

Greggs

Better trading conditions, easing comparative

Greggs' AGM trading update indicates an improvement in revenue growth in recent months versus a relatively weak start to the year, as management notes better trading conditions, while the market context remains challenging. With no changes to profit expectations for FY25, management points to profitability being skewed to H2 given the phasing of store openings and the anticipated volume recovery against easy comparatives. The prospective multiple of 15.7x looks attractive in a historical context.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
12/23	1,809.6	167.7	1.24	1.02	17.6	4.7
12/24	2,014.4	189.8	1.37	0.69	15.9	3.2
12/25e	2,193.7	193.4	1.39	0.69	15.7	3.2
12/26e	2,380.5	197.1	1.42	0.71	15.4	3.2

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

Revenue growth picked up in recent weeks

Greggs saw an improvement in like-for-like revenue growth in company-managed stores to just under 4% in the 11 weeks to 17 May 2025, taking the cumulative total to 2.9% for the first 20 weeks of the year from [1.7% in the first nine weeks](#). Volumes continued to decline year-on-year but are on an improving trend, with management still anticipating volumes will improve in H225 against softer comparatives. Better weather and increased footfall on the high street were helpful in driving recent growth, as was a slight easing in the comparative from FY24. Although over a slightly different time period, the FY24 comparative for the first nine weeks eased from 8.2% to [7.4% for the first 19 weeks](#). From a competitive perspective, management believes Greggs has held market share over the last six months and that price competition has eased recently as its peers have put through the required price increases. Total sales growth for the first 19 weeks of FY25 of 7.4% to £784m, with slightly better growth from franchises and company-managed stores, compounds a very strong comparative of 13.8% growth.

Management expectations for FY25 are unchanged

With expectations of better volume trends in H225 intact, a greater contribution from the recent menu enhancements and no changes to net new store openings (140–150) or estimated underlying cost inflation (6% for the year), the board's full-year profit outcome is unchanged. Profit progress versus the prior year is likely to be weighted to H2 given these dynamics. We make no changes to our estimates.

Valuation

Having performed poorly at the start of the year, the share price has shown better momentum since the start of April, including a strong positive reaction to the trading update. On our unchanged estimates, the prospective P/E of 15.7x looks attractive versus the long-term average of 18.5x since FY13.

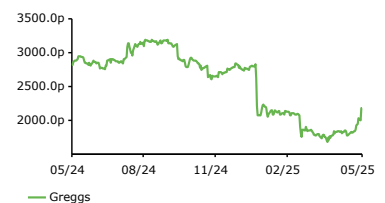
20-week trading update

Retail

21 May 2025

Price	2,182.00p
Market cap	£2,231m
Net cash at 31 December 2024 (excluding IFRS 16 liabilities)	£125.3m
Shares in issue	102.3m
Code	GRG
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	21.7	7.7	(20.7)
52-week high/low	3,162.5p		1,615.3p

Business description

Greggs is the leading UK 'food-on-the-go' retailer. It uses vertical integration to offer differentiated products at competitive prices. Its ambition is to grow revenue to £2.4bn by FY26.

Next events

H125 results	29 July 2025
Q325 trading update	1 October 2025

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Exhibit 1: Financial summary

Year-end 31 December	£m	2022	2023	2024	2025e	2026e
		IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue		1,512.8	1,809.6	2,014.4	2,193.7	2,380.5
Cost of Sales		(574.5)	(710.5)	(770.8)	(842.5)	(917.2)
Gross Profit		938.3	1,099.1	1,243.6	1,351.2	1,463.2
EBITDA		269.9	299.2	337.4	366.7	394.6
Operating profit (before amort. and excepts.)		154.4	171.7	195.3	203.9	211.1
Exceptionals		0.0	20.6	14.1	0.0	0.0
Operating Profit		154.4	192.3	209.4	203.9	211.1
Net Interest		(6.1)	(4.0)	(5.5)	(10.5)	(14.0)
Profit Before Tax (norm)		148.3	167.7	189.8	193.4	197.1
Profit Before Tax (FRS 3)		148.3	188.3	203.9	193.4	197.1
Tax		(28.0)	(41.0)	(48.8)	(50.3)	(51.2)
Profit After Tax (norm)		120.3	126.7	141.0	143.1	145.9
Profit After Tax (FRS 3)		120.3	142.5	155.1	143.1	145.9
Average number of shares outstanding (m)		101.5	101.3	101.8	102.3	102.3
EPS - normalised fully diluted (p)		117.5	123.8	137.5	138.9	141.6
EPS - (IFRS) (p)		118.5	140.6	152.4	139.9	142.6
Dividend per share (p)		59.0	102.0	69.0	69.4	70.8
Gross Margin (%)		62.0	60.8	61.8	61.6	61.5
EBITDA Margin (%)		17.8	16.5	16.7	16.7	16.6
Operating Margin (before GW and except.) (%)		10.2	9.5	9.7	9.3	8.9
BALANCE SHEET						
Fixed Assets		685.1	825.2	1,076.8	1,294.8	1,370.1
Intangible Assets		13.5	18.3	24.9	32.8	34.7
Tangible Assets		390.0	510.3	664.7	856.0	910.6
Right-of-Use Assets		281.6	296.6	387.2	406.0	424.8
Other		0.0	0.0	0.0	0.0	0.0
Current Assets		283.0	297.9	242.9	165.1	206.4
Stocks		40.6	48.8	55.2	57.9	63.0
Debtors		50.2	53.8	62.4	65.2	70.8
Cash		191.6	195.3	125.3	42.0	72.6
Other		0.6	0.0	0.0	0.0	0.0
Current Liabilities		(244.1)	(272.5)	(310.2)	(357.5)	(380.6)
Creditors		(191.7)	(216.0)	(253.0)	(297.6)	(318.2)
Leases		(48.8)	(52.5)	(53.8)	(56.4)	(59.0)
Short-term borrowings		0.0	0.0	0.0	0.0	0.0
Other		(3.6)	(4.0)	(3.4)	(3.4)	(3.4)
Long-Term Liabilities		(284.3)	(326.3)	(439.0)	(455.2)	(471.4)
Long-term borrowings		0.0	0.0	0.0	0.0	0.0
Leases		(252.5)	(267.1)	(361.3)	(377.5)	(393.7)
Other long-term liabilities		(31.8)	(59.2)	(77.7)	(77.7)	(77.7)
Net Assets		439.7	524.3	570.5	647.3	724.5
CASH FLOW						
Operating Cash Flow		272.3	333.0	352.6	410.9	409.5
Net Interest		(6.1)	(4.2)	(6.3)	(10.5)	(15.0)
Tax		(13.3)	(11.9)	(27.7)	(50.3)	(51.2)
Capex		(100.8)	(197.3)	(224.8)	(300.0)	(175.0)
Acquisitions/disposals		0.0	0.0	0.0	0.0	0.0
Equity financing		3.1	3.6	4.7	4.7	4.7
Dividends		(98.5)	(60.8)	(106.8)	(71.0)	(72.4)
Borrowings and lease liabilities		(52.7)	(53.7)	(56.7)	(62.1)	(65.0)
Other		(11.0)	(5.0)	(5.0)	(5.0)	(5.0)
Net Cash Flow		(7.0)	3.7	(70.0)	(83.3)	30.6
Opening cash		198.6	191.6	195.3	125.3	42.0
Other		0.0	0.0	0.0	0.0	0.0
Closing cash		191.6	195.3	125.3	42.0	72.6
Closing net debt/(cash)		(191.6)	(195.3)	(125.3)	(42.0)	(72.6)
Closing net debt/(cash) including leases		109.7	124.3	289.8	391.9	380.1

Source: Greggs, Edison Investment Research

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