

22 June 2022

CLIQ Digital AG

Rating Buy (Buy)
Share price (EUR) 24.85
Target price (EUR) 80.00 (75.00)

Bloomberg CLIQ GY
Sector TMT

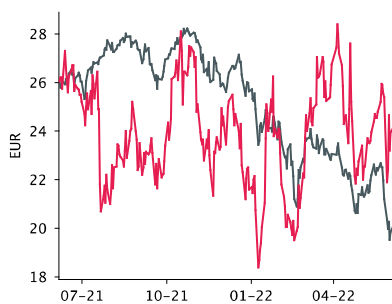
Share data

Shares out (m) 6.5
Daily volume shs (k) 15.0
Free float (%) 89.00
Market cap (EUR m) 157
EV (EUR m) 144
DPS (EUR) 1.10
Dividend yield (%) 4.3
Payout ratio (%) 40.0

Performance

ytd (%) -2.2
12 months (%) -7.8
12 months rel. (%) 15.1
Index SDAX

Share price performance



— CLIQ Digital
— Price rel. to SDAX – Price Index

Source: Bloomberg

Next triggers

2 August 2022: H1 Report
3 November 2022: 9M Report

Analysts

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Strategy update & increase of guidance

CLIQ increased its FY 2022 guidance and announced the launch of CLIQ.de as a new consumer brand. We increase our estimates and derive a new DCF-based TP of EUR 80.00 (EUR 75.00) and confirm our Buy recommendation.

Increase of FY 2022 guidance

Due to the very good business development since the beginning of the year in all regions, the Management Board of CLIQ expects to exceed the previously announced outlook for FY 2022. CLIQ now expects to generate revenue in excess of EUR 250m (previously: more than EUR 210m), representing a growth rate of at least 67% yoy. The number of paid memberships at the end of FY 2022 is now expected to be over 2m (previously: between 1.7m and 1.8m). The marketing spend is now forecasted to exceed EUR 90m (previously: more than EUR 70m) and EBITDA is expected to be above EUR 38m (previously: more than EUR 33m) representing at least 40% growth compared to the prior year. The communicated medium-term targets up to FY 2025 (sales of EUR 250m) remain unchanged.

Strategy to change the streaming landscape in Germany: CLIQ.de

CLIQ is introducing an upscaled multi-content portal with new content and features across different content categories in the DACH region first. Potential consumers amount to ~28m in Germany according to a study provided by b4p. CLIQ.de starts in Germany on the web and all platforms with a native app (mobile and TV) from 1 September 2022. This portal will have a completely extended content offering and includes over 500 cloud games more than 200 concerts, live sports as well as movies and series. The monthly membership fee will be reduced to EUR 6.99 as an attractive introduction price to further accommodate the budgets of price-conscious consumers in times of high energy and household prices.

Besides CLIQ's existing performance marketing campaigns, which have led to 1.5m paid memberships (Q1-22), the company will also support the introduction of the new portal with brand marketing. The brand marketing campaign highlights the main advantages of the new portal CLIQ.de and positions the new consumer brand with a focus on value for money: streaming is simple and affordable for the mass market. Slogans such as "Watch. Listen. Play.", "Revolutionary Simple" and "best of alles" ("best of everything") bring the offer to the point. From the autumn of FY 2022 on, the brand will also, in addition to its online and mobile channels, be advertised on TV as well as via out-of-home and social media.

Key figures		2020	2021	2022e	2023e	2024e
Sales	EUR m	107	150	252	293	339
EBITDA	EUR m	16	27	38	45	54
EBIT	EUR m	15	26	38	44	53
EPS	EUR	1.16	2.74	4.00	4.72	5.59
Sales growth	%	69.4	40.2	68.2	16.0	15.8
EBIT growth	%	218.8	72.8	42.8	17.6	19.4
EPS growth	%	223.7	136.7	46.2	17.8	18.5
EBITDA margin	%	14.9	18.1	15.2	15.4	15.8
EBIT margin	%	14.2	17.5	14.9	15.1	15.5
Net margin	%	6.7	11.9	10.3	10.5	10.7
EV/Sales	ratio	1.46	1.03	0.57	0.48	0.39
EV/EBITDA	ratio	9.8	5.7	3.7	3.1	2.5
EV/EBIT	ratio	10.3	5.9	3.8	3.2	2.5
P/E	ratio	7.4	9.4	6.0	5.1	4.3
P/BV	ratio	1.0	2.8	2.0	1.6	1.3
Dividend yield	%	5.4	4.3	6.6	7.8	9.3

Source: Bloomberg, Company data, Quirin Privatbank estimates

Valuation

DCF valuation

Our updated DCF model indicates a fair value of EUR 80.33 for a CLIQ share and reflects the long-term perspectives of the company. Our assumptions are as follows:

Phase 1 (2022-24e):

We estimated the free cash flows (FCF) of phase 1 according to our detailed financial forecasts for this period stated in the financials section.

Phase 2 (2025-31e):

For Phase 2, we assumed an initial sales growth of 15% that fades out to 0.7% in 2031e. We conservatively assumed a constant EBIT margin of 16.0%.

Phase 3:

For the calculation of the terminal value, we applied a long-term FCF growth rate of 2.0% to reflect CLIQ's growth perspectives.

Based on these assumptions, we calculated a fair value of the CLIQ's operating business of EUR 521m. We added CLIQ's net cash position, the resulting fair value of equity is EUR 523m or EUR 80.33 per share.

CLIQ Digital: Discounted Cash Flow Model

EURm	PHASE 1			PHASE 2							PHASE 3
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	∞
Sales	252.3	292.7	339.0	389.8	424.9	447.9	462.4	471.4	476.9	480.2	
YoY growth	40.2%	16.0%	15.8%	15.0%	9.0%	5.4%	3.2%	1.9%	1.2%	0.7%	
EBIT	37.5	44.1	52.7	62.4	68.0	71.7	74.0	75.4	76.3	76.8	
EBIT margin	14.9%	15.1%	15.5%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	
Income tax on EBIT (cash tax rate)	-7.1	-10.4	-12.2	-18.7	-20.4	-21.5	-22.2	-22.6	-22.9	-23.0	
Depreciation and amortisation	0.9	0.9	1.0	1.6	1.7	1.8	1.8	1.9	1.9	1.9	
Change in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other non-cash items	3.6	1.4	1.6	0.9	0.9	0.9	0.9	0.9	0.9	0.9	
Change in net working capital	-12.1	-9.7	-12.2	-10.2	-7.0	-4.6	-2.9	-1.8	-1.1	-0.7	
Net capital expenditure	-3.2	-2.5	-2.1	-1.9	-2.1	-2.2	-2.3	-2.4	-2.4	-1.9	
Free cash flow	19.6	23.9	28.7	34.0	41.1	46.1	49.4	51.5	52.8	54.1	
Present values	18.6	20.6	22.5	24.2	26.5	27.0	26.2	24.8	23.1	21.5	285.5
Present value Phase 1	61.7										
Present value Phase 2	173.3										
Present value Phase 3	285.5										
Total present value	520.5										
+ Excess cash/Non-operating assets	7.3										
- Financial debt	-5.0										
Fair value of equity	522.9										
Number of shares (m)	6.5										
Fair value per share (EUR)	80.33										

Source: Quirin Privatbank

Profit & loss statement

Profit & loss statement (EUR m)	2020	YOY	2021	YOY	2022e	YOY	2023e	YOY	2024e	YOY
Sales	107.0	69.4 %	150.0	40.2 %	252.3	68.2 %	292.7	16.0 %	339.0	15.8 %
Cost of sales	72.0		98.8		166.2		192.7		223.2	
Gross profit	34.9		51.2		86.2		99.9		115.8	
Personell expenses	13.7		18.0		35.6		40.8		46.1	
Other operating income	0.0		0.0		0.0		0.0		0.0	
Other operating expenses	4.5		6.6		13.1		15.0		17.0	
EBITDA	15.9	177.3 %	27.2	70.5 %	38.4	41.4 %	45.1	17.2 %	53.6	19.0 %
EBITDA margin (%)	14.91		18.13		15.23		15.40		15.82	
EBIT	15.2	218.8 %	26.3	72.8 %	37.5	42.8 %	44.1	17.6 %	52.7	19.4 %
EBIT margin (%)	14.22		17.52		14.87		15.08		15.54	
Net interest	-0.8		-0.9		-0.5		-0.5		-1.0	
Income from Participations	n.a.		n.a.		n.a.		n.a.		n.a.	
Net financial result	-0.8		-0.9		-0.5		-0.5		-1.0	
Exceptional items	n.a.		n.a.		n.a.		n.a.		n.a.	
Pretax profit	14.4	272.3 %	25.3	76.2 %	37.0	46.2 %	43.7	17.8 %	51.7	18.5 %
Pretax margin (%)	13.45		16.90		14.68		14.92		15.26	
Taxes	4.0		7.1		10.4		12.2		14.5	
Tax rate (%)	27.51		28.04		28.03		28.03		28.02	
Earnings after taxes	10.4		18.2		26.7		31.4		37.2	
Minorities	3.3		0.4		0.6		0.7		0.8	
Group attributable income	7.2	223.7 %	17.8	148.9 %	26.1	46.2 %	30.7	17.8 %	36.4	18.5 %
No. of shares (m)	6.5		6.5		6.5		6.5		6.5	
Earnings per share (EUR)	1.16	223.7 %	2.74	136.7 %	4.00	46.2 %	4.72	17.8 %	5.59	18.5 %

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2020	YOY	2021	YOY	2022e	YOY	2023e	YOY	2024e	YOY
Assets										
Cash and cash equivalents	4.9		7.3		13.1		22.7		29.9	
Accounts receivables	9.1		12.5		23.0		31.7		44.7	
Inventories	0.0		0.0		0.0		0.0		0.0	
Other current assets	7.7		17.1		22.1		32.1		42.1	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	21.7	42.9 %	36.9	69.7 %	58.2	57.8 %	86.5	48.6 %	116.7	34.9 %
Fixed assets	2.2		3.8		6.1		7.7		8.9	
Goodwill	47.8		48.2		48.2		48.2		48.2	
Other intangible assets	0.8		2.6		2.6		2.6		2.6	
Financial assets	0.0		1.5		1.5		1.5		1.5	
Deferred taxes	4.1		2.6		2.6		2.6		2.6	
Other fixed assets	0.3		0.8		0.8		0.8		0.8	
Total fixed assets	55.2	4.4 %	59.4	7.5 %	61.7	3.8 %	63.3	2.6 %	64.4	1.9 %
Total assets	77.0	13.0 %	96.3	25.1 %	119.9	24.5 %	149.8	24.9 %	181.2	21.0 %
Equity & Liabilities										
Subscribed capital	6.2		6.5		6.5		6.5		6.5	
Reserves & other	46.6		58.1		58.1		58.1		58.1	
Revenue reserves	-2.8		-5.5		10.1		28.5		50.4	
Accumulated other comprehensive	0.8		0.5		3.8		5.6		7.9	
Shareholder's equity	55.6	19.2 %	59.6	7.0 %	78.5	31.7 %	98.7	25.9 %	122.9	24.4 %
Minorities	4.8		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	55.6	19.2 %	59.6	7.0 %	78.5	31.7 %	98.7	25.9 %	122.9	24.4 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	3.8		0.0		0.0		0.0		0.0	
Tax liabilities	1.7		4.1		6.9		8.0		9.3	
Other liabilities	3.0		5.3		9.0		10.4		12.1	
Total long-term debt	8.5	-33.5 %	9.4	11.6 %	15.9	68.2 %	18.4	16.0 %	21.3	15.8 %
Short-term debt										
Other provisions	0.4		0.4		0.6		0.7		0.8	
Trade payables	2.0		7.9		6.3		5.3		6.2	
Financial debt	0.0		5.0		0.0		5.0		5.0	
Other liabilities	7.3		12.8		16.6		19.2		22.3	
Total short-term debt	12.9	48.0 %	27.3	112.1 %	25.5	-6.3 %	32.6	27.7 %	37.0	13.4 %
Total equity & liabilities	77.0	13.0 %	96.3	25.1 %	119.9	24.5 %	149.8	24.9 %	181.2	21.0 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2020	2021	2022e	2023e	2024e
Per share data (EUR)					
EPS	1.16	2.74	4.00	4.72	5.59
Book value per share	9.0	9.2	12.1	15.2	18.9
Free cash flow per share	0.0	0.0	1.1	1.3	0.0
Dividend per share	0.46	1.10	1.60	1.89	2.24
Valuation ratios					
EV/Sales	1.46	1.03	0.57	0.48	0.39
EV/EBITDA	9.8	5.7	3.7	3.1	2.5
EV/EBIT	10.3	5.9	3.8	3.2	2.5
P/E	7.4	9.4	6.0	5.1	4.3
P/B	1.0	2.8	2.0	1.6	1.3
Dividend yield (%)	5.4	4.3	6.6	7.8	9.3
Growth					
Sales growth (%)	69.4	40.2	68.2	16.0	15.8
EBITDA growth (%)	177.3	70.5	41.4	17.2	19.0
EBIT growth (%)	218.8	72.8	42.8	17.6	19.4
EPS growth (%)	223.7	136.7	46.2	17.8	18.5
Profitability ratios					
EBITDA margin (%)	14.9	18.1	15.2	15.4	15.8
EBIT margin (%)	14.2	17.5	14.9	15.1	15.5
Net margin (%)	6.7	11.9	10.3	10.5	10.7
ROCE (%)	14.5	24.8	31.9	32.5	30.1
Financial ratios					
Total equity (EUR m)	55.6	59.6	78.5	98.7	122.9
Equity ratio (%)	72.3	61.9	65.5	65.9	67.8
Net financial debt (EUR m)	-1.1	-2.3	-13.1	-17.7	-24.9
Net debt/Equity	0.7	0.6	0.7	0.7	0.7
Interest cover	18.5	27.9	79.7	92.8	55.4
Net debt/EBITDA	-0.1	-0.1	-0.3	-0.4	-0.5
Payout ratio (%)	39.8	40.2	40.0	40.0	40.0
Working Capital (EUR m)	8.9	9.6	32.7	53.9	79.8
Working capital/Sales	0.08	0.06	0.13	0.18	0.24

Source: Company data, Quirin Privatbank estimates

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HOLD <=-10% and < = +10%

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Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
22.06.2022	80.00	Buy	
10.05.2022	75.00	Buy	
08.03.2022	75.00	Buy	
03.11.2021	75.00	Buy	
28.09.2021	75.00	Buy	
05.08.2021	73.00	Buy	16.06.2020

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