

## 5 Companies That Could Win Big as the U.S. Legalizes Sports Betting

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### ***FN Media Group Presents Safehaven.com Market Commentary***

This is the point in time where Las Vegas is transformed into something that transcends physical boundaries, and we have the U.S. Supreme Court to thank for opening up a massive sports betting market that-for starters-will probably absorb the \$150 billion the American Gambling Association estimates is bet illegally on sports every year in the U.S. Mentioned in today's commentary includes: MGM Resorts (NYSE:MGM), Caesars Entertainment (NYSE:CZR), Madison Square Gardens (NYSE:MSG), Penn National Gaming (NASDAQ:PENN), GameHost Inc (OTC:GHIFF)

The beneficiaries are big and varied. Everyone from live in-game betting operators, to casinos, sports clubs and betting app makers are set to cash in their chips here.

Some are even speculating that social media giants such as Facebook (FB), Twitter (TWTR) and Google (GOOGL) will be clamoring to enter the sports betting business because they could easily take advantage of their massive user bases and infrastructure. However crowded this space becomes, all bets are on the house.

In May, the [Supreme Court](#) struck down a 1992 federal law that barred states from authorizing sports gambling. Now, many states are lining up to copy something like the quarter of a billion dollars in sports bets that New Jersey took in just in October, or even better, the \$528 million that Nevada took in.

So while casino stocks, for instance, flopped this year, analysts are expecting outsized gains going forward. As Bernstein's Vitaly Umansky notes, "the gaming space has shown, time and again, that if investors pick the right market, the right company, at the right time, outsized returns are possible".

Whether it's an established casino giant angling for fresh flesh, a sports team that sees the green in partnering with the gambling world, or a savvy small-cap that sneaks in to position itself as an end-to-end provider of next-gen gaming solutions ...

### **Here are 5 stocks that can get investors into the game:**

#### **#1 MGM Resorts (NYSE:MGM)**

The largest casino operator in the United States, MGM pulls in more than \$4 billion in revenue just from Las Vegas, but now its angling big for sports betting, surrounding it on all fronts.

In no uncertain terms, these guys are building a sports betting empire that is poised to end up trumping their casino operations, as evidenced by their recent partnership deal with Major League Baseball (MLB), which also features in our Top 5 list. So, MGM will be MLB's official gaming partner, adding to the resorts company's sports line-up, which already included pro basketball and hockey.

Investors will also be keenly watching how MGM's partnership deal with Boyd Gaming is leveraged. BYD is one of the biggest sportsbooks operators in Las Vegas, and MGM will now [have access](#) to its online and mobile gaming platforms-and vice versa-in some 15 states.

#### **#2 Bragg Gaming Group, Inc. ([BRAG.V](#); [BKDCF](#))**

This little-known company boasts the single largest Facebook page in the online sports industry, with 26 million fans who are sports fanatics. The Bragg Gaming Group is betting that many of them are ready to pounce on a new sports gambling app in the [\\$150-billion](#) market that just opened up.

[Bragg](#) is positioning itself as an end-to-end provider of next-generation gaming solutions, transitioning from its traditional tech and AI business. It's a transformation that's timed specifically to take advantage of the critical moment for outsized opportunities in the sports betting market.

They plan on dealing in everything from casinos, e-sports and poker to sports betting, lotteries, B2B/B2C gaming technologies and payment services, so Bragg is set to hit the ground running. Its secret weapon is its **GiveMeSport** subsidiary, the proud owner of the 26-million-strong Facebook sports information page, which beats even ESPN.

Even better where timing is concerned, they are about to launch their first game to this massive audience. It's a new app that they've been holding back for years, waiting for sports gambling to be legalized.

The catalysts are mounting: Bragg has recently acquired Oryx Gaming, a turnkey gaming solutions provider for casino operators that include over 5,000 integrated games, including from Tier-1 gaming operators. That's when Breaking Data became Bragg ([BRAG.V](#); [BKDCF](#)) and got listed on the TSX Stock Exchange.

Bragg is a highly integrated gaming and media company that leverages its cross product and multi-channel platform to market its diverse product suite. Its sports betting arm will operate under the GiveMeBet banner, working pretty much like Sky Betting and Gaming, which was sold to the Stars Group to April this year for £5.7 billion.

GiveMeBet will funnel GiveMeSport's 26M users and work to monetize them, starting with sports betting and then moving on to casinos, e-sports, poker, lotteries, B2B/B2C gaming technologies and payment services.

So, Bragg will own three gaming and media assets: GiveMeSport, Oryx Gaming and GiveMeBet-all to be high-value businesses serving high-growth markets.

Both GiveMeSport and Oryx Gaming are proven growth machines. Since April 2017, Give Me Sport's UK monthly traffic has increased by 5 million and currently exceeds 30M. Revenue has grown by a healthy 30 percent clip.

### **#3 Caesars Entertainment (NYSE:CZR)**

Give unto Caesar what is his ... and the newly legal sports betting bonanza is likely to do just that. Casino stocks will be one of the biggest beneficiaries of the Supreme Court's May ruling.

And one of the biggest specific catalysts is Caesar's positioning of itself to gain access to the wildly lucrative Japanese gaming market, following a Japanese ruling in July allowing Las Vegas-style casinos.

Dubbed the 'mother lode' for Las Vegas gaming companies because of the Japanese penchant for gambling, Caesar's is expected to soar on this. But not only on this: The location means it will automatically have access to other Asian gambling tourists.

The recent quarterly earnings also helped, with CZR reporting \$.03 earnings per share, meeting analyst expectations, with \$2.19 billion in revenue for the quarter.

### **#4 Madison Square Gardens (NYSE:MSG)**

As billionaire Dallas Mavericks owner Mark Cuban [told CNBC](#) right after the Supreme Court ruling on sports betting in May, "I think everyone who owns a top-four professional sports team just basically saw the value of their team double."

The nearly \$7-billion market cap MSG, which owns the New York Knicks and the New York Rangers, now appears to be undervalued.

And there are some big catalysts here. Longer-term, investors should be looking at the massive market potential for sports television and streaming rights right now.

But the biggest thing on investor radar presently is progress towards spinning off MSG's sports business, for which it filed its initial Form 10 on October 4<sup>th</sup>. The spin-off would mean that investors can better evaluate the company's assets and future potential, as [Forbes](#) points out, giving both companies "increased strategic flexibility to pursue their own distinctive business plan and capital allocation policy".

### **#5 Penn National Gaming (NASDAQ:PENN)**

Overall, it's been a rollercoaster year for Penn, but the new lease on life for sports betting changes things.

This almost \$2.7-billion market cap casino company is placing its biggest bet yet with a [\\$3.1-million](#) gamble that the house will win. The deal is the biggest insider purchase in 15 years. And it's all about sports betting. Penn is planning to launch sports betting at five Mississippi casinos and its Hollywood Casino.

It also got a boost in mid-November on news that it would acquire Detroit's Greektown Casino-Hotel's operations for [\\$300 million](#) from Cleveland Cavaliers owner Dan Gilbert, the founder of Detroit-based Quicken Loans.

That rollercoaster showing this year, plus PENN's miss on analyst estimates in quarterly reporting end up rendering the stock fairly cheap after working in the new potential of the sports betting segment and the casino company's ability to grasp this opportunity.

Other companies that can't be forgotten in the new gaming boom:

#### **GameHost Inc (OTCMKTS:GHIFF)**

GameHost is a leading entertainment and hospitality provider based in Alberta, Canada. The company operates four primary properties in the Alberta province, each offering slot machines, table games, top quality hospitality and more meant to appeal to both casual gamers and dedicated gamers alike.

GameHost is well-known for providing dividends to its investors, a plus for those who have stuck with the company over the years. In fact, its focus on increasing value for shareholders is made abundantly clear in its mission to reduce costs and improve offerings, creating some of the highest profit margins in the business.

By. Joao Piexe

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Risk factors for the online sports gaming industry in general which also affect Bragg including without limitation the following: Competitors may offer better online gaming products luring away Bragg's customers; Technology changes rapidly in the business and if Bragg fails to anticipate or successfully implement new

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