

6 March 2024

CLIQ Digital AG

Rating Buy
Share price (EUR) 18.18
Target price (EUR) 80.00

Bloomberg CLIQ GY
Sector TMT

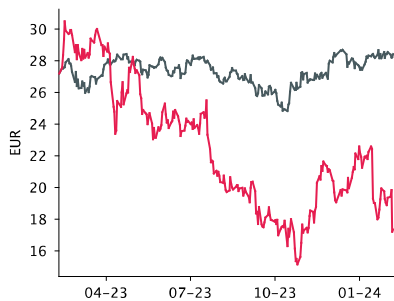
Share data

Shares out (m) 6.5
Daily volume shs (k) 20.0
Free float (%) 91.00
Market cap (EUR m) 113
EV (EUR m) 82
DPS (EUR) 0.00
Dividend yield (%) 0.0
Payout ratio (%) 0.0

Performance

ytd (%) -12.7
12 months (%) -37.3
12 months rel. (%) -40.1
Index Scale

Share price performance



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

Source: Bloomberg

Next triggers

04 April 2024: AGM
08 May 2024: Q1 Report

Analysts

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

Please see final page for important disclaimers and disclosures

FY 2024: Further growth & share buyback

In FY 2023 CLIQ once again increased EBITDA, cash flows and equity. For the current business year, CLIQ assumes further growth of sales and EBITDA. We consider this to be realistic, in particular due to a smarter and larger marketing approach of its bundled-content streaming services. We therefore confirm our Buy recommendation and the EUR 80 TP.

FY 2023: Strong EBITDA and free Cash Flow, no bank liabilities, equity ratio at 67%

In FY 2023, CLIQ's sales grew by 18% yoy to EUR 326m up from EUR 276m in FY 2022. Once again growth was driven by increased online advertising campaigns promoting bundled-content streaming services. Regionally, North American and European sales in FY 2023 grew by 25% and 7%, respectively, whereby the market environment in Europe remained competitive. During the conference call board member Ben Bos mentioned that customer acquisitions costs have strongly risen in H2-23 which was a limiting factor for the European business, too.

Nevertheless, EBITDA increased by 16% to EUR 50m (FY 2023: EUR 44m) in line with guidance. The EBITDA margin for FY 2023 was at 15.4% and therefore again above the 15% level (FY 2022: 15.8%). Its operating free cash flow was up 21% yoy to EUR 19m (PY: EUR 15m) despite increased customer acquisition costs. Its net cash position was EUR 16m – a yoy increase of EUR 6m, despite the EUR 12m dividend paid out in FY 2023. The equity ratio climbed from 60% (FY 2022) to 67%.

FY 2024: Further growth ahead

For FY 2024 sales are expected to be between EUR 360m and EUR 380m, driven by stronger marketing activities (between EUR 150m and EUR 170m customer acquisition costs). EBITDA is thereby expected to range between EUR 52m and EUR 58m.

Share buyback program: tailwind for the share

CLIQ's Management Board and Supervisory Board resolved to initiate a share buyback program and not to pay a dividend from the Company's 2023 balance sheet profit. The share buyback will return capital to its shareholders of up to EUR 13m – this corresponds to 43% of the Group's operating cash flow in FY 2023. The program is to be completed within twelve months. Up to 646,871 of CLIQ's shares may be repurchased over the stock exchange in accordance with the authorization granted by the general shareholders meeting of April 2022.

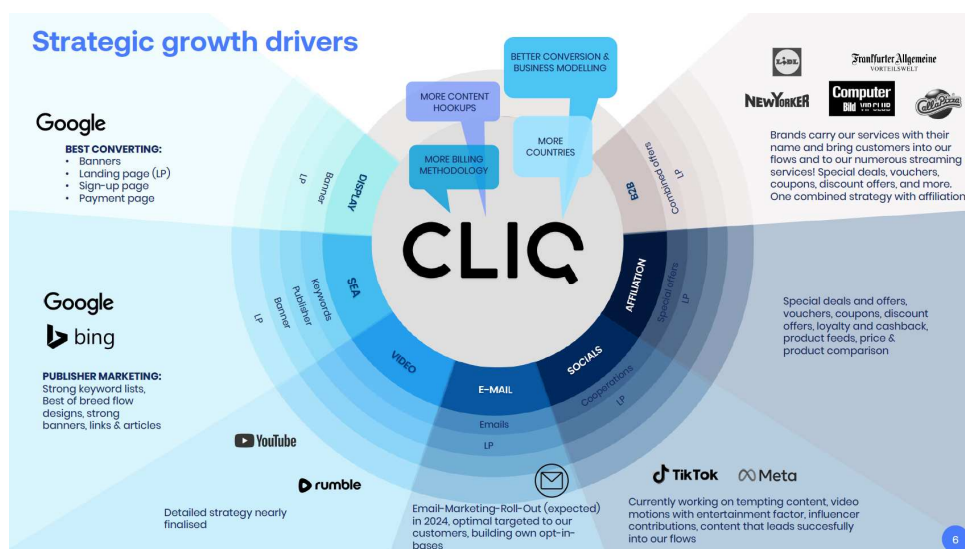
For the time being our estimates do not reflect the share buyback program, neither in terms of cash reduction nor higher EPS. However, we view the share buyback program as positive and an important step to boost shareholder value.

Key figures		2022	2023	2024e	2025e	2026e
Sales	EUR m	276	326	372	423	481
EBITDA	EUR m	44	50	55	64	74
EBIT	EUR m	42	46	50	58	66
EPS	EUR	4.47	4.90	5.41	6.26	7.25
Sales growth	%	84.1	18.2	13.9	13.8	13.8
EBIT growth	%	60.1	9.0	8.8	15.4	15.4
EPS growth	%	63.2	9.6	10.4	15.7	15.9
EBITDA margin	%	15.8	15.4	14.9	15.2	15.4
EBIT margin	%	15.2	14.1	13.4	13.6	13.8
Net margin	%	10.5	9.8	9.5	9.6	9.8
EV/Sales	ratio	0.37	0.30	0.22	0.14	0.07
EV/EBITDA	ratio	2.4	1.9	1.5	0.9	0.4
EV/EBIT	ratio	2.4	2.1	1.6	1.0	0.5
P/E	ratio	5.4	4.8	3.2	2.8	2.4
P/BV	ratio	1.9	1.5	0.8	0.6	0.5
Dividend yield	%	7.4	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

Seven strategic growth drivers

In November 2023, the Management Board presented its seven strategic growth drivers going forward with a clear focus on extending its marketing outreach and optimizing conversions for both its numerous streaming services and for its flagship service: in addition to its existing display adverts, CLIQ will increasingly target and acquire new members via search engines, affiliate and B2B partners, video channels, email as well as social media. The company will also enter into new markets, use more content hookups and offer more customer payment options:



Source: CLIQ, Quirin Privatbank

So far CLIQ's most important marketing channel for many years has been Google Display, a very successful partnership and one which has driven its multiyear growth strategy. The display market remains one of the most important channels to source traffic to its services. However, in recent times - in particular FY 2023 - prices CLIQ had to pay in auctions for its display and space have risen and remained high, especially in Europe.

During the FY 2023 earnings call Board member Ben Bos referred to the seven growth drivers and explained that the company is going to increase its outreach and improve its marketing efficiency. One of those new traffic sources is search: Potential new members are googling for content, for example in the movie sector. CLIQ will bid on such keywords and many others of course, which gives the searches a hit to an article about specific content. This has already been successfully tested in the U.S. and will be rolled out in further regions going forward.

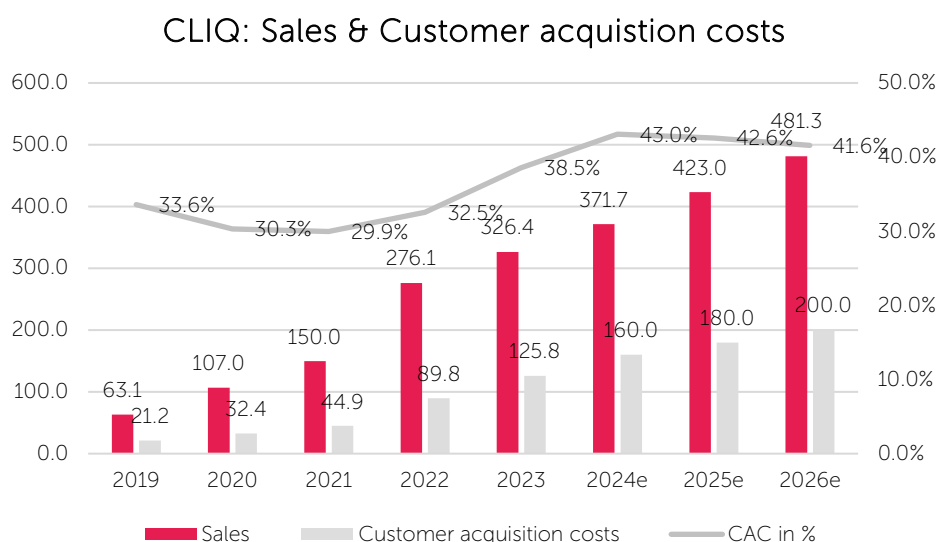
He added that the market for moving image advertisement formats is developing away from linear television and towards digital video formats. This is the second largest impression source in the U.S. and a strongly growing ad market also for CLIQ.

In addition, CLIQ intends to target and source further traffic via social media, both directly with its content as well as indirectly via influencers. Furthermore, the company started to promote its service with co-operation partners such as Lidl, NEW YORKER and Call a Pizza that have delivered satisfying conversion rates according to CLIQ. Most recently, CLIQ has partnered with Lidl, once again, as well as with the subscriber base of the FAZ (Frankfurter Allgemeine Zeitung), and COMPUTER BILD.

Germany: Regarding Cliq.de – its flagship service in Germany – Ben Bos added that despite a rocky start, this service has great potential going forward. Currently, CLIQ counts a solid five digit number of members.

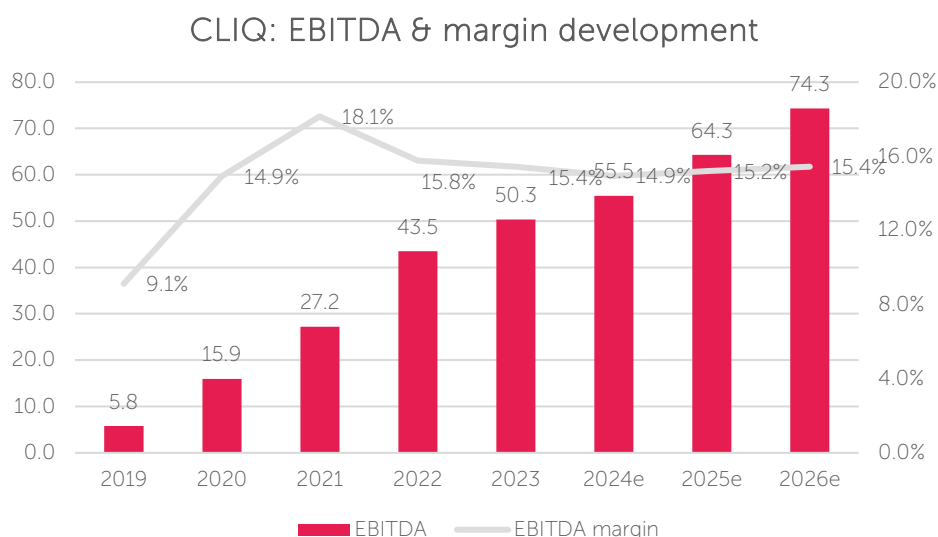
KPIs

The cost for acquiring new customers is an important performance indicator for the Group. The total customer acquisition costs reflect all advertising costs incurred in the reporting period for attracting new members and subsequently generate future sales. This position is a major source of CLIQ's growth momentum, in FY 2023 it amounted to EUR 125.8m compared to EUR 89.8m in FY 2022. The following table shows that sales growth follows increased customer acquisition costs:



Source: Quirin Privatbank, CLIQ Digital

EBITDA in FY 2023 was up 16% against prior year to EUR 50.3m – the highest amount ever generated by the Group. The margin came in at 15.4% (FY 2022: 15.8%). We assume that CLIQ will be able to generate margins again above the 15%-level in the mid-term:

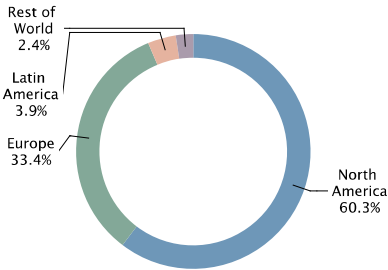


Source: Quirin Privatbank, CLIQ Digital

Company description

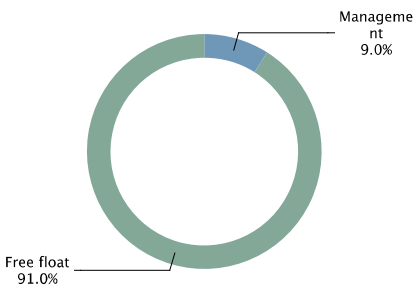
The CLIQ Digital Group markets subscription-based streaming services that bundle movies & series, music, audiobooks, sports and games to consumers globally. The Group licences streaming content from partners, bundles it and sells the content through its numerous streaming services. Over the years, CLIQ Digital has become a specialist in online advertising and creating streaming services that are advertised towards specific consumer groups.

Revenues by region 2023



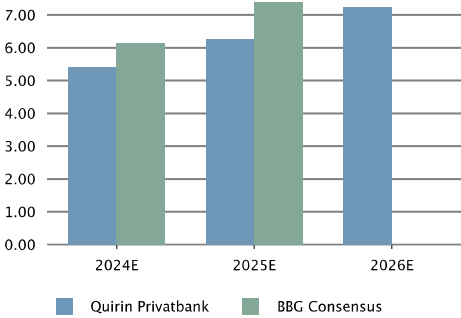
Source: Company data

Shareholder structure



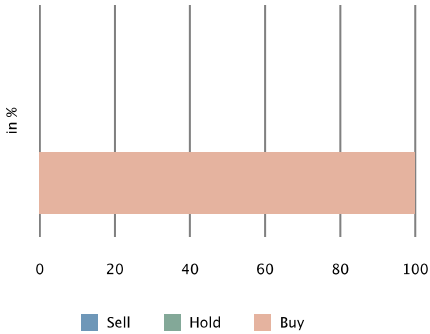
Source: Company data

EPS: Quirin Privatbank vs. consensus



Source: Quirin Privatbank Research, Bloomberg

Recommendation Overview



Source: Bloomberg

Company guidance 2024

Sales are expected to be between EUR 360m and EUR 380m, EBITDA is thereby expected to range between EUR 52m and EUR 58m.

Profit & loss statement

Profit & loss statement (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Sales	276.1	84.1 %	326.4	18.2 %	371.7	13.9 %	423.0	13.8 %	481.3	13.8 %
Cost of sales	201.3		241.7		275.3		313.3		356.5	
Gross profit	74.8		84.6		96.4		109.7		124.8	
Personell expenses	20.7		24.8		29.7		33.3		37.2	
Other operating income	0.0		0.0		0.0		0.0		0.0	
Other operating expenses	12.0		14.0		16.8		18.9		21.1	
EBITDA	43.5	60.0 %	50.3	15.7 %	55.5	10.2 %	64.3	15.9 %	74.3	15.6 %
EBITDA margin (%)	15.76		15.42		14.92		15.19		15.43	
EBIT	42.1	60.1 %	45.9	9.0 %	49.9	8.8 %	57.6	15.4 %	66.5	15.4 %
EBIT margin (%)	15.24		14.05		13.42		13.61		13.81	
Net interest	-1.2		-0.9		-0.1		-0.2		-0.2	
Income from Participations	n.a.		n.a.		n.a.		n.a.		n.a.	
Net financial result	-1.2		-0.9		-0.1		-0.2		-0.2	
Exceptional items	n.a.		n.a.		n.a.		n.a.		n.a.	
Pretax profit	40.9	61.2 %	45.0	10.1 %	49.8	10.7 %	57.4	15.3 %	66.3	15.5 %
Pretax margin (%)	14.80		13.79		13.40		13.57		13.78	
Taxes	11.9		13.2		14.4		16.5		18.9	
Tax rate (%)	29.14		29.25		29.00		28.75		28.50	
Earnings after taxes	29.0		31.8		35.4		40.9		47.4	
Minorities	-0.1		0.0		0.1		0.2		0.2	
Group attributable income	29.0	63.0 %	31.8	9.6 %	35.2	10.6 %	40.7	15.7 %	47.2	15.9 %
No. of shares (m)	6.5		6.5		6.5		6.5		6.5	
Earnings per share (EUR)	4.47	63.2 %	4.90	9.6 %	5.41	10.4 %	6.26	15.7 %	7.25	15.9 %

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Assets										
Cash and cash equivalents	16.8		15.7		36.4		58.5		86.0	
Accounts receivables	13.6		20.5		31.4		43.7		59.8	
Inventories	0.0		0.0		0.0		0.0		0.0	
Other current assets	39.6		48.5		58.5		68.5		78.5	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	70.0	89.9 %	84.8	21.1 %	126.3	49.0 %	170.8	35.2 %	224.3	31.3 %
Fixed assets	5.0		4.0		9.8		14.2		17.1	
Goodwill	47.4		47.5		47.5		47.5		47.5	
Other intangible assets	8.4		12.1		12.1		12.1		12.1	
Financial assets	2.0		2.0		2.0		2.0		2.0	
Deferred taxes	1.6		1.7		1.7		1.7		1.7	
Other fixed assets	0.7		2.6		2.6		2.6		2.6	
Total fixed assets	65.1	9.6 %	69.9	7.4 %	75.7	8.4 %	80.1	5.8 %	83.0	3.6 %
Total assets	135.1	40.3 %	154.7	14.5 %	202.1	30.6 %	250.9	24.2 %	307.3	22.5 %
Equity & Liabilities										
Subscribed capital	6.5		6.5		6.5		6.5		6.5	
Reserves & other	58.1		58.1		58.1		58.1		58.1	
Revenue reserves	16.8		38.6		73.8		114.6		161.8	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity	81.3	36.5 %	103.1	26.8 %	138.3	34.2 %	179.0	29.5 %	226.2	26.4 %
Minorities	-0.1		-0.1		-0.1		-0.1		-0.1	
Shareholder's equity incl. minorities	81.3	36.5 %	103.1	26.8 %	138.3	34.2 %	179.0	29.5 %	226.2	26.4 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	6.6		0.0		5.0		5.0		5.0	
Tax liabilities	10.5		14.3		16.3		18.5		21.1	
Other liabilities	5.5		3.4		3.9		4.4		5.0	
Total long-term debt	22.6	139.2 %	17.7	-21.6 %	25.2	42.1 %	27.9	11.1 %	31.1	11.3 %
Short-term debt										
Other provisions	0.4		0.4		0.4		0.5		0.6	
Trade payables	9.5		13.1		14.9		17.0		19.3	
Financial debt	0.0		0.0		0.0		0.0		0.0	
Other liabilities	18.7		13.5		15.4		17.6		20.0	
Total short-term debt	31.2	14.5 %	33.9	8.6 %	38.6	13.9 %	43.9	13.8 %	50.0	13.8 %
Total equity & liabilities	135.1	40.3 %	154.7	14.5 %	202.1	30.6 %	250.9	24.2 %	307.3	22.5 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2022	2023	2024e	2025e	2026e
Per share data (EUR)					
EPS	4.47	4.90	5.41	6.26	7.25
Book value per share	12.5	15.9	21.2	27.5	34.8
Free cash flow per share	0.0	1.4	2.0	2.4	0.0
Dividend per share	1.79	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	0.38	0.31	0.23	0.15	0.07
EV/EBITDA	2.4	2.0	1.5	1.0	0.5
EV/EBIT	2.5	2.2	1.7	1.1	0.5
P/E	5.4	4.8	3.3	2.8	2.5
P/B	1.9	1.5	0.8	0.6	0.5
Dividend yield (%)	7.4	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	84.1	18.2	13.9	13.8	13.8
EBITDA growth (%)	60.0	15.7	10.2	15.9	15.6
EBIT growth (%)	60.1	9.0	8.8	15.4	15.4
EPS growth (%)	63.2	9.6	10.4	15.7	15.9
Profitability ratios					
EBITDA margin (%)	15.8	15.4	14.9	15.2	15.4
EBIT margin (%)	15.2	14.1	13.4	13.6	13.8
Net margin (%)	10.5	9.8	9.5	9.6	9.8
ROCE (%)	32.7	28.1	23.5	21.4	20.1
Financial ratios					
Total equity (EUR m)	81.3	103.1	138.3	179.0	226.2
Equity ratio (%)	60.2	66.6	68.4	71.4	73.6
Net financial debt (EUR m)	-10.2	-15.4	-31.4	-53.5	-81.0
Net debt/Equity	0.6	0.7	0.7	0.7	0.7
Interest cover	34.5	53.1	570.1	329.1	379.9
Net debt/EBITDA	-0.2	-0.3	-0.6	-0.8	-1.1
Payout ratio (%)	40.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	38.8	50.9	87.7	126.9	174.3
Working capital/Sales	0.14	0.16	0.24	0.30	0.36

Source: Company data, Quirin Privatbank estimates

Legal Disclaimer

This report was completed 06/03/2024 13:27 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: (5, 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
06.03.2024	80.00	Buy	
10.11.2023	80.00	Buy	
08.08.2023	87.00	Buy	
05.05.2023	87.00	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/kapitalmarktgeschaef/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
Marcel Ghazi	+49 (0) 69 2475049-18	marcel.ghazi@quirinprivatbank.de
Vincent Steindl	+49 (0) 69 2475049-29	vincent.steindl@quirinprivatbank.de

Equity Sales	Tel.	Email
Klaus Korzilius	+49 (0) 69 2475049-25	klaus.korzilius@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