



Analysts Presentation

6 October 2011



Peter Tom CBE
Chairman

- ▲ June 2008: Marwyn Materials created & listed on AIM, backed by Marwyn Capital
 - Strategy to consolidate smaller end of heavyside building materials industry
 - Experienced management – strong track record in delivering shareholder value

- ▲ Sept 2010: acquisition of Breedon Holdings for £160m EV
 - Breedon Aggregates created – UK's largest independent aggregates business
 - Debt facility renegotiated, borrowings cut by c£60m through £50m placing & £10m write-down in PIK interest accrual
 - Provided perfect platform for acquisitive growth, to create leading new European building materials company

- ▲ July 2011: acquisition of C&G Concrete for £10.15m
 - First bolt-on: excellent fit, critical mass in concrete, strong synergy benefits

- ▲ Breedon Aggregates acquired at low point in economic cycle
- ▲ Previously nine fully-listed ‘big name’ UK building materials companies
 - today there are none
- ▲ UK now dominated by global cement companies
 - many seeking to divest non-core operations
 - disposals following Tarmac/Lafarge JV
- ▲ Smaller end of market highly fragmented
 - 200+ businesses, some up for sale
- ▲ Opportunity for smaller, focused independent player
 - to increase market share through first-class localised service
- ▲ Strong recovery potential as leading independent producer

Breedon Aggregates: A unique platform for growth



- ▲ Fully integrated aggregates producer
 - 26 quarries, 18 asphalt plants, 40 concrete plants in 53 locations
- ▲ Substantial delivery fleet
 - 180+ owned/leased trucks, 75 owner-driver vehicles, many multi-purpose
- ▲ Fully-invested business
 - £11m+ annual fixed asset depreciation
- ▲ c200mt of owned or controlled mineral reserves and resources
- ▲ £146m of fixed assets
 - land, mineral assets, plant and machinery
- ▲ Strong market positions in two core regions
 - central and eastern England
 - north, west & east Scotland



Full-strength management team



Executive Chairman

Peter Tom

Aggregate Industries

Group Chief Executive

Simon Vivian

Hanson, Mowlem

Group Finance Director

Ian Peters

Hanson

CEO Breedon Aggregates England

Tim Hall

Tarmac, Nash Rocks

CEO Breedon Aggregates Scotland

Alan Mackenzie

Wimpey, Tarmac

- ▲ Local authorities and Transport Scotland for road building
- ▲ Civil contractors for building houses, factories, offices, schools, etc.
- ▲ Private individuals for drives, pathways, rockeries, etc.
- ▲ Wholesalers for bagged aggregates
- ▲ Specialist markets: agricultural, small developers, etc.



No customer = more than 6% of group revenues

One year in...

Simon Vivian

Group Chief Executive



- ▲ Massive improvement in health and safety across group
- ▲ Management strengthened in key positions
- ▲ Cost base substantially reduced
- ▲ All key major raw material cost increases recovered
- ▲ Improved procurement and credit terms across group
- ▲ Substantial increases in mineral reserves
- ▲ Surplus plant & equipment sold, surplus property assets being developed
- ▲ Significant progress in review of haulage fleet
- ▲ English contracting business returned to profit
- ▲ *GoodQuarry* safety and performance scheme introduced
- ▲ *Best of Breedon* business improvement scheme yielding excellent results
- ▲ First acquisition completed, more in pipeline





The story so far:

Tim Hall

CEO, Breedon Aggregates England

England pre-C&G



29	Mansfield Asphalt Plant	
30	Leaton Quarry	
31	Leinthall Quarry	
32	Breedon Quarry*	
33	Cloud Hill Quarry	
34	Ling Hall Asphalt & Concrete Plant	
35	South Witham Quarry	
36	Corby Asphalt & Concrete Plant	
37	Shropham Quarry**	
38	Longwater Asphalt Plant	

*Decorative Aggregates are also available bagged **Recycled Aggregates only

Key

- Agricultural Lime
- Asphalt
- Concrete
- Contracting
- Crushed Rock
- Decorative Aggregates
- Sand & Gravel

England post-C&G



Key

- Agricultural Lime
- Asphalt
- Concrete
- Contracting
- Crushed Rock
- Decorative Aggregates
- Mortar
- Sand & Gravel



29	Mansfield Asphalt Plant	
30	Leaton Quarry	
31	Leinthall Quarry	
32	Breedon Quarry*	
33	Cloud Hill Quarry	
34	Ling Hall Asphalt & Concrete Plant	
35	Corby Asphalt & Concrete Plant	
36	Peterborough Concrete Plant	
37	Stamford Concrete Plant	
38	Market Deeping Concrete Plant	
39	South Witham Quarry	
40	Grantham Concrete Plant	
41	Sleaford Concrete Plant	
42	Norton Bottoms Quarry	
43	Woodhall Concrete Plant	
44	Mansgate & Kelsey Road Quarry	
45	Kettleby Quarry	
46	Elsham Concrete Plant	
47	Grimsby Concrete Plant	
48	Skegness Concrete Plant	
49	Boston Concrete Plant	
50	Long Sutton Concrete Plant	
51	King's Lynn Concrete Plant	
52	Shropham Quarry**	
53	Longwater Asphalt Plant	

*Decorative Aggregates are also available bagged **Recycling available

- ▲ New H&S manager – major structural changes
- ▲ Focus on root cause analysis
- ▲ *Visible Felt Leadership* programme launched
- ▲ *Breedon Basics* introduced
 - LTIFRs down
 - Downtime reduced
 - Improved housekeeping
 - Improved plant reliability
 - Increased tonnage/sales per employee



- ▲ Commercial organisation restructured
 - Rebalanced internal/external sales
 - Streamlined back office
 - New East/West management structure
 - Decisions devolved to regions
 - Sharpened focus on customer service
- ▲ Better operational and commercial traction
- ▲ Greater accountability

Easy to do business with

Contracting losses eliminated

- ▲ £1.1m loss to modest profit
- ▲ Significantly downsized & aligned with market
- ▲ Customer base rebalanced
 - Baseload asphalt tonnage through in-house contracting
 - Increased focus on independent surfacing contractors



- ▲ All raw material & input costs thoroughly reviewed
- ▲ Marked improvement in cement costs
- ▲ Reduced lubricant costs
- ▲ Full recovery of bitumen costs
- ▲ £1m+ from sale of redundant plant & assets



▲ Focus on where we can be nimble and responsive

▲ Niche markets

- Agriculture
- Small builders
- Regional developers
- Homeowners

▲ Exception: Breedon Special Aggregates

- Unique product portfolio
- High margin
- National market



- ▲ Vehicles reduced from 66 to 40
- ▲ 17 new owner-drivers created
- ▲ Improved utilisation on back of increased volumes
- ▲ Trucks redeployed to Scotland and C&G
 - Improved use of capital
 - Reduced operating costs



Major new business won in 2011



Hepworth
Retail Park



BARRATT
HOMES



Beeston Flood Alleviation



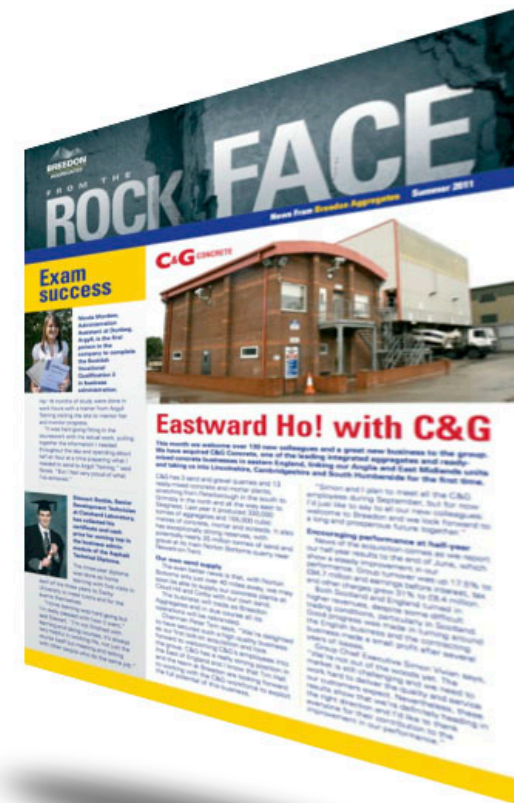
- ▲ Bison Manufacturing, Swadlincote
- ▲ Brett Landscaping, Barrow on Soar
- ▲ Notts County Council new Park & Ride (Broxtowe)
- ▲ Walton-on-Trent, Derbyshire bypass
- ▲ Corby Orbital North development & bypass + new recycling yard
- ▲ New Tesco devts, Coalville & Corby
- ▲ Derby Velodrome
- ▲ New Asda development, Shepshed
- ▲ Persimmon Homes, A1 Sawtry
- ▲ Winvic, distribution centre, Kettering
- ▲ New housing development, Rugby
- ▲ New housing & commercial development, Great Harrowden
- ▲ Jaguar Land Rover factory, J2 M54

Strong performance from Special Aggregates

- ▲ 650+ tonnes of Golden Amber Gravel supplied to Olympic Park
- ▲ 260+ tonnes to National Trust at Cliveden
- ▲ 220 tonnes supplied for *Clash of the Titans II*
- ▲ New footpaths at Wollaton Park for *Batman: the Dark Knight*
- ▲ 40 tonnes to Meerkat enclosure at London Zoo
- ▲ Numerous supplies to stately homes and visitor attractions
- ▲ Heading for 18,000 tonnes of Breedon Golden Amber Gravel sold this year



- ▲ Acquired from administrator 22 July 2011 for £10.15m
- ▲ Integrated ready-mixed concrete producer
 - 3 sand & gravel quarries
 - 13 concrete, screed & mortar plants
 - 24m tonnes of mineral reserves and resources
- ▲ Gives us real scale in ready-mix
 - Good supply synergies
 - Excellent geographical fit
 - Strengthens our cement purchasing
- ▲ Already rebranded Breedon Aggregates
- ▲ Strong recovery potential
- ▲ Several potential divestments
 - £400K of scrap/asset sales to date – more to come
- ▲ Enthusiastic reception from C&G's 130 employees



Mansfield
Asphalt Plant

Elsham
Concrete Plant

Grimsby
Concrete Plant

Norton Bottoms
Quarry

Woodhall
Concrete Plant

Skegness
Concrete Plant

Sleaford
Concrete Plant

Grantham
Concrete Plant

Boston
Concrete Plant

Long Sutton
Concrete Plant

Longwater
Asphalt Plant

Cloud Hill
Quarry

Stamford
Concrete Plant

King's Lynn
Concrete Plant

Shropham
Quarry

Peterborough
Concrete Plant

Ling Hall
Asphalt & Concrete Plant

Corby
Asphalt & Concrete Plant

- ▲ More effective leverage of mineral reserves
- ▲ Improve plant reliability, reduce maintenance costs
- ▲ Reconfigure vehicle fleet
- ▲ Significantly improve customer service
- ▲ Clearer reporting lines and better management reporting
- ▲ Upgrade IT systems

- ▲ Extend footprint eastwards from Cloud Hill
- ▲ Introduce Minimix
- ▲ High PSV acquisition
- ▲ Back-up concrete plants in west
- ▲ More strategic reserves (sand & gravel)
- ▲ Infill acquisitions
- ▲ Continuing reduction in overheads





The story so far:
Alan Mackenzie
Breidon Aggregates Scotland

Scotland



Key	
	Agricultural Lime
	Asphalt
	Concrete
	Contracting
	Crushed Rock
	Decorative Aggregates
	Sand & Gravel

1	Morefields Quarry	
2	Banavie Quarry	
3	Benderloch Quarry	
4	Bonawe Quarry	
5	West Area Contracting	
6	Furnace Quarry	
7	Shierglas Quarry	
8	Meadowside Quarry	
9	Aviemore Concrete Plant	
10	Inverness Concrete Plant	
11	Daviot Asphalt Plant	
12	Netherglen Quarry	
13	Roths Glen Concrete Plant	
14	Boyne Bay Quarry	
15	Stirlinghill Quarry	
16	Inverurie Concrete Plant	
17	Bridge of Don Concrete Plant	
18	Craigenlow Quarry	
19	Westhill Concrete Plant	
20	Deeside Concrete Plant	
21	Capo Quarry	
22	Cunmont Quarry	
23	Ethiebeaton Quarry	
24	Balmullo Quarry	
25	Clatchard Craig Quarry	
26	Kirkcaldy Concrete Plant	
27	Orrock Quarry	
28	Dunfermline Concrete Plant	

- ▲ Workforce reduced in line with lower market demand
- ▲ Increased bitumen costs fully recovered
- ▲ Cement cost increases minimised



- ▲ PQQ specialist in contracting
 - Improving quality of submissions and tender shortlisting
 - Freeing up operational management time
- ▲ New Eastern regional director



- ▲ Won overall material packages to both major highways projects being constructed this year in our operating area
 - A96 Fochabers bypass
 - A9 Crubenmore
- ▲ Won all three works contracts (£250K - £5m) tendered this year
- ▲ Supplied all asphalt to Dundee Airport
 - Two-month contract completed in one month



- ▲ Increasing use of RAP in asphalt products
- ▲ Opportunities for remote batching with mobile concrete plants on wind farm projects
- ▲ Alternative energy market promising



Exploit every available opportunity into 2012

- ▲ Blar Mhor 120-acre development on doorstep of Banavie Quarry
 - Winter/Spring 2011/12
- ▲ Targeting Fife ITS advance project
 - Priced concrete and concrete aggregates package commencing 2012
 - Priced surfacing sub-contract commencing late 2012/early 2013
- ▲ A90 Balmedie to Tippetty
- ▲ Beauly to Denny super pylons
 - Concrete and aggregates opportunity
- ▲ Aberdeen Western Peripheral route
- ▲ Peterhead new prison
 - Substantial volumes of all products



- ▲ Challenging, but achievable targets
- ▲ Potential 9m tonnes extension at Ethiebeaton
- ▲ Poor visibility
 - Trend to short-term programmes: continuing to match workforce to workload
- ▲ Scottish government plans to divert funding into capital infrastructure projects
- ▲ Various acquisition opportunities under consideration



Financial performance

Ian Peters

Group Finance Director

Profit & Loss 2011 Interims

	2011 £'000	2010 Pro forma £'000	Variance v 2010 %
Turnover	84,714	72,146	17.4%
EBITDA	8,357	6,352	31.6%
Depreciation & Amortisation	(5,453)	(6,125)	(11.0)%
Underlying Operating Profit	2,904	227	
Share of Associate	254	423	(40.0)%
Profit Before Interest, Tax and Non-underlying Items	3,158	650	

Analysis by division (interims)

	2011 £'000	2010 Pro forma £'000	Variance £'000	Variance v 2010 %
Turnover				
England	38,321	32,797	5,524	+16.8%
Scotland	46,393	39,349	7,044	+17.9%
Total	84,714	72,146	12,568	+17.4%
EBITDA				
England	4,119	2,192	1,927	+87.9%
Scotland	5,803	5,341	462	+8.7%
Head Office	(1,565)	(1,181)	(384)	+32.5%
Group Total (pre Associate)	8,357	6,352	2,005	+31.6%

Analysis – Volumes (interims)

	2011 '000 tonnes	2010 Pro forma '000 tonnes	Variance %
Aggregates	2,008	1,864	+7.7%
Asphalt	669	597	+12.0%
Ready-mixed concrete	170	133	+27.8%

Closing Balance Sheet, 30 June 2011

	2011 June Actual £'000	2010 Dec Actual £'000
Tangible Fixed Assets	145,856	150,207
Investments	949	1,070
Goodwill arising on Breedon	3,738	3,738
Intangible Assets	260	341
Total Non-current Assets	150,803	155,356
Current Assets	46,446	36,990
Creditors Less than One Year	(42,658)	(35,632)
Net Current Assets	3,788	1,358
Creditors Greater than One Year	(96,552)	(99,883)
Net Assets	58,039	56,831

Analysis of Net Debt

	2011 June Actual £'m	2010 Dec Actual £'m
Term Loans	66.2	67.0
Bank overdrafts	3.4	1.6
Cash	(1.2)	(3.2)
Bank Debt	68.4	65.4
Finance Leases (over 1 year)	18.5	21.4
Finance leases (less than 1 year)	5.1	5.5
Finance Leases	23.6	26.9
Net Debt	92.0	92.3



Peter Tom CBE
Chairman

- ▲ Market outlook difficult to forecast
- ▲ Private sector recovery underway, balanced by public sector cuts
- ▲ Local authority cuts vary significantly and different in Scotland/England
- ▲ Sharp rise in oil & energy-related costs in Q1 2011 – price recovery lag
 - But good record to date on price recovery
- ▲ Encouraging half-year results, second half remains uncertain
- ▲ More disposals in pipeline
- ▲ Focus on integrating C&G and improving its performance
- ▲ Further acquisition opportunities to strengthen business and open new markets
 - Potential from Tarmac/Lafarge disposals
 - Global cement companies all likely to review their UK positions
- ▲ Expect FY to be in line with expectations

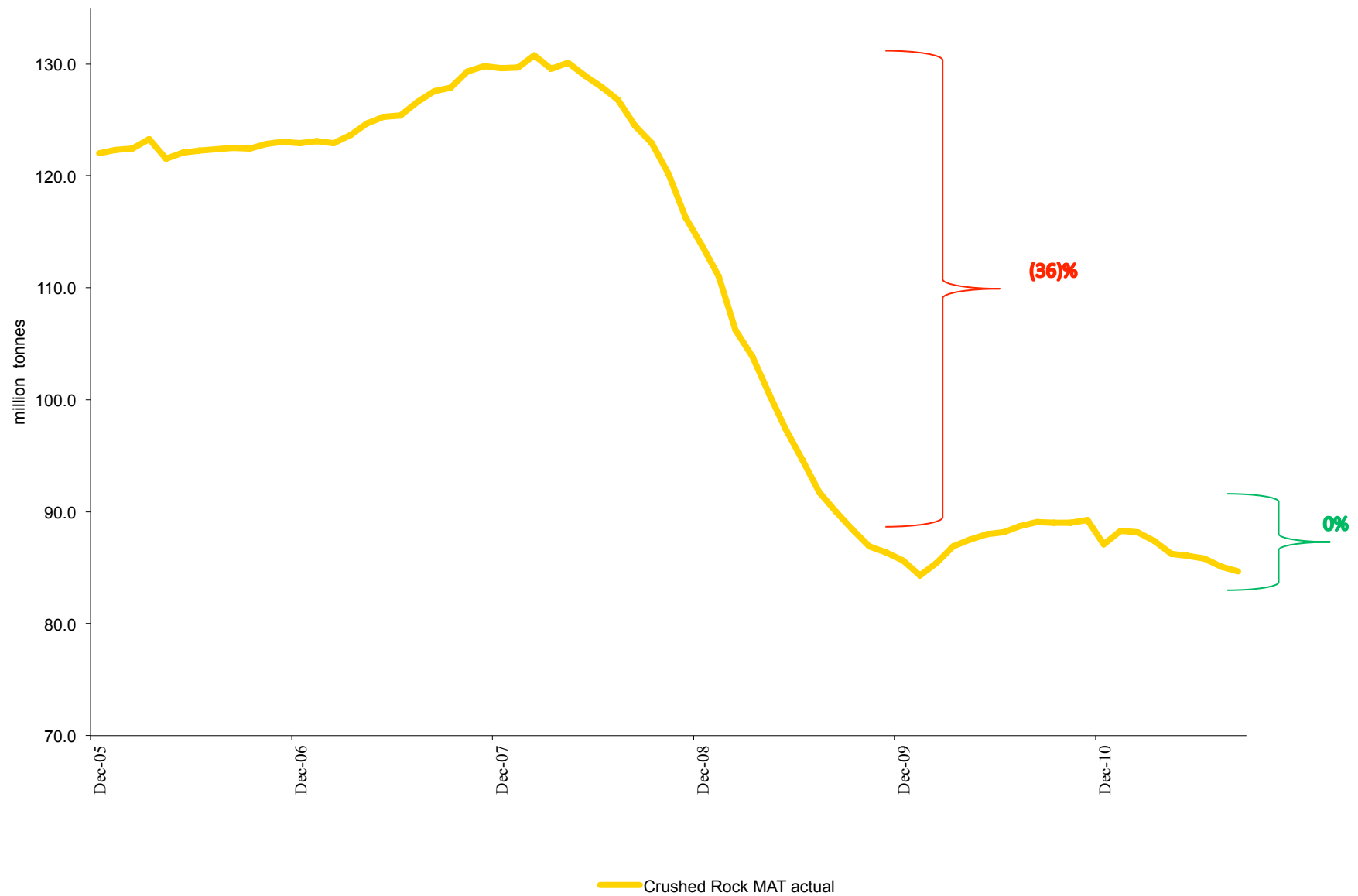
- ▲ Unique investment in focused, independent UK aggregates player with highly experienced management
- ▲ Prime beneficiary of cyclical recovery when it comes
- ▲ Sound organic growth potential from improved localised service and ongoing business improvement initiatives
- ▲ Strengthening balance sheet from improved cashflow and asset disposals
- ▲ Plentiful opportunities for acquisitive growth, with proven financial support



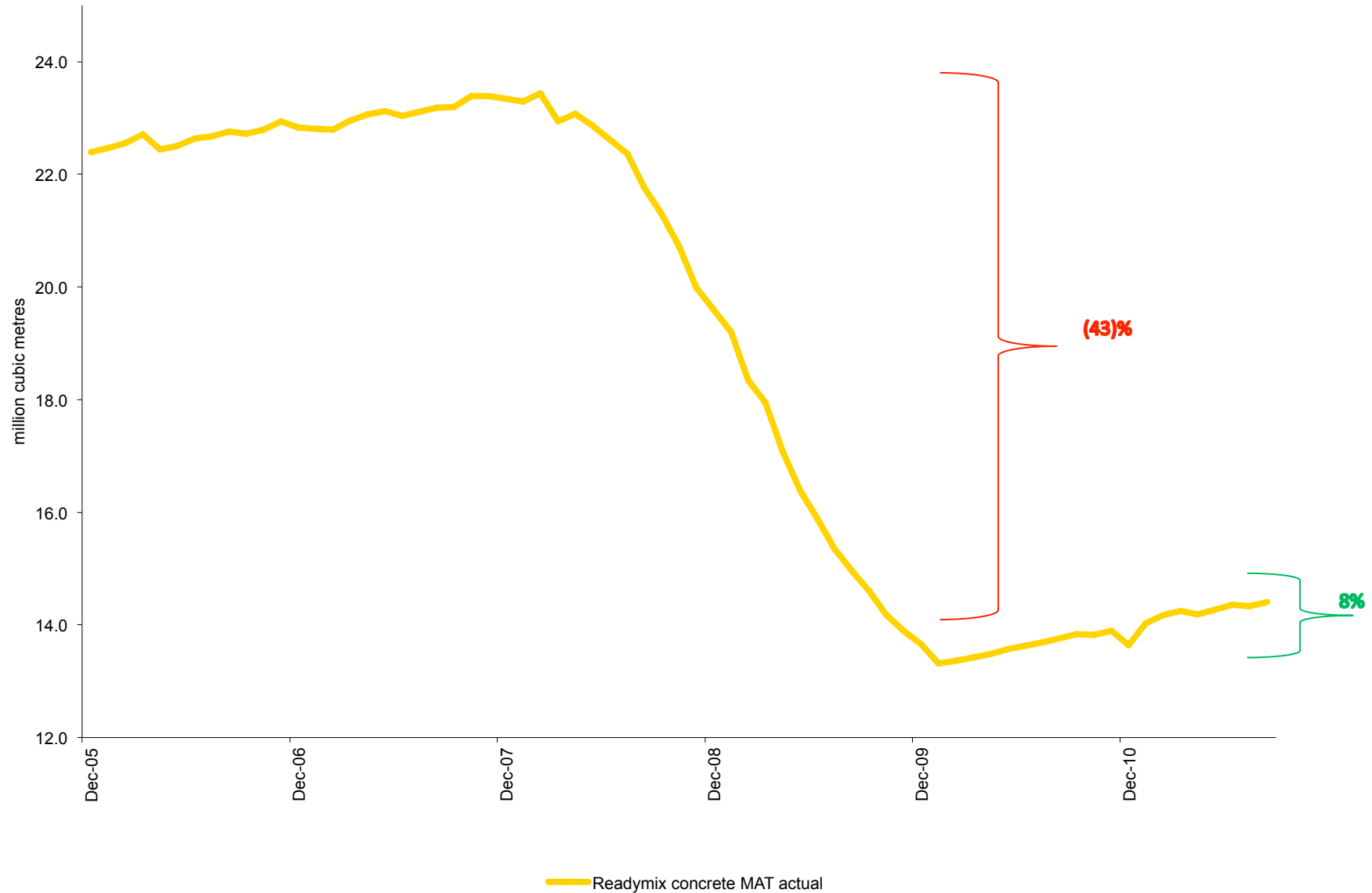
Appendices:

MPA volumes 2005 – Aug 2011

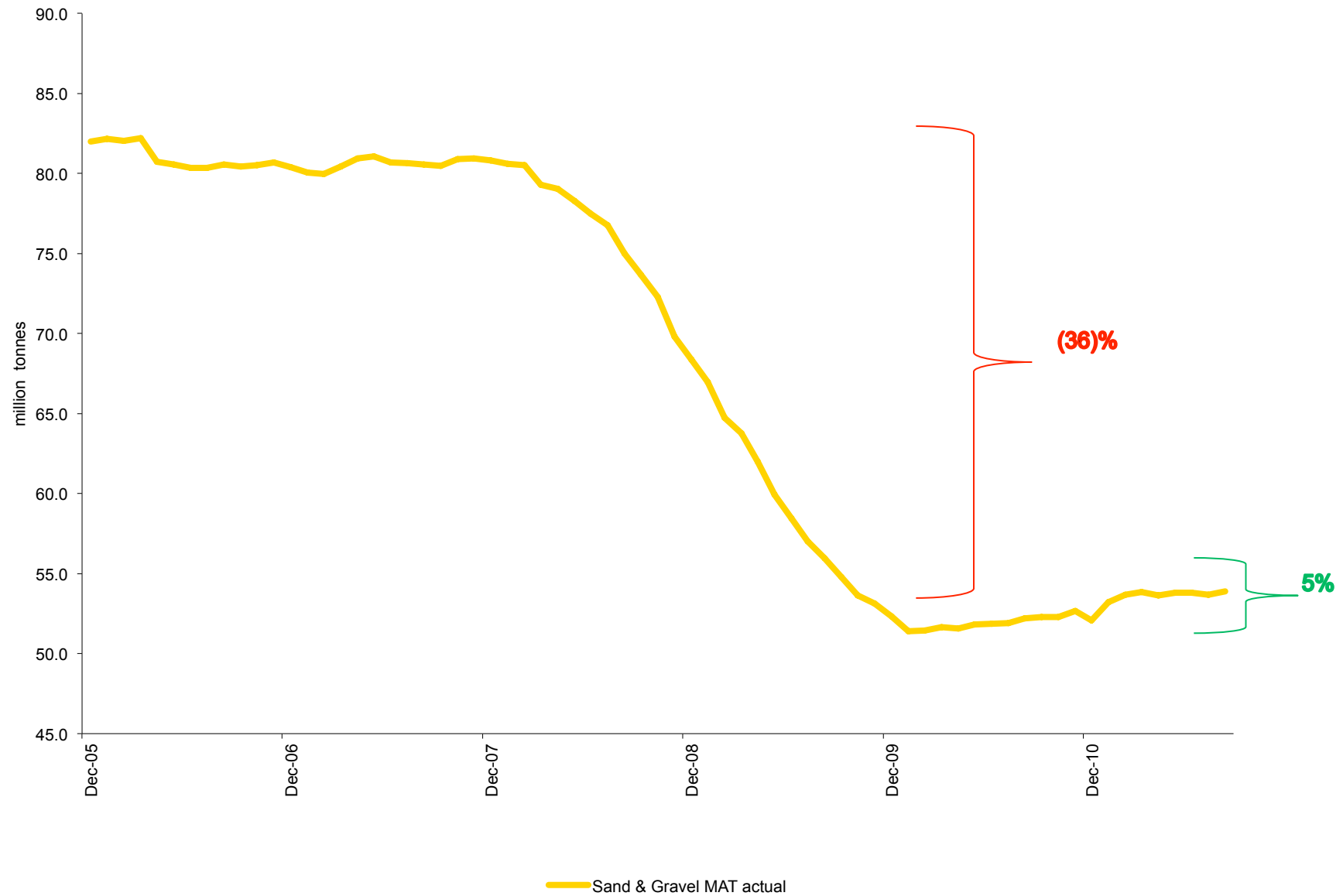
Crushed rock volumes – moving annual trend



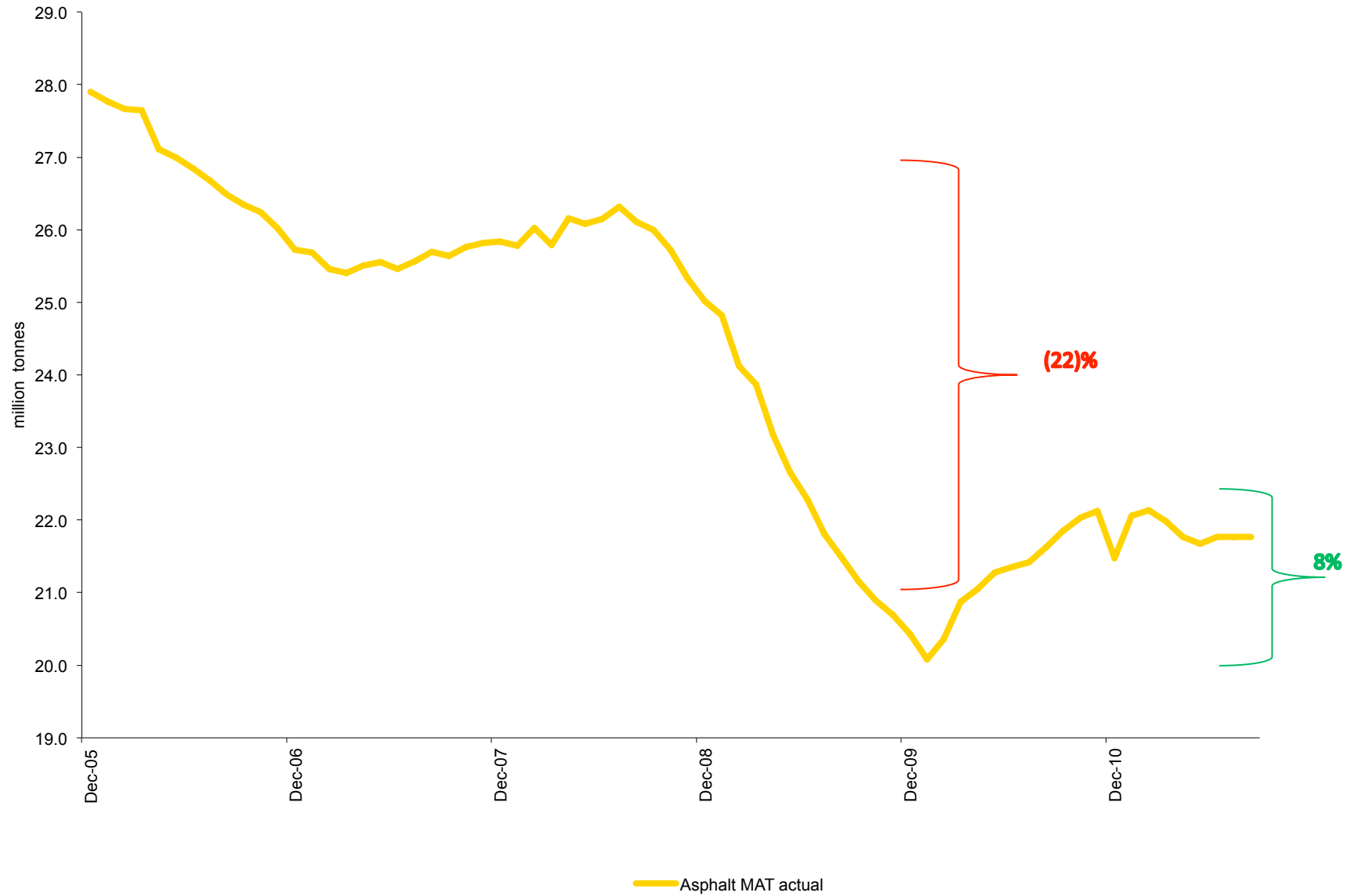
Ready-mixed concrete volumes – moving annual trend



Sand & gravel volumes – moving annual trend



Asphalt volumes – moving annual trend





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