

HALF-YEAR 2017 RESULTS



20 July 2017



H1 2017: RESULTS



Introduction

Executive Chairman

Peter Tom CBE

Financial review

Group Finance Director

Rob Wood

Group & operational review

Group Chief Executive

Pat Ward

Q & A

PETER TOM CBE Executive Chairman



H1 2017: HIGHLIGHTS



- Strong operating performance
- 2020 underlying EBIT margin target exceeded in former Breedon Aggregates business
- Further progress on safety
- Net debt further reduced
- Cement kiln maintenance and upgrade shutdowns completed
- Integration of Hope completed, ahead of schedule
- Pro Mini Mix acquired; further bolt-on acquisitions in pipeline
- Organic development in new capacity and mineral reserves
- On track to meet 2017 market expectations

ROB WOOD

Group Finance Director



H1 2017: NEW REPORTING STRUCTURE



As indicated in our 2016 full-year results announcement, all aggregates, asphalt and concrete operations have been consolidated into our Breedon Northern and Breedon Southern businesses and all our cementitious operations are now housed within Hope Cement. This provides the basis on which these results are reported.

H1 2017: FINANCIAL HIGHLIGHTS



Revenue

£326.3m

H1 2016: £163.0m +100%

Underlying EBIT*

£35.8m

H1 2016: £22.8m +57%

Underlying EBIT margin*

11.0%

H1 2016: 14.0%

Profit before tax

£31.2m

H1 2016: £20.9m +50%

Underlying basic EPS*

1.84p

H1 2016: 1.50p +23%

Net debt

£146.8m

at Dec 2016: £159.3m

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

H1 2017: INCOME STATEMENT

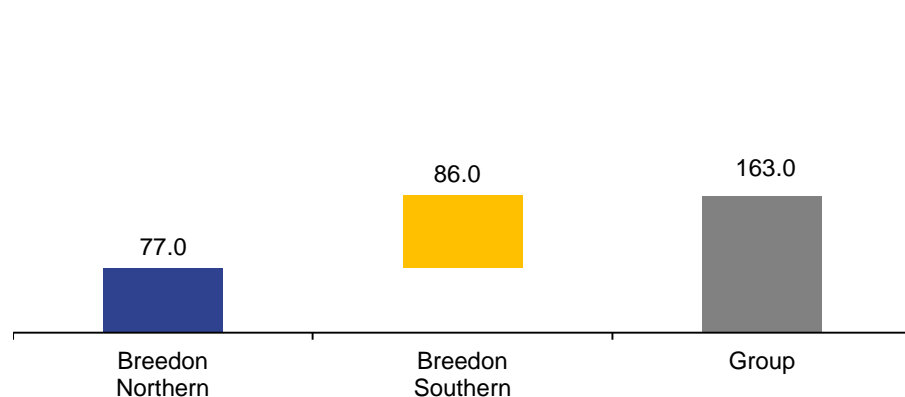


	H1 2016 £ million	H1 2017 £ million	Variance %
Revenue	163.0	326.3	+100%
Underlying EBITDA	31.4	53.9	+72%
Depletion & depreciation	(9.0)	(19.3)	
Underlying operating profit	22.4	34.6	+54%
Share of associate and joint ventures	0.4	1.2	
Underlying EBIT	22.8	35.8	+57%
Interest	(1.1)	(3.3)	
Non-underlying items	(0.8)	(1.3)	
Profit before tax	20.9	31.2	+50%
Taxation	(4.4)	(6.2)	
Profit for the period	16.5	25.0	+52%
Underlying basic earnings per share	1.50p	1.84p	+23%

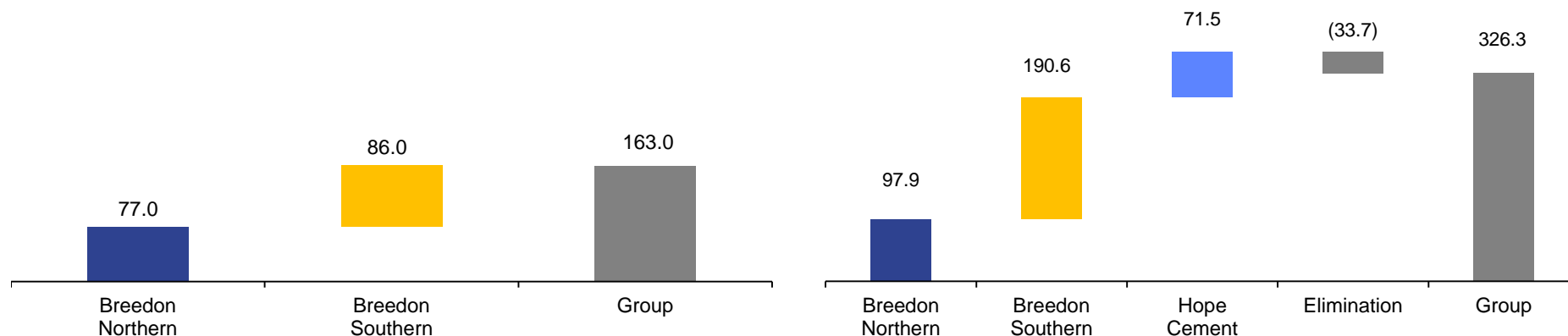
H1 2017 DIVISIONAL PERFORMANCE



H1 2016 revenue £ million



H1 2017 revenue £ million



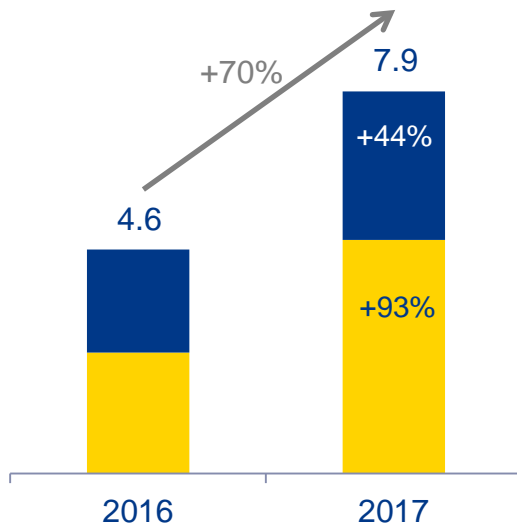
	H1 2016 £ million	H1 2017 £ million	Variance	H1 2016 Underlying EBIT margin	H1 2017 Underlying EBIT margin	Variance
Underlying EBIT						
Breedon Northern	10.0	10.7	+7%	13.0%	10.9%	-2.1ppt
Breedon Southern	15.9	22.7	+43%	18.4%	11.9%	-6.6ppt
Hope Cement	-	9.3		-	13.1%	
Central administration	(3.5)	(8.1)				
Share of associate and joint ventures	0.4	1.2				
Underlying EBIT	22.8	35.8	+57%	14.0%	11.0%	-3.0ppt

H1 2017 PRODUCT VOLUMES



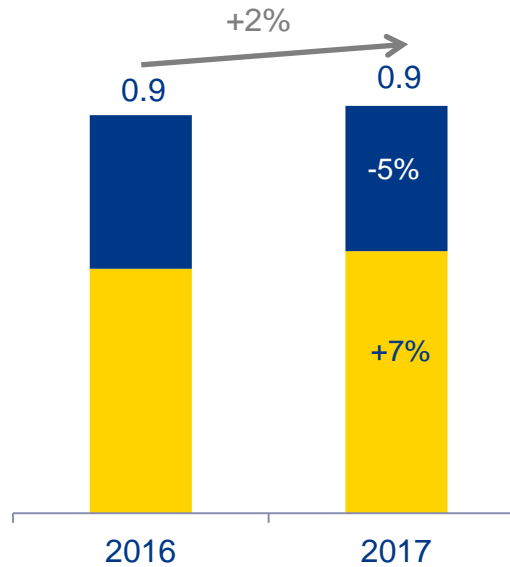
Aggregates

million tonnes



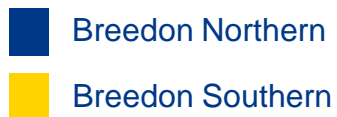
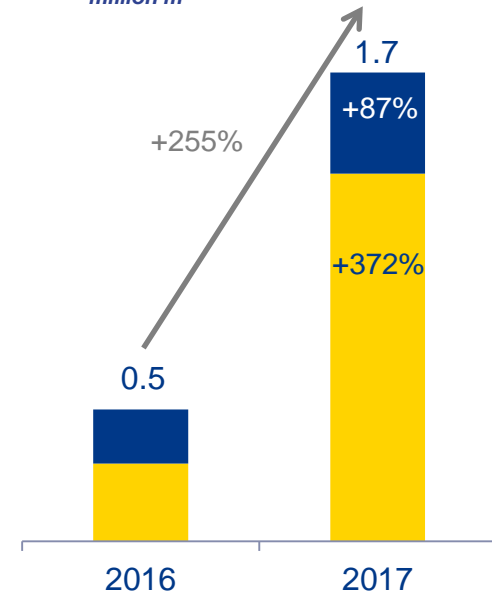
Asphalt

million tonnes



Concrete

million m³



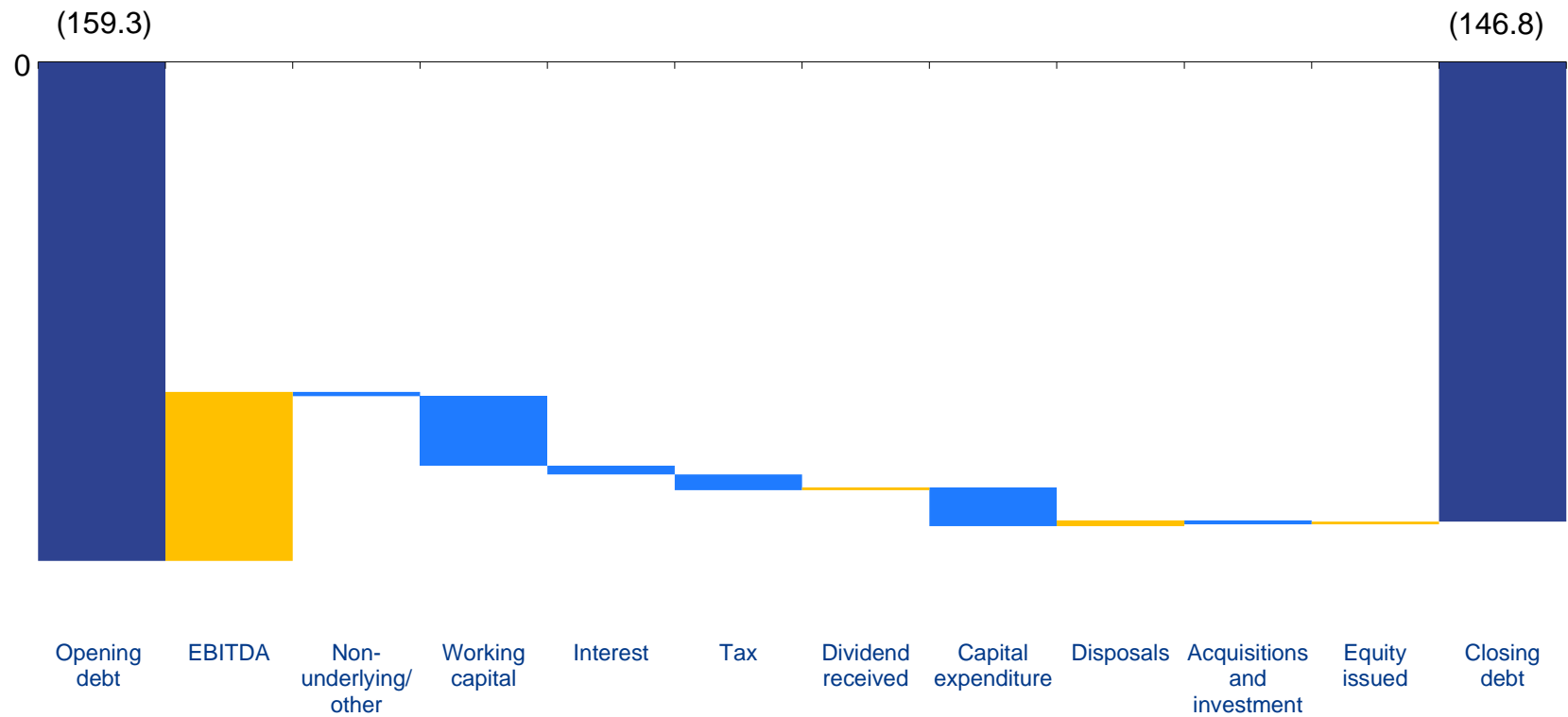
NOTE: In accordance with the Cement Market Data Order 2016, cement volumes are not disclosed

H1 2017 NET DEBT MOVEMENT



£ million

■ Inflow
■ Outflow



PAT WARD Group Chief Executive



H1 2017: MARKET BACKGROUND



- Economy grew by 0.2% in Q1¹ and thought to have grown at broadly the same rate in Q2²
- Continued momentum in construction activity
 - output up 1.1%³
- Reflected in sales volume trends⁴
 - aggregates +2.1%
 - concrete +0.7%
 - asphalt -0.8%
- Significant regional variations
- Impact of General Election

1 Office for National Statistics

2 National Institute for Economic & Social Research

3 Office for National Statistics (Q1 17 vs Q4 16)

4 Mineral Products Association (Q1 17 vs Q4 16, seasonally-adjusted)

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

H1 2017: STRONG ALL-ROUND PERFORMANCE



- Positive contributions from all three divisions
- Underlying EBIT margin of 15.8% delivered by former Breedon Aggregates business
- Both cement kiln shutdowns completed on time and to budget
- Integration of Hope completed and synergies ahead of schedule
- LTIFR reduced to 1.41 from 1.87 at end of 2016
- Mineral reserves enhanced
- Further capacity and operational improvements delivered
- Acquisition of Pro Mini Mix

H1 2017: STRONG DIVISIONAL CONTRIBUTIONS



Breedon Northern

- Performance underpinned by major infrastructure projects
- New contracts won in Aberdeen and Highlands
- Sherburn aggregates and concrete operations fully integrated
- Investment commenced at North Drumbooy and Low Harperley

Breedon Southern

- New NW sales office opened and first major central Manchester contract won
- New business won on East Midlands Gateway & significant contracts out of Cricklewood
- Major improvements made to former Hope quarries, notably at Dowlow
- Pro Mini Mix fully integrated

Hope Cement

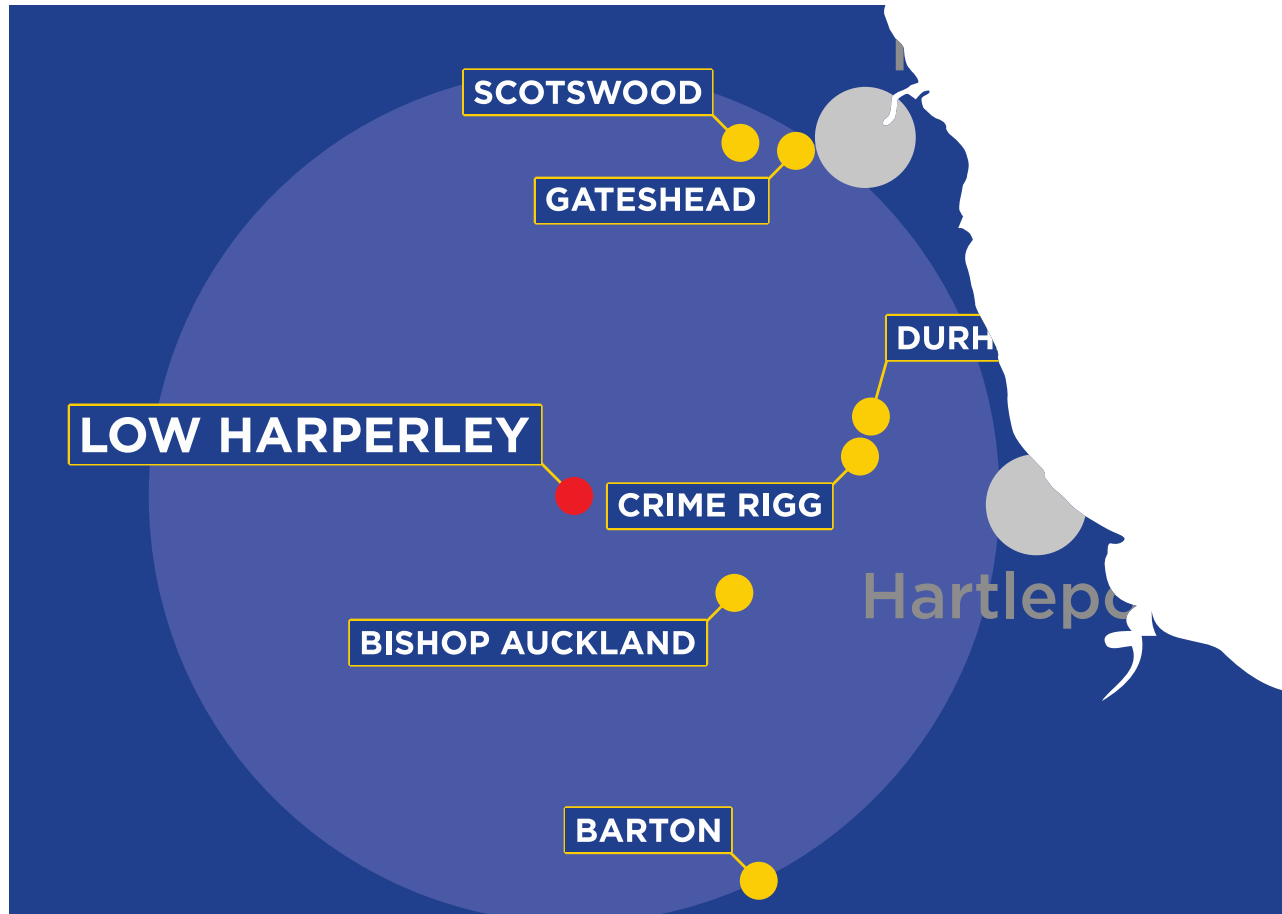
- Both annual kiln shutdowns completed on time and to budget
- Plant upgrade completed
- Sherburn cementitious terminals fully integrated
- Continuing development of bagged cement business

NORTH DRUMBOY: STRENGTHENING OUR CENTRAL BELT RESOURCE



- New greenfield hard rock quarry
- 10 miles SW of Glasgow
- Allows further internalisation of stone to concrete plants
- Opening H2 2017

LOW HARPERLEY: KEY STRATEGIC RESOURCE IN CO DURHAM



- Only active sand & gravel source in Co Durham
- 14 miles from city of Durham
- Allows further internalisation of material to concrete plants
- Opening H2 2017

2017: GROUP OUTLOOK



Market

- Continuing encouraging outlook for UK construction
- Forecast 35% increase in infrastructure new work and increased housebuilding between now and 2019
- Aggregates, concrete and cement volumes set to continue growing
- Asphalt expected to hold steady

Breedon

- Ongoing focused investment and rigorous cost control
- Exploit full potential of recent acquisitions and new openings
- Rebrand of Hope Cement as Breedon Cement
- On track to meet 2017 market expectations

Q & A



APPENDICES

Group profile & MPA volumes



BREEDON GROUP: PROFILE AT 30 JUNE 2017



around
2,300
colleagues



around
60
quarries



26
asphalt plants



nearly
200
ready-mixed
concrete
and mortar plants



1
cement plant



2
cementitious import
terminals



8
rail-fed
depots

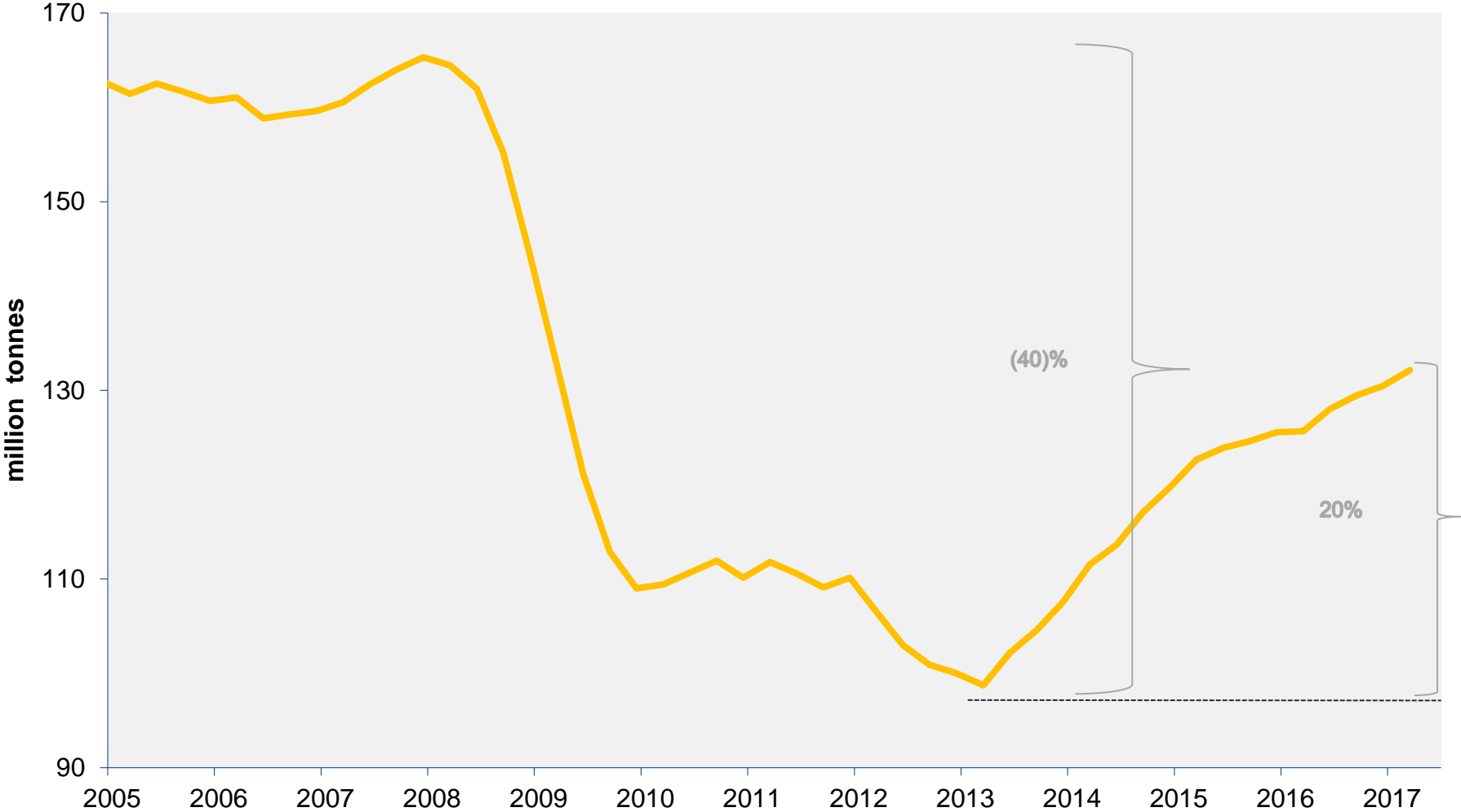


3
concrete
products plants

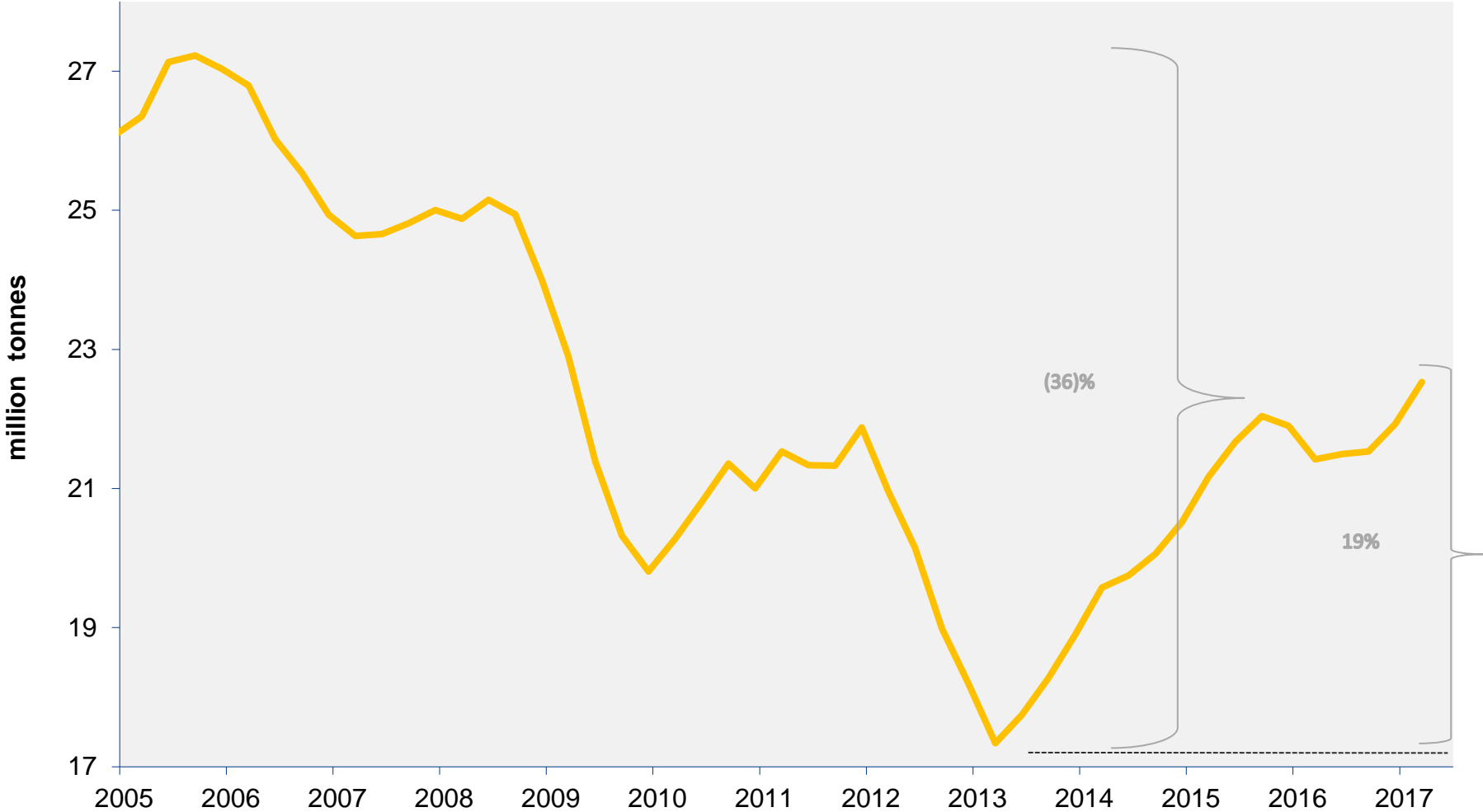


9
regional contract
surfacing
hubs

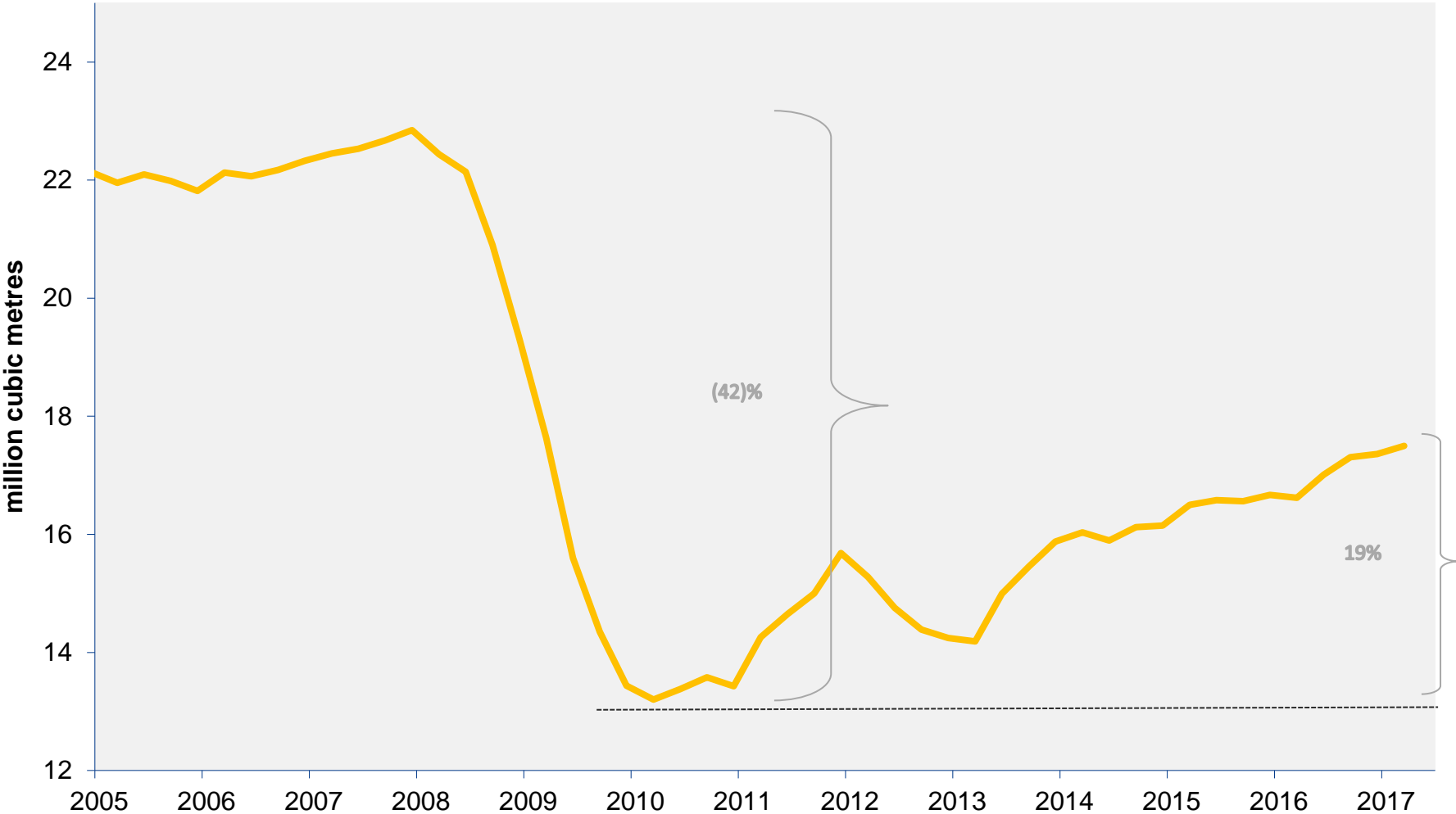
MPA AGGREGATES VOLUMES – MAT



MPA ASPHALT VOLUMES – MAT



MPA READY-MIXED CONCRETE VOLUMES – MAT



This presentation may contain statements related to our and our subsidiaries' future business and financial performance, and future events or developments involving Breedon that are not purely historical and which may constitute forward-looking statements. These statements may be identified by words such as “expect”, “look forward to”, “anticipate”, “intend”, “plan”, “believe”, “seek”, “estimate”, “will”, “project”, or variations of such words and similar expressions. Such statements are based on the current expectations and beliefs of, and certain assumptions made by, and information currently available to, Breedon management, and are therefore subject to certain risks and uncertainties. A variety of factors, many of which are beyond Breedon's control, affect our operations, performance, business strategy, and results and could cause the actual results, performance or achievements of Breedon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. Forward-looking statements should be evaluated in the context of these factors.