

With the NBA Finals a maximum of five games from conclusion, and with the NHL conference finals taking place, the calendar is nearing an unfavorable period for sportsbook operators.

July and August usually are the two slowest months of the year for sportsbooks before football season commences in earnest in September. In other words, sagging sports betting equities could use some near-term catalysts prior to the start of the 2022 football campaign. Whether those sparks are found is another matter.

As Roth Capital analyst Edward Engel points out in a note to clients today, valuations on sports wagering equities are stabilizing. Locating catalysts could be as easy as easing of or removing headwinds, including high promotional spending and slowing regulatory momentum.

If any of these headwinds show signs of improvement, we could see valuations rerating higher. We also highlight some out-of-the-box long-term catalysts including iGaming regulatory loopholes and lower gross costs alongside Web3 integration,” writes Engel.

The analyst acknowledges that over the near-term, it is hard to get enthusiastic about sports wagering stocks’ valuations, owing to uncertainty surrounding long-term earnings before interest, taxes, depreciation and amortization (EBITDA) margins.

Tough Comps Coming

The second quarter, which comes to a close at the end of this month, has some marquee sports fare, including the Final Four, the arrival of Major League Baseball (MLB), the conclusions of the NBA and NHL regular seasons, and the starts and conclusions of those leagues’ playoffs.

Still, the April through June sports calendar isn’t as attractive as the January through March period. While that should be baked into sports betting stock prices, the unfavorable calendar could still make for tough second-quarter comparisons for operators and states alike.

“For states that launched OSB 12+ months ago, total OSB wagers in April (i.e. handle) reached their lowest levels since Sept., and we expect similar levels for May/June,” adds Engel.

The analyst notes total online gross gaming revenue (GGR) jumped 62% year-over-year in April, or 30% on a same-state basis. [슬롯사이트](#)

Fanatics Commentary, Other Sports Betting Stock Catalysts

As Engel notes, Fanatics’ potential entry into the sports betting realm “remains an elephant in the room for OSB-focused operators,” namely DraftKings and FanDuel.

Privately held Fanatics recently filed gaming-related trademarks, signaling a sports betting entry could be on the horizon. But even a rough date for that debut isn’t known at this juncture. Fanatics joining the regulated sports wagering could be a drag on established operators, because it could force promotional spending higher while extending time lines to profitability.

Fortunately, Engel sees some underappreciated catalysts for internet sports book operators.

“We also see potential long-term drivers that we don’t believe are widely followed by investors. The utilization of Web3 or blockchain ‘dApps’ could help reduce gross costs longer-term, including payment processing and iGaming content fees,” notes the analyst. “A company called Game Play Network is also using live horse racing wagering technology to simulate online casino games, which is expanding iGaming’s addressable market to 22 states and 36 longer-term.”