



MAKING A
MATERIAL
DIFFERENCE

BREEDON GROUP
INTERIM RESULTS PRESENTATION

29 July 2020



Agenda



- **Group highlights**
Pat Ward, Group Chief Executive
- **Financial review**
Rob Wood, Group Finance Director
- **Operational review & outlook**
Pat Ward
- **Q & A**

Pat Ward

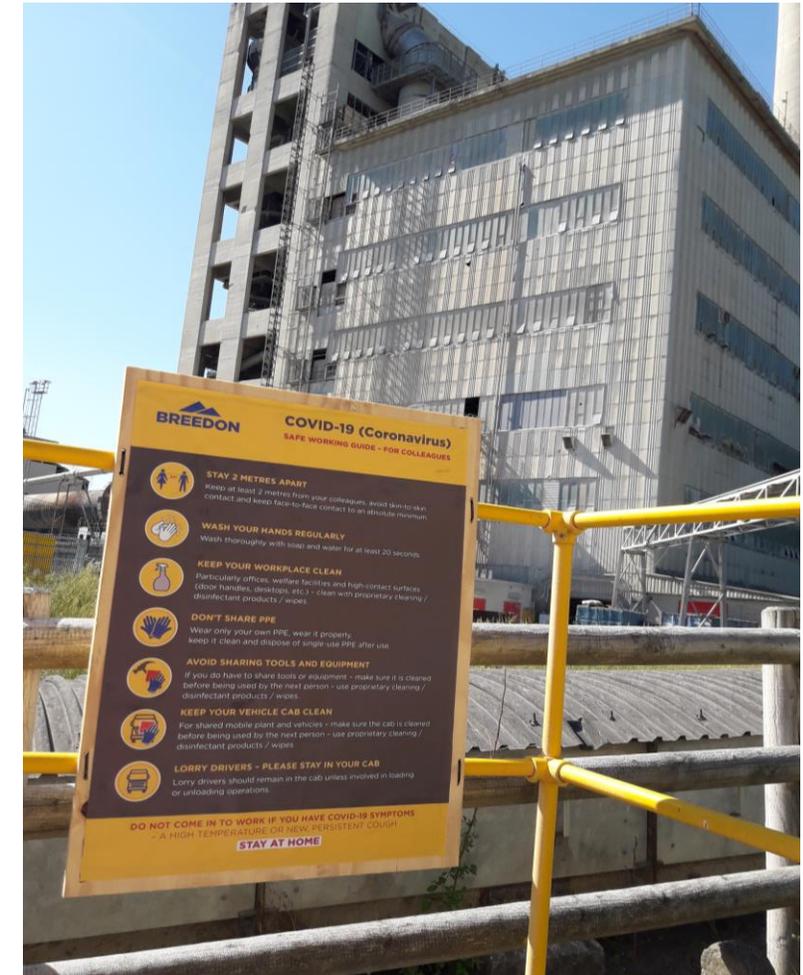
Group Chief Executive



H1 Group highlights



- Encouraging performance in first 12 weeks of the year
- COVID-19 lockdown at end of March prompted immediate fall in demand and managed shutdown of most operations
- Early and decisive action taken to keep colleagues safe and preserve liquidity
- Site reopenings commenced in early May as demand improved
- Recovery led by RoI, underlining the benefit of Breedon's geographical spread
- June revenues recovered to 99 per cent of June 2019
- Strong balance sheet, with net debt reduced to £253.6 million: Leverage of 1.9x
- Financial headroom of £344.0 million at 30 June
- Acquisition of CEMEX assets expected to complete imminently
- Recovery well underway and outlook remains positive



Rob Wood

Group Finance Director



H1 2020 highlights

Revenue

£335.3m -25%

H1 2019: £447.4m

Underlying EBIT*

£(0.6)m -101%

H1 2019: £49.5m

Underlying EBIT margin*

(0.2)% -11.3ppt

H1 2019: 11.1%

Loss before taxation

£(10.1)m -126%

H1 2019: profit of £39.5m

Underlying basic EPS*

(0.65)p -132%

H1 2019: 2.03p

Net debt

£253.6m

H1 2019: £343.7m

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

H1 2020 income statement

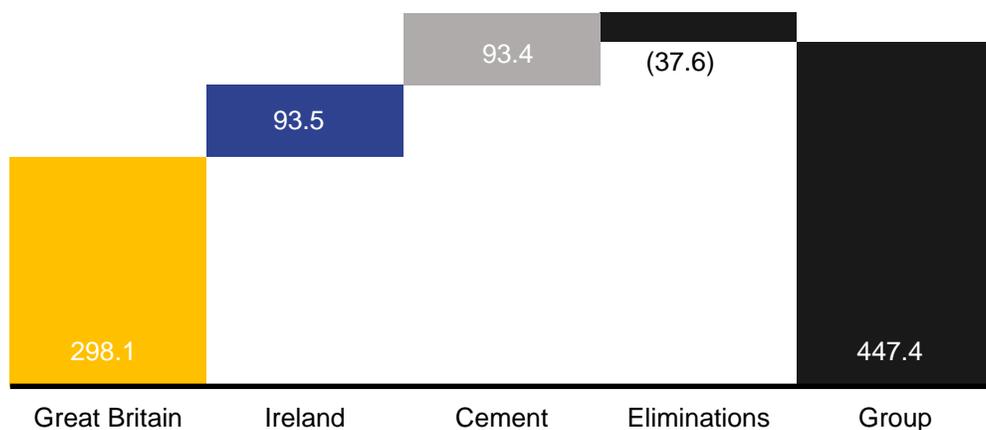


	H1 2019 £ million	H1 2020 £ million	Variance
Revenue	447.4	335.3	-25%
Underlying EBITDA	81.1	32.6	-60%
Depletion & depreciation	(32.4)	(33.1)	
Underlying operating (loss)/profit	48.7	(0.5)	-101%
Share of associate and joint ventures	0.8	(0.1)	
Underlying EBIT	49.5	(0.6)	-101%
Interest	(7.4)	(6.4)	
Non-underlying items	(2.6)	(3.1)	
(Loss)/profit before tax	39.5	(10.1)	-126%
Taxation – at effective rate	(7.5)	1.8	
Taxation – change in deferred tax rate	-	(5.5)	
(Loss)/profit for the period	32.0	(13.8)	-143%
Underlying basic earnings per share	2.03p	(0.65p)	-132%

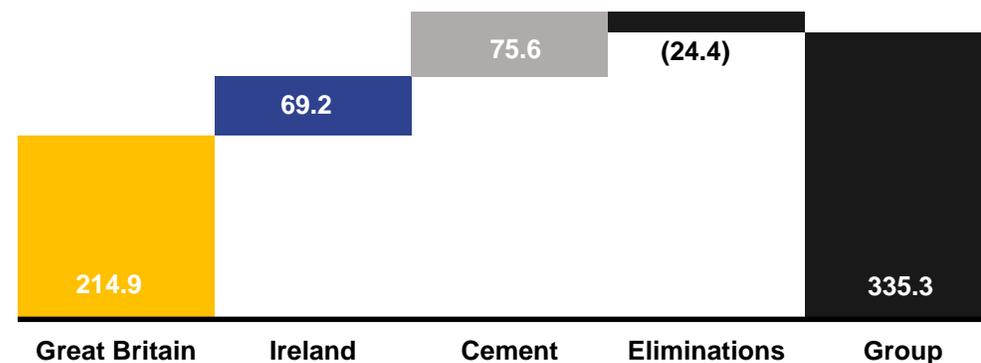
H1 2020 segmental performance



H1 2019 revenue
£ million



H1 2020 revenue
£ million



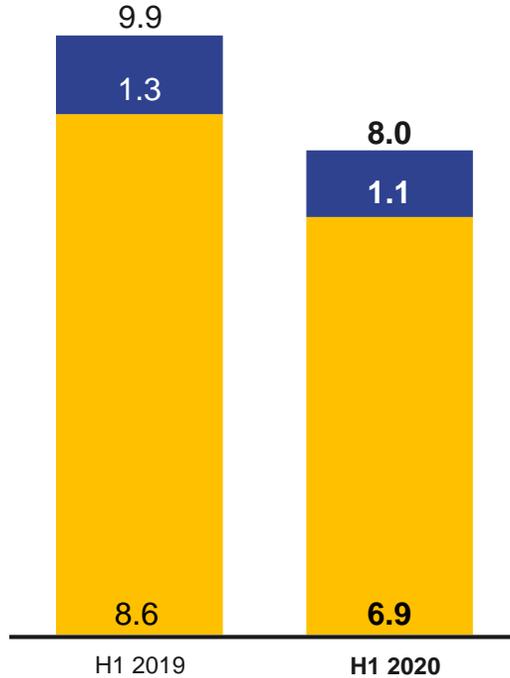
	H1 2019 Underlying EBIT £ million	H1 2020 Underlying EBIT £ million	Variance	H1 2019 Underlying EBIT margin	H1 2020 Underlying EBIT margin	Variance
Great Britain	30.8	(1.4)	(105%)	10.3%	(0.7%)	(11.0 ppt)
Ireland	8.9	1.8	(80%)	9.5%	2.6%	(6.9 ppt)
Cement	15.8	6.1	(61%)	16.9%	8.1%	(8.8 ppt)
Central administration	(6.8)	(7.0)				
Share of associate and joint ventures	0.8	(0.1)				
	49.5	(0.6)	(101%)	11.1%	(0.2%)	(11.3 ppt)

H1 2020 product volumes



Aggregates

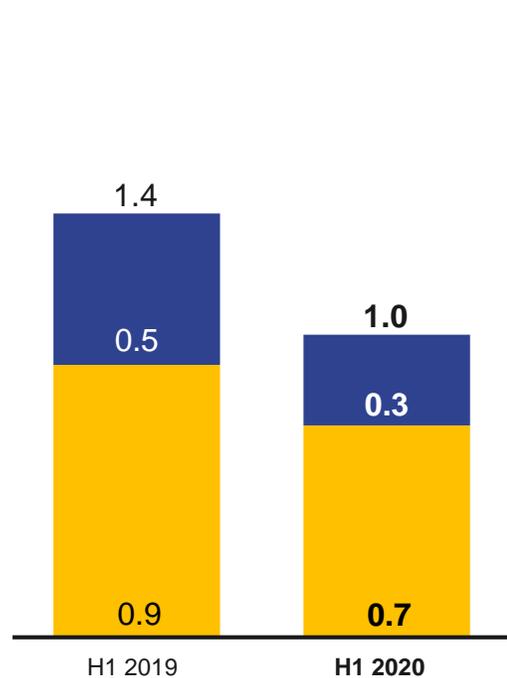
million tonnes



-19%

Asphalt

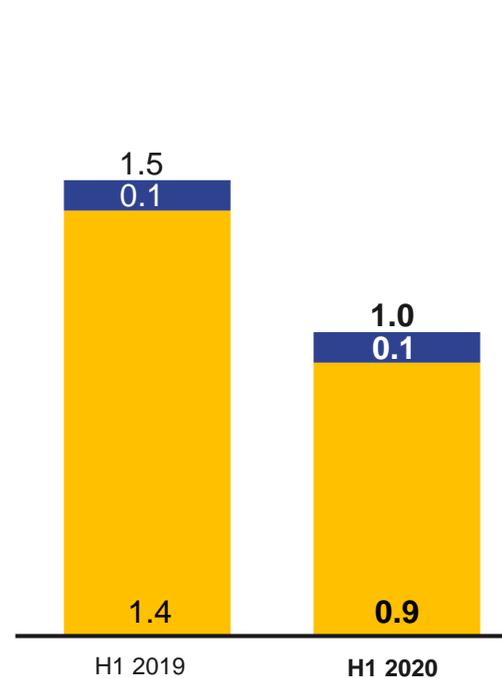
million tonnes



-28%

Concrete

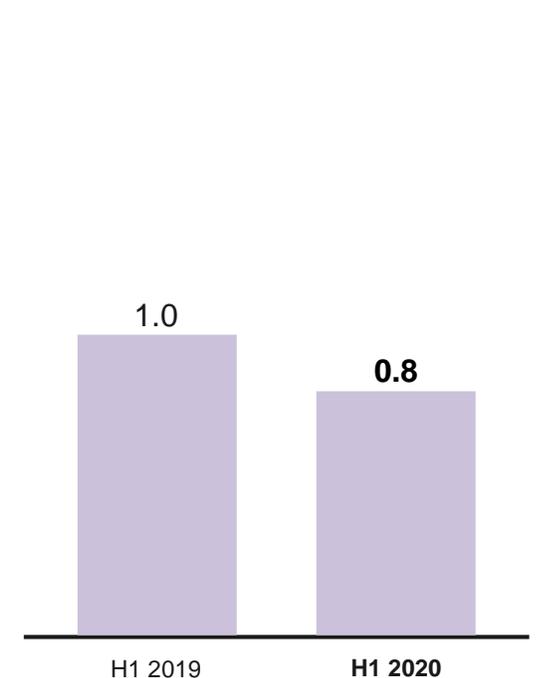
million m³



-36%

Cement

million tonnes



-22%

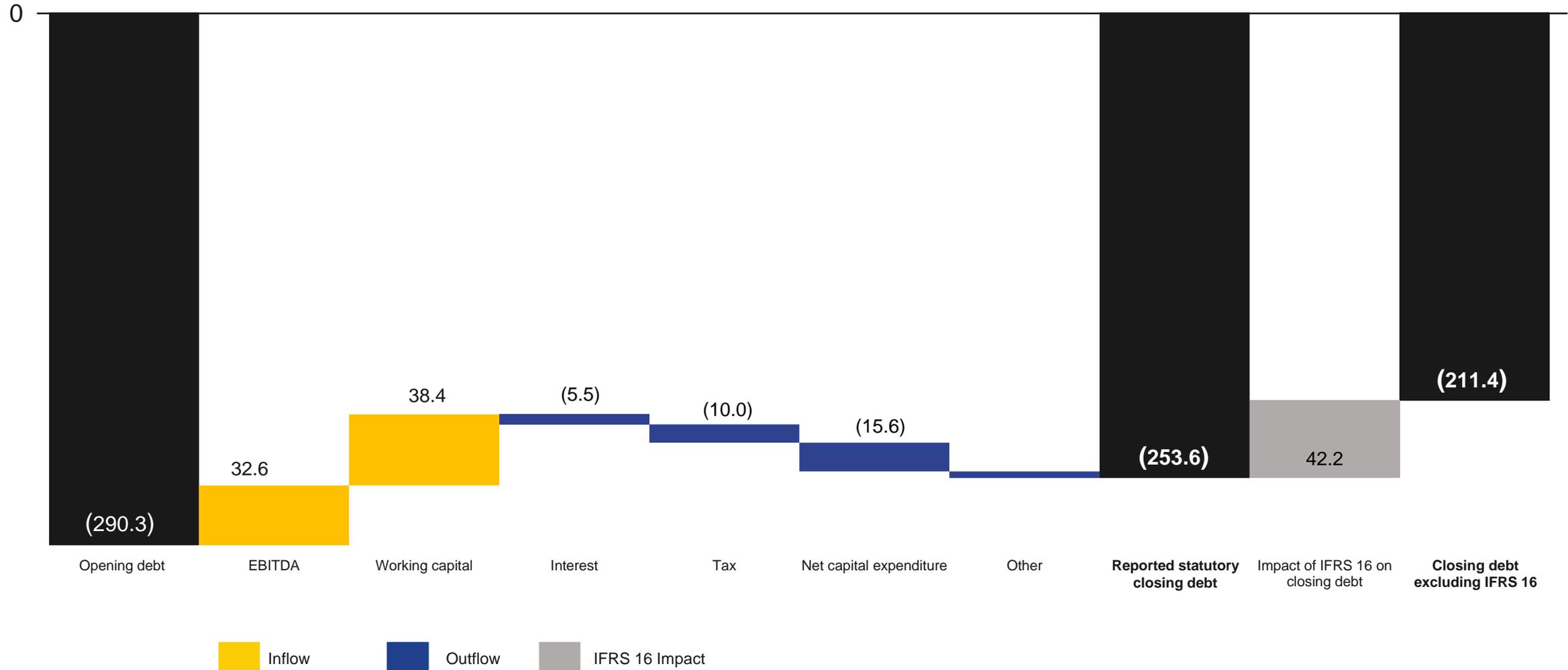


Note: reported percentage movements are based on non-rounded data

H1 2020 net debt movement



£ million



Pat Ward

Group Chief Executive



H1 market background*

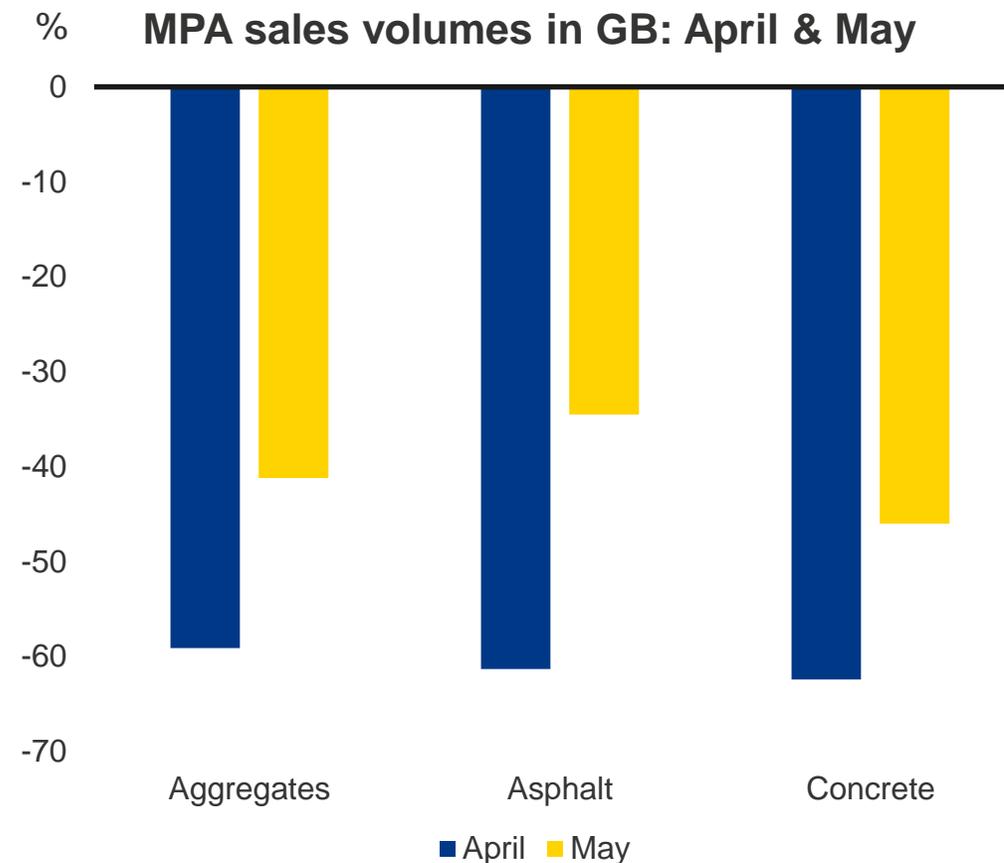
- UK GDP -2.0% in Q1 2020; April -20.3%, May +1.8%
- RoI GDP +1.2% in Q1 2020; April -15/21%

GREAT BRITAIN

- Construction output in Q1: -3%
- April -44%, May -40%
- UK construction PMI up from 28.9 in May to 55.3 in June

IRELAND

- RoI Q1 construction output +15%; Q2 forecast -20%
- RoI construction PMI up from 19.9 in May to 51.9 in June
- NI Q1 construction output -3.3%



* All comparisons year-on-year
Sources: CSO, CPA, Ifac, MPA (members), NISRA, ONS, Trading Economics, Ulster Bank

H1 2020 business reviews

GREAT BRITAIN

- Good start to the year in all regions, with England and Wales recovering relatively quickly from lockdown in Q2
- Recovery in Scotland more protracted as lockdown measures relaxed more slowly
- Early supply contracts won for HS2
- Loak Farm operational to support A9 dualling
- BEAR associate awarded 5G framework contract

IRELAND

- Strong recovery in RoI throughout June, quickly matching pre-COVID expectations
- RoI surfacing contracts won on N52 and 2nd phase of Dublin airport runway
- NI maintenance contracts won on M1 and A4

CEMENT

- Steady recovery from lockdown in Q2; two shutdowns completed



Acquisition of CEMEX assets

- Completion expected imminently
- Assets will be held separate until completion of the CMA's investigation
- Business will trade as Pinnacle Construction Materials under an independent management team
- To be headquartered near East Midlands airport with regional offices
- CMA's decision on Phase 1 of its investigation due to be announced on 26 August 2020
- Following completion of the CMA's investigation, assets will be integrated into Breedon

PINNACLE
Construction Materials

2020 Group outlook



MARKET – GB

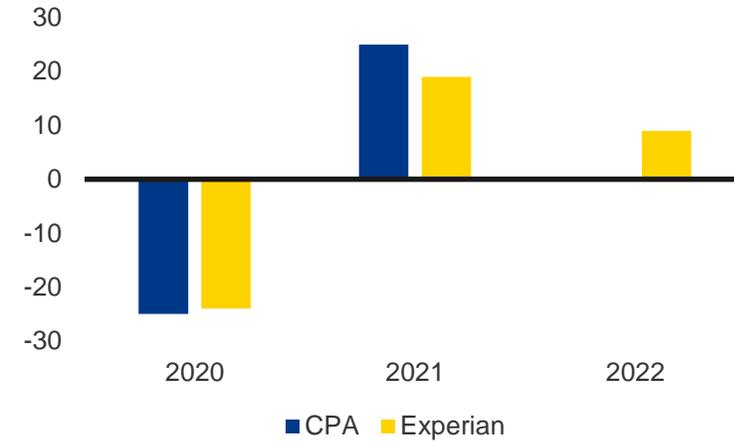
- CPA construction output -25% in 2020, +25% in 2021
- Sales volumes forecast to decline 20-30% across all products in 2020
- Recovery underpinned by increased infrastructure investment

MARKET – IRELAND

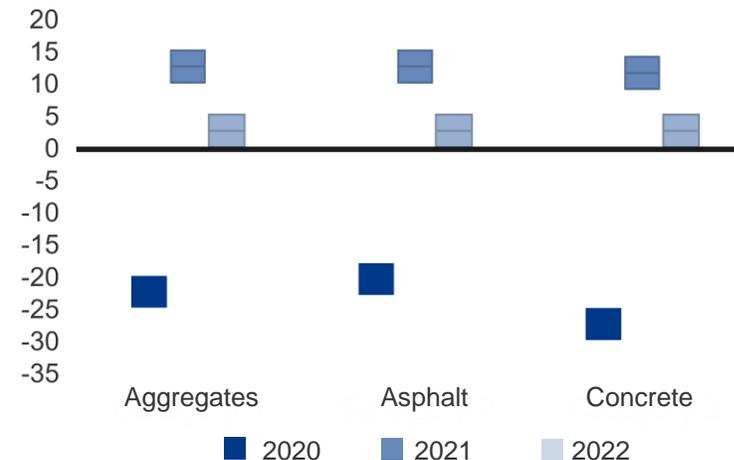
- RoI construction output -38% in 2020, +18% in 2021
- NI construction output -16% in 2020, +10% in 2021
- Prospects underpinned by Irish National Development Plan

Sources: CPA, Danske Bank, Euroconstruct, Experian, MPA

% **GB construction outlook: 2020-22**



% **GB market forecast ranges, 2020-22**



2020 Group outlook



BREEDON

- Recovery well underway and enquiry levels encouraging
- Increased demand from major projects, e.g. A9, HS2, N4, Dublin Airport
- Further self-help to secure maximum benefit from recovery
- Continuing benefits of geographical diversity
- CEMEX acquisition due to be completed imminently
- Remain unable at this stage to provide market guidance



“ The recovery in our markets now appears to be well underway and we have seen continued improvement into July. The great majority of our sites are now open, including both our cement plants. While near-term uncertainty remains, there is significant pent-up demand to be satisfied in both housing and infrastructure, reinforced by the substantial programme of investment confirmed by the Chancellor earlier this month. Looking to the longer-term, we believe the outlook for our markets remains positive, supporting our confidence in the prospects for the Group. ”

Q & A



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