

# Financial Review

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## Forward Looking Statements

This presentation may contain certain statements about the future outlook for Punch. Although we believe our expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different



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# Group Profit and Earnings

	2008/09 28 weeks	2007/08 28 weeks	% Change
<b>Average number of pubs</b>	<b>8,416</b>	8,450	(0)%
Leased	227	259	
Managed	47	63	
Share of JV	1	2	
<b>EBITDA</b>	<b>275</b>	323	(15)%
Depreciation & amortisation	(34)	(33)	
<b>Operating profit</b>	<b>241</b>	290	(17)%
Interest	(159)	(159)	
Profit on asset sales	0	2	
<b>Profit before tax</b>	<b>82</b>	133	(38)%
Tax	(21)	(37)	
<b>Net profit</b>	<b>62</b>	96	(36)%
<b>EPS</b>	<b>23.1p</b>	36.1p	(36)%

Figures exclude exceptional items



# Leased Estate

	<b>2008/09</b> 28 weeks	2007/08 28 weeks	Change
Average number of pubs	<b>7,540</b>	7,575	(0)%
Revenue	<b>416</b>	451	(8)%
Gross profit	<b>270</b>	297	(9)%
Costs	(43)	(38)	(13)%
EBITDA	<b>227</b>	259	(12)%
Operating profit	<b>215</b>	248	(13)%
Operating margin %	<b>51.7%</b>	54.9%	(3.2)% pts

- Like for like pub contribution down 11.3%
- Includes c.1,250 pubs in the Turnaround division:
- 17% of the estate by pub numbers
- Less than 7% of the estate by pub contribution



# Leased Operating Statistics

## Like for like revenue

	<b>2008/09</b> 28 w eeks	<b>2007/08</b> 28 w eeks
Drink	(7.8)%	(5.0)%
Rent	(7.3)%	4.4%
Machines	(16.4)%	(10.4)%
	<b>(7.9)%</b>	<b>(2.6)%</b>

## Operating margin movement

	<b>2008/09</b> 28 w eeks	<b>2007/08</b> 28 w eeks
Gross profit	(1.2)%	0.2%
Costs	(1.6)%	0.7%
Depreciation	(0.4)%	(0.3)%
<b>Overall movement (% points)</b>	<b>(3.2)%</b>	<b>0.6%</b>



# Managed Estate

	2008/09 28 weeks	2007/08 28 weeks	Change
Average number of pubs	<b>876</b>	875	0%
Revenue	<b>352</b>	363	(3)%
Gross profit	<b>250</b>	263	(5)%
Costs	(203)	(200)	(1)%
EBITDA	<b>47</b>	63	(25)%
Operating profit	<b>25</b>	40	(38)%
Operating margin %	<b>7.1%</b>	11.1%	(4.0)% pts

- Includes the impact of 50 lease reversions
- Like for like sales down 2.3%
- Like for like gross profit down 4.6%



# Managed Operating Statistics

## Like for like revenue

	<b>2008/09</b> 28 w eeks	<b>2007/08</b> 28 w eeks
Drinks	(1.8)%	(3.9)%
Food	(1.9)%	0.2%
Machines & Other	(10.1)%	(11.7)%
	<b>(2.3)%</b>	<b>(2.8)%</b>

## Operating margin movement

	<b>2008/09</b> 28 w eeks	<b>2007/08</b> 28 w eeks
Gross profit	(1.6)%	(0.2)%
Labour costs	(0.5)%	(1.1)%
Utilities	(1.9)%	0.3%
Other costs	0.1%	(0.7)%
Depreciation	(0.1)%	(2.0)%
<b>Overall movement (% points)</b>	<b>(4.0)%</b>	<b>(3.7)%</b>



# Exceptional Items

	2008/09 H1
Restructuring costs	(6)
Provision for onerous leases	(22)
Pub impairment	(147)
Loan note redemptions net of costs	39
Interest rate swap mark to market	(68)
Tax	20
<b>Total</b>	<b>(184)</b>

- All non-cash items except for £7m; completed reorganisation of support functions
- 50 lease reversions in the period
- Pub impairment reflects lower earnings; includes £41m reversal of year end impairment covering 250 pubs
- Swaps match our floating rate debt, pure accounting valuation



# Cash Generation

	2008/09 H1	2007/08 H1
EBITDA	275	323
Operating cash flow	195	263
Interest	(156)	(156)
Tax received/(paid)	0	21
<b>Free cash flow before investment</b>	<b>39</b>	<b>129</b>
Investment	(57)	(84)
Disposals	41	19
Acquisitions	0	(22)
<b>Free cash flow</b>	<b>23</b>	<b>42</b>
Dividends	0	(27)
<b>Cash flow pre financing</b>	<b>23</b>	<b>15</b>

- H1 cash flow includes c.£60m of seasonal working capital outflow
- Minimal cash tax expected this year
- Lower rate of investment, target spend to continue
- Disposals completed in first 35 weeks increased to £91m



# Disposals

## £91m of disposals in the first 35 weeks:

- 161 pubs (151 leased and 10 managed) largely from the non-core estate
- Disposals in line with book value
- Disposals earnings enhancing after repaying debt
- Continue to look at further opportunities, but only where they are earnings enhancing or strategically advantageous



# Stable Long Term Debt

Debt Structure	Nominal Value £m		
	Apr 2009	Mar 2009	Aug 2008
Securitised debt			
Punch A	1,954	1,967	2,068
Punch B	1,206	1,211	1,249
Spirit	1,157	1,250	1,250
Total	4,317	4,428	4,567
Convertible bonds <sup>1</sup>	218	218	285
Gross Debt	4,535	4,646	4,852

Debt Repayment Schedule		
	Securitised Debt	Convertible
2008/09 <sup>2</sup>	£4m	-
2009/10	£40m	-
2010/11	£66m	£224m

- £318m (7%) of debt repaid since the year end, £311m of which was paid ahead of schedule
- Weighted average life of securitised debt is 19 yrs
- Weighted average cost of debt is 6.6%<sup>3</sup>



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<sup>1</sup>Including accretive value at balance sheet date

<sup>2</sup>Post April 2009

<sup>3</sup>Effective interest rate calculated as interest expense over nominal value of debt

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# Financial Covenants

DSCR	Mar-09 DSCR	Covenant	Indicative Headroom
- Punch A	1.54x <sup>1</sup>	1.25x	23%
- Punch B	1.92x <sup>1</sup>	1.50x	28%
- Spirit (cash trapped)	1.71x <sup>2</sup>	1.30x	32%

Net Worth	Mar-09 <sup>3</sup>	Covenant <sup>4</sup>	Indicative Headroom
- Punch A	£694m	£200m	£494m
- Punch B	£495m	£125m	£370m

- Headroom maintained in the DSCR and Net Worth financial covenants

<sup>1</sup> Figure shown is the lower of the FY09 Q2 4-qtr & 2-qtr look back ratio in line with the covenant test

<sup>2</sup> Figure shown is the FY09 Q2 4-qtr look back ratio in line with the covenant test

<sup>3</sup> Net Worth calculated as at March 2009

<sup>4</sup> Net Worth covenant tested annually

