

FULL-YEAR 2015

RESULTS

9 March 2016



Introduction

Peter Tom CBE, Executive Chairman

Financial review

Rob Wood, Group Finance Director

Group overview

Pat Ward, Group Chief Executive

England review

Tim Hall, Breedon Aggregates England

Scotland review

Alan Mackenzie, Breedon Aggregates Scotland

Update on Hope & outlook

Pat Ward

Q&A

Peter Tom CBE
Executive Chairman



2015: DELIVERING ON OUR STRATEGY

- ▲ Record results from both businesses
- ▲ Underlying EBIT margin significantly improved
- ▲ Major investment in capital projects
- ▲ Our largest-ever contract finalised in Scotland
- ▲ Performance of acquisitions ahead of expectations
- ▲ Transformational acquisition announced
- ▲ Outlook encouraging

2015: BREEDON'S 'GOLDEN RULES'

1 Stay local →	Easy to do business with at every site
2 Stay nimble →	Maximise opportunities in our markets & develop new ones
3 Devolve responsibility →	Allow decision-making by regional teams
4 Squeeze our assets →	Maximise return from every tonne of material
5 Eliminate underperformance →	If a plant is not performing, fix it
6 Keep central overhead to a minimum →	Maintain a flat structure
7 Don't pay rent →	Locate our offices in our quarries
8 Deliver value from acquisitions →	Always enhance earnings

2015: FINANCIAL REVIEW

Rob Wood
Group Finance Director



2015: FINANCIAL HIGHLIGHTS

Revenue

£318.5m

2014: £269.7m +18%

Underlying EBIT

£37.8m

2014: £24.3m +56%

Underlying EBIT margin

11.9%

2014: 9.0% +2.9ppt

Acquisitions EBIT*

£3.8m

Underlying basic EPS

2.68p

2014: 1.64p +63%

Net cash/(debt)

£10.3m

2014: (£66.3m) +£76.6m

*Additional £3.8 million from 2014 acquisitions (excluding non-underlying items)

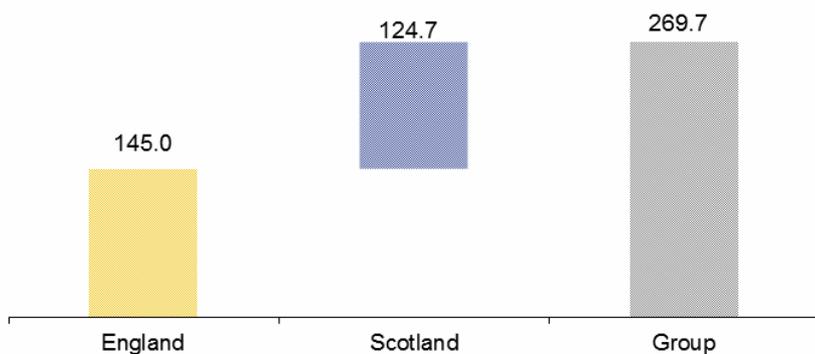
2015: INCOME STATEMENT

	2014 £ million	2015 £ million	Variance %
Revenue	269.7	318.5	+18%
Underlying EBITDA*	38.5	54.9	+43%
Depletion & depreciation	(15.4)	(17.8)	
Underlying operating profit*	23.1	37.1	+60%
Share of associate and joint venture	1.2	0.7	
Underlying EBIT*	24.3	37.8	+56%
Interest	(3.3)	(2.8)	
Non-underlying items*	0.4	(3.7)	
Profit before tax	21.4	31.3	+46%
Taxation	(4.2)	(6.3)	
Profit for the year	17.2	25.0	+46%
Underlying basic earnings per share*	1.64p	2.68p	+63%

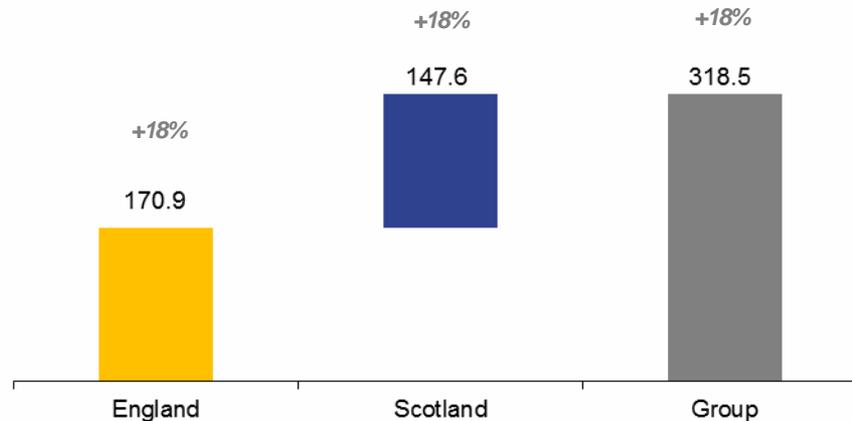
*Underlying results are stated before acquisition related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items

2015: DIVISIONAL PERFORMANCE

Revenue (2014) £ million

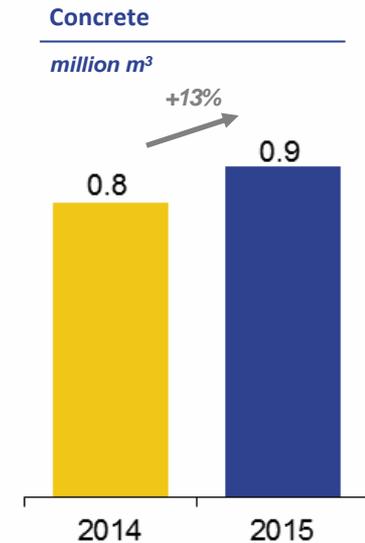
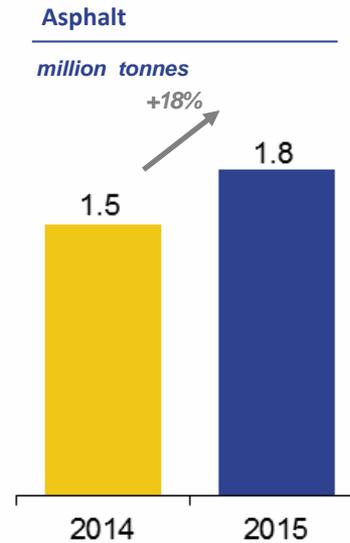
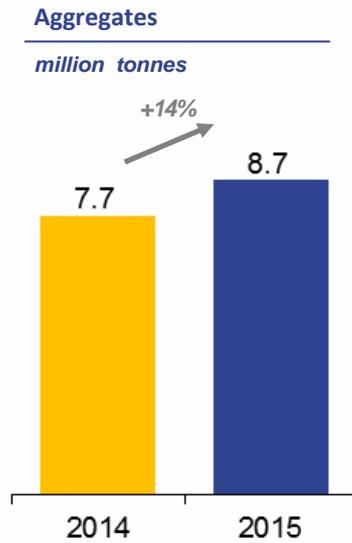


Revenue (2015) £ million



	2014 £ million	2015 £ million	Variance %
Underlying EBIT			
England	16.0	27.0	+68%
Scotland	11.5	16.1	+39%
Head Office	(4.4)	(6.0)	
Share of associate and joint venture	1.2	0.7	
Underlying EBIT	24.3	37.8	+56%

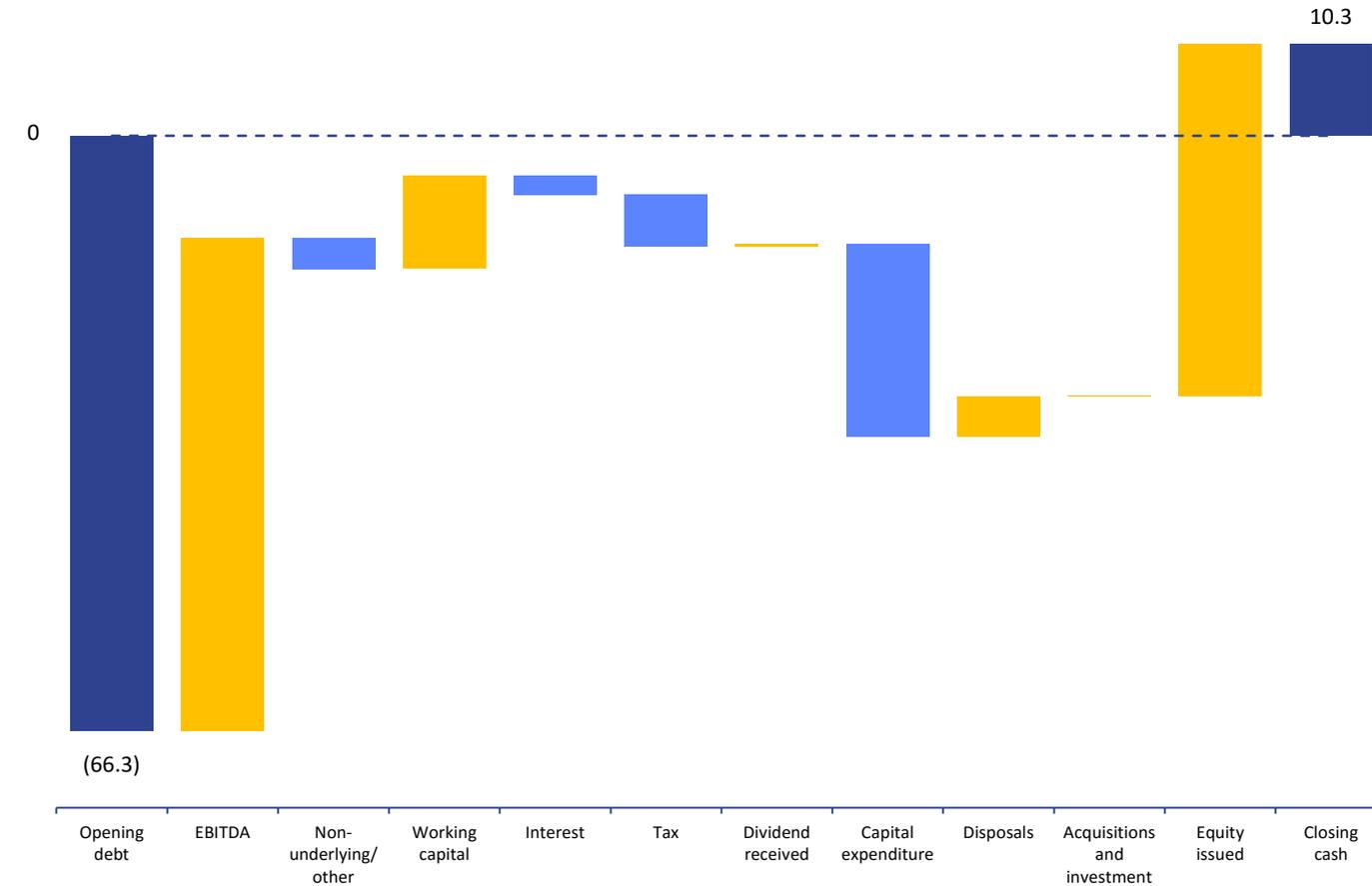
2015: PRODUCT VOLUMES



2015: NET CASH/(DEBT) MOVEMENT

£ million

■ Inflow ■ Outflow



2015: GROUP OVERVIEW

Pat Ward
Group Chief Executive



Growth continued, albeit at more modest rate than 2014

- ▲ GDP ahead 2.2%
- ▲ Average inflation near zero
- ▲ Employment highest since records began
- ▲ Construction output up 3.4%*



MPA volumes up; 4.8% aggregates, 6.5% asphalt & 4.2% concrete
Growth driven by infrastructure work

* ONS, Construction Products Association

- ▲ Good finish to the year
- ▲ Healthy market conditions in England
 - Buoyant demand from all sectors
- ▲ More challenging market in Scotland
 - Impacted by project delays and spending cuts
- ▲ Acquisitions exceeded expectations
- ▲ Cost base benefited from lower hydrocarbon costs
- ▲ £20+ million invested in capital projects
- ▲ Agreement reached on Hope
 - Transformational acquisition, our largest to date

Tim Hall

Chief Executive – Breedon Aggregates England





535
employees



14
quarries



9
asphalt plants



22
ready-mixed concrete
and mortar plants

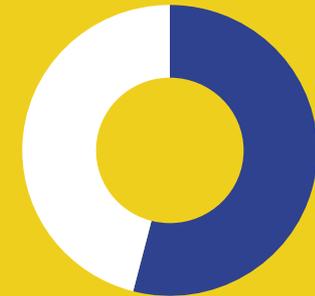


1
concrete
products plant



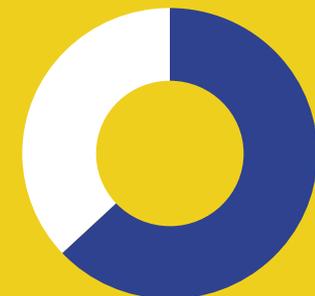
2
regional contract
surfacing operations

Revenue



54%
of Group revenue

Underlying EBIT



63%
of Group underlying EBIT

2015: ENGLAND SUMMARY

Volumes

+2%

Aggregates

+22%

Asphalt

+8%

Concrete

	2014 £ million	2015 £ million	Variance
Revenue	145.0	170.9	18%
EBITDA	23.7	35.8	51%
EBIT	16.0	27.0	68%
EBIT margin	11.1%	15.8%	4.7ppt

- ▲ LTIFR rate reduced by 50+%
- ▲ Buoyant demand in all sectors, aided by open weather window
- ▲ Stable pricing on asphalt against backdrop of falling hydrocarbon costs
- ▲ £1 million invested in new primary crusher at Cloud Hill
- ▲ Block plant and T Beam factory built and operational at Naunton quarry
- ▲ Major investment in mobile plant replacement – will enhance productivity and reduce operating costs in 2016

2015: MAJOR CONTRACTS SUPPLIED

ENGLAND

Jaguar Land Rover Solihull

27,000 tonnes of asphalt

Gaydon

20,000 tonnes of asphalt

i54

22,000 tonnes of aggregates

East Midlands Airport – DHL Extension

16,000 tonnes of aggregates, 5,000 m³ of concrete

A1/M1 resurfacing

8,000 tonnes of asphalt

Dualling of A453 in Nottinghamshire

9,000 m³ of concrete

- ▲ Continue drive towards 'Zero Harm' – a safe business is a profitable business
- ▲ Retain and motivate our people
- ▲ Continue drive to be lowest-cost producer
- ▲ Obtain planning consent for extension to Clearwell quarry
- ▲ Maintain organic development – Tewkesbury concrete plant, Wrexham asphalt plant, Denbigh quarry, Earls Barton quarry
- ▲ Seek further bolt-on acquisitions

Alan Mackenzie

Chief Executive – Breedon Aggregates Scotland



BREEDON AGGREGATES SCOTLAND



716

employees



38

quarries



17

asphalt plants



36

ready-mixed
concrete
and mortar plants



2

concrete
products plants



6

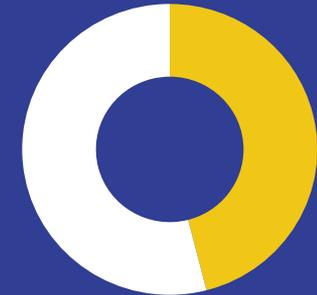
regional contract
surfacing
operations



1

traffic management
services company

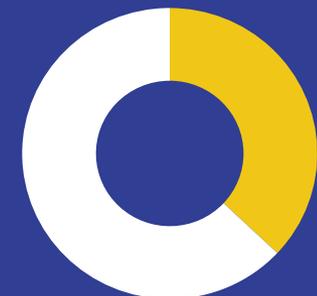
Revenue



46%

of Group revenue

EBIT



37%

of Group underlying EBIT

Volumes

+32%

Aggregates

+12%

Asphalt

+21%

Concrete

	2014 £ million	2015 £ million	Variance
Revenue	124.7	147.6	18%
EBITDA	19.2	25.1	31%
EBIT	11.6	16.1	39%
EBIT margin	9.3%	10.9%	1.6ppt

- ▲ Record-breaking year
- ▲ Volumes up in all product groups
- ▲ EBIT growth through acquisition & margin enhancement
- ▲ Benefits of lower bitumen and fuel costs
- ▲ Barr integration completed and ahead of expectations
- ▲ CMA disposals completed: Tom's Forest asphalt plant, Peterhead concrete plant
- ▲ £13m capex targeted at modernising plant & reducing operating costs
- ▲ New asphalt plant completed at Daviot

2015: MAJOR CONTRACTS SUPPLIED

SCOTLAND

Aberdeen Western Peripheral Route
21,500m³ of concrete

South West Interconnector - Clawfin
142,000 tonnes of aggregates

Loch Buidhe Power Station
75,000 tonnes of aggregates, 17,000t of asphalt
£1.7m of contracting

A95 Aberlour
£2.2m of contracting, 8,200t of asphalt

BEAR Scotland
North East 69,000 tonnes of asphalt surfacing
North West 79,000 tonnes of asphalt surfacing

- ▲ Continue drive towards 'Zero Harm' – a safe business is a profitable business
- ▲ General local authority & trunk road market remaining subdued
- ▲ Plan for, and deliver, major AWPR & A9 contracts
- ▲ Further investment to drive profit enhancement through increased capacity and reduced costs, major projects include:
 - Tom's Forest asphalt plant
 - New, improved capacity, filler plant at Shierglas quarry
- ▲ Exploit opportunities for high PSV stone & from major wind farm projects

UPDATE ON HOPE & OUTLOOK

Pat Ward
Group Chief Executive

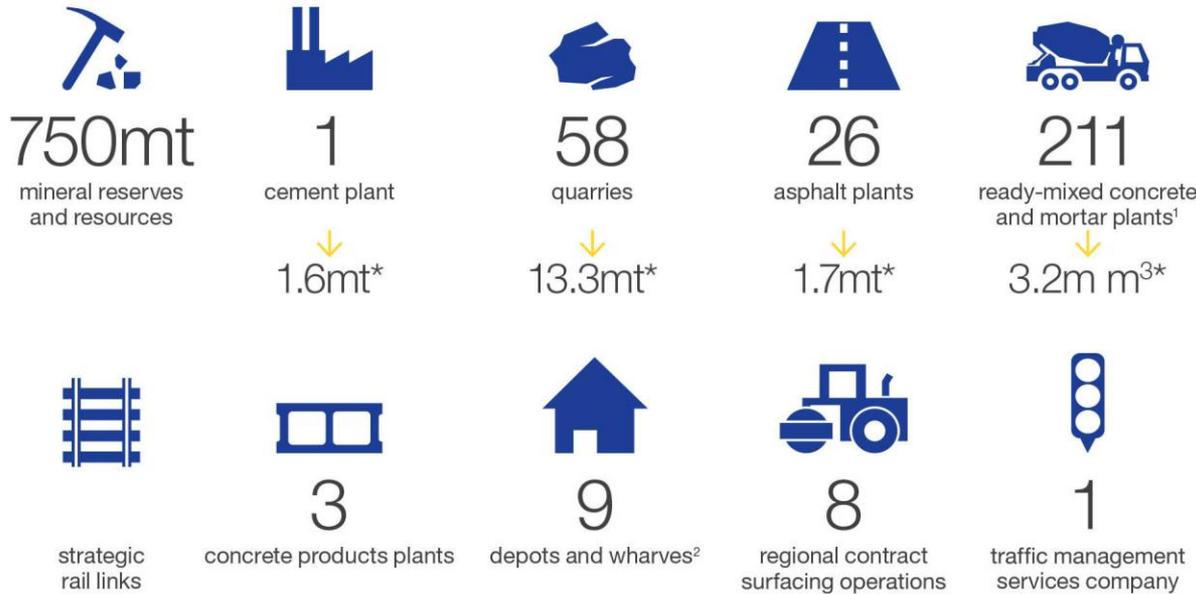


- ▲ CMA's 40-day consultation period commenced on 12 February
- ▲ Integration pre-planning well underway
- ▲ Planned name change to 'Breedon' to reflect our broadening portfolio of products
 - Hope name to be maintained for cementitious products
- ▲ For management purposes the enlarged group will comprise three divisions:
 - Breedon North
 - Breedon South
 - Hope Cement
- ▲ Group management structure agreed in principle
- ▲ Completion still expected this summer, subject to CMA approval and compliance with any required remedies
- ▲ Acquisition remains financially compelling and value-creating

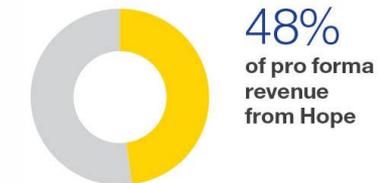
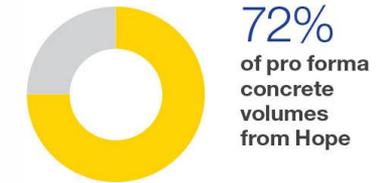
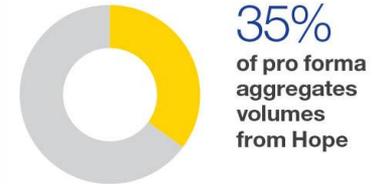
COMPELLING STRATEGIC RATIONALE

Strengthened market position	Combines the UK's two leading independent construction materials companies	✓
Market consolidation	Further consolidates the smaller end of the heavyside building materials industry, in line with our strategy	✓
Improved product mix	Provides entry into the cement market and creates a vertically-integrated and better balanced business	✓
Increased scale	Adds the largest cement plant in the UK and a nationwide network of concrete plants	✓
Extended UK coverage	Enhances Breedon's UK geographic footprint, with rail-linked quarry and national network of depots	✓
Operational improvements	Expected annual synergies of ~£10 million	✓
Greater financial capacity	Expected increased cash flow and strong balance sheet provide capacity to pursue future growth opportunities	✓
Strengthened management	Hope management team enhances our pool of talent and expertise	✓
Favourable economic backdrop	Positive outlook for the UK building materials market	✓

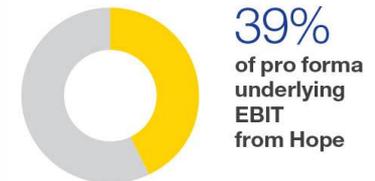
GROUP PROFILE POST-ACQUISITION



Pro forma volumes³



Pro forma underlying EBIT³



¹ Includes co-located concrete sites and sites presently mothballed

² Includes sites currently under construction

³ For the 12 months ended 30 June 2015 (unaudited)

* Pro forma sales that the Group would have reported for the 12 months ended 30 June 2015 (unaudited). Current volumes include cement volumes purchased & sales of GGBS

- ▲ Continuing favourable outlook for construction
 - Output forecast +3.6% in 2016 and 4.1% in 2017
- ▲ Further growth in key product volumes
 - MPA forecasts 1-4% increases
- ▲ Continuing economic benefits of low oil price
- ▲ Further organic investment
- ▲ Several major infrastructure projects now underway
- ▲ Integration of Hope, subject to CMA approval
- ▲ Further bolt-on acquisitions in prospect
- ▲ Note of caution around global growth & EU referendum uncertainty

Q&A



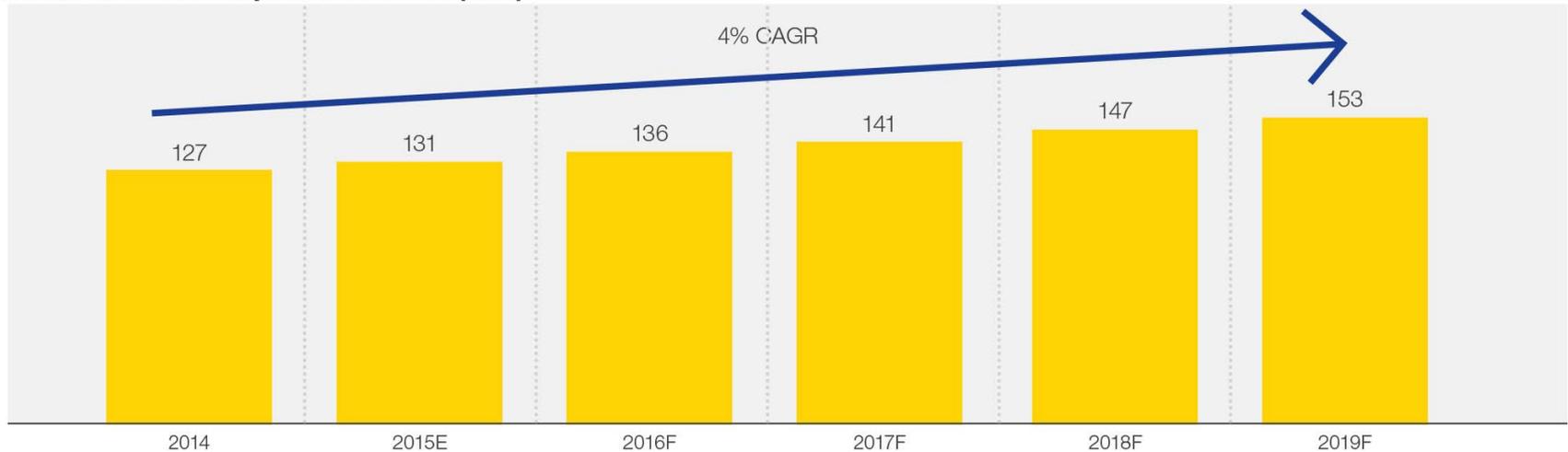
Market outlook, MPA volumes & other information



Output and volume forecasts 2016 (£bn)

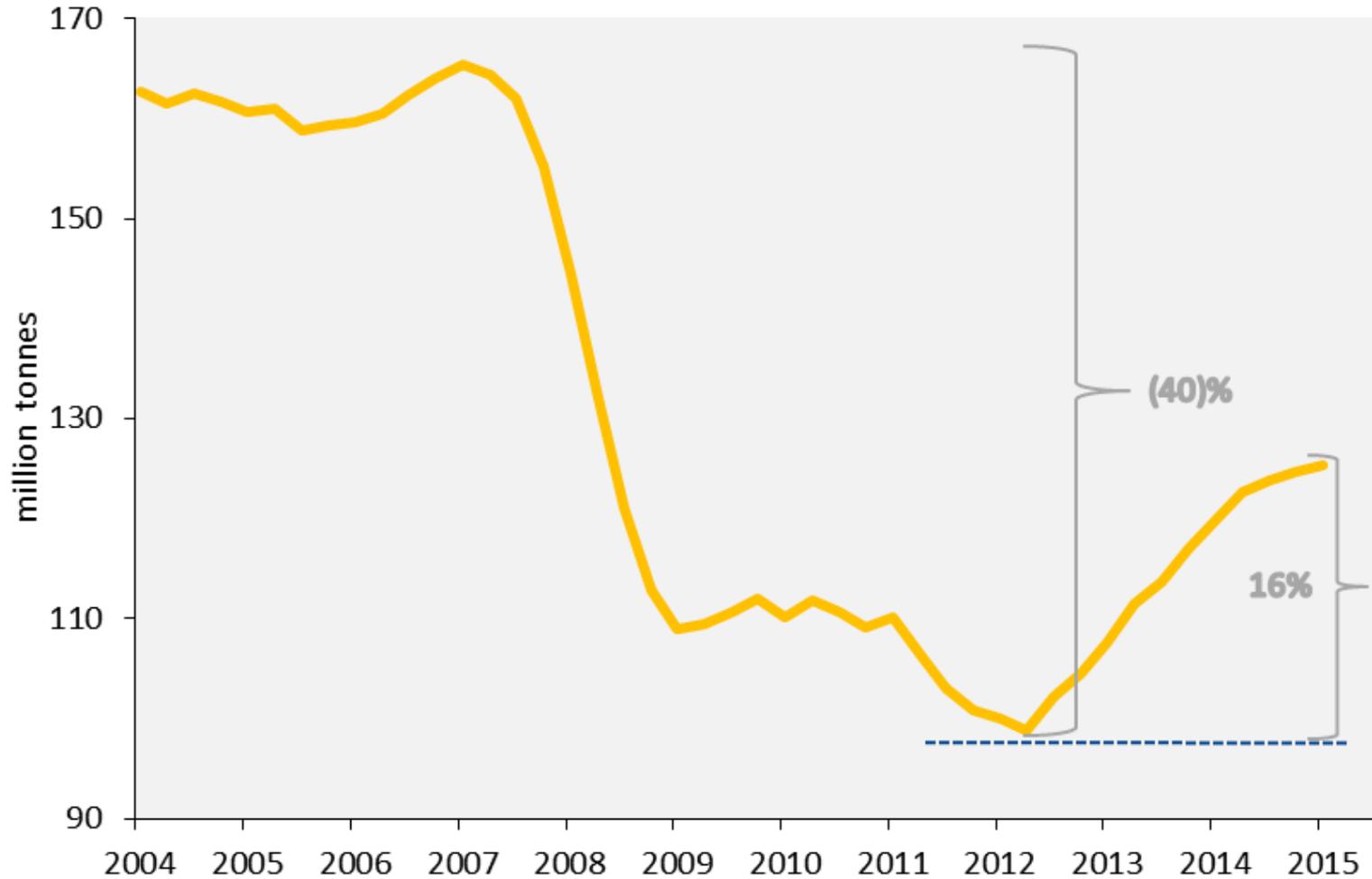
Construction output +4%	Aggregates volumes +3–5%	Asphalt volumes +0–2%	Ready-mixed concrete volumes +2–4%	Cement volumes +2–4%
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UK construction output 2014–2019 (£bn)

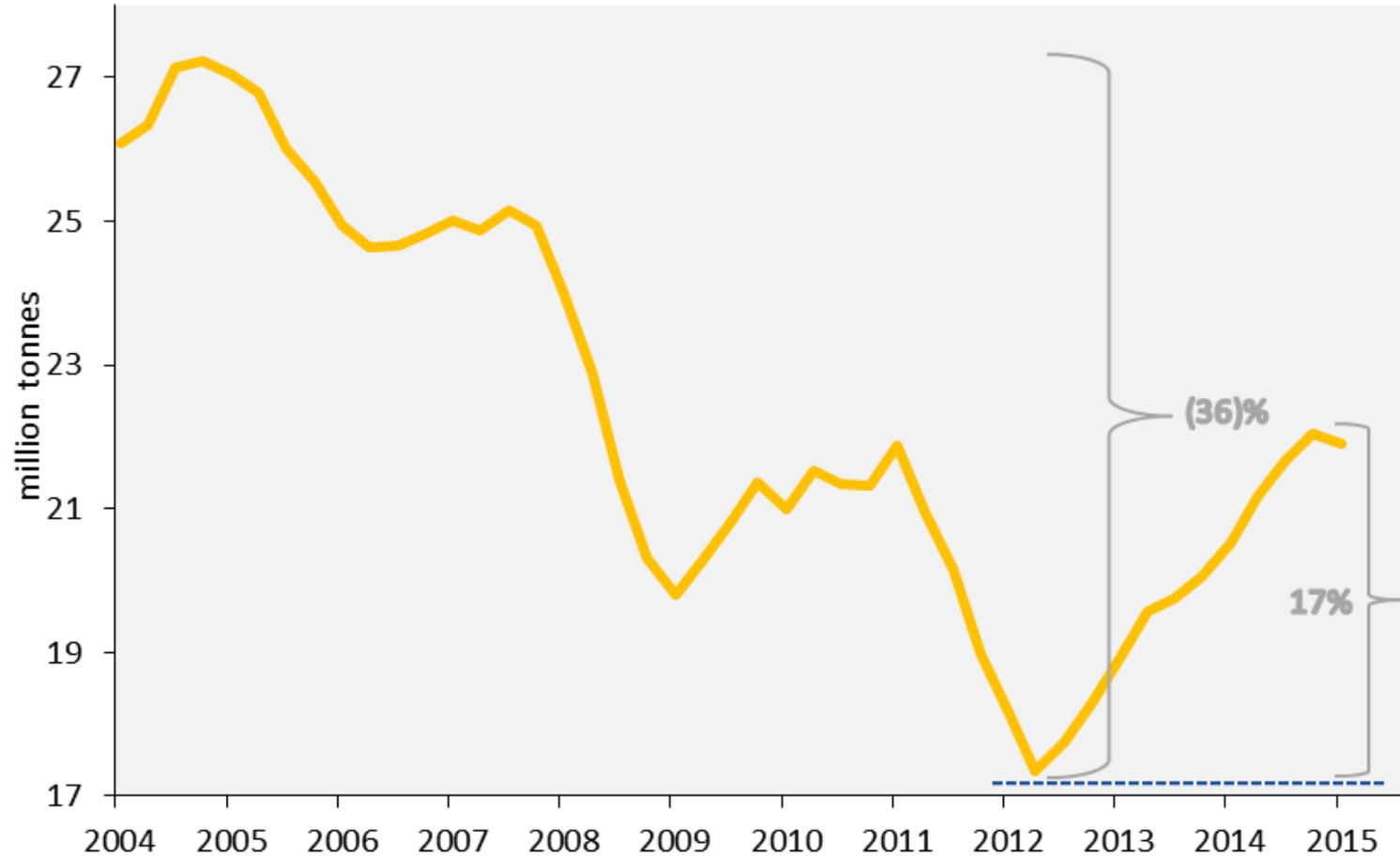


Source: Office for National Statistics ('ONS'), Construction Products Association ('CPA') and Mineral Products Association ('MPA').

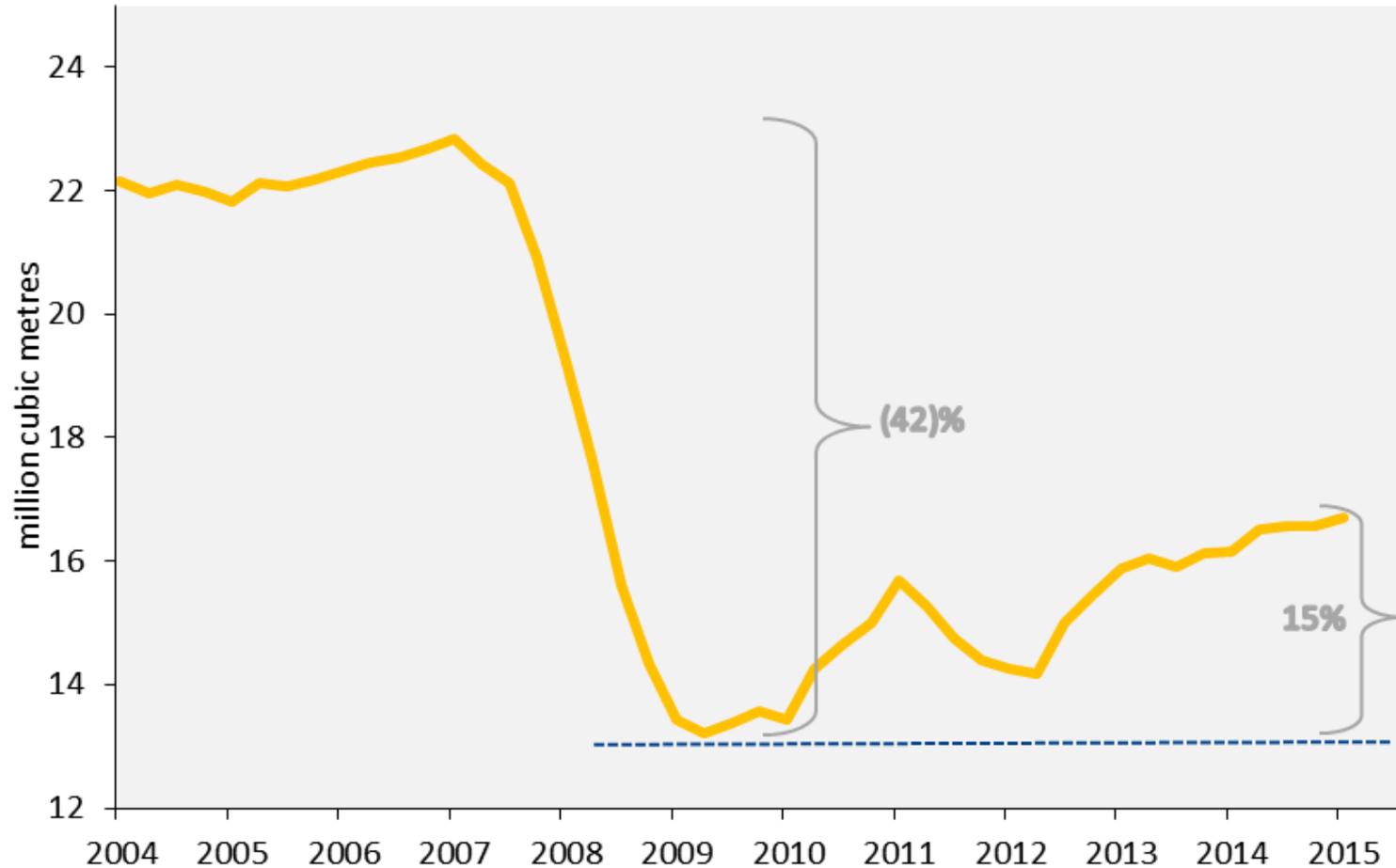
MPA AGGREGATES VOLUMES – MAT



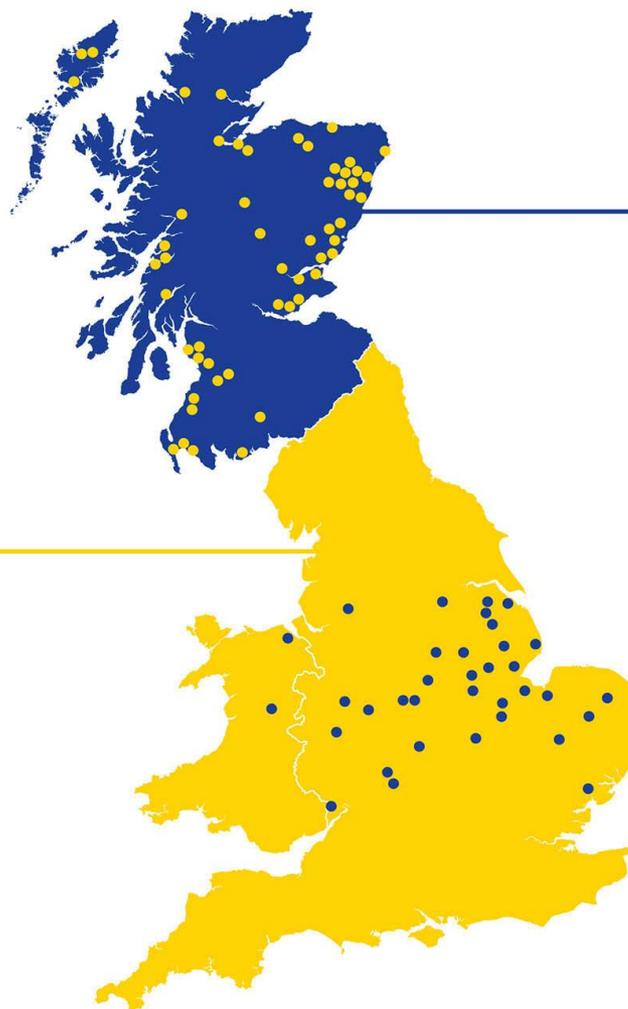
MPA ASPHALT VOLUMES – MAT



MPA READY MIX CONCRETE VOLUMES – MAT



2015: BREEDON'S REGIONAL PRESENCE



Breedon Aggregates England

Headquarters:

Breedon on the Hill (Derbyshire)

Employees: 535

Operational assets:

- 14 quarries
- 9 asphalt plants
- 22 ready-mixed concrete and mortar plants
- 1 concrete products plant
- 2 regional contract surfacing operations
- Aggregates production joint venture company (50 per cent share of Breedon Bowen Limited)

Breedon Aggregates Scotland

Headquarters:

Ethiebeaton (near Dundee)

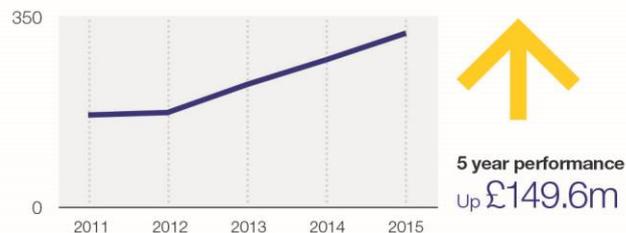
Employees: 716

Operational assets:

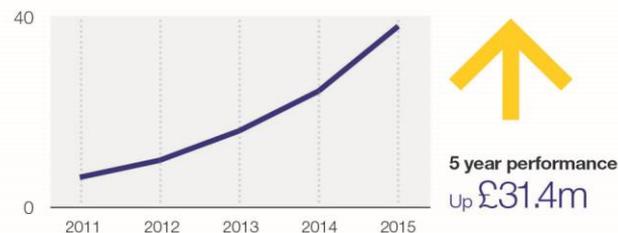
- 38 quarries
- 17 asphalt plants
- 36 ready-mixed concrete plants
- 2 concrete products plants
- 6 regional contract surfacing operations
- Traffic management services company (majority share of Alba Traffic Management Limited)
- Road maintenance company (minority share of BEAR Scotland Limited)

2015: BREEDON'S TRACK RECORD (1 OF 2)

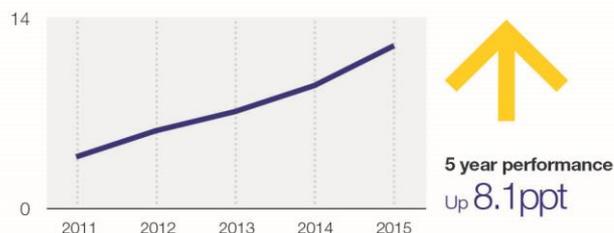
Revenue (£m)



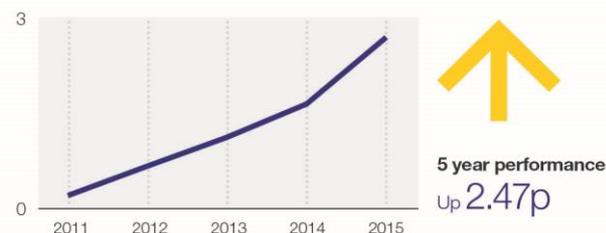
Underlying EBIT (£m)



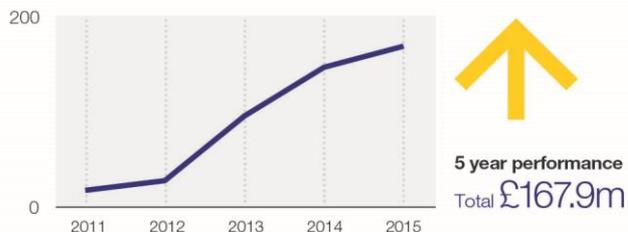
Underlying EBIT margin (%)



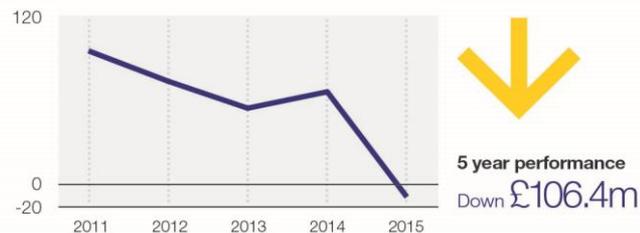
Underlying basic earnings per share (pence)



Cumulative investment (£m) (acquisitions and capital expenditure)



Net debt (£m)



2015: BREEDON'S TRACK RECORD (2 OF 2)

2011	2012	2013	2014	2015
Acquisitions and investment				
<ul style="list-style-type: none"> Acquisition of C&G Concrete 	<ul style="list-style-type: none"> Acquisition of Nottingham Readymix 	<ul style="list-style-type: none"> Acquisition of Aggregate Industries' Scottish operations Acquisition of Marshalls' quarries 	<ul style="list-style-type: none"> Acquisition of Huntsman's Quarries Acquisition of Barr Quarries Investment in Breedon Bowen joint venture 	<ul style="list-style-type: none"> Announcement of the acquisition of Hope Construction Materials
Organic growth				
<ul style="list-style-type: none"> Planning secured for 12 million tonnes extension of Leaton quarry 	<ul style="list-style-type: none"> Launch of 1stMix Launch of Mobile Concrete Solutions 	<ul style="list-style-type: none"> Major plant replacement programme for acquired units Start of project to increase capacity at Norton Bottoms 	<ul style="list-style-type: none"> Reopening of West Deeping quarry Reopening of Ardchronie quarry Purchase of concrete plant at Clearwell quarry Opening of Cannock concrete plant Purchase of asphalt plants in Suffolk and Essex 	<ul style="list-style-type: none"> Major capital investment programme at former Barr quarries Major upgrade commenced at Cloud Hill quarry Block plant upgrade at Naunton quarry Erection of new asphalt plant at Daviot

2015: BREEDON'S OPERATING MODEL

Raw materials

Bitumen

We buy in bitumen to mix with our aggregates to produce asphalt



Core assets

52

quarries with over 500 million tonnes of mineral reserves and resources

Asset life: 59 years

Raw materials

Cement and additives

We buy in cement and additives to mix with our aggregates to produce ready-mixed concrete and mortar



14%

12%

Core assets

26

asphalt plants



Core output

1.8mt

asphalt



Core output

8.7mt

Crushed rock, sand & gravel, decorative aggregates



Core assets

58

ready-mixed concrete and mortar plants



Core output

0.9m m³

ready-mixed concrete and mortar



33%



Breedon's surfacing and contracting operations

67%



Large and small surfacing projects

74%



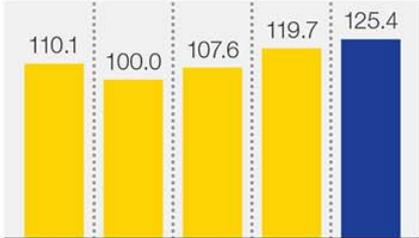
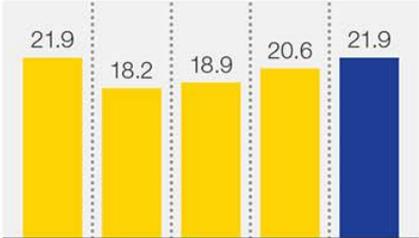
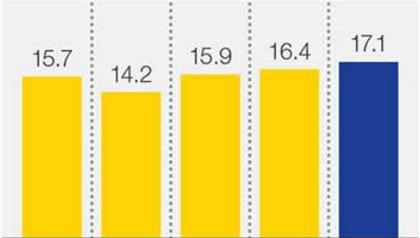
Industrial, commercial, infrastructure, housing and special projects

100%



Small 'mini mix' loads for houses and small businesses

2015: BREEDON'S MARKET SHARE

	Aggregates 	Asphalt 	Ready-mixed concrete																																				
Market size ¹	<h2>125.4m tonnes</h2> <p>2014: 119.7 million tonnes</p>	<h2>21.9m tonnes</h2> <p>2014: 20.6 million tonnes</p>	<h2>17.1m m³</h2> <p>2014: 16.4 million m³</p>																																				
Market growth	<p>m tonnes</p>  <table border="1"> <tr><th>Year</th><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>Value (m tonnes)</th><td>110.1</td><td>100.0</td><td>107.6</td><td>119.7</td><td>125.4</td></tr> </table>	Year	2011	2012	2013	2014	2015	Value (m tonnes)	110.1	100.0	107.6	119.7	125.4	<p>m tonnes</p>  <table border="1"> <tr><th>Year</th><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>Value (m tonnes)</th><td>21.9</td><td>18.2</td><td>18.9</td><td>20.6</td><td>21.9</td></tr> </table>	Year	2011	2012	2013	2014	2015	Value (m tonnes)	21.9	18.2	18.9	20.6	21.9	<p>m m³</p>  <table border="1"> <tr><th>Year</th><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>Value (m m³)</th><td>15.7</td><td>14.2</td><td>15.9</td><td>16.4</td><td>17.1</td></tr> </table>	Year	2011	2012	2013	2014	2015	Value (m m ³)	15.7	14.2	15.9	16.4	17.1
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Breedon Aggregates market share ²	<h1>7%</h1>	<h1>8%</h1>	<h1>5%</h1>																																				
Key growth drivers	<ul style="list-style-type: none"> • Infrastructure investment • Commercial and industrial development • Housebuilding 	<ul style="list-style-type: none"> • Investment in roadbuilding, repair and maintenance • Infrastructure, commercial and industrial investment • Housebuilding 	<ul style="list-style-type: none"> • Investment in infrastructure and renewable energy • Commercial and industrial development • Housebuilding 																																				
<p>¹ Source: Mineral Products Association ² Source: Management estimates</p>																																							

This presentation may contain statements related to our and our subsidiaries' future business and financial performance, and future events or developments involving Breedon Aggregates that are not purely historical and which may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project" or variations of such words and similar expressions. Such statements are based on the current expectations and beliefs of, and certain assumptions made by, and information currently available to, Breedon Aggregates' management, and are therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Breedon Aggregates' control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Breedon Aggregates to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. Forward-looking statements should be evaluated in the context of these factors.