GREGGS plc
INTERIM MANAGEMENT STATEMENT
FOR THE 13 WEEKS TO 28 SEPTEMBER 2013

Greggs is the leading bakery food-on-the-go retailer in the UK, with 1,700 retail outlets throughout the country

IMPROVED TRADING IN LINE WITH EXPECTATIONS

- **Total sales up 3.6% for the 13 weeks to 28 September 2013, like-for-like sales down 0.5%**
- **Year to date total sales up 3.5%, like-for-like sales down 2.1%**
- **Estate improvement programme on track: 141 shop refits completed year to date; on track for record 215 refits in full year**
- **Re-shaping of estate ahead of plan: now expect no increase in net shop numbers as openings match closures**

Chief Executive Roger Whiteside comments:

"We are encouraged by the recent improvement in like-for-like performance, although with consumer disposable incomes still under pressure we remain cautious. Cost inflation is in line with our expectations and the group's cash position remains strong. Our overall outlook for the full year is unchanged.

"We have made good progress in developing our strategic plan and our focus on the 'Bakery food-on-the-go' format. Customers are enjoying the contemporary new look, easy to navigate range and the provision of seating wherever possible."

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Sales

Total sales grew by 3.6 per cent year-on-year in the 13 weeks to 28 September 2013, driven by net new shop openings and continued growth from franchised shops. Like-for-like sales were down 0.5 per cent in the 13 week period, an improvement on the 2.9 per cent decline in the first half of the year. This was in line with our expectation that an improving sales pattern would return in August and September after the impact of the heatwave in July. Total sales for the 39 weeks to 28 September 2013 increased by 3.5 per cent. Within this like-for-like sales were down by 2.1 per cent.

Our shop estate

Our plans to re-shape and improve the quality of our estate are progressing well. We added 20 new shops and closed a further 17 shops during the reporting period, taking our net openings for the year so far to 22. We now expect no net increase in shop numbers over the year as a whole as the anticipated 70 new openings are matched by closures. As at 28 September 2013 we had a total of 1,693 shops, including 25 franchised operations. Our first franchise shop with Euro Garages Ltd. opened on 26 September and is trading well.

In the year to date we have completed 141 shop refits, and results continue to be encouraging. We now expect to complete around 215 refits in the year as a whole, more than half of which will be in our new 'Bakery food-on-the-go' format. Customers are enjoying the contemporary new look, easy to navigate range and the provision of seating wherever possible.

Following our decision not to extend the trial of our Greggs moment coffee shop concept we have now confirmed our plans for the six existing shops. Three have been closed and the remaining three are being incorporated into the core estate.

Strategy update

We have made good progress in developing our strategic plan to focus on the growing food-on-the-go market in line with the principles outlined at the time of our half year results announcement in August. In doing so we have mapped out a number of key targets and milestones that we will use to track progress over the next three years:

- Our business performance is very sensitive to like-for-like sales. Restoring like-for-like growth will be important in order to recover expected cost increases and drive acceptable profit growth.

- We will also monitor closely a number of strategic deliverables:
  - Returns on our increased investment in circa 200 shop refits per year over the medium term;
  - The rate at which we achieve the planned re-shaping of our estate through shop relocations and closures;

- Greater efficiency from our existing supply chain through further development of centres of excellence; and
- Achievement of the planned benefits from our investment in a modernised process and systems platform.

Our overall aim will be to deliver attractive, sustainable returns on capital employed whilst retaining a strong balance sheet position. The costs of investing in our core business are likely to constrain profit growth over the next two years. Thereafter we expect that our actions, along with some improvement in the consumer environment, should deliver further profitable growth.

Outlook

We are encouraged by the recent improvement in like-for-like performance, although with consumer disposable incomes still under pressure we remain cautious. Cost inflation is in line with our expectations and the group's cash position remains strong. Our overall outlook for the full year is unchanged.

Roger Whiteside
Chief Executive
9 October 2013