

Acquisition of Hope Construction Materials

Creating the UK's largest independent
building materials group

18 NOVEMBER 2015



ACQUISITION OF HOPE CONSTRUCTION MATERIALS FOR £336 MILLION¹



- ▲ Creating the UK's largest independent vertically-integrated building materials group
 - Hope is a leading independent producer of cement, aggregates and concrete
 - £202 million cash consideration and £134 million share consideration
 - Acquisition on a cash- and debt-free basis

- ▲ Strong strategic rationale for combination
 - Entry into cement market through one of the UK's largest cement plants
 - Extended and highly complementary geographic footprint
 - Stronger platform for further bolt-on acquisitions and future growth

- ▲ Financially compelling and value-creating transaction
 - Double-digit underlying earnings accretion expected in first full year post-acquisition²
 - Expected annual synergies of ~£10 million from operational improvements
 - A transformational deal, potentially nearly doubling Breedon's annual underlying EBITDA

¹ Subject to completion adjustments

² 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

BREEDON AGGREGATES IS THE UK'S LEADING INDEPENDENT AGGREGATES BUSINESS



Reserves and resources

Over 500m tonnes

of owned or controlled mineral reserves and resources

Revenue

£305.0m

for the 12 months ended 30 June 2015

Underlying EBITDA¹

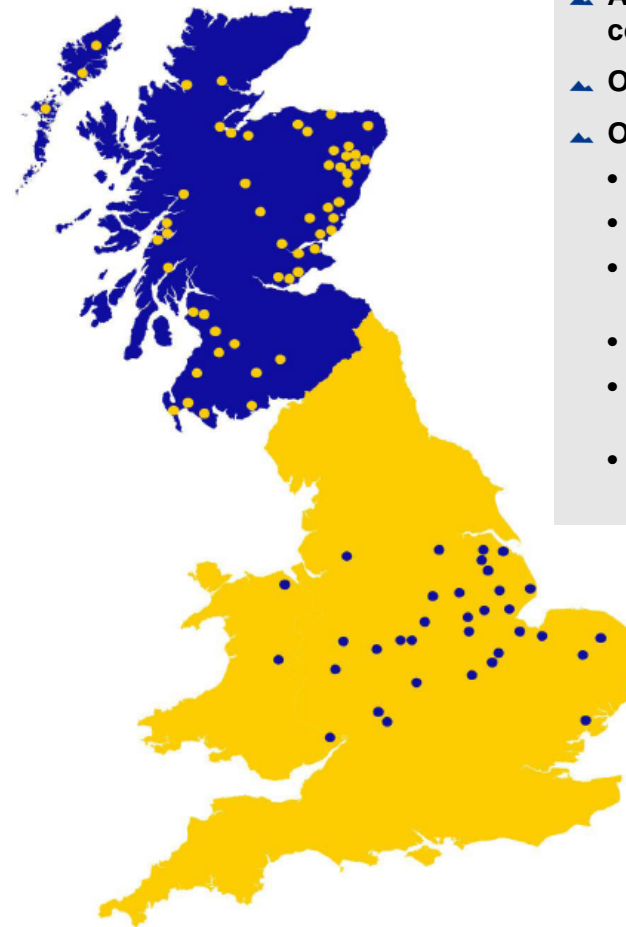
£48.1m

for the 12 months ended 30 June 2015

Underlying EBITDA¹ margin

15.8%

for the 12 months ended 30 June 2015



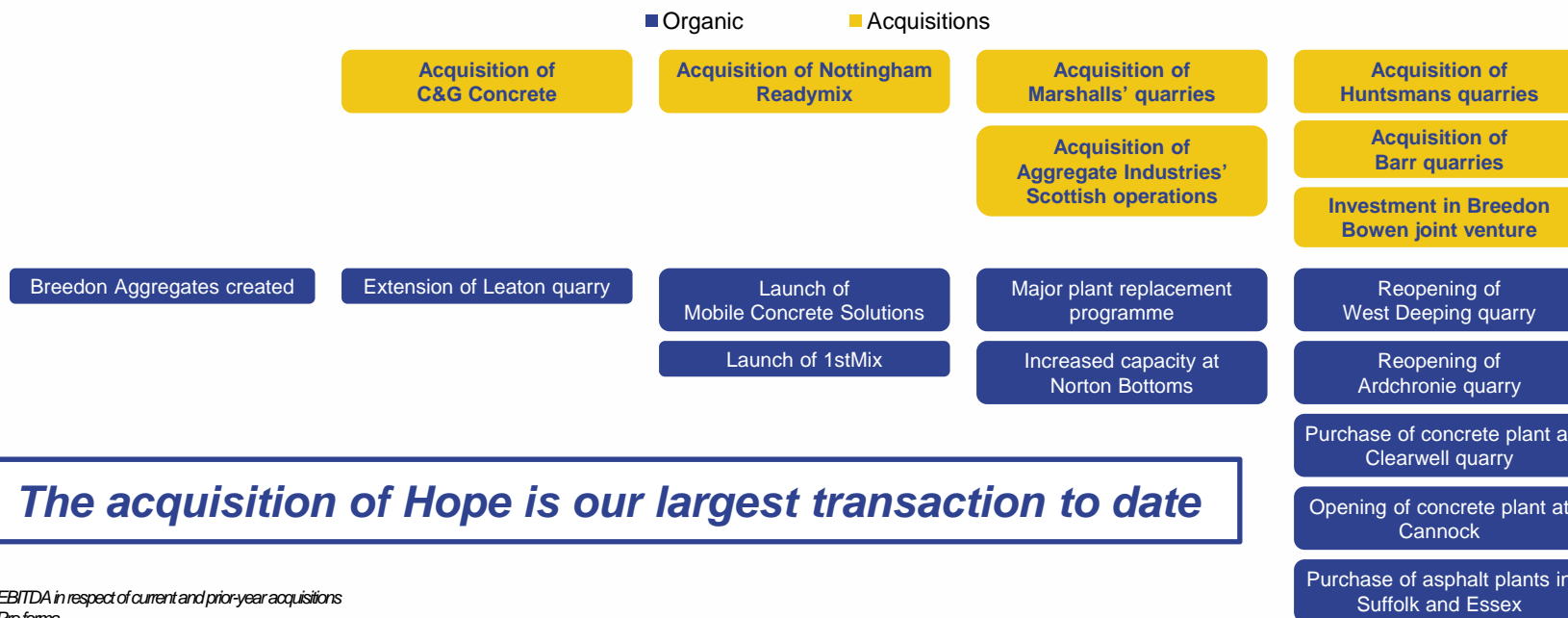
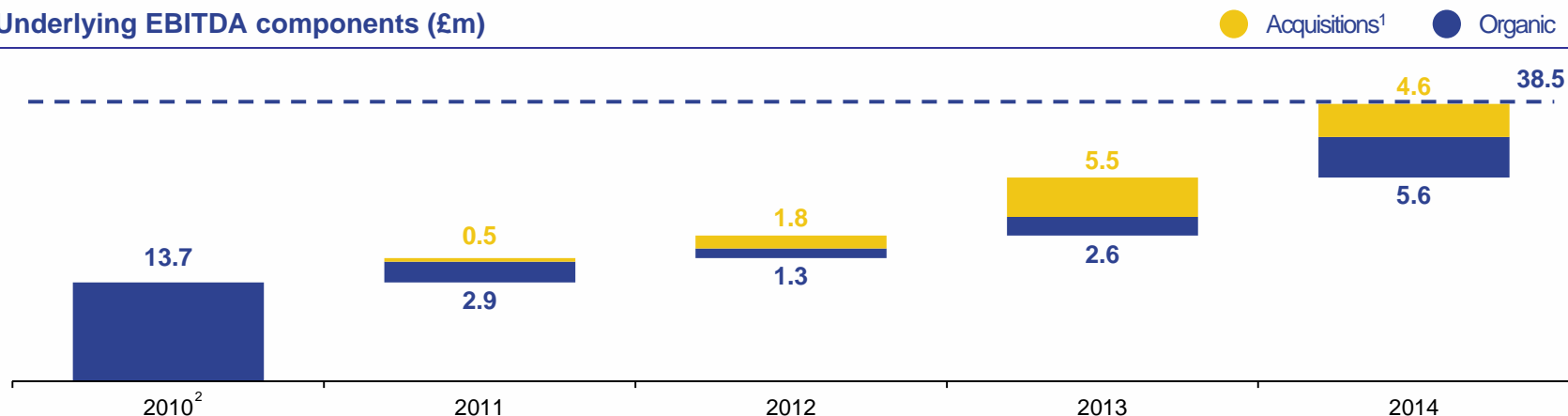
- ▲ A fully-integrated aggregates company
- ▲ Over 1,200 employees
- ▲ Operational assets:
 - 53 quarries
 - 26 asphalt plants
 - 59 ready-mixed concrete and mortar plants
 - 3 concrete block plants
 - 8 regional contract surfacing operations
 - 1 traffic management services company

¹ EBITDA before acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items

ACQUISITION IS CONSISTENT WITH OUR STRATEGY OF ORGANIC GROWTH AND SECTOR CONSOLIDATION



Underlying EBITDA components (£m)



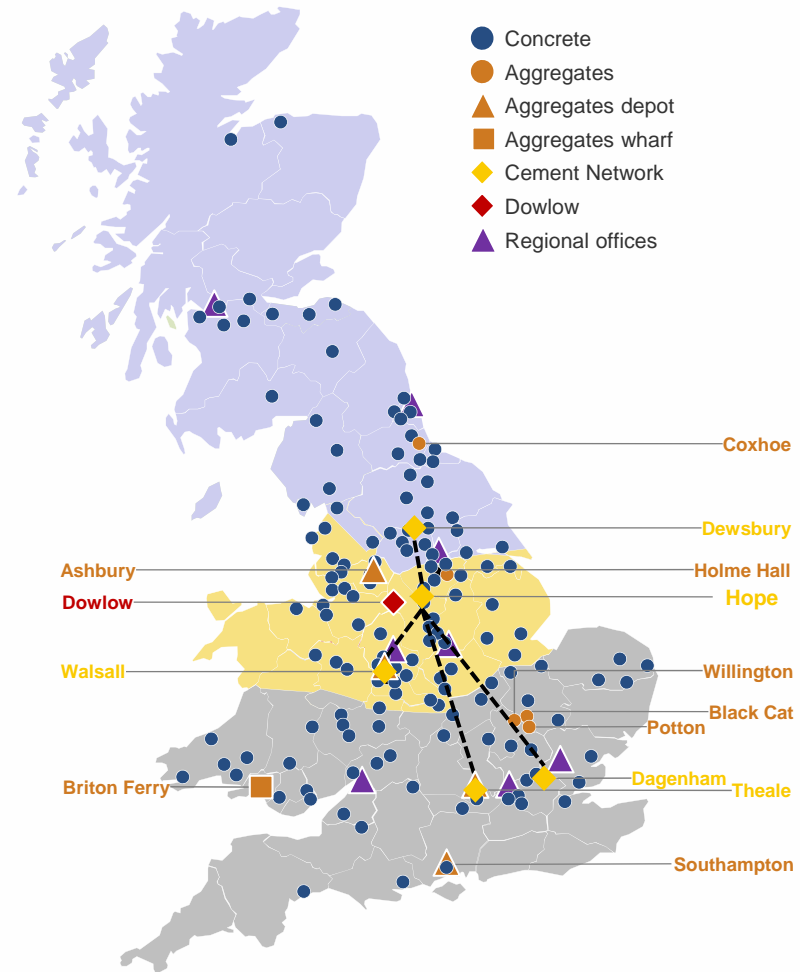
The acquisition of Hope is our largest transaction to date

¹ EBITDA in respect of current and prior-year acquisitions
² Pro forma

HOPE IS A LEADING INDEPENDENT CONSTRUCTION MATERIALS SUPPLIER



- ▲ Founded in January 2013 following the divestment of assets from Lafarge and Tarmac
- ▲ UK national footprint of over 160 operational sites
 - 1 cement plant
 - 152 concrete plants¹
 - 4 cement depots and 4 aggregates depots² – all rail-linked
 - 5 aggregates quarries and 1 aggregates wharf
- ▲ ~930 employees across the UK³
- ▲ ~250mt total reserves and resources⁴



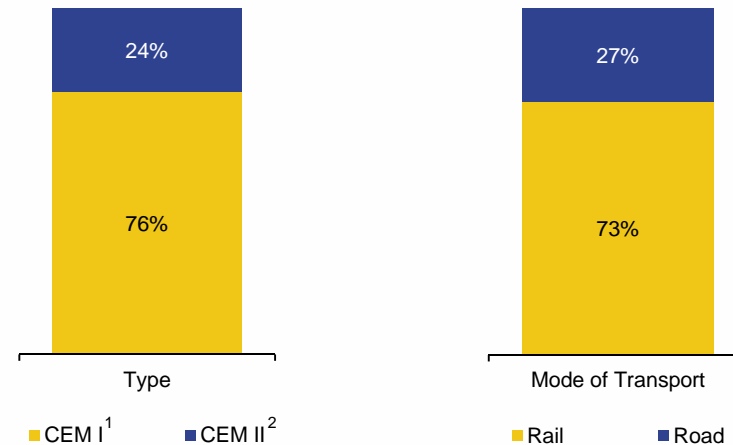
¹ Includes co-located concrete sites and eight sites presently mothballed (as at October 2015)
² Includes Dagenham cement depot and Theale & Southampton aggregates depots currently under construction
³ As at 31 July 2015
⁴ Calculated in accordance with 2013 PERC Code

HOPE IS THE UK'S ONLY INDEPENDENT CEMENT PRODUCER



- ▲ Well-invested cement plant with long-life reserves supporting long-term production
 - At least 20 years of limestone reserves
- ▲ One of the largest cement plants by capacity in UK
 - 1.4mt production capacity p.a.
- ▲ Twin-kilns provide greater operational flexibility
- ▲ National reach with extensive rail capacity
- ▲ Strategically located cement depots with 1.0mt+ throughput capacity
- ▲ Strong operational management team

Product portfolio (2014)



Hope works cement plant

“We note that the Hope plant is among those with the lowest unit production costs, and that its rail-connected depots contribute to relatively low distribution costs.”

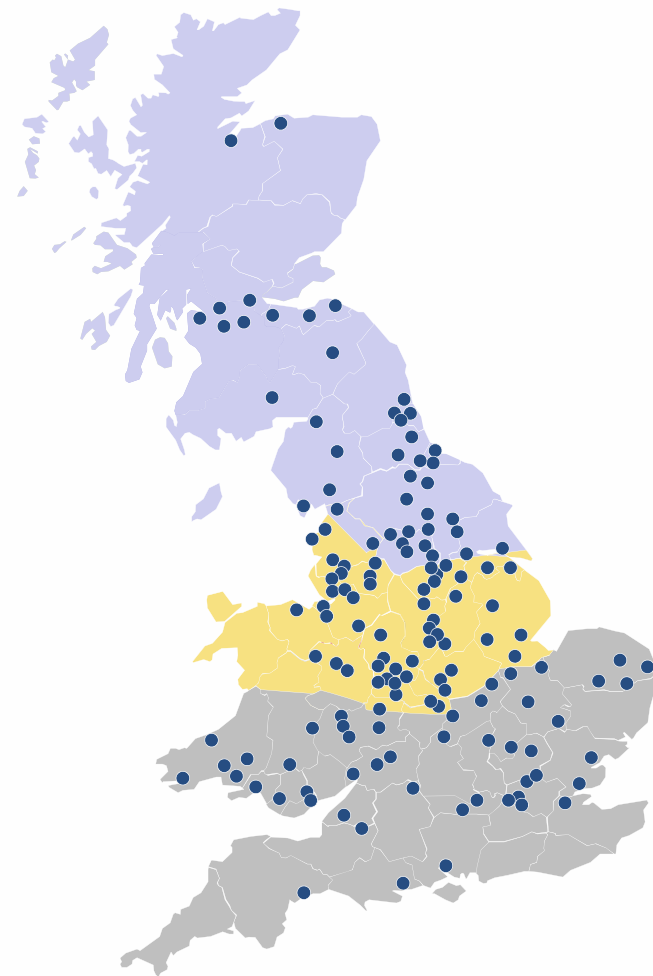
Competition Commission, 14 January 2014

¹ Portland cement

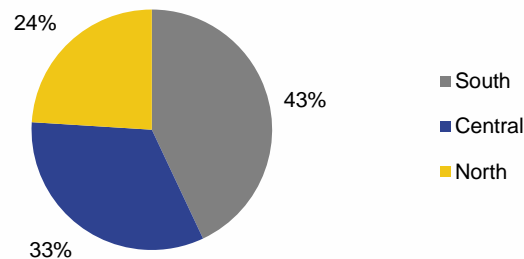
² Portland cement combined with GGBS (ground granulated blast furnace slag) or PFA (pulverised fuel ash)

HOPE IS THE UK'S LEADING INDEPENDENT CONCRETE PRODUCER

- ▲ 152 concrete plants nationwide¹
 - Total capacity of 3m+ m³ p.a.
- ▲ Ensures a stable source of demand for cement and aggregates
- ▲ Integrated platform provides direct routes to end-markets



Regional sales volumes (2014)



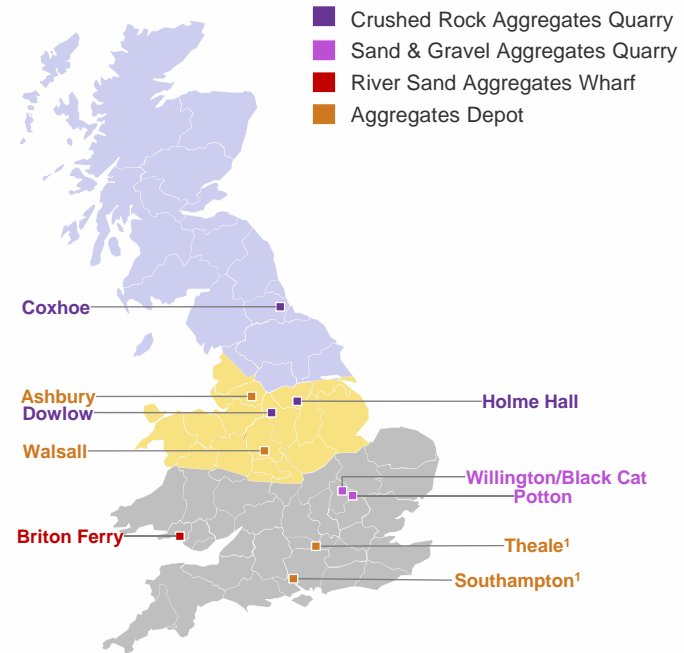
2.2m m³ of concrete sold in 2014

¹ Includes co-located concrete sites and eight sites presently mothballed (as at October 2015)

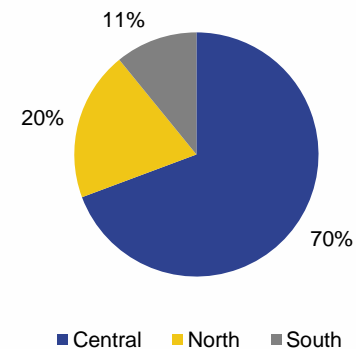
HOPE IS ONE OF THE UK'S LEADING INDEPENDENT AGGREGATES PRODUCERS



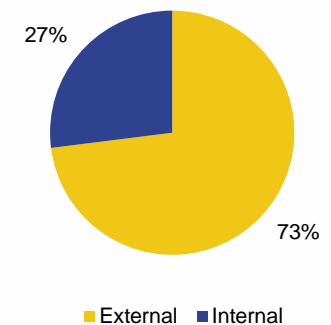
- ▲ 5 quarries, well located to serve key markets
 - ~140mt of reserves and resources
- ▲ 4.7mt of aggregates sold in 2014
 - Limestone, sand & gravel and recycled aggregates
- ▲ Nationwide network of regional depots
- ▲ Potential for rail-linked Dowlow to become a super-quarry



Regional volumes (2014)



Volumes breakdown (2014)



¹ Theale & Southampton aggregates depots currently under construction

SOLID TRACK RECORD OF GROWTH AND PROFITABILITY



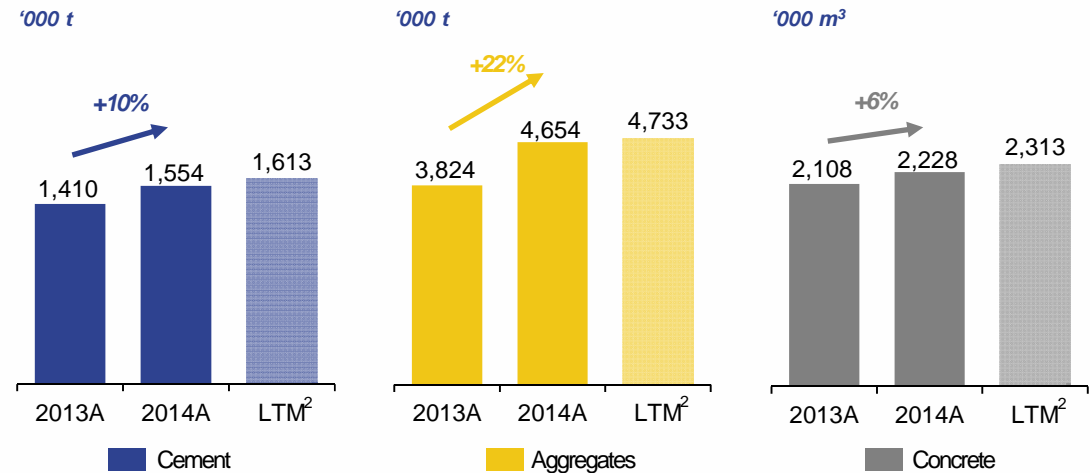
▲ Strong volume growth across main segments

▲ Positive trading momentum in 2014 and LTM

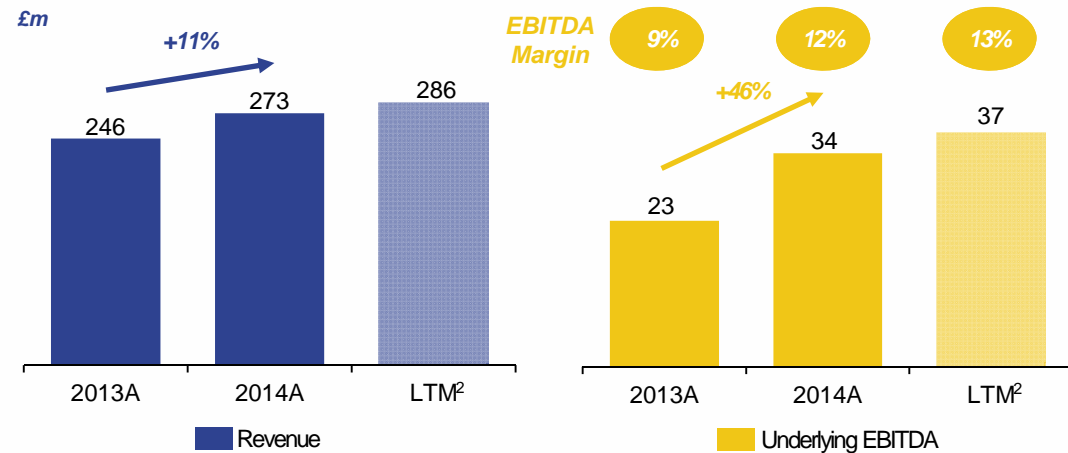
▲ Operational performance continues to improve

▲ Expected annual synergies of ~£10 million

Volumes¹



Financials



¹ 2014 and LTM cement volumes include cement volumes purchased & sales of GGBS
² For the 12 months ended 30 June 2015 (unaudited)

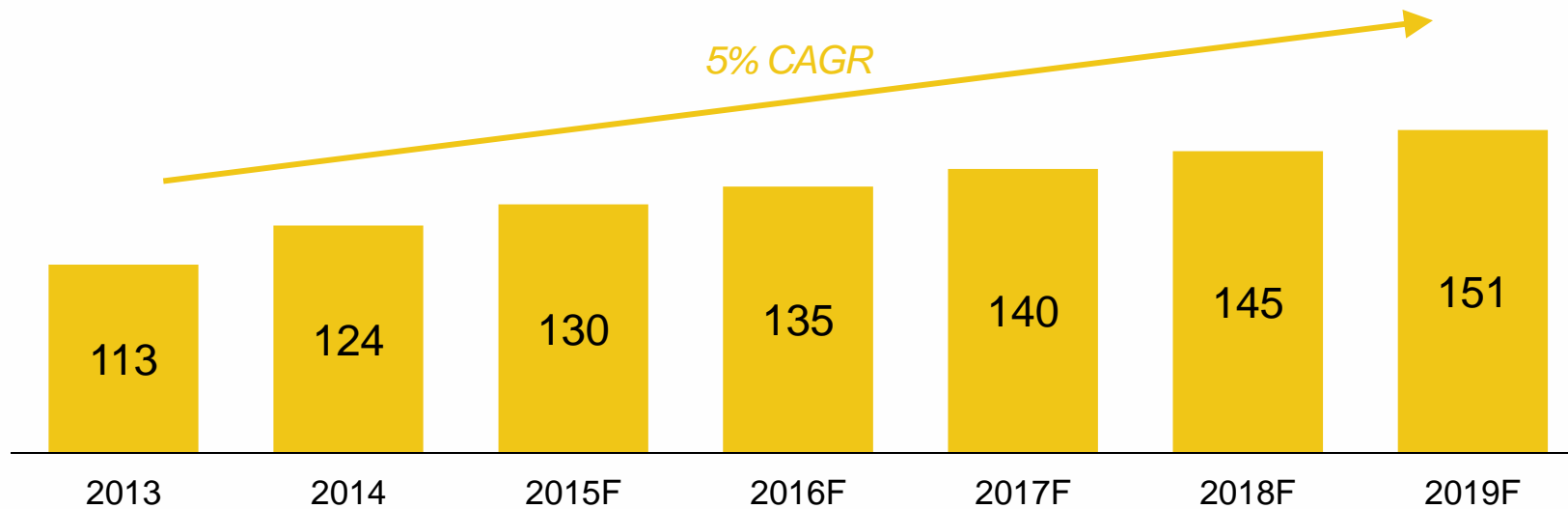
MARKET OUTLOOK IS POSITIVE



Output and volume forecasts (2016)



UK construction output £bn (2013-2019)



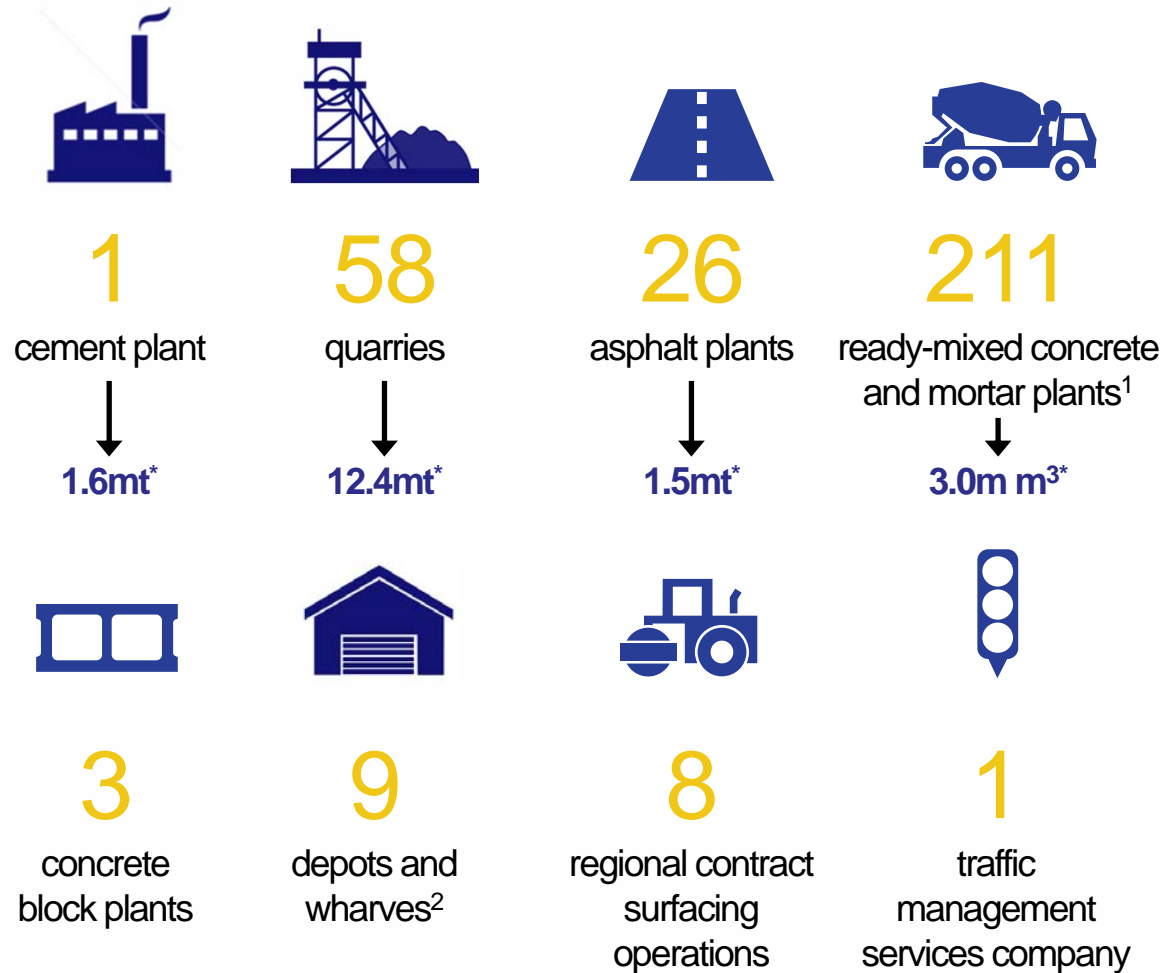
Source Construction Products Association (CPA) and Minerals Products Association (MPA)

COMPELLING STRATEGIC RATIONALE FOR A COMBINATION



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	✓

ACQUISITION CREATES THE UK'S LEADING INDEPENDENT PRODUCER OF CEMENT, CONCRETE AND AGGREGATES



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)

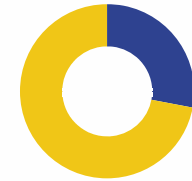
* Pro forma sales that the Group would have reported for the year ended 31 December 2014. Cement volumes include cement volumes purchased & sales of GGBS

Pro forma volumes³



35%

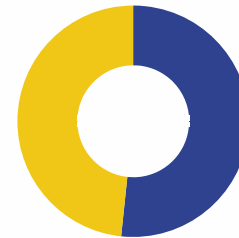
of pro forma aggregates volumes from Hope



72%

of pro forma concrete volumes from Hope

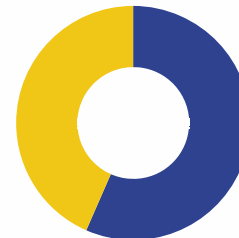
Pro forma revenue³



48%

of pro forma revenue from Hope

Pro forma underlying EBITDA³



43%

of pro forma underlying EBITDA from Hope

POSITIVE FINANCIAL IMPACT



▲ Financially compelling and value-creating transaction

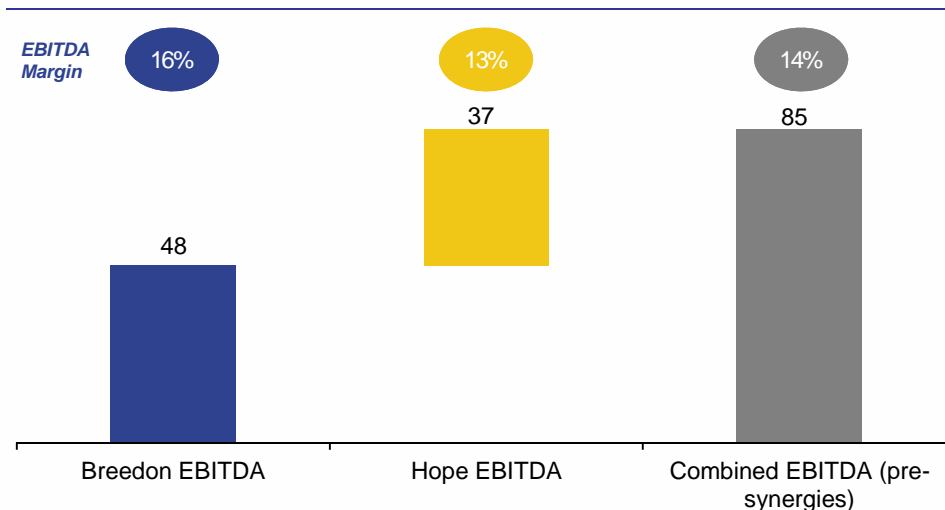
- Expected annual synergies of ~£10 million
- Double-digit underlying earnings accretion expected in first full year post-acquisition³

▲ Financed from increased bank facility and new equity

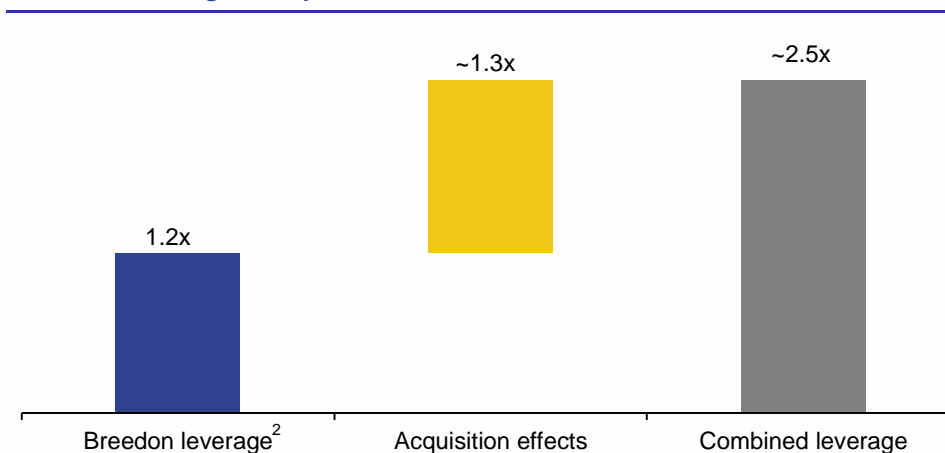
- Pro forma leverage expected to be ~2.5x
- Financial flexibility maintained

▲ Combined business provides stronger platform for further investment and growth

LTM pro forma underlying EBITDA (£m)¹



Pro forma leverage at acquisition



¹ For the 12 months ended 30 June 2015 (unaudited)

² As at 30 June 2015 (unaudited)

³ 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

KEY TERMS OF THE ACQUISITION



- ▲ Initial purchase price of £336 million on cash- and debt-free basis¹
- ▲ £202 million cash consideration and £134 million share consideration
 - Cash consideration funded by drawdown on new revolving credit facility and £41 million equity placing
 - Share consideration funded by issue of 259 million new Breedon shares to Abicad
- ▲ Following the acquisition and placing, Abicad will hold a 18.4% stake in Breedon
- ▲ Breedon and Abicad to enter into a Relationship Agreement with effect from completion
 - Abicad to appoint a non-executive director to the Breedon Board
 - No market transfers of ~93% of Consideration Shares for a period of at least 12 months

¹ Subject to completion adjustments

- ▲ New revolving credit facility of £300 million
 - 4-year term with option to extend by one year
 - £100 million accordion option
 - Pricing in line with existing revolving credit facility

- ▲ Equity placing of £41 million (~7.4% of existing issued share capital)
 - Issue of 79 million new Breedon shares at a price of 51.8 pence per share
 - Not conditional on completion of the acquisition
 - New Breedon shares will rank pari passu with existing shares from admission

- ▲ Pro forma net leverage expected to be ~2.5x at completion of acquisition
 - Maintain flexibility to pursue future growth opportunities

EXPECTED TIMETABLE



Key Expected Dates and Events

18 Nov 2015	Announcement of transaction and equity placing
20 Nov 2015	Admission of placing shares to AIM
Jan – Mar 2016	CMA phase 1 statutory review period
May – Jun 2016	CMA final approval, subject to potential remedy requirements

- ▲ Completion expected in Q2 2016, subject to CMA approval
- ▲ Breedon intends to commence the process for admission to the Main Market 12-24 months post-completion¹

¹ Subject to the necessary regulatory approvals

Our objective remains

To be the most profitable heavyside building materials producer in the UK, by:

- ➔ Striving for best customer service
- ➔ Delivering further operational improvements
- ➔ Continuing organic growth
- ➔ Pursuing additional bolt-on acquisitions

- ▲ Breedon continues to trade strongly, with product volumes in the first 10 months ahead of last year
 - Aggregates sales volumes +19%
 - Asphalt sales volumes +23%
 - Concrete sales volumes +20%
- ▲ Trading conditions in England remain strong
- ▲ Road spending in Scotland remains subdued, but several large contracts are about to commence which will run into 2017
- ▲ Group revenue increased 22% to approximately £274 million¹, with lower hydrocarbon costs benefiting performance in H2 2015
- ▲ Group underlying EBITDA for the full year expected to be at the top end of market expectations²
- ▲ Outlook remains positive, with a number of projects secured for next year
- ▲ Confident of making further progress in 2016, which is expected to be significantly enhanced by the acquisition of Hope in Q2 2016

¹ Unaudited Group revenue for the 10 months ended 31 October 2015

² Current market expectations for Underlying EBITDA are believed to be in the range of £50-53 million

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