

**AGGREGATES, CEMENT AND READY-MIX CONCRETE
MARKET INVESTIGATION**

Analysis of cost structures and profit margins

Glossary

Aggregate Industries	Aggregate Industries UK Limited.
Breedon Aggregates	Breedon Aggregates Limited.
Brett Group	Robert Brett & Sons Limited.
Carbon allowance	A European Union Allowance or EUA under the European Union ETS . One carbon allowance permits an ETS installation to emit one tonne of CO ₂ or CO ₂ equivalent emissions.
Carbon emissions	CO ₂ emissions or any other greenhouse gas emission regulated by the ETS .
Cemex	Cemex UK Operations Limited.
Central costs	Fixed costs incurred at relevant GB operations or above, eg UK head office or ultimate parent company level.
Consolidated	Relating to the Majors' combined relevant GB operations level. See also consolidated margin .
Consolidated margin	Calculated for the Majors' combined relevant GB operations only, by dividing consolidated profit by the consolidated revenues .
Consolidated profit	The sum of each Division's profits on total external and internal sales.
Consolidated revenues	The sum of each Division's : (a) total external net revenues; and (b) internal revenues from its sale to downstream businesses other than the RMX Division .
CPV	Cementos Portland Valderrivas SA. CPV's UK operations comprise the stand-alone cement importers: Dragon Alfa and Southern Cement .
Depreciation and amortization	Reported depreciation and amortization charges, but excluding mineral depletion charges in relation to aggregates production.
Distribution costs	Delivery charges paid by customers for delivery of goods from the seller to its jobsite.
Division or Divisional	A relevant operating entity representing a business division focusing on the production and/or sale of a single reference product, ie the Aggregates Division, Cement Division (or Cement Import Division) or RMX Division.

Divisional fixed costs	Fixed costs incurred at a Divisional level.
Dragon Alfa	Dragon Alfa Limited.
EBITDA	Earnings before interest, tax and depreciation and amortization or variable profit less fixed costs , but adding back depreciation and amortization .
ETS	The European Union Emissions Trading System. See also carbon allowances .
Fixed costs	Comprises site fixed costs, divisional fixed costs, central costs and depreciation and amortization . See also total costs .
FY	Financial year end.
GB	Great Britain.
GGBS	Ground granulated blast furnace slag.
Hanson	The UK heavy building materials operations of HeidelbergCement AG.
Kt	Kilo tonne or a thousand tonnes. See also Mt .
Lafarge	Both Lafarge Aggregates Limited and Lafarge Cement UK Limited.
Majors	Aggregate Industries, Cemex, Hanson, Lafarge and Tarmac .
Marshalls	Marshalls plc.
Materials costs	Part of variable costs which relate to the cost of raw material inputs used in the production process. See also variable production costs .
MEA	Modern equivalent asset.
Medium-tier independents	Breedon Aggregates, Brett Group, Southern Cement and Dragon Alfa (both part of CPV), Marshalls, Thomas Armstrong and Titan .
Mt	Mega tonnes or a million tonnes. See also Kt .
P&L data	The annual profit and loss account data provided by the relevant companies in response to our financial data request. P&L data was provided at a consolidated, divisional or site level covering the relevant period .
PFA	Pulverized fuel ash.
Relevant GB operations	A relevant operating entity representing the combination of at least one of the following production and/or sale activities in GB : aggregates, cement or RMX .

Relevant period	The five-year period from 1 January 2007 to 31 December 2011.
RMX	Ready-mix concrete.
Site	A relevant operating entity which is either a centre of production, or a centre for storage, distribution and administrative functions.
Site Fixed Costs	Fixed costs directly incurred at a site level.
Southern Cement	Southern Cement Limited.
Tarmac	Tarmac Group Limited.
Thomas Armstrong	Thomas Armstrong (Holdings) Limited.
Titan	Titan Cement UK Limited.
Total costs	The sum of distribution costs , variable costs and fixed costs .
Transactions data	The data containing each Major 's individual sales transactions for the reference products.
Unit cost	Cost per unit sold, eg unit variable cost means variable cost per tonne sold of aggregates.
Variable costs	Costs that necessarily change in line with changes in production volumes, and to a lesser extent, sales volumes.
Variable production costs	Part of variable costs which directly relate to the production process. See also materials costs .
Variable profit	Gross revenues less distribution costs less variable costs .