



Always Fresh. Always Tasty.™

29 April 2015

GREGGS plc
TRADING UPDATE AND CAPITAL STRUCTURE REVIEW

***Greggs is the leading bakery food-on-the-go retailer in the UK,
with 1,650 retail outlets throughout the country***

**Continued strong trading in the year to date
£20 million special dividend**

- Own shop like-for-like sales in the first 16 weeks up 5.9% (2014: 3.8% growth)
- 69 refits completed
- 24 new shops opened, 18 closures
- Product and service initiatives continue to drive growth
- Supportive consumer income environment and low inflation
- Special dividend of 20 pence per share declared

Trading performance

We have continued to see a strong trading performance in the first four months of the year. Our total sales for the 16 weeks to 25 April 2015 grew by 5.0 per cent and like-for-like sales in our own shops grew by 5.9 per cent over the same period, ahead of our expectations.

Customers are clearly enjoying our improved range of freshly-made sandwiches, including Balanced Choice products offering healthier options with fewer than 400 calories. In the coming weeks we will grow our Balanced Choice menu through the introduction of upgraded salads, a summer berry fruit pot and our new own-label drinks range, which has been developed with no added sugar and includes 'Juicy Water' options containing one of your 'five a day'.

Breakfast has continued to be an important driver of growth and we have added new options to our range. Our £2 breakfast meal deal now includes free range omelette sandwich combinations, as well as new porridge flavours and a 'fruit and oatie' cookie. We have also introduced a breakfast baguette which features in a £3 meal deal.

Shops

During the first 16 weeks we completed 69 shop refurbishments and will refit 200 to 220 shops this year. These continue to perform well as we transform the shop environment to strengthen our 'bakery food-on-the-go' positioning.

We also opened 24 new shops, including 17 franchised units in transport locations. We closed 18 shops, giving a total of 1,656 shops trading at 25 April (comprising 1,594 of our own shops and 62 franchised units). On 30 April we will open a test site with

the Irish motorway service operator Applegreen, at a service area located on the M2 near Belfast. Working with franchise partners like Applegreen allows us to extend our offer to markets which were previously inaccessible to us and will help us to assess Northern Ireland's appetite for our 'Always Fresh. Always Tasty.' offer.

Capital structure

The Board has completed its review of the appropriate capital structure of the Group for the medium term. In doing so we have considered the views of shareholders and our advisers. As a result of this review and reflecting the views put forward the Board will adopt the following approach:

- We will continue to prioritise investment in the business and maintain a net cash position. Given the leasehold nature of the shop portfolio, the Board does not currently believe that it is appropriate to take on structural debt.
- We intend to maintain our progressive dividend policy, with a target that the ordinary dividend is two times covered by earnings.
- We will aim to maintain a year end net cash position of around £40 million to allow for seasonality in our working capital cycle.
- To the extent that we have material surplus capital within the Group, taking into account the cash position, expected performance and anticipated investment requirements, the Board would expect to return capital to shareholders, likely by way of a special dividend.
- The Board may retain cash above the indicated level where it believes that this would be in the interests of shareholders.

As a result of this review we will not carry out the proposed share buyback announced at the time of the Group's preliminary results. Rather, given the current strong cash position and expected cash requirements for the year ahead, the Board declares a special dividend of 20 pence per share, a distribution of £20 million. This dividend will be paid on 17 July 2015 to shareholders on the register on 19 June 2015.

Outlook

The strong start to 2015 has been supported by rising consumer disposable incomes and low input cost inflation. We expect market conditions to remain favourable and support a good first half performance, ahead of our previous expectations. In the second half of the year we will come up against stronger sales comparables and a less certain cost outlook. However we expect to deliver good growth for the year as a whole and further progress against our strategic plan.

ENQUIRIES:

Greggs plc

Roger Whiteside, Chief Executive
Richard Hutton, Finance Director
Tel: 0191 281 7721

Hudson Sandler

Wendy Baker / Alex Brennan
Tel: 020 7796 4133