



The Stars Group Inc. and Sports Gambling May Need to Rescue the NFL

Description

The precipitous drop in television ratings for the National Football League (NFL) has been one of the top stories in North America. Much of the focus was on the political battle that erupted between players, fans, and even the president of the United States, but the long-term trend demonstrates that there are deeper problems for the league.

NBC's *Sunday Night Football*, typically the highest-rated weekly game, pulled in its lowest numbers since 2008 and dropped by two million per game on average. The drop off continued in the NFL playoffs as the Wild Card, Divisional, and Conference Championship rounds all suffered year-over-year declines.

A new *Wall Street Journal/NBC News* poll shed more light on just how serious the decline in interest for the league is. Adults who said that they followed the NFL closely dropped by 9% since a poll taken in 2014. Another key statistic showed that 51% of men aged 18-49 said they followed the NFL closely compared to 75% four years ago. Men in this age group have made up the core audience of the NFL for the duration of its run as the dominant sports league in the U.S.

The declines crossed political lines as well, poking a huge hole in the theory that player politics are responsible for the drop off. Base Democrats who follow the league closely fell 16 points and base Republicans fell 14 points.

League revenues may come out unscathed, as numerous states are moving quickly to [legalize sports gambling in 2018](#). The U.S. Supreme Court is also mulling over a Congressional ban on sports gambling. Experts are predicting that it will vote to overturn the ban, which will see an industry that could be worth upwards of \$150 billion annually come to the U.S.

Casinos, online bookies, and other platforms will likely be [huge winners](#). DraftKings, a daily sports fantasy contest provider, has already vowed that it will seek to make headway into legal sports betting given the opportunity.

The Stars Group Inc. (TSX:TGSI)(NASDAQ:TSG) is a Toronto-based gambling company that operates online, mobile, and land-based casinos. The stock has climbed 6.8% in 2018 as of close on

February 2 and is up 79% year over year.

In its 2017 third-quarter results, Stars Group saw the largest jump in revenue in its casino and sportsbook segment. Real-money online casino and sportsbook revenues were \$95.2 million in Q3 2017, representing a 48.3% increase year over year. In the nine months to September 30, 2017, Stars Group has posted net earnings of \$75.8 million, up 134% from the same period in 2016. Adjusted EBITDA climbed to \$453.3 million — up 20.4% from 2016.

As a flurry of U.S. states move to legalize gambling, and the Supreme Court mulls whether to strike down the ban altogether, Stars Group is in an attractive position. Leagues like the NFL are at risk of losing a dominant position in North America, and leadership sees sports gambling as a highly lucrative way to generate revenue growth in the years to come. Look to see major inroads made between Stars Group and other gambling enterprises with major sports leagues in 2018 and beyond.

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