

3 Casino and Gaming Stocks to Buy Today

Description

The casino and gaming industry is not the most popular from an investment standpoint, but it can be lucrative if you invest in the right stock at the right price. I have found three stocks that could generate huge returns for investors going forward, so let's take a closer look to determine if you should consider buying one of them today.

1. Amaya Inc.

Amaya Inc. ([TSX:AYA](#))(NASDAQ:AYA) is one of the world's leading providers of technology-based gaming solutions, and it is the owner of brands such as PokerStars, Full Tilt, and the European Poker Tour. At today's levels, its stock trades at 18.5 times fiscal 2015's estimated earnings per share of \$1.84 and 13.4 times fiscal 2016's estimated earnings per share of \$2.54, both of which are inexpensive given its current growth rate.

Amaya does not currently pay dividends, but it is important to note that it generated free cash flow of \$171.85 million in fiscal 2014 and \$70.89 million in the first quarter of fiscal 2015, and it ended the first quarter with \$371.65 million in cash, so I think it could initiate a quarterly dividend or announce a special dividend in the very near future.

2. Great Canadian Gaming Corporation

Great Canadian Gaming Corporation (TSX:GC) is one of the largest gaming companies in Canada, with 16 total properties, including nine casinos, four racetracks, and three community gaming centres. At current levels, its stock trades at 20 times fiscal 2015's estimated earnings per share of \$1.20 and 18 times fiscal 2016's estimated earnings per share of \$1.33, both of which are inexpensive compared with its long-term growth potential and its five-year average price-to-earnings multiple of 21.2.

Like Amaya, Great Canadian Gaming does not pay dividends as of right now, but it generated free cash flow of \$148.3 million in fiscal 2014 and \$21.6 million in the first quarter of fiscal 2015, and it ended the first quarter with \$339.5 million in cash and cash equivalents, so it is well positioned to initiate a quarterly dividend or announce a special dividend in the near future.

3. Gamehost Inc.

Gamehost Inc. ([TSX:GH](#)) owns and operates four casinos in Alberta, Canada. At today's levels, its stock trades at 14.9 times fiscal 2015's estimated earnings per share of \$0.75 and 10.6 times fiscal 2016's estimated earnings per share of \$1.05, the latter of which is inexpensive compared with its five-year average price-to-earnings multiple of 12.9.

In addition, Gamehost pays a monthly dividend of \$0.0733 per share, or \$0.88 per share annually, giving its stock a 7.9% yield at current levels. Investors should also note that the company has maintained this monthly payment since 2008, and its ample free cash flow generation could allow it to

continue doing so for the next several years.

Should you buy one of these gaming stocks?

Amaya, Great Canadian Gaming, and Gamehost are three great long-term investment options in the casino and gaming industry today. Foolish investors looking to further diversify their portfolios should take a closer look and consider buying one of them.

CATEGORY

1. Dividend Stocks
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