

Progress & Vision

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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



Market Context

- The challenging trading conditions of the last few years have and will continue to shape the pub industry for many years to come:
 - On trade beer volume decline of 20% over last 3 years
 - Rise in duty on beer of 25% over last 2 years
 - Decline in the economy of 5% over last year
 - Increased political and regulatory scrutiny
- Sadly the future for Britain is fewer pubs but at Punch we are focusing on those pubs with the most sustainable growth characteristics



Our Actions, Foundations For Growth

- We have focused on dealing with immediate issues....
 - Reduced our debt by £1.25 billion (28%) over the last 18 months
 - Continue to manage the balance sheet appropriately
 - Fully repaid all short term debt
 - Remaining long term debt that average maturity 17 years, weighted cost 6.8%
- ...whilst setting a clear strategy for the longer term:
 - Working for sustainable longer term growth, not short term unsustainable gain
 - Focusing on highest quality core sites with best long term and sustainable business opportunity
 - In markets where we are or can become the market leader
 - We will become and remain the **best value and most trusted** leased pub company
 - We will become and remain the **best** managed pub company in the UK
- We remain Britain's largest pub group
 - £5.2 billion largely freehold pub estate:
 - Punch Partnerships operating 6,318 leased and tenanted pubs
 - Punch Pub Company operating 823 managed pubs



Our Operational Focus

- We have worked tirelessly on the operational side to rebuild the foundations of the business as a critical component of the longer term vision

Punch Pub Company

Initial sale or conversion of over 1,000
non-core sites

Comprehensive estate review

8 new concepts underway

Operational Excellence programme
across entire estate

Raised calibre significantly at all levels

Redesigned all business processes

Consolidated to one employment contract

Migrated all pubs to one EPOS
and labour management system

Punch Partnerships

Moved swiftly to provide support to
struggling partners – running at
c. £2m per month

Long term sales programme focused on
retaining highest quality core estate

Sold 1,200 pubs since Jan 2009, mostly non
core

Pathway to Partnership programme
launched including new code of conduct
and lease with FOT option

Quality core estate with investment
potential



Closing And Outlook

- Over the last year we have set out clear plans for addressing the challenges and providing the platform for growth for the future
- Our priorities of stabilising performance have been achieved and we are now making great progress in creating the platform for growth
- We have used the time to strengthen the calibre of the management throughout the organisation and the team is well placed to take the business forward
- Whilst we remain cautious about the immediate profit opportunities for the business we are well prepared for the longer term

