



## Why Stars Group Inc. (TSX:TSGI) Is Still a Bargain

### Description

**Stars Group** (TSX:TSGI)(NASDAQ:TSG) stock surged 13.25% on March 6. This spike occurred after the morning release of its fourth-quarter and full-year results for 2018. The company realized strong organic growth across the board, but there is still some skepticism swirling around the stock in early 2019. Here's why you should [still be excited](#) about stacking Stars Group today.

Back in May 2018, I'd [discussed the reaction](#) from Stars Group and the gambling world to the U.S. Supreme Court decision to strike down a 1992 federal ban on sports betting. Stars Group released a statement praising the move on the day following the decision. Still, like the legalization of recreational cannabis in Canada, sports betting is still facing hurdles.

There is rigorous debate over the need for a federal regulatory standard. In the meantime, several states have moved ahead to fully legalize and bring sports betting to the market. Nine states have passed laws legalizing sports betting so far, including Nevada, where sports betting was already legal since 1949, New Jersey, Delaware, Rhode Island, Pennsylvania, West Virginia, Mississippi, and New Mexico. New York, Illinois, Michigan, and Louisiana are expected to take up legislation this year on sports betting.

Stars Group already boasts access to the New Jersey market. As it stands, the company has potential access to as many as 13 states.

The Super Bowl is the most wagered sporting event in the United States, rivalled only by NCAA March Madness. The NCAA tournament is set to begin on March 19. This year fans spent approximately \$6 billion wagering for the Super Bowl. Of that figure, roughly \$2.8 billion was still spent with offshore bookmakers, which means that the American market is still missing out on a ton of revenue.

In late February the NBA announced that it would partner with BetEasy to launch betting in Australia. Stars Group owns the majority of BetEasy. This deal will give BetEasy access to NBA assets and marketing materials, and the NBA will directly promote BetEasy's products to Australian consumers.

Stars Group revenue grew to \$2.02 billion in 2018 compared to \$1.31 billion in the prior year. Adjusted net earnings increased to \$533 million over \$458 million in 2017, and adjusted EBITDA hit \$780 million

compared to \$600 million. Fourth-quarter revenue came in at \$652 million, which was marginally below some analysts' expectations. However, Q4 2018 was a strong quarter overall.

Stars Group projects revenue between \$2.64 billion and \$2.76 billion in 2019. It also forecasts that adjusted EBITDA will soar to between \$960 million and \$1.01 billion. The company faces headwinds in the form of foreign currency fluctuations and regulatory hurdles, but overall, this is a promising forecast that should excite investors.

The stock climbed back above a neutral valuation after its spike on March 6. Shares boasted an RSI of 59 as of this writing, which put Stars Group close to overbought territory. Still, the stock is trading at the low end of its 52-week range and is projecting impressive growth in 2019. This is a stock growth investors should not pass up on at its current price.

## CATEGORY

1. Investing

## PARTNER-FEEDS

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

## Category

1. Investing

## Date

2025/08/18

## Date Created

2019/03/10

## Author

aocallaghan

default watermark

default watermark