



This Huge Development Makes Stars Group Inc. an Even Better Buy!

Description

Earlier this month, the U.S. Supreme Court overturned the ban on sports betting south of the border, which could see many new opportunities for sport betting websites. This could mean big things for **Stars Group Inc.** (TSX:TSGI)(NASDAQ:TSG), which recently [expanded](#) its sports betting presence in the U.K. as it continues to try and grow its market share globally.

With the U.S. market effectively open for business, it wouldn't be surprising to see the company set its sights on the U.S. market. The company known for its PokerStars brand has been trying to become less reliant on poker revenue for growth, and sports betting is a terrific avenue for the company to diversify its operations.

What happens now?

With federal laws no longer presenting an obstacle to people wagering on sports, this leaves it up to individual states to determine where sports gambling will be permitted. It's expected that New Jersey will be one of the first states to give sports betting the green light, and betting sites in the state could come online before the end of the year. Until now, Nevada was the only state where someone could bet on an individual game.

However, this ruling will likely see that change in short order, as many states will likely want to benefit from the rising popularity of sports betting.

Why this is great news for Stars Group

The U.S. market presents a lot of opportunity for growth. Not only will previously illegal activity move into the mainstream, but it will likely entice many others as well, especially people who otherwise may have been deterred by the illegality and stiff punishments that often came along with betting on sports.

Stars Group generates a lot of free cash flow, which will help allow it to grow via acquisition if necessary, and gaining first-mover advantage in a lucrative market like that will be significant.

Strong sales growth continues for the company

Stars Group has made some big moves over the years that have proven the company knows how to acquire and grow the business. Back in 2013, the company had just \$145 million in revenues and posted a loss of \$27 million. Fast forward to 2017, which saw the company hit over \$1.3 billion in sales and net \$259 in profit for an overall margin of 20%.

Stars Group has been doing very well, and even in its most recent quarter, sales of \$393 million were up 24% year-over-year, while profits rose 15% as the company continues to grow its financials.

Why the stock is a great buy today

As you can see, Stars Group has a great deal of potential and will likely continue to grow. The company has performed very well recently, and could well become a high-flying stock, which has been one of the [best](#) on the TSX thus far this year.

At a price-to-earnings multiple of 36, the stock is a bit expensive, but for all the opportunity it offers, Stars Group is still a fantastic buy.

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