



Martin
Marietta

Q3 2018

**SUPPLEMENTAL
INFORMATION**

November 6, 2018

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. 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.





Q3 2018 REVIEW

QUARTERLY HIGHLIGHTS



COMPANY ACHIEVED RECORD THIRD-QUARTER REVENUES, GROSS PROFIT AND EARNINGS PER DILUTED SHARE

QUARTER ENDED SEPTEMBER 30

(\$ in thousands, except per share)	2018	2017
Total revenues ¹	\$ 1,219,640	\$ 1,087,732
Products and services revenues ²	\$ 1,142,218	\$ 1,022,487
Building Materials business products and services revenues	\$ 1,073,853	\$ 962,598
Magnesia Specialties business products and services revenues	\$ 68,365	\$ 59,889
Gross profit	\$ 312,984	\$ 291,678
Adjusted gross profit ³	\$ 321,333	\$ 291,678
Earnings from operations	\$ 240,662	\$ 226,964
Adjusted earnings from operations ⁴	\$ 256,213	\$ 228,278
Net earnings attributable to Martin Marietta	\$ 180,221	\$ 151,546
Adjusted EBITDA ⁵	\$ 348,984	\$ 303,276
Earnings per diluted share	\$ 2.85	\$ 2.39

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

² 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.

³ Adjusted gross profit excludes an increase in cost of revenues from the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting. See slide 6 for a reconciliation to reported gross profit under generally accepted accounting principles (GAAP).

⁴ Adjusted earnings from operations exclude acquisition-related expenses, net; an increase in cost of revenues from the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting; and a restructuring charge. See Slide 6 for a reconciliation to reported earnings from operations under GAAP.

⁵ Adjusted EBITDA is a non-GAAP financial measure. See appendix for reconciliation to net earnings from attributable to Martin Marietta.

HIGHLIGHTS

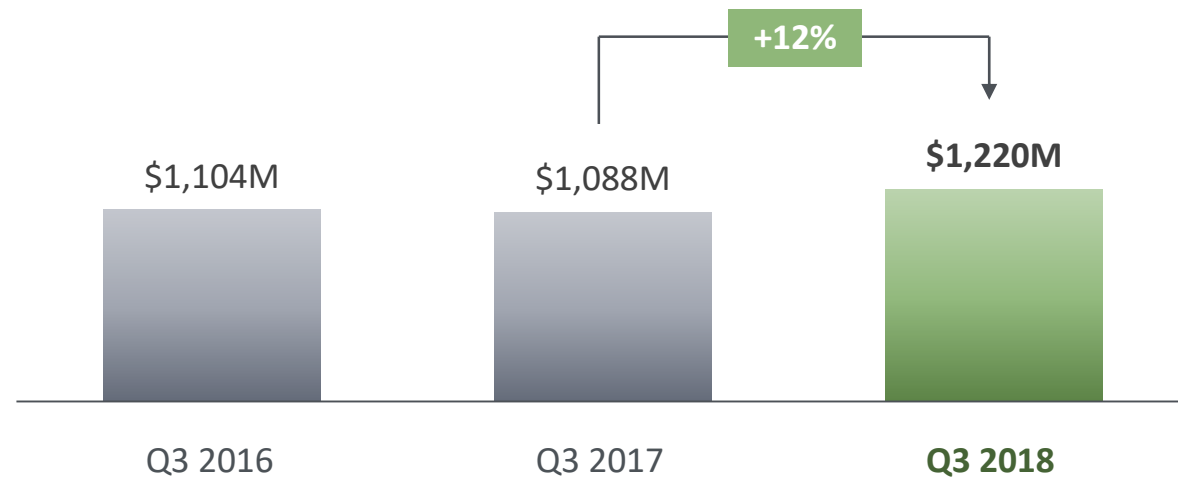
- ◆ Aggregates, cement and ready mixed concrete shipments meaningfully accelerated in July and August under normal and drier operating conditions
- ◆ Unfavorable weather negatively impacted third-quarter profitability by an estimated \$40 million to \$45 million
- ◆ Heritage aggregates shipments and pricing increased 4 percent* and 3 percent, respectively (* excludes Q3 2017 shipments for the Forsyth, Georgia, quarry divested in April 2018)
- ◆ Cement product gross margin expanded 210 basis points as a result of strong demand and a tight supply environment
- ◆ Magnesia Specialties business posted record revenues and gross profit
- ◆ Full-year 2018 guidance updated to reflect current trends and weather impacts

...ON TRACK TO DELIVER RECORD REVENUES AND EBITDA IN 2018

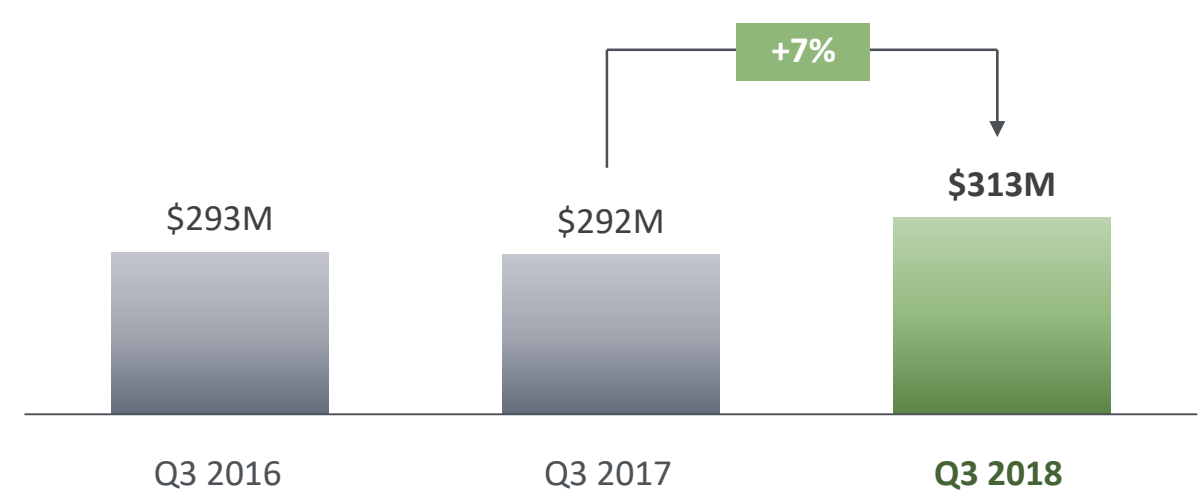
CONSOLIDATED FINANCIAL RESULTS (AS REPORTED)



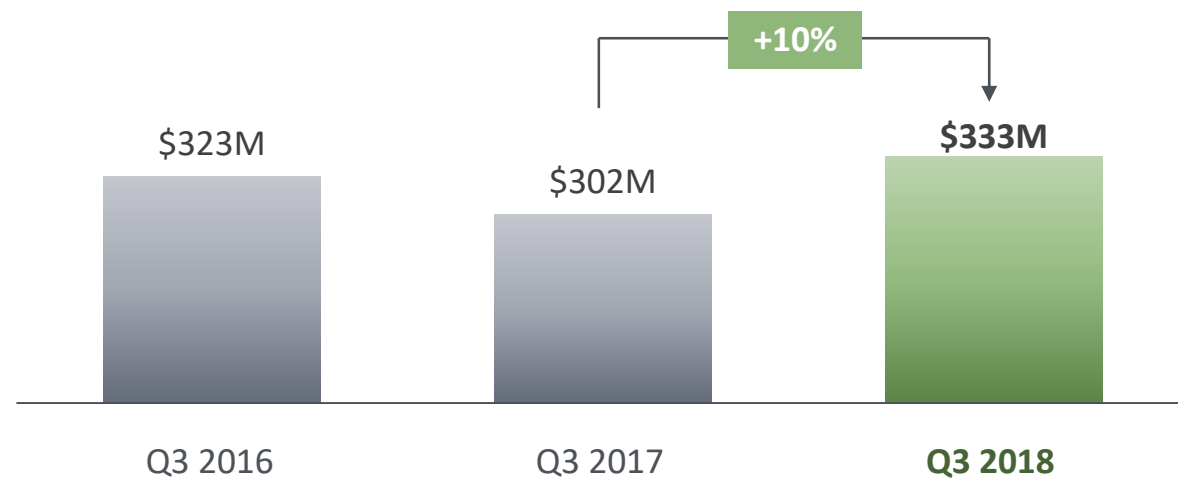
TOTAL REVENUES



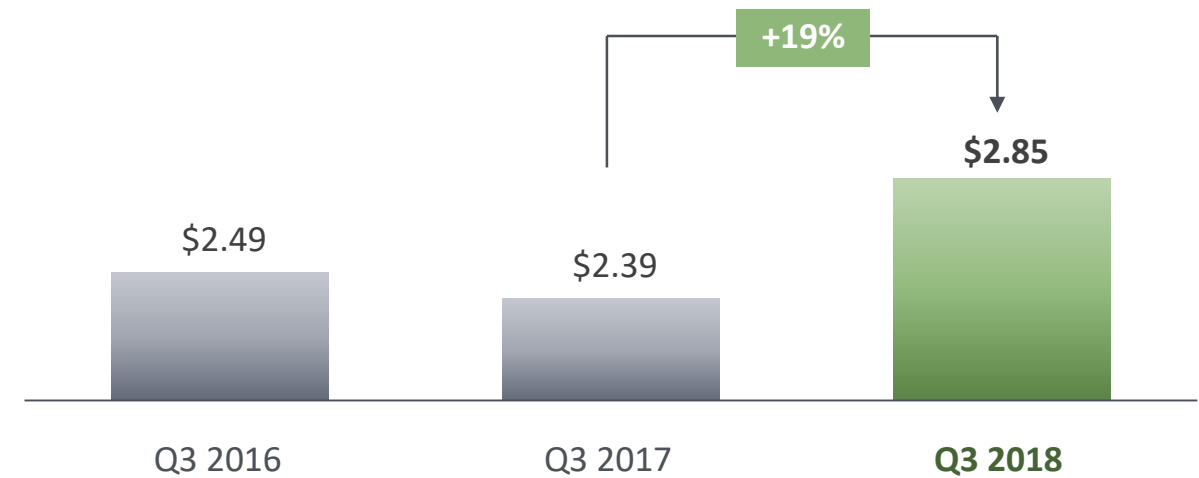
GROSS PROFIT



EBITDA



EARNING PER DILUTED SHARE



ADJUSTED FINANCIAL RESULTS



(\$ in thousands, except per share)	Aggregates Product Gross Profit	CONSOLIDATED		
		Total Gross Profit	Earnings from Operations	EBITDA
Q3 2018, as reported	\$ 209,082	\$ 312,984	\$ 240,662	\$ 333,433
Add back pretax impact for the following:				
Acquisition-related expenses	-	-	89	89
Selling acquired inventory after its markup to fair value as part of acquisition accounting	8,349	8,349	8,349	8,349
Restructuring charge	-	-	7,113	7,113
Adjusted Q3 2018	\$ 217,431	\$ 321,333	\$ 256,213	\$ 348,984

REVENUES AND GROSS PROFIT BY BUSINESS



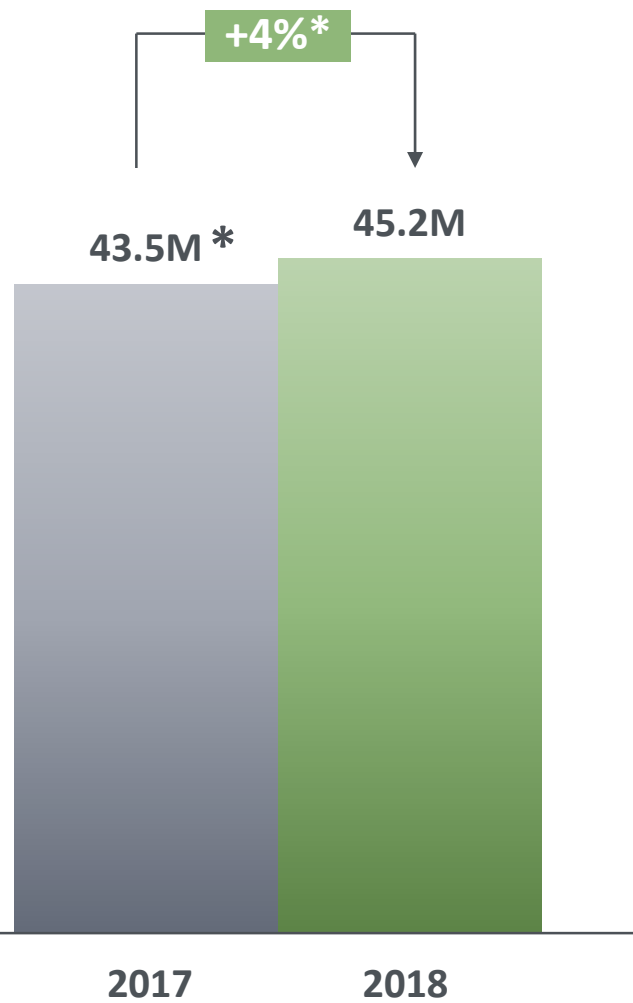
QUARTER ENDED SEPTEMBER 30

(\$ in thousands)	2018			2017		
	Revenues	Gross profit (loss)	Gross margin	Revenues	Gross profit (loss)	Gross margin
Building Materials business:						
Products and services:						
Aggregates	\$687,800	\$209,082	30.4%	\$590,312	\$187,065	31.7%
Cement	98,223	32,543	33.1%	88,470	27,459	31.0%
Ready mixed concrete	254,686	20,632	8.1%	240,222	23,913	10.0%
Asphalt and paving	99,983	25,606	25.6%	110,973	28,873	26.0%
Less: interproduct revenues	(66,839)	---	---	(67,379)	---	---
Products and services	1,073,853	287,863	26.8%	962,598	267,310	27.8%
Freight	72,264	(47)	NM	61,229	1,012	NM
Total Building Materials business	1,146,117	287,816	25.1%	1,023,827	268,322	26.2%
Magnesia Specialties business:						
Products and services	68,365	26,823	39.2%	59,889	21,272	35.5%
Freight	5,158	(1,076)	NM	4,016	(1,362)	NM
Total Magnesia Specialties business	73,523	25,747	35.0%	63,905	19,910	31.2%
Corporate	---	(579)	NM	---	3,446	NM
Total	\$1,219,640	\$312,984	25.7%	\$1,087,732	\$291,678	26.8%

HERITAGE AGGREGATES PERFORMANCE



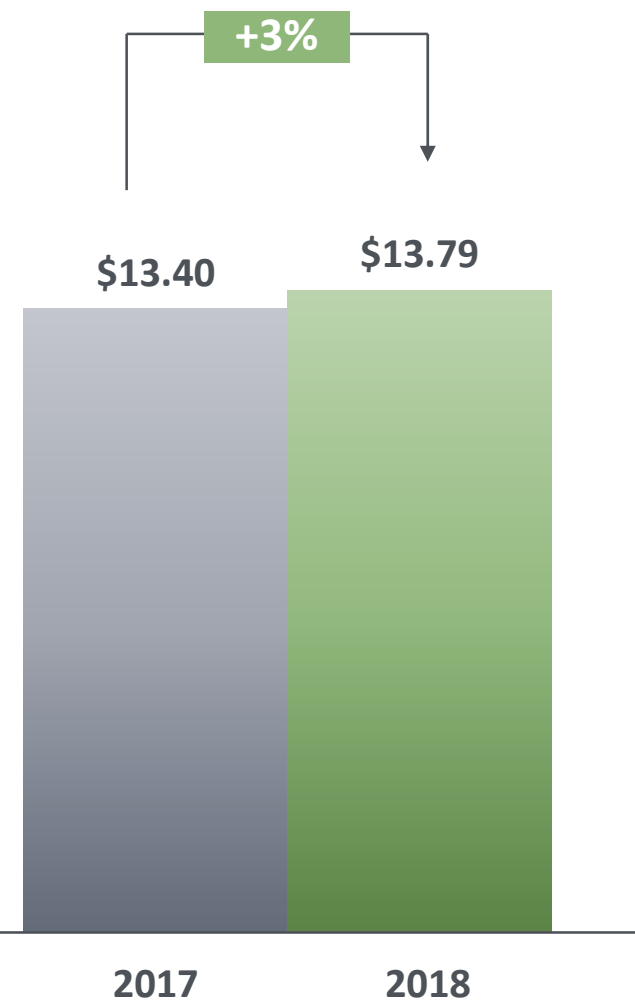
VOLUME



- ◆ Volume growth accelerated in July and August, reflecting robust product demand
- ◆ Third-quarter overall volume growth constrained by unfavorable September weather, including record rainfall in Texas and Hurricane Florence in the Carolinas
- ◆ **Heritage shipments increased 4 percent* led by 12 percent* growth in the Southeast Group, the least weather-impacted group**
- ◆ **Absent weather, heritage volume growth estimated to be nearly 12 percent**

QTR 3

PRICE



- ◆ **Heritage pricing increase in line with full-year 2018 guidance range**
- ◆ Unfavorable product mix lowered heritage ASP by \$0.13 per ton
- ◆ Favorable pricing trends anticipated for remainder of 2018 and beyond

QTR 3

* Excludes Q3 2017 shipments of 0.3M tons for the Forsyth, Georgia, quarry divested in April 2018

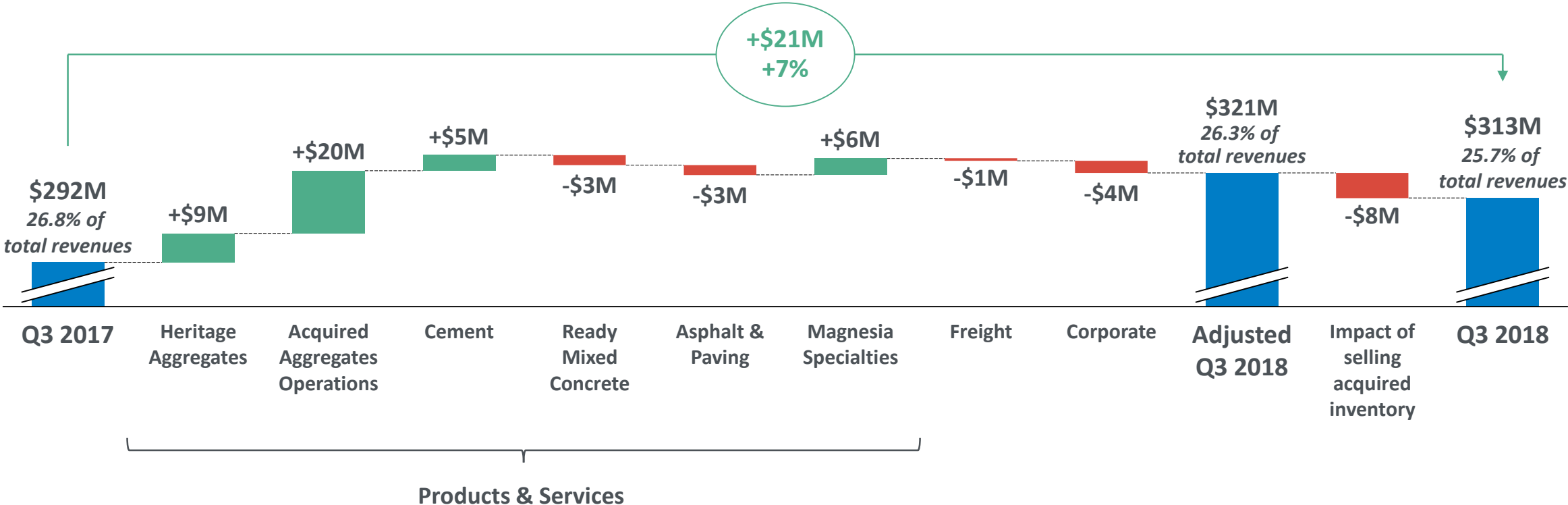
CEMENT AND DOWNSTREAM PERFORMANCE



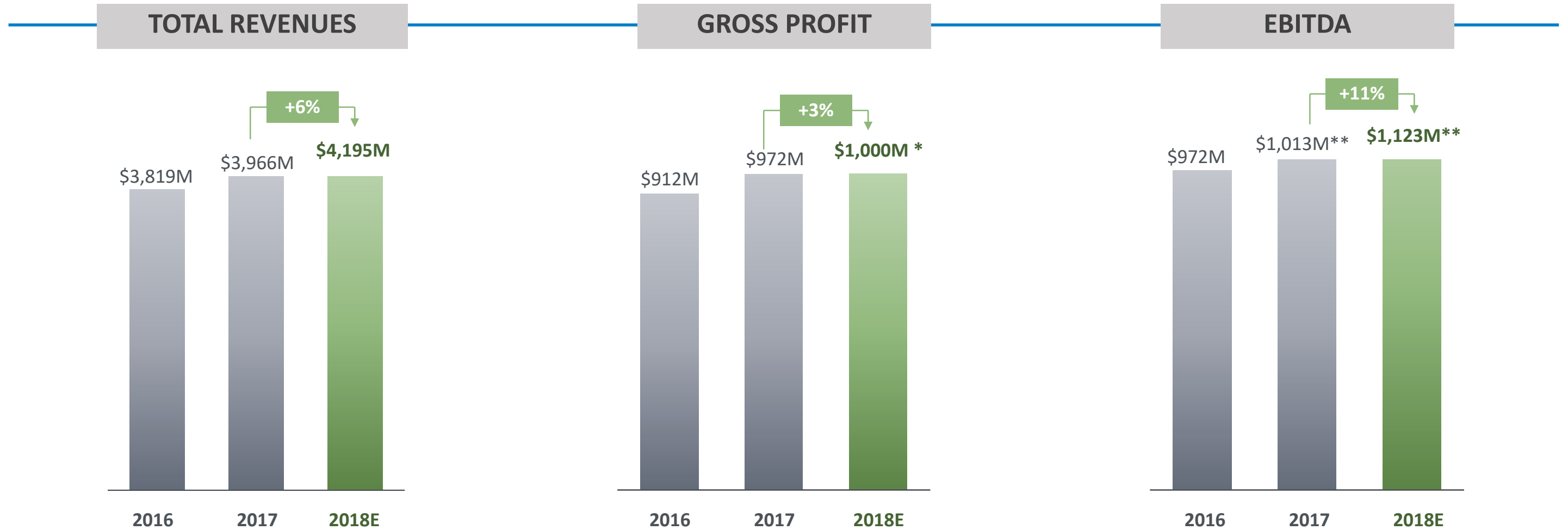
GROSS PROFIT



Volume and pricing growth for aggregates, cement and ready mixed concrete, plus contributions from acquired operations, drove **record third-quarter gross profit** despite headwinds from weather, higher energy costs and ongoing contractor capacity and transportation constraints



2018 UPDATED GUIDANCE



2018E based on midpoint of full-year guidance included in Q3 Earnings Release dated November 6, 2018

* 2018 gross profit excludes the \$20 million impact of selling acquired inventory after its markup to fair value as part of acquisition accounting. See slide 22 for reconciliation to reported gross profit.

** 2017 and 2018 EBITDA have been adjusted for certain nonrecurring items. See slide 21 for reconciliation.

A large yellow mining truck is the central focus, parked on a gravel road. The truck is viewed from a side-rear angle. The background shows a mining site with a conveyor system and a blue sky with white clouds. A semi-transparent blue overlay covers the right side of the image, where the text is located. The text is in a clean, white, sans-serif font. Two horizontal white lines are positioned above and below the text.

2019 PRELIMINARY OUTLOOK

BOTTLENECKS HAVE SLOWED, BUT EXTENDED, THE U.S. CONSTRUCTION CYCLE

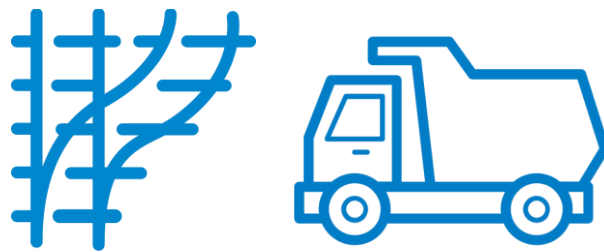
WEATHER



CONTRACTOR CAPACITY



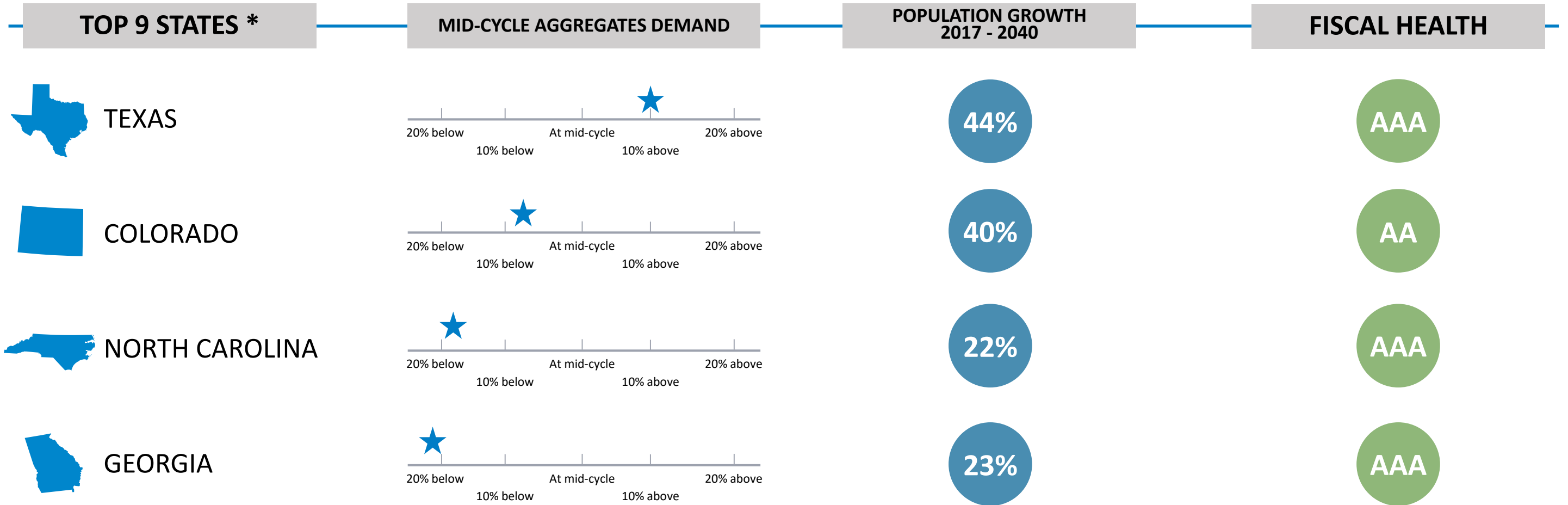
LOGISTICS



PROJECT DELAYS



MACROECONOMIC DRIVERS SUPPORT CONTINUED STEADY EXPANSION OF CONSTRUCTION CYCLE



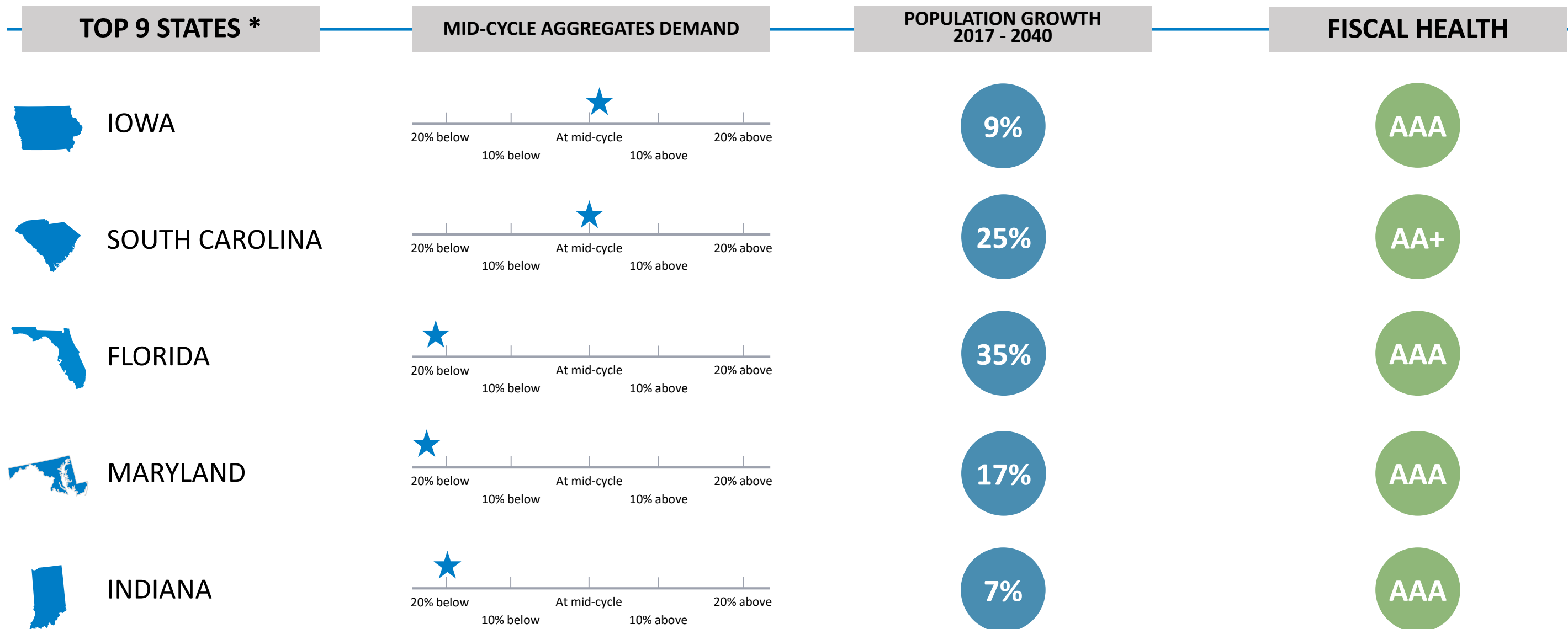
* Martin Marietta's top 9 revenue-generating states based on 2017 Building Materials net sales by state of destination and adjusted for Bluegrass

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 STEADY EXPANSION OF CONSTRUCTION CYCLE

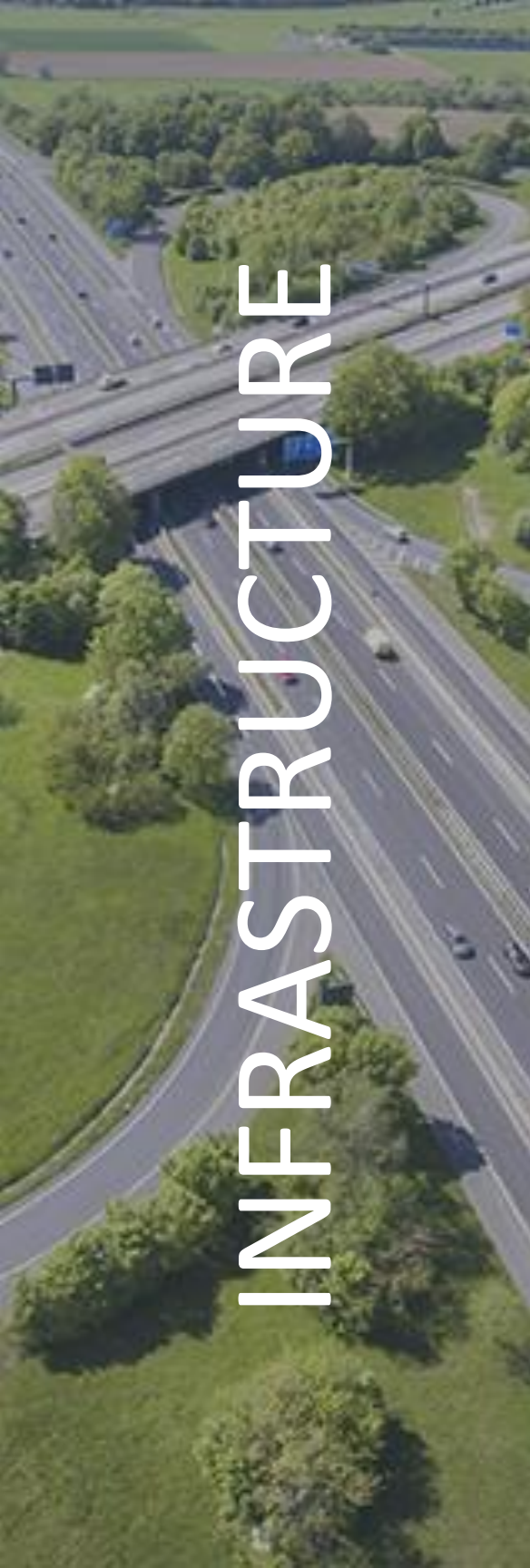


* Martin Marietta's top 9 revenue-generating states based on 2017 Building Materials net sales by state of destination and adjusted for Bluegrass

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

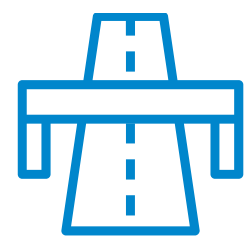
Sources: U.S. Bureau, Population Division (December 2017) and Weldon Cooper Center for Public Service (May 2016)

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

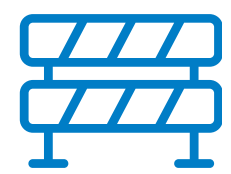


INFRASTRUCTURE

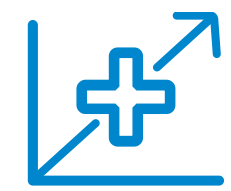
ANTICIPATED INCREASED AGGREGATES DEMAND FROM CONSTRUCTION ACTIVITY



Undeniable need to **restore and modernize our nation's infrastructure** exists.



Construction activity should see benefits from the funding provided by the **Fixing America's Surface Transportation Act (FAST Act)** and state and local initiatives.



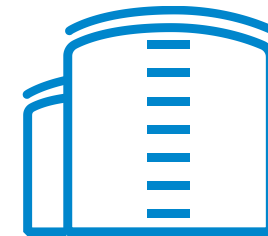
Dodge Data & Analytics forecasts a **positive outlook for aggregates-intensive highways and streets** construction in 2019.

2019 PRELIMINARY OUTLOOK

ANTICIPATED INCREASED AGGREGATES DEMAND FROM CONSTRUCTION ACTIVITY



Commercial and institutional construction activity should remain healthy in 2019 as supported by the Dodge Momentum Index and Architectural Billing Index.



Continued federal regulatory approvals, coupled with increasing oil prices, should notably contribute to increased aggregates consumption from new energy-related projects, a significant demand driver for Texas.

2019
PRELIMINARY OUTLOOK

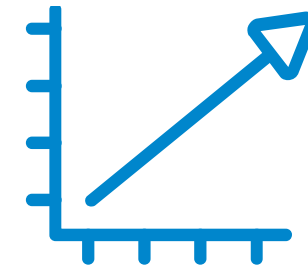




ANTICIPATED INCREASED AGGREGATES DEMAND FROM CONSTRUCTION ACTIVITY



Residential construction **drives future** nonresidential and infrastructure activity.



Outlook remains robust, **particularly in key Martin Marietta markets**, supported by favorable demographics, job growth, land availability and efficient permitting. **Six of Martin Marietta's key states** rank in the top 10 nationally for growth in single-family housing unit starts.

2019 
PRELIMINARY OUTLOOK

ANTICIPATED AGGREGATES DEMAND FROM CONSTRUCTION ACTIVITY



Ballast demand is **dependent on railroad activity.**



Agricultural lime is **based on farm economy.**

2019 ↔
PRELIMINARY 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 SEPTEMBER 30			YEAR ENDED DECEMBER 31		
	2018	2017	2016	2018E	2017	2016
NET EARNINGS ATTRIBUTABLE TO MARTIN MARIETTA	\$ 180,221	\$ 151,546	\$ 159,479	\$ 482,500	\$ 713,342	\$ 425,386
Add back:						
Interest expense	35,468	23,141	20,568	137,500	91,487	81,677
Income tax expense (benefit) for controlling interests	29,051	52,744	70,850	120,500	(94,401)	181,524
Depreciation, depletion and amortization expense	88,693	74,531	71,899	340,000	293,951	283,003
EBITDA	333,433	301,962	322,796	1,080,500	1,004,379	971,590
Add back:						
Acquisition-related expenses, net	89	1,314	-	15,000	8,638	-
Impact of selling acquired inventory after its markup to fair value as part of acquisition accounting	8,349	-	-	20,000	-	-
Restructuring charge	7,113	-	-	7,000	-	-
ADJUSTED EBITDA	\$ 348,984	\$ 303,276	\$ 322,796	\$ 1,122,500	\$ 1,013,017	\$ 971,590

Note: 2018E based on midpoint of full-year guidance

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)	CONSOLIDATED Total Gross Profit
Gross profit, midpoint of 2018 guidance	\$ 980,000
Impact of selling acquired inventory after its markup to fair value	\$ 20,000
Adjusted gross profit, midpoint of 2018 guidance	\$ 1,000,000

DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



Adjusted earnings from operations for the quarter ended September 30, 2017 represent non-GAAP financial measures and exclude the impact of acquisition-related expenses. Management presents these measures for investors and analysts to evaluate and forecast the Company's results, as acquisition-related expenses are nonrecurring. Adjusted amounts are reconciled to amounts reported under GAAP below:

(\$ in thousands, except per share)	Earnings from Operations
Q3 2017, as reported	\$ 226,964
Add back pretax impact for the following: Acquisition-related expenses	1,314
Adjusted Q3 2017	\$ 228,278

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

2017 REVENUES AND GROSS PROFIT BY BUSINESS



(dollars in millions)	Qtr 1 2017			Qtr 2 2017			Qtr 3 2017			Qtr 4 2017			Full Year 2017		
	Revenues	Gross profit	Gross margin	Revenues	Gross profit	Gross margin	Revenues	Gross profit	Gross margin	Revenues	Gross profit	Gross margin	Revenues	Gross profit	Gross margin
Building Materials business:															
Products and services:															
Aggregates	\$451.1	\$79.0	17.5%	\$577.9	\$173.0	29.9%	\$590.3	\$187.1	31.7%	\$515.6	\$160.6	31.2%	\$2,134.9	\$599.7	28.1%
Cement	93.6	30.8	32.9%	98.9	29.4	29.7%	88.5	27.5	31.0%	90.3	29.4	32.6%	371.2	117.0	31.5%
Ready mixed concrete	222.4	19.8	8.9%	241.9	26.8	11.1%	240.2	23.9	10.0%	231.6	21.1	9.1%	936.0	91.6	9.8%
Asphalt and paving	21.7	(4.7)	-21.8%	82.9	20.3	24.5%	111.0	28.9	26.0%	76.9	20.2	26.3%	292.6	64.7	22.1%
Less: interproduct revenues	(60.7)	0.0	---	(70.5)	0.0	---	(67.4)	0.0	---	(65.4)	0.0	---	(264.0)	0.0	---
Products and services	728.0	124.8	17.1%	931.1	249.5	26.8%	962.6	267.3	27.8%	849.0	231.4	27.3%	3,470.8	873.0	25.2%
Freight	47.3	0.4	NM	62.4	0.6	NM	61.2	1.0	NM	54.0	0.6	NM	224.8	2.6	NM
Total Building Materials business	775.3	125.2	16.1%	993.5	250.2	25.2%	1,023.8	268.3	26.2%	903.0	232.0	25.7%	3,695.6	875.6	23.7%
Magnesia Specialties business:															
Products and services	64.3	23.4	36.3%	65.7	24.8	37.7%	59.9	21.3	35.5%	62.8	24.6	39.2%	252.7	94.1	37.2%
Freight	4.3	(1.0)	NM	4.3	(1.2)	NM	4.0	(1.4)	NM	4.7	(1.1)	NM	17.3	(4.7)	NM
Total Magnesia Specialties business	68.6	22.3	32.5%	70.0	23.6	33.7%	63.9	19.9	31.2%	67.5	23.6	34.9%	270.0	89.4	33.1%
Corporate	---	(0.4)	NM	---	0.3	NM	---	3.4	NM	---	3.6	NM	---	6.9	NM
Total	\$843.9	\$147.1	17.4%	\$1,063.5	\$274.1	25.8%	\$1,087.7	\$291.7	26.8%	\$970.5	\$259.1	26.7%	\$3,965.6	\$971.9	24.5%

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

2016 REVENUES AND GROSS PROFIT BY BUSINESS



(dollars in millions)	Qtr 1 2016			Qtr 2 2016			Qtr 3 2016			Qtr 4 2016			Full Year 2016		
	Revenues	Gross profit	Gross margin	Revenues	Gross profit	Gross margin	Revenues	Gross profit	Gross margin	Revenues	Gross profit	Gross margin	Revenues	Gross profit	Gross margin
Building Materials business:															
Products and services:															
Aggregates	\$429.9	\$81.0	18.9%	\$547.0	\$164.7	30.1%	\$581.4	\$173.7	29.9%	\$500.5	\$136.6	27.3%	\$2,058.7	\$556.1	27.0%
Cement	96.7	32.5	33.6%	87.5	24.1	27.5%	94.6	36.7	38.8%	85.3	26.6	31.2%	364.1	119.9	32.9%
Ready mixed concrete	187.0	18.0	9.6%	214.9	25.3	11.8%	263.7	32.8	12.4%	237.1	23.0	9.7%	902.7	99.1	11.0%
Asphalt and paving	11.4	(6.3)	-55.3%	65.6	12.8	19.6%	111.6	30.2	27.1%	69.4	16.2	23.4%	257.9	53.0	20.6%
Less: interproduct revenues	(51.5)	0.0	---	(58.7)	0.0	---	(73.5)	0.0	---	(63.4)	0.0	---	(247.1)	0.0	---
Products and services	673.4	125.3	18.6%	856.2	226.9	26.5%	977.8	273.4	28.0%	828.8	202.5	24.4%	3,336.3	828.1	24.8%
Freight	51.1	1.0	NM	57.4	0.3	NM	61.0	0.3	NM	55.9	0.8	NM	225.4	2.5	NM
Total Building Materials business	724.6	126.3	17.4%	913.7	227.3	24.9%	1,038.8	273.8	26.4%	884.7	203.3	23.0%	3,561.7	830.6	23.3%
Magnesia Specialties business:															
Products and services	60.6	24.1	39.8%	60.1	22.9	38.2%	61.5	24.1	39.2%	60.2	22.9	38.0%	242.4	94.0	38.8%
Freight	3.5	(1.1)	NM	3.6	(1.2)	NM	3.7	(1.2)	NM	3.9	(0.8)	NM	14.7	(4.4)	NM
Total Magnesia Specialties business	64.2	23.0	35.8%	63.6	21.7	34.1%	65.1	22.8	35.1%	64.1	22.0	34.4%	257.1	89.6	34.9%
Corporate	---	(4.0)	NM	---	(1.6)	NM	---	(3.3)	NM	---	0.4	NM	---	(8.5)	NM
Total	\$788.7	\$145.2	18.4%	\$977.3	\$247.4	25.3%	\$1,103.9	\$293.3	26.6%	\$948.8	\$225.8	23.8%	\$3,818.7	\$911.7	23.9%



THANK YOU FOR YOUR INTEREST IN MARTIN MARIETTA

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