



6 January 2021

GREGGS plc
FOURTH QUARTER TRADING UPDATE

***Greggs is a leading UK food-on-the-go retailer,
with more than 2,000 retail outlets throughout the country***

- Financial year 2020* total sales of £811m (2019: £1,168m)
- Fourth quarter company-managed shop like-for-like sales averaged 81.1% of the equivalent 2019 level
- Fourth quarter delivery sales were 5.5% of company-managed shop sales
- 28 net new shops opened in the financial year 2020
- 2,078 shops in the estate as at 2 January 2021
- Year-end net cash position £37m
- £100m, three-year Revolving Credit Facility put in place, CCFF loan repaid
- Full year loss before tax expected to be up to £15m

* 53 weeks ended 2 January 2021 (2019: 52 weeks ended 28 December 2019)

Chief Executive Roger Whiteside comments:

"In a year like no other I am enormously proud of the way in which our team has risen to the challenges we have faced, whilst looking after the interests of all stakeholders and providing support for communities.

"Whilst the impact of COVID-19 has been enormous, we have established working practices that allow us to provide takeaway food services under the different levels of restrictions we have experienced. The breadth of Greggs' customer base provides ongoing demand for our services which, combined with our diverse geographical spread, has demonstrated the resilience of our business.

"With customers spending more time at home we have successfully developed our partnership with Just Eat to offer delivery services and have also seen strong sales through our longstanding partnership with Iceland, offering our products for home baking. We have resumed opening new shops where we see good opportunities, with those sites accessed by car performing particularly well.

"In light of the recent Government announcements significant uncertainties remain in the near-term. We have taken action to position Greggs to withstand further short-term shocks and are optimistic about our prospects for growth once social restrictions are lifted. I want to thank everyone who has supported Greggs through 2020."

Trading update

In the fourth quarter of 2020 we saw variable trading conditions across the UK as restrictions were enacted to manage the incidence of COVID-19. Over the quarter as a whole, total sales were £293 million (2019: £344 million) and company-managed shop like-for-like sales averaged 81.1% of the 2019 level.

In the five weeks to 31 October, we saw a further improvement in the level of like-for-like sales in company-managed shops, averaging 80.1% of that seen in 2019. In the four weeks to 28 November, with more restricted trading conditions, the level of like-for-like sales in company-managed shops averaged 76.7% of that seen in 2019. Trading in December was initially more robust, supported by the reopening of non-essential retail shops, although this fell back with the introduction of tighter restrictions later in the month. In the five weeks to 2 January like-for-like sales in company-managed shops averaged 85.7% of the 2019 level.

As previously communicated, in order to reflect below-normal activity levels we completed an employee consultation programme in the quarter. The consultation process minimised the number of job losses but, unfortunately, still resulted in 820 redundancies.

Our digital offer continues to develop and the rollout of our national delivery offer, in partnership with Just Eat, is supporting the recovery in sales levels. In the fourth quarter of the year delivery represented 5.5% of company-managed shop sales. 600 of our shops now provide delivery services to catchments served by Just Eat and we expect this to increase to around 800 shops in 2021.

During the year we opened 84 new shops (including 35 franchised units) and closed 56, growing the estate to 2,078 shops as at 2 January 2021, 328 of which are franchised shops operated by our partners.

Financial outturn

We ended the 2020 financial year with a net cash position of £37m, having repaid monies due to the Bank of England under our CCFF facility. In place of this funding we have now put in place a three-year, £100m Revolving Credit Facility with a syndicate of lending banks.

Throughout this crisis Government support has been essential in order to minimise the number of job losses caused by lower levels of demand and to contain losses in the business, which we now believe are likely to be up to £15m before taxation for the year as a whole.

Outlook

Looking ahead, the significant uncertainty over the duration of social restrictions, along with the impact of higher unemployment levels, makes it difficult to predict performance. However, we do not expect that profits will return to pre-COVID levels until 2022 at the earliest.

As we enter 2021 Greggs is maintaining a strong financial position for the benefit of all its stakeholders, whilst developing new ways for customers to shop with us through digital channels and estate growth. We have a strong pipeline of new shop opportunities and expect to open around 100 net new stores in the year ahead, subject to prevailing market conditions.

We expect to report our preliminary results for 2020 on 16 March 2021.

ENQUIRIES:

Greggs plc

Roger Whiteside, Chief Executive

Richard Hutton, Finance Director

Tel: 0191 281 7721

Hudson Sandler

Wendy Baker / Nick Moore

Tel: 020 7796 4133