Ladbrokes owner Entain sees profits rise as its US arm flies

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

The <u>FTSE 100</u> betting giant, previously GVC Holdings, said that in the six months to July online net gaming <u>revenues</u> 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 <u>sales</u> were up 11%, despite retail revenues sinking 43% as <u>lockdowns</u> shuttered betting <u>shops</u>.

Like other London-listed sports <u>gambling</u> operators, Entain has been targeting <u>US</u> 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.