

ModernGraham Valuation

Company Name:

Company Ticker MLM
Date of Analysis

Martin Marietta
Materials, Inc.

8/7/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$12,572,246,422	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.86	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	13.89%	Fail
6. Moderate PEmg Ratio	PEmg < 20	44.64	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.15	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.86	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.96	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.44
MG Growth Estimate	15.00%
MG Value	\$171.04
MG Value based on 3% Growth	\$64.42
MG Value based on 0% Growth	\$37.76
Market Implied Growth Rate	18.07%

MG Opinion

Current Price	\$198.31
% of Intrinsic Value	115.94%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$32.88
Graham Number	\$98.75
PEmg	44.64
Current Ratio	1.86
PB Ratio	3.15
Current Dividend	\$1.60
Dividend Yield	0.81%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.86	Next Fiscal Year Estimate	\$4.44
Dec2015	\$4.29	Dec2015	\$3.04
Dec2014	\$2.71	Dec2014	\$2.34
Dec2013	\$2.61	Dec2013	\$2.12
Dec2012	\$1.83	Dec2012	\$2.04
Dec2011	\$1.78	Dec2011	\$2.50
Dec2010	\$2.10	Dec2010	\$3.21
Dec2009	\$1.91	Dec2009	\$3.95
Dec2008	\$4.20	Dec2008	\$4.80
Dec2007	\$6.06	Dec2007	\$4.73
Dec2006	\$5.29	Dec2006	\$3.76
Dec2005	\$4.08	Dec2005	\$2.83
Dec2004	\$2.66	Dec2004	\$2.20
Dec2003	\$1.91	Dec2003	\$2.04
Dec2002	\$1.77	Dec2002	\$2.17
Dec2001	\$2.19	Dec2001	\$2.38
Dec2000	\$2.39	Dec2000	\$2.41
Dec1999	\$2.68	Balance Sheet Information	
Dec1998	\$2.48	6/1/2016	
Dec1997	\$2.13	Total Current Assets	\$1,121,929,000
Dec1996	\$1.71	Total Current Liabilities	\$601,604,000
		Long-Term Debt	\$1,541,062,000
		Total Assets	\$7,233,305,000
		Intangible Assets	\$2,201,110,000
		Total Liabilities	\$3,219,853,000
		Shares Outstanding (Diluted Average)	63,802,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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