

4 August 2000

**GREGGS plc**  
**INTERIM RESULTS**  
**FOR THE 24 WEEKS ENDED 17 JUNE 2000**

**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 some 1,100 retail outlets throughout the UK, trading primarily under the Greggs and Bakers Oven brands.**

- Record pre-tax profit of £7.8 million – up 22.1 per cent
- Diluted earnings per share up 25.2 per cent to 47.7 pence
- Interim dividend increased 18.5 per cent to 16.0 pence per share
- Like-for-like sales up 6.0 per cent – core volume growth of 3.4 per cent
- Continued strong progress in takeaway food - excellent growth in sandwiches
- Positive response to new Greggs shop design
- Very pleasing progress by Greggs London divisions
- Improving returns on investment in Bakers Oven
- New group technical centre in Newcastle upon Tyne opened

**“Our trading performance since the beginning of the second half has remained encouraging. We continue to benefit from our focus on achieving good returns on past investments. I therefore anticipate another year of good progress for Greggs, and further growth beyond 2000 based on our clear and proven strategy in a strong and growing market sector.”**

**- Mike Darrington, Managing Director**

**ENQUIRIES:**

**Greggs plc**

Mike Darrington, Managing Director

Malcolm Simpson, Financial Director

Tel: 020 7796 4133 on Friday, 4 August only

0191 281 7721 thereafter

**Hudson Sandler**

Keith Hann / Justin Strong

Tel: 020 7796 4133

## **MANAGING DIRECTOR'S INTERIM STATEMENT**

**I am pleased to report a strong first half performance. We have continued to achieve good growth in core volumes under both the Greggs and Bakers Oven brands, and profitability has benefited from our past investment in people, brands, shops, factories, and systems.**

### **Results**

Sales in the first half (24 weeks) grew by 8.2 per cent to £148.2 million. Core volumes rose by 3.4 per cent, while the continuing introduction of upgraded products at slightly higher prices drove a total like-for-like sales increase of 6.0 per cent. Trading was helped by generally favourable weather, which was better than average for this period. Steadily improving returns on our past investment were reflected in a 22.1 per cent increase in pre-tax profits to £7.8 million, and diluted earnings per share were up 25.2 per cent at 47.7 pence.

### **Dividend**

The Board has declared an interim dividend of 16.0 pence per share (1999: 13.5 pence). This is an increase of 18.5 per cent, reflecting our long-standing commitment to a progressive dividend policy, providing shareholders with increases in their income broadly in line with the growth of earnings per share over the medium term. The interim dividend will be paid on 6 October 2000 to shareholders on the register at the close of business on 8 September 2000.

### **Trading highlights**

We are already firmly established as the UK's leading specialist retailer of sandwiches, and further excellent growth in this product category was again the main driver of core volumes under both our brands. We also made very good progress in savouries, while the more traditional bakery areas of cakes, confectionery and speciality bread remained relatively stable.

***Greggs brand.*** The Greggs brand, which includes Birketts, recorded a 6.7 per cent increase in like-for-like sales, including core volume growth of 3.8 per cent. Our Enfield and Twickenham divisions in the London area both made very pleasing progress, together with our newly re-branded Midlands division, and we continued our long run of good performance in Scotland.

We undertook successful television advertising campaigns in four regions to increase brand awareness, including the Yorkshire and Midlands regions where our shops were re-branded as Greggs last year.

***Bakers Oven brand.*** Like-for-like sales and returns on investment both continued to show an improving trend. Core volumes in the period increased by 2.4 per cent, and total like-for-like sales by 4.2 per cent. There were encouraging signs of improvement in the performance of our seated catering operations and we have added a further 15 units in the new format, largely through resites and refits, giving us a total of 61 such outlets at the end of the first half. Our major unit at the Millennium Dome has performed very well and exceeded expectations.

### **Retail profile**

We opened 16 new shops during the first half and closed nine, giving us a net addition of seven units and a total of 1,091 trading at 17 June. We anticipate a similar net increase during the second half, when we expect to open over 30 new shops. This is expected to be the final year of significant portfolio rationalisation, principally reflecting the closure of Bakers Oven outlets that do not fit with our premium branding strategy because of their size or location. During 2001 we expect to embark on an accelerated expansion programme, with the net addition of at least 30 new stores.

Customer response to the new Greggs shop design has been positive. The new format creates a much more exciting and vibrant shopping environment, with the growing importance of takeaway food in our offer recognised through improved display and accessibility. We are continuing to fine-tune the design and are achieving cost reductions in its implementation. This new look will be progressively rolled out during our normal refit cycle, with some 50 shops scheduled for refurbishment during 2000.

In total we refitted 39 shops under our two brands during the first half, and expect to refit a further 40 by the year end.

### **Investment and finances**

Capital expenditure during the half was £9.0 million, compared with £11.2 million in the

comparable period last year. A highlight was the opening in April of our new group technical centre in Newcastle, adjoining our successful central savouries plant. This state-of-the-art facility will help us to distance ourselves from our competitors by giving even greater impetus to our drive to improve the quality, consistency and enjoyability of all our products, and to enhance our value proposition by reducing costs.

The continued strength of our cash flow was reflected in our cash position, net of borrowings, which improved by £8.2 million to £9.6 million over the year to 17 June.

### **Staff**

We recognise that our growth and performance targets can be attained only with the support of all our staff, and will continue to develop a culture that promotes communication and consideration for others, and combines autonomy with accountability. As an example of this, in May we held a major management conference, bringing together over 100 of our most senior people from across the group. We reaffirmed our commitment to achieving recognition as Europe's finest bakery-related retailer, and on the key management priorities going forward: increasing our customer focus, developing our two distinct brand propositions, making ever more enjoyable products, and increasing profitability through a concentration on simplicity and efficiency in everything we do.

### **Outlook**

Our trading performance since the beginning of the second half has remained encouraging. We continue to benefit from our focus on achieving good returns on past investments. I therefore anticipate another year of good progress for Greggs, and further growth beyond 2000 based on our clear and proven strategy in a strong and growing market sector.

Mike Darrington  
Managing Director  
4 August 2000

**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE 24 WEEKS ENDED 17 JUNE 2000**

	24 weeks to 17 June 2000 £'000	24 weeks to 19 June 1999 £'000	52 weeks to 1 January 2000 £'000
TURNOVER	148,224	137,020	308,678
	-----	-----	-----
OPERATING PROFIT	7,754	6,468	21,691
Net interest receivable / (payable)	58	(70)	(171)
	-----	-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7,812	6,398	21,520
Taxation	(2,148)	(1,823)	(5,602)
	-----	-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	5,664	4,575	15,918
Dividends	(1,913)	(1,605)	(5,327)
	-----	-----	-----
RETAINED PROFIT FOR THE PERIOD	3,751	2,970	10,591
	=====	=====	=====
Earnings per share	47.9p	38.5p	135.1p
Diluted earnings per share	47.7p	38.1p	134.2p

**GROUP BALANCE SHEET****AT 17 JUNE 2000**

	17 June 2000 £'000	19 June 1999 £'000	1 January 2000 £'000
<b>FIXED ASSETS</b>			
Tangible assets	110,851	105,610	108,786
Investments	1,916	1,486	1,430
	-----	-----	-----
	112,767	107,096	110,216
<b>CURRENT ASSETS</b>			
Stocks	5,622	5,507	5,983
Debtors	10,307	10,443	9,751
Cash at bank and in hand	14,151	7,424	8,892
	-----	-----	-----
	30,080	23,374	24,626
<b>CREDITORS: amounts falling due within one year</b>	(54,882)	(53,526)	(49,755)
	-----	-----	-----
<b>NET CURRENT LIABILITIES</b>	(24,802)	(30,152)	(25,129)
	-----	-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	87,965	76,944	85,087
<b>CREDITORS: amounts falling due after more than one year</b>	(1,153)	(3,095)	(2,180)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	(2,011)	(1,165)	(2,011)
	-----	-----	-----
	84,801	72,684	80,896
	=====	=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	2,391	2,379	2,388
Share premium account	9,302	8,569	9,151
Profit and loss account	73,108	61,736	69,357
	-----	-----	-----
Equity shareholders' funds	84,801	72,684	80,896
	=====	=====	=====

**SUMMARISED GROUP CASH FLOW STATEMENT**  
**FOR THE 24 WEEKS ENDED 17 JUNE 2000**

	24 weeks to 17 June 2000	24 weeks to 19 June 1999	52 weeks to 1 January 2000
	£'000	£'000	£'000
Operating profit	7,754	6,468	21,691
Depreciation	6,467	5,846	13,035
Loss / (profit) on disposal of fixed assets	175	27	(83)
Release of government grants	(12)	(11)	(25)
	-----	-----	-----
Decrease / (increase) in stocks	361	373	(103)
(Increase) / decrease in debtors	(556)	(516)	176
Increase / (decrease) in creditors	4,371	1,178	(165)
	-----	-----	-----
Net decrease / (increase) in working capital	4,176	1,035	(92)
	-----	-----	-----
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	18,560	13,365	34,526
Returns on investments and servicing of finance	58	(70)	(171)
Taxation paid	(1,018)	(363)	(6,668)
Capital expenditure and financial investments	(9,373)	(11,174)	(21,373)
Equity dividends paid	(3,646)	(3,373)	(4,949)
Net cash outflow from financing	(880)	(975)	(1,207)
	-----	-----	-----
Net increase / (decrease) in cash	3,701	(2,590)	158
	=====	=====	=====

**NOTES**

1. The interim results are unaudited.
2. The comparative figures for the 52 weeks ended 1 January 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.