22 July 2021

BREEDON GROUP PLC

Strong trading and operational performance leading to further deleveraging and increased expectations for full year

Breedon Group plc, ("Breedon" or the "Group") a leading construction materials group in Great Britain and Ireland, announces unaudited interim results for the six months ended 30 June 2021.

	SIX MONTHS ENDED 30 JUNE 2021	SIX MONTHS ENDED 30 JUNE 2020	SIX MONTHS ENDED 30 JUNE 2019 [3]
Revenue	**£600.9m**	£335.3m	£447.4m
Underlying EBIT [1]	**£56.4m**	£(0.6)m	£49.5m
Profit/(loss) before tax	**£46.2m**	£(10.1)m	£39.5m
Underlying basic EPS [1]	**1.54p**	(0.65)p	2.03p
Dividend per share	**0.5p**	n/a	n/a
Free cash flow	**£34.3m**	£41.5m	£16.8m
Net debt	**£291.5m**	£253.6m	£343.7m
Leverage [2]	**1.2x**	1.7x	1.8x
ROIC	**9.2%**	5.2%	8.1%

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

[2] Leverage is Covenant Leverage as defined by the Group's banking facilities. This excludes the impact of IFRS 16 and includes the proforma impact of M&A

[3] H1 2019 numbers are provided as a more relevant trading comparative

HIGHLIGHTS

- Strong trading performance supported by recovery in construction activity
- Growing momentum in Ireland despite partial lockdown of construction sector
- Like-for-like Revenue 17 per cent and Underlying EBIT 9 per cent ahead of H1 2019
- Integration of CEMEX Acquisition ahead of schedule
- Sustainability strategy developed; KPIs and targets to be published in the autumn
- Leverage reduced to 1.2x at end of June, within 12 months of CEMEX Acquisition
- Refinancing completed; diversifying sources of credit and extending maturity profile
- First interim dividend announced; commitment to a progressive dividend policy
- Underlying EBIT for 2021 now expected to be at the top end of market expectations

ROB WOOD, CHIEF EXECUTIVE OFFICER, COMMENTED:

"Breedon delivered a strong trading result in the first half of 2021, building on the recovery in demand which started in the second half of last year. This resilient performance reflects the commitment and efforts of all our colleagues; who have each demonstrated the highest levels of enthusiasm, professionalism and flexibility in working safely across the business, despite the challenges of the past fifteen months.

This encouraging trading performance and cash generation has helped to strengthen the Group's balance sheet and we are pleased to announce our first dividend as planned, along with our commitment to a progressive dividend policy.

Our first half performance, current trading conditions and improved visibility for the remainder of the year combine to give us greater confidence in the outlook for 2021 and we now expect Underlying EBIT for 2021 to be at the top end of market expectations.

The outlook for our end markets remains positive, with the UK and Irish governments committed to significant investment in infrastructure, combined with sustained structural demand for new build residential housing. With a strong balance sheet and new financing facilities we are well positioned to continue to invest in the growth of the business and to create value for all our stakeholders."

* *Market expectations are defined as Breedon compiled sell side analyst consensus. As at 21 July 2021 the range of market expectations for Underlying EBIT for the full year 2021 was £109 million to £128 million with an average of £117 million.*

- ends -

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Results Presentation

Breedon will host a virtual meeting for analysts and investors 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/BREE_HY21

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

Capital markets event

Breedon will host a capital markets event for institutional investors and analysts in the autumn. The event will include presentations from Breedon's senior leadership team, covering topics including the Group's strategy and sustainability initiatives. Further details will be made available in due course.

Enquiries

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Notes to Editors

Breedon Group plc is a leading 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 approximately 3,500 people and has over 1 billion tonnes of mineral reserves and resources. The Group's strategy is to continue growing through organic improvement and the acquisition of businesses in the heavyside construction materials market.

CONTINUED RECOVERY IN DEMAND ACROSS ALL DIVISIONS

Breedon delivered a strong trading result in the first half of 2021, building on the recovery in demand which started in the second half of 2020. This resilient performance reflects the commitment and efforts of all our colleagues; who have each demonstrated the highest levels of enthusiasm, professionalism and flexibility in working safely across the business, despite the challenges of the past fifteen months.

In GB, we benefitted from the continued recovery in demand for our products, with robust activity in both the residential housing and infrastructure markets. In Ireland, we experienced a slower start to the year in RoI due to government restrictions on non-essential construction activity. However, activity levels picked up from April, with good demand for our products and services during the second quarter, and there is growing momentum across the whole of the Irish business. Cement saw significant volume increases in both the UK and Irish markets during the period. While certain input costs have increased for the Group in the period, given the supportive market conditions, we expect these will be recovered over time.

The combination of improved profitability and lower debt saw our leverage reduce further in the period, leaving us with a refinanced balance sheet and significant capacity to invest in the business in the future. We continue to see opportunities for further growth and development of the business in our core markets in GB and Ireland and have an encouraging M&A pipeline. During the period we completed the acquisition of Express Minimix, a business that is highly complementary to our existing minimix operations and expands our product and service offering to both new and existing customers.

We have announced the Group's first interim dividend of 0.5 pence per share, demonstrating our confidence in the strength of and outlook for the business and have committed to a progressive future dividend policy. We expect the final dividend in respect of 2021 will be not less than 1.0 pence per share, subject to shareholder approval, giving a total dividend for 2021 of not less than 1.5 pence for the year.

DELIVERING VALUE FROM THE CEMEX ACQUISITION

The integration of the high-quality, well-located assets acquired in 2020 as part of the CEMEX Acquisition is ahead of schedule. We have completed organisation, legal entity and IT systems integration and are now focused on business improvement initiatives to streamline operations and improve local customer service. Incremental investment opportunities have been identified and we are deploying capital and resources into the business that will optimise the performance of the acquired assets and help improve margins.

We remain confident that these assets will deliver the committed net synergy target of £2.0 million by 2023 and that, in time, the business will deliver returns similar to that achieved historically.

OUR STRATEGY IN ACTION

The Group's strategy is built on three pillars of "Sustain", "Optimise" and "Expand" and we have made good progress with a variety of initiatives across each of the pillars during the period.

SUSTAIN

We have further developed our sustainability plans, building on our membership of the Global Cement & Concrete Association and the stakeholder engagement and materiality assessment work completed last year. We have identified our most material areas of impact and are developing the targets required to track our future performance across the business, as we look to operate more sustainably and ensure we have a positive environmental, social and economic impact in the coming years.

We look forward to updating stakeholders on our sustainability plans, together with KPIs and targets, at our capital markets event to be held in the autumn.

We completed our employee engagement survey with encouraging levels of overall engagement from colleagues across the business, and the results showed positive sentiment regarding our response to the pandemic. Additionally, our NPS survey on behalf of the Cement Division showed improved customer perception.

OPTIMISE

We have reopened dormant quarries in both RoI and GB including the Shap quarry in Cumbria, acquired as part of the CEMEX Acquisition, which is rail linked and capable of providing high quality aggregate materials to parts of the North of England and the Midlands, where we have identified upcoming projects that should generate incremental demand.

We have commenced groundworks on a new railhead at Llandudno Junction which will allow Welsh Slate by-product to be shipped by rail to other GB locations.

EXPAND

We have secured additional reserves at Wickwar quarry near Bristol, completed the acquisition of Express Minimix, and are executing our growth strategy for our contracting operations in GB.

OPERATIONAL AND DIVISIONAL PERFORMANCE

PRODUCT VOLUMES

million tonnes except where stated	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Six months ended 30 June 2019
Aggregates	**15.0**	8.0	9.9
Asphalt	**2.0**	1.0	1.4
Cement	**1.2**	0.8	1.0
Ready-mixed concrete	**1.7m m^3**	1.0m m^3	1.5m m^3

Volumes increased across all product categories as a result of the strong markets and incremental contributions from the CEMEX assets.

GREAT BRITAIN

£'million except where stated	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Six months ended 30 June 2019	*Like-for-like H1 2021 versus H1 2019*
Revenue	**420.2**	209.0	289.6	*+19%*
Underlying EBIT	**36.8**	(1.3)	30.3	*+8%*
Underlying EBIT Margin	***8.8%***	*(0.6)%*	*10.5%*	*(1.0)ppt*

Comparatives for 2020 and 2019 restated to reclassify certain cement related activities between GB and Cement Divisions. See note 4 for details.

In GB, the continued recovery in activity levels has resulted in improved volumes across all our products. We have seen demand increase from larger infrastructure projects combined with a strong growth in housing starts and robust private sector activity levels. During the period the Division saw an increase in tendering activity and worked on some notable contracts, including works at Aberdeen Harbour, HS2, the A9 dualling project and the Caernarfon bypass. We have also made good progress in recruiting the commercial resources needed to support the planned expansion of our contracting operations in GB.

On a reported basis, the Division benefitted from a contribution from the former CEMEX assets which started to be operationally integrated in December 2020. On a like-for-like basis, compared with H1 2019, Revenue increased by 19 per cent and Underlying EBIT increased by 8 per cent, with the like-for-like margin impacted in the short term by increased input costs, which we expect to recover over time, and a slower recovery in ready-mixed concrete volumes.

IRELAND

£'million except where stated	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Six months ended 30 June 2019	*Like-for-like H1 2021 versus H1 2019*
Revenue	**101.1**	69.2	93.5	*+8%*
Underlying EBIT	**8.9**	1.8	8.9	-
Underlying EBIT Margin	***8.8%***	*2.6%*	*9.5%*	*(0.7)ppt*

After a slower start to the year in RoI due to government restrictions on non-essential construction, activity levels picked up and we saw good demand for our products and services during the second quarter, and there is growing momentum across the whole of the Irish business. Tendering activity has steadily increased through the period and the Division has worked on a number of projects, including the Dunkettle interchange and the A6, and our framework contract with the NI Central Procurement Directorate was renewed.

The Division delivered good growth in Revenue over H1 2020, mainly driven by the recovery in aggregate and contracting volumes. On a like-for-like basis, Revenue is 8 per cent ahead of H1 2019 with Underlying EBIT in line with H1 2019 levels.

CEMENT

£'million except where stated	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Six months ended 30 June 2019	*Like-for-like H1 2021 vs H1 2019*
Revenue	**120.0**	81.5	101.9	*+15%*
Underlying EBIT	**18.3**	6.0	16.3	*+23%*
Underlying EBIT Margin	***15.3%***	*7.4%*	*16.0%*	*+1.1ppt*

Comparatives for 2020 and 2019 restated to reclassify certain cement related activities between GB and Cement Divisions. See note 4 for details.

Cement experienced significant volume increases in both the UK and Irish markets during the period. The Division has worked closely with customers to maintain supply levels where possible given the levels of market demand.

On a like-for-like basis, including adjusting for the timing of maintenance shutdowns, compared with H1 2019, Revenue increased by 15 per cent, Underlying EBIT by 23 per cent and there was an improvement in Underlying EBIT margin.

Three planned kiln maintenance shutdowns were completed by the Division during H1 2021 (H1 2020: two, H1 2019: two) and the next scheduled maintenance shutdowns for the cement kilns will be in January 2022.

During the period the UK Emissions Trading scheme commenced operation, and we have purchased all the carbon allowances that will be required by the Division for the 2021 production year in both the UK and Ireland.

GROUP RESULTS

PROFIT AND LOSS ACCOUNT

Trading in H1 2021 benefitted from volume growth across all our key products and regions as construction activity continued the sustained recovery that began towards the end of the second quarter of 2020, and from contributions from the CEMEX assets.

Revenue for the half-year was £600.9 million (H1 2020: £335.3 million) and Underlying EBIT was £56.4 million (H1 2020: £(0.6) million), with an EBIT margin of 9.4 per cent (H1 2020: (0.2) per cent). Given the impact of COVID on the 2020 first half performance, like-for-like comparisons with the prior year period are less meaningful. On a like-for-like basis, compared with H1 2019, Revenue increased 17 per cent and Underlying EBIT increased 9 per cent.

NON-UNDERLYING ITEMS

The Group recorded £2.7 million of non-underlying items during the period (H1 2020: £3.1 million) including £1.3 million of acquisition and integration related costs and £1.8 million of amortisation costs. These were offset by £0.4 million of profits made on property transactions in the period.

TAXATION

The underlying tax charge for the six months ended 30 June 2021 has been based on the estimated effective weighted average rate applicable for existing operations for the full year. This is based on a combined underlying effective rate of 17.2 per cent on profits arising in the Group's UK and Irish subsidiary undertakings.

Following the substantive enactment of the increase in the UK Corporation Tax rate from 19 per cent to 25 per cent from April 2023 a deferred tax charge of £14.4 million has been recognised to remeasure the Group's UK deferred tax liabilities at 30 June 2021 at this higher rate.

EARNINGS PER SHARE

Underlying basic EPS for the period totalled 1.54 pence (2020: (0.65) pence), reflecting the recovery in trading and profitability of the business, partially offset by the non-cash deferred tax charge associated with the change in UK Corporation Tax rate.

BALANCE SHEET

Net assets at 30 June 2021 were £905.3 million (H1 2020: £842.7 million; FY 2020: £888.4 million) and statutory net debt at 30 June 2021 was £291.5 million (H1 2020: £253.6 million; FY 2020: £318.3 million).

Covenant Leverage reduced to 1.2 times at 30 June 2021 (H1 2020: 1.7x; FY 2020: 1.9x). This clearly demonstrates the cash generative characteristics of the Group and the consequential rapid deleveraging of the balance sheet following the CEMEX Acquisition.

ROIC recovered significantly during the period to 9.2 per cent (H1 2020: 5.2 per cent), reflecting the strong trading over the past twelve months combined with the proactive management of working capital.

CASH FLOW

£'million	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Six months ended 30 June 2019
Underlying EBITDA	**95.8**	32.6	81.1
Working capital	**(42.8)**	38.4	(32.9)
Interest paid	**(4.9)**	(4.8)	(6.1)
Income taxes paid	**(4.6)**	(10.0)	(8.7)
Net capex	**(11.1)**	(15.6)	(17.1)
Other	**1.9**	0.9	0.5
Free cash flow	**34.3**	41.5	16.8
Acquisitions	**(4.7)**	-	-
Other	**(2.8)**	(4.8)	(3.9)
First time adoption of IFRS 16	**-**	-	(45.9)
Decrease/(increase) in net debt	**26.8**	36.7	(33.0)

The Group generated free cash flow of £34.3 million during H1 2021 (H1 2020: £41.5 million) reflecting the expected normalisation of working capital in 2021, including the payment of VAT deferred from 2020, and partially offset by lower capital expenditure due to phasing. We now expect to invest an incremental £30 million in capital expenditure over the course of 2021 and 2022 as we look to take advantage of the corporation tax superdeduction to accelerate investment in the business.

SUCCESSFUL REFINANCING

During the period we have successfully completed the refinancing of our business, allowing us to move to unsecured lending facilities, diversifying our sources of credit and extending the maturity profile of our borrowings; all at competitive rates. This gives Breedon significantly greater financial flexibility and provides us with a strong platform to continue to invest and deliver future growth.

The Group's banking facilities now comprise a £350 million RCF and a £250 million US Private Placement.

The RCF is a multi-currency facility with an accordion option of up to £70 million. The RCF is available to the Group until June 2024 with an option to extend for up to two further years, and has a total initial interest rate of approximately 2 per cent.

Since the period end, we have completed our first USPP offering; comprising £170m Sterling and £80m to be drawn in Euro, with an average coupon of approximately 2 per cent and a maturity profile of between seven and 15 years. The USPP was significantly oversubscribed by prospective investors; reflecting the Group's strong credit profile, and funds from the USPP are expected to be drawn down towards the end of the third quarter.

The facilities are subject to Group leverage and interest cover covenants which are tested half-yearly.

DIVIDEND POLICY CONFIRMED

The Board believes that, given the Group's scale, level of maturity and cash generation, this is the right time to implement a structured cash return to shareholders in the form of a committed and progressive dividend policy.

The Board is confident that the payment of a dividend will not compromise the Group's ability to execute on our strategic objectives and Breedon's capital allocation priorities remain unchanged. We will continue to prioritise the strong balance sheet that allows us to invest in our asset base such that our business is able to take advantage of market opportunities and will pursue selective acquisitions in order to accelerate our strategic development.

Our first interim dividend of 0.5 pence per share will be paid on 10 September 2021, to shareholders on the register on 13 August 2021. The cash cost of this first interim dividend is expected to be £8.4 million. We expect that, subject to shareholder approval, the final dividend for the 2021 full year will be not less than 1.0 pence per share, giving a total dividend of not less than 1.5 pence for 2021.

Subject to trading conditions and continued sustained cash generation, the Group intends to adopt a progressive dividend policy that targets a payout ratio of 40 per cent of underlying earnings per share over time.

Future dividend payments by the Group are not guaranteed and will be determined by the Board in light of the facts and circumstances at the time.

RISK

The Group's principal risks in alphabetical order are:

- Acquisitions
- Competition and margins
- Environment and climate change
- Financing, liquidity and currency
- Health and safety
- IT and cyber security
- Legal and regulatory
- Market conditions
- People

Further details of the main risks for the year ended 31 December 2020 are set out on pages 20 – 23 of the Group's Annual Report for the year ended 31 December 2020. The Board consider that these are the risks that could impact the performance of the Group in the remaining six months of the current financial year. The Board continues to manage these risks and to mitigate their expected impact.

OUTLOOK

Our first half performance, current trading conditions and improved visibility for the remainder of the year combine to give us greater confidence in the outlook for 2021 and we now expect Underlying EBIT for the year to be at the top end of market expectations.

The outlook for our end markets remains positive, with the UK and Irish governments committed to significant investment in infrastructure, combined with sustained structural demand for new build residential housing. With a strong balance sheet and new financing facilities we are well positioned to continue to invest in the growth of the business and to create value for all our stakeholders.

Rob Wood
Chief Executive Officer

James Brotherton
Chief Financial Officer

22 July 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge:

- the condensed consolidated half-year financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK.
- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated half-year financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Breedon Group plc are listed in the Group's 2020 Annual Report on page 63.

Since the publication of the 2020 Annual Report, the following changes to the composition of the Board have occurred: Pat Ward retired as Group Chief Executive and as an executive director; Rob Wood was appointed as CEO; James Brotherton was appointed as executive director and CFO; and Helen Miles was appointed as a non-executive director. All of these changes took effect on 1 April 2021.

We announced today that Moni Mannings will step down as a non-executive director on 31 July 2021 and that Pauline Lafferty will join the Board as a non-executive director and Chair of the Remuneration Committee on 1 August 2021.

James Brotherton
Chief Financial Officer

22 July 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June 2021			Six months ended 30 June 2020			Year ended 31 December 2020		
	Underlying	**Non-underlying* (note 5)**	**Total**	Underlying	Non-underlying* (note 5)	Total	Underlying	Non-underlying* (note 5)	Total
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Revenue	**600.9**	**-**	**600.9**	335.3	-	335.3	928.7	-	928.7
Cost of sales	**(401.1)**	**-**	**(401.1)**	(243.9)	-	(243.9)	(630.8)	-	(630.8)
Gross profit	**199.8**	**-**	**199.8**	91.4	-	91.4	297.9	-	297.9
Distribution expenses	**(101.9)**	**-**	**(101.9)**	(58.6)	-	(58.6)	(158.1)	-	(158.1)
Administrative expenses	**(42.2)**	**(2.7)**	**(44.9)**	(33.3)	(3.1)	(36.4)	(65.0)	(14.9)	(79.9)
Group operating profit/(loss)	**55.7**	**(2.7)**	**53.0**	(0.5)	(3.1)	(3.6)	74.8	(14.9)	59.9
Share of profit/(loss) of associate and joint ventures	**0.7**	**-**	**0.7**	(0.1)	-	(0.1)	1.7	-	1.7
Profit/(loss) from operations	**56.4**	**(2.7)**	**53.7**	(0.6)	(3.1)	(3.7)	76.5	(14.9)	61.6
Financial expense	**(7.5)**	**-**	**(7.5)**	(6.4)	-	(6.4)	(13.5)	-	(13.5)
Profit/(loss) before taxation	**48.9**	**(2.7)**	**46.2**	(7.0)	(3.1)	(10.1)	63.0	(14.9)	48.1
Taxation – at effective rate	**(8.4)**	**0.4**	**(8.0)**	1.5	0.3	1.8	(9.8)	1.3	(8.5)
Taxation – change in deferred tax rate	**(14.4)**	**-**	**(14.4)**	(5.5)	-	(5.5)	(5.9)	-	(5.9)
Profit/(loss) for the period	**26.1**	**(2.3)**	**23.8**	(11.0)	(2.8)	(13.8)	47.3	(13.6)	33.7
Attributable to:									
Equity holders of the parent	**26.1**	**(2.3)**	**23.8**	(11.0)	(2.8)	(13.8)	47.2	(13.6)	33.6
Non-controlling interests	**-**	**-**	**-**	-	-	-	0.1	-	0.1
Profit/(loss) for the period	**26.1**	**(2.3)**	**23.8**	(11.0)	(2.8)	(13.8)	47.3	(13.6)	33.7
Basic earnings per ordinary share	**1.54p**		**1.41p**	(0.65p)		(0.82p)	2.80p		1.99p
Diluted earnings per ordinary share	**1.53p**		**1.39p**	(0.65p)		(0.82p)	2.80p		1.99p

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Profit/(loss) for the period	**23.8**	(13.8)	33.7
Other comprehensive (expense)/income			
Items which may be reclassified subsequently to profit and loss:			
Foreign exchange differences on translation of foreign operations, net of hedging	**(10.3)**	15.6	11.6
Effective portion of changes in fair value of cash flow hedges	**1.5**	0.5	1.7
Taxation on items taken directly to other comprehensive income	**(0.2)**	(0.1)	(0.2)
Other comprehensive (expense)/income for the period	**(9.0)**	16.0	13.1
Total comprehensive income for the period	**14.8**	2.2	46.8
Total comprehensive income for the period is attributable to:			
Equity holders of the parent	**14.8**	2.2	46.7
Non-controlling interests	**-**	-	0.1
	14.8	2.2	46.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	30 June 2021 £m	30 June 2020 (restated*) £m	31 December 2020 (restated**) £m
Non-current assets			
Property, plant and equipment	**782.1**	690.3	813.7
Intangible assets	**502.8**	485.6	509.0
Investment in associate and joint ventures	**11.4**	10.3	11.2
Total non-current assets	**1,296.3**	1,186.2	1,333.9
Current assets			
Inventories	**57.1**	51.1	59.4
Trade and other receivables	**263.4**	146.2	192.9
Current tax receivable	**2.4**	4.3	0.9
Cash and cash equivalents	**23.7**	124.6	31.7
Total current assets	**346.6**	326.2	284.9
Total assets	**1,642.9**	1,512.4	1,618.8
Current liabilities			
Interest-bearing loans and borrowings	**(4.7)**	(61.6)	(64.7)
Trade and other payables	**(267.7)**	(189.1)	(245.1)
Provisions	**(5.1)**	(2.2)	(5.0)
Total current liabilities	**(277.5)**	(252.9)	(314.8)
Non-current liabilities			
Interest-bearing loans and borrowings	**(310.5)**	(316.6)	(285.3)
Provisions	**(60.6)**	(33.4)	(60.3)
Deferred tax liabilities	**(89.0)**	(66.8)	(70.0)
Total non-current liabilities	**(460.1)**	(416.8)	(415.6)
Total liabilities	**(737.6)**	(669.7)	(730.4)
Net assets	**905.3**	842.7	888.4
Equity attributable to equity holders of the parent			
Stated capital	**552.2**	551.0	551.6
Hedging reserve	**1.5**	(0.9)	0.2
Translation reserve	**(5.4)**	8.9	4.9
Retained earnings	**356.9**	283.6	331.6
Total equity attributable to equity holders of the parent	**905.2**	842.6	888.3
Non-controlling interests	**0.1**	0.1	0.1
Total equity	**905.3**	842.7	888.4

*Restated following adoption of guidance issued by the IASB in 2020 in respect of the measurement of deferred tax balances on assets arising through business combinations, resulting in a reclassification of £13.4m between Intangible Assets and Deferred Tax Liabilities. This was adopted by the Group in the second half of 2020, and the reclassification was first reported in the Group's December 2020 balance sheet. Further detail is provided in note 1.

**Restated for review of prior year acquisition during the IFRS 3 hindsight period, see note 12 for further details.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	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 31 December 2020	**551.6**	**0.2**	**4.9**	**331.6**	**888.3**	**0.1**	**888.4**
Shares issued	**0.6**	**-**	**-**	**-**	**0.6**	**-**	**0.6**
Dividend to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**1.3**	**(10.3)**	**23.8**	**14.8**	**-**	**14.8**
Share-based payments	**-**	**-**	**-**	**1.5**	**1.5**	**-**	**1.5**
Balance at 30 June 2021	**552.2**	**1.5**	**(5.4)**	**356.9**	**905.2**	**0.1**	**905.3**

For the six months ended 30 June 2020

	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 31 December 2019	550.0	(1.3)	(6.7)	297.0	839.0	0.1	839.1
Shares issued	1.0	-	-	-	1.0	-	1.0
Dividend to non-controlling interests	-	-	-	-	-	-	-
Total comprehensive income for the period	-	0.4	15.6	(13.8)	2.2	-	2.2
Share-based payments	-	-	-	0.4	0.4	-	0.4
Balance at 30 June 2020	551.0	(0.9)	8.9	283.6	842.6	0.1	842.7

For the year ended 31 December 2020

	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 31 December 2019	550.0	(1.3)	(6.7)	297.0	839.0	0.1	839.1
Shares issued	1.6	-	-	-	1.6	-	1.6
Dividend to non-controlling interests	-	-	-	-	-	(0.1)	(0.1)
Total comprehensive income for the year	-	1.5	11.6	33.6	46.7	0.1	46.8
Share-based payments	-	-	-	1.0	1.0	-	1.0
Balance at 31 December 2020	551.6	0.2	4.9	331.6	888.3	0.1	888.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Cash flows from operating activities			
Profit/(loss) for the period	**23.8**	(13.8)	33.7
Adjustments for:			
Depreciation and mineral depletion	**40.1**	33.1	74.4
Amortisation	**1.8**	1.8	3.6
Financial expense	**7.5**	6.4	13.5
Share of (profit)/loss of associate and joint ventures	**(0.7)**	0.1	(1.7)
Net (gain)/loss on sale of property, plant and equipment	**(1.9)**	(0.1)	4.6
Share-based payments	**1.5**	0.4	1.0
Taxation	**22.4**	3.7	14.4
Operating cash flow before changes in working capital and provisions	**94.5**	31.6	143.5
(Increase)/decrease in trade and other receivables	**(69.6)**	20.2	(26.4)
Decrease in inventories	**1.6**	8.3	10.4
Increase in trade and other payables	**27.5**	10.0	64.6
(Decrease)/increase in provisions	**(2.3)**	(0.1)	7.4
Cash generated from operating activities	**51.7**	70.0	199.5
Interest paid	**(3.6)**	(3.7)	(7.7)
Interest element of lease payments	**(1.3)**	(1.1)	(2.6)
Dividend paid to non-controlling interests	**-**	-	(0.1)
Income taxes paid	**(4.6)**	(10.0)	(20.7)
Net cash from operating activities	**42.2**	55.2	168.4
Cash flows used in investing activities			
Acquisition of businesses	**(4.7)**	-	(151.7)
Divestment of businesses	**-**	-	9.0
Dividends from associate and joint ventures	**0.4**	0.5	1.3
Purchase of property, plant and equipment	**(15.4)**	(16.1)	(38.1)
Proceeds from sale of property, plant and equipment	**4.3**	0.5	1.7
Net cash used in investing activities	**(15.4)**	(15.1)	(177.8)
Cash flows (used in)/from financing activities			
Proceeds from the issue of shares (net of costs)	**0.6**	1.0	1.6
Proceeds from new interest-bearing loans (net of costs)	**265.3**	143.7	79.5
Repayment of interest-bearing loans	**(296.1)**	(80.0)	(53.4)
Repayment of lease obligations	**(4.5)**	(4.5)	(10.8)
Net cash (used in)/from financing activities	**(34.7)**	60.2	16.9
Net (decrease)/increase in cash and cash equivalents	**(7.9)**	100.3	7.5
Cash and cash equivalents at beginning of period	**31.7**	23.8	23.8
Foreign exchange differences	**(0.1)**	0.5	0.4
Cash and cash equivalents at end of period	**23.7**	124.6	31.7

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

Breedon Group plc is a company domiciled in Jersey. These Condensed Consolidated Interim Financial Statements (the "Interim Financial Statements") consolidate the results of the Company and its subsidiary undertakings (collectively the "Group").

These Interim Financial Statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*, as adopted by the UK. The Interim Financial Statements have been prepared under the historical cost convention except where the measurement of balances at fair value is required. The Interim Financial Statements have been prepared applying the accounting policies and presentation that were applied in the presentation of the Company's Consolidated Financial Statements for the year ended 31 December 2020.

These Interim Financial Statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board's guidance on the review of interim financial information. These statements do not include all of the information required for full annual financial statements and should be read in conjunction with the full Annual Report for the year ended 31 December 2020.

The comparative figures for the financial year ended 31 December 2020 have been extracted from the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor. The report of the auditor (i) was unqualified and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

New IFRS Standards and Interpretations

Adoption of IFRS Interpretations Committee IFRIC update on measurement of deferred tax

During 2020 the IFRS Interpretations Committee released an IFRIC update in respect of IAS 12 - *Income Taxes*. This clarified how deferred tax liabilities should be calculated for assets acquired through business combinations whose recovery gives rise to multiple possible tax consequences.

The adoption of this IFRIC update was incorporated into the reported results for the year ended 31 December 2020, so no restatement of the Condensed Consolidated Statement of Financial Position at this date is necessary.

The impact of the updated interpretation is that deferred tax liabilities are now required to be recognised on assets obtained through business combinations which are both not eligible for capital allowances and are being recovered 'through use' by being depreciated or amortised over an asset's useful life. The adoption of the new guidance has resulted in the restatement of the Condensed Consolidated Statement of Financial Position as at 30 June 2020 to recognise additional goodwill and deferred tax liabilities as follows:

Impact on the Condensed Consolidated Statement of Financial Position at 30 June 2020

	Previously reported	Adjustment	**Restated**
	£m	£m	**£m**
Intangible assets	472.2	13.4	**485.6**
Total non-current assets	1,172.8	13.4	**1,186.2**
Total assets	1,499.0	13.4	**1,512.4**
Deferred tax liabilities	(53.4)	(13.4)	**(66.8)**
Total non-current liabilities	(403.4)	(13.4)	**(416.8)**
Total liabilities	(656.3)	(13.4)	**(669.7)**

There is no cash implication to this adjustment. The impact on the Condensed Consolidated Income Statement is not significant and this has therefore not been restated.

1 Basis of preparation *(continued)*

Other new IFRS Standards and Interpretations

The Group has adopted the following standards from 1 January 2021:

- Amendments to IFRS 16 - *COVID-19-Related Rent Concessions*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - *Interest Rate Benchmark Reform*

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

2 Going concern

These Interim Financial Statements are prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Group meets its day-to-day working capital and other funding requirements through its banking and loan facilities, which include an overdraft facility. In 2021, the Group has successfully refinanced its previous facilities which were due to expire in April 2022. The new facilities comprise a £350 million multi-currency RCF, which runs to June 2024 and £250 million of loan notes which were issued on 16 July 2021 through a USPP with maturities between seven and 15 years. Further details of these facilities are provided in note 8.

The Group has prepared cash flow forecasts for a period of more than twelve months from the date of signing these Interim Financial Statements, which show a sustained trend of profitability and cash generation. As at 30 June 2021, the Group had an undrawn banking facility of £105m and a committed issuance of £250m in loan notes through a USPP, expected to be drawn in Q3 2021. These facilities should provide sufficient liquidity for the Group to discharge its liabilities as they fall due and covenant headroom.

The Group comfortably met all covenants and other terms of its bank facility agreement in the period, and maintained its track record of profitability and cash generation, with an overall profit before taxation of £46.2m and net cash generated from operating activities of £42.2m.

Based on the above the Directors believe that it remains appropriate to prepare the Interim Financial Statements on a going concern basis.

3 Accounting estimates and judgements

In preparing these Interim Financial Statements, management have been required to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expense. Actual results may differ from estimates. There have been no material additional significant judgements made by management in applying the Group's accounting policies, nor key sources of estimation uncertainty compared to those applicable to the Consolidated Financial Statements for the year ended 31 December 2020 as set out in note 28 of the Annual Report for that year.

4 Segmental analysis

Segmental information is presented in line with IFRS 8 – *Operating Segments*. The Group is split into the same reportable units as it was for the Consolidated Financial Statements for the year ended 31 December 2020, which are as follows:

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.

Income statement	**Six months ended 30 June 2021** Revenue £m	**Six months ended 30 June 2021** Underlying EBITDA* £m	Six months ended 30 June 2020 ** Revenue £m	Six months ended 30 June 2020 ** Underlying EBITDA* £m	Year ended 31 December 2020 ** Revenue £m	Year ended 31 December 2020 ** Underlying EBITDA* £m
Great Britain	**420.2**	**60.5**	209.0	15.5	602.8	74.5
Ireland	**101.1**	**12.4**	69.2	5.6	189.3	27.9
Cement	**120.0**	**31.2**	81.5	18.4	197.2	57.5
Central administration	**-**	**(8.3)**	-	(6.9)	-	(10.7)
Eliminations	**(40.4)**	**-**	(24.4)	-	(60.6)	-
Group	**600.9**	**95.8**	335.3	32.6	928.7	149.2

Reconciliation to statutory profit/(loss)

	Six months ended 30 June 2021	Six months ended 30 June 2020 **	Year ended 31 December 2020 **
Group Underlying EBITDA as above	**95.8**	32.6	149.2
Depreciation and mineral depletion	**(40.1)**	(33.1)	(74.4)
Great Britain	**36.8**	(1.3)	33.5
Ireland	**8.9**	1.8	20.5
Cement	**18.3**	6.0	31.7
Central administration	**(8.3)**	(7.0)	(10.9)
Underlying Group operating profit/(loss)	**55.7**	(0.5)	74.8
Share of profit/(loss) of associate and joint ventures	**0.7**	(0.1)	1.7
Underlying profit/(loss) from operations (EBIT)	**56.4**	(0.6)	76.5
Non-underlying items (note 5)	**(2.7)**	(3.1)	(14.9)
Profit/(loss) from operations	**53.7**	(3.7)	61.6
Financial expense	**(7.5)**	(6.4)	(13.5)
Profit/(loss) before taxation	**46.2**	(10.1)	48.1
Taxation – at effective rate	**(8.0)**	1.8	(8.5)
Taxation – change in deferred tax rate	**(14.4)**	(5.5)	(5.9)
Profit/(loss) for the period	**23.8**	(13.8)	33.7

*Underlying EBITDA is earnings before interest, tax, depreciation, amortisation, non-underlying items (note 5) and before our share of profit/(loss) from associate and joint ventures.

**As a result of the integration of the CEMEX Acquisition into the Group, certain cement related activities which formed part of Great Britain in 2020 are now reported within the Cement segment. The segmental analysis presented in respect of 2020 has been restated accordingly. The reallocated activities contributed £20.0m of revenue, £2.5m of EBITDA, and £1.3m of EBIT for the year ended 31 December 2020.

4 Segmental analysis *(continued)*

Analysis of revenue by major products and service lines by segment

	Six months ended 30 June 2021	Six months ended 30 June 2020 *	Year ended 31 December 2020 *
	£m	£m	£m
Sale of goods			
Great Britain	**369.4**	189.0	525.5
Ireland	**32.4**	21.0	51.9
Cement	**120.0**	81.5	197.2
Eliminations	**(40.4)**	(24.4)	(60.6)
	481.4	267.1	714.0
Contracting services			
Great Britain	**50.8**	20.0	77.3
Ireland	**68.7**	48.2	137.4
	119.5	68.2	214.7
Total	**600.9**	335.3	928.7

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.

Statement of financial position

	30 June 2021		30 June 2020 **		31 December 2020 *	
	Total assets	**Total liabilities**	Total assets	Total liabilities	Total assets	Total liabilities
	£m	**£m**	£m	£m	£m	£m
Great Britain	**856.3**	**(204.6)**	627.7	(118.9)	836.1	(186.6)
Ireland	**270.7**	**(54.6)**	256.3	(42.7)	252.3	(46.0)
Cement	**483.7**	**(59.5)**	493.7	(36.3)	496.9	(56.4)
Central administration	**6.1**	**(14.7)**	5.8	(26.8)	0.9	(21.4)
Total operations	**1,616.8**	**(333.4)**	1,383.5	(224.7)	1,586.2	(310.4)
Current tax	**2.4**	**-**	4.3	-	0.9	-
Deferred tax	**-**	**(89.0)**	-	(66.8)	-	(70.0)
Net debt	**23.7**	**(315.2)**	124.6	(378.2)	31.7	(350.0)
Total Group	**1,642.9**	**(737.6)**	1,512.4	(669.7)	1,618.8	(730.4)
Net assets	**905.3**		842.7		888.4	

*As a result of the integration of the CEMEX Acquisition into the Group, certain cement related activities which formed part of Great Britain in 2020 are now reported within the Cement segment. The segmental analysis presented in respect of 2020 has been restated accordingly. In addition, Total assets for Great Britain have been reduced by £0.5m, and deferred tax liabilities reduced by £0.5m following a revision to the fair value accounting for the CEMEX Acquisition during the hindsight period. See note 12 for further details.

**Comparative values have been restated for 30 June 2020 to reflect the impact of the Group adopting updated guidance from the IASB for the measurement of deferred taxation on business combinations. This results in £13.4m of additional goodwill assets and £13.4m of additional deferred tax liabilities. See note 1 for further details.

5 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.

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Included in administrative expenses:			
Redundancy and reorganisation costs	**0.9**	0.2	0.9
Acquisition costs	**0.4**	0.8	7.5
Property (gains)/losses	**(0.4)**	0.3	2.9
Amortisation of acquired intangible assets	**1.8**	1.8	3.6
Total non-underlying items (pre-tax)	**2.7**	3.1	14.9
Non-underlying taxation	**(0.4)**	(0.3)	(1.3)
Total non-underlying items (post-tax)	**2.3**	2.8	13.6

6 Financial expense

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Bank loans and overdrafts	**3.6**	3.7	7.7
Amortisation of prepaid bank arrangement fee	**1.8**	0.7	1.4
Lease liabilities	**1.3**	1.1	2.6
Unwinding of discount on provisions	**0.8**	0.9	1.8
Financial expense	**7.5**	6.4	13.5

7 Taxation

Recognised in the Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Taxation – at effective rate	**8.0**	(1.8)	8.5
Taxation – change in deferred tax rate	**14.4**	5.5	5.9
Total tax charge	**22.4**	3.7	14.4

The tax charge at effective rate for the six months ended 30 June 2021 has been based on the estimated effective weighted average rate applicable for existing operations for the full year. This is based on a combined underlying effective rate of 17.2 per cent on profits arising in the Group's UK and Irish subsidiary undertakings.

In addition, legislation was passed on 24 May 2021 which substantively enacted an increase in the UK corporation tax rate from 19 per cent to 25 per cent from April 2023. A deferred tax charge of £14.4m has been recognised to remeasure the Group's UK deferred tax liabilities at 30 June 2021 at this higher rate.

8 Interest-bearing loans and borrowings

Net Debt

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Cash and cash equivalents	**23.7**	124.6	31.7
Current borrowings	**(4.7)**	(61.6)	(64.7)
Non-current borrowings	**(310.5)**	(316.6)	(285.3)
Statutory net debt	**(291.5)**	(253.6)	(318.3)
IFRS 16 lease liabilities*	**49.6**	42.2	53.1
Net debt excluding the impact of IFRS 16	**(241.9)**	(211.4)	(265.2)

* IFRS 16 lease liabilities represent the incremental impact of IFRS 16 - Leases following the adoption by the Group of the standard in 2019.

Analysis of borrowings between current and non-current

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Bank loans	**-**	55.0	55.0
Lease liabilities	**4.7**	6.6	9.7
Current borrowings	**4.7**	61.6	64.7
Bank loans	**265.3**	278.1	240.6
Lease liabilities	**45.2**	38.5	44.7
Non-current borrowings	**310.5**	316.6	285.3

The Group refinanced its debt facilities in the first half of 2021, repaying all existing bank debt on 30 June 2021 and expensing remaining loan arrangement fees of £1.2m on extinguishment of the old facility, as required by IFRS 9. This charge is presented in the Income Statement within Underlying financial expense.

The Group's new facilities comprise a multi-currency revolving credit facility of £350m with an opening margin of 1.95 per cent above SONIA or EURIBOR according to the currency of borrowings. The revolving credit facility is unsecured and repayable in June 2024, with two one-year extension options through to June 2026.

In addition, the Group has diversified its funding sources through entry into the USPP market. On 16 July 2021 the Group issued £250m of USPP loan notes, which are expected to be drawn in Q3 2021. The USPP facility comprises £170m Sterling and £80m to be drawn in Euro, and matures in tranches between seven and 15 years, with interest rates between 1.07 and 2.38 per cent.

9 Earnings per share

The calculation of earnings per share is based on the profit for the period attributable to ordinary shareholders of £23.8m (30 June 2020: loss of £13.8m, 31 December 2020: profit of £33.6m) and on the weighted average number of ordinary shares in issue during the period of 1,687,890,141 (30 June 2020: 1,683,650,088, 31 December 2020: 1,685,428,368).

The calculation of underlying earnings per share is based on the underlying profit for the period attributable to ordinary shareholders of £26.1m (30 June 2020: loss of £11.0m, 31 December 2020: profit of £47.2m) and on the weighted average number of ordinary shares in issue during the period as above.

Diluted earnings per ordinary share is based on 1,700,784,607 shares (30 June 2020: 1,685,991,560, 31 December 2020: 1,688,962,456) and reflects the effect of all dilutive potential ordinary shares.

10 Related party transactions

The nature of related party transactions is consistent with those disclosed in the Group's Annual Report for the year ended 31 December 2020. Related party transactions are conducted on an arm's length basis.

11 Stated capital

	Number of Ordinary Shares (m)		
	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended 31 December 2020
Issued ordinary shares at the beginning of period	**1,687.6**	1,682.9	1,682.9
Issued in connection with:			
Exercise of savings-related share options	**1.0**	1.8	2.9
Vesting of Performance Share Plan awards	**-**	1.8	1.8
	1,688.6	1,686.5	1,687.6

During the period, the Company issued approximately one million ordinary shares of no par value raising £0.6m in connection with the exercise of certain savings-related share options.

12 Acquisitions

Prior year acquisition

On 31 July 2020 the Group completed the CEMEX Acquisition, although was not able to begin the process of integration and fair value accounting until December 2020 when CMA restrictions were lifted.

The provisional fair values of the assets and liabilities acquired have been reconsidered in the hindsight period under IFRS 3 and changes to fair values have been made to the extent that these reflect facts and circumstances which existed at the point of acquisition.

During the period the Group commissioned a third-party report on the discount rate applicable to the CEMEX assets acquired as a standalone business. Application of this more accurate discount rate leads to a reduction in the value of owned property, plant and equipment and a corresponding increase in goodwill, net of deferred tax liabilities. All changes to fair values made in the hindsight period only impact the balance sheet.

The preliminary and final fair values of the consideration paid, and the consolidated net assets acquired, together with the goodwill arising in respect of this acquisition are set out below:

	Year ended 31 December 2020	Six months ended 30 June 2021	
	Preliminary fair value on acquisition £m	**Measurement period fair value adjustments £m**	**Final fair value on acquisition £m**
Intangible assets	0.1	**-**	**0.1**
Property, plant and equipment - owned	136.9	**(2.6)**	**134.3**
Property, plant and equipment - leased	17.9	**-**	**17.9**
Inventories	11.9	**-**	**11.9**
Trade and other receivables	0.3	**-**	**0.3**
Interest-bearing loans and borrowings	(17.9)	**-**	**(17.9)**
Trade and other payables	(0.4)	**-**	**(0.4)**
Provisions	(14.3)	**-**	**(14.3)**
Deferred tax liabilities	(7.2)	**0.5**	**(6.7)**
Total	127.3	**(2.1)**	**125.2**
Consideration – cash	151.1	**-**	**151.1**
Consideration – deferred consideration	3.0	**-**	**3.0**
Goodwill arising	26.8	**2.1**	**28.9**

Deferred consideration of £3.0m has been settled during the six months ended 30 June 2021 and is reported as part of 'Acquisition of businesses' in the Group's Condensed Consolidated Statement of Cash Flows.

13 Reconciliation to non-GAAP measures

A number of non-GAAP performance measures are used throughout this Interim Report and these Interim 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

Six months ended 30 June 2021	**Great Britain £m**	**Ireland £m**	**Cement £m**	**Central administration and eliminations £m**	**Share of profit of associate and joint ventures £m**	**Total £m**
Revenue	**420.2**	**101.1**	**120.0**	**(40.4)**		**600.9**
Profit from operations						**53.7**
Non-underlying items (note 5)						**2.7**
Underlying EBIT	**36.8**	**8.9**	**18.3**	**(8.3)**	**0.7**	**56.4**
Underlying EBIT margin**	**8.8%**	**8.8%**	**15.3%**			**9.4%**
Underlying EBIT	**36.8**	**8.9**	**18.3**	**(8.3)**	**0.7**	**56.4**
Share of profit of associate and joint ventures	**-**	**-**	**-**	**-**	**(0.7)**	**(0.7)**
Depreciation and depletion	**23.7**	**3.5**	**12.9**	**-**	**-**	**40.1**
Underlying EBITDA	**60.5**	**12.4**	**31.2**	**(8.3)**	**-**	**95.8**

Six months ended 30 June 2020 *	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	209.0	69.2	81.5	(24.4)		335.3
Loss from operations						(3.7)
Non-underlying items (note 5)						3.1
Underlying EBIT	(1.3)	1.8	6.0	(7.0)	(0.1)	(0.6)
Underlying EBIT margin**	(0.6%)	2.6%	7.4%			(0.2%)
Underlying EBIT	(1.3)	1.8	6.0	(7.0)	(0.1)	(0.6)
Share of loss of associate and joint ventures	-	-	-	-	0.1	0.1
Depreciation and depletion	16.8	3.8	12.4	0.1	-	33.1
Underlying EBITDA	15.5	5.6	18.4	(6.9)	-	32.6

Year ended 31 December 2020 *	Great Britain £m	Ireland £m	Cement £m	Central administration and eliminations £m	Share of profit of associate and joint ventures £m	Total £m
Revenue	602.8	189.3	197.2	(60.6)		928.7
Profit from operations						61.6
Non-underlying items (note 5)						14.9
Underlying EBIT	33.5	20.5	31.7	(10.9)	1.7	76.5
Underlying EBIT margin**	5.6%	10.8%	16.1%			8.2%
Underlying EBIT	33.5	20.5	31.7	(10.9)	1.7	76.5
Share of profit of associate and joint ventures	-	-	-	-	(1.7)	(1.7)
Depreciation and depletion	41.0	7.4	25.8	0.2	-	74.4
Underlying EBITDA	74.5	27.9	57.5	(10.7)	-	149.2

*As a result of the integration of the CEMEX Acquisition into the Group, certain cement related activities which formed part of Great Britain in 2020 are now reported within our Cement segment. The segmental analysis presented in respect of 2020 has been restated accordingly.
** Underlying EBIT margin is calculated as Underlying EBIT divided by revenue.

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

Free cash flow

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Underlying EBIT	**56.4**	(0.6)	76.5
Depreciation and mineral depletion	**40.1**	33.1	74.4
(Increase)/decrease in trade and other receivables	**(69.6)**	20.2	(26.4)
Decrease in inventories	**1.6**	8.3	10.4
Increase in trade and other payables	**27.5**	10.0	64.6
(Decrease)/increase in provisions	**(2.3)**	(0.1)	7.4
Share of profit of associate and joint ventures	**(0.7)**	0.1	(1.7)
Share-based payments	**1.5**	0.4	1.0
Dividends from associate and joint ventures	**0.4**	0.5	1.3
Dividend paid to non-controlling interests	**-**	-	(0.1)
Income taxes paid	**(4.6)**	(10.0)	(20.7)
Interest paid	**(3.6)**	(3.7)	(7.7)
Interest element of lease payments	**(1.3)**	(1.1)	(2.6)
Purchase of property, plant and equipment	**(15.4)**	(16.1)	(38.1)
Proceeds from the sale of property, plant and equipment	**4.3**	0.5	1.7
Free cash flow	**34.3**	41.5	140.0

Return on invested capital

	Twelve months ended 30 June 2021 £m	Twelve months ended 30 June 2020 £m	Year ended 31 December 2020 £m
H2 2019 Underlying EBIT	**-**	67.1	-
H1 2020 Underlying EBIT	**-**	(0.6)	(0.6)
H2 2020 Underlying EBIT	**77.1**	-	77.1
H1 2021 Underlying EBIT	**56.4**	-	-
LTM Underlying EBIT	**133.5**	66.5	76.5
Underlying effective tax rate	**17.2%**	14.8%	15.6%
Taxation at the Group's underlying effective rate	**(23.0)**	(9.8)	(11.9)
Underlying earnings before interest	**110.5**	56.7	64.6
Net assets	**905.3**	842.7	888.4
Net debt (note 8)	**291.5**	253.6	318.3
Invested capital	**1,196.8**	1,096.3	1,206.7
Average invested capital*	**1,201.8**	1,090.2	1,168.1
Return on invested capital**	**9.2%**	5.2%	5.5%

* Average invested capital is calculated by taking the average of the opening invested capital at 1 January and the closing invested capital at the reporting date. Opening invested capital at 1 January 2019 was £1,084.0m.

** Return on invested capital is calculated as underlying earnings before interest for the previous twelve months, divided by average invested capital for the period.

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

Leverage

	Twelve months ended 30 June 2021 £m	Twelve months ended 30 June 2020 £m	Year ended 31 December 2020 £m
As reported			
H2 2019 Underlying EBITDA	**-**	99.1	-
H1 2020 Underlying EBITDA	**-**	32.6	32.6
H2 2020 Underlying EBITDA	**116.6**	-	116.6
H1 2021 Underlying EBITDA	**95.8**	-	-
LTM Underlying EBITDA	**212.4**	131.7	149.2
Net debt (note 8)	**291.5**	253.6	318.3
Statutory leverage	**1.4x**	1.9x	2.1x
Covenant leverage	**1.2x**	1.7x	1.9x

Statutory leverage is calculated as the ratio of Underlying EBITDA for the previous twelve months to net debt.

Covenant leverage is calculated by adjusting statutory leverage to exclude the impact of IFRS 16 and include the full pro-forma twelve months earnings impact of any acquisitions or divestments.

14 Subsequent events

On 16 July 2021 the Group entered into a note purchase agreement to issue £250m of loan notes as part of the USPP. The loan notes have maturities falling between seven and 15 years, with interest rates between 1.07 and 2.38 per cent.

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 UK
Breedon	Breedon Group plc
CEMEX	CEMEX UK Operations Limited
CEMEX Acquisition	Acquisition of certain assets from CEMEX
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMA	Competition and Markets Authority
Covenant Leverage	Leverage as defined by the Group's banking facilities. This excludes the impact of IFRS 16 and includes the proforma impact of M&A
Division	One of the Group's three operating segments: GB, Ireland and Cement
EBIT	Earnings before interest and tax
EPS	Earnings per share
EURIBOR	Euro Inter-bank Offered Rate
GAAP	Generally Accepted Accounting Principles
GB	Great Britain
Group	Breedon and its subsidiary companies
HS2	High Speed 2
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standard
Invested Capital	Net assets plus net debt
Ireland	The Island of Ireland
IT	Information Technology
KPI	Key Performance Indicator
Leverage	Net debt expressed as a multiple of Underlying EBITDA
Like-for-like	Like-for-like reflects reported values adjusted for the impact of acquisitions, disposals and the timing of cement plant maintenance shutdowns compared to the comparable period.
LTM	Last twelve months
M&A	Mergers & acquisitions
NI	Northern Ireland
NPS	Net Promoter Score
RCF	Revolving credit facility
RoI	Republic of Ireland
ROIC	Post tax Return on Invested Capital for the previous twelve months
SONIA	Sterling Overnight Index Average
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

Underlying EBITDA	Earnings before interest, tax, depreciation and amortisation non-underlying items and before our share of profit from associate and joint ventures
USPP	US Private Placement
VAT	Value Added Tax