

Aspire Global

Focused on B2B

Proposed disposal of
B2C segment

Travel & leisure

13 October 2021

Price **SEK73.8**
Market cap **SEK3,430m**

Net cash (€m) at 30 June 2021 (excluding IFRS 16 liabilities and client cash) 2.3

Shares in issue 46.5m

Free float 25.8%

Code ASPIRE

Primary exchange Nasdaq First North Premier Growth Market, Stockholm

Secondary exchange N/A

Share price performance



Business description

Aspire Global is a leading B2B provider of iGaming solutions, offering partners all relevant products to operate a successful iGaming brand. It has announced the proposed disposal of the B2C online gaming brands, including Karamba. Aspire operates in 30 regulated markets across Europe, the United States, South America and Africa.

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Aspire Global (AG) has announced the proposed disposal of its B2C business. The sale will lead to AG becoming a focused B2B provider of iGaming solutions, which have recently generated higher rates of revenue growth and profitability than the B2C segment and therefore should be positive for AG's valuation multiple. In addition, the resulting strong pro forma net cash position means AG is well placed to consider further M&A to extend its product and service offering, which has recently proven to be accretive to the group's revenue growth profile and profitability. Our forecasts are unchanged ahead of the expected completion of the B2C transaction at the end of November 2021 and the Q321 results due on 4 November 2021. Our DCF-based valuation remains SEK110/share.

Year end	Revenue inc VAT (€m)	EBITDA* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/19	131.4	21.8	0.32	0.00	22.3	N/A
12/20	161.9	27.6	0.32	0.00	22.3	N/A
12/21e	214.9	37.0	0.59	0.22	12.2	3.0
12/22e	241.4	43.3	0.68	0.32	10.7	4.4

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

Following the [March 2021](#) announcement of a review of the role of the B2C segment, AG has agreed to sell it to Esports Technologies (ET) for c €65m (€50m cash, a €10m promissory note and €5m investment in the equity of ET). In addition, ET has committed to use AG's Core platform and services for the operation of the B2C brands with an estimated revenue to AG of at least €70m over four years. This follows the September 2021 announcement that ET, with its leading brand Gogawi.com, is to become a customer using AG's entire B2B offering, a further example of AG winning cross-platform deals in multiple geographies. We believe ET is likely to benefit from cross-selling opportunities.

Using B2C's last 12 months EBITDA to Q221 of €6.9m, the disposal multiple of 9.4x compares favourably with similar transactions: in February 2020 Gaming Innovation Group announced the sale of its B2C business, which earned FY19 EBITDA of €8.1m, for €22.3m to Betsson, equivalent to an EBITDA multiple of 2.8x.

In recent years, B2C's relative contribution to AG has diminished (to 30% of group revenue and 20% of EBITDA in H121) while growing in absolute terms as the B2B segments enjoyed higher revenue growth (organic and M&A) and investment in marketing reduced B2C's profitability (H121 EBITDA margin of 10.6% versus B2B average of 18.8%). Therefore, the disposal of B2C and its retention as a B2B customer will naturally inflate AG's future revenue growth and profitability.

On a pro forma basis, using last reported net cash at 30 June 2021 of €2.3m, AG's net cash position is €52.3m.

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