



Equity Research Report

Wealth Preservation Framework Analysis

FLUT

Flutter Entertainment plc

NYSE: FLUT | LSE: FLTR

RECOMMENDATION

HOLD

Current Price: \$121.29

Fair Value (Base): \$195

Target Entry: \$105-115

WP Score: 52/100

Report Date: Feb 22, 2026

Key Highlights

- World's largest online sports betting & iGaming operator — \$14.1B revenue (FY2024), ~19% YoY growth
- FanDuel is #1 US sportsbook (44% GGR market share) and now #1 in iGaming
- Significant leverage: \$6.7B total debt, 2.2x net debt/EBITDA — elevated for wealth preservation
- No dividend — zero income floor for capital preservation mandate
- UK tax headwinds: ~\$320M EBITDA impact in 2026, ~\$540M in 2027 (pre-mitigation)
- Stock down ~61% from 52-week high (\$313.69); currently trades at \$121.29
- Adjusted EBITDA \$2.36B (FY2024); 2025 guidance \$2.94-3.38B (+34% at midpoint)
- Consumer cyclical sector with regulatory/tax risk — conflicts with preservation mandate



EXECUTIVE SUMMARY

RECOMMENDATION: HOLD / WATCHLIST

Valuation Snapshot

Current Price	\$121.29 (as of Feb 21, 2026)
52-Week Range	\$119.47 — \$313.69
Fair Value (Base Case)	~\$195
Margin of Safety to Fair Value	~38% (price below fair value)
Target Entry Price	\$105 — \$115
Market Capitalization	~\$21.2B
Shares Outstanding	175.3M
Enterprise Value	~\$26.4B

Return Profile

Dividend Yield	0.0% (No dividend paid)
Expected Dividend Growth	N/A
Expected Price Appreciation (Base)	~10% CAGR (to ~\$195 in 3-5 years)
Total Expected Return (Base)	~10% CAGR (price appreciation only)
Bear Case Total Return	-5% to -15% CAGR
Bull Case Total Return	~20-25% CAGR
Probability-Weighted Return	~8-9% CAGR

Risk Assessment

Wealth Preservation Score	52 / 100
Downside Protection Score	40 / 100
Quality Score	58 / 100
Risk Level	ELEVATED
Probability of >50% Permanent Loss	15-20%
Recession Profile	SENSITIVE / VULNERABLE
Solvency Assessment	MARGINAL

One-Line Thesis:



Flutter Entertainment is the dominant global online gambling operator with powerful market position and strong revenue growth, but its elevated debt, zero dividend, consumer cyclical nature, significant UK tax headwinds, and volatile GAAP earnings disqualify it from a wealth preservation BUY under our framework — warranting HOLD/WATCHLIST status for a potential entry at significantly lower prices.



INVESTMENT THESIS

Flutter Entertainment is the world's largest online sports betting and iGaming company, operating a portfolio of market-leading brands including FanDuel (#1 in the US), Sky Betting & Gaming, Paddy Power, Betfair, PokerStars, Sportsbet, Sisal, tombola, and MaxBet. With FY2024 revenue of \$14.1 billion (up 19% year-over-year) and adjusted EBITDA of \$2.36 billion (up 26%), the company sits at the center of a secular shift from offline to online gambling, particularly in the rapidly expanding US market where FanDuel commands a dominant 44% gross gaming revenue market share.

The bull case for Flutter rests on its unmatched scale, FanDuel's US dominance, growing iGaming penetration, new state launches, and the structural tailwind of sports betting legalization. Management has guided for 2025 revenue of \$15.5-16.4 billion (+13% at midpoint) and adjusted EBITDA of \$2.94-3.38 billion (+34% at midpoint), reflecting continued operating leverage and the profit inflection point in the US business. The \$5 billion share repurchase program signals confidence in the capital return trajectory.

However, from a wealth preservation standpoint, Flutter presents several critical concerns. First, total debt stands at \$6.7 billion (net debt \$5.2 billion), producing a debt-to-equity ratio well above our 1.0x threshold. Second, the company pays no dividend, providing zero income floor for preservation investors. Third, GAAP profitability is inconsistent — FY2024 GAAP net income was just \$162 million on \$14 billion in revenue, and trailing twelve-month figures show net losses. Fourth, the consumer cyclical nature of gambling introduces significant earnings volatility. Fifth, the recently announced UK gaming tax increases will materially compress EBITDA by an estimated \$320 million in 2026 and \$540 million in 2027. Finally, the stock has declined approximately 61% from its 52-week high of \$313.69, suggesting the market is repricing risk — but the current valuation may still not compensate for the structural risks to capital preservation.

While Flutter's competitive positioning is formidable and the long-term growth story is compelling, the combination of high leverage, no dividend, volatile profitability, and regulatory/tax headwinds means it fails multiple absolute requirements under our Wealth Preservation Framework. We rate FLUT a HOLD/WATCHLIST and would revisit at entry prices of \$105-115, where the risk/reward profile would more adequately compensate for downside risk.



1. BUSINESS QUALITY ASSESSMENT

Business Model: Flutter operates the world's largest online sports betting and iGaming platform across four geographic segments: United States (FanDuel), UK & Ireland (Sky Betting & Gaming, Paddy Power, Betfair, tombola), Australia (Sportsbet), and International (PokerStars, Sisal, MaxBet, Adjarabet, Jungle Games). Revenue mix is approximately 56% sportsbook, 40% iGaming (casino, poker, lottery), and 4% other. The US segment (~41% of revenue) is the primary growth engine. The business is 91% digital, providing high operating leverage as it scales.

Competitive Moat

Moat Type	Evidence	Durability (1-10)	Preservation Value
Scale Advantage	Largest global operator; \$14.1B rev; cost & data advantages	8	Good
Brand Power	FanDuel, Paddy Power, Betfair, PokerStars — household names	7	Good
Network Effects	Betfair exchange; PokerStars liquidity; FanDuel user base	6	Variable
Regulatory Licenses	Licensed in 40+ jurisdictions; high barrier to entry	8	Excellent
Switching Costs	Moderate — customer deposits, loyalty, habitual behavior	5	Moderate
Technology / Data	Flutter Edge proprietary pricing & risk management platform	7	Good

Primary Moat: Scale + Regulatory Licenses — Durability: 8/10

Threat Assessment: MODERATE — Prediction markets (Kalshi, Polymarket) represent a nascent competitive vector. State-level tax increases (Illinois, Victoria, now UK) erode margins. DraftKings remains a strong #2 competitor in the US. Sweepstakes/offshore operators persist.

Moat Preservation Confidence: MEDIUM — Flutter's moat is wide but faces regulatory erosion risk. The moat is best characterized as a network of licenses, brands, and data advantages rather than a single indestructible barrier.

Market Position

Industry Ranking	#1 globally in online gambling by revenue
US Sportsbook Market Share	44% GGR (FanDuel) — #1
US iGaming Market Share	#1 (FanDuel Casino surpassed BetMGM in 2024)
Global Revenue (FY2024)	\$14.1 billion
Average Monthly Players (Q4 2024)	14.6 million
Pricing Power	MODERATE — regulated market limits pricing flexibility; tax pass-through limited



2. FINANCIAL FORTRESS ANALYSIS

Balance Sheet Strength

Metric	Value	Threshold	Assessment
Total Debt	\$6,736M (Dec 2024)	N/A	Elevated
Net Debt	\$5,160M	N/A	Elevated
Debt/Equity	~1.3x (total liabilities/equity)	<1.0x	FAIL
Net Debt / EBITDA	2.2x	<2.5x target	MARGINAL PASS
Interest Coverage (EBITDA/Interest)	~5.4x (\$2.36B / ~\$441M)	>5.0x	MARGINAL PASS
Current Ratio	~0.85x	>1.5x	FAIL
Cash & Equivalents	\$3,690M	N/A	Adequate buffer
Cash / Total Debt	~23%	>20%	PASS
FCF Positive (5Y)	~3 of 5 years (FY2024 FCF ~\$839M)	5/5	MARGINAL

Solvency Verdict: MARGINAL

Flutter's balance sheet carries more leverage than our wealth preservation framework permits. While the 2.2x net debt/EBITDA leverage ratio has improved significantly from 3.1x at year-end 2023, and the company maintains \$3.7B in cash, the absolute debt level of \$6.7B and current ratio below 1.0x are concerning. The \$441M annual interest expense consumes a meaningful portion of GAAP earnings. In a severe recession scenario where EBITDA contracted 30-40%, debt service could become strained.

Profitability Metrics

Metric	FY2024	FY2023	Trend
Revenue	\$14.06B	\$11.79B	Up 19%
Gross Margin	~46%	~45%	Stable / Slight improvement
Adj. EBITDA	\$2,360M	\$1,878M	Up 26%
Adj. EBITDA Margin	~16.8%	~15.9%	Improving
GAAP Net Income	\$162M	-\$1,200M	Improved (low base)
GAAP EPS (Diluted)	\$0.24	-\$6.89	Positive inflection
Adjusted EPS	\$7.27	\$4.42	Up 64%
Free Cash Flow	~\$839M	~\$305M	Up 175%
FCF Margin	~6.0%	~2.6%	Improving
ROIC (5Y Avg)	~-2% to 2%	N/A	Improving from negative



Flutter's profitability picture is one of rapid improvement but from a low starting point. GAAP net income turned positive in FY2024 at just \$162M on \$14B in revenue — a net margin of barely 1%. Adjusted figures are far more favorable (\$7.27 adjusted EPS) but rely on adding back significant non-cash items including ~\$500M+ in amortization of acquired intangibles, share-based compensation, and Fox Option fair value adjustments. The five-year average ROIC has been negative, though it is inflecting positively. FCF generation improved dramatically in FY2024, which is encouraging.

ROIC: ~2-3% (improving) | **vs. WACC:** ~8-9% | **Trend:** Improving from negative | **Verdict:** VALUE DESTROYING (but trajectory improving)



3. DIVIDEND ANALYSIS

Flutter Entertainment does not pay a dividend.

Current Dividend Yield	0.0%
Payout Ratio (EPS)	N/A — No dividend
Payout Ratio (FCF)	N/A — No dividend
Dividend Growth (5Y CAGR)	N/A
Consecutive Years Paid	0
Dividend Coverage	N/A
Maintained Through 2008-09?	N/A (no dividend history)
Maintained Through 2020?	N/A

Dividend Sustainability: NOT APPLICABLE — DISQUALIFYING FACTOR

The absence of a dividend is a significant negative for our wealth preservation mandate. Dividends provide a return floor regardless of price action, and for a preservation investor, this income component is crucial. Flutter's management has instead chosen to deploy capital via a \$5 billion share repurchase program (commenced November 2024, ~\$1B targeted for 2025), which does return value to shareholders but provides no income certainty. For our framework, the zero dividend means total return is entirely dependent on price appreciation — a higher-risk proposition for wealth preservation.

Capital Return Assessment: The \$5B buyback program is meaningful (~24% of current market cap), and management repurchased 444,746 shares for \$121M in late 2024. If executed at depressed prices, this could be highly accretive. However, buybacks do not replace the certainty of dividend income for wealth preservation purposes.



4. VALUATION ANALYSIS

Relative Valuation

Metric	Current (TTM)	FY2024	Historical Context	Assessment
P/E (GAAP)	Negative (TTM loss)	>1000x	Median ~33x (hist.)	Not meaningful
P/E (Adjusted)	~17x (fwd on \$7.27 adj EPS)	N/A	Fwd consensus ~26x	Appears cheap on fwd adj.
EV/EBITDA	~11x (on 2025E ~\$3.16B)	~11.2x	Industry 12-18x	Reasonable
P/S	~1.4x	~1.5x	Industry ~2-3x	Attractive
P/B	~4.2x	~4.2x	Industry ~5.7x	Below peers
EV/Revenue	~1.7x	~1.9x	Historical ~2.5-3x	Below historical

Flutter's valuation has compressed significantly following the 61% decline from its 52-week high. On an EV/EBITDA basis (the most appropriate metric given the gap between GAAP and adjusted earnings), the stock trades at approximately 11x 2025 estimated EBITDA of ~\$3.16B (midpoint of guidance). This represents a meaningful discount to both its own historical trading range (15-20x) and peers like DraftKings (which trades at a higher forward multiple). The P/S ratio of ~1.4x is also well below the industry average.

Fair Value Calculation

Approach: Given the unreliability of GAAP earnings, we use an EV/EBITDA approach.

2025E Adjusted EBITDA (midpoint)	\$3,160M
Fair EV/EBITDA Multiple (conservative)	12.0x
Implied Enterprise Value	\$37,920M
Less: Net Debt	-\$5,160M
Implied Equity Value	\$32,760M
Shares Outstanding	175.3M
Implied Fair Value Per Share	~\$187
2026E Adj. EBITDA (post UK tax)	~\$2,850-3,050M (est. after \$320M headwind + mitigation)
Implied Fair Value (2026E, 12x)	~\$165-185
Current Price	\$121.29
Margin of Safety (vs. \$187)	~35%
Margin of Safety (vs. \$175 mid-2026E)	~31%

Valuation Verdict: ATTRACTIVE on headline metrics — but with significant caveats. The current price embeds meaningful pessimism. However, the GAAP earnings picture is weak, the UK tax headwind is not fully reflected in 2025 estimates, and the high leverage amplifies downside risk. The margin of safety is significant on adjusted metrics but



may be illusory if GAAP profitability does not materially improve.



5. SCENARIO ANALYSIS

Scenario	Revenue CAGR	EBITDA CAGR	Terminal EV/EBITDA	5Y Price Target	Total CAGR	Weight
Bear	3-5%	0-3%	8.0x	~\$80-100	-5% to -3%	25%
Base	8-10%	10-14%	11.0x	~\$180-210	~8-10%	50%
Bull	12-15%	18-22%	14.0x	~\$320-380	~22-26%	25%

BEAR CASE (25% weight) — 'Regulatory Squeeze + Recession'

Assumptions: UK tax increases fully bite with limited mitigation. US state taxes follow (Illinois precedent spreads). Recession dampens consumer discretionary spending on gambling. Prediction markets capture meaningful market share. Revenue grows at low single digits; EBITDA margins compress. Multiple contracts to 8x (trough). Stock declines to \$80-100 range. Net debt burden becomes heavier relative to compressed earnings. No dividend income cushion. **Capital preservation is NOT achieved in this scenario.**

BASE CASE (50% weight) — 'Continued Growth, Moderate Headwinds'

Assumptions: US continues to grow at high single digits organically. New state launches (Missouri, Alberta) contribute incrementally. UK tax impact is partially mitigated (~40% by 2027). iGaming penetration continues. EBITDA grows to \$4.5-5.0B by 2030. Debt paid down modestly. Multiple stays around 11x. Stock appreciates to \$180-210 over 5 years. Total return of approximately 8-10% CAGR — **meets our hurdle rate marginally.**

BULL CASE (25% weight) — 'US iGaming Explosion + Market Dominance'

Assumptions: iGaming legalizes in major new states (California, Texas, Florida). FanDuel maintains or expands market leadership. Prediction markets become additive rather than cannibalistic. International growth accelerates (Brazil, India). EBITDA reaches \$6-7B by 2030. Multiple re-rates to 14x. Stock recovers past \$300 and reaches \$320-380. Buyback program reduces share count meaningfully at depressed prices. Total return of 22-26% CAGR — **exceptional outcome but requires multiple favorable developments.**

Probability-Weighted Expected Total Return: ~8-9% CAGR

$(25\% \times -4\%) + (50\% \times 9\%) + (25\% \times 24\%) = \sim 9.5\%$ CAGR (mid-estimate)

Critical Downside Check

Bear Case Total Return (5Y)	-5% to -3% CAGR
Is capital preserved in downside?	NO — Bear case implies 15-35% capital loss
Max estimated drawdown from current	30-35% (to \$80-100)
Probability of >50% permanent loss	~15-20% (regulatory cascade + recession)

FAIL: Bear case does not preserve capital. This is a disqualifying factor under our Wealth Preservation Framework absolute requirements.



6. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet Risk	7	\$6.7B total debt; high for preservation	Leverage declining; \$3.7B cash
Earnings Volatility	8	GAAP losses; sports results variance	Adj. EBITDA more stable; diversified
Regulatory / Tax	9	UK tax (+\$540M impact); state taxes	Scale enables cost mitigation; lobbying
Competitive Threat	6	DraftKings, prediction markets, offshore	#1 position; brand portfolio
Management Risk	4	Execution has been strong under P. Jackson	Track record; insider alignment
Valuation Risk	4	Stock already down 61% from highs	Multiple compression largely done
Consumer Cyclical	7	Recession sensitivity; discretionary spend	Gambling somewhat recession-resistant
Aggregate Risk	6.4	Weighted average	—

UK Tax Headwind — Material Risk Factor

In November 2025, the UK government announced significant gaming tax increases: online iGaming duty rising to 40% (from 21%) effective April 2026, and sports betting duty to 25% (from 15%) effective April 2027. Flutter estimates the pre-mitigation EBITDA impact at approximately \$320 million in fiscal 2026 and \$540 million in fiscal 2027. First-order mitigation (reduced marketing, operational savings) is expected to offset ~27% in 2026 and ~37% in 2027. Net impact after mitigation: approximately \$235M in 2026 and \$339M in 2027. This is the single largest near-term headwind and will materially affect the earnings trajectory. The UKI segment represented approximately 23% of group revenue in FY2024.

Recession Stress Test

Flutter in its current corporate form (post-FanDuel merger, US listing) has not experienced a full recession. The predecessor entities (Paddy Power Betfair) showed moderate resilience during 2008-2009 and 2020, as gambling demand tends to be somewhat sticky. However, the current business has significantly more leverage and a different cost structure than historical precedents. In a severe recession, we estimate revenue could decline 10-20%, EBITDA could compress 25-35%, and the stock could decline 40-50% from current depressed levels.

Estimated Revenue Decline in Recession	-10% to -20%
Estimated EBITDA Decline	-25% to -35%
Dividend Action	N/A (no dividend)
Estimated Max Drawdown	40-50% from current levels
Capital Raise Risk	Low-Moderate (cash buffer adequate)
Recovery Time Estimate	18-36 months

Recession Profile: SENSITIVE / VULNERABLE — The absence of dividend income and the elevated leverage make Flutter more exposed to economic downturns than our framework prefers.



7. MANAGEMENT & GOVERNANCE

CEO	Peter Jackson
Tenure	Since 2018 (8 years)
Track Record	Strong — led US expansion, FanDuel integration, NYSE listing
FanDuel CEO	Amy Howe — effective operator, grew US to #1
CFO	Rob Coldrake
Insider Ownership	Low direct ownership; Amy Howe sold 4,097 shares recently
Total Employees	~27,345

Capital Allocation (Recent Track Record)

Share Buybacks	Strong — \$5B program at depressed prices; \$121M repurchased in 2024; ~\$1B targeted 2025
Acquisitions	Mixed — MaxBet (Jan 2024) integrated well; historical large acquisitions (FanDuel, PokerStars, Sisal) have created global platform but at cost of leverage
Dividends	None — zero capital return via income
Debt Management	Improving — total debt reduced \$320M in FY2024; leverage improved from 3.1x to 2.2x
CapEx Discipline	Moderate — Flutter Edge investment is strategic but costly; \$300M cost savings program by 2027

Management Quality: GOOD — Peter Jackson has executed well on the strategic vision, achieving US market leadership and driving the profit inflection. The \$5B buyback program at current prices could prove highly accretive. However, the aggressive M&A history is the primary source of the elevated leverage, and insider ownership is not particularly high.

Capital Allocation Track Record: ACCEPTABLE — Debt reduction and buybacks are positive; the absence of dividends and legacy leverage from acquisitions are negatives.



8. PEER COMPARISON

Metric	Flutter (FLUT)	DraftKings (DKNG)	Entain (ENT.L)	Best for Preservation
Revenue (FY2024)	\$14.1B	\$4.8B	~\$5.8B	Flutter (scale)
Revenue Growth (YoY)	19%	30%	~8%	DraftKings (growth)
Adj. EBITDA Margin	~17%	~15%	~22%	Entain (margin)
Total Debt	\$6.7B	~\$1.2B	~\$4.5B	DraftKings (lowest)
Net Debt / EBITDA	2.2x	~1.0x	~3.0x	DraftKings (lowest)
Dividend Yield	0%	0%	~3%	Entain (only payer)
GAAP Net Income	\$162M	~\$200M	~\$300M	Entain (most consistent)
P/S Ratio	~1.4x	~3.5x	~1.2x	Entain (cheapest)
EV/EBITDA (Fwd)	~11x	~18x	~8x	Entain (cheapest)
US Market Position	#1 (44% GGR)	#2 (~25%)	#3 (BetMGM JV)	Flutter (dominant)

Why Flutter is NOT preferred for wealth preservation vs. peers: Among the major online gambling operators, Flutter offers the strongest competitive position (#1 globally, #1 in US) and the most diversified revenue base. However, for a wealth preservation mandate, Entain would be the closest candidate due to its dividend (~3%), lower EV/EBITDA, and more consistent GAAP profitability — though Entain carries its own risks (including UK tax exposure and strategic uncertainty). None of the major online gambling operators fully satisfy our Wealth Preservation Framework requirements due to the sector's inherent cyclical, regulatory risk, and the growth-stage capital allocation priorities that preclude meaningful dividends.



9. WEALTH PRESERVATION SCORING & DECISION FRAMEWORK

Wealth Preservation Quality Score (out of 100)

Component	Criteria	Points Awarded	Max Points
Balance Sheet: D/E	>1.0x	5	15
Balance Sheet: Interest Coverage	~5.4x (5-8x range)	10	15
Balance Sheet: FCF Positive	~3-4 of 5 years	5	10
Income: Dividend Yield	0% — No dividend	0	15
Income: Dividend Growth	N/A	0	10
Income: Dividend History	0 years	0	5
Capital Efficiency: ROIC	~2-3% (improving from negative)	2	10
Capital Efficiency: Trend	Improving	5	5
Valuation: Percentile	Below 25th percentile of 5Y range	15	15
TOTAL QUALITY SCORE		42	100

Quality Score: 42/100 — Below the 45-point minimum threshold for consideration. The zero dividend is the primary driver of the low score, eliminating 30 points from the income reliability component.

Composite Wealth Preservation Score

Downside Protection Score	40/100 (bear case return negative; high leverage; no dividend cushion)
Return Adequacy Score	70/100 (base case ~9% CAGR meets hurdle)
Quality Score	42/100
WP Score = $(40 \times 0.45) + (70 \times 0.30) + (42 \times 0.25)$	= 18.0 + 21.0 + 10.5 = 49.5
Rounded WP Score	50 / 100

WP Score: ~50/100 — Falls in the 45-55 range ('Marginal; better alternatives likely exist'). Does not meet the 65+ threshold for a standard position or 75+ for high conviction.

Absolute Requirements Check

Requirement	Status	Result
Bear case total return $\geq$ 0%	Bear case: -5% to -3% CAGR	FAIL
Base case total return $\geq$ 7%	Base case: ~8-10% CAGR	PASS
Solvency: FORTRESS or ADEQUATE	MARGINAL	FAIL



Requirement	Status	Result
Dividend sustainability: ROCK SOLID or SUSTAINABLE	N/A — No dividend	FAIL
Probability of >50% permanent loss <10%	~15-20%	FAIL

RESULT: 4 of 5 absolute requirements FAIL. Flutter does not qualify for a wealth preservation BUY under any circumstances at current conditions.



10. MONITORING CHECKLIST & UPGRADE TRIGGERS

Quarterly Review Items

- Revenue growth trajectory — particularly US handle and iGaming penetration
- Adjusted EBITDA vs. guidance — watch for UK tax impact realization
- Net debt and leverage ratio progression — target <2.0x
- Free cash flow generation and conversion
- Share repurchase execution and average price paid
- US competitive positioning — FanDuel market share trends
- Regulatory developments — state tax changes, new legalizations
- GAAP profitability improvement — path to consistent net income

Upgrade Triggers (HOLD to BUY)

Condition	Impact	Likelihood
Stock falls to \$105-115 range	Improves margin of safety to 40%+; improves bear case math	Moderate
Dividend initiation (even 1%+)	Provides income floor; changes preservation calculus	Low (2-3 years out)
Net debt/EBITDA falls below 1.5x	Materially improves solvency assessment	Moderate (2025-2026)
UK tax mitigation exceeds expectations	Reduces net EBITDA headwind	Moderate
GAAP net income exceeds \$500M	Validates adjusted earnings quality	Moderate (2026+)
iGaming legalization in CA, TX, or FL	Transformative TAM expansion for FanDuel	Low (3-5 years)
Consistent FCF >\$1.5B annually	Demonstrates cash generation power	Moderate (2026+)

What Would Change Our Assessment: The most likely path to a BUY rating requires a combination of: (1) further stock price decline to \$105-115, (2) continued deleveraging below 1.5x, and (3) GAAP profitability exceeding \$500M net income. If all three conditions were met simultaneously, the downside protection score and quality score would both improve sufficiently to lift the WP Score above 65.



FINAL RECOMMENDATION

HOLD / WATCHLIST

Position Size	\$0 (No position recommended at current levels)
Target Entry Price	\$105 — \$115
Why HOLD	Quality business with dominant market position, but fails 4 of 5 absolute wealth preservation requirements: bear case return negative, solvency marginal, no dividend, and >10% probability of permanent capital impairment

Expected Outcome (5 years, Base Case):

Total Return	~9% CAGR (price appreciation only; no dividend)
Cumulative Return	~54%
\$100 becomes	~\$154

vs. Alternatives:

HYSY (4%)	\$100 becomes \$122 (5Y)
FLUT Base Case	\$100 becomes ~\$154 (5Y)
FLUT Bear Case	\$100 becomes ~\$82 (5Y)
Outperformance vs. HYSY (Base)	+\$32
Underperformance vs. HYSY (Bear)	-\$40

Downside Protection Assessment:

Bear case preserves capital?	NO
Dividend provides income floor?	NO
Balance sheet provides safety?	MARGINAL
Buyback provides support?	YES (modest — \$5B program at depressed prices)

ANALYST NOTES

Key Assumptions:

- US sports betting and iGaming market continues to grow at 8-12% organically through 2030 — sensitivity: each 1% change in US growth affects EBITDA by ~\$30-40M.
- UK tax headwind of \$320M (2026) and \$540M (2027) pre-mitigation materializes as guided — sensitivity: each 5% change in mitigation rate affects net EBITDA by ~\$15-25M.



3. No major new state iGaming legalization (CA, TX, FL) in the base case — this is a potential upside catalyst worth monitoring.
4. Leverage continues to decline toward 1.5-2.0x by 2027 through EBITDA growth and modest debt repayment.

Limitations:

1. Flutter's complex corporate structure (Irish domicile, US primary listing, legacy non-GAAP reporting) makes apples-to-apples comparison difficult.
2. The significant gap between GAAP and adjusted earnings (\$0.24 vs. \$7.27 EPS in FY2024) introduces uncertainty about 'true' earnings power.
3. Sports results variance introduces quarterly noise that is difficult to model (Q4 2024: \$550M revenue and \$360M EBITDA impact from adverse sports results).
4. Prediction markets are a nascent but potentially transformative competitive threat whose long-term impact is unknowable at this stage.

Confidence Level: MEDIUM — We have high confidence in the competitive assessment (Flutter is dominant) and moderate confidence in the financial projections (given earnings volatility and regulatory uncertainty). The stock is clearly cheap relative to the business quality, but the Wealth Preservation Framework is designed to prevent us from reaching for quality-at-risk positions regardless of valuation appeal.



Report prepared for Moschovakis Capital. This analysis is for informational purposes only.
It does not constitute investment advice, and past performance does not guarantee future results.
All data sourced from public filings, financial databases, and company disclosures.
Report Date: February 22, 2026 | Analyst: Moschovakis Capital Research

CONTINUE THE RESEARCH

This report is one of over 120 equity research analyses published by Moschovakis Capital. Each covers valuation, scenario modelling and risk in the same format as the report you have just read.

[Full equity research archive](#)

[Latest published research](#)

[Enquiries and coverage requests](#)

moschovakiscapital.com