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Martin Marietta Materials, Inc. (MLM) CEO Howard Nye on Q3 2019 Results - Earnings Call Transcript

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Q3: 10-29-19 Earnings Summary

Press Release SEC *10-Q* *Slides*

EPS of $3.96 beats by $0.45 | Revenue of $1.42B (16.45% Y/Y) beats by $88.93M

Earning Call Audio

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Martin Marietta Materials, Inc. (NYSE:MLM) Q3 2019 Earnings Conference Call October 29, 2019 11:00 AM ET

CompanyParticipants

Suzanne Osberg - VP IR

Howard Nye - Chairman & CEO

Jim Nickolas - SVP & CFO

Conference Call Participants

Kathryn Thompson - Thompson Research Group

Trey Grooms - Stephens

Stanley Elliott - Stifel

Paul Roger - Exane

Phil Ng - Jefferies

Adrian Huerta - JPMorgan

Michael Wood - Nomura Instinet

Jerry Revich - Goldman Sachs

Garik Shmois - Longbow Research

Timna Tanners - Bank of America Merrill Lynch

Rohit Seth - SunTrust

Adam Thalhimer - Thompson Davis

Operator

Good morning, ladies and gentlemen, and welcome to the Martin Marietta's Third Quarter 2019 Earnings Conference Call. My name is Crystal, and I'll be your coordinator today. [Operator Instructions] I will now turn the call over to your host, Ms. Suzanne Osberg, Vice President of Investor Relations for Martin Marietta. Ms. Osberg, you may begin.

Suzanne Osberg

Good morning and thank you for joining Martin Marietta's third quarter 2019 earnings call. With me today are Howard Nye, Chairman and Chief Executive Officer; and Jim Nickolas, Senior Vice President and Chief Financial Officer. To facilitate today's discussion, we have made available during this webcast and on the Investor Relations section of our website, Q3 2019 supplemental information, that summarizes our quarterly results and trends.

As detailed on Slide 2, this conference call may include forward-looking statements as defined by securities laws in connection with future events, future operating results or financial performance. Like other businesses, we are subject to risks and uncertainties that could cause actual results to differ materially. Except as legally required, we undertake no obligation to publicly update or revise any forward-looking statements whether resulting from new information, future developments or otherwise. We refer you to the legal disclaimers contained in today's earnings release and other filings with the Securities and Exchange Commission which are available on both our own and the SEC websites.

Unless otherwise noted, all financial and operating results discussed today are for the third quarter 2019, any comparisons are versus the prior year third quarter, and all margin references are based on revenues. Furthermore, non-GAAP measures are defined and reconciled to the nearest GAAP measure in our Q3 2019 supplemental information and SEC filings. We will begin today's earnings call with Howard Nye, who will discuss our third quarter operating performance as well as market trends as we conclude 2019 and head into 2020. Jim Nickolas will then review our financial results. A question-and-answer session will follow up.

With that, I will now turn the call over to Howard.

Howard Nye

Thank you, Suzanne, and thank you all for joining today's teleconference. This morning, we released record setting third quarter results. Martin Marietta's disciplined execution of our long-term strategic plan together with our commitment to operational excellence provides a foundation for our Company to consistently deliver industry-leading performance. We were able to once again establish new quarterly company records for revenues and profits and year-to-date records for safety. We expect that trend will continue for the remainder of 2019 keeping us on track to announce record full-year results when we report next quarter. In short, Martin Marietta is safer and more profitable than ever.

Driven by widespread improvements in shipments, pricing and profitability across most of our Building Materials business, we delivered outstanding third quarter performance. Consolidated total revenues increased 16% year-over-year to $1.4 billion. Consolidated gross profit increased 34% to $421 million. Adjusted earnings before interest, taxes, depreciation and amortization or adjusted EBITDA increased 27% to $439 million, and fully diluted earnings per share was $3.96, a 39% improvement.

Supported by the strong performance and encouraging trends, we raised the midpoint of our full-year 2019 adjusted EBITDA guidance to $1.275 billion. We've consistently observed that attractive market fundamentals including employment gains, favorable population trends and superior state fiscal health promote sustainable and long-term construction growth. Mindful of these vital attributes, we have purposefully positioned our business geographically and otherwise to be aggregates led in high growth markets. We've also aligned our product offerings to leverage our strategic cement and targeted downstream opportunities. This proven strategy combined with our pricing discipline underscores our continued ability to capitalize on the robust underlying demand in our key states. That's why we remain confident that increased infrastructure activity from state and local transportation funding initiatives together with continued strength in private sector activity will support steady, sustainable construction growth in our top 10 states, that outpaces the nation as a whole for the foreseeable future.

With that as a backdrop, let's review our third quarter operating results in more detail. Robust product demand and favorable weather led to a 12% increase in aggregates shipments. Notably, all divisions and primary end-use markets contributed to this growth, demonstrating strong underlying demand and our ability to capitalize on it. Aggregates shipments to the infrastructure market increased 7%. As anticipated, shipments for transportation-related projects meaningfully accelerated in our key states of North Carolina, Iowa and Maryland supported by funding provided by the Fixing America's Surface Transportation Act or FAST Act and numerous state and local transportation initiatives.

We anticipate public construction, particularly for aggregates-intensive highways and streets to continue to benefiting from the acceleration of state lettings and contract awards in our key states and ongoing federal and state funding. While a successor infrastructure bill has yet to be fully agreed upon by our elected representatives, all indications are that federal transportation funding will continue at a minimum at status quo levels even if the FAST Act expires by its own terms in September 2020 without the immediate passage of multi-year follow-on legislation.

We see little appetite for recurrence of the series of short-term continuing resolutions seen prior to the enactment of the FAST Act in December of 2015. This sentiment is evident and the Senate Environment and Public Works Committee's July 2019 draft of a highway authorization bill. This bipartisan effort backed both Republican Chairman, John Barrasso of Wyoming and ranking member Democrat Tom Carper of Delaware, proposes authorizing federal highway funding at $287 billion over the next five years, a 28% increase over the previous authorization's funding levels. Further, the expectation is that the United States House of Representatives Transportation and Infrastructure Committee will propose investment levels even higher than those offered from the Senate.

Accordingly, we believe the necessary confidence and funding securities in place for states to continue to move forward on planned and future construction projects. Furthermore, particularly in the near term, state level funding should continue to grow at a faster rate than federal funding leading to additional infrastructure investment benefiting Martin Marietta. As a reminder, our top 10 states, which accounted for 85% of total building materials revenues in 2018, have all introduced incremental transportation funding measures within the last five years. The infrastructure market represented 38% of our third quarter aggregates shipments, which was below the Company's most recent 10-year annual average of 46%. Since infrastructure is Martin Marietta's most aggregates-intensive end use, the public works growth we're seeing and expecting is encouraging. Aggregates shipments to the nonresidential market increased 19%, with broad-based strength in distribution center, warehouse, data center and wind energy projects in Texas, the Carolinas, Iowa and Maryland. Additionally, we benefited from the reemergence of several large energy sector projects along the Texas Gulf Coast which accounted for nearly 500,000 tons of aggregates shipments during the quarter.

Looking ahead, we believe continued employment and population gains will provide the impetus for sustainable commercial construction activity, particularly in our Southeastern and Southwestern regions. The nonresidential market represented 34% of our third quarter aggregates shipments.

Aggregates shipments to the residential market increased 16%, led by attractive homebuilding activity in Texas, Colorado, the Carolinas, Georgia, and Florida. Among other things, homebuilders are now noting improved demand from first-time buyers. We expect continued residential construction growth for both single- and multi-family housing across our geographic footprint, driven by favorable population demographics, job growth, land availability, attractive mortgage rates and efficient permitting. Currently, permit growth, which in our view is the best indicator of future housing construction activity, is outpacing the national average for both multi-family and single-family housing units in our top 10 states. The residential market accounted for 22% of our third quarter aggregates shipments.

To conclude our discussion on end-use markets, the ChemRock/Rail market accounted for the remaining 6% of aggregates shipments. Volumes increased 4% driven by improved ballast shipments to the Class 1 railroads for continued repair projects from the flooding in the Midwest earlier this year. Based on recent trends and our year-to-date volume growth, we raised our full-year 2019 aggregates shipment guidance from an increase of 8% to 10% to an increase of 11% to 12%. Aggregates pricing improved 5%, reflecting our disciplined pricing strategy and the comparative strength of our markets.

By region, the West Group posted aggregates pricing growth of 9%, which reflects favorable geographic mix and product mix. The Southeast Group achieved pricing growth of nearly 6%, driven by market strength and a higher percentage of long-haul shipments from our higher priced distribution terminals. Our focus on pricing led to a 3.5% improvement for the Mid America Group. Full-year 2019 aggregates pricing is anticipated to increase 4% to 5%. We expect continued pricing momentum in 2020.

Our cement shipments increased 21% to a new quarterly volume record of 1.1 million tons, driven by healthy Texas demand as well as weather-deferred projects from earlier in the year. Cement pricing improved nearly 2% despite unfavorable product mix from a lower percentage of oil well cement shipments. with a robust bidding pipeline, we believe our cement operations will continue to benefit from the tight supply and healthy demand in Texas as well as our recently announced price increase effective April 2020.

Turning to our downstream businesses; ready mixed concrete shipments increased 9% led by double-digit growth in the Southwest Division. Our Rocky Mountain Division experienced project delays which tempered shipment growth. Pricing declined 2% overall as unfavorable product mix and a shift in Texas customer segmentation affected pricing and offset solid pricing gains in Colorado. Our asphalt and paving business, which operates solely in Colorado, benefited from strong customer backlogs and favorable weather conditions resulting in a 34% increase in asphalt shipments. Asphalt pricing, improved 3%.

I'll now turn the call over to Jim to discuss more specifically our third quarter financial results. Jim?

Jim Nickolas

Thank you, Howard. The Building Materials business achieved record quarterly products and services revenues of $1.3 billion, an 18% increase and record product gross profit of $396 million, a 37% increase. Notably, all the Building Materials product lines contributed to this broad-based growth. Aggregates product gross margin increased 480 basis points to 35.1%. This margin expansion was driven by higher prices as well as improved operating leverage from increased shipment and production levels enabled by strong demand and improved weather. The absence of the negative impact from selling acquired inventory burdened by acquisition accounting in 2018 as part of our purchase of Bluegrass Materials was an additional tailwind.

As Howard mentioned, our cement operations benefited from both volume and pricing growth resulting in product revenues of $120 million and gross profit of $49 million, both all-time records. Top line improvement coupled with production efficiencies and lower fuel and maintenance costs led to a 750-basis point expansion of product gross margin to 40.6%.

Magnesia Specialties product revenues decreased 13% to $59 million as chemicals and lime customers reduced inventory levels to align with current demand. However, despite the low revenues, enhanced cost control measures contributed to the 120-basis point improvement in product gross margin to 40.4%. We lowered full-year product revenues and gross profit guidance for the Magnesia Specialties business to reflect current customer activity.

Our business is generating significant cash. Operating cash flow for the nine months ended September 30 increased nearly 50% over the comparable prior-year period. This improvement was driven by growth in earnings and lower contributions to our already well-funded pension plan. We will continue with the balanced and disciplined capital allocation priorities we have long followed to further enhance shareholder value and maintain financial flexibility. Those priorities remain value-enhancing acquisitions, prudent organic capital investment, and the opportunistic return of capital to shareholders through dividends and share repurchases, while maintaining our investment-grade credit rating profile.

Building on my comments about our very strong cash flows, we are pleased to report that less than 18 months after the second largest acquisition in the Company's history, we have de-levered from the Bluegrass Materials transaction and returned, as we said we would, to our target leverage ratio range of 2 times to 2.5 times. For the trailing 12 months ended September 2019, our ratio of consolidated net debt to consolidated EBITDA, as defined in our applicable credit agreement, was 2.3 times. In addition, we remain appropriately focused on returning cash to our shareholders through a combination of meaningful and sustainable dividends and share repurchases.

Based on our confidence in the outlook for our business and our significant cash generation, our Board of Directors recently approved a 15% increase in our quarterly cash dividend paid in September, one of the large increases in the Company's history. Our annualized cash dividend rate is now $2.20. Together with our ongoing share repurchase program, we have returned more than $1.5 billion to shareholders since February 2015, while at the same time growing our business profitably and responsibly.

Based on recent trends and our strong performance to-date, we have raised our full-year 2019 outlook. As detailed in today's release, we now expect consolidated total revenues in the range of $4.660 billion to $4.770 billion, and adjusted EBITDA in the range of $1.245 billion to $1.305 billion.

With that, I will turn the call back over to Howard.

Howard Nye

Jim, thank you. To conclude, we are proud of the results we posted in the third quarter. And while we're pleased with the numbers, we don't see the performance as surprising. That's because, in nearly every respect, we have thoughtfully developed and consistently executed on our strategic plans, positioning our business as an aggregate’s leader in attractive, high-growth geographies.

We didn't get here by accident. Over the past several years, through our steadfast and proven strategy and stability to the world-class attributes of our business, safety, ethics, cost discipline, and operational excellence. Martin Marietta has positioned itself to outperform. With this in mind, we look forward to continuing our momentum in 2020. Supported by attractive underlying market fundamentals across our geographic footprint, and region-specific third-party forecasts, we believe the current construction cycle will continue for the foreseeable future and expand at a steady pace in 2020. Our outlook is positive across each of our primary construction end-use markets. Our preliminary view anticipates low- to mid-single digit growth in aggregates shipments and mid-single digit growth in aggregates pricing in 2020. Martin Marietta remains committed to the steadfast and proven strategy we developed and executed during our 25 years as a public company. We will drive continued improvement and excellence as we responsibly manage and grow our business to create long-term value for our shareholders.

If the operator will now provide the required instructions, we'll turn our attention to addressing your questions.

Question-and-Answer Session

Operator

Thank you. [Operator Instructions] We'll take our first question from Kathryn Thompson from Thompson Research Group. Your line is open.

Kathryn Thompson

Hi, thank you for taking my questions today. First, following up on 2020 guidance. Could you flesh out the drivers for the high level of volume and pricing guidance for aggregates? Particularly on the volume side, just to what extent is it dictated by real demand versus just difficulty getting work done because of the tight labor market? And then also any thoughts on cement in Texas would be helpful. In particular, what type of color of energy end-market projects that have been driving the demand now and into 2020? Thank you.

Howard Nye

Sure, Kathryn. Good morning and thank you. As we look at next year, one of the key drivers in our mind, Kathryn, is simply taking a look at where our customer backlogs are at this time of year versus where they were last year. So to give you a good sense of that, if we're looking at Q3 2019 backlog in Mid-Atlantic, our customers, it looks like were up about 57% versus where they were last year in backlog. If we're looking in the Midwest, major project backlog, looks like it's up around 11%. Similarly, if we look in places like the Southwest, and ready mixed backlogs were up 12% driven by market growth in both the North and the South, and then to your point, cement backlog from what we can tell is us up over 65% driven by major project work, and that includes large DOT projects, Kathryn. So as we look at what our customers are telling us, that's giving us the confidence going into the new year, it's the same type of thing we're seeing in Colorado right now, Rocky Mountain customers are saying their backlogs are up around 12%.

So as we look at where the growth is coming, as we indicated we see infrastructure better, we see non-res better, we see residential better next year as well. Specifically, with respect to cement, as I indicated, a lot of it is major project driven. That's very healthy both in North Texas and in Central Texas. As you recall, the two cement plants we have are in Midlothian in North Texas and Hunter in Central Texas. Part of what I think is important in that marketplace too is what we're seeing relative to pricing in 2020. We have put out our pricing letter for next year. We're anticipating an $8 a ton increase in Texas, that's going to be effective April 1. So again, if we look at volume across the aggregates business, we see it being widespread and we see it nice and steady, and we see good customer backlogs. We see the same thing in cement. And again, this is going to be more driven by public works we believe in Texas. And again, we think the pricing environment as we go into 2020, as I indicated in the prepared remarks, both in aggregates and cement looks better going into '20 than it did coming into '19, and it looked better coming into '19 than it did coming into '18.

So a long answer, but I think you need that color on where the volumes coming from and how we see pricing as well.

Kathryn Thompson

Perfect, that's helpful. One follow-up on North Carolina, in particular, we understand that the North Carolina legislature is working on a $600 million transfer to DOT from the general fund to make up for really transitory issues related to storm damage and lawsuits. Our work is showing that this is more a transitory issue and not necessarily impacting revenue generation for new construction. Could you clarify this is accurate and thoughts on the likelihood of closing this gap? Thank you.

Howard Nye

Kathryn, thank you for the question. I can confirm that that's the way that we see it too. The thing to keep in mind, Kathryn, NCDOT has incurred more disaster-related spending in the last three years than in the previous 12 years combined. So if you look at the business that we had last year and the flooding that we had in East and North Carolina, that's Exhibit A to it. The issue is simply this, the theme of reimbursements are taking four years or five years to come in and the legislature understands that.

So to your point, have we seen the North Carolina House already come forward with the $600 million proposed bill? We have. Do we anticipate that the North Carolina Senate will come up with its own formula? We believe that they will, and we think they're going to address that before they leave town. To your point, this is really just approaching something from late this year to early next year, we do view it as transitory. We do believe that the legislature understands this is something that they need to remedy. And we believe that they're committed to remedying it. So, I think your word transitory is indeed the right word.

Operator

Thank you. Our next question comes from Trey Grooms from Stephens. Your line is open.

Trey Grooms

Thanks for it. So I guess my main question, first question I guess is on ARTBA, you know, some of the contract award data that we've been seeing there has been weakening a bit lately and I think it has created some concern with some folks over the health of the infrastructure market looking into next year, but it sounds like your customer backlogs look very good. You continue to expect public demand to continue to improve in the next year. And I understand this data can be choppy and I think some of your states are lapping tough comps, but can you help us bridge the gap here with what the ARTBA contract award data has been telling us over the last few months and kind of what you're expecting on the public side going forward?

Jim Nickolas

Yes, sure. Trey, thanks for the question. And really, I'm going to try to bridge it for you using some data that pertains directly to bridges, because I think that will help get you there. Look, first of all, when you look at the ARTBA data, I think one thing that you can do is look at it into vacuum because you missed the longer run dynamics of what's happening with marketplace. So to your point, you can see some issues on a month-to-month basis that can cause swings that actually belie the longer-term trends.

So look -- if you look in September of 2018, Colorado had $1.5 billion of awards versus an average of $40 million. So if you've got just a number in a month like that, it can move things around pretty considerably. So I think what you're referring to is when ARTBA came out and said, look, we're looking at trailing 12 months of highways, bridges and tunnels, and at the end of September, they said, it's down 4.5%-ish. What's happening within that is this, if you look at bridges and tunnels and that's back to my note, my observation with you on really bridging this, bridging and tunnels -- bridges and tunnels are down almost 13%, trailing 12 months of highways down 2.1%. But more importantly, if we look at current highway awards, they're 13% above 2017 levels and one of the things that I think it's important to remember is if you're sitting where we sit and that's as part of an aggregates-led company, you're going to be much more focused on what's happening with highways, than you are relative to what's happening with bridges. Equally, if you're coming out of a downturn, and you feel like you may have some safety issues with bridges, you're going to repair those bridges early on and then back off of that and pivot to the highways.

So again, if we're looking at the pivot from bridges to highways, in my view, that's totally accepted, and then more importantly, if you look at what the trend has been, I think you'll actually be very comfortable with the trend, and I would encourage people please don't overreact to just monthly swings because that type of lumpiness can just occur and it's nothing in our view to be alarmed over. The long-term trend is quite positive. And as I indicated, the backlogs that our customers are speaking up on the public side is really very attractive.

Trey Grooms

All right, thanks for that. That is helpful. As from a follow-up, you gave us the backdrop here with your expectation of kind of mid- to high-single digit volume, mid-single digit pricing in aggregates next year. So can you talk about your expectations for cost inflation or maybe any geographic trends that you might be expecting that can impact pricing and margins and maybe how you're thinking about profitability and incremental flow-through in that environment?

Howard Nye

Look, obviously, we will give you a much more granular look-see in 2020 when we come out in February. One note I would make Trey is, on the volume, we're saying, low- to mid-single. I think you misspoke on the percentages that you speaking of in the premise of your question. That's better off. Part of what I would say is, look, do we see any components of our cost structure that we're troubled by? We're not. I mean, we are very focused on costs every day in our business. The single biggest cost drag what we have is labor and we believe we have labor well controlled. So we don't see inflationary actions are occurring there that we think it could be disruptive. Equally, we see energy is really quite well behaved. If you look at the investments that we've made both in plant and in rolling stock over the last several years, we should continue to see nice trends relative to maintenance and repair, and remember, Trey, we have about five areas, labor, maintenance and repair, supplies, DD&A, and energy that are really the drivers of what's going to happen from a cost perspective in our business. So do we see things in that a way that cause us any concern? We do not.

Equally, going back to the commentary that I offered just a few minutes ago, we believe the pricing environment continues to be attractive, and I think it's getting more attractive. One of the metrics that we've long spoken of is that while we tend to be in a position because of an array of factors including the reserves that you just have to take good care of, we tend to get pricing all the way through cycles, we do better after big volume years too, and this is a volume year where we think we're going to be able to come in in 2020 and actually do better on pricing in '20 than we have in '19. So again, our cost profile looks very attractive from our perspective, pricing looks increasingly attractive going into '20. We'll give you a more definitive view of how that's going to translate to EBITDA and gross profit etcetera when we speak again in February.

Trey Grooms

Okay, thank you very much. And just a housekeeping, since you brought up repair and maintenance. Is there anything kind of looking into 4Q that we need to be aware of from a repair and maintenance or stripping costs or timing of anything that can swing around in the 4Q that we should be talking about?

Howard Nye

You know, I think we tried to capture it in the guidance that we've given. One thing that we will be doing, obviously we have sold considerable amount of tonnage this year. And when you're selling tonnage, one of the high-class problems you have from that is you do have more stripping that you need to do and we're going to try to do some of that in Q4 to stay ahead of it and to have us where we need to be as we enter 2020.

Trey Grooms

Got it. Thanks for all the color.

Howard Nye

You're welcome. Thank you, Trey.

Trey Grooms

Thank you.

Operator

Thank you. And our next question comes from Stanley Elliott from Stifel. Your line is open.

Stanley Elliott

Hey, good morning everyone. Thank you all for fitting me in and congrats on nice quarter. Jim, this is more for you, you guys are 2.3 times right now. The commentary from the field that we are hearing is very encouraging into next year, should be another year of good incrementals and another good year of cash flow. What -- how are you all thinking about uses of that cash, especially with opportunities for M&A, it's been fairly quiet year recently, but I would love to get your thoughts on that. What do you want to run at a lower leverage level or if you're more interested in putting it to work? And just kind of how you're conceptually thinking about the capital structure. At this point?

Howard Nye

Well, Stanley, thank you for the question. As you've noted, we've got a high-class worry because this business is delevering exactly the way that we thought it would as we bought Bluegrass. Let me turn that specifically over to Jim to talk through what our capital priorities are because what you'll hear is they haven't changed.

Jim Nickolas

Yes, Stanley, thank you for the question. Our first call on capital is the right acquisition. I want to make sure we've got the dry powder to be in a position to take advantage of strategic and value-enhancing acquisitions. Of course, the next priority for us is investing in our business. Beyond that you'll see -- you'll continue to see a balanced approach. We meaningfully delivered this year as planned. I would expect some further delevering to continue next year but not to the same extent we saw this year. Returning capital to our shareholders beyond that in the form of higher dividend and share repurchases will likely play a larger role in 2020, assuming our leverage remains at the low end of our targeted range 2 times to 2.5 times.

Howard Nye

And Stanley, obviously, as Jim said, the first call on capital is doing the right deals. And I have to brag on our team. I think our team is very good at identifying the transactions. I think they do a superb job going through the contracting piece of it when we really paper the deal and part of what we've been able to do very successfully is synergize deals as well. So again, our priorities have not changed and we're very pleased to be sitting here at this leverage ratio within the relatively short period of time since we closed on Bluegrass.

Stanley Elliott

Absolutely. With the higher volumes, some of the higher repair and maintenance costs, does that mean CapEx will stay elevated in next year or is that something that can kind of be a further contributor to free cash?

Jim Nickolas

Stanley, I think CapEx would be relatively constant as a percent of the size of the business. So I wouldn't view today's elevated. I think it's the right level and next year it will be consistently sized vis-a-vis the business size as well. So you can think about in terms of percent of sales, we wouldn't expect it to change terribly next year.

Stanley Elliott

Perfect, thank you very much for the time. Thanks a lot.

Howard Nye

Thank you, Stanley.

Operator

Thank you. Our next question comes from Paul Roger from Exane. Your line is open.

Paul Roger

Hi, good morning guys, congratulations on the strong results. So I just have a question. First off, going back to the cement business. You talked about the demand outlook and what you're going to see it in there. Maybe you could comment a bit more on the margin. Obviously, you had a very strong margin performance in Q3. Was there anything the sort of specific in that time to maintenance costs or something like that? I just don't have any reason why the sort of high 30% to low 40% isn't sustainable going into 2020 for the cement division.

Howard Nye

First of all, good morning, for us and good afternoon to you. So most of your voice, Paul, you know, but there was nothing particularly extraordinary in the quarter. I mean obviously volume was really quite good. If we look at year-to-date pricing, that was up 3.3%. One of the big things that our team is focused on in cement right now is reliability and just making sure that those kilns keep running [Technical Difficulty] Sorry about that. I'm not sure what that was. Are you still with us, Paul?

Paul Roger

Yes, I am. Yes, I can hear you.

Howard Nye

Okay, very good. We had some bad feedback here in the room. So we're focused on making sure we have reliability where it needs to be and we're focused on making sure that we can take care of our customers, and one of our biggest customers in that market happens to be us. So again, I think the cement business is having a very good business -- very good year this year. I think it's going to have a very good year next year. When we bought this business, we anticipated that the cement business that we refer to as strategic cement could have margins that are very similar to the types of margins that we see in our very attractive aggregates business, and I'm pleased to say that's exactly what we're seeing.

Paul Roger

That's good. Maybe just a quick follow-up on the big energy projects you're seeing on the Gulf Coast. Clearly, I think you said they accounted for about 0.5 million tons of shipments in Q3. So at the minute, they're obviously a relatively small driver. Do you expect that to change as these schemes of lump up and sort of how meaningful could this type of work be in the medium term?

Howard Nye

No, you're exactly right. As we look at the quarter, there were nearly 500,000 shipments in Q3 and that's a little bit over a 1 million shipments year-to-date at least through September, at the end of the quarter. Part of what I like looking at, Paul, is it had a nice build throughout the year. So about 240,000 tons in Q1, about 450,000 tons in Q2, we're getting close to 500,000 tons obviously in Q3. We think we're going to continue to see good steady energy work in South Texas for a while. I can tell you, we were down there with the team several weeks ago, these are mammoth projects and these are mammoth projects in wonderfully swampy wet land that's going to take a lot of aggregates to have it into condition that needs to build. To give you a sense of what the scope can be if we're looking at a series of projects that we're working on now, but more importantly if we look at projects into the future, that we should be good candidates for including Driftwood LNG, continued work at Golden Pass, what we think is probably coming at Port Arthur. Those three combined with others would demonstrate to us that there is still about 17 million tons worth of projects along the Gulf Coast, that we should be well positioned to get our share out. So we think that's going to be busy workforce.

The other thing that's going to be worth watching is what happens with high-speed rail in Texas because they're clearly very interested in putting in around the 240-mile lane of dedicated track high speed between Dallas and Houston with the stop ash in College Station. This would be a very large project, it's not going to be 2020 issue, but again, if we look at these large energy projects, they are 2020 issues and beyond 2020. If we look at this type rail -- high-speed rail that could be coming to Texas, those are good attractive long-term projects as well and upward, people say that there could be upwards of 30 million tons of aggregates need on those types of projects. So we feel like non-res in our footprint, it will continue to be really attractive, and we think the Texas market in particular has been good and we think it's going to stay very good.

Paul Roger

That's great, thank you very much. It's nice to participate today.

Howard Nye

Thank you, Paul.

Operator

Thank you. Our next question comes from Phil Ng from Jefferies. Your line is open.

Phil Ng

Hi guys, congrats on a strong quarter.

Howard Nye

Thanks, Phil.

Phil Ng

You're welcome. You're obviously lapping a very tough comp this year just given the strength you've put up on volumes. Could you comment on backlogs sound quite good for next year. Could there be some upside on your low- to mid-single digit volume outlook for 2020? And if you had to rank the level of confidence between the three different end markets you're exposed to, how do you think about it for 2020?

Howard Nye

So you slide that well trying to get me talk more about 2020. We will give you some really good color on that when we get into February. If I'm thinking about the three, obviously, the commentary said that we think, well, of all three of them going into 2020, which is true. And I think what we will continue to see though is that good, steady build in infrastructure. So if you go back to the commentary that we offered in the prepared remarks, we spoke about the percentage of infrastructure in our business today and what a 10-year average looks like. I'm not suggesting it's going to both back up to 10-year averages, I'm suggesting it's going to be a nice slow, steady climb back to some numbers that have a consistent form in front of them. We think that makes good sense.

If we look at the year and really think about where non-res has been, non-res has been somewhere in the mid-30s this year. I mean those are at least on a historical perspective pretty high percentages. At the same time, we go back to the conversation I was having with Paul just a minute ago and you think about what some of those non-res projects can be, it's pretty big tonnage. And the other thing that I think, so that's making the world difference for us, particularly non-res since one reason we have such confidence in that going into the new year, is the way we have built our businesses around corridors.

So if we're in Colorado, we're talking about I-25. If we're in Texas, we're talking about I-35. If we're in the Southeast, we're talking about I-85. And these are major commerce corridors and we think will continue to see good residential activity and those markets and we think will continue to see good non-res activity in those markets. I'll tell you, it was comforting to look at best year-on-year increases in homebuilding in student markets like Orlando, where we have a presence, in Charlotte, where we have a presence, and in Houston, where we have a presence.

So that's my way of saying, looking at the end users, they all look reasonably healthy to me, they do not look in any respect overbuilt to me. And if there is one place that I would tell you to watch in particular, that's one that works because we think that's going to continue to expand.

Phil Ng

That's great color. What I mean if there was any pocket that should be a little more cautious on would be non-res, and it sounds like you are quite bullish on that backdrop. And I guess for 2020, I think implicit in your full-year guidance for aggregates volumes implies 4Q volumes would track closer to low-single digit growth. Did you see any pull forward in 3Q or anything notable that could be a drag on the fourth quarter?

Howard Nye

Let me turn that to Jim. We did see some modest, but the other thing that we're doing, just before I turn it over to Jim is, we said coming into the year, we thought it'd be a wetter than usual year, we're betting on a normal to early winter as well. So with that backdrop, let me turn it to Jim.

Jim Nickolas

Yes, I think we've got anecdotal evidence that while the customers are trying to rush to beat winter and so particularly in our more northern districts and divisions. So we do have some anecdotal views evidence that that's happening, they pulled some work into Q3 from Q4.

Phil Ng

Okay, but there is nothing outside of that, that would kind of bog you down in the fourth quarter because your comps, I think was not terrible, but it's probably fair to kind of bake in some conservatism because your shorter months are always tough to predict. Is that a good way to think about it?

Howard Nye

If you think about it, the two businesses, in particular in the third quarter, that really did 1% aggregates volumes were the Mideast in the Midwest. So we're talking in those contexts, West Virginia, Ohio, Indiana, Iowa, and Nebraska and those are all parts of the country that can seasonally be much more impacted by an early winter. So we're just mindful of what that could be.

Phil Ng

Okay, thanks for the color. Really appreciate it.

Howard Nye

You bet.

Operator

Thank you. Our next question comes from Adrian Huerta from JPMorgan. Your line is open.

Adrian Huerta

Thank you and congrats on the results. My question was somewhat related to the previous one. So you kind of answered that one. So, my other question was just on cash taxes. If you're still expecting cash taxes to be somewhere around $90 million for the year and where they were so far in the first nine months of the year? Thank you, Howard.

Howard Nye

You bet. I'll turn to Jim over the cash taxes. He has got a tax background about that.

Jim Nickolas

Yes, I think you're pretty close to spot on, Adrian. So I think that's the right number, low to mid-90s for 2019.

Adrian Huerta

Perfect.

Jim Nickolas

The second question -- I couldn't remember…

Adrian Huerta

No, that was -- that was basically the first one was also on potentially conservative guidance in 4Q. But given what you have just said that they were probably projects that that were advanced into 3Q and that's what is going for the conservative fourth quarter. So, thank you.

Jim Nickolas

You're welcome.

Howard Nye

Thank you, Adrian.

Operator

Thank you. Our next question comes from Jerry Revich from Goldman Sachs. Your line is open. Please check that your line is not on mute. And we will move on to our next question from Michael Wood from Nomura Instinet. Your line is open.

Michael Wood

Hi, good morning. First, I just wanted to ask about our cement and asphalt prices being down sequentially if you could give us more color on that?

Howard Nye

Well, actually, what I would say is, cement pricing was really, it was down sequentially only because of mix issues because we actually sold less into West Texas in oil well this quarter than we did previously, and one thing that I would call out and this is something, Michael, that I'm really happy to see, pricing actually did quite well in the South, meaning that the central part of Texas for us if we look over that period of time that we've owned these assets, Midlothian pricing has always frankly outperformed Hunter, and again, I feel very good about what we see in North Texas. What I liked in this particular quarter is I'm seeing good solid performance in the South as well. So I think that's notable. With respect to -- were you talking about hot mix or were you talking about ready mix pricing? I want to make sure I'm addressing your next question appropriately, Michael.

Michael Wood

I was talking about ready mix.

Howard Nye

Okay. I thought so. You said -- I think you've said hot mix, but I thought you meant ready mix. Here's the deal on ready mix and it's easy to sort out, our volume was nicely up for the quarter, our volume is up for the quarter 12% in the Southwest and it was up about 1.5% in the Rocky Mountains, and here's what that means. You've got a fairly notable geographic mix difference between the Southwest ready mix and the Rocky Mountain ready mix and by that, I mean about $30 per cubic yard difference and Rocky Mountain ready mix is simply a higher priced product. So when we're selling more ready mix in Texas as we were in this instance, the geographic mix that we've experienced will just give you frankly optically a lower ASP, that's the primary driver of what you're seeing.

There was a modest mix relative to where we were selling as well. If you go back to the beginning of the year, Michael, you'll recall that we've said we were going to plan for a wetter than usual year and part of what our team looked at is if we're going to plan for a wetter than usual year, what are the different end uses particularly in ready mix that we can be more aligned with, that are not as sensitive to rain? And frankly, homebuilding is one of those. So we ended up pushing modestly more ready mix to homebuilding in Texas and that tends to have a little bit lower ASP as well. So if we look at what's going on, was it driven by the fact that there was simply more ready mix in Texas than there was in Colorado? Yes. Was it driven by the fact that we pivoted modestly to having more residential? Yes. But here's the important thing, at the end of the day, Michael, we made more money, and that's really what all those moves were about for us. So I wanted to give you the underlying specifics on what was happening with ASP. But I also wanted to say, at the end of the day, this is about creating higher returns for shareholders and stakeholders and that's what we did.

Michael Wood

Great, that's helpful. And then on the Magnesia Specialties business, is the inventory destock ended? Is that a multi-quarter destock? If you can give us more color on that. Thank you.

Howard Nye

Yes, I think it is. It's winding its way down. I think we anticipate that will continue in full up and that's in large part what we tried to do with the take-down in the guidance. So it's not an issue that we have long-term concerns about. As you will see, the team in Magnesia, really when they saw a modest slowdown, adjusted their cost profile very, very quickly. So to see that type of movement and actually see margins go up in that business is really a wonderful sign. So I would encourage you if you have running lights on anything, certainly don't have them on Magnesia Specialties, that business is sitting in a good place, it just has to work through some of the inventory issues that we do not see as long term at all.

Michael Wood

Great, thank you.

Howard Nye

Yes.

Operator

Thank you. And we'll take our next question from Jerry Revich from Goldman Sachs. Your line is open.

Jerry Revich

Yes, hi, good morning. I'm wondering if you could talk about how pricing cadence played out over the course of the quarter. I think we typically see you folks later on price increases over the course of the third quarter. Is that how it played out this year? Or was it more front-end loaded? Any color that you can share with us on the cadence would be helpful.

Howard Nye

No, sure Jerry, you know, what -- they're really, as we've talked over the course of the year, they're willing enough, then that'd be mid-year price increases. So, I think much of it was just driven by more volume and where some of the volume is coming from and the normal price increases that we would have. Now clearly, I'm not encouraging you to go and bake in a consistent 9% increase in the West. If you could, I mean that was the very impressive pricing performance in those driven by a couple of things. One, we do have good pricing in Colorado, and as we've discussed over the last several years, that's a marketplace that as we look at our overall footprint tends to have lower aggregates pricing and we think we should get good value for that product than we are. If we look at what's happening in the Southwest, we did move more stone by rail and moving them into higher priced sales yards and what I would say is, I think that's actually a good sign. I think it's a good sign for a number of reasons. One, that tells you the Central Texas is getting healthier, number one, but you see other thing that it says that the railroads are performing better too.

I mean, one thing that I think is notably different this year versus last is we would have had a series of conversations last year around rail performance and how that was looking and you have not heard that this year and as we look at the year, we're probably going to send something in the range of mid-30 million tons by rail in the United States this year and I think that's probably 2x our next closest competitor. So, that clearly helped on the pricing side of it as well. And we did see some reasonable yard activity in Florida. So I would tell you those were the primary issues that I would call out for you with respect to pricing, Jerry.

Jerry Revich

Okay, I appreciate the color. And then any mix difference versus normal seasonality? So if we look at over the past 10 years, your heritage pricing is typically up $0.20 sequentially fourth quarter versus third quarter. So if that dynamic plays out this year, your pricing cadence exiting the year will be up 6%, just the way the math works out. Is that something that you expect to play out under normal seasonality? Or are there any moving pieces from, I think that we should keep in mind?

Howard Nye

I guess what I would say, is this, if you're trying to just look at Q3 ASP and you're trying to sort through what all the mix issues, are instead of being modestly over five, it probably would have been modestly over four, that's probably just a pure straight up same on same type comparison Jerry.

Jerry Revich

Okay. And then in terms of the 2020 pricing conversations, we're hearing from a couple of your competitors that those discussions for some are happening earlier in the season, where considering as you pointed out earlier on the call how strong volume growth has been this year. So within the mid-single digit range obviously that you spoke about for '20, that could be a really wide range. It does sound like pricing is accelerating into '20 and I'm just wondering if you can comment on what have been the magnitude of price increases that you've announced so far and obviously, we'll see what they'll stick, but it sounds like the price ask is higher in '20 than what it's been over the past couple of years in terms of percent increase.

Howard Nye

No. Jerry, I think that's probably right. The only one that I'm really willing to talk to in specific dollar terms is what I've spoken to relative to cement at the $8. Obviously, the aggregates can move pretty considerably depending on where you are and what the product mix is going to be. So again, we'll give you more specifics on that as we come into the new year, but if your premise is more people are having more conversations earlier and the numbers sound generally higher, I would agree with all of those basic premises.

Jerry Revich

Okay, thank you. And Howard, lastly, maybe we can talk about cement pricing, specifically you folks have done much better than the market over the past couple of years. But for the market as a whole, it's been really disappointing pricing actions, I'd say for the past really two-plus years. Are you more optimistic that the market will be more disciplined in cement overall heading into next year? And any data points that drive the confidence around the price increase that you had mentioned you had announced in cement?

Howard Nye

Well, I again -- I think when I go back and refer you back to the backlog numbers that I gave you before on where cement sits today versus where it sat last year, I think that certainly gives us confidence around it. If we look at the sheer quantum of infrastructure work in Texas, that gives us confidence around it as well. And the other thing to keep in mind is we're not a nationwide cement player, we're Texas cement player and we're the largest producer of cement in a market that will likely have more need for cement than it can produce in Texas. And we think that's a fine recipe for success in that state.

Jerry Revich

Okay, I appreciate the discussion. Thank you.

Howard Nye

You bet. Take care, Jerry.

Operator

Thank you. And our next question comes from Garik Shmois from Longbow Research. Your line is open. Please check that your line is not on mute.

Garik Shmois

Can you hear me? I'm sorry.

Howard Nye

Garik, we hear you now. Yes.

Garik Shmois

Okay, I'm sorry about that. So I was wondering on nonresidential looking out to 2020, you talked about energy projects being potential source of acceleration, but you saw really good growth this year in data warehouses and I'm understanding that you've set up your asset footprint along some of these high-growth non-res corridors. So I was wondering if you could speak to that end market in particular into next year and maybe a little bit more broadly, if you're expecting any change in the non-res composition of growth into 2020 by end market?

Howard Nye

Garik, thanks for the question. I think it can move around a little bit and I think it can vary. We've seen all through attractive wind farm activity this year in Iowa. I think we might start seeing more of that type of activity farther south next year. I think what we continue to see warehousing will be very, very healthy, and I think the warehouse and in particular is what's going to drive a good number of our volumes in those markets, Garik. I mean what you've seen relative to warehousing in places like Indianapolis and even in areas such as the [indiscernible] has been really pretty impactful to our business and we think it will continue to be, it goes back to the observation you made at the premise of your question, and that is if you build your business along these high corridors, you're going to see good non-res growth, and again, Garik, we think that's going to be very healthy in 2020.

Garik Shmois

Okay, thanks. And then just lastly on the outlook. It's tough to handicap. But if you think about infrastructure, we get that a lot of the visibility that you have is based on the awards that have occurred really over the last several years, but we're getting some more questions just on recession threat and what would happen if there is not a timely extension or passage of a new highway bill. So is there any contemplation about any potential disruptions on the federal side and how that might impact infrastructure demand etcetera?

Howard Nye

I will tell you; I hear very little to nothing about a recession threat from the federal side at all. I don't see it. And I think the other thing that everyone that I speak to in Washington, not only representatives of people to trade associations come away with the view that the notion of short-term CRs is not a place that anyone wants to be, and everyone understands that this is a much needed area of consistent investment. So we're not seeing things in our dialogs, and we stay very close to us -- very close to it. That gives us a sense of that's going to end up being an issue next year, Garik.

Garik Shmois

Great, thanks so much.

Howard Nye

You're welcome. Thank you.

Operator

Thank you. And our next question comes from Timna Tanners from Bank of America Merrill Lynch. Your line is open.

Timna Tanners

Hey, good morning, guys and thanks Howard for all that great color. And only things I had left that I was hoping for a little bit more detail on was since you mentioned that M&A is your top priority for use of cash, if you could characterize the environment and the opportunities that you might have this?

Howard Nye

Timna, thanks for the question. It is always a very active dialog. I mean, the question is how far is to go beyond the dialog and what does the acquisition look like in a relative state because different acquisitions are going to have different levels of attractiveness to us. What I will tell you is the dialog that is underway with businesses directly and in some instances the dialog is underway with people who are representing businesses tends to be a very active dialog and where that leads, I can't predict right now, but it has continued to be a very consistent positive thoughtful dialog and part of what I like Timna is, as Jim indicated, through our deleveraging, we're in a very good place today and I think from the perspective of, what we believe we can do from a regulatory perspective, we're in a very attractive place as well, and we like to think that's from a competitive viewpoint something that actually works in our favor.

Timna Tanners

Okay, super. And then the only other question I had was on SG&A, you raised the guidance. Just wondering if you could just give us some color on that to help us think about the future.

Jim Nickolas

Yes, hey, Timna, it's Jim. That's predominantly personnel expense, made up of a few things, like going labor inflation standard, some incentive compensation given the outperformance of the business and a few IT initiatives as well.

Timna Tanners

Okay, super. Thanks again.

Howard Nye

Thank you, Timna.

Operator

Thank you. Our next question comes from Rohit Seth from SunTrust. Your line is open.

Rohit Seth

Hey, thanks for taking my question. Just on the infrastructure, you said the volumes dropped 7% [ph] in non-transportation projects and reconstruction in the Midwest. Just tell us where you're seeing the strength in the transportation side? And then if you can talk about, what's actually happening in the Midwest with the reconstruction efforts?

Howard Nye

Rohit, I think part of what you run into the Midwest is every year when they go through bad freestyle [ph], you still have more roads in the Midwest that tend to be far-to-market type roads, that tend to be gravel roads, and so what you'll see after winter is a fairly significant need to repair those roads. What's happened this year is you had the freestyle, you had winter, you had repair needs, and then you actually had repair needs that were so acute also driven by the flooding that it tended to go much more deeply into the year than it typically does. So what I would say is, you've got traditional paving projects in that part of the world that you would expect to see year-in and year-out. And then we've seen considerably more just raw maintenance activity in that part of the United States because of some of the flooding situations that we saw last year, and by the way, that plays into part of what we've seen in the ChemRock/Rail piece of the business as well.

I mean if you look at that, you will also see that I talked about the fact that ChemRock/Rail shipments were up 4% for the quarter and that was really led by ballast shipments, I didn't say it in my prepared comments, but the fact is, it's really into the Western United States and that ties very directly back into that part of the country that you're asking about right now.

Rohit Seth

Okay. And then on the transportation projects, what states we're seeing strength?

Howard Nye

The fact is, we're seeing strength in almost all of our top 10 states. And if you go back to it and you think about what we discussed relative to those state DOT budgets and what they have done with their spending or investment levels over the last several years, it's been pretty considerable. I mean. Texas is 37% of our revenue. And if we look at what their project awards have looked like and where Prop [ph] 7 is kicking in and Prop [ph] 1, and these are big numbers and then the other thing that we're seeing there is the return of a very significant design build projects. Colorado, as I indicated before, has had very active bidding activity in that state. We're actually seeing a proposition. It's called Proposition CC in that state, it could actually raise more than $10 billion for transportation over the next 15 years. Georgia DOT has lettings at $2 billion, which is 2x where it was in 2014. So these are all the types of initiatives that we've seen in our top 10 states that I think has these states outperforming the nation as a whole right now, and probably for the foreseeable future.

Rohit Seth

Okay. And then, just building on that ARTBA question earlier. Does it surprise you that the project flow has been more -- has been very lumpy and perhaps there's been less large projects coming to the market than we've seen in the past?

Howard Nye

No, it doesn't. Because I think if you look at the nature of some of these jobs, you're going to have that degree of lumpiness and one of the things that I think is important is, as I indicated in response to the earlier question, what does the trend look like on a multiyear basis? And the other thing is, if you talk to the people at ARTBA, they too would tell you we're not surprised by this. This is the type of activity that we would expect and it's the type of longer term dynamics that we're looking for that we actually think are helpful on as well.

Rohit Seth

Got you. So you have the view that maybe 2020 the ARTBA awards probably move back in a positive direction?

Howard Nye

Well, again, if I'm looking at where awards are, and I'm looking at about where they are from 2017 levels and I'm thinking about the business over multiple years, again, they're 13% above 2017 levels. I mean, I think if you go back and charted Seth, what you'll find is something that's not going to be [indiscernible] to you, again, I think breaking down what's highways and what's bridges and then sorting out aggregates intensity is an important part of that conversation.

Rohit Seth

All right. Okay, great. Thank you.

Operator

Thank you. Our next question comes from Brent Thielman from D.A. Davidson. Your line is open. Please check that your line is not on mute. Thank you. And we will move on to our next question from Adam Thalhimer from Thompson Davis. Your line is open.

Adam Thalhimer

Okay. Thanks for squeezing me in.

Howard Nye

And we hear you.

Adam Thalhimer

Great. I wanted to ask first and sorry if I missed this, I hopped on late, but the Southeast Group with volumes up 1%, what would that have been ex the hurricane. And then just some high-level thoughts on just core demand in the Southeast.

Howard Nye

Yes, really the Southeast had a relatively tough comp, that's your bigger issue there. I would not put too much stock into what happened this quarter with Dorian in the Southeast or Imelda, I mean Dorian interrupted a few days. It obviously shut down production in the Bahamas, and we've been working with our team there to make sure their lives are in order, and oddly enough Dorian the same storm that knocked around the Bahamas actually found its way before it was done up to Nova Scotia as well. But -- and I would look at the Southeast and say that was really more driven by a tough comp than anything else going on. I wouldn't describe significant Dorian effect to that.

Adam Thalhimer

Okay. And then, on high level on private construction Howard, does it feel like private is still good everywhere or do you think it's -- are we at a point where some geographies are really, really good and some geographies have started to slow?

Howard Nye

Yes, I guess I'm going back to my earlier commentary, I don't see places that are overbuilt and I think that's a really important place to start. I think the other thing that I would point you to is if you're looking at the Dodge Momentum Index or the ABI, I mean part of what you'll see is for example in the ABI, the South and the South in the ABI is a big swath of territory, that's going from the Atlantic Coast to Texas. So you think about the ABI's South region, that's going to be a big piece of our business, it has consistently been a leader in the way the ABI has looked at. It's also been a leader in the way we looked at it through the DMI. So I think your point is a good one Adam and that is not all markets are created equal and some markets are better than others. And part of what we have tried to do and we outlined it in the prepared remarks is put ourselves very intentionally in markets that we feel like in every cycle will outperform and I think that's what we've done and I think that's what we're seeing in the volume numbers. And I think that's one reason that we have such confidence in non-res and [indiscernible] population trends are moving in those directions; we see big projects coming and we see steady medium projects ahead of us as well.

Adam Thalhimer

Great. Okay, thanks Howard.

Howard Nye

Thank you, Adam.

Operator

Thank you. And I am showing no further questions from our phone lines and I'd like to turn the conference back over to Howard Nye for any closing remarks.

Howard Nye

Well, again, thank you for joining our third quarter 2019 earnings call. Our proven strategic plan and commitment to operational excellence and world-class attributes of our business position Martin Marietta for continued growth and enhance shareholder value, as we continue to benefit from the steady construction recovery. We look forward to discussing our fourth quarter and full-year 2019 results in February. As always, we're available for any follow-up questions. Thank you for your time and your continued support of Martin Marietta.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program; you may all disconnect. Everyone have a wonderful day.