

# 2018 FULL-YEAR RESULTS



6 March 2019



# 2018 FULL-YEAR RESULTS



**Introduction**

Peter Tom CBE

Executive Chairman

**Financial review**

Rob Wood

Group Finance Director

**Group & operational review**

Pat Ward

Group Chief Executive

**Q & A**

# 2018 FULL-YEAR RESULTS



## PETER TOM CBE Executive Chairman



# 2018: EXPANDING HORIZONS



- Strong performance in difficult trading conditions
- Improved revenue and earnings underpinned by acquisitions
- Strong cashflow resulting in reduction in leverage
- Transformative acquisition of Lagan
- Asset swap with Tarmac completed
- Continued significant capital investment
- New reporting segments reflecting change in Group's structure

# 2018 FULL-YEAR RESULTS



## ROB WOOD Group Finance Director



# 2018 NEW OPERATING SEGMENTS



## Great Britain

Comprising the trade previously reported in Breedon Northern and Breedon Southern, together with the building products businesses acquired with Lagan

## Ireland

Comprising the construction materials and contracting services businesses on the Island of Ireland which were acquired with Lagan

## Cement

Comprising the trade previously reported in Breedon Cement, together with the cementitious operations acquired with Lagan

# 2018 FINANCIAL HIGHLIGHTS



<p>Revenue</p> <p><b>£862.7m</b></p> <p>2017: £652.4m +32%</p>	<p>Underlying EBIT*</p> <p><b>£103.5m</b></p> <p>2017: £80.4m +29%</p>	<p>Underlying EBIT margin*</p> <p><b>12.0%</b></p> <p>2017: 12.3%</p>
<p>Profit before taxation</p> <p><b>£79.9m</b></p> <p>2017: £71.2m +12%</p>	<p>Underlying basic EPS*</p> <p><b>4.70p</b></p> <p>2017: 4.14p +14%</p>	<p>Net debt</p> <p><b>£310.7m</b></p> <p>2017: £109.8m</p>

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

# 2018 INCOME STATEMENT



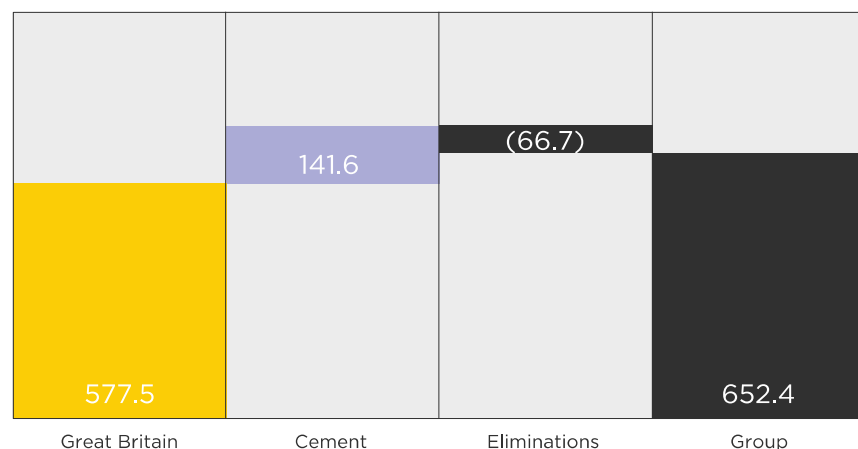
	2017 £ million	2018 £ million	Variance
Revenue	652.4	<b>862.7</b>	+32%
Underlying EBITDA	117.0	<b>154.4</b>	+32%
Depletion & depreciation	(39.3)	<b>(52.6)</b>	
Underlying operating profit	77.7	<b>101.8</b>	+31%
Share of associate and joint ventures	2.7	<b>1.7</b>	
Underlying EBIT	80.4	<b>103.5</b>	+29%
Interest	(6.4)	<b>(11.8)</b>	
Non-underlying items	(2.8)	<b>(11.8)</b>	
Profit before tax	71.2	<b>79.9</b>	+12%
Taxation	(14.2)	<b>(15.3)</b>	
Profit for the year	57.0	<b>64.6</b>	+13%
Underlying basic earnings per share	4.14p	<b>4.70p</b>	+14%



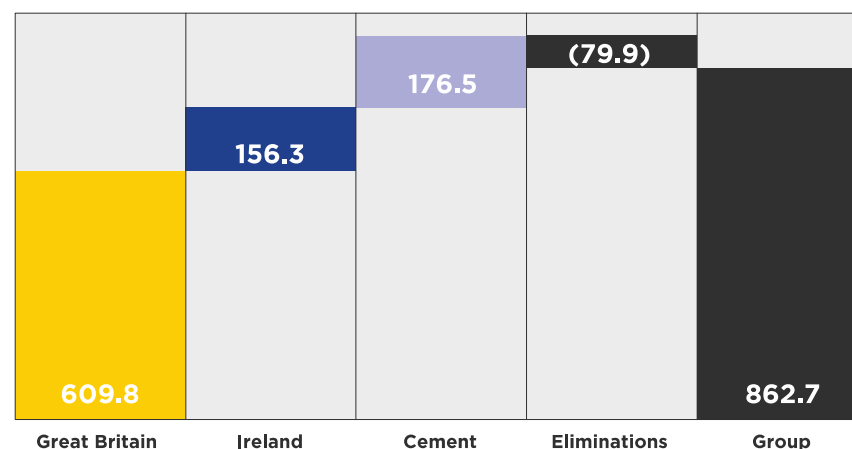
# 2018 SEGMENTAL PERFORMANCE



2017 REVENUE £ MILLION



2018 REVENUE £ MILLION

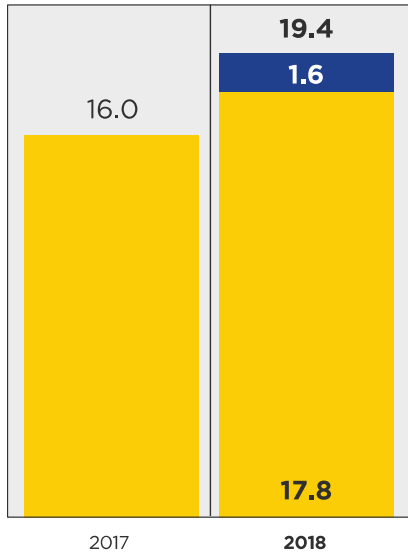


	2017 Underlying EBIT £ million	2018 Underlying EBIT £ million	Variance	2017 Underlying EBIT margin	2018 Underlying EBIT margin	Variance
Great Britain	64.5	<b>61.4</b>	-5%	11.2%	<b>10.1%</b>	-1.1ppt
Ireland	—	<b>20.9</b>	—	—	<b>13.4%</b>	—
Cement	25.8	<b>31.4</b>	+22%	18.2%	<b>17.8%</b>	-0.4ppt
Central administration	(12.6)	<b>(11.9)</b>				
Share of associate and joint ventures	2.7	<b>1.7</b>				
	80.4	<b>103.5</b>	+29%	12.3%	<b>12.0%</b>	-0.3ppt

# 2018 PRODUCT VOLUMES

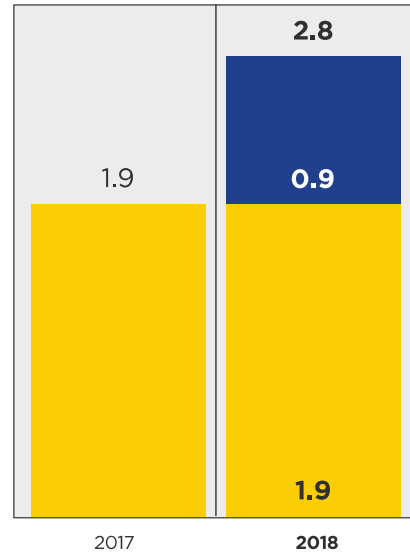


**Aggregates**  
million tonnes



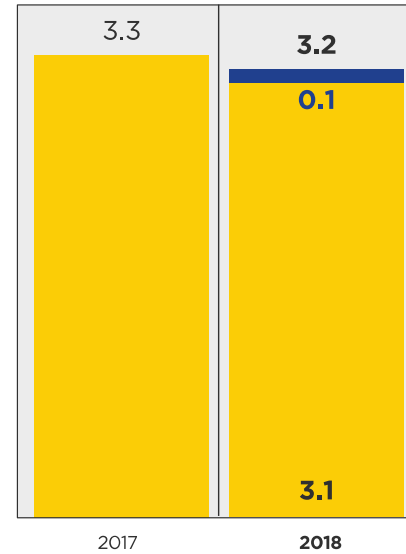
**+22%**

**Asphalt**  
million tonnes



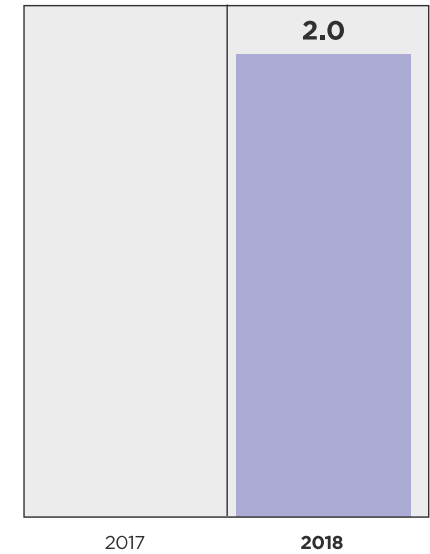
**+50%**

**Concrete**  
million m<sup>3</sup>



**-3%**

**Cement**  
million tonnes



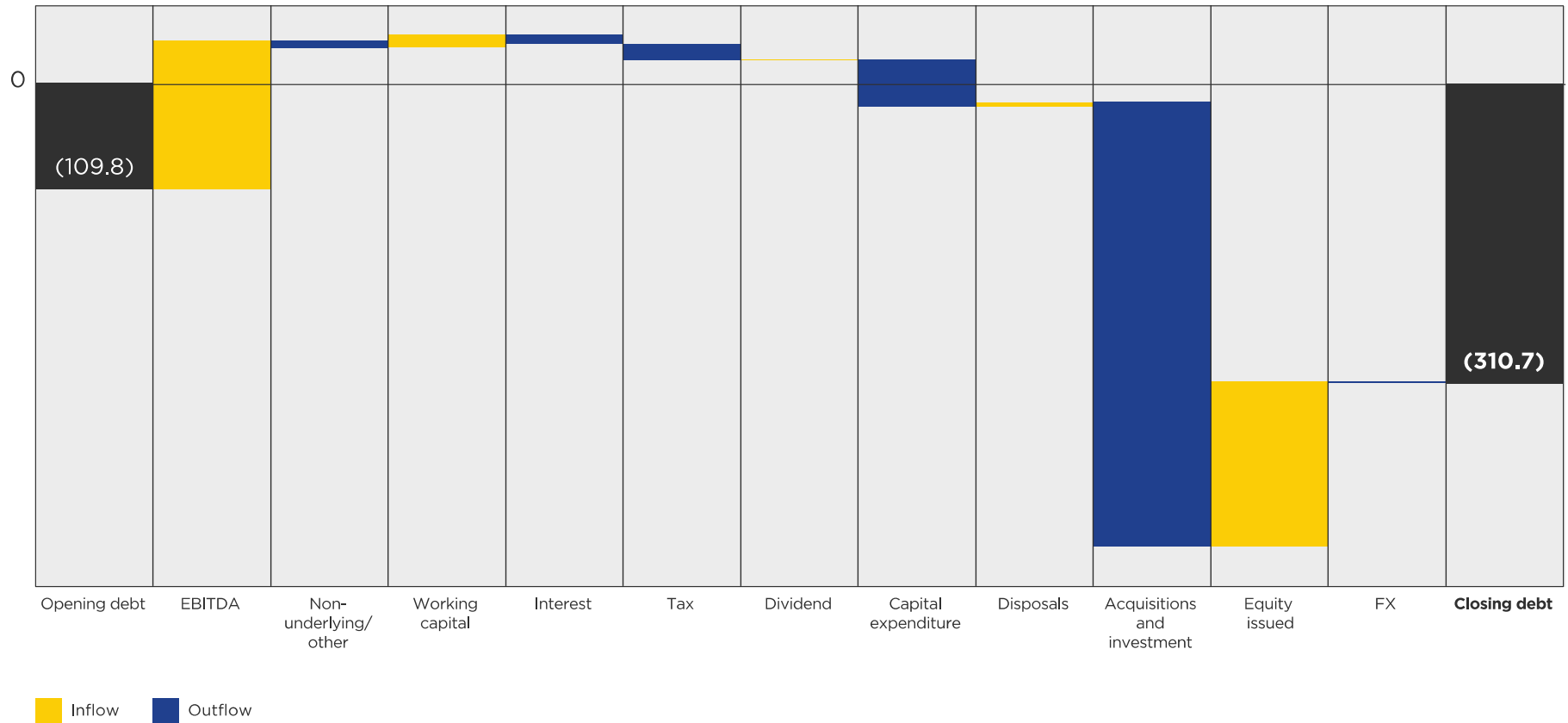
Great Britain Ireland Cement

**NOTE:** In accordance with the Cement Market Data Order 2016, prior year cement volumes are not disclosed as they relate exclusively to the UK market.

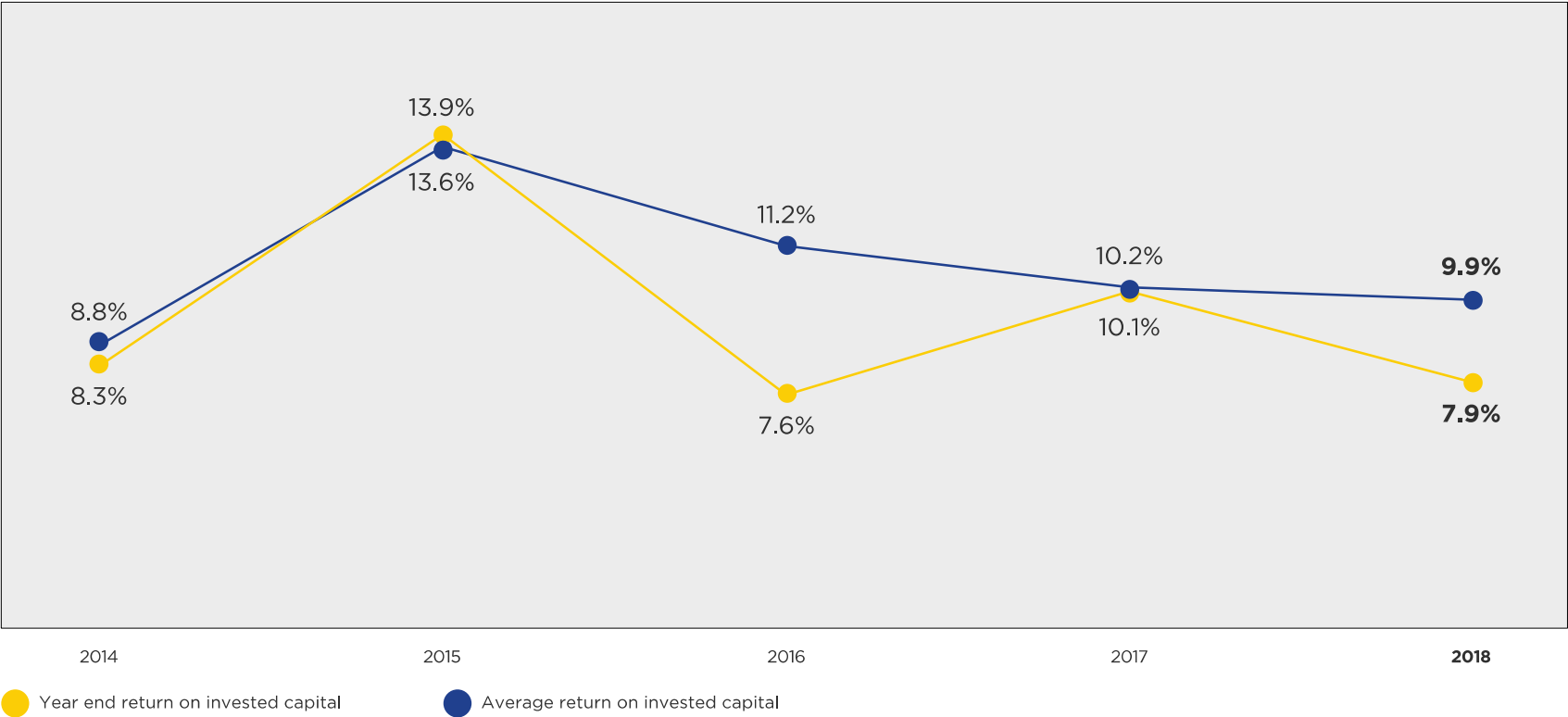
# 2018 NET DEBT MOVEMENT



£ MILLION



# RETURN ON INVESTED CAPITAL



**Note:** Underlying profit from operations after tax / (Net Assets + Net Debt)

# 2018 FULL-YEAR RESULTS



## PAT WARD Group Chief Executive



# 2018 MARKET BACKGROUND



## Great Britain

- UK GDP up 1.4%
- Construction output broadly flat
- Aggregates volumes ahead 2.1%
- Asphalt volumes ahead 0.7%
- Readymix volumes down 1.6%
- As always, significant regional variations

Sources: ONS, CPA, MPA (members).

# 2018 MARKET BACKGROUND



## Northern Ireland

- NI economic activity ahead 2.1% in first nine months
- Construction output up 2.3% in first nine months
- Driven primarily by housing and infrastructure

## Republic of Ireland

- RoI GDP forecast to have grown by 7.8%
- Construction output estimated to have grown by 6.1%
- Construction activity again driven by housing and infrastructure

Sources: NISRA, Euroconstruct, European Commission

# 2018: STRONG PERFORMANCE, EXPANDED HORIZONS



- Better-than-expected performance in difficult trading conditions
- Improved revenue and earnings, underpinned by acquisitions
- Solid progress by all three segments
- Strong cashflow enabled reduction in post-Lagan net debt and leverage
- Disappointing LTIFR outturn, but safety engagement steadily improving throughout the Group
- Significant investment in minerals, capacity and operational improvements
- Lagan integration well underway
- Tarmac asset swap completed: new quarries and streamlined concrete network
- Two bolt-on acquisitions completed



# 2018 BUSINESS REVIEWS



## Great Britain

- Lost ground recovered following severe impact of Q1 weather
- Impacted by rising input costs
- Significant investments at Dowlow, Raisby and Port Dundas
- New reserves secured at Norton Bottoms, North Cave and Raisby
- North Drumboy quarry opened to service Glasgow market
- Blinkbonny quarry acquired, opening up SE Scotland market
- Mini mix offer strengthened in central England with acquisition of Staffs Concrete
- Major contracts won at Edinburgh Airport and RAF Lossiemouth
- Breedon Bow Highways JV awarded first Highways England framework contracts
- Welsh Slate, bricks & tiles (part of Lagan) integrated as new Building Products business

# 2018 BUSINESS REVIEWS



## Ireland

- Strong performance despite poor Q1 weather and no Assembly in NI
- Significant improvement in RoI market conditions as year progressed
- 65% increase in Irish Government maintenance tenders
- Growing opportunity to ship aggregates from Whitemountain quarries to GB
- Excellent progress on delivering landmark projects (Colley Lane, Kettering, Wellingborough)
- New contracts on Dublin Airport, New Ross Bypass and key sections of M1

## Cement

- All cementitious operations in GB and Ireland integrated, enabling us to flex supply strategy
- Major investments in GB transport fleet and new mobile plant at Hope quarry
- Bagged cement supply extended to north of England and Midlands via Blyth terminal

# 2019 GROUP OUTLOOK



- 2019 will be challenging in the UK pending the outcome of Brexit
- We are focused on improving our safety performance
- The medium-term outlook for UK infrastructure and housing remains encouraging, including HS2 benefits beginning to flow in 2019
- Entry into Ireland has diversified our market exposure and given us a new platform for growth
- The Group is underpinned by assets and is highly cash-generative
- We have a talented and highly experienced management team
- Other acquisitions are in the pipeline
- We will benefit from self-help and our wider geographical portfolio

**We are confident that we will continue to make progress in 2019**

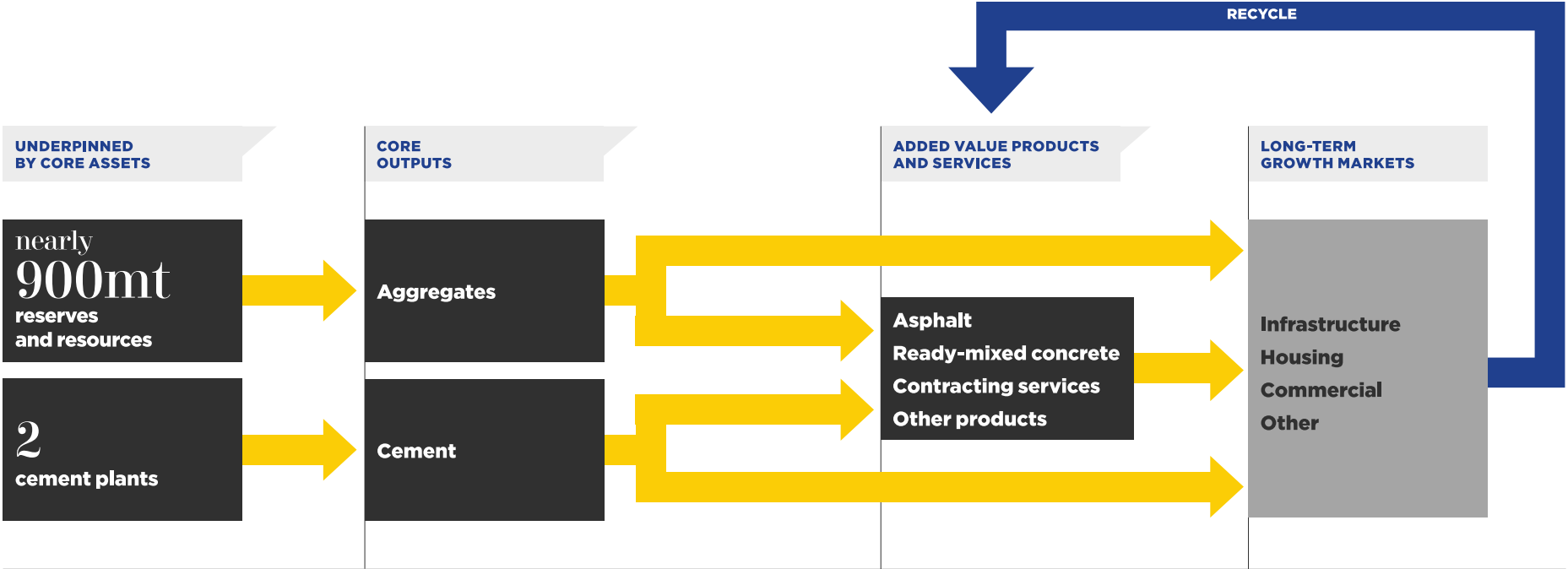
# Q&A



# APPENDICES



# BUSINESS MODEL



The long-term success of our business model is supported by our key resources and relationships:

- Colleagues
- Natural resources
- Service & innovation
- Stakeholders

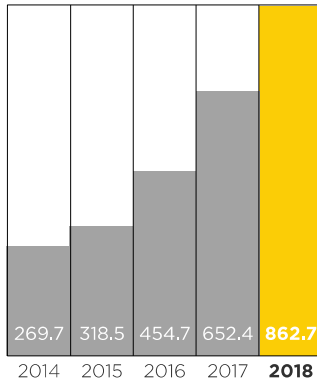
# KEY PERFORMANCE INDICATORS



## 1. Revenue £m

**+220%**

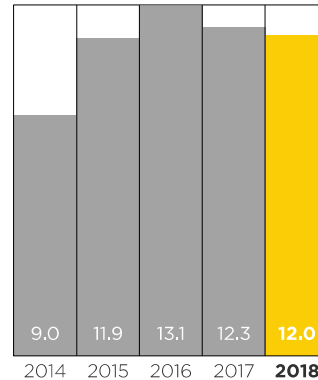
Five-year performance



## 2. Underlying EBIT margin %

**+3.0ppt**

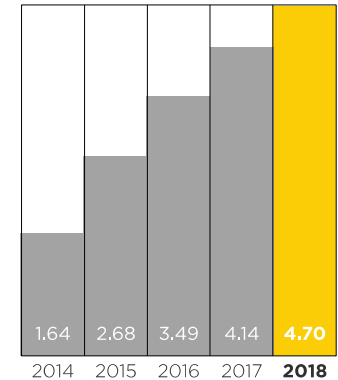
Five-year performance



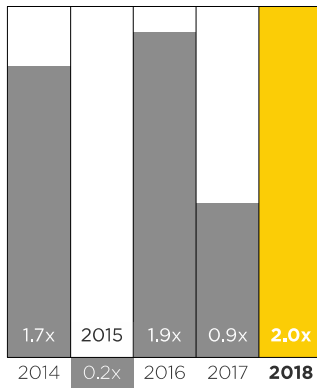
## 3. Underlying basic EPS pence

**+187%**

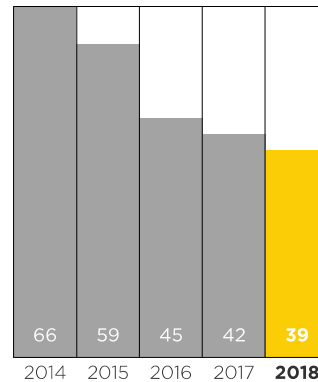
Five-year performance



## 4. Leverage times



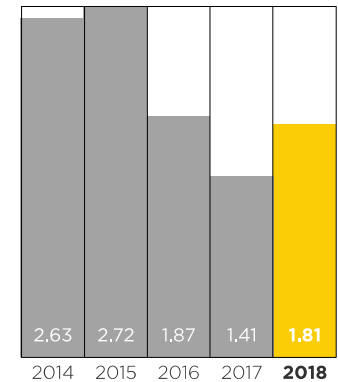
## 5. Reserves & resources life years



## 6. Employee LTIFR per 1 million hours worked

**-31%**

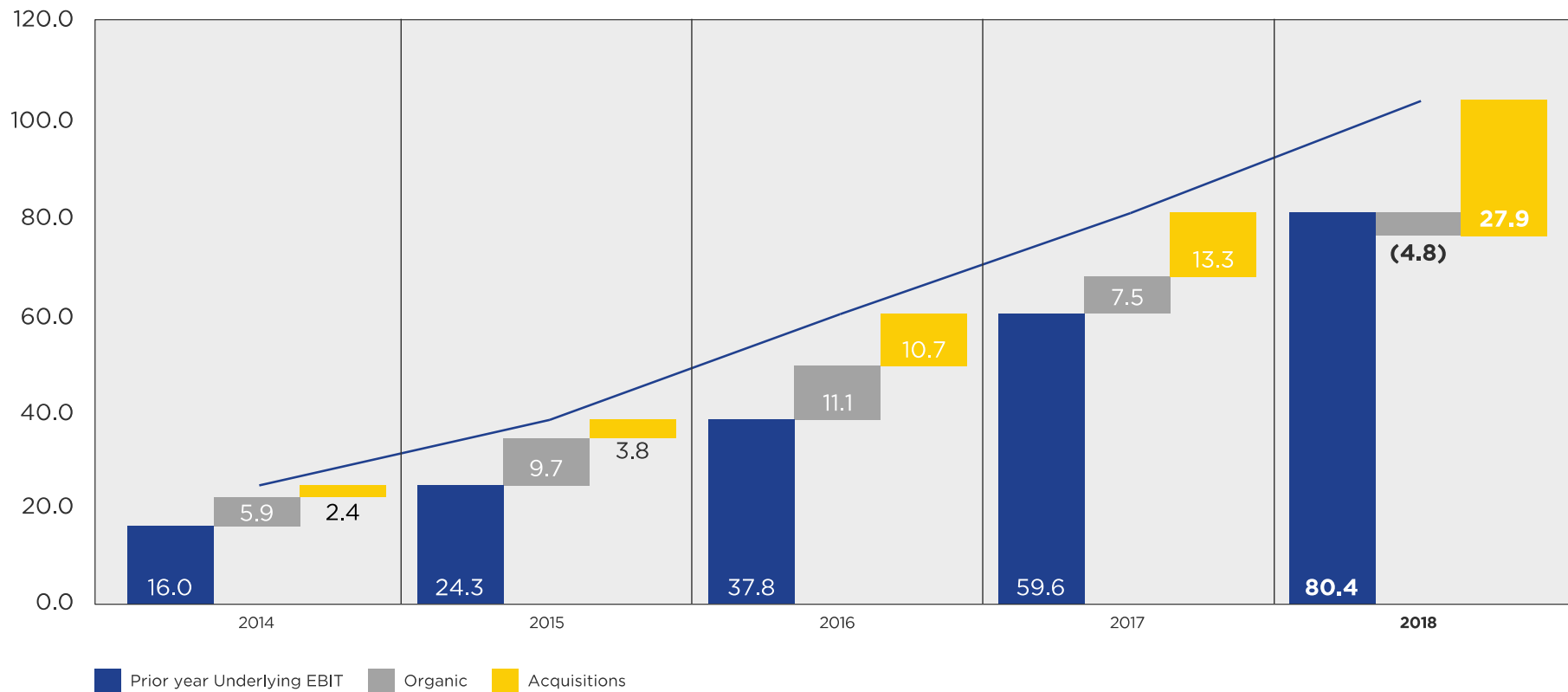
Five-year performance



# TRACK RECORD

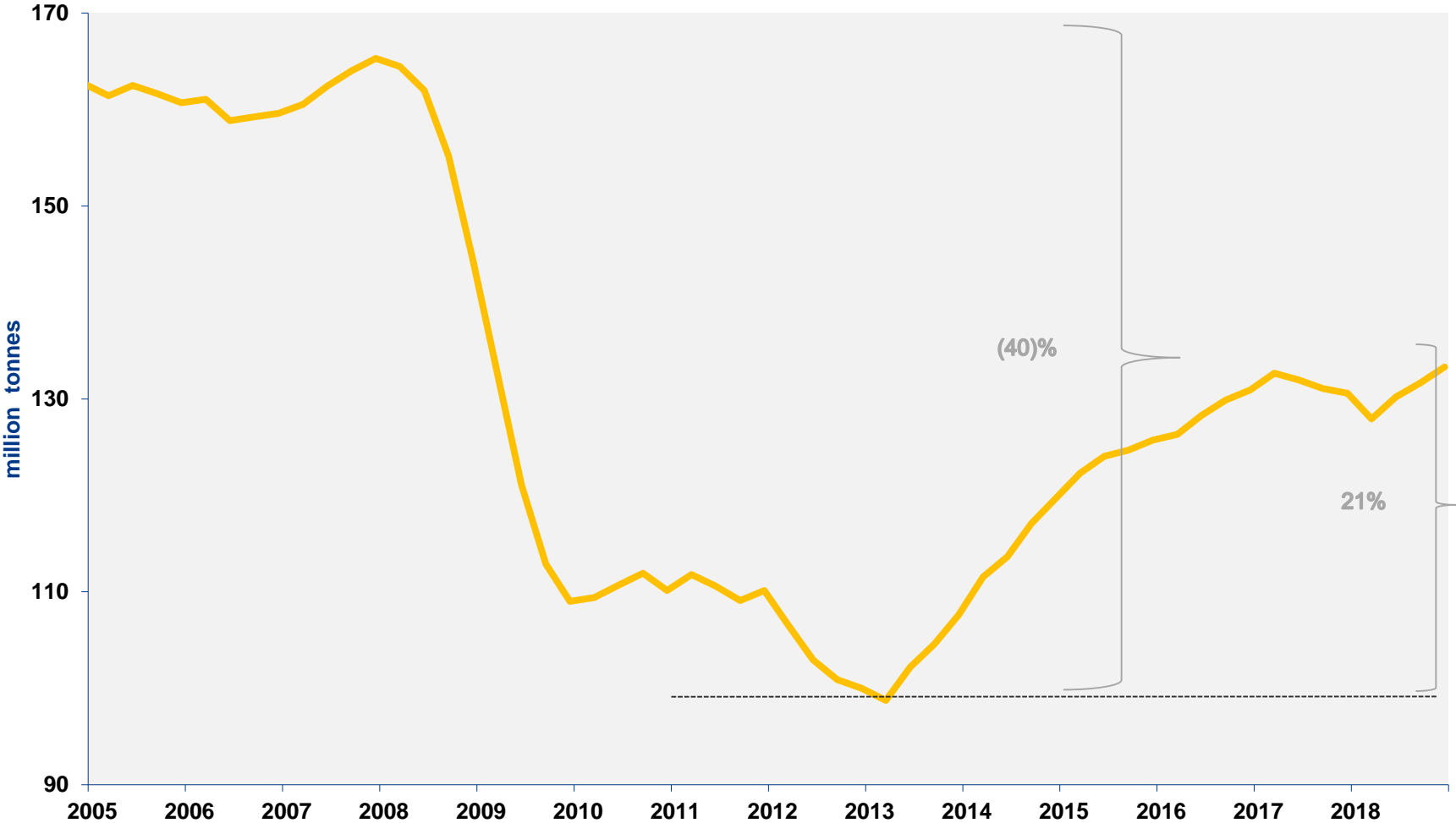


## UNDERLYING EBIT COMPONENTS 2014 - 2018 (£m)

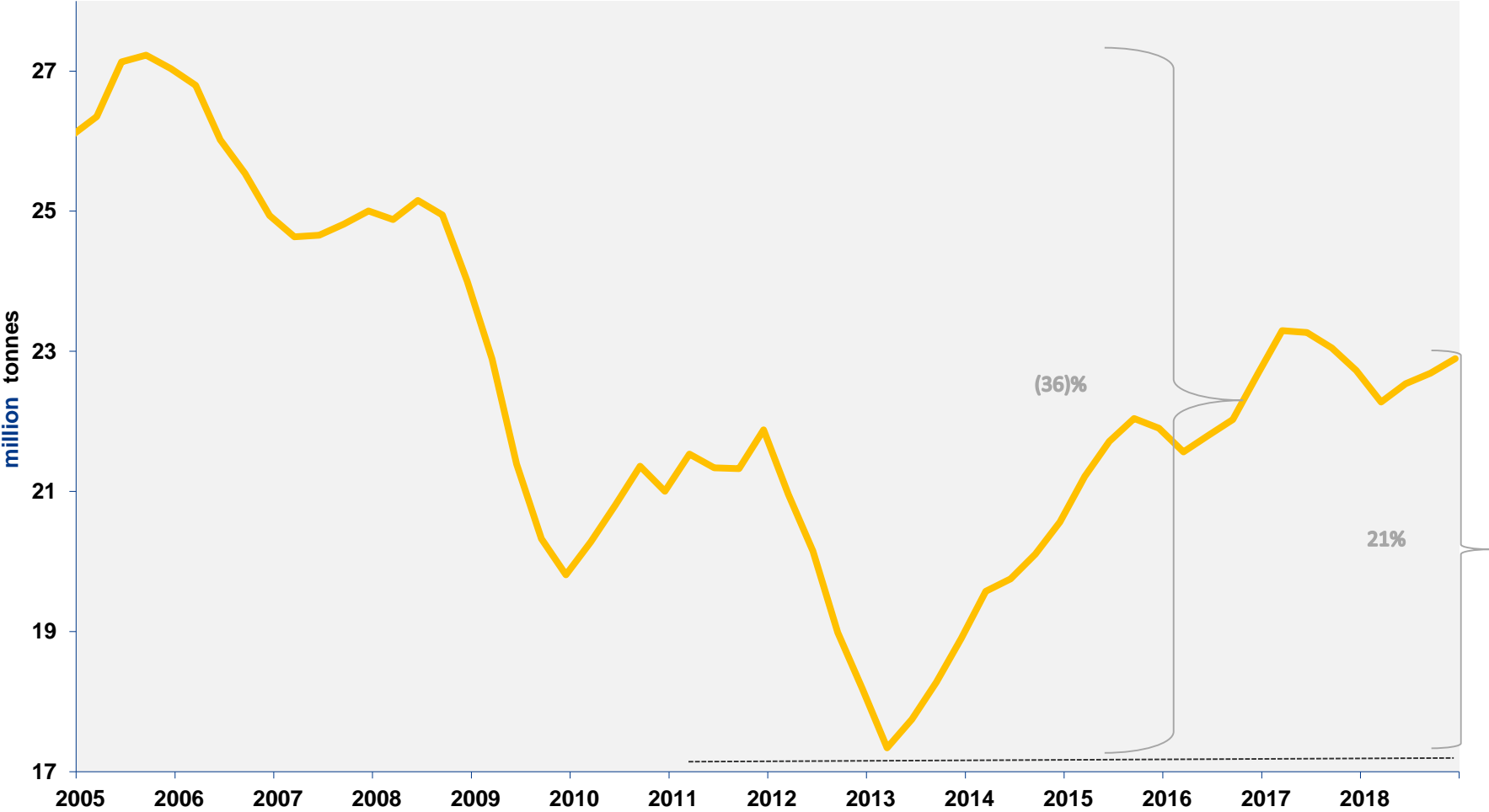




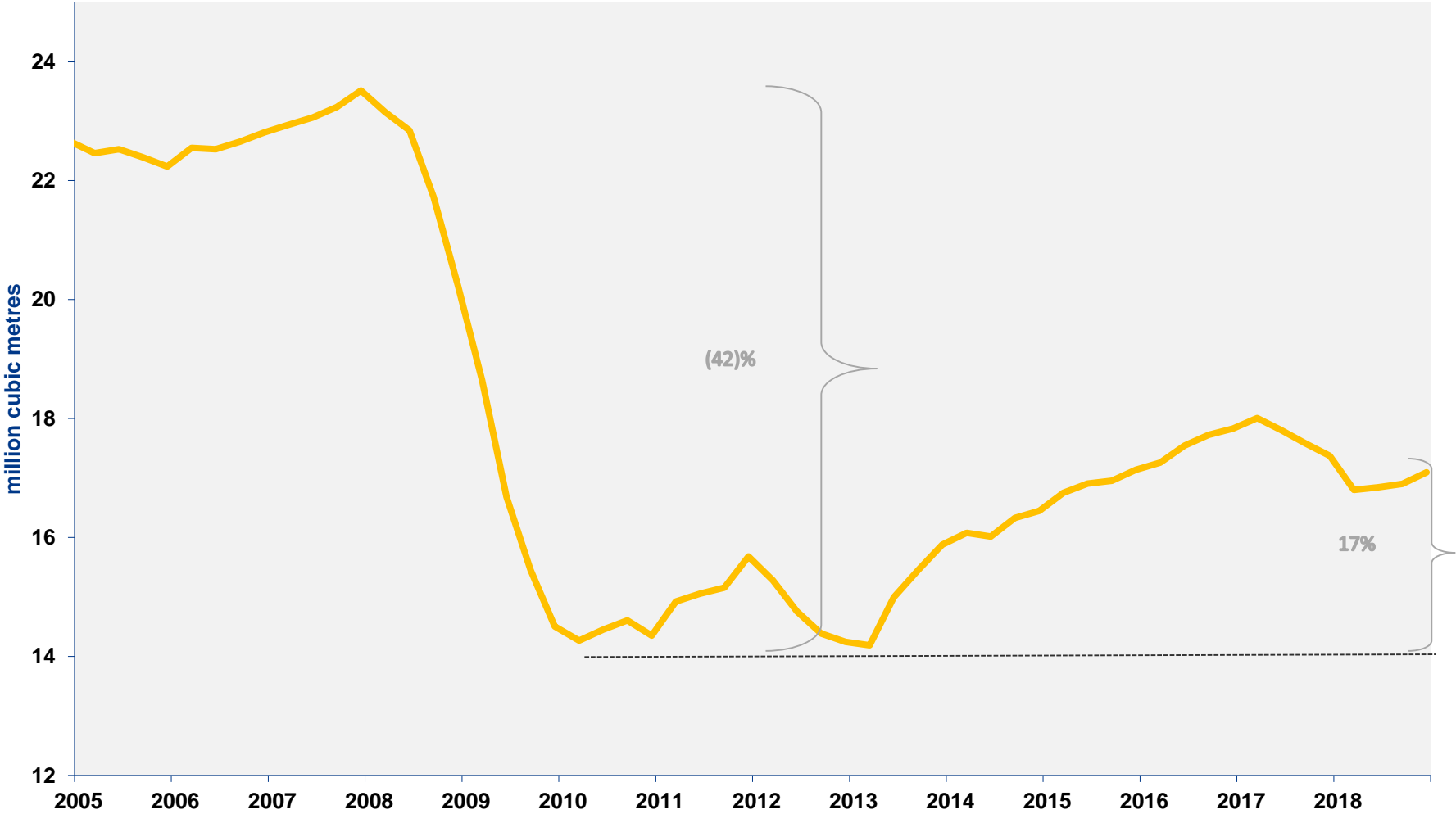
# MPA AGGREGATES VOLUMES: MAT



# MPA ASPHALT VOLUMES: MAT



# MPA RMX VOLUMES: MAT



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