

Why Tensar's Parent CMC Stock Price Has Plummeted by Almost One Third in the Last 4 Months

By GNA Editor

Commercial Metals Company (CMC)



Commercial Metals Company is engaged in offering geogrid products and technologies for the global construction sector through manufacturing network principally located in the United States and Central Europe. The Company's solutions support construction across a variety of applications, including infrastructure, non-residential, residential, industrial, and energy generation and transmission.

Over the past four months, Commercial Metals Company's (CMC) share price has declined by approximately 30%. Several factors have contributed to this downturn:

- Legal Judgment:** In November 2024, CMC faced a significant legal setback when a California jury ruled against the company in a lawsuit filed by a competitor alleging restraints on trade. The verdict resulted in a \$110 million judgment, which was subsequently trebled as mandated by law, leading to a \$350 million provision recorded in CMC's first-quarter fiscal 2025 results.

2. **Economic Uncertainty:** The broader economic landscape has been marked by uncertainty, adversely affecting new construction activity. This slowdown has pressured materials pricing and margins, leading to reduced financial performance for companies like CMC.
3. **Analyst Downgrades:** Financial analysts have adjusted their outlook on CMC. Such downgrades can influence investor sentiment and contribute to share price declines.

Results were negatively impacted by an increased sales mix of lower margin products and several large project delays within CMC's Tensar division, which are now expected to commence later in fiscal 2025.

The November 2024 legal verdict in California, recorded as a litigation expense on the company's quarterly statement, was the primary reason for the setback.

These combined factors have played a significant role in the recent decline of CMC's share price.

References and Further Reading

<https://ir.cmc.com/CMC-REPORTS-FIRST-QUARTER-FISCAL-2025-RESULTS-1-6-2025>

<https://www.recyclingtoday.com/news/cmc-metals-steel-recycling-earnings-loss-usa-europe-late-2024/>

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