



29 September 2020

**GREGGS plc  
THIRD QUARTER TRADING UPDATE**

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

**Sales recovery improving - Digital channels rolled out nationally - New shop opening pipeline reactivated**

**Highlights**

- September company-managed shop like-for-like sales improved to 76.1% of 2019 level in the four weeks to 26 September 2020
- Higher levels of activity seen following slower August
- Delivery and Click & Collect options now available nationally
- Restarting shop opening programme, now expect c.20 net openings in 2020
- Further additions made to available product range as manufacturing sites reopen
- COVID-related risks being well-managed
- Consultation launched to reduce employment costs
- Adapting to uncertain trading outlook

**Trading performance**

Our teams have worked hard to deliver high operational standards in a challenging and volatile environment. We saw activity levels increase as we came into September, following a more challenging month in August. Since reopening our full estate on 2 July like-for-like sales in company-managed shops have averaged 71.2% of the 2019 level in the 12 weeks to 26 September. In the most recent four weeks to 26 September like-for-like sales in company-managed shops have averaged 76.1% of the 2019 level, in line with our planning assumptions at this stage.

These results have been achieved despite a number of headwinds. With our seated offer closed we were not in a position to participate in the Government's 'Eat Out to Help Out' scheme and this, along with high temperatures made August a difficult month. Increased out-of-home activity in September appears to have driven a recovery in customer visits. In response to this we are bringing back more of our product range, including a broader sandwich range and classic favourites such as Belgian buns. In addition, 100 of our larger shops have now reopened their customer seating with appropriate social distancing in place.

Our digital offer is developing quickly, benefiting from increased investment during the lockdown period. Our Click & Collect offer is now available in all shops, allowing customers to pre-order and pay ahead of visiting to collect their order. The rollout of our national delivery offer, in partnership with Just Eat, is progressing at speed and we are seeing encouraging participation levels. In the most recent week to 26

September delivery represented 2.6% of company-managed shop sales.

### **Shop estate**

In the 39 weeks to 26 September 2020 we have opened 38 new shops and closed 49 shops, giving a total of 2,039 shops (comprising 1,720 company-managed shops and 319 franchised units). With greater clarity on activity levels we have reactivated elements of our shop opening pipeline and now expect to open a net 20 shops in 2020, predominantly in locations accessed by car.

### **Supply chain**

In response to increasing demand we have progressively reintroduced products into our range and have now reopened all of our manufacturing operations. In doing so we remain vigilant and the safety of our employees is our top priority. In August our supply chain team dealt with a small COVID-19 occurrence at our distribution centre in Leeds and worked closely with Leeds City Council and Public Health England to handle the situation swiftly and professionally. There was some impact to product availability in the region over a five-day period but this was minimised through support from other sites in the network. In the past week we experienced a further occurrence at one of our manufacturing centres in Newcastle upon Tyne. As a precaution this production operation was temporarily closed, although stock distribution is unaffected. It seems likely that this pattern of disruption to supply-side operations will be an ongoing challenge as we prioritise employee safety and play our part in managing COVID-related risks.

We are making good progress with the construction of our new automated frozen logistics facility in the North East. The building work is complete and internal plant is now being installed. We remain on track to commission the new facility in the second quarter of 2021.

### **Consultation on proposals to reduce employment costs**

With the Job Retention Scheme planned to end in October we are taking steps to ensure that our employment costs reflect the estimated level of demand from November onwards. With business activity levels remaining below normal for the foreseeable future we must change the way we work to be as productive and flexible as we can in order to protect as many jobs as possible for the long term. We have completed a review of our activity and requirements in every part of the business and are now proposing a series of changes which are the subject of a collective consultation with union and employee representatives. Our aim is to minimise the risk of job losses by negotiating reduced hours in our shops and we will update on the outcome of the consultation when concluded.

### **Summary and outlook**

With greater experience of post-COVID trading levels in different locations, we are reintroducing more of our range and reopening our seated operation in larger shops. Alongside this we have rolled out digital channels nationwide and expect to see digital sales continue to grow as customer awareness builds. Recent trading experience

under these conditions has also allowed us to reactivate our new shop opening programme, something that should help mitigate job losses in the current employee consultation as well as positioning us for long-term growth in target locations.

Our cash position has strengthened following the resumption of trading in July. We continue to pay rents monthly in advance and are up to date on these and all other payables. Including CCFF borrowings and short-term deposits, Greggs returned to a positive net cash position during September.

Our immediate priority is to complete the consultation with colleagues on the proposed changes to resource levels. We will do this with regard to our values and the best long-term interests of the business as a whole. We will update on the expected financial impact of these changes when the consultation ends in November.

The outlook for trading remains uncertain, with rising COVID-19 infection rates leading to increasing risks of supply chain interruption and further restrictions on customer activities out of the home. In these challenging conditions our teams continue to work hard and have proven our ability to operate with social distancing and adapt to new digital channels.

**ENQUIRIES:**

**Greggs plc**

Roger Whiteside, Chief Executive

Richard Hutton, Finance Director

Tel: 0191 281 7721

**Hudson Sandler**

Wendy Baker / Hattie Dreyfus / Nick Moore

Tel: 020 7796 4133