

2019 HALF-YEAR RESULTS



25 July 2019



H1 2019 RESULTS



Introduction

Financial review

Rob Wood

Group Finance Director

Group & operational review

Pat Ward

Group Chief Executive

Q & A

H1 2019 RESULTS



ROB WOOD

Group Finance Director



H1 2019 FINANCIAL HIGHLIGHTS



<p>Revenue</p> <p>£447.4m</p> <p>H1 2018: £378.4m +18%</p>	<p>Underlying EBIT*</p> <p>£49.5m</p> <p>H1 2018: £42.0m +18%</p>	<p>Underlying EBIT margin*</p> <p>11.1%</p> <p>H1 2018: +11.1%</p>
<p>Profit before taxation</p> <p>£39.5m</p> <p>H1 2018: £30.4m +30%</p>	<p>Underlying basic EPS*</p> <p>2.03p</p> <p>H1 2018: 1.96p +4%</p>	<p>Net debt</p> <p>£343.7m</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.

H1 2019 FINANCIAL HIGHLIGHTS



EXCLUDING THE IMPACT OF IFRS 16

<p>Revenue</p> <p>£447.4m</p> <p>Unchanged</p>	<p>Underlying EBIT</p> <p>£48.9m</p> <p>Reported: £49.5m</p>	<p>Underlying EBIT margin</p> <p>10.9%</p> <p>Reported: 11.1%</p>
<p>Profit before taxation</p> <p>£40.1m</p> <p>Reported: £39.5m</p>	<p>Underlying basic EPS</p> <p>2.07p</p> <p>Reported: £2.03p</p>	<p>Net debt</p> <p>£297.8m</p> <p>Reported: £343.7m</p>

H1 2019 INCOME STATEMENT

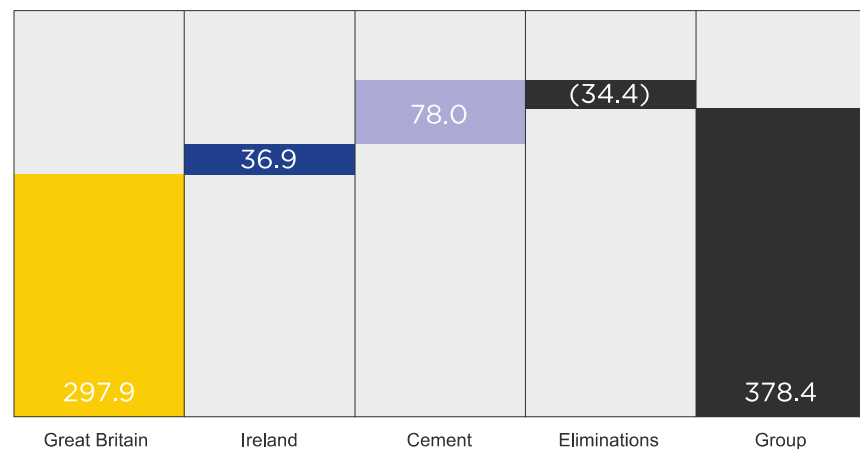


	H1 2018 £ million	H1 2019 £ million	Variance
Revenue	378.4	447.4	+18%
Underlying EBITDA	66.0	81.1	+23%
Depletion & depreciation	(24.9)	(32.4)	
Underlying operating profit	41.1	48.7	+18%
Share of associate and joint ventures	0.9	0.8	
Underlying EBIT	42.0	49.5	+18%
Interest	(4.6)	(7.4)	
Non-underlying items	(7.0)	(2.6)	
Profit before tax	30.4	39.5	+30%
Taxation	(7.2)	(7.5)	
Profit for the period	23.2	32.0	+38%
Underlying basic earnings per share	1.96p	2.03p	+4%

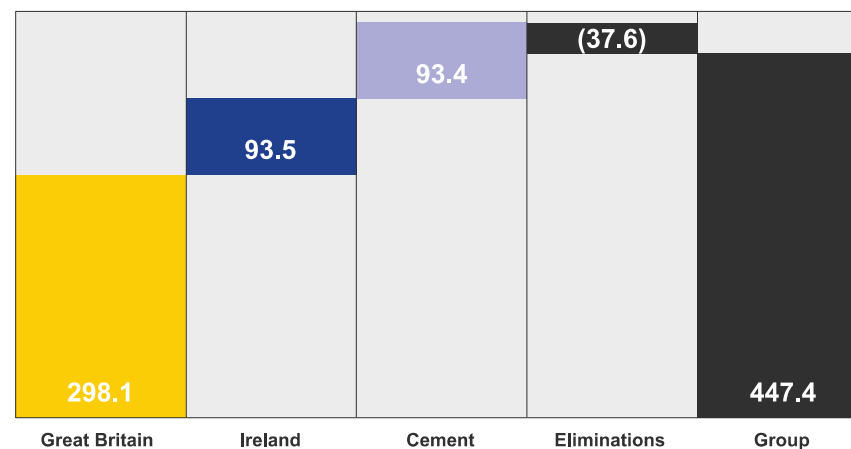
H1 2019 SEGMENTAL PERFORMANCE



H1 2018 REVENUE £ MILLION



H1 2019 REVENUE £ MILLION

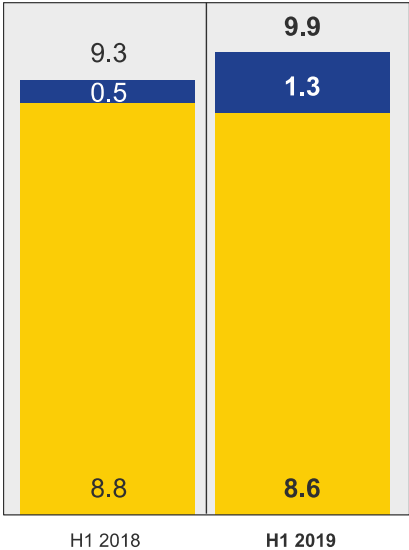


	H1 2018 Underlying EBIT £ million	H1 2019 Underlying EBIT £ million	Variance	H1 2018 Underlying EBIT margin	H1 2019 Underlying EBIT margin	Variance
Great Britain	30.5	30.8	+1%	10.2%	10.3%	+0.1 ppt
Ireland	4.4	8.9	+102%	11.9%	9.5%	-2.4 ppt
Cement	12.0	15.8	+32%	15.4%	16.9%	+1.5 ppt
Central administration	(5.8)	(6.8)				
Share of associate and joint ventures	0.9	0.8				
	42.0	49.5	18%	11.1%	11.1%	0.0 ppt

H1 2019 PRODUCT VOLUMES

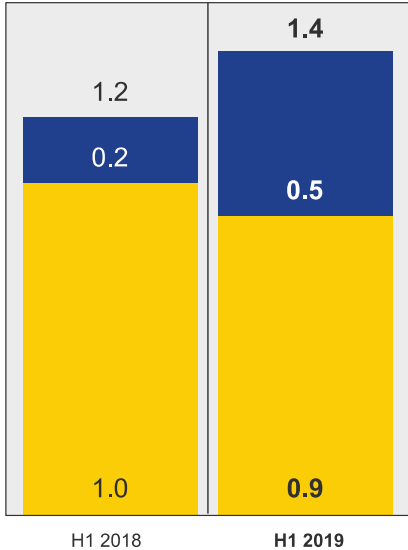


Aggregates
million tonnes



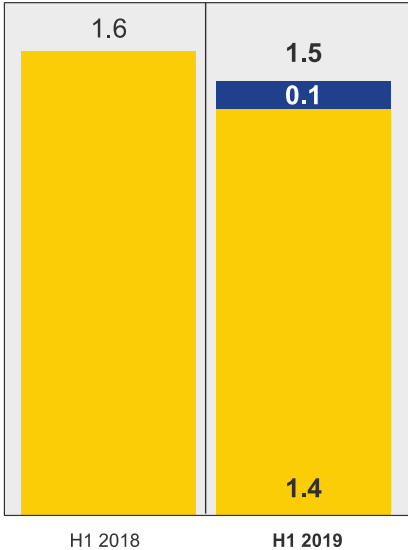
+6%

Asphalt
million tonnes



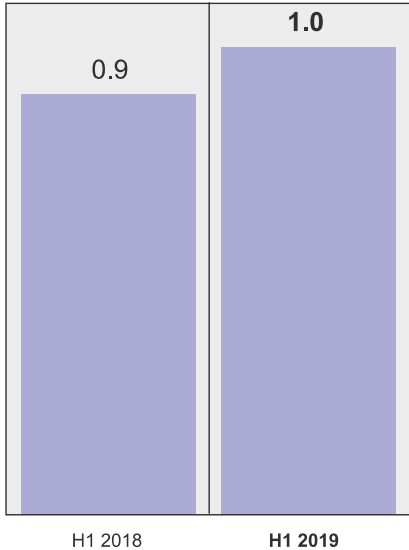
+20%

Concrete
million m³



-5%

Cement
million tonnes



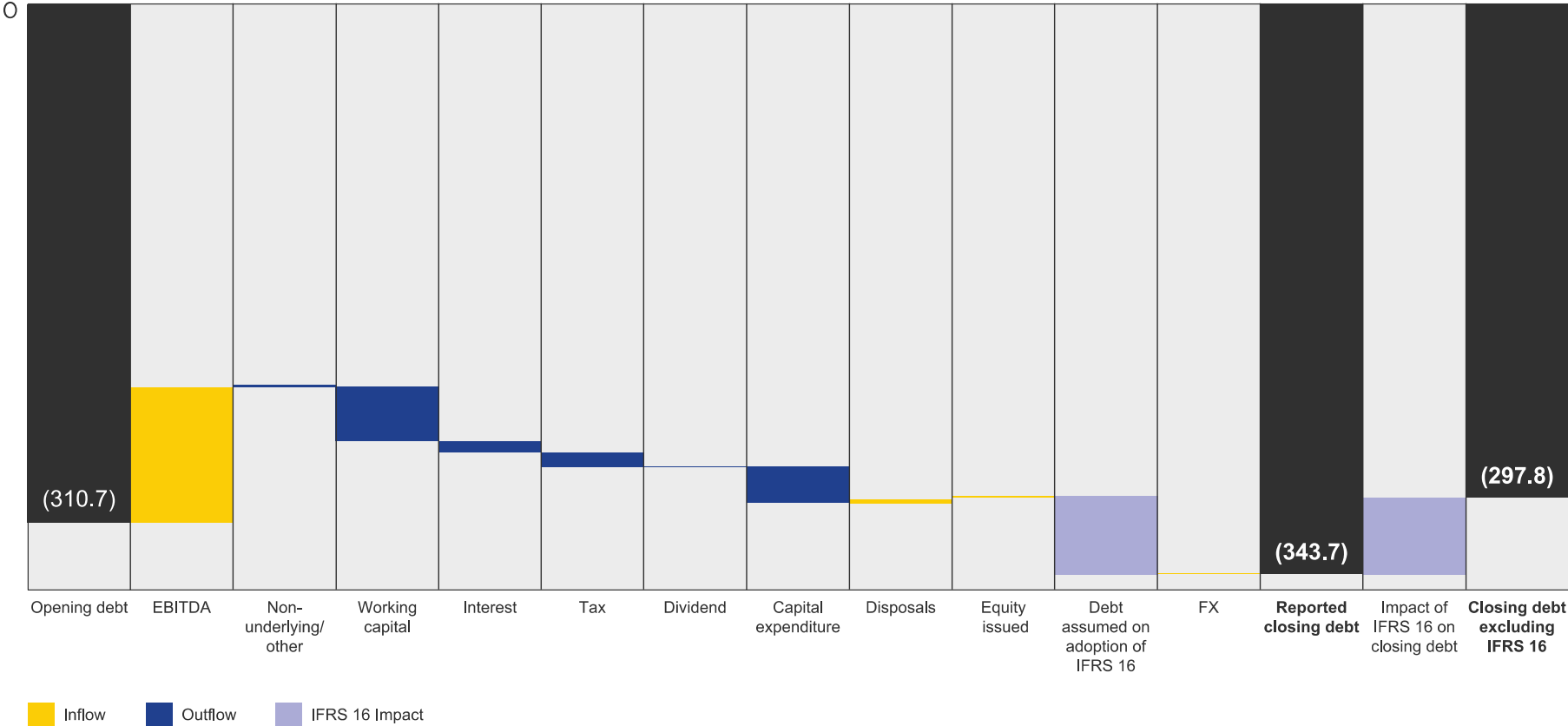
+19%

Great Britain Ireland Cement

H1 2019 NET DEBT MOVEMENT



£ MILLION



H1 2019 RESULTS



PAT WARD Group Chief Executive



H1 2019 MARKET BACKGROUND



- UK economy grew by 0.5% in Q1 2019 & 0.3% in 3 months to May 2019
- RoI economy grew by 2.4% in Q1 2019

Great Britain

- Construction output: Q1 vs Q4 2018 +1; flat in 3 months to May 2019
- Q1 2019 vs Q4 2018 sales volumes
 - aggregates -4.2%
 - asphalt -1.9%
 - concrete -4.0%
- Market softened in Q2
- Marked variations between regions

Ireland

- RoI construction output Q1 vs Q4 2018: -0.3%; H1 YoY forecast +13%
- NI construction output Q1 vs Q4 2018: +2%

Sources: CSO, CPA, MPA (members), NISRA, ONS, Trading Economics, Ulster Bank

H1 2019 GROUP HIGHLIGHTS



- Improved performance across the business
- Benefits of a full six-month contribution from Lagan
- Strong cash generation
- Leverage held at 2.0x EBITDA, post adoption of IFRS 16
- Healthy acquisition pipeline
- July has started well, with positive medium-term market outlook
- The Board remains confident of meeting full year expectations

H1 2019 BUSINESS REVIEWS



Great Britain

- Market leadership maintained in subdued Scottish market
- Supply & lay contract won for 2nd phase of A9 Dualling
- Good, broad-based performance in England and Wales
- New aggregates reserves, asphalt and concrete capacity added
- Blinkbonny, Staffs Concrete and former Tarmac assets performing well
- Excellent returns on investments at Dowlow and Holme Hall

Ireland

- Numerous new surfacing and maintenance contracts won by Lagan
- Broad spread of orders and substantial DP World contract won by Whitemountain

Cement

- Solid performance, with two of three shutdowns completed

2019 GROUP OUTLOOK



Market - GB

- Improved trading conditions expected in H2
- Construction output set to be almost flat over year, recovering to +1.4% in 2020
- Significant regional variations
- Underpinned by 30% growth in infrastructure in 2019-21

Market - Ireland

- RoI construction output forecast to grow by 17% in 2019-21
- NI construction output forecast to grow by nearly 3% in 2019-20

Breedon

- Benefits of broad geographical and product spread
- Continued self-help in a challenging GB market overshadowed by Brexit
- Further strong growth in Ireland
- Healthy acquisition pipeline
- The Board remains confident of meeting full year expectations

Q&A



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