

Northbridge Materials Corporation - Form 10-Q

Rendered from the document filed with the U.S. Securities and Exchange Commission. The filing as submitted remains the authoritative version.

FORM TYPE	10-Q
FILED	2018-11-07
PERIOD	2018-09-30
ACCESSION NO.	0001564590-18-027925
FILER	Northbridge Materials Corporation (CIK 0000916076)

mlm-10q_20180930.htm

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 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, 2018

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 Number)

2710 Wycliff Road, Raleigh, NC

27607-3033

(Address of principal executive offices)

(Zip Code)

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

Former name: None

Former name, former address and former fiscal year, if changes since last report.

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, a 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 Securities 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 November 1, 2018

Common Stock, \$0.01 par value

62,712,073

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

Page

Part I. Financial Information:

Item 1. Financial Statements

Consolidated Balance Sheets - September 30, 2018, December 31, 2017 and September 30, 2017

3

Consolidated Statements of Earnings and Comprehensive Earnings - Three- and Nine-Months Ended September 30, 2018 and 2017

4

Consolidated Statements of Cash Flows - Nine-Months Ended September 30, 2018 and 2017

5

Consolidated Statement of Total Equity - Nine-Months Ended September 30, 2018 and 2017

6

Notes to Consolidated Financial Statements

7

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

31

Item 3. Quantitative and Qualitative Disclosures About Market Risk

51

Item 4. Controls and Procedures

52

Part II. Other Information:

Item 1. Legal Proceedings

53

Item 1A. Risk Factors

53

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

53

Item 4. Mine Safety Disclosures

53

Item 6. Exhibits

54

Signatures

55

Page 2 of 55

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

(UNAUDITED) CONSOLIDATED BALANCE SHEETS

September 30,

December 31,

September 30,

2018

2017

2017

(Dollars in Thousands)

ASSETS

Current Assets:

Cash and cash equivalents

\$

53,961

\$

1,446,364

\$

35,219

Accounts receivable, net

644,835

487,240

582,532

Inventories, net

651,295

600,591

576,429
Other current assets
104,717
96,965
83,809
Total Current Assets
1,454,808
2,631,160
1,277,989
Property, plant and equipment
8,183,412
6,498,067
6,375,813
Allowances for depreciation, depletion and amortization
(3,080,017
)
(2,905,254
)
(2,854,236
)
Net property, plant and equipment
5,103,395
3,592,813
3,521,577
Goodwill
2,399,434
2,160,290
2,160,060
Operating permits, net
434,177
439,116
440,846
Other intangibles, net
74,799
67,233
63,740
Other noncurrent assets
121,558
101,899
102,573
Total Assets

\$

9,588,171

\$

8,992,511

\$

7,566,785

LIABILITIES AND EQUITY

Current Liabilities:

Bank overdraft

\$

-

\$

-

\$

1,047

Accounts payable

191,381

183,638

163,597

Accrued salaries, benefits and payroll taxes

45,234

44,255

37,885

Pension and postretirement benefits

9,292

13,652

12,073

Accrued insurance and other taxes

69,513

64,958

70,323

Current maturities of long-term debt and short-term facilities

380,041

299,909

80,038

Accrued interest

31,708

19,825

28,082

Other current liabilities

45,517
67,979
75,458
Total Current Liabilities
772,686
694,216
468,503
Long-term debt
2,829,657
2,727,294
1,642,502
Pension, postretirement and postemployment benefits
108,454
244,043
230,212
Deferred income taxes, net
692,881
410,723
662,982
Other noncurrent liabilities
242,165
233,758
228,604
Total Liabilities
4,645,843
4,310,034
3,232,803
Equity:
Common stock, par value \$ 0.01 per share
626
628
627
Preferred stock, par value \$ 0.01 per share
-
-
-
Additional paid-in capital
3,391,133
3,368,007
3,362,744
Accumulated other comprehensive loss

(121,491

)

(129,104

)

(122,928

)

Retained earnings

1,669,126

1,440,069

1,090,778

Total Shareholders' Equity

4,939,394

4,679,600

4,331,221

Noncontrolling interests

2,934

2,877

2,761

Total Equity

4,942,328

4,682,477

4,333,982

Total Liabilities and Equity

\$

9,588,171

\$

8,992,511

\$

7,566,785

See accompanying notes to the consolidated financial statements.

Page 3 of 55

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,

2018

2017

2018

2017

(In Thousands, Except Per Share Data)

Products and services revenues

\$

1,142,218

\$

1,022,487

\$

3,024,300

\$

2,811,646

Freight revenues

77,422

65,245

199,747

183,470

Total Revenues

1,219,640

1,087,732

3,224,047

2,995,116

Cost of revenues - products and services

828,110

730,459

2,282,159

2,097,272

Cost of revenues - freight

78,546

65,595

202,595

185,006

Total Cost of Revenues

906,656

796,054

2,484,754

2,282,278

Gross Profit

312,984

291,678

739,293

712,838

Selling, general & administrative expenses

68,441	
57,219	
209,632	
195,127	
Acquisition-related expenses, net	
89	
1,314	
12,925	
3,319	
Other operating expenses (income), net	
3,792	
6,181	
(26,960	
)	
(2,575	
)	
Earnings from Operations	
240,662	
226,964	
543,696	
516,967	
Interest expense	
35,468	
23,141	
103,526	
68,037	
Other nonoperating income, net	
(4,248	
)	
(479	
)	
(19,873	
)	
(6,434	
)	
Earnings before income tax expense	
209,442	
204,302	
460,043	
455,364	
Income tax expense	

29,089	
52,763	
84,147	
119,277	
Consolidated net earnings	
180,353	
151,539	
375,896	
336,087	
Less: Net earnings (loss) attributable to noncontrolling interests	
132	
(7	
)	
275	
(72	
)	
Net Earnings Attributable to Martin Marietta Materials, Inc.	
\$	
180,221	
\$	
151,546	
\$	
375,621	
\$	
336,159	
Consolidated Comprehensive Earnings: (See Note 1)	
Earnings attributable to Martin Marietta Materials, Inc.	
\$	
184,613	
\$	
154,524	
\$	
383,234	
\$	
343,918	
Earnings (Loss) attributable to noncontrolling interests	
132	
1	
276	
(62	

)

\$

184,745

\$

154,525

\$

383,510

\$

343,856

Net Earnings Attributable to Martin Marietta Materials, Inc.

Per Common Share:

Basic attributable to common shareholders

\$

2.86

\$

2.40

\$

5.95

\$

5.33

Diluted attributable to common shareholders

\$

2.85

\$

2.39

\$

5.93

\$

5.30

Weighted-Average Common Shares Outstanding:

Basic

62,932

62,896

62,970

62,940

Diluted

63,167

63,158

63,224

63,218

Cash Dividends Per Common Share

\$
0.48

\$
0.44

\$
1.36

\$
1.28

See accompanying notes to the consolidated financial statements.

Page 4 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine-Months Ended

September 30,

2018

2017

(Dollars in Thousands)

Cash Flows from Operating Activities:

Consolidated net earnings

\$
375,896

\$
336,087

Adjustments to reconcile consolidated net earnings to net cash
provided by operating activities:

Depreciation, depletion and amortization

253,200

221,418

Stock-based compensation expense

23,084

23,698

Gain on divestitures and sales of assets

(35,167

)

(17,970

)

Deferred income taxes

68,833

6,543

Other items, net

(2,107

)
 (9,894
)
 Changes in operating assets and liabilities, net of effects of acquisitions
 and divestitures:
 Accounts receivable, net
 (132,176
)
 (124,622
)
 Inventories, net
 (8,015
)
 (54,804
)
 Accounts payable
 42,995
 3,182
 Other assets and liabilities, net
 (145,005
)
 34,484
 Net Cash Provided by Operating Activities
 441,538
 418,122
 Cash Flows from Investing Activities:
 Additions to property, plant and equipment
 (262,155
)
 (308,745
)
 Acquisitions, net
 (1,640,698
)
 (7,200
)
 Proceeds from divestitures and sales of assets
 63,460
 33,138
 Payment of railcar construction advances
 (56,033

)

(42,954

)

Reimbursement of railcar construction advances

56,033

40,930

Investments in life insurance contracts, net

771

276

Net Cash Used for Investing Activities

(1,838,622

)

(284,555

)

Cash Flows from Financing Activities:

Borrowings of debt

875,000

1,011,244

Repayments of debt

(695,039

)

(975,035

)

Payments of deferred acquisition consideration

(6,707

)

-

Payments on capital lease obligations

(2,589

)

(2,708

)

Debt issuance costs

(3,194

)

(1,989

)

Change in bank overdraft

-

1,047

Contributions by owners of noncontrolling interest

-

211

Dividends paid

(86,190

)

(80,961

)

Proceeds from exercise of stock options

6,993

10,017

Shares withheld for employees' income tax obligations

(10,416

)

(10,213

)

Purchase of remaining interest in existing joint venture

(12,800

)

-

Repurchases of common stock

(60,377

)

(99,999

)

Net Cash Provided by (Used for) Financing Activities

4,681

(148,386

)

Net Decrease in Cash and Cash Equivalents

(1,392,403

)

(14,819

)

Cash and Cash Equivalents, beginning of period

1,446,364

50,038

Cash and Cash Equivalents, end of period

\$

53,961

\$

35,219

See accompanying notes to the consolidated financial statements.

Page 5 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENTS OF TOTAL EQUITY

(in thousands)

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 December 31, 2016

63,176

\$

630

\$

3,334,461

\$

(130,687

)

\$

935,574

\$

4,139,978

\$

2,612

\$

4,142,590

Consolidated net earnings

-

-

-

-

336,159

336,159

(72

)

336,087

Other comprehensive earnings,

net of tax

-

-

-

7,759

-

7,759

10

7,769

Dividends declared

-

-

-

-

(80,961

)

(80,961

)

-

(80,961

)

Issuances of common stock for stock

award plans

141

2

14,798

-

-

14,800

-

14,800

Shares withheld for employees' income

tax obligations

-

-

(10,213

)

-

-

(10,213

)

-
 (10,213
)
 Repurchases of common stock
 (458
)
 (5
)
 -
 -
 (99,994
)
 (99,999
)
 -
 (99,999
)
 Stock-based compensation expense
 -
 -
 23,698
 -
 -
 23,698
 -
 23,698
 Contributions by owners of
 noncontrolling interest
 -
 -
 -
 -
 -
 -
 211
 211
 Balance at September 30, 2017
 62,859
 \$
 627
 \$

3,362,744

\$

(122,928

)

\$

1,090,778

\$

4,331,221

\$

2,761

\$

4,333,982

Balance at December 31, 2017

62,873

\$

628

\$

3,368,007

\$

(129,104

)

\$

1,440,069

\$

4,679,600

\$

2,877

\$

4,682,477

Consolidated net earnings

-

-

-

-

375,621

375,621

275

375,896

Other comprehensive earnings,

net of tax

-

-

-

7,613

-

7,613

1

7,614

Dividends declared

-

-

-

-

(86,190

)

(86,190

)

-

(86,190

)

Issuances of common stock for stock

award plans

144

1

14,038

-

-

14,039

-

14,039

Shares withheld for employees' income

tax obligations

-

-

(10,416

)

-

-

(10,416

)

-

(10,416

)

Repurchases of common stock

(305

)

(3

)

-

-

(60,374

)

(60,377

)

-

(60,377

)

Stock-based compensation expense

-

-

23,084

-

-

23,084

-

23,084

Noncontrolling interest acquired in
business combination

-

-

-

-

-

-

9,001

9,001

Purchase of remaining interest in existing
joint venture

-

-

(3,580

)

-

-
(3,580
)
(9,220
)
(12,800
)

Balance at September 30, 2018

62,712
626
3,391,133
(121,491
)
1,669,126
4,939,394
2,934
\$
4,942,328

See accompanying notes to the consolidated financial statements.

Page 6 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES 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. The Company supplies aggregates (crushed stone, sand and gravel) through its network of more than 300 quarries, mines and distribution yards to its customers in 30 states, Canada, the Bahamas and the Caribbean Islands. In the western United States, Martin Marietta also provides cement and downstream products, namely, ready mixed concrete, asphalt and paving services, in 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, ready mixed concrete and asphalt and paving product lines are reported collectively as the "Building Materials" business.

The Company's Building Materials business includes three reportable segments: the Mid-America Group, the Southeast Group and the West Group.

BUILDING MATERIALS BUSINESS

Reportable Segments

Mid-America Group

Southeast Group

West Group

Operating Locations

Indiana, Iowa, northern Kansas, Kentucky, Maryland, Minnesota, Missouri, eastern Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia, Washington and West Virginia

Alabama, Florida, Georgia, Tennessee,

Nova Scotia and the Bahamas

Arkansas, Colorado, southern Kansas, Louisiana, western Nebraska, Nevada, Oklahoma, Texas, Utah and Wyoming

Product Lines

Aggregates

Aggregates

Aggregates, Cement, Ready Mixed Concrete, Asphalt and Paving

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 and mining industries.

Page 7 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1.

Significant Accounting Policies (continued)

Basis of Presentation

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. Other than the required adoption of two new accounting pronouncements described below, 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, 2017. 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, 2018 are not indicative of the results expected for other interim periods or the full year. The consolidated balance sheet at December 31, 2017 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, 2017.

New Accounting Pronouncements

Revenue from Contracts with Customers

Effective January 1, 2018, the Company adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which changes the evaluation and accounting for revenue recognition under contracts with customers and enhances financial statement disclosures. The Company implemented ASU 2014-09 using the modified retrospective approach. The adoption had an immaterial impact on the Company's financial position and results of operations but required new disclosures (see Note 2).

Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments

Effective January 1, 2018, the Company adopted ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (ASU 2016-15), which provides clarification or additional guidance on certain transactions and its classification on the statement of cash flows on a retrospective basis. The adoption had an immaterial impact on the

Company's statement of cash flows.

Page 8 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1.

Significant Accounting Policies (continued)

Pending Accounting Pronouncement

Lease Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting standard, Accounting Standards Codification 842 - Leases (ASC 842), intending to improve financial reporting of leases and to provide more transparency into off-balance sheet leasing obligations. The guidance requires virtually all leases, excluding mineral interest leases, to be recorded as right-to-use assets and lease liabilities on the balance sheet and provides guidance on the recognition of lease expense and income. Effective January 1, 2019, with early adoption permitted, ASC 842 requires the modified retrospective transition approach, applying the new standard to all leases existing at the date of initial application. An entity may use either 1) its effective date or 2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The Company will adopt the new standard effective January 1, 2019 and will use the effective date as the date of initial application. As such, financial information will not be updated and disclosures required under ASC 842 will not be provided for dates and periods prior to January 1, 2019.

The new standard provides a number of practical expedients for transition and policy elections for ongoing accounting. The Company expects to elect the "package of practical expedients", which permits the Company to not reassess its prior conclusions about lease identification, lease classification and initial direct costs. The Company plans to elect the practical expedients pertaining to the use of hindsight and to land easements. The standard provides policy election options for recognition exemption for short-term leases and separation of lease and non-lease components. The Company will elect the short-term lease recognition exemption and expects to elect not to separate lease and non-lease components for all underlying asset classes with the exceptions of railcars and fleet leases.

Although the Company has not determined the full impact of ASC 842, the Company expects the adoption of ASC 842 to have a material impact on its financial statements, specifically right-to-use assets and lease liabilities on the balance sheet and note disclosures pertaining to leasing activities.

Page 9 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1.

Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss

Consolidated comprehensive earnings/loss and accumulated other comprehensive loss consist of consolidated net earnings or loss; adjustments for the funded status of pension and postretirement benefit plans; foreign currency translation adjustments; and the amortization of the value of terminated forward starting interest rate swap agreements into interest expense, and are presented in the Company's consolidated statements of earnings and comprehensive earnings.

Comprehensive earnings attributable to Martin Marietta is as follows:

Three-Months Ended

Nine-Months Ended

September 30,

September 30,

2018

2017

2018

2017

(Dollars in Thousands)

Net earnings attributable to Martin Marietta Materials, Inc.

\$

180,221

\$

151,546

\$

375,621

\$

336,159

Other comprehensive earnings, net of tax

4,392

2,978

7,613

7,759

Comprehensive earnings attributable to Martin Marietta

Materials, Inc.

\$

184,613

\$

154,524

\$

383,234

\$

343,918

Comprehensive earnings attributable to noncontrolling interests, consisting of net earnings and adjustments for the funded status of pension and postretirement benefit plans, is as follows:

Three-Months Ended

Nine-Months Ended

September 30,

September 30,

2018

2017

2018

2017

(Dollars in Thousands)

Net earnings (loss) attributable to noncontrolling interests

\$

132

\$

(7

)

\$

275

\$

(72

)

Other comprehensive earnings, net of tax

-

8

1

10

Comprehensive earnings (loss) attributable to
noncontrolling interests

\$

132

\$

1

\$

276

\$

(62

)

Page 10 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1.

Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

Changes in accumulated other comprehensive earnings, net of tax, are as follows:

(Dollars in Thousands)

Unamortized

Value of

Terminated	
Accumulated	
Pension and	
Forward Starting	
Other	
Postretirement	
Foreign	
Interest Rate	
Comprehensive	
Benefit Plans	
Currency	
Swap	
Loss	
Three-Months Ended September 30, 2018	
Balance at beginning of period	
\$	
(124,798	
)	
\$	
(1,085	
)	
\$	
-	
\$	
(125,883	
)	
Other comprehensive earnings before	
reclassifications, net of tax	
-	
365	
-	
365	
Amounts reclassified from accumulated	
other comprehensive loss, net of tax	
4,027	
-	
-	
4,027	
Other comprehensive earnings, net of tax	
4,027	
365	

-

4,392

Balance at end of period

\$

(120,771

)

\$

(720

)

\$

-

\$

(121,491

)

Three-Months Ended September 30, 2017

Balance at beginning of period

\$

(124,553

)

\$

(636

)

\$

(717

)

\$

(125,906

)

Other comprehensive earnings before

reclassifications, net of tax

-

838

-

838

Amounts reclassified from accumulated

other comprehensive loss, net of tax

1,918

-

222

2,140

Other comprehensive earnings, net of tax

1,918
838
222
2,978
Balance at end of period
\$
(122,635
)
\$
202
\$
(495
)
\$
(122,928
)

Page 11 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1.

Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

(Dollars in Thousands)

Unamortized

Value of

Terminated

Accumulated

Pension and

Forward Starting

Other

Postretirement

Foreign

Interest Rate

Comprehensive

Benefit Plans

Currency

Swap

Loss

Nine-Months Ended September 30, 2018

Balance at beginning of period

\$

(128,802

)

\$

(22

)

\$

(280

)

\$

(129,104

)

Other comprehensive loss before

reclassifications, net of tax

-

(698

)

-

(698

)

Amounts reclassified from accumulated

other comprehensive loss, net of tax

8,031

-

280

8,311

Other comprehensive earnings (loss), net of tax

8,031

(698

)

280

7,613

Balance at end of period

\$

(120,771

)

\$

(720

)

\$
 -
 \$
 (121,491
)
 Nine-Months Ended September 30, 2017
 Balance at beginning of period
 \$
 (128,373
)
 \$
 (1,162
)
 \$
 (1,152
)
 \$
 (130,687
)
 Other comprehensive earnings before
 reclassifications, net of tax
 -
 1,364
 -
 1,364
 Amounts reclassified from accumulated
 other comprehensive loss, net of tax
 5,738
 -
 657
 6,395
 Other comprehensive earnings, net of tax
 5,738
 1,364
 657
 7,759
 Balance at end of period
 \$
 (122,635
)
 \$

202

\$

(495

)

\$

(122,928

)

Page 12 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1.

Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

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

(Dollars in Thousands)

Pension and

Postretirement

Benefit Plans

Unamortized

Value of

Terminated

Forward Starting

Interest Rate

Swap

Net Noncurrent

Deferred Tax

Assets

Three-Months Ended September 30, 2018

Balance at beginning of period

\$

78,619

\$

-

\$

78,619

Tax effect of other comprehensive earnings

(1,326

)

-
 (1,326
)
 Balance at end of period
 \$
 77,293
 \$
 -
 \$
 77,293
 Three-Months Ended September 30, 2017
 Balance at beginning of period
 \$
 79,675
 \$
 464
 \$
 80,139
 Tax effect of other comprehensive earnings
 (1,193
)
 (147
)
 (1,340
)
 Balance at end of period
 \$
 78,482
 \$
 317
 \$
 78,799
 Nine-Months Ended September 30, 2018
 Balance at beginning of period
 \$
 79,938
 \$
 178
 \$
 80,116
 Tax effect of other comprehensive earnings

(2,645

)

(178

)

(2,823

)

Balance at end of period

\$

77,293

\$

-

\$

77,293

Nine-Months Ended September 30, 2017

Balance at beginning of period

\$

82,044

\$

749

\$

82,793

Tax effect of other comprehensive earnings

(3,562

)

(432

)

(3,994

)

Balance at end of period

\$

78,482

\$

317

\$

78,799

Page 13 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1.

Significant Accounting Policies (continued)

Consolidated Comprehensive Earnings/Loss and Accumulated Other Comprehensive Loss (continued)

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 and

2018

2017

2018

2017

comprehensive earnings

(Dollars in Thousands)

Pension and postretirement benefit plans

Settlement expense

\$

2,692

\$

-

\$

2,692

\$

-

Amortization of:

Prior service credit

(492

)

(402

)

(1,479

)

(1,070

)

Actuarial loss

3,153

3,513

9,463

10,370

5,353
3,111
10,676
9,300
Other nonoperating income, net
Tax benefit
(1,326
)
(1,193
)
(2,645
)
(3,562
)
Income tax expense
\$
4,027
\$
1,918
\$
8,031
\$
5,738
Unamortized value of terminated
forward starting interest rate swap
Additional interest expense
\$
-
\$
369
\$
458
\$
1,089
Interest expense
Tax benefit
-
(147
)
(178
)

(432

)

Income tax expense

\$

-

\$

222

\$

280

\$

657

Earnings per Common Share

The numerator for basic and diluted earnings per common share is net earnings attributable to Martin Marietta Materials, Inc. reduced by dividends and undistributed earnings attributable to certain of the Company's stock-based compensation. If there is a net loss, no amount of the undistributed loss is attributed to unvested participating securities. 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 are 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, 2018 and 2017, the diluted per-share computations reflect the number of common shares outstanding to include the number of additional shares that would have been outstanding if the potentially dilutive common shares had been issued.

Page 14 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1.

Significant Accounting Policies (continued)

Earnings per Common Share

The following table reconciles the numerator and denominator for basic and diluted earnings per common share:

Three-Months Ended

Nine-Months Ended

September 30,

September 30,

2018

2017

2018

2017

(In Thousands)

Net earnings attributable to Martin Marietta

Materials, Inc.

\$
 180,221
 \$
 151,546
 \$
 375,621
 \$
 336,159
 Less: Distributed and undistributed earnings
 attributable to unvested awards
 271
 399
 672
 1,000
 Basic and diluted net earnings available to common
 shareholders attributable to Martin Marietta
 Materials, Inc.
 \$
 179,950
 \$
 151,147
 \$
 374,949
 \$
 335,159
 Basic weighted-average common shares outstanding
 62,932
 62,896
 62,970
 62,940
 Effect of dilutive employee and director awards
 235
 262
 254
 278
 Diluted weighted-average common shares outstanding
 63,167
 63,158
 63,224
 63,218
 2.

Revenue Recognition

Total revenues include sales of products and services to customers, net of any discounts or allowances, and freight revenues. Product revenues are recognized when control of the promised good is transferred to the customer, typically when finished products are shipped. Intersegment and interproduct revenues are eliminated in consolidation. Service revenues are derived from the paving business and recognized using the percentage-of-completion method under the revenue-cost approach. Under the revenue-cost approach, recognized contract revenue is determined by multiplying the total estimated contract revenue by the estimated percentage of completion. Contract costs are recognized as incurred. The percentage of completion is determined on a contract-by-contract basis using project costs incurred to date as a percentage of total estimated project costs. The Company believes the revenue-cost approach is appropriate as the use of asphalt in a paving contract is relatively consistent with the performance of the paving service. Paving contracts, notably with governmental entities, may contain performance bonuses based on quality specifications. Given the uncertainty of meeting the criteria until the performance obligation is completed, performance bonuses are recognized as revenues when and if determined to be achieved. Performance bonuses are not material to the Company's consolidated results of operations for the three- and nine-months ended September 30, 2018 and 2017. Freight revenues reflect delivery arranged by the Company using a third party on behalf of the customer and are recognized consistent with the timing of the product revenues.

Page 15 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.

Revenue Recognition (continued)

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 20 months. For product revenues and freight revenues, customer payment terms are generally 30 days from invoice date. Customer payments for the paving operations are based on a contractual billing schedule and are due 30 days from invoice date.

Future revenues from unsatisfied performance obligations at September 30, 2018 and 2017 were \$ 111,721,000 and \$ 107,953,000 , respectively, where the remaining periods to complete these obligations ranged from one month to 27 months and one month to 21 months, respectively.

Sales Taxes. The Company is deemed to be an agent when collecting sales taxes from customers. Sales taxes collected are initially recorded as liabilities until remitted to taxing authorities and are not reflected in the consolidated statements of earnings as revenues and expenses.

Revenue by Category. The following table presents the Company's total revenues by category for each reportable segment:

Three-Months Ended

September 30, 2018

(Dollars in Thousands)

Products and Services

Freight

Total

Mid-America Group

\$

348,429

\$

28,576
\$
377,005
Southeast Group
121,661
3,886
125,547
West Group
603,763
39,802
643,565
Total Building Materials Business
1,073,853
72,264
1,146,117
Magnesia Specialties
68,365
5,158
73,523
Total
\$
1,142,218
\$
77,422
\$
1,219,640
Three-Months Ended
September 30, 2017
(Dollars in Thousands)
Products and Services
Freight
Total
Mid-America Group
\$
287,085
\$
21,387
\$
308,472
Southeast Group
91,427

3,416

94,843

West Group

584,086

36,426

620,512

Total Building Materials Business

962,598

61,229

1,023,827

Magnesia Specialties

59,889

4,016

63,905

Total

\$

1,022,487

\$

65,245

\$

1,087,732

Service revenues, which include paving operations located in Colorado, were \$ 82,232,000 and \$ 94,503,000 for the three-months ended September 30, 2018 and 2017, respectively.

Page 16 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.

Revenue Recognition (continued)

Nine-Months Ended

September 30, 2018

(Dollars in Thousands)

Products and Services

Freight

Total

Mid-America Group

\$

841,897

\$

64,480

\$
906,377
Southeast Group
308,306
10,443
318,749
West Group
1,672,707
110,467
1,783,174
Total Building Materials Business
2,822,910
185,390
3,008,300
Magnesia Specialties
201,390
14,357
215,747
Total
\$
3,024,300
\$
199,747
\$
3,224,047
Nine-Months Ended
September 30, 2017
(Dollars in Thousands)
Products and Services
Freight
Total
Mid-America Group
\$
734,406
\$
53,984
\$
788,390
Southeast Group
266,690
10,784

277,474
West Group
1,620,632
106,110
1,726,742
Total Building Materials Business
2,621,728
170,878
2,792,606
Magnesia Specialties
189,918
12,592
202,510
Total
\$
2,811,646
\$
183,470
\$
2,995,116

Services revenues, which include paving operations located in Colorado, were \$ 162,944,000 and \$ 179,553,000 for the nine-months ended September 30, 2018 and 2017, respectively.

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:

(Dollars in Thousands)

September 30, 2018

December 31, 2017

September 30, 2017

Costs in excess of billings

\$

5,581

\$

1,310

\$

8,727

Billings in excess of costs

\$

9,111

\$

7,204

\$

5,981

Page 17 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.

Revenue Recognition (continued)

Revenues recognized from the beginning balance of contract liabilities for the three-months ended September 30, 2018 and 2017 were \$ 6,203,000 and \$ 4,439,000 , respectively, and for the nine-months ended September 30, 2018 and 2017 were \$ 6,816,000 and \$ 8,231,000 , respectively.

Retainage, which primarily relates to the paving services, represents amounts that have been billed to customers but payment withheld until final acceptance of the performance obligation by the customer. Included on the Company's consolidated balance sheets, retainage was \$ 8,733,000 , \$ 9,029,000 and \$ 7,680,000 at September 30, 2018, December 31, 2017 and September 30, 2017, respectively.

Warranties. The Company's construction contracts generally contain warranty provisions typically for a period of nine months to one year after project completion and cover materials, design or workmanship defects. Historically, the Company has not experienced material costs for warranties. The ready mixed concrete product line carries longer warranty periods, for which the Company has accrued an estimate of warranty cost based on experience with the type of work and any known risks relative to the project. In total, warranty costs were not material to the Company's consolidated results of operations for the three- and nine-months ended September 30, 2018 and 2017.

Policy Elections. When the Company arranges third party freight to deliver products to customers, the Company has elected the delivery to be a fulfillment activity rather than a separate performance obligation. Further, the Company acts as a principal in the delivery arrangements and, as required by the accounting standard, the related revenues and costs are presented gross and are included in the consolidated statements of earnings.

3.

Business Combination

On April 27, 2018 , the Company successfully completed its acquisition of Bluegrass Materials Company (Bluegrass), the largest privately-held, pure-play aggregates company in the United States. The final purchase price was \$ 1,617,357,000 , inclusive of the working capital true up. Bluegrass' operations include 23 active sites with more than 125 years of reserves, collectively, in Georgia, South Carolina, Tennessee, Maryland, Kentucky and Pennsylvania. These operations complement the Company's existing southeastern footprint in its Mid-America and Southeast Groups and provide new growth platforms within Maryland and Kentucky. The Company reached an agreement with the U.S. Department of Justice (DOJ), approved by the federal district court for the District of Columbia, which resolved all competition issues with respect to the acquisition. Under the terms of the agreement with the DOJ, Martin Marietta divested its heritage Forsyth aggregates quarry north of Atlanta, Georgia, and the legacy Bluegrass Beaver Creek aggregates quarry in western Maryland. In connection with the sale of its Forsyth quarry, the Company recognized a pretax gain of \$ 14,785,000 , which is included in acquisition-related expenses, net, in the consolidated statements of earnings and comprehensive earnings. There was no gain or loss on the Beaver Creek divestiture.

The Bluegrass acquisition was a stock transaction wherein the Company acquired 100 % of the voting interest of the owners. The Company acquired accounts receivable; inventories; property, plant and equipment, which primarily consists of mineral reserves; intangible assets; prepaid and other assets; and assumed accounts payable; accrued liabilities and deferred tax liabilities, net. The Company did not assume any of Bluegrass' outstanding debt.

Page 18 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3.

Business Combination (continued)

The Company has determined preliminary fair values of the assets acquired and liabilities assumed. Although initial accounting for the business combination has been recorded, these amounts are subject to change during the measurement period which extends no longer than one year from consummation date based on additional reviews, such as asset verification and completion of deferred tax estimates based on the determination of the historic tax basis in assets acquired. Specific accounts subject to ongoing purchase accounting adjustments include, but are not limited to, property, plant and equipment; goodwill; and deferred income tax liabilities. Therefore, the measurement period remains open as of September 30, 2018. The following is a summary of the estimated fair values of the assets acquired and the liabilities assumed (dollars in thousands).

Assets:

Cash

\$

1,159

Receivables

25,479

Inventory

46,156

Other current assets

1,029

Property, plant and equipment

1,522,386

Intangible assets, other than goodwill

19,125

Goodwill

239,360

Total assets

1,854,694

Liabilities:

Accounts payable and accrued expenses

17,893

Deferred income tax liabilities, net

210,443

Noncontrolling interest

9,001

Total liabilities

237,337

Total consideration

\$

1,617,357

Goodwill represents the excess purchase price over the fair values of assets acquired and liabilities assumed and reflects projected operating synergies from the transaction, including expected overhead savings. It has not yet been determined if any of the goodwill generated by the transaction will be deductible for income tax purposes.

Total revenues and earnings from operations attributable to acquired operations included in the consolidated earnings statements for the three-months ended September 30, 2018 were \$ 68,656,000 and \$ 11,531,000 , respectively, and for the nine-months ended September 30, 2018 were \$ 115,007,000 and \$ 18,276,000 , respectively.

Acquisition-related expenses were \$ 89,000 and \$ 27,710,000 for the three- and nine-months ended September 30, 2018, respectively.

Page 19 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3.

Business Combination (continued)

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information in the table below summarizes the combined results of operations for the Company and Bluegrass as though the companies were combined as of January 1, 2017. Financial information for periods prior to the April 27, 2018 acquisition date included in the pro forma earnings does not reflect any cost savings or associated costs to achieve such savings from operating efficiencies or synergies that result from the combination. Consistent with the assumed acquisition date of January 1, 2017, the pro forma financial results for the nine-months ended September 30, 2017 include acquisition-related expenses of \$ 27,710,000 , the \$ 14,785,000 gain on the required divestiture of assets and the one-time \$ 19,893,000 increase in cost of sales for the sale of acquired inventory.

The pro forma financial statements do not purport to project the future financial position or operating results of the combined company. The pro forma financial information as presented below 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 at the beginning of fiscal year 2017.

Three-Months Ended

Nine-Months Ended

September 30,

September 30,

2018

2017

2018

2017

(Dollars in Thousands, except per share data)

Total revenues

\$

1,219,640

\$

1,148,787

\$

3,279,455

\$

3,154,563

Net earnings attributable to Martin Marietta

\$

185,051

\$

151,986

\$

399,113

\$

300,458

Diluted EPS

\$

2.93

\$

2.41

\$

6.31

\$

4.75

On August 31, 2018, the Company purchased the remaining noncontrolling interest in a consolidated joint venture where the initial controlling interest was acquired as part of the Bluegrass acquisition.

4.

Goodwill and Other Intangibles

Mid-America

Southeast

West

Group

Group

Group

Total

(Dollars in Thousands)

Balance at January 1, 2018

\$

281,403

\$

50,346

\$

1,828,541

\$

2,160,290

Acquisitions

147,333

92,738

-

240,071

Divestitures

-

(927

)

-

(927

)

Balance at September 30, 2018

\$

428,736

\$

142,157

\$

1,828,541

\$

2,399,434

Page 20 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4.

Goodwill and Other Intangibles (continued)

Intangible assets subject to amortization consist of the following:

Gross

Amount

Accumulated

Amortization

Net

Balance

(Dollars in Thousands)

September 30, 2018

Noncompetition agreements

\$

12,024

\$

(11,105
)
 \$
 919
 Customer relationships
 56,530
 (18,325
)
 38,205
 Operating permits
 458,952
 (31,375
)
 427,577
 Use rights and other
 19,564
 (10,789
)
 8,775
 Trade names
 12,800
 (9,387
)
 3,413
 Total
 \$
 559,870
 \$
 (80,981
)
 \$
 478,889
 Intangible assets deemed to have an indefinite life and not being amortized consist of the following:
 Building Materials Business
 Magnesia Specialties
 Total
 (Dollars in Thousands)
 September 30, 2018
 Operating permits
 \$
 6,600

\$

-

\$

6,600

Use rights

20,642

-

20,642

Trade names

280

2,565

2,845

Total

\$

27,522

\$

2,565

\$

30,087

Intangibles acquired during the year are as follows:

(Dollars in Thousands)

Amount

Weighted-average

amortization period

Subject to amortization:

Customer relationships

\$

20,620

12 years

Not subject to amortization:

Water rights

1,100

N/A

Total

\$

21,720

Page 21 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4.

Goodwill and Other Intangibles (continued)

Total amortization expense for intangible assets for the nine-months ended September 30, 2018 and 2017 was \$ 10,549,000 and \$ 10,710,000 , respectively.

The estimated amortization expense for intangible assets for the last three months of 2018 and for each of the next four years and thereafter is as follows:

(Dollars in Thousands)

October - December 2018

\$

3,398

2019

13,429

2020

13,393

2021

12,703

2022

11,232

Thereafter

424,734

Total

\$

478,889

5.

Inventories, Net

September 30,

December 31,

September 30,

2018

2017

2017

(Dollars in Thousands)

Finished products

\$

610,663

\$

552,999

\$

526,404

Products in process and raw materials

61,891

62,761
62,449
Supplies and expendable parts

139,409

128,792

126,918

811,963

744,552

715,771

Less: Allowances

(160,668

)

(143,961

)

(139,342

)

Total

\$

651,295

\$

600,591

\$

576,429

Page 22 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6.

Long-Term Debt

September 30,

December 31,

September 30,

2018

2017

2017

(Dollars in Thousands)

6.60 % Senior Notes, due 2018

\$

-

\$

299,871

\$

299,774

7 % Debentures, due 2025

124,249

124,180

124,157

6.25 % Senior Notes, due 2037

228,079

228,033

228,018

4.25 % Senior Notes, due 2024

396,251

395,814

395,673

4.250 % Senior Notes, due 2047

591,499

591,688

-

3.500 % Senior Notes, due 2027

494,643

494,352

-

3.450 % Senior Notes, due 2027

296,861

296,628

296,551

Floating Rate Senior Notes, due 2019 , interest rate of 2.84 %
and 2.13 % at September 30, 2018 and December 31, 2017,
respectively

299,074

298,102

-

Floating Rate Notes, due 2020 , interest rate of 2.96 %, 2.10 % and
1.96 % at September 30, 2018, December 31, 2017 and September
30, 2017, respectively

298,773

298,227

298,046

Revolving Facility, due 2022 , interest rate of 3.29 % at

September 30, 2018

100,000

-

-

Trade Receivable Facility, interest rate of 2.83 % and 1.96 % at
September 30, 2018 and 2017, respectively

380,000

-

80,000

Other notes

269

308

321

Total debt

3,209,698

3,027,203

1,722,540

Less: Current maturities of long-term debt and short-term
facilities

(380,041

)

(299,909

)

(80,038

)

Long-term debt

\$

2,829,657

\$

2,727,294

\$

1,642,502

On April 17, 2018, the Company, through a wholly-owned special-purpose subsidiary, increased its trade receivable securitization facility (the Trade Receivable Facility) to \$ 400,000,000 . The Trade Receivable Facility, with SunTrust Bank, Regions Bank, PNC Bank, N.A., The Bank of Tokyo-Mitsubishi UFJ, LTD. (New York Branch), and certain other lenders that may become a party to the facility from time to time, is backed by eligible trade receivables, as defined, and is limited to the lesser of the facility limit or the borrowing base, as defined, of \$ 465,217,000 , \$ 338,784,000 and \$ 402,754,000 at September 30, 2018, December 31, 2017 and September 30, 2017, respectively. These receivables are originated by the Company and then sold to the wholly-owned special-purpose subsidiary by the Company . 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 one-month London Inter-bank Offered Rate, or LIBOR, plus 0.725 %, subject to change in the event that this rate no longer reflects the lender's cost of lending . On September 25, 2018, the Company extended the maturity date of Trade Receivable Facility, which contains a cross-default provision to the Company's other debt agreements, to September 25, 2019 .

On April 16, 2018, the maturity date, the Company repaid the \$ 300,000,000 of the 6.6 % Senior Notes with cash on hand.

Page 23 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6.

Long-Term Debt (continued)

The Company has a \$ 700,000,000 five-year senior unsecured revolving facility (the Revolving Facility) with JPMorgan Chase Bank, N.A., as Administrative Agent, Branch Banking and Trust Company (BB&T), Deutsche Bank Securities, Inc., SunTrust Bank and Wells Fargo Bank, N.A., as Co-Syndication Agents, and the lenders party thereto. The Revolving Facility requires the Company's ratio of consolidated debt-to-consolidated earnings before interest, taxes, depreciation 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 debt incurred in connection with certain acquisitions during such quarter or the three preceding quarters so long as the Ratio calculated without such exclusion does not exceed 3.75 x. Additionally, if no amounts are outstanding under both the Revolving Facility and the Trade Receivable Facility, consolidated debt, including debt for which the Company is a co-borrower, may be reduced by the Company's unrestricted cash and cash equivalents in excess of \$ 50,000,000, such reduction not to exceed \$ 200,000,000, for purposes of the covenant calculation. The Company was in compliance with this Ratio at September 30, 2018.

Available borrowings under the Revolving Facility are reduced by any outstanding letters of credit issued by the Company under the Revolving Facility. The Company had \$ 2,301,000 of outstanding letters of credit issued under the Revolving Facility at September 30, 2018 and December 31, 2017 and \$ 1,963,000 at September 30, 2017.

Accumulated other comprehensive loss includes the unamortized value of terminated forward starting interest rate swap agreements. The amortization of the terminated value of the forward starting interest rate swap agreements was complete with the maturity of the related debt in April 2018. For the nine-months ended September 30, 2018, the Company recognized \$ 458,000 as additional interest expense. For the three- and nine-months ended September 30, 2017, the Company recognized \$ 369,000 and \$ 1,089,000, respectively, as additional interest expense.

7.

Financial Instruments

The Company's financial instruments include cash equivalents, accounts receivable, notes receivable, bank overdrafts, accounts payable, publicly-registered long-term notes, debentures and other long-term debt.

Cash equivalents are placed primarily in money market funds, money market demand deposit accounts and Eurodollar time deposits. The Company's cash equivalents have original 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.

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, Colorado, North Carolina, Iowa and Georgia). The estimated fair values of accounts receivable approximate their carrying amounts due to the short-term nature of the receivables.

Notes receivable are not publicly traded. Management estimates that the fair value of notes receivable approximates the carrying amount due to the short-term nature of the receivables.

Bank overdrafts, when applicable, represent amounts to be funded to financial institutions for checks that have cleared the bank. The estimated fair value of bank overdrafts approximates its carrying value due to the short-term nature of the overdraft.

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

Page 24 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7.

Financial Instruments (continued)

The carrying values and fair values of the Company's long-term debt were \$ 3,209,698,000 and \$ 3,144,615,000 , respectively, at September 30, 2018; \$ 3,027,203,000 and \$ 3,144,902,000 , respectively, at December 31, 2017; and \$ 1,722,540,000 and \$ 1,830,750,000 , respectively, at September 30, 2017. The estimated fair value of the publicly-registered long-term notes was estimated based on Level 1 of the fair value hierarchy using quoted market prices. The estimated fair value of other borrowings, which primarily represents variable-rate debt, was based on Level 2 of the fair value hierarchy using quoted market prices for similar debt instruments, and approximates their carrying amounts as the interest rates reset periodically.

8.

Income Taxes

The Company's effective income tax rate for the nine-months ended September 30, 2018 was 18.3 %. 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 from the net permanent tax benefits associated with the statutory depletion deduction for mineral reserves. For the nine-months ended September 30, 2018, the effective income tax rate also reflects a permanent net income tax benefit of \$ 15,454,000 resulting primarily from (i) the Company making additional contributions of \$ 125,000,000 for a total of \$ 150,000,000 discretionary contributions to its qualified pension plan during the quarter ended September 30, 2018, which is deductible on the Company's 2017 income tax return; and (ii) changes in the Company's method of accounting for income tax purposes to accelerate the deduction of various expenses. Prior to the quarter ended September 30, 2018, the Company had included an estimate of \$ 25,000,000 of discretionary pension plan contributions in its 2017 tax provision. The tax benefit resulted from the difference in the federal tax rate at which the deductions were claimed versus the tax rate at which the deferred tax assets were recorded at year end as a result of the Tax Reform Act (2017 Tax Act), net of the correlative effects of reduced deductions for domestic production deduction and percentage depletion. The enactment of the 2017 Tax Act reduced the federal statutory corporate income tax rate from 35 % to 21 % beginning in 2018. Therefore, the effective income tax rate of 26.2 % for the nine-months ended September 30, 2017 is not comparable.

The Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 (SAB 118) to address situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the 2017 Tax Act. As such, due to the timing of the enactment date and the Company's reporting periods, the Company recognized provisional amounts for the remeasurement of deferred tax assets and liabilities, including the tax benefit mentioned above, and transition tax on undistributed foreign earnings as of September 30, 2018. In accordance with SAB 118, the Company may record additional provisional amounts during the measurement period not to extend beyond one year of the enactment date. The Company will complete its analysis after the filing of its federal and state corporate income tax returns in the fourth quarter.

The Company records interest accrued in relation to unrecognized tax benefits as income tax expense. Penalties, if incurred, are recorded as operating expenses in the consolidated statements of earnings and comprehensive earnings.

Page 25 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9.

Pension and Postretirement Benefits

The estimated components of the recorded net periodic benefit cost (credit) for pension and postretirement benefits are as follows:

Three-Months Ended September 30,

Pension

Postretirement Benefits

2018

2017

2018

2017

(Dollars in Thousands)

Service cost

\$

7,911

\$

7,457

\$

19

\$

20

Interest cost

8,307

9,729

130

182

Expected return on assets

(11,516

)

(10,691

)

-

-

Amortization of:

Prior service cost (credit)

27

34

(519

)

(436

)

Actuarial loss (gain)

3,206

3,604

(53
)
 (91
)
 Settlement charge
 2,692
 -
 -
 -
 Net periodic benefit cost (credit)
 \$
 10,627
 \$
 10,133
 \$
 (423
)
 \$
 (325
)
 Nine-Months Ended September 30,
 Pension
 Postretirement Benefits
 2018
 2017
 2018
 2017
 (Dollars in Thousands)
 Service cost
 \$
 23,732
 \$
 20,060
 \$
 58
 \$
 60
 Interest cost
 24,921
 27,074
 389

547

Expected return on assets

(34,549

)

(29,818

)

-

-

Amortization of:

Prior service cost (credit)

77

237

(1,556

)

(1,307

)

Actuarial loss (gain)

9,621

10,643

(158

)

(273

)

Settlement charge

2,692

-

-

-

Net periodic benefit cost (credit)

\$

26,494

\$

28,196

\$

(1,267

)

\$

(973

)

The service cost component of net periodic benefit cost (credit) is included in cost of revenues - products and services and selling, general and administrative expenses while all other components are included in other nonoperating income, net, in the consolidated statements of earnings and comprehensive earnings.

In the quarter ended September 30, 2018, the Company made \$ 150,000,000 of discretionary contributions to its qualified pension plan. No additional contributions to the qualified pension plan are expected to be made for the remainder of 2018. The Company currently estimates that it will contribute a total of \$ 12,400,000 for the year ending December 31, 2018 to satisfy required payments under the unfunded nonqualified pension plans.

Page 26 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10.

Commitments and Contingencies

Legal and Administrative Proceedings

The Company is engaged in certain legal and administrative proceedings incidental to its normal business activities. In the opinion of management and counsel, based upon currently-available facts, it is remote that the ultimate outcome of any litigation and other proceedings, including those pertaining to environmental matters, relating to the Company and its subsidiaries, will have a material adverse effect on the overall results of the Company's operations, its cash flows or its financial position.

Borrowing Arrangements with Affiliate

The Company is a co-borrower with an unconsolidated affiliate for a \$ 15,500,000 revolving line of credit agreement with BB&T with a maturity date of March 2020 . The affiliate has agreed to reimburse and indemnify the Company for any payments and expenses the Company may incur from this agreement. The Company holds a lien on the affiliate's membership interest in a joint venture as collateral for payment under the revolving line of credit.

In addition, the Company has a \$ 6,000,000 interest-only loan, due December 31, 2019 , outstanding from this unconsolidated affiliate as of September 30, 2018, December 31, 2017 and September 30, 2017. The interest rate is one-month LIBOR plus 1.75 %.

Employees

The Company maintains collective bargaining agreements relating to the union employees within the Building Materials business and Magnesia Specialties segment. Of the Magnesia Specialties segment, 100 % of its hourly employees are represented by labor unions. The Manistee collective bargaining agreement expires in August 2019 ; the Woodville collective bargaining agreement expires June 2022 .

11.

Business Segments

The Building Materials business contains three reportable business segments: Mid-America Group, Southeast Group and West Group. The Company also has a Magnesia Specialties segment. The Company's evaluation of performance and allocation of resources are based primarily on earnings from operations. Consolidated earnings from operations include total revenues less cost of revenues; selling, general and administrative expenses; acquisition-related expenses, net; other operating income and expenses, net; and exclude interest expense; other nonoperating income and expenses, net; and taxes on income. Corporate loss from operations primarily includes depreciation on capitalized interest; unallocated expenses for corporate administrative functions; acquisition-related expenses, net; and other nonrecurring income and expenses excluded from the Company's evaluation of business segment performance and resource allocation. All debt and related interest expense is held at Corporate.

The following table displays selected financial data for the Company's reportable business segments. The acquired Bluegrass operations are located in the Mid-America Group and Southeast Group. Total revenues, as well as the consolidated statements of earnings and comprehensive earnings, exclude intersegment revenues which represent sales from one segment to another segment, which are eliminated. Prior-year information has been reclassified to conform to current year revenue presentation.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11.

Business Segments (continued)

Three-Months Ended

Nine-Months Ended

September 30,

September 30,

2018

2017

2018

2017

(Dollars in Thousands)

Total revenues :

Mid-America Group

\$

377,005

\$

308,472

\$

906,377

\$

788,390

Southeast Group

125,547

94,843

318,749

277,474

West Group

643,565

620,512

1,783,174

1,726,742

Total Building Materials Business

1,146,117

1,023,827

3,008,300

2,792,606

Magnesia Specialties

73,523

63,905

215,747

202,510

Total

\$

1,219,640

\$

1,087,732

\$

3,224,047

\$

2,995,116

Products and services revenues:

Mid-America Group

\$

348,429

\$

287,085

\$

841,897

\$

734,406

Southeast Group

121,661

91,427

308,306

266,690

West Group

603,763

584,086

1,672,707

1,620,632

Total Building Materials Business

1,073,853

962,598

2,822,910

2,621,728

Magnesia Specialties

68,365
59,889
201,390
189,918
Total
\$
1,142,218
\$
1,022,487
\$
3,024,300
\$
2,811,646
Earnings (Loss) from operations :
Mid-America Group
\$
120,344
\$
106,235
\$
235,221
\$
204,939
Southeast Group
26,372
17,882
60,464
42,331
West Group
92,090
96,522
249,885
270,246
Total Building Materials Business
238,806
220,639
545,570
517,516
Magnesia Specialties
23,301
17,590

65,867

58,589

Corporate

(21,445

)

(11,265

)

(67,741

)

(59,138

)

Total

\$

240,662

\$

226,964

\$

543,696

\$

516,967

September 30, 2018

December 31, 2017

September 30, 2017

Assets employed:

(Dollars in thousands)

Mid-America Group

\$

2,802,054

\$

1,532,867

\$

1,538,594

Southeast Group

1,300,090

616,344

604,144

West Group

5,032,662

5,014,231

5,032,103

Total Building Materials Business

9,134,806
 7,163,442
 7,174,841
 Magnesia Specialties
 141,998
 152,257
 148,581
 Corporate
 311,367
 1,676,812
 243,363
 Total
 \$
 9,588,171
 \$
 8,992,511
 \$
 7,566,785

As of September 30, 2018, the increase in assets employed compared with September 30, 2017 primarily reflect the assets acquired from the Bluegrass acquisition completed in second quarter 2018.

Page 28 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12.

Revenues and Gross Profit

The Building Materials business includes the aggregates, cement, ready mixed concrete and asphalt and paving product lines. All cement, ready mixed concrete and asphalt and paving product lines reside in the West Group. The following table, which is reconciled to consolidated amounts, provides total revenues and gross profit by product line.

Three-Months Ended

Nine-Months Ended

September 30,

September 30,

2018

2017

2018

2017

(Dollars in Thousands)

Total revenues:

Building Materials Business:

Products and services:

Aggregates

\$

687,800

\$

590,312

\$

1,778,124

\$

1,619,282

Cement

98,223

88,470

300,554

280,961

Ready mixed concrete

254,686

240,222

750,424

704,471

Asphalt and paving services

99,983

110,973

199,489

215,652

Less: interproduct revenues

(66,839

)

(67,379

)

(205,681

)

(198,638

)

Products and services

1,073,853

962,598

2,822,910

2,621,728

Freight

72,264

61,229
185,390
170,878
Total Building Materials Business
1,146,117
1,023,827
3,008,300
2,792,606
Magnesia Specialties:
Products and services
68,365
59,889
201,390
189,918
Freight
5,158
4,016
14,357
12,592
Total Magnesia Specialties
73,523
63,905
215,747
202,510
Total
\$
1,219,640
\$
1,087,732
\$
3,224,047
\$
2,995,116
Gross profit (loss) :
Building Materials Business:
Products and services:
Aggregates
\$
209,082
\$
187,065

\$
460,624
\$
439,032
Cement
32,543
27,459
97,582
87,608
Ready mixed concrete
20,632
23,913
66,226
70,542
Asphalt and paving services
25,606
28,873
36,479
44,446
Products and services
287,863
267,310
660,911
641,628
Freight
(47
)
1,012
432
2,040
Total Building Materials Business
287,816
268,322
661,343
643,668
Magnesia Specialties:
Products and services
26,823
21,272
76,756
69,425

Freight

(1,076

)

(1,362

)

(3,280

)

(3,576

)

Total Magnesia Specialties

25,747

19,910

73,476

65,849

Corporate

(579

)

3,446

4,474

3,321

Total

\$

312,984

\$

291,678

\$

739,293

\$

712,838

Page 29 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13.

Supplemental Cash Flow Information

The components of the change in other assets and liabilities, net, are as follows:

Nine-Months Ended

September 30,

2018

2017

(Dollars in Thousands)

Other current and noncurrent assets

\$

(32,572

)

\$

(29,342

)

Accrued salaries, benefits and payroll taxes

5,986

(6,234

)

Accrued insurance and other taxes

4,555

10,230

Accrued income taxes

6,220

16,393

Accrued pension, postretirement and postemployment benefits

(131,963

)

(5,807

)

Other current and noncurrent liabilities

2,769

49,244

\$

(145,005

)

\$

34,484

Noncash investing and financing activities are as follows:

Nine-Months Ended

September 30,

2018

2017

(Dollars in Thousands)

Noncash investing and financing activities:

Accrued liabilities for purchases of property, plant and equipment

\$

24,930

\$

20,339

Acquisition of assets through capital lease

\$

449

\$

196

Settlement of royalty obligation via asset sale

\$

-

\$

900

Supplemental disclosures of cash flow information are as follows:

Nine-Months Ended

September 30,

2018

2017

(Dollars in Thousands)

Cash paid for interest

\$

84,522

\$

49,564

Cash paid for income taxes

\$

7,253

\$

96,643

14.

Other operating expenses and income, net

Other operating expenses and income, net, for the quarter ended September 30, 2018, include a \$ 7,113,000 restructuring charge, which primarily consists of asset impairment charges and severance costs in the Company's Southwest ready mixed concrete operations. These operations are reported in the West Group reportable segment. For the nine-months ended September 30, 2018, in addition to the restructuring charge, other operating expenses and income, net, includes a net gain on legal settlements of \$ 7,677,000 and a gain on the sale of surplus land of \$ 16,938,000 . Other operating expenses, net, for the quarter ended September 30, 2017 include \$ 12,425,000 of repair costs related to leased railcars.

Page 30 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

Item 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. The Company supplies aggregates (crushed stone, sand and gravel) through its network of more than 300 quarries, mines and distribution yards to its customers in 30 states, Canada, the Bahamas and the Caribbean Islands. In the western United States, Martin Marietta also provides cement and downstream products, namely, ready mixed concrete, asphalt and paving services, in 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, ready mixed concrete and asphalt and paving product lines are reported collectively as the "Building Materials" business.

The Company conducts its Building Materials business through three reportable business segments: Mid-America Group, Southeast Group and West Group.

BUILDING MATERIALS BUSINESS

Reportable Segments

Mid-America Group

Southeast Group

West Group

Operating Locations

Indiana, Iowa, northern Kansas, Kentucky, Maryland, Minnesota, Missouri, eastern Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia, Washington and West Virginia

Alabama, Florida, Georgia, Tennessee, Nova Scotia and the Bahamas

Arkansas, Colorado, southern Kansas, Louisiana, western Nebraska, Nevada, Oklahoma, Texas, Utah and Wyoming

Product Lines

Aggregates

Aggregates

Aggregates, Cement, Ready Mixed Concrete, Asphalt and Paving

Plant Types

Quarries, Mines and Distribution Facilities

Quarries, Mines and Distribution Facilities

Quarries, Mines, Plants and

Distribution Facilities

Modes of Transportation

Truck and Rail

Truck, Rail and Water

Truck and Rail

The Company also has a Magnesia Specialties business that produces magnesia-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel and mining 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, 2017. There were no changes to the Company's critical accounting policies during the nine-months ended September 30, 2018, other than the adoption of new accounting pronouncements as described in Note 1 to the consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

RESULTS OF OPERATIONS

The Building Materials business is significantly affected by weather patterns and seasonal changes. Production and shipment levels for aggregates, cement, ready mixed concrete and asphalt and paving 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. Operations concentrated in the northern and midwestern United States generally experience more severe winter weather conditions than operations in the southeast and southwest. Excessive rainfall, and conversely excessive drought, 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 and year-to-date results are not indicative of expected performance for other interim periods or the full year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA) is a widely accepted financial indicator of a company's ability to service and/or incur indebtedness. EBITDA is not defined by generally accepted accounting principles and, as such, should not be construed as an alternative to net earnings, operating earnings or operating cash flow. However, the Company's management believes that EBITDA may provide additional information with respect to the Company's performance or ability to meet its future debt service, capital expenditures or working capital requirements. Because EBITDA excludes some, but not all, items that affect net earnings and may vary among companies, EBITDA as presented by the Company may not be comparable to similarly titled measures of other companies.

A reconciliation of net earnings attributable to Martin Marietta Materials, Inc. to consolidated EBITDA is as follows:

Three-Months Ended

Nine-Months Ended

September 30,

September 30,

2018

2017

2018

2017

(Dollars in thousands)

Net Earnings Attributable to Martin Marietta Materials, Inc.

\$

180,221

\$

151,546

\$

375,621

\$

336,159

Add back:

Interest expense

35,468

23,141

103,526

68,037

Income tax expense for controlling interests

29,051

52,744

84,070

119,247

Depreciation, depletion and amortization expense

88,693

74,531

250,144

218,531

Consolidated EBITDA

\$

333,433

\$

301,962

\$

813,361

\$

741,974

Significant items for the quarter ended September 30, 2018 (unless noted, all comparisons are versus the prior-year quarter):

Consolidated total revenues of \$1.22 billion compared with \$1.09 billion

Building Materials business products and services revenues of \$1.07 billion compared with \$962.6 million and Magnesia

Specialties products revenue of \$68.4 million compared with \$59.9 million

Consolidated gross profit of \$313.0 million compared with \$291.7 million

Consolidated earnings from operations of \$240.7 million compared with \$227.0 million

Net earnings attributable to Martin Marietta of \$180.2 million compared with \$151.5 million

EBITDA of \$333.4 million compared with \$302.0 million

Earnings per diluted share of \$2.85 compared with \$2.39

Page 32 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

The following table presents total revenues, gross profit (loss), selling, general and administrative (SG&A) expenses and

earnings (loss) from operations data for the Company and its reportable segments by product line for the three-months ended September 30, 2018 and 2017 . In each case, the data is stated as a percentage of total products and services revenues of the Company or the relevant segment or product line, as the case may be. Prior-year information has been reclassified to conform to current- year presentation.

Three-Months Ended September 30,

2018

2017

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Thousands)

Total revenues:

Building Materials Business:

Products and services

Mid-America Group

Aggregates

\$

348,429

100.0

\$

287,085

100.0

Southeast Group

Aggregates

121,661

100.0

91,427

100.0

West Group

Aggregates

217,710

100.0

211,800

100.0

Cement

98,223

100.0

88,470

100.0

Ready mixed concrete

254,686

100.0	
240,222	
100.0	
Asphalt and paving	
99,983	
100.0	
110,973	
100.0	
Less: Interproduct revenues	
(66,839	
)	
(67,379	
)	
Products and services	
1,073,853	
100.0	
962,598	
100.0	
Freight	
72,264	
61,229	
Total Building Materials Business	
1,146,117	
100.0	
1,023,827	
100.0	
Magnesia Specialties Business:	
Products	
68,365	
100.0	
59,889	
100.0	
Freight	
5,158	
4,016	
Total Magnesia Specialties Business	
73,523	
100.0	
63,905	
100.0	
Total	

\$

1,219,640

100.0

\$

1,087,732

100.0

Page 33 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Three-Months Ended September 30,

2018

2017

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Thousands)

Gross profit (loss):

Building Materials Business:

Products and services

Mid-America Group

Aggregates

\$

131,072

37.6

\$

117,965

41.1

Southeast Group

Aggregates

30,899

25.4

18,391

20.1

West Group

Aggregates

47,111
21.6
50,709
23.9
Cement
32,543
33.1
27,459
31.0
Ready mixed concrete
20,632
8.1
23,913
10.0
Asphalt and paving
25,606
25.6
28,873
26.0
Products and services
287,863
26.8
267,310
27.8
Freight
(47
)
1,012
Total Building Materials Business
287,816
25.1
268,322
26.2
Magnesia Specialties Business:
Products
26,823
39.2
21,272
35.5
Freight
(1,076

)
(1,362
)
Total Magnesia Specialties Business
25,747
35.0
19,910
31.2
Corporate
(579
)
3,446
Total
\$
312,984
25.7
\$
291,678
26.8
Selling, general & administrative expenses:
Building Materials Business:
Mid-America Group
\$
14,113
\$
12,671
Southeast Group
4,440
4,097
West Group
26,600
24,716
Total Building Materials Business
45,153
41,484
Magnesia Specialties
2,404
2,329
Corporate
20,884
13,406

Total

\$

68,441

5.6

\$

57,219

5.3

Page 34 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Three-Months Ended September 30,

2018

2017

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Thousands)

Earnings (Loss) from operations:

Building Materials Business:

Mid-America Group

\$

120,344

\$

106,235

Southeast Group

26,372

17,882

West Group

92,090

96,522

Total Building Materials Business

238,806

220,639

Magnesia Specialties

23,301

17,590

Corporate

(21,445

)

(11,265

)

Total

\$

240,662

19.7

\$

226,964

20.9

Building Materials Business

The following tables present aggregates products volume and pricing variance data and shipments data by segment:

Three-Months Ended

September 30, 2018

Volume

Pricing

Volume/Pricing variance (1)

Heritage Operations: (2)

Mid-America Group

5.4

%

2.8

%

Southeast Group

6.2

%

1.7

%

West Group

(0.6

)%

3.1

%

Total Heritage Aggregates Operations

3.2

%

2.9

%

Total Aggregates Operations (3)

14.9

%

1.5

%

Page 35 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Three-Months Ended

September 30,

2018

2017

(Tons in Thousands)

Shipments

Heritage Operations: (2)

Mid-America Group

22,533

21,371

Southeast Group (4)

5,682

5,349

West Group

16,979

17,085

Heritage Aggregates Operations

45,194

43,805

Acquisitions

5,130

-

Total Aggregates Operations (3)

50,324

43,805

(1) Volume/pricing variances reflect the percentage increase/(decrease) from the comparable period in the prior year.

(2) Heritage aggregates operations exclude acquisitions that have not been included in prior-year operations for the comparable period.

(3) Total aggregates operations include acquisitions from the date of acquisition and divestitures through the date of disposal.

(4) 2017 shipments include the Forsyth, Georgia operation, which was divested in April 2018.

The following table presents aggregates shipment data and volume variance excluding the Forsyth, Georgia operation for the three-months ended September 30, 2017 to provide a more comparable analysis of aggregates volume variance.

Three-Months Ended

September 30,

2018

2017

(Tons in Thousands)

Southeast Group:

Reported heritage aggregates shipments

5,682

5,349

Less: Aggregates shipments for the Forsyth, Georgia quarry
during periods of Martin Marietta ownership

-

(272

)

Adjusted heritage aggregates shipments

5,682

5,077

Heritage aggregates volume variance excluding shipments
for the Forsyth, Georgia quarry

11.9

%

Total Heritage Business:

Reported heritage aggregates shipments

45,194

43,805

Less: Aggregates shipments for the Forsyth, Georgia quarry
during periods of Martin Marietta ownership

-

(272

)

Adjusted heritage aggregates shipments

45,194

43,533

Heritage aggregates volume variance excluding shipments
for the Forsyth, Georgia quarry

3.8

%

Page 36 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Volume growth accelerated during the quarter's first two months, reflecting strong underlying product demand, most notably in Texas, North Carolina, Georgia and Iowa. Despite clear market strength, extreme weather temporarily hindered construction activity. Record precipitation in Texas, compounded by disruptions from Hurricane Florence in the Carolinas, adversely impacted September's aggregates shipment, production and overall efficiency levels.

Heritage aggregates volume and pricing improved 3.8% and 2.9%, respectively, excluding the third-quarter 2017 shipments from the Company's Forsyth, Georgia, quarry that was divested in April 2018.

Aggregates shipments to the infrastructure market were flat as large public projects in North Carolina and Texas were weather delayed. The Company remains encouraged by the recent acceleration of state lettings and contract awards. As state Departments of Transportation (DOTs) and contractors continue to address labor constraints, and the broader industry benefits from further regulatory reform, management remains confident that infrastructure demand will continue to improve driven by funding provided by the Fixing America's Surface Transportation Act (FAST Act) and numerous state and local transportation initiatives. While some contractors are reporting longer lag times between contract awards and project commencement, public construction projects, once awarded, are seen through to completion. Thus, delays from weather or other factors typically serve to extend the duration of the construction cycle for the Company's single largest end-use market. Aggregates shipments to the infrastructure market comprised 41% of third-quarter aggregates volumes. On a year-to-date basis, the infrastructure market represented 39% of aggregates shipments, remaining below the Company's most recent five-year average of 43%.

Aggregates shipments to the nonresidential market increased 5%, driven by both commercial and heavy industrial construction activity. Looking ahead, ongoing energy-sector project approvals, supported by higher oil prices, underpin management's expectation that the next wave of these large projects, particularly along the Gulf Coast, will contribute to increased aggregates demand for the next several years. The nonresidential market represented 33% of third-quarter aggregates shipments.

Aggregates shipments to the residential market increased 7%. Florida, Texas, Colorado, North Carolina, South Carolina and Georgia, six of the Company's key states, ranked in the top ten nationally for growth in single-family housing unit starts for the trailing twelve months ended August 2018. The residential construction outlook across the Company's geographic footprint remains positive for both single- and multi-family housing, driven by favorable demographics, job growth, land availability and efficient permitting. The residential market accounted for 20% of third-quarter aggregates shipments.

The ChemRock/Rail market accounted for the remaining 6% of third-quarter aggregates shipments. Shipments to this sector increased 6%, reflecting improved ballast shipments from the Midwest and Rocky Mountain Divisions.

The average selling price by product line for the Building Materials business is as follows:

Three-Months Ended

September 30,

2018

2017

% Change

Aggregates - heritage (per ton)

\$

13.79

\$

13.40

2.9

%

Aggregates - acquisition (per ton)

\$

11.86

\$

-

Cement (per ton)

\$

110.63

\$

107.11

3.3

%

Ready Mixed Concrete (per cubic yard)

\$

112.14

\$

109.22

2.7

%

Asphalt (per ton)

\$

44.40

\$

44.73

(0.7

)%

Page 37 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

The following table presents shipments data for the Building Materials business by product line.

Three-Months Ended

September 30,

2018

2017

Shipments

Aggregates (in thousands):

Heritage:

Tons to external customers

42,312

40,787

Internal tons used in other product lines

2,882

3,018

Total heritage aggregates tons

45,194

43,805

Acquisitions:

Tons to external customers

5,130

-

Internal tons used in other product lines

-

-

Total acquisition aggregates tons

5,130

-

Cement (in thousands):

Tons to external customers

587

523

Internal tons used in ready mixed concrete

292

294

Total cement tons

879

817

Ready Mixed Concrete (in thousands of cubic yards)

2,232

2,160

Asphalt (in thousands):

Tons to external customers

394

385

Internal tons used in paving business

709

829

Total asphalt tons

1,103

1,214

Third-quarter cement product revenues increased 11.0%. Shipments and pricing improved 7.6% and 3.3%, respectively, reflecting strong demand in North and South Texas and contributed to gross margin improvement of 210 basis points to 33.1%.

Ready mixed concrete shipments increased 3.3%, with solid gains throughout the Rocky Mountain and Southwest Divisions, despite September's record rainfall in Texas. Ready mixed concrete selling prices increased 2.7%. Ongoing project delays and permitting issues contributed to the 9.1% decrease in hot mixed asphalt shipments. Asphalt pricing was essentially flat.

Page 38 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Magnesia Specialties Business

Magnesia Specialties reported third-quarter total products revenue increase of 14.2% to \$68.4 million, compared with \$59.9 million. Products gross profit was \$26.8 million compared with \$21.3 million and earnings from operations were \$23.3 million compared with \$17.6 million. Operating efficiencies, together with lower unit energy costs, contributed to a 370-basis-point increase in third-quarter product gross margin to 39.2%.

Gross Profit

The following presents a rollforward of consolidated gross profit (dollars in thousands):

Consolidated gross profit, quarter ended September 30, 2017

\$

291,678

Aggregates products:

Volume

79,452

Pricing

18,036

Cost increases, net

(75,471

)

Change in aggregates products gross profit

22,017

Cement products and downstream products and services

(1,464

)

Magnesia Specialties products

5,551

Corporate

(4,025

)

Freight

(773

)

Change in consolidated gross profit

21,306

Consolidated gross profit, quarter ended September 30, 2018

\$

312,984

Cost increases, net, includes the \$8.3 million negative impact of selling acquired inventory after its markup to fair value as a part of acquisition accounting.

Cement outage costs, which reflect planned and unplanned plant shutdowns, were \$4.2 million for the quarter compared with \$2.0 million for the prior-year quarter.

Consolidated Operating Results

Consolidated SG&A was 5.6% of total revenues compared with 5.3% in the prior-year quarter. Earnings from operations for the quarter were \$240.7 million in 2018 compared with \$227.0 million in 2017.

Among other items, other operating income, net, includes gains and losses on the sale of assets; recoveries and writeoffs related to customer accounts receivable; rental, royalty and services income; accretion expense, depreciation expense and gains and losses related to asset retirement obligations. For the third quarter, consolidated other operating expense, net, was \$3.8 million in 2018 and \$6.2 million in 2017. The 2018 amount reflects \$7.1 million in restructuring expenses related to the Company's Southwest ready mixed concrete operations. The 2017 amount includes a \$12.4 million expense for repair costs related to certain of the Company's leased railcars.

Other nonoperating income, net, includes interest income; pension and postretirement benefit cost, excluding service cost; foreign currency transaction gains and losses; equity in earnings or losses of nonconsolidated affiliates and other miscellaneous income. For the third quarter, other nonoperating income, net, was \$4.2 million and \$0.5 million in 2018 and 2017, respectively. The increase in 2018 compared with 2017 primarily reflects higher earnings from nonconsolidated equity investments.

Page 39 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Significant items for the nine -months ended September 30, 2018 (unless noted, all comparisons are versus the prior-year period):

Consolidated total revenues of \$3.22 billion increased 7.6% compared with \$3.00 billion

Building Materials business products and services revenues of \$2.82 billion compared with \$2.62 billion and Magnesia Specialties products revenue of \$201.4 million compared with \$189.9 million

Consolidated gross profit of \$739.3 million compared with \$712.8 million

Consolidated earnings from operations of \$543.7 million compared with \$517.0 million

Net earnings attributable to Martin Marietta of \$375.6 million compared with \$336.2 million

EBITDA of \$813.4 million compared with \$742.0 million

Earnings per diluted share of \$5.93 compared with \$5.30

The following table presents total revenues, gross profit (loss), selling, general and administrative expenses and earnings (loss) from operations data for the Company and its reportable segments by product line for the nine-months ended September 30, 2018 and 2017. In each case, the data is stated as a percentage of total products and services revenues of the Company or the relevant segment or product line, as the case may be. Prior-year information has been reclassified to conform to current-year presentation.

Nine-Months Ended September 30,

2018

2017

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Thousands)

Total revenues:

Building Materials Business:

Products and services

Mid-America Group

Aggregates

\$

841,897

100.0

\$

734,407

100.0

Southeast Group

Aggregates

308,306

100.0

266,690

100.0

West Group

Aggregates

627,921

100.0

618,185

100.0

Cement

300,554

100.0

280,961	
100.0	
Ready mixed concrete	
750,424	
100.0	
704,471	
100.0	
Asphalt and paving	
199,489	
100.0	
215,652	
100.0	
Less: Interproduct revenues	
(205,681	
)	
(198,638	
)	
Products and services	
2,822,910	
100.0	
2,621,728	
100.0	
Freight	
185,390	
170,878	
Total Building Materials Business	
3,008,300	
100.0	
2,792,606	
100.0	
Magnesia Specialties:	
Products	
201,390	
100.0	
189,918	
100.0	
Freight	
14,357	
12,592	
Total Magnesia Specialties Business	
215,747	

100.0
202,510
100.0
Total
\$
3,224,047
100.0
\$
2,995,116
100.0

Page 40 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Nine-Months Ended September 30,

2018

2017

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Thousands)

Gross profit (loss):

Building Materials Business:

Products and services

Mid-America Group

Aggregates

\$

270,270

32.1

\$

242,926

33.1

Southeast Group

Aggregates

57,543

18.7

51,758
19.4
West Group
Aggregates
132,811
21.2
144,348
23.4
Cement
97,582
32.5
87,608
31.2
Ready mixed concrete
66,226
8.8
70,542
10.0
Asphalt and paving
36,479
18.3
44,446
20.6
Products and services
660,911
23.4
641,628
24.5
Freight
432
2,040
Total Building Materials Business
661,343
22.0
643,668
23.0
Magnesia Specialties:
Products
76,756
38.1
69,425

36.6
Freight
(3,280
)
(3,576
)
Total Magnesia Specialties Business
73,476
34.1
65,849
32.5
Corporate
4,474
3,321
Total
\$
739,293
22.9
\$
712,838
23.8
Selling, general & administrative expenses:
Building Materials Business:
Mid-America Group
\$
41,260
\$
39,934
Southeast Group
13,689
12,896
West Group
79,892
75,665
Total Building Materials Business
134,841
128,495
Magnesia Specialties
7,512
7,146
Corporate

67,279

59,486

Total

\$

209,632

6.5

\$

195,127

6.5

Page 41 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Nine-Months Ended September 30,

2018

2017

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Thousands)

Earnings (Loss) from operations:

Building Materials Business:

Mid-America Group

\$

235,221

\$

204,939

Southeast Group

60,464

42,331

West Group

249,885

270,246

Total Building Materials Business

545,570

517,516

Magnesia Specialties

65,867

58,589

Corporate

(67,741

)

(59,138

)

Total

\$

543,696

16.9

\$

516,967

17.3

Building Materials Business

The following tables present volume and pricing data and shipments data for the aggregates product line.

Nine-Months Ended

September 30, 2018

Volume

Pricing

Volume/Pricing Variance (1)

Heritage Operations: (2)

Mid-America Group

1.5

%

4.5

%

Southeast Group

(0.7

)%

1.7

%

West Group

(0.9

)%

2.4

%

Total Heritage Aggregates Operations

0.2

%

3.3

%

Total Aggregates Operations (3)

7.4

%

2.3

%

Nine-Months Ended

September 30,

2018

2017

(Tons in Thousands)

Shipments

Heritage Operations: (2)

Mid-America Group

55,453

54,624

Southeast Group (4)

15,465

15,579

West Group

49,186

49,637

Heritage Aggregates Operations

120,104

119,840

Acquisitions

8,558

-

Total Aggregates Operations (3)

128,662

119,840

(1) Volume/pricing variances reflect the percentage increase/(decrease) from the comparable period in the prior year.

(2) Heritage aggregates operations exclude acquisitions that have not been included in prior-year operations for the comparable period.

(3) Total aggregates operations includes acquisitions from the date of acquisition and divestitures through the date of disposal.

(4) 2018 and 2017 shipments include the Forsyth, Georgia operation, which was divested in April 2018.

Page 42 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

The following table presents aggregates shipment data and volume variance excluding the Forsyth, Georgia operation for the nine-months ended September 30, 2018 and 2017 to provide a more comparable analysis of aggregates volume variance.

Nine-Months Ended

September 30,

2018

2017

(Tons in Thousands)

Southeast Group:

Reported heritage aggregates shipments

15,465

15,579

Less: Aggregates shipments for the Forsyth, Georgia quarry
during periods of Martin Marietta ownership

(229

)

(680

)

Adjusted heritage aggregates shipments

15,236

14,899

Heritage aggregates volume variance excluding shipments
for the Forsyth, Georgia quarry

2.3

%

Total Heritage Business:

Reported heritage aggregates shipments

120,104

119,840

Less: Aggregates shipments for the Forsyth, Georgia quarry
during periods of Martin Marietta ownership

(229

)

(680

)

Adjusted heritage aggregates shipments

119,875

119,160

Heritage aggregates volume variance excluding shipments

for the Forsyth, Georgia quarry

0.6

%

Page 43 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Unit shipments by product line for the Company is as follows:

Nine-Months Ended

September 30,

2018

2017

Shipments

Aggregates (in thousands):

Heritage:

Tons to external customers

111,951

111,617

Internal tons used in other product lines

8,153

8,223

Total heritage aggregates tons

120,104

119,840

Acquisitions:

Tons to external customers

8,558

-

Internal tons used in other product lines

-

-

Total acquisition aggregates tons

8,558

-

-

Cement (in thousands):

Tons to external customers

1,767

1,749

Internal tons used in ready mixed concrete

966

895

Total cement tons

2,733

2,644

Ready Mixed Concrete (in thousands of cubic yards)

6,799

6,442

Asphalt (in thousands):

Tons to external customers

803

863

Internal tons used in paving business

1,420

1,615

Total asphalt tons

2,223

2,478

Average selling prices by product line for the Company were as follows:

Nine-Months Ended

September 30,

2018

2017

% Change

Aggregates - heritage (per ton)

\$

13.87

\$

13.43

3.3

%

Aggregates - acquisition (per ton)

\$

11.95

\$

-

Cement (per ton)

\$

108.92

\$

105.26

3.5

%

Ready Mixed Concrete (per cubic yard)

\$

108.36

\$

107.34

1.0

%

Asphalt (per ton)

\$

44.39

\$

43.08

3.0

%

Page 44 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

Magnesia Specialties

For the first nine months of 2018, Magnesia Specialties reported total products revenue of \$201.4 million, a 6.0% increase compared with the prior-year period. Earnings from operations were \$65.9 million compared with \$58.6 million, a 12.4% increase.

Gross Profit

The following presents a rollforward of consolidated gross profit (dollars in thousands):

Consolidated gross profit, nine-months ended September 30, 2017

\$

712,838

Aggregates products:

Volume

105,813

Pricing

53,029

Cost increases, net

(137,250

)

Change in aggregates products gross profit

21,592

Cement products and downstream products and services

(2,309

)

Magnesia Specialties products

7,331

Corporate

1,153

Freight

(1,312

)

Change in consolidated gross profit

26,455

Consolidated gross profit, nine-months ended September 30, 2018

\$

739,293

Cost increases, net, includes the \$18.5 million negative impact of selling acquired inventory after its markup to fair value as a part of acquisition accounting.

Consolidated Operating Results

For the nine-months ended September 30, 2018 and 2017, consolidated SG&A was 6.5% of total revenues. Earnings from operations for the first nine months were \$543.7 million in 2018 compared with \$517.0 million in 2017.

For the nine-months ended September 30, consolidated other operating income, net, was \$27.0 million in 2018 and \$2.6 million in 2017. The increase in other operating income, net, is primarily driven by a \$16.9 million gain on the sale of surplus land and a \$7.7 million net gain on litigation and related settlements of in 2018 partially offset by \$7.1 million in restructuring expenses related to the Company's Southwest ready mixed concrete operations. The 2017 amount includes a \$13.5 million gain on the sale of real estate offset by a \$12.4 million expense for repair costs related to certain of the Company's lease railcars and \$6.1 million of expense, including both cash and stock-based compensation components, related to the retirement of a senior executive officer.

For the nine-months ended September 30, 2018, other nonoperating income, net, was \$19.9 million, a \$13.4 million increase compared with prior year, reflecting higher interest income and lower pension expense.

Page 45 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities for the nine-months ended September 30 was \$441.5 million in 2018 compared with \$418.1 million in 2017. Operating cash flow is primarily derived from consolidated net earnings before deducting depreciation,

depletion and amortization, and the impact of changes in working capital. Depreciation, depletion and amortization were as follows:

Nine-Months Ended

September 30,

2018

2017

(Dollars in Thousands)

Depreciation

\$

219,019

\$

195,009

Depletion

20,576

12,812

Amortization

13,605

13,597

\$

253,200

\$

221,418

The seasonal nature of construction activity impacts the Company's quarterly operating cash flow when compared with the full year. Full-year 2017 net cash provided by operating activities was \$657.6 million, reflective of the reclassification of net proceeds and payments of corporate-owned life insurance of \$0.3 million from operating activities to investing activities, compared with \$418.1 million for the first nine months of 2017.

During the nine-months ended September 30, 2018, the Company paid \$262.2 million for capital investments. Full-year capital spending is expected to approximate \$375 million.

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. The Company repurchased 305,000 shares of common stock during the first nine months of the year for an aggregate purchase price of \$60.4 million. At September 30, 2018, 14,364,000 shares of common stock were remaining under the Company's repurchase authorization.

The \$700 million Revolving Facility requires the Company's ratio of consolidated debt-to-consolidated EBITDA, as defined, for the trailing-twelve-month period (the Ratio) to not exceed 3.50x 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 3.75x. Additionally, if there are no amounts outstanding under the Revolving Facility and the \$400 million Trade Receivable Facility, consolidated debt, including debt for which the Company is a co-borrower, may be reduced by the Company's unrestricted cash and cash equivalents in excess of \$50 million, such reduction not to exceed \$200 million, for purposes of the covenant calculation.

The Ratio is calculated as debt, including debt for which the Company is a co-borrower, divided by consolidated EBITDA, as defined by the Company's Revolving Facility, for the trailing-twelve months. Consolidated EBITDA is generally defined as earnings before interest expense, income tax expense, and depreciation and amortization expense for continuing operations. Additionally, stock-based compensation expense is added back and interest income is deducted in the calculation of consolidated EBITDA. During periods that include an acquisition, pre-acquisition adjusted EBITDA of the

Page 46 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

acquired company is added to consolidated EBITDA as if the acquisition occurred on the first day of the calculation period. Certain other nonrecurring items, if they occur, can affect the calculation of consolidated EBITDA.

At September 30, 2018, the Company's ratio of consolidated debt-to-consolidated EBITDA, as defined by the Company's Revolving Facility, for the trailing-twelve months was 2.72 times and was calculated as follows:

October 1, 2017 to

September 30, 2018

(Dollars in thousands)

Earnings from continuing operations attributable to Martin Marietta

\$

752,804

Add back:

Interest expense

126,976

Depreciation, depletion and amortization expense

325,410

Stock-based compensation expense

29,846

Acquisition-related expenses, net

51,441

Noncash portion of restructuring expenses

5,245

Bluegrass EBITDA - Pre-acquisition adjusted (October 2017 to April 2018)

43,417

Deduct:

Interest income

(7,149

)

Income tax benefit

(129,691

)

Gain on divestiture

(14,785

)

Consolidated EBITDA, as defined by the Company's Revolving Facility

\$

1,183,514

Consolidated net debt, as defined and including debt for which the Company is a co-borrower, at September 30, 2018

\$

3,224,046

Consolidated debt-to-consolidated EBITDA, as defined by the Company's Revolving Facility, at September 30, 2018 for the trailing-twelve months EBITDA

2.72x

The Trade Receivable Facility contains a cross-default provision to the Company's other debt agreements. 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. Outstanding amounts on the Trade Receivable Facility have been classified as a current liability on the Company's consolidated balance sheet.

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 the repurchase of shares of the Company's common stock and allow for payment of dividends for the foreseeable future. On April 27, 2018, the Company successfully completed its acquisition of Bluegrass Materials Company (Bluegrass), the largest privately-held, pure-play aggregates company in the United States, for \$1.617 billion in cash. The Company financed the Bluegrass acquisition using proceeds from issuances of senior notes in December 2017 and borrowings under credit facilities. Any future significant strategic acquisition for cash would likely require an appropriate balance of newly-issued equity with debt in order to maintain a composite investment-grade credit rating.

Page 47 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

At September 30, 2018, the Company had \$61 7.7 million of unused borrowing capacity under its Revolving Facility and Trade Receivable Facility, subject to complying with the related leverage covenant. The Revolving Facility expires on December 5, 2021 . On April 17, 2018, the Company and its wholly-owned subsidiary amended its Trade Receivable Facility to increase the facility limit to \$400 million. On September 25, 2018, the Company extended the maturity of the Trade Receivable Facility to September 25 , 201 9 .

The Company repaid the \$300 million of 6.60% Senior Notes with cash on hand on April 16, 2018, the maturity date.

On May 22, 2017, the Company issued \$300 million aggregate principal amount of Floating Rate Senior Notes due in 2020 and \$300 million aggregate principal amount of 3.450% Senior Notes due in 2027. On December 20, 2017, the Company issued \$300 million aggregate principal amount of Floating Rate Senior Notes due 2019, \$500 million aggregate principal amount of 3.500% Senior Notes due 2027 and \$600 million aggregate principal amount of 4.250% Senior Notes due 2047. The Company repaid \$300 million aggregate principal amount of Floating Rate Senior at its maturity in June 2017.

The Company is exposed to the credit markets, through the interest cost related to its variable-rate debt, which included borrowings under its Revolving Facility and Trade Receivable Facility and the obligations in respect of the Floating Rate Notes. The Company is currently rated at an investment-grade level by all three credit rating agencies.

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, 2017. Management continues to evaluate its exposure to all operating risks on an ongoing basis.

OUTLOOK

Management has updated its full-year 2018 guidance to reflect current trends and expectations, including the impact of extraordinary weather-related events encountered during the third quarter.

Specifically:

Heritage aggregates average selling price is expected to increase in a range of 3% to 4%.

Heritage aggregates volume is expected to be flat to up to 1% and expected shipments by end-use market, both compared with 2017 levels and excluding 2017 shipments of the Company's Forsyth, Georgia, quarry that was divested in April 2018, are as follows:

-

Infrastructure shipments to be relatively flat.

-

Nonresidential shipments to increase in the low- to mid-single digits.

-

Residential shipments to increase in the high-single digits.

-

ChemRock/Rail shipments to decrease.

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.

Page 48 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

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, give the investor 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," "expect," "should be," "believe," "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 here and in other publications may turn out to be wrong.

The Company's outlook is subject to various risks and uncertainties, and is based on assumptions that the Company believes in good faith are reasonable but which may be materially different from actual results. Factors that the Company currently believes could cause actual results to differ materially from the forward-looking statements in this Form 10-Q (including the outlook) include, but are not limited to: the performance of the United States economy; shipment declines resulting from economic events beyond the Company's control; widespread decline in aggregates pricing, including a decline in aggregates 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 gasoline tax(es) or other revenue related to infrastructure construction; the level and timing of federal, state or local transportation or infrastructure projects funding, most particularly in Texas, North Carolina, Iowa, Colorado, Georgia and Maryland; the United States Congress' inability to reach agreement among themselves or with the current Administration 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 the commercial component of the nonresidential construction market, notably office and retail space; a decline in energy-related construction activity resulting from a sustained period of low global oil prices or changes in oil production patterns in response to this decline, particularly in Texas; a slowdown in residential construction recovery; continuing unfavorable weather conditions, particularly Atlantic Ocean and Gulf Coast hurricane activity, excessive rainfall in the markets served by the Company and the early onset of winter, any of which can significantly affect production schedules, volumes and profitability; the volatility of fuel costs, particularly diesel fuel, 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 Magnesite Specialties business, natural gas; continued increases in the cost of other repair and supply parts; continuing 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; increasing governmental regulation, including environmental laws; transportation availability or a sustained reduction in capital investment by the railroads, notably the availability of railcars, and locomotive power and the condition of rail infrastructure to move trains to supply the Company's Texas, Colorado, Florida, North Carolina and the Gulf Coast markets, including the movement of essential dolomitic lime for magnesite 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; a trade dispute 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 Magnesite Specialties business that is running at capacity; proper functioning

Page 49 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2018

(Continued)

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 (including the acquisition of Bluegrass) 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; changes in tax laws, the interpretation of such laws and/or administrative practices that would increase the Company's tax rate; violation of the Company's debt covenant if price and/or volumes return to previous levels of instability; continued downward pressure on the Company's common stock price and its impact on goodwill impairment evaluations; reduction of the Company's credit rating to non-investment grade resulting from strategic acquisitions; 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 our Annual Report on

Form 10-K for the year ended December 31, 2017, the Current Report on Form 8-K filed on March 16, 2018 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 the Company's 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, 2017, by writing to:

Martin Marietta

Attn: Corporate Secretary

2710 Wycliff Road

Raleigh, North Carolina 27607-3033

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) 510-4776

Website address: www.martinmarietta.com

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

Page 50 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

Item 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 and state 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 financing for construction projects or if consumer confidence continues to be eroded by economic uncertainty.

Demand in the residential construction market is affected by interest rates. The Federal Reserve has raised rates three times during 2018, increasing the federal funds rate to 2.2%. The residential construction market accounted for 21% of the Company's aggregates product line shipments in 2017.

Aside from these inherent risks from within its operations, the Company's earnings are also affected by changes in short-term interest rates. However, rising interest rates are not necessarily predictive of weaker operating results. Historically, the Company's profitability increased during periods of rising interest rates. In essence, the Company's underlying business generally serves as a natural hedge to rising interest rates.

Variable-Rate Borrowing Facilities. At September 30, 2018, the Company had a \$700 million Revolving Facility and a \$400 million Trade Receivable Facility. The Company also has \$600 million variable-rate senior notes. Borrowings under these facilities bear interest at a variable interest rate. A hypothetical 100-basis-point increase in interest rates on borrowings of \$1.08 billion, which was the collective outstanding balance at September 30, 2018, would increase interest expense by \$10.8 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, 2017.

Energy Costs . Energy costs, including diesel fuel, natural gas, coal and liquid asphalt, represent significant production costs of the Company. The cement operations and Magnesia Specialties business have fixed price agreements covering 100% of its 2018 coal requirements. Energy costs for the nine-months ended September 30, 2018 increased approximately 13% over the prior-year period. A hypothetical 15% change in the Company's energy prices for the full year 2018 as compared with 2017, assuming constant volumes, would change full year 2018 energy expense by \$37.4 million.

Commodity Risk. Cement is a commodity and competition is based principally on price, which is highly sensitive to changes in supply and demand. Prices are often subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions and other market conditions beyond the Company's control. Increases in the production capacity of industry participants or increases in cement imports tend to create an oversupply of such products leading to an imbalance between supply and demand, which can have a negative impact on product prices. There can be no assurance that prices for products sold will not decline in the future or that such declines will not have a material adverse effect on the Company's business, financial condition and results of operations. Assuming total revenues for cement for full-year 2018 of \$415 million to \$445 million, a hypothetical 10% change in sales price would impact net sales by \$41.5 million to \$44.5 million.

Page 51 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

(Continued)

Item 4. Controls and Procedures

As of September 30, 2018, 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, 2018. 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.

Page 52 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

PART II- OTHER INFORMATION

Item 1. Legal Proceedings.

Reference is made to Part I . Item 3. Legal Proceedings of the Martin Marietta Annual Report on Form 10-K for the year ended December 31, 2017.

Item 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, 2017 and the Current Report on Form 8-K of Marin Marietta Materials, Inc. filed on March 16, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds .

ISSUER PURCHASES OF EQUITY SECURITIES

Total Number of Shares

Maximum Number of

Purchased as Part of

Shares that May Yet

Total Number of
Average Price
Publicly Announced
be Purchased Under
Period
Shares Purchased
Paid per Share
Plans or Programs
the Plans or Programs
July 1, 2018 - July 31, 2018

-
\$
-
-
14,668,891

August 1, 2018 - August 31, 2018
175,000
\$
202.49
175,000
14,493,891

September 1, 2018 - September 30, 2018
129,568
\$
192.49
129,568
14,364,323

Reference is made to the 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.

Item 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.

Page 53 of 55

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2018

PART II- OTHER INFORMATION

(Continued)

Item 6. Exhibits.

Exhibit No.

Document

10.1

Tenth Amendment to Credit and Security Agreement, dated as of September 25, 2018, among Martin Marietta Funding LLC, as borrower, Martin Marietta Materials, Inc., as servicer, and SunTrust Bank, as lender together with the other lenders from time to time party thereto, and SunTrust Bank, as administrative agent for the lenders (incorporated by reference to Exhibit 10.1 to the Martin Marietta Materials, Inc. Current Report on Form 8-K, filed on September 25, 2018 (Commission File No. 1-12744))

31.01

Certification dated November 7, 2018 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 November 7, 2018 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 November 7, 2018 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 November 7, 2018 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

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

XBRL Taxonomy Extension Schema Document

101.CAL

XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB

XBRL Taxonomy Extension Label Linkbase Document

101.PRE

XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF

XBRL Taxonomy Extension Definition Linkbase

Page 54 of 55

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: November 7, 2018

By:

/s/ James A. J. Nickolas

James A. J. Nickolas

Sr. Vice President and
Chief Financial Officer
Page 55 of 55