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Amrize Ltd. (AMRZ)

Q3 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Hello and welcome to Amrize Q3 2025 Earnings Conference Call. We ask that you please hold all questions until the completion of the formal remarks, at which time you will be given instructions for the question-and-answer session. Also, as a reminder, this conference is being recorded today. If you have any objections, please disconnect at this time.

I will now turn the call over to Scott Einberger, Investor Relations Officer for Amrize.

Scott Einberger

Investor Relations Officer, Amrize Ltd.

Thank you and good morning. Welcome to Amrize's third quarter 2025 earnings conference call. We released our third quarter financial results yesterday after the market closed. You can find both our earnings release and presentation for today's call in the Investor Relations section of our website at investors.amrize.com. On the call with me today are Jan Jenisch, our Chairman and CEO; and Ian Johnston, our CFO. Jan will open today's call with highlights from our third quarter results and the growth investments we are making in our business. Ian will then review our financial performance for the quarter and provide an update on our Project ASPIRE synergy program before turning the call back to Jan to discuss our outlook for the remainder of the year. We will then take your questions.

Before we begin, during the call and in our slide presentation, we reference certain non-GAAP financial measures, which we believe provide useful information for investors. We include reconciliations of non-GAAP financial measures to GAAP in our earnings release and slide presentation. As a reminder, today's call is being webcast live and recorded. A transcript and recording of this conference call will be posted to our website.

Any statements made about future results and performance, plans, expectations, and objectives are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those presented during the call due to various factors, including but not limited to those discussed in our Form 10 filings and in other reports filed with the SEC. The company disclaims any undertaking to publicly update or revise any forward-looking statements.

With that, I will now turn the call over to Jan.

Jan Philipp Jenisch

Chairman & Chief Executive Officer, Amrize Ltd.

Thank you, Scott, and thank you all for joining us today for our third quarter earnings call. It is our first full quarter operating as Amrize, and we made progress across our businesses, and I'd like to thank our 19,000 teammates who are serving our customers across all of our markets. Together, we delivered strong revenue growth of 6.6%, driven by continued infrastructure demand and an improving commercial market.

Our Building Materials business had strong volumes and positive – and we achieved very positive aggregates pricing, while a temporary equipment outage in our cement network resulted in higher costs for the quarter. Our Building Envelope business delivered substantial margin expansion driven by operational efficiencies and lower raw material costs. We generated strong free cash flow of $674 million, up $221 million from prior year. Building on our progress in the third quarter, we are raising our revenue guidance for 2025 and we are confirming our EBITDA and net leverage ratio guidance.

Well, let's turn to the financials. We had strong revenue performance driven by volume growth across the business from cement, aggregates and ready-mix concrete to commercial roofing. Several positive developments contributed to our margins, including operational efficiencies in Building Envelope and strong aggregates and residential roofing pricing. Within Building Materials, the temporary equipment outage in our cement network affected our margins. During this time, we leveraged the strength of our footprint and network to continue serving our customers without disruption, which resulted in higher costs. We've now completed the equipment repair and all of our plants are operating as normal. We also had a material asset sale in the third quarter of last year, which impacted the year-over-year adjusted EBITDA comparison.

Looking to the market environment, our commercial customers have shown early signs of improvement. It's led by strong demand for data centers and energy projects. This is also reflected in the latest Dodge Construction starts report, which shows new commercial construction starts are up 6.8% over the last 12 months. In infrastructure, demand continues to be steady with federal, state, and local authorities prioritizing modernization strategies. Within residential, new construction remains soft and a mild storm season affected repair and refurbishment demand negatively.

Looking to the future, we see strong, long-term demand ahead of Amrize. As interest rates decline, we expect pent-up demand to unwind and construction activity to accelerate in both the commercial and the residential sectors. Mega trends including infrastructure modernization, onshoring of manufacturing, data center expansion, and the need to bridge the housing gap will drive our long-term growth. We are uniquely positioned across the infrastructure, commercial, and residential construction, with around an even split between new build and repair and refurbishment.

Let's look at our investments. We continue to invest and execute on our key organic growth projects. In the fourth quarter, we will complete the expansion of our flagship Ste. Genevieve plant, adding production capacity and improving efficiency at North America's largest and market-leading cement plant. We are on track with our new state-of-the-art Malarkey shingle factory in Indiana and we are progressing with the expansion of our St. Constant cement plant in Québec.

In the third quarter, we kicked off several additional projects in key markets. In the Great Lakes region, we are expanding our aggregates production to meet customer demand. And we are increasing production and improving efficiencies at our cement plant in Midlothian, Texas, to serve the Dallas-Fort Worth market. In Exshaw, Canada, we are expanding to serve the Calgary and Western Canada market. We will continue accelerating our organic growth investments to build on our market-leading positions and best serve our customers.

I'd like to share some project highlights from the third quarter. In Louisiana, we won another data center project to supply 100,000 tons of cement. This is just 1 of 25 data center projects we have underway in 2025 as the AI boom continues to fuel construction growth. In Ontario, we are delivering ready-mix concrete and aggregates to help build a new battery plant. One of many examples of our advanced manufacturing and onshoring trends are driving construction growth.

Our roofing team completed a large project for a new school outside of Houston, and we have many similar projects across Building Envelope helping to build strong communities. To support a massive new LNG plant in Louisiana, we are providing over 75,000 tons of cement and over 1 million tons of aggregates as energy projects continue to drive demand. All these strong commercial projects reflect the mega trends underpinning long-term growth in the North American construction market.

Our growth – the growth of Amrize is directly connected to these trends. We have a big pipeline of projects and new ones are kicking off each quarter. The actions we are taking from investing in our business to driving synergies are positioning Amrize to capitalize on the significant long-term demand in our $200 billion addressable market.

I like now to turn the call over to Ian to discuss our third quarter financials in more detail.

Ian Johnston

Chief Financial Officer, Amrize Ltd.

Thank you, Jan. I'll begin on slide 11 with our results by segment, starting with Building Materials. Building Materials' third quarter revenue was approximately $2.8 billion, an increase of 8.7%. During the quarter, we saw strong volume growth in both our cement and aggregates businesses, with cement volumes increasing 6% and aggregates volumes increasing 3.3%. We continue to see new infrastructure projects breaking ground, along with spending on data centers and energy-related projects. While there is still some uncertainty in the market, conversations with our customers are encouraging and our pipeline continues to grow. Cement pricing for the quarter was down 0.6%, while year-to-date, it remains up 0.6%. Over the last several years, we've seen consecutive cement gains, which are stabilizing this year with softer demand. We expect pricing to be flat on a full year basis and anticipate pricing to improve in 2026 as demand increases.

Total aggregates pricing, including distribution revenue, increased 10.1%. We continue to see healthy pricing growth in our aggregates business, supported by strong market fundamentals and ongoing infrastructure demand. Adjusted EBITDA for the quarter was $902 million and our adjusted EBITDA margin was 32.5%. The strong volume and aggregates pricing growth that I just spoke about were positive contributors to adjusted EBITDA in the quarter. These were offset by a temporary equipment outage in our cement network that lasted for several weeks during the quarter.

With demand high, we leveraged the strength of our footprint and logistic network, moved products from other plants to serve our customers. This resulted in approximately $50 million of higher manufacturing and distribution costs in the quarter, including the impact of lower production volumes had on fixed cost absorption. Through the combined efforts of our team, we were able to continue serving our customers without disruption. We have now completed the necessary repairs and our plants are operating as normal. In the fourth quarter, we expect to recover some of this lost production.

Additionally, during third quarter of 2025, we recorded $4 million of asset gains as compared to $43 million in the third quarter of 2024. Prior year included a $31 million gain on an asset sale specifically related to one transaction in Canada. While asset sales are a routine part of our business, this specific transaction from last year was large and we do not have a similar-sized transaction this year.

Moving to our Building Envelope segment, third quarter revenue was $901 million, an increase of 0.7% compared to the prior year. Commercial roofing revenue increased in the quarter, supported by repair and refurbishment activity and system sales. Residential volumes were down in the quarter due to soft new construction activity and a milder storm season. Based on recent industry data from SwRI, we outperformed the market in commercial roofing in the quarter, our Elevate business is performing well, and our system offering continues to resonate with customers.

Last November, we closed the Ox Engineered Products acquisition, which contributed $26 million to revenue in the quarter. As a reminder, we'll begin lapping the benefits of this acquisition in the fourth quarter. Adjusted EBITDA was $217 million and our adjusted EBITDA margin was 24.1%, representing a margin increase of 190 basis points from the prior year. The increase in adjusted EBITDA was driven by several factors, including operational efficiencies, lower raw material costs, and higher residential shingles pricing. In the quarter, we saw improved operating performance in our Elevate business as the team executed well, driving efficiencies at the plant level. Price over cost in the quarter was down slightly versus prior year, but improved sequentially versus the second quarter as favorable raw material costs and higher residential shingles pricing partially offset lower pricing in our commercial roofing business. Our team continues to drive synergies and effectively managed our cost base, resulting in an improved performance compared to the prior year.

Moving to cash flow in the quarter, we generated $674 million of free cash flow, an increase of $221 million versus the third quarter of 2024. The increase was primarily driven by a net benefit in working capital. Taking a closer look at working capital, September was a strong revenue month, resulting in an increase in our accounts receivable and a modest use of cash. We expect to turn these into cash in the fourth quarter. In addition, as part of our Project ASPIRE, we are working on vendor payment terms and to the benefit of the cash in the quarter. We also reduced inventory levels as a result of higher demand and lower production volumes. Finally, the timing of cash tax payments was a small benefit to cash in the quarter.

As a reminder, we typically generate the majority of cash flow in the second half of the year with the fourth quarter being our highest cash flow quarter of the year. Fourth quarter of 2024 was an above-average cash flow quarter. And while we also expect strong cash flow in fourth quarter this year, cash flow for full year 2025 is expected to be below 2024. This is primarily a result of lower net income on a full year basis and higher CapEx spend as we continue to invest in organic growth opportunities across our network.

Turning to slide 14. During the third quarter, we successfully reduced our net debt and strengthened our balance sheet. Net debt at the end of the third quarter was approximately $5 billion, down $612 million from the end of the second quarter, and our net leverage ratio declined to under 1.7 times, both benefiting from the strong cash flow we generated in the quarter. Our healthy balance sheet and investment-grade credit rating allows us to operate from a position of strength with the flexibility to pursue value-accretive acquisitions and allocate capital to growth projects.

Lastly, I would like to provide a brief update on our ASPIRE program where we are leveraging our scale across 1,000 sites and two business segments to accelerate synergies. We made excellent progress in the third quarter. We have onboarded over 300 new logistics and service providers to optimize third-party spend, and we launched more than 100 projects to drive synergies across raw materials, services, logistics, and equipment. This continues to be a top priority for all our teams, and we expect to begin realizing savings from our ASPIRE program in the fourth quarter. We are on pace to deliver the full 50 basis points of margin expansion beginning in 2026.

I'll now turn the call back over to Jan to discuss our 2025 guidance.

Jan Philipp Jenisch

Chairman & Chief Executive Officer, Amrize Ltd.

Yeah. Thank you, Ian. When we look at our guidance, I think I'm very satisfied with the good demand we saw with our customers in Q3, our first full quarter as Amrize, and we see markets now have begun to stabilize and we see significant pent-up demand backed by long-term mega trends. There are some uncertainties remaining with our customers. However, we are cautiously optimistic about our demand momentum to continue from now on.

Building on our third quarter revenue, we are raising our 2025 revenue guidance, and we are confirming our EBITDA and net leverage ratio guidance. So, for the full year, we now expect revenues to be in the range of $11.7 billion to $12 billion, adjusted EBITDA to be in the range of $2.9 billion to $3.1 billion, and we expect to finish the year with a net leverage ratio below 1.5 times.

With this, I think we will now begin the Q&A process, and I turn it over to Scott.

Scott Einberger
Investor Relations Officer, Amrize Ltd.

Thank you. Operator, we're ready to begin the Q&A process. Can you please explain the instructions?

QUESTION AND ANSWER SECTION

Operator: Thankyou. [Operator Instructions] Our first question is from Keith Hughes from Truist. Please unmute your line and ask your question.

Keith Hughes
Analyst, Truist Securities, Inc.

Q

Thank you. The midpoint of the guidance implies flattish year-over-year EBITDA, I believe. Could you talk about some of the puts and takes that could be coming in the fourth quarter? It does sound like cement is going to have some positive carryover, but there must be some things going against you.

Ian Johnston
Chief Financial Officer, Amrize Ltd.

A

You understand it?

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

We have a difficult time to understand the question. Would you mind to repeat the question?

Keith Hughes
Analyst, Truist Securities, Inc.

Q

Your guidance seems to imply for the fourth quarter around flattish at the midpoint EBITDA year-over-year. Could you talk about what will be the positives and what would be the negatives you expect in the fourth quarter?

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Oh, yeah. Thank you, Keith, for the question. Look, I think we – again, we are very satisfied with the demand from our customers and the increasing number of projects we deliver and very happy to have this 6.6% sales growth in Q3. Now, going forward, it's a bit tricky for Q4 to give guidance as we still have some uncertainties among our customers regarding tariff, politics, and also regarding future interest rates. So, as you know, we do about half of our business is in the commercial market segment. So, we have no project cancellations, but we have still a couple or a significant number of projects sidelined, and they will be kicked off, in our view, as soon as the market environment is stabilizing.

So, it's not easy for us to forecast Q4. We are obviously very optimistic for the long term, but Q4 is not easy. So, that's why we gave this guidance, which is, I would say, maybe a bit cautious overall to make sure we deliver what we promise.

Keith Hughes
Analyst, Truist Securities, Inc.

Q

Okay. Just one final thing. It does appear from your previous comments that the production issues you had in cement, those are fixed and will not play a role in the – will not play a negative role in the fourth quarter. Is that correct?

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Yes. We are happy with our operational performance. It's basically for two items. We have this land sale in Q3 last year and then we have this production outage, which is resolved. So, we are looking forward to have solid margins in Q4 and in the coming quarters.

Keith Hughes
Analyst, Truist Securities, Inc.

Q

Okay. Thank you.

Operator: Thank you. Our next question is from [ph] Anthony Pettinari from Cementia Holding (00:26:45). If you'd like to unmute your line and ask your question.

Q

Good morning. I'm wondering if you could talk about cement market dynamics in a little bit more detail and specifically in terms of the confidence and potential price improvement in 2026. Are you seeing specific things in your backlogs or the market or import dynamics that would give you kind of confidence in pricing momentum in 2026? And as a follow-up, I'm just wondering if you could talk a little bit more about Ste. Genevieve in terms of the ramp-up and what – how that's going.

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

All right. Hey. Good morning, [ph] Anthony (00:27:18). And yes, we've previously reported. We come from a challenging maybe past two years where we had a lower demand for cement, which made it difficult or more challenging for us on the pricing. We are – nevertheless, I think we are under the circumstances, we have almost stable cement prices for the year. I think that's not a bad achievement. And now, we believe that this will change for next year. And we will – especially with the volume growth we saw in our cement, which we believe will continue into next year, we will give, if you will, healthy pricing dynamics, especially in our inland markets. And we believe we are well positioned now to execute this.

We are also – here, we made very, I would say, focused investments here. So, in Ste. Genevieve, the fifth mill to further increase our production, but also to further increase our efficiencies is on track. And we are planning to have the first production, which we are selling in November, so next month.

Q

Okay. That's helpful. I'll turn it over.

Operator: Thank you. Our next question is from Timna Tanners from Wells Fargo. If you'd like to unmute your line and ask your question, please. Timna, please go ahead.

Timna Beth Tanners
Analyst, Wells Fargo Securities LLC

Q

Okay. Great. Just wanted to follow-up on the cement question and ask about pricing and if you're seeing any impact on – from imports. So, we've been hearing that there may be some price hikes announced, and if you're seeing the impact from the tariffs reducing competitiveness of some of those overseas tons. Thank you.

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Thank you for the question. So, in principle, with our customers largely recognize the value of a local producer like Amrize providing consistent high-quality products, local service, and full reliability of supply chain in the logistics. In addition, our inland footprint in the hardened markets will make us very strong going forward. I think there's a lot of information at the moment in the market about price increases, about increasing import costs from tariffs and so on. I prefer not to comment on this. We're going to focus on ourselves, and we believe we have the right action plan in place to improve pricing for next year.

Timna Beth Tanners
Analyst, Wells Fargo Securities LLC

Q

Okay. Great. Thank you.

Operator: Thank you. Our next question is from Pujarini Ghosh from Bernstein. If you'd like to unmute your line and ask your question.

Pujarini Ghosh
Analyst, Bernstein Autonomous LLP

Q

Thanks for taking my question. So, on the building products side, could you provide some color on the volume and pricing that you saw in Q3 and specifically commenting around the market share gains that you were referring to on the commercial side? Also, could you give some color around the 190 basis points of margin expansion we saw, which seems to be in sharp contrast with what some of your peers have been saying. So, how are you getting this margin expansion?

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Yes. Hey. Thank you for the question. So, first of all, we are very happy. We had a good commercial roofing business in Q3. We have increasing volumes, but also with market share gains. So, we're very happy to report that, that we had been very successful here with our customers to provide our systems with all the different membranes we are offering. In contrast to this, the shingle market is difficult. I think we shared the information with you. We have a very soft new construction market in residential. And also, we have, I think, a softer storm season or something. So, residential is a bit challenged. But, overall, I think we are – we have flat sales, which I think is quite a success in this market, and I'm especially pleased with the market share gains for commercial roofing.

We have – on the operational efficiencies, I'm very happy that our teams put all the plants in excellent conditions. You always sometimes have hiccups. We have around 40 manufacturing facilities in Building Envelope and we had a few we are really working on the last 12 months or so, and this all comes now to a very positive result, basically with lowered costs and leading to then a significant increase in this EBITDA margin of 190 basis points.

Operator: Thank you. Our next question is from Cedar Ekblom from Morgan Stanley.

Cedar Ekblom
Analyst, Morgan Stanley & Co. International Plc

Q

Hello.

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Hi, Cedar.

Operator: Hi, Cedar. Please go ahead.

Cedar Ekblom
Analyst, Morgan Stanley & Co. International Plc

Q

Hi, hi. I just wanted to ask a question on the commercial landscape as it relates to your Building Envelope and roofing business. We've obviously seen quite a lot of change on the distributor channel. We've had a lot of assets change hands, SRAs going to Home Depot, and obviously a new entrant in QXO acquiring Beacon. I'd like to hear how you are seeing this play out for your business because there does seem to be at least some commentary from the distribution players that there might be a desire to be a little bit more aggressive on pricing with their OEM suppliers. Are you seeing that in the market at all? How would you respond to one of your distributors looking to sort of negotiate price? And then a linked question, can you comment on some of the new entrants actually on the sort of manufacturing side of things, if you have a perspective on, for example, Kingspan looking to add capacity? Thank you.

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

All right, Cedar. Hey. Thank you for the questions. I mean, look, we are – first of all, we are not in competition with any distributor. We are partnering with distributor to make our products efficiently available for all the roofing jobs. You can see in our Q3 results that, obviously, we don't see any impacts from any consolidation in the distribution space. And it's important, I think, to note that all our efforts in Building Envelope and in roofing systems is to provide the best, most innovating systems for our customers, which are the building owners, which are the specifiers and are the roofing contractors. And we are focusing to make the best possible roofs and the most easy and efficiently installing roofs. This is all our focus. We do this with our innovation. We do this with our workforce for specification of roofing, inspecting roofs, and then providing warranty for the roofs. This is our focus and this is all underpinned by our strong branding of our strong brands.

And then we go direct, I think, in our roofing sales. At the moment, we do about 30% direct and 70% goes through distribution, and these are just partners for us. We don't see any negative impact. And just important to understand that we focus on the customer – end customer and we have no real opinion on the distributors. However, if you want me to comment on the distributors, I think we have very good and very efficient distributors in roofing from the companies you have mentioned. So, we're very happy to partner with them. They provide a great service. And again, we are not able to deliver every roof on overnight on time for the roofing jobs. This is why we have these very competent roofing distributors in the North American market.

The question on new entrants in the roofing market is really we didn't have that in the last 30 years. The market is actually consolidating and we believe it's very challenging to come in and start with a greenfield roofing business in the US. We haven't seen that in many, many years. And so, we cannot comment. We have – we are focusing on some of our other peers as we compete for this full nationwide distribution we are having, and that's our real focus. So, we see any impact from greenfield new entrants very, very limited. We rather see roofing going for more consolidation.

Cedar Ekblom
Analyst, Morgan Stanley & Co. International Plc Q

Thanks very much. Appreciate that.

Operator: Thank you. Our next question is from Adrian Huerta from JPMorgan. If you'd like to unmute your line and ask your question.

Adrian E. Huerta
Analyst, JPMorgan Casa de Bolsa SA de CV Q

Thank you. Hi, Jan. Thank you for allowing my question. Just if you can share with us how do you see the M&A environment over the next 12 months and potential opportunities within the different segments that you were in. You think there will be opportunities for Amrize to expand that through M&A over the next 12 months?

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd. A

Hi, Adrian. Good morning. Yeah. Look, we made it clear that part of our strategy is, of course, organic growth. We believe we will invest more into the business compared to recent years. But then in addition, we are very open of M&A. I mean, sorry if Amrize has been very much also driven by M&A and we have a – I think let's say, we have a healthy pipeline here of targets and projects. And hopefully, we have some news for you in the months to come.

Adrian E. Huerta
Analyst, JPMorgan Casa de Bolsa SA de CV Q

Excellent. Thank you, Jan.

Operator: Thank you. Our next question is from Yassine Touahri from On Field Research. Please unmute your line and ask your question.

Yassine Touahri
Analyst, On Field Investment Research LLP Q

Yeah. Thank you very much. Just a short follow-up on the volume in the first quarter. Do you have any view on the – on what's happening in the cement business in October? And maybe a question on strategy. When you look at your Building Envelope business, it's mostly roofing, but you call that Building Envelope. And I think in your Form 10, you were mentioning wall solution. How do you think about the business in the next 5 to 10 years? Do you see any opportunity in the next 12 to 24 months to do a bigger platform deal? And if you see an attractive platform deal to complete this business line, what kind of maximum leverage you would be happy to go to in terms of net debt to EBITDA?

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Hey. Good question. Look, first of all, to your pricing and volume question, first of all, I think the cement and aggregates pricing is set for the remainder of 2025 and we now shifted our focus for the pricing for next year. So, for the fourth quarter, we expect the cement pricing to continue as we have seen it in Q3. But also then, our strong aggregates pricing up 10%, we also expect this to continue into the fourth quarter. So, demand is good in Q3. We have to just make the comment that our customs are still – we have certain uncertainties regarding tariffs, regarding interest rates. But besides that, we believe there's a strong underlying demand. It makes it a bit more difficult to really guide that Q4, but we are very optimistic for next year and also [indiscernible] (00:39:58) we're going to have, we believe, healthy volumes and healthy pricing in 2026.

So, on Building Envelope...

Operator: Thank you. Our next...

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Oops. I have to ask the other question. So, on Building Envelope, I think you point out that we call the segment Building Envelope and not roofing systems. And I think this is – just gives us more opportunities into the future as we could expand in complementary applications and technologies. However, I ask my teams to focus on our core businesses as it is today as we have this $200 billion addressable market in front of us. So, that means we don't need to necessarily enter new segments to grow Amrize. We believe we have plenty of growth, and then the envelope gives us a little bit of extra vision and strategy for the years to come.

Yassine Touahri
Analyst, On Field Investment Research LLP

Q

In terms of leverage, the maximum leverage that you would be happy to go to, if you see an interesting platform deal?

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Look, I think, first of all, we are happy to have the balance sheet we are having. You see, we're making progress now in Q3, further progress. Very happy to close the year. In the balance sheet, how we guided it. If we have attractive M&A transactions, and you remember we have an excellent track record of value accretive deals, we can go well above this. I think it's just important always to have a clear plan to further – to go down again in the leverage, but we are not afraid to go up in the leverage for the right transaction.

Yassine Touahri
Analyst, On Field Investment Research LLP

Q

Thank you very much.

Operator: Thank you. Our next question is from Tom Zhang from Barclays. If you'd like to unmute your line and ask your question, please.

Tom Zhang
Analyst, Barclays Capital Securities Ltd.

Q

Yeah. Hi. Thanks for taking my questions. Just housekeeping ones for me at this stage. Did you – maybe just give a little bit of color around this litigation of $40 million that is not in the adjusted EBITDA? Could you just give us a bit of color on what that is out and which division it was booked in? And then, also just on the guided corporate costs, I see it's come in quite a bit below the $75 million to $80 million number that you spoke about at the Q2 print. Any color on why that's better? And is $75 million to $80 million still the right number into Q4? Is there a bit of catch-up? Just a bit of help there for the modeling. Thank you.

Ian Johnston
Chief Financial Officer, Amrize Ltd.

A

Sure. Hi, Tom. Thanks for the question. I think just to begin with the litigation, we're quite happy with the outcome. During the quarter, we were able to reach final settlement on several long-standing commercial litigation items. As you would expect, we cannot provide details related to specific litigation items, but we're quite happy with the conclusion on those particular matters.

Regarding the corporate costs, we did guide at a little bit higher range. We do think we're making good progress. This was our first quarter as a fully independent Amrize, so we're quite pleased with our numbers being a little bit below what we expected. Our previous estimate was at the high end of what we'd expect. It's going to continue to evolve. We do think that the result in the third quarter was quite positive. We had some delays in terms of our assumptions on staffing and so forth. So, it was a good outcome and we think that we'll continue to refine that as we go forward.

Tom Zhang
Analyst, Barclays Capital Securities Ltd.

Q

Okay. Thank you. Maybe just to confirm, sorry, on the litigation that it wasn't sort of one major case, it was a few different outcomes. And so, it's sort of spread across different segments. It's not like all in Building Envelope or all in Building Materials.

Ian Johnston
Chief Financial Officer, Amrize Ltd.

A

That's correct. There were some long-standing items that we were able to resolve in the quarter as conclusive, and it was a quite good outcome from our perspective.

Tom Zhang
Analyst, Barclays Capital Securities Ltd.

Q

Okay. Appreciate it. Thank you.

Ian Johnston
Chief Financial Officer, Amrize Ltd.

A

Thank you.

Operator: Thank you. Our next question is from Martin Hüsler from ZKB. Please go ahead, Martin.

Martin Hüsler
Analyst, Zürcher Kantonalbank

Q

Yeah. Good morning. I hope you can hear me. I have a question. Can you give us a bit more background on the nature of this outage you were mentioning, if this was kind of maintenance driven or just about when and where this happened.

Ian Johnston
Chief Financial Officer, Amrize Ltd.

A

Thanks, Martin, for the question. Yes, it happened in our mountain region. It was a temporary equipment outage. We were down for approximately six weeks to repair the equipment, which resulted in reduced production. We also had increased distribution costs. The challenge here is that it was very temporary in nature. However, given our extensive footprint and our network, we were able to leverage other opportunities to be able to supply and keep our customers satisfied. We were able to move product into the market and be able to meet the demand that was there. The equipment at the plant was repaired. Plant is now operating normal and we expect that we'd be able to recover some of this production in the fourth quarter.

Martin Hüsler
Analyst, Zürcher Kantonalbank

Q

<Q>: Thanks. That's helpful. And then maybe on volumes, perhaps you had such a stellar growth in cement. However, pricing were down. I just want to double check if you think that's kind of -are you chasing volumes and maybe give some price rebates or is this different functions there?

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

Hey, Martin. No, we didn't really do this. I think we just had our customers starting more projects as reported, especially in this most important market segment of commercial projects. So, very happy to see that. So, the demand was not driven by us making any concessions on pricing. You will probably see in the market that we probably had the best pricing or we're going to be among the best pricings this year or something. And this is something also we couldn't change within the Q3 time span. So, what makes us, I think, confident for the future.

Martin Hüsler
Analyst, Zürcher Kantonalbank

Q

Thanks. That helped – that's helpful.

Operator: Thank you. Our next question is from Julian Radlinger from UBS. Please unmute your line and ask your question, please.

Julian Radlinger
Analyst, UBS AG (London Branch)

Q

Yeah. Thank you very much. Morning, Jan, Ian, Scott. Thanks for the time. Two for me, please. So, first of all, in Building Envelope, can you talk to what drove the positive pricing in resi shingles when volumes were negative? And was that both a year-on-year and a sequential comment on pricing, i.e., is pricing holding up or is it declining in line with the resi and reroofing weakness? That's number one. And then, number two, in Building Materials, obviously, your volumes were very strong in Q3. And now, based on your guidance for Q4, you're guiding to lower sales growth in Q4 than what we saw in Q3 implied. And I remember that Q3 last year was a very wet quarter for the industry in some states. So, is it fair to say that easy comps played some role in the strength in cement and aggregates volumes in Q3 and Q4 will be a bit tougher just on a comps basis? Or is that something we shouldn't be thinking about? Thank you.

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

No, I think to your last question, I don't think we should speculate about this at this point. As we talked about before, it's just difficult to guide now. We are happy with the project starts of our customers in Q3, and we believe this will be continuing from here. However, there are still uncertainties in the market, which makes it difficult to predict. So, just have to take our guidance as a cautious guidance now for Q4. On the pricing side, I think we did a good step on the pricing on the shingles. So, this is something we do early in the year and this is – has continued successfully despite the decline in volumes in the market.

Julian Radlinger
Analyst, UBS AG (London Branch)

Q

Thank you very much.

Operator: Thank you. Our next question is from Will Jones from Redburn. Please unmute your line and ask your question.

Will Jones
Analyst, Redburn (Europe) Ltd.

Q

Morning. Yeah. Please, can I just explore a little bit more on the confidence around pricing for next year in Building Materials, I guess, on the cement side. Just wondering what your view on the extent to which it would rely on volumes being up next year or do you think price could make some progress even if volumes were flat. And then, in aggregates, would you be willing to offer a view on what you might achieve potentially next year? Could it be another kind of mid-to-high single-digit year on price? Thank you.

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

I think it's the wrong time now to talk specifics about next year guidance or something. I think you should – we provide already a lot of comments on market dynamics and on our action plan to position ourselves well for next year. And this is what we are working on at the moment, but I don't want to give any more guidance regarding volumes or pricing. I think we talked already quite extensively around it.

Will Jones
Analyst, Redburn (Europe) Ltd.

Q

Okay. I might just ask a different one then, please, which is just around your kind of demand views of whether there's any difference between how you see Canada and the US in the mix.

Jan Philipp Jenisch
Chairman & Chief Executive Officer, Amrize Ltd.

A

No, we are seeing – when you look at our results, we made good progress in Q3 in Canada and also in the US.

Will Jones
Analyst, Redburn (Europe) Ltd.

Q

Thank you.

Operator: Thank you. Our next question is from Glynis Johnson from Jefferies. Please unmute your line and ask your question.

Glynis Johnson
Analyst, Jefferies International Ltd.

Q

Morning. Yeah. It's just a follow-up on the ASPIRE program because as you saw margin improvements coming through on the Envelope side, you have reported lower unallocated costs as well. So, I'm wondering how much of that actually is part of the ASPIRE program or is the everything from ASPIRE going to come from sort of the Q4 onwards?

Ian Johnston
Chief Financial Officer, Amrize Ltd.

A

Yes. Hi. Thanks for the question. We do referenced a little bit in the presentation deck, for instance, we had over 300 suppliers added to our portfolio, we have over 100 projects that have been kicked off, and we do expect to have some positive impact in our fourth quarter. But really, all of this will begin to materialize into the 2026 season. We're on pace for our 50 points of margin expansion beginning in 2026. We had a number of actions within the quarter. We're quite happy with the way things are progressing and we think that that will continue into the fourth quarter.

Glynis Johnson
Analyst, Jefferies International Ltd.

Q

Okay. But there was nothing in the Q3 in terms of the margin expansion you saw at the lower corporate cost that you would say a part of ASPIRE?

Ian Johnston
Chief Financial Officer, Amrize Ltd.

A

No. Very limited. Q3, we began this project in late April, early May. That's continuing. We have our teams mobilized. There's several hundred projects underway, but very limited in Q3.

Glynis Johnson
Analyst, Jefferies International Ltd.

Q

Thank you.

Operator: Thank you. Our next question is from Arnaud Lehmann from Bank of America. Please unmute your line and ask your question, please.

Arnaud Lehmann
Analyst, Merrill Lynch International

Q

Thank you very much. Hello, Jan, Ian, and Scott. Just two to confirm one thing on capital allocation. Can you confirm that you've not done any buybacks so far? And if share buyback is something that could be possible in 2026? And maybe just in terms of just the idea of the model. You guide for D&A depreciation $850 million, but the run rate is probably a bit closer to $900 million for the full year. Is there any reason why depreciation will be smaller in Q4? Thank you very much.

Ian Johnston
Chief Financial Officer, Amrize Ltd.
A

Hi, Arnaud. With regards to the buybacks and dividends, that's a policy. Those are policy questions that we still have to work through the board and that would come up in early 2026. We haven't provided a framework for that yet, but that will be coming in due course once we have alignment with the board and then going to shareholders. Regarding the D&A, thank you for the question. We do expect a little bit of reduction in the fourth quarter where we would have traditional equipment that would phase off in terms of their depreciation expense. So, that should help us into the fourth quarter.

Arnaud Lehmann
Analyst, Merrill Lynch International
Q

Thank you very much.

Operator: Thank you. Our last question is from Pujarini Ghosh from Bernstein. Please unmute your line and ask your question, please.

Pujarini Ghosh
Analyst, Bernstein Autonomous LLP
Q

Thanks for taking the second question. One follow-up on the Building Materials margin. So, on the face of it, we saw a sharp decline in the margin on the Building Materials side. But even if we take off and adjust for the one-off outage this year and the higher land sales proceeds last year, we still see around 100 basis points of decrease in the margin. So, what is causing this decrease? And do you expect to kind of recover this maybe next year?

Ian Johnston
Chief Financial Officer, Amrize Ltd.
A

Yeah. Hi. Thanks, Pujarini. A couple of items. Obviously, we outlined in the presentation the biggest factor being the plant outage that we had. We had basically six weeks to repair that equipment. That cost us $50 million. We had the significant variance in asset sales year-over-year. The other impact that's affecting us is lower pricing of cement. There's another decline of 0.6% in the quarter and then there's some cost inflation that went along with that. But those would be the main items. We do expect to be able to recover some of that production volume going into the fourth quarter. That should help lift margins a little bit in the fourth quarter. But right now, all of that temporary nature of those shutdown issues are behind us.

Pujarini Ghosh
Analyst, Bernstein Autonomous LLP
Q

Thanks for that. So, in terms of price cost, so you would say there's like probably more negative than the 0.6% pricing decrease in cement?

Ian Johnston
Chief Financial Officer, Amrize Ltd.
A

Price cost in cement was negative, that's correct, because of those temporary cost increases in the – in our mountain region.

Pujarini Ghosh
Analyst, Bernstein Autonomous LLP
Q

Yeah. Thank you.

Operator: Thank you. We have no more further – we have no further questions at this time. I will turn the call back over to Scott Einberger, Investor Relations Officer, for closing remarks.

Scott Einberger

Investor Relations Officer, Amrize Ltd.

Thank you, all, for joining us today for our third quarter earnings call. We look forward to speaking with you in February for our fourth quarter call. Have a nice day.