Interim results for 26 weeks ended 3 July 2010

10 August 2010
Agenda

• Introduction Ken
• Financial update Richard
• Business update Ken
• Questions
## Year on Year Sales Progress

<table>
<thead>
<tr>
<th></th>
<th>2010 £m</th>
<th>2009 £m</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>321</td>
<td>312</td>
<td>+ 2.9%</td>
</tr>
</tbody>
</table>

- Total sales up 2.9%
- Like-for-like sales up 0.7%
- Planned for marginally positive like-for-like
- Increased promotional activity
- Continued strong breakfast sales growth
- New shop openings performing well
Financial Update

Richard Hutton
Finance Director
## Cost and Margin Control

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td></td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>321</td>
<td>312</td>
<td>+ 2.9%</td>
</tr>
<tr>
<td><strong>Gross margin %</strong></td>
<td>61.2%</td>
<td>61.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Distribution &amp; selling %</strong></td>
<td>49.8%</td>
<td>50.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Admin %</strong></td>
<td>5.7%</td>
<td>5.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>18.5 *</td>
<td>16.3</td>
<td>+ 13.1%</td>
</tr>
<tr>
<td><strong>Operating margin %</strong></td>
<td>5.7% *</td>
<td>5.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Finance Income</strong></td>
<td>0.1</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>18.6</td>
<td>16.5</td>
<td>+ 12.3%</td>
</tr>
</tbody>
</table>

*influenced by effect of 53rd week in 2009 (underlying growth 4%)
First half commodity movements

- Costs increases H1
  - Fuel
  - Meats
  - Drinks

- Costs reductions H1
  - Energy
  - Tuna
  - Vegetable oils

- Marginal overall cost inflation in first half
- Further cost inflation expected in second half
- Recent wheat prices add to pressure
Savings from centralisation

Achieved since 2008:

<table>
<thead>
<tr>
<th>Description</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawal from Belgian operation</td>
<td>0.5</td>
</tr>
<tr>
<td>Bakers Oven office closure</td>
<td>0.4</td>
</tr>
<tr>
<td>Retail team restructuring</td>
<td>0.5</td>
</tr>
<tr>
<td>Buying benefits</td>
<td>1.0</td>
</tr>
</tbody>
</table>
## A more efficient supply chain

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakery Closure</td>
<td>-</td>
<td>-</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Modernisation of older sites</td>
<td>-</td>
<td>0.5</td>
<td>1.5</td>
<td>1.5</td>
<td>2.0</td>
</tr>
<tr>
<td>Drag from new investment</td>
<td>-</td>
<td>-</td>
<td>(0.5)</td>
<td>(1.0)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Greater site productivity</td>
<td>0.5</td>
<td>2.0</td>
<td>3.5</td>
<td>5.5</td>
<td>7.5</td>
</tr>
<tr>
<td>(more shops per bakery)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0.5</td>
<td>2.5</td>
<td>5.5</td>
<td>7.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>
## Earnings & Dividend Growth

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings per share</td>
<td>12.7p</td>
<td>11.3p</td>
<td>+12.4%</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>5.5p</td>
<td>5.2p</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Tax charge</td>
<td>30.0%</td>
<td>31.0%</td>
<td></td>
</tr>
</tbody>
</table>

Full year tax charge guidance for 2010 now 29.3%

* Adjusting for change in the start and end dates of the first half as a result of the 53 week accounting period in 2009.
## Capital Expenditure

<table>
<thead>
<tr>
<th>Category</th>
<th>2010 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>New shops</td>
<td>3.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Shops – refits and other</td>
<td>3.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>0.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Plant / other</td>
<td>5.4</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12.4</strong></td>
<td><strong>10.4</strong></td>
</tr>
<tr>
<td>Gross no. of shops opened</td>
<td>26</td>
<td>14</td>
</tr>
</tbody>
</table>
Improving capital returns

- 26 new shops opened in first half (18 net)
- 10% reduction in cost per shop year on year
- 47 refits, including 8 in new concept shop style
- Encouraging early performance across new shops and refits
Cash flow and balance sheet

- Continued strong cash generation
- Net cash at half year £24.6m (2009: £14.9m)
- Self-financing capital investment programme
- £4.5m share buyback in first half
- Up to £15m buyback planned in full year
Business Update
Strategy

- Making Greggs more accessible to more customers
- Widening our customer appeal
- Investing in our bakeries
Making Greggs more accessible to more customers

- Half the UK population unable to get to Greggs
- 600+ new shops across UK in coming years
- 50-60 net new shops in 2010
- 26 gross; 18 net new shops delivered in first half
- Opening circa 50% of shops where customers work and travel
Opening shops where customers work and travel – Derby County Football Ground
Opening shops where customers work and travel – Erdington (roadside)
Concept shops

- 27 now planned for London in 2010
- First 8 performing ahead of expectations
  - Hayes, Chiswick, Hounslow, Kingston, Clapham, Wandsworth, Wimbledon, Uxbridge
- Double-digit sales growth
- Pleased with returns, meeting our investment criteria
The Strand – pre and post refit
The Strand
Wandsworth – pre and post refit
Wandsworth
Widening our customer appeal

• Continued growth in early morning sales
• 4.8 million breakfast rolls sold YTD (launched week 6)
• Best value in the market place - most amount of filling and lowest Retail Selling Price per 100g
• Plans to extend breakfast range on track, further launches later in the year
Value Promotions

- Invested more than last year in promotions

- Meal Deals:
  - Current meal deal £2.99, any sub roll, 500ml drink and crisps

- Drinks promotion:
  - Two for £1.80
Continued investment in our bakeries

- On site for new replacement bakery in Newcastle
- Due to complete mid 2011
- Circa £16m investment
- Will supply the North East and Cumbria
- Enables development of central sweet manufacturing facility in Cumbria
Outlook for 2\textsuperscript{nd} Half

- A challenging trading environment
- Increase in wheat and fuel costs
- Expecting reduction in energy costs
- Some price inflation in 2\textsuperscript{nd} half
- New shop opening pace continues
- Doubling the number of refits
- 19 more concept shop refits in London
Summary

- A resilient first half performance
- Significant progress over past 2 years
- Strong financial position
- Accelerated shop opening programme on track
- Beginning investment in our bakeries
- Expect a tough second half but well placed.
Questions
Appendix: Wheat prices 2003 to present

Source: LIFFE