



# Q1 2022 EARNINGS CONFERENCE CALL

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## EBITDA

We define EBITDA as consolidated net income after adding back or subtracting, as the case may be: (1) depreciation and amortization; (2) net financing expense; (3) other non-operating expenses; (4) taxes; and (5) share of earnings in associates. In managing our business, we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. We also believe EBITDA is a useful basis of comparing our results with those of other companies because it presents results of operations on a basis unaffected by capital structure and taxes. EBITDA, however, is not a measure of financial performance under IFRS or U.S. GAAP and should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Our calculation of EBITDA may not be comparable to other companies’ calculation of similarly titled measures.

## Currency translations / physical volumes

All monetary amounts in this presentation are expressed in U.S. Dollars (\$) or US\$). Currency translations from pesos into U.S. dollars use the average monthly exchange rates published by Banco de México.

These translations do not purport to reflect the actual exchange rates at which cross-currency transactions occurred or could have occurred.

The average exchange rates (Pesos per U.S. dollar) used for recent periods are:

Q1 22: 20.51      -      Q1 21: 20.33

Physical volumes are stated in metric tons (mt), millions of metric tons (mmt), cubic meters (m3), or millions of cubic meters (mm3).

# HIGHLIGHTS

- Excellent start
- Encouraging market trends
- Results above expectations, despite challenges faced
  - High inflation levels
  - Interest rate hikes
  - Supply chain & labor shortages
  - Continuing pandemic
  - War in Ukraine
  - Economic sanctions against Russia
- Serious implications throughout the industry
- Highlighted GCC's competitive difference

Vertical integration of our raw materials and coal lowers costs and reduces fuel price volatility

Encouraged by our full-year backlog

## U.S. OVERVIEW

- Better than expected performance and market conditions
- Sales increased 21%

	Q1 22 vs. Q1 21	
	Volumes	Prices
Cement	10%	10%
Concrete	16%	1%

- Operations teams' efforts increased inventory
- Plants planned outages for maintenance to ensure consistent production levels
- Preparation for a strong construction season
- Every kiln at GCC will be up and running to produce cement





# U.S. OVERVIEW

## INFRASTRUCTURE

- Projects running at a steady, but lower, pace
- States and DOTs preparing for additional funding from the U.S. Infrastructure Investment and Jobs Act
- More selective in supplying these projects
  - Switching shipments to more profitable segments
- Upside in the mid-term
  - The infrastructure bill will extend the cement cycle
- Expect additional demand to start increasing in late 2023

## RESIDENTIAL

- Hike in interest rates will slow down the housing market
  - More emphasis in 2023
- Demand remains strong
- Buyer demand surpassing housing inventories



## NON-RESIDENTIAL AND COMMERCIAL

- Main drivers
  - Distribution centers
  - Warehouses
  - E-commerce related projects
- Not seeing a decline in volumes

## OIL WELL CEMENT

- Oil price increases
- Strong drilling activity
- Surge of economic activity
- GCC's Odessa cement plant running at full capacity
- Supplemental cement from the Chihuahua Plant

# PRICING

Construction cement

**6% - 8%** per ston

effective January 1



Oil-well cement

**US\$15** per ston

effective April 1

- Price increases have been well received by customers
- Cement prices rose 10% in the quarter
- Cost inflation pressures and market conditions
  - Second price increase of US\$8 per short ton in construction cement
  - Effective July 1
  - Optimistic about market response
- Offset incremental costs and capitalize on market opportunities
  - Very tight supply
  - Customers concerned about uninterrupted supply
  - GCC is positioned to guarantee product availability

A vertical blue line runs down the left side of the slide, with five solid blue circles spaced evenly along it, each corresponding to a list item.

Improve EBITDA margins in a high-inflation environment

Implement cost savings and higher efficiencies in fuel mix

Increase usage of alternative fuels

Continue to optimize the distribution network

Maintain a high plant utilization to improve fix cost absorption



## MEXICO OVERVIEW

	Q1 22 vs. Q1 21	
	Volumes	Prices
Cement	-5%	12%
Concrete	9%	8%

- Double-digit price increase in Mexico effective January 2022
  - Motivated customers to build up inventory at year's end
  - Bagged cement volumes were affected
- High demand driven by:
  - Industrial warehouse construction
  - Commercial and housing projects
  - Strong mining activity
- Don't expect customers' high inventory level situation to continue
- Sales increased 8%
- Cement plants are running at full capacity
- Every cement ton that is not sold in Mexico is being exported to the U.S.

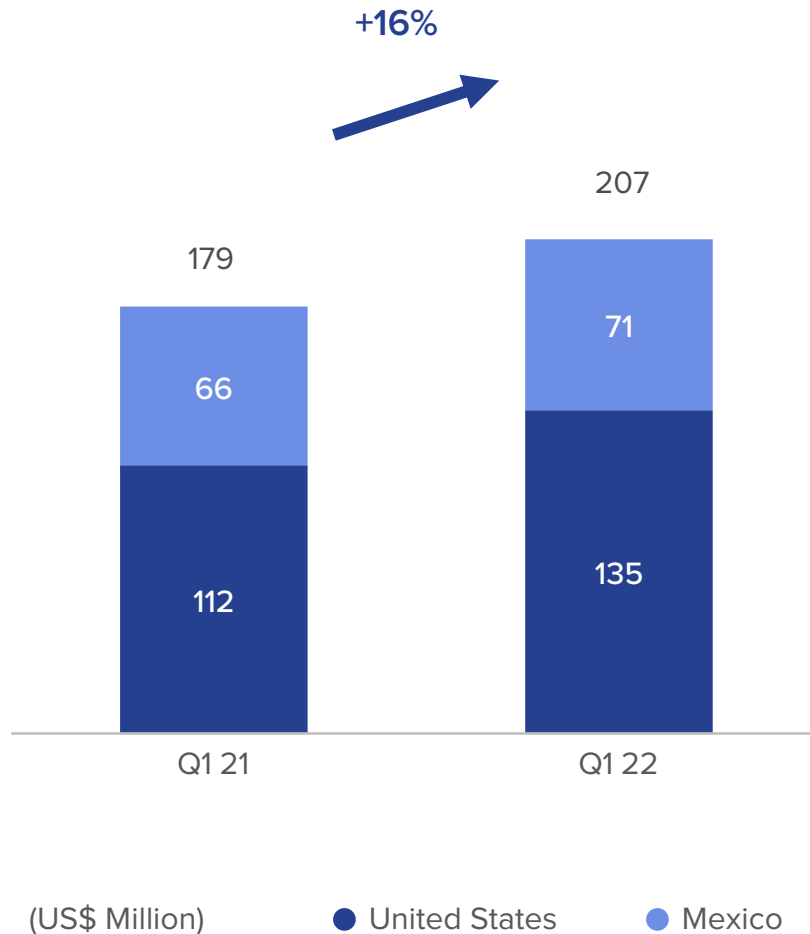


# FINANCIAL RESULTS

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LUIS CARLOS ARIAS, CFO

# CONSOLIDATED NET SALES

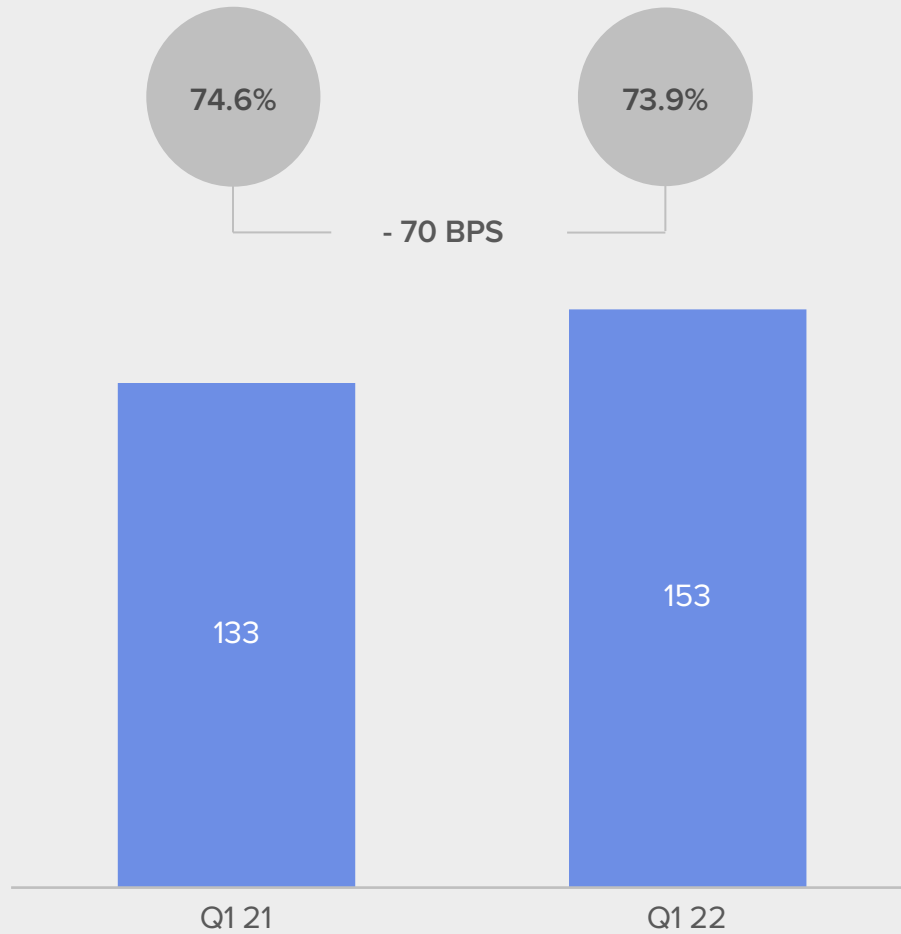


	Q1 22 vs. Q1 21	
	Volumes	Prices*
<b>Cement</b>		
United States	10%	10%
Mexico	-5%	12%
<b>Concrete</b>		
United States	16%	1%
Mexico	9%	8%

\* Prices in local currency

# COST OF SALES ↑

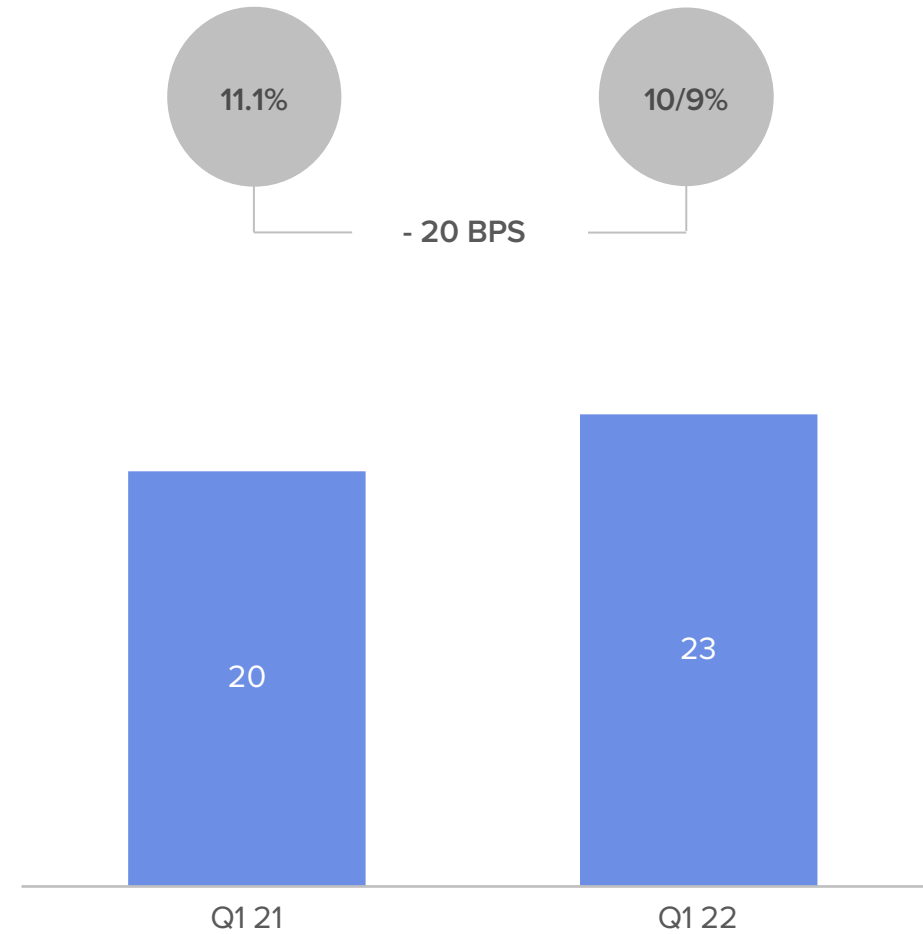
% of sales



(US\$ Million)

# SG&A ↑

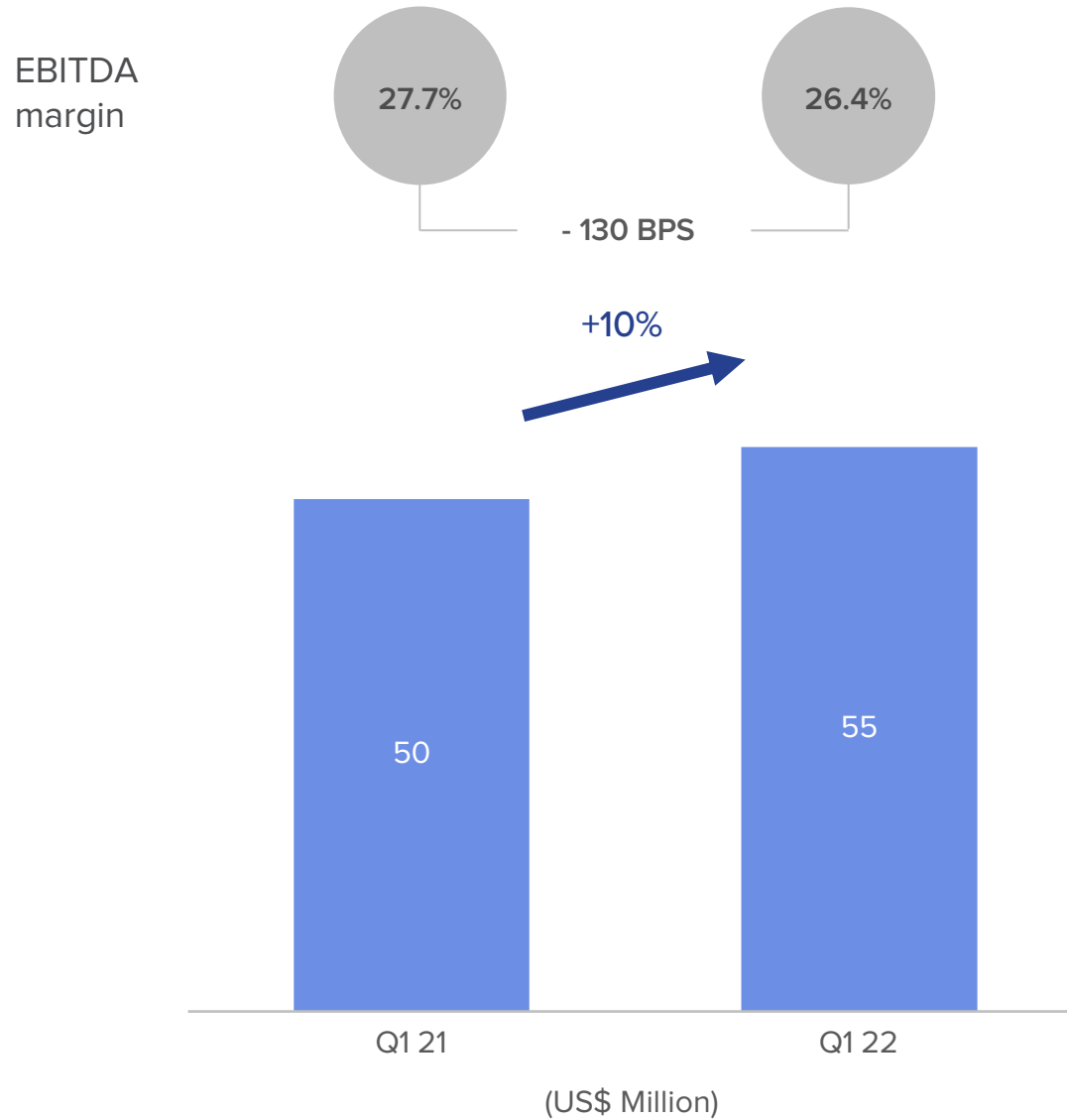
% of sales



(US\$ Million)



# EBITDA



Lower depreciation and amortization as a percentage of sales

NET FINANCIAL  
EXPENSES ↑

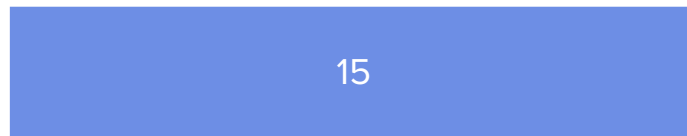
US\$14.2M  
Q1 2022

Prepayment of 2024 notes  
and bank debt

NET INCOME ↓ (14%)

Net income as  
% of sales

Q1 2021

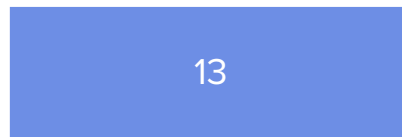


15

EPS = US\$0.0463

8.6%

Q1 2022



13

EPS = US\$0.0396

6.3%

- 230 BPS

(US\$ Million)

# CASH FLOW



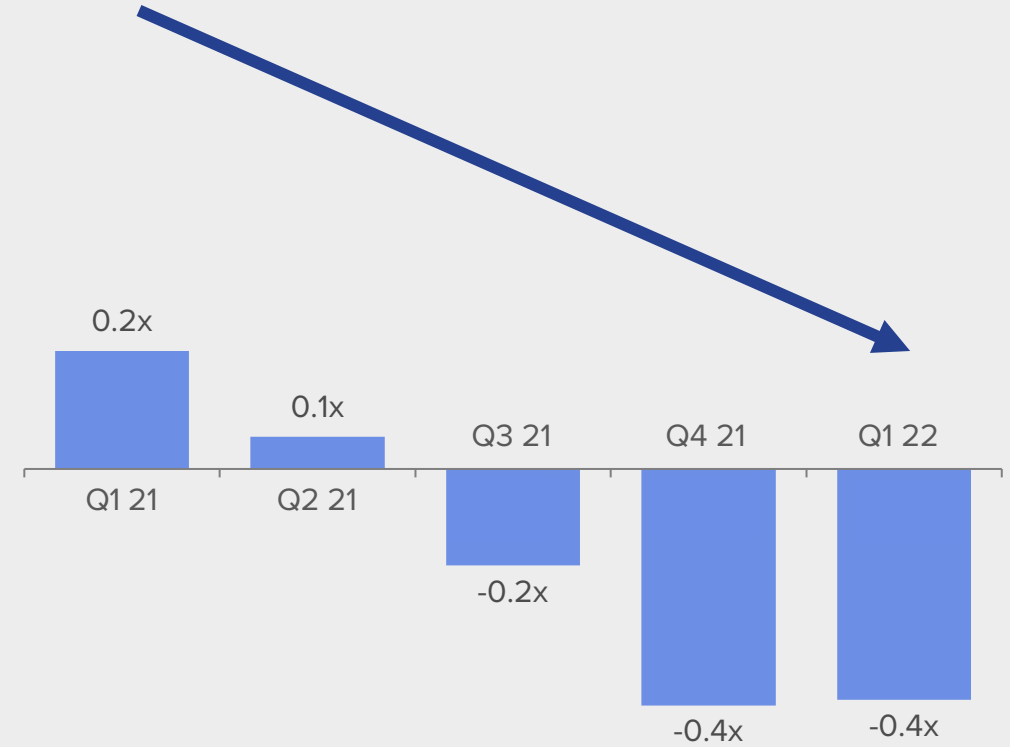
US\$ million	Q1 22	Q1 21	Var
EBITDA	55	49	10%
Interest (Expense)	(7)	(1)	500%
(Increase) Decrease in Working Capital	(9)	(8)	15%
Taxes	(0.3)	(1)	-79%
Prepaid expenses	2	3	-18%
Accruals and other accounts	(26)	(15)	77%
Operating Leases (IFRS 16 effect)	(4)	(5)	-13%
Operating Cash Flow	11	23	-52%
Maintenance CapEx	(12)	(5)	132%
Free Cash Flow	(1)	18	n.m.
FCF conversion rate	0%	36%	

Reduced days in net working capital  
from 49 to 41 (8 days)

**US\$640M**  
cash and equivalents



## NET LEVERAGE RATIO





## ORGANIC GROWTH

~ US\$500M

Next 3 years

Increase cement capacity

- 1.3 million metric tons
- 20% above current capacity

Working closely with technology and equipment developers

## DIVIDEND PAYMENT

**\$1.1621**

Mexican pesos  
per share

Payment date  
**May 17**

**15%**  
increase

While we don't manage GCC based on the share price in the short term, in the long-term our share price is a measure of the progress we have made

The stock price  
has increased

~300%  
since 2014

We will reactivate our share buyback program and expect to make additional opportunistic share purchases in accordance with market conditions

Confidence in the execution of our business plan and the positive outlook as well as increasing shareholder return

# 2022 GUIDANCE



United States and Mexico			
Volumes	Cement	Low- to mid-single digit	
	Concrete		
	Prices	Cement	Mid- to high-single digit
		Concrete	
Consolidated			
EBITDA growth		High-single to double digits	
FCF Conversion Rate		> 60%	
Total CapEx		US\$260M	
	Strategic & growth	US\$180M	
	Maintenance	US\$65M	
	2020 carry over	US\$15M	
Net Debt/EBITDA year-end		Negative	



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# QUESTIONS

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## APPENDIX

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# INCOME STATEMENT



US\$ million	Q1 22	Q1 21	Var
<b>Net sales</b>	<b>206.9</b>	<b>178.8</b>	<b>15.7%</b>
Cost of sales	152.9	133.4	14.6%
SG&A	22.6	19.9	13.7%
Other expenses, net	0.0	0.0	0.0%
<b>Operating income</b>	<b>31.4</b>	<b>25.5</b>	<b>23.1%</b>
<i>Operating margin</i>	<i>15.2%</i>	<i>14.3%</i>	
Net financing expenses	(14.2)	(5.4)	162.9%
Earnings in associates	0.7	0.5	37.3%
Income taxes	4.7	5.2	-9.8%
<b>Consolidated net income</b>	<b>13.1</b>	<b>15.3</b>	<b>-14.3%</b>
<b>EBITDA</b>	<b>54.5</b>	<b>49.5</b>	<b>10.2%</b>
<i>EBITDA margin</i>	<i>26.4%</i>	<i>27.7%</i>	

# BALANCE SHEET



	March 2022	March 2021	Var
<b>Total assets</b>	<b>2,203.3</b>	<b>2,116.6</b>	<b>4.1%</b>
<b>Current assets</b>	<b>928.3</b>	<b>824.5</b>	<b>12.6%</b>
Cash and equivalents	640.3	556.9	15.0%
Other current assets	288.0	267.6	7.6%
<b>Non-current assets</b>	<b>1,275.0</b>	<b>1,292.1</b>	<b>-1.3%</b>
Plant, property and equipment	940.3	943.5	-0.3%
Goodwill and intangibles	274.1	279.4	-1.9%
Other non-current assets	60.5	69.2	-12.6%
<b>Total liabilities</b>	<b>873.6</b>	<b>940.9</b>	<b>-7.2%</b>
<b>Short-term liabilities</b>	<b>193.8</b>	<b>291.8</b>	<b>-33.6%</b>
Short-term debt	-	118.0	-100.0%
Other current liabilities	193.8	173.8	11.5%
<b>Long-term liabilities</b>	<b>679.8</b>	<b>649.1</b>	<b>4.7%</b>
Long-term debt	496.6	501.6	-1.0%
Other long-term liabilities	78.6	80.5	-2.4%
Deferred taxes	104.7	67.0	56.3%
<b>Total equity</b>	<b>1,329.7</b>	<b>1,175.7</b>	<b>4.1%</b>