18 May 2017

GREGGS plc
TRADING UPDATE

Greggs is the leading bakery food-on-the-go retailer in the UK, with 1,800 retail outlets throughout the country

A good start to the year

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

Highlights

- Total sales up 7.5% in first 19 weeks of 2017 (2016: 5.7%)
- Company-managed shop like-for-like sales in the first 19 weeks up 3.6% (2016: 3.7%)
- 87 shop refits completed
- 42 new shops opened, 14 closures
- Further growth at breakfast, in drinks and ‘Balanced Choice’ options
- Good progress with investment in systems and supply chain

Trading performance

Total sales for the 19 weeks to 13 May 2017 grew by 7.5 per cent and like-for-like sales in company-managed shops grew by 3.6 per cent over the same period.

Customers increasingly recognise the quality and value of our £2 breakfast offer and we have invested further in capacity to meet this growing demand. Balanced Choice sales continue to grow and we have added lines to this range, including cold-pressed juice drinks and a new selection of freshly-prepared salads and wraps incorporating flavours such as ‘Coconut, Lime and Chilli Chicken’.

Shops

In the first 19 weeks we completed 87 shop refurbishments and opened 42 new shops, including 20 franchised units in transport locations. We closed 14 shops, giving a total of 1,792 shops trading at 13 May (comprising 1,615 company-managed shops and 177 franchised units). New shop openings remain focused on new food-on-the-go locations, the relocation of existing shops and new catchments such as Northern Ireland and the south west of England.

Update on investment programme

Our investment in new systems and process improvements continues apace. Central forecasting and replenishment is now operating in half of our shop estate, replacing the traditional ordering process. Initial signs are good - the system is popular with staff and is delivering improved product availability.

We have also concluded the consultation process with staff affected by the planned consolidation of our manufacturing operations and now have a basis on which to commence the investment programme that will support further growth in shop numbers and improved quality and efficiency in manufacturing.

Outlook

We have made a good start to 2017 although the sales outlook remains uncertain in the context of slowing growth in disposable incomes. Input cost inflation is having a modest impact on margins in the first half of the year as expected, however we have increasing visibility of costs for the second half and anticipate this pressure to ease towards the end of the year. Whilst this pattern will constrain profit growth in the first half of the year we expect to make progress in line with our previous expectations for the year as a whole.

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