

PUNCH TAVERNS PLC

("Punch" or "the Group")

Interim Management Statement for the 20 weeks to 5 January 2008

Punch Taverns plc announces its Interim Management Statement for the 20 weeks from the start of the financial year on 19 August 2007.

Our priority during 2007 was to focus on enhancing the quality of the overall estate. As a result we reduced the size of the estate by 9% with strategic disposals of just under 1,000 pubs. This strategy has continued into the period under review, with a further 16 pubs acquired, 14 sold, and 16 converted from managed to leased creating an estate of 8,450 pubs comprising 869 managed pubs and 7,581 leased pubs as at 5 January 2008. In addition we have spent £53 million on capital projects in the estate in the period.

TRADING

After a satisfactory start to the year, trading over the last eight weeks has been more subdued in what has been widely acknowledged as a challenging period for the sector, with declining consumer confidence coinciding with the impact of the smoking ban in England and Wales.

Despite the market conditions, our leased estate delivered a satisfactory performance in the first 20 weeks of our financial year to 5 January 2008, demonstrating the resilience of the model, with like for like outlet profit marginally lower than last year, down 0.8%. Average outlet profit per pub is up 10% over the same period last year, reflecting the improved estate quality.

In the core managed estate like for like sales have declined by 2.2%, with food sales having grown by 1.0%. Food sales now account for 39% of total sales in the managed estate. The change in sales mix, coupled with inflationary cost pressures, will impact managed operating margin.

It is still too early to evaluate any long term trends following the introduction of the smoking ban in England and Wales. As anticipated, the ban has impacted trading during the start of the winter period, however we still hold the view that the smoking ban will have a positive effect on the industry in the medium to long-term. This is being born out in Scotland where the ban came into force in March 2006 and like for like profit in our Scottish leased estate over the 20 week period has grown by 1.6%.

We continue to review all areas of our business to maximise efficiency across the Group and, where possible, to mitigate the challenges we face. Further to the reorganisation of field and central support teams in 2007 we expect to achieve additional cost savings of c.£10 million in the current financial year.

FINANCIAL STRUCTURE

Since the year end £51 million of debt has been repaid. The Group currently has no short term bank borrowings and no longer term financing requirements. All of the Group's debt is at effectively fixed rates of interest and amortises over terms extending to 28 years. With interest cover in excess of 2 times EBITDA, significant headroom in our debt covenants and the use of long-term amortising debt, the Group has a robust financing structure.

We continue to believe that our current business structure provides the best opportunity for long-term returns for shareholders, although we actively consider all opportunities that may add further value and we continue to keep all options under review.

OUTLOOK

The developments made in our estate over the past two years leave us with one of the most robust and high quality pub estates in the UK. This puts us in a strong position to build on the longer term opportunities available to us.

Whilst we remain cautious over the short-term outlook for the sector, the enduring popularity and appeal of the local community pub will continue and we remain confident about the long-term prospects for our business.

We expect to announce interim results for the first 28 weeks of our financial year on 24 April 2008.

16 January 2008

There will be an analyst conference call at 0830 this morning. Please contact Suzanne Larkby at College Hill on 020 7457 2066 or email Suzanne.larkby@collegehill.com for dial-in details.

ENQUIRIES:

Punch Taverns plc

Giles Thorley, Chief Executive
Phil Dutton, Finance Director

Tel: 020 7255 4002

College Hill

Justine Warren
Matthew Smallwood

Tel: 020 7457 2020