

Greggs

Q425 trading update

Weak consumer outlook prompts more caution

Greggs' Q425 trading update showed continuing weaker trading against easier comparatives from Q424 than it had faced through the first nine months of 2025. Management has given a very clear message of outperformance versus the market. Despite the weaker-than-expected revenue performance, FY25's PBT is in line with management expectations, before some new exceptional costs of £4.5m. Management's new guidance is for a similar underlying level of profit in FY26 as FY25, in the absence of any improvement in the consumer backdrop.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
12/23	1,809.6	167.7	1.24	1.02	13.5	6.1
12/24	2,014.4	189.8	1.37	0.69	12.2	4.1
12/25e	2,151.0	172.8	1.25	0.69	13.4	4.1
12/26e	2,305.4	172.8	1.24	0.69	13.5	4.1

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

FY25 profit in line despite lower revenue growth

Greggs' FY25 revenue of £2,151m, equivalent to c 6.8% growth, is marginally below our prior estimate of £2,170m. While like-for-like growth in company-managed stores saw some improvement to 2.9% in Q425 versus 2.2% growth in the first nine months, Q4 was against a much easier comparative from Q424 of 2.5% growth when volumes declined for the first time, than the 6.5% growth for the first nine months of FY24. Therefore, the revenue trends deteriorated on a two-year basis in Q425.

Cautious outlook for FY26

There are a number of key drivers to management's expectations of no underlying improvement in profit in FY26. First, there is a notable reduction in management's expectations for growth in its market following the relative weakness in Q425. Weaker volumes make it difficult for Greggs to generate operating leverage. Second, management has reduced its plans for net new store growth to reflect experience in FY25 and ensure the high quality of new additions is maintained despite market conditions. Third, management had already indicated operating margin dilution of 40bps per year in FY26 and FY27 from its infrastructure developments. We downgrade our FY26 estimates accordingly. We also incorporate some changes to our net finance costs in FY25 and FY26. Our new FY26 revenue estimate of c 7% revenue growth, includes c 4.5% net new space growth and like-for-like revenue growth of c 2.5%. The latter implies continued negative volume growth as management's indicated underlying cost inflation of around 4% is typically offset by price increases. FY26 will continue to benefit from the new revenue contribution from the rollout of the Bake at Home range with Tesco.

Valuation: Significant discount to long-term average

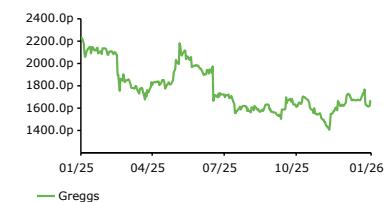
Greggs' prospective FY26 P/E multiple remains at a significant discount to the company's long-term average (c 19x), reflecting the limited profit growth in the near-term. Signs of an improving outlook for the consumer would be helpful in providing a boost to the multiple.

Retail

16 January 2026

Price	1,673.00p
Market cap	£1,711m
Net cash at 27 December 2025	£47.0m
excluding IFRS 16 liabilities	
Shares in issue	102.3m
Code	GRG
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.7	2.6	(20.3)
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

FY25 results	3 March 2026
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Exhibit 1: Financial summary

	£m	2022	2023	2024	2025e	2026e
		IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue	1,512.8	1,809.6	2,014.4	2,151.0	2,305.4	
Cost of Sales	(574.5)	(710.5)	(770.8)	(832.3)	(894.0)	
Gross Profit	938.3	1,099.1	1,243.6	1,318.7	1,411.4	
EBITDA	269.9	299.2	337.4	350.1	373.7	
Operating profit (before amort. and excepts.)	154.4	171.7	195.3	187.8	191.3	
Exceptionals	0.0	20.6	14.1	(4.5)	0.0	
Operating Profit	154.4	192.3	209.4	183.3	191.3	
Net Interest	(6.1)	(4.0)	(5.5)	(15.0)	(18.5)	
Profit Before Tax (norm)	148.3	167.7	189.8	172.8	172.8	
Profit Before Tax (IFRS 3)	148.3	188.3	203.9	168.3	172.8	
Tax	(28.0)	(41.0)	(48.8)	(43.8)	(44.9)	
Profit After Tax (norm)	120.3	126.7	141.0	129.0	127.9	
Profit After Tax (IFRS 3)	120.3	142.5	155.1	124.5	127.9	
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	125.2	124.1	
EPS - (IFRS) (p)	118.5	140.6	152.4	121.8	125.1	
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	16.3	16.2	
Operating Margin (before GW and except.) (%)	10.2	9.5	9.7	8.7	8.3	
BALANCE SHEET						
Fixed Assets	685.1	825.2	1,076.8	1,291.1	1,362.6	
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	402.3	417.3	
Other	0.0	0.0	0.0	0.0	0.0	
Current Assets	283.0	297.9	242.9	168.5	190.3	
Stocks	40.6	48.8	55.2	57.2	61.4	
Debtors	50.2	53.8	62.4	64.0	68.5	
Cash	191.6	195.3	125.3	47.4	60.4	
Other	0.6	0.0	0.0	0.0	0.0	
Current Liabilities	(244.1)	(272.5)	(310.2)	(353.4)	(371.8)	
Creditors	(191.7)	(216.0)	(253.0)	(294.1)	(310.4)	
Leases	(48.8)	(52.5)	(53.8)	(55.9)	(58.0)	
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)	(452.0)	(464.9)	
Long-term borrowings	0.0	0.0	0.0	0.0	0.0	
Leases	(252.5)	(267.1)	(361.3)	(374.3)	(387.2)	
Other long-term liabilities	(31.8)	(59.2)	(77.7)	(77.7)	(77.7)	
Net Assets	439.7	524.3	570.5	654.2	716.2	
CASH FLOW						
Operating Cash Flow	272.3	333.0	352.6	388.2	386.1	
Net Interest	(6.1)	(4.2)	(6.3)	(15.0)	(18.5)	
Tax	(13.3)	(11.9)	(27.7)	(43.8)	(44.9)	
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)	(36.5)	(63.8)	
Other	(11.0)	(5.0)	(5.0)	(5.0)	(5.0)	
Net Cash Flow	(7.0)	3.7	(70.0)	(77.9)	13.0	
Opening cash	198.6	191.6	195.3	125.3	47.4	
Other	0.0	0.0	0.0	0.0	0.0	
Closing cash	191.6	195.3	125.3	47.4	60.4	
Closing net debt/(cash)	(191.6)	(195.3)	(125.3)	(47.4)	(60.4)	
Closing net debt/(cash) including leases	109.7	124.3	289.8	382.8	384.8	

Source: Greggs, Edison Investment Research

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