

bet-at-home

Q219 results

Solid H119 underpins FY19 guidance

bet-at-home (BAH) has reported a 1.3% increase in Q219 gross gaming revenues (GGR) to €33.9m, with a 25.5% EBITDA margin. Sports GGR was 7.5% lower (€13.8m), due to the lack of major sporting events, but e-gaming GGR increased by 8.5% to €20.0m. As previously highlighted, H219 results will be affected by IP blocking in Switzerland and management has maintained guidance of €130–143m GGR and €29–33m EBITDA. Our estimates remain broadly unchanged, apart from a slightly higher FY19 EBITDA forecast, due to lower marketing spend. BAH trades at 10.3x EV/EBITDA and 13.4 x P/E for FY20e, with a 9.3% dividend yield.

Year end	Revenue (GGR) (€m)	EBITDA (€m)	EPS* (€)	DPS** (€)	P/E (x)	Yield (%)
12/17	145.4	36.4	4.81	7.50	11.1	14.0
12/18	143.4	36.2	4.65	6.50	11.5	12.1
12/19e	136.9	32.1	3.97	5.00	13.5	9.3
12/20e	140.3	32.4	3.99	5.00	13.4	9.3

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

E-gaming GGR increases by 8.5%

Driven by an 8.5% increase in e-gaming GGR, BAH reported total Q219 GGR growth of 1.3% to €33.9m, with an EBITDA of €8.6m (vs €33.4m GGR and €1.7m EBITDA in Q218). This was sequentially lower than Q119 (at €37.2m GGR and €12.7m EBITDA). As expected, Q219 sports GGR declined by 7.5% vs the prior year, largely due to the high volumes from the FIFA World Cup in 2018. During the quarter, marketing costs of €8.5m represented 25% of GGR, which is at the low end of long-term trends (25–30%) due to the lack of any major tournaments. After the payment of the FY18 final dividend of €6.50 in May (€45.5m cash), net cash was €43.1m at 30 June 2019 (this excludes customer balances of €6.7m).

Swiss IP blocking to affect H219, as expected

On the back of a solid H119, management has reiterated FY19 guidance of €130–143m GGR and an EBITDA of €29–33m. This compares to €71.1m GGR and €21.3m EBITDA already achieved in H119 and therefore assumes a significant negative impact resulting from IP blocking in Switzerland (effective from July 2019). Pending further clarity on volumes, we are leaving our GGR estimates broadly unchanged. However, we have nudged our FY19 EBITDA forecast up from €31.6m to €32.1m, due to slightly lower marketing costs. We believe our estimates are conservative but note that the company continues to face regulatory uncertainty across many of its markets – please see our [March initiation](#) report for details.

Valuation: 9.3% FY20e dividend yield

BAH trades at 10.3x EV/EBITDA and 13.4x P/E for FY19e, which is towards the top end of the peer group, but its healthy net cash position and 9.3% forecast dividend yield are very attractive. In our view, a major catalyst for a re-rating would be concrete evidence of positive regulation in core markets, especially Germany (e-gaming in particular) and Austria.

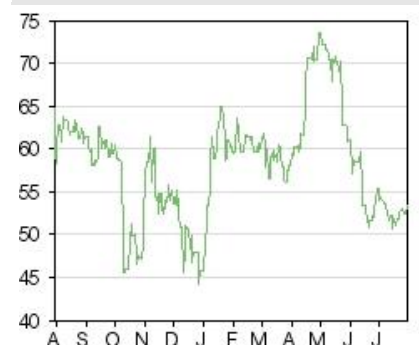
Travel & leisure

30 July 2019

Price €53.50
Market cap €375m

Net cash (€m) at 30 June 2019	43.1
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	(3.7)	(26.2)	(25.7)
Rel (local)	(3.8)	(26.7)	(23.0)
52-week high/low	€73.60	€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 events

Q319 results	4 November 2019
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Exhibit 1: Financial summary

Year end 31 December	€m	2014	2015	2016	2017	2018	2019e	2020e	2021e
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)	(26.7)	(27.2)
Net Gaming Revenue		94.7	100.3	112.9	117.8	115.1	111.1	113.6	115.9
EBITDA		26.8	31.6	33.0	36.4	36.2	32.1	32.4	33.7
Normalised operating profit		25.9	30.7	31.9	35.1	34.9	30.2	30.4	31.7
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	30.2	30.4	31.7
Net Interest		1.7	2.2	2.2	1.5	0.0	0.1	0.1	0.1
Joint ventures & associates (post tax)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)		27.5	32.9	34.1	36.6	35.0	30.3	30.4	31.8
Profit Before Tax (reported)		27.5	32.9	34.1	35.7	35.0	30.3	30.4	31.8
Reported tax		(1.8)	(2.3)	(3.1)	(2.8)	(2.4)	(2.5)	(2.4)	(2.5)
Profit After Tax (norm)		25.7	30.6	31.0	33.8	32.6	27.8	28.0	29.2
Profit After Tax (reported)		25.6	30.7	31.0	32.8	32.6	27.8	28.0	29.2
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	27.8	28.0	29.2
Net income (reported)		25.6	30.7	31.0	32.8	32.6	27.8	28.0	29.2
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	3.97	3.99	4.16
EPS - diluted normalised (€)		3.66	4.36	4.42	4.81	4.65	3.97	3.99	4.16
EPS - basic reported (€)		3.65	4.37	4.42	4.68	4.65	3.97	3.99	4.16
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	81.0	81.0
EBITDA Margin (%)		25.0	26.0	23.8	25.0	25.3	23.5	23.1	23.5
Normalised Operating Margin		24.2	25.2	23.0	24.1	24.4	22.1	21.6	22.1
BALANCE SHEET									
Fixed Assets		4.5	4.8	4.9	4.0	3.4	7.6	6.6	5.6
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	4.3	3.1
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	84.3	79.2	75.3
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	49.7	39.6	30.7
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)	(41.0)	(42.0)	(43.0)
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)	(25.2)	(25.2)	(25.2)
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	47.4	40.3	34.4
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	47.4	40.3	34.4
CASH FLOW									
Op Cash Flow before WC and tax		26.8	31.6	33.0	36.4	36.2	32.1	32.4	33.7
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)	(2.5)	(2.4)	(2.5)
Net operating cash flow		26.4	31.7	30.2	30.8	24.8	25.7	25.9	27.1
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)	(20.9)	(10.1)	(8.9)
Opening net debt/(cash)		(13.4)	(21.8)	(40.7)	(82.3)	(94.4)	(70.6)	(49.8)	(39.7)
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)	(49.8)	(39.7)	(30.8)

Source: bet-at-home accounts, Edison Investment Research

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