



Long-Term Investors: Raise the Stakes With These 3 Gambling Companies

Description

Gambling is one of the oldest industries in the history of the world. For as long as people walk the earth, they will want to gamble money for entertainment's sake. The gambling industry has some of the strictest regulations, offering existing companies an economic moat as there are significant regulatory barriers to entry.

Although the gambling industry is quite old, it hasn't evolved much over the years. That's all beginning to change, as it's starting to move online and to mobile devices. In the digital age, where we have everything at our fingertips, it only makes sense to offer gambling in the most convenient way.

Additionally, the popularity of sports betting is continually growing in correlation with the many options that are available to consumers.

Three companies with exposure to the gambling industry are **Gamehost Inc** ([TSX:GH](#)), **The Stars Group Inc** (TSX:TSGI) and **Great Canadian Gaming Corp** (TSX:GC).

Gamehost

Gamehost operates assets in three cities across Alberta: Fort McMurray, Grand Prairie and Calgary. In Fort McMurray, the company operates Boomtown Casino, located in the highest traffic area of the city.

Fort McMurray is home to the largest oil reserves in North American, making it a prime location for future population growth.

In Grand Prairie, the company owns the Great Northern Casino and the Service Plus Inns & Suites. Additionally, it also owns a retail strip, all of which are located in the heart of the city. Grand Prairie's population is expected to grow as well, with the increase in LNG projects going west.

In Calgary, the company operates the Deerfoot Inn and Casino. Calgary is the fourth-largest city in Canada, and as Alberta's economy continues to grow, population growth should follow suit.

Although Gamehost has struggled with depressed economic activity in Alberta, and past wildfires, which have hurt the numbers, the company still earns a consistent 15% return on equity.

It has great assets in three distinct regions, all offering high potential population growth in the future. In addition, the company pays a monthly dividend of 7.2%, making it worth the wait for a turnaround in Alberta.

The Stars Group

The Stars Group is a gambling company that operates online and mobile device gaming applications. It owns well-known online brands such as PokerStars, Full Tilt and BetStars.

The company operates through three geographic segments: Australia, the United Kingdom and International. The international segment makes up 76% of the company's adjusted earnings before interest, taxes, depreciation and amortization (EBITDA).

The company continues to grow its customers as well as building new and improved applications. Currently, it's working on building a major U.S business with FoxBet.

The company is targeting revenue to continue to grow at 8%-12% a year, on a fixed currency basis. It's also aiming to grow net earnings per share around 10% a year. Furthermore, the company has been deleveraging its portfolio to increase its financial flexibility.

Great Canadian Gaming

Great Canadian is a gaming and hospitality company. It owns and operates casinos and horse racing tracks as well as a hotel. The company operates in Ontario, BC, the Atlantic and the U.S.

It is the largest publicly traded [casino operator](#) in Canada with over 25 properties. It has been on a growth run recently; in the last five years, the stock is up more than 160%. During this stretch, the company has increased both its revenue and earnings by more than 100% as well.

Although the company doesn't pay a dividend, the growth potential it gives to investors is huge. The company has an impressive history of achieving high returns on equity, north of 20%. In the trailing 12 months, the company's return on equity is over 32%.

Bottom line

Although each company is different, they all offer investors exposure to one of the oldest and traditional industries: gambling. Gamehost is the only company that pays a dividend, but The Stars Group and Great Canadian offer investors significantly higher prospects of growth.

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