



MAKING A MATERIAL  
DIFFERENCE

# Wickwar Quarry Investor site visit

3 October 2023



# Forward looking statement



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# Agenda

## Welcome

Rob Wood,  
Chief Executive  
Officer

## Strategy for Success

Mike Pearce,  
Managing Director  
GB Materials

## Excellence in Action

Tim Billingham,  
Regional  
Managing Director  
Wales & South

## Surfacing New Markets

Mark Butler,  
Commercial  
Director  
Surfacing  
Solutions

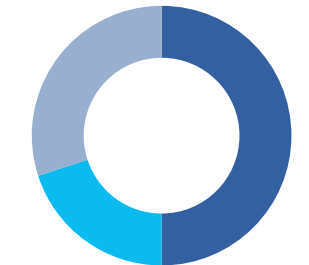
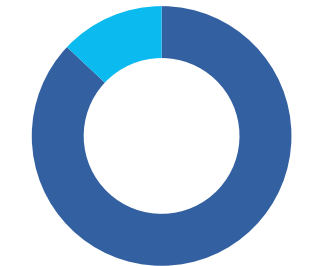
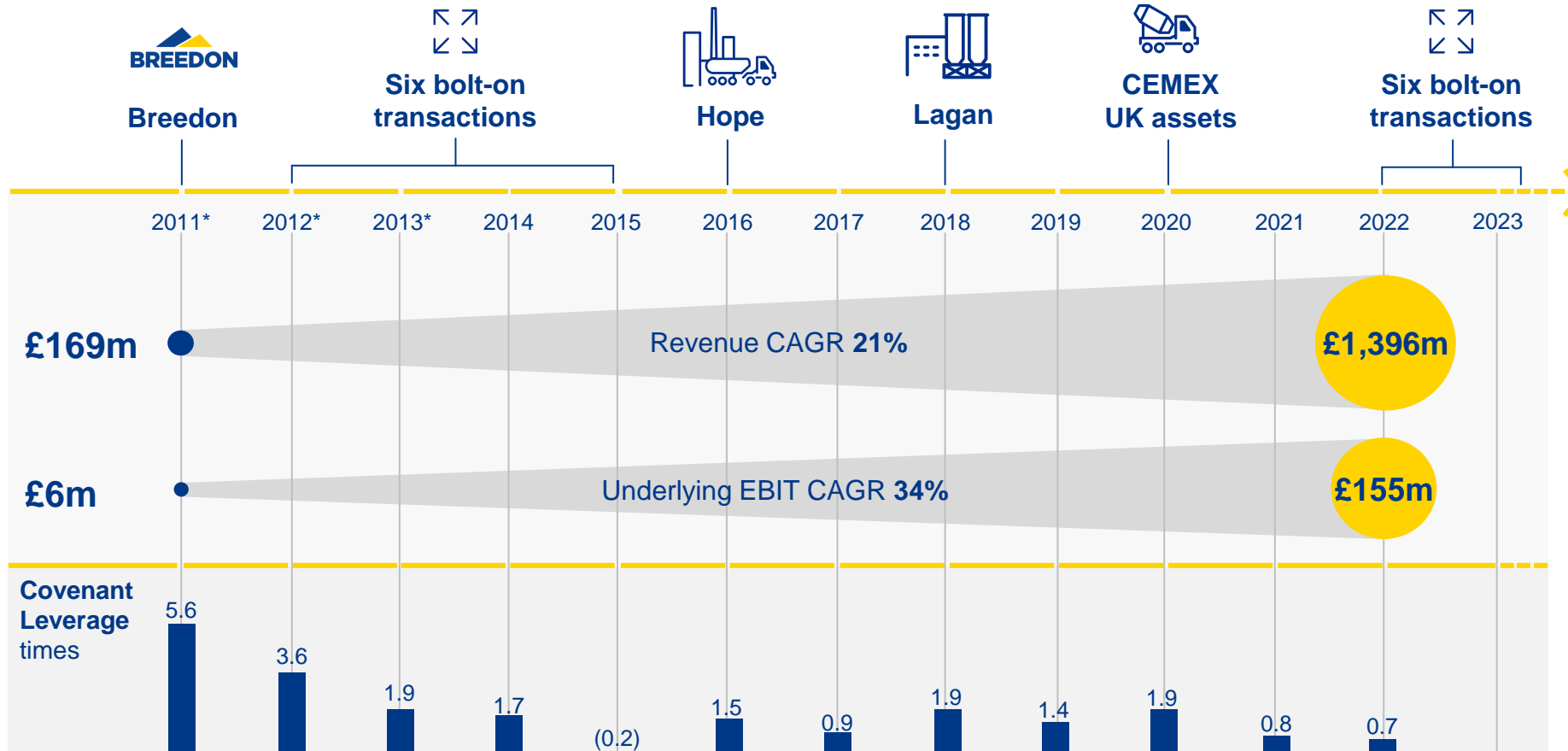
## Investing for Growth

James Brotherton,  
Chief Financial  
Officer

## Q&A and Safety Induction

# Growth outpacing our markets

Successfully converting profits to cash



\*Covenant Leverage has been calculated on a consistent basis for all periods, following the principles set out in the Group's current debt facility agreements.

# Sustainable growth strategy

Making a material difference



## Sustain

Sustainability considerations guide all of our decisions



## Optimise

Continuously improving efficiency



## Expand

Through organic and inorganic growth



## Financial framework

Supporting our strategy through investment and capital allocation

# Delivering growth sustainably



Balanced portfolio operated by our first-class team

Sustainable  
growth model

## Asset-backed model

One billion tonnes of mineral reserves and resources, two cement plants



## Vertically-integrated operations

Margin-enhancing routes to market pull materials through >300 sites

## Supplying attractive markets

Long-term structural growth trends with cross-party Government support



## Highly-engaged team

Over 3,800 colleagues delivering excellent customer service



## Self-help culture

Entrepreneurial and agile team, embedded in their local markets

## Proven financial framework

Disciplined capital allocation supports investment and drives returns



An outstanding track record of sustainable growth



# Strategy for Success

Mike Pearce, GB Materials Managing Director

# Vertically-integrated model

Growing profitably. Maximising returns

## Maximising value from quarry to customer

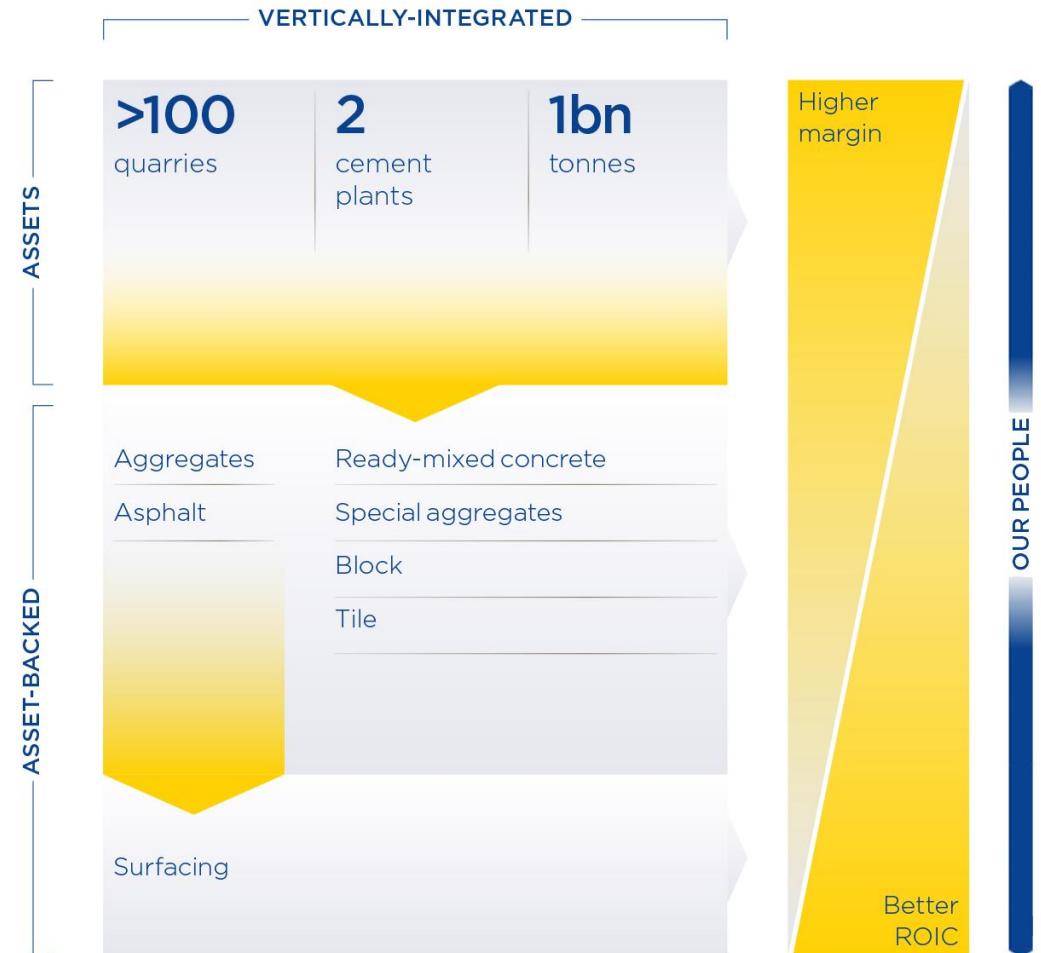
- Drawing material through the model enhances margins and returns

## Supplying local markets driven by regional dynamics

- Local sales and distribution mirrors the local market
- Teams empowered to make timely entrepreneurial decisions

## Buy and build platform

- Rigorous land management and extensive mineral planning pipeline
- Organic investment enabled by our healthy balance sheet
- Footprint enhanced through acquisition
- Trusted owner of assets with an active M&A pipeline

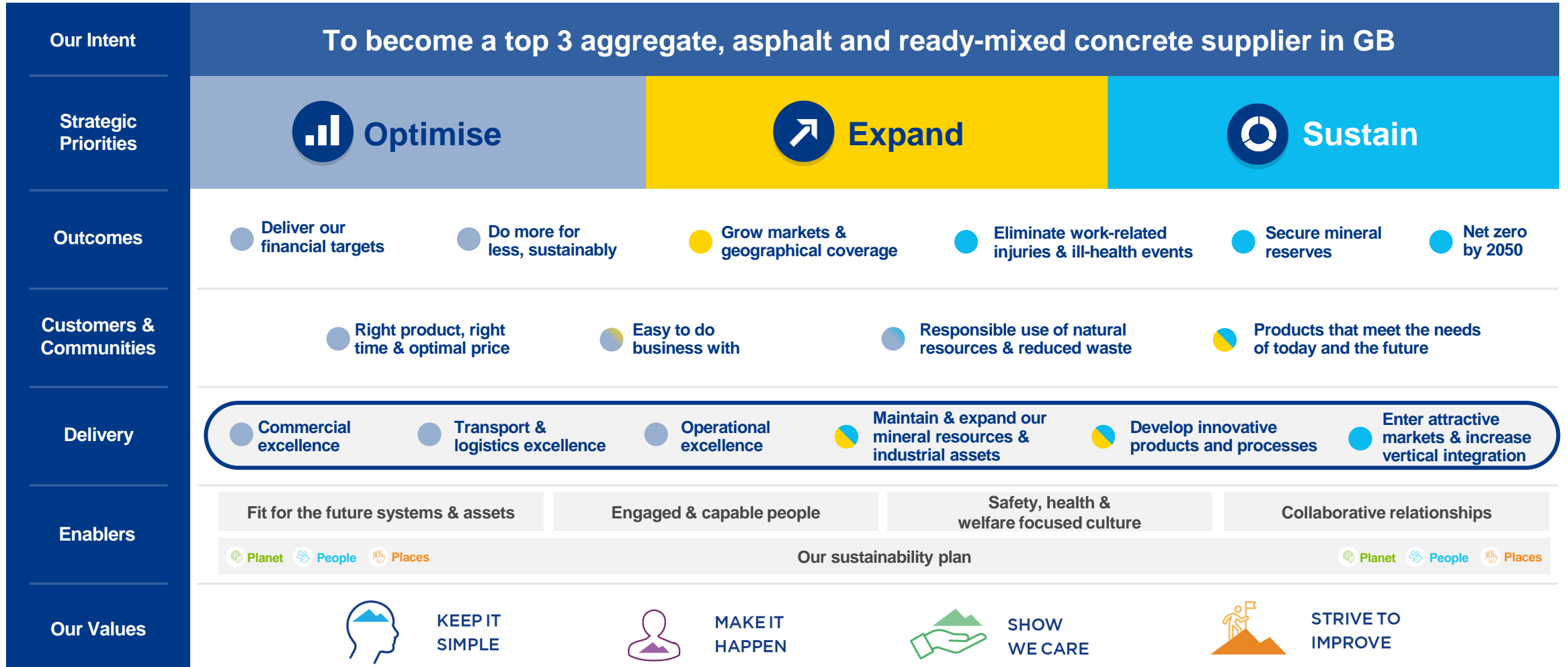




# GB Materials: Building on success



Maturing a business formed through acquisition



# Strategy in action

Layered on a fundamental operating principle



# Ensuring operational excellence

## Continually improving GB Materials

### Operational approach

- Plant optimised across the process
- Proactive plant maintenance
- Investing wisely to improve our estate

### Changing the culture

- New roles implemented to embed best practice
- Operational improvement targets at the local level

### Improving all outcomes

- Natural sustainability benefits
- Enhancing reliability, improving safety
- Maximising the return on every tonne of material
- Serving our customers better



# Commercial excellence; the key to success

## Capturing local market value

### Team

- Capable and experienced senior team
- Clear responsibility and accountability
- Enhanced with the addition of new specialist roles

### Restructured

- Business structures realigned under two regional MDs
- Local expertise and knowledge a clear differentiator, underpinning the regional commercial offices and product groups
- Designed to meet customer needs

### Driving commercial excellence

- Capturing best practice across the team
- Optimal customer service and commercial methodologies improved, tested and shared
- New commercial playbook to drive customer service, sales productivity, communication and reporting





## Excellence in Action

Tim Billingham, GB Materials Regional Managing Director,  
Wales & South

# Wickwar Quarry

## What you will see today

### Active quarry for over 100 years

- Acquired in 2020 as part of the Cemex Asset transaction
- Produces c.900,000 tonnes annually
- Reserve life of 20 years with potential for further extensions

### Fully integrated downstream activities

- Asphalt plant; over 115,000 tonnes annual production
- Ready-mixed concrete plant; c.22,000m<sup>3</sup> annual production
- Block plant; c.630,000m<sup>2</sup> produced annually

### Engaged, capable and experienced team

- 50 colleagues across the site
- Apprentices coming through

### Extensive sustainability opportunities

- Circular economy; recycling opportunity
- Local community engagement
- Block plant solar power
- Biodiversity action plan
- Access for archaeology



Wickwar Quarry

# Securing Wickwar's future

Asset life extended



## Secure mineral reserves

### Quarry extension

- 18m tonnes

## Maintain & expand our mineral resources & industrial assets

### Invested over £5m\* in infrastructure

- Cut & cover tunnel
- Welfare facilities
- Plant investment

## Operational excellence

### Future proofing our operations

- IT investment



\* Investment since acquisition between 2021 to 2023.

# Reducing waste responsibly



Leverage our local network

● **Grow markets & geographical coverage**

## Recycled materials

- Creating marketable products from by-products and waste

● **Responsible use of natural resources & reduced waste**

## Repurpose assets

- Utilise exhausted quarries for landfill

● **Develop innovative products and processes**

## Leveraging expertise

- Building specialist local partnerships
- Play to our strengths





# Using our natural resources responsibly



Through innovative new products

<ul style="list-style-type: none"><li>● Net zero by 2050</li></ul>	<p><b>Breedon Balance</b></p> <ul style="list-style-type: none"><li>• Continuously enhance products with sustainable attributes</li></ul>
<ul style="list-style-type: none"><li>● Products that meet the needs of today and the future</li></ul>	<p><b>Create a sustainable built environment</b></p> <ul style="list-style-type: none"><li>• Innovative new products</li><li>• Created in collaboration across the Group</li></ul>
<ul style="list-style-type: none"><li>● Develop innovative products and processes</li></ul>	<p><b>Pulling material through the model</b></p> <ul style="list-style-type: none"><li>• Balance Block</li><li>• RAP</li><li>• CEM II</li></ul>



# Diversifying into new markets

## Supporting Surfacing Solutions



● **Grow markets & geographical coverage**

### Airport surfacing

- Rapid growth
- Underserved market

● **Right product, right time & optimal price**

### Highly specialised materials

- Complex technical requirements
- Reliable logistics essential
- No room for error

● **Transport & logistics excellence**

● **Commercial excellence**

### Virtuous cycle

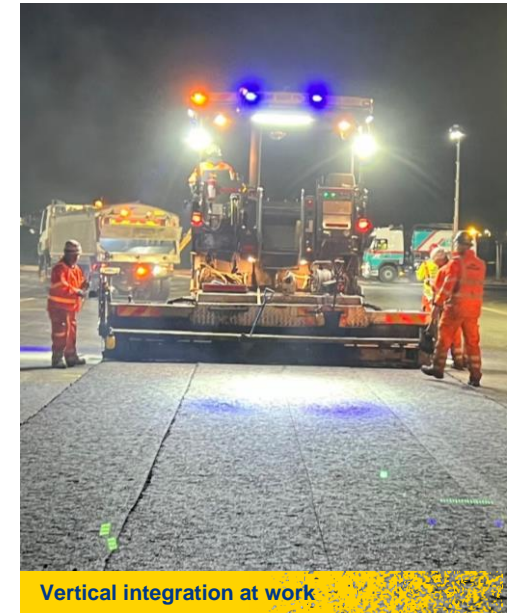
- Commercial excellence of GB & surfacing teams
- Seamless internal collaboration
- Strong external networks



Wickwar asphalt • Supplying new markets



Breedon Surfacing team • Laying Wickwar asphalt



Vertical integration at work



## Surfacing New Markets

Mark Butler, Surfacing Solutions Commercial Director

# Surfacing Solutions in action



Pulling through GB materials



# Multiple routes to market

Meeting a broad spectrum of client needs



## Surfacing Solutions



# Aviation; significant project pipeline

Seamlessly meeting our clients' needs

## Underserved market

- Requires highly specialised capability
  - Reliable supply of technical materials
  - Working in close collaboration with the main contractor and / or the client
  - Significant project pipeline; Government and private funding

## Proven capability

- Tried and tested operations nationwide
- Consistently delivering within demanding parameters

## Key relationships

- Partnering with strategic authorities and tier one contractors to maintain our airfields safely and efficiently
  - Gloucestershire Airport major upgrade
  - Southampton Airport runway extension
  - Islay Airport resurfaced
  - RAF Brize Norton runway resurfaced





## Investing for Growth

James Brotherton, Chief Financial Officer

# Investment as a differentiator

Thoughtful approach to capital allocation



Maximise value through capital deployment



Investment opportunities

ORGANIC

Reserves and resources

Business investment

M&A

Bolt-on

3<sup>rd</sup> platform exploration

Strategic objectives

Profitable growth

Margin improvement

Strong balance sheet

Excess Capital

Dividends

Debt reduction





## Appendix

Breedon site visit 2023

# Strategic priorities in action



Our framework for excellence



# Operating in line with our core principles



Maximising the return on every tonne of material we produce

