

Strong topline, albeit increased costs damper outlook

Due to the ongoing strong expansion in the retail segment, revenues (NGR) in Q2 more than doubled to EUR 11.4m (PAsE: EUR 11.8m). The revenues in the now largest segment Sport betting retail with EUR 8.3m were slightly above our estimate of EUR 8.2m, even though the number of shops at the end of June was lower than expected with 150 (our estimate: 162) shops. Regardless of the reduction of the EBITDA loss to EUR -2.1m, the earnings development was weak. Despite a higher GGR margin in the Sport betting retail segment (+610 bps yoy to 29%, Q1 2024: 25.4%), a significantly stronger increase in costs related to the shop expansion weighed on the EBITDA. The higher cost base is also the main reason why the management now expects an EBITDA loss in 2024e (PAsE: EUR 2.5m). The fact that the earnings development cannot keep up with the topline progress and the break-even target is postponed by one year is a setback, in our view. We will adjust our estimates accordingly. With a TP of EUR 22, we rate the shares a Buy.

pferdewetten.de - Review Q2 2024

EURm	Q2 2024	Q2 2023	yoy	PAsE	Delta	H1 2024	H1 2023	yoy
Revenues	11.4	5.4	5.9	11.8	-3.7%	21.0	10.3	10.7
Sport betting online	0.3	0.5	(0.1)	0.4	-15.0%	0.5	0.7	(0.2)
Sport betting retail	8.3	2.5	5.8	8.2	0.9%	15.2	2.6	12.6
Horse betting	2.7	2.4	0.3	3.2	-14.3%	5.4	7.0	(1.6)
EBITDA	(2.1)	(3.0)	0.8	0.3	nm	(4.3)	(3.6)	(0.7)
EBITDA margin	neg.	neg.	nm	2.5%	nm	neg.	neg.	nm
Sport betting online	(0.7)	(0.8)	0.1	(0.2)	nm	(1.4)	(1.3)	(0.1)
Sport betting retail	(1.3)	(2.0)	0.6	0.0	nm	(3.2)	(4.1)	0.9
Horse betting	(0.1)	(0.2)	0.1	0.5	nm	0.3	1.7	(1.5)

Source: pferdewetten.de, Pareto Securities

- The company confirmed its revenue guidance for 2024e. Accordingly, revenues are expected to increase by a high double-digit percentage compared to the previous year (PAsE: +95% yoy to EUR 49m).
- Currently, pferdewetten.de has 170 own shops. The target of reaching 220 (2023: 108) shops by the end of the year has been confirmed.
- As a result of the earnings burden from the delay of the annual report 2023 and the higher costs associated with the expansion of its shop network, the management now expects an EBITDA loss in the mid-single-digit EURm range (prev. in the range of EUR -2m to EUR +2m).
- The segment Horse betting continued to perform weaker than expected. Despite the slight increase in revenues to EUR 2.7m, the development was below our estimate of EUR 3.2m and remained at the Q1 level. The EBITDA development here was also disappointing.

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