



MAKING A MATERIAL
DIFFERENCE

Introduction to Breedon Group plc

Spring 2024



Forward looking statement



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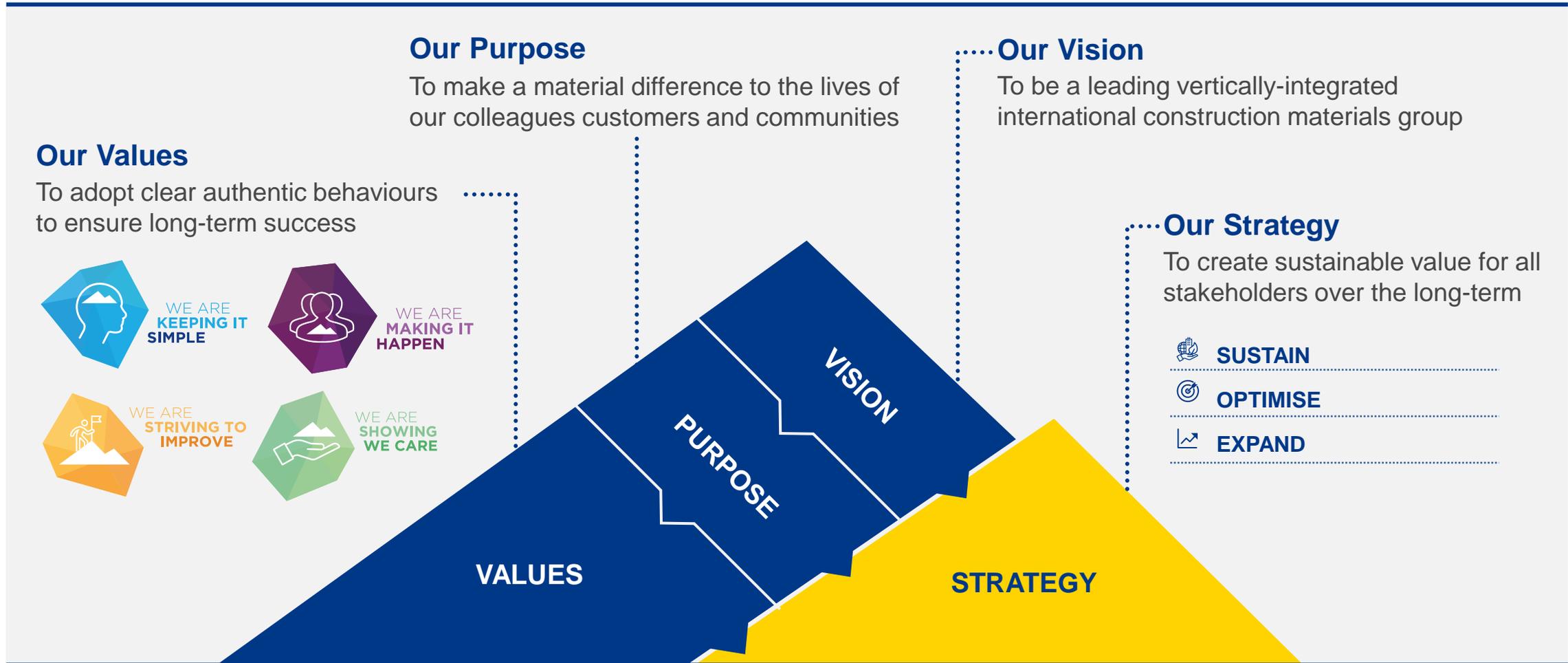
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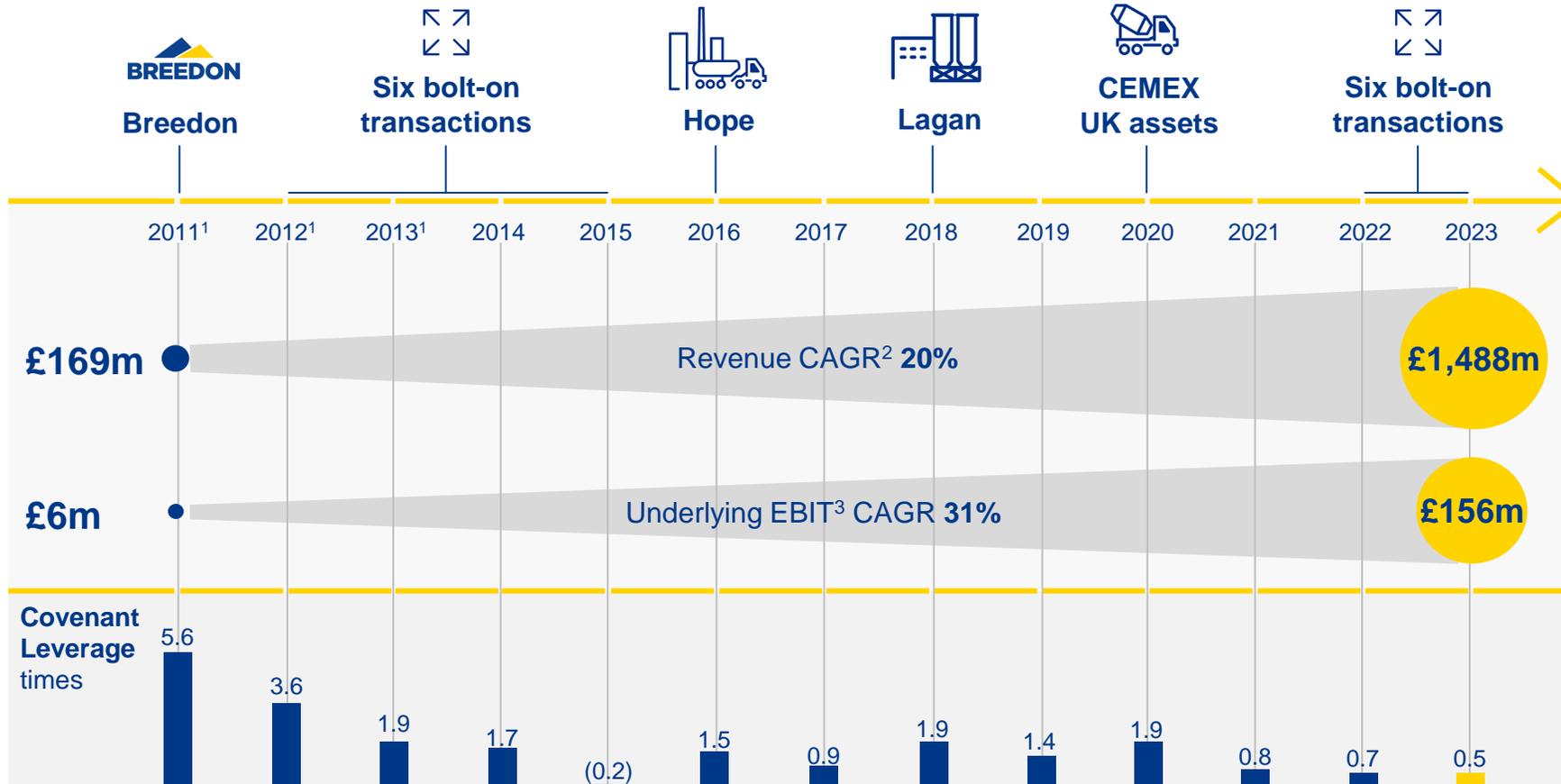


Breedon introduction

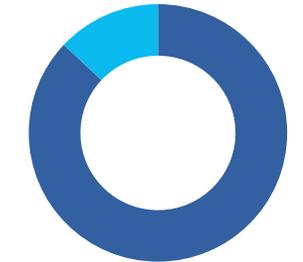
We are making a material difference



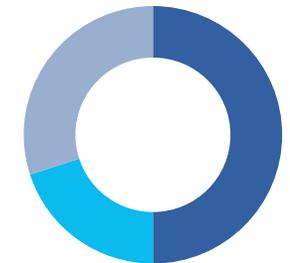
Track record of sustainable growth



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

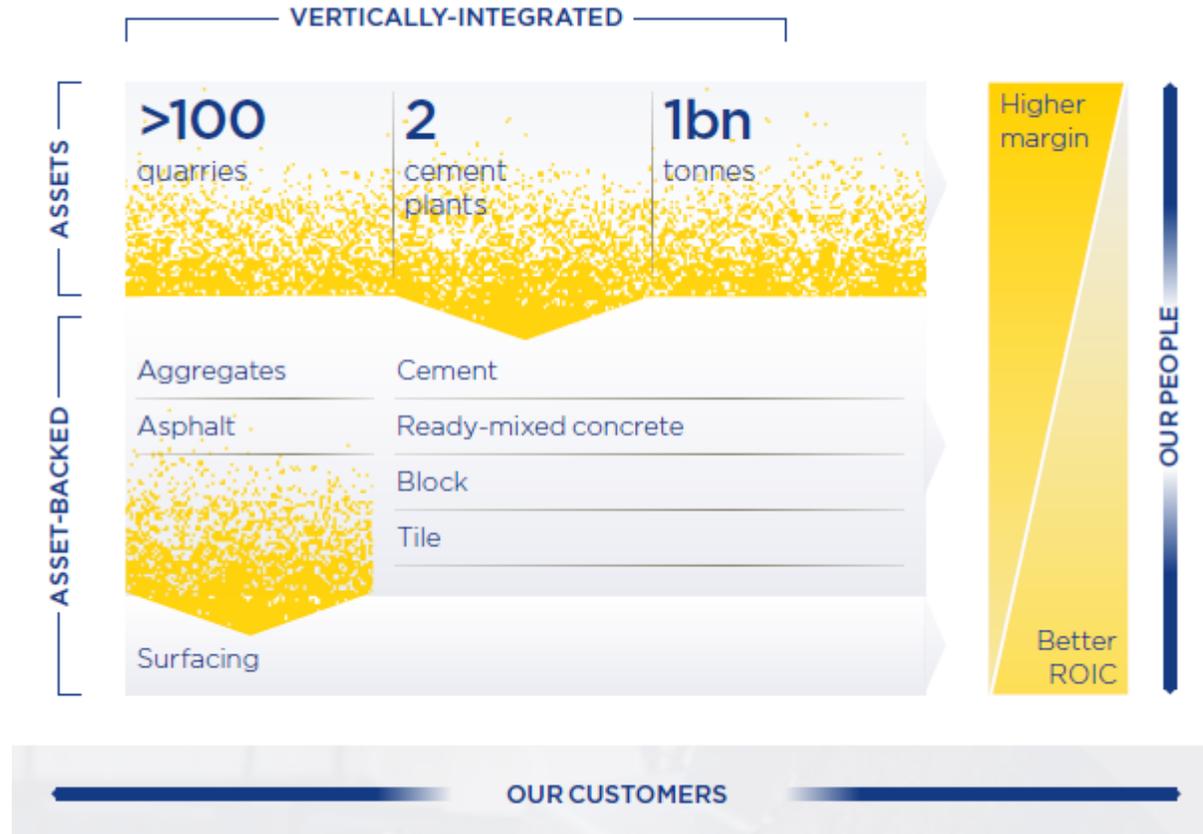
- Drawing material through the model enhances margins and returns

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

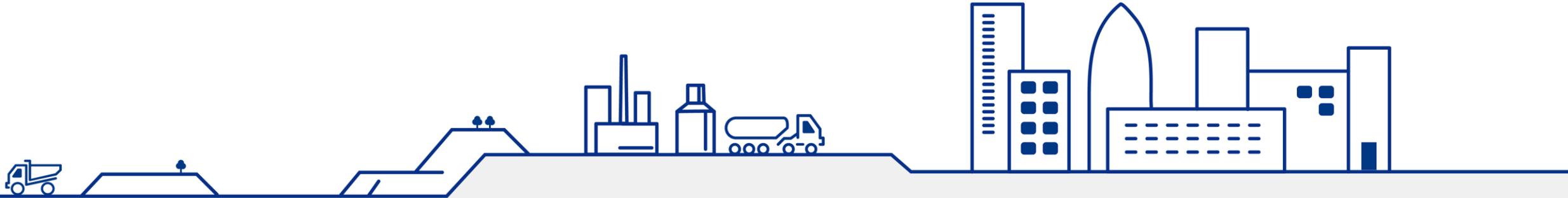


BMC

- 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



Maximise value through capital deployment



Investment opportunities

ORGANIC

Reserves and resources

Business investment

M&A

Bolt-on

3rd platform exploration

Strategic objectives

Profitable growth

Margin improvement

Strong balance sheet

Excess Capital

Dividends

Debt reduction



Financial update

Trading update - April 2024



Unchanged expectations

Trading and Outlook



- First quarter impacted by macroeconomic uncertainty, reduced construction activity due to wet weather conditions and fewer trading days
 - Revenue decreased 5%, or 9% on a like-for-like¹ basis
 - Softer volumes were partially offset by resilient pricing
- Delivered good strategic progress for 2024; progressed pricing, pursued efficiencies, completed bolt-on transactions and entered the US market
- Expectations² for 2024 are unchanged

Highlights



- GB, where trading conditions were particularly affected by wet weather, completed two bolt-on transactions; Eco Asphalt and Phoenix Surfacing
- Ireland had a strong tendering season and is well positioned for the rest of the year
- Cement delivered two scheduled kiln shutdowns, expanded the use of alternative fuels and provision of lower clinker cement
- Third platform launched in the US with the acquisition of BMC which completed on 7 March 2024

Notes:

1. Like-for-like reflects reported values adjusted for the impact of acquisitions and disposals.

2. 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 £173.9m.

2023 Financial Highlights



Record underlying EBIT and increased dividend payout

Revenue

£1,488m

2022: £1,396m



+7%

Revenue
growth

Underlying EBIT

£156.2m

2022: £155.0m



10.5%

Margin
2022: 11.1%

ROIC

9.9%

2022: 10.8%



20%

Effective
Tax Rate
2022: 16%

Free Cash Flow

£94.8m

2022: £68.7m



39%

Conversion
from EBITDA
2022: 29%

Net Debt

£169.9m

2022: £197.7m



0.5x

Covenant
Leverage
2022: 0.7x

Dividend
per share

13.5p

2022: 10.5p



40%

Payout
ratio

Notes: **Underlying** results are stated before acquisition-related expenses, 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, calculated as underlying earnings before interest, divided by 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.

Delivering our strategy

Further progress towards our strategic goals



Growth

Outperform our markets



Profitability

EBIT margin 12% - 15%



Cash flow

FCF conversion >50%



Financial discipline

Covenant Leverage 1x – 2x



Returns

ROIC >10%



Dividend

Payout ratio 40%



Targets

Outcomes

Note: **FCF conversion**: Free Cash Flow relative to Underlying EBITDA. **Covenant Leverage** as defined by the Group's banking facilities - excludes the impact of IFRS 16 and includes the impact of M&A. **ROIC**: Post-tax return on average invested capital, calculated as underlying earnings before interest, divided by average invested capital. **Payout ratio** calculated with reference to Adjusted Underlying EPS.

Enter 2024 in a strong position



Well-established model and growth strategy

Outlook and
Summary

Welcome political clarity

Reinstatement of governing
Assembly in Northern Ireland



Economic contributor

Construction drives growth, benefits
from cross-party support



Finely balanced outlook

Macroeconomic landscape
uncertain near-term



Well-positioned to respond

Deliberate pricing and forward
hedging strategies



Supportive end-markets

Infrastructure and housebuilding;
confident in medium-term outlook



Return to growth forecast

Construction output growth expected.
Breedon growth model well-populated



The Breedon sustainable growth model now across three platforms



\$300m Acquisition of BMC Enterprises inc.

Earnings enhancing US entry

Strategic highlights



- Leading US regional ready-mixed concrete, aggregates and building products business
- Headquartered in St Louis, Missouri
- Strong track record of organic and transaction-led growth
- Well-regarded management team, remaining with the business
- Culturally aligned to Breedon, sharing our values
- Well-positioned to benefit from construction growth in the US Mid-West

Evaluating a third platform

What we said



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

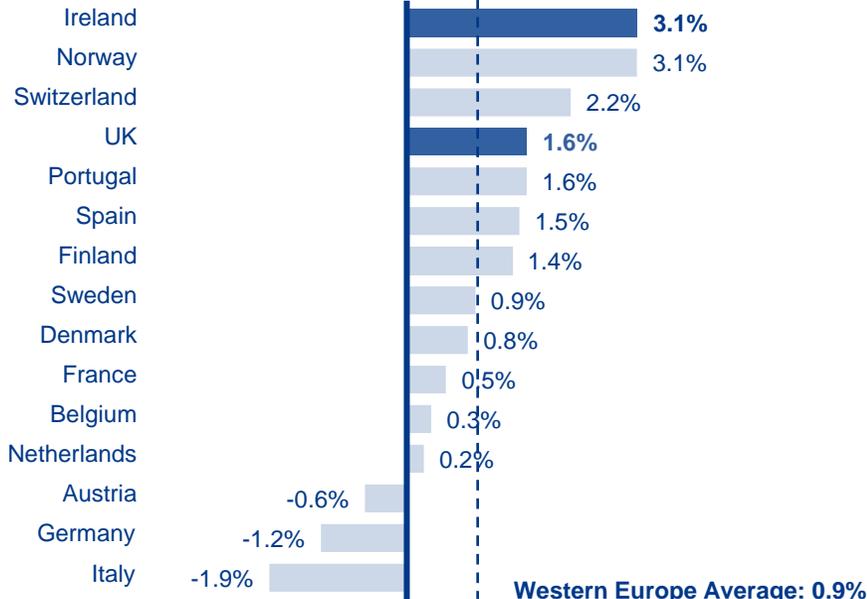
Construction Starts (US)

\$ volume growth; 2023A-2026E CAGR

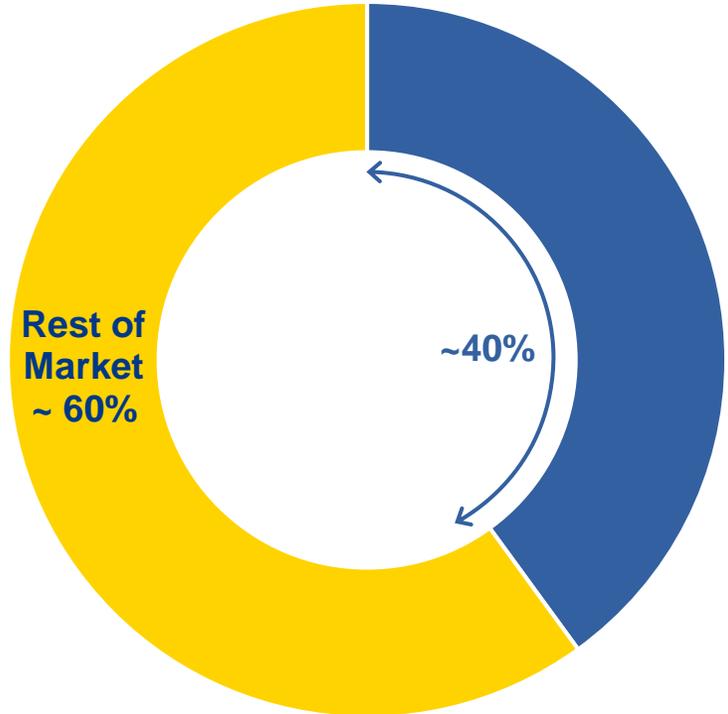


Total Construction Output (Europe)

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
> 400m tonnes reserves and resources

Building products

Number of Plants: 9

Sales mix



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

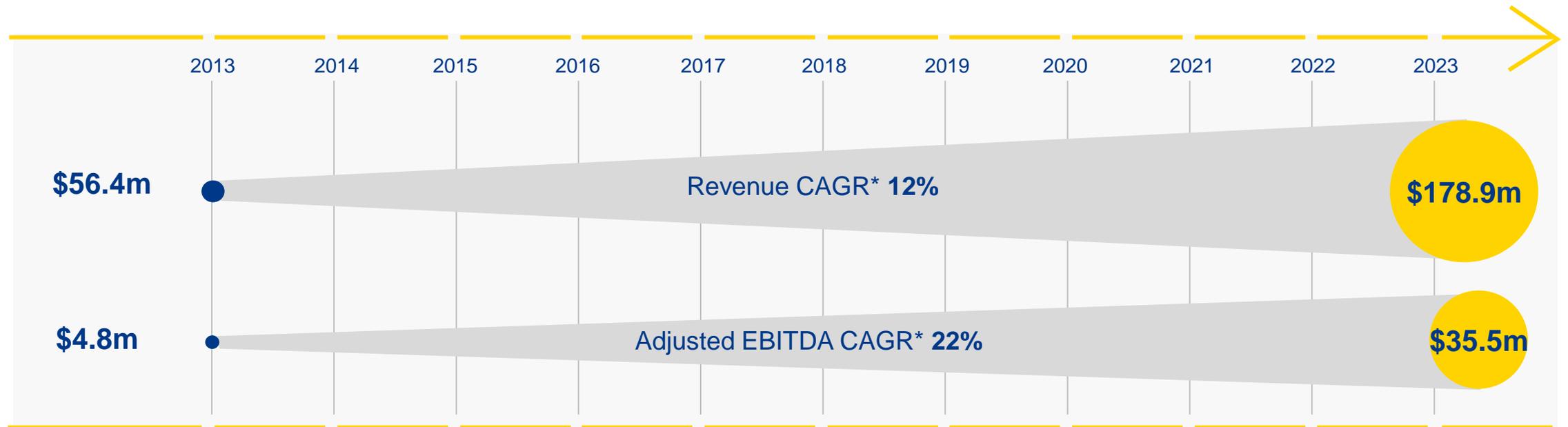


- 76% Ready-mixed concrete
- 12% Aggregates
- 12% Building products

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

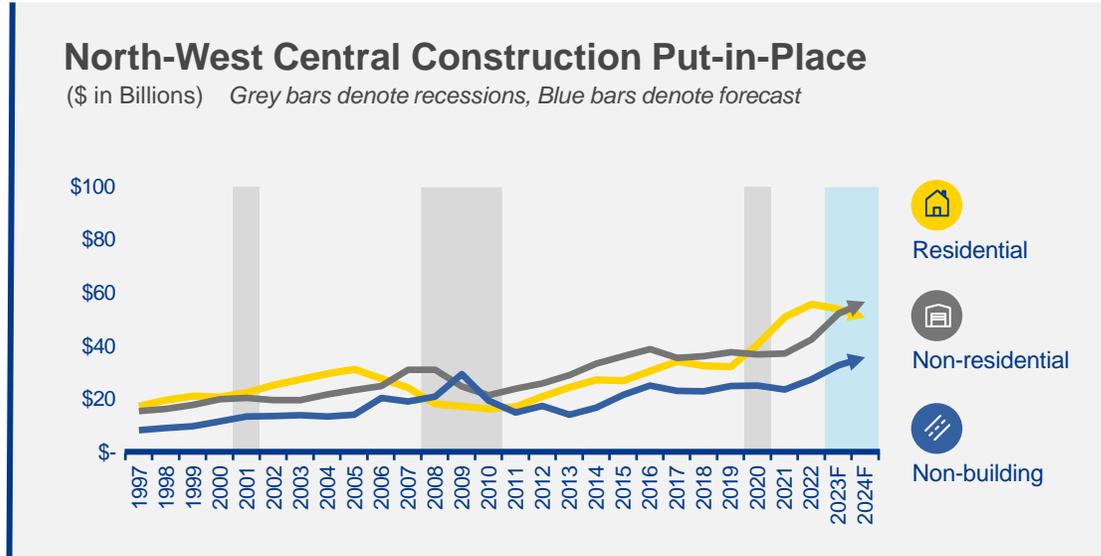
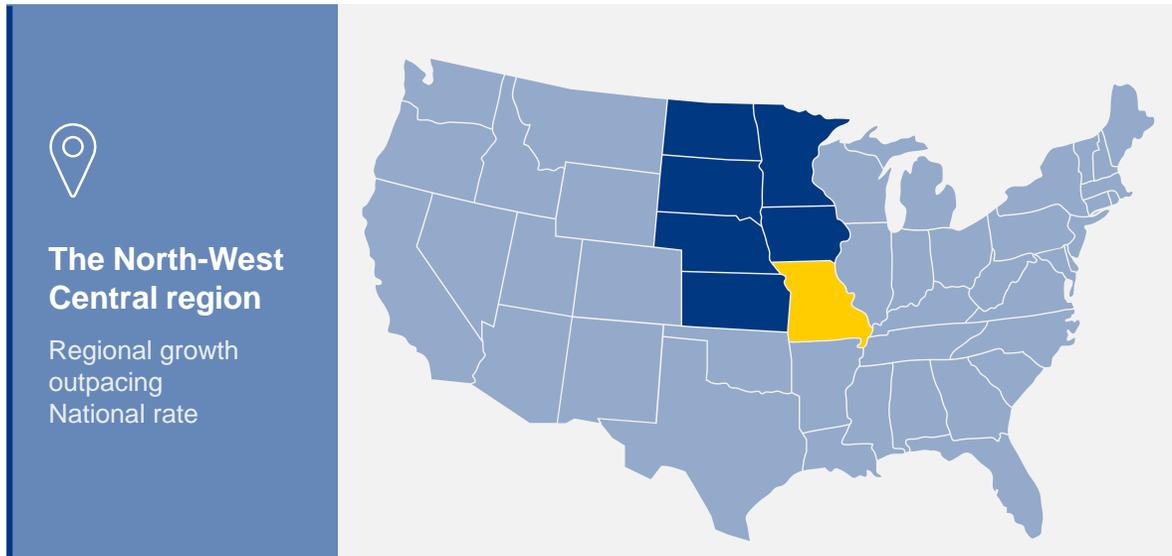
Qualified Lawyer and
experienced CHRO
Previously with
Schenck Markets
Joined BMC in 2022

Supported by Nathan McKean as advisory board member

North-West Central construction market



Regional growth outpacing the broad US growth rate



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



BMC Guidance



- Consolidated for 10 months of 2024
- Transaction costs c.\$15m (non-underlying)
- Integration costs \$2 - 5m (non-underlying)
- Opex investment c.\$2m p.a.
- Shares issued 3.2m
- US tax rate 25%

Group Guidance

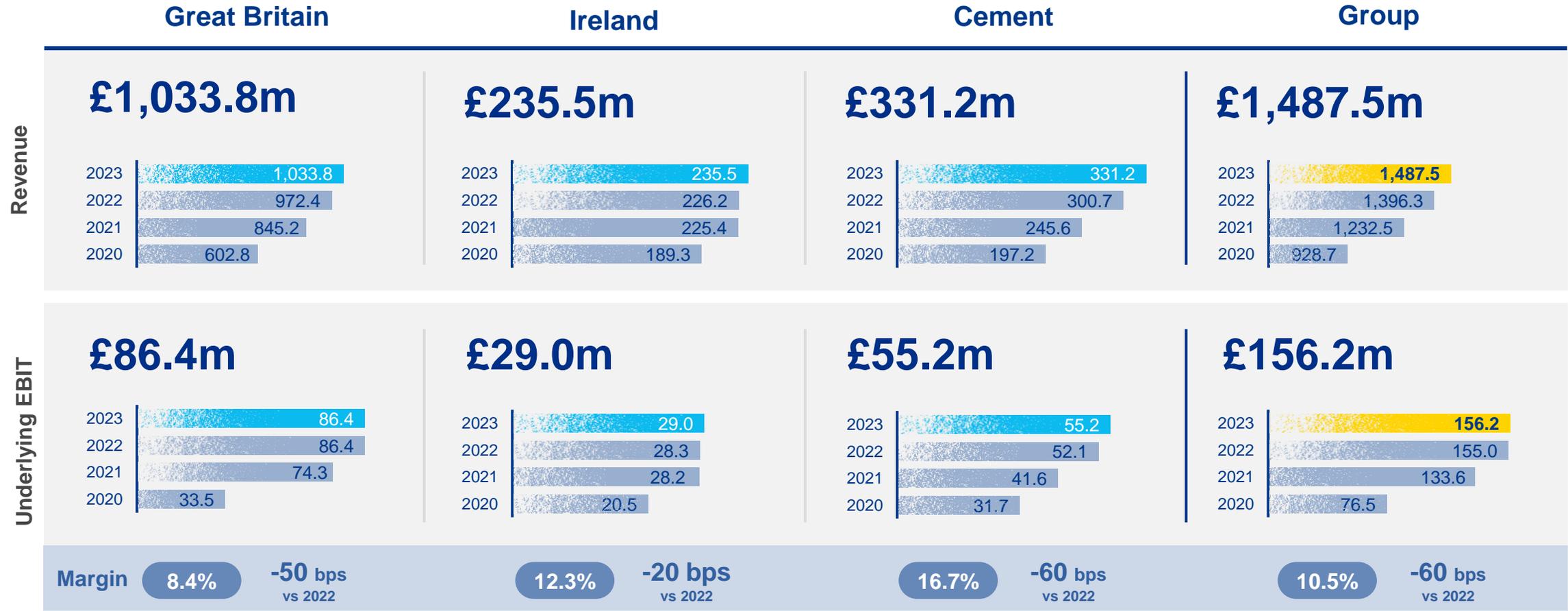


- Capital Expenditure £130m - £140m
- Working Capital £20m - £30m
- Interest Charge £25m - £30m
- Group tax rate c.23%
- Dividend cash cost c.£45m

Divisional contribution



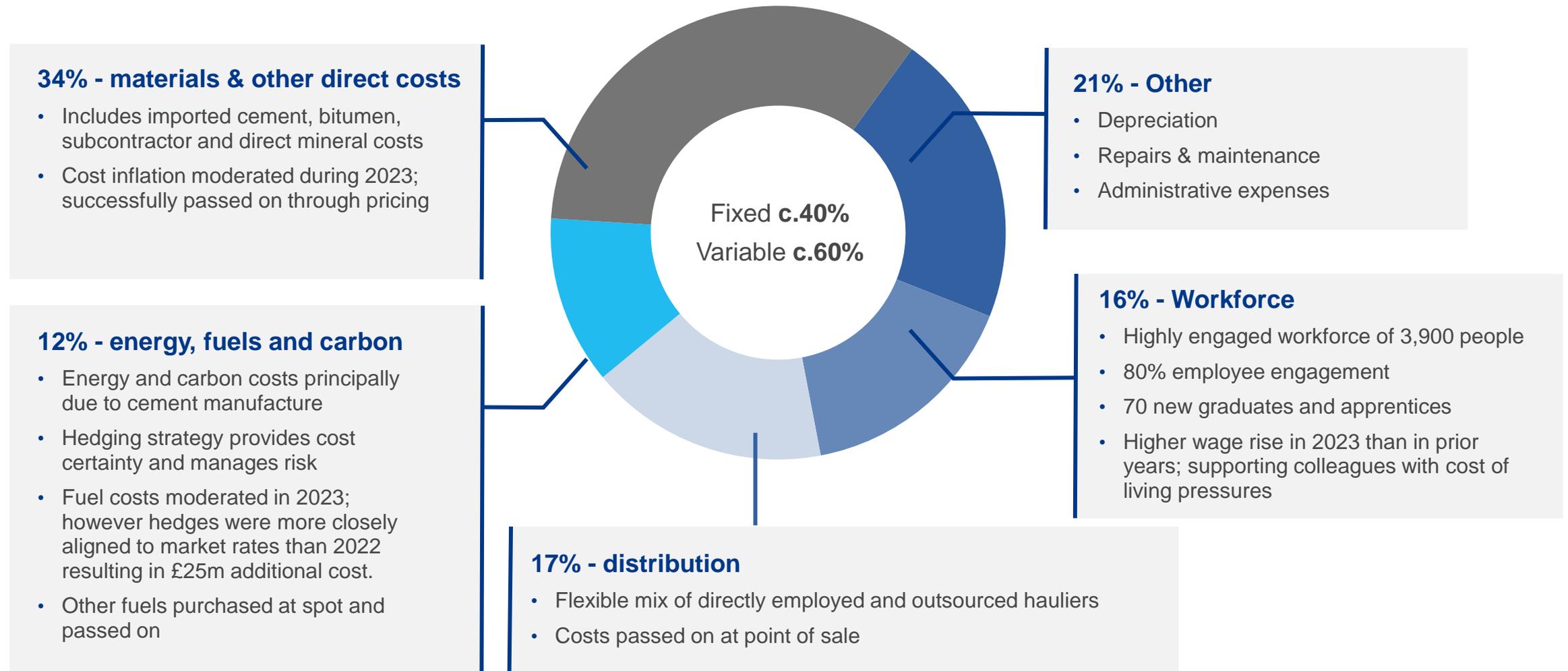
All divisions contributed to 2023 performance



Note: Divisional revenue and EBIT excludes eliminations, head office costs and JV/Associates. Certain cement related activities which were included in GB in 2020 were transferred to our Cement segment in 2021.

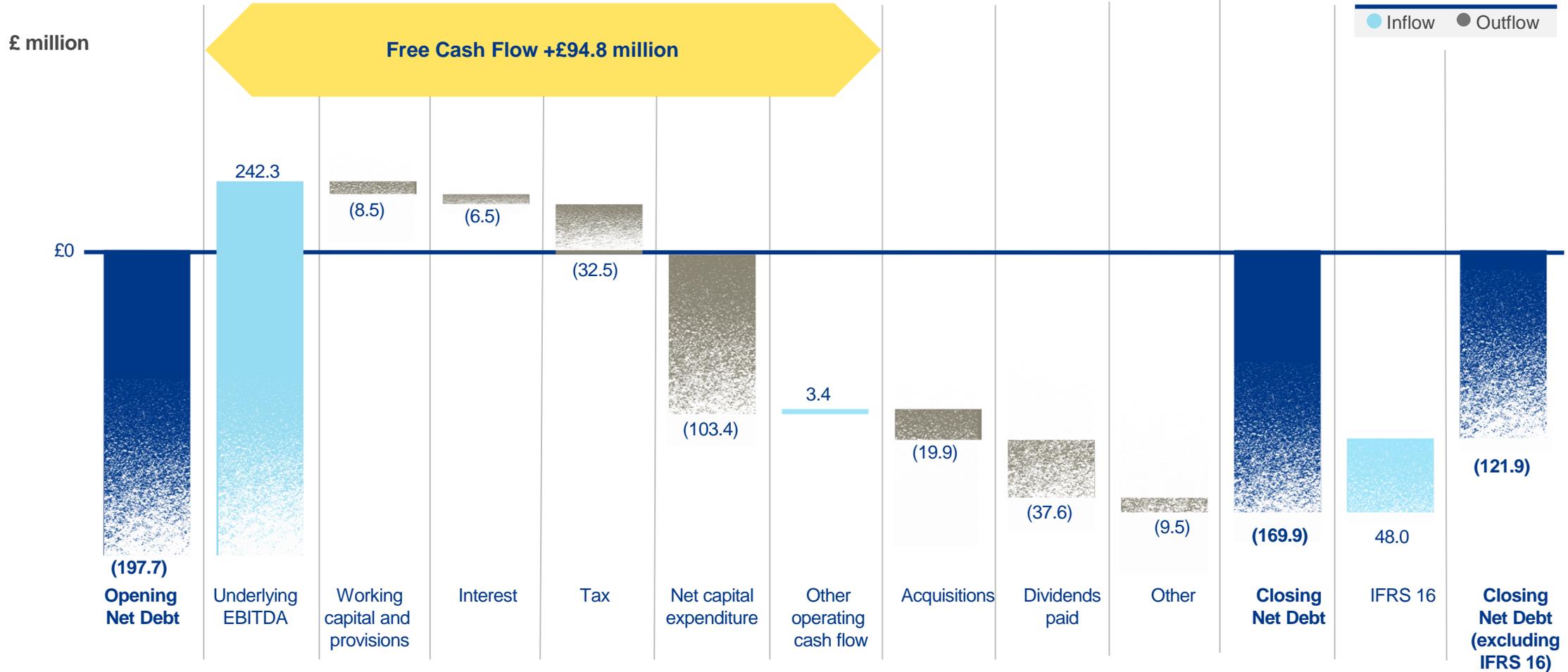
Disciplined cost management

Flexible cost base supported by forward hedging programme



2023 Net debt and cash flow

Further deleveraging alongside continued investment

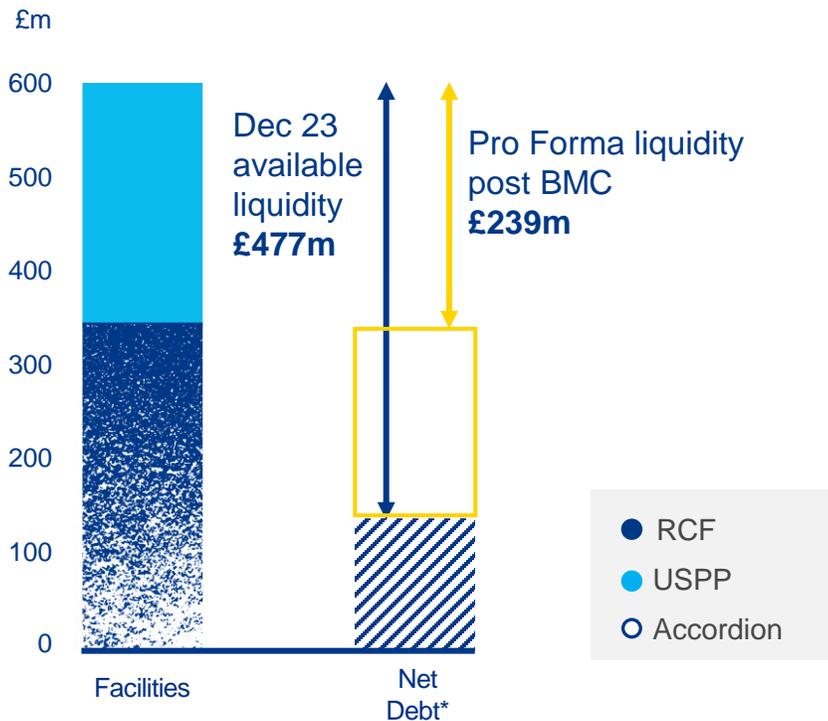


Financing Breedon's Future

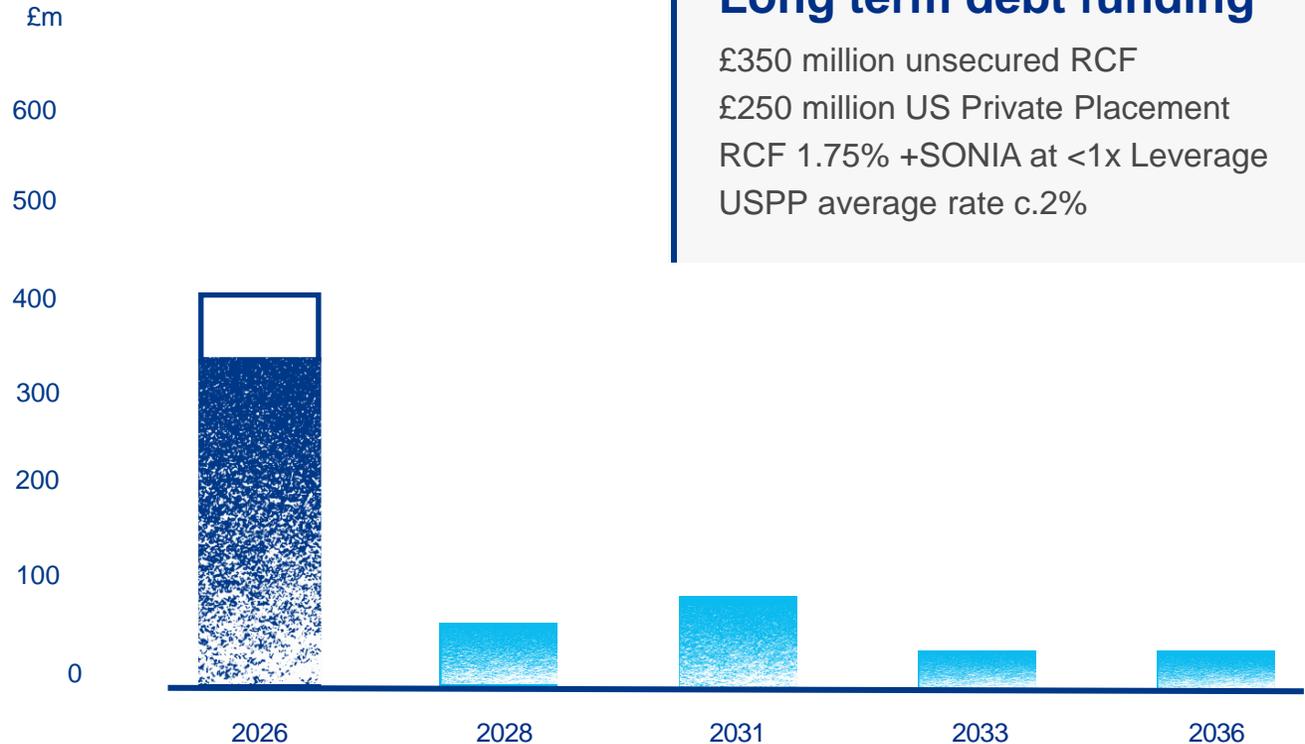


Diversified sources of finance at low interest rates

Debt finance positioned to support future growth



Debt Maturity profile



Long term debt funding

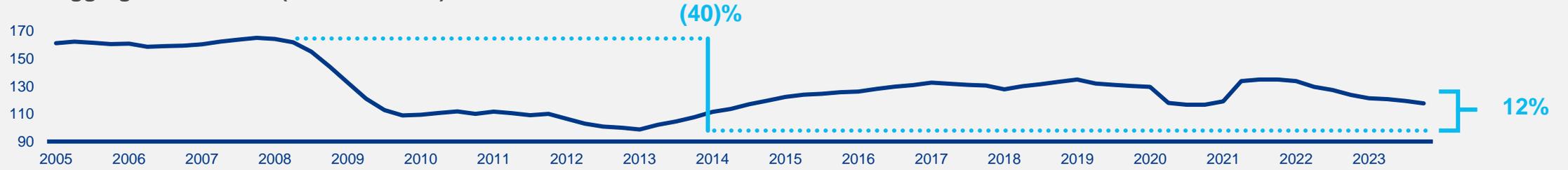
£350 million unsecured RCF
 £250 million US Private Placement
 RCF 1.75% +SONIA at <1x Leverage
 USPP average rate c.2%

* Net debt as at 31 December 2023. Excludes IFRS 16 lease liabilities.

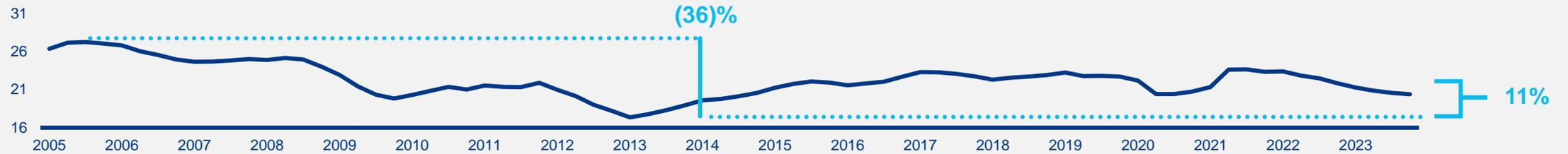
MPA volumes



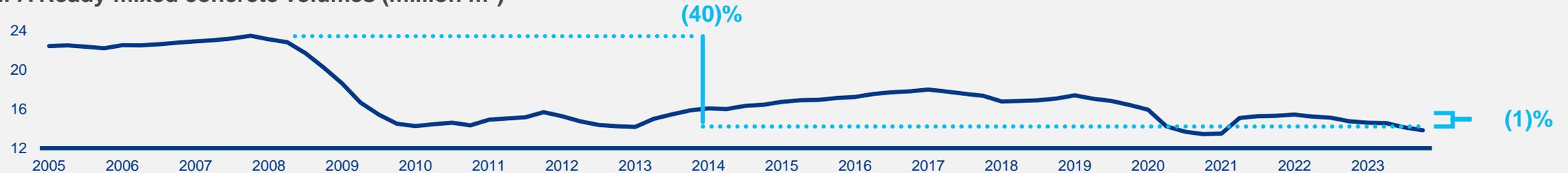
MPA Aggregates volumes (million tonnes)



MPA Asphalt volumes (million tonnes)



MPA Ready-mixed concrete volumes (million m³)



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.

Aggregates pricing outpaces inflation

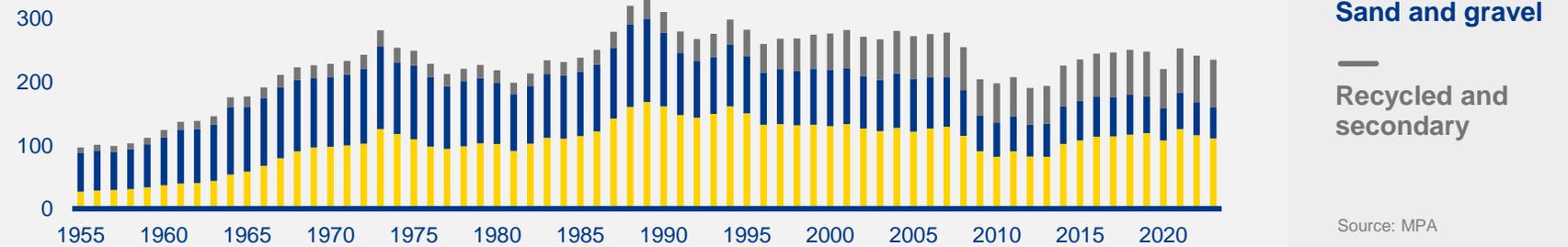
Asset base and local model provide a natural inflation hedge



Breedon reserves and resources
1bn tonnes

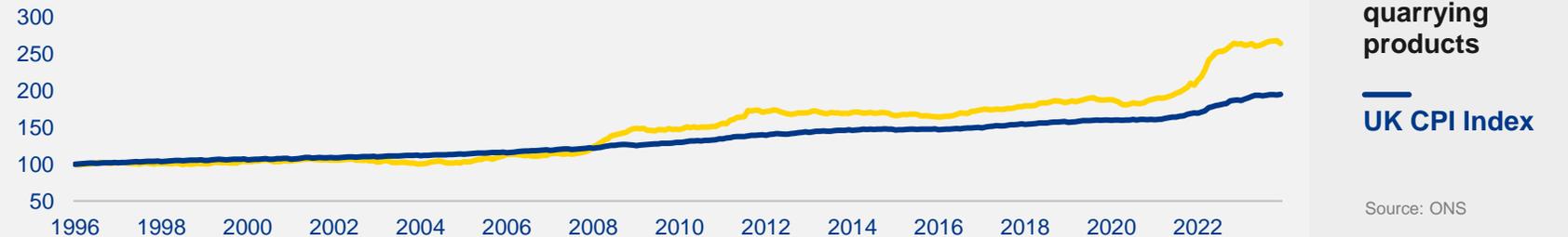


Aggregates markets by source of supply in Great Britain, 1955-2023
million tonnes



Source: MPA

Aggregates prices outpace inflation over time
indexed to 100 in 1996



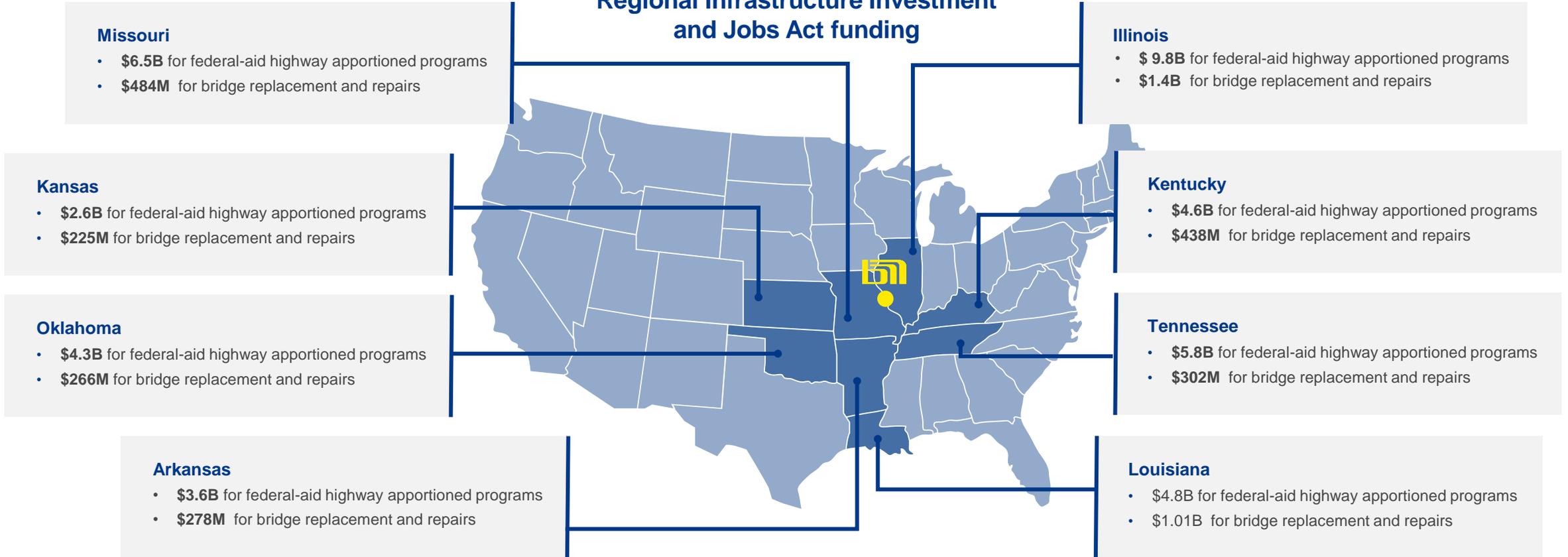
Source: ONS

Midwest infrastructure needs



Substantial increase in Federal infrastructure spending

Regional Infrastructure Investment and Jobs Act funding



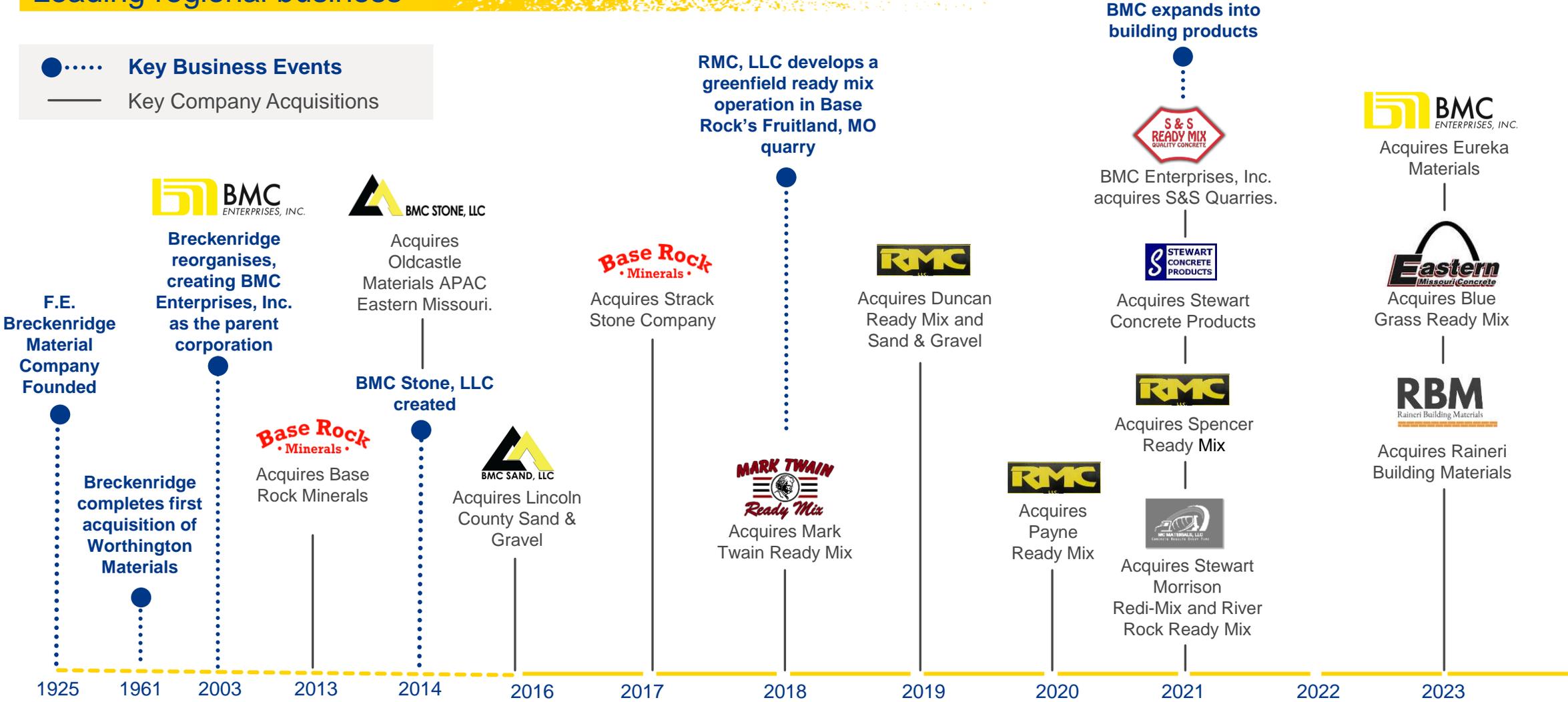
Infrastructure spending growth aligns with future expansion potential

Track record of value-added transactions



Leading regional business

●..... Key Business Events
 — Key Company Acquisitions



Market consensus

Company compiled - April 2024



2024

2025

	2024		2025	
	Average	Range	Average	Range
 Revenue	£1,644m	£1,603m - £1,674m	£1,737m	£1,711m - £1,771m
 Underlying EBIT	£174m	£167m - £182m	£191m	£185m - £200m
 Underlying basic earnings per share	33.2p	31.3p – 35.4p	37.0p	35.5p – 39.5p
 Net debt	£406m	£370m - £438m	£358m	£291m - £395m
 Dividend per share	13.6p	12.7p – 14.3p	15.0p	14.2p – 15.8p