

# PUNCH TAVERNS PLC

("Punch" or "the Group")

## Year End Trading Statement for the 52 weeks to 21 August 2010

The Group completed its 52 week financial year on 21 August 2010 and expects to issue its preliminary results for the same period on 12 October 2010.

### Trading

Recent trading momentum is consistent with that outlined in the 6 July 2010 Interim Management Statement, continuing to benefit from improved operating standards, increased pub refurbishment activity and favourable summer weather. As such, we now expect earnings before tax and exceptional items for the full year to be marginally ahead of our previous expectations.

In Punch Partnerships, our leased and tenanted division, our Pathway to Partnership programme has started to deliver operational improvements. The estate has been strengthened through the percentage of pubs on substantive agreements being increased to 86%, failure rates being halved and financial support to our partners being stabilised at just under £2 million per month. However, profits remain under pressure as a result of lower drinks margin coupled with reduced rental income from returned pubs. Consequently, although improved sales volumes have been delivered over the final quarter, like-for-like profit decline is expected to be broadly in line with the rate reported for the half year.

In Punch Pub Company, our managed division, like-for-like sales in the 52 week period were 2.0% below last year. Improved trading has been delivered in the second half of the year and particularly in the final quarter where like for like sales for the last 12 weeks were up 2.6%. Operating margins have continued to improve since the half year and are expected to be broadly in line with last year. The continuing delivery of our Operational Excellence programme and increased investment in the estate through the trial and rollout of new pub concepts have contributed to the recent positive trading momentum. We have invested in over 200 managed pubs during the course of the full financial year to August 2010.

### Analyst Site Visit

Punch Pub Company is holding a site visit tomorrow to give sell-side analysts the opportunity to see some examples of the pub investment programme in operation. No new material or financial information will be disclosed.

### Balance sheet

Our strategy of disposing of non-core assets has continued during the course of the year generating proceeds of approximately £300 million at an average multiple of 16 times EBITDA.

Since the start of the financial year we have reduced gross debt by £684 million, being 17%. Net debt at the year end stood at £3.1 billion.

As at 21 August 2010, we had £183 million of free cash and £114 million of bonds (at nominal value) held at the Group level. These resources have been, and will be available to protect the Group's debt structures against default by underpinning the net asset value of the Group for our shareholders.

### Outlook

We expect the trading outlook in the near term to continue to be uncertain, particularly given the potential impact of the June budget on consumer spending into next year. Against this backdrop, we believe it is sensible to plan cautiously and we have prepared our financial plans accordingly.

However, we are encouraged by our current trading momentum and are confident that the business change programmes and continued management actions in both sides of our estate have strengthened the business and positioned it to deliver solid longer-term operational performance.

**24 August 2010**

**ENQUIRIES;**

**Punch Taverns plc**  
Phil Dutton, Finance Director

**Tel: 01283 501703**

**Smithfield Consultants**  
John Kiely

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**Conference Call**

There will be a conference call for analysts and investors at 8.30am today on (UK) 0871 700 0345 or (International) +44 (0) 1452 555 566, Conference ID 95000984. The title of the call is Punch Taverns Trading Statement.

**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.