Martin Marietta Scores Record Second Quarter Results

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Martin Marietta Materials Inc. reported record results for the second-quarter ended June 30, 2017, including consolidated net sales of $996.3 million, an increase of 8.8 percent compared with $915.4 million in the second quarter of 2016. The company also reported:

- Building Materials net sales of $931.7 million compared with $856.6 million, an increase of 8.8 percent, and Magnesia Specialties net sales of $64.6 million compared with $58.8 million, an increase of 9.7 percent.
- Consolidated gross profit of $274.1 million compared with $247.4 million, an increase of 10.8 percent.
- Consolidated earnings from operations of $212.9 million compared with $190.8 million, an increase of 11.5 percent.
- Earnings per diluted share of $2.25 compared with $1.90, an increase of 18.4 percent.
- EBITDA of $292.3 million compared with $266.5 million, an increase of 9.7 percent.

In the second quarter of 2017, net sales for the Building Materials business, which includes the aggregates, cement, ready mixed concrete and asphalt and paving product lines, were $931.7 million, an increase of 8.8 percent from $856.6 million, driven by pricing and volume gains in all product lines.

The aggregates product line average selling price improvement of 3.8 percent was led by a 10.6 percent increase in the Southeast group. The West and Mid-America groups reported increases of 3.4 percent and 2.4 percent, respectively. The cement product line had pricing growth of 5.2 percent, further reinforcing the underlying positive market fundamentals in Texas. Ready mixed concrete and asphalt pricing increased 1.4 percent and 11.1 percent, respectively.

Aggregates product line shipments increased 2.0 percent compared with the second quarter of 2016. Volume growth was led by the West's increase of 3.6 percent followed by 2.0 percent growth in the Mid-America group. Volume growth in the Mid-America group was negatively impacted by heavy precipitation. In addition, the Southeast's shipments were particularly affected by wet weather in Georgia throughout the majority of the second quarter and decreased 3.2 percent compared with the second quarter of 2016.

Total cement shipments increased 8.0 percent. Ready mixed concrete shipments, including volumes from acquired businesses, increased 11.5 percent. Asphalt volumes increased 16.5 percent compared with the second quarter of 2016, benefitting from robust demand in Colorado.

Gross margin (excluding freight and delivery revenues) for the Building Materials business was 26.8 percent, an increase of 30 basis points, driven by the Southeast group's nearly 250-basis-point improvement. Further growth was hindered by poor, weather-impacted operating conditions. The Building Materials business results reflect cement kiln maintenance costs of $3.5 million for the quarter compared with $5.7 million. Remaining planned kiln maintenance costs for the year are $10.6 million, with nearly all to occur in the fourth quarter. Total kiln maintenance costs for the full-year 2017 are expected to be $18.3 million compared with $20.9 million in the prior year.

> *Ward Nye, Chairman, president and CEO of Martin Marietta, stated, "Our record second-quarter results reflect improved sales, gross profit and earnings from operations in each reportable group, underscoring the breadth of our business and our ability to capitalize on the ongoing recovery in construction activity. Positive residential and nonresidential activity drove results, along with pricing improvements across our aggregates product line, led by the Southeast group's 10.6 percent increase. We overcame challenging operating conditions in several key states, as near-record levels of precipitation in North Carolina, South Carolina, Georgia and Florida negatively impacted aggregates shipments and operating efficiencies in our historically*

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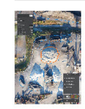

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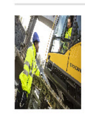

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> *most profitable geographic areas. Looking ahead, we are optimistic about the remainder of 2017 and beyond due to increased momentum across almost our entire geographic footprint and the positive near- and medium-term outlooks expressed by our customers."*

Nye added, "To ensure we are prepared for the expected strong demand throughout the remainder of 2017 and 2018, we are continuing key operational initiatives, including increasing production capabilities, investing in personnel, and undertaking grading and equipment maintenance. Our focus on increased production is particularly relevant for high-demand products meeting Department of Transportation specifications; this production ramp-up and increased operating leverage should favorably impact our cost structure for the balance of 2017.

"Consistent with the long-term nature of our business and in alignment with our strategic plan, we recently announced an agreement to acquire Bluegrass Materials Co. (Bluegrass), the largest privately-held, pure-play aggregates business in the United States, for $1.625 billion in cash," Nye concluded. "Bluegrass has a portfolio of 23 active sites with more than 125 years of strategically located, high-quality reserves in Georgia, South Carolina, Tennessee, Maryland and Kentucky. Bluegrass' strategic assets and impressive cost profile, combined with the depth and strength of its personnel, are a natural fit with Martin Marietta. We expect the transaction to be accretive to earnings per diluted share and cash flow in the first full year after closing, which is expected to occur in the fourth quarter of 2017, following regulatory approvals and other customary closing conditions."

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CONTACT DETAILS

Mining Media, International
8751 E. Hampden Ave B1
Denver, CO 80231 USA
T: +1 (303) 283-0640
F: +1 (303) 283-0641
info@mining-media.com
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