



19 October 2012

**The Rank Group Plc trading update for 15 weeks to 14 October 2012**  
 (all comparisons are with the equivalent periods in 2011)

The Rank Group Plc ('Rank' or the 'Group') announces 4% revenue growth for the 15 weeks to 14 October 2012, or 5% growth on a like-for-like basis. This performance was driven principally by strong trading in Mecca's digital channel and Grosvenor Casinos (venues and digital).

As highlighted within Rank's recent financial results announcement the Group has moved to brand based reporting; as a result the online and land based performances are shown together below by brand.

<b>Group and segmental revenue to 14 October 2012*</b>		
	<b>Like-for-like</b>	<b>Total</b>
Grosvenor Casinos	8%	8%
Mecca	2%	1%
Top Rank Espana	(9)%	(9)%
Blue Square Bet	19%	19%
<b>Group</b>	<b>5%</b>	<b>4%</b>

\* Figures not adjusted for free bets, promotions and customer bonuses.

\*\* Like-for-like excludes the effects of club openings, closures and relocations.

\*\*\* Top Rank Espana performance not adjusted for currency movement. In euros, revenue was flat.

**Grosvenor Casinos**

	<b>Like-for-like</b>	<b>Total</b>
Venues based - Customer visits	(5)%	0%
Venues based - Spend per visit	13%	7%
Venues revenue	7%	7%
Digital revenue	72%	72%
<b>Total revenue</b>	<b>8%</b>	<b>8%</b>

The Grosvenor Casinos brand grew total revenue by 8%, with growth across both channels.

The Grosvenor Casinos venues business grew revenue by 7% on a like-for-like basis with a 13% growth in spend per visits more than offsetting a 5% drop in customer visits. Revenue growth came mainly from a higher than usual win margin in London driven by major player activity.

Grosvenor Casinos venues have continued to grow in terms of customers but like-for-like visits have declined as a result of lower visit frequency.

The growth in digital revenue is encouraging, however this channel comprised less than 3% of the overall brand revenue.



## NEWS RELEASE

During the second quarter, we will complete the refurbishment of our existing Grosvenor casino in Portsmouth to the G casino format, while in the third quarter we will open a new G casino format venue in Reading.

### Mecca

	Like-for-like	Total
Venues based - Customer visits	(2)%	(3)%
Venues based - Spend per visit	3%	3%
Venues based revenue	0%	(1)%
Digital revenue	11%	11%
<b>Total revenue</b>	<b>2%</b>	<b>1%</b>

The Mecca brand grew total revenue by 1% and like-for-like revenue by 2%, with a strong performance from its digital channel.

Meccabingo.com continues to show strong growth at 11% which has been supported by the recent TV campaign at a cost of £0.4m. Meccabingo.com continues to see growth in customer numbers.

Mecca's venues based like-for-like revenue was flat in the 15-week period with a 3% increase in spend per visit offsetting a 2% decline in customer visits. A strong performance from food and beverage offset a mixed performance on other products.

The newly converted Wood Green Full House venue continues to perform in line with management's expectations. A further conversion is underway at the brand's Hartlepool club at a cost of £0.7m with completion scheduled by Christmas 2012.

### Top Rank Espana

	Like-for-like	Total
Venues based - Customer visits	(5)%	(5)%
Venues based - Spend per visit	(5)%	(5)%
<b>Total revenue</b>	<b>(9)%</b>	<b>(9)%</b>

Top Rank Espana has held euro revenue in line with the same period last year, in spite of the worsening economic situation in Spain. In sterling, revenue fell by 9% due to adverse foreign exchange rates.

We continue the rollout of our enracha brand with the conversion of the Top Rank Universal club in Madrid to the new format. This conversion is due to be completed by December 2012 at a cost of £0.5m.



## Blue Square Bet

	Like-for-like	Total
Games revenue	41%	41%
Sports revenue	3%	3%
<b>Total revenue</b>	<b>19%</b>	<b>19%</b>

Blue Square Bet achieved a 19% increase in revenue during the 15-week period partly driven by a £2.0m brand awareness campaign including TV advertising which will impact H1 profitability.

Blue Square Bet has initiated a transformational project to upgrade its sports products at an expected total capital cost of £3.5m. This investment supports the 'no nonsense' brand proposition and will accommodate an expected shift in sports betting customers to mobile as a device of choice. The investments specifically include:

- A partnership with the leading sports platform operator, Openbet, for an industry leading sports betting platform;
- The creation of a faster and more flexible multi-channel experience to support the 'no nonsense' brand proposition and to enable Blue Square Bet to offer sports products to over 2 million active customers of the other Rank brands; and
- Improving the quality, content and range of its sports products

## Gala Casinos

Rank and Gala Coral Group Limited ("Gala Coral Group") continue to assist the Competition Commission with its inquiry into the proposed acquisition of Gala Casinos Limited by Rank. Gala Coral Group and Rank are continuing their discussions in relation to appropriate amendments to the previously agreed terms in light of the reference to the Competition Commission. A further announcement will be made in due course.

## VAT

On 5 October 2012 Rank received confirmation that the Group's amusement machine claim is to be remitted back to the First Tier Tribunal to consider the question of similarity between certain types of amusement machines. This means that the current litigation may take longer to resolve but this delay has not altered Rank's appraisal of its chances of success in this matter. This claim relates to the £30.8m (VAT of £26.4m plus interest of £4.4m) overpayment on amusement machines already received by the Group.

## Outlook

Since the start of the financial year Rank has achieved revenue growth, despite the continued difficult economic environment. While the outlook for the UK consumer is expected to remain challenging, Rank has maintained its strong financial position, possesses market-leading brands with multi-channel distribution and has a clear strategy for sustained long-term growth

## Forthcoming announcements

Rank will announce its half year results on 31 January 2013.



## NEWS RELEASE

**ends**

### **Conference call**

A conference call for investors and analysts will be held at 10.00am (London time) on Friday, 19 October 2012. Dial-in information follows below:

UK (free call): 0800 694 0257  
USA (free call): 18 66 966 9439  
International: +44 (0)1452 555 566

Passcode: 39390988

A replay of the conference call will be available from the Rank Group's website ([www.rank.com](http://www.rank.com)).

### **Contacts:**

#### **The Rank Group Plc investor relations**

Sarah Powell

01628 504303

#### **FTI Consulting**

Marc Cohen

020 7831 3113



### Notes to editors:

#### 1. About The Rank Group Plc

The Rank Group Plc is a leading European gaming and betting business, based in the UK and listed on the London Stock Exchange (RNK.L). Its principal activities are the operation of bingo clubs and casinos with complementary digital gaming and bookmaking services.

Rank's operations comprise:

- **Grosvenor Casinos** – 35 casinos in Great Britain; two casinos in Belgium; online and mobile offering via [grosvenorcasinos.com](http://grosvenorcasinos.com)
- **Mecca** – 97 bingo clubs in Great Britain; online and mobile offering via [meccabingo.com](http://meccabingo.com)
- **Top Rank Espana** – 11 bingo clubs in Spain
- **Blue Square Bet** – online and mobile gaming and betting offering via [Bluesq.com](http://Bluesq.com)

Rank's businesses receive more than 28 million customer visits per year and the Group employs more than 9,000 team members.

For more information about The Rank Group, visit [www.rank.com](http://www.rank.com).

#### 2. Mecca 'Full House'

'Full House' is the project name for Mecca's new concept clubs. The first Full House was opened in Beeston, Nottingham in May 2009. The club is branded as 'Mecca – so much more' and while it retains bingo as a core product it also features enhanced bar and restaurant areas (with cook to order), an electronic bingo lounge and a broad range of amusement machines.

#### 3. G Casino format

G Casino is a modern gaming-based leisure venue. Launched in Manchester in June 2006, G Casino has since been extended to 19 locations. G Casino is differentiated from most traditional casinos through its broad range of gaming and non-gaming activities, with large poker rooms, sports lounges, restaurants and stylish bars as well as traditional and electronic casino games.

G Casino attracts significantly higher levels of customer visits and has a higher proportion of female customers than traditional casinos.

#### 4. Regulatory notes

##### Culture, Media and Sport Select Committee report

On 24 September 2012 the Culture, Media and Sport Select Committee published the findings of their inquiry into the effectiveness of the Gambling Act and made a series of recommendations. Three of the recommendations will be beneficial to Rank if they are implemented and are as follows:

- Portability of existing casinos licences;
- Reduction in the rate of bingo duty from 20% to 15%; and
- Giving the 1968 Act casinos the same freedoms as the 2005 Act casinos, potentially resulting in an increased allocation of slot machines for 1968 Act casinos.



### **Remote Gaming Duty**

The Government has announced its intention to require those companies targeting UK citizens to gain a remote gaming licence from the Gambling Commission. HM Treasury followed this by announcing its intention to apply remote gaming duty (expected at 15% of revenue) based upon the location of the customer rather than the operator. This regime is scheduled to take effect from December 2014.

### **Machine Gaming Duty**

In the 2012 Budget the Government stated that from 1 February 2013, the current system of machine income being subject to both VAT and AMLD (a fixed fee on each gaming machine) will be replaced by Machine Gaming Duty ('MGD'). Two rates of MGD will be charged on amusement machine income, 20% (for machines with a stake of more than 10p or a prize of over £8) of each machine's gross profits and 5% (for machines with a stake of less than 10p or a prize of less than £8). An exemption to MGD will be available for a small number of Mecca machines.

The introduction of MGD will lead to an increase in reported revenue and cost of sales for Rank, with a slightly adverse impact on operating profits.