



Fourth Quarter and Full Year 2017  
Supplemental Financial  
Information  
February 13, 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](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

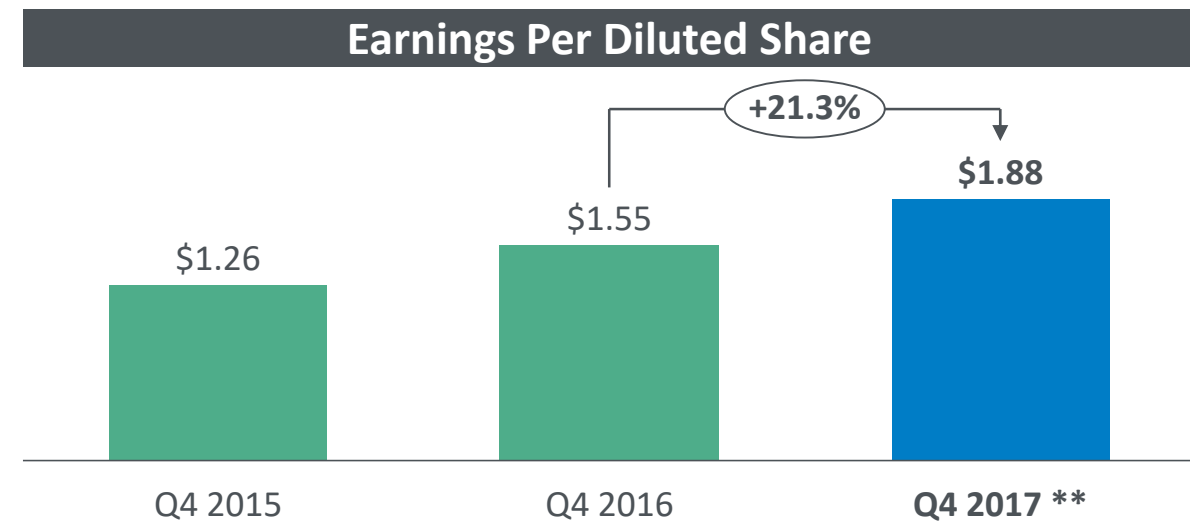
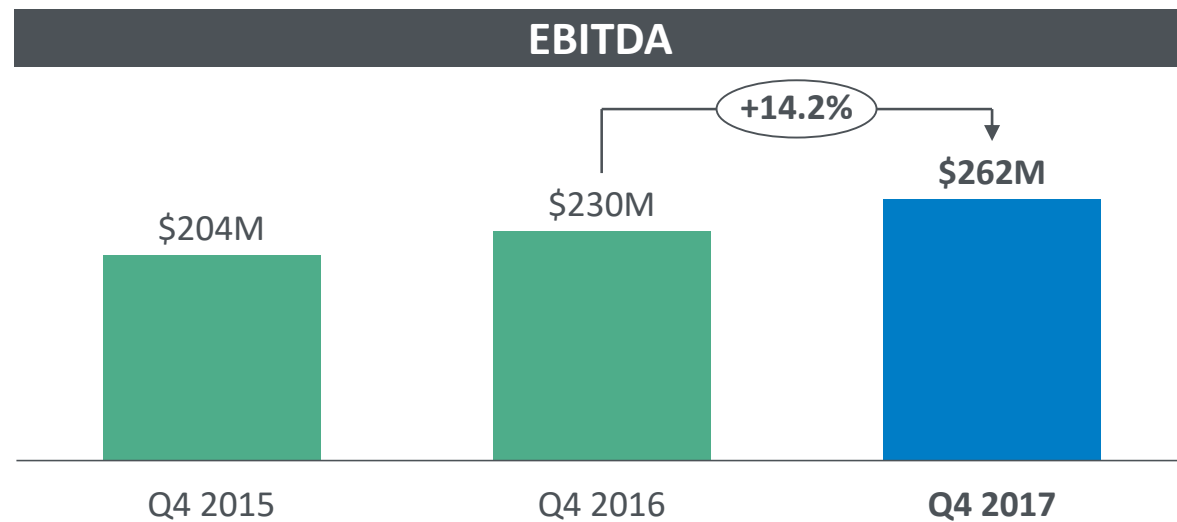
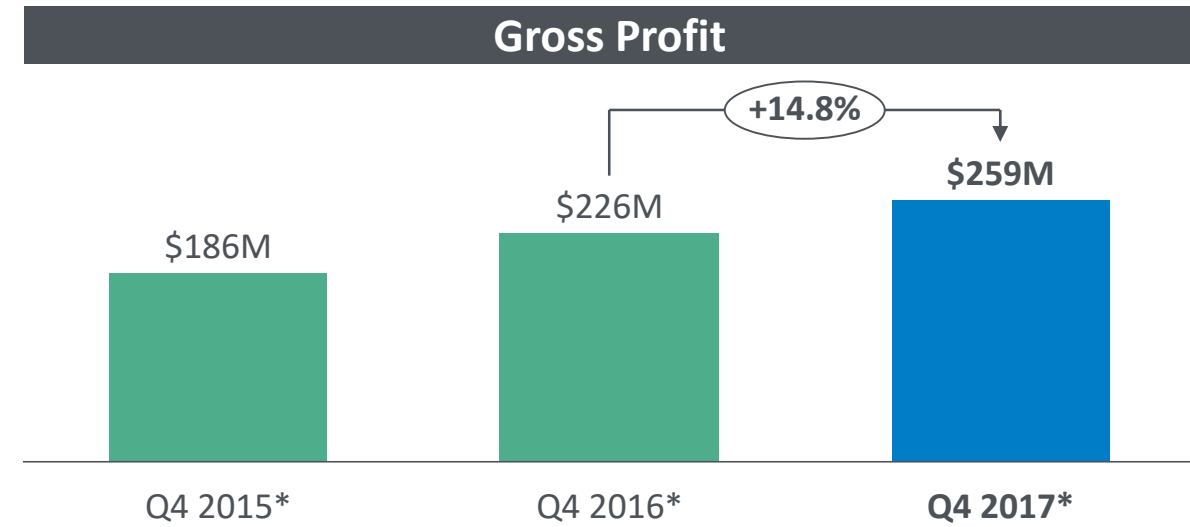
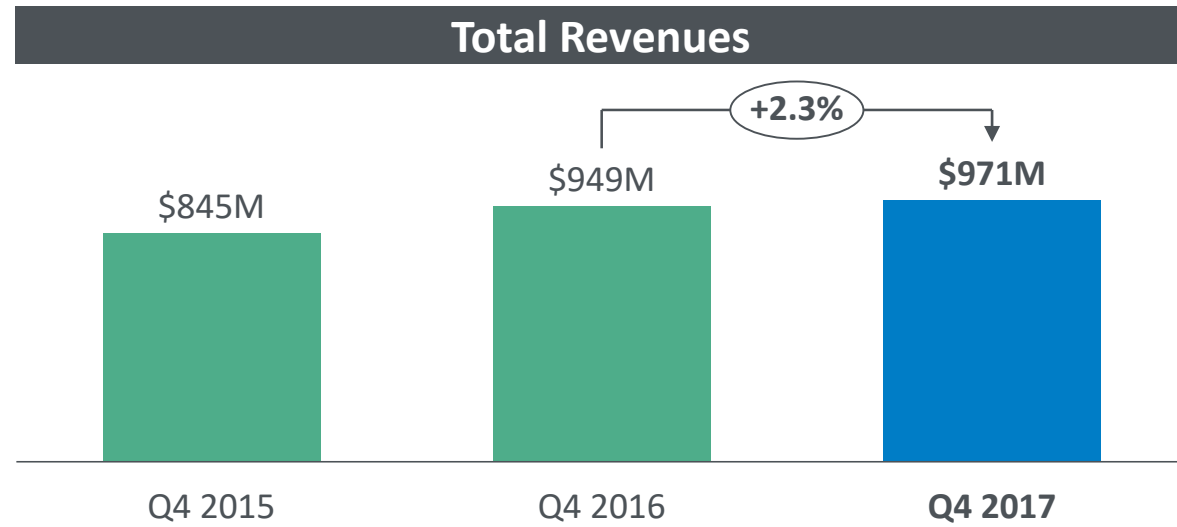
These slides contain certain “non-GAAP financial measures” which are defined in the Appendix. Reconciliations of non-GAAP measures to the closest GAAP measure are also provided in the Appendix.





## Review of 2017

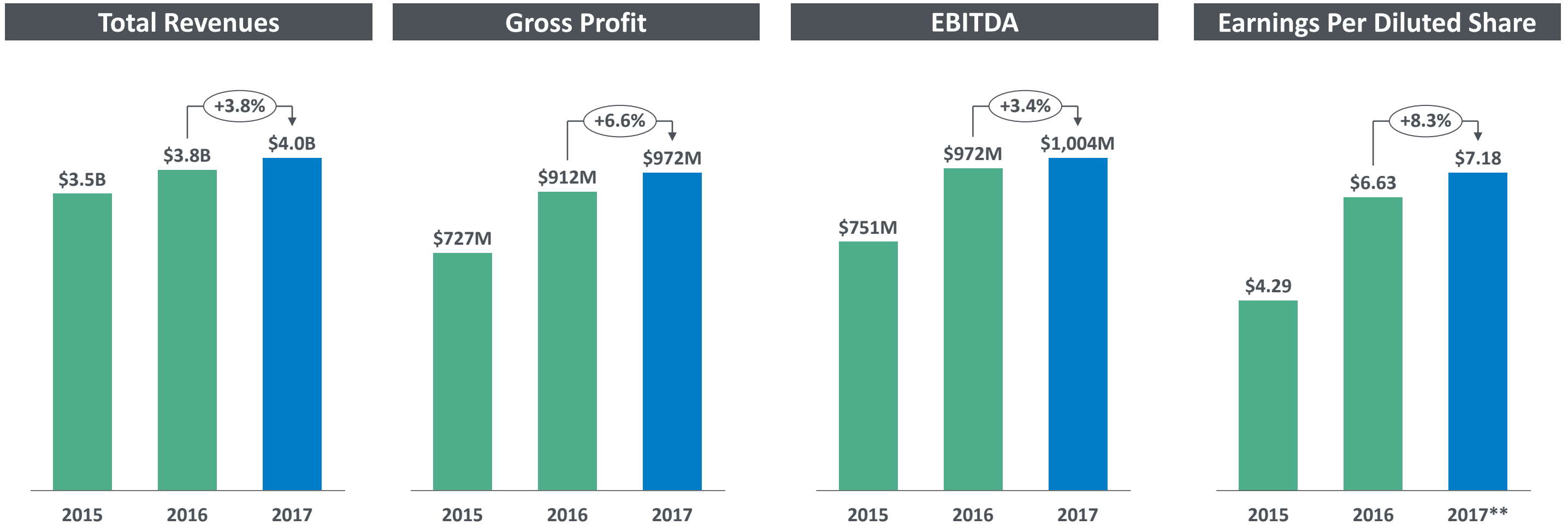
# Fourth-Quarter Consolidated Financial Results



\* Reflects the adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.

\*\* 2017 earnings per diluted shares excludes the \$4.07 per share nonrecurring benefit from the Tax Cuts and Job Act of 2017.

# Full-Year Consolidated Financial Results



\*\* 2017 earnings per diluted share and the percent increase from 2016 to 2017 exclude the \$4.07 per share nonrecurring benefit from the Tax Cuts and Job Act of 2017.

Note: 2015 results include the California cement operations sold in September 2015.



# Tax Cuts and Jobs Act of 2017 (2017 Tax Act)

## Tax reform provides long-term benefits to Martin Marietta and our industry ...

### 2017 Impacts

- One-time, non-cash income tax benefit of \$258.1 million due to remeasurement of net deferred tax liabilities
- \$4.07 diluted earnings per share benefit
- Effective tax rate of 26.4% excluding one-time benefit

### Future Impacts

- Estimated effective tax rate ranging from 20% to 22% for 2018
- Retention of percentage depletion deduction
- Repeal of domestic production deduction
- Full and immediate deduction of short-lived capital investments for income tax purposes for five years

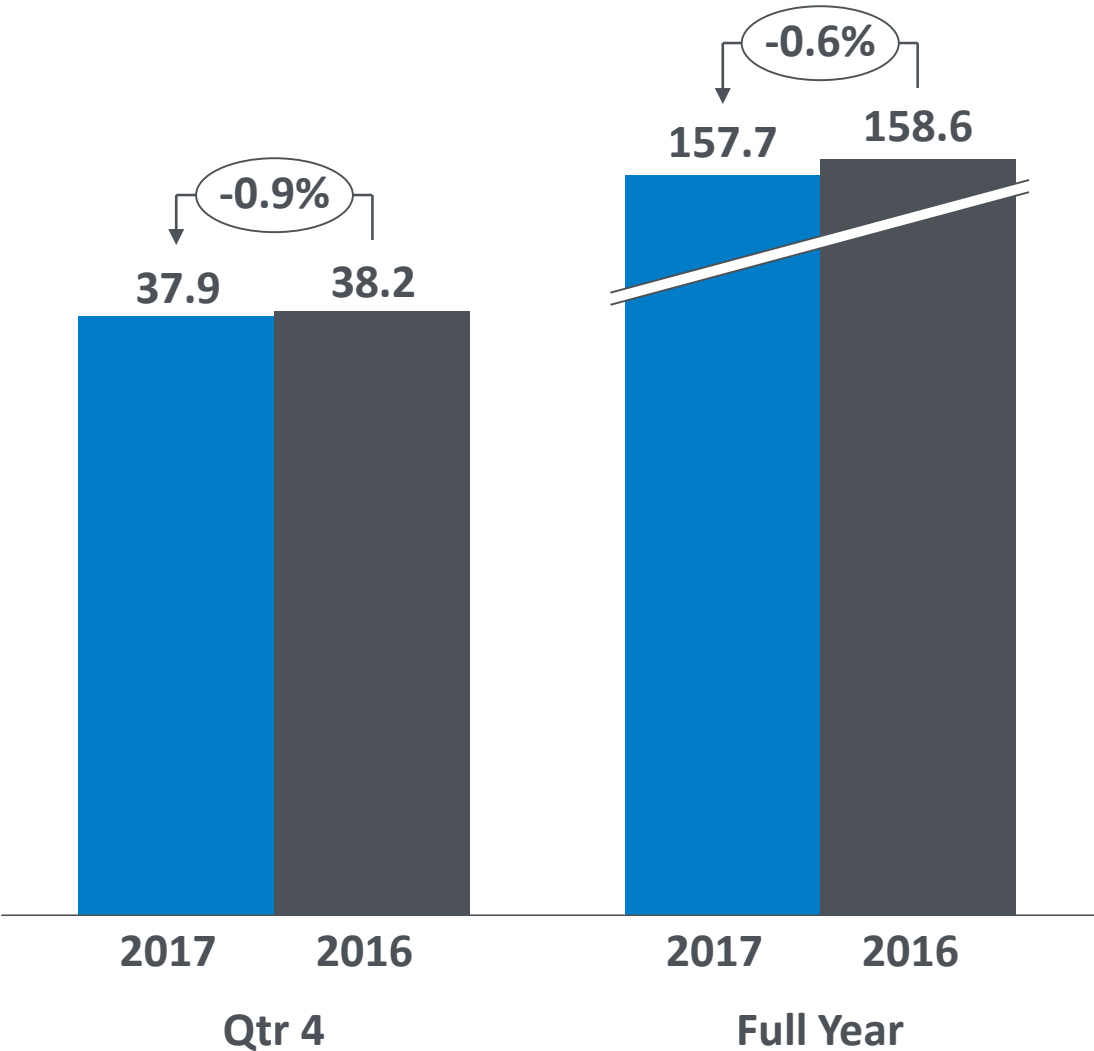
... positive impact to 2018 effective tax rate

# Consolidated Total Revenues

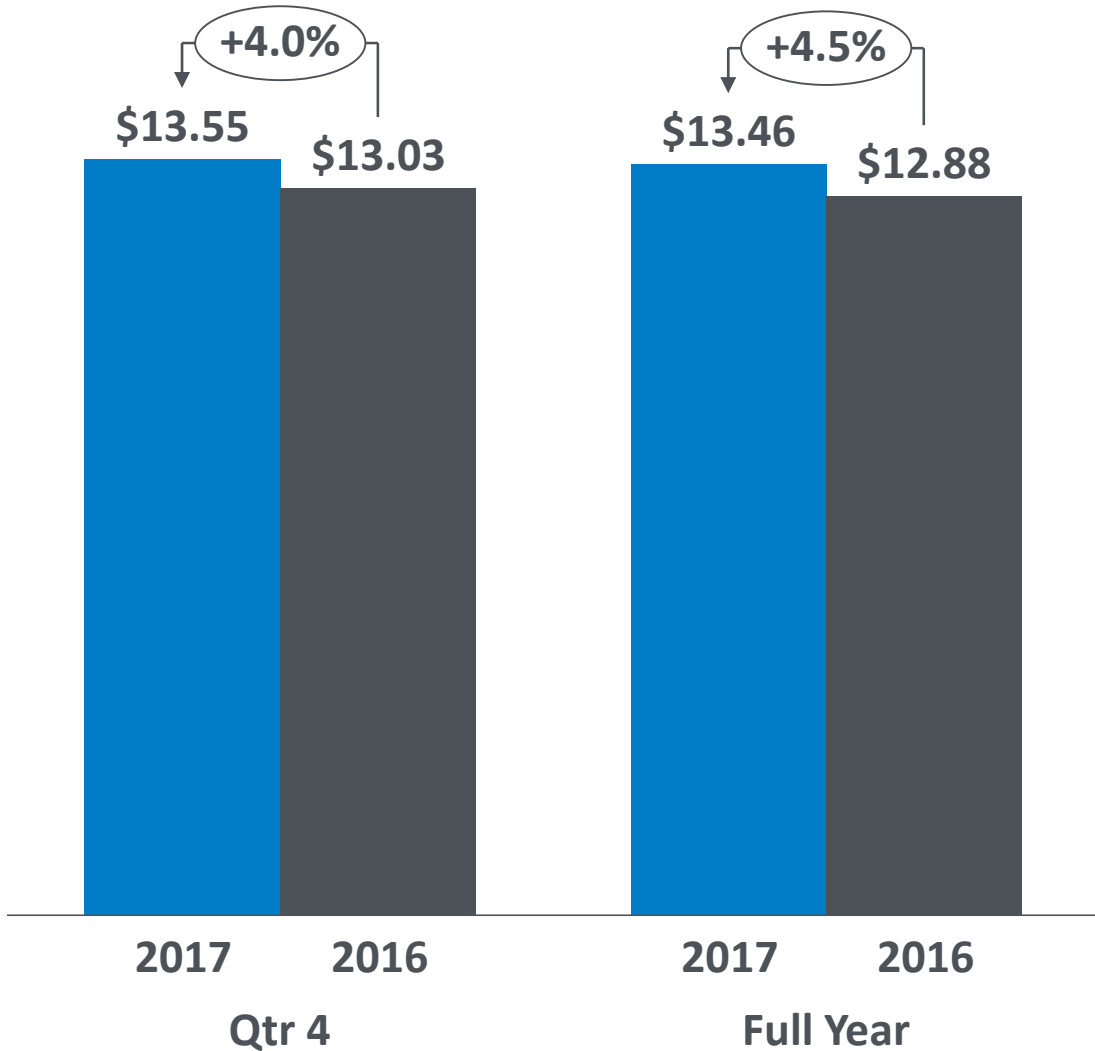
<i>(in millions)</i>	2017					2016				
	Q1	Q2	Q3	Q4	Total Year	Q1	Q2	Q3	Q4	Total Year
<b>Building Materials Business:</b>										
Aggregates	\$ 493.9	\$ 635.2	\$ 647.1	\$ 565.2	\$ 2,341.5	\$ 476.5	\$ 600.9	\$ 638.0	\$ 552.1	\$ 2,267.6
Cement	96.3	102.4	91.9	93.6	384.1	100.5	90.1	97.3	87.9	375.8
Ready Mixed Concrete	222.6	242.1	240.4	231.9	937.0	187.1	215.3	264.1	237.3	903.8
Asphalt/Paving	23.2	84.3	111.7	77.7	297.0	11.8	66.0	112.9	70.9	261.6
Interproduct Eliminations	(60.7)	(70.5)	(67.3)	(65.4)	(264.0)	(51.4)	(58.6)	(73.5)	(63.5)	(247.1)
<b>Total Building Materials Business</b>	<b>\$ 775.3</b>	<b>\$ 993.5</b>	<b>\$ 1,023.8</b>	<b>\$ 903.0</b>	<b>\$ 3,695.6</b>	<b>\$ 724.5</b>	<b>\$ 913.7</b>	<b>\$ 1,038.8</b>	<b>\$ 884.7</b>	<b>\$ 3,561.7</b>
<b>Magnesia Specialties</b>	<b>68.6</b>	<b>70.0</b>	<b>63.9</b>	<b>67.5</b>	<b>270.0</b>	<b>64.2</b>	<b>63.6</b>	<b>65.1</b>	<b>64.1</b>	<b>257.0</b>
<b>Total</b>	<b>\$ 843.9</b>	<b>\$ 1,063.5</b>	<b>\$ 1,087.7</b>	<b>\$ 970.5</b>	<b>\$ 3,965.6</b>	<b>\$ 788.7</b>	<b>\$ 977.3</b>	<b>\$ 1,103.9</b>	<b>\$ 948.8</b>	<b>\$ 3,818.7</b>

# Aggregates Product Line Metrics

**Volume Variance**



**Pricing Variance**



Note: Volume and pricing variances are versus the comparable prior-year period and are based on total tons.



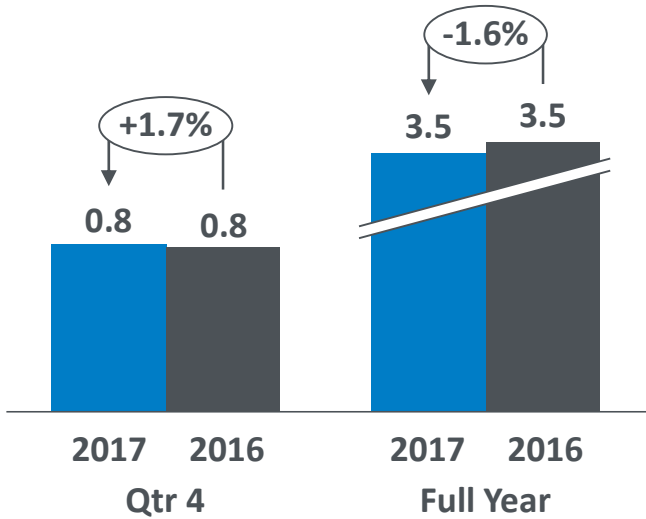


# Cement and Downstream Product Line Metrics

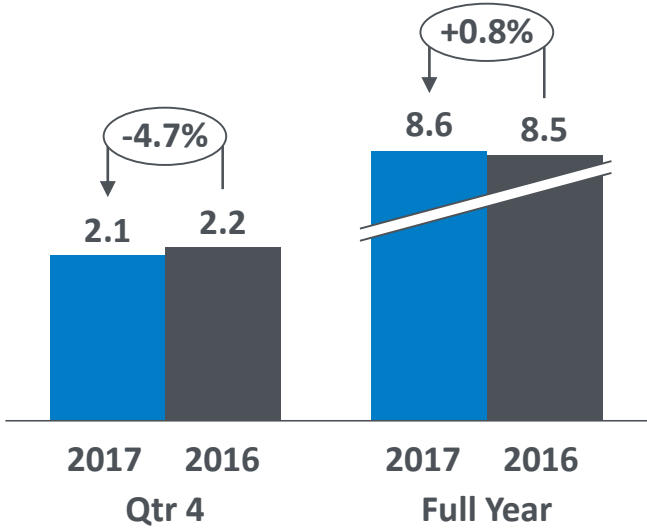
Volume

Price

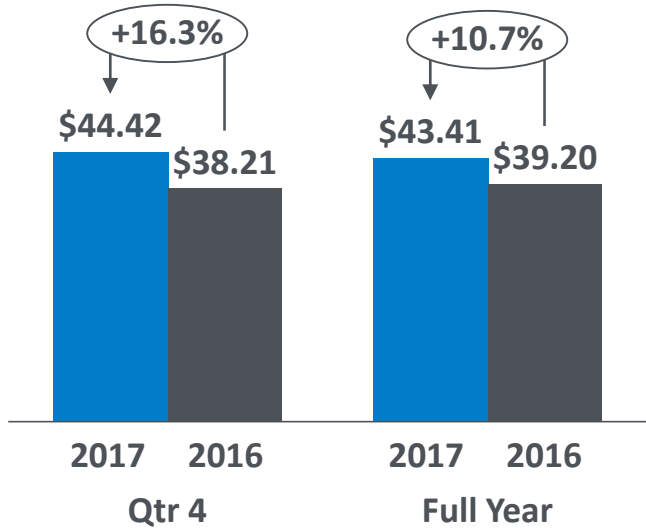
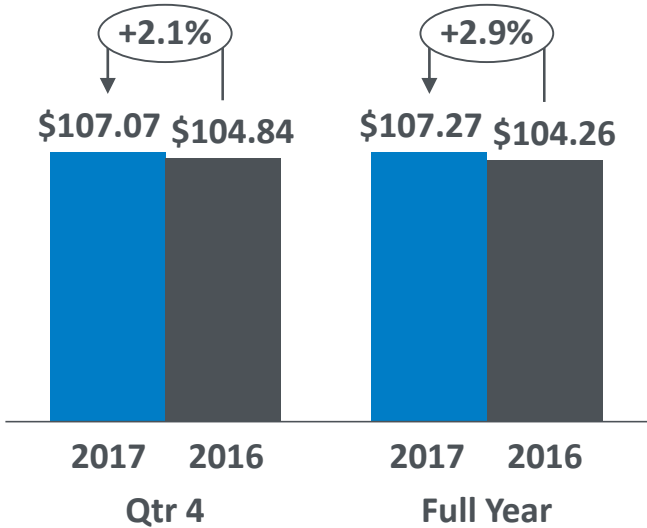
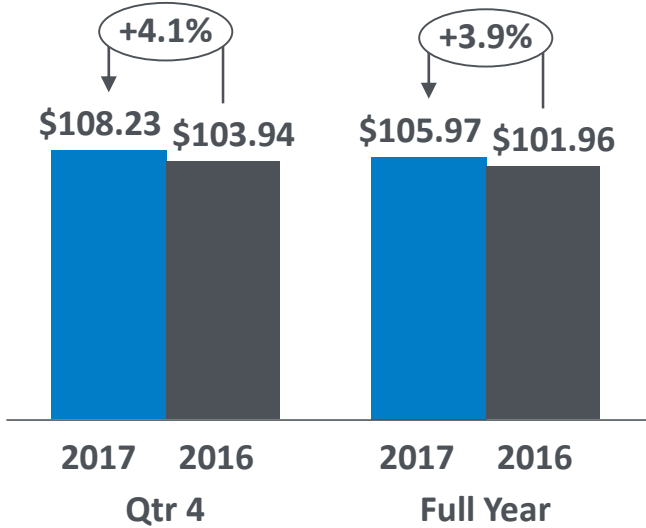
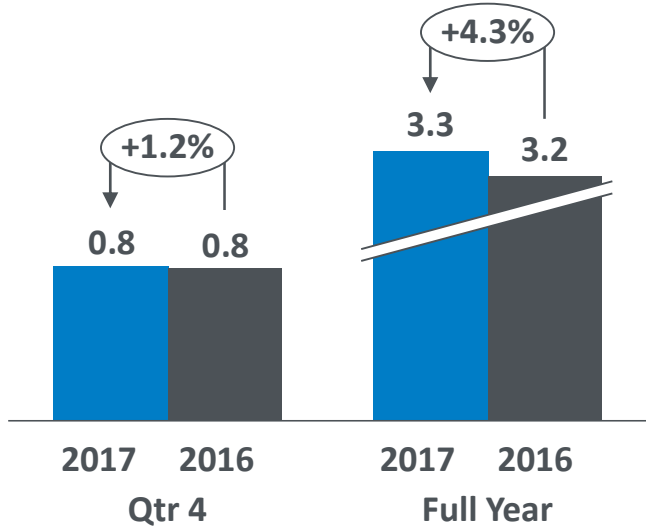
**Cement**



**Ready Mixed Concrete**



**Asphalt**



Note: Volume and pricing variances are versus the comparable prior-year period and are based on total tons, except for ready mixed concrete which is based on cubic yards.

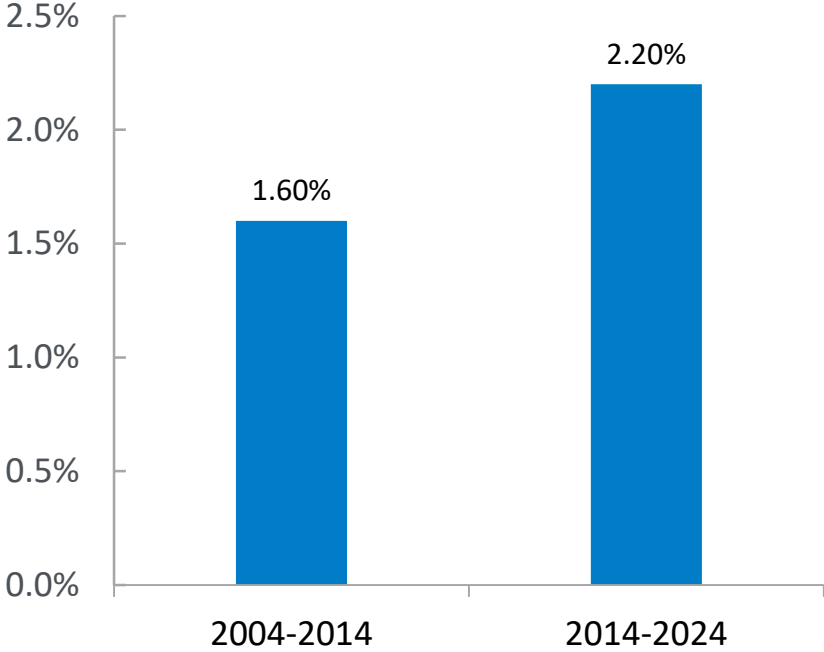




## 2018 Outlook

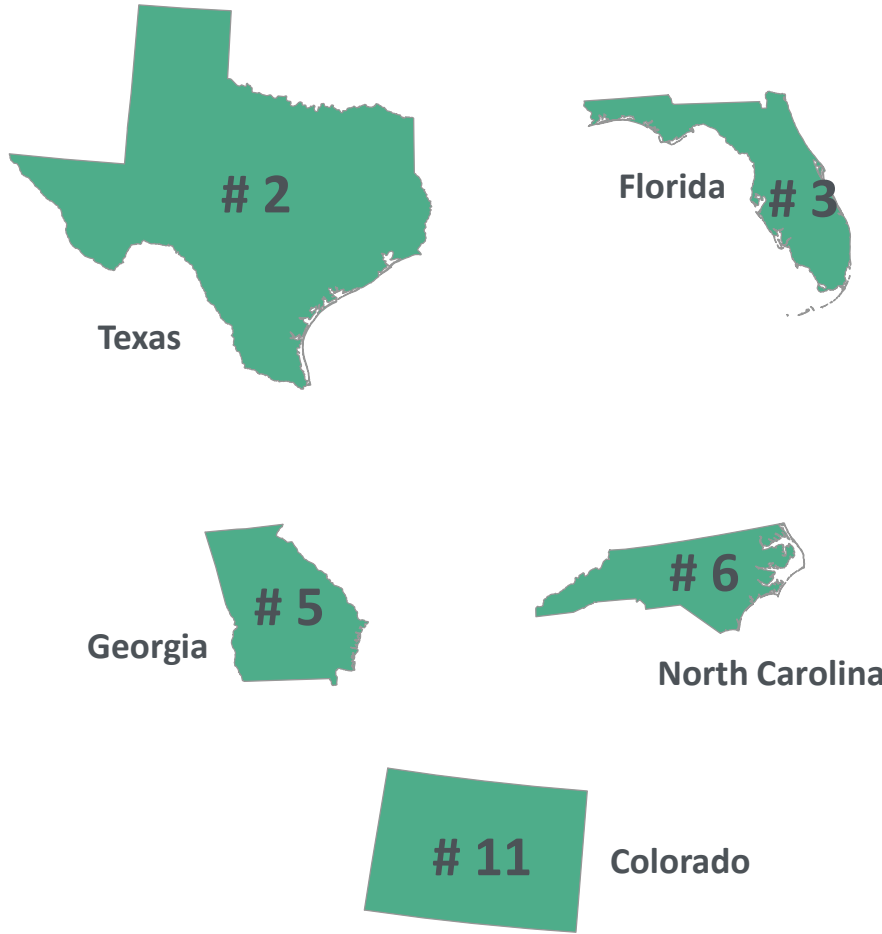
# Macroeconomic drivers continue to support construction-centric growth

## Rising GDP growth



Growth in GDP; 10-year CAGR (%)  
Source: US Bureau of Labor Statistics

## Job growth



Growth in number of jobs (TTM December 2017)  
Source: Bureau of Labor Statistics

## Growing population

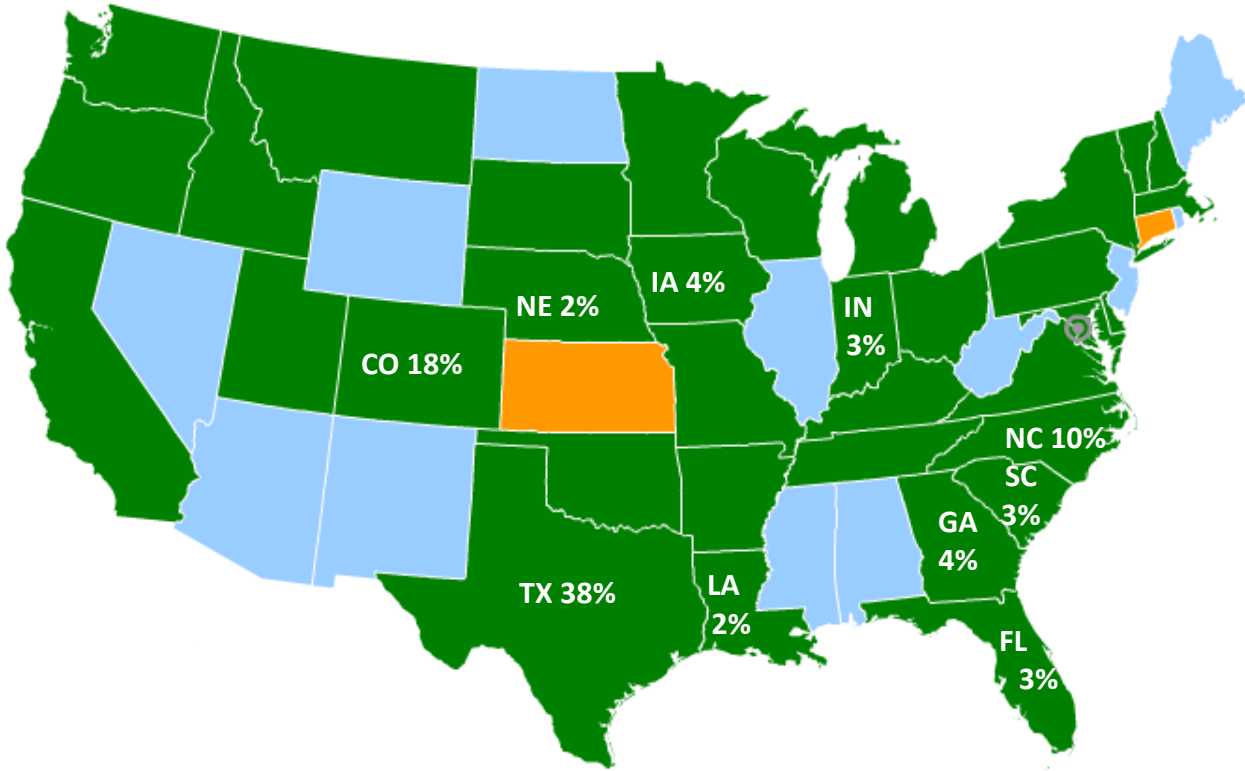
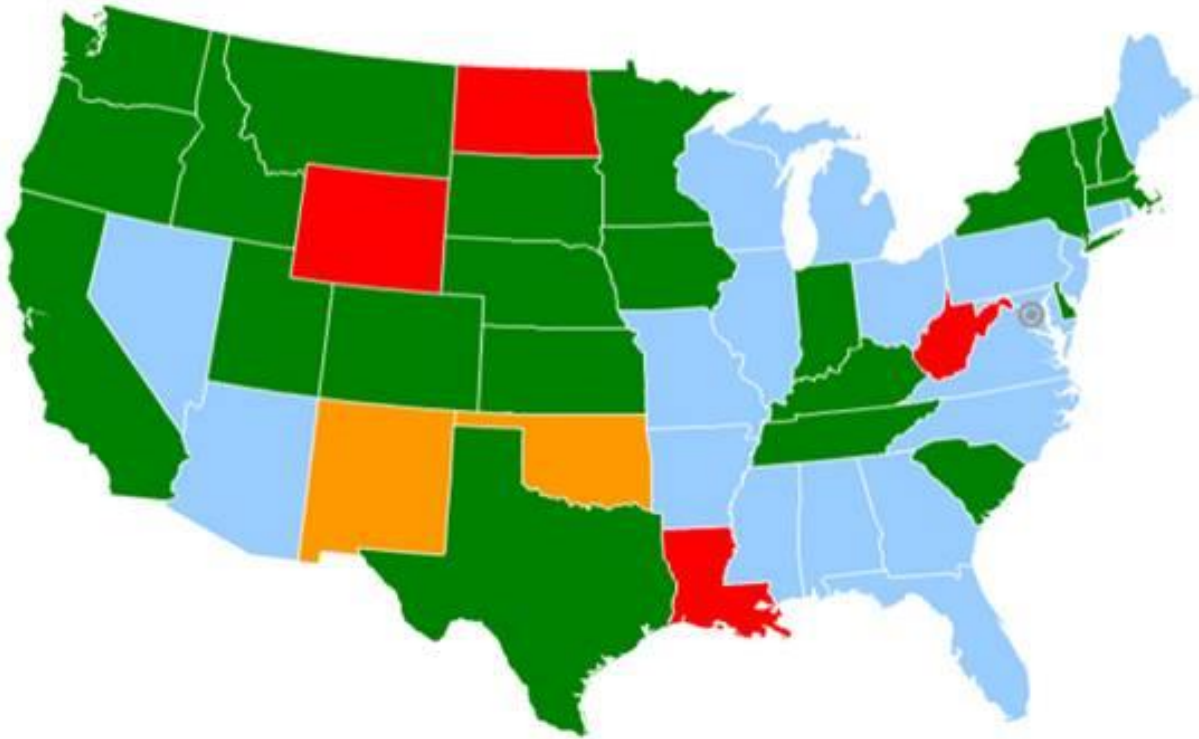
Rank	2030 State Population
1	California
2	Texas
3	Florida
4	New York
5	Illinois
6	Pennsylvania
7	North Carolina
8	Georgia
9	Ohio
10	Arizona

Projected US Population, 2030  
Source: US Census Bureau

# Strength of state economies validates a sustained, multi-year construction recovery

Then Current 2016

Current 2017



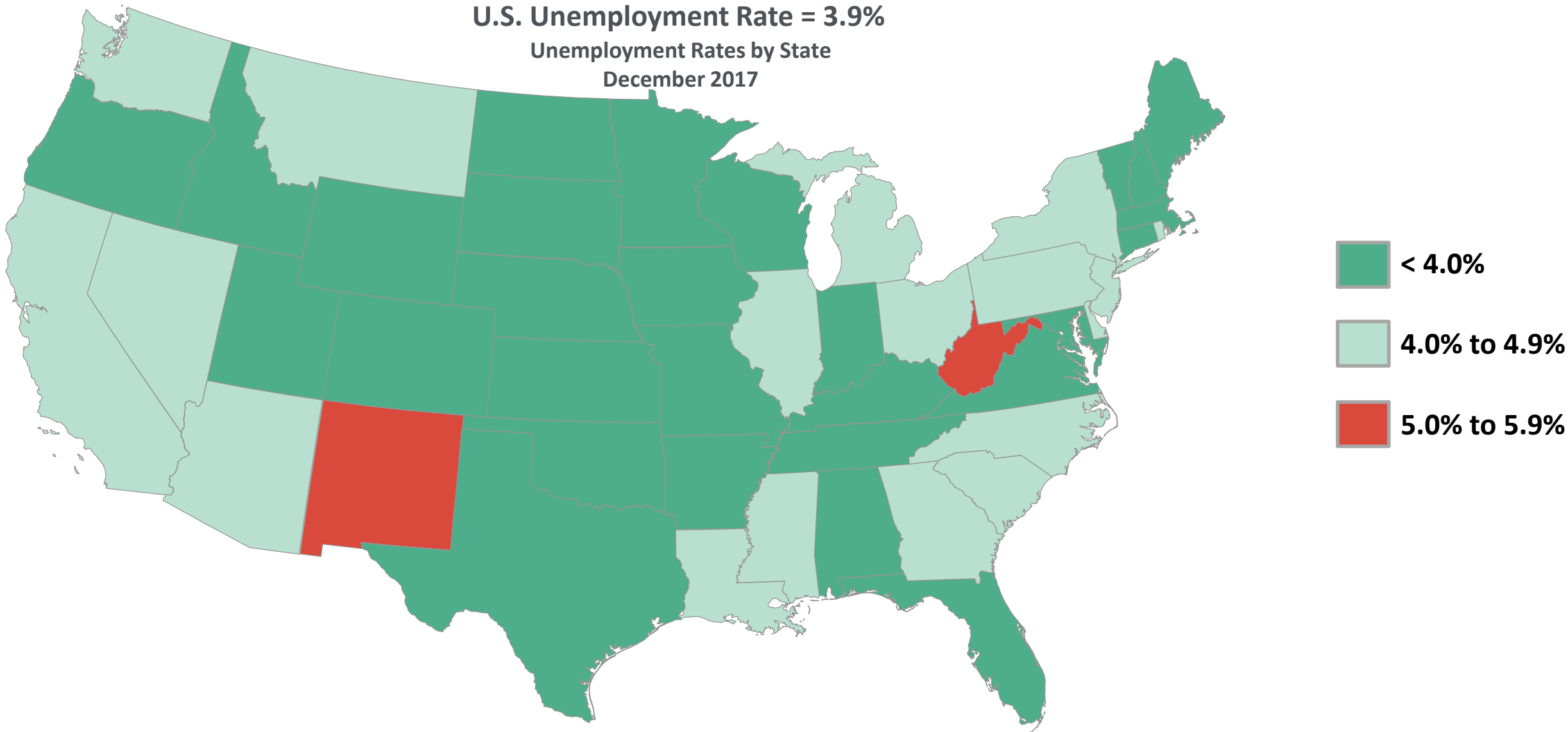
Percentages reflect the Business Materials business' top 10 sales-generating states

■ In Recession   
 ■ At Risk   
 ■ Recovering   
 ■ Expanding

Source: Moody's Economy.com Inc.



# Key states are nearing full employment levels



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

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics



# The current broad-based recovery continues on a steady and extended basis

## Infrastructure



- ◆ 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 2018 and 2019.
- ◆ Passage of 2017 Tax Act builds expectation for more robust infrastructure bill in 2018 with benefits to emerge in 2019.

## 2018 Outlook



**Mid-Single-Digit  
Annual Growth**

## Nonresidential



- ◆ Commercial and institutional construction activity to remain healthy in 2018 as supported by the Dodge Momentum Index, which remains elevated after surging to 151.5 in December 2017.
- ◆ Management expects new energy-related projects, a significant demand driver for Texas, will bid in 2018 with construction activity in 2019 and beyond.



**Low-to-Mid-  
Single-Digit  
Annual Growth**

## Residential



- ◆ Continued growth, particularly in key Martin Marietta markets, supported by employment gains, low mortgage rates and higher lot development. Notably, six of Martin Marietta's key states rank in the top 10 for single-family housing unit permits.
- ◆ Residential construction drives future nonresidential and infrastructure activity.



**Steady growth  
towards 1.4 M  
starts nationally**

## ChemRock/Rail



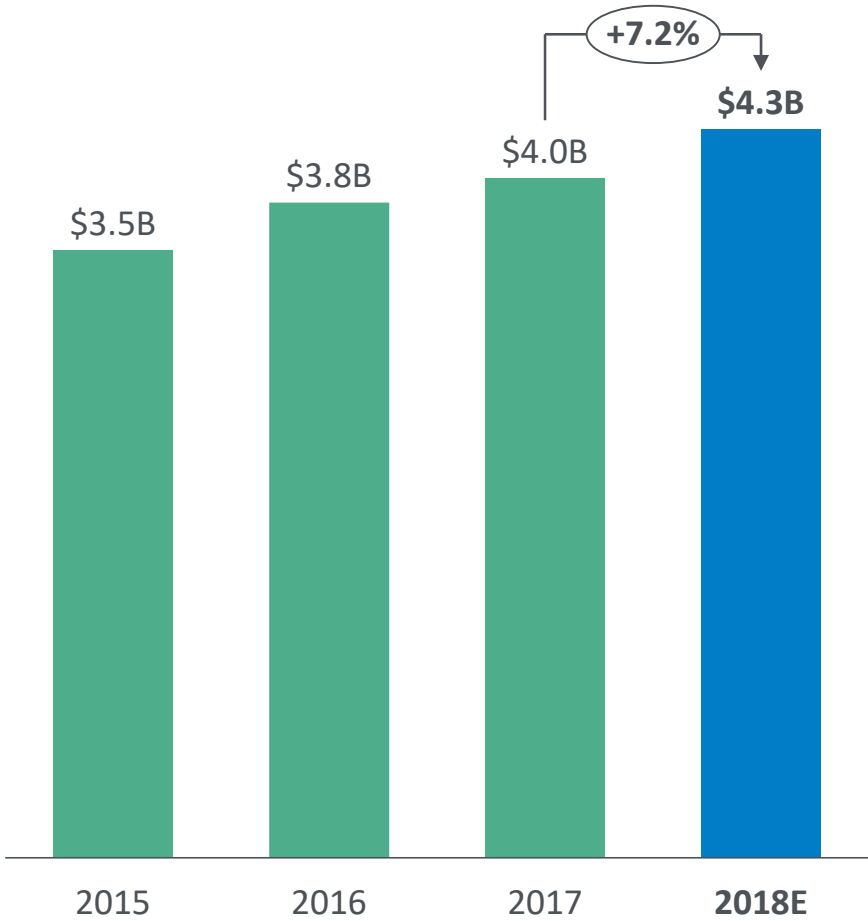
- ◆ Ballast demand is dependent on railroad activity.
- ◆ Agricultural lime is based on farm economy.



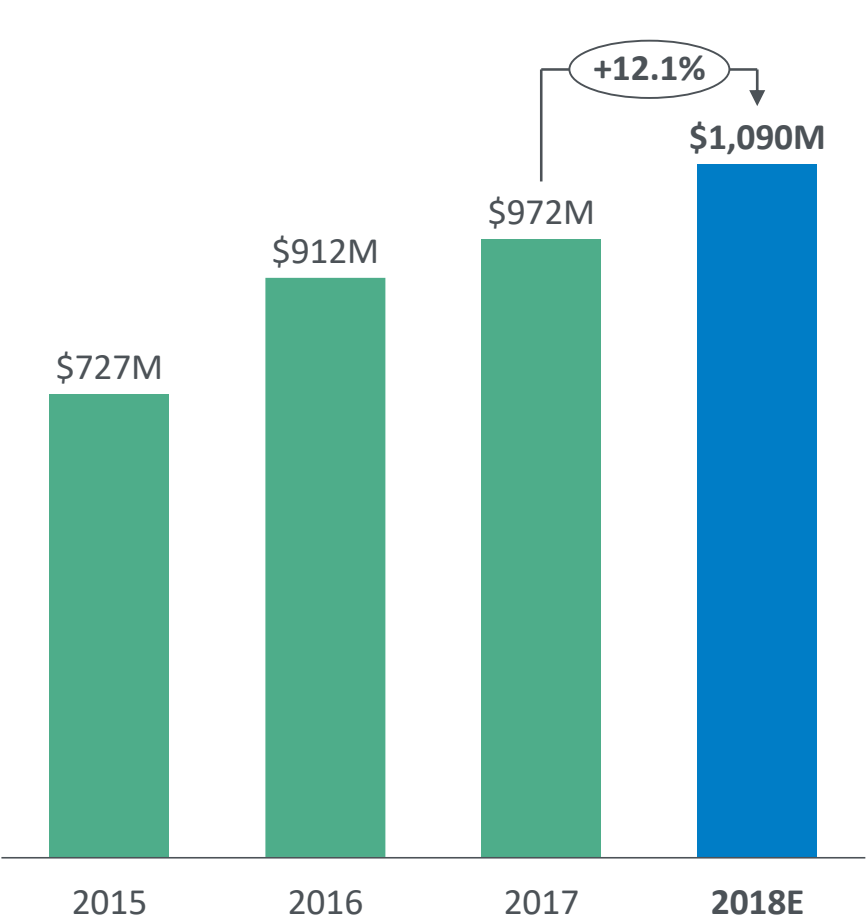
**Stable**

# 2018 Outlook

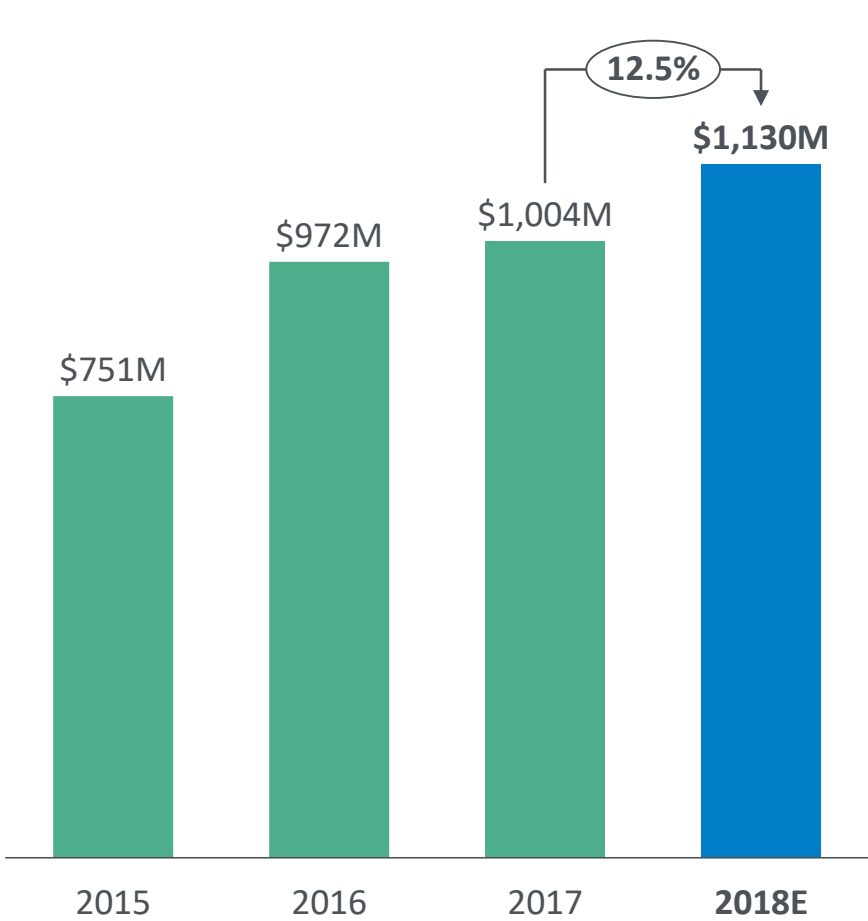
## Total Revenues



## Gross Profit



## EBITDA



2018E based on mid-point of 2018 guidance





# 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 and, as such, should not be construed as an alternative to net earnings or operating cash flow.

<i>(dollars in millions)</i>	Twelve-months ended December 31			
	2018E	2017	2016	2015
Net earnings attributable to Martin Marietta	\$ 542.5	\$ 713.3	\$ 425.4	\$ 288.8
Add back:				
Interest expense	127.5	91.5	81.7	76.3
Income tax expense (benefit) for controlling interests	145.0	(94.4)	181.5	124.8
Depreciation, depletion & amortization expense	315.0	294.0	283.0	260.9
<b>EBITDA</b>	<b>\$ 1,130.0</b>	<b>\$ 1,004.4</b>	<b>\$ 971.6</b>	<b>\$ 750.8</b>

<i>(dollars in millions)</i>	Q4 2017	Q4 2016	Q4 2015
Net earnings attributable to Martin Marietta	\$ 377.2	\$ 98.9	\$ 83.2
Add back:			
Interest expense	23.4	20.8	18.9
Income tax (benefit) expense for controlling interests	(213.6)	37.6	39.3
Depreciation, depletion & amortization expense	75.4	72.4	63.0
<b>EBITDA</b>	<b>\$ 262.4</b>	<b>\$ 229.7</b>	<b>\$ 204.4</b>

Note: 2018E based on mid-point of 2018 guidance

# Definitions and Reconciliations of Non-GAAP Financial Measures

**Earnings per diluted share excluding the impact of the 2017 Tax Act** is a non-GAAP measure. The Company presents this measure to provide an earnings per diluted share measure that is comparable to prior periods as the impact of the 2017 Tax Act is a nonrecurring, non-cash benefit. The following reconciles earnings per diluted share in accordance with generally accepted accounting principles to earnings per diluted share excluding the impact of the 2017 Tax Act for the quarter and year ended December 31, 2017:

	<b>Three Months Ended December 31, 2017</b>	<b>Year Ended December 31, 2017</b>
<b>Earnings per diluted share in accordance with generally accepted accounting principles</b>	\$ 5.95	\$ 11.25
Less: Per diluted share impact of the 2017 Tax Act	(4.07)	(4.07)
<b>Earnings per diluted share excluding the impact of the 2017 Tax Act</b>	<b>\$ 1.88</b>	<b>\$ 7.18</b>



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

