

press release

9 August 2011

Greggs downgrade after half baked results

- Greggs announce pre tax profits of £17.3m
- Greggs suffer in tough trading conditions
- The Share Centre downgrade its recommendation for Greggs to a 'hold'

As Greggs announce disappointing interim results, Nick Raynor, investment adviser at The Share Centre, explains why he has downgraded his recommendation to a 'hold'.

"Being famous for cheaper products has not been enough to stem the flow at Greggs in the first half of the year, as they announced pre-tax profits were down to £17.3m from £18.6m for the same period last year. This fall was despite the company opening a number of new stores.

"Also, like for like sales are only marginally higher, rising just 0.4%, causing some concern.

"Trading conditions have been more difficult than imagined but the company does not see the need to revise forecasts and believes previous figures are achievable. However, analysts and investors alike would have been hoping for something more positive.

"Due to this average set of results and the affects of the turbulent markets we are reducing our recommendation for investors to a 'hold'. Investors sat on a profit may want 'sell' Greggs and take the opportunity the weaker markets are creating. There will be stocks out there that may give a quicker return once the market finds the bottom."

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About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

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