



**Report given by the Chairman of the Board of CEMEX S.A.B de C.V.  
to the Ordinary General Shareholders Meeting  
March 30, 2017**

Ladies and Gentlemen shareholders:

On behalf of the Board of Directors, our management team and everyone at CEMEX - it is an honor to welcome you to this Annual Shareholders Meeting to present the results we obtained in 2016.

**FOCUSED ORGANIZATION**

As you can see, we obtained very good results last year, which demonstrate the strength of our business strategy, as well as our ability to work as one CEMEX around the world.

As we have said before, in an extremely dynamic global business environment – at CEMEX we always focus on those variables that we can control.

In one hand, that means that we focus on making our business more competitive, offering our customers the best products and the most efficient construction solutions - to build from a home, to large infrastructure works with the most complex requirements.

On the other hand, it also means that we seek to innovate and find ways to constantly improve - always guided by a very clear objective:

To reaffirm ourselves as one of the leading global companies within our industry - because CEMEX is a company that is built to succeed year after year, and decade after decade.

In short, this means that every day our organization is dedicated to maximizing the profitability of the business as much as possible - while our management team is always looking for new opportunities to create even greater value for our customers, and for you, our shareholders.

**CONTEXT**

As we all know, 2016 was a complex year - and in spite of that we had demand increases in most of our markets for the high quality products and services that we offer.

At the same time, factors such as the changing geopolitical conditions and specific challenges in various regions of the world continued to influence global economic and financial volatility - thereby impacting the exchange rate of currencies of countries where we operate, as well as government budgets for infrastructure.

However, at CEMEX we are optimistic about the future of our industry and especially of our company - because the role we play is vital to building an increasingly inclusive development - that benefits the



communities we serve with our products and services, as well as our strong commitment to sustainability and our social responsibility initiatives.

Just as an example, the entry into force of the Paris Agreements on climate change opens a very promising stage - both for society at large with specific actions to address this global challenge, and for companies such as CEMEX - where we are leading in sustainable building solutions.

## **RESULTS**

As our Chief Executive Officer will shortly present, in most of our markets the performance of our operations was positive, and our pricing strategy allowed us to balance the increase in our various operating costs.

For my part, I just want to highlight the significant results that we obtained during the year in financial matters:

By the end of last year we announced asset divestments for more than two billion dollars, achieving the goal we had originally set for 2017 ahead of schedule.

In addition, as we met our goal of reducing costs by U.S.\$150 million and improving our cash flow by more than U.S.\$670 million, we were able to generate a free cash flow of more than U.S.\$1.4 billion, the highest in the last decade.

Thanks to these achievements, in 2016 we reduced our debt approximately by U.S.\$2.3 billion, improving our leverage ratio to 4.2 times, a significant reduction from 5.2 times at the beginning of last year. I want to point out that since the beginning of 2014, we have reduced our debt by approximately U.S.\$4.4 billion - a 25% reduction, until the end of last year. With this, we have made steady progress towards our goal of recovering our investment grade.

## **PERSPECTIVE**

Ladies and Gentlemen shareholders:

With a strategic business vision, we are moving from offering the highest quality products for the industry, to providing integral solutions - based on an increasingly closer, productive and mutually beneficial interaction with each of our clients.

The progress in our results, successful financial and operational transactions, the significant reduction of our debt, and the launch of several high-value commercial initiatives were positively received by the stock markets during 2016, since the price of CEMEX's share doubled during that period.

We have a highly qualified management team and the most talented work force in our industry, dedicated to create greater value for our customers and for you, our shareholders.



Aware of the global challenges presented by the current world scenario at the time of change - CEMEX is optimistic about the prospects for our company, given our proven capacity to satisfy the demand for quality products and integral services for construction – as well as our commitment to keep us always not one, but several steps ahead of the competition.

Thank you again for your trust in CEMEX.

Thank you very much for your attention.

Monterrey, N.L., March 30, 2017

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Mr. Rogelio Zambrano Lozano  
Chairman of the Board of Directors