

Introduction to Breedon Group plc

Summer 2024



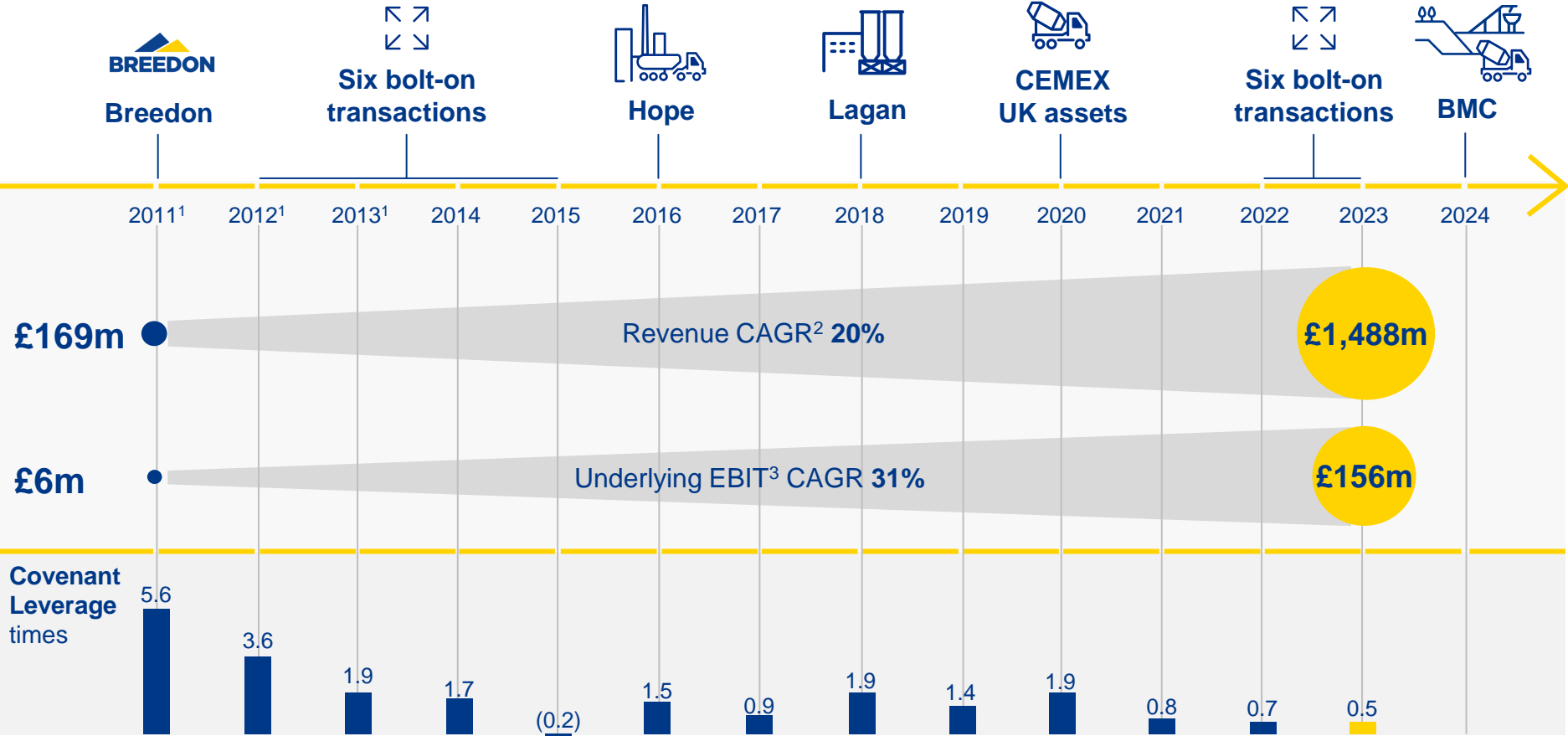


Breedon introduction

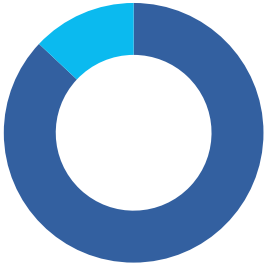
We are making a material difference



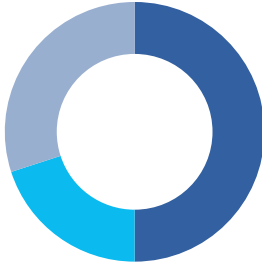
Track record of sustainable growth



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.



● UK 87% ● RoI 13%



● Infrastructure c.50%
 ● Housing c.20%
 ● Industrial, Commercial and Other c.30%

Vertically-integrated model

Growing profitably. Maximising returns

Maximising value from quarry to customer

- Drawing material through the model enhances margins and returns

Supplying local markets driven by regional dynamics

- Local sales and distribution mirrors the local market
- Teams empowered to make timely entrepreneurial decisions

Buy and build platform

- Rigorous land management and extensive mineral planning pipeline
- Organic investment enabled by our healthy balance sheet
- Footprint enhanced through acquisition
- Trusted owner of assets with an active M&A pipeline



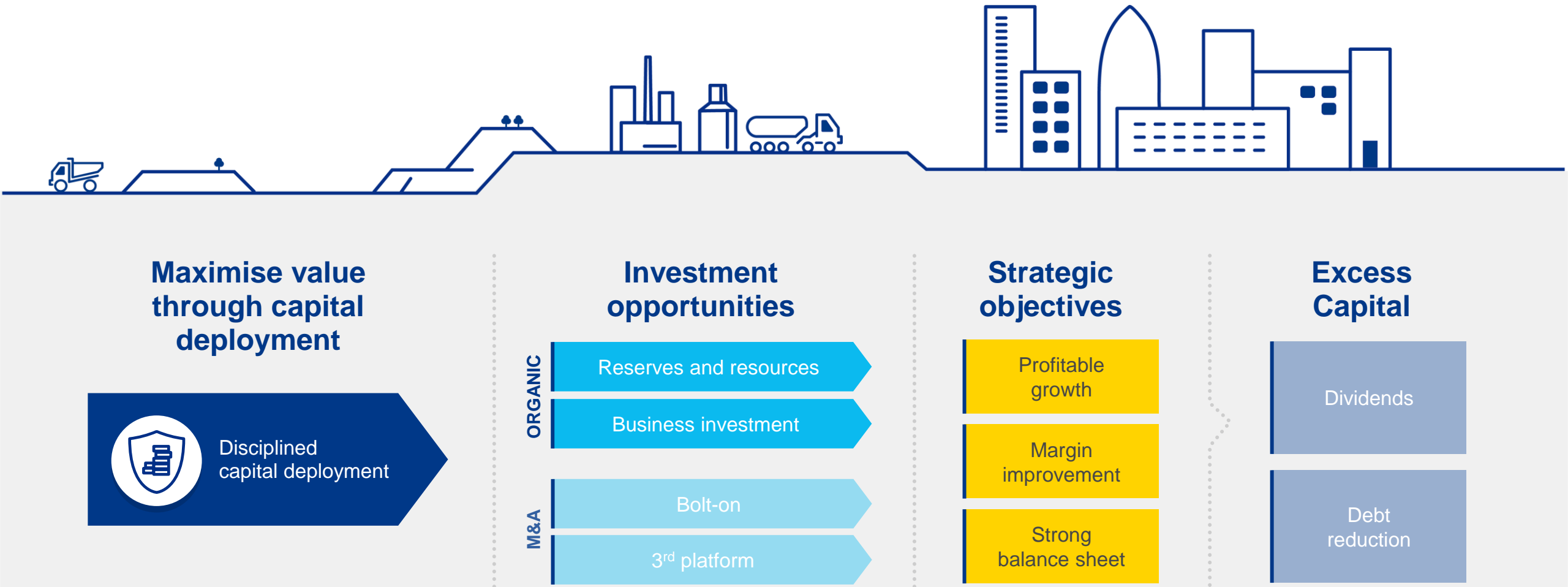
BMC

- 75 locations across Missouri, Illinois and Arkansas
- Supplying ready-mixed concrete, aggregates and building products
- c.400m tonnes of mineral reserves and resources

Investment as a differentiator



Thoughtful approach to capital allocation





Financial update

Interim results - July 2024

Resilient performance



Trading and Outlook



- **Resilient performance**
 - Impact of wet conditions felt across the Group and market conditions weakened in GB
 - Strong tendering season in Ireland, successful US entry
 - Kept close to our customers, accelerated drive for efficiencies and invested for growth
- **Good progress on strategic priorities**
 - Expand; US third platform and GB bolt-ons delivered
 - Sustain; evolved our safety commitments, awarded first CDP ratings, progressed decarbonisation projects
 - Optimise; implemented quarry improvement programme
- **Management expectations¹ for 2024 are unchanged**

Highlights



- GB; resilient performance in a challenging market, affected by wet weather. Pricing fully offset input cost increases and surfacing business performed well
- Ireland; strong tendering season, robust pricing and operating leverage produced strongest first half since acquisition
- US; integration progressing well, volumes and pricing favourable, maiden contribution ahead of plan
- Cement; first half reflected challenging GB market, exposure to concrete and impact of operating leverage on lower volumes. Exceptional kiln reliability maintained

Notes:

1. Company compiled consensus can be found on the Breedon IR website Analysts & consensus estimates - Breedon (breedongroup.com); FY24 consensus mean Underlying EBIT including associates and joint ventures of £172m.

2024 interim financial highlights



Strategic progress delivers a resilient financial performance

Revenue

£764.6m

HY 23: £742.7m



+3%

Revenue
growth

Underlying EBIT

£71.6m

HY 23: £70.5m



9.4%

Margin
HY 23: 9.5%

ROIC

8.8%

HY 23: 10.0%



22.4%

Effective
Tax Rate
HY 23: 20.3%

Free Cash Flow

(£9.6)m

HY 23: £20.8m



£40.9m

Net capex
HY 23: £31.9m

Net Debt

£472.3m

HY 23: £220.4m



1.6x

Covenant
Leverage
HY 23: 0.7x

Interim Dividend
per share

4.5p

HY 23: 4.0p



+13%

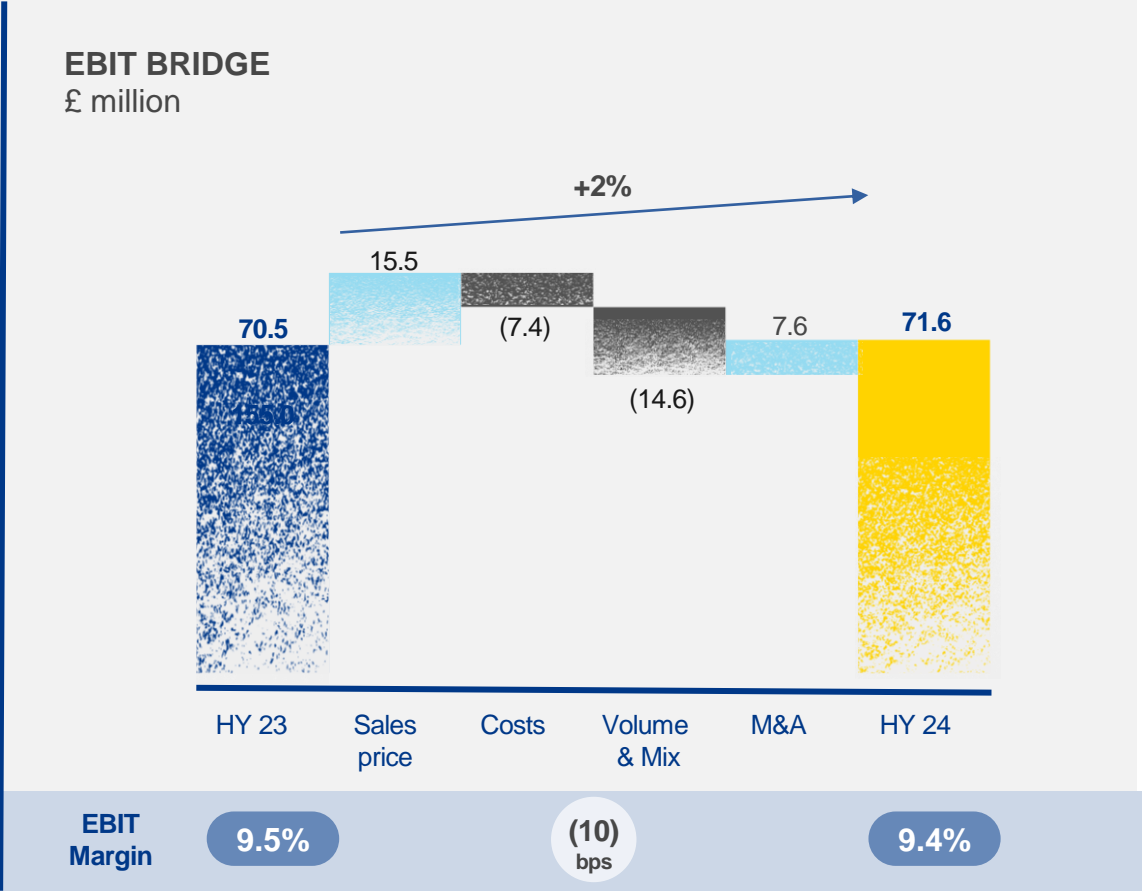
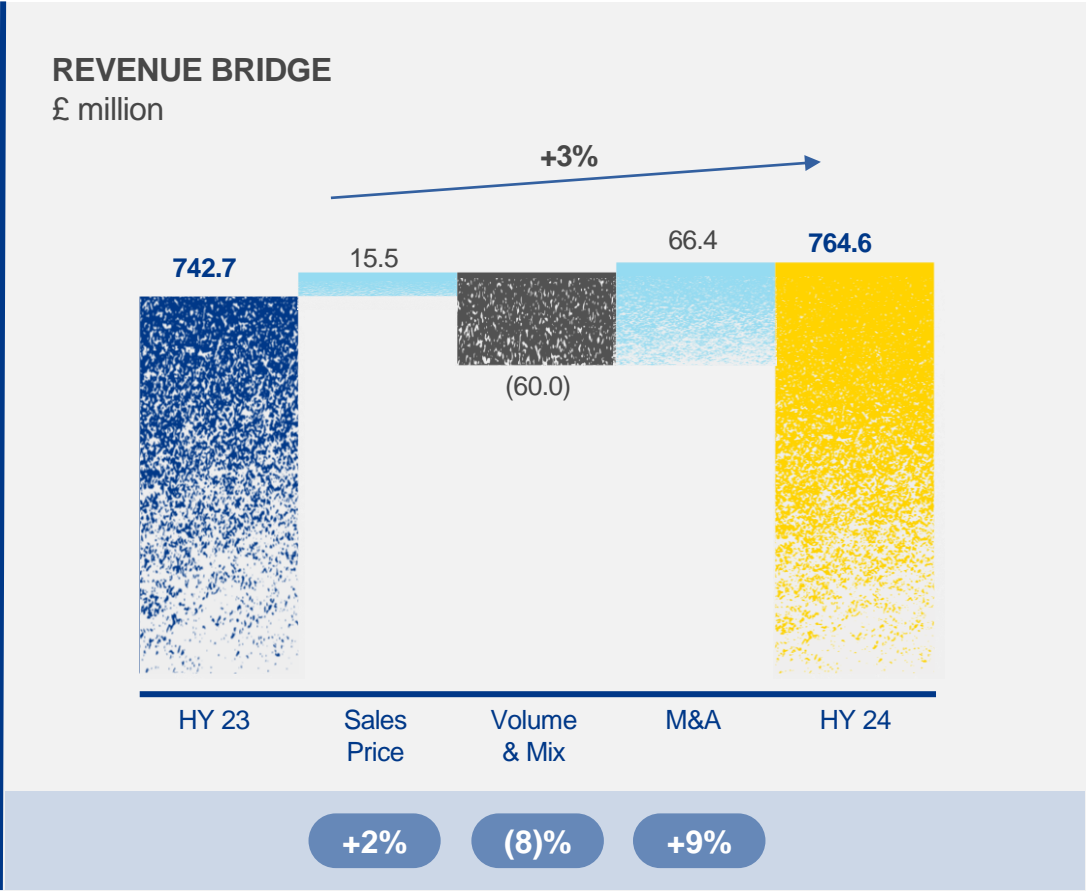
Dividend
growth

Notes: **Underlying** results are stated before acquisition-related expenses, property gains and losses, amortisation of acquisition intangibles, AIM to Main Market costs (2023 only) 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.

H1 2024 Revenue and EBIT bridges

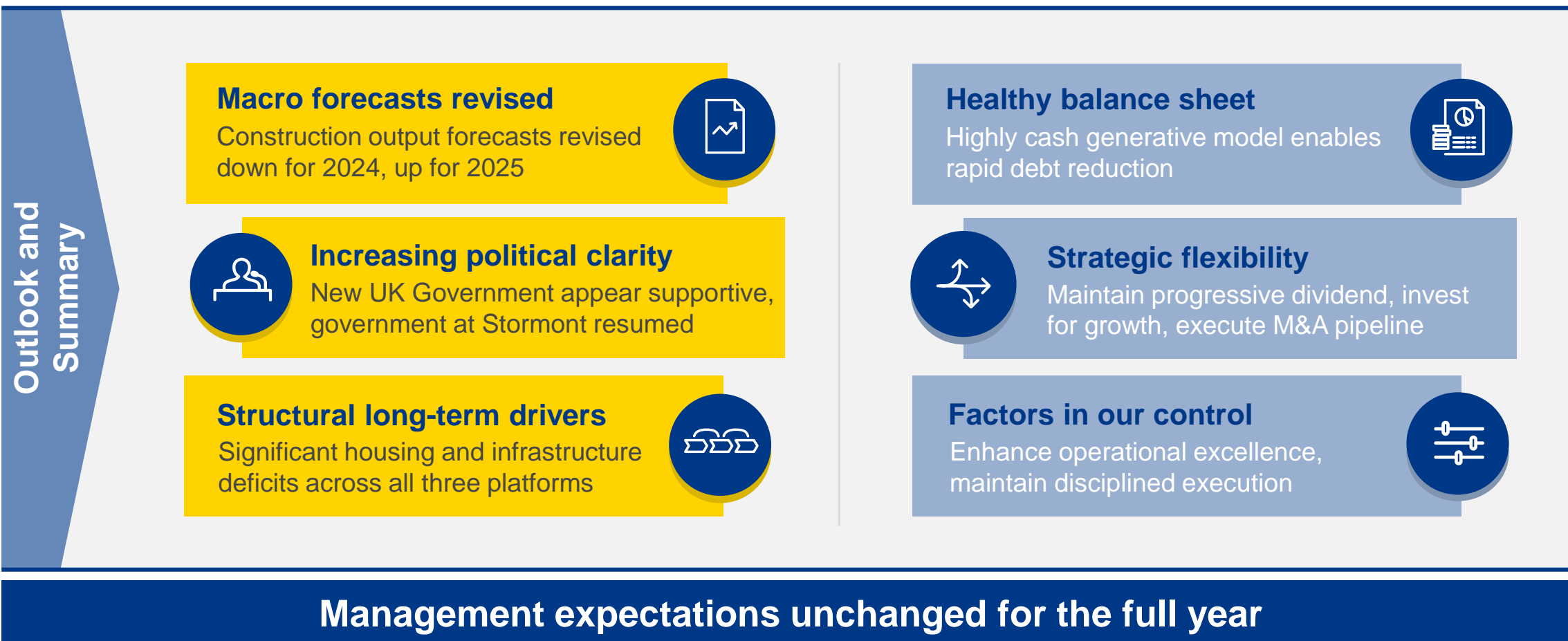


Third platform and pricing offset volume headwinds



Economic and political landscape stabilising

Growth expected in all markets from 2025



Source: CPA & Euroconstruct macroeconomic forecasts.



\$300m Acquisition of BMC Enterprises inc.

Building a third platform

Replicating the Breedon model



Market with long-term growth prospects

A robust legal system



A reliable planning regime

A benign local culture



With minimal political risk

**Confidence in
replicating the
Breedon model
in a
third platform**



The US opportunity



High relative growth and highly fragmented

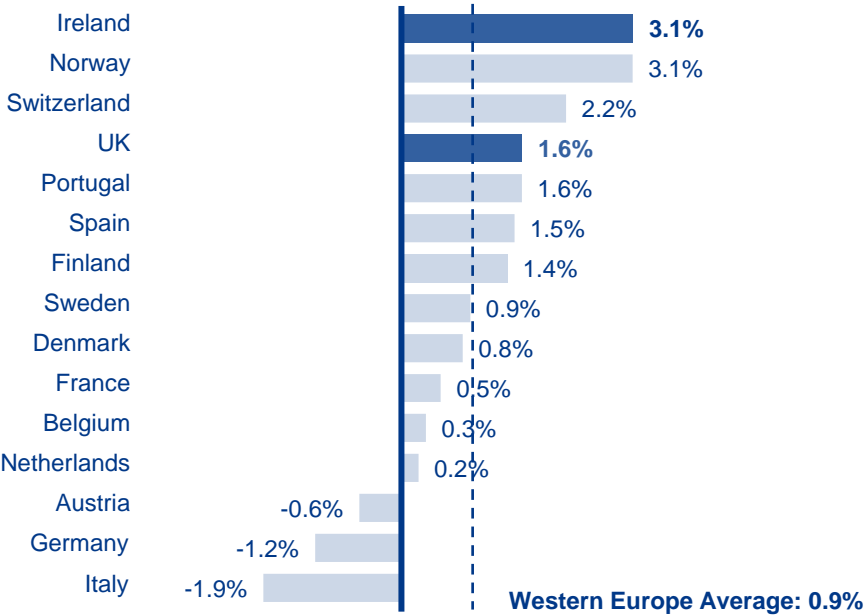
Construction Starts (US)

\$ volume growth; 2023A-2026E CAGR

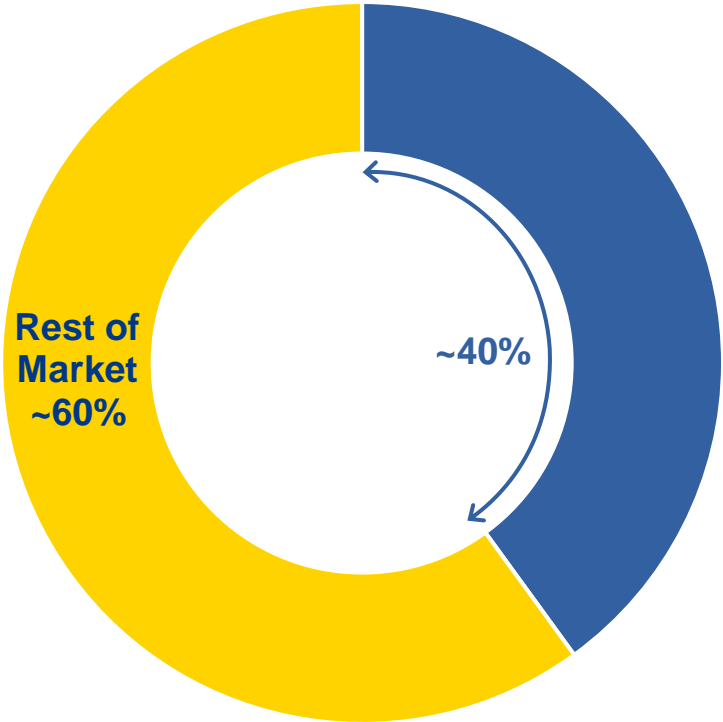


Total Construction Output (Europe)

Real growth; 2023E-2026E CAGR



● Active Markets ● Other Markets



US market remains highly fragmented

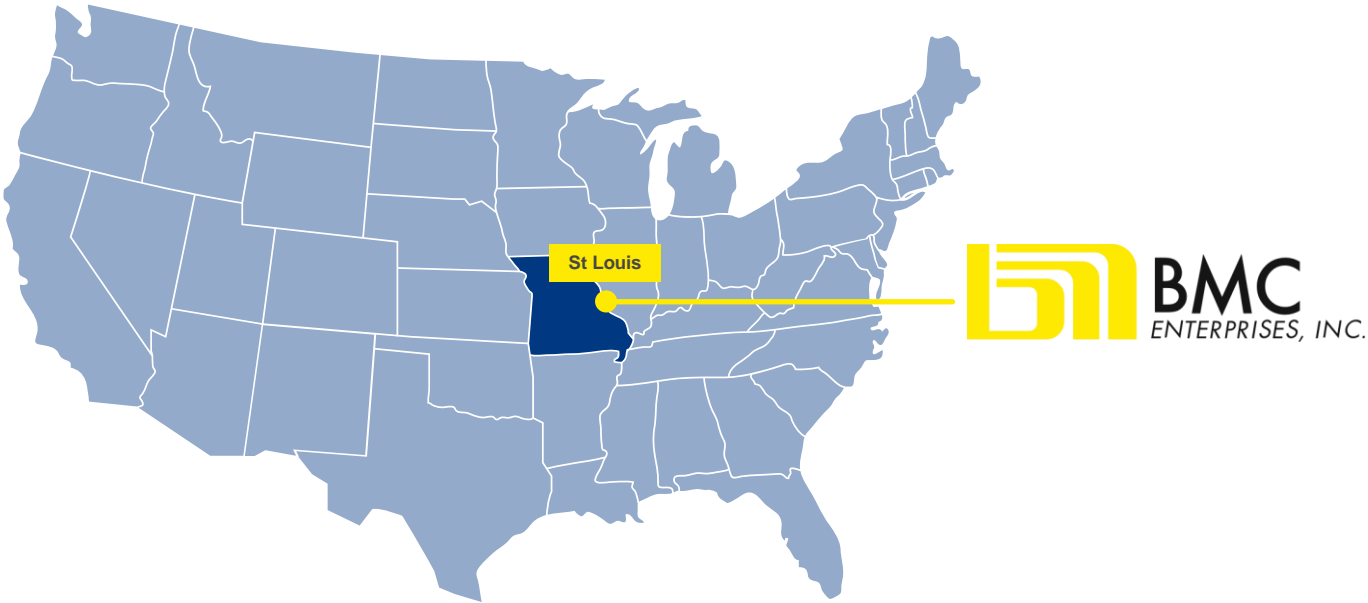
Top 10 comprising global and domestic majors have c.40% market share

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

Source: Moelis

BMC at a glance

The beachhead for our US platform



Ready-mixed concrete

2023 m³: c.740k
Number of Plants: 44

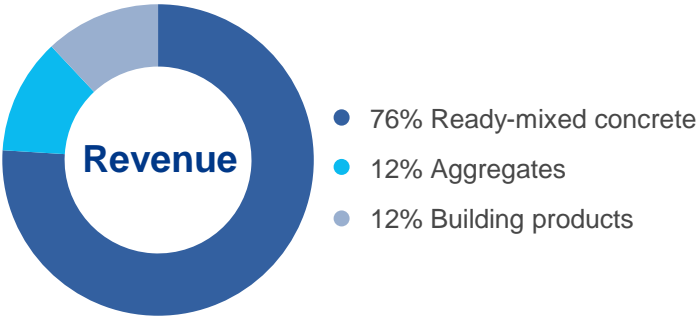
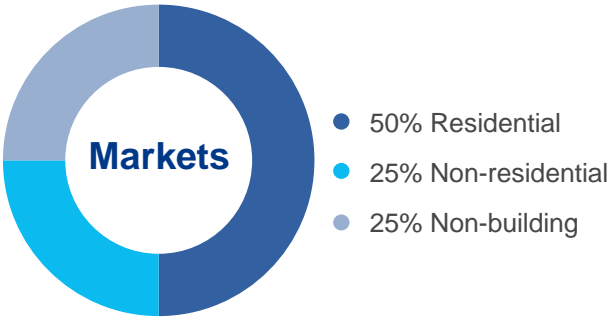
Aggregates

2023 tonnes: c.2.8m
Number of Locations: 12
c.400m tonnes reserves and resources

Building products

Number of Plants: 9

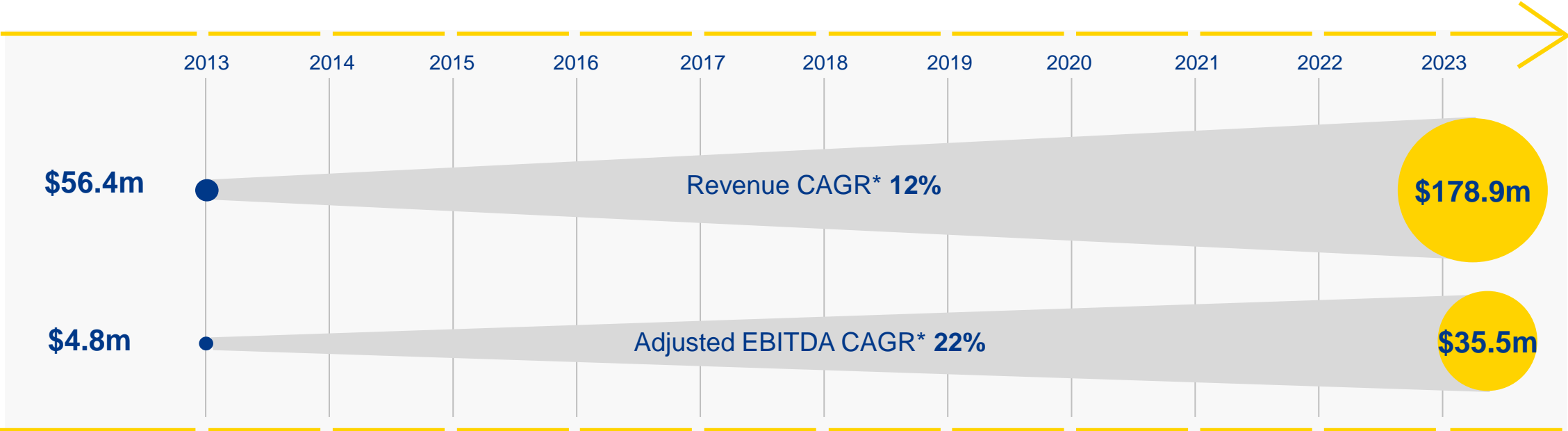
Sales mix



BMC's growth track record



A familiar profile



Note: BMC financials are unaudited and have been prepared under US GAAP.
* CAGR: Compound Annual Growth Rate 2013-2023

The BMC team



Experienced Management who have grown the business



Andy Arnold
CEO

29 years of concrete and
aggregates experience
Previously with Holcim
Joined BMC in 2006



John Crumrine
CFO

Experienced CFO
Previously with
Sensient Technologies
Joined BMC in 2013



Mark Jacobs
GC and CHRO

Qualified Lawyer and
experienced CHRO
Previously with
Schenck Markets
Joined BMC in 2022

Supported by Nathan McKean as advisory board member

North-West Central construction market

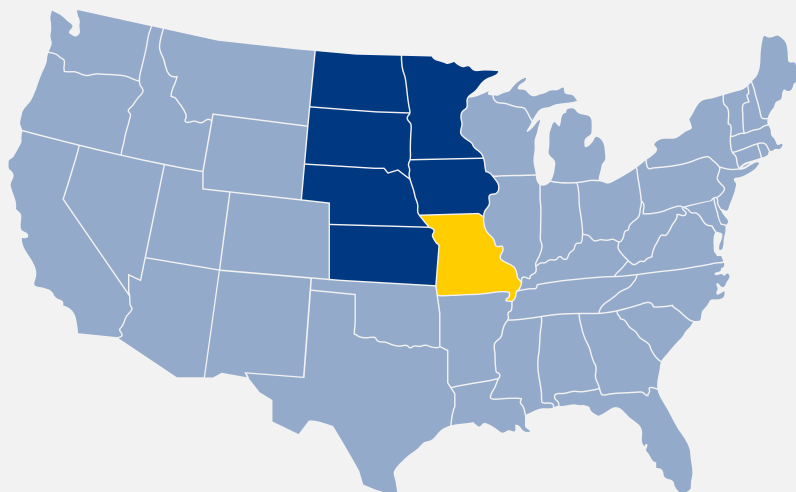


Regional growth outpacing the broad US growth rate



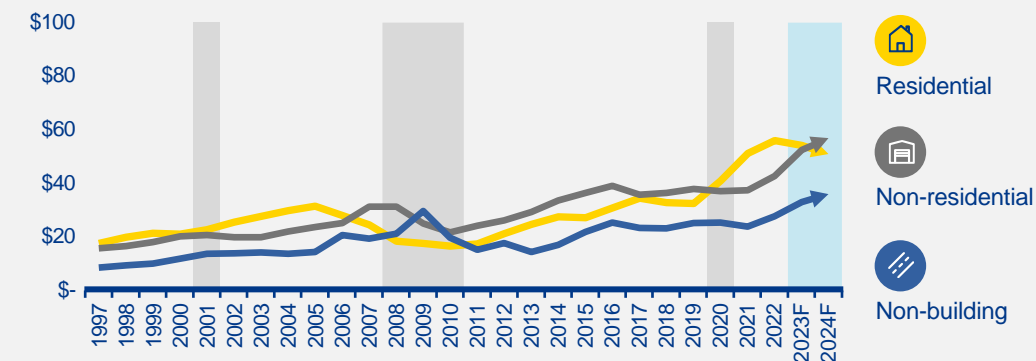
The North-West Central region

Regional growth outpacing National rate



North-West Central Construction Put-in-Place

(\$ in Billions) Grey bars denote recessions, Blue bars denote forecast



Residential

Structural supply-demand disconnect

- Over a decade of structural under-investment
- Growing population and generational demand of prime homebuying demographic
- Missouri population growth of 5% outpaces Single-Family permit issuance of 2.9% over the last 15 years



Non-residential

CHIPS and Science Act

- Designed to incentivise domestic high-tech research and bring semiconductor manufacturing back to the US
- **\$53bn** apportioned for US semiconductor manufacturing and R&D
- North-West Central manufacturing Construction Put-in-Place forecast to grow by 22% to **\$16bn** in 2024



Non-building

Federal and State funding programmes

- **IJA** provides for **c.\$6.5bn** in MO over five years to 2026, 26% more on average than the previous five years
- **MoDOT** Highway and Bridge Construction Funding **c.\$12.5bn** over five years to 2028, funded by **state fuel tax**

Source: FMI Capital Advisers

Acquisition of BMC

Meeting Breedon's transaction returns criteria



Transaction Highlights

- Enterprise Value - \$300m
- Cash Consideration - \$285m
- Share Consideration - \$15m (held for at least 1 year)
- Customary adjustments and retentions

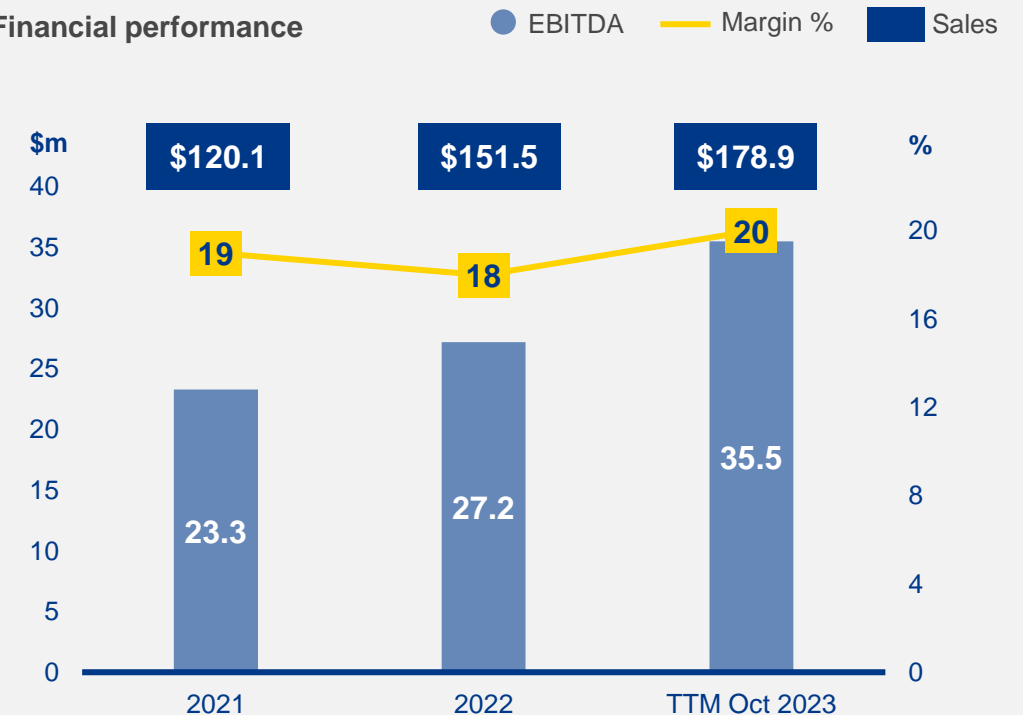
Key metrics

- Valuation c.8.5x TTM Oct 23 EBITDA
- Earnings enhancing in first full year
- Pro-forma leverage of 1.4x

Key dates

- Announcement – March 6 2024
- Completion – March 7 2024

Financial performance





Appendix

2024 technical guidance



Management expectations unchanged for the full year

Income statement



- Net interest expense c.£22m
- Effective tax rate c.22% (cash tax payments materially in line with that of effective rate)
- Underlying EBIT slightly more weighted to H2 in 2024

Cashflow

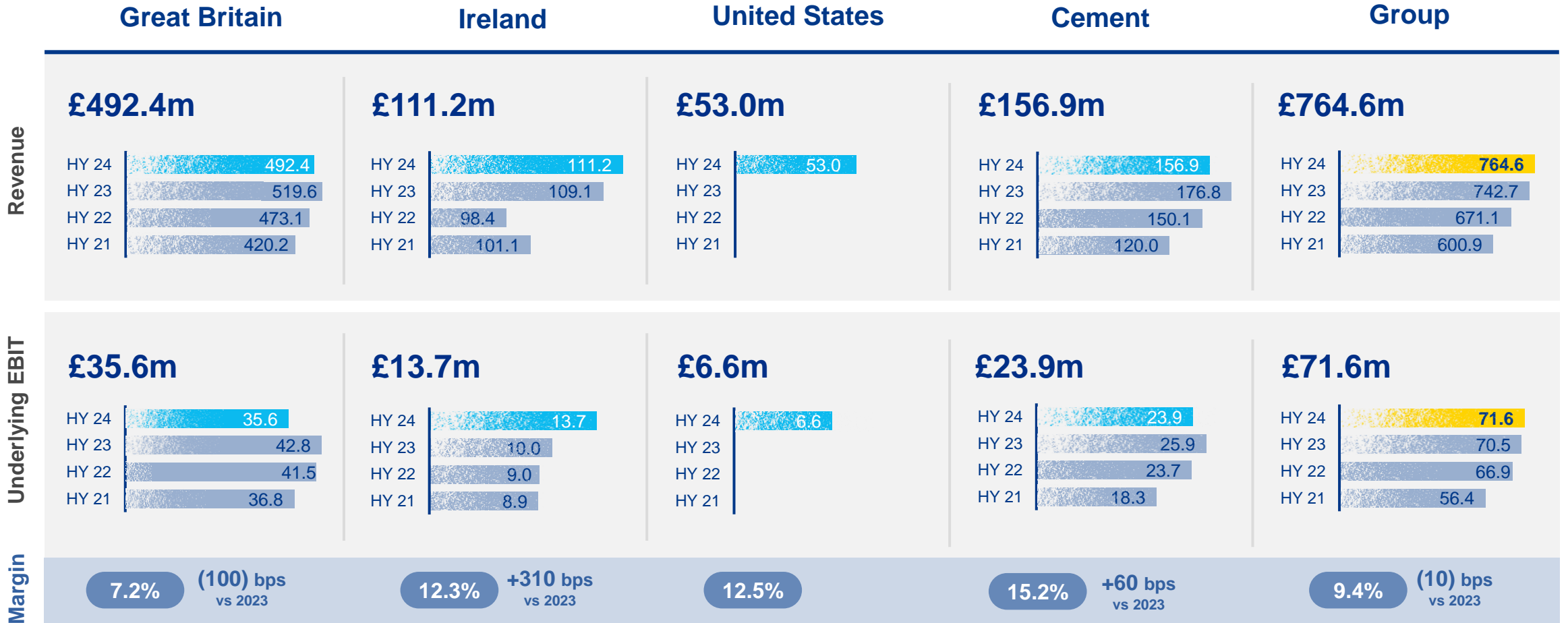


- Cash interest c.£25m
- Working capital outflow c.£30m
- Capital expenditure c.£130m
- Cash cost of dividends paid in 2024 £48m

H1 2024 divisional contributions



Ireland strongest performance since acquisition

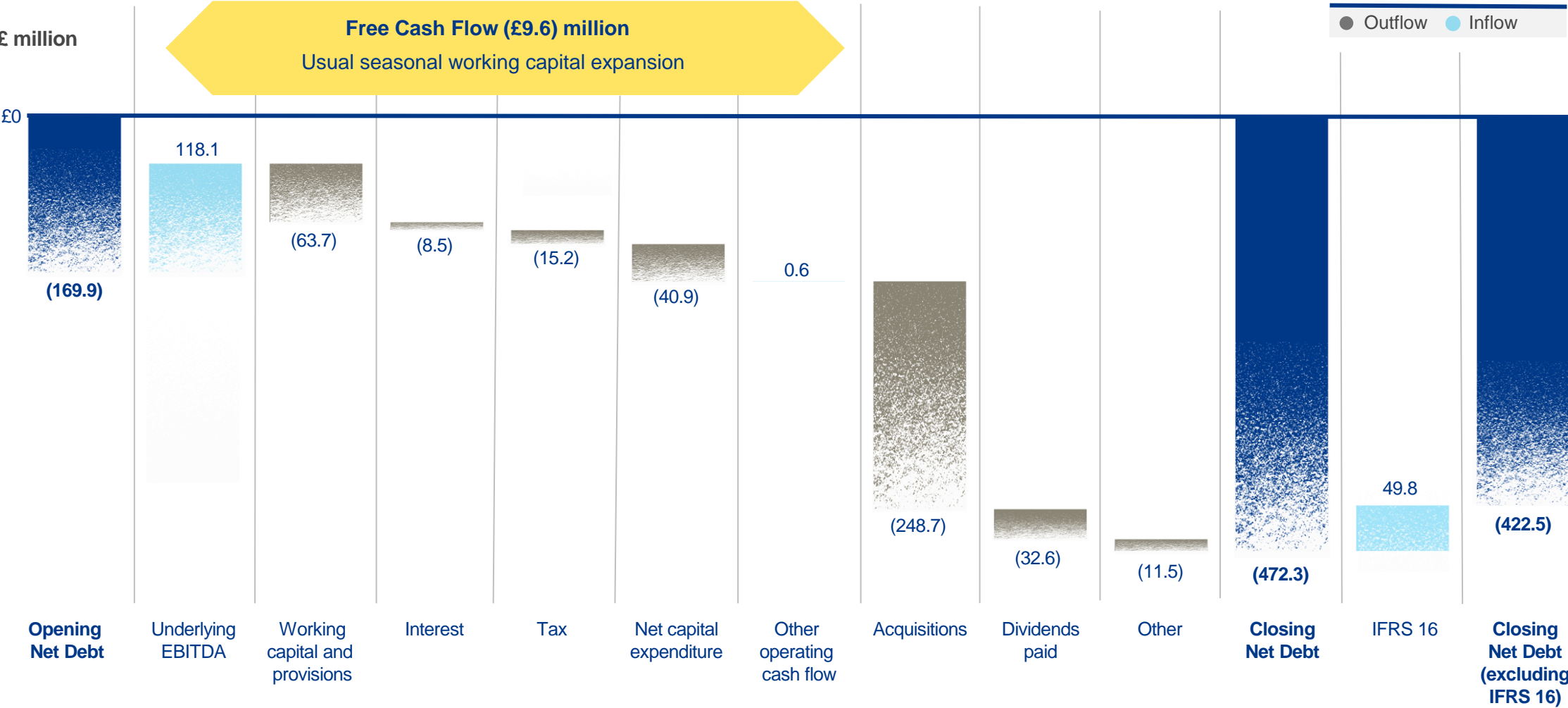


Note: Divisional revenue and EBIT excludes eliminations, head office costs and JV/Associates.

H1 2024 Net Debt and cash flow



Debt increased to finance BMC acquisition

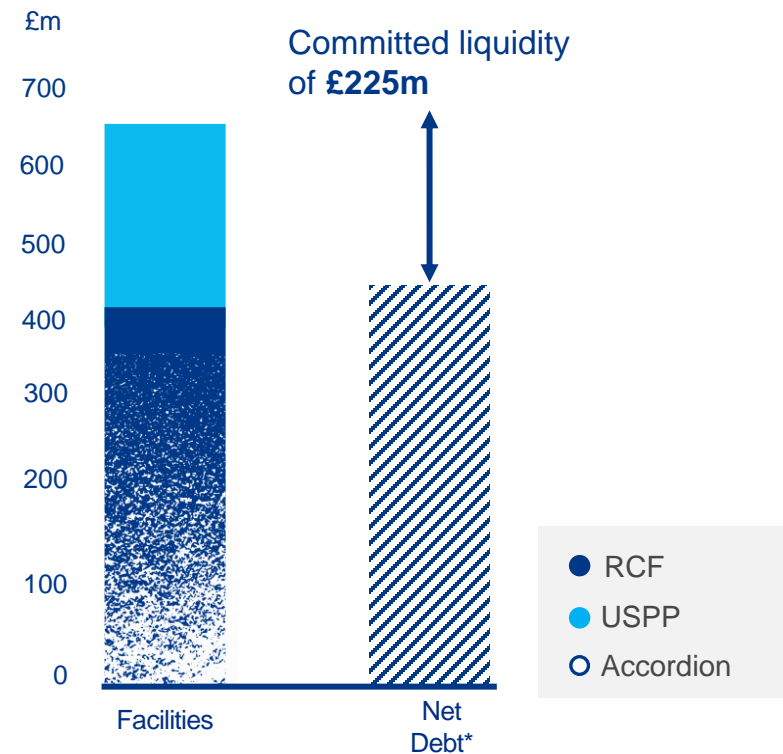


Refinancing of Revolving Credit Facility



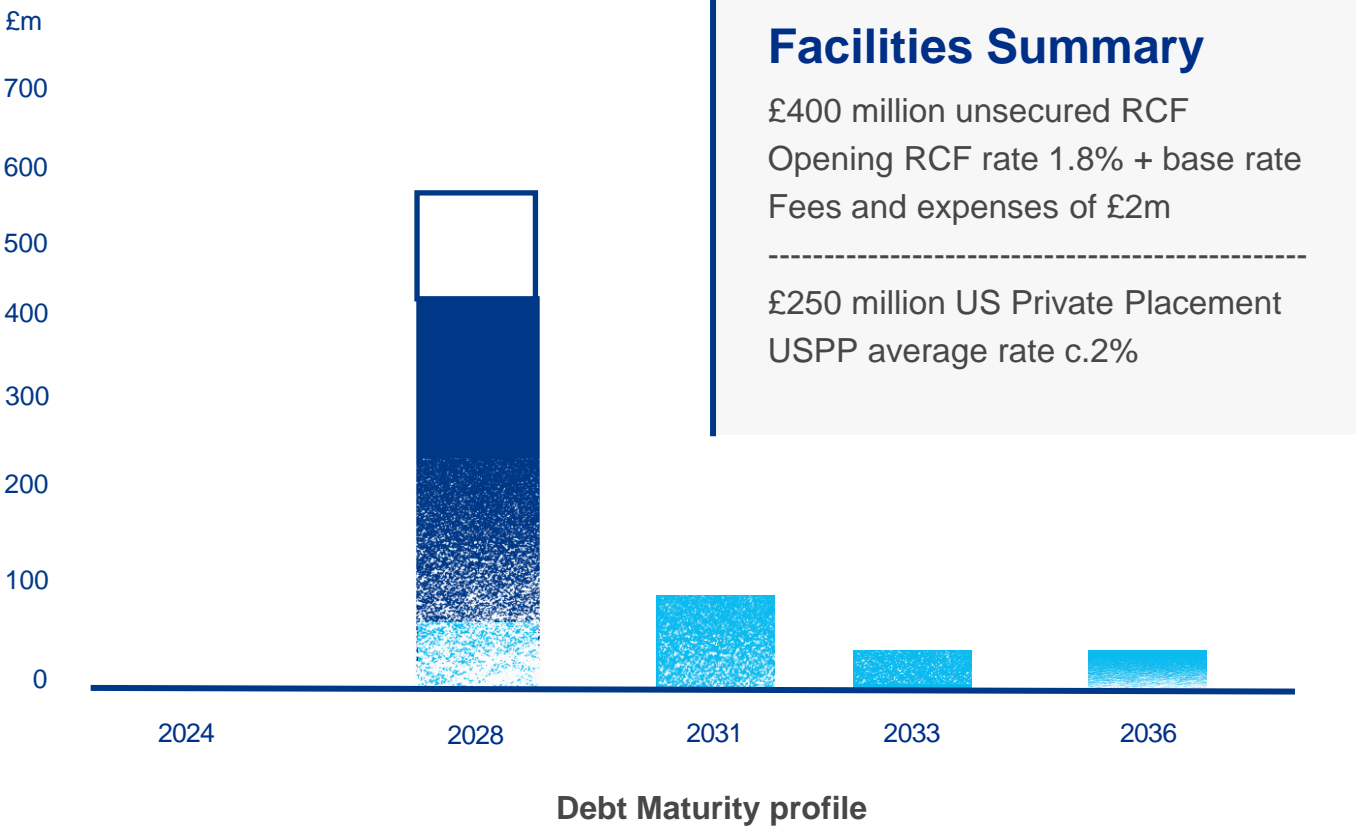
RCF upsized to £400m and maturity extended to at least June 2028

Debt finance positioned to support future growth



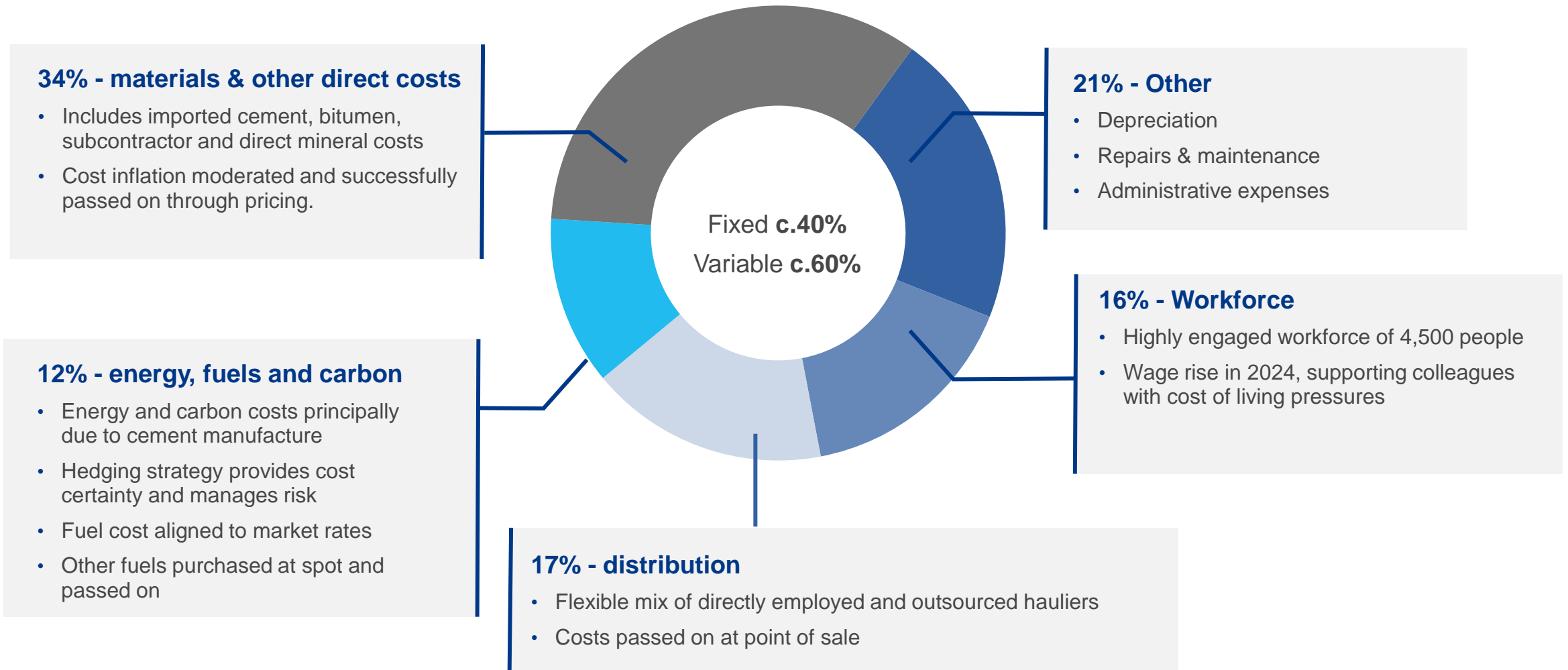
* Net debt as at 30 June 2024 excludes IFRS 16 lease liabilities.

Long term debt funding with low cost USPPs at c. 2% interest providing benefits over several years

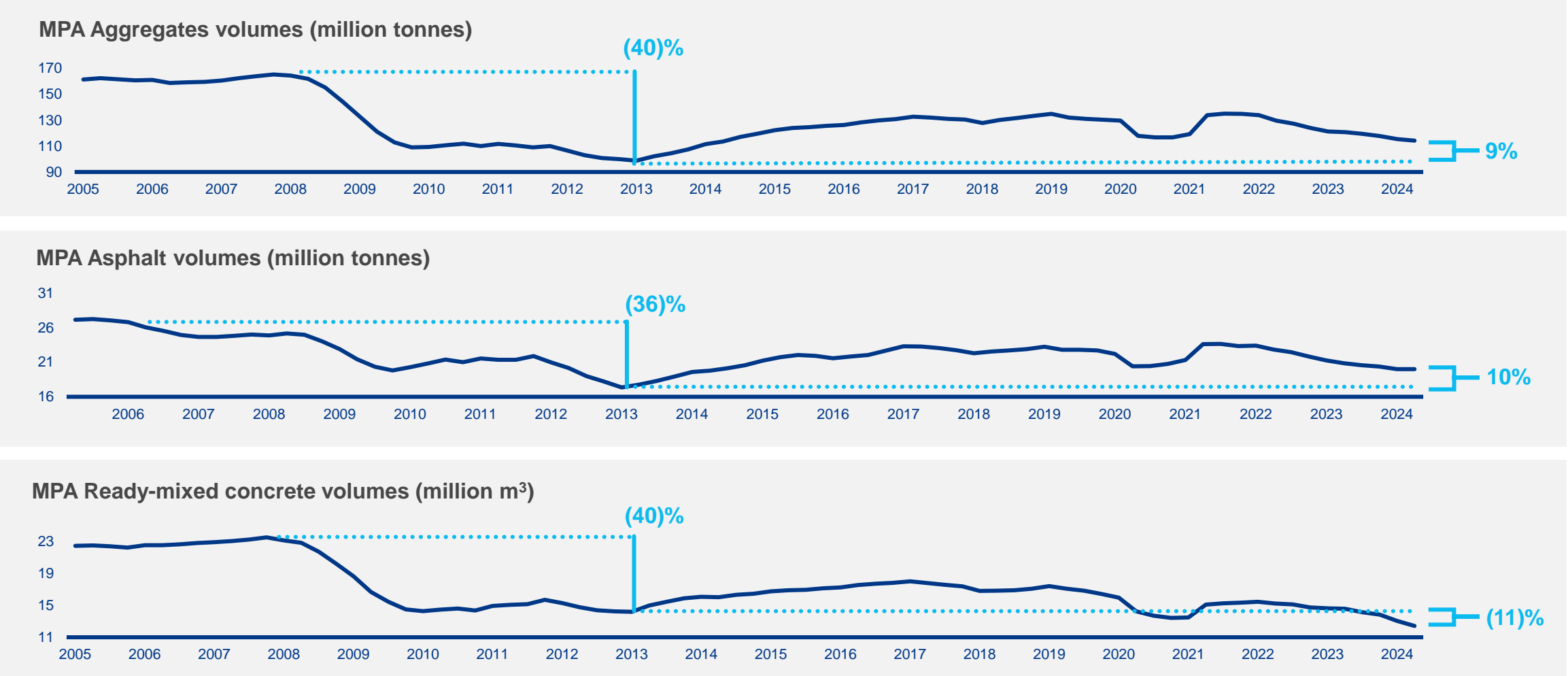


Disciplined cost management

Flexible cost base supported by forward hedging programme



MPA volumes



Note: Percentages show the % fall from peak to trough and the % recovery of the peak to trough fall to date. MPA data to Q2 2024.
Source: MPA member volumes. Product volumes reflect total market volumes for primary aggregates and MPA member volumes for asphalt and ready-mixed concrete.

Aggregates pricing outpaces inflation

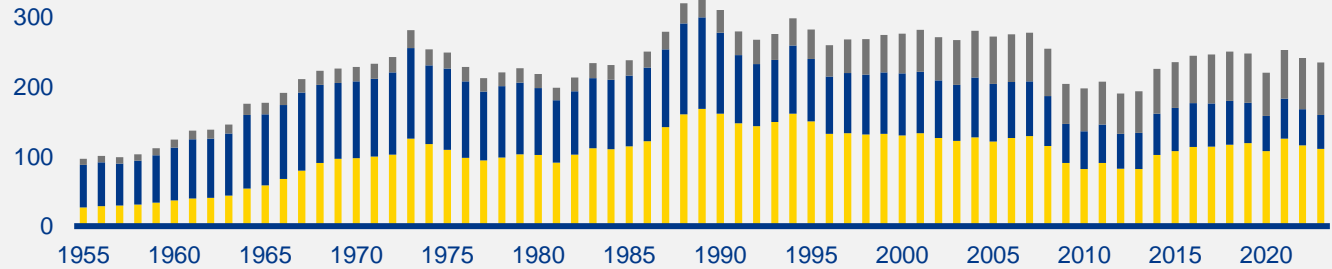


Asset base and local model provide a natural inflation hedge

Breedon reserves and resources
c.1.4bn tonnes



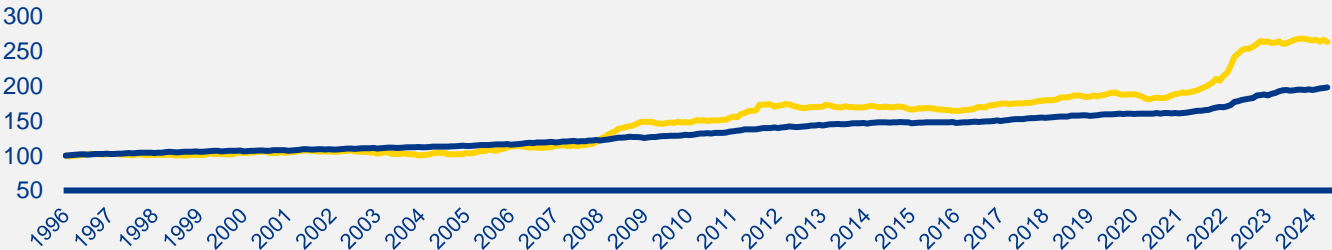
Aggregates markets by source of supply in Great Britain, 1955-2023
million tonnes



- Crushed rock
- Sand and gravel
- Recycled and secondary

Source: MPA

Aggregates prices outpace inflation over time
indexed to 100 in 1996



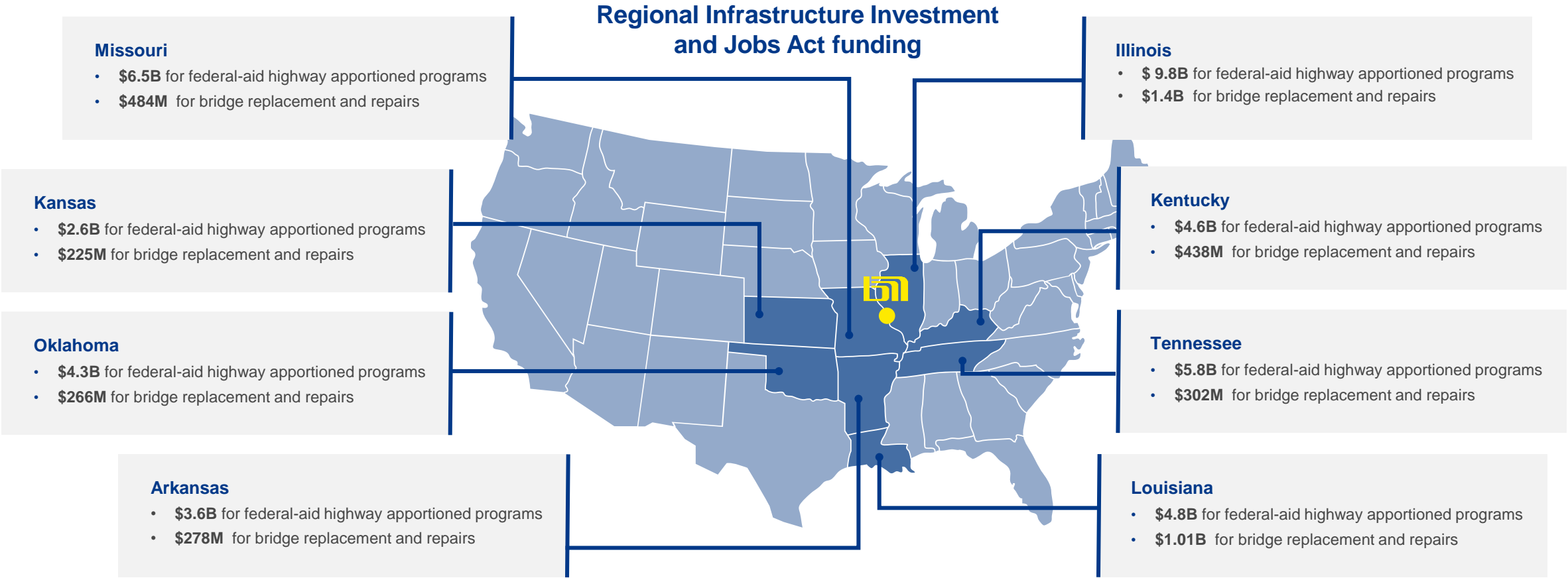
- UK PPI: Other mining and quarrying products
- UK CPI Index: All items – estimated pre-1997 NADJ

Source: ONS

Midwest infrastructure needs



Substantial increase in Federal infrastructure spending



Infrastructure spending growth aligns with future expansion potential


Market consensus

Company compiled as at August 2024



2024

2025

	Average	Range	Average	Range
 Revenue	£1,625m	£1,574m - £1,667m	£1,723m	£1,672m - £1,774m
 Underlying EBIT	£172m	£164m - £182m	£190m	£185m - £200m
 Underlying basic earnings per share	33.3p	31.6p – 35.7p	37.2p	35.5p – 39.5p
 Net debt	£411m	£370m - £437m	£364m	£291m - £412m
 Dividend per share	13.8p	12.7p – 14.5p	15.0p	14.2p – 15.8p

Forward looking statement



The information contained in this presentation document (the “presentation”, which term includes any information provided verbally in connection with this presentation document) does not constitute an offer or solicitation to hold, sell or invest in any security and should not be considered as investment advice or as a sufficient basis on which to make investment decisions. This presentation is being provided to you for information purposes only.

Whilst this presentation has been prepared in good faith, neither Breedon Group plc (the “Company”) nor any of its group undertakings nor any of their respective directors, members, advisers, representatives, officers, agent, consultants or employees: (i) makes, or is authorised to make, any representation, warranty or undertaking, express or implied, with respect to the information and opinions contained in it or accepts any responsibility or liability as to the accuracy, completeness or reasonableness of such information or opinions; or (ii) accepts any liability whatsoever for any loss howsoever arising, directly or indirectly, from use of or in connection with the information in this presentation.

The Company is under no obligation to provide any additional information or to update or revise the information in this presentation or to correct any inaccuracies which may become apparent. This presentation may include certain forward-looking statements, beliefs or opinions. There can be no assurance that any of the results and events contemplated by any forward-looking statements contained in the information can be achieved or will, in fact, occur. No representation is made or any assurance, undertaking or indemnity is given that any such forward looking statements are correct or that they can be achieved.