



**The Rank Group Plc**  
Interim results for the  
six months ended 31 December 2020

# Introduction

John O'Reilly, Chief Executive

# A challenging H1 to 2020/21

- Venues LFL revenues down 70% as a result of lockdowns, tiering closures and curfew
- Digital LFL revenues up 1% but down 14% including proforma Stride
- Underlying operating profit of £58.7m in H1 2019/20 to an operating loss of £41.8m in H1 2020/21
- Primary focus has been cash preservation and protecting the balance sheet
- Balance sheet strengthened through the £70m equity placing in November 2020
- £128.3m cash and available facilities at 31 December 2020 and sufficient liquidity even under plausible downside scenarios
- Transformation initiatives have supported our liquidity and are positioning the Group for a strong recovery

# The impact of the pandemic and resultant Government enforced restrictions

Days trading under:	Grosvenor	Mecca
Normal conditions	0%	0%
Reduced occupancy and social distancing measures	19%	23%
Reduced occupancy, social distancing and 10pm curfew	20%	31%
Reduced occupancy, social distancing and 11pm curfew	5%	5%
Days closed	56%	41%

- Grosvenor LFL revenue down 78%
- Mecca LFL revenue down 56%
- Enracha LFL revenue down 53%

# The resilience of our customers

- Trading has been positive whenever we have been open
- Customers and colleagues recognising that our venues are COVID-safe environments
  - strong social distancing measures and rigorous cleaning regime
  - protocols supported by PHE and reinforced by independent scientific review
- Busiest days have been on the announcements of further restrictions but before closures being implemented
- Grosvenor, Mecca and Enracha broadly achieved cash break-even in September before the implementation of curfew
- We are confident that revenues will grow back quickly when our venues reopen

# Strength of the Rank team

- Our colleagues have taken on the challenges with amazing professionalism
- Our teams have shown huge commitment despite ever changing restrictions and being put in and out of furlough
- The early transformation initiative on the venues operating model has ensured that protecting front line jobs has been our priority
- Sharp job reductions have however been necessary in central support
- Community initiatives such as our Community Kitchens, 'Everyone deserves a Christmas' and support for the Carers Trust have been outstanding

# Liquidity

- Despite entering the pandemic with a strong balance sheet, with 78% of revenues coming from our venues businesses, liquidity has been our key focus
- Measures taken quickly to preserve cash and we continue to minimise expenditure, working closely with suppliers and landlords to stop or defer costs and putting all front line facing and the majority of support office colleagues into furlough
- Introduction of curfew necessitated additional financing and £70m equity placement concluded successfully in November 2020
- Sale of Casino Blankenberge for £25m subject to regulatory clearance which we expect to come very soon
- £15m negative cash flow per month with all venues closed (before deferrals)
- Confident we have sufficient liquidity, even under plausible downside scenarios

# Digital performance impacted by affordability restrictions in the UK

- Overall proforma digital revenue down 14%, up 1% on a LFL basis excluding Stride
- UK proforma NGR down 18% YOY, down 5% excluding Stride
- Impact of strong application of affordability restrictions on customers – over 24% of UK customers, and particularly higher spending customers, now have deposit limits set or imposed
- Extended closure of venues impacted flow of new customers and omni-channel benefits for existing customers, particularly for Grosvenor
- Stride performance down 41% in H1, heavily impacted by safer gambling harmonisation measures
- Ongoing improvements in customer journeys delivered 8% growth in Q2 over Q1, expect improvement to accelerate in H2
- YoBingo and YoCasino in Spain performed very strongly, up 52% in H1

	H1 2020/21	H1 2019/20	Change
<b>Grosvenor:</b>			
Active customers (000s)	135	119	13%
NGR (£m)	21.9	24.3	(10)%
Average NGR per customer (£)	162	204	(21)%
<b>Mecca:</b>			
Active customers (000s)	281	206	36%
NGR (£m)	34	34	(1)%
Average NGR per customer (£)	120	166	(28)%



# The development of Rank's proprietary technology

- Extensive programme of work ongoing to ready the proprietary platform for the migrations of Mecca (H2 2020/21) and Grosvenor (H1 2021/22)
- First Rank brand, Bella Casino, a commercial partnership with Bauer Media, successfully migrated onto the proprietary platform in November 2020
- Recent launch of Mecca Games site highlights the agility and rapid deployment of new initiatives once the migration programme is complete
- £15m cost synergies forecast to be delivered
- Developing the in-house capability and platform to drive our digital growth in the UK and internationally

# Financial and operational performance

## Bill Floydd, Chief Financial Officer

# Financial headlines

	H1 2020/21	H1 2019/20	Change
<b>NGR</b>	<b>£177.6m</b>	£391.8m	(55)%
<b>Underlying operating (loss) / profit<sup>(1)</sup></b>	<b>£(41.8)m</b>	£58.7m	(171)%
<b>Underlying EPS<sup>(1)</sup></b>	<b>(9.8)p</b>	10.9p	(190)%
<b>Net debt</b>	<b>£(268.3)m</b>	£(300.5)m	(11)%

(1) before separately disclosed items

- Venues closed for 45% of the half
- Decisive action taken to preserve cash and protect the balance sheet
- Cash and available facilities of £128.3m at 31 December, marginally ahead of expectations
- Net debt excluding IFRS 16 was £45.2m at 31 December

# Operational review: Digital

- Grosvenor and Mecca impacted by affordability restrictions
- Quarterly sequential improvement in both Grosvenor & Mecca
- YOY profit reduction from marketing investment in Spanish brands
- Safer gambling measures implemented to align with Rank standards materially affected Stride's H1 revenue
- Migration of Rank brands on to Stride platform and synergies on track

## LFL NGR

£m	H1 2020/21	H1 2019/20
Grosvenor	21.9	24.3
Mecca	33.8	34.2
Enracha	0.6	0.3
Yo	9.7	6.4
<b>LFL Total</b>	<b>66.0</b>	<b>65.2</b>

(4) before separately disclosed items

## Proforma NGR

	H1 2020/21	H1 2019/20
<b>Stride</b>	<b>20.5</b>	<b>34.8</b>

## LFL Operating Profit<sup>(4)</sup>

	H1 2020/21	H1 2019/20
	<b>9.7</b>	<b>10.5</b>

## Proforma Operating (Loss) / Profit

	H1 2020/21	H1 2019/20
	<b>(8.2)</b>	<b>2.5</b>

# Income statement

£m	H1 2020/21	H1 2019/20
Operating (loss) / profit	(41.8)	58.7
Net financing charge	(6.5)	(6.9)
<b>(Loss) / profit before taxation and separately disclosed items</b>	<b>(48.3)</b>	<b>51.8</b>
Separately Disclosed Items	(11.1)	(3.6)
<b>(Loss) / profit before taxation</b>	<b>(59.4)</b>	<b>48.2</b>
Taxation on Separately Disclosed Items	1.5	0.4
Taxation	8.3	(9.4)
<b>(Loss) / profit after tax from continuing operations</b>	<b>(49.6)</b>	<b>39.2</b>

- Separately disclosed items are amortisation on acquisition related intangibles and redundancy costs
- Expected tax rate for FY 2020/21: 23-25%

# Cashflow

£m	H1 2020/21
Net cash (used in) / from operations	(17.5)
Interest and tax	(7.7)
Capital expenditure	(11.2)
Share capital issued	68.1
Less: Lease principal payments	(19.6)
<b>Net increase in cash and cash equivalents</b>	<b>12.1</b>
Cash and cash equivalents	82.9
Term loan	(128.1)
<b>Net debt pre IFRS 16</b>	<b>(45.2)</b>
IFRS 16 lease liabilities	(223.1)
<b>Net debt</b>	<b>(268.3)</b>

- Capex guidance for FY2020/21 of £25m

# Cash flow modelling

- Normal covenants waived, minimum liquidity test of £50m until March 2022
- Cash and available facilities at 31 December 2020 of £128.3m
- Base case assumption that all venues are closed in Q1 with 50% open in April and 75% open in May and June, all under curfew
- Open venues expected to generate revenue at 70% of pre-COVID levels

£m	Closed	Open clubs		
		50%	75%	100%
Monthly cash flow with no curfew	(15)	(5)	0	5
Monthly cash flow with 11pm curfew	(15)	(9)	(6)	(3)

# Other cash considerations

	At 31 December 2020	Forward position
Coronavirus Job Retention Scheme (CJRS)	£57.4m claimed to date	£5.9m received in January 2021
	£51.5m received to date	Future claims ongoing whilst venues closed
Gaming duty and tax	£37.5m initially deferred and all now paid	Expect to pay on time
Rent	£17.3m deferred	To be settled in line with agreed payment plans, currently extending to March 2022

- Belgium casino proceeds - £25m
- Working with HMRC on potential gaming duty claim - £13.3m
- Term loan amortisation due May 2021 - £(19.7)m



## Key points

- Decisive action taken to conserve cash and protect the balance sheet
- Challenging performance in Digital but we are turning the corner in Q2
- Liquidity in place to see us through a further prolonged lockdown

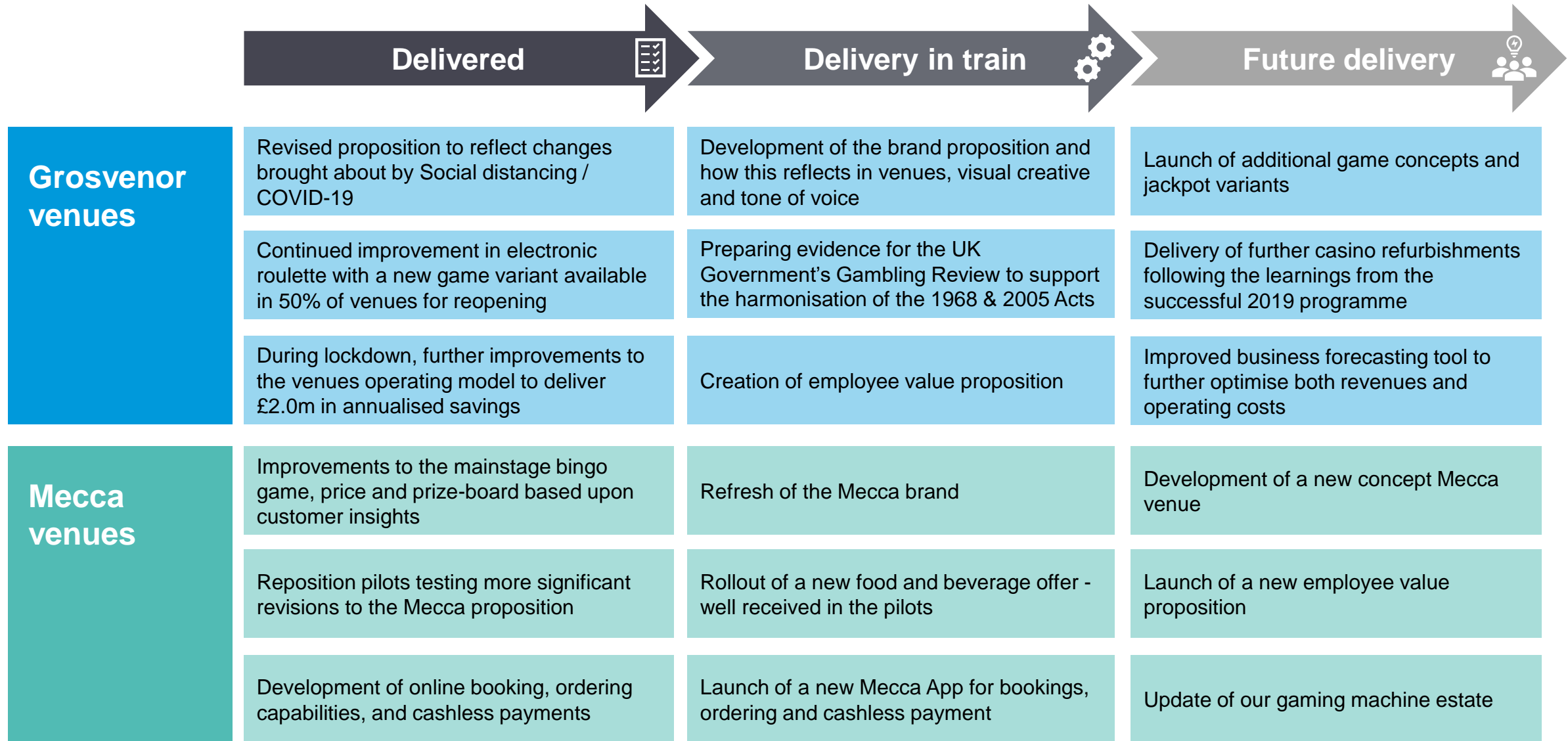
# Strategic Update and Outlook

## John O'Reilly, Chief Executive

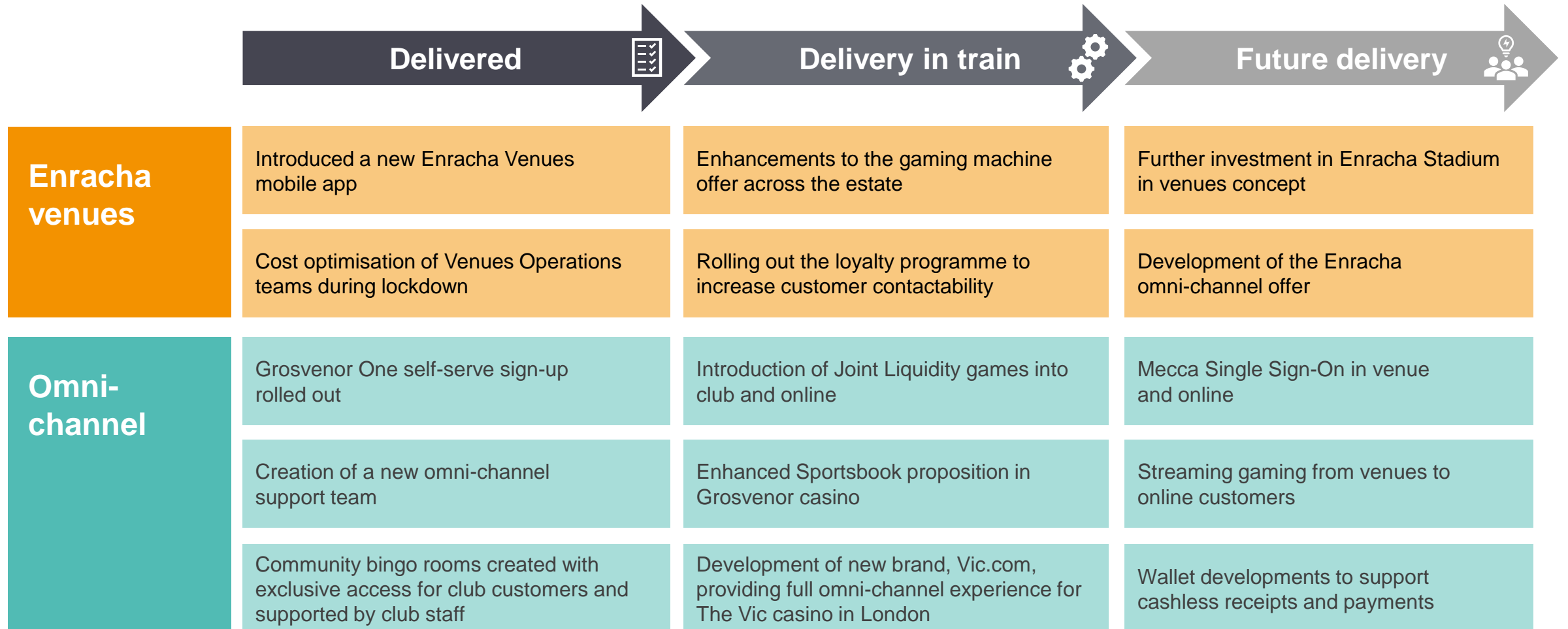
# Transformation 2.0

- Transformation 2.0 is a reset of the Rank Group transformation programme with a 3 year aspiration
- Planning has continued through H1 in readiness for the emergence from the pandemic and our cash constraints
- Emphasis on renewed cost efficiencies prioritised in H1 and this continues into H2
- Revenue growth initiatives are the priority as we reopen and begin generating cash
- Seven key workstreams:-
  - Grosvenor venues
  - Mecca venues
  - International venues
  - Omni-channel
  - Digital
  - Safer Gambling
  - Organisational capabilities

# Transformation 2.0 – Grosvenor & Mecca venues



# Transformation 2.0 – Enracha venues & Omni-channel



# Transformation 2.0 – Digital



## Digital

Delivered	Delivery in train	Future delivery
Bella brand migration to the proprietary platform	Mecca brand migration to the proprietary platform	Further insourcing of development and the migration of Grosvenor
In-housing website CMS development	Introduction of Mecca Raffle product to increase cross-sell to and from Bingo product	Launch of further venue specific omni-channel sites
New brand, meccagames.com launched on the proprietary platform	Further enhancements to the new Grosvenor sportsbook site	Further sportsbook developments
Sports partnership with Catena in place for Million Pound Picks	Grosvenor website re-design for increased speed and functionality	Launch of B2B international partnerships
YoBingo.es mobile front-end redesign	Enhancing Yo CRM capabilities	In-house technology capability focussed on proprietary digital product and service developments
New data and analytics platform for the Yo business	Portugal market entry with Yo	Expansion of the YoBingo and YoCasino product

# Transformation 2.0 – Central



	Delivered	Delivery in train	Future delivery
<b>Safer Gambling</b>	Safer Gambling dashboard developed	Facility for customers to set loss and time limits at machines in Grosvenor	Develop Safer Gambling health check dashboard, to support a holistic approach to customer evaluation
	'Don't leave it to chance' training rolled out across all venues	Integration between iDScan and the Venues membership system (NEON)	Relaunch of Rank's 'Keep it Fun' messaging
	Review of the Rank 'Keep it Fun' programme	Improvement in the timeliness of identifying and reporting of markers of harm	Measurement of safer gambling cultural change
<b>Organisational capabilities</b>	Completed the Rank Interactive operating model post acquisition of Stride	Insourcing marketing creative	Development of the Group's strategy to recruit, and to develop, our talent
	Optimised Interactive operating model and accelerated Stride integration plans	Creating a dedicated Innovations team to drive new growth initiatives and B2B international partnerships	Further automation in finance and reporting processes
	Further optimisation of venues and central support teams	Enhance the commercial capability within Rank to maximise benefit from suppliers	Improve the effectiveness of the internal communications model

# Current trading and outlook

- We are seeing an improving performance across the UK facing digital business and good growth continuing in the Yo brands
- The outlook for the Group reflects the successful rollout of the vaccine and the speed with which hospitality reopens and restrictions are eased
- Hopefully by the summer we will be fully open, our colleagues will be back at work doing what they do best, we will be cash generative again and we can recommence investing in the many opportunities which, through the Transformation 2.0 programme, will drive the Group's growth



# Appendices

# Group datasheet

	H1 <sup>(11)</sup> 2020/21	FY <sup>(11)</sup> 2019/20	H1 <sup>(11)</sup> 2019/20	FY 2018/19	H1 2018/19	FY 2017/18
<b>Net gaming revenue (£m)</b>	<b>177.6</b>	629.7	391.8	695.1	348.2	691.0
- YOY growth	(55%)	(9%)	13%	1%	(2)%	(2)%
<b>Operating profit (£m)</b>	<b>41.8</b>	49.1	58.7	75.7	31.9	77.4
- YOY growth	(171%)	(35%)	84%	(2)%	(24)%	(7)%
<b>Operating margin (%)</b>	<b>(23.5)</b>	7.8	15.0	10.9	9.2	11.2
<b>Capex (£m)</b>	<b>11.2</b>	50.7	23.4	34.0	14.1	37.0
<b>Underlying EPS (p)</b>	<b>(9.8)</b>	6.7	10.9	15.3	6.4	15.1
<b>Dividend (p)</b>	<b>-</b>	2.80	2.80	7.65	2.15	7.45

(11) Excludes Belgium

# Digital datasheet

	H1 2020/21	FY 2019/20	H1 2019/20	FY 2018/19	H1 2018/19	FY 2017/18
<b>NGR (£m)</b>	<b>86.5</b>	196.2	83.2	118.5	57.3	96.7
<b>Operating profit (£m)</b>	<b>1.5</b>	28.7	11.9	23.9	12.6	20.3
<b>Operating margin (%)</b>	<b>1.7</b>	14.7	14.3	20.2	22.0	21.0

# Grosvenor Venues datasheet

	H1 2020/21	FY 2019/20	H1 2019/20	FY 2018/19	H1 2018/19	FY 2017/18
<b>Casino licences:</b>						
London	9	9	9	9	9	9
Rest of UK	56	56	56	55	54	54
<b>Total</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>64</b>	<b>63</b>	<b>63</b>
<b>Non-trading licences</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>10</b>
<b>Net gaming revenue (£m)</b>	<b>43.1</b>	275.9	198.1	338.2	172.1	349.4
<b>Operating profit (£m)</b>	<b>(21.2)</b>	40.2	48.1	44.9	19.4	47.2
<b>Operating margin (%)</b>	<b>(49.2)</b>	14.6	24.3	13.3	11.3	13.5
<b>Electronic gaming</b>						
B1 machines	<b>1,369</b>	1,367	1,366	1,337	1,301	1,301
B2 machines	-	-	-	-	-	-
B3/C/D machines	116	236	107	65	97	97
Electronic casino terminals	1,627	1,624	1,650	1,665	1,639	1,639

# Mecca Venues datasheet

	H1 2020/21	FY 2019/20	H1 2019/20	FY 2018/19	H1 2018/19	FY 2017/18
<b>Venues</b>	<b>76</b>	77	77	82	82	85
<b>Revenue (£m)</b>	<b>39.0</b>	130.7	91.9	193.5	96.2	199.0
<b>Operating profit (£m)</b>	<b>(5.3)</b>	6.0	13.7	28.6	11.4	28.6
<b>Operating margin (%)</b>	<b>(13.6)</b>	4.6	14.9	14.8	11.9	14.4
<b>Visits (000s)</b>	<b>1,347</b>	5,780	3,902	8,725	4,349	9,698
<b>Spend per visit (£)</b>	<b>28.95</b>	22.61	23.55	22.18	22.12	20.52
<b>Electronic gaming</b>						
B3/B4 machines <sup>(12)</sup>	2,118	2,011	2,011	2,132	2,078	2,164
C/D machines	2,977	2,809	2,809	2,906	2,949	2,962
Electronic bingo terminals	13,803	12,186	12,186	12,893	13,074	13,366

(12) includes B3 machines located in adult gaming centres, operated by Rank, located adjacent to Mecca bingo venues

# International venues datasheet

	H1 <sup>(13)</sup> 2020/21	FY <sup>(13)</sup> 2019/20	H1 <sup>(13)</sup> 2019/20	FY 2018/19	H1 2018/19	FY 2017/18
<b>Revenue (£m)</b>	<b>9.0</b>	26.9	18.6	44.9	22.6	45.9
<b>Operating profit (£m)</b>	<b>(0.6)</b>	3.3	4.2	9.3	4.1	8.8
<b>Operating margin (%)</b>	<b>(6.7)</b>	12.3	22.6	20.7	18.1	19.2

(13) Excludes Belgium

# Balance sheet

	At 31 December 2020	At 30 June 2020	At 31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	514.9	521.0	532.7
Property, plant and equipment	130.7	144.6	153.3
Right-of-use assets	135.1	145.1	174.8
Other investment	-	-	3.5
Deferred tax assets	1.2	0.9	0.1
Other receivables	5.1	7.0	7.8
	<b>787.0</b>	<b>818.6</b>	<b>872.2</b>
<b>Current assets</b>			
Inventories	2.1	2.0	2.8
Other receivables	18.1	19.6	24.2
Government grants	6.5	11.9	-
Income tax receivable	4.7	1.4	-
Cash and short-term deposits	82.9	73.6	116.4
	<b>114.3</b>	<b>108.5</b>	<b>143.4</b>
<b>Asset held for sale</b>	<b>2.7</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>904.0</b>	<b>927.1</b>	<b>1,015.6</b>

	At 31 December 2020	At 30 June 2020	At 31 December 2019
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payable	(128.4)	(142.6)	(147.4)
Lease liabilities	(50.9)	(50.9)	(39.0)
Income tax payable	(2.2)	(2.5)	(7.0)
Financial liabilities – loans and borrowings	(18.0)	(21.7)	(41.0)
Provisions	(3.0)	(3.0)	(10.6)
	<b>(202.5)</b>	<b>(220.7)</b>	<b>(245.0)</b>
<b>Non-current liabilities</b>			
Trade and other payables	(0.1)	(1.1)	-
Lease liabilities	(172.2)	(189.6)	(208.8)
Financial liabilities – loans and borrowings	(106.5)	(107.4)	(126.2)
Deferred tax liabilities	(15.3)	(22.5)	(19.6)
Provisions	(15.9)	(15.9)	(5.8)
Retirement benefit obligations	(3.8)	(4.0)	(3.9)
	<b>(313.8)</b>	<b>(340.5)</b>	<b>(364.3)</b>
<b>Liabilities directly associated with assets held for sale</b>	<b>(2.1)</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>(518.4)</b>	<b>(561.2)</b>	<b>(609.3)</b>
<b>Net assets</b>	<b>385.6</b>	<b>365.9</b>	<b>406.3</b>

# Net debt

£m	H1 2020/21
<b>Net debt</b>	<b>(268.3)</b>
IFRS 16	223.1
<b>Net debt pre IFRS 16</b>	<b>(45.2)</b>

£m	H1 2020/21
<b>Cash</b>	<b>82.9</b>
IFRS 16	(128.1)
<b>Net debt pre IFRS 16</b>	<b>(45.2)</b>

£m	H1 2020/21
Cash	82.9
Undrawn facilities	55.0
Customer funds	(9.6)
<b>Cash and available facilities</b>	<b>128.3</b>



# LFL revenue reconciliation H1 2020/21

	Digital	Grosvenor venues	Mecca venues	International venues	Total
<b>LFL revenue (NGR)</b>	<b>66.0</b>	<b>43.1</b>	<b>38.8</b>	<b>9.0</b>	<b>156.9</b>
Add: Grosvenor closures	-	-	-	-	-
Add: Mecca closures	-	-	0.2	-	0.2
Add: Stride	20.5	-	-	-	20.5
<b>Total revenue (NGR)</b>	<b>86.5</b>	<b>43.1</b>	<b>39.0</b>	<b>9.0</b>	<b>177.6</b>

# Operating profit reconciliation

£m	H1 2020/21	H1 2019/20
<b>LFL underlying operating (loss) / profit pre IFRS 16</b>	<b>(33.2)</b>	57.7
Acquired businesses - Stride	(8.2)	1.4
Closed and opened venues	(0.4)	(0.3)
Foreign exchange	-	(0.1)
<b>Underlying operating (loss) / profit</b>	<b>(41.8)</b>	58.7
Separately disclosed items	(11.1)	(3.7)
<b>Operating (loss) / profit</b>	<b>(52.9)</b>	55.0

# Tax charge reconciliation

£m	H1 2020/21	H1 2019/20
<b>Current tax credit (charge) on underlying</b>	<b>2.3</b>	(9.9)
Deferred tax on underlying	6.0	0.5
Tax on separately disclosed items	1.5	0.4
<b>Reported tax credit (charge) on continuing operations</b>	<b>9.8</b>	(9.0)
<b>Current tax on asset held for sale</b>	(0.3)	(0.5)
<b>Total reported tax credit (charge)</b>	<b>9.5</b>	(9.5)

# EPS reconciliation

	H1 2020/21	H1 2019/20
<b>pence</b>		
<b>Underlying EPS</b>	<b>(9.5)</b>	11.0
Separately disclosed items	(2.4)	(0.8)
<b>EPS</b>	<b>(11.9)</b>	10.2