

MARTIN MARIETTA MATERIALS, INC.

Adjusted Metrics for Nonrecurring Items for Three Months Ended September 30, 2018 and 2017

(Dollars, in thousands)

The following reconciles consolidated gross profit in accordance with GAAP to adjusted consolidated gross profit for the three months ended September 30:

	<u>2018</u>	<u>2017</u>
Consolidated gross profit in accordance with GAAP	\$ 312,984	\$291,678
Add back:		
Impact of selling acquired inventory due to the markup to fair value as part of acquisition accounting	8,349	-
Adjusted consolidated gross profit	<u>\$ 321,333</u>	<u>\$ 291,678</u>

The following reconciles consolidated earnings from operations in accordance with GAAP to adjusted consolidated earnings from operations for the three months ended September 30:

	<u>2018</u>	<u>2017</u>
Consolidated earnings from operations in accordance with GAAP	\$ 240,662	\$226,964
Add back:		
Acquisition-related expenses, net	89	1,314
Impact of selling acquired inventory due to the markup to fair value as part of acquisition accounting	8,349	-
Restructuring charge	7,113	-
Adjusted consolidated earnings from operations	<u>\$ 256,213</u>	<u>\$ 228,278</u>

The following reconciles gross margin for aggregates products to adjusted gross margin for aggregates products for the three months ended September 30, 2018:

	<u>2018</u>	<u>2017</u>
Gross profit for aggregates products	\$ 209,082	\$187,065
Total revenues for aggregates products	<u>\$ 687,800</u>	<u>\$590,312</u>
Gross margin for aggregates products in accordance with GAAP	<u>30.4%</u>	<u>31.7%</u>
Gross profit for aggregates products in accordance with GAAP	\$ 209,082	
Add back:		
Impact of selling acquired inventory due to the markup to fair value as part of acquisition accounting	\$ 8,349	
Adjusted gross profit for aggregates products	<u>\$ 217,431</u>	
Total revenues for aggregates products	<u>\$ 687,800</u>	
Adjusted gross margin for aggregates products	<u>31.6%</u>	

Aggregates shipments in the Southeast Group for January through April of 2018 and the nine months ended September 30, 2017 include the Forsyth, Georgia operation, which was divested in April 2018.

The following table presents aggregates shipment data and volume variance excluding the Forsyth, Georgia operation from the periods of Martin Marietta's ownership to provide a more comparable analysis of aggregates volume variance (tons in 000s).

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>	<u>2017</u>	<u>September 30,</u>	<u>2017</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Southeast Group:				
Reported heritage aggregates shipments	5,682	5,349	15,465	15,579
Less: Aggregates shipments for the Forsyth, Georgia quarry during periods of Martin Marietta ownership	-	(272)	(229)	(680)
Adjusted heritage aggregates shipments	<u>5,682</u>	<u>5,077</u>	<u>15,236</u>	<u>14,899</u>
Heritage aggregates volume variance excluding shipments for the Forsyth, Georgia quarry	<u>11.9%</u>		<u>2.3%</u>	
Total Heritage Business:				
Reported heritage aggregates shipments	45,194	43,805	120,104	119,840
Less: Aggregates shipments for the Forsyth, Georgia quarry during periods of Martin Marietta ownership	-	(272)	(229)	(680)
Adjusted heritage aggregates shipments	<u>45,194</u>	<u>43,533</u>	<u>119,875</u>	<u>119,160</u>
Heritage aggregates volume variance excluding shipments for the Forsyth, Georgia quarry	<u>3.8%</u>		<u>0.6%</u>	