

Bet-at-home.com AG

Neutral → | Target 94.00 EUR vs 108.00 EUR ↘

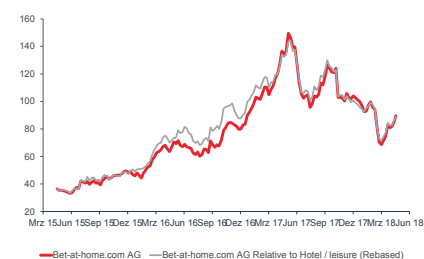
Price (16/05/2018) : 89.60 EUR | Upside : 5 %

Est.chg	2018e	2019e
EPS	-2.8%	-12.2%

Poland still hampering, but approaching mega sport events like FIFA World Cup to compensate

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Source : Oddo BHF Securities, Fininfo

Capital

ACX GR ARTG.DE	
Market Cap (EURm)	629
Enterprise value (EURm)	563
Extrema 12 months	68.20 - 149.5
Free Float (%)	28.7

Performance (%)	1m	3m	12m
Absolute	13.9	-8.0	-36.0
Perf. rel. Country Index	9.4	-11.0	-35.5
Perf. rel. Hotel / leisure	9.9	-8.2	-35.8

P&L	12/18e	12/19e	12/20e
Sales (EURm)	124	125	132
EBITDA (EURm)	38.5	39.5	42.1
Current EBIT (EURm)	37.3	38.3	40.9
Attr. net profit (EURm)	34.1	34.9	37.3
Adjusted EPS (EUR)	4.86	4.98	5.32
Dividend (EUR)	7.00	6.22	5.62

P/E (x)	18.4	18.0	16.8
P/B (x)	8.7	10.8	12.1
Dividend Yield (%)	7.8	6.9	6.3
FCF yield (%)	6.8	5.3	5.9
EV/Sales (x)	4.40	4.49	4.33
EV/EBITDA (x)	14.2	14.3	13.5
EV/Current EBIT (x)	14.7	14.7	13.9
Gearing (%)	-114	-113	-113
Net Debt/EBITDA(x)	ns	ns	ns

Next Events	
22.05.2018	Annual General meeting
30.07.2018	Earnings Release

Model adjustments after company contact

After a discussion with the company, we have revised our model and have adjusted our estimates based on the following factors: i/ the on-going ban on foreign betting and gaming operators in Poland; ii/ the upcoming FIFA World Cup starting in June 2018, and iii/ our model rollover now including detailed 2020e estimates also for the UEFA EURO 2020. We derive a new DCF-based TP of € 94.00 (old: € 108.00).

Recap of Q1-18 figures: revenues burdened, earnings up strongly

Reviewing the Q1 18 figures, gross betting gaming revenues decreased 10.2% yoy to €33.2m (Q1 17: € 37.2m), leading to net betting and gaming revenues of € 26.2m (Q1 17: € 29.4m). The contraction was mainly attributable to the Polish government's measures to block Bet-at-home's website and payment channels in Poland. EBITDA improved strongly, however, rising 86% yoy to € 9.3m (Q1 17: €5.0m), mainly driven lower marketing expenses, which decreased 48.3% yoy to € 7.7m, as they were shifted out to Q2 and Q3 due to the World Cup.

Full-year 2018 guidance realistic

Although the Q1 18 results were not stellar, the company reiterated its 2018e top-line guidance, i.e. gross betting and gaming revenues of € 150.0m, which is roughly in line with our expectation of € 152.7m. According to our model, the company should achieve the bulk of its full-year gross betting and gaming revenues in Q2 and Q3, mainly linked to the FIFA World Cup (from 14 June to 15 July 2018). For 2019e we expect gross betting and gaming revenues to stabilize at c.€ 154m, and then resume growth in 2020e. For 2020e we now estimate gross betting and gaming revenue growth of 5% to €161.9m, due in particular to the UEFA EURO 2020 (European Football Championship). On the bottom-line, the company continues to guide for a 2018 EBITDA corridor of €36-40m, putting our 2018e EBITDA estimate of € 38.5m towards the higher end. For 2019e and 2020e, we expect EBITDA to increase to € 39.5m and € 42.2m respectively, implying further margin improvements towards our estimated mid-term margin peak of 32%.

Austrian ban proposal withdrawn, no new one in sight

After Poland introduced its ban on foreign betting and gaming operators, Austria had proposed a similar ban on online casino offers from foreign providers. Since bet-at-home generates c.29% of its revenues in Austria, a ban in Austria would have been a significant blow. However, the Austrian ban proposal has been withdrawn and a new one is currently not on the cards.

All in all, the Q1 results underline the fact that Poland is still an impediment, but that this should be more than offset going forward by upcoming mega-events like the FIFA World Cup in June 2018 and the UEFA EURO 2020. According to our updated model, however, we derive a new DCF-based TP of € 94.00 (old: € 108.00), offering upside of c.5%. Consequently, we believe the positives are already largely factored into the current share price. We therefore confirm our Neutral rating on the shares. Our TP implies a target 2018e P/E of 19.3x.

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ARTG.DE | ACX GR
Leisure | Germany

Neutral

Price 89.60EUR

Upside 4.91%

TP 94.00EUR

	12/13	12/14	12/15	12/16	12/17	12/18e	12/19e	12/20e
PER SHARE DATA (EUR)								
Adjusted EPS	4.13	7.31	8.23	4.42	4.68	4.86	4.98	5.32
Reported EPS	4.13	7.31	8.23	4.42	4.68	4.86	4.98	5.32
Growth in EPS(%)	ns	76.8%	12.6%	-46.3%	5.9%	3.9%	2.4%	6.9%
Net dividend per share	0.80	1.20	4.50	7.50	7.50	7.00	6.22	5.62
FCF to equity per share	5.57	6.86	7.74	8.31	6.50	6.06	4.71	5.32
Book value per share	12.71	19.22	26.30	15.80	12.98	10.34	8.32	7.41
Number of shares market cap	3.51	3.51	3.51	7.02	7.02	7.02	7.02	7.02
Number of diluted shares	3.51	3.51	3.51	7.02	7.02	7.02	7.02	7.02
VALUATION								
12m highest price	17.95	29.49	49.88	84.90	150	105		
12m lowest price	10.06	16.94	27.80	43.02	82.27	68.20		
(*) Reference price	12.98	22.36	36.96	64.90	111	89.60	89.60	89.60
Capitalization	45.5	78.5	130	455	780	629	629	629
Restated Net debt	-22.0	-30.3	-53.3	-99.5	-92.5	-82.4	-66.0	-57.6
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-1.0
Enterprise Value	23.5	48.2	76.4	356	688	546	563	570
P/E (x)	3.1	3.1	4.5	14.7	23.8	18.4	18.0	16.8
P/CF (x)	2.2	2.5	4.4	14.2	23.0	17.8	17.4	15.9
Net Yield (%)	6.2%	5.4%	12.2%	11.6%	6.7%	7.8%	6.9%	6.3%
FCF yield (%)	42.9%	30.7%	20.9%	12.8%	5.9%	6.8%	5.3%	5.9%
P/B incl. GW (x)	1.02	1.16	1.41	4.11	8.56	8.67	10.77	12.09
P/B excl. GW (x)	1.05	1.19	1.43	4.16	8.69	8.83	11.03	12.42
EV/Sales (x)	0.32	0.51	0.76	3.15	5.66	4.40	4.49	4.33
EV/EBITDA (x)	1.6	1.8	2.4	10.8	19.1	14.2	14.3	13.5
EV/EBIT (x)	1.6	1.9	2.5	11.2	19.7	14.7	14.7	13.9
(*) historical average price								
PROFIT AND LOSS (EURm)								
Sales	75	95	100	113	122	124	125	132
EBITDA	15.0	26.7	31.7	33.0	36.1	38.5	39.5	42.1
Depreciations	-0.7	-0.9	-0.9	-1.2	-1.2	-1.2	-1.2	-1.2
Current EBIT	14.3	25.8	30.8	31.9	34.9	37.3	38.3	40.9
Published EBIT	14.3	25.8	30.8	31.9	34.9	37.3	38.3	40.9
Net financial income	1.1	1.7	2.0	2.2	0.8	0.2	0.1	0.1
Corporate Tax	-0.9	-1.8	-4.0	-3.1	-2.9	-3.4	-3.5	-3.7
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	14.5	25.6	28.9	31.0	32.8	34.1	34.9	37.3
Adjusted attributable net profit	14.5	25.6	28.9	31.0	32.8	34.1	34.9	37.3
BALANCE SHEET (EURm)								
Goodwill	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Other intangible assets	0.8	1.0	2.0	2.7	3.5	4.3	5.0	5.8
Tangible fixed assets	0.9	2.1	3.9	5.5	7.0	8.3	9.4	10.3
WCR	19.5	32.7	31.7	1.9	-13.2	-23.7	-23.3	-24.1
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ordinary shareholders equity	44.6	67.5	92.3	111	91.1	72.6	58.4	52.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	44.6	67.5	92.3	111	91.1	72.6	58.4	52.0
Non-current provisions	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net debt	-22.0	-30.3	-53.3	-99.5	-92.5	-82.4	-66.0	-58.6
CASH FLOW STATEMENT (EURm)								
EBITDA	15.0	26.7	31.7	33.0	36.1	38.5	39.5	42.1
Change in WCR	-0.8	-4.4	1.0	29.8	15.1	10.5	0.0	0.7
Interests & taxes	0.2	-0.2	-1.9	-0.9	-2.1	-3.2	-3.4	-3.6
Others	5.5	4.3	0.0	0.0	0.0	0.0	0.0	1.0
Operating Cash flow	19.9	26.4	30.8	62.0	49.1	45.8	36.1	40.3
CAPEX	-0.4	-2.4	-3.7	-3.7	-3.4	-3.2	-3.1	-2.9
Free cash-flow	19.5	24.1	27.2	58.3	45.6	42.5	33.1	37.3
Acquisitions / disposals	-32.0	-13.0	-0.1	0.0	0.0	0.0	0.0	0.0
Dividends	-4.2	-2.8	-4.2	-15.8	-52.6	-52.6	-49.1	-43.7
Net capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in net debt	-16.7	8.3	22.9	42.5	-7.0	-10.1	-16.1	-6.3
GROWTH MARGINS PRODUCTIVITY								
Sales growth	-1.1%	26.9%	5.9%	12.5%	7.6%	2.1%	1.0%	5.0%
Lfl sales growth								
Current EBIT growth	ns	80.4%	19.4%	3.5%	9.5%	6.8%	2.7%	6.9%
Growth in EPS(%)	ns	76.8%	12.6%	-46.3%	5.9%	3.9%	2.4%	6.9%
Net margin	19.4%	27.1%	28.8%	27.5%	27.0%	27.5%	27.9%	28.4%
EBITDA margin	20.1%	28.2%	31.6%	29.3%	29.7%	31.0%	31.5%	32.0%
Current EBIT margin	19.2%	27.2%	30.7%	28.2%	28.7%	30.0%	30.5%	31.1%
CAPEX / Sales	-0.5%	-2.5%	-3.6%	-3.2%	-2.8%	-2.6%	-2.5%	-2.2%
WCR / Sales	26.1%	34.5%	31.6%	1.7%	-10.9%	-19.1%	-18.6%	-18.3%
Tax Rate	5.9%	6.6%	12.1%	9.1%	8.0%	9.0%	9.0%	9.0%
Normative tax rate	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	ns
Asset Turnover	8.2	3.2	2.6	4.5	24.1	-22.3	-14.5	-18.6
ROCE post-tax (normative tax rate)	ns	62.1%	58.2%	91.0%	ns	ns	ns	ns
ROCE post-tax hors GW (normative tax rate)	ns	65.1%	60.4%	96.3%	ns	ns	ns	ns
ROE	36.8%	45.8%	36.2%	30.5%	32.5%	41.7%	53.4%	67.6%
DEBT RATIOS								
Gearing	-49%	-45%	-58%	-90%	ns	ns	ns	ns
Net Debt / Market Cap	-0.48	-0.39	-0.41	-0.22	-0.12	-0.13	-0.10	-0.09
Net debt / EBITDA	ns	ns	ns	ns	ns	ns	ns	ns
EBITDA / net financial charges	-13.6	-16.1	-15.6	-14.9	-46.2	-192.4	-394.9	-421.2
Source: ODDO BHF Securities, Fininfo								



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Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on Oddo BHF website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
16.05.18	Neutral	94.00	89.60	Henning Steinbrink

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Recommendation split				
		Buy	Neutral	Reduce
Our whole coverage	(413)	50%	40%	10%
Liquidity providers coverage	(129)	45%	50%	5%
Research service coverage	(58)	55%	40%	5%
Investment banking services	(42)	67%	29%	5%

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