

# 2019 FULL-YEAR RESULTS



11 March 2020



MAKING A  
MATERIAL  
DIFFERENCE

# 2019 RESULTS



## AGENDA

Introduction and highlights

Group financial review

Group operational review

Q & A

## PRESENTERS

**Pat Ward**

Group Chief Executive

**Rob Wood**

Group Finance Director

# 2019 HIGHLIGHTS



- Excellent performance in challenging conditions
- Improved results from all three Divisions
- Strong cash flow reduced post IFRS 16 closing Leverage to 1.6x
- Integration of Lagan largely completed
- Acquisition of Roadway strengthened our position in North Wales
- Capital Concrete JV secured critical mass in London RMX market
- Agreed acquisition of portfolio of assets from CEMEX in the UK
- Committed to the GCCA's Sustainability Charter
- Current intention to declare a maiden dividend with our 2021 interims



# ROB WOOD

## Group Finance Director



# 2019 FINANCIAL HIGHLIGHTS



<p>Revenue</p> <p><b>£929.6m</b></p> <p>FY 2018: £862.7m +8%</p>	<p>Underlying EBIT*</p> <p><b>£116.6m</b></p> <p>FY 2018: £103.5m +13%</p>	<p>Underlying EBIT margin*</p> <p><b>12.5%</b></p> <p>FY 2018: 12.0% +0.5ppt</p>
<p>Profit before taxation</p> <p><b>£94.6m</b></p> <p>FY 2018: £79.9m +18%</p>	<p>Underlying basic EPS*</p> <p><b>5.08p</b></p> <p>FY 2018: 4.70p +8%</p>	<p>Net debt</p> <p><b>£290.3m</b></p> <p>Dec 2018: £310.7m</p>

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

# 2019 FINANCIAL HIGHLIGHTS



EXCLUDING THE IMPACT OF IFRS 16

<p>Revenue</p> <p><b>£929.6m</b></p> <p>Unchanged</p>	<p>Underlying EBIT</p> <p><b>£115.6m</b></p> <p>Reported: £116.6m</p>	<p>Underlying EBIT margin</p> <p><b>12.4%</b></p> <p>Reported: 12.5%</p>
<p>Profit before taxation</p> <p><b>£95.9m</b></p> <p>Reported: £94.6m</p>	<p>Underlying basic EPS</p> <p><b>5.15p</b></p> <p>Reported: £5.08p</p>	<p>Net debt</p> <p><b>£246.7m</b></p> <p>Reported: £290.3m</p>

# 2019 INCOME STATEMENT



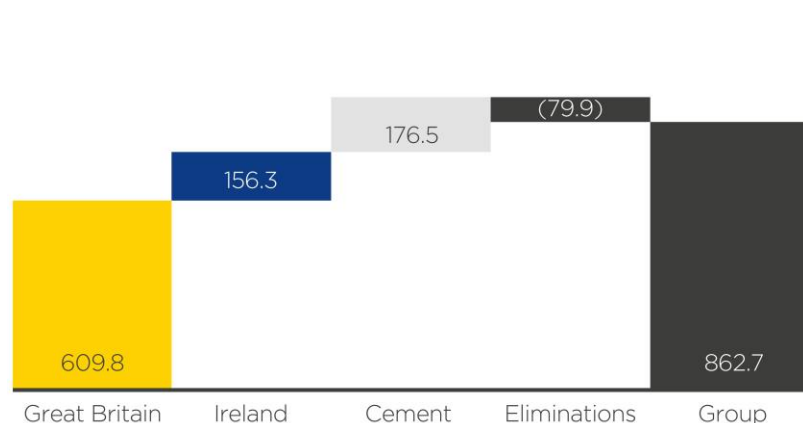
	2018 £ million	2019 £ million	Variance
Revenue	862.7	<b>929.6</b>	+8%
Underlying EBITDA	154.4	<b>180.2</b>	+17%
Depletion & depreciation	(52.6)	<b>(65.2)</b>	
Underlying operating profit	101.8	<b>115.0</b>	+13%
Share of associate and joint ventures	1.7	<b>1.6</b>	
Underlying EBIT	103.5	<b>116.6</b>	+13%
Interest	(11.8)	<b>(14.0)</b>	
Non-underlying items	(11.8)	<b>(8.0)</b>	
Profit before tax	79.9	<b>94.6</b>	+18%
Taxation	(15.3)	<b>(16.6)</b>	
Profit for the year	64.6	<b>78.0</b>	+21%
Underlying basic earnings per share	4.70p	<b>5.08p</b>	+8%

# 2019 SEGMENTAL PERFORMANCE



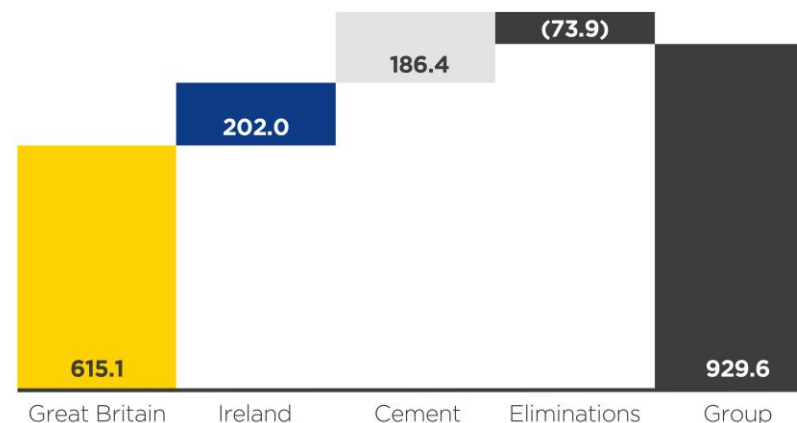
## 2018 REVENUE

£ million



## 2019 REVENUE

£ million



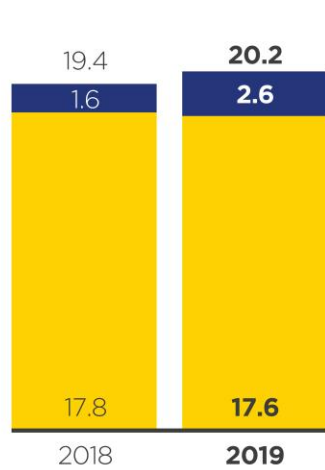
	2018 Underlying EBIT £ million	2019 Underlying EBIT £ million	Variance	2018 Underlying EBIT margin	2019 Underlying EBIT margin	Variance
Great Britain	61.4	<b>62.8</b>	+2%	10.1%	<b>10.2%</b>	+0.1ppt
Ireland	20.9	<b>26.8</b>	+28%	13.4%	<b>13.3%</b>	-0.1ppt
Cement	31.4	<b>36.3</b>	+16%	17.8%	<b>19.5%</b>	+1.7ppt
Central administration	(11.9)	<b>(10.9)</b>				
Share of associate and joint ventures	1.7	<b>1.6</b>				
	103.5	<b>116.6</b>	+13%	12.0%	<b>12.5%</b>	+0.5ppt



# 2019 PRODUCT VOLUMES

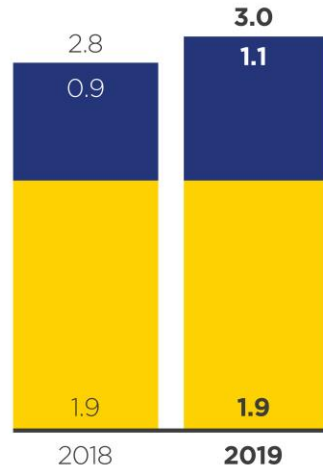


## AGGREGATES million tonnes



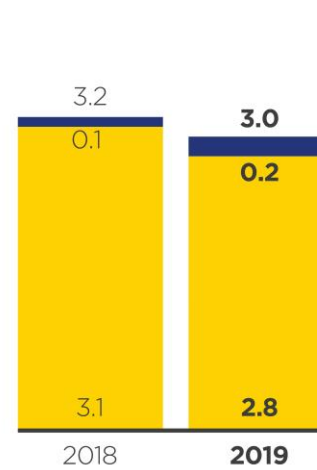
+4%

## ASPHALT million tonnes



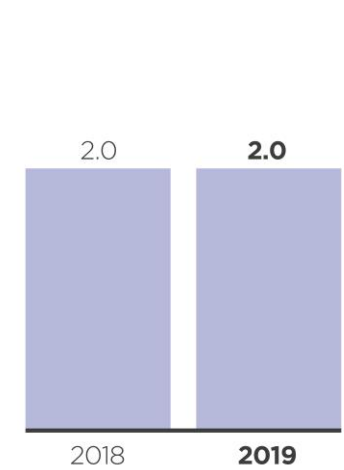
+6%

## CONCRETE million m<sup>3</sup>



-7%

## CEMENT million tonnes



+3%

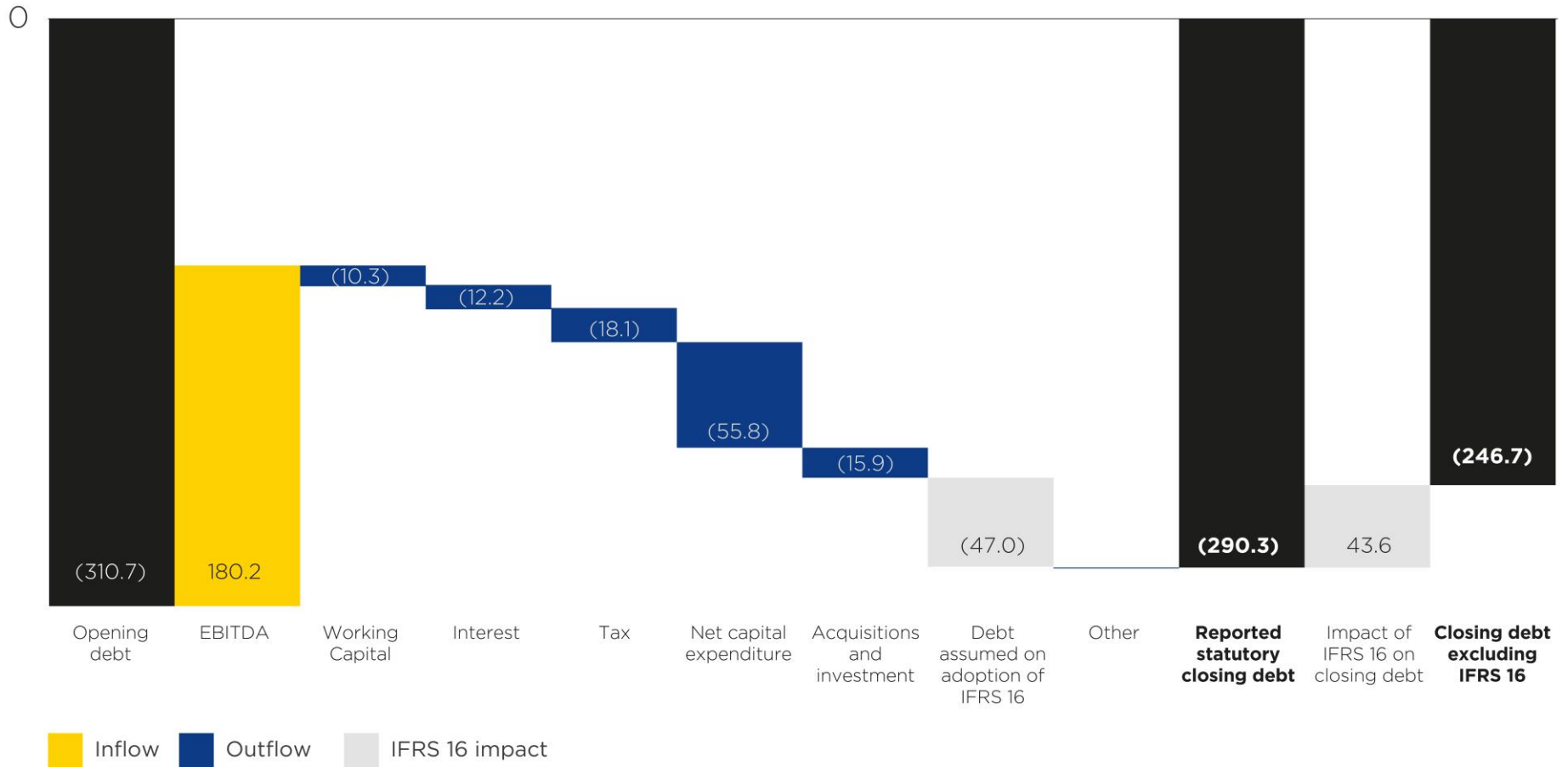
■ Great Britain
 ■ Ireland
 ■ Cement

Volume data have been rounded to the nearest 0.1 million

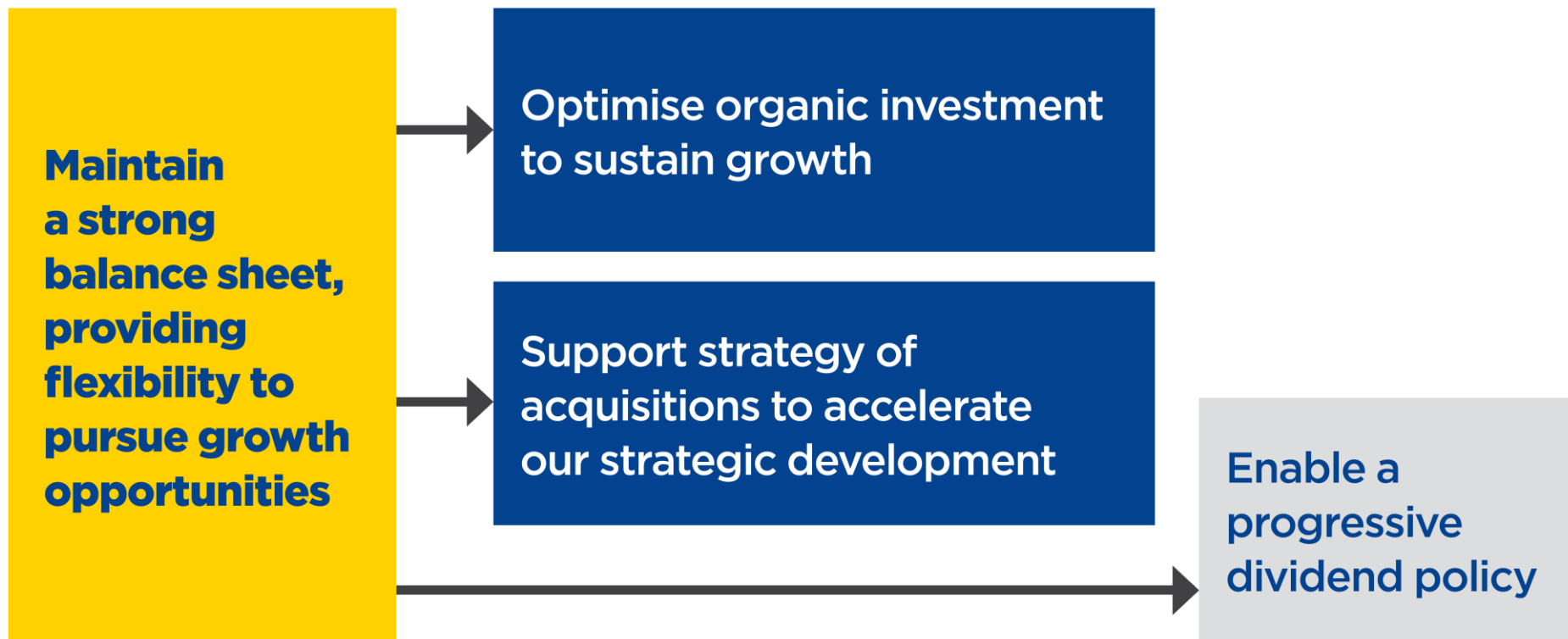
# 2019 NET DEBT MOVEMENT



£million



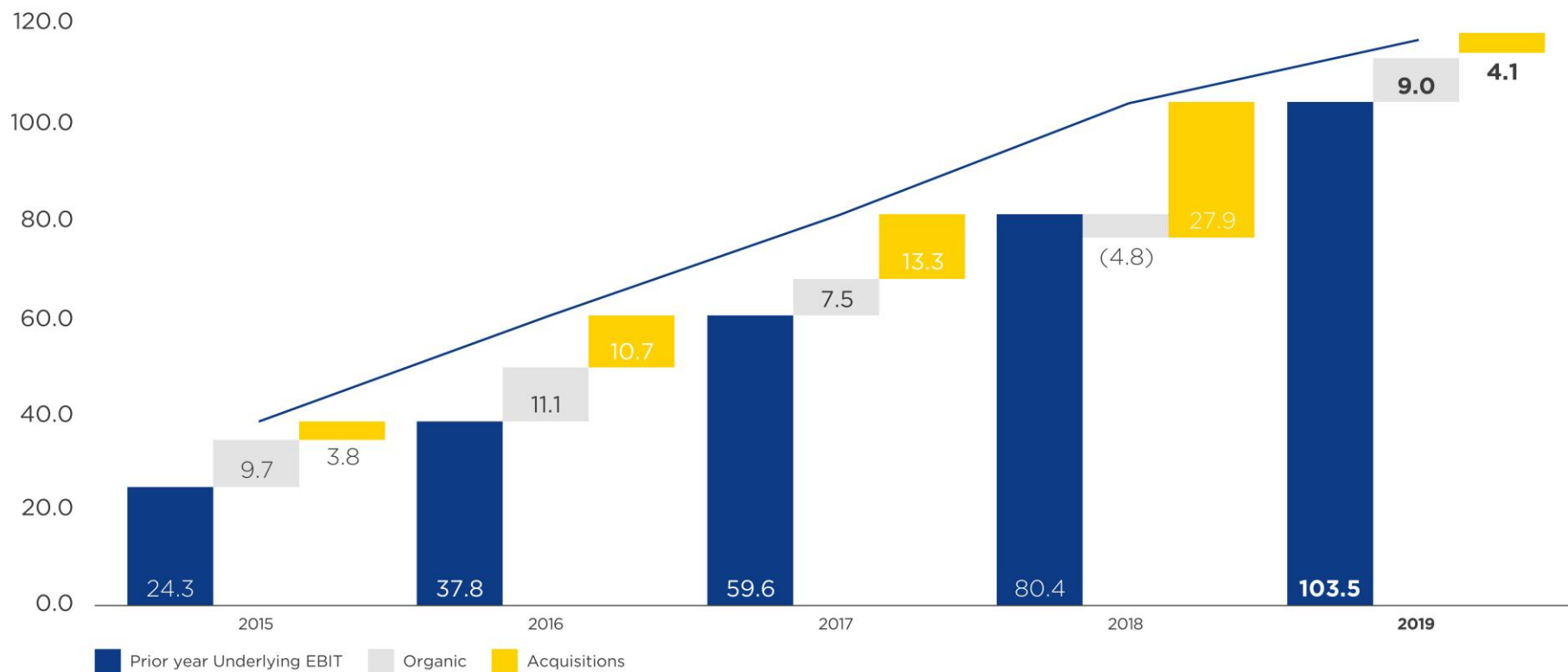
# CAPITAL ALLOCATION PRIORITIES



# TRACK RECORD



## UNDERLYING EBIT COMPONENTS 2015-2019 (£m)



# PAT WARD

## Group Chief Executive



# 2019 HIGHLIGHTS: GB



## Market backdrop

- Total construction output +0.6%
- Infrastructure strongest sector: output +6.2%
- All key product volumes down
- Improved selling prices, more benign input costs
- As always, significant regional variations

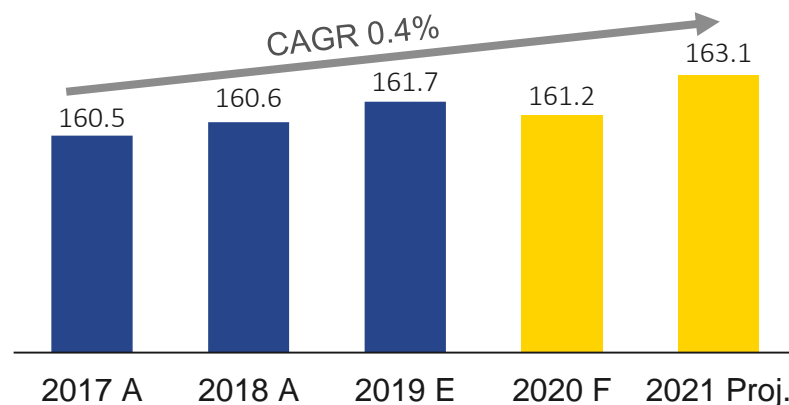
## Progress

- 2<sup>nd</sup> phase of A9 dualling contract won
- Investments in new asphalt and RMX capacity
- Acquisition of Roadway in North Wales
- Formation of Capital Concrete joint venture

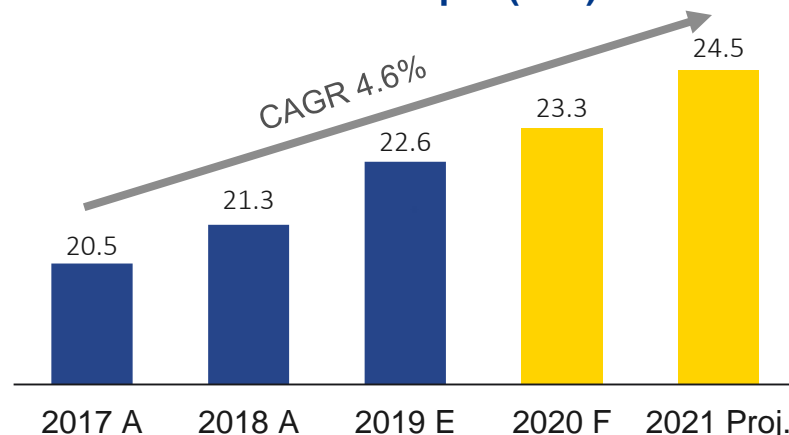
## Priorities for 2020

- At least maintain market shares
- Improve prices and margins
- Continued organic improvement

GB total construction output (£bn)



GB infrastructure output (£bn)



Sources: CPA, MPA (members)



# 2019 HIGHLIGHTS: IRELAND



## Market backdrop

- Rol construction output +8.0%
- Strong Rol housing performance: +33.6%
- Total NI construction output +1.2%

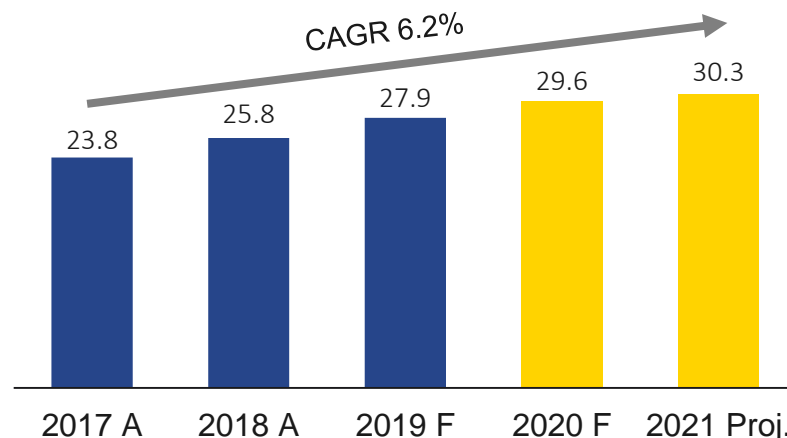
## Progress

- Completed New Ross Bypass & Dublin Airport
- Lagan quarry network extended in Rol
- Colley Lane completed; DP World contract won
- Major investment at Temple quarry

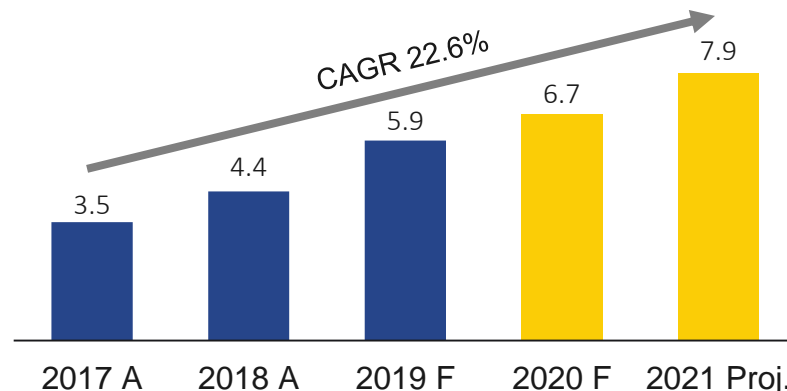
## Priorities for 2020

- Exploit continuing strong demand growth for Lagan
- Seek additional GB opportunities for Whitemountain
- Pursue further bolt-on acquisitions

Rol construction output €bn



Rol new residential construction €bn



Sources: Euroconstruct, Danske Bank (forecasts)

# 2019 HIGHLIGHTS: CEMENT



## Market backdrop

- Market conditions in GB broadly stable
- Irish market challenging outside Dublin

## Progress

- All three shutdowns completed on time and budget
- Hope kiln reliability maintained at high level
- Hope raw mill drive and kiln shell replacement completed
- Average 72% alternative fuel usage at Kinnegad
- LEAN waste project commenced at Kinnegad

## Priorities for 2020

- Implement further price increases
- Progress Hope's supplementary raw material delivery system
- Replace bag filter at Kinnegad

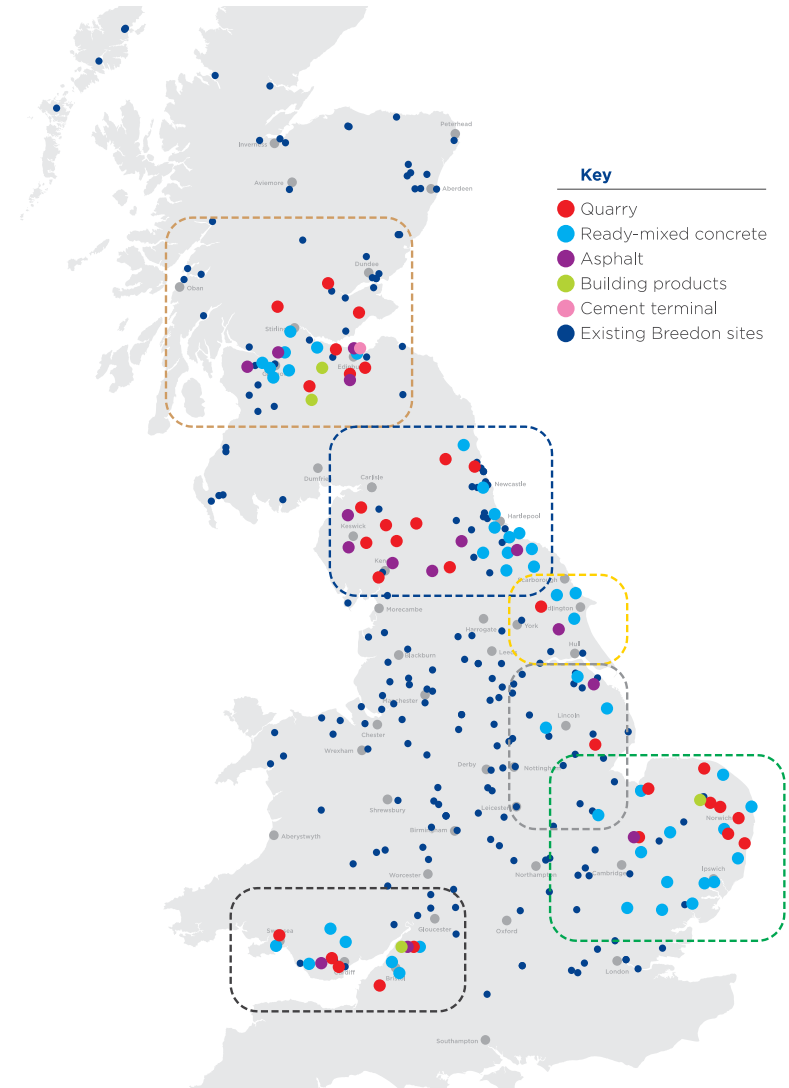


# ACQUISITION OF CEMEX ASSETS



- Quality UK assets, underpinned by c170m tonnes of mineral reserves & resources
- Around 650 talented and experienced employees
- Infills six key regional markets, strengthening our GB footprint
- Enables significant step-change in development of national asphalt strategy
- Immediate positive financial impact, with EPS and FCF per share accretion in first full year post-acquisition
- Enhances GB platform for further growth via organic investment and bolt-on acquisitions

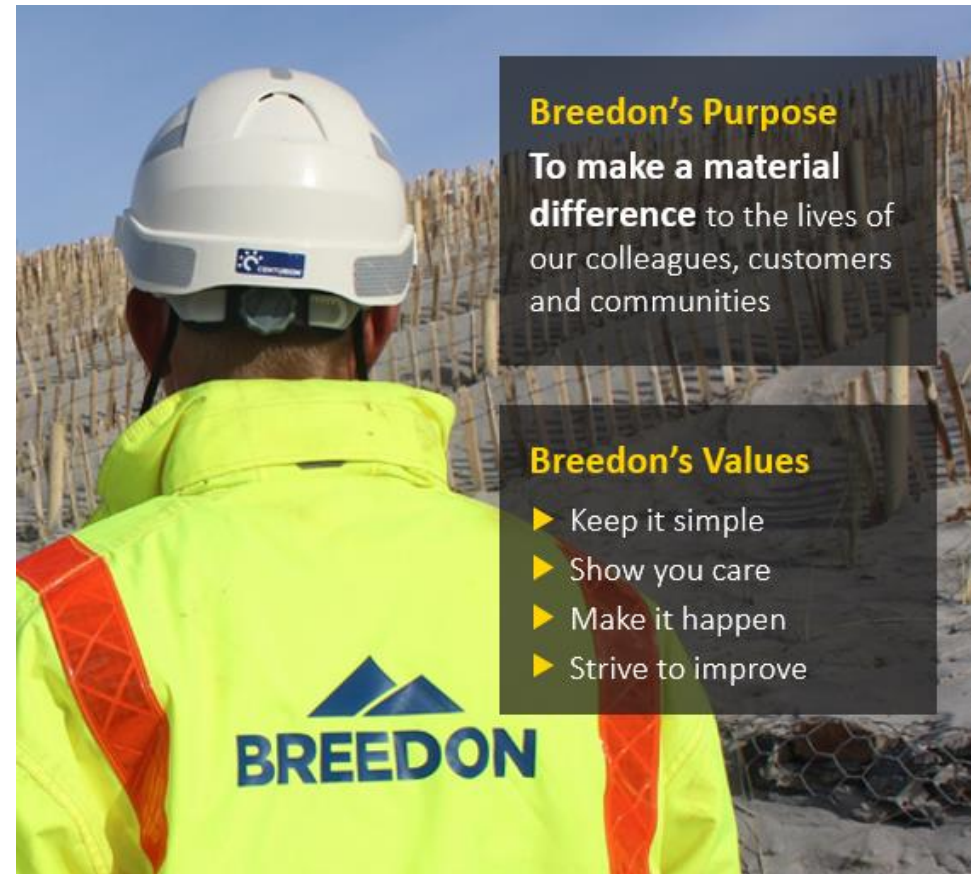
CMA's anticipated review underway  
TUPE consultation underway  
Completion still expected in Q2 2020



# 2019 PROGRESS ON ESG



- Confirmed commitment to GCCA Sustainability Charter
- SECR reporting included in Annual Report 12 months early
- Non-exec Chairman and two new non-exec directors welcomed
- Appointed Group Head of Health, Safety & Environment
- Recruitment well advanced for Group Head of Sustainability
- Conducted first Group-wide colleague engagement survey
- Strengthened stakeholder engagement with launch of Breedon Purpose & Values



## Breedon's Purpose

To make a **material difference** to the lives of our colleagues, customers and communities

## Breedon's Values

- ▶ Keep it simple
- ▶ Show you care
- ▶ Make it happen
- ▶ Strive to improve

# GROUP STRATEGY



# 2020 GROUP OUTLOOK



## Market - GB

- Overall flat construction output in 2020, growing into 2021
- However, 8% growth in infrastructure forecast in 2020-21
- Significant regional variations

## Market - Ireland

- RoI construction output forecast to grow by 9% in 2020-21
- NI steady 0.8% average construction output from 2019-23

## Breedon

- Business in excellent shape
- Set to benefit from Government commitment to infrastructure spending
- Completion of acquisition of CEMEX UK assets
- Development of Capital Concrete
- Continuing benefits of self-help and diverse geographical portfolio

**We are confident that we will make further progress in 2020**



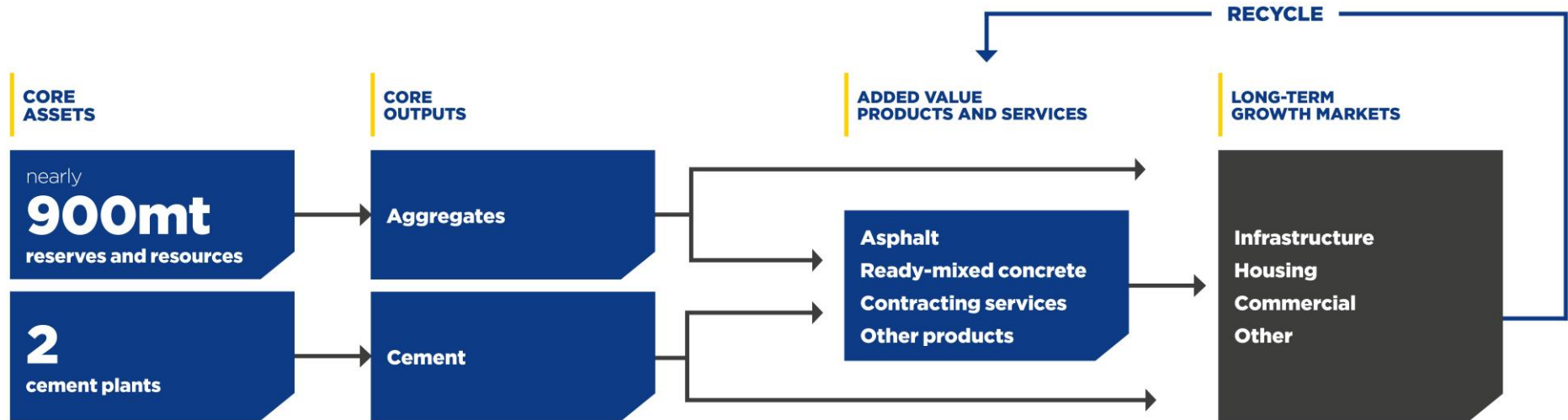
# Q&A



# APPENDICES



# BUSINESS MODEL



**THE LONG-TERM SUCCESS OF OUR BUSINESS MODEL IS SUPPORTED BY OUR KEY RESOURCES AND RELATIONSHIPS:**

- HEALTH AND SAFETY
- CLIMATE CHANGE & ENERGY
- SOCIAL RESPONSIBILITY
- ENVIRONMENT AND NATURE
- CIRCULAR ECONOMY

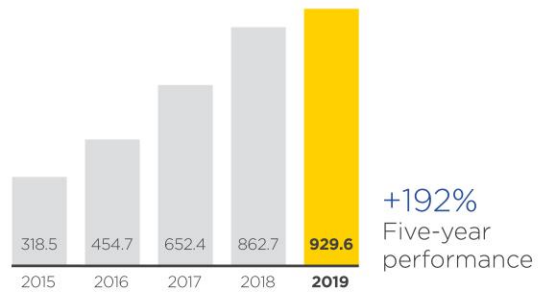
# KEY PERFORMANCE INDICATORS



## FINANCIAL KPIs

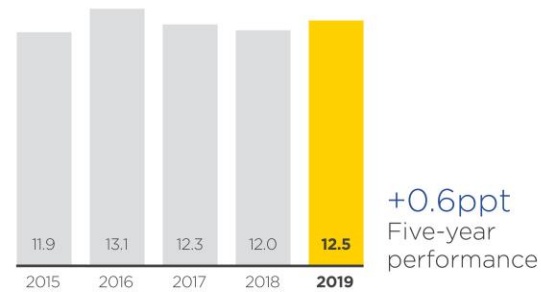
### REVENUE

£m



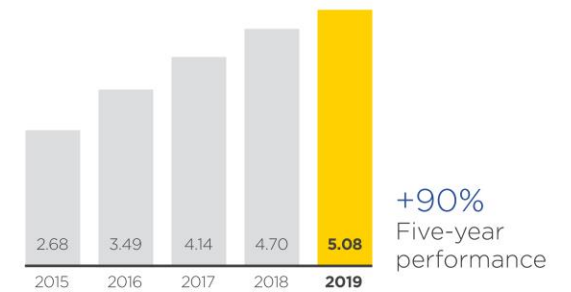
### UNDERLYING EBIT MARGIN

%



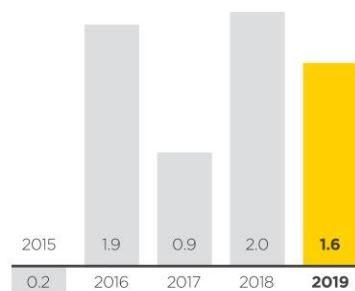
### UNDERLYING BASIC EPS

pence



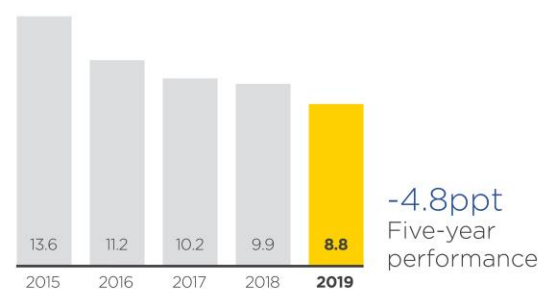
### LEVERAGE

times



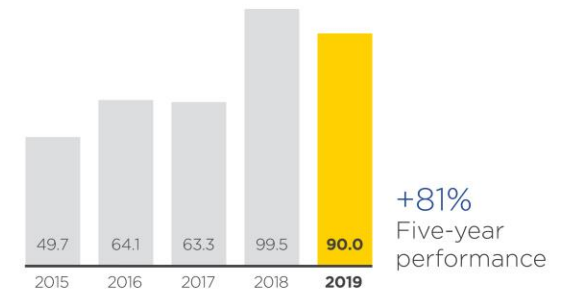
### RETURN ON INVESTED CAPITAL

%



### FREE CASH FLOW

£m



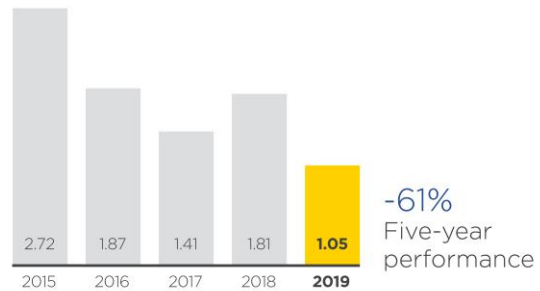
# KEY PERFORMANCE INDICATORS



## NON-FINANCIAL KPIS

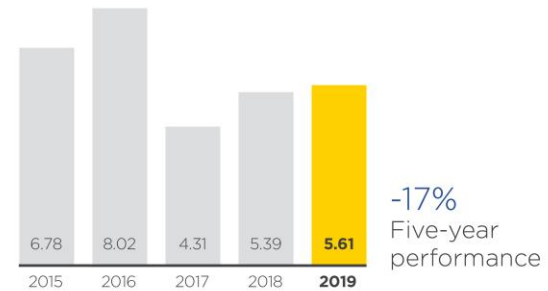
### EMPLOYEE LTIFR

per million hours worked



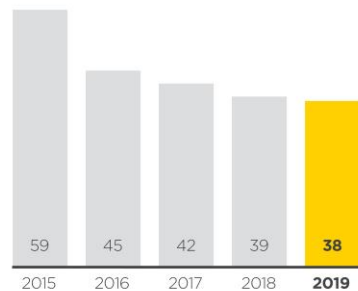
### EMPLOYEE TIFR

per million hours worked



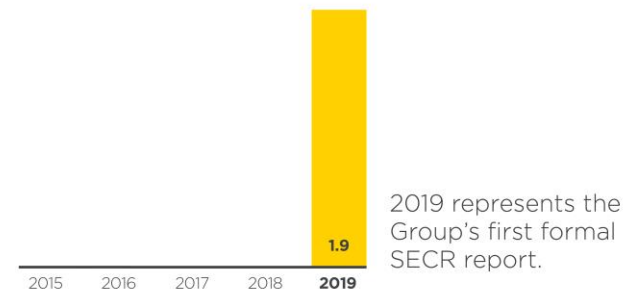
### RESERVES AND RESOURCES LIFE

years

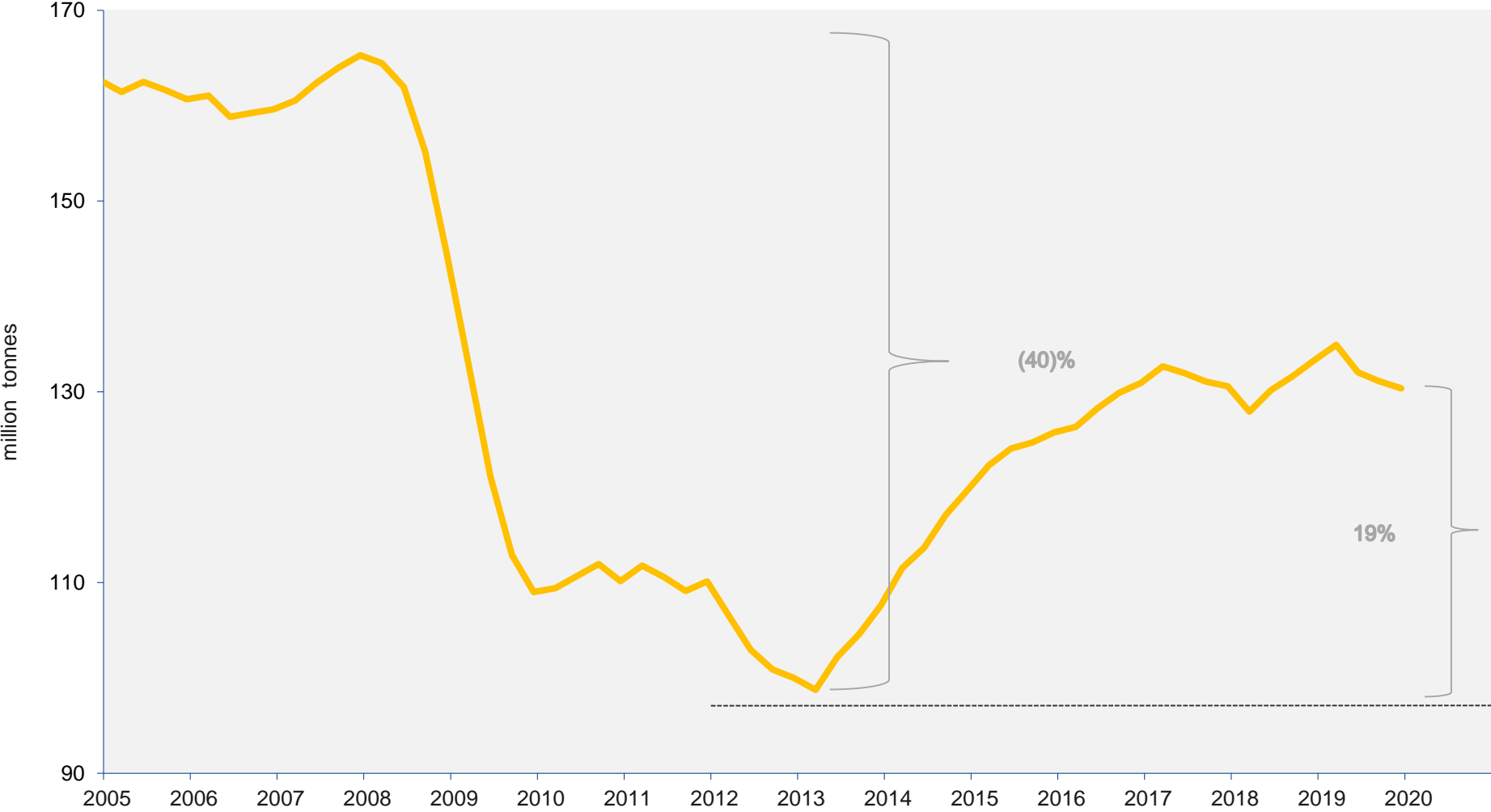


### EMISSIONS INTENSITY

tCO<sub>2</sub>e/£ revenue (kg)

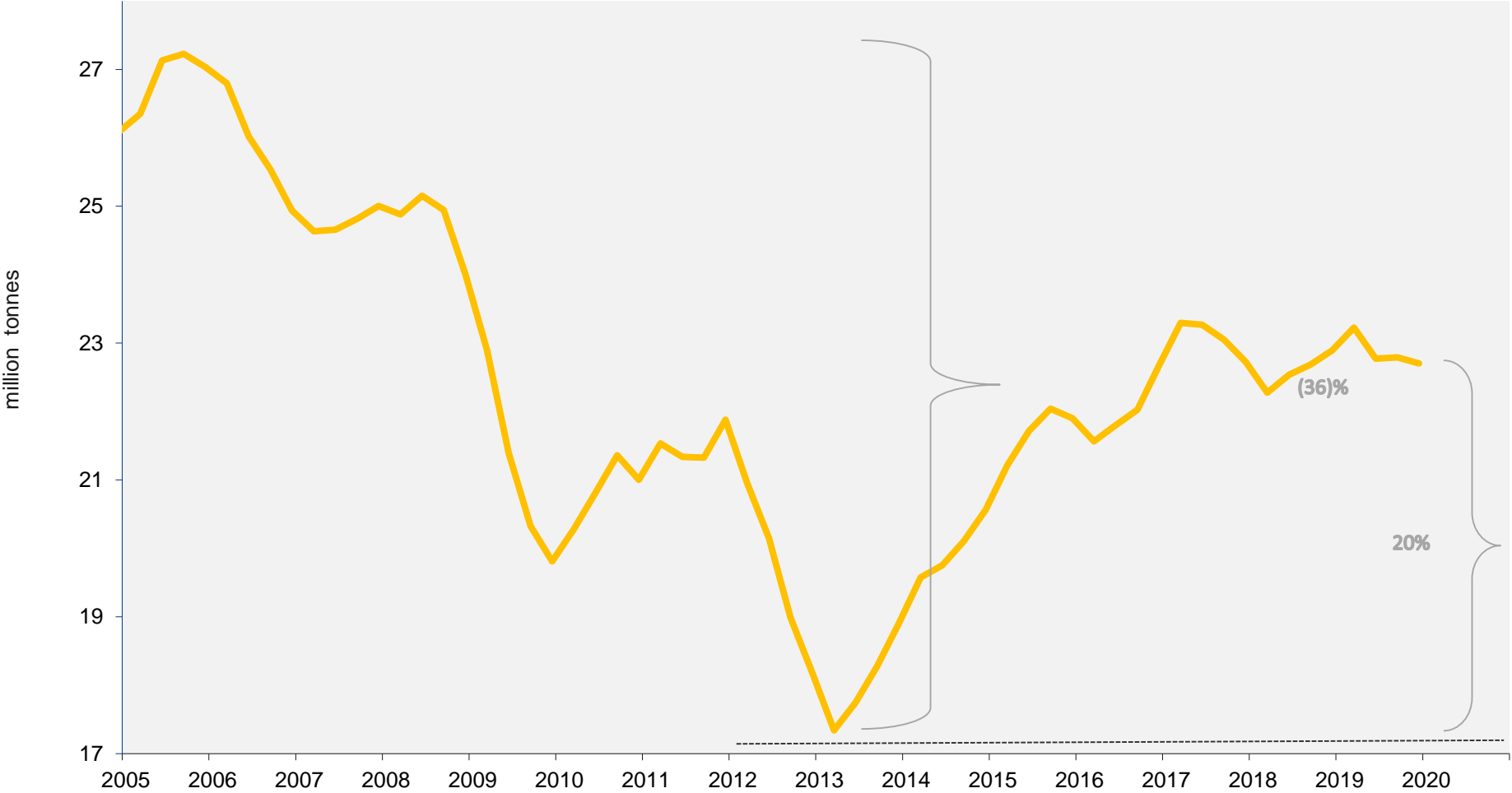


# MPA AGGREGATES VOLUMES: MAT

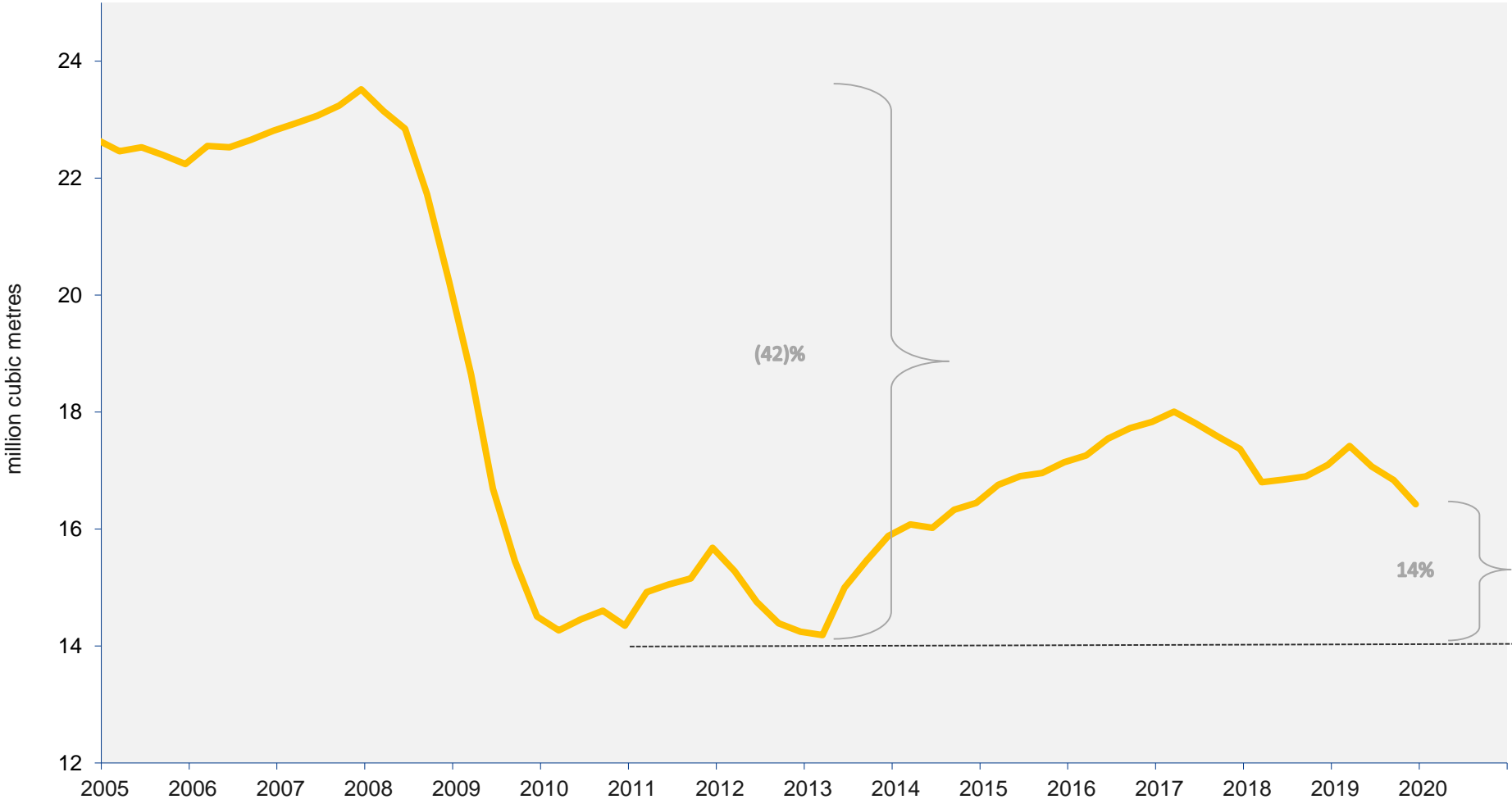




# MPA ASPHALT VOLUMES: MAT



# MPA RMX VOLUMES: MAT



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MATERIAL  
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