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Martin Marietta Materials, Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. We move first to Mike Betts with JP Morgan.

Mike Betts - JP Morgan

Yes. Steve, just a couple of questions if I could from me. Firstly, could you maybe just comment a bit more on the success of the price increases at the start of this year. And secondly, could you give some idea of the underlying assumptions that you've made in cost inflation in our guidance of the year. And I guess what I am particularly interested in, if you could maybe talk about the growth number; you see cost going up, and then some indication of how much you're able to reduce that increase through the various initiatives that you've got going. Thank you very much.

Stephen P. Zelnak, Jr. - Chairman and Chief Executive Officer

Okay. We do have in place our 2008 pricing. We have certain areas where the price levels like price increase will be very positive double-digit. The greatest opportunities we have in 2008 are in the Carolinas and down through Florida. When you get to other areas of the country, you are going to see much more modest price increases in the mid single-digits. They are ranging down to low single-digits in some of the markets that are pretty depressed; low single-digit markets would be places like Ohio, Indiana where demand is relatively low. So that's where the pricing shapes up for 2008.

Mike Betts - JP Morgan

And Texas, Steve where would that be?

Stephen P. Zelnak, Jr. - Chairman and Chief Executive Officer

Texas ought to be in the mid single-digits, but the caveat there is that Texas is greatly influenced by the balance of shipments between the long-haul transport shipments and the truck quarries because the difference in pricing is very significant, could be as much as 3:1 in some cases. So depending on what that balance is, it will affect the average price in Texas, either up or down, depending upon how that compares to 2007. So I just leave you with that caveat with respect to Texas.

We think that Texas marketplace is going to be a good marketplace in '08. We particularly think that North Texas is going to be strong. We expect good business in San Antonio and the NAFTA corridor, we think Houston will be a bit more challenging but overall, I think a nice year. East Texas, which is predominately rural, is also a good market place for us and we think that's going to be a good place in 2008.

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