Ward Nye
CHAIRMAN, PRESIDENT AND CEO

First-Quarter 2017

CEO Earnings Commentary and Market Perspective

In the 2016 Letter to Shareholders, I stated emphatically that the future belongs to those who prepare. As we ended 2016, we committed to our shareholders that Martin Marietta is prepared for what lies ahead and confident in both our short- and long-term prospects. Our first quarter 2017 results demonstrate that we were right and the future is indeed promising. We are prepared to take advantage of the opportunities we see, and are determined to do so.

EARNINGS COMMENTARY

Our first quarter results underscore the solid foundation of our business and our strong position to benefit from a vibrant 2017 with the continued momentum of the durable economic recovery. While we have consistently stated our high expectations for the full year in 2017, we also articulated muted expectations for the first quarter. The reason was simple: 2016's record-setting first-quarter performance was driven by nearly perfect weather in what is always our seasonally weakest period, coupled with the unseasonably cold and wet conditions in late 2015 which created notable project and shipment delays. This year though, the cadence of the quarter was more consistent with historic norms. Specifically, the last two weeks of March typically signals the beginning of construction season in a host of our vital markets and largely dictate the quarter's results. March-led, double-digit increases in aggregates volume in Colorado, Florida and South Carolina and contributed significantly to the quarter's results. The aggregates sales growth in these areas, together with net sales growth from recently-acquired businesses and record net sales from Magnesia Specialties, drove a $57 million increase in quarterly net sales.

Our first quarter results have set a solid foundation for what we believe will generate continued net sales and profit growth in 2017.

7.9% QoQ
NET SALES INCREASE

5.3% QoQ
Q1 AGGREGATES PRODUCT LINE PRICING GROWTH

Solid pricing growth across our products and geographies reinforces our view of the healthy, underlying demand fundamentals that support our Building Materials business. Aggregates pricing gains of 5.3% led all product lines in the first quarter. In our cement product line, we were particularly pleased to see renewed pricing growth in advance of our announced $8.00 per ton price increase, effective April 1, 2017. We are confident in the realization of our 2017 average selling price expectations for all product lines within our Building Materials business.

In the first quarter of 2017, we remained focused on preparing to meet demand for the 2017 construction season. Thus, where we could, we maintained work crews through the winter or returned them early, advanced stripping and grading to uncover reserves, and accelerated mobile fleet repair and maintenance to get ready for the start of construction season. I am proud of our teams who performed this work safely and efficiently, providing a strong operational foundation for the year.

MARKET PERSPECTIVE

Our multi-year outlook remains optimistic. We believe the fundamental drivers of the broad-based construction recovery, including sustained employment gains in key Martin Marietta metros, remain firmly intact. Notably, our southeastern markets appear to be entering an even more robust phase of construction activity as steady employment gains, coupled with affordable housing, make the areas increasingly attractive for life and work.

Third-party forecasts all indicate increased construction activity, reinforcing durable, steady growth.

144.4

MARCH 2017 DODGE MOMENTUM INDEX PORTENDS INCREASED 2017 CONSTRUCTION ACTIVITY

54.3

MARCH 2017 ARCHITECTURAL BILLINGS INDEX FIRMLY IN EXPANSION TERRITORY

- Third-party forecasts all indicate increased construction activity, reinforcing durable, steady growth.
    - Moody's Analytics Economy.com recently updated its U.S. Regional Business Cycle Map, which summarizes the economic status – Expanding, Recovering, At Risk or In Recession – of states and metropolitan areas. Not surprisingly, North Carolina, Florida and Missouri's economic climate improved from Recovering to Expanding. We see this as further validation of our belief that we are in the middle of a multi-year construction recovery.
    - The Dodge Momentum Index, a monthly measure of initial nonresidential construction planning, measured 144.4 in March 2017, the sixth consecutive increase. The Momentum Index is well above prior-year levels and portends increased 2017 construction activity.
    - The Portland Cement Association, or PCA, has become more optimistic about the national cement demand outlook and forecasts a 3.5% increase in each of 2017 and 2018, followed by further growth in 2019 and beyond.
    - Dodge Data & Analytics most recent forecast total construction starts up 5% in 2017 followed by 7% in 2018.
    - The Architectural Billings Index, a nine-to-twelve month planning time indicator for nonresidential construction activity with an index score of 50, ended the quarter at 54.3, firmly in expansion territory.

- Key southeastern states lead the nation in job growth, with Florida ranked 2nd, Georgia 5th and North Carolina 7th. All of these states, as well as South Carolina, have job growth accelerating faster than the national average.
    - Georgia is expected to soon move from Recovery into Expansion. Key metros, including Atlanta and Savannah, are already in Expansion.
    - Customer confidence in the Carolinas, Florida and Georgia is at its highest level in nearly a decade.

The importance of our strategic approach to developing leading market positions within fiscally-healthy states, along high-growth corridors is further validated as you consider the robust department of transportation programs among our top states.

$10.8B

RECORD FLORIDA DOT BUDGETS

$2.5B

INCREMENTAL TEXAS DOT FUNDING PROVIDED BY PROPOSITION 7

- Our West Group states, predominantly Texas and Colorado, are demonstrating the sustained, durable nature of the current construction cycle. Texas and Colorado are ranked 3rd and 17th in job growth, respectively, with both at rates above the national average.
  - Texas manufacturing and service outlooks continue to improve, driven by strong job growth and a robust housing market, particularly in Dallas, Fort Worth, Austin and San Antonio.
  - The Rocky Mountain outlook is strong with continued growth in all primary end-use markets – infrastructure, residential and nonresidential construction, further demonstrating the value creation of our 2011 River-for-the-Rockies strategic asset exchange. Prior to this swap transaction, Martin Marietta had no presence in Colorado. Today, Denver is among the most vibrant metropolitan economies in the United States and Martin Marietta has a premier, multi-generational position along the Front Range of the Rocky Mountains, home to 80% of Colorado's population.

We expect to see growth in all three of the primary construction end-use markets we serve over the next several years as the nation, and Martin Marietta specifically, continues to enjoy an increasingly robust construction-centric phase of the current economic recovery. Residential activity remains positive with an increasing emphasis on single-family housing. Nonresidential construction will benefit from the next wave of major energy projects as well as general light nonresidential activity typically associated with employment gains and housing construction. We expect infrastructure demand will increase in 2017 and the next several years, supported by the $305 billion *Fixing America's Surface Transportation Act* (FAST Act) and, perhaps more importantly, by newly passed state and local funding initiatives, including the State of Texas *Proposition 7* and other meaningful initiatives in Georgia and Iowa. We also expect the pace of highway construction activity to benefit from regulatory actions. The ability to expedite large project approvals, together with the implementation of project scorecards and timelines, will allow states to bring projects forward, generating increased near- and long-term product demand. It is also important to note that our outlook does not include any benefit that may accrue to us from the enactment of what could be record federal infrastructure spending that both Congress and the President have each said is a high priority.

In conclusion, Martin Marietta remains prepared for an exciting future. As the construction recovery broadens, we are well positioned to deliver increasing value from our strategically located network of quarries, distributions facilities and plants. Our focused development of leading market positions along high-growth corridors, within fiscally responsible states, particularly Texas, Colorado, Iowa, North Carolina, South Carolina, Georgia and Florida, provide the necessary foundation to effectively pursue industry-leading results and further increase long-term shareholder value.