

bet-at-home

FY21 more challenging than initially expected

bet-at-home (BAH) is a long-established sports betting brand, successfully cross-selling into gaming. 2021 was expected to be challenging, as the new online gaming regulations in Germany took effect, but management's guidance for FY21 has reduced on two occasions. These reflect transitional changes in Germany that were more negative than initially expected, the June 2021 withdrawal of BAH's offer in Poland ahead of applying for a sports betting licence, and the suspension of online casino operations in Austria in response to growing litigation losses for reimbursement of player losses. The potential award of new licences in the Netherlands and Poland could lead to an improved outlook from FY22.

Regulatory and legal risks remain high

At end H121, BAH's main markets were Germany (17% of betting volume), Western Europe (69%) and Eastern Europe (14%). The mix of gross gaming revenue (GGR) between sports and e-gaming (casino, poker) was 57%:43%. Some of the markets are fully regulated (eg Germany and the UK), but formal licensing has not yet been introduced in many of its main markets, where it pays taxes and VAT as applicable and operates under its EU licence. Regulatory risks are high with potential new licensing in Netherlands and Poland expected in the next 12 months or so, and there is ongoing legal uncertainty from claims against BAH in Austria.

FY21: Management guiding to EBITDA loss

Management is guiding to FY21 revenue of €93–98m (from €106–118m at FY21 start) and an EBITDA loss of €10–14m (from profit of €18–22m). In H121, BAH highlighted that German customers were proving to be slow at re-registering on the new platform as required by the new regulations, believed to be an industry-wide phenomenon at that stage, and players had yet to switch from recently banned casino games to other games. In October 2021, management announced the suspension of its Austrian online casino (not sports betting) offering due to mounting litigation claims for the reimbursement of player losses following an unexpected and unfavourable legal ruling. Management has provided €24.6m for these losses so far, but this may increase. The expected EBITDA loss would suggest payment of an annual dividend is unlikely.

Valuation: Share price at seven-year low

Consensus estimates are yet to reflect management's new guidance. The downgrades to guidance have led to the share price trading at a seven-year low.

Consensus estimates

Year end	Revenue* (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/19	143.3	33.1	2.56	2.00	7.3	10.7
12/20	126.9	28.8	3.32	2.50	5.6	13.4
12/21e	109.9	6.8	0.75	1.61	24.6	8.6
12/22e	124.4	18.3	1.97	1.55	9.5	8.3

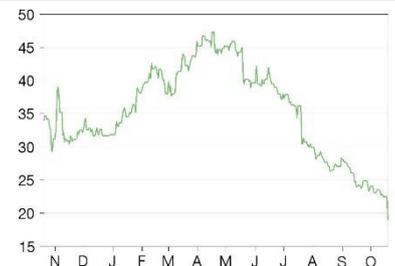
Source: Refinitiv. Note: *Revenue = GGR

Travel & leisure

20 October 2021

Price €18.7
Market cap €131m

Share price graph



Share details

Code ACX
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, 5.5m registered customers at June 2021.
- Online gaming is a growing market with an estimated CAGR of 7.4% between 2019 and 2024 (Source: H2 Gambling Capital 2020).
- In normal operating circumstances, the company has a dividend payout ratio and strong cash position.

Bear

- Regulatory uncertainty is high in some key 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.

Analyst

Russell Pinton +44 (0)20 3077 5700

consumer@edisongroup.com

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Frankfurt +49 (0)69 78 8076 960

Schumannstrasse 34b

60325 Frankfurt

Germany

London +44 (0)20 3077 5700

280 High Holborn

London, WC1V 7EE

United Kingdom

New York +1 646 653 7026

1185 Avenue of the Americas

3rd Floor, New York, NY 10036

United States of America

Sydney +61 (0)2 8249 8342

Level 4, Office 1205

95 Pitt Street, Sydney

NSW 2000, Australia