



BREEDON AGGREGATES

Presentation to Numis Securities
13 January 2010



Essential Products ♦ Scarce Resources

Background and history



- **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
Provides perfect platform for acquisitive growth, to create leading new European building materials company



The Market

The UK aggregates market

- £4.8bn market in 2008*
- Underpinned by stable, long-term demand for primary aggregates
200mt+ pa 1983-2007**
- Historical inflation hedge
aggregates prices +54pc vs RPI
+40pc since 1995***
- Highly consolidated
Breedon Aggregates 6th largest
- High barriers to entry
- Industry volumes at or close to trough

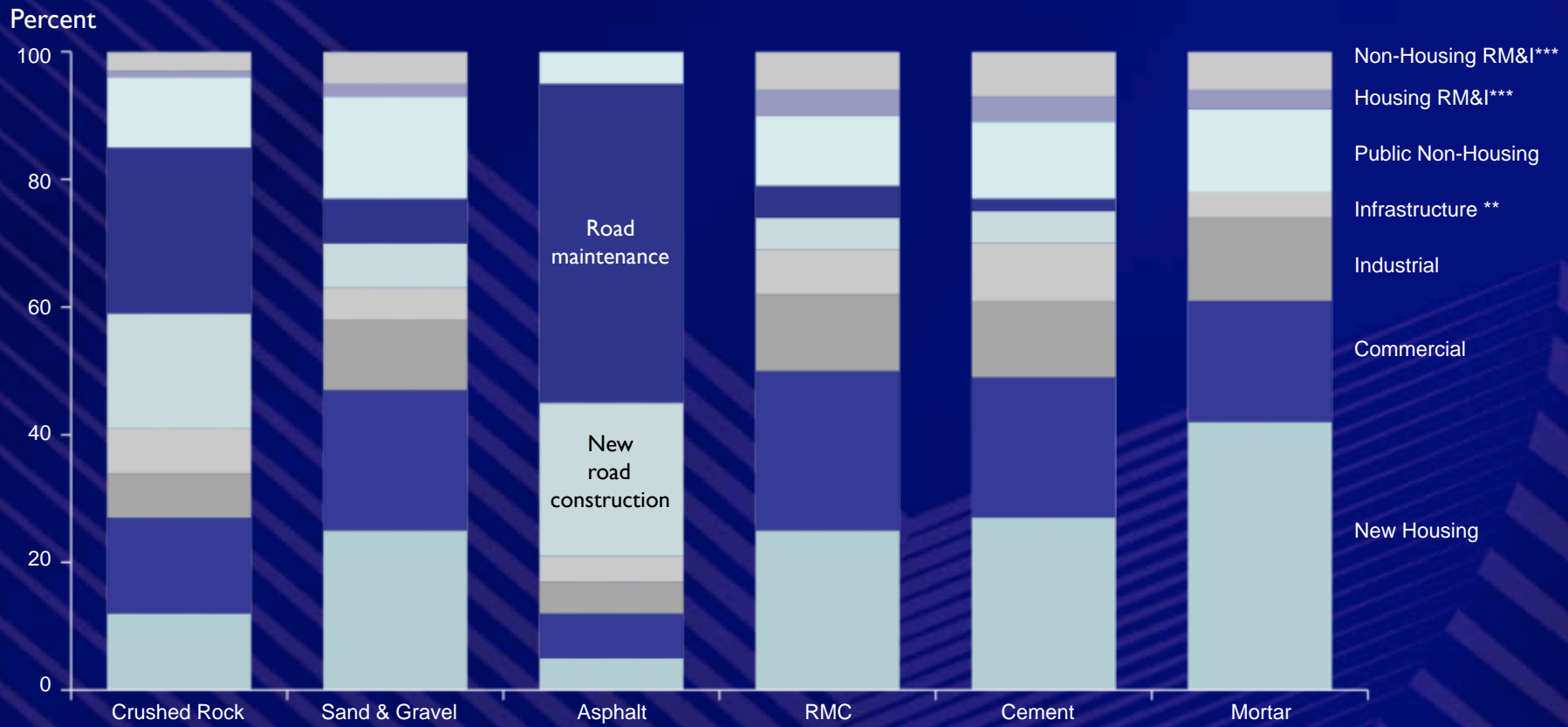


* OFT/Cenkos Securities

** ONS Construction Series: Sales of Primary Aggregates

*** ONS Price indices of Construction Materials

Product Volume Split 2009 by End-use Sector*



Primary Aggregates

Note: * UK example; ** Excluding new road construction; *** Excluding road maintenance
 Source: BDS Marketing

The market opportunity for us

- Breedon Aggregates acquired at low point in economic cycle
- Previously 9 fully-listed 'big name' UK building materials companies
none today
- UK now dominated by global cement companies
many seeking to divest non-core operations
- Smaller end of market highly fragmented
200+ businesses, some up for sale
- Opportunity for smaller, focused independent player
increase market share through first-class localised service
- Strong recovery potential as leading independent producer

Breedon Aggregates – a unique platform for growth



Breedon Aggregates - Overview

- Fully integrated aggregates producer
29 quarries, 19 asphalt plants & 27 concrete plants in 37 locations
- Substantial modern fleet
120+ owned/leased trucks, 54 owner-driver vehicles, many multi-purpose
- Fully invested business
£12m+ annual fixed asset depreciation
- 180mt+ of owned or controlled mineral reserves and resources
c50 years output at current production levels
- Fixed Assets - including Land, mineral assets and plant and machinery totalled £172m at 30th June 2010
- Strong market positions in two core regions
central England and north, west & east Scotland

Scotland



Morefields Quarry RQ / CON

Boyne Bay Quarry RQ / CON

Netherglen Quarry RQ / AS

Inverness CON

Glen of Rothes (Elgin) CON

Daviot AS / CTR

Stirlinghill Quarry RQ / AS / CON

Aviemore CON

Tullochgribban (inactive) SG

Longhaven RQ

Inverurie CON

Meadowside Quarry RQ / CON

Craigenlow Quarry RQ / AS / CON / CTR

Westhill CON

Bridge of Don CON

Park (Deeside) CON

Banavie Quarry RQ / AS / CON / CTR

Capo Quarry/ Edzell SG / CON

Shierglas Quarry RQ / AS / CON

Connel Quarry SG

Ethiebeaton Quarry RQ / AS / CON

Cunmont RQ

Benderloch Quarry RQ / CON

Dunbeg CTR

Bonawe Quarry RQ / AS

Clatchard Quarry RQ / AS / CON / CTR

Balmullo Quarry RQ

Orrock Quarry RQ / AS / CON

Craigs (inactive) RQ

Furnace Quarry RQ / AS / CON

Dunfermline (inactive) CON

Kirkcaldy (inactive) CON

Key:

- RQ - Rock Quarry
- SG - Sand & Gravel
- AS - Asphalt Plant
- CON - Concrete Plant
- CTR - Contracting Office

England



Key:
RQ - Rock Quarry
SG - Sand & Gravel
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CTR - Contracting Office

Experienced 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

Tilcon, Tarmac

CEO Breedon Aggregates Scotland

Alan Mackenzie

Wimpey, Tarmac

Key markets

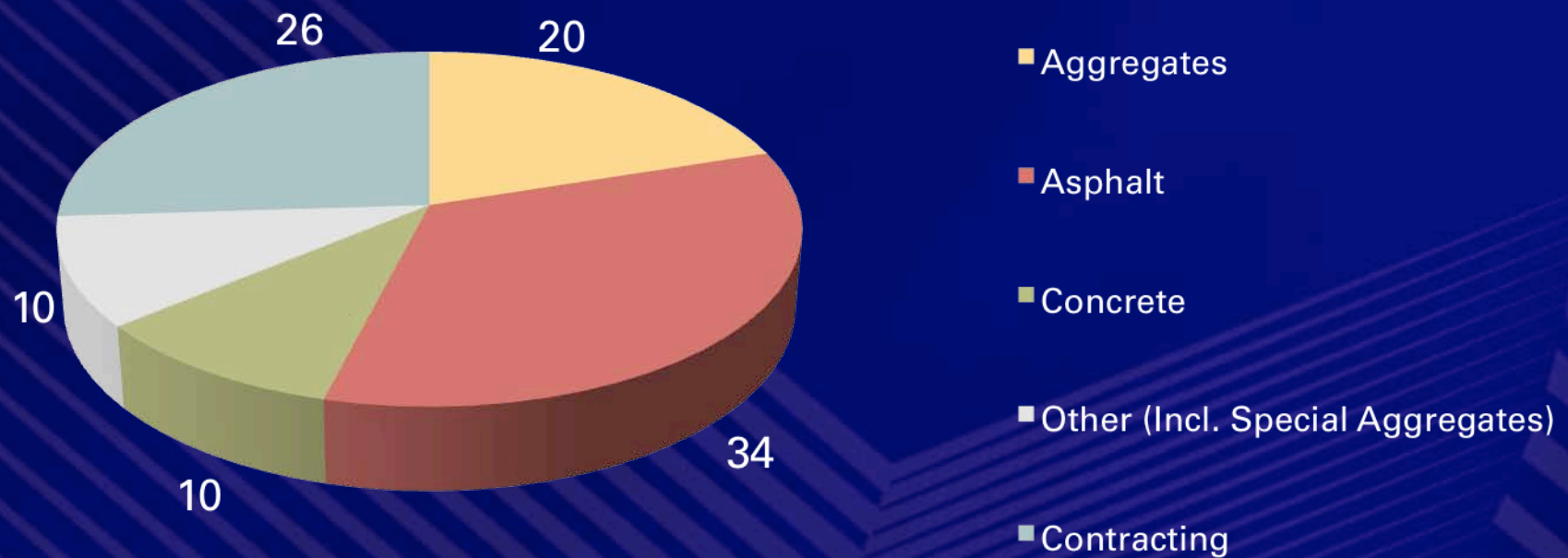
- Local authorities and Transport Scotland for road building
- Civil contractors for building houses, factories, offices, schools, etc.
- Private individuals for drives, pathways, rockeries, etc.
- Wholesalers for bagged aggregates



No customer = more than 6% of group revenues

Key products and services

Percentage of revenue



Key figures – Breedon Holdings FY Proforma 2009

	2009 Turnover £m.	2009 EBITDA £m.	Employees at 08/10 FTEs
England	57.7	5.6	295
Scotland	77.8	14.2	399
Head Office	-	(2.3)	6
<u>TOTAL UK</u>	135.6	17.6	700
Associate	-	1.1	-
<u>TOTAL GROUP</u>	135.6	18.7	700

Key figures – Breedon Group

6 months to June 2010

	Turnover		EBITDA	
	Act	PY	Act	PY
England	32.8	28.9	2.2	3.2
Scotland	39.8	39.8	5.3	7.3
Head Office	-	-	(1.1)	(2.4)
TOTAL UK	72.6	68.7	6.4	8.1
Associate			0.4	0.5
TOTAL BREEDON			6.8	8.6

Pro forma Group Balance Sheet



	June 2010 £'000 MMAT	June 2010 £'000 BHL	Acquisition Adjustments £,000	Financing Adjustments £,000	Pro Forma Net Assets of Enlarged Group
<u>Fixed Assets</u>					
Intangible		602			602
Tangible Assets		172,030			172,030
Investments		<u>1,647</u>			<u>1,647</u>
		<u>174,279</u>			<u>174,279</u>
<u>Current Assets</u>					
Inventories		6,987			6,987
Trade Receivables	22	30,481			30,503
Cash	<u>11,484</u>	<u>297</u>		<u>(8,000)</u>	<u>3,781</u>
	<u>11,506</u>	<u>37,765</u>		<u>(8,000)</u>	<u>41,271</u>
Creditors : due within one year	(199)	(47,129)			(47,328)
Net Current Assets	11,307	(9,364)		(8,000)	(6,057)
Creditors : due after one year		(134,305)	(1,070)	50,000	(85,375)
Provisions		(5,423)			(5,423)
Deferred tax liabilities		<u>(10,979)</u>			<u>(10,979)</u>
Total Net Assets	<u>11,307</u>	<u>14,208</u>	<u>(1,070)</u>	<u>42,000</u>	<u>66,445</u>

Loan facilities



FACILITY	AMOUNT £m	1M GBP LIBOR	CASH MARGIN	TOTAL RATE	INTEREST COST £m	FINAL REPAYMENT
Term Loan	64.5	0.50%	3.0%	3.50%	2.26	06/09/2015
RCF A	15.0	0.50%	3.0%	3.50%	0.25	06/09/2015
RCF B	15.0	0.50%	3.0%	3.50%	Undrawn	06/09/2015
<u>TOTAL</u>	94.5				<u>2.51</u>	

£64.5m stepped LIBOR hedging cap, starting at 1.5% rising to 2.5% Sept 2010 to Mar 2013
 RCF A = Revolving Credit Facility (interest assumption based on current £7.2m drawn)
 RCF B = Revolving Credit Facility for acquisitions, working capital & capex

2010 update & outlook

- No surprises following acquisition
 - Employee launch events well received
expected,
near 100pc take-up of share allocation
 - Business activity mixed
some volume recovery in England
Scotland more difficult
 - Management strengthened in key positions
 - Cost base reduced to minimum levels
 - *'Best of Breedon'* business improvement scheme launched in November
 - Group now on much sounder financial footing
 - Acquisition opportunities currently being pursued
 - Surplus property assets to be developed over next 2-3 years
- morale better than

Summary

- 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



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