

Greggs

Improving trend through the quarter

Greggs' Q325 trading update shows improving trading as the period progressed, following the already-flagged negative effect of July's hot weather. With a slight improvement to the outlook for cost inflation, management's expectations for full year profit are unchanged. This is despite indications of lower new space growth than initially guided, due to phasing of new build opportunities. Management was clear that there is potential for significantly more than 3,000 stores, and returns will not be sacrificed as the estate grows. The company is now lapping weak comparatives from Q424, and with ongoing menu innovation as well as new initiatives, such as the expanding partnership with Tesco, management is hopeful of better revenue growth.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
12/23	1,809.6	167.7	1.24	1.02	13.8	6.0
12/24	2,014.4	189.8	1.37	0.69	12.4	4.0
12/25e	2,170.0	174.8	1.26	0.69	13.6	4.0
12/26e	2,354.7	186.4	1.34	0.69	12.7	4.0

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

A subdued quarter, as expected

Greggs' like-for-like sales growth in company-managed stores during Q325 of 1.5% includes growth of over 2% in August and September, following less than 0.5% growth in July. This was lower than the c 2–3% growth reported through H125, and despite an easier comparative from Q324 of 5% versus H124's 7.4% growth. With low to mid-single-digit price inflation to recover underlying cost inflation, volumes continue to decline. Overall revenue growth of 6.1% includes better underlying growth from franchises. Management had indicated c 6% underlying cost inflation for FY25 at the H125 results; more favourable food input prices, notably flour, mean the guidance for cost inflation this year has reduced modestly. Management is now indicating around 120 net new stores will open in FY25, lower than the 140–150 annual guidance in place through the current five-year growth strategy.

Forecasts unchanged

We make no changes to our profit estimates despite management's indication that net new store growth on an annual basis is likely to be a bit more variable (ie 120–150 net new stores per year) than previously, depending on the availability and returns of potential new stores. Although it is early days, Greggs has made good progress with the roll-out of its recently launched frozen 'Bake at Home' range with new partner Tesco, with availability in 820 stores and online, versus the existing successful relationship with Iceland, where its products are available in 930 stores. On the cost side, management's current unquantified expectations for cost inflation in FY26 appear to be lower than for the inflation experienced this year.

Valuation attractive

The weak trading has weighed on the share price over the last 12 months. As a result, valuation multiples look low in a historical context, with an average P/E multiple since FY13 of 18x. The median prospective P/E multiples of restaurant and pub peers is 12.0x and of food retailer peers is c 15x.

Q325 trading update

Retail

2 October 2025

Price 1,706.00p
Market cap £1,744m

Net cash/(debt) at 28 June 2025 £(2.5)m
(excluding IFRS 16 liabilities £416m)

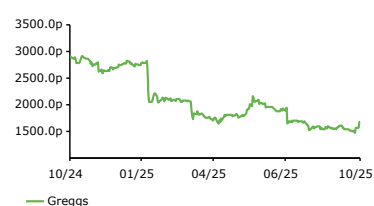
Shares in issue 102.3m

Code GRG

Primary exchange LSE

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	8.2	(12.6)	(39.7)
52-week high/low	2,953.7p	1,481.2p	

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

Q425 trading update	8 January 2026
FY25 results	March 2026

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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	2,170.0	2,354.7
Cost of Sales		(574.5)	(710.5)	(770.8)	(840.8)	(914.7)
Gross Profit		938.3	1,099.1	1,243.6	1,329.2	1,440.0
EBITDA		269.9	299.2	337.4	350.6	384.9
Operating profit (before amort. and excepts.)		154.4	171.7	195.3	187.8	201.4
Exceptionals		0.0	20.6	14.1	0.0	0.0
Operating Profit		154.4	192.3	209.4	187.8	201.4
Net Interest		(6.1)	(4.0)	(5.5)	(13.0)	(15.0)
Profit Before Tax (norm)		148.3	167.7	189.8	174.8	186.4
Profit Before Tax (FRS 3)		148.3	188.3	203.9	174.8	186.4
Tax		(28.0)	(41.0)	(48.8)	(45.4)	(48.5)
Profit After Tax (norm)		120.3	126.7	141.0	129.3	138.0
Profit After Tax (FRS 3)		120.3	142.5	155.1	129.3	138.0
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	125.5	133.9
EPS - (IFRS) (p)		118.5	140.6	152.4	126.5	134.9
Dividend per share (p)		59.0	102.0	69.0	69.0	69.0
Gross Margin (%)		62.0	60.8	61.8	61.3	61.2
EBITDA Margin (%)		17.8	16.5	16.7	16.2	16.3
Operating Margin (before GW and except.) (%)		10.2	9.5	9.7	8.7	8.6
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	151.2	187.1
Stocks		40.6	48.8	55.2	57.8	62.8
Debtors		50.2	53.8	62.4	64.5	70.0
Cash		191.6	195.3	125.3	28.9	54.3
Other		0.6	0.0	0.0	0.0	0.0
Current Liabilities		(244.1)	(272.5)	(310.2)	(356.9)	(379.8)
Creditors		(191.7)	(216.0)	(253.0)	(297.1)	(317.3)
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	634.0	706.1
CASH FLOW						
Operating Cash Flow		272.3	333.0	352.6	395.0	399.6
Net Interest		(6.1)	(4.2)	(6.3)	(13.0)	(15.0)
Tax		(13.3)	(11.9)	(27.7)	(45.4)	(48.5)
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)	(70.6)	(70.6)
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)	(96.4)	25.4
Opening cash		198.6	191.6	195.3	125.3	28.9
Other		0.0	0.0	0.0	0.0	0.0
Closing cash		191.6	195.3	125.3	28.9	54.3
Closing net debt/(cash)		(191.6)	(195.3)	(125.3)	(28.9)	(54.3)
Closing net debt/(cash) including leases		109.7	124.3	289.8	405.0	398.4

Source: Greggs, Edison Investment Research

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