



8 January 2020

**GREGGS plc
FOURTH QUARTER TRADING UPDATE**

***Greggs is the leading bakery food-on-the-go retailer in the UK,
with more than 2,000 retail outlets throughout the country***

A special “thank you” for all our colleagues for an exceptional year

Financial year 2019*

- Total sales up 13.5% (2018: 7.2%)
- Company-managed shop like-for-like sales up 9.2% (2018: 2.9%)
- 138 new shops opened in the year, 41 closures
- 2,050 shops trading as at 28 December 2019
- £7m special payment to employees
- Full year underlying profit before tax expected to be slightly higher than our previous expectations

* 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

Chief Executive Roger Whiteside comments:

“We delivered a strong finish to what has been an exceptional year for Greggs. The major investments we have made in recent years to make Greggs an attractive choice in the food-on-the-go market are delivering. Consumers are responding very positively and we have seen increasing visits from both new and existing customers.

"Our record financial performance in 2019 has enabled us to enhance returns to shareholders. I am delighted to announce that we will also be making a special additional payment to all of our colleagues across the business who have worked so hard to deliver this success in what has been a phenomenal year.

"Looking to the year ahead, we face strong sales comparatives and cost inflation headwinds present a challenge. However, with strong momentum in the business we see further growth opportunities across a number of channels as we invest in new ways to make Greggs more accessible and convenient for customers.”

Trading update

For our 2019 financial year, total sales grew by 13.5 per cent and company-managed shop like-for-like sales grew by 9.2 per cent. In the fourth quarter company-managed shop like-for-like sales grew by 8.7 per cent (Q4 2018: 5.2 per cent).

Growth continues to be driven by additional customer visits with strong demand across our traditional ranges and, of course, the huge popularity of our now-iconic vegan-friendly sausage roll. As we enter the new year, we have added to our vegan-friendly menu with the launch of our 'Vegan Steak Bake' and our first vegan doughnut. In the year ahead we will continue to evolve our range to suit a broad variety of dietary choices.

During the year we opened 138 new shops (including 45 franchised units) and closed 41, growing the estate to 2,050 shops trading as at 28 December 2019, 302 of which are franchised shops operated by partners in travel and other convenience locations. In the year ahead we expect around 100 net shop openings.

Financial position and outlook

We have finished 2019 in a very strong financial position, despite having made significant investments in our strategic programmes and having enhanced shareholder returns by the payment of a special dividend of £35 million in October 2019. In the context of this exceptional year the board has agreed to make a special payment to employees, in recognition of their crucial contribution to business success. All of our colleagues will share in a one-off payment costing £7 million which will be paid at the end of January.

With strong momentum in the business there are clear opportunities for further growth as we begin to invest in new ways to make Greggs more accessible and convenient for customers. In particular we expect to scale up successful elements of our trials in the extension of trading hours and by making delivery more widely available.

We see a number of cost headwinds in the year ahead and expect these to be higher than we have seen recently, as National Living Wage costs increase faster than general inflation and the cost of pork continues to rise significantly. As usual we will seek to mitigate as much of this as is possible through business efficiency, but will also ensure that our prices continue to represent great value.

Given the strength of trading in the latter part of 2019 the Board now expects that full year underlying profit before tax, after the cost of the special payment to employees, will be slightly higher than our previous expectations when we report our preliminary results for 2019 on 3 March 2020.

ENQUIRIES:

Greggs plc

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NOTE

Quarterly sales growth analysis

	Q1	Q2	Q3	Q4	Full year*
2019:					
Total sales growth	15.7%	13.7%	12.4%	12.5%	13.5%
Company-managed LFL	11.4%	9.6%	7.4%	8.7%	9.2%
2018:					
Total sales growth	4.5%	5.9%	7.3%	10.7%	7.2%
Company-managed LFL	1.1%	1.8%	3.2%	5.2%	2.9%

* 2019: 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)