News release

11 March 2020

Breedon Group plc

('Breedon' or 'the Group')

Annual Results 2019

Breedon, a leading vertically-integrated construction materials group in Great Britain and Ireland, announces its audited annual results for the year ended 31 December 2019.

	2019	**2018**	**Change**
Revenue	**£929.6 million**	£862.7 million	+8%
Underlying EBIT†	**£116.6 million**	£103.5 million	+13%
Profit before tax	**£94.6 million**	£79.9 million	+18%
Underlying basic EPS†	**5.08 pence**	4.70 pence	+8%
Net debt	**£290.3 million**	£310.7 million	

† Underlying results are stated before acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items. References to an underlying profit measure throughout this announcement are defined on this basis.

20.2 million tonnes of aggregates sold (2018: 19.4 million tonnes)

3.0 million tonnes of asphalt sold (2018: 2.8 million tonnes)

3.0 million cubic metres of ready-mixed concrete sold (2018: 3.2 million cubic metres)

2.0 million tonnes of cement sold (2018: 2.0 million tonnes)

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 joint venture secured critical mass in the London readymix market
- Agreed acquisition of portfolio of assets from CEMEX in the UK
- Committed to the GCCA's Sustainability Charter
- Intention to declare a maiden dividend with our 2021 interims

Pat Ward, Group Chief Executive, commented:

“We closed 2019 with a strong result, in line with the market’s expectations, reflecting an excellent performance from our businesses in some challenging market conditions.

“Breedon is in excellent shape. We have a well-established business extending throughout GB and Ireland, having delivered great results irrespective of market conditions. We have an outstanding team of colleagues and, following the acquisition of the CEMEX asset portfolio, we will have the backing of more than a billion tonnes of valuable mineral reserves and resources, together with two well-invested cement plants.

“After 10 years of successful and profitable growth, we have a clear strategy for the coming years, built on a clear market philosophy, strong governance, a healthy culture and a firm commitment to playing our part in alleviating the impact of climate change and delivering a sustainable future.

“With the UK Government committed to significantly increased investment in infrastructure, we are well placed to benefit from the increased demand for our products that this will create.

“I am confident that we will make further progress in 2020 and beyond.”

- ends -

A summary of the Group’s annual results is attached, including a glossary of terms.

Breedon will host a meeting for invited analysts at 9.00am today and there will be a simultaneous webcast of the meeting. Please use this link to join the webcast: https://brrmedia.news/lsjwl

The webcast will also be available to view on our website later today at www.breedongroup.com/investors.

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Note to Editors
Breedon Group plc is a leading vertically-integrated construction materials group in Great Britain and Ireland. It operates two cement plants and an extensive network of quarries, asphalt plants and ready-mixed concrete plants, together with slate production, concrete and clay products manufacturing, contract surfacing and highway maintenance operations. The Group employs nearly 3,000 people and has nearly 900 million tonnes of mineral reserves and resources. Its strategy is to continue growing organically and through the acquisition of businesses in the heavyside construction materials market.

Breedon Group plc
Annual results for the year ended 31 December 2019

Statement from the Chair

This is my inaugural report to shareholders as Chairman of Breedon and I would like to start by acknowledging the strong legacy left by my predecessor, Peter Tom, and thanking him for his distinguished service over the past 10 years. That said, Pat Ward and his excellent team have made my transition both smooth and enjoyable.

2019 was one of the most challenging years we have faced so far. As a result of the uncertainties surrounding the UK's withdrawal from the EU, we spent much of the year swimming against the tide. UK business investment is estimated to have fallen by 1.4 per cent, construction markets were broadly flat and competition was tough. This difficult backdrop, however, only served to intensify our team's efforts to improve our business. To deliver a 13 per cent increase in Underlying EBIT on eight per cent higher revenues under these conditions is testament to the skill and resourcefulness of management and the dedication and commitment of our 3,000 colleagues.

Able managers of high character running businesses about which they are passionate are good ingredients for success. We are fortunate to have these qualities in abundance throughout Breedon.

Acquisitions

In October, we were pleased to complete the acquisition of Roadway and in December we formed a strategically important joint venture in London with Brett, trading as Capital Concrete. We followed this up immediately after the year-end with an agreement to acquire a portfolio of high-quality assets from CEMEX in the UK, which will substantially strengthen our GB network and our platform for further growth. Our pipeline remains robust and we remain keen to transact with companies that add to Breedon's strategic goals and share our values.

Shareholder value

Good performance, of course, is of limited value unless investors enjoy the benefits and there is no doubt that the performance of our share price during the year was largely disappointing, driven partly by a weak macroeconomic environment and partly by a significant churn in our shareholder register unrelated to the performance of the business. Throughout this period, we have remained focused on preserving and enhancing Breedon's intrinsic value, so that as conditions improve, so does our company's value.

It was pleasing to note the rise in the share price towards the end of the year, signifying that the hard work of the past few years was being recognised. This gave a much-needed boost to our colleagues and provided a deserved reward for our investors. Unforeseen global events outside our control may have an adverse effect on the economy, but we will remain steadfast in our efforts to operate our businesses as efficiently and profitably as possible.

From the first day that your company was admitted to trading on AIM in 2008, we have been fortunate to have had supportive shareholders who joined us because they wished to make a long-term investment in a business that would do well and do good. We have benefited enormously from your support.

Sustainability

We understand that as one of the leading businesses in the UK and Ireland, operating in an environmentally sensitive industry, Breedon's obligations go well beyond delivering a strong financial performance. Our responsibility is to all our stakeholders and this is reflected in our newly-defined purpose: to make a material difference to the lives of our customers, our colleagues and our communities. Making this purpose a reality is vital to maintaining our licence to operate, to the successful execution of our strategy and to ensuring that we are the best corporate citizen we can be.

Climate change and sustainability are defining factors in determining a company's long-term prospects. We understand the role we play and recognise that we must place these issues at the heart of our business and strengthen our commitment to transparency, so that our shareholders have a clear picture of how we manage these important issues. A company cannot achieve long-term success without having a strong sense of purpose and a determined consideration of a broad range of stakeholders. Ultimately, purpose is the engine of long-term profitability. It is the duty of the Board to implement frameworks for managing sustainability issues and to produce effective disclosures associated with them.

We have accordingly adopted the GCCA's Sustainability Charter, obligating us to set and achieve demanding targets on health and safety; climate change and energy; social responsibility; environment and nature; and the circular economy. The Board will be uncompromising in its requirement for continuous improvement in all these areas in the years ahead.

Purpose and values

It is of course the case that genuinely improving the lives of our stakeholders can only happen if we have a culture rooted in strong ethical values and behaviours. In 2019 we embarked on a wide-ranging internal consultation, including a Group-wide engagement survey, in an effort to define and articulate our culture more clearly. The values we identified will be embedded in the business and provide the benchmark against which we will measure our success in engaging with and changing the lives of our stakeholders, both inside and outside the company, in the coming years.

Governance

You should rightly expect strong governance to be at the heart of our culture. In this regard, you will have seen that during 2019 the Board was further strengthened with the appointments of experienced non-executive directors Clive Watson and Moni Mannings, who this year assume respectively the chairs of our Audit Committee and Remuneration Committee.

I am also delighted to announce that in spring 2020 we will welcome Carol Hui to the Board as an independent non-executive director. Carol is Chief of Staff and General Counsel at Heathrow Airport Holdings Limited and has previously served in senior positions in oil and gas, logistics and infrastructure companies. She was also a corporate finance lawyer at

Slaughter and May. She is currently Chairwoman of Robert Walters Plc and a non-executive director of the British Tourist Authority.

On behalf of the Board, I would like to record my appreciation to David Williams, who retired from the Board at the end of last year, and to Susie Farnon and Peter Cornell, who will retire prior to the 2020 AGM. David and Susie have served on the Board for a decade or more and I thank them for their dedicated and loyal service.

Dividend

One of the most common questions I have been asked since becoming Chairman is when Breedon will begin paying a dividend. I am delighted to be able to confirm that we intend to adopt a progressive distribution policy from next year, commencing with a maiden dividend to be declared with our 2021 interim results.

Strategy

As we look back on our successes over the last 10 years, it is appropriate that we should have taken stock of our strategy to ensure that we are match-fit for the coming years. Our strategy is detailed later in the results.

Over the long term we aspire to be a leading vertically-integrated international construction materials group delivering superior value for all our stakeholders.

We will achieve this by maintaining a clear purpose and culture, with robust governance, a commitment to sustainability and social responsibility, operating in long-term growth markets, with conservative financial management and a growing and well-utilised asset base.

The future

Looking ahead, I remain enthusiastic about the future. Breedon has an exceptional team of people who have consistently delivered exceptional results.

I am confident that we are well equipped to tackle any challenge with which we are presented and ready to take full advantage of the many opportunities which lie ahead.

Amit Bhatia
Non-executive Chairman
11 March 2020

Breedon Group plc
Annual results for the year ended 31 December 2019

Group Chief Executive's review

We closed 2019 with a strong result, in line with the market's expectations, reflecting an excellent performance from our businesses in some challenging market conditions. On behalf of the Board and Executive Committee, I would like to begin my review with a sincere thank you to all our colleagues for their tireless efforts.

Market background

The UK construction industry endured one of its toughest periods for many years, with output in GB remaining stubbornly flat amid declines in activity in the public non-housing, industrial, commercial and repair, maintenance and improvement sectors.

Growth was once again largely accounted for by infrastructure and housing, which worked to our advantage given that these represent the majority of our end-use markets, although as always there were significant regional variations.

In RoI, the picture was very different. Total output is estimated to have risen by around eight per cent, supported by exceptional growth in new residential construction activity.

Trading performance

Revenues rose by eight per cent to £929.6 million, generating a 13 per cent increase in Underlying EBIT to £116.6 million, equivalent to an Underlying EBIT margin of 12.5 per cent. Profit before tax rose 18 per cent to £94.6 million. Strong cash generation remains one of Breedon's distinctive characteristics and once again we delivered an excellent result. Starting this year, we will be disclosing our Free Cash Flow (FCF) annually as a KPI, together with our Return on Invested Capital (ROIC), which we believe investors regard as important additional measures of our performance.

All three of our Divisions (Great Britain, Ireland and Cement) produced improved results, albeit with inevitable regional variations depending on their respective market conditions, achieved against the backdrop of improved selling prices and assisted by a generally more benign input cost environment.

Thanks to our strong cash flow, post IFRS 16 net debt at the end of the year stood at £290.3 million, equivalent to 1.6 times Underlying EBITDA.

Organic development

We have consistently deployed capital expenditure at least to the level of depreciation, believing that well-invested plant and equipment is vital to the efficient long-term performance of our quarries, plants and contracting services operations. 2019 was no exception, with around £60 million directed to operational enhancements, increased capacity, geographical expansion and further development of our mineral reserves and resources.

Among the landmark projects undertaken during the year was a major replant at our North Cave quarry in Yorkshire, together with new wash plants in our sand and gravel quarry at Low

Plains in Cumbria and in our temporary pit at Loak Farm in Perthshire. The latter will equip us to service upcoming demand from the second phase of the A9 Dualling scheme, for which we won a major supply and lay surfacing contract during the year. We also completed the replacement of the raw mill drive and kiln shell at our Hope cement works.

Once again we worked hard to create and release new sources of minerals, including the development of a new sand and gravel quarry at Willington near Bedford and substantial additional aggregates reserves released at Norton Bottoms quarry in Lincolnshire. In RoI we opened a sixth quarry, at Castlepollard in County Westmeath. We will continue selectively to reopen our remaining mothballed quarries in RoI as market demand dictates.

Acquisitions

The acquisition of Roadway for £13.5 million in October represented an important step in establishing Breedon as a fully integrated business in North Wales. It enables us for the first time to offer a comprehensive asphalt supply and lay service throughout North Wales, Shropshire, Cheshire and Merseyside and provides an additional route to market for aggregates from our quarries in the region.

In December we realised our longstanding strategic ambition to secure critical mass in the London ready-mixed concrete market through the creation of a joint venture with Brett. The company, which trades across Greater London as Capital Concrete, is jointly owned by Breedon and Brett, together with the company's senior management, and provides both partners with a strong platform from which to develop our offerings to the largest construction materials market in the UK.

Shortly after the year-end, in January 2020, we agreed to acquire a substantial portfolio of high-quality assets from CEMEX in the UK. This £178 million acquisition is due to complete in the second quarter of this year and will significantly extend the Group's national network via a single transaction, strengthening our footprint in six key regions of GB, bringing us around 650 new high-quality, well trained colleagues, and adding nearly 170 million tonnes of mineral reserves and resources.

The purchase is fully consistent with our strategy of acquiring earnings-enhancing aggregates-led businesses with strong potential for performance improvements and synergy benefits. It is also one of a number of significant transactions we have concluded with our major peers over the last few years, confirming our ability to benefit from non-core divestments by our larger competitors.

The TUPE consultation process is well underway, IT migration planning is on track and we are engaged in constructive discussions with the Competition and Markets Authority in relation to its review of the transaction.

Safety

I am pleased to report that we made very encouraging progress in reducing the frequency of lost-time injuries last year. As a result, we saw our key historical safety metric, our Employee LTIFR, fall to 1.05, only marginally above our target for the year.

This year we are also reporting our Total Injury Frequency Rate (TIFR), which takes account of all injuries, however minor. This fell to 17.17 from 20.54 in 2018.

Although these are encouraging outcomes and compare favourably with our industry peers, we are not complacent – there are still too many minor injuries occurring in our business and we will not be satisfied until we are sending all our colleagues home in the same condition they arrived at work.

In 2019 we appointed our first Group Head of Health, Safety & Environment, who brings with him a wealth of experience from within our industry and has assumed overall responsibility for the health and safety of our 3,000 colleagues, as well as overseeing our environmental activities. We look forward to him taking our safety engagement to new levels.

Colleague engagement

As the Chairman reports in his statement, last year we undertook our first Group-wide engagement survey, as part of an extensive consultation on the Group's purpose and values. We have always believed that the quality and dedication of our people are among the primary reasons for Breedon's competitive advantage, but we believed it was important for us to delve more deeply into our colleagues' perceptions of the company they work for, acknowledging what we do well and not so well, in order to articulate our values more clearly and embed them in the business.

At the end of January 2020 we launched our new purpose and values to our top 100 managers, who enthusiastically embraced them and began to roll them out to their respective teams in the weeks that followed.

Outlook

Breedon is in excellent shape. We have a well-established business extending throughout GB and Ireland, having delivered great results irrespective of market conditions. We have an outstanding team of colleagues and, following the acquisition of the CEMEX asset portfolio, we will have the backing of more than a billion tonnes of valuable mineral reserves and resources, together with two well-invested cement plants.

After 10 years of successful and profitable growth, we have a clear strategy for the coming years, built on a clear market philosophy, strong governance, a healthy culture and a firm commitment to playing our part in alleviating the impact of climate change and delivering a sustainable future.

With the UK Government committed to significantly increased investment in infrastructure, we are well placed to benefit from the increased demand for our products that this will create.

The Group is monitoring the potential impact of the COVID-19 virus and has contingency plans in place which will be refined as the Government releases more information.

I am confident that we will make further progress in 2020 and beyond.

Pat Ward
Group Chief Executive
11 March 2020

Our strategy

There are six pillars to our strategy, which together constitute the essential elements of Breedon's investment case. From this year we will report on our progress against these pillars.

1. A clear purpose and the right culture

Our purpose is simple: to make a material difference to the lives of our colleagues, our customers and our communities, recognising that our products are essential to our economic livelihood and to the development of healthy living and working spaces for everyone.

We acknowledge that no company can achieve its purpose without the right culture, rooted in strong ethical values and behaviours, and a safe working environment. Over the past year we have engaged in a wide-ranging consultation with our colleagues in an effort to define and give clear expression to that culture. It can be summarised in the four values which will guide us in everything we do over the coming years:

- Keep it simple
- Make it happen
- Strive to improve
- Show we care

Our priority is to ensure that these values become deeply embedded in our business, that they are reflected in the working environment we provide for our colleagues and that they drive the right leadership behaviours in our management team.

2. Robust governance

We are already compliant with the QCA Corporate Governance Code, having a strategy and business model which promotes long-term shareholder value and meets our shareholders' needs and expectations, supported by effective risk management and broad stakeholder engagement activity.

We have been steadily developing our Board to ensure that it is well balanced, with the right mix of skills and experience, evaluated against clear and relevant objectives, with governance structures that are fit for purpose and support sound decision-making.

We have always sought to adhere to the highest standards of corporate best practice, which in due course will naturally support a likely transition from AIM to a full listing on the London Stock Exchange, at which point we will be governed by the FRC's UK Corporate Governance Code, with which we are already substantially compliant.

3. Commitment to sustainability and social responsibility

As an extractive industry we have an obligation to ensure that our impact on the environment and society are minimised. Being a good corporate citizen is essential to protecting our licence to operate and is central to our purpose: to make a material difference to the communities we serve.

From 2019 we have fully embraced our wider stakeholder and social responsibilities by targeting full compliance with the five pillars of the GCCA's Sustainability Charter:

- Health and safety
- Climate change and energy
- Social responsibility
- Environment and nature
- Circular economy

4. Long-term growth markets

We will continue to focus on construction materials markets that deliver profitable growth across the cycle. We see numerous opportunities to expand both our geographical footprint and our product portfolio through organic investment and acquisitions.

As we look over time to international markets beyond GB and Ireland, we will focus only on those countries which are characterised by robust legal systems, reliable planning regimes and benign local cultures with minimal political risk.

5. Conservative financial management

Breedon has always sought to balance growth and profitability. We prioritise the maintenance of a strong balance sheet with a responsible approach to Leverage and deploy our capital responsibly, allowing us to commit significant organic investment to our business whilst continuing to pursue acquisitions to accelerate our strategic development.

This conservative approach to financial management will enable us to continue pursuing capital growth for our shareholders, whilst supporting our future dividend policy.

6. A growing, well-utilised asset base

The resources we use to produce our products are scarce and valuable, so it is vital that we maintain a high level of mineral reserves and maximise the value of every tonne of material we quarry or manufacture. We achieve this through a disciplined approach to quarry acquisition and development, coupled with a deep-rooted culture of self-help that ensures our operations remain efficient and competitive irrespective of market conditions.
At the end of 2019 we had nearly 900 million tonnes of mineral reserves and resources, enough to last 38 years at current rates of extraction, coupled with two cement plants with high replacement values.

Looking to the future, we aim to increase our asset base in all the markets in which we operate and ensure that we continue extracting value as efficiently as possible and with due regard to our responsibilities as stewards of the land on which we operate.

Managing our risks and opportunities

By identifying and managing our existing and emerging risks effectively we can focus on our long-term business opportunities.

Our strategy informs the setting of the Group's priorities. Opportunities, and the risk accepted in pursuit of these, are guided by the risk appetite set by the Board and governed by the Group's risk management framework.

The Group's principal risks and uncertainties do not comprise all the risks associated with the Group.

Additional risks not presently known or currently deemed to be less material may also have an adverse effect on the Group's business in the future.

Risk is an inherent and accepted element of doing business and effective risk management is fundamental to how we run our business. The Group's approach to risk management is to identify material, existing and emerging risks and then to develop actions or processes to accept, transfer or mitigate those risks to an acceptable level.

This year we have chosen to present 'Environment and climate change' separately from 'Health and Safety' as a principal and emerging risk, recognising the increase in its profile, both externally, and within the Group.

The Group's principal risks, in alphabetical order, are:

1. Acquisitions
2. Competition and margins
3. Environment and climate change
4. Financing, liquidity and currency
5. Health and safety
6. IT and cyber security
7. Legal and regulatory
8. Market conditions
9. People

Brexit

The Group continues to manage the potential impacts that Brexit could have on its business and on our risk assessment. Brexit has not been presented as an additional principal risk, but adds an additional level of uncertainty that increases the overall risk profile of the Group.

With the exception of cement and the importation of bitumen, our businesses are all essentially local and our products do not generally cross national borders. In addition, the supply chain is generally local.

In the case of cement and bitumen, however, we do import into the UK from the EU.

The major risk to this importation would be if the UK left the EU without a deal following the end of the transition period in 2020. In such a scenario WTO rules would prevail and the Group could be exposed to:

- supply chain delays;
- the requirement for additional working capital; and
- tariffs.

In addition, the Group could also be indirectly impacted by reduced confidence, delays in our wider supply chains and labour shortages.

We have contingency plans in place to mitigate the cement and bitumen risks. Contingency planning in respect of the indirect risks is more challenging and to a large extent we are unable to mitigate against them.

The Group will continue to monitor its Brexit risk position and respond as clarity emerges.

COVID-19

The Group's operations are based in GB and Ireland, which have both reported cases of COVID-19. The UK Government's current response to these cases is to minimise the spread of the virus, and at the time of writing it is too soon to quantify the extent of the risk posed. The business has contingency plans in place, which focus primarily on the health and wellbeing of our employees, whilst seeking to minimise the disruption to the business.

Group Finance Director's review

During the year we delivered strong earnings growth, underpinned by both organic growth and contributions from our recent acquisitions, the most significant being the April 2018 acquisition of Lagan.

Group aggregates volumes for the year were up four per cent at 20.2 million tonnes, asphalt volumes were up six per cent at 3.0 million tonnes, ready-mixed concrete volumes were down seven per cent at 3.0 million cubic metres and cement volumes were up three per cent at 2.0 million tonnes.

Excluding the impact of acquisitions and disposals, like-for-like aggregates volumes were down three per cent, asphalt volumes down four per cent, ready-mixed concrete volumes down four per cent and cement volumes down three per cent.

These like-for-like volumes were delivered in difficult trading conditions. The political uncertainty created by Brexit overshadowed all our markets in GB during 2019, although as always there were marked regional variations dependent upon localised projects and road schemes. In Ireland, in addition to Brexit, market conditions in NI were compounded by the absence of the Northern Ireland Executive, whilst activity in RoI was more positive. In Cement, the Irish market remained challenging throughout 2019, with all regions relatively muted apart from Dublin which continued to grow strongly, whilst in GB market conditions were broadly stable.

Revenue for the year at £929.6 million was eight per cent ahead of 2018 (£862.7 million). On a like-for-like basis, revenue was up one per cent on 2018. Underlying EBIT was £116.6 million, 13 per cent ahead of 2018 (£103.5 million). On a like-for-like basis, Underlying EBIT improved by 10 per cent.

It is worth noting that, as reported in our November 2019 trading update, the integration of Lagan is now largely complete and our current annual cost synergies run-rate has hit the targeted £5 million.

The Group's Underlying EBIT margin improved by 0.5 percentage points to 12.5 per cent. We continue to target 15 per cent in the medium term, but do not believe that the pursuit of this target in isolation is in the best interests of our shareholders; we have therefore introduced two additional financial measures to our KPIs: FCF and ROIC. We believe that these two additional measures will ensure better shareholder alignment.

Non-underlying items

Non-underlying items in the year amounted to a net pre-tax cost of £8.0 million (2018: £11.8 million), the major items being acquisition costs, redundancy and reorganisation costs and amortisation of acquired intangible assets.

Interest

Net finance costs in the year totalled £14.0 million (2018: £11.8 million) and included interest on the Group's bank facilities, amortisation of bank arrangement fees, interest on lease liabilities and the unwinding of discounting on provisions. The higher costs in 2019 reflected the interest element of lease liabilities following the adoption of IFRS 16 in 2019.

Profit before tax

Profit before tax was £94.6 million, 18 per cent ahead of 2018 (£79.9 million). Underlying profit before tax was £102.6 million, 12 per cent ahead of 2018 (£91.7 million).

As guided previously, the adoption of IFRS 16 – *Leases* in 2019 under the 'modified retrospective' approach did not have a material impact on the Income Statement at the Underlying profit before tax level; an increase in Underlying EBITDA was offset by increased depreciation and interest costs. However, £47.0 million of additional debt has been recognised on adoption as at 1 January 2019. This does not impact our ability to comply with the covenants associated with our banking facility, as these are tested by reference to accounting policies that were in place at the time the facility was entered into.

Tax

The tax charge was £16.6 million (2018: £15.3 million).

An Underlying tax charge of £17.3 million (2018: £15.9 million) was recorded in the year, resulting in an Underlying effective tax rate for the full year of 16.9 per cent (2018: 17.3 per cent), reflecting increased profits in RoI which are taxed at a lower rate than in the UK.

The Group's tax strategy is to comply with all relevant regulations, whilst managing the total tax burden and seeking to maintain a stable effective tax rate. The Group seeks to achieve this through operating an uncomplicated Group structure.

The Group endeavours to structure its affairs in a tax-efficient manner where there is commercial benefit in doing so, with the aim of supporting investment in the business and its capital expenditure programmes. It seeks to ensure that all tax affairs are administered in a lawful and responsible manner and that its actions do not adversely impact its reputation as a responsible taxpayer. The parameters which govern the Group's approach are set by the Board, which regularly reviews the Group's tax strategy.

The Board and Audit Committee are kept regularly informed of all material developments relating to the Group's tax position. The Group Tax Manager oversees tax compliance activities on a day-to-day basis and reports to senior management.

There is an integrated approach to governance across the business through management control, policies, procedures and training. Risks inherent in the calculation, collection and payment of tax are mitigated by documented policies and procedures.

On an annual basis, the Group carries out a review for the purpose of complying with the UK Senior Accounting Officer legislation.

The Group takes appropriate tax advice and support from reputable professional firms in relation to any tax planning considerations. It is open and transparent in its dealings with HMRC in the UK and the Revenue in RoI and deals with any queries in a timely and open manner and on a full-disclosure basis. In areas of complexity, it is proactive in engaging with HMRC and the Revenue.

The Group has a Prevention of Facilitation of Tax Evasion policy, which confirms both its zero tolerance approach to acts of criminal facilitation of tax evasion and its commitment to act fairly, professionally and with integrity in all its business dealings.

The Group's tax liabilities arise in the UK and RoI subsidiary companies. In terms of the corporation tax position, all years up to 2016 are agreed in respect of companies acquired prior to 2018.

The Group makes a significant contribution to the economies in which it operates through taxation, either borne by the Group or collected on behalf of, and paid to, HMRC or the Revenue. In 2019 the total taxes borne and collected by the Group amounted to nearly £175 million (2018: over £150 million).

Earnings per share

Basic EPS for the year was 4.64 pence (2018: 4.01 pence), reported after the non-Underlying items mentioned above. Underlying basic EPS for the year totalled 5.08 pence (2018: 4.70 pence).

Statement of financial position

Net assets at 31 December 2019 were £839.1 million (2018: £773.3 million). The net assets continue to be underpinned by the mineral reserves and resources of the Group, which at the end of December 2019 totalled nearly 900 million tonnes, and by our two well-invested cement plants.

Return on invested capital

Using average invested capital, year-end ROIC was 8.8 per cent (2018: 9.9 per cent). The decline in 2019 reflects the impact of the Lagan acquisition in April 2018 on capital invested. However, at 8.8 per cent it more than covers our cost of capital.

Cash flow

Net cash from operating activities was £136.5 million (2018: £134.7 million).

In addition to delivering short-term earnings growth and optimising working capital, we are positioning the Group for the longer term and, as part of that, we are investing further in plant and equipment and adding acquisitions where these make strategic and financial sense.

During 2019 the Group spent £8.9 million of cash on Roadway and a further £3.0 million on a 43 per cent stake in Capital Concrete (2018: £406.3 million on four acquisitions: Staffs Concrete; Blinkbonny; Lagan; and four quarries and an asphalt plant from Tarmac).

The Group also incurred capital expenditure of £56.3 million (2018: £48.6 million).

Proceeds from the sale of property, plant and equipment totalled £3.3 million in 2019 (2018: £4.9 million).

Proceeds from the issue of shares was £1.0 million (2018: £171.2 million, which included the net proceeds of the equity placing and open offer in respect of the Lagan acquisition).

The repayment of loans of £69.2 million in 2019 reflects the strong cash generation of the Group (2018: new loans of £409.7 million and repayment of loans of £246.1 million, reflecting the refinancing undertaken at the point of the Lagan acquisition).

Repayment of lease obligations totalled £12.9 million (2018: £7.4 million).

Free cash flow

FCF was £90.0 million (2018: £99.5 million).

The decline in 2019 reflects the expected working capital reversal following an exceptionally strong performance in 2018.

Net debt

Net debt at 31 December 2019 was £246.7 million on a pre-IFRS 16 basis (2018: £310.7 million) and leverage was 1.4 times (2018: 2.0 times). Including the impact of IFRS 16 – *Leases*, which was adopted for the first time in 2019, net debt at 31 December 2019 was £290.3 million and leverage was 1.6 times. This deleveraging clearly demonstrates the highly cash-generative nature of the Group.

Aside from the impact of IFRS 16 – *Leases*, key movements include: Underlying EBITDA of £180.2 million (2018: £154.4 million); a working capital outflow of £10.3 million (2018: £11.4 million inflow); interest and tax payments of £30.3 million (2018: £25.8 million); net capital expenditure, including IFRS 16 assets, of £55.8 million (2018: £43.7 million); expenditure on acquisitions, including the purchase of a 43 per cent stake in Capital Concrete, of £15.9 million (2018: £461.3 million); and equity raised of £1.0 million (2018: £171.2 million).

Bank facilities

At the time of completing the Lagan acquisition in April 2018 we entered into a new four-year £500 million facility agreement, comprising a term loan of £150 million and a multi-currency revolving credit facility of £350 million.

The facility is subject to a floating interest rate based on LIBOR or, in relation to any loan in Euros, EURIBOR, plus margin. At 31 December 2019, the total undrawn facility available to the Group amounted to £204.7 million.

The facility is subject to Group Leverage and Group interest cover covenants which are tested half-yearly.

At 31 December 2019, the Group comfortably complied with these two covenants. Based on our current estimates, we expect to comply with all our covenants for the foreseeable future.

The Group has in place an interest rate hedge which partially mitigates the risk of interest rate rises on the Group's bank loans.

Capital allocation

We prioritise the maintenance of a strong balance sheet and deploy our capital responsibly, allowing us to commit significant organic investment to our business whilst continuing to pursue acquisitions to accelerate our strategic development.

This conservative approach to financial management will enable us to continue pursuing capital growth for our shareholders, whilst also supporting the dividend policy announced today.

Dividends

Recognising the Group's scale, level of maturity and cash generation, the directors propose to adopt a progressive dividend policy from 2021.

The Board intends that the Company will pay an interim and a final dividend in the approximate proportions of one-third and two-thirds, respectively, of the annual dividend.

The first dividend is therefore currently expected to be declared with the 2021 interim results.

Post balance sheet event

In early January 2020 we announced that we had entered into a conditional agreement with CEMEX to acquire certain assets and operations in the UK for £155 million in cash together with the assumption of £23 million of lease liabilities.

Completion is expected in the second quarter of 2020, subject to completion of a TUPE consultation process.

The cash consideration will be financed from our existing £350 million revolving credit facility and a drawdown of an £80 million term loan through exercise of an accordion option agreed at the time of the 2018 refinancing.

Rob Wood
Group Finance Director
11 March 2020

Business reviews

GREAT BRITAIN

Our operations in GB generated a one per cent increase in revenues to £615.1 million (2018: £609.8 million) and a two per cent increase in Underlying EBIT to £62.8 million (2018: £61.4 million), with a relatively stronger performance in England and Wales than in Scotland, where markets were very much softer.

The political uncertainty created by Brexit overshadowed all our markets in GB during 2019, although as always there were marked regional variations dependent upon localised projects and road schemes.

Breedon Northern

Scotland was hampered once again by a lack of major capital infrastructure spending which inevitably created some margin pressure, although the relatively wide spread of end-use markets we serve helped to protect the business from weakness in individual sectors.

Despite the softness of the market, we took a good share of the available work, including three major new airport runway surfacing projects at Orkney, Aberdeen and RAF Kinloss. We also continued to supply significant volumes of high-specification ready-mixed concrete to Edinburgh Airport and RAF Lossiemouth.

We were particularly pleased to be awarded a substantial supply and lay surfacing contract by Balfour Beatty for the latest phase of the A9 Dualling project: a 9.5 kilometre stretch between Luncarty and Pass of Birnam, part of Transport Scotland's £3 billion upgrade of 129 kilometres of the A9 between Perth and Inverness.

The integration of Daviot and Low Plains quarries, acquired last year from Tarmac, continued with major investments to improve production and profitability at these two strategically important sites. Investment in a new wash plant at Loak Farm also enhances our ability to profitably service the nearby A9 contract. Elsewhere, we continued to ramp up production from our new quarry at North Drumboy near Glasgow.

Our decision to construct a new ready-mixed concrete plant at our Raisby quarry in County Durham was immediately vindicated with the award of a maiden contract to supply substantial volumes to a large flooring contract at a distribution centre near Durham, which continued through the first quarter of this year. More generally, we made good progress in rationalising our network where the footprints of the former Hope Construction Materials and Sherburn Minerals Group concrete plants overlapped.

New land and mineral purchases extended the reserves and resources available at our Boyne Bay and Low Harperley quarries and we look forward in the current year to the opening of a new sand and gravel quarry at South Boreland in south-west Scotland to replace our worked-out quarry at Clayshant.

Breedon Southern

Our markets for all products in England and Wales were challenging, with the year becoming more difficult as it progressed. Housebuilding was the most robust sector and growth in the early months supported the market overall. Outside of housing, whilst commercial work declined, the East Midlands benefited from an active distribution infrastructure market. Local Authority work was subdued, and highways work sporadic. The West Midlands benefited from early HS2 work. Our price performance was particularly pleasing, with all major product groups showing growth over the previous year.

Major contracts included the supply of rock armour from Minffordd quarry for sea defences at Friog in North Wales and substantial quantities of ready-mixed concrete to BAM Nuttall's £100 million Boston Barrier flood defence project in Lincolnshire. Welsh Slate continued to capitalise on its global reputation with the full re-roofing of the Perth Museum in Australia, involving the supply of three square kilometres of roofing slate.

Another landmark was the selection by the Royal Horticultural Society of our proprietary Breedon Golden Amber Gravel for its spectacular new garden at Bridgewater in Manchester.

Investment continued in the expansion of our quarry and plant network, with the development of a new sand and gravel quarry and concrete plant at Willington near Bedford, a new concrete plant at Borras in Clwyd and planning permission secured for a new concrete plant at Stevenage together with a new rail head and concrete plant at Thorney Mill near Slough.

Incremental aggregates reserves were secured at Potton quarry in Bedfordshire and we commenced extraction of new minerals from the extension recently obtained at Norton Bottoms quarry in Lincolnshire, which will provide us with access to an additional seven million tonnes of material over the next 15 years.

One of the corporate development highlights of the year was the formation of our new joint venture with Brett to service the London ready-mixed concrete market. Capital Concrete had already established a strong presence in London and by combining our London plants in the joint venture with those of Brett, we secured immediate critical mass in this, the UK's largest market. We are both ambitious for Capital Concrete and look forward to developing a business of significant scale in London over the next few years.

The other highlight was the acquisition of Roadway, which gives us a well-established term maintenance and surfacing business in North Wales together with a newly-erected asphalt plant at Wrexham. This provides us with a solid contracting and asphalt production platform in the region which reaches into new markets and allows our surrounding quarries to maximise value by internalising more of their output.

We were particularly pleased to see our safety record improving across GB in 2019, with a significant reduction in our Employee LTIFR and a wide range of new safety initiatives implemented, including: enhanced training on crucial isolation and lockout procedures; the re-induction of our drivers; the rollout of our new IDC health screening programme; and the introduction of a new incident root-cause investigation training course.

Looking ahead to the remainder of 2020, we see an improving outlook in GB as investment in our key sectors begins to recover. We aim to at least maintain our market shares, whilst pressing ahead with price increases to recover past cost increases and improve margins wherever possible.

IRELAND

Our operations in Ireland, trading as Whitemountain in NI and Lagan in RoI, increased revenues by 29 per cent to £202.0 million (2018: £156.3 million) and Underlying EBIT by 28 per cent to £26.8 million (2018: £20.9 million). Both businesses performed well during the year, with Lagan delivering an especially strong result.

Whitemountain

Market conditions in NI were challenging due to Brexit uncertainty and the absence of the Northern Ireland Executive, leading to the sharpest contraction in business activity of all UK regions, with construction orders continuing to shrink and more subdued volumes in the second half. Tender opportunities were limited and legal challenges to tenders hampered progress of awards and impacted spending.

Whitemountain nonetheless performed strongly by concentrating on selective work streams and applying strict cost control. We continued to build on internal supply to other Group companies, with a significant increase in 2019, and are focused on further increasing internal aggregates volumes in 2020.

A significant investment in relocating and replacing the primary crusher at our Temple quarry will improve production capacity, facilitate access to reserves and increase profitability.

In addition to our work in NI, Whitemountain also engages in selective contracts in GB. For example, we successfully completed the £18.4 million new road contract at Colley Lane in Bridgwater, which opened to the public at an official ceremony in December and received enthusiastic plaudits from Somerset County Council. Elsewhere, we won a substantial contract at DP World London Gateway Port for the construction of 1.3 kilometres of new distribution park spine roads, where work will continue through the second quarter of this year. We were also awarded a four-year Civil Engineering Framework for Newry, Mourne & Down council.

We worked hard at improving our health, safety and environmental performance. An initiative to increase reported safety observations helped reduce our Employee LTIFR and we introduced new asset management software to record inspections, usage and repair of company assets. It was encouraging to see Alpha Resource Management, our waste to energy business in NI, awarded a WISHNI Ambassador Award.

We maintained our engagement with local universities, offering placement opportunities to civil engineering and quantity surveying students, and also developed a Higher Level Civil Engineering Apprenticeship programme which enables apprentices both to qualify and to benefit from on-the-job training.

We aim in the current year to maintain our market share, focusing on recovering costs and increasing our margin. The recent re-establishment of the Northern Ireland Executive offers the potential for approval to be given to a number of delayed infrastructure projects, which can only be good news for our NI business. We also continue to seek commercial opportunities in GB for Whitemountain's contracting operation, with further potential for expanding internal material supply.

Lagan

Market conditions in RoI were positive, with a relatively stronger first half. There is some evidence that a more recent modest reduction in tenders has been occasioned by the well-publicised overspend on the new €2 billion National Children's Hospital in Dublin, which has led to short-term reductions in expenditure elsewhere in the economy. Nonetheless, we delivered a strong performance over the year.

We completed a number of high-profile projects in 2019, including the New Ross Bypass in County Wexford for BAM Dragados, which involved approximately 15 kilometres of roadworks and nearly 30 new structures, including Ireland's longest bridge. A successful overlay on Runway 16-34 at Dublin airport led to the award of the next phase for the same runway. Later in the year we were awarded a sizeable contract to supply asphalt to the new N4 Sligo to Collooney dual carriageway.

Our programme to extend our quarry network in RoI continued with the reopening of a dormant quarry at Castlepollard in County Westmeath, bringing to six the number of active quarries operated by Lagan.

A new bespoke health and safety training programme, '360° Safety', which focused on the interaction between people and vehicles, was completed by all Lagan employees and contractors. In addition, Lagan successfully migrated and gained accreditation to the ISO 45001 Safety Management Standard. Later in the year we completed our successful annual programme of dyeing all the lakes in our dormant quarries black, to discourage trespass and swimming.

Looking ahead to the remainder of 2020, the prospects for construction in RoI remain very encouraging, with all forecasters predicting a healthy growth in output on the back of a continuing strong economy.

CEMENT

Our Cement business delivered a six per cent increase in revenues to £186.4 million (2018: £176.5 million) and a 16 per cent increase in Underlying EBIT to £36.3 million (2018: £31.4 million) against the backdrop of mixed markets.

The Irish cement market remained challenging throughout 2019, with all regions relatively muted apart from Dublin, which continued to grow strongly. In GB, market conditions were broadly stable. Confidence in both markets was clearly impacted by uncertainties around Brexit.

Major investments at Hope Works included the completion of our raw mill drive and kiln shell replacement projects, together with the overhaul of our PCA rail fleet. All three kiln shutdowns at Hope and Kinnegad were completed ahead of time and on budget.

Kiln reliability at Hope remained at high levels, with clinker production ahead of 2018. Kinnegad met all clinker demand and averaged more than 72 per cent usage of alternative fuels, ahead of budget, with successful trials of solid recovered fuel (SRF) paving the way for further progress. Kinnegad also commenced its LEAN waste project with the emphasis on delivering further environmental improvements and cost-savings. In all, our cement kilns consumed around 218,000 tonnes of waste in 2019.

Safety initiatives at Hope involved widespread engagement with our colleagues both at the Works and in our road and rail fleet, which resulted in a much-improved safety performance in 2019, including a totally harm-free kiln shutdown. At Kinnegad, the fourth annual edition of 5-Star Safety was launched, incorporating a team-led site safety improvement programme, which resulted in nearly 90 safety improvements being implemented. Health and wellbeing activities were increased in the second half of the year at Hope and at Kinnegad, with workshops provided across both sites.

Sustainability, most notably the call from across the political spectrum for agreement on 'Net Zero' carbon targets, has risen to the top of our agenda and we are in the process of finalising a definitive sustainability roadmap in conjunction with the GCCA and MPA which will drive our strategy for substantially reducing carbon emissions from our cement plants within an achievable timeframe.

In the remainder of the current year, our commercial priority is to implement price increases to recover cost inflation. A major investment in a new bag filter to replace the electrostatic precipitator system is now underway at Kinnegad, with further alternative fuel trials planned during the year. We are also exploring further alternative fuel options at Hope, together with planning applications for a supplementary raw material delivery system and a longer-term project to extend the limestone quarry.

Breedon Group plc
Annual results for the year ended 31 December 2019

Consolidated Income Statement
for the year ended 31 December 2019

	2019 Underlying £m	**2019 Non-underlying* (note 3) £m**	**2019 Total £m**	2018 Underlying £m	2018 Non-underlying* (note 3) £m	2018 Total £m
Revenue	**929.6**	–	**929.6**	862.7	–	862.7
Cost of sales	**(587.2)**	–	**(587.2)**	(556.9)	–	(556.9)
Gross profit	**342.4**	–	**342.4**	305.8	–	305.8
Distribution expenses	**(163.8)**	–	**(163.8)**	(145.5)	–	(145.5)
Administrative expenses	**(63.6)**	**(8.0)**	**(71.6)**	(58.5)	(11.8)	(70.3)
Group operating profit	**115.0**	**(8.0)**	**107.0**	101.8	(11.8)	90.0
Share of profit of associate and joint ventures	**1.6**	–	**1.6**	1.7	–	1.7
Profit from operations	**116.6**	**(8.0)**	**108.6**	103.5	(11.8)	91.7
Financial income	**–**	–	–	0.1	–	0.1
Financial expense	**(14.0)**	–	**(14.0)**	(11.9)	–	(11.9)
Profit before taxation	**102.6**	**(8.0)**	**94.6**	91.7	(11.8)	79.9
Taxation	**(17.3)**	**0.7**	**(16.6)**	(15.9)	0.6	(15.3)
Profit for the year	**85.3**	**(7.3)**	**78.0**	75.8	(11.2)	64.6
Attributable to:						
Equity holders of the parent	**85.2**	**(7.3)**	**77.9**	75.7	(11.2)	64.5
Non-controlling interests	**0.1**	–	**0.1**	0.1	–	0.1
Profit for the year	**85.3**	**(7.3)**	**78.0**	75.8	(11.2)	64.6
Basic earnings per ordinary share	**5.08p**		**4.64p**	4.70p		4.01p
Diluted earnings per ordinary share	**5.07p**		**4.63p**	4.68p		3.99p

* Non-underlying items represent acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items.

Breedon Group plc
Annual results for the year ended 31 December 2019

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2019

	2019 £m	2018 £m
Profit for the year	**78.0**	64.6
Other comprehensive income		
Items which may be reclassified subsequently to profit and loss:		
Foreign exchange differences on translation of foreign operations, net of hedging	**(13.3)**	6.6
Effective portion of changes in fair value of cash flow hedges	**(1.5)**	–
Taxation on items taken directly to other comprehensive income	**0.2**	–
Other comprehensive (expense)/income for the year	**(14.6)**	6.6
Total comprehensive income for the year	**63.4**	71.2
Total comprehensive income for the year is attributable to:		
Equity holders of the parent	**63.3**	71.1
Non-controlling interests	**0.1**	0.1
	63.4	71.2

Breedon Group plc
Annual results for the year ended 31 December 2019

Consolidated Statement of Financial Position
at 31 December 2019

	2019 £m	2018 £m
Non-current assets		
Property, plant and equipment	**698.6**	665.9
Intangible assets	**464.2**	467.0
Investment in associate and joint ventures	**10.8**	6.4
Total non-current assets	**1,173.6**	1,139.3
Current assets		
Inventories	**58.5**	54.8
Trade and other receivables	**164.7**	160.8
Cash and cash equivalents	**23.8**	37.6
Total current assets	**247.0**	253.2
Total assets	**1,420.6**	1,392.5
Current liabilities		
Interest-bearing loans and borrowings	**(43.9)**	(31.2)
Trade and other payables	**(177.9)**	(177.5)
Current tax payable	**(7.6)**	(7.3)
Provisions	**(2.5)**	(2.3)
Total current liabilities	**(231.9)**	(218.3)
Non-current liabilities		
Interest-bearing loans and borrowings	**(270.2)**	(317.1)
Provisions	**(32.2)**	(36.2)
Deferred tax liabilities	**(47.2)**	(47.6)
Total non-current liabilities	**(349.6)**	(400.9)
Total liabilities	**(581.5)**	(619.2)
Net assets	**839.1**	773.3
Equity attributable to equity holders of the parent		
Stated capital	**550.0**	549.0
Hedging reserve	**(1.3)**	–
Translation reserve	**(6.7)**	6.6
Retained earnings	**297.0**	217.5
Total equity attributable to equity holders of the parent	**839.0**	773.1
Non-controlling interests	**0.1**	0.2
Total equity	**839.1**	773.3

Breedon Group plc
Annual results for the year ended 31 December 2019

Consolidated Statement of Changes in Equity
for the year ended 31 December 2019

	Stated capital £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Attributable to equity holders of parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2018	377.8	–	–	150.1	**527.9**	0.2	**528.1**
Shares issued	174.9	–	–	–	**174.9**	–	**174.9**
Expenses of share issue	(3.7)	–	–	–	**(3.7)**	–	**(3.7)**
Dividend to non-controlling interests	–	–	–	–	**–**	(0.1)	**(0.1)**
Total comprehensive income for the year	–	–	6.6	64.5	**71.1**	0.1	**71.2**
Share-based payments	–	–	–	2.9	**2.9**	–	**2.9**
Balance at 31 December 2018	549.0	–	6.6	217.5	**773.1**	0.2	**773.3**
Shares issued	1.0	–	–	–	**1.0**	–	**1.0**
Dividend to non-controlling interests	–	–	–	–	**–**	(0.2)	**(0.2)**
Total comprehensive income for the year	–	(1.3)	(13.3)	77.9	**63.3**	0.1	**63.4**
Share-based payments	–	–	–	1.6	**1.6**	–	**1.6**
Balance at 31 December 2019	**550.0**	**(1.3)**	**(6.7)**	**297.0**	**839.0**	**0.1**	**839.1**

Consolidated Statement of Cash Flows
for the year ended 31 December 2019

	2019 £m	2018 £m
Cash flows from operating activities		
Profit for the year	**78.0**	64.6
Adjustments for:		
Depreciation	**65.2**	52.6
Amortisation	**3.1**	4.2
Financial income	**–**	(0.1)
Financial expense	**14.0**	11.9
Share of profit of associate and joint ventures	**(1.6)**	(1.7)
Net gain on sale of property, plant and equipment	**(0.8)**	(0.5)
Share-based payments	**1.6**	2.9
Taxation	**16.6**	15.3
Operating cash flow before changes in working capital and provisions	**176.1**	149.2
(Increase)/decrease in trade and other receivables	**(0.8)**	13.5
Increase in inventories	**(5.7)**	(0.6)
Decrease in trade and other payables	**(1.8)**	(0.2)
Decrease in provisions	**(2.0)**	(1.3)
Cash generated from operating activities	**165.8**	160.6
Interest paid	**(8.4)**	(8.9)
Interest element of lease payments	**(2.6)**	(0.4)
Dividend paid to non-controlling interests	**(0.2)**	(0.1)
Income taxes paid	**(18.1)**	(16.5)
Net cash from operating activities	**136.5**	134.7
Cash flows used in investing activities		
Acquisition of businesses	**(8.9)**	(406.3)
Purchase of share in joint venture	**(3.0)**	–
Purchase of property, plant and equipment	**(56.3)**	(48.6)
Proceeds from sale of property, plant and equipment	**3.3**	4.9
(Issue)/repayment of loan to joint venture	**(4.0)**	0.4
Interest received	**–**	0.1
Dividends from associate and joint ventures	**0.8**	0.4
Net cash used in investing activities	**(68.1)**	(449.1)
Cash flows (used in)/from financing activities		
Proceeds from the issue of shares (net of costs)	**1.0**	171.2
Proceeds from new interest-bearing loans (net of costs)	**–**	409.7
Repayment of interest-bearing loans	**(69.2)**	(246.1)
Repayment of lease obligations	**(12.9)**	(7.4)
Net cash (used in)/from financing activities	**(81.1)**	327.4
Net (decrease)/increase in cash and cash equivalents	**(12.7)**	13.0
Cash and cash equivalents at 1 January	**37.6**	23.9
Foreign exchange differences	**(1.1)**	0.7
Cash and cash equivalents at 31 December	**23.8**	37.6

Notes to the Financial Statements

1 Basis of preparation

Breedon Group plc is a company domiciled in Jersey.

The financial information (note 11) consolidates the results of the Company and its subsidiary undertakings, and equity accounts for the Group's interest in its associate and its joint ventures (collectively the Group).

These consolidated Financial Statements have been prepared in accordance with Adopted IFRS. The consolidated Financial Statements have been prepared under the historical cost convention except for the revaluation to fair value of certain financial instruments.

New IFRS Standards and Interpretations

The following standards have been adopted by the Group during the year:

IFRS 16 – *Leases*

The Group has adopted IFRS 16 – *Leases* from 1 January 2019. The primary impact of the new standard has been to bring arrangements previously accounted for under IAS 17 as operating leases on balance sheet, with a right-of-use asset and corresponding financial liability of £47.0m recognised on transition at 1 January 2019, being primarily the discounted value of the £69.9m of operating lease commitments disclosed at 31 December 2018 in accordance with IAS 17 – *Leases*. There was no impact on net assets at the date of transition.

The right-of-use asset is presented within property, plant and equipment in the Consolidated Statement of Financial Position and the lease liability is presented within interest-bearing loans and borrowings.

The Group has adopted the modified retrospective approach to implementation, meaning the asset and liability have been recognised from 1 January 2019 without restatement of comparative information for 2018, which continues to be reported under IAS 17. It has also elected to take advantage of the practical expedients permitted by the Standard not to recognise lease assets and liabilities in respect of short-term and low-value leases.

This accounting change does not impact the covenants on the Group's banking facility, as they are calculated with reference to the accounting standards adopted by the Group at the point at which the facility was taken out. The impact of the adoption of IFRS 16 on the Group for the year ended 31 December 2019 has been as follows:

Impact of IFRS 16 on the Consolidated Income Statement for year ended 31 December 2019

	As reported	IFRS 16 adjustments	Amounts without adoption
	£m	£m	£m
Group operating profit	**107.0**	**(1.0)**	**106.0**
Share of profit of associate and joint ventures	**1.6**	–	**1.6**
Profit from operations	**108.6**	**(1.0)**	**107.6**
Financial income	–	–	–
Financial expense	**(14.0)**	**2.3**	**(11.7)**
Profit before taxation	**94.6**	**1.3**	**95.9**
Taxation	**(16.6)**	–	**(16.6)**
Profit for the period	**78.0**	**1.3**	**79.3**

1 Basis of preparation *(continued)*

New IFRS Standards and Interpretations *(continued)*

IFRS 16 – *Leases* (continued)

Impact of IFRS 16 on the Consolidated Statement of Financial Position at 31 December 2019

	As reported £m	IFRS 16 adjustments £m	Amounts without adoption £m
Non-current assets			
Property, plant and equipment	**698.6**	**(42.3)**	**656.3**
Current assets			
Trade and other receivables	**164.7**	**0.9**	**165.6**
Change in total assets		**(41.4)**	
Current liabilities			
Interest-bearing loans and borrowings	**(43.9)**	**5.0**	**(38.9)**
Non-current liabilities			
Interest-bearing loans and borrowings	**(270.2)**	**38.6**	**(231.6)**
Provisions	**(32.2)**	**(0.9)**	**(33.1)**
Change in total liabilities		**42.7**	
Change in total equity		**1.3**	

The Group has also adopted the following standards from 1 January 2019:

- IFRIC 23 - *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 - *Prepayment Features with Negative Compensation*
- Amendments to IAS 28 - *Long-term Interests in Associates and Joint Ventures*
- Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement*
- Annual Improvements to IFRS Standards 2015–2017 Cycle

The adoption of these standards has not had a material impact on the Financial Statements.

New IFRS Standards and Interpretations not adopted

At the date on which these Financial Statements were authorised, there were no Standards, Interpretations and Amendments which had been issued but were not effective for the year ended 31 December 2019 that are expected to materially impact the Group's Financial Statements.

Alternative performance measures

The following non-GAAP performance measures have been used in the Financial Statements:

i. Underlying EBIT
ii. Underlying EBIT margin
iii. Underlying EBITDA
iv. Underlying basic earnings per share
v. Free cash flow
vii. Return on invested capital
viii. Leverage

Notes to the Financial Statements *(continued)*

1 Basis of preparation *(continued)*

Alternative performance measures *(continued)*

Management uses these terms as it believes they allow a better understanding of underlying business performance, are consistent with its communication with investors and reflects the way in which the business is managed. A reconciliation between these alternative performance measures to the most directly related statutory measures is included within note 9.

2 Segmental analysis

The principal activities of the Group are the quarrying of aggregates and manufacture and sale of construction materials and building products, including cement, asphalt and ready-mixed concrete, together with related activities in GB and Ireland.

The Group's activities are split into the following reportable segments:

Great Britain comprising our construction materials and contracting services businesses in Great Britain.

Ireland comprising our construction materials and contracting services businesses on the Island of Ireland.

Cement comprising our cementitious operations in Great Britain and Ireland.

There are no other operating segments.

Income Statement

	2019		2018	
	Revenue £m	**Underlying EBITDA* £m**	Revenue £m	Underlying EBITDA* £m
Great Britain	**615.1**	**98.4**	609.8	92.2
Ireland	**202.0**	**33.8**	156.3	25.4
Cement	**186.4**	**58.8**	176.5	48.6
Central administration	–	**(10.8)**	–	(11.8)
Eliminations	**(73.9)**	–	(79.9)	–
Group	**929.6**	**180.2**	862.7	154.4

*Underlying EBITDA is earnings before interest, tax, depreciation, amortisation, non-underlying items (note 3) and before our share of profit from associate and joint ventures.

	2019	2018
Reconciliation to statutory profit		
Group Underlying EBITDA as above	**180.2**	154.4
Depreciation and mineral depletion	**(65.2)**	(52.6)
Underlying operating profit		
Great Britain	**62.8**	61.4
Ireland	**26.8**	20.9
Cement	**36.3**	31.4
Central administration	**(10.9)**	(11.9)
	115.0	101.8
Share of profit of associate and joint ventures	**1.6**	1.7
Underlying profit from operations (EBIT)	**116.6**	103.5
Non-underlying items (note 3)	**(8.0)**	(11.8)
Profit from operations	**108.6**	91.7
Net financial expense	**(14.0)**	(11.8)
Profit before taxation	**94.6**	79.9
Taxation	**(16.6)**	(15.3)
Profit for the year	**78.0**	64.6

IFRS 16 adjustments have resulted in increases of £7.9m in Underlying EBITDA, £1.0m in EBIT, and a decrease of £1.3m in profit for the year ended 31 December 2019.

Notes to the Financial Statements *(continued)*

2 Segmental analysis *(continued)*

Disaggregation of revenue from contracts with customers

Analysis of revenue by geographic location

The primary geographic market for all Group revenues for the purpose of IFRS 15 is the UK and RoI. In line with the requirements of IFRS 8, this is analysed by individual countries as follows:

	2019 £m	2018 £m
United Kingdom	**793.3**	765.8
Republic of Ireland	**134.7**	95.2
Other	**1.6**	1.7
Total	**929.6**	862.7

Analysis of revenue by major products and service lines

	2019 £m	2018 £m
Sale of goods		
Great Britain	**543.2**	532.7
Ireland	**51.2**	38.0
Cement	**186.4**	176.5
Eliminations	**(73.9)**	(79.9)
	706.9	667.3
Contracting services		
Great Britain	**71.9**	77.1
Ireland	**150.8**	118.3
Cement	**–**	–
Eliminations	**–**	–
	222.7	195.4
Total	**929.6**	862.7

Timing of revenue recognition

All revenues from the sale of goods relate to products for which revenue is recognised at a point in time as the product is transferred to the customer. Contracting services revenues are accounted for as products and services for which revenue is recognised over time.

2 Segmental analysis *(continued)*

Statement of financial position

	2019		2018	
	Total assets £m	**Total liabilities £m**	Total assets £m	Total liabilities £m
Great Britain	**661.9**	**(119.6)**	629.2	(119.5)
Ireland	**251.2**	**(39.5)**	250.9	(35.3)
Cement	**482.6**	**(42.0)**	471.1	(47.7)
Central administration	**1.1**	**(11.5)**	3.7	(13.5)
Total operations	**1,396.8**	**(212.6)**	1,354.9	(216.0)
Current tax	**–**	**(7.6)**	–	(7.3)
Deferred tax	**–**	**(47.2)**	–	(47.6)
Net debt	**23.8**	**(314.1)**	37.6	(348.3)
Total Group	**1,420.6**	**(581.5)**	1,392.5	(619.2)
Net assets		**839.1**		773.3

GB total assets include £10.8m (2018: £6.4m) in respect of investment in an associate and joint ventures.

Geographic location of property, plant and equipment assets

	2019 £m	2018 £m
United Kingdom	**586.3**	546.5
Republic of Ireland	**112.3**	119.4
Total	**698.6**	665.9

Analysis of depletion & depreciation, amortisation and capital expenditure

	Mineral depletion & depreciation £m	**Amortisation of intangible assets £m**	**Additions to property, plant and equipment £m**
2019			
Great Britain	**35.6**	**1.1**	**29.8**
Ireland	**7.0**	**2.0**	**10.6**
Cement	**22.5**	**–**	**20.0**
Central administration	**0.1**	**–**	**0.3**
Total	**65.2**	**3.1**	**60.7**
2018			
Great Britain	30.8	1.4	27.9
Ireland	4.5	2.8	6.4
Cement	17.2	–	14.2
Central administration	0.1	–	0.2
Total	52.6	4.2	48.7

Additions to property, plant and equipment exclude additions in respect of business combinations. Current year additions are inclusive of right-of-use asset additions from 1 January 2019 following the adoption of IFRS 16 – *Leases*.

Notes to the Financial Statements *(continued)*

3 Non-underlying items

Non-underlying items are those which are either unlikely to recur in future periods or which distort the underlying performance of the business, including non-cash items. In the opinion of the directors, this presentation aids understanding of the underlying business performance and references to underlying earnings measures throughout this report are made on this basis. Underlying measures are presented on a consistent basis over time to assist in the comparison of performance.

	2019 £m	2018 £m
Included in administrative expenses:		
Redundancy and reorganisation costs	**1.1**	1.5
Acquisition costs (note 8)	**3.3**	6.4
Loss on property disposals	**0.5**	0.2
Amortisation of acquired intangible assets	**3.1**	4.2
Gain on stepped acquisition of joint venture	–	(0.5)
Total non-underlying items (pre-tax)	**8.0**	11.8
Non-underlying taxation	**(0.7)**	(0.6)
Total non-underlying items (after tax)	**7.3**	11.2

4 Financial income and expense

	2019 £m	2018 £m
Bank deposits	–	0.1
Financial income	–	0.1
Bank loans and overdrafts	**(8.4)**	(8.9)
Amortisation of prepaid bank arrangement fee	**(1.2)**	(1.0)
Lease liabilities	**(2.6)**	(0.4)
Unwinding of discount on provisions	**(1.8)**	(1.6)
Financial expense	**(14.0)**	(11.9)

5 Taxation

	2019 £m	2018 £m
Recognised in the Consolidated Income Statement		
Current tax expense		
Current year	**18.1**	17.1
Prior year	**(0.5)**	(0.5)
Total current tax	**17.6**	16.6
Deferred tax expense		
Current year	**(1.0)**	(1.2)
Prior year	–	(0.1)
Total deferred tax	**(1.0)**	(1.3)
Total tax charge in the Consolidated Income Statement	**16.6**	15.3

5 Taxation *(continued)*

	2019 £m	2018 £m
Recognised in Other Comprehensive Income		
Deferred tax income		
Relating to cash flow hedges	**(0.2)**	–
	(0.2)	–

	2019 £m	2018 (restated) £m
Reconciliation of effective tax rate		
Profit before taxation	**94.6**	79.9
Tax at the Company's domestic rate of 19%*	**18.0**	15.2
Difference between Company and subsidiary statutory tax rates*	**(1.7)**	–
Expenses not deductible for tax purposes	**1.4**	1.3
Property sales	**(0.2)**	(0.4)
Share-based payments	**0.1**	0.1
Utilisation of unrecognised deferred tax assets	**(0.2)**	–
Income from associate and joint ventures already taxed	**(0.3)**	(0.1)
Effect of change in rate	–	(0.2)
Adjustment in respect of prior years	**(0.5)**	(0.6)
Total tax charge	**16.6**	15.3

* The Company was previously tax resident in Jersey, with a zero per cent tax rate. During 2019 the tax residency of the Company was moved to the United Kingdom, with a 19 per cent tax rate. The Group's subsidiary operations continue to pay tax at a rate of 19 per cent (2018: 19 per cent) in the United Kingdom and 12.5 per cent (2018: 12.5 per cent) in the Republic of Ireland. Comparative values for 2018 have been restated to reconcile the Group's total tax charge to a rate of 19 per cent.

A reduction in the UK corporation tax rate from 19 per cent to 17 per cent (effective 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax liability at 31 December 2019 has been calculated based on these rates.

The UK Government has indicated that legislation may be introduced to cancel this planned reduction in tax rate. The impact of this would be to calculate deferred tax at a higher rate of 19 per cent, resulting in an increase of £4.6m in the Group's deferred tax liabilities at 31 December 2019.

6 Interest-bearing loans and borrowings

Net debt

	2019 £m	2018 £m
Net debt comprises the following items:		
Cash and cash equivalents	**23.8**	37.6
Current borrowings	**(43.9)**	(31.2)
Non-current borrowings	**(270.2)**	(317.1)
Statutory net debt	**(290.3)**	(310.7)
IFRS 16 adjustments	**43.6**	–
Net debt excluding the impact of IFRS 16	**(246.7)**	(310.7)

Notes to the Financial Statements *(continued)*

6 Interest-bearing loans and borrowings *(continued)*

	2019 £m	2018 £m
Current borrowings		
Secured bank loans	**35.0**	25.0
Lease liabilities	**8.9**	6.2
	43.9	31.2
Non-current borrowings		
Secured bank loans	**230.6**	311.9
Lease liabilities	**39.6**	5.2
	270.2	317.1

The Group's banking facilities comprise a term loan of £125m (31 December 2018: £150m) and a multi-currency revolving credit facility of £350m (31 December 2018: £350m). Interest was paid on the facilities during the period at a margin of between 1.60 per cent and 2.05 per cent above LIBOR or EURIBOR according to the currency of borrowings. The facility is secured by a floating charge over the assets of the Company and its subsidiary undertakings. The term loan is repayable in three further annual instalments up to April 2022. The revolving credit facility is repayable in April 2022.

On 8 January 2020 the Group exercised an £80m accordion option on the facilities following the announcement of the conditional agreement to acquire certain assets and operations of CEMEX in the UK (note 10).

7 Earnings per share

	2019			2018		
	Earnings £m	**Weighted average number of shares (millions)**	**Per share amount (pence)**	Earnings £m	Weighted average number of shares (millions)	Per share amount (pence)
Statutory						
Basic earnings per ordinary share						
Total earnings attributable to ordinary shareholders	**77.9**	**1,681.584**	**4.64**	64.5	1,609.183	4.01
Effect of dilutive items						
Share-based payments	–	**3.241**	**(0.01)**	–	5.526	(0.02)
Diluted earnings per ordinary share	**77.9**	**1,684.825**	**4.63**	64.5	1,614.709	3.99
*Underlying**						
Basic earnings per ordinary share						
Underlying earnings attributable to ordinary shareholders	**85.2**	**1,681.584**	**5.08**	75.7	1,609.183	4.70
Effect of dilutive items						
Share-based payments	–	**3.241**	**(0.01)**	–	5.526	(0.02)
Diluted earnings per ordinary share	**85.2**	**1,684.825**	**5.07**	75.7	1,614.709	4.68

* Non-underlying items represent acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items.

8 Acquisitions

Current year acquisitions

On 1 October 2019, the Group completed the acquisition of Roadway. The fair value of the consideration paid and the consolidated net assets acquired, together with the goodwill arising in respect of this acquisition was as follows:

	Book value £m	Fair value adjustments £m	Fair value on acquisition £m
Intangible assets	**–**	**4.9**	**4.9**
Property, plant and equipment	**1.5**	**2.1**	**3.6**
Inventories	**0.1**	**–**	**0.1**
Trade and other receivables	**1.5**	**–**	**1.5**
Cash	**4.4**	**–**	**4.4**
Trade and other payables	**(1.7)**	**–**	**(1.7)**
Interest-bearing loans and borrowings	**–**	**(0.4)**	**(0.4)**
Deferred tax liabilities	**(0.3)**	**(1.2)**	**(1.5)**
Total	**5.5**	**5.4**	**10.9**
Consideration – cash			**13.3**
Consideration – deferred consideration			**4.2**
Goodwill arising			**6.6**

The fair value adjustments primarily comprised adjustments to:

- recognise £4.9m of acquired customer related intangible assets;
- revalue certain items of property, plant and equipment;
- recognition of right-of-use assets and lease liabilities in line with IFRS 16 - *Leases*; and
- deferred tax balances.

The goodwill arising represents anticipated synergies, the potential for future growth, the strategic geographic location of the assets acquired and the skills of the existing workforce.

Impact of current year acquisitions

Income statement

During the year, this acquisition contributed revenues of £1.6m and Underlying EBIT of £0.1m to the Group.

If this acquisition had occurred on 1 January 2019, the results of the Group for the year ended 31 December 2019 would have shown revenue of £933.1m and Underlying EBIT of £117.7m.

Cash flow

The cash flow effect of this acquisition can be summarised as follows:

	£m
Consideration paid	**13.3**
Cash acquired with the business	**(4.4)**
Net cash consideration shown in the Consolidated Statement of Cash Flows	**8.9**

Notes to the financial statements *(continued)*

8 Acquisitions *(continued)*

Acquisition costs

The Group incurred acquisition related costs of £3.3m (2018: £6.4m) in the year relating principally to external professional fees and due diligence costs in relation to the current year acquisition of Roadway, the investment in Capital Concrete, and anticipated acquisition of certain CEMEX assets and operations (note 10). These have been included as non-underlying administrative costs (note 3).

Prior year acquisitions

In 2018 the Group completed the following acquisitions and asset swaps which were accounted for as business combinations:

- Acquisition of Staffs Concrete (3 April 2018)
- Acquisition of Lagan (20 April 2018)
- Acquisition of Blinkbonny (1 June 2018)
- Asset swap with Tarmac (1 July 2018)

No adjustments have been made in respect of these acquisitions within the measurement period, and the provisional fair values reported in the prior year are now considered final.

9 Reconciliation to non-GAAP measures

A number of non-GAAP performance measures are used throughout these Financial Statements. This note provides a reconciliation between these alternative performance measures to the most directly related statutory measures.

Reconciliation of earnings based alternative performance measures

2019	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Profit from operations						**108.6**
Non-underlying items (note 3)						**8.0**
Underlying EBIT	**62.8**	**26.8**	**36.3**	**(10.9)**	**1.6**	**116.6**
Underlying EBIT margin*	**10.2%**	**13.3%**	**19.5%**			**12.5%**
Underlying EBIT	**62.8**	**26.8**	**36.3**	**(10.9)**	**1.6**	**116.6**
Share of profit of associate and joint ventures	–	–	–	–	**(1.6)**	**(1.6)**
Depreciation and depletion	**35.6**	**7.0**	**22.5**	**0.1**	**–**	**65.2**
Underlying EBITDA	**98.4**	**33.8**	**58.8**	**(10.8)**	**–**	**180.2**

* Underlying EBIT margin is calculated as Underlying EBIT divided by revenue

9 Reconciliation to non-GAAP measures *(continued)*

Reconciliation of earnings based alternative performance measures *(continued)*

2018	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Profit from operations						91.7
Non-underlying items (note 3)						11.8
Underlying EBIT	61.4	20.9	31.4	(11.9)	1.7	103.5
Underlying EBIT margin*	10.1%	13.4%	17.8%			12.0%
Underlying EBIT	61.4	20.9	31.4	(11.9)	1.7	103.5
Share of profit of associate and joint ventures	–	–	–	–	(1.7)	(1.7)
Depreciation and depletion	30.8	4.5	17.2	0.1	–	52.6
Underlying EBITDA	92.2	25.4	48.6	(11.8)	–	154.4

* Underlying EBIT margin is calculated as Underlying EBIT divided by revenue

Free cash flow

	2019 £m	2018 £m
Underlying EBIT	**116.6**	103.5
Depreciation	**65.2**	52.6
(Increase)/decrease in trade and other receivables	**(0.8)**	13.5
Increase in inventories	**(5.7)**	(0.6)
Decrease in trade and other payables	**(1.8)**	(0.2)
Decrease in provisions	**(2.0)**	(1.3)
Share of profit of associate and joint ventures	**(1.6)**	(1.7)
Share-based payments	**1.6**	2.9
Dividends from associate and joint ventures	**0.8**	0.4
Dividend paid to non-controlling interests	**(0.2)**	(0.1)
Income taxes paid	**(18.1)**	(16.5)
Interest paid	**(8.4)**	(8.9)
Interest element of lease payments	**(2.6)**	(0.4)
Purchase of property, plant and equipment	**(56.3)**	(48.6)
Proceeds from the sale of property, plant and equipment	**3.3**	4.9
Free cash flow	**90.0**	99.5

Notes to the financial statements *(continued)*

9 Reconciliation to non-GAAP measures *(continued)*

Return on invested capital

	2019 £m	2018 £m
Underlying EBIT	**116.6**	103.5
Underlying effective tax rate	**16.9%**	17.3%
Taxation at the Group's underlying effective rate	**(19.7)**	(17.9)
Underlying earnings before interest	**96.9**	85.6
Net assets	**839.1**	773.3
Net debt (note 6)	**290.3**	310.7
Invested capital at 31 December	**1,129.4**	1,084.0
Average invested capital*	**1,106.7**	860.9
Return on invested capital**	**8.8%**	9.9%

* Average invested capital is calculated by taking the average of the opening invested capital at 1 January and the closing invested capital at 31 December. Opening invested capital at 1 January 2018 was £637.9m.

** Return on invested capital is calculated as underlying earnings before interest, divided by average invested capital for the year.

Leverage

	2019 £m	2018 £m
Underlying EBITDA	**180.2**	154.4
Net debt (note 6)	**290.3**	310.7
Leverage*	**1.6x**	2.0x

* Leverage is calculated as the ratio of Underlying EBITDA to net debt.

10 Subsequent events

On 8 January 2020 the Group entered into a conditional agreement with CEMEX to acquire certain assets and operations in the UK for a total consideration of £178m on a cash and debt free basis. Completion of the transaction is anticipated in the second quarter of 2020. The cash consideration is due on completion and will be financed by the Group's existing £350m revolving credit facility and a drawdown of £80m through exercise of an accordion option.

11 Financial Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2019 or 2018 but is derived from those accounts. Statutory accounts for 2018 have been delivered to the Jersey Companies Registry, and those for 2019 will be delivered in due course. The Auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Article 113B(3) or Article 113B(6) of the Companies (Jersey) Law 1991.

The Annual Report and Accounts will be made available to shareholders on or before 24 March 2020 and will be displayed on the Company’s website, www.breedongroup.com. Copies of the Annual Report and Accounts will be available from the Company’s Registered Office, 28 Esplanade, St Helier, Jersey, JE2 3QA.

This Announcement of results for the year ended 31 December 2019 was approved by the directors on 11 March 2020.

Cautionary Statement
This announcement contains forward-looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ from those currently anticipated.

GLOSSARY

The following definitions apply throughout this announcement, unless the context requires otherwise.

Adopted IFRS	International Financial Reporting Standards as adopted by the EU
AGM	Annual General Meeting
AIM	Alternative Investment Market of the London Stock Exchange
Alpha Resource Management	Alpha Resource Management Limited
BEAR Scotland	BEAR Scotland Limited
Blinkbonny	Blinkbonny Quarry (Borders) Limited
Breedon	Breedon Group plc
Breedon Whitemountain	Breedon Whitemountain Ltd
Brett	Robert Brett & Sons Limited
Capital Concrete	Capital Concrete Limited
CEMEX	CEMEX UK Operations Limited
Division	One of the Group's three operating segments: GB, Ireland and Cement
EBIT	Earnings before interest and tax
Underlying EBITDA	Earnings before interest, tax, depreciation and amortisation non-underlying items and before our share of profit from associate and joint ventures
EPS	Earnings per share
EURIBOR	Euro Inter-bank Offered Rate
FCF	Free Cash Flow
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principles
GB	Great Britain
GCCA	Global Cement & Concrete Association
Group	Breedon and its subsidiary companies
HMRC	Her Majesty's Revenue & Customs in the UK
HS2	High Speed 2
IDC	International Data Corporation
IFRS	International Financial Reporting Standard
Invested Capital	Net assets plus net debt
Ireland	The Island of Ireland
KPI	Key Performance Indicator
Lagan	Refers to both Lagan Group (Holdings) Limited and the construction materials and contracting services brand under which Breedon trades in the Republic of Ireland
Leverage	Net debt expressed as a multiple of Underlying EBITDA
LIBOR	London Inter-bank Offered Rate
LSE	London Stock Exchange
LTIFR	Lost Time Injury Frequency Rate
MPA	Mineral Products Association
NI	Northern Ireland
PSV	Polished Stone Value
QCA	Quoted Companies Alliance
the Revenue	Office of the Revenue Commissioners in RoI
Roadway	Roadway Civil Engineering & Surfacing Ltd
RoI	Republic of Ireland
ROIC	Post tax Return on Invested Capital

SRF	Solid recovered fuel
Staffs Concrete	Staffs Concrete Limited
TIFR	Total Injury Frequency Rate
TUPE	Transfer of Undertakings (Protection of Employment Regulations 2006)
UK	United Kingdom (GB & NI)
Underlying	Stated before acquisition related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items
Whitemountain	Whitemountain Quarries Limited. The construction materials and contracting services brand under which Breedon now trades in NI
WTO	World Trade Organisation