

# Ladbrokes pulls out of talks with online gambling group

Bookmaker Ladbrokes has pulled out of long-running talks over a potential GBP 450m acquisition of online gambling group 888 Holdings, saying America's crackdown on internet gaming had made any deal much too complicated.

Shares in 888 fell  $4\frac{3}{4}$  to 117 $\frac{3}{4}$ p after Ladbrokes said that „the parties have amicably agreed to discontinue talks“. Ladbrokes firmed  $1\frac{1}{2}$  to 405p.

The pair announced that they were in talks in November following draconian US legislation banning online gambling, which hit 55pc of 888's casino and poker revenues. Talks were pitched initially at 130p-140p per 888 share.

For months, Ladbrokes, which was advised by UBS and Deutsche Bank, sought ways to cap any liabilities arising from 888's previous US activities, such as ring-fencing any litigation risk.

Yesterday Ladbrokes chief executive Chris Bell said: „The issue was the complexity of the US. It wasn't just the litigation risk. But we have departed as friends, not enemies.“

He said Ladbrokes would continue to grow its online business organically. „We have been doing that anyway, so it doesn't affect the troops. But they would have liked the challenge of an integration.“

Gross win from Ladbrokes's internet betting rose from GBP 123.1m to GBP 144.4m last year, though poker was hit by „fierce competition“. 888, which announces full-year results next Monday, played down the ending of the talks, saying: „The board remains confident of the prospects of the group.“

Paul Leyland, an analyst at Arbuthnot, said: „We are not surprised, since we continue to believe that it would have been impossible for Ladbrokes completely to ring-fence the risk of buying previously US-facing assets or operations.“

Looking at the rest of the online sector, he added: „We believe that this should highlight the dangers of believing the consolidation story as somehow inevitable.“

Internet operators hope that Massachusetts congressman Barney Frank will make some headway with his planned Bill to reverse last year's ban, which he has described as „one of the stupidest things I ever saw“.

He favours regulating and taxing online gambling, though overturning the ban is regarded as a long shot.