

bet-at-home

Improving momentum

bet-at-home reported headline figures for H120 ahead of consensus expectations. The results are encouraging given revenue growth in Q220 was better than might have been expected with the regulatory changes (Poland and Switzerland) and the impact of COVID-19 on sports betting. Management has reiterated its guidance for FY20, and the strong financial position makes the prospective dividend yield of 7.0% look attractive.

Year end	Revenue (GGR*) (€m)	EBITDA** (€m)	EPS** (€)	DPS (€)	P/E (x)	Yield (%)
12/18	143.4	36.2	4.65	6.50	7.5	18.7
12/19	143.3	35.2	4.26	2.00	8.2	5.7
12/20e	127.9	26.1	2.79	2.40	12.5	7.0
12/21e	130.4	26.5	2.83	2.88	12.3	8.3

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

H120: Ahead of consensus

bet-at-home's Q220 results were ahead of consensus expectations. There was improving momentum with a decline in gross gaming revenue (GGR) of 11.2% y-o-y versus 13.4% in Q120, albeit against an easier comparative. Excluding the well-flagged revenue losses in Poland and Switzerland, we believe that GGR grew year-on-year, which is impressive given COVID-19's effect on sports betting. The EBITDA decline of 21.2% was helped by ongoing preservation of marketing firepower, which does not appear to be affecting the number of registered users (5.293m at period end), while continuing to invest in staff. Cash generation appears strong given a net increase in cash and short-term deposits to €54.1m from €48.7m at the end of Q120, leading to a distribution of €2/share.

Consistent guidance for FY20

We leave our forecasts for FY20 of revenue of €127.9m and EBITDA of €26.1m unchanged ahead of the publication of full financial statements on 14 September 2020. Management has reiterated its FY20 guidance of GGR of €120–130m and EBITDA of €23–27m. With an improving outlook for sports betting, eg more football events in H220, including the Champions League games postponed from Q220, and given more than 50% of the forecast FY20 EBITDA has been generated in H120, the forecasts look well supported.

Valuation: 7.0% prospective dividend yield

Having recovered strongly through Q220, the share price has recently pulled back, making the EV/EBITDA for FY20e of 7.2x more attractive. Similarly, the 7.0% prospective dividend yield looks attractive, given the strong financial position of net cash of €54m, with no financial liabilities, versus the market capitalisation of €244m. We continue to believe that a recovery in sports betting and indications of positive regulation changes in Germany, the core market, would be positive catalysts for the share price.

H120 headline results

Travel & leisure

4 August 2020

Price **€34.80**

Market cap **€244m**

€£0.90

Net cash (€m) at 30 June 2020 (excluding client money) 54.1

Shares in issue 7.0m

Free float 46.7%

Code ACXX

Primary exchange XETR

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (13.0) (12.0) (37.0)

Rel (local) (13.8) (24.4) (40.8)

52-week high/low €54.8 €18.3

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 Düsseldorf, Germany. Since 2009 bet-at-home has been part of Betclix Everest, a privately owned French online gaming company.

Next events

H120 results 14 September 2020

Q320 results 9 November 2020

FY20 results 8 March 2021

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Exhibit 1: Financial summary

Year end 31 December, IFRS	€m	2016	2017	2018	2019	2020e	2021e
INCOME STATEMENT							
Revenue		138.7	145.4	143.4	143.3	127.9	130.4
Cost of Sales		(25.8)	(27.6)	(28.2)	(25.8)	(23.6)	(24.1)
Net Gaming Revenue		112.9	117.8	115.1	117.5	104.3	106.4
EBITDA		33.0	36.4	36.2	35.2	26.1	26.5
Operating Profit (before amort. and except.)		31.9	35.1	34.9	33.2	24.1	24.5
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals		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
Reported operating profit		31.9	34.1	34.9	33.2	24.1	24.5
Net Interest		2.2	1.5	0.0	(0.1)	(0.1)	(0.1)
Profit Before Tax (norm)		34.1	36.6	35.0	33.1	24.0	24.3
Profit Before Tax (reported)		34.1	35.7	35.0	33.1	24.0	24.3
Reported tax		(3.1)	(2.8)	(2.4)	(15.1)	(4.4)	(4.5)
Profit After Tax (norm)		31.0	33.8	32.6	29.9	19.6	19.8
Profit After Tax (reported)		31.0	32.8	32.6	18.0	19.6	19.8
Net income (normalised)		31.0	33.8	32.6	29.9	19.6	19.8
Net income (reported)		31.0	32.8	32.6	18.0	19.6	19.8
Average Number of Shares Outstanding (m)		7.0	7.0	7.0	7.0	7.0	7.0
EPS - normalised fully diluted (c)		441.58	481.22	464.67	425.52	278.66	282.54
EPS - diluted normalised (€)		4.42	4.81	4.65	4.26	2.79	2.83
EPS - basic reported (€)		4.42	4.68	4.65	2.56	2.79	2.83
Dividend per share (c)		750.00	750.00	650.00	200.00	240.00	288.00
Revenue growth (%)		14.0	4.8	(1.4)	(0.0)	(10.8)	2.0
Gross Margin (%)		81.4	81.0	80.3	82.0	81.6	81.6
EBITDA Margin (%)		23.8	25.0	25.3	24.5	20.4	20.3
Normalised Operating Margin		23.0	24.1	24.4	23.2	18.9	18.8
BALANCE SHEET							
Fixed Assets		4.9	4.0	3.4	8.2	7.5	6.5
Intangible Assets		2.0	2.0	2.0	2.3	2.8	3.0
Tangible Assets		2.9	2.0	1.4	5.9	4.7	3.5
Investments & other		0.0	0.0	0.0	0.0	0.0	0.0
Current Assets		140.5	120.6	99.9	87.0	96.9	101.9
Stocks		0.0	0.0	0.0	0.0	0.0	0.0
Debtors		47.9	16.9	20.1	30.4	33.4	36.4
Cash & cash equivalents		82.3	94.4	70.6	47.4	54.3	56.3
Customer cash		9.5	7.5	7.7	7.4	7.4	7.4
Other		0.7	1.8	1.5	1.9	1.9	1.9
Current Liabilities		(35.1)	(35.3)	(34.0)	(50.9)	(51.9)	(52.9)
Creditors		(0.5)	(3.5)	(3.3)	(4.2)	(5.2)	(6.2)
Short term provisions/ tax liabilities		(21.4)	(18.9)	(19.2)	(33.7)	(33.7)	(33.7)
Short term borrowings		0.0	0.0	0.0	0.0	0.0	0.0
Other		(13.2)	(12.8)	(11.5)	(13.1)	(13.1)	(13.1)
Long Term Liabilities		(0.7)	(0.0)	(0.0)	(2.6)	(2.6)	(2.6)
Long term borrowings		0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities		(0.7)	(0.0)	(0.0)	(2.6)	(2.6)	(2.6)
Net Assets		109.6	89.3	69.3	41.6	49.8	52.8
CASH FLOW							
Op Cash Flow before WC and tax		32.5	37.0	36.3	35.0	26.1	26.5
Working capital		(1.6)	(3.4)	(7.5)	6.0	(2.0)	(2.0)
Exceptional & other		1.5	1.2	1.1	(1.0)	0.0	0.0
Tax		0.0	(3.4)	(5.0)	(10.2)	(4.4)	(4.5)
Operating cash flow		32.4	31.3	24.8	29.9	19.7	20.0
Capex		0.0	0.1	(0.7)	(2.5)	(1.0)	(1.0)
Acquisitions/disposals		(1.3)	(0.6)	0.0	0.0	0.0	0.0
Net interest		26.0	29.0	0.0	0.0	(0.1)	(0.1)
Equity financing		0.0	0.0	0.0	0.0	0.0	0.0
Dividends		(15.8)	(52.6)	(52.6)	(45.6)	(14.0)	(16.8)
Other		0.0	0.0	0.0	(0.8)	0.0	0.0
Net Cash Flow		41.3	7.2	(28.5)	(19.0)	4.5	2.0
Opening (cash)		(48.8)	(90.1)	(97.3)	(68.8)	(49.8)	(54.3)
FX		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
Closing (cash)		(90.1)	(97.3)	(68.8)	(49.8)	(54.3)	(56.3)
Closing net debt/(cash) ex client money		(82.3)	(94.4)	(70.6)	(47.4)	(54.3)	(56.3)

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

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