27 July 2022

BREEDON GROUP PLC
Interim results 2022

Strong first half supported by resilient end-markets
Expect full-year earnings at top end of current market expectations

Breedon Group plc ("Breedon" or the "Group"), a leading vertically-integrated construction materials group in Great Britain and Ireland, announces unaudited interim results for the six months ended 30 June 2022.

	Statutory highlights			Underlying[1] highlights		
£m except where stated	H1 2022	H1 2021	% change	H1 2022	H1 2021	% change
Revenue	**671.1**	600.9	12%	**671.1**	600.9	12%
EBIT	**65.5**	53.7	22%	**66.9**	56.4	19%
EBIT margin	**9.8%**	8.9%	90bps	**10.0%**	9.4%	60bps
Profit Before Tax	**59.5**	46.2	29%	**60.9**	48.9	25%
Basic EPS[2]	**2.91p**	1.41p	106%	**3.01p**	2.39p	26%
Dividend per share				**0.70p**	0.50p	40%
Covenant Leverage[3]				**1.0x**	1.2x	(17)%
ROIC[4]				**10.0%**	9.2%	80bps

HIGHLIGHTS

- Focused execution of strategy delivering higher revenue, earnings and returns
  - Volume normalising as expected, compared with Covid-recovery inflated H1 2021
  - Serving resilient structurally attractive markets; infrastructure, industrial, house building
  - Well-underpinned by central Government policies and sustainability agenda
- Rational pricing environment and hedging policy enabled full cost recovery
  - Underlying EBIT margin recovering to 10.0% (H1 2021: 9.4%)
  - ROIC increased to 10.0% (H1 2021: 9.2%), achieving our medium term target, reflecting improving profitability and disciplined capital allocation
- Strong financial position maintained; Covenant Leverage 1.0x (H1 2021: 1.2x) reflects increased capital investment, seasonal working capital outflow and payment of final dividend
- Interim dividend increased 40% to 0.70p
- Sustainability agenda progressed; committed to the Science Based Targets initiative

OUTLOOK

During the first half, the economic and political backdrop has grown increasingly uncertain, impacting visibility beyond 2022. While we recognise the potential for these developments to affect confidence, we are optimistic for the remainder of 2022. Our customers' order books are healthy, the mechanism for passing through cost increases has traction and enquiry levels are encouraging. We therefore expect to deliver Underlying EBIT at the top end of the range of consensus expectations[5].

Our longer-term prospects are underpinned by the resilience of the end-markets we serve; infrastructure demand is well supported by large long-term projects and centrally funded schemes, material industrial projects are coming to market driven by the environmental agenda, and house building order books remain robust.

ROB WOOD, CHIEF EXECUTIVE OFFICER, COMMENTED:

"We enjoyed a strong start to 2022. Our teams are focused on getting pricing right, our end market exposure is supportive and that has produced excellent results, advancing our margins and returns towards our medium term targets. We completed two in-fill transactions during July, with further M&A activity in the pipeline, and we have continued to progress a broad range of sustainability initiatives, including a commitment to the Science Based Targets initiative.

"Crucially, we achieved this strong outturn while keeping our people safe and well. We have continued to invest in our team as we prepare for our next chapter of growth and that was reflected in our recent engagement survey where response and engagement rates were the highest ever. Our colleagues are embracing the challenges presented by the uncertain backdrop, remaining focused on responding nimbly to local market requirements, winning new business, driving efficiencies and delivering first-class service to our customers. Now more than ever, our agile and entrepreneurial DNA will set us apart."

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

RESULTS PRESENTATION

Breedon will host a results presentation for analysts and investors at 08:30am today at the London Stock Exchange, 10 Paternoster Square, EC4M 7LS, or online via www.breedongroup.com/investors. The presentation will be followed by Q&A, where it will be possible to participate through the following dial-in details:

Event Title:	Breedon Group - Interim Results 2022
Start Time/Date:	08:30 Wednesday, 27 July 2022 - please join the event 5-10 minutes prior to scheduled start time. When prompted, provide the confirmation code or event title
Confirmation Code:	2366298
United Kingdom, Tollfree:	0800 279 6877
United Kingdom, Local:	+44 (0)330 165 4012

Notes:

1. Underlying results are stated before acquisition-related expenses, redundancy and reorganisation costs, property gains and losses, amortisation of acquisition intangibles and related tax items. References to an underlying profit measure throughout this announcement are defined on this basis.
2. EPS in the Underlying Highlights is Adjusted Underlying Basic EPS, which is Underlying Basic EPS adjusted to exclude the impact of changes in the deferred tax rate of £0.6m (30 June 2021: £14.4m).
3. Covenant Leverage is defined as the ratio of Underlying EBITDA to Net Debt, with both Underlying EBITDA and Net Debt amended to reflect the material items which are adjusted by the Group and its lenders in determining leverage for the purpose of assessing covenant compliance. In both the current and prior periods, the only material adjusting item was the impact of IFRS 16.
4. ROIC: post-tax return on average invested capital.
5. Company compiled consensus mean estimates for FY22 as at 19 July 2022: Revenue £1,338m (range £1,265m - £1,384m), Underlying EBIT £143m (range £140m - £149m), EPS 6.4p (range 6.1p – 6.8p).

ENQUIRIES

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About Breedon Group plc

Breedon Group plc, a leading vertically-integrated construction materials group in Great Britain and Ireland, delivers essential products to the construction sector. Breedon holds around 1bn tonnes of mineral reserves and resources with long reserve life, supplying value-added products and services, including specialty materials, surfacing and highway maintenance operations, to a broad range of customers through its extensive local network of quarries, ready-mixed concrete and asphalt plants.

The Group's two well-invested cement plants are actively engaged in a number of carbon reduction practices, which include utilising alternative raw materials and lower carbon fuels. Breedon's c.3,500 colleagues embody our commitment to 'Make a Material Difference' as the Group continues to execute its strategy to create sustainable value for all stakeholders, delivering growth through organic improvement and acquisition in the heavyside construction materials market.

DELIVERING TO LONG-TERM GROWTH MARKETS

Our teams successfully navigated numerous challenges in the first half of 2022 to deliver a strong start to the year. Revenue increased 12% to £671.1m (H1 2021: £600.9m) driven by dynamic price increases applied throughout the period.

As expected, volumes moderated after the post-lockdown upturn seen during the first half of 2021. Our disciplined pricing strategy and strategic hedging programme combined to ensure full cost recovery, advancing Underlying EBIT margins to 10.0% (H1 2021: 9.4%).

We supply structurally attractive end-markets, generating approximately 50% of our revenue from infrastructure spending where fundamental underinvestment is being addressed by long-term, central Government spending commitments.

Approximately 20% of our revenue originates from residential construction where housing markets in both GB and Ireland are structurally under-invested and have robust order books. The industrial sector also offers opportunities for growth, driven by the sustainability agenda. As a consequence, our customers' primary focus has been on securing supply of key construction materials, enabling us to recover rapidly rising input costs in full.

Return on invested capital (ROIC) increased to 10.0% (H1 2021: 9.2%); achieving our medium term target, reflecting our improving profitability and demonstrating the effectiveness of our strategy to grow the business sustainably, within a disciplined financial framework. Following increased capital investment, the usual seasonal working capital outflow and the purchase of UK ETS carbon allowances, the Group's free cash flow was an outflow of £22.0m (H1 2021: inflow of £34.3m) which translated to closing Covenant Leverage of 1.0x at 30 June 2022 (H1 2021: 1.2x).

The Board regularly reviews capital allocation scenarios, balancing capital investment and M&A with reducing debt and returning cash to shareholders while prioritising profitable growth and ROIC. As a consequence of these strong results, the Board has approved an interim dividend payment of 0.70p (H1 2021: 0.50p), an increase of 40%.

STRATEGY REVIEW

Sustain

Sustainability is the lens through which all our strategic decisions pass. Having established a sustainability framework in 2021 addressing the three key themes of Planet, People and Places, and committed to credible targets for 2030, we are now focused on implementing a number of initiatives. During the first half we embedded working groups across the business to progress our plans. We have taken steps to enhance transparency and disclosure and have committed to the Science Based Targets Initiative.

We operate with a purposeful focus on the Health, Safety and Wellbeing of all our people. The 'Home Safe and Well' programme aligns to our broader sustainability agenda, by bringing together best practice from across the sector and embracing new and innovative technologies with the ambition to become a 'Reference Company' in our fields of operation. Performance in the first half delivered further progress from a solid foundation, with improvements in both lagging and leading indicators as the Group's safety culture continues to mature.

During the first half we reinvigorated our colleague engagement activities, hosting our first leadership conference in over two years, as we set out to embed our values and culture across a growing portfolio. Our colleagues had an opportunity to have their say, with 75% participating in our annual engagement survey, the highest response and engagement rates ever.

Optimise

Through close collaboration, our commercial and operational teams understand and meet local market requirements, accruing customer loyalty through consistent quality and service. By configuring sites to optimise geology and maximise plant utilisation, we delivered tailored product to local markets and, at a number of acquired sites, reduced crushing and screening activities to drive productivity benefits.

Expand

During the first half we secured additional materials at a number of quarries, fully replenishing production, and progressed our extensive pipeline of planning applications in GB and Ireland.

In July, we acquired concrete supplier RT Mycock and Sons, giving us effective entry into volumetric concrete supply, extending our product and service to rural markets in Derbyshire and Cheshire. In addition, we enhanced our surfacing platform in the East Midlands with the acquisition of Thomas Bow, securing a route to market for upstream materials and building out our regional surfacing footprint in England. These two transactions, with a combined enterprise value of c.£7m, will be immediately accretive to earnings. The M&A pipeline in GB and Ireland remains active and we will continue to pursue bolt-on transactions to in-fill our regional footprint and selectively add capability.

As announced during our full year results in March, we have started to explore options for the establishment of a third platform in the US. Our activity at this stage remains exploratory as we patiently seek an appropriate vehicle to enter the US market. In the near term, the M&A pipeline favours bolt-on transactions in GB and Ireland.

OPERATIONAL REVIEW

Product volumes

million tonnes except where stated	H1 2022	H1 2021	H1 2020	H1 2019
Aggregates	**13.6**	15.0	8.0	9.9
Asphalt	**1.9**	2.0	1.0	1.4
Cement	**1.2**	1.2	0.8	1.0
Ready-mixed concrete (m^3)	**1.5m**	1.7m	1.0m	1.5m

Cement market conditions remained favourable and volumes were sustained. By contrast, aggregates volumes reduced 9% when compared to the first half of 2021 which benefitted from a post-lockdown upturn. Downstream, asphalt volumes were relatively stable while ready-mixed concrete volumes reflected the effect of plant closures carried out in the second half of 2021 to drive efficiencies.

Compared with H1 2019, like-for-like volumes (excluding Cemex) have increased by 7% in aggregates, 15% in asphalt and 7% in cement with only ready-mixed concrete showing a small like-for-like decline of -6%, reflecting the plant closures described above.

Great Britain

£m except where stated	H1 2022	H1 2021	Change %
Revenue	**473.1**	420.2	+13%
Underlying EBIT	**41.5**	36.8	+13%
Underlying EBIT margin	***8.8%***	*8.8%*	*0bps*

Our GB business performed strongly during the period as the market operated rationally and customers accepted the well-publicised need for price increases. GB focused on delivering a consistently high service to our customers and tailoring material production to local market requirements through close internal collaboration.

Construction commenced at the new Mansfield asphalt plant and the business made further investments for growth, adding recycled asphalt planings capability at a number of other plants. Further plans to upgrade asphalt plants in the second half, will continue to drive higher capacity while reducing energy consumption.

Our rail capability was extended with a new railhead at Llandudno Junction. The recommissioned Shap quarry secured the contract to supply the Britishvolt gigaplant in Blyth with rail-fed hardstone. Our Shap rail

capability will remove c.15,000 lorry movements from the road network over the life of the contract, demonstrating our ability to satisfy the client's core sustainability agenda.

Our associate, BEAR Scotland, successfully retained the Transport Scotland North West Network Management Contract for eight years. In addition, Surfacing Solutions concluded arrangements with BEAR and Amey to remain their dedicated surfacing materials suppliers in Scotland.

Great Britain outlook

In GB, we expect market conditions will remain supportive but acknowledge that the wider backdrop has become increasingly uncertain. Therefore, we will remain close to our local markets while tightly focused on managing production, pricing and costs. Tenders for the National Highways pavement frameworks were submitted during the first half, with awards expected towards the end of the second half.

Ireland

£m except where stated	H1 2022	H1 2021	Change %
Revenue	**98.4**	101.1	-3%
Underlying EBIT	**9.0**	8.9	+1%
Underlying EBIT margin	***9.1%***	*8.8%*	*+30bps*

In RoI, volumes were softer as local authority tendering processes returned to pre-Covid seasonal patterns, with contracts awarded in the first half for delivery through the rest of the year. Volumes in NI reflected the well documented delays in awarding contracts as the Department for Infrastructure procurement process was revised. We were successful in the first round of awards, securing the Down District Term Surfacing contract and we are optimistic of securing further awards in the subsequent three rounds. Against this backdrop there was an effective mechanism for passing through input cost inflation and we were pleased to sustain earnings while improving the Underlying EBIT margin slightly to 9.1% (H1 2021: 8.8%).

During the period the business continued to reposition for growth and profitability, successfully rebranding Whitemountain and Lagan as Breedon. We also exited the civil engineering business to focus on lower risk, higher return materials and surfacing activities.

Ireland outlook

We are encouraged by the reacceleration of public sector tender activity in the second quarter as procurement patterns normalise. Input cost recovery has been robust in the first half and we expect this will be maintained through the second half of the year.

Cement

£m except where stated	H1 2022	H1 2021	Change %
Revenue	**150.1**	120.0	+25%
Underlying EBIT	**23.7**	18.3	+30%
Underlying EBIT margin	***15.8%***	*15.3%*	*+50bps*

Demand for cementitious products remained high throughout the first half of 2022 as our customers and their clients order books remained healthy. As a consequence, cement volumes were maintained and the well-publicised inflationary backdrop supported multiple price increases, leading to Underlying EBIT margin expansion of +50bps.

Our proactive and rigorous maintenance schedule resumed the normal cycle, delivering two planned kiln shutdowns in January on time and budget, with the third scheduled for the autumn (H1 2021: three). Both plants maintained exceptional performance levels, recording kiln reliability in excess of 96%. Non-fossil fuel usage increased, nearing a blended 50% during the period with Kinnegad recording a record peak of 85%.

Our customers are increasingly focused on the sustainability attributes of all our products and, in order to reduce process emissions, we continue to promote lower clinker content products. Kinnegad already generates c.50% of its revenue from reduced clinker content materials while GB is accelerating efforts in anticipation of changes to British concrete standards.

In addition to seeking solutions to minimise process emissions, we are working to pursue carbon abatement strategies and are actively engaged in the HyNet industrial decarbonisation, carbon capture and storage project, as a member of the Peak Cluster. This pioneering infrastructure project will facilitate the capture, transport and storage of CO_2 emissions.

Cement outlook

Enquiry levels are high and demand for materials is resilient. While input cost pressures remain persistent, market conditions are supportive and we expect price rises will fully recover cost inflation.

FINANCE REVIEW

We delivered a strong trading performance in the first half with increasingly dynamic pricing successfully passing through significant inflationary cost increases into our end markets.

Revenue for the half-year increased by 12% to £671.1m (H1 2021: £600.9m) and Underlying EBIT by 19% to £66.9m (H1 2021: £56.4m), with our Underlying EBIT margin recovering to 10.0% (H1 2021: 9.4%).

Our margins benefited from the impact of our strategic hedging programme, alongside continued improvements in the operating performance of the Cemex assets acquired in 2020. Synergy benefits of £1m were realised in the first half from the Cemex assets; in line with the £2m per annum target communicated at the time of the acquisition. These benefits were partially offset by the normalisation of volumes across our core products as expected. Like-for-like volumes remain ahead of 2019 with the exception of ready-mixed concrete where we have closed a number of less profitable sites.

NON-UNDERLYING ITEMS

The Group recorded £1.4m of non-underlying items during the period (H1 2021: £2.7m) comprising £1.8m of amortisation of intangible assets, partially offset by £0.4m of profits realised on property transactions in the period.

TAXATION

The underlying tax charge in the period has been based on the estimated effective weighted average rate applicable for existing operations for the full year. This represents a combined underlying effective rate of 16.4% on profits arising in the Group's UK and Irish subsidiary undertakings (FY 2021 underlying effective rate: 16.1%).

EARNINGS PER SHARE

Adjusted Underlying basic EPS for the period improved by 26% to 3.01p (H1 2021: 2.39p), reflecting the recovery in trading and profitability of the business. Statutory basic EPS was 2.91p (H1 2021: 1.41p).

Statement of financial position and ROIC

Net assets at 30 June 2022 were £987.5 million (FY 2021: £949.8 million), and using average invested capital for the period, ROIC strengthened through the first half to 10.0% (FY 2021: 9.5%) achieving our medium term target, and reflecting improving profitability and disciplined capital allocation across our business.

Free cash flow

£m	H1 2022	H1 2021	Change
Underlying EBITDA	**107.0**	95.8	11.2
Working capital	**(77.2)**	(42.8)	(34.4)
Interest paid	**(4.5)**	(4.9)	0.4
Income taxes paid	**(15.3)**	(4.6)	(10.7)
Net capex	**(32.5)**	(11.1)	(21.4)
Other	**0.5**	1.9	(1.4)
Free cash flow	**(22.0)**	34.3	(56.3)
Acquisitions	**-**	(4.7)	4.7
Dividends paid	**(18.6)**	-	(18.6)
Other	**(3.6)**	(2.8)	(0.8)
(Increase)/decrease in net debt	**(44.2)**	26.8	(71.0)

The Group's free cash flow in H1 2022 was an outflow of £22.0m (H1 2021: inflow of £34.3m) reflecting increased levels of working capital, higher taxes paid due to timing differences and net capital expenditure.

The investment in working capital represents the usual seasonal outflow in the Group's working capital cycle, including inflationary increases, together with the purchase of UK ETS carbon allowances. The increase in capital expenditure reflects both increased investment into the business and the impact of supply chain delays pushing delivery dates from orders placed in the second half of 2021 into 2022. We remain on track to invest £170m over the course of the two years to December 2022, in line with the commitment we made last year.

Net debt

Closing Net Debt (excluding IFRS 16) was £208.2m as at 30 June 2022 (H1 2021: £241.9m, FY 2021: £161.5m) and Covenant Leverage was 1.0x (H1 2021: 1.2x, FY 2021: 0.8x) reflecting the cash outflow in the first half of the year. Net Debt (including IFRS 16) was £256.7m (H1 2021: £291.5m, FY 2021: £212.5m).

Borrowing facilities

The Group's facilities total £600m and are unchanged from those disclosed in the Annual Report, and all covenants were comfortably met in the period.

In June, the Group exercised a one year extension option in respect of its £350m Revolving Credit Facility, with the consequence that the facility will now fall due for repayment in June 2025 rather than June 2024. Arrangement fees of £0.7m have been incurred and capitalised within loan arrangement fees.

Dividend

We have announced an interim dividend of 0.70p per share (H1 2021: 0.50p per share). This will be paid on 30 September 2022 to all shareholders on the register at 26 August 2022 (ex-dividend date 25 August 2022).

2022 technical guidance updated

In 2022, we will realise our synergy target of £2m on the acquired Cemex assets. This will impact the first and second half equally.

Net interest expense will be around £13m and we expect an effective tax rate of c.16.4% with cash tax payments broadly in line with the effective rate. Capital expenditure will be around £100m for the year equating to £170m over the two years to 2022.

We now expect a working capital outflow of £30m – £40m for the full year.

The cash cost of the interim dividend will be around £12m and will be paid to shareholders on 30 September.

Subsequent to the period end, we completed two acquisitions with associated cash outflows of c. £10m.

We expect to deliver Underlying EBIT for the year at the top end of the range of consensus expectations.

RISK

The Group's principal risks in alphabetical order (by risk category) are:

Strategic

- Acquisitions
- Climate change
- Digitalisation
- Market conditions
- Mineral reserves
- People

Operational

- Environmental impact
- Failure of a critical asset
- Health, safety and wellbeing
- Input costs
- IT and cyber security
- Legal and regulatory
- Product specification

Financial

- Credit risk
- Currency risk
- Financing and interest rate risk

Further details of the main risks for the year ended 31 December 2021 are set out on pages 60 - 64 of the Group's Annual Report for the year ended 31 December 2021 which is available on the Group website.

The Board consider that these are the risks that could impact the performance of the Group in the remaining six months of the current financial year. Although the nature of the risks as described in the 2021 Annual Report are unchanged for the half year, current market conditions and rising input costs have increased the overall level of risk faced by the Group. The Board continues to manage these risks and to mitigate their expected impact.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge:

- the condensed consolidated half-year financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated half-year financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Breedon Group plc are listed in the Group's 2021 Annual Report on pages 72-73.

Since the publication of the 2021 Annual Report, there have been no changes to the composition of the Board.

Rob Wood
Chief Executive Officer

James Brotherton
Chief Financial Officer

27 July 2022

BREEDON GROUP PLC
INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June 2022			Six months ended 30 June 2021			Year ended 31 December 2021		
	Underlying	Non-underlying* (note 5)	Total	Underlying	Non-underlying* (note 5)	Total	Underlying	Non-underlying* (note 5)	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	**671.1**	**-**	**671.1**	600.9	-	600.9	1,232.5	-	1,232.5
Cost of sales	**(449.2)**	**-**	**(449.2)**	(401.1)	-	(401.1)	(804.1)	-	(804.1)
Gross profit	**221.9**	**-**	**221.9**	199.8	-	199.8	428.4	-	428.4
Distribution expenses	**(109.1)**	**-**	**(109.1)**	(101.9)	-	(101.9)	(210.6)	-	(210.6)
Administrative expenses	**(47.6)**	**(1.4)**	**(49.0)**	(42.2)	(2.7)	(44.9)	(87.1)	(6.2)	(93.3)
Group operating profit	**65.2**	**(1.4)**	**63.8**	55.7	(2.7)	53.0	130.7	(6.2)	124.5
Share of profit of associate and joint ventures	**1.7**	**-**	**1.7**	0.7	-	0.7	2.9	-	2.9
Profit from operations	**66.9**	**(1.4)**	**65.5**	56.4	(2.7)	53.7	133.6	(6.2)	127.4
Financial expense	**(6.0)**	**-**	**(6.0)**	(7.5)	-	(7.5)	(13.1)	-	(13.1)
Profit before taxation	**60.9**	**(1.4)**	**59.5**	48.9	(2.7)	46.2	120.5	(6.2)	114.3
Tax at effective rate	**(10.0)**	**0.3**	**(9.7)**	(8.4)	0.4	(8.0)	(19.4)	1.0	(18.4)
Changes in deferred tax rate	**(0.6)**	**-**	**(0.6)**	(14.4)	-	(14.4)	(17.3)	-	(17.3)
Taxation	**(10.6)**	**0.3**	**(10.3)**	(22.8)	0.4	(22.4)	(36.7)	1.0	(35.7)
Profit for the period	**50.3**	**(1.1)**	**49.2**	26.1	(2.3)	23.8	83.8	(5.2)	78.6
Attributable to:									
Equity holders of the parent	**50.3**	**(1.1)**	**49.2**	26.1	(2.3)	23.8	83.7	(5.2)	78.5
Non-controlling interests	**-**	**-**	**-**	-	-	-	0.1	-	0.1
Profit for the period	**50.3**	**(1.1)**	**49.2**	26.1	(2.3)	23.8	83.8	(5.2)	78.6

* Non-underlying items represent acquisition-related expenses, redundancy and reorganisation costs, property gains or losses, amortisation of acquisition intangibles and related tax items.

Earnings per share			
Basic	**2.91p**	1.41p	4.65p
Diluted	**2.90p**	1.39p	4.62p
Dividends in respect of the period			
Dividend per share	**0.70p**	0.50p	1.60p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Profit for the period	**49.2**	23.8	78.6
Other comprehensive income/(expense)			
Items which may be reclassified subsequently to profit and loss:			
Foreign exchange differences on translation of foreign operations, net of hedging	**5.5**	(10.3)	(14.7)
Effective portion of changes in fair value of cash flow hedges	**0.3**	1.5	1.2
Taxation on items taken directly to other comprehensive income	**-**	(0.2)	(0.2)
Other comprehensive income/(expense) for the period	**5.8**	(9.0)	(13.7)
Total comprehensive income for the period	**55.0**	14.8	64.9
Total comprehensive income for the period is attributable to:			
Equity holders of the parent	**55.0**	14.8	64.8
Non-controlling interests	**-**	-	0.1
	55.0	14.8	64.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	30 June 2022 £m	30 June 2021 (restated*) £m	31 December 2021 £m
Non-current assets			
Property, plant and equipment	**796.7**	780.6	799.5
Intangible assets	**503.2**	506.4	501.5
Investment in associate and joint ventures	**13.4**	11.4	12.2
Trade and other receivables	**5.3**	5.0	4.5
Total non-current assets	**1,318.6**	1,303.4	1,317.7
Current assets			
Inventories	**74.1**	57.1	62.0
Trade and other receivables	**291.3**	258.4	205.9
Current tax receivable	**0.5**	2.4	-
Cash and cash equivalents	**39.2**	23.7	83.9
Total current assets	**405.1**	341.6	351.8
Total assets	**1,723.7**	1,645.0	1,669.5
Current liabilities			
Interest-bearing loans and borrowings	**(7.3)**	(4.7)	(7.2)
Trade and other payables	**(277.2)**	(268.1)	(257.7)
Current tax payable	**(1.5)**	-	(4.7)
Provisions	**(9.6)**	(5.1)	(9.5)
Total current liabilities	**(295.6)**	(277.9)	(279.1)
Non-current liabilities			
Interest-bearing loans and borrowings	**(288.6)**	(310.5)	(289.2)
Provisions	**(65.0)**	(60.6)	(63.9)
Deferred tax liabilities	**(87.0)**	(90.7)	(87.5)
Total non-current liabilities	**(440.6)**	(461.8)	(440.6)
Total liabilities	**(736.2)**	(739.7)	(719.7)
Net assets	**987.5**	905.3	949.8
Equity attributable to equity holders of the parent			
Stated capital	**554.8**	552.2	553.0
Hedging reserve	**1.5**	1.5	1.2
Translation reserve	**(4.3)**	(5.4)	(9.8)
Retained earnings	**435.3**	356.9	405.2
Total equity attributable to equity holders of the parent	**987.3**	905.2	949.6
Non-controlling interests	**0.2**	0.1	0.2
Total equity	**987.5**	905.3	949.8

***Restated for review of prior year acquisition accounting during the IFRS 3 hindsight period and classification of trade and other receivables. See note 1 for further details.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

For the six months ended 30 June 2022

	Stated capital	Hedging reserve	Translation reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2021	**553.0**	**1.2**	**(9.8)**	**405.2**	**949.6**	**0.2**	**949.8**
Shares issued	**1.8**	**-**	**-**	**-**	**1.8**	**-**	**1.8**
Dividends paid	**-**	**-**	**-**	**(18.6)**	**(18.6)**	**-**	**(18.6)**
Total comprehensive income for the period	**-**	**0.3**	**5.5**	**49.2**	**55.0**	**-**	**55.0**
Share-based payments (inclusive of deferred tax recognised in equity)	**-**	**-**	**-**	**(0.5)**	**(0.5)**	**-**	**(0.5)**
Balance at 30 June 2022	**554.8**	**1.5**	**(4.3)**	**435.3**	**987.3**	**0.2**	**987.5**

For the six months ended 30 June 2021

	Stated capital	Hedging reserve	Translation reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2020	551.6	0.2	4.9	331.6	888.3	0.1	888.4
Shares issued	0.6	-	-	-	0.6	-	0.6
Total comprehensive income for the period	-	1.3	(10.3)	23.8	14.8	-	14.8
Share-based payments (inclusive of deferred tax recognised in equity)	-	-	-	1.5	1.5	-	1.5
Balance at 30 June 2021	552.2	1.5	(5.4)	356.9	905.2	0.1	905.3

For the year ended 31 December 2021

	Stated capital	Hedging reserve	Translation reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2020	551.6	0.2	4.9	331.6	888.3	0.1	888.4
Shares issued	1.4	-	-	-	1.4	-	1.4
Dividends paid	-	-	-	(8.4)	(8.4)	-	(8.4)
Total comprehensive income for the year	-	1.0	(14.7)	78.5	64.8	0.1	64.9
Share-based payments (inclusive of deferred tax recognised in equity)	-	-	-	3.5	3.5	-	3.5
Balance at 31 December 2021	553.0	1.2	(9.8)	405.2	949.6	0.2	949.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Cash flows from operating activities			
Profit for the period	**49.2**	23.8	78.6
Adjustments for:			
Depreciation and mineral depletion	**41.8**	40.1	83.3
Amortisation	**1.8**	1.8	3.6
Financial expense	**6.0**	7.5	13.1
Share of profit associate and joint ventures	**(1.7)**	(0.7)	(2.9)
Net gain on sale of property, plant and equipment	**(1.8)**	(1.9)	-
Share-based payments	**-**	1.5	2.9
Taxation	**10.3**	22.4	35.7
Operating cash flow before changes in working capital and provisions	**105.6**	94.5	214.3
Increase in trade and other receivables	**(84.8)**	(69.6)	(17.6)
(Increase)/decrease in inventories	**(11.6)**	1.6	(3.5)
Increase in trade and other payables	**19.3**	27.5	17.2
(Decrease)/increase in provisions	**(0.1)**	(2.3)	6.7
Cash generated from operating activities	**28.4**	51.7	217.1
Interest paid	**(3.3)**	(3.6)	(6.8)
Interest element of lease payments	**(1.2)**	(1.3)	(2.6)
Income taxes paid	**(15.3)**	(4.6)	(13.6)
Net cash from operating activities	**8.6**	42.2	194.1
Cash flows used in investing activities			
Acquisition of businesses	**-**	(4.7)	(6.1)
Dividends from associate and joint ventures	**0.5**	0.4	1.9
Purchase of property, plant and equipment	**(35.1)**	(15.4)	(76.9)
Proceeds from sale of property, plant and equipment	**2.6**	4.3	5.6
Net cash used in investing activities	**(32.0)**	(15.4)	(75.5)
Cash flows used in financing activities			
Dividends paid	**(18.6)**	-	(8.4)
Proceeds from the issue of shares (net of costs)	**1.8**	0.6	1.4
Proceeds from new interest-bearing loans (net of costs)	**(0.7)**	265.3	513.9
Repayment of interest-bearing loans	**-**	(296.1)	(563.1)
Repayment of lease obligations	**(4.1)**	(4.5)	(9.7)
Net cash used in financing activities	**(21.6)**	(34.7)	(65.9)
Net (decrease)/increase in cash and cash equivalents	**(45.0)**	(7.9)	52.7
Cash and cash equivalents at beginning of period	**83.9**	31.7	31.7
Foreign exchange differences	**0.3**	(0.1)	(0.5)
Cash and cash equivalents at end of period	**39.2**	23.7	83.9

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

Breedon Group plc is a company domiciled in Jersey. These Condensed Consolidated Interim Financial Statements (the "Interim Financial Statements") consolidate the results of the Company and its subsidiary undertakings (collectively the "Group").

These Interim Financial Statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*, as adopted by the UK. The Interim Financial Statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required. The Interim Financial Statements have been prepared applying the accounting policies and presentation that were applied in the presentation of the Company's Consolidated Financial Statements for the year ended 31 December 2021.

These Interim Financial Statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board's guidance on the review of interim financial information. These statements do not include all of the information required for full annual financial statements and should be read in conjunction with the full Annual Report for the year ended 31 December 2021.

The comparative figures for the financial year ended 31 December 2021 have been extracted from the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor. The report of the auditor (i) was unqualified and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

Restatement of 30 June 2021 Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position has been restated for the following:

- Finalisation of provisional fair values of the assets and liabilities recognised in respect of the Cemex acquisition in 2020, following a review during the IFRS 3 hindsight period which was completed in the second half of 2021, as disclosed in the Company's Consolidated Financial Statements for the year ended 31 December 2021.
- Classification of £5.0m of trade and other receivables between current and non-current.

The table below reconciles the Consolidated Statement of Financial Position originally reported in the 30 June 2021 Interim Financial Statements to the restated position.

		30 June 2021	
	Previously reported £m	**Adjustment £m**	**Restated Values £m**
Property, plant and equipment	782.1	(1.5)	780.6
Intangible assets	502.8	3.6	506.4
Trade and other receivables	-	5.0	5.0
Total non-current assets	**1,296.3**	**7.1**	**1,303.4**
Trade and other receivables	263.4	(5.0)	258.4
Total current assets	**346.6**	**(5.0)**	**341.6**
Total assets	**1,642.9**	**2.1**	**1,645.0**
Trade and other payables	(267.7)	(0.4)	(268.1)
Total current liabilities	**(277.5)**	**(0.4)**	**(277.9)**
Deferred tax liabilities	(89.0)	(1.7)	(90.7)
Total non-current liabilities	**(460.1)**	**(1.7)**	**(461.8)**
Total liabilities	**(737.6)**	**(2.1)**	**(739.7)**
Net assets	**905.3**	**-**	**905.3**

There is no cash implication to this adjustment. The impact on the Consolidated Income Statement is not significant and this has therefore not been restated.

1 Basis of preparation *(continued)*

New IFRS Standards and Interpretations

The Group has adopted the following standards from 1 January 2022:

- Amendments to IFRS 3 – *Reference to the conceptual framework*
- Amendments to IAS 16 – *Property, plant and equipment – Proceeds before intended use*
- Amendments to IAS 37 – *Onerous contracts – Cost of fulfilling a contract*
- Annual improvements to IFRS standards 2018-2020

The adoption of these standards has not had a material impact on the Interim Financial Statements.

2 Going concern

These Interim Financial Statements are prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Group meets its day-to-day working capital and other funding requirements through its banking facilities, which include an overdraft facility. Longer term debt financing is accessed through the Group's USPP loan note programme. The facilities comprise a £350m multi-currency RCF, which runs to at least June 2025, and £250m of USPP loan notes with maturities between 2028 and 2036.

The Group comfortably met all covenants and other terms of its borrowing agreements in the period, and maintained its track record of profitability, with an overall profit before taxation of £59.5m. The Group has prepared cash flow forecasts for a period of more than 12 months from the date of signing these Interim Financial Statements, which show a sustained trend of profitability and cash generation. At 30 June 2022, the Group had cash of £39.2m and undrawn banking facilities of £350.0m, and at the date of this report, retains similar levels of liquidity which it is expected will provide sufficient liquidity for the Group to discharge its liabilities as they fall due and retain covenant headroom, even under a 'severe but plausible' downside scenario of forecast cash flows.

Based on the above the Directors believe that it remains appropriate to prepare the Interim Financial Statements on a going concern basis.

3 Accounting estimates and judgements

In preparing these Interim Financial Statements, management have been required to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expense. Actual results may differ from estimates. There have been no material additional significant judgements made by management in applying the Group's accounting policies, nor key sources of estimation uncertainty compared to those applicable to the Consolidated Financial Statements for the year ended 31 December 2021 as set out in note 28 of the Annual Report for that year.

4 Segmental analysis

The principal activities of the Group are the quarrying of aggregates and manufacture and sale of construction materials and buildings products, including cement, asphalt and ready-mixed concrete, together with related activities in GB and Ireland.

The Group's activities comprise the following reportable segments:

Great Britain: our construction materials and surfacing businesses in Great Britain.

Ireland: our construction materials and surfacing businesses on the Island of Ireland.

Cement: our cementitious operations in Great Britain and Ireland.

	Six months ended 30 June 2022		Six months ended 30 June 2021		Year ended 31 December 2021	
Income statement	**Revenue £m**	**Underlying EBITDA* £m**	Revenue £m	Underlying EBITDA* £m	Revenue £m	Underlying EBITDA* £m
Great Britain	**473.1**	**66.3**	420.2	60.5	845.2	124.2
Ireland	**98.4**	**12.0**	101.1	12.4	225.4	35.4
Cement	**150.1**	**37.7**	120.0	31.2	245.6	67.7
Central administration	**-**	**(9.0)**	-	(8.3)	-	(13.3)
Eliminations	**(50.5)**	**-**	(40.4)	-	(83.7)	-
Group	**671.1**	**107.0**	600.9	95.8	1,232.5	214.0

Reconciliation to statutory profit				
Group Underlying EBITDA as above	**107.0**	95.8		214.0
Depreciation and mineral depletion	**(41.8)**	(40.1)		(83.3)
Great Britain	**41.5**	36.8		74.3
Ireland	**9.0**	8.9		28.2
Cement	**23.7**	18.3		41.6
Central administration	**(9.0)**	(8.3)		(13.4)
Underlying Group operating profit	**65.2**	55.7		130.7
Share of profit of associate and joint ventures	**1.7**	0.7		2.9
Underlying profit from operations (EBIT)	**66.9**	56.4		133.6
Non-underlying items (note 5)	**(1.4)**	(2.7)		(6.2)
Profit from operations	**65.5**	53.7		127.4
Financial expense	**(6.0)**	(7.5)		(13.1)
Profit before taxation	**59.5**	46.2		114.3
Taxation at effective rate	**(9.7)**	(8.0)		(18.4)
Change in deferred tax rate	**(0.6)**	(14.4)		(17.3)
Taxation	**(10.3)**	(22.4)		(35.7)
Profit for the period	**49.2**	23.8		78.6

*Underlying EBITDA is earnings before interest, tax, depreciation, amortisation, non-underlying items (note 5) and before our share of profit from associate and joint ventures.

4 Segmental analysis *(continued)*

Analysis of revenue by major products and service lines by segment

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Sale of goods			
Great Britain	**413.3**	369.4	740.2
Ireland	**38.4**	32.4	66.4
Cement	**150.1**	120.0	245.6
Eliminations	**(50.5)**	(40.4)	(83.7)
	551.3	481.4	968.5
Surfacing			
Great Britain	**59.8**	50.8	105.0
Ireland	**60.0**	68.7	159.0
	119.8	119.5	264.0
Total	**671.1**	600.9	1,232.5

Timing of revenue recognition

All revenues from the sale of goods relate to products for which revenue is recognised at a point in time as the product is transferred to the customer. Surfacing revenues are accounted for as products and services for which revenue is recognised over time.

Statement of financial position

	30 June 2022		30 June 2021 (restated*)		31 December 2021	
	Total assets £m	**Total liabilities £m**	Total assets £m	Total liabilities £m	Total assets £m	Total liabilities £m
Great Britain	**881.4**	**(213.5)**	858.4	(205.0)	841.8	(203.0)
Ireland	**275.3**	**(46.3)**	270.7	(54.6)	254.4	(45.8)
Cement	**524.1**	**(73.5)**	483.7	(59.5)	487.2	(65.0)
Central administration	**3.2**	**(18.5)**	6.1	(14.7)	2.2	(17.3)
Total operations	**1,684.0**	**(351.8)**	1,618.9	(333.8)	1,585.6	(331.1)
Current tax	**0.5**	**(1.5)**	2.4	-	-	(4.7)
Deferred tax	**-**	**(87.0)**	-	(90.7)	-	(87.5)
Net debt	**39.2**	**(295.9)**	23.7	(315.2)	83.9	(296.4)
Total Group	**1,723.7**	**(736.2)**	1,645.0	(739.7)	1,669.5	(719.7)
Net assets	**987.5**		905.3		949.8	

*****Restated for review of prior year acquisition accounting during the IFRS 3 hindsight period. See note 1 for further details.

5 Non-underlying items

Non-underlying items are those which are either unlikely to recur in future periods or which distort the underlying performance of the business, including non-cash items. In the opinion of the Directors, this presentation aids understanding of the underlying business performance and references to underlying earnings measures throughout this report are made on this basis. Underlying measures are presented on a consistent basis over time to assist in the comparison of performance.

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Included in administrative expenses:			
Redundancy and reorganisation costs	**-**	0.9	1.2
Acquisition costs	**-**	0.4	0.7
Property (gains)/losses	**(0.4)**	(0.4)	0.7
Amortisation of acquired intangible assets	**1.8**	1.8	3.6
Total non-underlying items (before tax)	**1.4**	2.7	6.2
Non-underlying taxation	**(0.3)**	(0.4)	(1.0)
Total non-underlying items (after tax)	**1.1**	2.3	5.2

6 Financial expense

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Bank loans and overdrafts	**3.3**	3.6	6.8
Amortisation of prepaid bank arrangement fee	**0.5**	1.8	2.3
Lease liabilities	**1.2**	1.3	2.6
Unwinding of discount on provisions	**1.0**	0.8	1.4
Financial expense	**6.0**	7.5	13.1

7 Taxation

The tax charge at effective rate for the six months ended 30 June 2022 has been based on the estimated effective weighted average rate applicable for existing operations for the full year.

This is based on a combined underlying effective rate of 16.4% per cent on profits arising in the Group's UK and Irish subsidiary undertakings.

8 Interest-bearing loans and borrowings

Net debt

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Cash and cash equivalents	**39.2**	23.7	83.9
Current borrowings	**(7.3)**	(4.7)	(7.2)
Non-current borrowings	**(288.6)**	(310.5)	(289.2)
Net debt (including IFRS 16)	**(256.7)**	(291.5)	(212.5)
IFRS 16 lease liabilities	**48.5**	49.6	51.0
Net debt (excluding IFRS 16)	**(208.2)**	(241.9)	(161.5)

8 Interest-bearing loans and borrowings *(continued)*

Analysis of borrowings between current and non-current

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Lease liabilities	**7.3**	4.7	7.2
Current borrowings	**7.3**	4.7	7.2
Bank and USPP debt	**247.4**	265.3	245.4
Lease liabilities	**41.2**	45.2	43.8
Non-current borrowings	**288.6**	310.5	289.2

The Group's facilities comprise a multi-currency revolving credit facility of £350m and £250m of USPP loan notes.

Interest on the revolving credit facility was charged in the period at rates of between 1.8% and 2.0% above SONIA or EURIBOR according to the currency of borrowings. The revolving credit facility is unsecured and repayable in June 2025, with a further one-year extension option through to June 2026.

During the period, the Group exercised an extension option on the revolving credit facility, extending the repayment date from June 2024 to June 2025. This incurred £0.7m of costs which have been capitalised as loan arrangement fees.

The USPP loan notes comprise £170m Sterling and £80m in Euro loan notes, and mature in tranches between 2028 and 2036. Interest on the USPP loan notes is payable at a blended fixed rate of approximately 2%.

9 Earnings per share

	30 June 2022 pence	30 June 2021 pence	31 December 2021 pence
Adjusted Underlying Basic EPS	**3.01**	2.39	5.98
Underlying Basic EPS	**2.97**	1.54	4.96
Statutory Basic EPS	**2.91**	1.41	4.65
Underlying Diluted EPS	**2.96**	1.53	4.93
Statutory Diluted EPS	**2.90**	1.39	4.62

Adjusted Underlying Basic EPS is calculated based on Underlying profit for the period attributable to ordinary shareholders of £50.3m (30 June 2021: £26.1m, 31 December 2021: £83.7m), adjusted to exclude the impact of changes in the deferred tax rate of £0.6m (30 June 2021: £14.4m, 31 December 2021: £17.3m). The weighted average number of ordinary shares in issue during the period was 1,691,187,719 (30 June 2021: 1,687,890,141 31 December 2021: 1,688,242,897).

Underlying Basic EPS is calculated based on the Underlying profit for the period attributable to ordinary shareholders of £50.3m (30 June 2021: £26.1m, 31 December 2021: £83.7m) and on the weighted average number of ordinary shares in issue during the period as above.

Statutory Basic EPS is based on the profit for the period attributable to ordinary shareholders of £49.2m (30 June 2021: £23.8m, 31 December 2021: £78.5m) and on the weighted average number of ordinary shares in issue during the period as above.

Diluted earnings per ordinary share is based on 1,697,477,125 shares (30 June 2021: 1,700,784,607, 31 December 2021: 1,698,462,043) and reflects the effect of all dilutive potential ordinary shares.

10 Related party transactions

The nature of related party transactions is consistent with those disclosed in the Group's Annual Report for the year ended 31 December 2021. Related party transactions are conducted on an arm's length basis.

11 Stated capital

Number of Ordinary Shares (m)	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
Issued ordinary shares at the beginning of period	**1,689.7**	1,687.6	1,687.6
Issued in connection with:			
Exercise of savings-related share options	**2.8**	1.0	2.1
Vesting of Performance Share Plan awards	**1.6**	-	-
	1,694.1	1,688.6	1,689.7

During the period, the Company issued 2.8m shares raising £1.8m in connection with the exercise of certain savings-related share options and issued 1.6m shares for nil consideration in connection with the vesting of awards under the Performance Share Plans.

12 Reconciliation to non-GAAP measures

A number of non-GAAP performance measures are used throughout this Interim Report and these Interim Financial Statements. This note provides a reconciliation from these alternative performance measures to the most directly related statutory measures.

Reconciliation of earnings based alternative performance measures

Six months ended 30 June 2022	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	**473.1**	**98.4**	**150.1**	**(50.5)**		**671.1**
Profit from operations						**65.5**
Non-underlying items (note 5)						**1.4**
Underlying EBIT	**41.5**	**9.0**	**23.7**	**(9.0)**	**1.7**	**66.9**
Underlying EBIT margin	**8.8%**	**9.1%**	**15.8%**			**10.0%**
Underlying EBIT	**41.5**	**9.0**	**23.7**	**(9.0)**	**1.7**	**66.9**
Share of profit of associate and joint ventures	**-**	**-**	**-**	**-**	**(1.7)**	**(1.7)**
Depreciation and mineral depletion	**24.8**	**3.0**	**14.0**	**-**	**-**	**41.8**
Underlying EBITDA	**66.3**	**12.0**	**37.7**	**(9.0)**	**-**	**107.0**

Six months ended 30 June 2021	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	420.2	101.1	120.0	(40.4)		600.9
Profit from operations						53.7
Non-underlying items (note 5)						2.7
Underlying EBIT	36.8	8.9	18.3	(8.3)	0.7	56.4
Underlying EBIT margin	8.8%	8.8%	15.3%			9.4%
Underlying EBIT	36.8	8.9	18.3	(8.3)	0.7	56.4
Share of loss of associate and joint ventures	-	-	-	-	(0.7)	(0.7)
Depreciation and mineral depletion	23.7	3.5	12.9	-	-	40.1
Underlying EBITDA	60.5	12.4	31.2	(8.3)	-	95.8

12 Reconciliation to non-GAAP measures *(continued)*

Year ended 31 December 2021	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	845.2	225.4	245.6	(83.7)		1,232.5
Profit from operations						127.4
Non-underlying items (note 5)						6.2
Underlying EBIT	74.3	28.2	41.6	(13.4)	2.9	133.6
Underlying EBIT margin	8.8%	12.5%	16.9%			10.8%
Underlying EBIT	74.3	28.2	41.6	(13.4)	2.9	133.6
Share of profit of associate and joint ventures	-	-	-	-	(2.9)	(2.9)
Depreciation and mineral depletion	49.9	7.2	26.1	0.1	-	83.3
Underlying EBITDA	124.2	35.4	67.7	(13.3)	-	214.0

Free cash flow

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	£m	£m	£m
Underlying EBIT	**66.9**	56.4	133.6
Depreciation and mineral depletion	**41.8**	40.1	83.3
Increase in trade and other receivables	**(84.8)**	(69.6)	(17.6)
(Increase)/decrease in inventories	**(11.6)**	1.6	(3.5)
Increase in trade and other payables	**19.3**	27.5	17.2
(Decrease)/increase in provisions	**(0.1)**	(2.3)	6.7
Share of profit of associate and joint ventures	**(1.7)**	(0.7)	(2.9)
Share-based payments	**-**	1.5	2.9
Dividends from associate and joint ventures	**0.5**	0.4	1.9
Income taxes paid	**(15.3)**	(4.6)	(13.6)
Interest paid	**(3.3)**	(3.6)	(6.8)
Interest element of lease payments	**(1.2)**	(1.3)	(2.6)
Purchase of property, plant and equipment	**(35.1)**	(15.4)	(76.9)
Proceeds from the sale of property, plant and equipment	**2.6**	4.3	5.6
Free cash flow	**(22.0)**	34.3	127.3

12 Reconciliation to non-GAAP measures *(continued)*

Return on invested capital

	Twelve months ended 30 June 2022 £m	Twelve months ended 30 June 2021 £m	Year ended 31 December 2021 £m
H2 2020 Underlying EBIT	**-**	77.1	-
H1 2021 Underlying EBIT	**-**	56.4	56.4
H2 2021 Underlying EBIT	**77.2**	-	77.2
H1 2022 Underlying EBIT	**66.9**	-	-
LTM Underlying EBIT	**144.1**	133.5	133.6
Underlying effective tax rate	**16.4%**	17.2%	16.1%
Taxation at the Group's underlying effective rate	**(23.6)**	(23.0)	(21.5)
Underlying earnings before interest	**120.5**	110.5	112.1
Net assets	**987.5**	905.3	949.8
Net debt (note 8)	**256.7**	291.5	212.5
Invested capital	**1,244.2**	1,196.8	1,162.3
Average invested capital*	**1,203.3**	1,201.8	1,184.5
Return on invested capital**	**10.0%**	9.2%	9.5%

* Average invested capital is calculated by taking the average of the opening invested capital at 1 January and the closing invested capital at the reporting date. Opening invested capital at 1 January 2021 was £1,206.7m.

** Return on invested capital is calculated as underlying earnings before interest for the previous twelve months, divided by average invested capital for the period.

Covenant Leverage

	Twelve months ended 30 June 2022 £m	Twelve months ended 30 June 2021 £m	Year ended 31 December 2021 £m
As reported			
H2 2020 Underlying EBITDA	**-**	116.6	-
H1 2021 Underlying EBITDA	**-**	95.8	95.8
H2 2021 Underlying EBITDA	**118.2**	-	118.2
H1 2022 Underlying EBITDA	**107.0**	-	-
LTM Underlying EBITDA	**225.2**	212.4	214.0
Impact of IFRS 16	**(11.8)**	(10.4)	(10.7)
Underlying EBITDA for covenants	**213.4**	202.0	203.3
Net debt (excluding IFRS 16)	**(208.2)**	(241.9)	(161.5)
Covenant Leverage	**1.0x**	1.2x	0.8x

Covenant Leverage is defined as the ratio of Underlying EBITDA to Net debt, with both Underlying EBITDA and Net debt adjusted to reflect the material items which are adjusted by the Group and its lenders in determining leverage for the purpose of assessing covenant compliance and, in the case of our bank facilities, the margin payable on debt. In both the current and prior periods, the only material adjusting item was the impact of IFRS 16.

14 Subsequent events

Subsequent to the period end, on 1 July 2022 the Group separately acquired the entire share capital of RT Mycock & Sons Limited and Thomas Bow Limited.

The total consideration for these acquisitions is £9.3m. Given the short period of time which has elapsed to the date of this report, the Group has not yet ascertained the initial fair values of assets and liabilities acquired. This will be presented as part of the full year results to 31 December 2022.

These acquisitions are not expected to materially impact the earnings of the Group for the year ended 31 December 2022.

Cautionary Statement

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018 ("EUWA")) ("UK MAR"). In addition, market soundings (as defined in MAR) were taken in respect of certain matters contained in this Announcement with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

GLOSSARY

The following definitions apply throughout this announcement, unless the context requires otherwise.

Adopted IFRS	International Financial Reporting Standards as adopted by the UK
Breedon	Breedon Group plc
Cemex	Cemex UK Operations Limited
Cemex acquisition	Acquisition of certain assets from CEMEX
Covenant Leverage	Leverage as defined by the Group's banking facilities. This excludes the impact of IFRS 16 and includes the proforma impact of M&A
EBIT	Earnings before interest and tax
EPS	Earnings per share
EURIBOR	Euro Inter-bank Offered Rate
GAAP	Generally Accepted Accounting Principles
GB	Great Britain
Group	Breedon and its subsidiary companies
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
Invested capital	Net assets plus net debt
Ireland	The Island of Ireland
IT	Information Technology
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 and the timing of cement plant maintenance shutdowns compared to the comparable period.
LTM	Last twelve months
M&A	Mergers & acquisitions
NI	Northern Ireland
RCF	Revolving credit facility
RoI	Republic of Ireland
ROIC	Post tax Return on Invested Capital for the previous twelve months
SONIA	Sterling Overnight Index Average
UK	United Kingdom (GB & NI)
UK ETS	UK Emissions Trading Scheme
Underlying	Stated before acquisition related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items
Underlying EBITDA	Earnings before interest, tax, depreciation and amortisation non-underlying items and before our share of profit from associate and joint ventures
USPP	US Private Placement