



## Now Is the Perfect Time to Pick Up Shares in This Fast-Growing Sports-Betting Company!

### Description

Shares of fast-growing online and mobile gaming company **Stars Group** (TSX:TSGI)(NASDAQ:TSG) are more than 15% off their 2019 highs following this month's first-quarter earnings miss.

But given that Stars Group recently inked a [massive partnership](#) with **Fox** to see the two companies combine their efforts on a new and exciting sports-betting strategy, the timing probably couldn't be better to initiate – or add to – a position in the company.

On May 9, Stars Group soared at one point 16% higher on the news that it inked a major partnership with Fox sports, whereby Fox would acquire a 4.99% interest in Stars Group with the option to acquire up to a 50% stake in Stars Group's U.S. business down the road should it choose to do so.

Last year, the U.S. Supreme Court struck down a law that had previously banned individuals from being allowed to legally wager on the outcomes of sporting events.

Since the Supreme Court ruling, there's been an absolute surge in states pushing forward the agenda to establish their own respective sports-betting legislation, including New Jersey, New York, Connecticut, and more recently, Tennessee, Indiana, Montana, and Iowa have gotten into the mix.

Sports betting — although it's long been prohibited through most of North America — is a potentially multi-billion-dollar industry with some pegging estimates for the market to reach upwards of US\$150 billion annually by the middle of the next decade.

The proposed partnership between Stars Group and Fox will see the two join forces to form a new entity "FOX Bet," which they see as consisting of two entities: a nationwide free-to-play game that will offer players cash prizes, along with a second product that will allow players to make real-money wagers in states where sports betting is legal.

Also, as part of the deal, Stars Group expects to get access to some of Fox's intellectual property, including trademarks and licensing rights, not to mention access to Fox's firmly entrenched audience of rabid sports fans.

The good news is that right now you've got yourself a great chance to get in on this opportunity at virtually the same price (in fact, a slightly better price) as where the shares traded just prior to the announcement of the Fox-Stars Group partnership.

Heading into Stars Group's first-quarter earnings release two weeks ago, it had been on impressive streak of beating analysts' earnings estimates on 75% of the occasions.

Unfortunately for those punters, who were *betting* on that trend to continue in the first quarter, Stars Group ended up missing in the first quarter, sending the shares plunging lower.

Even though overall sales at Stars Group were up 48% for the quarter, its more mature Poker division saw sales drop by 5%, while Gaming revenues were essentially flat, up just 1%.

Yet as Stars Group's CEO Rafi Ashkenazi said in announcing the Fox deal that the company feels as though sports betting represents "one of the most exciting long-term growth opportunities for our company." In Q1 the numbers delivered on that investment thesis, with the company's Betting division, while still relatively a small portion of overall sales, improve 31% year over year.

## Foolish conclusion

Not at all unlike the cannabis industry, there is [plenty of interest](#) right now among investors aggressively jockeying for position in the rapidly expanding sports betting market.

And not unlike when **Constellation Brands** made a big splash in announcing its (now) multi-billion-dollar stake in **Canopy Growth**, when the big money starts getting involved, serious investors start paying serious attention.

Stars Group's partnership with Fox sports is no laughing matter. Investors will want to carefully consider this company for their respective TFSA and RRSP savings accounts.

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