BREEDON AGGREGATES

Presentation to RBS
11 May 2011





Essential Products ◆ Scarce Resources

Background and history

- June 2008: Marwyn Materials created & listed on AIM, backed by Marwyn Capital
  - Strategy to consolidate smaller end of heavyside building materials industry
  - Experienced management – strong track record in delivering shareholder value
- Sept 2010: acquisition of Breedon Holdings for £160m EV
  - Breedon Aggregates created – UK's largest independent aggregates business
  - Debt facility renegotiated, borrowings cut by c£60m through £50m placing & £10m write-down in PIK interest accrual
  - Provides perfect platform for acquisitive growth, to create leading new European building materials company


The Market

The UK aggregates market

- £4.8bn market in 2008*
- Underpinned by stable, long-term demand for primary aggregates 200mt+ pa 1983-2007**
- Historical inflation hedge
  - aggregates prices +54pc vs RPI +40pc since 1995***
- Highly consolidated
  - Breedon Aggregates 6th largest
- High barriers to entry
- Industry volumes at or close to trough

* OFT/Cenkos Securities
** ONS Construction Series: *Sales of Primary Aggregates*
*** ONS Price Indices of Construction Materials

2009 product volumes by end-use sector*

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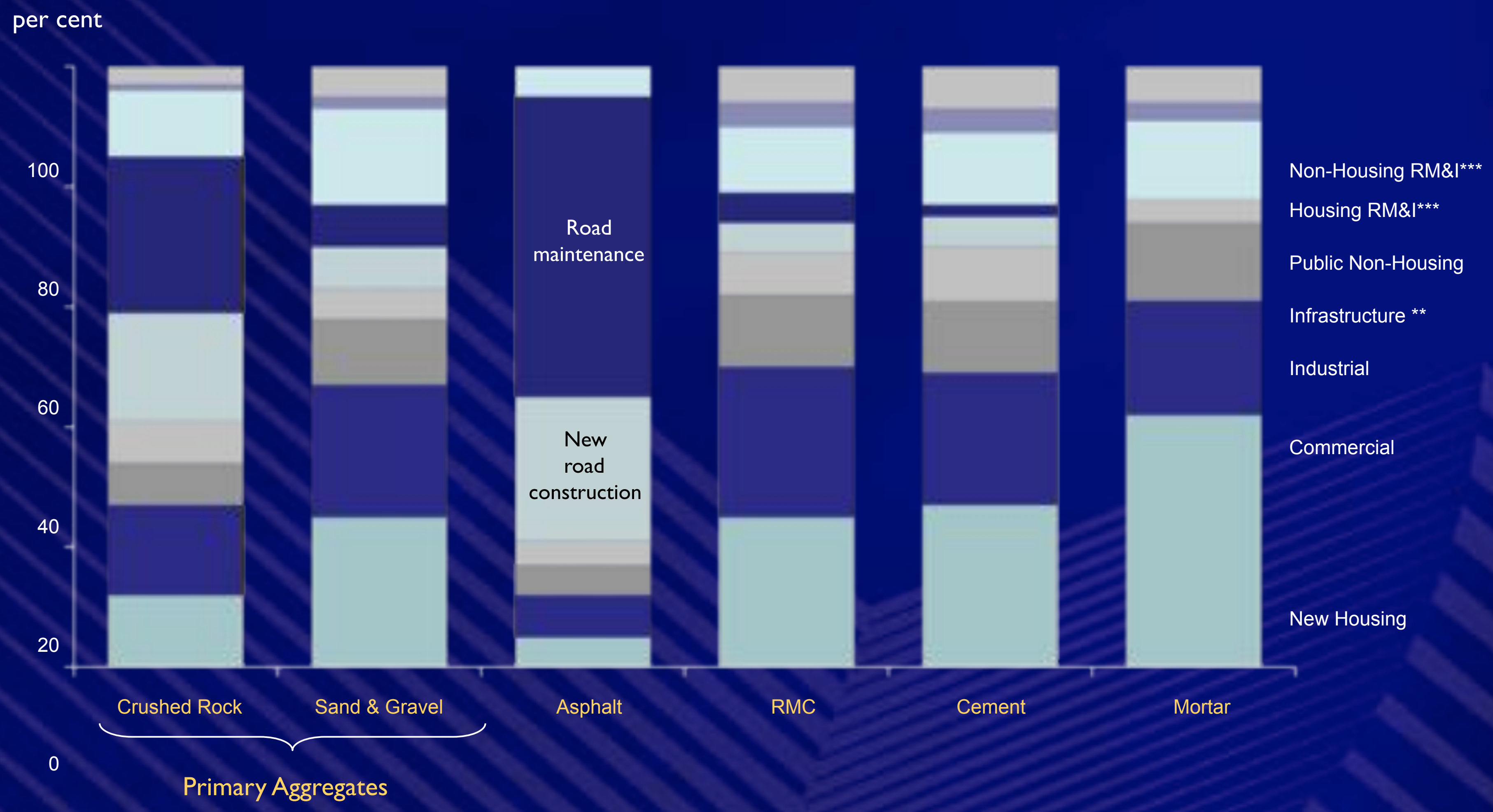

* UK example
** Excluding new road construction
*** Excluding road maintenance

Source: BDS Marketing

The market opportunity for us

BREEDON AGGREGATES

- Breedon Aggregates acquired at low point in economic cycle
- Previously 9 fully-listed 'big name' UK building materials companies
  - today there are none
- UK now dominated by global cement companies
  - many seeking to divest non-core operations
  - likely disposals following Tarmac/Lafarge JV
- Smaller end of market highly fragmented
  - 200+ businesses, some up for sale
- Opportunity for smaller, focused independent player
  - to increase market share through first-class localised service
- Strong recovery potential as leading independent producer


Breedon Aggregates: a unique platform for growth

Breedon Aggregates - overview

- Fully integrated aggregates producer
  23 quarries, 18 asphalt plants, 27 concrete plants in 38 locations
- Substantial modern fleet
  120+ owned/leased trucks, 50+ owner-driver vehicles, many multi-purpose
- Fully invested business
  £12m+ annual fixed asset depreciation
- 180mt+ of owned or controlled mineral reserves and resources
  c50 years output at current production levels
- £150m of fixed assets
  land, mineral assets, plant and machinery
- Strong market positions in two core regions
  central England and north, west & east Scotland

Experienced management team

BREEDON AGGREGATES

Executive Chairman	Peter Tom Aggregate Industries
Group Chief Executive	Simon Vivian Hanson, Mowlem
Group Finance Director	Ian Peters Hanson
CEO Breedon Aggregates England	Tim Hall Tarmac, Tilcon
CEO Breedon Aggregates Scotland	Alan Mackenzie Wimpey, Tarmac

Key markets

- Local authorities and Transport Scotland for road building
- Civil contractors for building houses, factories, offices, schools, etc.
- Private individuals for drives, pathways, rockeries, etc.
- Wholesalers for bagged aggregates

No customer = more than 6% of group revenues

Nine months in...

Action taken on all fronts

BREEDON AGGREGATES

- No surprises following acquisition
- Management strengthened in key positions
- Cost base reduced to minimum; business on sound 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

Profit & Loss 2010 (pro forma 12 months)

BREEDON AGGREGATES

	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)

BREEDON AGGREGATES

	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)

BREEDON AGGREGATES

	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%

Closing Balance Sheet, 31 December 2010

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	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

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	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

Loan facilities

FACILITY	AMOUNT £m	1M GBP LIBOR	CASH MARGIN	TOTAL RATE	INTEREST COST £m	FINAL REPAYMENT
Term Loan	64.5	0.50%	3.0%	3.50%	2.26	06/09/2015
RCF A	15.0	0.50%	3.0%	3.50%	0.25	06/09/2015
RCF B	15.0	0.50%	3.0%	3.50%	Undrawn	06/09/2015
TOTAL	94.5				2.51	

£64.5m stepped LIBOR hedging **cap, starting at 1.5% rising to 2.5% Sept 2010 to Mar 2013**
RCF A = Revolving Credit Facility (interest assumption based on current £7.2m drawn)
RCF B = Revolving Credit Facility for acquisitions, working capital & capex

Regional review:
Breedon Aggregates Scotland

Scotland

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	Rothes 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

- Continued resilient performance in 2010 despite severe weather
- Major new contracts: Scottish Water, A9, Fochabers
- Busy Q1 with catch-up activity
- High level of activity in 2011 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

BREEDON AGGREGATES

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

Key

- Agricultural Lime
- Asphalt
- Concrete
- Contracting
- 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
- 2010 sales volumes ahead of FY09 in all product groups
- Major new business: Rolls Royce, Barratt, Westleigh, A41
- Encouraging activity levels in 2011
  - 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
- Current focus on margin rather than volume

Outlook

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- 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 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

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

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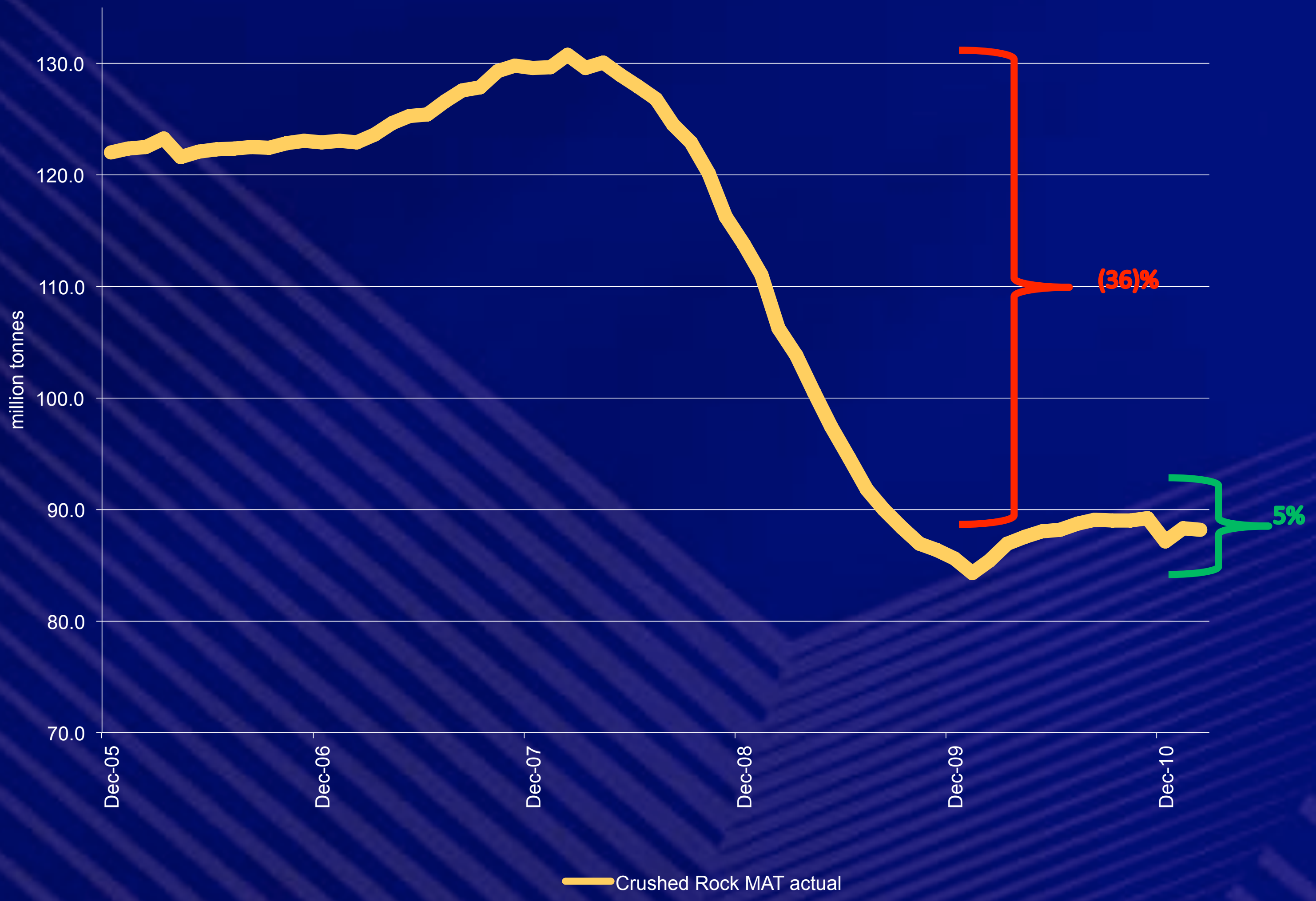

Ready-mixed concrete volumes – moving annual trend

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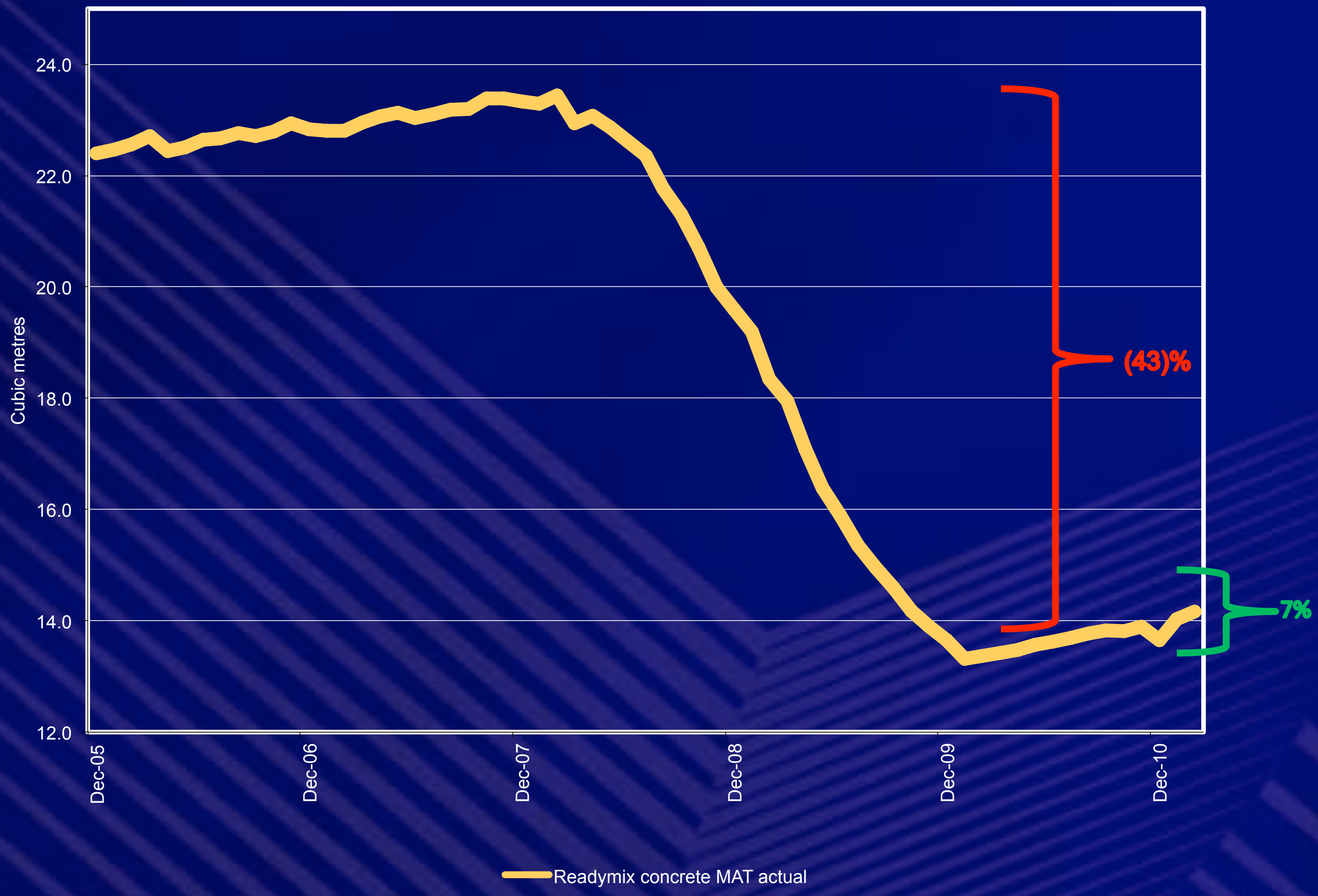

Sand & gravel volumes – moving annual trend

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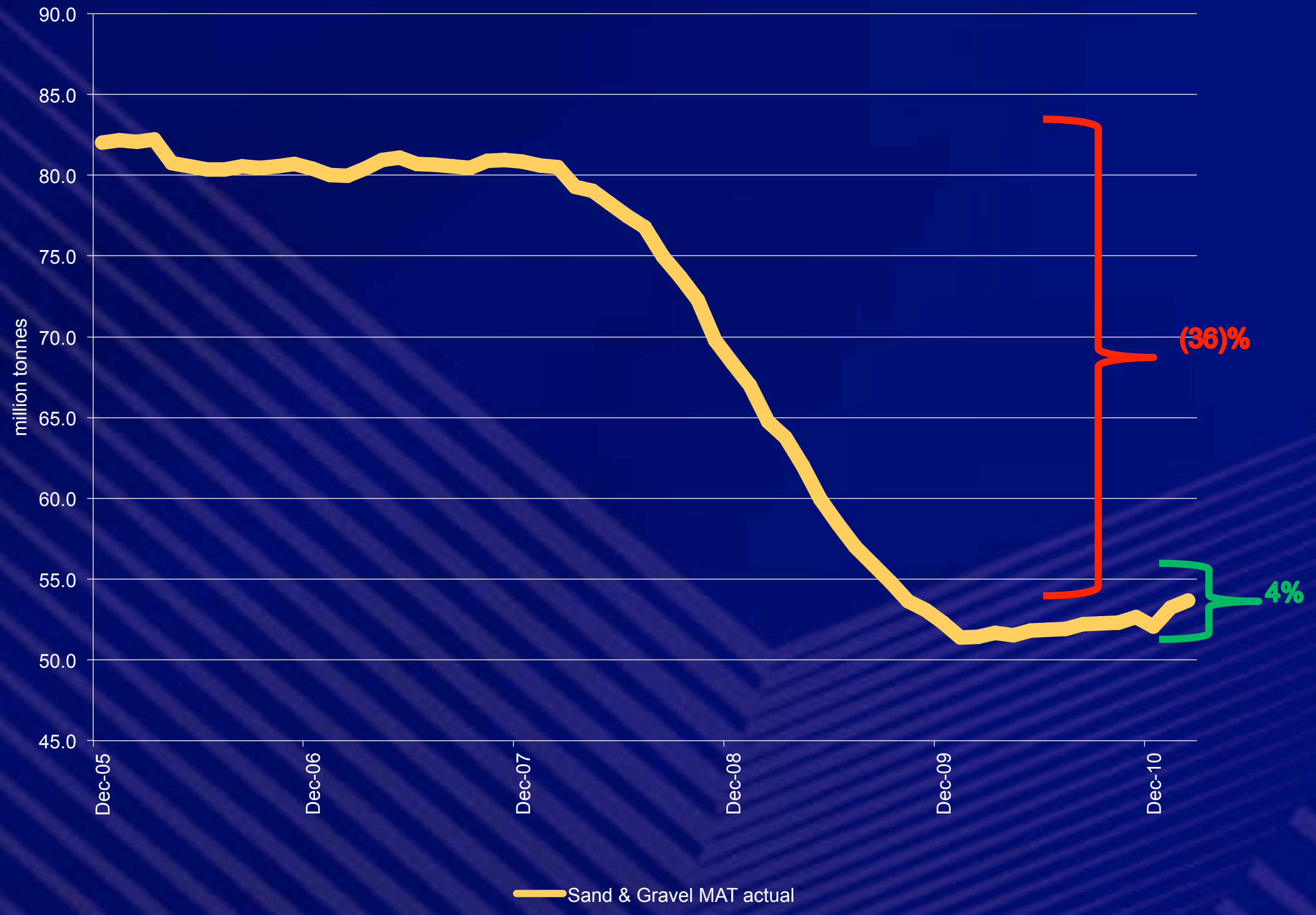

Asphalt volumes – moving annual trend

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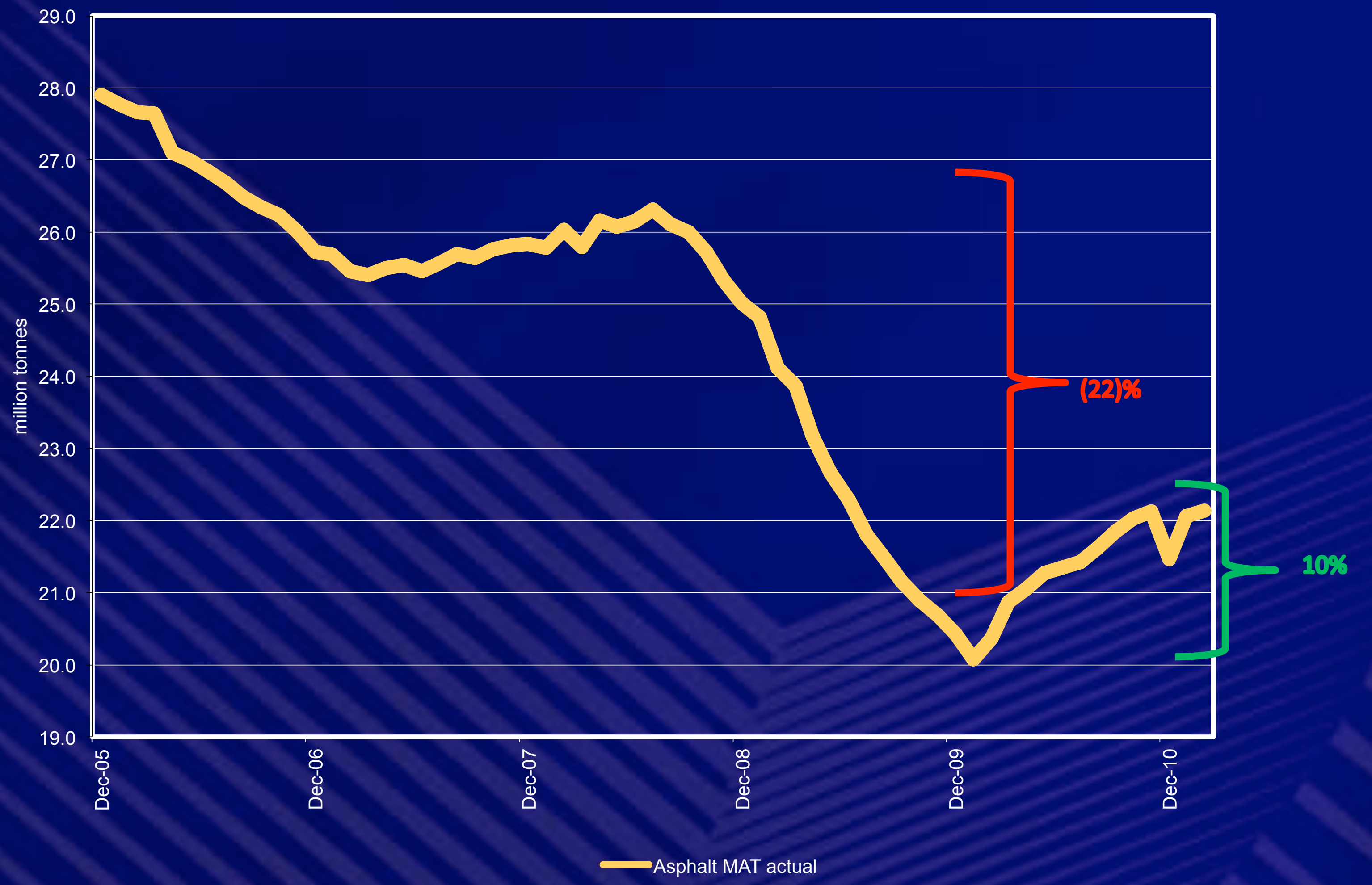

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