



MANUFACTURERS OF PORTLAND CEMENTS



SINCE 1908

PHONE: (620) 473-2222
FAX: (620) 473-2447

P.O. BOX 1000
HUMBOLDT, KANSAS 66748-0900

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QUARTERLY REPORT TO STOCKHOLDERS

The rainy weather that hampered sales during the second quarter of this year subsided during the third quarter allowing construction projects to proceed. The improved market conditions resulted in consolidated net sales of \$47.0 million compared to \$45.0 million for the third quarter of 2015 and 2014, respectively. Year-to-date, our consolidated net sales continue to lag last year's sales by \$2.9 million. Consolidated net sales for the first nine months of 2015 were \$108.9 million compared to \$111.8 million for a similar period in 2014. Through September, net sales in our Ready-Mixed Concrete Business decreased \$5.3 million primarily due to a 13.4% decrease in volume, while net sales in our Cement Business increased \$2.4 million primarily due to higher prices related to increased delivery charges.

Consolidated cost of sales for the first nine months of 2015 decreased \$2.2 million compared to the first nine months of 2014. Cost of sales decreased \$5.0 million in the Ready-Mixed Concrete Business primarily due to decreases in volume sold and increased \$2.8 million in the Cement Business primarily due to additional delivery costs. Selling and administrative expenses remained relatively unchanged for the first nine months of 2015 as compared to the same period in 2014.

During the third quarter of 2015, the Company sold \$11.4 million of equities at a realized gain of \$8.3 million substantially increasing Other income. Other income for the quarter and nine months ended September 30, 2015 was \$9.1 million and \$9.6 million, respectively, compared to \$0.6 million and \$1.0 million, respectively, for the same periods in 2014. Net income through September 30, 2015 was \$15.0 million compared to \$8.9 million through September 30, 2014.

The next Board of Directors' meeting is scheduled for December 4, 2015. Any action of the Board concerning dividends will be posted following the meeting on the Company's website, www.monarchcement.com under the SEC Filings tab.

WALTER H. WULF, JR.
President and Chairman of the Board

Certain statements in this Quarterly Report constitute "forward-looking statements". Except for historical information, the statements made in this report are forward-looking statements that involve risks and uncertainties. You can identify these statements by forward-looking words such as "should", "anticipate", "believe", "intend", "may", "forecast" or similar words. In particular, statements with respect to the timing, scope, cost and benefits of our proposed and recently completed capital improvements and expansion plans, including potential fuel savings, projected installation costs and other cash needs, and our forecasted cement sales are all forward-looking statements. You should be aware that forward-looking statements involve known and unknown risks, uncertainties, and other factors that may affect the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: general economic and business conditions; competition; raw material and other operating costs; costs of capital equipment; changes in business strategy or expansion plans; demand for our Company's products; cyclical and seasonal nature of our business; the affect weather has on our business; the affect of environmental and other government regulation; and the affect of federal and state funding on demand for our products.

Consolidated Statements of Income	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In Thousands, except per share data)			
Net Sales	\$ 46,982	\$ 44,971	\$ 108,836	\$ 111,764
Gross Profit from Operations	12,396	12,173	22,460	23,155
Income before Taxes	17,746	8,652	20,713	12,357
Provision for Income Taxes	4,910	2,405	5,740	3,440
Net Income	12,836	6,247	14,973	8,917
Basic Earnings per Share	3.32	1.57	3.87	2.25
Average Shares Outstanding	3,863	3,965	3,866	3,966

Consolidated Balance Sheets	September 30, 2015	Dec. 31, 2014
	(In Thousands)	
Assets		
Current Assets	\$ 65,411	\$ 53,637
Property, Plant and Equipment	84,335	84,411
Deferred Income Taxes	9,528	8,578
Investments	26,406	30,202
Other Assets	2,867	3,039
Total Assets	<u>\$ 188,547</u>	<u>\$ 179,867</u>
Liabilities and Stockholders' Equity		
Current Liabilities	\$ 23,169	\$ 22,383
Long-Term Debt	4,704	5,861
Accrued Postretirement Benefits	26,232	25,969
Accrued Pension Expense	6,908	9,254
Total Company Stockholders' Equity	127,534	116,400
Total Liabilities and Equity	<u>\$ 188,547</u>	<u>\$ 179,867</u>

Consolidated Statements of Cash Flows	Nine Months Ended September 30,	2015	2014
		(In Thousands)	
Operating Activities:			
Net Income		\$ 14,973	\$ 8,917
Depreciation, Depletion and Amortization		10,699	9,549
Gain on Sale of Equity Investments		(8,343)	-
Change in Operating Working Capital		(9,849)	(5,533)
Net Cash Provided by Operating Activities		<u>\$ 7,480</u>	<u>\$ 12,933</u>
Investing Activities		<u>\$ (719)</u>	<u>\$ (12,727)</u>
Financing Activities:			
Proceeds from Bank Loans, net		\$ (1,156)	\$ (1,259)
Cash Dividends Paid		(2,822)	(2,737)
Purchases of capital stock		(132)	(82)
Net Cash Used for Financing Activities		<u>\$ (4,110)</u>	<u>\$ (4,078)</u>
Net Change in Cash and Cash Equivalents		\$ 2,651	\$ (3,872)
Cash and Cash Equivalents, Beginning of Year		7,262	6,401
Cash and Cash Equivalents, End of Period		<u>\$ 9,913</u>	<u>\$ 2,529</u>