



Q1 2019

SUPPLEMENTAL INFORMATION

April 30, 2019

# DISCLAIMER



## Statement Regarding Safe Harbor for Forward-Looking Statements

This presentation may contain forward-looking statements – that is, information related to future, not past, events. Like other businesses, Martin Marietta is subject to risks and uncertainties that could cause its actual results to differ materially from its projections or that could cause forward-looking statements to prove incorrect, including the risks and uncertainties discussed in Martin Marietta’s most recent Annual Report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, which have been filed with the Securities and Exchange Commission and are readily available on the Internet at [www.sec.gov](http://www.sec.gov). Except as legally required, Martin Marietta undertakes no obligation to publicly update or revise any forward-looking statements, whether resulting from new information, future developments or otherwise.

## Non-GAAP Financial Measures

These slides contain certain “non-GAAP financial measures” which are defined in the Appendix. Reconciliations of non-GAAP measures to the closest GAAP measure are also provided in the Appendix.





**Q1 2019  
REVIEW**

# QUARTERLY HIGHLIGHTS



## COMPANY ACHIEVED RECORD FIRST-QUARTER REVENUES AND EBITDA...

### QUARTER ENDED MARCH 31

(\$ in thousands, except per share)	2019	2018
Total revenues <sup>1</sup>	\$ 938,955	\$ 802,004
Products and services revenues <sup>2</sup>	\$ 878,305	\$ 753,305
Building Materials business	\$ 809,131	\$ 688,436
Magnesia Specialties business	\$ 69,174	\$ 64,869
Gross profit	\$ 142,907	\$ 110,392
Earnings from operations	\$ 69,221	\$ 39,081
Net earnings attributable to Martin Marietta	\$ 42,853	\$ 10,023
EBITDA (adjusted EBITDA for 2018) <sup>3</sup>	\$ 158,885	\$ 123,973
Earnings per diluted share	\$ 0.68	\$ 0.16

<sup>1</sup> Total revenues include the sales of products and services to customers (net of any discounts or allowances) and freight revenues.

<sup>2</sup> Products and services revenues include the sales of aggregates, cement, ready mixed concrete, asphalt and Magnesia Specialties products, and paving services to customers and exclude related freight revenues.

<sup>3</sup> EBITDA, including adjusted EBITDA for 2018, is a non-GAAP financial measure. See slide 18 for reconciliation to net earnings attributable to Martin Marietta.

### HIGHLIGHTS

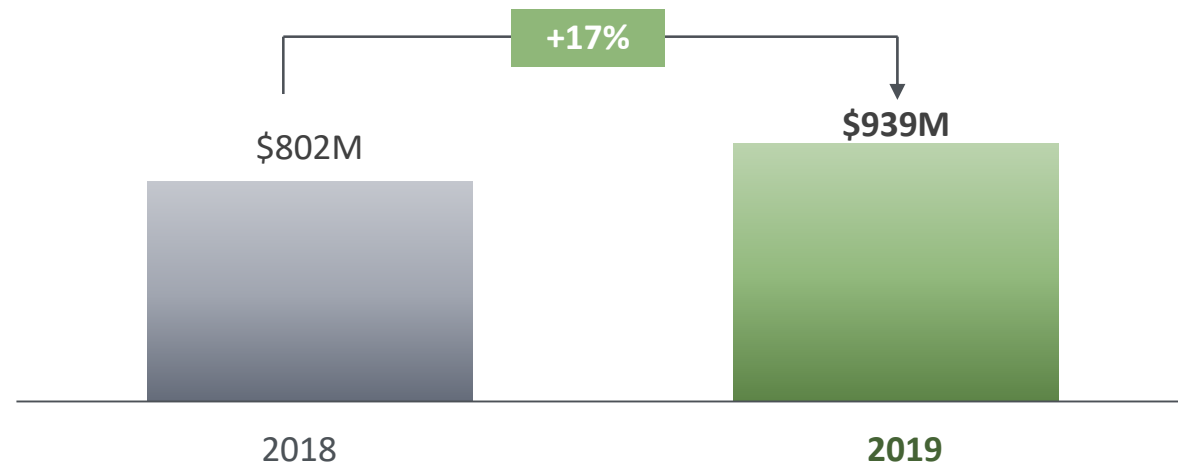
- ◆ Strong pent-up demand and modestly improved weather allowed for early start to construction season
- ◆ Shipments and pricing improved across majority of Building Materials business
  - Heritage aggregates shipments and pricing increased 12.5 percent and 4 percent, respectively; volume growth across all divisions, except Rocky Mountain, and primary end-use markets
  - Cement shipments and pricing increased 7 percent and 4 percent, respectively
- ◆ Magnesia Specialties business posted quarterly records for revenues and profitability
- ◆ Company positioned for improved shipments, pricing and profitability for remainder of 2019

## ...FULL-YEAR GUIDANCE REAFFIRMED

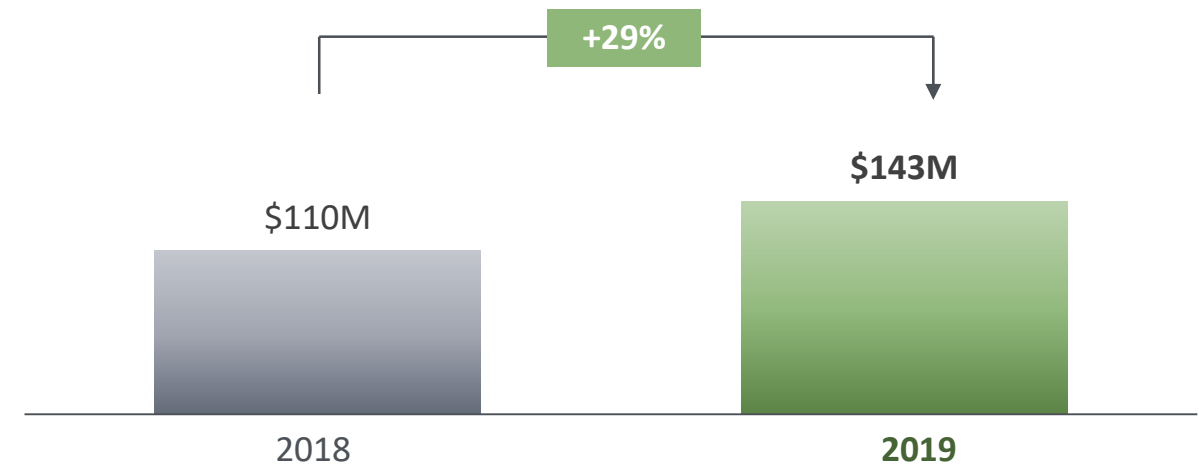
# CONSOLIDATED FINANCIAL RESULTS (FIRST-QUARTER RESULTS)



## TOTAL REVENUES

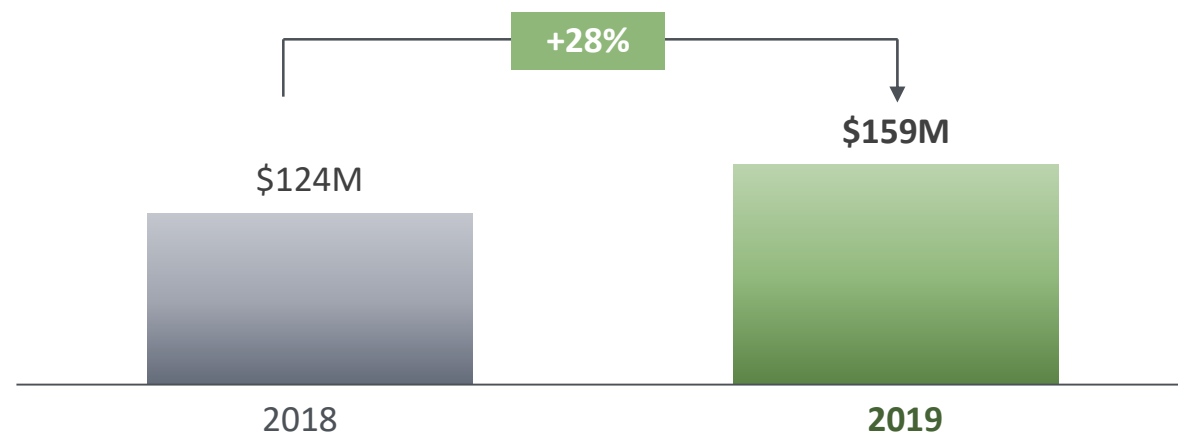


## GROSS PROFIT

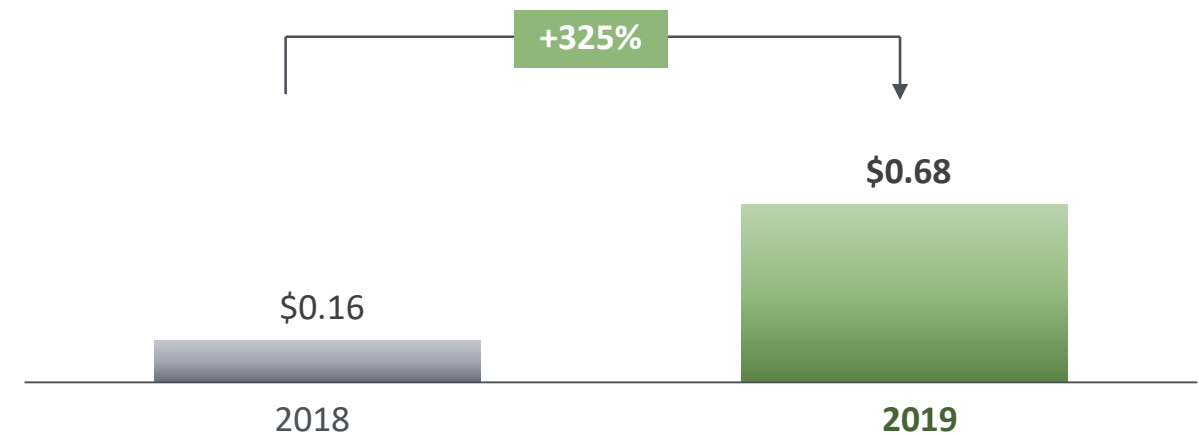


## EBITDA\*

\* EBITDA, including 2018 adjusted EBITDA, is a non-GAAP financial measure. See slide 18 for reconciliation to GAAP measure.



## EARNING PER DILUTED SHARE



# REVENUES AND GROSS PROFIT BY BUSINESS (FIRST-QUARTER RESULTS)

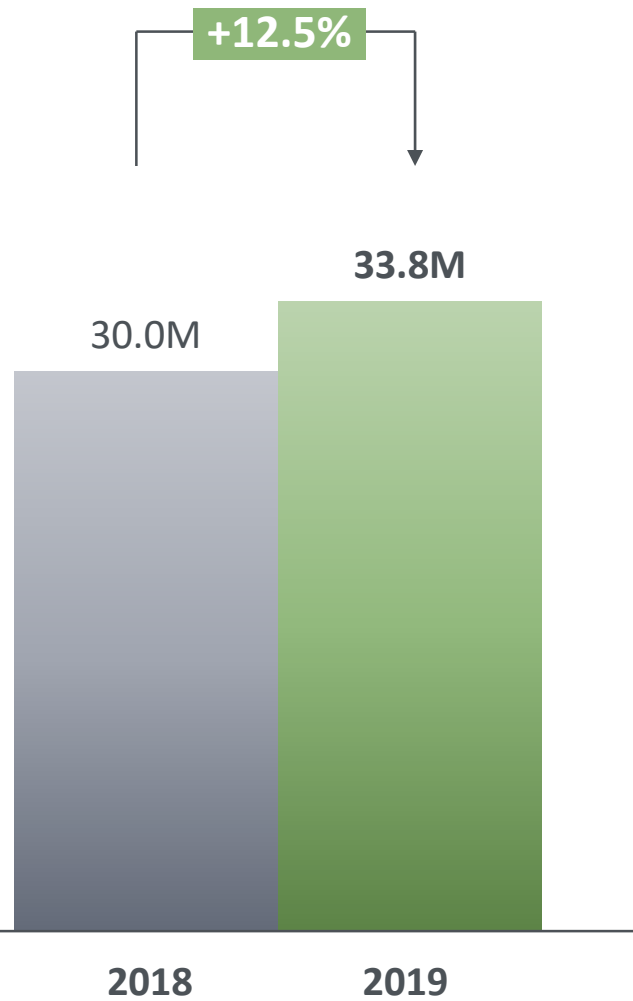


(\$ in thousands)	2019			2018		
	Revenues	Gross profit (loss)	Gross margin	Revenues	Gross profit (loss)	Gross margin
<b>Building Materials business:</b>						
Products and services:						
Aggregates	\$541,473	\$97,562	18.0%	\$425,016	\$53,002	12.5%
Cement	99,017	13,779	13.9%	89,183	23,734	26.6%
Ready mixed concrete	211,156	14,492	6.9%	218,537	15,641	7.2%
Asphalt and paving	15,846	(7,829)	-49.4%	16,365	(7,639)	-46.7%
Less: interproduct revenues	(58,361)	---	---	(60,665)	---	---
Products and services	809,131	118,004	14.6%	688,436	84,738	12.3%
Freight	55,750	(165)	NM	44,306	(119)	NM
<b>Total Building Materials business</b>	<b>864,881</b>	<b>117,839</b>	<b>13.6%</b>	<b>732,742</b>	<b>84,619</b>	<b>11.5%</b>
<b>Magnesia Specialties business:</b>						
Products and services	69,174	26,607	38.5%	64,869	25,063	38.6%
Freight	4,900	(1,065)	NM	4,393	(1,174)	NM
<b>Total Magnesia Specialties business</b>	<b>74,074</b>	<b>25,542</b>	<b>34.5%</b>	<b>69,262</b>	<b>23,889</b>	<b>34.5%</b>
<b>Corporate</b>	<b>---</b>	<b>(474)</b>	<b>NM</b>	<b>---</b>	<b>1,884</b>	<b>NM</b>
<b>Total</b>	<b>\$938,955</b>	<b>\$142,907</b>	<b>15.2%</b>	<b>\$802,004</b>	<b>\$110,392</b>	<b>13.8%</b>

# HERITAGE AGGREGATES PERFORMANCE (FIRST-QUARTER RESULTS)

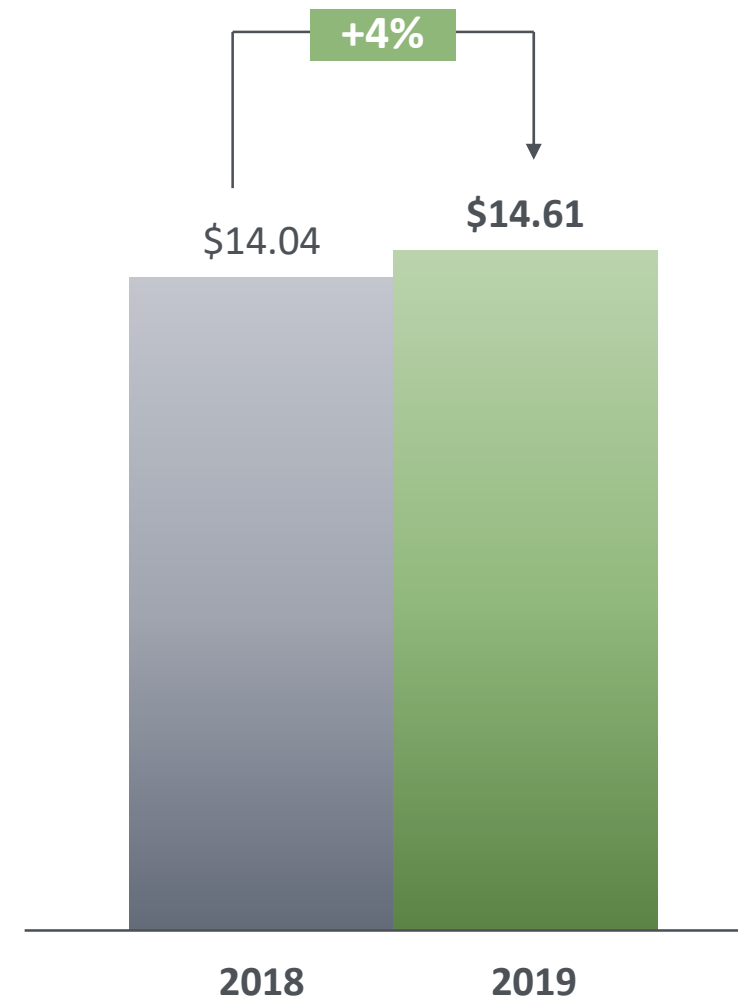


## VOLUME



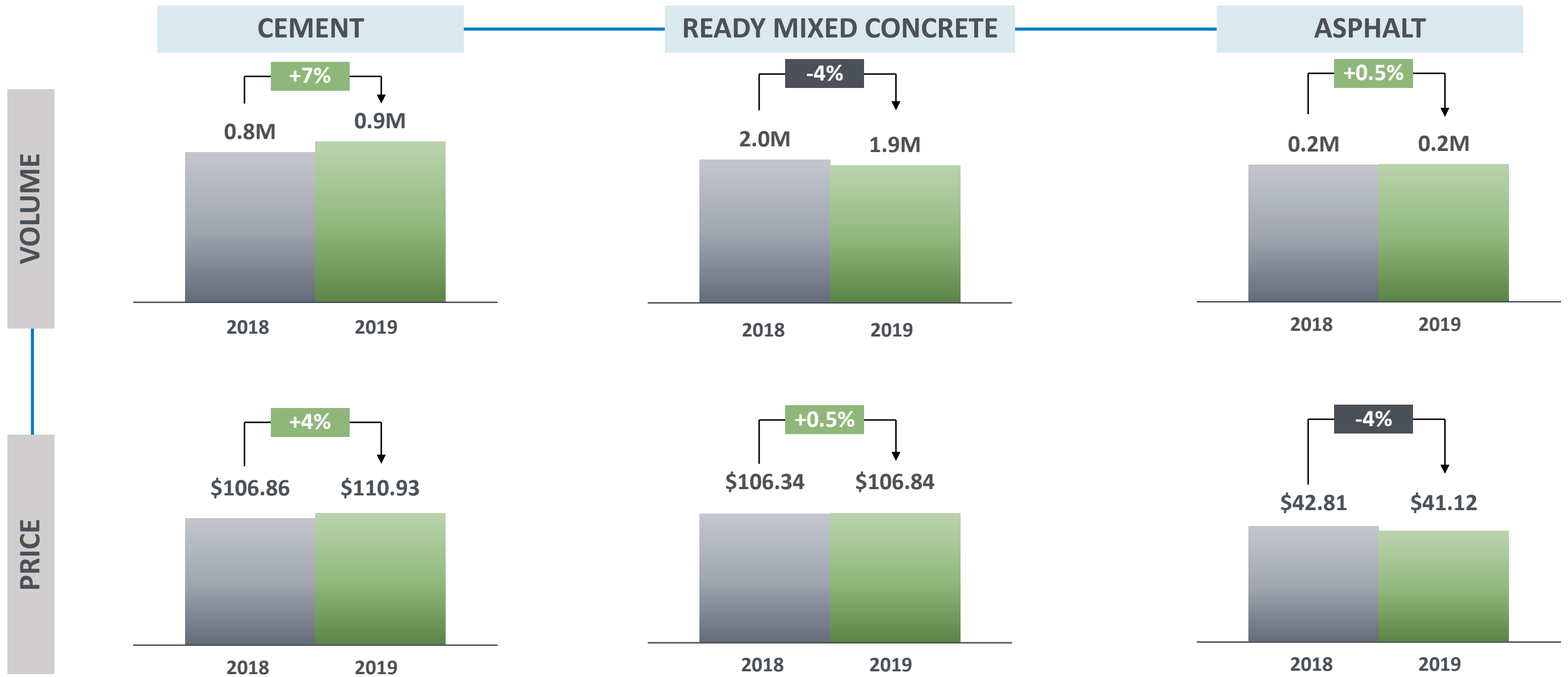
- ◆ **DOUBLE-DIGIT VOLUME GROWTH** demonstrates **ROBUST UNDERLYING DEMAND** masked in 2018 by weather, contractor capacity and logistics disruptions
- ◆ Shipment **GROWTH IN ALL THREE OF COMPANY'S PRIMARY END-USE MARKETS**
- ◆ 2019 guidance: **UP 6 PERCENT TO 8 PERCENT**

## PRICE



- ◆ **HERITAGE PRICING INCREASE RESULT OF CONTINUED PRICING DISCIPLINE**
- ◆ Solid pricing improvement despite unfavorable product mix that lowered heritage ASP by \$0.29 per ton
- ◆ 2019 guidance: **UP 3 PERCENT TO 5 PERCENT**

# CEMENT AND DOWNSTREAM PERFORMANCE (FIRST-QUARTER RESULTS)





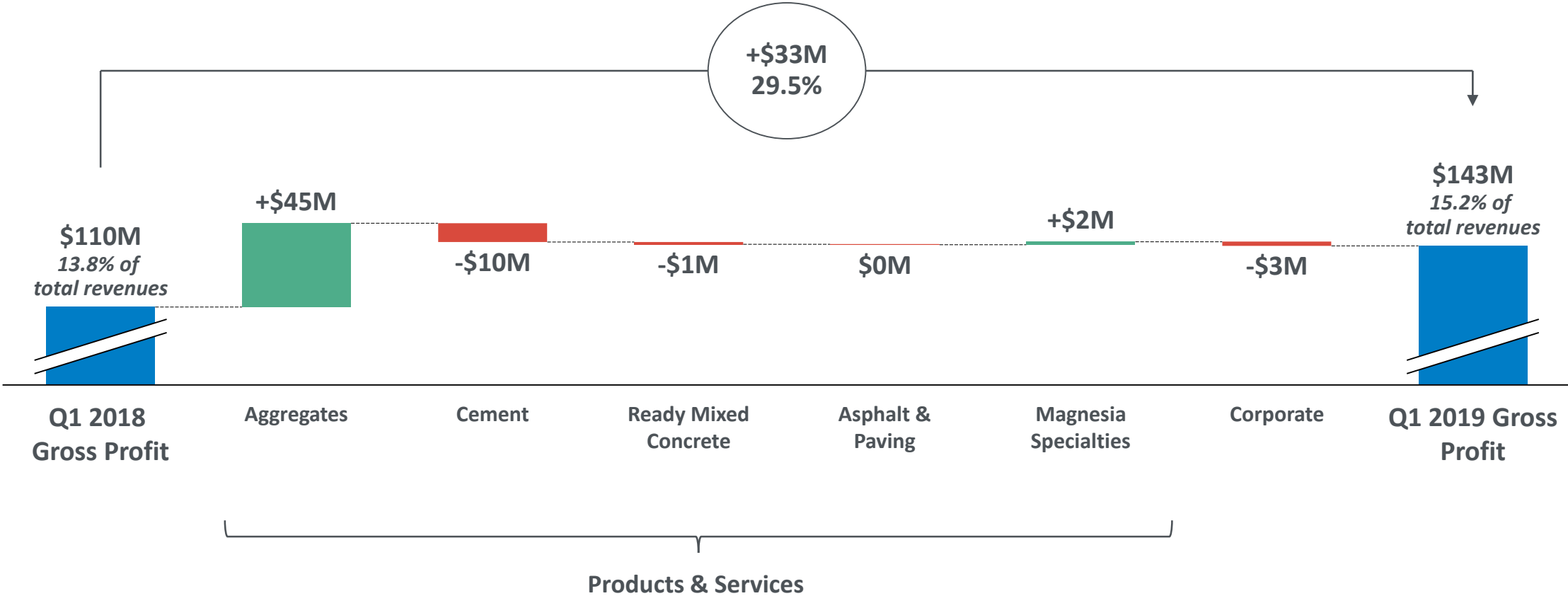
# GROSS PROFIT



Consolidated gross margin expansion of 140 basis points

Aggregates increase in profitability from strong demand, favorable weather and contributions from acquired operations

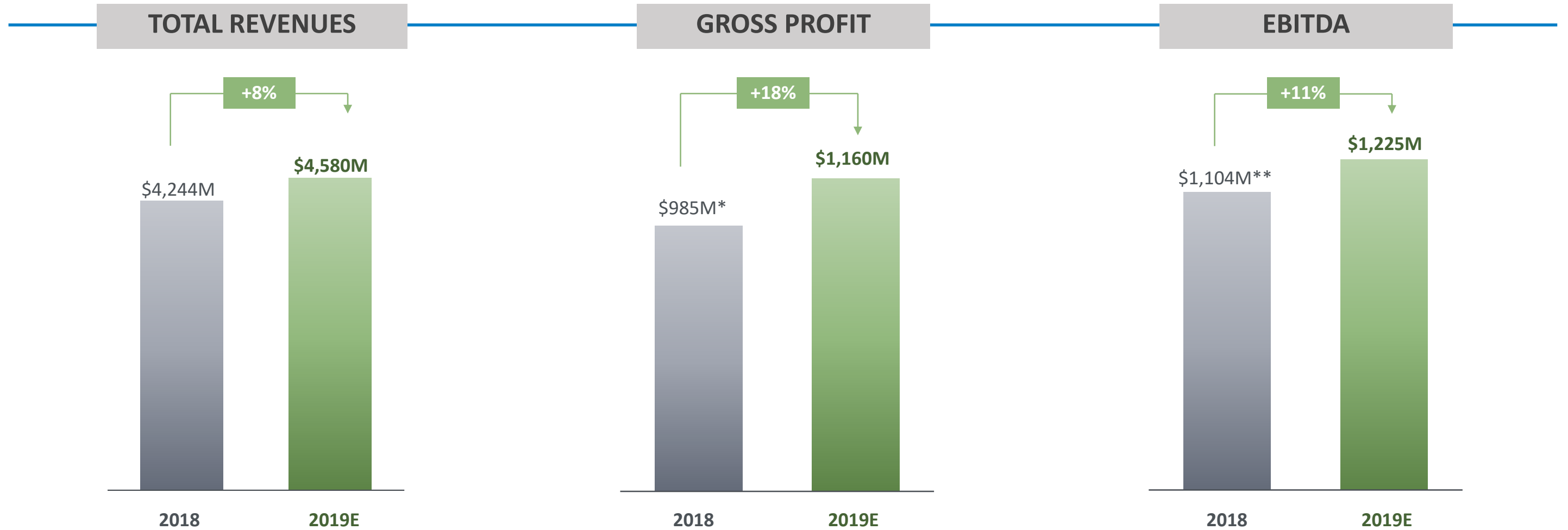
Cement product gross profit decline due to reduced operating leverage from accelerated and extended maintenance outages combined with higher transportation costs





COMPANY OUTLOOK

# 2019 GUIDANCE

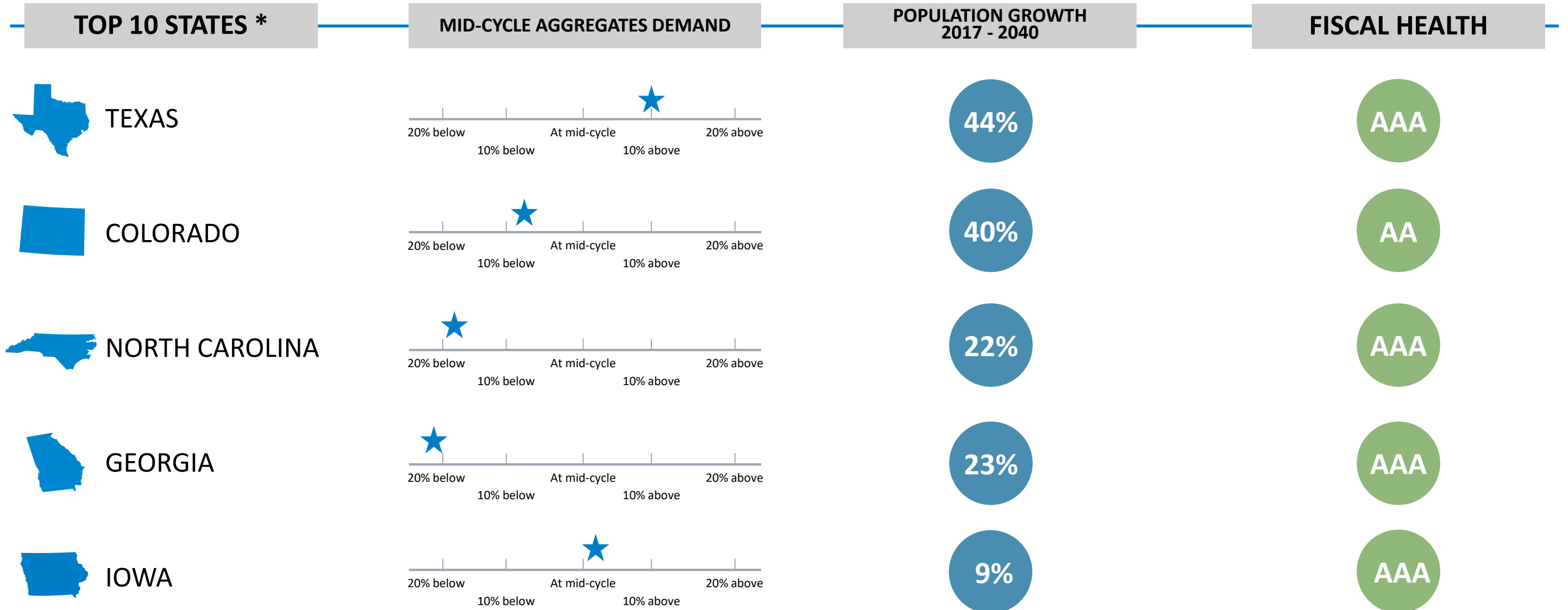


**2019E based on midpoint of full-year guidance included in Earnings Release dated April 30, 2019**

\* 2018 gross profit excludes the \$18.7 million impact of selling acquired inventory after its markup to fair value as part of acquisition accounting. See slide 19 for reconciliation to reported gross profit.

\*\* 2018 EBITDA has been adjusted for certain nonrecurring items. See slide 18 for reconciliation.

# MACROECONOMIC DRIVERS SUPPORT CONTINUED EXPANSION OF CONSTRUCTION CYCLE



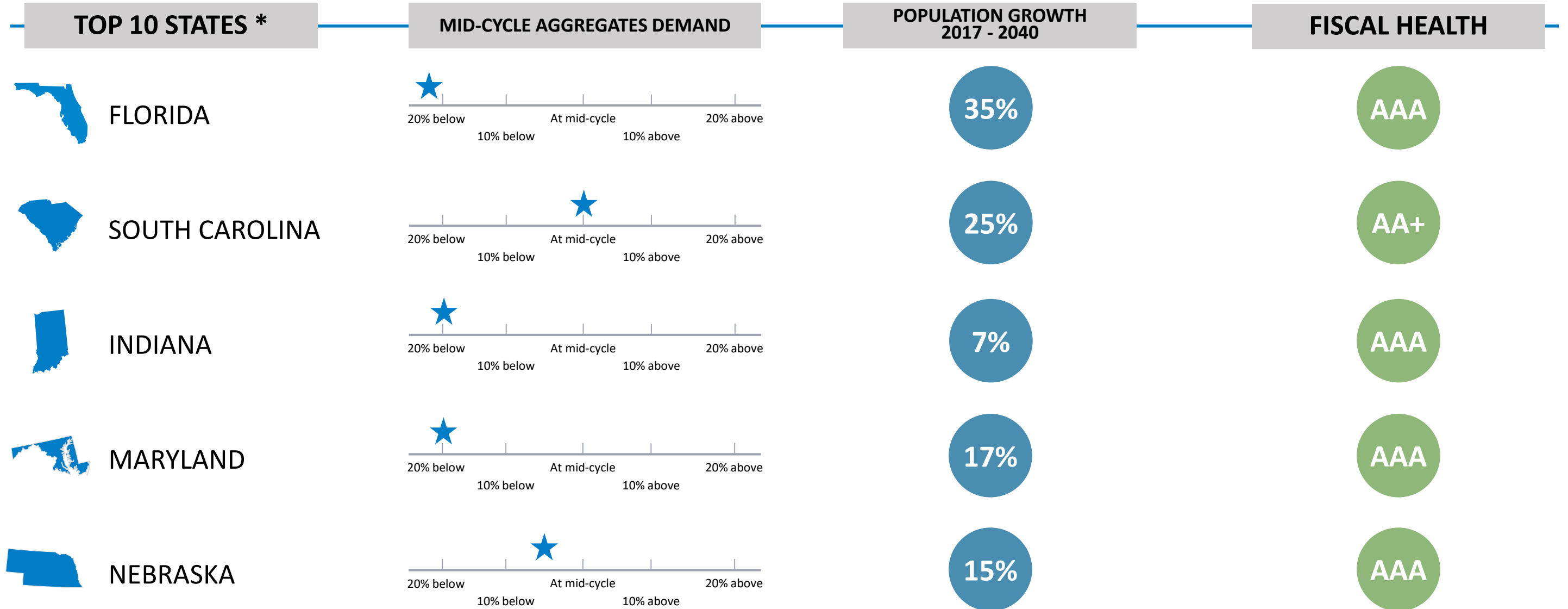
\* Martin Marietta's top 10 sales-generating states based on 2018 Building Materials product revenues by state of destination

Management calculation based on aggregates consumption per capita multiplied by estimated state population

Sources: U.S. Bureau, Population Division (December 2017) and Weldon Cooper Center for Public Service (May 2016)

U.S. State Ratings and Outlooks April 13, 2018 Source: S&P Global

# MACROECONOMIC DRIVERS SUPPORT CONTINUED EXPANSION OF CONSTRUCTION CYCLE



\* Martin Marietta's top 10 sales-generating states based on 2018 Building Materials product revenues by state of destination

Management calculation based on aggregates consumption per capita multiplied by estimated state population

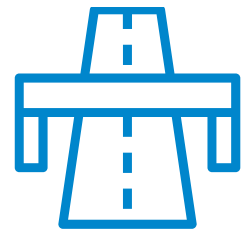
Sources: U.S. Bureau, Population Division (December 2017) and Weldon Cooper Center for Public Service (May 2016)

U.S. State Ratings and Outlooks April 13, 2018 Source: S&P Global

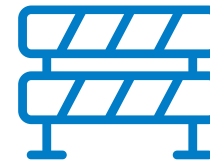


INFRASTRUCTURE

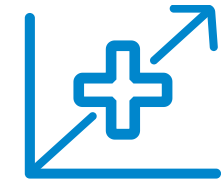
# MAKING NEEDED INFRASTRUCTURE INVESTMENT DRIVES ECONOMIC GROWTH



Undeniable need to **RESTORE AND MODERNIZE OUR NATION'S INFRASTRUCTURE** exists.



Construction activity should benefit from the funding provided by the **FIXING AMERICA'S SURFACE TRANSPORTATION ACT (FAST ACT)** and state and local initiatives.



Dodge Data & Analytics forecasts a **POSITIVE OUTLOOK FOR AGGREGATES-INTENSIVE HIGHWAYS AND STREETS** construction in 2019.

2019  
OUTLOOK





NONRESIDENTIAL

# COMMERCIAL AND HEAVY INDUSTRIAL ACTIVITY REMAINS HEALTHY



**COMMERCIAL CONSTRUCTION ACTIVITY SHOULD INCREASE**, particularly in Martin Marietta's southeastern and southwestern regions, supported by the Dodge Momentum Index and Architectural Billing Index.



Continued federal regulatory approvals, coupled with final investment decisions, should notably contribute to **INCREASED HEAVY BUILDING MATERIALS CONSUMPTION FROM NEW ENERGY-RELATED PROJECTS**, a significant demand driver in Texas.

2019  
OUTLOOK

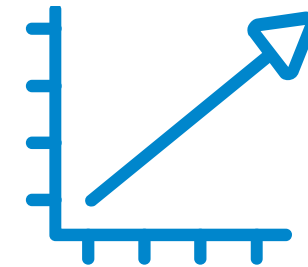




# RESIDENTIAL CONSTRUCTION CONTINUES TO GROW

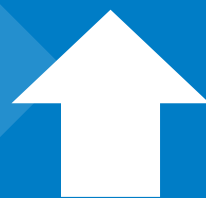


Residential construction **DRIVES FUTURE NONRESIDENTIAL AND INFRASTRUCTURE ACTIVITY.**



Outlook remains **POSITIVE FOR MARTIN MARIETTA'S KEY MARKETS**, supported by favorable demographics, job growth, land availability and efficient permitting. **MARTIN MARIETTA'S TOP TEN STATES ARE OUTPACING THE NATION** for growth in housing unit permits.

**2019  
OUTLOOK**







---

# APPENDIX

---

# DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



**Earnings before interest, income taxes, depreciation, depletion and amortization (EBITDA)** is a widely accepted financial indicator of a company's ability to service and/or incur indebtedness. EBITDA is not defined by generally accepted accounting principles (GAAP) and, as such, should not be construed as an alternative to net earnings or operating cash flow.

(\$ in thousands)	QUARTER ENDED MARCH 31		YEAR ENDED DECEMBER 31	
	2019	2018	2019E *	2018
<b>NET EARNINGS ATTRIBUTABLE TO MARTIN MARIETTA</b>	\$ 42,853	\$ 10,023	\$ 570,000	\$ 469,998
Add back:				
Interest expense	32,846	35,087	135,000	137,069
Income tax (benefit) expense for controlling interests	(5,001)	2,438	150,000	105,637
Depreciation, depletion and amortization expense	88,187	75,714	370,000	340,006
<b>EBITDA</b>	<b>158,885</b>	<b>123,262</b>	<b>1,225,000</b>	<b>1,052,710</b>
Add back:				
Bluegrass acquisition-related expenses, net	-	711	-	13,479
Impact of selling acquired inventory after its markup to fair value as part of acquisition accounting	-	-	-	18,738
Asset and portfolio rationalization charges	-	-	-	18,838
<b>ADJUSTED EBITDA</b>	<b>\$ 158,885</b>	<b>\$ 123,973</b>	<b>\$ 1,225,000</b>	<b>\$ 1,103,765</b>

\* 2019E based on midpoint of full-year guidance included in Earnings Release dated April 30, 2019

# DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



**Adjusted gross profit** represents a non-GAAP financial measure and excludes the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting. Management presents this measure for investors and analysts to evaluate and forecast the Company's results, as the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting is nonrecurring. The adjusted amount is reconciled to amounts reported under GAAP below:

(\$ in thousands)	YEAR ENDED DECEMBER 31	
	2018	
Consolidated gross profit in accordance with GAAP	\$	966,577
Impact of selling acquired inventory after its markup to fair value		18,738
<b>Adjusted consolidated gross profit</b>	<b>\$</b>	<b>985,315</b>



**THANK YOU FOR YOUR INTEREST IN MARTIN MARIETTA**

---

FOR MORE INFORMATION, PLEASE VISIT [WWW.MARTINMARIETTA.COM](http://WWW.MARTINMARIETTA.COM)