



## TFSA Investors: This Stock Is Positioned to Soar as a \$150 Billion Industry Comes Out of the Dark

### Description

**Stars Group** (TSX:TSGI)(NASDAQ:TSG) stock was down 32.9% over a three-month span as of late afternoon trading on September 20. Even with its late summer slump, Stars Group stock is still well in the black in 2018. Back in August, I'd [discussed](#) why the stock looked like a solid buy-low opportunity following the release of its second-quarter results.

Earnings were strong in the second quarter, with total revenue rising 34.8% year over year to \$411.5 million and adjusted net earnings climbed 14.9% to \$131 million. The most encouraging aspect of Stars Group's business is its foray into legal sports betting in the United States. The company [celebrated](#) the Supreme Court decision back in May to strike down a 1992 federal law against the practice. Now states are scrambling for legalization just as the NFL season, the largest attraction for sports bettors in the United States, has commenced.

A House Judiciary subcommittee has scheduled a hearing titled "An Examination of Sports Betting in America" for Thursday, September 27. The subcommittee on Crime, Terrorism, Homeland Security, and Investigation will review the landscape as several sports leagues have pressured for a more concrete framework.

"As legalized sports betting spreads across the states, there is a need for consistent, nationwide integrity standards to safeguard the sports millions of fans love," the NBA, PGA Tour, and MLB said in a joint statement. The NFL, the largest sports league by revenue in the U.S., was noticeably absent from the statement.

Since the May ruling, New Jersey, Delaware, Mississippi, and West Virginia have joined Nevada in offering sports betting. Pennsylvania and Rhode Island are on the path to join them in the coming months.

Stars Group has also been gearing up for this change. On August 10, it and Mount Airy Casino announced a partnership to enter Pennsylvania's online sports wagering and gaming market. The offerings are expected to launch after licensing is obtained by the Pennsylvania Gaming Control Board.

On September 13, Stars Group launched BetStars, an online sports betting brand that will operate in the regulated New Jersey market through a partnership with Resorts Casino Hotel. Stars Group also plans to leverage its Sky Betting & Gaming acquisition to provide a top-tier product going forward. Sports betting took in \$40.6 million in wagers in New Jersey in July. This was the first full month sports betting was legal in the state. More than \$152 million has been wagered since legalization in June.

The American Gaming Association has estimated that Americans bet \$150 billion annually on sports, with most of these bets made through the black market. This is primarily through offshore sportsbooks and local bookmakers.

The potential of legal sports betting to propel Stars Group in the coming years is massive and impossible for investors to ignore. A recent slip presents an enticing opportunity for investors to jump in before legalization kicks off in remaining U.S. states.

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