



6 October 2015

**GREGGS plc
THIRD QUARTER TRADING UPDATE**

***Greggs is the leading bakery food-on-the-go retailer in the UK,
with 1,668 retail outlets throughout the country***

Continued strong sales performance

	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Own shop LFL sales growth (%)	4.9%	5.2%	5.6%	3.9%
Total sales growth (%)	5.0%	4.0%	5.1%	3.4%

- Own shop like-for-like sales up 4.9% for the 13 weeks to 3 October (2014: 5.2%)
- 158 refits completed year to date, 20 conversions of larger bakery cafés
- 65 new shops opened year to date, 47 closures
- Balanced Choice and hot food options proving popular
- Low inflation environment continues
- Expansion of partnership with Euro Garages
- Acquisition of distribution centre to support growth plans

Trading performance

We have traded well in the third quarter, delivering increased sales while controlling costs. In the 13 weeks to 3 October 2015 like-for-like sales in our own shops grew by 4.9 per cent against strong comparatives, slightly ahead of our expectations. In the year to date like-for-like sales have increased by 5.6 per cent. Total sales grew by 5.0 per cent in the 13 weeks and have grown by 5.1 per cent in the year to date.

Product initiatives across the day combined with our great value deals continue to drive increased customer visits and transaction values. The extension of our Balanced Choice range to include improved own-label drinks with no added sugar has proved popular with customers. With colder weather approaching we have relaunched our hot food menu with a range of delicious soups and hot sandwiches. New additions to the menu include the Mildly Spiced Chicken Curry Soup and Peri Peri Chicken Flatbread, both of which are part of our Balanced Choice range. Other additions to the hot menu include the Aberdeen Angus Spicy Meatball Melt Baguette. Our seasonal range for Halloween is back in shops, including the popular Bat Biscuit and Spooky Ring Bun.

Shop estate development

In the year to date we have completed 158 shop refurbishments and are on track to complete around 200 shops this year. In addition we have now converted 20 of our larger bakery cafés to the “bakery food-on-the-go” format. This investment in refurbishing our estate continues to provide a good capital return and is transforming the quality of the shopping environment for our customers.

We have now opened 65 new shops in 2015, including 35 franchised units predominantly in transport locations. We have closed 47 shops, giving a total of 1,668 shops trading at 6 October (comprising 1,588 of our own shops and 80 franchised units).

Our work with franchise partners is extending the Greggs offer to previously inaccessible locations, particularly transport sites. Our relationship with Euro Garages Limited has so far led to the development of Greggs outlets in 30 of their forecourt sites. We have now agreed to extend this to a further 27 sites that are undergoing refurbishment in the fourth quarter. As a result we now expect our shop numbers for the full year to increase by a net 50-60 overall.

To support the growth potential of the business we have been examining ways of extending our distribution network, particularly in the south-east of England where our existing capacity is most constrained. As a result we have recently acquired a freehold distribution depot adjacent to our existing bakery in Enfield. The total investment, including conversion works, is likely to be around £13m and we expect that the facility will be brought into use in the second half of 2016.

Outlook

Market conditions remain favourable with low cost pressures and a stronger consumer environment. We expect this to continue through to the end of the year after which increases to wage rates will drive greater inflationary pressure. Our standard rate for hourly-paid shop staff is already above the National Minimum Wage and we will maintain a competitive position in the market going forward.

Our sales performance is slightly ahead of our previous plan and, whilst comparatives will stiffen further in the fourth quarter, sales will benefit from additional shop openings. As a result we expect to deliver good growth for the year, slightly ahead of our previous expectations, and further progress against our strategic plan.

ENQUIRIES:

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