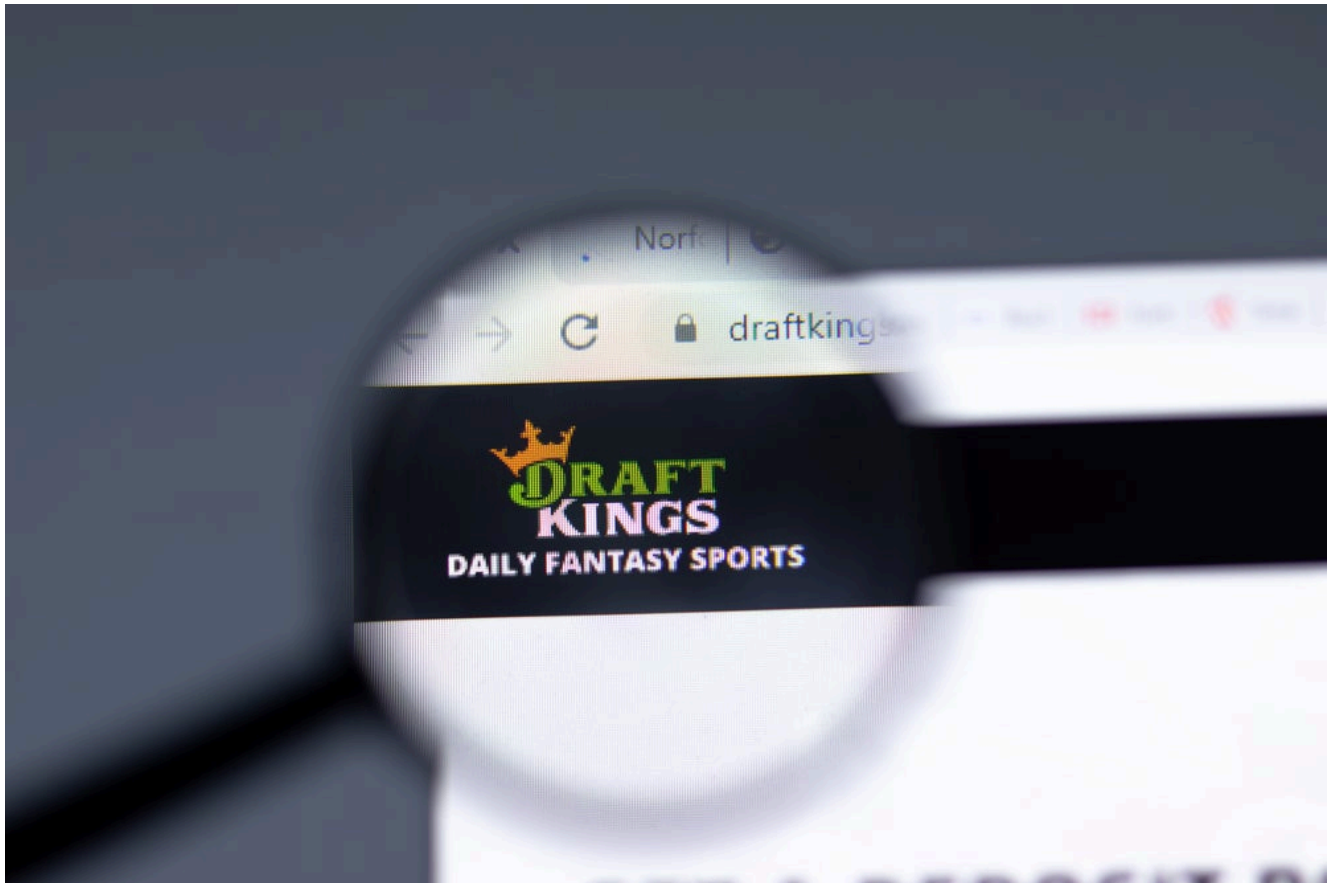


Lean Into DraftKings as Its Most Wonderful Time of the Year Arrives



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We often hear about Christmas in July, but for **DraftKings (NASDAQ: DKNQ)** and other gambling stocks, the holiday season arrives in earnest with the arrival of football season. While exact numbers are unclear, an estimated \$100 billion is wagered at licensed sportsbooks during the National Football League (NFL) season. And that is a harbinger of good things for DKNQ stock.

One reason that supports this came in April 2021 when DraftKings was named as one of three exclusive official sports betting partners for the NFL. This is a significant partnership for DraftKings because the field of online gambling is large and continues to grow.

In April 2020, Grand View Research reported that the global online market size was valued at \$53.7 billion. And the firm projected a compound annual growth rate (CAGR) of 11.5% from 2020 to 2027.

And earlier this year, a Morgan Stanley (NYSE: MS) analyst raised his estimate for the total addressable market for sports betting and iGaming by 27% to \$15 billion in 2025 from \$3 billion in 2020.

Therefore, it can't be understated that its preferred partner status with the NFL will benefit the company as the NFL seasons gets underway. But that's not the only catalyst related to the start of football season.

A Genius Idea

As is the case with many things in life, information is power when it comes to sports betting. And DraftKings has a new partnership that will help ensure its users have access to information they won't be able to get anywhere else.

On August 5, DraftKings and **Genius Sports Limited (NYSE: GENI)** announced a supplier agreement. Under the agreement, Genius Sports will provide DraftKings with its "full range of official sportsbook data and content and fan engagement solutions, including a complete suite of NFL-related products."

Genius Sports is the NFL's exclusive distributor of real-time official play-by-play statistics, proprietary Next Gen Stats (NGS) data, and official sports betting data feed.

What Will Earnings Say?

DraftKings is expected to report approximately \$242 million in revenue which would be a 240% year-over-year increase. While this would represent a 22% decline from the prior quarter, that seems consistent with the company's quarter to quarter performance in 2020 in which the company reported a 19% decline in revenue.

Sports betting is a year-round pastime but it has its seasonality. And the only major sporting event driving engagement in the quarter was the NBA Finals. The company also benefited in the first quarter with the launch of their mobile betting sites in Michigan and Virginia. The company now does business in 14 states.

Analysts are also forecasting the company to post a loss on the bottom line of 61 cents per share. And the whisper number suggests that DraftKings may miss on that estimate with a loss of 65 cents per share.

However, the company has already raised its revenue guidance for fiscal 2021. If the company affirms or raises its full-year guidance, it is likely to provide a boost for DKNG stock.

Will DraftKings Take a Bite Out of the Big Apple?

With the addition of Michigan and Virginia earlier in 2021, DraftKings now has a license to operate mobile sportsbooks in 12 states. However, many companies are eyeing what is considered the big prize, New York.

The state recently moved to allow mobile sports betting and projects it will generate \$482 million in tax revenue on gross gambling revenue of approximately \$1 billion. The state is asking for a higher percentage of gambling revenue in taxes than other states. But that isn't deterring companies from bidding on getting licensed. It's a gamble (pun intended) that

the reward will offset the higher cost of revenue they would pay as a tax.

DKNG Stock is a Buy

Delayed gratification is a concept that doesn't often get associated with sports betting. But if you have a long position in DKNG stock, it may be about to pay off.

The consensus opinion of analysts is for DKNG stock to climb over 41% with a price target of \$68.83. Adding New York to its roster of states would be a feather in the cap. But sometimes, you just have to keep it simple. Football season and sports betting go together like peanut butter and jelly. And DraftKings, while not without competition, is set up to be able to provide its users with access to information that other sites won't be able to match.

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