



Two Casino Stocks to Bet on the House and Win Every Time in 2020

Description

If you're looking to add a business to your portfolio that will stand the test of time, one type of business you should consider investing in is the casino business.

Casinos have always been a great business to own; after all, as long as the companies can get traffic in their doors, pure mathematics take over from there to earn the company its revenue.

Everybody knows that over the long term, it's virtually impossible to beat the house, so it makes perfect sense from an investment point of view to own the stock and buy your share of a continually winning gamble.

It's a business that will always do well regardless of the economic environment, which is why you don't need to be afraid to add a casino stock to your portfolio before a [recession](#).

In Canada, there are two high-quality casino stocks to consider, **Great Canadian Gaming Corp** (TSX:GC) and **Gamehost Inc** ([TSX:GH](#)).

Gamehost

Gamehost is the better value choice of the two companies. It has a portfolio of casinos solely in Alberta, which has faced its fair share of headwinds over the last few years and resulted in the stock being sold off.

The company owns three casinos in Alberta, in Fort McMurray, Calgary and Grande Prairie, with the last casino also having a hotel on the property as well.

With the economy rebounding slowly though in Alberta, it appears though the worst may be behind us, so picking up some shares of the undervalued casino operator could be a prudent move.

At current valuations, Gamehost has a market cap of \$200 million with a price to earnings ratio of just 13.1 times.

Plus, its revenue and income have been pretty consistent over the last few years, so it looks as though its operations have bottomed.

From here, Gamehost can regroup and look to build its business back up knowing it has a sustainable business model capable of generating the roughly 15% return on equity that its averaged over the last five years.

The company also pay a monthly dividend that yields roughly 8.3%, a highly attractive yield to collect and wait on the recovery of the Albertan economy.

With Gamehost trading at its 52-week low, and with a recovering Alberta economy, the stock doesn't look like it can get much lower than this, and given the opportunity that's available when the province fully recovers, the stock is trading well under fair value today.

Great Canadian

Great Canadian Gaming is considerably larger than Gamehost, with a market cap of roughly \$2.4 billion.

The company owns a portfolio of a number of casinos and racetracks, most of which it has been renovating and upgrading substantially.

The renovations are being done to improve customer traffic as well as to increase the amount of table games in the casinos. Table games tend to attract higher wages and have a substantially higher win percentage than slot machines.

In the third quarter of 2019, Great Canadian's table games made \$107 million off of \$542 million wagered or 19.7%. Conversely, the table games brought in more than \$6.5 billion in wagers and earned the company \$442 million, or 6.8%.

By these numbers, it's clear the table games earn almost three times as much per dollar wagered as the slots do, which is why the company has introduced so many new tables.

It has also been improving its food and beverage services in order to increase its revenue while offering an even better playing environment for its guests.

All in all, Great Canadian has been growing its business well, and should continue to do that over the short term as it focuses on revitalizing its whole portfolio.

Bottom line

Casinos are great businesses to own, and both these stocks offer investors huge opportunities. You can buy the undervalued one that carries a little more risk and pays a nice dividend, or the well-established company that isn't as undervalued but is growing its operations rapidly.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:GH (Gamehost)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/06/28

Date Created

2019/12/31

Author

danieldacosta

default watermark

default watermark