

Slight miss to expectations but still good Q3 development

CLIQ Digital reported another positive development in revenues (+8%), EBITDA (+7%) and cash flow (at EUR 5m) in Q3, although each of these are a touch below PAsE, with the muted consumer sentiment biting more than thought. FY guidance still looks reasonable after 9M despite the miss to PAsE, in calling for revenue >EUR 345m and EBITDA >EUR 50m. We currently have a Buy rating with EUR 74 PT.

Q3 revenue growth slows to 8%, with a decline in European streaming

CLIQ's top line expansion continued strongly in Q3'23, albeit that growth of 8% to EUR 83m was below expectations (PAsE EUR 89m), with sales in Europe a disappointment in dropping 7% to EUR 27m. Strong growth in North America was again the key revenue driver with an increase of 18% to EUR 53m, (in line with PAsE) and accounting for 64% of the group total, with the relatively new streaming operations in Latin America at EUR 3m (+162%) and EUR 2m reported (-56%) in ROW. As expected, revenue growth by service was highest in multi-content portals with sales increasing 16% (EUR 78m) due to the significant increase in and improvement of the licensed content across nearly all categories growth, whilst single-content portals expectedly dropped 33% (EUR 5m).

Q3 EBITDA increases 7% despite heavy investment in customer acquisition costs

EBITDA in Q3'23 rose 7% to EUR 13.3m (PAsE 14.1m), with the margin declining to 15.9% (Q3'21: 16.2%). The key point here is that the group continues to invest heavily in the marketing spend at EUR 35.1m (+15%) still supporting growth in the subscription business. This increase resulted in a greater number of marketing campaigns to acquire new members with a higher lifetime value. The expected average lifetime value (LTV) of newly acquired members during the first nine months 2023 was higher year-on-year at EUR 85 (9M 2022: EUR 72), due to selling more bundled-content services than single-content services.

Detailed report not yet available, but FY estimates still look reasonable

FY guidance is confirmed but looks reasonable after 9M despite the miss to PAsE, calling for revenue >EUR 345m and EBITDA >EUR 50m after an investment in marketing spend >EUR 120m. Although we have yet to see the detailed report, we believe that our existing forecasts are broadly underpinned by these results. We currently have a EUR 74 TP and Buy rating, viewing CLIQ Digital's focus on a family-orientated proposition proving to be a winner with streaming customer.

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