



2 Gaming Stocks That Could Fuel Huge Gains in Your TFSA

Description

The S&P/TSX Composite Index has bounced back in April, but it has still dropped 3.5% in 2018 as of close on April 26. There are still a number of [bargains available on the TSX](#), but today, we are going to focus on two stocks that have performed well year to date. Investors are undoubtedly seeking growth after a choppy beginning to the year. These two gaming stocks need to be on your radar for the long term.

Great Canadian Gaming Corp. (TSX:GC)

Great Canadian Gaming operates hospitality facilities including racetracks, casinos, resorts, and hotels across Canada. The B.C.-based company has seen its stock rise 6.7% in 2018 as of close on April 26. Shares have soared 47% year over year on the back of a major win in August when the company won a joint bid for the GTA casino bundle. The company plans to initiate major renovations at some of its new facilities, but even as it stands, the bundle brought in over \$1 billion in revenue in 2016.

Great Canadian Gaming released its 2017 fourth-quarter and full-year results on March 6. Revenues rose 6% year over year in the fourth quarter to \$151 million and climbed 8% from 2016 to \$614.3 million in 2017. Adjusted EBITDA increased 7% from 2016 to \$49.2 million.

There is no question that the GTA bundle is a transformational win for Great Canadian Gaming. The political situation surrounding the deal has also cooled, and fortunately the company has not been a prime target in the contentious Ontario election. With the path looking clear from here on out, there is tremendous upside for the company in a deal that will stretch over two decades.

Stars Group Inc. (TSX:TSGI)(NASDAQ:TSG)

Stars Group is a Toronto-based gambling company that operates online, mobile, and land-based casinos. Shares of Stars Group have surged 35.8% in 2018 and are up 69% year over year. In 2017, revenue increased 13.6% to \$1.31 billion, and adjusted EBITDA climbed 14.5% to \$600.3 million. Casino and sportsbook revenues shot up 45.4% year over year.

In April, Stars Group made a splash with its \$4.7 billion acquisition of Sky Betting & Gaming. This puts

Stars Group in a fantastic position to move in on the U.S. market as a major Supreme Court decision on legal sports gambling looms. Back in February, I'd [discussed why Stars Group should be a target for investors](#), as legal sports gambling seems to be an inevitability at this stage.

The online sports gambling market is a multi-billion-dollar industry in the United States. It also has the potential for major growth as leagues like the National Football League (NFL) will seek to shore up revenue, as television ratings have shown a troubling downward trajectory in recent years. The U.S. Supreme Court is expected to arrive at its decision in the short term, and odds are the 1992 ban will be struck down. Even at its current pricing, Stars Group is an attractive long-term play considering the potential of this new market.

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