



Hoodless Brennan Small Cap News Flash 14 October 2009

Leisure & Gaming (LNG, 10.5p, £9.92m) Q3 results to September 2009 reported amounts wagered increased to €27.0m (€13.3m) with a net win of €4.6m (€3.2m), representing a betting win margin of 17.1% (20.5%), with EBITDA of €0.1m (€0.0m). The number of Italian partners grew to 589 at the start of the season from 519, the Cypriot partner network was stable at 49, but revenues leapt from €07m to €3.2m and poker gross tournament fees were €10.3m of the Italian total revenues of €19.3m (€9.6m). The group is trading in-line with market expectations of £2.64m and 1.94p EPS, putting the group on a prospective PER of 5.4x. Given the group will benefit from Sterling weakness, combined with a low rating, we rate the group a **BUY**.