Building a better future

Report that the Chief Executive Officer of CEMEX, S.A.B. de C.V. presents to the Ordinary General Shareholders Meeting of March 24, 2022

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 2021, reminding you that all figures are expressed in comparable terms.

OPERATION RESILIENCE RESULTS

As previously mentioned, 2021 was a year of challenges, but also great achievements.

Significant progress was made in mitigating the effects of the Covid-19 pandemic, mainly due to the proven efficacy of vaccines. This allowed a reactivation of economic activity in most of our markets, which was added to the positive impact of consumer support programs, with which the demand dynamics improved during the year.

I want to highlight that, in the midst of the extraordinary conditions in which we had to operate, at CEMEX we did not stop working to take advantage of all business opportunities and advance in strengthening the four strategic pillars that make up our Operation Resilience.

Operating EBITDA Margin

Regarding the first of them, Operating EBITDA margin, we closed the year at 19.7% despite the unexpected impact of inflation during the last quarter. However, I want to emphasize the effectiveness of our global pricing policy, which achieved annualized increases of 5% for cement, 2% for concrete and 3% for aggregates. We will continue to make efforts so that the prices of our products can adequately compensate for the impact caused in our profitability by the recent increases in costs.

Capital Structure

Concerning the second pillar, we notably strengthened our capital structure by reducing our leverage ratio, which at the end of the year was 2.7 times. This represents a very important achievement and puts us on the right path to acquire investment grade rating.

Our efforts were aimed at strengthening our financial profile, and at the same time carrying out pioneering actions, such as announcing the launch of our Sustainability-Linked Financing Framework last September, considered by specialists to be the most complete to date within our industry.

Additionally, in November we refinanced 3.25 billion U.S. Dollars of bank debt under an agreement with investment-grade terms and conditions.

Consequently, our current maturity profile is the loosest it has been in a decade, with maturities of less than one billion U.S. Dollars in each of the next four years, which should be covered by our cash flow generation.

The growing strength of our credit profile was recognized by rating firms. Standard and Poor's upgraded our credit rating to a positive outlook; while Fitch Ratings upgraded our credit rating and revised our outlook to positive. These actions continue to bring us closer to achieving investment grade rating.

Portfolio Optimization

In 2021 we made significant progress regarding the third pillar, which relates to the optimization of our portfolio. This pillar includes two components: first, an investment strategy focused on growth in key markets, and second, making divestments that allow us to rebalance our portfolio and allocate those resources to markets with higher growth.

The first component includes investments that are complementary to our portfolio and improve margins. These investments will be allocated mainly to continue strengthening our presence in high-growth urban areas, in regions where we already operate. For instance, we expanded our presence in the Paris metropolitan area, Madrid, as well as in South Texas and other urban centers in the United States, where demand reached a saturation point.

At the same time, we will destine resources to finishing cement capacity expansion projects that we started some years ago in Mexico, Colombia and the Philippines, markets that by the way currently have high levels of capacity utilization.

Additionally, through CEMEX Ventures, we continued to invest in projects that solidified our position in innovative construction processes. To mention just two examples, we assigned resources to modular construction initiatives to respond to deficits in housing supply, as well as to new technological platforms that facilitate logistics and coordination in construction sites.

Thus, last year we invested in 6 new projects to continue exploring growth opportunities within the construction ecosystem, and additional investments were made in 4 projects that were already underway.

As for the second component, we divested assets considered to be non-strategic for our portfolio, including the sale of our operations in Costa Rica and El Salvador, for a total of approximately 335 million U.S. Dollars, which we expect to close during the first half of this year.

Future in Action

Regarding the fourth pillar of Operation Resilience, last year was undoubtedly transformative, as we took firm steps to consolidate sustainability as a structural component of our business strategy, and, at the same time, contribute to addressing climate change, which represents humanity's greatest challenge.

What we do in this decade will be decisive, and for this reason we deploy all our capabilities to innovate for the benefit not only of our customers, but also for the communities around the world where we live and work, and where we also maintain Social Impact initiatives that have benefited more than 24 million people in the world to date.

Thus, in June of last year we announced the most ambitious climate action goals in our industry for the year 2030, by setting for ourselves the goal of emitting less than 475 kilos of CO_2 per ton of cement produced, which represents approximately a 40% reduction versus the 1990 industry baseline. Likewise, we brought forward to 2025 the goals that we had previously set for the year 2030.

These goals have already been validated by the international organization *Science Based Targets initiative* and, to a large extent, this is due to the important advances that we had previously achieved. As we have informed you, our pioneering work in the use of alternative fuels has been fundamental, and last year we achieved a substitution rate of 29.2%, the highest we have achieved to date.

We are implementing innovative technologies and processes to achieve a greater reduction of CO2, such as the increase in hydrogen injection in our plants that allows a greater use of alternative fuels, in obtention of alternative raw material, or the greater use of supplementary cementitious materials for clinker factor reduction; to mention just a few. Consequently, 2021 has been the year with the greatest reduction in our CO2 emissions to date, achieving a reduction of 26% compared to the 1990 baseline.

Additionally, we have made progress in our clean energy consumption strategy, where 30% of our electricity supply is now free of CO2 emissions. Our goal in this area is to reach 55% by 2030.

As for our low-carbon products, which help our customers reduce their CO2 footprint in their construction projects, we already have solid progress with the successful launch of Vertua around the world.

Last year, Vertua was used in landmark construction projects, such as the new skyscraper in Marseille, as part of the largest urban renewal project in southern Europe; and more and more clients around the world are starting to use them for different types of projects.

Furthermore, CEMEX, as a founding member of the Global Cement and Concrete Association, contributed to the development of the plan to prevent the emission of approximately 5 billion tons of CO2 within our industry by the year 2030, as well as to achieve carbon neutrality by 2050.

In this field, CEMEX joined the efforts being made by other companies and organizations. Therefore, we adhered to the *Business Ambition for 1.5°C* commitment, led by the *We Mean Business* coalition in association with the *Science Based Targets initiative*; and to the *Race to Zero* campaign, promoted by the United Nations in preparation for the COP26 that took place in Glasgow. Finally, in November we joined as one of the founding companies in the *First Movers Coalition*, a partnership between the World Economic Forum and U.S. Special Presidential Envoy for Climate, John Kerry.

We also reaffirmed our goal for CEMEX to become a company that produces net zero CO2 emissions concrete by the year 2050. We know that it is a very ambitious goal, but we are exploring new technologies for carbon capture, storage, and usage, as well as making strategic alliances that should allow us to transition to this new economy. We still have a lot to do, but undoubtedly, we are on the right path and moving forward with very firm steps.

GENERAL RESULTS

Thanks to the progress made in 2021, we obtained very favorable results, which I am pleased to share with you.

In general terms, the economic reactivation and certain conditions brought by the pandemic, such as the growing demand for single-family homes associated with remote work, caused the annual volumes of cement, concrete and aggregates to grow by 6, 6 and 4 percent, respectively. With this, our net sales increased by 11%, reaching a total of 14.548 billion U.S. Dollars.

As I mentioned earlier, the prices of our cement, concrete and aggregates registered average increases during the year of 5, 2 and 3 percent, respectively.

Consequently, our Operating EBITDA grew 15%, reaching 2.861 billion U.S. Dollars.

Despite the inflationary impact of the last months of the year, as well as the increase in energy and transportation costs, our Operating EBITDA margin grew .8 percentage points, reaching 19.7%.

In addition, each Dollar generated from Operating EBITDA translated into 25% of free cash flow, reaching 722 million U.S. Dollars.

These resources, as well as those obtained from divestments, were used mostly for growth projects, as well as to reduce our total debt, which at the end of last year decreased by more than 2.043 billion U.S. Dollars, to now stand at 8.555 billion U.S. Dollars.

To sum up, I inform you that in 2021 we obtained a net profit of 753 million U.S. Dollars.

RESULTS BY COUNTRY AND REGION

Mexico

Regarding the results of our operations, summarized by region, in Mexico the volumes of cement, concrete and aggregates increased by 8, 8 and 12 percent, respectively, with our net sales increasing by 17%, reaching a total of 3.466 billion U.S. Dollars.

EBITDA grew 18%, totaling 1.163 billion U.S. Dollars. On the other hand, our cement, concrete and aggregates prices increased 7, 3 and 4 percent, respectively.

Demand was driven by the self-construction sector, which was favored by spending on social development programs and the high amounts of remittances. Additionally, demand was also supported by the reactivation of the formal construction sector and public spending on infrastructure projects.

For 2022, we anticipate a moderate growth in demand, driven mostly by the dynamism of the formal sector, including construction related to industrial parks, distribution centers and tourism, which has had a noticeable recovery, as well as by the continuation of flagship projects and the portfolio of airport and highway projects; and to a lesser extent, by the continuation of social development programs focused on self-construction.

United States

In the United States, the volumes of cement, concrete and aggregates increased by 6, 8 and 1 percent, respectively. With this, net sales grew by 9%, for a total of 4.355 billion U.S. Dollars.

Operating EBITDA increased 2%, for a total of 762 million U.S. Dollars, while our cement, ready-mix and aggregates prices increased by 3, 2 and 5 percent, respectively.

The residential sector was the main driver of demand. Although we consider that its growth will moderate this year, we anticipate greater dynamism in the industrial and commercial construction sector, as well as greater spending on infrastructure towards the end of this year as part of the program promoted by the Biden Administration.

EMEAA

In the Europe, Middle East, Africa and Asia region, volumes of cement, concrete and aggregates increased by 1, 3 and 3 percent, respectively. With this, net sales grew by 6%, for a total of 4.825 billion U.S. Dollars.

Our operating cash flow grew 4%, reaching 676 million U.S. Dollars; while our cement, concrete and aggregates prices rose 5, 1 and 3 percent, respectively.

The demand in Europe originated mainly from residential and infrastructure projects, with the United Kingdom, Germany and Poland markets standing out. In Israel, concrete demand showed a positive trend; in the Philippines cement demand remained stable; and, in Egypt, there was an improvement in the market as a result of the decree issued by the government to rationalize cement production.

This year we anticipate relatively similar conditions, with Europe encompassing most of the demand.

SCA&C

As for South America, Central America and the Caribbean, the volumes of cement and concrete increased by 13 and 10 percent, respectively, while those of aggregates remained unchanged. With this, net sales increased by 18%, amounting to a total of 1.567 billion U.S. Dollars.

EBITDA grew 25%, to 421 million dollars, while the prices of cement, concrete and aggregates increased by 5, 2 and 1 percent, respectively.

In Colombia, the main drivers of demand were residential construction and fourth generation infrastructure projects; while in the Dominican Republic the self-construction sector maintained a significant pace thanks to remittances. This year we anticipate that in both cases these factors will continue to drive demand for our products and services.

International trading

Finally, regarding our international trading, we carried out transactions in 96 countries, with a total volume of approximately 19 million metric tons, of which nearly 12 million corresponded to cement and clinker.

PERSPECTIVES

This year, we believe that the economic recovery in the vast majority of our markets will continue, mainly due, among other factors, to the government stimulus programs that continue to be applied, particularly in developed countries; to the renewal of more business and commercial activities, including those with important multiplier effects, such as tourism and the relocation of the manufacturing industry to their countries of origin; as well as the need to accelerate the development of the infrastructure that is evidently needed.

Our ability to continue incorporating digitalization into all of our processes, including CEMEX Go, through which more than 94% of our recurring customers already manage their orders, gives us a solid position to take advantage of greater business opportunities.

It must be stressed that we need to continue analyzing the behavior of inflation, as well as that of energy costs. Despite this, we believe that our pricing strategy should allow us to somewhat compensate for these increases.

Ladies and Gentlemen:

I reassert that we will continue allocating resources to projects that allow us to increase our Operating EBITDA and, above all, to increase the returns for you.

In 2022, we will continue to give priority to the Health and Safety of all our people, because all of us who are part of CEMEX constitute the cornerstone to continue being leaders within our industry.

In like manner, this year we hope to obtain greater advances in the efforts that we carry out in terms of climate action. This is key to CEMEX's success, in an environment where the issue is increasingly relevant to all our stakeholders — and because what building a better future means has evolved, now implying building a more sustainable world.

Thanks again for placing your trust in us and for your attention.

Monterrey, Nuevo León, Mexico, as of March 24, 2022

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Fernando Ángel González Olivieri
Chief Executive Officer