

bet-at-home

Travel & leisure

20 October 2021

Austrian litigation claims mount

bet-at-home (BAH) made its first provision (€3.2m) for the reimbursement of player losses arising in its Austrian online casino offer in H121. A recent domestic legal decision means that more favourable rulings on appeal, as management expected, are unlikely in a reasonable timeframe. As a result, management has decided to suspend its online casino offering in Austria, and provided a further €21.4m to cover claims that continue to increase. Management now guides to an EBITDA loss in FY21, making the payment of a dividend unlikely.

Unfavourable legal ruling in Austria

BAH is subject to litigation claims for reimbursement of player losses in online casino games (not sports betting) in Austria due to it not being considered a legal operator in recent domestic civil suits. BAH operates its online casino games through a licence issued in Malta which, under EU law, is effective in all member states due to freedom of movement. In H121, management provided €3.2m to cover one quarter of outstanding claims (€11m) plus legal expenses. It was confident that, as BAH appealed the civil cases through H122, the higher courts would rule in its favour, recognising EU law over national law. A recent decision by the Austrian Supreme Court means this is not likely to happen in a timely manner, hence the decision to suspend operations in Austria to restrict further potential liabilities. Operations may resume depending on how the legal situation evolves.

FY21: Guidance reduced again

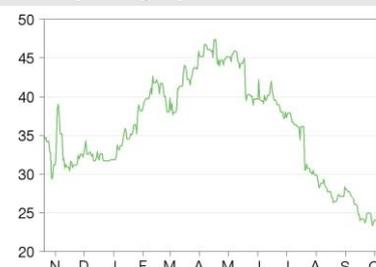
Management has reduced FY21 guidance to revenue of €93–98m (previously €100–110m) and an EBITDA loss of €10–14m (profit of €8–10m previously). The guidance includes €24.6m for litigation claims. The value of total outstanding claims has not been disclosed. The prior guidance was issued ahead of H121 results and represented a significant downgrade from existing EBITDA guidance of €18–22m. Excluded from the reduced guidance are potential gaming levies paid by BAH on the player losses to be reimbursed, which management will pursue with Austrian tax authorities. We estimate these at c €18m (€24.6m provision grossed up for the 40% levy). We assume no annual dividend will be declared for FY21 due to the expected loss.

Valuation: Share price at seven-year low

Commentary on valuation is complicated by the fact that consensus does not reflect the new guidance, together with uncertainty about FY22 estimates and the current financing position.

Price €19.1
Market cap €134m

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 brand name with 5.5 million registered customers.
- Online gaming is a growing market with an estimated CAGR of 7.4% in 2019–24e (source: H2 Gambling Capital).
- In normal operating circumstances, the company has a high dividend payout ratio and strong cash position.

Bear

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

Analysts

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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	7.5	10.5
12/20	126.9	31.0	28.8	3.32	2.50	5.8	13.1
12/21e	109.9	8.7	6.8	0.75	1.61	25.5	8.4
12/22e	124.3	20.4	18.3	1.97	1.55	9.7	8.1

Source: Refinitiv

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