



Martin Marietta  
Third-Quarter 2016

Supplemental Financial Information

November 1, 2016

# Disclaimer

## Statement Regarding Safe Harbor for Forward-Looking Statements

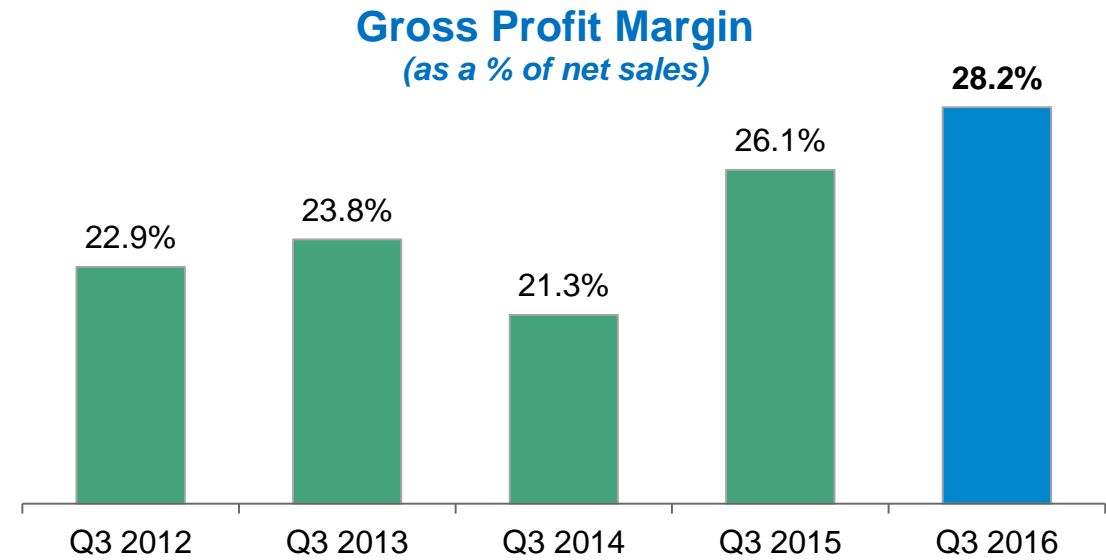
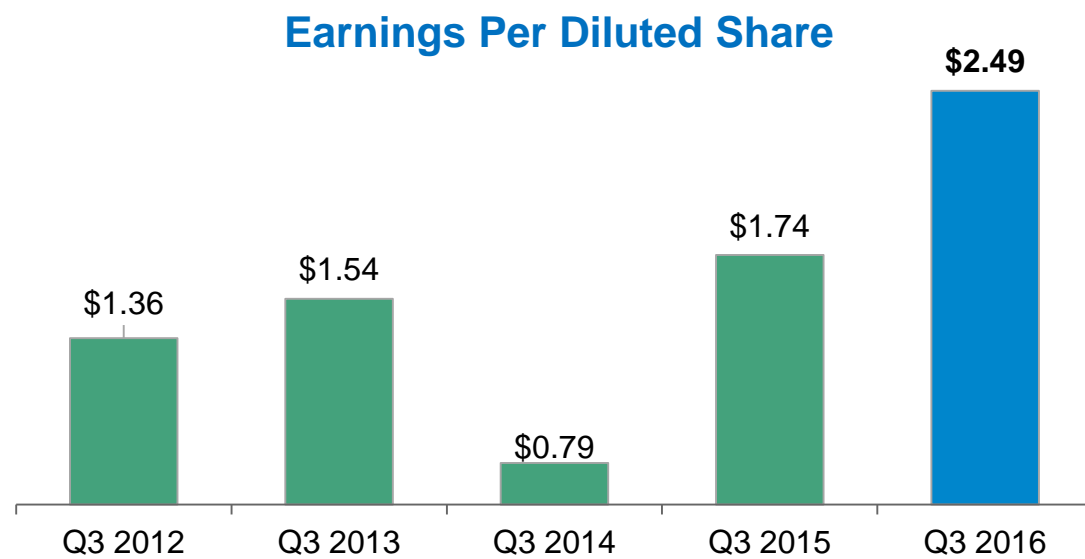
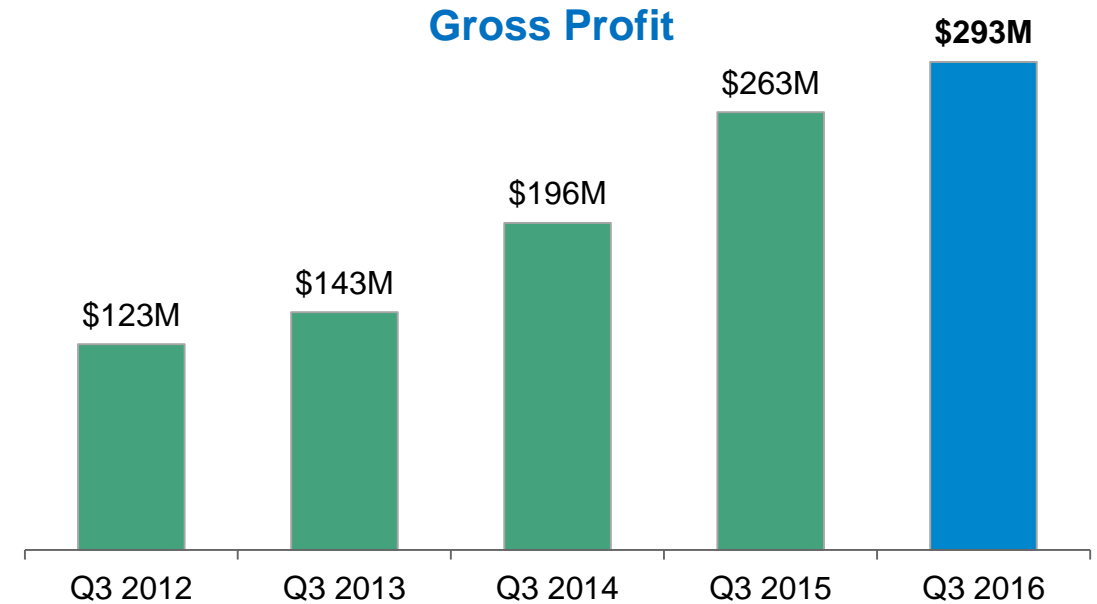
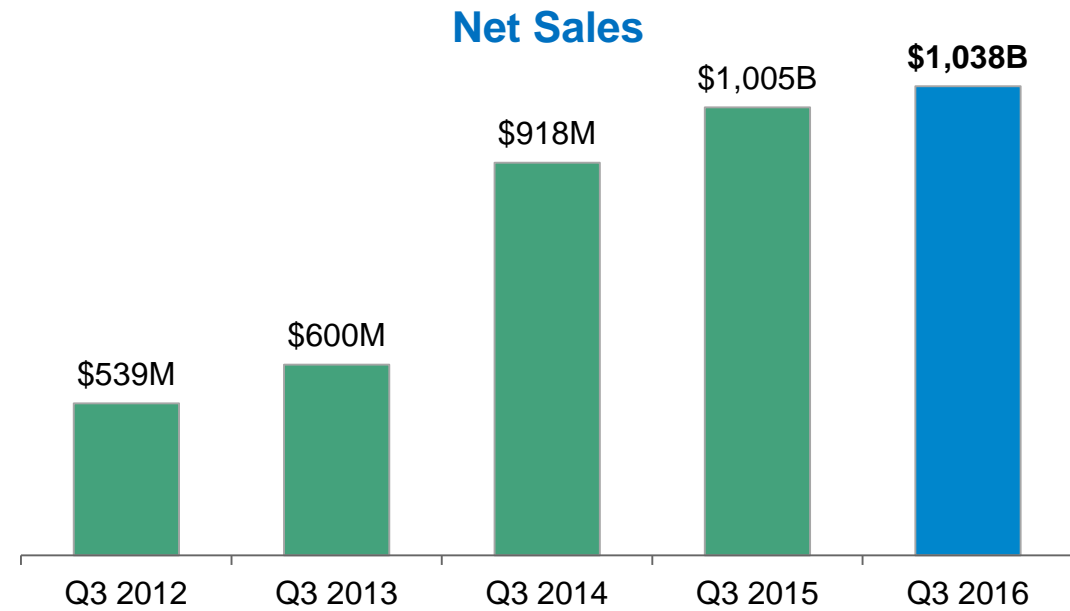
This presentation may contain forward-looking statements – that is, information related to future, not past, events. Like other businesses, Martin Marietta is subject to risks and uncertainties which could cause its actual results to differ materially from its projections or that could cause forward-looking 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 Terms

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



# Third-Quarter 2016 Consolidated Operating Results



Note: Net sales, gross profit, earnings per diluted share and gross profit margin presented as reported.



# Product Line Metrics

	Quarter-ended September 30, 2016		Nine-months ended September 30, 2016	
	Volume Variance <sup>1</sup>	Price Variance <sup>1</sup>	Volume Variance <sup>1</sup>	Price Variance <sup>1</sup>
Aggregates product line:				
Mid-America Group	(0.7%)	4.7%	7.0%	4.6%
Southeast Group	(5.5%)	7.4%	0.2%	7.0%
West Group	(10.9%)	13.7%	(4.7%)	11.9%
Total aggregates product line	(4.7%)	8.5%	1.8%	7.9%
Asphalt	8.3%	(6.9%)	0.6%	(7.6%)
Ready mixed concrete	17.8%	6.1%	23.2%	10.4%
Cement <sup>2</sup>	(10.3%)	0.3%	1.1%	0.5%

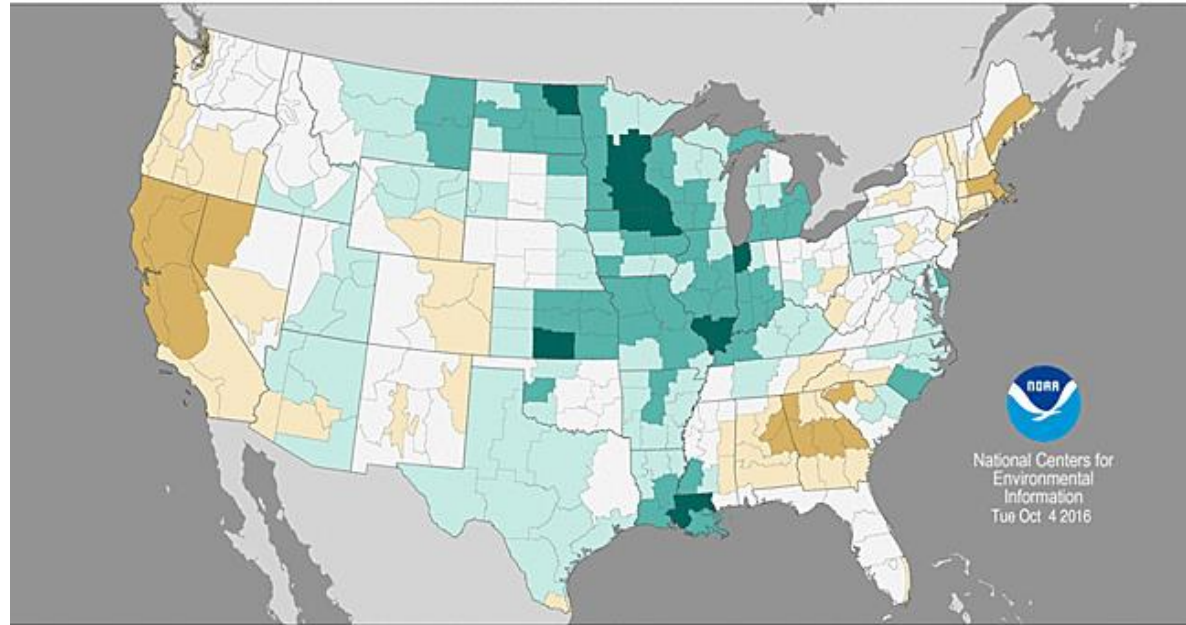
<sup>1</sup> Volume and pricing variances for the quarter and nine-months ended September 30, 2016 versus the comparable period in 2015.

<sup>2</sup> Cement volume and pricing variances exclude the California cement operations from the prior-year periods.

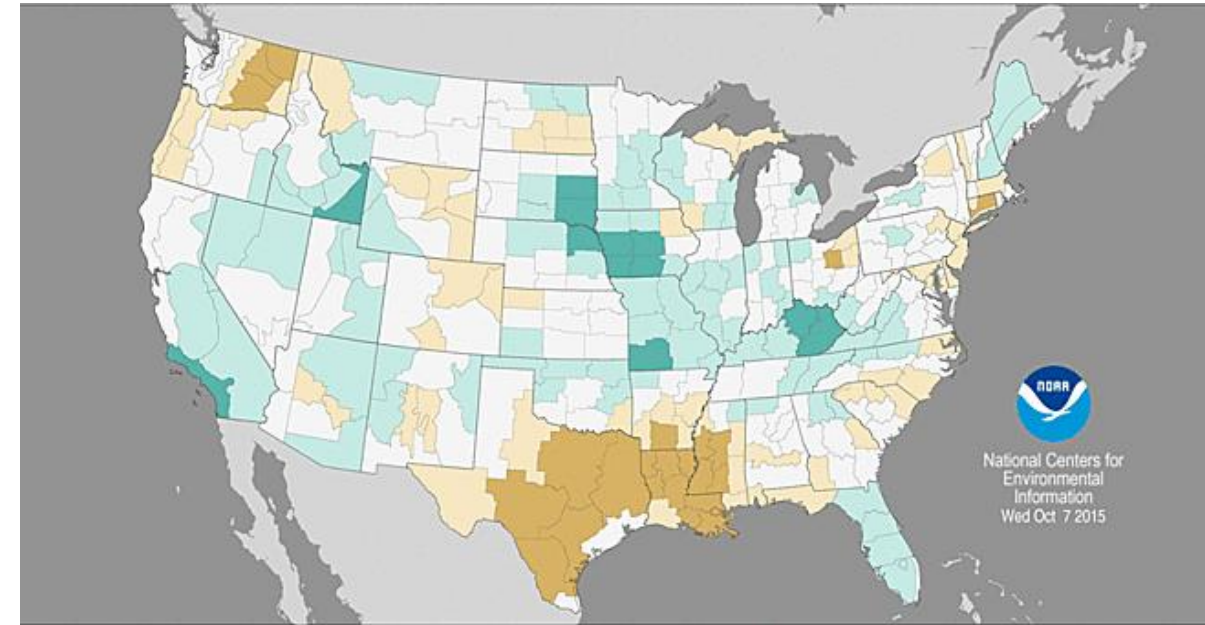


# Third-Quarter 2016 United States Precipitation Ranks

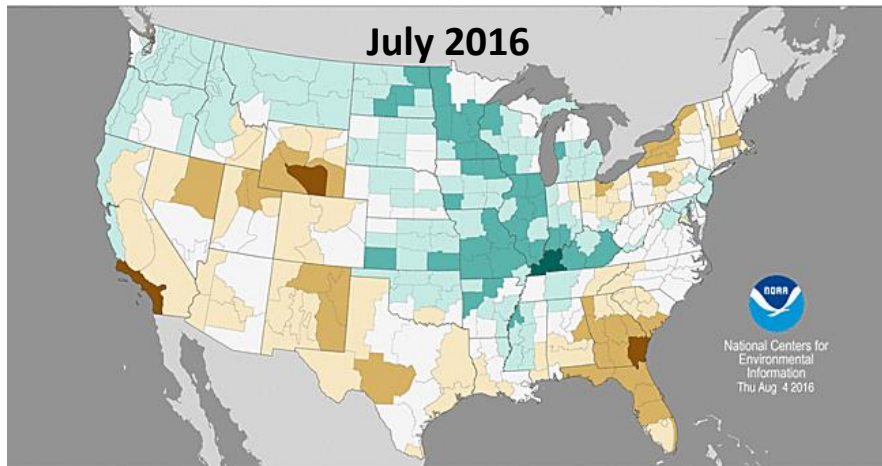
July - September 2016  
Period: 1895-2016



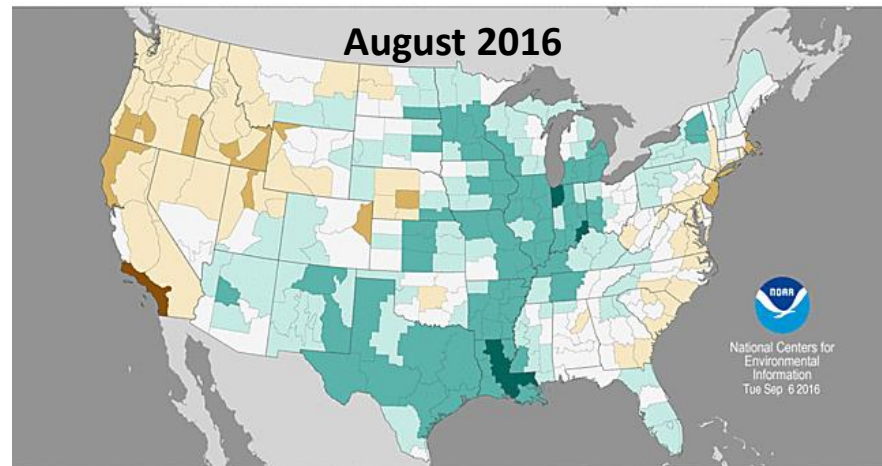
July - September 2015  
Period: 1895-2015



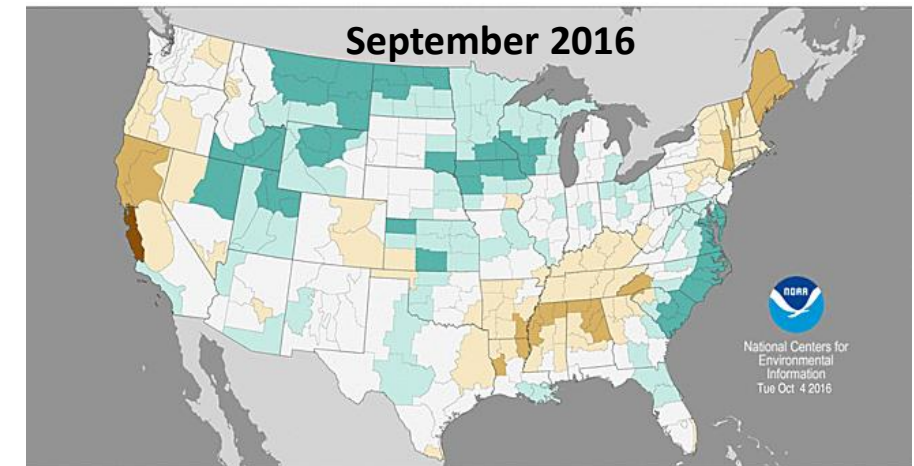
July 2016



August 2016

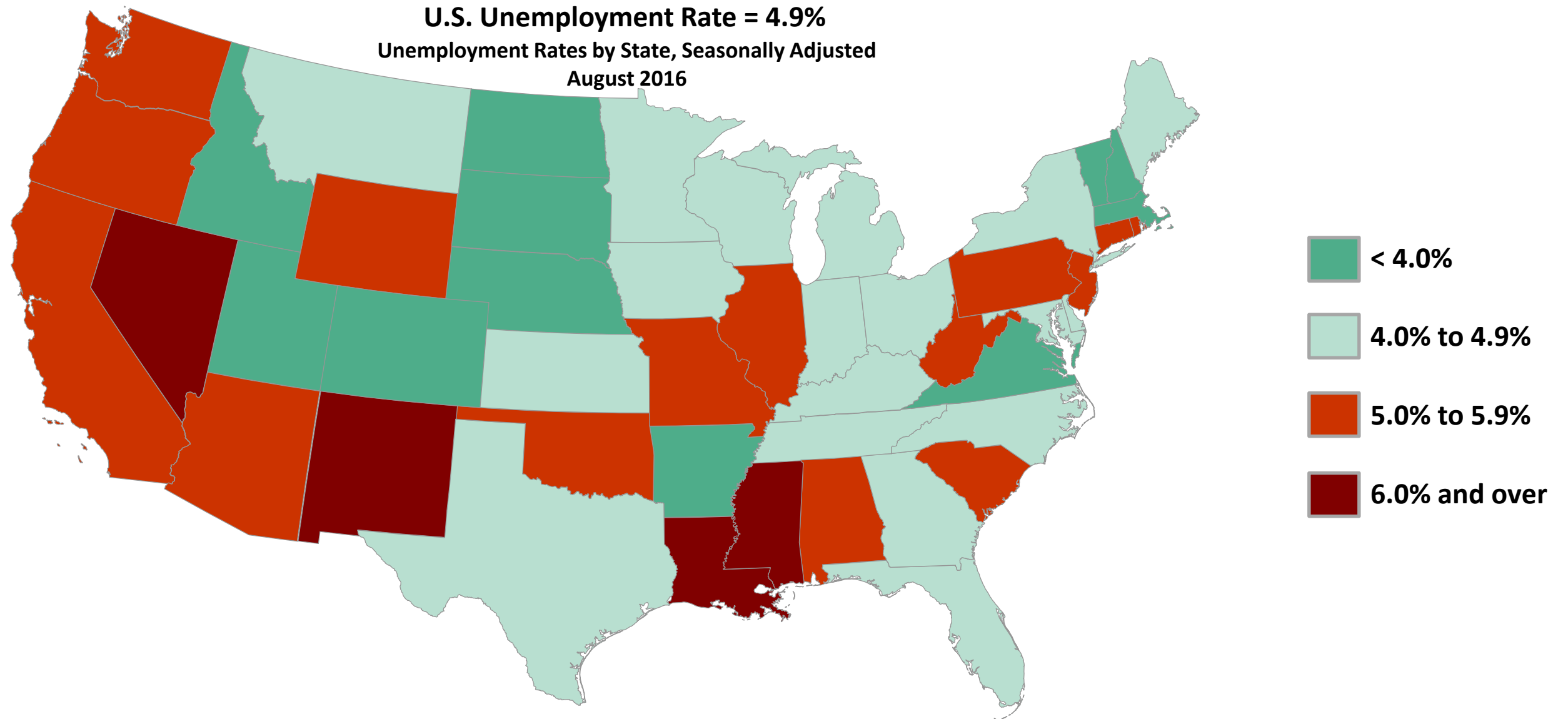


September 2016



Record Driest   Much Below Average   Below Average   Near Average   Above Average   Much Above Average

# United States Unemployment Statistics



*Availability of workers can hinder the rate of growth in geographic regions at full employment*

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

# Cement Business Metrics

	2015					2016				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
<i>(dollars in millions)</i>										
Net sales:										
Texas cement operations	\$ 64.1	\$ 66.5	\$ 80.5	\$ 60.1	\$ 271.2	\$ 69.9	\$ 59.8	\$ 60.1		
California cement operations	32.5	33.9	30.0	-	96.4	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 96.6</b>	<b>\$ 100.4</b>	<b>\$ 110.5</b>	<b>\$ 60.1</b>	<b>\$ 367.6</b>	<b>\$ 69.9</b>	<b>\$ 59.8</b>	<b>\$ 60.1</b>		
Gross (loss) profit:										
Texas cement operations	\$ 23.0	\$ 26.7	\$ 34.8	\$ 15.8	\$ 100.4	\$ 32.6	\$ 24.0	\$ 29.7		
California cement operations	(4.0)	3.7	3.4	-	3.1	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 19.0</b>	<b>\$ 30.4</b>	<b>\$ 38.2</b>	<b>\$ 15.8</b>	<b>\$ 103.5</b>	<b>\$ 32.6</b>	<b>\$ 24.0</b>	<b>\$ 29.7</b>		
Volumes (000s external tons):										
Texas cement operations	649	626	752	569	2,596	685	578	574		
California cement operations	376	367	328	-	1,071	-	-	-	-	-
<b>TOTAL</b>	<b>1,025</b>	<b>993</b>	<b>1,080</b>	<b>569</b>	<b>3,667</b>	<b>685</b>	<b>578</b>	<b>574</b>		

# 2016 Outlook by End Market

## Infrastructure



- ◆ State department of transportation initiatives drive growth.
- ◆ New federal dollars expected in late 2016, with more meaningful impact in 2017.

## GROWTH RATE



Low-single digits

## Nonresidential



- ◆ Both industrial and light commercial sectors expected to increase.



Mid-single digits

## Residential



- ◆ 2015 housing permits drive 2016 consumption.
- ◆ Top 10 for single-family housing Starts: Florida, North Carolina, Georgia and South Carolina.



High-single digits

## ChemRock/Rail



- ◆ Ballast construction dependent.



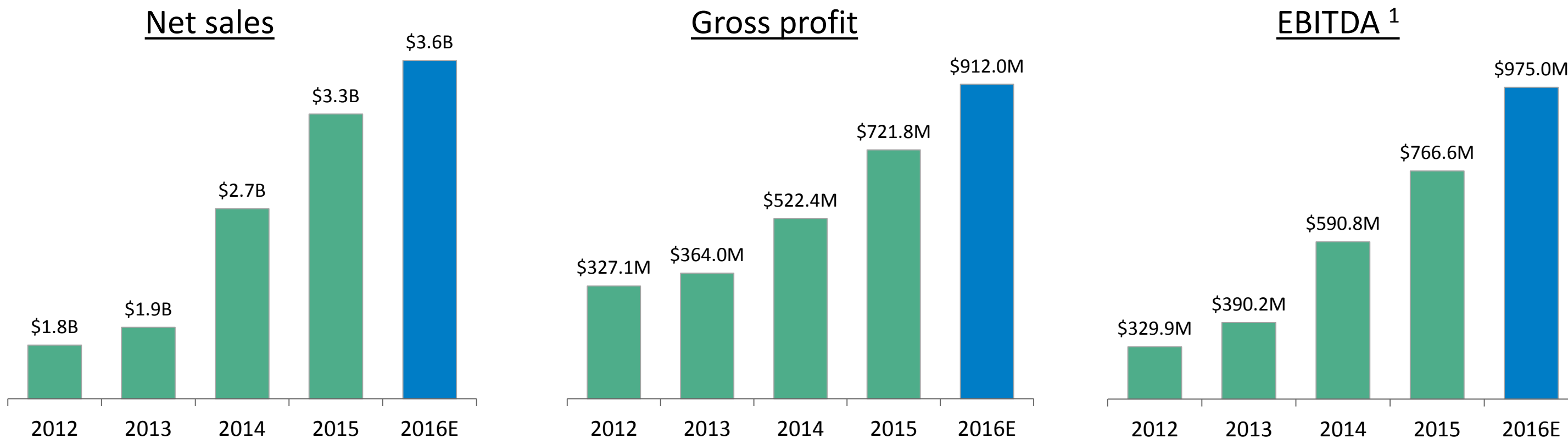
Decline



# 2016 Outlook

Based on the midpoint of 2016 guidance:

- ◆ Net sales of \$3.6 billion; growth of 10 percent year-over-year
- ◆ Gross profit of \$912 million; growth of 26 percent year-over-year
- ◆ EBITDA of \$975 million; growth of 27 percent over 2015 adjusted EBITDA



<sup>1</sup> As reported adjusted EBITDA is presented for 2014 and 2015.



## APPENDIX

**Gross profit margin (excluding freight and delivery revenues)** represents a non-GAAP measure. Martin Marietta presents this ratio calculated based on net sales, as it is consistent with the basis by which management reviews the Corporation's results. Further, management believes it is consistent with the basis by which investors analyze the Corporation's results, given that freight and delivery revenues and costs represent pass-throughs and have no profit markup. Gross profit margin calculated as a percentage of total revenues represents the most directly comparable financial measure calculated in accordance with generally accepted accounting principles (GAAP).

**Incremental gross profit margin (excluding freight and delivery revenues)**, expressed as a percentage (%), is a non-GAAP measure and is used internally to evaluate financial performance. Management believes this measure is indicative of operating leverage, efficiency and economic conditions. Due to the significant amount of fixed costs, gross profit margin (excluding freight and delivery revenues) typically increases at a disproportionate rate in periods of increased shipment activity. Incremental gross profit margin (excluding freight and delivery revenues) is not defined by GAAP and, as such, should not be construed as alternatives to gross profit or gross profit margin.

**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 and, as such, should not be construed as an alternative to net earnings or operating cash flow. Further, 2015 adjusted EBITDA excludes the impact of the loss on the sale of the California cement business and related expenses as well as the gain on the sale of the San Antonio asphalt business. 2014 adjusted EBITDA excludes the impact of TXI acquisition-related expenses, net, and the impact of the write-up of acquired inventory to fair value.

## APPENDIX

<i>(dollars in millions)</i>	Quarter-ended September 30,				
	2016	2015	2014	2013	2012
<b>Gross profit margin in accordance with GAAP:</b>					
Total revenues	\$ 1,103.9	\$ 1,082.2	\$ 1,003.7	\$ 665.3	\$ 592.3
Gross profit	\$ 292.6	\$ 262.5	\$ 195.6	\$ 143.1	\$ 124.0
<b>Gross profit margin, as a percentage of total revenues</b>	<b>26.5%</b>	<b>24.3%</b>	<b>19.5%</b>	<b>21.5%</b>	<b>20.9%</b>
<b>Gross profit margin (excluding freight and delivery revenues):</b>					
Total revenues	\$ 1,103.9	\$ 1,082.2	\$ 1,003.7	\$ 665.3	\$ 592.3
Less: freight and delivery revenues	(65.6)	(77.0)	(85.8)	(64.8)	(54.8)
Net sales	\$ 1,038.3	\$ 1,005.2	\$ 917.9	\$ 600.5	\$ 537.5
Gross profit	\$ 292.6	\$ 262.5	\$ 195.6	\$ 143.1	\$ 124.0
<b>Gross profit margin (excluding freight and delivery revenues)</b>	<b>28.2%</b>	<b>26.1%</b>	<b>21.3%</b>	<b>23.8%</b>	<b>23.1%</b>

# APPENDIX

	Quarter-ended September 30, 2016			Quarter-ended September 30, 2015		
	Aggregates Product Line	Aggregates-Related Downstream Businesses	Aggregates Business	Aggregates Product Line	Aggregates-Related Downstream Businesses	Aggregates Business
<i>(dollars in millions)</i>						
<b>Gross profit margin in accordance with GAAP:</b>						
Total revenues	\$ 599.2	\$ 377.0	\$ 976.2	\$ 593.5	\$ 310.4	\$ 903.9
Gross profit	\$ 173.0	\$ 70.3	\$ 243.3	\$ 166.1	\$ 45.7	\$ 211.8
<b>Gross profit margin, as a percentage of total revenues</b>	<b>28.9%</b>	<b>18.6%</b>	<b>24.9%</b>	<b>28.0%</b>	<b>14.7%</b>	<b>23.4%</b>
<b>Gross profit margin (excluding freight and delivery revenues):</b>						
Total revenues	\$ 599.2	\$ 377.0	\$ 976.2	\$ 593.5	\$ 310.4	\$ 903.9
Less: freight and delivery revenues	(56.5)	(1.7)	(58.2)	(63.5)	(3.0)	(66.5)
Net sales	\$ 542.7	\$ 375.3	\$ 918.0	\$ 530.0	\$ 307.4	\$ 837.4
Gross profit	\$ 173.0	\$ 70.3	\$ 243.3	\$ 166.1	\$ 45.7	\$ 211.8
<b>Gross profit margin (excluding freight and delivery revenues)</b>	<b>31.9%</b>	<b>18.7%</b>	<b>26.5%</b>	<b>31.4%</b>	<b>14.8%</b>	<b>25.3%</b>



## APPENDIX

	Quarter-ended September 30, 2016			Quarter-ended September 30, 2015		
	Southeast Group	Cement	Magnesia Specialties	Southeast Group	Cement*	Magnesia Specialties
<i>(dollars in millions)</i>						
<b>Gross profit margin in accordance with GAAP</b>						
Total revenues	\$ 83.8	\$ 62.6	\$ 65.1	\$ 83.0	\$ 84.3	\$ 62.2
Gross profit	\$ 15.9	\$ 29.7	\$ 22.8	\$ 11.5	\$ 34.9	\$ 19.4
<b>Gross profit margin, as a percentage of total revenues</b>	<b>19.0%</b>	<b>47.4%</b>	<b>35.0%</b>	<b>13.9%</b>	<b>41.4%</b>	<b>31.2%</b>
<b>Gross profit margin (excluding freight and delivery revenues):</b>						
Total revenues	\$ 83.8	\$ 62.6	\$ 65.1	\$ 83.0	\$ 84.3	\$ 62.2
Less: freight and delivery revenues	(3.8)	(2.5)	(4.9)	(4.7)	(4.6)	(4.9)
Net sales	\$ 80.0	\$ 60.1	\$ 60.2	\$ 78.3	\$ 79.7	\$ 57.3
Gross profit	\$ 15.9	\$ 29.7	\$ 22.8	\$ 11.5	\$ 34.9	\$ 19.4
<b>Gross profit margin (excluding freight and delivery revenues)</b>	<b>19.9%</b>	<b>49.5%</b>	<b>37.9%</b>	<b>14.6%</b>	<b>43.8%</b>	<b>33.9%</b>

\* Excludes net sales and gross profit of \$30.0 million and \$3.4 million, respectively, related to California cement operations, which were divested in the third quarter 2015.

## APPENDIX

The following table presents the calculation of consolidated incremental gross profit margin (excluding freight and delivery revenues) for the quarter- and nine-months ended September 30, 2016.

<i>(dollars in millions)</i>	Quarter-ended September 30,			Nine-months ended September 30,		
	2016	2015	<i>variance</i>	2016	2015	<i>variance</i>
<b>Consolidated incremental gross profit margin, as a percentage of net sales:</b>						
Net sales	\$ 1,038.3	\$ 1,005.2	\$ 33.1	\$ 2,687.7	\$ 2,487.3	\$ 200.4
Gross profit	\$ 292.6	\$ 262.5	\$ 30.1	\$ 683.9	\$ 536.9	\$ 147.0
<b>Consolidated incremental gross profit margin <i>(excluding freight and delivery revenues)</i></b>			<b>91%</b>			<b>73%</b>

# APPENDIX

	Year-ended December 31,			
	2015	2014	2013	2012
<i>(dollars in millions)</i>				
Net earnings attributable to Martin Marietta	\$ 288.8	\$ 155.6	\$ 121.3	\$ 84.5
Add back:				
Interest expense	76.3	66.1	53.5	53.3
Income tax expense for controlling interests	124.9	94.8	43.5	16.6
Depreciation, depletion & amortization expense	260.7	220.5	171.9	175.5
<b>EBITDA</b>	<b>\$ 750.7</b>	<b>\$ 537.0</b>	<b>\$ 390.2</b>	<b>\$ 329.9</b>
Nonrecurring expenses (acquisition-related expenses, net loss on divestitures and other noncash related charge)	15.9	53.8	--	--
<b>Adjusted EBITDA</b>	<b>\$ 766.6</b>	<b>\$ 590.8</b>	<b>\$ 390.2</b>	<b>\$ 329.9</b>

# APPENDIX

	Quarter-ended September 30,		Nine-months ended September 30,	
	2016	2015	2016	2015
<i>(dollars in millions)</i>				
Pretax earnings attributable to Martin Marietta	\$ 230.4	\$ 165.0	\$ 470.5	\$ 291.2
Add back:				
Interest expense	20.6	18.9	60.9	57.4
Depreciation, depletion & amortization expense	71.8	64.3	210.5	197.7
<b>EBITDA</b>	<b>\$ 322.8</b>	<b>\$ 248.2</b>	<b>\$ 741.9</b>	<b>\$ 546.3</b>
EBITDA margin as a % of net sales	31.1%	24.7%	27.6%	22.0%





Thank you for your interest in Martin Marietta. For additional information, please visit [www.martinmarietta.com](http://www.martinmarietta.com).

