



# Third Quarter Fiscal Year 2020 Earnings Conference Call

February 4, 2020

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# Forward-Looking Statements

*Forward-Looking Statements. This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements are not historical facts or guarantees of future performance but instead represent only the Company's belief at the time the statements were made regarding future events which are subject to certain risks, uncertainties and other factors, many of which are outside the Company's control. Actual results and outcomes may differ materially from what is expressed or forecast in such forward-looking statements. The principal risks and uncertainties that may affect the Company's actual performance include the following: the cyclical and seasonal nature of the Company's business; public infrastructure expenditures; adverse weather conditions; the fact that our products are commodities and that prices for our products are subject to material fluctuation due to market conditions and other factors beyond our control; availability of raw materials; changes in energy costs including, without limitation, natural gas, coal and oil; changes in the cost and availability of transportation; unexpected operational difficulties, including unexpected maintenance costs, equipment downtime and interruption of production; material nonpayment or non-performance by any of our key customers; fluctuations in or changes in the nature of activity in the oil and gas industry, including fluctuations in the level of fracturing activities and the demand for frac sand and changes in processes or substitutions in materials used in well fracturing; inability to timely execute announced capacity expansions; difficulties and delays in the development of new business lines; governmental regulation and changes in governmental and public policy (including, without limitation, climate change regulation); possible outcomes of pending or future litigation or arbitration proceedings; changes in economic conditions specific to any one or more of the Company's markets; competition; a cyber-attack or data security breach; announced increases in capacity in the gypsum wallboard, cement and frac sand industries; changes in the demand for residential housing construction or commercial construction; risks related to pursuit of acquisitions, joint ventures and other transactions; general economic conditions; and interest rates. For example, increases in interest rates, decreases in demand for construction materials or increases in the cost of energy (including, without limitation, natural gas, coal and oil) could affect the revenue and operating earnings of our operations. In addition, changes in national or regional economic conditions and levels of infrastructure and construction spending could also adversely affect the Company's result of operations. With respect to our proposed acquisition of certain assets from Kosmos Cement Company as described in this press release, factors, risks and uncertainties that may cause actual events and developments to vary materially from those anticipated in such forward-looking statements include, but are not limited to, the inability to complete the acquisition within the expected time frame, or at all, failure to realize expected synergies from or other benefits of the transaction, possible negative effects resulting from consummation of the transaction, significant transaction or ownership transition costs, unknown liabilities or other adverse developments affecting the assets to be acquired and the target business, including the effect on the target business of the same or similar factors discussed above to which our Heavy Materials business is subject. Finally, the proposed separation of our Heavy Materials and Light Materials businesses into two independent, publicly traded corporations is subject to various risks and uncertainties, and may not be completed on the terms or timeline currently contemplated, or at all. These and other factors are described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and subsequent quarterly and annual reports upon filing. These reports are filed with the Securities and Exchange Commission. All forward-looking statements made herein are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed herein will increase with the passage of time. The Company undertakes no duty to update any forward-looking statement to reflect future events or changes in the Company's expectations.*

# CEO REMARKS

# Revenue

Third Quarter, In Millions



5% increase reflects

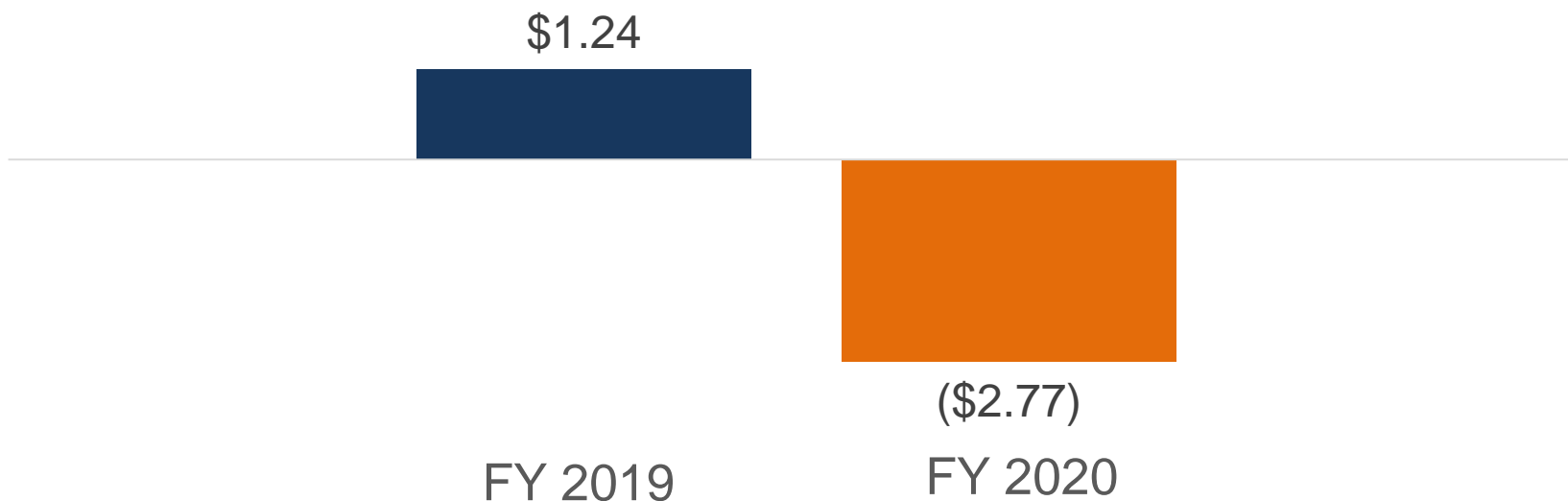
- Higher Cement sales volume and prices
- Contribution from acquired concrete and aggregates business

# Diluted Earnings Per Share

## Third Quarter

*EPS results (net loss per share of \$2.77) reflect the impact of several non-routine expenses during the quarter, most notably a \$224 million asset impairment charge related to the Oil and Gas Proppants business.*

*Excluding the impact of the non-routine items highlighted in the earnings release, Adjusted EPS was \$1.51\**



\* Adjusted EPS is a non-GAAP financial measure calculated by excluding non-routine items in the manner described on Attachment 6 to our press release dated February 4, 2020.

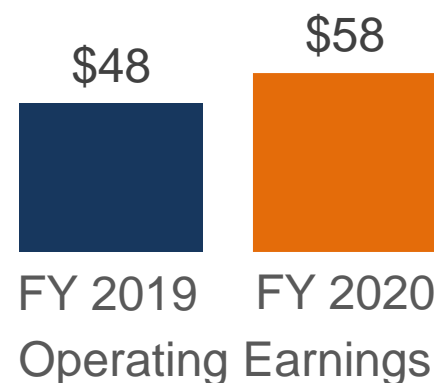
# Heavy Materials

Third Quarter, In Millions



*Cement sales volume improved 7%*

*Operating earnings were up 19%*

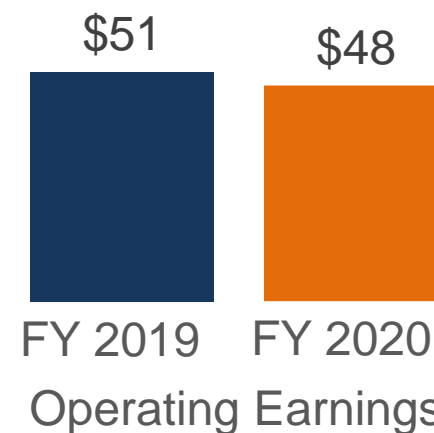


# Light Materials

Third Quarter, In Millions

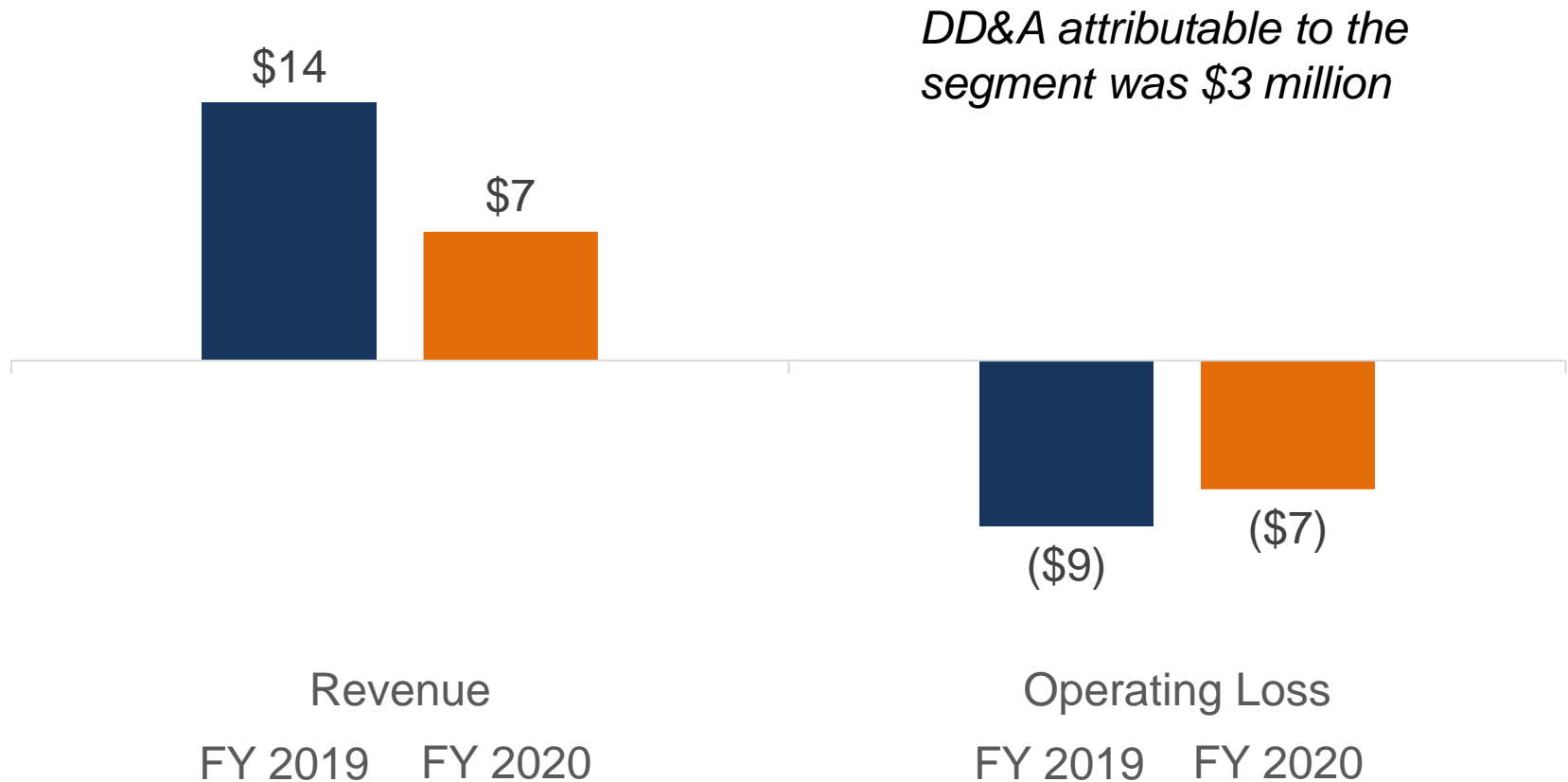


*Third quarter Wallboard sales volume was up 2% and net sales prices were down 8%*



# Oil and Gas Proppants

Third Quarter, In Millions





# Cash Flow Information

In Millions

	Nine months ended December 31,		
	2018	<b>2019</b>	
Operating Cash Flow <sup>(1)</sup>	\$ 294.1	<b>\$ 320.6</b>	<b>+ 9%</b>
Capex, net	(124.2)	<b>(84.1)</b>	
Free Cash Flow	\$ 169.9	<b>\$ 236.5</b>	
Acquisition Spending	-	<b>(30.4)</b>	
Dividends Paid	(14.3)	<b>(13.1)</b>	
Share Repurchases	(191.8)	<b>(313.9)</b>	
Proceeds from Debt	5.0	<b>238.5</b>	
Other	0.2	<b>0.1</b>	
Net Change in Cash Balance	<b>\$ (31.0)</b>	<b>\$ 117.7</b>	

<sup>(1)</sup> Includes depreciation of \$92.0 million and \$84.9 million for the quarters ended December 31, 2018 and 2019, respectively.

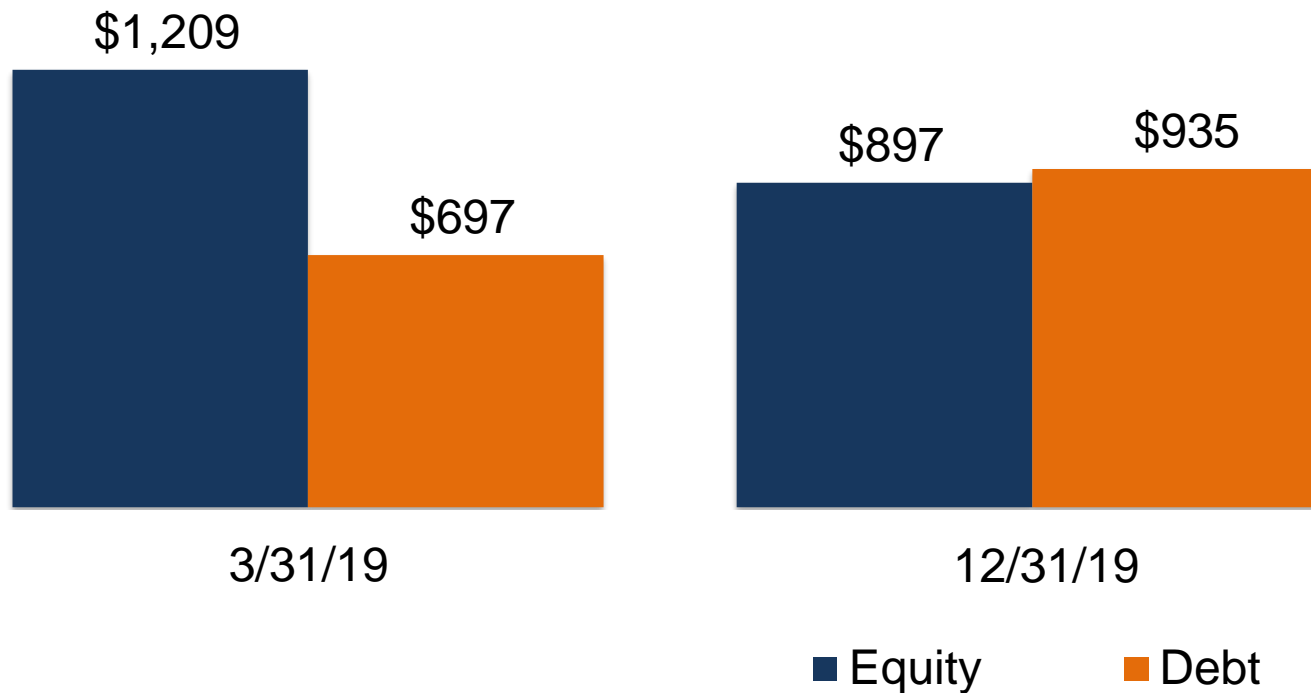
# Capital Structure

In Millions

*Debt-to-Cap*

37%

51%



# Question & Answer

Thank you for participating  
in today's  
conference call web cast.

An archive of this web cast will be available at  
<http://www.eaglematerials.com> later today.