

Breedon Group plc Capital Markets Event Breedon 3.0

21 November 2024



Breedon 3.0

Agenda

Chair's introduction

Amit Bhatia, Chair of the Board

Growth strategy: Evolution

Rob Wood, Chief Executive Officer

Sustainability: Upgraded ambition

Donna Hunt, Group Sustainability Director

Expand: M&A strategic priorities

Anthony Thorpe, Director of Corporate Development

Breedon in the US: BMC and beyond

Andy Arnold, Managing Director United States

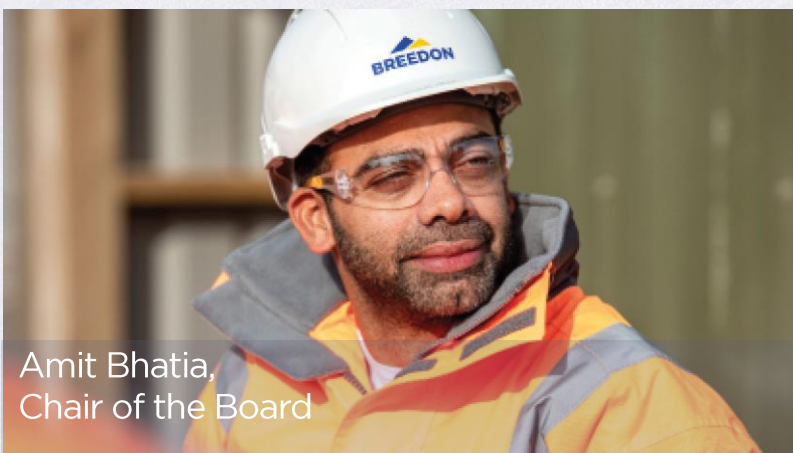
Financial framework: Thoughtful capital allocation

James Brotherton, Chief Financial Officer

Summary and questions

Breedon team

Presenting...



Amit Bhatia,
Chair of the Board



Rob Wood,
Chief Executive Officer



James Brotherton,
Chief Financial Officer



Donna Hunt,
Group Sustainability Director



Anthony Thorpe,
Director of Corporate Development



Andy Arnold,
Managing Director United States

In attendance today...



Chair's introduction

Amit Bhatia, Chair



Growth strategy: Evolution

Rob Wood, Chief Executive Officer



To build where **we live** and **work**... ...where **we play** and **in between**

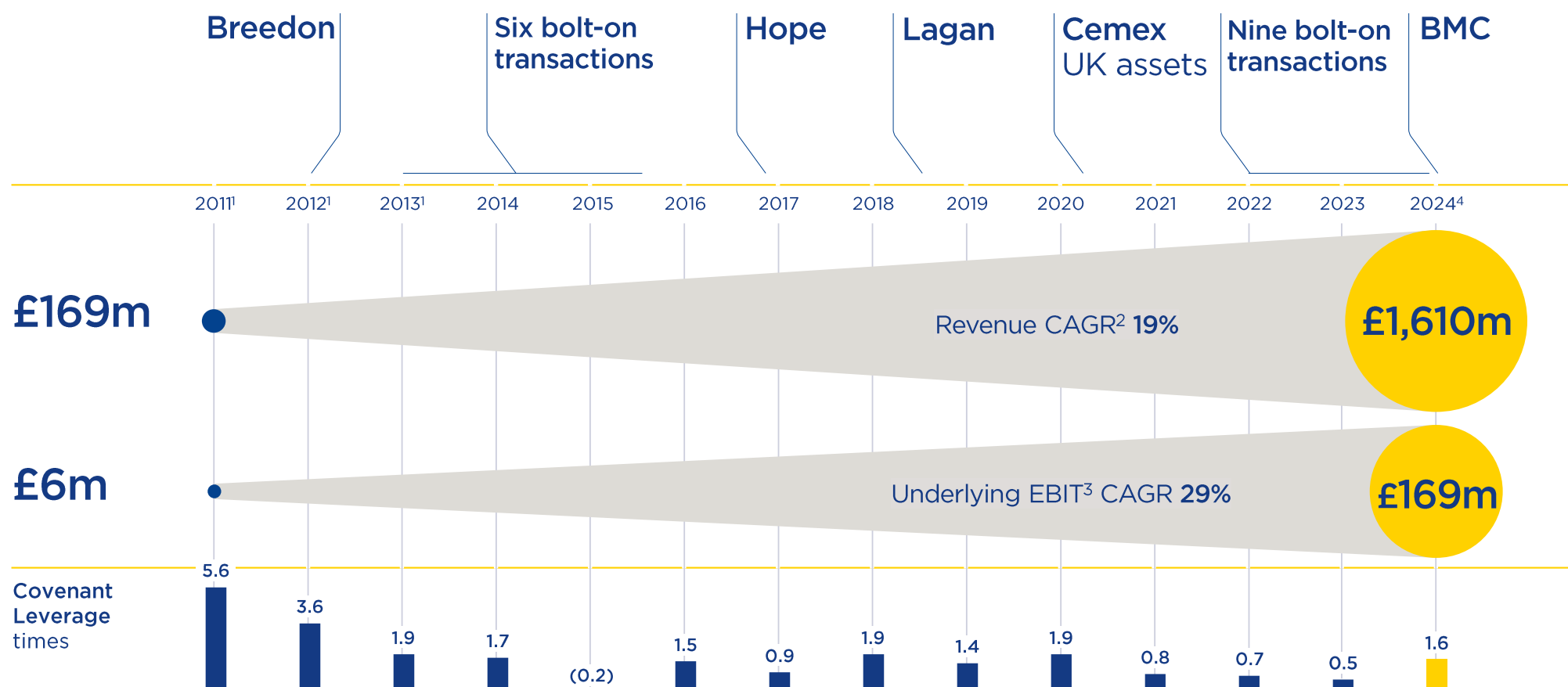


We are a leading vertically-integrated **international construction materials group** in Great Britain, Ireland and the United States

We **supply the construction industry** with the essential materials needed to **build the places** where we live and work, play and in-between

Outstanding track record of sustainable growth

Organic growth complemented by M&A



1. 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.

2. CAGR: Compound annual growth rate

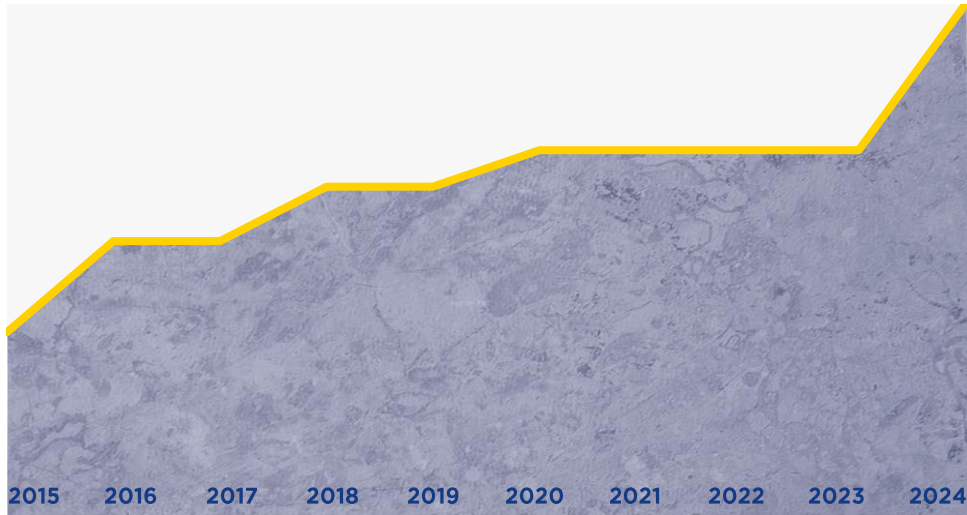
3. EBIT refers to earnings before interest and tax and equates to profit from operations.

4. Company compiled consensus expectations 20 November 2024.

Our business is asset backed

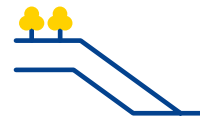
Strong local market positions

c.1.4 bn tonnes
Reserves and resources



>350 sites

Aggregates



>100
quarries

Ready-mixed concrete



>200
plants

Cement



2
plants

Asphalt



>50
plants

Supplying attractive end-markets

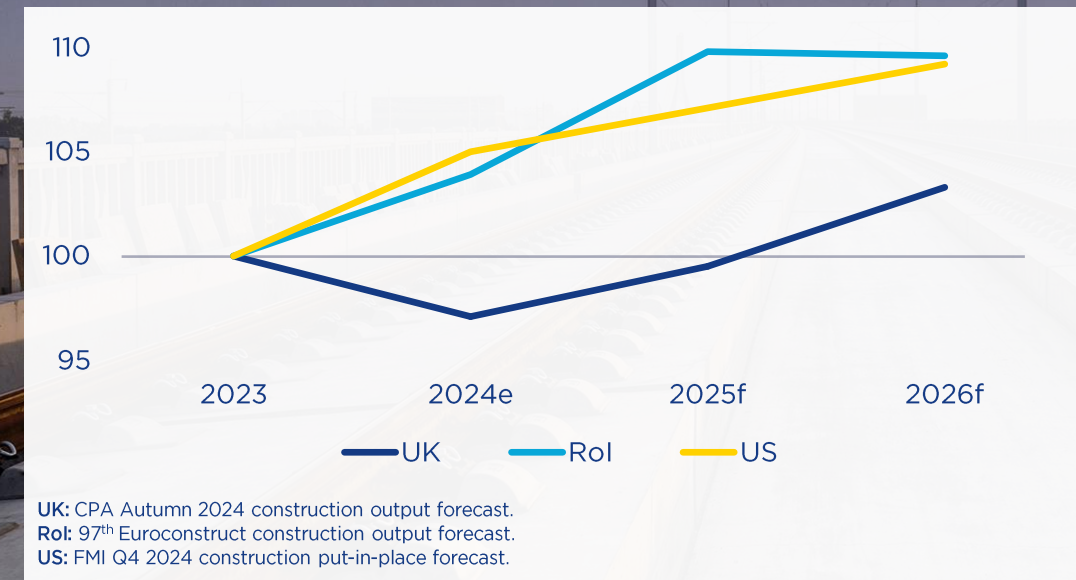
Long-term structural growth trends in infrastructure and housing

Clear need to invest in the built environment:

- Significant housing shortfall across all geographies
- Requiring more than three years to resolve at current build rates

UK up to **1m** c.5 years
Ireland up to **0.4m** c.12 years
US more than **4m** c.3 years

Total construction output: Forecast to grow



Our people make the most material difference

Our greatest asset

Our first-class team :

- c.4,500 highly engaged colleagues
- Entrepreneurial and empowered
- Living our values every day



KEEP IT
SIMPLE



MAKE IT
HAPPEN



STRIVE
TO
IMPROVE



SHOW
WE
CARE



Executing our growth strategy

Significant progress since 2021

What we said

- **Clear growth strategy** to Sustain, Optimise and Expand
- **Sustainability** at the heart of everything we do
- Underpinned by our **disciplined financial framework**
- **Ready** for the **next chapter**

What we did

- **Reported record** revenue and profit
- Made **significant progress** on our **Sustainability** framework
- **Acquired BMC** in the US, our **third platform**
- **Moved** from AIM to the **Main Market** and **entered FTSE 250**

Evolving our strategy: Breedon 3.0

Virtuous circle of enhancement

EXPAND



IMPROVE

Sustainability: Upgraded ambition

Donna Hunt, Group Sustainability Director



Established sustainability framework

Focused on our areas of most material importance and impact

Planet



2030 target

30% reduction in gross carbon intensity per tonne cementitious product (from 2005 baseline)

Focus

- Carbon and energy reduction
- Responsible use of resources
- Positive impact on nature and biodiversity

People



2030 target

Positively impact more than 100,000 people

Focus

- Develop and empower a diverse, talented workforce
- Positive impact on the communities in which we work

Places



2030 target

50% of our concrete and asphalt sales revenue from products with enhanced sustainability attributes

Focus

- Sustainable products and services
- Research, development and innovation
- Collaboration and influence

Underpinned by our fundamental operating Principles

Health, safety and wellbeing – Quality – Ethics and integrity – Good governance – Stakeholder engagement



Planet: Further reduction in carbon intensity

Making a material difference to the planet



2030 target: 30%

reduction in gross carbon intensity per tonne cementitious product (from 2005 baseline)

24%

reduction achieved¹



1. As at 31 December 2023.

People: Benefitting communities

Making a material difference to society



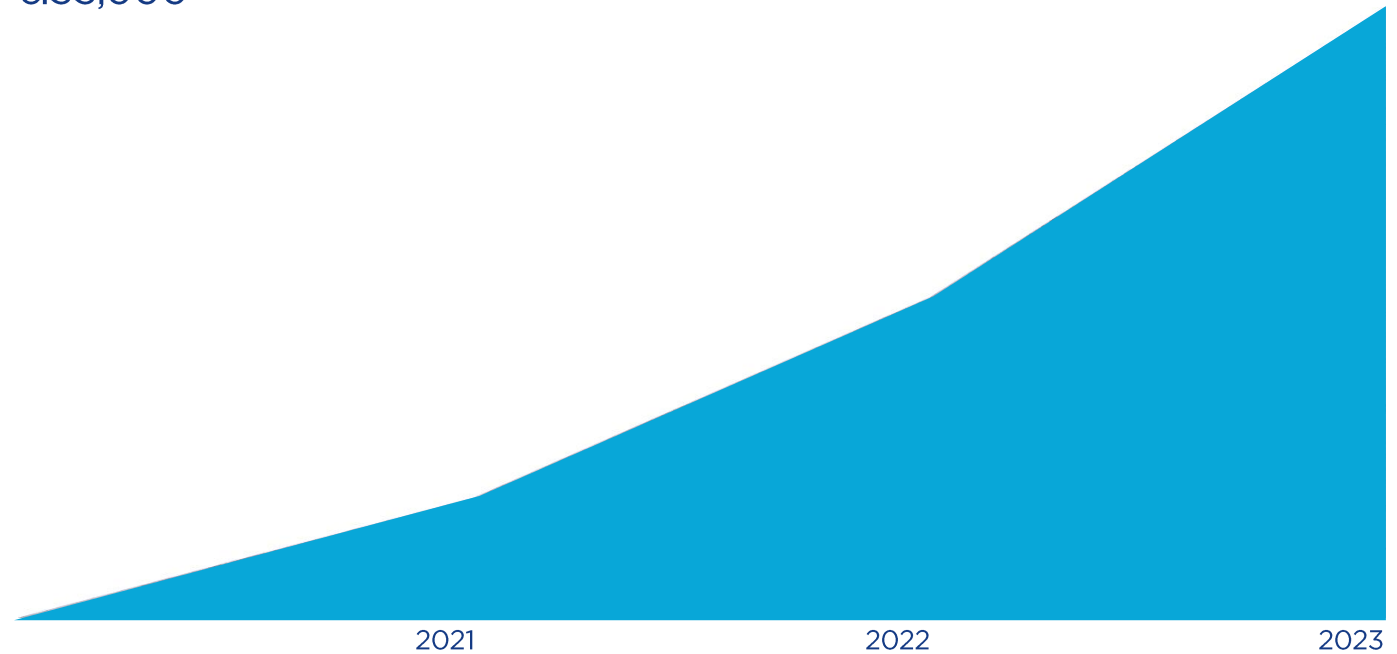
2030 target: 100,000

people positively impacted
by our activities

55%
achieved¹



People positively impacted
c.55,000



1. As at 31 December 2023.

Places: Improving sustainability of our products

Making a material difference to the built environment



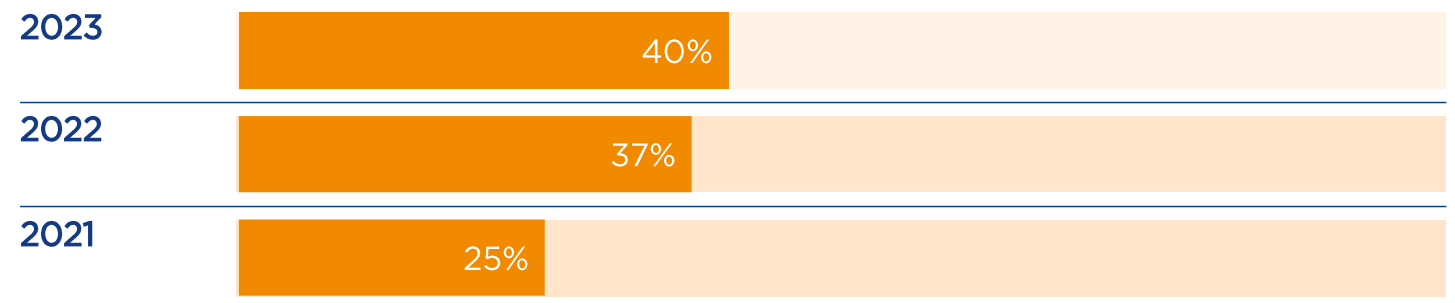
2030 target: 50%

of our concrete and asphalt sales revenue from products with enhanced sustainability attributes

40%
achieved¹



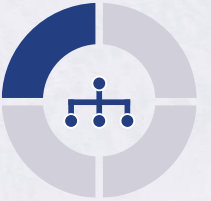
Sustainable concrete and asphalt sales revenue
% of total concrete and asphalt revenue



1. As at 31 December 2023.

Principles: Validation and recognition

Operating responsibly and transparently



Committed to transparent disclosure

Our fundamental operating Principles ensure that we operate responsibly and transparently, supporting the pillars of Planet, People and Places



CDP score:

Climate Change: B
Water Security: C



MSCI score:

AA



EcoVadis score:

Bronze

Upgraded target: Further carbon reduction

Following a science-based roadmap to decarbonise

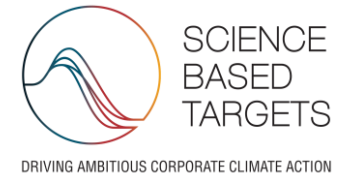


New 2030 target

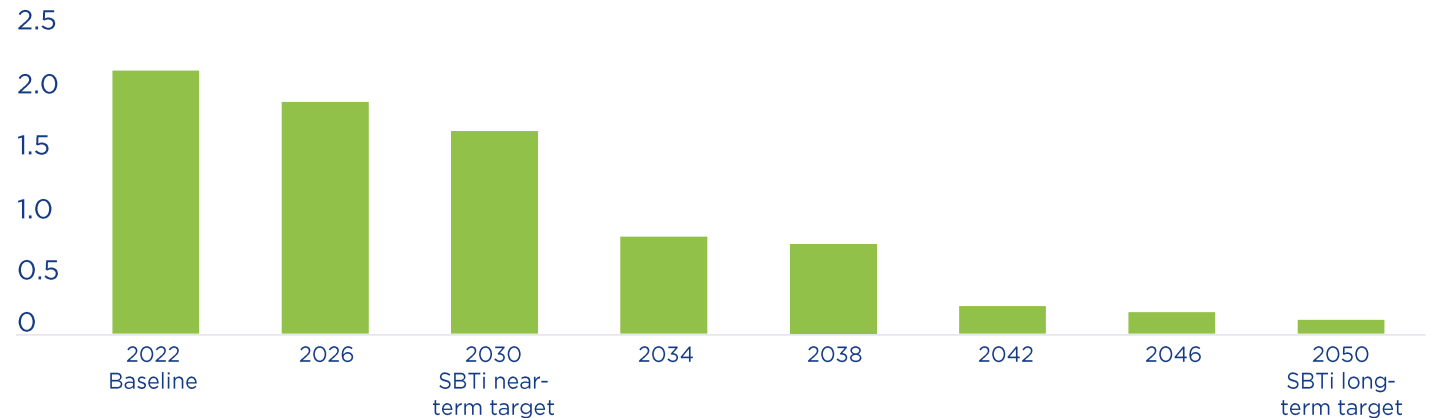
23%

reduction in absolute gross scope 1 and 2 greenhouse gas emissions, and scope 3* emissions by 2030 (from 2022 baseline)

Net zero reduction pathway – scope 1, 2 and scope 3*



MT CO₂e



Note: Breedon's full target details are available on SBTi website [Companies taking action - Science Based Targets Initiative](#)

* Scope 3 relates to purchased clinker and cement only

Upgraded target: Generating social value

Embedding a consideration of social value across our business

People

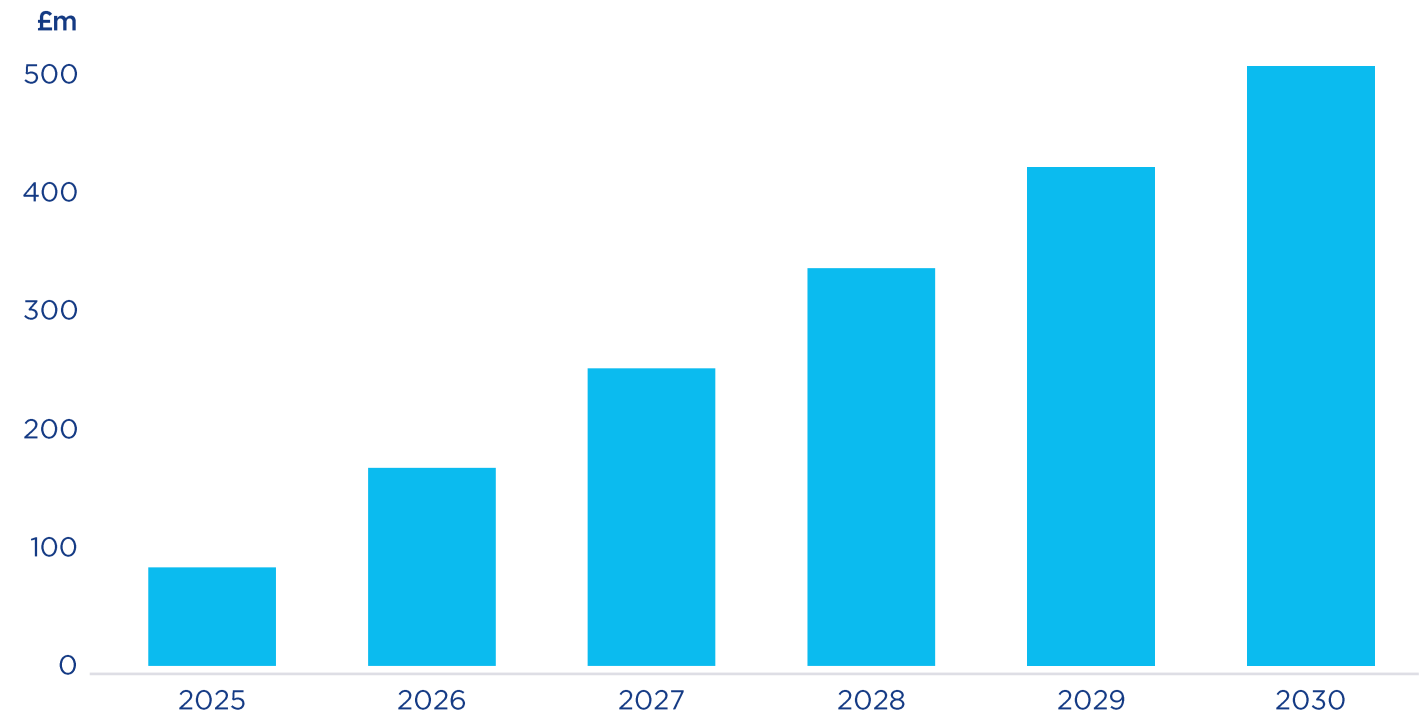


New 2030 target

£500m

cumulative social value to be generated by 2030 (from 2025)

Cumulative social value contribution



Upgraded target: Expanding product range

Contributing to a more sustainable built environment



New 2030 target

50%

of the Group's revenue across the concrete, asphalt, blocks, brick and tile portfolio is to be from the Breedon Balance range

Breedon Balance products must meet or exceed strict sustainability criteria



Lower carbon footprint than a generic market equivalent



Incorporates recycled content in the product



Less resource intensive or longer lasting



Positive impact on nature and biodiversity



Positive impact on water usage



Ethically sourced

Significant progress and upgrading

New

2030

Targets

- **23% reduction** in absolute gross scope 1 and 2 greenhouse gas emissions, and scope 3 emissions from purchased clinker and cement by 2030
- **£500 million cumulative social value** to be generated through our activities
- **50%** of the Group's revenue to be from the **Breedon Balance range**

Expand: M&A strategic priorities

Anthony Thorpe, Director of Corporate Development



Why M&A

A bigger and better Breedon

- Financial returns
- Synergies
- Follow-on organic development
- Scale benefits

Number of deals to date


25+

Total cumulative spend on M&A

>£1bn

Our updated strategic priorities

Creating shareholder value

- 
1. Scale up our US business
 2. Targeted vertical integration
 3. Aggregates anywhere we are

Priority 1: US scale-up

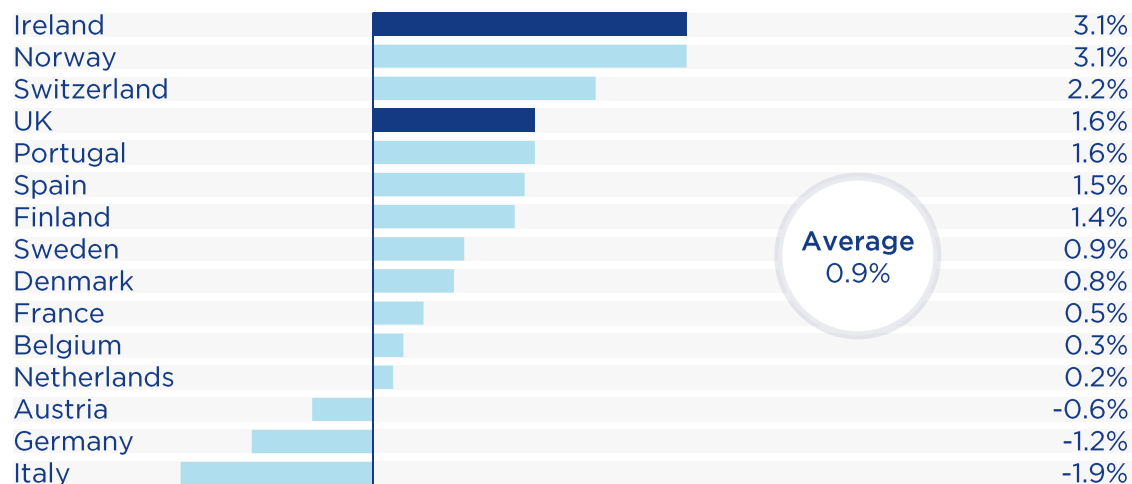
US construction materials markets; high relative growth, highly fragmented

High relative growth

US Construction starts



Europe Total construction output

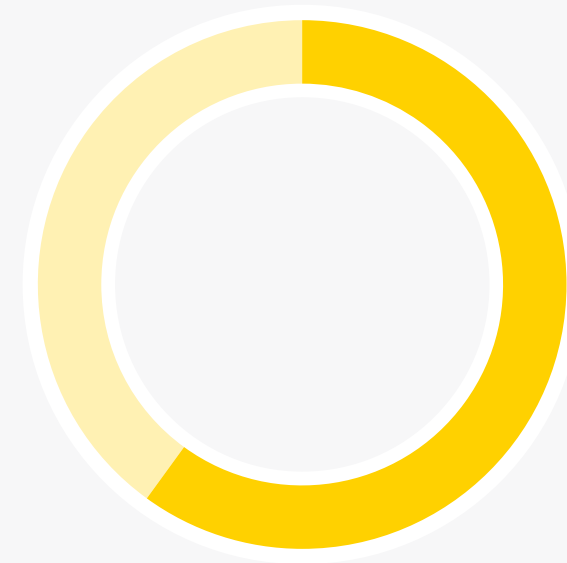


Highly fragmented

Top 10 market share

40%

Comprising global and domestic majors



Rest of market market share

60%

Over 5,000 companies managing close to 11,000 operations

Priority 1: US scale-up

Our most significant opportunity for sustainable growth

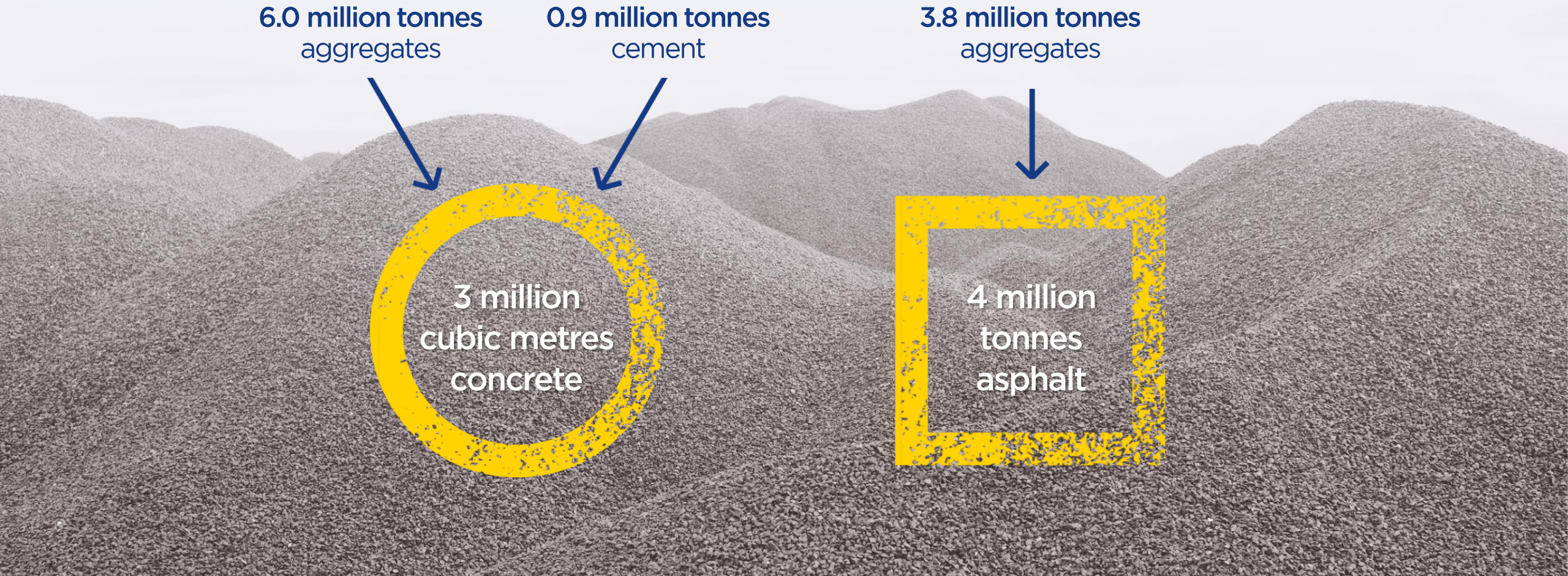
Ambition for the next decade:

- BMC is our US platform, headquartered in St Louis
- We will build out from Missouri
- Product mix; diversification into asphalt and surfacing
- Primarily bolt-ons; possibility of larger transactions



Priority 2: Vertical Integration

Pull through impact of key downstream products



Priority 2: Vertical Integration

Vertically-integrated bolt-ons driving returns



Thomas Bow

- Surfacing business based in the UK Midlands
- Acquired July 2022 for £5m
- Route to market for £9m of our construction materials
- Return on invested capital after two years: 19%

Standalone EBITDA performance

Excluding impact of
upstream contribution
£m

1.0

2022¹

Post-acquisition

1.3

2023¹

1.5

2024¹

Priority 2: Vertical integration

Significant M&A potential; varying opportunities across our products and platforms

Ready-mixed concrete

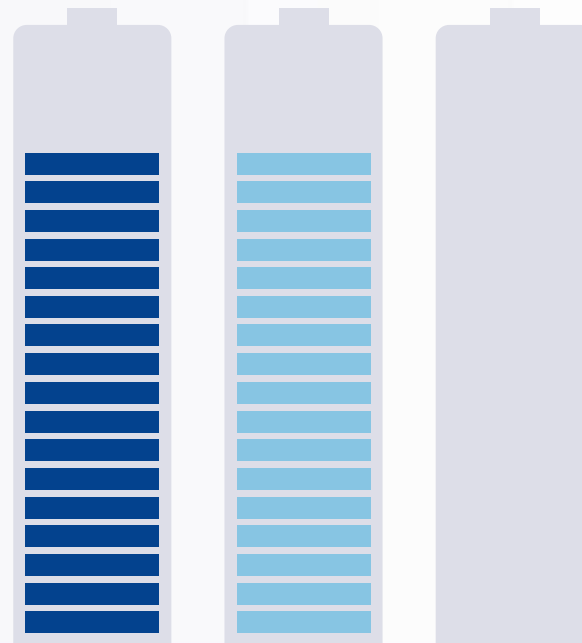


GB

Ireland

US

Asphalt and surfacing

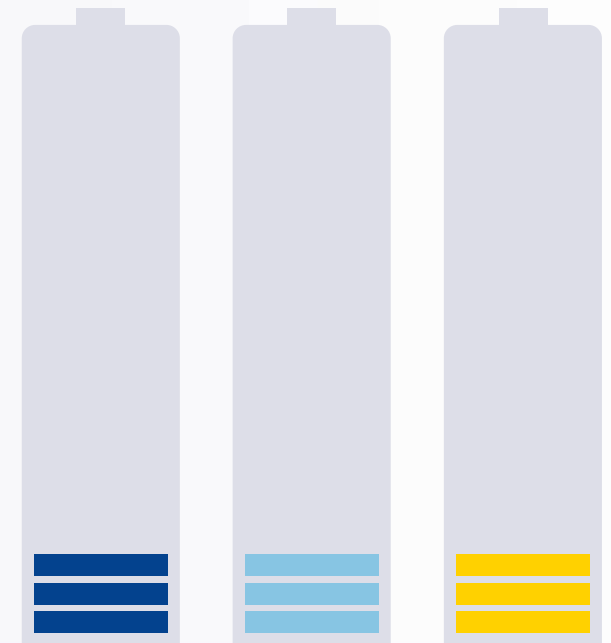


GB

Ireland

US

Building products



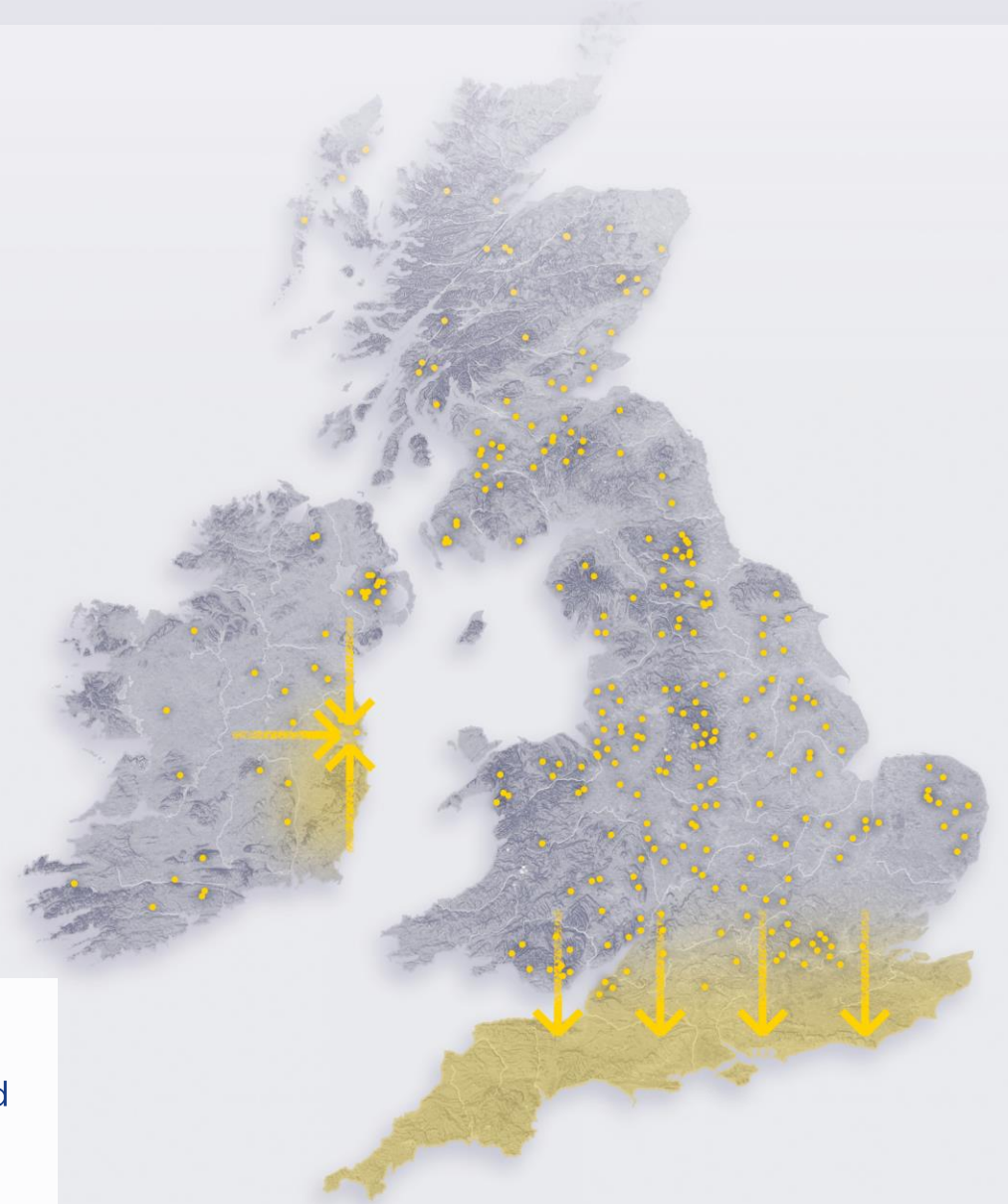
GB

Ireland

US

Priority 3: Strategic aggregates

Aggregates anywhere we are



What this looks like?

- Strategic bolt-on deals in existing or adjacent markets to grow our mineral assets, complementing organic initiatives
- Particular strategic focus on regions where we are currently underrepresented

Healthy M&A pipeline

A steady stream of opportunities

Our deal universe

Deal type	Value
Bolt-on	Up to £100m
Platform	£100m - £300m
Transformational	£300m+



Fundamental screening criteria

Pursuing transactions selectively

Markets Culture
Cash generative Growth prospects
Assets Financial track record
Synergies Products Sustainability
Innovation People Profitable



Valuation discipline

Valuation methodology underpinned by our returns requirements

Returns requirements

- IRR over project life to exceed WACC at 10% based on conservative assumptions
- Target in-year ROIC over 10% by end of second year

	EBITDA multiple
BMC	8.5x
Cemex	7.7x
Lagan	9.9x
Hope	10.0x



Significant annual deal capacity

- Access to diversified sources of debt capital, with a supportive lender group
- Growth constrained by leverage, not liquidity
- Cash generative model with compounding cash flows

**£150m to
£175m**

Breedon in the US: BMC and beyond

Andy Arnold, Managing Director United States

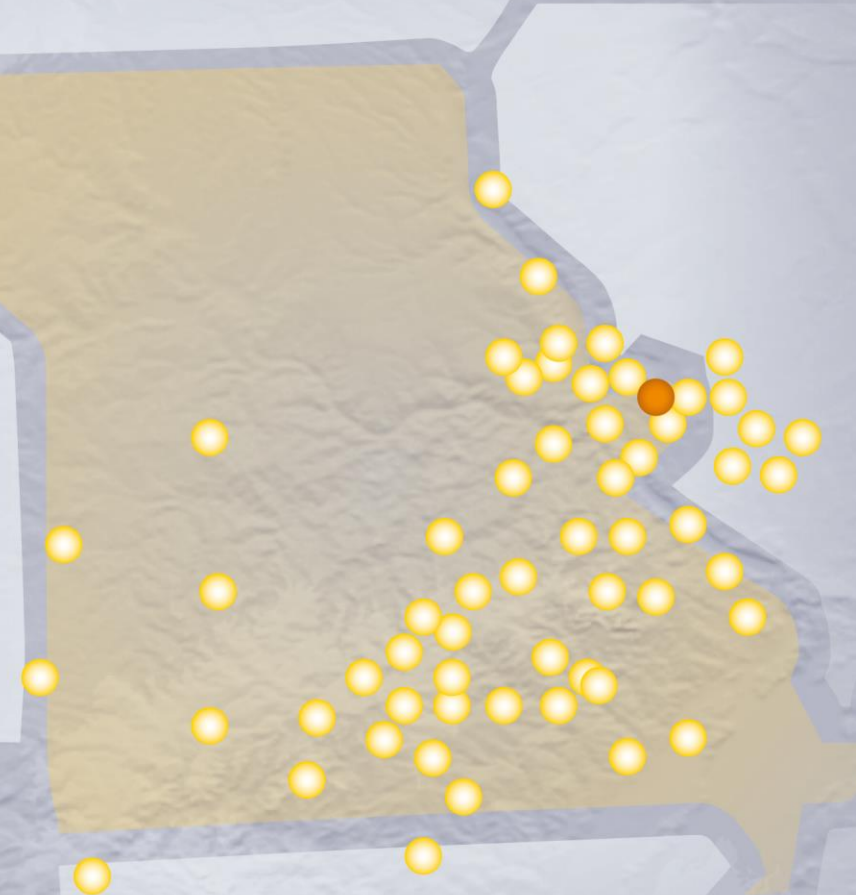


Breedon's third platform

Strong local market position

BMC replicates the Breedon model:

- Vertically-integrated model
- Operated by a first-class team
- Occupying a top three market position
- In a fragmented market
- With a diversified customer base



BMC at a glance

Vertically-integrated model operated by 580 colleagues

Product mix

Aggregates

- 2023 short tons*: c.2.8m
- No. of locations: 12
- >440m short tons* reserves and resources

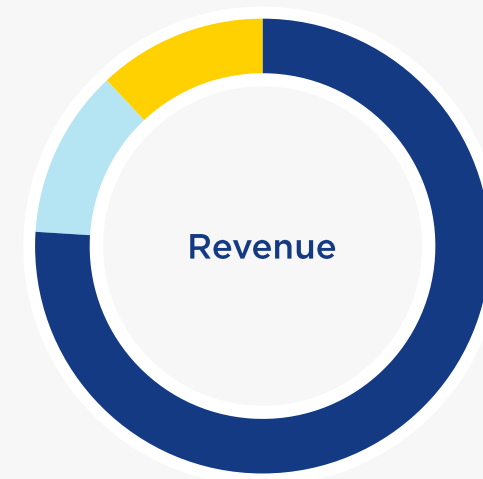
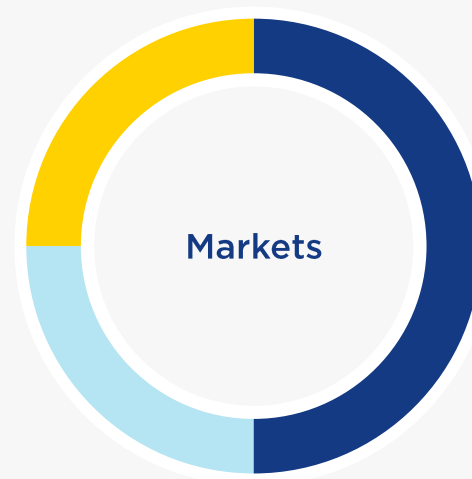
Ready-mixed concrete

- 2023 cu yd*: c.740k
- No. of plants: 44
- Highly technical team

Building products

- No. of plants: 10
- Focused on meeting customer needs

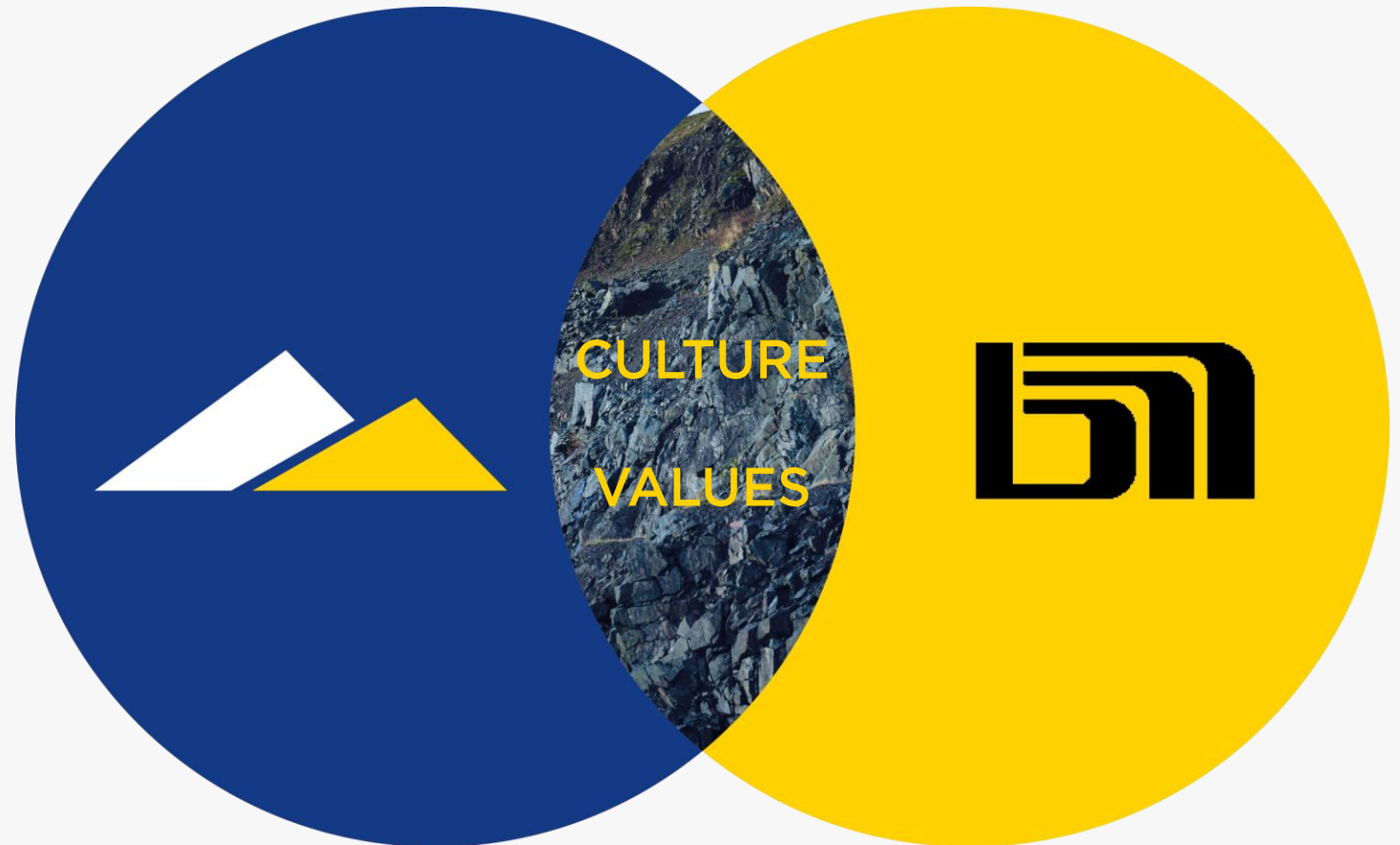
Sales mix



Close cultural alignment

Sharing the same values

- Family business heritage
- Entrepreneurial and agile
- First-class team, empowered at the local level
- Efficient decision-making process
- Investing for growth



Prioritising health, safety and wellbeing

Aligning our safety culture

- Breedon safety policy adopted
- Safety review completed
- Improvements put in place and ongoing
- Train – Reinforce – Train – Reinforce



Enhancing sustainability

Working with our suppliers to reduce our CO₂ emissions

BMC only uses lower carbon CEM II cement

CarbonCure technology

- Lowering CO₂ emissions
- Reducing cementitious materials



Software and systems:

- Optimise concrete mixes
- Ensure product quality
- Minimise fuel consumption
- Maximise profitability



A successful path of M&A

Track record of value-added transactions

2013

Base Rock
Minerals

2014

Oldcastle
Materials APAC
Eastern Missouri

2016

Lincoln County
Sand & Gravel

2017

Strack Stone
Company

2018

Mark Twain
Ready Mix

2019

Duncan Ready
Mix and
Sand & Gravel
Patriot Ready Mix

2020

Payne
Ready Mix
Tri-County
Ready Mix

2021

S&S Quarries
Stewart Concrete Products
Spencer Ready Mix
Stewart Morrison Redi-Mix
River Rock Ready Mix

2023

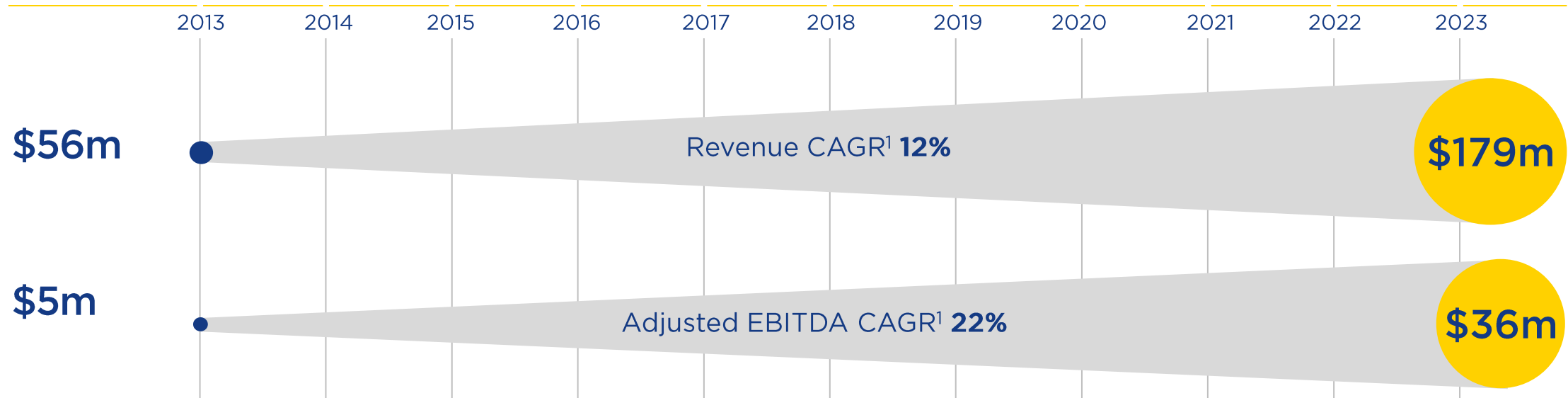
Eureka Materials
Blue Grass Ready Mix
Raineri Building Materials

2024

Building
Products

Strong track record of growth

Familiar profile



Note: BMC financials are unaudited and have been prepared under US GAAP.

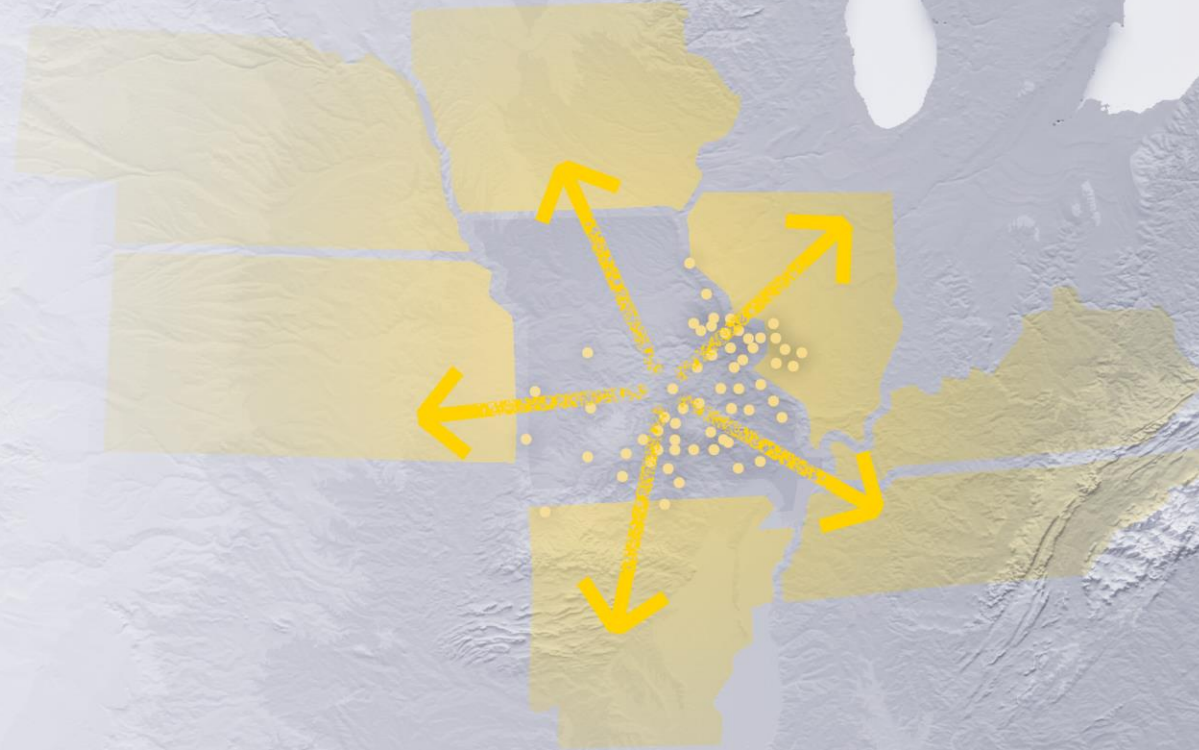
1. CAGR: Compound annual growth rate 2013-2023.

US beachhead for growth

Expanding into target states

Our growth priorities

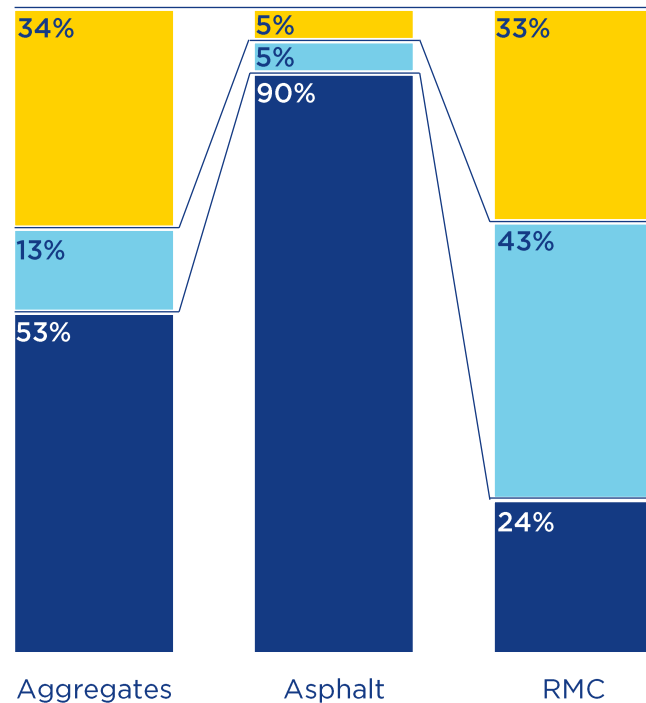
- Aggregates-led vertical integration opportunities
- Diversify end-market exposure and product mix
- Strengthen existing market positions
- Expand regional footprint



Attractive Midwest end-markets

End-markets supported by long-term structural growth drivers

Midwest heavy materials consumption 2023



Residential:

- Long-term growth in population
- Structural housing undersupply

Non-residential:

- Investment in data and distribution centres
- Re-shoring driven by CHIPS and Science Act

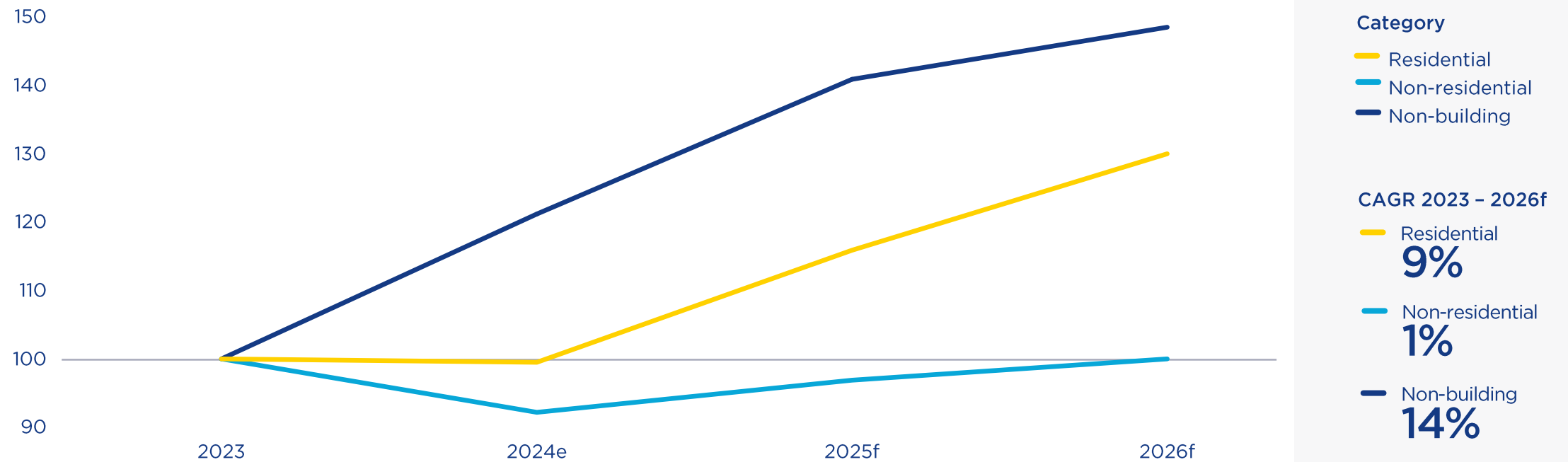
Non-building:

- Structural underinvestment in infrastructure
- Government funded IJIA* infrastructure investment

Note: *Infrastructure Investment and Jobs Act

All Midwest end-markets forecast to grow

Growth expected in all segments



Source: ConstructConnect

Target markets: Aggregates production >2x GB

GDP comparable

**Demand
2023**

Nebraska
21m

Kansas
31m

Iowa
50m

South Illinois
19m

Kentucky
71m

Missouri
100m

Arkansas
42m

Tennessee
73m

Midwest
408m
short tons

**GDP
2023**

Midwest
\$3.2trn¹

1. Midwest GDP includes Illinois state

UK
\$3.5trn

Great Britain
178m
short tons

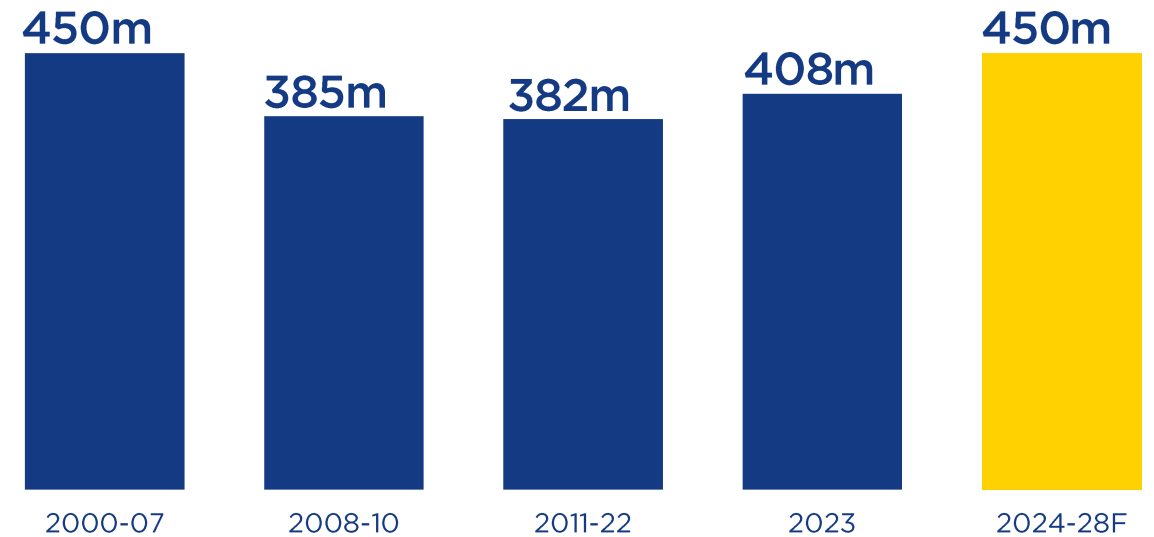
Rising Midwest materials consumption

Returning to pre-global financial crisis levels



Midwest average aggregates consumption p.a.

Short tons



Asphalt ton	N/A	46m*	45m	52m	59m
RMC cu yd	61m	45m	50m	58m	61m

Note: * Average for 2009 and 2010

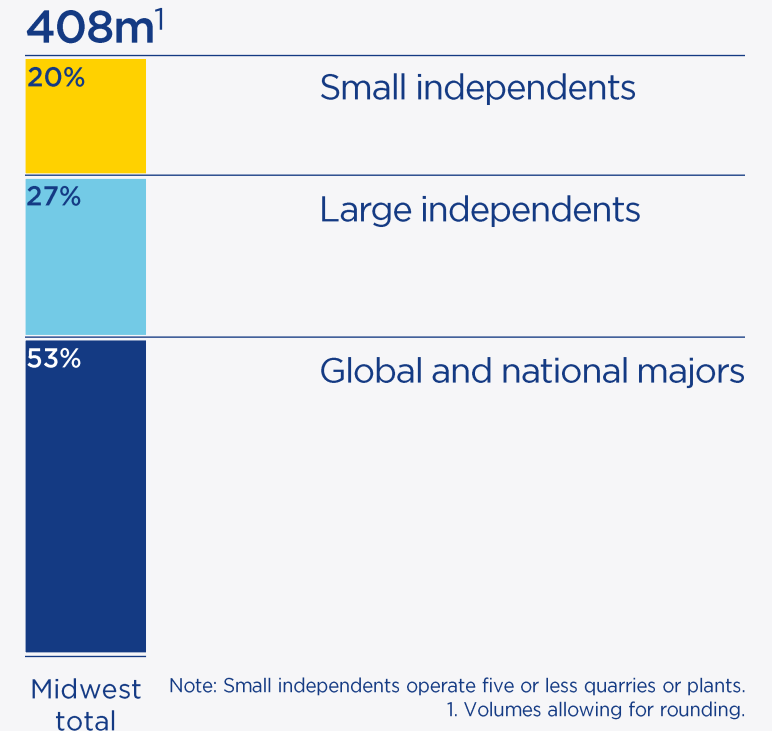
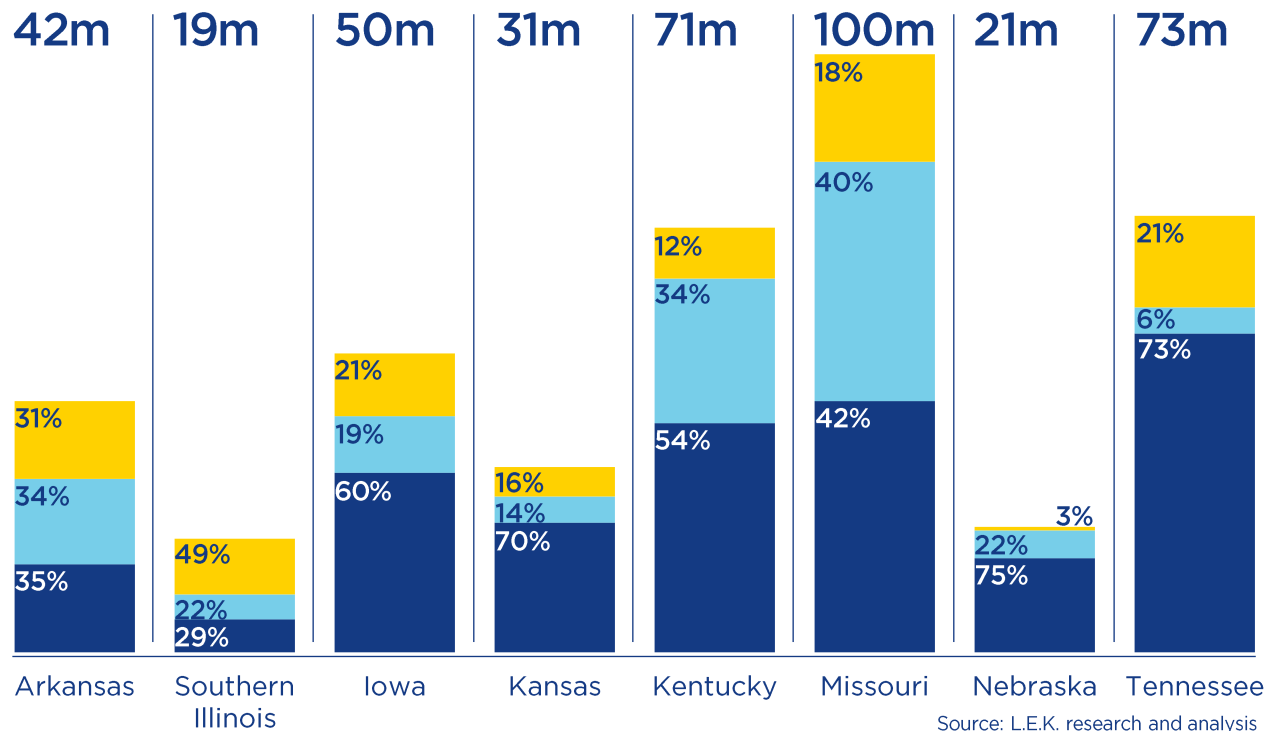
Source: USGS; NAPA; FMI; Woods & Poole, NRMCA; L.E.K. research and analysis

Significant Midwest consolidation opportunity

Over 200 independent aggregates producers

US Midwest aggregates producer landscape

Estimated 2023 production (Million short tons)

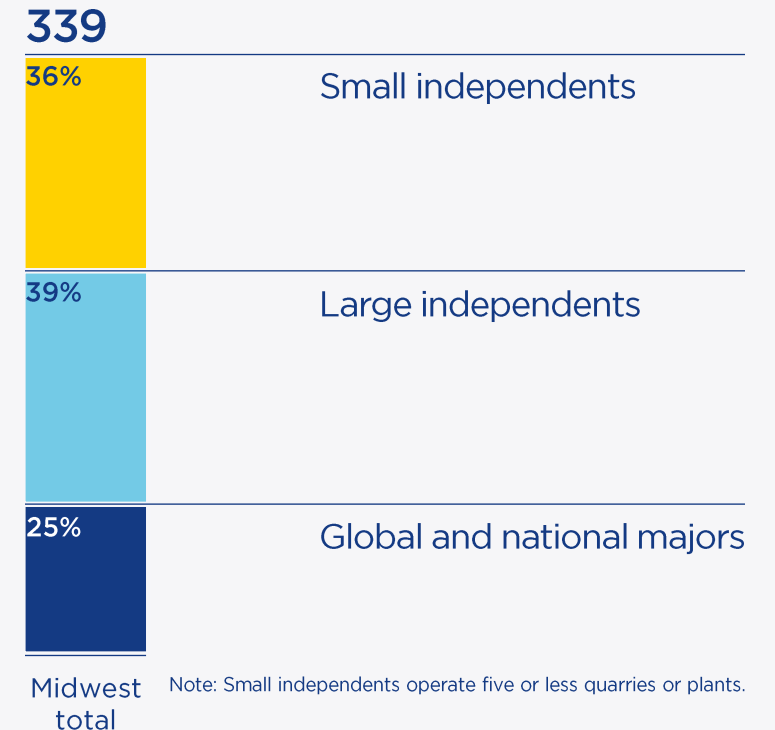
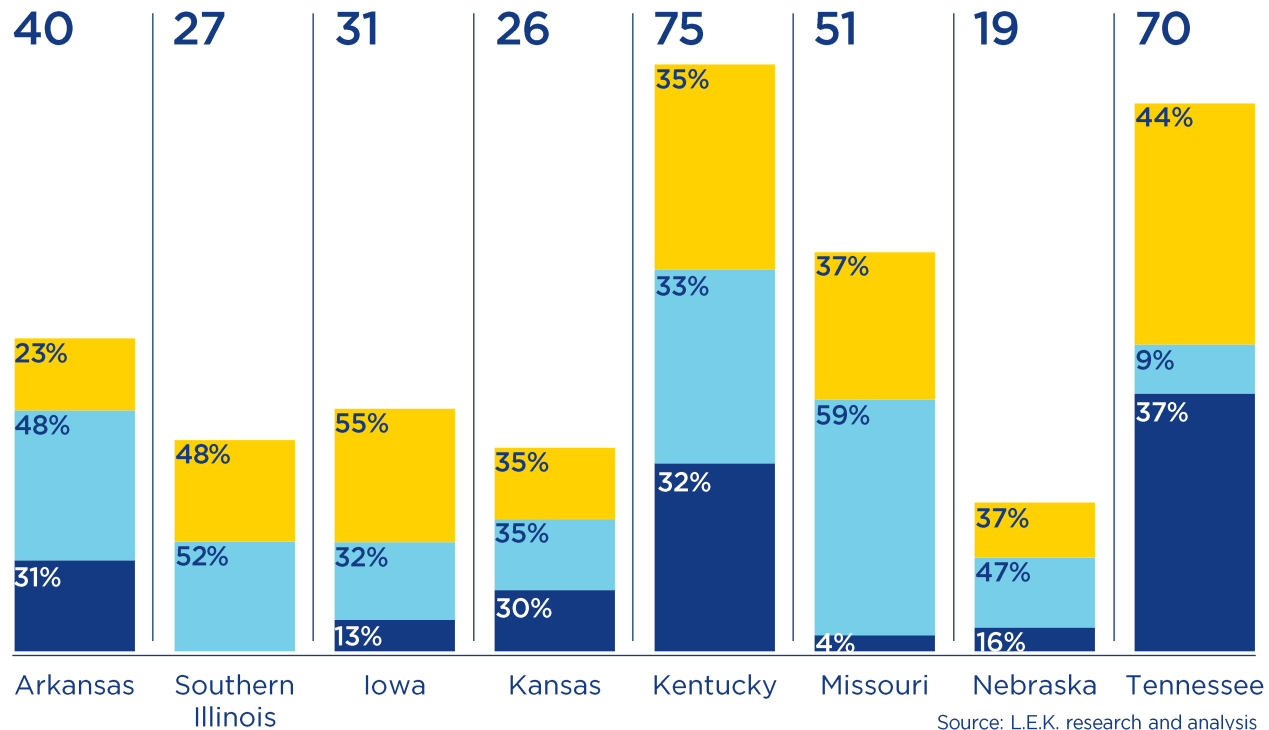


Opportunity to diversify into asphalt

Asphalt market dominated by independent producers

US Midwest asphalt producer landscape by state

Number of asphalt plants

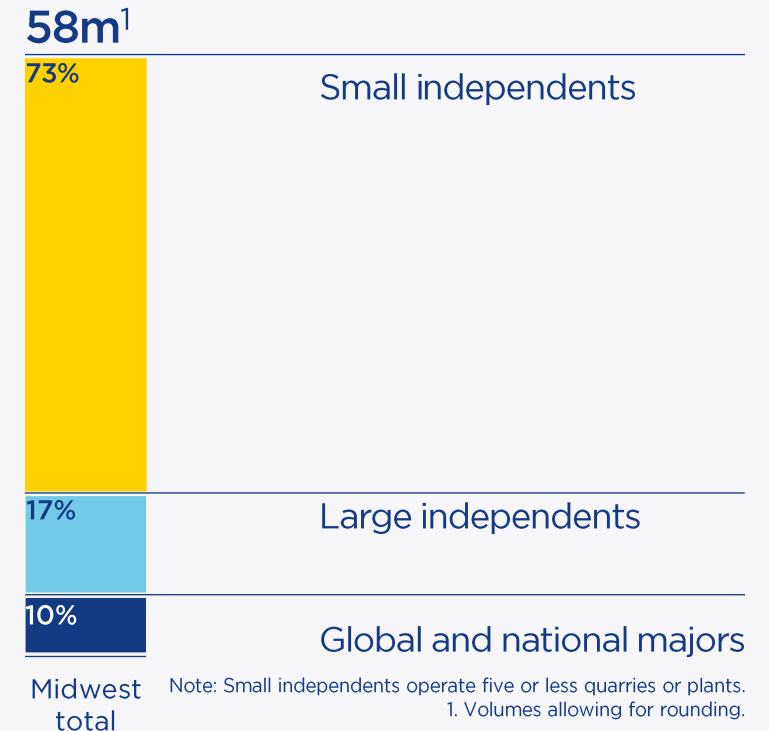
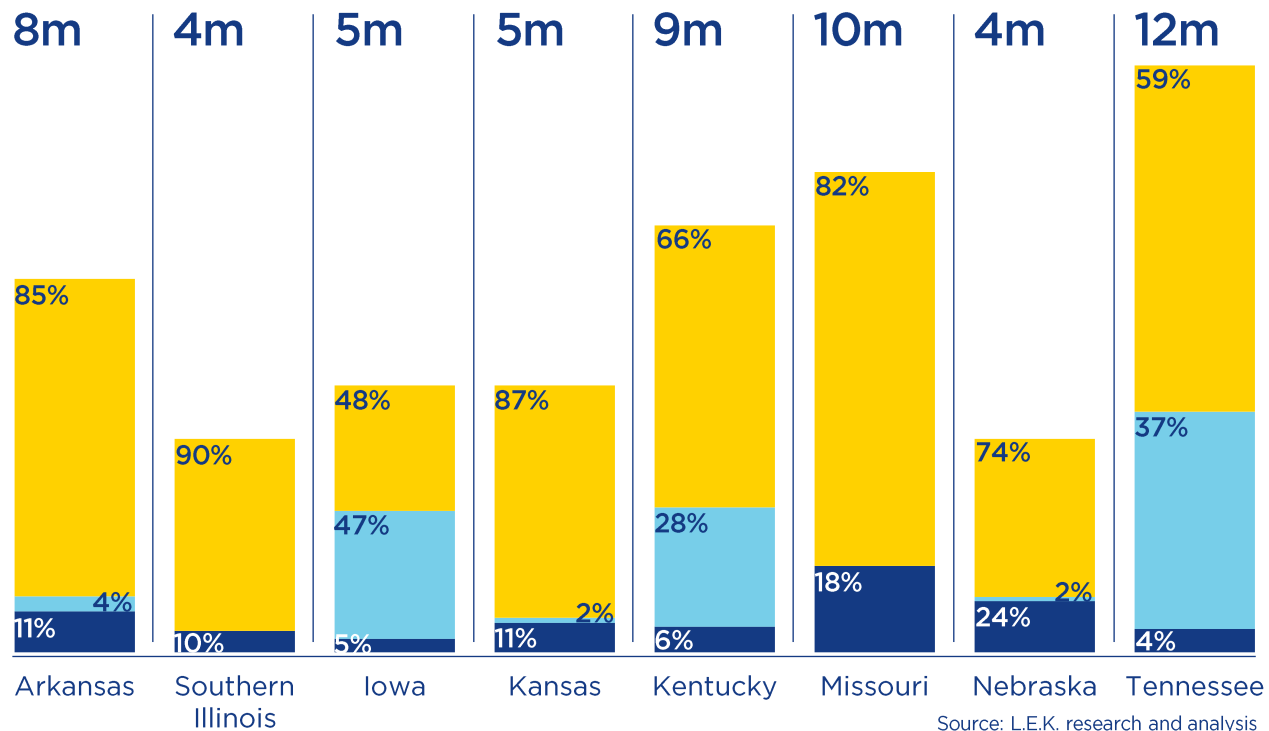


Ready-mixed concrete remains highly fragmented

Less than 10% produced by the majors

US Midwest ready-mixed concrete supplier landscape by state

Estimated 2023 production (Million cubic yards)



The US opportunity in the next decade

Equivalent to GB and Ireland

1925

F.E. Breckenridge
Material company
founded

2013-2023

17 acquisitions
Strong management
team established

Healthy balance
sheet maintained

2024

Rapid integration
Bolt-on acquisition
delivered

Enhancing safety
practices

2025-2035

Organic growth
Enlarged geography
to cover Midwest

Consolidation within
current states

**Scale
equivalent
to GB and
Ireland**

Financial framework: Thoughtful capital allocation

James Brotherton, Chief Financial Officer



Connecting strategy to capital allocation

Financial framework provides strategic flexibility

EXPAND



IMPROVE

FINANCIAL FRAMEWORK



Balance growth with returns and profitability



Responsible leverage and strong balance sheet

CAPITAL ALLOCATION CONSIDERATIONS



Linked to strategy and sustainability



End market demand and scenario analysis



Investment consideration and evaluation



Optimal capital structure



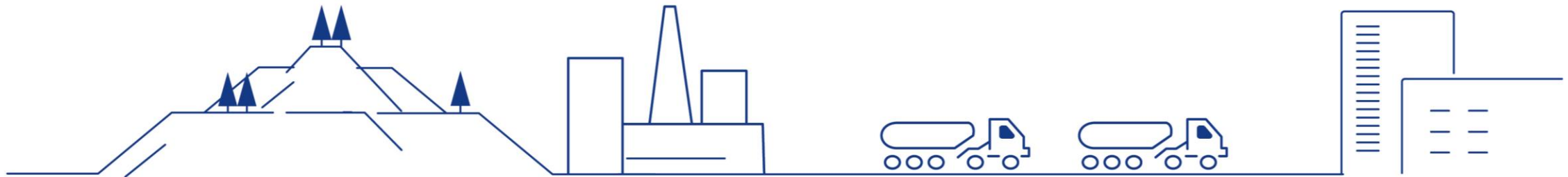
Portfolio and capital priorities



Create sustainable stakeholder returns

Our capital allocation model

Investment as a differentiator through the cycle



Maximise value through capital deployment

Thoughtful capital deployment

Investment opportunities

ORGANIC
M&A

Reserves and resources

Business investment

Bolt-on

Platform

Transformational

Strategic objectives

Profitable growth

Returns on capital

Strong balance sheet

Excess capital

Dividends

40%
payout ratio

Debt reduction

1.6x
Covenant Leverage¹

1. Company compiled consensus expectation 20 November 2024.

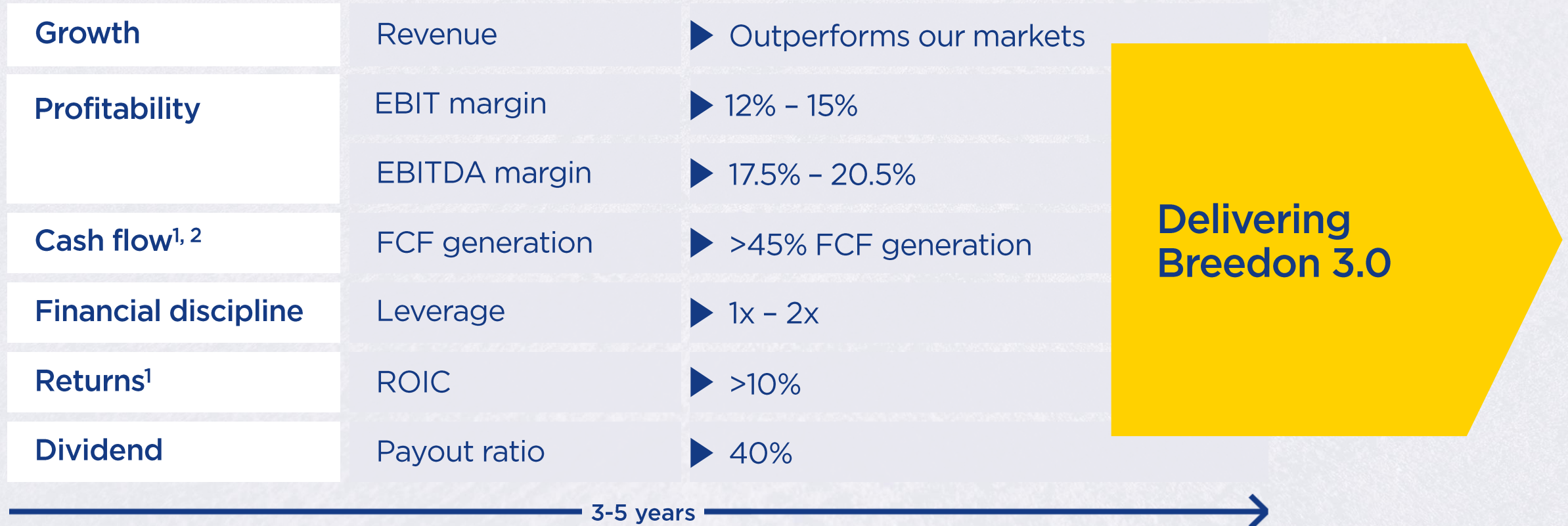
Delivering our strategy

Our progress over the past three years

Target	Outcome	Target	Outcome
Growth Outperform our markets	✓	Financial discipline Covenant Leverage 1x - 2x	✓
Profitability EBIT margin 12% - 15%	✗	Returns ROIC >10%	✓
Cash flow FCF conversion >50%	~	Dividend Payout ratio 40%	✓

Our evolving financial framework

Financial metrics aligned to our strategy



1. Post-tax measure.

2. Free cash flow before exceptional capital expenditure.

Summary and closing remarks

Rob Wood, Chief Executive Officer



Evolving Breedon 3.0

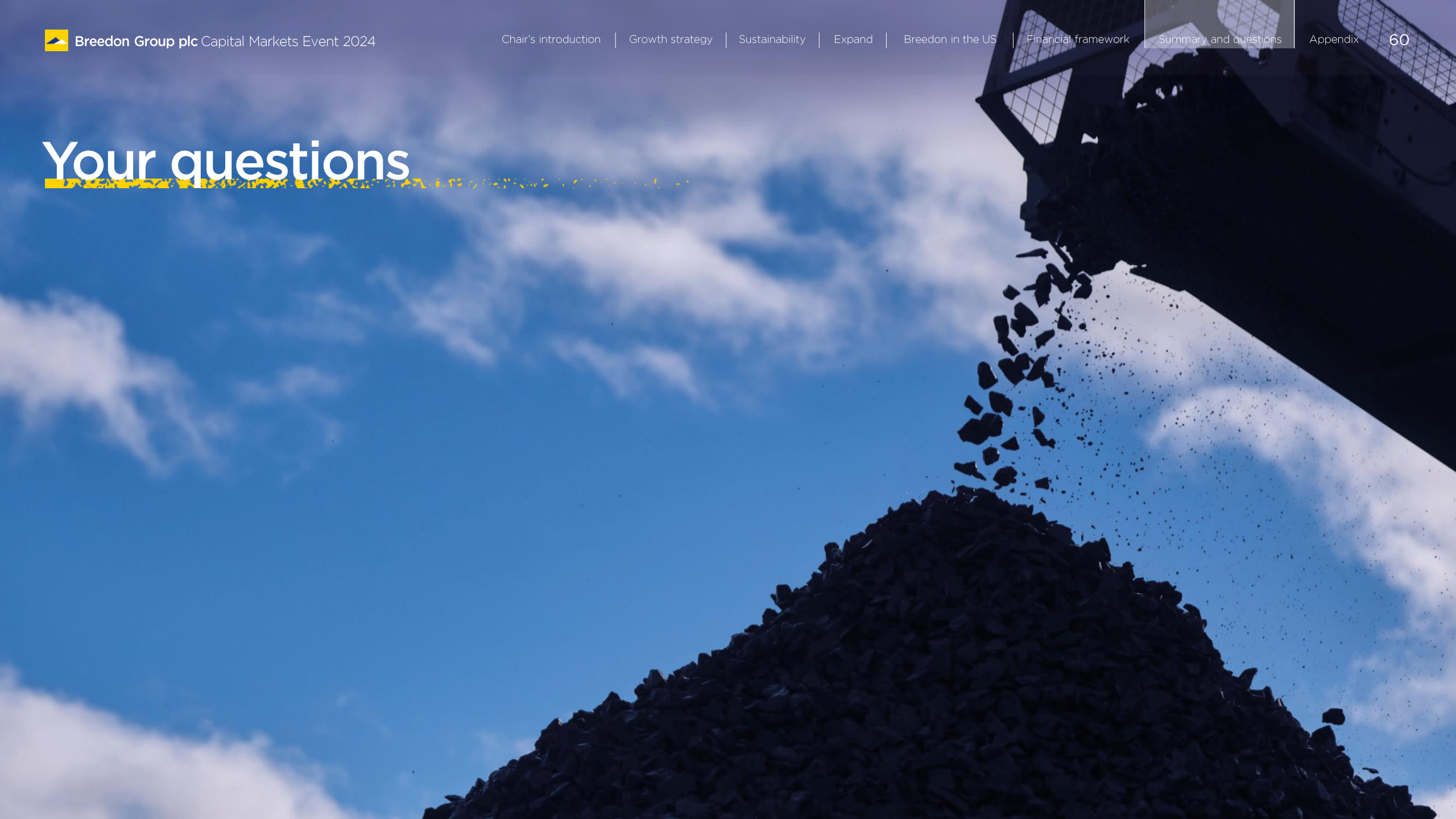
Summary and closing remarks

EXPAND

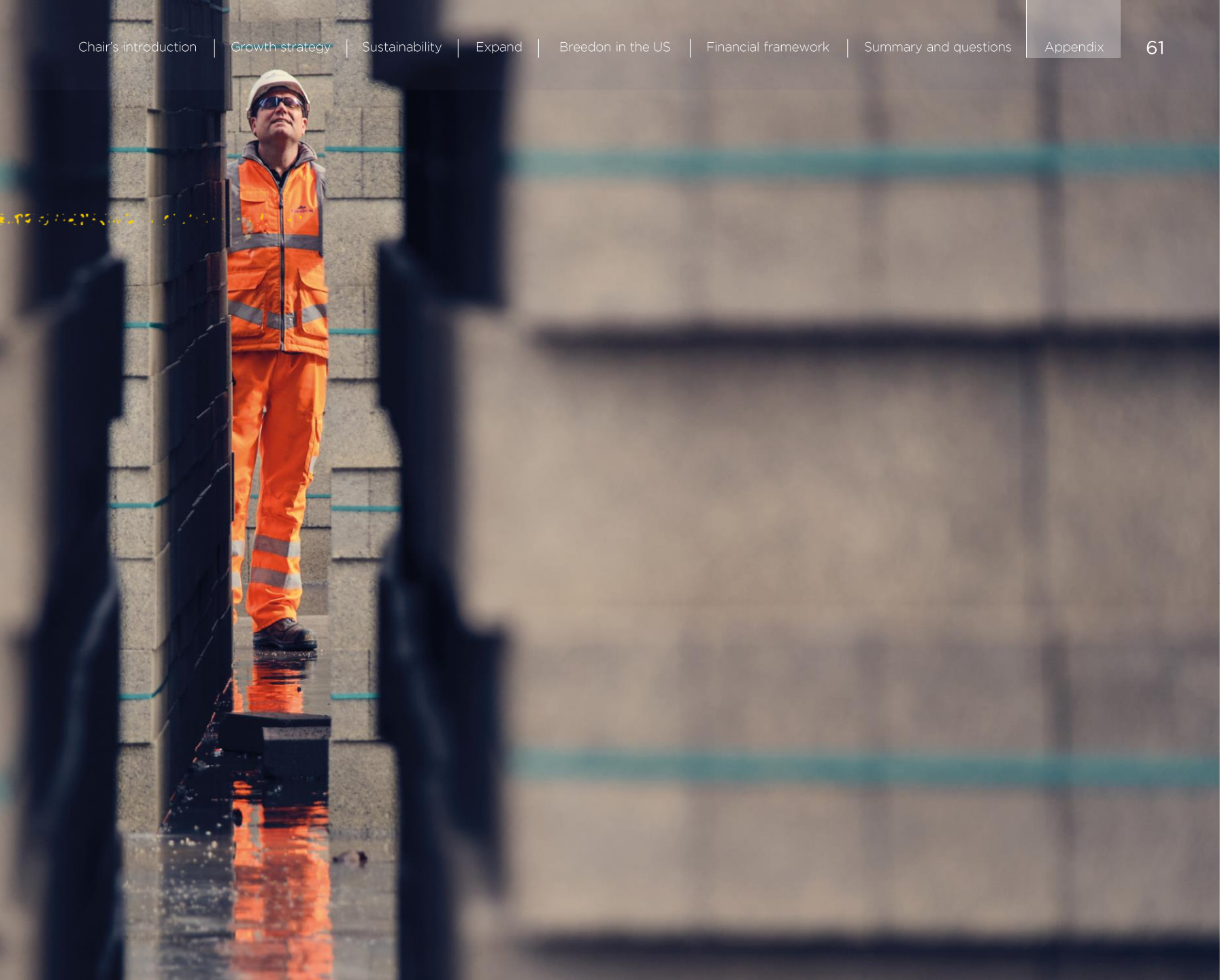


IMPROVE

Your questions

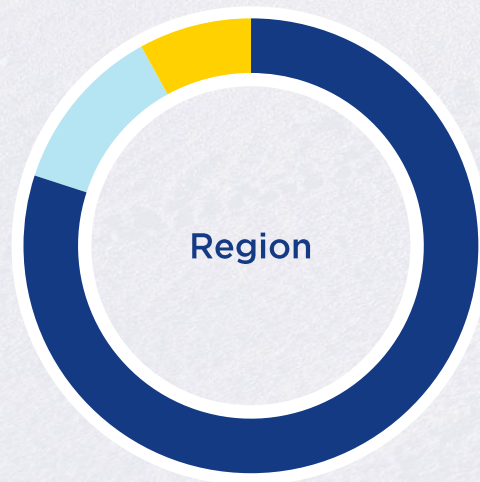


Appendix

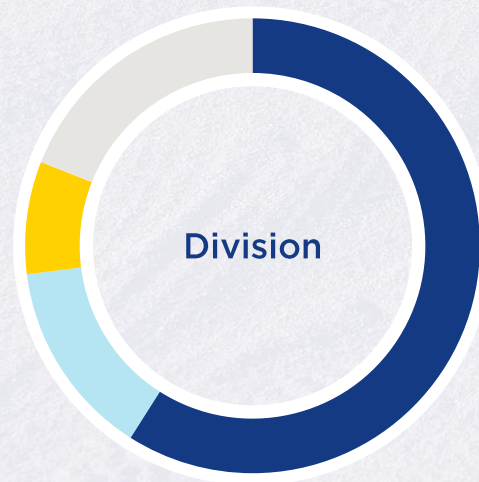


Breedon proforma* 2023

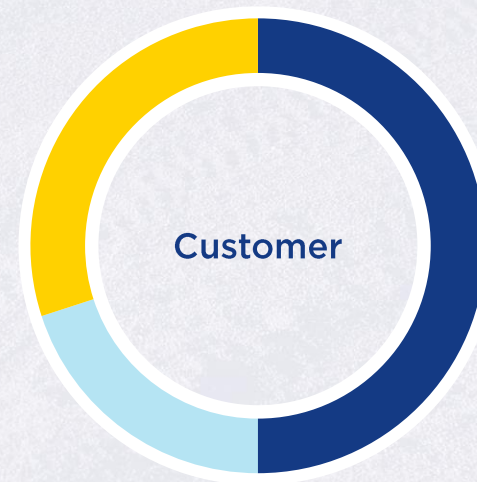
Sales mix



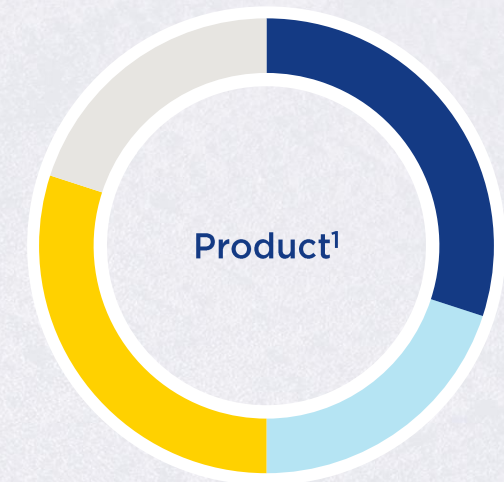
■ UK	80%
■ RoI	12%
■ US	8%



■ Great Britain	59%
■ Ireland	14%
■ US	8%
■ Cement	19%



■ Infrastructure	c.50%
■ Residential	c.20%
■ Industrial & commercial	c.30%



■ Aggregates	30%
■ Cement	20%
■ Ready-mixed concrete	30%
■ Asphalt	20%

Note: * See glossary for definition.

1. Product data excludes surfacing, building products and other.

Our Five Alive rules

Our goal is simple ...
everyone goes
home safe and well.
Our Five Alive rules
must be followed
at all times.



1 Lead by example

To be a leading,
vertically
integrated,
international
construction
materials group



2 Challenge others

Promote health,
safety and
wellbeing by
intervening



3 Use correct equipment

Use the right
tools, methods
and PPE for the
task



4 Observe safety control measures

Do not tamper
with safety
measures



5 Arrive fit for work

Focus your mind
and body on the
task at hand

Making a material difference

Vision

To be a leading, vertically-integrated, international construction materials group

Purpose

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

Values

To adopt clear authentic behaviours to ensure long-term success



Glossary

CCS	Carbon capture and storage	Proforma	Reported numbers for 2023, restated to include the impact of the BMC acquisition as though it had been completed on 1 January 2023.
CEM II	CEM II limestone cement; consists of clinker, minor additional constituents and up to 20% of limestone which reduces the product's carbon intensity. Referred to as Type 1L in the US.	RMC	Ready-mixed concrete
Covenant Leverage	Leverage is defined by the Group's banking facilities. This excludes the impact of IFRS 16 and includes the proforma impact of M&A	RoI	Republic of Ireland
Cubic metre/ cubic yard	One cubic metre is equal to 1.3 cubic yards	ROIC	Post tax return on Invested Capital for the previous twelve months
EBIT	Earnings before interest and tax which equates to profit from operations	Social value	The benefits an organisation creates that go beyond financial profit, including economic, environmental, and social wellbeing, measured using the Impact Evaluation Standard, a framework of metrics aligned with both the government's social value model and the UN Sustainable Development Goals
Free cash flow	Free cash flow before exceptional capital expenditure	SBTi	Science Based Targets initiative
GB	Great Britain	Tonnes / Tons	One metric tonne is equal to 1.1 US short tons
GDP	Gross domestic product	Underlying EBITDA	Earnings before interest and tax, depreciation and amortisation, non-Underlying items and before our share of profit from associates and joint ventures
Group	Breedon and its subsidiary companies	UK	United Kingdom (GB and NI)
Invested capital	Net assets plus Net Debt	US	United States
Ireland	The Island of Ireland	WACC	Weighted average cost of capital
Leverage	Net debt expressed as a multiple of Underlying EBITDA		
Like-for-like	Like-for-like reflects reported values adjusted for the impact of acquisitions, disposals		

Forward looking statement

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