



16 June 2020

GREGGS plc
UPDATE ON SHOP RE-OPENING PLANS

***Greggs is a leading UK food-on-the-go retailer,
with more than 2,050 retail outlets throughout the country***

In our update on financing and the impact of coronavirus dated 9 April 2020, we confirmed that Greggs had accessed the Covid Corporate Financing Facility (CCFF) scheme and we revised our guidance on the cash flow impact of our shop operations remaining closed. Since then we have been working, with support from a range of retail and food industry groups, to determine safe ways to recommence our operations. We are now preparing to do so and outline our plans below.

Operational trials

In recent weeks we have successfully operated a small number of shops and tested various operational changes, including new workwear, equipment and social distancing measures, that will support the safety of our teams and customers when we open shops at scale. Our team has done an outstanding job and the trials have been well received by both our colleagues and our customers, whilst providing valuable learning to allow us to refine our new processes.

Phased re-opening plan

We have been working to the following phased plan for the re-opening of our shops:

1. Early May – commence trial at a small number of shops to test new social distancing measures and operational processes.
2. Mid-June – a larger scale opening of selected shops with new procedures and equipment.
3. Early July – plan to re-open the rest of the shop estate.

In line with this plan we intend to re-open around 800 shops to takeaway customers later this week, on Thursday 18th June. All team members are being trained in the range of operational changes and protective measures that we have implemented across our retail estate, including:

- Floor markings and signage to help customers maintain social distancing
- Protective screens at our counters
- Availability of protective workwear for our teams
- Additional, more frequent, cleaning measures
- Availability of hand sanitiser
- Encouragement of contactless card payment

Social distancing impact

We are not able to predict the impact of social distancing on our ability to trade or on customer demand. However, our capacity to operate will be restricted by size of shop and we must anticipate that sales may be lower than normal for some time.

This will require us to maintain a proportion of our colleagues on furlough, either fully or partially, until sales levels begin returning to normal. In anticipation of lower sales, we have limited our initial product range to our best sellers and therefore a number of our manufacturing operational teams will remain furloughed until demand reaches a level that justifies the addition of remaining product lines.

Strategic decisions

During the closure period we have reviewed our immediate strategic priorities and made a number of key decisions while we continue to assess the longer-term implications of this crisis on our strategic planning:

- With uncertainty in the sales outlook we have temporarily suspended our new shop opening programme with the exception of a few shops where we are already legally committed or we anticipate strong customer traffic. As a result, we now expect to open c.60 shops and close c.50 over the year as a whole.
- We have reviewed our existing estate and are approaching landlords making a variety of proposals in return for rent reductions. All landlords have been informed of our plan to move to monthly rent payments from June. We made our full quarterly rent payment in March as usual.
- With digital shopping channels becoming more important we have accelerated our development of 'delivery' and 'click and collect' services. Included in this week's reopening plan are 19 shops that will re-open for 'delivery' and 'click and collect' transactions, and we will extend these services to further catchments as soon as possible.
- Finally, we have continued with the investment in our new robotic frozen logistics facility in the North East, which will significantly improve efficiency under all trading conditions.

Roger Whiteside OBE, Chief Executive said:

“Looking forward, although great uncertainty remains, we are excited to be resuming our service for many customers this week. We are confident of our ability to adapt to market conditions in the short term while continuing to invest in the long-term growth of our business. I want to thank all of our 25,000 colleagues for their support in getting us to this point.”

We will provide an update on trading when we report our interim results for 2020 on 28 July 2020.

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