

Greggs

More encouraging trading

Greggs' AGM trading update for the first 19 weeks of the year indicates both an improvement in revenue growth in recent weeks and an acceleration in growth, given comparatives from FY25 became tougher as the period progressed. The still-challenging market is highlighted by volumes continuing to decline on a two-year basis, but the trend has clearly become less negative in recent weeks. Menu innovation, an ever-present focus for Greggs, continues to provide self-help and there is good momentum in B2B revenues. It will be interesting to see how the trial of the first Greggs outlet in an overseas airport – South Tenerife, which is highly frequented by UK holidaymakers – progresses.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
12/24	2,014.4	189.8	1.37	0.69	12.0	4.2
12/25	2,151.2	171.9	1.23	0.69	13.4	4.2
12/26e	2,305.8	172.9	1.24	0.69	13.2	4.2
12/27e	2,468.2	179.5	1.29	0.69	12.7	4.2

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

Better trends in recent weeks

For the first 19 weeks of FY26 Greggs has reported total sales growth of 7.5% and like-for-like growth in company-managed stores of 2.5%, both of which compare favourably with the respective 6.3% and 1.6% growth rates for the first nine weeks of the year. The company saw a similar improvement in trading at the start of FY25 with 1.7% total sales growth in the first nine weeks and 2.9% growth for the first 20 weeks, highlighting the slightly tougher comparative towards the end of the period. With price increases of just under 4% relatively consistent through the start of FY26, it is clear volumes are still declining, but at a lower rate than previously.

Management's FY26 profit outlook unchanged

Space growth in FY26 will be H2-weighted again, with 20 net new stores opened so far this year, from the guided 120 net openings for the year. With no change to the outlook for like-for-like cost inflation of around 3%, management's expectations for FY26 profit remain unchanged. The majority (85% for FY26 and 50% for FY27) of energy and fuel costs are covered by forward purchase agreements, and there is around five months of cover for food and packaging. This implies some price input risk for food and packaging in Q426, which represented 33% of the cost base in FY25, but management remains confident of recovering input inflation through a combination of price increases and operating efficiencies. There is a clear message that profit growth will be H1-weighted in FY26, given the easier comparative from weak revenue growth in H125; the operating cost efficiencies that began to be realised in H225; and the fact that H226 will bear the incremental operating costs as the new frozen food manufacturing and logistics facility comes on stream in H226.

Prospective multiples at low-end of historical range

FY26's prospective P/E multiple remains at the low-end of its historical range, an average of c 18x since FY13. Equally, the prospective dividend yield compares favourably versus a historical average of 2.8%. With peak capex behind it, Greggs is well-placed to consider additional returns to shareholders.

AGM trading update

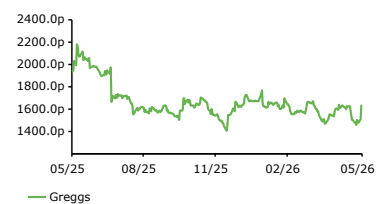
Retail

13 May 2026

Price 1,644.00p
Market cap £1,681m

Net cash at 27 December 2025 £45.8m
 excluding IFRS 16 liabilities of £449.8m
 Shares in issue 102.3m
 Code GRG
 Primary exchange LSE
 Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	5.9	7.6	(7.6)
52-week high/low		2,105.9p	1,362.8p

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

H126 results 29 July 2026

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Exhibit 1: Financial summary

Year-end 31 December	£m	2022	2023	2024	2025	2026e	2027e
		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue		1,512.8	1,809.6	2,014.4	2,151.2	2,305.8	2,468.2
Cost of Sales		(574.5)	(710.5)	(770.8)	(829.1)	(890.9)	(955.9)
Gross Profit		938.3	1,099.1	1,243.6	1,322.1	1,414.9	1,512.3
EBITDA		269.9	299.2	337.4	351.1	375.8	399.4
Operating profit (before amort. and excepts.)		154.4	171.7	195.3	187.5	191.4	197.5
Exceptionals		0.0	20.6	14.1	(3.8)	0.0	0.0
Operating Profit		154.4	192.3	209.4	183.7	191.4	197.5
Net Interest		(6.1)	(4.0)	(5.5)	(15.6)	(18.5)	(18.0)
Profit Before Tax (norm)		148.3	167.7	189.8	171.9	172.9	179.5
Profit Before Tax (FRS 3)		146.3	188.3	203.9	168.1	172.9	179.5
Tax		(28.0)	(41.0)	(48.8)	(46.1)	(44.9)	(46.7)
Profit After Tax (norm)		120.3	126.7	141.0	125.8	127.9	132.8
Profit After Tax (FRS 3)		120.3	142.5	155.1	122.0	127.9	132.8
Average number of shares outstanding (m)		101.5	101.3	101.8	101.9	102.3	102.3
EPS - normalised fully diluted (p)		117.5	123.8	137.5	122.8	124.4	129.1
EPS - (IFRS) (p)		118.5	140.6	152.4	119.7	125.1	129.9
Dividend per share (p)		59.0	102.0	69.0	69.0	69.0	69.0
Gross Margin (%)		62.0	60.8	61.8	61.5	61.4	61.3
EBITDA Margin (%)		17.8	16.5	16.7	16.3	16.3	16.2
Operating Margin (before GW and except.) (%)		10.2	9.5	9.7	8.7	8.3	8.0
BALANCE SHEET							
Fixed Assets		685.1	825.2	1,076.8	1,288.1	1,386.8	1,430.3
Intangible Assets		13.5	18.3	24.9	43.0	53.5	60.3
Tangible Assets		390.0	510.3	664.7	832.1	904.8	926.1
Right-of-Use Assets		281.6	296.6	387.2	413.0	428.5	443.9
Other		0.0	0.0	0.0	0.0	0.0	0.0
Current Assets		283.0	297.9	242.9	195.9	196.8	258.9
Stocks		40.6	48.8	55.2	55.7	59.9	64.2
Debtors		50.2	53.8	62.4	69.4	74.4	79.6
Cash		191.6	195.3	125.3	70.8	62.5	115.0
Other		0.6	0.0	0.0	0.0	0.0	0.0
Current Liabilities		(244.1)	(272.5)	(310.2)	(347.7)	(370.1)	(393.8)
Creditors		(191.7)	(216.0)	(253.0)	(274.9)	(295.0)	(316.4)
Leases		(48.8)	(52.5)	(53.8)	(62.5)	(64.8)	(67.2)
Short-term borrowings		0.0	0.0	0.0	0.0	0.0	0.0
Other		(3.6)	(4.0)	(3.4)	(10.3)	(10.3)	(10.3)
Long-Term Liabilities		(284.3)	(326.3)	(439.0)	(511.1)	(499.2)	(512.3)
Long-term borrowings		0.0	0.0	0.0	(25.0)	0.0	0.0
Leases		(252.5)	(267.1)	(361.3)	(387.3)	(400.4)	(413.5)
Other long-term liabilities		(31.8)	(59.2)	(77.7)	(98.8)	(98.8)	(98.8)
Net Assets		439.7	524.3	570.5	625.2	714.2	783.0
CASH FLOW							
Operating Cash Flow		272.3	333.0	352.6	383.7	391.8	416.2
Net Interest		(6.1)	(4.2)	(6.3)	(15.2)	(18.5)	(18.0)
Tax		(13.3)	(11.9)	(27.7)	(31.5)	(44.9)	(46.7)
Capex		(100.8)	(197.3)	(224.8)	(284.5)	(200.0)	(160.0)
Acquisitions/disposals		0.0	0.0	0.0	0.0	0.0	0.0
Equity financing		3.1	3.6	4.7	1.6	1.6	1.6
Dividends		(98.5)	(60.8)	(106.8)	(70.3)	(70.6)	(70.6)
Borrowings and lease liabilities		(52.7)	(53.7)	(56.7)	(38.3)	(67.6)	(70.1)
Other		(11.0)	(5.0)	(5.0)	0.0	0.0	0.0
Net Cash Flow		(7.0)	3.7	(70.0)	(54.5)	(8.3)	52.5
Opening cash		198.6	191.6	195.3	125.3	70.8	62.5
Other		0.0	0.0	0.0	0.0	0.0	0.0
Closing cash		191.6	195.3	125.3	70.8	62.5	115.0
Closing net debt/(cash)		(191.6)	(195.3)	(125.3)	(45.8)	(62.5)	(115.0)
Closing net debt/(cash) including leases		109.7	124.3	289.8	404.0	402.7	365.7

Source: Greggs accounts, Edison Investment Research

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