

The Rank Group Plc
Preliminary Results 2002



A lun Cathcart
Chairman

M i k e S m i t h
C h i e f E x e c u t i v e

Group - Results

- EPS* up 21% to 19.9p
- Gaming: strong again, up 13%
- Hard Rock: disappointing
- Deluxe: exceptionally good, up 20%
- Fixed charge cover: up to 5x
- Final dividend: up 5% to 8.8p

Group - Progress

- Development in all Divisions
- Gaming: deregulation, facilities, product (now plus Blue Square)
- Hard Rock: additional cafes, brand extension
- Deluxe: geographic reach, DVD, new technology, contract renewals

Ian Dyson
Finance Director

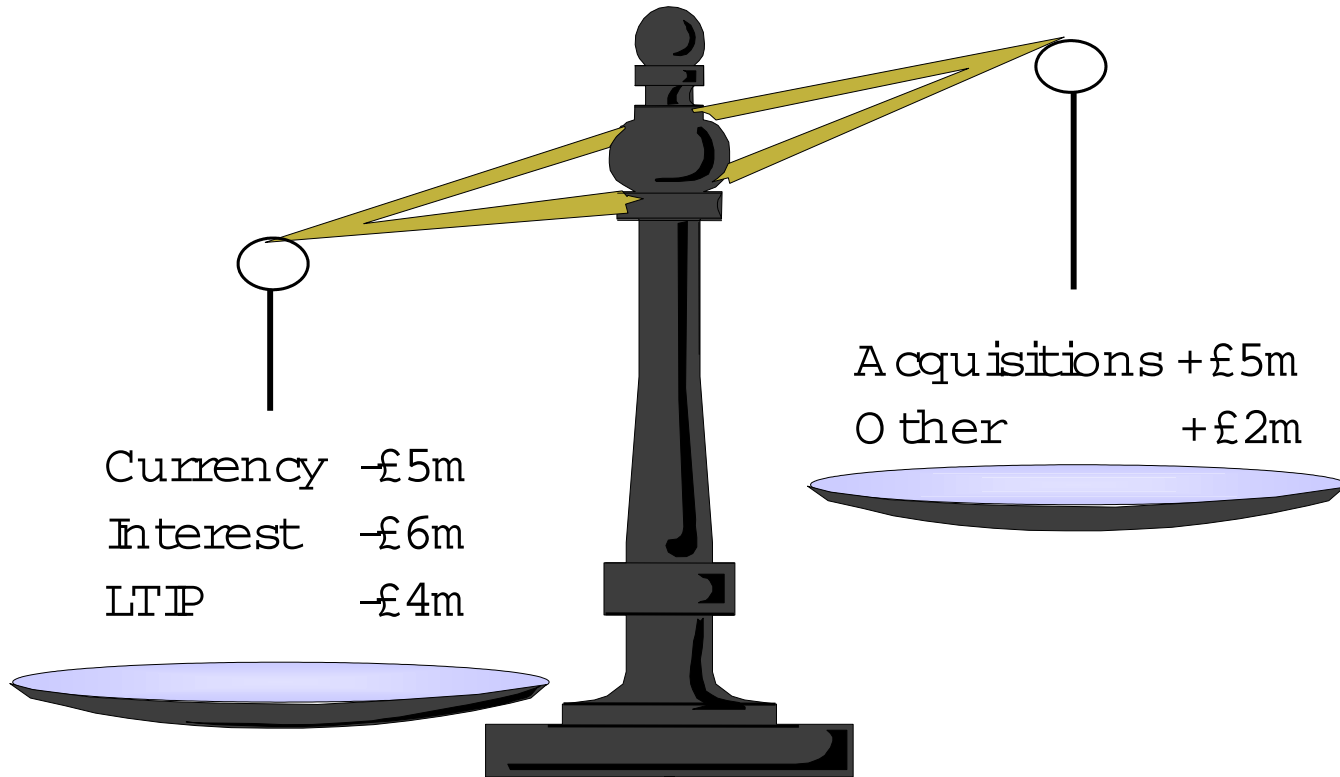
Profit before exceptional items

£m	2002	2001
Turnover	<u>1,464.6</u>	<u>1,366.9</u>
Operating profit	219.6	209.7
Associates	3.3	2.7
Interest	(22.6)	(24.3)
Profit before tax and exceptionals	<u><u>200.3</u></u>	<u><u>188.1</u></u>
Effective tax rate	30.3%	36.4% *
Basic earnings per share	19.9p	16.5p*

* restated for impact of FRS 19

A good result . . . on balance

Non-trading' items



Gaming ✓

Deluxe ✓

Hard Rock ✗

M ecca B i n g o U K

£m	2002	2001	% grow th
M ecca B i n g o			
UK	72.4	67.6	
Spain	4.6	3.5	
	<u>77.0</u>	<u>71.1</u>	+8.3
Grosvenor Casinos			
UK	29.9	23.4	
Belgium	(0.2)	0.7	
	<u>29.7</u>	<u>24.1</u>	+23.2
RLM S	3.1	2.3	
Rank Interactive Gam ing	(5.0)	(1.8)	
	<u><u>104.8</u></u>	<u><u>95.7</u></u>	+9.5

Grosvenor Casinos UK

£m	2002	2001	% grow th
Turnover			
London - upper	23.2	18.9	+22.8
London - other	55.5	51.9	+6.9
Provincial	83.3	69.8	+19.3
Hard Rock	1.3	-	-
	<u>163.3</u>	<u>140.6</u>	<u>+16.1</u>
Operating profit			
London - upper	6.0	3.0	+100.0
London - other	11.7	11.6	+1.0
Provinces	22.7	16.5	+37.6
Hard Rock	(2.1)	-	-
Divisional costs	<u>(8.4)</u>	<u>(7.7)</u>	<u>-9.1</u>
	<u>29.9</u>	<u>23.4</u>	<u>+27.8</u>

Grosvenor UK - Provincial

	31 Dec 2002	31 Dec 2001	% grow th
M em bership (000 's)	590	514	+14.8
Adm issions (000 's)	2,627	2,473	+6.2
Handle per head (£)	166	141	+17.7
Turnover (£m)	83.3	69.8	+19.3
Operating profit (£m)	22.7	16.5	+37.6

Grosvenor UK - relocations

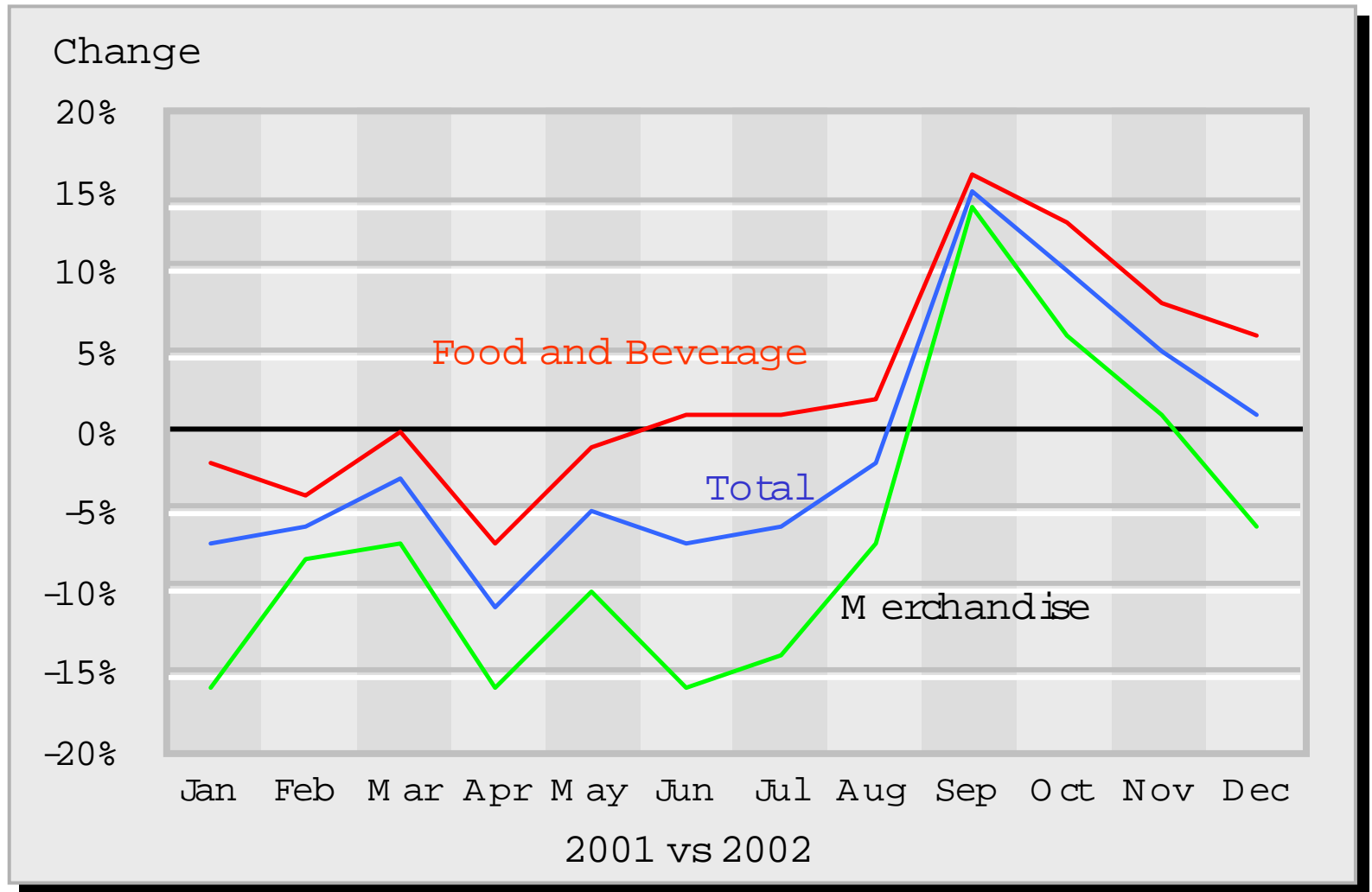
	Change in average weekly figures*
Admissions	78%
Handle per head	46%
EBIT improvement	£105,000
Capital cost	£20.9m
Pre tax return on capital	26.1%

* Average of Birmingham, Blackpool, Great Yarmouth, Newcastle, Southampton and Brighton

Hard Rock - Operating profit

£m	2002	2001	% grow th
Ow ned cafes	29.2	41.5	-29.6
Franchise and other incom e			
Cafes	6.2	7.5	-17.3
Hotels	3.8	2.3	+65.2
Territory deals	2.3	4.2	-45.2
Advertising and prom otion	(1.4)	(1.7)	+17.6
O verheads	(12.5)	(14.1)	+11.3
Restructuring	-	(1.7)	-
Operating profit	<u>27.6</u>	<u>38.0</u>	-27.4

Hard Rock - Like for like sales

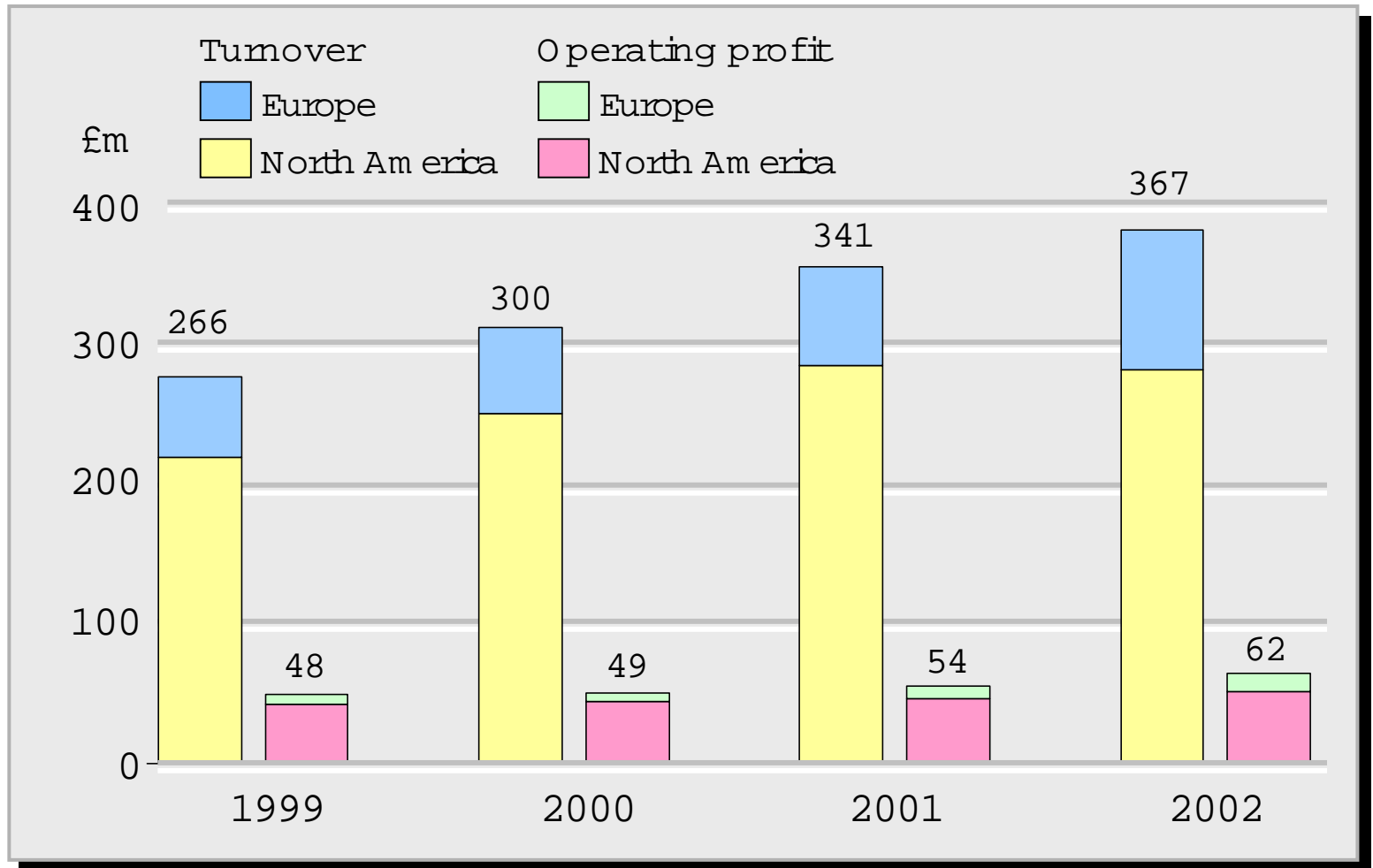


Deluxe

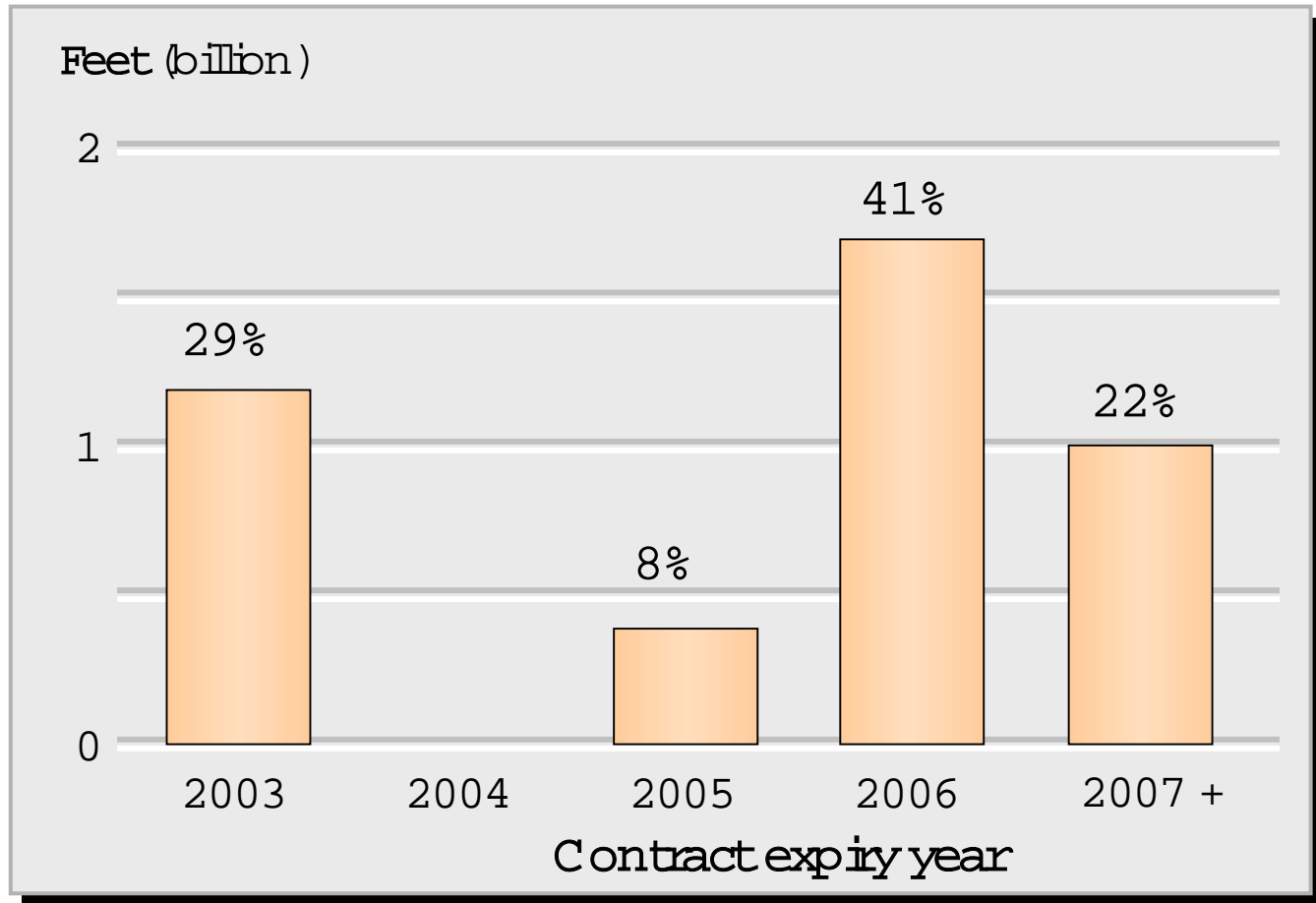
£m	2002	2001	% growth
Turnover			
Film processing	367.5	341.5	+7.6
Media services	336.7	293.1	+14.9
	<u>704.2</u>	<u>634.6</u>	+11.0
Operating profit*			
Film processing	62.5	53.9	+16.0
Media services	26.5	20.2	+31.2
	<u>89.0</u>	<u>74.1</u>	+20.1
Associates and JVs	1.8	1.1	+63.6
	<u>90.8</u>	<u>75.2</u>	+20.7

* before exceptional items

Deluxe Film



Deluxe Film - Contract status



* Percentages represent proportion of 2002 contracted footage of 4.2 billion feet

Deluxe Media Services

£m	Turnover		Operating profit*	
	2002	2001	2002	2001
Video duplication	178.9	212.1	18.1	23.6
DVD replication	55.7	12.6	2.3	(5.0)
Distribution services	90.8	68.4	5.3	1.6
Digital services	11.3	-	0.8	-
	<u>336.7</u>	<u>293.1</u>	<u>26.5</u>	<u>20.2</u>

* before exceptional items

Deluxe - acquisitions

- 2002 commitment £74.8m , spend £34.6m
- Enhancing studio relationships
 - geographic reach
 - value added services
- Strict financial return criteria

Deluxe - acquisitions

£m	ETS		Ritek
	50%	100%	80%
Acquisition cost			
Cash	3.3	10.7	14.2
Deferred	-	6.8	19.6
	<u>3.3</u>	<u>17.5</u>	<u>33.8</u>
2002 EBITDA	2.1	4.0*	5.7 #
Pre tax return on capital	64%	23%	17%

* excludes benefit of new major studio contract from 2003

EBITDA for 4 months following acquisition

Group cash flow

£m	2002	2001
Operating activities	242.3	233.4
Deluxe contract advances	(135.0)	33.0
Capital expenditure	(117.9)	(103.3)
Fixed asset disposals	21.0	15.2
Operating cash flow	<u>10.4</u>	<u>178.3</u>
Distributions from associates	-	2.4
Interest, tax and dividends	(146.9)	(151.1)
Free cash flow	<u>(136.5)</u>	<u>29.6</u>
Acquisitions	(57.5)	(14.4)
Disposals	18.9	52.9
Net cash flow	<u><u>(175.1)</u></u>	<u><u>68.1</u></u>

Capital expenditure

£m	2002	2001	2003 Estimate	2002 Depreciation
Gaming	60.0	48.5	60 - 70	40.2
Hard Rock	26.2	20.0	15 - 20	16.4
Deluxe	30.4	33.5	20 - 25	23.1
US Holidays	1.3	1.3	-	0.8
	<u>117.9</u>	<u>103.3</u>	<u>95 - 115</u>	<u>80.5</u>

Acquisitions and investments

£m	Acquisitions			2002	2003
	Commitment	Cash	Investments	Cash	Cash
Gaming	15.0	9.2	-	9.2	66.7*
Hard Rock	-	-	-	-	-
Deluxe	66.3	26.1	8.5	34.6	17.2
Central & other	-	-	13.7	13.7	-
	<u>81.3</u>	<u>35.3</u>	<u>22.2</u>	<u>57.5</u>	<u>83.9</u>

* includes Blue Square

Group capital structure

£m	31 Dec 2002	31 Dec 2001
Net debt	(399.1)	(248.1)
Deluxe contract advances receivable	236.4	114.8
Preference shares	(226.6)	(224.4)
Average rate on net debt	5.5%	7.1%
Fixed charge cover	5.0x	4.6x
Gearing	53%	34%

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Deluxe - Results

- Film - record
- Footage: cost
- Media - much improved
- Ritek

Deluxe - Growth & development

- Film : growth dynamics, geographic reach
- Media : video decline, DVD growth
- Added services!
- Contract renewals

Hard Rock - Results

- A difficult year!
- Food and beverage : m erchandise
- Cost reductions

Hard Rock - Growth & development

- Strength of brand
- Lower cost cafes
- Brand extensions
- Hotels / Gaming

Gaming - Results

- Bingo - a record
- Casinos - a record
- Admissions: spend per head
- Product: facilities

Gaming -

Growth & development

- Positive environment
- Deregulation initiatives
- Duty change
- Preparing for Budd
- Hard Rock brand
- e Gaming plus Blue Square

Conclusion

- Still delivering the results
- Development across all businesses
- Deregulation moving closer . . . increasingly well positioned to take advantage