

# ModernGraham Valuation

## Company Name:

Company Ticker MLM  
Date of Analysis

Martin Marietta  
Materials, Inc.

12/21/2016



## 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	\$14,524,343,710	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.97	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	12.10%	Fail
6. Moderate PEmg Ratio	PEmg < 20	51.68	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.46	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	1.97	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.62	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.36
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$167.96</b>
MG Value based on 3% Growth	\$63.26
MG Value based on 0% Growth	\$37.08
Market Implied Growth Rate	21.59%

### MG Opinion

Current Price	\$225.45
% of Intrinsic Value	134.23%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$31.80
Graham Number	\$98.75
PEmg	51.68
Current Ratio	1.97
PB Ratio	3.46
Current Dividend	\$1.62
Dividend Yield	0.72%
Number of Consecutive Years of Dividend Growth	1

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.62	Next Fiscal Year Estimate	\$4.36
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	\$3.94
Dec2008	\$4.18	Dec2008	\$4.79
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	<b>Balance Sheet Information 9/1/2016</b>	
Dec1998	\$2.48	Total Current Assets	\$1,191,525,000
Dec1997	\$2.13	Total Current Liabilities	\$604,909,000
Dec1996	\$1.71	Long-Term Debt	\$1,536,810,000
		Total Assets	\$7,373,201,000
		Intangible Assets	\$2,231,532,000
		Total Liabilities	\$3,217,869,000
		Shares Outstanding (Diluted Average)	63,723,000





**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.

**Recommended Reading:**

**Other ModernGraham posts about the company**

- [Martin Marietta Materials Inc Valuation – February 2016 Update \\$MLM](#)
- [Martin Marietta Materials Inc. Valuation – October 2015 Update \\$MLM](#)
- [Martin Marietta Materials Inc. Analysis – Initial Coverage \\$MLM](#)

**Other ModernGraham posts about related companies**

- [Quanta Services Inc Valuation – August 2016 \\$PWR](#)
- [Jacobs Engineering Group Inc Valuation – August 2016 \\$JEC](#)
- [PPG Industries Inc Valuation – August 2016 \\$PPG](#)
- [D.R. Horton Inc Valuation – August 2016 \\$DHI](#)
- [Martin Marietta Materials Inc Valuation – August 2016 \\$MLM](#)
- [Fluor Corporation Valuation – August 2016 \\$FLR](#)
- [Vulcan Materials Co Valuation – July 2016 \\$VMC](#)
- [PulteGroup Inc Valuation – July 2016 \\$PHM](#)
- [Sherwin-Williams Co Valuation – July 2016 \\$SHW](#)
- [Cummins Inc Valuation – July 2016 \\$CMI](#)