

Out[22]: Click here to toggle on/off the raw code.

Analysis: Score Media and Gaming

This does not constitute financial advice

Ticker Symbol: SCR

Last Update Date: 2021-08-31

1. Business Overview

From Yahoo Finance: SCR

Our engineers are working quickly to resolve the issue.

2. Estimating Revenues Once Online Sports Betting Become Legal in Canada

2.1 Model's Assumptions

Assumptions about market size:

- Total North American addressable market is \$22.3B USD
- Total Canadian addressable market is \$4.3B USD
- Total US addressable market is \$18B USD
- Total Ontario addressable market is \$1.7B USD

Assumptions about SCR's penetration rate:

- Through its theScore App, SCR has a 10% penetration rate in Ontario
- For the bear case, I assume a similar penetration rate for the online sports betting market

Assumptions about other variables:

- Currently SCR has 50.40M outstanding shares. We expect to see at most 100% dilution in the next 5 years.
- In the past 5 years, we have seen a similar rate of share dilution and I expect that SCR will continue to leverage capital to fuel their growth
- We use a super conservative P/S ratio of 10

Note: most of the estimates come from data taken the Q2 2021 presentation: <https://mobile.thescore.com/investor-relations/> (<https://mobile.thescore.com/investor-relations/>)

2.2 Bear Case

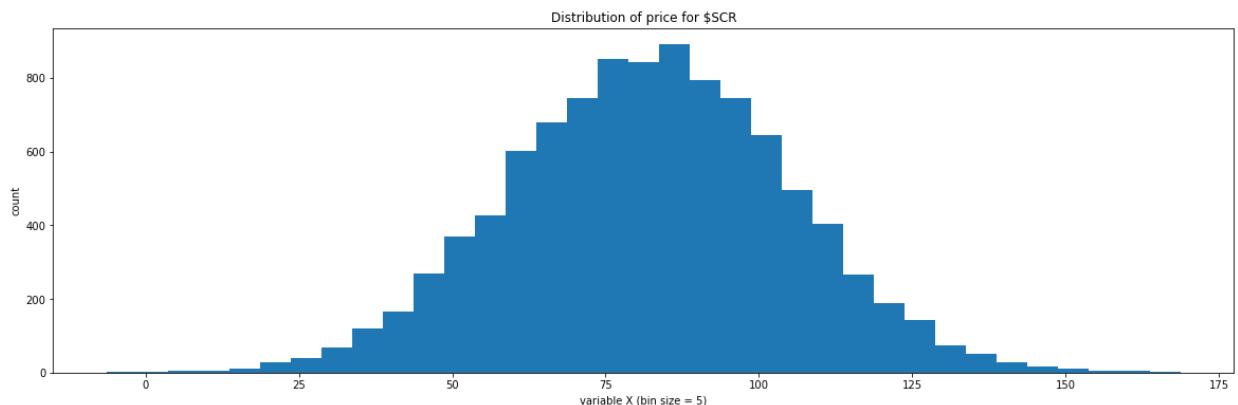
For the bear case, we assume a 10% penetration rate in Ontario, 1% in other provinces and 1% in the US
 This would result in revenues of 376K by 2025

2.2 Bull Case

For the bull case, we assume a 15% penetration rate in Ontario, 5% in other provinces and 5% in the US
 This would result in revenues of 1285K by 2025

3. Monte Carlo Simulation for Expected Revenue for The Next 5 Years

I assumed that my bear and bull cases represent 2 standard deviation from my mean for the Monte Carlo simulation



Fair Value Today

The expected share price in 2025 is 82\$
 The bear case share price for 2025 is 37\$
 The bull case share price for 2025 is 126\$

Discounted at a 10% rate, the fair price as of today is 53\$

4. Position

Average Purchase Price: 24CAD
 Average Selling Price: 42CAD

