



The home of fresh baking™

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

	2010 £m	2009 £m	% change
Sales	321	312	+ 2.9%

- 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

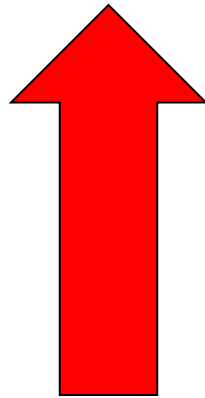
	2010 £m	2009 £m	% change
Sales	321	312	+ 2.9%
<i>Gross margin %</i>	61.2%	61.1%	
<i>Distribution & selling %</i>	49.8%	50.2%	
<i>Admin %</i>	5.7%	5.7%	
Operating profit	18.5 *	16.3	+ 13.1%
Operating margin %	5.7% *	5.2%	
Finance Income	0.1	0.2	
Profit before taxation	18.6	16.5	+ 12.3%

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

First half commodity movements

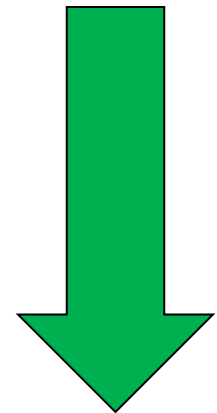
- Costs increases H1

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:

	£m	
Withdrawal from Belgian operation	0.5	✓
Bakers Oven office closure	0.4	✓
Retail team restructuring	0.5	✓
Buying benefits	1.0	✓

A more efficient supply chain

	2010	2011	2012	2013	2014
Bakery Closure	-	-	1.0	1.0	1.0
Modernisation of older sites	-	0.5	1.5	1.5	2.0
Drag from new investment	-	-	(0.5)	(1.0)	(0.5)
Greater site productivity (more shops per bakery)	0.5	2.0	3.5	5.5	7.5
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	0.5	2.5	5.5	7.0	10.0
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Earnings & Dividend Growth

	2010	2009	% change
Diluted earnings per share	12.7p	11.3p	+ 12.4% Underlying 4%* increase
Dividend per share	5.5p	5.2p	+ 5.8%
<i>Tax charge</i>	<i>30.0%</i>	<i>31.0%</i>	

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

	2010	2009
	£m	£m
New shops	3.2	2.0
Shops – refits and other	3.5	2.8
Land and buildings	0.3	1.4
Plant / other	5.4	3.9
Total	12.4	10.4
Gross no. of shops opened	26	14

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

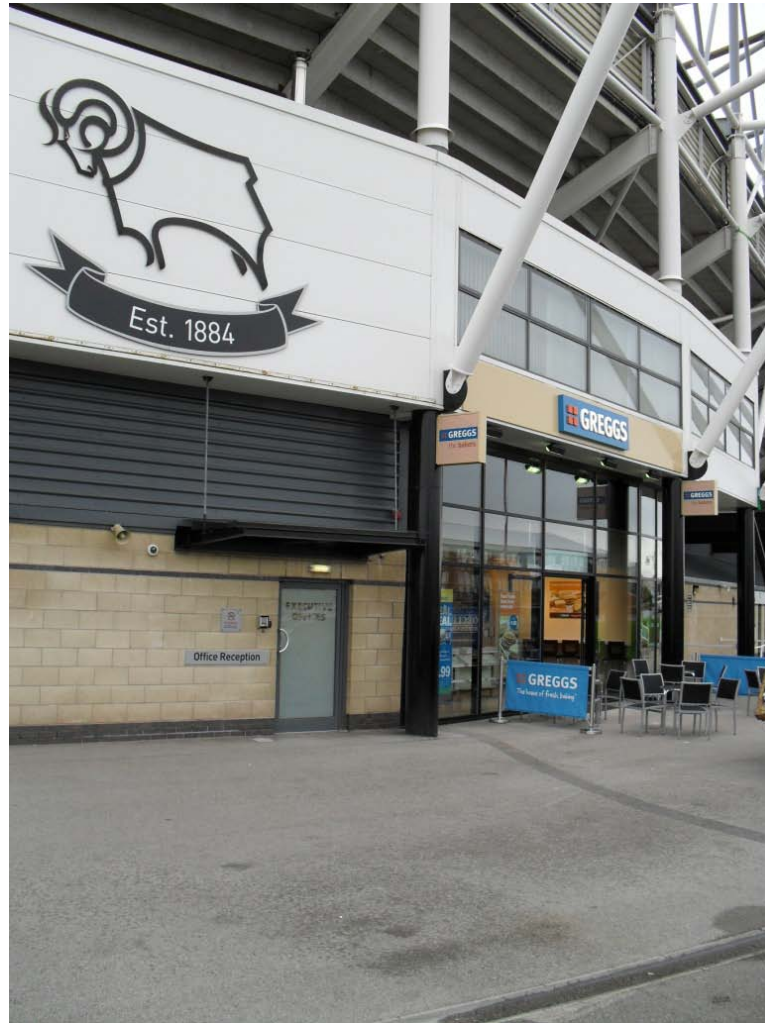
Strategy

- 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



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Opening shops where customers work and travel – Erdington (roadside)



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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



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The Strand



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Wandsworth – pre and post refit



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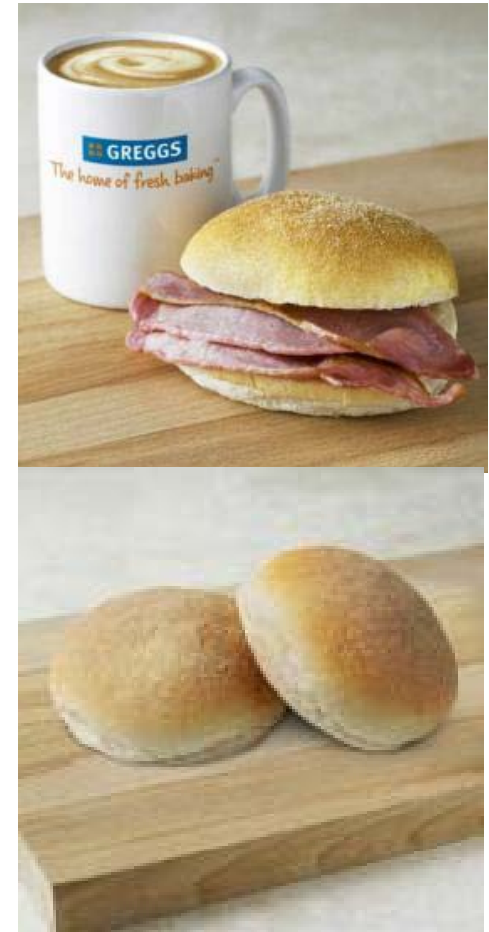
Wandsworth



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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 2nd Half

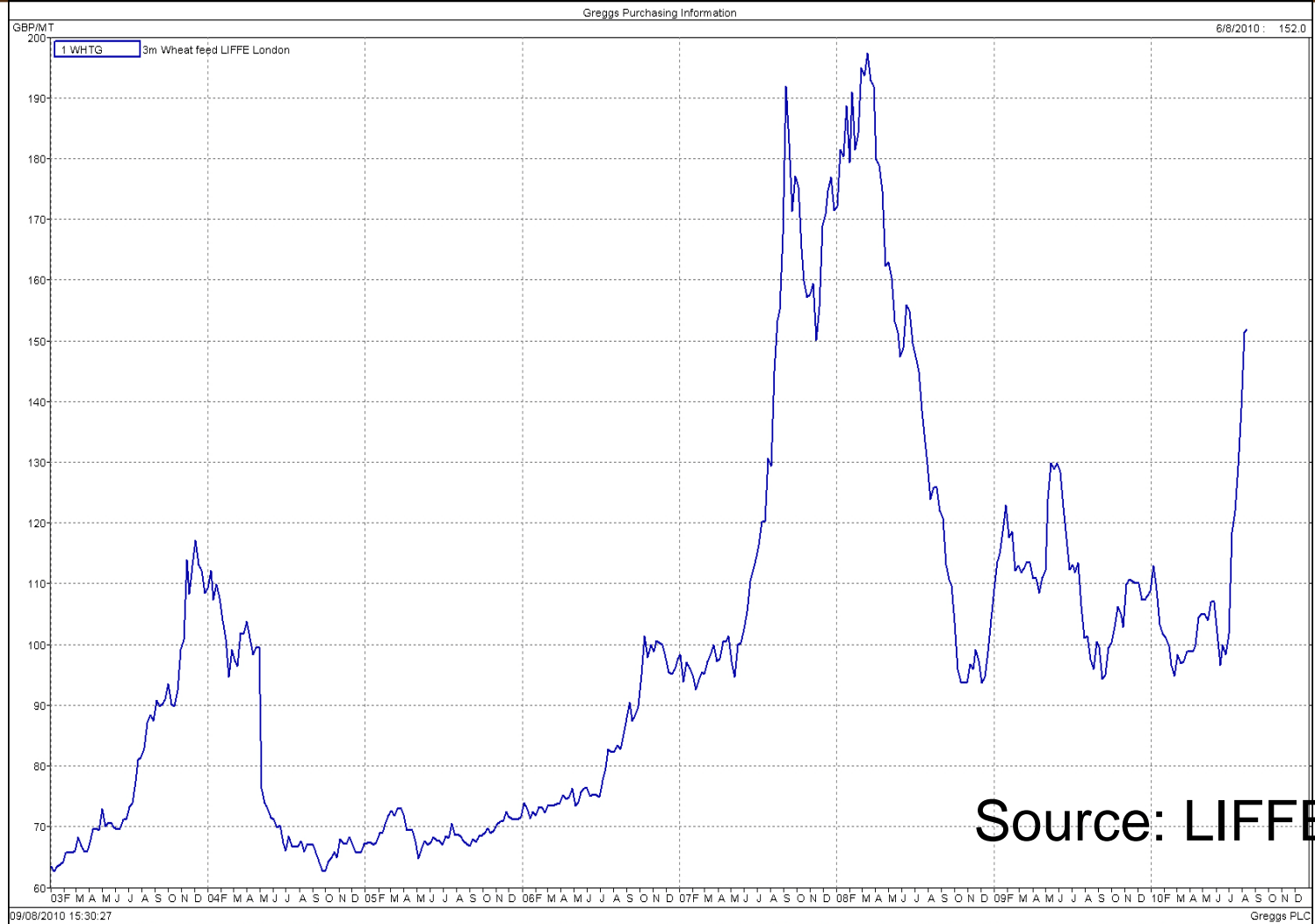
- A challenging trading environment
- Increase in wheat and fuel costs
- Expecting reduction in energy costs
- Some price inflation in 2nd half
- New shop opening pace continues
- Doubling the number of refits
- 19 more concept shop refits in London

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



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