



MARTIN MARIETTA 2021 INVESTOR DAY FAQs

Questions Specifically Addressed During Investor Day Q&A Session

When you evaluate and rank M&A by attractiveness and availability, do you see more opportunities in existing markets or in platform markets, such as California or the Pacific Northwest, where the Company currently does not have a presence?

With over 1,700 closely-held family businesses operating in more than 3,600 active quarries in the United States, industry consolidation will continue over the coming years and decades. Martin Marietta's M&A strategy includes ongoing evaluation of aggregates-led expansion through acquisitions that complement existing operations (i.e., bolt-on acquisitions) as well as opportunities of scale in new domestic markets (i.e., platform acquisitions). We believe ample room exists to strengthen our existing footprint and expand product offerings, including in key markets in Texas, Colorado and North Carolina, our top three revenue-generating states.

Equally, we are interested in growing our business through potential large-scale platform acquisitions. We refer you to Slide 6 in the 2021 Investor Day presentation, which outlines the eleven megaregions across the United States, and Slide 39, to better understand the geographic areas we consider to be attractive high-growth markets with sustainable long-term construction activity. As part of our growth strategy, it's important to remember that we do not endeavor to be in megaregions simply for the sake of being in megaregions. We evaluate M&A opportunities thoughtfully so as to be an aggregates-led business where we can sustain or achieve a leading market position.

From an availability perspective, we expect a healthy mix of bolt-on and platform acquisition opportunities in the near-term and over the next decade.

Looking at Martin Marietta's targeted expansion markets on Slide 39 of the 2021 Investor Day presentation, California has been circled. As part of the TXI acquisition, the Company was in California with the Oro Grande cement plant several years ago. These assets were subsequently divested and Martin Marietta exited California. What has changed your view of California now and what types of assets would you be interested in there?

When Martin Marietta acquired TXI in 2014, TXI had three cement facilities - Midlothian (located in Dallas, Texas), Hunter (located in San Antonio, Texas), and Oro Grande (located in southern California). This transaction expanded and strengthened our market position as an aggregates leader, in addition to providing us a strategic cement business, within the Texas Triangle megaregion. In contrast, there was no leading

aggregates position or downstream business to pair with Oro Grande, TXI's sole cement plant in California. This meant Martin Marietta was the last cement producer to be effectively sold out and the first one that customers pivoted from when they opted to self-supply. We recognized that while the California market had potential for operators with the right portfolio of businesses, without a downstream business in that vertically-integrated market, Martin Marietta was not the best owner of that stranded cement asset.

Going forward, there is considerable white space to expand our business in megaregions in the western United States. We would be interested in doing so if there are viable opportunities to grow in that region with an aggregates-led footprint similar to what we did when we entered Colorado a decade ago. As a reminder, we swapped our pure-play aggregates Mississippi River business in 2011 for a vertically-integrated platform position along Colorado's Front Range, a footprint that we did not have at the time. Today, we have a leading market position along the I-25 corridor due to this asset swap, as well as subsequent transactions since the swap.

As you pursue M&A opportunities, particularly in new markets where you don't have any facilities, how will Martin Marietta create value without any synergies?

As successfully demonstrated through past M&A transactions, we create value in a three-fold manner by implementing our operating and commercial efficiencies, applying our cost discipline and achieving "found" synergies. The 2018 Bluegrass acquisition provides a good example. This transaction moved the Company into Maryland where, prior to that acquisition, we did not have scale with only two small aggregates operations in the western part of the state. As highlighted on Slide 32 in the 2021 Investor Day presentation, we have demonstrated what can be done relative to pricing in a new marketplace when applying our value over volume strategy. By pursuing appropriate value for our aggregates products, combined with a leaner cost profile, we have significantly improved the performance of that business. Equally important, safety performance has dramatically improved (nearly 75 percent better today). Inevitably, we also find synergies, such as sharing maintenance crews to reduce reliance on contractors or equipment sharing to avoid rental costs. Martin Marietta's approach to commercial excellence, operational excellence and found synergies are the types of synergies that we will bring to future investments as well.

What have been the barriers in lower-priced aggregates markets historically? And what specific strategies does Martin Marietta have in place to drive pricing in these markets to narrow the gap to the corporate average price and to the \$18.50 aspirational goal?

The best two markets to specifically address this question are Texas and Colorado. While the Texas marketplace does not have the same high barriers to entry seen in Colorado, aggregates pricing in Texas has moved up nicely in that market since we acquired TXI in 2014. Pricing has increased at an even faster rate in our Colorado market. We believe our disciplined adherence to our value over volume philosophy has provided and can continue to provide benefits in different types of markets.

More specifically, both the Texas and Colorado markets were pricing aggregates below our corporate average prior to our ownership of TXI and our River for the Rockies swap, respectively. When we expanded our presence in Texas, average selling prices were 60 percent of our then-current corporate average and, in Colorado, it was well below the corporate average. Both markets have increased average selling prices at rates that are higher than our corporate average increases since those acquisitions were completed. In addition,

building critical mass, depletion scenarios and continued consolidation will be important in these western markets and in markets where we are continuing to consolidate our business.

We currently sell aggregates, on average, for \$14.77 per ton. While \$18.50 seems to be an aspirational goal, we already have average selling prices that exceed \$25 per ton in certain parts of the United States. Importantly, these higher prices do not have any negative impact on construction in those markets. We believe Martin Marietta's value over volume strategy will continue to drive attractive aggregates pricing in the near- to long-term future.

Will you describe important macro datasets and their respective correlation to aggregates consumption?

We've looked at various statistics over time to assess future aggregates consumption, including things like employment and population trends. We believe the statistics we shared in the 2021 Investor Day presentation relative to single-family housing starts and the importance of size and scale of projects (square footage) are driven by the strong correlations between those data sets and aggregates demand over short-, medium- and long-term periods. We used the medium-term period of 2000 to 2019 to provide a "through-the-cycle" view of the single-family-led housing boom, subsequent Great Recession and multi-family-housing-led recovery that frames our view that we are at the inflection point of private aggregates demand (~60 percent of our shipments) driven by the recent acceleration of single-family housing development that we haven't seen since the early 2000's.

Specifically, the 2000 to 2019 correlation data sets used to frame our bullish outlook are further described in more detail below:

- 1) The 99 percent relationship between United States Census Bureau single-family housing starts and aggregates volume per capita (USGS aggregates volume divided by US population) on a one-year lag basis considers the drag-along effects of new suburban community buildout including nonresidential and infrastructure construction needs. This drag-along effect drives significantly higher demand for aggregates relative to urban, mixed-used multifamily construction, which led the Great Recession's recovery. Of note, the relationship between single-family starts and aggregates volume per capita on a same year basis is still a strong 92 percent.
- 2) The nonresidential drag-along effects are supported by the 93 percent correlation between single-family housing starts and Dodge Data and Analytics' nonresidential square footage. We use nonresidential square footage as opposed to dollar value given there is no discernible relationship between aggregates per capita demand and construction dollar values.
- 3) Relative to historical Dodge data, we found a 96 percent correlation on a one-year lag basis between total residential and nonresidential square footage and aggregates volume per capita as project size and scale are important determinants of aggregates demand.

We fully expect that as single-family residential construction momentum continues and nonresidential construction follows as it has historically, aggregates demand will recover to more normalized levels.

We appreciate you manage the business for the long term. However, recent winter weather has been top of mind for most investors. How is Martin Marietta faring so far in February, specifically in Texas? Any distinctions to be drawn between aggregates and cement relative to potential disruptions?

In mid-February, the Texas economy was broadly shut down for modestly over a week due to extreme precipitation and temperatures. Construction activity was paused during that time – we believe this work does not go away, it is only temporarily deferred. Our aggregates operations were able to resume normal shipping and production activity relatively quickly. Our cement operations also fared relatively well given our proactive actions in advance of the winter storm – i.e., winterizing the plants and taking them offline until electricity grid stabilization occurred. Remember, cement is a 24/7 operation, so when a cement kiln goes down, it takes more time to equally bring it back up.

While these weather disruptions will provide transient headwinds to our first-quarter results, particularly for our single-largest-revenue-generating state, we believe it portends well for cement fundamentals for the remainder of the year. Cement demand exceeds statewide capacity and this weather disruption may actually enhance the tightness of the Texas market. This could potentially bode well for commercial cement opportunities.

SOAR 2025 includes an objective to grow aggregates average selling price by a four percent CAGR (compound annual growth rate) and to maintain costs at or below an inflationary rate to drive best-in-class aggregates unit profitability. Some of your peers have put out targets relative to their unit margins when shipments reach some type of normalized level. What is Martin Marietta targeting for aggregates unit profitability by 2025?

We have not provided any specific targets on unit profitability. Rather, we have provided our expectations relative to commercial and operational excellence, two components of our business that we can control, and our view of shipment trends over the next few years to allow you to calculate your own “what-if” scenarios.

It is also important to remember that we perform very well in managing our costs. We’ve previously indicated that we expect diesel headwinds in 2021, which are part of the ordinary course of our business. Overall, our cost structure has been relatively constant, growing in a very measured way, and we are able to stay ahead of inflation with our steady growth in average selling prices. Historically, in periods where inflation was accelerated or heightened, growth in our average selling price outpaced inflation as well. We are quite comfortable under both a low inflationary environment or a high inflationary environment and believe we will continue to grow our unit profitability.

What is Martin Marietta’s overarching SOAR aim between now and 2025?

As highlighted in our 2021 Investor Day presentation, Martin Marietta has effectively doubled its market capitalization during each of the previous SOAR periods (i.e., 2010 to 2015 and 2015 to 2020). We have thoughtfully developed and evaluated our SOAR 2025 plan and the ways we will continue to build value for our business and stakeholders. Our overarching aim would be to once again double our market capitalization by the end of 2025.

M&A is Our Preferred Strategy for Growth

With M&A as your primary capital allocation priority, what is your appetite for downstream assets and how do you view ready-mixed concrete and asphalt assets?

M&A is our preferred strategy for growth and we are focused both on product offerings and geography. Martin Marietta is an aggregates-led company, first and foremost. You should always expect whenever we evaluate M&A opportunities, especially larger ones, our first priority will generally be for it to be aggregates led. That said, we are driven by markets, and specifically, where we think attractive markets are located, the position that we would have in a given market, and what we think we can do with our business in the relevant marketplace. We recognize certain markets in the United States tend to be vertically integrated by nature. In our view, in order to have a leading presence in an attractive market that is vertically integrated, an operator needs to have competencies around aggregates and, at times, ready-mixed concrete and hot mix asphalt and we will evaluate these M&A opportunities accordingly. As our proven track record has demonstrated, by following our disciplined SOAR strategy, we have created considerable shareholder value in the process.

What is the size of the M&A pipeline and range of aggregates multiples today? Are there still opportunities for acquisitions of size that could move the needle for Martin Marietta?

With over 1,700 closely-held businesses across the United States, our industry has decades of consolidation ahead of it. Martin Marietta's robust and active M&A pipeline includes both strategic and bolt-on type transactions that we believe may provide some exciting opportunities for the Company in 2021 and beyond. Both bolt-on and platform transactions allow us to strengthen both our critical mass and ability to offer a wide range of products and best-in-class customer service, supporting ongoing favorable pricing trends. Importantly, our healthy balance sheet allows us to pursue these opportunities, as warranted.

Transaction multiples will vary depending on product and geography. For example, a granite business in the eastern United States will typically trade at higher multiples than a sand and gravel business in Texas.

Value over Volume Pricing Strategy

Management highlighted the aggregates pricing opportunities from both normalized pricing and realization of an aspirational \$18.50 average selling price, similar to what is seen in southeastern markets, across the footprint. Is there a point at which higher average selling prices start to negatively impact product demand?

In our view, higher aggregates average selling prices will not negatively impact product demand. In certain parts of the United States, we are already selling aggregates for \$25+ per ton and that does not have a chilling effect on construction in those markets.

Aggregates is the one product that is consistently needed for all heavy-building materials construction for which there is no real substitute. The price of our product will seldom be the reason that a contractor is either successful or unsuccessful in being awarded a job. Neither will aggregates pricing be the reason a project does not move forward. Aggregates are approximately ten percent of the cost of building a street or road, two percent of the cost of building a home and somewhere between those two percentages for a nonresidential project.

How would a potential multi-trillion federal infrastructure plan affect aggregates pricing? Does the Company expect an infrastructure package of this size to boost pricing beyond its historic 4.5 percent compounded annual growth rate?

In our view, a sizeable infrastructure plan, as currently being considered, should further enhance attractive aggregates pricing fundamentals. As Martin Marietta's shipments to the infrastructure end-use market grow so will product demand for high-specification aggregates for state Department of Transportation projects. With our value over volume strategy, the Company is well positioned to capitalize on these emerging trends.

Sustainability

In some European markets, recycled aggregates (from construction and demolition waste) represent more than 30 percent of the demand, and regulations for a more circular economy are intensifying. Does Martin Marietta see the same trends happening in the US mid-term? Is it a threat because it could increase aggregates supply and reduce the value of existing reserves?

While we do not believe recycled aggregates will significantly displace virgin aggregates in the United States in the near- to medium-term. However, recycling can serve, in some instances, to extend the Company's generational aggregates reserves at attractive future average selling prices. With our value over volume philosophy, our view is that aggregates, a depleting natural resource, are more valuable in the ground today.

Recycled aggregates are a non-specification material that can typically only be used in limited applications in the United States. For example, recycled concrete from building demolition can be used as a base material in certain commercial applications, particularly in markets such as Houston, which has no coarse aggregates indigenous to the region. The recycle you see relative to recycled asphalt (commonly referred to as RAP) is more about the extraction of high-cost liquid bitumen out of millings as opposed to reusing the stone. Neither recycled concrete or RAP meet the rigorous state Department of Transportation specifications, such as freeze/thaw requirements, for street and road construction. With nearly 40 percent of Martin Marietta's aggregates shipments to the infrastructure market, and the expectation that high-specification, virgin aggregates will be in high demand as infrastructure construction activity continues to improve and grow, we believe the Company is well positioned to continue to create value now and in the future.

What technologies is Martin Marietta considering to reduce its lime and cement plants' CO2 footprint beyond 2030, in a context where the United States has committed to zero carbon by 2050? Do you believe that the US will put a carbon tax that would make investment carbon capture profitable? Or will clean energy standards and a shift to renewable electricity will be enough?

Carbon dioxide (CO₂) process emissions are an unavoidable component of manufacturing cement and lime due to the nature of the raw materials and chemical reactions involved. During the calcination process, limestone is heated at high temperatures to break down the molecular structure of the stone into lime solids and CO₂ gas. While the solid materials are subsequently ground and incorporated into cement and lime products, the CO₂ is emitted from the kiln stacks. In a modern kiln, more than 50 percent of the Scope 1 greenhouse gas (GHG) emissions are a result of this calcination process, with the remaining emissions coming from the combustion of fuels needed to heat the kiln and the on-site generation of electricity.

While we recognize the limitations inherent to the calcination process, at Martin Marietta, we believe our business model is compatible with the ongoing transition toward a net zero economy and we are working to incorporate such considerations into both our short- and long-term business planning. Key to our model is the sustainability and durability of our products. Ready-mixed concrete, which requires the use of cement in its production, is one of the most sustainable and durable materials on the planet. Concrete can resist fire, wind, hurricanes, floods, earthquakes, moisture and abrasion while maintaining desired engineering properties. As the most widely used building materials in the world, concrete structures have withstood the test of time. The actual average life span for a building in the U.S. is 75 years and the concrete portion of structures often lasts 100 years and longer. We believe this durability and longevity provides considerable environmental and economic benefits over the life span of our products. In particular, this results in less energy and resource consumption over the long term and reduced repair, removal, disposal, and replacement of building materials and contents across the economy (including after natural disasters). It also reduces solid waste contributions to landfills, as well as the depletion of natural resources and energy consumption associated with manufacturing replacement materials and structures.

As part of our commitment to building long-term, sustainable value in our operations, we also have invested and will continue to invest in process efficiencies and other improvements to our facilities and products and are actively engaged in and monitoring regulatory developments and economic transition planning in our industries. For example, Martin Marietta is an active member of the Portland Cement Association, which is in the process of publishing by year end a 2050 roadmap to carbon neutrality. We are also a member of the National Lime Association which is also engaged in reviewing carbon neutrality goals. In the near term, the primary avenues to reduce the Scope 1 carbon footprint associated with our cement and magnesia operations (for which we have set carbon intensity reduction targets) are investing in alternative fuels and increased fuel efficiency, as well as increasing our use of natural gas versus coal. We are also exploring wind and solar projects at our plants to assist in reducing Scope 2 emissions.

A number of governmental bodies, including the U.S. Congress and various U.S. states, have proposed, enacted or are contemplating legislative and regulatory changes to mitigate or address the potential impacts of climate change, including provisions for emissions reporting or reductions, the use of alternative fuels, carbon credits (such as a "cap and trade" system) and a carbon tax that could be related to carbon capture. While we expect the new U.S. presidential administration to be active in this area, it is too early to tell what legislative or policy steps will be adopted and what impacts they will have, including whether a carbon tax will be imposed and if the United States Environmental Protection Agency will proceed with adopting new or additional emissions or permitting requirements.

Going forward, the cement industry is actively seeking approvals from the ASTM and Departments of Transportation in the U.S. to allow the use of blended cements which have a smaller carbon footprint. The industry is also exploring options for lower energy consumption through process additions that reduce the temperature required in the kiln as well as changes to the cement raw mix that will allow a smaller carbon footprint.

These steps would be expected to substantially reduce the carbon footprint of our calcination processes. Nonetheless, due to the fundamental nature of process emissions, it is also widely acknowledged that carbon capture will be needed to achieve carbon neutrality in cement operations by 2050. While no full-scale capture system has been proven to date, we are watching with interest the work being done with these systems around the world. It would be our intention to evaluate which, if any, of these systems are most appropriate for our operations if and when full-scale operation is achieved and commercially viable.