

Dear shareholder

“Rank’s newly stated ambition is to become a £1bn revenue international gaming company by 2023, through transforming our business and consistently exceeding our customer and shareholder expectations.”



I am writing to let you know that The Rank Group Plc’s annual report and financial statements 2019 and the notice of annual general meeting 2019 are now available on the Rank website at <http://www.rank.com/en/investors/shareholder-centre/shareholder-meetings.html>.

Rank’s newly stated ambition is to become a £1 billion revenue international gaming company by 2023, through transforming our business and consistently exceeding our customer and shareholder expectations.

We recently reviewed our strategic pillars in light of such ambition statement and we believe the following will enable the Group to deliver for its customers and shareholders:

- create a compelling multi-channel offer;
- build digital capability and scale;
- continuously evolve our venue proposition;
- consistently improve our customer experience through innovation;
- be committed to safe and fair gambling; and
- within an environment which enables our colleagues to develop, be creative and deliver exceptional service.

Further detail of the Group’s progress against these pillars in 2018/19 can be found on pages 21 to 23 of the 2019 annual report and financial statements.

Financial performance

We are pleased with our full year results, with revenue growth being delivered in each of the Group’s businesses in H2 following a weak start to the year. The Group’s transformation programme, launched in December 2018,

is now starting to drive performance improvements in both our UK and international venues businesses. Rank’s digital business grew strongly with like-for-like H2 net gaming revenue (NGR)¹ up 14% compared to the H1 growth of 7%.

As at 30 June 2019, there were a total of 13 workstreams and 388 initiatives within the transformation programme which is now embedded in the business and driving new improved ways of working. Initiatives in the transformation programme delivered £10.7m of cost savings in H2 and it is expected that a further £9.3m of cost savings will be delivered in 2019/20. Whilst we have further cost saving initiatives in the programme, the transformation of Rank inevitably centres on initiatives which drive revenue growth.

The performance of Grosvenor’s casinos across the year is very much a tale of two halves. H1 was disappointing with both like-for-like revenue and operating profit down 5% and 35% respectively. However, in H2 both revenue and cost initiatives started to drive performance with H2 revenue up 1% and operating profit up strongly at 40%.

The introduction of a new casino operating model, with simplified management structures and reduced labour hours, was launched in December 2018 and led to H2 savings of £8.2m. A further £11.3m of savings is expected to flow through into 2019/20.

Mecca’s like-for-like revenue was down 2% in the year driven by a 9% fall in customer visits. Like-for-like operating profit was broadly flat in the year as operating costs continued to be

tightly controlled. Several initiatives within the transformation programme were successfully delivered in the second half of the year and will continue to be developed into 2019/20, focusing on improving the gaming machine offer and delivering additional value to our bingo customers.

Due to the ongoing underperformance of Luda, the decision was made in the year to close all three venues which ceased trading on 24 July 2019.

International venues grew like-for-like revenue by 1%. Improvements to the management, product and delivery of the gaming machine offer contributed to an 8% increase in operating profit.

Like-for-like digital NGR, excluding the contribution for YoBingo, increased by 11% in the year, driven by various improvements to both the Mecca and Grosvenor offers and in the more effective delivery of customer bonusing. Total digital revenue grew by 17% in the year due to the contribution from YoBingo. Digital like-for-like operating profit was down 3% in the year as improvements to revenue were offset by £0.8m of incremental Remote Gaming Duty (‘RGD’) on player bonuses and £1.9m of additional RGD following its increase to 21% (from 15%) from 1 April 2019.

Adjusted earnings per share was down 1.3% in the year to 14.8 pence.

Ian Burke
Chairman

21 August 2019

1. Net gaming revenue is revenue less customer incentives.

Our performance

The following charts illustrate the Group's performance for the 12-month periods to 30 June over the last five years.

Statutory revenue

£695.1m

2019	695.1
2018	691.0
2017	707.2
2016	708.5
2015	700.7

Revenue^{1,3}

£746.5m

2019	746.5
2018	741.1
2017	755.1
2016	753.0
2015	738.3

Dividend per share

7.65p

2019	7.65
2018	7.45
2017	7.30
2016	6.50
2015	5.60

Operating profit^{1,2}

£72.5m

2019	72.5
2018	77.0
2017	83.5
2016	82.4
2015	84.0

Adjusted operating profit before tax^{1,4}

£69.9m

2019	69.9
2018	74.3
2017	79.3
2016	77.3
2015	74.0

Net (debt)/cash¹

£1.8m

2019	1.8
2018	(9.3)
2017	(12.4)
2016	(41.2)
2015	(52.9)

Earnings per share

7.4p

2019	7.4
2018	9.2
2017	16.1
2016	19.1
2015	19.1

Adjusted earnings per share^{1,5}

14.8p

2019	14.8
2018	15.0
2017	16.0
2016	15.4
2015	14.6

EBITDA^{1,6}

£117.7m

2019	117.7
2018	120.0
2017	128.8
2016	128.2
2015	126.3

1. Alternative performance measure. The performance of the Group is assessed using a number of alternative performance measures (APMs). The Group's results are presented both before and after exceptional and non-underlying items. Adjusted profitability measures are presented excluding exceptional and non-underlying items as we believe this provides both management and investors with useful additional information about the Group's performance and aids a more effective comparison of the Group's trading performance between one period and the next. Adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the income statement with details of exceptional and non-underlying items provided in note 4. In addition, the Group's results are described using certain other measures that are not defined under IFRS and are therefore considered to be APMs. These measures are used by management to monitor ongoing business performance against both shorter-term budgets and forecasts and the Group's longer-term strategic plans.

2. Before exceptionals.

3. Before adjustments for customer incentives.

4. Adjusted profit before taxation is calculated by adjusting profit from continuing operations before taxation to exclude exceptional items, the unwinding of the discount on disposal provisions and other financial gains and losses resulting from foreign exchange gains and losses on loans and borrowings. See financial review for reconciliation.

5. Adjusted earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude discontinued operations, exceptional items, other financial gains or losses, the unwinding of the discount on disposal provisions and the related tax effects, as per note 9.

6. EBITDA is reconciled in note 19.

Note: All references to notes are to the relevant note in the Annual Report and Financial Statements 2019.

Delivering through our brands

Venues

Grosvenor Casinos

52
licensed casinos in Great Britain

LARGEST
casino operator (by venues) in Great Britain

Mecca

82
licensed bingo venues in Great Britain

2nd
largest operator (by venues) in Great Britain

International

9 + 1
licensed Enracha bingo clubs in Spain


1
licensed Grosvenor casino in Belgium

4th
largest bingo operator in Spain

Digital

UK

 WE KNOW THE **Feeling** **MECCA**
meccabingo.com

 **GROSVENOR**
CASINOS

 **bellacasino**

Spain

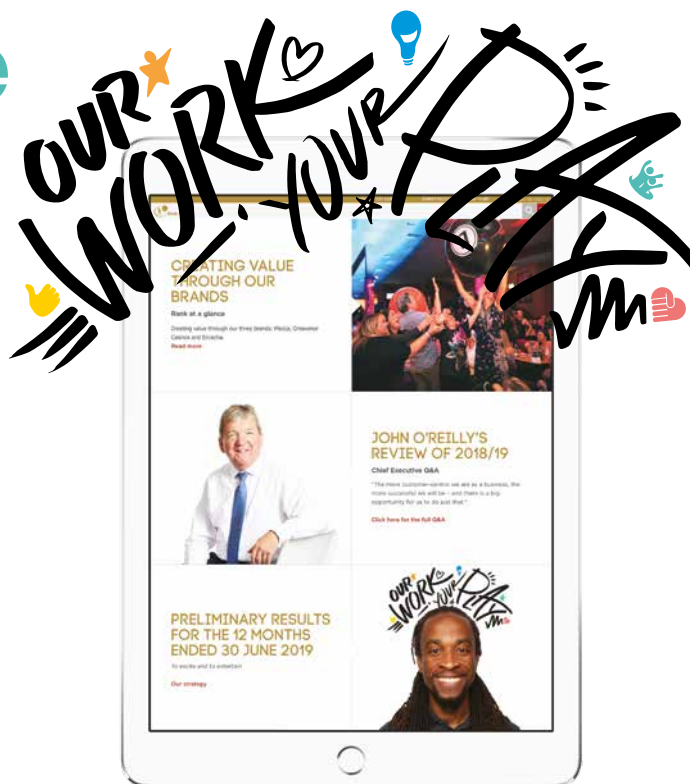
1st
Largest digital bingo brand in Spain

 **YoBingo**

 **enracha**

Visit us online

The Rank Group website provides news and details of the Group's activities, as well as useful links. The investor section contains a variety of information including the Group's latest results and current and historic share prices.



Paper copies

If you would like the notice of 2019 annual general meeting and/or the 2019 annual report and financial statements sent to you in hard copy form, please write to us at our registered office address (quoting 'hard copy shareholder information request'): Company Secretary, The Rank Group Plc, TOR, Saint-Cloud Way, Maidenhead SL6 8BN and specify the document that you require in hard copy.

Payment of dividends

The Company is no longer operating a dividend re-investment plan. Shareholders may find it more convenient to make arrangements to have dividends paid directly to their bank account. The advantages of this are that the dividend is credited to a shareholder's bank account on the payment date, there is no need to present cheques for payment and there is no risk of cheques being lost in the post.

To set up a dividend mandate or to change an existing mandate please contact Equiniti Limited, our registrar, whose contact details are detailed further on this page. Alternatively, shareholders who use Equiniti's Shareview can log on and follow the online instructions at www.shareview.co.uk.

Shareholder security

We are aware that some of our shareholders have received unsolicited telephone calls concerning their Rank shares. These communications tend to be from overseas-based 'brokers' who offer a premium price for your Rank shares but ask you to make an upfront payment, typically in the form of an insurance bond. We recommend that before paying any money you:

- obtain the name of the person and firm contacting you;
- check the FCA Register at www.fca.org.uk/register;
- use the details on the FCA Register to contact the firm;
- call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the FCA Register or you are told they are out of date; and

search the FCA's list of unauthorised firms and individuals to avoid doing business with www.fca.org.uk/consumers/unauthorised-firms-individuals.

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

Below, please find the link to the FCA's website which gives information on scams and swindles which shareholders may find helpful: www.fca.org.uk/consumers/scams.

Registrar

All administrative enquiries relating to shares should, in the first instance, be directed to the Company's registrar (quoting reference number 1235), Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA Tel: from the UK 0371 384 2098 and from outside the UK +44 121 415 7047.

There is a text phone available on 0371 384 2255 for shareholders with hearing difficulties.

For any other information please contact: Luisa Wright, company secretary, or Sarah Powell, director of treasury and corporate communications at The Rank Group Plc.

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