

HALF-YEAR RESULTS

23 JULY 2015



H1 2015: INTRODUCTION

Results overview

Peter Tom

Financial review

Rob Wood

Operational review & outlook

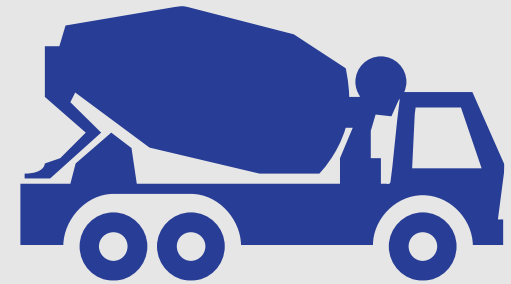
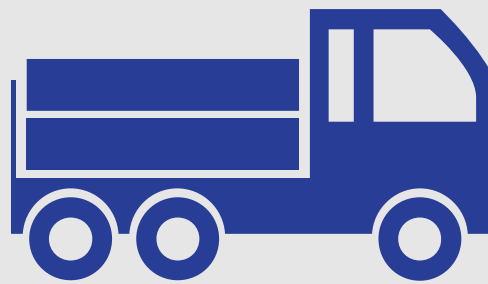
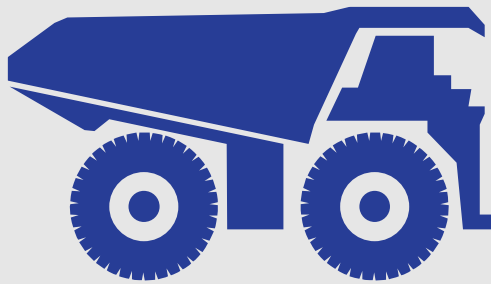
Simon Vivian
Tim Hall
Alan Mackenzie

Q&A

H1 2015 RESULTS OVERVIEW

Peter Tom CBE

Executive Chairman



- Strong trading performance
- Underlying business well ahead of prior year
- Underlying EBITDA margin up to 17.0%
- Huntsmans and former Barr business performing well
- Step-up in capital investment on track
- Mineral reserves & resources replenished
- Several acquisition opportunities under review

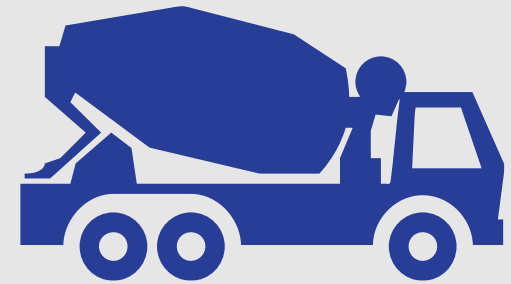
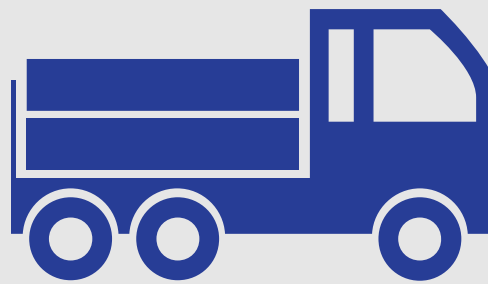
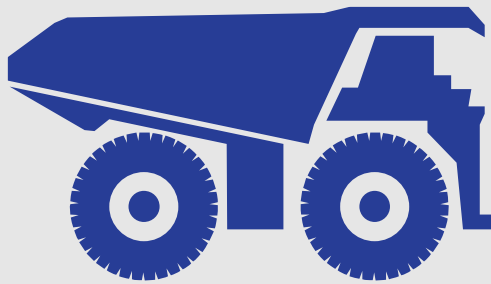
H1 2015: BREEDON'S 'GOLDEN RULES'

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

H1 2015 RESULTS OVERVIEW

Rob Wood

Group Finance Director



H1 2015: FINANCIAL HIGHLIGHTS

Revenue

£160.5m

H1 2014: £125.2m +28%

Underlying EBITDA

£27.3m

H1 2014: £17.8m +54%

Underlying EBITDA margin

17.0%

H1 2014: 14.2% +2.8ppt

Acquisitions EBITDA*

£3.2m

Underlying basic EPS

1.29p

H1 2014: 0.73p +77%

Net debt

£58.3m

Dec-2014: £66.3m -£8.0m

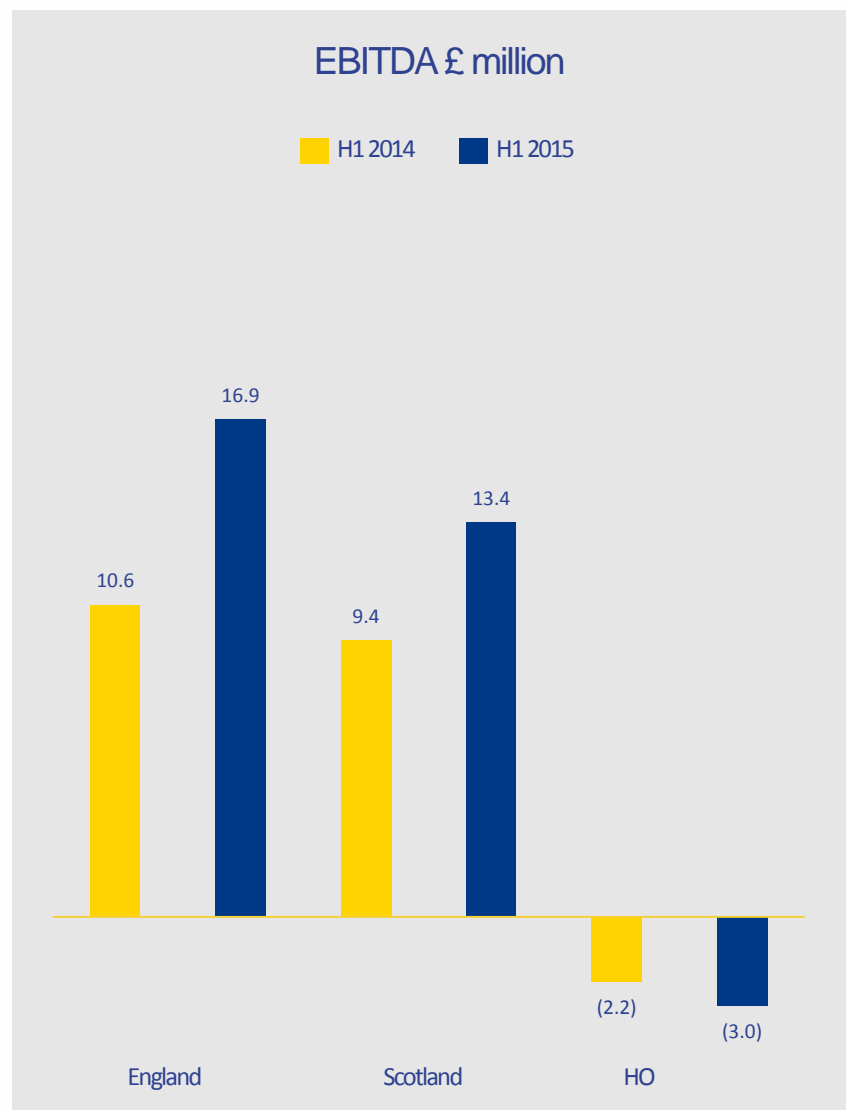
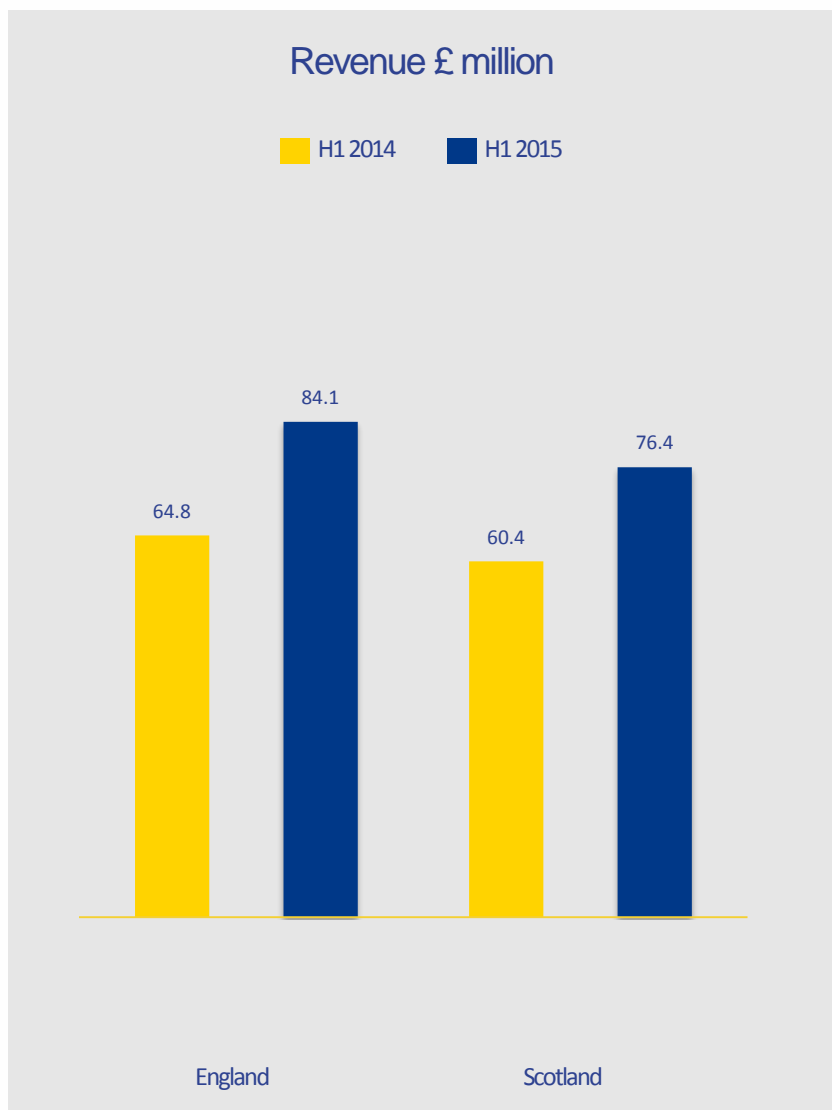
*Additional £ million from 2014 acquisitions (excluding non-underlying items)

H1 2015: INCOME STATEMENT

	H1 2014 £ million	H1 2015 £ million	Variance %
Revenue	125.2	160.5	+28%
Underlying EBITDA*	17.8	27.3	+54%
Depletion & depreciation	(7.4)	(8.7)	
Underlying operating profit*	10.4	18.6	+78%
Share of associate and joint venture	0.7	0.3	
Interest	(1.7)	(1.5)	
Non-underlying items*	(0.3)	0.1	
Profit before tax	9.1	17.5	+92%
Taxation	(2.1)	(3.8)	
Profit for the year	7.0	13.7	+94%
Underlying basic earnings per share*	0.73p	1.29p	+77%

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

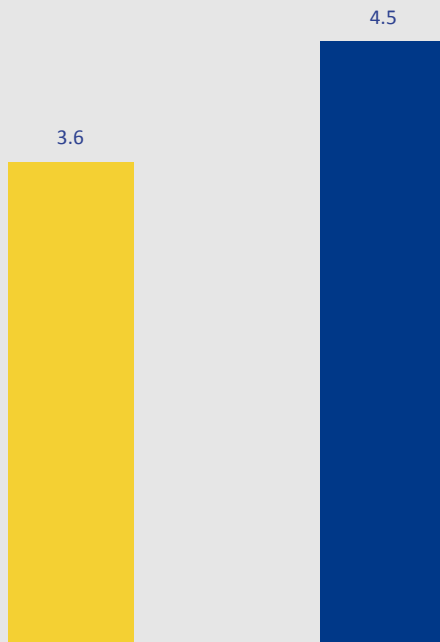
H1 2015: DIVISIONAL PERFORMANCE



H1 2015: PRODUCT VOLUMES

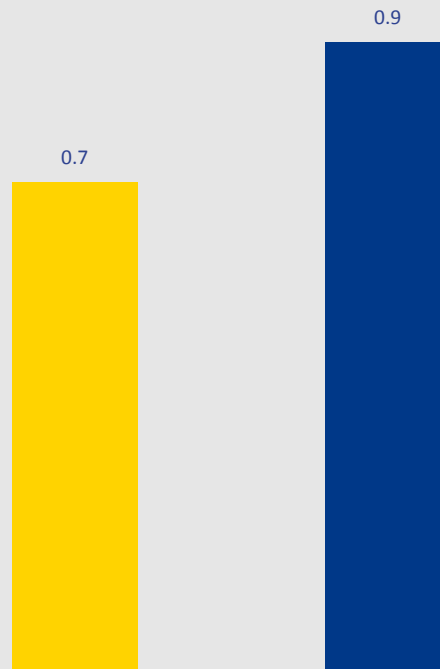
Aggregates million t

■ H1 2014 ■ H1 2015



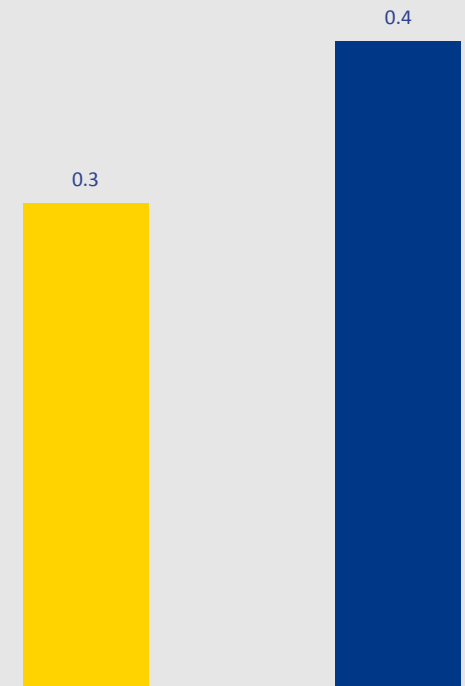
Asphalt million t

■ H1 2014 ■ H1 2015

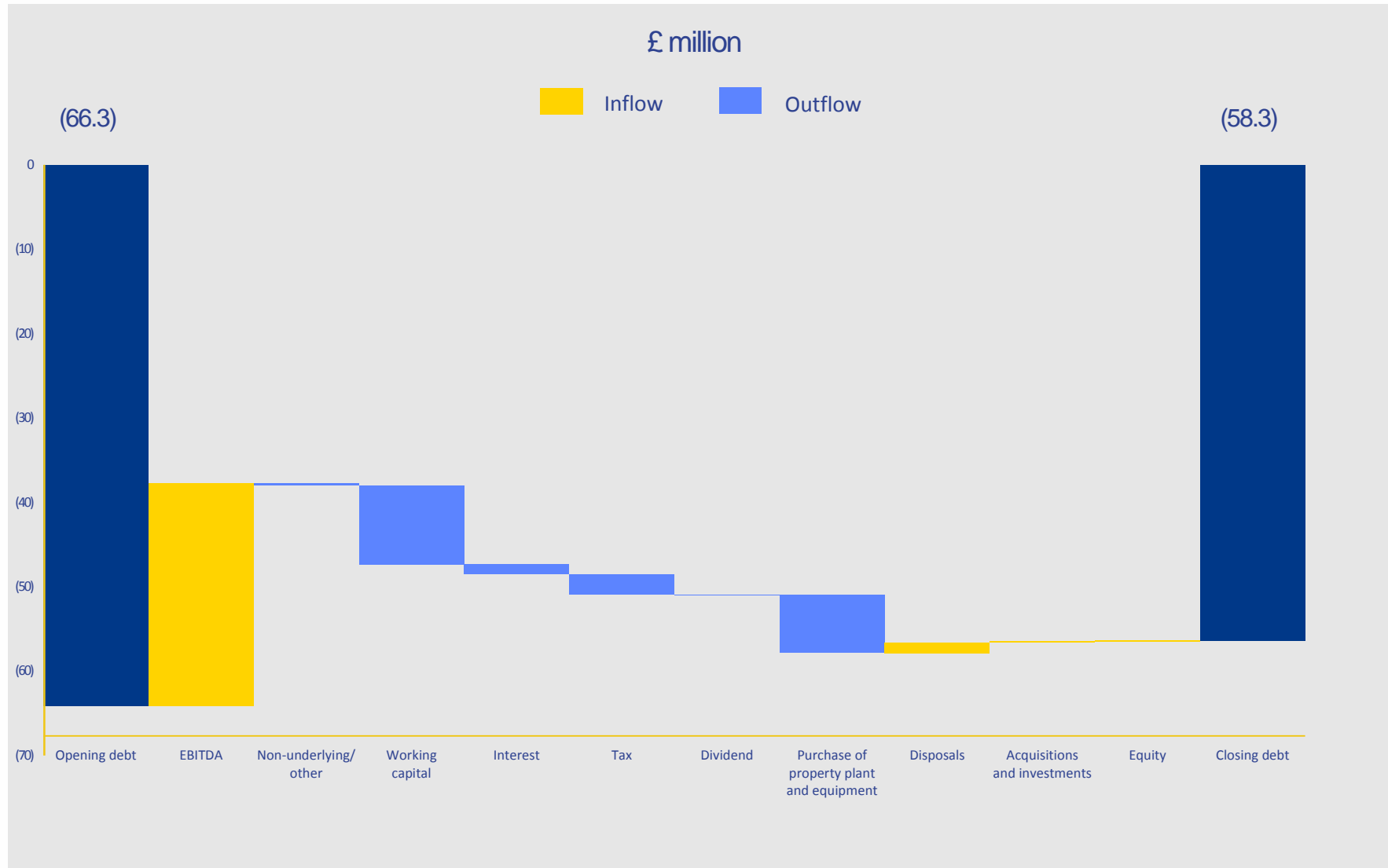


Concrete million m³

■ H1 2014 ■ H1 2015



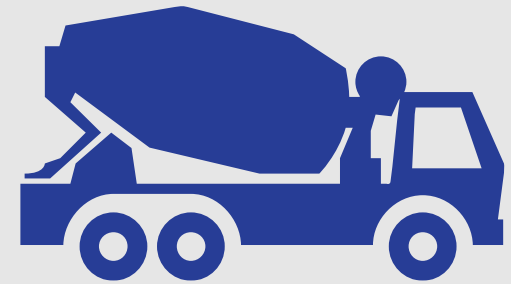
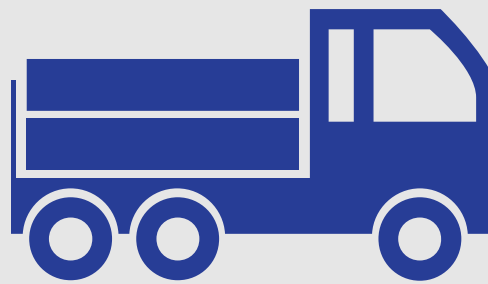
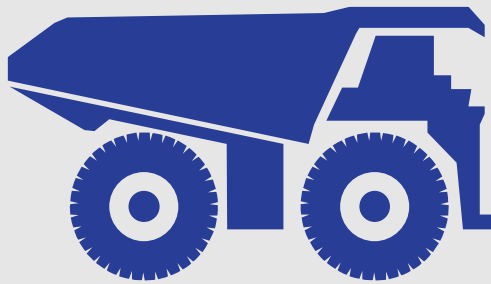
H1 2015: NET DEBT MOVEMENT



H1 2015 RESULTS OVERVIEW

Simon Vivian

Group Chief Executive



H1 2015: MARKET BACKGROUND

- Generally strengthening economic environment
- Some contract delays ahead of General Election
- CPA reports strong demand & improving prices in first 4 months
- Q1 MPA volumes significantly ahead:
 - aggregates +11%, asphalt +14%, concrete +8%
- Healthy growth in housing, commercial & infrastructure
- Short-term benefits to margin from lower hydrocarbon costs
- Mineral consumption still outpacing replenishment of reserves
- Infrastructure Act 2015 now in force

H1 2015: MAINTAINING MOMENTUM

- Accident frequency rate remained flat; but severity rate continued to fall
- Exceptional performances from both England and Scotland
- Good balance between organic & acquisition-led growth
- Overall acquisitions ahead of expectations
- Volumes ahead in all product categories
- Above inflation price progression in all product categories
- Substantial capex programme commenced
- Key input costs under control
- Mineral reserves & resources remain in excess of 500m tonnes

BREEDON AGGREGATES ENGLAND



15

quarries



9

asphalt plants



23

ready-mixed concrete
and mortar plants



1

concrete
block plant



2

regional contract
surfacing operations

Revenue



52%

of Group revenue

EBITDA



56%

of Group EBITDA

Volumes

+13%

Aggregates

+33%

Asphalt

+26%

Concrete

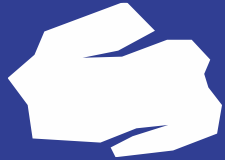
	H1 2014 million	H1 2015 £ million	Variance
Revenue	64.8	84.1	30%
EBITDA	10.6	16.9	59%
EBITDA margin	16.4%	20.1%	3.7ppt

- Strong demand
- EBITDA excluding acquisitions significantly ahead of prior year
- Huntsmans performing in line with expectations
- Significant EBITDA margin improvement

- 🏗️ Continued focus on Visible Felt Leadership and driving zero harm
- 🏗️ Strong demand from all product & market sectors
- 🏗️ Pricing & margins strong
- 🏗️ Cavenham asphalt plant re-commissioned
- 🏗️ Wivenhoe asphalt plant refocused on collect & machine markets
- 🏗️ Dense concrete block plant opened at Huntsmans
- 🏗️ Major contracts undertaken:
 - A453 concrete works
 - Nottingham Tram
 - Jaguar Land Rover, Solihull
 - Birch Coppice Business Park, Tamworth
 - Euro Car Parts Distribution Centre, Tamworth

- Continuing focus on safety improvements
- All product sectors expected to be busy
- Construction of T-Beam plant at Huntsmans
- Major upgrade to primary crusher at Cloud Hill
- Installation of new hot storage system at Leaton
- New sand and gravel quarry at Earls Barton, Northampton
- Planning decision on Clearwell quarry extension
- Plans ongoing for new asphalt plant at Wrexham
- Major contracts in prospect:
 - Jaguar Land Rover, i54
 - Gaydon highway works

BREEDON AGGREGATES SCOTLAND



38

quarries



17

asphalt plants



36

ready-mixed concrete
and mortar plants



2

concrete
block plants



5

regional contract
surfacing operations



1

traffic management
services company

Revenue



48%

of Group revenue

EBITDA



44%

of Group EBITDA

Volumes

+46%

Aggregates

+18%

Asphalt

+42%

Concrete

	H1 2014 million	H1 2015 £ million	Variance
Revenue	60.4	76.4	26%
EBITDA	9.4	13.4	43%
EBITDA margin	15.5%	17.5%	2.0ppt

- Flat demand
- EBITDA excluding acquisitions ahead of prior year
- Former Barr business performing ahead of expectations
- Significant EBITDA margin improvement

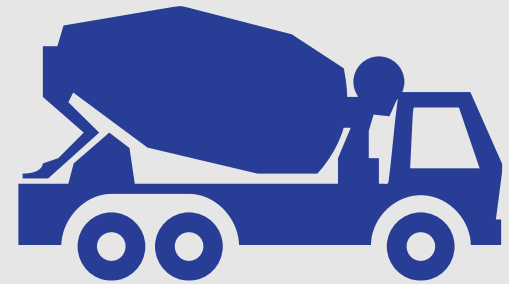
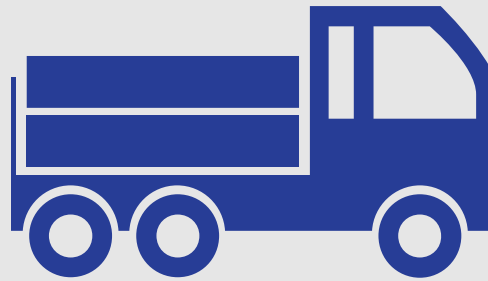
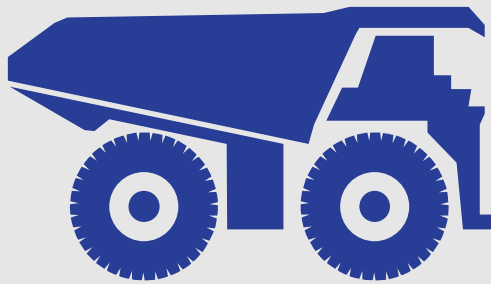
- 🏗️ Safety & housekeeping improvements - especially at former Barr business
- 🏗️ Market relatively flat overall: busier in north & west, slower in Aberdeen
- 🏗️ Prices & margins strong
- 🏗️ Former Barr business ahead of expectations
- 🏗️ New crushing train for high PSV production in south-west
- 🏗️ Significant replacement programme for mobile quarry plant
- 🏗️ New asphalt plants ordered: Daviot (Inverness); Tom's Forest (Aberdeen)
- 🏗️ Major concrete orders:
 - Aberdeen Western Peripheral Route (AWPR), Marischal Square, Macallan Distillery
- 🏗️ Continued stone supplies from re-opened Ardchronie quarry:
 - Invergordon Harbour, Loch Buide

- 🏗️ Continuing focus on employee behaviour & safety systems
- 🏗️ New mobile washing plant to boost sand & gravel production
- 🏗️ Erect & commission Daviot asphalt plant
- 🏗️ Implement high PSV & commercial strategy: new Commercial Director
- 🏗️ Contract opportunities:
 - AWPR
 - Forth Crossing
 - Multi-product opportunity on A9 Kincaig to Dalraddy
 - Major harbour work in Peterhead
 - Further supplies to Loch Buide sub-station from Ardchronie
 - Good prospects at Dyce Park & Ride & A96 Inveramsay Bridge

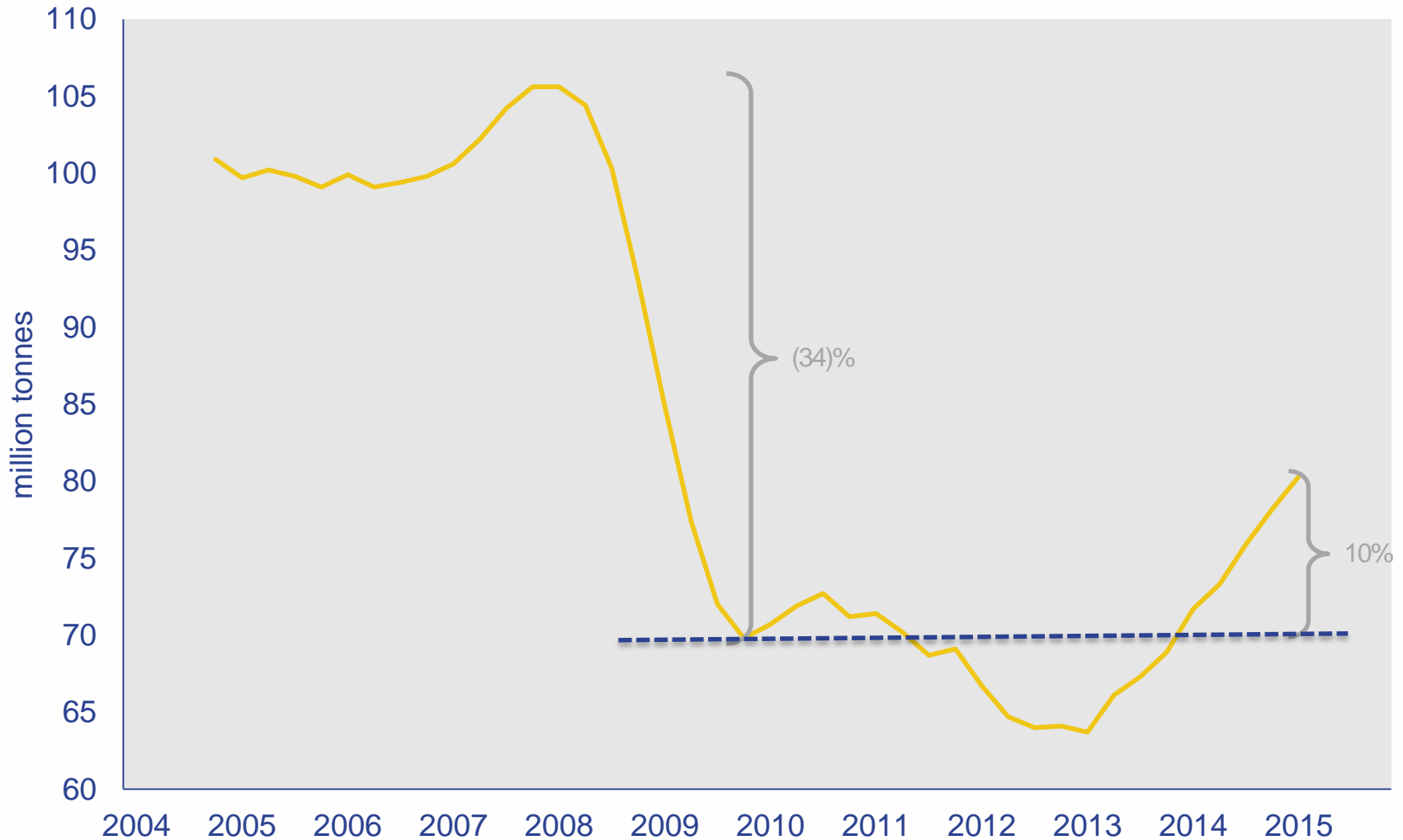
- 🏗️ Market outlook remains positive
- 🏗️ CPA forecasts 5.5% growth in construction output in 2015 & 4% in 2016
- 🏗️ MPA forecasts continuing strong volumes:
 - aggregates +4-6%, asphalt +3-5%, concrete +3-5%
- 🏗️ Budget has confirmed Government's commitment to infrastructure
 - Particularly on road related projects
- 🏗️ England activity now picking up after post-election lull
- 🏗️ Upturn in Scottish market awaited with several major projects pending
- 🏗️ Continuing investment in operational capex
- 🏗️ Some potential for hydrocarbon costs to increase
- 🏗️ Several potential bolt-on acquisitions under consideration
- 🏗️ Targeting EBIT margin of 15% by 2020 (EBITDA margin of approx. 20%)

MPA volumes

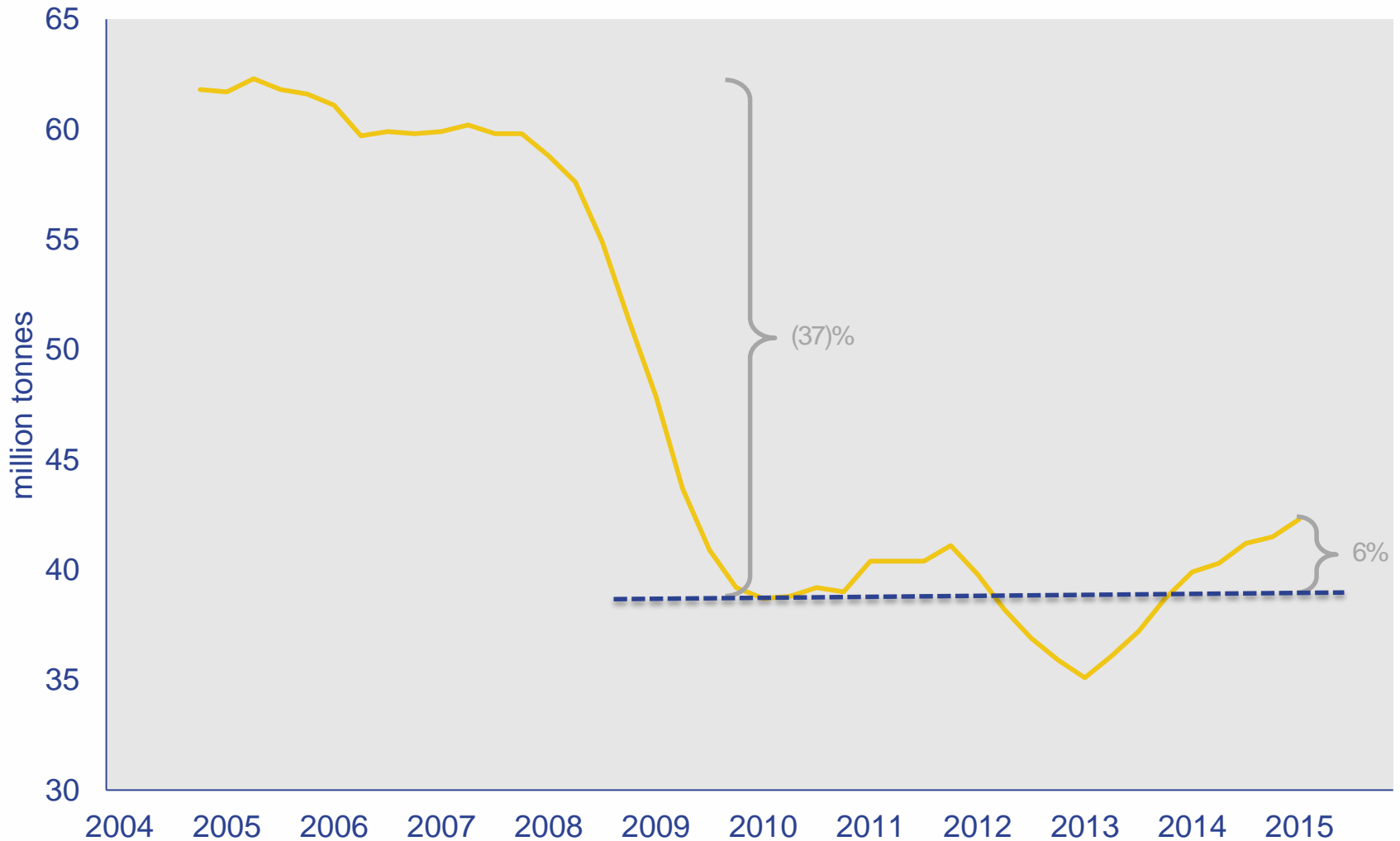
Our business model



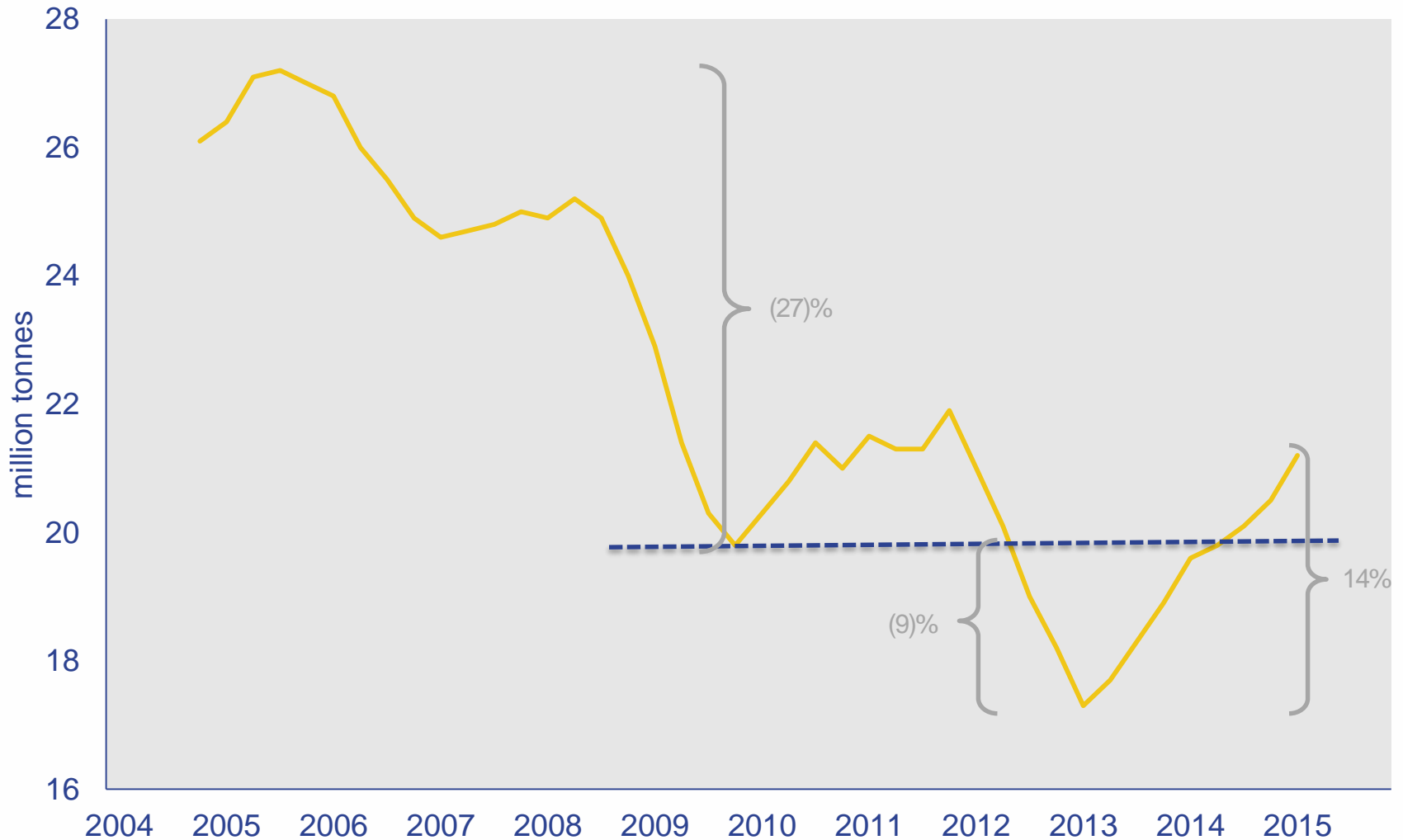
MPA CRUSHED ROCK VOLUMES – MAT



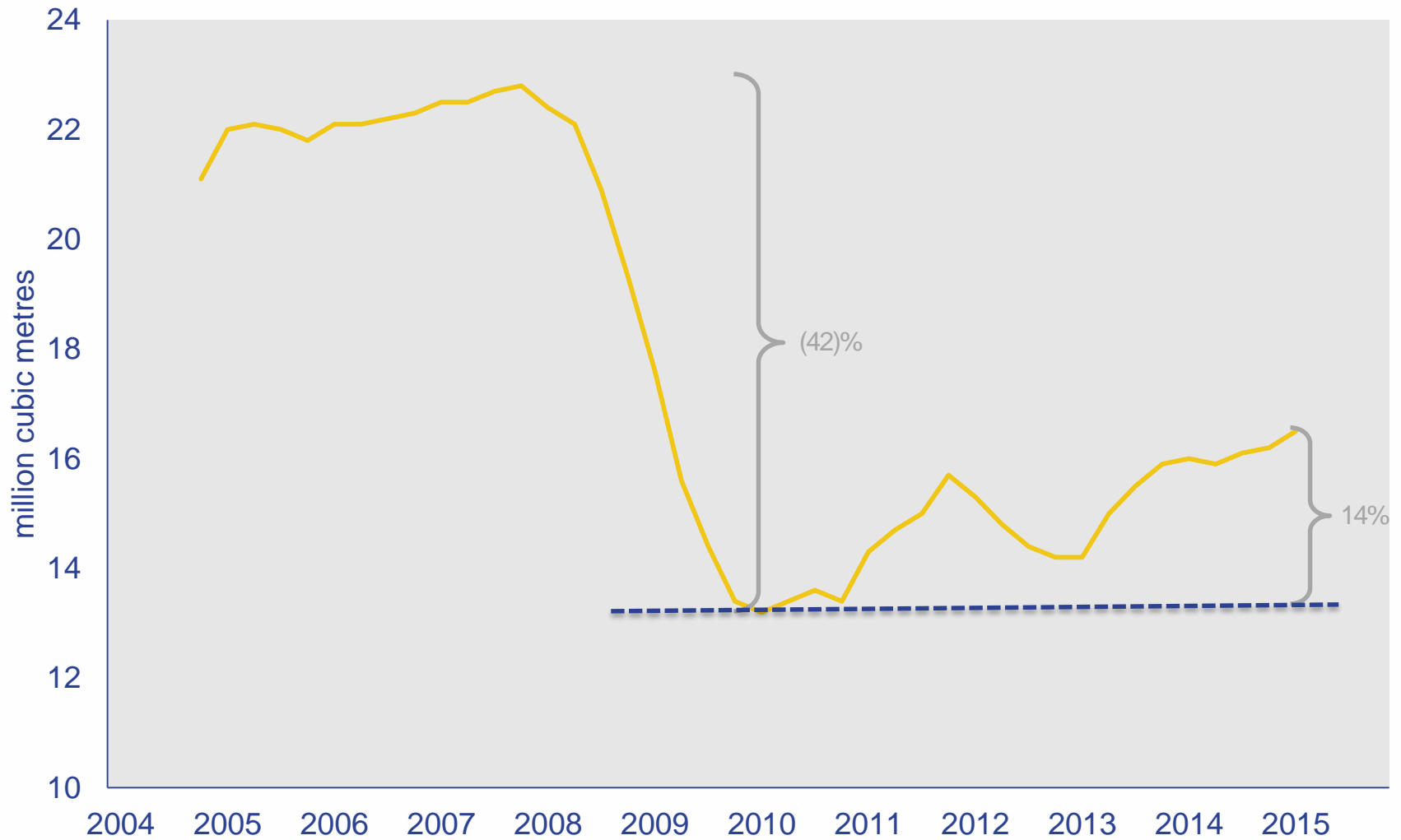
MPA SAND & GRAVEL VOLUMES – MAT



MPA ASPHALT VOLUMES – MAT



MPA CONCRETE VOLUMES – MAT



OUR BUSINESS MODEL (2014)

