Gambling shares plunge as William Hill owner 888 warns on profits days after Entain reveals revenue hit

B
illions of pounds have been wiped off the value of London-listed betting operators this week, as William Hill owner 888 today became the second bookie in four days to warn of the joint impact of punter-friendly sports results and safer gambling reforms.

888 said profits would be lower than previously thought, just days after Ladbrokes and Coral owner Entain warned on revenues. Both blamed a combination of factors including sports results and the impact of new safer gambling reforms in the UK.

The 16 September slate of Premier League fixtures was an unusually unprofitable one for the bookies, as big favourites including Manchester City, Liverpool and Tottenham all came from behind to win. The lack of upsets and number of matches where both teams scored meant bookmakers paid out on much more accumulator bets than usual, while the comeback wins for favourites meant big payouts for in-play bettors. Both in-play and accumulator bets are typically a reliable, high-margin source of revenue for bookies.

Results in mainland Europe, where both 888 and Entain do a large portion of their business, didn't help either, with the top clubs in Germany, Italy and Spain all winning as well.

All of this comes as tighter safer gambling rules are having a larger effect than bookies expected. In April, the Government set out a raft of long-delayed designed to limit problem

gambling, especially online. These included “affordability checks” for those depositing more than £125 a month and a maximum stake for online slot machines.

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Major betting companies have attempted to implement most of these reforms before they become law.

Unlike Entain, 888 also noted an “ongoing significant impact from compliance changes implemented in dotcom markets” – countries where the legal status of online gambling is usually ambiguous. The business made major changes to its policies in these countries after launching an internal probe in January into the checks it performed on Middle Eastern high rollers.

888 executive chair Lord Mendelsohn said: “We are making significant strides to improve the quality and long-term sustainability of our revenues, but performance in Q3 has been below our expectations, and this means we now expect to end the year with EBITDA below our prior expectation.”

888 shares lost 17.2% to 91.4p this morning, leaving them down 24% for the week so far. They’re still up for the year, but down 80% from their highs in 2021, with investors also wary of the impact of interest rates on the bookie’s large debts.

Entain shares lost another 39p to 900.2p and are down 16.9%

for the week. Paddy Power owner Flutter, which has not yet warned on profits or revenue, lost 440p to 13205p. Its shares are down a more modest 5.6% for the week. In total, the three firms have lost more than £3 billion from their combined market caps.