer access and invoicing
- Limited exposure to the potentially faster growth developing markets

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Company description: Digital value-added services

Cliq Digital's (CLIQ) core business involves the direct marketing of value-added products and services such as entertainment, apps, software and games to end customers via its predominantly mobile sales channels which include its network of approximately 250 affiliate partners as well as its own direct marketing platform and affiliate network, Grumbl Media. It is active in 34 countries, reaching a pool of up to 2.2bn potential customers each month. In 2016, 82% of sales were derived in Europe, 10% in the Asia Pacific region and approximately 8% in the Americas. It employs approximately 100 staff, is headquartered in Dusseldorf and also has an office in Amsterdam.

Background: Merger of Bob Mobile, TMG and Cliq

The company was founded in 2003 as Bob Mobile AG and has been listed on the Frankfurt Stock Exchange since 2005. An early mover into internet and mobile advertising, it consolidated its position in mobile in February 2012 when it acquired Dutch mobile specialist Cliq BV (for €20m in cash and vendor loans and 9.9m new shares). Cliq BV itself was formed from the 2010 merger of TMG (Triscreen Media group) and Blink International BV, both mobile content providers. Bob Mobile AG renamed itself to Cliq Digital (CLIQ) in September 2012 and withdrew from the MMORG browser games market during 2013 to focus exclusively on the promotion of mobile products and services.

There have been two fundraisings over the last few years. In October 2013 it raised €1.7m (335k new shares at €5 per share) and in October 2014 it raised a further €2.6m via a 3:1 rights issue (1480k shares at €1.5 per share) and a convertible bond with a nominal value of €0.394k (converted).

Management, organisation and shareholders

In common with other German listed companies, CLIQ Digital has a two-tier board structure, where the management board sits beneath the (non-executive) supervisory board.

The management board comprises CEO Luc Voncken and Managing Director, Ben Bos.

After a career in banking at ING and then ABN AMRO, Luc founded his first company in 2000 and Blink International BV in 2002. Luc joined CLIQ following the acquisition of Cliq BV in 2012, where he was a non-executive director.

Ben spent his earlier career at Arcade Entertainment BV and then as a managing director at ID&T Entertainment (1993-2000) following which he acted as an independent corporate financial advisor with Odd World Consultancy for ten years. He joined CLIQ in 2014 and his responsibilities include finance, legal, corporate development and capital markets.

The supervisory board comprises Dr Mathias Schlichting (chairman), Niels Walboomers (deputy chairman) and Karel Gustaaf Tempelaar (non-executive director).

The members of the management board and supervisory board hold 26% of the shares and voting rights with the remainder classified as free float on the Scale segment (for small and mid- sized companies) of the Frankfurt Stock Exchange.

Digital products and services

A team of five source and licence content and apps from developers and publishers, where they believe there is a market opportunity. In certain circumstances, where CLIQ sees a cost advantage, it may also develop its own content. However, for the majority of content, product development is subcontracted or licenced.

CLIQ offers a broad range of products which it loosely classifies into four groups. Management does not break down the contribution by category; however, we understand that no one product or category is dominant.

- **Entertainment.** As well as marketing on third-party publisher sites via its affiliate network, CLIQ manages a number of content fulfilment portals in each market (eg Top 10) where its entertainment and information services are promoted. Examples of services sold include news feeds, music services and books. For example, CLIQ recently announced a deal to distribute the mobile version of the successful DUMMIES manuals.
- **Apps.** CLIQ markets a wide range of B2C apps for example educational tools (MLearning) and dating sites (CLIQ owns and operates its own dating platform which operates under two brands (XS2Date and XS2Friends) and emojis (including its proprietary service MojiMania). In Q117 CLIQ launched its own turnkey solution for brands to design, develop, publish and market customised emojis. The first artist to purchase is Dutch rapper Lil Kleine and it is currently negotiating with a number of other celebrities. The business model for the Emoji app is slightly atypical in that it is the celebrity that promotes the app via its social media followers, and CLIQ earns a share of revenues each time a fan downloads it.
- **Software.** CLIQ partners with a number of software companies to distribute their services. One of its larger product categories is antivirus and internet security products such as AVG, Kaspersky, Bullguard, Ilo System Mechanic and VIP Security. It has also developed its own Android antivirus application, Mc Secure.
- **Games.** CLIQ's games portfolio includes HTML5 games, apps for iOS and Android devices as well as games for feature phones. The games are marketed via specialist games portals (eg WizzGames) and digital shops, as well as the key app stores. In order to ensure a quality, robust supply of games, CLIQ has distributor agreements with games publishers including Softgames, Unacell LLC, Bulkypix and Anuman Interactive.

Business model: Cost per acquisition

While management classifies its products into four groups, the business model for each is largely similar. Publishers contract with CLIQ to help them bring products to market both within and outside the market leading app stores (Google Play and iTunes). CLIQ reaches on average 5m customers each day through its affiliate partner network, directly through its own media buying team or via its own affiliate network (Grumbl Media). The most significant share of promotional activity is via mobile banner advertising, although email marketing and other formats are also used. Where CLIQ has a pre-existing contractual relationship with a user it may also fund a marketing campaign on behalf of a customer.

Typically, content is offered on a subscription basis (daily, weekly or monthly fee) although there are some one off pay per download fees and to a lesser extent it also offers Freemium content where users can download and use content for free after registration and where these users are then monetised by a combination of micro payment add-on sales and advertising.

The vast majority of traffic to CLIQ's services are currently generated via its affiliate partners; a network of specialist genre specific marketing companies which promote CLIQ's campaigns, driving

traffic to an on line or mobile site where users can subscribe to CLIQ's services. Affiliate marketing partners are rewarded on a fixed CPA basis (cost per customer acquisition).

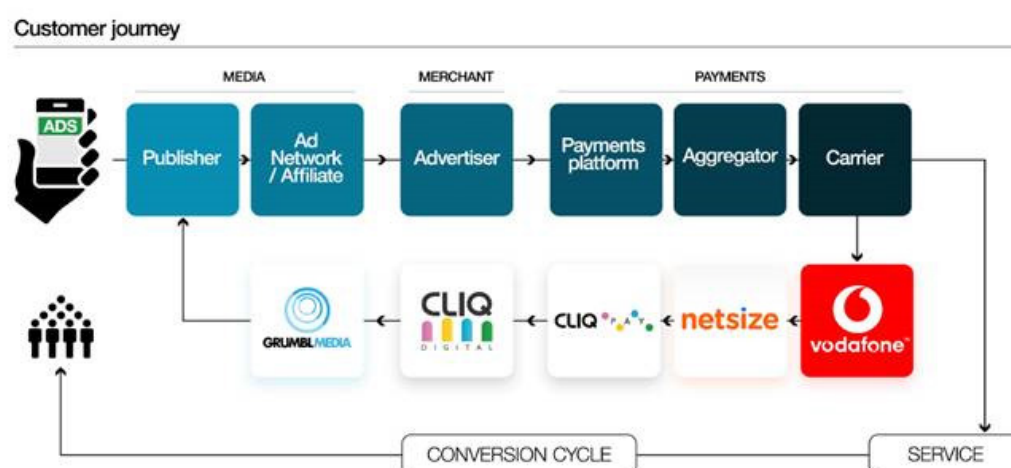
Payment is made either through premium SMS (PSMS), direct carrier billing (DCB), app store billing, credit card or PayPal. Payment via mobile carriers is one of the more effective ways of converting a mobile lead into a sale and the majority of CLIQ's payments are invoiced via the mobile carriers, to which CLIQ's own payment platform (cliqpay, see below) links either directly or via gateway companies (eg NTT DoCoMo or Gemalto).

cliqpay is a full service gateway for mobile payments. The platform offers billing services (DCB and PSMS), reporting, campaign analysis and customer services. It can also directly integrate app monetisation solutions (ie advertising) and product marketing via its sales network.

Cost of sales is largely variable. A large share relates to technology costs paid to network operators or gateways that provide connections to network operators. These costs can range from 25% to 70% subject to market and operator with European markets averaging approximately 40%. It also includes fees for payment services (most revenues are collected via network operators which have higher fees than credit card companies), licence fees for content and customer service costs.

CLIQ capitalises customer acquisition costs and amortises them over a maximum 18-month period (in line with revenues and weighted towards the first 12 months); consequently, these costs are not reflected in EBITDA, but are reflected at the EBIT level. Other operating expenses relate largely to the cost of the c 100 employees and the day-to-day running of the business.

Exhibit 1: Example customer journey



Source: Cliq Digital

Strategy and upcoming catalysts

Since 2014 the group has been fully focused on the mobile business. Following the strengthening of its balance sheet (as outlined on page 2) it moved its banking facility from ABN AMRO to Commerzbank. The extra flexibility provided has enabled it to step up investment in marketing spend (the main driver of revenues) and it has been able to reduce net debt considerable to €10.6m at 31 december 2016. The growth strategy is placing an emphasis on:

- Strengthening specific 'area' teams in order to open up new countries and segments.
- Expanding CLIQ's direct media buying business. This should give the group more control over its marketing strategies (ensuring best practice is complied with), and would also reduce CPA (affiliates take 25-30% of revenues generated).
- The commercialisation of its cliqpay payment platform for customers to enable them to market directly to end users. While not expected to generate a significant gross margin per-se,

management believes that in acting as a facilitator for content owners to market their products directly to users, a proportion of these customers will also contract with them for additional advisory (eg compliance or regulatory advice) or marketing services.

Evidence that the above strategy is enabling CLIQ to drive a similarly strong return on its marketing investment is the key catalyst for the share price performance. The quarterly results should enable investors to gauge the group's momentum.

Market overview: Large and fast moving

The market for digital content and value-added services (VAS) started with voice mail, ring tones and SMS voting, but has exploded over the last ten years since the advent of the first iPhone, to include a wide range of products including entertainment services, information services, games, utility applications, mobile advertisements, mobile money and m-commerce more generally.

Demand is ultimately driven by increased smartphone usage, itself a function of continued improvements in connectivity as operators move towards universal 4G coverage, the availability of affordable handsets (particularly relevant in the fast-growing developing markets), and improvements in the quality and range of services on offer as technologies improve (eg HTML5, Google's Accelerated Mobile Pages). Furthermore, more general consumer acceptance of mobile payments and the deregulation of the mobile payments markets, particularly carrier billing, is opening up the market to a wider range of digital goods (eg ticketing, donations and gift cards).

Almost half the world's population has internet access (3.4bn, eMarketer) with approximately three quarters using a mobile connection, of which almost half is via a smartphone (47.4%) and penetration is forecast to continue to expand at a steady rate. The market for mobile goods is already significant and is forecast to continue to grow rapidly.

Analytics group AppAnnie estimates that in 2016 consumer spend on apps was \$62bn and forecasts this to increase to \$139bn by 2021. The vast majority of this relates to games (81% of consumer spend via stores in 2016), although in-app subscription revenues for non-gaming services is forecast to grow even more quickly over the next five years (25%). Many non-game apps also monetise through advertising or m-commerce, both of which account for a significant share of industry revenues. In 2016, global mobile advertising revenues surpassed desktop to reach \$99bn with 27% growth forecast in FY17 (eMarketer) and m-commerce is now almost a trillion dollar market (Euromonitor, 2016).

In short, CLIQ operates in a very large and dynamic market. Provided it can retain access to a supply of high quality content and nurture its relationships with key affiliates it is well placed to benefit from this structural growth backdrop.

In a fairly fragmented market, CLIQ is one of the leading independent marketers of digital content worldwide. Its main competitors include IMI Mobile (UK listed, FY16 revenues €72m), Buongiorno (acquired by NTT DoCoMo in 2012 for \$267m, 0.9x FY11 revenues), Acotel Group (listed, FY16 revenues €37m), NeoMobile (private), Zed Worldwide (private), Freenet digital (a small part of the Freenet group, relevant revenues €137m in FY16). In addition, many larger advertising agencies and an increasing number of advertising technology platforms offer similar services.

The Cliq Factor

Management tracks a number of KPIs including revenue, number of sales per year, total marketing spend, and the customer base value (a proxy for the total estimated cash flow from the current user base over the coming five years). Alongside these absolute performance measures, it also tracks a

number of per user metrics: ARPU (average revenue per user in its first six months – the period when they make the most revenue from a customer); and CPA (cost per acquisition which includes the cost of acquiring media).

Marketing spend is one of the largest costs for the group and the efficiency of marketing spend is one of the most important variables for the group. The 'CLIQ Factor' is a measure of the efficiency of the company's marketing expenditure, with a higher CLIQ factor meaning the earlier it is recovering its marketing spend from new users. It is calculated as the average net revenue per user in its first six months divided by the CPA.

By working with over 200 affiliates, as well as via its own direct efforts, Cliq has access to the usage patterns of up to 5m potential customers each day. Based on data and experience built up over a number of years, market testing and its relationships with these affiliates, CLIQ can estimate, with a fair degree of accuracy the CPA by market and product as well as the likely ARPUs based on a customer's profile.

Exhibit 2: Development of key performance indicators

	2013	2014	2015	2016
Revenues (€m)	51.8	47.3	55.7	65.3
Number of sales per year	2,906,000	3,123,901	2,263,852	2,599,000
ARPU (€)	5.55	5.91	10.8	11.73
CPA (€)	4.14	4.37	7.74	8.32
ARPU/CPA (CLIQ Factor)	1.34	1.35	1.40	1.41
Customer base value (€m)	N/A	15	19.2	20.9
Marketing spend (€m)	12.5	13.7	17.5	21.6

Source: Company accounts, company management

CLIQ increased its investment in marketing by 9% in FY14, 28% in FY15 and 23% in FY16 and on all measures the increased investment in marketing appears to have generated good returns.

Due to the discontinuation of its Mexican affiliate by mobile operator Telcel, the group closed its Mexico business in Q115. This contributed to the reduction in the number of sales per year. However, the group's increased investment in higher ARPU European markets (which constituted 81.9% of total revenues in 2016, vs 69.1% in 2015, Exhibit 3) enabled it to grow revenues by 18% and 17% respectively in FY15 and FY16. Importantly, the CLIQ Factor has remained fairly steady at 1.40 and 1.41 over the last two years meaning this was profitable growth. This, in combination with the increasing sales to existing users, as seen by the 28% and 9% increase in the customer base value, has underpinned the group's strong financial performance over the last two years.

Exhibit 3: Geographical distribution of revenues

	2015		2016		
	Revenues	% of total	Revenues	% of total	y-o-y growth %
Europe	38.5	69.1	53.5	81.9	39.0
Asia Pacific	4.3	7.7	6.7	10.3	55.8
Africa	5.3	9.5	4.9	7.5	-7.5
Americas	7.6	13.6	0.2	0.3	-97.4
Total	55.7	100	65.3	100	N/A

Source: Company accounts

Financials

Exhibit 4: Financial summary

Year end 31 December (€m)	2012	2013	2014	2015	2016
Income statement					
Revenue	66.2	51.8	47.3	55.7	65.3
Revenue growth (%)	89.1%	-21.8%	-8.6%	17.7%	17.2%
EBITDA	8.5	6.0	11.5	20.0	26.1
EBIT	-1.6	2.0	0.3	2.6	4.5
Profit Before Tax (as reported)	-3.5	0.4	1.7	1.7	3.6
Net income (as reported)	-3.6	1.0	1.0	1.4	2.8
EPS (diluted) (€)	-0.94	0.24	0.22	0.21	0.43
Balance sheet					
Total non-current assets	51.4	49.1	51.6	52.6	51.7
Total current assets	16.0	9.8	9.4	9.9	10.9
Total assets	67.4	58.9	61.0	62.4	62.6
Total current liabilities	-31.8	-22.6	-10.8	-14.6	-13.4
Total noncurrent liabilities	-3.1	-0.5	-11.0	-7.1	-5.8
Total liabilities	-34.9	-23.1	-21.8	-21.7	-19.2
Total Equity	32.5	35.8	39.2	40.7	43.4
Cash flow statement					
Net cash from operating activities	7.2	7.2	9.2	18.2	25.9
Net cash from investing activities	-22.2	-1.0	-13.9	-17.3	-21.2
Net Cash from financing activities	15.5	-6.6	0.8	-4.8	-4.1
Net Cash Flow	0.5	-0.4	-3.9	-3.9	0.5
Cash & cash equivalent at end of year*	2.7	-3.3	-7.2	-11.1	-10.6
Finance:					
Bank borrowings	20.6	10.3	15.5	14.9	10.6
Cash	2.7	0.3	0.2	0.07	0.05
Net debt	17.9	10.0	15.3	14.9	10.6

Source: Company accounts. Note: *Includes overdraft facility.

Income statement: Doubling of net profit in FY16

Over the last three years the group's restructuring and focus on mobile and higher ARPU European markets has underpinned a significant expansion in both EBITDA and EBIT margins (Exhibit 4).

EBITDA margin was 40% in FY16, up 4pp over FY15 supported by strong revenue growth and a slight expansion of the Cliq Factor. Net of amortisation of marketing investment, the EBIT margin increased to 6.9% (from 4.7% in FY15) and EBIT increased 73% to €4.5m. The gearing effects of a flat interest burden (the underlying interest charge decreased in line with debt, but overall finance costs remained flattish as a results of exchange differences) meant that growth at the net profit level was even greater. In FY16 net profit doubled to €2.8m.

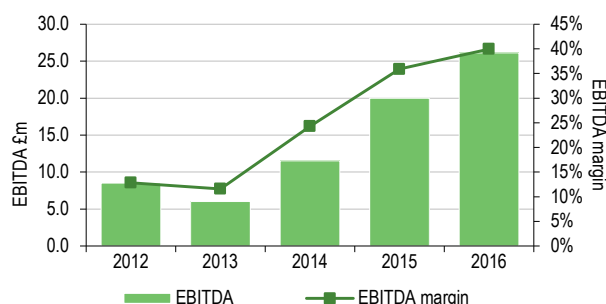
Balance sheet and cash flow: Strengthening balance sheet

Capital expenditure relates principally to capitalised marketing expenses. Cash conversion (EBIT/operating cash net of investing activities) was 96% in FY16 and CLIQ reported net debt of €10.6m at December 2016, a 29% reduction on FY15. The group has access to an overdraft facility with Commerzbank of up to €13m (at 2.1% to 3.3% plus Euribor). The facility runs to 28 February 2018 and at the year-end €10.6m had been drawn down.

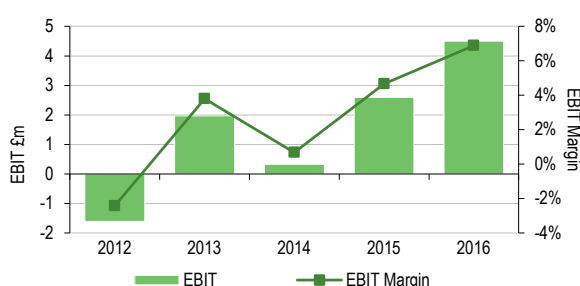
Outlook: Double-digit earnings growth expected in FY17

Management plans another increase in marketing investment in the current year which it expects to convert to a double-digit increase in EBITDA and net profit. Q117 results, announced on 8 May, show that CLIQ has had a strong start to the year and is comfortably on track to deliver on this expectation. Q117 revenues increased 11% y-o-y to €17.6m. Tighter regulations and the companies focus on more profitable markets meant that marketing spend was 15% below the same period last year. However, the CLIQ factor increased to 1.44 (from 1.41) and the customer base value to €20.5m (up 9%), resulting in a 43% increase in EBIT to €1.1m.

As the group grows, maintaining the current Cliq Factor may become increasingly difficult. In addition, the current investment into the commercialisation of its mobile payments platform (cliqpay), as well as into area sales teams may hold back the margin progression in the near term. This appears to be reflected in consensus forecasts which are factoring in an 11% and 10% increase in revenues in FY17 and FY18 respectively, but with flat EBITDA margins (40%) and only very modest expansion in EBIT margins (7.2% in FY17 and 8.1% in FY18).

Exhibit 5: EBITDA 2012-16


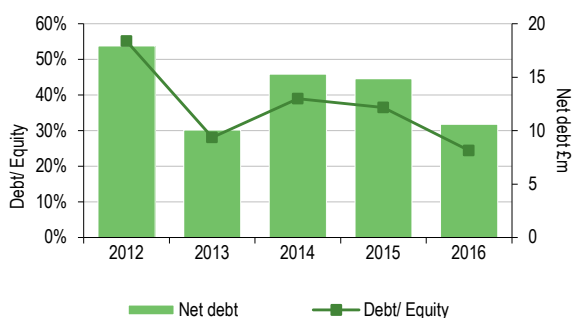
Source: Edison Investment Research

Exhibit 6: EBIT 2012-16


Source: Edison Investment Research

Exhibit 7: Net profit 2012-16


Source: Edison Investment Research

Exhibit 8: Financing 2012-16


Source: Edison Investment Research

Valuation

There are few pure play listed peers against which we can benchmark CLIQ's valuation. Italian listed Acotel Group, UK listed IMI Mobile and Indian listed OnMobile are the most relevant peers, in our view. We also include within our peer group affiliate marketing company XL Media and a number of ad-tech companies which are also involved in lead generation or the monetisation of mobile apps.

The share price has more than doubled over the last six months as the market caught up with the company's strong FY16 performance and outlook statement. The FY17 P/E of 15.2x is towards the upper end of its peer group which average of 13.8x (excluding negatives) and broadly in line in FY18, suggesting it is up with events. However, consensus is forecasting revenue growth of 11% and 10% in FY17 and FY18, respectively. Evidence that management is managing to maintain or improve marketing efficiency could drive further upside.

Exhibit 9: peer comparison

Name	Market cap	Sales growth (%)		EBIT margin (%)		EPS growth (%)		EV/sales (x)			EV/EBIT last (x)			P/E (x)			y/end
	Ccy m	FY1	FY2	FY1	FY2	FY1	FY2	last	FY1	FY2	last	FY1	FY2	last	FY1	FY2	
Clq Digital	53	11.2	10.1	7.2	8.1	27.9	27.3	1.0	0.9	0.8	13.9	12.0	9.6	11.0	15.2	11.9	12/16
IMIMobile	133	22.1	26.7	7.0	6.1	(28.8)	29.7	1.6	1.6	1.3	27.1	23.1	21.1	21.1	20.9	18.6	03/16
Acotel	25	(38.8)	7.0	(16.5)	(12)	(74.5)	(24.2)	0.9	0.9	0.8	N/A	(5.2)	(6.4)	N/A	(14.9)	(21.3)	12/16
Onmobile Global	8,729	14.0	15.0	16.6	16.8	(867)	15.7	0.7	0.7	0.6	3.5	4.0	3.4	N/A	9.4	8.1	03/16
XLMedia	232	45.7	8.5	26.2	27.0	25.0	8.0	2.5	2.0	1.8	9.4	7.7	6.9	12.0	11.6	10.4	12/16
Taptica	172	104.4	15.5	16.3	15.3	748.5	10.7	2.7	1.3	1.1	69.2	8.0	7.4	27.9	11.2	10.6	12/16
Matomy Media	105	38.1	12.7	6.2	6.5	(167.7)	(54.8)	0.5	0.4	0.4	31.9	6.4	5.4	22.0	10.4	8.4	12/16
1000mercis	132	21.0	11.4	15.1	13.7	45.3	25.8	2.2	1.9	1.7	12.3	12.8	12.6	20.9	18.1	15.7	12/16

Source: Bloomberg. Note: FY1 equates to first forecast year, FY2 second forecast year.

Sensitivities

CLIQ Digital's financial and share price performance may be sensitive to the following factors:

- **Partners:** CLIQ is dependent on the network operators for a number of services including the billing of its mobile services. The business model is reliant on the purchase of advertising space via its marketing partners – mobile advertising ecosystem is evolving rapidly with new formats, companies and technologies emerging – all which could impact the efficiency of CLIQs marketing spend.
- **Consumer trends:** Success depends on CLIQ's ability to identify new trends in the use of digital products and to continually improve its offers to keep them attractive. Mobile products are a fast moving consumer market segment and there may be periods where the group is more or less successful.
- **Clq Factor:** The efficiency of marketing spend is a key driver of the financial performance of the group. As CLIQ grows in size, the marginal return on new customers may come under pressure. Entering new geographies or product genres could also result in a change to marketing efficiency.
- **Regulation:** Consumer protection regulations, particularly with respect to the marketing of goods and services, are currently being reviewed in a number of markets, which could impact the efficiency of CLIQ's marketing.
- **Marketing trends:** The majority of CLIQ's marketing spend is on mobile banner advertising. The effectiveness of this may wane as other formats emerge (for instance, video advertising is currently seeing significant market share increases).
- **Market risk:** Changes to the service arrangements between affiliates and respective mobile carriers could significantly impact CLIQ's business, as evidenced in Q15 when its affiliate partner in Mexico was discontinued by largest mobile operator in the region. Management asserts that the Mexican market was fairly unique in that it had a relationship with only one affiliate, and also the significant market share of the Mexican operator in question (Telcel).

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