

GVC Holdings

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Ladbrokes and Coral owner GVC off to "excellent start", but unsure of recent rule change impact

GVC Holdings PLC (LON:GVC) is confident of hitting profit forecasts in 2019 after an "excellent start" to the year, although the gambling group cautioned it hasn't yet got a handle on what the impact of recent rule changes to its lucrative in-store betting machines will be.

The Ladbrokes and Coral owner posted an 8% rise in net gaming revenue for the three months ended 31 March, driven largely by its online business.

READ: GVC off to a flying start in 2019

That side of the group, which is home to brands such as Foxy Bingo and partypoker, saw revenue surge 17% compared with the first quarter last year. Margins were flat.

Online more than made up for flagging revenue growth in GVC's retail arm - its 3,400 or so estate of betting shops.

Like many UK retailers, Britain's bookmakers have struggled with declining footfall on the high street which has dented sales and profits from its stores.

Like-for-like net gaming revenue from GVC's UK shops was flat year-on-year, although margins slipped 1.1 percentage points.

Its European stores fared better, with revenue climbing 2%, boosted by a 13% rise in sports wagers. As with the UK retail division, margins slipped 1.8 percentage points.

On track to hit targets

"This trading update reflects a continuation of the strong trends reported on 5 March 2019, and represents an excellent start to the year," said chief executive Kenneth Alexander.

"We continue to see good volume growth across all major online brands and territories and we remain very confident of achieving our target of double-digit online NGR growth.

"The impact of soft gross win margins in Italy and the UK was offset by improved margins in other territories. In UK Retail and European Retail, improved sports wagering growth helped offset softer sports gross win margins."

'Several weeks' before it will know impact of rule changes

Alexander, who came under fire for **selling £14m in worth of shares** last month, did warn investors it is too early to tell what the impact from the recent changes to fixed-odds betting terminal (FOBT) stakes would be.

On Monday (1 April), the UK government introduced new rules which cut the maximum stake on in-store machines, which have been dubbed the 'crack cocaine of gambling', to £2.

Price: 863.2

Market Cap: £5.02 billion

1 Year Share Price Graph



Share Information

Code: GVC

Listing: AIM

52 week High Low
913.627 504

Sector: Leisure, gaming and gambling

Website: www.gvc-plc.com

Company Synopsis:

GVC Holdings PLC (LON:GVC) is one of the world's largest sports betting and gaming groups, offering sports betting, casino, poker and bingo and operate some of the industry's largest online brands including bwin, Sportingbet, partypoker, partycasino and Foxy Bingo.

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Previously, punters could bet as much as £100 for every spin of the virtual wheel or deal of a new hand on the machines.

UK rival William Hill PLC (LON:WMH) said last month it expected the new rules to wipe up to £100m in a year from its profits, although there was no such warning from GVC.

"New B2 machines stakes restrictions were implemented in the UK on 1 April 2019 and we expect it to be several weeks before we can start to assess the impact," said Alexander.

"At this early stage of the year, the board is confident of delivering EBITDA and operating profit in-line with expectations."

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