Ward Nye
CHAIRMAN, PRESIDENT AND CEO

CEO Earnings Commentary and Market Perspective
For the Year Ended December 31, 2017

By any key financial metric, 2017 was an outstanding year for Martin Marietta. We set records for revenues, we generated over **$1 billion of EBITDA** for the first time in our 24 years as a public company and we were more profitable on both a net income and diluted earnings per share basis, all while delivering the **best safety performance** in our history. These milestones should come as no surprise to those who follow Martin Marietta, nor are these accomplishments a surprise to us. We have long known that our steadfast commitment to our core values and the disciplined execution of our strategic plan are what make Martin Marietta successful. Our 2017 record performance underscores this sentiment.

EARNINGS COMMENTARY

We started 2017 with high expectations, even against the lofty performance bar given our 2016 record-setting accomplishments. Building on that momentum, we were confident that we could deliver unsurpassed safety and financial performance in 2017.

Our employees' unwavering dedication and hard work have elevated safety awareness across the enterprise and yielded impressive results. We concluded 2017 with the best safety performance in our Company's history. Company-wide, with a Lost Time Incident Rate (LTIR) of 0.13, we surpassed world-class LTIR of 0.20 or lower. Additionally, our consolidated Total Injury Incident Rate (TIIR) improved 19 percent with half of our operating divisions exceeding world-class TIIR levels.

Our 2017 financial and operating results are just as noteworthy: we posted record revenues, record gross profit, record EBITDA and record earnings per diluted share. Pricing momentum remained solid across all product lines and segments. Importantly, these record results were achieved without the benefit of growing aggregates product line volumes.

Entering 2017, we, as well as our peers and third-party forecasters, anticipated accelerated growth in aggregates volumes, particularly for infrastructure demand given the *Fixing America's Surface Transportation Act* (FAST Act) and state and local initiatives. Accordingly, we built our business plan with the expectation that aggregates shipments would increase 8.0 million tons year over year. Instead, disappointing infrastructure activity, not only for us but also the industry as a whole, continued to overshadow gains in private-sector construction, and our aggregates volumes declined 1.0 million tons. This variance reflects near-record precipitation and other external factors, including project delays, construction labor constraints in many of our robust markets and governmental uncertainty.

For the third year in a row, unfavorable weather patterns created a significant volume headwind - the impact of which was exacerbated by the timing of such nature-driven events. The second and third quarters of the year represent the zenith of the construction season; historically these quarters have been our busiest and most profitable. In the second and third quarters of 2017, however, wide portions of our footprint experienced near-record precipitation, adversely impacting shipment and production levels and putting downward pressure on operating efficiencies. Furthermore, Hurricanes Harvey and Irma caused destruction and disruptions along the Gulf Coast and southeastern United States during August and September.

We remain confident the nation is in the midst of a steady, multi-year construction recovery.

Government uncertainty, labor constraints and ensuing project delays exerted downward pressure on highway construction activity. On a national basis, highways and streets construction spending decreased 4 percent in 2017, a result contrary to all third-party forecasts. Consequently, much of our customer base, including contractors and state Departments of Transportation (DOTs), has been reluctant to adequately rehire since the Great Recession, limiting the ability to make up for lost weather-impacted days. Even with record, or near-record, backlogs, customers have been hesitant to increase their payrolls before seeing meaningful progress in Washington, D.C. related to an enhanced and more sustainable infrastructure bill, regulatory reform and other growth initiatives, including tax reform.

2017 Tax Act

Impetus to address labor constraints and project delays

Strong customer confidence

Highest levels in nearly a decade supported by multi-year backlogs

While the pace of construction activity, particularly in the public arena, has been slower than anticipated, we remain confident that the nation is in the midst of a steady, albeit extended, cyclical recovery across our footprint. We are encouraged by the recent enactment of the *Tax Cuts and Jobs Act of 2017* (2017 Tax Act) and its long-term benefits for Martin Marietta, our customers and our industry. Importantly, passage of this legislation provides a strong signal and renewed confidence to employers, allowing for long-term solutions to address labor constraints and future capital investment needs.

The passage of the 2017 Tax Act now accomplished, we are encouraged that Congress will now address increased, more sustainable infrastructure funding commensurate with the nation's need. The Administration recently announced a framework for its long-awaited infrastructure modernization plan. While more specific terms and timing of this plan will likely emerge during the second half of 2018, the President's broad outline calls for an additional $200 billion over the next decade to help facilitate his promised infrastructure investment of $1.5 trillion. Expectations are that an enhanced infrastructure bill of some form will be enacted in 2018; the benefits of which should more fully emerge in 2019. Even in the absence of a more robust infrastructure bill, strong customer confidence and improving sentiment lead us to believe that infrastructure activity will benefit from the FAST Act, the 2017 Tax Act, and state and local infrastructure initiatives for 2018 and beyond.

MARKET PERSPECTIVE

Positive trends and fundamental drivers support broad-based construction activity.

We expect growth in all three primary construction end-use markets and anticipate an increasingly heavy construction-centric phase of the current economic recovery over the next several years. Our strategic leading positions in many of the nation's most attractive and vibrant markets strengthen our confidence in Martin Marietta's ability to capitalize on the durable, multi-year construction recovery. We remain optimistic about the largely positive trends in the markets we serve and the continued presence of fundamental drivers that support broad-based construction activity. Notably:

Positive outlook for aggregates-intensive highways and streets construction

SUPPORTED BY DODGE AND PCA FORECASTS

Aggregates consumption supported by job growth

TEXAS, FLORIDA, GEORGIA AND NORTH CAROLINA LEAD THE NATION IN JOB GROWTH

- Third-party forecasts indicate increased construction activity over the next several years, supporting our internal outlook for durable, slow and steady growth in demand.
  - Moody's Analytics Economy.com recently updated its U.S. Regional Business Cycle Map, which summarizes the economic status (Expanding, Recovering, At Risk or In Recession) of states and metropolitan areas. The economy in all states, with the exception of Kansas and Connecticut, is either Recovering or Expanding, further validating our belief that we remain in a sustained, multi-year construction recovery.
  - Dodge Data & Analytics, or Dodge, forecasts a 2 percent increase in total construction starts in 2018 with a positive outlook for highways and streets construction in 2018 and 2019.
  - The Portland Cement Association, or PCA, remains optimistic about national cement demand and forecasts a 2.4 percent increase in 2018 and accelerated growth in 2019 and beyond.
  - The Dodge Momentum Index, or DMI, a monthly measure of initial nonresidential construction planning, remained elevated at 143.7 in January 2018 after surging to 151.5 in December 2017, marking some of the highest readings in almost a decade. The DMI suggests both commercial and institutional construction activity will remain healthy in 2018.

- The Architectural Billings Index, or ABI, a nine- to twelve-month leading indicator for nonresidential construction activity, ended the year at 52.9 (any score above 50 indicates billing growth from the previous month). The South region, as defined by ABI and which includes Texas, Georgia, Florida and the Carolinas, reported billings growth every month in 2017, the fifth year in a row without any decline in billings. Additionally, all three construction sectors reported strong billings with ABI scores greater than 50.

♦ Gross domestic product (GDP) growth is forecast at 2.7 percent in 2018. GDP growth is a leading indicator of future aggregates demand.

♦ Six of Martin Marietta's key states - Texas, Florida, North Carolina, Georgia, South Carolina and Colorado - rank in the top ten for growth in single-family housing unit permits for the twelve months ended December 2017.

♦ Our business in the southeastern United States continues to benefit from accelerating economic recovery and attractive market drivers, including robust employment growth, relatively lower costs of living, affordable housing options and land availability for development.

  - Key southeastern states lead the nation in job growth, with Florida ranked 3rd, Georgia 5th and North Carolina 6th. Job growth in all of these states, as well as South Carolina, has accelerated faster than the national average.
  - Customer confidence in North Carolina, South Carolina, Georgia and Florida is at its highest level in nearly a decade.

♦ Our West Group states, predominantly Texas and Colorado, continue to demonstrate the sustained, durable nature of the current construction cycle. Texas ranks 2nd in employment growth while Colorado has climbed to 11th; job growth in both states is well above the national average.

  - Texas manufacturing and service sectors are expanding, driven by strong job growth and a robust housing market, particularly in Dallas/Fort Worth, Houston, San Antonio and, Austin.
  - While the pace of permitting and final investment decisions has been slower than anticipated, new energy-related projects along the Gulf Coast are progressing. Numerous projects will be bid in 2018 with construction activity beginning in 2019 and beyond.
  - Rebuilding efforts following Hurricane Harvey will continue over several years and will be a driver for building materials demand in Texas, the Company's largest state by revenue.

- The Rocky Mountain outlook remains positive with continued growth in all primary end-use markets – infrastructure, residential and nonresidential construction. Denver remains among the fastest growing metropolitan economies in the United States, and Martin Marietta has a premier, multi-generational position along the Front Range of the Rocky Mountains, home to 80 percent of Colorado's population.

CONCLUSION

By almost any meaningful measure, 2017 was an extraordinary year for Martin Marietta. As we enter 2018, we are well positioned to benefit from the steady multi-year cyclical recovery across our geographic footprint and the anticipated increased demand for infrastructures projects and private-sector construction activity. The disciplined execution of our strategic plan, coupled with demonstrated record safety and financial performance and prudent capital allocation, continue to enhance Martin Marietta's solid foundation for enduring success and delivery of increased long-term shareholder value. In 2018 and beyond, we will remain steadfast in our commitment to world-class safety standards, diligent cost discipline and operational excellence as we elevate Martin Marietta from an aggregates industry leader to a globally recognized world-class organization.