

Buy (old: Buy)

08.05.2023

EUR 76.60 (old: EUR 76.60)

Record Q1: the value for money one cannot refuse // chg. est.

Yesterday, CLIQ Digital reported a strong set of Q1 numbers. Here are the key takeaways:

Q1 sales were a good 32% ahead of expectations (eNuW € 62m) **and up roughly 58% yoy**. While we had expected a more pronounced sequential ramp-up in revenues over the course of the year, the company's strong start into the year could now even hint at a higher 2023 revenue guidance for FY23. This will partly depend on management's decision regarding marketing spend, which is currently guided at over € 120m. Growth was carried by intensified online marketing of bundled content streaming, accounting for a good 93% of total sales, up from 82% in Q1 22. What is more, the company is simply doing away with the possibility to sign up for two single content services for credit card payers, which by now accounts for 93% of sales (vs. 82% in Q1 22). While having a minor impact on revenues, this initiative significantly enhances customer experience while at the same time reducing complexity and costs.

Q1 EBITDA was significantly ahead of expectations (eNuW € 7.2m) **and up 54.2% yoy**. The margin was only marginally down yoy at 15.4% while we had expected a more significant deterioration of 4.4 pts yoy, due to significantly higher marketing spend including brand marketing backing the Cliq.de portal launch. This was clearly made up by better revenue development, in times where "value for money" resonates well with cost-conscious consumers and better cost control. The brand marketing campaign for Cliq.de is essentially launching in Q2. Q1 marketing costs accelerated by 3 pts yoy to 36% of sales as pricing remains high and with some online advertising platforms changing their key account set-up which led to extra costs. For FY 2023, we expect a marketing cost ratio closer to 33%.

Cash flow from operations was 2.5x of prior year level, and 2x estimates while FCF was 1.5x better, despite the company spending more on licensed content and to set up cliq.de.

Strong FY23 guidance. Management expects sales of > € 345m and EBITDA of > € 50m and marketing spend > € 120m is maintained, while **we see upside potential** should management decide to spend more on marketing.

Remains a BUY with an unchanged PT of € 76.60 based on FCFY 23e & 24e. Unique exposure to value for money streaming. – *continued*

Share Performance



High/low 52 weeks (€)	32.70 / 16.64
3m rel. performance	-18.3%
6m rel. performance	-1.1%
12m rel. performance	0.8%

Market data

Share price (in €)	25.25
Market cap (in € m)	163.4
Number of shares (in m pcs)	6.5
Enterprise value (in € m)	153.9
Ø trading volume (6 months)	11,878

Identifier

Bloomberg	CLIQ GR
Reuters	CLIQ
WKN	A0HHJR
ISIN	DE000A0HHJR3

Key shareholders

Members of Mgmt. & Supervisory Boards	11.0%
Free float	89.0%

Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	-2%	-2%	-2%
EPS	-2%	-2%	-2%

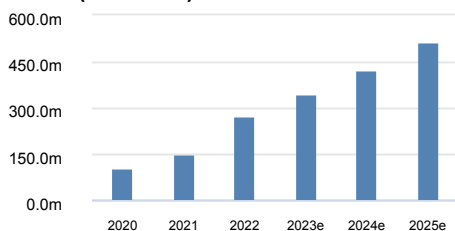
Comment on changes

- We are cutting EPS by 2% on average into 2025e on the back of higher D&A, predominantly due to the development of the platform and higher right-of-use assets (leases).
- Cash generation is trimmed.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	107.0	150.0	276.1	345.1	424.4	513.6
Sales growth	69.4%	40.2%	84.1%	25.0%	23.0%	21.0%
EBITDA	15.9	27.2	44.5	52.0	62.0	73.0
Net debt (if net cash=0)	2.0	1.5	-3.9	-9.8	-25.0	-38.1
FCF	14.1	17.5	13.8	17.6	28.6	29.3
Net Debt/EBITDA	0.1	0.1	0.0	0.0	0.0	0.0
EPS pro forma	1.14	2.74	4.43	5.16	6.22	7.39
EBITDA margin	14.9%	18.1%	16.1%	15.1%	14.6%	14.2%
ROCE	24.8%	40.8%	52.8%	52.6%	49.1%	47.8%
EV/sales	1.5	1.1	0.6	0.4	0.3	0.2
EV/EBITDA	9.9	6.1	3.6	3.0	2.2	1.7
PER	22.0	9.2	5.7	4.9	4.0	3.4
Adjusted FCF yield	5.4%	12.0%	21.4%	27.0%	34.5%	47.0%

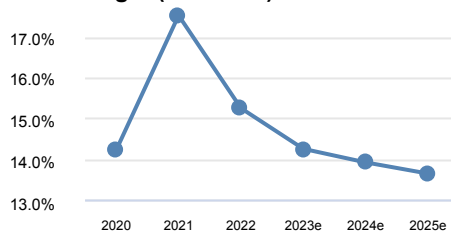
Source: Company data, NuWays, Close price as of 05.05.2023

Sales (2020-25e)



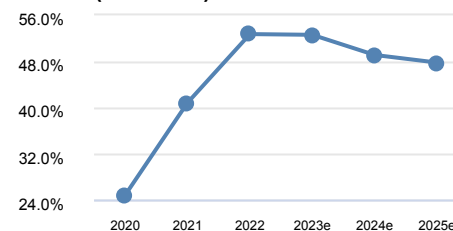
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

ROCE (2020-25e)



Source: NuWays Research

Company description

CLIQ Digital sells subscription-based streaming services that bundle movies, series, audiobooks, sports and games to consumers globally. Operating in more than 30 countries, the company offers exciting niche products to the mass market.

Guidance

- 2023 sales: > € 345m
- 2023 EBITDA: > € 50m

€ m	Q1 23	Q1 22	Q1 23E	yoy	FY 23E
Sales	82.9	52.6	63.1	57.6%	345.1
EBITDA	12.8	8.3	7.2	54.2%	52.0
<i>EBITDA margin</i>	15.4%	15.8%	11.4%	-33.9%	15.1%
EBIT	11.9	8.0	6.8	48.9%	49.2
<i>EBIT margin</i>	14.4%	15.2%	10.8%	-83.8%	14.2%
Net profit	8.2	5.8	4.5	41.6%	33.7
<i>Net margin</i>	9.9%	11.0%	7.1%	-111.7%	9.8%
EPS	€ 1.26	€ 0.90	€ 0.69	40.0%	5.18
CFO	4.1	1.6	2.0	153.7%	27.6
FCF	1.374	0.163	1.5	745.0%	17.6

Source: NuWays, Company data

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net sales	107.0	150.0	276.1	345.1	424.4	513.6
Sales growth	69.4%	40.2%	84.1%	25.0%	23.0%	21.0%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	107.0	150.0	276.1	345.1	424.4	513.6
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	72.0	98.8	201.3	255.4	316.2	388.5
Personnel expenses	13.7	18.0	20.7	26.5	33.1	37.1
Other operating expenses	5.3	6.0	9.6	11.2	13.2	14.9
Total operating expenses	91.0	122.8	231.6	293.1	362.5	440.5
EBITDA	15.9	27.2	44.5	52.0	62.0	73.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	15.9	27.2	44.5	52.0	62.0	73.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.7	0.9	2.4	2.8	2.9	3.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	15.2	26.3	42.1	49.2	59.1	70.0
Interest income	0.1	0.3	0.0	0.0	0.0	0.0
Interest expenses	0.3	1.2	1.2	1.6	1.7	1.9
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.8	-0.9	-1.2	-1.6	-1.7	-1.9
Recurring pretax income from continuing operations	14.4	25.3	40.9	47.6	57.4	68.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	14.4	25.3	40.9	47.6	57.4	68.1
Income tax expense	4.0	7.1	11.9	13.9	16.7	19.9
Net income from continuing operations	10.4	18.2	29.0	33.7	40.6	48.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	10.4	18.2	29.0	33.7	40.6	48.3
Minority interest	3.3	0.4	0.0	0.0	0.0	0.0
Net profit (reported)	7.2	17.8	29.0	33.7	40.6	48.3
Average number of shares	6.2	6.5	6.5	6.5	6.5	6.5
EPS reported	1.16	2.74	4.47	5.18	6.24	7.42

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sales growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other operating income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Material expenses	67.3%	65.9%	72.9%	74.0%	74.5%	75.7%
Personnel expenses	12.8%	12.0%	7.5%	7.7%	7.8%	7.2%
Other operating expenses	4.9%	4.0%	3.5%	3.2%	3.1%	2.9%
Total operating expenses	85.1%	81.9%	83.9%	84.9%	85.4%	85.8%
EBITDA	14.9%	18.1%	16.1%	15.1%	14.6%	14.2%
Depreciation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	14.9%	18.1%	16.1%	15.1%	14.6%	14.2%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.7%	0.6%	0.9%	0.8%	0.7%	0.6%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	14.2%	17.5%	15.2%	14.2%	13.9%	13.6%
Interest income	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.3%	0.8%	0.4%	0.5%	0.4%	0.4%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	13.4%	16.9%	14.8%	13.8%	13.5%	13.3%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	13.4%	16.9%	14.8%	13.8%	13.5%	13.3%
Income tax expense	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income from continuing operations	9.7%	12.2%	10.5%	9.8%	9.6%	9.4%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	9.7%	12.2%	10.5%	9.8%	9.6%	9.4%
Minority interest	3.1%	0.3%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	6.7%	11.9%	10.5%	9.8%	9.6%	9.4%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	48.9	51.5	55.8	59.0	62.1	65.1
Property, plant and equipment	2.2	3.8	5.0	7.1	9.2	11.3
Financial assets	0.0	1.5	2.7	2.7	2.7	2.7
FIXED ASSETS	51.1	56.8	63.5	68.8	74.0	79.1
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	9.1	12.5	13.6	17.0	20.9	25.3
Other assets and short-term financial assets	7.7	17.0	39.6	63.8	74.0	88.3
Liquid assets	4.9	7.3	16.8	22.7	37.9	51.0
Deferred taxes	4.1	2.6	1.6	2.0	2.4	2.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	25.9	39.4	71.6	105.5	135.2	167.5
TOTAL ASSETS	77.0	96.2	135.1	174.3	209.2	246.6

SHAREHOLDERS EQUITY	50.8	59.6	81.4	101.5	128.7	160.7
MINORITY INTEREST	4.8	0.0	-0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.4	0.4	0.4	0.4
Other provisions and accrued liabilities	0.7	1.5	1.7	2.1	2.1	2.1
short-term liabilities to banks	0.0	5.0	6.6	6.6	6.6	6.6
Accounts payable	2.0	7.9	9.5	20.8	25.6	31.0
Accounts receivable	9.1	12.5	13.6	17.0	20.9	25.3
Other liabilities (incl. from lease and rental contracts)	10.0	14.4	18.7	23.4	23.4	23.4
Deferred taxes	1.7	4.0	10.5	13.1	16.1	16.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	12.0	22.3	28.3	44.2	49.0	54.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	76.9	96.2	135.1	174.2	209.2	246.6

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	63.5%	53.5%	41.3%	33.9%	29.7%	26.4%
Property, plant and equipment	2.8%	4.0%	3.7%	4.0%	4.4%	4.6%
Financial assets	0.0%	1.6%	2.0%	1.5%	1.3%	1.1%
FIXED ASSETS	66.4%	59.0%	47.0%	39.5%	35.4%	32.1%
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	11.8%	13.0%	10.1%	9.8%	10.0%	10.3%
Other assets and short-term financial assets	10.1%	17.7%	29.3%	36.6%	35.4%	35.8%
Liquid assets	6.4%	7.6%	12.4%	13.0%	18.1%	20.7%
Deferred taxes	5.4%	2.7%	1.2%	1.1%	1.2%	1.2%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	33.6%	41.0%	53.0%	60.5%	64.6%	67.9%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	66.1%	61.9%	60.2%	58.3%	61.5%	65.2%
MINORITY INTEREST	6.3%	0.0%	-0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.3%	0.2%	0.2%	0.2%
Other provisions and accrued liabilities	0.9%	1.6%	1.3%	1.2%	1.0%	0.9%
short-term liabilities to banks	0.0%	5.2%	4.9%	3.8%	3.1%	2.7%
Accounts payable	2.6%	8.2%	7.1%	11.9%	12.2%	12.6%
Accounts receivable	11.8%	13.0%	10.1%	9.8%	10.0%	10.3%
Other liabilities (incl. from lease and rental contracts)	13.0%	15.0%	13.9%	13.4%	11.2%	9.5%
Deferred taxes	2.3%	4.2%	7.8%	7.5%	7.7%	6.5%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current liabilities	15.6%	23.2%	20.9%	25.4%	23.4%	22.0%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	10.4	18.2	29.0	33.7	40.6	48.3
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill & intangible assets	0.7	0.9	2.4	2.8	2.9	3.0
Others	-0.3	-13.6	-0.4	0.0	0.0	0.0
Cash flow from operating activities	14.4	20.4	23.4	27.2	33.8	34.4
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.9	-3.4	-1.1	-3.4	-3.9	-4.4
Increase/decrease in accounts payable	-0.0	5.9	1.6	11.3	4.8	5.4
Increase/decrease in other working capital positions	0.0	0.0	-10.8	-17.2	-7.7	-14.8
Increase/decrease in working capital	-0.9	2.6	-10.4	-9.4	-6.8	-13.9
Cash flow from operating activities	14.8	20.8	23.8	27.6	36.7	37.4
CAPEX	0.7	3.3	9.9	10.0	8.1	8.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	1.5	0.0	0.0	0.0
Cash flow from investing activities	-0.7	-3.3	-8.4	-10.0	-8.1	-8.1
Cash flow before financing	12.0	14.2	8.2	5.9	15.2	13.1
Increase/decrease in debt position	-1.2	0.8	-0.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	2.1	3.3	7.1	11.6	13.5	16.3
Others	-0.3	-13.6	-0.4	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.0	1.0	1.8	0.0	0.0	0.0
Cash flow from financing activities	-3.6	-16.1	-7.7	-11.6	-13.5	-16.3
Increase/decrease in liquid assets	10.5	2.4	9.5	5.9	15.2	13.1
Liquid assets at end of period	4.9	7.3	16.8	22.7	37.9	51.0

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	69.4%	40.2%	84.1%	25.0%	23.0%	21.0%
EBITDA growth	313.7%	372.8%	178.7%	91.1%	39.4%	40.6%
EBIT growth	409.6%	450.9%	176.7%	87.1%	40.3%	42.5%
EPS growth	232.1%	686.2%	286.4%	89.0%	39.7%	43.3%
Efficiency						
Sales per employee	1,296.4	1,497.6	2,193.6	2,464.9	2,829.7	3,209.9
EBITDA per employee	193.3	271.4	353.2	371.1	413.0	456.5
No. employees (average)	82	100	126	140	150	160
Balance sheet analysis						
Avg. working capital / sales	5.3%	3.6%	2.0%	0.1%	-0.1%	-0.9%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	31.0	30.4	18.0	18.0	18.0	18.0
Accounts payable turnover	6.8	19.3	19.3	22.0	22.0	22.0
Cash flow analysis						
Free cash flow	14.1	17.5	13.8	17.6	28.6	29.3
Free cash flow/sales	13.2%	11.7%	5.0%	5.1%	6.7%	5.7%
FCF / net profit	135.5%	96.1%	47.7%	52.1%	70.5%	60.7%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.0	1.5	-3.9	-9.8	-25.0	-38.1
Net Debt/EBITDA	0.1	0.1	0.0	0.0	0.0	0.0
Dividend payout ratio	39.8%	40.0%	40.2%	40.0%	40.0%	40.0%
Interest paid / avg. debt	2.6%	10.8%	12.4%	14.8%	13.2%	14.8%
Returns						
ROCE	24.8%	40.8%	52.8%	52.6%	49.1%	47.8%
ROE	14.1%	29.9%	35.6%	33.2%	31.6%	30.0%
Adjusted FCF yield	5.4%	12.0%	21.4%	27.0%	34.5%	47.0%
Dividend yield	1.8%	4.4%	7.1%	8.3%	9.9%	11.8%
DPS	0.5	1.1	1.8	2.1	2.5	3.0
EPS reported	1.16	2.74	4.47	5.18	6.24	7.42
Average number of shares	6.2	6.5	6.5	6.5	6.5	6.5
Valuation ratios						
P/BV	3.1	2.7	2.0	1.6	1.3	1.0
EV/sales	1.5	1.1	0.6	0.4	0.3	0.2
EV/EBITDA	9.9	6.1	3.6	3.0	2.2	1.7
EV/EBIT	10.3	6.3	3.8	3.1	2.3	1.8

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

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- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
- (4) The analysed company holds 5% or more of the share capital of NuWays AG.
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Company	Disclosures
CLIQ Digital AG	2,8

Historical target price and rating changes for CLIQ Digital AG

Company	Date	Analyst	Rating	Target Price	Close
CLIQ Digital AG	06.12.2022	Sennewald, Philipp	Buy	EUR 70.00	EUR 26.95

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

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