

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	2020-10-29
PERIOD	2020-09-30
ACCESSION NO.	0001564590-20-048849
FILER	Northbridge Materials Corporation (CIK 0000916076)

mlm-10q_20200930.htm

UNITED STATES

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, 2020

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, former address and former fiscal year, if changes since last report: None

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

Title of Each Class

Trading Symbol(s)

Name of each exchange on

which registered

Common Stock (Par Value \$0.01)

MLM

NYSE

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 October 26, 2020

Common Stock, \$0.01 par value

62,274,202

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

Page

Part I. Financial Information:

Item 1. Financial Statements

Consolidated Balance Sheets - September 30, 2020 and December 31, 2019

3

Consolidated Statements of Earnings and Comprehensive Earnings - Three and Nine Months Ended September 30, 2020 and 2019

4

Consolidated Statements of Cash Flows - Nine Months Ended September 30, 2020 and 2019

5

Consolidated Statement of Total Equity - Three and Nine Months Ended September 30, 2020 and 2019

6

Notes to Consolidated Financial Statements

8

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

24

Item 3. Quantitative and Qualitative Disclosures About Market Risk

48

Item 4. Controls and Procedures

49

Part II. Other Information:

Item 1. Legal Proceedings

50

Item 1A. Risk Factors

50

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

51

Item 4. Mine Safety Disclosures

51

Item 6. Exhibits

52

Signatures

53

Page 2 of 53

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

(UNAUDITED) CONSOLIDATED BALANCE SHEETS

September 30,

December 31,

2020

2019

(Dollars in Millions, Except Par Value Data)

ASSETS

Current Assets:

Cash and cash equivalents

\$

116.6

\$

21.0

Restricted cash

77.1

-

Accounts receivable, net

686.3

573.7
Inventories, net
714.5
690.8
Other current assets
58.3
141.2
Total Current Assets
1,652.8
1,426.7
Property, plant and equipment
8,835.5
8,633.5
Allowances for depreciation, depletion and amortization
(3,655.0
)
(3,427.5
)
Net property, plant and equipment
5,180.5
5,206.0
Goodwill
2,414.5
2,396.8
Other intangibles, net
504.3
486.8
Operating lease right-of-use assets, net
469.2
481.9
Other noncurrent assets
214.1
133.4
Total Assets
\$
10,435.4
\$
10,131.6
LIABILITIES AND EQUITY
Current Liabilities:
Accounts payable

\$	
210.7	
\$	
229.6	
Accrued salaries, benefits and payroll taxes	
52.2	
56.7	
Accrued insurance and other taxes	
65.3	
63.1	
Current maturities of long-term debt and short-term facilities	
-	
340.0	
Operating lease liabilities	
51.9	
52.7	
Other current liabilities	
126.1	
96.4	
Total Current Liabilities	
506.2	
838.5	
Long-term debt	
2,625.2	
2,433.6	
Deferred income taxes, net	
760.4	
733.0	
Noncurrent operating lease liabilities	
422.3	
433.9	
Other noncurrent liabilities	
362.4	
339.3	
Total Liabilities	
4,676.5	
4,778.3	
Equity:	
Common stock, par value \$ 0.01 per share	
0.6	

0.6

Preferred stock, par value \$ 0.01 per share

-

-

Additional paid-in capital

3,433.9

3,418.8

Accumulated other comprehensive loss

(138.6

)

(145.8

)

Retained earnings

2,460.5

2,077.2

Total Shareholders' Equity

5,756.4

5,350.8

Noncontrolling interests

2.5

2.5

Total Equity

5,758.9

5,353.3

Total Liabilities and Equity

\$

10,435.4

\$

10,131.6

See accompanying notes to the consolidated financial statements.

Page 3 of 53

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,

2020

2019

2020

2019

(In Millions, Except Per Share Data)

Products and services revenues

\$

1,240.7

\$

1,323.2

\$

3,321.2

\$

3,397.6

Freight revenues

80.7

97.0

229.1

241.1

Total Revenues

1,321.4

1,420.2

3,550.3

3,638.7

Cost of revenues - products and services

836.1

901.8

2,390.9

2,474.4

Cost of revenues - freight

80.8

97.8

232.0

243.9

Total Cost of Revenues

916.9

999.6

2,622.9

2,718.3

Gross Profit

404.5

420.6

927.4

920.4

Selling, general & administrative expenses

71.1	
78.2	
221.0	
228.9	
Acquisition-related expenses	
0.4	
-	
1.2	
0.2	
Other operating income, net	
(67.6	
)	
(2.9	
)	
(59.6	
)	
(9.1	
)	
Earnings from Operations	
400.6	
345.3	
764.8	
700.4	
Interest expense	
28.7	
32.4	
89.7	
98.7	
Other nonoperating (income) and expenses, net	
(4.0	
)	
(1.9	
)	
(5.9	
)	
9.7	
Earnings before income tax expense	
375.9	
314.8	
681.0	
592.0	

Income tax expense

81.5

66.2

143.0

111.1

Consolidated net earnings

294.4

248.6

538.0

480.9

Less: Net earnings attributable to noncontrolling
interests

-

-

-

-

Net Earnings Attributable to Martin Marietta Materials, Inc.

\$

294.4

\$

248.6

\$

538.0

\$

480.9

Consolidated Comprehensive Earnings:

Earnings attributable to Martin Marietta Materials, Inc.

\$

298.0

\$

251.1

\$

545.2

\$

489.7

Earnings attributable to noncontrolling interests

-

-

-

-

\$

298.0

\$

251.1

\$

545.2

\$

489.7

Net Earnings Attributable to Martin Marietta Materials, Inc.

Per Common Share:

Basic attributable to common shareholders

\$

4.72

\$

3.97

\$

8.63

\$

7.67

Diluted attributable to common shareholders

\$

4.71

\$

3.96

\$

8.61

\$

7.65

Weighted-Average Common Shares Outstanding:

Basic

62.3

62.5

62.3

62.6

Diluted

62.4

62.7

62.4

62.7

See accompanying notes to the consolidated financial statements.

Page 4 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

(UNAUDITED) CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months Ended

September 30,

2020

2019

(Dollars in Millions)

Cash Flows from Operating Activities:

Consolidated net earnings

\$

538.0

\$

480.9

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

Depreciation, depletion and amortization

292.2

277.0

Stock-based compensation expense

22.4

28.4

Gain on divestitures and sales of assets

(71.2

)

(5.0

)

Deferred income taxes

24.8

18.4

Other items, net

0.8

11.4

Changes in operating assets and liabilities, net of effects of
acquisitions and divestitures:

Accounts receivable, net

(104.5

)

(240.6

)

Inventories, net

(22.6

)

13.6

Accounts payable

(0.8

)

65.9

Other assets and liabilities, net

4.9

(0.2

)

Net Cash Provided by Operating Activities

684.0

649.8

Cash Flows from Investing Activities:

Additions to property, plant and equipment

(250.8

)

(283.0

)

Acquisitions, net

(64.0

)

-

Proceeds from divestitures and sales of assets

141.2

7.0

Investments in life insurance contracts, net

(12.7

)

0.5

Other investing activities, net

(5.4

)

(1.2

)

Net Cash Used for Investing Activities

(191.7

)

(276.7

)

Cash Flows from Financing Activities:

Borrowings of debt

628.1
 245.0
 Repayments of debt
 (777.0
)
 (445.0
)
 Payments on financing leases
 (2.3
)
 (2.7
)
 Debt issuance costs
 (2.0
)
 -
 Distributions to owners of noncontrolling interest
 -
 (0.6
)
 Repurchases of common stock
 (50.0
)
 (57.3
)
 Dividends paid
 (104.8
)
 (95.2
)
 Proceeds from exercise of stock options
 1.4
 12.3
 Shares withheld for employees' income tax obligations
 (13.0
)
 (25.4
)
 Net Cash Used for Financing Activities
 (319.6
)

(368.9

)

Net Increase in Cash, Cash Equivalents and Restricted Cash

172.7

4.2

Cash, Cash Equivalents and Restricted Cash, beginning of period

21.0

44.9

Cash, Cash Equivalents and Restricted Cash, end of period

\$

193.7

\$

49.1

See accompanying notes to the consolidated financial statements.

Page 5 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

(UNAUDITED) CONSOLIDATED STATEMENTS OF TOTAL EQUITY

(In Millions, Except Per Share Data)

Shares of Common Stock

Common Stock

Additional Paid-in Capital

Accumulated

Other Comprehensive

Loss

Retained Earnings

Total Shareholders' Equity

Noncontrolling Interests

Total Equity

Balance at June 30, 2020

62.3

\$

0.6

\$

3,431.0

\$

(142.2

)

\$

2,201.7

\$

5,491.1

\$

2.5

\$

5,493.6

Consolidated net earnings

-

-

-

-

294.4

294.4

-

294.4

Other comprehensive earnings,
net of tax

-

-

-

3.6

-

3.6

-

3.6

Dividends declared (\$ 0.57 per share)

-

-

-

-

(35.6

)

(35.6

)

-

(35.6

)

Issuances of common stock for stock
award plans

-

-

0.2

-

-	
0.2	
-	
0.2	
Stock-based compensation expense	
-	
-	
2.7	
-	
-	
2.7	
-	
2.7	
Balance at September 30, 2020	
62.3	
\$	
0.6	
\$	
3,433.9	
\$	
(138.6	
)	
\$	
2,460.5	
\$	
5,756.4	
\$	
2.5	
\$	
5,758.9	
Balance at December 31, 2019	
62.4	
\$	
0.6	
\$	
3,418.8	
\$	
(145.8	
)	
\$	
2,077.2	

\$

5,350.8

\$

2.5

\$

5,353.3

Consolidated net earnings

-

-

-

-

538.0

538.0

-

538.0

Other comprehensive earnings,

net of tax

-

-

-

7.2

-

7.2

-

7.2

Dividends declared (\$ 1.67 per share)

-

-

-

-

(104.7

)

(104.7

)

-

(104.7

)

Issuances of common stock for stock

award plans

0.1

-

5.7

-

-

5.7

-

5.7

Shares withheld for employees'
income tax obligations

-

-

(13.0

)

-

-

(13.0

)

-

(13.0

)

Repurchases of common stock

(0.2

)

-

-

-

(50.0

)

(50.0

)

-

(50.0

)

Stock-based compensation expense

-

-

22.4

-

-

22.4

-

22.4

Balance at September 30, 2020

62.3

\$

0.6

\$

3,433.9

\$

(138.6

)

\$

2,460.5

\$

5,756.4

\$

2.5

\$

5,758.9

See accompanying notes to the consolidated financial statements.

Page 6 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
(UNAUDITED) CONSOLIDATED STATEMENTS OF TOTAL EQUITY (Continued)
(In Millions, Except Per Share Data)

Shares of Common Stock

Common Stock

Additional Paid-in Capital

Accumulated Other Comprehensive Loss

Retained Earnings

Total Shareholders' Equity

Noncontrolling Interests

Total Equity

Balance at June 30, 2019

62.4

\$

0.6

\$

3,416.6

\$

(137.3

)

\$

1,815.0

\$

5,094.9

\$

2.4

\$

5,097.3

Consolidated net earnings

-

-

-

-

248.6

248.6

-

248.6

Other comprehensive earnings,

net of tax

-

-

-

2.5

-

2.5

-

2.5

Dividends declared (\$ 0.55 per share)

-

-

-

-

(34.6

)

(34.6

)

-

(34.6

)

Issuances of common stock for stock

award plans

0.1

-

4.9

-

-

4.9

-

4.9

Shares withheld for employees'
income tax obligations

-

-

(13.2

)

-

-

(13.2

)

-

(13.2

)

Repurchases of common stock

-

-

-

-

(7.3

)

(7.3

)

-

(7.3

)

Stock-based compensation expense

-

-

6.2

-

-

6.2

-

6.2

Balance at September 30, 2019

62.5

\$

0.6

\$

3,414.5

\$

(134.8

)

\$

2,021.7

\$

5,302.0

\$

2.4

\$

5,304.4

Balance at December 31, 2018

62.5

\$

0.6

\$

3,396.1

\$

(143.6

)

\$

1,693.3

\$

4,946.4

\$

3.0

\$

4,949.4

Consolidated net earnings

-

-

-

-

480.9

480.9

-

480.9

Other comprehensive earnings,
net of tax

-

-

-

8.8

-

8.8

-

8.8

Dividends declared (\$ 1.51 per share)

-

-

-

-

(95.2

)

(95.2

)

-

(95.2

)

Issuances of common stock for stock
award plans

0.2

-

15.4

-

-

15.4

-

15.4

Shares withheld for employees'
income tax obligations

-

-

(25.4

)

-

-

(25.4

)

-

(25.4

)

Repurchases of common stock

(0.2

)

-

-

-

(57.3

)

(57.3

)

-

(57.3

)

Stock-based compensation expense

-

-

28.4

-

-

28.4

-

28.4

Distributions to owners of
noncontrolling interest

-

-

-

-

-

-

(0.6

)

(0.6

)

Balance at September 30, 2019

62.5

\$
0.6
\$
3,414.5
\$
(134.8
)
\$
2,021.7
\$
5,302.0
\$
2.4
\$
5,304.4

See accompanying notes to the consolidated financial statements.

Page 7 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(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 approximately 290 quarries, mines and distribution yards in 27 states, Canada and The Bahamas. In the southwestern and western United States, Martin Marietta also provides cement and downstream products and services, namely, ready mixed concrete, asphalt and paving, in vertically-integrated structured markets where the Company 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.

Effective July 1, 2020, the Company made organizational changes, including consolidating its operational management and operating divisions, in connection with the retirement of two senior executives as of the end of the second quarter. Notably, the Mid-Atlantic Division and Southeast Division have been combined into the newly formed East Division. Additionally, the Southwest Aggregates Division and the Cement and Southwest Ready Mix Division have been combined into the newly formed Southwest Division. Subsequent to these changes, the Building Materials business consists of four divisions, which also includes the Central and West Divisions. Each division, as well as the Magnesia Specialties business, represents an operating segment.

The Company's Building Materials business includes two reportable segments: the East Group and the West Group. The East Group, whose operations were previously reported in the Mid-America and Southeast Groups, consists of the East and Central Divisions. Prior-period reportable segment information for the Mid-America and Southeast Groups has been combined into the East Group. The West Group, which reflects no changes in operations included in this reportable segment, is comprised of the Southwest and West Divisions. There are no changes to the Magnesia Specialties reportable segment.

Effective January 1, 2020, the Company moved the management of its one quarry in the state of Washington from the East

Group to the West Group, resulting in an immaterial change to its reportable segments.

BUILDING MATERIALS BUSINESS

Reportable Segments

East Group

West Group

Operating Locations

Alabama, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Maryland, Minnesota, Missouri, eastern

Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia, Nova Scotia and The Bahamas

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

Product Lines

Aggregates

Aggregates, Cement, Ready Mixed Concrete, Asphalt and Paving

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

Page 8 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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. 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, 2019. 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, 2020 are not necessarily indicative of the results expected for other interim periods or the full year. The consolidated balance sheet at December 31, 2019 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, 2019.

The preparation of the Company's consolidated financial statements requires management to make certain estimates and assumptions about future events. As future events and their effects, including the impact of the coronavirus (COVID-19) pandemic and the related responses, cannot be fully determined with precision, actual results could differ significantly from estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which the change in estimate occurs.

New Accounting Pronouncement

Credit Losses

Effective January 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (ASU 2016-13), which includes a current expected credit loss (CECL) model that requires an entity to estimate credit losses expected over the life of an exposure or pool of exposures based on historical information, current information

and reasonable and supportable forecasts at the time the asset is recognized and is remeasured at each reporting period. ASU 2016-13 primarily relates to the Company's receivables, but the scope also includes retainage and contract assets related to its paving business. The adoption of ASU 2016-13 did not have a material impact on the Company's financial position or statement of earnings and comprehensive earnings. The Company amended its allowance for credit losses policy, which follows, for the implementation of ASU 2016-13.

The Company records an allowance for credit losses, which includes a provision for probable losses based on historical write-offs, adjusted for current conditions as deemed necessary, and a specific reserve for accounts deemed at risk. The allowance is the Company's estimate for receivables as of the balance sheet date that ultimately will not be collected. Any changes in the allowance are reflected in earnings in the period in which the change occurs. The Company writes-off accounts receivable when it becomes probable, based upon customer facts and circumstances, that such amounts will not be collected.

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; and foreign currency translation adjustments; and are presented in the Company's consolidated statements of earnings and comprehensive earnings.

Page 9 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Comprehensive earnings attributable to Martin Marietta is as follows:

Three Months Ended

Nine Months Ended

September 30,

September 30,

2020

2019

2020

2019

(Dollars in Millions)

Net earnings attributable to Martin Marietta

\$

294.4

\$

248.6

\$

538.0

\$

480.9

Other comprehensive earnings, net of tax

3.6

2.5

7.2

8.8

Comprehensive earnings attributable to Martin

Marietta

\$

298.0

\$

251.1

\$

545.2

\$

489.7

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

(Dollars in Millions)

Pension and

Postretirement Benefit Plans

Foreign Currency

Accumulated

Other Comprehensive

Loss

Three Months Ended September 30, 2020

Balance at beginning of period

\$

(140.0

)

\$

(2.2

)

\$

(142.2

)

Other comprehensive earnings before reclassifications,

net of tax

-

0.5

0.5

Amounts reclassified from accumulated other

comprehensive earnings, net of tax

3.1

-

3.1

Other comprehensive earnings, net of tax

3.1

0.5

3.6

Balance at end of period

\$

(136.9

)

\$

(1.7

)

\$

(138.6

)

Three Months Ended September 30, 2019

Balance at beginning of period

\$

(136.0

)

\$

(1.3

)

\$

(137.3

)

Other comprehensive loss before reclassifications,
net of tax

-

(0.2

)

(0.2

)

Amounts reclassified from accumulated other
comprehensive loss, net of tax

2.7

-

2.7

Other comprehensive earnings (loss), net of tax

2.7

(0.2

)

2.5

Balance at end of period

\$

(133.3

)

\$

(1.5

)

\$

(134.8

)

Page 10 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(Dollars in Millions)

Pension and

Postretirement Benefit Plans

Foreign Currency

Accumulated

Other Comprehensive

Loss

Nine Months Ended September 30, 2020

Balance at beginning of period

\$

(144.9

)

\$

(0.9

)

\$

(145.8

)

Other comprehensive loss before

reclassifications, net of tax

-

(0.8

)

(0.8

)

Amounts reclassified from accumulated
other comprehensive loss, net of tax

8.0

-

8.0

Other comprehensive earnings (loss), net of tax

8.0

(0.8

)

7.2

Balance at end of period

\$

(136.9

)

\$

(1.7

)

\$

(138.6

)

Nine Months Ended September 30, 2019

Balance at beginning of period

\$

(141.5

)

\$

(2.1

)

\$

(143.6

)

Other comprehensive earnings before
reclassifications, net of tax

-

0.6

0.6

Amounts reclassified from accumulated
other comprehensive earnings, net of tax

8.2

-

8.2

Other comprehensive earnings, net of tax

8.2

0.6

8.8

Balance at end of period

\$

(133.3

)

\$

(1.5

)

\$

(134.8

)

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

Pension and Postretirement Benefit Plans

Three Months Ended

Nine Months Ended

September 30,

September 30,

2020

2019

2020

2019

(Dollars in Millions)

Balance at beginning of period

\$

83.6

\$

82.4

\$

85.2

\$

84.2

Tax effect of other comprehensive earnings

(1.1

)

(0.9

)

(2.7

)

(2.7

)

Balance at end of period

\$

82.5

\$

81.5

\$

82.5

\$

81.5

Page 11 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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

2020

2019

2020

2019

comprehensive earnings

(Dollars in Millions)

Pension and postretirement

benefit plans

Amortization of:

Prior service credit

\$

-

\$

(0.2

)

\$

(0.1

)
 \$
 (0.6
)
 Actuarial loss
 4.2
 3.8
 10.8
 11.5
 4.2
 3.6
 10.7
 10.9
 Other nonoperating (income) and expenses, net
 Tax benefit
 (1.1
)
 (0.9
)
 (2.7
)
 (2.7
)
 Income tax expense
 \$
 3.1
 \$
 2.7
 \$
 8.0
 \$
 8.2

Earnings per Common Share

The numerator for basic and diluted earnings per common share is net earnings attributable to Martin Marietta 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, 2020 and 2019, 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.

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,

2020

2019

2020

2019

(In Millions)

Net earnings attributable to Martin Marietta

\$

294.4

\$

248.6

\$

538.0

\$

480.9

Less: Distributed and undistributed earnings

attributable to unvested awards

0.3

0.3

0.5

0.9

Basic and diluted net earnings available to common

shareholders attributable to Martin Marietta

\$

294.1

\$

248.3

\$

537.5

\$

480.0

Basic weighted-average common shares outstanding

62.3

62.5

62.3

62.6

Effect of dilutive employee and director awards

0.1

0.2

0.1

0.1

Diluted weighted-average common shares

outstanding

62.4

62.7

62.4

62.7

Page 12 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Restricted Cash

As of September 30, 2020, the Company had restricted cash of \$ 77.1 million, which is invested in an account designated for the purchase of like-kind exchange replacement assets under Section 1031 of the Internal Revenue Code (Section 1031). The Company is restricted from utilizing the cash for purposes other than the purchase of the qualified assets for 180 days from receipt of the proceeds from the sale of the exchanged property. Any unused cash at the end of the 180 days will be transferred to unrestricted accounts of the Company and can then be used for general corporate purposes. The Company has until January 27, 2021, to purchase qualified assets under Section 1031. In October 2020, the Company transferred an additional \$ 45.1 million from asset sales completed in the third quarter 2020 into a restricted Section 1031 account and has until March 9, 2021, to reinvest the funds in qualifying assets.

In connection with ASU 2016-18, Statement of Cash Flows (Topic 230), the statement of cash flows reflects cash flow changes and balances for cash, cash equivalents and restricted cash on an aggregated basis.

The following table reconciles cash, cash equivalents and restricted cash as reported on the consolidated balance sheets to the aggregated amounts presented on the consolidated statements of cash flows:

September 30,

January 1,

September 30,

January 1,

2020

2020

2019

2019

(Dollars in Millions)

Cash and cash equivalents

\$

116.6

\$

21.0

\$

49.1

\$

44.9

Restricted cash

77.1

-

-

-

Total cash, cash equivalents and restricted cash

presented in the consolidated statements of

cash flows

\$

193.7

\$

21.0

\$

49.1

\$

44.9

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 cost-to-cost approach. Freight revenues reflect delivery arranged by the Company using a third party on behalf of the customer and are recognized consistently with the timing of the product revenues.

Performance Obligations. Performance obligations are contractual promises to transfer or provide a distinct good or service for a stated price. The Company's product sales agreements are single-performance obligations that are satisfied at a point in time. Performance obligations within paving service agreements are satisfied over time, primarily ranging from one day to two years. 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, 2020 and 2019 were \$ 150.2 million and \$ 133.9 million, respectively, where the remaining periods to complete these obligations ranged from one month to 13 months and one month to 15 months, respectively.

Page 13 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

Prior-year segment information has been reclassified to conform to the reportable segment changes described in Note 1.

Three Months Ended

September 30, 2020

Products and Services

Freight

Total

(Dollars in Millions)

East Group

\$

514.1

\$

35.2

\$

549.3

West Group

671.4

39.8

711.2

Total Building Materials Business

1,185.5

75.0

1,260.5

Magnesia Specialties

55.2

5.7

60.9

Total

\$

1,240.7

\$

80.7

\$

1,321.4

Three Months Ended

September 30, 2019

Products and Services

Freight

Total

(Dollars in Millions)

East Group

\$

539.8

\$

42.2

\$

582.0

West Group

724.1

49.3

773.4

Total Building Materials Business

1,263.9

91.5

1,355.4

Magnesia Specialties

59.3

5.5

64.8

Total

\$

1,323.2

\$

97.0

\$

1,420.2

Service revenues, which include paving operations located in Colorado, were \$ 112.8 million and \$ 110.9 million for the three months ended September 30, 2020 and 2019, respectively.

Page 14 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Nine Months Ended

September 30, 2020

Products and Services

Freight

Total

(Dollars in Millions)

East Group

\$

1,371.8

\$

94.1
\$
1,465.9
West Group
1,785.4
118.8
1,904.2
Total Building Materials Business
3,157.2
212.9
3,370.1
Magnesia Specialties
164.0
16.2
180.2
Total
\$
3,321.2
\$
229.1
\$
3,550.3
Nine Months Ended
September 30, 2019
Products and Services
Freight
Total
(Dollars in Millions)
East Group
\$
1,398.6
\$
102.2
\$
1,500.8
West Group
1,800.1
122.6
1,922.7
Total Building Materials Business
3,198.7

224.8

3,423.5

Magnesia Specialties

198.9

16.3

215.2

Total

\$

3,397.6

\$

241.1

\$

3,638.7

Service revenues for the nine months ended September 30, 2020 and 2019 were \$ 221.3 million and \$ 191.8 million, 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 Millions)

September 30, 2020

December 31, 2019

Costs in excess of billings

\$

8.1

\$

2.8

Billings in excess of costs

\$

13.0

\$

7.8

Revenues recognized from the beginning balance of contract liabilities for the three months ended September 30, 2020 and 2019 were \$ 8.5 million and \$ 8.0 million, respectively, and for the nine months ended September 30, 2020 and 2019 were \$ 7.2 million and \$ 6.5 million, respectively.

Retainage, which primarily relates to the paving services, represents amounts that have been billed to customers but payment withheld until final acceptance by the customer of the performance obligation. Included in other current assets on the Company's consolidated balance sheets, retainage was \$ 10.7 million and \$ 10.2 million at September 30, 2020 and December 31, 2019, respectively.

Page 15 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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. Acquisitions

During the third quarter 2020, the Company acquired certain assets, including a sand and gravel plant and four ready mixed concrete operations. This acquisition provides customer expansion in the Dallas/Fort Worth, Texas market and the ability to internally source ready mixed concrete raw materials from the Company's legacy cement and aggregates operations. The Company has recorded preliminary fair values of the assets acquired and liabilities assumed, which are subject to asset verification and a normal post-closing working capital adjustment. Therefore, the measurement period for accounts receivable; property, plant and equipment; intangible assets, including goodwill; and accounts payable remains open as of September 30, 2020. The impact of this acquisition is not material to the Company's operating results; therefore, pro forma financial information is not included.

4 .

Inventories, Net

September 30,

December 31,

2020

2019

(Dollars in Millions)

Finished products

\$

673.1

\$

643.6

Products in process

38.4

41.9

Raw materials

35.8

32.4

Supplies and expendable parts

145.8

141.5

893.1

859.4

Less: Allowances

(178.6

)

(168.6

)

Total

\$

714.5

\$

690.8

Page 16 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5 .

Long-Term Debt

September 30,

December 31,

2020

2019

(Dollars in Millions)

4.250 % Senior Notes, due 2024

\$

397.5

\$

397.0

7 % Debentures, due 2025

124.4

124.4

3.450 % Senior Notes, due 2027

297.5

297.3

3.500 % Senior Notes, due 2027

495.7

495.3

2.500 % Senior Notes, due 2030

489.9

-

6.25 % Senior Notes, due 2037

228.2

228.1

4.250 % Senior Notes, due 2047

591.8

591.7

Floating Rate Senior Notes, due 2020 , interest rate of 2.55 %

at December 31, 2019

-

299.7

Trade Receivable Facility, interest rate of 2.42 % at December 31, 2019

-

340.0

Other notes

0.2

0.1

Total debt

2,625.2

2,773.6

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

-

(340.0

)

Long-term debt

\$

2,625.2

\$

2,433.6

On March 5, 2020, the Company issued \$ 500 million aggregate principal amount of 2.500 % Senior Notes due 2030 (the 2.500% Senior Notes). The 2.500% Senior Notes are carried net of original issue discount, which is being amortized by the effective interest method over the life of the issue. The 2.500% Senior Notes are redeemable prior to December 15, 2029 at their make-whole redemption price at a discount rate of the U.S. Treasury Rate plus 30 basis points, or on or after December 15, 2029 at a redemption price equal to 100 % of the principal amount plus accrued and unpaid interest to the date of redemption. The Company used the net proceeds for general corporate purposes, including the repayment of \$ 300 million of Floating Rate Senior Notes at maturity in May 2020. At December 31, 2019, the Floating Rate Senior Notes due May 2020 were classified as noncurrent long-term debt on the consolidated balance sheet as the Company had the intent and ability to refinance the notes on a long-term basis.

The Company, through a wholly-owned special-purpose subsidiary, has a \$ 400 million trade receivable securitization facility (the Trade Receivable Facility). On September 23, 2020, the Company extended the maturity to September 22, 2021. The Trade Receivable Facility, with Truist 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. 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. Effective with the extension of the maturity date, borrowings under the Trade Receivable Facility bear interest at a rate equal to asset-backed commercial paper costs of conduit lenders plus 0.85 % for borrowings funded by conduit lenders and one-month London Interbank Offered Rate, or LIBOR, plus 1.00 %, subject to change in the event that this rate no longer reflects the lender's cost of lending, for borrowings funded by all other lenders. The Trade Receivable Facility contains a cross-default provision to the Company's other debt agreements. There were no borrowings outstanding under the Trade Receivable Facility at September 30, 2020.

Page 17 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The Company has a \$ 700 million five-year senior unsecured revolving facility (the Revolving Facility) with JPMorgan Chase Bank, N.A., as Administrative Agent, Truist Bank, Deutsche Bank Securities, Inc., and Wells Fargo Bank, N.A., as Co-Syndication Agents, and the lenders party thereto. Borrowings under the Revolving Facility bear interest, at the Company's option, at rates based upon LIBOR or a base rate, plus, for each rate, a margin determined in accordance with a ratings-based pricing grid. There were no borrowings outstanding under the Revolving Facility at September 30, 2020 or December 31, 2019. 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 there are no amounts outstanding under 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 million, such reduction not to exceed \$ 200 million, for purposes of the covenant calculation. The Company was in compliance with this covenant at September 30, 2020.

The Revolving Facility expires on December 5, 2024 , with any outstanding principal amounts, together with interest accrued thereon, due in full on that date. 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 \$ 2.3 million of outstanding letters of credit issued under the Revolving Facility at September 30, 2020 and December 31, 2019.

6 .

Financial Instruments

The Company's financial instruments include cash equivalents, restricted cash, accounts receivable, notes receivable, 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.

Restricted cash is held in a trust account with a third-party intermediary. Due to the short-term nature of this account, the fair value of restricted cash approximates its carrying 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. No single customer accounted for 10 % or more of consolidated total revenues in the three and nine month periods ended September 30, 2020 and 2019. The estimated fair values of accounts receivable approximate their carrying amounts due to the periodic reset of interest rates.

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

The carrying values and fair values of the Company's long-term debt were \$ 2.63 billion and \$ 2.98 billion, respectively, at September 30, 2020 and \$ 2.77 billion and \$ 2.94 billion, respectively, at December 31, 2019. The estimated fair value of the publicly-registered long-term notes was estimated based on Level 2 of the fair value hierarchy using quoted market prices. The estimated fair value of other borrowings approximate their carrying amounts as the interest rates reset periodically.

Page 18 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7 .

Income Taxes

The effective income tax rate reflects the effect of federal and state income taxes on earnings and the impact of differences in book and tax accounting arising primarily from the permanent tax benefits associated with the statutory depletion deduction for mineral reserves. For the nine months ended September 30, 2020, the effective income tax rate of 21.0 % reflected a \$ 6.9 million discrete benefit from financing third-party railroad track maintenance. In exchange, the Company received a federal income tax credit and deduction. For the nine months ended September 30, 2019, the effective income tax rate of 18.8 % reflected a \$ 13.2 million discrete benefit from a change in the tax status of a subsidiary from a partnership to a corporation.

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.

8 .

Pension and Postretirement Benefits

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

Pension

Postretirement Benefits

Three Months Ended September 30,

2020

2019

2020

2019

(Dollars in Millions)

Service cost

\$

9.8

\$

7.7

\$

-

\$

-

Interest cost

9.3

9.4

0.1

0.1

Expected return on assets

(15.2

)

(11.9

)

-

-

Amortization of:

Prior service cost (credit)

0.2

-

(0.2

)

(0.2

)

Actuarial loss (gain)

4.2

3.9

-

(0.1

)

Net periodic benefit cost (credit)

\$

8.3

\$

9.1

\$

(0.1

)

\$

(0.2

)

Pension

Postretirement Benefits

Nine Months Ended September 30,

2020

2019

2020

2019

(Dollars in Millions)

Service cost

\$

29.4

\$

23.1

\$

-

\$

-

Interest cost

27.8

28.3

0.3

0.4

Expected return on assets

(43.8

)

(35.9

)

-

-

Amortization of:

Prior service cost (credit)

0.5

-

(0.6

)

(0.5

)

Actuarial loss (gain)

10.9

11.9

(0.1

)

(0.4

)

Net periodic benefit cost (credit)

\$

24.8

\$

27.4

\$

(0.4

)

\$

(0.5

)

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. All other components are included in other nonoperating (income) and expenses, net, in the consolidated statements of earnings and comprehensive earnings.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the nine months ended September 30, 2020, the Company made \$ 75.0 million 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 2020. The Company currently estimates that it will contribute a total of \$ 14.4 million for the year ending December 31, 2020 to satisfy required payments under the unfunded nonqualified pension plans.

9 .

Commitments and Contingencies

Legal and Administrative Proceedings

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

Borrowing Arrangements with Affiliate

The Company is a co-borrower with an unconsolidated affiliate for a \$ 12.5 million revolving line of credit agreement with Truist Bank, of which \$ 9.4 million was outstanding as of September 30, 2020 and which has a maturity date of March 2022 . 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 \$ 6.0 million interest-only loan, due December 31, 2022 , outstanding from this unconsolidated affiliate as of September 30, 2020 and December 31, 2019. The interest rate is one-month LIBOR plus a current spread of 1.75 %.

Letters of Credit

In the normal course of business, the Company provides certain third parties with standby letter of credit agreements guaranteeing its payment for certain insurance claims, contract performance and permit requirements. At September 30, 2020, the Company was contingently liable for \$ 31.7 million in letters of credit, of which \$ 2.3 million were issued under the Company's Revolving Facility.

10 .

Business Segments

Effective July 1, 2020, the Company made organizational changes to its Building Material business resulting in two reportable segments: the East Group and the West Group. Additional information on this reportable segment change and the change effective January 1, 2020 is provided in Note 1. 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 income taxes. 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.

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The following table displays selected financial data for the Company's reportable segments. Total revenues, as presented on the consolidated statements of earnings and comprehensive earnings, exclude intersegment revenues, which represent sales from one segment to another segment and are eliminated in consolidation. Prior-year reportable segment information has been reclassified to conform to the current-year presentation.

Three Months Ended

Nine Months Ended

September 30,

September 30,

2020

2019

2020

2019

(Dollars in Millions)

Total revenues :

East Group

\$

549.3

\$

582.0

\$

1,465.9

\$

1,500.8

West Group

711.2

773.4

1,904.2

1,922.7

Total Building Materials Business

1,260.5

1,355.4

3,370.1

3,423.5

Magnesia Specialties

60.9

64.8

180.2

215.2

Total

\$

1,321.4

\$

1,420.2

\$

3,550.3

\$

3,638.7

Products and services revenues:

East Group

\$

514.1

\$

539.8

\$

1,371.8

\$

1,398.6

West Group

671.4

724.1

1,785.4

1,800.1

Total Building Materials Business

1,185.5

1,263.9

3,157.2

3,198.7

Magnesia Specialties

55.2

59.3

164.0

198.9

Total

\$

1,240.7

\$

1,323.2

\$	
3,321.2	
\$	
3,397.6	
Earnings (Loss) from operations :	
East Group	
\$	
181.4	
\$	
190.8	
\$	
386.1	
\$	
416.5	
West Group (1)	
212.3	
156.8	
368.2	
287.7	
Total Building Materials Business	
393.7	
347.6	
754.3	
704.2	
Magnesia Specialties	
16.4	
20.1	
51.2	
68.0	
Corporate	
(9.5	
)	
(22.4	
)	
(40.7	
)	
(71.8	
)	
Total	
\$	
400.6	

\$

345.3

\$

764.8

\$

700.4

(1) 2020 amounts include nonrecurring gains on sales of investment land and divested assets of \$ 69.9 million

September 30, 2020

December 31, 2019

Assets employed:

(Dollars in Millions)

East Group

\$

4,373.9

\$

4,320.6

West Group

5,390.3

5,321.9

Total Building Materials Business

9,764.2

9,642.5

Magnesia Specialties

163.5

176.2

Corporate

507.7

312.9

Total

\$

10,435.4

\$

10,131.6

Page 21 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11.

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,

2020

2019

2020

2019

(Dollars in Millions)

Total revenues:

Building Materials Business:

Products and services:

Aggregates

\$

766.9

\$

818.7

\$

2,092.1

\$

2,121.4

Cement

115.6

119.6

331.7

331.0

Ready mixed concrete

254.6

271.8

689.4

724.2

Asphalt and paving services

129.8

131.1

254.9

225.7

Less: interproduct revenues

(81.4

)

(77.3

)

(210.9

)

(203.6

)

Products and services

1,185.5

1,263.9

3,157.2

3,198.7

Freight

75.0

91.5

212.9

224.8

Total Building Materials Business

1,260.5

1,355.4

3,370.1

3,423.5

Magnesia Specialties:

Products and services

55.2

59.3

164.0

198.9

Freight

5.7

5.5

16.2

16.3

Total Magnesia Specialties

60.9

64.8

180.2

215.2

Total

\$

1,321.4

\$

1,420.2

\$

3,550.3

\$

3,638.7

Gross profit (loss) :

Building Materials Business:

Products and services:

Aggregates

\$

279.1

\$

287.1

\$

640.4

\$

636.5

Cement

46.5

48.5

117.2

104.5

Ready mixed concrete

24.7

29.0

56.7

62.5

Asphalt and paving services

32.6

31.1

46.4

38.5

Products and services

382.9

395.7

860.7

842.0

Freight

0.9

0.2

0.3

0.4

Total Building Materials Business

383.8

395.9

861.0

842.4

Magnesia Specialties:

Products and services

21.0

24.0

65.3

79.8

Freight

(1.0

)

(1.0

)

(3.2

)

(3.2

)

Total Magnesia Specialties

20.0

23.0

62.1

76.6

Corporate

0.7

1.7

4.3

1.4

Total

\$

404.5

\$

420.6

\$

927.4

\$

920.4

Page 22 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q

For the Quarter Ended September 30, 2020

(UNAUDITED) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12.

Supplemental Cash Flow Information

Noncash investing and financing activities are as follows:

September 30,

2020

2019

(Dollars in Millions)

Noncash investing and financing activities:

Accrued liabilities for purchases of property, plant and equipment

\$

30.5

\$

28.8

Right-of-use assets obtained in exchange for new

operating lease liabilities

\$

29.3

\$

36.4

Right-of-use assets obtained in exchange for

new finance lease liabilities

\$

15.0

\$

0.2

Remeasurement of operating lease right-of-use assets

\$

1.9

\$

-

Acquisition of assets through swap

\$

-

\$

1.1

Supplemental disclosures of cash flow information are as follows:

September 30,

2020

2019

(Dollars in Millions)

Cash paid for interest

\$

74.7

\$

82.3

Cash paid for income taxes

\$

68.9

\$

62.2

During the nine months ended September 30, 2020, the Company repaid \$ 13.7 million of loans related to its company-owned life insurance policies. The repayment is included in the 'Investments in life insurance contracts, net' in the investing activities of the consolidated statement of cash flows.

13.

Other Operating Income, Net

Other operating income, net, for the three and nine months ended September 30, 2020 includes \$ 69.9 million of nonrecurring gains on the sales of investment land and divested assets in Austin, Texas; Riverside, California; and Augusta, Kansas, which collectively provided pretax cash proceeds of \$ 122.4 million. These gains are recorded in the West Group.

For the nine months ended September 30, 2019, other operating income, net, reflected the reversal of \$ 6.9 million of accruals for sales tax and unclaimed property contingencies.

14. Other Nonoperating (Income) and Expenses, Net

For the nine months ended September 30, 2020, other nonoperating (income) and expenses, net, included \$ 5.6 million of third-party railroad track maintenance expense. Additionally, other nonoperating (income) and expenses, net, for the nine months ended September 30, 2020 reflects an \$ 8.9 million reduction in pension expense compared with the prior-year period. For the nine months ended September 30, 2019, other nonoperating (income) and expenses, net, included a \$ 15.7 million (\$ 12.0 million net of tax) out-of-period correction of a Company-identified overstatement of the investment balance for a nonconsolidated equity affiliate.

Page 23 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

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

Third Quarter Ended September 30, 2020

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 approximately 290 quarries, mines and distribution yards in 27 states, Canada and The Bahamas. In the southwestern and western United States, Martin Marietta also provides cement and downstream products and services, namely, ready mixed concrete, asphalt and paving, in

vertically-integrated structured markets where the Company 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.

Effective July 1, 2020, the Company made organizational changes, including consolidating its operational management and operating divisions, in connection with the retirement of two senior executives as of the end of the second quarter. Notably, the Mid-Atlantic Division and Southeast Division have been combined into the newly formed East Division. Additionally, the Southwest Aggregates Division and the Cement and Southwest Ready Mix Division have been combined into the newly formed Southwest Division. Subsequent to these changes, the Building Materials business consists of four divisions, which also includes the Central and West Divisions. Each division, as well as the Magnesia Specialties business, represents an operating segment.

The Company's Building Materials business includes two reportable segments: the East Group and the West Group. The East Group, whose operations were previously reported in the Mid-America and Southeast Groups, consists of the East and Central Divisions. Prior-period reportable segment information for the Mid-America and Southeast Groups have been combined into the East Group. The West Group, which reflects no changes in operations included in this reportable segment, is comprised of the Southwest and West Divisions. There were no changes to the Magnesia Specialties reportable segment.

Effective January 1, 2020, the Company moved the management of its one quarry in the state of Washington from the East Group to the West Group, resulting in an immaterial change to its reportable segments.

Page 24 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

BUILDING MATERIALS BUSINESS

Reportable Segments

East Group

West Group

Operating Locations

Alabama, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Maryland, Minnesota, Missouri, eastern Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia, Nova Scotia and The Bahamas
Arkansas, Colorado, Louisiana, western Nebraska, Nevada, Oklahoma, Texas, Utah, Washington and Wyoming

Product Lines

Aggregates

Aggregates, Cement, Ready

Mixed Concrete, Asphalt and

Paving

Plant Types

Quarries, Mines and Distribution Facilities

Quarries, Mines, Plants and

Distribution Facilities

Modes of Transportation

Truck, Railcar and Ship

Truck and Railcar

The Company's Magnesite Specialties business produces magnesite-based chemicals products used in industrial, agricultural and environmental applications and dolomitic lime sold primarily to customers in the steel and mining industries.

CRITICAL ACCOUNTING POLICIES

The Company outlined its critical accounting policies in its Annual Report on Form 10-K for the year ended December 31, 2019. There were no changes to the Company's critical accounting policies during the nine months ended September 30, 2020.

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 on the Company's operations of weather and the coronavirus (COVID-19) pandemic, including governmental responses to prevent further outbreak of COVID-19 and other matters, current period results are not necessarily indicative of expected performance for other interim periods or the full year. Additionally, the Company recognized \$69.9 million of gains on the sales of investment land and divestitures of assets in the quarter ended September 30, 2020, which are nonrecurring in nature.

Page 25 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

Earnings before interest ; income taxes ; depreciation , depletion and amortization ; and the earnings/loss from nonconsolidated equity affiliates (Adjusted EBITDA) is a n indicator used by the Company and investors to evaluate the Company's operating performance from period to period . Adjusted EBITDA is not defined by accounting principles generally accepted in the United States and, as such, should not be construed as an alternative to net earnings, earnings from operations or cash provided by operating activities . However, the Company's management believes that Adjusted EBITDA may provide additional information with respect to the Company's performance and is a measure used by management to evaluate the Company's performance. Because Adjusted EBITDA excludes some, but not all, items that affect net earnings and may vary among companies, Adjusted EBITDA as presented by the Company may not be comparable with similarly titled measures of other companies.

A reconciliation of net earnings attributable to Martin Marietta to consolidated Adjusted EBITDA is as follows:

Three Months Ended

Nine Months Ended

September 30,

September 30,

2020

2019

2020

2019

(Dollars in Millions)

Net Earnings Attributable to Martin Marietta

\$

294.4

\$

248.6

\$

538.0

\$

480.9

Add back:

Interest expense, net of interest income

28.6

32.3

89.3

98.4

Income tax expense for controlling interests

81.5

66.2

143.0

111.0

Depreciation, depletion and amortization and
earnings/loss from nonconsolidated equity
affiliates

97.2

92.0

287.5

285.5

Consolidated Adjusted EBITDA

\$

501.7

\$

439.1

\$

1,057.8

\$

975.8

Page 26 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

Mix-adjusted average selling price (mix-adjusted ASP) excludes the impacts of product , geographic and other mix from the current-period average selling price and is a non-GAAP measure. Mix-adjusted ASP is calculated by assuming current-period shipments reflect the same product , geographic and other mix as the comparable prior period. Management uses this metric to evaluate the effectiveness of the Company's pricing increases and believes this information is useful to investors as it provides same-on-same pricing trends. The following reconciles reported average selling price to mix-adjusted ASP and corresponding variances.

Three Months Ended

Nine Months Ended

September 30,

September 30,

2020

2019

2020

2019

West Group - Aggregates Product Line:

Reported average selling price

\$

13.95

\$

14.04

\$

13.82

\$

13.47

Adjustment for unfavorable impact of product,
geographic and other mix

0.64

0.20

Mix-adjusted ASP

\$

14.59

\$

14.02

Reported average selling price variance

(0.6

)%

2.6

%

Mix-adjusted ASP variance

3.9

%

4.1

%

Aggregates Product Line:

Reported average selling price

\$

14.75

\$

14.37

\$

14.73

\$

14.31

Adjustment for unfavorable impact of product,
geographic and other mix

0.19

0.14

Mix-adjusted ASP

\$

14.94

\$

14.87

Reported average selling price variance

2.7

%

2.9

%

Mix-adjusted ASP variance

4.0

%

3.9

%

Cement Product Line:

Reported average selling price

\$

113.41

\$

112.36

\$

113.83

\$

112.53

Adjustment for unfavorable impact of product,
geographic and other mix

2.82

2.41

Mix-adjusted ASP

\$

116.23

\$

116.24

Reported average selling price variance

0.9

%

1.2

%

Mix-adjusted ASP variance

3.4

%

3.3

%

Page 27 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

The following table presents ready mixed concrete shipment data and volume variance s excluding four ready mixed concrete operations acquired in the third quarter of 2020 and excluding the Arkansas , Louisiana and eastern Texas ready mix business (ArkLaTex business) that was divested in January 2020 during the period of Martin Marietta's ownership to provide a more comparable analysis of ready mixed concrete volume variance :

Three Months Ended

Nine Months Ended

September 30,

September 30,

2020

2019

2020

2019

Shipments

(Cubic Yards in Millions)

Reported ready mixed concrete shipments

2.2

2.4

6.1

6.5

Less: ready mixed concrete shipments of
acquired operations

(0.1

)

-

(0.1

)

-

Less: ready mixed concrete shipments for the
ArkLaTex business during the period of Martin
Marietta ownership

-

(0.1

)

-

(0.4

)

Adjusted ready mixed concrete shipments

2.1

2.3

6.0

6.1

Reported ready mixed concrete volume variance

(8.3

)%

(7.2

)%

Adjusted ready mixed concrete volume variance

(4.0

)%

(1.5

)%

Financial highlights for the quarter ended September 30, 2020 (unless noted, all comparisons are versus the prior-year quarter):

Consolidated total revenues of \$1,321.4 million compared with \$1,420.2 million

Building Materials business products and services revenues of \$1,185.5 million compared with \$1,263.9 million

Magnesia Specialties products revenues of \$55.2 million compared with \$59.3 million

Consolidated gross profit of \$404.5 million compared with \$420.6 million

Consolidated earnings from operations of \$400.6 million (1) compared with \$345.3 million

Net earnings attributable to Martin Marietta of \$294.4 million (2) compared with \$248.6 million

Consolidated Adjusted EBITDA of \$501.7 million (1) compared with \$439.1 million

Earnings per diluted share of \$4.71 (2) compared with \$3.96

(1) Includes nonrecurring gains on sales of investment land and divested assets of \$69.9 million

(2) Includes nonrecurring gains on sales of investment land and divested assets, net of tax, of \$54.1 million, or \$0.87 per diluted share

Page 28 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

The following table s present 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, 2020 and 2019 . In each case, the data is stated as a percentage of revenues of the Company or the relevant segment or product line, as the case may be. P rior-year segment information has been reclassified to conform to changes to the reportable segments effective January 1, 2020 and July 1, 2020 (see Note 1 to financial statements) .

Three Months Ended September 30,
2020

2019

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Millions)

Total revenues:

Building Materials Business:

Products and services

East Group

Aggregates

\$

514.1

\$

539.8

West Group

Aggregates

252.8

278.9

Cement	
115.6	
119.6	
Ready mixed concrete	
254.6	
271.8	
Asphalt and paving	
129.8	
131.1	
Less: Interproduct revenues	
(81.4	
)	
(77.3	
)	
West Group Total	
671.4	
724.1	
Products and services	
1,185.5	
1,263.9	
Freight	
75.0	
91.5	
Total Building Materials Business	
1,260.5	
1,355.4	
Magnesia Specialties Business:	
Products	
55.2	
59.3	
Freight	
5.7	
5.5	
Total Magnesia Specialties Business	
60.9	
64.8	
Total	
\$	
1,321.4	
\$	
1,420.2	

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

Three Months Ended September 30,

2020

2019

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Millions)

Gross profit (loss):

Building Materials Business:

Products and services

East Group

Aggregates

\$

206.1

40.1

\$

211.0

39.1

West Group

Aggregates

73.0

28.9

76.1

27.3

Cement

46.5

40.2

48.5

40.6

Ready mixed concrete

24.7

9.7

29.0
10.6
Asphalt and paving
32.6
25.1
31.1
23.7
West Group Total
176.8
26.3
184.7
25.5
Products and services
382.9
32.3
395.7
31.3
Freight
0.9
0.2
Total Building Materials Business
383.8
30.4
395.9
29.2
Magnesia Specialties Business:
Products
21.0
38.0
24.0
40.4
Freight
(1.0
)
(1.0
)
Total Magnesia Specialties Business
20.0
32.9
23.0
35.5

Corporate

0.7

1.7

Total

\$

404.5

30.6

\$

420.6

29.6

Aggregates Products Gross Profit Rollforward

The following presents a rollforward of aggregates products gross profit (dollars in millions):

Aggregates products gross profit, quarter ended September 30, 2019

\$

287.1

Volume

(38.7

)

Pricing

19.9

Operational performance (1)

10.8

Change in aggregates products gross profit

(8.0

)

Aggregates products gross profit, quarter ended September 30, 2020

\$

279.1

(1)

Inclusive of cost increases/decreases, product and geographic mix and other operating impacts

Page 30 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

Three Months Ended September 30,

2020

2019

Amount

% of

Revenues

Amount

% of

Revenues

(Dollars in Millions)

Selling, general & administrative expenses:

Building Materials Business:

East Group

\$

24.9

\$

21.3

West Group

34.2

29.3

Total Building Materials Business

59.1

50.6

Magnesia Specialties

3.6

2.8

Corporate

8.4

24.8

Total

\$

71.1

5.4

\$

78.2

5.5

Earnings (Loss) from operations:

Building Materials Business:

East Group

\$

181.4

\$

190.8

West Group (1)

212.3

156.8

Total Building Materials Business

393.7

347.6

Magnesia Specialties

16.4

20.1

Corporate

(9.5

)

(22.4

)

Total

\$

400.6

30.3

\$

345.3

24.3

(1) 2020 amounts include nonrecurring gains on sales of investment land and divested assets of \$69.9 million

Page 31 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

Building Materials Business

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

Three Months Ended

September 30, 2020

Volume

Pricing

Volume/Pricing variance (1)

East Group

(8.8

)%

4.4

%

West Group

(8.4

)%

(0.6

)%

Total Aggregates Operations (2)

(8.7

)%

2.7

%

Three Months Ended

September 30,

2020

2019

(Tons in Millions)

Shipments

East Group

33.7

37.0

West Group

18.1

19.7

Total Aggregates Operations (2)

51.8

56.7

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

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

Third-quarter aggregates shipments declined 8.7% compared with the robust prior-year quarter. Aggregates shipments to the infrastructure and nonresidential end-use markets declined, while shipments to the residential market increased slightly. Aggregates pricing improved 2.7%, or 4.0% on a mix-adjusted basis. East Group shipments decreased 8.8%, reflecting weather-delayed projects in the Mid-Atlantic and Southeast, anticipated lower infrastructure shipments in portions of North Carolina and reduced wind energy construction activity in the Midwest. West Group shipments decreased 8.4%, primarily due to reduced energy-sector shipments. East Group pricing increased 4.4% with solid improvements in both the East and Central Divisions. Pricing decreased 0.6% in the West Group, as a lower percentage of higher-priced commercial rail-shipped volumes in Houston offset price increases in the Company's other Texas markets and Colorado. On a mix-adjusted basis, West Group pricing increased 3.9%.

Page 32 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

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

Three Months Ended

September 30,

2020

2019

Shipments

Aggregates (in millions):

Tons to external customers

48.1

53.6

Internal tons used in other product lines

3.7

3.1

Total aggregates tons

51.8

56.7

Cement (in millions):

Tons to external customers

0.7

0.8

Internal tons used in ready mixed concrete

0.3

0.3

Total cement tons

1.0

1.1

Ready Mixed Concrete (in millions of cubic yards)

2.2

2.4

Asphalt (in millions):

Tons to external customers

0.3

0.4

Internal tons used in paving business

1.0

0.9

Total asphalt tons

1.3

1.3

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

Three Months Ended

September 30,

2020

2019

% Change

Aggregates (per ton)

\$

14.75

\$

14.37

2.7

%

Cement (per ton)

\$

113.41

\$

112.36

0.9

%

Ready Mixed Concrete (per cubic yard)

\$

114.15

\$

111.72

2.2

%

Asphalt (per ton)

\$

49.56

\$

46.67

6.2

%

Aggregates End-Use Markets

Aggregates shipments to the Company's primary end use markets are broadly consistent with macro trends and COVID impacts.

Aggregates shipments to the infrastructure market declined, primarily driven by project delays and anticipated lower shipments in portions of North Carolina. The infrastructure market accounted for 38% of third-quarter aggregates shipments, below the Company's most recent ten-year annual average of 45%.

Following double-digit growth in commercial and heavy industrial construction activity in the prior-year quarter, aggregates shipments to the nonresidential market declined, driven by reduced energy-sector activity from low oil prices, as well the completion of certain windfarm and liquefied natural gas projects. Notably, the Company continued

Page 33 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

to benefit from warehouse and data center projects. The nonresidential market represented 33% of third-quarter aggregates shipments.

Aggregates shipments to the residential market increased slightly. Housing construction has returned to pre-COVID levels in several of the Company's key geographies, reflective of pent-up demand, low available inventories and favorable interest rates. The residential market accounted for 24% of third-quarter aggregates shipments.

The ChemRock/Rail market accounted for the remaining 5% of third-quarter aggregates shipments. Volumes to this end use decreased, driven by lower ballast shipments to the Class I western railroads.

Building Materials Business Product Lines

Third-quarter aggregates shipments declined 8.7% compared with prior-year quarter, reflecting the broad economic impact from COVID-19 and a comparison against a strong prior-year quarter. Pricing improved 2.7% compared with the prior-year quarter. Aggregates product gross margin increased 130 basis points to 36.4%, driven by increased pricing coupled with lower diesel fuel, contract services, supplies and repair costs.

While underlying Texas demand remains resilient, third-quarter cement shipments decreased 3.9%, driven primarily by the decline in energy-sector activity resulting from low oil prices. Cement pricing improved 0.9% compared with prior-year quarter, with strength in North Texas, Houston and portions of Central Texas offset by lower sales of higher-priced oil-well specialty cement products into West Texas. On a mix-adjusted basis, cement pricing increased 3.4%. Cement product gross margin decreased 40 basis points versus the prior-year quarter to 40.2%, driven by lower shipments of higher priced oil-well specialty products and higher maintenance costs.

Ready mixed concrete pricing improved 2.2% and volume decreased 4.0% in the third quarter, excluding shipments from ready mixed concrete operations acquired in the third quarter of 2020 and excluding third-quarter 2019 shipments from the Southwest Division's concrete business in the Arkansas, Louisiana and Eastern Texas areas, generally known as ArkLaTex, that was divested in January 2020. Product gross margin declined 90 basis points to 9.7%, driven primarily by higher raw material costs. Asphalt pricing increased 6.2% due to favorable product mix. Asphalt shipments decreased 2.8% versus prior-year quarter.

Magnesia Specialties Business

Magnesia Specialties product revenues decreased 7% to \$55.2 million, reflecting lower demand for chemicals and lime products reflecting the broad economic impact associated with the COVID-19 pandemic. Product gross profit was \$21.0 million compared with \$24.0 million. Product gross margin was 38.0% compared with 40.4%. Third-quarter earnings from operations were \$16.4 million in 2020 compared with \$20.1 million in 2019.

Consolidated Operating Results

Consolidated SG&A for third quarter 2020 was 5.4% of total revenues compared with 5.5% in the prior-year quarter. During third-quarter 2020, the Company incurred \$1.3 million in COVID-19 related expenses for enhanced cleaning and sanitizing protocols across the Company's operations, which are recorded in SG&A. Earnings from operations for the quarter were \$400.6 million in 2020 compared with \$345.3 million in 2019.

Among other items, other operating income, net, includes gains and losses on the sale of assets; recoveries and write-offs 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

Page 34 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

income, net, was \$67.6 million in 2020 and \$2.9 million in 2019. The income in 2020 includes \$6.9 million of nonrecurring gains on the sales of investment land and divested assets in Austin, Texas; Riverside, California; and Augusta, Kansas, which collectively provided pretax cash proceeds of \$122.4 million. These gains are recorded in the West Group.

Other nonoperating (income) and expenses, net, includes interest income; pension and postretirement benefit cost excluding service cost; foreign currency transaction gains and losses; equity earnings or losses from nonconsolidated affiliates and other miscellaneous income and expenses. For the third quarter, other nonoperating (income) and expenses, net, was income of \$4.0 million and \$1.9 million in 2020 and 2019, respectively.

Page 35 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

Financial highlights for the nine months ended September 30, 2020 (unless noted, all comparisons are versus the prior-year period):

Consolidated total revenues of \$3,550.3 million compared with \$3,638.7 million

Building Materials business products and services revenues of \$3,157.2 million compared with \$3,198.7 million

Magnesia Specialties products revenues of \$164.0 million compared with \$198.9 million

Consolidated gross profit of \$927.4 million compared with \$920.4 million

Consolidated earnings from operations of \$764.8 million (1) compared with \$700.4 million

Net earnings attributable to Martin Marietta of \$538.0 million (2) compared with \$480.9 million

Consolidated Adjusted EBITDA of \$1,057.8 million (1) compared with \$975.8 million

Earnings per diluted share of \$8.61 (2) compared with \$7.65

(1) Includes nonrecurring gains on sales of investment land and divested assets of \$69.9 million

(2) Includes nonrecurring gains on sales of investment land and divested assets, net of taxes, of \$54.1 million, or \$0.87 per diluted share

The following tables present total revenues, gross profit (loss), SG&A expenses and earnings (loss) from operations data for the Company and its reportable segments by product line for the nine months ended September 30, 2020 and 2019. In each case, the data is stated as a percentage of revenues of the Company or the relevant segment or product line, as the case may be. Prior-year segment information has been reclassified to conform to changes to the reportable segments effective January 1, 2020 and July 1, 2020 (see Note 1 to financial statements).

Nine Months Ended September 30,

2020

2019

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Millions)

Total revenues:

Building Materials Business:

Products and services

East Group

Aggregates

\$

1,371.8

\$

1,398.6

West Group

Aggregates

720.3

722.8

Cement

331.7

331.0

Ready mixed concrete

689.4

724.2

Asphalt and paving

254.9

225.7

Less: Interproduct revenues

(210.9

)

(203.6

)

West Group Total

1,785.4

1,800.1

Products and services

3,157.2

3,198.7

Freight

212.9

224.8

Total Building Materials Business

3,370.1

3,423.5

Magnesia Specialties:

Products

164.0

198.9

Freight

16.2

16.3

Total Magnesia Specialties Business

180.2

215.2

Total

\$

3,550.3

\$

3,638.7

Page 36 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

Nine Months Ended September 30,

2020

2019

Amount

% of Revenues

Amount

% of Revenues

(Dollars in Millions)

Gross profit (loss):

Building Materials Business:

Products and services

East Group

Aggregates

\$

460.0

33.5

\$

475.7

34.0	
West Group	
Aggregates	
180.4	
25.0	
160.8	
22.3	
Cement	
117.2	
35.3	
104.5	
31.6	
Ready mixed concrete	
56.7	
8.2	
62.5	
8.6	
Asphalt and paving	
46.4	
18.2	
38.5	
17.1	
West Group Total	
400.7	
22.4	
366.3	
20.4	
Products and services	
860.7	
27.3	
842.0	
26.3	
Freight	
0.3	
0.4	
Total Building Materials Business	
861.0	
25.5	
842.4	
24.6	
Magnesia Specialties:	

Products

65.3

39.8

79.8

40.1

Freight

(3.2

)

(3.2

)

Total Magnesia Specialties Business

62.1

34.5

76.6

35.6

Corporate

4.3

1.4

Total

\$

927.4

26.1

\$

920.4

25.3

Aggregates Products Gross Profit Rollforward

The following presents a rollforward of aggregates products gross profit (dollars in millions):

Aggregates products gross profit, nine months ended September 30, 2019

\$

636.5

Volume

(46.5

)

Pricing

58.9

Operational performance (1)

(8.5

)

Change in aggregates products gross profit

3.9

Aggregates products gross profit, nine months ended September 30, 2020

\$

640.4

(1) Inclusive of cost increases/decreases, product and geographic mix and other operating impacts

Page 37 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

Nine Months Ended September 30,

2020

2019

Amount

% of Total Revenues

Amount

% of Total Revenues

(Dollars in Millions)

Selling, general & administrative expenses:

Building Materials Business:

East Group

\$

74.0

\$

63.2

West Group

100.2

86.2

Total Building Materials Business

174.2

149.4

Magnesia Specialties

10.4

8.5

Corporate

36.4

71.0

Total

\$

221.0

6.2

\$

228.9

6.3

Earnings (Loss) from operations:

Building Materials Business:

East Group

\$

386.1

\$

416.5

West Group (1)

368.2

287.7

Total Building Materials Business

754.3

704.2

Magnesia Specialties

51.2

68.0

Corporate

(40.7

)

(71.8

)

Total

\$

764.8

21.5

\$

700.4

19.2

(1) 2020 amounts include nonrecurring gains on sales of investment land and divested assets of \$69.9 million

Page 38 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

Building Materials Business

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

Nine Months Ended

September 30, 2020

Volume

Pricing

Volume/Pricing variance (1)

East Group

(4.8

)%

3.2

%

West Group

(2.7

)%

2.6

%

Total Aggregates Operations (2)

(4.1

)%

2.9

%

Nine Months Ended

September 30,

2020

2019

(Tons in Millions)

Shipments

East Group

89.4

93.9

West Group

51.8

53.3

Total Aggregates Operations (2)

141.2

147.2

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

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

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

Nine Months Ended

September 30,

2020

2019

Shipments

Aggregates (in millions):

Tons to external customers

131.9

139.4

Internal tons used in other product lines

9.3

7.8

Total aggregates tons

141.2

147.2

Cement (in millions):

Tons to external customers

2.0

2.0

Internal tons used in ready mixed concrete

0.9

0.9

Total cement tons

2.9

2.9

Ready Mixed Concrete (in millions of cubic yards)

6.1

6.5

Asphalt (in millions):

Tons to external customers

0.6

0.7

Internal tons used in paving business

2.0

1.6

Total asphalt tons

2.6

2.3

Page 39 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

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

Nine Months Ended

September 30,

2020

2019

% Change

Aggregates (per ton)

\$

14.73

\$

14.31

2.9

%

Cement (per ton)

\$

113.83

\$

112.53

1.2

%

Ready Mixed Concrete (per cubic yard)

\$

113.75

\$

110.89

2.6

%

Asphalt (per ton)

\$

47.99

\$

46.83

2.5

%

Aggregates Product Line End-Use Markets

For the nine months ended September 30, 2020, aggregates shipments to the infrastructure market accounted for 37% of aggregates volumes and declined 2% compared to the prior-year period, driven by lower anticipated infrastructure shipments in portions of North Carolina.

Aggregates shipments to the nonresidential market declined following double-digit growth in commercial and heavy industrial construction activity, notably in Texas and Iowa, in the prior-year period. Additionally, energy-sector demand declined in 2020, driven by low oil prices. The nonresidential market represented 33% of year-to-date aggregates shipments.

Following a slowdown in the residential market in the first quarter of 2020 due to COVID-19, aggregates shipments to the residential market increased, reflecting pent-up housing demand and emerging homebuying trends as prospective buyers look to move to small metro or suburban locations. The residential market accounted for 24% of year-to-date aggregates shipments.

The ChemRock/Rail market accounted for the remaining 6% of year-to-date aggregates shipments. Volumes to this end use were relatively flat compared with the prior-year period.

Building Materials Business Product Lines

For the nine months ended September 30, 2020, aggregates shipments decreased 4.1%, reflecting the broad economic impact from COVID-19 and a comparison with prior-year volumes that benefited from carryover work from 2018. Pricing increased 2.9% compared with the prior-year period which, coupled with effective cost control and lower diesel fuel costs, led to a 60-basis-point improvement in aggregates product gross margin to 30.6%. On a mix-adjusted basis, pricing increased 3.9%.

For the nine months ended September 30, 2020, cement shipments decreased 0.7% and pricing increased 1.2% compared with the prior-year period. On a mix-adjusted basis, pricing increased 3.3%. Production efficiencies and lower fuel costs contributed to the 370-basis-point expansion in cement product gross margin to 35.3%.

Ready mixed concrete pricing improved 2.6% and shipments declined 1.5%, excluding shipments from ready mixed concrete operations acquired in the third quarter of 2020 and excluding shipments for the nine months ended September 30, 2019 from the Southwest Division's ArkLaTex ready mix operations divested in January 2020. Asphalt volume increased 14.4% attributable to favorable weather compared with the prior-year period and strong customer demand. Asphalt pricing increased 2.5%.

Page 40 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

Magnesia Specialties Business

For the nine months ended September 30, 2020, Magnesia Specialties reported product revenues of \$164.0 million compared with \$198.9 million for the prior-year period. Year-over-year revenue decline is primarily attributable to lower lime and periclase shipments to the steel industry in response to the COVID-19-induced shutdown of domestic auto manufacturers. Additionally, the business experienced a continued decline in chemicals products sales as both domestic and international customers experienced a downturn in economic activity related to COVID-19. Product gross profit was \$65.3 million compared with \$79.8 million. Product line gross margin for the nine months ended September 30, 2020, was 39.8%, with effective cost control limiting the decline to 30 basis points versus the prior-year period. Earnings from operations were \$51.2 million compared with \$68.0 million.

Consolidated Operating Results

For the nine months ended September 30, 2020, consolidated SG&A was 6.2% of total revenues compared with 6.3% in 2019. During the first nine months of 2020, the Company incurred \$4.8 million in COVID-19 related expenses for enhanced cleaning and sanitizing protocols across the Company's operations, which are recorded in SG&A. Earnings from operations for the nine months ended September 30 were \$764.8 million in 2020 compared with \$700.4 million in 2019.

Among other items, other operating income, net, includes gains and losses on the sale of assets; recoveries and write-offs 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 nine months ended September 30, consolidated other

operating income, net, was income of \$59.6 million and \$9.1 million in 2020 and 2019, respectively. The 2020 amount includes \$69.9 million of nonrecurring gains on the sales of investment land and divested assets in Austin, Texas; Riverside, California; and Augusta, Kansas. These gains are recorded in the West Group. The 2019 amount included the reversal of \$6.9 million of accruals for sales tax and unclaimed property contingencies.

Other nonoperating (income) and expenses, 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 nine months ended September 30, other nonoperating (income) and expenses, net, was income of \$5.9 million in 2020 and an expense of \$9.7 million in 2019. The 2020 amount reflected lower pension expense of \$8.9 million compared with the prior year and also included an expense of \$5.6 million to finance third-party railroad track maintenance. The 2019 expense included a \$15.7 million (\$12.0 million net of tax) out-of-period correction of a Company-identified overstatement of the investment balance for a nonconsolidated equity affiliate.

Income Tax Expense

For the nine months ended September 30, 2020, the effective income tax rate reflected a \$6.9 million discrete benefit from financing third-party railroad track maintenance. In exchange, the Company received a federal income tax credit and deduction. For the nine months ended September 30, 2019, the effective income tax rate reflected a \$13.2 million discrete benefit from a change in the tax status of a subsidiary from a partnership to a corporation.

Page 41 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended September 30, cash provided by operating activities was \$684.0 million in 2020 compared with \$649.8 million in 2019. 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,

2020

2019

(Dollars in Millions)

Depreciation

\$

251.1

\$

234.3

Depletion

26.2

27.4

Amortization

14.9

15.3

Total

\$

292.2

\$

277.0

The seasonal nature of construction activity impacts the Company's quarterly operating cash flow when compared with the full year. Full-year 2019 net cash provided by operating activities was \$966.1 million.

During the nine months ended September 30, 2020, the Company paid \$250.8 million for capital investments.

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 210,616 shares of common stock during the first nine months of 2020, at an aggregate cost of \$50.0 million. Future share repurchases are at the discretion of management and were temporarily paused in March 2020 in light of the COVID-19 pandemic. Management may resume share repurchases as circumstances dictate. At September 30, 2020, 13,520,952 shares of common stock were remaining under the Company's repurchase authorization.

On March 5, 2020, the Company issued \$500 million aggregate principal amount of 2.500% Senior Notes due 2030 (the 2.500% Senior Notes). The 2.500% Senior Notes are carried net of original issue discount, which is being amortized by the effective interest method over the life of the issue. The 2.500% Senior Notes are redeemable prior to December 15, 2029 at their make-whole redemption price at a discount rate of the U.S. Treasury Rate plus 30 basis points, or on or after December 15, 2029 at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest to the date of redemption. The Company used the net proceeds for general corporate purposes, including the repayment of \$300 million of floating rate senior notes at maturity in May 2020.

The Company, through a wholly-owned special-purpose subsidiary, has a \$400 million trade receivable securitization facility (the Trade Receivable Facility). On September 23, 2020, the Company extended the maturity of the Trade Receivable Facility to September 22, 2021. The Trade Receivable Facility contains a cross-default provision to the Company's other debt agreements.

The Company has a \$700 million five-year senior unsecured revolving facility (the Revolving Facility), which expires on December 5, 2024. The 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

Page 42 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

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 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. 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 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, 2020, the Company's ratio of consolidated debt-to-consolidated EBITDA, as defined by the Company's Revolving Facility, for the trailing-twelve months was 1.94 times and was calculated as follows:

October 1, 2019 to

September 30, 2020

(Dollars in Millions)

Earnings from continuing operations attributable to Martin Marietta

\$

669.0

Add back:

Income tax expense

168.2

Interest expense

120.4

Depreciation, depletion and amortization expense

382.5

Stock-based compensation expense

28.1

Deduct:

Interest income

(0.5

)

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

\$

1,367.7

Consolidated debt, as defined and including debt for which the Company

is a co-borrower, at September 30, 2020

\$

2,652.9

Consolidated debt-to-consolidated EBITDA, as defined by the Company's Revolving

Facility, at September 30, 2020 for the trailing-twelve months EBITDA

1.94 times

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

Cash on hand, along with the Company's projected internal cash flows and availability of financing resources, including its access to debt and equity capital markets, is expected to continue to be sufficient to provide the capital resources necessary to support anticipated operating needs, cover debt service requirements, address near-term debt maturities, meet capital expenditures and discretionary investment needs, fund certain acquisition opportunities that may arise, allow the repurchase of shares of the Company's common stock when the repurchase program is resumed and allow for payment of dividends for the foreseeable future. Any future significant strategic acquisition for cash would likely require

Page 43 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

an appropriate balance of newly-issued equity with debt in order to maintain a composite investment-grade credit rating. At September 30, 2020, the Company had \$1,097.7 million of unused borrowing capacity under its Revolving Facility and Trade Receivable Facility, subject to complying with the related leverage covenant. The Revolving Facility matures on December 5, 2024. Historically, the Company has successfully extended the maturity dates of these credit facilities. Further, as of September 30, 2020, the Company does not have any publicly-traded debt that matures prior to 2024. While the future impact of the COVID-19 pandemic is not currently quantifiable, management believes the Company's liquidity is sufficient to meet its cash flow needs through the foreseeable future.

As of September 30, 2020, the Company had restricted cash of \$77.1 million for the purchase of like-kind exchange replacement assets under Section 1031 of the Internal Revenue Code (Section 1031) until January 27, 2021. In October 2020, the Company transferred an additional \$45.1 million from asset sales completed in the third-quarter 2020 into a restricted Section 1031 account and has until March 2021, to reinvest the funds in qualifying assets.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law in March 2020 and provides liquidity support for businesses. The CARES Act allows the Company to defer the payment of the 6.2% employer share of Social Security taxes for the period from March 27, 2020 through December 31, 2020. Half of the deferred obligation will be due December 31, 2021 and the remaining half will be due December 31, 2022. There will be no interest assessed on amounts deferred. The Company estimates it will defer payment of approximately \$25 million under this provision.

The CARES Act also provides a quarterly refundable employee retention credit if companies suspend operations due to government restrictions or experience a 50% or more decline in quarterly revenues compared with the prior-year quarter. The credit is equal to 50% of qualified wages, up to \$10,000 per employee who is not performing services for the Company. While the Company has had minimal short-term shutdowns related to the COVID-19 pandemic such that the Company has not utilized this aid, if future shutdowns are mandated and more extensive, the Company would be eligible to claim this credit.

The CARES Act also includes other provisions, including increasing the interest expense deduction limitation to 50% of adjusted taxable income and providing a credit facility for investment-grade companies. The Company does not currently expect the interest expense deduction provision to result in a change in its ability to take a full income tax deduction. The Company also believes it has adequate liquidity and does not currently expect to utilize the credit facility under the CARES Act.

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, 2019. Management continues to evaluate its exposure to all operating risks on an ongoing basis. A discussion of risks and uncertainties related to the COVID-19 pandemic are included in Part II, Item 1A Risk Factors of this report.

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

Page 44 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

at www.martinmarietta.com and are also available at the SEC's website at www.sec.gov. You may also write or call the Company's Corporate Secretary, who will provide copies of such reports.

Investors are cautioned that all statements in this Form 10-Q that relate to the future involve risks and uncertainties, and are based on assumptions that the Company believes in good faith are reasonable but which may be materially different from actual results. These statements, which are forward-looking statements under the Private Securities Litigation Reform Act of 1995, provide the investor with the Company's expectations or forecasts of future events. You can identify these statements by the fact that they do not relate only to historical or current facts. They may use words such as "anticipate," "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 ability of the Company to face challenges, including those posed by the COVID-19 pandemic and implementation of any such related response plans; the recent dramatic increases in COVID-19 cases in the United States and the extent that geography of outbreak primarily matches the regions in which the Company's Building Materials business principally operates; the resiliency and potential declines of the Company's various construction end-use markets; the potential negative impact of the COVID-19 pandemic on the Company's ability to continue supplying heavy-side building materials and related services at normal levels or at all in the Company's key regions; the duration, impact and severity of the impact of the COVID-19 pandemic on the Company, including the markets in which the Company does business, its suppliers, customers or other business partners as well as the Company's employees; the economic impact of government responses to the pandemic; the performance of the United States economy, including the impact on the economy of the COVID-19 pandemic and governmental orders restricting activities imposed to prevent further outbreak of COVID-19; shipment declines resulting from economic events beyond the Company's control; a widespread decline in aggregates pricing, including a decline in aggregates shipment volume negatively affecting aggregates price; the history of both cement and ready mixed concrete being subject to significant changes in supply, demand and price fluctuations; the termination, capping and/or reduction or suspension of the federal and/or state gasoline tax(es) or other revenue related to public construction; the level and timing of federal, state or local transportation or infrastructure or public projects funding, most particularly in Texas, Colorado, North Carolina, Georgia, Iowa and Maryland; the impact of governmental orders restricting activities imposed to prevent further outbreak of COVID-19 on travel, potentially reducing state fuel tax revenues used to fund highway projects; the United States Congress' inability to reach agreement among themselves or with the 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, including a decline resulting from economic distress related to the COVID-19 pandemic; a decline in energy-related construction activity resulting from a sustained period of low global oil prices or changes in oil production patterns or capital spending in response to this decline, particularly in Texas and West Virginia; increasing residential mortgage rates and other factors that could result in a slowdown in residential construction; unfavorable weather conditions, particularly Atlantic Ocean and Gulf of Mexico hurricane activity, the late start to spring or the early onset of winter and the impact of a drought or excessive rainfall in the markets served by the Company, any of which can significantly affect production schedules, volumes, product and/or geographic mix and profitability; whether the Company's operations will

Page 45 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

Third Quarter Ended September 30, 2020

(Continued)

continue to be treated as "essential" operations under applicable government orders restricting business activities imposed to prevent further outbreak of COVID-19 or, even if so treated, whether site-specific health and safety concerns might otherwise require certain of the Company's operations to be halted for some period of time ; 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 Magnesia Specialties business, natural gas; continued increases in the cost of other repair and supply parts; construction labor shortages and/or supply chain challenges; unexpected equipment failures, unscheduled maintenance, industrial accident or other prolonged and/or significant disruption to production facilities; increasing governmental regulation, including environmental laws; the failure of relevant government agencies to implement expected regulatory reductions; transportation availability or a sustained reduction in capital investment by the railroads, notably the availability of railcars, locomotive power and the condition of rail infrastructure to move trains to supply the Company's Texas, Colorado, Florida, Carolinas and the Gulf Coast markets, including the movement of essential dolomitic lime for magnesia chemicals to the Company's plant in Manistee, Michigan and its customers; increased transportation costs, including increases from higher or fluctuating passed-through energy costs or fuel surcharges, and other costs to comply with tightening regulations, as well as higher volumes of rail and water shipments (leading to reduced profit margins when compared with aggregates moved by truck) ; 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; trade disputes with one or more nations impacting the U.S. economy, including the impact of tariffs on the steel industry; unplanned changes in costs or realignment of customers that introduce volatility to earnings, including that of the Magnesia Specialties business that is running at capacity; proper functioning of information technology and automated operating systems to manage or support operations; inflation and its effect on both production and interest costs; the concentration of customers in construction markets and the increased risk of potential losses on customer receivables; the impact of the level of demand in the Company's end-use markets, production levels and management of production costs on the operating leverage and therefore profitability of the Company; the possibility that the expected synergies from acquisitions will not be realized or will not be realized within the expected time period, including achieving anticipated profitability to maintain compliance with the Company's leverage ratio debt covenant; 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; downward pressure on the Company's common stock price and its impact on goodwill impairment evaluations; the possibility of a reduction of the Company's credit rating to non-investment grade; and other risk factors listed from time to time found in the Company's filings with the SEC.

You should consider these forward-looking statements in light of risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and other periodic filings made with the SEC. All of the Company's forward-looking statements should be considered in light of these factors. In addition, other risks and uncertainties not presently known to the Company or that the Company considers immaterial could affect the accuracy of its forward-looking statements, or adversely affect or be material to the Company. The Company assumes no obligation to update any such forward-looking statements.

Page 46 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter September 30, 2020

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

Third Quarter Ended September 30, 2020

(Continued)

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, 2019, 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) 783-4691

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 47 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The impact of the COVID-19 pandemic on the global and domestic economy is currently not fully known. The Company's operations have to date been considered "essential" operations under applicable governmental orders that restrict activities in an effort to prevent further outbreak of COVID-19. As such, the Company is conducting business with certain modifications, including having non-operational personnel working remotely; limiting site access to necessary employees and critical third parties; engaging medical experts to screen those who may have had COVID-19 exposure before allowing access to sites; enhancing the cleaning and disinfection of equipment and common areas, including engaging third-party specialists to disinfect work spaces; and issuing a quarantine policy requiring employees with COVID-19 symptoms to stay home for at least 14 days, among other things. The Company continues to actively monitor the situation and may take further actions that alter its business operations including any that may be required by federal, state or local authorities or that the Company determines are in the best interests of its employees, customers, suppliers, vendors, communities and other stakeholders.

Demand for aggregates products, particularly in the infrastructure construction market, is affected by federal, state and local budget and deficit issues. Remote working and stay-at-home orders and other guidelines are reducing miles driven, which is having a negative impact on various revenue streams that fund roadway projects. Further, delays or cancellations of 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. The residential construction market accounted for 22% of the Company's aggregates shipments in 2019 and 24% in the first nine months of 2020.

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.

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

Variable-Rate Borrowing Facilities. At September 30, 2020, the Company had a \$700 million Revolving Facility and a \$400 million Trade Receivable Facility. Borrowings under these facilities bear interest at a variable interest rate. There were no borrowings outstanding on either facility at September 30, 2020.

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, 2019. As of September 30, 2020, discount rates were approximately 55 basis points lower than the rate selected as of December 31, 2019, the most recent measurement date. Unless an event requires an interim remeasurement, the Company will next remeasure its pension obligation and funded status as of December 31, 2020. Any decreases in the discount rate and pension asset values will negatively impact 2021 pension expense.

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 a majority of their 2020 coal requirements. Energy expense for the nine months ended September 30, 2020 decreased approximately 18% compared with the prior-year period, due to lower crude oil prices in 2020; however, any future energy prices cannot be reliably predicted. A hypothetical 18% change in the Company's energy prices for the full year 2020 as compared with 2019, assuming constant volumes, would change full year 2020 energy expense by \$50 million.

Page 48 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

(Continued)

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 full year 2019 total product revenues for cement of \$ 4 39 million, a hypothetical 10% change in sales price would impact total revenues by \$ 4 3 . 9 million .

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As of September 30, 2020, 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, 2020. 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 49 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

PART II- OTHER INFORMATION

Item 1. Legal Proceedings.

Certain legal proceedings in which the Company is involved are discussed in Note O to the consolidated financial statements and Part I, Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2019. See also Note 9 Commitments and Contingencies, Legal and Administrative Proceedings , of this Form 10-Q.

Item 1A. Risk Factors.

The Company's businesses could be adversely affected by the ongoing COVID-19 pandemic, or any other outbreak of disease, epidemic or pandemic, or similar public health threat, or fear of such an event and its related economic and societal response.

The Company could be negatively impacted by the widespread outbreak of an illness or any other communicable disease, or any other public health crisis that results in economic and trade disruptions. In or around December 2019, a novel strain of coronavirus (COVID-19) was initially reported and in March 2020, the World Health Organization declared COVID-19 a global pandemic. The spreading of COVID-19, and more recently dramatic increases in COVID-19 cases in the United States, and the extent that geography of outbreak primarily matches the regions in which the Company's Building Materials business principally operates, in combination with the related governmental orders limiting individuals' movements and social gatherings, as well as requiring many businesses to close for an undetermined period of time, are negatively impacting

economic activity, consumer confidence and discretionary spending, and market conditions. Further, COVID-19 could continue to negatively affect the health of the Company's employees, employee productivity, customer purchasing patterns and fulfillment of purchase orders, availability of supplies, pricing for raw materials, and the ability to transport materials via the Company's distribution network. While the Company's operations have been treated as "essential" operations under applicable government orders restricting business activities imposed to prevent further outbreak of COVID-19, and accordingly have been permitted to continue to operate during the pendency of these orders, it is possible that they may not continue to be so treated under future government orders, or, even if so treated, site-specific health and safety concerns might otherwise require certain of the Company's operations to be halted for some period of time. The Company is monitoring the impact of COVID-19 on its operations and on the demand for its products. Due to economic uncertainty related to COVID-19, contractors and customers may delay advancing, or ultimately cancel, building projects. In addition, reduced travel due to remote working and stay-at-home practices, including as a result of governmental orders restricting activity, may continue to negatively impact fuel tax revenues that fund highway projects. While the Company does not currently expect that the virus will have a material adverse effect on its liquidity, it is unable to accurately and fully predict the impact that the COVID-19 will have on its results of operations due to various uncertainties, including the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, actions that may be taken by governmental authorities and other third-parties in response to COVID-19 and the timing and pace of any economic recovery as COVID-19 impacts ultimately abate.

Other than the item listed above, there have been no material changes in the risk factors disclosed in 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, 2019.

Page 50 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

PART II- OTHER INFORMATION

(Continued)

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, 2020 - July 31, 2020

-

\$

-

-
13,520,952
August 1, 2020 - August 31, 2020
-
\$
-
-
13,520,952
September 1, 2020 - September 30, 2020
-
\$
-
-
13,520,952
Total
-
-

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 but has been temporarily suspended in light of the COVID-19 pandemic.

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 51 of 53

MARTIN MARIETTA MATERIALS, INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

For the Quarter Ended September 30, 2020

PART II- OTHER INFORMATION

(Continued)

Item 6. Exhibits.

Exhibit No.

Document

10.01

Twelfth Amendment to Credit and Security Agreement, dated as of September 23, 2020, among Martin Marietta Funding LLC, as borrower, Martin Marietta Materials, Inc., as servicer, and Truist Bank, successor by merger to SunTrust Bank, as lender together with the other lenders from time to time party thereto, and Truist Bank, successor by merger to Sun Trust Bank, as administrative agent for the lenders (incorporated by reference to Exhibit 10.01 to the Martin Marietta Materials, Inc. Current Report on Form 8-K filed on September 23, 2020) (Commission File No. 1-12744)

31.01

Certification dated October 29, 2020 of Chief Executive Officer pursuant to Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.02

Certification dated October 29, 2020 of Chief Financial Officer pursuant to Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.01

Written Statement dated October 29, 2020 of Chief Executive Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.02

Written Statement dated October 29, 2020 of Chief Financial Officer required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

95

Mine Safety Disclosures

101.INS

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

101.SCH

Inline XBRL Taxonomy Extension Schema Document

101.CAL

Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB

Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE

Inline XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF

Inline XBRL Taxonomy Extension Definition Linkbase

104

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

Page 52 of 53

SIGNATURES

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

MARTIN MARIETTA MATERIALS, INC.

(Registrant)

Date: October 29, 2020

By:

/s/ James A. J. Nickolas

James A. J. Nickolas

Sr. Vice President and

Chief Financial Officer

Page 53 of 53