



Have You Invested in Stars Group Inc. Yet?

Description

Stars Groups Inc. (TSX:TSGI)(NASDAQ:TSG) is quite possibly one of the most lucrative long-term growth opportunities on the market right now. For those that are unfamiliar with the company, Stars Group is a software company that caters to the online entertainment sector, or more specifically, online gambling through a myriad of well-known products such as PokerStars, BetStars, and Full Tilt Poker.

There's no denying the fact that the marketplace is brewing with [great opportunities in the tech sector](#); however, there's something unique and intriguing about Stars Group which sets the company apart from its peers in the tech sector.

Online gambling is still a taboo in many circles, owing to its regulated and restricted nature, and in the U.S. only a handful of states have approved the company to offer those games to its residents so far.

That presents one of several unique opportunities for investors contemplating Stars Group to consider.

The World Cup promises to be a massive boom for betting

This summer will mark the largest sporting event on the planet, as a grueling four-year-long qualification process culminates in the 32 best national soccer teams in the world converging on Russia to partake in the World Cup. The sporting event draws billions of viewers and has a complementary following of bettors that Stars Group could reach.

Two years ago, there was a similar competition for the 52 nations in Europe, and Stars Group, then under the name of Amaya, used the competition as a catalyst to expand into several European markets.

Governments and regulatory bodies in Europe scrambled to grant Stars Group the requisite approvals to operate there well before the competition was set to begin, being tempted by the allure of added tax revenue.

A similar opportunity exists with the World Cup this summer, only that competition and [opportunity](#) is much larger.

There are massive growth prospects for the company over the long term

Stars Group currently operates only in a select few state markets in the U.S. and has applications pending in a handful of states. In total, the company has licences to operate in just 17 jurisdictions around the world, with over 111 million cumulative registrations.

Take a moment to consider those numbers and the potential for growth.

The current market is nowhere near saturated. If anything, it really is a small drop in the bucket in terms of the full potential that Stars Group could tap into over time, and one prospective market has the potential to more than double the company's current reach — India.

Stars Group has been pursuing an expansion into that market, and CEO Rafi Ashkenazi noted that if Stars Group were able to penetrate 50% of the online poker market in India, which is not at all a stretch, it would result in US\$150 million in annual revenue alone.

Impressive financials

Stars Group has yet to announce results from the fourth quarter of fiscal 2017, but the results from the third quarter provided a clue to what the company has in store for the remainder of the fiscal as well as into 2018.

Total revenue shot up 21.7% over the same quarter last year, coming in at US\$329 million. Adjusted net earnings for the quarter came in at US\$119 million, or US\$0.58 per diluted share, handily beating the US\$84.9 million, or US\$0.42 per share, reported in the same quarter last year.

One often-noted concern over Stars Group is that the company is too reliant on its flagship poker games and could benefit from some diversification in that regard. In the most recent quarter, Stars Group managed to improve in that regard, growing its casino and sportsbook revenues by 48.3% to US\$95.2 million.

The recent market correction has provided an opportunity to obtain some great stocks at discounted prices. Unfortunately, Stars Group doesn't fit into that group, as the stock has already surged 15% year to date. That shouldn't deter investors from considering Stars Group, which remains, in my opinion, a great long-term growth pick.

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