



# Gregg's plc

## Q3 2020 trading update

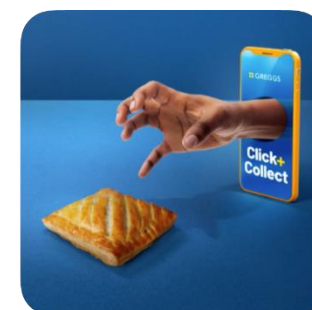
Highlights

Latest trading

Strategy for growth

Management of COVID-related risks

Current trading & outlook





# Highlights

- September company-managed shop like-for-like sales improved to 76.1% of 2019 level in the four weeks to 26 September 2020
- Higher levels of activity seen following slower August
- Delivery and Click & Collect options now available nationally
- Restarting shop opening programme, now expect c.20 net openings in 2020
- Further additions made to available product range as manufacturing sites reopen
- COVID-related risks being well-managed
- Consultation launched to reduce employment costs
- Adapting to uncertain trading outlook





# Latest trading

Like-for-like sales in company-managed shops as % of 2019 level

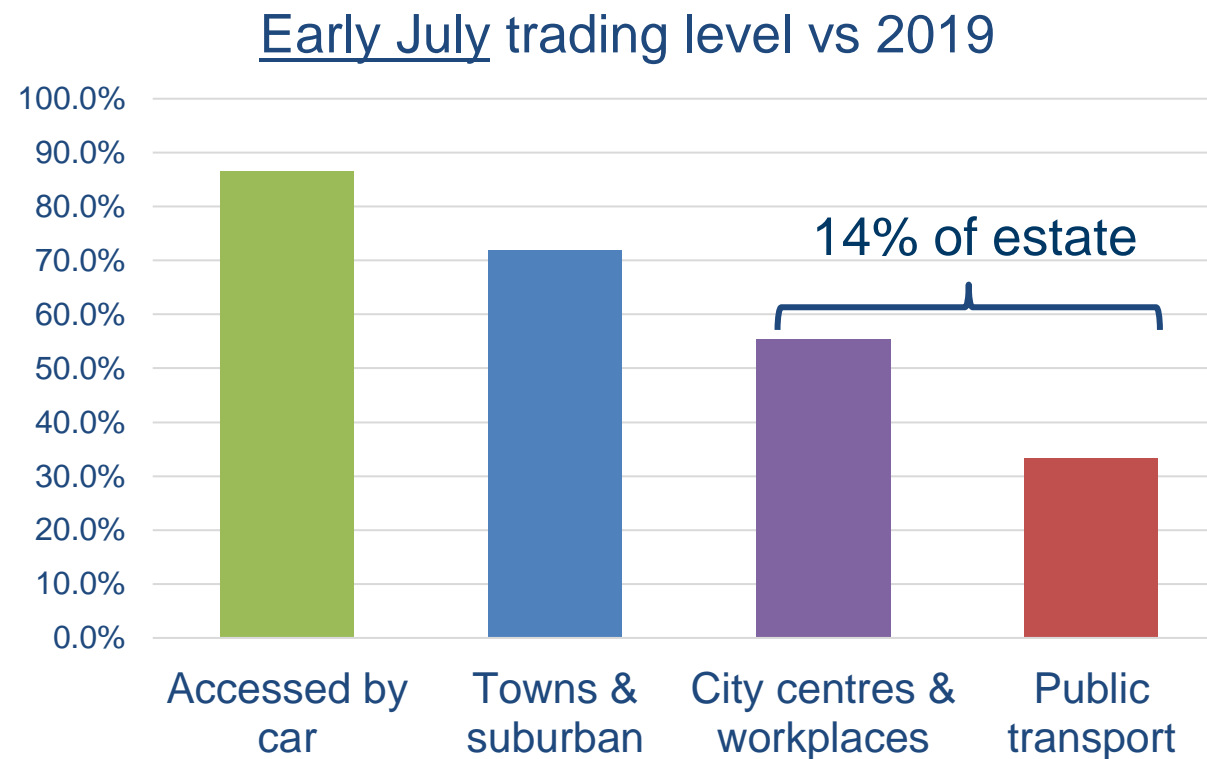
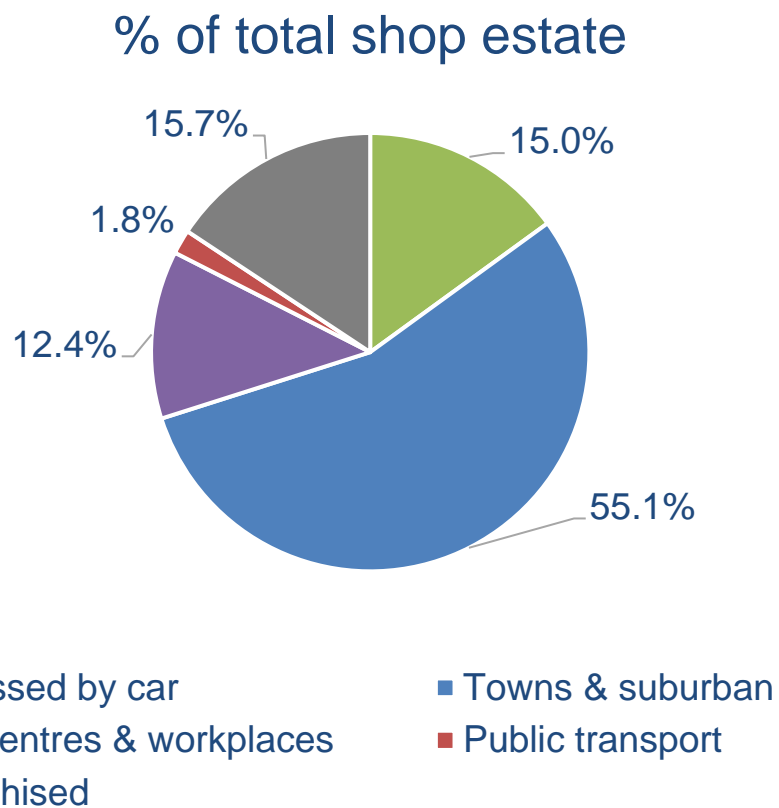


\* EOTHO: The UK Government's Eat Out to Help Out scheme



# Variety & reach of shop estate

## Relatively modest exposure to workplace and public transport





# Confidence in long-term growth

## Strategy for growth remains relevant in a post-COVID world:

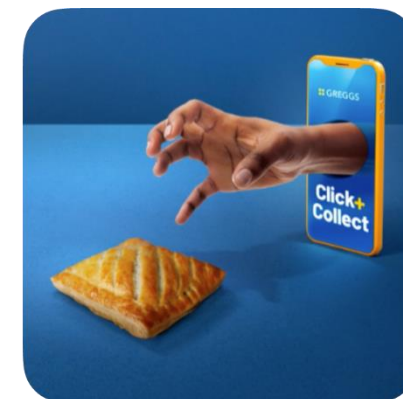
- New digital channels - *developing quickly*
- Shop expansion - *reactivating elements of new shop pipeline*
- Day-part development - *adapting approach, test via delivery*

### Shop number growth

- 2,039 shops at 26 September (319 franchised)
- Reactivated part of new shop pipeline, predominantly locations accessed by car
- Expect to open c.70 shops and close c.50 in 2020

### Digital development

- 'Click + Collect' now available in all shops
- Delivery now available in urban areas and starting to be marketed
- Delivery 2.6% of company-managed shop sales in most recent week to 26 Sept





# Competitive supply chain

## COVID-related risks being well managed:

- Two small COVID-19 occurrences at supply chain sites in Leeds and Newcastle upon Tyne
- Teams worked closely with local authorities and Public Health England to handle the situation swiftly and professionally
- Both restarted in five days following thorough sanitisation and employee testing



Automated frozen logistics facility on track for Q2 2021 commissioning



# Consultation on proposals to reduce employment costs

- Taking steps to ensure employment costs reflect estimated demand from November
- Assume business activity levels remaining below normal for the foreseeable future so must change to protect as many jobs as possible for the long term
- Proposing a series of changes across all areas which are the subject of a collective consultation with union and employee representatives
- In shops aim is to minimise the risk of job losses by negotiating reduced hours
- Will update on the outcome of the consultation when concluded



# Summary & outlook

- Reintroducing more of range and reopening seated operation in larger shops
- Have rolled out digital channels nationwide and expect to see digital sales continue to grow as customer awareness builds
- Reactivated new shop opening programme in target locations
- Cash position strengthened following resumption of trading – up to date on all liabilities and in a net cash position as at 26 September 2020
- Our immediate priority is to complete the consultation with colleagues on the proposed changes to resource levels.
- Outlook for trading remains uncertain but teams continue to work hard to demonstrate our ability to operate with social distancing and adapt to new digital channels



