



LikeFolio

MegaTrends

Gambling and Sports Betting

June 2022

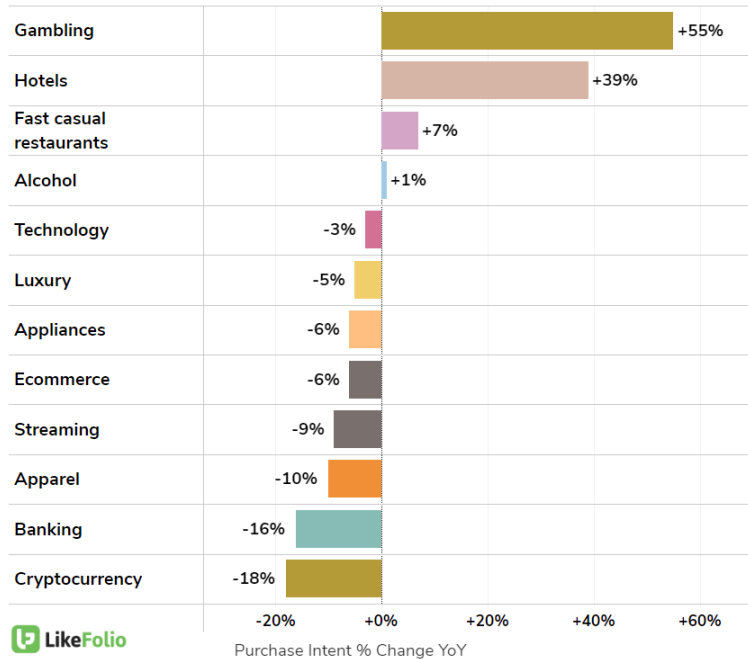
A Letter from Our Founders

As inflation soars to multi-decade highs and the market struggles to find its footing, it's important for investors to conduct a gut check from the consumer's perspective.

Are there any sectors experiencing high levels of growth even as economic pressure mounts?

The aggregated demand for all companies in different sectors in the LikeFolio universe highlights a surprising sector recording significant growth: Gambling.

YoY Change in Purchase Intent, 90-day Moving Average



This makes sense. As gambling access expands, notably through the state-by-state legalization of online sports betting, more and more consumers are participating.

This report features the Top 5 gambling stocks we're tracking. Data suggests these companies are still heating up...

Enjoy,
Andy and Landon Swan





Trend Watch



Macro Trend Watch:

While online betting is growing, pent-up casino demand is palpable.

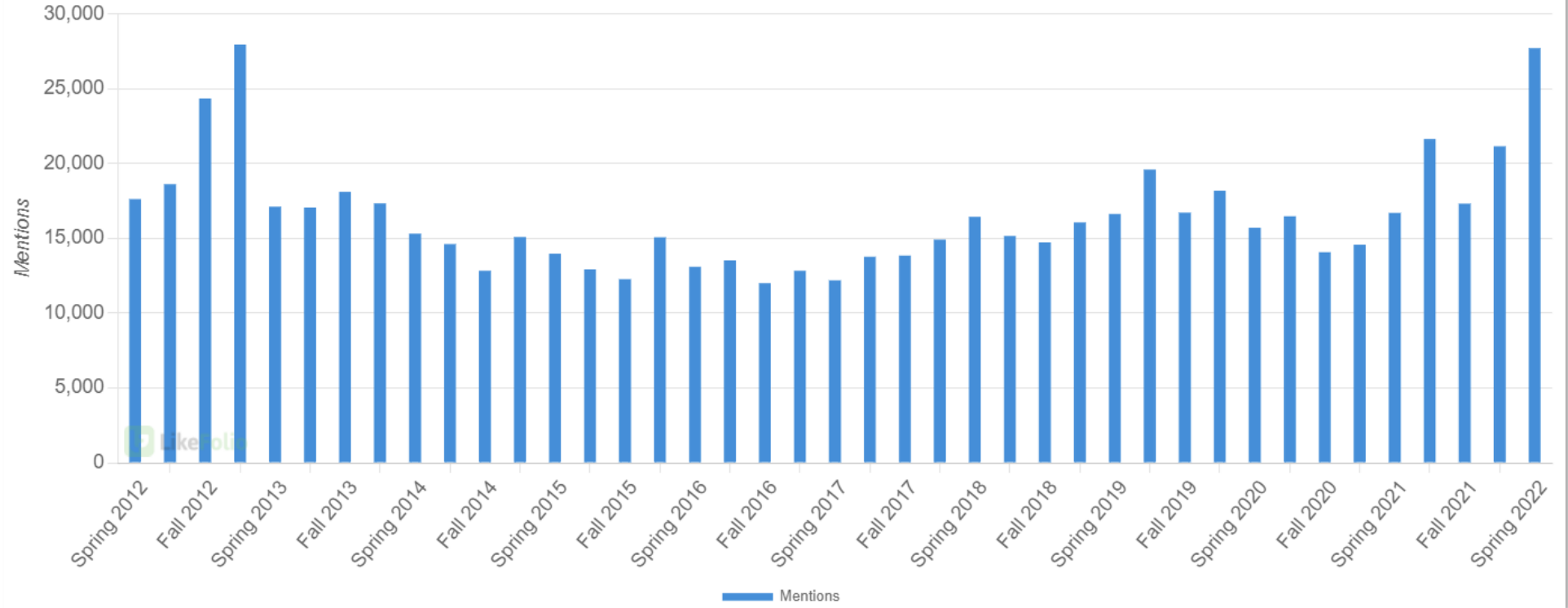
Mentions from consumers visiting a casino surged to the highest level recorded in the LikeFolio universe this spring: +66% YoY.



Trend Watch: Visiting a Casino

Visiting a Casino: Mentions Count

Consumer mentions of visiting, staying, and gambling at a casino



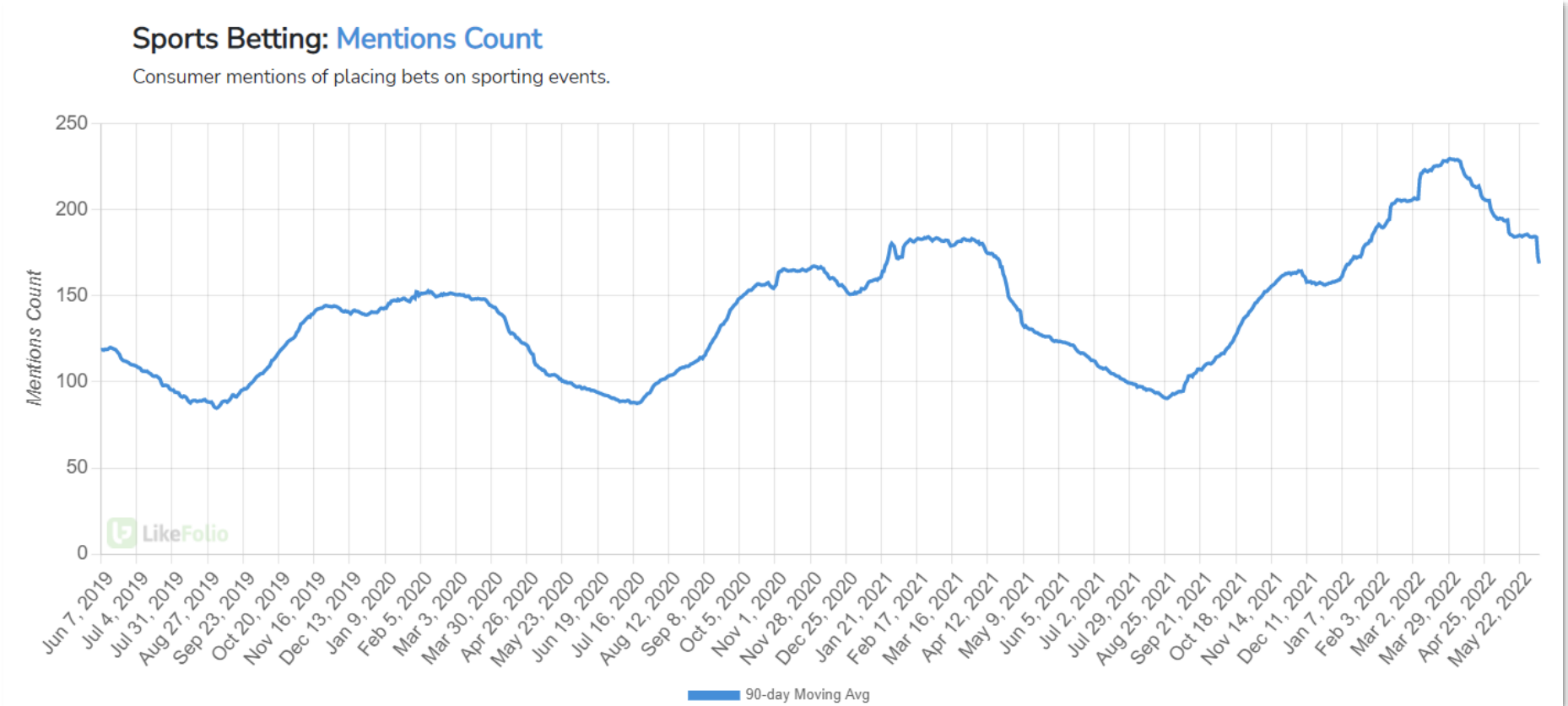
Trend Watch: Sports Betting

Macro Trend Watch:

Consumer mentions of sports betting reached all-time highs during the 2022 Super Bowl.

While mentions are seasonal, the current growth pace suggests acceleration.

In winter 2021, mentions grew by +13% YoY. In spring 2022, mentions grew by +48% YoY.

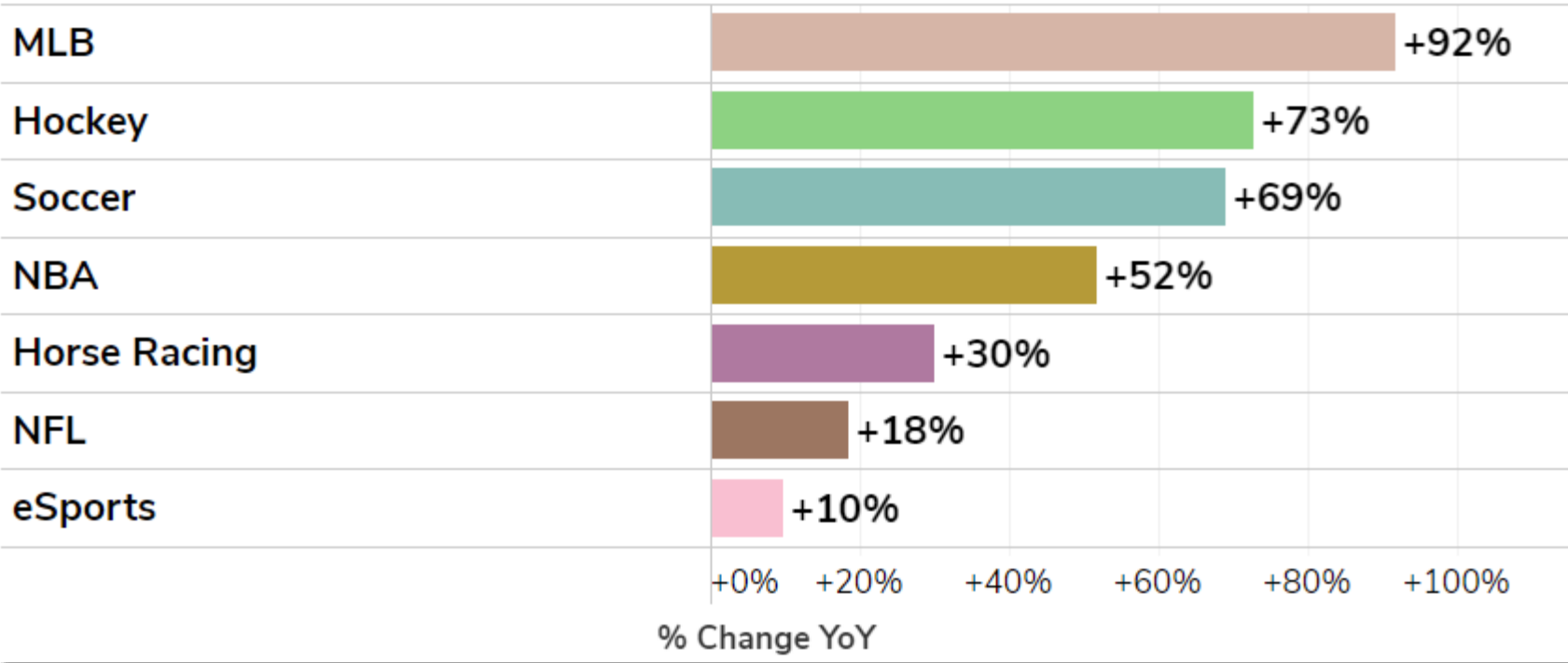


Trend Watch: Sports Betting Interest

Macro Trend Watch:

Consumer mentions of betting on sporting events is rising in each segment tracked.

YoY % Change, 90-day Moving Average

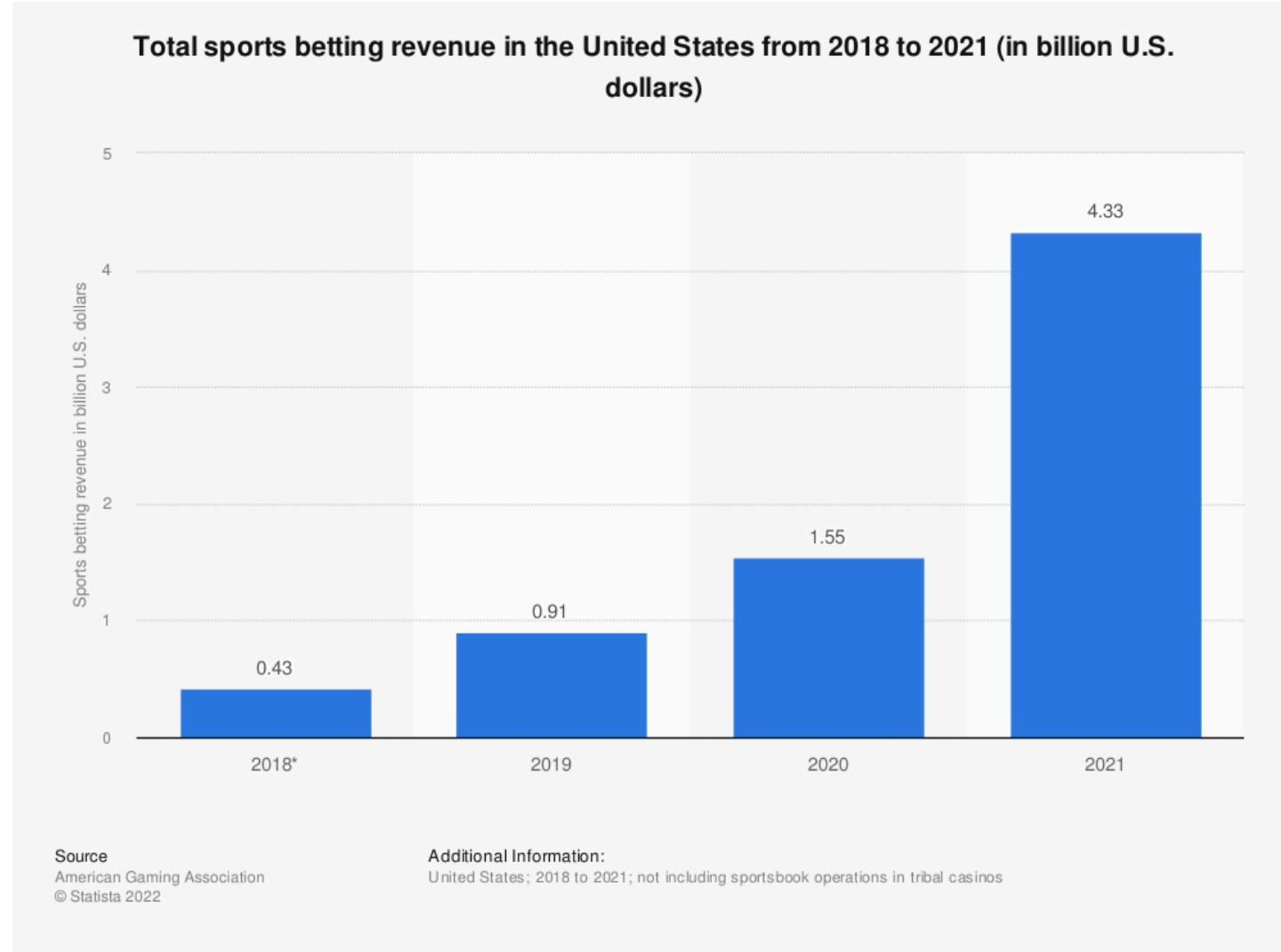


Trend Watch: Sports Betting Revenue

Macro Trend Watch:

Sports betting revenue generation exploded in 2021, reaching \$4.33 billion.

Consumer behavior mentions, alongside expanded access to betting nationwide, suggests this market will continue to expand.

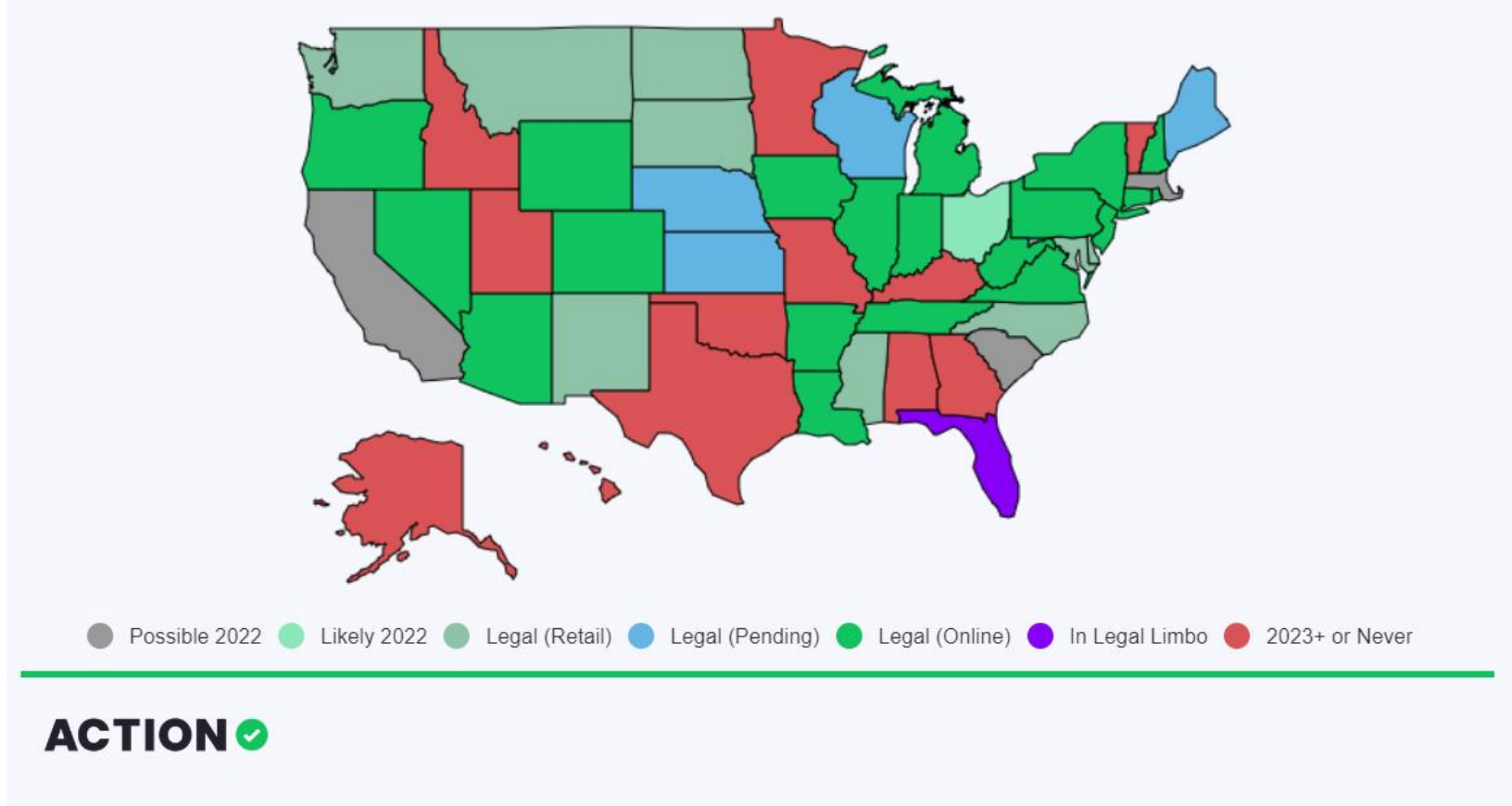


Macro Trend Watch:

Currently, sports betting is legal in more than two dozen states in some capacity, with pending litigation in several.

In early 2022, online sports betting was legalized in New York, setting the stage for major industry expansion.

Trend Watch: Sports Betting Legalization

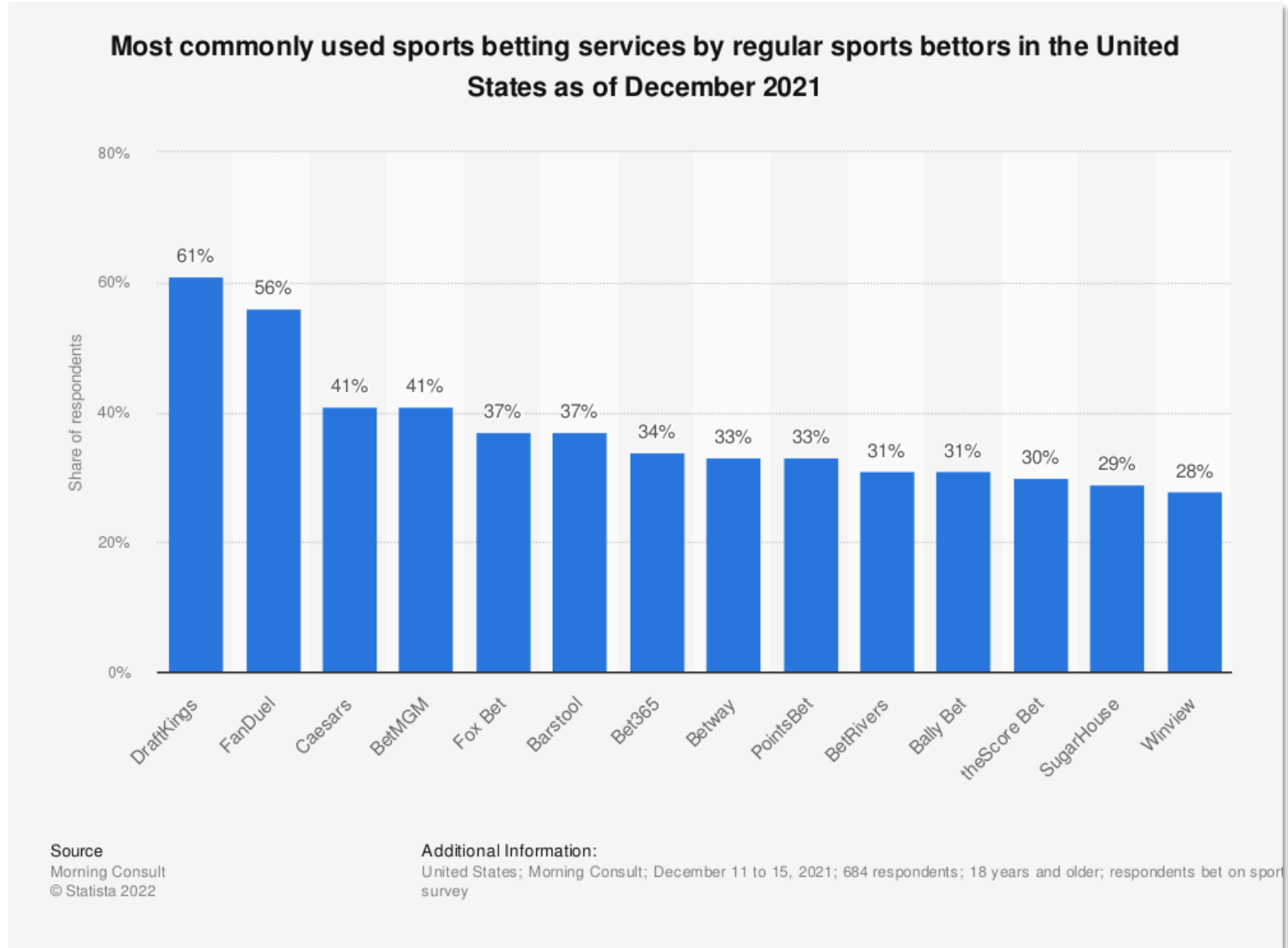


Trend Watch: Sports Betting Market Share

Macro Trend Watch:

Major leaders in the sports betting marketplace, including DraftKings (DKNG), FanDuel (PDYPF), Penn National (PENN; Barstool and theScore), are analyzed in this report.

This data also indicates that bettors may have multiple accounts.



Gambling – Overview

Penn National Gaming Inc. (PENN)

PENN is sitting on a trifecta. The company touts a vast portfolio of brick-and-mortar gambling locations, an online sports betting (OSB) platform, and the name recognition that comes from media giant Barstool. As casinos open and live sports betting expands, this company is ripe for growth. Bullish.

DraftKings Inc. (DKNG)

DraftKings shares have been seriously punished over the last year, mostly due to its lack of profitability and a timid market. However, the company's namesake sportsbook maintains the lion's share of online sports betting in the U.S., and its happiness levels are impressive. The company expects expenses to be high as it expands into new markets, but market maturity patterns suggest profitability in the next two to three years. Massive opportunity for long-term investors at this level.

Flutter Entertainment (PDYPF) – FanDuel

Flutter Entertainment is a global operation with core audience segments in the U.S., U.K., and Ireland. Its U.S.-based FanDuel online sportsbook is driving demand higher versus international platforms. LikeFolio's Flutter Entertainment data is most highly weighted toward the company's U.S.-based sports betting platform, FanDuel. Its rapid adoption rate suggests it has a solid foothold and can be expected to grow. Bullish.

Churchill Downs Inc. (CHDN)

Churchill Downs is doubling down on what it does best: live horse racing and historical racing games. After exiting the online sports betting market, it expects its focus on these key segments to provide consistent and reliable growth. With horse racing mentions at all-time highs, and record results from the 2022 Kentucky Derby, we're Bullish on this long-term strategy.

Light & Wonder Inc. (LNW) – Scientific Games

Light & Wonder previously operated as Scientific Games. The company updated its name and ticker to match its vision of providing high-quality games and software to users, as it divested its sports betting and lottery divisions. This company is the backend powering the games (think slot machines) that users interact with in casinos, online, and on mobile devices. Mentions are exploding in the current quarter. We're Bullish on this newly traded name.



PENN



Key Points

PENN

Penn National
Gaming Inc.



Money Dial: Bullish

77



**PENN NATIONAL
GAMING, INC.**

Mentions:

+27% QoQ, +65% YoY

Trend Watch:

Sports Betting: +48% YoY

Visiting a Casino: +66% YoY

Sentiment:

62% Positive, +1% YoY

Actionable Trade Ideas

Buy Penn National Gaming Inc. (PENN) stock up to \$40/share**

We believe this stock could gain by more than 100% within the next three years.

Alternative approaches would include selling out-of-the-money (OTM) put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

Buy PENN Jan. '24 40/45 Call Spread @ \$1.50

Max Gain: PENN trading above \$45 on Jan. 19, 2024 — +\$350 per contract

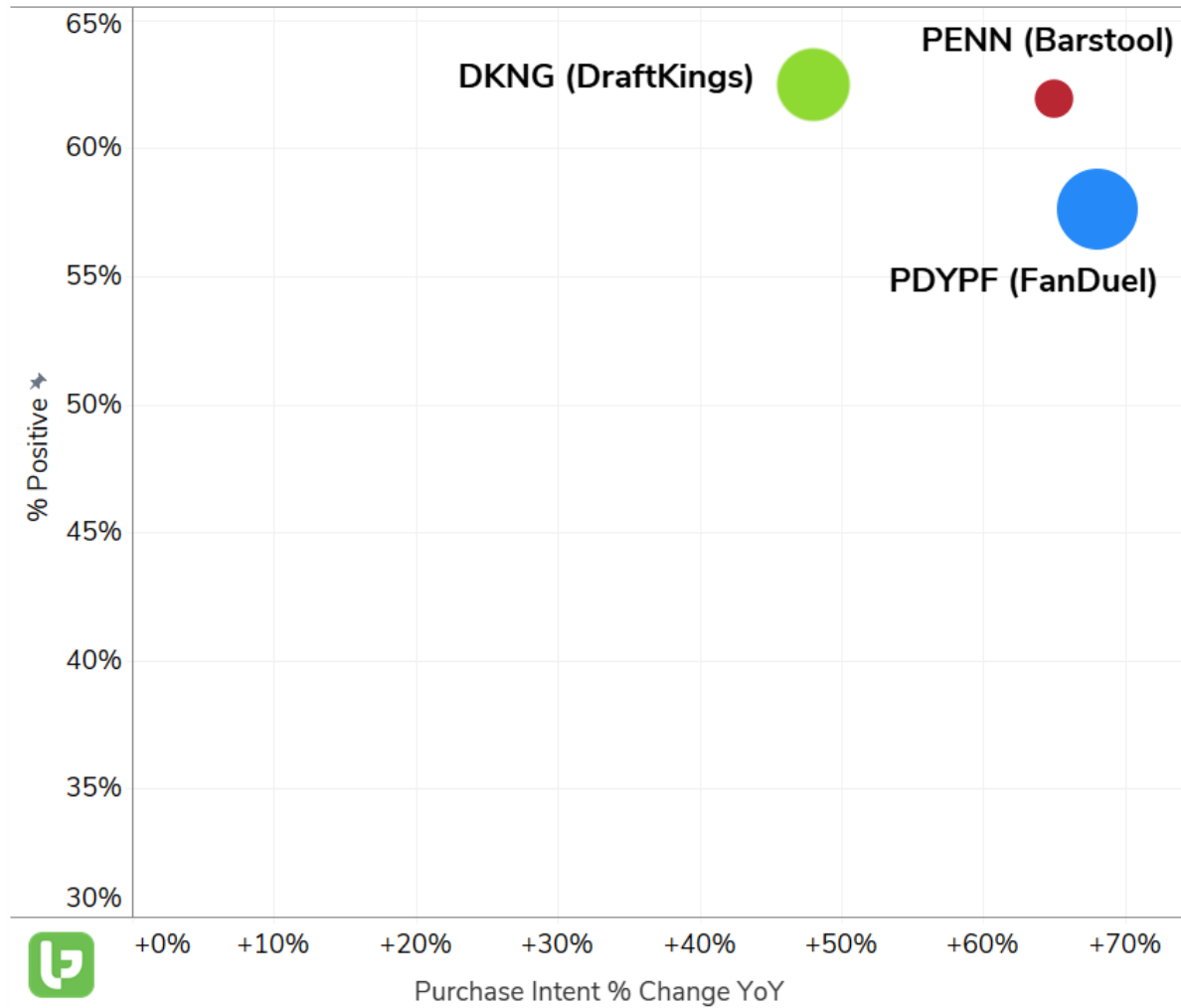
Max Loss: PENN trading below \$40 on Jan. 19, 2024 — - \$150 per contract

**This is a long-term, directional trade. As such, we will maintain our position until the duration has been reached, regardless of near-term price action.



Top Gambling Stocks: PENN

Purchase Intent vs. Sentiment, 90-day Moving Average

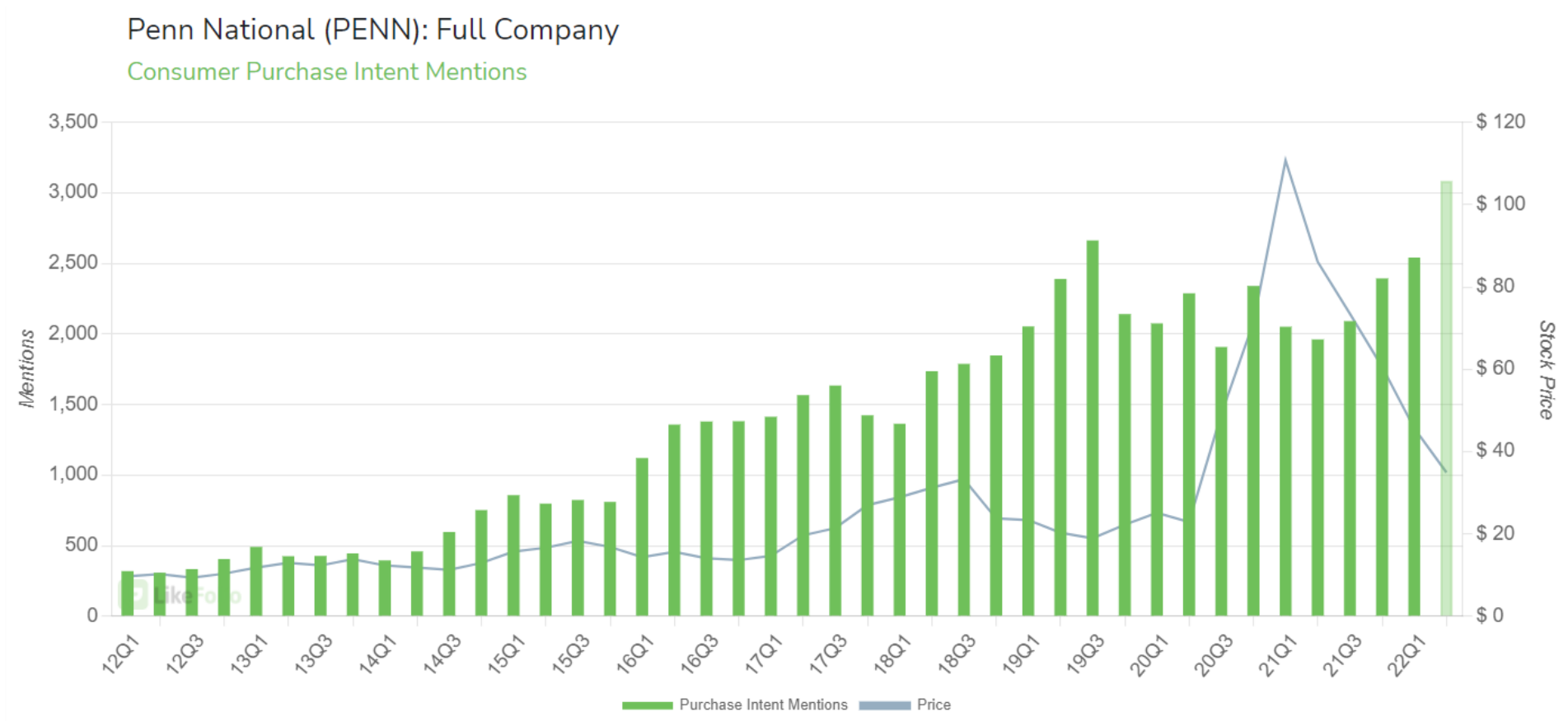


PENN: Demand Pacing for All-Time High

Consumer Demand:

PENN consumer demand (mentions of using Barstool Sportsbook, visiting a physical gambling location, or betting online) in the second quarter of 2022 is on pace for the highest quarter on record.

Mention volume is currently pacing +65% higher YoY, driven by strength in Barstool Sportsbook and theScore, PENN's Canadian mobile betting app.



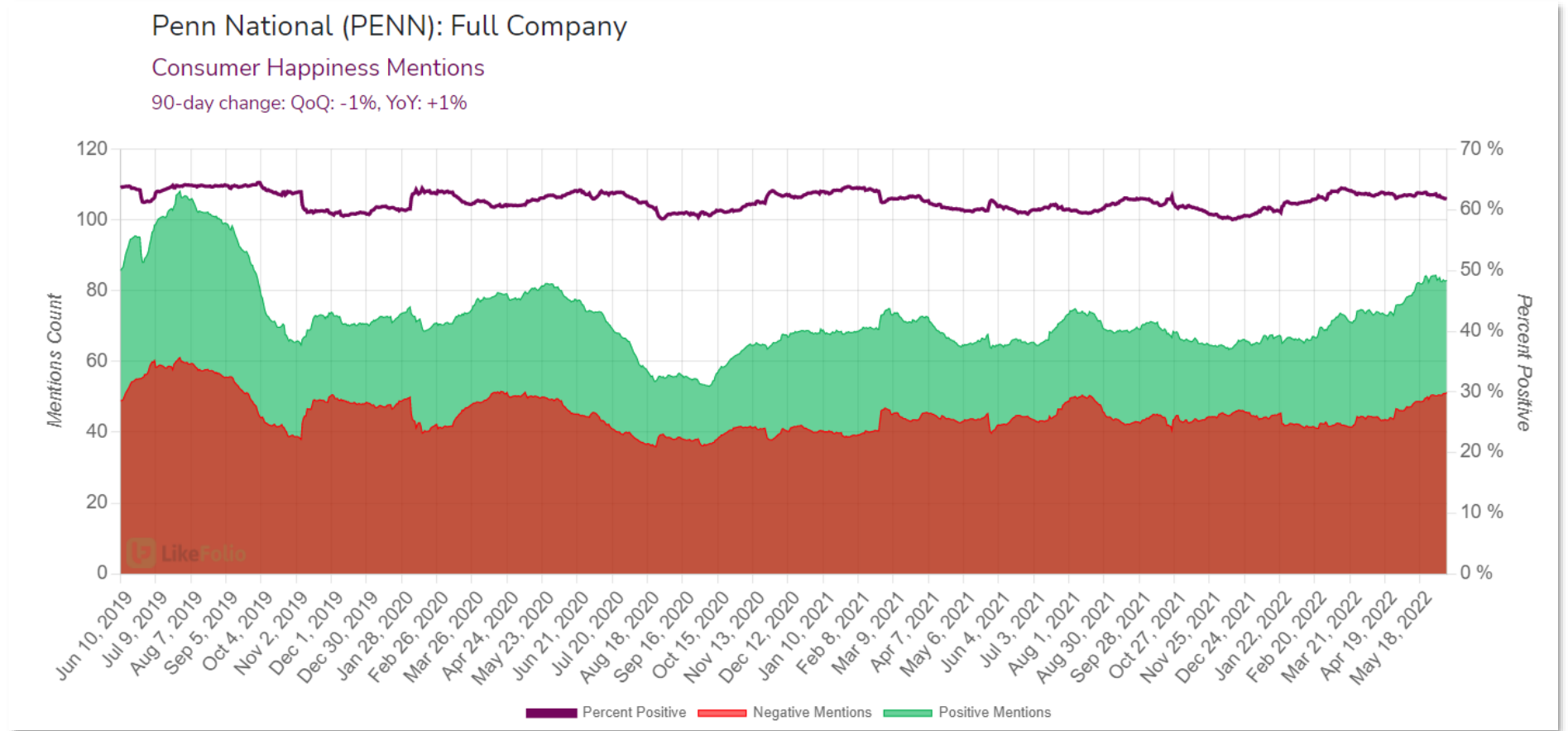
Consumer Happiness:

Penn National boasts high levels of consumer happiness in the gambling sector, at 62% positive.

This is exactly in line with online sports betting peer DraftKings and is above Flutter Entertainment.



PENN: Happiness Is Stable



Trend Watch: Sports Betting, Casinos

Macro Trend Watch:

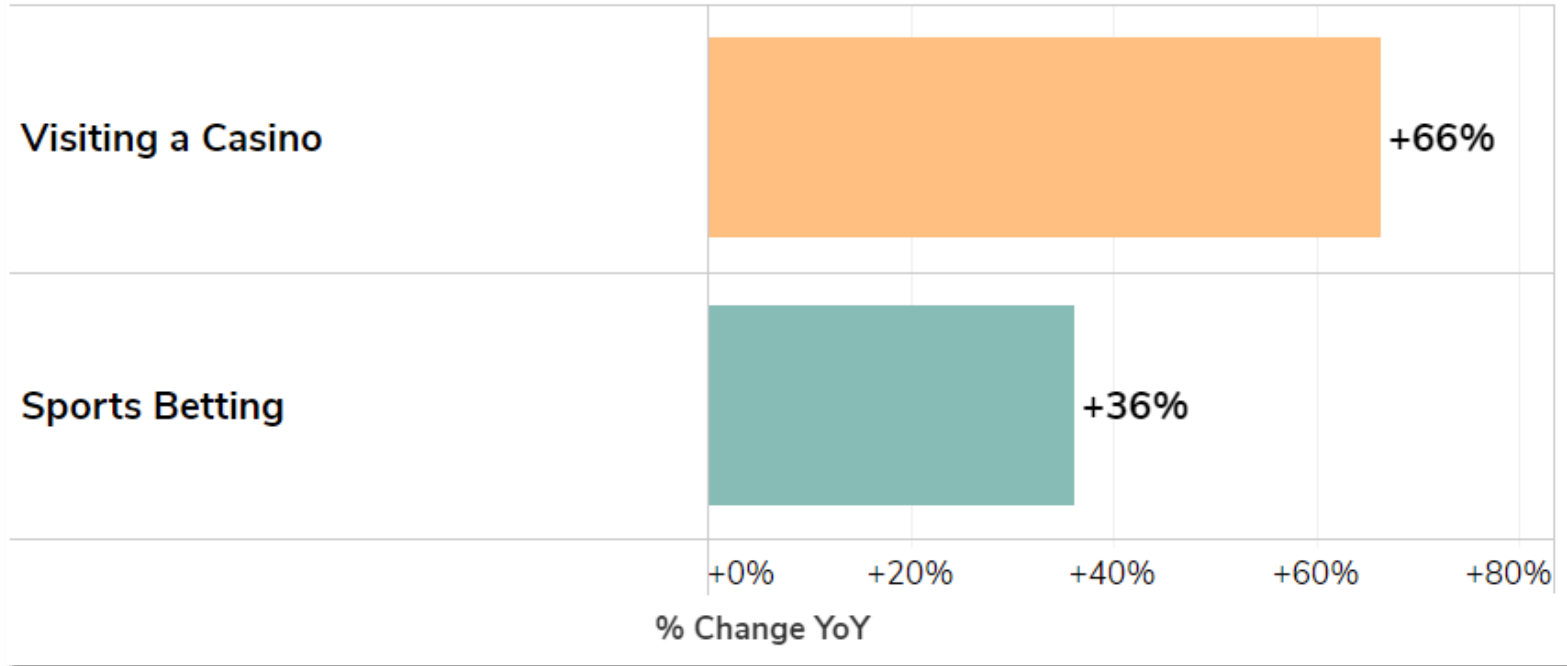
Penn National benefits from in-person gambling and events, as well as online sports betting.

Both trends are recording significant YoY growth in consumer demand. Online sports betting peaked in spring '22, rising +48% YoY. Heading into summer, growth has somewhat cooled but remains high: +36% YoY.


Mentions from consumers visiting casinos is rising comparatively higher, giving PENN a slight edge versus online-only platforms.

PENN operates 44 properties in 20 states and online sports betting in 13 jurisdictions.

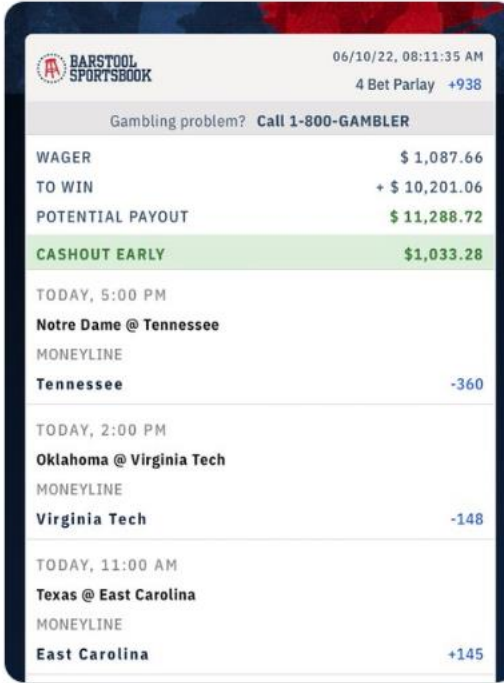
YoY % Change, 90-day Moving Average



PENN: Omnichannel Approach

 **Parlay President** @PrezParlays · 1h
College 🏈 Parlay 🤑💰

#GamblingTwitter #BarstoolSportsbook
barstoolsportsbook.com/bets?_p=fPuKCF... ✓



06/10/22, 08:11:35 AM
4 Bet Parlay +938

Gambling problem? Call 1-800-GAMBLER

WAGER	\$ 1,087.66
TO WIN	+ \$ 10,201.06
POTENTIAL PAYOUT	\$ 11,288.72
CASHOUT EARLY	\$1,033.28

TODAY, 5:00 PM
Notre Dame @ Tennessee
MONEYLINE
Tennessee -360

TODAY, 2:00 PM
Oklahoma @ Virginia Tech
MONEYLINE
Virginia Tech -148


TODAY, 11:00 AM
Texas @ East Carolina
MONEYLINE
East Carolina +145

 **Patricia Rabette** @caxray18

Replying to @bestmec01

Hubby and I went to Hollywood Casino at Penn National yesterday. I play table games and came home \$2500.00 ahead!!!!!! Wishing all the same luck I had yesterday!!!! 🍀🍀

8:32 AM · Mar 6, 2022 · Twitter for iPhone

 **FrittsyTheCapper** @Frittsy84 · 20h

And the last play for tonight, the 🏒 ATGS SGP. Let's get this 🍷!


Unit: 0.1u

#GamblingTwitter #BarstoolSportsbook #bettingtips

3 Leg Parlay +1923


Chris Kreider Any Time Goal Scorer, Steven Stamkos Any Time Goal Scorer, Mika Zibanejad Any Time Goal Scorer

Chris Kreider +164 ANY TIME GOAL SCORER Tampa Bay Lightning @ New York Rangers 8:10PM ET
Steven Stamkos +168 ANY TIME GOAL SCORER Tampa Bay Lightning @ New York Rangers 8:10PM ET
Mika Zibanejad +186 ANY TIME GOAL SCORER Tampa Bay Lightning @ New York Rangers 8:10PM ET

 **Jess Reyes** 🇺🇸 @jessicamreyes · Jun 8

Ok kids, so when I started watching the @celtics during game 2 that's when things started going downhill. I'm superstitious so I'm not turning the TV on tonight. But I need updates so I'm counting on all of y'all to inform me #BleedGreen

11 1 24

 **Choppy** @Choppy617

Replying to @jessicamreyes and @celtics

I haven't been able to watch a game since the Nets series. The @theScore app is good.

8:29 PM · Jun 8, 2022 · Twitter for iPhone



Reports and Business Updates

Penn National operates 44 properties in 20 states, including brands Hollywood Casino, Ameristar, and Plainridge Park. Its land-based casino business is performing well as consumers resume social activities, reporting stable cash generation amid pent-up demand following easing omicron concerns. The company also noted improved visitation from younger demographics, and a loyalty program gaining traction. Its myChoice loyalty program includes a reciprocal benefits program with Choice hotels.

PENN's OSB business is driven by an exclusive partnership with Barstool Sports. PENN acquired a 36% stake in February 2020 for \$163 million and [noted in its quarterly earnings call](#) it will proceed toward full ownership of Barstool.

- The Barstool Sports partnership gives PENN access to a database of 66 million sports enthusiasts/bettors.
- Barstool Sportsbook is live in 12 states and will be launched at six more properties in 2022.
- Barstool is largely responsible for increased casino visits from younger segments.

Penn National plans to tap into the growing Canadian market via theScore, acquired in October 2021. TheScore is the third most popular sports app in Canada and has a 10-year gaming partnership with the Toronto Blue Jays. In order to prevent competition internally, theScore will [cease U.S. wagering operations by July 1](#). PENN plans to integrate Barstool Sportsbook onto theScore's platform, and eventually marry the two platforms in third-quarter 2023.

On its last report, PENN raised its 2022 guidance from \$6.15 billion to \$6.55 billion, and reiterated its investments in technology centered around the 3Cs: cordless, cashless, and contactless. This investment will reduce customer wait times and increase marketing opportunities.

PENN shares are trading -36% lower year-to-date. Although first-quarter 2022 revenues topped estimates, earnings lagged. The company has also [faced scrutiny](#) for its relationship with Barstool founder Dave Portnoy.





DKNG

 LikeFolio

Key Points

DKNG

DraftKings Inc.



Money Dial: Bullish

88



Purchase Intent:
+48% YoY

Trend Watch:
Sports Betting: +48% YoY

Sentiment:
62% Positive

Actionable Trade Ideas

Buy DraftKings Inc. (DKNG) stock up to \$20/share**

We believe this stock could gain by more than 100% within the next three years.

Alternative approaches would include selling out-of-the-money (OTM) put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

Buy DKNG Jan. '24 15/20 Call Spread @ \$1.33

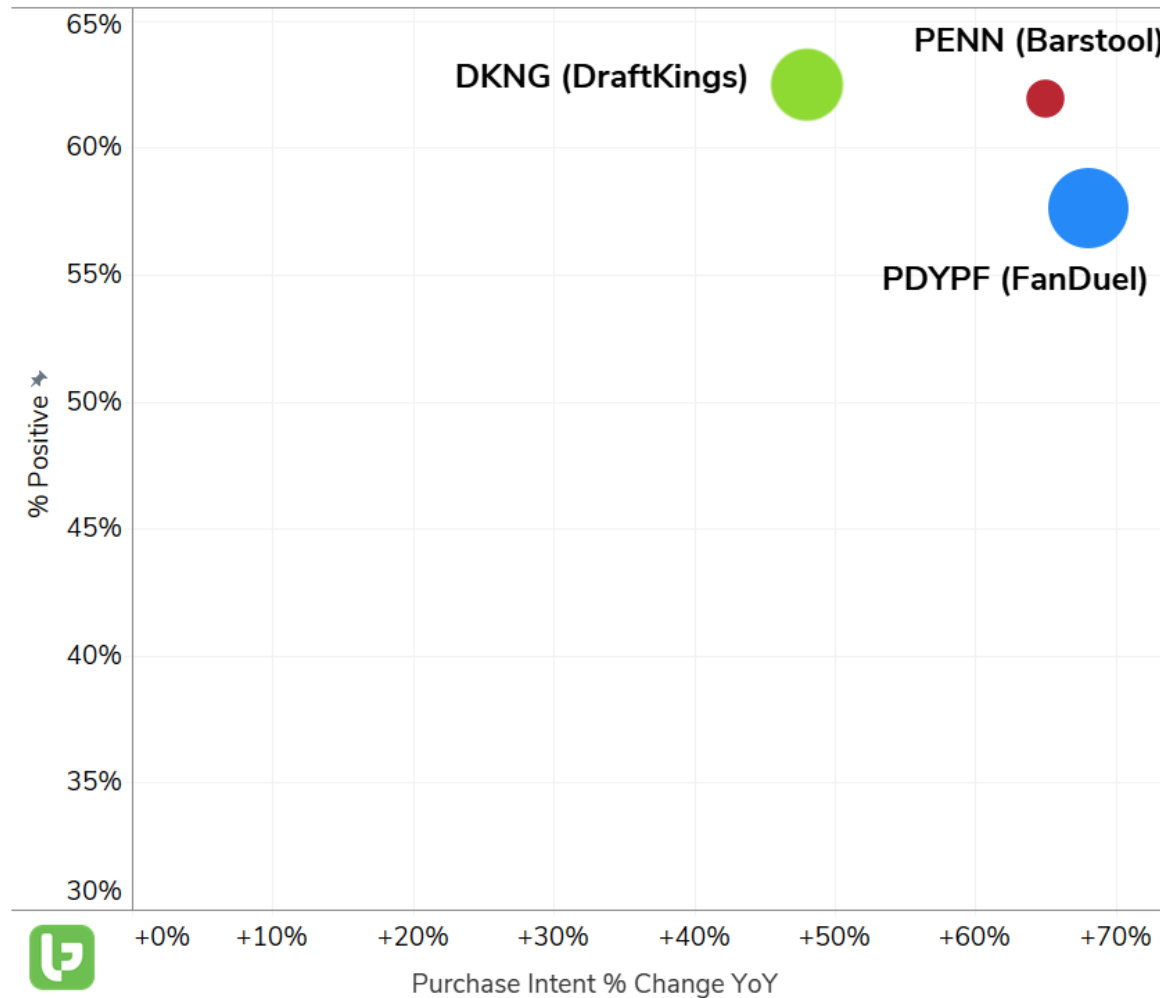
Max Gain: DKNG trading above \$20 on Jan. 19, 2024 — +\$367 per contract

Max Loss: DKNG trading below \$15 on Jan. 19, 2024 — -\$133 per contract

**This is a long-term, directional trade. As such, we will maintain our position until the duration has been reached, regardless of near-term price action.

Top Gambling Stocks: DKNNG

Purchase Intent vs. Sentiment, 90-day Moving Average

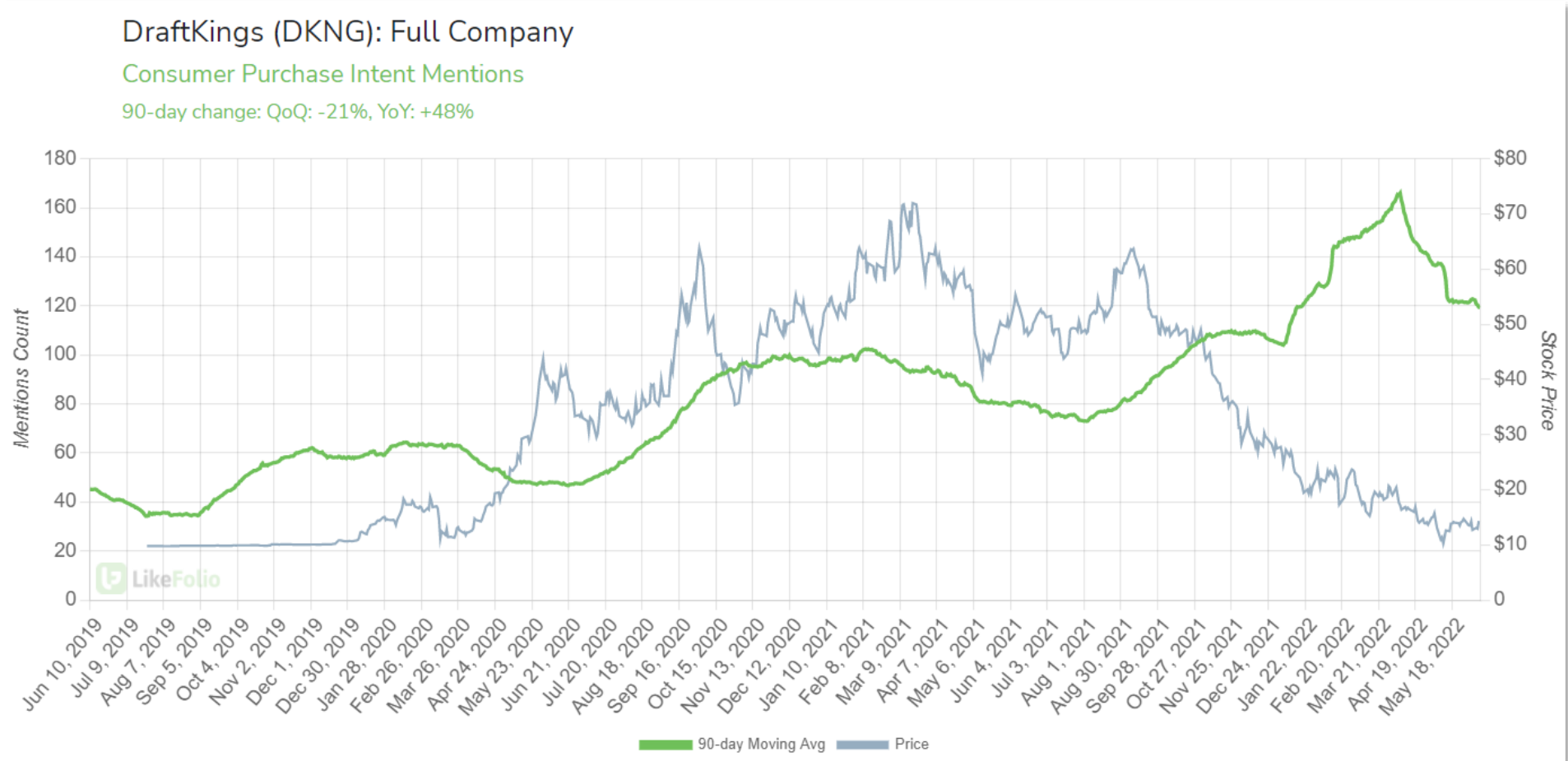


DKNG: Demand Is Rising

Consumer Demand:

Consumer mentions of using DraftKings' integrated platform have increased by +48% YoY.

Consumers most often cite DraftKings' betting features and user experience as a deciding factor when compared with other sportsbooks.



DKNG: Demand Drivers



Jeff Negola @JeffNegola · Jun 5

Just a causal bear lurking near me while I'm trying to get a signal to make a DraftKing's bet.



ResponsibleRube @ResponsibleRube · May 27

So far I've responsibly bet Heat 1H +4.5 and used a boost on DraftKing to get +104 odds on U11 in Dodgers-DBacks game

Probably adding more

[#GamblingTwitter](#) [#NBA](#) [#NBAPlayoffs](#)



ikidikid {5.5.5} ! 🐼💜💛💚💛 @thegadblast4me · Dec 14, 2021

Reasons 643 why DraftKings is better than FanDuel...if you have samegameparlay and a player is inactive your bet is void and money is returned..on FanDuel they just take your money 🤔😞 smh and casino games are trash live dealer games crash blowing money too damn fast



Robert&Tracee
@TheHarveys912

Replying to @WinnersWicked

Awesome! Will I have to use DraftKings to place-them? because FD don't have the option or I may be overlooking.

12:37 PM · Apr 16, 2022 · Twitter for iPhone



Consumer Happiness:

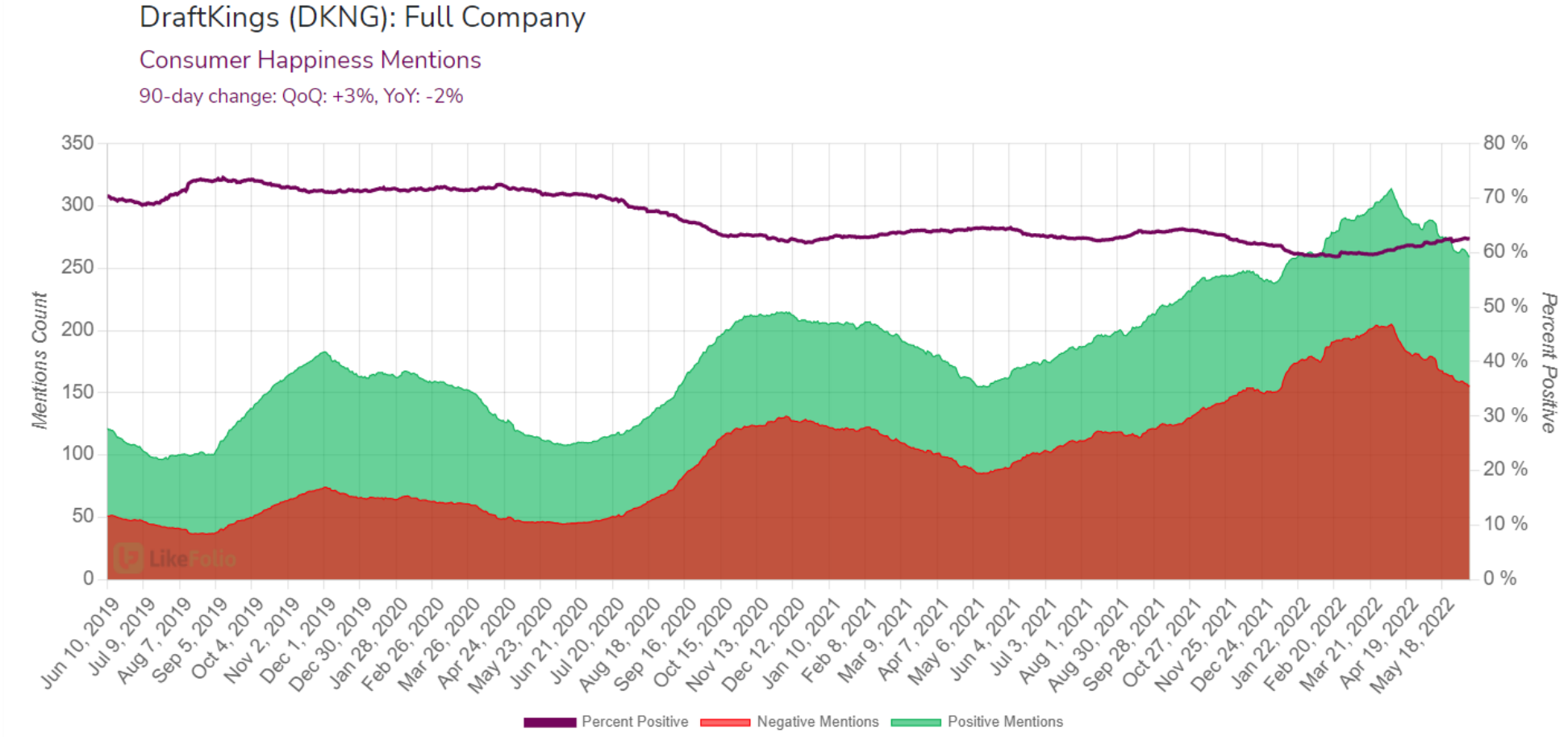
DraftKings happiness is high, at 62% positive.

This is an impressive feat considering the sheer volume of its userbase.

While PENN supports a smaller userbase, its happiness is exactly in line with DKNNG. Meanwhile, PDYPF trails by 4 points.



DKNNG: Happiness Is High, Alongside Volume



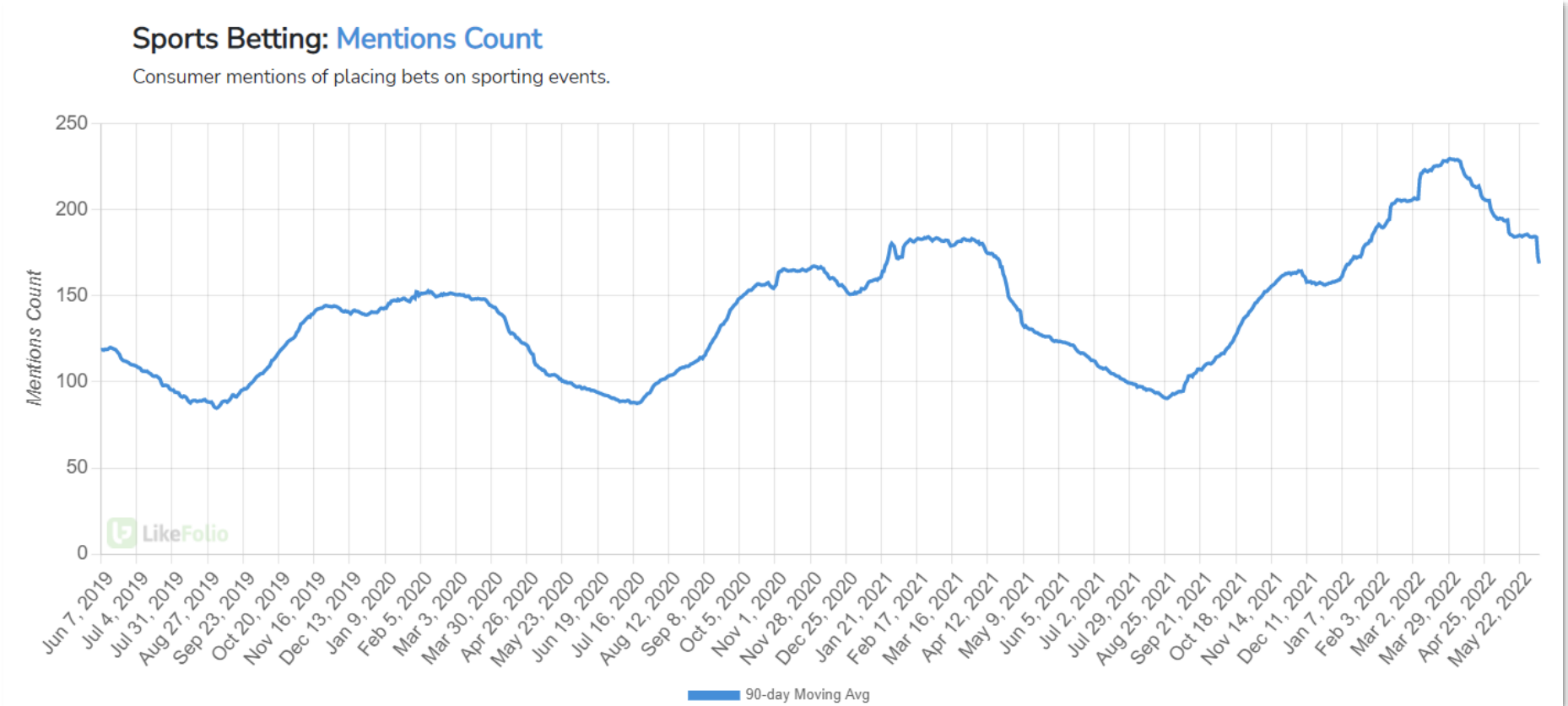
Trend Watch: Sports Betting

Macro Trend Watch:

Consumer mentions of sports betting reached all-time highs during the 2022 Super Bowl.

While mentions are seasonal, the current growth pace suggests acceleration.

In winter 2021, mentions grew by +13% YoY. In spring 2022, mentions grew by +48% YoY.



Reports and Business Updates

DraftKings is an integrated daily fantasy sports, sports betting, and iGaming platform. Users get one account, one wallet, a centralized payment system, and responsible gaming controls.

DKNG made its public debut via special purpose acquisition company (SPAC) in April 2020 and has benefitted from growth opportunities at the intersection of digital sports entertainment and gaming. More recently, rising interest rates and the market's focus on profitability have had a negative impact on high-multiple growth names like DraftKings. DKNG shares are currently trading 52% lower YTD and 79% below highs reached in September 2021.

DraftKings is operating at a net loss but expects to turn to profitability in late 2023/early 2024. The company's Investor Day presentation outlined a path to profitability including reducing customer acquisition costs by investing early in new states and market maturation. [Five states, including New Jersey, went contribution-positive in 2021](#) and it expects five more states will follow suit in FY '22. DraftKings estimates a 56% gross margin rate at market maturity.

DraftKings is getting better at retaining customers. The company noted its 83% customer retention rate, achieved in its first year, rose to 96% in its third year. Revenue from retained players more than makes up for a slow down in new user additions, according to CFO. Net revenue per retained user rose +143% after three years.

On its last report, revenue increased +34% YoY and Monthly Unique Player (MUP) increased by +29% YoY, driven by the launch of mobile betting in several states. The company expects its Total Addressable Market (TAM) to expand from \$67 billion to \$80 billion alongside legalization activities, with California identified as the biggest market opportunity among remaining states (up for a vote in November '22).

DraftKings is also focused on [beefing up its podcast content](#), recently announcing four new podcasts shows featuring hockey, soccer, football, and Formula 1 (F1) racing.





PDYPF



Key Points

PDYPF

Flutter
Entertainment
(FanDuel)



Money Dial: Bullish

82



FANDUEL

Purchase Intent:
+67% YoY

Trend Watch:
Sports Betting: +48% YoY

Sentiment:
58% Positive

Actionable Trade Idea

**Buy Flutter Entertainment plc
(OTC: PDYPF) stock up to
\$120/share****

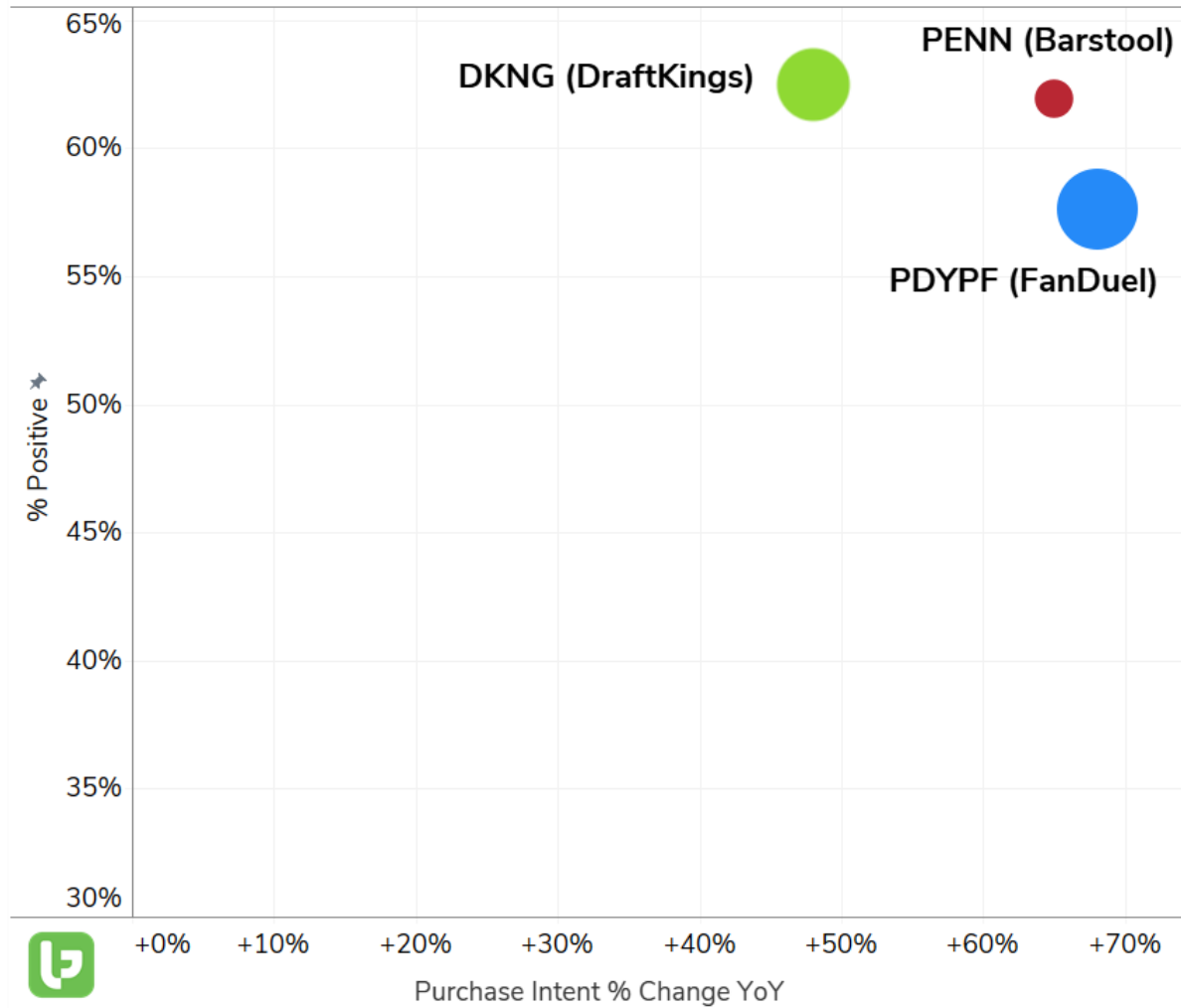
We believe this stock could gain by more than 50%
within the next three years.

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maintain our position until the duration has been
reached, regardless of near-term price action.



Top Gambling Stocks: PDYPF

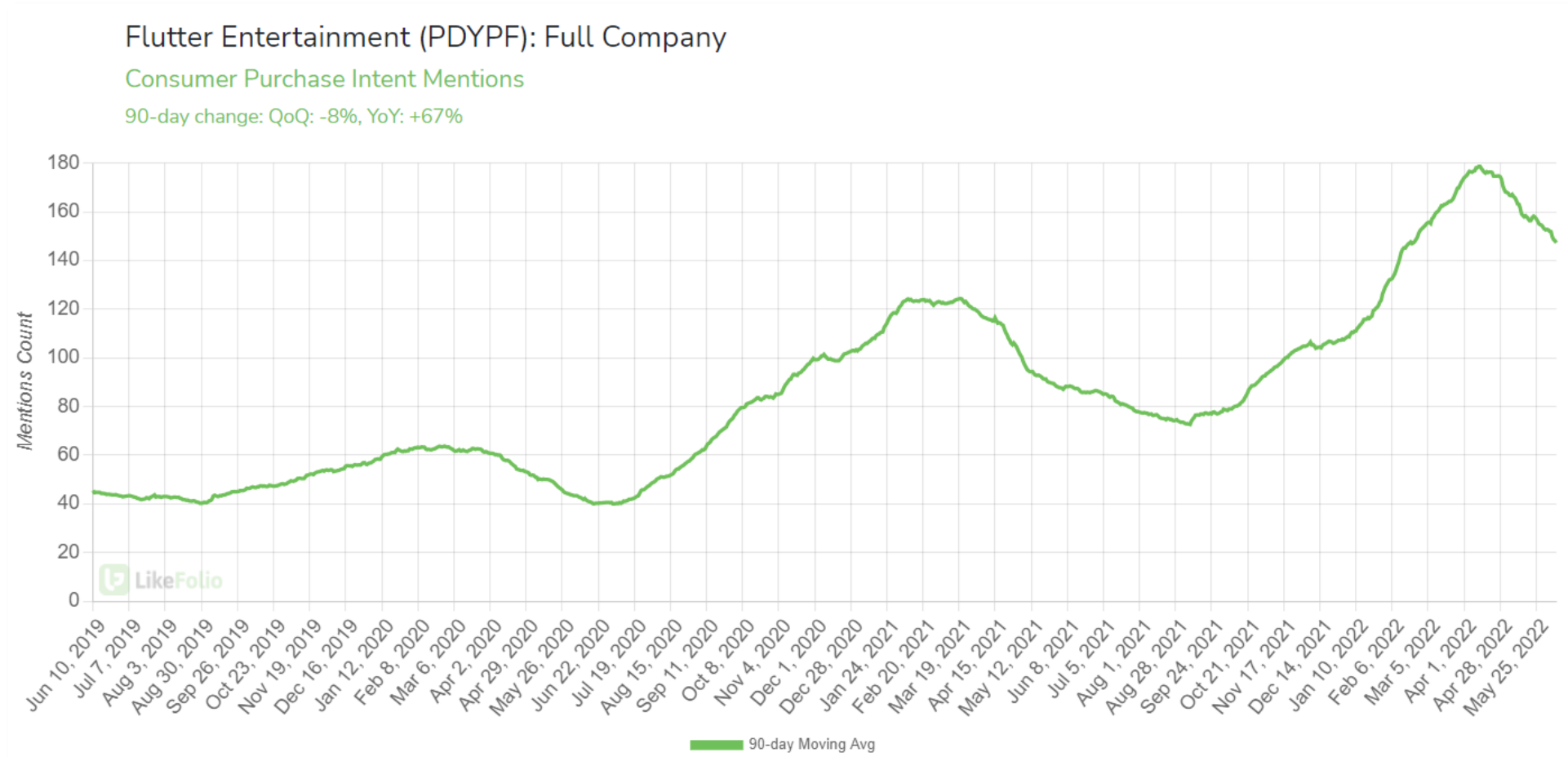
Purchase Intent vs. Sentiment, 90-day Moving Average



Consumer Demand:

Consumer mentions of downloading and using Flutter Entertainment platforms for online betting have increased by +67% YoY.

PDYPF: Demand Is Building



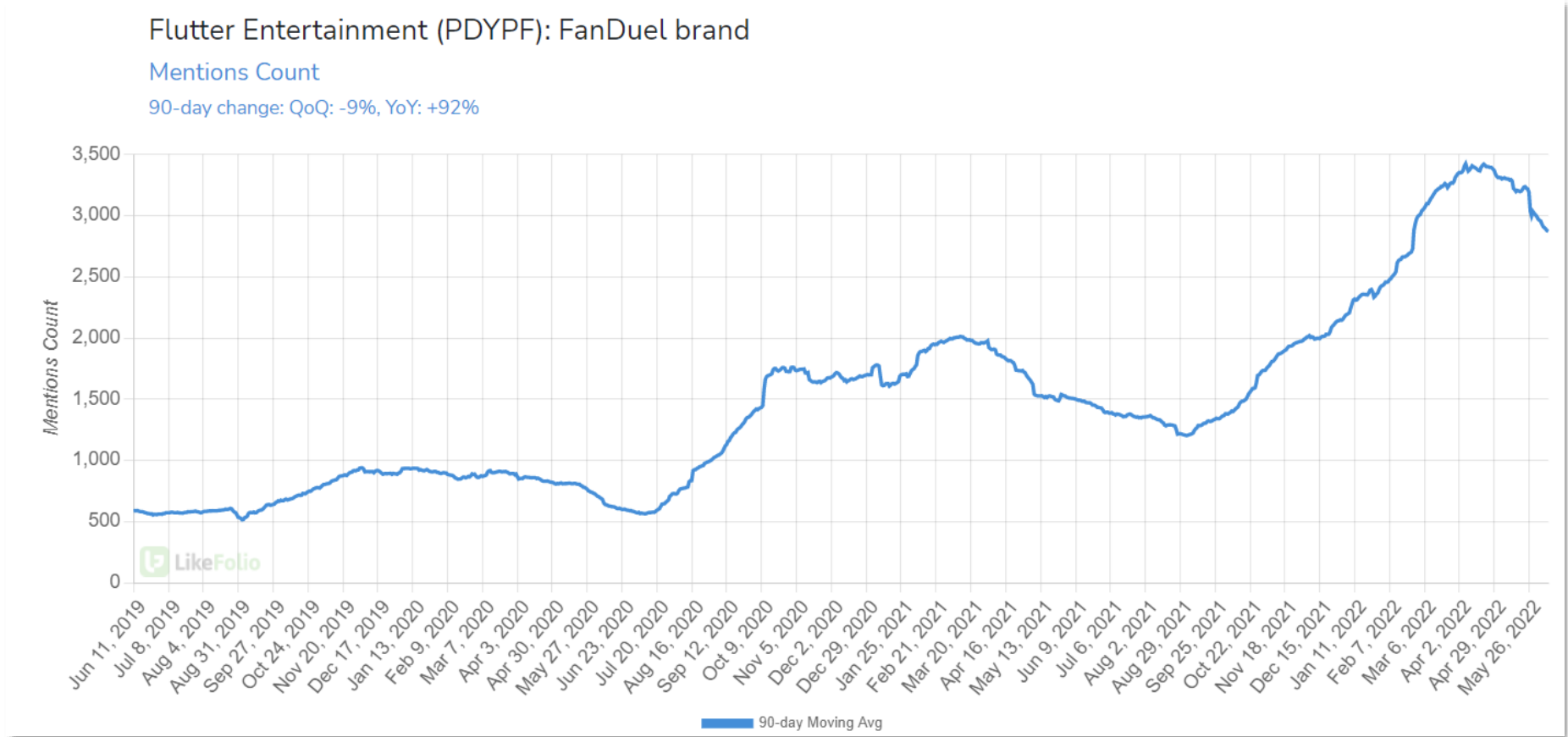
Consumer Demand:

The top driver of demand volume and growth is the company's U.S. online sportsbook, FanDuel.

FanDuel demand increased by +83% YoY (exceeding company growth), and mention volume increased at an even steeper clip: +92% YoY.



PDYPF: FanDuel Growth Continues



PDYPF: Demand Drivers

Wet Lineups
@WetLineups

Got back in the win column with a good MLB night 💧
💧 #Fanduel 🙌 #MLB #DFS

Game	Position	Entries	Entry	Winning
9/22 6:40pm ET (Main)	46	\$11.05		\$26.80
Rizzo, LeMahieu, Donaldson, Swanson, Benintendi, Gallo, Mancini	1	\$150K Thu MLB Squeeze (\$30K to 1st)		
0 innin	1,216th of 28,737	1	\$5.55	\$12
\$42.55				
Thu MLB Pickoff (Single Entry)				
of 376	1	\$25		
Thu MLB Line Drive (3 Entries Max)				
of 294	1	\$12		
1K Thu MLB Squeeze (\$30K to 1st)				
rd of 28,737	1	\$5.55		

Guichi.
@Guichi_18

Locked in for tonight's game , fanduel gon pay me today 🤞

9:42 AM · Jun 10, 2022 · Twitter for iPhone

Brandon Rogers
@RogersBr1130

LFG! N Hibino was down 3-5 second set and only +100. Watched the rest of the second set and she was taking off! Made the bet third set when she was down 0-1. Went to 0-2! 6-2 odds were +2500 then. BOOM won the next 6! Tennis been 🔥! #Fanduel 🙌 #Tennis #GamblingTwitter #Blessed

Game	Position	Entries	Entry	Winning
3RD SET				
		4	7	
		6	6	

Game	Position	Entries	Entry	Winning
Texas A&M Aggies				-430
Texas A&M Aggies	15	15		Finished
TCU Horned Frogs	9	9		Finished
P Kovapitukted				+142
P Kovapitukted	3 7 1	3 7 1		Finished
T Sirit	6 5 0	6 5 0		Finished
E Lim				+104
E Lim	3 6 10	3 6 10		Finished
H SHn	6 3 8	6 3 8		Finished
A Poplavska				+162
W Sawadee	4 3	4 3		Finished
A Poplavska	6 6	6 6		Finished

4/0000623 PLACED: 6/10/2



Consumer Happiness:

Consumer Happiness for Flutter Entertainment has slipped since 2020.

While sentiment levels remain in range of peers (near 62%), consumers often report needed improvements for the consumer-facing platform, FanDuel.

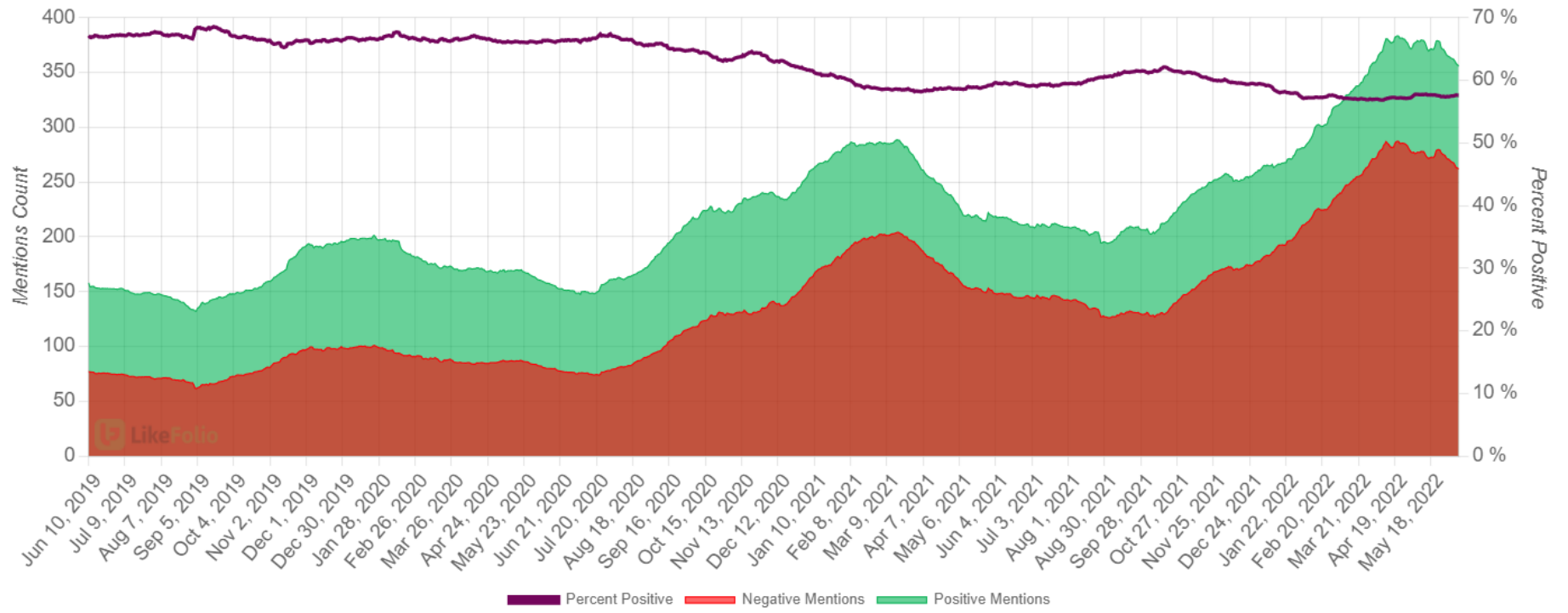


PDYPF: Happiness Is Slipping

Flutter Entertainment (PDYPF): Full Company

Consumer Happiness Mentions

90-day change: QoQ: 0%, YoY: -2%



Macro Trend Watch:

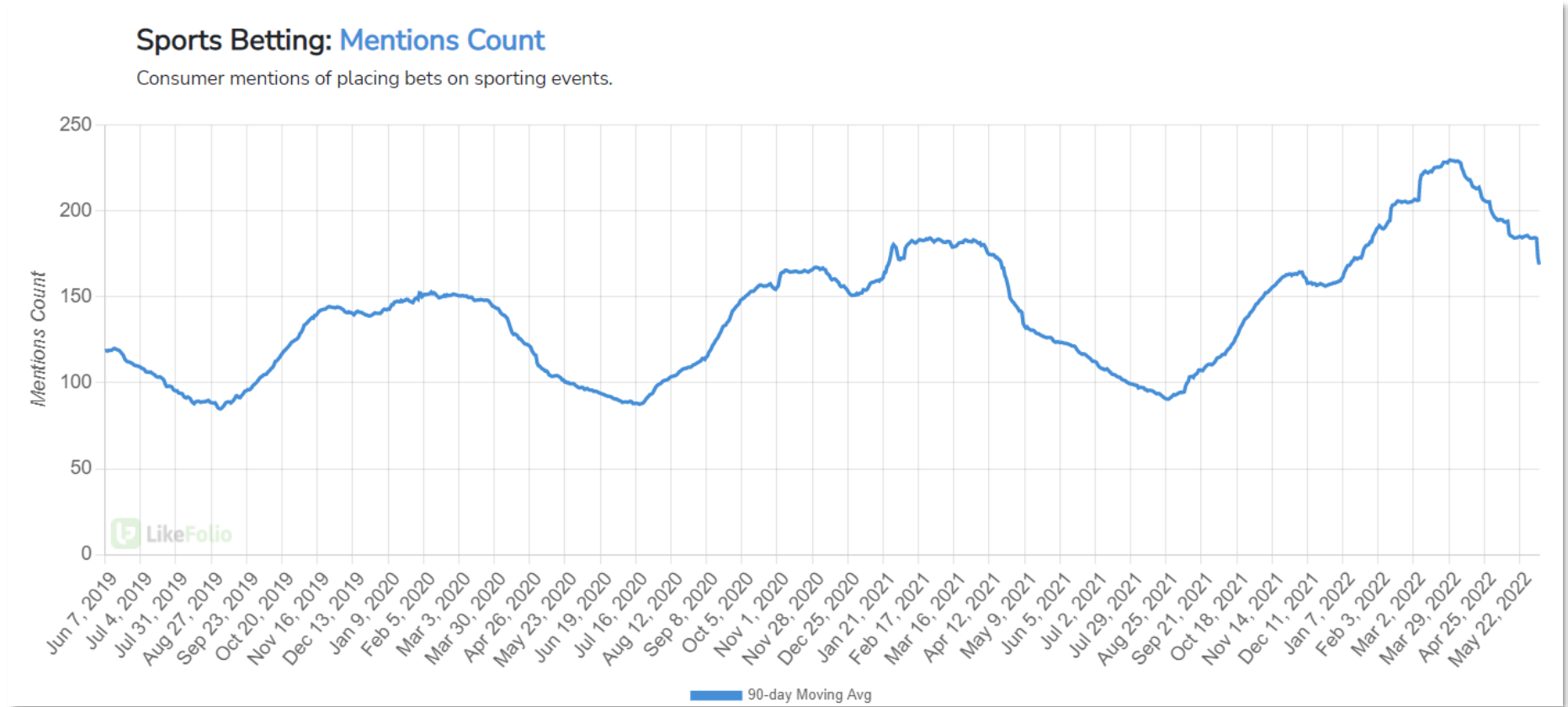
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While mentions are seasonal, the current growth pace suggests acceleration.

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Trend Watch: Sports Betting



Reports and Business Updates

Flutter Entertainment is an Ireland-based OSB and gaming operator that owns an expansive brand portfolio:

- **FanDuel** – Major sportsbook in the U.S., leading daily fantasy sports platform, and a sports-tech entertainment company, supporting +13 million U.S. customers. It was the first U.S. sportsbook to offer same-game parlay bets and covers all major U.S. sports, including college football. FanDuel Casino/Stardust casino are available in some states. Also supports FanDuel retail venues where fans can view live sports and place bets at self-service kiosks and betting windows.
- **Sky Betting & Gaming (UK/Ireland)** – Includes Sky Bet, Sky Vegas, Sky Bingo, Sky Casino, and Sky Poker, and free-to-play sports games.
- **Sportsbet (Australia)** – Online betting platform holding 42% share of Australian online wagering market and supporting 2 million customers.
- **PokerStars** – World's largest poker site with 225+ billion hands of poker dealt and 1.85 billion tournaments hosted. PokerStars hosts the World Championship of Online Poker.
- **Paddy Power (UK/Ireland)** – Established in 1988 and currently the top bookmaker in Ireland. Paddy Power operates 600+ retail shops, a sports betting app, lotteries, slots, live casino, bingo, daily fantasy sports, and online poker.
- **Betfair (global, mostly UK/Ireland)** – Betting exchange featuring online sports betting and gaming. Betfair pioneered the concept of a betting exchange in 2000 by allowing customers to set their own odds and bet against each other.
- **Adjarabet** – Online gaming operator in the country of Georgia.
- **TVG** – U.S. horse racing broadcaster. Broadcasts live racing to +60 million U.S. homes through two TVG TV channels, covers 300+ racetracks, and has its own TVG betting platforms available in 30 states.
- **Fox Bet** – Online and mobile sports betting brand in partnership with Fox Sports.
- **Junglee Games (SE Asia)** – Pioneer in online gaming in India with more than 50 million users across Southeast Asia.
- **Tombola** – Large bingo site in Britain.



Reports and Business Updates

On its last report, Flutter Entertainment announced strong results driven by [the success of its U.S. operations](#). Revenue increased by +6% YoY, with sports revenue hitting \$1.17 billion. Growth in the U.S. market increased by +45% YoY in the same time frame (nearly half of the company's total revenue). Flutter noted an average of 8.9 million active monthly players (+15% YoY) across all active markets.

U.S. market strength was driven by a [solid performance from its online sportsbook, FanDuel](#). FanDuel supported 2.4 million customers in the quarter and generated revenue of \$574 million. FanDuel acquired more than 1.3 million customers in the quarter (70% of its total customer acquisition volume for the full year). This activity was driven by high engagement during events like March Madness. The company noted the sportsbook maintained a leading market share position in the U.S.

Despite explosive player and revenue growth, FanDuel estimates its revenue was \$132 million lower than expected in the quarter due to customer-friendly results.

Revenue generated online in the U.K. and Ireland declined YoY, attributed to [safer gambling initiatives](#) as well as tough comps from COVID-induced betting activity. Gambling initiatives include a ban on credit cards and a whistle-to-whistle (or start-to-end) advertising ban during live sporting events: "We recognize that gambling has undergone a technological transformation over the past two decades. The influence of the smartphone, social media, and on-demand streaming has been profound. We understand that legislating for these developments is complex and may take some time. We have decided to introduce several measures, well in advance of the legislation, to enhance the effectiveness of our safer gambling policies in Ireland."





KENTUCKY
DERBY
MUSEUM

CHURCHILL DOWNS

EXECUTIVE
GATE

704
NOW SHOWING
THE
GREATEST
RACE

CHDN

RO
9, 2007

LikeFolio

PLEASE DO NOT FEED
THE HORSES
OR THE CATTLE
This is an Official Derby Place of
2008 Kentucky Derby Winner
CURLY LEG

Key Points

CHDN

Churchill Downs
Inc.



Money Dial: Bullish

79



CHURCHILL DOWNS

Purchase Intent:

+34% YoY, +160% QoQ

Trend Watch:

Sports Betting: +48% YoY

Sentiment:

85% Positive, +2% YoY

Actionable Trade Ideas

Buy Churchill Downs Inc. (CHDN) stock up to \$210/share**

We believe this stock could gain by more than 50% within the next three years.

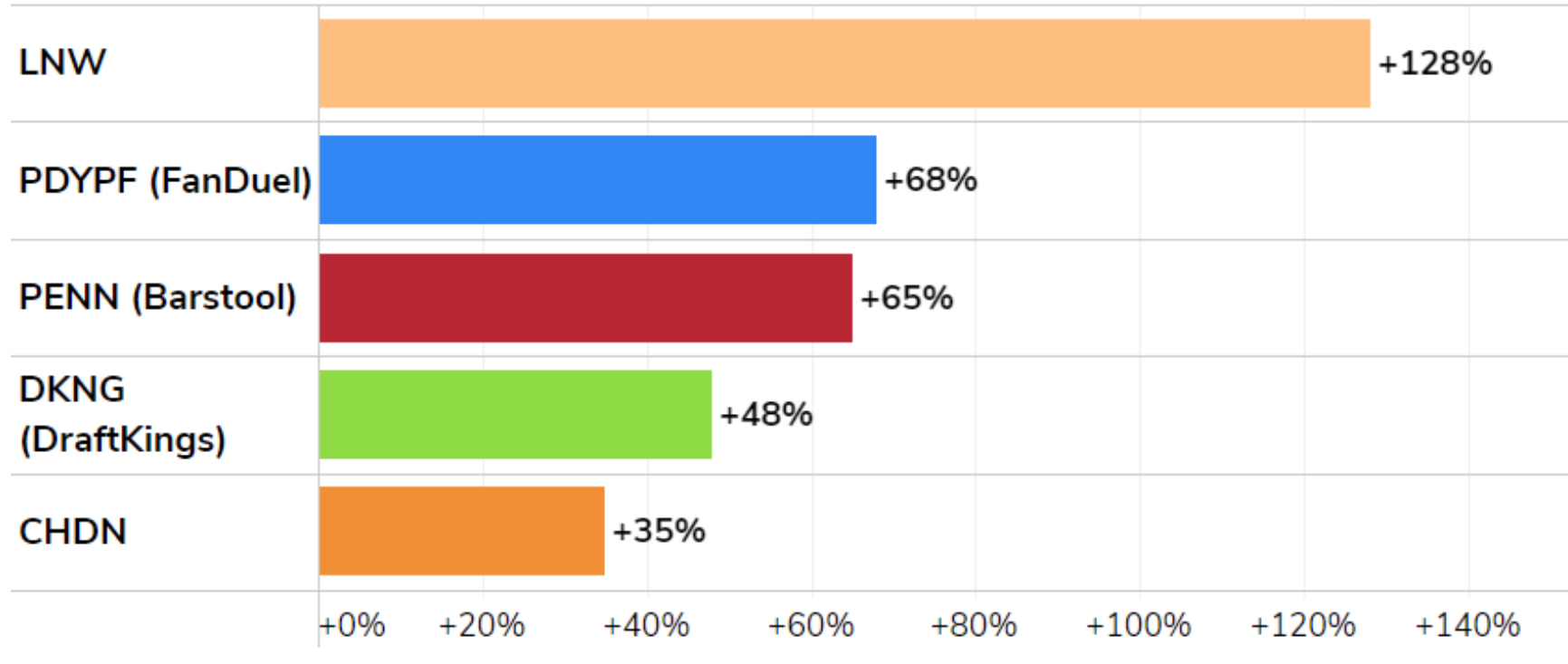
Alternative approaches would include selling out-of-the-money (OTM) put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

**This is a long-term, directional trade. As such, we will maintain our position until the duration has been reached, regardless of near-term price action.



Top Gambling Stocks: CHDN

YoY Change in Purchase Intent, 90-day Moving Average

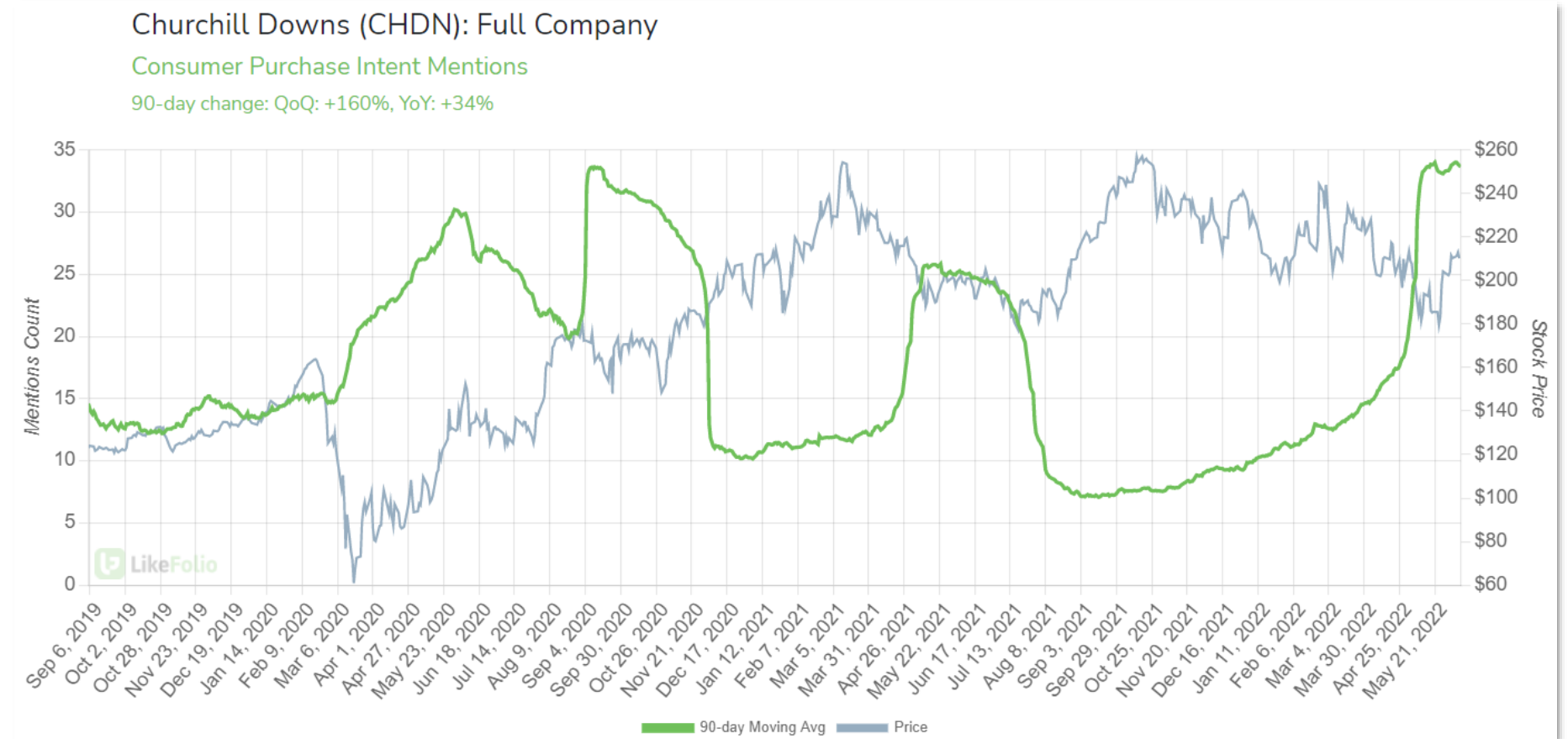


Consumer Demand:

Consumer demand rocketed for Churchill Downs in 2022 as consumers return in droves to in-person wagering at horse racing events: +34% YoY.

The seasonality observed on the demand chart is driven by live horse racing events.

CHDN: Demand at Multi-Year High



Macro Trend Watch:

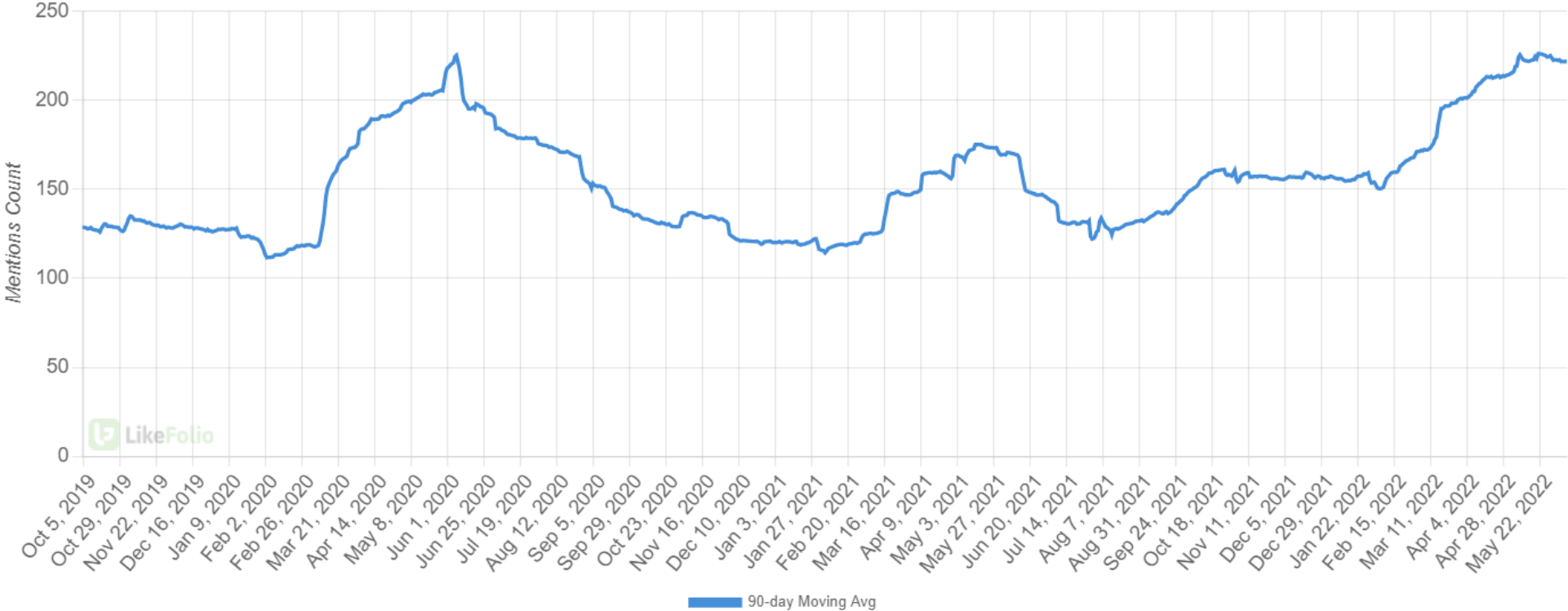
Churchill Downs is exiting the online sports betting and iGaming business in order to focus on its historical horse racing efforts, as well as live horse racing wagering options – in person and digitally.

Consumer mentions of betting on horse racing reached multi-year highs in 2022 after peaking during the annual Kentucky Derby.

Trend Watch: Sports Betting, Horse Racing

Horse Racing: Mentions Count

Consumers talking about betting on horse races.



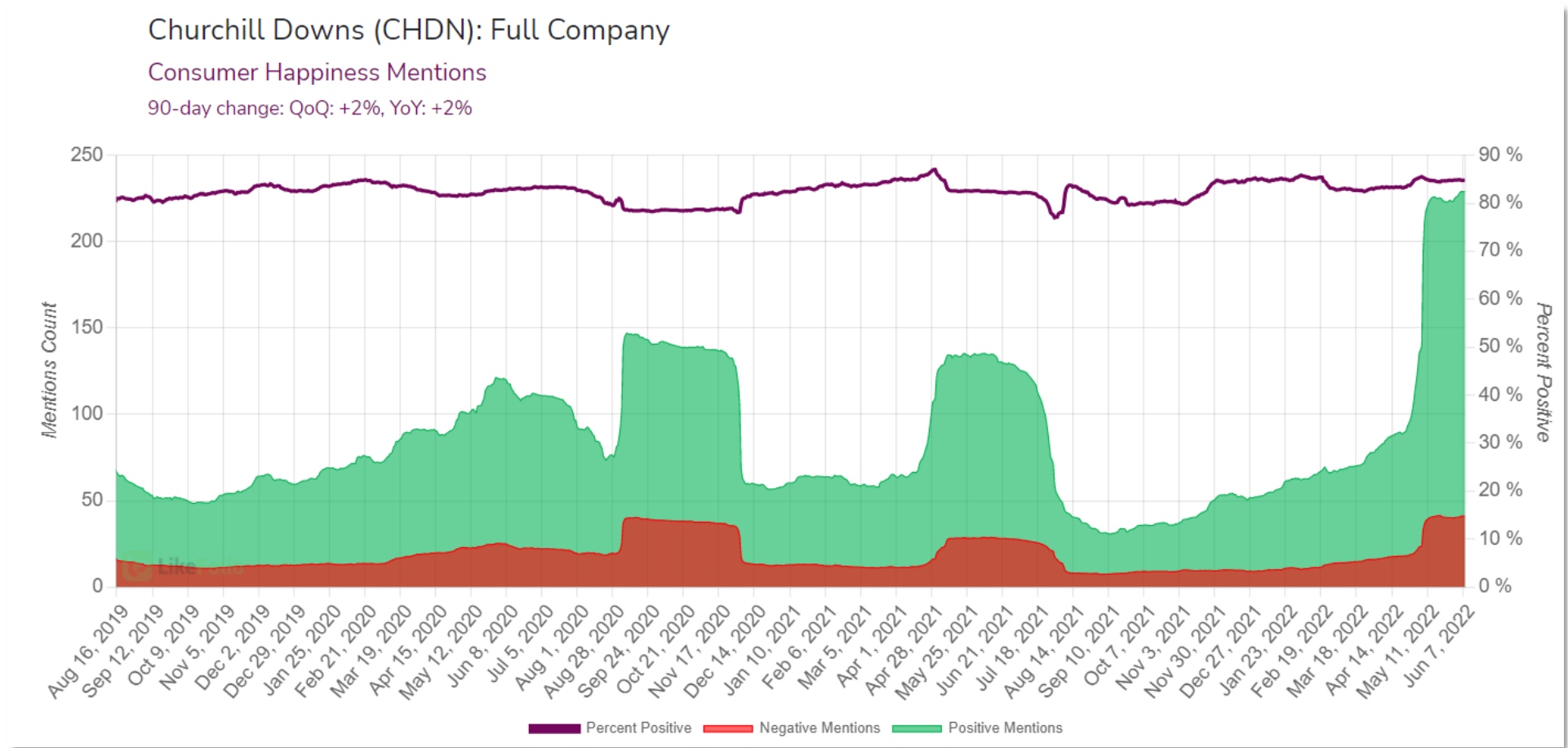
Consumer Happiness:

Consumer Happiness for Churchill Downs is extremely high, at 85% positive.

This metric is improving as more consumers opt for high-quality, in-person wagering experiences (versus online wagering activity recorded during the pandemic).



CHDN: Happiness Is Incredibly High



CHDN: Happiness Drivers



Reports and Business Updates

Churchill Downs [owns and operates](#) three gaming entertainment venues with about 3,050 historical racing machines in Kentucky, in addition to TwinSpires, one of the largest (and most profitable) online horse race wagering platforms in the U.S., and nine retail sports books. The company houses 10 brick-and-mortar casinos in eight states under Derby City Gaming banner. Comprehensively, these casinos tout 11,000 slot machines and 200 table games.

CHDN's flagship event is the Kentucky Derby, the longest continually held annual sporting event in the U.S.

Rich Strike won last month's Derby at 80:1 odds in front of nearly 150,000 people, the second largest long shot winner ever. [Wagering from all sources](#) was an all-time high for the event at \$273.8 million, +17% higher YoY and 9% above the previous record. TwinSpires handles 25% of all wagers.

Churchill Downs announced plans to exit the online casino and sports betting business earlier this year but noted it will continue to maintain its digital wagering operations on its TwinSpires platform: "We have profitable retail sports books in four of our casinos. However, the online sports betting and online casino space is highly competitive with an ever-increasing number of participants that the states have licensed. Many are pursuing maximum market share in every state with limited regard for short-term or potentially even long-term profitability. Because we do not see for us a path in which this business model delivers predictable and acceptable margins for at least several years, if ever, we have decided to exit the B2C online sports betting and iGaming space over the next six months."

In 22Q1, CHDN posted record net revenue of \$364 million, +12% YoY, and record net income of \$42.1 million, +17% YoY. The company's historic racing and gaming facilities contributed over half of the company's growth in revenue and adjusted EBITDA for the quarter. Revenue from TwinSpires' online horse racing business was down YoY in comparison, as consumers opted to return to in-person betting at racetracks and other brick-and-mortar facilities.





LNW

 **LikeFolio**

Key Points

LNW

Light & Wonder
Inc.



Money Dial: Bullish

98

LIGHT & WONDER™

Mentions:

+199% YoY, +74% QoQ

Trend Watch:

Online Gaming: +12% YoY

Online Betting: +41% YoY

Sentiment:

89% Positive, +8% YoY

Actionable Trade Ideas

Buy Light & Wonder Inc. (LNW) stock up to \$60/share**

We believe this stock could gain by more than 100% within the next three years.

Alternative approaches would include selling out-of-the-money (OTM) put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

Buy LNW June '23 40/50 Call Spread @ \$5.35

Max Gain: LNW trading above \$50 on June 16, 2023 — +\$465 per contract

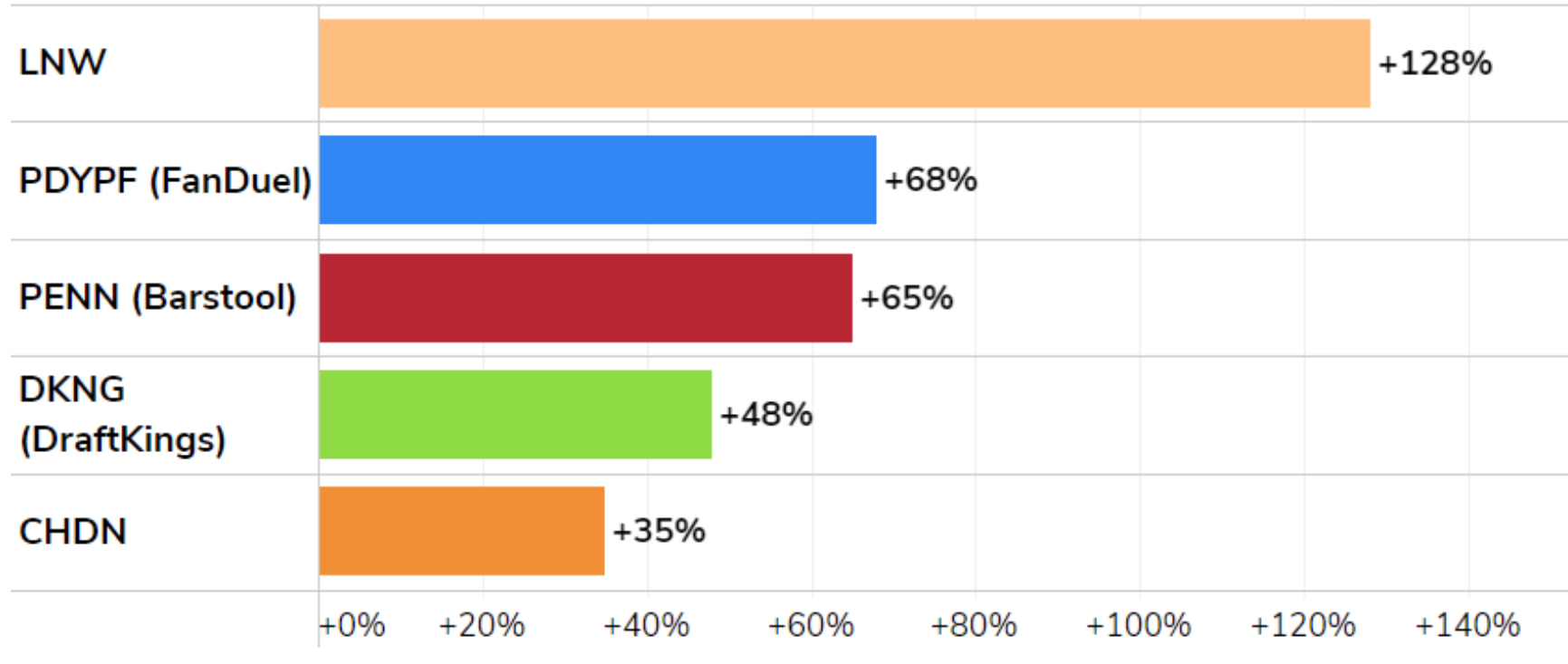
Max Loss: LNW trading below \$40 on June 16, 2023 — -\$535 per contract

**This is a long-term, directional trade. As such, we will maintain our position until the duration has been reached, regardless of near-term price action.



Top Gambling Stocks: LNW

YoY Change in Purchase Intent, 90-day Moving Average



LNW: Powering the Games Users Love

Product Breadth:

Light & Wonder (formerly Scientific Games) operates in three major segments:

Gaming: products installed in 182 international jurisdictions; growth is impacted by casino adoption and replacement rates.

SciPlay: developing and publishing digital games on mobile and web platforms. Also operating in social gaming market and generating revenue from sale of virtual coins, chips, and bingo cards.

iGaming: a comprehensive suite of digital gaming content, including digital real money gaming (RMG), distribution platforms, content, products and services. Translation: LNW hosts the play of game content on centrally located servers that are integrated with online casino operators' websites.



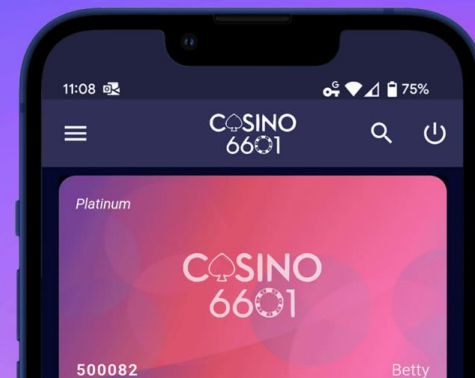
Iconic characters.
Household brands.
Brilliant hardware.

We create beloved games and brands that keep players coming back for more, wherever - and whenever - they play.



Industry-
leading systems
backed by
innovative solutions.

Our technologically advanced systems make every play an experience. With real-time insights and solutions, driving player loyalty and operational efficiencies are in the palm of your hand.



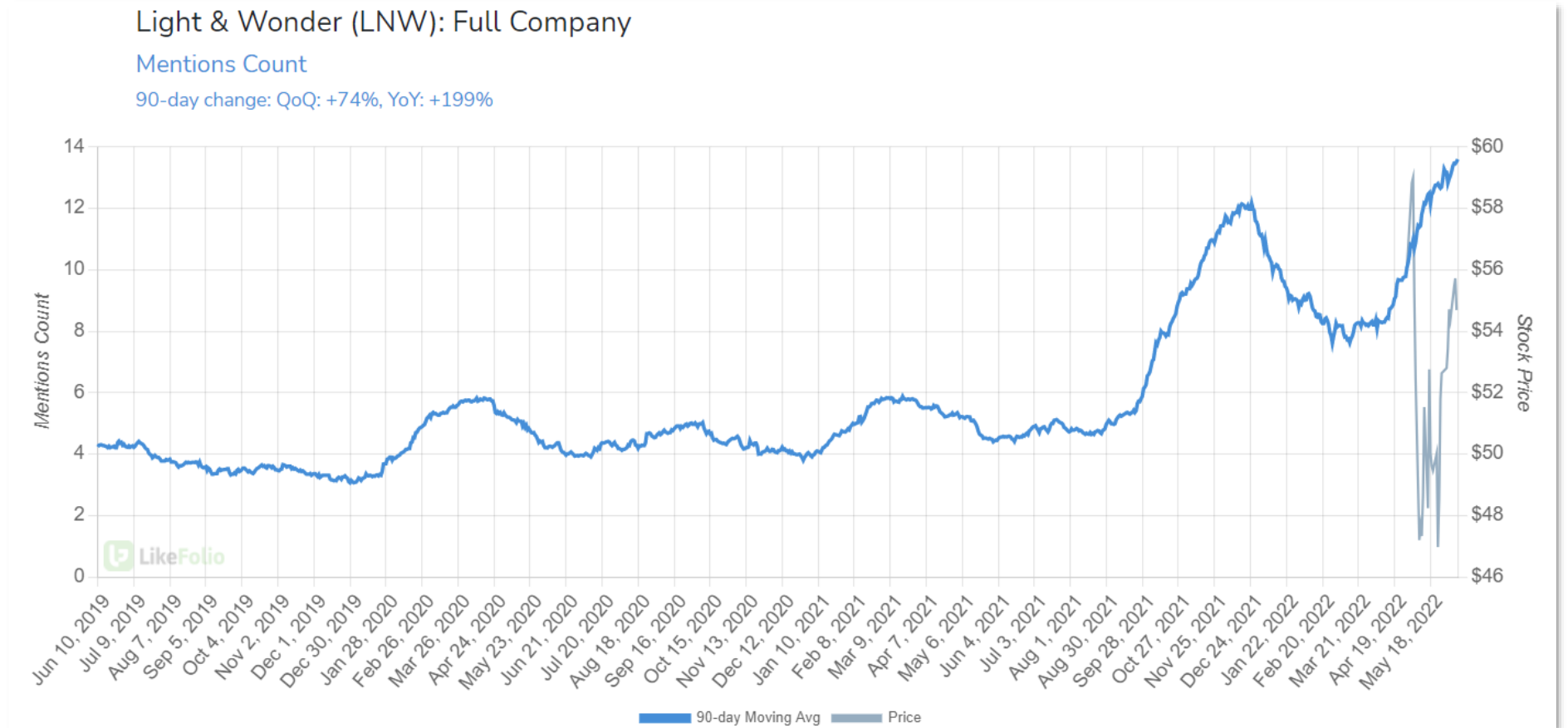
Consumer Buzz:

Consumer mentions of Light & Wonder are at an all-time high, +199% YoY.

These mentions include all games falling under the Light & Wonder umbrella, as well as previous mentions of Scientific Games, the company's prior name.



LNW: Mentions Reach All-Time High



Consumer Happiness:

Light & Wonder provides high quality gaming content and hardware.

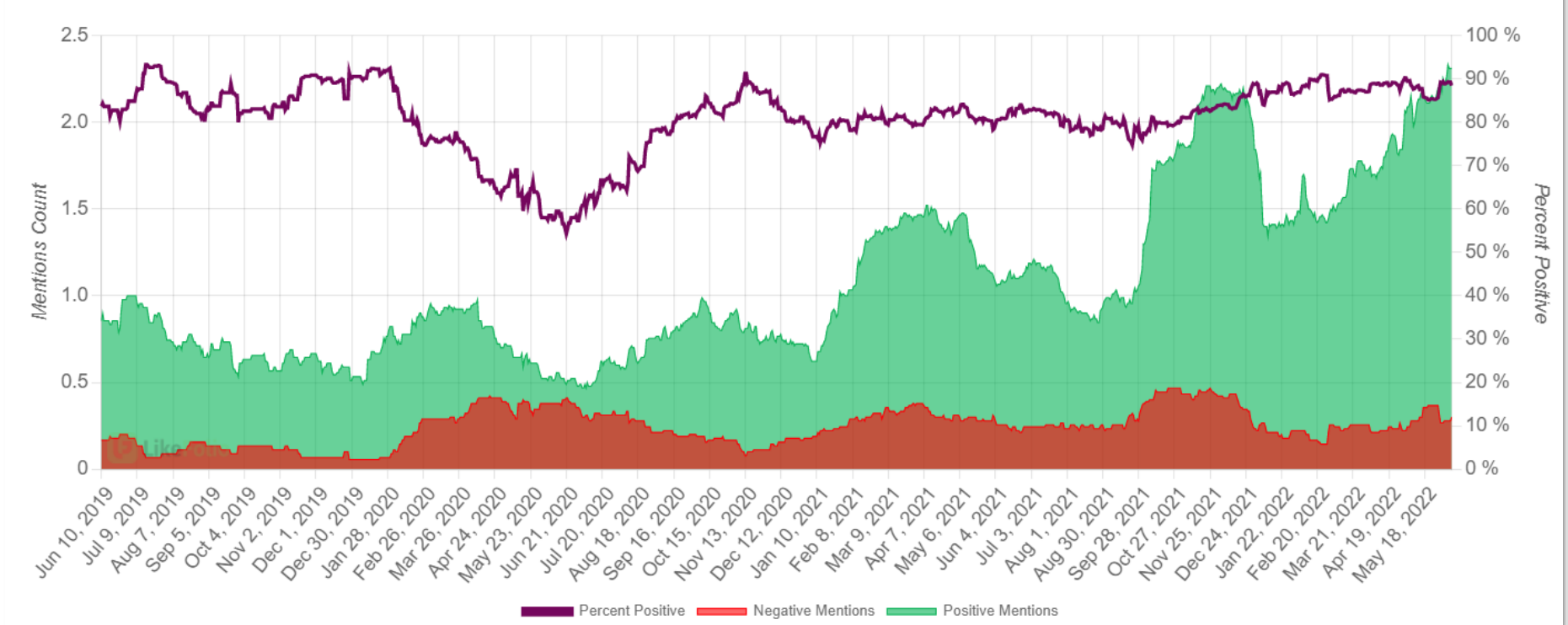
Consumer happiness mentions (low sample size due to nature and size of consumer-facing business) is extremely high and improving: +8% YoY.

LNW: Happiness Is Rising

Light & Wonder (LNW): Full Company

Consumer Happiness Mentions

90-day change: QoQ: +1%, YoY: +8%



LNW: Happiness Drivers

Light & Wonder @LightNWonder · May 31
 We're closing out May with 4 of the most-anticipated cabinets and games in the industry. 🔥

Most anticipated Core Cabinet! **Landmark 7000**

Most anticipated Premium Leased Game! **DOUBLE MONEY LINK**

Most anticipated Core Cabinet! **Cascada**

Most anticipated Premium Leased Game! **FIRE LINK EXPLOSION**

Eilers & Krejcik Gaming, LLC

1 comment, 1 retweet, 7 likes

Boonedocks @S100Dfan
 Replying to @LightNWonder and @EilersKrejcik
 You guys make almost all of my favorite slots 🙌🙌🙌

Light & Wonder @LightNWonder
 It's officially official, the Landmark 7000 is live at @Bellagio in #LasVegas! 🎉

We launched this classically reimagined cabinet that honors an icon with time-honored features with today's modern technology. 🎮

6:08 PM · Jun 10, 2022 · Sprout Social

Jackpot Party Casino @JackpotParty · May 1
 Hey partiers! Long time no see! Reply to this tweet with what you have been up to and don't forget to collect some free coins when you're done 😊

Collect Free Coins:

jackpotpartycasino.jckpt.me
 Jackpot Party Casino Slots
 Play Now!

24 comments, 1 retweet, 23 likes

Toysforlife @Toysforlife3
 Replying to @JackpotParty
 Playing Jackpot Party of course

1:01 PM · May 1, 2022 · Twitter for iPhone

Quick Hit Slots @QuickHitSlots · Jun 4
 Quick Hit POLL! 🎮🔥

You could WIN 🏆20 MILLION COINS!🏆 You just have to ⭐ANSWER⭐ this #poll, ⭐LIKE⭐ this Tweet, and ⭐COMMENT⭐ with your Player ID!

👉 Which current in-game slot is your favorite? 🎮❤

Quick Hit Jungle	58.1%
Silver Tiger	14.5%
LIL Eureka Blast	11.3%
Zeus Unleashed	16.1%

62 votes · Final results

39 comments, 1 retweet, 36 likes

Mr. lusk @LuskLusk6
 Replying to @QuickHitSlots
 Quick hits jungle, but like them all to be honest.

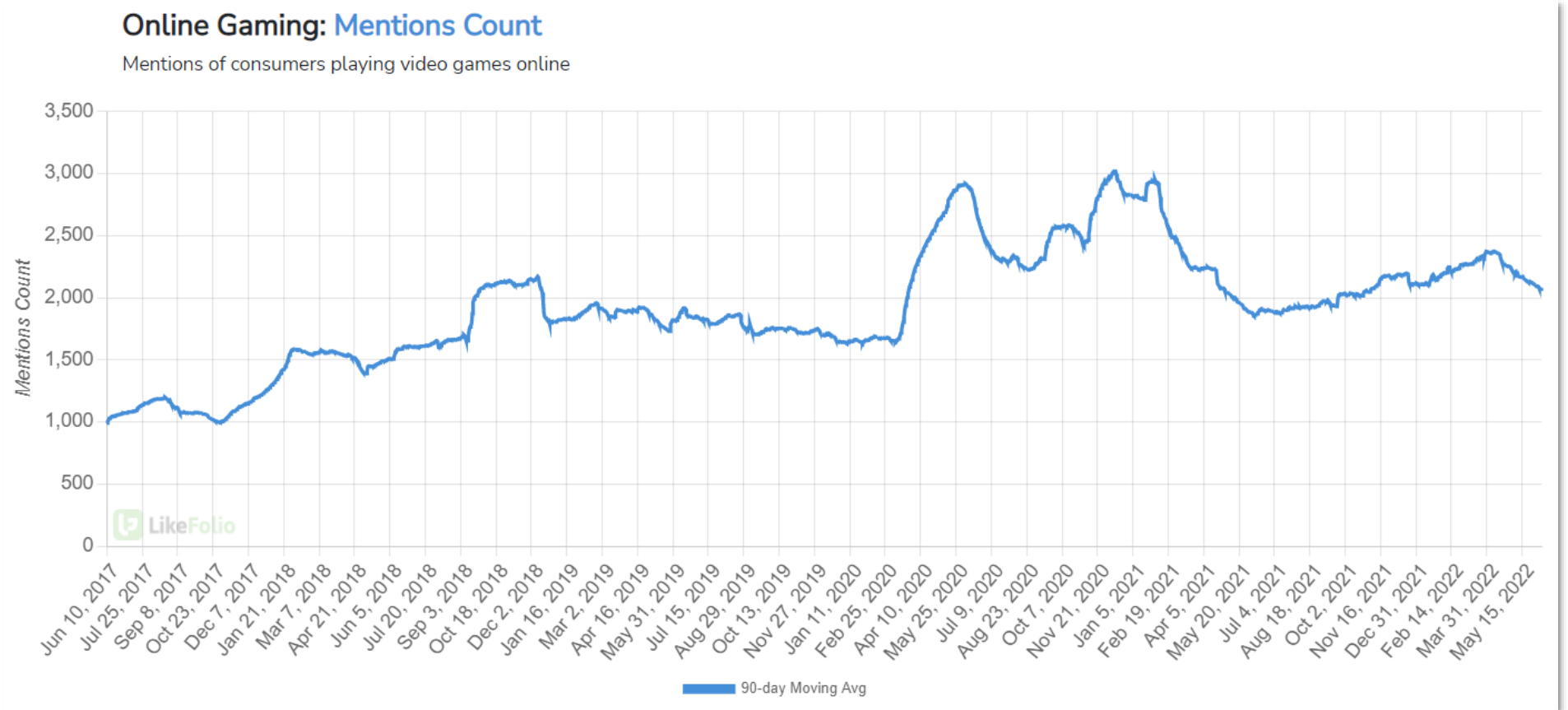


Macro Trend Watch:

Consumer mentions of playing online games have increased by +12% YoY, resuming the segment's pre-pandemic rate of growth.

Mobile gaming mentions mirror this trend, rising +13% YoY.

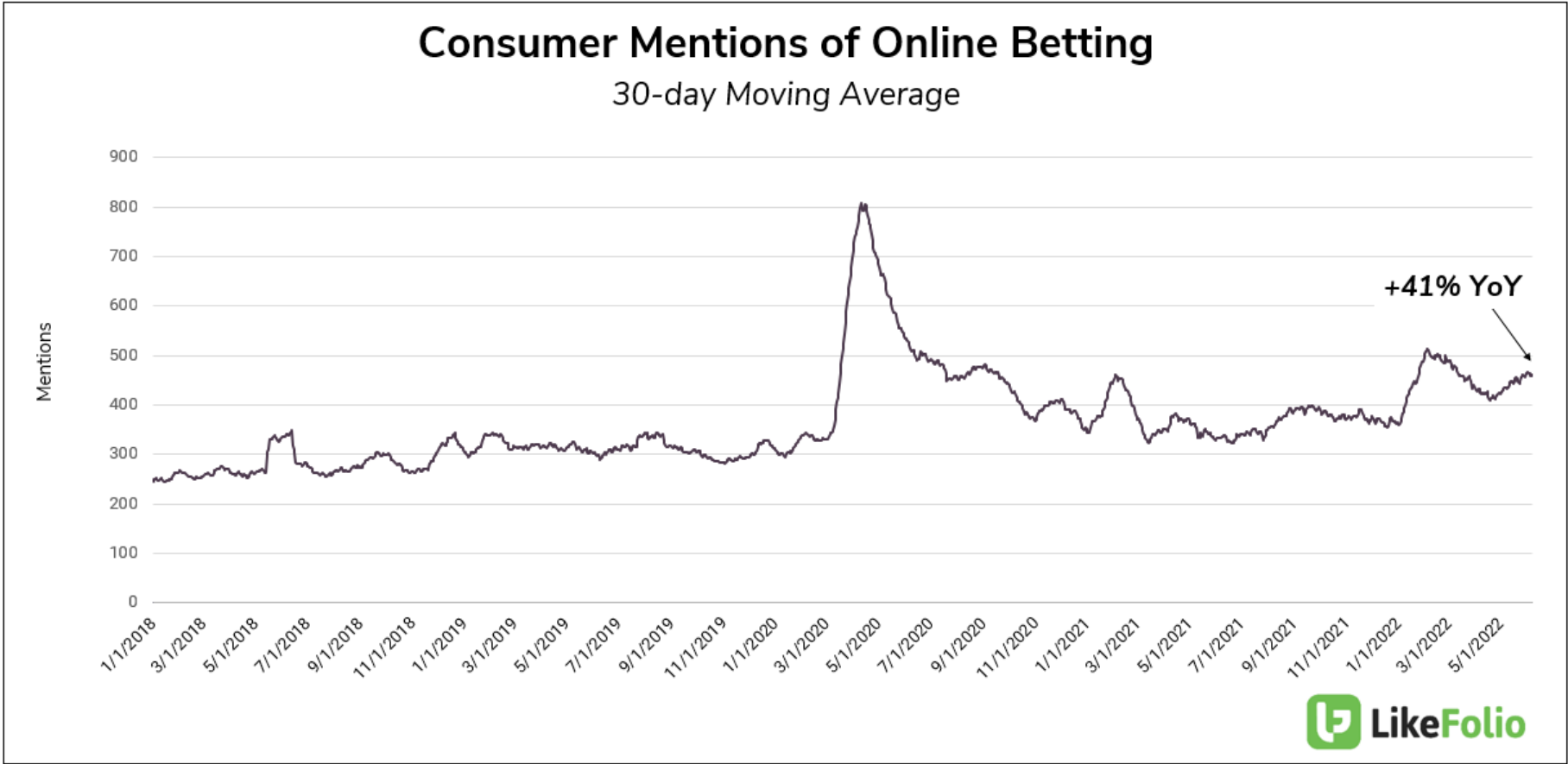
Trend Watch: Online Gaming



Trend Watch: Online Betting

Macro Trend Watch:

Consumer mentions of online betting, including mentions of playing online casino-esq games, have risen by +41% YoY.



Macro Trend Watch:

While online betting is growing, pent-up casino demand is palpable.

Mentions from consumers visiting a casino surged to the highest level recorded in the LikeFolio universe this spring: +66% YoY.

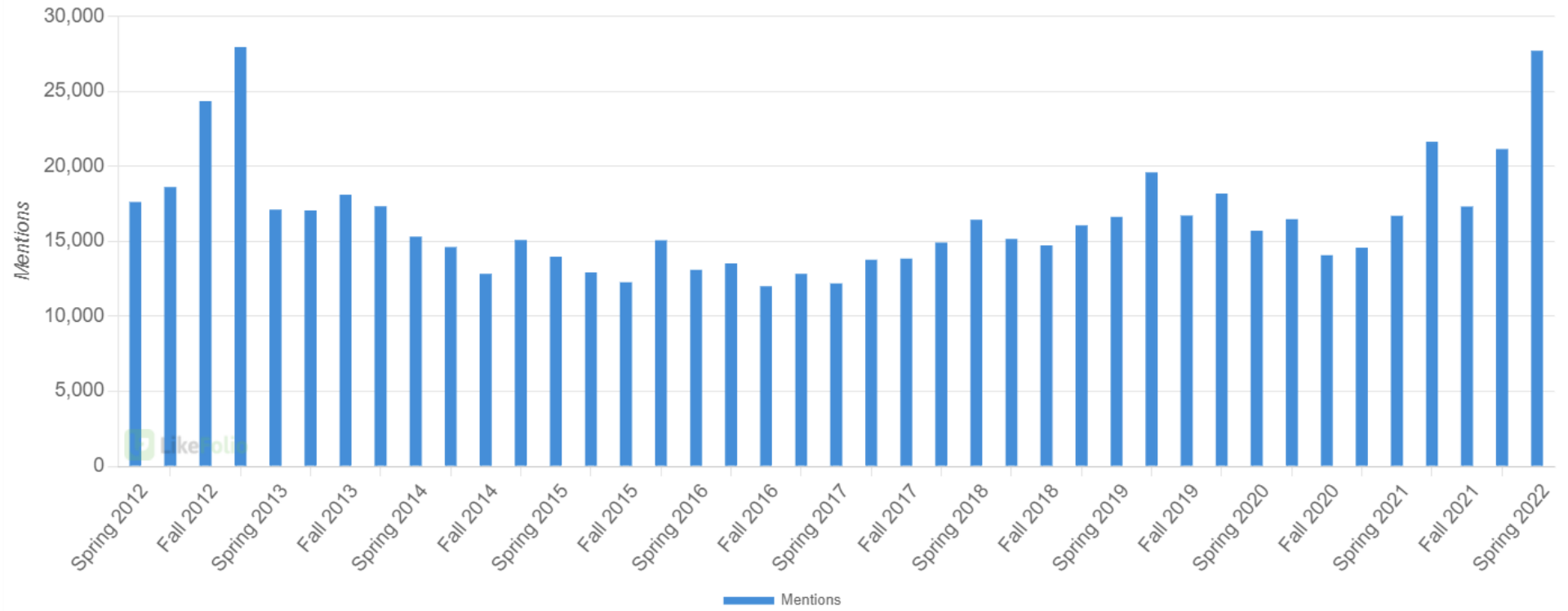
Light & Wonder powers many of the games that consumers play as they visit casinos – with many consumers likely interacting with Light & Wonder products without even realizing it.



Trend Watch: Visiting a Casino

Visiting a Casino: Mentions Count

Consumer mentions of visiting, staying, and gambling at a casino



Reports and Business Updates

Light & Wonder is a major developer of land-based casino and digital games for online and mobile play.

The company creates hardware and content. LNW is also a leading innovator in table games and related shufflers, payment solutions, chip sorters, and electronic displays.

Globally, LNW holds the No. 1 market share in land-based systems with 400+ operators and 500,000 connected electronic gaming machines (EGMs). Technology supports real-time insights and solutions that drive player loyalty and operational efficiency.

Light & Wonder previously traded under a different name and symbol: Scientific Games (SGMS). The company changed its legal name and stock ticker on April 29, 2022, as a part of a [shift in the company's strategic vision](#) to focus on launching games fully cross-platform and expand online gambling. "Through a deliberate cross-platform approach, Light & Wonder delivers a leading portfolio of iconic games and franchises across online and mobile and in both real money and free-to-play social gaming markets as well as in land-based casinos."

LNW recently [renewed an agreement with sports betting and gaming giant Entain through 2030](#), which calls for Light & Wonder to supply +10,000 terminals to Entain's Coral and Ladbrokes retail shops, and grants Entain access to Light & Wonder's content aggregation platform featuring more than 3,000 titles.

Light & Wonder [divested its sports betting division, OpenBet, and its lottery arm in 2021](#) to reduce its debt and refocus its business on gaming and position the company for sustainable growth.

LNW estimates its [Total Addressable Market \(TAM\) to be \\$70 billion](#), across Gaming (\$7B), iGaming (\$27B), and Social/Casual games (\$36B). LNW holds a leading position in the emerging social casino/casual market.

[In Q1 2022](#), LNW reported revenue +26% higher YoY and adjusted EBITDA +42% higher YoY, led by 63% growth in iGaming, where it is ramping original content launches in the US, UK, and Europe.



Trend Watch Summary: Gambling

As inflation rises, consumer buying power is getting squeezed.

It's critical to monitor how purchasing activity is shifting as consumers prioritize where and how they spend money.

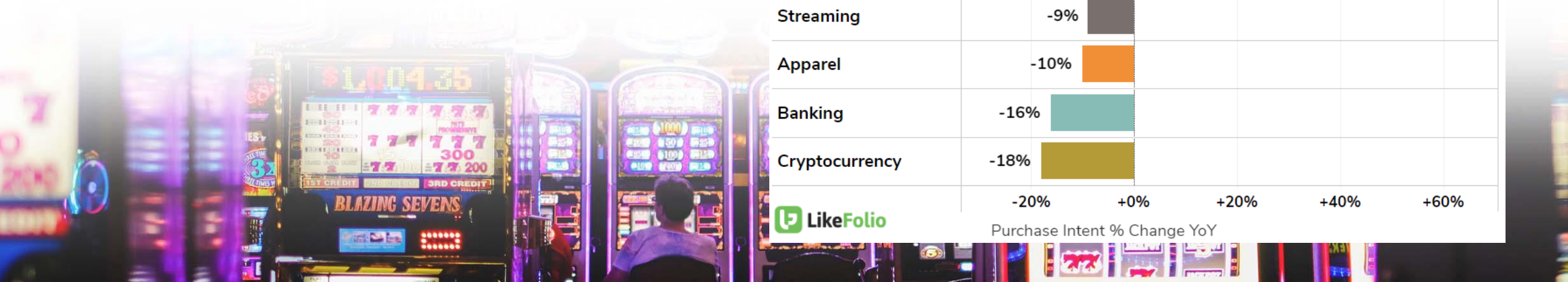
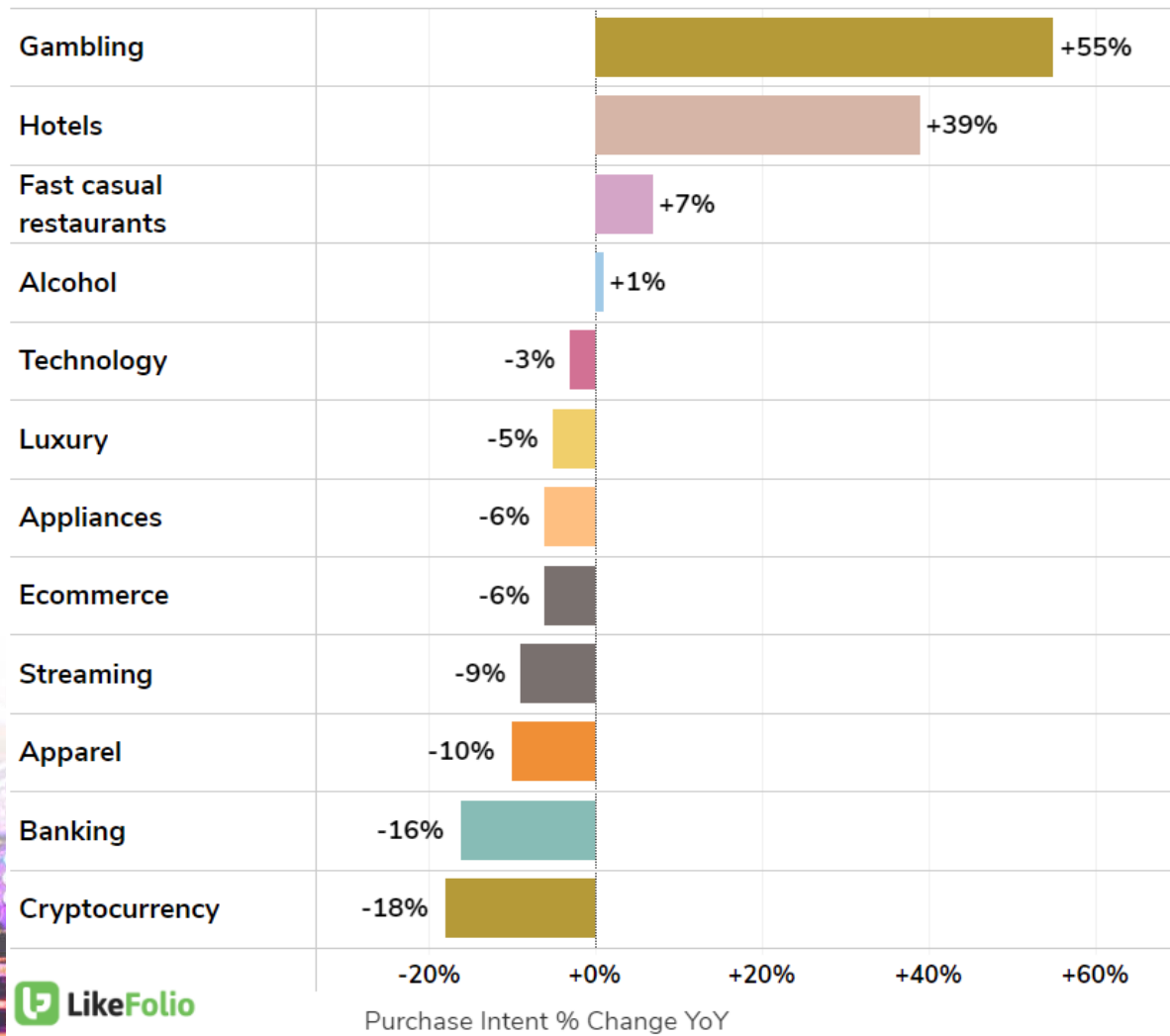
According to LikeFolio segment analysis, consumers are shifting away from larger ticket purchases like appliances and electronics (technology) in favor of experiences. Notably, hotels and even gambling activities.

The companies featured in this report are the Top 5 Players in LikeFolio's gambling universe.

Each of these names is recording at least double-digit growth in consumer demand as betting access expands across the U.S.

We expect each of these names to continue to benefit for years to come, as more and more consumers gain legal access to online betting.

YoY Change in Purchase Intent, 90-day Moving Average



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LikeFolio

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