

8 March 2022

CLIQ Digital AG

Rating	Buy
Share price (EUR)	19.90
Target price (EUR)	75.00
Bloomberg Sector	CLIQ GY TMT

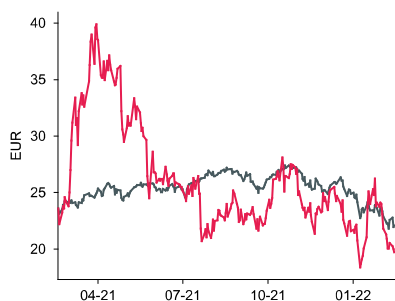
Share data

Shares out (m)	6.5
Daily volume shs (m)	0.6
Free float (%)	89.00
Market cap (EUR m)	128
EV (EUR m)	114
DPS (EUR)	1.10
Dividend yield (%)	4.3
Payout ratio (%)	40.0

Performance

ytd (%)	-20.2
12 months (%)	-23.0
12 months rel. (%)	-14.7
Index	SDAX

Share price performance



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

Source: Bloomberg

Next triggers

14 April 2022: AGM
3 May 2022: Q1 Report

Analysts

Ralf Marinoni – Financial Analyst
T +49 (0)69 2475049 24
ralf.marinoni@quirinprivatbank.de

Strong short- and mid-term outlook

Following a successful FY 2021 (sales +40%, EBITDA + 70% yoy) CLIQ gave a strong outlook for the current business year and also a mid-term outlook until FY 2025. In addition, the company announced numbers of its paying members. We confirm our Buy recommendation and the EUR 75.00 TP.

FY 2022 guidance

CLIQ plans to increase its sales organically to at least EUR 210m (FY 2021: EUR 150m, ≥40% yoy) due to significant investments into additional attractive content as well as stronger marketing in current markets such as Germany, USA, Italy, France and Spain. The EBITDA is expected to exceed EUR 33m (FY 2021: EUR 27m), resulting in an EBITDA margin of more than 15%. This means a slight margin decline (FY 2021: 18%) and reflects higher marketing spends and expenditures for attractive content. We welcome this decision as CLIQ will show strong growth over the next years.

Its marketing spend in the current business should amount to over EUR 70m (FY 2021: EUR 54m) and the company expects to start offering its services in more countries in Europe and on other continents. By the end of the current business year CLIQ expects to provide its content offerings to a paid membership base ranging between 1.7m and 1.8m (FY 2021: 1.3m).

Medium-term outlook until FY 2025

CLIQ targets significant growth across all territories and across all areas of its business. The company expects to grow revenue every year on average by 35% during the next three years and to reach EUR 500m by the end of FY 2025. The company expects the underlying number of paid members to range between 4m and 5m by the end of FY 2025.

Buy recommendation and EUR 75.00 TP confirmed

The company expects high growth rates over the next years which is a continuation of strong growth in the past. Therefore it looks achievable to us and we consequently increase our mid-term estimates. **As a result we confirm our EUR 75.00 TP and Buy recommendation despite lower peer group multiples.**

Key figures		2020	2021	2022e	2023e	2024e
Sales	EUR m	107	150	210	273	349
EBITDA	EUR m	16	27	34	44	57
EBIT	EUR m	15	26	33	43	56
EPS	EUR	1.16	2.74	3.44	4.55	5.97
Sales growth	%	69.4	40.2	40.2	29.6	28.0
EBIT growth	%	218.8	72.8	24.7	31.3	29.5
EPS growth	%	223.7	136.7	25.6	32.2	31.3
EBITDA margin	%	14.9	18.1	16.0	16.1	16.2
EBIT margin	%	14.2	17.5	15.6	15.8	16.0
Net margin	%	6.7	11.9	10.6	10.9	11.1
EV/Sales	ratio	1.18	0.83	0.53	0.35	0.17
EV/EBITDA	ratio	7.9	4.6	3.3	2.2	1.1
EV/EBIT	ratio	8.3	4.7	3.4	2.2	1.1
P/E	ratio	7.4	9.4	5.7	4.3	3.3
P/BV	ratio	1.0	2.8	1.7	1.3	1.0
Dividend yield	%	5.4	4.3	7.0	9.3	12.2

Source: Bloomberg, Company data, Quirin Privatbank estimates

FY 2021 at a glance

Sales, earnings and other KPIs

CLIQ generated sales of EUR 150.0m in FY 2021 (FY 2020: EUR 107.0m). This corresponds to an increase of 40% compared to the previous year. North America accounted for 50% of group sales, Europe 42% and Rest of World 8%.

The marketing spend reflects the costs in the period for acquiring new members and subsequently for revenue growth. The marketing spend was up 59% yoy to EUR 54.4m (FY 2020: EUR 34.2m), whereby the proportion of own media buying grew to 79% compared to 55% in FY 2020. Its EBITDA increased by 71% yoy to EUR 27m (FY 2020: EUR 15.9m). The EPS more than doubled from EUR 1.16 (FY 2020) to EUR 2.74.

The Lifetime Value of Customer Base (LTVCB) came in at EUR 87m (FY 2020: EUR 50m) at the end of FY 2021. The LTVCB was previously known as the Customer Base Value (CBV).

CLIQ's six months' Profitability Index (former CLIQ Factor) for the FY 2021 was 1.59x, compared to 1.68x in FY 2020. The yoy decrease was in line with the company's outlook for 2021.

Its operating free cash flow for FY 2021 was up by EUR 3.4m to EUR 17.5m (FY 2020: EUR 14.1m), driven by the strong business performance.

In line with the company's consistent dividend policy (40% payout ratio), the Management and Supervisory Boards propose a dividend per share of EUR 1.10 (FY 2020: EUR 0.46 distributed) to the virtual Annual General Meeting on 14 April 2022.

Higher degree of transparency: revenue breakdown and membership figures

CLIQ's business model centres on selling membership-based streaming entertainment services via performance marketing. CLIQ's membership-based service offers two product lines:

- (1) multi-content portals such as cliqdigital.com
- (2) single-content portals such as scream-stream.com

The multi-content portals offer a wide-ranging entertainment bundle for the whole family whereas the single-content portals target specific audiences, for example audiobooks and music content specifically for kids, or horror movie content for fans. In addition, CLIQ also offers ad-funded, digital marketing services. In FY 2021 the contribution of its multi-content portals amounted to 72% of total sales while single-content portals contributed 21%. The remaining 7% was attributable to ad-funded digital marketing services.

Members: the number of paid members for multi- and single content offerings increased in FY 2021 by 43.5% to 1.3m (FY 2020: 0.9m) driven by the increase in successful marketing campaigns and the increase in attractive content, which is also more appealing to families. The average lifetime value of a member for multi- and single content offerings amounted to EUR 69.81 by the end of the year (FY 2020: EUR 50.78).

Valuation

Peer group

In order to find a fair equity value for CLIQ we use a peer group approach. The peers provide solely audio/video streaming services:

CuriosityStream: The company offers video programming including documentaries, TV shows, and short form video content to subscribers.

FuboTV: The company provides sports-first live TV experience on its streaming platform.

Nordic Entertainment: Nordic Entertainment Group AB is a Nordic region's streaming company.

Sirius: Sirius XM Holdings is a audio entertainment company in the U.S., and the premier programmer and platform for subscription and digital advertising-supported audio products.

Stingray: Montreal-based Stingray is a leading global music, media, and technology company. Stingray is a premium provider of direct-to-consumer and B2B services.

Story Tel: Storytel is a leading subscribed audiobook and e-book streaming services and offers listening and reading of more than 500 000 titles.

The following table shows our per peer group multiples:

Peer group

Peer Group Overview	EV/Sales		EV/EBIT		P/E	
	2022e	2023e	2022e	2023e	2022e	2023e
CURIOSITYSTREAM INC	0.5	0.3				
FUBOTV INC	1.0	0.7				
NORDIC ENTERTAINMENT GROUP-B	1.3	1.1	235.7	20.8	211.6	26.7
SIRIUS XM HOLDINGS INC	3.7	3.6	15.7	14.8	19.2	17.5
STINGRAY GROUP INC	2.6	2.3	11.8	8.3	0.1	0.1
STORYTEL AB	1.2	1.1			n.a.	
Median	1.3	1.1	15.7	14.8	19.2	17.5

Source: Bloomberg, Quirin Privatbank

Based on our estimates for Sales, EBIT and EPS (FY 2022 to FY 2023) we derive a fair value of EUR 72.71 per CLIQ share.

Peer Group Results						
in EUR m	Sales 2022e	Sales 2023e	EBIT 2022e	EBIT 2023e	EPS 2022e	EPS 2023e
	33.7	44.0	32.8	43.0	3.44	4.55
Multiple	1.3x	1.1x	15.7x	14.8x	19.2x	17.5x
Enterprise value	42.8	47.0	515.6	635.2	-	-
Pension provisions				0.0		
Minorities				0.0		
Net cash				2.3		
Fair value of equity	45.1	49.4	518.0	637.5	429.0	517.4
Median				473.2		
Number of shares (m)				6.5		
Fair value per share (in EUR)				72.71		

Source: Bloomberg, 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 %	210.3	40.2 %	272.7	29.6 %	349.0	28.0 %
Cost of sales	72.0		98.8		138.5		179.6		229.8	
Gross profit	34.9		51.2		71.8		93.1		119.2	
Personnel expenses	13.7		18.0		28.5		36.6		46.4	
Other operating income	0.0		0.0		0.0		0.0		0.0	
Other operating expenses	4.5		6.6		10.5		13.5		17.1	
EBITDA	15.9	177.3 %	27.2	70.5 %	33.7	23.9 %	44.0	30.5 %	56.7	28.9 %
EBITDA margin (%)	14.91		18.13		16.02		16.13		16.24	
EBIT	15.2	218.8 %	26.3	72.8 %	32.8	24.7 %	43.0	31.3 %	55.7	29.5 %
EBIT margin (%)	14.22		17.52		15.58		15.78		15.96	
Net interest	-0.8		-0.9		-0.9		-1.0		-0.5	
Income from Participations	n.a.		n.a.		n.a.		n.a.		n.a.	
Net financial result	-0.8		-0.9		-0.9		-1.0		-0.5	
Exceptional items	n.a.		n.a.		n.a.		n.a.		n.a.	
Pretax profit	14.4	272.3 %	25.3	76.2 %	31.8	25.6 %	42.1	32.2 %	55.2	31.3 %
Pretax margin (%)	13.45		16.90		15.13		15.43		15.83	
Taxes	4.0		7.1		8.9		11.8		15.5	
Tax rate (%)	27.51		28.04		28.03		28.03		28.02	
Earnings after taxes	10.4		18.2		22.9		30.3		39.8	
Minorities	3.3		0.4		0.5		0.7		0.9	
Group attributable income	7.2	223.7 %	17.8	148.9 %	22.4	25.6 %	29.6	32.2 %	38.9	31.3 %
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 %	3.44	25.6 %	4.55	32.2 %	5.97	31.3 %

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		19.8		35.0		64.2	
Accounts receivables	9.1		12.5		19.5		30.3		38.8	
Inventories	0.0		0.0		0.0		0.0		0.0	
Other current assets	7.7		17.1		22.1		27.1		27.1	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	21.7	42.9 %	36.9	69.7 %	61.5	66.6 %	92.4	50.3 %	130.1	40.8 %
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 %	123.1	27.9 %	155.6	26.4 %	194.5	25.0 %
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		7.2		23.9		47.2	
Accumulated other comprehensive	0.8		0.5		1.8		4.4		8.9	
Shareholder's equity	55.6	19.2 %	59.6	7.0 %	73.6	23.6 %	92.9	26.3 %	120.7	29.9 %
Minorities	4.8		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	55.6	19.2 %	59.6	7.0 %	73.6	23.6 %	92.9	26.3 %	120.7	29.9 %
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		5.7		7.5		9.5	
Other liabilities	3.0		5.3		7.5		9.7		12.4	
Total long-term debt	8.5	-33.5 %	9.4	11.6 %	13.2	40.2 %	17.2	29.6 %	22.0	28.0 %
Short-term debt										
Other provisions	0.4		0.4		0.5		0.7		0.9	
Trade payables	2.0		7.9		11.1		14.4		18.4	
Financial debt	0.0		5.0		5.0		5.0		0.0	
Other liabilities	7.3		12.8		18.0		23.3		29.8	
Total short-term debt	12.9	48.0 %	27.3	112.1 %	36.3	33.1 %	45.6	25.6 %	51.9	14.0 %
Total equity & liabilities	77.0	13.0 %	96.3	25.1 %	123.1	27.9 %	155.6	26.4 %	194.5	25.0 %

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	3.44	4.55	5.97
Book value per share	9.0	9.2	11.5	14.7	18.8
Free cash flow per share	0.0	0.0	1.8	1.7	0.0
Dividend per share	0.46	1.10	1.38	1.82	2.39
Valuation ratios					
EV/Sales	1.18	0.83	0.53	0.35	0.17
EV/EBITDA	7.9	4.6	3.3	2.2	1.1
EV/EBIT	8.3	4.7	3.4	2.2	1.1
P/E	7.4	9.4	5.7	4.3	3.3
P/B	1.0	2.8	1.7	1.3	1.0
Dividend yield (%)	5.4	4.3	7.0	9.3	12.2
Growth					
Sales growth (%)	69.4	40.2	40.2	29.6	28.0
EBITDA growth (%)	177.3	70.5	23.9	30.5	28.9
EBIT growth (%)	218.8	72.8	24.7	31.3	29.5
EPS growth (%)	223.7	136.7	25.6	32.2	31.3
Profitability ratios					
EBITDA margin (%)	14.9	18.1	16.0	16.1	16.2
EBIT margin (%)	14.2	17.5	15.6	15.8	16.0
Net margin (%)	6.7	11.9	10.6	10.9	11.1
ROCE (%)	14.5	24.8	29.5	30.2	31.8
Financial ratios					
Total equity (EUR m)	55.6	59.6	74.8	95.4	122.5
Equity ratio (%)	72.3	61.9	60.2	60.3	62.4
Net financial debt (EUR m)	-1.1	-2.3	-16.0	-32.5	-66.0
Net debt/Equity	0.7	0.6	0.6	0.6	0.6
Interest cover	18.5	27.9	34.6	45.3	117.2
Net debt/EBITDA	-0.1	-0.1	-0.5	-0.7	-1.2
Payout ratio (%)	39.8	40.2	40.0	40.0	40.0
Working Capital (EUR m)	8.9	9.6	26.4	49.3	80.0
Working capital/Sales	0.08	0.06	0.13	0.18	0.23

Source: Company data, Quirin Privatbank estimates

Legal Disclaimer

This report was completed 08/03/2022 16:58 CET (Delegierte Verordnung 2016/958, Artikel 3 Absatz 1e)

This document has been prepared by Quirin Privatbank AG (hereinafter referred to as „the Bank“). This document does not claim completeness regarding all the information on the stocks, stock markets or developments referred to in it. On no account should the document be regarded as a substitute for the recipient procuring information for himself/herself or exercising his/her own judgments.

The document has been produced for information purposes for institutional clients or market professionals. Private customers, into whose possession this document comes, should discuss possible investment decisions with their customer service officer as differing views and opinions may exist with regard to the stocks referred to in this document.

This document is not a solicitation or an offer to buy or sell the mentioned stock.

The document may include certain descriptions, statements, estimates, and conclusions underlining potential market and company development. These reflect assumptions, which may turn out to be incorrect. The Bank and/or its employees accept no liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this document or any part of its content.

Any forecasts or price targets shown for companies discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. For investments in foreign markets and instruments there are further risks, generally based on changes in economic and political environment, changes in financial conditions of the relevant company, on exchange rate changes, etc.

The Bank and/or its employees may hold, buy or sell positions in any securities mentioned in this document, derivatives thereon or related financial products. The Bank and/or its employees may underwrite issues for any securities mentioned in this document, derivatives thereon or related financial products or seek to perform capital market or underwriting services.

The Bank reserves all the rights in this document.

The preparation of this document is subject to regulation by German Law.

Remarks regarding to U.K. clients: Distribution of this material in the U.K. is governed by the FSA Rules. This Report is intended only for distribution to Professional Clients or Eligible Counterparties (as defined under the rules of the FSA) and is not directed at Retail Clients (as defined under the rules of the FSA).

Disclosures in respect of section 85 of the German Securities Trading Act, the market abuse regulation and the Commission Delegated Regulation (EU) 2016/958

Section 85 of the German Securities Trading Act in combination with the European regulations requires an enterprise preparing a securities analyses to point possible conflicts of interest with respect to the company that is the subject of the analyses. Catalogue of potential conflicts of interest:

1. The Bank and/or its affiliate(s) own a net long or short position exceeding the threshold of 0,5% of the total issued share capital of the company that is the subject of the Research Document, calculated in accordance with Article 3 of regulation (EU) No 236/2012 and with Chapter III and IV of Commission Delegated Regulation (EU) No 918/2012
2. The company that is the subject of the Research Document owns 5% or more in the total issued share capital of the Bank and/or its affiliate(s)
3. The Bank and/or its affiliate(s) was Lead Manager or Co-Lead Manager over the previous 12 months of a public offering of analyzed company
4. The Bank and/or its affiliate(s) act as Market Maker or Designated Sponsor for the analyzed company
5. The Bank and/or its affiliate(s) over the previous 12 months has been providing investment banking services for the analyzed company for which a compensation has been or will be paid
6. The responsible analyst named in this report disclosed a draft of the analysis set forth in this Research Document to the company that is the subject of this Research Document for fact reviewing purposes and changes were made to this Research Document before publication
7. The Bank and/or its affiliate(s) effected an agreement with the analyzed company for the preparation of the financial analysis
8. The Bank and/or its affiliate(s) holds a trading position in shares of the analyzed company
9. The Bank and/or its affiliate(s) has other important financial interests in relation to the analyzed company

In relation to the security or financial instrument discussed in this analyses the following possible conflict of interest exists: (7)

The Bank have set up effective organizational administrative arrangements to prevent and avoid possible conflicts of interest and, where applicable, to disclose them. The Quirin research analysts involved in issuing research reports operate independently of Quirin Investment Banking business. Information barriers and procedures are in place between the research analysts and staff involved in securities trading for the account of Quirin or clients to ensure the price sensitive information is treated according to applicable laws and regulations.

The valuation underlying the rating of the company analyzed in this report is based on generally accepted and widely used methods of fundamental valuation, such as the DCF model, Free Cash Flow Value Potential, peer group comparison and – where applicable – a sum-of-the-parts model.

We do not commit ourselves in advance to whether and in which intervals an update is made. The document and the recommendation and the estimations contained therein are not linked – whether directly or indirectly – to the compensation of the analyst responsible for the document.

All share prices given in this equity analysis are closing prices from the last trading day before the publication date stated, unless another point in time is explicitly stated.

The rating in this report are based on the analyst's expectation of the absolute change in stock price over a period of 6 to 12 months and reflect the analyst's view of the potential for change in stock price as a percentage. The BUY and SELL ratings reflect the analyst's expected high change in the value of the stock.

The levels of change expressed in each rating categories are:

BUY > +10%

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

SELL > -10%.

Analyst certification

Ralf Marinoni, financial analyst, hereby certifies that all of the views expressed in this report accurately reflect my personal views about any and all of the subject securities or issuers discussed herein. In addition, I hereby certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this research report, nor is it tied to any specific investment banking transaction performed by the Bank or its affiliates.

Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
08.03.2022	75.00	Buy	
03.11.2021	75.00	Buy	
28.09.2021	75.00	Buy	
11.05.2021	73.00	Buy	
22.03.2021	60.00	Buy	16.06.2020

Bank distribution of ratings and in proportion to investment banking services can be found on the internet at the following address:

<https://www.quirinprivatbank.de/kapitalmarktgeschaefit/institutionelles-research>

Bank disclosures, conflict of interest on complete list of financial analysis on the last 12 month can be found on the internet at the following address:

<https://research.quirinprivatbank.de/content/disclosures>

Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Str. 108 , 53117 Bonn

Contact Quirin Privatbank AG Frankfurt am Main

Schillerhaus / Schillerstraße 20 / 60313 Frankfurt am Main

Management Board: Karl Matthäus Schmidt • Johannes Eismann •

Contact Details

Quirin Privatbank AG

Schillerhaus | Schillerstrasse 20 | 60313 Frankfurt am Main

Tel.: +49 69 2 47 50 49-0 | Fax: +49 69 2 47 50 49-44 | Institutional-Sales-FFM@quirinprivatbank.de

Equity Research	Tel.	Email
Klaus Soer	+49 (0) 69 2475049-27	klaus.soer@quirinprivatbank.de
Ralf Marinoni	+49 (0) 69 2475049-24	ralf.marinoni@quirinprivatbank.de
Sebastian Droste	+49 (0) 69 2475049-26	sebastian.droste@quirinprivatbank.de
Daniel Kukalj	+49 (0) 69 2475049-28	daniel.kukalj@quirinprivatbank.de
Katharina Schmenger	+49 (0) 69 2475049-61	katharina.schmenger@quirinprivatbank.de

Equity Sales	Tel.	Email
Klaus Korzilius	+49 (0) 69 2475049-25	klaus.korzilius@quirinprivatbank.de
Oliver Mattickl	+49 (0) 69 2475049-74	oliver.mattickl@quirinprivatbank.de
Klaus Messenzehl	+49 (0) 69 2475049-46	klaus.messenzehl@quirinprivatbank.de
Bruno de Lencquesaing	+49 (0) 69 2475049-81	bruno.delencquesaing@quirinprivatbank.de

Fixed Income Sales	Tel.	Email
Jürgen Raabe	+49 (0) 69 2475049-41	juergen.raabe@quirinprivatbank.de
Janine Kaiser	+49 (0) 69 24750 49-83	janine.kaiser@quirinprivatbank.de
Michael Laufenberg	+49 (0) 69 2475049-48	michael.laufenberg@quirinprivatbank.de
Roman Piroutek	+49 (0) 69 2475049-47	roman.piroutek@quirinprivatbank.de

Trading / Sales Trading	Tel.	Email
Jean-Marie Frémion	+49 (0) 69 2475049-90	jean-marie.fremion@quirinprivatbank.de
Lars Haussmann	+49 (0) 69 2475049-76	lars.haussmann@quirinprivatbank.de
Peter Rumstich	+49 (0) 69 2475049-65	peter.rumstich@quirinprivatbank.de
Carsten Pfersdorf	+49 (0) 69 2475049-75	carsten.pfersdorf@quirinprivatbank.de

Business Support	Tel.	Email
Suganya Sutharsan	+49 (0) 69 2475049-88	suganya.sutharsan@quirinprivatbank.de