3 August 2001

GREGGS plc
INTERIM RESULTS
FOR THE 24 WEEKS ENDED 16 JUNE 2001

Greggs is the UK's leading retailer specialising in sandwiches, savouries and other bakery products, with a particular focus on takeaway food and catering. It has over 1,100 retail outlets throughout the UK, trading primarily under the Greggs and Bakers Oven brands.

- **Record interim pre-tax profit of £9.6 million – up 22.4 per cent**
- **Tenth consecutive year of profit, earnings and dividend growth**
- Diluted earnings per share up 21.8 per cent to 58.1 pence
- Interim dividend up 31.3 per cent to 21.0 pence per share
- Like-for-like sales up 6.9 per cent – core volume growth of 4.3 per cent
- Continued strong growth in takeaway sandwiches and savouries
- Excellent performance by Greggs brand
- Significant benefits from past investment coming through as planned
- On track for 35 net new shop openings during 2001
- Cash balances of £25.4 million at end of half year – up £15.8 million since June 2000

"Trading in the second half started relatively slowly, as a result of hot weather. Further ingredient cost increases are in prospect, and performance will also be affected by a less favourable trading pattern over Christmas. However, we will increasingly derive benefits from our shop opening programme, our strong position in the growing takeaway food market, and the progressive build-up of returns on our substantial investment programme. Overall, we remain confident of achieving very good progress over the year as a whole."

- Mike Darrington, Managing Director

ENQUIRIES:

Greggs plc
Mike Darrington, Managing Director
Malcolm Simpson, Financial Director
Tel: 020 7796 4133 on Friday, 3 August only
0191 281 7721 thereafter

Hudson Sandler
Keith Hann / Wendy Baker
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MANAGING DIRECTOR'S INTERIM STATEMENT

The Group has continued to make excellent progress, with first half profits and earnings up 22 per cent. We have achieved this by strong growth in takeaway food under the Greggs brand, and by continuing to realise the planned benefits of our investment in brands, shops, factories and people.

Results

Sales in the first half (24 weeks) grew by 9.1 per cent to £161.7 million. Like-for-like sales increased by 6.9 per cent and core volumes rose by 4.3 per cent. Although we recovered some ingredient cost increases, product upgrades remained the main driver of higher retail prices. We traded strongly throughout the half, aided by exceptionally favourable weather, after a slow start which primarily reflected the pattern of New Year shop opening. The adverse effects of foot and mouth disease on our trade in tourist centres appear to have been more than offset by increased traffic in urban areas.

Pre-tax profits increased by 22.4 per cent to £9.6 million, benefiting from both the strength of sales and our past investments. Diluted earnings per share rose by 21.8 per cent to 58.1 pence.

Dividend

The Board has declared an increased interim dividend of 21.0 pence per share (2000: 16.0 pence), a rise of 31.3 per cent in order to adjust the balance between the interim and final dividends, to reflect a general objective to set the interim dividend at approximately one-third of the total dividend for the year, as well as to reflect the strong underlying performance of the Group during the first half. This will be paid on 5 October 2001 to shareholders on the register at the close of business on 7 September 2001. We have been committed for many years to a progressive dividend policy that provides shareholders with increases in their income broadly in line with the growth of earnings per share over the medium term.

Trading highlights

We continued to achieve our strongest growth in the principal takeaway food categories of sandwiches and savouries, and in complementary areas such as soft drinks, crisps and snacks. Demand for confectionery lines remained relatively stable, while sales of bread and rolls continued to follow a slightly declining trend.

Greggs brand. The Greggs brand, which accounts for the bulk of Group profits, continued to perform exceptionally well. Core volumes increased by 6.3 per cent, and total like-for-like sales by 8.5 per cent. Results were good across the business, with our Twickenham and Midlands divisions recording the largest profit increases, and the Yorkshire and Gosforth divisions also doing very well. Scotland sustained its position as our most profitable division.

Our good performance was again driven by our focus on enjoyable, value-for-money products, supplied by well-trained staff in an attractive and accessible retail environment. We continued to roll out the new Greggs shop format and supported the brand with effective marketing programmes, including further TV advertising in the Midlands, Yorkshire, North East and Scotland. In addition we are continuing our work on the unification of the Greggs brand across the country, and this is expected to deliver steadily increasing benefits as we harmonise our products, simplify our operational procedures and raise standards to reflect best practice within the Group.

Bakers Oven brand. Like-for-like sales increased by 2.6 per cent, though core volumes were 1.1 per cent lower than in the first half last year. This is a disappointing performance, which can be only partly explained by Bakers Oven's lower exposure to the buoyant takeaway market due to its involvement in seated catering. There were significant variations in regional results, with the Midlands division continuing to make progress and the South improving in response to management changes at the end of last year. The North and Scotland, however, both did poorly. We are continuing to monitor these trends closely with the aim of improving performance across the business.

Retail profile

We opened 25 new shops during the first half and closed 11, giving us a net increase of 14 to a total of 1,119 units at 16 June. We are on track to meet our target of making a net addition of 35 new shops during the current year. Openings have been predominantly under the Greggs brand, while closures have been mainly of underperforming Bakers Oven shops. We have continued our rolling refurbishment programme, with 41 shops being refitted during the first half, of which 27 were new format Greggs shops.

Investment and finances

Capital expenditure during the half year totalled £9.8 million, an increase from £9.0 million in the comparable period last year. This was principally spent on shop openings and refurbishments. We plan to spend a total of some £29 million over the year as a whole to expand and improve our retail estate, raise standards and provide additional manufacturing capacity. This compares with £21.4 million in the previous year.

Cash flow remained strong, reflected in our substantially increased net cash balances of £25.4 million at 16 June. This compares with net cash of £9.6 million at the end of the previous first half, and with £16.8 million at our year-end in December 2000.

People

We attach the utmost importance to making Greggs a business in which people can enjoy their work while attaining the highest standards, whether in food preparation or customer service. Our good performance reflects our continued focus on training and development, which is being enhanced by our new senior management development centres.

Outlook

Trading in the second half started relatively slowly, as a result of hot weather. Further ingredient cost increases are in prospect, and performance will also be affected by a less favourable trading pattern over the Christmas holiday period. However, we will increasingly derive benefits from our shop opening programme, our strong position in the growing takeaway food market, and the progressive build-up of returns on our substantial investment programme. Overall, we remain confident of achieving very good progress over the year as a whole.

Mike Darrington
Managing Director

GROUP PROFIT AND LOSS ACCOUNT

FOR THE 24 WEEKS ENDED 16 JUNE 2001

	24 weeks to 16 June 2001 £'000	24 weeks to 17 June 2000 £'000	52 weeks to 30 December 2000 £'000
TURNOVER	161,708	148,224	339,008
OPERATING PROFIT	9,149	7,754	26,044
Net interest receivable/(payable)	411	58	312
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9,560	7,812	26,356
Taxation	(2,626)	(2,148)	(4,225)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	6,934	5,664	22,131
Dividends	(2,519)	(1,913)	(6,422)
RETAINED PROFIT FOR THE PERIOD	4,415	3,751	15,709
Adjusted earnings per share	58.9p	47.9p	162.3p
Basic earnings per share	58.9p	47.9p	185.1p
Diluted earnings per share	58.1p	47.7p	183.7p

GROUP BALANCE SHEET

AT 16 JUNE 2001

	16 June 2001 £'000	17 June 2000 £'000	30 December 2000 £'000
FIXED ASSETS			
Tangible assets	115,728	110,851	113,285
Investments	3,563	1,916	3,563
	119,291	112,767	116,848
CURRENT ASSETS			
Stocks	5,799	5,622	5,636
Debtors	12,403	10,307	11,893
Cash at bank and in hand	29,075	14,151	20,015
	47,277	30,080	37,544
CREDITORS: amounts falling due within one year	(62,878)	(54,882)	(55,227)
NET CURRENT LIABILITIES	(15,601)	(24,802)	(17,683)
TOTAL ASSETS LESS CURRENT LIABILITIES	103,690	87,965	99,165
CREDITORS: amounts falling due after more than one year	(122)	(1,153)	(133)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	(2,011)	(2,011)	(2,011)
	101,557	84,801	97,021
CAPITAL AND RESERVES			
Called up share capital	2,399	2,391	2,397
Share premium account	9,677	9,302	9,558
Profit and loss account	89,481	73,108	85,066
Equity shareholders' funds	101,557	84,801	97,021

SUMMARISED GROUP CASH FLOW STATEMENT

FOR THE 24 WEEKS ENDED 16 JUNE 2001

	24 weeks to 16 June 2001		24 weeks to 17 June 2000		52 weeks to 30 December 2000	
	£'000	£'000	£'000	£'000	£'000	£'000
Operating profit		9,149		7,754		26,044
Depreciation		6,796		6,467		14,162
Loss on disposal of fixed assets		108		175		222
Release of government grants		(11)		(12)		(46)
(Increase) / decrease in stocks	(163)		361		347	
Increase in debtors	(510)		(556)		(2,142)	
Increase in creditors	7,391		4,371		4,844	
Net increase in working capital		6,718		4,176		3,049
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES		22,760		18,560		43,431
Returns on investments and servicing of finance		411		58		312
Taxation paid		(726)		(1,018)		(5,604)
Capital expenditure and financial Investments		(9,347)		(9,373)		(21,016)
Equity dividends paid		(4,581)		(3,646)		(5,593)
Net cash outflow from financing		(815)		(880)		(1,547)
Net increase in cash		7,702		3,701		9,983

NOTES

1. The interim results are unaudited.
2. The comparative figures for the 52 weeks ended 30 December 2000 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237(2) or (4) of the Companies Act 1985.
3. The interim report is being posted to all shareholders and copies are available on application to the Secretary, Greggs plc, Fernwood House, Clayton Road, Jesmond, Newcastle upon Tyne, NE2 1TL.