



14 May 2019

**GREGGS plc
TRADING UPDATE**

***Greggs is the leading bakery food-on-the-go retailer in the UK,
with almost 2,000 retail outlets throughout the country***

Strong start to the year sustained

Highlights

- Total sales up 15.1% in the first 19 weeks of 2019 (2018: 4.7%)
- Company-managed shop like-for-like sales in the first 19 weeks up 11.1% (2018: 1.0%)
- Increased customer visits have continued to drive strong trading in traditional categories and new products
- 38 new shops opened, 22 closures
- Strategic investment in supply chain and IT systems progressing to plan

Trading performance

Total sales for the 19 weeks to 11 May 2019 grew by 15.1 per cent and like-for-like sales in company-managed shops grew by 11.1 per cent over the same period.

In our preliminary results announcement on 7 March we reported a very strong start to 2019, with company-managed shop like-for-like sales growth of 9.6 per cent in the first seven weeks of the year. This built on a strong finish to 2018 and was further boosted by the publicity surrounding the launch of our vegan-friendly sausage roll. Sales since then have continued to grow very strongly, helped by the roll-out of vegan-friendly sausage rolls to all shops following limited availability in the early part of the year when demand outstripped supply.

Other product categories have also shown good growth as customers have recognised the investment made in our product range and quality, and the shop environment in recent years. Sales at breakfast, including Fairtrade coffee and other hot drinks, are continuing to grow strongly, as is our post-4pm pizza deal, offering a pizza slice and a drink for just £2. Sales of our traditional sweet bakery products are also benefiting from the improved quality delivered by our investment in manufacturing centres of excellence.

Our new summer menu has just launched, featuring pasta salads, fruit, cold drinks, and a new and improved vegan wrap - Mexican Bean & Sweet Potato. Customers continue to recognise the quality and value of our lunch offer, with Greggs recently recognised as 'Britain's Favourite Sandwich Retailer' (Source: NPD Crest) and, just last week, we picked up four awards at the British Sandwich Industry Awards.

Shop estate

In the first 19 weeks we opened 38 new shops, including 10 franchised units in transport locations. We closed 22 shops, giving a total of 1,969 shops trading at 11 May (comprising 1,700 company-managed shops and 269 franchised units). Our shop openings continue to take the Greggs brand into new food-on-the-go locations, and are increasing our presence in travel and workplace catchments. The success of sites such as our new unit at London Bridge station give us confidence to pursue further openings in similar locations.

Strategic investment programme

Commissioning of our new manufacturing platforms has progressed in line with plan. Sandwich rolls are now being produced at our Manchester and Enfield sites and construction of our new distribution centre at Amesbury in Wiltshire has started.

Deployment of SAP systems in payroll and manufacturing have progressed successfully with further roll-out to follow in the months ahead.

Outlook

The exceptional level of like-for-like sales growth that began in January has been sustained in the months that have followed, driven by increased visits to our stores. Looking forward, the sales comparatives from 2018 become progressively stronger but we now anticipate materially higher sales for the 2019 year as a whole than we had previously been expecting.

Whilst there have been some increases in input costs, we expect overall cost inflation to be broadly in line with our plans for the year. In the balance of the year we plan to increase investment in strategic initiatives that will deliver further long-term growth.

Taking all this into account, the Board believes that underlying profits (before exceptional costs) for the year will be materially higher than its previous expectation.

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