



2 Gaming Stocks That Can Crush the Market In 2020

Description

The COVID-19 pandemic has negatively impacted several industries. As businesses are shut and lockdowns implemented worldwide, companies in the retail, travel, and hospitality sectors have been hit hard. Alternatively, as people are largely staying at home, gaming companies are experiencing a strong uptick in demand.

With malls and restaurants closed, entertainment options are few and far between. This has led to an increase in the consumption of gaming content. As Fool contributor [Victoria Hetherington states](#), the gaming industry is an ideal industry for a quarantined populace.

So, is it time to load up on stocks that are part of this growing market?

Score Media and Gaming is a Canada-based company

Score Media and Gaming (TSXV:SCR) creates digital products for sports fans. Its mobile application provides sports news and is also a data platform. This application provides extensive coverage of every major league, team, and player in the United States. Further, it offers real-time alerts for scores, news, and fantasy stats. SCR is also the first sports media company in North America to launch a mobile sportsbook called theScore Bet.

The stock lost significant value as global sports leagues were put on hold. Shares fell from \$0.87 in January 2020 to a low of \$0.28 in March. It's currently trading at \$0.59, indicating a market cap of \$212.5 million. There is speculation that sports leagues will restart in front of empty stadiums. However, this will garner significant attention as people are starved of entertainment in the last two months.

In the fiscal second quarter of 2020 (ended in February), SCR achieved record engagement on the Sports app. Average monthly sessions touched 453 million in Q2, a year-over-year growth of 15%. The average monthly users also rose to 4.1 million.

Score Media and Gaming continued to execute on product development to support the roll-out of

theScore Bet that launched in New Jersey last September. TheScore Bet also secured access to offer mobile sports betting in Colorado.

Company CEO and Founder John Levy stated, "On theScore Bet both handle and gross gaming revenue continued to grow off the back of continued enhancements to our user experience, including support for more sports, even more betting options, and deeper integrations between our media and gaming platforms, setting us up perfectly as we continue to expand into states beyond New Jersey."

A U.S.-based gaming stalwart

Zynga is a U.S.-based video game developer. It targets the audience in the smartphone and tablet segments. Zynga stock is up over 30% in 2020, compared to the **S&P 500** decline of 7%.

Zynga's sales in the first quarter rose 52% to US\$403.77 million, up from US\$265.4 million in the prior-year period. This growth was primarily driven by strong performance in the online gaming segment, which grew 72% to US\$344.36 million.

Its solid growth [was attributed to games such as](#) *Merge Dragons!* and *Empires & Puzzles*. In the United States, revenue growth stood at 41% while international sales were up 72% year-over-year in Q1.

The company, valued at US\$7.7 billion, ended Q1 with US\$1.43 billion. This gives it enough room to grow via acquisitions as well. It reported operating cash flow of US\$35 million. Zynga is valued at 4 times forward sales and its forward price to 2021 earnings multiple stands at 25, which is very reasonable for a company growing sales at a rapid pace. There is scope for a strong uptick in stock price over the next few months.

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