



The home of fresh baking®

11 October 2012

**GREGGS plc
INTERIM MANAGEMENT STATEMENT
FOR THE 14 WEEKS TO 6 OCTOBER 2012**

Greggs is the leading bakery retailer in the UK with over 1,600 shops throughout the country, serving freshly baked food to six million customers each week

NEW CHANNELS PROVIDING GROWTH IN TOUGH CONDITIONS

- **Total sales up 5.9% for the 14 weeks to 6 October 2012**
- **New channels contributing 3.5% to total sales growth**
- **Like-for-like sales down 2.6%**
- **'Bake at home' sales through Iceland continue to perform strongly**
- **New motorway services shops opened in partnership with Moto**
- **Net 70 new shops opened year to date, ahead of expectations**

"Total sales grew by 5.9 per cent year-on-year in the 14 weeks to 6 October 2012, driven by our strong new shop opening programme and continued success in wholesaling and franchising. Like-for-like sales were down 2.6 per cent in the 14 week period, an improvement on the 3.5 per cent decline in the second quarter but a smaller recovery than we had anticipated. Consumers continued to show restraint in their spending and the adverse weather in July, followed by flooding in parts of the country at the end of September, also impacted sales in the period.

"Whilst we remain cautious about the economic outlook total sales will continue to benefit from the success of our new shop openings and expansion in wholesaling and franchising. However, we expect consumers to continue showing restraint and now anticipate like-for-like sales to remain negative in the final quarter. We will partially mitigate the impact of this lower like-for-like sales performance through tight control of costs and the increased profit contribution from wholesaling and franchising.

"We are making the Greggs brand more accessible to customers through our new shop openings and wholesaling and franchising channels and this underpins our strategy to deliver long-term profitable growth for the benefit of shareholders, employees and the wider community."

- Kennedy McMeikan, Chief Executive

ENQUIRIES:

Greggs plc

Ken McMeikan, Chief Executive
Richard Hutton, Finance Director
Tel: 0191 281 7721

Hudson Sandler

Wendy Baker / Alex Brennan
Tel: 020 7796 4133

GREGGS plc
INTERIM MANAGEMENT STATEMENT
FOR THE 14 WEEKS TO 6 OCTOBER 2012

Sales

Total sales grew by 5.9 per cent year-on-year in the 14 weeks to 6 October 2012, driven by our strong new shop opening programme and continued success in wholesaling and franchising. New shops contributed 5.0 per cent to total sales growth whilst our decision to take the Greggs brand into new markets through wholesaling and franchising generated additional sales of 3.5 per cent.

Like-for-like sales were down 2.6 per cent in the 14 week period, an improvement on the 3.5 per cent decline in the second quarter but a smaller recovery than we had anticipated. Consumers continued to show restraint in their spending and the adverse weather in July, followed by flooding in parts of the country at the end of September, also impacted sales in the period.

Total sales for the 40 weeks to 6 October 2012 have increased by 5.0 per cent. Within this new shops contributed 4.7 per cent, wholesaling and franchising grew by 2.7 per cent and like-for-like sales were down by 2.4 per cent.

Shops

We are making good progress with our plans to make Greggs more accessible to customers across the UK, reduce our reliance on traditional high street locations and segment our shops into three formats

During the period we added a further 37 net new shops taking our net openings for the year so far to 70. As at 6 October 2012 we had a total of 1,641 shops and now anticipate opening around 100 net new shops over the year as a whole, ahead of our original expectation of 90. Our new shops are performing well and nearly half of these are in locations away from traditional high streets.

We have continued to make good progress with our plans to segment our shops into three formats – food on the go, local bakery and coffee shops. We have refitted over 100 food on the go shops so far this year and are pleased with their performance.

Our new local bakery concept shop “Greggs the Bakery” has performed well ahead of our expectations and we are now converting a further 10 shops to this format in the final quarter of 2012. If these repeat the success of our first shop then we will increase our investment in the local bakery format in 2013 as well as continuing our programme of food on the go refits.

We have completed our plan to open five Greggs Moment coffee shops this year and are encouraged by their early sales performance. Tony Rowson joins us from Costa Coffee this week and will lead the continued development of our coffee business in this fast-growing market.

New channels to market

We continue to be pleased with the strong performance of the Greggs brand in wholesaling and franchising. Our 'bake at home' sales through more than 750 Iceland Foods stores continue to perform ahead of our original expectations. We have launched two new products, corned beef pasties and morello cherry lattice bakes, taking our total number of product lines available through Iceland to 11.

On 17 September 2012 we began supplying eight Greggs savoury products including sausage rolls, steak bakes and chilli bakes to NAAFI at a British military base in Germany. If successful, this has the potential to be rolled out more widely to serve British forces around the world.

We are making good progress with our recently announced expansion plans for 30 shops in motorway service stations across the UK in partnership with Moto Hospitality. We are now in four motorway service stations, with the two most recent openings in Cobham on the M25 and Baldock on the A1.

Supply chain

The significant expansion of our wholesaling business combined with the continued acceleration of new shop openings has brought forward our existing plans to build a second savoury manufacturing facility in the south of England. We are now looking at potential sites and anticipate commencing construction in mid-2013. This will be a £30-35 million investment over a two year period and will provide the capacity we need to fulfil the significant growth potential for the brand in wholesaling, franchising and new shop openings whilst also further reducing our logistical costs.

Outlook

Whilst we remain cautious about the economic outlook total sales will continue to benefit from the success of our new shop openings and expansion in wholesaling and franchising. However, we expect consumers to continue showing restraint and now anticipate like-for-like sales to remain negative in the final quarter. We will partially mitigate the impact of this lower like-for-like sales performance through tight control of costs and the increased profit contribution from wholesaling and franchising.

Whilst most of our food input costs are covered for the remainder of this year, there have been rises in a number of key commodities and, looking further ahead, we expect ingredient cost increases in the first quarter of 2013.

We are making the Greggs brand more accessible to customers through our new shop openings and wholesaling and franchising channels and this underpins our strategy to deliver long-term profitable growth for the benefit of shareholders, employees and the wider community.

Kennedy McMeikan
Chief Executive
11 October 2012