

bet-at-home

Q119 results

A strong start to the year

bet-at-home (BAH) has started the year very well, with Q119 gross gaming revenues (GGR) increasing by 12.1% y-o-y to €37.2m, and an EBITDA of €12.7m. This is especially encouraging in light of management's recent guidance of €130–143m GGR (0–10% decline) and an EBITDA of €29–33m for FY19. While this guidance seems conservative, we are leaving our forecasts broadly unchanged until there is further clarity on the impact of the Swiss IP blocking. The stock trades at 13.1x EV/EBITDA and 18.1x P/E for FY19e, which is at the top of the peer group, although its ability to pay high dividends is very attractive.

Year end	Revenue (GGR) (€m)	EBITDA (€m)	EPS* (€)	DPS** (€)	P/E (x)	Yield (%)
12/17	145.4	36.4	4.81	7.50	14.6	10.6
12/18	143.4	36.2	4.65	6.50	15.2	9.2
12/19e	136.9	31.6	3.89	5.00	18.1	7.1
12/20e	140.3	32.1	3.95	5.00	17.8	7.1

Note: *EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. ** Includes special dividends.

Q119 results: 12.1% growth in GGR

Benefiting from marketing momentum in 2018, BAH has reported impressive Q119 GGR growth of 12.1% to €37.2m, with an EBITDA of €12.7m. This compares to €33.2m and €9.3m in Q118. The number of registered customers now totals 5.1m vs 4.9m at Q118. During the quarter, marketing costs of €8.2m represented 22% of GGR, which is lower than long-term trends (25–30%) due to the lack of any major tournaments. Excluding customer balances, net cash at Q119 was €78.9m and the FY18 final dividend of €6.50 (€45.5m cash) will be paid in May.

Guidance reiterated, estimates broadly unchanged

Management has reiterated FY19 guidance of €130–143m GGR and an EBITDA of €29–33m. Although this appears very conservative in light of the strong Q119 performance, we note that uncertainties in Switzerland (IP blocking effective from July 2019), as well as the lack of any major tournaments, are likely to weigh heavily on volumes. Pending further clarity on Swiss volumes, we have left our forecasts broadly unchanged, other than some minor adjustments due to IFRS16 (slightly higher depreciation and leasing expenses). The company continues to face regulatory uncertainty across many of its markets - please see our [March initiation report](#) for details.

Valuation: High dividend yield supports stock

Despite regulatory concerns, BAH's shares have rebounded over 50% ytd, largely due to the company's ability to continue paying generous dividends. The stock trades at 13.1x EV/EBITDA and 18.1x P/E for FY19e, which is at the top end of the peer group, but its healthy net cash position and 7.1% forecast dividend yield are very attractive. In our view, a major catalyst for a further re-rating would be concrete evidence of positive regulation in core markets, especially Germany and Austria.

Travel & leisure

29 April 2019

Price €70.45
Market cap €494m

Net cash (€m) at 31 March 2019	78.9
Shares in issue	7.0m
Free float	47.3%
Code	ACXX
Primary exchange	XETR
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	25.4	15.5	(13.5)
Rel (local)	16.2	5.8	(12.2)
52-week high/low	€90.30	€44.30	

Business description

Founded in 1999, bet-at-home is an online sports betting and gaming company with c 300 employees. It is licensed in Malta and headquartered in Dusseldorf, Germany. Since 2009 bet-at-home has been part of Betclix Everest, a privately owned French online gaming company.

Next event

H119 results	29 July 2019
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Exhibit 1: Financial summary

	€'m	2014	2015	2016	2017	2018	2019e	2020e	2021e
31-December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT									
Revenue (GGR)		107.0	121.6	138.7	145.4	143.4	136.9	140.3	143.1
Cost of Sales		(12.3)	(21.3)	(25.8)	(27.6)	(28.2)	(25.8)	(26.2)	(26.8)
Net Gaming Revenue		94.7	100.3	112.9	117.8	115.1	111.1	114.1	116.3
EBITDA		26.8	31.6	33.0	36.4	36.2	31.6	32.1	33.4
Normalised operating profit		25.9	30.7	31.9	35.1	34.9	29.7	30.3	31.6
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals		(0.1)	0.1	0.0	(0.9)	0.0	0.0	0.0	0.0
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit		25.8	30.8	31.9	34.1	34.9	29.7	30.3	31.6
Net Interest		1.7	2.2	2.2	1.5	0.0	(0.1)	(0.1)	(0.1)
Profit Before Tax (norm)		27.5	32.9	34.1	36.6	35.0	29.6	30.2	31.5
Profit Before Tax (reported)		27.5	32.9	34.1	35.7	35.0	29.6	30.2	31.5
Reported tax		(1.8)	(2.3)	(3.1)	(2.8)	(2.4)	(2.4)	(2.4)	(2.5)
Profit After Tax (norm)		25.7	30.6	31.0	33.8	32.6	27.3	27.7	28.9
Profit After Tax (reported)		25.6	30.7	31.0	32.8	32.6	27.3	27.7	28.9
Discontinued operations		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)		25.7	30.6	31.0	33.8	32.6	27.3	27.7	28.9
Net income (reported)		25.6	30.7	31.0	32.8	32.6	27.3	27.7	28.9
Basic average number of shares outstanding (m)		7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
EPS - basic normalised (€)		3.66	4.36	4.42	4.81	4.65	3.89	3.95	4.12
EPS - diluted normalised (€)		3.66	4.36	4.42	4.81	4.65	3.89	3.95	4.12
EPS - basic reported (€)		3.65	4.37	4.42	4.68	4.65	3.89	3.95	4.12
Dividend (€)		0.60	2.25	7.50	7.50	6.50	5.00	5.00	5.00
Revenue growth (%)		25.0	13.6	14.0	4.8	(-1.4)	(-4.5)	2.5	2.0
Gross Margin (%)		88.5	82.5	81.4	81.0	80.3	81.2	81.3	81.3
EBITDA Margin (%)		25.0	26.0	23.8	25.0	25.3	23.1	22.9	23.3
Normalised Operating Margin		24.2	25.2	23.0	24.1	24.4	21.7	21.6	22.0
BALANCE SHEET									
Fixed Assets		4.5	4.8	4.9	4.0	3.4	7.6	6.8	5.9
Intangible Assets		2.4	2.2	2.0	2.0	2.0	2.1	2.3	2.5
Tangible Assets		2.1	2.6	2.9	2.0	1.4	5.5	4.5	3.4
Investments & other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Assets		89.9	123.3	140.5	120.6	99.9	83.7	78.2	73.9
Stocks		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debtors		57.9	70.7	47.9	16.9	20.1	25.1	30.1	35.1
Cash & cash equivalents		21.8	40.7	82.3	94.4	70.6	49.1	38.6	29.3
Customer cash		9.7	9.4	9.5	7.5	7.7	8.0	8.0	8.0
Other		0.5	2.5	0.7	1.8	1.5	1.5	1.5	1.5
Current Liabilities		(27.0)	(32.7)	(35.7)	(35.3)	(34.0)	(38.0)	(39.0)	(40.0)
Creditors		(1.3)	(1.0)	(0.5)	(1.8)	(3.3)	(4.3)	(5.3)	(6.3)
Short term provisions/ tax liabilities		(14.1)	(19.9)	(21.4)	(22.6)	(19.2)	(22.2)	(22.2)	(22.2)
Short term borrowings		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		(11.5)	(11.8)	(13.9)	(10.9)	(11.5)	(11.5)	(11.5)	(11.5)
Long Term Liabilities		(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	(3.5)	(3.5)	(3.5)
Long term borrowings		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities		(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	(3.5)	(3.5)	(3.5)
Net Assets		67.5	95.3	109.6	89.3	69.3	49.8	42.5	36.3
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity		67.5	95.3	109.6	89.3	69.3	49.8	42.5	36.3
CASH FLOW									
Op Cash Flow before WC and tax		26.8	31.6	33.0	36.4	36.2	31.6	32.1	33.4
Working capital		(4.4)	(3.6)	(0.1)	(2.4)	(6.5)	(4.0)	(4.0)	(4.0)
Exceptional & other		5.8	5.9	0.4	(0.4)	0.0	0.0	0.0	0.0
Tax		(1.8)	(2.3)	(3.1)	(2.8)	(5.0)	(2.4)	(2.4)	(2.5)
Net operating cash flow		26.4	31.7	30.2	30.8	24.8	25.2	25.7	26.9
Capex		0.0	0.0	0.0	0.0	(0.7)	(1.0)	(1.0)	(1.0)
Acquisitions/disposals		(2.4)	(1.1)	(1.3)	(0.5)	0.0	0.0	0.0	0.0
Net interest		2.2	2.2	0.3	1.5	0.0	(0.1)	(0.1)	(0.1)
Equity financing		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends		(2.8)	(4.2)	(15.8)	(52.6)	(52.6)	(45.6)	(35.1)	(35.1)
Other		(15.0)	(9.6)	28.2	33.0	4.7	0.0	0.0	0.0
Net Cash Flow		8.4	19.0	41.6	12.1	(23.8)	(21.5)	(10.5)	(9.3)
Opening net debt/(cash)		(13.4)	(21.8)	(40.7)	(82.3)	(94.4)	(70.6)	(49.1)	(38.6)
FX		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash movements		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing net debt/(cash)		(21.8)	(40.7)	(82.3)	(94.4)	(70.6)	(49.1)	(38.6)	(29.3)

Source: bet-at-home, Edison Investment Research

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