BREEDON

MAKING A MATERIAL DIFFERENCE

Breedon Group plc Interim Results 2023

26 July 2023

Forward looking statement

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Agenda

Group highlights

Rob Wood,
Chief Executive Officer

Financial review

James Brotherton,
Chief Financial Officer

Operational review & outlook

Rob Wood,
Chief Executive Officer

Q&A

Strong first half

Full year expectations maintained

Highlights

Resilient end-markets

Structurally growing end-markets, long-term customer relationships, vertically-integrated model and deep local market knowledge

Robust operational performance

Dynamic pricing tailwind more than offset expected lower volumes, complemented by operational excellence and full cost recovery

Strategic execution

Three strategic bolt-on transactions, accompanied by organic investment while reducing leverage

Vertically-integrated, local operating model delivers robust performance

Strategic priorities gaining momentum

Significant milestones achieved

Highlights

Sustain
Progressed SBTi commitment, on track for a CDP rating, key partner in the Peak Cluster initiative, further increased Cement alternative fuel use

Optimise
Initiated operational excellence reviews, driving business improvement and standardising processes

Expand
Aggregates footprint extended in Ireland, further vertical integration in GB, investment in the mineral pipeline

Breedon moved to trade on the Main Market

Financial review

James Brotherton, Chief Financial Officer

2023 interim financial highlights

BREEDON

Increased earnings underpinned by a strong balance sheet

Revenue
£742.7m
HY 22: £671.1m

+11%
Revenue growth

Underlying EBIT
£70.5m
HY 22: £66.9m

9.5%
Margin
HY 22: 10.0%

ROIC
10.0%
HY 22: 10.0%

Flat

Free Cash Flow
£20.8m
HY 22: (£22.0)m

£31.9m
Net capex
HY 22: £32.5m

Net Debt
£220.4m
HY 22: £256.7m

0.7x
Covenant Leverage
HY 22: 1.0x

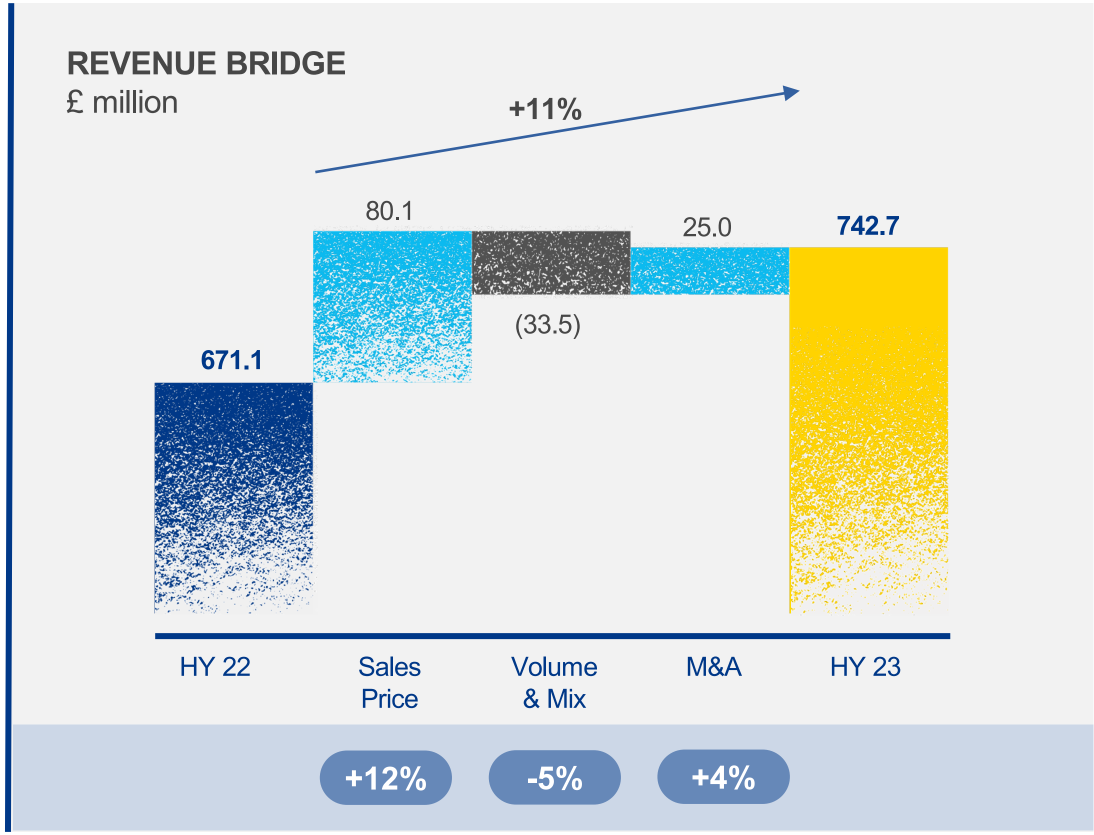
Interim Dividend
per share
4.0p
HY 22: 3.5p

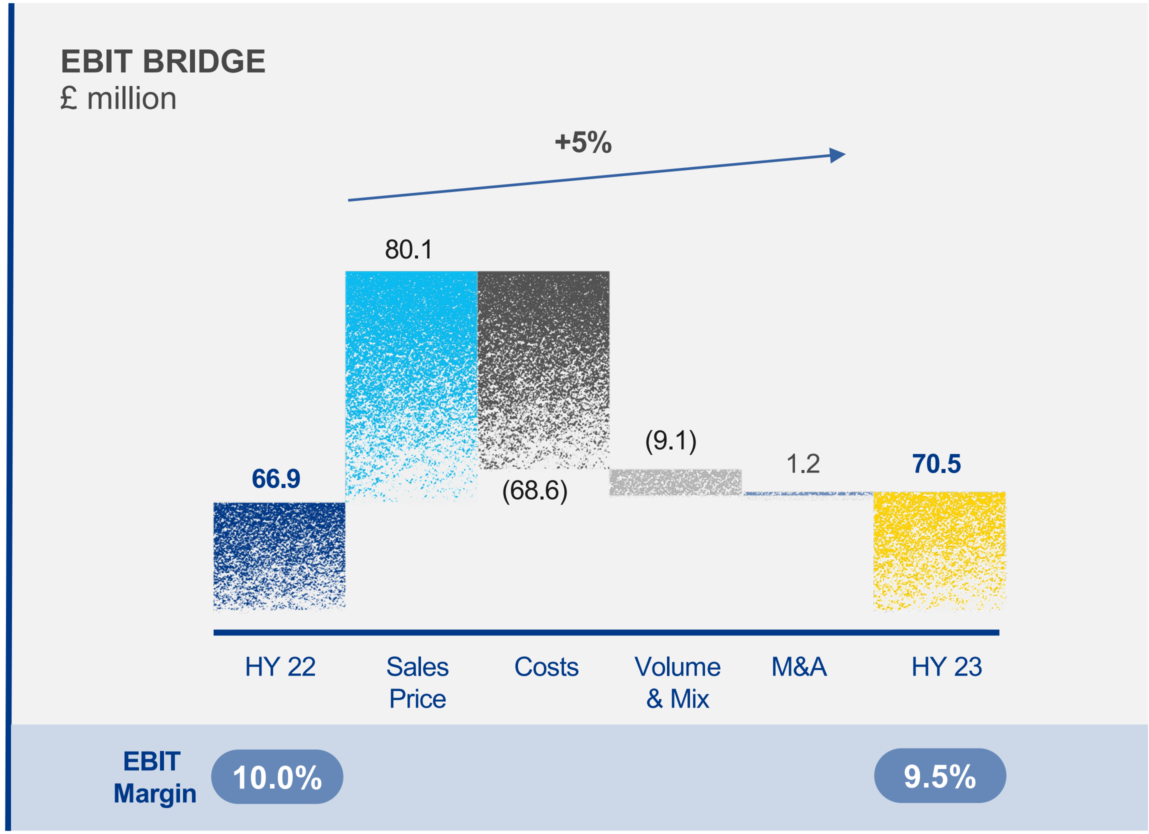
+14%
Dividend growth

Notes: **Underlying** results are stated before acquisition-related expenses, redundancy and reorganisation costs, property gains and losses, amortisation of acquisition intangibles, AIM to Main Market costs and related tax items. **ROIC** is post-tax return on average invested capital. **Covenant Leverage** is as defined by the Group's banking facilities. This excludes the impact of IFRS 16 and includes the proforma impact of M&A. **Payout ratio** calculated with reference to Underlying Adjusted Basic EPS. **Dividend per share** comparatives restated to reflect the impact of the five to one share consolidation undertaken in the period.

Revenue and EBIT bridges

Pricing tailwinds offset lower volumes

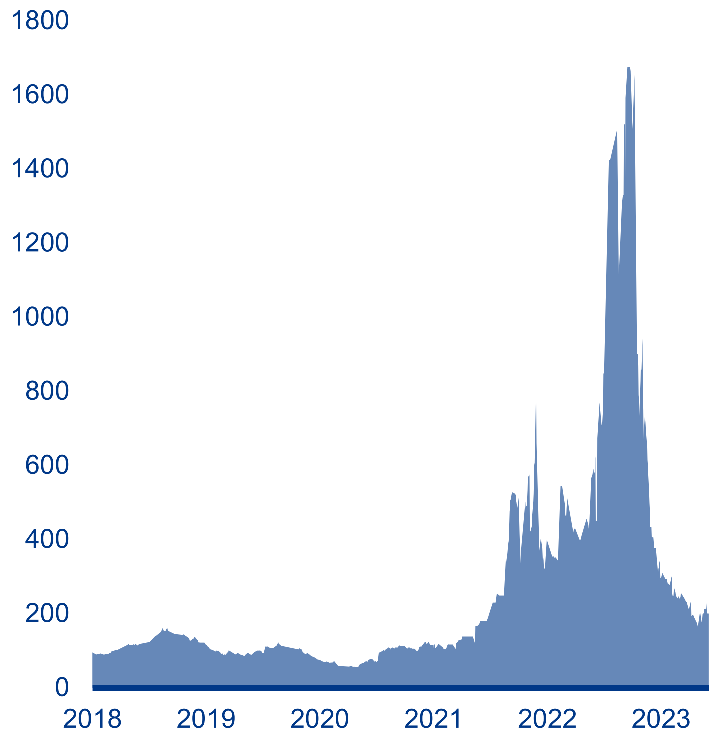




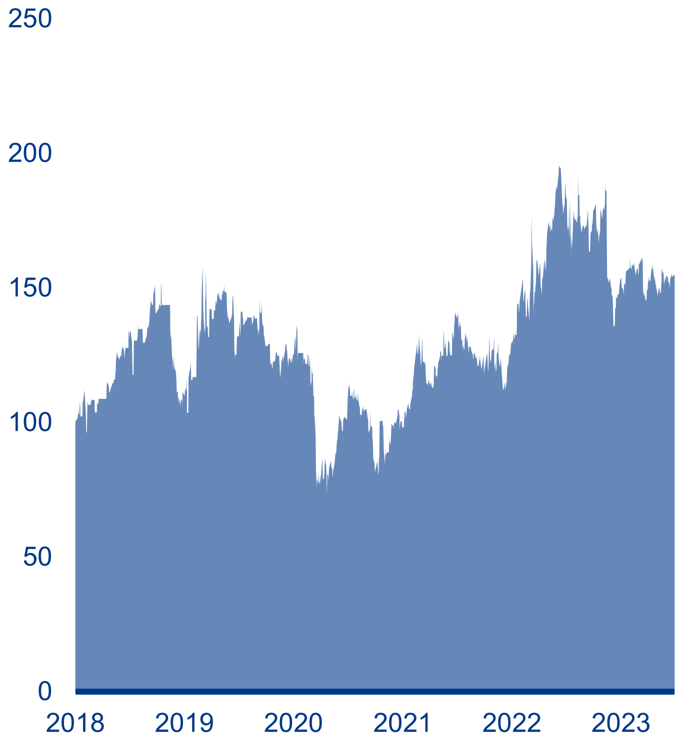
Cost inflation moderating

Managed through layered hedging approach and dynamic pricing

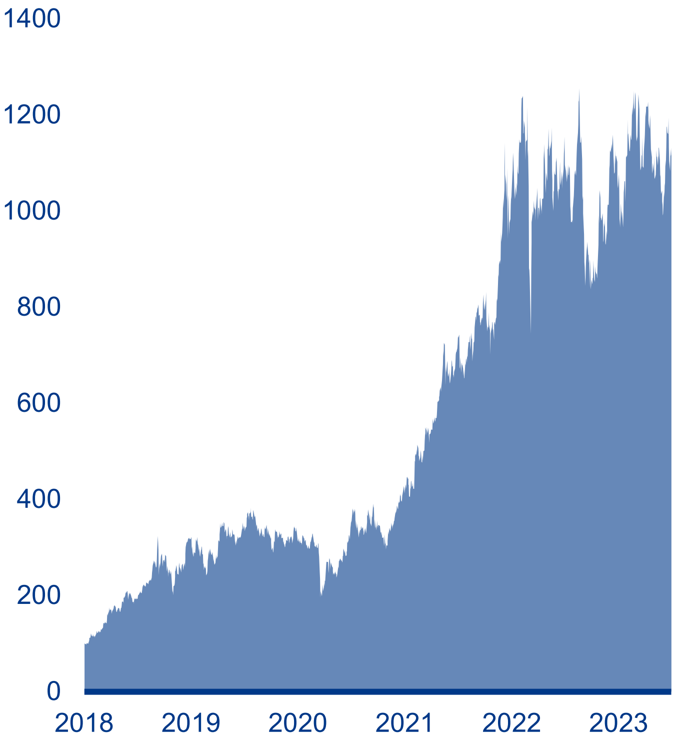
UK Electricity



Bitumen



EU Carbon



Source: Bloomberg.
Note: Charts based on 3 month forward electricity price, spot bitumen price and current year EU ETS carbon price, all rebased to 100 at January 2018.

Divisional contribution

All divisions growing revenue and earnings

Revenue

	Great Britain	Ireland	Cement	Group
	£519.6m	£109.1m	£176.8m	£742.7m
HY 23	519.6	109.1	176.8	742.7
HY 22	473.1	98.4	150.1	671.1
HY 21	420.2	101.1	120.0	600.9
HY 20	209.0	69.2	81.5	335.3

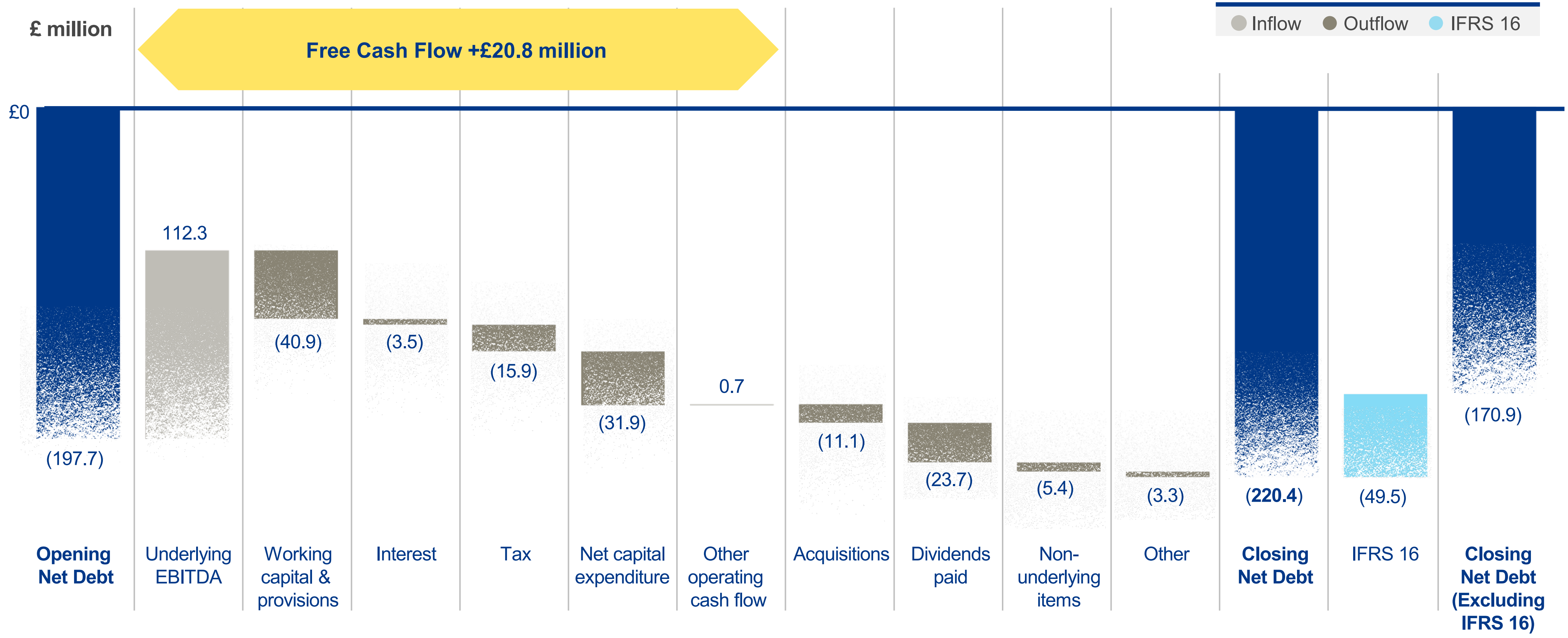
Underlying EBIT

	Great Britain	Ireland	Cement	Group
	£42.8m	£10.0m	£25.9m	£70.5m
HY 23	42.8	10.0	25.9	70.5
HY 22	41.5	9.0	23.7	66.9
HY 21	36.8	8.9	18.3	56.4
HY 20	(1.3)	1.8	6.0	(0.6)
Margin	8.2% (60) bps vs HY22	9.2% +10 bps vs HY22	14.6% (120) bps vs HY22	9.5% (50) bps vs HY22

Note: Divisional revenue and EBIT excludes eliminations, head office costs and share of profit of associate and joint ventures.

2023 Net Debt and Cash Flow

Reduced seasonal working capital outflows year on year



2023 technical guidance

Trading in-line with Board expectations

Income statement

- Net interest expense c.£12m
- Effective tax rate c.20% (2022: 16%) rising to c.22% in 2024
- Increased tax rates will impact post-tax measures such as ROIC
- Underlying EBIT will be weighted towards the second half, although to a lesser extent than in prior years

Cashflow

- Cash interest c.£8m
- Cash tax payments higher than effective rate
- Capital expenditure c.£100m
- Modest inflationary working capital outflow
- Net cash cost of H1 acquisitions is c.£17m
- Cash dividends paid in 2023 c.£37m

Balanced financial framework delivering

Benefitting from strategic execution and operational focus

Maintaining return on capital

ROIC held at 10.0%

Proactive investment

ORGANIC
- Replenished reserves and resources
- Increased focus on operational excellence

M&A
- Three bolt-on acquisitions
- 3rd platform exploration

Meeting strategic objectives

- Profitable EBIT growth +5%
- Improved Free Cash generation
- Strong balance sheet

Increasing dividends

- 2023 interim dividend +14%
- Covenant Leverage 0.7x

Operational review

Rob Wood, Chief Executive Officer

UK market; construction resilience

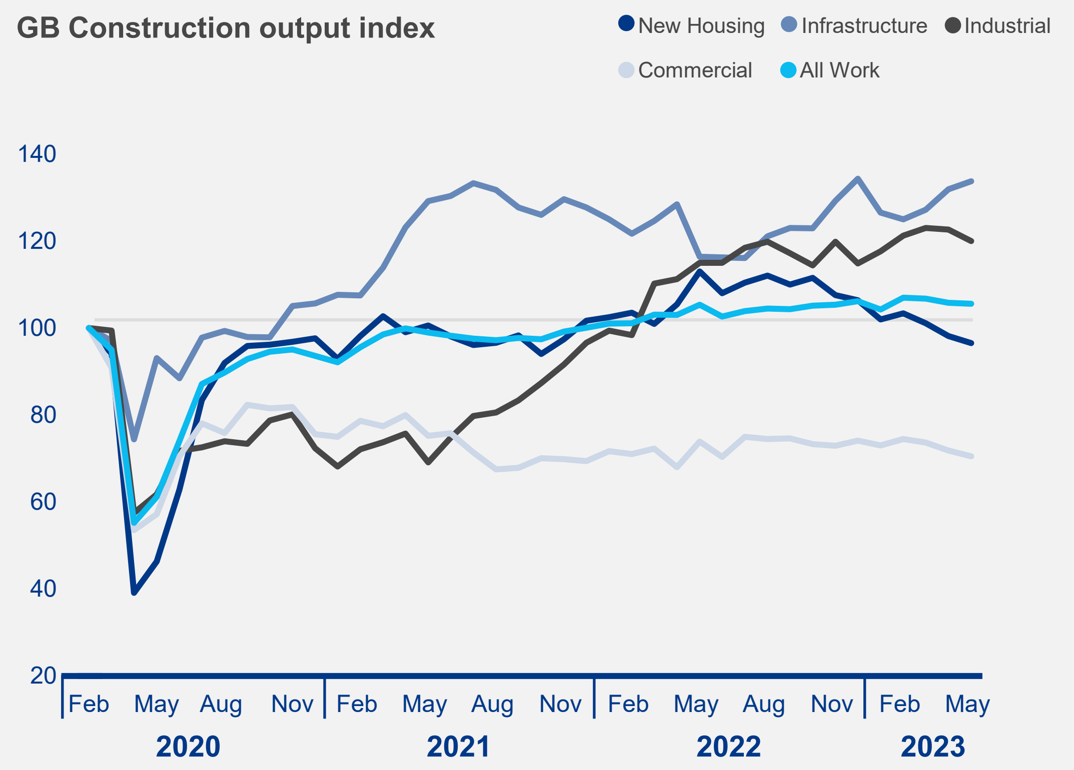
Infrastructure and industrial holding steady

UK GDP; avoiding recession
- UK GDP estimated flat in the five months to May

Construction output; headline masks growth areas
- Estimated decline of 1% in the five months to May
- Industrial construction output increased
- Infrastructure end-market stable

Mineral products volumes softened
- Q1 MPA volumes have declined year-on-year

Construction PMI signals marginal contraction
- June 2023 Construction PMI 48.9, below neutral threshold
- Divergent trends; civil engineering 53.1, commercial building 53.0, residential 39.6



Source: ONS, CPA & MPA.

RoI market; regaining momentum

Construction confidence recovering

RoI's Modified Domestic Demand stable

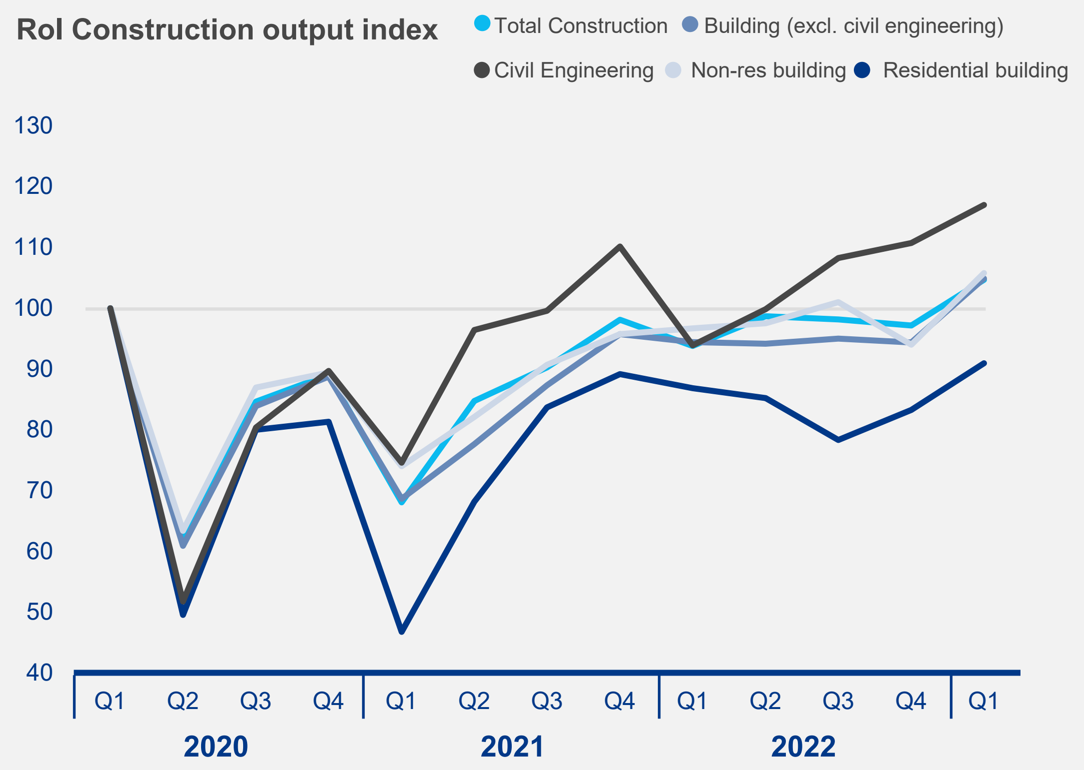
- Q1 reflected mixed results, masking a positive contribution from construction

Construction output at pre-Covid level

- Construction activity increased c.4% QoQ

Construction confidence above growth threshold

- June Construction PMI 50.4
- First upturn since September 2022
- Fifth successive monthly expansion in new orders
- Cost pressures at lowest level for 35 months



Source: CSO, Euroconstruct & BNPPRE.

Great Britain

Successful first half

Solid performance in a softening market

Volumes declined in line with the broader market

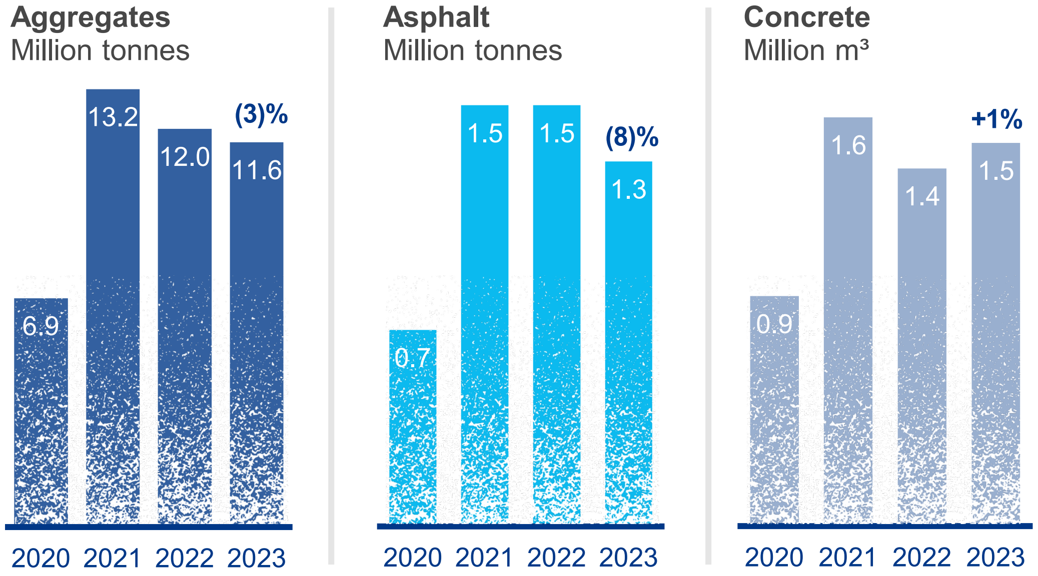
- Concrete volumes reflect an acceleration of activity in advance of new building regulations

Implemented a divisional operational excellence review

- Materials business restructured to drive operational improvement and standardise quarry operations

Growing our downstream activities sustainably

- Acquired Broome Bros. a leading manufacturer of concrete blocks
- Addition of Minster enhances regional surfacing capability
- Secured a good portfolio of work on the North Super Region of the National Highways Pavement Delivery Framework
- Developing a successful airport runway business; active at Islay and Southampton airports



Note: Great Britain H1 2023 product volumes. Growth rates based on non-rounded volume data.

Ireland

Performed well in the first half

Clear regional themes emerging

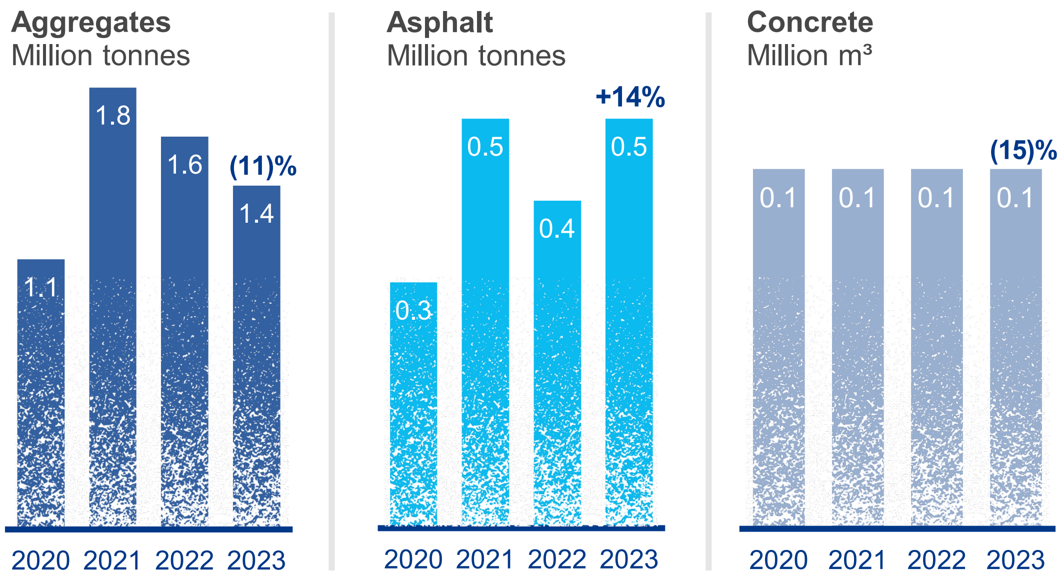
- NI remains impacted by the absence of the governing Assembly
- Healthy market in RoI; positive tendering season, awarding work on quality measures
- Regional themes reflected in volumes; aggregates and concrete impacted by NI market decline, asphalt reflects tendering activity in RoI

Driving operational excellence

- Implemented a divisional review to restructure the business

Growth strategy for a growing Ireland

- Ensuring we have the right assets and services in the right locations
- Aggregates footprint extended; acquisition of Robinson Quarry Masters adds 40 million tonnes of reserves and resources



Note: Ireland H1 2023 product volumes. Growth rates based on non-rounded volume data.

Cement

Strong start to 2023

Resilient end-markets delivered growth

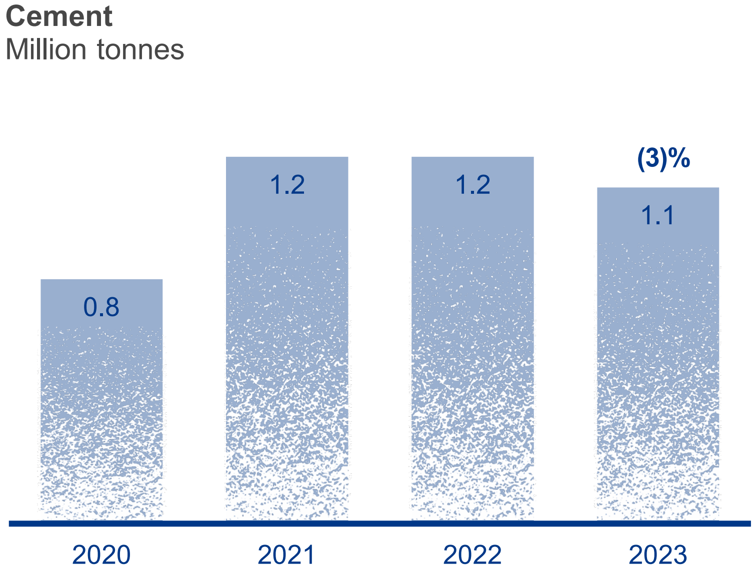
- Volumes declined in line with the broader market
- Pricing supported by robust fundamentals and a tailwind from the prior year

Significant milestones achieved towards net zero objective

- Key partner in the innovative Peak Cluster carbon capture and storage initiative
- Continued to reduce clinker content of our products

Prioritising innovation

- Continuing to push the boundaries of alternative fuel utilisation; Kinnegad achieved 82% fossil fuel replacement
- Hope undertaking trials in conjunction with First Graphene, Morgan Sindall and the University of Manchester on graphene-enhanced cement and concrete



Note: Cement H1 2023 product volume. Growth rates based on non-rounded volume data.

Outlook and summary

Rob Wood, Chief Executive Officer

Well-positioned for the second half

Following robust first half performance

Outlook and Summary

Macro forecasts revised
Construction output forecasts for 2023 revised down to -7.0% UK, +2.1% RoI

Near-term economic uncertainty
Limited visibility; more pronounced in residential housebuilding

Supportive long-term drivers
Structural growth drivers unchanged, supporting demand fundamentals

Breedon model is resilient
Deep market knowledge, solid operating performance, strong cash generation

Emphasising self-help
Each division initiated operational excellence reviews

Agile team
Ensuring we are in a strong position when growth returns

Confident in our ability to deliver the Board's unchanged expectations

Source: CPA & Euroconstruct

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MAKING A MATERIAL DIFFERENCE

Q&A

Breedon Interim Results 2023

Appendix

Breedon Interim Results 2023

H1 2023 Income Statement

£ million	HY 23	HY 22
Revenue	742.7	671.1
Underlying EBITDA	**112.3**	107.0
Depletion & depreciation	(43.4)	(41.8)
Share of associate and joint ventures	1.6	1.7
Underlying EBIT	**70.5**	66.9
Net interest	(5.6)	(6.0)
Non-underlying items	(8.4)	(1.4)
Profit before tax	**56.5**	59.5
Tax at effective rate	(12.5)	(9.7)
Change in deferred tax rate	(0.1)	(0.6)
Taxation	**(12.6)**	(10.3)
Profit for the period	**43.9**	49.2
Underlying Basic EPS	**13.0p**	14.5p
Adjusted Underlying Basic EPS	**15.3p**	15.0p

Notes: Restated comparatives for EPS to reflect the impact of the five to one share consolidation undertaken during the period.

H1 2023 Balance Sheet

£ million	HY 23	HY 22
Property, plant and equipment	790.5	749.9
Right-of-use assets	47.3	46.8
Intangible assets	519.4	503.2
Investment in associate and joint ventures	15.3	13.4
Inventories	87.1	74.1
Trade and other receivables	324.4	296.6
Current tax receivable	-	0.5
Total assets (excluding cash)	**1,784.0**	1,684.5
Trade and other payables	(323.8)	(277.2)
Provisions	(87.4)	(74.6)
Current tax payable	(1.9)	(1.5)
Deferred tax liabilities	(90.4)	(87.0)
Total liabilities (excluding interest-bearing loans and borrowings)	**(503.5)**	(440.3)

Net debt	**(220.4)**	(256.7)
Net debt excluding IFRS 16	**(170.9)**	(208.2)
Net assets	**1,060.1**	987.5

H1 2023 Free Cash Flow

£ million	HY 23	HY 22
Underlying EBITDA	112.3	107.0
Working capital and provisions	(40.9)	(77.2)
Net interest paid	(3.5)	(4.5)
Income taxes paid	(15.9)	(15.3)
Net capex	(31.9)	(32.5)
Other	0.7	0.5
Free cash flow	**20.8**	(22.0)
Acquisition of businesses	(11.1)	-
Dividends paid	(23.7)	(18.6)
Other	(8.7)	(3.6)
Decrease in Net Debt	**(22.7)**	(44.2)

Impact of 5:1 share consolidation

Restated	2018	2019	2020	2021	2022
Adjusted Underlying Basic EPS	23.5p	25.4p	15.9p	29.9p	35.4p
Underlying Basic EPS	23.5p	25.4p	14.1p	24.8p	35.1p
Statutory Basic EPS	20.0p	23.2p	10.0p	23.2p	33.2p
Underlying Diluted EPS	23.4p	25.3p	14.1p	24.7p	34.9p
Statutory Diluted EPS	20.0p	23.1p	9.9p	23.1p	33.1p
Dividends per share	-	-	-	8.0p	10.5p

Original figures	2018	2019	2020	2021	2022
Adjusted Underlying Basic EPS	4.7p	5.1p	3.2p	6.0p	7.1p
Underlying Basic EPS	4.7p	5.1p	2.8p	5.0p	7.0p
Statutory Basic EPS	4.0p	4.6p	2.0p	4.7p	6.7p
Underlying Diluted EPS	4.7p	5.1p	2.8p	4.9p	7.0p
Statutory Diluted EPS	4.0p	4.6p	2.0p	4.6p	6.6p
Dividends per share	-	-	-	1.6p	2.1p

Disciplined cost management

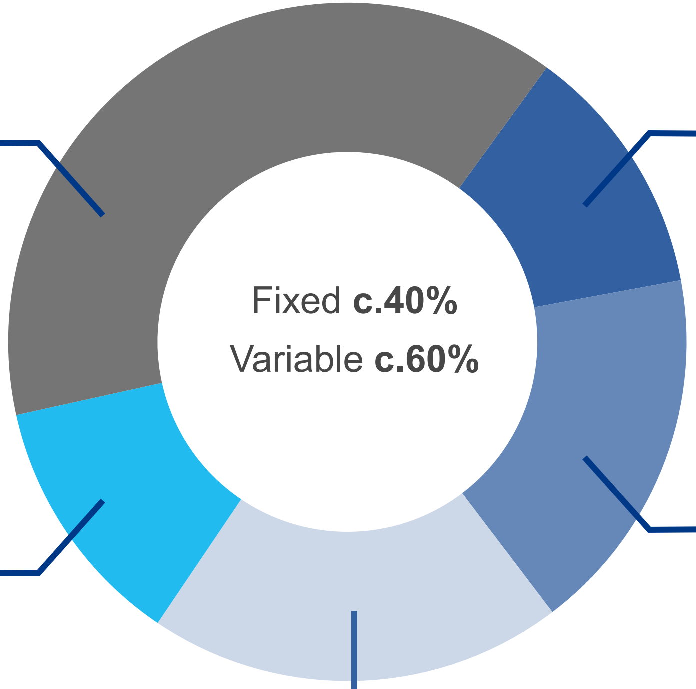
Flexible cost base supported by forward hedging programme

35% - materials & other direct costs

- Includes imported cement, bitumen, subcontractor and direct mineral costs
- Bitumen hedged where commercially appropriate – remainder of costs passed on through pricing

11% - energy, fuels and carbon

- Energy and carbon costs principally due to cement manufacture
- Energy and carbon substantially hedged for rest of 2023, with positions building for 2024 and 2025
- Hedges for the remainder of 2023 more closely aligned to market rates than in 2022
- Other fuels purchased at spot and passed on



20% - other

- Depreciation
- Repairs & maintenance
- Administrative expenses

16% - workforce

- Highly engaged workforce of 3,800 people
- Higher wage rises in 2023 than in prior years; supporting colleagues with cost of living pressures

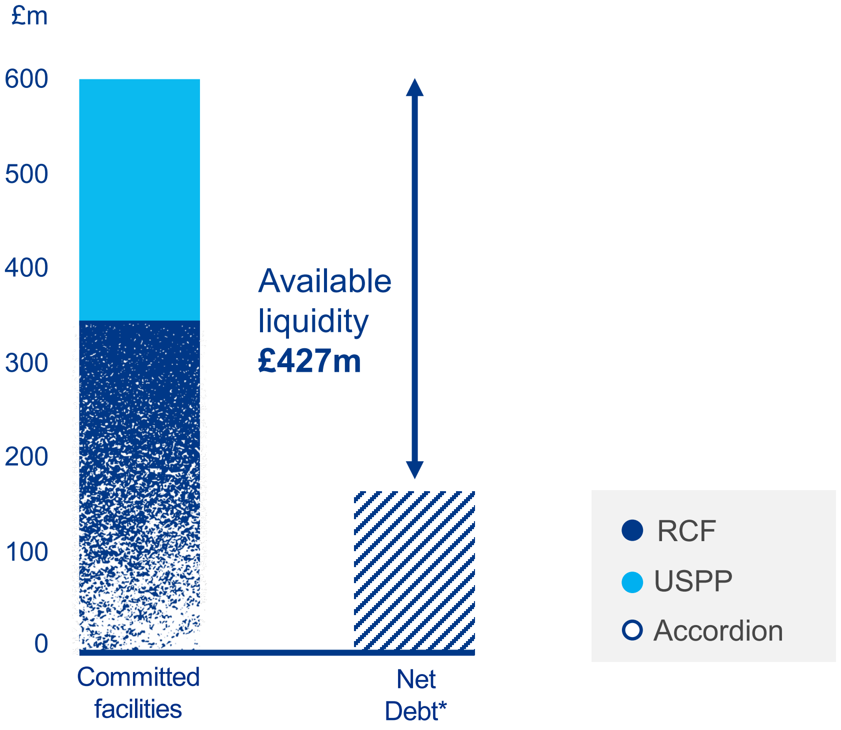
18% - distribution

- Flexible mix of directly employed and outsourced hauliers
- Costs passed on at point of sale

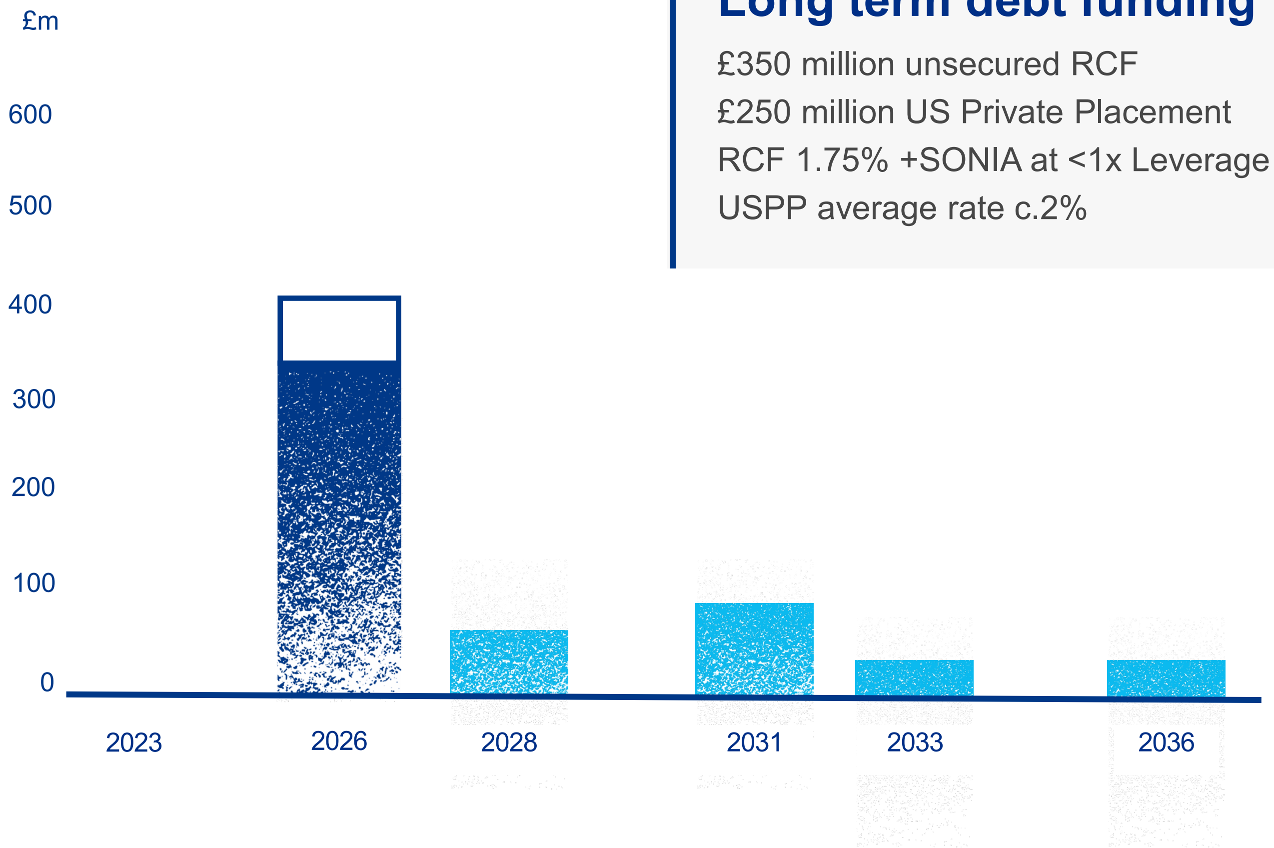
Financing Breedon's Future

Diversified long-term sources of finance

Debt finance positioned to support future growth



Debt Maturity profile



Long term debt funding

£350 million unsecured RCF

£250 million US Private Placement

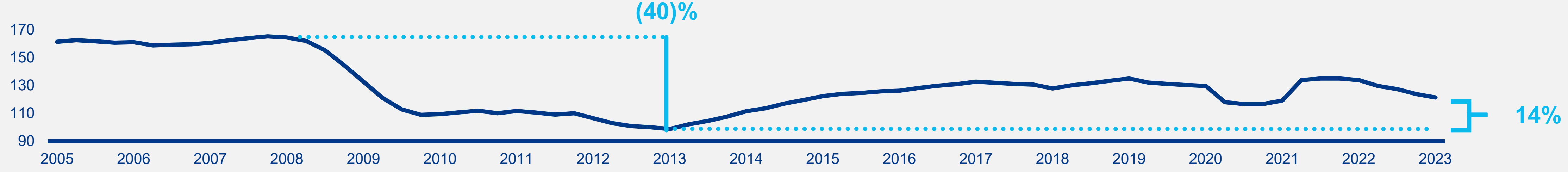
RCF 1.75% +SONIA at <1x Leverage

USPP average rate c.2%

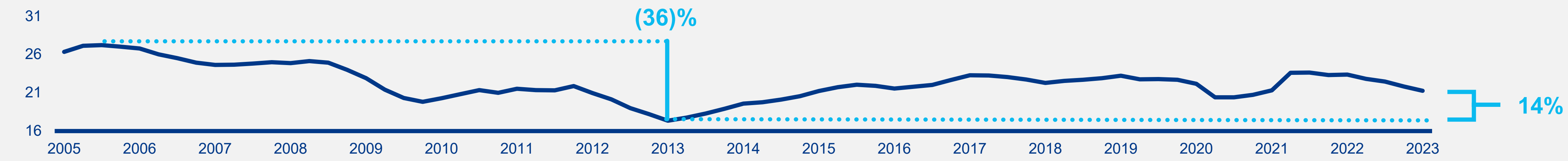
* Net debt as at 30 June 2023. Excludes IFRS 16 lease liabilities.

MPA volumes

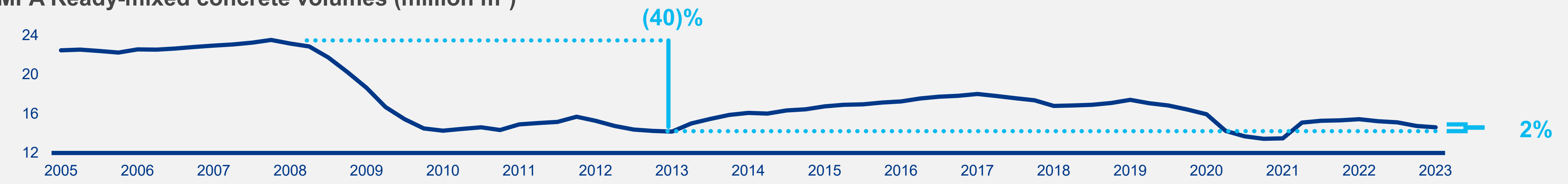
MPA Aggregates volumes (million tonnes)



MPA Asphalt volumes (million tonnes)



MPA Ready-mixed concrete volumes (million m^3)



Note: Percentages show the % fall from peak to trough and the % recovery of the peak to trough fall to date.

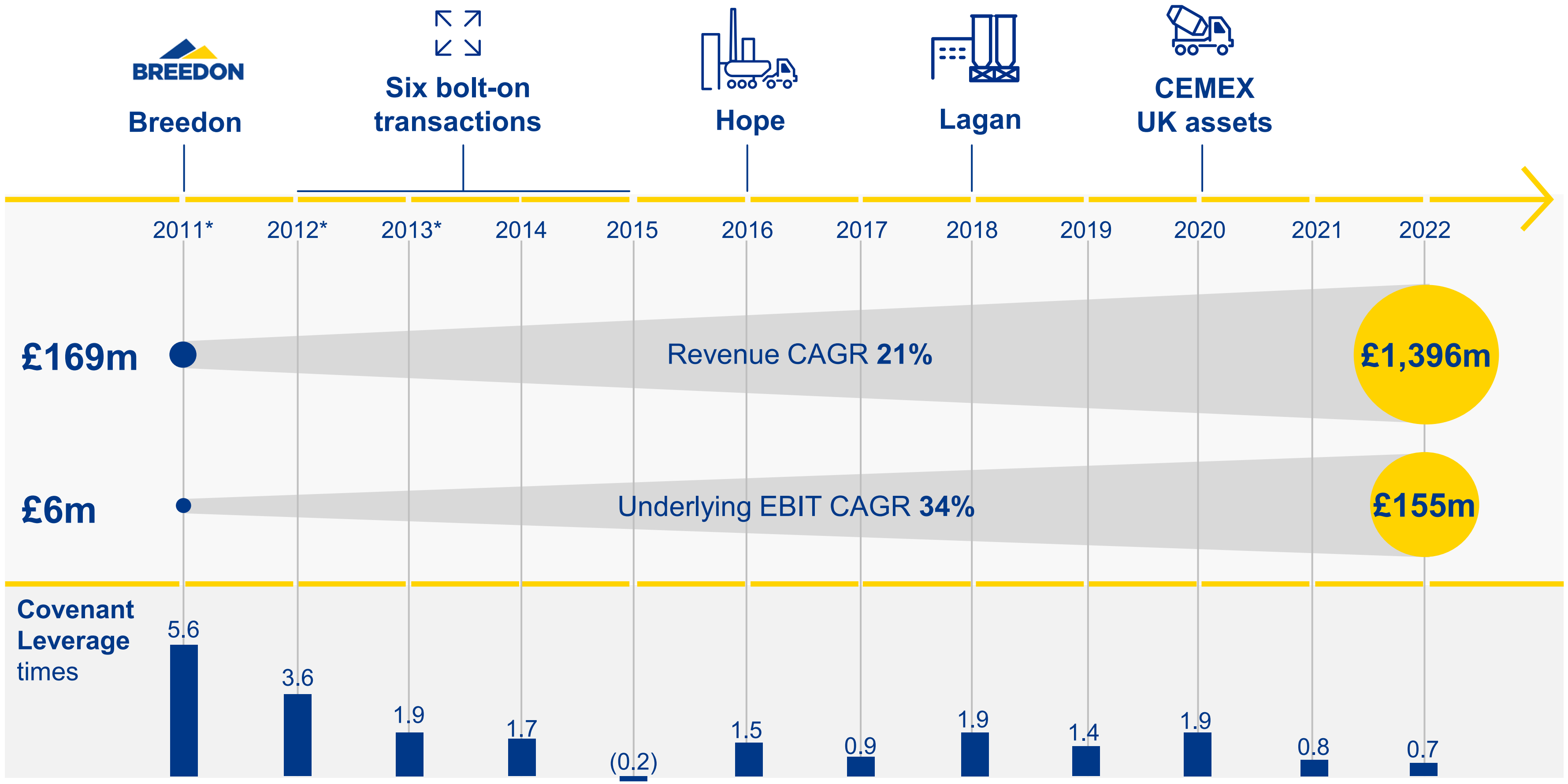
Source: MPA member volumes. Product volumes reflect total market volumes for primary aggregates and MPA member volumes for asphalt and ready-mixed concrete.

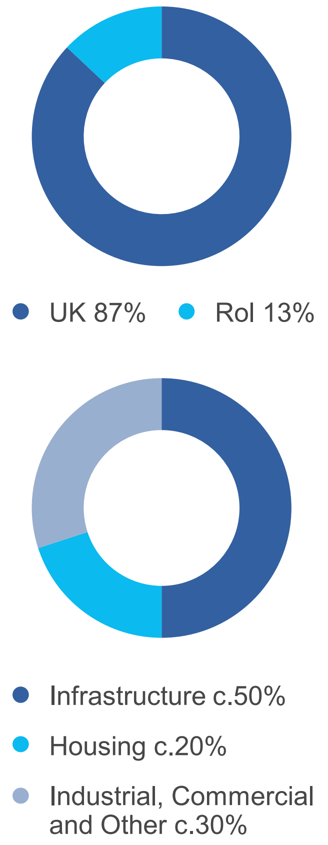
Market consensus

Company compiled as at July 2023

	2023		2024	
	Average	Range	Average	Range
Revenue	£1,454m	£1,433m - £1,493m	£1,497m	£1,420m - £1,546m
Underlying EBIT	£146m	£134m - £159m	£155m	£140m - £168m
Underlying basic earnings per share	30.5p	28.1p - 33.3p	32.0p	28.3p - 35.3p
Net debt	£163m	£127m - £190m	£100m	£48m - £130m
Dividend per share	11.2p	10.5p - 12.5p	11.9p	10.5p - 13.3p

Track record of sustainable growth





*Covenant Leverage has been calculated on a consistent basis for all periods, following the principles set out in the Group's current debt facility agreements.

We are making a material difference

Our Purpose
To make a material difference to the lives of our colleagues customers and communities

Our Vision
To be a leading vertically-integrated international construction materials group

Our Values
To adopt clear authentic behaviours to ensure long-term success

WE ARE **KEEPING IT SIMPLE**

WE ARE **MAKING IT HAPPEN**

WE ARE **STRIVING TO IMPROVE**

WE ARE **SHOWING WE CARE**

Our Strategy
To create sustainable value for all stakeholders over the long-term

- SUSTAIN
- OPTIMISE
- EXPAND