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PRESENTATION

Operator

Good morning and welcome to GCC's Second Quarter 2025 Earnings Results Conference Call. Before we begin, I would like to remind you that this call is being recorded and that all participants will be in listen-only mode. Please also note that a slide presentation accompanies today's webcast. The link is available on the company's IR website at gcc.com. I would now like to turn the call over to Sahory Ogushi, Head of Investor Relations. Please go ahead.

Sahory Ogushi

Good morning, everyone, and thank you for joining. With me today are Enrique Escalante, our Chief Executive Officer; and Maik Strecker, Chief Financial Officer.

The earnings release detailing this quarter's results was released yesterday after market close and is available on GCC's IR website. This conference call is also being broadcast live within the Investors section at gcc.com. And both the webcast replay of the call and transcript will be available on the same site approximately one hour after the end of today's call.

Before we begin, I would like to remind you that our remarks today will include forward-looking statements. Actual results may differ materially from those contemplated by these forward-looking statements. Factors that could cause these results to differ materially are set forth in yesterday's press release and in our quarterly report filed with the Mexican Stock Exchange. Any forward-looking statements that we make on this call are based on assumptions as of today and we undertake no obligation to update these statements as a result of new information or future events. With that, let me now turn the call over to Enrique.

Enrique Escalante

Thank you, Sahory, and good morning, everyone. This year has brought its share of complexity. Yet despite persistent inflationary pressure, evolving trade dynamics and the depreciation of the Mexican peso, we continued to execute with discipline and delivered a 1% increase in consolidated sales, driven by a 7.7% increase in U.S. sales, which totaled US$272 million.

We have successfully navigated similar environments in the past, relying on our operational agility, disciplined execution and long-term strategic focus. This foundation continues to guide our decisions today.

The second quarter of 2024 set a high benchmark with record margins, and while the margin contraction was more pronounced than initially projected, we are taking swift and targeted actions to strengthen our position for the second half of the year.

It's also important to note that the second quarter 2024 results included several one-off benefits and timing effects that are not recurring or directly comparable in 2025. Among the most significant were a US$4 million dollars downward adjustment in natural gas costs, a higher proportion of lower-margin real estate sales for development this year, and unscheduled outages at our Odessa and Rapid City plants. In addition, the depreciation of the Mexican peso contributed to a more difficult year-over-year comparison. On a like-to-like basis, EBITDA for the second quarter of 2025 declined by 1.5% compared to the same period last year.

We launched a company-wide cost and expense optimization program, designed to adjust our cost structure in line with current market dynamics, improve internal efficiency, and protect margins without compromising service, safety, or long-term growth. The program includes targeted actions across our operations, logistics, and support functions, with clearly defined priorities and accountability to ensure we see meaningful impact in the second half of the year.

As part of this effort, we committed to a US$12 million expense reduction, of which US$5 million has already been realized. The remaining US$7 million is on track for the second half. This is supported by the strength and commitment of our teams, who continue to respond with resilience, agility, and a clear focus on execution. That's why our priorities around safety, development, and workplace culture remain unchanged.

As part of our **People** pillar structured training program, 13 technical courses have been completed year-to-date, with 19 additional sessions currently underway across our cement plants. Several of these courses are being led by former employees, helping transfer valuable operational knowledge to the next generation.

Our commitment to a world-class safety culture remains at the core of our operations. Our safety performance continues to improve; during the first half of the year, we achieved a 37% reduction in recordable incidents, including lost-time incidents, compared to the same period in 2024. This quarter, we partnered with Wolters Kluwer – Enablon, a leading software platform specializing in health and safety, sustainability, and environmental management, to upgrade our Safety Management System. This platform will enable us to standardize processes, better integrate and analyze information, and enhance decision-making across the organization.

Our cultural progress continues to be recognized externally. In the second quarter, GCC was ranked #26 in its category in the 2025 Great Place to Work survey in Mexico, a meaningful acknowledgment of the strong workplace environment we continue to build.

Turning to our **Planet** pillar, the second quarter reflected steady progress on our sustainability commitments. Clean fuel usage increased notably, supported by higher natural gas consumption and greater alternative fuel substitution, particularly at our Samalayuca plant. These improvements are the result of ongoing investments to expand fuel flexibility across our network. We currently have several projects underway to strengthen our alternative fuels program. This includes investing in a tire shredding operation at our Rapid City plant and a railroad tie chipper for Pueblo, both of which will support continued growth in our fuel substitution rate.

We also increased the share of blended cements in our product mix, driven largely by pozzolanic cement production at our Tijeras plant. Blended cement now represents 78% of our total cement volume, up 3.5 percentage points from the second quarter last year. As a result, we achieved a 1 percentage point reduction in our clinker factor and a 3.7% year-over-year reduction in Scope 1 CO_2 emissions.

As part of our strategy to further reduce our clinker factor and expand our low-carbon product portfolio, we are also advancing research into the use of calcined clays as supplementary cementitious materials at several of our plants, with a pilot project underway at the Chihuahua plant.

All of these actions reflect our broader sustainability strategy, which we detail in our 2024 Integrated Report released during the quarter. The report highlights our broader ESG priorities and strategy, with transparent disclosure of our commitments and progress beyond what we have covered here today.

Finally, moving to our **Profit** pillar and market performance. In the U.S., cement volumes grew by mid-single digit, while concrete operations delivered strong double-digit growth, driven by renewable energy projects. Our ready-mix operations ran at capacity throughout the quarter, supported by the investments we made earlier this year in portable plants, fleet expansion, and personnel. We are currently supplying five windfarm projects across North Dakota, Colorado, and New Mexico, with more scheduled to begin later this year.

Infrastructure demand remains solid. We recently began the second phase of the three-phase expansion of the I-10 highway project in El Paso, Texas, and continued work at Denver International Airport, along with multiple paving contracts across our network. These projects contributed to stable and consistent activity throughout the quarter.

By contrast, the residential segment remains under pressure. Housing inventory is elevated nationwide, and home affordability continues to decline, with the 30-year mortgage rate well above the estimated 5.5% threshold needed to stimulate meaningful construction activity. Reflecting these headwinds, housing starts fell in May to their lowest level in 5 years, and even markets that previously demonstrated resilience have begun to soften. We anticipate continued weakness in this segment until mortgage rates become more favorable.

We also saw a shift in activity within the oil and gas sector. During the quarter, we experienced softer demand, driven by declining rig counts and pressure on oil prices. Additionally, the unplanned outage in one of the cement mills at our Odessa plant earlier this year led some customers to source cement from competitors. While we successfully regained those customers during the second quarter, oil-well cement now represents a smaller portion of our overall sales mix.

Given the premium pricing associated with this product, the change in mix placed additional pressure on average cement pricing. This, combined with softer overall demand, resulting in only partial acceptance of the spring construction cement price increase, and greater product availability, generated that total cement prices remained essentially flat year-over-year.

We continue to monitor these trends closely and adjust our commercial strategy accordingly maintaining focus on execution, customer service, and cost efficiency.

In addition to these commercial dynamics, we also experienced a temporary disruption at our Rapid City cement plant due to an incident during scheduled maintenance. The plant was offline for half of the quarter and has since resumed normal operations. Thanks to our integrated network of plants and terminals, we were able to redirect supply from our Pueblo and Trident plants to ensure uninterrupted service to our customers in the region, proving again the unique advantage of the network we have built. While this ensured continuity, the use of higher-cost routes and reduced production volumes put additional pressure on our margins during the period.

Turning now to Mexico, market conditions remained challenging throughout the quarter, primarily due to ongoing softness in industrial demand and adverse weather. Juárez recorded the highest wind speeds in over 90 years, creating safety and quality challenges that impacted construction activity and our ability to deliver concrete consistently.

Industrial developers remain cautious, influenced by persistent macro uncertainty and evolving trade policies. While tariffs have not directly impacted GCC, the broader environment continues to delay decision-making and project starts.

The mining segment also remains muted, as expected, following the end-of-life closure of two key customer mines in the second half of last year. This creates a higher comparison base for 2025 and continues to affect volume performance.

Despite these headwinds and in contrast with our U.S. markets, residential demand in Chihuahua has remained strong, posting double-digit growth year to date. We are encouraged by the federal housing initiative targeting one million new homes in the next five years. Chihuahua stands to benefit meaningfully, and we are working closely with INFONAVIT to support the planning phase, with construction anticipated to start towards the end of the year.

Infrastructure also continues to present meaningful opportunities. Under Plan Mexico, the government has prioritized connectivity, and we are participating in the Sonora-Chihuahua highway project, one of the largest infrastructure investments in the region in recent years, as well as supplying bagged cement for the construction of rural roads in the Chihuahua mountains under the Rural Roads Plan.

Overall, in Mexico, our focus remains on careful planning and preparation for the months ahead. We are actively participating in bids for infrastructure projects expected to begin in the coming quarters, ensuring we are well-positioned to capture growth as market conditions improve.

From a capital allocation standpoint, a key milestone achieved during the quarter was the completion of our new cement distribution terminal in Trenton, Texas, just Northeast of Dallas. This investment directly addresses growing customer demand and strengthens our ability to serve the I-35 corridor between Dallas and Oklahoma City, one of the most dynamic markets in the country.

The Dallas–Fort Worth area leads the nation in real estate investment and development, serving as a vibrant hub for financial and business activities. Our new terminal positions us strategically to capitalize on this growth, particularly across the residential, office, and industrial sectors.

Operations at the Trenton terminal began in the first week of July, with cement initially supplied from our Samalayuca plant. Consistent with our conservative market strategy of dispersing small incremental volumes across several markets, this terminal, along with others currently in the planning stage, not only strengthens our service capabilities in North Texas, but also prepares our network for the additional volumes expected from the Odessa expansion once it comes online.

On that front, the expansion remains fully on track, both in terms of timing and budget. To date, we've deployed approximately US$458 million of the total investment, with US$174 million remaining for the balance of the year.

With that, let me turn the call over to Maik for his financial review.

Maik Strecker

Thank you, Enrique, and good morning to everyone.

Starting with consolidated sales, we reported a one percent increase compared to the second quarter of last year, supported by volume growth in the U.S. and positive pricing trends in Mexico. Excluding the depreciation of the Mexican peso, consolidated sales increased 4% year-over-year.

In the U.S., revenues grew by 7.7%, driven by a 4.2% rise in cement volumes. Our concrete operations experienced particularly strong performance, benefiting from renewable energy sector demand, with volumes increasing by 20.7%. Pricing dynamics proved more challenging during the quarter; cement pricing increased 0.6%, impacted by a lower proportion of oil-well cement in our total sales mix. Concrete pricing continued to perform well, increasing 9.5% year-over-year.

In Mexico, revenues declined by 14.8%, mainly due to the depreciation of the Mexican peso. Excluding the currency effect, sales decreased by 4.6%. Cement volumes declined 6.2%, and concrete volumes were down 13.1%. Pricing remained firm, with cement and concrete prices up 4.2% and 3%, respectively.

From a cost perspective, our cost of sales represented 66.7% of revenues, up 5.8 percentage points compared to last year. This increase was largely driven by one-off or timing-related factors, including lower production volumes due to the timing of plant maintenance and the Rapid City incident, which reduced inventory levels during the quarter, an effect that is expected to normalize in the second half of the year.

Additional impacts included the absence of the natural gas hedge benefit recognized in the second quarter of 2024; higher transfer freight expenses related to the Rapid City incident; a greater share of real estate sales, which carry a higher cost-to-sales ratio; and increased fuel prices. It's also worth noting that fuel costs in the prior-year quarter were unusually low, widening the year-over-year comparison.

SG&A expenses represented 8.3% of revenues, improving by 50 basis points year-over-year, thanks to our ongoing expense discipline and optimization efforts. As a result, EBITDA for the quarter totaled was US$118.4 million, with a 32.5% EBITDA margin.

Net financial income was US$8.5 million, reflecting the impact of the Mexican peso's depreciation, lower financial income due to a reduced average cash balance, and the interest capitalization associated with the Odessa expansion. Consolidated net income reached US$73.5 million, translating to earnings per share of US$0.22.

Free cash flow for the quarter totaled US$48.6 million, representing a 67.7% increase. This improvement was driven by lower working capital requirements, reduced maintenance CapEx and lower cash taxes.

In terms of capital allocation, we returned US$30 million to shareholders during the quarter in the form of dividends, and we continued executing on strategic investments, with US$88 million allocated primarily to the Odessa plant expansion.

We closed the quarter with a strong balance sheet. Cash and equivalents totaled US$827 million, and we maintained a solid financial position with a negative net debt to EBITDA ratio of -0.48x.

In closing, we remain confident in our ability to manage through near-term pressures while continuing to build long-term value. We are laser-focused on what we can control: operational efficiencies, cost optimization and disciplined capital deployment.

With that, I will hand the call back to Enrique for his closing remarks.

Enrique Escalante

As explained, the second quarter brought a more difficult set of conditions than we initially anticipated, and visibility remains limited, therefore we are revising our full-year guidance.

As we look into the third quarter, we expect activity in our U.S. markets to remain broadly in line with last year's levels. As a result, we now anticipate cement volumes to finish the year flat. In the ready-mix business, strong performance in the first half leads us to expect volume growth in the mid-teens range for the full year.

In terms of pricing, soft price increase traction, and changes in the product mix with less oil-well cement, have led us to revise our expectations. We now anticipate cement prices will remain flat, while concrete prices are expected to increase in the mid-single digits.

The pace of recovery in Mexico remains uncertain, therefore, we now expect cement and concrete volumes to decrease mid-single digit. On pricing, we anticipate cement prices will increase in the mid-single digits and concrete prices in the low-single digits.

In light of these revised expectations, we are also adjusting our full-year EBITDA guidance to reflect the pressure experienced in the first half and the outlook for the remainder of the year. We now expect a mid-single digit decline for the full year.

Additionally, as part of our disciplined approach to capital deployment, we are also revising our full-year CapEx guidance. We now expect to invest US$400 million, primarily due to project timing and the deferral of certain non-critical initiatives into 2026.

While these adjustments reflect the cyclical nature of the construction industry, we remain confident in our strategy and in the resilience of the industry and especially of our organization. We've successfully navigated volatile conditions before, and we're drawing on that experience now.

With that, this concludes our prepared remarks. I'll turn the call over to your questions. Operator, please begin with the first question.

Q&A

Operator

Our first question today is coming from Alejandra Obregón from Morgan Stanley. Your line is now live.

Alejandra Obregón

Hi, good morning GCC Team. Thank you for taking my questions. I actually have two. The first one on the cost side. It feels like there's multiple moving parts. There are several one-offs in the second quarter. I want to understand a little bit better what happened on the cost side in Mexico. You mentioned some real estate sales and some other moving parts that perhaps are not going to be a repeat into the second half of the year. Just wondered if you can help us break down the multiple drivers in the quarter and how to think of that on a reasonable basis for the remainder of the year. That will be the first question.

The second one is on the U.S. We're seeing multiple positive news, I guess, on the non-residential starts. We have seen major projects being announced in some of what are your core markets in the U.S. I'm just wondering what does that mean in terms of your demand backlog in the ground on some of your core regions and how you're thinking of it for 2025 and 2026. Thank you.

Enrique Escalante

Hi, Alejandra. Good morning. This is Enrique. Thank you for your question. I'll address first the second question and then I will turn it over to Maik to be more specific on the cost side.

Yes, we feel cautiously optimistic about the volumes and especially infrastructure in the second half of the year. Obviously, the problem that we have because of the delay or that we had already in the first half, both with some weather and then with the effect of this and scheduled outages that we had in a couple of our plants. Although that has been resolved. Yes, the second part of the year will be, I mean, of growth, and that's how we are going to get some into a final flat number when we compensate for the volumes that we missed in the first half.

Maik Strecker

Good morning, Alejandra. This is Maik. Regarding the costs in Mexico, yes, there were three key drivers that were one-offs and impacted us. The first one is the natural gas hedge that we had last year that really performed very well in that second quarter, which accounts for about US$4 million that we benefitted last year that we didn't have this year.

The second, you already mentioned the real estate. We have still some properties here in Mexico that over the business course we're divesting and selling. They just carry a higher cost of sales, roughly impacting us in the quarter at around US$2 million on that one.

Last but not least, we had a little bit lower production. The inventory impact in the quarter had the rest of the balance, which then you saw the negative cost impact for Mexico.

Again, all three are kind of timing and/or one-offs. We should see none of that really happening in the second half of the year.

Alejandra Obregón

Got you. That was very clear. If I can follow up. What is the FX assumption embedded in your new guidance?

Maik Strecker

Question about FX?

Alejandra Obregón

Correct.

Maik Strecker

Yes. Our assumption is around $20 pesos per dollar.

Alejandra Obregón

Thank you. That was very clear.

Operator

Thank you. The next question today is coming from Adrián Huerta from JP Morgan. Your line is now live.

Adrián Huerta

Thank you. Good morning, everyone. Just wanted to ask on the acquisition of the three aggregate quarries that you did. Any comments on how that is going, positive surprises that you have seen from that, the opportunities? Anything that you can share with us on how that new growth venue is going? Thanks.

Enrique Escalante

Good morning, Adrián. This is Enrique. Thanks for the question, Adrián. The acquisition of aggregate is going very well. Volumes are a little bit below what we—I mean, included in the purchase projections. However, we (inaudible), I mean, pricing improvement opportunities that we've been acting on for some savings in the operations. So far, the EBITDA is going better than what we projected. We expect this trend to continue for the rest of the year. This acquisition, that if you remember, were at around US$100 million, are going to perform as we expected for the full year.

Adrián Huerta

Thank you, Enrique.

Enrique Escalante

Thanks, Adrián.

Operator

Thank you. The next question today is coming from Alejandro Azar from GBM. Your line is now live.

Alejandro Azar

Hi, Enrique, Maik. Thank you for taking my question. Two quick ones. On the figures that you disclosed on the CapEx for the Odessa plant, I was just wondering if the US$174 million remaining balance for the year, is that cash and is that something that we will not see any more CapEx from the Odessa plant next year? That was my first question.

The same also on the ramp up of this investment. When it ramps up next year, would you substitute the imports from other plants in order to stabilize the plant? Any color on how we should expect, perhaps, utilization rates here in 2026, would help us. Thank you.

Enrique Escalante

Alejandro, hi this is Enrique Escalante. Thank you for the questions again. First, on your question on CapEx, the US$174 million that we're going to spend for the rest of the year is cash. We're going to—financing, I mean, everything with our cash position in the Company. The remaining investment for 2026 to complete the budget is around US$67 million to get to around the $700 million figure that we disclosed all the time.

Again, everything's going well in terms of timing and budgets, and we expect to make this final cash flow draws next year, around the first half of the year.

In terms of the ramp up, I'll address—first, yes, strategically what we try to do is to optimize our network. Since Odessa is going to have more capacity with kiln 3, we're going to try to produce as much as we can to serve the local market in terms of shipping cement from Samalayuca to that region. In that way, we optimize the system and save on freights.

Maik Strecker

Yes. In addition to that, the freight, the network optimization. That's why we mentioned the smaller terminals that we're implementing that will really help us and should continue our margin improvement. The other aspect, of course, we have that incremental volume that we're very strategically placing in the market.

Last but not least, this expansion comes with very little additional fixed cost. That's really helping us. Again, the plant will operate pretty much with the same crew with some few additions. That's an important benefit that we're going to harvest when the plant comes online.

Alejandro Azar

Okay, that's very clear. Thank you. Thank you, guys.

Operator

Thank you. Our next question today is coming from Marcelo Furlan from Itaú. Your line is now live.

Marcelo Furlan

Hi, Enrique. Hi, Maik. Thanks for taking my question here. I have two. The first is related to this ready-mix upgrade revision that you guys mentioned for the U.S. I just would like to understand what had been supporting this more bullish view for ready-mix in the U.S. for 2025.

My second question is related to Mexico. Now you guys mentioned that you have these cost efforts for the second half and maybe don't have the three headwinds that we had seen in the first half. For Mexico specifically, what could we expect in terms of margins for the second half, for EBITDA margins here? This is my second question. Thank you.

Enrique Escalante

Hi, Marcelo. This Enrique. Thanks for the question. Let me address the ready-mix in the U.S. and then Maik will give you some more specific numbers on Mexico margin.

We, since last year, knew that there were several wind farm projects on the horizon and we expected to be able to capitalize on those given the experience we bring in that segment. We decided to invest in several additional portable plants and trucks and train additional people and chase those projects throughout several states. As I mentioned we're now working in Colorado, North Dakota and Mexico in projects.

We have several more that we're going to start soon. It will carry us even into 2026. That's why when you combine those incremental projects with steady work in our current regions in El Paso, Texas and the northern markets in Iowa and South Dakota and Minnesota, we feel that we'll continue running almost at full capacity in ready-mix. That's what supports our growth in our margins in that business.

Maik Strecker

Yes. For Mexico, margin outlook for the rest of the year, you should see, and we should see, a stabilization. Again, the one-offs will not reoccur. That inventory element will kind of work its way out through the second half of the year. In your models, you can expect back to normalization. Typically, in the second half of the year, in the low 30%, that's where our Mexico margins are.

Marcelo Furlan

Okay. Thank you so much guys.

Operator

Thank you. The next question is coming from Daniel Rojas from Bank of America. Your line is now live.

Daniel Rojas

Good morning gentlemen. Thank you for taking my questions. I wanted to follow up on the wind farm question in the U.S. It's our impression that now that we have Trump's Big Beautiful Bill that part of this funding might tail off into next year. I just wanted to get your view on how these projects related to alternative energy might develop and if we should expect wind farms to be something that's structural and stay with us and you guys are going to benefit from this.

Enrique Escalante

Thank you, Daniel. That's a very important question we hear very frequently. Obviously, with all the unknowns and uncertainty related to the policy. However, these projects that I'm referring to are fully funded and there's dollar security that those are going to happen and are ongoing.

Beyond 2026, it's difficult to say. Of course, because of the low visibility that we just expressed that we have. But in terms of finishing this year, at full, with those projects, it's unquestionable that we're going to achieve that.

Maik Strecker

Maybe to add to that. We're still actively looking for additional projects for 2026. Again, there are still projects in the pipeline that we're bidding on and actively working on. Like Enrique said, for this year, I think good planning security and even very active on looking at 2026.

Daniel Rojas

If I may follow up. Do you think that spending at state level might offset some of the losses at the Federal levels?

Operator

Thank you. Our next question today is coming from Ethan Cunningham from On Field Investment Research. Your line is now live.

Enrique Escalante

I'm sorry. We got cut off a little bit. There's a question pending here.

Maik Strecker

Yes, just a quick answer. Sorry, we got cut off here. But on the state level funding, there's not yet 100% visibility how that will all play out. Again, we have a good underlying base for infrastructure projects, but how the new bill will impact the outlook, it's a little bit too early to really make a specific statement on that.

Daniel Rojas

Thank you.

Operator

Thank you. Our next question today is coming from Ethan Cunningham from On Field Investment Research. Your line is now live.

Ethan Cunningham

Hi. Good morning. Thank you for taking my questions. The first one regards your EBITDA contribution from Mexico, which you reported was 15%, which, I believe, is a historic low. Would you mind, why was this contribution so low?

Enrique Escalante

Hi, Ethan. Good morning. This is Enrique. Can you repeat the question? Because I think as we probably, I mean, have different numbers.

Ethan Cunningham

Yes. (Multiple speakers) EBITDA...

Enrique Escalante

I'm sorry. Are you referring to—I mean, the percentage contribution of Mexico to the total Company EBITDA?

Ethan Cunningham

Yes. You said in your report for Q2, for this quarter, Q2 2025, the EBITDA contribution was 15%.

Enrique Escalante

Yes. This is—for this quarter, with everything that we explained in terms of—especially exchange rates and the mining sector, yes, this quarter was around 15%, which was abnormally low compared to the traditional EBITDA that Mexico contributes to the total.

Maik Strecker

Just to add on the exchange rate. The exchange rate in the quarter of Q2 2024, on average, was $17.2, and this past quarter in Q2 '25 was $19.5. For us, that has important impact, and again, mainly then reflected on Mexico.

Enrique Escalante

To get more specific, a very large portion of the like-to-like EBITDA of Mexico, the addition was kind of wiped out by the change in the peso/dollar rate.

Ethan Cunningham

Okay. Thank you. That's extremely clear. Thank you very much. May I just follow up? Again, staying in Mexico, it seems that you're looking at your peers, your volumes are below and you're also guiding that, but your pricing is also guided as positive. I'm assuming that the strategy is to push price over volumes but at the risk of losing market share. Is this a fair assumption to make? If so, is this strategy—will this continue moving forward?

Maik Strecker

I would say the context for our market is, again, we have a little more tilted towards the industrial segment, which, again, from a volume perspective, is softer, as mentioned, because of the uncertainties that projects are facing, number one. Number two, we mentioned, the mining segment also, as we had anticipated, is lower, which then tilts our business more to that residential segment, which is more, from a price perspective, better for us. That kind of explains the softer volumes but still very stable pricing for our Mexico business.

Ethan Cunningham

Okay. Thank you very much. Just lastly, just moving to the U.S. I guess it's the opposite really. Your footprint doesn't seem overly exposed to seaborne imports. Yet, you're guiding on flat prices in cements. Are you seeing any pushback in prices from independent import terminals? If not, what is the origin of your guidance of flat cement prices in the U.S.?

Enrique Escalante

As I explained, the majority came from a mix effect because obviously oil-well cement prices command a very nice premium compared to construction cement. Of course, our volumes have been lower than what we expected in that segment. That's one of the reasons.

The other reason, yes, in construction cement, we did explain some pushback in several markets. Price increase in the Spring, in April, went effective only on some markets and some customers, partially. That combination of the two factors is what is leading us to basically remain flat compared to the strong pricing that we had last year.

Ethan Cunningham

Okay. Thank you very much.

Enrique Escalante

Thank you.

Operator

Thank you. The next question today is coming from Enrique Sojo from Fundamenta Capital. Your line is now live.

Enrique Sojo

Hi, good morning. Thanks for taking my question. I wanted to quickly ask about your U.S. EBITDA margin expectations for the second half of the year. Last year second half margins were practically a historic high. I wanted to see how much of that may be explained because of favorable energy costs or other factors that we won't necessarily see this year. Thank you.

Enrique Escalante

In terms of the U.S. market, in terms of volumes, I already commented. We are again cautiously optimistic and expecting to run higher than in the first quarter, all because less internal issues, as I mentioned, with a couple of incidents we had in Rapid City and Odessa. Also, because, just naturally speaking, our geographic situation entitles to higher volume shipping in the second half of the year just because of the normal seasonality that we have.

The combination of both will give us a much better second half in terms of volume than the first half of the year.

Enrique Sojo

Sorry, I was referring to margins here.

Enrique Escalante

Margins, we don't see any negative effect on margins going forward. Again, all our prices for energy and fuel are very constant and very well managed. Obviously, we are beyond all the maintenance outages for all the plants. We just are seeing a much steadier operation of all of our plants as we speak. We expect our margins to remain within budget.

Enrique Sojo

Great. Just a quick follow up, if I may. Once Odessa comes into effect, should we see significant deficiencies in margins?

Enrique Escalante

We have, obviously, an improvement in margin with the Odessa plant coming online. It's a much more competitive plant, obviously, and that's one thing. The other one, of course, is what Maik explained, that we're obviously saving on freight cost, which will ultimately go all the way to the bottom-line. Yes, margins are going to be better once the Odessa plants comes online.

Enrique Sojo

Great.

Maik Strecker

I would add… (Multiple speakers) I would maybe add, there is going to be a little timing into this. This is part of the longer-term strategy. We need to expand the margins. Again, these benefits need to work through the system. You should see the Odessa project helping us in sustaining that and systemically building those out over a one- to two-year period of time.

Enrique Sojo

Great. Thank you.

Operator

Thank you. Ladies and gentlemen, that concludes our question-and-answer. I'll turn the floor back to Ms. Ogushi.

Sahory Ogushi

Thank you again for your time and continued interest in GCC. We look forward to speaking with you again soon.

Operator

That does conclude today's teleconference and webcast. You may disconnect your lines at this time and have a wonderful day. We thank you for your participation today.

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