GCC ANNOUNCES ODESSA, TX CEMENT PLANT EXPANSION

August 3, 2022

GCC, S.A.B. de C.V. (BMV: GCC* or “the Company”), a leading producer of cement and concrete in the United States and Mexico, announced that it will execute a capacity expansion at the plant located in Odessa, Texas. The project will increase annual cement production capacity by over one million metric tons and lower the plant’s greenhouse gas intensity by 13%.

GCC will execute the project at the Odessa plant since the market is developing faster in the U.S. and represents large freight savings, compared to the plant located in Chihuahua, Mexico. This expansion will optimize the cost structure and GCC’s cement network by relocating cement shipped today to this region from Samalayuca, Chihuahua and Pueblo plants to other markets the Company serves with optimized freight cost. In addition, the capacity expansion will allow GCC to prepare and participate in the upcoming growth associated with the Infrastructure Investment and Jobs Act.

For the past year, GCC has been assessing the West Texas cement market to define the optimized scope of equipment and technology, as well as working with original equipment manufacturers and construction suppliers. Furthermore, the Company has been negotiating with vendors and progressing on the project. Due to the current market conditions, supply chain constrains, inflation and the project scope, GCC will invest US$750 million, and the capacity will come online by mid-2025.

Enrique Escalante, GCC’s Chief Executive Officer, mentioned “We remain strongly committed to delivering strong stakeholder value, while investing in the future growth of our business. With the expansion of the Odessa plant we will ensure GCC is prepared for a new phase of the industry cycle."
The project will be funded with internal cash flow and has a double-digit investment return, representing strong value creation compared to the much lower weighted average cost of capital (WACC).

About GCC
GCC is a leading supplier and producer of cement, concrete, aggregates, and construction-related services in the United States, Mexico and Canada, with an annual cement production capacity of 5.8 million metric tons. Founded in 1941, the Company’s shares are listed on the Mexican Stock Exchange under the ticker symbol GCC*.

Forward-Looking Statements
This press release may contain forward-looking statements. All statements that are not clearly historical in nature are forward-looking, and the words “anticipate,” “believe,” “expect,” “estimate,” “intend,” “project” and similar expressions are generally intended to identify forward-looking statements. These statements are subject to risks and uncertainties including, among others, changes in macroeconomic, political, legal, public health crises including COVID-19, governmental or business conditions in the markets where GCC operates; changes in interest rates, inflation rates and currency exchange rates; performance of the construction industry; and pricing, business strategy and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from the beliefs, projections, and estimates described herein. GCC assumes no obligation to update the information contained in this press release.

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