

Under Review (old: Buy)

22.05.2024

n.a. (old: EUR 65.00)

Massive FY'24 guidance cut / recommendation under review

CLIQ released appalling preliminary Q1'24 results, especially on the margin side, and significantly adjusted its FY'24 guidance that had been issued only two months earlier. On the back of the implied limited visibility on the operational developments we put the rating Under Review.

In detail, **Q1 sales decreased by 12% yoy to € 73m** (eNuW: € 85.8m), driven by a lower number of paying members of 1.1m (Q4'23: 1.2m) and a lower LTV per member of € 81 (Q4'23: € 87). The company cited a higher-than-expected churn rate as a result of an expanded refund program by credit card companies as the main reason for the decline. Mind you, more than 90% of payments are processed via credit cards.

EBITDA dropped by 86% yoy and came in at € 1.86m or 2.5% margin (eNuW: € 13.7m or 15.9% margin) as a lower revenue base was met by significantly higher cost of sales (+8ppts to 82%) as well as personnel (+2.6ppts to 10.6%) and other operating expenses (+2.2ppts to 4.8%). The higher cost of sales was driven to a large degree by continued elevated customer acquisition costs as well as a higher amortization rate of contract costs as more members churned along with meaningful investments in CLIQ's tech and IT landscape and cost optimization projects (EBITDA excl. on-offs came in at € 5.4m).

While the company still has a net cash position of € 10.5m as of March 31, 2024, **we regard the operating cash burn** (excl. share buybacks) **of € 4m in Q1 as a concerning development**. The company's negative FCF adds to our unease as the net cash position was an important aspect of the BUY recommendation until now. Although our preliminary calculations based on the data disclosed suggest that the company could end the year with € 5.5m net cash, our new estimates for FY'24e are subject to a high degree of uncertainty.

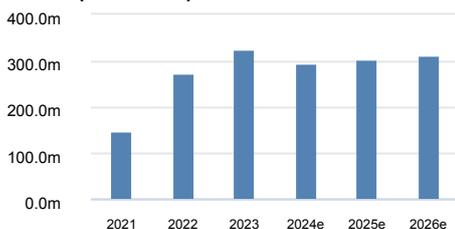
All of this led management to considerably slash the FY'24 guidance it had given at the end of February: **Sales estimates are cut by 17% and seen to arrive at € 300-330m** (old: € 360-380m), **whereas the EBITDA guidance was reduced by 50% to € 26-30m** (old: € 52-58m). As the guidance cut happened only two months after its issuance, the correction clearly underpins the severity of the customer churn and magnitude of the changed credit card policies.

- continued -

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	150.0	276.1	326.4	294.1	302.9	312.0
Sales growth	40.2%	84.1%	18.2%	-9.9%	3.0%	3.0%
EBITDA	27.2	43.5	50.2	20.4	26.6	28.9
Net debt (if net cash=0)	1.5	-3.9	-11.5	-5.5	3.5	-3.4
FCF	16.0	15.4	18.9	-0.5	-5.0	12.7
Net Debt/EBITDA	0.1	0.0	0.0	0.0	0.1	0.0
EPS pro forma	2.74	4.28	4.85	1.56	2.24	2.46
EBITDA margin	18.1%	15.8%	15.4%	7.0%	8.8%	9.3%
ROCE	40.8%	51.6%	51.3%	14.2%	17.4%	19.3%
EV/sales	0.4	0.2	0.1	0.2	0.2	0.2
EV/EBITDA	2.1	1.2	0.9	2.5	2.2	1.8
PER	3.2	2.0	1.8	5.5	3.9	3.5
Adjusted FCF yield	36.3%	72.4%	125.5%	23.6%	30.0%	39.6%

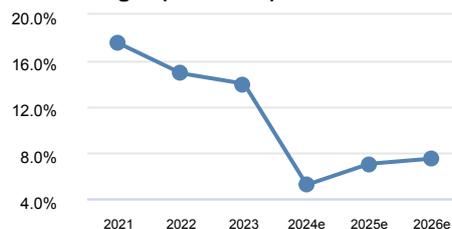
Source: Company data, NuWays, Close price as of 16.05.2024

Sales (2021-26e)



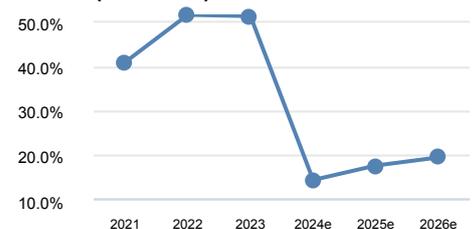
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

ROCE (2021-26e)



Source: NuWays Research

Company description

CLIQ Digital markets subscription-based streaming services that bundle movies, series, audiobooks, sports and games to consumers globally. Operating in more than 40 countries, the company offers exciting niche products to the mass market.



Market data

Share price (in €)	8.68
Market cap (in € m)	55.9
Number of shares (in m pcs)	6.4
Enterprise value (in € m)	50.7
Ø trading volume (6 months)	21,600

Identifier

Bloomberg	CLIQ GR
Reuters	CLIQ
WKN	A35JS4
ISIN	DE000A35JS40

Key shareholders

Members of Mgmt. & Supervisory Boards	9.0%
Free float	91.0%

Estimates changes

	2024e	2025e	2026e
Sales	-22%	-33%	-37%
EBIT	-70%	-67%	-67%
EPS	-71%	-67%	-68%

- ### Comment on changes
- Change of analyst
 - Recommendation and price target withdrawn
 - Change of FY'24 - FY'26 estimates, attempting to reflect the lack of top and bottom line visibility and uncertainty

Guidance

- 2024 Sales: € 300-330m
- 2024 EBITDA: € 26-30m

In our view, this also **implies impaired visibility on the development of operational indicators such as LTV per member, needed to issue a reliable guidance**. Going forward, if members churn as easily as in Q1 and the revenue base continues to erode, it is currently **unclear whether CLIQ will be able to deliver not only on their midterm target of achieving a revenue run rate with c. € 500m FY sales potential by Q4'25 but also whether it will be able to achieve its now revised 2024 guidance**, in our view. We adjust our estimates accordingly and see FY'24 sales at € 294m (old: € 375m) with EBITDA amounting to € 20.4m (old: € 55m) mainly due to (1) a lower estimated LTV per member as well as a lower member count compared to the prior year, (2) increased cost of sales as the company has to spend more on marketing along with higher amortization of contract costs as customers churn, and (3) increased personnel and other operating costs as CLIQ invests in its IT and tech landscape to enhance integration and optimization.

While the company issued several cost saving measures such as closing down the UK office, adjusting corporate structures and tax optimisation, it is currently unclear whether the resulting savings are sufficient to compensate the potentially negative operating leverage if the number of members continues to decline.

In light of the limited visibility and the resulting weak reliability, **we withdraw our recommendation** (old: BUY PT € 65.00 based on FCFY 24e). Our **estimates are cut based on known Q1 results**. To resume a rating of this security, management needs to demonstrate sufficient visibility alongside stability with regards to operations and increase transparency towards the investing community.

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	150.0	276.1	326.4	294.1	302.9	312.0
<i>Sales growth</i>	40.2%	84.1%	18.2%	-9.9%	3.0%	3.0%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	150.0	276.1	326.4	294.1	302.9	312.0
Other operating income	0.0	0.0	0.2	0.0	0.0	0.0
Material expenses	98.8	201.3	241.7	231.4	236.9	244.1
Personnel expenses	18.0	20.7	24.7	29.0	27.3	28.1
Other operating expenses	6.0	9.6	9.8	13.3	12.1	10.9
Total operating expenses	122.8	231.6	276.0	273.6	276.3	283.1
EBITDA	27.2	43.5	50.2	20.4	26.6	28.9
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	27.2	43.5	50.2	20.4	26.6	28.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.9	2.4	4.5	5.2	5.3	5.6
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	26.3	41.1	45.7	15.3	21.3	23.3
Interest income	0.3	0.0	0.2	0.1	0.0	0.0
Interest expenses	1.2	1.2	1.0	0.8	0.9	0.9
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.9	-1.2	-0.9	-0.7	-0.9	-0.9
Recurring pretax income from continuing operations	25.3	39.9	44.8	14.6	20.4	22.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	25.3	39.9	44.8	14.6	20.4	22.4
Income tax expense	7.1	11.9	13.2	4.5	5.9	6.5
Net income from continuing operations	18.2	28.0	31.7	10.1	14.4	15.9
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	18.2	28.0	31.7	10.1	14.4	15.9
Minority interest	0.4	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	17.8	28.0	31.7	10.1	14.4	15.9
Average number of shares	6.5	6.5	6.5	6.4	6.4	6.4
EPS reported	2.74	4.47	4.86	1.56	2.24	2.46

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	40.2%	84.1%	18.2%	-9.9%	3.0%	3.0%
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%	0.1%	0.0%	0.0%	0.0%
Material expenses	65.9%	72.9%	74.1%	78.7%	78.2%	78.2%
Personnel expenses	12.0%	7.5%	7.6%	9.9%	9.0%	9.0%
Other operating expenses	4.0%	3.5%	3.0%	4.5%	4.0%	3.5%
Total operating expenses	81.9%	83.9%	84.6%	93.0%	91.2%	90.7%
EBITDA	18.1%	15.8%	15.4%	7.0%	8.8%	9.3%
Depreciation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	18.1%	15.8%	15.4%	7.0%	8.8%	9.3%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.6%	0.9%	1.4%	1.8%	1.8%	1.8%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	17.5%	14.9%	14.0%	5.2%	7.0%	7.5%
Interest income	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%
Interest expenses	0.8%	0.4%	0.3%	0.3%	0.3%	0.3%
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	16.9%	14.5%	13.7%	4.9%	6.7%	7.2%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	16.9%	14.5%	13.7%	4.9%	6.7%	7.2%
Tax rate	28.0%	29.8%	29.4%	30.8%	29.0%	29.0%
Net income from continuing operations	12.2%	10.1%	9.7%	3.4%	4.8%	5.1%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	12.2%	10.1%	9.7%	3.4%	4.8%	5.1%
Minority interest	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	11.9%	10.1%	9.7%	3.4%	4.8%	5.1%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	51.5	55.8	59.6	60.5	61.2	56.4
Property, plant and equipment	3.8	5.0	4.0	14.0	22.0	30.0
Financial assets	1.5	2.7	4.6	4.6	4.6	4.6
FIXED ASSETS	56.8	63.5	68.2	79.0	87.7	91.0
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	12.5	13.6	20.5	14.5	14.9	15.4
Other assets and short-term financial assets	17.0	39.6	48.5	61.8	78.6	78.6
Liquid assets	7.3	16.8	15.8	9.9	0.9	7.8
Deferred taxes	2.6	1.6	1.7	1.7	1.7	1.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	39.4	71.6	86.6	87.9	96.1	103.5
TOTAL ASSETS	96.2	135.1	154.8	166.9	183.8	194.5

SHAREHOLDERS EQUITY	59.6	81.4	102.8	113.4	129.8	139.9
MINORITY INTEREST	0.0	-0.0	-0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.4	0.4	0.4	0.4	0.4
Other provisions and accrued liabilities	1.5	1.7	0.8	0.8	0.8	0.8
Short-term liabilities to banks	5.0	6.6	0.0	0.0	0.0	0.0
Accounts payable	7.9	9.5	13.1	17.7	18.3	18.8
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	14.4	18.7	19.0	19.0	19.0	19.0
Deferred taxes	4.0	10.5	14.3	11.2	11.2	11.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	22.3	28.3	32.1	36.7	37.3	37.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	96.2	135.1	154.8	166.9	183.8	194.5

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	53.5%	41.3%	38.5%	36.2%	33.3%	29.0%
Property, plant and equipment	4.0%	3.7%	2.6%	8.4%	12.0%	15.4%
Financial assets	1.6%	2.0%	2.9%	2.7%	2.5%	2.3%
FIXED ASSETS	59.0%	47.0%	44.1%	47.3%	47.7%	46.8%
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	13.0%	10.1%	13.3%	8.7%	8.1%	7.9%
Other assets and short-term financial assets	17.7%	29.3%	31.4%	37.0%	42.7%	40.4%
Liquid assets	7.6%	12.4%	10.2%	5.9%	0.5%	4.0%
Deferred taxes	2.7%	1.2%	1.1%	1.0%	0.9%	0.9%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	41.0%	53.0%	55.9%	52.7%	52.3%	53.2%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	61.9%	60.2%	66.4%	67.9%	70.6%	71.9%
MINORITY INTEREST	0.0%	-0.0%	-0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.3%	0.2%	0.2%	0.2%	0.2%
Other provisions and accrued liabilities	1.6%	1.3%	0.5%	0.5%	0.4%	0.4%
Short-term liabilities to banks	5.2%	4.9%	0.0%	0.0%	0.0%	0.0%
Accounts payable	8.2%	7.1%	8.5%	10.6%	9.9%	9.7%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	15.0%	13.9%	12.3%	11.4%	10.3%	9.8%
Deferred taxes	4.2%	7.8%	9.2%	6.7%	6.1%	5.8%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	23.2%	20.9%	20.7%	22.0%	20.3%	19.5%
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)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	18.2	28.0	31.7	10.1	14.4	15.9
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill & intangible assets	0.9	2.4	4.5	5.2	5.3	5.6
Other costs affecting income / expenses	-0.9	3.5	2.6	0.0	0.0	0.0
Cash flow from operating activities	20.4	23.4	30.0	4.4	-2.3	16.0
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-3.4	-1.1	-6.9	6.0	-0.4	-0.4
Increase/decrease in accounts payable	5.9	1.6	3.6	4.6	0.5	0.5
Increase/decrease in other working capital positions	0.0	-10.8	-4.9	-16.4	-16.8	0.0
Increase/decrease in working capital	2.6	-10.4	-8.3	-5.7	-16.7	0.1
Cash flow from operating activities	20.8	23.8	30.4	9.5	3.0	21.6
CAPEX	3.3	9.9	11.6	10.0	8.0	8.9
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	1.5	-0.2	0.0	0.0	0.0
Cash flow from investing activities	-3.3	-8.4	-11.8	-10.0	-8.0	-8.9
Cash flow before financing	14.2	8.3	7.0	-1.0	-9.0	n.a.
Increase/decrease in debt position	0.8	-0.2	-1.4	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	5.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	3.3	7.1	11.6	0.5	4.0	5.8
Others	-13.6	-0.4	0.3	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-0.1	0.0	0.0	0.0	0.0
Cash flow from financing activities	-16.1	-7.7	-12.8	-5.5	-4.0	-5.8
Increase/decrease in liquid assets	1.4	7.6	5.9	-6.0	-9.0	n.a.
Liquid assets at end of period	2.3	9.9	15.8	9.9	0.9	7.8

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	40.2%	84.1%	18.2%	-9.9%	3.0%	3.0%
EBITDA growth	372.8%	172.7%	84.5%	-53.0%	-47.0%	-33.5%
EBIT growth	450.9%	170.4%	73.9%	-62.9%	-53.5%	-43.3%
EPS growth	686.2%	286.4%	77.6%	-65.0%	-53.9%	-44.9%
Efficiency						
Sales per employee	1,497.6	2,193.6	2,331.4	1,960.4	1,893.0	4,369.3
EBITDA per employee	271.4	345.6	358.3	136.3	166.0	405.0
No. employees (average)	100	126	140	150	160	71
Balance sheet analysis						
Avg. working capital / sales	3.6%	2.0%	1.8%	0.1%	0.7%	0.1%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	30.4	18.0	23.0	18.0	18.0	18.0
Accounts payable turnover	19.3	12.6	14.6	22.0	22.0	22.0
Cash flow analysis						
Free cash flow	16.0	15.4	18.9	-0.5	-5.0	12.7
Free cash flow/sales	10.7%	5.6%	5.8%	-0.2%	-1.6%	4.1%
FCF / net profit	87.8%	55.0%	59.6%	neg.	neg.	79.9%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	1.5	-3.9	-11.5	-5.5	3.5	-3.4
Net Debt/EBITDA	0.1	0.0	0.0	0.0	0.1	0.0
Dividend payout ratio	40.0%	41.6%	40.0%	40.0%	40.0%	36.4%
Interest paid / avg. debt	10.8%	12.4%	15.8%	9.0%	20.8%	10.8%
Returns						
ROCE	40.8%	51.6%	51.3%	14.2%	17.4%	19.3%
ROE	29.9%	34.4%	30.8%	8.9%	11.1%	11.3%
Adjusted FCF yield	36.3%	72.4%	125.5%	23.6%	30.0%	39.6%
Dividend yield	12.6%	20.6%	22.4%	7.2%	10.3%	10.3%
DPS	1.1	1.8	1.9	0.6	0.9	0.9
EPS reported	2.74	4.47	4.86	1.56	2.24	2.46
Average number of shares	6.5	6.5	6.5	6.4	6.4	6.4
Valuation ratios						
P/BV	0.9	0.7	0.6	0.5	0.4	0.4
EV/sales	0.4	0.2	0.1	0.2	0.2	0.2
EV/EBITDA	2.1	1.2	0.9	2.5	2.2	1.8
EV/EBIT	2.2	1.3	1.0	3.3	2.8	2.3

Source: Company data, NuWays

Disclosures

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

Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (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.
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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	22.02.2024	Grübner, Marie-Thérèse	Buy	EUR 65.00	EUR 17.22
	01.02.2024	Grübner, Marie-Thérèse	Buy	EUR 75.00	EUR 22.60
	03.11.2023	Grübner, Marie-Thérèse	Buy	EUR 78.30	EUR 16.90

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