

Greggs' HR chief turned CEO bets on scale to defend the sausage roll

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Roisin Currie, Greggs' former HR chief and its first female chief executive, is betting that Britain has room for at least 3,500 shops without sacrificing the low prices underpinning their appeal. The wager came into focus in July when Greggs reported a 19.7 per cent rise in first-half pre-tax profit to £76m, sending its shares up 18.5 per cent. Delayed food costs and weak demand could test whether expansion delivers satisfactory returns.

Currie grew up in Glasgow and entered retail at 15, working in a shoe shop and evenings at Asda. After studying business at Strathclyde University, she spent two decades in Asda's personnel ranks before joining Greggs as group people director in 2010. She took responsibility for shops in 2017, added property in 2021 and succeeded Roger Whiteside in 2022. Currie told the Times she carried cards on shop visits to leave managers handwritten thank-you notes, a habit suggesting a leadership style formed on the shop floor rather than in finance.

That background matters: Greggs' 33,000 employees account for 39 per cent of underlying costs. Currie said at the half-year results that the company had "continued to outperform the market". Group sales rose 7.2 per cent to £1.10bn in the six months to June, though like-for-like sales at company-managed shops advanced by a more modest 2.1 per cent. Operating margin widened to 7.9 per cent from 6.9 per cent. Greggs acknowledged that the improvement partly reflected a weak comparison period and inflation timing.

Currie's bet is that Greggs can move beyond high streets without weakening existing shops. It opened 34 net sites in the first half, taking the estate to 2,773, and plans 100 to 110 this year. Some 62 per cent lacked another Greggs within a mile, while transfers from nearby stores stayed below 5 per cent. Greggs targets a 25 per cent cash return from new sites within two to three years. The test is whether that discipline survives as the easiest locations are taken.

Capital expenditure peaked at £287.5m in 2025 but should fall to about £180m this year. New distribution centres in Derby and Kettering are intended to support 3,500 shops. Yet underlying return on capital employed, a measure of how efficiently investment produces profit, fell from 20.3 per cent in 2024 to 16 per cent in 2025. Greggs expects another decline this year before stabilisation in 2027, still below its roughly 20 per cent target.

Currie must preserve affordable prices while controlling costs. Food and packaging account for 32 per cent of underlying costs. Cost inflation was 2.2 per cent in the first half, but Greggs expects about 2 per cent for the year and deflation through the fourth quarter. It has fixed 70 per cent of its second-half requirements and 90 per cent of 2026 energy costs. Currie has ruled out further price rises this year after earlier increases. Operating Derby, however, will add about £10m to second-half costs.

That relief may be temporary. Jed Cartledge, an agricultural economist at Oxford Economics, attributed pressure to higher oil and fertiliser costs, disrupted grain exports, El Niño risks and hot, dry European weather. He expects the effect on UK supermarket prices to become clearer next year. Forward purchasing should reduce Greggs' immediate exposure, he said, but "the following year is likely to see continued pressure on food prices, so risks remain".

Oxford Economics forecasts global food-commodity prices to rise 11.8 per cent this year and 4.8 per cent in 2027. Its senior economist Tomas Dvorak has said increases can take six to nine months to feed most strongly into processed-food prices. UK food inflation, meanwhile, eased to 1.3 per cent in July, according to the Office for National Statistics. The contrast suggests Greggs' hedging may postpone rather than remove the danger but does not mean its costs will rise by 11.8 per cent.

For now, Currie's value strategy is gaining ground. Greggs' share of food-to-go visits rose 0.3 percentage points to 8.7 per cent, according to Circana data cited by the company, while visits across the market fell 1.9 per cent. But pressure on disposable incomes remains its biggest market headwind and second-half profit could decline as the Derby costs arrive unless spending improves.

Investors remain unconvinced that July's rebound settled the argument. Greggs shares fell 11.3 per cent from 2,032p on July 30 to 1,803p on August 20. Their 11.9 per cent gain over the preceding year broadly matched the FTSE 250's 12 per cent rise. S&P Capital IQ consensus forecasts revenue growth of only 1.7 per cent between 2026 and 2027 and underlying pre-tax profit growth of 4.1 per cent, steady rather than spectacular.

Currie's career has been built on the belief that thousands of small decisions made by employees determine how a retailer performs. She has proved Greggs can keep opening doors. Her harder task is ensuring that once today's cost protection expires, enough customers keep walking through them.