



Stars Group Inc. Is a Great Long-Term Investment

Description

Every so often, an incredible investment comes up that not only attracts significant attention, but that also exposes an entirely new segment of the economy that holds massive opportunity.

Stars Group Inc. (TSX:TSGI)(NASDAQ:TSG) is one such company.

For those that are unaware, Stars Group is a tech company that focuses on software for the entertainment industry — more specifically, online gambling.

As you can probably imagine, online gambling is a massive market that holds [incredible potential](#). The reality of this, however, is that Stars Group has only tapped a tiny piece of that potential, as the company only has the requisite regulatory permissions to operate in a handful of markets.

Those regulatory permissions can take a considerable time for debate and compromise before becoming law. By way of example, in the U.S. market, this means applying to each state that the company intends to operate in, which is a lengthy but ultimately rewarding process.

That lengthy process, at least within the U.S., looks poised to come to an end.

A ruling by the U.S. Supreme Court this past Monday found that the Professional and Amateur Sports Protection Act violated the 10th Amendment of the U.S. Constitution. The law effectively pushed states to disallow sports gambling through actions of the Federal government.

The recent ruling makes the act no longer enforceable, meaning that the states can now pass laws to legalize gambling within their borders as they see fit.

On news of the ruling, the stock price of Stars Group surged nearly 10%.

Amazingly, this is not the only development that makes the company an incredible investment opportunity.

Expansion in other markets

The U.S. market isn't the only area where Stars Group is poised to grow over the next few years. Last month, the company announced a massive US\$4.7 billion deal to acquire U.K.-based Sky Betting and Gaming.

The will result in the Stars Group becoming the largest gaming company on the market and put a solid foothold for Stars Group into the lucrative U.K. market. The gaming market in the U.K. has grown by double digits for the past few years, and Sky Betting's market penetration and appeal to younger smartphone-yielding betters will only improve over the next few years.

Beyond the long-term growth potential, the Sky Betting deal also addresses one of the most vocal criticisms of Stars Group—that the company is too over-reliant on online poker.

With Sky Betting's portfolio included, poker revenue for the company now falls to well below 40%, which will be welcome news to critics.

In my opinion, Stars Group poses an excellent buying opportunity for those investors [looking for growth](#).

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