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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

BREEDON GROUP PLC

Acquisition of Lionmark for US 238 million

Earnings enhancing transaction to scale and diversify Breedon's US business

Breedon Group plc ("Breedon" or the "Group"), a leading vertically-integrated construction materials group in Great Britain, Ireland and the United States, announces the acquisition of Lionmark Construction Companies LLC ("Lionmark") for an enterprise value of US 238m (£187m¹) (the "Transaction").

Strategic Highlights

- Lionmark is a leading Missouri headquartered construction materials and surfacing solutions business with a focus on road infrastructure end markets.
- Expected to more than double Breedon's US revenue, increasing vertical-integration and diversifying our US product offering into asphalt and surfacing.
- Benefits from attractive markets, with growing demand underpinned by structural increases in transport infrastructure investment and Lionmark's long-standing relationships with state transport authorities and large contractors.
- Strong cultural fit, high quality management team and a complementary asset base facilitating a straightforward integration into BMC, Breedon's existing US platform.
- Transaction expected to provide immediate and attractive financial returns while maintaining a strong and flexible balance sheet.

Financial Highlights

- In the twelve months ended 30 November 2024, Lionmark recorded unaudited revenue of US 246m and unaudited adjusted EBITDA² of US 31m.
- Headline enterprise value represents c.7.7x 2024 unaudited adjusted EBITDA².
- Synergies of not less than US 3m per annum expected to be fully delivered by the third year of ownership.
- Asset backed with c.100 million tonnes³ of reserves and resources.

Transaction Highlights

- c.US 226m payable in cash on completion, subject to customary adjustments and retentions, funded through a draw down on Breedon's existing Revolving Credit Facility.
- c.US 12m payable in Breedon shares, to be retained by the Vendors for a minimum of twelve months following Completion.
- Completion is expected to occur by 7 March 2025; subject to customary closing conditions
- Expected to be immediately earnings enhancing⁴; ROIC to cover WACC by end of 2027.
- Post-acquisition pro-forma Covenant Leverage for the Group of c.1.9x⁵; in line with our financial framework.

Andy Arnold, Managing Director, Breedon US, commented:

"The acquisition of Lionmark represents a significant milestone in the development of our US business. Lionmark is extremely complementary to our existing operations, diversifying BMC's product to supply asphalt and surfacing solutions into an attractive market which is well-positioned for future growth."

Rob Wood, Chief Executive Officer, commented:

"The acquisition of Lionmark will more than double our US revenue, is expected to be immediately earnings enhancing for shareholders while allowing Breedon to maintain a conservative and flexible balance sheet to pay dividends and make further bolt-on acquisitions across each of our platforms as opportunities arise.

"In a year we have built a US business of scale that is already on a pro-forma basis the equivalent size of our Irish business. We are delighted to welcome our new colleagues to Breedon and look forward to working with them as we continue to expand Breedon's presence in the United States."

Notes:

1. GBP: USD Exchange Rate of 1:1.27.
2. Lionmark financials have been extracted from the management accounts of Lionmark and adjusted for items which will not reoccur under Breedon ownership. Lionmark financials are unaudited and have been prepared under US GAAP so may not be directly comparable to Breedon financials which are prepared under IFRS.
3. Breedon and Lionmark's best estimate of Lionmark's reserves and resources at the date of this announcement, expressed as metric tonnes.
4. This statement should not be construed as a profit forecast or interpreted to mean that the future earnings per share, profits, margins or cashflows of the Group will necessarily be greater than the historic published figures.
5. ROIC: post-tax return on average invested capital
6. Pro-forma Covenant Leverage is the Covenant Leverage of the Group calculated assuming the transaction had completed on 31 December 2024. 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.

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).

ENQUIRIES

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About Breedon Group plc

Breedon Group plc, a leading vertically-integrated construction materials group in Great Britain, Ireland and the United States delivers essential products to the construction sector. Breedon holds 1.4bn 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 4,500 colleagues embody our commitment to 'Make a Material Difference' as the Group continues to execute its strategy to create sustainable value for all stakeholders, delivering growth through organic improvement and acquisition in the heavyside construction materials market. Breedon shares (BREE) are traded on the Main Market of the London Stock Exchange and are a constituent of the FTSE 250 index.

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Additional information

Lionmark Overview

Founded in 1932 and headquartered in St Louis, Missouri, Lionmark is a leading regional construction-materials and surfacing business with a particular focus on road infrastructure end-markets.

In the twelve months ended 30 November 2024, Lionmark recorded unaudited Revenue of US 246m and unaudited adjusted EBITDA of US 31m, derived from its multi-state surfacing operations which are supported by eight quarries, four asphalt plants and a bitumen import and processing facility, alongside c.400 colleagues.

During 2024, 72% of Lionmark's revenue arose in Missouri, 17% in Texas, 8% in Arkansas and the remainder in the surrounding states.

Missouri, has the sixth largest road network in the US, with 213,000 miles of highway of which c.90% are asphalt. Texas has the largest transportation funding programme in the US, supported by a share of oil and gas production taxes, with US 104bn of total transport infrastructure spend announced in 2024 over the next ten years. More broadly, as at December 2024 only c.34% of the committed c.US 375bn Federal IJIA highway investment had been deployed.

Lionmark has a strong order book for 2025 with a backlog of over US 210m, and significant projects in the pipeline including upgrades to the I-70 and I-44 interstate highways, alongside routine construction and maintenance work.

Lionmark is owned by its senior operational management team (the "Vendors"). Following the transaction, the majority of the Vendors will remain with the business.

Transaction Structure

Cash consideration of c.US 226m (£178m), subject to customary adjustments and retentions, is being funded by way of a draw down under Breedon's existing multicurrency RCF.

c.US 12m (£9.5m) is payable in the form of 2.1m Breedon shares (the "Shares") to be issued to the Vendors, who have undertaken to retain all the Shares for a minimum period of twelve months from completion. Application will be made in due course for the Shares to be admitted to the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange.

Completion is expected to occur by 7 March 2025; subject to customary closing conditions.

The Transaction is expected to be immediately earnings enhancing.

Lewis Rice acted as legal adviser to Breedon on the transaction.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements" (including words such as "believe", "expect", "estimate", "intend", "anticipate" and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, Breedon undertakes no obligation to revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

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