

bet-at-home

First signs of revenue weakness

bet-at-home's (BAH's) Q221 results reflect the first signs of the revenue weakness in Germany that led to the recent downgrade to [management's guidance for FY21](#). H221 will bring further declines as the lower revenues in Germany are compounded by no revenue from Poland. FY22 should see improving operational momentum in Germany and potential new licences in the Netherlands and Poland may improve the growth outlook. The balance sheet remains strong but the legal position in Austria creates near-term uncertainty for the level of potential shareholder returns.

H121: Revenue negatively affected by Germany

In Q221, BAH's revenue (gross gaming revenue) declined by c 12%, primarily due to the already-flagged lower revenue in Germany following the regulation changes, including the slow re-registration of customers to the new bet-at-home platform and players have yet to switch spend from recently-banned casino games to other games. In the face of the lower-than-expected revenue, underlying personnel costs (flat y-o-y) were well controlled. The decline in EBITDA (€1.5m loss in Q221 vs €6.8m profit in Q220) reflects higher marketing costs (+33% y-o-y) ahead of the UEFA European Championship, which did not result in the expected revenue boost due to the above re-registration delays and the €3.2m provision for litigation losses (vs total litigations of €11m) in Austria. The net cash position (ex-client deposits) declined to €35.5m (Q121 €53.5m) due to the lower profitability and FY20 dividend payment of €17.5m in May 2021.

FY21: Management's guidance re-iterated

Management has re-iterated its recently downgraded FY21 guidance for revenue of €100–110m and EBITDA of €8–10m. At the mid-point of the guided range, these represent year-on-year declines for revenue and EBITDA of c 17% and c 71%, respectively, and imply H221 y-o-y declines for revenue of c 25% and EBITDA of c 76%. The greater y-o-y decline in H221 is primarily due to the lower expected high-margin revenue in Germany and no income from Poland following suspension of the offer in June 2021, ahead of the application for a sports betting licence.

Valuation: Elevated due to short-term trading issues

Consensus forecasts are yet to fully reflect management's recent new guidance for FY21. Using the mid-point of management's guidance, the EV/EBITDA for FY21 is 18.8x.

Consensus estimates							
Year end	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/19	143.3	35.2	33.1	2.56	2.00	11.4	6.8
12/20	126.9	31.0	28.8	3.32	2.50	8.8	8.6
12/21e	114.9	13.4	11.7	1.33	2.25	22.0	7.7
12/22e	128.8	24.6	22.7	2.47	2.50	11.8	8.6

Source: Refinitiv

Travel & leisure

3 August 2021

Price	€29.2
Market cap	€205m

Share price graph



Share details

Code	ACXX
Listing	XETR
Shares in issue	7.0m
Net cash at 30 June 2021 (excluding client money)	€35.5m

Business description

Founded in 1999, bet-at-home is an online sports betting and gaming company with 277 employees. It is licensed in Malta and headquartered in Düsseldorf, Germany. Since 2009 bet-at-home has been part of BetClic Everest, a privately owned gaming company.

Bull

- Strong and growing brand name, 5.5 million registered customers.
- Online gaming is a growing market with an estimated CAGR of 7.4% between 2019–24 (Source: H2 Gambling Capital 2020)
- High dividend payout ratio and strong cash position.

Bear

- Regulatory uncertainty is high in some key markets, notably Austria and Poland.
- Competitive markets that require high marketing spend.
- Company has been subject to punitive taxes and customer litigation

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