



# Q2 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:

Q2 22: 20.04 - Q2 21: 20.04

H1 22: 20.28 - H1 21: 20.18

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

# HIGHLIGHTS

- Outstanding quarter
- Solid 1H 2022
- Strong start to the construction season
- Unprecedented demand
- Increased volumes
  - US cement
  - Mexico concrete
- Favorable price environment
- Availability outweighs price

**+12%** CONSOLIDATED  
NET SALES

Focusing on customers to ensure  
uninterrupted supply

Helped new customers when our  
peers ran short of supply

## PRIMARY FOCUS:

Address demand while  
moving our backlog

### CONSTRUCTION PROJECTS DELAYED

- Increasing cost of raw materials
- Labor shortages
- Supply chain and logistics bottlenecks

Limits the speed at  
which we move our  
backlog

## INDUSTRY WIDE CHALLENGES

GCC's vertical integration of raw materials and coal is an important competitive advantage to lower costs and mitigate fuel price volatility

# FUEL COSTS

- Margin pressure
- New reserve at our coal mine
- Decreased coal production during 1H 2022
  - Unable to ship coal to Mexico plants
- Continue burning purchased third party coal in Chihuahua and Samalayuca
  - Through October 2022
  - Q3 2022 results will reflect purchased coal
- Plants maintenance outages help reduce fuel costs



Natural gas hedge

**100%** of

Odessa's consumption  
below market prices

Odessa runs

**100%**

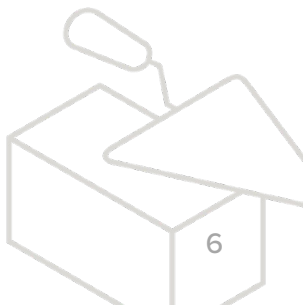
on natural gas

## ALTERNATIVE FUELS

Coal provides an important advantage...

However, GCC is committed to mining coal reserves to depletion by 2035

- Maximize biomass, natural gas, and transformational fuels (hydrogen)
- Working with local and regional companies, regulators and state agencies
- Ensure flexible fuel mix is available
- Examples of our innovation:
  - Pueblo: GCC burns tires and railroad ties
  - Rapid City: pilot testing tires, railroad ties and corn as biomass
- Alternative to consuming coal for future energy
- This underscores Company's progress in moving away from fossil fuels
- Remain fully aligned with our ESG commitments





# PRICING

Second price increase:

Construction cement

**6% - 8%** per ton

Effective July 1



Second price increase:

Oil-Well cement

**US\$15** per ton

Effective August 1

- Second increase was one month earlier than the 2021 second price increase
- Cost inflation pressures and adverse market conditions
- No pushback from customers
  - Focused on ensuring uninterrupted supply
- Vigilant of changes in the economic and market environment
- Continuous dialogue with customers

## UNION CONTRACT NEGOTIATIONS IN 2022

### RAPID CITY

- Concluded resulting in reasonable terms

### TRIDENT

- Ongoing but also under fair terms
- All non-economic clauses concluded
- Economic terms are pending

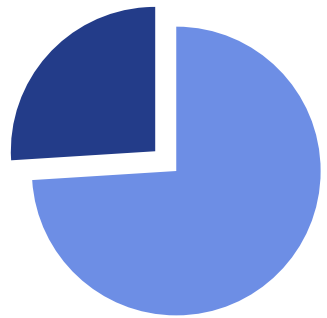
Fully staffed in ready-mix transportation

Pending positions for some specialized positions  
(environmental engineers)





# U.S. OVERVIEW



74%  
of sales

- Sales increased 13%
- High demand
- Strong trends in industrial real estate construction and oil well drilling
- Every GCC kiln remains up and running to produce cement
- Teams focused on maintaining operations and increasing terminal throughput

	Q2 22 vs. Q2 21		H1 22 vs. H1 21	
	Volumes	Prices	Volumes	Prices
Cement	6%	10%	8%	10%
Concrete	-1%	-1%	3%	-1%

## RESIDENTIAL

- PCA forecasts a 2% increase in residential construction in 2022
- Fundamentals for housing demand appear to be softening
- Maintain our prudent approach and remain vigilant of opportunities and changes in US market and economy



## OIL WELL CEMENT



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

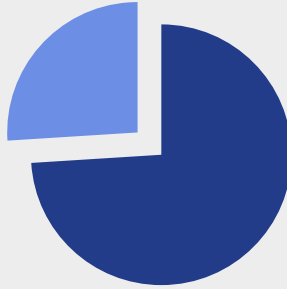
# U.S. OVERVIEW

## INFRASTRUCTURE INVESTMENT AND JOBS ACT

- States and DOTs are preparing for funding
- Projects are running at a steady but slower pace
- Substantial cement demand
  - Will begin to resonate in late 2023
- Favorable impact of cooling housing demand enables GCC to prepare ahead of the infrastructure related demand

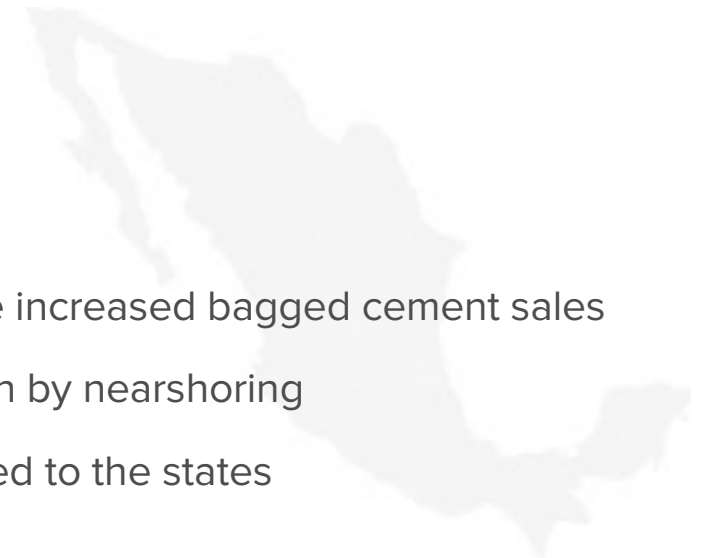
# MEXICO OVERVIEW

26%  
of sales



	Q2 22 vs. Q2 21		H1 22 vs. H1 21	
	Volumes	Prices	Volumes	Prices
Cement	-2%	12%	-3%	12%
Concrete	14%	8%	11%	8%

- Strong performance
- Sales increased 8%
- Difficult comparison to Q2 2021 cement
  - COVID-related quarantine and work-from-home increased bagged cement sales
- Strong demand related to industrial real estate driven by nearshoring
- Every cement ton not sold in Mexico is being exported to the states



## BLENDED CEMENTS

Samalayuca is exporting Portland Limestone Cement (PLC) to the U.S.

Rapid City began shipping PLC to the Minnesota market on July 1

Montana was fully converted to produce only Portland Limestone Cement this year



Will reduce our clinker content from 88% to a minimum of 80% by 2030

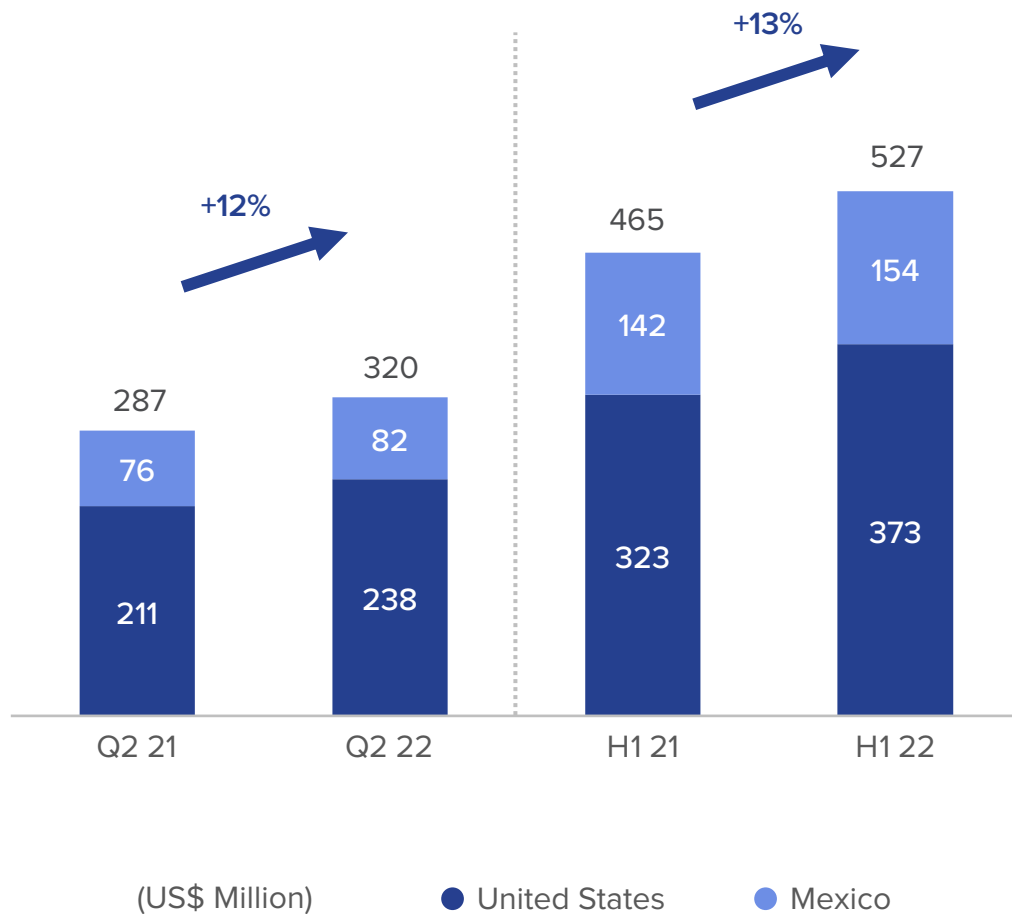


# FINANCIAL RESULTS

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LUIS CARLOS ARIAS, CFO

# CONSOLIDATED NET SALES



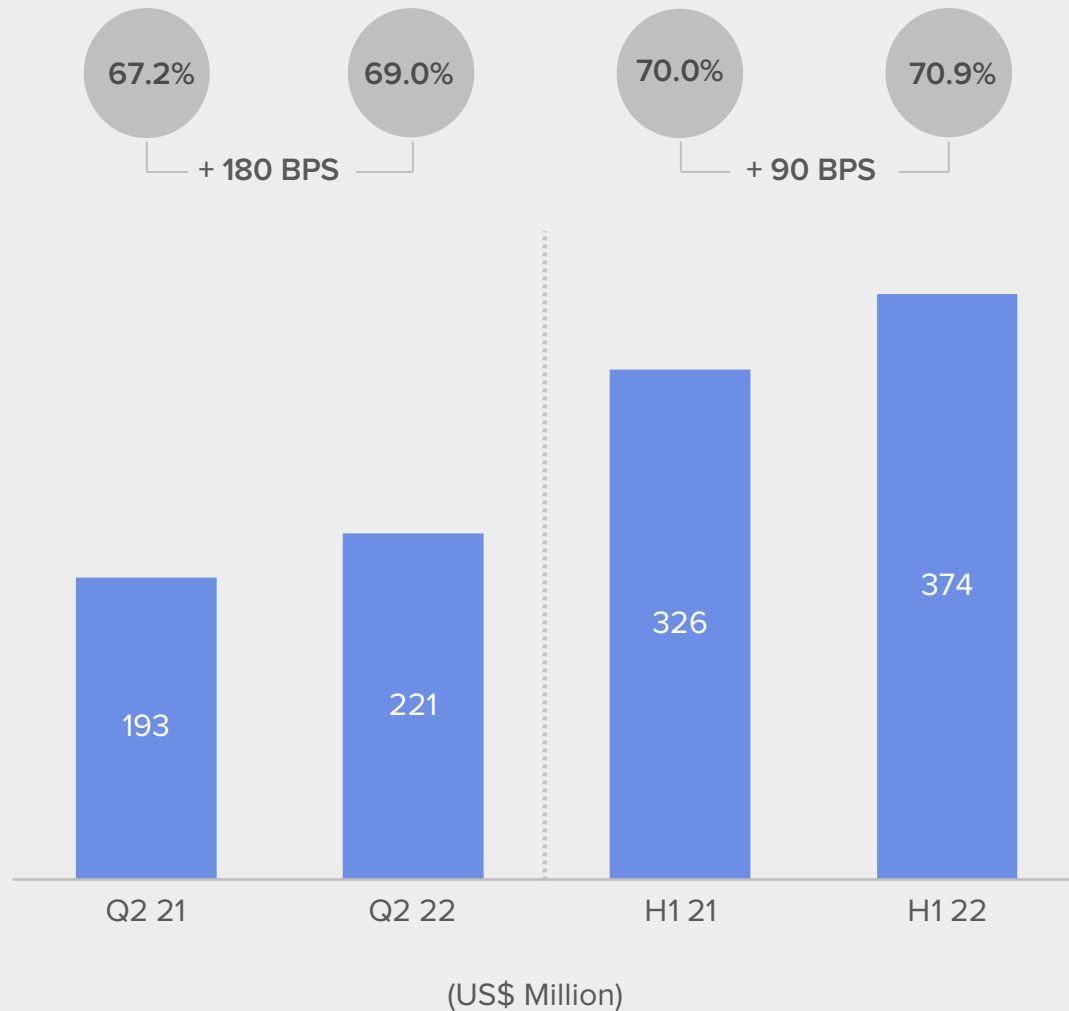
	Q2 22 vs. Q2 21		H1 22 vs. H1 21	
	Volumes	Prices*	Volumes	Prices*
<b>Cement</b>				
United States	6%	10%	8%	10%
Mexico	-2%	12%	-3%	12%
<b>Concrete</b>				
United States	-1%	-1%	3%	-1%
Mexico	14%	8%	11%	8%

\* Prices in local currency



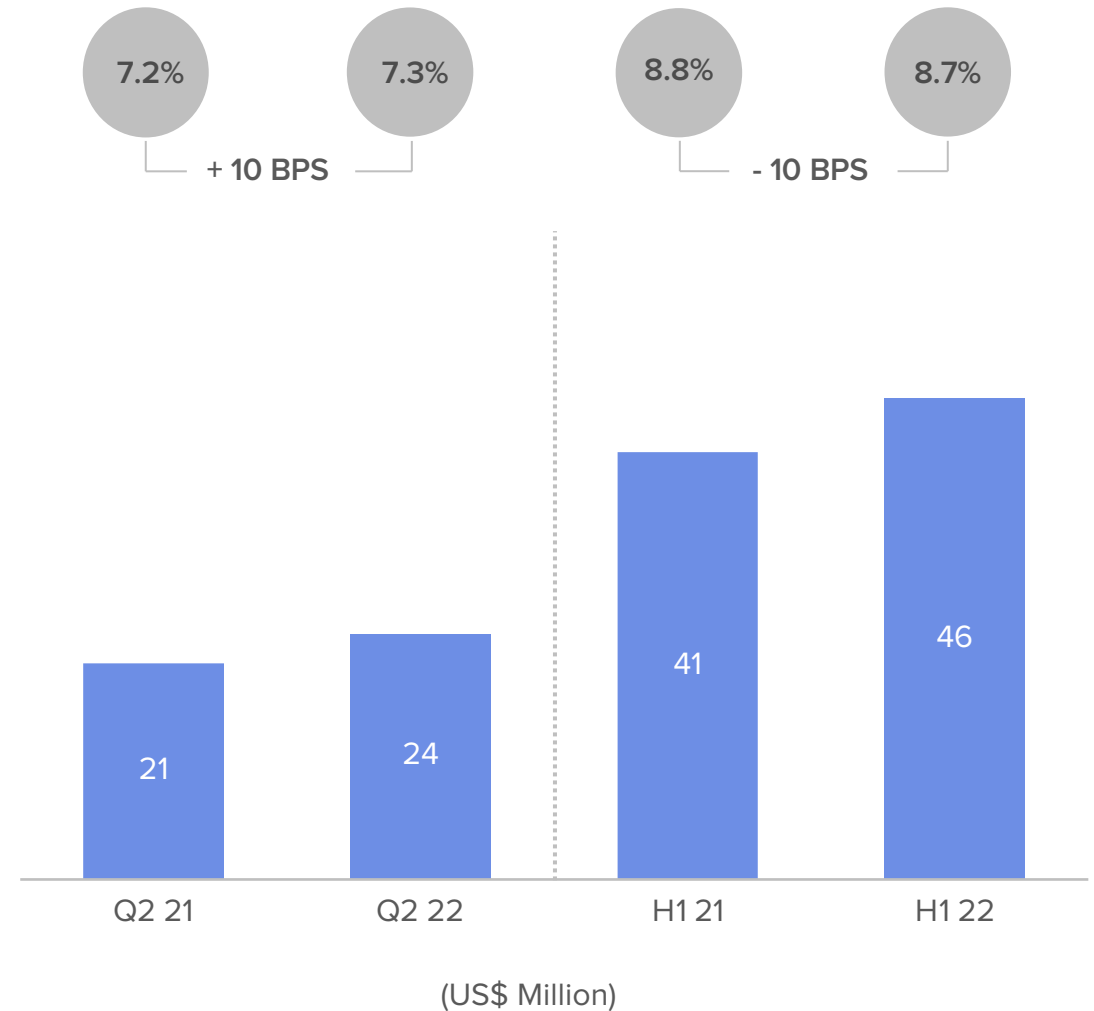
## COST OF SALES ↑

% of sales

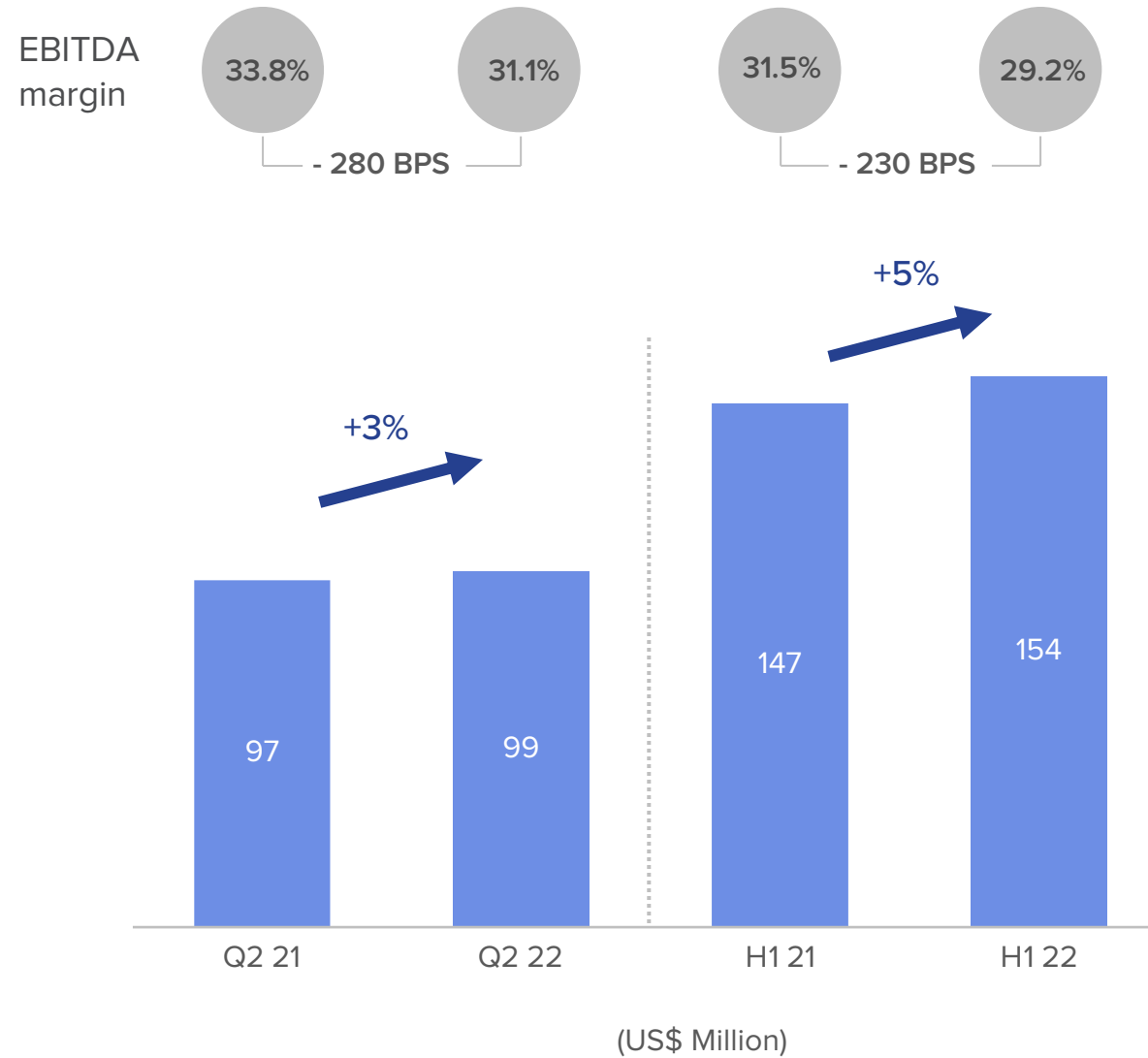


## SG&A ↑

% of sales



# EBITDA



NET FINANCIAL  
EXPENSES ↓

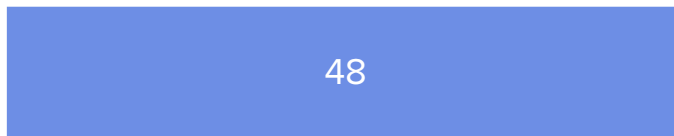
US\$3.9M  
Q2 2022

US\$9.8M  
Q2 2021

NET INCOME ↑ (11%)

Net income as  
% of sales

Q2 2021

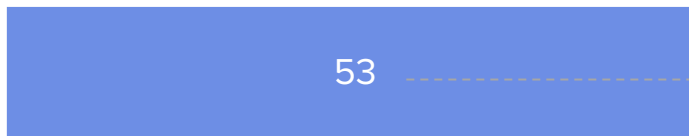


EPS = US\$0.1439

16.6%

Unchanged

Q2 2022



EPS = US\$0.1606

16.6%

(US\$ Million)

# CASH FLOW



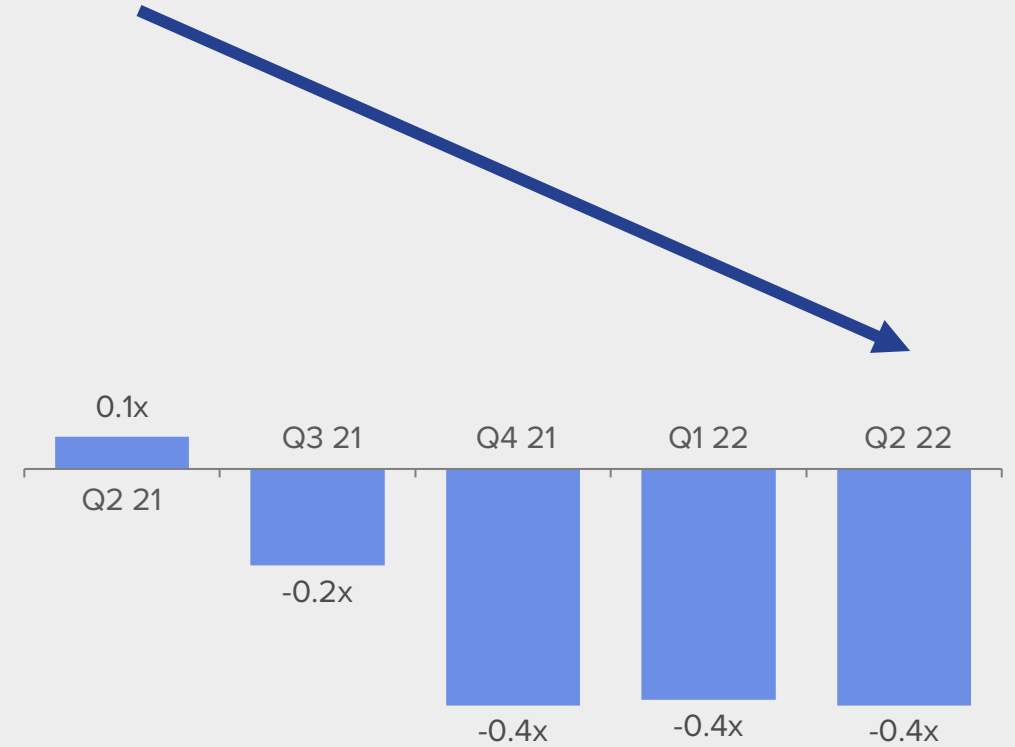
US\$ million	Q2 22	Q2 21	Var	1H 22	1H 21	Var
EBITDA	99	97	3%	154	147	5%
Interest (Expense)	3	(7)	n.m.	(5)	(9)	-45%
(Increase) Decrease in Working Capital	(18)	(27)	-33%	(31)	(35)	-12%
Taxes	(8)	(8)	-7%	(8)	(10)	-16%
Prepaid expenses	2	1	36%	4	4	-2%
Accruals and other accounts	(6)	4	n.m.	(28)	(11)	154%
Operating Leases (IFRS 16 effect)	(4)	(5)	-12%	(8)	(9)	-12%
Operating Cash Flow	67	54	25%	78	77	2%
Maintenance CapEx	(2)	(13)	-84%	(14)	(21)	-33%
Free Cash Flow	65	41	58%	64	56	15%
FCF conversion rate	65.8%	42.7%		41.7%	38.2%	

Reduced days in net working capital by  
11 days; to 47 from 58

**US\$645M**  
cash and equivalents



## NET LEVERAGE RATIO



Under construction and on track

# SAMALAYUCA DEBOTTLENECKING

200,000 mtons

mid 2023

Short-term relief for our cement network

## PLANT EXPANSION

+1 million  
metric  
tons

Location:  
Odessa, TX

The market is  
developing faster  
in the U.S.

Large freight  
savings

Optimization of  
cost structure  
and GCC's  
cement network



US\$750  
million

mid  
2025

Double-digit investment  
return and strong value  
creation



## DIVIDEND

**Ps. 1.1621** per share

paid on **May 17**

**+15%** vs 2021

## SHARE BUYBACK

reactivated in **April 2022**

can buy back up to **US\$50** million

**2.6** million shares during Q2

equivalent to **US\$17.2** million

# 2022 REVISED GUIDANCE

United States		
Volumes	Cement	Mid-single digit
	Concrete	Low- to mid-single digit
Prices		
	Cement	Double digit
	Concrete	Low single digit
Mexico		
Volumes	Cement	Flat
	Concrete	High-single to double digit
Prices		
	Cement	Mid- to high-single digit
	Concrete	

Consolidated	
EBITDA growth	High-single to double digits
FCF Conversion Rate	> 60%
Total CapEx	US\$140M
Strategic & growth	US\$60M
Maintenance	US\$65M
2020 carry over	US\$15M
Net Debt/EBITDA year-end	Negative



[WWW.GCC.COM](http://WWW.GCC.COM)

# QUESTIONS

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## APPENDIX

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# INCOME STATEMENT



US\$ million	Q2 22	Q2 21	Var	H1 22	H1 21	Var
<b>Net sales</b>	<b>320.1</b>	<b>286.7</b>	<b>11.6%</b>	<b>527.0</b>	<b>465.5</b>	<b>13.2%</b>
Cost of sales	220.9	192.8	14.6%	373.8	325.8	14.7%
SG&A	23.5	20.7	13.5%	46.1	40.9	12.6%
Other expenses, net	0.3	0.4	-36.5%	0.3	0.5	-34.5%
<b>Operating income</b>	<b>75.3</b>	<b>72.8</b>	<b>3.6%</b>	<b>106.7</b>	<b>98.2</b>	<b>8.6%</b>
<i>Operating margin</i>	<i>23.5%</i>	<i>25.4%</i>		<i>20.3%</i>	<i>21.1%</i>	
Net financing expenses	(3.9)	(9.8)	-60.7%	(18.0)	(15.2)	18.5%
Earnings in associates	0.9	0.7	41.0%	1.6	1.1	39.4%
Income taxes	19.3	15.9	21.2%	24.0	21.2	13.5%
<b>Consolidated net income</b>	<b>53.1</b>	<b>47.7</b>	<b>11.4%</b>	<b>66.3</b>	<b>63.0</b>	<b>5.2%</b>
<b>EBITDA</b>	<b>99.5</b>	<b>97.0</b>	<b>2.5%</b>	<b>154.0</b>	<b>146.5</b>	<b>5.1%</b>
<i>EBITDA margin</i>	<i>31.1%</i>	<i>33.8%</i>		<i>29.2%</i>	<i>31.5%</i>	

# BALANCE SHEET



	June 2022	June 2021	Variation
<b>Total assets</b>	<b>2,274.7</b>	<b>2,200.6</b>	<b>3.4%</b>
<b>Current assets</b>	<b>978.2</b>	<b>905.6</b>	<b>8.0%</b>
Cash and equivalents	645.3	592.9	8.8%
Other current assets	332.9	312.6	6.5%
<b>Non-current assets</b>	<b>1,296.5</b>	<b>1,295.1</b>	<b>0.1%</b>
Plant, property and equipment	957.5	944.8	1.4%
Goodwill and intangibles	272.5	278.1	-2.0%
Other non-current assets	66.5	72.2	-7.9%
<b>Total liabilities</b>	<b>923.9</b>	<b>979.1</b>	<b>-5.6%</b>
<b>Short-term liabilities</b>	<b>226.2</b>	<b>343.0</b>	<b>-34.0%</b>
Short-term debt	-	144.0	-100.0%
Other current liabilities	226.2	199.0	13.7%
<b>Long-term liabilities</b>	<b>697.6</b>	<b>636.1</b>	<b>9.7%</b>
Long-term debt	496.6	467.0	6.3%
Other long-term liabilities	78.7	81.1	-2.9%
Deferred taxes	122.4	88.0	39.1%
<b>Total equity</b>	<b>1,350.8</b>	<b>1,221.6</b>	<b>10.6%</b>