



22 November 2023

## BREEDON GROUP PLC

### **Strong performance to date Outlook for full year 2023 ahead of expectations**

Breedon Group plc (Breedon or the Group), a leading vertically-integrated construction materials group in Great Britain and Ireland, provides the following trading update for the ten months to 31 October 2023.

#### **Trading performance**

The Group has delivered a strong performance to October 2023, enabled by the resilient vertically-integrated business model and first class team. Robust pricing and operational excellence more than offset the effect of moderating volumes.

When compared to the same period in 2022, revenue for the first ten months increased 8% and revenue for the four months to 31 October increased 4%. On a like-for-like<sup>1</sup> basis revenue grew 5% in the first ten months, or 1% for the four months to 31 October.

As expected, changes to building regulations in the UK that took effect in June impacted ready-mixed concrete volumes. Aggregate and asphalt volumes have continued to moderate. However, pricing has been sustained and we have maintained tight control over our cost base.

We continue to generate good free cash flow and are on track to deliver a further reduction in covenant leverage at the year end, providing financial flexibility to continue to invest for growth.

#### **Highlights**

- The GB business remained focused on self-help actions to mitigate the impact of a softening market, delivering the operational excellence programme implemented in the first half. Surfacing completed a number of aviation projects and we continued to be well represented on National Highways work.
- In Ireland, market dynamics were unchanged with tendering in the Republic of Ireland underpinned by long-term structural growth drivers and healthy budgets while the pipeline in Northern Ireland was impacted by the ongoing lack of a governing assembly. The integration of Robinson Quarry Masters, which completed in the first half, continues to progress according to plan.
- The Cement business maintained a robust performance in GB and Ireland. The Hope plant completed its second scheduled kiln shutdown on time and on budget. The Kinnegad Cement plant maintained its world leading performance with alternative fuel substitution in excess of 80%.
- We continue to make progress in respect of our sustainability priorities; our Breedon Balance range of products is gaining traction and we continued to reduce the clinker content of our cement. The results of our 2023 colleague engagement survey showed pleasing increases in both participation and engagement.
- Following the move to the Main Market in the first half, we were pleased to enter the FTSE 250 index during September.

#### **Outlook**

The Group has delivered a strong performance in the year to date, as a result of which we now expect to achieve full year 2023 underlying EBIT ahead of market consensus<sup>2</sup>.

In the UK, the latest CPA Autumn report forecast continues to show a soft construction outlook driven by low levels of housing activity. In the Republic of Ireland, the large budget surplus and falling debt burden enabled further commitments to infrastructure spending and housebuilding in Budget 2024.

Due to the macroeconomic landscape, visibility in the construction materials sector remains limited in the short-term, particularly in GB, offset by long-term structural growth drivers in infrastructure and housebuilding. Consequently, the Group continues to focus on self-help, executing operational and commercial excellence programmes while pursuing opportunities in our healthy M&A pipeline.

### Rob Wood, Chief Executive Officer, commented:

“Notwithstanding the market backdrop, the Breedon team continues to deliver and we are delighted to report a trading performance ahead of expectations. Against the uncertain political and economic backdrop, our teams have adapted well to deliver a compelling performance, whatever the prevailing market conditions.

“Our strategic focus on ensuring Breedon is a great place to work, taking care of our people and the communities around our sites, has once again been reflected in both our financial performance as well as our colleague engagement, of which I am particularly proud. But we never settle – we will continue to seek ways to operate as efficiently and sustainably as possible, invest in our people and grow our business so we are positioned to succeed when the construction materials market returns to growth.”

#### Notes:

1. Like-for-like reflects reported values adjusted for the impact of acquisitions and disposals.
2. Company compiled consensus can be found on the Breedon IR website [Analysts & consensus estimates - Breedon \(breedongroup.com\)](#); FY23 consensus mean Underlying EBIT including associates and joint ventures is £147.6m.

#### ENQUIRIES

##### **Breedon Group plc**

+44 (0) 1332 694010

Rob Wood, Chief Executive Officer

James Brotherton, Chief Financial Officer

Louise Turner-Smith, Head of Investor Relations

+44 (0) 7860 911909

##### **MHP (Public relations adviser)**

+44 (0) 20 3128 8193

Reg Hoare, Rachel Farrington, Charles Hirst

breedon@mhpgroup.com

#### About Breedon Group plc

Breedon Group plc, a leading vertically-integrated construction materials group in Great Britain and Ireland, delivers essential products to the construction sector. Breedon holds 1bn tonnes of mineral reserves and resources with long reserve life, supplying value-added products and services, including specialty materials, surfacing and highway maintenance operations, to a broad range of customers through its extensive local network of quarries, ready-mixed concrete and asphalt plants.

The Group's two well-invested cement plants are actively engaged in a number of carbon reduction practices, which include utilising alternative raw materials and lower carbon fuels. Breedon's 3,800 colleagues embody our commitment to 'Make a Material Difference' as the Group continues to execute its strategy to create sustainable value for all stakeholders, delivering growth through organic improvement and acquisition in the heavyside construction materials market. Breedon shares (BREE) are traded on the Main Market of the London Stock Exchange and are a constituent of the FTSE 250 index.

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