# THE RANK GROUP PLC





We are writing to notify you that our notice of 2011 annual general meeting and our 2010 annual report and financial statements are now available online at www.rank.com



During 2010, Rank recorded a further year of progress, delivering strong growth in earnings and dividend per share through improved revenue and profit conversion.

This performance was built on a number of key competitive advantages, including the ownership of established and trusted gaming brands (Mecca Bingo celebrates its 50th anniversary this year); the ability to deliver them across a range of land-based venues and remote channels; increasingly sophisticated systems for understanding and engaging with our customers; and a management team totally motivated to delivering outstanding service to customers.

Our most important strength is the ability of our people to bring enjoyment to others. At Rank, we have been doing this for nearly three-quarters of a century, from our early days as a motion picture company and since 1961 as one of the leading operators within Great Britain's licensed gaming market. Within the pages of this year's annual report we pay tribute to our people and highlight just some of the outstanding contributions to customer service that were made during 2010.

#### Our performance – customers

Our commercial performance is predicated on our ability to delight and to entertain the 2.5 million customers that we serve across our businesses. The hard work, ingenuity and inspiration of our team of more than 8,900 employees is central to our ability to create experiences that bring excitement, fun and a sense of community for all of our customers.

As a consequence of these efforts, Group customer satisfaction (as measured by net promoter score) increased slightly to 38%. We have set our sights on further improvement as we seek to build on this year's growth in customers and customer visits.

We all share a desire to ensure that our customers can enjoy themselves in safe environments and for preventing any negative effects arising from our operations – something that is critical to both customer trust in our brands and broader society's faith in our integrity.

The British Gambling Prevalence Survey, published in February 2011 demonstrated the effects of the industry's approach in this area with the casinos and bingo clubs sectors once again recording comparatively low incidences of problem gambling.

Building on our track record for responsible operation we have continued to engage positively with governments and regulators in order to help shape a more supportive environment. In Great Britain, we have made some progress, notably relating to Government proposals for the positive reform of amusement machines regulations in licensed bingo clubs. During 2011, we will continue to invest resources in this area in order to be permitted to deliver the product and service improvements that our customers have asked us for.

#### Our performance – community

We recognise that our ability to achieve our financial objectives is based not simply on how we make our customers feel; but also how the wider communities in which we operate feel about us. This is built upon what we are able to give back to those communities.

In 2010, our businesses provided employment for more than 8,900 people across Great Britain, Belgium and Spain and generated more than £156m in local and national taxes.

During 2010, Rank's brand teams raised more than £288,000 for our chosen charity, Marie Curie Cancer Care – an achievement that owes everything to the dedication and generosity of our people and our customers. The funds will enable the charity to provide more than 14,400 hours of care by Marie Curie nurses – often for people in communities where our businesses operate.

Peter Johnson Chairman 24 February 2011

We have produced this document to provide an overview of the business. It is not intended to be a summary of our 2010 annual report and financial statements.

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### **OUR PERFORMANCE**

During 2010, Rank recorded another year of growth in adjusted earnings per share, driven by continued operational improvements and further debt reduction.

| Revenue* (£m)   | £567.8m              | Operating profit** (£m) | £62.0m  |
|---|----------------------|-------------------------|---------|
| 07  | 534.4                | 07                      | 68.3    |
| 08  | 522.2                | 08                      | 60.3    |
| 09  | 540.0                | 09                      | 58.0    |
| 10  | 567.8                | 10                      | 62.0    |
| Statutory revenue (£m)  | £544.5m              | EBITDA*** (£m)          | £92.3m  |
| 07  | 511.0                | 07                      | 96.8    |
| 08  | 505.4                | 08                      | 86.6    |
| 09  | 520.5                | 09                      | 83.9    |
| 10  | 544.5                | 10                      | 92.3    |
| Adjusted profit before tax (£m  | £55.2m               | Net debt (£m)           | £123.4m |
| 07  | 46.2                 | 07                      | 316.9   |
| 08  | 40.5                 | 08 22                   | 6.5     |
| 09  | 48.5                 | 09 186.8                |         |
| 10  | 55.2                 | 10 123.4                |         |
| Adjusted earnings per share (p  | <sup>(2)</sup> 10.2p | Dividend per share (p)  | 2.4p    |
| 07  | 7.4                  | 07                      | 2.0     |
| 08  | 7.3                  | 08 Nil                  |         |
| 09  | 8.9                  | 09 1.35                 |         |
| 10  | 10.2                 | 10                      | 2.4     |
| Net promoter score (%)  | 38.0%                | Operating margin (%)    | 10.9%   |
| 09  | 37.0                 | 07                      | 12.8    |
| 10  | 38.0                 | 08                      | 11.5    |
| Net promoter score measures a customer's propen<br>It is calculated by subtracting negative scores from |                      | 09                      | 10.7    |
| expressed as a percentage of the whole.   |                      | 10                      | 10.9    |

<sup>\*</sup> Before adjustment for free bets, promotions and customer bonuses.

Note: All references in this report to 'like-for-like' exclude club openings and closures as well as changes to gaming taxation.

<sup>\*\*</sup> Before exceptional items.

\*\*\* Group EBITDA before exceptional items is Group operating profit before depreciation

<sup>\*\*\*\*\*</sup>Adjusted profit before taxation is calculated by adjusting profit from continuing operations before taxation to exclude exceptional items, the unwinding of discount in disposal provisions, other financial gains or losses and the amortisation of the equity component of the convertible bond.

#### STRATEGIC UPDATE

#### Strategic priority

the systematic use of data and customer feedback to inspire service and product improvements;

#### **Progress**

- Launch of single customer database for all UK brands
- table service extended from 16 Mecca Bingo clubs to 63
- Play Points rewards scheme extended from eight to 13 casinos
- Play Points not launched online

### KPIs

38% Net promoter score (2009: 37%)

£225.86 average revenue per customer (2009: £231.76)

#### **Priorities 2011**

- extension of table service dining from 63 to 93 Mecca Bingo clubs
- roll-out of Mecca Max mobile gaming terminals across all clubs
- upgrading of Mecca
   Bingo amusements in
   line with anticipated
   regulatory change

- capital
  investment
  to extend
  the reach and
  broaden appeal
  of our brands;
- G Casino format extended from eight to 13 casinos
- Mecca Full House format extended from two to six clubs
- 2.5m customers (2009: 2.3 million)

22.4m customer visits (2009; 22.1 million)

2.9% of our UK customers played both online

and offline

- extend G Casino format from 13 to at least 16 casinos
- open at least one new-build casino
- continued modernisation of Mecca Bingo estate

- wider
  distribution
  of our brands
  via online and
  mobile media
- 191% increase in online referrals from Mecca Bingo clubs
- ✓ Launch of iphone apps for Meccabingo.com and BlueSq.com
- Launch of online business for Spain delayed

- continue to drive growth of meccabingo.com
  - increase cross-over between land-based and online casinos
  - launch of online gaming in Spain
  - review of online opportunity in Belgium

#### **OUR BUSINESSES**

Rank is a leading European gaming-based entertainment company, headquartered in Great Britain and listed on the London Stock Exchange.

#### Mecca Bingo

Mecca Bingo provides social, community-focused gaming-based entertainment in more than one hundred venues across Great Britain. The brand holds particular appeal for women.

#### Top Rank España

Top Rank España delivers gaming-based entertainment to the Spanish market.

#### **Grosvenor Casinos**

Grosvenor Casinos provides entertainment based around casino table games and high prize gaming machines in venues across Great Britain and in Belgium. The brand is most popular with male customers but is becoming increasingly attractive to women too.

## Rank Interactive

Rank Interactive distributes and markets Rank's brands via remote (online and mobile) media, principally to customers in Great Britain.

Revenue\*

£234.5m

Operating profit\*\*

£29.7m

Revenue

£37.0m

Operating profit\*\*

£6.8m

Revenue\*

£238.6m

Operating profit\*\*

£36.0m

Revenue\*

£57.7m

Operating profit

£7.9m

<sup>\*</sup> Before adjustment for the free bets, promotions and customer bonuses.

<sup>\*\*</sup> Before exceptional items

<sup>\*\*\*</sup> At 31 December 2010, Grosvenor operated 35 casino venues in Great Britain, incorporating 36 operating licences.

# Visit us at www.rank.com

The Rank Group Plc Annual Report and Financial Statements 2010





The Rank Group website provides news and details of the Group's activities, as well as useful links. The investor section contains a variety of information including the Group's latest results and current and historic share prices. We have a shareholder 'frequently asked questions' section on our website which provides answers to many questions that shareholders have: www.rank.com/investors/ shareholder\_faqs.jsp



FSCº C002617

The Forest Stewardship Council (FSC) is an international network which promotes responsible management of the world's forests. Forest certification is combined with a system of product labelling that allows consumers readily to identify timber-based products from certified forests.

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Paper copies
If you would like the notice of 2011 annual general meeting and/ or the 2010 annual report and financial statements sent to you in hard copy form, please write to us at our registered office address (quoting 'hard copy shareholder information request'): Company Secretary, The Rank Group Plc, Statesman House, Stafferton Way, Maidenhead SL6 1AY and specify which document you require a hard copy of.

#### Payment of dividends

The Company is no longer operating a dividend re-investment plan. Shareholders may find it more convenient to make arrangements to have dividends paid directly to their bank account. The advantages of this are that the dividend is credited to a shareholder's bank account on the payment date, there is no need to present cheques for payment and there is no risk of cheques being lost in the post.

To set up a dividend mandate or to change an existing mandate please contact Equiniti Limited, our registrar, whose contact details are below. Alternatively, shareholders who use Equiniti's Shareview can log on to www.shareview.co.uk and follow the online instructions.

All administrative enquiries relating to shares should, in the first instance, be directed to the Company's registrar (quoting reference number 1235), Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA (Tel: from the UK 0871 384 2098 and from outside the UK +44 121 415 7047).

For any other information please contact: Frances Bingham, company secretary or Dan Waugh, director of strategy or Philip Munn, investor relations officer.

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