

Telematic Interactive Bulgaria AD

Share Information

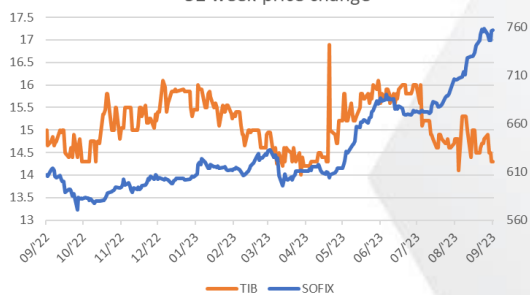
Price (BGN) 14.50
 52-week price change -4.67%
 52-week price range 14.00 – 16.90

Market Cap (BGN) 187,920,261
 Market Cap (EUR) 96,082,103
 Shares outstanding 12,960,018
 Free Float 7.41%

P/E (ttm) 7.75
 P/S (ttm) 1.68
 P/BV 3.53

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

52 week price change



* in BGN

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Steady growth

H1 Consolidated Results

- The company announced a GSM on 18.09.2023 where a decision for share buyback will be proposed under the following terms: price range BGN 14-17, deadline – 31.12.2024, maximum amounts – 3% of the issued shares p.a.

- Telematic Interactive Bulgaria AD reported 22.6% revenue growth for H1 YoY reaching BGN 56.9mIn. Casino revenues take the lion’s share of BGN 50.1mIn or 88.0% of the total after an impressive 22.6% YoY growth. Sports-betting reached BGN 4.2mIn, which marked a slight decrease, but that was due to the migration to a new sports-betting platform in Q2. The new platform has better functionalities and is expected to have a positive role in growing this business in the future. Still, this line accounts for 7.4% of the total revenues.

- The remaining 4.6% is revenues from providing gaming content to B2B customers, which grew at 28.3%. The significant jump of this business line is explained by its comparatively small size, but the company has strong expectations for its potential. This account also makes the major difference between the individual and consolidated revenues.

- The main reason behind the increasing revenues is the increased monthly average active clients. The new CRM system, as well as staff training towards a more individually targeted approach, has lead to a 32% increase in this metric, to reach a total of 94,495 active clients per month. The conversion rate has stayed at the previously reported levels of 36% and the churn rate still stays at impressive for the industry levels of 4%.

- OPEX increased proportionately a notch more than sales – by 22.7% to BGN 43.2mIn. Of that, the biggest contributors are the employee cost, which increased 48.8% to reach BGN 4.4mIn. External services increased 19.9% and in it the biggest sub accounts were for payment services, which made a massive jump of 31.7% to BGN 8.8mIn and software services going up 71.6% to BGN 1.5mIn. Marketing expenses stayed fairly constant going up slightly to BGN 8.9mIn from BGN 8.4mIn.

- Other expenses, which is mostly the tax levied on gambling profits, increased 19% to BGN 25.6mIn. The account is expected to increase with increased revenues.

- The operations in Peru commenced in May with the website being fully functional and providing full access to the local clients. The company plans to let it operate without significant promotion in order to evaluate local clients mentality better and be more efficient with the marketing costs. Then, around the end of Q3, beginning of Q4, active marketing is expected to be deployed.

FINANCIAL SNAPSHOT

QUARTERLY RESULTS				
Financial Metrics	Q2 2023	Q2 2022	% Change	TTM
Total Revenue	56 916	47 223	20.4%	112 964
Operating expenses	-43 158	-35 164	22.7%	-84 464
EBIT	100 391	82 704	21.4%	197 428
Operating Margin	176%	175%	1.2%	175%
EBITDA	101 212	83 283	21.5%	198 868
Net profit	12 236	11 074	10.5%	24 284
Net Margin	21%	23%	-2.0%	21%
Total Assets	77 783	57 046	36.4%	-
Net Debt	-7 499	-26 256	-71.4%	-
Debt-to-Equity	0.46	0.17	-	-

FINANCIAL RATIOS				
Per share	Q2 2023	2022	2021	2020
Number of shares	12 960 018	12 960 018	4 000 000	4 000 000
EPS	1.87	1.78	5.16	1.85

Growth & Activity	Q2 2023	2022	2021	2020
Revenue growth	20.4%	32.3%	173.0%	517.2%
Earnings growth	22.7%	39.0%	168.9%	371.1%
CAPEX growth	n/a	241.3%	-44.8%	0.0%
CAPEX/Revenue	1.9%	1.2%	0.5%	2.3%
Asset Turnover	73.6%	160.2%	241.1%	216.5%
Working Capital Turnover	142.1%	355.2%	889.3%	1804.7%

Return & Profitability	Q2 2023	2022	2021	2020
ROE	45.5%	43.4%	83.3%	80.6%
ROA	31.2%	35.9%	63.8%	55.9%
ROIC	44.3%	42.6%	83.3%	80.6%
EBITDA margin	176.8%	175.2%	171.3%	172.3%
Operating margin	175.4%	174.0%	170.5%	171.6%
Net margin	21.4%	22.4%	26.4%	25.8%

Gearing & Liquidity	Q2 2023	2022	2021	2020
Debt-to-Equity	0.5	0.2	0.3	0.4
Net Debt to EBITDA	-13.5	-5.5	-9.1	-38.9
Interest coverage	n/a	n/a	n/a	n/a
Cash ratio	1.4	4.3	2.9	1.3
Current ratio	2.8	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 600 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)	Q2 2023	2022	2021	2020
Operating Revenue	56 916	102 196	77 868	28 413
Financial Income	317	1 075	213	183
Total Revenue	57 233	103 271	78 081	28 596
Operating expenses	(43 158)	(76 470)	(55 015)	(20 463)
EBIT	100 391	179 741	133 096	49 059
EBITDA	101 212	180 939	133 745	49 267
Net profit	12 236	23 122	20 651	7 384

Balance Sheet (BGN th)	Q2 2023	2022	2021	2020
Current assets	64 679	53 194	22 780	6 439
Cash & equiv.	31 960	44 144	22 265	5 311
Non-current assets	13 104	11 286	9 611	6 770
PP&E and Inv. Properties	1 136	174	150	-
Total Assets	77 783	64 480	32 391	13 209
Current Liabilities	22 921	10 204	7 614	4 044
ST Loans	404	231	-	-
Non-current liabilities	1 540	1 043	-	-
LT Loans	1 540	1 043	-	-
Total Liabilities	24 461	11 247	7 614	4 044
Equity	53 322	53 233	24 777	9 165
Net Working Capital	41 758	42 990	15 166	2 395
Total Debt	24 461	11 247	7 614	4 044
Net Debt	(7 499)	(32 897)	(14 651)	(1 267)

Cash Flow Statement (BGN th)	Q2 2023	2022	2021	2020
CF from operations	11 853	24 485	10 878	23 591
CF from investments	(23 957)	(8 431)	(6 687)	(6 330)
CAPEX	1 114	1 222	358	649
Purchase of investments	(31 729)	(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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