

2018 FULL-YEAR RESULTS



6 March 2019



2018 FULL-YEAR RESULTS



Introduction

Peter Tom CBE

Executive Chairman

Financial review

Rob Wood

Group Finance Director

Group & operational review

Pat Ward

Group Chief Executive

Q & A

2018 FULL-YEAR RESULTS



PETER TOM CBE Executive Chairman



2018: EXPANDING HORIZONS



- Strong performance in difficult trading conditions
- Improved revenue and earnings underpinned by acquisitions
- Strong cashflow resulting in reduction in leverage
- Transformative acquisition of Lagan
- Asset swap with Tarmac completed
- Continued significant capital investment
- New reporting segments reflecting change in Group's structure

2018 FULL-YEAR RESULTS



ROB WOOD Group Finance Director



2018 NEW OPERATING SEGMENTS



Great Britain

Comprising the trade previously reported in Breedon Northern and Breedon Southern, together with the building products businesses acquired with Lagan

Ireland

Comprising the construction materials and contracting services businesses on the Island of Ireland which were acquired with Lagan

Cement

Comprising the trade previously reported in Breedon Cement, together with the cementitious operations acquired with Lagan

2018 FINANCIAL HIGHLIGHTS



<p>Revenue</p> <p>£862.7m</p> <p>2017: £652.4m +32%</p>	<p>Underlying EBIT*</p> <p>£103.5m</p> <p>2017: £80.4m +29%</p>	<p>Underlying EBIT margin*</p> <p>12.0%</p> <p>2017: 12.3%</p>
<p>Profit before taxation</p> <p>£79.9m</p> <p>2017: £71.2m +12%</p>	<p>Underlying basic EPS*</p> <p>4.70p</p> <p>2017: 4.14p +14%</p>	<p>Net debt</p> <p>£310.7m</p> <p>2017: £109.8m</p>

*Underlying results are stated before acquisition, restated expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and restated tax items.

2018 INCOME STATEMENT

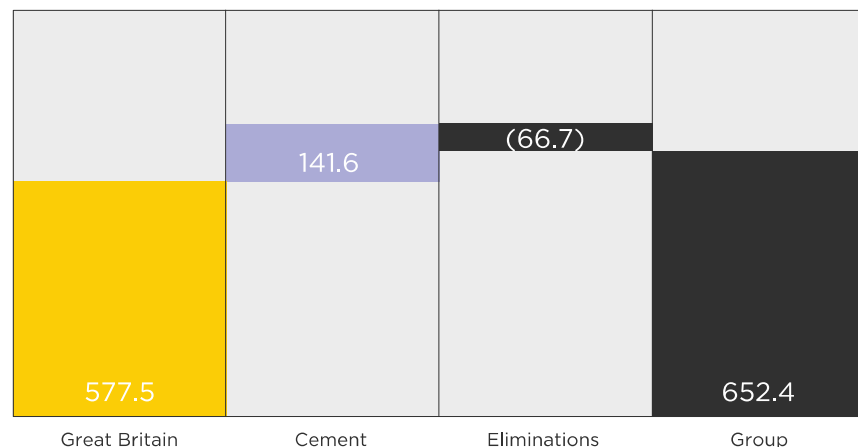


	2017 £ million	2018 £ million	Variance
Revenue	652.4	862.7	+32%
Underlying EBITDA	117.0	154.4	+32%
Depletion & depreciation	(39.3)	(52.6)	
Underlying operating profit	77.7	101.8	+31%
Share of associate and joint ventures	2.7	1.7	
Underlying EBIT	80.4	103.5	+29%
Interest	(6.4)	(11.8)	
Non-underlying items	(2.8)	(11.8)	
Profit before tax	71.2	79.9	+12%
Taxation	(14.2)	(15.3)	
Profit for the year	57.0	64.6	+13%
Underlying basic earnings per share	4.14p	4.70p	+14%

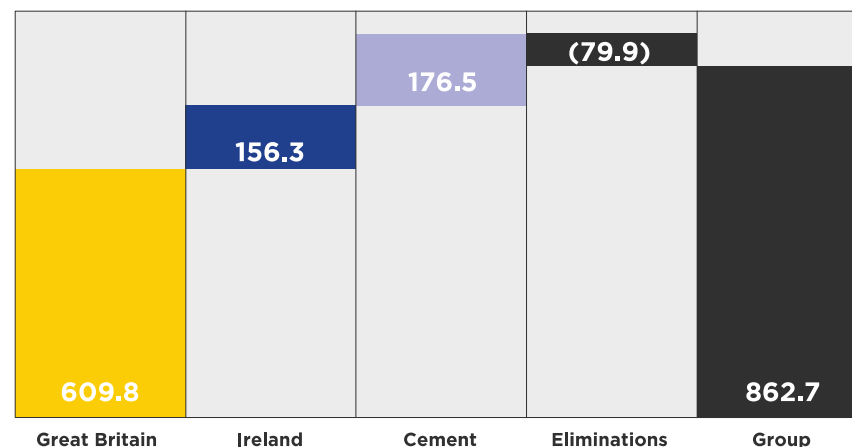
2018 SEGMENTAL PERFORMANCE



2017 REVENUE £ MILLION



2018 REVENUE £ MILLION

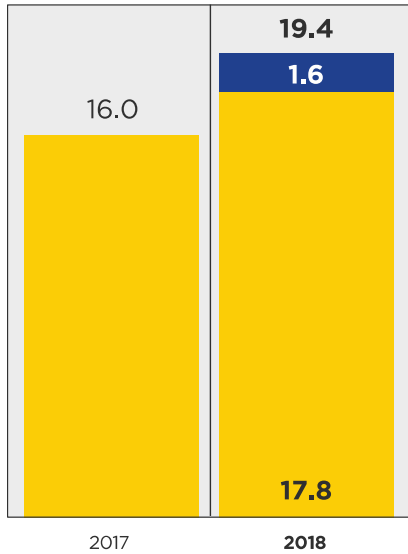


	2017 Underlying EBIT £ million	2018 Underlying EBIT £ million	Variance	2017 Underlying EBIT margin	2018 Underlying EBIT margin	Variance
Great Britain	64.5	61.4	-5%	11.2%	10.1%	-1.1ppt
Ireland	—	20.9	—	—	13.4%	—
Cement	25.8	31.4	+22%	18.2%	17.8%	-0.4ppt
Central administration	(12.6)	(11.9)				
Share of associate and joint ventures	2.7	1.7				
	80.4	103.5	+29%	12.3%	12.0%	-0.3ppt

2018 PRODUCT VOLUMES

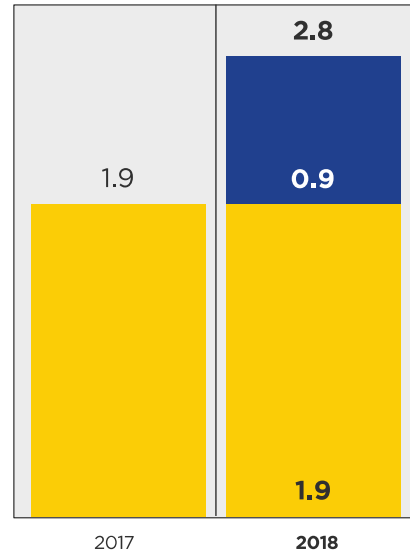


Aggregates
million tonnes



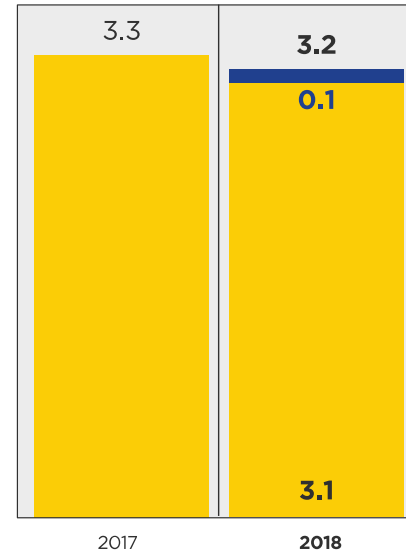
+22%

Asphalt
million tonnes



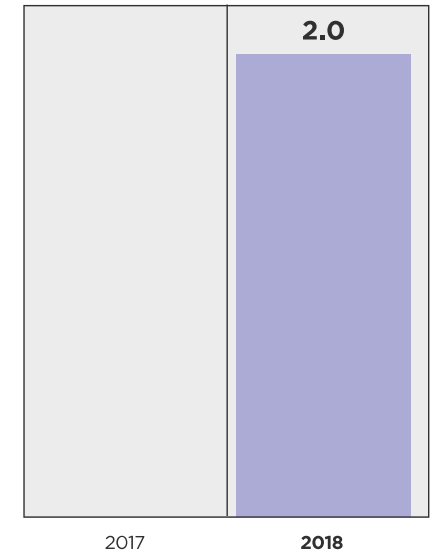
+50%

Concrete
million m³



-3%

Cement
million tonnes



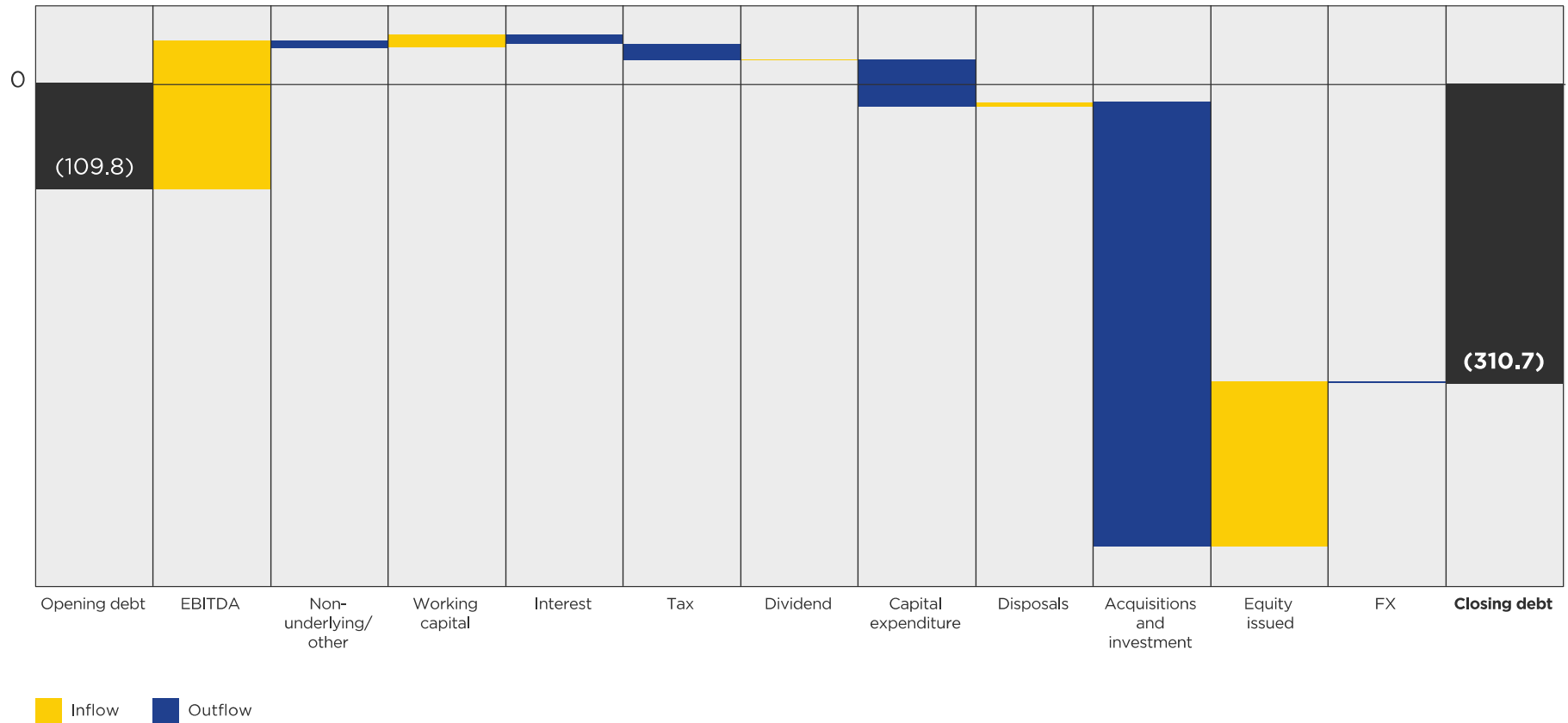
Great Britain Ireland Cement

NOTE: In accordance with the Cement Market Data Order 2016, prior year cement volumes are not disclosed as they relate exclusively to the UK market.

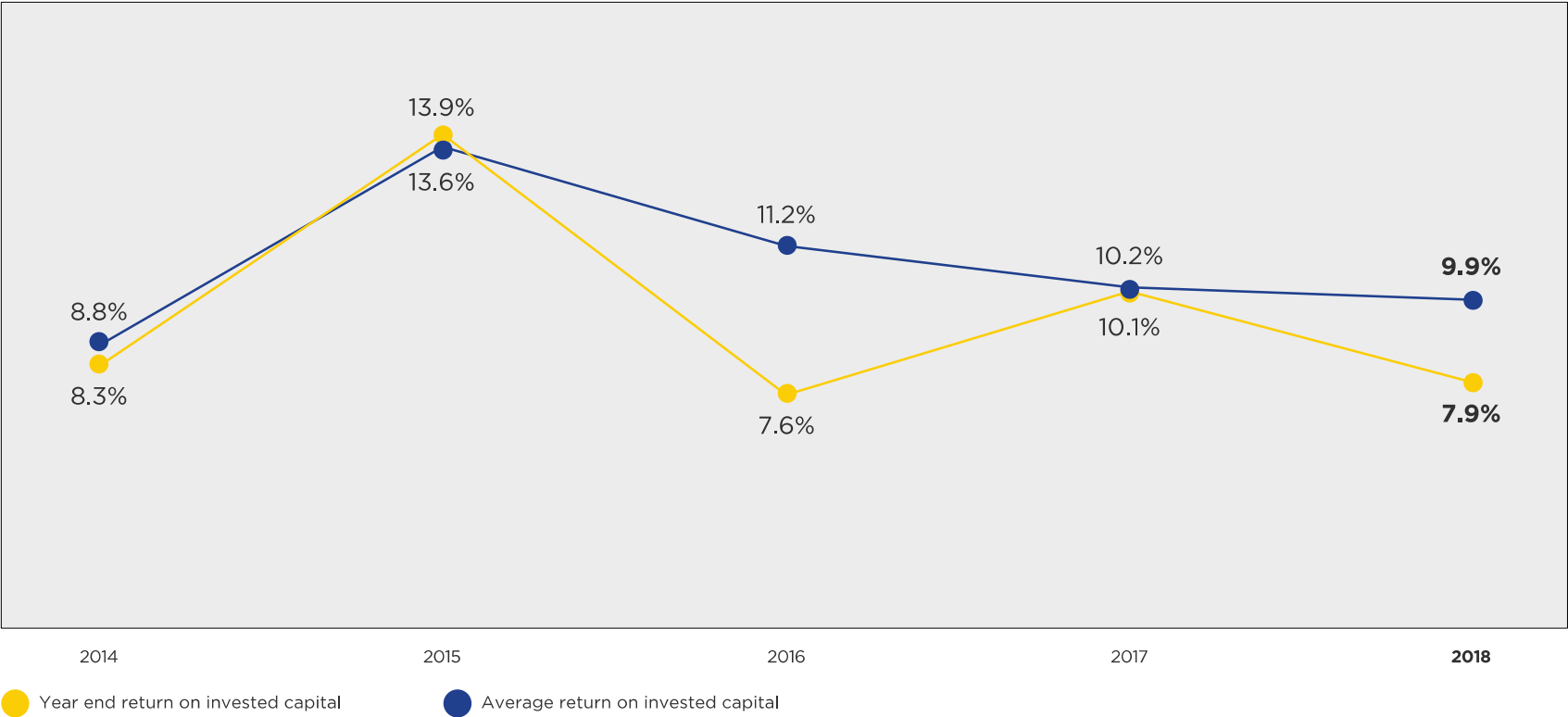
2018 NET DEBT MOVEMENT



£ MILLION



RETURN ON INVESTED CAPITAL



Note: Underlying profit from operations after tax / (Net Assets + Net Debt)

2018 FULL-YEAR RESULTS



PAT WARD Group Chief Executive



2018 MARKET BACKGROUND



Great Britain

- UK GDP up 1.4%
- Construction output broadly flat
- Aggregates volumes ahead 2.1%
- Asphalt volumes ahead 0.7%
- Readymix volumes down 1.6%
- As always, significant regional variations

Sources: ONS, CPA, MPA (members).

2018 MARKET BACKGROUND



Northern Ireland

- NI economic activity ahead 2.1% in first nine months
- Construction output up 2.3% in first nine months
- Driven primarily by housing and infrastructure

Republic of Ireland

- RoI GDP forecast to have grown by 7.8%
- Construction output estimated to have grown by 6.1%
- Construction activity again driven by housing and infrastructure

Sources: NISRA, Euroconstruct, European Commission

2018: STRONG PERFORMANCE, EXPANDED HORIZONS



- Better-than-expected performance in difficult trading conditions
- Improved revenue and earnings, underpinned by acquisitions
- Solid progress by all three segments
- Strong cashflow enabled reduction in post-Lagan net debt and leverage
- Disappointing LTIFR outturn, but safety engagement steadily improving throughout the Group
- Significant investment in minerals, capacity and operational improvements
- Lagan integration well underway
- Tarmac asset swap completed: new quarries and streamlined concrete network
- Two bolt-on acquisitions completed

2018 BUSINESS REVIEWS



Great Britain

- Lost ground recovered following severe impact of Q1 weather
- Impacted by rising input costs
- Significant investments at Dowlow, Raisby and Port Dundas
- New reserves secured at Norton Bottoms, North Cave and Raisby
- North Drumboy quarry opened to service Glasgow market
- Blinkbonny quarry acquired, opening up SE Scotland market
- Mini mix offer strengthened in central England with acquisition of Staffs Concrete
- Major contracts won at Edinburgh Airport and RAF Lossiemouth
- Breedon Bow Highways JV awarded first Highways England framework contracts
- Welsh Slate, bricks & tiles (part of Lagan) integrated as new Building Products business

2018 BUSINESS REVIEWS



Ireland

- Strong performance despite poor Q1 weather and no Assembly in NI
- Significant improvement in RoI market conditions as year progressed
- 65% increase in Irish Government maintenance tenders
- Growing opportunity to ship aggregates from Whitemountain quarries to GB
- Excellent progress on delivering landmark projects (Colley Lane, Kettering, Wellingborough)
- New contracts on Dublin Airport, New Ross Bypass and key sections of M1

Cement

- All cementitious operations in GB and Ireland integrated, enabling us to flex supply strategy
- Major investments in GB transport fleet and new mobile plant at Hope quarry
- Bagged cement supply extended to north of England and Midlands via Blyth terminal

2019 GROUP OUTLOOK



- 2019 will be challenging in the UK pending the outcome of Brexit
- We are focused on improving our safety performance
- The medium-term outlook for UK infrastructure and housing remains encouraging, including HS2 benefits beginning to flow in 2019
- Entry into Ireland has diversified our market exposure and given us a new platform for growth
- The Group is underpinned by assets and is highly cash-generative
- We have a talented and highly experienced management team
- Other acquisitions are in the pipeline
- We will benefit from self-help and our wider geographical portfolio

We are confident that we will continue to make progress in 2019

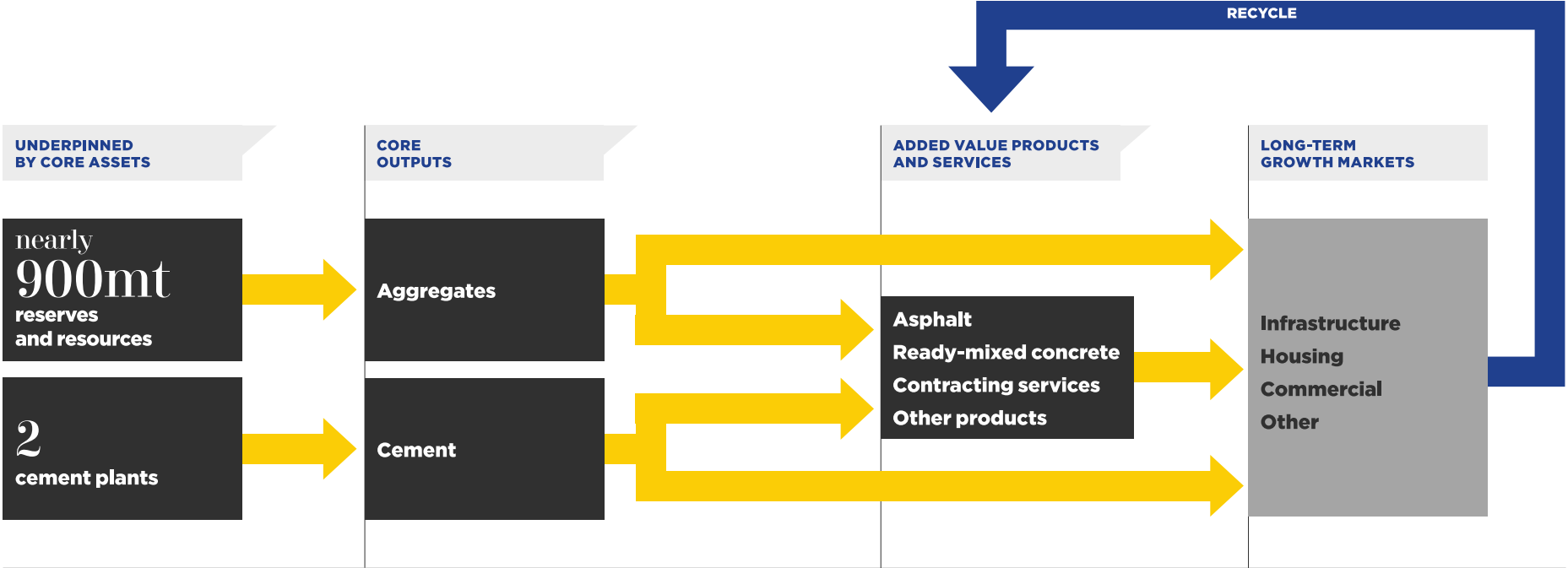
Q&A



APPENDICES



BUSINESS MODEL



The long-term success of our business model is supported by our key resources and relationships:

- Colleagues
- Natural resources
- Service & innovation
- Stakeholders

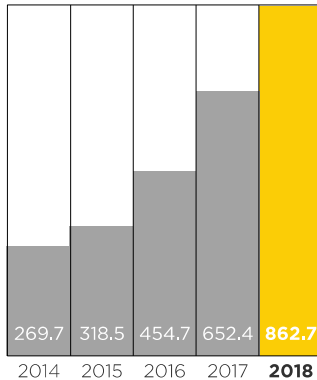
KEY PERFORMANCE INDICATORS



1. Revenue £m

+220%

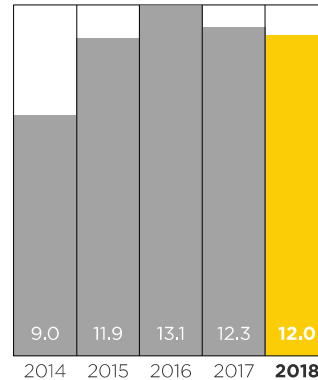
Five-year performance



2. Underlying EBIT margin %

+3.0ppt

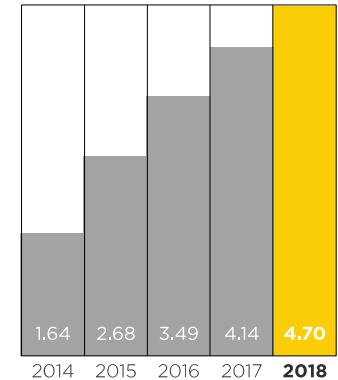
Five-year performance



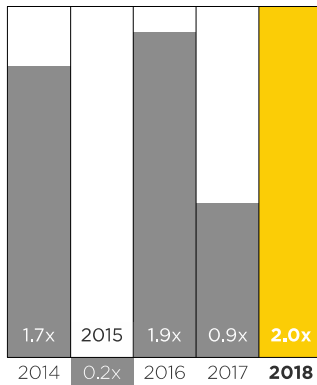
3. Underlying basic EPS pence

+187%

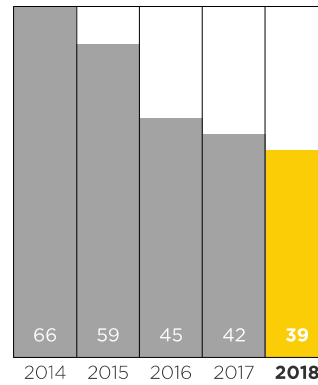
Five-year performance



4. Leverage times



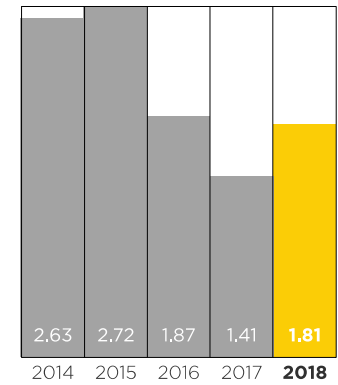
5. Reserves & resources life years



6. Employee LTIFR per 1 million hours worked

-31%

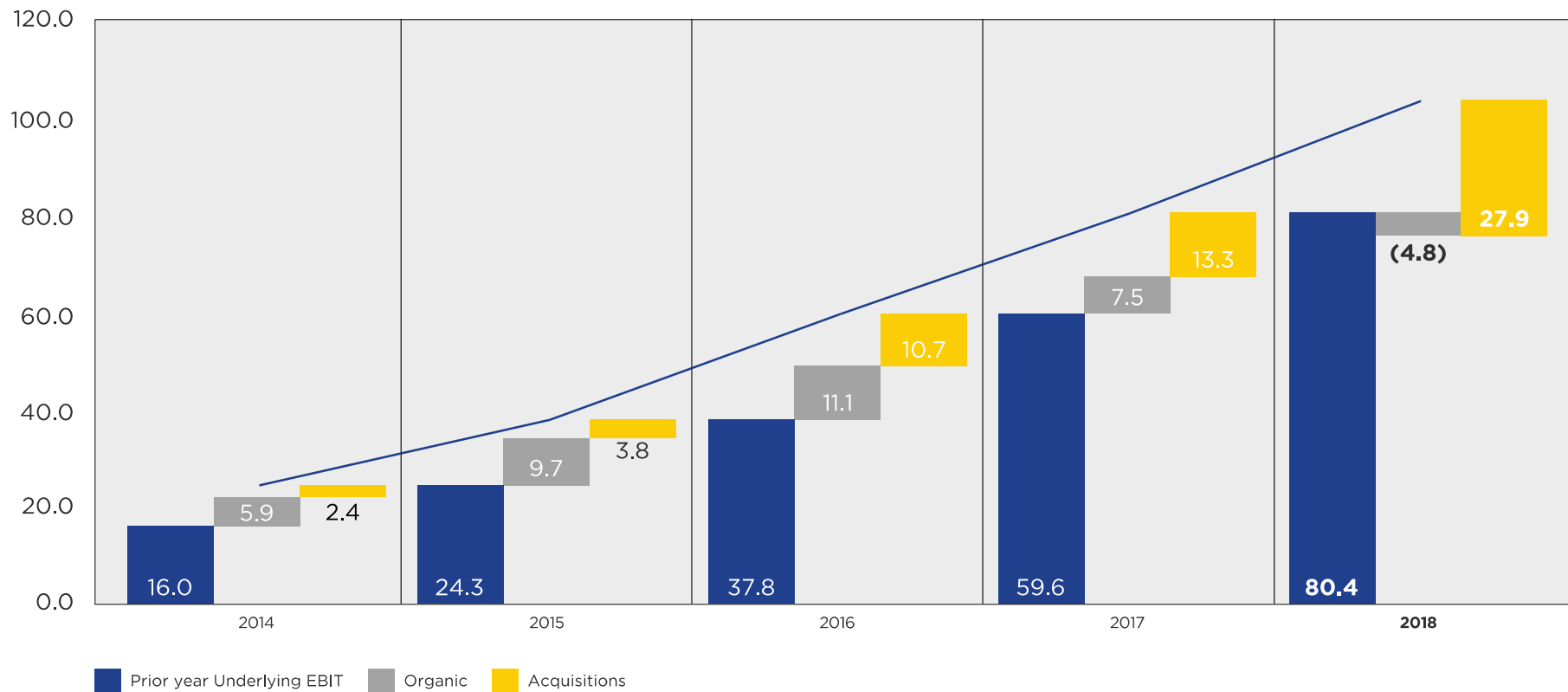
Five-year performance



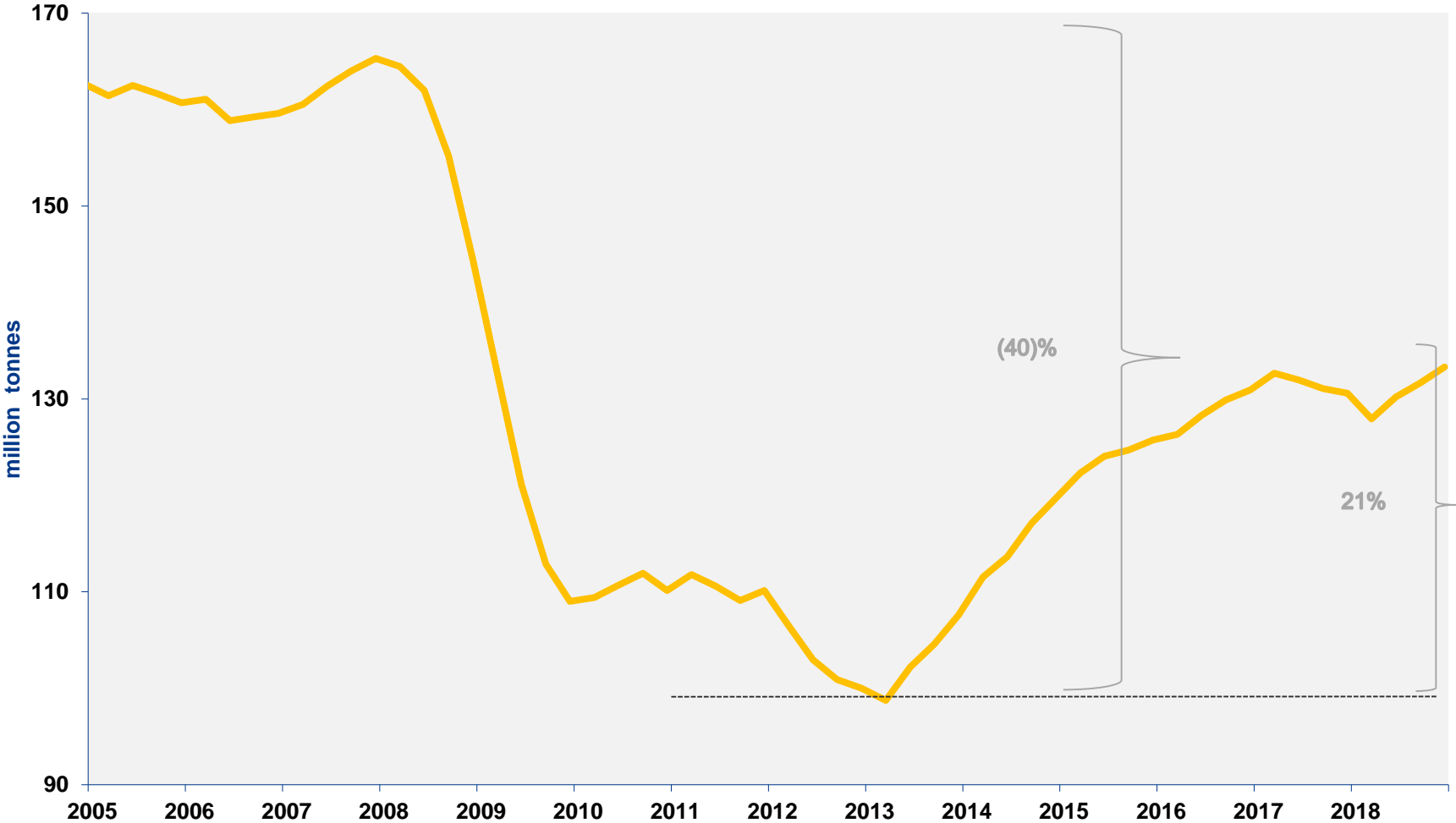
TRACK RECORD



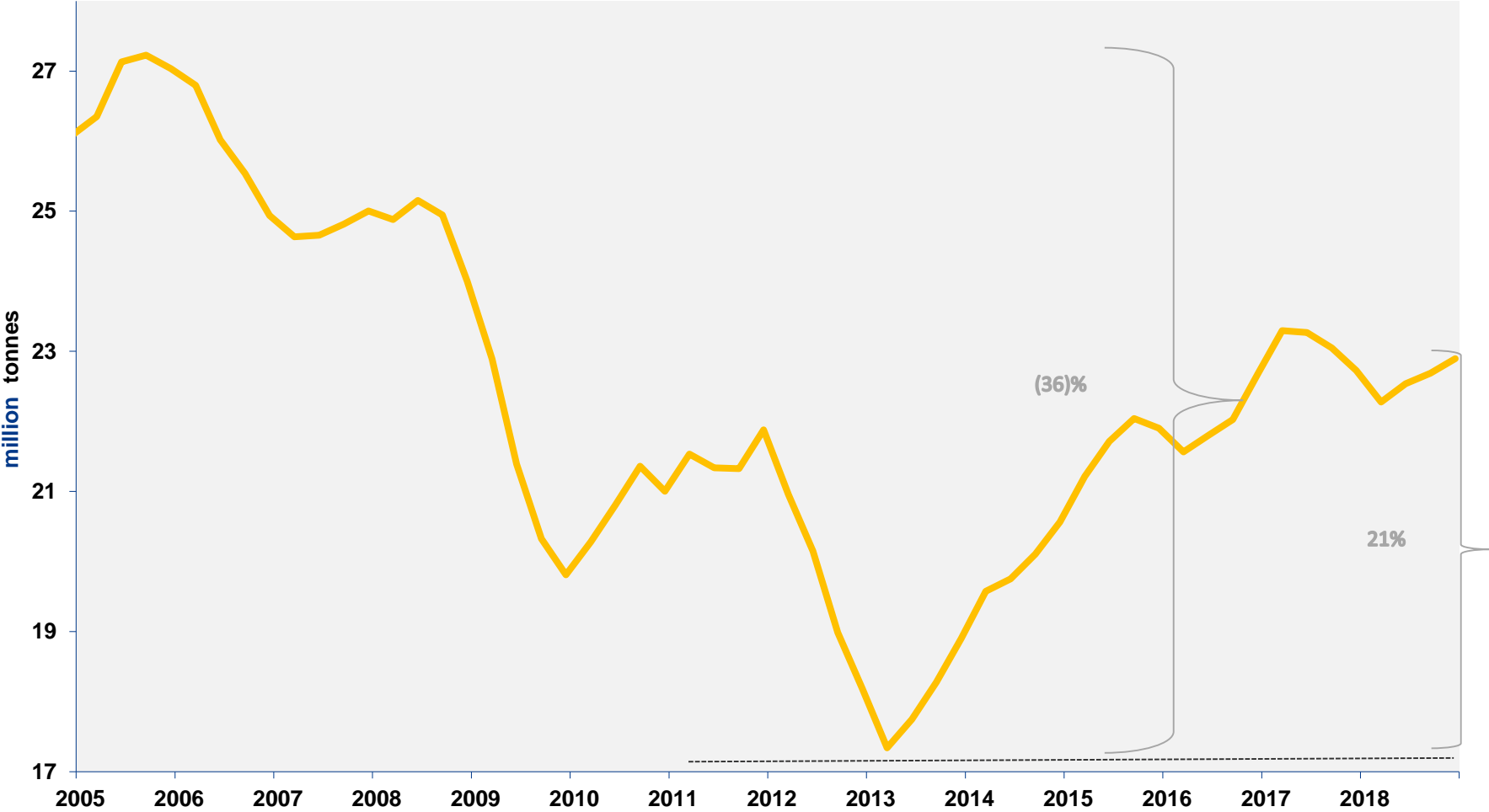
UNDERLYING EBIT COMPONENTS 2014 - 2018 (£m)



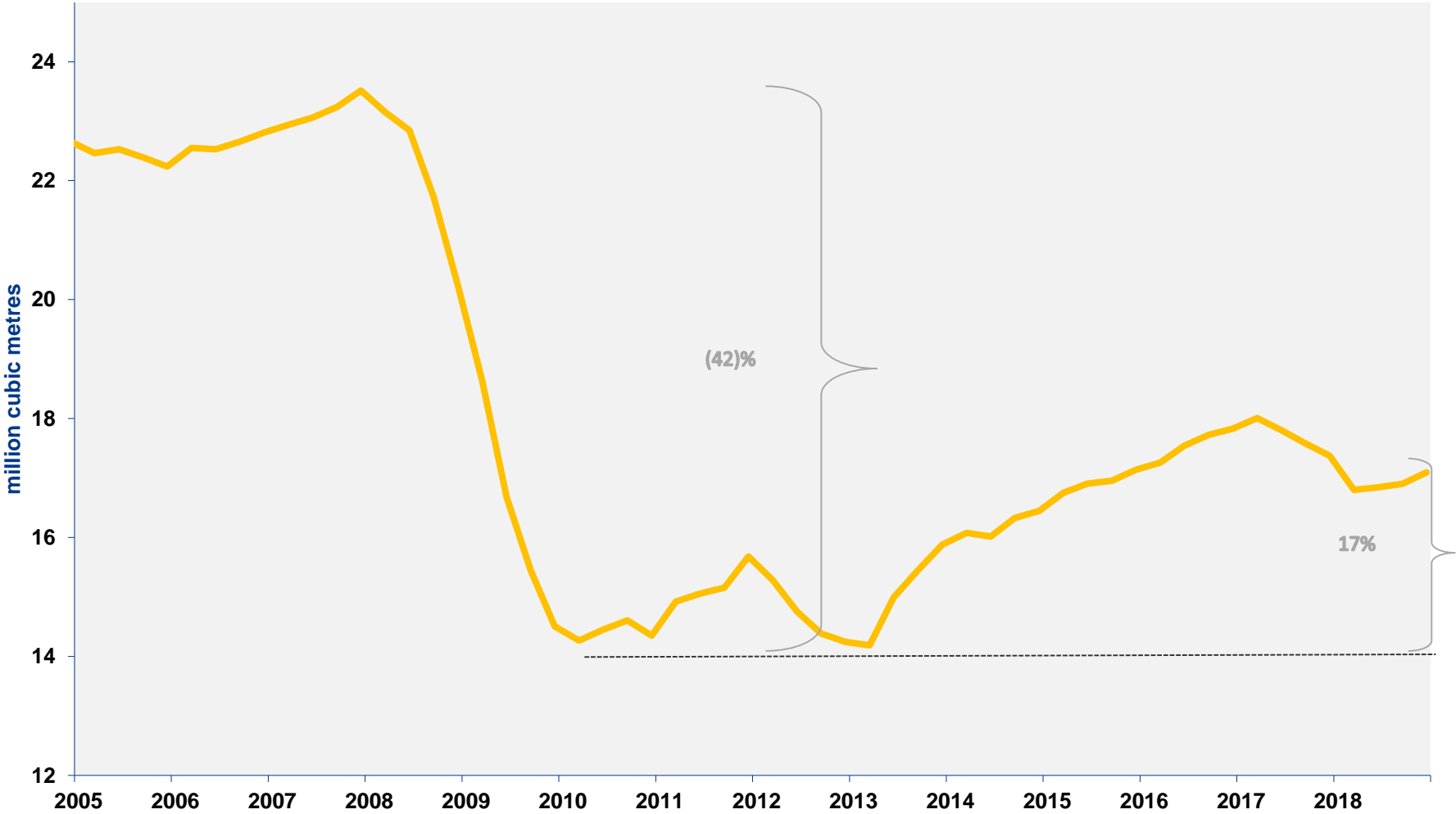
MPA AGGREGATES VOLUMES: MAT



MPA ASPHALT VOLUMES: MAT



MPA RMX VOLUMES: MAT



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