



## Are Gaming Stocks Still a Good Bet in September?

### Description

In the beginning of the year, I'd recommended [two gaming stocks](#) for Canadian investors to zero in on in 2018. **Stars Group** (TSX:TSGI)(NASDAQ:TSG) stock has climbed 12.6% in 2018 as of close on September 5. This is in spite of a sharp tumble that began in late July. **Great Canadian Gaming** (TSX:GC) stock has increased 29.5% in 2018 so far.

There are several reasons to remain optimistic about gaming stocks as we head into the fall. Chief among them is the strong economic environment in Canada and the United States. Gambling institutions do their best business during healthy economic environments where patrons have money to spend. Of course, this is not the only factor that should inspire investors to bet on the two stocks above. Let's dive into both today.

### Stars Group

Stars Group stock has plunged 30.9% over the past three months as of close on September 5. Strong quarterly earnings were not enough to beat back the July and August correction. Broader trends have also been falling in a promising direction for the company.

According to a report published by Juniper Research, the value of online betting will rise to \$700 billion in 2018 compared to \$620 billion in the prior year. Even more tantalizing was the projection that online betting could reach \$1 trillion by 2022 with the number of online gamblers rising by over 100% in that period. A key U.S. Supreme Court decision could be a big contributor going forward.

Stars Group [celebrated the decision](#) by the U.S. Supreme Court to strike down a 1992 federal ban on sports betting in May. The decision paves the way for legal sports betting and several states have already begun to move to legalize sports gambling. This is unsurprising ahead of the 2018 NFL season. The NFL attracts the most gamblers across major sports in the United States.

Total revenue at Stars Group rose 34.8% year over year to \$411.5 million in the second quarter. Adjusted net earnings also climbed 14.9% to \$131 million. The summer dip at Stars Group is an enticing buy-low opportunity for investors on the hunt for a growth stock in gaming.

## Great Canadian Gaming

Great Canadian Gaming stock has dropped 20% over a three-month span dating back to early June. In the second quarter, the company benefited from the inclusion of revenues from its GTA Bundle acquisition. Total revenues rose 90% year over year to \$305.3 million and adjusted EBITDA surged 98% to \$124.6 million.

On August 30, Great Canadian Gaming received all regulatory approvals to open table gaming at Casino Woodbine. Its subsidiary, One Toronto Gaming (OTG), plans to place an additional 50 live dealer tables and 300 slot machines at Casino Woodbine. The company is expected to release its third-quarter results in early November.

Great Canadian Gaming will continue to benefit from the boost in revenue from its GTA Bundle acquisition. Ambitious renovations are underway that will aim to transform the locations into more lucrative assets in the long term. Investors should look for entry points ahead of its Q3 earnings release.

### CATEGORY

1. Investing

### POST TAG

1. Editor's Choice

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing

### Tags

1. Editor's Choice

### Date

2025/08/25

### Date Created

2018/09/06

### Author

aocallaghan

default watermark