

Paddy Power Betfair plc

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Paddy Power Betfair upgraded to 'hold' following summer share price slump

Bookie Paddy Power Betfair PLC (LON:PPB) has had a bad week but it received a boost on Friday from Berenberg, which has upgraded the stock.

The shares were hit on Tuesday when the Irish government announced plans to double betting duties but Berenberg is more concerned with the firm's prospects in the US, where liberalisation of the regulations surrounding betting on sporting events is taking place.

READ: Paddy Power Betfair's FanDuel teams up with Boyd Gaming
Berenberg believes that after all the early excitement about the opening up of the US sports-betting market, it is too soon to start getting sceptical.

Its analysts value the opportunity at up to US\$25bn. The German bank thinks GVC Holdings PLC (LON:GVC) is the best positioned to exploit the market, followed by Paddy Power Betfair, while William Hill plc could lag.

GVC remains its only 'buy' in the sector as, in Berenberg's view, it is still the only gaming stock that is fundamentally undervalued in terms of its established business.

Paddy Power gets some love, however, after a rough four months that has seen the share price slump from 8,595p to 6,055p. Berenberg has cut its target price from 7,000p to 6,500p but thanks to the recent share price slide that makes it a 'hold', rather than a 'sell', which was Berenberg's previous rating.

"This is a risky call, but we struggle to see downside potential at this level," Berenberg said.

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— FanDuel (@FanDuel) October 5, 2018

It has looked at the Paddy Power Betfair-FanDuel deal as well and thinks that the joint venture could benefit from FanDuel's attractive brand and the distribution capabilities provided by Boyd Gaming.

"We think it could reach 15% market share over the long term," Berenberg asserted.

They are decent odds tbf [@paddypower](https://pic.twitter.com/xvsZQyxUvR) pic.twitter.com/xvsZQyxUvR

— Leon Emirali (@leonemirali) October 11, 2018

1 Year Share Price Graph



Share Information

Code: PPB
Listing: LSE
Sector: Travel, Leisure & Hospitality
Website: www.paddypower.com

Company Synopsis:

We operate across a range of businesses and territories and we are proud of our market-leading positions. We are one of the largest bookmakers (in revenue terms) in the British and Irish market, and in Australia. We launched Paddy Power in Europe's biggest betting market, Italy, in May 2012. And our B2B business offers white-label services in partnership with PMU in France and with BCLC in British Columbia.

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