



9 May 2016

**GREGGS plc  
TRADING UPDATE**

***Greggs is the leading bakery food-on-the-go retailer in the UK,  
with over 1,700 retail outlets throughout the country***

**A good start to the year**

- Total sales up 5.7% in first 18 weeks of 2016 (2015: 5.9%)
- Company-managed shop like-for-like sales in the first 18 weeks up 3.7% (2015 comparator period: 6.0%)
- 55 shop refits completed
- 43 new shops opened, 21 closures
- Breakfast, hot sandwiches and 'Balanced Choice' options driving growth
- Consultation on supply chain investment proposals progressing

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

**Trading performance**

Total sales for the 18 weeks to 7 May 2016 grew by 5.7 per cent and like-for-like sales in company-managed shops grew by 3.7 per cent over the same period. As has been widely reported, conditions on the High Street were softer in March before recovering in recent weeks; these conditions were reflected in our own performance.

The improvements made to our shops and our product range continue to drive growth in sales. Our hot sandwich range and extended breakfast menu have proved particularly popular and the introduction of our flat white coffee is helping to continue our delivery of double-digit growth in sales of hot drinks. We have extended our fresh fruit offer and have been encouraged by trials of our upgraded range of salads, which are freshly prepared in store and now available nationwide. All salads meet our Balanced Choice criteria and include some innovative new products such as Teriyaki Chicken Noodle and Falafel with Houmous.

**Shops**

In the first 18 weeks we completed 55 shop refurbishments and in total will refit around 200 shops this year. These transformational investments continue to drive incremental sales growth as customers enjoy the improved shopping environment and additional facilities such as seating.

In the year to date we have opened 43 new shops, including 23 franchised units in transport locations. We closed 21 shops, giving a total of 1,720 shops trading at 7 May (comprising 1,592 company-managed shops and 128 franchised units). Our shop openings continue to focus on new food-on-the-go locations and the relocation of existing shops to support further growth. In March we opened our first company-managed shop in Northern Ireland, at Boucher Retail Park in Belfast. The shop is trading well and in the next few weeks we will open our first unit in central Belfast.

### **Consultation on supply chain investment proposals**

At the time of our preliminary results in March we announced that we would be entering into consultation with trade union and employee representatives to consider proposals to close three bakeries as part of a proposed £100m investment programme in our manufacturing and distribution operations. The formal collective consultation on our proposals has now ended and we are progressing with our plans to close the three bakeries involved. The smallest site at Sleaford is now being closed and we expect to close our Twickenham bakery in the fourth quarter of 2016 followed by Edinburgh in the second quarter of 2017.

Our people impacted by these proposals have demonstrated their commitment and professionalism during a difficult period and our focus now is to work with them individually to ensure that we manage these changes in line with Greggs' values as a responsible employer. Alongside these closures we will continue to develop our plans to invest in our remaining supply chain network over the next five years in order to create centres of excellence serving our growing shop estate.

### **Outlook**

We have made a good start to the year. Input cost inflation remains low despite increased wage costs and, with a strong pipeline of product initiatives and plans to invest in our shops and supply chain, we expect to make progress in line with our previous expectations.

#### **ENQUIRIES:**

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