

# Greggs

## Market share gains in difficult market

FY25 results

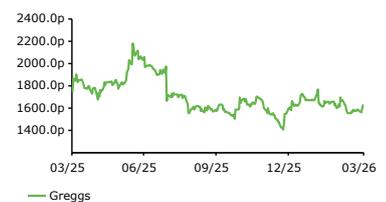
Retail

5 March 2026

**Price** 1,632.00p  
**Market cap** £1,645m

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

### Share price performance



%	1m	3m	12m
Abs	(0.7)	2.2	(19.6)
52-week high/low		2,175.8p	1,408.0p

### 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

AGM trading update	May 2026
H1 trading update	July 2026

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Greggs' FY25 results reflect the negative operating leverage from lower volumes, which have continued into FY26, as well as the incremental costs from infrastructure investment. These combined to reduce return on capital employed (ROCE) to 16% from 20% in FY24. There is a clear message of market outperformance, and profit recovery is reliant on easing of pressures on disposable incomes. Management's expected recovery to the targeted 20% ROCE in the medium term requires volume growth. Naturally, investors are asking about the outlook for food consumption overall given anticipated wider use of appetite suppressants. For this, management highlights its strong history of menu innovation in response to dietary trends, and has already introduced higher-protein options and smaller portion sizes in a number of categories. With lower underlying cost inflation and expectations for further volume declines in FY26, Greggs could demonstrate good operational gearing when volumes are more favourable. The peak capital investment is in the rear mirror and management will be able to consider enhanced returns to shareholders.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
12/24	2,014.4	189.8	1.37	0.69	11.9	4.2
12/25	2,151.2	171.9	1.23	0.69	13.3	4.2
12/26e	2,305.8	172.9	1.24	0.69	13.1	4.2
12/27e	2,468.2	179.5	1.29	0.69	12.6	4.2

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

## Focus on costs and cash in challenging year

Greggs' FY25 revenue increased by 6.8% with a higher growth rate in business to business (B2B) of 9.2% versus 6.5% in company-managed stores. These reflect B2B's better relative like-for-like growth of 4.3% versus 2.4% for company-managed, and a greater relative increase in stores. The two businesses saw quite different profit progressions with a better gross margin and trading profit for B2B versus declines for company-managed. The overall decline in operating margin was held at 1pp as management delivered £13m cost savings. Incremental finance costs on higher average net debt and a higher one-off effective tax rate amplified the 4% underlying decline in operating profit to a c 11% underlying decline in EPS. Management has managed working capital well to mitigate the lower profitability and incremental capital investment, ending with a cash position of c £46m versus a small net debt position at end [H125](#), both excluding IFRS 16 liabilities. This and lower expected capex enabled a stable total dividend for FY25.

## No underlying changes to FY26 forecasts

Our underlying FY26 estimates are broadly unchanged and we introduce FY27 estimates. For FY27, we assume c 7% sales growth, of which over 4% is from new stores, and lower operating margin as new supply infrastructure comes on stream.

## Valuation: Towards historical lows

The prospective FY26 P/E multiple is towards the low end of historical multiples, which reflects investor concerns on the outlook for volume growth, both cyclical and structural. More positive volume growth would be more than helpful for the valuation.

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**Exhibit 1: Financial summary**

	£m	2022	2023	2024	2025	2026e	2027e
Year-end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>							
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)		148.3	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
<b>BALANCE SHEET</b>							
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
<b>CASH FLOW</b>							
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, Edison Investment Research

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