

BREEDON GROUP

2018 Half-Year Results



5 September 2018



H1 2018: RESULTS



Introduction

Peter Tom CBE

Executive Chairman

Financial review

Rob Wood

Group Finance Director

Group & operational review

Pat Ward

Group Chief Executive

Q & A

PETER TOM CBE

Executive Chairman

H1 2018: HIGHLIGHTS



- Resilient performance in challenging market
- Continued strong cash generation and organic investment
- Strategic acquisition of Lagan Group
- Further bolt-on acquisitions, strengthening regional presence

ROB WOOD

Group Finance Director

H1 2018: REPORTING STRUCTURE



BREEDON GROUP PLC

BREEDON NORTHERN

BREEDON SOUTHERN

BREEDON CEMENT

LAGAN GROUP

H1 2018: FINANCIAL HIGHLIGHTS



Revenue

£378.4m

H1 2017: £326.3m **+16%**

Underlying EBIT*

£42.0m

H1 2017: £35.8m **+17%**

Underlying EBIT margin*

11.1%

H1 2017: 11.0%

Underlying profit before tax*

£37.4m

H1 2017: £32.5m **+15%**

Underlying basic EPS*

1.96p

H1 2017: 1.84p **+7%**

Net debt

£383.6m

At Dec 2017: £109.8m

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

H1 2018: INCOME STATEMENT

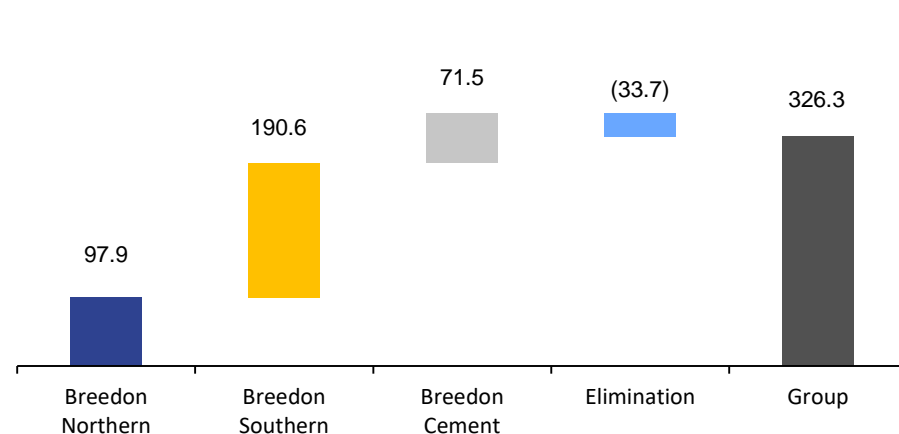


	H1 2017 £ million	H1 2018 £ million	Variance %
Revenue	326.3	378.4	+16%
Underlying EBITDA	53.9	66.0	+22%
Depletion & depreciation	(19.3)	(24.9)	
Underlying operating profit	34.6	41.1	+19%
Share of associate and joint ventures	1.2	0.9	
Underlying EBIT	35.8	42.0	+17%
Interest	(3.3)	(4.6)	
Non-underlying items	(1.3)	(7.0)	
Profit before tax	31.2	30.4	-3%
Taxation	(6.2)	(7.1)	
Profit for the period	25.0	23.3	-7%
Underlying basic earnings per share	1.84p	1.96p	+7%

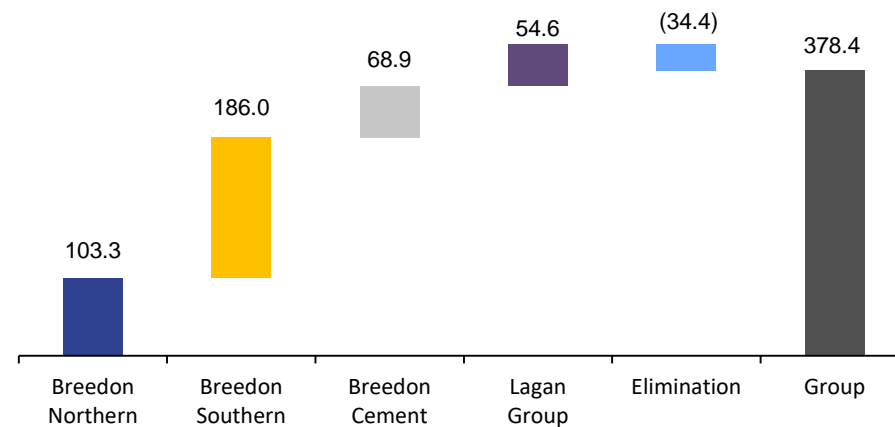
H1 2018 DIVISIONAL PERFORMANCE



H1 2017 revenue £ million



H1 2018 revenue £ million



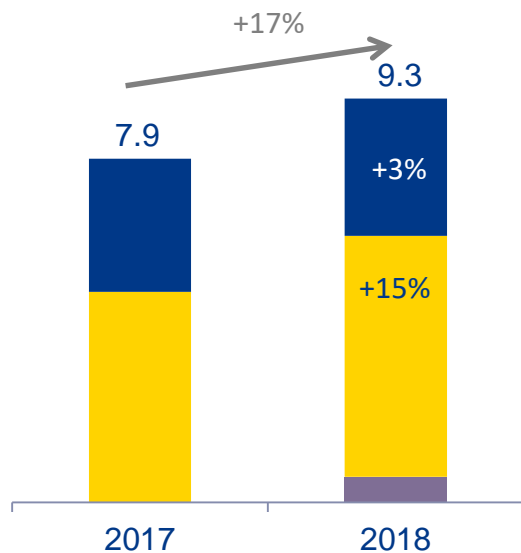
	H1 2017 £ million	H1 2018 £ million	Variance	H1 2017 Underlying EBIT margin	H1 2018 Underlying EBIT margin	Variance
Underlying EBIT						
Breedon Northern	10.7	9.9	-7%	10.9%	9.5%	-1.4ppt
Breedon Southern	22.7	19.4	-15%	11.9%	10.4%	-1.5ppt
Breedon Cement	9.3	10.0	+8%	13.1%	14.4%	+1.3ppt
Lagan Group	-	7.6	-	-	14.0%	-
Central administration	(8.1)	(5.8)	-28%			
Share of associate and joint ventures	1.2	0.9	-25%			
Underlying EBIT	35.8	42.0	+17%	11.0%	11.1%	+0.1ppt

H1 2018 KEY PRODUCT VOLUMES



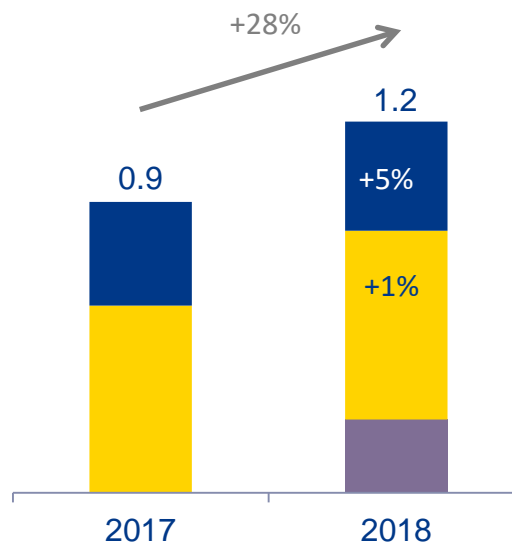
Aggregates

million tonnes



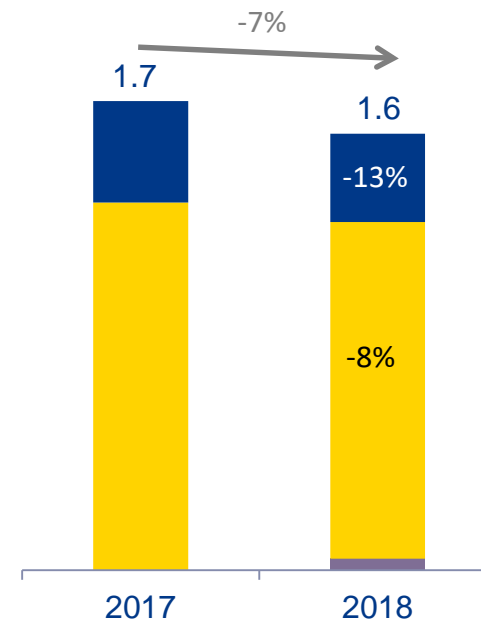
Asphalt

million tonnes



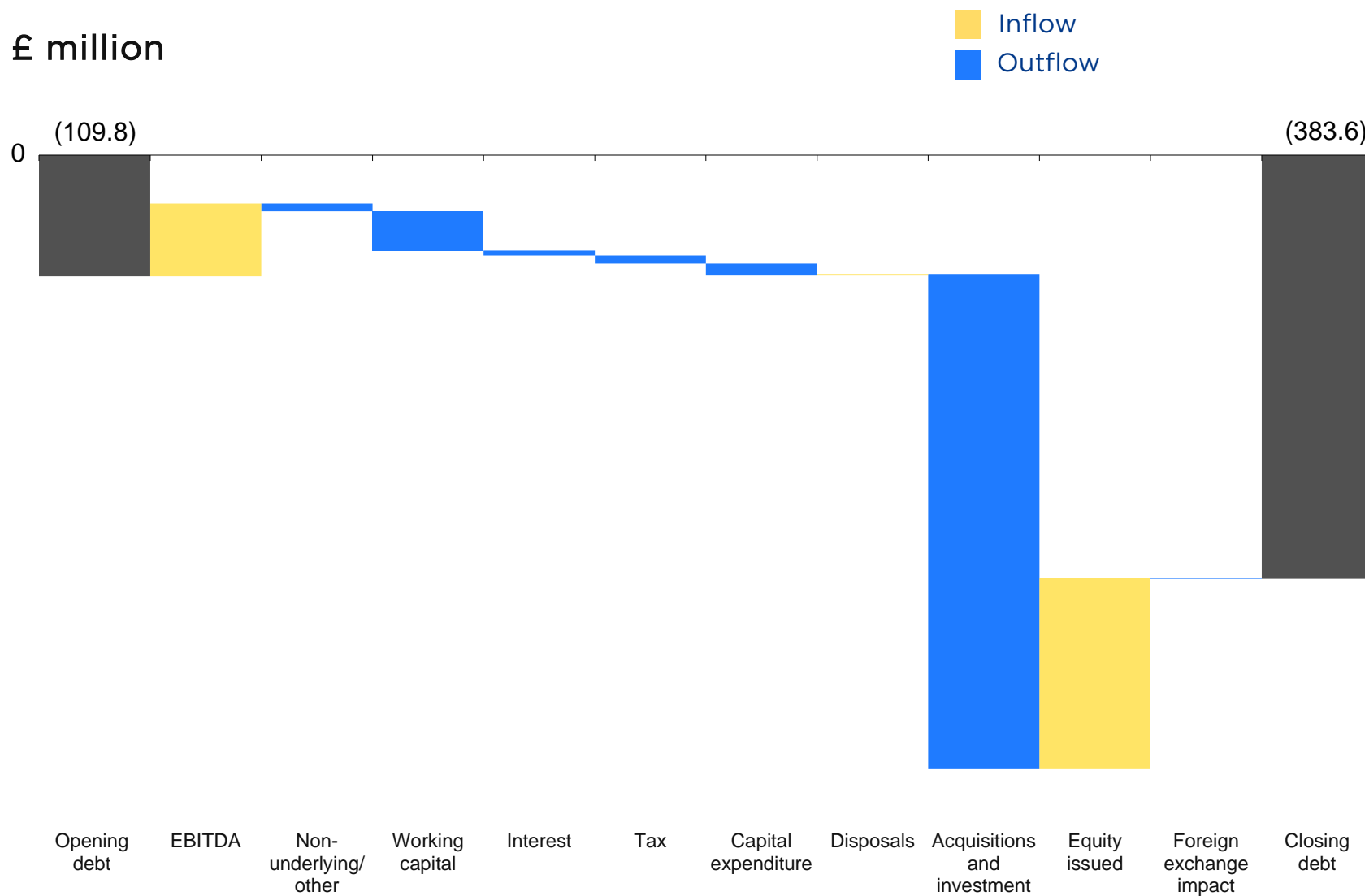
Concrete

million m³



NOTE: In accordance with the Cement Market Data Order 2016, cement volumes are not disclosed

H1 2018 NET DEBT MOVEMENT



PAT WARD

Group Chief Executive

H1 2018: MARKET BACKGROUND



- UK economy grew by 0.6%*
- GB construction output Q1 -0.8%, Q2 +0.9%*
- Reflected in GB sales volumes**
 - aggregates -1.3%
 - asphalt -1.7%
 - concrete -6.0%
- Reflects significant regional variations across GB
- Continued growth in RoI, solid activity levels in NI
- Ongoing impact of Brexit uncertainty

* Office for National Statistics

** Mineral Products Association

Q1 cementitious volume data will not be available until a later date

H1 2018: RESILIENT PERFORMANCE



- Strong contribution from acquisitions, offsetting weaker GB outturn
- Continued strong cash generation and organic investment
- Underlying EBIT margin maintained
- Lagan Group acquired and integration progressing well
- Further bolt-on acquisitions completed
- Further progress on safety improvement
- First major framework contract won with Highways England
- Tarmac asset swap completed on 1 July
 - rebalances aggregates/readymix portfolio

H1 2018: CONTRASTING PICTURES



Breedon Northern & Southern

- Creditable performances in subdued markets
- Supplies to final phase of AWPR, Woodsmith mine, Peterhead Harbour, East Midlands Gateway
- Replacement asphalt plant commissioned at Furnace, installation of asphalt plant commenced at Dowlow Quarry, replacement of Port Dundas (Glasgow) concrete plant underway
- Blinkbonny Quarry and Staffs Concrete acquired
- First Highways England framework contract won by Breedon Bow Highways

Breedon Cement

- Robust performance despite reduced internal sales to concrete plants
- Benefited from improved production/stock management
- Bagged cement sales progressing well

Lagan Group

- Performed ahead of expectations
- New management structure speedily implemented

H1 2018: NEW MANAGEMENT STRUCTURE



Northern - Managing Director, Alan Mackenzie

Construction materials, contract surfacing and highway maintenance in Scotland and parts of northern England



Southern - Managing Director, Mike Pearce

Construction materials, contract surfacing and highway maintenance in southern England, Wales and parts of northern England, together with  **WELSH SLATE**



Cement - Managing Director, Jude Lagan

Cementitious operations in UK and Ireland, incl. cement plants, import/export terminals, rail-linked depots and bagging plant



NI, Managing Director, Mark Kelly

Construction materials, contract surfacing, highway maintenance, civil engineering and airfield construction in NI, with some project delivery in UK



RoI, Managing Director, Terry Lagan

Construction materials, contract surfacing, highway maintenance and airfield construction in RoI, with some project delivery in UK

2018: GROUP OUTLOOK



Market - GB

- Will remain challenging for remainder of 2018, compounded by Brexit uncertainty
- Forecast 0.6% fall in construction output
- Accelerated growth in infrastructure spending in 2019
- Continuing growth in housebuilding over medium term
- Growth in volumes of all key construction materials set to resume in 2019

Market - Ireland

- Continuing strong growth in RoI through rest of 2018
- NI growing modestly but steadily
- Forecast 28% growth in RoI construction output 2018-2020

Breedon

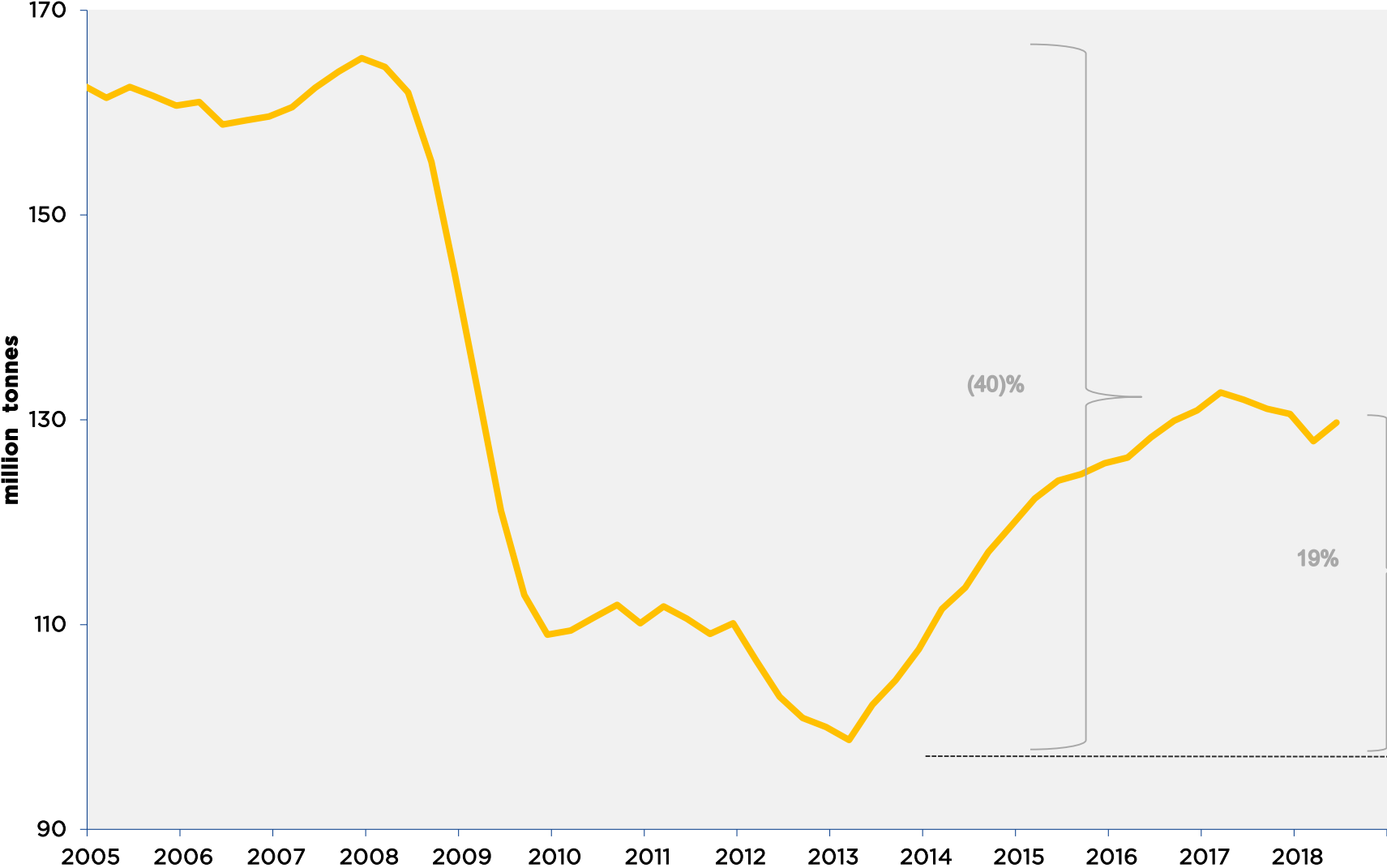
- In 3 months (May-Jul) since Lagan acquisition, revenues up 46% (+4% excl. acquisitions)
- Mindful of continuing pressure from rising input costs
- Focus on self-help
- Exploit full potential of new quarries and additional asphalt capacity
- Comfortable with 2018 market expectations

Q&A

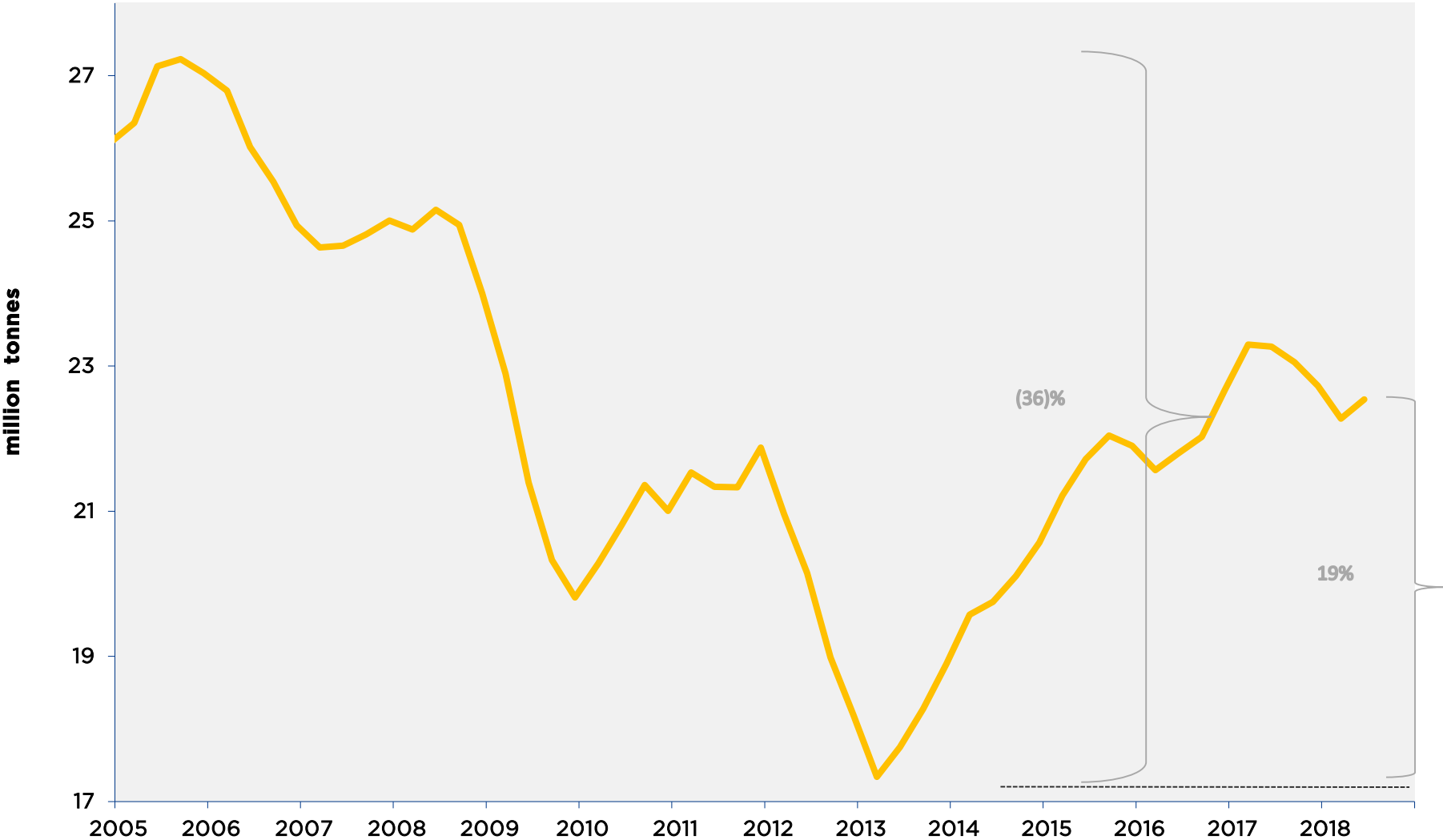
Appendices: MPA volumes

to 30 June 2018

MPA AGGREGATES VOLUMES - MAT



MPA ASPHALT VOLUMES - MAT



MPA READY-MIXED CONCRETE VOLUMES - MAT

