DELIVERING THE

FUTURE

The Rank Group Plc

Interim results for the six months ended 31 December 2016

HENRY BIRCH

Chief Executive

Agenda

Introduction
Henry Birch, Chief Executive

Financial performance
Clive Jennings, Finance Director

Operational performance and Strategic Outlook
Henry Birch, Chief Executive

Q&A

Summary

- Like-for-like group revenue up 2%
- Digital revenues up 11%, with Q2 showing good growth on Q1
- Like-for-like Grosvenor retail revenue flat
- Like-for-like Mecca retail revenue flat
- EBITDA and operating profit down 5% and 9% respectively
- Net debt position improved to £33.0m
- Dividend increased to 2.0 pence per share
- Outlook for H2 improved which, combined with cost reductions, mean full year expectations will still be met

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CLIVE JENNINGS

Finance Director

Financial headlines

	H1 2016/17	H1 2015/16	%
Gross revenue[1]	£378.6m	£374.2	1%
Reported operating profit[2]	£36.6m	£40.4m	(9)%
EBITDA[2]	£59.7m	£62.7m	(5)%
Net debt[3]	£33.0m	£52.0m	37%
Adjusted earnings per share[2]	6.9p	7.4p	(7)%
Dividend per share	2.0p	1.8p	11%

- Challenging six months, particularly for the UK facing retail brands
- Q2 saw improvements in both digital and casinos
- Strong operating cash generation, net debt reduced by 37%
- Dividend up 11% - 3rd consecutive year of double digit increases

(1) before adjustment for customer incentives (2) before exceptional items (3) position at 30 June 2016

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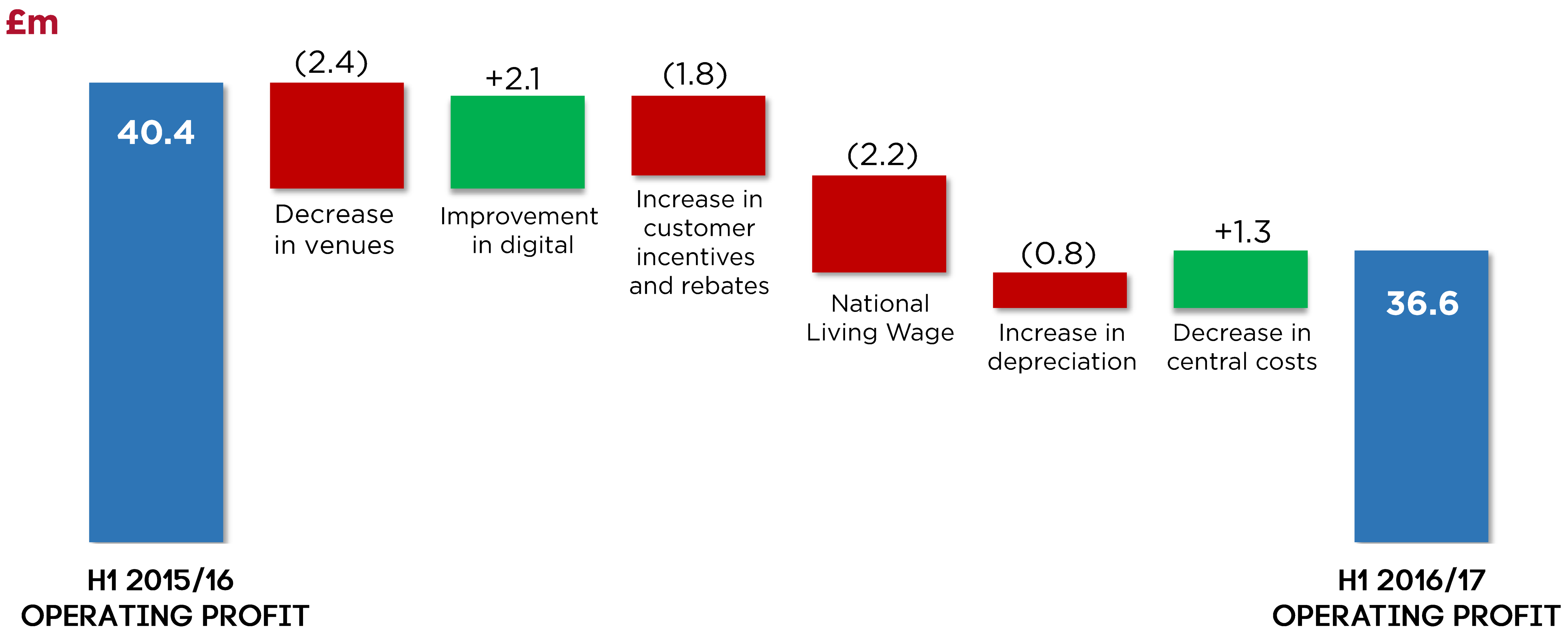
Revenue & operating profit

£m	Revenue[4] H1 2016/17	Revenue[4] H1 2015/16	Operating profit[5] H1 2016/17	Operating profit[5] H1 2015/16
Grosvenor Casinos – venues	202.0	205.1	26.1	30.9
Mecca – venues	108.0	109.8	13.3	14.3
Digital	52.4	47.1	7.3	8.0
Enracha	16.2	12.2	2.9	1.4
Central costs	-	-	(13.0)	(14.2)
Total continuing	**378.6**	**374.2**	**36.6**	**40.4**

- Grosvenor Casinos venues experienced lower visits and handle, like-for-like revenue flat
- Mecca venues like-for-like revenue flat, total down 2% due to venue closures
- Enracha continues to perform strongly
- Digital revenues up 11%
- Flat revenues and cost increases impacting profitability
- Q2 saw improving trends vs Q1 with industry data showing no reduction in market share

(4) before adjustment for customer incentives (5) before exceptional items

Operating profit bridge



Costs

- Lack of revenue growth places venues profitability under pressure
- Overall costs are up by 2% - slightly ahead of the December CPI at 1.6%
- Detailed cost review completed in Q2
- Employment and related costs comprise 41% of total costs (excluding depreciation)
- Living wage and differentials present a challenge:

- Pre Oct 15	£6.50	
- Oct 15	£6.70	+3.1%
- Apr 16	£7.20	+7.5%
- From Apr 17	£7.50	+4.2%

- Marketing and customer incentives well controlled at 11-12% of Group revenue
- TV campaign in H1 for meccabingo.com not to be repeated
- Detailed plans will deliver £8m reduction in costs for H2 – circa 2.5%

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Statutory profit and loss

£m	H1 2016/17	H1 2015/16
Profit from continuing operations	36.6	40.4
Net interest payable	(3.0)	(3.7)
Profit before taxation and exceptional items	33.6	36.7
Exceptional items	1.8	6.0
Profit before taxation	35.4	42.7
Taxation	(7.3)	(4.8)
Discontinued operations	-	3.7
Profit for the period	**28.1**	**41.6**

- Reduction in interest cost following continued debt reduction, offset by £0.9m FX losses on translation
- Effective tax rate: 22.0% (2016/17 forecast 22%-23%)
- Cash tax rate on adjusted profit: 17.0% (2016/17 forecast 16%-18%)

Exceptional items

£m	H1 2016/17	H1 2015/16
Release from onerous lease provision	10.7	-
Impairments	(4.1)	6.0
Restructuring	(3.8)	-
Abortive acquisition costs	(0.7)	-
Other	(0.3)	-
Total exceptionals pre tax	1.8	6.0
Taxation	(1.0)	0.3
Discontinued operations	-	3.7
Total exceptionals post tax	0.8	10.0

- Closure of Mecca Bradford and surrender of onerous lease
- Impairment of Grosvenor Southend
- Full year restructuring costs expected to total £8m, with balance in H2
- Small abortive acquisition costs plus some further costs relating to closed venues

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Cash flow and net debt

£m	H1 2016/17	H1 2015/16
Cash inflow from continuing operations	58.1	67.0
Net cash payments in respect of provisions and exceptional items	(6.1)	(3.3)
Cash generated from continuing operations	52.0	63.7
Capital expenditure	(17.0)	(26.1)
Fixed asset disposals (inc subsidiaries)	-	7.0
Net interest and tax	(7.2)	(5.1)
Payment of disputed tax	-	(21.4)
Dividends paid	(18.4)	(15.6)
Refund on unclaimed dividend	0.2	-
Convertible loan payment	-	(1.0)
Other(6)	(1.0)	(0.6)
Cash inflow	8.2	0.9
Opening net debt	(41.2)	(52.9)
Closing net debt	**(33.0)**	**(52.0)**

(6) includes FX translation

Capital investment

£m	H1 2016/17	H1 2015/16
Grosvenor Casinos - venues	6.7	12.5
Mecca - venues	4.0	3.0
UK digital	1.5	1.2
Enracha	0.5	2.4
Central	4.3	7.0
Total	**17.0**	**26.1**

- Two major Grosvenor Casinos refurbishments – Leeds and Nottingham
- H2 plans include casino refurbishments at Piccadilly and Golden Horseshoe plus two provincial casinos
- 5,250 new Mecca Max units being rolled out H2 – 50% incremental
- Single account and wallet development completed H2
- New support office in Maidenhead in H2
- FY 2016/17 guidance in £50-55m range

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Financial strength

- Strong cashflow generation with ability to quickly flex capex up or down
- Low net debt of £33.0m – down 20% since June
- Conservative leverage of c.0.3 times
- Bank facilities including undrawn £90m revolving credit facilities provide flexibility
- Strong cashflow allows all debt to be repaid on maturity from existing cash
- Fifth year of interim dividend growth ahead of EPS growth

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HENRY BIRCH

Chief Executive

Operational review: Mecca Venues

- Like-for-like revenue flat
- Spend per visit driven by product and service improvement offsetting a decline in admissions
- Total customer numbers broadly flat
- Operating profit down 7% on the back of higher employment costs inc. National Living Wage
- Two underperforming clubs (West Bromwich and Bradford) closed in the period
- Cost mitigation: National Living Wage; marketing

	Revenue(7)		Operating profit(8)	
£m	**H1 2016/17**	H1 2015/16	**H1 2016/17**	H1 2015/16
Venues	**108.0**	109.8	**13.3**	14.3

KPIs

Visits (000s)	**5,379**	5,756
Spend per visit (£)	**20.08**	19.08

(7) before adjustment for customer incentives
(8) before exceptional items

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Operational review: Mecca Venues

Venue and product development

- Refurbishments of three clubs (Blackpool, Glasgow Forge and Swansea)
- Bingo cashline systems fully adapted for new one pound coin (April 2017)
- Frustrating planning experience with new bingo concept Luda, but further multiple sites now in the pipeline
- Open door trial at Acocks Green

Mecca Swansea

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Operational review: Grosvenor Casinos Venues

- Like-for-like revenue flat on tough comps
- Lower than average gaming margin compounding underperformance; down 0.5ppts
- Operating profit down 16%: employment costs, duty mix
- Q1: weak provincial performance, on budget London performance;
- Q2: weak London performance, provinces normalised
- Growth in market share in admissions: from 35.4% of casino visits in October 2014 to 36.6% in October 2016 (the last month reported)

	Revenue[9]		Operating profit[10]	
£m	**H1 2016/17**	H1 2015/16	**H1 2016/17**	H1 2015/16
London	**72.0**	75.2	13.6	16.0
Provinces	121.7	123.4	11.5	14.4
Belgium	8.3	6.5	1.0	0.5
Venues total	**202.0**	205.1	**26.1**	30.9

KPIs

Visits (000s)	**3,958**	4,194
Spend per visit (£)	**51.04**	48.90

(9) before adjustment for customer incentives
(10) before exceptional items

Operational review: Grosvenor Casinos Venues

Some challenges

- The last 12 months has seen casino industry-wide focus on increased customer diligence and KYC measures leading to drop off in customers and reduced play in some cases
- Significant overhaul of club structure (‘Project One’) to improve service, efficiency and mitigate impact of National Living Wage
- Overall leisure sector had a poor 2016

But positive signs

- Clear signs of improvement and positive trends: improvement vs last year from Q4 to Q1 to Q2. Provinces 3% growth in Q2
- New systems bedding in:
  - Neon casino management system (implemented June/July)
  - New data platform and tools
- Project One near to completion

Operational review: Grosvenor Casinos Venues

Venue and product development

- Significant refurbishments to Grosvenor Leeds (£3m) and Grosvenor Nottingham (£3m), with Nottingham completing in H2
- Integration of loyalty system into Neon
- Get Set roulette rolled out to a further eight casinos
- Licence additions (Glasgow x2, Brighton) and refurbs in Piccadilly, Golden Horseshoe and Manchester

Grosvenor Leeds

Grosvenor Nottingham

Operational review: Enracha

- Strong performance:
  - Euro revenues up 11%
  - Euro operating profit up 79%
- H1 performance led mainly by clubs in Catalonia where we have secured our highest ever market share in Barcelona
(2 clubs: 16.5%) and Girona (65.3%)
- Strong contribution from slots and automated roulette
- Sports betting (JV with Sportium/Ladbrokes) growing and attracting younger segments to cross-sell into the other gambling offer

£m	**H1 2016/17**	H1 2015/16
Revenue (£m)	**16.2**	12.2
Revenue (euros m)	**18.8**	16.9
Operating profit[11] (£m)	**2.9**	1.4

KPIs	**Venues**	
Visits (000s)	**982**	9.78
Spend per visit (euros)	**19.14**	17.28

(11) before exceptional items

Operational review: Digital

Continued strong digital performance

- 11% revenue growth
- Grosvenor continuing trajectory up 39%
- Mecca improving well:
  - Q1: (4)% vs last year
  - Q2: 3% increase vs last year
  - Q1 to Q2 8% growth vs last year flat quarter-on-quarter
- Platform performing well with functionality and content continuing to be added

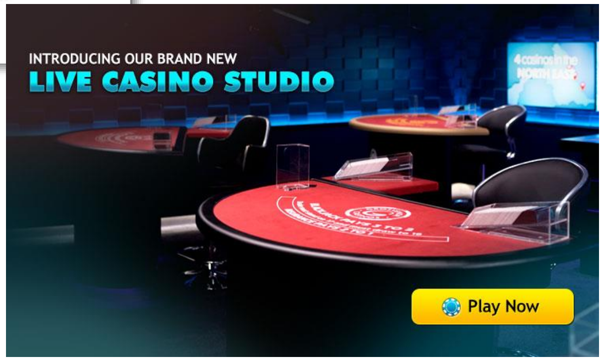
	Revenue(12)		**Operating profit**	
£m	**H1 2016/17**	H1 2015/16	**H1 2016/17**	H1 2015/16
UK Digital	**52.4**	47.1	**7.3**	8.0
- meccabingo.com	33.1	33.2		
- grosvenorcasinos.com	19.3	13.9		

(12) before adjustment for customer incentives

Operational review: Digital

New products

- Sportsbook launched
  - competitive product supplied by Kambi
  - approximately 15% of weekly actives on Grosvenor using sportsbook
  - revenue generation and customer retention capability
- Poker re-launched
  - Microgaming network (now No2 network); revenues small but growing
  - Mobile, Instant Play and Mac products
- Instant Win/scratchcard tab launched on Mecca
- Improved Live Casino product with move of studio from Riga to Malta (Evolution)



Operational review: Digital

New content and functionality

- New and exclusive slots and games launched from the likes of Endemol, NetEnt and NYX with more to come in 2017
- £1m Virtue Fusion bingo game
- New Mecca VIP microsite
- Reverse withdrawal functionality added to both brands

Exclusive new game from Endemol

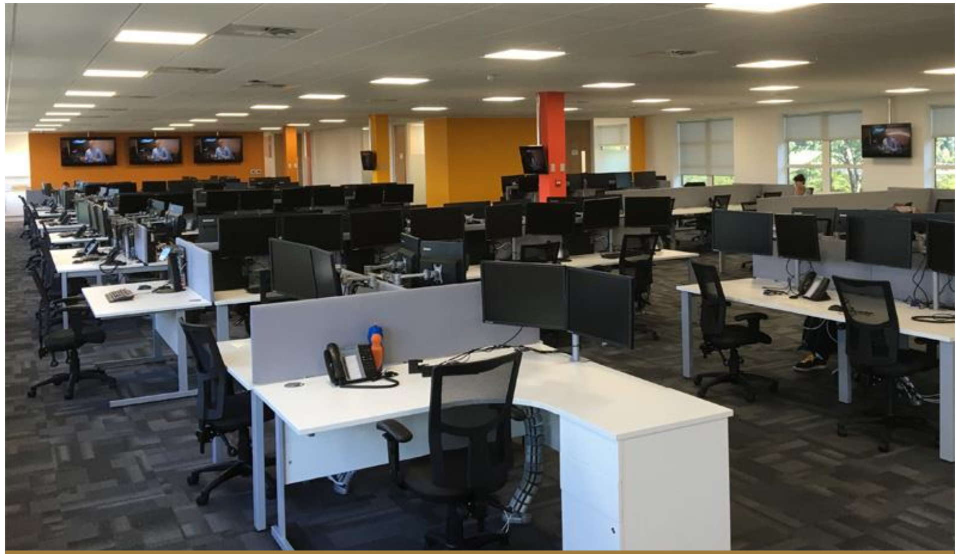
Restructured digital team

- Single digital team working across both brands
- Allows for product expertise and launch of new brands

Operational review: Digital

New customer solutions hub

- New customer contact centre opened in Sheffield
- Replaces previous central London facility and partial outsourcing
- Lower cost, better staff retention
- Sheffield will house: customer service, VIP management, fraud & payments, outbound sales, customer diligence and verification



Sheffield Customer Solutions Hub

Regulatory Outlook

- Each of the Gambling Commission's three licensing objectives under scrutiny
- 'Triennial Review' into slots, advertising and social responsibility measures. Rank recommended:
  - an increase in the ratio of machines to tables in the 2005 Act 'small' casinos from 2:1 to 3:1, subject to a maximum of 80 machines; and
  - to harmonise the machine allocation in the 1968 Act casinos from a fixed 20 Category B machines to the same 3:1 ratio
- Remote gaming duty applicable to free bets and bonuses from August 2017

Protect the vulnerable

- DCMS Review of gaming machines, advertising and CSR effectiveness
- APPG investigation into FOBTs
- Media campaigning

Keep crime out

- Fourth EU Anti-Money Laundering Directive

Ensure customer fairness

- CMA investigation into promotional practices of remote sector
- Justice 4 Punters campaign on restricted accounts

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Priorities and outlook

- Return to growth for Grosvenor retail
- Continued strong growth in digital
- Launch of new brands
- Launch of single account and wallet across retail and digital
- Improved data analysis capability through new platform
- Trading in last four weeks in line with expectations
- Expectation that full year results will be in line with market forecasts

APPENDICES

Strategy update

Aim: To be the UK's leading multi-channel gaming

Clear strategy for delivering sustainable profitable growth across all our brands through 5 initiatives:

1. Creating a compelling multi-channel offer
2. Building digital capability
3. Developing our venues
4. Investing in our brands and marketing
5. Using technology to drive efficiency

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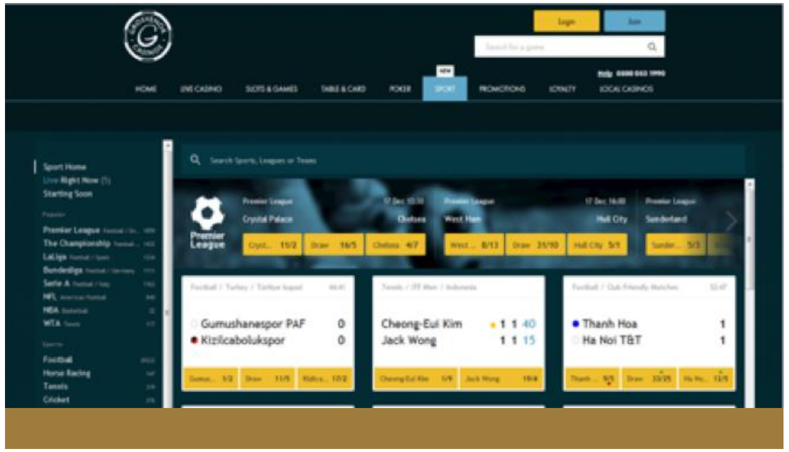
1. Creating a compelling multi-channel offer

Activity in H1

- Hard launch of Kambi-powered sportsbook on Grosvenor digital and promotion in-club
- Improvements to new poker product
- Simultaneous launch of games across online, mobile and retail
- Further development of Mecca and Grosvenor services apps

Priorities for 2017

- Launch of single account and wallet for Grosvenor Casinos
- Launch of new bingo brand across retail and digital



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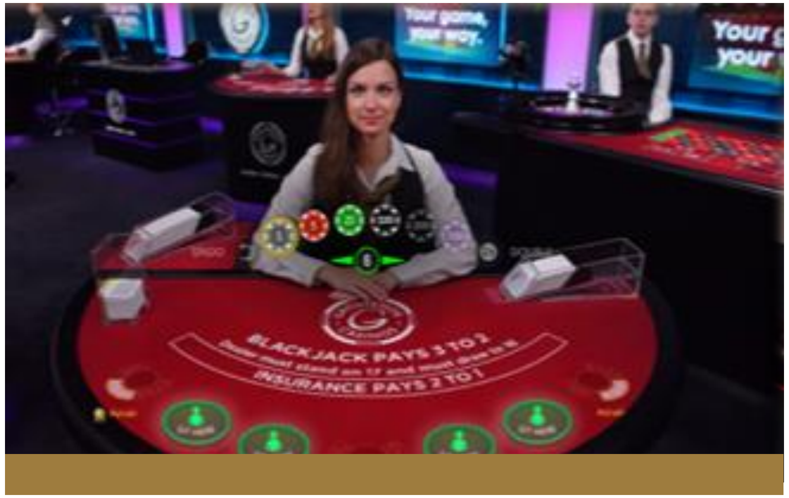
2. Building digital capability

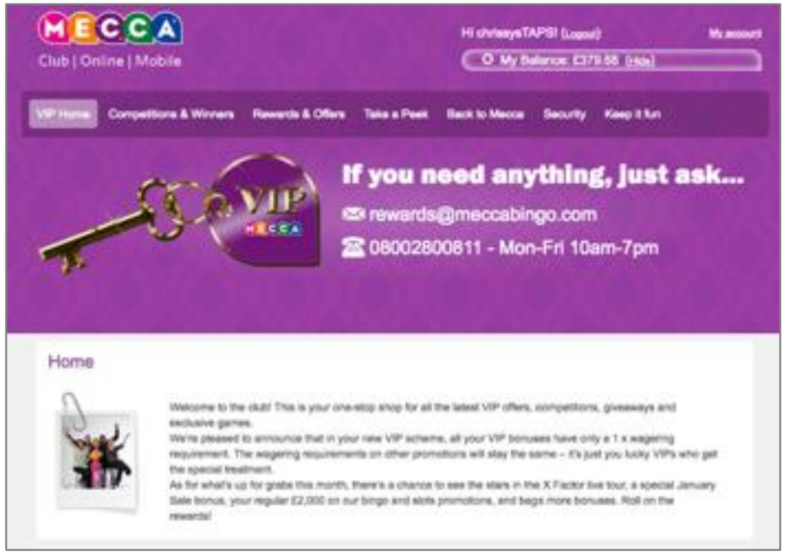
Activity in H1

- Restructure of digital into a single cross-brand team
- Live casino upgrade with switch from Riga to Malta with Evolution
- Games content from new suppliers
- Launch of new Mecca digital VIP site
- Hard launch of new digital sports book

Priorities for 2017

- Launch of new digital brands
- Improvements to new poker offer
- Additional content providers to be added





3. Developing our venues

Activity in H1

- Refurbishment of Grosvenor Leeds and Nottingham
- Refurbishments to Mecca Blackpool, Glasgow Forge and Swansea
- Open door trial at Mecca Acocks Green

Priorities for 2017

- Opening of new concept bingo venues
- Completion of Grosvenor Nottingham
- Refurbishment of Grosvenor Golden Horseshoe, London
- Addition of further licences to Grosvenor Brighton and Glasgow

Grosvenor Nottingham

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4. Investing in brands and marketing

Activity in H1

- Launch of new Customer Solutions Hub in Sheffield
- Mecca TV campaign 'You know the Feeling'

Priorities for 2017

- Launch of a new CRM and segmentation tool

Customer Solutions hub - Sheffield

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5. Using technology to drive efficiency and improve customer experience

Activity in H1

- 'Get Set Roulette' launched in a further eight casinos, offering an enhanced customer experience
- Upgrade of bingo cash line systems to deal with the introduction of the new £1 coin

Priorities for 2017

- New head office systems: new HR and finance systems
- Additional Mecca Max units roll-out
- Trial of additional Neon functionality including table management and loyalty system

Get Set Roulette

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Group datasheet

	H1 2016/17	FY 2015/16	H1 2015/16	FY 2014/15	H1 2014/15	FY 2013/14
Revenue (£m)	378.6	753.0	374.2	738.3	361.7	707.7
- YOY growth	1%	2%	3%	4%	3%	13%
Operating profit (£m)	36.6	82.4	40.4	84.0	40.8	72.4
- YOY growth	(9)%	(2)%	(1)%	16%	25%	4%
Operating margin	9.7%	10.9%	10.8%	11.4%	11.3%	10.2%
EBITDA (£m)	59.7	128.2	62.7	126.3	62.1	116.0
Capex (£m)	17.0	52.7	26.1	31.9	15.8	44.3
Adjusted EPS (p)	6.9	15.4	7.4	14.6	7.1	12.4
Dividend (p)	2.0	6.50	1.80	5.60	1.60	4.50

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Grosvenor Casinos Venues datasheet

	H1 2016/17	FY 2015/16	H1 2015/16	FY 2014/15	H1 2014/15	FY 2013/14
Casino licences:						
London	9	9	9	9	9	9
Provinces	43	56	58	56	56	54
Belgium	2	2	2	2	2	2
Total	54	67	69	67	67	65
Non-trading licences	14	12	10	12	12	13
Revenue (£m)	202.0	408.1	205.1	401.1	195.7	377.7
Operating profit (£m)	26.1	60.9	30.9	63.4	29.1	57.7
Operating margin	12.9%	14.9%	15.1%	15.8%	14.9%	15.3%
EBITDA (£m)	38.8	85.9	43.0	87.1	41.2	79.8
Customers MAT (000s)(1)	1,351	1,557	n/a	1,743	1,743	1,721
Visits (000s)	3,958	8,159	4,194	8,233	4,147	8,139
Spend per visit (£)	51.04	50.02	48.90	48.72	47.19	46.41
Electronic gaming (UK only)						
B1 machines	1,275	1,289	1,304	1,246	1,220	1,194
B2 machines	-	-	-	-	-	-
B3/C/D machines	97	78	38	79	88	80
Electronic casino terminals	1,667	1,763	1,758	1,770	1,759	1,732

(1) Active customers on a Moving Annual Total basis, following the introduction of ‘full’ and ‘partial open door’ venues customers only includes registered customers

Grosvenor Casinos Venues - London datasheet

	H1 2016/17	FY 2015/16	H1 2015/16	FY 2014/15	H1 2014/15	FY 2013/14
Revenue (£m)	72.0	150.3	75.2	148.3	71.2	131.5
Operating profit (£m)	13.6	31.7	16.0	34.0	16.3	27.9
Operating margin	18.9%	21.1%	21.3%	22.9%	22.9%	21.2%
Visits (000s)	732	1,482	772	1,468	757	1,452
Spend per visit (£)	98.36	101.42	97.41	101.02	94.06	90.56

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Mecca Venues datasheet

	H1 2016/17	FY 2015/16	H1 2015/16	FY 2014/15	H1 2014/15	FY 2013/14
Venues	85	87	87	90	93	96
Revenue (£m)	108.0	221.5	109.8	224.4	111.8	229.3
Operating profit (£m)	13.3	32.9	14.3	28.9	14.5	21.1
Operating margin	12.3%	14.9%	13.0%	12.9%	13.0%	9.2%
EBITDA (£m)	19.2	45.5	20.8	41.6	20.8	34.9
Customers MAT (000s)	969	987	973	961	938	937
Visits (000s)	5,379	11,550	5,756	12,035	5,993	12,607
Spend per visit (£)	20.08	19.18	19.08	18.65	18.66	18.19
Electronic gaming						
B3/B4 machines(2)	1,862	1,799	1,569	1,578	1,749	1,762
C/D machines	3,067	3,158	3,340	3,692	3,342	3,407
Electronic bingo terminals	11,581	11,494	11,494	11,273	8,856	8,481

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

UK Digital datasheet

	H1 2016/17	FY 2015/16	H1 2015/16	FY 2014/15	H1 2014/15	FY 2013/14
Revenue (£m)	52.4	96.7	47.1	87.5	41.4	72.4
- meccabingo.com	33.1	66.2	33.2	65.2	31.5	58.9
- grosevenorcasinos.com	19.3	30.5	13.9	22.3	9.9	13.5
Operating profit (£m)	7.3	13.9	8.0	17.2	10.3	15.9
Operating margin	13.9%	14.4%	17.0%	19.7%	24.9%	22.0%
EBITDA (£m)	10.1	18.8	10.1	20.2	11.7	19.4
Customers MAT (000s)	418	404	393	381	297	279

Enracha datasheet

	H1 2016/17	FY 2015/16	H1 2015/16	FY 2014/15	H1 2014/15	FY 2013/14
Venues	9	9	9	9	9	10
Revenue (£m)	16.2	26.7	12.2	25.3	12.8	28.3
Operating profit (£m)	2.9	3.6	1.4	2.6	0.9	0.8
Operating margin	17.9%	13.5%	11.5%	10.3%	7.0%	2.8%
EBITDA (£m)	3.7	5.1	2.2	4.1	1.7	2.9
Customers MAT (000s)	270	274	260	269	250	260
Visits (000s)	982	2,020	978	1,844	903	1,945
Spend per visit (£)	16.50	13.22	12.47	13.72	14.17	14.55

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UK casinos market supply

	Casino Venues	Total Licences
Operator		
Grosvenor Casinos	**54**	**77**[(3)]
Genting	41	56
Caesers Entertainment UK	9	11
A&S Leisure	6	6
Double Diamond	6	7
Aspers/Aspinall's	7	9[(3)]
Club 36	3	3
Clockfair	2	2
Guoco	1	1
Others	12	26
Total	**141**	**198**

Source: National Casino Industry Forum
(3) includes 2005 Act casino licences

UK bingo clubs market supply

	Clubs[4]
Operator	
Gala Bingo	131
Mecca	**85**
Top Ten Bingo	15
Carlton Clubs	13
Castle	11
Club 3000	12
Beacon	8
Others	83
Total	**358**

Source: Bingo Association
(4) excludes the conversion of adult gaming centres to bingo clubs

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