

The Rank Group Plc

Interim Results 2003

5 September 2003



A lun Cathcart

Chairm an

Mike Smith
Chief Executive

Group results

- EPS down 4%
- Gaming – Further improvement, up 14%
- Hard Rock – decline 10% (hotels)
- Deluxe Film – unchanged (acquisitions)
- Deluxe Media – DVD replacing VHS
- Exceptional charges
- Interim dividend – up 5% to 4.6p

Group progress

- Gaming - positioning for deregulation
 - Blue Square
 - improved facilities
- Hard Rock - brand extensions
 - Casinos
 - SolMelá
- Deluxe
 - Film - Geographic reach
 - Media - DVD expansion (Disctronics)

Ian Dyson

Finance Director

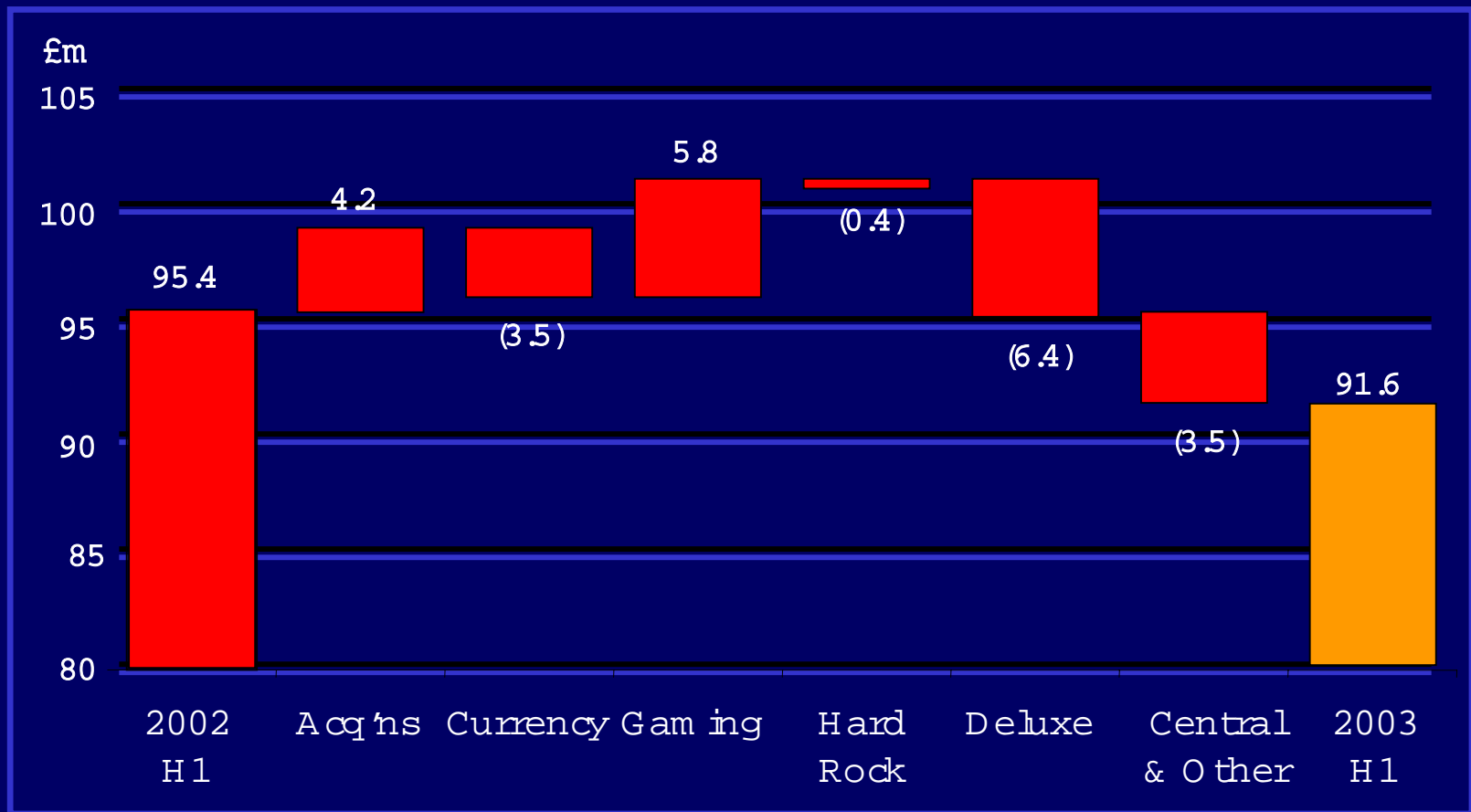
Profit before exceptional items

£m	2003	2002
Turnover	<u>879.9</u>	<u>689.6</u>
Operating profit*	91.6	95.4
Associates	0.1	1.7
Interest	<u>(14.3)</u>	<u>(12.0)</u>
Profit before tax*	<u><u>77.4</u></u>	<u><u>85.1</u></u>
Effective tax rate	30.3%	34.1%
Earnings per share	7.3p	7.6p

* Stated after goodwill amortisation of £2.8m (2002 - £0.3m)

H1 2003 vs H1 2002

Group operating profit



M ecca Bingo

£m	2003	2002
Turnover		
UK	119.2	118.5
Spain	<u>11.7</u>	<u>7.8</u>
	130.9	126.3
Operating profit		
UK	36.7	35.3
Spain	<u>3.1</u>	<u>1.8</u>
	39.8	37.1
UK Statistics		
Admissions (000s)	10,901	11,937
Spend per head	£10.93	£9.93

Grosvenor Casinos UK

£m	2003	2002	% growth
Turnover			
London - upper	8.1	9.2	-12.0
London - other	26.2	25.9	+1.2
Provincial	45.6	40.4	+12.9
Hard Rock	4.4	-	-
	<u>84.3</u>	<u>75.5</u>	<u>+11.7</u>
Operating profit			
London - upper	1.8	2.3	-21.7
London - other	4.6	4.8	-4.2
Provinces	13.7	11.4	+20.2
Hard Rock	(0.8)	-	-
Divisional costs	(3.9)	(4.2)	+7.1
	<u>15.4</u>	<u>14.3</u>	<u>+7.7</u>

Blue Square H1 2003

£m	Pro forma* 2003	Pro forma* 2002	% growth
Stakes			
Internet	93.1	66.9	+39
Telebet	41.8	14.7	+184
Games	<u>62.0</u>	<u>9.5</u>	+553
	<u><u>196.9</u></u>	<u><u>91.1</u></u>	+116
Gross Win			
Internet	6.4	5.8	+10
Telebet	2.5	1.2	+113
Games	<u>3.8</u>	<u>0.9</u>	+339
	<u><u>12.7</u></u>	<u><u>7.9</u></u>	+60

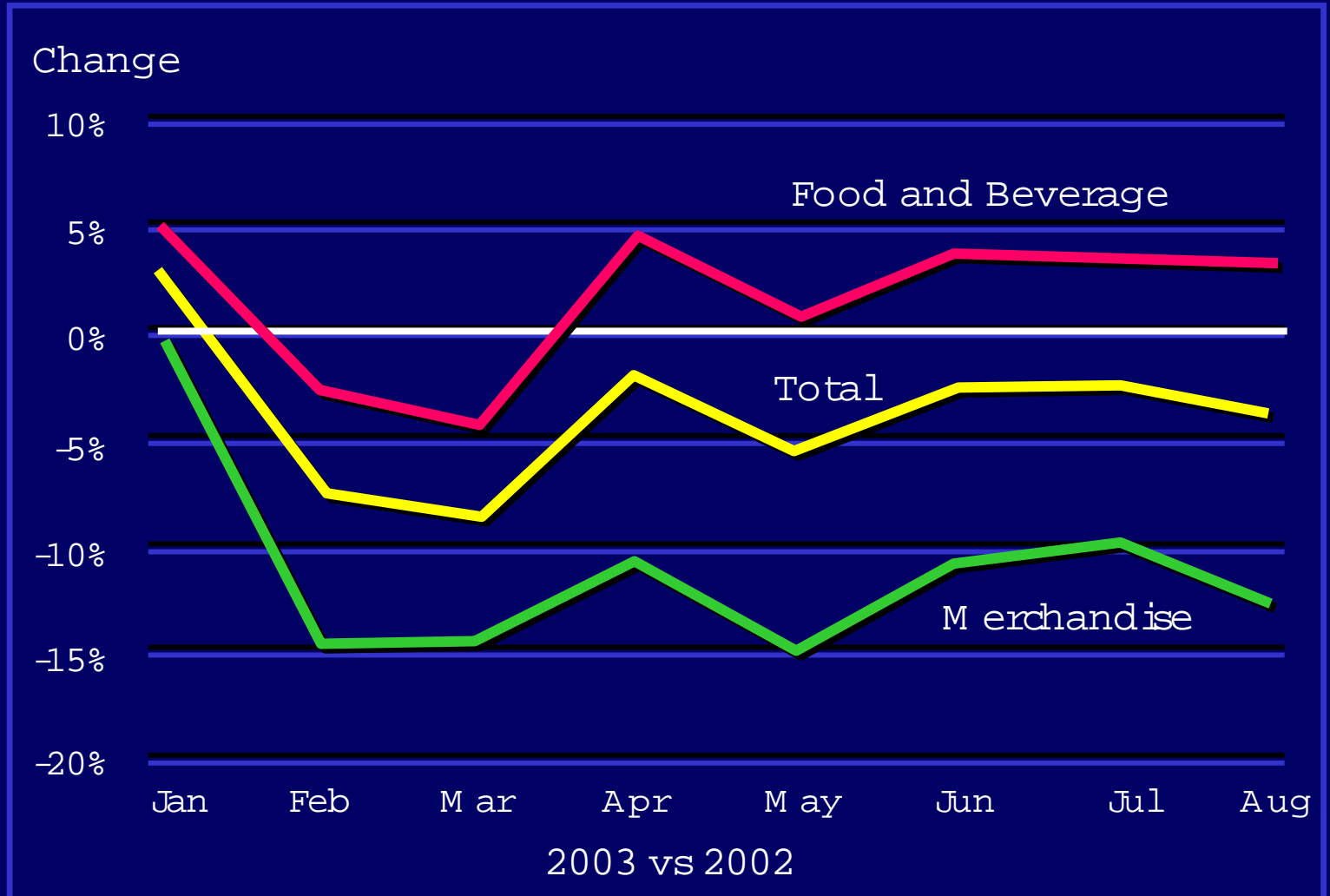
* Figures assuming Rank Group owned the business for the full six months of the year

Hard Rock

Operating profit

£m	2003	2002
Owned cafes	12.5	15.8
Franchise and other income		
Cafes	2.8	3.3
Hotels	4.5	1.4
Territory sales	1.0	1.1
Advertising and promotion	(0.4)	(0.5)
Overheads	(7.1)	(6.3)
Operating profit	<u>13.3</u>	<u>14.8</u>

Hard Rock Like for like sales

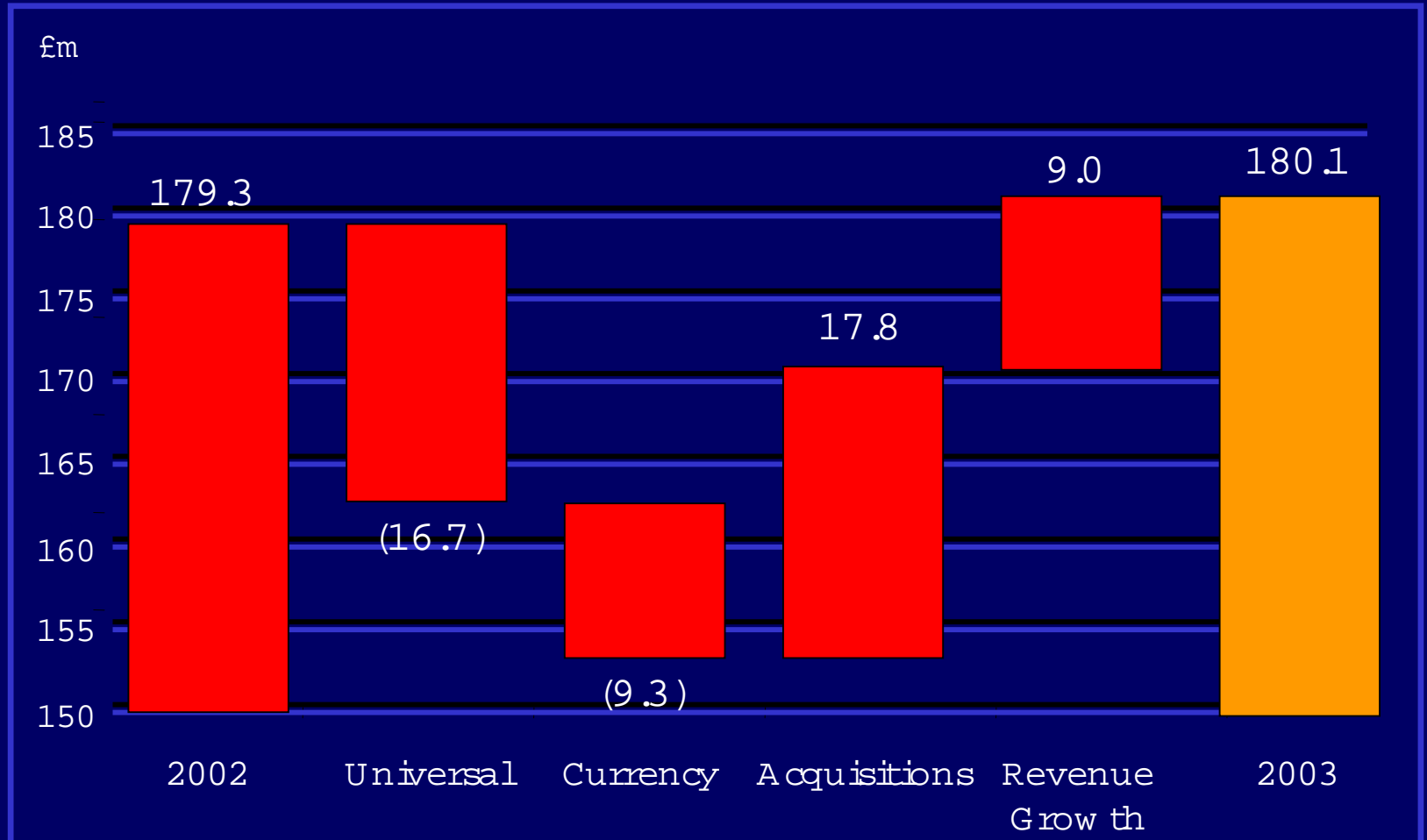


Deluxe

£m	2003	2002
Turnover		
Film services	180.1	179.3
Media services	<u>144.2</u>	<u>127.2</u>
	324.3	306.5
Operating profit*		
Film services	29.7	29.5
Media services	<u>(3.3)</u>	<u>1.9</u>
	26.4	31.4
Associate Investments	<u>0.1</u>	<u>0.8</u>
	<u>26.5</u>	<u>32.2</u>

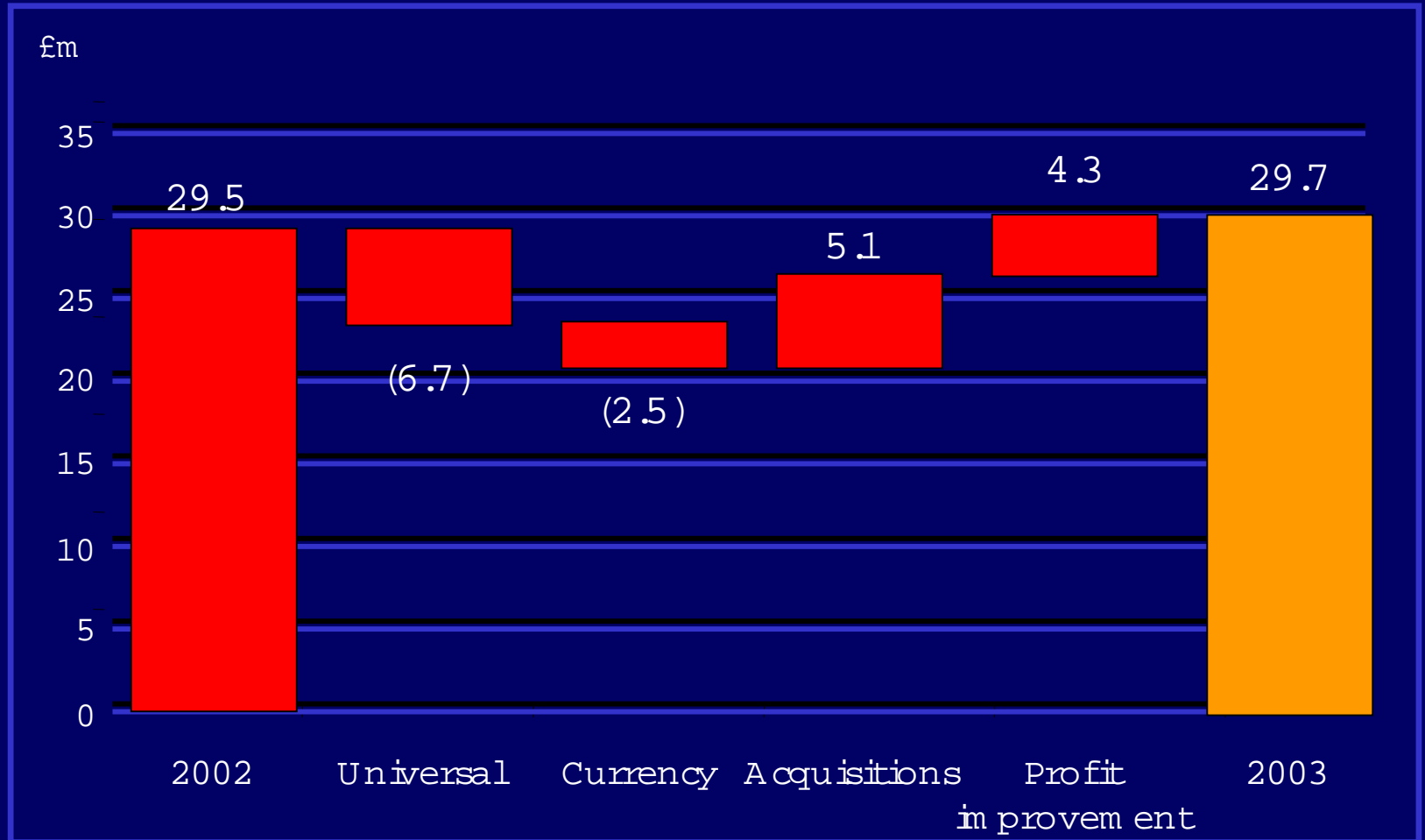
* Before exceptional items

Deluxe Film Turnover analysis

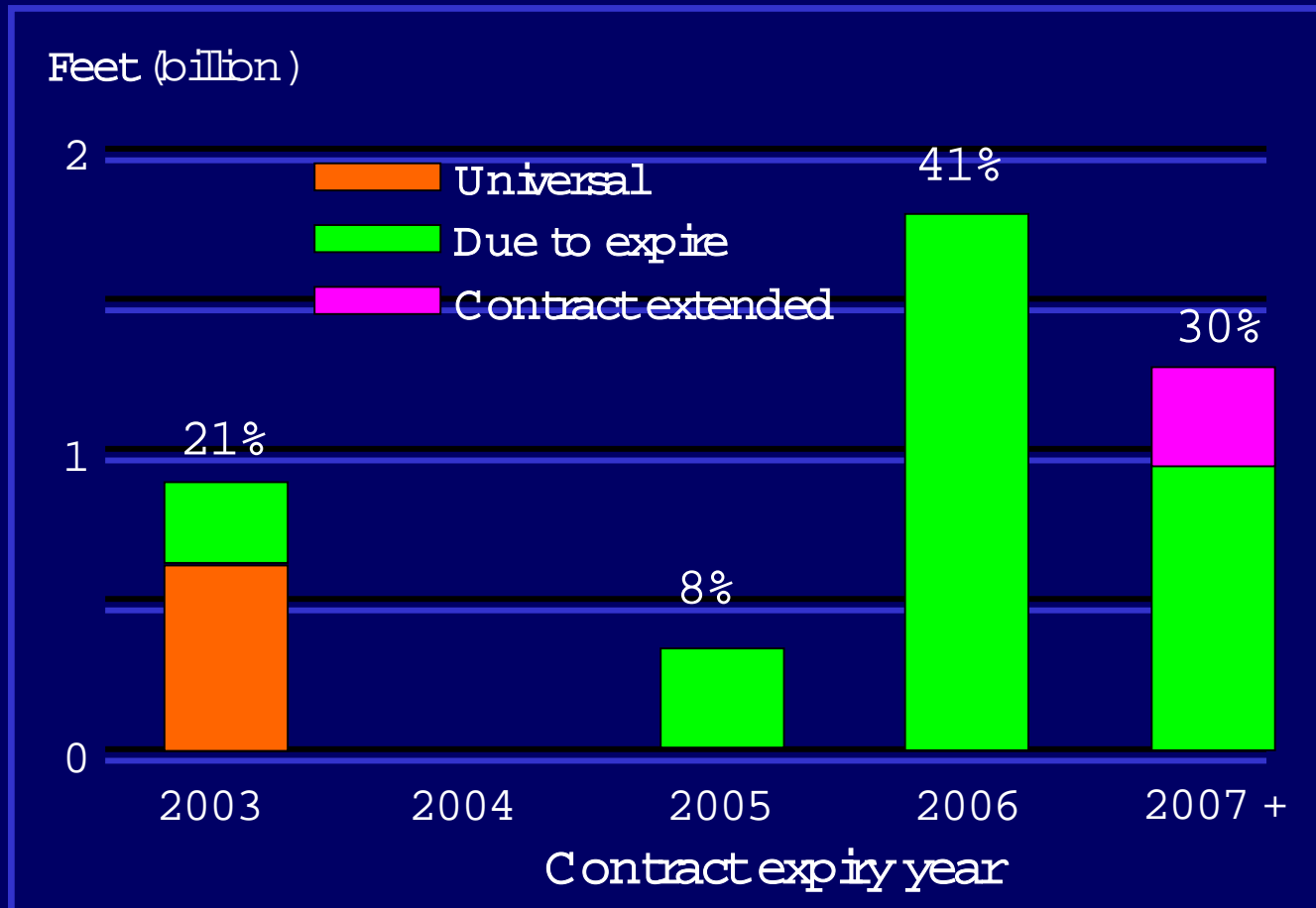


Deluxe Film

Operating profit analysis



Deluxe Film Contract status



* Percentages represent proportion of
2002 contracted footage of 4.3 billion feet

Deluxe Media Services

£m	Turnover		Operating Profit*	
	2003	2002	2003	2002
Video duplication	55.1	80.2	(3.2)	3.5
DVD replication	33.9	8.8	(5.2)	(1.2)
Distribution services	44.7	36.2	2.5	-
Digital services	10.5	2.0	2.6	(0.4)
	<u>144.2</u>	<u>127.2</u>	<u>(3.3)</u>	<u>1.9</u>

* Before exceptional items

2003 H1 exceptional charges

£m	2003
Blue Square	
Reorganisation/integration	6.0
Deluxe Media Services*	
Plant closure and reorganisation	12.2
Legal provisions	9.4
Non-operating exceptional item	
Release of disposal provisions	<u>(4.0)</u>
	<u><u>23.6</u></u>

* Before minority interest

Group cash flow

£m	2003	2002
Operating activities	132.7	122.3
Deluxe contract advances	(54.2)	(146.8)
Capital expenditure	(48.2)	(51.4)
Fixed asset disposals	1.3	18.3
Operating cash flow	<u>31.6</u>	<u>(57.6)</u>
Interest, tax and dividends	<u>(85.8)</u>	<u>(90.7)</u>
Free cash flow	(54.2)	(148.3)
Acquisitions & investments*	(89.7)	(19.3)
Disposals	-	(11.9)
Net cash flow	<u>(143.9)</u>	<u>(179.5)</u>

*Includes £65m Blue Square debt

Capital expenditure

£m	H1 2003	H1 2002	FY 2003 estimate
Gaming	24.1	19.9	60 - 70
Hard Rock	6.2	15.6	10 - 15
Deluxe	17.3	15.3	35 - 45
Other	0.6	0.6	1 - 2
	<u>48.2</u>	<u>51.4</u>	<u>106 - 132</u>

Acquisitions and investments

£m	H1 2003	H2 2003 Committed
Gaming*	65.9	3
Hard Rock	1.9	1
Deluxe	19.5	25
Other	2.4	-
	<u>89.7</u>	<u>29</u>

**Includes £65m Blue Square debt*

Group capital structure

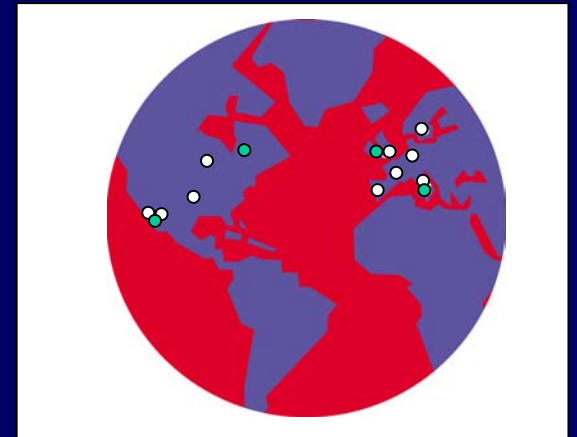
£m	30 Jun 2003	31 Dec 2002	30 Jun 2002
Net debt	(529.6)	(399.1)	(416.8)
Deluxe net contract advances receivable	283.4	236.4	253.8
Preference shares	(227.5)	(226.6)	(225.5)

Mike Smith
Chief Executive

Deluxe

Growth and development

- Deluxe Film Services
 - growth dynamics continue
 - geographic reach
 - added services
 - contracts
- Deluxe Media Services
 - added services
 - VHS decline vs DVD growth
 - strategic acquisitions in DVD
 - good geographic coverage



DVD

Growth and development

- Acquisitions
 - Pioneer: initial experience
 - Ritek: US capacity and offload capability
 - Discronics: European capacity and CD contract
- Capacity and distribution
 - North America
 - Europe
- Added services
 - C&A



Hard Rock

Growth and development

- Hard Rock Cafes
 - brand strength
 - lower cost cafes
- Hard Rock brand extensions
 - Indian gaming (Seminoles, Choctaws, Foxwoods)
 - Other gaming (Bibxí)
 - SoM elã JV
(Chicago plus others)



Hard Rock Hotel/casino Fort Lauderdale



Hard Rock Hotel/casino

Tampa



Hard Rock

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Gaming

Growth and development

- Gaming
 - Positive environment
 - Deregulation initiatives
 - Duty change
 - Preparing for Budd
 - Hard Rock brand
 - Full 'suite' of products



Gaming Deregulation

Impact to-date

- Limited deregulation already
 - later opening
 - alcohol on the gaming floor
 - new games
 - entertainment
- New , larger facilities (7 relocations, 4 new licences)
- Double digit growth over last four years

Grosvenor UK

Current position

30 Jun 2003

Number of casinos	34
New Builds [#]	11
Major refurbishments within last 12 months	4
Tables	392
Electronic Roulette	495
Sbts	266

Includes new licences (Walsall, Salford, two Hard Rock casinos) and relocated casinos (Birmingham, Blackpool, Brighton, Great Yarmouth, Newcastle, Southampton and Huddersfield)

Park Tower Casino



M ecca UK

Current position

30 Jun 2003

Bingo clubs	122
Clubs in non permitted areas	67
Possible conversions to multi-gaming	c.30
Number of jackpot machines	324

Gambling Deregulation

What we do know

- Process underway
 - Pre-Legislative Scrutiny Committee appointed
 - draft bill in October 2003
- Gambling Commission
 - arms-length from government
- Licensing - operating, personal and premises
- Other Budd recommendations to be included:
 - elimination of non-permitted areas
 - elimination of 24 hour rule
 - advertising of casinos
 - more slots

Gaming Deregulation

What we *don't* know

- Timing
- Casino regulations
 - sbts per table/unlimited
 - progressive sbts
 - role of bcal authorities and regional planning
 - speed of opening up non-permitted areas
- Duty rates?
- All subject to debate and all to play for

Gaming Deregulation

Rank's perspective

- Very likely to happen
- Threat from new entrants still unclear
- Irrespective of timing
 - plenty still to go for (slot numbers, progressives etc.)
 - still good growth prospects from existing operations
- Rank Group well placed to take immediate advantage

Group

12 month outlook

- Gaming
 - UK: further progress and in pact of investments
 - Europe: gains in Belgium and Spain
- Hard Rock - degree of recovery
 - Seminoles, SoLM elia JV, others?
- Deluxe
 - Film - continued positive trend
 - Media - growth in DVD and related services
- Other
 - cash generation
 - refinancing of convertible preference shares