



2023 PRELIMINARY RESULTS

For the 52 weeks ended 30 December 2023

MARCH 2024

AGENDA



Highlights

Financial performance

Operational and strategic review

Current trading and outlook



RECORD PERFORMANCE DRIVEN BY EXECUTION OF STRATEGIC PLAN



- **Total sales** up 19.6% to £1,809.6 million (2022: £1,512.8 million)
- **LFL sales** up 13.7% in company-managed shops
- **Underlying pre-tax profit** up 13.1% to £167.7 million (2022: £148.3 million)
- Additional £20.6 million **exceptional net income** related to settlement of two insurance claims
- **Final dividend** of 46p for 2023, total ordinary dividend per share of 62p
- **Special dividend** of 40p, to be paid in conjunction with final dividend

Strategic progress:

- **Appeal** – market share at all-time high of 8.2% of visits, #1 market share for breakfast trade
- **Estate** – record 220 shops opened (145 net openings), 2,473 shops trading at 30 December 2023
- **Evening** – more than 1,200 sites competing for sales until 7pm or later, fastest growing daypart
- **Digital** – delivery reach extended, now available on Just Eat and Uber Eats. Greggs App scanned in 12.5% of company-managed transactions (2022: 6.2%)



FINANCIAL PERFORMANCE

RICHARD HUTTON
CHIEF FINANCIAL OFFICER

INCOME AND EXPENDITURE OVERVIEW



	2023 £m	2022 £m	
Sales	1,809.6	1,512.8	+19.6%
Underlying operating profit	171.7	154.4	
Finance expense (inc. leases)	(4.0)	(6.1)	
Underlying profit before tax	167.7	148.3	+13.1%
Exceptional insurance gain	20.6	-	
Profit before tax	188.3	148.3	
Income tax charge	(45.8)	(28.0)	
Profit after taxation	142.5	120.3	
<i>Underlying diluted earnings per share</i>	123.8p	117.5p	+5.4%

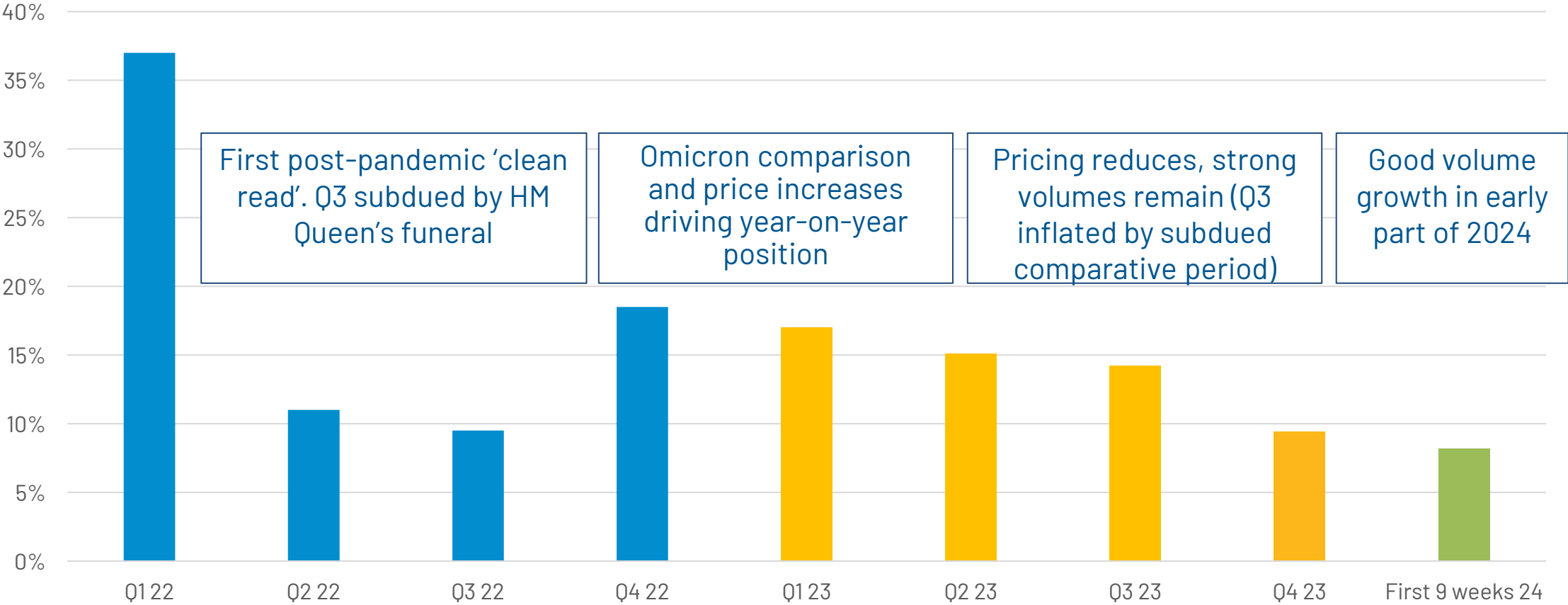
STRONG SALES PERFORMANCE ACROSS BUSINESS SEGMENTS



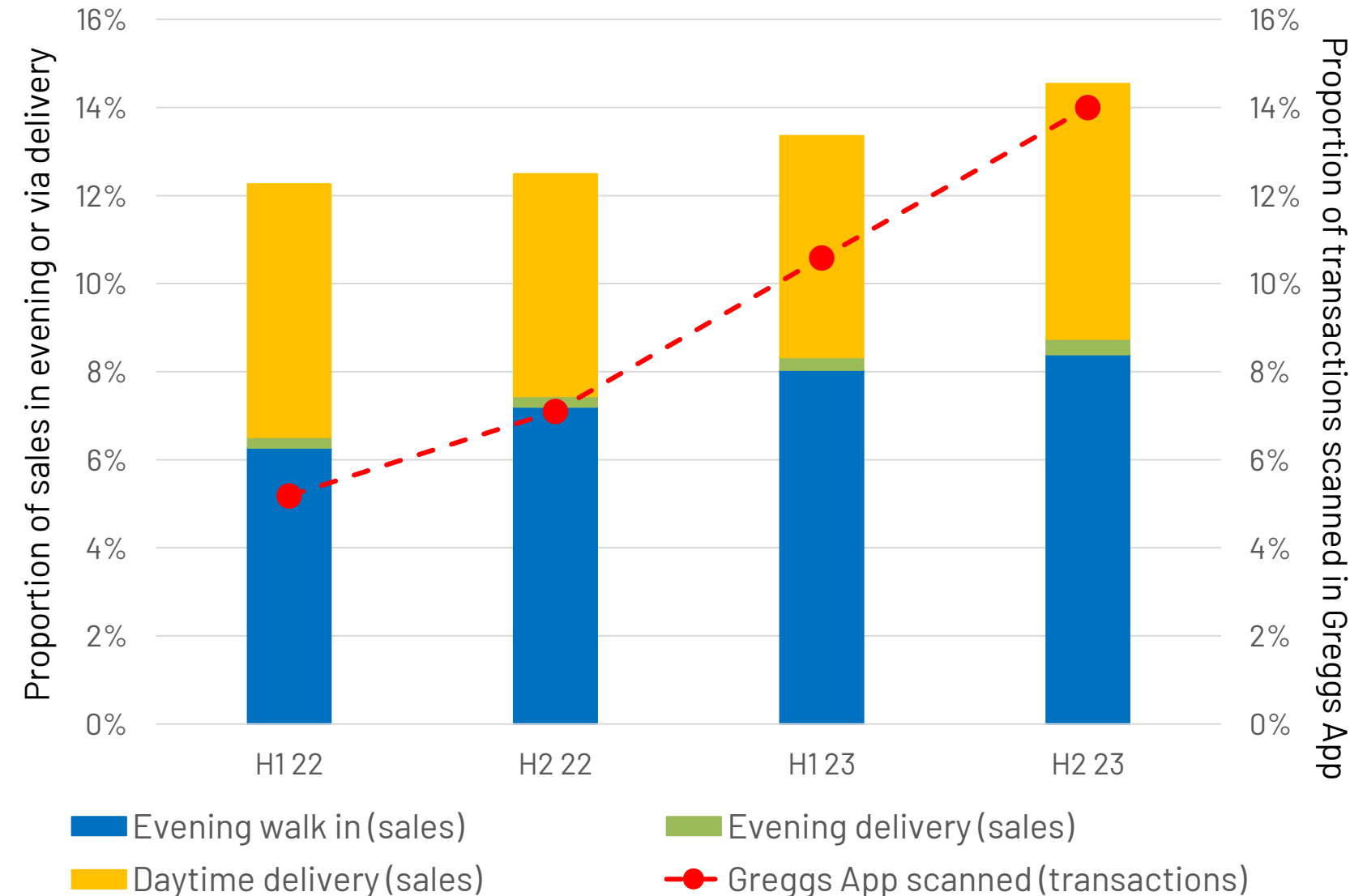
	2023 £m	2022 £m	
Company-managed shops	1,610.9	1,352.3	+19.1%
Business-to-business	198.7	160.5	+23.8%
Total sales	1,809.6	1,512.8	+19.6%

- Company-managed sales growth driven by LFL of 13.7% plus net estate growth and relocation
- Business-to-business sales growth reflects trading with wholesale and franchise partners. Revenue derived from wholesale sales of product and other materials plus commission receivable on franchisee takings.

COMPANY-MANAGED LFL SALES UP 13.7% IN 2023



GROWTH INITIATIVES DRIVING PERFORMANCE



- **Delivery** – acceleration in growth following roll out with Uber Eats
- **Evening walk-in** and **delivery** – steady growth with further opportunity
- **Greggs App** – further growth in proportion of transactions being scanned for loyalty benefits

MARGIN INVESTMENT SUPPORTING GROWTH & STRONG RETURNS



	2023	2022
Sales	£1,810m	£1,513m
Gross margin	60.8%	62.0%
Distribution & selling costs	46.7%	47.1%
Administrative expenses	4.6%	4.7%
Underlying operating profit	9.5%	10.2%
Finance expense	0.2%	0.4%
Underlying profit before tax	9.3%	9.8%
<i>Return on Capital Employed</i>	21.1%	21.0%

- Gross margin reflects food cost inflation > price inflation, increased participation in Greggs App and delivery channel growth
- D&S ratio benefits from operating leverage and cost inflation < price inflation, partially offset by investments in shop labour in the evening and additional marketing
- Growth reducing admin cost ratio
- Net finance expense improved by interest on cash deposits
- Strong ROCE, in line with 2022 and ahead of pre-pandemic level (2019: 20.0%)

COST INFLATION REDUCING, MARKETS MORE STABLE



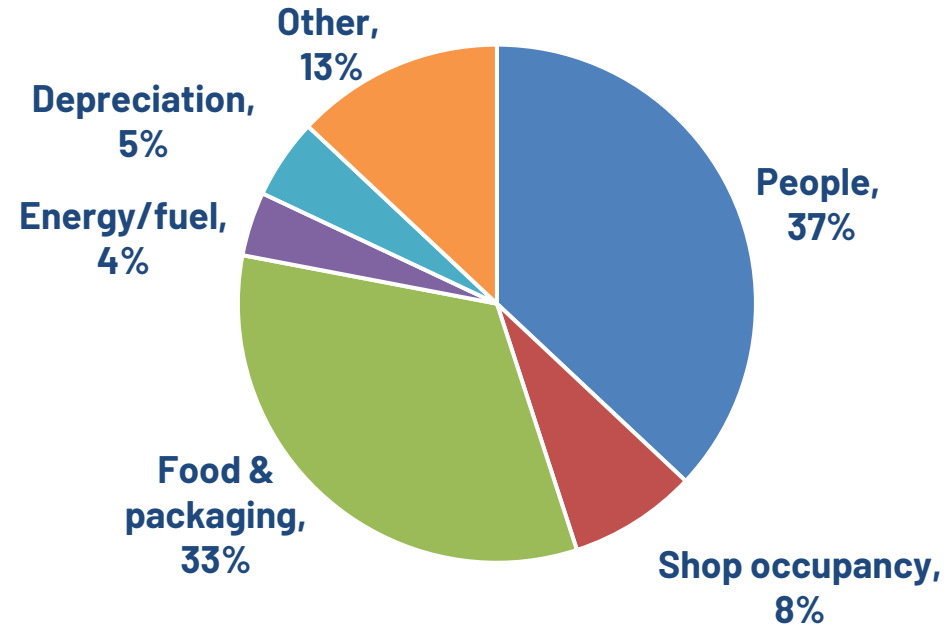
Food & packaging

- Level of inflation significantly reducing, expect LFL input costs for 2024 to be broadly neutral
- Good forward cover with cost prices fixed for 4 months' requirements

Energy

- Expect energy costs to be marginally deflationary in 2024
- Good forward cover with c.80% of annual energy usage fixed for 2024, 50% for 2025

Underlying cost base



**8.5% overall LFL cost inflation in 2023,
11% in H1 & 6% in H2**

Anticipate 4-5% LFL cost inflation in 2024

People

- 8% overall wage & salary inflation in 2023
- Expect c.9.5% overall wage and salary inflation in 2024 (including impact of 10% increase in National Living Wage and enhancement of pension benefits)

Shop occupancy

- Strong covenant, occupancy cost ratio continued to improve as a result of negotiation and sales growth

CAPITAL EXPENDITURE OVERVIEW

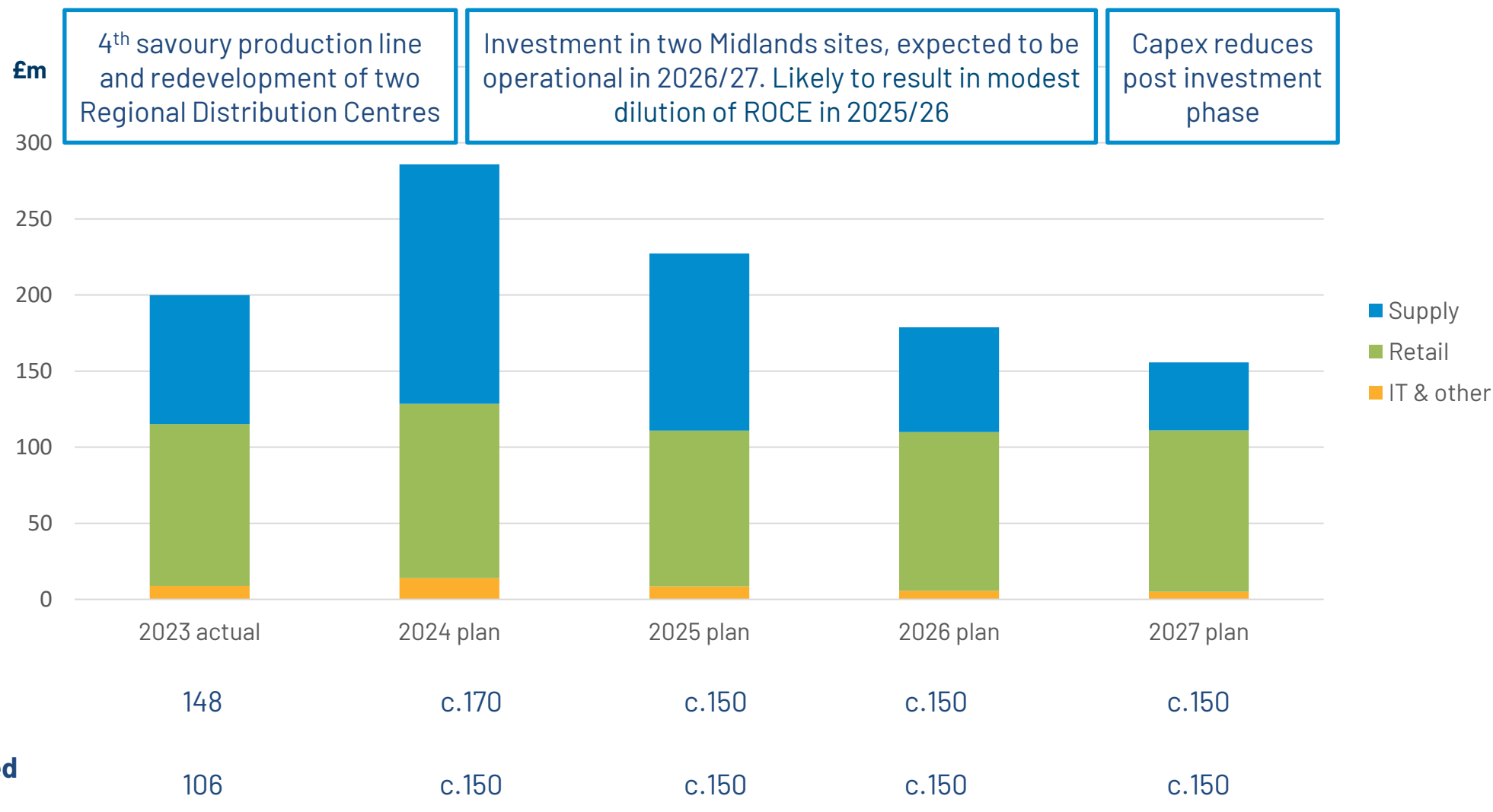


	2024 Plan £m	2023 Actual £m	2022 Actual £m
New shops and relocations (fitting & equipment)	62.0	57.6	40.4
Shop fitting – refurbishment	20.0	14.3	8.7
Shop equipment (additional and replacement)	33.0	34.7	22.5
Supply chain	125.0 – 155.0	84.5	30.3
I.T. and other	10.0	8.7	8.9
Total capital expenditure	<u>250.0 – 280.0</u>	<u>199.8</u>	<u>110.8</u>
<i>Number of gross new shops (inc. relocations, exc. franchise)¹</i>	<i>c.170</i>	148	116
<i>Average cost per shop</i>	<i>c.£365k</i>	c.£390k	<i>c.£350k</i>
<i>Number of shop refits²</i>	<i>c.150</i>	106	73
<i>Average cost per shop</i>	<i>c.£130k</i>	c.£135k	<i>c.£120k</i>

1 Shop fitting and equipment cost

2 Shop fitting cost only

CAPITAL INVESTMENT TO SUPPORT GROWTH PLAN



TAX, EPS, DIVIDEND



Taxation

- 24.3% effective Corporation Tax rate in 2023 (2022: 18.9%)
- Reflects the **increase in the Corporation Tax rate** to 25% from 1 April 2023
- Forward guidance – 2024 to 2026: 26.0% (based on current regulations)

Earnings

- 123.8p **underlying diluted EPS** in 2023 (2022: 117.5p) +5.4%

Dividend

- Final **ordinary dividend** of 46.0p per share recommended (2022: 44.0p)
- Total ordinary dividend for 2023 of 62.0p (2022: 59.0p)
- Twice-covered by underlying diluted EPS
- **Special dividend** of 40p declared

BALANCE SHEET



Cash

- Net **cash inflow** from operating activities after lease payments £257.1m (2022: £198.8m)
- £195.3m **net cash position** at 30 December 2023 (2022: £191.6m)
- Strength of cash generation reflected growth in profits, settlement of two insurance claims and a rephasing of cash tax payments to reflect the full expensing of capital allowances
- Retain £100m Revolving Credit Facility subject to retaining £30m minimum liquidity (undrawn)

Capital allocation – prioritisation

1. Invest to adequately **maintain** the business
2. Maintain a **strong balance sheet**; year-end cash at £50-60m to allow for seasonality in working capital
3. Deliver an **attractive ordinary dividend** – 2x covered by earnings
4. Selectively **invest to grow**
5. **Return surplus cash** to shareholders – normally as special dividends



OPERATIONAL AND STRATEGIC REVIEW

ROISIN CURRIE
CHIEF EXECUTIVE

SUCCESSFULLY EXECUTING STRATEGIC GROWTH PLAN



Broadening
customer
appeal



Growing and
developing the
Greggs estate



Evening trade



Digital
channels

Supported by investment in supply chain, technology and sustainability

BROADENING CUSTOMER APPEAL



- **Market share** at an all-time high with our total share of food-to-go visits increasing to 8.2%* (2022: 7.7%)
- Share of **breakfast** visits increased to 19.6%, taking Greggs to #1 in the market*
- Aim is to reach all food-to-go consumers across the UK throughout the day, letting them know that they can find us whenever and wherever they fancy
- Continued to be **ranked #1** in YouGov's Brand Index within the QSR, coffee shop & delivery services sector, with another record score

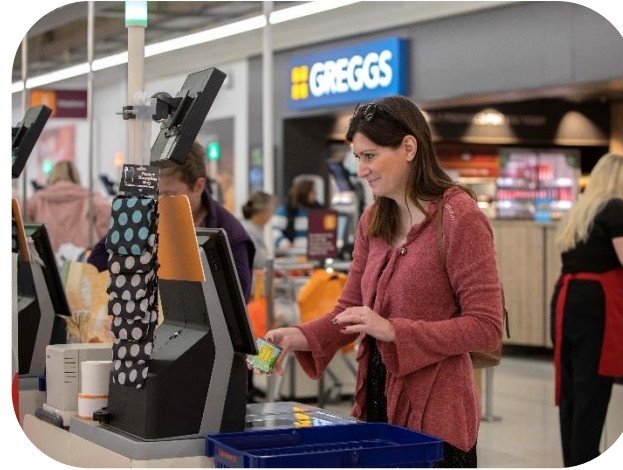


* Circana (formerly NPD Crest), December 2023

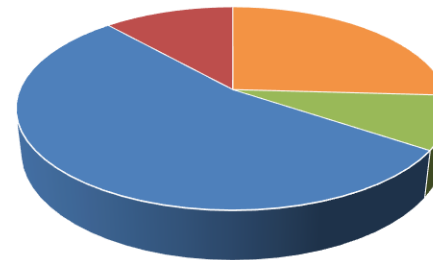
GROWING THE GREGGS ESTATE



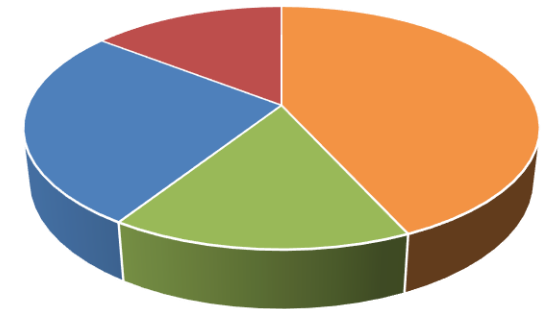
- **2,473 shops** (inc 503 franchised); clear opportunity for significantly more than 3,000 shops across the UK
- Record 220 **new shops** in 2023 (145 net of closures and relocations), planning for 140 to 160 net openings in 2024
- Expanded **partnerships** with retailers including Primark, Tesco and Sainsbury's. Also grown our presence in London, adding shops in Canary Wharf and Waterloo railway stations
- **Franchise** partnerships extending reach of estate, particularly in forecourt retailing



2023 estate mix



2023 openings mix



- Roadside
- Retail parks and supermarkets
- City, towns & suburbs
- Transport and other

DEVELOPING THE GREGGS ESTATE

- Relocations and refurbishments add capability to service new channels
- We **relocated** 42 shops, including this shop in Runcorn. The new shop is 3x as big allowing us to add seating and a hot food cabinet; sales were up 30% following the move with capacity for more growth
- Identified 50 shops to relocate in 2024
- **Refurbishments** are also supporting growth with 122 completed, maximising space and improving ability to service delivery and digital orders
- Plan to refurbish 195 shops in 2024 (150 company-managed, 45 franchise)



EVENING TRADE



- More than 1,200 sites competing for food-on-the-go sales through until 7pm or later
- Fastest growing daypart:
 - 8.7% of company-managed shop sales in H2
 - 2023 market share of post-4pm visits 1.6%* (2022: 1.2%)
- Existing favourites such as chicken goujons and pizza slices proving popular
- Delivery available from 600 late-opening shops. Family pizza box comes with six individual slices and can be customised

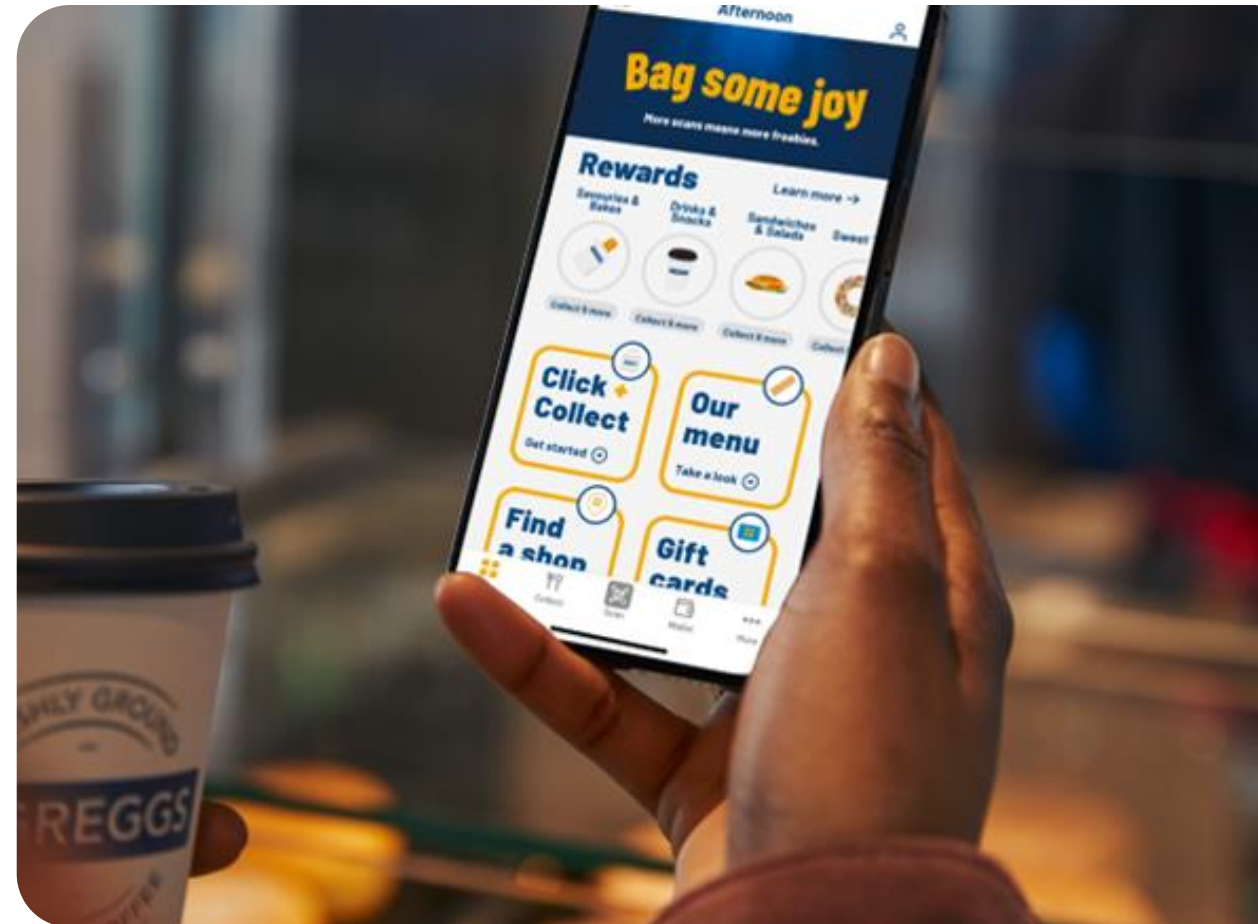


* Circana, December 2023

DIGITAL CHANNELS



- 1,440 total delivery shops, 1,340 shops on Just Eat platform and 930 with Uber Eats, 5.6% of company-managed sales
- **Delivery** sales up 23.6% in 2023 and now offer home delivery across the UK
- Strong growth in use of Greggs App as customers value rewards for **loyalty** - 12.5% of company-managed transactions scanned the App in 2023 (2022: 6.2%) and Q4 participation exceeded 15%
- Customers who engage with our loyalty App shop more frequently with us and receive benefits plus customised messaging through **CRM** approach



INVESTING IN OUR SUPPLY CHAIN AND TECHNOLOGY



- Investment in **manufacturing** creating headroom on key product lines:
 - new production line at Balliol Park site will increase **capacity for savoury rolls and bakes** by 35%
 - new **pizza line** at Enfield site has double the capacity of our existing line
- Primary **logistics fleet** benefitting from further investment in double-deck trailers - 34 vehicles able to carry a 56% higher payload, reducing carbon intensity and saving on fuel
- Continuing to make improvements to our **shop systems**; in 2023 we tested a new, upgraded till suite which will roll out to all shops in 2024

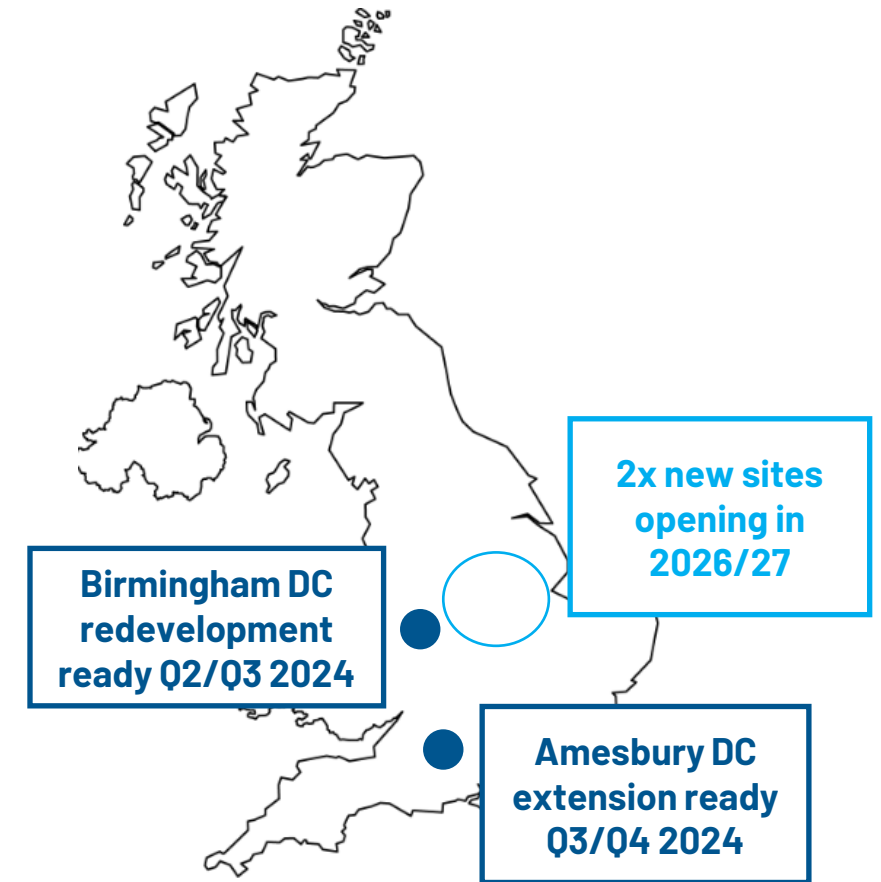


NEW SUPPLY CHAIN CAPACITY



Ambitious plans for growth will require further capacity in both manufacturing and logistics:

- Short term capacity: **redevelopment of distribution centres** in Birmingham and Amesbury adds logistics capacity for 300 shops by end of 2024
- Medium term capacity: **two new facilities** in the Midlands expected to open in 2026/27:
 - Derby **frozen manufacturing site**. Will progressively lay down additional production capacity and provide automated storage and picking operations
 - Kettering/Corby **national distribution centre**. Storage, picking and distribution of ambient and chilled goods. This site will enable our existing radial distribution centres to extend their capacity



OUR ESG PRIORITIES FOR 2025

**TEN THINGS THAT WE'RE DOING
TO HELP MAKE THE WORLD A
BETTER PLACE BY THE END OF
2025 AND BEYOND**



Stronger, healthier
communities



Safer planet



Better business



2023 PLEDGE HIGHLIGHTS



- 896 **Breakfast Clubs**, feeding 62,000 children every school day
- 35 **Outlet shops**
- **Eco-shop** successful initiatives being rolled out across estate
- Won **healthy eating** award for our Sweet Potato Bhaji and Rice Salad Bowl
- 2040 **net zero carbon** target fully embedded into business processes and Scope 1 and 2 emissions targets part of latest three-year LTIP



LOOKING FORWARD



- **Strong trading continued** into 2024; company-managed shop like-for-like sales in first nine weeks up 8.2%
- **Inflationary pressures reducing** and improved visibility of costs in the coming year
- Confident that Greggs can deliver **another year of good progress** in 2024
- Well positioned for the **significant opportunities** that lie ahead as we invest for further sustainable growth





QUESTIONS