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## Martin Marietta Materials Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

Thank you, sir. (Operator Instructions) Our first question today comes from Arnie Ursaner with CJS Securities.

**Arnie Ursaner - CJS Securities**

Hey Steve, how are you?

**Stephen Zelnak**

Hey, Arnie.

**Arnie Ursaner - CJS Securities**

And good afternoon to you Anne, as well.

**Anne Lloyd**

Hello Arnie.

**Arnie Ursaner - CJS Securities**

My question is, can you give us a little bit of a feel for the shape of the volume decline you saw in Q4, meaning several of your quarries I'm assuming shut down fairly early in the quarter and where I'm going with that is, can you also perhaps comment on how that might translate to when we would see some pickup in activity in Q1? I know you've generally spoken broadly about Q1 in your view being essentially non-existent. So can you kind of walk us through the monthly pattern of the trends you're seeing?

**Stephen Zelnak**

Well, the trends obviously were sharply down in the quarter with a 21% volume decline. What we chose to do was to make sure that we did not build inventory. We actually produced in line with our sales, so we cut back very sharply on production.

With that, it said to us that we needed to shut plants down early and based on the outlook in the first half of 2009 that we're going to need to keep those plants down much longer than normal and in

some cases we may have some plants that don't come up all year where we will serve that business out of existing stockpiles as well as supplement it from other nearby locations.

So we're very focused on the balance between sales and production. If you look at our year, we actually brought down inventory by about 3.7 million tons. The inventory valuation went up because of the increased cost, but we scaled the volume back, which is a pretty substantial volume decline.

So we won't be producing at very high rates. Certainly not in Q1 and if you think back to prior Q1s, certainly going back to 2006 and '07 which were incredibly good years, we were producing at very high rates because of demand. So we'll have a very little production to amortize costs again.

I'll reiterate the comment; the first quarter is going to be pretty non-existent. The weather's been tough and on top of that, there's just very limited demand out there. There's no reason for a contractor to go to work early. Hopefully that helps.

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