



FOR IMMEDIATE RELEASE

18 November 2015

Breedon Aggregates Limited

("Breedon")

Breedon to acquire Hope Construction Materials Limited for £336m, creating the UK's largest independent building materials group

Breedon announces that it has entered into a conditional agreement with Cortolina Investments S.à.r.l. (the "Seller") to acquire Hope Construction Materials Limited ("Hope") for £336 million (the "Acquisition"). The combination of Breedon and Hope will create the UK's leading independent producer of cement, concrete and aggregates and a vertically-integrated building materials group. The Acquisition is consistent with Breedon's strategy of organic growth combined with the continuing consolidation of the smaller end of the UK heavyside building materials industry.

Transaction highlights

- Breedon has agreed definitive terms to acquire Hope for £336 million on a cash- and debt-free basis¹
- Hope is a leading independent construction materials supplier in the UK with a national footprint of over 160 operational sites, including the Hope cement works in Derbyshire, 5 quarries and 152 concrete plants²
- In the 12 months ended 30 June 2015, Hope sold 1.6 million tonnes of cement³, 4.7 million tonnes of aggregates and 2.3 million cubic metres of concrete, generating revenue of £285.6 million and Underlying EBITDA of £37.0 million
- The consideration for Hope will be payable in a combination of cash and new Ordinary Shares to be issued to Abicad Holding Limited ("Abicad"), an associated company of the Seller, upon completion of the Acquisition ("Completion")

1 Subject to completion adjustments.

2 As at October 2015; includes co-located concrete sites and sites presently mothballed.

3 Includes cement volumes purchased & sales of GGBS.

- The cash consideration of £202 million will be financed by a combination of a new £300 million revolving credit facility and a £41 million equity placing with existing shareholders
- The share consideration of £134 million will be satisfied by the issue of 259,120,245 new Ordinary Shares (the “Consideration Shares”) to Abicad at the 90-Day VWAP of 51.79p per share
- Upon Completion, Abicad will hold approximately 18.4% of the Enlarged Share Capital of Breedon and will be entitled to appoint one non-executive director to the Board of Directors. It is anticipated that Amit Bhatia, Hope's current Chairman, will be appointed to this role
- The Acquisition provides entry into the cement market and extends Breedon’s UK geographic footprint, while adding a rail-linked quarry and a national network of depots
- Breedon expects to achieve annual cost synergies of approximately £10 million from operational improvements by the third full year following Completion
- The Acquisition is expected to be double-digit accretive to underlying earnings per share in the first full year following Completion⁴
- In addition to the Acquisition, Breedon has undertaken a placing of 78,782,825 new Ordinary Shares (the "Placing Shares") at 51.79p per share to raise gross proceeds of approximately £41 million (the “Placing”)
- Breedon’s pro forma net debt is expected to be approximately 2.5x Underlying EBITDA at Completion
- The Acquisition is conditional upon the approval of the UK Competition and Markets Authority (the “CMA”) and is expected to complete in Q2 2016

Peter Tom, Breedon’s Executive Chairman, commented:

“The acquisition of Hope transforms Breedon into the UK’s leading independent building materials group. We’re creating a vertically-integrated business with one of the country’s largest cement plants, nearly 60 quarries, more than 200 ready-mixed concrete plants and around 750 million tonnes of mineral reserves and resources – together with access for the first time to the rail-fed sector of the market.

Under Amit’s leadership, Hope has delivered an outstanding performance over the last three years and has become a formidable competitor in the UK market. Together we will be an even stronger business, complementing one another geographically, operationally and culturally.

We’re particularly pleased that Abicad will become a significant shareholder in the enlarged Breedon group and look forward to welcoming Amit to our board.

⁴ This should not be construed as a profit forecast and should therefore not be interpreted to mean that earnings per share in any future financial period will necessarily match or be greater than those for the relevant preceding financial period.

This acquisition is well-timed, with UK construction output forecast to expand by around 15% over the next four years and volumes of all our major products expected to grow strongly. We are confident that we will be able to continue delivering significant value for our shareholders in the coming years, with an even stronger platform for growth. We very much look forward to welcoming everyone at Hope to the Breedon family."

Amit Bhatia, Hope's Chairman, commented:

"The growth of Hope is testament to the incredible amount of hard work put in by everyone in the business over the past three years. The combination with Breedon builds on that by creating a new, independent force in the construction materials sector with superior growth prospects and greater opportunities thanks to its broader product mix, strong customer offer and extended geographic footprint. Both companies are entrepreneurial and energetic and this transaction will combine the best of both teams and cultures.

I believe strongly in Peter's leadership and in the potential of the enlarged business, and am delighted to be joining the board as well as retaining a considerable stake in the combined business."

Trading update

Breedon has also today issued a trading update for the 10 months ended 31 October 2015, which is available through RNS and on Breedon's website.

Conference call for analysts and investors

Breedon will host a meeting for invited analysts at 9.00am today at The Grocers' Hall, Princes Street, London EC2R 8AD and there will be a simultaneous dial-in broadcast of the meeting. Please call 0844 335 0993 to listen to the broadcast. The passcode is 79071269#. A recording of the meeting will be available to play or download from Breedon's website later today at <http://www.breedonaggregatesir.com> and the presentation can also be viewed or downloaded from the same location from 8.55am this morning.

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Notice to all investors

Moelis & Company UK LLP ("Moelis & Company"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as financial adviser to Breedon and no-one else in connection with the Acquisition and will not be responsible to anyone other than Breedon for providing the protections afforded to clients of Moelis & Company nor for providing advice in connection with the Acquisition or any matter referred to herein. Neither Moelis & Company nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Moelis & Company in connection with this announcement, any statement contained herein, the acquisition or otherwise.

Cenkos Securities plc ("Cenkos") which is authorised and regulated in the United Kingdom by the FCA, is acting solely for Breedon in relation to the Placing and no-one else and will not be responsible to anyone other than the Breedon for providing the protections afforded to clients of Cenkos nor for providing advice in relation to the Placing or any other matter referred to in this announcement.

Peel Hunt LLP ("Peel Hunt") which is authorised and regulated in the United Kingdom by the FCA, is acting solely for Breedon in relation to the Placing and no-one else and will not be responsible to anyone other than the Breedon for providing the protections afforded to clients of Peel Hunt nor for providing advice in relation to the Placing or any other matter referred to in this announcement.

Evercore Partners International LLP ("Evercore"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting as financial adviser to Hope and no-one else in connection with the Acquisition and will not be responsible to anyone other than Hope for providing the protections afforded to clients of Evercore nor for providing advice in relation to the Acquisition or any other matters referred to in this announcement.

Forward-looking statements

This announcement contains or incorporates by reference "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "anticipates", "expects", "may", "will", "could", "would", "shall", "should" or similar expressions or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts and include statements regarding the intentions, beliefs or current expectations of the Breedon Board of Directors concerning, among other things, Breedon's results of operations, financial condition, prospects, growth, strategies and the industries in which Breedon operates.

Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, Breedon undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The information contained in this announcement is subject to change without notice and Breedon, Moelis & Company, Cenkos and Peel Hunt do not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein.

Breedon to acquire Hope Construction Materials Limited for £336m, creating the UK's largest independent building materials group

1. Introduction

Breedon announces that it has entered into an agreement with Cortolina Investments S.à.r.l. (the "Seller") to acquire Hope Construction Materials Limited ("Hope") for £336 million (the "Acquisition"). The combination of Breedon and Hope will create the UK's leading independent producer of cement, concrete and aggregates and a vertically-integrated building materials group. The Acquisition is consistent with Breedon's strategy of organic growth combined with the continuing consolidation of the smaller end of the UK heavyside building materials industry.

2. Information on Hope

Hope is a leading independent producer of cement, concrete and aggregates. Founded in January 2013 following the divestment of assets from Lafarge and Tarmac, Hope has over 160 operational sites including one of the UK's largest cement plants, a national network of 152 concrete plants⁵, 4 cement depots (3 with blending facilities)⁶, 5 aggregates quarries, 4 aggregates depots⁷ and an aggregates wharf. As of 31 July 2015, Hope had approximately 930 employees and approximately 250 million tonnes of long-life mineral reserves and resources⁸.

In the year ended 31 December 2014, Hope sold 1.6 million tonnes of cement⁹, 4.7 million tonnes of aggregates and 2.2 million cubic metres of concrete. In the same period, Hope generated revenue of £273.5 million, Underlying EBITDA of £33.6 million and profit before tax of £18.7 million.

In the 12 months ended 30 June 2015, Hope sold 1.6 million tonnes of cement⁹, 4.7 million tonnes of aggregates and 2.3 million cubic metres of concrete. In the same period, Hope generated revenue of £285.6 million and Underlying EBITDA of £37.0 million.

3. Information on Breedon

Breedon is the leading independent aggregates business in the UK after the four global majors. It operates 53 quarries, 26 asphalt plants, 59 ready-mixed concrete plants and three concrete block plants in England and Scotland and employs around 1,240 people. Breedon has strong asset backing with over 500 million tonnes of mineral reserves and resources. Breedon's strategy is to grow organically and through consolidation of the smaller end of the UK heavyside building materials sector.

In the year ended 31 December 2014, Breedon sold 7.7 million tonnes of aggregates, 1.5 million tonnes of asphalt and 0.8 million cubic metres of concrete. In the same period, Breedon generated revenue of £269.7 million, Underlying EBITDA of £38.5 million and profit before tax of £21.4 million.

5 As at October 2015; includes co-located concrete sites and sites presently mothballed.

6 Includes Dagenham cement depot currently under construction.

7 Includes Theale & Southampton aggregates depots currently under construction.

8 Calculated in accordance with the 2013 PERC Code.

9 Includes cement volumes purchased & sales of GGBS.

In the 12 months ended 30 June 2015, Breedon sold 8.6 million tonnes of aggregates, 1.7 million tonnes of asphalt and 0.9 million cubic metres of concrete. In the same period, Breedon generated revenue of £305.0 million and Underlying EBITDA of £48.1 million.

Breedon is listed on the AIM market of the London Stock Exchange.

4. Strategic rationale for the Acquisition

Strengthened market position

The Acquisition combines the two leading independent construction materials companies in the UK and creates a leading independent producer of cement, aggregates, asphalt and concrete.

In the year ended 31 December 2014, the Enlarged Group would have reported pro forma sales volumes of 1.6 million tonnes of cement¹⁰, 12.4 million tonnes of aggregates, 1.5 million tonnes of asphalt and 3.0 million cubic metres of concrete.

In the 12 months ended 30 June 2015, the Enlarged Group would have reported pro forma sales volumes of 1.6 million tonnes of cement¹⁰, 13.3 million tonnes of aggregates, 1.7 million tonnes of asphalt and 3.2 million cubic metres of concrete.

Further consolidation of the smaller end of the UK heavyside building materials sector

As a result of sector consolidation over the last 15 years or so, the international cement companies now have the vast majority of the UK heavyside building materials industry with Tarmac, Cemex, LafargeHolcim and Heidelberg together having a 70–80% share of the market across all the main product categories.

The combination of Breedon and Hope brings together the only other two sizeable companies in this sector in the UK and, in line with Breedon's strategy, further consolidates the smaller end of the UK heavyside building materials industry. With the smaller end of the sector remaining highly fragmented, there are further significant consolidation opportunities for the Enlarged Group in the future.

Improved and broadened product mix

Hope provides Breedon with entry into the cement market through one of the UK's largest cement plants, the Hope cement works. The Acquisition creates a new fully vertically-integrated and better balanced business with a broader product offering.

Increased scale

The Enlarged Group will have more than 310 operational sites, including a cement plant, 58 quarries, 26 asphalt plants, 211 ready-mixed concrete and mortar plants¹¹, 3 concrete block plants, 9 depots

¹⁰ Includes cement volumes purchased & sales of GGBS.

¹¹ Includes co-located concrete sites and sites presently mothballed.

and wharves¹², 8 regional contract surfacing operations and one traffic management services company.

In the year ended 31 December 2014, the Enlarged Group would have reported pro forma revenue of £543.1 million and pro forma Underlying EBITDA of £72.1 million.

In the 12 months ended 30 June 2015, the Enlarged Group would have reported pro forma revenue of £590.5 million and pro forma Underlying EBITDA of £85.1 million.

Extended UK coverage

The Acquisition extends Breedon's UK geographic footprint, opening up markets in London, the South and the South East, and provides the Enlarged Group with national coverage and balanced regional concentrations.

Hope's cement plant has national reach through its extensive rail capacity and a network of strategically located cement depots at Dewsbury, Theale and Walsall (Dewsbury and Theale have blending facilities), providing it with the flexibility to serve major markets in Yorkshire, the Midlands and the South. An additional cement depot at Dagenham is currently under construction, which will include a blending facility and is expected to open in the first half of 2016. The Dagenham depot will improve access to attractive markets, including the bagged cement market, in London and the South East.

Hope's nationwide network of 152 concrete plants¹³ provides a stable source of demand for cement and aggregates and direct routes to all major regional markets across Great Britain. Hope's 5 aggregates quarries and network of 4 regional aggregates depots¹⁴ are well located to serve key markets in the North West, the Midlands, the South and the South East.

Operational efficiency improvements

Breedon expects to achieve annual synergies of approximately £10 million from operational improvements by the third full year following Completion. Integration costs to achieve these savings are expected to be approximately £10-15 million.

5. Key terms of the Acquisition

Under the terms of the Sale and Purchase Agreement (the "SPA") between Breedon and the Seller, Breedon will acquire the entire issued share capital of Hope for a purchase price of £336 million on a cash- and debt-free basis. The purchase price is subject to customary post-completion adjustments.

12 Includes sites currently under construction.

13 As at October 2015; includes co-located concrete sites and sites presently mothballed.

14 Includes Theale & Southampton aggregates depots currently under construction.

The consideration payable by Breedon will be satisfied by the payment of £202 million in cash and the issue of 259,120,245 new Ordinary Shares (the “Consideration Shares”) valued at £134 million¹⁵ based on the 90-Day VWAP of 51.79p per share.

The SPA also contains customary warranties, covenants, undertakings and conditions for a transaction of this nature. Completion is conditional upon clearance from the CMA.

Upon Completion, Abicad will hold approximately 18.4% of the Enlarged Share Capital of Breedon.

Abicad has also entered into a Relationship Agreement with Breedon, to take effect from Completion, governing its relationship with Breedon in its capacity as a substantial shareholder of Breedon. Under this agreement Abicad will be entitled to appoint one non-executive director to Breedon’s Board of Directors.

The obligations of the Seller under the SPA have been guaranteed by Abicad which has also agreed to provide a charge over 241,359,336 of the Consideration Shares to be issued under the SPA. This charge prevents any market transfer of these Consideration Shares for a period of at least 12 months following Completion. The number of Consideration Shares subject to the charge reduces over time.

6. Financing for the Acquisition

The cash consideration of £202 million will be financed by a combination of a new revolving credit facility and the net proceeds of the Placing.

At the time of signing the SPA, Breedon entered into a new £300 million revolving credit facility agreement with Barclays Bank PLC, HSBC Bank plc, The Royal Bank of Scotland plc and Santander UK plc. The new facility (replacing the existing facility) has a 4-year term with an option to extend by one year and a £100 million accordion option. The pricing is in line with Breedon’s existing revolving credit facility.

The Placing

The Placing Shares have been conditionally placed by Cenkos Securities and Peel Hunt, as agents for Breedon, with institutional and other investors in accordance with the terms of the Placing Agreement. The Placing is not conditional on Completion.

Subject to Admission, Breedon will issue 78,782,825 new Ordinary Shares, which will raise approximately £41 million before expenses of the Placing (which are estimated to be £1.7 million (excluding VAT) in total). Breedon intends to use the net proceeds of the Placing to part-fund the cash consideration of £202 million payable under the terms of the SPA.

The Placing Shares will represent approximately 7.4% of Breedon’s current issued share capital and approximately 5.6% of the Enlarged Share Capital of Breedon following Admission and Completion. The Placing Shares will, following Admission, rank in full for all dividends and distributions declared, made or paid in respect of the issued ordinary share capital of Breedon and otherwise rank pari

¹⁵ The cash and share consideration is subject to adjustment in the unlikely event that the Placing does not complete.

passu in all other respects with the existing Ordinary Shares. The Placing Price represents a 14.2% discount to the closing mid-market price of 60.38p per Ordinary Share on 17 November 2015 (being the latest practicable date prior to the date of this announcement).

Application has been made to the London Stock Exchange plc for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM on 20 November 2015. On Admission, the enlarged share capital of the Company is expected to be 1,149,390,728 Ordinary Shares.

7. Financial effects of the Acquisition

The Acquisition will significantly increase Breedon's scale and profitability, bringing into the group a business that generated revenue of £285.6 million and Underlying EBITDA of £37.0 million in the 12 months ended 30 June 2015. In addition, Breedon expects to achieve annual synergies of approximately £10 million by the third full year following Completion.

The Acquisition is expected to be double-digit accretive to Breedon's underlying earnings per share in the first full year following Completion¹⁶.

Breedon's pro forma net debt is expected to be approximately 2.5x Underlying EBITDA at Completion, taking into account the anticipated net proceeds of the Placing. The Enlarged Group's strong balance sheet and expected increased future cash flow will provide it with the financial flexibility to pursue further bolt-on acquisitions and future growth opportunities.

8. Board, management and employees

Following Completion, under the terms of the Relationship Agreement and subject to the necessary regulatory approvals, Amit Bhatia, Hope's Chairman, will be appointed to the Board of Directors of Breedon as a non-executive director.

Breedon recognises the significant talent and experience to be found among Hope's management and employees, supported by its strong people development programmes, first-rate training and excellent apprenticeship scheme. Hope's distinctive entrepreneurial culture and the pride of its workforce in delivering an exceptional service to customers were among the key attractions of the business for Breedon.

9. Strategy of the Enlarged Group

The strategy of the Enlarged Group will remain broadly consistent with Breedon's current strategy of pursuing a well-planned combination of organic growth and continuing consolidation of the smaller end of the UK heavyside building materials industry. Breedon's aim remains to be the most profitable heavyside building materials producer in the UK market by:

- Striving for best customer service;

¹⁶ This should not be construed as a profit forecast and should therefore not be interpreted to mean that earnings per share in any future financial period will necessarily match or be greater than those for the relevant preceding financial period.

- Delivering further operational improvements;
- Continuing organic growth; and
- Pursuing additional bolt-on acquisitions.

10. Competition and Markets Authority

Completion is conditional on the approval of the CMA and is currently expected to take place in the second quarter of 2016. Breedon and Hope have already engaged with the CMA and will continue to work closely with it during its review process to achieve a successful outcome. Further updates will be made as appropriate.

11. Intention to move to the Main Market

Breedon also anticipates that it may seek a listing of its Ordinary Shares on the Official List of the UK Listing Authority and for their admission to trading on the London Stock Exchange plc's main market for listed securities (the "Main Market"). Breedon intends to commence the process for admission to the Main Market between 12 months and 24 months following Completion, subject to the necessary regulatory approvals.

12. Definitions

The following words and expressions shall have the following meanings in this announcement unless the context otherwise requires:

“90-Day VWAP”	the volume weighted average price per Ordinary Share for the 90 business days up to and including 21 October 2015
“Abicad”	Abicad Holding Limited
“Acquisition”	the proposed acquisition by Breedon of Hope
“Admission”	the admission to trading on AIM of the Placing Shares becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the rules for AIM companies as published by the London Stock Exchange from time to time
“Board of Directors” or “Directors”	the directors of Breedon
“Breedon”	Breedon Aggregates Limited, a company registered in Jersey with a registered number 98465
“Cenkos Securities”	Cenkos Securities plc
“Completion”	Completion of the Acquisition

“Consideration Shares”	259,120,245 Ordinary Shares to be issued to Abicad pursuant to the SPA
“CMA”	the UK Competition and Markets Authority
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Enlarged Group”	Breedon and its subsidiary undertakings, including Hope, following Completion
“Enlarged Share Capital”	the issued ordinary share capital of Breedon immediately following Completion and the Placing
“GGBS”	Ground Granulated Blast Furnace Slag
“Hope”	Hope Construction Materials Limited
“Main Market”	the London Stock Exchange plc's main market for listed securities
“Moelis & Company”	Moelis & Company UK LLP
“Ordinary Shares”	ordinary shares of no par value in the share capital of Breedon
“Peel Hunt”	Peel Hunt LLP
“Placing”	the placing of new Ordinary Shares pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement entered into between Breedon and Cenkos Securities and Peel Hunt on 18 November 2015
“Placing Price”	51.79p per Placing Share
“Placing Shares”	78,782,825 Ordinary Shares
“Relationship Agreement”	the agreement Abicad will enter into with Breedon governing its relationship with Breedon as a substantial shareholder of Breedon
“Seller”	Cortolina Investments S.à.r.l., a company incorporated in Luxembourg with control equally shared between Mittal Investments S.à.r.l and M1 Cement Holding Limited
“SPA”	the sale and purchase agreement entered into between the Seller, Breedon and Abicad setting out the terms and conditions of the Acquisition
“Underlying EBITDA”	EBITDA before acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of

acquisition intangibles and related tax items

“UK” or “United Kingdom”

the United Kingdom of Great Britain and Northern Ireland