Interim Results:
For the 26 weeks ended 28 June 2014
Agenda

• Highlights
• Financial performance
• Operational progress
• Current trading and outlook
Highlights

• Total sales up 3.1% to £373m (2013: £362m)
• Own shop like-for-like sales up 3.2% (2013: 2.9% decline)
• Favourable trading conditions and encouraging results from sales initiatives
• Estate reshaping progressing well
• Benefiting from efficiencies of change programme
• Pre-tax profit £16.9m (2013: £11.4m) excluding exceptional items
• Dividend per share maintained at 6.0p (2013: 6.0p)
Financial performance
## Group sales and profit - H1

<table>
<thead>
<tr>
<th></th>
<th>2014 £m</th>
<th>2013 £m</th>
<th>2012 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>372.8</td>
<td>361.7</td>
<td>349.7</td>
</tr>
<tr>
<td>Operating profit before property &amp; exceptional items</td>
<td>15.4</td>
<td>11.3</td>
<td>16.2</td>
</tr>
<tr>
<td>Property disposal gains</td>
<td>1.4</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>EBIT before exceptionals</strong></td>
<td>16.8</td>
<td>11.5</td>
<td>16.2</td>
</tr>
<tr>
<td>Exceptional items*</td>
<td>(8.2)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EBIT inc. exceptionals</td>
<td>8.6</td>
<td>11.5</td>
<td>16.2</td>
</tr>
<tr>
<td>Finance income (charges)</td>
<td>0.1</td>
<td>(0.1)</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>8.7</td>
<td>11.4</td>
<td>16.0</td>
</tr>
</tbody>
</table>

*Exceptional items in 2014 include the costs of restructuring management and support areas and the consolidation of in-store bakeries into the regional bakery network.*
LFL sales - a good first half but tougher comps in H2

- Strong first half performance in favourable trading conditions
- Compares with weak H1 2013; coming up against stronger comps in H2
- Encouraging results from sales initiatives
### Net margin (before exceptional items)

<table>
<thead>
<tr>
<th></th>
<th>2014 £m</th>
<th>2013 £m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>£372.8</td>
<td>£361.7</td>
<td>+3.1%</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>60.7%</td>
<td>59.0%</td>
<td></td>
</tr>
<tr>
<td>Distribution &amp; selling %</td>
<td>-51.6%</td>
<td>-51.2%</td>
<td></td>
</tr>
<tr>
<td>Admin %</td>
<td>-5.0%</td>
<td>-4.8%</td>
<td></td>
</tr>
<tr>
<td>Property disposal gains %</td>
<td>0.4%</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>Operating profit before exceptionals</td>
<td>16.8</td>
<td>11.5</td>
<td></td>
</tr>
<tr>
<td>Operating margin %</td>
<td>4.5%</td>
<td>3.1%</td>
<td></td>
</tr>
</tbody>
</table>

- Gross margin - commodity deflation, buying benefits and improved operational control
- Distribution & selling - costs of accelerated refit and closures
- Admin - preparatory costs of process and systems change programme
Input costs and inflation

H2 outlook:
- Continued ingredient deflation driven by protein costs
- Flour costs dependent on harvest
- Well covered for Q3 costs, remaining short on Q4 (5 months cover over all)
- Wage & salary inflation 1.6%
Exceptional costs

H1 2014 reflects £8.3m* charge (previous guidance £9.0m) to:
1. Improve operational effectiveness in support areas (complete)
2. Consolidate 79 remaining in-store bakeries into our regional bakery network (50% complete)

2014 benefit £2.5m, ongoing annual benefit from 2015 c.£6m.

No change to estimated exceptional costs arising from strategic review in 2013.

*Includes £7m cash element
Realising the benefits of the change programme

2013 exceptional charge £8.1m - consequences of strategic review
2014 exceptional charge £8.3m - restructuring support costs & closure of in-store bakeries
H1 tax, earnings and dividend

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax charge (excl. exceptionals)</td>
<td>25.0%</td>
<td>23.8%</td>
</tr>
<tr>
<td>- rate incl. exceptionals</td>
<td>28.5%</td>
<td>23.8%</td>
</tr>
</tbody>
</table>

Guidance for 2014 effective rate remains at 25.0% (25.8% including exceptional costs) falling to 23.5% by 2016.

| Diluted EPS (excl. exceptionals) | 12.5p | 8.5p |
| - EPS incl. exceptionals         | 6.1p  | 8.5p |

Dividend maintained in line with guidance. Aim to return to progressive dividend policy with 2x annual earnings cover.

| Dividend per share | 6.0p  | 6.0p |
| - earnings cover   | 2.1x  | 1.4x |

Effective rate in 2013 reflects credit for revaluation of deferred tax on enactment of headline rate reduction.
## First half capital expenditure

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refits and shop equipment</td>
<td>13.1</td>
<td>8.8</td>
</tr>
<tr>
<td>New shops and re-sites</td>
<td>1.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Supply chain</td>
<td>4.7</td>
<td>5.6</td>
</tr>
<tr>
<td>I.T. &amp; other</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Total capital expenditure</strong></td>
<td><strong>20.4</strong></td>
<td><strong>19.1</strong></td>
</tr>
</tbody>
</table>

**Number of own new shops opened**

(excluding franchises)

| 12 | 25 |

**Number of refits**

| 131 | 90 |

**Full year capital expenditure expected to be c.£50m**
Cash flow and balance sheet

• Good cash generation:
  – £30.5m net inflow from operating activities (2013: £24.7m)
  – Stronger performance and good working capital management

• Strong balance sheet position:
  – £21.8m net cash and short term deposits (2013: £12.0m)

• 2014 investment plans financed from cash generation
Operational progress
Market background

• Favourable trading conditions
  o Positive economic indicators
  o Settled weather in H1
  o Low input cost inflation

• Competitive marketplace
  o Food-on-the-go market continues to grow
  o Ongoing expansion by existing and new competitors
Our strategy...

To be a winning brand in the food-on-the-go market

Keeping our people, communities and values at the heart of our business
1. Great tasting fresh food

- **Always Fresh. Always Tasty.**

- Changes to product range:
  - Continued contribution of 2013 initiatives
  - Encouraging results from 2014:
    - New improved coffee blend
    - Sandwich range including `Balanced Choice’ products

- Outstanding value:
  - Meal deals extended to include hot drinks, cakes, pastries and a wider range of sandwiches

- Ongoing strong activity programme for H2
2. A great shopping experience

• Improved availability and extended trading hours

• Greggs Rewards launched successfully

• Investment programme:
  o 131 shops refurbished YTD
  o Progressing well

• Reshaping estate profile:
  o 26 new shops (14 franchised)
  o Closed 36 shops
  o Full year shop numbers expected to be broadly flat
A great shopping experience - investing in the quality of our estate
3. Simple and efficient operations

- Simpler and more effective support operations: Restructuring now complete
- Improving supply chain efficiency: Good progress consolidating in-store bakeries into regional bakery network. Expect majority completed by the end of 2014
- Combined annual financial benefits of £6m from 2015
4. Improvement through change

• 5 year change programme

• On track to deliver first two elements this year:
  o Workforce management
  o Supplier relationship management

• SAP selected as core ERP software supplier

• Expect net benefits from 2016
Keeping people, communities and values at the heart of our business

• Making a difference to local communities:
  o Support for The Greggs Foundation, which celebrated the launch of its 250th Breakfast Club
  o Public recognition for work inclusion & employee volunteering programmes
Strategic objectives on track

- Restoring like-for-like sales growth
- Achieving targeted returns on our increased investment in shop refits
- Delivery of operational and supply chain efficiencies
- Achieving the planned benefits from our investment in processes and systems
Current trading and outlook
Current trading and outlook for 2014

- Continued strong performance in July
- Sales comparables strengthen in the second half
- Input cost inflation lower than expected, likely to continue through rest of year
- Overall, expect to deliver an improved financial result for the year and further progress against strategic plan
Questions