

# PUNCH TAVERNS PLC

## (“Punch” or “the Group”)

### Pre-Close Trading Statement

Punch Taverns completed its 52 week financial year on 19<sup>th</sup> August 2006 and expects to announce full year results on Thursday, 9<sup>th</sup> November.

Trading across the Group has continued in line with Board expectations. Excellent progress has been made towards reorganising and increasing the quality of our core estate.

The leased business, which comprised 7,846 pubs at year end, continues to perform well. Average turnover per pub increased 2.7%, with like for like turnover up 1.0%, and margins improved as a greater proportion of turnover is received on rent. We continue to support our retailers with training programmes, business initiatives and investment; over 950 leased pubs have benefited from Punch investment in the past year.

Our leased estate is already amongst the highest calibre and has been further improved by the acquisition of 96 high quality pubs, conversion of pubs from the Spirit estate, and the sale of 551 smaller pubs with less sustainable prospects.

Spirit, which was acquired on 5<sup>th</sup> January 2006 and comprised 1,410 pubs at year end, has traded well and increased like for like sales by 3.6% in the 32 weeks since acquisition.

We have been very active in implementing our strategic plan for Spirit. From the acquired estate of 1,830 managed pubs, 382 have been sold or agreed for sale, at prices which exceed our original expectations. These include packages of 290 pubs and 31 pubs to GI Partners and Regent Inns respectively, plus a further 61 individual or small group pub sales. In addition, 74 pubs have been converted to the leasing format, with the conversion rate now accelerating as more pubs are marketed and the processes are fully established. The remaining Spirit business has been simplified, reorganised and refocused. We have completed the modifications to the Spirit debt facilities, increasing our asset management flexibility, and we have renegotiated a number of supply contracts onto a group wide basis, most notably a long term brand supply contract with Scottish & Newcastle plc.

We continue to prepare for the impending smoking ban in England and Wales which is anticipated in summer 2007. We have learned valuable lessons through our first hand experience of consumers' reaction to the introduction of the Scottish smoking ban and are now applying this experience to our existing initiatives throughout the rest of our estate. Whilst it is too early to draw any firm conclusions from its impact, we are confident that we will be optimally placed to offset any effect of this change in legislation next summer.

During the last 12 months we have taken significant steps in developing a portfolio of extremely high quality pubs. Simultaneously, we have put in place the infrastructure to enable our assets to perform to the optimum operating model. We will continue to seek opportunities to further increase the quality of our estate and to operate our assets both to maximise the business portfolio and value for shareholders.

**Giles Thorley**, Chief Executive of Punch Taverns, comments:

***“This has been a very active year where we have significantly upgraded the quality of the pub estate through investment, acquisition and disposal. Our pubs continue to trade well and offer excellent prospects for continued growth.”***

**6 September 2006**

**ENQUIRIES:**

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