

Financial Review

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Forward Looking Statements

This presentation 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



Group Profit

	2009/10 28 weeks	2008/09 28 weeks	% Change
Average number of pubs	7,398	8,416	(12)%
Leased	183	227	
Managed	40	47	
Share of JV	2	1	
EBITDA	225	275	(18)%
Depreciation & amortisation	(26)	(34)	
Operating profit	199	241	(18)%
Interest	(132)	(159)	
Profit before tax	66	82	(19)%
Tax	(18)	(21)	
Net profit	48	62	(22)%
EPS	7.5p	23.1p	(68)%

Figures exclude exceptional items



Estate Size

	<u>Leased</u>	<u>Managed</u>	<u>Total</u>
August 2009	6,841	835	7,676
Lease reversions	-	12	12
Lease conversions	1	(1)	-
Disposals	(524)	(23)	(547)
March 2010	6,318	823	7,141
<i>net change</i>	<i>(8%)</i>	<i>(1%)</i>	<i>(7%)</i>
Average estate size	6,567	831	7,398
<i>decrease on last year</i>	<i>(13%)</i>	<i>(5%)</i>	<i>(12%)</i>

- Future disposal activity will continue to focus on the tail of the estate



Leased Estate

	2009/10 28 weeks	2008/09 28 weeks	Change
Average number of pubs	6,567	7,540	(13)%
Revenue	351	416	(16)%
Gross profit	219	270	(19)%
Costs	(35)	(43)	18%
EBITDA	183	227	(19)%
Operating profit	173	215	(20)%
Operating margin %	49.2%	51.7%	(2.5)% pts

- Like for like pub contribution down 11%
- Committed to supporting our Partners:
- Increased financial support to c.£2m per month
- Price increase limited to 1% for majority of beers (4% prior year)



Leased Operating Statistics

Like for like revenue

	2009/10 28 w eeks	2008/09 28 w eeks
Drink	(4.8)%	(7.8)%
Rent	(10.5)%	(7.3)%
Machines	(17.1)%	(16.4)%
	(6.9)%	(7.9)%

Operating margin movement

	2009/10 28 w eeks	2008/09 28 w eeks
Gross profit	(2.5)%	(1.2)%
Costs	0.2%	(1.6)%
Depreciation	(0.2)%	(0.4)%
Overall movement (% points)	(2.5)%	(3.2)%



Managed Estate

	2009/10 28 weeks	2008/09 28 weeks	Change
Average number of pubs	831	876	(5)%
Revenue	326	352	(7)%
Gross profit	229	250	(8)%
Costs	(190)	(203)	6%
EBITDA	40	47	(15)%
Operating profit	24	25	(4)%
Operating margin %	7.4%	7.1%	0.3% pts

- Includes the impact of 12 lease reversions
- Like for like sales down 3.4%
- Like for like gross profit down 3.6%



Managed Operating Statistics

Like for like revenue

	2009/10 28 w eeks	2008/09 28 w eeks
Drink	(2.3)%	(1.8)%
Food	(4.7)%	(1.9)%
Machines & Other	(4.3)%	(10.1)%
	(3.4)%	(2.3)%

Operating margin movement

	2009/10 28 w eeks	2008/09 28 w eeks
Gross profit	(0.5)%	(1.6)%
Labour costs	(0.3)%	(0.5)%
Utilities	1.0%	(1.9)%
Rent & rates payable	(1.4)%	0.1%
Other costs	0.0%	0.0%
Depreciation	1.5%	(0.1)%
Overall movement (% points)	0.3%	(4.0)%



Exceptional Items

	2009/10 H1
Restructuring costs	(2)
Provision for onerous leases	(11)
Pub and deemed goodwill disposal	1
Profit on repayment of debt	32
Interest rate swap mark to market	(15)
Tax	7
Total	11



Cash Generation

	2009/10 H1	2008/09 H1
Operating cash flow	143	195
Interest	(135)	(156)
Tax received/(paid)	0	0
Free cash flow before investment	8	39
Investment	(38)	(57)
Disposals	198	41
Acquisitions	0	0
Free cash flow	169	23
Dividends	0	0
Cash flow pre financing	169	23

- H1 CF includes c.£60m of seasonal working cap outflow
- Minimal cash tax expected this year
- Lower rate of investment, in H1
- FY £300m disposal proceeds guidance maintained



Disposals

- £198m of disposals in H1
- 547 pubs (524 leased and 23 managed) largely from the non-core estate
- Average multiple in excess of 13 times EBITDA
- Disposals ahead of book value
- Future disposal programme will focus on uneconomic tail of estate



Stable Long Term Debt

Debt Structure	Nominal Value £m		
	Mar 2010	Aug 2009	Mar 2009
Securitised debt			
Punch A	1,748	1,919	1,967
Punch B	1,044	1,204	1,211
Spirit	918	996	1,250
Held at Group	(127)	(177)	0
Total	3,583	3,942	4,428
Convertible bonds ¹	0	202	218
Gross debt	3,583	4,144	4,646
Cash	(306)	(679)	(182)
Net debt	3,277	3,465	4,464

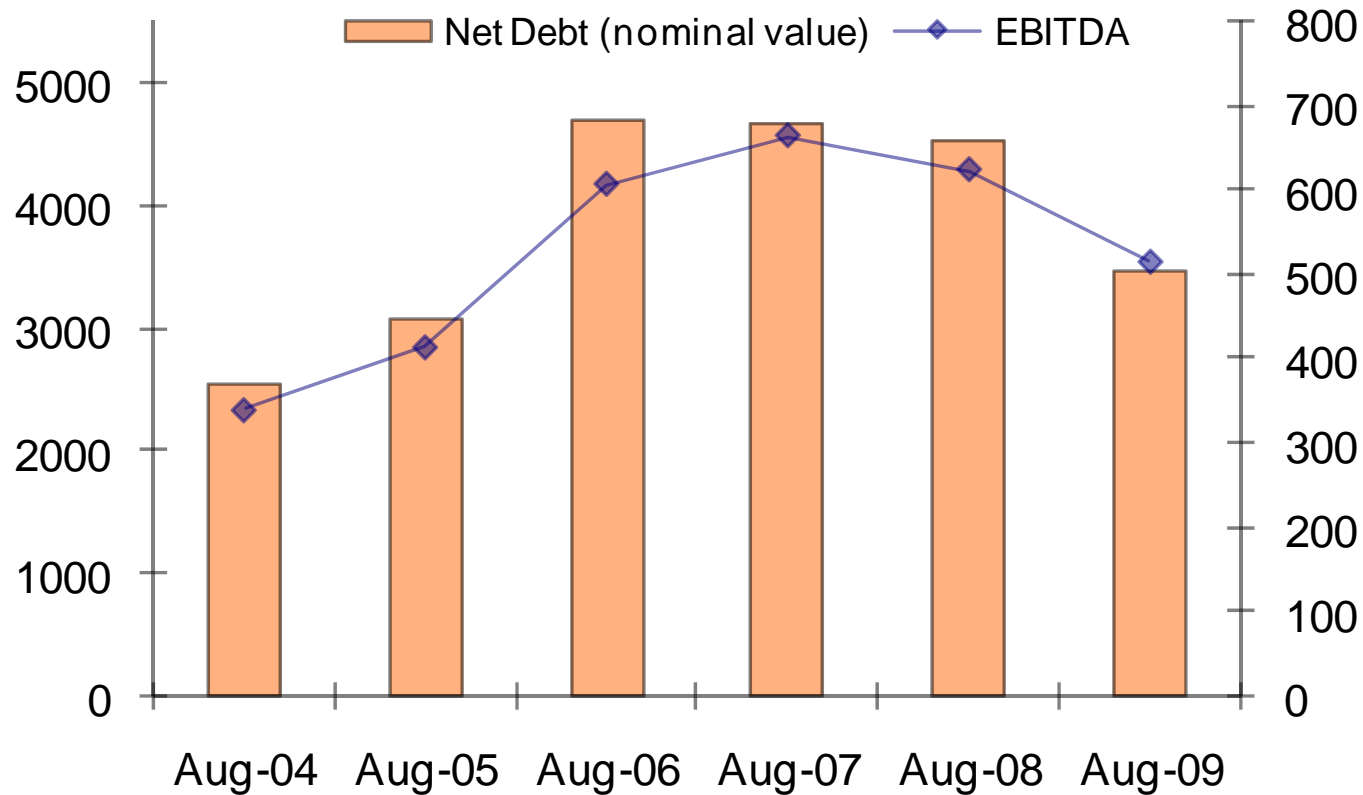
	Scheduled Amortisation
2009/10 H2	£19m
2010/11	£53m
2011/12	£56m
2012/13	£58m

- Further £561m (14%) of debt repaid since the year end, £546m of which was paid ahead of schedule
- Weighted average life of securitised debt is 17 yrs
- Weighted average cost of debt is 6.8%²

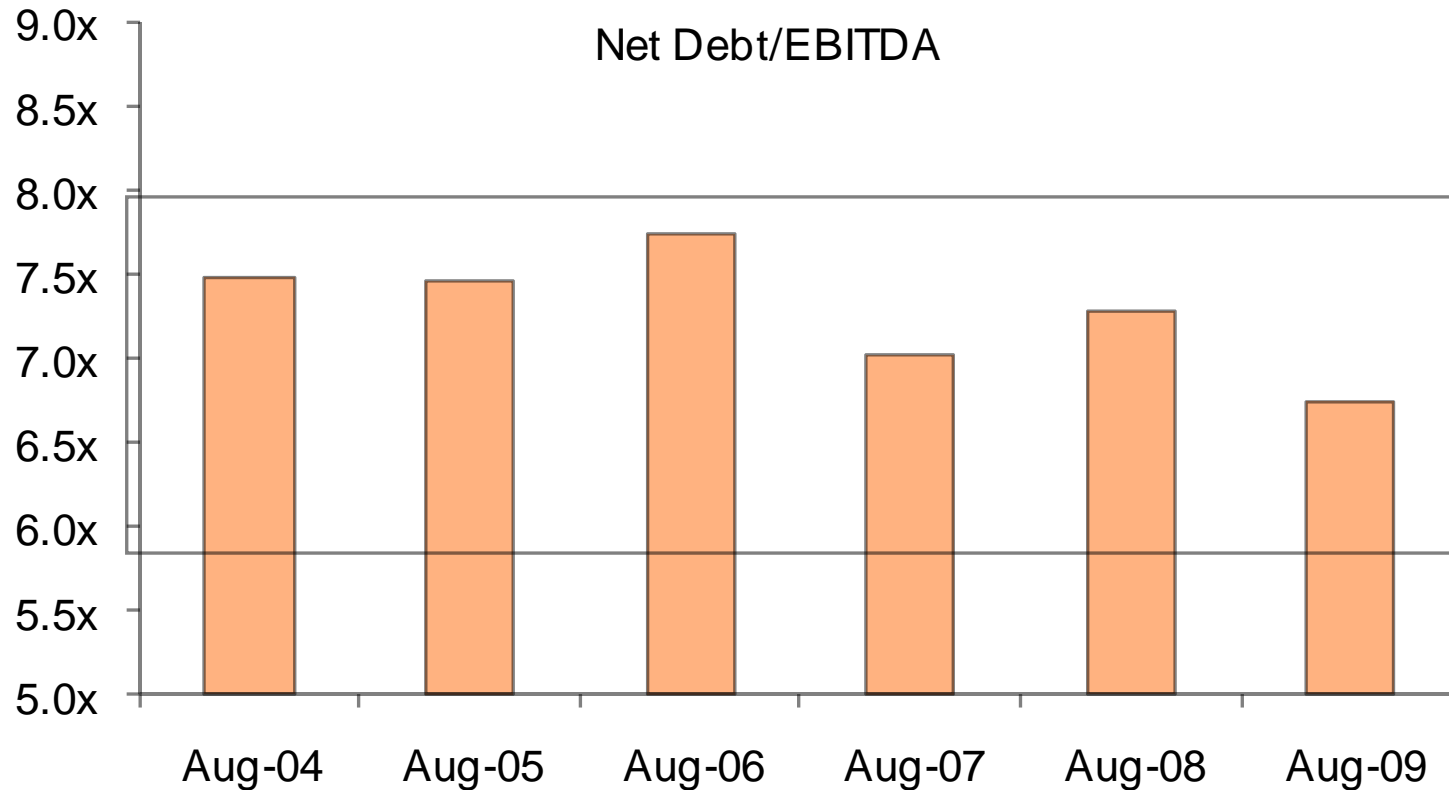
¹Including accretive value at balance sheet date



Active Debt Management



Active Debt Management



Financial Covenants

DSCR	Mar-10 DSCR	Covenant	Indicative Headroom
- Punch A	1.42x ¹	1.25x	14%
- Punch B	1.57x ¹	1.25x	26%
- Spirit	1.97x ²	1.30x	52%

- Mar-10 DSCR has benefited from group support into the net

Net Worth	Mar-10 ³	Covenant ⁴	Indicative Headroom
- Punch A	£522m	£200m	£322m
- Punch B	£377m	£125m	£252m

- Headroom maintained in the DSCR and Net Worth financial covenants

¹ Figure shown is the lower of the FY10 Q2 4-qtr & 2-qtr look back ratio in line with the covenant test

² Figure shown is the FY10 Q2 4-qtr look back ratio in line with the covenant test

³ Net Worth calculated as at March 2010

⁴ Net Worth covenant tested annually



Net Asset Value

£m	<u>March 2010 per share</u>	
Fixed assets & investments	5,228	£8.14
Net debt (nominal value)	(3,277)	
	1,951	£3.04
Other	(203)	
Net assets	1,748	£2.72
Net asset excluding goodwill	1,248	£1.94



Financial Review Summary

- Results in line with expectations
- Strong cash generation before financing of £169m
- Gross debt reduced by £561m
- Net debt reduced by £188m
- Active debt management has maintained gearing in line with peer group

