Ward Nye
CHAIR, PRESIDENT AND CEO

CEO Commentary and Market Perspective

August 8, 2024

In 2024 Martin Marietta is proudly celebrating our 30th year as a publicly traded company. The cornerstone of Martin Marietta's longstanding success has been the result of our unwavering commitment to our core values and the disciplined execution of our Strategic Operating Analysis and Review or SOAR plan. This foundation has distinguished us since our early days in 1994 when we were a well-respected regional aggregates business and continues to guide our path forward as a premiere aggregates-led building materials company with a coast-to-coast footprint in the nation's fastest-growing geographies.

Our safety culture and overarching commitment to excellence have long been the underpinnings of our track record of financial success. While we continue to work toward our goal of zero safety incidents, I am pleased to report Martin Marietta delivered the best safety performance in our Company's history during the first half of 2024 as measured by incident rates; a notable achievement considering 2023 was our safest year on record.

Looking at our first-half performance, we experienced shipment declines which are attributable to a confluence of three factors. The first, and single most notable, is the historically wet second-quarter weather in Dallas-Fort Worth – our Company's largest metropolitan marketplace – and in certain of our key Midwestern markets. The second factor was the lag effects of restrictive monetary policy impacting rate-sensitive private construction demand more than we originally anticipated. That said, recent inflation and employment data should enable the Federal Reserve to begin easing monetary conditions at its September meeting. This expected interest rate reduction should result in an uptick in private construction activity. The third factor impacting product shipments is our value-over-volume commercial philosophy; however, we are resolute in its ongoing execution and convinced of its value-creation implications.

While we revised our 2024 full-year Adjusted EBITDA guidance to reflect volume softness, we are on track to again expand margins and deliver strong overall results driven in large measure by continued pricing momentum. Beyond 2024, we remain confident in the fundamental strength and underlying drivers of our differentiated business model, including:

(i) Compounding unit profitability;

(ii) Active portfolio management; and

(iii) Leading positions in key geographies and diversified end-market exposure.

COMPOUNDING UNIT PROFITABILITY

Here's a fact: Aggregates are essential for all heavy-side construction activity. Notably, there is not a meaningful specification substitute for this vital product which typically represents only a small fraction of the overall cost of a construction project. Yet, since most aggregates are delivered to a customer's site or construction project by truck with a comparatively low price-to-weight ratio, geographic positioning is critical, and the related logistical moats are impactful. Moreover, in addition to the foregoing, the barriers to entry in our business are ever increasing. These core fundamentals, together with the thoughtful actions we have taken to build leading positions in markets with attractive population dynamics and favorable economic drivers, underpin the product's pricing resiliency.

To amplify that last point above, we expect pricing momentum, the disproportionate driver of unit-profit growth, will remain at higher-than-historical levels, as the supply of high-quality reserves near major metropolitan areas becomes scarcer and the related replacement costs increase. As a result, Martin Marietta is well-positioned to continue growing unit profitability through various end-market demand environments. As evidenced in the first half of 2024, despite lower shipments, we increased organic aggregates gross profit per ton by 16% over the comparable prior-year period by leveraging organic pricing growth and cost flexibility.

ACTIVE PORTFOLIO MANAGEMENT

Guided by SOAR 2025, we successfully executed over $4.5 billion of margin-enhancing, largely leverage-neutral buy and sell transactions in the first half of 2024. In doing so, we expanded our aggregates-led portfolio and strategically continued to position Martin Marietta in the right markets for future growth while also enhancing the businesses overall durability.

More specifically, the acquired Albert Frei & Sons and Blue Water operations are high-quality, pure-play aggregates businesses that strategically complement our existing footprint in Colorado and the Southeast region. Consistent with previous transactions, we are following the same proven approach: implement our value-over-volume commercial strategy and operational excellence practices to drive value creation. I am pleased to report that the financial performance of both businesses has exceeded management's initial expectations and that while the integration process is complete, the synergy realization will continue.

These acquisitions, together with the completed divestiture of our South Texas cement and related concrete operations, are wholly consistent with our SOAR 2025 portfolio optimization objectives. Combined, these transactions strengthen our portfolio by enhancing our ability to generate consistently higher margins, while reducing earnings volatility.

The M&A pipeline remains active and our strong balance sheet positions us well to continue to be a leader in the industry's ongoing and future consolidation.

LEADING POSITIONS IN KEY GEOGRAPHIES AND DIVERSIFIED END-MARKET EXPOSURE

Martin Marietta's carefully curated geographic footprint, along high-growth corridors with favorable population trends and macroeconomic drivers, afford enhanced opportunities to meaningfully participate in private construction expansionary periods, while also limiting downside risk during economic contractions. In our business, where you are matters and, according to CNBC's "America's Top States for Business 2024" published in July, four of our top-ten states – North Carolina, Texas, Georgia and Florida – are amongst the top five leading the nation. Notably, for the first time since 2007, infrastructure was the heaviest-weighted category in CNBC's study given the significance of record-setting federal and state investments and reshoring efforts moving production capacity back to the United States.

We continue to expect steady, multi-year demand in the often counter-cyclical infrastructure end market, our single most aggregates intensive end use. Despite near-term uncertainty surrounding the outcome of elections in the United States, rebuilding and enhancing our nation's infrastructure and manufacturing capabilities remain bipartisan, national strategic priorities, as evidenced not only by high passage rates on local infrastructure ballot initiatives, but also by three key pieces of legislation — the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act. Indeed, this end-market diversity provides a natural hedge against the current headwinds in warehouse, light commercial and residential construction.

Looking ahead, we expect single-family residential construction to rebound as anticipated future rate cuts aim to solve the housing affordability and availability issues impacting many of our key markets. Relative to the availability issue alone, approximately 1.7 million new households formed last year, yet less than one million single-family homes were completed in 2023. Notably, between 2012 and year-end 2023, 17.2 million new households formed, but less than ten million single-family houses were completed in the same period. The math is straightforward: millions of single-family homes remain missing from the market due to underbuilding compared to relevant population growth in Martin Marietta markets. Closing this housing gap is vital, but it will take time. Importantly, history informs us of what end-use market segment typically follows a housing recovery: light non-residential. Our Company's irreplaceable materials will be required for all of this coming activity.

CONCLUSION

Over the past 30 years as a public company, Martin Marietta has carefully put together a resilient and durable business. As we look ahead, our focus remains on building and maintaining the safest, best-performing and most-durable aggregates-led public company. With our attractive underlying fundamentals, disciplined execution of our strategic priorities and steadfast commitment to safety, and commercial and operational excellence, I am confident Martin Marietta will continue driving sustainable growth and superior shareholder value for the next 30 years.

If you are interested in Martin Marietta stock, management recommends that, at a minimum, you read the Company's current annual report and Forms 10-K, 10-Q and 8-K reports to the Securities and Exchange Commission (SEC) over the past year. The Company's recent proxy statement for the annual meeting of shareholders also contains important information. These and other materials that have been filed with the SEC are accessible through the Company's website at www.martinmarietta.com and are also available at the SEC's website at www.sec.gov. You may also write or call the Company's Corporate Secretary, who will provide copies of such reports.

Investors are cautioned that all statements in this release that relate to the future involve risks and uncertainties and are based on assumptions that the Company believes in good faith are reasonable, but which may be materially different from actual results. These statements, which are forward-looking statements under the Private Securities Litigation Reform Act of 1995, provide the investor with the Company's expectations or forecasts of future events. You can identify these statements by the fact that they do not relate only to historical or current facts. They may use words such as "guidance", "anticipate", "may", "expect", "should", "believe", "will", and other words of similar meaning in connection with future events or future operating or financial performance. Any or all of the Company's forward-looking statements here and in other publications may turn out to be wrong.

Second-quarter results and trends described in this release may not necessarily be indicative of the Company's future performance. The Company's outlook is subject to various risks and uncertainties and is based on assumptions that the Company believes in good faith are reasonable, but which may be materially different from actual results. Factors that the Company currently believes could cause actual results to differ materially from the forward-looking statements in this release (including revised 2024 Guidance) include, but are not limited to: the ability of the Company to face challenges, including shipment declines resulting from economic and weather events beyond the Company's control; a widespread decline in aggregates pricing, including a decline in aggregates shipment volume negatively affecting aggregates price; the history of both cement and ready mixed concrete being subject to significant changes in supply, demand and price fluctuations; the termination, capping and/or reduction or suspension of the federal and/or state fuel tax(es) or other revenue related to public construction; the impact of the U.S. elections on the amount available under and timing of federal and state infrastructure spending; the level and timing of federal, state or local transportation or infrastructure or public projects funding and any issues arising from such federal and state budgets, most particularly in Texas, North Carolina, Colorado, California, Georgia, Minnesota, Arizona, Iowa, Florida and Indiana; the United States Congress' inability to reach agreement among themselves or with the Executive Branch on policy issues that impact the federal budget; the ability of states and/or other entities to finance approved projects either with tax revenues or alternative financing structures; levels of construction spending in the markets the Company serves; a reduction in defense spending and the subsequent impact on construction activity on or near military bases; a decline in energy-related construction activity resulting from a sustained period of low global oil prices or changes in oil production patterns or capital spending in response to this decline, particularly in Texas and West Virginia; sustained high residential mortgage rates and other factors that have resulted in a slowdown in residential construction in some geographies; unfavorable weather conditions, particularly Atlantic Ocean, Pacific Ocean and Gulf of Mexico storm and hurricane activity, wildfires, the late start to spring or the early onset of winter and the impact of a drought or excessive rainfall in the markets served by the Company, any of which can significantly affect production schedules, volumes, product and/or geographic mix and profitability; the volatility of fuel costs and energy, particularly diesel fuel, electricity, natural gas and the impact on the cost, or the availability generally, of other consumables, namely steel, explosives, tires and conveyor belts, and with respect to the Company's Magnesia Specialties business, natural gas; continued increases in the cost of other repair and supply parts; construction labor shortages and/or supply-chain challenges; unexpected equipment failures, unscheduled maintenance, industrial accident or other prolonged and/or significant disruption to production facilities; the resiliency and potential declines of the Company's various construction end-use markets; the potential negative impacts of new waves of COVID-19 or its variants, or any other outbreak of disease, epidemic or pandemic, or similar public health threat, or fear of such event, and its related economic or societal response, including any impact on the Company's suppliers, customers or other business partners as well as on its employees; the performance of the United States economy; increasing governmental regulation, including environmental laws and climate change regulations at the federal and state levels; transportation availability or a sustained reduction in capital investment by the railroads, notably the availability of railcars, locomotive power and the condition of rail infrastructure to move trains to supply the Company's Texas, Colorado, Florida, Carolinas and the Gulf Coast markets, including the movement of essential dolomitic lime for magnesia chemicals to the Company's plant in Manistee, Michigan and its customers; increased transportation costs, including increases from higher or fluctuating passed-through energy costs or fuel surcharges, and other costs to comply with tightening regulations, as well as higher volumes of rail and water shipments; availability of trucks and licensed drivers for transport of the Company's materials; availability and cost of construction equipment in the United States; weakening in the steel industry markets served by the Company's dolomitic lime products; potential impact on costs, supply chain, oil and gas prices, or other matters relating to the war between Russia and Ukraine, the war in Israel and related conflict in the Middle East and the conflict between China and Taiwan; trade disputes with one or more nations impacting the U.S. economy, including the impact of tariffs on the steel industry; unplanned changes in costs or realignment of customers that introduce volatility to earnings, including that of the Magnesia Specialties business that is running at capacity; proper functioning of information technology and automated operating systems to manage or support operations; inflation and its effect on both production and interest costs; the concentration of customers in construction markets and the increased risk of potential losses on customer receivables; the impact of the level of demand in the Company's end-use markets, production levels and management of production costs on the operating leverage and therefore profitability of the Company; the possibility that the expected synergies from acquisitions will not be realized or will not be realized within the expected time period, including achieving anticipated profitability to maintain compliance with the Company's leverage ratio debt covenant; the strategic benefits, outlook, performance and opportunities expected as a result of acquisitions and portfolio optimization; changes in tax laws, the interpretation of such laws and/or administrative practices, including acquisitions or divestitures, that would increase the Company's tax rate; violation of the Company's debt covenant if price and/or volumes return to previous levels of instability; cybersecurity risks; downward pressure on the Company's common stock price and its impact on goodwill impairment evaluations; the possibility of a reduction of the Company's credit rating to non-investment grade; and other risk factors listed from time to time found in the Company's filings with the SEC.

You should consider these forward-looking statements in light of risk factors discussed in Martin Marietta's Annual Report on Form 10-K for the year ended December 31, 2023, and other periodic filings made with the SEC. All of the Company's forward-looking statements should be considered in light of these factors. In addition, other risks and uncertainties not presently known to the Company or that it considers immaterial could affect the accuracy of its forward-looking statements, or adversely affect or be material to the Company. The Company assumes no obligation to update any such forward-looking statements.