



BREEDON

AGGREGATES

2010 Results Presentation
30 March 2011



Essential Products ♦ Scarce Resources



Introduction Peter Tom

Overview

- £160m acquisition of Breedon Holdings completed September 2010
- Company in better shape than anticipated
- Immediate action taken on board, management, health & safety, operational improvements, group rebranding
- Near 100% take-up of employee free share offer
- FY in line with expectations, despite adverse weather and rising oil price
- Cash generation ahead of expectations
- Significant new contracts won in Scotland and England
- Early marketshare gains in several regions

Financial Review Ian Peters



Highlights (statutory)

	2010 £'000	2009 £'000
Results before non-underlying items		
Revenue	42,679	-
EBITDA	3,307	(927)
Loss from Operations	(289)	(927)
Loss for the year	(1,561)	(829)
Basic EPS*	(0.58p)	(0.61p)

* weighted average number of shares = 268,785,839
All turnover has been generated since 6th September 2010

Closing Balance Sheet



	2010 Actual £'000
Tangible Fixed Assets	150,207
Investments	1,070
Goodwill arising on Breedon	3,738
Intangible Assets	341
Total Non-current Assets	155,356
Current Assets	36,990
Creditors Less than One Year	(35,632)
Net Current Assets	1,358
Creditors Greater than One Year	(99,883)
Net Assets	56,831

Analysis of Net Debt



	2010 Dec Actual £'m	2010 June Pro forma £'m
Term Loans	67.0	64.3
Bank overdrafts	1.6	8.8
Cash	(3.2)	(3.8)
Bank Debt	65.4	69.3
Finance Leases (over 1 year)	21.4	24.1
Finance leases (less than 1 year)	5.5	5.8
Finance Leases	26.9	29.9
Net Debt	92.3	99.2

Analysis – Profit & Loss (pro forma 12 months)



	2010 Pro forma £'000	2009 Pro forma £'000	Variance v 2009 %
Turnover	143,831	135,426	6.2%
EBITDA	13,725	16,502	(17.0)%
Depreciation & Amortisation	(12,284)	(13,706)	(10.0)%
Underlying Operating Profit	1,441	2,796	(48.5)%
Share of Associate	622	952	(34.7)%
Profit Before Interest, Tax and Non-underlying Items	2,063	3,748	(45.0)%

Analysis by Division (pro forma 12 months)



	2010 A Pro forma £'000	2009 Pro forma £'000	Variance £'000
Turnover			
England	68,800	57,737	11,063
Scotland	75,031	77,689	(2,658)
Total	143,831	135,426	8,405
EBITDA			
England	5,463	5,554	(91)
Scotland	10,226	14,202	(3,976)
Head Office	(1,964)	(3,254)	1,290
Group Total (pre Associate)	13,725	16,502	(2,777)

Analysis – Volumes (pro forma 12 months)



	2010 Pro forma '000 tonnes	2009 Pro forma '000 tonnes	Variance %
Aggregates	3,616	3,593	+0.6%
Asphalt	1,204	1,097	+9.8%
Ready-mixed concrete	270	251	+7.6%

Operational review Simon Vivian



2010 group operational review

- No surprises following acquisition
- Management strengthened in key positions
- Cost base reduced to minimum; business on sounder financial footing
- *'Best of Breedon'* business improvement scheme launched
- Improved procurement and credit terms across group
- New planning consent secured at Cloud Hill
- Surplus plant & equipment sold, surplus property assets to be developed
- Review of haulage fleet commenced
- Varied picture on trading
 - some volume recovery in England
 - Scotland more difficult
 - marketshare gains in several regions
 - selling prices increased, but pressure from rising input costs



Regional review:
Breendon 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	

Breedon Aggregates Scotland

- Impacted severely by December weather – many site closures
- Significant additional costs for BEAR Scotland (37.5% associate)
- Major new contracts: Scottish Water, A9, Fochabers
- Busy Q1 with catch-up activity
- High level of activity throughout our regions
 - Aberdeen airport extension
 - Aberdeen Western Peripheral Route
 - Dundee airport overlays
 - Elgin Flood Alleviation Scheme
 - Forth Bridge Crossing
 - A9, A90, A96, A82
 - Amazon, ASDA
 - Beauly to Denny power line
 - Trump Golf Resort
- Road maintenance will be key issue in May Scottish Parliamentary elections



Regional review: Breedon Aggregates England

England



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

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	Crushed Rock
	Decorative Aggregates
	Sand & Gravel

Breedon Aggregates England

- Tim Hall appointed as CEO
- New regional structure: senior appointments completed
- Contracting business reorganised and scaled back
- Sales volumes ahead of FY09 in all product groups
- Major new business: Rolls Royce, Barratt, Westleigh, A41
- Encouraging activity levels
 - Ocado, Tesco, John Lewis, Marks & Spencer
 - Bellway, David Wilson Homes
 - Beeston Flood Alleviation
 - Rolls Royce
- Major new planning consent due at Leaton in June: 30-year extension to quarry life and longer hours of operation
- Future focus on margin rather than volume



Outlook

- 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
- Focus on improving performance in England
- Acquisition opportunities to strengthen business and open new markets
 - potential from Tarmac/Lafarge disposals
 - global cement companies all likely to review their UK positions
- Q1 results to date in line with expectations but still early days
- More disposals in pipeline
- Encouraging Budget commitment to extra £200m for roads
 - potential 2mt/10% increase in asphalt demand

Summary

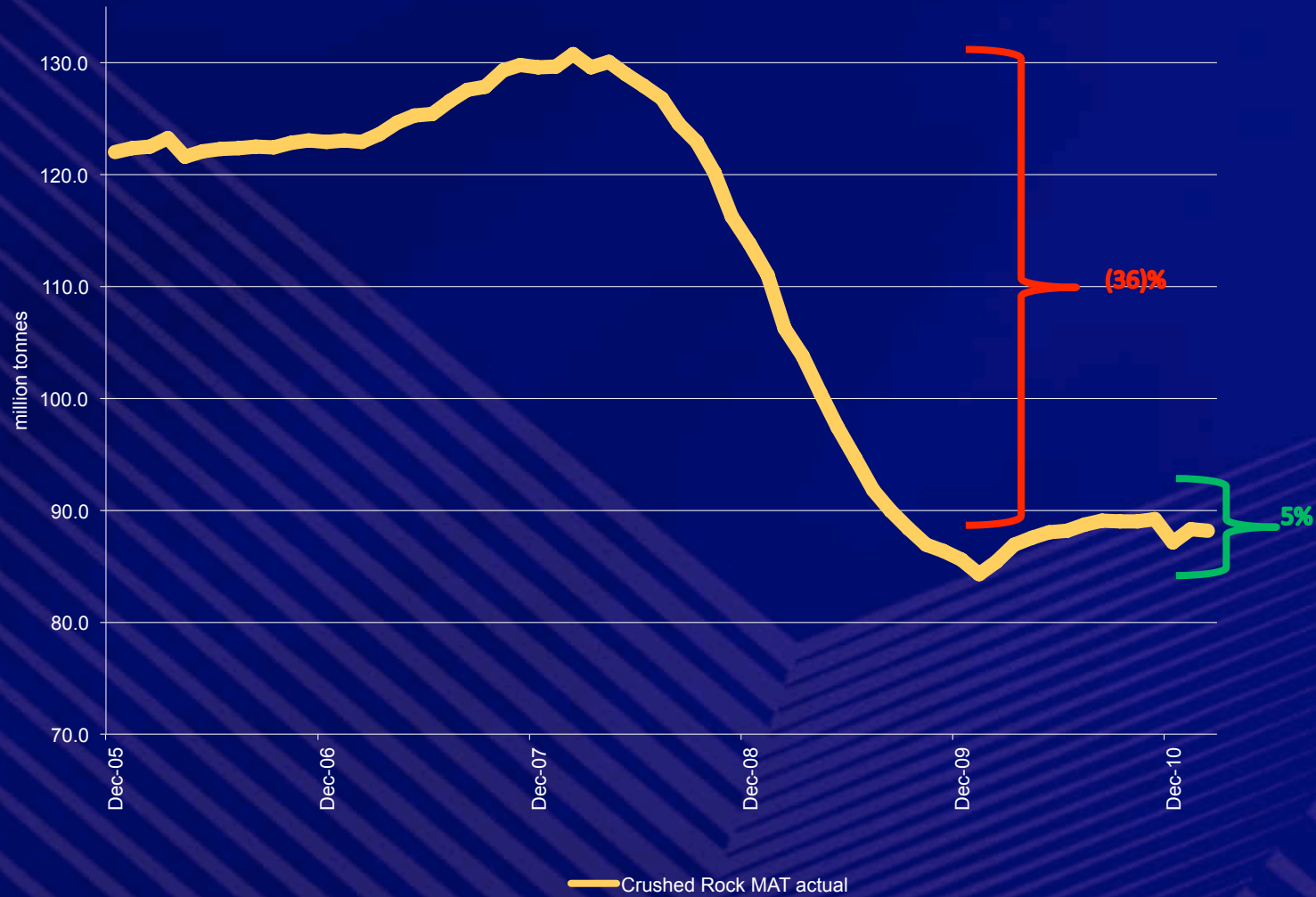
Peter Tom

Summary

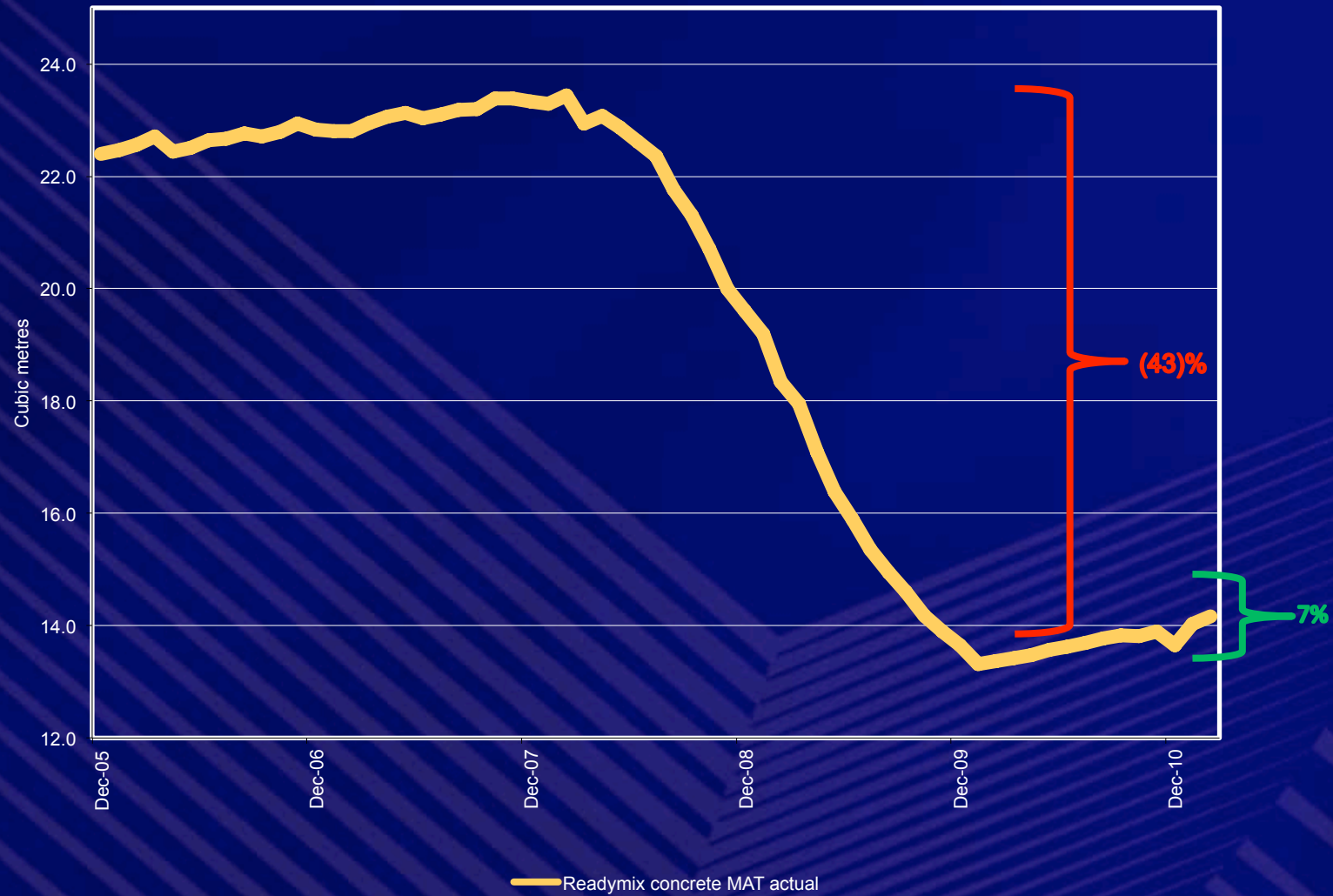
- Unique investment in focused, independent UK aggregates player with highly experienced management
- Prime beneficiary of cyclical recovery when it comes
- Sound organic growth potential from improved localised service and ongoing business improvement initiatives
- Strengthening balance sheet from improved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

Appendices: MPA volumes 2005-10

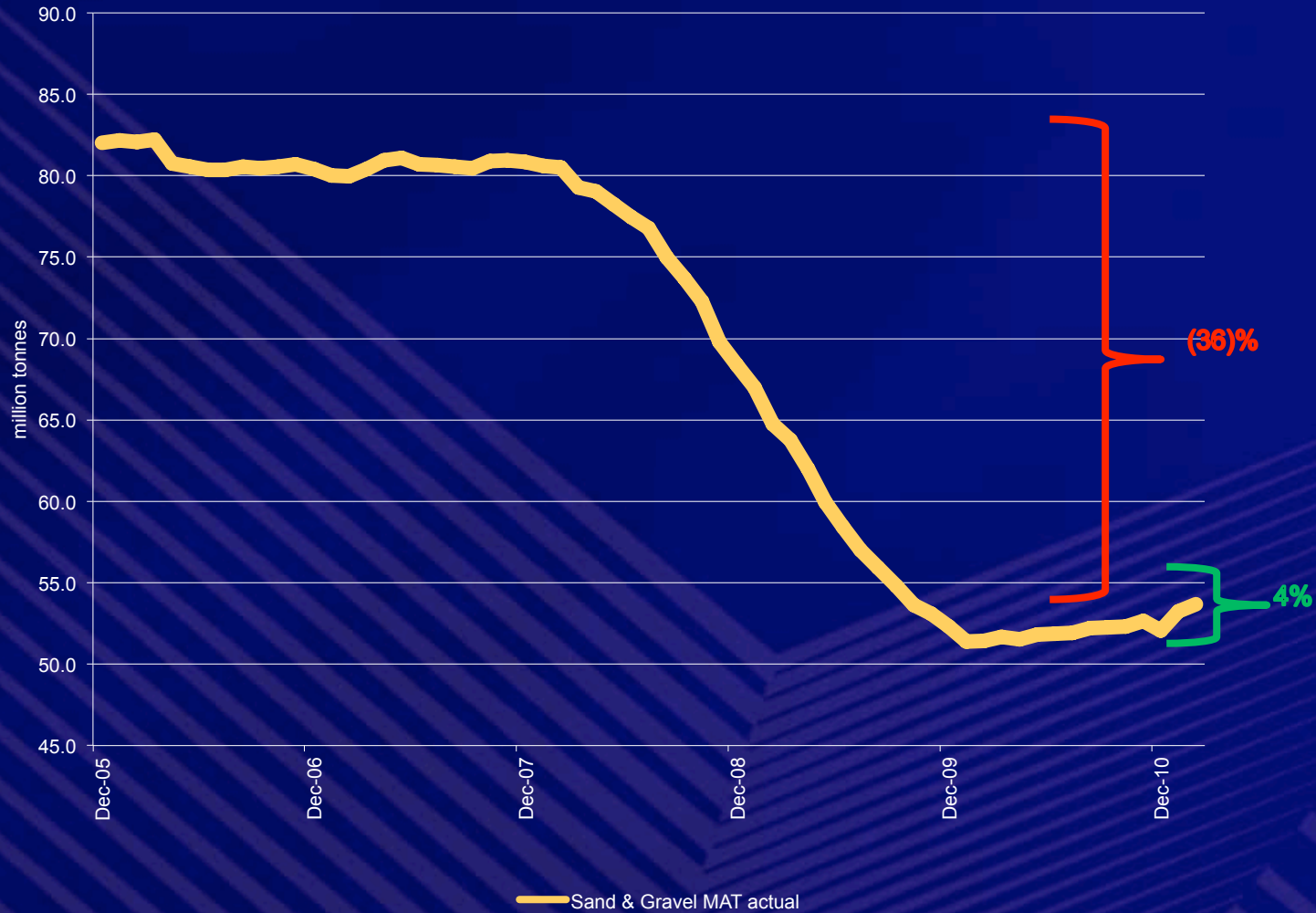
Crushed rock volumes – moving annual trend



Ready-mixed concrete volumes – moving annual trend



Sand & gravel volumes – moving annual trend



Asphalt volumes – moving annual trend





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