



TFSA Investors: 1 High-Growth Value Stock With Huge Potential

Description

Pollard Banknote ([TSX:PBL](#)) is one of the leading providers of products and services to the [lottery and charitable gaming industries](#) throughout the world. Pollard Banknote is the largest provider of instant tickets based in Canada, the second-largest producer of instant tickets in the world, and the second-largest provider of charitable gaming products in North America.

Pollard Banknote is often the partner of choice to lotteries and charities. The company's complementary product lines allow it to provide all customer needs from systems to digital products. The company is focused on [delivering excellence](#) in three ways. These include providing outstanding games that excite loyal players and attract new ones, retail excellence through effective in-store strategies, and digital innovation that allows lotteries and charities to connect with players in new ways.

Diverse revenue mix

Pollard Banknote derives most of the company's revenues from the sale of instant tickets and related services, including the provision of internet lottery and lottery management services, which account for approximately 85% of the company's total revenue. Pollard Banknote also manufactures and sells paper products for the charitable gaming market, which together account for about 10% of total revenues.

The temporary shutdowns of bingo halls, bars, and fraternal organizations due to COVID-19 negatively impacted charitable gaming revenues in 2020. Geographically, Pollard Banknote products are offered in markets throughout North America and internationally. For fiscal 2020, 19% of the company's revenue was generated in Canada and 61% was generated in the United States. The remaining 20% was generated from sales outside North America, predominately Europe and Asia.

Comprehensive line of products

In fiscal 2020, Pollard Banknote sold over 14.5 billion instant tickets, 1.5 billion individual bingo cards, 1.8 billion pull-tab tickets, and 715 vending machines and leased approximately 2,800 charitable

gaming machines. The company provides a comprehensive line of instant tickets and lottery services, including licensed products, distribution, interactive digital internet games, iLottery services, loyalty and engagement programs, marketing, and instant ticket vending machines.

Pollard Banknote also markets gaming products to the commercial gaming sector, including items such as promotional scratch and win, transit tickets, and parking passes. The company offers players a new terminal, which offers self-service purchasing of instant and draw game tickets that are unique in the interactive experience it brings to instant ticket games.

Rational capital allocation

With the purchase of the business operations of Schafer Systems during 2018 and Fastrak Retail in 2019, Pollard now offers a complete range of retail dispensers and other merchandising support to maximize instant ticket sales at the retail level. The company's recent acquisitions will significantly expand Pollard's product offering for iLottery gaming. Pollard Banknote's lottery products are offered for sale in North America and throughout the world, while Pollard Banknote's charitable gaming products are principally sold in the United States.

In summary, Pollard Banknote services a wide variety of lottery customers under the Pollard Banknote brand name and sells products and services directly to lotteries throughout North America and throughout the world. The stock could be undervalued based on the company's future prospects. Significant growth potential exists in the online lottery market, and Pollard Banknote is well positioned to gain market share.

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