

Telematic Interactive Bulgaria AD

Share Information

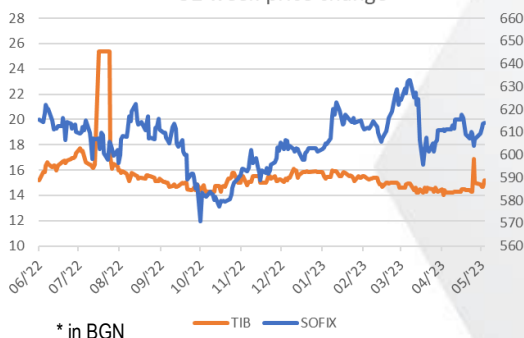
Price (BGN) 15.30
 52-week price change 0.66%
 52-week price range 14.00 – 25.40

Market Cap (BGN) 204,768,284
 Market Cap (EUR) 104,696,361
 Shares outstanding 12,960,018
 Free Float 7.41%

P/E (ttm) 4.47
 P/S (ttm) 1.18
 P/BV 3.75

Source: SIS Calculations and Market Data
 The BGN is pegged at one euro equals 1.95583 leva.

52 week price change



Recession proof business continues to expand

Q1 Individual Results

- Telematic Interactive Bulgaria AD reported 22.1% revenue growth for Q1 YoY reaching BGN 27.5mIn. Casino revenues take the lion’s share of BGN 25.6mIn or 91.2% of the total after an impressive 23.3% YoY growth. Sports-betting reached BGN 2.3mIn, but this business line still accounts for just 8.4% of the total. The remaining 0.4% is revenues from providing gaming content to B2B customers.

- The company continues to implement a strong strategy to increase customer base in order to counter the negative effect from the global trend of decreasing the average value per customer. As a result, active clients went up incredible 46.1% with the conversion rate staying at impressive 35%.

- The churn rate marked a decrease to 4% from 7% YoY indicating greater loyalty by existing customers, where industry standards are at least double that. In an environment, where clients are highly mobile, this is indicative of the effort the company spends in expanding and training their client relationships personnel. Additionally, TIB invested in a new CRM system, which allows them to better target specific client groups.

- Operational expenses continued to increase proportionately more than sales – external services increased 30.6% mostly due to the increases in the fees for gaming content (41.6% hike to BGN 5.1m), advertising (33.5% hike to BGN 4.3m) and bank fees (skyrocketing 16.7% to BGN 2.5m). The tax paid on gambling profit, recorded under “Other expense”, increased 21.7% to BGN 5.6m. On the positive side, however, this expenditure is directly linked to the expansion strategy, which the company is implementing. From all those, bank expense seemingly hit a plateau after the skyrocketing hike in 2022, an increase mostly due to updated bank fees, rather than increased volume. It is possible that gaming content and advertising will continue to increase since TIB will be focusing on expanding on the Peruvian market.

- The company is very liquid as cash represents 96.6% of Current Assets and 78.4% of Total Assets.

- Upon listing on the BSE, TIB announced that at least 40% of the Net Profit would be distributed as dividends. Considering the 2022 results, this would indicate 4.66% dividend yield and a payout of BGN 0.7136 per share.

- Peru expansion: certification completed, team and infrastructure setting started, final stages before launch.

- Kenya expansion: basic operations have commenced. Huge effort in information collection and building marketing strategy is underway with the idea to have full-fledged very impactful marketing campaigns very soon.

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FINANCIAL SNAPSHOT

QUARTERLY RESULTS				
Financial Metrics	Q1 2023	Q1 2022	% Change	TTM
Total Revenue	27 516	22 528	22.1%	108 259
Operating expenses	-20 499	-15 786	29.9%	-81 183
EBIT	48 025	38 324	25.3%	189 442
Operating Margin	175%	170%	-4.4%	175%
EBITDA	48 124	38 357	25.5%	190 706
Net profit	6 252	6 067	3.0%	23 307
Net Margin	23%	27%	4.2%	22%
Total Assets	70 263	54 875	28.0%	-
Net Debt	-44 323	-36 009	23.1%	-
Debt-to-Equity	0.18	0.17	-	-

FINANCIAL RATIOS				
Per share	Q1 2023	2022	2021	2020
Number of shares	12 960 018	12 960 018	4 000 000	4 000 000
EPS	1.80	1.78	5.16	1.85

Growth & Activity	Q1 2023	2022	2021	2020
Revenue growth	22.1%	32.3%	173.0%	517.2%
Earnings growth	29.9%	39.0%	168.9%	371.1%
CAPEX growth	n/a	241.3%	-44.8%	0.0%
CAPEX/Revenue	0.5%	1.2%	0.5%	2.3%
Asset Turnover	39.2%	160.2%	241.1%	216.5%
Working Capital Turnover	65.2%	355.2%	889.3%	1804.7%

Return & Profitability	Q1 2023	2022	2021	2020
ROE	39.2%	43.4%	83.3%	80.6%
ROA	33.2%	35.9%	63.8%	55.9%
ROIC	38.5%	42.6%	83.3%	80.6%
EBITDA margin	174.8%	175.2%	171.3%	172.3%
Operating margin	174.5%	174.0%	170.5%	171.6%
Net margin	22.7%	22.4%	26.4%	25.8%

Gearing & Liquidity	Q1 2023	2022	2021	2020
Debt-to-Equity	0.2	0.2	0.3	0.4
Net Debt to EBITDA	-1.1	-5.5	-9.1	-38.9
Interest coverage	n/a	n/a	n/a	n/a
Cash ratio	5.7	4.3	2.9	1.3
Current ratio	5.9	5.2	3.0	1.6

COMPANY DESCRIPTION

Telematic Interactive Bulgaria AD is a licensed online gambling operator. The company operates under the Palms Bet brand primarily in Bulgaria. Online games generate all revenue and the services are in two directions- online casino and sports betting. The casino business offers over 400 online slot games, live casino, bingo and table games. In sports betting, customers have the opportunity to bet on over 20,000 sport events. Commenced in 2014 and have grown exponentially ever since, the focus is on B2C strategy, but in 2022 they started offering B2B content to international clients.

ANNUAL FINANCIAL RESULTS				
Income Statement (BGN th)	Q1 2023	2022	2021	2020
Operating Revenue	27 516	102 196	77 868	28 413
Financial Income	10	1 075	213	183
Total Revenue	27 526	103 271	78 081	28 596
Operating expenses	(20 499)	(76 470)	(55 015)	(20 463)
EBIT	48 025	179 741	133 096	49 059
EBITDA	48 124	180 939	133 745	49 267
Net profit	6 252	23 122	20 651	7 384

Balance Sheet (BGN th)	Q1 2023	2022	2021	2020
Current assets	57 016	53 194	22 780	6 439
Cash & equiv.	55 101	44 144	22 265	5 311
Non-current assets	13 247	11 286	9 611	6 770
PP&E and Inv. Properties	222	174	150	-
Total Assets	70 263	64 480	32 391	13 209
Current Liabilities	9 735	10 204	7 614	4 044
ST Loans	173	231	-	-
Non-current liabilities	1 043	1 043	-	-
LT Loans	1 043	1 043	-	-
Total Liabilities	10 778	11 247	7 614	4 044
Equity	59 485	53 233	24 777	9 165
Net Working Capital	47 281	42 990	15 166	2 395
Total Debt	10 778	11 247	7 614	4 044
Net Debt	(44 323)	(32 897)	(14 651)	(1 267)

Cash Flow Statement (BGN th)	Q1 2023	2022	2021	2020
CF from operations	6 208	24 485	10 878	23 591
CF from investments	4 757	(8 431)	(6 687)	(6 330)
CAPEX	148	1 222	358	649
Purchase of investments	(1 960)	(10 484)	-	(9 092)
CF from financing	-	5 848	-	(281)
Paid interest	-	-	-	-
Paid dividends	-	(10 152)	-	(281)

Source: Company financials and SIS calculations

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