



Rank Group
Since 1937



Full-year results 2010



Rank Group
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Peter Johnson, chairman

Agenda



Review of financial results

Paddy Gallagher, finance director

Strategy update

Ian Burke, chief executive



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Paddy Gallagher, finance director

Financial headlines



- Gross revenue*: £567.8m (2009: £540.0m)
- EBITDA**: £92.3m (2009: £83.9m)
- Operating profit**: £62.0m (2009: £58.0m)
- Adjusted profit before tax**: £55.2m (2009: £48.5m)
- Adjusted earnings per share**: 10.2p (2009: 8.9p)
- Operating cash flow: £93.1m (2009: £87.3m)
- Net debt: £123.4m (2009: £186.8m)
- Dividend per share: 2.40p (2009: 1.35p)
- 27.7% effective tax rate (2009: 29.0%)

* before adjustment for free bets; **before exceptional items

Revenue & operating profit



£m	Revenue*		Operating profit**	
	2010	2009	2010	2009
Grosvenor Casinos	238.6	220.0	36.0	30.9
Mecca Bingo	234.5	233.0	29.7	32.3
Top Rank España	37.0	36.2	6.8	5.6
Rank Interactive	57.7	50.8	7.9	7.5
Central costs			(18.4)	(18.3)
Group	567.8	540.0	62.0	58.0

* before adjustment for free bets, promotions and customer bonuses; **before exceptional items

Operating costs



£m	2010	2009	change
Employment	188.7	177.8	6.1%
Taxes & duties	90.0	85.2	5.6%
Direct costs	51.2	49.7	3.0%
Property costs	47.1	46.9	0.4%
Marketing*	51.9	45.4	14.3%
Depreciation	30.3	25.9	17.0%
Other	46.6	51.1	(8.8)%
Total	505.8	482.0	4.9%

- A rise in the number of venues operated and an increase in the number of casinos open 24 hours a day has driven up employment costs
- More free bets and TV advertising in Rank Interactive has driven marketing costs up

* includes the cost of free bets, promotions and customer bonuses

Grosvenor Casinos



£m	Revenue*		Operating profit**	
	2010	2009	2010	2009
London	94.7	86.9	17.6	13.2
Provinces	127.7	115.9	17.6	16.8
Belgium	16.2	17.2	0.8	0.9
	238.6	220.0	36.0	30.9
KPIs				
Visits (000s)	5,414	4,825		
Spend per visit (£)	44.08	45.60		

- >1 million active customers, like-for-like revenue up 5.0%
- 12.2% growth in customer visits, 5.3% like-for-like

* before adjustment for free bets, promotions and customer bonuses; **before exceptional items

Mecca Bingo



£m	2010	2009
Revenue*	234.5	233.0
Operating profit**	29.7	32.3
KPIs		
Visits (000s)	14,688	14,933
Spend per visit (£)	15.96	15.60

- Changes in the taxation regime affecting bingo and amusements have led to an increase in costs of £1.6m
- >900k active customers, up 3.4% on 2009

* before adjustment for free bets, promotions and customer bonuses; **before exceptional items

Top Rank España



£m	2010	2009
Revenue	37.0	36.2
Operating profit*	6.8	5.6
KPIs		
Visits (000s)	2,339	2,310
Spend per visit (£)	15.82	15.67

- Growth in customers and customer visits
- 6.2% revenue growth in euros
- Economic situation remains challenging
- Full smoking ban introduced in January 2011

* before exceptional items

Rank Interactive



<u>£m</u>	<u>2010</u>	<u>2009</u>
Bingo & games	42.0	34.3
Casino	5.7	5.1
Poker	1.8	2.9
Sportsbook	8.2	8.5
Revenue*	<u>57.7</u>	<u>50.8</u>
Operating profit	<u>7.9</u>	<u>7.5</u>

- Strong growth from meccabingo.com
- International start-up costs incurred in period
- Reinvestment of revenue growth in brand promotion

* before adjustment for free bets, promotions and customer bonuses

Statutory profit & loss



£m	2010	2009
Adjusted profit before tax	55.2	48.5
Other*	(0.7)	0.7
Profit before tax and exceptional items	<u>54.5</u>	<u>49.2</u>
Exceptional items	19.0	2.8
Profit before tax	<u>73.5</u>	<u>52.0</u>
Taxation	(24.6)	(14.1)
Discontinued operations	4.3	0.6
Profit for the period	<u><u>53.2</u></u>	<u><u>38.5</u></u>

* Includes unwinding of discount in disposal provisions and other financial gains and losses and amortisation of equity component of convertible bond

Cash flow

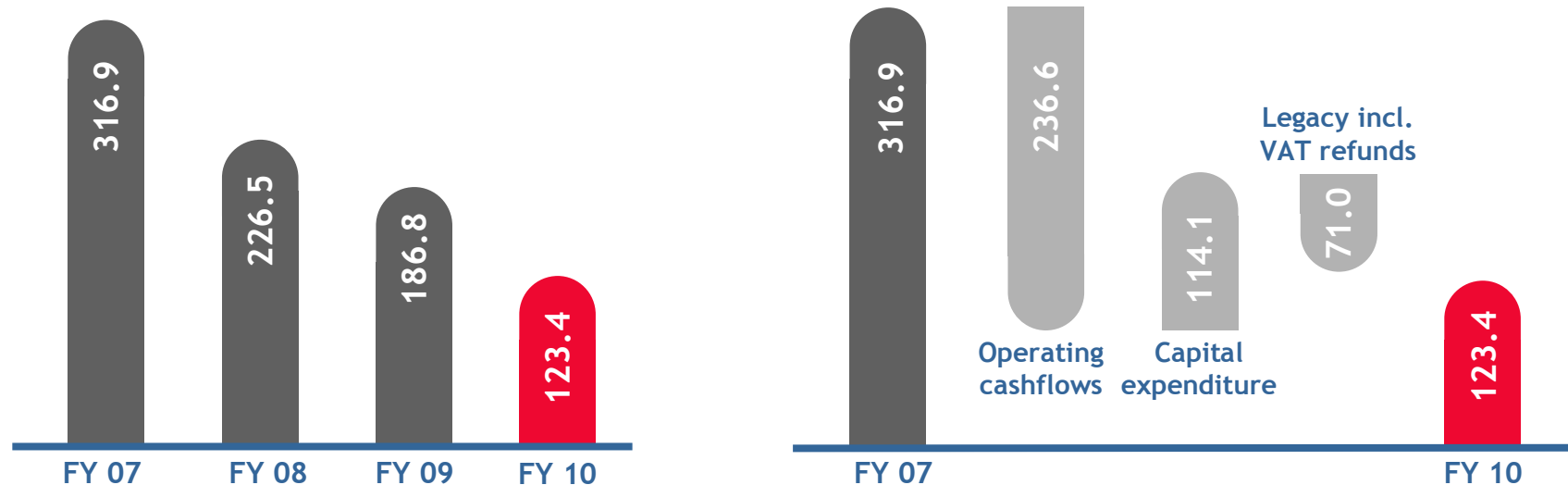


£m	2010	2009
Continuing operations		
Cash inflow from operations	93.1	87.3
Capital expenditure	(51.6)	(34.3)
Fixed assets disposals	0.1	1.6
Operating cash inflow	<u>41.6</u>	<u>54.6</u>
Acquisitions and disposals	0.8	(0.3)
Receipt (payments) - exceptional costs and provisions	<u>26.4</u>	<u>(17.6)</u>
	68.8	36.7
Dividends	(8.1)	-
Net interest, hedging and tax receipts/(payments)	0.7	(4.4)
Other (including foreign exchange translation)	<u>2.0</u>	<u>7.4</u>
Decrease in net debt	63.4	39.7
Opening net debt	<u>(186.8)</u>	<u>(226.5)</u>
Closing net debt	<u>(123.4)</u>	<u>(186.8)</u>

Strengthened balance sheet



Group net debt (£m) 2007-2010



- Sustained reduction in net debt
- 1.3 x net debt to EBITDA
 - below target of 2.5 x
- Banking facilities reduced from £400m to £300m to reduce costs
- Refinancing in 2011
- VAT resolution expected by end of 2012

- 63% reduction in net debt from cashflow from continuing operations net of capex
- 48% of cashflow from operations reinvested in capital projects

Capital investment to support growth



£m	2011F FY	2010	2009
Grosvenor Casinos	24 - 27	19.4	15.8
Mecca Bingo	15 - 17	22.6	13.0
Top Rank España	4	1.9	1.5
Rank Interactive	6	6.2	3.3
Other	1	1.5	0.7
Total	50 - 55	51.6	34.3

- Estate modernisation; Grosvenor Casinos and Mecca Bingo
- >15% pre-tax return on capital target
- £16.4m investment in electronic gaming in 2010

Current trading



- 8 week trading period
- Growth in customer visits at Grosvenor Casinos and Mecca Bingo
- Win margin reduction holds back casinos performance in London
- Continued momentum at Rank Interactive
- Effect of full smoking ban in Spain



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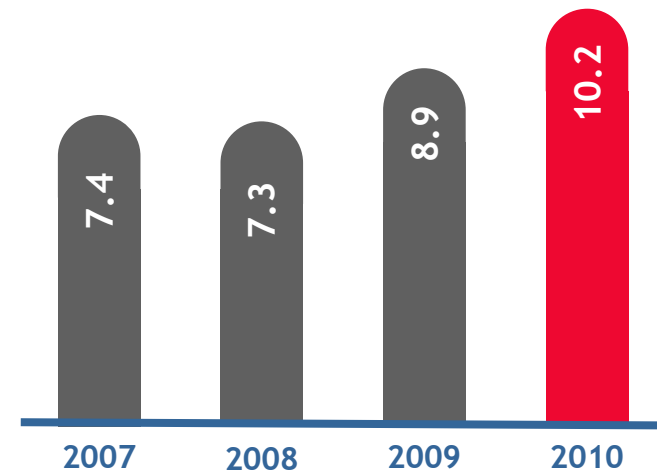
Ian Burke, chief executive

Review: 2007 to 2010



- Resilient operating performance
 - steady growth in revenue
 - duty changes affect margin
 - operating profit growth in 2010
- Strengthened balance sheet
 - significant reduction in net debt
 - no requirement to refinance during credit crunch
- Sustained investment
 - £161m capital investment over four years

Group adjusted earnings per share (p)
2007-2010



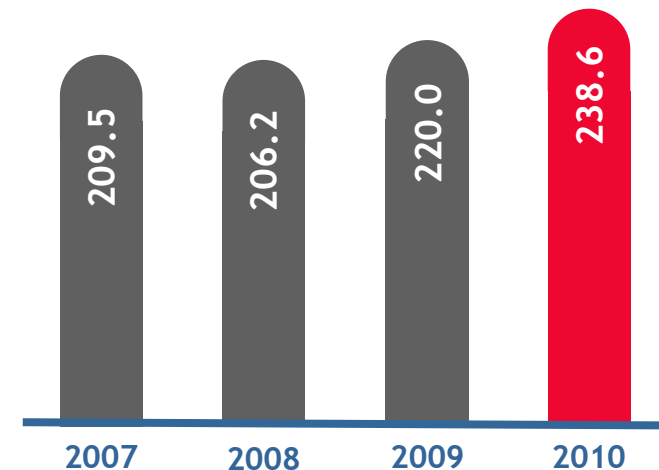
Grosvenor Casinos



2007 - 2010

- Strong increase in customers
- Sustained margin expansion after negative effect of 2007/ 2009 duty changes
- Sustained investment in assets
 - £62m capital investment over four years

Grosvenor Casinos revenue (£m) 2007-2010



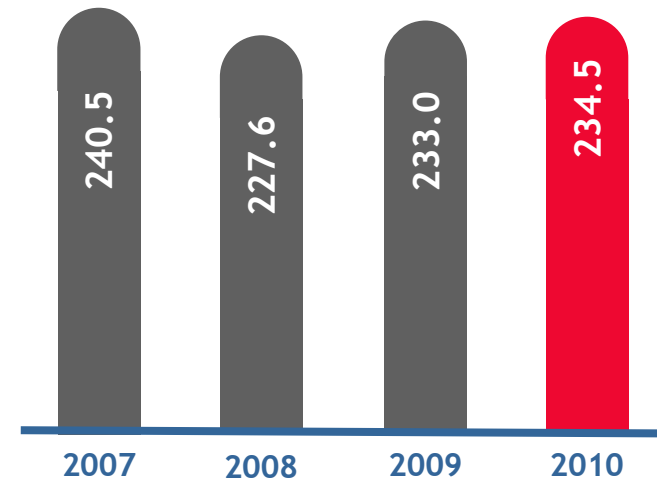
Mecca Bingo



2007 - 2010

- Resilient trading performance through recession and duty increases
- Customer base returned to growth in 2010
- Focus on operational improvements
- Sustained investment in assets
 - £66m capital investment over four years

Mecca Bingo
revenue (£m)
2007-2010



Group strategy



To achieve sustainable growth in earnings per share by stimulating and meeting growing demand for gaming-based entertainment

- **Gaming-based entertainment**
 - community & competitive
- **Multi-channel distribution to leverage brands and scale**
 - trusted brands aimed at distinct customer segments and occasions
 - distribution channels - venues, internet, mobile
- **Underpinned by three key capabilities**
 - customer insight
 - responsible operation
 - constructive political engagement

Brands strategy



Systematic use of data and customer feedback

- To inspire service and product improvements
 - gaming & entertainment
 - food & drink

Capital investment

- To extend the reach and broaden appeal of our venues
 - Grosvenor Casinos - continued roll-out of G Casino format
 - Mecca Bingo - estate improvement and modernisation

Leverage brand strengths and customer relationships

- To extend reach via remote (online and mobile) channels

Engagement & insight



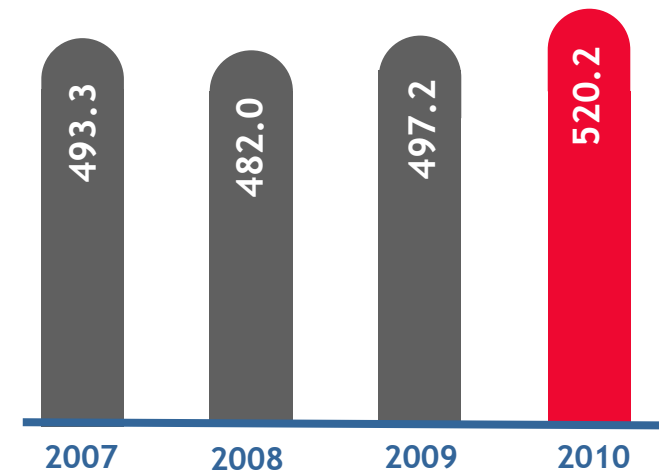
- Engagement - data collection
 - Play Points rewards now in 13 casinos and eight bingo clubs
 - 328k Play Points members at 31 December 2010
 - 15% of Grosvenor Casino revenue tracked
 - extensive customer feedback programme to harvest qualitative data
- Insight - data analysis
 - Q4 2010 - Launch of first cross-Group customer database for Mecca Bingo, Grosvenor Casinos and Rank Interactive
- Action
 - develop product and service
 - communication with customers
 - capital expenditure

Gaming & entertainment



- Sustained growth in gaming revenue since 2008
- Electronic gaming
 - >15,000 electronic gaming positions
 - closed and wide area mobile gaming
- More entertainment
 - greater use of exclusive branded content to create differentiation (e.g. 'Britain's Got Talent', After Dark)

Gaming revenue (£m)
2007-2010

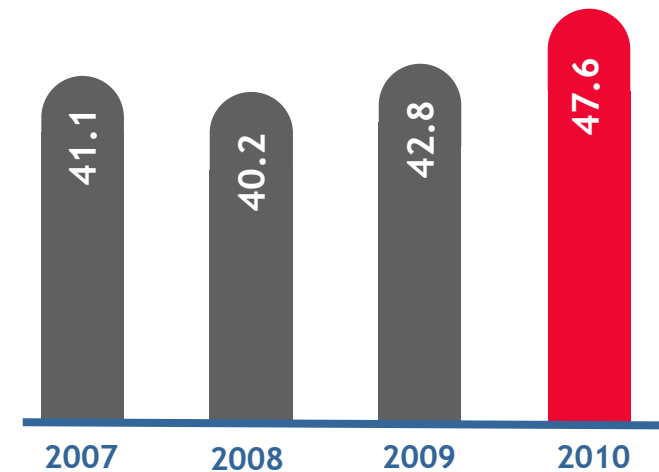


Food & drink



- Sustained growth in food & drink revenue since 2008
- Now accounts for >8% of Group revenue
- Table service extended from 16 to 63 Mecca Bingo clubs
- Continued menu improvements across Grosvenor Casinos and Mecca Bingo

Group food & drink revenue (£m)
2007-2010



Grosvenor Casinos - capital investment



G Casino - the story so far

- Launched in 2006 to broaden appeal of casino as a leisure venue
 - eye-catching venues in high profile sites
 - broad range of gaming and non-gaming activities
 - hospitality rather than compliance model of service
- c£43m aggregate capital investment to date
- Brand development
 - 2 new casinos
 - 4 relocations
 - 7 conversions
 - 1 acquisition



Grosvenor Casinos



Provincial casinos



Variance

Customer visits / wk	3,637	2,307	58%
Spend per visit (£)	30.82	31.94	(4)%
Revenue (£k) / wk	112.1	73.7	52%
EBITDA (£k) / wk	29.2	16.8	74%
EBITDA margin (%)	26.0	22.8	14%

Grosvenor Casinos - capital investment



Development

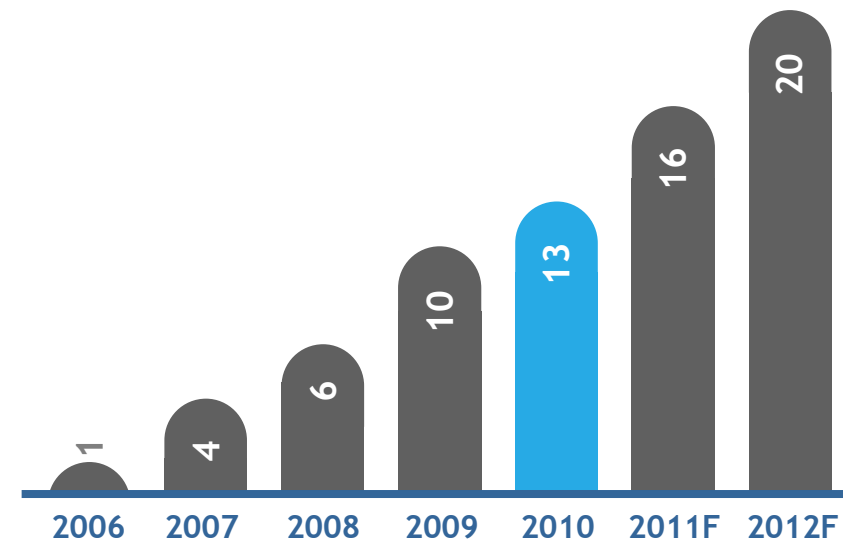
2010

- Growth in G Casino from ten to 13 casinos
 - three conversions

2011 onwards

- Target remains at least 20 G Casinos by FY 2012
 - one new-build and at least two conversions planned for 2011
 - two new-build planned for 2012
- Opportunity for growth above this target

The 'G Casino' model
(number of casinos)
2006-2012



Mecca Bingo - capital investment



Mecca Full House - the story so far

- Launched in 2009 to modernise female-friendly social gaming
 - vibrant venues in community locations
 - zoning to create different environments and atmospheres
 - broad range of gaming and non-gaming activities
- Brand development
 - 1 new club
 - 5 conversions
- £11m aggregate capital investment to date

Mecca Bingo - capital investment



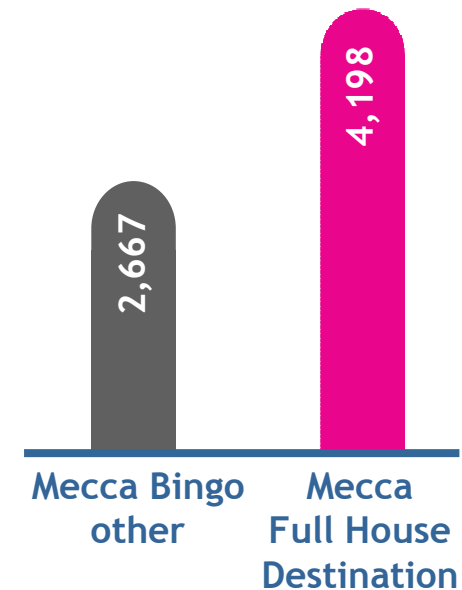
Full House Destination

- Positive customer response
 - strong uplift in customers, customer visits and revenue
- Capital and operating costs too high
 - improved service model to lower operating costs
 - review of build costs in 2011
- Continued evolution as part of broader estate management strategy

Full House Local

- Modest capital investment programme for traditional clubs

Customer visits per week



Brand strength



- Strong brands becoming increasingly significant assets
- Cross channel operational integration
- Mecca brand growth 3%
 - driven by online growth
- Further opportunity for cross sell between channels

Brand channel crossover



Mecca

% of land based customers

- playing online 15%
- playing online with Mecca 6%

% of RI remote channel bingo customers
playing land based Mecca

32%

Grosvenor

- Remote channels - area of unrealised opportunity

Opportunities in

- Spain and Belgium

Source: Mecca Bingo estimate

Summary



- Rank well-placed to grow as market dynamics shift
 - regulation & taxation
- Land-based brands and scale of customer base provides source of competitive advantage in remote channels
 - technology driving convergence
 - brand trust value
 - substantial cross-sell opportunity
- Investment in our capabilities and to sustain a programme of estate modernisation and growth
 - right assets, right markets



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Appendices

Group data sheet H1 v H2



Operating profit*

£m	H2 2010	H2 2009	change	H1 2010	H1 2009	change
Grosvenor Casinos	18.4	16.2	13.6%	17.6	14.7	19.7%
Mecca Bingo	13.7	13.3	3.0%	16.0	19.0	(15.8)%
Top Rank España	3.8	2.9	31.0%	3.0	2.7	11.1%
Rank Interactive	5.6	4.5	24.4%	2.3	3.0	(23.3)%
Central costs	(8.1)	(9.1)	(11.0)%	(10.3)	(9.2)	12.0%
Group	33.4	27.8	20.1%	28.6	30.2	(5.3)%

* before exceptional items

Grosvenor Casinos data sheet



£m	FY 2010	H1 2010	FY 2009	H1 2009	FY 2008	H1 2008
Casino licences						
London	5	5	5	5	5	5
Provinces	31	30	30	28	27	27
Belgium	2	2	2	2	2	2
Total	38	37	37	35	34	34
Unused licences (GB)	11	12	12	13	13	13
Revenue (£m)	238.6	116.6	220.0	106.7	206.2	102.2
EBIT (£m)	36.0	17.6	30.9	14.7	25.9	12.5
Operating margin	15.1%	15.1%	14.0%	13.8%	12.6%	12.2%
Customer visits (000s)	5,414	2,624	4,825	2,270	4,264	2,098
Spend per visit (£)	44.08	44.41	45.60	47.00	48.36	48.72
Electronic gaming (UK only)						
B1 machines	671	648	648	613	593	588
B3 machines*	48	48	20	16	16	-
Electronic casino terminals	969	950	933	862	822	848

* 48 B3 machines located in adult gaming centres, operated by Rank and located adjacent to casinos

Mecca Bingo data sheet



£m	FY 2010	H1 2010	FY 2009	H1 2009	FY 2008	H1 2008
Clubs	103	103	103	103	102	102
Revenue (£m)	234.5	118.7	233.0	116.3	227.6	116.9
EBIT (£m)	29.7	16.0	32.3	19.0	37.9	22.7
Operating margin	12.7%	13.5%	13.9%	16.3%	16.7%	19.4%
Customers MAT (000s)	911	943	881	912	898	984
Customer visits (000s)	14,688	7,521	14,933	7,491	15,358	7,893
Spend per visit (£)	15.96	15.78	15.60	15.53	14.82	14.82
Electronic gaming						
B3 / B4 machines	997*	1,036*	971*	1,043*	711*	524
C/D machines	4,542	4,572	4,508	4,552	4,623	4,816
Electronic bingo terminals	7,300	7,051	6,922	6,891	6,093	4,855

* includes B3 machines located in adult gaming centres, operated by Rank and located adjacent to Mecca Bingo clubs

Top Rank España data sheet



£m	FY 2010	H1 2010	FY 2009	H1 2009	FY 2008	H1 2008
Clubs	11	11	11	11	11	11
Revenue (£m)	37.0	18.4	36.2	18.1	35.8	17.7
EBIT (£m)	6.8	3.0	5.6	2.7	6.9	4.1
Operating margin	18.4%	16.3%	15.5%	14.9%	19.3%	23.2%
Customers MAT(000s)	331	341	314	316	323	330
Customer visits (000s)	2,339	1,142	2,310	1,130	2,410	1,203
Spend per visit (£)	15.82	16.11	15.67	16.02	14.85	14.71

Rank Interactive data sheet



£m	FY 2010	H1 2010	FY 2009	H1 2009	FY 2008	H1 2008
Bingo/games	42.0	19.8	34.3	16.4	29.7	14.7
Casino	5.7	3.0	5.1	2.4	5.5	2.6
Poker	1.8	1.0	2.9	1.7	3.8	2.0
Sportsbook	8.2	3.6	8.5	4.4	13.6	7.7
Revenue (£m)	57.7	27.4	50.8	24.9	52.6	27.0
EBIT (£m)	7.9	2.3	7.5	3.0	7.6	3.5
Operating margin	13.7%	8.4%	14.8%	12.0%	14.4%	13.0%

Exceptional items data sheet



(£m)	2010	2009
Continuing operations:		
Impairment charges (inc. £11.2m charge on Belgian casino concessions)	(12.7)	(1.5)
Impairment reversals	3.2	-
Net / (charge)/release relating to onerous leases	(13.5)	1.0
VAT agreement costs	(4.6)	-
VAT partial exemption	4.5	-
Restructuring costs	(2.0)	-
Exceptional operating costs	(25.1)	(0.5)
VAT refund	38.5	1.9
Profit on sale of property	-	1.4
Exceptional operating income	38.5	3.3
Finance income	5.6	-
Exceptional items relating to continuing operations before tax	19.0	2.8
Taxation	(8.3)	0.2
Exceptional items relating to discontinued operations	4.3	0.6
Exceptional items after taxation and discontinued operations	15.0	3.6

Casinos market supply (February 2011)



Operator	Operating Clubs	Non-operating licenses	Total licenses
Genting Stanley	46	9	55
Grosvenor Casinos	37	10	47
Gala	28	3	31
Caesar's / London Clubs	10	0	10
A&S Leisure	6	0	6
Aspers / Aspinall's	4	1	5
Club 36	3	0	3
Clockfair	2	0	2
Guoco	1	5	6
Independents	13	9	22
Total	150	37	187

Bingo clubs market supply (February 2011)



<u>Operator</u>	<u>Clubs</u>
Gala Bingo	144
Mecca Bingo	103
Top Ten Bingo	22
Carlton Clubs	14
Buckingham Bingo	8
Others	194
Total	485