

# Bet-at-home.com AG

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## Q2 result better than expected – EBITDA guidance too conservative

**Q2/H1 results better than expected:** The Gross Gaming Revenues (GGR) in H1 amounted to EUR 71.1m, 6.7% above the previous year's figure of EUR 66.6m. The company was also strong in comparison with our estimate (FMRe: EUR 70m). After deducting betting fees (EUR 10.2m) and VAT for electronic services (EUR 2.2m), net revenues amounted to EUR 58.4m, up almost 12.4% on the previous year (H1 18: EUR 52.2m). Marketing expenses in the first half of the year amounted to EUR 16.7m, which was well below the previous year's figure of EUR 21.2m. However, a YoY is difficult because of last year's FIFA World Cup and marketing in those years is more focused on Q2 than in non-major event years.

In total, Bet-at-home achieved an EBITDA of EUR 21.3m, after reporting an EBITDA of EUR 10.9m in H1 18. EBITDA in Q2 was thus EUR 8.6m, while we had only expected EUR 6.0m.

**Guidance for 2019 unchanged (but is conservative):** The company has confirmed its annual guidance. It still expects a GGR of EUR 130-143m and an EBITDA in the range of EUR 29m to EUR 33m. While we were at the upper end of our guidance pre-Q2 (EUR 32.7m), we are now increasing our guidance estimates as the company exceeded our Q2 estimates by EUR 2.6m. After taking into account the better Q2 and still assuming that Switzerland is no longer active in H2, we currently expect EBITDA for 2019e to be EUR 34.5m (up by 6%). The current Factset consensus is EUR at 32.9m, but we expect the consensus to continue to rise. We also believe that the company can give a more accurate guidance at the Q3 figures for the full year, as this would be the first time we would see a quarter without Switzerland.

**BUY confirmed with PT of EUR 85.00:** The momentum of the share should turn positive again, as not only was Q2 significantly better than expected, but it can also be assumed with a high degree of probability that the annual guidance was too conservative. Fundamentally, the company is in very good shape and Q2 has shown that 2019 will be a good year despite the uncertainties with Switzerland. We therefore confirm our BUY estimate and leave our price target at EUR 85.00.

GY end: 31.12; in million EUR	CAGR (18-21e)	2016	2017	2018	2019e	2020e	2021e
Revenues (GGR)	2.8%	138.7	145.4	143.3	141.6	149.5	155.7
EBITDA	3.8%	33.0	35.5	35.3	34.5	35.9	39.4
Margin in % of NGR		29.3%	30.1%	30.6%	30.6%	30.4%	32.2%
EBIT	4.0%	31.9	34.1	34.0	33.2	34.6	38.2
Margin in % of NGR		28.2%	29.0%	29.5%	29.5%	29.4%	31.1%
Net result	3.4%	31.0	32.8	30.8	29.6	30.8	34.0
EPS	3.4%	4.42	4.68	4.38	4.22	4.39	4.85
FCF		57.1	59.8	33.5	29.9	30.2	33.3
Dividend per share		7.50	7.50	6.50	6.00	5.25	5.25
Enterprise Value (EV)		442.4	595.3	290.0	305.7	317.6	321.2
EV/Sales		3.2	4.1	2.0	2.2	2.1	2.1
EV/EBITDA		13.4	16.8	8.2	8.9	8.9	8.1
P/E		17.2	21.1	12.0	12.4	11.9	10.8
Net debt/EBITDA		neg.	neg.	neg.	neg.	neg.	neg.

Source: Bet-at-home, FMR

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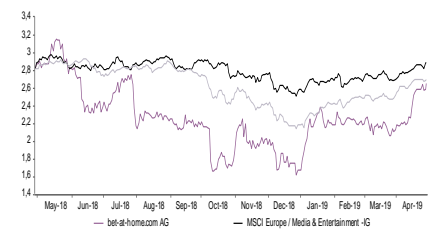
**BUY**

Before: BUY

Target Price **EUR 85.00 (85.00)**  
Share Price\* EUR 52.45 (+62%)

\*last XETRA closing price

Changel	2019e	2020e	2021e
Sales	-	-	-
EBIT	5.7%	-	-
EPS	5.8%	-	-



Source: FactSet

### Basic Data Share

Number of shares (millions)	7.0
Free float (in %)	47%
Market Cap (in million EUR)	370
Trading volume (Ø)	24,300
High (EUR, 52 weeks)	97.85
Low (EUR, 52 weeks)	43.20

### Shareholder Structure

Betclic Everest	51.7%
Management	1.0%
Free float, others	47.3%

### Corporate Calendar

H1 report	09.09.19
Q3 19 numbers	04.11.19

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## Valuation

### DCF model

in EURm	PHASE 1			PHASE 2							PHASE 3
	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	∞
Sales	112.6	117.8	122.7	128.8	131.4	137.9	140.7	147.7	150.7	156.7	
Sales growth YoY in %	-2.3%	4.7%	4.1%	5.0%	2.0%	5.0%	2.0%	5.0%	2.0%	4.0%	
EBIT	33.2	34.6	38.2	42.5	43.4	45.5	46.4	48.8	49.7	51.7	
EBIT margin in %	29.5%	29.4%	31.1%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	
Income tax on EBIT	-3.3	-3.5	-3.8	-8.5	-8.7	-9.1	-9.3	-9.8	-9.9	-11.4	
Depreciation and amortisation	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.1	1.1	1.1	
Change in net working capital	-1.6	-1.2	-1.4	-1.0	-0.2	-0.7	-0.3	-0.8	-0.3	-0.5	
Net capital expenditure	-1.0	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	
<b>Free cash flow</b>	<b>28.4</b>	<b>30.1</b>	<b>33.1</b>	<b>33.1</b>	<b>34.6</b>	<b>35.8</b>	<b>36.8</b>	<b>38.1</b>	<b>39.4</b>	<b>39.7</b>	
<b>Present values</b>	<b>27.5</b>	<b>26.9</b>	<b>27.2</b>	<b>25.1</b>	<b>24.2</b>	<b>23.1</b>	<b>22.0</b>	<b>21.0</b>	<b>20.0</b>	<b>18.6</b>	<b>313.9</b>
Present value Phase 1	81.6	26%					2.0%	Target equity ratio			70.0%
Present value Phase 2	154.0	28%					6.0%	Tax shield			22.0%
Present value Phase 3	313.9	57%					2.0%	Beta (fundamental)			1.40
<b>Total present value</b>	<b>549.5</b>	100%					3.3%	<b>WACC</b>			<b>8.05%</b>
							33.0%	<b>Terminal growth</b>			<b>2.0%</b>
- Net cash	58.3										
- Minority interest (est. market value)	0.0										
<b>Fair value of equity</b>	<b>607.8</b>										
Number of shares (m)	7.0										
<b>Fair value per share (EUR)</b>	<b>86.61</b>										

Sensitivity analysis						
		Terminal growth (Phase 3)				
		1.0%	1.5%	2.0%	2.5%	3.0%
EBIT margin	31.0%	76.20	79.11	82.50	86.51	91.31
	32.0%	78.04	81.05	84.56	88.69	93.65
	33.0%	79.88	82.99	<b>86.61</b>	90.88	95.99
	34.0%	81.73	84.93	88.66	93.06	98.33
	35.0%	83.57	86.87	90.71	95.24	100.67

Quelle: FMR

## Appendix

	in Mio. EUR	2016	2017	2018E	2019E	2020E	2021E
<b>Gross gaming revenues (GGR)</b>		<b>138.7</b>	<b>145.4</b>	<b>143.3</b>	<b>141.6</b>	<b>149.5</b>	<b>155.7</b>
YoY growth		14.0%	4.8%	-1.4%	-1.2%	5.6%	4.1%
Betting fees and gambling levies as % of GGR		-16.5 -11.9%	-18.8 -12.9%	-20.7 -14.5%	-20.5 -14.5%	-21.8 -14.6%	-22.9 -14.7%
<b>Adjusted Net Gaming Revenues (Adj. NGR)</b>		<b>122.1</b>	<b>126.6</b>	<b>122.6</b>	<b>121.0</b>	<b>127.7</b>	<b>132.8</b>
YoY growth		14.0%	3.7%	-3.2%	-1.2%	5.5%	4.0%
VAT related expenses as % of GGR		-9.2 -6.7%	-8.8 -6.1%	-7.4 -5.1%	-8.5 -6.0%	-9.9 -6.6%	-10.1 -6.5%
<b>Net revenues</b>		<b>112.9</b>	<b>117.8</b>	<b>115.2</b>	<b>112.6</b>	<b>117.8</b>	<b>122.7</b>
YoY growth		12.5%	4.3%	-2.2%	-2.3%	4.7%	4.1%
Other operating income as % of net revenues		1.0 0.8%	0.9 0.8%	0.7 0.6%	1.0 0.9%	1.0 0.8%	0.9 0.7%
<b>Total net revenues</b>		<b>113.8</b>	<b>118.7</b>	<b>115.9</b>	<b>113.6</b>	<b>118.8</b>	<b>123.5</b>
as % of net revenues		100.8%	100.8%	100.6%	100.9%	100.8%	100.7%
Marketing expenses as % of net revenues		-44.0 -38.9%	-42.0 -35.6%	-40.3 -35.0%	-38.3 -34.0%	-40.2 -34.1%	-39.4 -32.1%
Personnel costs as % of net revenues		-17.3 -15.3%	-18.1 -15.3%	-18.4 -16.0%	-18.8 -16.7%	-19.7 -16.8%	-20.7 -16.9%
Other operating expenses as % of net revenues		-19.6 -17.3%	-23.2 -19.7%	-21.9 -19.0%	-21.9 -19.5%	-23.0 -19.5%	-23.9 -19.5%
<b>EBITDA</b>		<b>33.0</b>	<b>35.5</b>	<b>35.3</b>	<b>34.5</b>	<b>35.9</b>	<b>39.4</b>
as % of net revenues		29.3%	30.1%	30.6%	30.6%	30.4%	32.2%
Depreciation and amortisation (incl. PPA depreciation) as % of net revenues		-1.2 -1.0%	-1.3 -1.1%	-1.3 -1.1%	-1.3 -1.2%	-1.3 -1.1%	-1.3 -1.0%
<b>Operating profit (EBIT)</b>		<b>31.9</b>	<b>34.1</b>	<b>34.0</b>	<b>33.2</b>	<b>34.6</b>	<b>38.2</b>
as % of net revenues		28.2%	29.0%	29.5%	29.5%	29.4%	31.1%
Net financial results		2.2	1.5	0.2	0.1	0.1	0.1
<b>EBT (Earnings before income taxes)</b>		<b>34.1</b>	<b>35.7</b>	<b>34.2</b>	<b>33.3</b>	<b>34.7</b>	<b>38.2</b>
as % of net revenues		30.2%	30.3%	29.7%	29.6%	29.4%	31.2%
Income taxes as % of EBT		-3.1 -9.1%	-2.8 -7.9%	-3.4 -10.0%	-3.7 -11.0%	-3.8 -11.0%	-4.2 -11.0%
<b>Net income</b>		<b>31.0</b>	<b>32.8</b>	<b>30.8</b>	<b>29.6</b>	<b>30.8</b>	<b>34.0</b>
Minorities		0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income attributable to shareholders</b>		<b>31.0</b>	<b>32.8</b>	<b>30.8</b>	<b>29.6</b>	<b>30.8</b>	<b>34.0</b>
as % of net revenues		27.5%	27.9%	26.7%	26.3%	26.2%	27.7%
Shares outstanding (in m)		7.0	7.0	7.0	7.0	7.0	7.0
<b>Basic earnings per share (EUR)</b>		<b>4.42</b>	<b>4.68</b>	<b>4.38</b>	<b>4.22</b>	<b>4.39</b>	<b>4.85</b>

Source: Bet-at-home.com AG, FMR

**Balance sheet**

	in EURm	2016	2017	2018e	2019e	2020e	2021e
<b>Assets</b>							
<b>Non-current assets</b>		<b>4.9</b>	<b>4.0</b>	<b>4.0</b>	<b>3.7</b>	<b>3.4</b>	<b>3.1</b>
as % of total assets		3.4%	3.2%	3.7%	3.9%	4.0%	3.7%
Intangible assets (incl. Goodwill)		2.0	2.0	1.8	1.6	1.5	1.3
Property, plant and equipment		2.9	2.0	2.2	2.1	1.9	1.8
Long-term investments		0.0	0.0	0.0	0.0	0.0	0.0
Income tax claims (incl. Deferred)		0.0	0.0	0.0	0.0	0.0	0.0
Other assets		0.0	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>		<b>139.8</b>	<b>118.8</b>	<b>103.3</b>	<b>89.5</b>	<b>80.2</b>	<b>79.4</b>
as % of total assets		96.1%	95.3%	94.3%	93.7%	93.2%	93.3%
Inventories		0.0	0.0	0.0	0.0	0.0	0.0
Other receivables and other assets		47.9	16.9	19.6	21.6	24.2	26.9
Current income tax claims		0.0	0.0	0.0	0.0	0.0	0.0
Financial assets		1.7	4.6	5.5	5.5	5.5	5.5
Cash and cash equivalents		90.1	97.3	78.1	62.4	50.4	46.9
Deferred items		0.7	1.8	2.2	2.3	2.4	2.6
<b>Total assets</b>		<b>145.4</b>	<b>124.6</b>	<b>109.5</b>	<b>95.5</b>	<b>86.0</b>	<b>85.0</b>
<b>Shareholders' equity and liabilities</b>							
<b>Shareholders' equity</b>		<b>109.6</b>	<b>89.3</b>	<b>68.7</b>	<b>52.7</b>	<b>41.4</b>	<b>38.6</b>
as % of total equity and liabilities		75.4%	71.7%	62.7%	55.2%	48.2%	45.4%
Subscribed capital		7.0	7.0	7.0	7.0	7.0	7.0
Capital reserve		7.4	7.4	10.9	10.9	10.9	10.9
Accumulated and other comprehensive income		95.2	74.9	50.8	34.8	23.5	20.7
Treasury shares		0.0	0.0	0.0	0.0	0.0	0.0
<b>Equity attributable to shareholders</b>		<b>109.6</b>	<b>89.3</b>	<b>68.7</b>	<b>52.7</b>	<b>41.4</b>	<b>38.6</b>
Minorities		0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities and provisions</b>		<b>35.1</b>	<b>34.4</b>	<b>40.2</b>	<b>42.2</b>	<b>43.9</b>	<b>45.7</b>
as % of total equity and liabilities		24.1%	27.6%	36.7%	44.2%	51.1%	53.8%
Financial liabilities		0.0	0.0	0.0	0.0	0.0	0.0
Advance payments received		0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable		0.5	1.8	3.8	5.6	5.8	6.0
Tax liabilities		0.0	0.0	0.0	0.0	0.0	0.0
Other provisions		21.4	22.6	24.6	24.6	25.8	27.1
Other liabilities		13.2	10.1	11.8	12.1	12.3	12.5
<b>Non-current liabilities and provisions</b>		<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>
as % of total equity and liabilities		0.1%	0.0%	0.0%	0.0%	0.1%	0.1%
Pension provisions and similar obligations		0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities		0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities		0.1	0.0	0.0	0.0	0.0	0.0
Provisions		0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities		0.0	0.0	0.0	0.0	0.0	0.0
Deferred expenses		0.6	0.8	0.6	0.6	0.6	0.7
<b>Total equity and liabilities</b>		<b>145.4</b>	<b>124.6</b>	<b>109.5</b>	<b>95.5</b>	<b>86.0</b>	<b>85.0</b>

Source: Bet-at-home.com AG, FMR

**Cash flow Statement**

in EURm	2016	2017	2018e	2019e	2020e	2021e
<b>Net income</b>	<b>31.0</b>	<b>32.8</b>	<b>30.8</b>	<b>29.6</b>	<b>30.8</b>	<b>34.0</b>
Depreciation and amortisation	1.2	1.3	1.3	1.3	1.3	1.3
Other transactions incl. non-cash	-0.3	0.2	0.0	0.0	0.0	0.0
Change in Working Capital	-1.6	-3.6	2.5	-0.1	-1.0	-1.0
<b>Cash flow from operating activities</b>	<b>30.2</b>	<b>30.8</b>	<b>34.5</b>	<b>30.8</b>	<b>31.1</b>	<b>34.3</b>
CAPEX	-1.3	-0.6	-1.0	-1.0	-1.0	-1.0
Change in consolidation, net cash	0.0	0.1	0.0	0.0	0.0	0.0
Other investing activities	28.2	29.5	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>26.9</b>	<b>29.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>
Change in debt	0.0	0.0	0.0	0.0	0.0	0.0
Net proceeds from capital increase & right capital & change in capital reserve	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of treasury shares & minority stakes	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payments	-15.8	-52.6	-52.6	-45.6	-42.1	-36.8
Other financing activities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-15.8</b>	<b>-52.6</b>	<b>-52.6</b>	<b>-45.6</b>	<b>-42.1</b>	<b>-36.8</b>
<b>Total change in cash and cash equivalents</b>	<b>41.3</b>	<b>7.2</b>	<b>-19.1</b>	<b>-15.7</b>	<b>-11.9</b>	<b>-3.5</b>
Effect of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Other changes in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the start of the period	48.8	90.1	97.3	78.1	62.4	50.4
<b>Cash and cash equivalents at year's end</b>	<b>90.1</b>	<b>97.3</b>	<b>78.1</b>	<b>62.4</b>	<b>50.4</b>	<b>46.9</b>

Source: Bet-at-home.com AG, FMR

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- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Lurgiallee 12, 60439 Frankfurt am Main
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  - (ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;
  - (iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements;
  - (iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;

(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company	Disclosure(s)
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Bet-at-home.com AG	vi
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Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date	Price target
07.03.2019	BUY	58.08	75.00
30.04.2019	BUY	72.30	85.00
29.07.2019	BUY	52.45	85.00

#### 4. Creation and distribution

##### a) Responsibility for creation and distribution

FMR Frankfurt Main Research AG

Registered office: Frankfurt am Main; Commercial Register No. HRB 113537, Frankfurt am Main district court; Chairman: Marcus Silbe

##### b) Issuer

Marcus Silbe, Head of Research, Senior Analyst

c) This study may only be used for the internal purposes of the addressee within the EEA or Switzerland.

#### 5. Investment recommendation details

Investment recommendation details - stocks:

**BUY:** In our opinion, the stock will demonstrate an absolute price gain of at least 10 % in a 12-month period.

**HOLD:** In our opinion, the stock will not exceed or fall below an absolute price gain or loss of 10% in a 12-month period.

**Sell:** In our opinion, the stock will demonstrate an absolute price loss of at least 10 % in a 12-month period.

#### 6. Sensitivity of the evaluation parameters

The figures from profit and loss calculations, cash flow statements and balance sheets which form the basis of the company evaluation are date-related estimates and therefore subject to risks. These may change at any time without prior notice. Regardless of the evaluation methods used, there are significant risks that the price goal/trend will not be achieved within the expected time frame. The risks include unforeseeable changes with regard to competition pressure, demand for the products of an issuer and the offer situation with respect to materials required for production as well as non-occurrence of the assumed development. Such deviations may be the result of changes relating to technology and changes relating to the economy, legal situation and exchange rates. No claim is made that this statement of evaluation methods and risk factors is complete.

#### 7. Key sources of information

We have acquired the information upon which this document is based from sources that we consider in principle to be reliable. However, we have not verified all this information. Therefore, we cannot guarantee or ensure the accuracy, completeness or correctness of the information or opinions contained in this document. National and international media and information services (e.g. Factset, Bloomberg etc.), the financial press (e.g. BörsenZeitung, FAZ, Handelsblatt, Wallstreet Journal, etc.), specialist press, published statistics, the internet, as well as publications, details and information of the issuer that is the subject of the analysis.

#### 8. Summary of the basis for evaluation

Individual issuers: Current and recognised evaluation methods (e.g. DCF method and Peer Group Analysis) are used for company analysis purposes. The DCF method calculates the value of the issuer based on the sum of the discounted cash flows, i.e. the cash value of the future cash flows of the issuer. The value is therefore determined on the basis of expected future cash flows and the applied discount rate. In Peer Group Analysis, issuers listed on the stock exchange are evaluated by comparing ratios (e.g. price/profit ratio, Enterprise Value/turnover, Enterprise Value/EBITDA, Enterprise Value/EBIT). The comparability of the ratios is primarily determined with reference to the business activity and economic prospects.

#### 9. Internal organisational and regulatory measures for the prevention or management of conflicts of interest

Employees of FMR Frankfurt Main Research AG who are involved with the compilation and/or presentation of financial analyses are subject to the internal compliance regulations. The internal compliance regulations correspond to the provisions of the directive for the substantiation of the organisational obligations of investment service companies pursuant to Section 80 Securities Trading Act and EU/ESMA legislation on the basis of the Market Abuse Regulation.

The analysts of FMR Frankfurt Main Research AG do not receive any direct or indirect remuneration from the investment banking business of FMR Frankfurt Main Research AG.

On acceptance of the financial analysis, the recipient accepts that the above restrictions are binding.