

PUNCH TAVERNS PLC

("Punch" or "the Group")

Interim Management Statement for the 20 weeks to 10 January 2009

Punch Taverns plc announces its Interim Management Statement for the 20 weeks from the start of the financial year on 24 August 2008.

TRADING PERFORMANCE

In our preliminary results announcement on 4 November we reported that trading conditions during September and October had remained extremely challenging and expressed our caution about trading prospects for the coming financial year. Despite improved trading over the peak Christmas period, trading over the period since 4 November has remained challenging with the economic outlook deteriorating for the UK consumer.

Leased Estate:

In this difficult economic environment, we continue to believe it is important to support our licensees and we have increased our level of support, in the form of rent concessions and increased product discounts, from £0.4 million per month this time last year to £1.6 million per month this year. It is still too early to assess the positive effect of these measures on the health of our licensees which will also, to a lesser extent, have benefited from improved Christmas trading. The trend in beer sales has continued broadly in line with the exit rate reported for the last financial year, with double digit volume declines being experienced during the first 20 weeks of the current financial year.

Accordingly, the like-for-like outlet profit (inclusive of the additional support provided to our licensees) from the leased and tenanted business for the period is down approximately 12% on the same period last year.

In terms of capital investment, we have seen lower levels of capital expenditure in the second half of last year continuing into this financial year. Although we continue to deliver good returns, not surprisingly our licensees are taking a more cautious stance on investments and are deferring their decisions on capital commitments. As such, we now believe capital expenditure for the year within the leased and tenanted business will be c.£30 million, a reduction of c.£20 million on previous guidance.

Managed Estate:

Sales trends in our managed estate have shown some improvement compared with the second half of last year, with like-for-like sales down 2.5% for the first 20 weeks, principally driven by improved sales over the Christmas and New Year trading period which were up 1.9% on last year.

As detailed at the time of the preliminary results announcement, operating margins continue to be impacted by above inflation regulatory, food and energy cost increases, estimated at £13m for the current year. As the economic environment continues to put consumers' disposable income under pressure, we have increased our promotional activity to improve and extend our value propositions across the estate. As a consequence of these factors, operating margin is estimated to be running 5 percentage points lower than last year.

During the period, we have completed £25 million of capital investments including some new trials aimed at improving our underperforming formats such as Chef & Brewer. The new management team are evaluating the performance of these trials prior to initiating an accelerated rollout programme in the Spring/Summer. This more measured approach to investment means that capital expenditure for the year is expected to be c.£55 million, a reduction of £15 million on previous guidance.

During December 2008, 44 managed leasehold pubs reverted to the Group, the majority of which had previously been sold to the Orchid Group in June 2006. The majority of these sites will resume trading during January 2009.

BALANCE SHEET

During the past year we have taken action to increase free cash flow and this clearly remains a strategic priority, especially in the current trading environment.

Following the announcement in September of our decision not to pay a final dividend for 2008, we have continued to identify and execute a series of measures to generate additional free cash flow. Costs remain under tight control and we expect further efficiency savings to be made in support costs during the year. As outlined above, capital expenditure in the current year is to be scaled back to c.£85 million, a reduction of £35 million on previous guidance. Our ongoing divestment programme is on track with over £30 million of disposals having been exchanged or completed to date.

In light of the challenging trading conditions, for the last 18 months we have focussed on reducing the overall level of our debt. In 2007 we repaid the remainder of our bank debt and since the beginning of the financial year, we have taken the opportunity to re-purchase and cancel several tranches of our debt at substantial discounts to the nominal value. In the period to date we have re-purchased £180 million of debt (accrued value) at a cash cost of £145 million. The re-purchase of the securitised debt has substantially reduced the level of debt service charge in 2009 (particularly in the Punch A securitisation).

We will continue to look at further opportunities to increase free cash flow and redeem securities through initiatives to reduce costs and the realisation of value from the disposal of non-core assets. Based on our current plans we anticipate that we will meet the restricted payment condition within both the Punch A and Punch B securitisations this year.

OUTLOOK

Given the very challenging trading environment and the deteriorating economic outlook for the UK consumer, we continue to focus on taking prudent steps in utilising cash to reduce our level of debt, whilst seeking to maintain investment in our high-quality pub estate at an appropriate level.

Whilst we remain confident of the longer term prospects for the company and the sector, difficult trading conditions are likely to persist for the foreseeable future and we remain extremely cautious over the near-term.

We expect to announce interim results for the first 28 weeks of our financial year on Wednesday 29 April 2009.

14 January 2009

ENQUIRIES;**Punch Taverns plc**

Giles Thorley, Chief Executive
Phil Dutton, Finance Director

Tel: 020 7457 2020**Smithfield Consultants**

John Kiely

Tel: 020 7360 4900**Conference Call**

There will be a conference call for analysts and investors at 8.30am today on (UK) 0800 694 1562 or (International) +44 (0) 1452 583 043. The title of the call is Punch Taverns IMS.

Forward-looking statements

This announcement 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.