

BREEDON GROUP PLC Interim results 2024

Strategic progress delivers a resilient performance BMC trading ahead of plan; integration progressing well Management expectations for the full year unchanged

Breedon Group plc (Breedon or the Group), a leading vertically-integrated construction materials group in Great Britain, Ireland and the United States, announces unaudited results for the six months ended 30 June 2024.

£m except where stated	Statutory highlights			Underlying ¹ highlights			
	H1 2024	H1 2023	% change	H1 2024	H1 2023	% change	% LFL ²
Revenue	764.6	742.7	3%	764.6	742.7	3%	(6)%
EBITDA ³	103.4	103.9	-	118.1	112.3	5%	(5)%
EBITDA ³ margin	13.5%	14.0%	(50)bps	15.4%	15.1%	30bps	
EBIT ⁴	56.9	62.1	(8)%	71.6	70.5	2%	(9)%
EBIT ⁴ margin	7.4%	8.4%	(100)bps	9.4%	9.5%	(10)bps	
Profit Before Tax	46.5	56.5	(18)%	61.2	64.9	(6)%	
Basic EPS ⁵	10.0p	13.0p	(23)%	13.9p	15.3p	(9)%	
Dividend per share				4.5p	4.0p	13%	
Net Debt ⁶				472.3	220.4	114%	
Covenant Leverage ⁷				1.6x	0.7x	0.9x	
ROIC ⁸				8.8%	10.0%	(120)bps	

FINANCIAL HIGHLIGHTS

Third platform launch and resilient pricing offset weather impact and market headwinds

- Revenue increased 3% supported by our entry into the US
- Pricing contributed 2ppt, offset by 8ppt volume reduction which principally reflects wet weather conditions across the Group and challenging markets in GB
- Underlying EBIT increased 2% backed by disciplined operational efficiency and cost recovery

Financial position retains strategic flexibility

- Covenant Leverage increased to 1.6x; remains comfortably within our target range of 1x to 2x
- RCF refinanced; securing access to longer-term finance and greater liquidity with incremental reduction in ongoing debt service costs
- Seasonal working capital outflow as expected
- Post-tax ROIC 8.8%; reflecting short-term dilution from the BMC acquisition and impact of increased corporate tax rates

Interim dividend increased to 4.5p; demonstrating confidence in the long-term growth outlook

OPERATING HIGHLIGHTS

Operational performance benefitted from flexible local model and agile execution

- GB revenue decreased 5%; robust surfacing performance and modest price progression, partially offset by volume declines related to the more challenging market. Underlying EBIT down 17%, impacted by operational gearing

- Strong performance in Ireland where Underlying EBIT improved by 37%; successful tendering season and healthy order book with growing activity levels following resumption of the governing Assembly at Stormont
- BMC trading ahead of prior year and plan; contributing nearly four months of revenue and earnings with healthy markets and a robust order book
- Cement Underlying EBIT margin improved to 15.2%; soft volumes offset by resilient pricing, lower energy costs and increased provision of lower clinker content cement

STRATEGIC HIGHLIGHTS

Active M&A pipeline in all geographies

- Launched a scalable third platform in the fragmented and growing US construction materials market through the acquisition of BMC
- M&A pipeline across the three platforms remains well populated and active, completing two bolt-on transactions in GB

Sustainability agenda succeeding

- Reinvigorated our health, safety and wellbeing strategy, promoting a proactive safety culture with clearer and firmer rules focused on risk elimination
- First CDP ratings awarded (Climate Change: B, Water Security: C) and targets submitted to SBTi for formal validation
- Continue to decarbonise the cement business; increased use of alternative fuels, solar farm construction commenced at Kinnegad, increased sales of CEM II, and further progress on Peak Cluster

Strategic initiatives and investment drive operational excellence

- Quarry operational improvement programme being implemented from 'face to gate', delivering efficiencies and process improvements
- BMC integration progressing well; investment made in health and safety, quarry optimisation, technology and sustainability

CURRENT TRADING AND OUTLOOK

Growth expected in all our markets from 2025 as economic and political landscape stabilises

- The new UK Government's growth agenda appears supportive of the construction market, in particular housebuilding and infrastructure. Alongside the resumption of a governing Assembly at Stormont, these are encouraging developments
- In RoI, where we have secured positions on high-profile road projects, recent reports reinforce the long-term structural need for housing and infrastructure investment
- In the US, market fundamentals and long-term growth prospects are underpinned by significant infrastructure and housing deficits alongside robust stimulus funding and healthy state budgets
- All our markets are expected to benefit from falling interest rates in the months ahead
- Our healthy balance sheet provides us with the strategic flexibility to invest for growth, maintain our progressive dividend policy and execute bolt-on acquisitions across each platform
- Management expectations for the full year remain unchanged with Underlying EBIT slightly more weighted towards the second half than is typical

Rob Wood, Chief Executive Officer, commented:

"For the team to deliver such a resilient performance given the challenging GB market conditions we have faced is an incredible achievement.

“We achieved a major strategic objective in March, entering the US and establishing our third platform with the transformative acquisition of BMC, creating the foundation from which we will build out our US business. We expanded our routes to market, delivering two bolt-on transactions in GB, and growing organically through our downstream businesses, pulling through more of our own material. We moved our sustainable growth strategy forward on all fronts in the first half of 2024 and were pleased to see this recognised by CDP with our first ratings placing us at the forefront of our sector for Climate Change and Water Security.

“During this time the quality and flexibility of the Breedon team, of whom I am incredibly proud, have kept us close to our customers, accelerated our drive for efficiencies, and strengthened our operations. As the economic and political clouds clear in GB, our markets will return to growth in time and we will be well placed to grow and succeed.

Notes:

1. Underlying results are stated before acquisition-related expenses, 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. Like-for-like reflects reported values adjusted for the impact of acquisitions and disposals.
3. Earnings before interest, tax, depreciation and amortisation.
4. Earnings before interest and tax, which equates to profit from operations.
5. 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.
6. Net Debt including IFRS 16 lease liabilities.
7. 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. The only material adjusting items being the impact of IFRS 16 and a pro-forma adjustment to include pre-acquisition EBITDA from businesses owned for less than twelve months.
8. ROIC: post-tax return on average invested capital.
9. Information for investors, including analyst consensus estimates, can be found on the Group's website at www.breedongroup.com/investors

RESULTS PRESENTATION

Breedon will host a results presentation for analysts and investors at 08:30am today at the offices of Deutsche Numis, 45 Gresham Street, London EC2V 7BF, 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 Interim Results 2024
Start Time/Date:	08:30 Wednesday, 24 July 2024 - please join the event 5-10 minutes prior to scheduled start time. When prompted, provide the event title
Confirmation Code:	Breedon Half Year Results
United Kingdom, Toll-free:	0808 109 0700
United Kingdom, Local:	+44 (0) 33 0551 0200

CAPITAL MARKETS EVENT

We will host a capital markets event for institutional investors and analysts on the morning of 21 November in London. The event will include presentations from Breedon's senior leadership team covering topics including capital allocation and our US market strategy. Further details will be published in due course.

ENQUIRIES

Breedon Group plc

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About Breedon Group plc

Breedon Group plc, a leading vertically-integrated construction materials group in Great Britain, Ireland and the United States delivers essential products to the construction sector. Breedon holds c.1.4bn 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 4,450 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. Breedon shares (BREE) are traded on the Main Market of the London Stock Exchange and are a constituent of the FTSE 250 index.

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BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

STRATEGIC PROGRESS UNDERPINS RESILIENT PERFORMANCE

Our strategy has always focused on managing those factors within our control and maximising the Group's competitive position. In recent years we have invested in our teams, technology and equipment, accelerating self-help and driving operational efficiencies, while striving to improve our health, safety and wellbeing outcomes. We have remained active in M&A, developing our pipeline across each of our geographies.

Those disciplined actions have enabled us to deliver a resilient performance in the period.

The macroeconomic and political landscape in GB continued to present significant headwinds, exacerbated by the challenging operating conditions created by the wet weather. While inflation has returned to more normal levels, interest rates have remained elevated and UK government policy is yet to be established. In contrast, the Ireland and US markets remained positive in the period and we expect conditions in these geographies will remain supportive across the balance of the year.

Our patient search in the US has culminated in the acquisition of BMC Enterprises Inc. for an enterprise value of US\$300m. BMC is a supplier of ready-mixed concrete, aggregates and building products, headquartered in St Louis, Missouri, with a strong track record of organic and transactional growth. BMC's culture is closely aligned to Breedon's local, entrepreneurial model and the management team have extensive industry knowledge and M&A experience. The integration is progressing well and the early results from our new third platform are promising.

Revenue for the Group grew 3% to £764.6m (H1 2023: £742.7m) supported by our entry into the US and an element of price growth, partially offset by reduced volumes.

Underlying EBIT increased by 2% to £71.6m (H1 2023: £70.5m) benefiting from a promising maiden contribution from BMC, which is trading ahead of prior year and plan and has been reported as a new 'United States' operating segment. We delivered strong earnings growth in Ireland and improved the margin in Cement, which helped to mitigate the drop through from reduced volumes in GB, such that we broadly maintained our Underlying EBIT margin at 9.4% (H1 2023: 9.5%).

On a like-for-like basis, excluding the impact of acquisitions, revenue in the period decreased by 6% with pricing up 2ppt and volumes down 8ppt with Underlying EBIT decreasing by 9%.

The Group's free cash flow in the period was an outflow of £9.6m (H1 2023: inflow of £20.8m) reflecting the usual seasonal working capital expansion, inclusive of BMC, and a step up in the level of capital investment, principally due to the ARM project at Hope.

Post-tax ROIC of 8.8% at the half year (H1 2023: 10.0%) reflects short term dilution from the BMC acquisition combined with the impact of increased corporate tax rates.

Net Debt increased following the acquisition of BMC to £472.3m (2023: £169.9m). Covenant Leverage at the half year of 1.6x remains within our target range of 1x to 2x, providing the strategic flexibility to deploy capital in-line with our financial framework.

In 2023 we achieved one of our medium-term financial objectives, reaching a 40% dividend payout ratio. In recognition of our confidence in the long-term growth outlook across our three platforms, our strong market positions and flexible balance sheet, the Board has approved an increased interim dividend of 4.5p (H1 2023: 4.0p).

STRATEGY REVIEW

Sustain

Keeping our people safe and well is our highest priority. We carry out frequent Visible Felt Leadership visits and regular training to reinforce the systems, processes and tools already in place. To ensure our practices are industry-leading, this year we have evolved our safety commitments with clearer and firmer rules, promoting a proactive culture of safety and risk elimination.

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As an industry, the construction materials business has an ageing and shrinking workforce so it is essential we are a great place to work. We awarded a 4% pay rise and increased our emphasis on early stage careers, recruiting 32 apprentices and industrial placement students.

Having set out our ambition to achieve net zero by 2050, in 2023 we submitted our targets and methodology for validation and rating to industry bodies. This year we have been awarded our first CDP ratings of B for Climate Change and C for Water Security, placing us at the forefront of our sector, and we continue to engage with SBTi as we await formal validation of our group-wide targets.

Decarbonisation of the cement business is a priority of our strategic planning and we are progressing a number of projects in parallel to meet our net zero targets. We trialled different alternative fuels in the clinker production process, enabling both sites to increase the replacement of fossil fuels, with Kinnegad achieving 80% during the period. To further offset the energy consumption of our cement plants, Kinnegad commenced the construction of a 17MW solar farm which is on track to be commissioned in the first half of 2025. Customers are increasingly adopting CEM II following our development of a product with an enhanced strength factor. In the first half 33% of our cement sales were CEM II (H1 2023: 28%).

As a partner in the landmark Peak Cluster carbon capture and storage project, our focus is now turning to FEED (front-end engineering design) but this cannot progress without government support. Following the conclusion of the UK general election we, together with our partners, are engaging with the new Government.

Optimise

To maximise the efficiency and profitability of our quarries we implemented an improvement programme from 'face to gate' to deliver efficiencies and process improvements. Examples include process reengineering at our Leaton and Cloud Hill quarries in GB which resulted in targeted capital investment to negate the need for contract crushing and at Dowlow quarry, also in GB, where we improved productivity by increasing the wash plant utilisation following a review as part of our Running Equipment Efficiency Improvement Programme.

Expand

We have a well populated and active M&A pipeline across all three platforms.

In January we completed the acquisition of Eco-Asphalt Supplies, a Merseyside asphalt supplier strategically located within the region where we service the National Highways Pavement framework. In April we acquired Phoenix Surfacing, enhancing our presence in the Midlands and reinforcing our regional surfacing, airfields and recycled asphalt capabilities.

In March, we established our third platform in the US through the transformative acquisition of BMC, creating the foundation from which we will build out our business in the Mid-West. BMC provides us with an opportunity to extend the vertically-integrated model in the US, broaden our end-market reach and extend our product set. Having successfully grown the business through a blend of organic and acquisitive growth over the past decade, the BMC team have considerable M&A experience and an active pipeline. Since completion, the pipeline of opportunities in Missouri and the surrounding states has continued to grow.

Our land and minerals pipeline underpins the long-term sustainability and organic growth potential of our operations. During the first half we successfully secured planning approval for an additional 37 million tonnes of mineral reserves in GB and Ireland. In addition, we have more than 120 million tonnes of mineral in various stages of the planning process, equivalent to roughly five years of aggregates production at the current rate.

OUTLOOK

Growth expected in all our markets from 2025 as the economic and political landscape stabilises

Following the conclusion of the UK general election, construction will be a key aspect of the new Government's growth agenda where early indications appear to support housebuilding and infrastructure in particular. However, it remains to be seen how policy evolves in practice. Alongside the resumption of a

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governing Assembly at Stormont, these are encouraging developments that are starting to be recognised in confidence indicators. While the macroeconomic and geopolitical landscape is stabilising, the outlook for the remainder of 2024 in GB remains finely balanced.

In RoI, recently published housing policy reports identify a significant deficit of up to a quarter of a million homes with an annual building requirement far in excess of the current rate of c.33,000 units. This underpins the structural need for housing and infrastructure investment, supporting the long-term growth opportunity, where we have secured positions on a number of high-profile infrastructure projects that commence in the second half on the high-speed road network.

Market fundamentals in the US are supported by significant housing and infrastructure deficits. Healthy state budgets alongside robust Federal stimulus programmes underpin the long-term growth prospects for infrastructure spending and receive cross-party political support while population growth continues to exceed housing starts creating a greater need for housebuilding.

All our markets are expected to benefit from falling interest rates in the months ahead.

The long-term track record of pricing in the construction materials market is underpinned by strong industry fundamentals and pent-up demand. Therefore, pricing is expected to continue to increase modestly in future periods, offsetting input cost inflation.

Our business remains highly cash generative, enabling us to reduce debt rapidly as with previous transformational acquisitions. Our healthy balance sheet provides us with the strategic flexibility to invest for growth, maintain our progressive dividend policy, and execute bolt-on acquisitions across each of our three platforms where we have well populated and active M&A pipelines.

In 2024, Underlying EBIT will be slightly more weighted towards the second half than is typical due to a combination of factors. The wet start to 2024 was disruptive to construction activities, affecting ready-mixed concrete and cement in particular, and the second half will incorporate a full six months contribution from BMC. Management expectations for the full year remain unchanged.

OPERATIONAL REVIEW

Product volumes

million tonnes except where stated

	H1 2024	H1 2023	Change %	LFL %
Aggregates	13.5	13.0	3%	(4)%
Asphalt	1.8	1.8	(3)%	(4)%
Cement	1.0	1.1	(12)%	(12)%
Ready-mixed concrete (m ³)	1.5m	1.5m	(2)%	(18)%

Note: Reported percentage movements are based on non-rounded data.

Great Britain

£m except where stated

	H1 2024	H1 2023	Change %	LFL %
Revenue	492.4	519.6	(5)%	(7)%
Underlying EBIT	35.6	42.8	(17)%	(18)%
<i>Underlying EBIT margin</i>	7.2%	8.2%	(100)bps	

Market conditions in the first half of 2024 weakened further in GB as expected and construction activity was impacted by the wet conditions. Furthermore, while the macroeconomic landscape stabilised during the period and we received a good level of enquiries, political and monetary uncertainty presented a headwind to client decision-making, leading to near-term caution across most end-markets.

Volumes reduced materially in ready-mixed concrete and were lower in aggregates, reflecting the impact on housebuilding activity from the soft market backdrop, poor weather conditions and elevated comparatives

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following the change to housebuilding regulations in June 2023. Asphalt volumes were broadly flat year-on-year, benefitting from the continued success of our surfacing business. Pricing remained resilient and we were able to fully recover input cost increases.

Underlying EBIT declined 17%, resulting in 100bps of margin compression due to operating leverage. Against this backdrop we maintained our disciplined focus on operational excellence and carefully tailored procurement, encouraging the quarry teams to revisit the whole process from quarry face to customer delivery to maximise the efficiency of production and quality of customer service.

Our surfacing business integrated Phoenix Surfacing into our regional delivery model and successfully completed high-profile airfield projects for the Defence Infrastructure Organisation. We have built strong relationships, creating a significant competitive advantage in this space, leading to a multi-year pipeline of work with further high-profile frameworks in tender.

Ireland

£m except where stated

	H1 2024	H1 2023	Change %	LFL %
Revenue	111.2	109.1	2%	-
Underlying EBIT	13.7	10.0	37%	33%
<i>Underlying EBIT margin</i>	12.3%	9.2%	310bps	

Ireland delivered a strong performance in the period, increasing revenue, Underlying EBIT and margins. The business benefitted from a strong tendering season in the first half of 2024. In Northern Ireland the resumption of a governing Assembly at Stormont was an encouraging development and, as the business of Government slowly regained momentum, construction materials enquiries and activity levels picked up. In ROI, where the market is underpinned by net inward migration and foreign direct investment, creating a structural shortage of housing and infrastructure, economic growth maintained a steady pace.

Against this encouraging backdrop, asphalt volumes stabilised after a slow start in the first quarter as the effects of the unseasonably wet weather restricted construction activity. Aggregates volumes increased significantly, benefitting from the acquisition of Robinsons Quarry Masters last year, a transaction that has reinforced our position in the North Belfast market where we have a number of local authority framework contracts.

Pricing was robust and enabled the full recovery of input costs. As a result revenue was stable, growing 2% and Underlying EBIT increased 37%, driven by key project wins, excellent cost management, operating leverage and contribution from acquisitions, leading to a significant expansion in margin.

Extending our mineral reserves and resources has been a strategic priority, increasing the asset backing of our vertically-integrated model in Ireland. During the period we secured planning consents at three quarries and acquired a basalt quarry in County Derry, securing c.10m tonnes of mineral reserve. We have applications for a further 32m tonnes of mineral in the pipeline and at various stages in the planning system.

United States

£m except where stated

	H1 2024	H1 2023	Change %
Revenue	53.0	-	-
Underlying EBIT	6.6	-	-
<i>Underlying EBIT margin</i>	12.5%	-	-

In the 16 weeks since the transaction completed, BMC has contributed a strong result, ahead of prior year and plan, and we are encouraged by the performance at this early stage. Volumes in both aggregates and ready-mixed concrete have continued to grow in 2024.

While Missouri has been impacted by volatile weather conditions during the first half, construction activity remains robust and backlogs are healthy. Pricing is well underpinned by the market backdrop; population

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growth exceeds increases in housing completions and Federal stimulus programmes combined with healthy state budgets support an active infrastructure end-market.

Integration is progressing well and our engagement with the whole team has been well received, confirming our expectation that the culture of BMC is closely aligned to Breedon's core values. The BMC team is entrepreneurial and agile and has extensive local market knowledge.

To underline Breedon's commitment to the health, safety and wellbeing of all our employees, on acquisition we undertook an immediate safety review; implementing a series of modifications including hiring a new dedicated safety manager, updating safety guidelines and increasing the regularity of safety meetings. We are already seeing the benefit of these actions with lost time incidents significantly reduced when compared to the same period in the prior year.

The Breedon vertically-integrated model is asset-backed and BMC, with c.400 million tonnes of high-quality mineral reserves and resources, is aligned to this model. We are exploring more routes to market for our minerals, investing in plant and equipment during the period to meet additional aggregates demand.

Cement

£m except where stated

	H1 2024	H1 2023	Change %
Revenue	156.9	176.8	(11)%
Underlying EBIT	23.9	25.9	(8)%
<i>Underlying EBIT margin</i>	15.2%	14.6%	60bps

The cement market in the first half of 2024 was challenging, primarily due to the fall in housebuilding activity in GB, exacerbated by the wet conditions which disrupted progress on construction sites. Consequently, volumes during the period reduced 12%.

Pricing was supported by atailwind from the prior year; although carbon surcharges reduced in the period, reflecting the lower cost of carbon credits. Overall margins in the period strengthened by 60bps, principally due to lower energy costs compared with the first half of 2023.

Our cement plants operate at exceptionally high levels of reliability which were sustained in the first half. We undertook two planned kiln maintenance shutdowns in January. These complex engineering undertakings completed within budget and on schedule.

The teams have continued to progress a number of major capital investment projects. At Hope the primary crusher will be replaced in the autumn and to ensure a smooth transition the team has carried out extensive preparatory work. The ARM project, which will facilitate the transport of secondary material to site via rail, continues to make good progress and is on schedule to be commissioned in the new year as planned. At Kinnegad, as well as progress on the new solar plant, we are constructing a new bagging plant which will be operational early next year.

FINANCE REVIEW

The Group delivered a resilient trading performance in the first half of 2024.

Revenue for the Group grew 3% to £764.6m (H1 2023: £742.7m) supported by our entry into the US and an element of price growth; partially offset by reduced volumes.

Underlying EBIT increased by 2% to £71.6m (H1 2023: £70.5m) benefiting from a promising maiden contribution from BMC, which is trading ahead of plan and has been reported as a new 'United States' operating segment. We delivered strong earnings growth in Ireland and improved the margin in Cement, which helped to mitigate the drop through from reduced volumes in GB, such that we broadly maintained our Underlying EBIT margin at 9.4% (H1 2023: 9.5%).

On a like-for-like basis, excluding the impact of acquisitions, revenue in the period decreased by 6% with pricing up 2ppt and volumes down 8ppt and with Underlying EBIT decreasing by 9%.

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Non-underlying items

The Group recorded £14.7m (H1 2023: £8.4m) of non-underlying items during the period comprising £9.0m of acquisition-related expenses, primarily incurred in connection with the BMC acquisition, and £5.7m amortisation of acquired intangibles.

Interest

Net interest costs in the period were £10.4m (H1 2023 £5.6m) with the increase primarily due to interest payable on the debt drawn to finance the BMC acquisition. The Group continues to benefit from longer-term fixed rates of borrowing at a blended rate of c.2% from the £250m of US Private Placement notes issued in 2021, with repayment dates between 2028 and 2036.

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 22.4%, with the increase in the effective rate (FY 2023: 20.4%) a result of the increased UK corporation tax rate and the impact of our new US operations where the statutory tax rate is higher than the Group average at around 25%.

Earnings per share

Adjusted Underlying Basic EPS for the period fell to 13.9p (H1 2023: 15.3p) reflecting increased interest and corporation tax rates as well as a higher number of shares in issue. Statutory Basic EPS was 10.0p (H1 2023: 13.0p).

Statement of financial position and post-tax ROIC

Net assets at 30 June 2024 were £1,120.7m (FY 2023: £1,110.7m).

We have completed an initial exercise as required by IFRS 3 – Business Combinations to assess the provisional fair value of assets acquired and liabilities assumed through the three acquisitions completed in the first half of 2024. Goodwill of £55.0m has been recognised which equates to 30% of the equity value of the acquired businesses.

Post-tax ROIC of 8.8% (H1 2023: 10.0%) reflects short term dilution from the BMC acquisition combined with the impact of increased corporate tax rates.

Free cash flow

£m	H1 2024	H1 2023	Change
Underlying EBITDA	118.1	112.3	5.8
Working capital	(63.7)	(40.9)	(22.8)
Net interest	(8.5)	(3.5)	(5.0)
Income taxes paid	(15.2)	(15.9)	0.7
Net capex	(40.9)	(31.9)	(9.0)
Other	0.6	0.7	(0.1)
Free cash flow	(9.6)	20.8	(30.4)
Acquisitions	(248.7)	(11.1)	(237.6)
Dividends paid	(32.6)	(23.7)	(8.9)
Non-underlying items	(9.0)	(5.4)	(3.6)
Other	(2.5)	(3.3)	0.8
Increase in Net Debt	(302.4)	(22.7)	(279.7)

The Group's free cash flow in the period was an outflow of £9.6m (H1 2023: inflow of £20.8m) reflecting the usual seasonal working capital expansion, inclusive of BMC, and a step up in the level of capital investment principally due to the ARM project at Hope.

The primary driver for the increase in Net Debt is the incremental borrowings taken on by the Group to fund the acquisition of BMC.

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Net Debt

Closing Net Debt at 30 June 2024 was £472.3m (H1 2023: £220.4m) and Covenant Leverage was 1.6x (H1 2023: 0.7x), comfortably within our target range of 1x to 2x.

Refinancing of borrowing facilities

The Group completed the refinancing of its RCF subsequent to the period end, increasing the facility size from £350m to £400m and retaining the option of a further £100m accordion. The amended facility secures access to longer-term finance, running for an initial four-year period to at least July 2028, and offers an incremental reduction in ongoing debt service costs.

Fees and expenses incurred in connection with the refinancing amounted to approximately £2.0m and will be amortised over the amended life of the facility.

The remaining facilities available to the Group comprise the £250m USPP, the terms of which are unchanged from those disclosed in the 2023 Annual Report.

Dividend

We have announced our intention to pay an increased interim dividend of 4.5p per share (H1 2023: 4.0p per share) reflecting our confidence in the prospects of the Group and in keeping with our dividend policy. The dividend will be paid on 1 November 2024 to shareholders who are on the Register of Members at the close of business on 27 September 2024. The ex-dividend date is 26 September 2024. The latest date for registering for the Company's DRIP is 11 October 2024 and further details of how to join the DRIP are available on the Company's website.

2024 technical guidance

Management expectations for the full year remain unchanged, with Underlying EBIT slightly more weighted to the second half in 2024.

Net interest expense for the full year will be c.£25m, following the refinancing of the RCF.

We expect an effective tax rate for the full year of c.22% (2023: 20.4%) which will impact our post-tax performance measures (including ROIC), with cash taxes materially in line with the effective rate.

Total capital expenditure for the full year will be c.£130m.

The cash cost of the interim dividend paid in the second half will be £16m, resulting in a total cash cost of dividends paid during 2024 of £48m.

We continue to expect a modest inflationary increase in working capital over the full year cycle of c.£30m, with Covenant Leverage reducing over the balance of the year.

RISK

The Group's principal risks that might adversely impact the Group in the remaining six months of the current financial year are:

Strategic

- Acquisitions and material projects
- Climate change
- Land and mineral management
- Markets
- People

Financial

- Treasury

Operational

- Competition
- Failure of a critical asset
- Health and safety
- IT and cyber security
- Legal and regulatory
- Supply chain and input costs

Further details of the principal risks facing the Group are set out on pages 54-70 of the Group's Annual Report for the year ended 31 December 2023.

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board has undertaken a risk review in the period to 30 June 2024, which included specific consideration of any changes to the Group's risk profile arising from the acquisition of BMC Enterprises and from the challenging market conditions experienced in GB during the first half of 2024.

The nature of the Group's principal risks as described in the 2023 Annual Report and the associated risk ratings have not changed as a result of this assessment. 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 2023 Annual Report on pages 112-113.

Since the publication of the 2023 Annual Report, there have been no changes to the composition of the Board.

Rob Wood
Chief Executive Officer

James Brotherton
Chief Financial Officer

24 July 2024

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June 2024			Six months ended 30 June 2023			Year ended 31 December 2023		
	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	764.6	-	764.6	742.7	-	742.7	1,487.5	-	1,487.5
Operating expenses	(694.5)	(14.7)	(709.2)	(673.8)	(8.4)	(682.2)	(1,333.9)	(10.5)	(1,344.4)
Group operating profit	70.1	(14.7)	55.4	68.9	(8.4)	60.5	153.6	(10.5)	143.1
Share of profit of associate and joint ventures	1.5	-	1.5	1.6	-	1.6	2.6	-	2.6
Profit from operations	71.6	(14.7)	56.9	70.5	(8.4)	62.1	156.2	(10.5)	145.7
Financial income	1.0	-	1.0	0.7	-	0.7	2.6	-	2.6
Financial expense	(11.4)	-	(11.4)	(6.3)	-	(6.3)	(13.9)	-	(13.9)
Profit before taxation	61.2	(14.7)	46.5	64.9	(8.4)	56.5	144.9	(10.5)	134.4
Taxation	(13.7)	1.3	(12.4)	(13.3)	0.7	(12.6)	(30.2)	1.4	(28.8)
Profit for the period	47.5	(13.4)	34.1	51.6	(7.7)	43.9	114.7	(9.1)	105.6
Attributable to:									
Breedon Group shareholders	47.5	(13.4)	34.1	51.6	(7.7)	43.9	114.6	(9.1)	105.5
Non-controlling interests	-	-	-	-	-	-	0.1	-	0.1
Profit for the period	47.5	(13.4)	34.1	51.6	(7.7)	43.9	114.7	(9.1)	105.6

* Non-underlying items represent acquisition-related expenses, property gains or losses, amortisation of acquisition intangibles, AIM to Main Market costs (2023 only) and related tax items.

Earnings per share

Basic	10.0p	13.0p	31.1p
Diluted	10.0p	12.9p	31.0p

Underlying earnings per share are shown in note 9.

Dividends in respect of the period

Dividend per share	4.5p	4.0p	13.5p
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BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Profit for the period	34.1	43.9	105.6
Other comprehensive expense			
<i>Items which may be reclassified subsequently to profit and loss:</i>			
Foreign exchange differences on translation of foreign operations, net of hedging	(5.7)	(5.6)	(4.1)
Effective portion of changes in fair value of cash flow hedges	(0.5)	(0.1)	(0.7)
Taxation on items taken directly to other comprehensive income	-	-	0.1
Other comprehensive expense for the period	(6.2)	(5.7)	(4.7)
Total comprehensive income for the period	27.9	38.2	100.9
Total comprehensive income for the period is attributable to:			
Breedon Group shareholders	27.9	38.2	100.8
Non-controlling interests	-	-	0.1
	27.9	38.2	100.9

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Non-current assets			
Property, plant and equipment	896.8	790.5	817.2
Right-of-use assets	47.2	47.3	45.1
Intangible assets	681.9	519.4	520.2
Investment in associate and joint ventures	15.6	15.3	14.5
Trade and other receivables	1.1	1.8	0.9
Total non-current assets	1,642.6	1,374.3	1,397.9
Current assets			
Inventories	126.7	87.1	120.1
Trade and other receivables	344.5	322.6	227.9
Cash and cash equivalents	30.3	76.9	126.9
Total current assets	501.5	486.6	474.9
Total assets	2,144.1	1,860.9	1,872.8
Current liabilities			
Interest-bearing loans and borrowings	(8.4)	(7.8)	(8.1)
Trade and other payables	(330.3)	(323.8)	(278.6)
Current tax payable	(0.4)	(1.9)	(0.1)
Provisions	(10.1)	(9.4)	(8.8)
Total current liabilities	(349.2)	(342.9)	(295.6)
Non-current liabilities			
Interest-bearing loans and borrowings	(494.2)	(289.5)	(288.7)
Provisions	(89.6)	(78.0)	(85.8)
Deferred tax liabilities	(90.4)	(90.4)	(92.0)
Total non-current liabilities	(674.2)	(457.9)	(466.5)
Total liabilities	(1,023.4)	(800.8)	(762.1)
Net assets	1,120.7	1,060.1	1,110.7
Equity attributable to Breedon Group shareholders			
Share capital	3.4	3.4	3.4
Share premium	13.8	-	0.7
Hedging reserve	(1.0)	-	(0.5)
Translation reserve	(9.4)	(5.2)	(3.7)
Merger reserve	80.5	80.5	80.5
Retained earnings	1,033.1	981.1	1,030.0
Total equity attributable to Breedon Group shareholders	1,120.4	1,059.8	1,110.4
Non-controlling interests	0.3	0.3	0.3
Total equity	1,120.7	1,060.1	1,110.7

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

For /the six months ended 30 June 2024

	Share capital	Share premium	Hedging reserve	Translation reserve	Merger reserve	Retained earnings	Attributable to Breedon Group shareholders	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2023	3.4	0.7	(0.5)	(3.7)	80.5	1,030.0	1,110.4	0.3	1,110.7
Shares issued	-	13.1	-	-	-	-	13.1	-	13.1
Dividends paid	-	-	-	-	-	(32.6)	(32.6)	-	(32.6)
Total comprehensive income for the period	-	-	(0.5)	(5.7)	-	34.1	27.9	-	27.9
Share-based payments ¹	-	-	-	-	-	1.6	1.6	-	1.6
Balance at 30 June 2024	3.4	13.8	(1.0)	(9.4)	80.5	1,033.1	1,120.4	0.3	1,120.7

For the six months ended 30 June 2023

	Share capital	Stated capital	Hedging reserve	Translation reserve	Merger reserve	Retained earnings	Attributable to Breedon Group shareholders	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2022	-	555.0	0.1	0.4	-	488.0	1,043.5	0.3	1,043.8
Corporate reorganisation	474.5	(555.0)	-	-	80.5	-	-	-	-
Capital reduction ²	(471.1)	-	-	-	-	471.1	-	-	-
Dividends paid	-	-	-	-	-	(23.7)	(23.7)	-	(23.7)
Total comprehensive income for the period	-	-	(0.1)	(5.6)	-	43.9	38.2	-	38.2
Share-based payments ¹	-	-	-	-	-	1.8	1.8	-	1.8
Balance at 30 June 2023	3.4	-	-	(5.2)	80.5	981.1	1,059.8	0.3	1,060.1

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

For the year ended 31 December 2023

	Share capital	Share premium	Stated capital	Hedging reserve	Translation reserve	Merger reserve	Retained earnings	Attributable to Breedon Group shareholders	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2022	-	-	555.0	0.1	0.4	-	488.0	1,043.5	0.3	1,043.8
Shares issued	-	0.7	-	-	-	-	-	0.7	-	0.7
Corporate reorganisation	474.5	-	(555.0)	-	-	80.5	-	-	-	-
Capital reduction ²	(471.1)	-	-	-	-	-	471.1	-	-	-
Transfer to non-controlling interest	-	-	-	-	-	-	(0.2)	(0.2)	0.2	-
Dividends paid	-	-	-	-	-	-	(37.3)	(37.3)	(0.3)	(37.6)
Total comprehensive income for the period	-	-	-	(0.6)	(4.1)	-	105.5	100.8	0.1	100.9
Share-based payments ¹	-	-	-	-	-	-	2.9	2.9	-	2.9
Balance at 31 December 2023	3.4	0.7	-	(0.5)	(3.7)	80.5	1,030.0	1,110.4	0.3	1,110.7

1 Share-based payments are shown inclusive of deferred tax recognised in equity.

2 On 9 June 2023, Breedon Group plc undertook a capital reduction to convert £471.1m of share capital to distributable reserves, with share capital remaining at 338.9 million shares but with a nominal value of £0.01 per share.

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Cash flows from operating activities			
Profit for the period	34.1	43.9	105.6
Adjustments for:			
Depreciation and mineral depletion	48.0	43.4	88.7
Amortisation	5.7	3.0	6.0
Financial income	(1.0)	(0.7)	(2.6)
Financial expense	11.4	6.3	13.9
Share of profit of associate and joint ventures	(1.5)	(1.6)	(2.6)
Net gain on sale of property, plant and equipment	(1.3)	(1.0)	(1.4)
Share-based payments	1.6	1.8	3.0
Taxation	12.4	12.6	28.8
Operating cash flow before changes in working capital and provisions	109.4	107.7	239.4
Decrease/(increase) in inventories	1.0	7.8	(24.6)
Increase in trade and other receivables	(74.2)	(99.7)	(1.0)
Increase in trade and other payables	9.0	51.3	8.8
Increase/(decrease) in provisions	0.5	(0.3)	8.3
Cash generated from operating activities	45.7	66.8	230.9
Interest paid	(8.1)	(3.0)	(6.8)
Interest element of lease payments	(1.4)	(1.2)	(2.3)
Interest received	1.0	0.7	2.6
Income taxes paid	(15.2)	(15.9)	(32.5)
Net cash from operating activities	22.0	47.4	191.9
Cash flows used in investing activities			
Acquisition of businesses	(160.9)	(11.1)	(18.8)
Dividends from associate and joint ventures	0.3	-	1.8
Purchase of property, plant and equipment	(44.1)	(33.8)	(106.8)
Proceeds from sale of property, plant and equipment	3.2	1.9	3.4
Net cash used in investing activities	(201.5)	(43.0)	(120.4)
Cash flows from/(used in) financing activities			
Dividends paid	(32.6)	(23.7)	(37.6)
Proceeds from the issue of shares (net of costs)	1.0	-	0.7
Proceeds from interest-bearing loans	205.8	-	-
Repayment of interest-bearing loans	(86.7)	-	(0.9)
Revolving Credit Facility extension costs	-	(0.7)	(0.7)
Repayment of lease obligations	(4.7)	(4.7)	(8.1)
Net cash from/(used in) financing activities	82.8	(29.1)	(46.6)
Net (decrease)/increase in cash and cash equivalents	(96.7)	(24.7)	24.9
Cash and cash equivalents at beginning of period	126.9	101.7	101.7
Foreign exchange differences	0.1	(0.1)	0.3
Cash and cash equivalents at end of period	30.3	76.9	126.9

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

Breedon Group plc (the "Company") is a company domiciled in England. 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 Consolidated Financial Statements for the year ended 31 December 2023.

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 2023.

The comparative figures for the financial year ended 31 December 2023 have been extracted from the 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.

New IFRS Standards and Interpretations

The Group has adopted the following standards from 1 January 2024:

- Amendments to IAS 1 – *Presentation of financial statements – Non-current liabilities with covenants*
- Amendments to IFRS 16 – *Leases – Lease liability in a sale and leaseback*
- Amendments to IAS 7 and IFRS 7 – *Statement of cash flows and disclosures – Supplier finance arrangements*

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

Exchange rates

The following exchange rates have been used in the preparation of the Interim Financial Statements:

Currency	Six months ended 30 June 2024		Six months ended 30 June 2023		Year ended 31 December 2023	
	Period end	Average	Period end	Average	Period end	Average
EUR	1.18	1.17	1.16	1.14	1.15	1.15
USD	1.26	1.26	-	-	-	-

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 day-to-day working capital and other funding requirements through banking facilities, which include an overdraft facility. Longer term debt financing is accessed through the Group's USPP loan note programme.

The facilities at 30 June 2024 comprised a £350m multi-currency RCF to June 2026 and £250m of USPP loan notes with maturities between 2028 and 2036. Further details of these facilities are provided in note 8 to these Interim Financial Statements. Subsequent to the period end, the Group completed a refinancing of the RCF, increasing the facility to £400m. The amended facility runs for an initial four year period to at least July 2028.

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

2 Going concern *(continued)*

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 for the period of £46.5m. 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 2024, the Group had cash of £30.3m and undrawn banking facilities of £144.6m 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.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared 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.

Note 11 contains information relating to the acquisition of BMC Enterprises Inc. where significant estimates have been applied in determining the fair value of the customer intangible acquired. The Group has utilised a third party expert to calculate the value of the asset to mitigate estimation risk.

There have been no further material judgements or key sources of estimation uncertainty compared to those applicable to the Consolidated Financial Statements for the year ended 31 December 2023 as set out in note 26 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 building products, including cement, asphalt and ready-mixed concrete, together with related activities in Great Britain, Ireland and the United States.

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.

United States: our construction materials business in the United States, being the acquired BMC business (note 11).

Cement: our cementitious operations in Great Britain and Ireland.

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 Segmental analysis (continued)

Income statement	Six months ended 30 June 2024		Six months ended 30 June 2023		Year ended 31 December 2023	
	Revenue £m	Underlying EBITDA* £m	Revenue £m	Underlying EBITDA* £m	Revenue £m	Underlying EBITDA* £m
Great Britain	492.4	61.6	519.6	69.0	1,033.8	138.6
Ireland	111.2	17.5	109.1	13.2	235.5	35.9
United States	53.0	10.2	-	-	-	-
Cement	156.9	38.4	176.8	39.8	331.2	84.5
Central administration	-	(9.6)	-	(9.7)	-	(16.7)
Eliminations	(48.9)	-	(62.8)	-	(113.0)	-
Group	764.6	118.1	742.7	112.3	1,487.5	242.3

Reconciliation to statutory profit

Underlying EBITDA as above	118.1	112.3	242.3
Depreciation and mineral depletion	(48.0)	(43.4)	(88.7)
Underlying Group operating profit	70.1	68.9	153.6
Great Britain	35.6	42.8	86.4
Ireland	13.7	10.0	29.0
United States	6.6	-	-
Cement	23.9	25.9	55.2
Central administration	(9.7)	(9.8)	(17.0)
Underlying Group operating profit	70.1	68.9	153.6
Share of profit of associate and joint ventures	1.5	1.6	2.6
Underlying profit from operations (EBIT)	71.6	70.5	156.2
Non-underlying items (note 5)	(14.7)	(8.4)	(10.5)
Profit from operations	56.9	62.1	145.7

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

Analysis of revenue by major products and service lines by segment

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Sale of goods			
Great Britain	397.6	441.1	855.8
Ireland	51.5	48.0	96.5
United States	53.0	-	-
Cement	156.9	176.8	331.2
Eliminations	(48.9)	(62.8)	(113.0)
	610.1	603.1	1,170.5
Surfacing			
Great Britain	94.8	78.5	178.0
Ireland	59.7	61.1	139.0
	154.5	139.6	317.0
Total	764.6	742.7	1,487.5

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 Segmental analysis *(continued)*

Timing of revenue recognition

Sale of goods revenue relates 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 2024		30 June 2023		31 December 2023	
	Total assets £m	Total liabilities £m	Total assets £m	Total liabilities £m	Total assets £m	Total liabilities £m
Great Britain	981.6	(255.8)	950.6	(251.8)	920.6	(238.3)
Ireland	298.2	(44.1)	296.6	(55.9)	282.8	(40.6)
United States	286.4	(32.5)	-	-	-	-
Cement	542.8	(66.2)	531.9	(77.4)	539.2	(73.8)
Central administration	4.8	(31.4)	4.9	(26.1)	3.3	(20.5)
Total operations	2,113.8	(430.0)	1,784.0	(411.2)	1,745.9	(373.2)
Current tax	-	(0.4)	-	(1.9)	-	(0.1)
Deferred tax	-	(90.4)	-	(90.4)	-	(92.0)
Net Debt	30.3	(502.6)	76.9	(297.3)	126.9	(296.8)
Total Group	2,144.1	(1,023.4)	1,860.9	(800.8)	1,872.8	(762.1)

5 Non-underlying items

Non-underlying items are those which, because of their nature, size or incidence, are either unlikely to recur in future periods or which distort the underlying trading performance of the business, including non-cash items. For an item to be classified as non-underlying, it must meet defined criteria which are applied consistently by the Group.

The directors monitor the performance of the Group using alternative performance measures which are calculated on an underlying basis. In the opinion of the directors, this presentation aids understanding of the underlying business performance and any references to underlying earnings measures throughout this report are made on this basis.

Underlying measures are calculated and presented on a consistent basis over time to assist in the comparison of performance.

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
<i>Included in operating expenses:</i>			
Acquisition-related expenses	9.0	0.4	0.9
Amortisation of acquired intangible assets	5.7	3.0	6.0
AIM to Main Market costs	-	5.0	3.6
Total non-underlying items (before tax)	14.7	8.4	10.5
Non-underlying taxation	(1.3)	(0.7)	(1.4)
Total non-underlying items (after tax)	13.4	7.7	9.1

BREEDON GROUP PLC

INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

6 Operating expenses

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Costs of raw materials purchased	152.4	140.2	263.1
Employee costs	119.8	102.1	208.3
Depreciation and mineral depletion	48.0	43.4	88.7
Gain on sale of plant and equipment	(1.3)	(1.0)	(1.4)
Other operating expenses	375.6	389.1	775.2
Underlying operating expenses	694.5	673.8	1,333.9
Non-underlying operating expenses	14.7	8.4	10.5
Operating expenses	709.2	682.2	1,344.4

7 Taxation

The tax charge at the effective rate for the six months ended 30 June 2024 is based on the estimated effective weighted average rate applicable for existing operations for the full year. This results in a combined underlying effective rate of 22.4%.

8 Interest-bearing loans and borrowings

Net Debt

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Cash and cash equivalents	30.3	76.9	126.9
Current borrowings	(8.4)	(7.8)	(8.1)
Non-current borrowings	(494.2)	(289.5)	(288.7)
Net Debt (including IFRS 16 lease liabilities)	(472.3)	(220.4)	(169.9)
IFRS 16 lease liabilities	49.8	49.5	48.0
Net Debt (excluding IFRS 16 lease liabilities)	(422.5)	(170.9)	(121.9)

Analysis of borrowings between current and non-current

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
IFRS 16 lease liabilities	8.4	7.8	8.1
Current borrowings	8.4	7.8	8.1
Bank and USPP debt	452.8	247.8	248.8
IFRS 16 lease liabilities	41.4	41.7	39.9
Non-current borrowings	494.2	289.5	288.7

Facilities

The Group's borrowing facilities at 30 June 2024 comprised a £350m multi-currency RCF and a £250m USPP. Interest on the RCF was calculated as a margin referenced to the Group's Covenant Leverage plus SONIA, SOFR or EURIBOR according to the currency of borrowing. Interest on the RCF was charged in the period at margins of between 1.8% and 1.9%.

Subsequent to the period end, the Group completed a refinancing of the RCF, increasing the facility to £400m. The amended facility runs for an initial four year period to at least July 2028. Interest is calculated on the new facility as a margin to the base rate of the currency of drawing, which varies in line with the Group's Covenant Leverage. The opening margin payable was approximately 1.8%.

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

The USPP was issued in 2021 with an average fixed coupon of approximately 2% and comprises £170m sterling and £80m drawn in euro, with a maturity profile between 2028 and 2036.

Borrowing facilities are subject to leverage and interest cover covenants which are tested half-yearly. The Group remained fully compliant with all covenants during the period.

9 Earnings per share

	30 June 2024 pence	30 June 2023 pence	31 December 2023 pence
Adjusted Underlying Basic EPS	13.9	15.3	34.0
Statutory Basic EPS	10.0	13.0	31.1
Adjusted Underlying Diluted EPS	13.9	15.3	33.9
Statutory Diluted EPS	10.0	12.9	31.0

Adjusted Underlying Basic EPS is calculated based on Underlying profit for the period attributable to Breedon Group shareholders adjusted to exclude the impact of changes in the deferred tax rate being £47.5m (30 June 2023: £51.7m, 31 December 2023: £115.3m). The weighted average number of ordinary shares in issue during the period was 341,879,135 (30 June 2023: 338,882,282, 31 December 2023: 339,148,164).

Statutory Basic EPS is based on the profit for the period attributable to Breedon Group shareholders of £34.1m (30 June 2023: £43.9m, 31 December 2023: £105.5m) and on the weighted average number of ordinary shares in issue during the period as above.

Diluted earnings per ordinary share is based on 342,248,972 shares (30 June 2023: 339,548,658, 31 December 2023: 339,848,700) and reflects the effect of all dilutive potential ordinary shares.

10 Related party transactions

The Group has continued to supply services and materials to, and purchased services and materials from, its associate and joint ventures on an arms length basis. The nature of these related party transactions is consistent with those disclosed in the Annual Report for the year ended 31 December 2023.

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11 Acquisitions

The Group completed three acquisitions in the period, being BMC Enterprises Inc., Eco-Asphalt Supplies Limited and Phoenix Surfacing Limited.

BMC Enterprises Inc. ("BMC")

The Group completed the acquisition of BMC, a supplier of ready-mixed concrete, aggregates and building products on 6 March 2024, acquiring 100% of the share capital.

The provisional fair values in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Provisional fair value on acquisition
	£m
Intangible assets	109.9
Property, plant and equipment	80.8
Right-of-use assets	1.2
Inventories	7.9
Trade and other receivables	38.6
Cash and cash equivalents	5.5
Trade and other payables	(30.3)
Provisions	(3.4)
Borrowings	(85.9)
Total acquired net assets	124.3
Cash consideration on completion	155.2
Post-completion payment	0.5
Equity consideration	12.2
Total consideration payable	167.9
Goodwill arising	43.6

Consideration

The post-completion payment is an estimate of the amount expected to be paid in the second half of 2024 following agreement of final completion accounts. Equity consideration comprises 3,199,915 ordinary shares issued to the vendor, valued based on the market price of those shares at the date of acquisition.

Fair value adjustments

The provisional fair values stated are inclusive of adjustments to:

- recognise intangible assets, including the value of acquired customer relationships and non-compete agreements. The value of these assets were assessed with the support of a third party corporate finance specialist;
- revalue certain items of property, plant and equipment, including mineral reserves and resources, to reflect the fair value at date of acquisition;
- working capital accounts to reflect fair value; and
- restoration provisions to reflect costs to comply with environmental and other legislation.

The goodwill arising represents the strategic geographic location of assets acquired, the potential for future growth and the skills of the existing workforce and management team.

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11 Acquisitions (continued)

Other current year acquisitions

The directors consider the remaining acquisitions completed in the period, being 100% of the share capital Eco Asphalt Supplies Limited (31 January 2024) and 80% of the share capital of Phoenix Surfacing Limited (1 April 2024), to be individually immaterial, but material in aggregate.

The combined provisional fair values in respect of the identifiable assets acquired liabilities assumed are set out below:

	Provisional fair value on acquisition
	£m
Intangible assets	5.5
Property, plant and equipment	3.3
Inventories	0.2
Trade and other receivable	5.0
Cash and cash equivalents	1.8
Trade and other payables	(5.6)
Borrowings	(1.9)
Deferred tax liabilities	(1.8)
Total acquired net assets	6.5
Cash consideration on completion	13.0
Post-completion payment	1.5
Deferred consideration	3.4
Total consideration payable	17.9
Goodwill arising	11.4

Consideration

Deferred consideration includes £2.6m relating to a put liability and has been accounted for using the assumed acquisition method.

The post-completion payment is an estimate of the amounts expected to be paid in the second half of 2024 subject to agreement of final completion accounts.

Fair value adjustments

The fair value adjustments primarily comprised:

- intangible assets, including the value of acquired customer relationships;
- impairment of property, plant and equipment; and
- deferred tax balances.

The goodwill arising represents expected synergies, the potential for future growth, and the skills of the existing workforce. Goodwill is not deductible for tax purposes.

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11 Acquisitions (continued)

Impact of current year acquisitions

Income statement

During the period, the combined acquisitions contributed revenues of £60.7m, Underlying EBIT of £6.9m and profit before tax of £6.9m to the Group. If these acquisitions had occurred on 1 January 2024, the results of the Group for the six months ended 30 June 2024 would have shown revenue of £795.4m, Underlying EBIT of £72.4m and Profit before tax of £47.3m.

Acquisition costs

The Group incurred acquisition-related costs of £9.0m in the period, primarily relating to external professional fees. These have been presented as non-underlying operating expenses (note 5).

Cash flow

The cash flow impact of acquisitions in the year can be summarised as follows:

	£m
Consideration - cash	168.2
Cash and cash equivalents acquired	(7.3)
Net cash consideration shown in the condensed consolidated statement of cash flows	160.9

12 Share capital

	millions
Issued ordinary shares	
31 December 2022	1,694.4
5 : 1 share consolidation as part of Corporate Reorganisation	(1,355.5)
30 June 2023	338.9
Exercise of savings-related share options	0.2
Vesting of Performance Share Plan awards	0.6
31 December 2023	339.7
Exercise of savings-related share options	0.4
Vesting of Performance Share Plan awards	0.3
Issued on acquisition of BMC (note 11)	3.2
30 June 2024	343.6

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INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

13 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 2024	Great Britain £m	Ireland £m	United States £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	492.4	111.2	53.0	156.9	(48.9)	-	764.6
Profit from operations							56.9
Non-underlying items (note 5)							14.7
Underlying EBIT	35.6	13.7	6.6	23.9	(9.7)	1.5	71.6
Underlying EBIT margin	7.2%	12.3%	12.5%	15.2%			9.4%
Underlying EBIT	35.6	13.7	6.6	23.9	(9.7)	1.5	71.6
Share of profit of associate and joint ventures	-	-	-	-	-	(1.5)	(1.5)
Depreciation and mineral depletion	26.0	3.8	3.6	14.5	0.1	-	48.0
Underlying EBITDA	61.6	17.5	10.2	38.4	(9.6)	-	118.1

Six months ended 30 June 2023	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	519.6	109.1	176.8	(62.8)	-	742.7
Profit from operations						62.1
Non-underlying items (note 5)						8.4
Underlying EBIT	42.8	10.0	25.9	(9.8)	1.6	70.5
Underlying EBIT margin	8.2%	9.2%	14.6%			9.5%
Underlying EBIT	42.8	10.0	25.9	(9.8)	1.6	70.5
Share of loss of associate and joint ventures	-	-	-	-	(1.6)	(1.6)
Depreciation and mineral depletion	26.2	3.2	13.9	0.1	-	43.4
Underlying EBITDA	69.0	13.2	39.8	(9.7)	-	112.3

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INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

Reconciliation of earnings based alternative performance measures *(continued)*

Year ended 31 December 2023	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	1,033.8	235.5	331.2	(113.0)	-	1,487.5
Profit from operations						145.7
Non-underlying items (note 5)						10.5
Underlying EBIT	86.4	29.0	55.2	(17.0)	2.6	156.2
Underlying EBIT margin	8.4%	12.3%	16.7%			10.5%
Underlying EBIT	86.4	29.0	55.2	(17.0)	2.6	156.2
Share of profit of associate and joint ventures	-	-	-	-	(2.6)	(2.6)
Depreciation and mineral depletion	52.2	6.9	29.3	0.3	-	88.7
Underlying EBITDA	138.6	35.9	84.5	(16.7)	-	242.3

Free cash flow

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Net cash from operating activities	22.0	47.4	191.9
Net cash used in investing activities	(201.5)	(43.0)	(120.4)
Acquisition of businesses	160.9	11.1	18.8
Cash impact of non-underlying items	9.0	5.3	4.5
Free cash flow	(9.6)	20.8	94.8

Return on invested capital

	Twelve months ended 30 June 2024 £m	Twelve months ended 30 June 2023 £m	Year ended 31 December 2023 £m
H2 2022 Underlying EBIT	-	88.1	-
H1 2023 Underlying EBIT	-	70.5	70.5
H2 2023 Underlying EBIT	85.7	-	85.7
H1 2024 Underlying EBIT	71.6	-	-
LTM Underlying EBIT	157.3	158.6	156.2
Underlying effective tax rate	22.4%	20.3%	20.4%
Taxation at the Group's underlying effective rate	(35.2)	(32.2)	(31.9)
Underlying earnings before interest	122.1	126.4	124.3
Net assets	1,120.7	1,060.1	1,110.7
Net Debt (note 8)	472.3	220.4	169.9
Invested capital	1,593.0	1,280.5	1,280.6
Average invested capital¹	1,436.8	1,262.4	1,261.1
Adjustment for timing of significant acquisition ²	(41.7)	-	-
Adjusted average invested capital	1,395.1	1,262.4	1,261.1
Return on invested capital³	8.8%	10.0%	9.9%

1 Average invested capital is calculated by taking the average of the opening invested capital at the start of the period and the closing invested capital at the reporting date. Opening invested capital at 30 June 2022 was £1,244.2m and at 1 January 2023 was £1,241.5m.

2 This adjustment is made to the average of opening and closing invested capital to more accurately reflect the impact of the timing of the acquisition of BMC Enterprises which completed on 6 March 2024. See note 11.

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

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INTERIM RESULTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

Covenant Leverage

	Twelve months ended 30 June 2024 £m	Twelve months ended 30 June 2023 £m	Year ended 31 December 2023 £m
As reported			
H2 2022 Underlying EBITDA	-	128.0	-
H1 2023 Underlying EBITDA	-	112.3	112.3
H2 2023 Underlying EBITDA	130.0	-	130.0
H1 2024 Underlying EBITDA	118.1	-	-
LTM Underlying EBITDA	248.1	240.3	242.3
Impact of IFRS 16	(10.8)	(11.0)	(10.3)
Pro-forma adjustments for acquisitions	22.1	-	-
Underlying EBITDA for covenants	259.4	229.3	232.0
Net Debt (excluding IFRS 16)	(422.5)	(170.9)	(121.9)
Covenant Leverage	1.6x	0.7x	0.5x

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. The only material adjusting items being the impact of IFRS 16 and a pro-forma adjustment to include pre-acquisition EBITDA from businesses owned for less than twelve months.

14 Post balance sheet event

Subsequent to the period end, the Group completed the refinancing of its RCF. The terms of the amended facility are further disclosed in note 8.

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GLOSSARY

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

Adopted IFRS	International Financial Reporting Standards as adopted by the UK
ARM	Alternative Raw Material project
Bps	Basis points
BMC	BMC Enterprises Inc.
Breedon	Breedon Group plc
CEM II	CEM II limestone cement; consists of clinker, minor additional constituents and up to 20% of limestone which reduces the product's carbon intensity
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
CDP	Climate Disclosure Project
EBIT	Earnings before interest and tax which equates to profit from operations
EPS	Earnings per share
ETS	Emissions Trading Scheme
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
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 and disposals
M&A	Mergers & acquisitions
NI	Northern Ireland
Ppt	Percentage point
RCF	Revolving credit facility
RoI	Republic of Ireland
ROIC	Post tax Return on Invested Capital for the previous twelve months
SBTi	Science Based Targets initiative
SONIA	Sterling Overnight Index Average
UK	United Kingdom (GB & NI)
Underlying	Stated before acquisition related expenses, property gains and losses, amortisation of acquisition intangibles and related tax items, AIM to Main market costs (2023 only)
Underlying EBITDA	Earnings before interest, tax, depreciation and amortisation non-Underlying items and before our share of profit from associate and joint ventures
US	United States
USPP	US Private Placement