



17 January 2017

GREGGS plc
FOURTH QUARTER TRADING UPDATE

***Greggs is the leading bakery food-on-the-go retailer in the UK,
with over 1,750 retail outlets throughout the country***

A strong finish to a year of good progress

Financial year 2016*

- Total sales up 7.0%
- Company-managed shop like-for-like sales up 4.2%
- 208 refits completed in 2016
- 145 new shops opened in the year, 79 closures
- 1,764 shops trading as at 31 December 2016
- Full year results anticipated to be slightly ahead of previous expectations

* 52 weeks ended 31 December 2016 (2015: 52 weeks to 2 January 2016)

Chief Executive Roger Whiteside comments:

"We finished 2016 well, delivering our thirteenth consecutive quarter of like-for-like sales growth, and anticipate that we will report full year results for 2016 slightly ahead of our previous expectations.

"In the year ahead, whilst we will undoubtedly see a number of well-documented industry headwinds, we are confident we will continue to make progress with the implementation of our strategic plan, including significant investment in our capability to supply a growing shop estate."

Trading update

For our 2016 financial year as a whole (52 weeks ended 31 December 2016) total sales grew by 7.0 per cent and company-managed shop like-for-like sales grew by 4.2 per cent. Sales over the Christmas period were particularly strong, aided by a favourable trading pattern and, as a result, fourth quarter company-managed shop like-for-like sales grew by 6.4 per cent. Excluding the final two weeks of the year fourth quarter like-for-like sales growth was 4.1 per cent.

Customers enjoyed seasonal favourites such as our Festive Bake and traditional mince pies but our growing strength in food-on-the-go was the main driver of sales. Our new 'Balanced Choice' bakes have proved popular along with hot food options such as our new burritos, and we will soon be extending our hot drinks range to include Vanilla Latte alongside Fairtrade Peppermint Tea and Green Tea.

During the year we opened 145 new shops (including 56 franchised units) and closed 79, growing the estate to 1,764 shops trading as at 31 December 2016. We now have 157 franchised shops operated by partners in travel and other convenience locations. As planned, our estate management programme included the closure of a number of freehold shops and an office building. This resulted in disposal gains in the year of £2.2 million, some £1.5 – 2.0 million higher than might be expected in an average year.

In 2016, we converted a further 208 shops to our successful “bakery food-on-the-go” format. We expect to refurbish shops at a similar rate in the year ahead to maintain our modern, food-on-the-go experience for customers.

Alongside the trading activity we delivered a number of significant elements of our previously announced strategic investment programme, including successful trials of our new shop replenishment system. We also commissioned our new distribution centre in Enfield, which is operating well, and this enabled the planned closure of our bakery in Twickenham in November. The professional manner in which this complex and difficult process was carried out is a credit to all of our colleagues involved.

Outlook

Looking forward there is greater uncertainty in the trading environment with increased pressure on real income growth. We also continue to expect some industry-wide cost pressures in 2017 and these are likely to have a modest impact on margins in the short term.

2017 will be another busy year of change as we continue to progress our investment in better systems and the transformation and development of our supply chain. Over the medium term we are confident of making further progress as we implement our plan to grow Greggs as a modern food-on-the-go brand.

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