




Tarmac

Anglo Industrial Minerals (AIM)

**Robbie Robertson
Chief Executive Officer**

16 June 2004



A member of the Anglo American plc group

Overview of AIM

Tarmac & Strategy

Financials

Tarmac
Iberia

Tarmac Czech
Republic

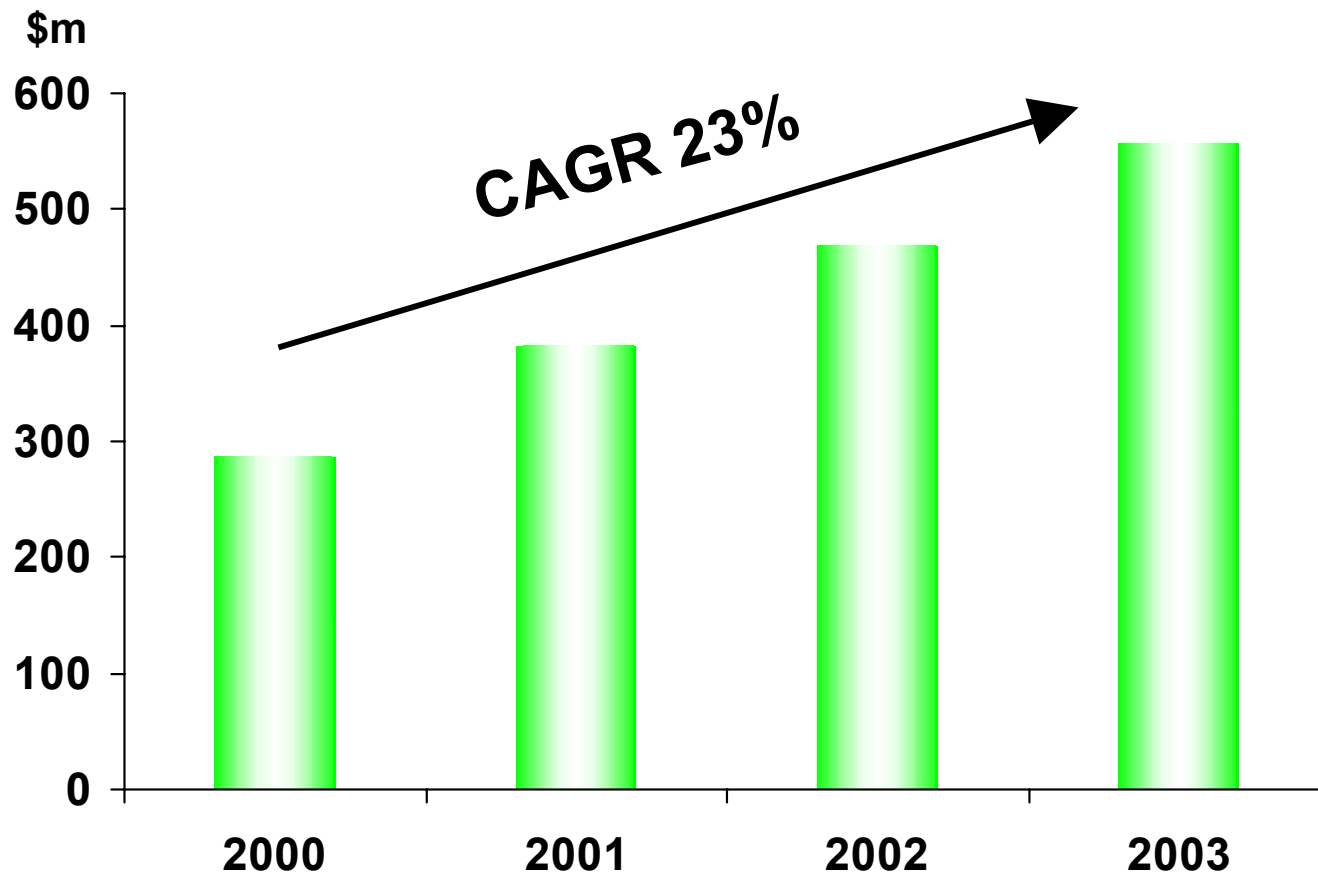
Tarmac
Northern

Key messages

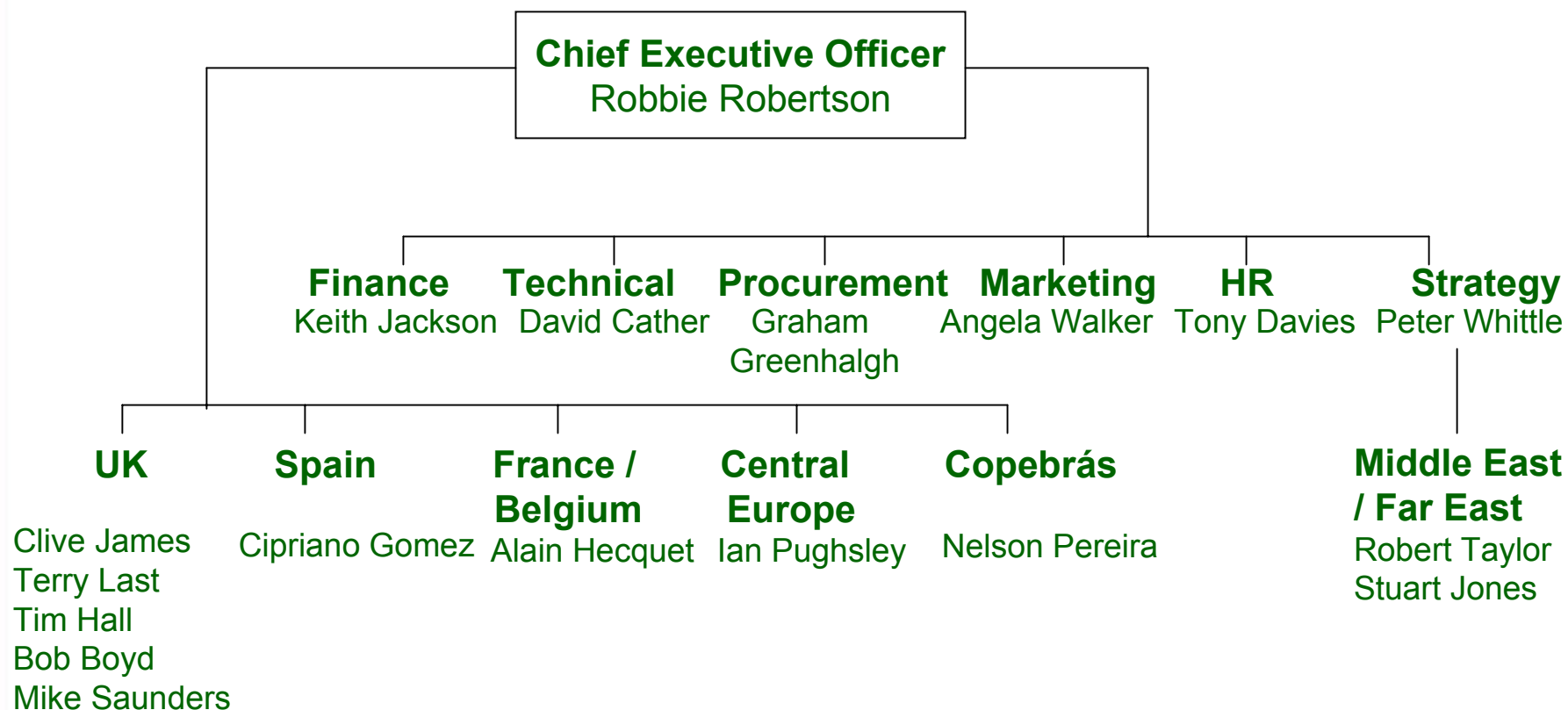
- Drive further value from the UK cash “engine”
- Exciting growth in Europe
- Test market in China/India

- Wholly-owned
- Strong free cash flow generation
- Stable earnings and cash flows
- Utilises extractive industry core competence
- Sterling/Euro/Dollar denominated
- Geographical diversification
- Access to further potential growth areas
- Strong reserve base

AIM EBITDA growth

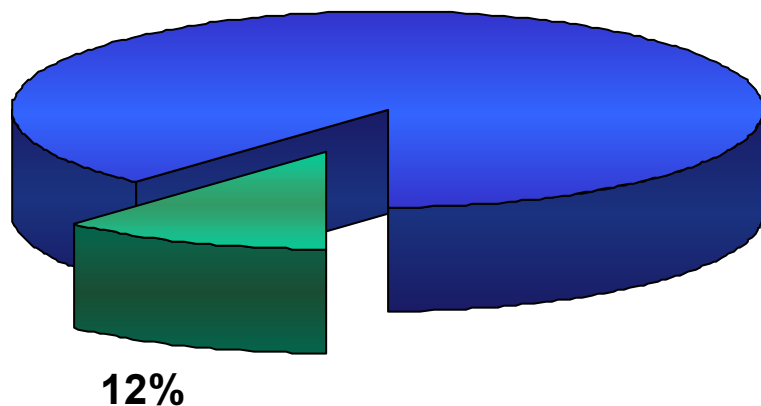


Management structure



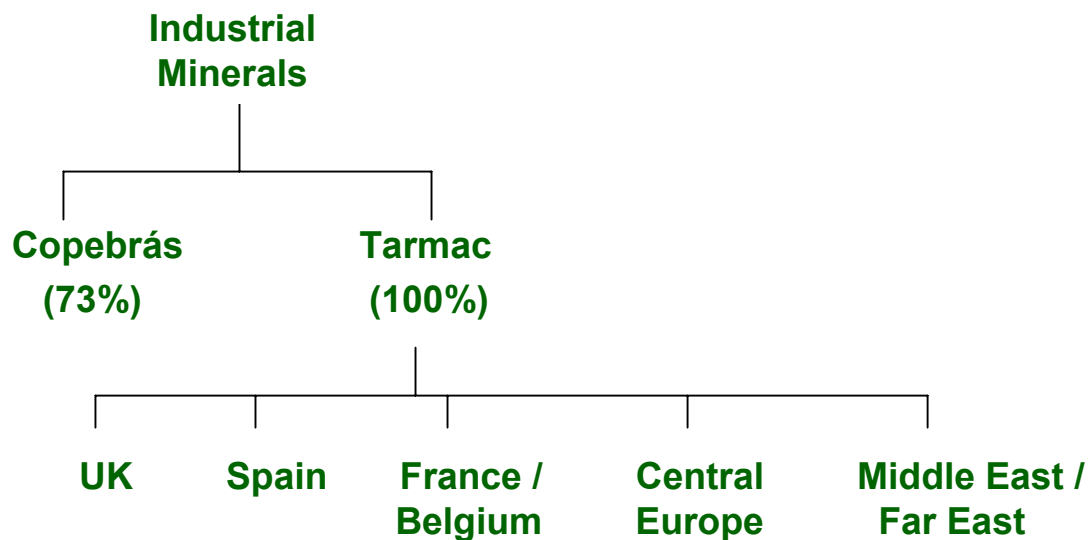
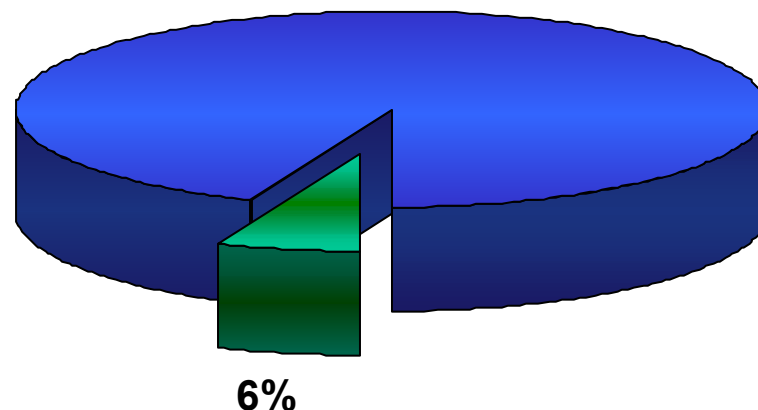
Anglo EBITDA

\$4.8bn



Anglo employees

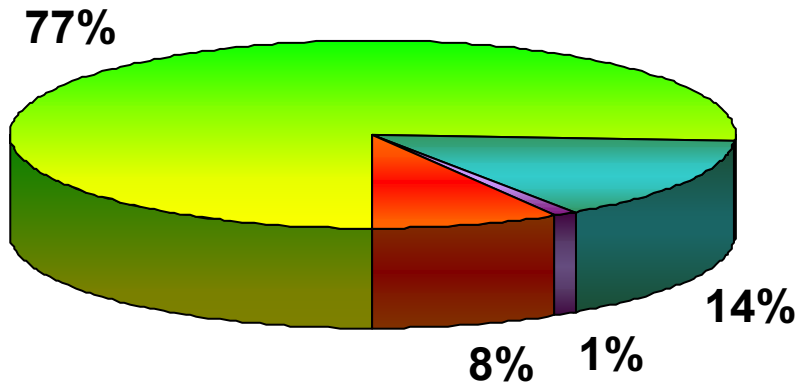
193,000



2003

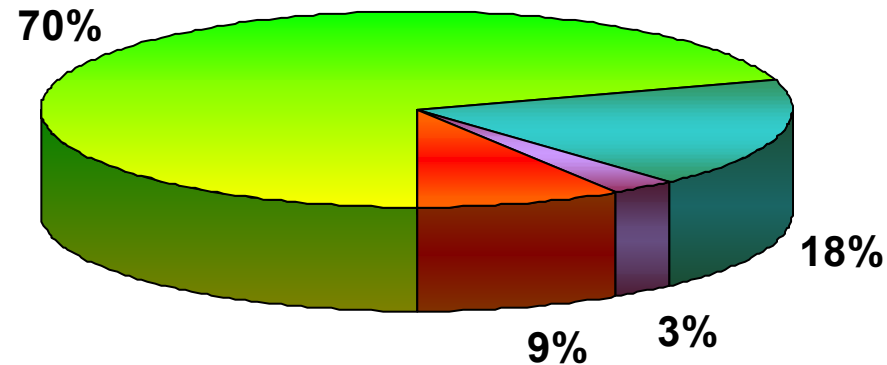
AIM EBITDA

\$557m



AIM employees

11,888



CAGR EBITDA growth of 23% since 2000

- **Drive further value from the UK cash “engine”**
- Exciting growth in Europe
- Test market in China/India

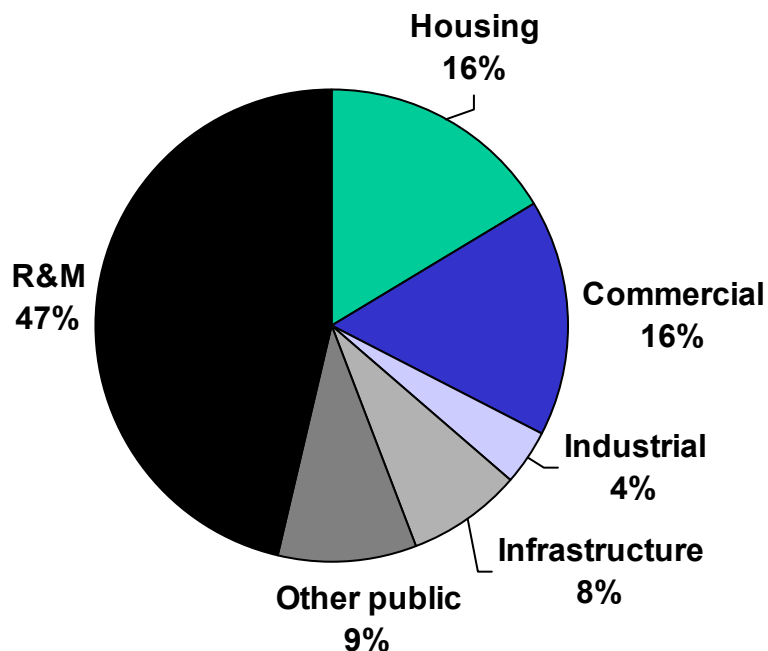
Tarmac UK

2003 EBITDA \$424m (77% total)

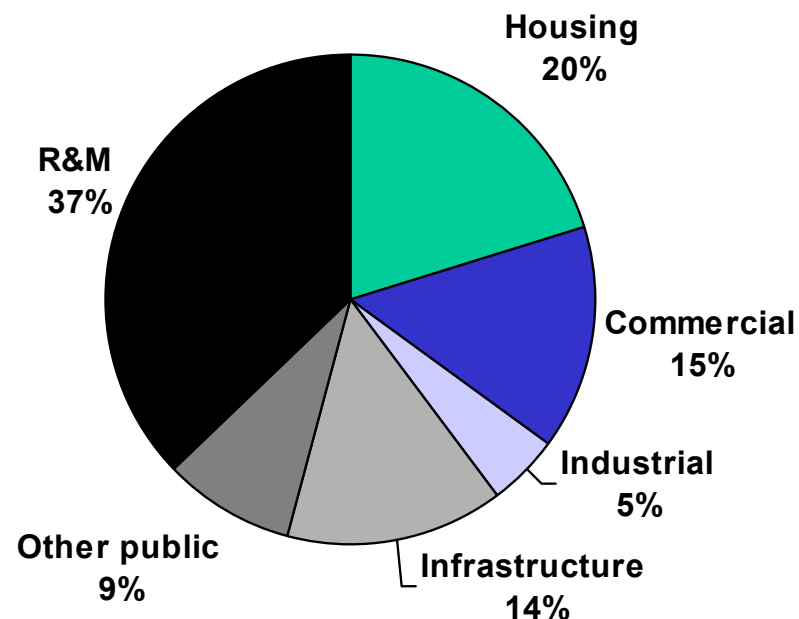
Employees 8,310

Construction - £93 billion market

Tarmac's spread of business*



Source: DTI

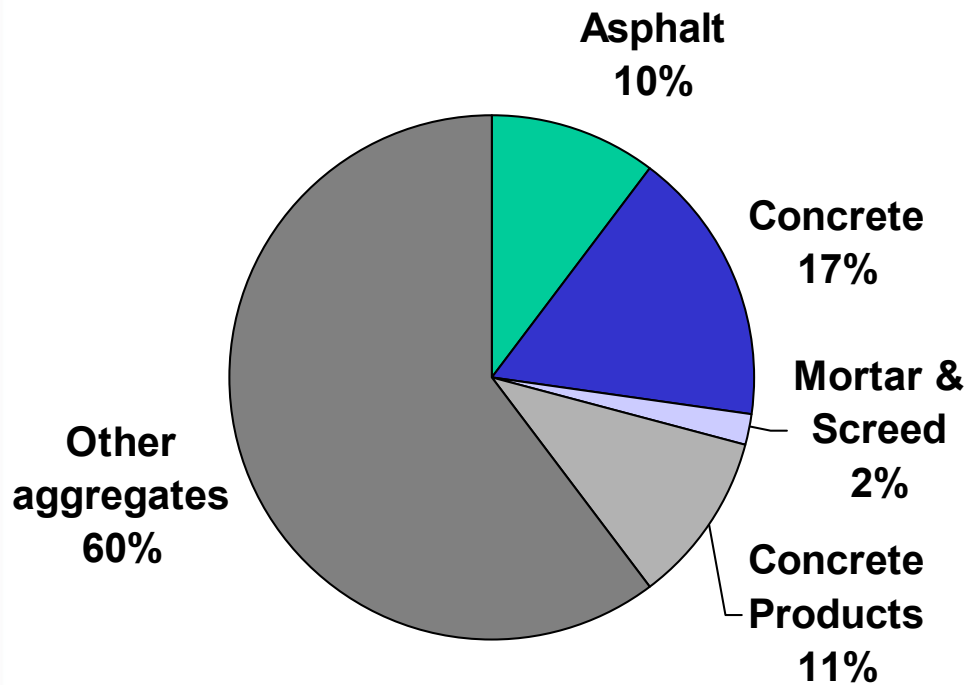


*2003 sales by value of UK asphalt, ready-mix, mortar and concrete products

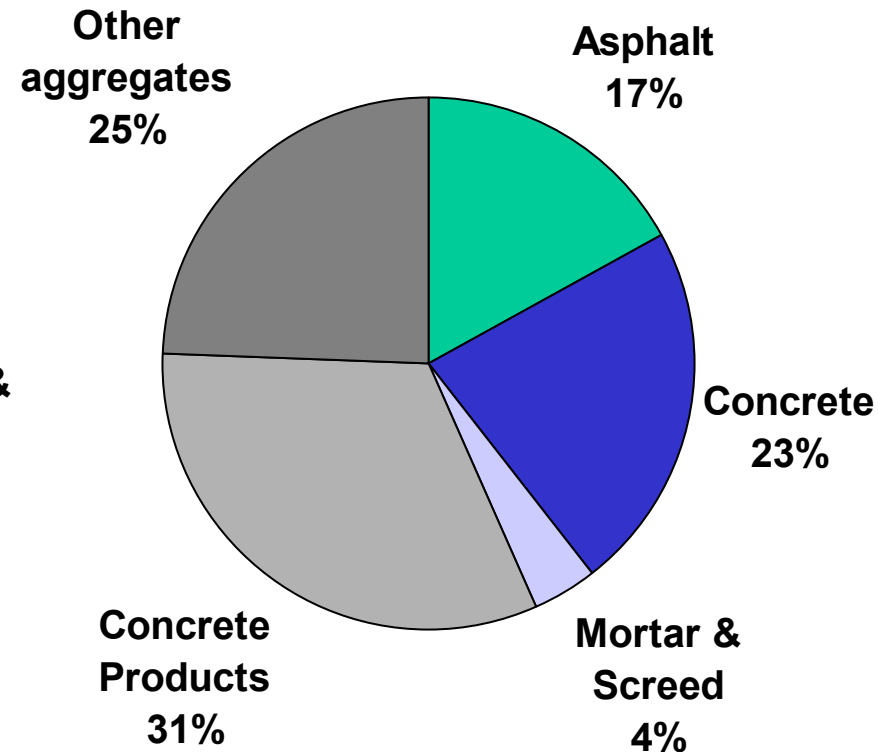
Tarmac has a broad exposure to the construction market

Construction materials - £6 billion market

By volume

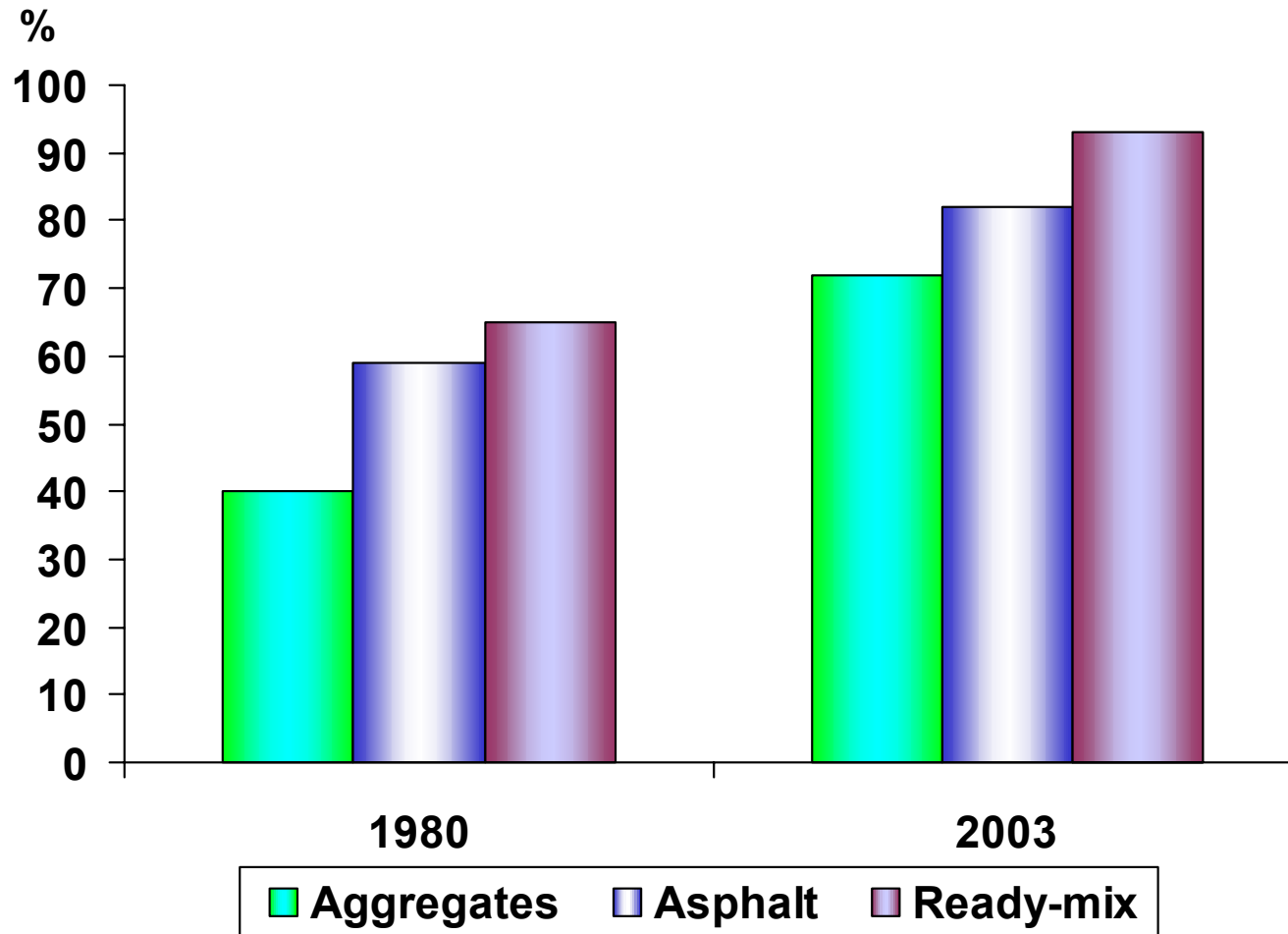


By value



Total 2003 aggregates market inc recycled : 267mt

Industry consolidation – top 5 market shares



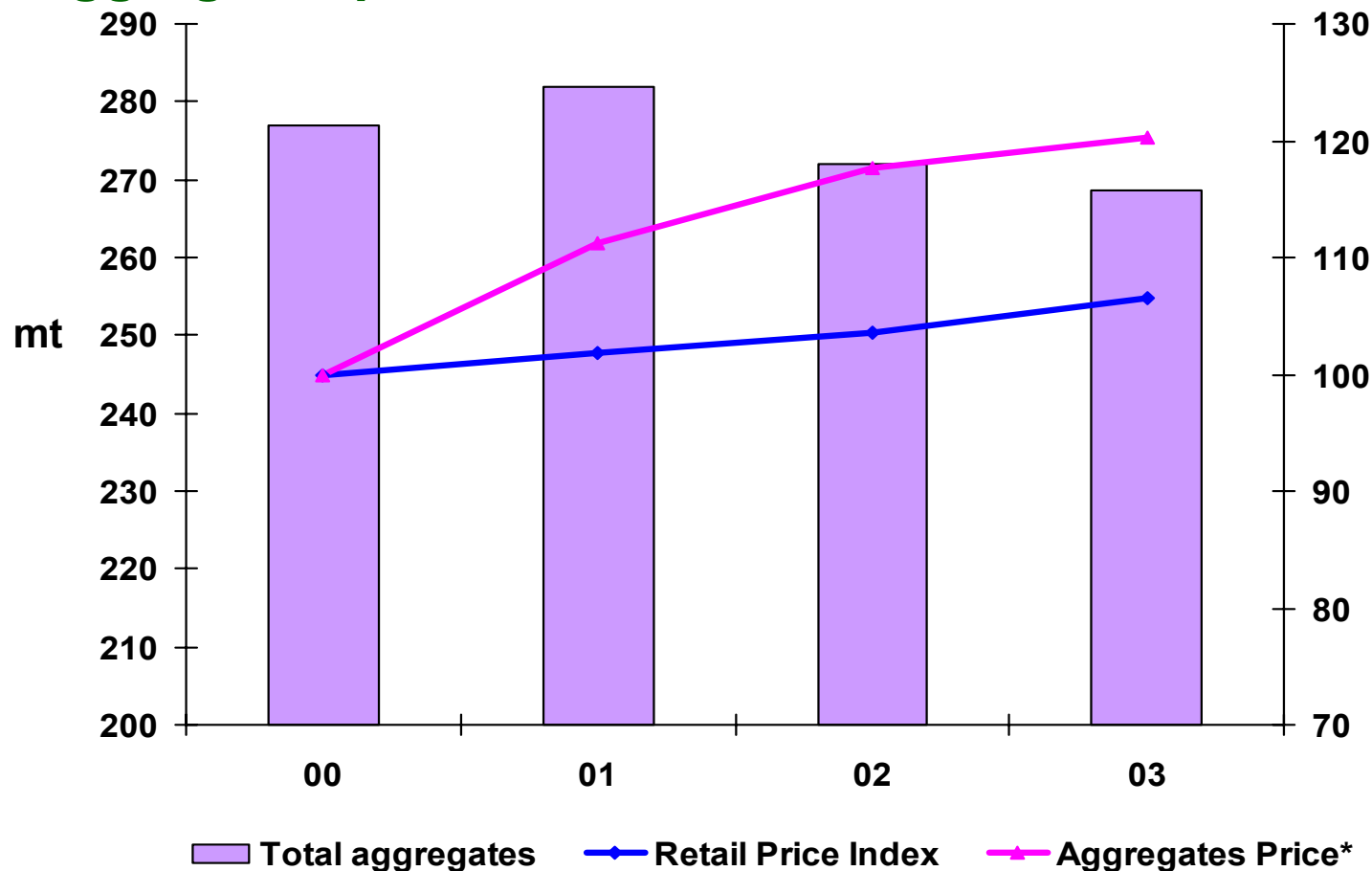
Our market shares

Product	Market share	Position
Aggregates	23%	#1
Asphalt	31%	#1
Ready-mix	24%	#2
Concrete blocks	23%	#1
Concrete flooring	15%	#2
Lime	34%	#1
Mortar	20%	#1
Cement	2%	#4

Source: Tarmac estimates

The UK's number one in heavy building materials

Aggregates price and volume trends



**Tarmac crushed rock aggregates price index (excludes Aggs Levy)*

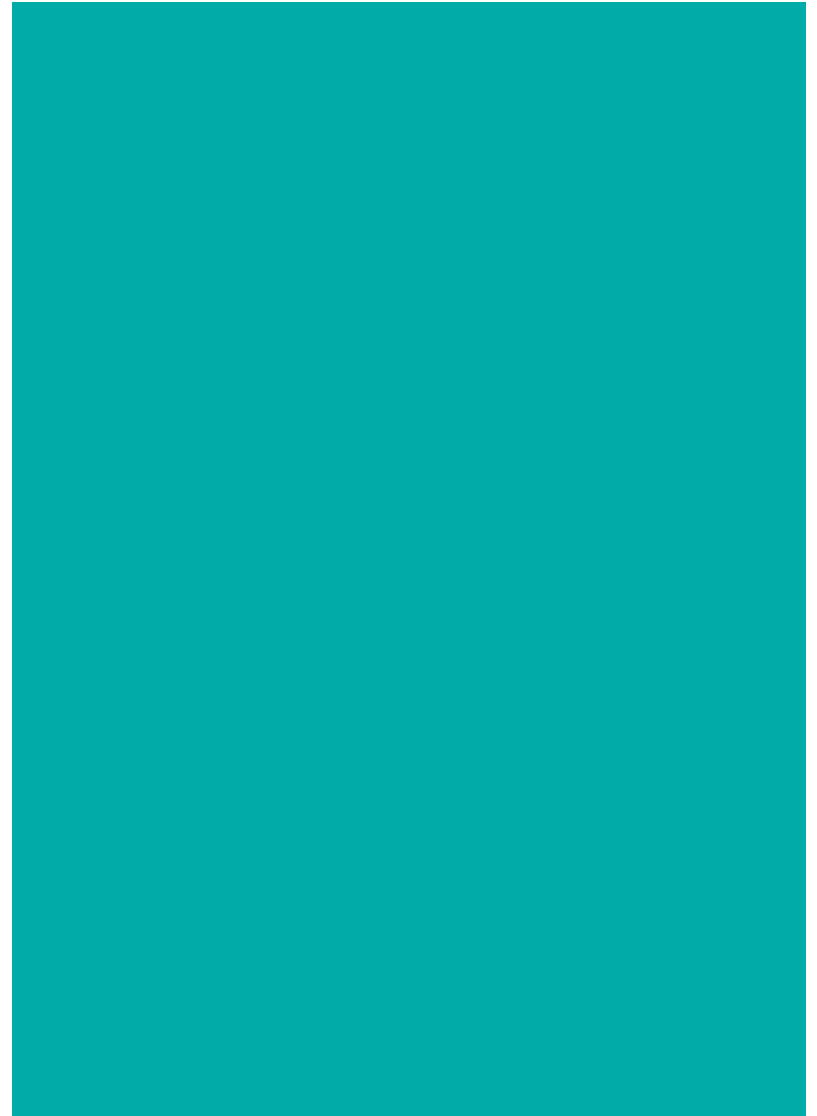
Real price increases achieved

Tarmac growth drivers

- Demand
- Margin
 - service differentiation
 - cost reduction
- Projects/acquisitions
- Innovation

Tarmac value drivers

- Proximity to the customer
- Network of plants
- Strong position in local market
- Customer service
- Low cost of production
- Vertical integration
- Strong reserve base



Aggregates

Crushed rock
Sand & gravel
Recycled

Added value
products

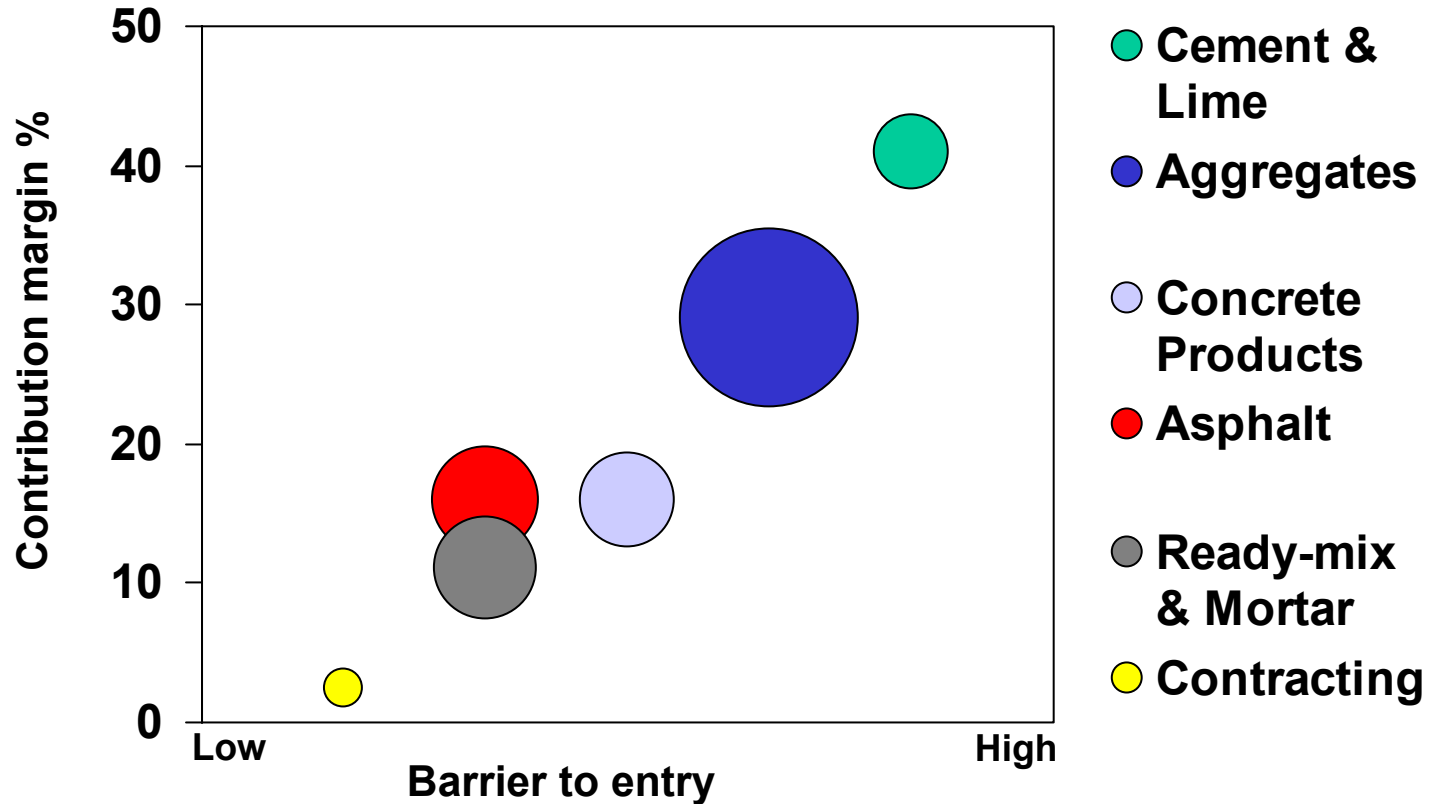
Asphalt
Cement & lime
Concrete products
Mortar
Ready-mixed concrete

Services

Contracting

Adding value to aggregates

Barriers to entry



Size of bubble = 2003 Tarmac UK contribution

Our sources of competitive advantage

- Best quality and most widely spread assets
- Market leader
- Strong brand & reputation
- Large reserve base (over 2 billion tonnes)
- High quality people
- Empowered local management
- Purchasing power
- SHE excellence

Tarmac has a strong competitive position

Strategy

- Increase value from existing business
 - Customer First
 - Cost reduction
 - People development
 - Innovation
- Growth areas
 - Recycling
 - Concrete products
 - South of England

Focus on increasing cash flow and returns

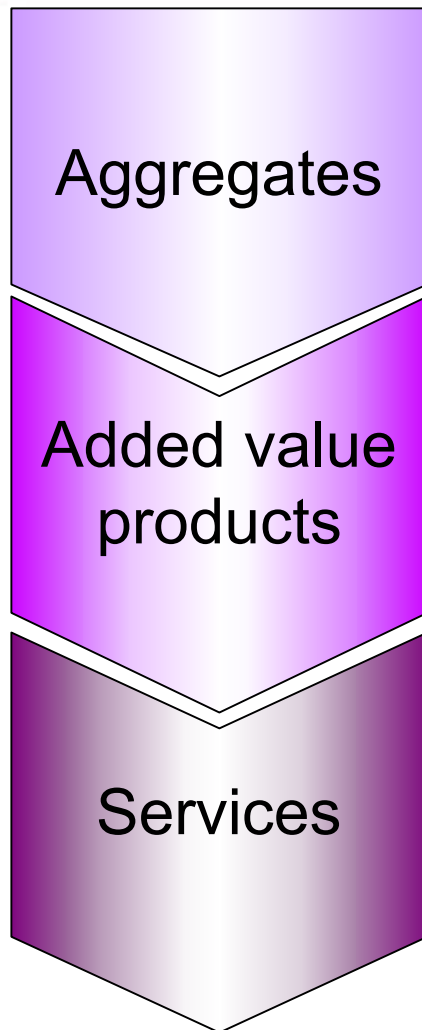


Tarmac 

Tarmac Products

David Cather
Technical Director

 A member of the Anglo American plc group



Crushed rock

Sand & gravel

Recycled

Asphalt

Cement & lime

Concrete products

Mortar

Ready-mixed concrete

Contracting

Adding value to aggregates





Aggregates



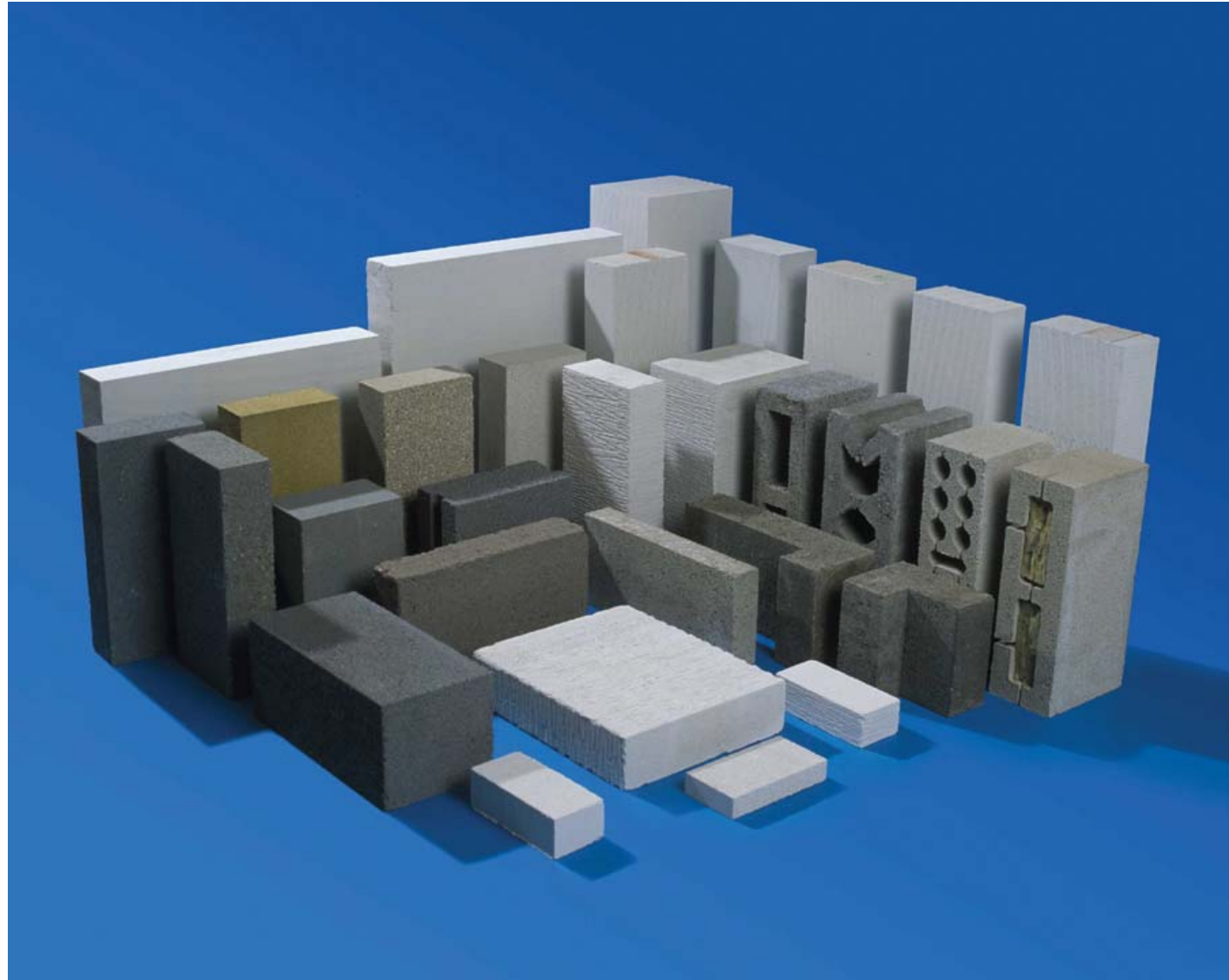
























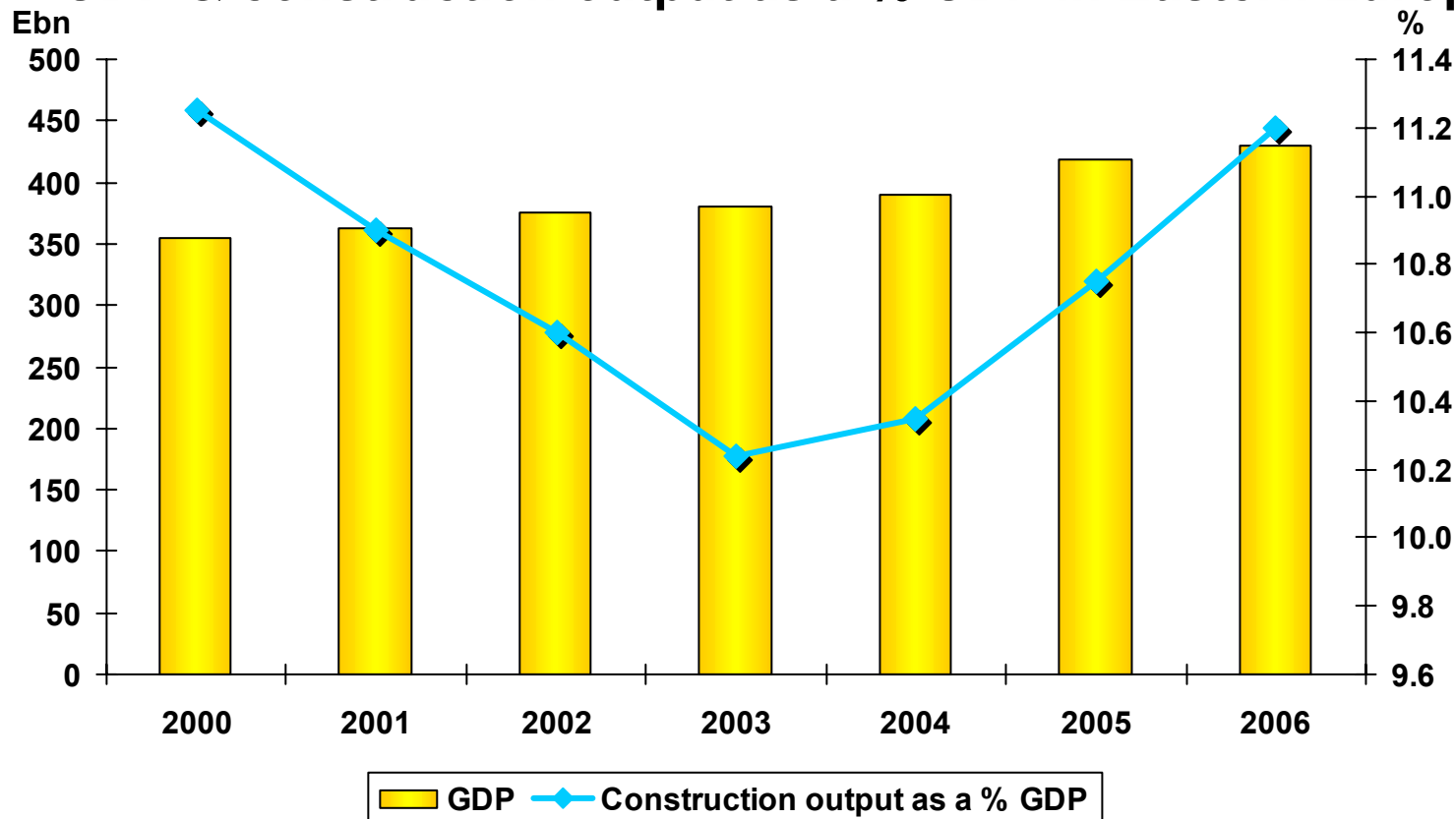
- Drive further value from the UK cash “engine”
- **Exciting growth in Europe**
- Test market in China/India

Tarmac Europe

2003 EBITDA \$80m (14% total)

Employees 2,178

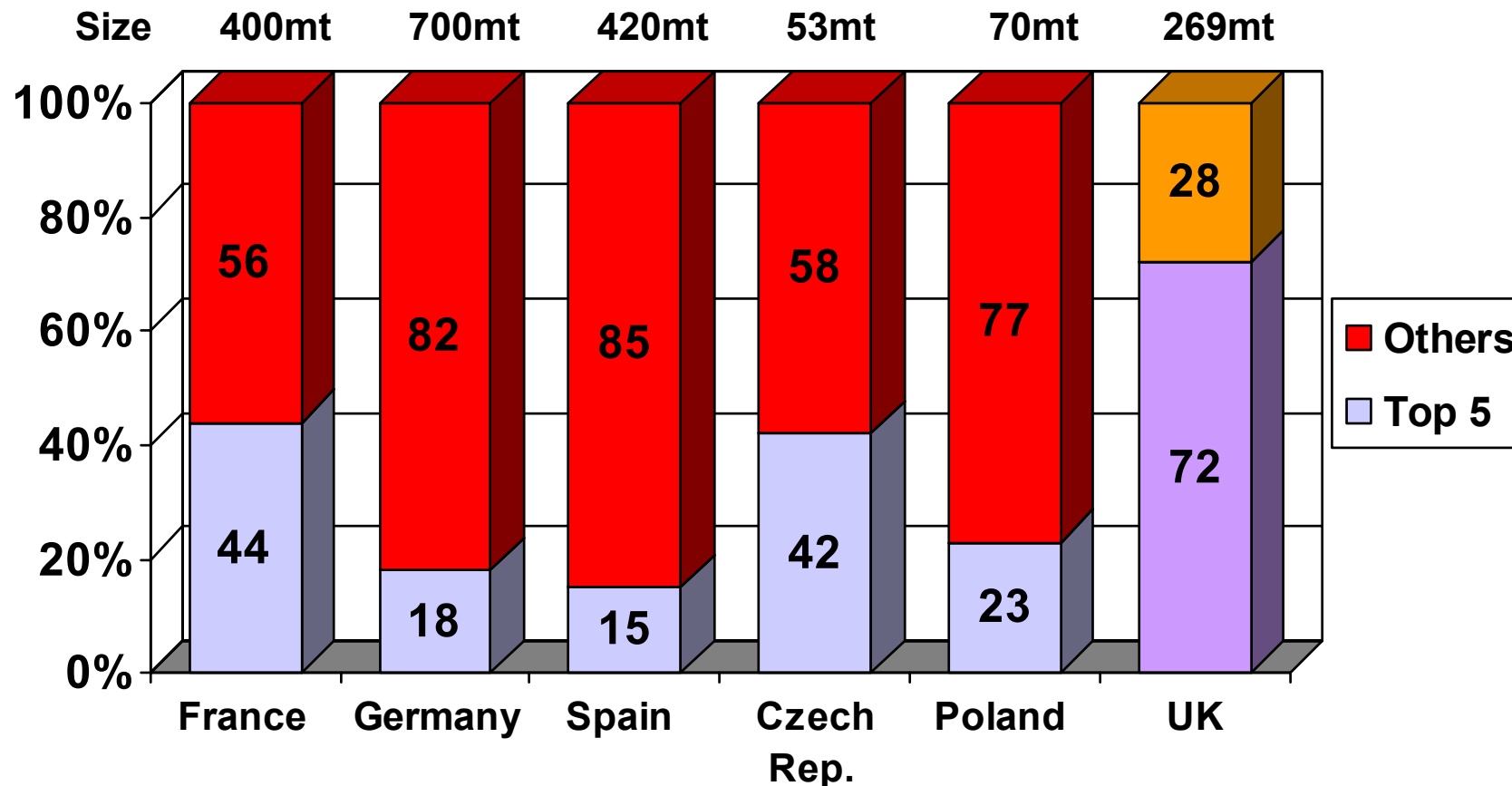
GDP & construction output as a % GDP in Eastern Europe



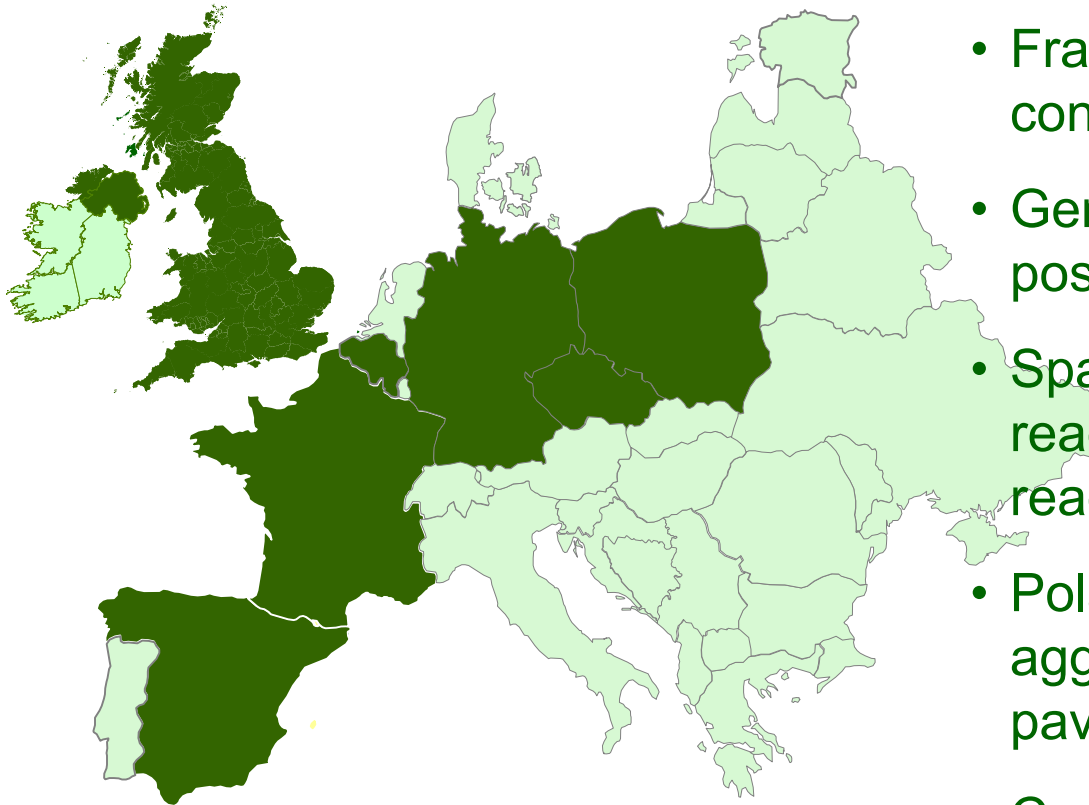
Source: Euroconstruct

Growth markets

Fragmented aggregates markets



Significant consolidation opportunity



- France – market leader in concrete blocks
- Germany – leading local positions in aggregates
- Spain – leader in aggregates & ready-mix in Madrid, leading ready-mix supplier in Alicante
- Poland – a leading supplier of aggregates. No 1 in concrete paving
- Czech Republic – no. 1 aggregates supplier

Tarmac is well placed to be a consolidator

The attractions of Europe

- Growth in underlying markets
 - New EU entrants - infrastructure spend and economic growth
 - Spain - tourism/immigration led growth
- Consolidation potential
- Diversify from UK

Strategy

- Choose countries where Tarmac's operating model can be applied cost effectively
- Growth principally by acquisition
 - Aggregates at core
 - Supported where appropriate by downstream products
- Tarmac value added comes from
 - Synergies from bolt-ons
 - Leveraging core UK competences to improve business
- Target specific synergistic opportunities

Europe will be the key driver of growth in Tarmac

- Drive further value from the UK cash “engine”
- Growth in Europe
- **Test market in China/India**

Rest of the World

2003 EBITDA \$53m (9% total)

Employees 1,400

Tarmac Middle East

- Operations comprise
 - 49% JV with local trading house operating aggregates & asphalt business serving Al Ain, Dubai and Abu Dhabi
 - Wholly owned asphalt business in Oman
- Politically stable
- Demand driven by oil price
- Substantial investment in non-oil industries
- Tarmac SHE focus and higher quality products giving competitive advantage
- Opportunity to further develop business

Focus on quick payback

Tarmac Far East/India

- Seedcorn investments in Shanghai and Mumbai
- Markets with huge growth potential
- Test whether Tarmac operating model can compete effectively and can be scaled up quickly

Cautious approach to test the Tarmac model

Copebrás

- Brazilian producer of phosphate fertilisers and STPP*
- 2003 EBITDA of \$47m (up by 63% since 2000)
- Goiás project at Catalão plant completed in February 2003 at a cost of \$128m, \$19m under budget
 - Doubled capacity
 - Added \$16m to operating profit in 2003
- Catalão plant has cost advantage over imports
- Located in highest growth region
- Further projects to expand Catalão plant
- Explore other opportunities to grow business

**Sodium Tripolyphosphate*

The background of the slide is a collage of various construction and industrial scenes. At the top, there's a large stadium under construction with a distinctive roof structure. To the right, there's a large industrial facility with a tall silo. The bottom section shows a concrete mixer truck, a worker in a hard hat, and other construction equipment. The entire image has a green tint.

Tarmac 

Financial Review

Keith Jackson
Finance Director

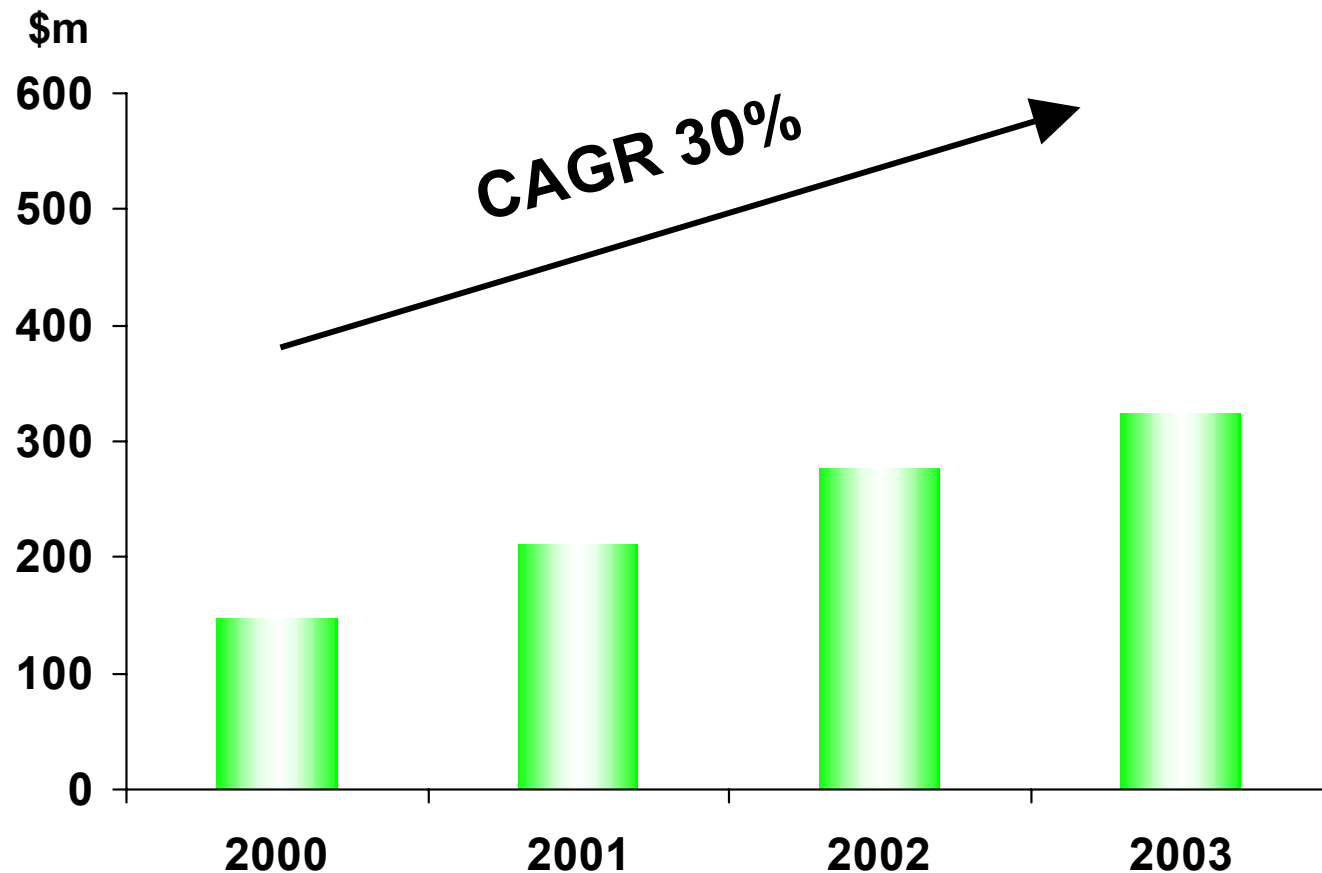
 A member of the Anglo American plc group

Key financials

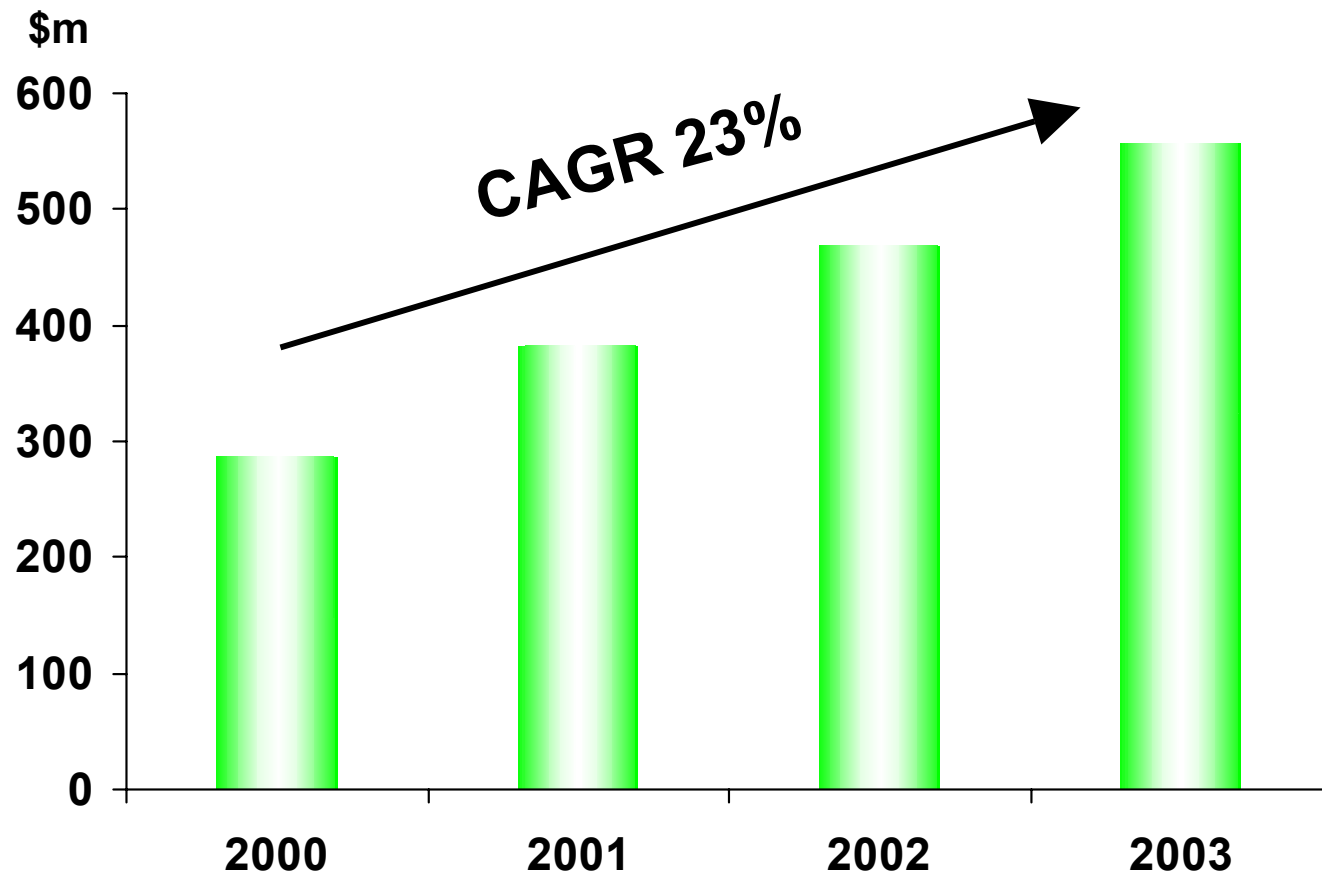
- Sales up 48% since 2000 to \$3.3 billion
- EBIT up 118% since 2000 to \$325 million
- EBITDA up 87% since 2000 to \$557 million
- EBITDA return up to 17%
- Cost savings of \$126 million
- \$355 million on bolt-on acquisitions
- £110 million Buxton cement plant project
- \$128 million Goiás expansion project

A 3 year growth record

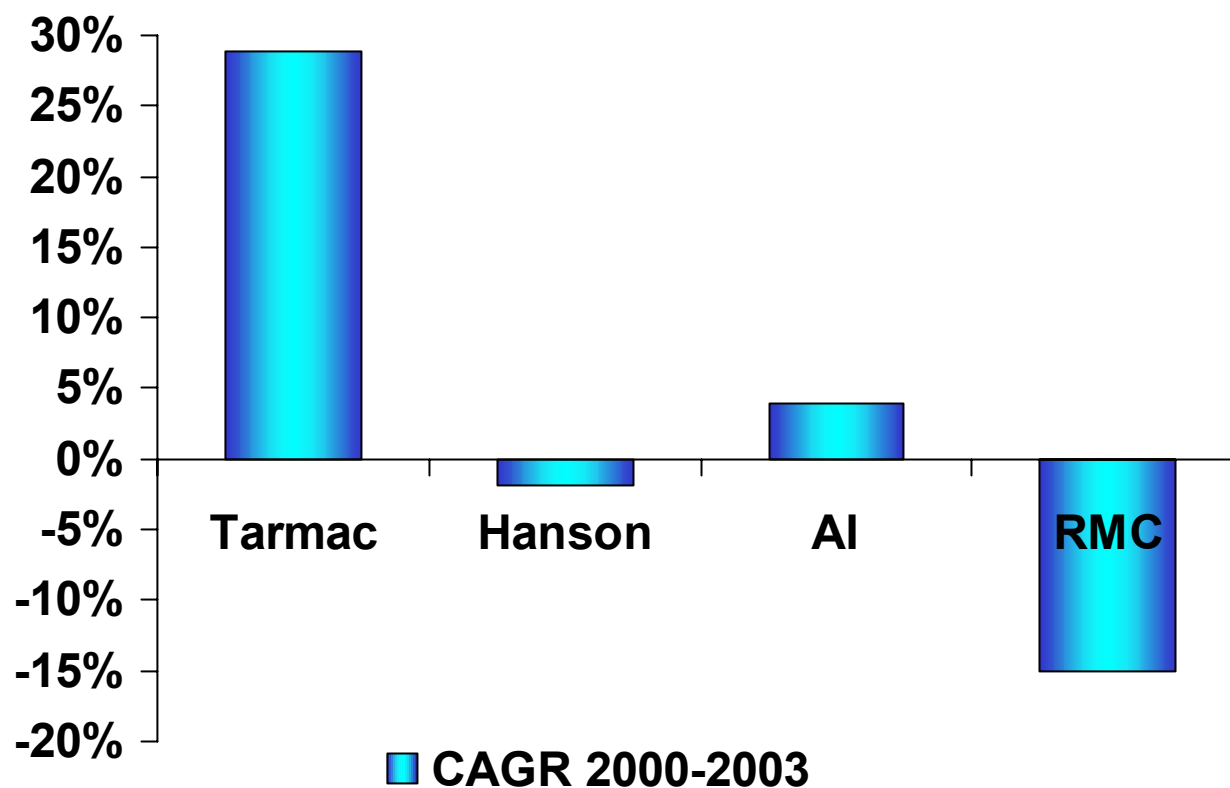
AIM EBIT growth



AIM EBITDA growth



Comparison with competitors – EBIT growth



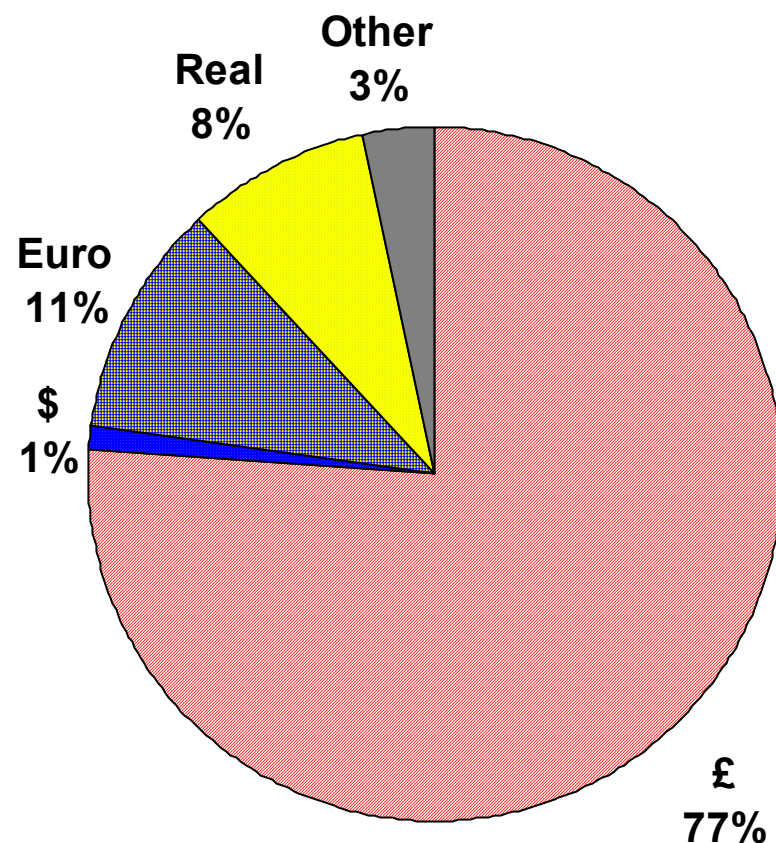
Competitor information source Morgan Stanley

AIM segment split

	2003 \$m		
	Sales	EBITDA	EBITDA margin
Tarmac			
UK	2,610	424	16.2%
Spain	168	26	15.2%
C Europe	121	24	14.7%
France	167	30	18.0%
Middle/Far East	63	6	9.5%
Copebrás	189	47	24.9%
Total	3,318	557	16.8%

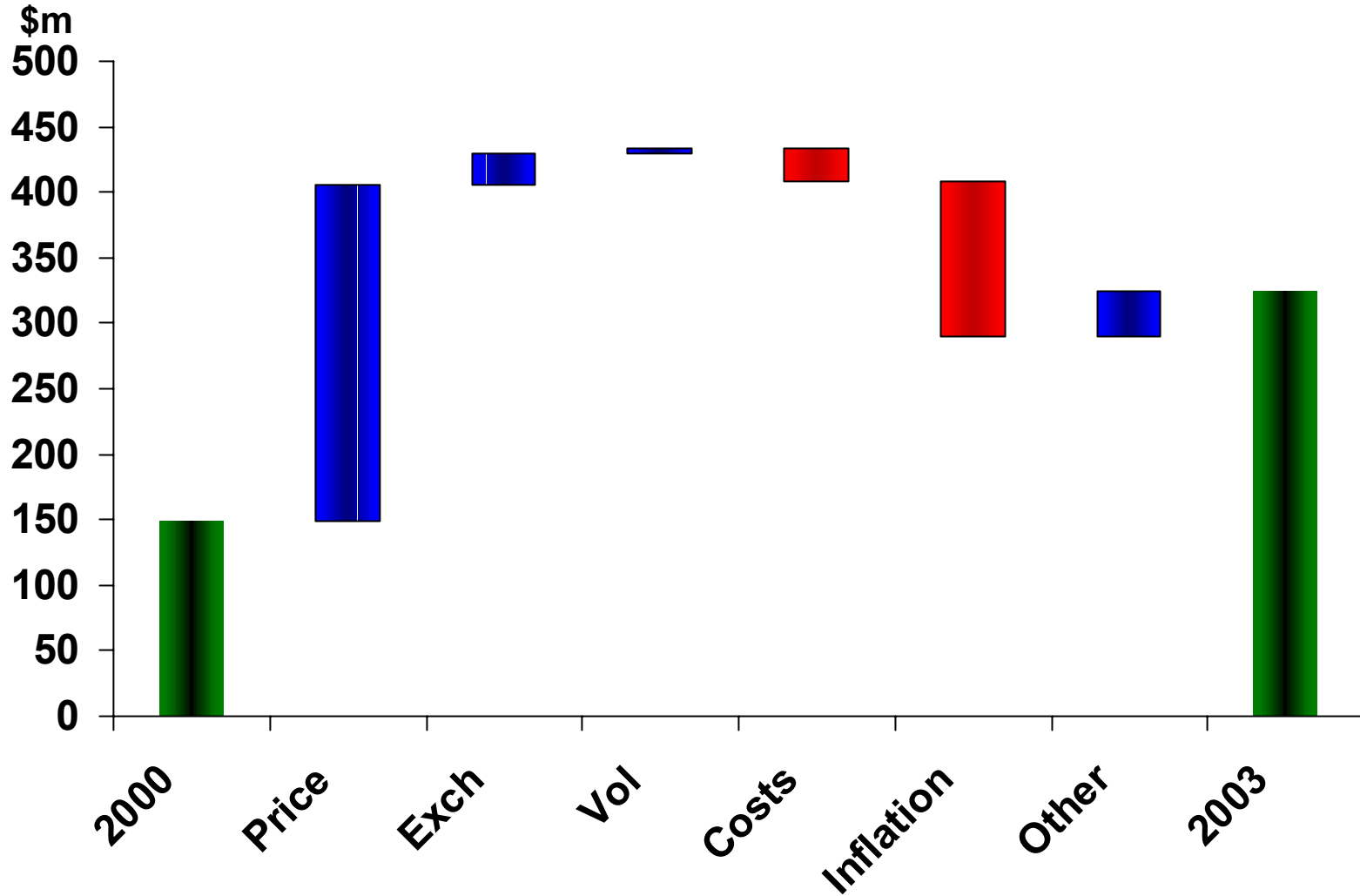
AIM currency split

2003 EBITDA



89% EBITDA in hard currencies

AIM EBIT variance analysis



AIM cost reduction

\$m	2001	2002	2003	Total
Operating efficiency		15	14	29
Procurement		11	12	23
Restructuring/synergies	60	8	6	74
Total	60	34	32	126

AIM cash flow

\$ million	2002	2003
Operating profit	277	325
Depreciation/depletion	145	179
Goodwill amortisation	46	53
EBITDA	468	557
Working capital	39	17
SIB capex	(109)	(125)
Project/expansionary capex	(254)	(191)
Acquisitions/disposals	(148)	(32)*
Total	(4)	226

**Excludes deferred consideration on acquisitions*

AIM cash returns

	2003		
	Average capital employed \$m	EBITDA \$m	EBITDA return
Tarmac	3,122	510	16.3%
Copebrás	147	47	32.1%
AIM	3,269	557	17.0%

Target Tarmac returns up to Copebrás level

Tarmac growth drivers

- Demand
- Margin
 - service differentiation
 - cost reduction
- Projects/acquisitions
- Innovation

Tarmac UK split of business

Product	Contribution \$m	Share of total	Contribution margin
Aggregates	169	39%	29%
Asphalt	65	15%	16%
Ready-mix & mortar	57	13%	11%
Concrete products	49	11%	16%
Cement & lime	32	7%	41%
Contracting	9	2%	2%
Other	55	13%	15%
Total	436	100%	16%

UK market outlook – demand drivers (in real terms)

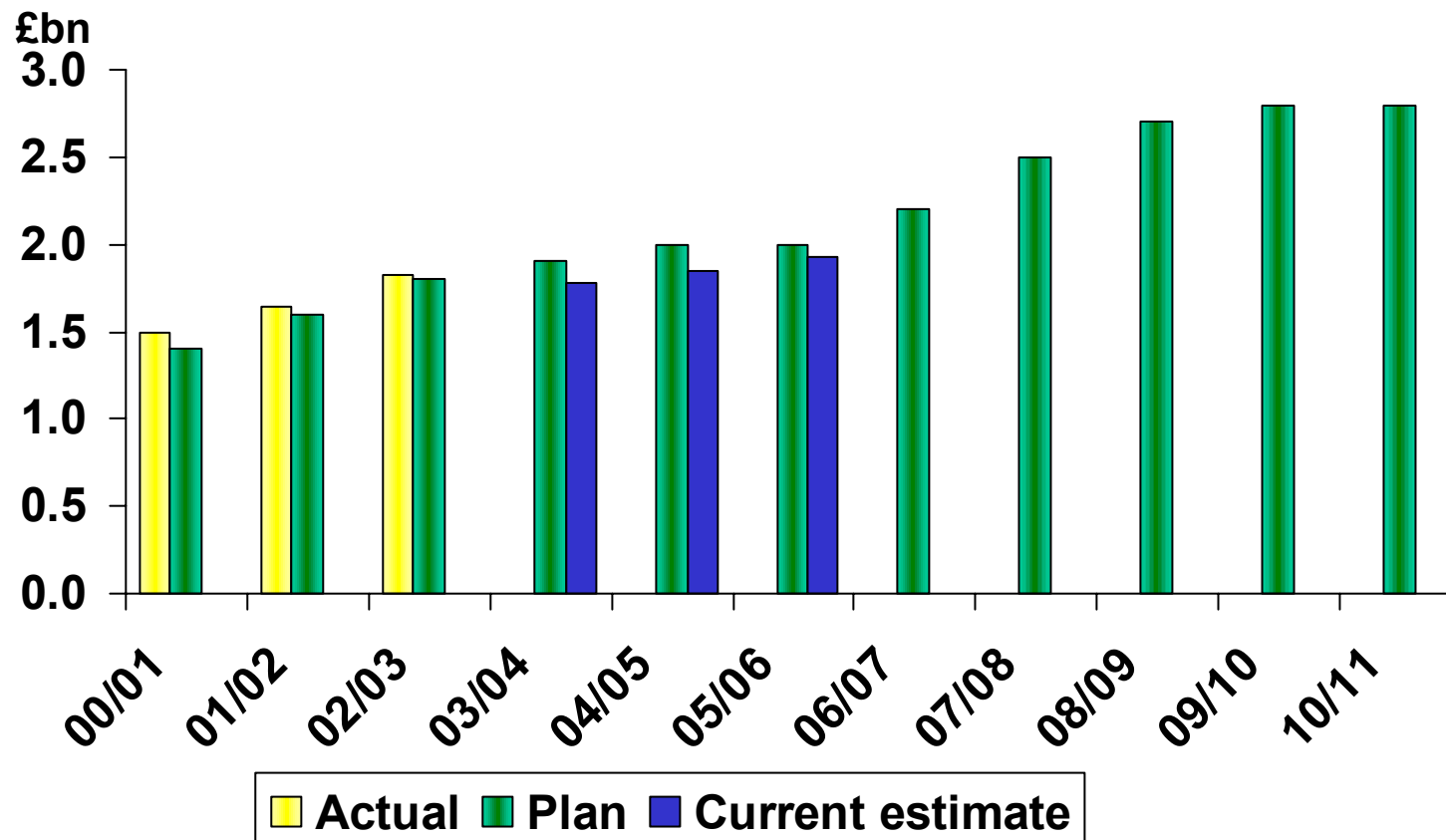
% Tarmac volume

Sector	2004F	Aggregates	Asphalt	Ready-mix	Concrete Products
Housing	4.5%	14%	5%	17%	42%
Commercial	(4.7)%	13%	6%	19%	18%
Industrial	0.0%	6%	1%	9%	5%
Infrastructure	1.0%	17%	19%	14%	12%
Other public	12.0%	9%	6%	11%	8%
R&M	1.1%	40%	64%	30%	15%
Total	1.5%	100%	100%	100%	100%

Source: Construction Products Association (“CPA”) and Tarmac

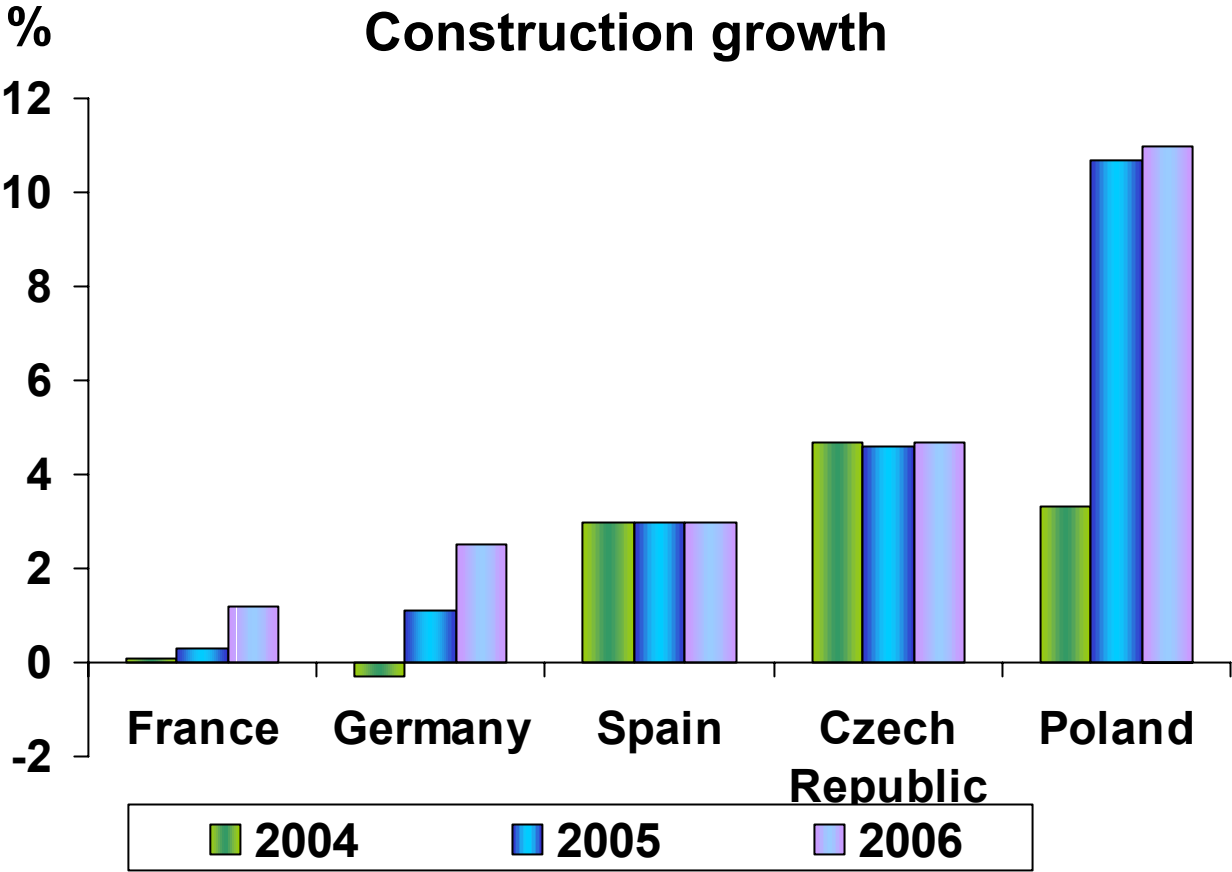
The key to Tarmac’s growth in the UK

UK market outlook – investment in strategic roads



Source: DTI and CPA

European market outlook



Source: Euroconstruct and CEOE

Impact of IFRS

- Elimination of goodwill amortisation
- Lower P&L pension charge
- Proportional consolidation of JVs

Summary

- Strong cash generation – EBITDA \$557m
- Increasing returns
- Cost reduction
- Value adding projects/acquisitions

Continuing cash generation : continuing growth



Tarmac



 A member of the Anglo American plc group

- Drive further value from the UK cash “engine”
- **Exciting growth in Europe**
- Test market in China/India

The background of the slide is a collage of various construction and industrial scenes. It includes a large stadium under construction, a concrete mixer truck, a worker in a hard hat, a large industrial structure, and a concrete pump truck. The entire image has a green tint.

Tarmac 

Tarmac Iberia

Cipriano Gomez

 A member of the Anglo American plc group

1. SPAIN – AN OPPORTUNITY

- Key figures
- Business driving forces

2. TARMAC IBERIA

- Description of activities
- Key figures
- Market shares: aggregates and ready mix concrete

3. SECTOR STRUCTURE

- Aggregates and ready-mixed concrete markets
- Supply consolidation processes. Causes of same.
- Integration of aggregates/cement with ready mix concrete.
Reflections.

4. MAVIKE CASE STUDY (MAVIKE ACQUISITION)

5. STRATEGY

- 2004-2005. Consolidation
 - Central Region
 - Mediterranean Region
 - Functional Strategies
- 2006 onwards. Product Diversification and Regional Expansion
 - Product diversification
 - Geographical expansion

1. Spain – An Opportunity

Key Figures

SPAIN - KEY FIGURES								
	1999	2000	2001	2002	2003	2004*	2005*	2006*
GDP Evolution	4.2%	4.2%	2.8%	2.0%	2.4%	2.8%	3.0%	3.0%
Construction Evolution	8.4%	6.7%	7.7%	6.0%	3.6%	3.0%	3.0%	3.0%
Public Deficit Evolution (% of GDP)	-	-	-0.1%	-0.1%	0.0%			
Population Evolution '000	40,202	40,500	41,117	40,838	42,717			
* Forecast. Source: CEOE.								

Construction growing in line with GDP

Business Driving Forces

- Immigration: Houses and infrastructure demand (ie. in Madrid and on the Mediterranean Coast)
- Market consolidation opportunity
- Second market in Europe
- Environmental restrictions growing

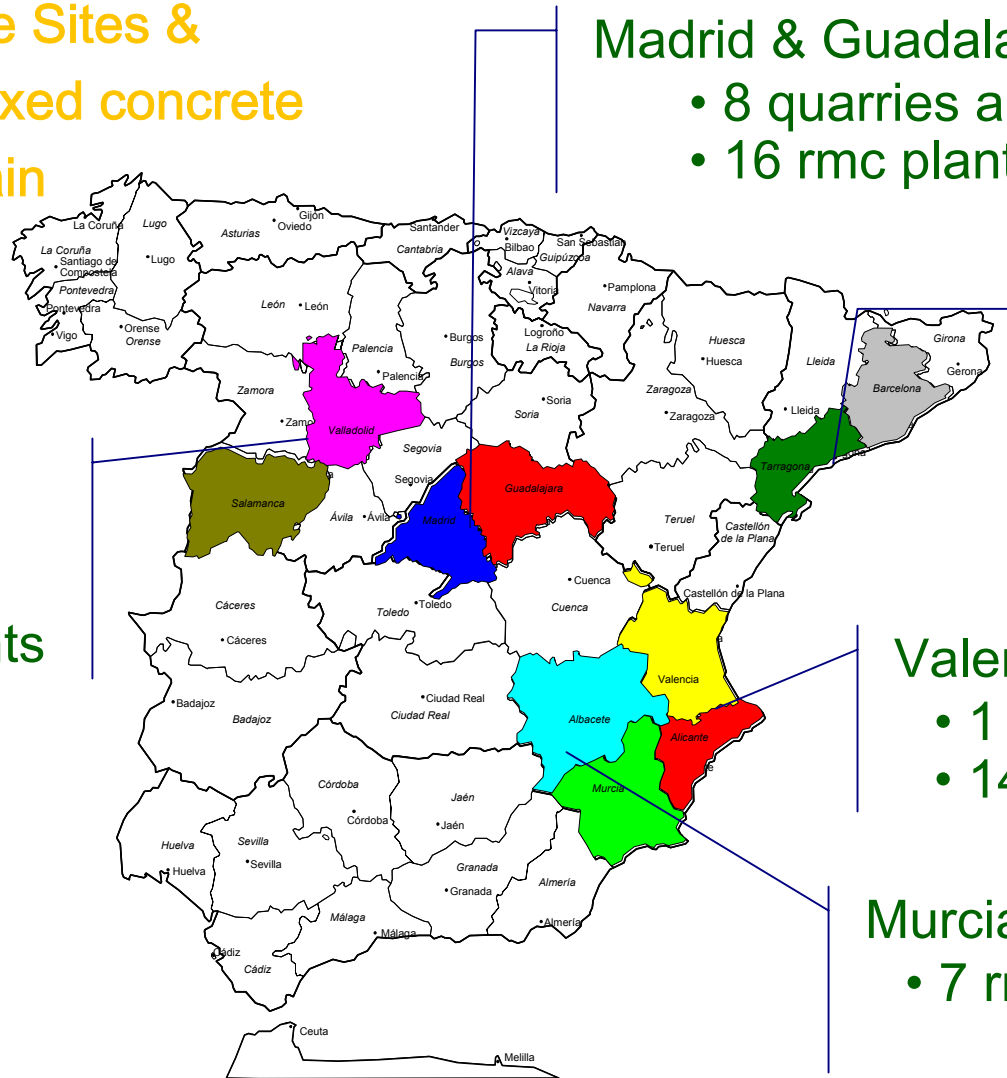
2. Tarmac Iberia - operations

10 Aggregate Sites &
45 Ready-mixed concrete
plants in Spain

Madrid & Guadalajara:
• 8 quarries and S&G pits
• 16 rmc plants

Catalonia
• 5 rmc plants

Salamanca &
Valladolid
• 1 S&G pit
• 3 rmc plants



Valencia & Alicante
• 1 quarry
• 14 rmc plants

Murcia & Albacete
• 7 rmc plants

2. Tarmac Iberia – Key Figures

	Actual	Actual	Actual	Actual	Actual
€ 000's	1999	2000	2001	2002	2003
Aggregate Sales - million tonnes	3.1	3.7	4.5	4.7	7.2
Ready Mix Concrete Sales - million m3	0.9	1.1	1.2	1.4	2.4
Turnover	44,989	59,214	78,228	95,174	148,221
EBITDA	5,583	7,799	13,793	17,798	22,581
EBIT	3,910	6,032	11,761	14,601	17,214
Capital Employed	40,838	47,874	48,007	118,268	115,038
CASH FLOW RETURN (excluding Working Capital)	9.0%	7.8%	23.9%	22.6%	15.2%

MARKET SHARES IN OUR MAIN MARKETS

AGGREGATES:

- Madrid 11% Market Leader
- Alicante 17% Market Leader

READY MIX CONCRETE:

- Madrid 9% Market Leader
- Alicante 17% Market Leader

Leading positions in key markets

Aggregates & Ready-Mixed Concrete Markets

AGGREGATES MARKET

	1999	2000	2001	2002	2003
SPAIN – million tonnes	319.6	355.8	376.9	399.6	419.9
TOP TEN COMPANIES * - million tonnes	63.0	66.0	73.0	81.0	88.0
TARMAC IBERIA – million tonnes	3.1	3.7	4.5	4.7	7.2
TOP TEN COMPANIES - %	19.7	18.5	19.4	20.3	21.0

- **SPAIN:** PROCESS OF GROWING CONSOLIDATION, PARTICULARLY IN MARKETS WHERE TARMAC IBERIA OPERATES
- **TARMAC IBERIA:** LEADER IN MADRID AND ALICANTE
FUTURE ACQUISITIONS IN CATALONIA

* Tarmac Iberia included

Aggregates & Ready-Mixed Concrete Markets

READY MIX CONCRETE MARKET

	2002	2003
SPAIN – million m3	76.0	81.0
TOP TEN COMPANIES * - million m3	30.0	31.0
TARMAC IBERIA – million m3	1.4	2.4
TOP TEN COMPANIES - %	39.5	38.3

- **SPAIN:** STRONG PRESENCE OF CEMENT GROUPS AND MULTI-NATIONAL COMPANIES (CRH, HANSON, etc)
- **TARMAC IBERIA:** LEADER IN MADRID AND ALICANTE
FUTURE GROWTH AND ACQUISITIONS IN CATALONIA

* Tarmac Iberia included

Supply Consolidation Process

AGGREGATES:

- Consolidation and growing presence of cement groups and multinational companies (CRH, Hanson, etc)
- Shortage of reserves as a consequence of growing environmental restrictions
- Considerable sector consolidation in Madrid and Barcelona

READY MIX CONCRETE:

- Consolidation and growing presence of cement groups and multinational companies (CRH, Hanson, etc)

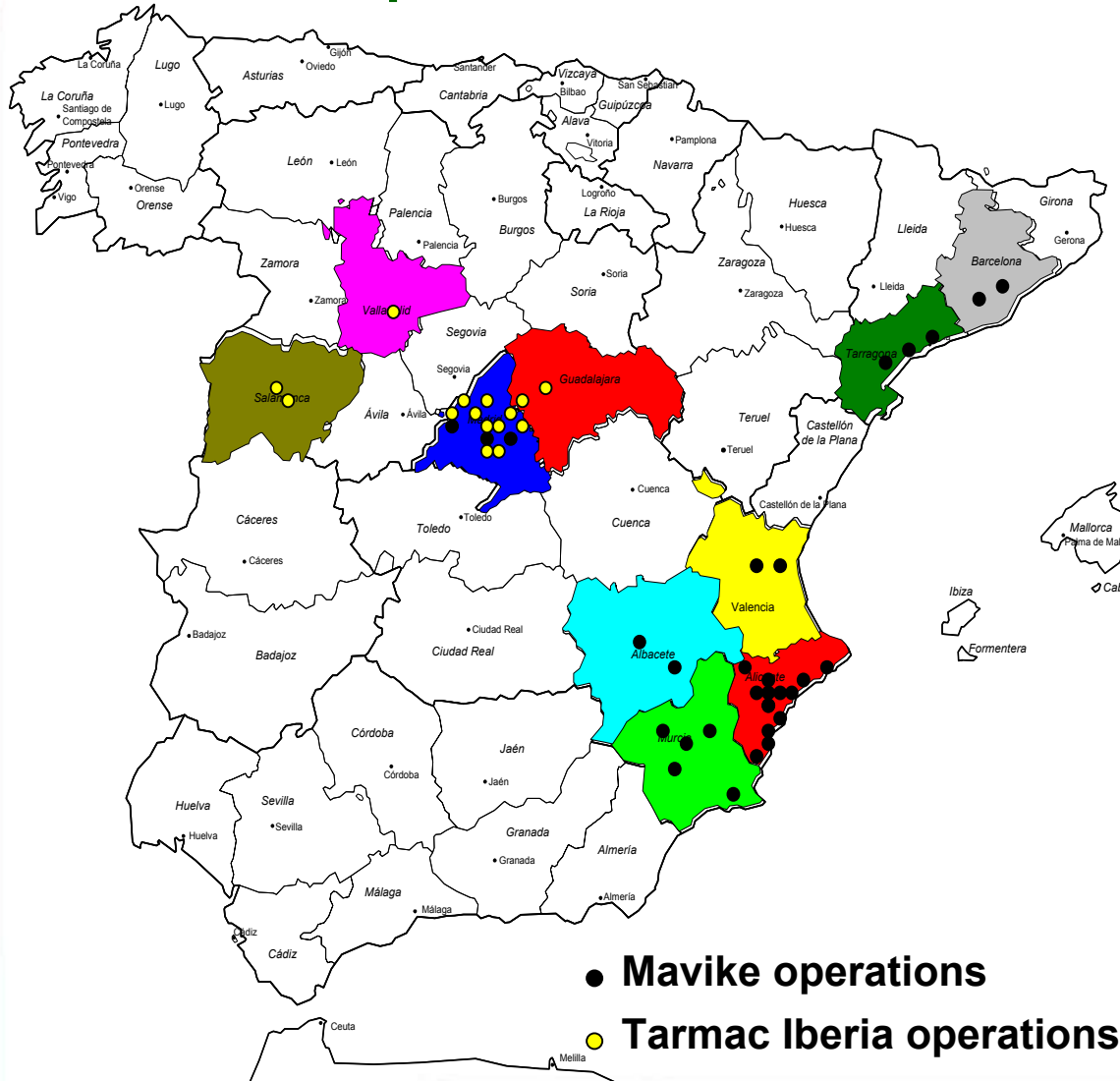
Increasing consolidation 

Integration of Aggregates & Cement with Ready-Mixed Concrete

- Importance of raw material:
 - Cement
 - Aggregates
- But growing importance of aggregates (environmental restrictions)
- Presence and involvement in the process of
 - Cement Groups
 - Other multinational and heavy building material groups
- Tarmac Iberia has taken part in this process and continues studying market possibilities

4. Mavike Case Study

Acquisition of Mavike



- Acquired in October 2002 for €59 million
- Access to high growth Alicante coast
- Synergies with existing Madrid ready-mix business
- Cost savings from overhead reduction
- Better cement purchasing power
- The Mediterranean Region expansion is unfinished

- **2004-2005 Consolidation**

- Central Region:
Reinforce our mineral reserves base
- Mediterranean Region:
Acquisition of mineral reserves in Valencia and Barcelona
Increase our ready-mix concrete business size in Valencia and Barcelona
- Functional Strategies:
Marketing: Customer satisfaction policy implementation
Cost savings: Procurement, best practices
Human resources
Safety, health and environment

- **2006 onwards Product Diversification and Regional Expansion**


- Product diversification:
Recycling, concrete products, etc
- Geographical expansion:
Other Mediterranean areas (Almería, Castellón, etc)

The background of the slide is a collage of various construction and industrial scenes. It includes a large stadium under construction, a concrete mixer truck, a worker in a hard hat, and various pieces of heavy machinery. The entire image has a green tint.

Tarmac 

Tarmac Czech Republic

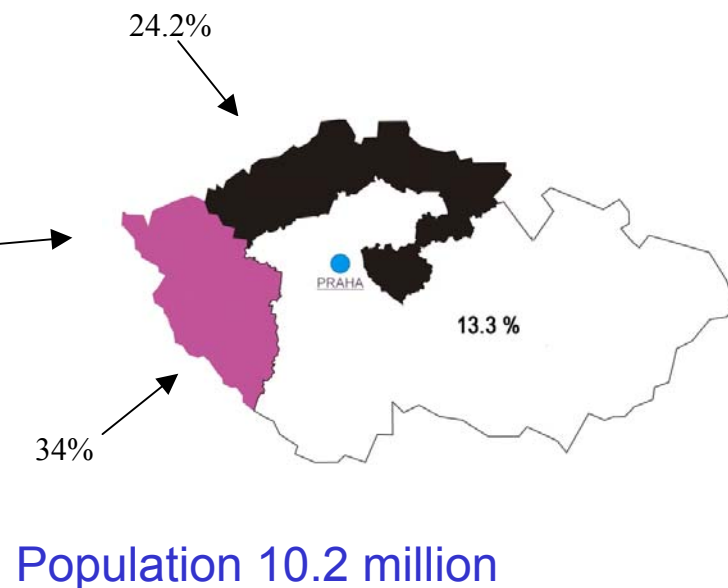
Vladimir Herman

 A member of the Anglo American plc group

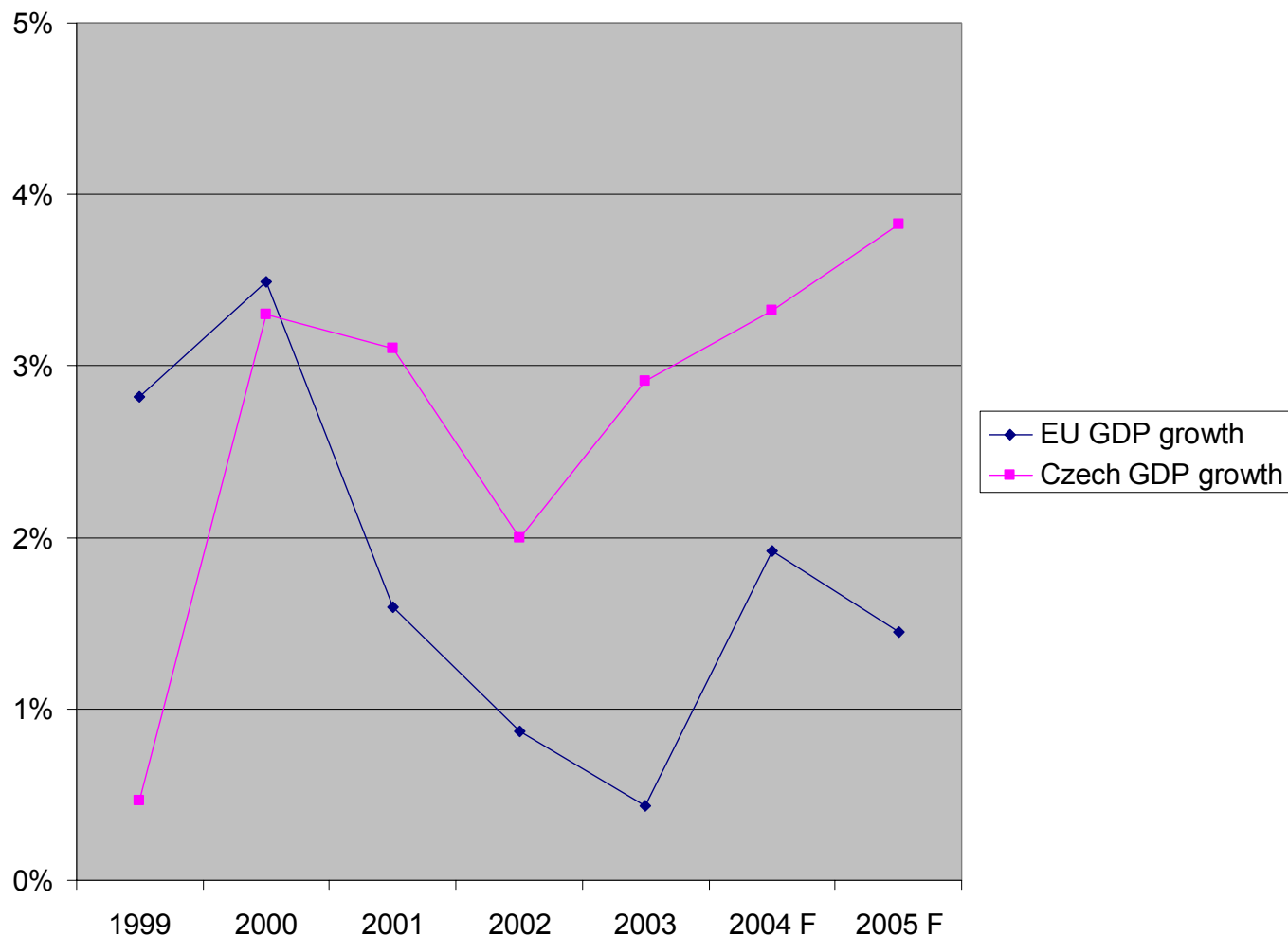
Overview of the Czech Republic



- Heart of the Continental Europe
- Attractive growth post-EU entry



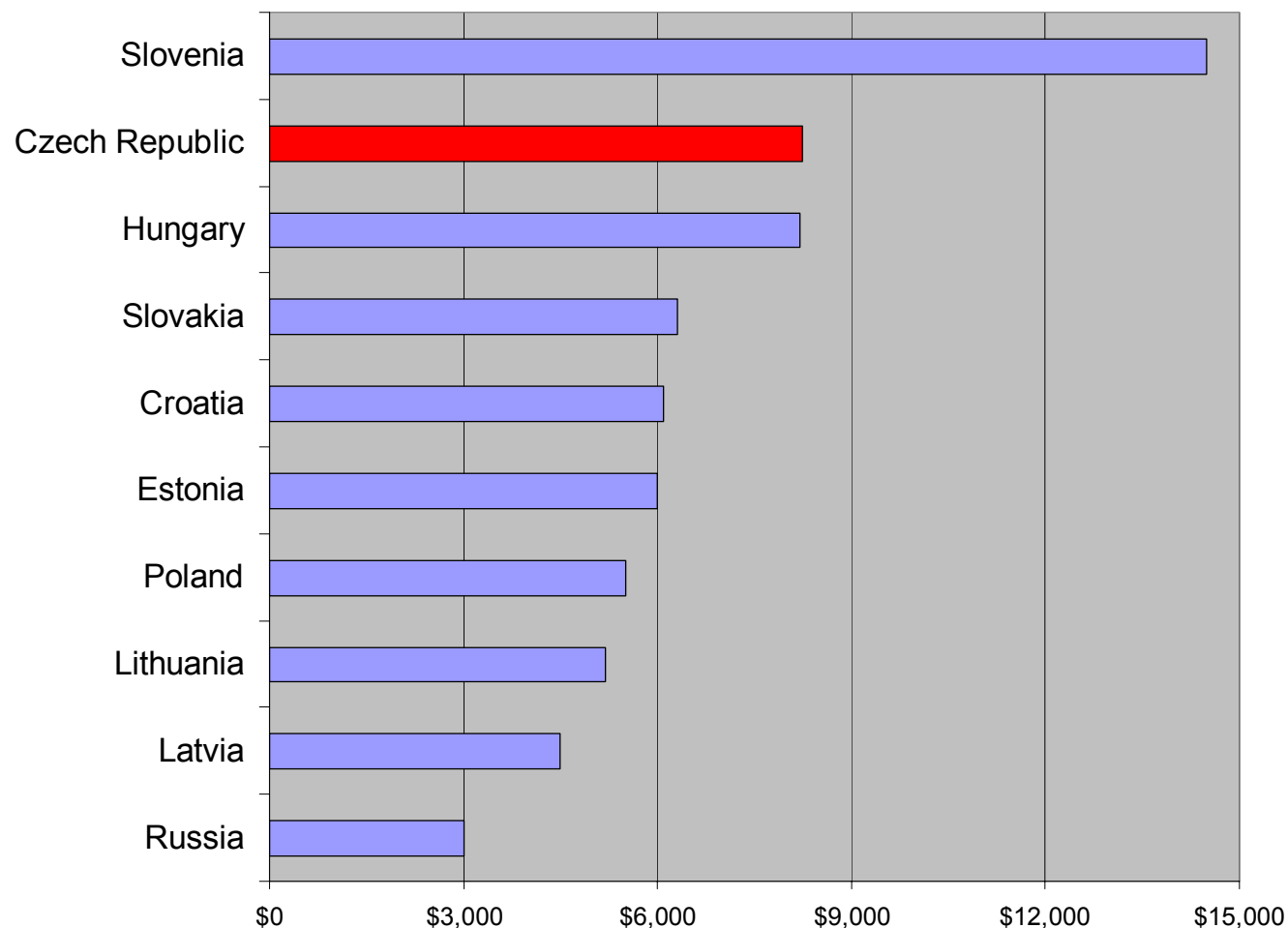
Overview of the Czech Republic



Strong GDP growth

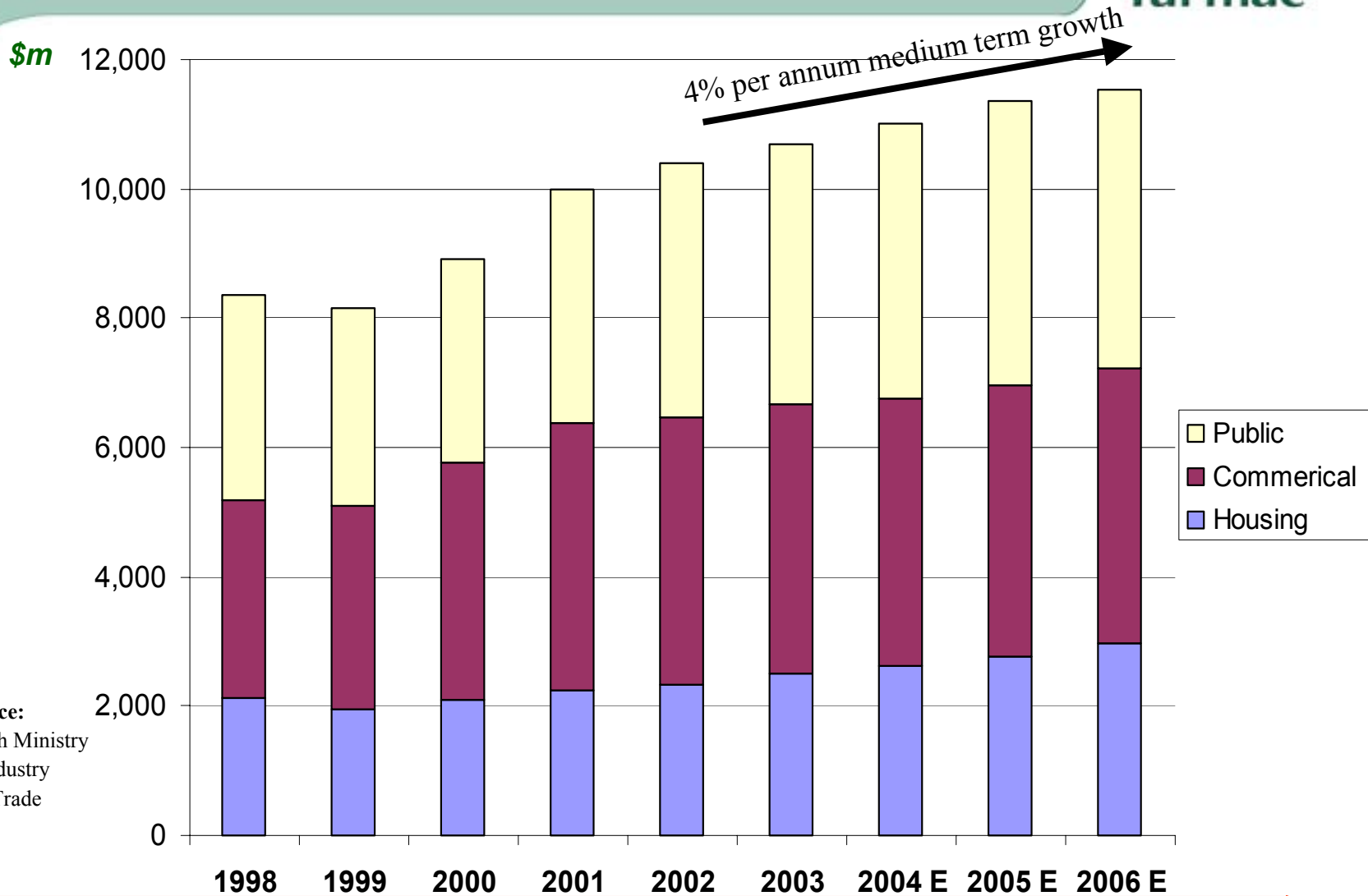
Overview of the Czech Republic

Czech Republic is one of the richest eastern European countries (*GDP per Capita*)



Source:
EIU estimates for 2003

Czech Construction Turnover

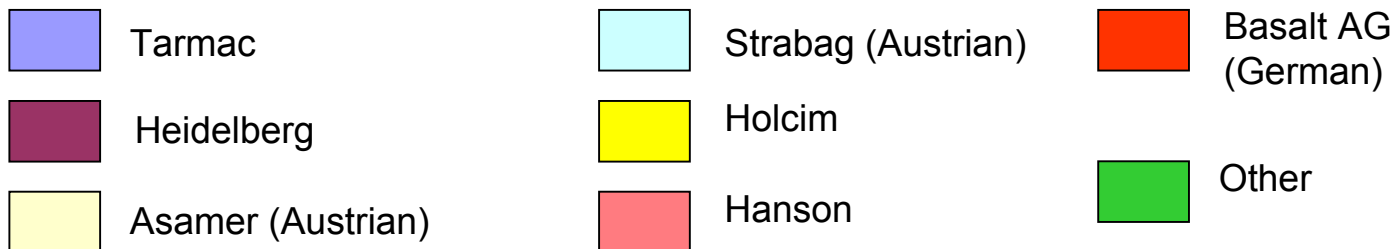
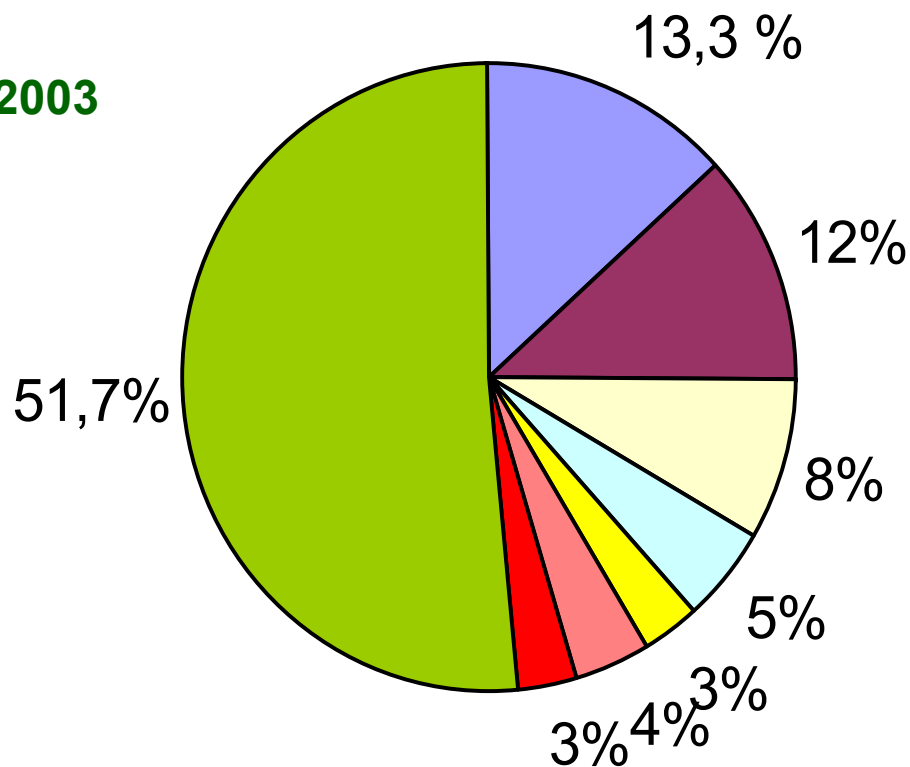


The new Ireland?



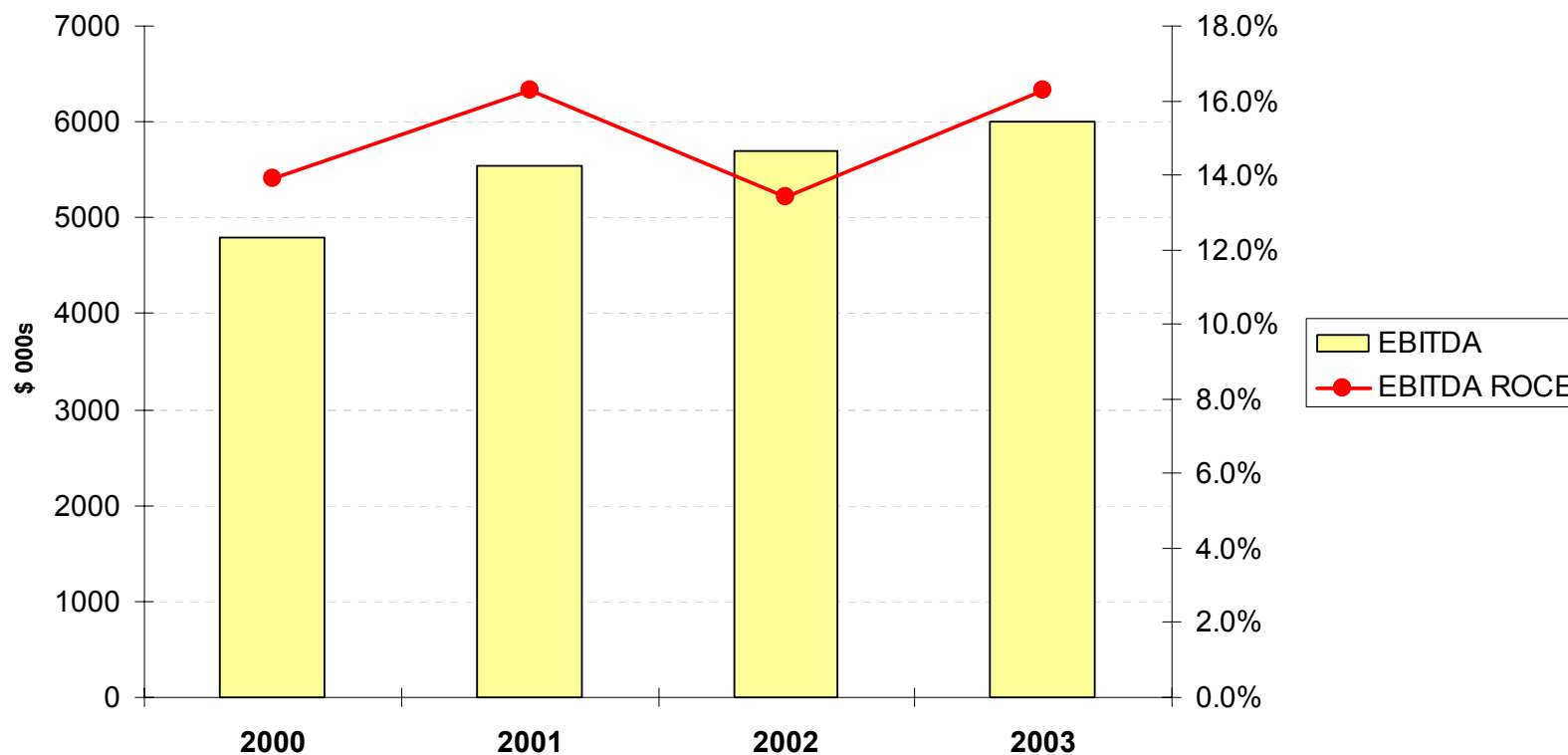
- lot of units
- small distances, capacities

Aggregates 2003

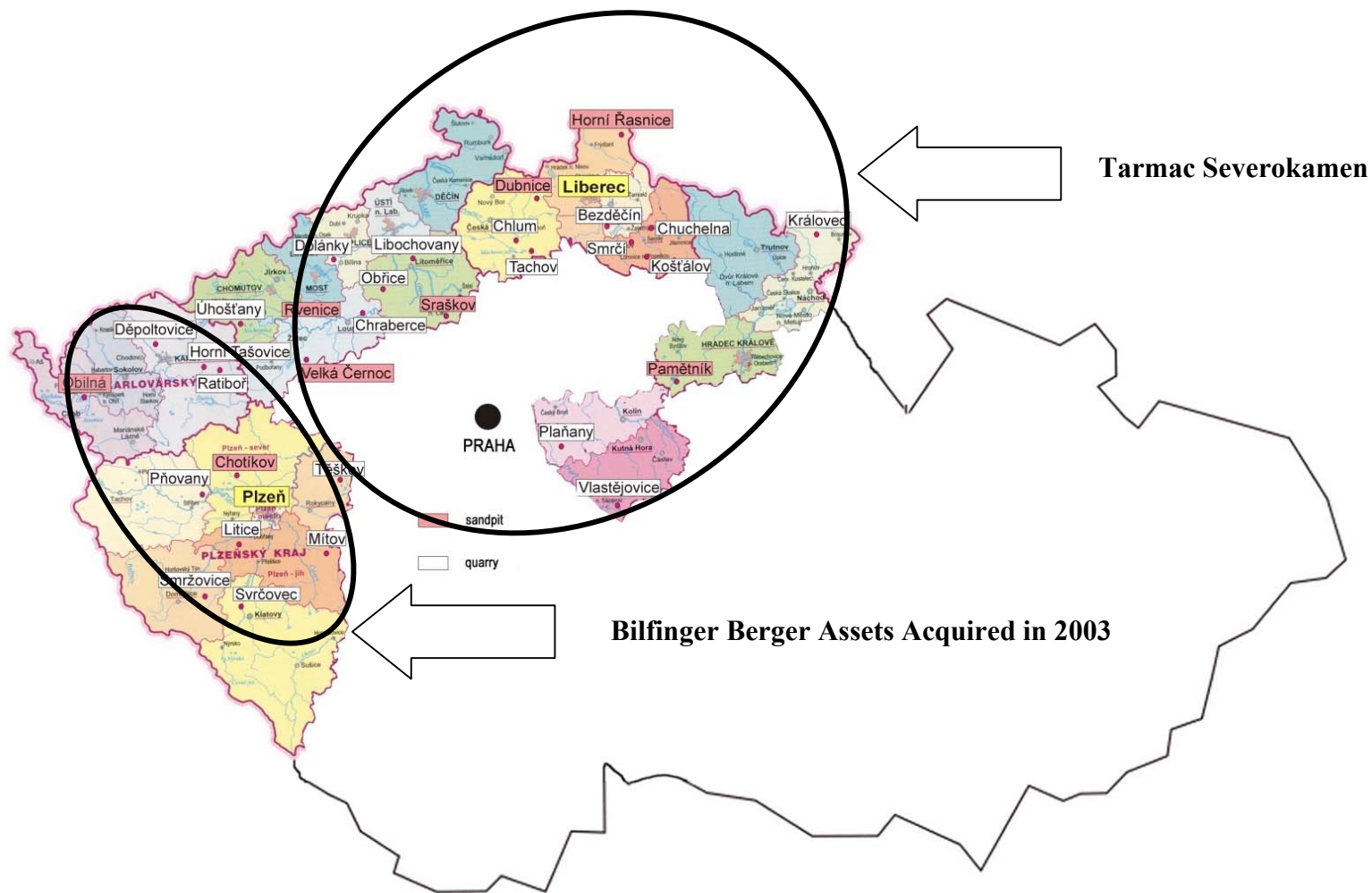


- Tarmac is the largest aggregates producer in the Czech Republic
- Tarmac is the leading aggregates producer in northwestern Bohemia
- Tarmac Severokamen produced 4m tonnes of aggregates in 2003
 - 2.7 million tonnes of hardstone
 - 1.3 million tonnes of sand and gravel
- Tarmac CZ will produce 6.1m tonnes aggregates (minimum) in 2004
 - 4.9 million tonnes of hardstone
 - 1.2 million tonnes of sand and gravel
- Tarmac has 30 individual operations spread out across northwestern Bohemia
 - 24 hardstone quarries
 - 6 sand and gravel operations

Tarmac CZ Financial Performance

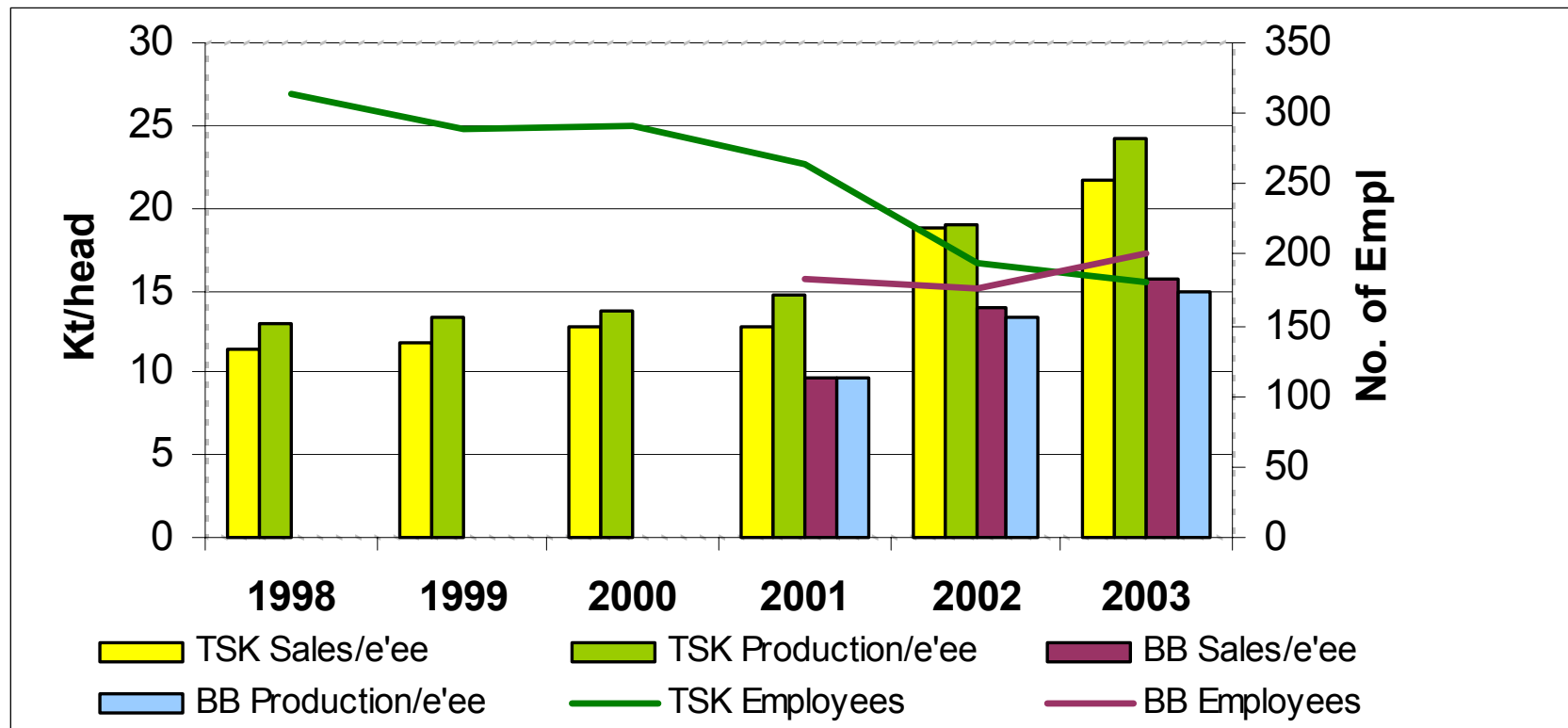


The acquisition of Bilfinger Berger



The acquisition of Bilfinger Berger

Sales and production productivity



Target to improve BB productivity up to Tarmac level

- Primary area of investment

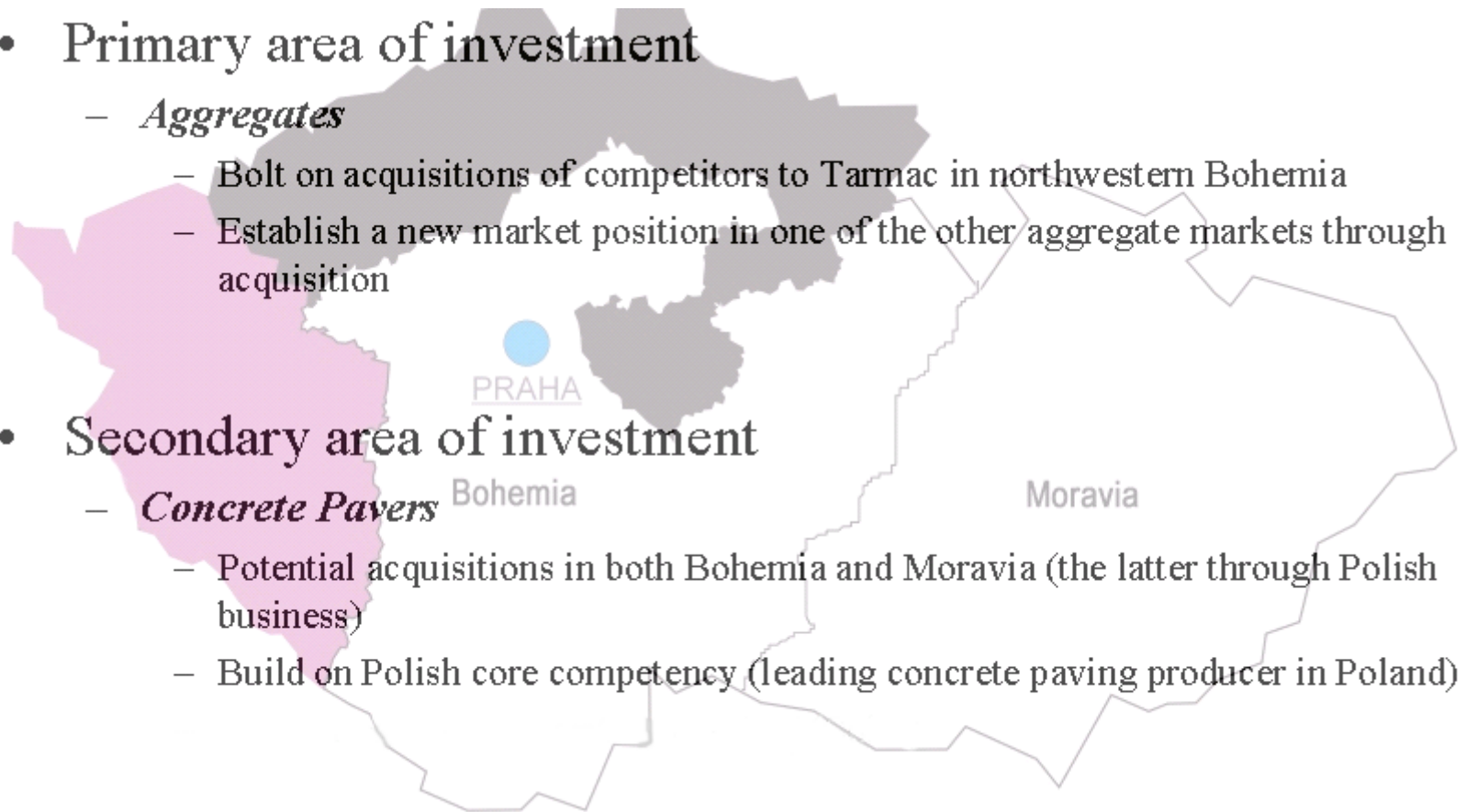
- *Aggregates*

- Bolt on acquisitions of competitors to Tarmac in northwestern Bohemia
 - Establish a new market position in one of the other aggregate markets through acquisition

- Secondary area of investment

- *Concrete Pavers*

- Potential acquisitions in both Bohemia and Moravia (the latter through Polish business)
 - Build on Polish core competency (leading concrete paving producer in Poland)



Focus on further expansion in aggregates

- Substantial growth expected post EU entry
 - Economic growth
 - Infrastructure investment funded by EU
- Bilfinger Berger was a specific acquisition target
 - Extends geographic coverage
 - Scope for improved productivity
- Further growth by acquisition



Tarmac



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- **Drive further value from the UK cash “engine”**
- Exciting growth in Europe
- Test market in China/India

The background of the slide is a collage of various construction and industrial scenes. At the top, there's a large stadium under construction with a distinctive roof structure. To the right, there's a large industrial facility with a tall silo. The bottom section shows a concrete mixer truck, a worker in a hard hat, and other construction equipment. The entire image has a green tint.



Tarmac 

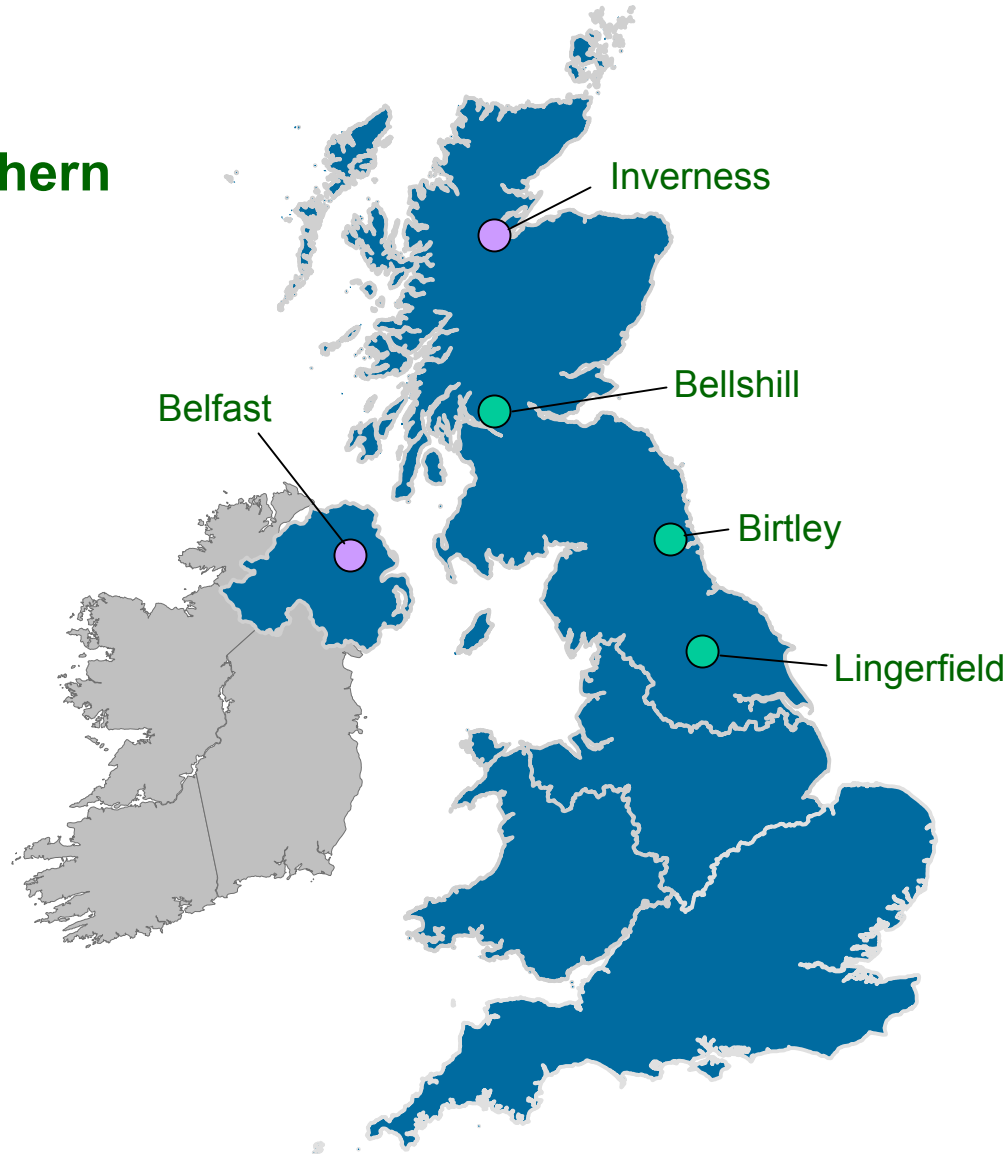
Tarmac Northern

Terry Last

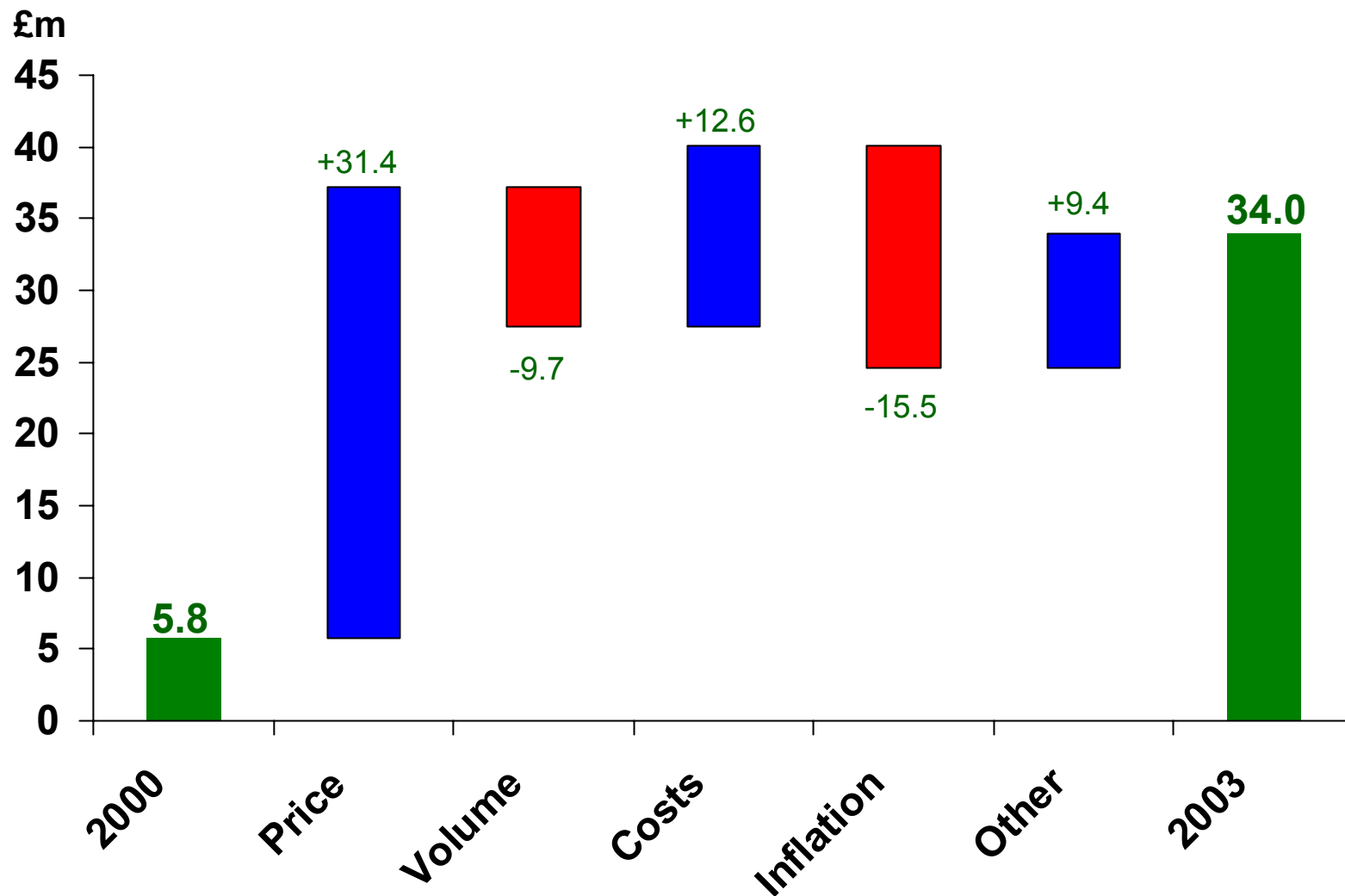
 A member of the Anglo American plc group

Tarmac Northern

-  Office
-  Sub-office



Profit Growth



1. Analysis

- Assets :**
- Strengths** – good people, reserves
 - Weaknesses** – lack of teamwork
 - Opportunities** – rationalisation & investment
 - Threats** – smaller competitors
- Customers:**
- Spend** – infrastructure needed
 - Relationships** – Tarmac reputation
 - Wants** – cheapest price?
 - Needs** – service & reliability

2. Rationalise assets and restructure management

- For the benefit of:
 - Employees – “those that remained”
 - Customers – our assets close to markets
 - HSE – clearly defined responsibilities
 - Planners – well respected contacts
 - Suppliers – deals honoured
 - Neighbours – liaison enhanced

3. Communicate; Forge new culture; Motivate

a. Employees

- Visible felt leadership
- Team briefs
- Liberation & empowerment
- Appreciation
- Fund good ideas
- Involve families

3. Communicate; Forge new culture; Motivate

b. Customers

- Key Account Management
- Partnerships
- E-business

c. 3rd parties

- HSE – safest in sector
- Planners – all sides win
- Suppliers – lowest possible cost base
- Neighbours – good housekeeping gains support

The background of the slide is a collage of various construction and industrial scenes. At the top, there's a large stadium under construction with a distinctive roof structure. To the right, there's a construction site with a large concrete mixer truck and other equipment. On the left, there's a construction site with workers and heavy machinery. At the bottom, there's a construction site with a large concrete mixer truck and other equipment. The entire background is tinted with a green color.

Tarmac 

Sustainable development & summary

Robbie Robertson

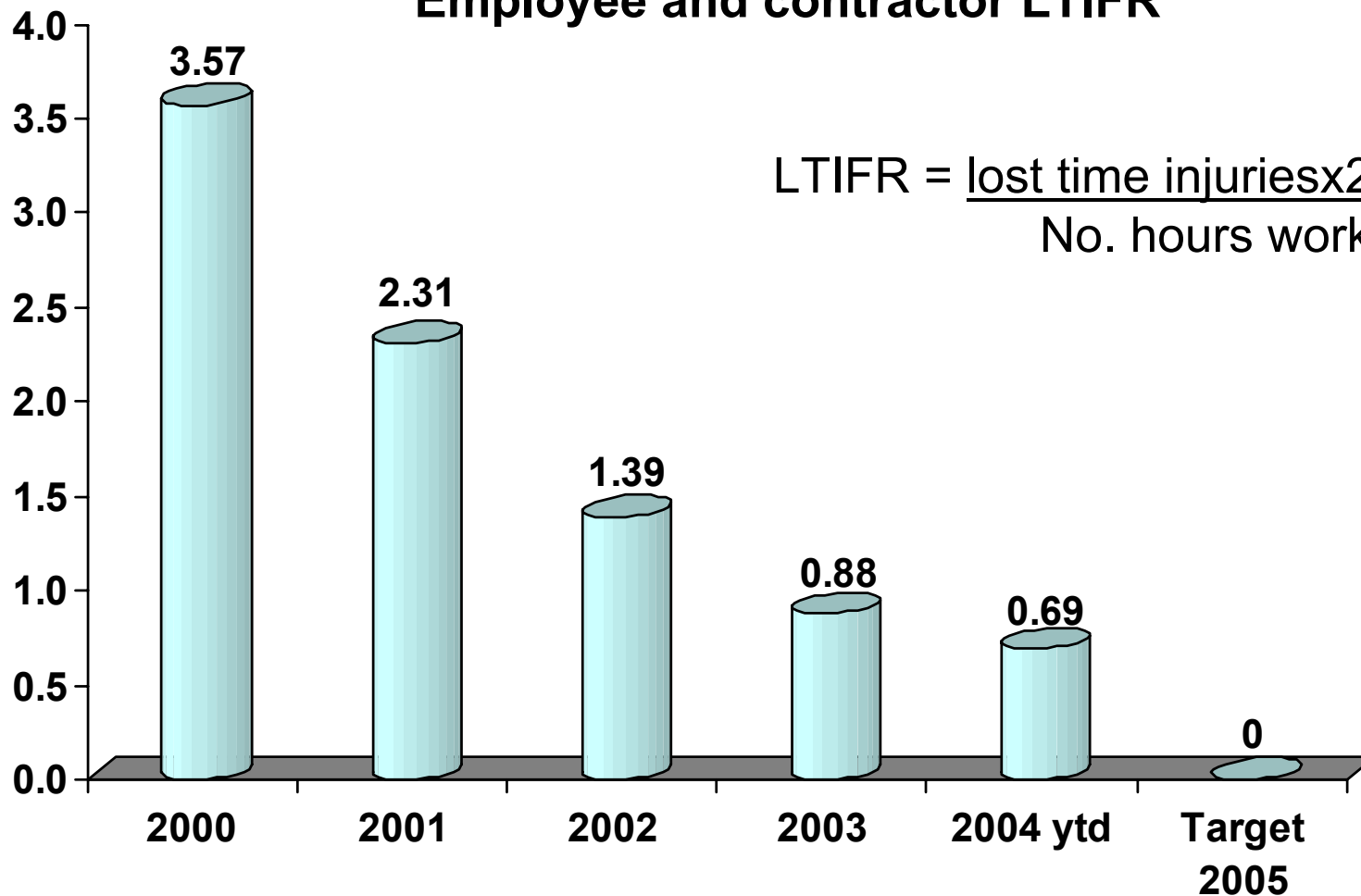
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- Eradication of all Lost Time Injuries by 2005
- Elimination of all new cases of occupational illness by 2010
- Significant player in recycling of construction & demolition waste and secondary aggregates (slag & ggbs)
 - Slag & ggbs contribution of nearly £9m in 2003 (loss in 2000)
 - Free of Aggregates Levy
 - Potential for increased substitution
- Major material flows via rail and marine
- Considerable engagement with local communities
- Active stewardship of landholdings

Tarmac's license to operate

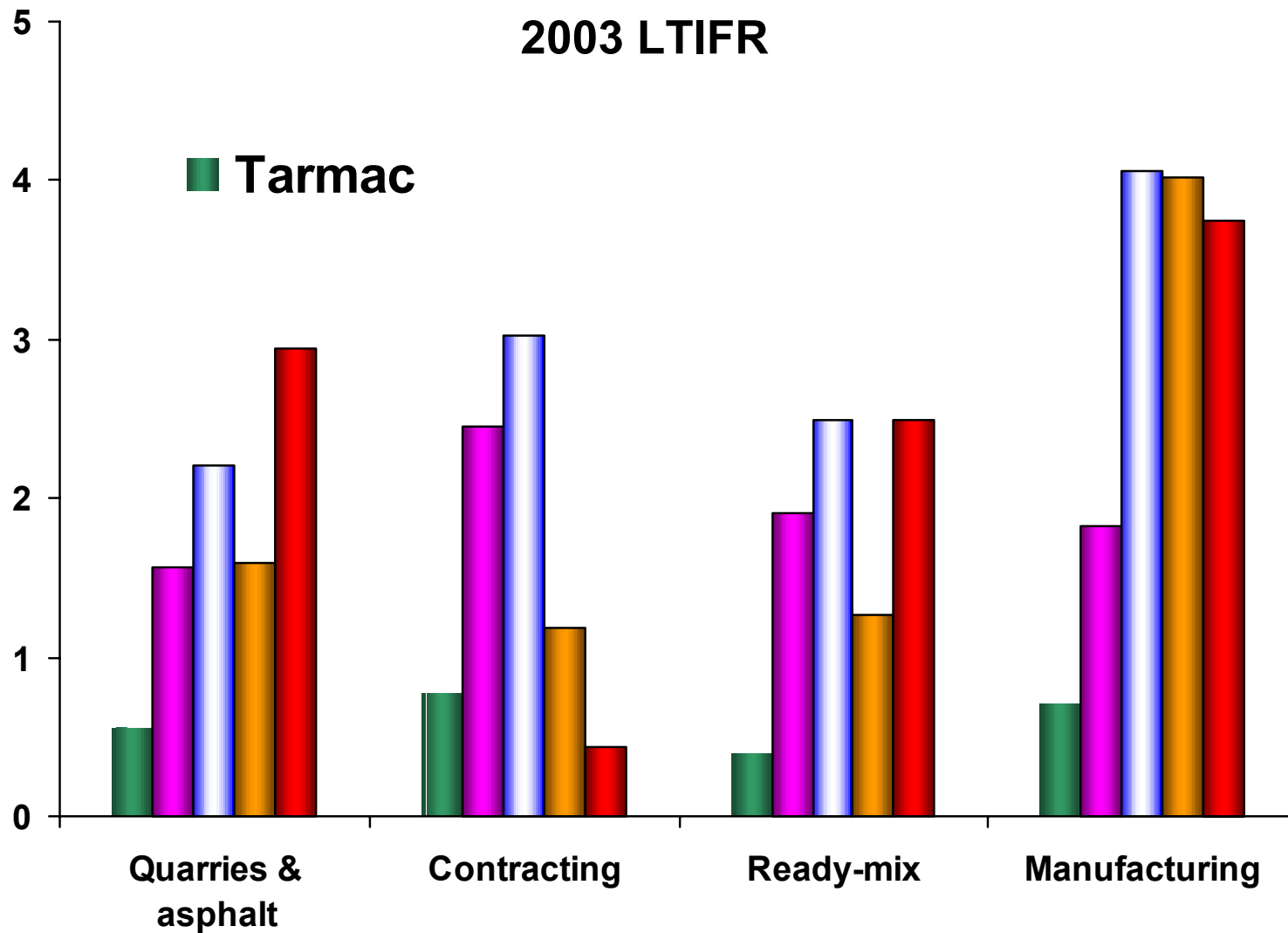
Tarmac safety performance

Employee and contractor LTIFR



Comparison with competitors

2003 LTIFR



Key messages

- Drive further value from the UK cash “engine”
 - Customer First
 - Cost reduction
 - Bolt-ons in certain areas
- Exciting growth in Europe
 - Market growth in new EU entrants and Spain
 - Acquisitions
- Test market in China/India



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