Introduction to Breedon Group plc

January 2025

Making a material difference

Breedon’s Vision

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

Breedon’s Purpose

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

Breedon’s Values

To adopt clear authentic behaviours to ensure long-term success

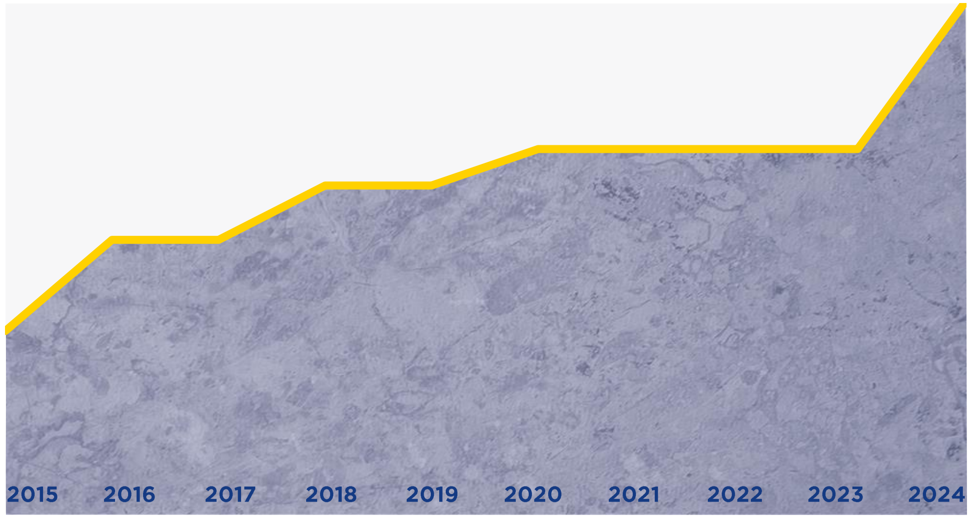
KEEP IT SIMPLE | MAKE IT HAPPEN | STRIVE TO IMPROVE | SHOW WE CARE

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

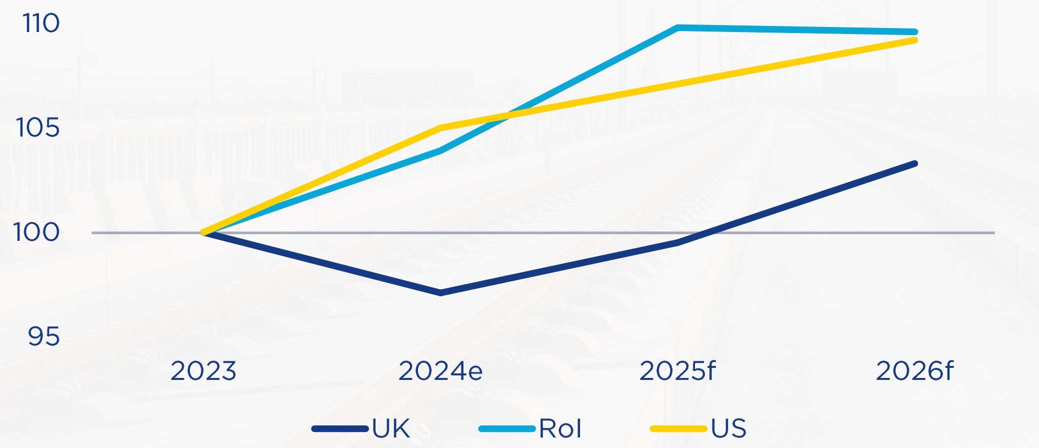
Long-term structural growth trends in infrastructure and housing

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

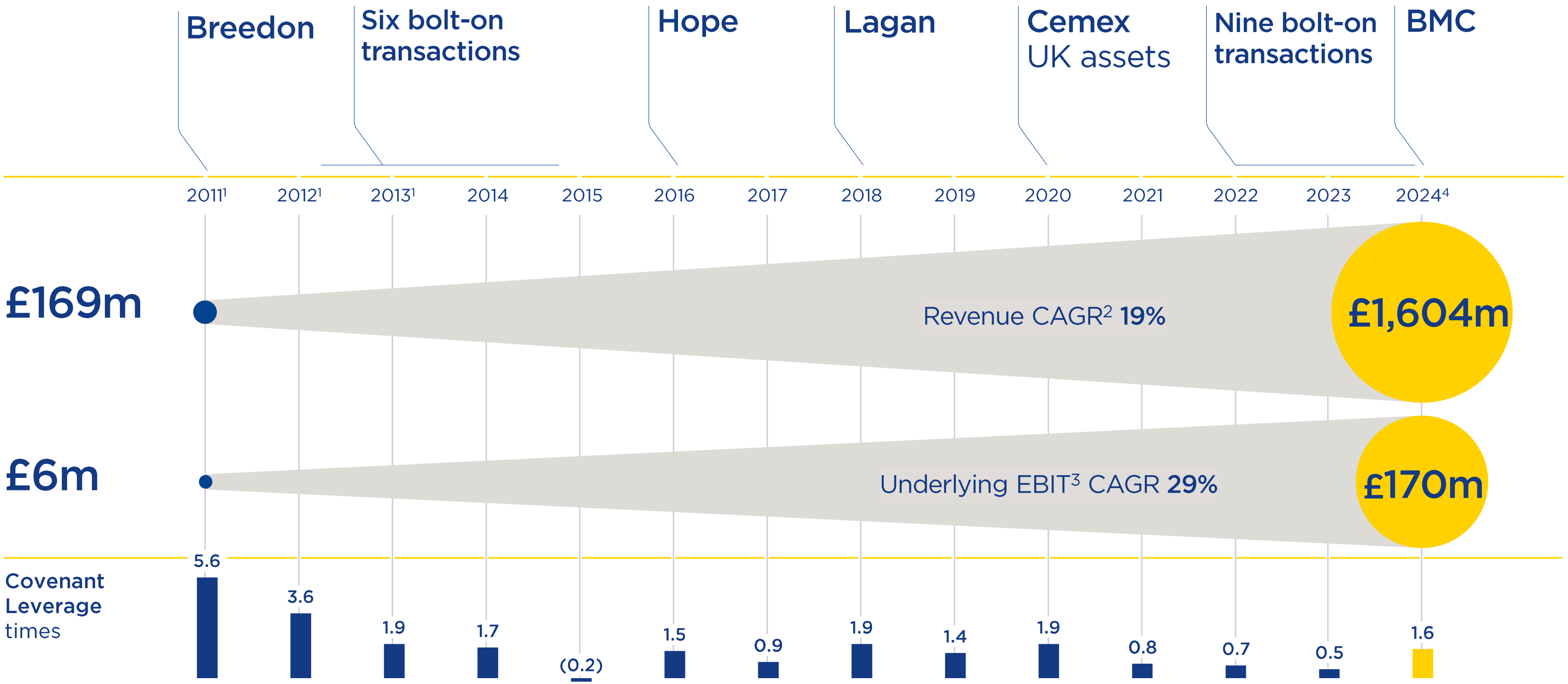
Construction output: Forecast to grow



UK: CPA Autumn 2024 construction output forecast.
RoI: 97th Euroconstruct construction output forecast.
US: FMI Q4 2024 construction put-in-place forecast.

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.

Evolving our strategy: Breedon 3.0

Virtuous circle of enhancement

EXPAND

IMPROVE

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

Significant sustainability progress

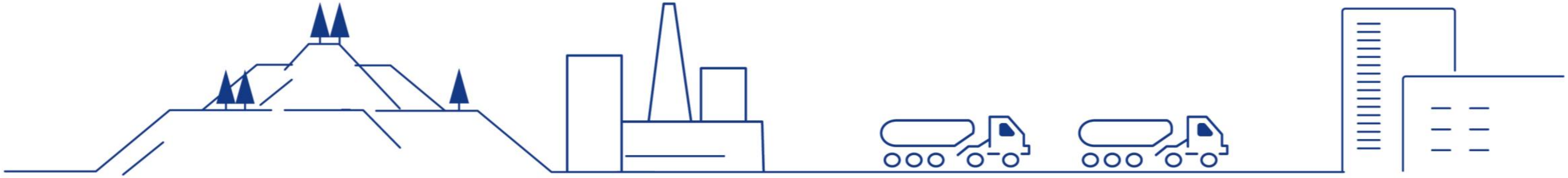
Upgrading targets

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**

Our capital allocation model

Investment as a differentiator through the cycle



Maximise value through capital deployment

Thoughtful capital deployment

Investment opportunities

ORGANIC
- Reserves and resources
- Business investment

M&A
- 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 Leverage[1]

1. Company compiled consensus expectation 20 November 2024.

Our evolving financial framework

Financial metrics aligned to our strategy

Growth	Revenue	▶ Outperforms our market
Profitability	EBIT margin	▶ 12% – 15%
	EBITDA margin	▶ 17.5% – 20.5%
Cash flow[1]	FCF generation	▶ >45% FCF generation
Financial discipline	Leverage	▶ 1x – 2x
Returns[1]	ROIC	▶ >10%
Dividend	Payout ratio	▶ 40%

Delivering Breedon 3.0

3-5 years

1. Post-tax measure.

Financial update

Ten-month trading update: November 2024

Resilient performance; outlook in-line with expectations

Trading and Outlook

- **Resilient performance**
  - Revenue increased 7% in the first ten months and 11% for the four months to 31 October
  - On a like-for-like basis revenue decreased 4% in the first ten months and 1% in the four months to 31 October
  - Generated good free cash flow and on track to deliver a further reduction in covenant leverage at the year end
- **Expect to deliver full year 2024 underlying EBIT in line with market consensus[1]**
  - Enquiry and tendering levels across all three geographies are healthy
  - While market risks remain, we expect 2024 will represent a floor in construction materials volumes

Highlights

- GB performance has improved since the half year and Ireland continued to perform well
- Both GB and Ireland have seen encouraging levels of forward enquiries
- Integration of BMC is well advanced; performance under Breedon ownership was robust and ahead of plan
- During October BMC completed its first transaction under Breedon ownership, acquiring a manufacturer of downstream products in Western Illinois
- Cement completed the scheduled kiln shutdown and primary crusher replacement on time and within budget
- Further progress in respect of our sustainability priorities with our carbon reduction targets validated by SBTi

1. Company compiled consensus can be found on the Breedon IR website Analysts & consensus estimates; FY24 company compiled consensus mean Underlying EBIT including associates and joint ventures of £169.4m 20 November 2024.

2024 interim financial highlights

Strategic progress delivers a resilient financial performance

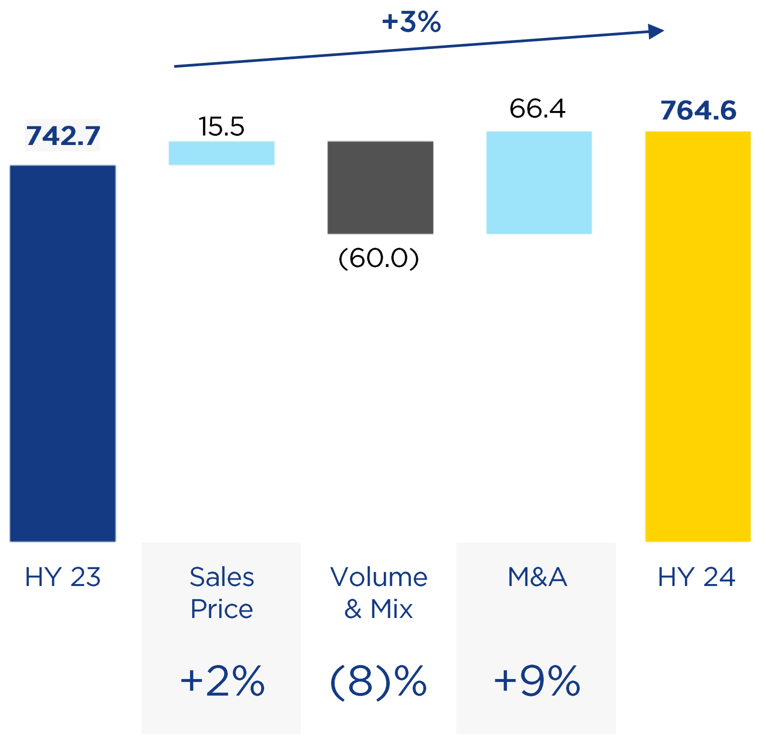
Metric	H1 2024	HY23	Metric	H1 2024	HY23
Revenue	£764.6m	£742.7m	*Revenue growth*	+3%	
Underlying EBIT	£71.6m	£70.5m	*Margin*	9.4%	9.5%
ROIC	8.8%	10.0%	*Effective Tax Rate*	22.4%	20.3%
Free Cash Flow	£(9.6)m	£20.8m	*Net capex*	£40.9m	£31.9m
Net Debt	£472.3m	£220.4m	*Covenant Leverage*	1.6x	0.7x
Interim Dividend per share	4.5p	4.0p	*Dividend growth*	+13%	

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.

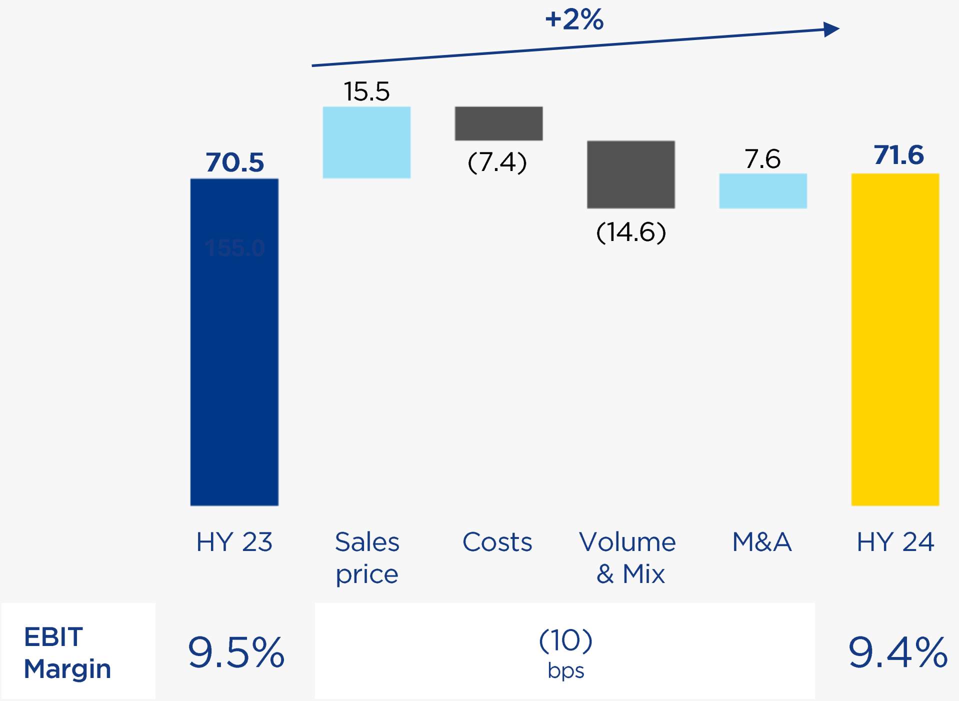
H1 2024 Revenue and EBIT bridges

Third platform and pricing offset volume headwinds

Revenue bridge
£m



EBIT bridge
£m



Economic and political landscape stabilising

Growth expected in all markets from 2025

Outlook and Summary

Macro forecasts revised
Construction output forecasts revised down for 2024, up for 2025

Increasing political clarity
New UK and US Governments supportive, government at Stormont resumed

Structural long-term drivers
Significant housing and infrastructure deficits across all three platforms

Healthy balance sheet
Highly cash generative model enables rapid debt reduction

Strategic flexibility
Maintain progressive dividend, invest for growth, execute M&A pipeline

Factors in our control
Enhance operational excellence, maintain disciplined execution

Management expectations unchanged for the full year

Breedon in the US:
BMC and beyond

Building a third platform

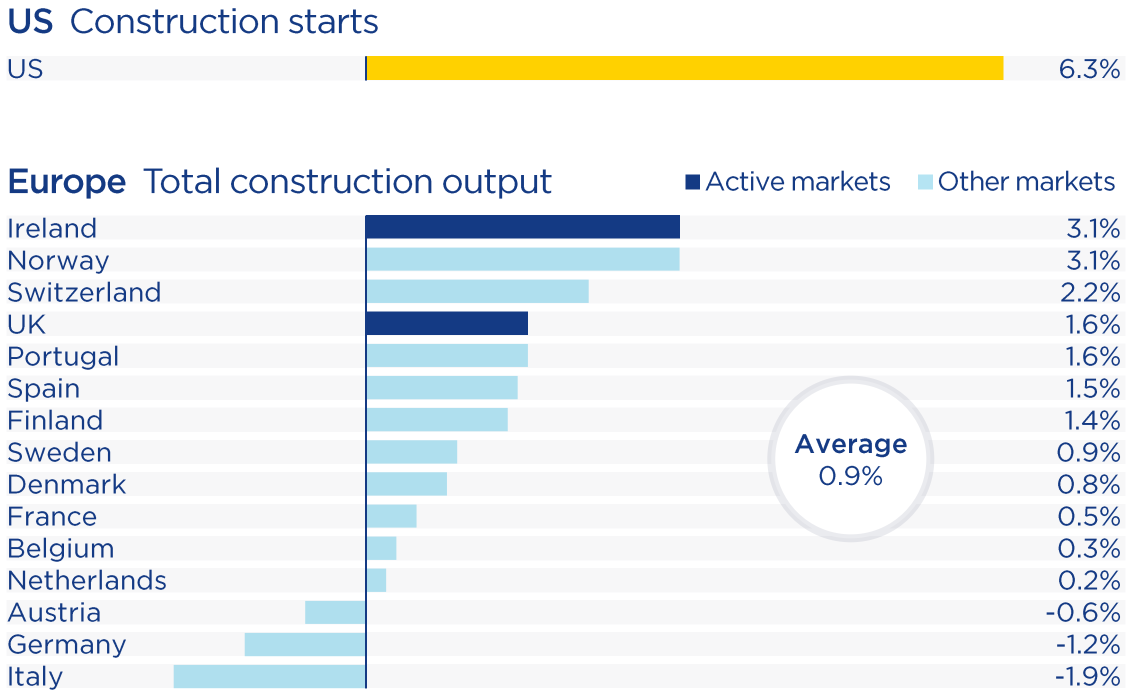
Replicating the Breedon model

- Market with long-term growth prospects
- A robust legal system
- A reliable planning regime
- A benign local culture
- With minimal political risk

M&A strategic priority; US scale-up

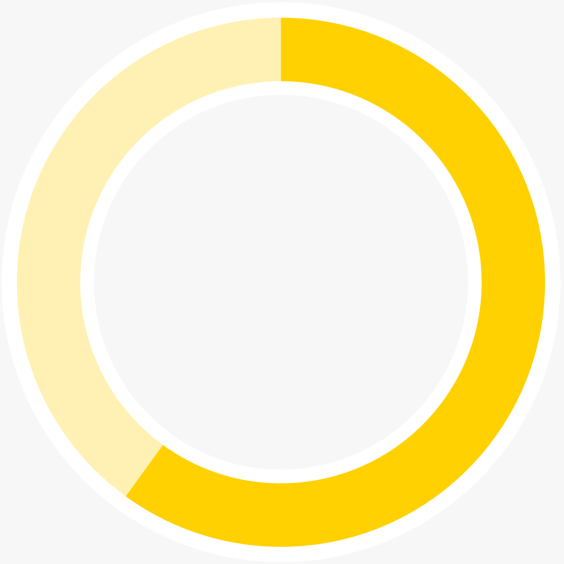
US construction materials markets; high relative growth, highly fragmented

High relative growth



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

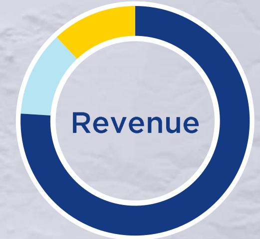
Source: Moelis. US construction starts volume CAGR 2023A-2026E. Europe construction output CAGR 2023E-2026E

BMC at a glance

Breedon's platform for growth in the US

Sales mix

Residential	50%
Non-residential	25%
Non-building	25%



Ready-mix concrete	76%
Aggregates	12%
Building products	12%

A leading Missouri producer

Product mix

Aggregates

- 2023 tonnes: c.2.8m
- No. of locations: 12
- c.440m short tons[1] reserves and resources

Ready-mixed concrete

- 2023 cu yd[2]: c.740k
- No. of plants: 44
- Highly technical team

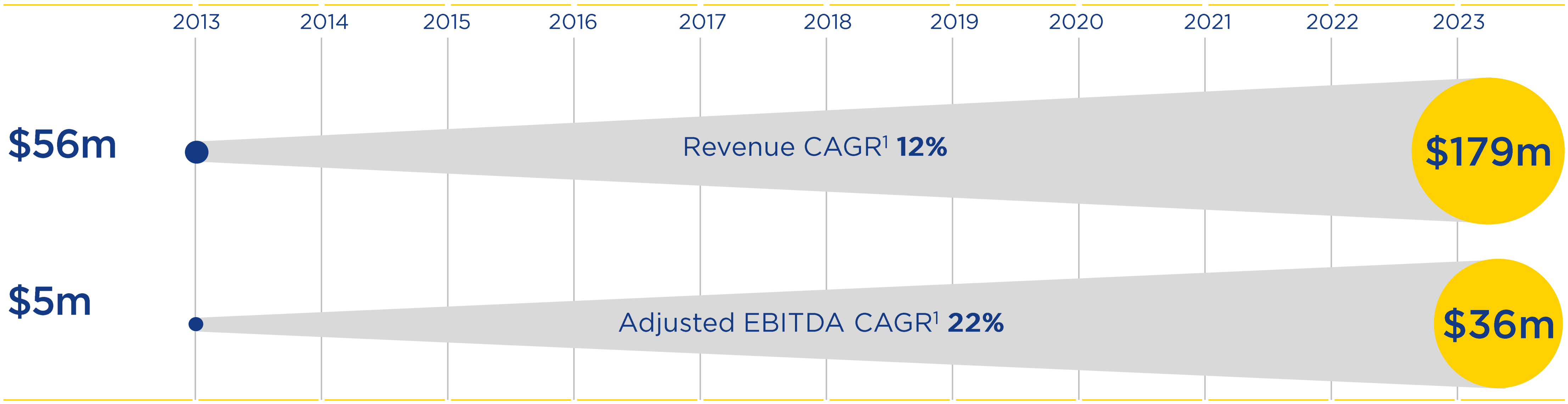
Building products

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

1. One metric tonne is equal to 1.1 US short tons.
2. One cubic metre is equal to 1.3 cubic yards.

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.

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

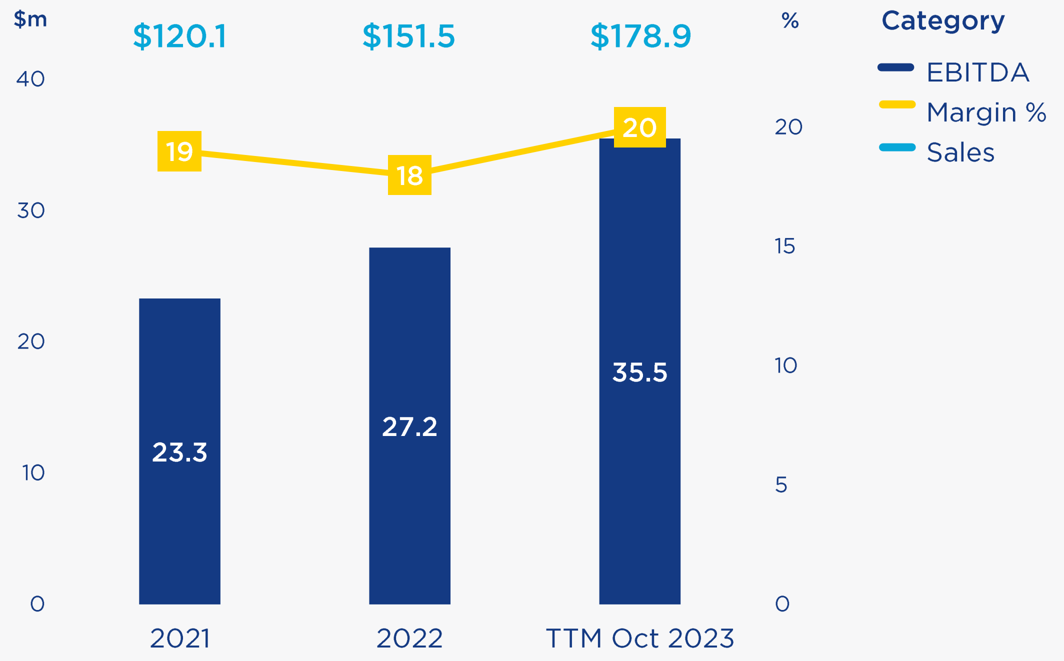
Key metrics

- 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

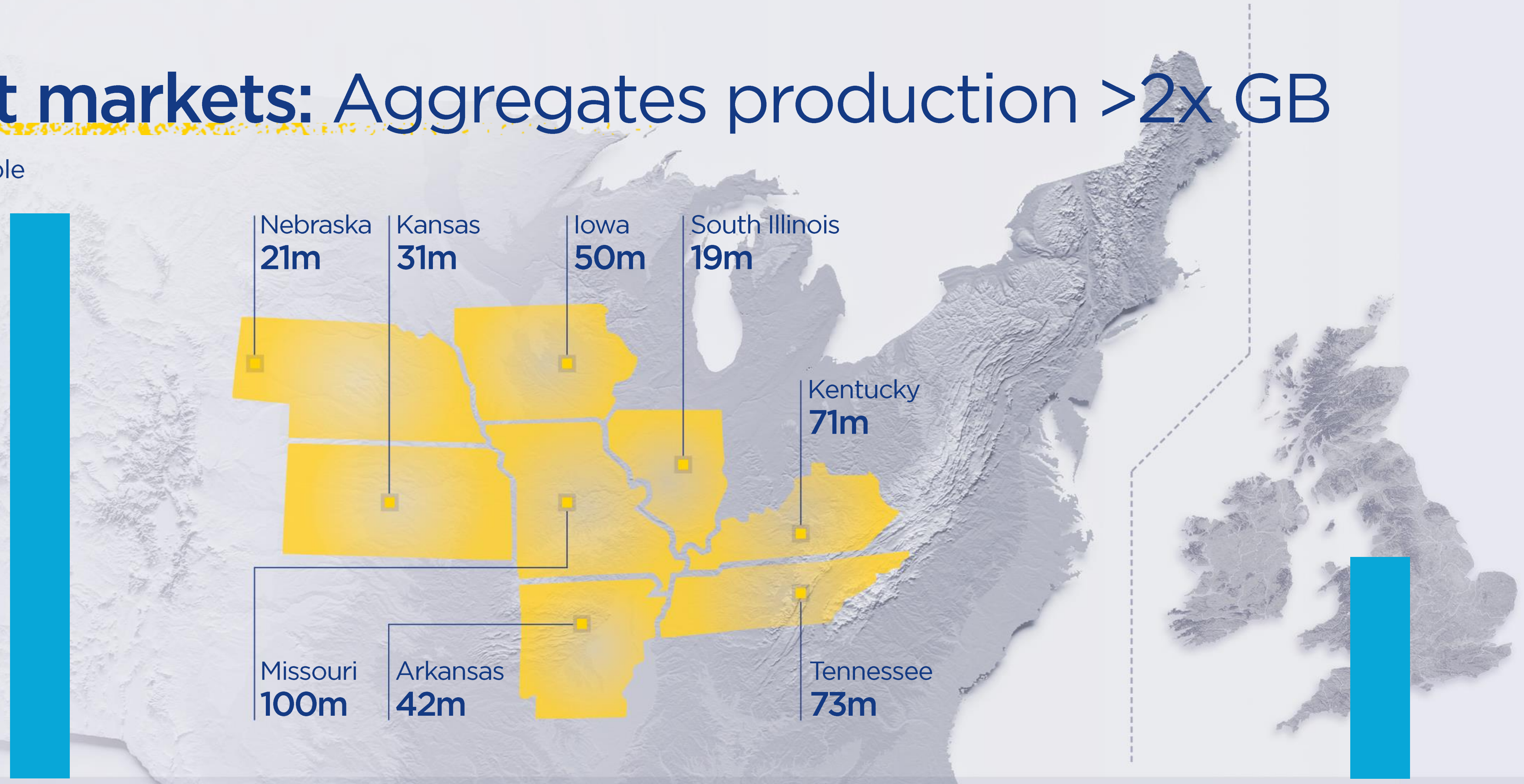


The Midwest opportunity

Target markets: Aggregates production >2x GB

GDP comparable

Demand 2023



Midwest
408m
short tons

GDP 2023

Midwest
$3.2trn[1]

UK
$3.5trn

Great Britain
178m
short tons

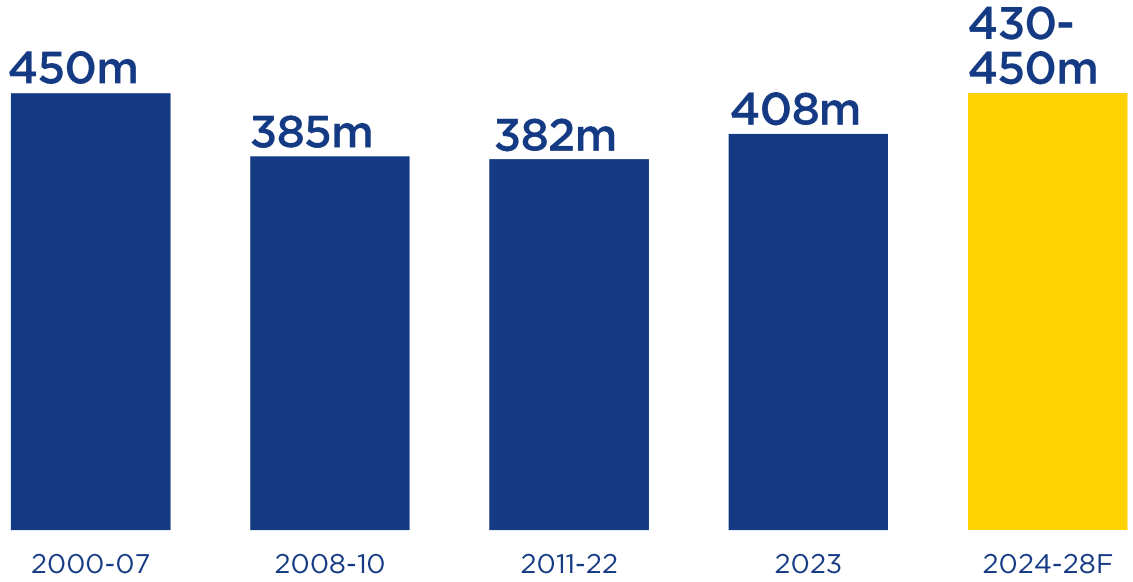
1. Midwest GDP includes Illinois state

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

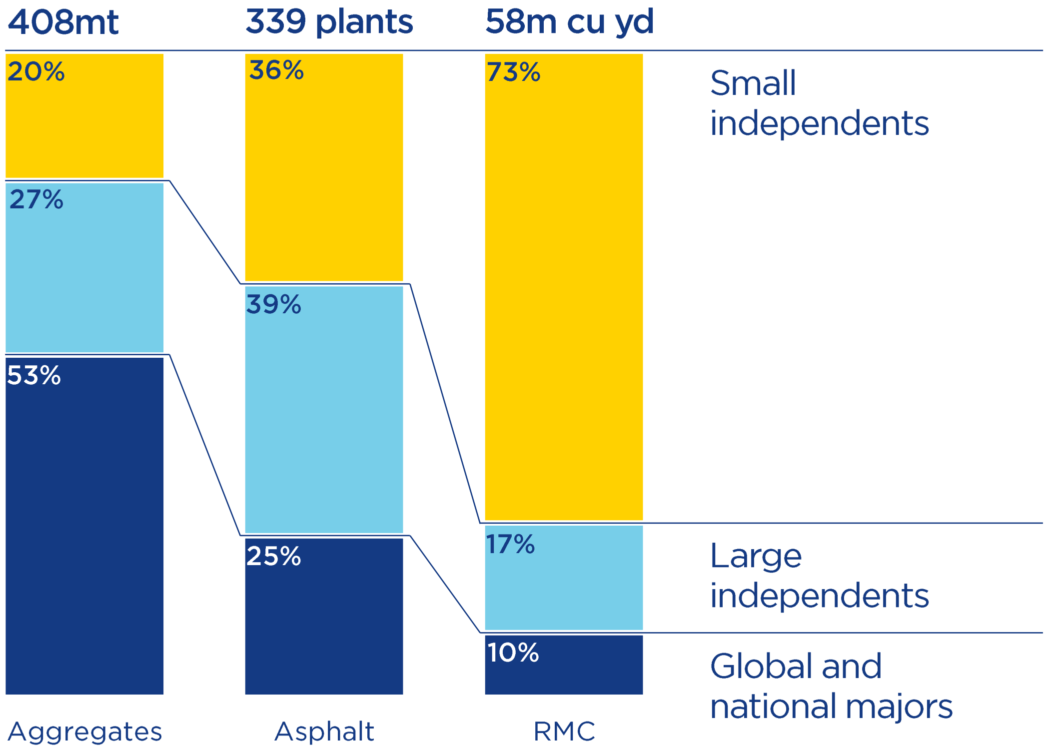
Note: * Average for 2009 and 2010

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

Significant Midwest consolidation opportunity

Highly fragmented markets

Materials producer landscape

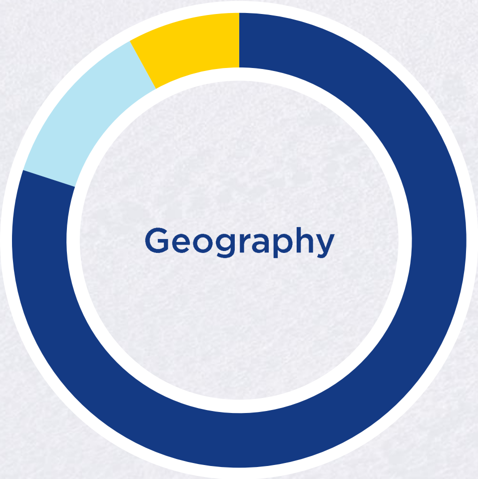


Note: Small independents operate five or less quarries or plants.

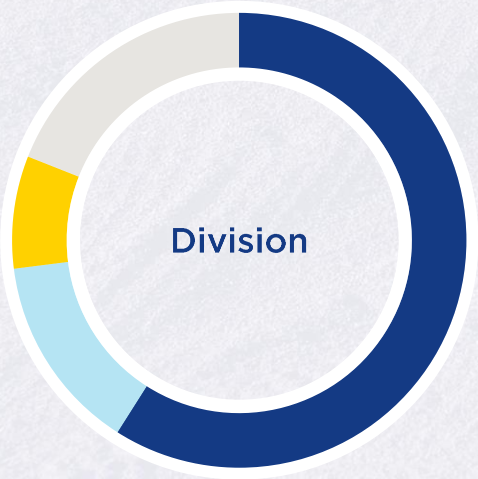
Appendix

Breedon pro-forma* 2023

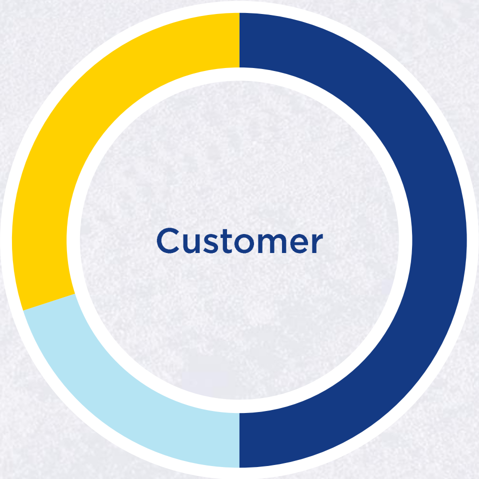
Sales mix



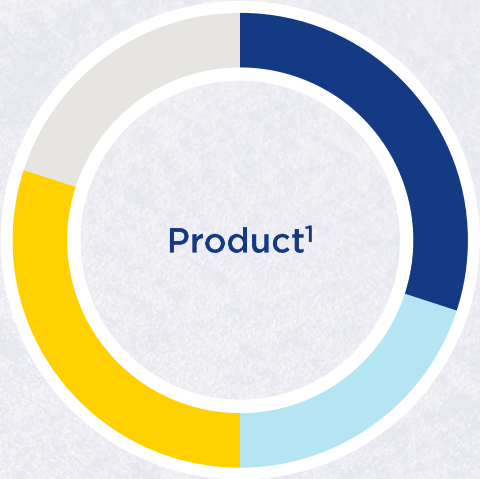
UK	80%
RoI	12%
US	8%



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.

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

Revenue

	Great Britain	Ireland	United States	Cement	Group
Total	£492.4m	£111.2m	£53.0m	£156.9m	£764.6m
HY 24	492.4	111.2	53.0	156.9	764.6
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

Underlying EBIT

	Great Britain	Ireland	United States	Cement	Group
Total	£35.6m	£13.7m	£6.6m	£23.9m	£71.6m
HY 24	35.6	13.7	6.6	23.9	71.6
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

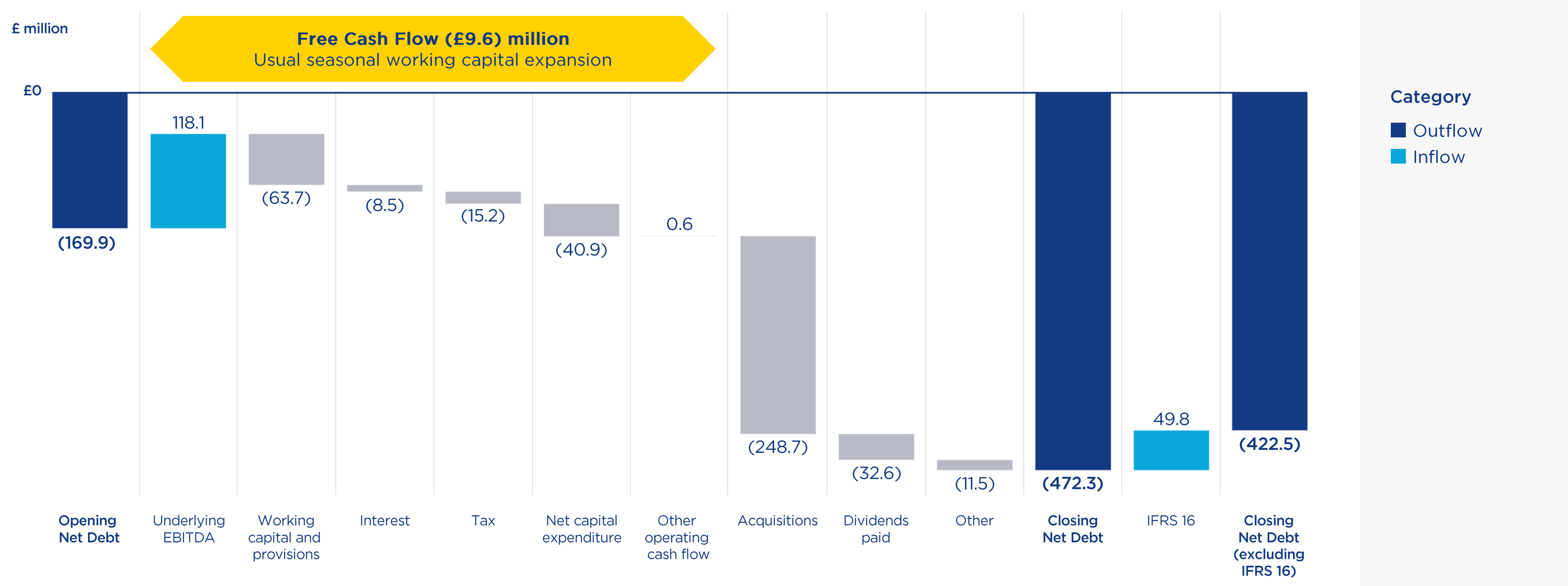
Margin

	Great Britain	Ireland	United States	Cement	Group
Margin	7.2% (100) bps vs 2023	12.3% +310 bps vs 2023	12.5%	15.2% +60 bps vs 2023	9.4% (10) bps vs 2023

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

H1 2024 Net Debt and cash flow

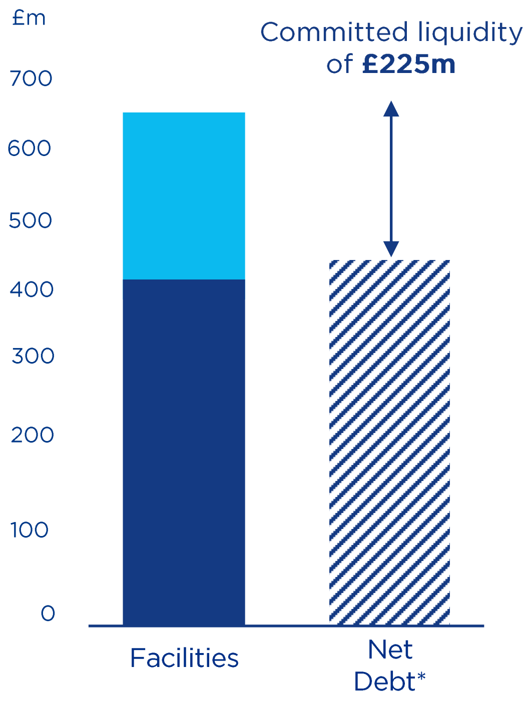
Debt increased to finance BMC acquisition



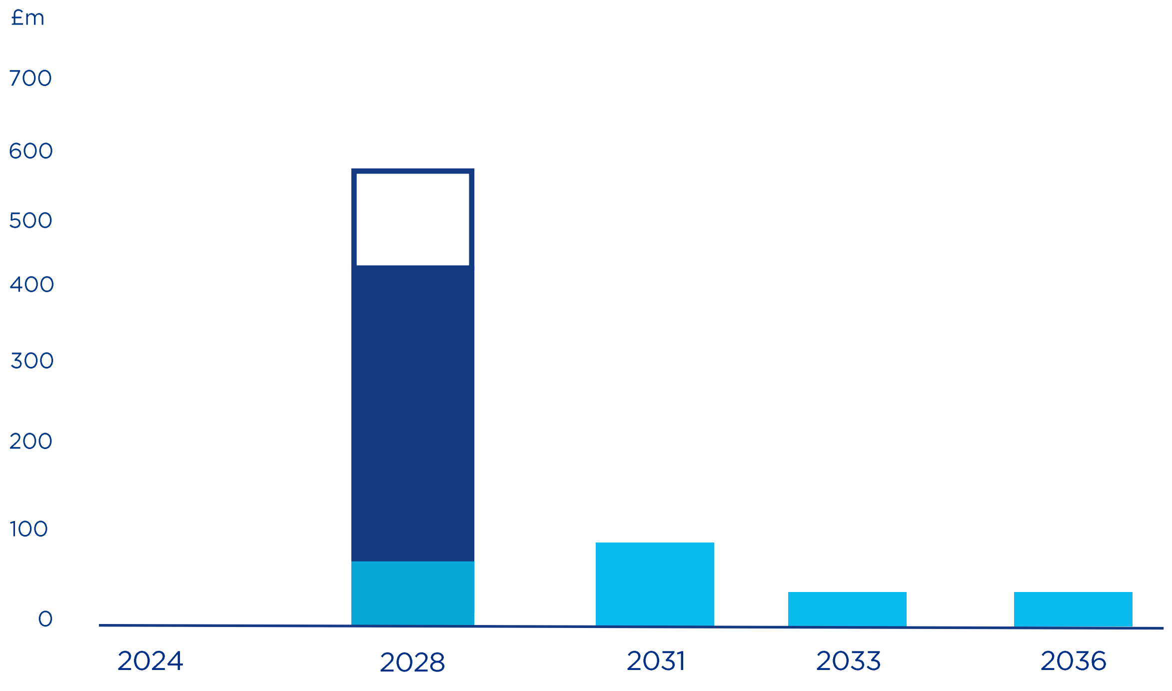
Long-term committed borrowing facilities

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

Debt finance positioned to support future growth



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



Category

- RCF
- USPP
- Accordion

Facilities Summary

- £400 million unsecured RCF
- Opening RCF rate 1.8%|+ base rate
- Fees and expenses of £2m

- £250 million US Private Placement
- USPP average rate c.2%

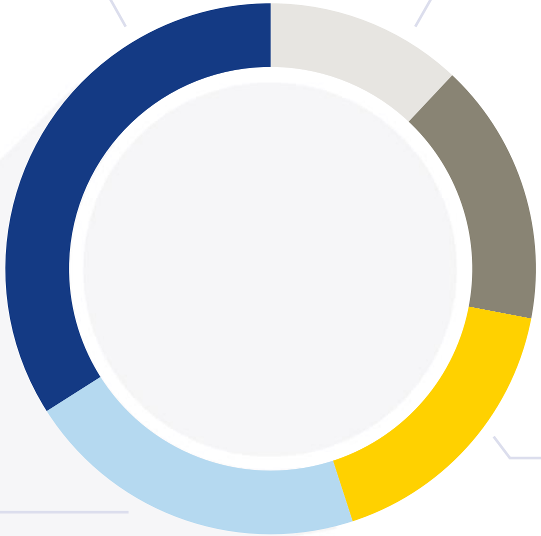
* Net debt as at 30 June 2024 excludes IFRS 16 lease liabilities.

Disciplined cost management

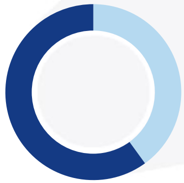
Flexible cost base supported by forward hedging programme

34% **Materials & other direct costs**
- Includes imported cement, bitumen, subcontractor and direct mineral costs
- Cost inflation moderated and successfully passed on through pricing.

21% **Other**
- Depreciation
- Repairs & maintenance
- Administrative expenses



c.40% Fixed
c.60% Variable



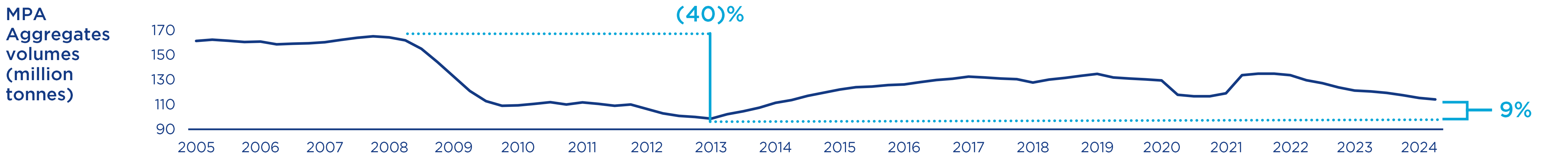
12% **Energy, fuels and carbon**
- Energy and carbon costs principally due to cement manufacture
- Hedging strategy provides cost certainty and manages risk
- Fuel cost aligned to market rates
- Other fuels purchased at spot and passed on

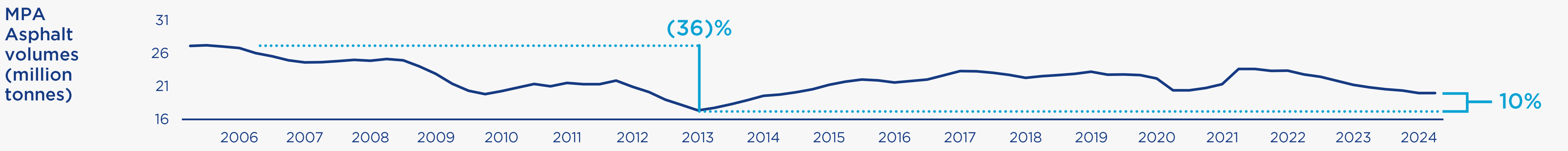
16% **Workforce**
- Highly engaged workforce of 4,500 people
- Wage rise in 2024, supporting colleagues with cost of living pressures

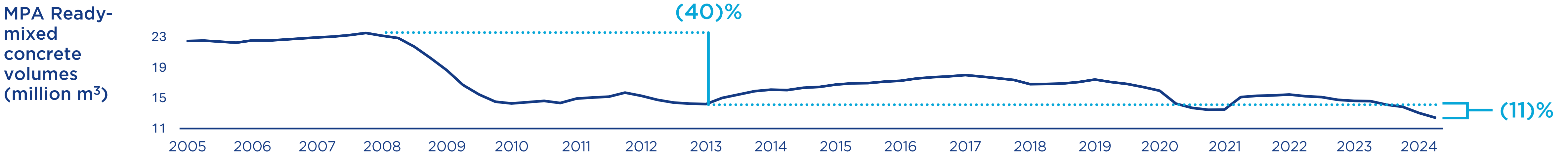
17% **Distribution**
- Flexible mix of directly employed and outsourced hauliers
- Costs passed on at point of sale

Note: Data as at 30 June 2024.

MPA volumes





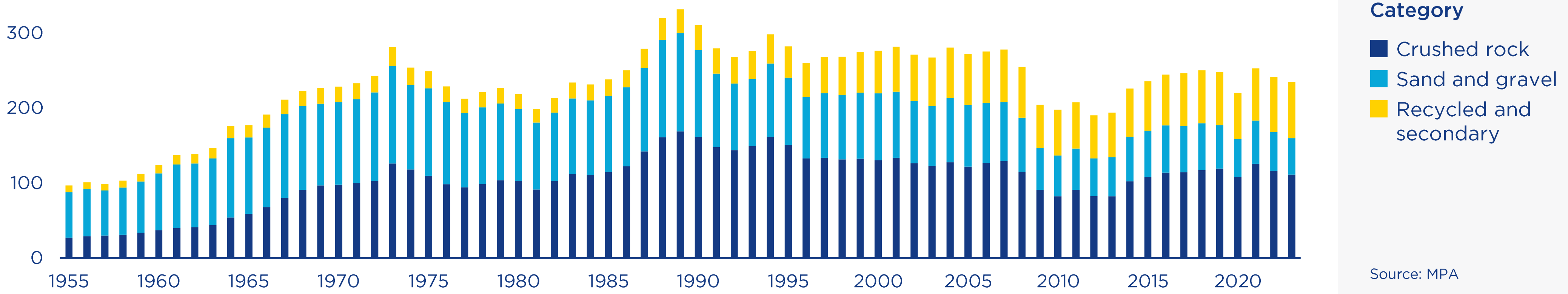


Note: Percentages show the % fall from peak to trough and the % recovery of the peak to trough fall to date. MPA data to Q2 2024.
Source: MPA member volumes. Product volumes reflect total market volumes for primary aggregates and MPA member volumes for asphalt and ready-mixed concrete.

Aggregates pricing outpaces inflation

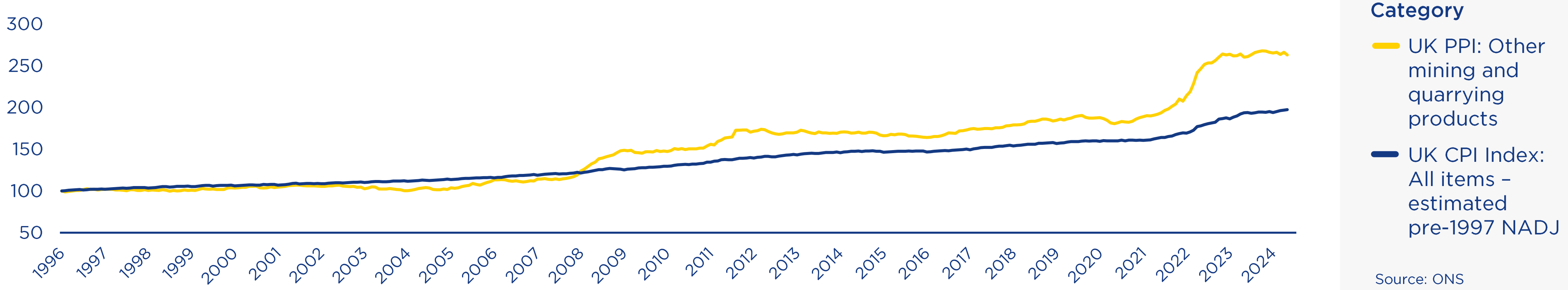
Asset base and local model provide a natural inflation hedge

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



Source: MPA

Aggregates prices outpace inflation over time
indexed to 100 in 1996



Source: ONS

Market consensus

Company compiled as at 31 December 2024

	2024		2025	
	Value	Range	Value	Range
Revenue	£1,604m	£1,569m – £1,667m	£1,697m	£1,651m – £1,774m
Underlying EBIT	£170m	£167m – £173m	£187m	£185m – £191m
Underlying basic earnings per share	33.1p	32.0p – 35.7p	36.7p	35.3p – 38.3p
Net debt	£424m	£414m – £437m	£382m	£346m – £440m
Dividend per share	13.8p	12.1p – 15.0p	15.0p	14.4p – 15.6p

Forward looking statement

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