

**Report that the Chief Executive Officer of CEMEX, S.A.B. de C.V. presents to the  
Ordinary General Shareholders' Meeting of March 25, 2021**

Thank you. Ladies and Gentlemen:

Further to what the Chairman of our Board of Directors has just presented, I would like to present the results we obtained in 2020, reminding you that all figures are expressed in comparable terms.

**GENERAL RESULTS**

Certainly, at CEMEX we were able to respond promptly and efficiently to the enormous challenge posed by the emergence of the pandemic at the beginning of last year – this was in good measure because, in advance, we were building solid foundations upon which we were able to implement our multiple actions and initiatives.

First of all, supported by our analysis and planning capabilities, we carried out detailed exercises to gauge the scope that the pandemic could have – and thanks in large part to this, we were able to establish a comprehensive immediate response plan, which allowed us to contain in very good measure the infections throughout our organization.

I want to highlight that we developed 52 new protocols to minimize contagion in all of our work centers and in the homes of our collaborators, as well as extensive training programs so that each of them was known and strictly applied by the entire organization.

In doing so, the level of infections and fatalities that we registered at CEMEX was barely a third of the average of the countries where we have a presence – which translated into not having any closures due to outbreaks at production or distribution centers throughout the year.

These measures were very important to preserve not only the health and safety of everyone who is part of the company and our own operative continuity, but also to safeguard the entire supply chain, and thus be able to continue serving our customers without any interruption.

This, among many other efforts, was clearly reflected in the way our customer satisfaction improved as we achieved a Net Promoter Score of 68 points, which represents an increase of 18 points compared to last year.

As part of the contingency plan, we undertook the task of strengthening our finances. In addition to the measures mentioned before by our Chairman of the Board, I want to emphasize that we suspended all our non-essential expenses and investments for 90 days, as well as our ability to raise additional funds through loans to increase our cash reserves.

Due to this, we were able to have cash up to 10 times the normal requirement for our operations, which was paid once the visibility in relation to the pandemic improved.

Additionally, I want to highlight our Operation Resilience program – which will guide us towards the year 2023 with the objective of having a greater sustained growth and, thus, create more value for all of you.

Operation Resilience is comprised by four elements:

- First, increasing the profitability of all our businesses, with the goal of reaching a 20% EBITDA margin.
- Second, optimizing our portfolio to increase our growth through strategic investments and divestments, while at the same time driving our new key business of Urbanization Solutions.
- Third, having a capital structure with a level of leverage of less than or equal to three times, which would allow us to regain investment grade.
- And, fourth, promoting sustainability through an ambitious agenda that translates into a competitive advantage for us.

Hence, based on the efforts we made in previous years, our timely response to the pandemic, our customer-centered approach and the new program I just outlined –we managed to obtain good results in 2020.

Our net sales increased by 1 percent, reaching a total of \$12.97 billion dollars.

Our annual cement volumes increased by 1 percent, while our concrete and aggregates volumes decreased by 6 and 3 percent, respectively.

The prices of our cement registered average increases of 1 percent, while those of concrete and aggregates increased by 2 percent, allowing us to compensate part of the increase in the costs of our main supplies.

On the other hand, our Operation Resilience program contributed significantly by generating savings of \$280 million dollars in operating costs and efficiencies – 2020 becoming the year with the lowest percentage of operating expenses over sales in history, and demonstrating that we are achieving to be even more efficient in our management.

Therefore, our operating cash flow increased by 7 percent to a total of \$2.46 billion dollars; while the EBITDA margin increased by almost 1 percentage point, to reach 19 percent.

This, added to our optimization of working capital and lower maintenance capital expenditures, made it possible for us to convert each dollar generated from the operating flow into 30 percent of free cash flow, which increased by about 60 percent, to reach \$734 million dollars.

These resources were used for the most part to reduce our net debt, thus at the end of 2020 we managed to reduce it by \$771 million dollars, to a total of \$10.097 billion dollars - which represents a decrease of approximately \$7.5 billion dollars compared to the beginning of 2014.

Likewise, with the aim to generate greater value for you, last year we carried out a buyback of approximately \$83 million dollars of CEMEX shares.

Altogether, I inform you that in 2020 we obtained a net loss of \$1.467 billion dollars, mainly due to the accounting impairment of assets for approximately \$1.5 billion dollars, which did not represent a cash outflow.

## **RESULTS BY COUNTRY AND REGION**

Now, I will summarize the results of our operations by region.

### **Mexico**

In Mexico, cement volumes increased by 6 percent, while concrete and aggregates volumes decreased by 16 and 10 percent, respectively, with which net sales grew 7 percent, for a total of \$2.812 billion dollars.

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In turn, operating cash flow rose by 7 percent, for a total of \$931 million dollars.

On the other hand, our cement and aggregates prices increased by 2 and 7 percent, respectively, while our concrete prices remained unchanged.

Demand was mainly driven by self-construction, supported by remittances and social programs developed by the Government, while the formal sector was reactivated in the second half of the year. For 2021, we expect an even higher demand, due among other factors, to the social welfare programs of the federal government, as well as infrastructure and housing projects.

### **United States**

In the United States, cement volumes increased by 8 percent and concrete and aggregates volumes increased by 1 and 4 percent respectively.

Thus, net sales grew by 6 percent, for a total of \$3.994 billion dollars, while operating cash flow rose by 19 percent, for a total of \$747 million dollars.

Our cement prices remained unchanged, while concrete prices rose by 1 percent. As for aggregates prices, they decreased by 1 percent.

The main driver of demand came from the residential sector and infrastructure spending. This year we anticipate strong demand, driven by housing construction and by the infrastructure sector.

### **EMEA**

In our Europe, Middle East, Africa and Asia region, volumes of cement, concrete and aggregates decreased by 1.4 and 3 percent, respectively, which represented a 1 percent decrease in our net sales, for a total of \$4.417 billion dollars.

Our EBITDA decreased by 1 percent, reaching \$630 million dollars; while our cement prices decreased by 3 percent, concrete prices remained unchanged and aggregates prices increased by 1 percent.

Demand came mostly from Europe, Israel and the Philippines, and for this year we anticipate a relatively favorable situation, due among other things to less uncertainty following the agreement between the United Kingdom and the European Union, and to fiscal stimuli to promote growth.

### **Central and South America and the Caribbean**

Regarding Central America, South America and the Caribbean, the volumes of cement, concrete and aggregates decreased by 8, 34 and 33 percent, respectively.

Net sales decreased by 8 percent to a total of \$1.456 billion dollars, while EBITDA rose by 2 percent to \$372 million dollars.

On the other hand, the prices of cement and aggregates increased by 4 and 3 percent, respectively, while those of concrete decreased by 3 percent.

In Colombia, demand came especially from public spending on social housing and the 4G infrastructure program, while in the Dominican Republic there was a strong boost to self-construction.

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## **International marketing**

Lastly, regarding our international marketing, in 2020 we executed operations in 95 countries, with a total volume of approximately 12 million metric tons, of which about 10 million corresponded to cement and clinker.

## **Perspectives**

As we can see, 2020 was a more challenging year than normal, but we made very significant progress, which makes us see the business outlook with optimism.

Health and Safety remain our top priority. Last year we lowered the disabling incident rate among our employees to 0.5 - to reassert ourselves at the forefront of our industry in this vital area.

Additionally, approximately 90 percent of our recurrent customers use CEMEX Go, while 61 percent of our total sales are processed through this digital platform. Our digital strategy has given very tangible results.

Similarly, our new key business, Urbanization Solutions, contributes to Operation Resilience's objective of optimizing our portfolio. By concentrating on meeting the growing demand that originates in large metropolises, through vertical integration we offer innovative solutions, ranging from providing specialized construction products to actively contributing to the development of circular economies.

Likewise, we are making investments with great potential. Just to mention two examples, in 2020 we announced a project together with the Swiss company Synhelion, with the aim of reducing the carbon footprint of our emissions through the use of solar energy; and through CEMEX Ventures we entered into an agreement with Carbon Clean to develop a truly affordable carbon capture solution for the entire cement industry.

At the same time, as mentioned above, we were able to significantly strengthen our financial position. In January of this year, we were able to place a bond for \$1.75 billion dollars, which represents a record for CEMEX, as it is the largest issuance and with a historical rate in dollars of 3.875 percent. This transaction alone will generate savings of \$50 million dollars in our financial expenses.

We not only successfully entered the capital markets, but we were also backed by banks when successfully negotiating to extend our maturities, so we do not have significant payments on our debt until mid-2023.

In addition, I want to highlight that our main bank debt agreement is now linked to various sustainability criteria, including the reduction of net CO<sub>2</sub> emissions, making it one of the largest sustainability-linked bank debt agreements in the world.

We continue to make progress in our effort to combat climate change. First, because in 2020 we managed to reduce our CO<sub>2</sub> emissions by almost 23 percent compared to the base year of 1990; at the same time, we continue to replace traditional fossil fuels with alternative fuels, which are more friendly to the environment, with a substitution rate of over 25 percent; while 29 percent of our electric energy consumption came from clean energy sources. Secondly, because we now not only have a detailed "roadmap" to reach our goal of reducing our CO<sub>2</sub> emissions by 35 percent by 2030, but also because its feasibility was validated by the prestigious international organization Carbon Trust.



On the other hand, our goal of providing carbon neutral concrete by 2050 is very ambitious, but we are also making rapid progress. Last year we launched our first CO2 neutral concrete globally, Vertua, which has been used for large infrastructure projects in Europe, and has been widely accepted in Mexico, the United States and South America.

Finally, as part of this renewed focus, last year we strengthened our Social Impact strategy with the launch of a policy and academy that promote and enable actions that contribute to improving the well-being and quality of life of society. To date, we have positively impacted over 23 million people, and contributed to the achievement of the UN Sustainable Development Goals, particularly to the five goals that are a priority for CEMEX.

Ladies and gentlemen:

The pandemic still requires our lifesaving protocols to be followed, and its effects are sure to continue to impact our entire industry in the future.

Just as we demonstrated last year that we are prepared to face this emergency successfully, we now have more strategic elements to make the most of all the business opportunities that arise.

Operation Resilience gives us a clear direction of where we are headed, and I have full confidence in our organization's ability to execute it with discipline and precision.

Thanks again for the opportunity you give us and for your trust in CEMEX.

Monterrey, N.L., March 25, 2021

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Fernando Angel Gonzalez Olivieri  
Chief Executive Officer