Annual results 2008

Rank Group

Peter Johnson, Chairman

Agenda

- Annual results
  – Paddy Gallagher
- Operational review and strategic priorities
  – Ian Burke

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Paddy Gallagher, finance director

Themes

- 2008 vs 2007 – important considerations
  - Smoking ban
  - Gambling Act – section 21 machine removal
  - VAT on interval games
- Focus on deleverage
  - Substantial reduction in net debt
  - Removal of pension liabilities

Financial headlines

- Revenue: £522.2m (2007: £534.4m)
- Operating profit: £60.3m (2007: £68.3m)
- Adjusted profit before tax: £40.5m (2007: £46.2m)
- Adjusted EPS: 7.3p (2007: 7.4p)
- Operating cash flow: £67.6m (2007: £83.9m)
- Net debt: £227m (£317m at 31 December 2007)

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Adjusted profit*

£m	2008	2007
Revenue	522.2	534.4
Operating profit	60.3	68.3
Interest	(19.8)	(22.1)
Profit before tax	40.5	46.2
Effective tax rate	29.9%	30.9%
Adjusted earnings per share	7.3p	7.4p

* Profits and earnings before discontinued operations, exceptional items, unwinding of discount in disposal provisions, other financial gains or losses, net return on defined benefit pension asset and amortisation of equity component of convertible bond

Revenue & operating profit

£m	Revenue 2008	Revenue 2007	Operating profit 2008	Operating profit 2007
Mecca Bingo	**227.6**	240.5	**41.8**	43.6
Top Rank Espana	**35.8**	32.3	**6.9**	9.3
Casinos	**206.2**	209.5	**29.5**	29.9
Interactive	**52.6**	52.1	**11.4**	10.9
Shared services			**(20.8)**	(18.5)
Other costs			**(8.5)**	(6.9)
	522.2	534.4	**60.3**	68.3

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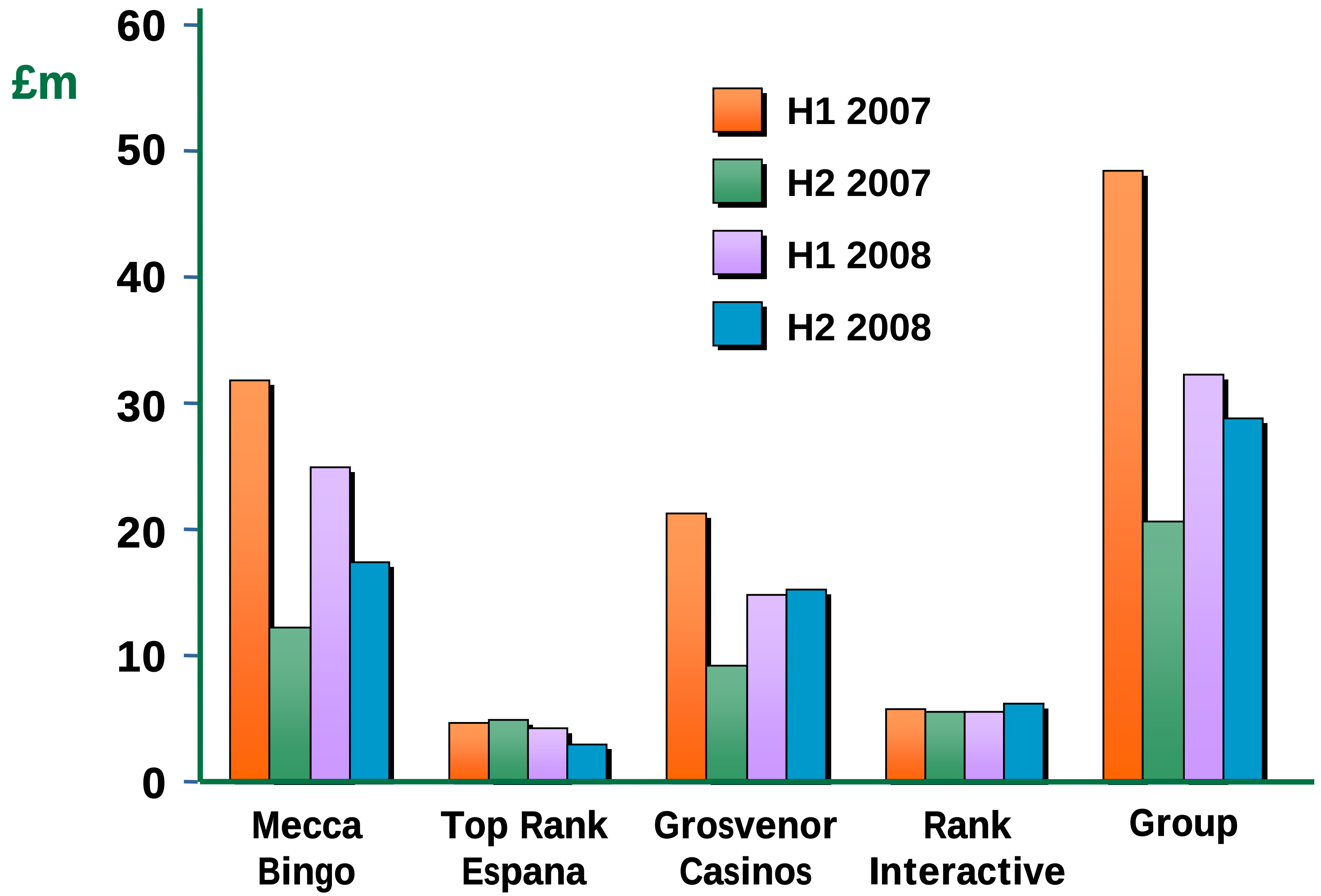
Context – operating profit



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Mecca Bingo

	2008	2007
Revenue (£m)	**227.6**	240.5
Operating profit (£m)	**41.8**	43.6
KPIs (comparable clubs)		
Admissions (000s)	**15,087**	16,984
Spend per visit (£)	**14.79**	13.82

- VAT benefit on interval games
- Spend per visit growth in food & drink and gaming machines

Top Rank Espana

	2008	2007
Revenue (£m)	**35.8**	32.3
Operating profit (£m)	**6.9**	9.3
KPIs (comparable clubs)		
Admissions (000s)	**2,410**	2,458
Spend per visit (£)	**14.85**	13.13

- 5.0% revenue decline in Euros
- High unemployment; rising business costs
- Gaining market share

Grosvenor Casinos

£m	Revenue 2008	Revenue 2007	Operating profit 2008	Operating profit 2007
London	88.5	88.0	14.3	14.7
Provincial	101.8	108.4	13.5	14.3
Belgium	15.9	13.1	1.7	0.9
	206.2	209.5	29.5	29.9

KPIs (comparable clubs)

	2008	2007
Admissions (000s)	3,928	4,436
Spend per visit (£)	49.26	44.62

- Lower promotional spend
- Margin improvement

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Rank Interactive

Revenue £m	2008	2007
Gaming	39.0	36.9
Sportsbook	13.6	15.2
	52.6	52.1
Operating profit	11.4	10.9
KPIs		
Active customers (000s)	327	321

- Strong performance in meccabingo.com

Statutory profit & loss

£m	2008	2007
Adjusted profit before tax	40.5	46.2
Net return on defined benefit pension asset	3.6	10.5
Amortisation of equity component of convertible bond	(3.6)	(3.6)
Other*	(2.3)	(0.8)
Profit before tax and exceptional items	38.2	52.3
Exceptional items	(64.3)	(45.2)
(Loss) profit before tax	(26.1)	7.1
Taxation	6.2	(12.4)
Discontinued operations	15.0	316.8
(Loss) profit for the period	(4.9)	311.5

* includes unwinding of discount in disposal provisions and other financial gains and losses

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Exceptional items

£m	2008	2007
Exceptional items within continuing operations		
VAT reclaim on interval games (net)	42.8	-
Loss on transfer of defined benefit pension asset	(99.2)	-
Impairment charge	(14.5)	(33.9)
Provision for onerous leases	(1.7)	(27.7)
Net profit on sale of property	4.1	16.4
Other	(0.9)	-
Financing income	5.1	-
Pre-tax exceptional items: continuing operations	(64.3)	(45.2)

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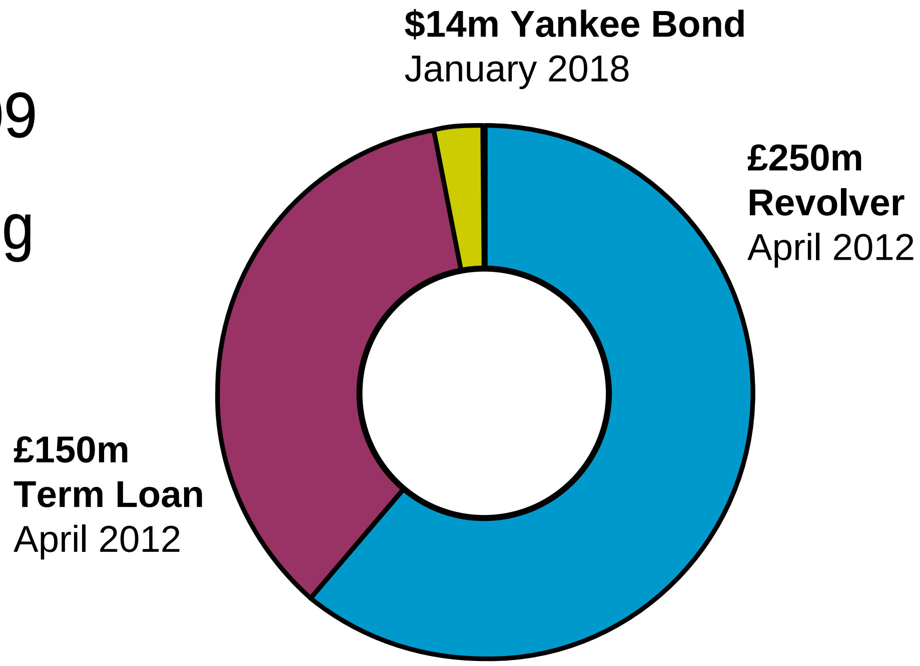
Cash flow

£m	2008	2007
Continuing operations		
Cash inflow from operations	90.2	101.8
Capital expenditure	(28.2)	(47.3)
Fixed assets disposals	5.6	29.4
Operating cash inflow	67.6	83.9
Acquisitions and disposals	(3.8)	495.8
Receipt (payments) - exceptional costs and provisions	32.3	(15.8)
	96.1	563.9
Interest, tax and dividend payments	(28.9)	(57.3)
Special dividend	-	(352.5)
Additional contribution to pension fund	-	(19.6)
Transfer of defined benefit pension asset	28.0	-
Other (including foreign exchange translation)	(4.8)	(2.5)
Discontinued operations	-	(1.7)
Decrease in net debt	90.4	130.3
Opening net debt	316.9	447.2
Closing net debt	226.5	316.9

Financing

- Convertible bond redeemed in January 2009
- £400m syndicated banking facilities in place
- Net debt of £226.5m at 31 December 2008
- Further deleveraging targeted in 2009



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Ian Burke, chief executive

Review of 2008

- Revenue stabilised
- Significant cost savings achieved
- Substantial reduction in net debt

Focus for 2009

- Focus on value for customers
- Tight control of costs and cash
- Motivated management teams

Strengthen management team

Name	Position	Background
Paddy Gallagher	finance director	IT
Phil Urban	MD, Grosvenor Casinos	budget hotels & pubs
Mark Jones	MD, Rank Interactive	online travel
Julian Barker	director of strategy	telecommunications
Frances Bingham	company secretary	health & fitness clubs

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Strategic priorities

Becoming the UK's leading gaming-based leisure business . . .

- Deepen customer insight to drive product and service improvement
- Selective investment to strengthen position in UK and assess longer term growth opportunities overseas
- Active engagement to shape the regulatory environment

. . . to broaden customer base and drive admissions

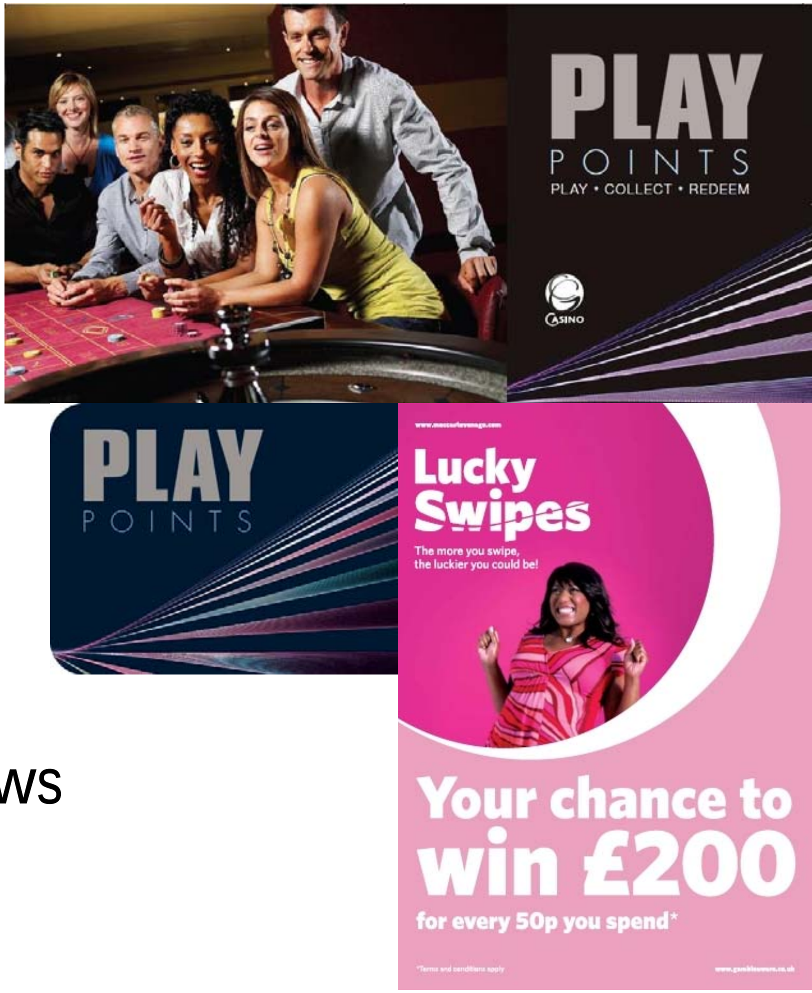
Deepen customer insight

- Improved knowledge of customer spending
- Enhanced management information systems
- Measurement systems implemented

Deepen customer insight

Customer spending

- Grosvenor Casinos – Play Points
- Mecca Bingo – Lucky Swipes
- Understanding spend patterns
- Customer benefit
  - Earn as you play (tables, electronic gaming, F&B)
  - Redeem for gifts & prize draws
  - Targeted offers



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Deepen customer insight

Management systems

- Playsafe
  - Replace legacy system
  - Data guides product and service improvements
  - Reduces downtime and shrinkage
- EPOS replacement
  - Data guides product and service improvements
  - Stock days and wastage reduction

Deepen customer insight

Measuring our progress

- Quantitative and qualitative research
- Single methodology across UK businesses
- Net promoter score
  - Mecca Bingo
  - Grosvenor Casinos
  - Rank Interactive
- >2,500 active customers canvassed every month

Grosvenor Casinos

Market opportunity

- Low penetration levels
  - 4% of UK adults
- Catalysts for growth
  - Investment
  - Service
  - Technology
  - Regulations
- Restricted supply
  - <160 casinos by 2012

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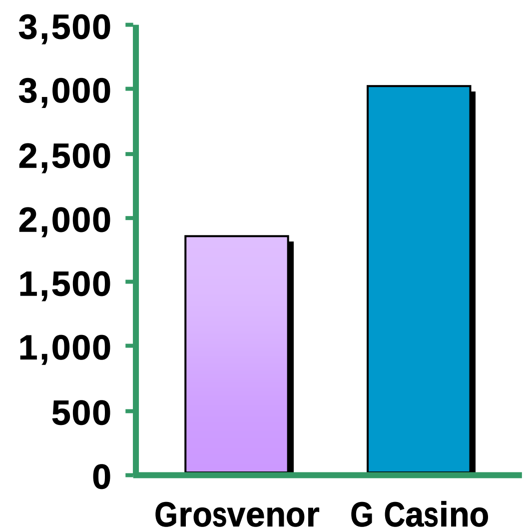
Grosvenor Casinos

G Casino

- First G Casino opened Manchester, June 2006
  - 20,000 sq ft + sites
  - Expansion of electronic gaming content
  - Expansion of non-gaming amenity
  - Female friendly
- Aberdeen becomes sixth G Casino, October 2008
- Two new G Casinos in 2009
  - Bolton (conversion)
  - Dundee (new licence)

Average Weekly Admissions

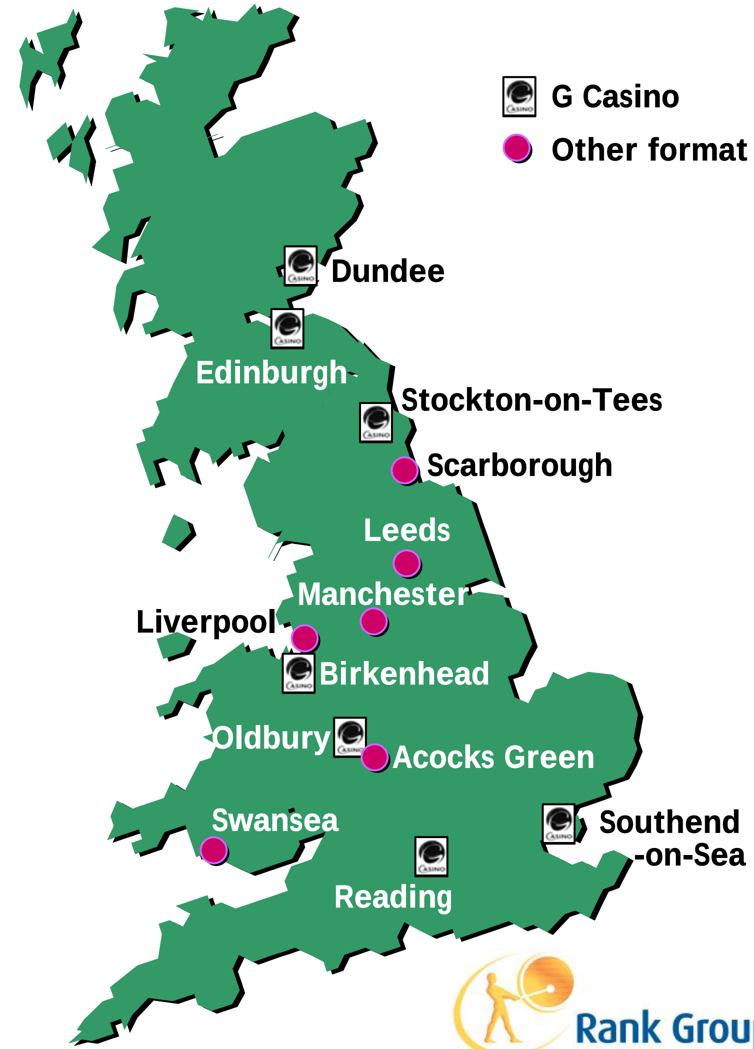


Grosvenor Casinos

Investment priorities

- Non-operating licences in 13 local markets
- G Casino format suitable for 7 of new licences
- 20% + reduction in G Casino capital cost
- Smaller formats under development to access smaller markets
- Site finding/developer financing remains challenging

Casino development
(non-operating licences)



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Mecca Bingo

Market opportunity

- Everyday social gaming
  - 7% penetration among UK adults
  - c.50 million customer visits per year across industry
  - Major out of home leisure activity for many women
- Catalysts for regeneration
  - Investment
  - Service
  - Technology
  - Regulation
- Reducing supply

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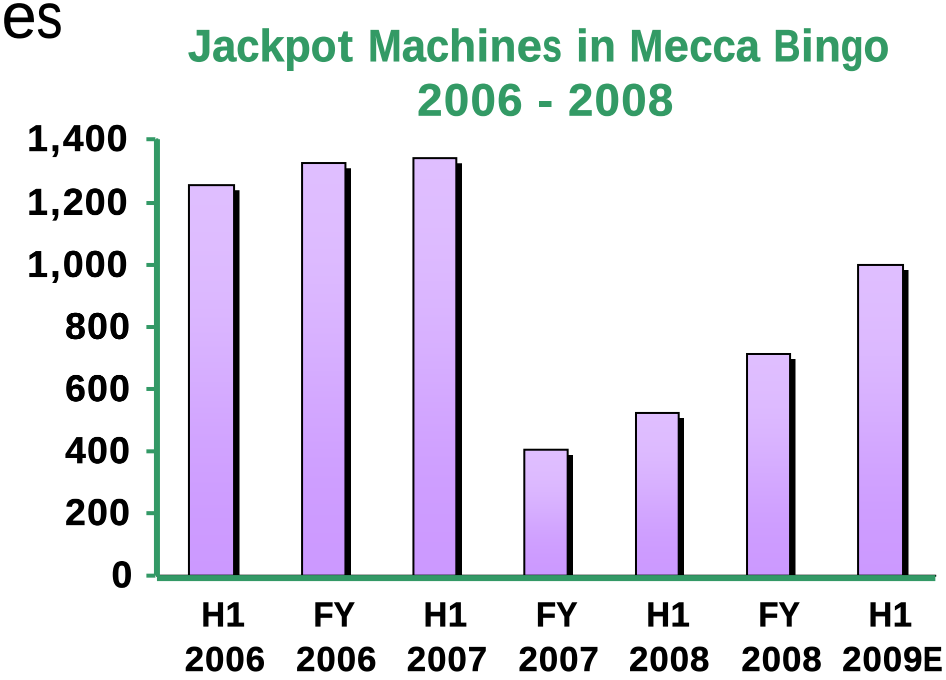
Mecca Bingo

Product and Service Improvements

- Product improvement
  - Electronic bingo terminals
  - Server-based gaming
  - £1/£70 Cat C machines
  - Food and beverage
- Product expansion
  - B3 increase from February 2009
  - >90 AGCs
- Product innovation
  - Video bingo
- Service improvement



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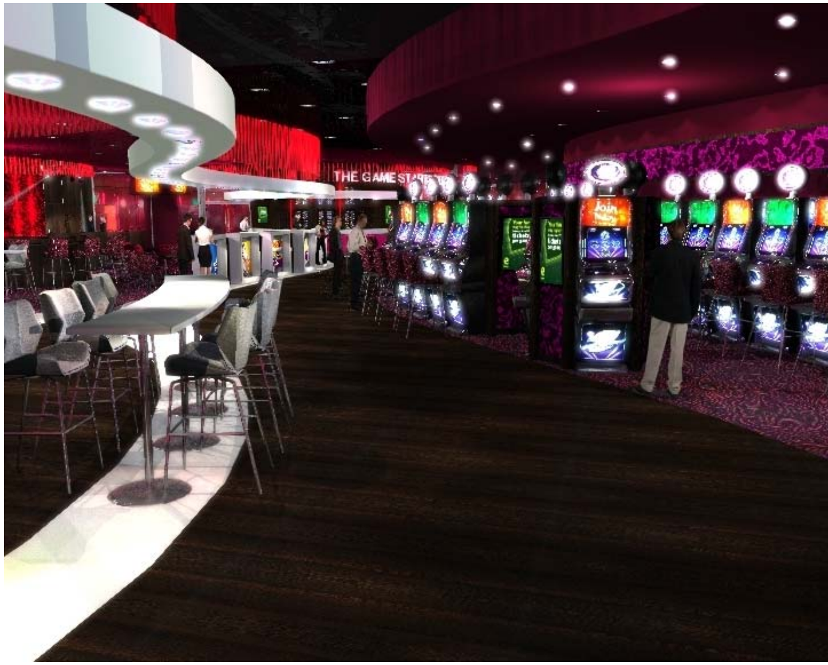
Mecca Bingo

New club, Beeston

- Develop club model incorporating key innovations and improvements
  - Electronic gaming
  - Customer zoning
  - Enhanced service
  - Improved bar and restaurant



Top Rank Espana

Challenging market

- Difficult market conditions
  - High unemployment
  - High inflation
  - Low consumer confidence
  - Low probability of favourable regulatory change
- High quality business
  - 11 clubs
  - Taking market share
- Limited capital expenditure in near term

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A change of focus

- New MD from December 2008
- Greater focus on supporting online distribution of land-based brands
- Assessment of international opportunities for online bingo

Shape regulatory environment

- Programme of active engagement
- Gambling Act guides approach
- Progress achieved in 2008/9
  - Increase in B3 machine allocation for bingo clubs
  - Cat C stakes and prizes review
  - SNP & DCMS back calls for end to Double Taxation
- Continue to make our case for regulations and taxation reform

Outlook

- Steady start to 2009
- Scope for further operational improvement
- Cautious on consumer confidence and unemployment
- Maintain balance between near term pressures and longer term opportunities

Summary

- Starting 2009 in better shape than 2008
  - Stronger management team
  - Stronger financial position
  - Improving customer propositions
- Clear strategy for group and individual businesses supported by action plan
- Positive on longer term outlook for UK gaming market

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Current Trading

	Like-for-like	Total
Mecca Bingo	(3)%	(2)%
Top Rank Espana	11%	11%
Grosvenor Casinos	3%	5%
Rank Interactive	(10)%	(10)%
Group	0%	1%

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Capital expenditure

£m	2009 F	2008
Mecca Bingo	15.0 – 16.0	10.8
Top Rank Espana	1.0 – 2.0	2.2
Grosvenor Casinos	16.0 – 17.0	9.9
Blue Square	3.0 – 4.0	4.7
Other	0 – 1.0	0.6
Total	**35.0 - 40.0**	28.2

2009 figures are based on projections and do not reflect committed capital expenditure. Capital will be controlled tightly and released progressively during the year.

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Mecca Bingo

data sheet

	FY 2008	H1 2008	FY 2007	H1 2007	FY 2006	H1 2006	FY 2005	H1 2005	FY 2004	H1 2004
Clubs	**102**	102	102	103	113	117	117	117	120	121
Revenue	**227.6**	116.9	240.5	132.5	261.7	133.9	264.0	133.9	265.3	133.9
EBIT	**41.8**	24.5	43.6	31.5	63.6	31.8	77.9	38.5	79.6	40.3
Operating margin	**18%**	21%	18%	24%	24%	24%	30%	29%	30%	30%
Active membership (m)	**0.9**	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Electronic gaming										
B3 machines	**711**	524*	406	355	374	407	370	410	344	344
S21 terminals	**0**	0	0	984	949	845	557	180	60	60
Cat C machines	**4,623**	4,816	4,787	4,058	3,993	3,984	3,959	3,728	3,754	3,754

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

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Top Rank España

data sheet

	FY 2008	H1 2008	FY 2007	H1 2007	FY 2006	H1 2006	FY 2005	H1 2005	FY 2004	H1 2004
Clubs	**11**	11	11	11	11	11	11	11	11	10
Revenue	**35.8**	17.7	32.3	15.8	31.1	15.2	31.6	15.4	27.3	13.0
EBIT	**6.9**	4.1	9.3	4.6	8.9	4.2	10.0	4.7	7.7	3.4
Operating margin	**19%**	23%	29%	29%	29%	28%	32%	31%	28%	26%

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Grosvenor Casinos

data sheet

	FY 2008	H1 2008	FY 2007	H1 2007	FY 2006	H1 2006	FY 2005	H1 2005	FY 2004	H1 2004
London	5	5	5	5	5	6	6	6	6	6
Provincial	27	27	27	28	28	30	30	30	30	28
Belgium	2	2	2	2	2	2	2	2	2	2
Total	**34**	**34**	**34**	**35**	**35**	**38**	**38**	**38**	**38**	**36**
Revenue (UK)	190.3	94.5	196.4	104.0	204.4	103.4	195.0	94.3	188.4	88.4
Revenue (Belgium)	15.9	7.7	13.1	6.1	13.2	6.2	12.9	6.0	12.4	6.0
Total revenue	**206.2**	**102.2**	**209.5**	**110.1**	**217.6**	**109.6**	**207.9**	**100.3**	**200.8**	**94.4**
EBIT (UK)	27.8	13.5	29.0	20.6	34.9	20.0	33.6	17.5	38.0	16.4
EBIT (Belgium)	1.7	1.0	0.9	0.4	1.4	0.5	1.4	0.5	1.7	1.0
Total EBIT	**29.5**	**14.5**	**29.9**	**21.0**	**36.3**	**20.5**	**35.0**	**18.0**	**39.7**	**17.4**
Operating margin (UK)	15%	14%	15%	20%	17%	19%	17%	19%	20%	19%
Operating margin (Belgium)	11%	13%	7%	7%	11%	8%	11%	8%	14%	17%
Operating margin	14%	14%	14%	19%	17%	19%	17%	18%	20%	18%
UK active membership (000s)	**775**	**806**	**803**	**788**	**774**	**616**	**455**	**350**	**313**	**272**
Electronic gaming										
B1 machines (UK)	593	588	582	594	578	639	524	296	287	287
B3 / S21 machines (UK)*	16	0	0	219	196	158	85	42	0	0
Electronic roulette	822	848	853	802	759	747	710	646	626	626

* includes B3 machines operated by Rank Group in adult gaming centres, located adjacent to Grosvenor casinos

Rank Interactive

data sheet

	FY 2008	H1 2008	FY 2007	H1 2007	FY 2006	H1 2006	FY 2005	H1 2005	FY 2004	H1 2004
Gaming revenue	**39.0**	19.3	36.9	17.2	22.9	10.2	13.1	5.7	9.2	4.3
Sportsbook revenue	**13.6**	7.7	15.2	9.0	16.3	8.4	13.2	6.7	16.4	8.9
Revenue (£m)	**52.6**	27.0	52.1	26.2	39.2	18.6	26.3	12.4	25.6	13.2
EBIT (£m)	**11.4**	5.3	10.9	5.5	7.8	3.1	1.0	0.3	5.0	2.6
Operating margin	**22%**	20%	21%	21%	20%	17%	4%	2%	20%	20%
Active customers (000s)	**327**	334	321	320	285	261	232	224	195	198

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Forthcoming Events

23 April 2009

Interim management statement (7.00am)

Annual general meeting (11.00am)

31 July 2009

Half-year results

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