Super strong start into 2023 for CLIQ Digital

CLIQ Digital has reported an especially strong first quarter, beating at each line in the P&L (revenue +58%, EBITDA +54%) and the high level of marketing spend should underpin a continuing strong development for the rest of the year. Member numbers have increased by c100k yoy (now 1.2m) with CLIQ Digital's focus on a family-orientated proposition proving to be a winner with streaming customers. FY'23 guidance is confirmed but looks comfortable after this Q1 result and we believe that our existing forecasts are underpinned by these results. We confirm our EUR 74 TP and reiterate our BUY rating.

Significant revenue growth seen in Q1, esp. the multi-content / bundled portals

For Q1'23 CLIQ has reported a significant jump in revenue, increasing 58% to EUR 82.7m (PASe 67.1m), with growth in North America still the dominant force with an increase of 54% to EUR 44.3m, and sales in Europe also jumping 54% at EUR 33.4m, with EUR 5.3m ROW of which EUR 3.0m was reported for the new region of Latin America. Revenue growth by service was highest in bundled-content streaming portals with sales jumping 79% (EUR 77.0m) due to the significant increase in and improvement of the licenced content across nearly all categories growth, whilst single-content portals reduced 17% (EUR 5.9m).

Economies of scale support a big improvement in EBITDA, despite additional marketing spend

EBITDA in Q1'23 increased by 54% to EUR 12.8m (PASe 10.0m), albeit the margin eased slightly from 15.8% level seen in Q1'22 to now still a strong 15.4%. The driver here is the securing of economies of scale on that high sales increase, despite that the marketing spend jumping to EUR 32.9m (+46% due to both an increased advertising volume and slightly higher advertising prices), with personnel expenses EUR 6.6m (+36%) and OOE EUR 2.1m (+42%). However, the CLIQ profitability index (based on six-months view) slipped to 1.28x (1.48x).

FY guidance looks well underpinned by the Q1'23 performance, Buy rating confirmed

With a new disclosure format, member numbers for bundled and single-content streaming services have increased by 100k yoy (now 1.2m) with CLIQ Digital's focus on a family-orientated proposition proving to be a winner with streaming customers. The Lifetime Value of Customer Base (LTVCB calculated by multiplying the number of members by their individual remaining lifetime value) is now EUR 147m (31/03/2022: EUR 104m) and represents the total sales that is expected to be generated by the existing member base. FY guidance is confirmed but looks comfortable after this Q1, calling for revenue >EUR 345m and EBITDA >EUR 50m after an investment in marketing spend >EUR 120m. We believe that our existing forecasts are underpinned by these results and confirm our EUR 74 TP and Buy rating.

Mark Josefson
+49 69 58997 437, mark.josefson@paretosec.com