NEWS RELEASE

Vulcan Announces First Quarter 2018 Results

5/3/2018

EPS from Continuing Operations Increases Sharply to $0.40 per Share
Aggregates Gross Profit per Ton Expands
Management Reaffirms Full-Year Outlook
BIRMINGHAM, Ala., May 3, 2018 /PRNewswire/ -- Vulcan Materials Company (NYSE:VMC), the nation's largest producer of construction aggregates, today announced results for the first quarter ended March 31, 2018.

First quarter earnings from continuing operations increased 23 percent year-over-year to $53 million on a 9 percent increase in total revenues. Gross profit was $159 million, led by a 7 percent increase in Aggregates segment gross profit to $148 million. Asphalt, Concrete and Calcium segment gross profit was $11 million, as delayed work and higher input costs negatively impacted Asphalt margins. Selling, administrative, and general expenses declined $4 million to $78 million. Adjusted Earnings from Continuing Operations of $0.44 per diluted share compares to $0.34 per share in the prior year's first quarter. Adjusted EBITDA increased 12 percent to $168 million.

In the Company's core Aggregates segment, unit margins improved despite higher energy costs and shipment delays due to unusually cold and wet weather in certain markets. On a same-store basis, the aggregates business delivered cash gross profit per ton of $5.33, a record for the first quarter. This $0.19 per ton increase over the prior year period was achieved despite an $0.11 per ton increase in diesel. Same-store shipments grew 1 percent for the quarter, with a 7 percent increase in daily shipment rates in March as weather conditions improved. Adjusted for mix, freight-adjusted average selling price rose 3 percent over the prior year. Same-store total cost of revenues per ton declined year-over-year despite the aforementioned weather and energy cost headwinds as well as the planned shutdown of certain large production facilities for maintenance ahead of the construction season.

Tom Hill, Chairman and Chief Executive Officer, said, "Our first quarter results represent a solid start to the year and were consistent with our internal plans and full-year expectations despite difficult weather and higher than anticipated energy costs. Key leading indicators, as well as our shipment patterns through the first quarter and through April, support our full-year volume expectations. Aggregates pricing momentum continues to improve, supported by demand visibility, higher diesel prices, and tight logistics capacity. And as seen in our first quarter results, we've begun to turn the corner with respect to cost challenges faced in 2017. As such, we reiterate our full-year expectations for 2018 earnings from continuing operations of between $4.00 and $4.65 per diluted share and Adjusted EBITDA of between $1.150 and $1.250 billion."

First Quarter Summary (compared with prior year's first quarter)

- Total revenues increased $67 million, or 9 percent, to $854 million

- Gross profit was $159 million versus $158 million in the prior year
- Aggregates segment sales increased $49 million to $700 million and freight-adjusted revenues increased $33 million, or 7 percent, to $529 million
    - Shipments increased 2.3 million tons, or 6 percent, to 40.5 million tons
    - Freight-adjusted sales price increased 1 percent to $13.06 per ton
    - Segment gross profit increased $9 million, or 7 percent, to $148 million
- Asphalt, Concrete and Calcium segment gross profit decreased $8 million, collectively
- SAG was $78 million, $4 million lower than the prior year
- Net earnings were $53 million versus $45 million in the prior year
- Adjusted EBIT was $86 million versus $78 million in the prior year
- Adjusted EBITDA was $168 million, an increase of $19 million, or 12 percent
- Earnings from continuing operations were $0.40 per diluted share versus $0.32 per diluted share
- Adjusted earnings from continuing operations were $0.44 per diluted share versus $0.34 per diluted share (see appendix 3 for reconciliation)

Trailing-Twelve-Month Summary (compared with the prior twelve month period)

- Total revenues were $3.96 billion, an increase of $332 million, or 9 percent
- Gross profit was $995 million, an increase of $12 million, or 1 percent
- Aggregates segment sales increased $168 million to $3.15 billion and freight-adjusted revenues increased $121 million, or 5 percent, to $2.43 billion
    - Shipments increased 3 percent, to 185.5 million tons
    - Freight-adjusted sales price increased $0.31 per ton, or 2 percent
    - Segment gross profit increased $10 million to $864 million
- Asphalt, Concrete and Calcium segment gross profit improved $3 million, collectively
- SAG was $321 million, or 8.1 as a percentage of total revenues
- Net earnings were $609 million versus $424 million in the prior year
- Adjusted EBIT was $685 million, an increase of 2 percent
- Adjusted EBITDA was $1.0 billion, up 4 percent from the prior year
- Earnings from continuing operations were $4.48 per diluted share versus $3.12 per diluted share
- Adjusted earnings from continuing operations were $3.14 per diluted share versus $2.96 per diluted share (see appendix 3 for reconciliation)

Segment Results

Aggregates

First quarter Aggregates segment gross profit increased 7 percent to $148 million, or $3.66 per ton. Solid operating disciplines and the absence of one-time costs (e.g. California flooding) experienced in the prior year's first quarter helped offset a 26 percent increase in the unit cost for diesel fuel, the planned shutdown of three large facilities for repairs ahead of the construction season, and above normal distribution costs due to lingering storm-related ship and barge movement inefficiencies. The Company has taken possession of one of its two new, more efficient, Panamax-class ships, and expects to take possession of the second ship during the second quarter.

First quarter aggregates shipments increased 6 percent (1 percent on a same-store basis) versus the prior year's quarter. After being down 3 percent through February, same-store daily shipment rates for aggregates were up 7 percent year-over-year in March, reflecting demand fundamentals consistent with our full-year expectations. Shipments in Arizona, California, Florida and coastal Texas experienced double-digit gains due to solid demand growth and the start of some large projects. Shipment growth in other Texas markets, particularly north Texas, were held back due to wet weather. Wetter and colder weather led to reduced shipments in a number of other southeastern markets and Virginia. On a same-store basis, shipments in Georgia and South Carolina were down double-digits and Virginia decreased high-single digits. Daily shipping rates in these markets strengthened in April, and the Company's overall shipment momentum remained consistent with full-year plans.

With respect to the balance of 2018, leading indicators such as employment growth and construction starts indicate a continued recovery in demand across Vulcan's footprint. Private demand, both residential and nonresidential, continues to recover across Vulcan-served markets, and highway demand is again growing after a disappointing 2017. Transportation agencies appear to be catching up to new, higher funding levels in key Vulcan-served states. Construction starts data for Vulcan markets – as well as the Company's backlogs, booking rates for future work, and shipment patterns – all suggest improved demand visibility. Certain markets do face near-term logistics challenges, including disappointing rail-service quality, although the Company expects these pressures to ease over the balance of the year.

Demand visibility, customer confidence, diesel prices, and logistics constraints support continued upward pricing movements in many markets. For the quarter, freight-adjusted average sales price for aggregates increased 1 percent versus the prior year, despite a negative geographic and product mix impact. Excluding mix impact, aggregates price increased 3 percent. Pricing remained particularly strong in California, Georgia and other southeastern markets that are supported by clear demand visibility for both private and public construction. Texas, particularly coastal Texas, experienced relative pricing weakness in the quarter due to higher inbound freight costs and the mix of work – although the Company expects this trend to reverse over the remainder of the year. April price increases to key customers were executed well, and the Company expects additional price increases in several markets later in the year.

Asphalt, Concrete and Calcium

Asphalt segment gross profit was $8 million lower than the prior year due to weather impacts on volumes, lower materials margin and the comparative timing of an acquisition that closed during the first quarter last year. On a same-store basis, shipments were in line with the prior year, with cold and wet weather in key markets limiting paving activity. Deferred volumes should be recovered later in the year. Although average asphalt selling prices increased 4 percent, an 11 percent increase in unit costs for liquid asphalt compressed margins. This year's first quarter also included January results – a negative gross profit month – for a business acquired in February of the prior year.

Concrete segment gross profit was $10 million in the quarter, in line with the prior year. Total shipments increased 3 percent year-over-year. Average price increases of 9 percent allowed for a 5 percent gain in the material margins. The Company divested its Georgia ready-mix concrete operations in March. Full-year expectations for concrete segment gross profit remain unchanged.

Calcium segment gross profit was $0.5 million versus $0.7 million in the prior year's first quarter.

Growth, Capital Allocation, and Financial Position

The Company actively manages its business portfolio with a view toward driving long-term growth of cash flows from earnings after tax. In addition to the aforementioned divestiture of its Georgia ready-mix operations, the Company closed on three acquisitions in the first quarter including aggregates and asphalt operations complementing its existing positions in Alabama and Texas.

Total capital expenditures in the first quarter were $129 million. This amount included $65 million of core operating and maintenance capital investments to improve or replace existing property, plant and equipment, in line with expectations. In addition, the Company invested $64 million in internal growth projects to secure new aggregates reserves, develop new production sites, enhance the Company's distribution capabilities, and support the targeted growth of its asphalt and concrete operations.

The Company continues to expect operating and maintenance capital spending for 2018 of approximately $250 million to support an increased level of shipments and further improve production costs and operating efficiencies. We also plan for $350 million in internal growth capital expenditures during 2018, including the development of strategic aggregates sites in California and Texas.

The Company continues to position its debt portfolio consistent with the long-lived nature of its asset base, the cyclicality of materials demand, and the long-term price appreciation expected for aggregates. Concluding the refinancing plans commenced in December 2017, the Company in the first quarter issued $850 million of senior notes with maturities of 3 and 30 years, and retired $885 million of debt with maturities inside 4 years. Additionally, $111 million of senior notes due 2037 were exchanged for a like amount of senior notes due 2048 and cash. Since year-end 2016, the weighted-average life of the debt portfolio has more than doubled to approximately 16 years, while the weighted-average interest rate has declined from approximately 6.5 percent to approximately 4.0 percent. First quarter results include a $7 million pretax charge associated with these transactions.

During the quarter, the Company returned $93 million to shareholders through dividends paid ($37 million) and share repurchases ($56 million).

Selling, Administrative and General (SAG), Other Operating Expense and Taxes

SAG expenses in the quarter were $78 million, $4 million lower than the prior year. On a trailing-twelve-month basis, SAG expense as a percentage of total revenues, declined from 8.9 percent to 8.1 percent. The Company completed an organizational restructuring in January resulting in the elimination of approximately 50 positions. First quarter results reflect a $4 million charge resulting from this action.

Other operating expense was $4 million in the first quarter versus $6 million in the prior year. Over the past five years, other operating expenses, exclusive of discrete items, have averaged approximately $3 to $4 million per quarter.

The Company continues to project an effective tax rate for the full year of 20 percent. The first quarter tax provision includes a discrete adjustment related to stock-based incentive compensation, similar to the prior year's

first quarter.

The Company currently projects 2018 cash taxes of approximately $75 million before the effects of debt refinancing actions, use of various credits, and refunds from prior period over-payments. The current year's projected cash taxes are approximately $100 million lower than if under the prior tax law.

Demand and Earnings Outlook

Regarding the Company's earnings outlook for 2018, Mr. Hill stated, "We like the trends we've seen so far and the leading indicators we monitor support our full-year outlook for strong earnings growth. We expect earnings from continuing operations of $4.00 to $4.65 per diluted share and Adjusted EBITDA of $1.150 to $1.250 billion. All other aspects of our outlook are consistent with our outlook in February."

Conference Call

Vulcan will host a conference call at 10:00 a.m. CDT on May 3, 2018. A webcast will be available via the Company's website at **www.vulcanmaterials.com**. Investors and other interested parties may access the teleconference live by calling 800-239-9838, or 323-794-2551 approximately 10 minutes before the scheduled start. The conference ID is 3160919. The conference call will be recorded and available for replay at the Company's website approximately two hours after the call.

Vulcan Materials Company, a member of the S&P 500 Index with headquarters in Birmingham, Alabama, is the nation's largest producer of construction aggregates and a major producer of other construction materials – primarily crushed stone, sand and gravel – and a major producer of aggregates-based construction materials, including asphalt mix and ready-mixed concrete. For additional information about Vulcan, go to **www.vulcanmaterials.com**.

FORWARD-LOOKING STATEMENT DISCLAIMER

This document contains forward-looking statements. Statements that are not historical fact, including statements about Vulcan's beliefs and expectations, are forward-looking statements. Generally, these statements relate to future financial performance, results of operations, business plans or strategies, projected or anticipated revenues, expenses, earnings (including EBITDA and other measures), dividend policy, shipment volumes, pricing, levels of capital expenditures, intended cost reductions and cost savings, anticipated profit improvements and/or planned divestitures and asset sales. These forward-looking statements are sometimes identified by the use of terms and phrases such as "believe," "should," "would," "expect," "project," "estimate," "anticipate," "intend," "plan," "will," "can," "may" or similar expressions elsewhere in this document. These statements are subject to numerous risks, uncertainties, and assumptions, including but not limited to general business conditions, competitive factors, pricing, energy costs, and other risks and uncertainties discussed in the reports Vulcan periodically files with the SEC.

Forward-looking statements are not guarantees of future performance and actual results, developments, and business decisions may vary significantly from those expressed in or implied by the forward-looking statements. The following risks related to Vulcan's business, among others, could cause actual results to differ materially from

those described in the forward-looking statements: those associated with general economic and business conditions; the timing and amount of federal, state and local funding for infrastructure; changes in Vulcan's effective tax rate; the increasing reliance on information technology infrastructure for Vulcan's ticketing, procurement, financial statements and other processes could adversely affect operations in the event that the infrastructure does not work as intended or experiences technical difficulties or is subjected to cyber-attacks; the impact of the state of the global economy on Vulcan's businesses and financial condition and access to capital markets; changes in the level of spending for private residential and private nonresidential construction; the highly competitive nature of the construction materials industry; the impact of future regulatory or legislative actions, including those relating to climate change, wetlands, greenhouse gas emissions, the definition of minerals, tax policy or international trade; the outcome of pending legal proceedings; pricing of Vulcan's products; weather and other natural phenomena; energy costs; costs of hydrocarbon-based raw materials; healthcare costs; the amount of long-term debt and interest expense incurred by Vulcan; changes in interest rates; volatility in pension plan asset values and liabilities, which may require cash contributions to the pension plans; the impact of environmental clean-up costs and other liabilities relating to existing and/or divested businesses; Vulcan's ability to secure and permit aggregates reserves in strategically located areas; Vulcan's ability to manage and successfully integrate acquisitions; the potential of goodwill or long-lived asset impairment; changing technologies could disrupt the way we do business and how our products are distributed; the effect of changes in tax laws, guidance and interpretations, including those related to the Tax Cuts and Jobs Act that was enacted in December 2017; and other assumptions, risks and uncertainties detailed from time to time in the reports filed by Vulcan with the SEC. All forward-looking statements in this communication are qualified in their entirety by this cautionary statement. Vulcan disclaims and does not undertake any obligation to update or revise any forward-looking statement in this document except as required by law.

Table A

Vulcan Materials Company

and Subsidiary Companies

(in thousands, except per share data)

Consolidated Statements of Earnings	Three Months Ended March 31	
(Condensed and unaudited)	2018	2017
Total revenues	$854,474	$787,328
Cost of revenues	695,140	629,107
Gross profit	159,334	158,221

Selling, administrative and general expenses	78,340	82,383
Gain on sale of property, plant & equipment and businesses	4,164	369
Other operating expense, net	(3,975)	(5,828)
Operating earnings	81,183	70,379
Other nonoperating income, net	5,083	4,045
Interest expense, net	37,774	34,076
Earnings from continuing operations before income taxes	48,492	40,348
Income tax benefit	(4,903)	(3,175)
Earnings from continuing operations	53,395	43,523
Earnings (loss) on discontinued operations, net of tax	(416)	1,398
Net earnings	$52,979	$44,921
Basic earnings per share		
Continuing operations	$0.40	$0.33
Discontinued operations	$0.00	$0.01
Net earnings	$0.40	$0.34
Diluted earnings (loss) per share		
Continuing operations	$0.40	$0.32
Discontinued operations	($0.01)	$0.01
Net earnings	$0.39	$0.33
Weighted-average common shares outstanding		
Basic	132,690	132,636
Assuming dilution	134,359	134,968
Cash dividends per share of common stock	$0.28	$0.25
Depreciation, depletion, accretion and amortization	$81,439	$71,563
Effective tax rate from continuing operations	-10.1%	-7.9%

Table B

Vulcan Materials Company

and Subsidiary Companies

(in thousands)

Consolidated Balance Sheets	March 31	December 31	March 31
(Condensed and unaudited)	2018	2017	2017
Assets			
Cash and cash equivalents	$38,141	$141,646	$286,957
Restricted cash	8,373	5,000	0
Accounts and notes receivable			
Accounts and notes receivable, gross	492,103	590,986	471,590
Less: Allowance for doubtful accounts	(2,667)	(2,649)	(2,757)
Accounts and notes receivable, net	489,436	588,337	468,833
Inventories			
Finished products	340,666	327,711	306,012
Raw materials	29,393	27,152	26,213
Products in process	1,303	1,827	1,314
Operating supplies and other	28,392	27,648	29,860
Inventories	399,754	384,338	363,399
Prepaid expenses	75,495	60,780	38,573
Total current assets	1,011,199	1,180,101	1,157,762
Investments and long-term receivables	35,056	35,115	34,311
Property, plant & equipment			
Property, plant & equipment, cost	8,116,439	7,969,312	7,432,388
Allowances for depreciation, depletion & amortization	(4,090,574)	(4,050,381)	(3,980,567)
Property, plant & equipment, net	4,025,865	3,918,931	3,451,821
Goodwill	3,130,161	3,122,321	3,101,241
Other intangible assets, net	1,060,831	1,063,630	829,114
Other noncurrent assets	190,099	184,793	170,075

Total assets	$9,453,211	$9,504,891	$8,744,324
Liabilities			
Current maturities of long-term debt	22	41,383	139
Short-term debt	200,000	0	0
Trade payables and accruals	188,163	197,335	175,906
Other current liabilities	195,122	204,154	184,853
Total current liabilities	583,307	442,872	360,898
Long-term debt	2,775,687	2,813,482	2,329,248
Deferred income taxes, net	479,430	464,081	703,491
Deferred revenue	190,731	191,476	196,739
Other noncurrent liabilities	510,846	624,087	633,187
Total liabilities	$4,540,001	$4,535,998	$4,223,563
Equity			
Common stock, $1 par value	132,290	132,324	132,222
Capital in excess of par value	2,787,848	2,805,587	2,792,720
Retained earnings	2,138,885	2,180,448	1,734,448
Accumulated other comprehensive loss	(145,813)	(149,466)	(138,629)
Total equity	$4,913,210	$4,968,893	$4,520,761
Total liabilities and equity	$9,453,211	$9,504,891	$8,744,324

Table C

Vulcan Materials Company

and Subsidiary Companies

(in thousands)

	Three Months Ended
Consolidated Statements of Cash Flows	March 31

(Condensed and unaudited)	2018	2017
Operating Activities		
Net earnings	$52,979	$44,921
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, depletion, accretion and amortization	81,439	71,563
Net gain on sale of property, plant & equipment and businesses	(4,164)	(369)
Contributions to pension plans	(102,443)	(2,374)
Share-based compensation expense	6,794	6,488
Deferred tax expense (benefit)	7,968	153
Cost of debt purchase	6,922	0
Changes in assets and liabilities before initial		
effects of business acquisitions and dispositions	39,832	(28,069)
Other, net	3,641	1,839
Net cash provided by operating activities	$92,968	$94,152
Investing Activities		
Purchases of property, plant & equipment	(128,688)	(133,022)
Proceeds from sale of property, plant & equipment	1,701	1,239
Proceeds from sale of businesses	11,256	0
Payment for businesses acquired, net of acquired cash	(76,259)	(185,067)
Other, net	(34)	0
Net cash used for investing activities	($192,024)	($316,850)
Financing Activities		
Proceeds from short-term debt	252,000	0
Payment of short-term debt	(52,000)	0
Payment of current maturities and long-term debt	(892,038)	(5)
Proceeds from issuance of long-term debt	850,000	350,000
Debt issuance and exchange costs	(45,513)	(4,565)
Settlements of interest rate derivatives	3,378	0
Purchases of common stock	(55,568)	(49,221)
Dividends paid	(37,176)	(33,152)
Share-based compensation, shares withheld for taxes	(24,159)	(21,421)

Net cash provided by (used for) financing activities	($1,076)	$241,636
Net increase (decrease) in cash and cash equivalents and restricted cash	(100,132)	18,938
Cash and cash equivalents and restricted cash at beginning of year	146,646	268,019
Cash and cash equivalents and restricted cash at end of period	$46,514	$286,957

Table D

Segment Financial Data and Unit Shipments

(in thousands, except per unit data)

	Three Months Ended March 31	
	2018	2017
Total Revenues		
Aggregates 1	$699,657	$650,300
Asphalt	103,835	95,776
Concrete	100,962	88,750
Calcium	1,942	1,886
Segment sales	$906,396	$836,712
Aggregates intersegment sales	(51,922)	(49,384)
Total revenues	$854,474	$787,328
Gross Profit		
Aggregates	$148,221	$138,791
Asphalt	246	8,482
Concrete	10,320	10,225
Calcium	547	723
Total	$159,334	$158,221

Depreciation, Depletion, Accretion and Amortization		
Aggregates	$65,953	$57,656
Asphalt	7,002	5,731
Concrete	3,414	3,023
Calcium	69	195
Other	5,001	4,958
Total	$81,439	$71,563
Average Unit Sales Price and Unit Shipments		
Aggregates		
Freight-adjusted revenues 2	$529,414	$496,805
Aggregates - tons	40,532	38,246
Freight-adjusted sales price 3	$13.06	$12.99
Other Products		
Asphalt Mix - tons	1,793	1,778
Asphalt Mix - sales price	$53.30	$51.23
Ready-mixed concrete - cubic yards	816	792
Ready-mixed concrete - sales price	$122.47	$112.00
Calcium - tons	67	67
Calcium - sales price	$28.96	$28.18

1Includes product sales as well as freight & delivery costs that we pass along to our customers, and service revenues related to aggregates.

2Freight-adjusted revenues are Aggregates segment sales excluding freight & delivery revenues, and other revenues related to services, such as landfill tipping fees that are derived from our aggregates business.

3Freight-adjusted sales price is calculated as freight-adjusted revenues divided by aggregates unit shipments.

1. Reconciliation of Non-GAAP Measures

Gross profit margin excluding freight & delivery (revenues and costs) is not a Generally Accepted Accounting Principle (GAAP) measure. We present this metric as it is consistent with the basis by which we review our operating results. Likewise, we believe that this presentation is consistent with our competitors and consistent with the basis by which investors analyze our operating results considering that freight & delivery services represent pass-through activities (we do not generate a profit associated with the transportation component of the selling price of the product). Reconciliation of this metric to its nearest GAAP measure is presented below:

Gross Profit Margin in Accordance with GAAP

(dollars in thousands)

	Three Months Ended March 31	
	2018	2017
Gross profit	$159,334	$158,221
Total revenues	$854,474	$787,328
Gross profit margin	18.6%	20.1%

Gross Profit Margin Excluding Freight & Delivery

(dollars in thousands)

	Three Months Ended March 31	
	2018	2017
Gross profit	$159,334	$158,221
Total revenues	$854,474	$787,328
Freight & delivery revenues 1	129,690	118,103
Total revenues excluding freight & delivery	$724,784	$669,225
Gross profit margin excluding freight & delivery	22.0%	23.6%

1 Includes freight & delivery to remote distribution sites.

Aggregates Segment Freight-Adjusted Revenues

Aggregates segment freight-adjusted revenues is not a GAAP measure. We present this metric as it is consistent with the basis by which we review our operating results. We believe that this presentation is consistent with our competitors and meaningful to our investors as it excludes revenues associated with freight & delivery, which are pass-through activities. It also excludes immaterial other revenues related to services, such as landfill tipping fees, that are derived

from our aggregates business. Additionally, we use this metric as the basis for calculating the average sales price of our aggregates products. Reconciliation of this metric to its nearest GAAP measure is presented below:

(dollars in thousands)

	Three Months Ended March 31	
	2018	2017
Aggregates segment		
Segment sales	$699,657	$650,300
Less		
Freight & delivery revenues 1	158,944	147,898
Other revenues	11,299	5,597
Freight-adjusted revenues	$529,414	$496,805
Unit shipment - tons	40,532	38,246
Freight-adjusted sales price	$13.06	$12.99

1 At the segment level, freight & delivery revenues include intersegment freight & delivery revenues, which are eliminated at the consolidated level.

Appendix 2

Reconciliation of Non-GAAP Measures (Continued)

Aggregates segment gross profit margin as a percentage of segment sales excluding freight & delivery (revenues and costs) is not a GAAP measure. We present this metric as it is consistent with the basis by which we review our operating results. We believe that this presentation is consistent with our competitors and meaningful to our investors as it excludes revenues associated with freight & delivery, which are pass-through activities (we do not generate a profit associated with the transportation component of the selling price of the product). Incremental gross profit as a percentage of segment sales excluding freight & delivery revenues represents the year-over-year change in gross profit divided by the year-over-year change in segment sales excluding freight & delivery revenues. Reconciliations of these metrics to their nearest GAAP measures are presented below:

Aggregates Segment Gross Profit Margin in Accordance with GAAP

(dollars in thousands)

	Three Months Ended March 31	
	2018	2017

Aggregates segment		
Gross profit	$148,221	$138,791
Segment sales	$699,657	$650,300
Gross profit margin	21.2%	21.3%
Incremental gross profit margin	19.1%	

Aggregates Segment Gross Profit as a Percentage of Segment Sales Excluding Freight & Delivery

(dollars in thousands)

	Three Months Ended March 31	
	2018	2017
Aggregates segment		
Gross profit	$148,221	$138,791
Segment sales	$699,657	$650,300
Less		
Freight & delivery revenues 1	158,944	147,898
Segment sales excluding freight & delivery	$540,713	$502,402
Gross profit as a percentage of segment sales excluding freight & delivery	27.4%	27.6%
Incremental gross profit as a percentage of segment sales excluding freight & delivery	24.6%	

1 At the segment level, freight & delivery revenues include intersegment freight & delivery revenues, which are eliminated at the consolidated level.

GAAP does not define "Aggregates segment cash gross profit" and it should not be considered as an alternative to earnings measures defined by GAAP. We present this metric for the convenience of investment professionals who use such metrics in their analyses and for shareholders who need to understand the metrics we use to assess performance. We and the investment community use this metric to assess the operating performance of our business. Additionally, we present this metric as we believe that it closely correlates to long-term shareholder value. We do not use this metric as a measure to allocate resources. Aggregates segment cash gross profit per ton is computed by dividing Aggregates segment cash gross profit by tons shipped. Reconciliation of this metric to its nearest GAAP measure is presented below:

Aggregates Segment Cash Gross Profit

(in thousands, except per ton data)

	Three Months Ended March 31	
	2018	2017
Aggregates segment		

Gross profit	$148,221	$138,791
Depreciation, depletion, accretion and amortization	65,953	57,656
Aggregates segment cash gross profit	$214,174	$196,447
Unit shipments - tons	40,532	38,246
Aggregates segment cash gross profit per ton	$5.28	$5.14

Append

Reconciliation of Non-GAAP Measures (Continued)

GAAP does not define "Earnings Before Interest, Taxes, Depreciation and Amortization" (EBITDA) and it should not be considered as an alternative to earnings measures defin GAAP. We present this metric for the convenience of investment professionals who use such metrics in their analyses and for shareholders who need to understand the metr use to assess performance. We use this metric to assess the operating performance of our business and as a basis for strategic planning and forecasting as we believe that it correlates to long-term shareholder value. We do not use this metric as a measure to allocate resources. We adjust EBITDA for certain items to provide a more consistent comparison of earnings performance from period to period. Reconciliation of this metric to its nearest GAAP measure is presented below:

EBITDA and Adjusted EBITDA

(in thou

	Three Months Ended March 31		Mar	
	2018	2017	2018	
Net earnings	$52,979	$44,921	$609,244	$4
Income tax expense (benefit)	(4,903)	(3,175)	(233,803)	1
Interest expense, net	37,774	34,076	294,784	1
(Earnings) loss on discontinued operations, net of tax	416	(1,398)	(5,982)	
EBIT	$86,266	$74,424	$664,243	$6
Depreciation, depletion, accretion and amortization	81,439	71,563	315,841	2
EBITDA	$167,705	$145,987	$980,084	$9
Gain on sale of real estate and businesses	($2,929)	$0	($13,437)	($
Property donation	0	0	4,290	
Business interruption claims recovery, net of incentives	(1,694)	0	(1,694)	(
Charges associated with divested operations	0	1,379	16,683	

Business development, net of termination fee 1	516	0	3,580	
One-time employee bonuses	0	0	6,716	
Asset impairment	0	0	0	
Restructuring charges	4,245	1,942	4,245	
Adjusted EBITDA	$167,843	$149,308	$1,000,467	$9
Depreciation, depletion, accretion and amortization	(81,439)	(71,563)	(315,841)	(2
Adjusted EBIT	$86,404	$77,745	$684,626	$6

1 Includes only non-routine business development charges.

Similar to our presentation of Adjusted EBITDA, we present Adjusted Diluted EPS to provide a more consistent comparison of earnings performance from period to period.

Adjusted Diluted EPS from Continuing Operations (Adjusted Diluted EPS)

	Three Months Ended March 31		Mar
	2018	2017	2018
Diluted EPS	$0.40	$0.32	$4.48
Items included in Adjusted EBITDA above	0.00	0.02	0.09
Interest charges associated with debt purchase	0.00	0.00	0.02
Debt refinancing costs	0.04	0.00	0.75
Tax reform income tax savings	0.00	0.00	(1.99)
Alabama NOL carryforward valuation allowance	0.00	0.00	(0.21)
Foreign tax credit carryforward utilization	0.00	0.00	0.00
Adjusted Diluted EPS	$0.44	$0.34	$3.14

The following reconciliation to the mid-point of the range of 2018 Projected EBITDA excludes adjustments for charges associated with divested operations, asset impairment other unusual gains and losses. Due to the difficulty of forecasting the timing or amount of items that have not yet occurred, are out of our control, or cannot be reasonably predicted, we are unable to estimate the significance of this unavailable information.

2018 Projected EBITDA

	(in millions)
	Mid-point
Net earnings	$585
Income tax expense	140
Interest expense, net	135
Discontinued operations, net of tax	0

Depreciation, depletion, accretion and amortization	340
Projected EBITDA	$1,200

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