Interim results
6 months to 30 June 2012

BREEDON
AGGREGATES

Introduction

Peter Tom CBE

Chairman

2012 H1 presentation

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Results overview	Peter Tom, Chairman
Financial review	Ian Peters, Finance Director
Operational review, summary & outlook	Simon Vivian, Group CEO
Q&A	

Good progress in a difficult market

- Improved EBITDA, margins and PBT despite lower volumes
- Continuing improvement in English operations
- Resilient Scottish performance in difficult market
- Good performance from first two acquisitions
- Third acquisition completed
- New businesses and products launched
- Successful equity placing

2012 H1 Highlights

Sales Revenue **£83m** -2.1%	EBITDA **£9.7m** +15.9%	PBT **£2.2m** +£1.4m
EBITDA margin **11.7%** +1.8pt	Acquisitions **EBITDA** £1.0m	Net Debt **£81.8m** -£14.4m

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Financial Review

Ian Peters

Group Finance Director

Detailed Profit & Loss Half-Year to 30 June 2012

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	2011 £'000	2012 £'000	var to 2011 £'000	var to 2011 %
Turnover	84,714	82,977	(1,737)	(2.1)%
EBITDA	8,357	9,684	1,327	+15.9%
Depreciation & Amortisation	(5,453)	(5,764)	(311)	(5.7)%
Underlying Operating Profit	2,904	3,920	1,016	+35.0%
Share of Associate	254	497	243	
Interest	(2,390)	(2,253)	137	
Exceptional Costs	(345)	570	915	
Profit Before Tax	423	2,734	2,311	
Taxation	(49)	(632)	(583)	
Minority Interest	(15)	(24)	(9)	
Retained Profit	359	2,078	1,719	

Analysis by Division Half-Year to 30 June 2012

	2011 £'000	2012 £'000	Variance £'000	Variance %
Turnover				
England	38,321	44,043	5,722	+14.9%
Scotland	46,393	38,934	(7,459)	(16.1)%
Total	**84,714**	**82,977**	**(1,737)**	**(2.1)%**
EBITDA				
England	4,119	5,451	1,332	+32.3%
Scotland	5,803	5,737	(66)	(1.1)%
Head Office	(1,565)	(1,504)	61	3.9%
Group Total (pre Associate)	**8,357**	**9,684**	**1,327**	**+15.9%**

Closing Balance Sheet at 30 June 2012

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	2011 June Actual £'000	2011 Dec Actual £'000	2012 June Actual £'000
Tangible Fixed Assets	145,856	151,984	147,027
Investments	949	792	914
Intangible Assets	3,998	1,648	2,305
Total Non-Current Assets	150,803	154,424	150,246
Current Assets	46,446	43,477	48,595
Current Liabilities	(42,658)	(41,769)	(39,342)
Net Current Assets	3,788	1,708	9,253
Non Current Liabilities	(96,552)	(97,100)	(83,869)
Net Assets	58,039	59,032	75,630

Half-Year to 30 June 2012 Analysis – Cashflow

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	2012 £'000
Profit Before Interest and Tax	4,987
Income from Associate	(497)
Gain on Bargain Purchase & asset sales	(719)
Equity settled incentives	174
Depreciation and Amortisation	5,801
Movement in Inventories	(1,221)
Movement in Receivables	(3,494)
Movement in Payables	(1,597)
Movement in Provisions	(747)
Cash Generated from Operating Activities	2,687

	2012 £'000
Net Interest Paid	(2,165)
Taxation	(-)
Dividends Received / (Paid)	375
Investment in Fixed Assets	(2,959)
Acquisitions	(847)
Disposal Proceeds	3,206
Cashflow before Financing	297
Equity Raised	14,394
Debt Movts and swap purchase	(9,782)
HP Capital Repayments	(3,564)
Net Cashflow	1,345

Analysis of Net Debt at 30 June 2012

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	2011 June Actual £'000	2011 Dec Actual £'000	2012 June Actual £'000
Term Loans	66,183	72,607	63,111
Bank overdrafts	3,390	3,115	1,561
Cash	(1,204)	(921)	(712)
Bank Debt	68,369	74,801	63,960
Finance Leases (over 1 year)	18,578	16,262	12,606
Finance leases (less than 1 year)	5,083	5,122	5,243
Finance Leases	23,661	21,384	17,849
Net Debt	92,030	96,185	81,809

Operational Review

Simon Vivian

Group Chief Executive

2012 H1 key achievements

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- Continuing progress on health and safety
- Further improvement in group profitability
- Good range of new business wins
- Further reduction in cost base
- Major investment in former C&G plant and fleet
- Continuing disposal of surplus assets
- Rollout of C&G technical capability across readymix business
- Early progress in rebalancing Scottish customer base
- Good performance from newly-acquired Nottingham Readymix
- First acquisition in Scotland

England – financials & volumes

	2011 H1 £'m	2012 H1 £'m	% chg
Turnover	38,321	44,043	+14.9%
EBITDA	4,119	5,451	+32.3%
Op. Profit	1,688	2,615	+54.9%
EBITDA Margin	10.7%	12.4%	+1.7%
Op. Margin	4.4%	5.9%	+1.5%

Sales Volume

Aggregates	**+12.9%**
Asphalt	**- 8.2%**
Concrete	**+79.0%**

England – good progress on all fronts

- Major new business won
  - May Gurney: NSP share increased from 33% to 50%
  - Jaguar: 20,000 tonnes of asphalt
  - Eurovia Peterborough: 9,000 tonnes of asphalt
  - MV Kelly: 5,000 m^3 of readymix; 9,000 tonnes of asphalt
  - Sketchley Brook: 16,000 tonnes of asphalt
  - New fixed outlets: Besblock & Elite Precast
- Successful margin-focused strategy
  - New central commercial team
  - Improved procurement of all key commodities
- Nottingham Readymix fully integrated
- 1stMix successfully launched
- Leaton secondary crusher project completed
- Continued move to owner-driver fleet

Scotland – financials & volumes

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	2011 H1 £'m	2012 H1 £'m	% chg
Turnover	46,393	38,934	(16.1)%
EBITDA	5,803	5,737	(1.1)%
Op. Profit	2,794	2,814	+0.7%
EBITDA Margin	12.5%	14.7%	+2.2%
Op. Margin	6.0%	7.2%	+1.2%

Sales Volume

Aggregates	**- 6.0%**
Asphalt	**-18.6%**
Concrete	**-16.7%**

Scotland – robust performance in tough market

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- Major new business won – reduced exposure to public sector
  - Argyll & Bute: 44,000 tonnes of asphalt over 3 years
  - Fife ITS: 13,000 tonnes of asphalt
  - 50,000m^3 of readymix currently being supplied to wind farms
  - 200,000 tonnes of aggregates currently being supplied to wind farms
  - Surfacing on three ASDA superstores
  - Major supplies to Peterhead Prison
- Significant purchasing cost reductions
- Successful trial of Breedon Polymer R+
- Strong performance by Alba Traffic Management
- MCS JV created to further exploit renewables market

Mobile Concrete Solutions

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Mobile Concrete Solutions

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First Scottish acquisition – Rothes Glen

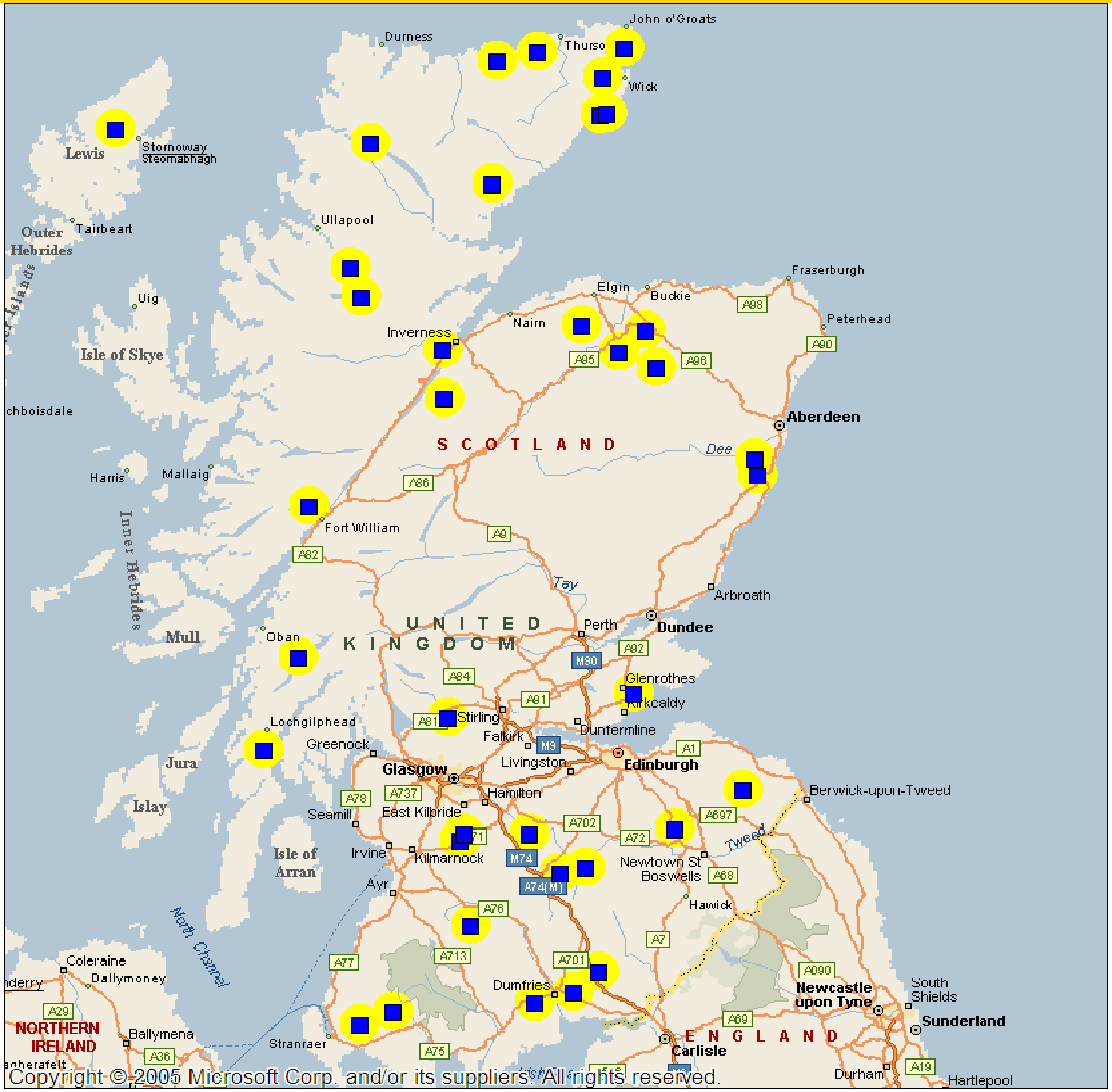
- First sand and gravel quarry in north-east Scotland
- 1m+ tonnes of sand & gravel reserves
- Feeds Breedon ready-mixed concrete plant already on site
- Complements adjacent rock quarry, concrete and asphalt plants at Netherglen
- Well positioned for major infrastructure and renewables contracts

Renewable energy – a market opportunity

- Onshore wind is UK’s largest renewable energy source
- Currently 350 operational wind farms in UK
- 3,755 turbines, producing 6,660 MW
- Planning consent for 2,000+ onshore turbines
- Smaller turbine bases require 100-200m^3 of readymix
- Larger bases require 300-400m^3 of readymix

Onshore farms with planning approval - Scotland

- 36 projects with 5+ turbines approved in last 12 months
- Total of 792 turbines
- 50+ potential key customers
- £9.4 billion project value approved or with planning decision pending
- 111 projects undergoing planning



Offshore wind

- Scotland home to 25% of Europe's wind energy potential
- Planned Scottish investment of c£7.1billion in next 10 years
- Planned English investment of c£9.5billion in next 10 years
- Crown Estate has issued 3 tranches of seabed for development

Offshore wind potential – UK ports

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Key Potential Development Sites

- Nigg Yard, Ross-shire
- Ardersier, Inverness
- Peterhead, Aberdeenshire
- Kishorn, Argyll & Bute
- Hunterston, North Ayrshire
- Middlesbrough
- Humberside

Offshore wind: Gravity Base Foundation

- Effective at 25-100m depth
- Average 50m foundation in ‘Round 3’ requires c3,000m^3 of structural concrete
- Foundations built onshore and barged to sea
- Potential total market volume (gravity, monopile & jacket foundations): 6,000 turbines
- If concrete solution used for 25% of bases in Round 3 = potentially 4.5m m^3 of concrete
- Large number of potential onshore construction sites in close proximity to Breedon Aggregates fixed outlets
- Capacity to target more remote locations with Mobile Concrete Solutions

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LOOKING AHEAD

Major upcoming projects

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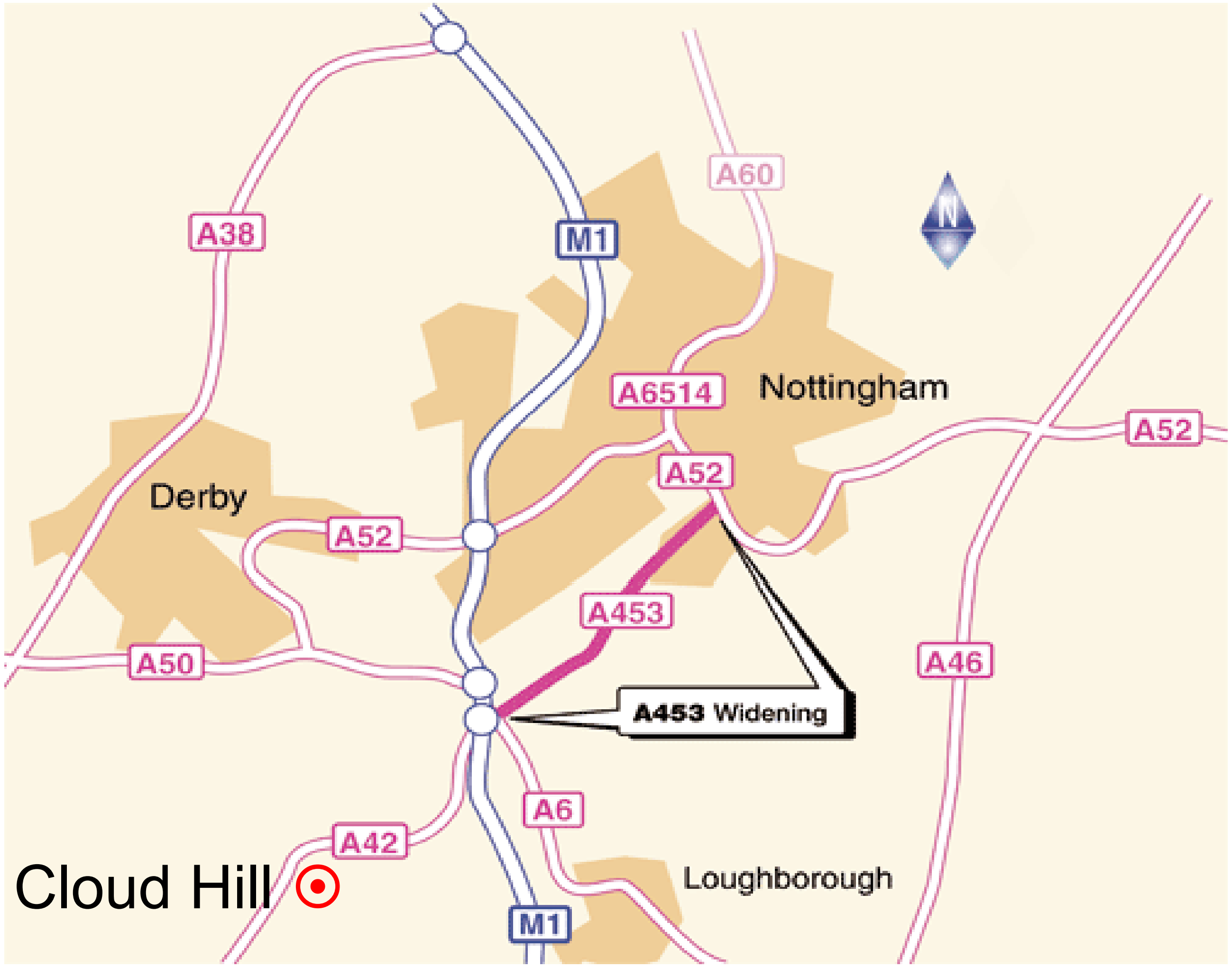
- A453 widening
- Nottingham Tramway
- Toyota Burnaston, Derby
- A45 diversion/Birmingham Airport runway extension
- Land Rover T1 plant
- Corby ring road
- East Midlands Airport

- Major wind farm programmes
- Maldie Hydro Electric scheme
- Blar Mhor, Fort William
- Peterhead Prison
- Inverness to Stirling super pylons
- Aberdeen Ring Road
- A9 dualling

A453 widening



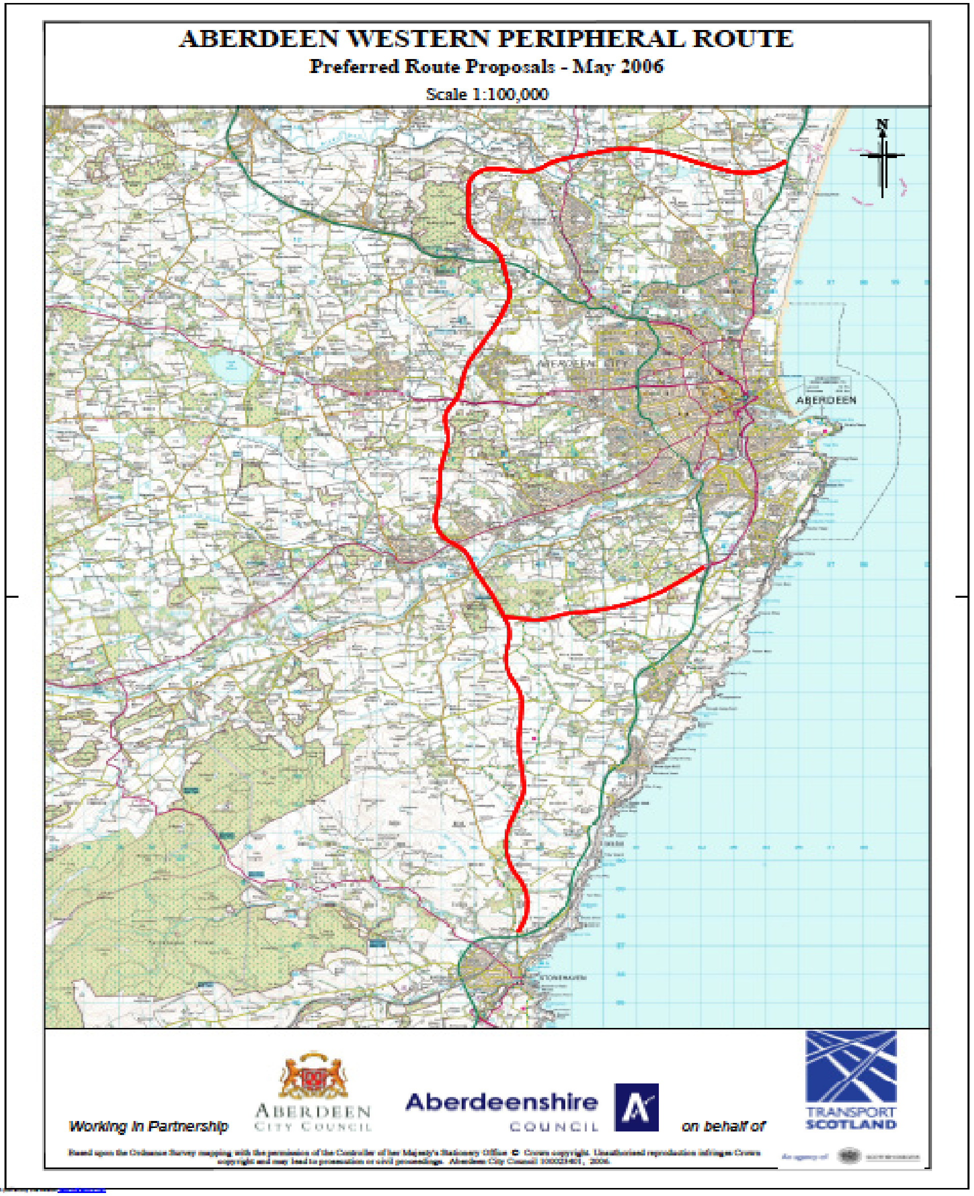
Estimated volumes

180kt coated stone

190kt dry & cement-bound material

2,000m^3 concrete

Aberdeen ring road



Estimated volumes:

1.1mt asphalt or lean mix concrete/asphalt composite pavement

Min 500kt sub-base

+ structural concrete

A9 dualling


KEY
Existing dualled sections
Single carriageway to be upgraded
INVERNESS
Inverness
Daviot
Tomatin to Moy
Dalraddy to Slochd
Aviemore
AVIEMORE
Crubenmore to Kincraig
Meadowside
KINGUSSIE
Kincraig to Dalraddy
Glen Garry
to Crubenmore
Killiekrankie
to Glen Garry
BLAIR ATHOLL
Shierglas
PITLOCHRY
Pitlochry to Killiekrankie
Luncarty to
Pass of Birnam
Pass of Birnam
to Ballinluig
PERTH

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Summary and Outlook

Summary & Outlook

- Macroeconomic conditions unlikely to improve in short term

BUT

- Significant regional variations in activity levels
- Key input costs stabilised, reducing pressure on cost base
- Several large contracts in our target markets in England & Scotland
- Rapidly-growing renewables sector a major opportunity for Scotland
- Weather-related delays to contracts in Q2 could benefit H2
- Continuing strategy of organic business improvement + bolt-on acquisitions
- Board confident of making further progress

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Appendices:

MPA volumes

Crushed rock volumes – moving annual trend

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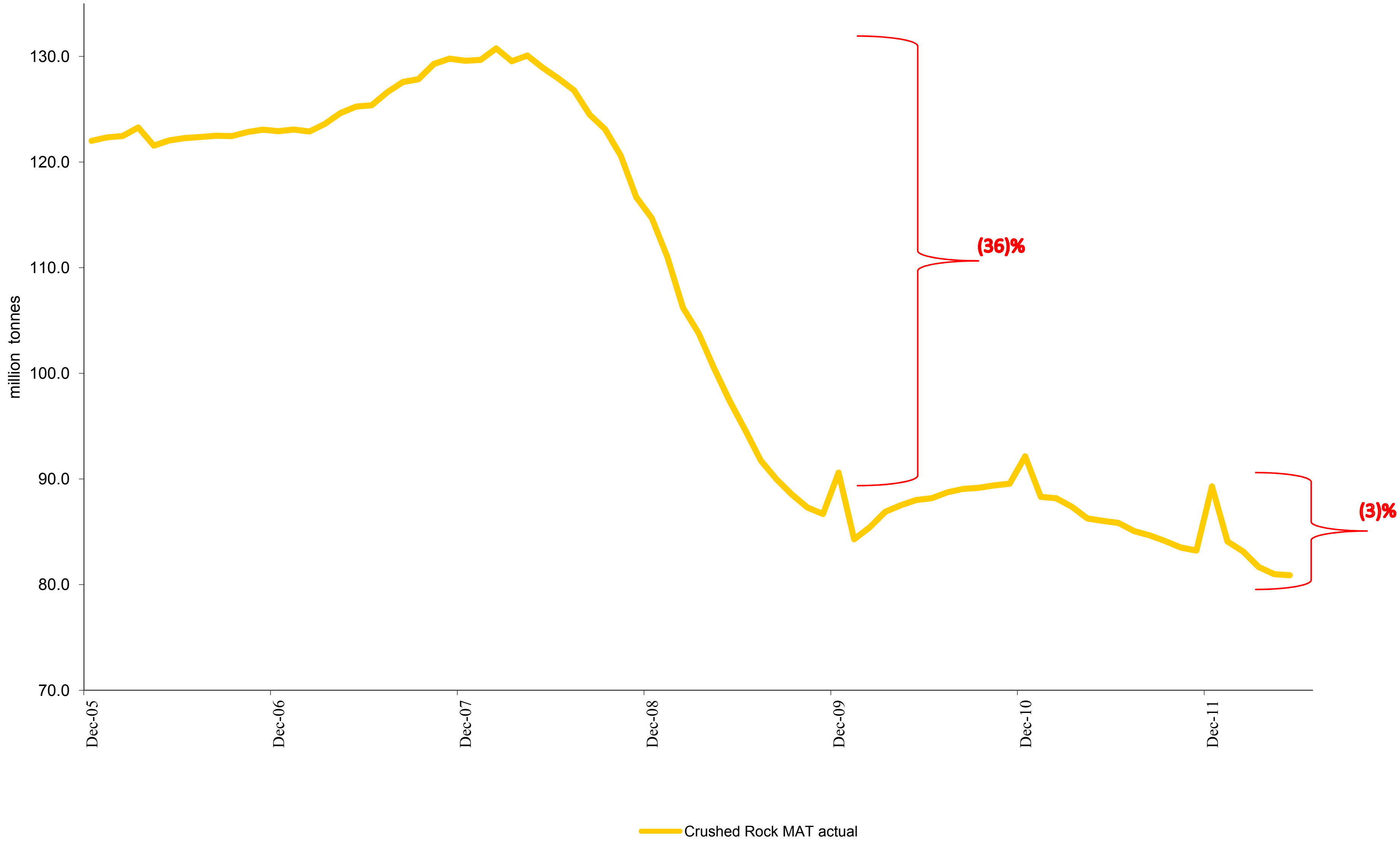
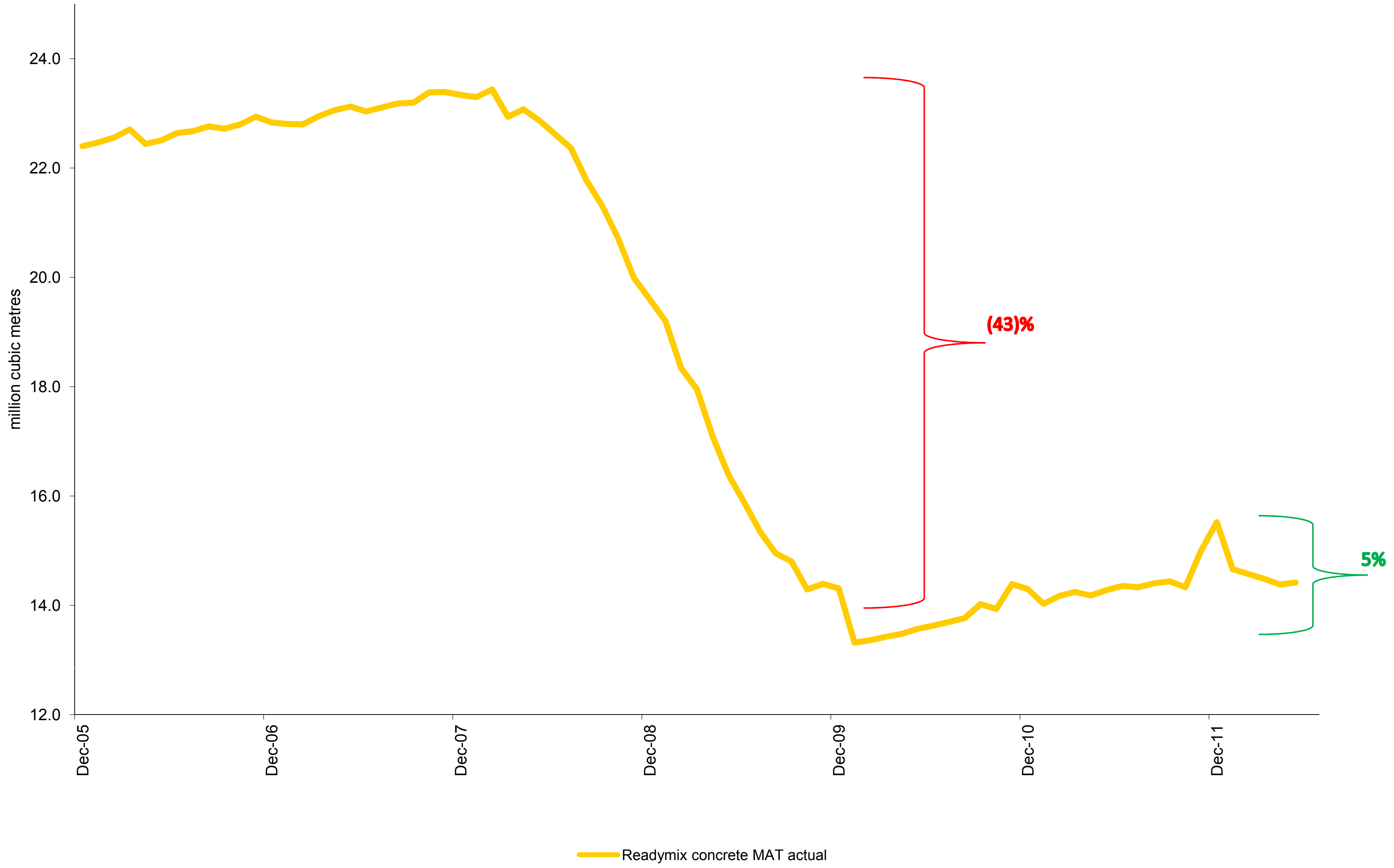
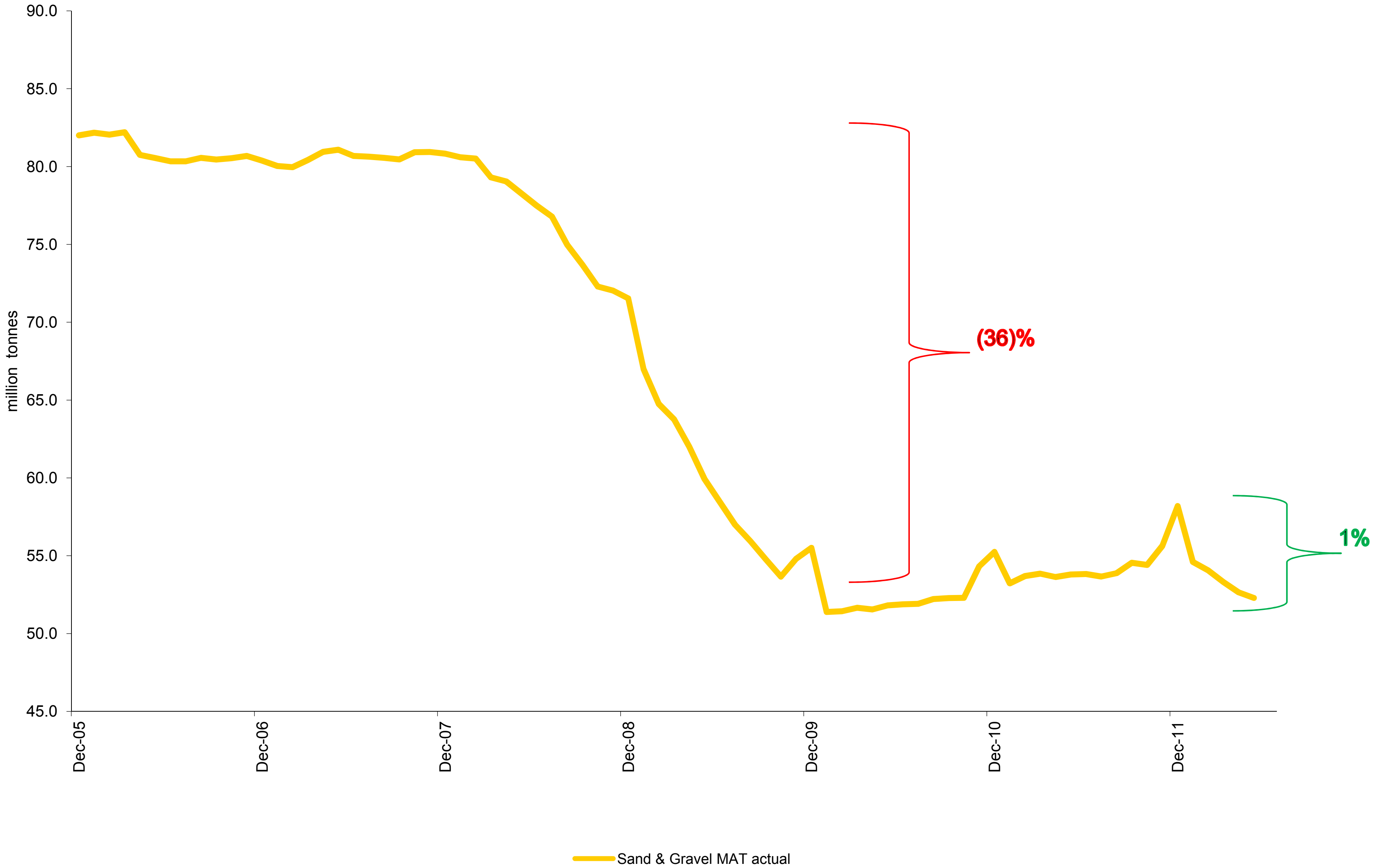


Ready-mixed volumes – moving annual trend



Sand & gravel volumes – moving annual trend



Asphalt volumes – moving annual trend