



9 May 2018

**GREGGS plc  
TRADING UPDATE**

***Greggs is the leading bakery food-on-the-go retailer in the UK,  
with almost 1,900 retail outlets throughout the country***

In advance of the company's AGM today, Greggs plc is providing an update on its business.

**Highlights**

- Total sales up 4.7% in the first 18 weeks of 2018 (2017: 7.4%)
- Company-managed shop like-for-like sales in the first 18 weeks up 1.3% (2017: 3.5%)
- Trading in March and April impacted by weaker market conditions
- 41 new shops opened, 12 closures
- Good progress with investments in supply chain

**Trading performance**

Total sales for the 18 weeks to 5 May 2018 grew by 4.7 per cent and like-for-like sales in company-managed shops grew by 1.3 per cent over the same period.

At our preliminary results presentation on 27 February we reported a good start to 2018, with company-managed shop like-for-like sales growth of 3.2 per cent in the first eight weeks of the year. In the period that followed market data confirms weak customer footfall in retail locations, which has impacted demand for food-on-the-go. The impact was especially significant in the weeks of severe weather when many shops, including our own, could not be opened.

The combination of these factors, along with our strong comparative performance in the same period of 2017, has made for a challenging trading environment throughout March and April. Average transaction values continued to grow but we saw a reduction in like-for-like transaction numbers.

Customers continue to recognise the quality and value of our £2 breakfast offer, with Greggs recently recognised as Britain's favourite for bacon rolls. Our hot food offering is another area of growing customer demand, providing food-on-the-go options for all times of the day. Sales of healthier options continue to grow as we extend the menu choice. We recently launched two new salads for the summer, Feta and Beetroot Dip with Grains & Lemon and Herb Chicken with Roasted Vegetables and Grains. A range

of new snack pots have been added to the menu and we also launched our first Balanced Choice sweet option, a Belgian Chocolate Pot.

## **Shops**

In the first 18 weeks we completed 36 shop refurbishments and opened 41 new shops, including 14 franchised units in transport locations. We closed 12 shops, giving a total of 1,883 shops trading at 5 May (comprising 1,669 company-managed shops and 212 franchised units). New shop openings remain focused on increasing the Greggs brand's reach into new food-on-the-go locations and the relocation of existing shops. In recent weeks there have been a number of exciting high profile openings including Westminster Tube station, Birmingham New Street station, Glasgow Buchanan bus terminal and East Midlands airport.

## **Supply chain investment programme**

We are making good progress with the investments in our supply sites that will consolidate manufacturing operations and extend our distribution capacity to support further growth in shop numbers. Work is under way at our sites in Leeds, Newcastle and Manchester and planning is well advanced for work that will commence in the second half of 2018 at other sites. The quality of production from our new manufacturing lines in Glasgow and Leeds has been excellent.

## **Outlook**

Sales in May have started more strongly than we experienced throughout March and April, however given the uncertainties over market footfall we are cautious in respect of the outlook for sales in the balance of the year.

We are well positioned to compete for sales in the months ahead with the launch of our new summer menu featuring new sandwiches and salads and we will be extending our offer of value meal deals. Costs are being controlled tightly with food input cost inflation easing in line with our expectations, and we expect this trend to continue.

Taking into account trading conditions in the year to date, and our more cautious outlook, we currently believe that underlying profits for the year are likely to be at a similar level to last year.

### **ENQUIRIES:**

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