



Third-Quarter 2017  
Supplemental Financial  
Information

November 2, 2017



# Disclaimer

## Statement Regarding Safe Harbor for Forward-Looking Statements

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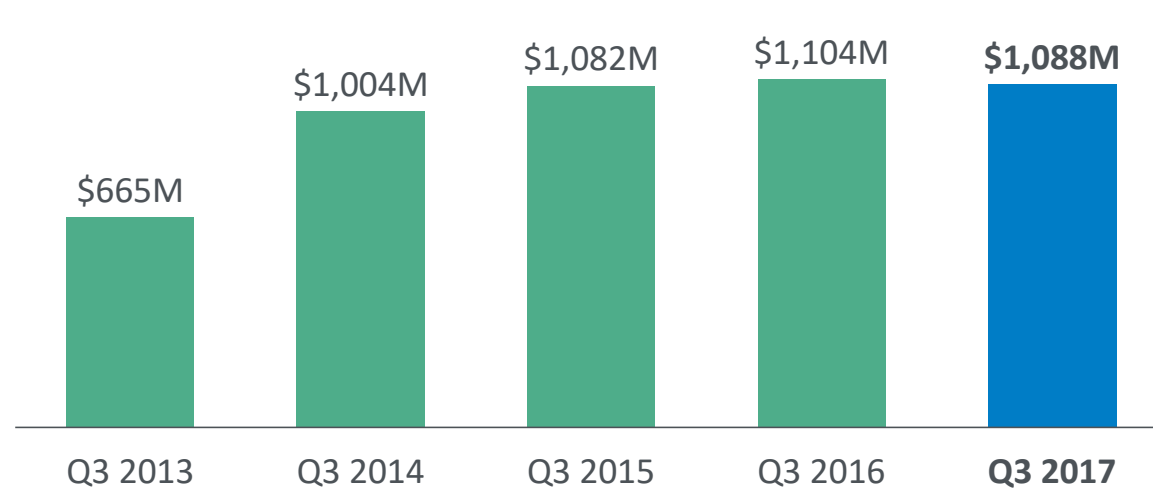
## Non-GAAP Financial Measures

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.

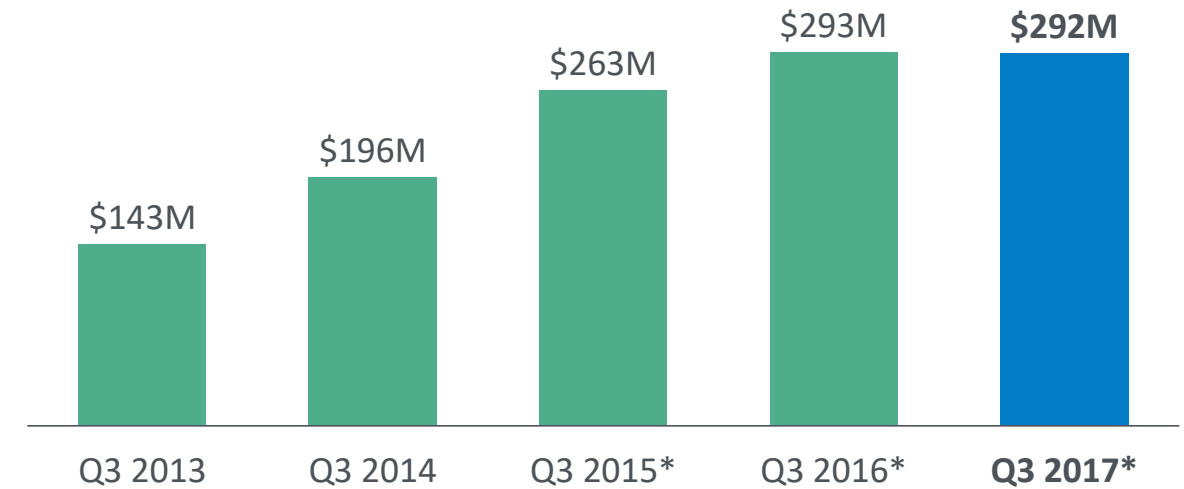


# Third-Quarter Consolidated Operating Results

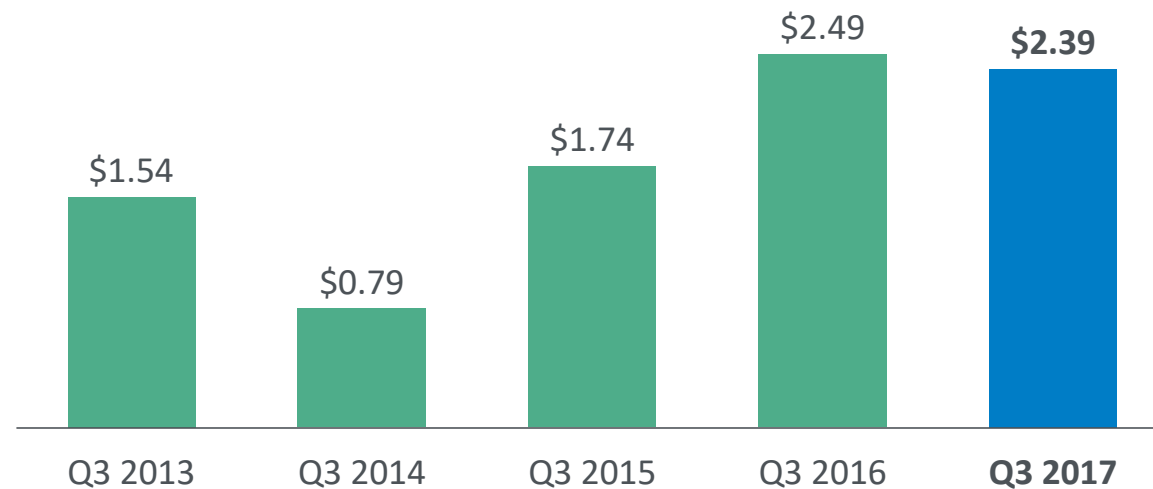
## Total Revenues



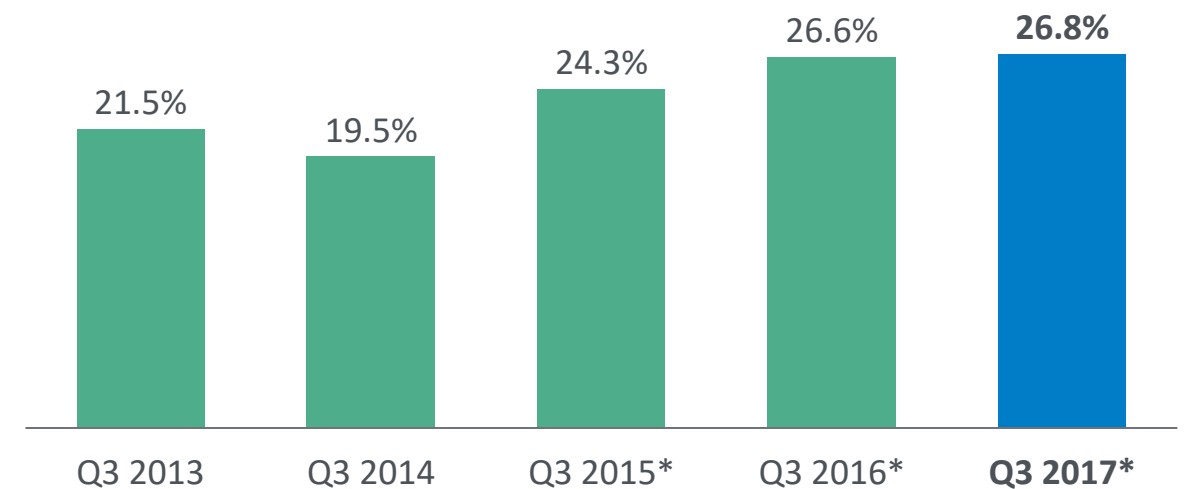
## Gross Profit



## Earnings Per Diluted Share



## Gross Margin



\*Reflects the adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.  
 Note: 2015 includes the California cement operations sold in September 2015.



# Consolidated Total Revenues

<i>(in millions)</i>	2017				2016				
	Q1	Q2	Q3	Sep YTD	Q1	Q2	Q3	Q4	Total Year
<b>Building Materials Business:</b>									
Aggregates	\$ 493.9	\$ 635.2	\$ 647.1	\$ 1,776.3	\$ 476.5	\$ 600.9	\$ 638.0	\$ 552.1	\$ 2,267.6
Cement	96.3	102.4	91.9	290.5	100.5	90.1	97.3	87.9	375.8
Ready Mixed Concrete	222.6	242.1	240.5	705.1	187.1	215.3	264.0	237.3	903.8
Asphalt/Paving	28.1	113.3	150.4	291.8	14.3	88.5	151.1	91.2	345.1
Interproduct Eliminations	(65.6)	(99.5)	(106.0)	(271.2)	(54.0)	(81.2)	(111.7)	(83.8)	(330.6)
<b>Total Building Materials Business</b>	<b>\$ 775.3</b>	<b>\$ 993.5</b>	<b>\$ 1,023.8</b>	<b>\$ 2,792.6</b>	<b>\$ 724.6</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>202.5</b>	<b>64.2</b>	<b>63.6</b>	<b>65.1</b>	<b>64.1</b>	<b>257.1</b>
<b>Total</b>	<b>\$ 843.9</b>	<b>\$ 1,063.5</b>	<b>\$ 1,087.7</b>	<b>\$ 2,995.1</b>	<b>\$ 788.7</b>	<b>\$ 977.3</b>	<b>\$ 1,103.9</b>	<b>\$ 948.8</b>	<b>\$ 3,818.7</b>

# Product Line Metrics

(Shipment volumes in 000s)	Volume Variance <sup>1</sup> <i>Three months ended September 30</i>			Price Variance <sup>1</sup> <i>Three months ended September 30</i>		
	2017	2016	% Change	2017	2016	% Change
<b>Aggregates product line:</b>						
Mid-America Group	21,371	21,818	(2.0%)	\$ 13.34	\$ 12.56	6.2%
Southeast Group	5,349	5,109	4.7%	\$ 17.06	\$ 15.56	9.6%
West Group	17,085	18,331	(6.8%)	\$ 12.33	\$ 12.20	1.1%
<b>Total Aggregates product line</b>	<b>43,805</b>	<b>45,258</b>	<b>(3.2%)</b>	<b>\$ 13.40</b>	<b>\$ 12.75</b>	<b>5.1%</b>
<b>Asphalt</b>	<b>1,214</b>	<b>1,360</b>	<b>(10.7%)</b>	<b>\$ 44.73</b>	<b>\$ 40.01</b>	<b>11.8%</b>
<b>Ready Mixed Concrete</b>	<b>2,160</b>	<b>2,486</b>	<b>(13.1%)</b>	<b>\$ 109.22</b>	<b>\$ 104.16</b>	<b>4.9%</b>
<b>Cement</b>	<b>817</b>	<b>905</b>	<b>(9.7%)</b>	<b>\$ 107.11</b>	<b>\$ 103.08</b>	<b>3.9%</b>

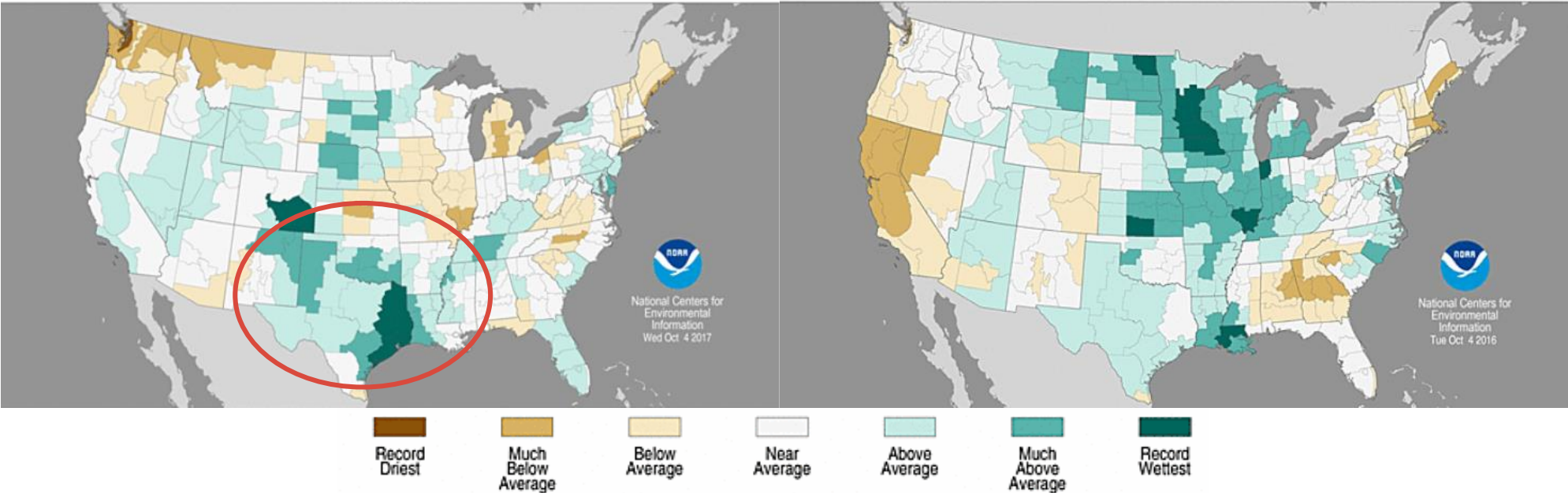
<sup>1</sup> Volume and pricing variances are versus the comparable period in the prior year and are based on total tons, except for ready mixed concrete which is based on cubic yards.

# Near-Record Precipitation

## Third Quarter 2017 – Aggregates Volume Decreased (3.2%)

Divisional Precipitation Ranks  
July–September 2017  
Period: 1895–2017

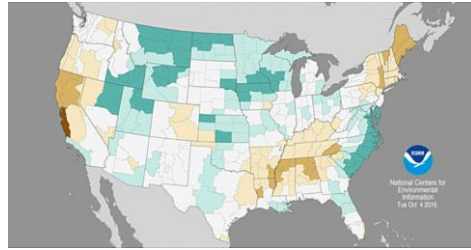
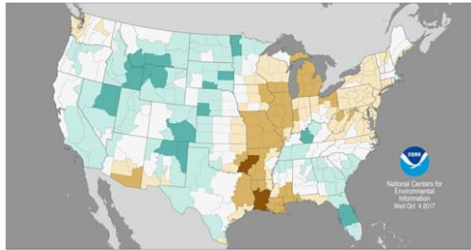
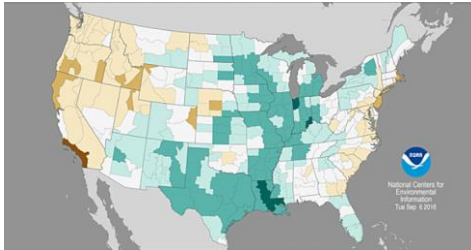
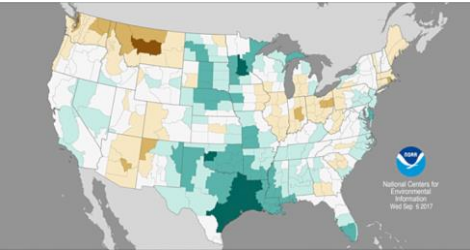
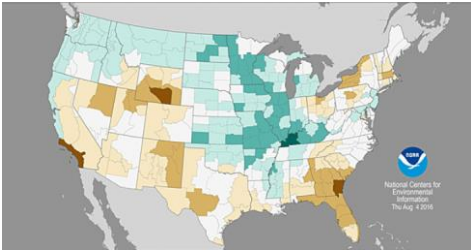
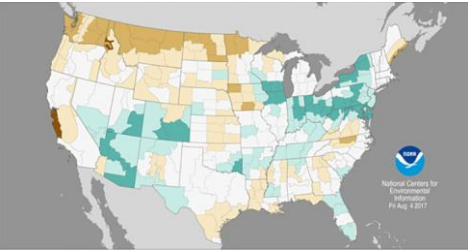
Divisional Precipitation Ranks  
July–September 2016  
Period: 1895–2016



July – Aggregates Volume Increased **+0.8%**  
2017 2016

August – Aggregates Volume Decreased **(3.3%)**  
2017 2016

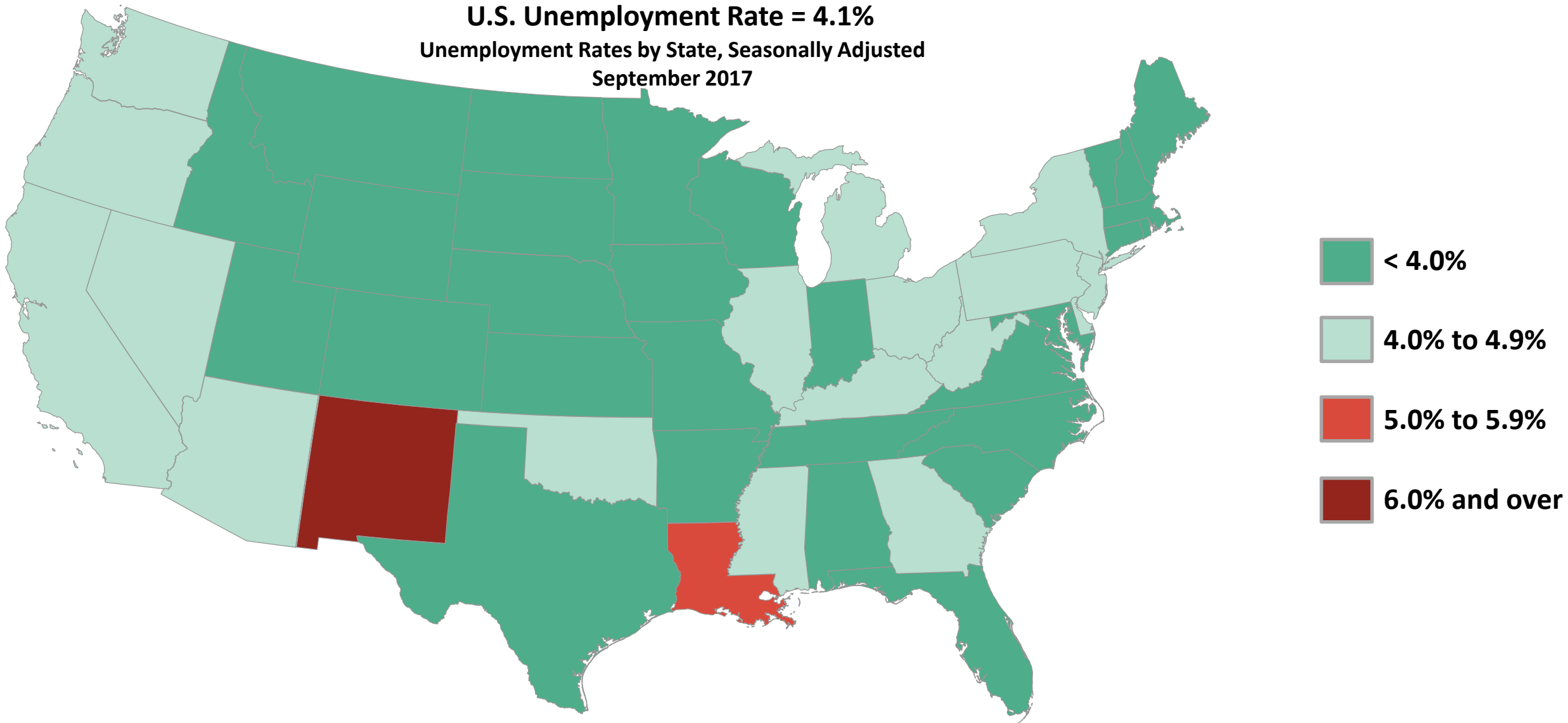
September – Aggregates Volume Decreased **(7.0%)**  
2017 2016



Source: National Oceanic and Atmospheric Administration (NOAA)



# United States Unemployment Statistics



*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

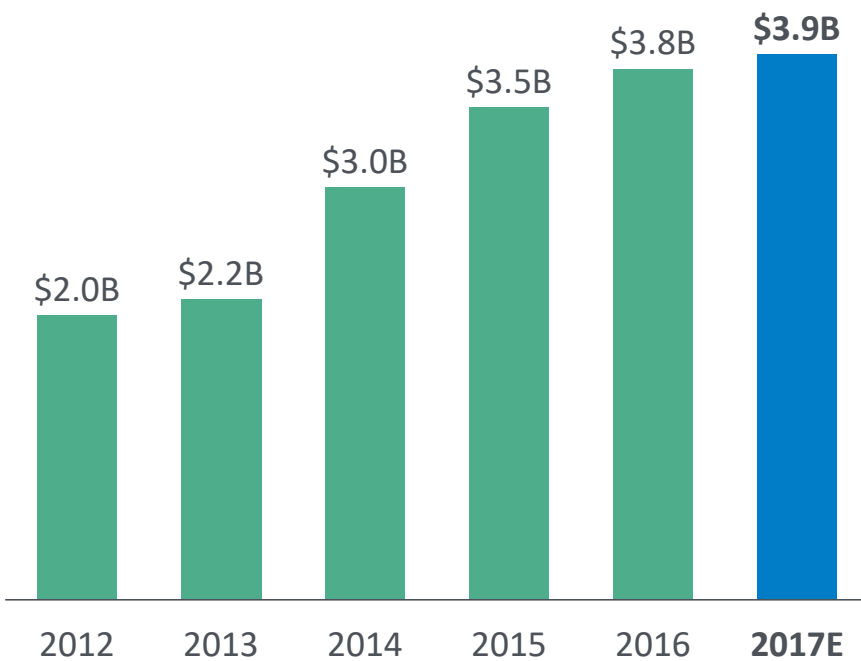


# 2017 Outlook

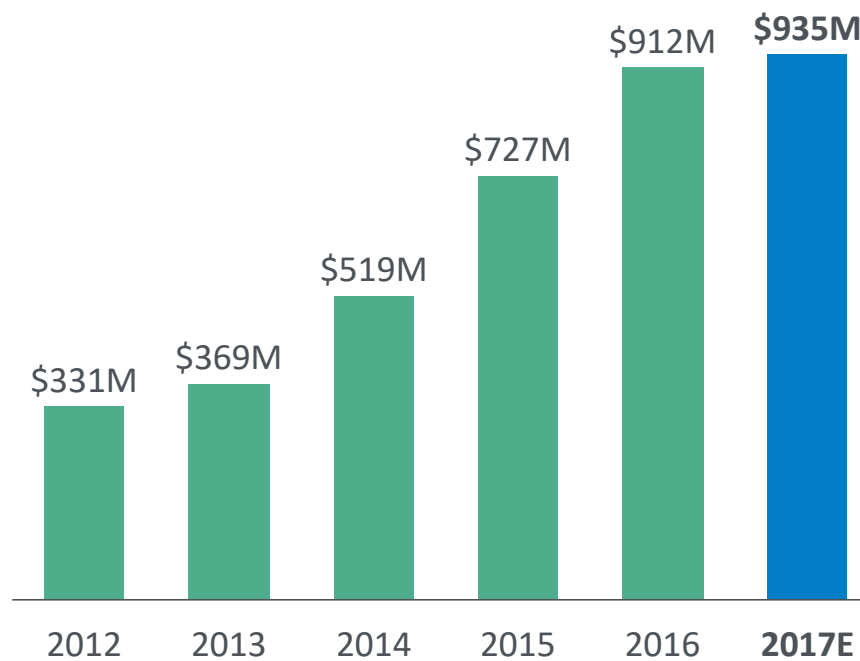
Based on the midpoint of 2017 guidance:

- ◆ Total revenues of \$3.9 billion; growth of 3 percent year-over-year
- ◆ Gross profit of \$935 million; growth of 3 percent year-over-year
- ◆ EBITDA of \$963 million; decrease of 1 percent year-over-year

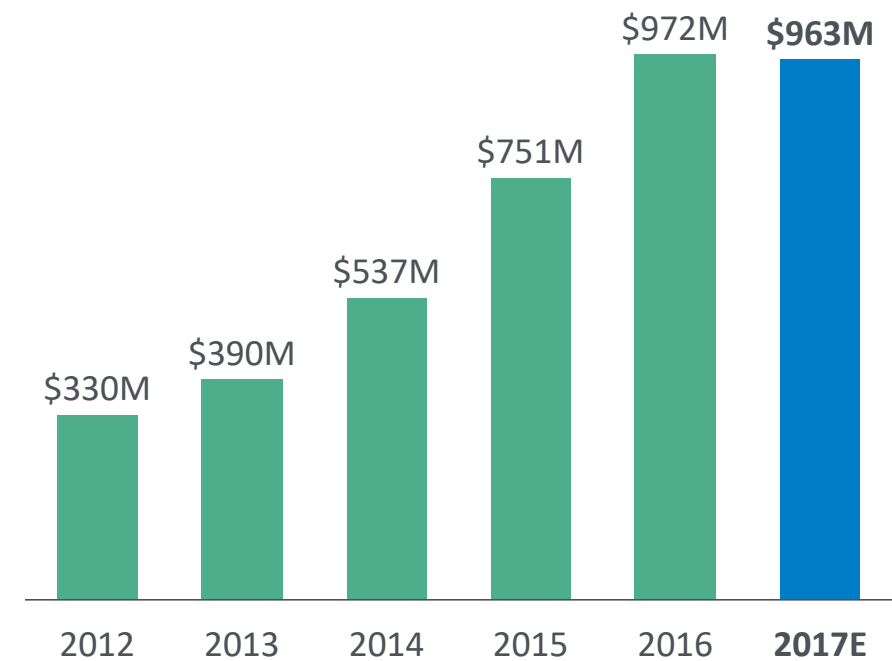
**Total Revenues**



**Gross Profit<sup>1</sup>**



**EBITDA**



<sup>1</sup> Reflects the adoption of ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.





# Outlook by End Market

## Infrastructure



- ◆ As state DOTs and contractors address labor constraints and regulatory reform emerges, infrastructure construction should begin to see benefits from the funding provided by the Fixing America's Surface Transportation Act (FAST Act).
- ◆ Additionally, state and local initiatives that support infrastructure funding, including gas tax increases and other ballot initiatives passed over the previous 24 months, are expected to grow and continue to play an expanded role in public-sector activity.

## Nonresidential



- ◆ Nonresidential construction is expected to modestly increase in both the heavy industrial and commercial sectors.
- ◆ Dodge forecasts continued nonresidential growth for the next several years.
- ◆ Additional energy-related economic activity, including follow-on public and private construction, will be mixed.
- ◆ While the pace of permitting and final investment decisions has slowed, management expects new energy-related projects should enter the bid phase in 2018 with construction activity in 2019 and beyond.

## Residential



- ◆ Residential construction is expected to continue growing, particularly in key Martin Marietta markets, driven by employment gains, historically low levels of construction activity over the previous years, low mortgage rates, higher lot development, and higher multi-family rental rates.
- ◆ Notably, six of Martin Marietta's key states - Texas, Florida, North Carolina, Georgia, South Carolina and Colorado - rank in the top ten for single-family housing unit permits.

## ChemRock/Rail



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

# APPENDIX

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## *Definition 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.

# APPENDIX

## Reconciliation of Non-GAAP Financial Measures: Consolidated EBITDA

<i>(dollars in millions)</i>	Twelve-months ended December 31					
	2017E	2016	2015	2014	2013	2012
<b>Net earnings attributable to Martin Marietta</b>	<b>\$ 422.5</b>	<b>\$ 425.4</b>	<b>\$ 288.8</b>	<b>\$ 155.6</b>	<b>\$ 121.3</b>	<b>\$ 84.5</b>
Add back:						
Interest expense	90.5	81.7	76.3	66.1	53.5	53.3
Income tax expense for controlling interests	165.0	181.5	124.8	94.7	43.5	16.6
Depreciation, depletion & amortization expense	284.5	283.0	260.8	220.6	171.9	175.5
<b>EBITDA</b>	<b>\$ 962.5</b>	<b>\$ 971.6</b>	<b>\$ 750.7</b>	<b>\$ 537.0</b>	<b>\$ 390.2</b>	<b>\$ 329.9</b>



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For additional information, please visit [www.martinmarietta.com](http://www.martinmarietta.com).

