

Cemex: Updated Capital Allocation



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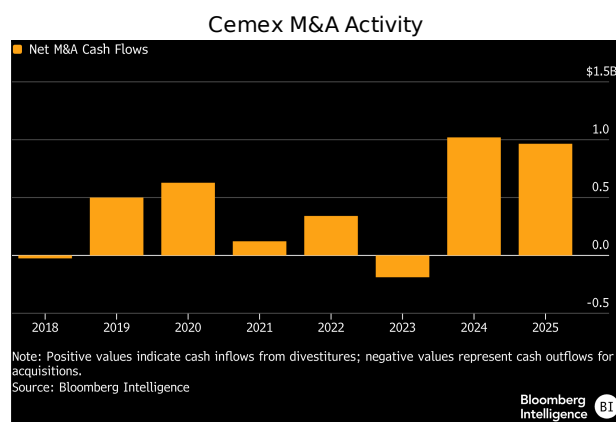
Cemex's Improved Financial Position Expands Capital Flexibility

(Bloomberg Intelligence) -- Cemex's stronger balance sheet, aided by divestitures and cost-reduction initiatives, has reopened capacity for shareholder distributions, largely limited since the financial crisis. Improved financials also give the company more flexibility to pursue acquisitions, which look set to play a larger role in future capital allocation. (04/01/26)

1. Divestitures Build Balance-Sheet Strength

Cemex has strengthened its balance sheet in recent years, using free cash flow and divestitures to reduce debt, culminating in an investment-grade credit rating in 2024. Though management has shifted toward growth, it has also indicated a continued willingness to divest noncore assets. Any such sales would likely support a continued focus on the US, particularly aggregates, where pricing remains favorable. This is a broader theme among North American building material producers as they tilt portfolios toward aggregates, drawn by stronger returns and better volume visibility.

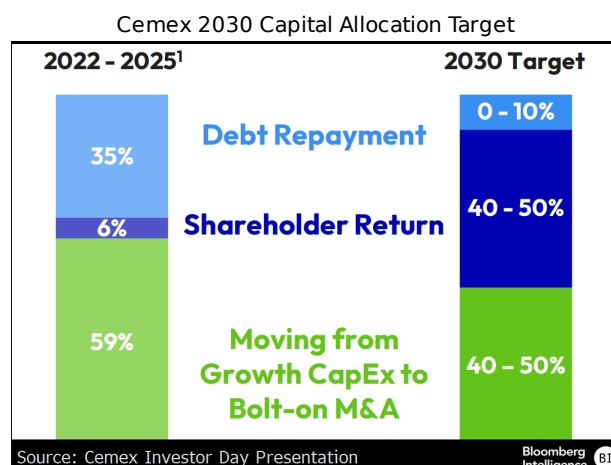
In the US, that outlook is supported by spending tied to the 2021 infrastructure bill and demand from data-center construction and related projects over the next several years. (04/01/26)



2. Capital Shifts Toward Distributions and M&A

After years of using divestitures and free cash flow to reduce debt, Cemex is shifting capital allocation toward shareholder returns and acquisitions. Distributions were limited after the financial crisis, with the dividend suspended during the event, reinstated in 2019, and then suspended again during the pandemic. Cemex reinstated the dividend in 2024 and has begun buybacks. Shareholder returns and acquisitions look set to claim a larger share of capital allocation, with M&A likely to include assets that expand Cemex's US aggregates exposure. That focus appears grounded in aggregates pricing power and a strong demand outlook.

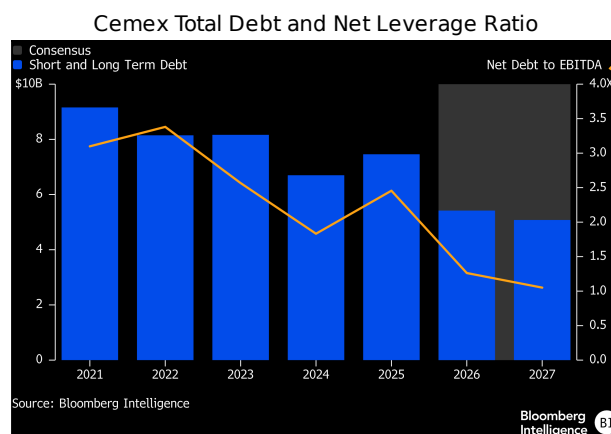
Consensus projects free cash flow of \$1.6 billion in 2026, up from \$1.2 billion in 2025, supporting distributions and deal activity. (04/01/26)



3. Lower Leverage, Solid Demand Strengthen Outlook

Like many building-material producers, Cemex struggled after the financial crisis as weak demand and high leverage pressured the business for years. It has since repaired the balance sheet, divesting billions in assets to reduce debt, regaining an investment-grade credit rating in 2024. Cemex ended 2025 with net debt to Ebitda of 2.3x, slightly above management's 1.5-2x midterm target. Management has also indicated that up to \$1 billion of additional divestitures are possible in the near term. We expect proceeds, together with solid free cash flow, to support further debt reduction, acquisitions and shareholder returns.

A leaner portfolio, greater US exposure and solid end-market demand should also help drive free-cash-flow growth. (04/01/26)



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