

RESULTS OF THE 2017 INDUSTRY DATA SURVEY



BUILD WITH STRENGTH

NRMCA
NATIONAL READY MIXED
CONCRETE ASSOCIATION



NRMCA

Ready Mixed Concrete Industry Data Report

A benchmarking tool for planning, evaluating and directing the financial activities of your organization.

2017 Edition
(2016 data)

Prepared by:
T & F Certified Public Accountants LLC

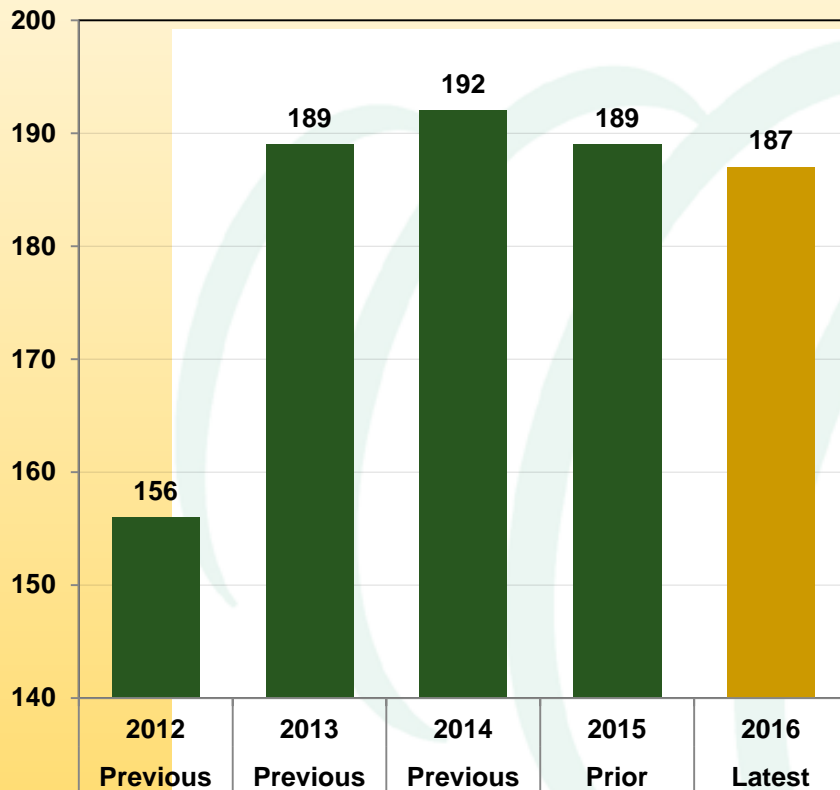
2017 Survey
(2016 DATA)

187 Companies

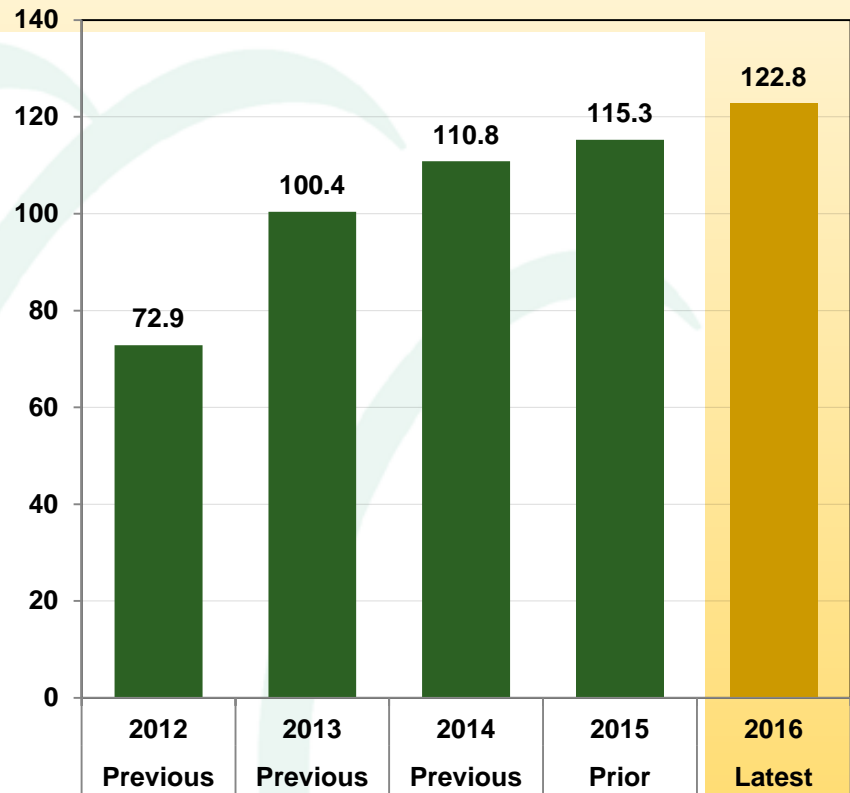
36% of US Ready
Mixed Concrete
Production

Member participation has been steady

of Participants



Millions of Yards covered in survey



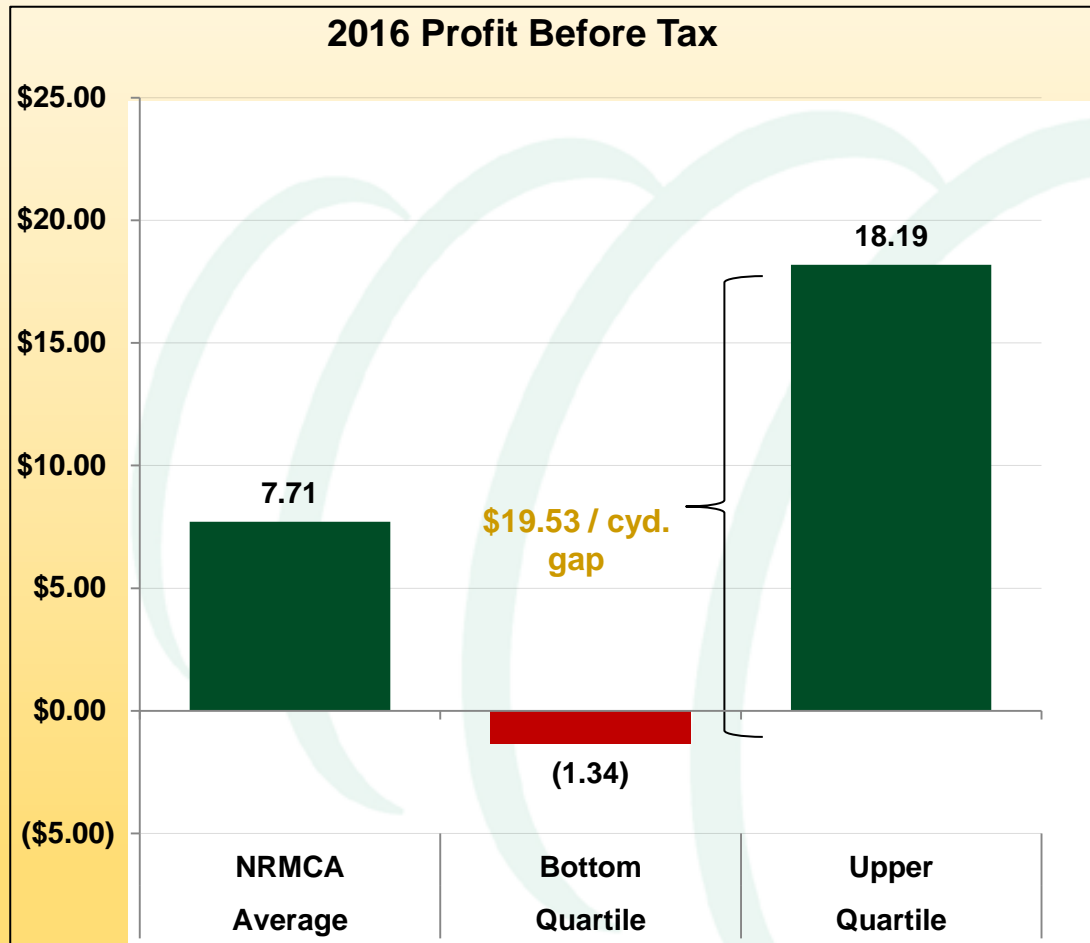
of firms participating increased from 156 producers in 2012 to 187 producers in 2016

Price drove improvement

| | 2014 | 2015 | 2016 | Better (Worse) | | |
|--------------------------------|----------------|-----------------|-----------------|----------------|-------------|----------------------|
| | | | | \$ | % | |
| Revenues | \$98.21 | \$103.17 | \$108.22 | \$5.06 | 5% | + \$2.76 ← |
| Materials Cost | <u>55.05</u> | <u>57.23</u> | <u>59.53</u> | <u>(2.29)</u> | <u>-4%</u> | |
| Material Margin | 43.16 | 45.94 | 48.70 | 2.76 | 6% | |
| <i>as a percent of revenue</i> | 44% | 45% | 45% | | 0% | |
| Operating Costs | | | | | | - \$0.54 ← |
| Plant | 11.42 | 11.88 | 11.23 | 0.65 | 5% | |
| Delivery | <u>23.63</u> | <u>23.28</u> | <u>23.39</u> | <u>(0.11)</u> | <u>0%</u> | |
| Total Operating Costs | 35.05 | 35.16 | 34.62 | 0.54 | 2% | |
| Operating profit | 8.11 | 10.78 | 14.07 | 3.30 | 31% | |
| Selling | 1.63 | 1.59 | 1.67 | (0.08) | -5% | + \$0.34 ← |
| Administrative | <u>4.17</u> | <u>4.35</u> | <u>4.62</u> | <u>(0.26)</u> | <u>-6%</u> | |
| S,G & A | 5.80 | 5.94 | 6.29 | (0.34) | -6% | |
| Interest | 0.40 | 0.36 | 0.23 | 0.14 | 37% | + \$3.13 ← |
| Other Income / (Expense) | 0.32 | 0.11 | 0.15 | 0.04 | 38% | |
| Profit Before Tax | 2.22 | 4.58 | 7.71 | 3.13 | -68% | |

Price (margin) improvement of \$2.76 accounted for nearly 90% of improvement in profitability

Not everyone is average

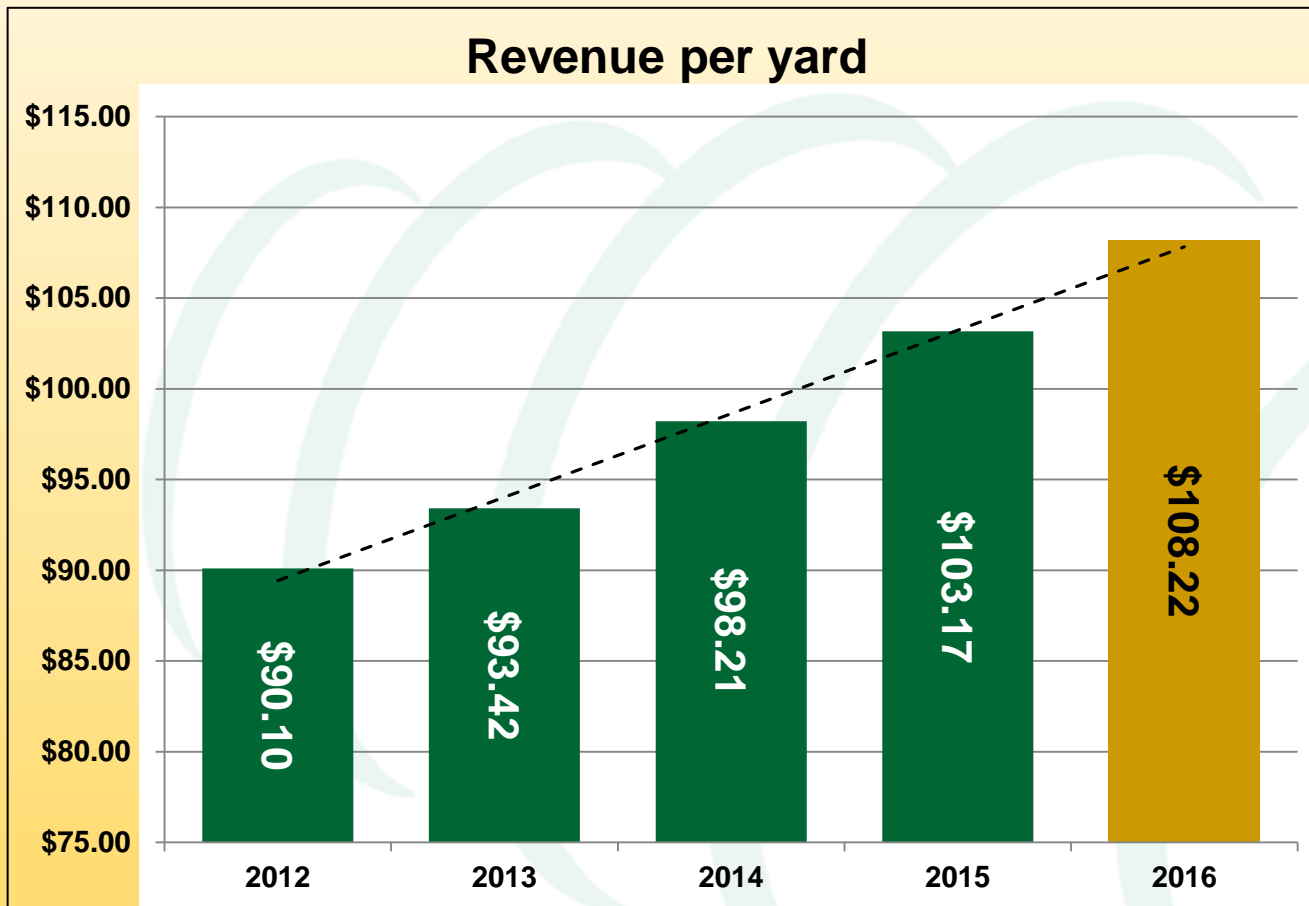


The gap in profitability between the bottom and top quartiles in the survey decreased \$2.54 per yard versus the prior year from \$22.07 in 2015 to \$19.53 in 2016

The gap in profitability from average to top quartile was \$9.05 per yard

A wide gap in profitability remains

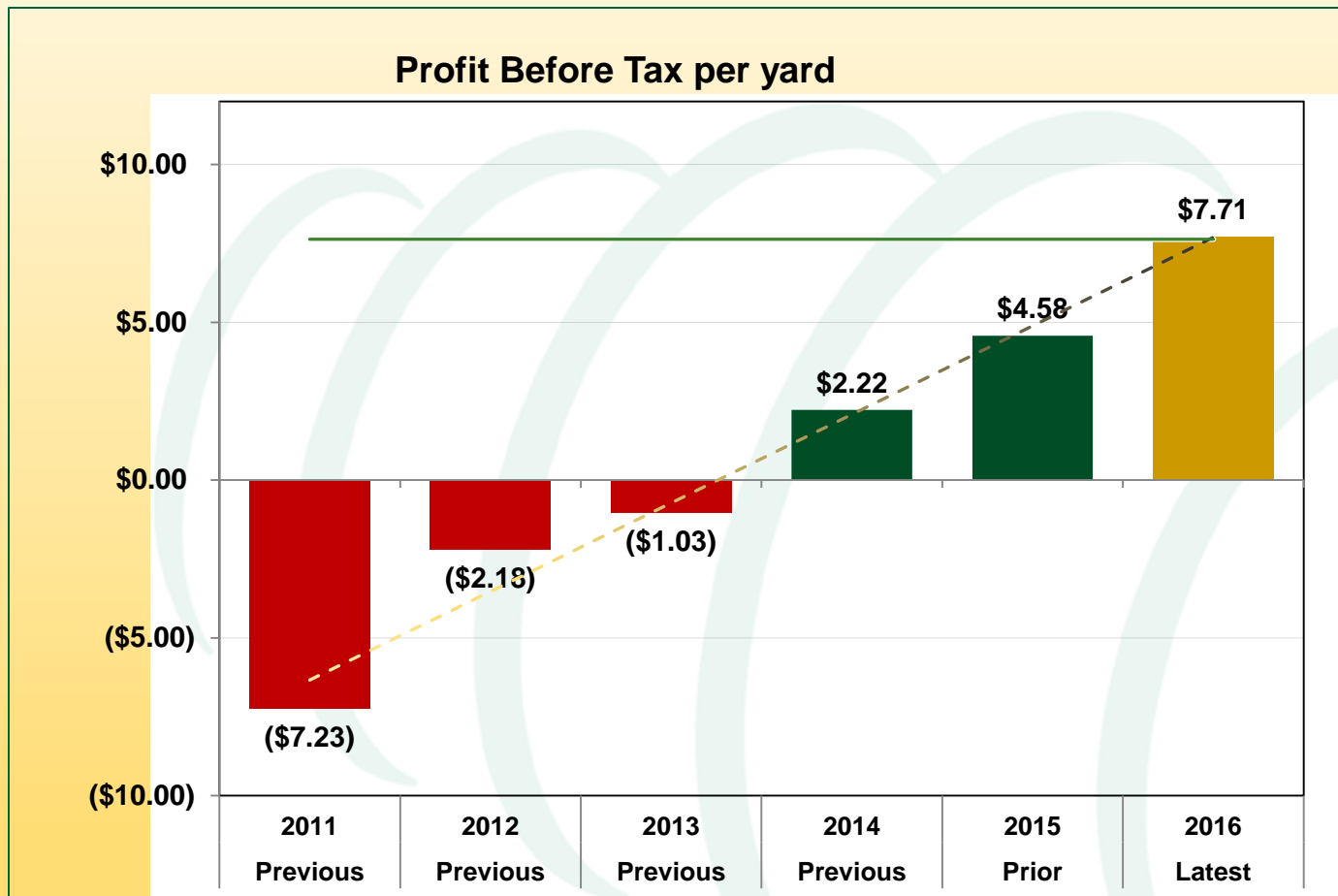
Trends – top line revenues



Revenue per
yard is up
5%
year over year

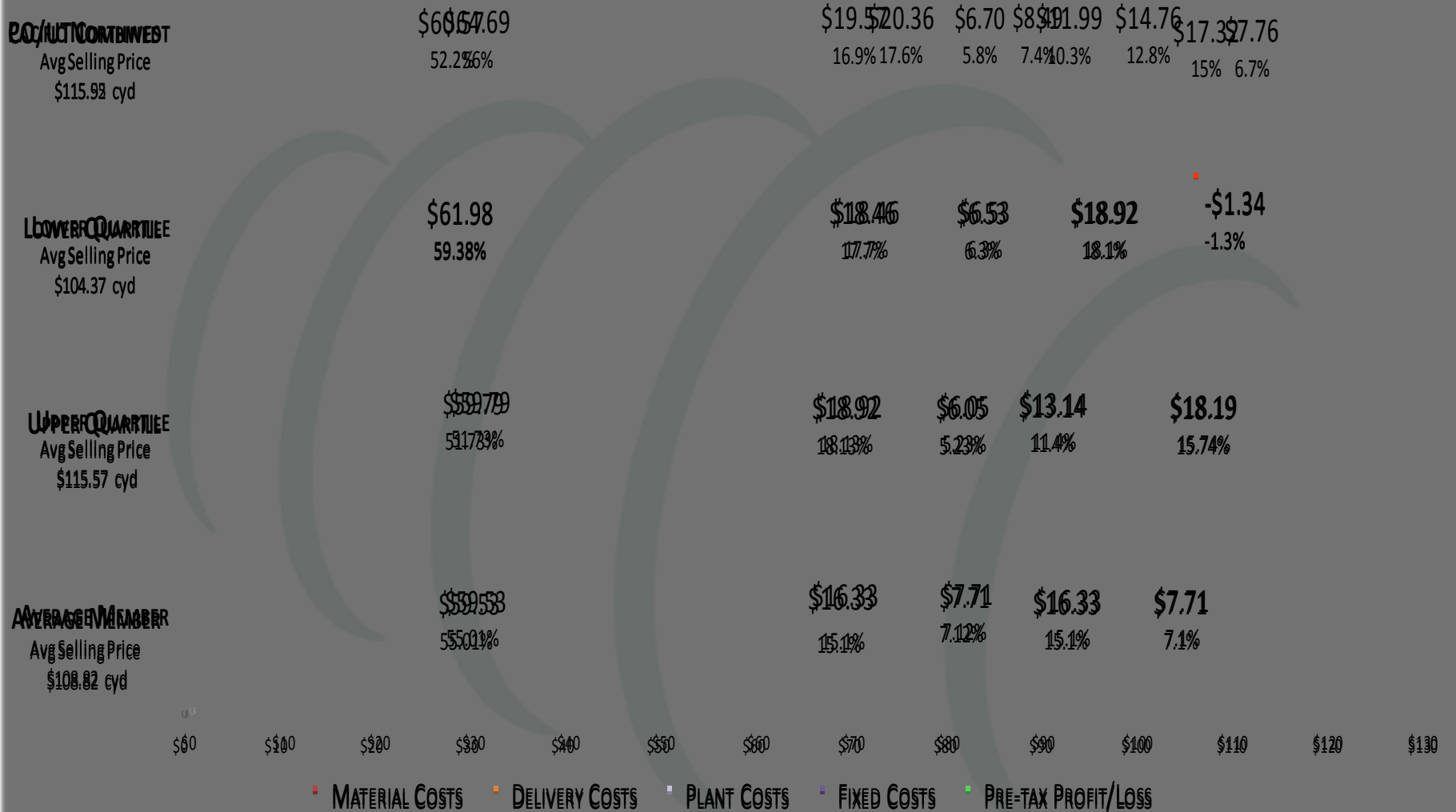
Revenue per yard up 20% over since 2012

Trends – profit before tax



Record profits per yard

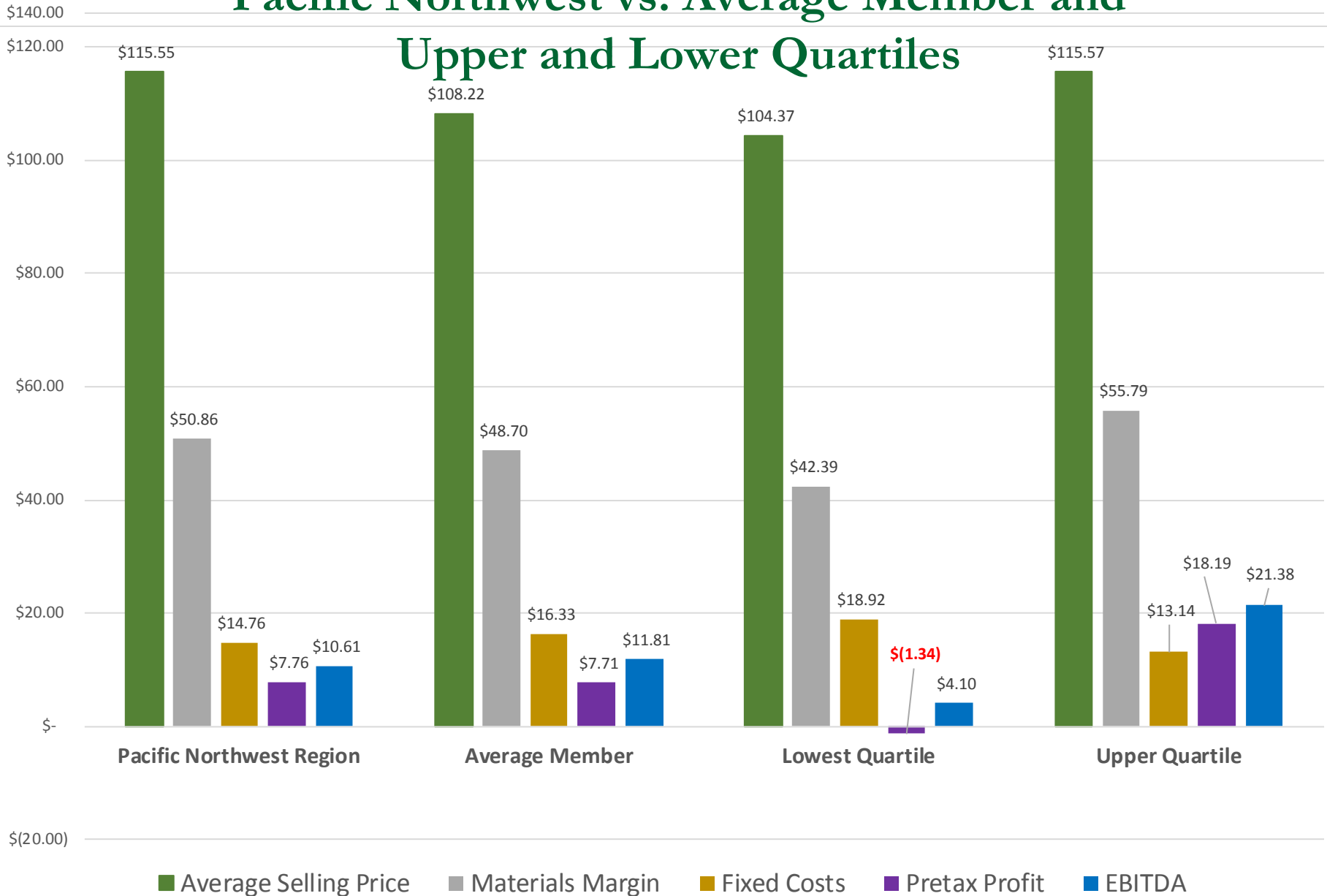
2016 - COMPONENTS OF A CUBIC YARD OF READY MIX CONCRETE, BY QUARTILE AND AVERAGE MEMBER



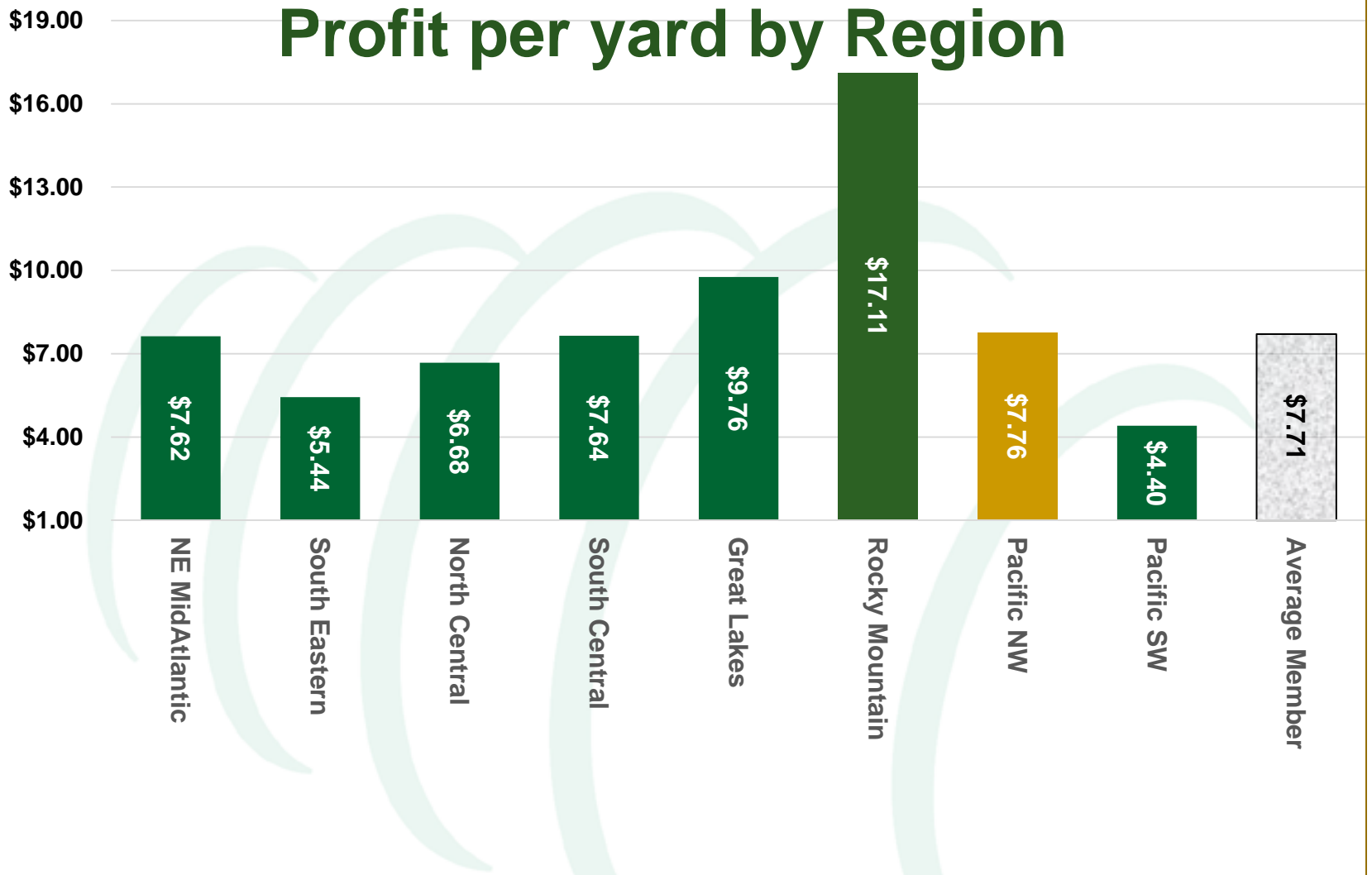
2012 year data



Pacific Northwest vs. Average Member and Upper and Lower Quartiles



Profit per yard by Region



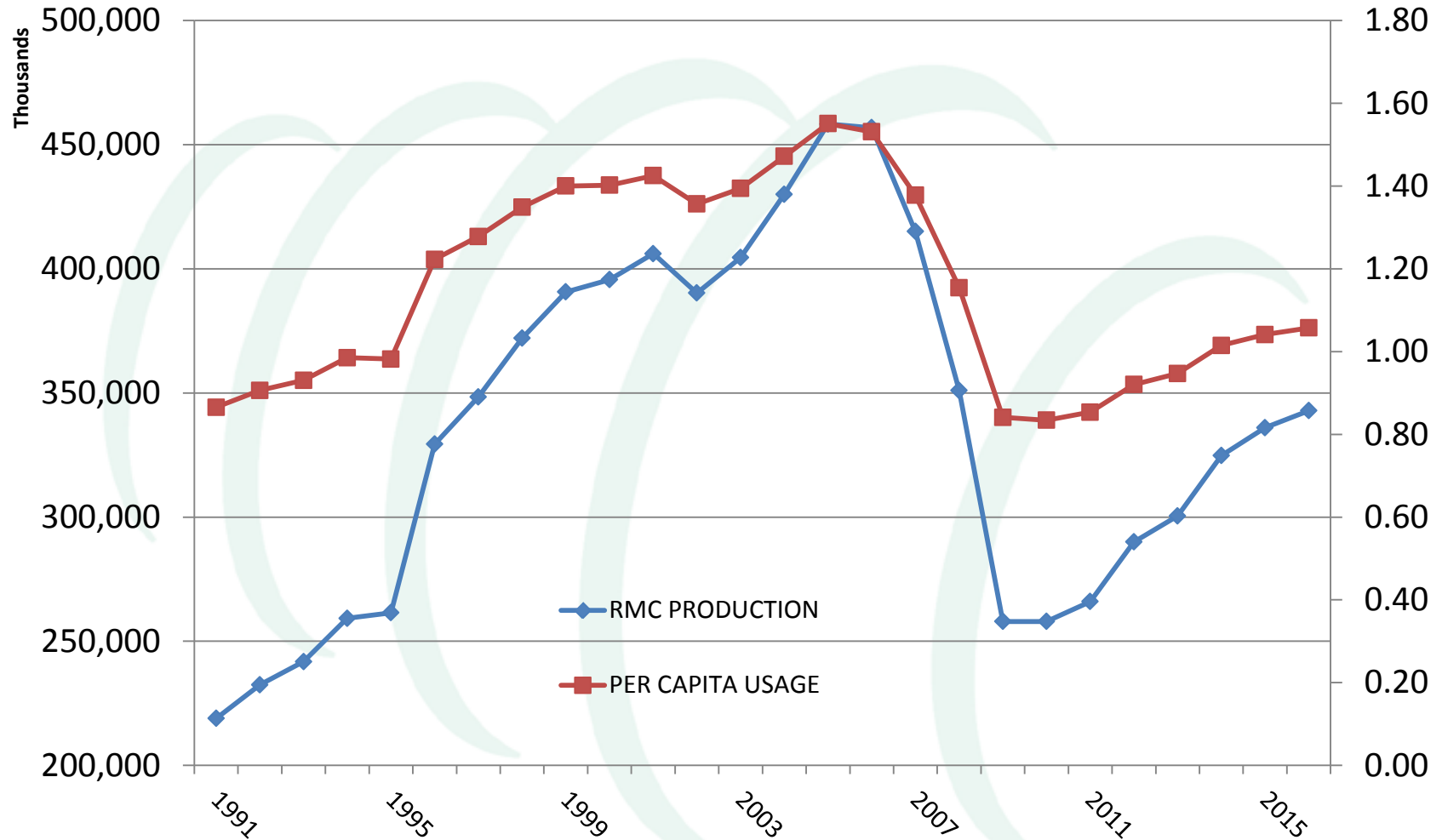
Rocky Mountain region outperformed again

Pacific Northwest vs. the Average Member

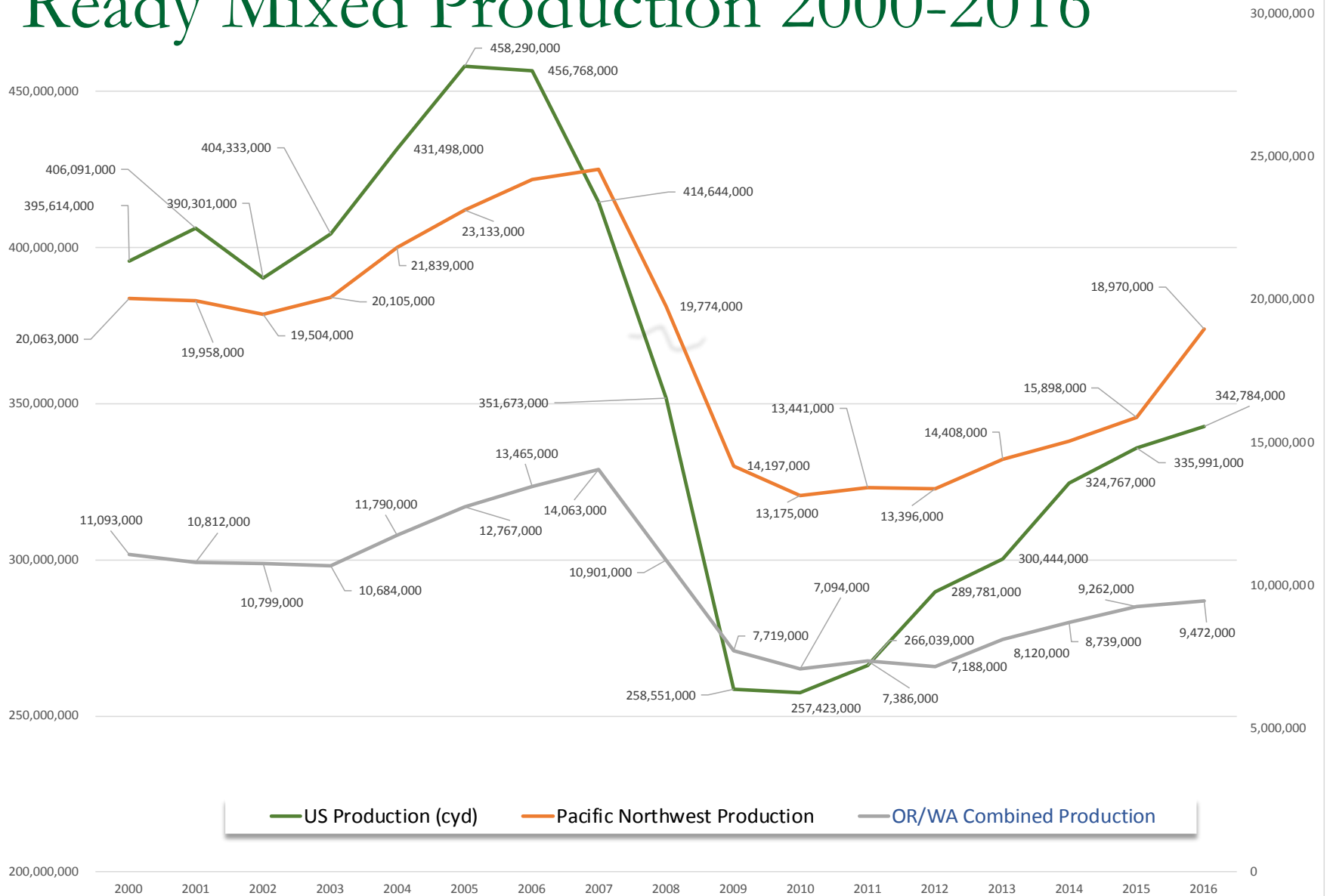
| | Pacific Northwest | Average NRMCA Member | Better (Worse) than NRMCA Avge Member | |
|--------------------------------|-------------------|----------------------|---------------------------------------|----------------|
| | | | \$ | % |
| Revenues | 115.55 | 108.22 | 7.33 | 7% |
| Materials Costs | <u>64.69</u> | <u>59.52</u> | <u>(5.17)</u> | <u>-9%</u> |
| Material Margin | 50.86 | 48.70 | 2.16 | 4% |
| <i>as a percent of revenue</i> | <i>44%</i> | <i>45%</i> | | <i>1%</i> |
| Operating Costs | | | | |
| Plant | 14.42 | 11.23 | (3.19) | -28% |
| Delivery | <u>25.29</u> | <u>23.39</u> | <u>(1.90)</u> | <u>-8%</u> (*) |
| Total operating Costs | 39.71 | 34.62 | (5.09) | -15% |
| Operating Profit | 11.15 | 14.08 | (2.93) | -21% |
| S, G & A | 3.88 | 6.29 | 2.41 | 38% |
| Interest Expense | 0.02 | 0.23 | 0.21 | 91% |
| Other Income (Expense) | <u>0.51</u> | <u>0.15</u> | <u>0.36</u> | <u>240%</u> |
| Profit Before Tax | 7.76 | 7.71 | 0.05 | 1% |

Pacific Northwest beats on price but the Average Member has lower operating costs. Higher S, G & A reduces the average member's profit.

PRODUCTION TO PER CAPITA USAGE – U.S.



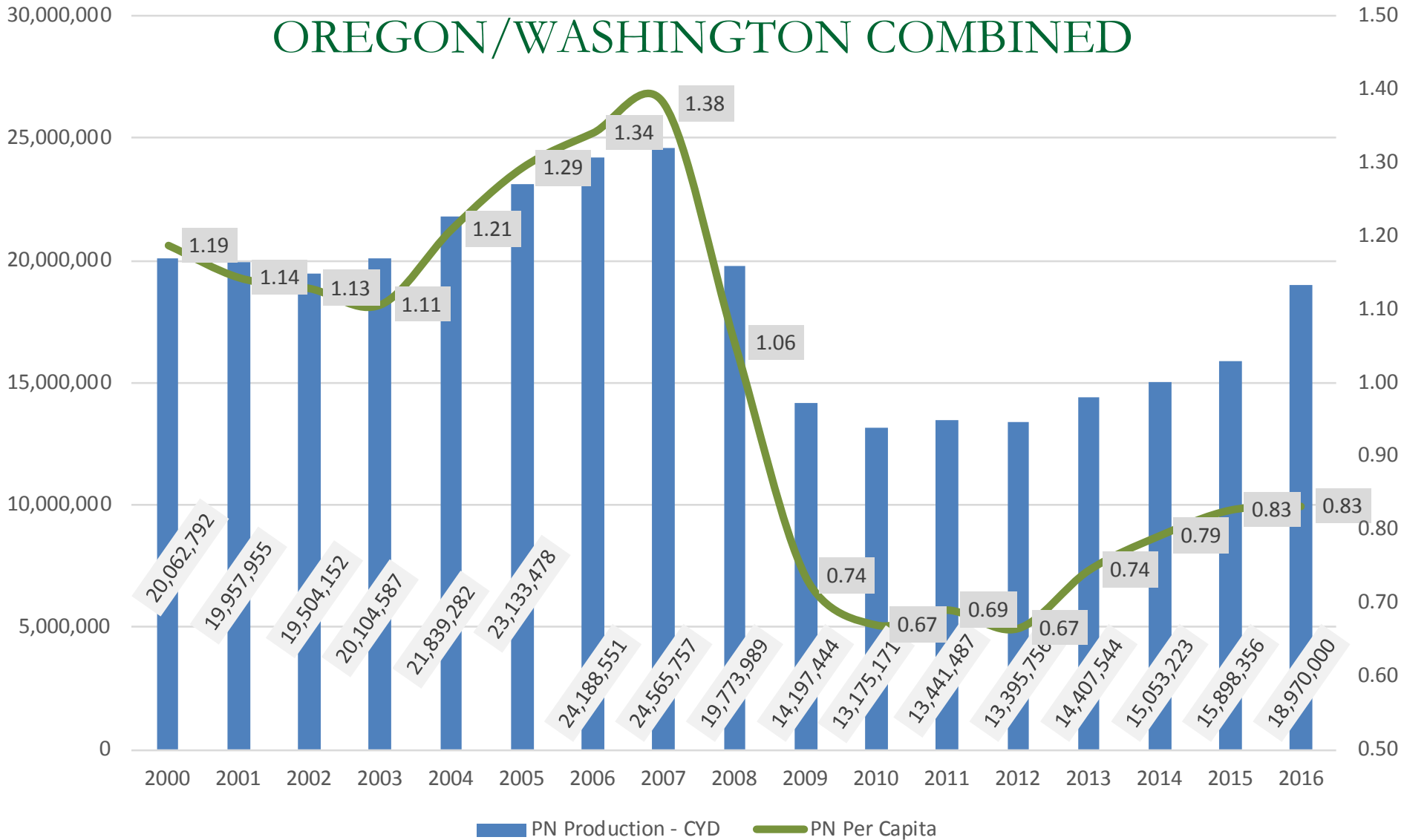
Ready Mixed Production 2000-2016



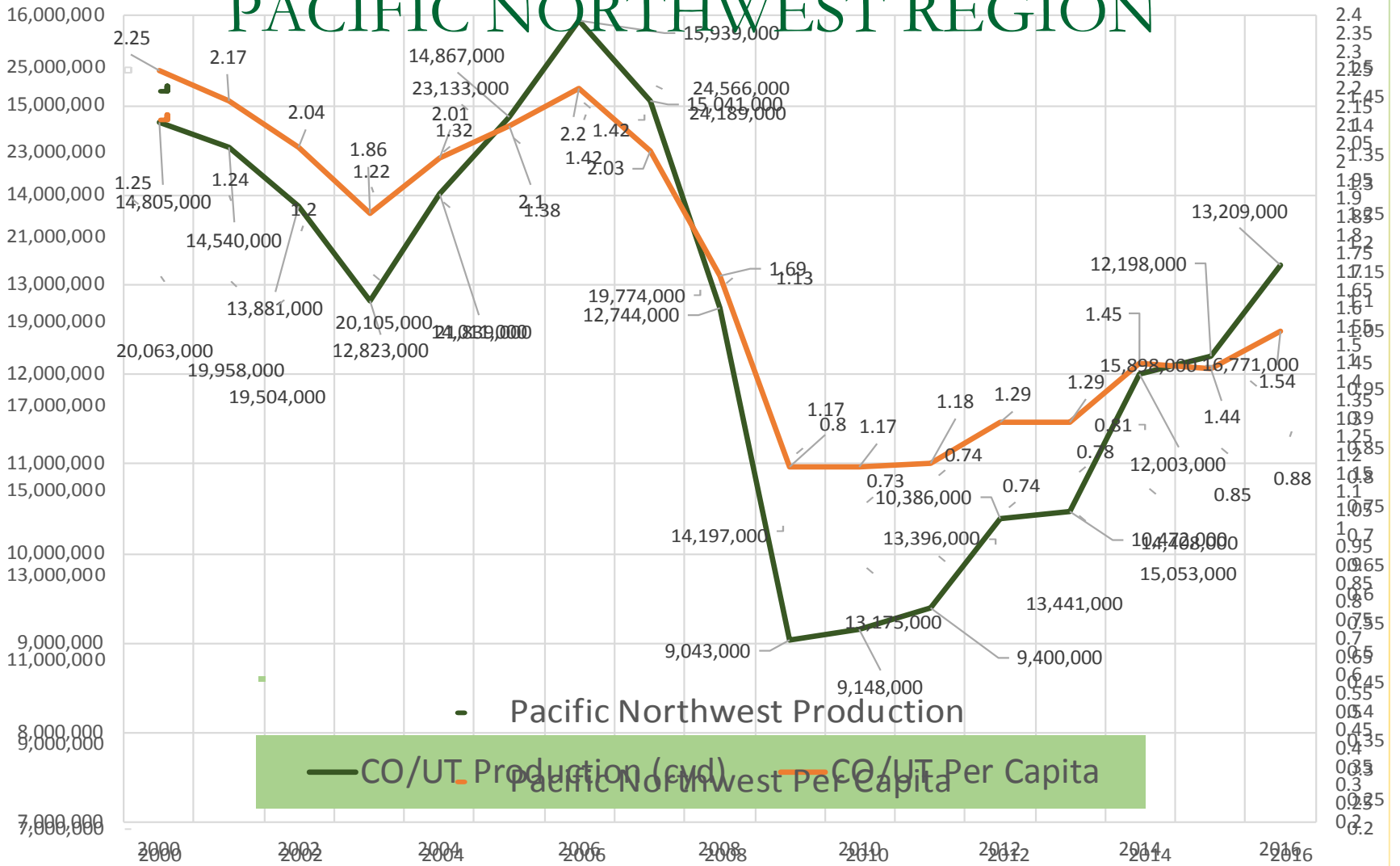
Pacific Northwest - Comparison of CYD Produced to Sales Price per CYD



PRODUCTION TO PER CAPITA USAGE OREGON/WASHINGTON COMBINED



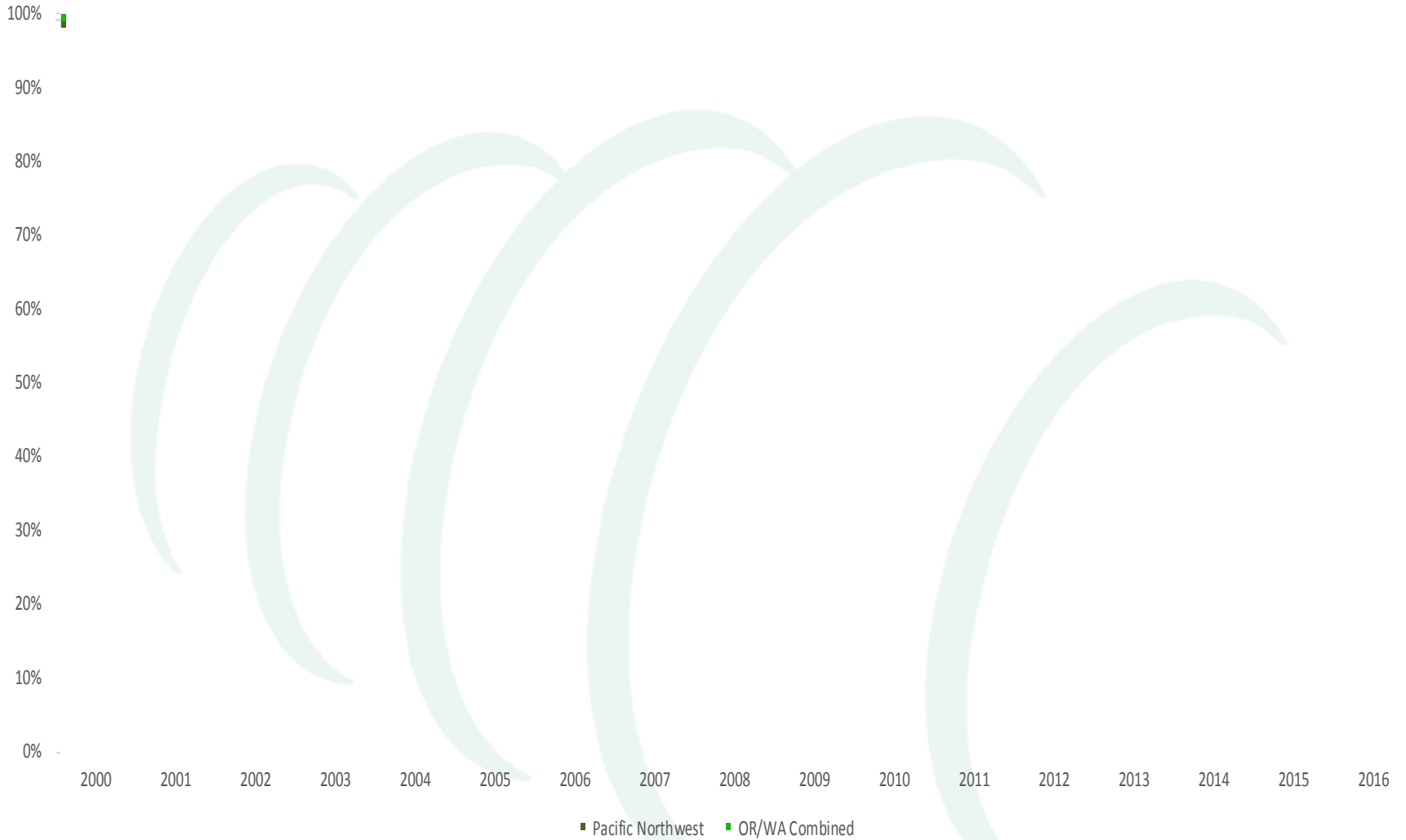
PRODUCTION TO PER CAPITA USAGE PACIFIC NORTHWEST REGION



OR/WA vs. PACIFIC NORTHWEST & AVERAGE MEMBER

| | OR & WA | Pacific | Average |
|--------------------------------|---------------|---------------|---------------|
| | Combined | Northwest | NRMCA Member |
| Revenues | 112.17 | 115.55 | 108.22 |
| Materials Costs | <u>57.32</u> | <u>64.69</u> | <u>59.52</u> |
| Material Margin | 54.85 | 50.86 | 48.70 |
| <i>as a percent of revenue</i> | 49% | 44% | 45% |
| Operating Costs | | | |
| Plant | 13.23 | 14.42 | 11.23 |
| Delivery | <u>26.11</u> | <u>25.29</u> | <u>23.39</u> |
| Total operating Costs | 39.34 | 39.71 | 34.62 |
| Operating Profit | 15.51 | 11.15 | 14.08 |
| S, G & A | 4.79 | 3.88 | 6.29 |
| Interest Expense | 0.04 | 0.02 | 0.23 |
| Other Income (Expense) | <u>(0.02)</u> | <u>0.51</u> | <u>0.15</u> |
| Profit Before Tax | 10.66 | 7.76 | 7.71 |

% of Ready Mixed Produced, OR/WA Combined vs. Pacific Northwest Region



Ready Mixed

