Northbridge Materials Corporation - Form 10-Q

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10-Q

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-12744

MARTIN MARIETTA MATERIALS, INC.

(Exact Name of Registrant as Specified in its Charter)

North Carolina

56-1848578

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

4123 Parklake Avenue , Raleigh , NC

27612

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (919) 781-4550

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading

Symbol(s)

Name of each exchange on which registered

Common Stock (Par Value $0.01)

MLM

The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class

Outstanding as of October 25, 2024

Common Stock, $0.01 par value

61,118,057

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2024

Page

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.
MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED BALANCE SHEETS
September 30,
December 31,
2024
2023
(In Millions, Except Share and Par Value Data)
ASSETS
Current Assets:
Cash and cash equivalents
$
52
$
1,272
Restricted cash
-
10
Accounts receivable, net
916
753
Inventories, net

1,089
989
Current assets held for sale
10
807
Deposits
132
-
Other current assets
120
88
Total Current Assets
2,319
3,919
Property, plant and equipment
13,588
10,708
Allowances for depreciation, depletion and amortization
(4,874
)
(4,522
)
Net property, plant and equipment
8,714
6,186
Goodwill
3,768
3,389
Other intangibles, net
705
698
Operating lease right-of-use assets, net
376
372
Other noncurrent assets
587
561
Total Assets
$
16,469
$

15,125
LIABILITIES AND EQUITY
Current Liabilities:
Accounts payable
$
315
$
343
Accrued salaries, benefits and payroll taxes
67
102
Accrued income taxes
231
6
Accrued other taxes
61
47
Accrued interest
36
41
Current maturities of long-term debt
95
400
Current operating lease liabilities
54
53
Other current liabilities
134
178
Total Current Liabilities
993
1,170
Long-term debt
3,948
3,946
Deferred income taxes, net
1,127
874
Noncurrent operating lease liabilities
337
327

Noncurrent asset retirement obligations
409
383
Other noncurrent liabilities
484
389
Total Liabilities
7,298
7,089
Commitments and contingent liabilities - Note 9
-
-
Equity:
Common stock, par value $ 0.01 per share (61,118,057 shares and 61,821,421 shares outstanding at September 30, 2024 and December 31, 2023, respectively)
1
1
Preferred stock, par value $ 0.01 per share
-
-
Additional paid-in capital
3,544
3,519
Accumulated other comprehensive loss
(46
)
(49
)
Retained earnings
5,670
4,563
Total Shareholders' Equity
9,169
8,034
Noncontrolling interests
2
2
Total Equity
9,171
8,036
Total Liabilities and Equity

$

16,469

$

15,125

See accompanying notes to the consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

(UNAUDITED) CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS

Three Months Ended

Nine Months Ended

September 30,

September 30,

2024

2023

2024

2023

(In Millions, Except Per Share Data)

Revenues

$

1,889

$

1,994

$

4,905

$

5,169

Cost of revenues

1,290

1,318

3,517

3,630

Gross Profit

599

676

1,388

1,539

Selling, general and administrative expenses

105

108

341

324

Acquisition, divestiture and integration expenses
4
3
44
5
Other operating expense (income), net
1
(2
)
(1,305
)
(16
)
Earnings from Operations
489
567
2,308
1,226
Interest expense
38
41
119
125
Other nonoperating income, net
(7
)
(14
)
(54
)
(49
)
Earnings from continuing operations before income
tax expense
458
540
2,243
1,150
Income tax expense
95
110

541
237
Earnings from continuing operations
363
430
1,702
913
Loss from discontinued operations, net of
income tax benefit
-
(13
)
-
(26
)
Consolidated net earnings
363
417
1,702
887
Less: Net earnings attributable to noncontrolling interests
-
-
1
1
Net Earnings Attributable to Martin Marietta
$
363
$
417
$
1,701
$
886
Consolidated Comprehensive Earnings (See Note 1):
Earnings attributable to Martin Marietta
$
365
$
417
$

1,704
$
889
Earnings attributable to noncontrolling interests
-
-
1
1
$
365
$
417
$
1,705
$
890
Net Earnings (Loss) Attributable to Martin Marietta
Per Common Share:
Basic earnings per share from continuing operations
attributable to common shareholders
$
5.93
$
6.96
$
27.68
$
14.73
Basic loss per share from discontinued operations
attributable to common shareholders
-
(0.22
)
-
(0.42
)
$
5.93
$
6.74
$

27.68
$
14.31
Diluted earnings per share from continuing operations
attributable to common shareholders
$
5.91
$
6.94
$
27.60
$
14.69
Diluted loss per share from discontinued
operations attributable to common shareholders
-
(0.22
)
-
(0.42
)
$
5.91
$
6.72
$
27.60
$
14.27
Weighted-Average Common Shares Outstanding:
Basic
61.1
61.8
61.5
61.9
Diluted
61.3
62.0
61.6
62.1
See accompanying notes to the consolidated financial statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended
September 30,
2024
2023
(Dollars in Millions)
Cash Flows from Operating Activities:
Consolidated net earnings
$
1,702
$
887
Adjustments to reconcile consolidated net earnings to net cash
provided by operating activities:
Depreciation, depletion and amortization
424
385
Stock-based compensation expense
48
39
(Gain) Loss on divestitures and sales of assets
(1,341
)
5
Deferred income taxes, net
(79
)
(2
)
Noncash asset and portfolio rationalization charge
50
-
Other items, net
(9
)
(8
)
Changes in operating assets and liabilities, net of effects of
acquisitions and divestitures:

Accounts receivable, net
(153
)
(264
)
Inventories, net
(48
)
(130
)
Accounts payable
55
45
Other assets and liabilities, net
124
16
Net Cash Provided by Operating Activities
773
973
Cash Flows from Investing Activities:
Additions to property, plant and equipment
(622
)
(464
)
Acquisitions, net of cash acquired
(2,538
)
-
Proceeds from divestitures and sales of assets
2,128
98
Proceeds from sale of restricted investments related to
discharge of long-term debt
-
700
Other investing activities, net
(32
)
(8
)

Net Cash (Used for) Provided by Investing Activities
(1,064
)
326
Cash Flows from Financing Activities:
Borrowings of debt
490
-
Repayments of debt
(795
)
(700
)
Payments on finance lease obligations
(14
)
(13
)
Dividends paid
(141
)
(128
)
Repurchases of common stock
(450
)
(150
)
Distributions to owners of noncontrolling interest
(1
)
(1
)
Proceeds from exercise of stock options
-
1
Shares withheld for employees' income tax obligations
(28
)
(19
)

Net Cash Used for Financing Activities
(939
)
(1,010
)
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash
(1,230
)
289
Cash, Cash Equivalents and Restricted Cash, beginning of period
1,282
359
Cash, Cash Equivalents and Restricted Cash, end of period
$
52
$
648
See accompanying notes to the consolidated financial statements.
Page 5 of 40
MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOL IDATED STATEMENTS OF TOTAL EQUITY
(In Millions, Except Share and Per Share Data)
Shares of Common Stock
Common Stock
Additional Paid-in Capital
Accumulated
Other Comprehensive
Loss
Retained Earnings
Total Shareholders' Equity
Noncontrolling Interests
Total Equity
Balance at June 30, 2024
61,117,053
$
1
$
3,529
$
(48
)

$
5,356
$
8,838
$
2
$
8,840
Consolidated net earnings
-
-
-
-
363
363
-
363
Other comprehensive earnings,
net of tax
-
-
-
2
-
2
-
2
Dividends declared ($ 0.79 per common share)
-
-
-
-
(49
)
(49
)
-
(49
)
Issuances of common stock for
stock award plans

1,004
-
-
-
-
-
-
-
Stock-based compensation
expense
-
-
15
-
-
15
-
15
Balance at September 30, 2024
61,118,057
$
1
$
3,544
$
(46
)
$
5,670
$
9,169
$
2
$
9,171
Balance at December 31, 2023
61,821,421
$
1
$
3,519

$
(49
)
$
4,563
$
8,034
$
2
$
8,036
Consolidated net earnings
-
-
-
-
1,701
1,701
1
1,702
Other comprehensive earnings,
net of tax
-
-
-
3
-
3
-
3
Dividends declared ($ 2.27 per common share)
-
-
-
-
(140
)
(140
)
-
(140

)
Issuances of common stock for
stock award plans
82,394
-
5
-
-
5
-
5
Shares withheld for employees'
income tax obligations
-
-
(28
)
-
-
(28
)
-
(28
)
Repurchases of common stock
(785,758
)
-
-
-
(454
)
(454
)
-
(454
)
Stock-based compensation
expense
-
-

48
-
-
48
-
48
Distributions to owners of
noncontrolling interest
-
-
-
-
-
-
(1
)
(1
)
Balance at September 30, 2024
61,118,057
$
1
$
3,544
$
(46
)
$
5,670
$
9,169
$
2
$
9,171
(In Millions, Except Share And Per Share Data)
Shares of Common Stock
Common Stock
Additional Paid-in Capital
Accumulated
Other Comprehensive

Loss
Retained Earnings
Total Shareholders' Equity
Noncontrolling Interests
Total Equity
Balance at June 30, 2023
61,803,396
$
1
$
3,501
$
(35
)
$
3,955
$
7,422
$
2
$
7,424
Consolidated net earnings
-
-
-
-
417
417
-
417
Dividends declared ($ 0.74 per common share)
-
-
-
-
(46
)
(46
)
-

(46
)
Issuances of common stock for stock
award plans
3,765
-
-
-
-
-
-
-
Shares withheld for employees'
income tax obligations
-
-
(1
)
-
-
(1
)
-
(1
)
Stock-based compensation expense
-
-
11
-
-
11
-
11
Balance at September 30, 2023
61,807,161
$
1
$
3,511
$

(35
)
$
4,326
$
7,803
$
2
$
7,805
Balance at December 31, 2022
62,102,353
$
1
$
3,489
$
(38
)
$
3,719
$
7,171
$
2
$
7,173
Consolidated net earnings
-
-
-
-
886
886
1
887
Other comprehensive earnings,
net of tax
-
-
-

3
-
3
-
3
Dividends declared ($ 2.06 per common share)
-
-
-
-
(128
)
(128
)
-
(128
)
Issuances of common stock for stock
award plans
86,328
-
2
-
-
2
-
2
Shares withheld for employees'
income tax obligations
-
-
(19
)
-
-
(19
)
-
(19
)
Repurchases of common stock

(381,520
)
-
-
-
(151
)
(151
)
-
(151
)
Stock-based compensation expense
-
-
39
-
-
39
-
39
Distributions to owners of
noncontrolling interest
-
-
-
-
-
-
(1
)
(1
)
Balance at September 30, 2023
61,807,161
$
1
$
3,511
$
(35

)

$

4,326

$

7,803

$

2

$

7,805

See accompanying notes to the consolidated financial statements.

(UNAUDITED) N OTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Organization

Martin Marietta Materials, Inc. (the Company or Martin Marietta) is a natural resource-based building materials company. As of September 30, 2024, the Company supplies aggregates (crushed stone, sand and gravel) through its network of approximately 380 quarries, mines and distribution yards in 28 states, Canada and The Bahamas. Martin Marietta also provides cement and downstream products and services, namely, ready mixed concrete, asphalt and paving, in vertically-integrated structured markets where the Company also has a leading aggregates position. The Company's heavy-side building materials are used in infrastructure, nonresidential and residential construction projects. Aggregates are also used in agricultural, utility and environmental applications and as railroad ballast. The aggregates, cement and ready mixed concrete and asphalt and paving product lines are reported collectively as the "Building Materials" business.

The Company's Building Materials business includes two reportable segments: the East Group and the West Group.

BUILDING MATERIALS BUSINESS

Reportable Segments

East Group

West Group

Operating Locations

Alabama, Florida, Georgia, Indiana,

Iowa, Kansas, Kentucky, Maryland,

Minnesota, Missouri,

Nebraska, North Carolina, Ohio,

Pennsylvania, South Carolina,

Tennessee, Virginia, West Virginia,

Nova Scotia and The Bahamas

Arizona, Arkansas, California, Colorado, Louisiana, Oklahoma, Texas, Utah,

Washington and Wyoming

Product Lines

Aggregates and Asphalt

Aggregates, Cement and Ready Mixed Concrete, Asphalt and Paving

The Company's Magnesia Specialties business, which represents a separate reportable segment, has manufacturing facilities in Manistee, Michigan, and Woodville, Ohio. The Magnesia Specialties business produces magnesia-based chemicals products used in industrial, agricultural and environmental applications, and dolomitic lime sold primarily to customers for steel production and soil stabilization.

Basis of Presentation and Use of Estimates

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and in Article 10 of Regulation S-X. The Company has continued to follow the accounting policies set forth in the audited consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. In the opinion of management, the interim consolidated financial information provided herein reflects all adjustments, consisting of normal recurring accruals, necessary for a fair statement of the results of operations, financial position and cash flows for the interim periods. The consolidated results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results expected for other interim periods or the full year. The consolidated balance sheet at December 31, 2023 has been derived from the audited consolidated financial statements at that date but does not include all of the information and notes required by U.S. GAAP for complete

financial statements. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The preparation of the Company's consolidated financial statements requires management to make certain estimates and assumptions about future events. As future events and their effects cannot be fully determined with precision, actual results could differ significantly from estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which the change in estimate occurs.

Restricted Cash

At December 31, 2023, the Company had restricted cash of $ 10 million , which was invested in an account designated for the purchase of like-kind exchange replacement assets under Section 1031 of the Internal Revenue Code and related IRS procedures (Section 1031). The Company was restricted from utilizing the cash for purposes other than the purchase of qualified assets for 180 days from receipt of the proceeds from the sale of the exchanged property. Any unused restricted cash at the end of the 180 days was transferred to unrestricted accounts of the Company and used for general corporate purposes. There was no restricted cash at September 30, 2024.

The statements of cash flows reflect cash flow changes and balances for cash, cash equivalents and restricted cash on an aggregated basis. The following table reconciles cash, cash equivalents and restricted cash as reported on the consolidated balance sheets to the aggregated amounts presented on the consolidated statements of cash flows:

September 30,

December 31,

2024

2023

(Dollars in Millions)

Cash and cash equivalents

$

52

$
1,272
Restricted cash
-
10
Total cash, cash equivalents and restricted cash
presented in the consolidated statements of cash flows
$
52
$
1,282
Consolidated Comprehensive Earnings and Accumulated Other Comprehensive Loss
Consolidated comprehensive earnings consist of consolidated net earnings, adjustments for the funded status of pension and postretirement benefit plans and foreign currency translation adjustments, and are presented in the Company's consolidated statements of earnings and comprehensive earnings.
Consolidated comprehensive earnings attributable to Martin Marietta are as follows:
Three Months Ended
Nine Months Ended
September 30,
September 30,
2024
2023
2024
2023
(Dollars in Millions)
Net earnings attributable to Martin Marietta
$
363
$
417
$
1,701
$
886
Other comprehensive earnings, net of tax
2
-
3
3
Consolidated comprehensive earnings
attributable to Martin Marietta
$

365
$
417
$
1,704
$
889

Accumulated other comprehensive loss consists of unrecognized gains and losses related to the funded status of the pension and postretirement benefit plans and foreign currency translation adjustments and is presented on the Company's consolidated balance sheets.

The components of the changes in accumulated other comprehensive loss, net of tax, are as follows:

(Dollars in Millions)
Pension and
Postretirement Benefit Plans
Foreign Currency
Accumulated
Other Comprehensive
Loss
Three Months Ended September 30, 2024
Balance at beginning of period
$
(46
)
$
(2
)
$
(48
)
Amounts reclassified from accumulated other
comprehensive loss, net of tax
2
-
2
Other comprehensive earnings, net of tax
2

-
2
Balance at end of period
$
(44
)
$
(2
)
$
(46
)
Three Months Ended September 30, 2023
Balance at beginning of period
$
(34
)
$
(1
)
$
(35
)
Other comprehensive loss before reclassifications,
net of tax
-
(1
)
(1
)
Amounts reclassified from accumulated other
comprehensive loss, net of tax
1
-
1
Other comprehensive earnings (loss), net of tax
1
(1
)
-
Balance at end of period

$
(33
)
$
(2
)
$
(35
)

(Dollars in Millions)
Pension and
Postretirement Benefit Plans
Foreign Currency
Accumulated
Other Comprehensive
Loss
Nine Months Ended September 30, 2024
Balance at beginning of period
$
(48
)
$
(1
)
$
(49
)
Other comprehensive loss before reclassifications,
net of tax
-
(1
)
(1
)
Amounts reclassified from accumulated other

comprehensive loss, net of tax
4
-
4
Other comprehensive earnings (loss), net of tax
4
(1
)
3
Balance at end of period
$
(44
)
$
(2
)
$
(46
)
Nine Months Ended September 30, 2023
Balance at beginning of period
$
(36
)
$
(2
)
$
(38
)
Amounts reclassified from accumulated other
comprehensive loss, net of tax
3
-
3
Other comprehensive earnings, net of tax
3
-
3
Balance at end of period
$

(33
)
$
(2
)
$
(35
)

Changes in net noncurrent deferred tax assets related to accumulated other comprehensive loss are as follows:

Pension and Postretirement Benefit Plans
Three Months Ended
Nine Months Ended
September 30,
September 30,
2024
2023
2024
2023
(Dollars in Millions)
Balance at beginning of period
$
53
$
49
$
54
$
50
Tax effect of other comprehensive
earnings
(1
)
-
(2
)
(1
)
Balance at end of period
$
52
$

49
$
52
$
49

Reclassifications out of accumulated other comprehensive loss are as follows:
Three Months Ended
Nine Months Ended
Affected line items in the consolidated
September 30,
September 30,
statements of earnings
2024
2023
2024
2023
and comprehensive earnings
(Dollars in Millions)
Pension and postretirement
benefit plans
Amortization of:
Prior service cost
2
1
5
4
Actuarial loss
-
-
1
-
$
2
$
1

$
6
$
4
Other nonoperating income, net
Tax effect
-
-
(2
)
(1
)
Income tax expense
Total
$
2
$
1
$
4
$
3
Earnings per Common Share

The numerator for basic and diluted earnings per common share is net earnings attributable to Martin Marietta. The denominator for basic earnings per common share is the weighted-average number of common shares outstanding during the period. Diluted earnings per common share is computed assuming that the weighted-average number of common shares is increased by the conversion, using the treasury stock method, of awards to be issued to employees and nonemployee members of the Company's Board of Directors under certain stock-based compensation arrangements if the conversion is dilutive. For the three and nine months ended September 30, 2024 and 2023, the diluted per-share computations reflect the number of common shares outstanding including the number of additional shares that would have been outstanding if the potentially dilutive common shares had been issued.

The following table reconciles the denominator for basic and diluted earnings from continuing operations per common share:

Three Months Ended
Nine Months Ended
September 30,
September 30,
2024
2023
2024
2023
(In Millions)
Basic weighted-average common shares outstanding
61.1

61.8

61.5

61.9

Effect of dilutive employee and director awards

0.2

0.2

0.1

0.2

Diluted weighted-average common shares outstanding

61.3

62.0

61.6

62.1

Page 11 of 40

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2024

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

New Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures , which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Additionally, the ASU requires a public entity to disclose the title and position of the Chief Operating Decision Maker. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. This ASU requires companies to apply the standard retrospectively to all prior periods presented in the financial statements. The ASU will impact the Company's disclosures beginning with the financial statements included in the 2024 Annual Report on Form 10-K, but will have no impact on its results of operations, cash flows or financial condition.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures , which focuses on the rate reconciliation and income taxes paid. ASU 2023-09 requires public entities to disclose, on an annual basis, a tabular tax rate reconciliation using both percentages and currency amounts, broken out into specified categories. Certain reconciling items are further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. Additionally, all entities are required to disclose income taxes paid, net of refunds received, disaggregated by federal, state, local, and foreign taxes and by individual jurisdiction if the amount is at least 5 % of total income tax payments, net of refunds received. The ASU also requires additional qualitative disclosures. ASU 2023-09 is effective prospectively for annual periods beginning after December 15, 2024, and early adoption and retrospective application are permitted. The ASU will impact the Company's income tax disclosures beginning with the financial statements included in the 2025 Annual Report on Form 10-K, but will have no impact on its results of operations, cash flows or financial condition.

Reclassifications

Certain reclassifications have been made in the Company's financial statements of the prior year to conform to the current-year presentation. The reclassifications had no impact on the Company's previously reported results of operations, financial condition or cash flows.

2. Business Combinations, Divestitures, Discontinued Operations and Assets and Liabilities Held for Sale

Business Combinations

Revenues and pretax earnings attributable to operations acquired in 2024 (as subsequently described) included in the Company's consolidated statements of earnings and comprehensive earnings were $ 85 million and $ 13 million, respectively, for the three months ended September 30, 2024 , and $ 182 million and $ 25 million, respectively, for the nine months ended September 30, 2024 . The pretax earnings for the nine month period includes a $ 20 million charge for the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting for the Blue Water Industries LLC transaction.

Albert Frei & Sons, Inc. On January 12, 2024, the Company acquired Albert Frei & Sons, Inc. (AFS), a leading aggregates producer in Colorado. This acquisition provides more than 60 years (at 2023 production levels) of high-quality, hard rock reserves to better serve new and existing customers and enhances the Company's aggregates platform in the Denver metropolitan area. The Company has recorded preliminary fair values of the assets acquired and liabilities assumed, which are subject to additional reviews that are not yet complete. Thus, these amounts are subject to change during the measurement period, which extends no longer than one year from the consummation date, and remains open as of September 30, 2024. Specific accounts subject to ongoing purchase accounting adjustments include, but are not limited to, goodwill and deferred income taxes. The goodwill generated by the transaction is not deductible for income tax purposes. The acquisition is reported in the Company's West Group and is immaterial for pro-forma financial statement disclosures.

Blue Water Industries LLC. On April 5, 2024, the Company completed the acquisition of 20 active aggregates operations in Alabama, South Carolina, South Florida, Tennessee, and Virginia from affiliates of Blue Water Industries LLC (BWI Southeast) for $ 2.05 billion in cash. The BWI Southeast acquisition complements Martin Marietta's existing geographic footprint in the southeast region by expanding into new growth platforms in target markets including Tennessee and South Florida. The results from the acquired operations are reported in the Company's East Group.

The Company determined the acquisition-date fair values of assets acquired and liabilities assumed. The Company has recorded preliminary fair values of the assets acquired and liabilities assumed, which are subject to additional reviews that are not yet complete. As such, these amounts are subject to change during the measurement period, which extends no longer than one year from the consummation date, and remains open as of September 30, 2024. Notably, during the quarter ended September 30, 2024, the Company increased the acquisition-date fair value of property, plant and equipment by $ 91 million and reduced goodwill by $ 77 million . Specific accounts subject to ongoing purchase accounting adjustments include, but are not limited to, property, plant and equipment; goodwill; deferred income taxes; asset retirement obligations; and other liabilities. The goodwill generated by the transaction is not deductible for income tax purposes.

The following is a summary of the preliminary estimated fair values of the assets acquired and liabilities assumed as of April 5, 2024 (dollars in millions):

Assets:		
Inventories	$	49
Property, plant and equipment 1		2,052
Intangible assets, other than goodwill		19
Other assets		2
Total assets		

2,122

Liabilities:

Deferred income taxes

239

Asset retirement obligations

3

Other liabilities

98

Total liabilities

340

Net identifiable assets acquired

1,782

Goodwill

268

Total consideration

$

2,050

1 Includes mineral reserves of $ 1.9 billion.

The following unaudited pro forma financial information summarizes the combined results of operations for the Company and BWI Southeast as though the companies were combined as of January 1, 2023. Consistent with the assumed acquisition date of January 1, 2023, the pro forma financial results include acquisition and integration expenses of $ 22 million and the $ 20 million charge for selling inventory after its markup to fair value for the nine months ended September 30, 2023.

The unaudited pro forma financial information does not purport to project the future financial position or operating results of the combined company. The following pro forma financial information is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place as of January 1, 2023:

Three Months Ended

Nine Months Ended

September 30,

September 30,

2024

2023

2024

2023

(Dollars in Millions)

Revenues

$

1,889

$
2,059
$
4,957
$
5,335
Net earnings from continuing operations
attributable to Martin Marietta
$
363
$
415
$
1,733
$
834

On October 25, 2024, the Company completed an aggregates bolt-on acquisition in South Florida.

Divestitures

On February 9, 2024, the Company completed the sale of its South Texas cement business and certain of its related ready mixed concrete operations to CRH Americas Materials, Inc., a subsidiary of CRH plc, for $ 2.1 billion in cash plus normal customary closing adjustments. Specifically, the divested facilities included the Hunter cement plant in New Braunfels, Texas, related cement distribution terminals and 20 ready mixed concrete plants that served the Austin and San Antonio region, all of which were classified as assets held for sale as of December 31, 2023. The divestiture provided proceeds the Company used to consummate the BWI Southeast acquisition. The transaction resulted in a pretax gain of $ 1.3 billion, which is included in Other operating (income) expense, net , on the Company's consolidated statement of earnings and comprehensive earnings for the nine months ended September 30, 2024 and is exclusive of transaction expenses incurred due to the divestiture. The divested operations and the gain on divestiture are reported in the West Group.

Discontinued Operations

For the three and nine months ended September 30, 2023, discontinued operations included the Company's Tehachapi, California cement plant, which was divested in October 2023. For the nine months ended September 30, 2023, discontinued operations also included the Stockton, California cement import terminal, which was divested in May 2023. There were no discontinued operations for the three and nine months ended September 30, 2024.

Financial results for the Company's discontinued operations are as follows:

Three Months Ended
Nine Months Ended
September 30, 2023
(Dollars in Millions)
Revenues

$
27
$
86
Pretax earnings (loss) from operations
$
4
$
(14
)
Pretax loss on divestitures and sales of assets
(21
)
(20
)
Pretax loss
(17
)
(34
)
Income tax benefit
(4
)
(8
)
Loss from discontinued operations, net of income tax benefit
$
(13
)
$
(26
)
Cash flow information for the Company's discontinued operations is as follows:
Nine Months Ended
September 30, 2023
(Dollars in Millions)
Net cash used for operating activities
$
(9
)
Additions to property, plant and equipment

$
(4
)
Proceeds from divestitures and sales of assets
57
Net cash provided by investing activities
$
53

Assets and Liabilities Held for Sale

Assets and liabilities held for sale at September 30, 2024 included certain nonoperating land. At December 31, 2023 , assets and liabilities held for sale also included the South Texas cement plant, related cement distribution terminals and 20 ready mixed concrete plants that were sold in February 2024.

Assets and liabilities held for sale are as follows:

September 30, 2024
December 31, 2023
Continuing Operations
(Dollars in Millions)
Inventories, net
$
-
$
61
Investment land
10
18
Other assets
-
4
Property, plant and equipment
-
327
Intangible assets, excluding goodwill
-
122
Operating lease right-of-use assets
-
15
Goodwill
-
260
Total current assets held for sale
$

10
$
807
Lease obligations
$
-
$
(16
)
Asset retirement obligations
-
(2
)
Total current liabilities held for sale
$
-
$
(18
)

3. Goodwill and Other Intangibles
The following table shows the changes in goodwill by reportable segment and in total:
East
West
Group
Group
Total
(Dollars in Millions)
Balance at January 1, 2024
$
764
$
2,625
$
3,389
Acquisitions

268
111
379
Balance at September 30, 2024
$
1,032
$
2,736
$
3,768
Intangible assets acquired during 2024 are as follows:
(Dollars in Millions)
Amount
Weighted-average
amortization period
Subject to amortization:
Customer relationships
$
24
12 years
Not subject to amortization:
Use rights
5
N/A
Total
$
29
4. Inventories, Net
September 30,
December 31,
2024
2023
(Dollars in Millions)
Finished products
$
1,312
$
1,152
Products in process
23
25

Raw materials
59
60
Supplies and expendable parts
162
155
Total inventories
1,556
1,392
Less: allowances
(467
)
(403
)
Inventories, net
$
1,089
$
989

5. Long-Term Debt
September 30,
December 31,
2024
2023
(Dollars in Millions)
4.250 % Senior Notes, due 2024
$
-
$
400
7 % Debentures, due 2025
125
125
3.450 % Senior Notes, due 2027
299

299

3.500 % Senior Notes, due 2027

493

492

2.500 % Senior Notes, due 2030

472

472

2.400 % Senior Notes, due 2031

890

890

6.25 % Senior Notes, due 2037

228

228

4.250 % Senior Notes, due 2047

591

590

3.200 % Senior Notes, due 2051

850

850

Trade Receivable Facility, interest rate of 6.00 % at September 30, 2024

95

-

Total debt

4,043

4,346

Less: current maturities

(95

)

(400

)

Long-term debt

$

3,948

$

3,946

On July 2, 2024, the Company used available liquidity to repay the $ 400 million of 4.250 % Senior Notes at maturity.

The Company has a credit agreement with JPMorgan Chase Bank, N.A., as Administrative Agent, Deutsche Bank Securities, Inc., PNC Bank, Truist Bank and Wells Fargo Bank, N.A., as Syndication Agents, and the lenders party thereto (the Credit Agreement), which provides for an $ 800 million five-year senior unsecured revolving facility (the Revolving Facility) with a maturity date of December 21, 2028 . Borrowings under the Revolving Facility bear interest, at the Company's option, at rates based upon the Secured Overnight Financing Rate (SOFR) or a base rate, plus, for each rate, a margin determined in accordance with a ratings-based pricing grid. Any outstanding principal amounts, together with interest accrued thereon, are due in full on that maturity date. There were no borrowings outstanding under the Revolving Facility as of September 30, 2024 and December 31, 2023. Available borrowings under the Revolving Facility are reduced by any outstanding letters of credit issued by the Company under the Revolving Facility. At September 30, 2024 and December 31, 2023, the Company h ad $ 3 mil lion of outstanding letters of credit issued under the Revolving Facility.

The Credit Agreement requires the Company's ratio of consolidated net debt-to-consolidated earnings before interest, taxes, depreciation, depletion and amortization (EBITDA), as defined by the Revolving Facility, for the trailing-twelve months (the Ratio) to not exceed 3.50 x as of the end of any fiscal quarter, provided that the Company may exclude from the Ratio any debt incurred in connection with certain acquisitions during the quarter or three preceding quarters so long as the Ratio calculated without such exclusion does not exceed 4.00 x. Additionally, if no amounts are outstanding under the Revolving Facility or the Company's trade receivable securitization facility (discussed below), consolidated debt, as defined, which includes debt for which the Company is a guarantor, shall be reduced in an amount equal to the lesser of $ 500 million or the sum of the Company's unrestricted cash and temporary investments, for purposes of the covenant calculation. The Company was in compliance with the Ratio at September 30, 2024.

The Company, through a wholly-owned special-purpose subsidiary, has a $ 400 million trade receivable securitization facility (the Trade Receivable Facility). On September 18, 2024, the Company extended the maturity to September 17, 2025 . The T rade Receivable Facility, with Truist Bank, Regions Bank, First-Citizens Bank & Trust Company, and certain other lenders that may become a party to the facility from time to time, is backed by eligible trade receivables, as defined. Borrowings are limited to the lesser of the facility limit or the borrowing base, as defined. These receivables

are originated by the Company and then sold or contributed to the wholly-owned special-purpose subsidiary. The Company continues to be responsible for the servicing and administration of the receivables purchased by the wholly-owned special-purpose subsidiary. Borrowings under the Trade Receivable Facility bear interest at a rate equal to Adjusted Term Secured Overnight Financing Rate (Adjusted Term SOFR), as defined, plus 0.8 %. The Trade Receivable Facility contains a cross-default provision to the Company's other debt agreements. Subject to certain conditions, including lenders providing the requisite commitments, the Trade Receivable Facility may be increased to a borrowing base not to exceed $ 500 million.

6. Financial Instruments

The Company's financial instruments include temporary cash investments, restricted cash, accounts receivable, notes receivable, accounts payable, publicly-registered long-term notes and debentures.

Temporary cash investments are placed primarily in money market funds, money market demand deposit accounts and Eurodollar time deposit accounts with financial institutions. The Company's cash equivalents have maturities of less than three months. Due to the short maturity of these investments, they are carried on the consolidated balance sheets at cost, which approximates fair value.

Restricted cash is held in a trust account with a third-party intermediary. Due to the short-term nature of this account, the carrying value of restricted cash approximates its fair value.

Accounts receivable are due from a large number of customers, primarily in the construction industry, and are dispersed across wide geographic and economic regions. However, accounts receivable are more heavily concentrated in certain states, namely Texas, North Carolina, Colorado, California, Georgia, Minnesota, Arizona, Iowa, Florida and Indiana. The carrying values of accounts receivable approximate their fair values.

Notes receivable, included in Other current assets on the Company's consolidated balance sheet at September 30, 2024, are promissory notes and are not publicly traded. Management estimates that the carrying value of the notes receivable approximates its fair value.

Accounts payable represent amounts owed to suppliers and vendors. The estimated carrying value of accounts payable approximates its fair value due to the short-term nature of the payables.

The carrying value and fair value of the Company's debt were $ 4.0 billion and $ 3.6 billion, respectively, at September 30, 2024 and $ 4.3 billion and $ 3.9 billion, respectively, at December 31, 2023. The estimated fair value of the Company's publicly-registered long-term debt was estimated based on Level 1 of the fair value hierarchy using quoted market prices. The estimated fair value of other borrowings approximate their carrying amounts as the interest rates reset periodically.

7. Income Taxes

The effective income tax rate reflects the effect of federal and state income taxes on earnings and the impact of differences in book and tax accounting arising primarily from the permanent tax benefits associated with the statutory depletion deduction for mineral reserves. The effective income tax rates for continuing operations were 24.1 % and 20.6 % for the nine months ended September 30, 2024 and 2023, respectively. The higher 2024 effective income tax rate versus 2023 was driven by the impact of the February 2024 divestiture of the South Texas cement business and certain related ready mixed concrete operations, which reflected the write off of certain nondeductible goodwill and was treated as a discrete tax event.

The Internal Revenue Service recently announced disaster tax relief for North Carolina businesses affected by Hurricanes Debby and Helene. This relief allows the Company to defer estimated federal and certain state income, payroll and excise tax payments for the period from August 2024 through April 2025. The deferred obligation will be due May 1, 2025. The Company deferred income tax payments of $ 123 million under this provision as of September 30, 2024.

8. Pension Benefits

The net periodic benefit cost for pension benefits includes the following components:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Dollars in Millions)				
Service cost	$ 10	$ 8	$ 29	$ 25
Interest cost	14	13	41	39
Expected return on assets				

(20
)
(18
)
(59
)
(54
)
Amortization of:
Prior service cost
2
2
5
4
Actuarial loss
-
-
1
-
Net periodic benefit cost
$
6
$
5
$
17
$
14

The components of net periodic benefit cost, other than service cost, are included in the line item Other nonoperating income, net , in the consolidated statements of earnings and comprehensive earnings. Based on the roles of the employees, service cost is included in the Cost of revenues or Selling , general and administrative expenses line items in the consolidated statements of earnings and comprehensive earnings .

9. Commitments and Contingencies

Legal and Administrative Proceedings

The Company is engaged in certain legal and administrative proceedings incidental to its normal business activities, including matters relating to environmental protection. The Company considers various factors in assessing the probable outcome of each matter, including but not limited to the nature of existing legal proceedings and claims, the asserted or possible damages, the jurisdiction and venue of the case and whether it is a jury trial, the progress of the case, existing law and precedent, the opinions or views of legal counsel and other advisers, the Company's experience in similar cases and the experience of other companies, the facts available to the Company at the time of assessment, and how the Company intends to respond to the proceeding or claim. The Company's assessment of these factors may change over time as proceedings or claims progress. The Company believes the probability is remote that the outcome of any currently pending legal or administrative proceeding will result in a material loss to the Company's financial condition, results of operations or cash flows, as a whole, based on currently available facts.

Letters of Credit

In the normal course of business, the Company provides certain third parties with standby letter of credit agreements guaranteeing its payment for certain insurance claims, contract performance and permit requirements. At September 30, 2024, the Company was contingently liable fo r $ 33 million in letters of credit.

Page 19 of 40

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2024

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10. Segments

The Building Materials business contains two reportable segments: the East Group and the West Group. The Company also has a Magnesia Specialties reportable segment. The Chief Operating Decision Maker's evaluation of performance and allocation of resources are based primarily on earnings from operations. Segment earnings from operations include revenues less cost of revenues; selling, general and administrative expenses; other operating income and expenses, net; and exclude interest income and expense; other nonoperating income and expenses, net; and income tax expense. Corporate loss from operations primarily includes depreciation; expenses for corporate administrative functions; acquisition, divestiture and integration expenses; and other nonrecurring income and expenses not attributable to operations of the Company's operating segments.

Assets employed by segment include assets directly identified with those operations. Corporate assets consist primarily of cash, cash equivalents and restricted cash; property, plant and equipment for corporate operations; and other assets not directly identifiable with a reportable segment.

The following table displays selected financial data for the Company's reportable segments. Revenues, as presented on the consolidated statements of earnings and comprehensive earnings, reflect the elimination of intersegment revenues, which represent sales from one segment to another segment. Revenues and earnings (loss) from operations reflect continuing operations only.

Three Months Ended

Nine Months Ended

September 30,

September 30,

2024

2023

2024

2023

(Dollars in Millions)

Revenues:

East Group

$

849

$

814

$

2,198

$

2,079
West Group
958
1,104
2,464
2,851
Magnesia Specialties
82
76
243
239
Total
$
1,889
$
1,994
$
4,905
$
5,169
Earnings (Loss) from operations:
East Group
$
272
$
295
$
650
$
632
West Group
233
283
1,703
617
Magnesia Specialties
26
17
73
61
Total reportable segments

531
595
2,426
1,310
Corporate
(42
)
(28
)
(118
)
(84
)
Consolidated earnings from operations
489
567
2,308
1,226
Interest expense
38
41
119
125
Other nonoperating income, net
(7
)
(14
)
(54
)
$
(49
)
Consolidated earnings from continuing operations before income tax expense
$
458
$
540
$
2,243

$
1,150

Earnings from operations for the West Group for the nine months ended September 30, 2024 included a $ 1.3 billion gain on the divestiture of the South Texas cement business and certain of its related ready mixed concrete operations and a noncash asset and portfolio rationalization charge of $ 50 million (see Note 13).

September 30,
December 31,
2024
2023
(Dollars in Millions)
Assets employed:
East Group
$
7,667
$
5,131
West Group
7,713
7,697
Magnesia Specialties
265
250
Total reportable segments
15,645
13,078
Corporate
824
2,047
Total
$
16,469
$
15,125

11. Revenues and Gross Profit

The following tables, which are reconciled to consolidated amounts, provide revenues and gross profit (loss) by line of business: Building Materials (further divided by product line) and Magnesia Specialties. Interproduct revenues represent sales from the aggregates product line to the cement and ready mixed concrete and asphalt and paving product lines. Effective January 1, 2024, the Company combined the cement and ready mixed concrete product lines. This change was driven by the reduced significance of each of these product lines relative to the Building Materials business and consolidated operating results from recent divestitures. Additionally, there is a significant relationship between these product lines, as the ready mixed concrete product line is a significant customer of the cement product line. Revenues and gross profit (loss) reflect continuing operations only.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
(Dollars in Millions)				
Revenues:				
Building Materials business:				
Aggregates	$ 1,250	$ 1,216	$ 3,377	$ 3,280
Cement and ready mixed concrete	296	422	822	1,175
Asphalt and paving services	343	360	647	659
Less: interproduct revenues				

(82
)
(80
)
(184
)
(184
)
Total Building Materials business
1,807
1,918
4,662
4,930
Magnesia Specialties
82
76
243
239
Total
$
1,889
$
1,994
$
4,905
$
5,169
Gross profit (loss):
Building Materials business:
Aggregates
$
438
$
441
$
1,069
$
1,050
Cement and ready mixed concrete
89
143

192

329

Asphalt and paving services

61

66

77

82

Total Building Materials business

588

650

1,338

1,461

Magnesia Specialties

29

21

84

74

Corporate

(18

)

5

(34

)

4

Total

$

599

$

676

$

1,388

$

1,539

The above information for 2023 has been reclassified to conform to current-year presentation. For the quarter ended September 30, 2023 , the cement product line reported revenues of $ 199 million, inclusive of $ 62 million to the ready mixed concrete product line, and gross profit of $ 109 million. For the quarter ended September 30, 2023 , the ready mixed concrete product line reported revenues of $ 285 million and gross profit of $ 34 million. For the nine months ended September 30, 2023 , the cement product line reported revenues of $ 565 million, inclusive of $ 167 million to the ready mixed concrete product line, and gross profit of $ 249 million. For the nine months ended September 30, 2023 , the ready mixed concrete product line reported revenues of $ 777 million and gross profit of $ 80 million. Revenues from sales of cement to the ready mixed concrete product lin e were previously eliminated in the interproduct revenues line.

Performance Obligations. Performance obligations are contractual promises to transfer or provide a distinct good or service for a stated price. The Company's product sales agreements are single-performance obligations that are satisfied at a point in time. Performance obligations within paving service agreements are satisfied over time, primarily ranging from one day to two years . Customer payments for the paving operations are based on a contractual billing schedule and are typically "paid-when-paid", meaning the Company is paid once the customer is paid.

Future revenues from unsatisfied performance obligations at September 30, 2024 and 2023 wer e $ 322 million and $ 268 million, respectively, where the remaining periods to complete these obligations ranged fro m one month to 21 months and one month to 25 months , respectively.

Service Revenues. Service revenues, which include paving services located in California and Colorado, were $ 164 million and $ 173 million for the three months ended September 30, 2024 and 2023 , respectively, and reported in the West Group. Service revenues were $ 307 million for both the nine months ended September 30, 2024 and 2023.

Contract Balances. Costs in excess of billings relate to the conditional right to consideration for completed contractual performance and are contract assets on the consolidated balance sheets. Costs in excess of billings are reclassified to accounts receivable when the right to consideration becomes unconditional. Billings in excess of costs relate to customers invoiced in advance of contractual performance and are contract liabilities on the consolidated balance sheets. The following table presents information about the Company's contract balances:

	September 30, 2024	December 31, 2023
(Dollars in Millions)		
Costs in excess of billings	$ 26	$ 5
Billings in excess of costs	$ 17	$ 10

Revenues recognized from the beginning balance of contract liabilities for the three months ended September 30, 2024 and 2023 were $ 7 m illion and $ 5 m illion, respectively, and for the nine months ended September 30, 2024 and 2023 were $ 9 million and $ 10 million, respectively.

Retainage, which primarily relates to the paving services, represents amounts that have been billed to customers but payment is withheld until final acceptance of the performance obligation by the customer. Retainage, which is included in Other current assets on the Company's consolidated balance sheets, wa s $ 15 million and $ 17 m illion at September 30, 2024 and December 31, 2023 , respectively.

12. Supplemental Cash Flow Information

Noncash investing and financing activities are as follows:

Nine Months Ended

September 30,

2024

2023
(Dollars in Millions)

Accrued liabilities for purchases of property, plant and equipment	$	45	$	65
Right-of-use assets obtained in exchange for new operating lease liabilities	$	53	$	37
Right-of-use assets obtained in exchange for new finance lease liabilities	$	14	$	19
Remeasurement of operating lease right-of-use assets	$	6	$	6
Remeasurement of finance lease right-of-use assets	$	27	$	-
Acquisition of assets through asset exchange	$	-	$	5

Supplemental disclosures of cash flow information are as follows:

	Nine Months Ended September 30,	
	2024	2023
(Dollars in Millions)		
Cash paid for interest, net of capitalized amount	$ 118	$ 121
Cash paid for income taxes, net of refunds	$ 385	$ 203

13. Other Operating Income, Net

Other operating income, net, is comprised generally of gains and losses on divestitures and the sale of assets; asset and portfolio rationalization charges; recoveries and losses related to certain customer accounts receivable; recoveries and losses on the resolution of contingency accruals; rental, royalty and services income; and accretion expense, depreciation expense and gains and losses related to asset retirement obligations. For the nine months ended September 30, 2024, other operating income, net, included a $ 1.3 billion pretax gain on the divestiture of the South Texas cement business and certain of its related ready mixed concrete operations, which was partially offset by a $ 50 million pretax, noncash asset and portfolio rationalization charge.

The noncash asset and portfolio rationalization charge for the nine months ended September 30, 2024 relates to the Company's decision to discontinue usage of certain long-haul distribution facilities to transport aggregates products into Colorado as the AFS acquisition completed in January 2024 provides more economical, local aggregates supply. This charge, which is reported in the West Group, reflects the Company's evaluation of the recoverability of certain long-lived assets, including property, plant and equipment and operating lease right-of-use assets, for the cessation of these railroad operations.

It em 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

Martin Marietta Materials, Inc. (the Company or Martin Marietta) is a natural resource-based building materials company. As of September 30, 2024, the Company supplies aggregates (crushed stone, sand and gravel) through its network of approximately 380 quarries, mines and distribution yards in 28 states, Canada and The Bahamas. Martin Marietta also provides cement and downstream products, namely, ready mixed concrete, asphalt and paving services, in certain vertically-integrated structured markets where the Company has a leading aggregates position. The Company's heavy-side building materials are used in infrastructure, nonresidential and residential construction projects. Aggregates are also used in agricultural, utility and environmental applications and as railroad ballast. The aggregates, cement and ready mixed concrete and asphalt and paving product lines are reported collectively as the "Building Materials" business.

The Company's Building Materials business includes two reportable segments: the East Group and the West Group.

BUILDING MATERIALS BUSINESS

Reportable Segments

East Group

West Group

Operating Locations

Alabama, Florida, Georgia, Indiana, Iowa,

Kansas, Kentucky, Maryland,

Minnesota, Missouri, Nebraska,

North Carolina, Ohio, Pennsylvania,

South Carolina, Tennessee, Virginia,

West Virginia, Nova Scotia and The Bahamas

Arizona, Arkansas, California, Colorado, Louisiana, Oklahoma, Texas, Utah,

Washington and Wyoming

Product Lines

Aggregates and Asphalt

Aggregates, Cement and Ready

Mixed Concrete, Asphalt and Paving Services

Facility Types

Quarries, Mines, Asphalt Plants and

Distribution Facilities

Quarries, Cement Plant, Asphalt Plants, Ready Mixed Concrete Plants and

Distribution Facilities

Modes of Transportation

Truck, Railcar, Ship and Barge

Truck and Railcar

The Building Materials business is significantly affected by weather patterns, seasonal changes and other climate-related conditions. Production and shipment levels for aggregates, cement, ready mixed concrete and asphalt materials correlate with general construction activity levels, most of which occur in the spring, summer and fall. Thus, production and shipment levels vary by quarter. Excessive rainfall, drought, wildfire and extreme hot and cold temperatures can also jeopardize production, shipments and profitability in all markets served by the Company. Due to the potentially significant impact of weather on the Company's operations, current-period results are not necessarily indicative of expected performance for other interim periods or the full year.

The Company has a Magnesia Specialties business with manufacturing facilities in Manistee, Michigan, and Woodville, Ohio. The Magnesia Specialties business produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel industry.

CRITICAL ACCOUNTING POLICIES

The Company outlined its critical accounting policies in its Annual Report on Form 10-K for the year ended December 31, 2023. There were no changes to the Company's critical accounting policies during the nine months ended September 30, 2024.

RESULTS OF OPERATIONS

Earnings from continuing operations before interest; income taxes; depreciation, depletion and amortization; earnings/loss from nonconsolidated equity affiliates; acquisition, divestiture and integration expenses; the impact of selling acquired inventory after its markup to fair value as part of acquisition accounting (the Inventory Markup); nonrecurring gain on divestiture; and noncash asset and portfolio rationalization charge, or Adjusted EBITDA, is an indicator used by the Company and investors to evaluate the Company's operating performance from period to period. Effective January 1, 2024, the Company has elected to add back, for purposes of its Adjusted EBITDA calculation, acquisition, divestiture and integration expenses and the Inventory Markup only for transactions with consideration of $2.0 billion or more and expected acquisition, divestiture and integration expenses of at least $15 million. For 2024, this includes the acquisition of 20 active aggregates operations from affiliates of Blue Water Industries LLC (BWI Southeast) and the divestiture of the South Texas cement plant and related ready mixed concrete operations (the Divestiture).

Adjusted EBITDA is not defined by accounting principles generally accepted in the United States (GAAP) and, as such, should not be construed as an alternative to net earnings attributable to Martin Marietta, earnings from operations or operating cash flow. Since Adjusted EBITDA excludes some, but not all, items that affect net earnings and may vary among companies, Adjusted EBITDA as presented by the Company may not be comparable with similarly titled measures of other companies.

The following table presents a reconciliation of net earnings from continuing operations attributable to Martin Marietta to Adjusted EBITDA:

Three Months Ended

Nine Months Ended

September 30,

September 30,

2024

2023

2024

2023

(Dollars in Millions)

Net earnings from continuing operations attributable to

Martin Marietta

$

363

$

430

$

1,701

$

912

Add back (Deduct):

Interest expense, net of interest income

38

32

85

93
Income tax expense for controlling interests
95
110
541
237
Depreciation, depletion and amortization expense
and earnings/loss from nonconsolidated equity
affiliates
148
130
416
378
Acquisition, divestiture and integration expenses
2
3
39
5
Impact of selling acquired inventory after markup to
fair value as part of acquisition accounting
-
-
20
-
Nonrecurring gain on divestiture
-
-
(1,331
)
-
Noncash asset and portfolio rationalization charge
-
-
50
-
Adjusted EBITDA
$
646
$
705
$

1,521

$

1,625

Mix-adjusted average selling price (mix-adjusted ASP) is a non-GAAP measure that excludes the impacts of period-over-period product, geographic and other mix on average selling price. Mix-adjusted ASP is calculated by comparing current-period shipments to like-for-like shipments in the comparable prior period. Management uses this metric to evaluate the realization of pricing increases and believes this information is useful to investors as it provides same-on-same pricing trends.

The following reconciles reported average selling price per ton to organic mix-adjusted ASP and corresponding variances:

Three Months Ended

Nine Months Ended

September 30,

September 30,

2024

2023

2024

2023

(Dollars per ton)

Aggregates:

Reported average selling price

$

21.52

$

19.98

$

21.74

$

19.72

Adjustment for impact of acquisitions

0.27

-

0.27

-

Organic average selling price

$

21.79
$
19.98
$
22.01
$
19.72
Adjustment for impact of product, geographic
and other mix
(0.05
)
(0.04
)
Organic mix-adjusted ASP
$
21.74
$
21.97
Reported average selling price variance
7.7
%
10.2
%
Organic average selling price variance
9.1
%
11.6
%
Organic mix-adjusted ASP variance
8.9
%
11.4
%

Quarter Ended September 30, 2024

The following tables present revenues and gross profit (loss) for the Company and its reportable segments by product line for continuing operations for the three months ended September 30, 2024 and 2023. Gross profit (loss) is stated as a percentage of revenues of the Company, the relevant segment or the product line, as the case may be.

	Three Months Ended September 30,	
	2024	2023
	Amount	Amount
(Dollars in Millions)		
Revenues:		
Building Materials business:		
East Group		
Aggregates	$ 772	$ 736
Asphalt	91	90
Less: Interproduct revenues	(14)	(12)
East Group Total	849	814
West Group		
Aggregates	478	480
Cement and ready mixed concrete	296	422
Asphalt and paving services	252	270
Less: Interproduct revenues	(68)	(68

)
West Group Total
958
1,104
Total Building Materials business
1,807
1,918
Total Magnesia Specialties
82
76
Total
$
1,889
$
1,994
Three Months Ended September 30,
2024
2023
Amount
% of Revenues
Amount
% of Revenues
(Dollars in Millions)
Gross profit (loss):
Building Materials business:
Aggregates
$
438
35%
$
441
36%
Cement and ready mixed concrete
89
30%
143
34%
Asphalt and paving services
61
18%
66

18%
Total Building Materials business
588
33%
650
34%
Magnesia Specialties
29
35%
21
28%
Corporate
(18
)
5
Total
$
599
32%
$
676
34%

Building Materials Business
The following table presents shipment data for the Building Materials business:
Three Months Ended September 30,
2024
2023
% Change
(In Millions)
Aggregates tons
53.7
55.9
(3.9
)%

Cement tons

0.6

1.1

(43.7

)%

Ready Mixed Concrete cubic yards

1.3

1.8

(24.7

)%

Asphalt tons

3.6

3.9

(6.7

)%

Third-quarter aggregates shipments decreased 3.9% from the prior-year quarter, as shipments from acquired operations were offset by historically wet weather in the Company's East and Southwest divisions, and softer warehouse and residential demand across the Company's footprint. Aggregates average selling price per ton of $21.52 increased 7.7%, or 8.9% on an organic mix-adjusted basis, over the prior-year quarter. Aggregates gross profit decreased modestly to $438 million, driven primarily by lower operating leverage from reduced shipments and weather-driven inefficiencies, which were largely offset by acquisition contributions.

Cement and ready mixed concrete revenues decreased 30% to $296 million and gross profit decreased 37% to $89 million, compared with the prior-year quarter, primarily attributable to the Divestiture.

Asphalt and paving revenues decreased 5% from the prior-year quarter to $343 million as shipments were negatively impacted by project delays and softer nonresidential market demand. Gross profit decreased 8% from prior year to $61 million due to lower revenues combined with higher aggregates costs.

Aggregates End-Use Markets

Aggregates shipments to the infrastructure market decreased 4% quarter-over-quarter, as contributions from acquired operations were more than offset by weather-driven project delays. The infrastructure market accounted for 39% of third-quarter aggregates shipments.

Aggregates shipments to the nonresidential market decreased 4%, driven by inclement weather in many of the Company's markets and declining warehouse construction, partially offset by shipments at acquired operations. The nonresidential market represented 33% of third-quarter aggregates shipments.

Aggregates shipments to the residential market decreased 2%, resulting from inclement weather and general softening in single-family housing resulting from affordability concerns. The residential market accounted for 23% of third-quarter aggregates shipments.

The ChemRock/Rail market accounted for the remaining 5% of third-quarter aggregates shipments. Volumes to this end use market decreased 15% quarter-over-quarter due to inclement weather and project delays.

Magnesia Specialties Business

Magnesia Specialties third-quarter revenues of $82 million increased 8% from the prior-year quarter and gross profit increased 34% to $29 million, as pricing growth and improved lime shipments, coupled with lower energy costs, more than offset lower chemical shipments.

Consolidated Operating Results

Consolidated SG&A for the third quarter of 2024 was 5.6% of revenues compared with 5.4% in the prior-year quarter.

Net earnings from continuing operations attributable to Martin Marietta were $363 million, or $5.91 per diluted share, in 2024 compared with $430 million, or $6.94 per diluted share, in 2023.

Nine Months Ended September 30, 2024

The following tables present revenues and gross profit (loss) for the Company and its reportable segments by product line for continuing operations for the nine months ended September 30, 2024 and 2023. Gross profit (loss) is stated as a percentage of revenues of the Company or the relevant segment or product line, as the case may be.

Nine Months Ended September 30,		
	2024	2023
	Amount	Amount
(Dollars in Millions)		
Revenues:		
Building Materials business:		
East Group		
Aggregates	$ 2,084	$ 1,954
Asphalt	137	146
Less: Interproduct revenues	(23)	(21)
East Group Total	2,198	2,079
West Group		
Aggregates	1,293	1,326
Cement and ready mixed concrete		

822
1,175
Asphalt and paving services
510
513
Less: Interproduct revenues
(161
)
(163
)
West Group Total
2,464
2,851
Total Building Materials business
4,662
4,930
Total Magnesia Specialties
243
239
Total
$
4,905
$
5,169

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
(Continued)
Nine Months Ended September 30,
2024
2023
Amount
% of Revenues
Amount
% of Revenues
(Dollars in Millions)
Gross profit (loss):
Building Materials business:

Aggregates
$
1,069
32%
$
1,050
32%
Cement and ready mixed concrete
192
23%
329
28%
Asphalt and paving services
77
12%
82
12%
Total Building Materials business
1,338
29%
1,461
30%
Magnesia Specialties
84
35%
74
31%
Corporate
(34
)
4
Total
$
1,388
28%
$
1,539
30%
Building Materials Business
The following table presents shipments data by product line for the Building Materials business:
Nine Months Ended September 30,

	2024	2023	% Change
(In Millions)			
Aggregates tons	143.3	152.2	(5.8)%
Cement tons	1.8	3.2	(44.6)%
Ready Mixed Concrete cubic yards	3.7	5.1	(26.3)%
Asphalt tons	6.7	7.0	(5.2)%

Year-to-date aggregates shipments decreased 5.8%, due largely to significant precipitation in Texas and the Company's East and Central Divisions, as well as softening demand in warehouse, office and retail construction, which were partially offset by shipments from acquired operations. Aggregates average selling price per ton of $21.74 increased 10.2%, or 11.4% on an organic mix-adjusted basis, due to strong realization of the cumulative effects of 2023 and 2024 pricing actions. Aggregates gross profit improved 2% to $1.1 billion, as pricing growth more than offset lower shipments.

Cement and ready mixed concrete revenues decreased 30% to $822 million and gross profit decreased 42% to $192 million, compared with the prior-year period, primarily attributable to the Divestiture, as well as significant precipitation in Texas.

Asphalt and paving revenues decreased 2% to $647 million and gross profit decreased 7% to $77 million, compared with the prior-year period, as lower asphalt shipments and higher aggregates costs more than offset pricing growth.

Aggregates End-Use Markets

While aggregates shipments to the infrastructure market decreased 4%, due largely to inclement weather, the Company expects public construction activity to grow, supported by federal and state funding increases. The infrastructure market accounted for 37% of year-to-date aggregates shipments.

(Continued)

Aggregates shipments to the nonresidential market decreased 7%, driven by inclement weather in many of the Company's markets and declining warehouse, office and retail construction. The nonresidential market represented 35% of year-to-date aggregates shipments.

Aggregates shipments to the residential market decreased 6%, resulting from inclement weather and general softening in single-family housing resulting from affordability concerns. The residential market accounted for 23% of year-to-date aggregates shipments.

The ChemRock/Rail market accounted for the remaining 5% of year-to-date aggregates shipments. Volumes to this end use market decreased 8% from the prior-year period.

Magnesia Specialties Business

Magnesia Specialties revenues increased 2% to $243 million for the nine months ended September 30, 2024 and gross profit increased 14% to $84 million, as higher pricing combined with lower energy and raw materials costs more than offset lower chemical shipments.

Consolidated Operating Results

Consolidated SG&A for the nine months ended September 30 of 2024 was 7.0% of revenues compared with 6.3% in the prior-year period, reflecting lower revenues.

For the nine months ended September 30, consolidated other operating income, net, was $1.3 billion in 2024 and $16 million in 2023. The 2024 amount included a $1.3 billion pretax gain on the Divestiture, which was partially offset by a $50 million pretax, noncash asset and portfolio rationalization charge (the Rationalization Charge; see Note 13 to the unaudited consolidated financial statements).

Earnings from operations for the nine months ended September 30 were $2.3 billion in 2024 compared with $1.2 billion in 2023. The 2024 amount included a $1.3 billion pretax gain on the Divestiture.

For the nine months ended September 30, 2024 and 2023, the effective income tax rates for continuing operations were 24.1% and 20.6%, respectively. The higher 2024 effective income tax rate versus 2023 was driven by the Divestiture, which reflected the write-off of certain nondeductible goodwill and was treated as a discrete tax event.

Net earnings from continuing operations attributable to Martin Marietta were $1.7 billion, or $27.60 per diluted share, in 2024 compared with $912 million, or $14.69 per diluted share, in 2023. 2024 included an after-tax gain of $976 million, or $15.83 per diluted share, on the Divestiture, an after-tax loss of $37 million, or $0.61 per diluted share, for the Rationalization Charge, an after-tax charge of $15 million, or $0.23 per diluted share, for the Inventory Markup and after-tax acquisition, divestiture and integration expenses of $31 million, or $0.50 per diluted share, related to the Blue Water Industries LLC acquisition and the Divestiture.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities for the nine months ended September 30, 2024 and 2023 was $773 million and $973 million, respectively, with the year-over-year decrease driven largely by significantly higher income tax payments in 2024 resulting from the Divestiture. Operating cash flow is substantially derived from consolidated net earnings before deducting depreciation, depletion and amortization, and changes in working capital requirements.

The Internal Revenue Service recently announced disaster tax relief for North Carolina businesses affected by Hurricanes Debby and Helene. This relief allows the Company to defer estimated federal and certain state income, payroll and excise

tax payments for the period from August 2024 through April 2025. The deferred obligation will be due May 1, 2025. The Company deferred income tax payments of $123 million under this provision as of September 30, 2024, which benefited operating cash flow for the nine months ended September 30, 2024.

The seasonal nature of construction activity impacts the Company's interim operating cash flow when compared with the full year. Full-year 2023 net cash provided by operating activities was $1.5 billion.

During the nine months ended September 30, 2024 and 2023, the Company paid $622 million and $464 million, respectively, for additions to property, plant and equipment. Included in the 2024 additions is the purchase of land and aggregates reserves.

During the first quarter of 2024, the Company received pretax cash proceeds of $2.1 billion from the Divestiture. On April 5, 2024, the Company used $2.05 billion of cash on hand to fund the acquisition of 20 active aggregates operations in Alabama, South Carolina, South Florida, Tennessee, and Virginia from affiliates of Blue Water Industries LLC. Subsequently, the Company used available liquidity to fund the South Florida aggregates acquisition on October 25, 2024.

On July 2, 2024, the Company used available liquidity to repay the $400 million of 4.250% Senior Notes that matured by their own terms.

The Company can repurchase its common stock through open-market purchases pursuant to authority granted by its Board of Directors or through private transactions at such prices and upon such terms as the Chief Executive Officer deems appropriate. During the first nine months of 2024, the Company repurchased 785,758 shares of common stock at an average price of $572.70 and an aggregate cost of $450 million. At September 30, 2024, 11.9 million shares of common stock remain under the Company's repurchase authorization.

The Company, through a wholly-owned special-purpose subsidiary, has a $400 million trade receivable securitization facility (the Trade Receivable Facility) that matures on September 17, 2025. The Trade Receivable Facility contains a cross-default provision to the Company's other debt agreements.

The Company has an $800 million five-year senior unsecured revolving facility (the Revolving Facility), which matures in December 2028. The Revolving Facility requires the Company's ratio of consolidated net debt-to-consolidated EBITDA, as defined, for the trailing-twelve-month period (the Ratio) to not exceed 3.50 times as of the end of any fiscal quarter, provided that the Company may exclude from the Ratio debt incurred in connection with certain acquisitions during the quarter or the three preceding quarters so long as the Ratio calculated without such exclusion does not exceed 4.00 times. Additionally, if there are no amounts outstanding under the Revolving Facility or the Trade Receivable Facility, consolidated debt, including debt for which the Company is a guarantor, shall be reduced in an amount equal to the lesser of $500 million or the sum of the Company's unrestricted cash and temporary investments, for purposes of the covenant calculation. The Company was in compliance with the Ratio at September 30, 2024.

In the event of a default on the Ratio, the lenders can terminate the Revolving Facility and Trade Receivable Facility and declare any outstanding balances as immediately due.

Cash on hand, along with the Company's projected internal cash flows and availability of financing resources, including its access to debt and equity capital markets, is expected to continue to be sufficient to provide the capital resources necessary to support anticipated operating needs, cover debt service requirements, address near-term debt maturities, meet capital expenditures and discretionary investment needs, fund certain acquisition opportunities that may arise, allow for payment of dividends for the foreseeable future and allow the repurchase of shares of the Company's common stock. At September 30, 2024, there was $95 million outstanding under the Trade Receivable Facility and no amounts outstanding under the Revolving Facility, and the Company had $1.10 billion of unused borrowing capacity under its Revolving Facility and Trade Receivable Facility, subject to complying with the related leverage covenant. As of October

30, 2024, there was $300 million outstanding under the Trade Receivable Facility and $400 million outstanding under the Revolving Facility. Historically, the Company has successfully extended the maturity dates of these credit facilities.

TRENDS AND RISKS

The Company outlined the risks associated with its business in its Annual Report on Form 10-K for the year ended December 31, 2023. Management continues to evaluate its exposure to all operating risks on an ongoing basis.

OTHER MATTERS

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 Form 10-Q 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 "anticipate," "may," "expect," "should," "believe," "project," "intend," "will," and other words of similar meaning in connection with future events or future operating or financial performance. Any, or all of, management's forward-looking statements herein and in other publications may turn out to be wrong.

The Company's outlook is subject to 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 Form 10-Q 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, 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 such a decline, particularly in Texas and West Virginia;

- sustained high mortgage interest rates and other factors that have resulted in a slowdown in private 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, excessive rainfall or extreme temperatures 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 and energy costs, 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 diseases, 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 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 geopolitical conflicts, including 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;

- 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;
- cybersecurity risks;
- violation of the Company's debt covenant if price and/or volumes return to previous levels of instability;
- 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 the Company'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 the Company 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.

INVESTOR ACCESS TO COMPANY FILINGS

Shareholders may obtain, without charge, a copy of Martin Marietta's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2023, by writing to:

Martin Marietta

Attn: Corporate Secretary

4123 Parklake Avenue

Raleigh, North Carolina 27612

Additionally, Martin Marietta's Annual Report, press releases and filings with the Securities and Exchange Commission, including Forms 10-K, 10-Q, 8-K and 11-K, can generally be accessed via the Company's website. Filings with the Securities and Exchange Commission accessed via the website are available through a link with the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. Accordingly, access to such filings is available upon EDGAR placing the related document in its database. Investor relations contact information is as follows:

Telephone: (919) 510-4736

Website address: www.martinmarietta.com

Information included on the Company's website is not incorporated into, or otherwise creates a part of, this report.

It em 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company's operations are highly dependent upon the interest rate-sensitive construction and steelmaking industries. Consequently, these marketplaces could experience lower levels of economic activity in an environment of rising interest rates or escalating costs.

Management has considered the current economic environment and its potential impact to the Company's business. Demand for aggregates products, particularly in the infrastructure construction market, is affected by federal, state and local budget and deficit issues. Further, delays or cancellations of capital projects in the nonresidential and residential construction markets could occur if companies and consumers are unable to obtain affordable financing for construction projects or if consumer confidence is eroded by economic uncertainty.

Demand in the nonresidential and residential construction markets, which combined accounted for 58% of aggregates shipments for the nine months ended September 30, 2024, is affected by interest rates. While the Federal Reserve has lowered the target federal funds rate 50 basis points since December 31, 2023, it remains above historical levels.

Aside from these inherent risks from within its operations, the Company's earnings are also affected by changes in short-term interest rates and changes in enacted tax laws.

Variable-Rate Borrowing Facilities. At September 30, 2024, the Company had an $800 million Revolving Facility and a $400 million Trade Receivable Facility. Borrowings under these facilities bear interest at a variable interest rate. A hypothetical 100-basis-point increase in interest rates on variable-rate borrowings of $95 million, which was the collective outstanding balance at September 30, 2024, would increase interest expense by $1 million on an annual basis.

Pension Expense. The Company's results of operations are affected by its pension expense. Assumptions that affect pension expense include the discount rate and, for the qualified defined benefit pension plan only, the expected long-term rate of return on assets. Therefore, the Company has interest rate risk associated with these factors. The impact of hypothetical changes in these assumptions on the Company's annual pension expense is discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Income Tax. Any changes in enacted tax laws, rules or regulatory or judicial interpretations, or any change in the pronouncements relating to accounting for income taxes could materially impact the Company's effective tax rate, tax payments, cash flow, financial condition and results of operations.

Energy Costs . Energy costs, including diesel fuel, natural gas, electricity, coal and petroleum coke, represent significant production costs of the Company. The Company may be unable to pass along increases in the costs of energy to customers in the form of price increases for the Company's products. The cement product line and Magnesia Specialties business each have varying fixed-price agreements for a portion of their 2024 energy requirements. Organic energy expense for the nine months ended September 30, 2024 decreased 15% compared with the prior-year period, reflecting a $0.33-per-gallon decrease in organic diesel costs and a 36% decrease in organic natural gas costs. A hypothetical 10% change in the Company's organic energy prices in 2024 as compared with 2023, assuming comparable volumes, would change 2024 energy expense by $36 million.

It em 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. As of September 30, 2024, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and the operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of September 30, 2024. There were no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

It em 1. Legal Proceedings.

See Note 9 Commitments and Contingencies, Legal and Administrative Proceedings of this Form 10-Q.

It em 1A. Risk Factors.

Reference is made to Part I. Item 1A. Risk Factors and Forward-Looking Statements of the Martin Marietta Annual Report on Form 10-K for the year ended December 31, 2023.

It em 2. Unregistered Sales of Equity Securities and Use of Proceeds.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
July 1, 2024 - July 31, 2024	-	$ -	-	11,935,338
August 1, 2024 - August 31, 2024	-	$ -	-	11,935,338
September 1, 2024 - September 30, 2024	-	$ -	-	11,935,338
Total	-		-	

Reference is made to the Company's press release dated February 10, 2015 for the December 31, 2014 fourth-quarter and full-year results and announcement of the share repurchase program. The Company's Board of Directors authorized a maximum of 20 million shares to be repurchased under the program. The program does not have an expiration date.

It em 4. Mine Safety Disclosures.

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this Quarterly Report on Form 10-Q.

Item 5. Other Infor mation

During the three months ended September 30, 2024 , no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

PART II. OTHER INFORMATION

(Continued)

It em 6. Exhibits.

Exhibit No.

Document

31.01

Certification dated October 30, 2024 of Chief Executive Officer pursuant to Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.02

Certification dated October 30, 2024 of Chief Financial Officer pursuant to Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.01

Written Statement dated October 30, 2024 of Chief Executive Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.02

Written Statement dated October 30, 2024 of Chief Financial Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

95

Mine Safety Disclosures

101.INS

Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

101.SCH

Inline XBRL Taxonomy Extension Schema Document

101.CAL

Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB

Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE

Inline XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF

Inline XBRL Taxonomy Extension Definition Linkbase

104

Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARTIN MARIETTA MATERIALS, INC.

(Registrant)

Date: October 30, 2024

By:

/s/ James A. J. Nickolas

James A. J. Nickolas

Executive Vice President and

Chief Financial Officer

Page 40 of 40