Entain

Q3 Update

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Transcript

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Operator
Good day and welcome to the Entain PLC third quarter trading update 2021. At this time, I would like to turn the conference over to Jetta Nygaard-Andersen. Please go ahead.

Jette Nygaard-Andersen
Good morning everyone and thank you for dialling in today.

As always, I'm joined by our Group CFO and Deputy CEO Rob Wood and our IR team.

Before we get into the detail of the 3rd quarter performance I'd like to highlight that whilst there is a proposal from DraftKings in the market, today we are not adding anything more to what we have previously announced. Therefore we won't be taking any questions relating to that. Today's call is just about our trading performance.

So turning to our announcement, I am very pleased to say that this has been another quarter where Entain has demonstrated the strength of our business and our customer offer. Our online business delivered its 23rd consecutive quarter of double-digit growth with NGR up 10% in the third quarter in constant currency. If we strip out Germany, as that continues to adjust to the new regulatory environment, online NGR was up 18% in constant currency. That is ahead of expectations and while we've had help from margins, our continued good performance is a credit to the hard work across all our people.

Retail continues to recover. Volumes in the UK are a little over 90% of pre-Covid levels. In Europe, as re-openings were a little later, volumes are behind those in the UK. Compared to Q3 last year, Retail delivered modest like for like NGR growth in the third quarter of 1% in constant currency. Overall, Group NGR for the third quarter was up 6% in constant currency.

Our business in the US, continues to go from strength to strength, gaining share in both iGaming and sports betting. In the markets in which we are live, our market share is now 26% in the 3 months to August, which is up 2 percentage points from 24% in the second quarter. Just looking at the month of August in isolation, we can see that BetMGM is now number one in the markets in which we operate, and so we can see that we are clearly starting to challenge for the no.1 market position nationwide. We remain the pre-eminent iGaming operator across the US with a 32% share. BetMGM has delivered another record performance, with NGR in the third quarter expected to be over 200m US dollars. This continued growth is driven by the Entain platform that encompasses our technology, digital marketing, capabilities, scale and flexibility.

Our rapidly growing range of exclusive and branded games developed by our in-house studios that over 70% of our customers enjoy playing is also a competitive advantage that is helping to drive our growth. We are only 4 weeks into the new NFL season so it is still early days, however we've got off to a great start and we are really pleased with our trading performance so far. Actives are strong, bonusing has been high as expected but the early flurry has eased somewhat, letting the real money players emerge. We are also really pleased with the cross-sell from football into our broader product offerings As the NFL season kicked off we launched our first national advertisement campaign featuring Jamie Foxx, which has helped drive brand recognition across existing states where we operate, as well as helping to build our brand in future markets as more states legalise. BetMGM has performed strongly when opening on Day 1 of a new market launch. During the quarter we went live on Day 1 in 3 new states, all within a 9 day period – clearly demonstrating the flexibility and scalability of our platform. We are delighted to have added Arizona, South Dakota and Wyoming, taking us to 16 markets and we remain on track to be live in 20 jurisdictions by the end of Q1 2022. Ahead of their launches, we were particularly excited by both Arizona and Wyoming due to our fantastic partnerships and market presence. Although it is early days since we went live, we are thrilled with both states' performances so far.

Globally, we lead the industry on responsibility. Not just in our approach to protecting customers but in how we are leveraging our technology to revolutionise player protection. We are making great progress with our Advanced Responsibility and Care programme, or ARC. Trials are going well and we are now rolling out real time testing for our UK brands. ARC promises to unlock the pathway to predictive prevention rather than the reactive protection provided by much of the industry today.

We continue to make progress across our Sustainability Charter during the third quarter with many further actions and initiatives. Examples include the Entain Foundation's renewed commitment to both the Pitching-in and SportsAid programmes, whilst also partnering with the University of Technology in Berlin and Nexus Institute to encourage diversity in technology.

In the US the Entain foundation is funding pioneering research with University of Nevada in Las Vegas as well as launching a new app to support the American Gaming Association's Responsible Gaming Initiative. We have also taken real action towards our Carbon Net Zero target, launching our "Big Turn Off" campaign internally encouraging each and every employee to play their part in reducing our carbon emissions.

Before I hand over to Rob to go through trading in a bit more detail I'd like to briefly recap on the key messages from our investor day on 12 August when we outlined the fantastic opportunities ahead for Entain. Entain is a business that delivers secular growth. We have an incredible track record of both organic and non-organic growth with a three year compound annual growth rate in online NGR of 14% at the end of Q3.

Our addressable markets today have the scope to grow to over $160bn, which will enable us to continue that growth and more than triple the size of our business underpinning the secular growth of our business model. As we drive customer centricity and expand the experience for our customers to meet their changing needs of more content, more media and more social interaction we increasingly leverage powerful flywheel effects which broadens our customer funnel, improves loyalty and reduces acquisition costs. In addition to those flywheel benefits, we also leverage all aspects of our scale and the Entain Platform - our industry leading technology, our world class talent, and our focus on delivering a great experience for our customers. It is this platform that gives us competitive commercial advantages which, alongside leading market positions, drive scale advantages. All of which enable us to continue to grow ahead of our markets.

So our strategy is clear – focus on our customers, grow in our existing markets, lead in the US, expand into new regulated markets and interactive entertainment and lean into these flywheel accelerators to drive significant value for shareholders.

With that I'll hand over to Rob

Rob Wood

Thanks Jette and Good Morning everyone.

As Jette has said, we're a business that continues to grow. We're growing in both our core business outside the US and within the US as well. Jette mentioned BetMGM took over $200m of revenue in Q3, that's over 5x more than the prior year. And our core online business delivered another quarter of double digit growth in constant currency, bringing the count now to 23 consecutive quarters of double digit growth. Now Online growth was ahead of expectation at 10% in the quarter – but as you can see from the table, we benefitted from a helping hand from sports margin. Our volume growth in Q3 – so sports wagers and gaming revenue – that was low single digits, so a touch ahead of expectation but essentially in line.

However, sports margin was up 1.3ppts due to strong match results in the quarter. Margin was 12.8%, so well ahead of our expected margin range of 11-12%, and the upside was purely results driven rather than anything structural. So Q3 upside vs our August guidance was a one-off, but it does compensate for temporary closure in the Netherlands which is now impacting Q4. And therefore, our full year guidance remains unchanged across all measures.

Now aside from margin, there were really very few surprises with trading in Q3, but let me point out a few highlights: Firstly, actives growth, and growth in FTDs, both remained strong again in Q3 and well ahead of NGR growth in the quarter. We saw NGR growth in all our geographies except Germany. And now that covid impacts are starting to wash out, it's pleasing to see that the 2-year online NGR growth in Q3 is up around 40% in constant currency, so Online is clearly seeing permanent upside from the pandemic, particularly driven by accelerated channel shift from retail to online.

Not surprisingly Australia performed well in Q3, helped by retail closures during lockdowns. And Brazil revenue nearly doubled in Q3, helped by a strong Copa America and reinforcing Sportingbet as the market leader in that territory. Even in the UK where growth was slower at single digits vs last year, on a 2 year basis, revenue was still up strongly and actives growth continues to be very encouraging in the UK as we continue broaden the appeal of our brands to recreational audiences. Growth in Italy remains strong online, particularly given shops are now back open, and we continue to see that omni-channel brands are out-performing the pure online operators

On the negative side, in Germany, our Gaming revenues are stable but they continue to be down very materially YoY due to the new regulatory regime, and we look forward to more robust policing of the market in due course. We are at least approaching the anniversary of the tolerance policy now and we remain excited by the long term prospects for the German market. In fact at the beginning of September we announced a sponsorship agreement for bwin with UEFA which will help drive bwin's presence in Germany, as well as many other territories around the world.

Just on Retail briefly and, as Jette mentioned, volumes are within 10% of pre-covid levels in the UK , in particular thanks to gaming machines and whilst our European estates are further behind, we remain on track to hit our target of getting to down 10% versus pre-covid levels by the end of this year. And we estimate that that 10% broadly equates to around 3 years of accelerated migration to online.

So in summary from me, Q3 was another strong performance from the Group.

We're delighted to have delivered one last quarter of double digit growth, before we now inevitably hit pause on that run because in Q4 we'll be lapping the incredible 41% growth that we posted last year. And despite losing the Netherlands for Q4, we remain on track to hit our full year guidance from the interim, thanks in particular to margin upside in Q3 and hence our full year EBITDA guidance remains unchanged with a range of £850m - £900m.

Operator

Thank you. If you would like to ask a telephone question, please signal by pressing *1 on your telephone keypad. Please ensure that your mute function is turned off to allow your signal to reach our equipment. Again, that is the star or asterix key followed by the number one to pose a question. We will take our first question today from Ed Young of Morgan Stanley. Please go ahead. Your line is open.

Ed Young

Good morning. I've got three please, two on the US and one on trading. Your comments around August are obviously very exciting and encouraging, competing for the number one position in terms of market share that month. Flutter has guided for US revenues of between $1.8 and $2 billion this year. And BetMGM's target's for a billion next year. If you're already in the same ballpark on market share, doesn't that imply that the JV is going to beat that target pretty early, maybe not quite this year, given the build-up you've said you've got for Q3, but pretty close that seems encouraging on where you're annualising.

The second, just on Arizona. You said that early indications there are encouraging given it's an interesting clean state if you'd like, it'd be interesting to just any further colour you could give on that.

And then the final one just about clearly margins came in sounds like very strongly in September. I just wonder if you could give us a bit of a look forward to Q4? You said in the past, you're absolutely not going to continue this 23 streak into Q4, given the comps, but given you're doing what you said 40% two year rate in Q3, you did 40% in Q4 last year, but you're annualising Germany. Is it possible you'll do positive growth in Q4 or is it undoubtedly going to be down year on year, just to how to think about the Q4 growth rate? Thanks.

Jette Nygaard-Andersen

Thanks. And good morning Ed. So let me take the two first on US and I'll hand you over to Rob for trading. Well, you nailed it. We are extremely pleased of course, with the BetMGM performance. Both when we look at the last 3 months to August and of course looking at the August flash data, it's certainly very pleasing. So that's really great to see.

When it comes to the NGR and NGR forecast, H1 we did $357m, and then Q3 just over $200 million. It's too early for us to start looking at a new forecast, so we stick to the guidance we've been given on 2022 of over $1 billion in NGR.

Now when it comes to Arizona, we launched online sports betting on day one, 9th of September, and we even had the opportunity to start pre-registering in the week before, in time for NFL. And we are very excited about that state, we have really encouraging early results: the proximity to Las Vegas, sporting culture, partnerships that we've done with the Cardinals and River Hotel casinos, and then a good Mlife presence and as you know, no historic DFS presence there.

So that really sets us up well, and it has started well, both when it comes to bet count and number of FTDs and actives have really been fantastic. We also held our corner when it comes to bonusing and sign-up offers in these markets. So we continue to be really excited about Arizona, but also Wyoming as new states, which we also launched on day one. So, there's a number of new states where we see standout performance, but that's a little bit of early colour for Arizona.

Rob, over to you on margins and trading.

Rob Wood

Thank you. Morning Ed. So yes, firstly, we said previously that now that we've had some structural benefits to our trading margin, I think we're now on an underlying basis in a range of 11% to 12%. If you look back at 2019, it was just over 11%, so I think we're now 11% to 12%, perhaps nearing 12%. Q3 was 12.8%, so clearly ahead of where we expected to be. There are some really clear reasons for that. We started the quarter really well with the Euros final, that was a 30% match for us. And then whilst the domestic football season had a bad opening weekend, September football margins were very good, particularly in the UK and Italy. And racing was good throughout in Australia actually. So good one-time benefit in Q3. As we look ahead to Q4, that suggests we're back into that underlying range of 11% to 12%.

So then to your question, is there any possibility of growth in Q4? The answer is, it would be very tough. Our guidance was around 10% down in Q4 that we gave in the summer and now we've lost the Netherlands, so that 10% becomes more like 13%. And even if Q3 a little bit of volume upsides, we're still looking at double digit down. Remember it's not just the lockdown benefit in Q4 that drove the 41% growth that we saw in Q4 last year. We also had a record margin of 13.6% in that quarter. So very tough on a year on year basis, but the two year CAGR will still look strong for Q4. And I think we're comfortable that we can deliver the guidance that we've suggested.

It's also worth noting that if you take the run rates that we're seeing right now on an NGR per day basis, and then extrapolate that through Q4, you still get to those declines as per the guidance. So whether you look on a two year basis or you look on a run rate basis, we will be hitting pause on the run of consecutive quarter of double digit growth next quarter.

Ed Young

Very useful. Thank you both.

Operator

We will take our next question from Gavin Kelleher of Goodbody. Please go ahead.

Gavin Kelleher:

Hi, good morning. Just a few from me, just on the US, Jette, you mentioned bonusing has come down more recently to more reasonable levels. Could you give us a bit of colour, was bonusing more aggressive at the start of the NFL than you would've expected and now it's kind of in line? That's my first question.

My second question is on UK actives and just where you think you're getting your actives from. Is it from online actives or is it a bit of retail migration in there? Where are they coming from, UK actives?

And then just finally on Holland. Can you just give us some colour on how you think the licensing process may play out for you over the next let's say six to 12 months?

Jette Nygaard-Andersen

Sure and good morning, Gavin, to you. Yeah, that's right. I said in the beginning that the initial flurry around bonusing for NFL seems to have levelled off a bit. And I think when we look at the first weeks of NFL, there were some pretty hefty bonusing and promotions in the market. So when we look across August, for example, Caesars were there with a risk free of $5,000 and our other competitors also had some pretty aggressive bonusing and promotion. But we are seeing it coming down a bit and remain confident that the promotional environment will normalize over time. And as we always say on these calls, that really the ones with that with the best products will be winners. But yeah, so the initial somewhat aggressive bonusing, we see that coming down a bit.

Rob, hand over to you for UK actives and the Netherlands.

Rob Wood

Sure, absolutely. And if I could just add one more thought on bonusing in the US. It is of course when you're at the start of the NFL season, there's a massive amount of acquisition bonusing and therefore as the season progresses, that ratio changes towards retention bonusing, and therefore as a percent of GGR it comes down. So that's sort of another reason why we're down from the peak, right at the beginning of September.

On to UK, where are the actives coming from? So yes, retail, and obviously we have an advantage by virtue of having the brand recognition and indeed customers on thousands of high streets up and down the country. There's also an element of you heard from Dom Grounsell at our capital markets day over the summer, that we're doing more and more to reposition our brands towards the mass market. So a real focused on recreational customers and driving volumes there. And that's paying dividends with the actives growth that we're seeing.

On to the Netherlands, so we expect to apply for our license later this year. We expect to get licensed hopefully middle of next year and we'll have to wait and see what the timing is. We don't know precisely yet, so we'll have to wait and see what other operators get licensed and the timing of that before we can have a real feel for how 2022 may play out. But I think the key message is, we will be applying for our license by the end of this year and hope to be licensed by middle of next year.

Gavin Kelleher

That's perfect. Thanks a million Rob. Thanks a million Jette.

Operator

Our next question will come from Joe Thomas of HSBC. Please go ahead.

Joe Thomas

Good morning. Three questions from me as well, if that's okay. Firstly, in the Q3 net revenue numbers, I'm just wondering if you could give us a bit more granularity? Specifically, what's the contribution from M&A in there? I guess there is something in there.

Secondly, you've sort of touched on this as well, but the reopening of retail, is that what is driving the slowdown in the performance of the online gaming segment or is there something else in there?

And then finally, a broader question on the US. I'm just wondering if there's any colour you can give us on how your VIP split, however you might want to segment that or define it, looks for BetMGM versus perhaps the US as a whole?

Jette Nygaard-Andersen

Yes. Good morning, Joe. Let me start by the last one. No, we don't give any splits on the different segments here. I think what I can overall say, and what is important from our side, as we really have a long term focus here on the business, is of course the lifetime value over time and the average spend level. And as you might recall, when we make the long-term prediction on where we saw the TAM going, we also had some assumptions in there in spend per adults, whether it was online sports or i-gaming. And the numbers that we are seeing now in our business basically support those trends that we have in our TAM assumptions. So lifetime value look good. And that's really the most important when we look to build a sustainable business going forward. Rob, I'll hand over to you for Q3 revenues and what's in there from M&A, and also reopening of retail and potential online impact, please.

Rob Wood

Sure. So contribution from M&A in Q3 is actually nearer five points. So we guided towards four points of online NGR growth benefit. But in Q3, actual is nearer five. So that's hopefully the answer to that question. In terms of online gaming, impact of retail reopening, I think the first thing you need to do is look at two year growth, and sort of take out the noise from last year. And if you look at over a two year basis, our growth is very good. CAGR's around 17%. And that growth is pretty equal between sports and gaming. So we're not seeing a particularly different pattern between the two.

The reason why you see a difference when you look year-on-year is more around what happened last year. So I think the answer is, Q2 last year, you'll remember we had a big uplift in gaming, as live sport was postponed. And then we hung onto a lot of that upside through Q3 and into Q4 in gaming. So therefore, the comps, when you look year-on-year, are just flat in gaming. On an underlying basis, I don't think there's a particular difference between the two.

Joe Thomas

Okay, thanks a lot.

Rob Wood

Does that help, Joe?

Joe Thomas

Yeah, that's great. Thanks, Rob. Yeah, cheers.

Operator

As a quick reminder, if you wish to ask a telephone question, please signal by pressing star one on your keypad. Our next question will come from Kiranjot Grewal of Bank of America. Please go ahead.

Kiranjot Grewal

Hey, morning guys. Three questions from me. Firstly, on Germany, could you just update us on your expectations? Do you expect many of the states will start to switch on online casino anytime soon? And secondly, on European retail, that's continuing to lag, the UK retail piece. Is there any particular reason for this? And then just lastly, you mentioned a strong performance in Australia. Could you offer some more colour around this? Is it driven by something in particular for Entain? Or is it broader strength you're seeing in the market? Thank you.

Jette Nygaard-Andersen

Hey, and good morning to you, too. Listen, I'll hand you over to Rob for all three of them, Germany, EU retail, and also Australia trading.

Rob Wood

Okay. Let me have a go at those. So Germany, what we're hearing from the ground is that perhaps states that represent around half of the country, half of the population are looking at legislating some form of online gaming. So that's sort of our target, if you like. Fair to say though, within that, some of those länder may allocate the license to state monopolies, for instance. So I wouldn't suggest that half of the population will ultimately be available to us. But that's sort of the size of the prize. On retail, yes, true to say that the European estates are lagging the UK at the moment. So there's a couple of reasons for that. One is, that if I look at the UK, the gaming part of the business is outperforming the sports part of the business. And we don't have gaming machines in European retail. So that's part of it, the mix.

Another part is that, if you look in European retail, there are still COVID restrictions impacting our trading. So for instance, in Italy, they have a green pass where you have to prove vaccination. And as I understand it, only around 70% of people have those. So clearly that's impacting footfall. I think in the Republic of Ireland, they still have the rule of six. So there are some structural COVID related reasons why European retail is behind. As well as opening later as well. But we, having reviewed it very recently with the MDs of those businesses, we're still confident of the target of getting to within 10% of pre-COVID by year end. And we're paying particular attention to what happens to COVID restrictions. So I think that's the answer to that question.

In Australia, yep, a really good growth in Q3. Clearly lockdowns are a driver of that. We saw that last time around. And Australia now sort of easing out of lockdowns, I'm sure there'll be some lessening of growth. Clearly, therefore, retail migration is a key part of that, as well as not having so many ways of spending discretionary income. Is it market growth? Yes, I think it is. Albeit our market shares are increasing, particularly as Tabcorp is underperforming in the online environment at the moment. So very good market share, growth, and market growth I think is the answer in Australia at the moment.

Kiranjot Grewal

Perfect. Thanks so much.

Operator

We will take our next question from James Rowland-Clark of Barclays. Please go ahead.

James Rowland-Clark

Morning, everyone. I've got three questions, please. The first, just on UK regulation, would you mind perhaps updating us as to your expectations on the white paper, given the change of personnel at DCMS? And any early discussions you've had with them, and your sort of sense of where the new chair and new head feel, or what they feel about the industry at the moment? Secondly, on the outlook, I think consensus has £1.07 billion for 2022 EBITDA. Are you comfortable with this level, just given the headwind that potentially Dutch licensing represents for next year? And then finally, on UK retail, do you have any sense as to the level of capacity exits from the market post-COVID? Thank you.

Jette Nygaard-Andersen

Thanks. Good morning, James. So let me take the first one. I think the two last one was in your bucket, Rob. But yeah, I'll start off with the first one, and then we'll get to the two other questions. And your first question was around UK regulatory and the white paper. So I think that the main update since we spoke last is probably that the white paper has been delayed. And given the reshuffle at DCMS, it could be even later. So I think what I said on the last call that we had, that it was delayed into autumn 2021. And it now looks like that it could even be delayed further, and potentially into Q1 2022. I mean, our discussion so far has been that they are referring to the publication timing to be in due course. And that kind of supports that, probably a delay coming from there. Which basically means that any impact on legislation will be in 2022, and probably some time into 2022.

And we remain, as I've said a couple of times, cautiously optimistic around the approach being taken. As I understand, the work has been ongoing for some time, and is quite advanced. And we keep getting the same feedback, that DCMS will take a holistic approach to the gambling reform and make sure that they deliver a coherent package. And we continue to have discussions. We have many discussions around our technology. We get good feedback around ARC. So we will continue to work also with the new ministers and keep them updated on the findings from the live trials that we are having in the UK. But I think that's the update I can give on the white paper. Rob, can I hand over to you? I mean, the third question was around UK retail. Did you take a note on the second one?

Rob Wood

Yes, the second one was around EBITDA expectations for 2022. So too early for us to be guiding on 2022, James. I think I can say that I was happy with where consensus was prior to the Netherlands announcement. So now we do need to understand what impact the Netherlands may have on next year. And as I mentioned earlier on in this call, too early to say, because we do need to see what time of year will get licensed, which competitors will get licensed, and when they get licensed, to really understand what our sort of rebuild strategy will look like, and therefore where we can exit the year at. So I think to answer your question, we were happy prior to Netherlands, and we'll be guiding more fully on 2022 in March.

And then the last question I think was around capacity exits in retail post-COVID. I think the thing to appreciate with retail is, there's always a bit of a lag, because very often, whilst the shop might have tipped to being marginally unprofitable, you still have the lease. And therefore it can be more beneficial to stay open at a small loss than close and pick up the cost of the lease. So not a huge amount of activity I would suggest yet. But that's not necessarily a surprise. And we haven't seen any of the large independents or any of the major operators take any significant moves. The material moves really followed the implementation of the tri-annual review in 2019. But that's a watching brief. And undoubtedly there will be continued retail closures over the next couple years in the UK.

James Rowland-Clark

Very helpful. Thank you.

Operator

Thank you. We will take our next question from Joe Stauff at Susquehanna. Please go ahead, your line is open.

Joe Stauff

Thank you very much. Good morning. I had two questions, please. First one was, I wanted to see if you could share any commentary maybe on user growth that you saw in BetMGM in the third quarter, and/or September in particular. And then the second question I wanted to ask maybe it's just me being in the States, to clarify maybe the UK takeover rules, is the deadline of October 19th, is that a decision that you have at Entain to be able to move that, or not? Thank you.

Jette Nygaard-Andersen

Thanks. Good morning, Joe. And I think you're up early, so thank you for dialling in. So, listen, as I said in my introduction, we are really not going to talk about the DraftKings proposal. And I don't really have anything to add to the announcements that we sent out on 21st of September following the leak so as we flagged, we the board and our advisors we are now carefully considering the proposal, and that includes a number of matters, including structure and value. And then we'll come back to the markets as, and when appropriate. So sorry, for not being more informative on that, as I'm sure you can appreciate.

And then when it comes to your questions around actives and user growth, well, it is very early days, but you had heard me speak about Arizona, which we are very excited about. Arizona was the state with the highest actives in September. And overall, our actives are five times compared to last year and September also. Record high for iGaming. So very, very encouraging numbers coming from BetMGM when it comes to actives and user growth.

Joe Stauff

Thank you.

Operator

Thank you. It appears, there are no further questions at this time. I would like to hand the conference back to Jette Nygaard-Andersen. Apologies. We have just had a late joiner to the queue. Simon Davies from Deutsche Bank. Please go ahead. Your line is open.

Simon Davies

Morning. Apologies. I thought I was wired into the process. But a couple from me, please. First, many congratulations on 23 consecutive quarters of growth. Unfortunately that the 24th quarter looks like an insurmountable hurdle. But do you think you can return to double digit growth in the first quarter of next year? Obviously, by that stage, you will have lapped the impact of tightening in Germany, which should make the comps a bit easier.

Secondly, you talked about the ramp up in the level of marketing spend around the new NFL season. Has that been greater than you had anticipated? And have you had to respond, more than you would have expected in terms of marketing and bonusing spend there.

Jette Nygaard-Andersen

Good. Thank you. And good morning to you also, Simon. And yeah. Let me just, I'll take the US question and hand you over to Rob. But it's that buyer bias saying about our Q3 results. I mean, we are, as you can understand, really pleased for them.

And for me, it's really a testament of the strength of our platform. And we see this strong result as exactly that, a testament on a sustainable and consistent diversified growth platform that we have. So very pleased with that. And in a second, I'll hand you over to Rob to talk about what we then think about Q1 in 2022.

Now, when it comes to NFL season, I think it's as every time there is sports kick off, we also saw it in March Madness. We have increased bonusing and promotion. And we remain flexible. We put the spent where it makes most sense. One thing I would maybe stress is that this was the first time that we started doing national advertisement. So, that has been a first for us.

And we've said that we were not going to do that until we had a reached, that basically made a good sense for us. We started that. Had great success with our Jamie Foxx campaign. I think overall, we're quite happy with what we're seeing and the bonusing has levelled off. And in that sense, I think it was more or less as expected, when you go into to the first NFL season after the market has really come up with so many states now being online. And for us, 16 states that we are live in. Rob, over to you on the last question on 2022 Q1.

Rob Wood

Thank you Jette. Morning, Simon. Can we achieve double digit growth in Q1 next year? Look, I mean, it's going to be very difficult. We have lapped Germany. That is true. And we've now lost Netherlands. But I think the key point though is annualising against lockdowns in Q1 in the prior year.

You've heard me talk previously about analysis suggests that we keep something like a third of the upside that we get during lockdowns. But clearly, that means two thirds does not stay with us because it goes back to retail or on other forms of discretionary spend. When you're lapping lockdowns, I think to expect double digit growth on top of that, it's just not going to happen.

The other thing to think about is when I look at the NGR per day that we achieved in the quarter that we're about to lap. Q4 last year, it was very similar in Q1. In other words, the very tough problem that we're about to face in Q4. And it's the same sort of numbers that we're going up against in Q1. So I think that'll be something of a stretch, Simon.

Simon Davies

Well, stretch is good but thanks for that.

Rob Wood

Okay. And as always, if you look at two year growth, you'll see that we would still expect really quite strong numbers on a two year basis. It’s just, we're going to have this period where we're annualising against lockdowns. And we need to look through that.

Simon Davies

Yep. Understood. Thanks.

Operator

We will take our next question from Michael Mitchell of Davy. Please go ahead.

Michael Mitchell

Yes. Good morning. Thanks for taking my question. Just one left from my side, if I could. And just, if I can ask you to provide a bit more colour on the UK online market post-lockdown. I appreciate you've touched on it through the last 45 minutes. But first of all, I mean, have activity levels now settled, particularly with retail back to within 10% of pre-COVID levels? Do we have a settled picture of what the UK online market looks like now, post-lockdown?

And if so, Rob, I wonder if you could just help us a little bit more with your comment about the two year growth rate being up strongly. I mean, what is the rough pace of growth in the UK online market on a two year basis that we should be thinking about over the coming period of time? Thank you.

Jette Nygaard-Andersen

Thanks. Hey, Michael. Rob, I think I'll let you answer that one.

Rob Wood

Okay. Two year growth rates. Firstly, the quarter just gone, we did around 35% two year growth in real currency and it's nearer 40% in constant currency. If I look at the UK in isolation, it's more like 25%. So clearly, a little lower, but nonetheless 25% growth in the UK in a market that was ordinarily expected to do high single digits is a strong performance for us.

I think as we look forward, our real focus in the UK is expanding our appeal to more recreational audiences. And our hope is that all the terrific growth that we've seen in actives and FTDs during the last 12 months or so, will therefore play through into continued NGR growth in 2022 as well.

Obviously, we need to wait and see what if, if any impact comes out of the Gambling Act review. But we would still maintain that the prospects of growth in the UK are strong, not just for the market, but certainly, for outperforming the market as well. Not least because we have the retail estate, which continues despite COVID, despite everything that's happened, to continue to drive traffic to our online platforms. I think that the prognosis for the UK continues to be strong.

Michael Mitchell

Great. Many thanks.

Operator

There are no further questions at this time. I will now turn the conference back to Jette Nygaard-Andersen for any additional or closing remarks.

Jette Nygaard-Andersen

Thank you. And thank you all for dialling in and listening in today. Entain continues to go from strength to strength. We have a fantastic industry leading platform that continues to drive growth, both in our core business and in the US through BetMGM, as you heard this morning.

But it also provides a very strong base to drive further growth as we deliver on the strategic agenda that we set out on the 12th of August. I also hope that you can join us for our ESG and sustainability events on 10th of November. And in the meantime, if you have any other questions, do get in touch with David and the IR team. Thank you and goodbye.