



## News release

26 March 2020

### **BREEDON GROUP PLC Response to COVID-19 and AGM update**

Breedon Group plc, a leading construction materials group in Great Britain and Ireland, issues the following update on the steps being taken to mitigate the impact of COVID-19.

#### **Colleagues and customers**

In light of recent Government measures, and to ensure the safety and wellbeing of our colleagues, subcontractors, customers and communities, we have decided temporarily to suspend production at our UK sites, with the exception of our Hope cement plant and those of our operations which serve critical supply needs. During the course of this week we have begun gradually winding down the relevant sites, whilst ensuring that they are in a condition to be quickly and safely brought back online at the appropriate time.

Our operations in the Republic of Ireland, including our cement plant at Kinnegad, continue to operate pending further guidance from the Irish Government.

We welcome the introduction of the UK Government's Coronavirus Job Retention Scheme, which should ensure that our UK colleagues continue to receive a proportion of their pay during a period of furlough.

#### **Trading and immediate priorities**

The Group's trading performance in 2020 was until this week broadly in line with our expectations. However, following the more stringent measures introduced by the UK Government on 23 March, there has been an immediate and significant reduction in demand for our products which we expect to continue until restrictions on movement are relaxed.

The Group is well invested, which has enabled us to immediately restrict capital expenditure solely to committed and critical projects without compromising the longer-term performance of our operations. In addition, we have halted all discretionary expenditure and continue to apply robust discipline to our management of working capital. We will make full use of any government support, including tax reliefs and other forms of financial aid, as they become available.

#### **Financing**

The Group has a strong balance sheet and significant liquidity headroom. As at 25 March the Group has £335 million of drawn debt on our facility, cash of £60 million and an undrawn committed facility of £220 million. The covenants attached to our facility, agreed before the adoption of IFRS 16, require that leverage (net debt as a multiple of EBITDA) should not generally exceed 3.0 times and that interest cover (EBITDA as a multiple of interest) should be not less than 3.5 times. As at 31 December, our leverage for covenant purposes was 1.4 times and our interest cover was 20 times. The facility does not mature until April 2022.

Completion of our acquisition of certain of CEMEX's UK assets remains subject to satisfactory conditions being met, including a TUPE consultation and IT migration. In light of COVID-19, completion may take longer than originally anticipated. We continue to believe that these well-located, resource-backed assets will enable us over time to create significant additional value for shareholders.

We have conducted stress testing of the Group's liquidity requirements under different scenarios, assuming the completion of the CEMEX acquisition, and believe that headroom will remain adequate for our needs under those scenarios, particularly in light of the robust actions we are taking to manage our cost base and preserve cash.

We have strong relationships with our group of banks, with whom we have been in regular dialogue since the onset of COVID-19 and who are being highly supportive.

### **Annual General Meeting (AGM)**

In light of the restrictions relating to COVID-19, the Board has agreed to defer the 2020 AGM to a later date. We are monitoring the ongoing situation, and will notify shareholders via our website ([www.breedongroup.com](http://www.breedongroup.com)) and the regulatory news services as soon as the revised AGM arrangements are confirmed.

### **Outlook**

Given the current economic uncertainty and the as yet unquantifiable longer-term impact of COVID-19 on our trading environment, we are unable to provide accurate market guidance for the current year. However, looking further ahead, we have a fundamentally robust and diversified business with traditionally strong cashflow characteristics, and are well positioned to prosper in the long term. The pending addition of a high-quality portfolio of assets from CEMEX in the UK will further strengthen our position.

We will provide further updates in due course as and when appropriate.

***The information contained within this announcement is deemed by the Group to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014.***

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**NOTES TO EDITORS:**

**Breedon Group plc** is a leading vertically-integrated construction materials group in Great Britain and Ireland. It operates two cement plants and an extensive network of quarries, asphalt plants and ready-mixed concrete plants, together with slate production, concrete and clay products manufacturing, contract surfacing and highway maintenance operations. The Group employs nearly 3,000 people and has nearly 900 million tonnes of mineral reserves and resources. Its strategy is to continue growing organically and through the acquisition of businesses in the heavyside construction materials market.