



Growth Investors: This Exciting Stock Just Hit its 52-Week High and it's Not About to Stop

Description

Last week, I discussed a great growth opportunity that exists in one of the top penny stocks in Canada. I [highlighted](#) how **Score Media and Gaming** was a top choice because it had just gotten into the online gambling business in the U.S. to go along with its highly popular sports media app.

Though it is a great opportunity for growth, there is still a lot of risk that investors will be exposed to, especially as it finds its footing and works out some of the inevitable growing pains it will face.

For those investors who are interested in it for its growing business and opportunities but would rather not take on so much risk to gain the exposure, then **Stars Group** (TSX:TSGI)(NASDAQ:TSG) is the stock for you.

Stars Group is still a top growth opportunity today, given it is in an exciting industry that's being revolutionized by technology, but because it has been operating for a while and is already profitable, there is much less risk.

It owns top companies such as PokerStars and Sky Betting and Gaming, a massive online British gambling company. PokerStars is the largest real money poker website in the world and has roughly two-thirds of market share for online poker. These main brands are the bread and butter of TSGI and are why it has posted such impressive numbers recently.

In the last three years, it has grown its quarterly revenue by roughly 33% and its adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) by roughly 50%. It has achieved this through the integration of its different apps with each other, which drives customer growth as well as reduces costs.

It's also seen strong growth in its U.K. business, especially as the European football season kicks off, which has helped it to offset some headwinds it's seeing in other segments and highlights its stability through the diversification of its operating regions.

The issues TSGI have faced aren't insignificant, but they are manageable, and it has been handling

them well. Some of the foreign exchange issues it's faced can be hard to mitigate, and some higher-than-expected costs hit margins.

These problems are only temporary, though, especially since TSGL is a high-quality company, which is still growing in its other segments.

Another thing to watch for is comparing numbers from one quarter to another or year over year. Since a lot of the betting is event based, this can skew numbers from year to year; consider a jump in betting during the World Cup, which won't be replicated for another four years.

Nonetheless, TSGL continues to execute and grow its business, and with the opportunities lining up in the United States as well as the growth it's targeting internationally, there is still a massive runway for growth.

Although its stock came down significantly from its highs in 2018, the stock is much closer to fair value now and is actually up nearly 70% in the last three months, sitting at its 52-week high.

It seems to be highly volatile, but that's because so much growth exists, so investors who want exposure to the growing online and mobile gambling industry would be best off buying the stock for the long term and not worrying about its short-term developments, unless something major changes.

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