



You Need to Bet on This 1 Stock

Description

At some point in our lives almost everyone has purchased a lottery ticket, whether that was on the day people turned 18 or at the gas station while settling the bill.

Lottery tickets are so popular that draws such as the Lotto 6/49 have a cult following with groups of co-workers and family members eagerly awaiting the winning numbers.

This is not surprising given that Lotto 6/49 has created overnight millionaires with the largest draw occurring in October, 2015 for \$64 million. Needless to say, I don't think that person had to worry about making bill payments for the rest of their life.

I'm sure you're wondering where **Pollard** ([TSX:PBL](#)) comes into all of this. As a [manufacturer of lottery tickets](#), Pollard operates in a niche industry whereby investors can expect the share price to grow based on increasing revenues of the company coupled with significant insider ownership.

Increasing revenues

Pollard's revenues increased from \$194 million in fiscal 2014 to \$332 million in fiscal 2018, which represents a compounded annual growth rate of 11.34% which is exceptional.

The company has proven that it's able to grow its sales by providing high-quality products at a reasonable price. A testament to the company's history of excellence occurred in April, 2019, whereby the Interprovincial Lottery Corporation renewed Pollard's contract for five years.

The Interprovincial Lottery Corporation includes the Atlantic Lottery Corporation, the Ontario Lottery and Gaming Corporation, the Western Canada Lottery Corporation and the British Columbia Lottery Corporation.

This consortium of governing bodies control everything lottery related in its respective jurisdictions.

The renewal is important for investors, as it demonstrates that Pollard will have a steady stream of

business in the coming years. As mentioned on its Q4 2018 results, “Much of our revenue is based on long term contracts and our current contract portfolio is well positioned with no large contracts up for expiry in 2019. We renewed or extended all our major contracts that came due in 2018.”

Given this circumstance, there is every indication that Pollard will continue to [report increasing revenues](#).

Significant insider ownership

I was pleasantly surprised to discover how much vested interest the CEOs of Pollard have in the company (I say CEOs because there are three of them all with the last name of Pollard).

Unlike the CEOs of many corporations that are only given stock options, the Pollard Family owns approximately 67.5% of Pollard, with the remaining 32.5% being publicly traded.

This is good news for investors, as it indicates that management is heavily invested in the success of the business as costly decisions greatly diminish their own wealth.

It should be noted, however, that senior management with that level of ownership can effectively ignore the wishes of shareholders and make whatever decisions they want, as the majority ownership belongs to management.

That said, it is fair to assume that almost everyone wants to maximize their wealth, so decisions made should be in the best interests of growing the business.

Bottom line

Pollard operates in a niche industry and it's doing extremely well. With revenues that have increased from \$194 million to \$332 million in a span of five years and majority ownership belonging to senior management, there is every indication that Pollard makes for a solid investment.

I would highly recommend looking into this stock.

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