

Punch Taverns plc

Pre-Close Trading Statement

Thursday 6 September 2007

Punch Taverns completed its 52 week financial year on 18 August 2007 and expects to announce full year results on Thursday 8 November 2007.

Trading during the year has been in line with Board expectations with the exception of a period during early summer when unprecedented poor weather and flooding affected the trading opportunity for many pubs. Whilst trading levels have returned to normal, this unseasonal weather impacted results and we now anticipate pre-tax profits for the full year to be around 2-3 percent less than previous Board expectations.

The leased business, which comprised 7,561 pubs at the year end, continues to perform well with like for like profits up 2.7% across the year. The quality of the estate was significantly improved by the conversion of 637 former managed pubs from the Spirit estate, the acquisition of 85 individual pubs, and the disposal of 933 pubs in the year of which 869 were sold to Admiral Taverns in May 2007. Consequently, the average profitability of leased pubs in our estate increased by over 10% during the year.

Our managed estate, acquired with the acquisition of Spirit Group in January 2006 and added to this financial year with the acquisition of Mill House Inns in September 2006, comprised 887 pubs at the year end and has also performed well. Sales in the like for like core managed estate increased by 3.5% across the year. The disposal and lease conversion programmes are now complete and any further estate changes will take place through the normal course of business, so that the remaining high quality Spirit business is fully focused in its key operating divisions.

The smoking ban is now in place across the whole of our estate, having been introduced in England on 1 July. No significant impact has been detected so far. The ban has been in existence in Scotland for over a year and has been accepted very rapidly by our customers without major disruption to our trade.

We were pleased to complete a significant restructure of our debt in July 2007. This eliminated most of our short term Spirit acquisition facility and replaced this with high quality long term securitised debt in our leased estate, reflecting the transfer of pubs from managed to leased. All of our debt is at effective fixed rates of interest and we have no refinancing risk or exposure to volatile credit markets.

During the last year we have made significant strides to further improve the quality and resilience of our estate and we are very well placed operationally and strategically to take advantage of future market opportunities. With the smoking ban and licensing changes behind us, we can look forward to a period of greater operational stability.

In addition, Punch has today announced that Robert McDonald is retiring as Finance Director. He will be replaced by Phil Dutton (see separate announcement).

Giles Thorley, Chief Executive, of Punch Taverns commented:

"We have made excellent progress in a period of considerable operational change during which time our pubs have continued to trade well. Looking forward, our estate has never been in better shape and remains well placed to capitalise upon the various opportunities open to us. We remain confident about the future prospects for the Group."

6 September 2007

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