

Greggs

Better trends, better outlook

Greggs' Q326 trading update provides further evidence of the improvement in trading seen through H126, helped by continued menu innovation and more settled weather. Encouragingly, management indicates the improvement was driven more by footfall than average transaction value, with volumes now close to flat, representing a meaningful improvement from the declines seen earlier in the year. Cost control remains strong and, together with the better recent trading, has led management to modestly increase its expectations for FY26. Alongside the trading update, Greggs has announced proposals to consolidate its manufacturing footprint as it prepares the supply chain for further growth that is expected to generate meaningful ongoing cost savings once completed.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
12/24	2,014.4	189.8	1.37	0.69	14.8	3.4
12/25	2,151.2	171.9	1.23	0.69	16.5	3.4
12/26e	2,312.9	179.3	1.29	0.69	15.7	3.4
12/27e	2,468.4	179.5	1.29	0.69	15.7	3.4

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

Footfall-led improvement in Q326

Q326 total sales increased by 7.7%, with company-managed I-f-I sales growth of 3.4%, an improvement from H126's I-f-I growth of 2.1%, which included better momentum as the period progressed. Management attributes the improvement to new product launches and more settled weather in August and September. With 57 net openings year to date, management's expectation of 100–110 net openings for FY26 is consistent with prior comments of the openings being back-end weighted. Initial trading from the 2026 openings is described as strong. The cost inflation guidance remains at c 2% on an underlying basis, although, unsurprisingly given global events, management is seeing greater inflationary pressure into FY27.

FY26 estimates edged higher

Improved trading momentum and control of costs leads management to expect a modestly improved outcome for FY26 vs prior guidance of a similar underlying level of profit for FY25 with any improvement contingent on recovery in the consumer backdrop. We upgrade our FY26 profit estimate by c 4% with FY27 forecasts held given management's comments on rising cost inflation. The proposed consolidation of manufacturing costs, including the closure of four manufacturing sites, has estimated cash costs of £60m, including capex of £40m. Management believes the capex can be absorbed within its existing guidance. Redundancy and disruption costs will be treated as exceptional items; the phasing will be determined later as it will depend on progress with the consultation process. The restructuring is expected to generate annual cost savings of £20m, which will start to benefit profitability in FY27 and FY28.

Valuation: Moving back towards historic average

The share price has reacted positively to the better trends in revenue growth and the upgrade to management's outlook. The prospective P/E multiples compare with the long-term average since FY13 of 17.8x.

Q326 trading update

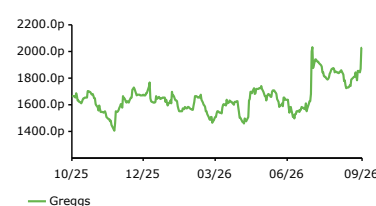
Retail

1 October 2026

Price 2,028.00p
Market cap £2,074m

Net cash at 27 June 2026 £15.9m
excluding IFRS 16 liabilities of c
£454m.
Shares in issue 102.3m
Code GRG
Primary exchange LSE
Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	11.1	28.1	32.0
52-week high/low		2,024.3p	1,348.3p

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

FY26 trading update 14 January 2027

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Exhibit 1: Financial summary

£m	2022	2023	2024	2025R	2026e	2027e
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Year-end 31 December						
Revenue	1,512.8	1,809.6	2,014.4	2,151.2	2,312.9	2,468.4
Cost of Sales	(574.5)	(710.5)	(770.8)	(829.1)	(893.8)	(956.0)
Gross Profit	938.3	1,099.1	1,243.6	1,322.1	1,419.1	1,512.4
EBITDA	269.9	299.2	337.4	351.1	380.0	397.4
Operating profit (before amort. and excepts.)	154.4	171.7	195.3	187.5	197.8	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	197.8	197.5
Net Interest	(6.1)	(4.0)	(3.5)	(15.6)	(18.5)	(18.0)
Profit Before Tax (norm)	148.3	167.7	189.8	171.9	179.3	179.5
Profit Before Tax (FRS 3)	148.3	188.3	203.9	168.1	179.3	179.5
Tax	(28.0)	(41.0)	(48.8)	(46.1)	(46.6)	(46.7)
Profit After Tax (norm)	120.3	126.7	141.0	125.8	132.6	132.8
Profit After Tax (FRS 3)	120.3	142.5	155.1	122.0	132.6	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	129.0	129.1
EPS - (IFRS) (p)	118.5	140.6	152.4	119.7	129.7	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	16.4	16.1
Operating Margin (before GW and except.) (%)	10.2	9.5	9.7	8.7	8.6	8.0
BALANCE SHEET						
Fixed Assets	685.1	825.2	1,076.8	1,288.1	1,368.9	1,414.6
Intangible Assets	13.5	18.3	24.9	43.0	52.1	59.0
Tangible Assets	390.0	510.3	664.7	832.1	888.4	911.7
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	206.8	265.9
Stocks	40.6	48.8	55.2	55.7	60.0	64.2
Debtors	50.2	53.8	62.4	69.4	74.6	79.6
Cash	191.6	195.3	125.3	70.8	72.1	122.0
Other	0.6	0.0	0.0	0.0	0.0	0.0
Current Liabilities	(244.1)	(272.5)	(310.2)	(347.7)	(371.1)	(393.9)
Creditors	(191.7)	(216.0)	(253.0)	(274.9)	(295.9)	(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	705.4	774.2
CASH FLOW						
Operating Cash Flow	272.3	333.0	352.6	378.5	396.5	413.6
Net Interest	(6.1)	(4.2)	(6.3)	(15.2)	(18.5)	(18.0)
Tax	(13.3)	(11.9)	(27.7)	(31.5)	(46.6)	(46.7)
Capex	(100.8)	(197.3)	(224.8)	(284.5)	(180.0)	(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)	(59.7)	14.8	49.9
Opening cash	198.6	191.6	195.3	117.0	57.3	72.1
Other	0.0	0.0	0.0	0.0	0.0	0.0
Closing cash	191.6	195.3	125.3	57.3	72.1	122.0
Closing net debt/(cash)	(191.6)	(195.3)	(125.3)	(45.8)	(72.1)	(122.0)
Closing net debt/(cash) including leases	109.7	124.3	289.8	404.0	393.1	358.7

Source: Greggs, Edison Investment Research
FY25 numbers are restated.

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