

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

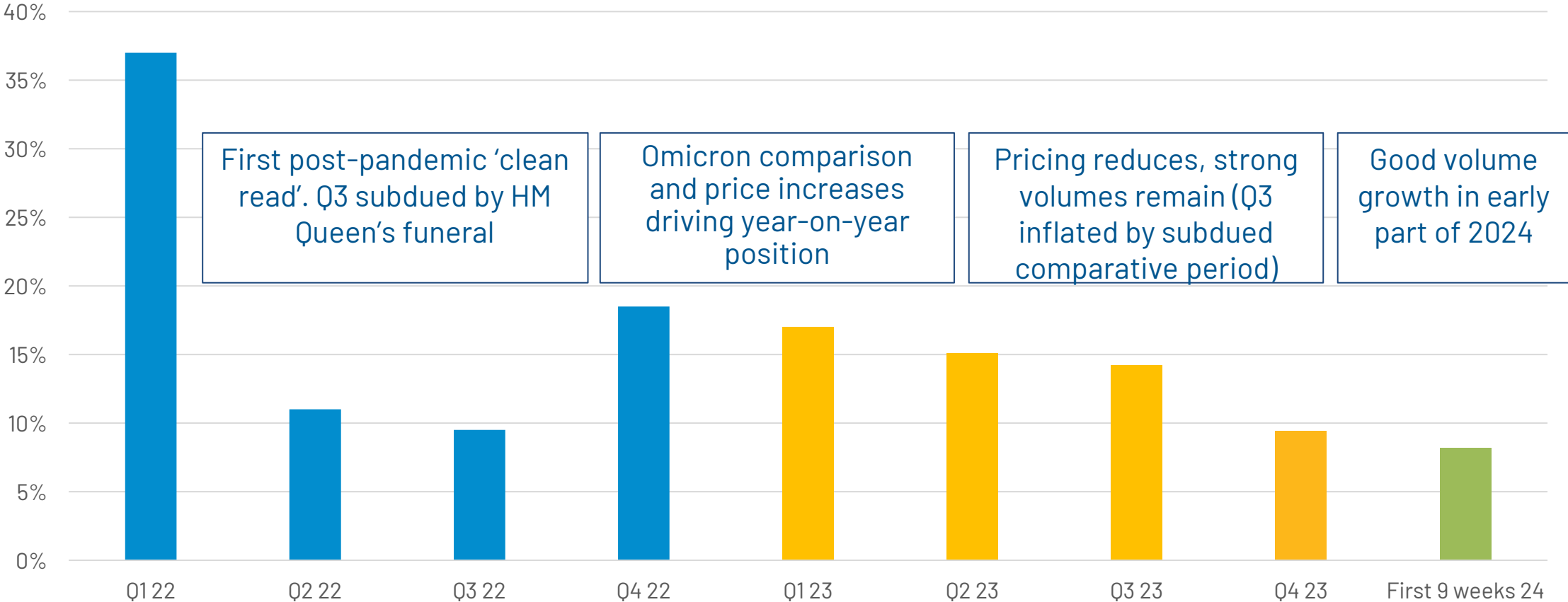
# STRONG SALES PERFORMANCE ACROSS BUSINESS SEGMENTS



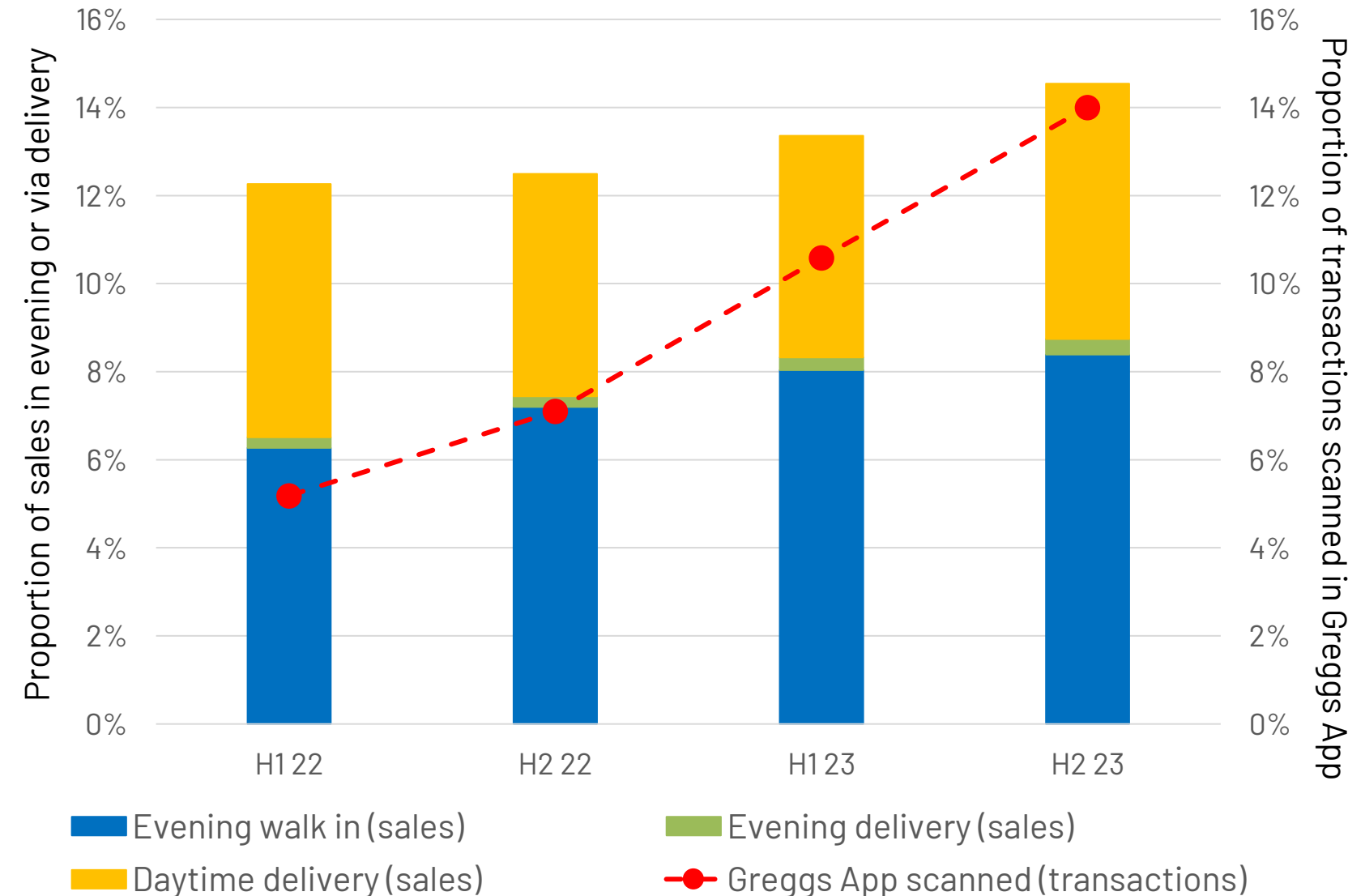
	2023 £m	2022 £m	
Company-managed shops	1,610.9	1,352.3	+19.1%
Business-to-business	198.7	160.5	+23.8%
<b>Total sales</b>	<b>1,809.6</b>	<b>1,512.8</b>	<b>+19.6%</b>

- 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	<b>£1,810m</b>	£1,513m	<ul style="list-style-type: none"> <li>Gross margin reflects food cost inflation &gt; price inflation, increased participation in Greggs App and delivery channel growth</li> </ul>
Gross margin	<b>60.8%</b>	62.0%	
Distribution & selling costs	<b>46.7%</b>	47.1%	<ul style="list-style-type: none"> <li>D&amp;S ratio benefits from operating leverage and cost inflation &lt; price inflation, partially offset by investments in shop labour in the evening and additional marketing</li> </ul>
Administrative expenses	<b>4.6%</b>	4.7%	
Underlying operating profit	<b>9.5%</b>	10.2%	<ul style="list-style-type: none"> <li>Growth reducing admin cost ratio</li> </ul>
Finance expense	<b>0.2%</b>	0.4%	
Underlying profit before tax	<b>9.3%</b>	9.8%	<ul style="list-style-type: none"> <li>Net finance expense improved by interest on cash deposits</li> </ul>
<i>Return on Capital Employed</i>	<b>21.1%</b>	21.0%	

# COST INFLATION REDUCING, MARKETS MORE STABLE



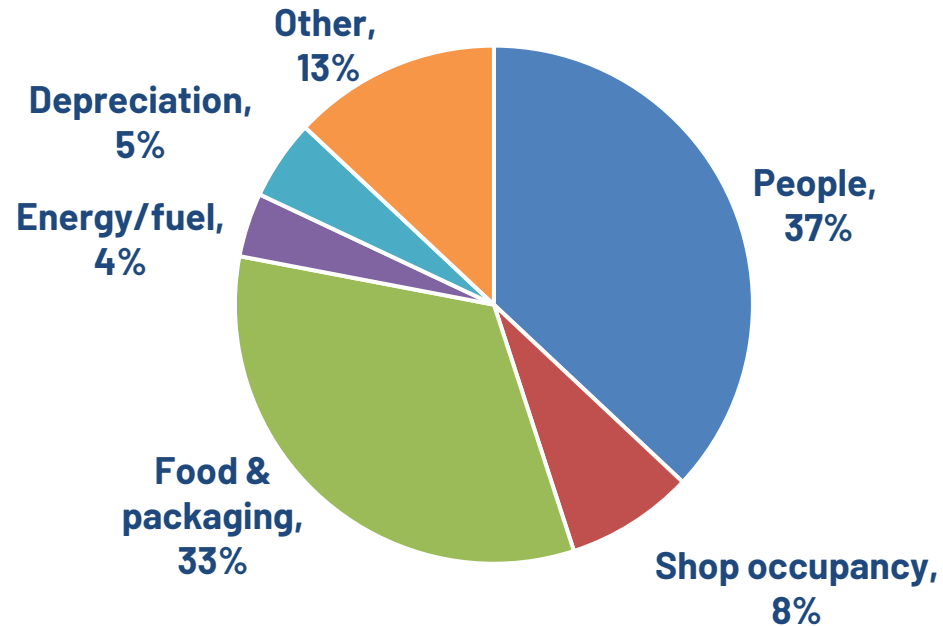
## Food & packaging

- 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

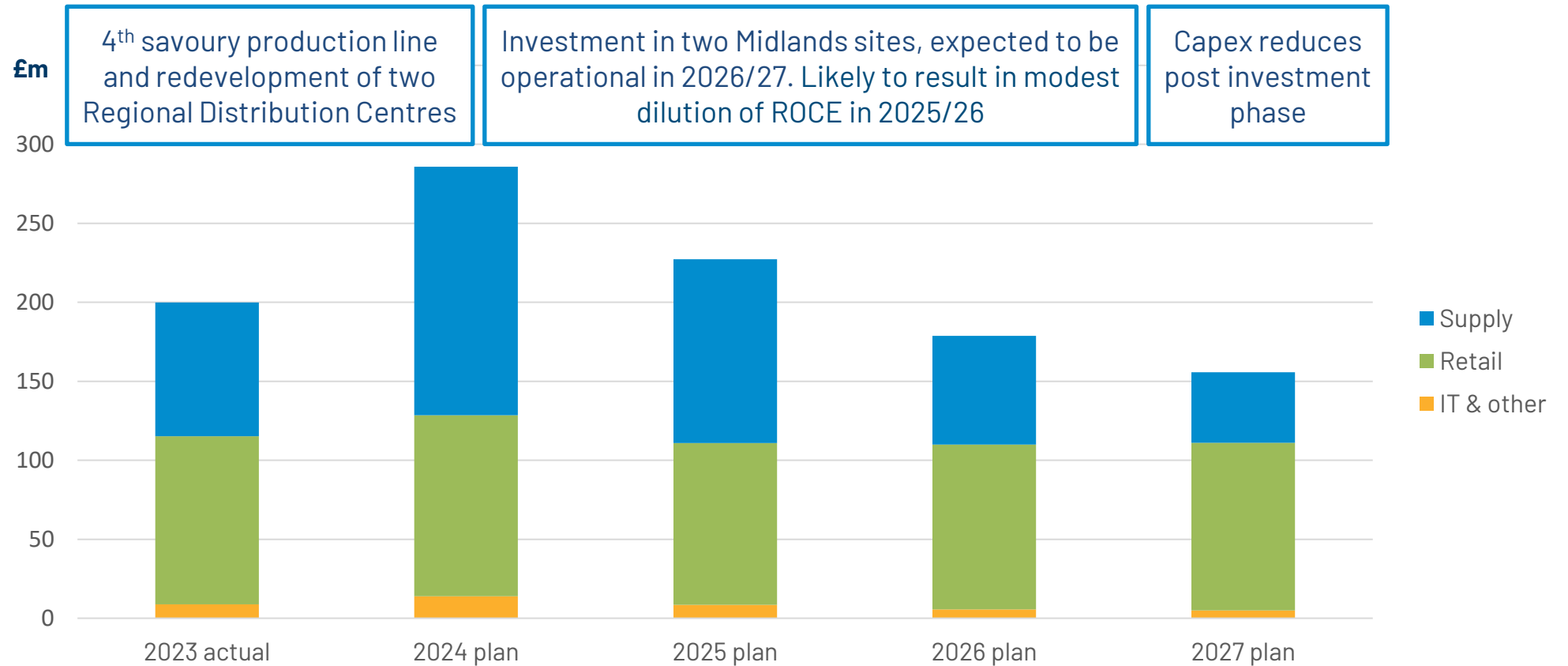


	2024 Plan £m	2023 <b>Actual £m</b>	2022 Actual £m
New shops and relocations (fitting & equipment)	62.0	<b>57.6</b>	40.4
Shop fitting – refurbishment	20.0	<b>14.3</b>	8.7
Shop equipment (additional and replacement)	33.0	<b>34.7</b>	22.5
Supply chain	125.0 – 155.0	<b>84.5</b>	30.3
I.T. and other	10.0	<b>8.7</b>	8.9
Total capital expenditure	250.0 – 280.0	<b>199.8</b>	110.8
<i>Number of gross new shops (inc. relocations, exc. franchise)<sup>1</sup></i>	<i>c.170</i>	<b>148</b>	116
<i>Average cost per shop</i>	<i>c.£365k</i>	<b>c.£390k</b>	<i>c.£350k</i>
<i>Number of shop refits<sup>2</sup></i>	<i>c.150</i>	<b>106</b>	73
<i>Average cost per shop</i>	<i>c.£130k</i>	<b>c.£135k</b>	<i>c.£120k</i>

1 Shop fitting and equipment cost

2 Shop fitting cost only

# CAPITAL INVESTMENT TO SUPPORT GROWTH PLAN



**New company-managed shops**

148

c.170

c.150

c.150

c.150

**Company-managed refits**

106

c.150

c.150

c.150

c.150

# 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

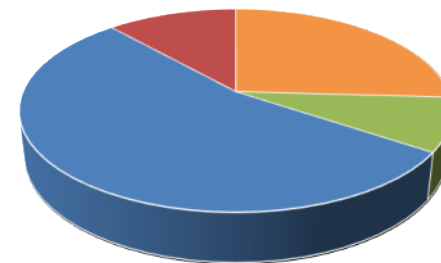
# GROWING THE GREGGS ESTATE



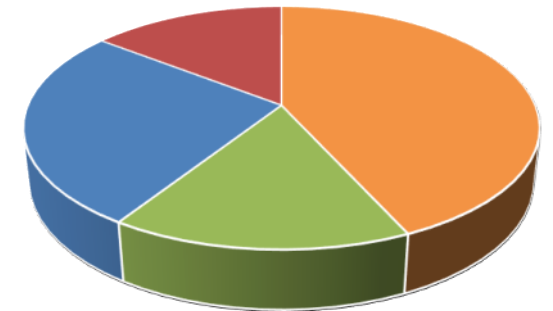
- **2,473 shops** (inc 503 franchised); clear opportunity for significantly more than 3,000 shops across the UK
- Record 220 **new shops** in 2023 (145 net of closures and relocations), planning for 140 to 160 net openings in 2024
- Expanded **partnerships** with retailers including Primark, Tesco and 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

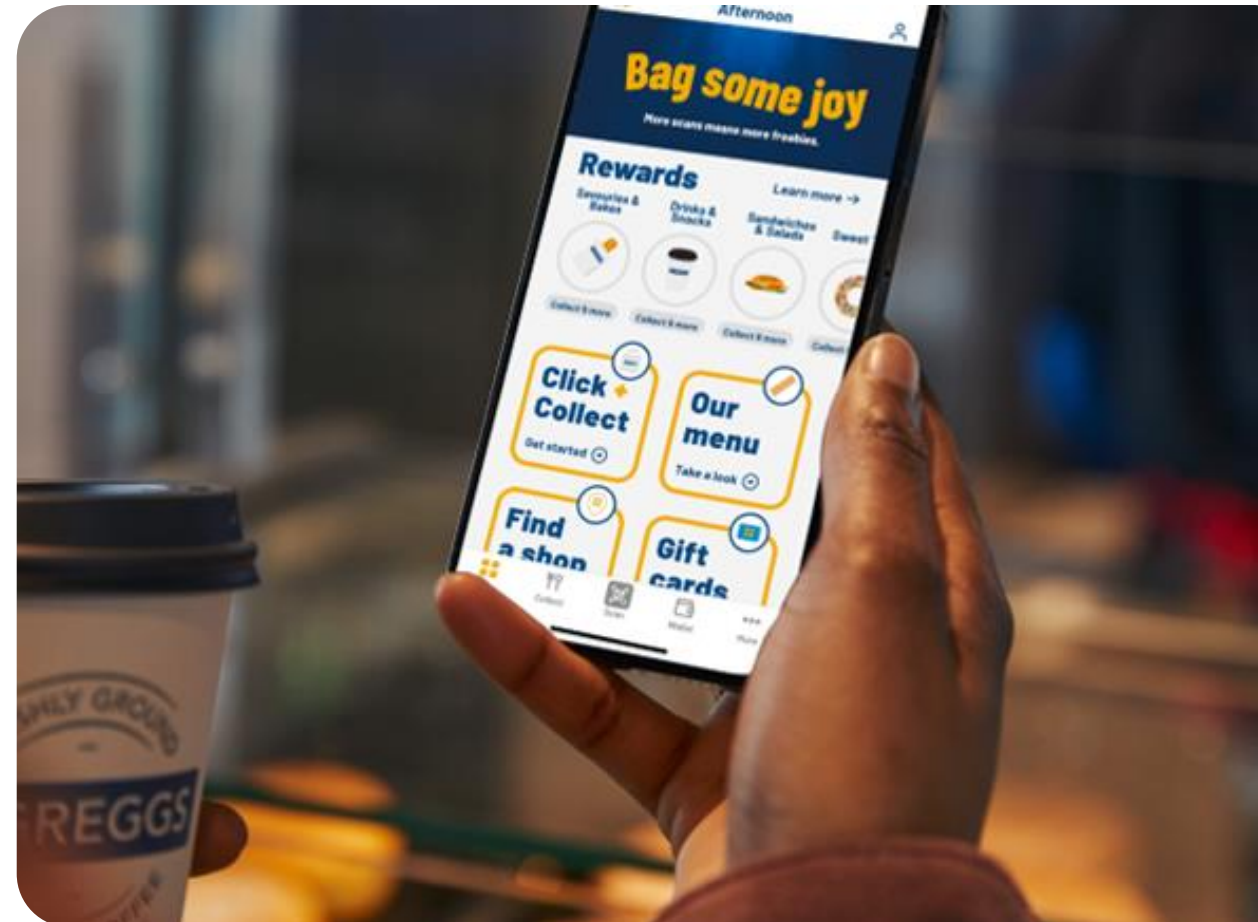


\* Circana, December 2023

# 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

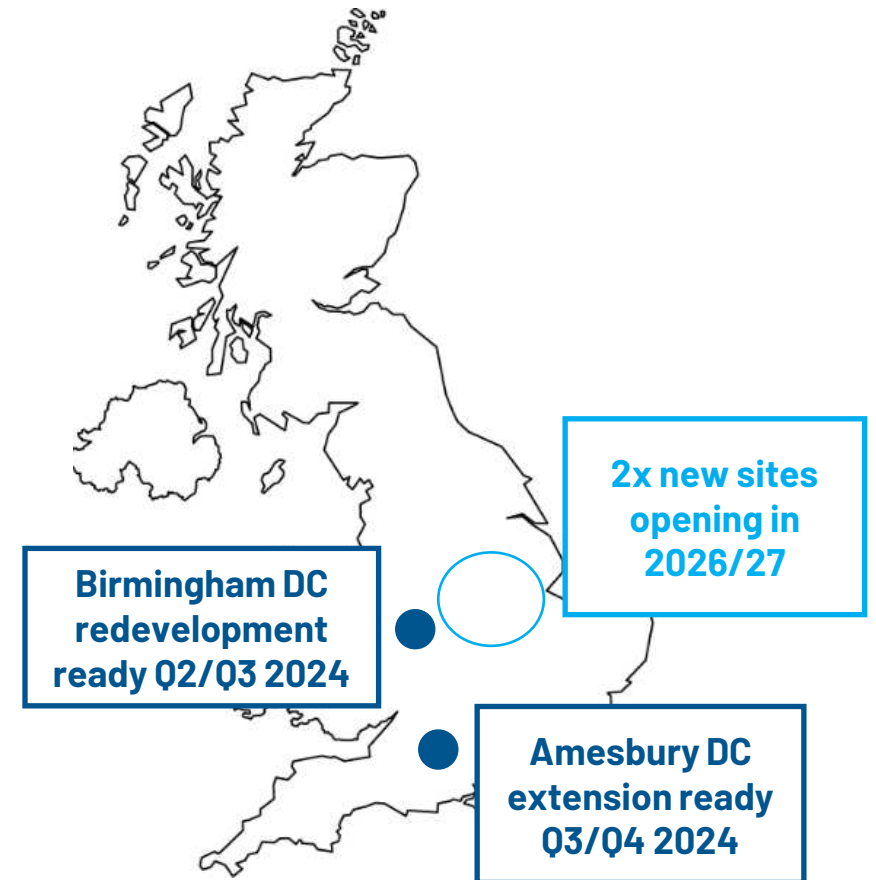


# NEW SUPPLY CHAIN CAPACITY



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

