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PRESENTATION

Operator

Good morning and welcome to GCC's Fourth 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.

At GCC, we manage the company with a long-term view. Our markets are cyclical and can move quarter to quarter, but our strategy is firm and gives us flexibility to adapt to short term conditions, without changing our mid- and long-term view. We focus on disciplined execution, operational reliability, and capital allocation across cycles, and this approach guided our decisions throughout the year.

During 2025, we operated in an environment where external conditions influenced the pace and timing of customer decisions. As conditions evolved, we revised our expectations in the summer. From that point forward, our focus sharpened, with an increased emphasis on cost management and operational discipline, and we delivered record sales for the full year of US$1.4 billion, reflecting the strength of our operating model, disciplined execution across the network, and particularly strong performance in the United States.

These results demonstrate the resilience of demand across our markets. From an earnings standpoint, it is also important to keep perspective. 2024 set a record benchmark for margins and returns, and that level remains the reference point for where we expect the business to operate over the cycle. While we did not replicate those record levels in 2025, we came close, and we continue to position the company to move closer over time as efficiencies, cost actions, commercial initiatives, and network investments take us to new records.

The fourth quarter did not introduce new dynamics. Instead, it confirmed the trajectory we outlined earlier in the year. Our operations were reliable, customer relationships remained strong, and performance reflected the same mix and activity dynamics we managed throughout 2025, with improved execution translating into record quarterly results.

Our **People** strategy remained a constant source of strength in 2025.

We continued to invest in safety, training, and leadership development, reinforcing a culture of operational discipline and accountability. Safety performance improved again in the fourth quarter, and full-year results reflect continued progress across key indicators, with recordable incidents, including lost-time incidents, declining 10.5% year over year.

Our continued recognition as a Great Place to Work further reflects the strength of our culture and employee engagement, and the consistency with which we have integrated these values across the organization.

Training is embedded across the company, with structured programs aligned to specific plant and functional needs. Through the GCC Training Institute, we delivered more than 15,000 hours of training during the year. This investment supports reliability today and prepares our teams for the ramp-up of Odessa and the next phase of growth.

Progress under our **Planet** strategy continued steadily.

In 2025, we increased blended cement production, expanded the share of alternative fuels in our fuel mix, and continued to reduce our clinker factor. These actions support cost efficiency and operational resilience, while contributing to incremental progress in environmental performance.

In addition, our Pueblo and Rapid City plants once again received ENERGY STAR certification, placing them among the top 25% of cement facilities nationwide for electricity efficiency.

As we move into 2026, our focus remains on executing these initiatives pragmatically, prioritizing efficiency, reliability, and long-term value creation.

Turning now to our **Growth** strategy. Our focus on execution and network strength is reflected in how the business performs across our key markets.

In the United States, ready-mix was the primary driver of growth in 2025, supported by strong project activity. This project-led demand generated consistent downstream pull for cement and reinforced the strength of our integrated operating model.

Ready-mix volumes reached record levels in 2025, increasing 31.5%, while cement volumes increased by 2.6% during the year.

As a result, we outperformed the U.S. cement market in 2025, driven by disciplined project execution and commercial management.

Operationally, this translated into high utilization across our concrete operations, supported by investments in mobile capacity and execution capabilities. Energy-related projects, including wind farms and associated transmission, continued to provide volume support throughout the year.

Infrastructure activity remained stable through the quarter and continues to provide visibility into 2026, supported by multi-year funding programs and ongoing execution at the state and local level. As we enter the new year, we remain proactive and focused in identifying project opportunities, reinforcing the depth and visibility of our commercial pipeline.

Residential construction remains under pressure. Mortgage rates have not sustainably broken below 6% since September 2022. As a result, we do not expect a meaningful improvement in residential activity during the first half of 2026.

Oil and gas activity softened during the year and continued to soften in the fourth quarter, reflecting the current oil price environment. This segment is expected to soften further in the near term before improving. While this affects mix, it does not alter our long-term positioning within the network, as we rely on the flexibility of our plants to ship different types of cement and adapt to market demand.

Throughout the year, our commercial focus remained on protecting margins and returns. While market conditions limited pricing momentum during 2025, the pricing increases announced entering 2026 reinforce our focus on offsetting cost inflation and improving profitability over time.

In Mexico, fourth-quarter performance was in line with our expectations.

Residential demand and bagged cement continued to provide stability, supporting margins. The federal housing initiative is beginning to take shape in certain regions, and as projects move into execution, we expect to be able to quickly increase shipments as its impact materializes during the first quarter of 2026.

Infrastructure in Mexico is an area of growing optimism. Historically, the first year following elections is complex, but during the quarter we saw projects advance, with a more meaningful contribution expected in 2026 as execution accelerates.

In addition, mining-related comparisons normalized in November, removing a headwind that affected volumes last year. We expect the segment to perform broadly in line with 2025 levels going forward.

Industrial customers remained cautious, advancing projects gradually and using this period to prepare to move more decisively as visibility improves. We are cautiously optimistic about industrial activity improving in the second half of 2026, as trade discussions become clearer.

Capital allocation in 2025 remained consistent with our long-term priorities. We continue to focus on ensuring that recent investments in cement distribution and aggregates operations across our network reach their full potential, allowing us to ship product to more destinations, easing the pressure to rely on single markets with larger volumes. In parallel, the Odessa expansion continues to progress on schedule and within budget.

Our M&A posture remains unchanged. We continue to evaluate opportunities that strengthen the existing network and meet our strategic and financial criteria, while maintaining balance sheet strength and flexibility.

As we look ahead, 2026 will be a pivotal year for GCC. With Odessa completing construction and entering ramp-up, the company moves into a new phase focused on integrating capacity, optimizing logistics, and strengthening earnings power across the network.

With that, let me turn the call over to Maik for a review of the financial results.

Maik Strecker

Thank you, Enrique, and good morning to everyone.

For the full year 2025, we delivered record consolidated sales of US$1.4 billion, an increase of 3% year over year, driven primarily by volume growth in the United States. Fourth-quarter sales totaled US$360 million, up 7% year over year, consistent with the operating trends discussed earlier.

During the year, the depreciation of the Mexican peso created some headwinds which reduced consolidated sales by approximately US$18 million on a reported basis.

In the United States, ready-mix volumes increased by 31% for the full year and 27% in the fourth quarter, driven by strong activity tied to wind farm and infrastructure projects. Cement volumes increased 2.6% for the full year and 1.4% in the fourth quarter, supported by strong ready-mix activity and contributions from infrastructure and commercial projects across our network.

Average cement pricing in the U.S. decreased by 1.2% during the year, reflecting product, project and geography mix dynamics.

The aggregates business performed well and delivered the results we expected when we acquired the assets, contributing positively to EBITDA and reinforcing the strategic rationale for advancing our aggregates growth strategy.

In Mexico, cement volumes decreased 3% for the full year and increased 11% in the fourth quarter, supported by normalized demand in the mining segment and early execution of infrastructure and housing projects.

On the cost side, full-year cost of sales as a percentage of sales increased by 2.5 percentage points, reflecting factors discussed earlier in the year, including the absence of the natural gas liability benefit recognized in 2024, higher fuel and power costs, a lower contribution from oil well cement, and increased transfer freight as we shipped product to new terminals.

In addition, during the year we incurred higher freight costs as product was supplied from the Pueblo plant to support customers during the period in which the Rapid City plant was offline. While this resulted in higher transfer costs, it allowed us to meet customer commitments, preserve volumes, and demonstrate the flexibility and competitive advantage of our distribution network.

In the fourth quarter, cost performance benefited from disciplined inventory management, which offset the unfavorable inventory impacts recorded during the first nine months of the year.

SG&A expenses declined modestly as a percentage of sales for the full year, reflecting a reduction in consulting services as part of our cost and expenses optimization initiatives, partially offset by higher operating expenses. As we move into 2026, we are placing renewed emphasis on cost discipline, particularly third party spent, fixed cost and staffing optimization, while maintaining our standards for reliability and safety.

As a result, full-year EBITDA totaled US$492 million, with an EBITDA margin of 34.9%. Importantly, the fourth quarter delivered a record EBITDA margin of 39.6%, up 3.4 percentage points, with EBITDA increasing to US$142 million, reflecting improved operating execution as the year progressed.

The depreciation of the Mexican peso reduced EBITDA by approximately US$6 million on a reported basis during the year.

Free cash flow for the full year totaled US$349 million, representing a conversion of 71% of EBITDA, with a strong fourth quarter contribution of US$156 million, driven by higher EBITDA generation.

On capital allocation, we returned US$45 million to shareholders through a combination of share buybacks and dividends. During the fourth quarter we, deployed seven million dollars in buybacks. We remain disciplined and opportunistic in balancing shareholder returns with investment for growth and financial flexibility.

Strategic capital expenditures totaled US$309 million in 2025, reflecting continued investment in Odessa and logistics across the network. As of year-end, we have invested approximately US$600 million in Odessa and associated logistics capabilities, with the remaining US$150 million planned for 2026.

We ended the year with a strong balance sheet, with cash and equivalents of US$969 million and net debt to EBITDA of negative 0.7x, preserving flexibility as we prepare for the next phase of growth and the ability to act decisively on future opportunities.

In summary, 2025 reflected a year in which we delivered record sales, absorbed mix and one-off impacts, maintained strong operating discipline, and continued to invest in strengthening the network.

With that, I will turn the call back to Enrique.

Enrique Escalante

As we look ahead, our guidance reflects a year focused on stabilization and execution, consistent with our strategy. We are entering 2026 with a clearer operating backdrop, a stronger network, and defined levers within our control.

In the United States, we expect cement volumes to grow at a high single-digit rate, driven primarily by the contribution from new markets and the initial ramp-up of Odessa. Cement pricing is expected to be flat, reflecting product, project and geography mix dynamics.

In ready-mix concrete, volumes are expected to decline at a high single-digit rate, reflecting a high comparison base in 2025, while pricing is expected to be flat, reflecting product mix and the broader distribution of volumes across new markets.

In Mexico, cement and concrete volumes are expected to grow at a low single-digit rate, supported by increased infrastructure and residential activity. Pricing for both products is also expected to increase at a low single-digit rate.

At the consolidated level, EBITDA is expected to grow at a mid-single-digit rate, driven primarily by higher sales volumes. During the year, incremental logistics costs associated with the ramp-up will continue to weigh on margins, while cost discipline and efficiency initiatives will help manage this transition.

Turning to capital allocation, capital expenditures in 2026 are expected to be US$270 million as the Odessa expansion nears completion and we will continue with logistic investments across the network. Free cash flow conversion is expected to remain strong and consistent with historical levels.

In closing, we remain focused on restoring margins toward the levels achieved in 2024, executing the Odessa ramp-up in a controlled manner, and maintaining financial flexibility. While the pace of improvement will vary by segment and geography, we believe the actions we are taking position GCC to deliver resilient and improving performance through the cycle.

Thank you for your continued support. We will now open the call for questions.

Q&A

Operator

Thank you and we'll now be conducting a question-and-answer session. If you'd like to be placed into question queue please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you'd like to move a question from the queue. One moment please while we poll for questions.

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

Alejandra Obregon

Hi good morning, everyone. Thank you for taking my question. Perhaps the first one is for you Enrique. You mentioned 2026 will be a pivotal year for GCC and of course Odessa plays a big role and you've provided a little bit of color on that but just wondering if you can walk us through the different milestones that you think that will make 2026 a pivotal year. Is it a new distribution setup, savings, energy growth, anything that you think we will be seeing throughout the next quarters? That's the first question.

The second one is perhaps for you Maik on CapEx. You mentioned $200 million of strategic CapEx for, if I understood correctly, new investments on distribution. Just wondering if I got that right and if you can be a little bit more granular on where you think those $150 million are going in 2026. Thank you very much.

Enrique Escalante

Hi Alejandra. Buenos días. Number one in your question about 2026 pivotal comment. Of course, bringing a new cement line online in a challenging market is in itself a challenge, right? But we have a strong experience from what we did exactly under even worse conditions when we started up the Pueblo plant during the Great Recession. We have to obviously manage initially a good startup of the plant. It's a challenging business. There are always things in those big equipment that we need to be in control of, and we expect to do that successfully.

That's the first part of this pivotal change and of course as we ramp up, we need to have a very good coordination of how we start returning volume that Samalayuca is shipping into the region back as we start, switching customers, to the cement produced in the new kiln 3. This of course also has to have a good coordination with the series of terminals that we're setting up in several cities and towns to precisely have a more controlled entry into the market, cautiously, slowly, but with a firm mid-use strategy of how we will position that increased capacity over time in different markets. There's a lot of moving parts at the same time as we introduce the new Odessa line during the year.

Maik Strecker

Very good. Alejandra, good morning. Thanks for your question regarding the CapEx. The $150 million that is really primarily driven by the project, Odessa, and that's the heavy lift there. However, there's also some additional logistics capabilities that we're building out starting at the plant level with rail and truck capabilities really to be able to ship that incremental volume and distribute that. That was always part of the scope and it's now just the time to execute on that. Then what Enrique just said, right, we're looking at several markets where we plan to distribute the volume and for that we need some logistics capabilities as well, smaller terminals, access again to rail, and so on.

That's kind of the scope of that $150 million for Odessa. In addition, as you saw, we guided for some additional growth CapEx as well. The total is $200 million, which is related to energy-related alternative fuels, continue to invest in the aggregate business to unlock potential there, and so on.

Alejandra Obregon

Excellent. Very clear. Thank you very much.

Operator

Thank you. Next question today is coming from Garrett Greenblatt from JP Morgan. Your line is now live.

Garrett Greenblatt

Hi. Thanks for taking my question. I was wondering if you could give a little more color on the regional demand drivers, specifically around U.S. cement volumes, up high single digits as opposed to pricing flat. I guess just wondering how those dynamics play out, and then for Mexico as well.

Enrique Escalante

Hi, Garrett. Good morning. Yeah, as I mentioned in my answer to Alejandra, it's a challenging year with a lot of different market or segment performance, right? We are relying on the infrastructure segment more than anything to offset further decreases short-term in the oil well cement markets as that industry gets more stability and visibility going forward. That's one offset. That's why one is growing, the other one is decreasing, and one is offsetting each other, right?

Residential, as we mentioned, it's weak. It's continued at the same level for us this year. There are some other segments. Obviously, everything that is commodities in the agricultural areas where we participate are having normal to strong performance, so that's good for us to have this mix of segments all the time. We think that overall, there is going to be, of course, compensation from some segments with others, and that's why we're basically projecting a flat volume for the year.

Mexico, on the contrary, we're seeing some increases overall, pretty much driven by housing. The federal government initiative is taking off now. It seems like there is clear funding and direction to build the houses on that federal program, and we're already experiencing projects in several of our locations in Mexico, and we're already shipping volume specifically for that segment.

As we mentioned, the mining segment, it's stable now. We already have assimilated the volume lost from the couple of mines that ended operations last year, so the conversion, of course, is going to be better. At the local level, municipal projects, especially some state projects are taking off now, and obviously, with some growth over the last year, that is also going to help improvement in the Mexican market.

Garrett Greenblatt

Great. Thank you for the call. Maybe just a quick follow-up just on what you're expecting in terms of pricing in the U.S. Have you sent out any letters, or do you plan to do mid-year increases as demand trends progress through the year?

Enrique Escalante

We are always committed to recover at least our cost inflation through pricing in every market where we operate. We're very disciplined in that respect and very consistent. We announced an $8 price increase in the U.S. for January. There are always conversations with different individual customers about their ability to take on the price at this moment or delays a couple of months, and then, obviously, one-on-one conversations about the total amount to increase. Everything I will say so far is going well in those conversations, pretty normal, and we expect, obviously, to execute the majority of that price increase in the first quarter of this year. That's very good news.

Now, in our case, specifically, we're not in our guidance reflecting directly that price increase that we're going to execute because of several factors that we alluded to during our comment here. Of course, we have a big mix effect here with, again, more cement going to construction segments and less to oil well cement, which obviously command different prices. That mix doesn't help in terms of the increase. We also have a lot of project work related to infrastructure that we mentioned, and in some cases, that project work also has a lower pricing than the regular ready-mix precast markets that are usually very stable.

Of course there's one third factor here that is geography, right? With the start-up of Odessa, and as I mentioned, we're going to do this slowly and cautiously, dispersing more cement to farther away locations in smaller volumes. That commands higher freight, of course, and somehow that is reflected on a lesser net price because one has to compensate on that incremental freight to be competitive in distant markets. That's the third factor that we have there.

Finally, I think that we had some one-offs in last year that affected our pricing strength with some segments and some markets derived from things that we disclosed last year with some problems in the Rapid City Plant during the winter of last year to start up on time because of an accident, then an issue with the ball mills in the Odessa plant that also delayed us a little bit. We needed to make some adjustments to recover market share that we lost during those incidents, and we did that successfully last year. That's why, obviously, we're running much better than the industry as a whole in terms of cement growth. Also, comparing our own region, we accomplished that recovery of market share, and we got back, basically, to our normal levels of share. We're going to now run constant there. We don't see any more need to continue pressing on prices because of that reason. That's already behind us, so with all that said, with all those combination of all those four factors, that's why we're seeing a flat price in our guidance. I personally see this as a very positive, ironically, because I think that it takes us back to a very good, solid platform, and it's only building up from this, what I call, one-off because of all these reasons at the start of the first six months of 2026. We're very pleased and confident that this is the right strategy for GCC, and it's going to be successful for us.

Garrett Greenblatt

It's a very helpful color. Thank you.

Operator

Thank you. Next question today is coming from Carlos Peyrelongue from Bank of America. Your line is now live.

Carlos Peyrelongue

Hello, can you hear me?

Operator

Yes, your line is now live.

Carlos Peyrelongue

Thank you. Thank you for taking my call. I joined a bit late, so I apologize if you have answered this already, but I just want to get a bit more color on the status for demand for cement from Texas, in particular, from oil-well cement. If you could comment a bit on that, it would be helpful. Thank you.

Enrique Escalante

Yes, Carlos, thank you for the question. Yes, we already commented on that, as you were pointing out. Obviously, we're seeing more pressure in the Permian Basin on demand for oil-well cement given the uncertainty and lack of clarity of where the oil price, international oil prices, and the segment is going to end this year. We believe, of course, it's transitory and cyclical, as has been demonstrated throughout history. That's why we feel very confident that we really prepare a good expansion of Odessa, taking those cycles into account and being able to capitalize on construction cement when the oil-well demand is low.

Having said that, that's why we're shipping more to infrastructure projects. That's where we're concentrating for the rest of this year as our driver for demand in the U.S. It's work project, infrastructure, everything related to that segment. That's how we plan to offset the decrease in oil-well demand.

Carlos Peyrelongue

Understood. Have you given some guidance as to your expectation to utilize the new capacity that you build in Odessa in terms of what's the expectation for this year or next year to get to higher utilization rates on that new capacity?

Enrique Escalante

Yeah, definitely. We lowered our expectations compared to what we planned when we were planning the construction of the plant. Market conditions are totally different. If you remember at that time all US markets were basically sold out, and so, the conditions were very different. That's why we're adjusting our ramp-up of the plan to a much more slower and careful introduction of the plant.

The line is going to run at full capacity itself, the new line. We capture there the decreases in variable costs compared to the current kiln in Odessa. Of course, the line will run at full capacity and will substitute all that oil-well cement that is produced currently in that plant, plus the imports that we're bringing from Samalayuca into the area. That's our way of optimizing our cost structure and our network. Where we're going to feel the pain, of course, of this slowdown is going to be in the Samalayuca plant, that it's going to have to slow down its shipments to West Texas. We're, again, going slowly in the introduction based on those factors, but I think that's the best strategy for us at the moment.

Carlos Peyrelongue

Perfect. Thank you so much.

Operator

Thank you. Next question is coming from Marcelo Furlan from Itaú BBA. Your line is now live.

Marcelo Furlan

Hi, guys. Thanks for taking my question here. My question is related now to capital allocation going forward. You guys are guiding now for this $270 million of total CapEx for this year. I'd like to understand if we could expect this level of CapEx, let's say, below the $300 million levels as the new normal for the Company, at least for the medium term.

My next question regarding capital allocation, regarding M&A. You guys have provided some color that the likelihood of likely seeking M&As in the aggregates business in the U.S. and so on and so forth would be likely to be the main driver. I'd like to understand if this strategy continues in terms of pursuing this type of M&As. If you guys could give a little bit more color and potential size, if you guys are expecting only small bolt-on acquisitions or if you guys could likely reach to larger M&A activities after due to disciplined completion. These are my questions. Thank you.

Maik Strecker

Yes. Thanks for the question. Regarding capital allocation, as I already mentioned, out of the $200 million growth CapEx $150 million is really allocated to finishing Odessa and the related logistics capabilities. Then the remaining $50 million, also already mentioned, but we have some very high return projects around fuel and energy that we want to execute. Again, and that's in the context really to optimize these very important input costs for the Company.

A third element here is aggregates, right? We have the first year of the new aggregates business under our belt. We see some opportunities to optimize, to grow, to expand that will require some level of CapEx. We have some, again, very high return quick projects to execute on. That kind of comprises the $200 million in growth. Then the $70 million in maintenance, it's in line with our previous years to really keep the cement plants, the network in new light conditions to really perform well for the market that's in front of us. That's on CapEx.

Regarding M&A, yes, we are very active. We have a pipeline of smaller midsize opportunities. I would call them bolt-ons to, again, the existing aggregates network that we now have within the cement network that we're operating. Again, those are smaller midsize acquisitions, similar to what we have done in 2024. Again, now that we know pretty well how these markets perform and where the opportunities sit, you will see us throughout the year of ‘26 being very active and focused on that. That's kind of the most actionable part.

Nevertheless, as we always stated, we remain very focused also on cement, looking at options for cement to grow the network across the United States. That remains to be part of the focus as well.

Marcelo Furlan

Okay. Thank you. Thanks so much, guys.

Operator

Thank you. Next question is coming from Emilio Fuentes from GBM. Your line is now live.

Emilio Fuentes

Hi. Thank you for taking my question. First of all, congratulations on the results. I have two questions, if I may. First of all, on CapEx during the quarter, is it correct to assume that the downtick on CapEx is related to a postponement on the ramp-up of the Odessa plant, given the current market situation? Second, are the extraordinary weather events seen during the beginning of first quarter 2026 in the U.S. already reflected on the guidance, or is there any downside risk to the guidance, given the rough start to the year, given—related to weather? Thank you.

Enrique Escalante

Hi, Emilio. This is Enrique. I will take your second question first and then turn it to Maik for the CapEx. I think that the weather, even though it's been very severe in the U.S., it's not anormal for us. No, it does not affect our guidance at all. For us, this is, again, in the regions where we participate, pretty normal weather pattern. We'll be fine in terms of our achievements for the quarter.

Maik Strecker

Yeah, and regarding the CapEx for the quarter, it's a little bit of timing. You know, the reason we came in lower than kind of what we had expected, and also the Q4 of 2024 was purely timing. We're—from an Odessa perspective, we're in execution phase and everything is towards the defined timeline to be completed, kind of Q2 of this year. You saw a little bit of timing effect there on the strategic CapEx in the quarter.

Emilio Fuentes

Thank you. Very clear.

Operator

Thank you. Next question is coming from Yassine Touahri from On Field Investment Research. Your line is now live.

Yassine Touahri

Yes. Thank you very much for taking my question. Maybe first a question on the ramp-up of Odessa. You're adding a lot of capacity in the local market. Is it fair to assume that you will try to address some of the big urban centers of Texas, like the Dallas Urban Center or the San Antonio Urban Center? If you—when you're talking about new distribution or new terminal center, is it new terminal that you would develop to support the commercial strategy of this Odessa cement plant? That would be my first question.

Then second question on the price increase that you've announced of $8. Is it $8 price increase that you will announce in every single state, including Texas?

The last question around the cost inflation that you're expecting in your cement business. I think we see a lot of data center being built around the United States are consuming a lot of electricity. Do you see a risk of electricity prices going up in the coming years in the U.S. that could potentially impact your margin?

Maik Strecker

Yes. Good morning. Let me start with the question around the network and the additional volume from Odessa. As Enrique already kind of walked us through, the plan really is to distribute through several markets, small and bigger. You know, North Texas is a market that we see a lot of growth, and yes, we plan to participate in that growth. But we also see good levels of growth for Odessa closer to home. You know, in that part of the country, there are some very interesting data centers planned. We'll participate in that. Then as mentioned, we're looking at kind of small and mid-sized markets to establish distribution points, agile with some level of CapEx, but not heavy CapEx load. I think through that distribution, the goal is to have that very focused and measured introduction of the Odessa capacity. That's on that.

Regarding cost of inflation, as mentioned also, we're taking some proactive steps. We're investing in capabilities around power with solar projects. We're investing in some additional capabilities utilizing more natural gas, pipeline infrastructure, and burning capabilities. All of those we see as a proactive step to manage the future cost dynamics around fuels. That's key for us. I think with that, we should be able to manage accordingly what's ahead to come.

Yassine Touahri

The price increase, the $8 price increase, is it everywhere in every state or is there a difference being from one state to another?

Enrique Escalante

The price increase was announced in all the regions where we participate, including Texas.

Yassine Touahri

So far, the discussion is encouraging, and you would expect to get part of this during the first quarter?

Enrique Escalante

That's evolving dynamic and fluid, and we expect to get the majority of that announcement.

Yassine Touahri

Okay. Thank you very much.

Operator

Thank you. Our next question is coming from Enrique Sojo from Fundamental Capital. Your line is now live.

Enrique Sojo

Good morning. Thanks for taking my question. Could you give us some insight into your and the Board's thoughts into potential corporate action or financial engineering to further unlock value and decrease the valuation gap between you and peers? Thank you.

Maik Strecker

Yeah, thanks for the question. I think first off, our goal is really operationally to perform and to unlock the value by improving our margins. Again, our benchmark is 2024, the 36.6%, and to get back to that level and to show that we get back to those very attractive margin levels, number one. Number two, when you look at our cash flow conversion, we maintain a very high level and push that hard, again, to show the value. Then as you have seen, we're looking at the overall shareholder returns with the buyback program. We're more proactive on that. You've seen the dividends continuously to be increased over the years.

All those are elements, how we demonstrate the value of GCC and where we push for further investments from shareholders. Yes, strategically, we get the question—we're looking at what long term, from a corporate structure we should consider to further enhance the value of the Company and the value to all shareholders. That is a conversation that we have on a regular basis with the Board, with the team. These topics are, for us, very long term. It's part of the tools in the portfolio of how do we increase the shareholder value for all participants.

Enrique Sojo

Great. Thank you.

Operator

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

Alejandro Azar

Hi, morning, Enrique, Maik, it's just a quick follow up and to clarify something on my end. Regarding the Odessa plant, the start of the plant remains second and third quarter of this year. What you are delaying is just the ramp up? Or you are delaying the start of the plant? Can you give us more color on delaying the ramp up for you guys? What that meant before? Were you planning to reach full capacity in ‘28, ’27 and that's where you're delaying? Thank you. That would be my question.

Enrique Escalante

Alejandro, good morning. This is Enrique. I think that the word, it's not delay the start up of the plant. The plant is going to start-up on time. We continue to run the project on schedule. We should be ramping up in the third quarter, basically. We're already testing many of the equipment. We're commissioning a good portion of the plant already. Things are progressing well there. I think that what we are referring to here is entering at a slower pace. Not delaying it on time, but entering at a slower pace overall for GCC.

I'd like to reemphasize overall, because for us, it's managing the whole network through the start-up of the new line. Again, I mentioned we plan to, as quickly as we can, run the line at full capacity. That means probably shutting down both of the other kilns today at the plant in order to favor running the more modern and efficient plant. The effect of that, because we cannot put all that cement in the market today, the effect of that is to slow down in other parts of the network in GCC. More specifically, the Samalayuca plant. Again, where we're going to feel the pain or take the burden of the start-up of the line is going to be in Mexico and part of the shipment that that plant was doing in West Texas and other markets.

Alejandro Azar

Thank you, Enrique. That’s very clear. Just to another clarification on my end, and that’s implicitly in the 5% growth in the guidance, right?

Enrique Escalante

Yes, sir.

Alejandro Azar

Thank you. Thank you very much. You guys have a good day.

Operator

Our next question today is coming from Matheus Tostes from Citibank. Your line is now live.

Matheus Tostes

Hi, and thank you for taking my question. I joined this a bit late, so I apologize if you have already replied to this, but I'm just wondering about your price guidance in the U.S. market. Was your guidance relatively flattish considering your volumes are in the high single digits? Is it a mix situation or is it just softness in the market? Thank you.

Enrique Escalante

I will say derived from the softness in the market, and there are many factors I already mentioned, Matheus, of why we're going to experience a mix effect between segments. Again, more construction cement and less oil-well cement, and that affects negatively the average price. Then geographically, with more shipments to further markets, precisely of that new production in Odessa, going to further different markets in every direction. We keep it a smaller impact in dispersed market. That's, again, another factor that is affecting obviously our price, our average mix price to be competitive in longer destinations or further away destinations.

Again, I already talked about other effects, but it's basically, again, a mix and geography effect that it's putting pressure or that it's compensating the price increase that we're doing in every U.S. market.

Operator

Thank you. We've reached the end of our question and answer session. I'd like to turn the phone back over to Ms. Ogushi for any further closing comments.

Sahory Ogushi

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

Operator

Thank you. 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.