

CLIQ acquires the minority shares in Red27 Mobile

CLIQ Digital has announced that it has bought the remaining 20% of its subsidiary Red27 Mobile for a low single digit EUR million amount. Two former co-founders and directors of the U.K.-based company have left the Group. This acquisition will likely reduce the minority interest in CLIQ Digital's profit and loss statement to a negligible amount. Estimating the price for the acquisition to be around EUR 1-2m, while the P&L impact should be around EUR 0.3m, makes this likely a single digit PE acquisition, which is in our view clearly value accretive – even though the impact is limited due to the small size.

Strategic opportunity

Besides the direct positive earnings effect, we think that the acquisition of the minority shares in Red27 Mobile also offers some strategic opportunities.

Red27 is focussed on selling digital entertainment products for smartphones via performance marketing on mobile channels. Having full control over the company should allow CLIQ to better use their technology and know-how also for other activities within the group.

Additionally, it allows CLIQ to better cross sell their streaming services into the RED27 Mobile network.

Finally, Red27 Mobile was suffering recently from negative customer feedback, which also raised some investor concerns – even though Red27 Mobile accounts for only a small portion of CLIQ's earnings. By now raising the customer care policy and guidelines to the level of the CLIQ group the company should likely be able to reduce this negative feedback significantly.

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