

Bet-at-home.com AG

WKN: A0DNAY | ISIN: DE000A0DNAY5 | Bloomberg: ACX GY

Q1 2019 a sign of fundamental strength (new Odd: 1.18x)

We pointed out in our initial coverage on 7 March 19 that the share of Bet-at-home was priced in with too many risks. Since the beginning of March, the share price has risen by 24% and yesterday's Q1 figures proved that everything remains fundamentally positive. Following the positive result in Q1, which was significantly above our estimates despite a positive one-off, we are changing our valuation approach and are now following our DCF valuation. We are therefore raising our price target from EUR 75 to EUR 85 and confirm our BUY recommendation.

Bet-at-home was able to convince in Q1 with its impressive figures. While stakes rose to EUR 827.3m in Q1 19 (+12.7% YoY), GGR revenues were EUR 37.2m (+12.1% YoY), corresponding to a hold margin of 4.5% (Q1 18: 4.5%). We had anticipated GGR sales of just under EUR 36m. After deduction of betting fees and sales tax amounting to EUR 6.2m (Q1 18: EUR 7.0m), net sales amounted to EUR 31.1m, which was about EUR 2m above our expectations. This was due to a special effect (jackpot payout) which only occurs at very irregular intervals.

The total OPEX of EUR 18.8m (60.5% of sales) was thus almost EUR 2m higher than in the previous year (Q1 18: EUR 17.0m, 64.9% of sales), resulting in EBITDA of EUR 12.7m (Q1 18: EUR 9.3m). Excluding the VAT effect as aforementioned, the company would have achieved an EBITDA of EUR 11.7m, which would still have been almost 24% above the previous year. By contrast, we had only estimated EBITDA of EUR 9m.

The company has thus once again demonstrated its fundamental strength despite fears regarding the Swiss ban. Obviously, the ban remains in place from 1.7.19 and thus we see also in Q2 a "normal" sales/EBITDA development. Looking at the run rate pace of the past years, the EBITDA guidance of EUR 29-33m would be described as too conservative after the Q1 figures. However, business in Switzerland will continue to be discontinued from H2 (we estimate EBITDA impact of up to EUR 2m). Though we currently consider it too early to adjust our estimates upwards, we would like to point out that our estimates were already among the highest (FMRe: EUR 32.7m; consensus: EUR 32.2m) and we expect the full-year guidance to be adjusted (upwards) after posting Q2 numbers.

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	32.7	35.9	39.4
Margin in % of NGR		29.3%	30.1%	30.6%	29.3%	30.4%	32.2%
EBIT	4.0%	31.9	34.1	34.0	31.4	34.6	38.2
Margin in % of NGR		28.2%	29.0%	29.5%	28.1%	29.4%	31.1%
Net result	3.4%	31.0	32.8	30.8	28.0	30.8	34.0
EPS	3.4%	4.42	4.68	4.38	3.99	4.39	4.85
FCF		57.1	59.8	33.5	28.4	30.0	33.3
Dividend per share		7.50	7.50	6.50	6.00	5.25	5.25
Enterprise Value (EV)		442.4	595.3	429.3	446.5	458.6	462.1
EV/Sales		3.2	4.1	3.0	3.2	3.1	3.0
EV/EBITDA		13.4	16.8	12.2	13.7	12.8	11.7
P/E		17.2	21.1	16.5	18.1	16.5	14.9
Net debt/EBITDA		neg.	neg.	neg.	neg.	neg.	neg.

Source: Bet-at-home, FMR

Published: 30.04.2019

BUY

Before: BUY

Target Price **EUR 85.00 (75.00)**
Share Price* **EUR 72.30 (+18%)**

*last XETRA closing price

Changel	2019e	2020e	2021e
Sales	-	-	-
EBIT	-	-	-
EPS	-	-	-



Source: FactSet

Basic Data Share

Number of shares (millions)	7.0
Free float (in %)	47%
Market Cap (in million EUR)	507
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

AGM	22.05.19
H1 19 figures	29.07.19

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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	111.6	117.8	122.7	128.8	131.4	137.9	140.7	147.7	150.7	156.7	
Sales growth YoY in %	-3.2%	5.6%	4.1%	5.0%	2.0%	5.0%	2.0%	5.0%	2.0%	4.0%	
EBIT	31.4	34.6	38.2	42.5	43.4	45.5	46.4	48.8	49.7	51.7	
EBIT margin in %	28.1%	29.4%	31.1%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	
Income tax on EBIT	-3.1	-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	
Free cash flow	26.8	30.1	33.1	33.1	34.6	35.8	36.8	38.1	39.4	39.7	
Present values	25.4	26.3	26.7	24.6	23.7	22.7	21.5	20.6	19.6	18.2	307.7
Present value Phase 1	78.4	25%					2.0%	Target equity ratio			70.0%
Present value Phase 2	151.0	28%					6.0%	Tax shield			22.0%
Present value Phase 3	307.7	57%					2.0%	Beta (fundamental)			1.40
Total present value	537.1	100%					3.3%	WACC			8.05%
							33.0%	Terminal growth			2.0%
- Net cash	58.3										
- Minority interest (est. market value)	0.0										
Fair value of equity	595.5										
Number of shares (m)	7.0										
Fair value per share (EUR)	84.85										

Sensitivity analysis						
		Terminal growth (Phase 3)				
		1.0%	1.5%	2.0%	2.5%	3.0%
EBIT margin	31.0%	74.64	77.50	80.82	84.75	89.46
	32.0%	76.45	79.40	82.84	86.89	91.75
	33.0%	78.26	81.30	84.85	89.03	94.05
	34.0%	80.06	83.20	86.86	91.17	96.34
	35.0%	81.87	85.10	88.87	93.31	98.64

Quelle: FMR

Peer Group valuation

in EURm, except EPS (in EUR)	EPS			EBITDA			EBIT		
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
Bet-at-home AG: Financial estimates by FMR	3.99	4.39	4.85	32.7	35.9	39.4	31.4	34.6	38.2
Applied multiples: Peer group average	11.4	14.8	12.3	9.5	10.4	9.1	18.2	15.2	12.4
Enterprise value (derived)	-	-	-	311.3	373.3	359.6	571.4	524.3	474.4
- Financial net debt & minority interests			75.0						
Market capitalisation (derived)	-	-	-	-	448.3	-	-	-	-
Market capitalisation (derived)			448.3						
Premium (discount) vs. Peer Group			20%						
Fair market capitalisation			537.9						
Number of shares (m)			7.0						
Fair value per share (EUR)			76.65						

Quelle: Factset, Bet-at-home, FMR

Appendix

	in EURm	2016	2017	2018E	2019E	2020E	2021E
Gross gaming revenues (GGR)		138.7	145.4	143.3	141.6	149.5	155.7
YoY growth		14.0%	4.8%	-1.4%	-1.2%	5.6%	4.1%
Betting fees and gambling levies		-16.5	-18.8	-20.7	-20.5	-21.8	-22.9
as % of GGR		-11.9%	-12.9%	-14.5%	-14.5%	-14.6%	-14.7%
Adjusted Net Gaming Revenues (Adj. NGR)		122.1	126.6	122.6	121.0	127.7	132.8
YoY growth		14.0%	3.7%	-3.2%	-1.2%	5.5%	4.0%
VAT related expenses		-9.2	-8.8	-7.4	-9.5	-9.9	-10.1
as % of GGR		-6.7%	-6.1%	-5.1%	-6.7%	-6.6%	-6.5%
Net revenues		112.9	117.8	115.2	111.6	117.8	122.7
YoY growth		12.5%	4.3%	-2.2%	-3.2%	5.6%	4.1%
Other operating income		1.0	0.9	0.7	0.8	1.0	0.9
as % of net revenues		0.8%	0.8%	0.6%	0.7%	0.8%	0.7%
Total net revenues		113.8	118.7	115.9	112.3	118.8	123.5
as % of net revenues		100.8%	100.8%	100.6%	100.7%	100.8%	100.7%
Marketing expenses		-44.0	-42.0	-40.3	-38.3	-40.2	-39.4
as % of net revenues		-38.9%	-35.6%	-35.0%	-34.3%	-34.1%	-32.1%
Personnel costs		-17.3	-18.1	-18.4	-18.8	-19.7	-20.7
as % of net revenues		-15.3%	-15.3%	-16.0%	-16.9%	-16.8%	-16.9%
Other operating expenses		-19.6	-23.2	-21.9	-22.5	-23.0	-23.9
as % of net revenues		-17.3%	-19.7%	-19.0%	-20.2%	-19.5%	-19.5%
EBITDA		33.0	35.5	35.3	32.7	35.9	39.4
as % of net revenues		29.3%	30.1%	30.6%	29.3%	30.4%	32.2%
Depreciation and amortisation (incl. PPA depreciation)		-1.2	-1.3	-1.3	-1.3	-1.3	-1.3
as % of net revenues		-1.0%	-1.1%	-1.1%	-1.2%	-1.1%	-1.0%
Operating profit (EBIT)		31.9	34.1	34.0	31.4	34.6	38.2
as % of net revenues		28.2%	29.0%	29.5%	28.1%	29.4%	31.1%
Net financial results		2.2	1.5	0.2	0.1	0.1	0.1
EBT (Earnings before income taxes)		34.1	35.7	34.2	31.5	34.7	38.2
as % of net revenues		30.2%	30.3%	29.7%	28.2%	29.4%	31.2%
Income taxes		-3.1	-2.8	-3.4	-3.5	-3.8	-4.2
as % of EBT		-9.1%	-7.9%	-10.0%	-11.0%	-11.0%	-11.0%
Net income		31.0	32.8	30.8	28.0	30.8	34.0
Minorities		0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders		31.0	32.8	30.8	28.0	30.8	34.0
as % of net revenues		27.5%	27.9%	26.7%	25.1%	26.2%	27.7%
Shares outstanding (in m)		7.0	7.0	7.0	7.0	7.0	7.0
Basic earnings per share (EUR)		4.42	4.68	4.38	3.99	4.39	4.85

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

Balance sheet

	in EURm	2016	2017	2018e	2019e	2020e	2021e
Assets							
Non-current assets		4.9	4.0	4.0	3.7	3.4	3.1
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
Current assets		139.8	118.8	103.3	87.8	78.6	77.7
as % of total assets		96.1%	95.3%	94.3%	93.6%	93.1%	93.2%
Inventories		0.0	0.0	0.0	0.0	0.0	0.0
Other receivables and other assets		47.9	16.9	19.6	21.4	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	60.9	48.8	45.3
Deferred items		0.7	1.8	2.2	2.3	2.4	2.6
Total assets		145.4	124.6	109.5	93.9	84.4	83.4
Shareholders' equity and liabilities							
Shareholders' equity		109.6	89.3	68.7	51.1	39.8	37.0
as % of total equity and liabilities		75.4%	71.7%	62.7%	54.4%	47.2%	44.4%
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	33.2	21.9	19.1
Treasury shares		0.0	0.0	0.0	0.0	0.0	0.0
Equity attributable to shareholders		109.6	89.3	68.7	51.1	39.8	37.0
Minorities		0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities and provisions		35.1	34.4	40.2	42.2	43.9	45.7
as % of total equity and liabilities		24.1%	27.6%	36.7%	44.9%	52.1%	54.8%
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	5.5	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
Non-current liabilities and provisions		0.1	0.0	0.0	0.0	0.0	0.1
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
Total equity and liabilities		145.4	124.6	109.5	93.9	84.4	83.4

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

Cash flow Statement

in EURm	2016	2017	2018e	2019e	2020e	2021e
Net income	31.0	32.8	30.8	28.0	30.8	34.0
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	0.0	-1.1	-1.0
Cash flow from operating activities	30.2	30.8	34.5	29.3	31.0	34.3
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
Cash flow from investing activities	26.9	29.0	-1.0	-1.0	-1.0	-1.0
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
Cash flow from financing activities	-15.8	-52.6	-52.6	-45.6	-42.1	-36.8
Total change in cash and cash equivalents	41.3	7.2	-19.1	-17.2	-12.1	-3.5
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	60.9	48.8
Cash and cash equivalents at year's end	90.1	97.3	78.1	60.9	48.8	45.3

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

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- b) Time conditions of expected updates: quarterly
- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Lurgiallee 12, 60439 Frankfurt am Main
- d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.
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Company	Disclosure(s)
Bet-at-home.com AG	vi

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FMR Frankfurt Main Research AG

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Marcus Silbe, Head of Research, Senior Analyst

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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.

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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.

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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.