

CLIQ Digital

CLIQing the nail on the head

FY21 trading update

Media

4 February 2022

Price €24.8

Market cap €153m

Net cash (€m) at 30 September 2021 0.7

Shares in issue 6.5m

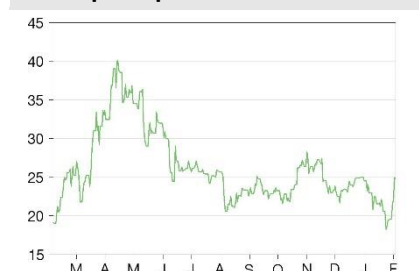
Free float 89%

Code CLIQ

Primary exchange XETRA

Secondary exchange FRA

Share price performance



% 1m 3m 12m

Abs 1.0 (2.8) 30.3

Rel (local) 5.3 1.0 18.1

52-week high/low €41.00 €18.20

Business description

CLIQ Digital is a global streaming provider specialising in the direct marketing of affordable entertainment products and offering its members unlimited access to music, audiobooks, sports, movies and games. It works in over 30 countries. In Q321, 42% of sales were generated in Europe, 49% in North America and 9% in other regions.

Next events

FY21 results 1 March 2022

Q122 results 3 May 2022

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CLIQ's FY21 trading update highlights that the group has both exceeded management's guidance and met our forecasts for all its core key performance indicators (KPIs), following a strong Q4 across all regions. Increased marketing spend, its direct media buying strategy and enriched content on its platform across all channels drove top-line growth. Direct media buying also led to margin improvements throughout the year by cutting fees paid to affiliates. Management expects this strong momentum to continue into FY22, which we have reflected in our revenue forecasts.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/19	63.1	3.9	0.4	0.3	69.3	1.1
12/20	107.0	14.4	1.2	0.5	21.4	1.9
12/21e	149.9	26.5	2.7	1.1	9.3	4.3
12/22e	210.3	32.1	3.4	1.4	7.3	5.5

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Finishing FY21 strongly

Gross revenue in FY21 grew c 40% y-o-y to c €150m, ahead of the raised guidance of €145m which management gave in September and in line with our forecast.

Growth benefited from a strong Q4, which saw revenue increase 55% to €47m and several content deals across sport, family entertainment and games. Management believes the investments made in its content offering also led to improved customer retention throughout the year. Marketing spend, which directly influences its core KPIs, was up 59% y-o-y to €54m and up 67% y-o-y in Q4 to c €20m. Its strategy of direct media buying, rather than affiliate marketing, continued to deliver margin improvements throughout the year due to the reduction in fees paid to affiliates.

CLIQ ended the year debt free, supported by free cash flow of €18m, ahead of our FY21 forecast of €14m.

FY22 guidance reflects investment in the platform

Management's outlook highlights that it expects momentum to continue into FY22, forecasting revenue of €210m (+40% y-o-y) and EBITDA of €33m (+22% y-o-y) for the year. We have upwardly revised our FY22 forecasts, as we believe that CLIQ can continue momentum in its existing markets with the potential to expand to new geographies. Our forecasts also reflect its acquisition of the remaining 20% minority shareholding in Red27 Mobile, which CLIQ believes will lead to greater sales opportunities. Management's new guidance shows a y-o-y EBITDA margin reduction of 3pp to 15%, suggesting that it may look to invest significantly in its platform and content offering.

Valuation: Trading at a discount to peers

On sales and EBIT, CLIQ trades on FY22e EV multiples of 0.7x and 4.7x, representing a discount of 67% and 72% respectively to our peer group. Its share price is now flat ytd but is still 20% higher than the peer group average of -20%.

Exhibit 1: Financial summary

	€m	2018	2019	2020	2021e	2022e
31-December		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Gross revenue		58.2	63.1	107.0	149.9	210.3
Revenue		39.1	44.3	81.5	127.0	189.5
Cost of Sales		(42.1)	(44.3)	(72.0)	(87.9)	(120.6)
Gross Profit		16.2	18.8	34.9	62.0	89.8
EBITDA		3.9	5.8	15.9	27.7	33.4
Normalised operating profit		3.0	4.8	15.2	27.1	32.7
Reported operating profit		3.0	4.8	15.2	27.1	32.7
Net Interest		0.4	(0.9)	(0.8)	(0.6)	(0.6)
Profit Before Tax (norm)		3.4	3.9	14.4	26.5	32.1
Profit Before Tax (reported)		3.4	3.9	14.4	26.5	32.1
Reported tax		(0.4)	0.0	(4.0)	(8.3)	(10.0)
Profit After Tax (norm)		3.0	3.9	10.4	18.2	22.1
Profit After Tax (reported)		3.0	3.9	10.4	18.2	22.1
Minority interests		0.8	1.7	3.3	0.4	0.5
Net income (normalised)		2.2	2.2	7.2	17.8	21.6
Net income (reported)		2.2	2.2	7.2	17.8	21.6
Average number of shares outstanding (m)		6.2	6.2	6.2	6.7	6.3
EPS - basic (€)		0.35	0.36	1.16	2.67	3.41
EPS - normalised fully diluted (€)		0.34	0.35	1.14	2.63	3.45
Dividend (€)		0.00	0.28	0.46	1.07	1.36
Revenue growth (%)		(-17.5)	8.5	69.4	40.2	40.3
Gross Margin (%)		27.8	29.8	32.7	41.3	42.7
EBITDA Margin (%)		6.6	9.1	14.9	18.5	15.9
Normalised Operating Margin		5.1	7.6	14.2	18.1	15.6
BALANCE SHEET						
Fixed Assets		52.8	52.9	55.2	57.0	57.7
Intangible Assets		0.9	0.7	0.8	0.8	0.6
Tangible Assets		1.3	0.7	2.2	3.2	3.9
Goodwill & other		50.6	51.5	52.3	53.0	53.2
Current Assets		12.9	15.2	21.7	31.8	46.3
Receivables		6.5	8.2	9.1	12.7	13.4
Cash & cash equivalents		1.3	0.7	4.9	9.0	0.5
Other		5.1	6.3	7.7	10.1	32.4
Current Liabilities		(8.0)	(8.7)	(12.9)	(14.0)	(14.6)
Creditors		(2.3)	(2.0)	(2.0)	(2.8)	(3.5)
Tax		(1.2)	(1.1)	(3.2)	(3.5)	(3.5)
Borrowings		(8.1)	0.0	0.0	0.0	0.0
Provisions		(0.0)	0.0	(0.4)	(0.4)	(0.4)
Other		(4.6)	(5.6)	(7.3)	(7.3)	(7.3)
Long Term Liabilities		(1.8)	(12.7)	(8.5)	(10.3)	(10.1)
Long term borrowings		0.0	(9.9)	(3.8)	(5.9)	(5.6)
Other long-term liabilities		(1.8)	(2.8)	(4.7)	(4.5)	(4.5)
Net Assets		55.9	46.7	55.6	64.5	79.3
Minority interests		0.8	2.0	4.8	1.2	1.7
Shareholders' equity		56.7	48.7	60.5	65.7	80.9
CASH FLOW						
Op Cash Flow before WC and tax		4.2	4.8	15.1	27.1	32.8
Working capital		3.2	(1.9)	1.6	(2.8)	0.0
Exceptional & other		(0.7)	0.9	0.9	(0.2)	(20.4)
Tax		(2.9)	(1.3)	(2.8)	(8.9)	(10.6)
Operating cash flow		3.8	2.5	14.8	15.2	1.8
Capex		(0.6)	(0.4)	(0.7)	(0.8)	(0.8)
Acquisitions/disposals		(0.5)	(3.4)	0.0	(6.0)	0.0
Net interest		0.0	0.0	0.0	0.0	0.0
Equity financing		0.0	0.0	0.0	0.0	0.0
Dividends		0.0	0.0	(2.1)	(7.1)	(8.7)
Other		(4.0)	(1.6)	(1.5)	(0.1)	(0.5)
Net Cash Flow		(1.2)	(2.9)	10.5	1.2	(8.2)
Opening net debt/(cash)		5.5	6.8	9.2	(1.1)	(2.4)
FX		(0.0)	0.0	(0.0)	0.0	0.0
Other non-cash movements		0.0	0.4	(0.1)	0.1	0.0
Closing net debt/(cash)		6.8	9.2	(1.1)	(2.4)	5.1

Source: CLIQ Digital, Edison Investment Research

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