

Greggs eyes more shop openings this year as sales shoot up

Bakery giant Greggs says it plans to open yet more shops during the remainder of this year as its sales increased thanks to cost-conscious customers.

The high street firm said in a third quarter trading update that it had so far opened 106 new locations and closed 16 existing shops – but was still aiming for a net increase of about 150 this year. Among the openings are new formats such as drive-thru sites at Amesbury and Durham, as well as Tottenham Hale underground station and London's Liverpool Street Station.

Around 40% of the new shops will be run by franchise partners, the Newcastle-based business said. Greggs has previously said this setup allows it to access locations such as motorway service areas, petrol filling stations, educational establishments and smaller high street convenience sites.

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Last month, the retailer commissioned a new automated pizza manufacturing line at its Enfield site and said the move would support further growth of its pizza offering, as well as lower production costs. Capital expenditure across the company is expected to be around £120m for the year, with some £50m previously earmarked to be deferred until 2023.

Total sales for the third quarter were up 14.6% on a like-for-like basis with sales in company-managed shops rising 9.7% higher when compared with the same period in 2021. Shop closures for the funeral of the Queen were thought to have

impacted like-for-like sales growth in the quarter by about one percentage point.

Having now made its autumn menu available, Greggs said its hot sandwich meal deal – including southern-fried potato wedges and any drink – is available in more than 1,000 shops and its pizza deal continued to be popular all day. A broadening of the chain's vegan-friendly items was said to have been well received with new additions including the 'vegan bean and cheeze toastie' and the 'vegan southern fried chicken-free baguette'.

Within the update to investors, the firm said: "The outlook for cost inflation for the year remains consistent with our previous guidance of circa 9% overall like-for-like cost inflation in 2022 and we now hold an appropriate level of forward purchasing cover in respect of our fourth quarter requirements for key food and energy commodities. We also hold significant energy cover for the first quarter of 2023, with average costs expected to be below the level of the recently-announced price cap.

"Greggs continues to trade well in an environment where cost pressures are significant and our outstanding value-for-money positioning is ever-more important to consumers. There remains considerable uncertainty in the economy as a whole but we continue to trade in line with our plan and currently expect the full year outcome to be in line with our previous expectations."

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