6 March 2024

BREEDON GROUP PLC
Annual results 2023

Record Revenue and Underlying EBIT; ahead of upgraded expectations
Dividend payout significantly increased

Breedon Group plc (Breedon or the Group), a leading vertically-integrated construction materials group in Great Britain and Ireland, announces audited annual results for the year ended 31 December 2023.

	Statutory highlights			Underlying[1] highlights			
£m except where stated	2023	2022	% change	2023	2022	% change	% LFL[2]
Revenue	**1,487.5**	1,396.3	7%	**1,487.5**	1,396.3	7%	4%
EBIT[3]	**145.7**	148.0	(2)%	**156.2**	155.0	1%	(1)%
EBIT[3] margin	**9.8%**	10.6%	(80)bps	**10.5%**	11.1%	(60)bps	
Profit Before Tax	**134.4**	135.8	(1)%	**144.9**	142.8	1%	
Basic EPS[4]	**31.1p**	33.2p	(6)%	**34.0p**	35.4p	(4)%	
Dividend per share				**13.5p**	10.5p	29%	
Net Debt[5]				**169.9**	197.7	(14)%	
Covenant Leverage[6]				**0.5x**	0.7x	(0.2)x	
FCF conversion[7]				**39%**	29%	10ppt	
ROIC[8]				**9.9%**	10.8%	(90)bps	

FINANCIAL HIGHLIGHTS

Disciplined execution of our sustainable growth strategy delivered high-quality earnings

- Full year results ahead of upgraded expectations[9]
- Record revenue increased 7%; pricing contributed 9ppt, offset by 2ppt volume reduction reflecting challenging macroeconomic conditions
- Record Underlying EBIT due to disciplined focus on cost recovery and self-help measures

Strengthened financial position underpins strategic flexibility

- Balanced financial position maintained; Covenant Leverage reduced to 0.5x (2022: 0.7x), net capital expenditure of £103m (2022: £102m) supporting further investment for growth
- Working capital outflow as forecast; good control of inventories and strong cash collection
- Post-tax ROIC broadly in-line with target; impacted by increased corporation tax rates

Full-year dividend significantly increased by 29% to 13.5p;

- Payout ratio now at target of 40% (2022: 30%); total cash returned to shareholders in 2023 through dividends increased to £37.3m (2022: £30.5m)
- Increased payout delivers on our commitment to return capital to shareholders, reflects the health of our balance sheet, confidence in our cash generation and ability to deliver our strategy

OPERATING HIGHLIGHTS

Resilient performance in tough markets, delivering excellent service to our customers

- GB revenue increased 6%; solidified our robust market position, delivered excellent customer service, completed two bolt-on transactions and strengthened our airfield surfacing capability
- Ireland revenue increased 4%; market conditions improving during the year, we completed an important bolt-on acquisition, increased our mineral reserves and grew our aggregate and asphalt volumes

- Cement delivered another record year, increasing revenue 10%; robust pricing, diversified end-market exposure, market-leading quality and reliability drove a strong performance

STRATEGIC HIGHLIGHTS

Sustainability gaining momentum

- We kept our colleagues and contractors safer on our sites
- Group-wide net zero targets submitted to Science Based Targets initiative (SBTi) for formal validation
- First CDP rating secured; Climate Change achieved B rating, Water Security received C rating
- Increased sales of lower clinker content cement and industry-leading levels of alternative fuel substitution achieved
- Launch of the landmark Peak Cluster carbon capture and storage project hosted at Hope

Delivering growth through optimisation and expansion

- Tailored operational and commercial efficiency programmes implemented
- Mineral reserves and resources replenished, maintaining valuable asset base at 1bn tonnes
- Completed three earnings enhancing transactions with a combined enterprise value of £22m

Listing on the Main Market of the London Stock Exchange and entry to the FTSE 250 index

- Listing moved to the Main Market and entry to a series of UK FTSE indices

Earnings enhancing acquisition of BMC Enterprises Inc.; launching Breedon's scalable third platform

- Announcing our entry to the US through the acquisition of BMC Enterprises Inc. (BMC) for US$300 million – see separate announcement issued today www.breedongroup.com/investors

CURRENT TRADING AND OUTLOOK

Resilient model, strategically well-positioned

- The near-term macroeconomic and geopolitical landscape remains uncertain
- Infrastructure and housing end-markets are forecast to return to growth in the medium-term
- Our proven strategy offers substantial optionality and multiple routes to growth, underpinned by our healthy balance sheet, diversified funding and thoughtful approach to capital allocation
- Expect BMC to be earnings enhancing in the first full year of ownership
- Post-acquisition Pro Forma Covenant Leverage for the Group of c.1.4x; enabling flexibility for dividends and future bolt-on acquisitions across each of our platforms

Rob Wood, Chief Executive Officer, commented:

“The record results we delivered in 2023 are a real accomplishment and something I am extremely proud of. The challenging trading conditions our team faced required agile and bold responses which they took with discipline and determination. As a result we kept our workforce safe and well, reinforced our market positions and were recognised by our clients for the quality of our products and services. For this I sincerely thank the whole team.

“Breedon has proved itself to be dependable and consistent, regardless of the short-term headwinds. Although the near-term outlook remains uncertain, when I take stock I am reassured. The markets we serve, particularly infrastructure and housing, are supported by long-term structural deficits with spending ambitions that are upheld by cross-party government support in the UK and Ireland, where I am further encouraged by the recent progress in Stormont. The mineral of which we are stewards is hundreds of millions of years old and securing additional reserves requires careful planning and committed local engagement, something we excel at. We occupy strong and growing market positions and operate a valuable portfolio of integrated assets, delivering essential construction materials to customers who trust us to provide an excellent service.

"We made further progress on our strategic growth priorities in 2023, our vertical model is maturing and provides us with a strong platform for our future growth. Today I am delighted to announce the acquisition of BMC. This transaction will give us a platform that is well-placed to grow in the highly-fragmented US construction market, is culturally aligned with Breedon and has a familiar performance track record. We are excited for what this new chapter will bring to the Group and we look forward to welcoming the BMC team to the Breedon family."

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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended).

Notes:

1. Underlying results are stated before acquisition-related expenses, property gains and losses, AIM to Main Market costs, amortisation of acquisition intangibles and related tax items. References to an Underlying profit measure throughout this announcement are defined on this basis.
2. Like-for-like reflects reported values adjusted for the impact of acquisitions and disposals.
3. Earnings before interest and tax, which equates to profit from operations.
4. EPS in the Underlying Highlights is adjusted Underlying Basic EPS, which is Underlying Basic EPS adjusted to exclude the impact of changes in the deferred tax rate of £0.7m (2022: £1.1m).
5. Net Debt including IFRS 16 lease liabilities.
6. Covenant Leverage is defined as the ratio of Underlying EBITDA to Net Debt, with both Underlying EBITDA and Net Debt amended to reflect the material items which are adjusted by the Group and its lenders in determining leverage for the purpose of assessing covenant compliance. In both the current and prior periods, the only material adjusting item was the impact of IFRS 16.
7. FCF conversion: Free Cash Flow relative to Underlying EBITDA.
8. ROIC: post-tax return on average invested capital.
9. Information for investors, including analyst consensus estimates, can be found on the Group's website at www.breedongroup.com/investors

RESULTS PRESENTATION

Breedon will host a results presentation for analysts and investors at 08:30am today at the offices of Numis, 45 Gresham Street, London EC2V 7BF, or online via www.breedongroup.com/investors. The presentation will be followed by Q&A, where it will be possible to participate through the following dial-in details:

Event Title:	Breedon Full Year Results 2023
Start Time/Date:	08:30 Wednesday, 6 March 2024 - please join the event 5-10 minutes prior to scheduled start time. When prompted, provide the event title
Confirmation Code:	Breedon Results
United Kingdom, Toll-free:	0808 109 0700
United Kingdom, Local:	+44 (0) 33 0551 0200

ENQUIRIES

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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 3,900 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.

RECORD REVENUE AND UNDERLYING EBIT

Recent years have presented Breedon with a broad spectrum of challenges. To succeed in these markets has required a clear strategy, a strong business model and an agile team with focus and discipline. At Breedon we have worked hard to ensure we have all three. As a business, we are maturing and our move from AIM to the Main Market in 2023 is evidence of the scale and market position we have achieved in the last decade.

The strong 2023 results were delivered in tough markets and are testament to the resilience of our vertically-integrated model and sustainable growth strategy. Although our key end-markets experienced a number of short-term headwinds during the year, volume contraction was moderate and pricing remained sufficient to fully recover costs.

Infrastructure spending remained stable with major projects making steady progress. Housebuilding was impacted by the macroeconomic landscape and changes to building standards which affected the seasonality of our earnings. Nonetheless, the long-term structural growth drivers remain in place, underpinning the outlook for our key end-markets which continue to experience cross-party political support in Great Britain and Ireland.

The macroeconomic conditions which drive volumes are beyond our direct influence. Therefore, we increased our focus on carefully managing all factors within our control. In 2023, in addition to our deliberate pricing strategy, we emphasised operational and commercial excellence across the Group to maximise the value of our products and services and increase productivity.

Consequently, we delivered results ahead of expectations[9], growing revenue 7% to £1,487.5m (2022: £1,396.3m), or 4% on a like-for-like basis when adjusting for the three bolt-on acquisitions completed in the last year.

During the year we invested in central functions in order to support our growth ambitions and delivered record Underlying EBIT of £156.2m (2022: £155.0m). Our Underlying EBIT margin of 10.5%, which reflects the impact of operating leverage on reduced volumes, is 60bps lower than 2022, a year which benefitted materially from our forward energy hedging policy.

Two years ago we established a financial framework with a balanced suite of medium-term targets. Return on invested capital (ROIC), a post-tax measure, moderated during the year to 9.9% (2022: 10.8%, target 10%), reflecting the increase in the UK corporation tax rate. Cash generation remained healthy during the period, enabling us to invest for growth. We maintained our net capital expenditure at £103m (2022: £102m) and completed three bolt-on transactions, investing £20m during the year. As anticipated, working capital experienced an outflow of £9m, primarily due to inflation. Consequently, Free Cash Flow conversion for the year improved to 39% (2022: 29%, target 50%).

Sustaining a robust balance sheet underpins our strategic optionality as we pursue both organic and inorganic routes to growth. During the year Covenant Leverage reduced further to 0.5x (2022: 0.7x), below our medium-term target of 1x to 2x.

To reflect the confidence we have in our vertical model, the strength of our team and our market position, the Board has approved a full-year dividend of 13.5p (2022: 10.5p), a significant increase of 29%. In addition to investing for growth and maintaining sustainable leverage, we have progressed our dividend payout ratio to our target of 40% of Underlying EPS (2022: 30%).

STRATEGY REVIEW

Our team makes the most material difference

The Breedon team is entrepreneurial and adaptable, dedicated to providing our customers with best in class service. They frequently operate in harsh physical conditions, going the extra mile to ensure we deliver high-quality products to our customers on time.

2023 was one of the warmest and wettest years on record, presenting a material limitation to meeting our clients' needs. Yet regardless of this disruption, our first-class team delivered for our customers and their performance was recognised in our latest Net Promoter Score (NPS) surveys; we provided a service classified as ‘extremely good’ by NPS, with trust scores frequently rated as ‘outstanding’.

We never take this performance for granted and continually strive to make Breedon a great place to work. During the year we awarded a pay increase of 6% to our colleagues and partnered with a leading wealth and benefits adviser to support our team through the cost of living crisis. We welcomed 70 new graduates and apprentices (2022: 60) and supported an additional 37 colleagues through further and higher education (2022: 22), receiving enhanced silver membership of The 5% Club which recognises our determination to play our part in the development of a workforce for the future.

Our commitment to our people was reflected in our 2023 colleague engagement survey which delivered its best results ever. With 76% of our colleagues taking part (2022: 75%), 80% felt engaged, an improvement of 3ppt on the prior year. Going forward we will invest further in our team and seek to grow our talent to ensure we can deliver an excellent service to our customers.

Sustain

Our Sustainability Framework has made further tangible progress, delivering some significant milestones in 2023 towards the long-term sustainability of the business.

Our highest priority remains ensuring our 3,900 colleagues and all those that attend our sites go ‘Home Safe and Well’ every day. In 2023 we made real progress, enhancing the cultural perceptions around our safety behaviours, encouraging reporting and sharing of learnings across the Group.

In 2023, although the lost time injury frequency rate for our colleagues and contractors increased to 3.5 per million hours worked (2022: 3.1), the severity of those injuries diminished, and the broader total injury frequency rate reduced to 17.0 (2022: 17.2). Leading indicators, such as the Visible Felt Leadership visits that we undertake to audit safety behaviour on our sites, increased 7% which should be positive for future outcomes.

In 2021 we established a roadmap to achieve net zero by 2050, setting medium and long-term targets to reduce the carbon footprint of our Cement division, the principal contributor of the Group’s CO_2 emissions. In 2023 we extended our net zero plans and our Group-wide targets were submitted to the SBTi for formal validation which will take place in 2024. In 2023 we made our first submission for assessment by CDP which has since been awarded a rating of B for Climate Change and C for Water Security.

Our cement business operates with industry leading levels of alternative fuel substitution, achieving a combined rate of nearly 50% fossil fuel replacement with our modern plant in Kinnegad exceeding over 90% at times. We increased our sales of CEM II cement, a lower clinker content product, and invested further in a network of CEM II silos in GB where regulation has been modified to permit its wider use. Consequently, CEM II now comprises roughly a quarter of our cement sales, increasing by over 50% from the prior year.

Throughout 2023, we increased the proportion of concrete and asphalt sales with sustainable attributes by 3ppt to 40%. Furthermore, we launched the ‘Breedon Balance’ brand which promotes a broad range of products with sustainable attributes.

Through a combination of these actions we reduced our Group carbon emissions per tonne of product by 5% during 2023 while our carbon intensity by revenue reduced 15%.

Securing a sustainable future for the UK cement industry is vital if we are to achieve net zero as a country. In line with this ambition, during the year we hosted the launch of the Peak Cluster carbon capture and storage initiative, a collaborative project that aims to store over three million tonnes of carbon dioxide emissions each year by 2030, a move that will reduce UK emissions into the atmosphere from cement and lime manufacture by around 40%. This is a landmark project for the industry and for it to be successful it requires significant commitment from the UK Government.

Further detail of the progress our sustainability strategy has delivered to make a material difference to Planet, People and Places will be available upon publication of our Annual Report 2023 on Monday 18 March 2024 at www.breedongroup.com/investors.

Optimise

At Breedon each site has unique characteristics and we continually review the performance of the team and plant to ensure we produce our materials with maximum efficiency and minimum cost. In 2023, each business implemented an operational and commercial excellence programme, revisiting the entire process from quarry to customer.

Using a broad diagnostics benchmark of operational efficiency indicators and financial measures, we conducted site reviews to identify underperforming assets and bottlenecks and establish a plan for training, improvement and investment. Often a few small interventions have a material impact on productivity with rapid payback. Actions have included revisiting quarry architecture, adjusting maintenance schedules to minimise downtime and overtime, and investing in productivity enhancing equipment.

In 2022, we implemented an electronic proof of delivery system, advancing its use across the Group during 2023. By removing c.1.5 million paper tickets each year we have already saved 529 trees, reduced queries by 58% and generated a material working capital improvement with further progress planned for 2024.

Expand

We have once again delivered balanced revenue growth, supported by deliberate pricing, ongoing internal investment and strategic acquisitions.

In 2023 we replenished our strategically valuable asset base of mineral reserves and resources at one billion tonnes, which equates to around 35 years of production. We believe our diligent approach to land management and mineral planning sets us apart and we have identified further mineral planning opportunities in excess of 125 million tonnes.

Our M&A pipeline remains healthy and active with many bolt-on opportunities originating from our local presence and personal engagement with the asset owners. In 2023 we completed three earnings enhancing transactions in GB and Ireland with a combined enterprise value of £22m.

In Ireland the acquisition of Robinson Quarry Masters (Robinsons), a family-run quarrying and concrete block business, has enhanced our mineral footprint north of Belfast. In GB we acquired two downstream businesses; Broome Bros., a leading manufacturer of concrete blocks based in Doncaster, and Minster Surfacing, an award-winning regional surfacing business based in Lincoln. Each of the acquired businesses has integrated well and is performing in line with our expectations.

On 6 March 2024 we announced the acquisition of BMC for an enterprise value of c.US$300m. This is an exciting opportunity to replicate the Breedon model in the highly fragmented US construction materials market through a culturally aligned team.

OUTLOOK

The macroeconomic and geopolitical landscape remains uncertain. While the near-term outlook for our industry is finely balanced, the longer-term outlook for our main end-markets, infrastructure and housebuilding, is well supported by structural growth dynamics and we are confident we will see them return to growth in the medium-term.

As we lap the base effects of 2023, we expect volumes and pricing to stabilise. In the UK the CPA forecasts construction output will contract by 2.1% in 2024 as stable infrastructure production is offset by ongoing weakness in housebuilding, with both sectors expected to return to growth in 2025. Euroconstruct forecasts RoI GDP growth will remain the highest in Western Europe, leading to construction output of 4.4% as significant foreign direct investment and population growth drive investment in housing and infrastructure.

The construction industry is widely recognised to be an important economic contributor, benefiting from cross-party support. Therefore, we welcome the clarity that will follow the UK general election and we are encouraged by the recent reinstatement of a governing Assembly in Northern Ireland.

Our M&A pipeline remains well populated with active discussions and, with leverage of 0.5x, our healthy balance sheet, diversified funding and thoughtful approach to capital allocation will enable us to respond swiftly when the right transactions become available. Encouragingly, 2024 has begun with the acquisition in

January of Eco-Asphalt Supplies, a Merseyside asphalt supplier with strong sustainability credentials, located within the region where we service the National Highways Pavement framework.

The Breedon local model has once again proved its resilience, delivering an outstanding performance in challenging conditions and we are confident in our ability to rapidly respond to the evolving economic and political backdrop. Our growth strategy is well-established, our forward hedging policy remains in place providing cost visibility, and we expect the commercial and operational excellence reviews we implemented in 2023 will generate further productivity gains.

We expect the acquisition of BMC will be earnings enhancing in its first full year of ownership. BMC will be consolidated for fractionally less than ten months in 2024 and our Pro Forma Covenant Leverage on acquisition is c.1.4x, enabling flexibility for dividends and future bolt-on acquisitions across each of our platforms. The acquisition is an exciting opportunity that will enhance the longer-term growth profile of the Group.

OPERATIONAL REVIEW

Product volumes

million tonnes except where stated	2023	2022	Change %	LFL %
Aggregates	**25.7**	26.3	(2)%	(4)%
Asphalt	**3.8**	3.8	-	-
Cement	**2.1**	2.2	(4)%	(4)%
Ready-mixed concrete (m^3)	**2.9m**	3.0m	(3)%	(4)%

Note: Reported percentage movements are based on non-rounded data.

Our volume performance reflects the markets in which we operate, in particular the cyclical slowdown in construction activity in the UK through the course of 2023.

Great Britain

£m except where stated	2023	2022	Change %	LFL %
Revenue	**1,033.8**	972.4	6%	3%
Underlying EBIT	**86.4**	86.4	-	(2)%
Underlying EBIT margin	***8.4%***	*8.9%*	*(50)bps*	

The GB business successfully navigated challenging market conditions throughout the year to deliver a solid performance. Our vertical model, entrepreneurial culture and extensive local market knowledge enabled us to grow revenue 6% to £1,033.8m (2022: £972.4m). Adjusting for the acquisitions of Minster Surfacing and Broome Bros. in the first half, like-for-like revenue increased 3%.

Volumes moderated during the course of the year. Changes in housebuilding regulations in the summer caused ready-mixed concrete volumes to soften in the second half. Although infrastructure remained resilient, volumes for aggregates and asphalt were impacted by clients' budget constraints after a long period of building materials cost inflation.

Our key end-markets of infrastructure and housing are structurally under-invested while the supply of the essential heavyside building materials we provide is constrained by planning practices. Consequently, pricing remained robust with average selling prices sufficient to recover rising input costs. Underlying EBIT margin decreased by 50bps to 8.4%, principally due to product mix and the impact of reduced volumes on operating leverage.

Although a culture of continual improvement is embedded throughout the team, in 2023 we reinvigorated our self-help measures, implementing tailored programmes in our materials and surfacing operations. By closely monitoring plant efficiency and with carefully targeted investment we have been able to identify and resolve bottlenecks across our sites. We improved asset run time, reducing the need for overtime working, improving fuel consumption and reducing safety risks.

The location and age of crushing equipment is influential to the efficiency of a site. We upgraded our crushing capability at Dowlow, Leaton and Cloud Hill, enabling plant alterations and productivity gains and were able to remove contractors from the process while maintaining output.

We built out our downstream capability in 2023 further still, pulling more material through the business. We have built a strong reputation for quality and reliability in airfield surfacing leading to a four year pipeline of commercial work with strong partners, and military work for the Defence Infrastructure Organisation. During our first year delivering the National Highways Pavement Delivery framework we have secured a good portfolio of work, and the acquisition of Minster Surfacing has reinforced our regional surfacing, airfields and recycled asphalt capability.

In 2023 we continued to explore opportunities to repurpose depleted quarries and recycle materials. In select locations we are building specialist local partnerships, enabling us to capture recyclable material while taking a fee for receiving inert landfill.

We have invested further in CEM II silos ahead of the building regulation change that occurred in November and extended our ability to receive and store recycled asphalt planings.

Great Britain outlook

The macroeconomic and political backdrop remains unpredictable, leading to budget pressures and delayed project commitments. In our latest NPS survey our customers classified our service as ‘extremely good’ while trust scores were rated ‘outstanding’. This is a consequence of the quality of our products and service and places us in a strong competitive position which we intend to reinforce through our ongoing excellence programmes.

Ireland

£m except where stated	2023	2022	Change %	LFL %
Revenue	**235.5**	226.2	4%	3%
Underlying EBIT	**29.0**	28.3	2%	(1)%
Underlying EBIT margin	***12.3%***	*12.5%*	*(20)bps*	

Our business in Ireland has a strong reputation for delivering high-quality service to loyal customers, often through frameworks and long-term contracts. We are well positioned to deliver materials to markets that benefit from significant foreign direct investment and rapid population growth while suffering structural infrastructure and housing deficits.

Market conditions varied by region and improved through the course of the year. In Northern Ireland, although significant pent-up demand exists, the absence of a governing Assembly limited the volume of tenders coming to market. Nonetheless, we won work on a number of frameworks. In RoI, tendering and pricing remained resilient; we approached completion of the Dunkettle Interchange, a three-year project in partnership with Sisk, and secured further high-quality new work.

Aggregate volumes increased 11% following the acquisition of Robinsons, asphalt volumes grew 9% due to strong downstream activity in RoI, while ready-mixed concrete volumes declined.

As a result, revenue in 2023 increased to £235.5m. On a like-for-like basis, revenue increased 3% and aggregate volumes increased 5%. We entered the year with a positive pricing tailwind which we sustained in the second half, supporting Underlying EBIT of £29.0m and a margin of 12.3%.

Our land and minerals team work closely with planning authorities to reactivate dormant quarries and extend existing sites. Since 2018 we have successfully extended our reserves and resources from 60 million tonnes to 153 million tonnes today. In 2023 through the acquisition of land adjoining three existing quarries, combined with the addition of Robinsons, we added over 50 million tonnes of mineral with nearly 40 million tonnes at various stages of planning.

Building on the re-branding to Breedon Ireland we undertook the prior year, we reviewed our Ireland growth strategy in 2023 with the intention to be a leader in every market we serve. We implemented an excellence programme promoting optimised processes and enhanced sustainability credentials. Consequently, we aligned operations within materials and surfacing under a single director respectively, dedicated to maximising efficiency across Ireland, further emphasising the pull of materials through the business.

In 2023 we signed up to the Business in the Community Ireland Low Carbon Pledge. We are exploring opportunities for solar farms on our sites, increasing our warm-mix asphalt and materials recycling capabilities, and increasing our electric vehicle fleet. We have an active M&A pipeline to increase our mineral independence, and we work closely with long-term partners on major projects to meet growing market demand.

We work closely with local authorities, national agencies such as Transport for Infrastructure Ireland, and the whole spectrum of contractors. It is increasingly evident that tenders are awarded on quality measures where we perform well. In our latest NPS report our service was classified as ‘very good’ while our trust score was ‘outstanding’. Therefore, we are confident our Ireland business is well positioned to deliver our strategic objectives of growth and market leadership.

Ireland outlook

We deliver high quality work to repeat customers in markets with growing populations and structural housing and infrastructure deficits. RoI is forecast to remain the fastest growing region in Western Europe, driving demand for construction projects and materials. In NI, where there is significant pent-up demand, we are optimistic the recent return of the governing Assembly to Stormont will enable the budget process to be reinstated.

Cement

£m except where stated	**2023**	**2021**	**Change %**
Revenue	**331.2**	300.7	10%
Underlying EBIT	**55.2**	52.1	6%
Underlying EBIT margin	***16.7%***	*17.3%*	*(60)bps*

Breedon is a prominent operator in the GB and Ireland cement markets. With Kinnegad, the most modern plant in Ireland, leading the market for fossil fuel replacement and Hope, the largest cement plant in GB, setting the pace for reliability, Breedon Cement is well positioned.

In 2023, as demand from the housebuilding and commercial sectors declined, volumes reduced 4% to 2.1 million tonnes. Pricing increased by 17% leading to an overall revenue increase of 10%.

We take a rigorous approach to plant maintenance, planning years ahead to maximise the benefit of our investment and the productivity of our plants. During the period we undertook the customary annual planned maintenance programme that enables us to sustain our exceptional reliability. Both winter and autumn programmes were completed on schedule and within budget.

Plant Mastery status, an industry recognised measure, is awarded to operations that maintain plant reliability in excess of 96% for three consecutive years and is typically associated with excellent cost and quality control and accompanied by outstanding health, safety and environmental records. In 2023 Hope sustained its Plant Mastery status for a remarkable fifth consecutive year. Kinnegad maintained its strong reliability record, a creditable outcome as the high use of alternative fuels increases the engineering complexity of the cement production process.

Our customers appreciate our consistent quality and reliability and this was recognised in our latest customer survey where our NPS result was classified as ‘extremely good’ while our trust measure was ‘outstanding’.

Within our Sustainability Framework, Breedon has committed to achieve net zero by 2050 and we have a variety of projects under way to reduce our carbon emissions. In 2023, by maximising the use of waste derived alternative fuels which would otherwise enter landfill, we achieved a combined fossil fuel replacement rate of nearly 50% with Kinnegad utilising 79% alternative fuels, exceeding 90% at times.

Kinnegad commenced construction of a 17MW solar farm while Hope is undertaking a feasibility study to examine the possibility of a small solar farm that would benefit the wider local community.

Reducing the clinker intensity of our cement with the use of low carbon supplementary cementitious materials will also contribute to reducing our carbon footprint. Approximately 60% of Kinnegad sales are now CEM II (2022: 50%), a product range with lower clinker content. In GB, building standards were modified in November 2023 to permit the wider use of CEM II. More than 10% of Hope sales are already CEM II and, as our customers incorporate the new standards into their designs, we expect this will increase still further.

Reduction of CO_2 emissions is a significant challenge for the cement industry and so we have established innovative partnerships to tackle this objective. Graphene is an extremely versatile material, known to improve the performance of low clinker factor cements. Working in collaboration with our graphene supply partners, we participated in successful field trials of graphene enhanced cement which demonstrated up to a 10% increase in compressive strength and a potential route to further reductions in carbon emissions.

As the UK cement industry works to secure a sustainable future, carbon capture and storage has a vital role to play in reaching our net zero objective. The Peak Cluster carbon capture and storage initiative was launched at our Hope plant during the year; as a key partner we now have a clear path to achieve our carbon reduction goal. The project is in its early stages, considering feasibility and design options.

Cement outlook

Demand for cement remains resilient and we occupy a robust market position. In the UK, short-term softness in housebuilding is balanced by large ongoing infrastructure projects. In RoI, housing and infrastructure are supported by the Government's long-term development plans to accommodate a strong economy.

FINANCE REVIEW

In 2023 we delivered a further year of strong performance, advancing revenue and Underlying EBIT through robust pricing, disciplined cost management and improvements in operations.

Revenue for the year at £1,487.5m increased by 7% compared to 2022 (£1,396.3m), with pricing of 9% continuing to more than offset the impact of 2% lower volumes. As the year progressed, our markets slowed, with 11% revenue growth in the first half of the year followed by a more modest 3% in the final six months of the year. On a like-for-like basis, excluding the impact of acquisitions, revenue increased by 4% (2022: 11%).

Against this more challenging backdrop we delivered resilient earnings growth with Underlying EBIT of £156.2m up £1.2m on 2022 (£155.0m), with a strong performance from each division and after further investment into our central support functions. On a statutory basis, Group profit from operations of £145.7m reduced by £2.3m from £148.0m in 2022, primarily as a result of the costs associated with the move from AIM to the Main Market which have been presented as non-underlying.

Underlying EBIT margin of 10.5% was below the 11.1% reported in 2022, due to reduced operational gearing in a lower volume environment and the impact of our energy hedges moving back into line with market pricing, having provided a significant benefit throughout 2022. We remain confident in our medium-term ambition to generate an Underlying EBIT margin of between 12% and 15% once volume growth returns to our markets.

Impact of acquisitions and Joint ventures

Three bolt-on acquisitions completed during the year for an aggregate Enterprise Value of £22.0m and contributed £19.0m revenue and £1.8m Underlying EBIT during the period of ownership.

Our share of profit from our associate and joint ventures was lower at £2.6m (2022: £3.5m), primarily due to reductions in Scottish Government road maintenance spending impacting the performance of BEAR Scotland.

Interest

Net finance costs in the year totalled £11.3m (2022: £12.2m) and included interest on the Group's debt facilities, lease liabilities, amortisation of bank arrangement fees, and the unwinding of discounting on provisions, net of interest received from short-term cash deposits and money market funds. Net cash interest of £6.5m (2022: £9.0m) reduced in line with debt levels throughout the year. We incurred a higher non-cash charge to unwind the discount on provisions as a result of higher risk free rates in the year.

Non-underlying items

Non-underlying items in the year amounted to a pre-tax cost of £10.5m (2022: £7.0m), of which the largest item was £6.0m (2022: £4.8m) amortisation of acquired intangible assets. Other non-underlying items comprised £3.6m of AIM to Main Market costs and £0.9m of acquisition-related costs.

Tax

The Group recorded an Underlying tax charge at an effective rate of 20.4% (2022: 16.0%), which equated to a charge of £29.5m (2022: £22.9m). The year on year increase in tax charges was primarily attributable to the increase in the effective UK corporation tax rate from 19% in 2022 to 23.5% in 2023.

The statutory tax charge, calculated relative to statutory profit before tax and inclusive of deferred tax rate changes, was 21.4% or £28.8m (2022: 17.1% or £23.2m).

Alongside a further increase in the UK tax rate to 25%, which will increase the future effective tax rate of the Group from 2024, in December 2021, the OECD released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750 million (Pillar Two rules).

The UK substantively enacted legislation implementing these Pillar Two rules on 20 June 2023 and they apply to the Group with effect from 1 January 2024.

The Group is reviewing this legislation together with developing guidance. At 1 January 2024 the impact of Pillar Two rules on the Group is limited to the Group's taxable profits generated in RoI. Based on the information currently available, the impact of the Pillar Two rules on the Group tax position is not expected to be material.

We complied effectively with our stated tax strategy, and we make a significant contribution to the economies in which we operate through taxation, either borne by the Group or collected on behalf of, and paid to the tax authorities. In 2023 the total taxes borne and collected by the Group amounted to c.£210m (2022: c.£210m).

Earnings per share

The increase in UK corporation tax rates offset the impact of earnings growth and resulted in a decrease of 4% in Underlying Basic EPS for the year to 33.8p (2022: 35.1p), while Statutory Basic EPS was 31.1 p (2022: 33.2p). Adjusted Underlying Basic EPS, calculated using Underlying earnings and adjusted to exclude the impact of the £0.7m (2022: £1.1m) charge recognised in respect of deferred tax rate changes, decreased by 4% to 34.0p (2022: 35.4p). The Group has no significant dilutive instruments, and diluted EPS measures closely tracked non-diluted measures for the year.

Return on invested capital

The increase in UK corporation tax rates and a higher average capital employed offset the impact of earnings growth, resulting in ROIC of 9.9% for 2023 (2022: 10.8%) using average invested capital. This is in line with the Group's cost of capital and sits broadly in-line with our medium-term target to deliver ROIC in excess of 10%.

Statement of financial position

Net assets at 31 December 2023 were £1,110.7m (2022: £1,043.8m). Total non-current assets of £1,397.9m (2022: £1,370.7m) increased as a result of capital investment in excess of depreciation and the acquisitions completed during 2023. Current assets were £59.8m higher than December 2022; reflecting the impact of inflation on working capital balances, higher cash holdings and purchases of UK ETS credits which are held on balance sheet in inventory.

Total liabilities increased year-on-year, with provision balances increasing to reflect increased expected costs of future restoration compared to 2022, partially offset by increases in discount rates as a result of external market movements during the year.

Impairment reviews

We completed our annual impairment review of goodwill and retain comfortable levels of headroom relative to the carrying value of our asset base.

Group restructuring, share consolidation and capital reduction

In connection with the move from AIM to the Main Market, a new holding company was incorporated during 2023, which obtained control over the Group via a court approved scheme of arrangement on 17th May 2023. This restructuring does not impact reported earnings, cash flows or net assets.

On 17 May 2023 the Group undertook a share consolidation at a ratio of five to one. Earnings and dividend per share measures have been restated to reflect this.

On 9 June 2023 the Group completed a capital reduction which increased the Company's distributable reserves by £471.1m.

Input costs and hedges

Input cost inflation had a less significant impact on our results than in 2022. Although energy (gas and electricity), fuels, bitumen and carbon credits reduced in price throughout the year, the impact of our energy hedges moving back in line with market rates added around £25m of additional cost in 2023 compared with 2022. In 2022 our hedges provided a significant degree of protection from high levels of energy inflation experienced during that year.

Our strategy is to hedge substantially all energy and carbon requirements for at least one year in advance, with further layered purchases extending into future years, to deliver near-term cost certainty. A proportion of our bitumen requirements are hedged in the short-term, typically for larger contracts where pricing is agreed up front. Remaining purchases are made at spot; the market for asphalt, in which bitumen is the primary purchased raw material, has historically responded quickly to bitumen price changes. Most other fuels are purchased at spot and passed on. For 2024, we are hedged substantially in line with our policy.

Free cash flow and conversion

Our Free Cash Flow increased by 38% year-on-year to £94.8m (2022: £68.7m) despite investing significant amounts of capital expenditure, ahead of depreciation. Net capital expenditure increased by £1.4m to £103.4m (2022: £102.0m) comprising capital investment of £106.8m offset by £3.4m of proceeds from specific asset disposals. Working capital flows reflected strong cash collection, offset by the purchase of UK ETS credits.

Free Cash Flow conversion for the year improved by 10 ppts to 39% (2022: 29%) reflecting strong working capital management and lower cash interest costs offset by a higher cash tax charge. This remains lower than our medium-term average target, principally due to our capital investment programme and the impact of increasing statutory rates of taxation. Over the past 5 years our Free Cash Flow conversion has averaged 54%.

Net Debt and borrowing facilities

At 31 December 2023, Net Debt was £169.9m (2022: £197.7m). Net Debt includes IFRS 16 lease liabilities of £48.0m (2022: £49.3m). Covenant Leverage at the year-end was 0.5x (2022: 0.7x) reflecting the resilience of the Group's balance sheet and allows significant flexibility in pursuing our sustainable growth strategy.

The Group's borrowing facilities comprise a £350m multi-currency revolving credit facility (RCF) and a £250m US Private Placement (USPP). During the year, we exercised our option to extend the RCF for a one-year period. Arrangement fees of £0.7m were capitalised in the year and will be amortised over the period of the additional borrowing. Following the exercise of the extension option, the RCF is available to the Group until June 2026.

Interest on the RCF is calculated as a margin referenced to the Group's Covenant Leverage plus the base rate applicable to the currency of borrowing. The USPP, issued in 2021, provides long-term financing at low fixed interest rates with an average fixed coupon of approximately 2%. The USPP comprises £170m sterling and £80m drawn in euro, with a maturity profile between 2028 and 2036.

Our borrowing facilities are subject to leverage and interest cover covenants which are tested half-yearly, and we remained fully compliant with all covenants during the year. The Group maintains a strong liquidity position and at 31 December 2023 had total available liquidity of over £475m comprising undrawn borrowing facilities of £350m and cash and cash equivalents of £126.9m.

Dividend

Subject to shareholder approval, we intend to pay a dividend in respect of the 2023 financial results of 13.5p, an increase of 29% from 2022 (10.5p). This delivers a payout ratio of 40% (2022: 30%) of Underlying Basic EPS, achieving our committed target payout ratio. Since starting to pay a dividend in 2021, we have declared nearly £110m of cash dividends to shareholders.

Assuming further strong financial performance and cash generation, our intention is to maintain the payout ratio at around 40% of Underlying Basic EPS. An interim dividend of 4.0p (2022: 3.5p) was paid on 10 November 2023 and, subject to shareholder approval, the remaining 9.5p (2022: 7.0p) will be paid as a final dividend on 17 May 2024.

Dividends are recorded in the financial statements of the accounting period in which they are paid. Accordingly dividend payments to Breedon Shareholders amounting to £37.3m (2022: £30.5m) have been recognised in the 2023 financial statements. Thoughtful capital allocation is core to our financial strategy, and we remain confident that our progressive dividend policy will not compromise the Group's ability to execute on our strategic objectives.

Capital allocation

Conservative and disciplined financial management and the maintenance of a strong balance sheet are at the core of our thoughtful approach to capital allocation. The Board will always seek to deploy our capital responsibly, focusing on organic investment in our business to ensure that our asset base is well invested. We will look to pursue further selective acquisitions which will accelerate our strategic development and that we are confident will create long-term value.

This conservative approach to financial management enables us to pursue capital growth for our shareholders through active development of our business, while supporting our progressive dividend policy.

RISK

The Group's principal risks in alphabetical order (by risk category) are:

Strategic

- Acquisitions and material capital projects
- Climate change
- Markets
- Land and mineral management
- People

Financial

- Treasury

Operational

- Competition
- Failure of a critical asset
- Health and safety
- IT and cyber security
- Laws, regulations and governance
- Supply chain and input costs

Further details of the principal risks facing the Group for the year ended 31 December 2023 are set out in the Group's Annual Report which will be made available at the Group website once published.

The Board consider that these are the risks that could impact the performance of the Group in the current financial year. The Board continues to manage these risks and to mitigate their expected impact.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, and reliable and, in respect of the parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Rob Wood
Chief Executive Officer

James Brotherton
Chief Financial Officer

6 March 2024

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 Underlying	2023 Non-underlying* (note 4)	2023 Total	2022 Underlying	2022 Non-underlying* (note 4)	2022 Total
	£m	£m	£m	£m	£m	£m
Revenue	1,487.5	-	1,487.5	1,396.3	-	1,396.3
Operating expenses	(1,333.9)	(10.5)	(1,344.4)	(1,244.8)	(7.0)	(1,251.8)
Group operating profit	153.6	(10.5)	143.1	151.5	(7.0)	144.5
Share of profit of associate and joint ventures	2.6	-	2.6	3.5	-	3.5
Profit from operations	156.2	(10.5)	145.7	155.0	(7.0)	148.0
Financial income	2.6	-	2.6	0.2	-	0.2
Financial expense	(13.9)	-	(13.9)	(12.4)	-	(12.4)
Profit before taxation	144.9	(10.5)	134.4	142.8	(7.0)	135.8
Tax at effective rate	(29.5)	1.4	(28.1)	(22.9)	0.8	(22.1)
Changes in deferred tax rate	(0.7)	-	(0.7)	(1.1)	-	(1.1)
Taxation	(30.2)	1.4	(28.8)	(24.0)	0.8	(23.2)
Profit for the year	114.7	(9.1)	105.6	118.8	(6.2)	112.6
Attributable to:						
Breedon Group shareholders	114.6	(9.1)	105.5	118.7	(6.2)	112.5
Non-controlling interests	0.1	-	0.1	0.1	-	0.1
Profit for the year	114.7	(9.1)	105.6	118.8	(6.2)	112.6

* Non–underlying items represent acquisition–related expenses, property gains or losses, amortisation of acquisition intangibles, AIM to Main Market costs and related tax items.

	2023	2022
Earnings per share**		
Basic	31.1p	33.2p
Diluted	31.0p	33.2p

	2023	2022
Dividends in respect of the year**		
Dividend per share	13.5p	10.5p

** Restated comparatives to reflect the impact of the 5:1 share consolidation undertaken during the year. See note 1.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£m	£m
Profit for the year	**105.6**	112.6
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	**(4.1)**	10.2
Effective portion of changes in fair value of cash flow hedges	**(0.7)**	(1.3)
Taxation on items taken directly to other comprehensive income	**0.1**	0.2
Other comprehensive (expense)/income for the year	**(4.7)**	9.1
Total comprehensive income for the year	**100.9**	121.7
Total comprehensive income for the year is attributable to:		
Breedon Group shareholders	**100.8**	121.6
Non-controlling interests	**0.1**	0.1
	100.9	121.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	2023	2022
	£m	£m
Non-current assets		
Property, plant and equipment	817.2	787.9
Right-of-use assets	45.1	47.1
Intangible assets	520.2	518.2
Investment in associate and joint ventures	14.5	13.7
Trade and other receivables	0.9	3.8
Total non-current assets	1,397.9	1,370.7
Current assets		
Inventories	120.1	94.8
Trade and other receivables	227.9	218.6
Cash and cash equivalents	126.9	101.7
Total current assets	474.9	415.1
Total assets	1,872.8	1,785.8
Current liabilities		
Interest-bearing loans and borrowings	(8.1)	(7.9)
Trade and other payables	(278.6)	(263.8)
Current tax payable	(0.1)	(3.8)
Provisions	(8.8)	(9.2)
Total current liabilities	(295.6)	(284.7)
Non-current liabilities		
Interest-bearing loans and borrowings	(288.7)	(291.5)
Provisions	(85.8)	(76.8)
Deferred tax liabilities	(92.0)	(89.0)
Total non-current liabilities	(466.5)	(457.3)
Total liabilities	(762.1)	(742.0)
Net assets	1,110.7	1,043.8
Equity attributable Breedon Group shareholders		
Share capital	3.4	-
Share premium	0.7	-
Stated capital	-	555.0
Hedging reserve	(0.5)	0.1
Translation reserve	(3.7)	0.4
Merger reserve	80.5	-
Retained earnings	1,030.0	488.0
Total equity attributable to Breedon Group shareholders	1,110.4	1,043.5
Non-controlling interests	0.3	0.3
Total equity	1,110.7	1,043.8

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium	Stated capital	Hedging reserve	Translation reserve	Merger reserve	Retained earnings	Attributable to Breedon Group shareholders	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2022	-	-	553.0	1.2	(9.8)	-	405.2	949.6	0.2	949.8
Shares issued	-	-	2.0	-	-	-	-	2.0	-	2.0
Dividends paid	-	-	-	-	-	-	(30.5)	(30.5)	-	(30.5)
Total comprehensive income for the year	-	-	-	(1.1)	10.2	-	112.5	121.6	0.1	121.7
Share-based payments[1]	-	-	-	-	-	-	0.8	0.8	-	0.8
Balance at 31 December 2022	**-**	**-**	**555.0**	**0.1**	**0.4**	**-**	**488.0**	**1,043.5**	**0.3**	**1,043.8**
Shares issued	**-**	**0.7**	**-**	**-**	**-**	**-**	**-**	**0.7**	**-**	**0.7**
Corporate Reorganisation	**474.5**	**-**	**(555.0)**	**-**	**-**	**80.5**	**-**	**-**	**-**	**-**
Capital reduction[2]	**(471.1)**	**-**	**-**	**-**	**-**	**-**	**471.1**	**-**	**-**	**-**
Transfer to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**	**0.2**	**-**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(37.3)**	**(37.3)**	**(0.3)**	**(37.6)**
Total comprehensive income for the year	**-**	**-**	**-**	**(0.6)**	**(4.1)**	**-**	**105.5**	**100.8**	**0.1**	**100.9**
Share-based payments[1]	**-**	**-**	**-**	**-**	**-**	**-**	**2.9**	**2.9**	**-**	**2.9**
Balance at 31 December 2023	**3.4**	**0.7**	**-**	**(0.5)**	**(3.7)**	**80.5**	**1,030.0**	**1,110.4**	**0.3**	**1,110.7**

1 Share-based payments are presented inclusive of deferred tax recognised in equity.

2 On 9 June 2023, New Breedon (see note 1) undertook a capital reduction to convert £471.1m of share capital to distributable reserves, with share capital remaining at 338.9 million shares but with a nominal value of £0.01 per share.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£m	£m
Cash flows from operating activities		
Profit for the year	**105.6**	112.6
Adjustments for:		
Depreciation and mineral depletion	**88.7**	83.5
Amortisation	**6.0**	4.8
Financial income	**(2.6)**	(0.2)
Financial expense	**13.9**	12.4
Share of profit of associate and joint ventures	**(2.6)**	(3.5)
(Gain)/loss on sale of property, plant and equipment	**(1.4)**	2.4
Gain on stepped acquisition	**-**	(0.3)
Share-based payments	**3.0**	1.2
Taxation	**28.8**	23.2
Operating cash flows before changes in working capital and provisions	**239.4**	236.1
Increase in inventories	**(24.6)**	(31.7)
Increase in trade and other receivables	**(1.0)**	(0.2)
Increase/(decrease) in trade and other payables	**8.8**	(9.1)
Increase in provisions	**8.3**	7.7
Cash generated from operating activities	**230.9**	202.8
Interest paid	**(6.8)**	(6.7)
Interest element of lease payments	**(2.3)**	(2.5)
Interest received	**2.6**	0.2
Income taxes paid	**(32.5)**	(25.8)
Net cash from operating activities	**191.9**	168.0
Cash flows used in investing activities		
Acquisition of businesses	**(18.8)**	(12.6)
Dividends from associate and joint ventures	**1.8**	1.7
Purchase of property, plant and equipment	**(106.8)**	(106.8)
Proceeds from sale of property, plant and equipment	**3.4**	4.8
Net cash used in investing activities	**(120.4)**	(112.9)
Cash flows used in financing activities		
Dividends paid	**(37.6)**	(30.5)
Proceeds from the issue of shares (net of costs)	**0.7**	2.0
Repayment of interest-bearing loans	**(0.9)**	-
Revolving Credit Facility extension costs	**(0.7)**	(0.7)
Repayment of lease obligations	**(8.1)**	(8.8)
Net cash used in financing activities	**(46.6)**	(38.0)
Net increase in cash and cash equivalents	**24.9**	17.1
Cash and cash equivalents at 1 January	**101.7**	83.9
Foreign exchange differences	**0.3**	0.7
Cash and cash equivalents at 31 December	**126.9**	101.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

Breedon Group plc (the 'Company') is a company domiciled in England. The address of the Company's registered office is Pinnacle House, Breedon Quarry, Breedon on the Hill, Derby, England, DE73 8AP. These condensed consolidated financial statements of the Company as at and for the year ended 31 December 2023 consist of the consolidation of the financial statements of the Company and its subsidiaries (collectively the 'Group') and include the Group's interest in jointly controlled and associated entities.

These condensed consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards (IAS) and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under UK adopted IFRS. They do not include all the information required for full annual statements and should be read in conjunction with the 2023 Annual Report.

The Board of Directors approved the condensed consolidated financial statements on 5 March 2024. They are not statutory accounts within the meaning of section 435 of the Companies Act 2006.

The Group's financial statements for the year ended 31 December 2023 were approved by the Board on 5 March 2024. They have been reported on by the Group's auditors and will be delivered to the registrar of companies in due course. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The comparative figures for the financial year ended 31 December 2022 have been extracted from the statutory accounts for that financial year other than Earnings and Dividends per share which have been restated due to the five to one share consolidation undertaken in the period (see Corporate Reorganisation below). 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.

Corporate Reorganisation (AIM to Main)

In connection with the Group's move from AIM to the Premium Segment of the Main Market of the London Stock Exchange during the first half of 2023, a new holding company for the Group was established. Breedon Group plc ('New Breedon'), a company registered in England & Wales with registration number 14739556 was incorporated on 17 March 2023 to act as the new parent company for the Group, in place of Breedon Group plc ('Old Breedon'), a company incorporated in Jersey with registration number 98465.

New Breedon obtained control of the Group on 17 May 2023 via a court approved scheme of arrangement (the 'Corporate Reorganisation'). Under the scheme of arrangement, shares with nominal value of £1.40 were issued in exchange for all the shares in Old Breedon at a ratio of one share in New Breedon for every five shares in Old Breedon. There were no changes in rights or proportion of control exercised as a result of the transaction.

IFRS 3 excludes common control transactions and group reconstructions. These condensed consolidated financial statements therefore incorporate the results of the reorganisation using the merger accounting method, whereby the results and cash flows of all the combining entities are brought into the condensed consolidated financial statements from the beginning of the financial year in which the combination occurs and comparative figures also reflect the combination of the entities. The Group's equity is adjusted to reflect that of the new holding company, with the difference between stated capital reported by Old Breedon under Jersey company law and share capital reported by New Breedon recognised as a merger reserve. See note 7 for further disclosure.

Earnings and Dividend per share measures have been restated to reflect the impact of the five to one share consolidation. In all other aspects the Group's results and financial position are unaffected by the change and reflect the continuation of the Group.

New IFRS Standards and Interpretations

The Group adopted IFRS 17 and amendments to IAS 1, IAS 8 and IAS 12 from 1 January 2023. The adoption of these standards has not had a material impact on the condensed consolidated financial statements.

1 Basis of preparation (continued)

Alternative performance measures

The following non-GAAP performance measures have been used in the financial statements:

- Underlying Earnings Before Interest and Tax (EBIT)
- Underlying EBIT Margin
- Underlying EBITDA
- Like-for-like Underlying EBIT
- Like-for-like revenue
- Underlying Basic & Diluted Earnings Per Share (EPS)
- Adjusted Underlying Basic & Diluted EPS
- Free Cash Flow
- Free Cash Flow conversion
- Return on invested capital
- Covenant Leverage
- Net Debt
- Net Debt (excluding IFRS 16)

Management uses these terms as they believe these measures allow an understanding of the Group's underlying business performance. These alternative performance measures are well understood by investors and analysts, are consistent with the Group's historic 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 10.

2 Going concern

These condensed consolidated financial statements are prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Group meets day-to-day working capital and other funding requirements through banking facilities, which include an overdraft facility. Longer-term debt financing is accessed through the Group's USPP loan note programme. The facilities comprise a £350m multi-currency RCF, which runs to June 2026 and £250m of USPP loan notes with maturities between 2028 and 2036.

The Group comfortably met all covenants in 2023 and other terms of its borrowing agreements in the period, and maintained a track record of profitability and cash generation, with an overall profit before taxation of £134.4m and net cash from operating activities of £191.9m.

The Group has prepared cash flow forecasts for a period of 12 months from the date of signing these condensed consolidated financial statements, which show a sustained trend of profitability, cash generation and retained covenant headroom, even under a 'severe but plausible' downside scenario of forecast cash flows. The impact of the proposed acquisition discussed in note 11 on the group's borrowings and covenant headroom has been considered in making this assessment.

The base case assumes a trading performance delivered in line with market consensus over the forecast period, while the downside scenario models a 10% reduction in revenues, which the Group believes is an extremely severe sensitivity relative to likely outcomes and historic experience.

As at 31 December 2023, the Group had cash of £126.9m and undrawn banking facilities of £350.0m. At the date of this report, the Group retains a similar level of liquidity. Following the proposed acquisition discussed in note 11, the level of undrawn facilities will reduce to c.£175m. The remaining cash and facility is expected to provide sufficient available funds for the Group to discharge its liabilities as they fall due.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these condensed consolidated financial statements and therefore have prepared the condensed consolidated financial statements on a going concern basis.

3 Segmental analysis

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

The Group's activities comprise the following reportable segments:

Great Britain: our construction materials and surfacing businesses in Great Britain.

Ireland: our construction materials and surfacing businesses on the Island of Ireland.

Cement: our cementitious operations in Great Britain and Ireland.

	2023 Revenue	2023 *Underlying EBITDA	2022 Revenue	2022 *Underlying EBITDA
Income statement	**£m**	**£m**	£m	£m
Great Britain	**1,033.8**	**138.6**	972.4	136.1
Ireland	**235.5**	**35.9**	226.2	34.4
Cement	**331.2**	**84.5**	300.7	79.6
Central administration	**-**	**(16.7)**	-	(15.1)
Eliminations	**(113.0)**	**-**	(103.0)	-
Total	**1,487.5**	**242.3**	1,396.3	235.0

Reconciliation to statutory profit	2023	2022
Underlying EBITDA as above	**242.3**	235.0
Depreciation and mineral depletion	**(88.7)**	(83.5)
Underlying Group operating profit	**153.6**	151.5
Great Britain	**86.4**	86.4
Ireland	**29.0**	28.3
Cement	**55.2**	52.1
Central administration	**(17.0)**	(15.3)
Underlying Group operating profit	**153.6**	151.5
Share of profit of associate and joint ventures	**2.6**	3.5
Underlying profit from operations (EBIT)	**156.2**	155.0
Non-underlying items (note 4)	**(10.5)**	(7.0)
Profit from operations	**145.7**	148.0

*Underlying EBITDA is earnings before interest, tax, depreciation and mineral depletion, amortisation, non-underlying items (note 4) and before our share of profit of associate and joint ventures.

Disaggregation of revenue from contracts with the customers

Analysis of revenue by geographic location of end-market

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:

	2023	2022
	£m	£m
United Kingdom	**1,296.8**	1,217.3
Republic of Ireland	**188.1**	176.5
Other	**2.6**	2.5
	1,487.5	1,396.3

3 Segmental analysis *(continued)*

Analysis of revenue by major products and service lines by segment

	2023	2022
	£m	£m
Sale of goods		
Great Britain	855.8	829.0
Ireland	96.5	82.0
Cement	331.2	300.7
Eliminations	(113.0)	(103.0)
	1,170.5	1,108.7
Surfacing		
Great Britain	178.0	143.4
Ireland	139.0	144.2
	317.0	287.6
Total	1,487.5	1,396.3

Eliminations primarily comprise sales from Cement to the Great Britain and Ireland segments.

Timing of revenue recognition

Sale of goods revenue relates to products for which revenue is recognised at a point in time as the product is transferred to the customer. Surfacing revenues are accounted for as products and services for which revenue is recognised over time.

Statement of financial position

	2023 Total assets	2023 Total liabilities	2022 Total assets	2022 Total liabilities
	£m	£m	£m	£m
Great Britain	920.6	(238.3)	900.9	(228.0)
Ireland	282.8	(40.6)	260.6	(40.5)
Cement	539.2	(73.8)	519.7	(62.0)
Central administration	3.3	(20.5)	2.9	(19.3)
Total operations	1,745.9	(373.2)	1,684.1	(349.8)
Current tax	-	(0.1)	-	(3.8)
Deferred tax	-	(92.0)	-	(89.0)
Net Debt	126.9	(296.8)	101.7	(299.4)
Total Group	1,872.8	(762.1)	1,785.8	(742.0)
Net assets		1,110.7		1,043.8

4 Non-underlying items

Non-underlying items are those which, because of their nature, size or incidence, are either unlikely to recur in future periods or which distort the underlying trading performance of the business, including non-cash items. For an item to be classified as non-underlying, it must meet defined criteria which are applied consistently by the Group. The directors monitor the performance of the Group using alternative performance measures which are calculated on an underlying basis. In the opinion of the directors, this presentation aids understanding of the underlying business performance and any references to underlying earnings measures throughout this report are made on this basis. Underlying measures are calculated and presented on a consistent basis over time to assist in the comparison of performance.

	2023	2022
	£m	£m
Included in operating expenses:		
Acquisition costs	0.9	0.7
Property losses	-	1.5
Amortisation of acquired intangible assets	6.0	4.8
AIM to Main Market costs	3.6	-
Total non-underlying items (before tax)	10.5	7.0
Non-underlying taxation	(1.4)	(0.8)
Total non-underlying items (after tax)	9.1	6.2

5 Taxation

Recognised in the condensed consolidated income statement

	2023	2022
	£m	£m
Current tax		
Current year	30.5	23.6
Prior year	(2.1)	1.0
Total current tax	28.4	24.6
Deferred tax		
Current year	(1.9)	(1.8)
Change in deferred tax rate	0.7	1.1
Prior year	1.6	(0.7)
Total deferred tax	0.4	(1.4)
Total tax charge in the condensed consolidated income statement	28.8	23.2

Recognised in equity

	2023	2022
	£m	£m
Deferred tax		
Derivatives	(0.1)	(0.2)
Share-based payments	0.1	0.4
Total tax charge in equity	-	0.2

5 Taxation *(continued)*

Reconciliation of effective tax rate

	2023 £m	2022 £m
Profit before taxation	134.4	135.8
Tax at the Company's domestic rate of 23.5% (2022: 19%)	31.6	25.8
Difference between Company and subsidiary statutory tax rates	(4.0)	(2.6)
Expenses not deductible for tax purposes	1.4	0.6
Enhanced capital allowances	(0.1)	(1.4)
Share-based payments	0.1	0.8
Unrecognised deferred tax assets	-	(0.7)
Income from associate and joint ventures already taxed	(0.5)	(0.7)
Chargeable gain on property disposal	0.1	-
Change in deferred tax rate	0.7	1.1
Adjustment in respect of prior years	(0.5)	0.3
Total tax charge	**28.8**	23.2

The Company is tax resident in the UK, with a 23.5% tax rate. The Group's subsidiary operations pay tax at a rate of 23.5% (2022: 19%) in the UK and 12.5% (2022: 12.5%) in RoI.

Excluding the impact of non-underlying items and the change in deferred tax rate, the Group's Underlying effective tax rate is 20.4% (2022: 16.0%). Including these items, the Group's reported tax rate for the year is 21.4% (2022: 17.1%).

Global Minimum Corporate Tax Framework

In December 2021, the OECD released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750 million (Pillar Two rules). The UK substantively enacted legislation implementing these rules on 20 June 2023 and the rules apply to the Group as of 1 January 2024.

The Group is reviewing this legislation together with developing guidance. At 1 January 2024 the impact of Pillar Two rules on the Group is limited to the Group's taxable profits generated in RoI. Based on the information currently available, the impact of these rules on the Group tax position is not expected to be material.

In accordance with the mandatory exception under Amendments to IAS 12, the Group has not remeasured deferred tax assets and liabilities as a result of the implementation of the Pillar Two rules.

6 Interest-bearing loans and borrowings

Net Debt

	2023 £m	2022 £m
Cash and cash equivalents	126.9	101.7
Current borrowings	(8.1)	(7.9)
Non-current borrowings	(288.7)	(291.5)
Net Debt	**(169.9)**	(197.7)
IFRS 16 lease liabilities	48.0	49.3
Net Debt (excluding IFRS 16)	**(121.9)**	(148.4)

Analysis of borrowings between current and non-current

	2023 £m	2022 £m
Lease liabilities	8.1	7.9
Current borrowings	**8.1**	7.9
Bank and USPP debt	248.8	250.1
Lease liabilities	39.9	41.4
Non-current borrowings	**288.7**	291.5

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

The Group's borrowing facilities comprise a £350m multi-currency RCF and a £250m USPP.

The RCF is available to the Group until June 2026. Interest on the RCF is calculated as a margin referenced to the Group's Covenant Leverage plus SONIA or EURIBOR according to the currency of borrowing. Interest on the RCF was charged in the period at margins of between 1.8% and 1.9%.

The USPP was issued in 2021 with an average fixed coupon of approximately 2% and comprises £170m sterling and £80m drawn in Euro, with a maturity profile between 2028 and 2036.

During the year, the Group exercised an option to extend the RCF for a one-year period. Arrangement fees of £0.7m were capitalised in the year and will be amortised over the period of the additional borrowing.

Borrowing facilities are subject to leverage and interest cover covenants which are tested half-yearly. The Group remained fully compliant with all covenants during the year.

7 Stated and share capital

Following the Corporate Reorganisation, all shares issued by Breedon are ordinary shares which have a par value of £0.01 and are fully paid. The Company has no limit to the number of shares which may be issued.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

	millions
Issued ordinary shares	
Old Breedon at 1 January 2022	1,689.7
Exercise of savings-related share options	3.1
Vesting of Performance Share Plan awards	1.6
Old Breedon at 31 December 2022	1,694.4
5:1 share consolidation as part of Corporate Reorganisation	**(1,355.5)**
New Breedon opening shares	**338.9**
Exercise of savings-related share options	**0.2**
Vesting of Performance Share Plan awards	**0.6**
New Breedon at 31 December 2023	**339.7**

Movements during 2023 (New Breedon):
The Company issued 0.2 million shares for cash raising £0.7m in connection with the exercise of certain savings-related share options, with £0.7m recognised as share premium. The Company issued 0.6 million shares for non-cash consideration of 1 pence per share, satisfied through the capitalisation of retained earnings, in connection with the vesting of awards under the Performance Share Plans.

Movements during 2022 (Old Breedon):
Old Breedon issued 3.1 million shares for cash raising £2.0m in connection with the exercise of certain savings-related share options and issued 1.6 million shares for nil consideration in connection with the vesting of awards under the Performance Share Plans.

8 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable Breedon Group shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit for the year attributable to Breedon Group shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the potential dilutive ordinary shares into ordinary shares.

8 Earnings per share (continued)

Calculations of these measures and reconciliations to related alternative performance measures are as follows:

Basic EPS to adjusted Underlying Basic EPS

	2023 Earnings £m	2023 Shares millions	2023 EPS pence	2022 (*restated) Earnings £m	2022 (*restated) Shares millions	2022 (*restated) EPS pence
Basic EPS	105.5	339.148	31.1	112.5	338.553	33.2
Adjustments to earnings						
Earnings impact of change in deferred tax rate (note 5)	0.7	-	0.2	1.1	-	0.3
Non-underlying items (note 4)	9.1	-	2.7	6.2	-	1.9
Adjusted Underlying Basic EPS	115.3	339.148	34.0	119.8	338.553	35.4

Basic EPS to Underlying Basic EPS

	2023 Earnings £m	2023 Shares millions	2023 EPS pence	2022 (*restated) Earnings £m	2022 (*restated) Shares millions	2022 (*restated) EPS pence
Basic EPS	105.5	339.148	31.1	112.5	338.553	33.2
Adjustments to earnings						
Non-underlying items (note 4)	9.1	-	2.7	6.2	-	1.9
Underlying Basic EPS	114.6	339.148	33.8	118.7	338.553	35.1

Diluted EPS to adjusted Underlying Diluted EPS

	2023 Earnings £m	2023 Shares millions	2023 EPS pence	2022 Earnings £m	2022 Shares millions	2022 EPS pence
Diluted EPS	105.5	339.849	31.0	112.5	339.399	33.2
Adjustments to earnings						
Earnings impact of change in deferred tax rate (note 5)	0.7	-	0.2	1.1	-	0.3
Non-underlying items (note 4)	9.1	-	2.7	6.2	-	1.8
Adjusted Underlying Diluted EPS	115.3	339.849	33.9	119.8	339.399	35.3

Diluted EPS to Underlying Diluted EPS

	2023 Earnings £m	2023 Shares millions	2023 EPS pence	2022 (*restated) Earnings £m	2022 (*restated) Shares millions	2022 (*restated) EPS pence
Diluted EPS	105.5	339.849	31.0	112.5	339.399	33.2
Adjustments to earnings						
Non-underlying items (note 4)	9.1	-	2.7	6.2	-	1.8
Underlying Diluted EPS	114.6	339.849	33.7	118.7	339.399	35.0

* Comparative figures restated to reflect the impact of the 5:1 share consolidation undertaken in the year. See Corporate Reorganisation disclosed within note 1.

Dilutive items in both the current and prior year related to share-based payments.

9 Acquisitions

Current year acquisitions

The Group completed three individually immaterial acquisitions in the current year, being Broome Bros. (Doncaster) Limited (1 May 2023), Robinson Quarry Masters Limited (15 May 2023) and Minster Surfacing Limited (5 May 2023). Total consideration for these acquisitions was £27.1m.

9 Acquisitions (continued)

Current year acquisitions (continued)

The fair value of the assets and liabilities acquired is set out as follows:

	Book value	Fair value adjustments	Provisional fair value on acquisition
	£m	£m	£m
Intangible assets	-	3.9	3.9
Property, plant and equipment	4.5	6.5	11.0
Right-of-use assets	0.2	-	0.2
Inventories	1.2	-	1.2
Trade and other receivables	6.2	-	6.2
Cash and cash equivalents	6.2	-	6.2
Trade and other payables	(3.5)	-	(3.5)
Provisions	(0.3)	-	(0.3)
Lease liabilities	(0.2)	-	(0.2)
Borrowings	(0.9)	-	(0.9)
Current tax payable	(0.4)	-	(0.4)
Deferred tax liabilities	(0.7)	(2.5)	(3.2)
Total	12.3	7.9	20.2
Consideration – cash			25.0
Deferred consideration			2.1
Goodwill arising			6.9

Consideration

Deferred consideration includes £1.1m relating to an earnout arrangement and £1.0m relating to a put liability over the remaining 20% of the ordinary shares of Minster Surfacing Limited. The put liability has been accounted for using the anticipated acquisition method. The earnout will be paid to the former owner based on the performance of the acquired entity over a two year period.

Fair value adjustments

The fair value adjustments comprised:

- Intangible assets, including the value of acquired customer lists;
- Revaluation of certain items of property, plant and equipment; and
- Associated deferred tax balances.

The goodwill arising represents expected synergies, the potential for future growth, access to new markets and the skills of the existing workforce. Goodwill is not deductible for tax purposes.

10 Reconciliation to non-GAAP measures

Non-GAAP performance measures are used throughout the Annual Report and the condensed consolidated 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

2023	Great Britain	Ireland	Cement	Central administration and eliminations	Share of profit of associate and joint ventures	Total
	£m	£m	£m	£m	£m	£m
Revenue	1,033.8	235.5	331.2	(113.0)	-	1,487.5
Profit from operations						145.7
Non-underlying items (note 4)						10.5
Underlying EBIT	86.4	29.0	55.2	(17.0)	2.6	156.2
Underlying EBIT margin	8.4%	12.3%	16.7%			10.5%
Underlying EBIT	86.4	29.0	55.2	(17.0)	2.6	156.2
Share of profit of associate and joint ventures	-	-	-	-	(2.6)	(2.6)
Depreciation and mineral depletion	52.2	6.9	29.3	0.3	-	88.7
Underlying EBITDA	138.6	35.9	84.5	(16.7)	-	242.3

10 Reconciliation to non-GAAP measures (continued)

2022	Great Britain	Ireland	Cement	Central administration and eliminations	Share of profit of associate and joint ventures	Total
	£m	£m	£m	£m	£m	£m
Revenue	972.4	226.2	300.7	(103.0)	-	1,396.3
Profit from operations						148.0
Non-underlying items (note 4)						7.0
Underlying EBIT	86.4	28.3	52.1	(15.3)	3.5	155.0
Underlying EBIT margin	8.9%	12.5%	17.3%			11.1%
Underlying EBIT	86.4	28.3	52.1	(15.3)	3.5	155.0
Share of profit of associate and joint ventures	-	-	-	-	(3.5)	(3.5)
Depreciation and mineral depletion	49.7	6.1	27.5	0.2	-	83.5
Underlying EBITDA	136.1	34.4	79.6	(15.1)	-	235.0

Free Cash Flow

	2023	2022
	£m	£m
Net cash from operating activities	**191.9**	168.0
Net cash used in investing activities	**(120.4)**	(112.9)
Acquisition of businesses	**18.8**	12.6
Cash impact of non-underlying items	**4.5**	1.0
Free Cash Flow	**94.8**	68.7
Underlying EBITDA	**242.3**	235.0
Free Cash Flow conversion	**39%**	29%

Return on invested capital

	2023	2022
	£m	£m
Underlying EBIT	**156.2**	155.0
Underlying effective tax rate	**20.4%**	16.0%
Taxation at the Group's underlying effective rate	**(31.9)**	(24.8)
Underlying earnings before interest	**124.3**	130.2
Net assets	**1,110.7**	1,043.8
Net Debt (note 6)	**169.9**	197.7
Invested capital as at 31 December	**1,280.6**	1,241.5
Average invested capital*	**1,261.1**	1,201.9
Return on invested capital**	**9.9%**	10.8%

* 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 2022 was £1,162.3m.

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

10 Reconciliation to non-GAAP measures (continued)

Covenant Leverage

	2023	2022
	£m	£m
Underlying EBITDA	**242.3**	235.0
Impact of IFRS 16	**(10.3)**	(11.3)
Underlying EBITDA for covenants	**232.0**	223.7
Net Debt (excluding IFRS 16)	**121.9**	148.4
Covenant Leverage	**0.5x**	0.7x

Covenant Leverage is defined as the ratio of Underlying EBITDA to Net Debt, with both Underlying EBITDA and Net Debt adjusted to reflect the material items which are adjusted by the Group and its lenders in determining leverage for the purpose of assessing covenant compliance and, in the case of our bank facilities, the margin payable on overdrawn borrowings. In both the current and prior year, the only material adjusting item was the impact of IFRS 16.

11 Post balance sheet events

Acquisition of BMC Enterprises Inc

On 6 March 2024 the Group announced the proposed acquisition of the entire share capital of BMC Enterprises Inc, a supplier of aggregates and ready mixed concrete headquartered in St Louis, Missouri, USA. The acquisition is expected to complete by 7 March 2024.

Consideration payable is based on an enterprise value of US$300m, of which US$285m is payable in cash and the remaining US$15m through the issue of newly created shares in Breedon Group plc. The consideration is subject to customary closing adjustments and retentions.

The cash element of the consideration will be satisfied through the utilisation of surplus cash balances and drawdown on the Group's existing borrowing facilities.

The acquisition is expected to have a material impact on the Group's results for the year ended 31 December 2024.

Given the proximity of the acquisition date to the date on which the Financial Statements were authorised, the Group is not yet able to provide certain disclosures required by IFRS 3, including the initial fair values of assets and liabilities acquired, which have not yet been ascertained. These disclosures will be presented as part of the Group's Interim Statement made up to 30 June 2024.

Acquisition of Eco-Asphalt Supplies Limited

On 31 January 2024 the Group acquired the entire share capital of Eco-Asphalt Supplies Limited, an asphalt supplier based in the UK, for an enterprise value of £5.5m. This acquisition is not expected to materially impact the earnings of the Group for the year ended 31 December 2024.

Given the proximity of the acquisition date to the date on which the Financial Statements were authorised, the Group is not yet able to provide certain disclosures required by IFRS 3, including the initial fair values of assets and liabilities acquired, which have not yet been ascertained. These disclosures will be presented as part of the Group's Interim Statement made up to 30 June 2024.

Cautionary Statement

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018 ("EUWA")) ("UK MAR"). In addition, market soundings (as defined in MAR) were taken in respect of certain matters contained in this announcement with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this announcement. Therefore those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

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
CEM II	CEM II limestone cement; consists of clinker, minor additional constituents and up to 20% of limestone which reduces the product's carbon intensity
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
CDP	Climate Disclosure Project
EBIT	Earnings before interest and tax which equates to profit from operations
EPS	Earnings per share
ETS	Emissions Trading Scheme
EURIBOR	Euro Inter-bank Offered Rate
GAAP	Generally Accepted Accounting Principles
GB	Great Britain
Group	Breedon and its subsidiary companies
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
Invested capital	Net assets plus net debt
Ireland	The Island of Ireland
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.
M&A	Mergers & acquisitions
NI	Northern Ireland
Ppt	Percentage point
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