

Bet-at-home.com AG

Neutral → | Target price : 108.00 EUR

Price (05/03/2018) : 93.15 EUR | Upside : 16 %

| Est.chg | 2017e | 2018e |
|---------|-------|-------|
| EPS | 0.0% | -9.2% |

Q4 was not such a safe bet after all, missing slightly; 2018 outlook may be conservative

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Source : Oddo BHF Securities, Fininfo

Capital

| ACX GR ARTG.DE | |
|-------------------------|---------------|
| Market Cap (EURm) | 654 |
| Enterprise value (EURm) | 570 |
| Extrema 12 months | 90.85 - 149.5 |
| Free Float (%) | 28.7 |

| Performance (%) | 1m | 3m | 12m |
|----------------------------|------|------|-------|
| Absolute | -0.4 | -7.2 | -8.2 |
| Perf. rel. Country Index | 2.6 | -3.2 | -7.1 |
| Perf. rel. Hotel / leisure | 0.3 | -5.4 | -13.2 |

| P&L | 12/17e | 12/18e | 12/19e |
|-------------------------|--------|--------|--------|
| Sales (EURm) | 122 | 128 | 138 |
| EBITDA (EURm) | 36.1 | 39.6 | 44.8 |
| Current EBIT (EURm) | 34.9 | 38.4 | 43.6 |
| Attr. net profit (EURm) | 32.8 | 35.1 | 39.8 |
| Adjusted EPS (EUR) | 4.68 | 5.00 | 5.67 |
| Dividend (EUR) | 7.50 | 7.00 | 6.22 |

| | | | |
|---------------------|------|------|------|
| P/E (x) | 23.8 | 18.6 | 16.4 |
| P/B (x) | 8.6 | 8.9 | 10.2 |
| Dividend Yield (%) | 6.7 | 7.5 | 6.7 |
| FCF yield (%) | 5.9 | 6.7 | 5.8 |
| EV/Sales (x) | 5.66 | 4.47 | 4.21 |
| EV/EBITDA (x) | 19.1 | 14.4 | 13.0 |
| EV/Current EBIT (x) | 19.7 | 14.9 | 13.3 |
| Gearing (%) | -102 | -114 | -113 |
| Net Debt/EBITDA(x) | ns | ns | ns |

Next Events

| | |
|------------|------------------------|
| 02.05.2018 | Earnings Release |
| 22.05.2018 | Annual General meeting |
| 30.07.2018 | Earnings Release |

Bet-at-home's 2017 results miss market expectations

Bet-at-Home published its full-year 2017 results on Monday, 05 March, which came in largely below market expectations: i) Gross gaming revenues were up 4.8% yoy to € 145.4m, below our estimate of € 149.2m and consensus of € 146.4m. The miss was attributable the Polish government's measures to block Bet-at-home's website and payment channels in Poland. In seems the impact of this was marginally higher than we had anticipated. Nonetheless, the company still managed to beat its own guidance for GGR of € 144m. ii) Net betting and gaming revenues grew +4.3% yoy to € 117.8m; we had estimated € 121.5m. iii) EBITDA rose 7.4% yoy to € 35.5m, slightly missing expectation (ODDO BHF: € 36m; consensus: € 37.3m). The full-year marketing spend stood at € 42m, -2.3% less than we had forecast (€ 43.0m). Net income, at € 32.8m, was bang in line with our estimate (€ 23.8m) and consensus (€ 32.9m).

Bet-at-home: key figures for full-year 2017, our estimates and consensus

| | Reported | Oddo BHF | Consensus | FY2016 |
|----------------------|----------|----------|-----------|--------|
| Gross gaming revenue | 145.4 | 149.2 | 146.4 | 138.7 |
| EBITDA | 35.5 | 36.1 | 37.3 | 33.0 |
| Net income | 32.8 | 32.8 | 32.9 | 31.0 |

Source : Oddo BHF; Company data; consensus

2018 guidance below expectations

Management's outlook for 2018 seems conservative with gross betting and gaming revenue of just €150m, up just 3.2% yoy – although 2018 is an even year and includes the FIFA World Cup. We had estimated € 167.2m (up 12% yoy), but after the seeing first real quarter with the Poland impact, 12% yoy growth seemed too bullish given the situation in Poland. Thus, we now lower our forecast to € 157m, which equates to an 8% yoy increase.

For EBITDA, the company guides for €36-40m, well below market forecasts (ODDO BHF: € 43.5m; consensus: € 42.8m). Including the aforementioned sales adjustment in our model as well as some minor changes in opex (especially marketing expenses), we now forecast 2018e EBITDA at € 39.6m, at the high end of the guidance range. Although we have lowered our forecasts, we still believe the company's guidance for 2018 was deliberately since the full-year impact of the Polish business is not yet visible.

The company proposed a DPS of €6-8.00 (ODDO BHF: €7.50, consensus: €5.70), equating to an attractive dividend yield of 7% at the midpoint. The final DPS proposal will be made at latest on 29 March, when the annual report is published.

Share's momentum still depends on high div. yield, Neutral confirmed

Although Bet-at-home already guided the market on the impact coming from Poland – although they didn't substantiate it – its misses in terms of the full-year 2017 results and the outlook for 2018 are almost entirely related to the Poland issue.

Although the stock will face downward pressure due to the company's weaker than expected operational performance, the high dividend yield of 7% still supports the stock going into H1 2018. On top of that, investors should not forget that Q1 18 should be a good quarter as marketing expenses are down yoy (shifted out to Q2 and Q3 due to the World Cup), and the announcement of the DPS could still be a positive surprise (we forecast € 7.50 per share, the top of the company's range is € 8.00).

To justify an upgrade, however, the shares will clearly need a new trigger besides DPS, which we do not see on the short-term horizon. Neutral confirmed.

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ARTG.DE | ACX GR
Leisure | Germany

Neutral

Upside 15.94%

Price 93.15EUR

TP 108.00EUR

| PER SHARE DATA (EUR) | 12/12 | 12/13 | 12/14 | 12/15 | 12/16 | 12/17e | 12/18e | 12/19e |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Adjusted EPS | 0.49 | 4.13 | 7.31 | 8.23 | 4.42 | 4.68 | 5.00 | 5.67 |
| Reported EPS | 0.49 | 4.13 | 7.31 | 8.23 | 4.42 | 4.68 | 5.00 | 5.67 |
| Growth in EPS(%) | -62.9% | ns | 76.8% | 12.6% | -46.3% | 5.9% | 6.9% | 13.3% |
| Net dividend per share | 0.60 | 0.80 | 1.20 | 4.50 | 7.50 | 7.50 | 7.00 | 6.22 |
| FCF to equity per share | -0.17 | 5.57 | 6.86 | 7.74 | 8.31 | 6.50 | 6.24 | 5.40 |
| Book value per share | 9.77 | 12.71 | 19.22 | 26.30 | 15.80 | 12.98 | 10.48 | 9.15 |
| Number of shares market cap | 3.51 | 3.51 | 3.51 | 3.51 | 7.02 | 7.02 | 7.02 | 7.02 |
| Number of diluted shares | 3.51 | 3.51 | 3.51 | 3.51 | 7.02 | 7.02 | 7.02 | 7.02 |
| VALUATION | 12/12 | 12/13 | 12/14 | 12/15 | 12/16 | 12/17e | 12/18e | 12/19e |
| 12m highest price | 16.23 | 17.95 | 29.49 | 49.88 | 84.90 | 150 | 105 | |
| 12m lowest price | 8.35 | 10.06 | 16.94 | 27.80 | 43.02 | 82.27 | 90.85 | |
| (*) Reference price | 12.22 | 12.98 | 22.36 | 36.96 | 64.90 | 111 | 93.15 | 93.15 |
| Capitalization | 42.9 | 45.5 | 78.5 | 130 | 455 | 780 | 654 | 654 |
| Restated Net debt | -38.7 | -22.0 | -30.3 | -53.3 | -99.5 | -92.5 | -83.6 | -72.7 |
| 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 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Enterprise Value | 4.2 | 23.5 | 48.2 | 76.4 | 356 | 688 | 570 | 581 |
| P/E (x) | 25.2 | 3.1 | 3.1 | 4.5 | 14.7 | 23.8 | 18.6 | 16.4 |
| P/CF (x) | 26.1 | 2.2 | 2.5 | 4.4 | 14.2 | 23.0 | 18.0 | 16.0 |
| Net Yield (%) | 4.9% | 6.2% | 5.4% | 12.2% | 11.6% | 6.7% | 7.5% | 6.7% |
| FCF yield (%) | ns | 42.9% | 30.7% | 20.9% | 12.8% | 5.9% | 6.7% | 5.8% |
| P/B incl. GW (x) | 1.25 | 1.02 | 1.16 | 1.41 | 4.11 | 8.56 | 8.89 | 10.18 |
| P/B excl. GW (x) | 1.30 | 1.05 | 1.19 | 1.43 | 4.16 | 8.69 | 9.05 | 10.40 |
| EV/Sales (x) | 0.06 | 0.32 | 0.51 | 0.76 | 3.15 | 5.66 | 4.47 | 4.21 |
| EV/EBITDA (x) | 2.3 | 1.6 | 1.8 | 2.4 | 10.8 | 19.1 | 14.4 | 13.0 |
| EV/EBIT (x) | 3.6 | 1.6 | 1.9 | 2.5 | 11.2 | 19.7 | 14.9 | 13.3 |
| (*) historical average price | | | | | | | | |
| PROFIT AND LOSS (EURm) | 12/12 | 12/13 | 12/14 | 12/15 | 12/16 | 12/17e | 12/18e | 12/19e |
| Sales | 76 | 75 | 95 | 100 | 113 | 122 | 128 | 138 |
| EBITDA | 1.8 | 15.0 | 26.7 | 31.7 | 33.0 | 36.1 | 39.6 | 44.8 |
| Depreciations | -0.6 | -0.7 | -0.9 | -0.9 | -1.2 | -1.2 | -1.2 | -1.2 |
| Current EBIT | 1.2 | 14.3 | 25.8 | 30.8 | 31.9 | 34.9 | 38.4 | 43.6 |
| Published EBIT | 1.2 | 14.3 | 25.8 | 30.8 | 31.9 | 34.9 | 38.4 | 43.6 |
| Net financial income | 1.1 | 1.1 | 1.7 | 2.0 | 2.2 | 0.8 | 0.2 | 0.1 |
| Corporate Tax | -0.6 | -0.9 | -1.8 | -4.0 | -3.1 | -2.9 | -3.5 | -3.9 |
| 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 | 1.7 | 14.5 | 25.6 | 28.9 | 31.0 | 32.8 | 35.1 | 39.8 |
| Adjusted attributable net profit | 1.7 | 14.5 | 25.6 | 28.9 | 31.0 | 32.8 | 35.1 | 39.8 |
| BALANCE SHEET (EURm) | 12/12 | 12/13 | 12/14 | 12/15 | 12/16 | 12/17e | 12/18e | 12/19e |
| Goodwill | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Other intangible assets | 1.0 | 0.8 | 1.0 | 2.0 | 2.7 | 3.5 | 4.3 | 5.0 |
| Tangible fixed assets | 1.1 | 0.9 | 2.1 | 3.9 | 5.5 | 7.0 | 8.3 | 9.4 |
| WCR | -7.8 | 19.5 | 32.7 | 31.7 | 1.9 | -13.2 | -23.9 | -24.3 |
| Financial assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Ordinary shareholders equity | 34.3 | 44.6 | 67.5 | 92.3 | 111 | 91.1 | 73.6 | 64.2 |
| Minority interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders equity | 34.3 | 44.6 | 67.5 | 92.3 | 111 | 91.1 | 73.6 | 64.2 |
| Non-current provisions | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt | -38.7 | -22.0 | -30.3 | -53.3 | -99.5 | -92.5 | -83.6 | -72.7 |
| CASH FLOW STATEMENT (EURm) | 12/12 | 12/13 | 12/14 | 12/15 | 12/16 | 12/17e | 12/18e | 12/19e |
| EBITDA | 1.8 | 15.0 | 26.7 | 31.7 | 33.0 | 36.1 | 39.6 | 44.8 |
| Change in WCR | -1.5 | -0.8 | -4.4 | 1.0 | 29.8 | 15.1 | 10.7 | 0.0 |
| Interests & taxes | 0.5 | 0.2 | -0.2 | -1.9 | -0.9 | -2.1 | -3.3 | -3.8 |
| Others | -0.7 | 5.5 | 4.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating Cash flow | 0.2 | 19.9 | 26.4 | 30.8 | 62.0 | 49.1 | 47.0 | 41.0 |
| CAPEX | -0.8 | -0.4 | -2.4 | -3.7 | -3.7 | -3.4 | -3.2 | -3.1 |
| Free cash-flow | -0.6 | 19.5 | 24.1 | 27.2 | 58.3 | 45.6 | 43.8 | 37.9 |
| Acquisitions / disposals | 0.0 | -32.0 | -13.0 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividends | 0.0 | -4.2 | -2.8 | -4.2 | -15.8 | -52.6 | -52.6 | -49.1 |
| 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 | -0.6 | -16.7 | 8.3 | 22.9 | 42.5 | -7.0 | -8.9 | -11.2 |
| GROWTH MARGINS PRODUCTIVITY | 12/12 | 12/13 | 12/14 | 12/15 | 12/16 | 12/17e | 12/18e | 12/19e |
| Sales growth | 14.2% | -1.1% | 26.9% | 5.9% | 12.5% | 7.6% | 5.1% | 8.0% |
| Lfl sales growth | - | - | - | - | - | - | - | - |
| Current EBIT growth | -76.2% | ns | 80.4% | 19.4% | 3.5% | 9.5% | 9.9% | 13.6% |
| Growth in EPS(%) | -62.9% | ns | 76.8% | 12.6% | -46.3% | 5.9% | 6.9% | 13.3% |
| Net margin | 2.3% | 19.4% | 27.1% | 28.8% | 27.5% | 27.0% | 27.5% | 28.8% |
| EBITDA margin | 2.4% | 20.1% | 28.2% | 31.6% | 29.3% | 29.7% | 31.0% | 32.5% |
| Current EBIT margin | 1.6% | 19.2% | 27.2% | 30.7% | 28.2% | 28.7% | 30.1% | 31.6% |
| CAPEX / Sales | -1.0% | -0.5% | -2.5% | -3.6% | -3.2% | -2.8% | -2.5% | -2.2% |
| WCR / Sales | -10.3% | 26.1% | 34.5% | 31.6% | 1.7% | -10.9% | -18.7% | -17.6% |
| Tax Rate | 24.9% | 5.9% | 6.6% | 12.1% | 9.1% | 8.0% | 9.0% | 9.0% |
| Normative tax rate | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% |
| Asset Turnover | -13.7 | 8.2 | 3.2 | 2.6 | 4.5 | 24.1 | -22.4 | -14.9 |
| ROCE post-tax (normative tax rate) | -15.5% | ns | 62.1% | 58.2% | 91.0% | ns | ns | ns |
| ROCE post-tax hors GW (normative tax rate) | ns | ns | 65.1% | 60.4% | 96.3% | ns | ns | ns |
| ROE | 5.1% | 36.8% | 45.8% | 36.2% | 30.5% | 32.5% | 42.6% | 57.7% |
| DEBT RATIOS | 12/12 | 12/13 | 12/14 | 12/15 | 12/16 | 12/17e | 12/18e | 12/19e |
| Gearing | ns | -49% | -45% | -58% | -90% | ns | ns | ns |
| Net Debt / Market Cap | -0.90 | -0.48 | -0.39 | -0.41 | -0.22 | -0.12 | -0.13 | -0.11 |
| Net debt / EBITDA | ns | ns | ns | ns | ns | ns | ns | ns |
| EBITDA / net financial charges | -1.7 | -13.6 | -16.1 | -15.6 | -14.9 | -46.2 | -197.9 | -448.1 |

Source: ODDO BHF Securities, Fininfo



• **Valuation method**

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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The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

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Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Buy: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Reduce: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

• **The prices of the financial instruments used and mentioned in this document are the closing prices.**

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Recommendation and target price changes history over the last 12 months for the company analysed in this report

| Date | Reco | Price Target (EUR) | Price (EUR) | Analyst |
|----------|---------|--------------------|-------------|--------------------|
| 16.03.17 | Neutral | 108.00 | 110.50 | Marcus Silbe, CEFA |
| 02.02.17 | Neutral | 100.00 | 92.70 | Marcus Silbe, CEFA |

In accordance with Article 20 of European Regulation No. 596/2014 (Market Abuse Regulation), a list of all recommendations on any financial instrument or issuer that have been disseminated over the past twelve months is available by clicking on the following link [Web lien](#)

| Recommendation split | | | | |
|------------------------------|-------|-----|---------|--------|
| | | Buy | Neutral | Reduce |
| Our whole coverage | (410) | 50% | 40% | 10% |
| Liquidity providers coverage | (133) | 40% | 53% | 7% |
| Research service coverage | (58) | 52% | 43% | 5% |
| Investment banking services | (52) | 77% | 17% | 6% |

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|--|-----|
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