Ladbrokes owner Entain sees profits rise as its US arm flies

A
busy sports calendar crowned by record bets on Euro 2020 helped Ladbrokes owner Entain to lift half-year profits.

The FTSE 100 betting giant, previously GVC Holdings, said that in the six months to July online net gaming revenues were up 28% – taking it to 22 consecutive quarters of double-digit online growth.

Underlying profits were up 12% to £401 million on revenues of £1.8 billion. Overall sales were up 11%, despite retail revenues sinking 43% as lockdowns shuttered betting shops.

Like other London-listed sports gambling operators, Entain has been targeting US growth and making acquisitions, including snapping up Swedish online bookmaker Enlabs.

The firm's deputy CEO, Rob Wood, told the Standard its BetMGM offering – a joint venture with Nevada-based casino operator MGM Resorts – is "absolutely flying" in the US. It has now overtaken Draft Kings as the number two operator in the US online gambling space. BetMGM took its market share up to 22% in the half – only Paddy Power owner Flutter has a larger slice.

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Entain saw US net gaming revenue of $357 million (£257 million) in the first half – five times the revenues seen in the first half of 2020.

The company also announced an £100 million investment into a new innovation lab to create a "step-changing investment in tech". It will focus on immersive tech and other research and development in sectors such as e-sports. The funds will come from costs savings.

Wood said: "We still only have about 7%of the global online market. There are around 50 global markets we're not yet in… We've got lots of M&A opportunities, lots of organic growth opportunities, within sports betting and online gaming – and this whole new world of online gaming.

"We want to be disruptors in our space."

Entain rejected an approach from MGM in January that valued the business at £8.1 billion, saying that it "significantly undervalues the company and its prospects".

Wood declined to comment on speculation that the operator has returned with another offer.

He said: "We never talk about M&A opportunities that are live… We are entirely focused on our own future."

In a note titled "evolution, with just a hint of revolution", Peel Hunt analysts noted the possibility of renewed interest from MGM, and said the cost-savings program – which intends to net £75million of gains – is "a useful fillip to a business already delivering strong online growth".

Shares were down nearly 1%, or 19p, to 1946.5p, on Thursday morning.