



Q2 2019

SUPPLEMENTAL INFORMATION

July 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.





---

# Q2 2019 REVIEW

---

# QUARTERLY HIGHLIGHTS



## COMPANY ACHIEVED RECORD REVENUES, GROSS PROFIT, AND ADJUSTED EBITDA...

### QUARTER ENDED JUNE 30

(\$ in thousands, except per share)	2019	2018
Total revenues	\$ 1,279,468	\$ 1,202,403
Products and services revenues	\$ 1,196,135	\$ 1,128,777
<i>Building Materials business</i>	\$ 1,125,756	\$ 1,060,620
<i>Magnesia Specialties business</i>	\$ 70,379	\$ 68,157
Gross profit	\$ 356,867	\$ 315,917
Adjusted gross profit <sup>1</sup>	\$ 356,867	\$ 326,084
Earnings from operations	\$ 285,882	\$ 263,953
Adjusted earnings from operations <sup>1</sup>	\$ 285,882	\$ 286,246
Net earnings attributable to Martin Marietta	\$ 189,475	\$ 185,377
Adjusted EBITDA <sup>1</sup>	\$ 378,467	\$ 376,096
Earnings per diluted per share <sup>2</sup>	\$ 3.01	\$ 2.92

<sup>1</sup> Adjusted amounts are non-GAAP financial measures. See Appendix for reconciliations to the nearest GAAP measure.

<sup>2</sup> 2019 second-quarter earnings per diluted share includes a charge of \$0.19 per diluted share for a prior-period error that overstated equity earnings from a consolidated affiliate. 2018 second-quarter earnings per diluted share includes a charge of \$0.12 per diluted share for the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting and a charge of \$0.21 per diluted share for acquisition-related expenses, net. Second-quarter 2018 also includes nonrecurring gains on the sale of surplus land and favorable litigation settlements which contributed \$0.29 per diluted share.

### HIGHLIGHTS

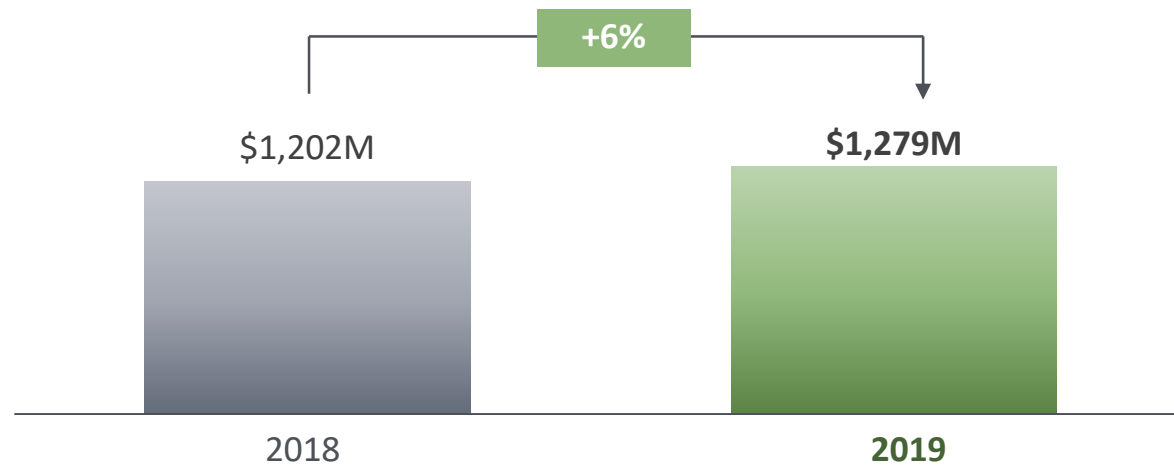
- ◆ Second-quarter operating results underscore the Company's strong execution as it capitalized on the strength and breadth of overall product demand in key geographies
- ◆ Aggregates shipments increased 10 percent with growth in all end-use markets
- ◆ Pricing momentum continued with gains across all Building Materials product lines
- ◆ Magnesia Specialties business posted quarterly records for revenues and profitability
- ◆ Company positioned for another record year

## ...FULL-YEAR GUIDANCE RAISED BASED ON CURRENT TRENDS AND STRONG FIRST-HALF PERFORMANCE

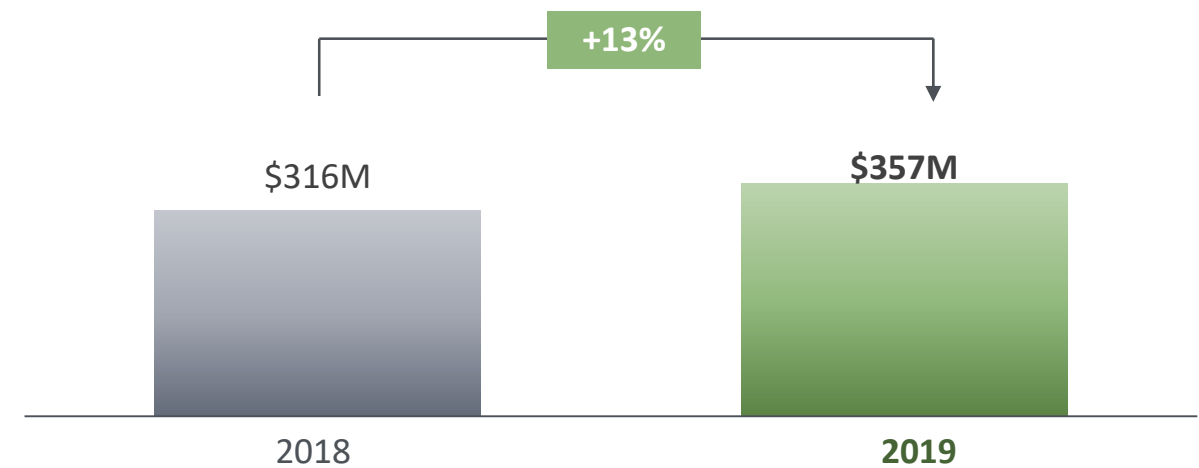
# CONSOLIDATED FINANCIAL RESULTS (SECOND-QUARTER RESULTS, AS REPORTED)



## TOTAL REVENUES

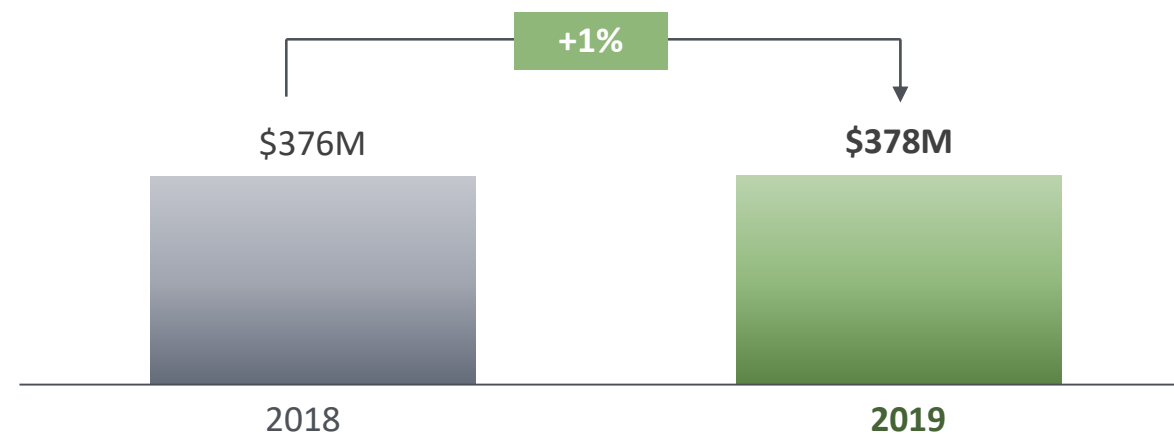


## GROSS PROFIT

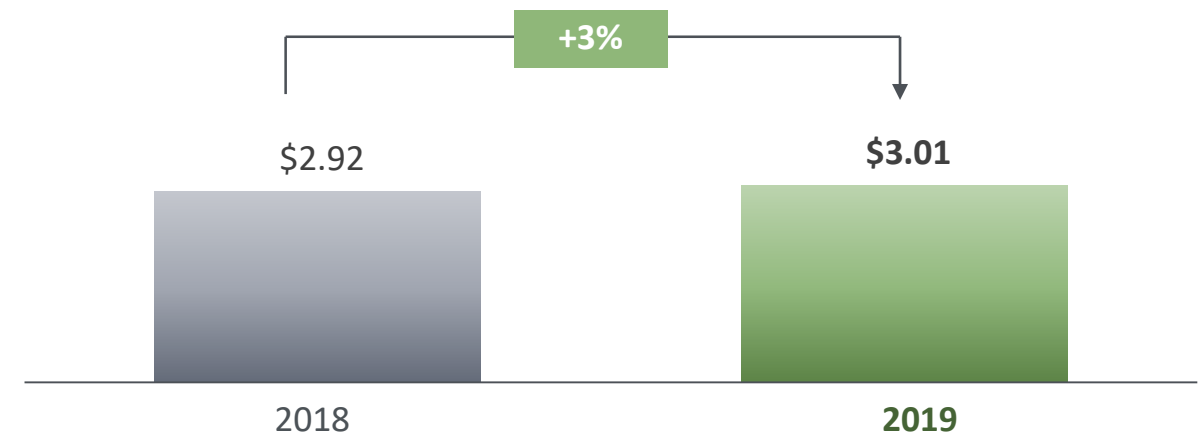


## ADJUSTED EBITDA\*

\*Adjusted EBITDA is a non-GAAP financial measure. See slide 18 for reconciliation to nearest GAAP measure.



## EARNING PER DILUTED SHARE



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

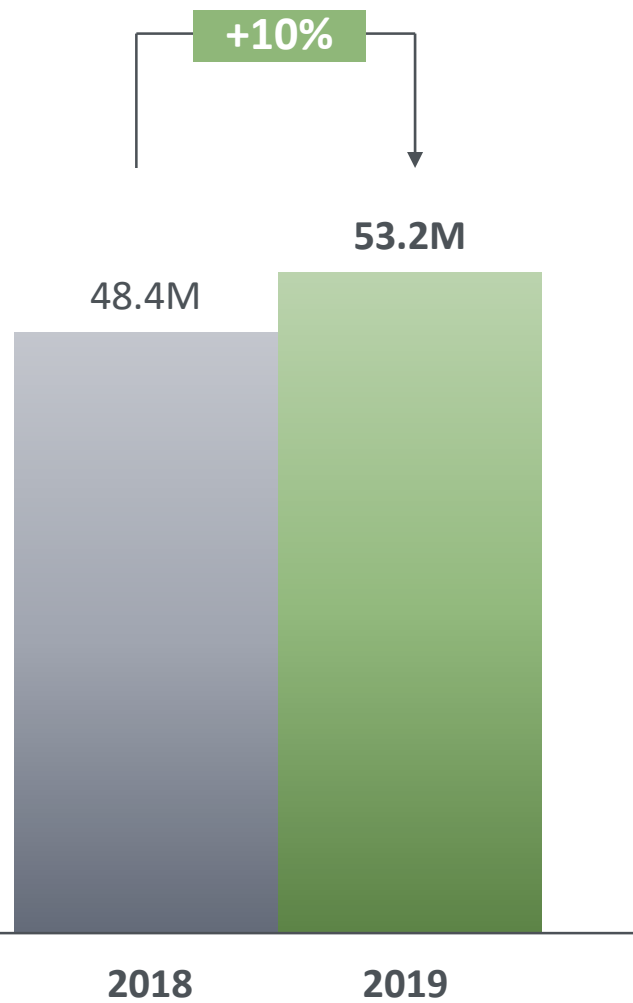


(\$ in thousands)	2019			2018		
	Revenues	Gross profit (loss)	Gross margin	Revenues	Gross profit (loss)	Gross margin
<b>Building Materials business:</b>						
Products and services:						
Aggregates	\$757,802	\$251,422	33.2%	\$666,966	\$198,705	29.8%
Cement	112,350	42,229	37.6%	113,148	41,305	36.5%
Ready mixed concrete	241,178	19,014	7.9%	277,202	29,952	10.8%
Asphalt and paving	82,198	15,742	19.2%	81,482	18,347	22.5%
Less: interproduct revenues	(67,772)	---	---	(78,178)	---	---
Products and services	1,125,756	328,407	29.2%	1,060,620	288,309	27.2%
Freight	77,473	227	NM	68,821	598	NM
<b>Total Building Materials business</b>	<b>1,203,229</b>	<b>328,634</b>	<b>27.3%</b>	<b>1,129,441</b>	<b>288,907</b>	<b>25.6%</b>
<b>Magnesia Specialties business:</b>						
Products and services	70,379	29,212	41.5%	68,157	24,870	36.5%
Freight	5,860	(1,174)	NM	4,805	(1,028)	NM
<b>Total Magnesia Specialties business</b>	<b>76,239</b>	<b>28,038</b>	<b>36.8%</b>	<b>72,962</b>	<b>23,842</b>	<b>32.7%</b>
<b>Corporate</b>	<b>---</b>	<b>195</b>	<b>NM</b>	<b>---</b>	<b>3,168</b>	<b>NM</b>
<b>Total</b>	<b>\$1,279,468</b>	<b>\$356,867</b>	<b>27.9%</b>	<b>\$1,202,403</b>	<b>\$315,917</b>	<b>26.3%</b>

# AGGREGATES PERFORMANCE (SECOND-QUARTER RESULTS)

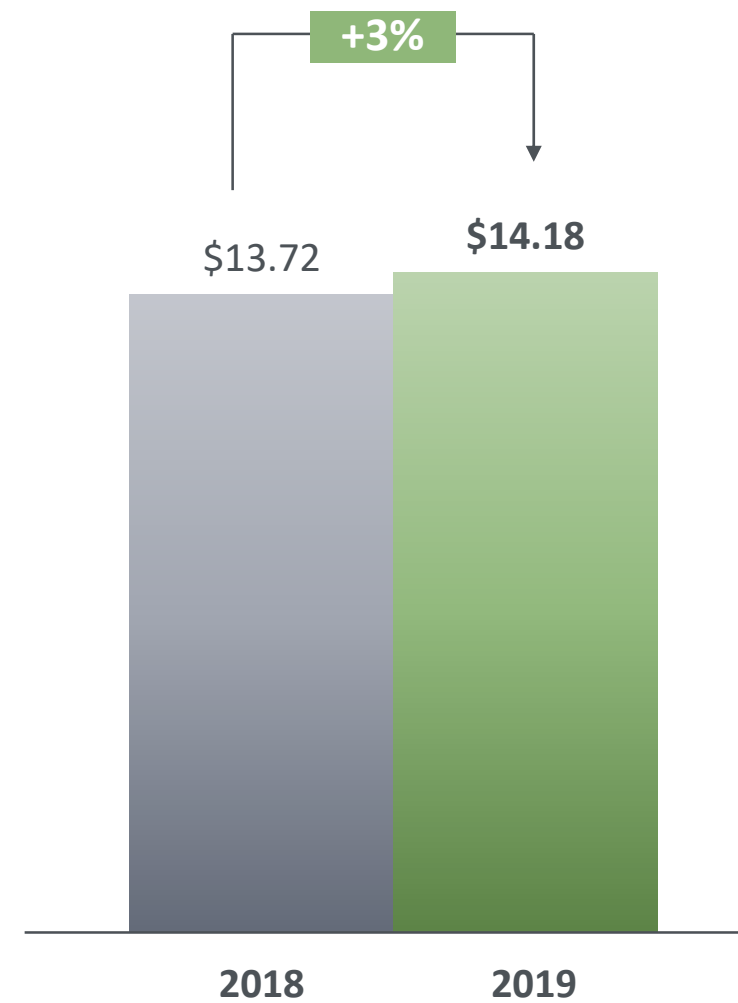


## SHIPMENTS



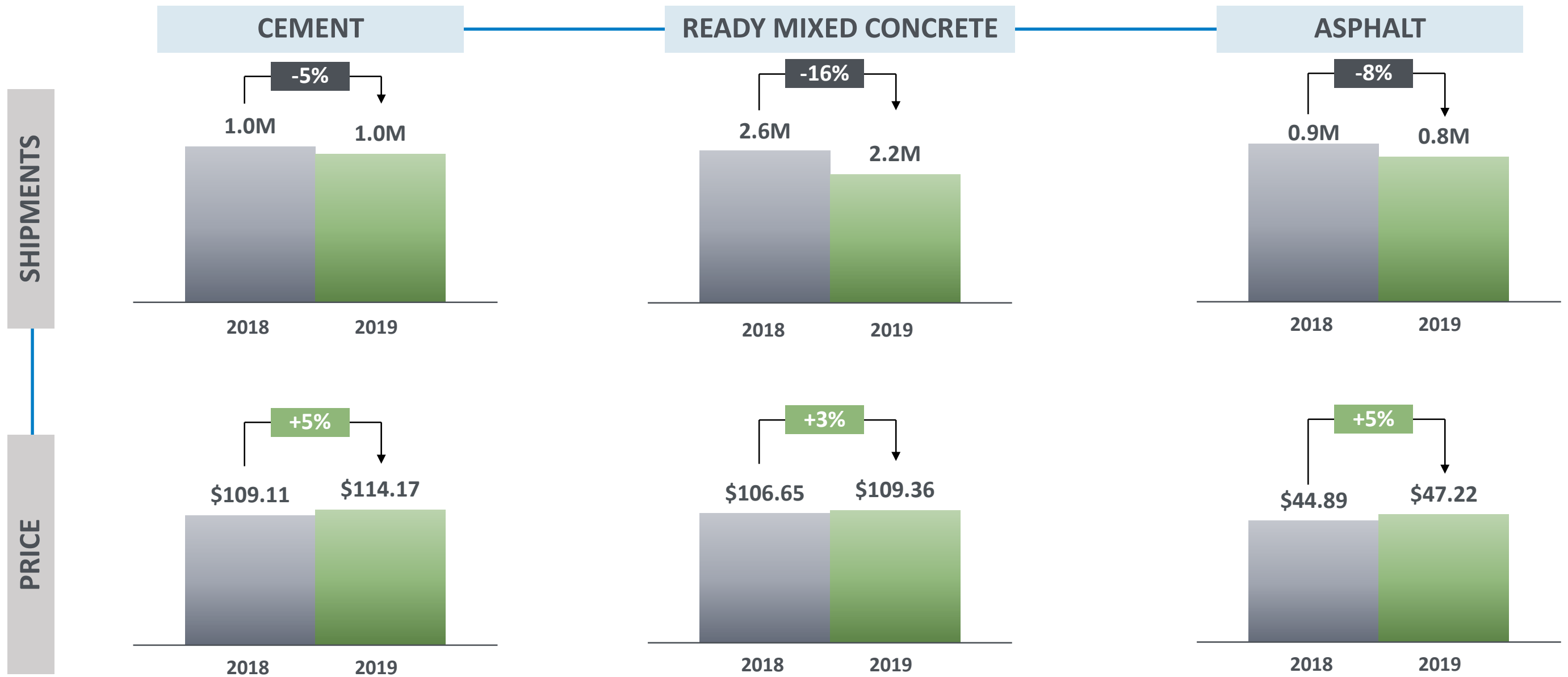
- ◆ Shipments **INCREASED 6 PERCENT ON SAME-STORE BASIS**
- ◆ Volume growth reflects **ROBUST UNDERLYING PRODUCT DEMAND** as customers addressed weather-deferred projects and growing backlogs
- ◆ Second consecutive quarter of shipment **GROWTH TO ALL THREE OF COMPANY'S PRIMARY END-USE MARKETS**
- ◆ 2019 full-year aggregates shipment guidance raised to an **INCREASE OF 8 PERCENT TO 10 PERCENT**

## PRICE



- ◆ Pricing **IMPROVED 4 PERCENT ON SAME-STORE BASIS**
- ◆ **SOLID PRICING GAINS** reflect disciplined execution to **LOCALLY-DRIVEN PRICING STRATEGY**
- ◆ 2019 full-year aggregates pricing guidance reaffirmed at an **INCREASE OF 3 PERCENT TO 5 PERCENT**

# CEMENT AND DOWNSTREAM PERFORMANCE (SECOND-QUARTER RESULTS)





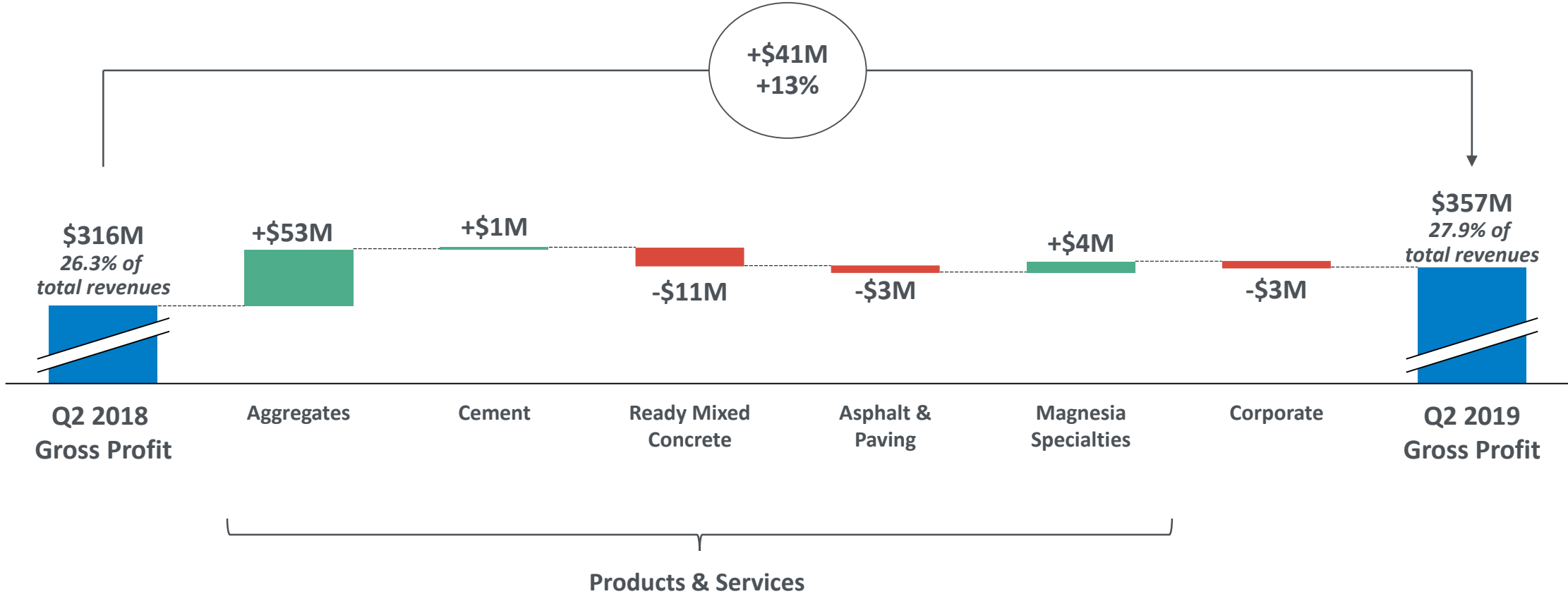
# GROSS PROFIT



Consolidated gross margin expansion of 160 basis points driven by aggregates shipment growth and pricing improvements across all product lines

Aggregates increased profitability from strong demand, favorable weather across Company's eastern footprint and the absence of a \$10 million headwind from selling acquired inventory in 2018

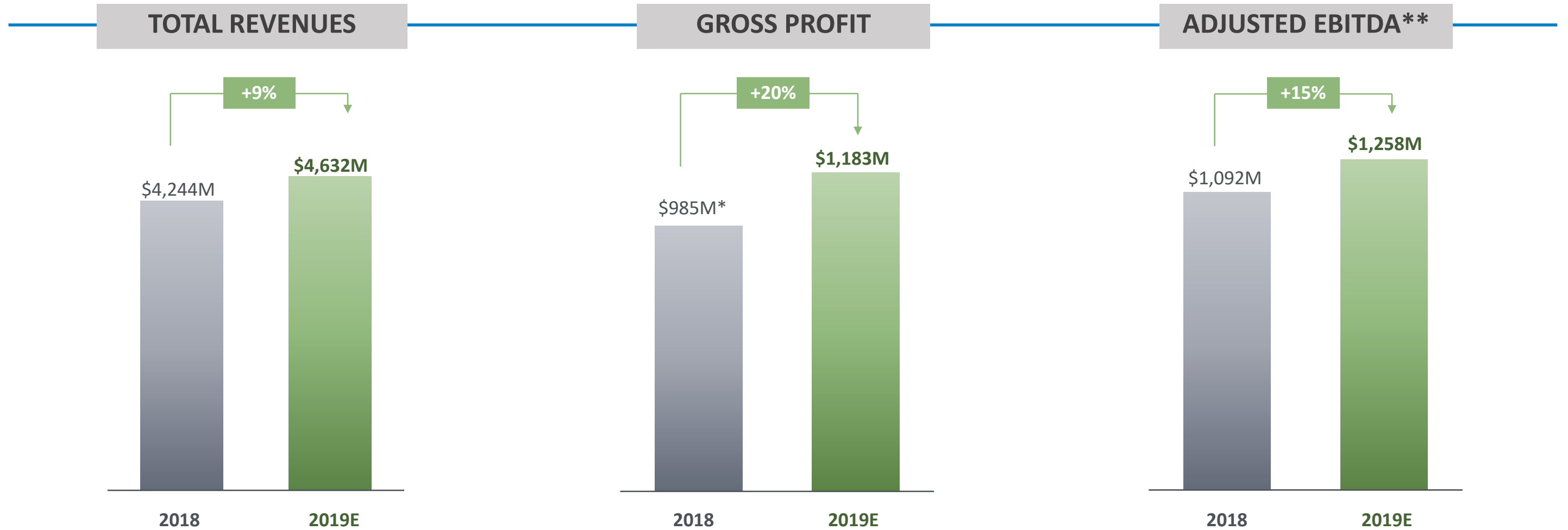
Cement product gross margin expansion of 110 basis points due to pricing gains, lower maintenance costs and lower fuels costs that offset a 5% decline in shipments





COMPANY OUTLOOK

# 2019 GUIDANCE

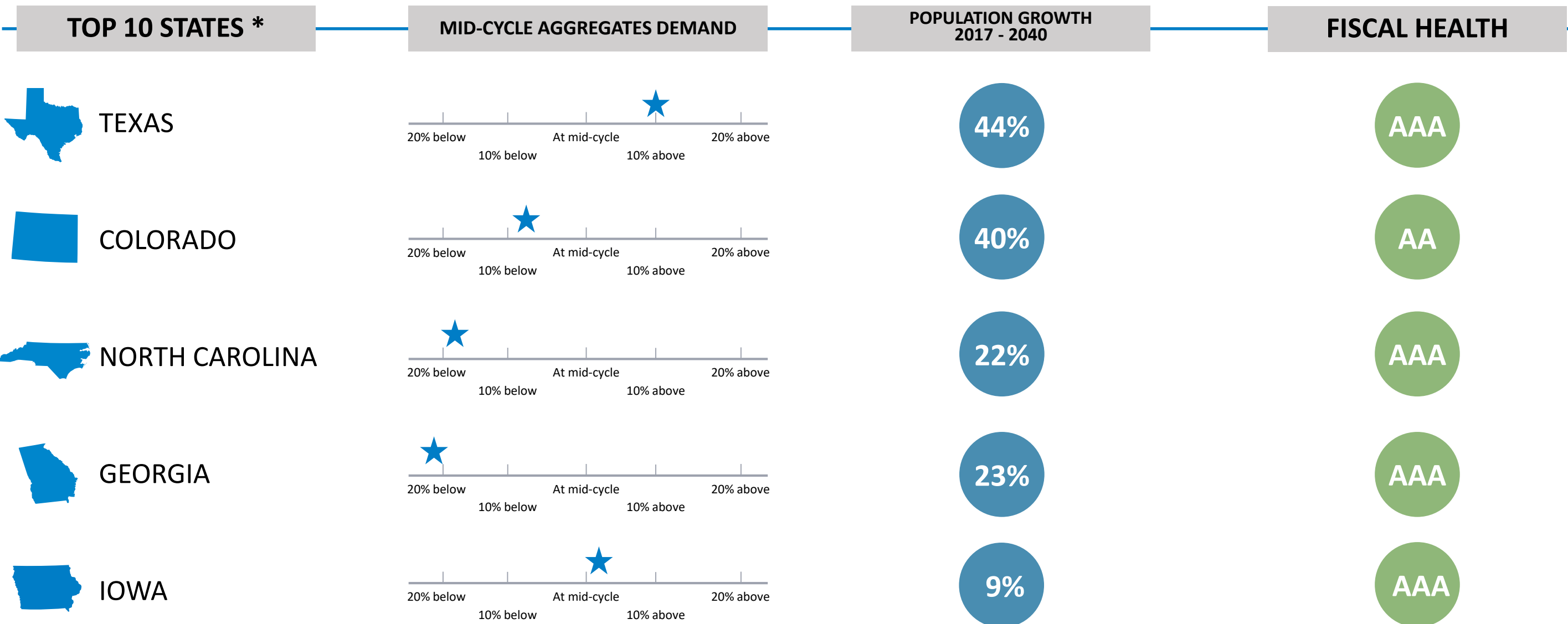


**2019E based on midpoint of full-year guidance included in Earnings Release dated July 30, 2019**

\* Represents adjusted gross profit which 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.

\*\* Adjusted EBITDA reconciled to nearest GAAP measure on slide 18.

# MACROECONOMIC DRIVERS SUPPORT CONTINUED EXPANSION OF CONSTRUCTION CYCLE



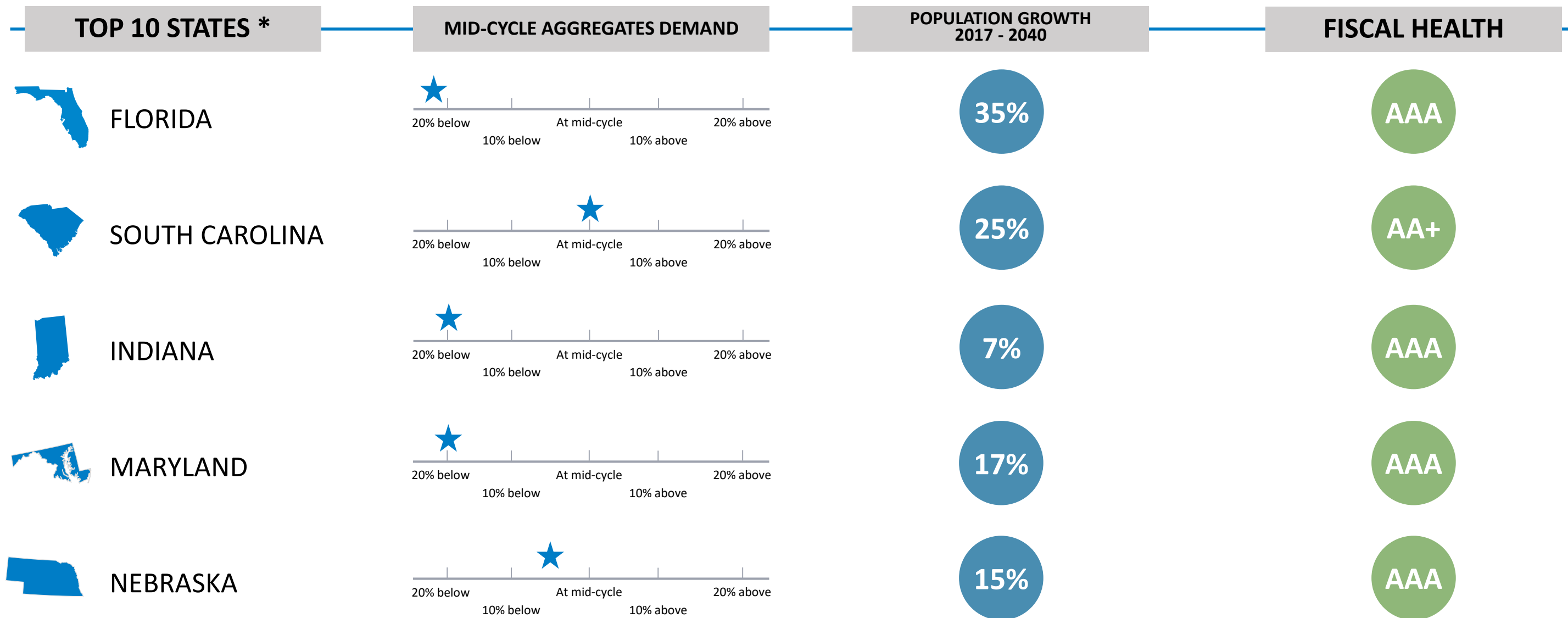
\* Martin Marietta's top 10 sales-generating states based on 2018 Building Materials product revenues by state of destination

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

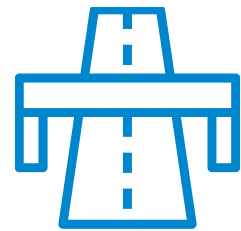
Sources: U.S. Bureau, Population Division (December 2017) and Weldon Cooper Center for Public Service (May 2016)

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

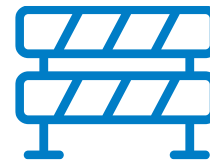


INFRASTRUCTURE

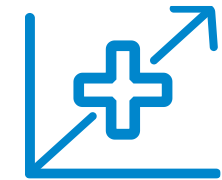
# MAKING NEEDED INFRASTRUCTURE INVESTMENT DRIVES ECONOMIC GROWTH



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**

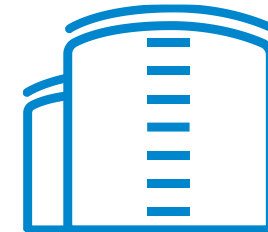




# COMMERCIAL AND HEAVY INDUSTRIAL ACTIVITY REMAINS HEALTHY

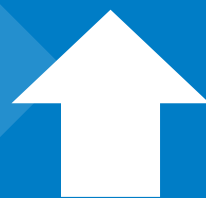


**COMMERCIAL CONSTRUCTION ACTIVITY SHOULD INCREASE**, particularly in Martin Marietta's southeastern and southwestern regions, supported by the Dodge Momentum Index and Architectural Billing Index.



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**

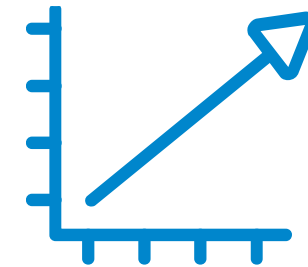




# RESIDENTIAL CONSTRUCTION CONTINUES TO GROW

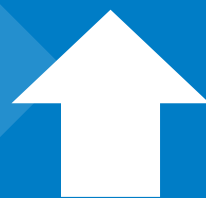


Residential construction **DRIVES FUTURE NONRESIDENTIAL AND INFRASTRUCTURE ACTIVITY.**



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



**Adjusted EBITDA**, defined as earnings before interest, income taxes, depreciation, depletion and amortization, the noncash earnings/loss from nonconsolidated equity affiliates, the impact of Bluegrass acquisition-related expenses, net, and the impact of selling acquired inventory after the markup to fair value as part of acquisition accounting, is a financial indicator of a company's ability to service and/or incur indebtedness. Adjusted 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.

(\$ in thousands)	QUARTER ENDED JUNE 30		YEAR ENDED DECEMBER 31	
	2019	2018	2019E *	2018
<b>NET EARNINGS ATTRIBUTABLE TO MARTIN MARIETTA</b>	\$ 189,475	\$ 185,377	\$ 585,000	\$ 469,998
Add back:				
Interest expense	33,199	32,971	135,000	137,069
Income tax expense for controlling interests	49,878	52,581	157,500	105,637
Depreciation, depletion and amortization and earnings from nonconsolidated equity affiliates	105,915	82,874	380,000	328,390
Bluegrass acquisition-related expenses, net	-	12,126	-	13,479
Impact of selling acquired inventory after its markup to fair value as part of acquisition accounting	-	10,167	-	18,738
Asset and portfolio rationalization charges	-	-	-	18,838
<b>ADJUSTED EBITDA</b>	\$ 378,467	\$ 376,096	\$ 1,257,500	\$ 1,092,149

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

# DEFINITIONS AND RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES



**Adjusted gross profit** and **adjusted earnings from operations** represent non-GAAP financial measures and exclude the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting and the impact of Bluegrass acquisition-related expenses, net. Management presents these measures for investors and analysts to evaluate and forecast the Company's financial results, as the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting and Bluegrass acquisition-related expense, net, are nonrecurring.

(\$ in thousands)	QTR 2 2018	FULL YEAR 2018
<b>GROSS PROFIT, in accordance with GAAP</b>	\$ 315,917	\$ 966,577
Impact of selling acquired inventory after the markup to fair value as part of acquisition accounting	10,167	18,738
<b>ADJUSTED GROSS PROFIT</b>	<b>\$ 326,084</b>	<b>\$ 985,315</b>

(\$ in thousands)	QTR 2 2018
<b>EARNINGS FROM OPERATIONS, in accordance with GAAP</b>	\$ 263,953
Impact of selling acquired inventory after the markup to fair value as part of acquisition accounting	10,167
Bluegrass acquisition-related expenses, net	12,126
<b>ADJUSTED EARNINGS FROM OPERATIONS</b>	<b>\$ 286,246</b>



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

---

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