



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

Ladies and gentlemen shareholders:

Elaborating on our Chairman's remarks, I am pleased to inform you that in 2016 we achieved good operating and financial results.

GENERAL RESULTS

Our cement and aggregate volumes increased 2 percent respectively, while concrete volumes decreased 2 percent.

In addition, our pricing strategy continued to demonstrate its effectiveness, as in local currency our cement increased by 6 percent, while concrete and aggregates increased by 2 percent respectively.

Thus, on a like-to-like basis, our net sales grew 4 percent to a total of U.S.\$13.4 billion, while our operating cash flow rose 15 percent to U.S.\$2.76 billion, the highest in the last eight years.

Operating margin increased to 20.5 percent - an increase of 1.7 percentage points - the highest in the last eight years.

Additionally, during the year, we achieved our goal of reducing costs by U.S.\$150 million.

Last year we implemented initiatives to improve our free cash flow by more than U.S.\$670 million. Thanks to the fact that we surpassed this figure, in particular because of excellent working capital performance, we managed to increase our free cash flow by 128 percent, reaching U.S.\$1.4 billion - the highest since 2006.

Thus, for every dollar generated from operating cash flow, we managed to convert more than 52 percent into free cash flow.

We also made solid progress in our divestment strategy for approximately U.S.\$2 billion, through transactions in the United States, Mexico, Thailand and Bangladesh, as well as successfully listing our Philippine operations on the Philippine stock exchange through the sale of a minority interest.

The cash flow generated in the year, plus the resources obtained by the divestment program, allowed us to reduce our debt by approximately U.S.\$2.3 billion in 2016, to reach a total of U.S.\$13.07 billion at the end of the year.



As our Chairman pointed out, this represents a reduction of approximately 25 percent since the beginning of 2014 - and is a tangible sign of our dedication to meeting the commitments we have with the financial community - and with all of you.

I also inform you that due to the prepayments we have made, and the agreement we reached last October to extend the revolving tranche under our main credit agreement - we have no significant maturity until March 2018.

This gives us even more room to continue focusing on reducing our leverage, and to get closer to recover our investment grade.

For all of the above, I am pleased to inform you that in 2016 we achieved a net profit of U.S.\$750, the highest since 2007.

RESULTS BY COUNTRY AND BY REGION

Now, if you will allow me to proceed to summarize the results, in comparable terms, of our operations in 2016 with those of the previous year.

Mexico

In Mexico, net sales increased 18 percent to a total of U.S.\$2.8 billion, and operating cash flow increased 26 percent to U.S.\$1.0 billion.

Cement and aggregate volumes rose 4 and 3 percent respectively, while concrete volumes declined 3 percent.

On the other hand, our cement prices increased 18 percent, concrete prices 8 percent, and aggregate prices 7 percent.

During the year, demand was mainly driven by the industrial and commercial sector, as well as the formal housing sector. Both were benefited by an increase in remittances, by greater job creation and by an increase in consumer credit.

The results obtained in Mexico, represent historical records in sales and flow of operation in local currency.

United States

For the United States, net sales increased 4 percent to a total of U.S.\$3.6 billion, and operating cash flow grew 21 percent to a total of U.S.\$619 million.



Cement, concrete and aggregate volumes increased by 3, 1 and 2 percent, respectively; while cement prices rose 5 percent, and concrete and aggregates prices rose 1 percent, respectively.

Residential sector was the main driver of demand, which was favored by a 5 percent increase in housing starts. The infrastructure sector also showed progress compared to the previous year, due to a 2 percent increase in investment for the construction of roads and highways. For this year, we expect an increase in this area, due to the announcement by the new federal government in the country.

Europe

As for Europe, net sales remained stable, totaling U.S.\$3.2 billion, and operating cash flow rose 4 percent to U.S.\$377 million.

The volumes of concrete and aggregates increased by 2 and 3 percent, respectively, while the cement volumes remained unchanged.

Cement and aggregate prices increased 1 percent respectively, while concrete prices declined 2 percent.

In the United Kingdom we had record operating Ebitda in local currency, driven by greater dynamism in all construction sectors. Although the announcement of the departure of the United Kingdom from the European Union did not affect the activity of our industry in 2016, we anticipate that during this year may slightly impact our volumes.

In Germany, the main driver of demand came from the residential sector supported by high migration and favorable economic conditions.

In France, we are very excited about the recognition that our company has been selected to participate in the "Grand Paris" project - which is the most extensive infrastructure project being carried out in that country.

Central and South America and the Caribbean

Regarding our operations in Central America, South America and the Caribbean, net sales decreased 4 percent to a total of U.S.\$1.7 billion, while operating cash flow decreased 1 percent to a total of U.S.\$542 million .

Cement volumes grew 1 percent, while concrete and aggregate volumes declined 13 percent, respectively. However, prices of concrete and aggregates increased 2 and 7 percent respectively, while cement prices remained unchanged.

I would like to take this opportunity to point out that the new management structure of our subsidiary CEMEX Latam Holdings and the changes that we made in CEMEX Colombia last October have strengthened our corporate governance in these operations and position us better to face the challenges and opportunities in that market.



On the other hand, we are satisfied with the increase in demand in the Dominican Republic, Nicaragua and Guatemala, while in Colombia we had a record year in sales in local currency.

Asia, Middle East and Africa

In Asia, Middle East and Africa, our net sales rose 1 percent to U.S.\$1.5 billion and operating cash flow increased 16 percent to a total of U.S.\$375 million.

Cement volumes remained unchanged; aggregates increased 6 percent, while those of concrete decreased 4 percent.

Cement and concrete prices increased 2 percent respectively, while aggregate prices rose 6 percent.

In the Philippines, we had a record year in sales and operating Ebitda in local currency, driven by an increase in all construction sectors - and we expect that this year the infrastructure will pick up thanks to the start-up of new projects headed by the new federal government.

In Egypt our cement volumes grew 2 percent, driven mainly by the formal residential sector.

Trading

As for our trading operations, in 2016 we carried out operations in more than 100 countries, with a total volume of approximately 10.5 million metric tons, of which 8 million corresponded to cement and clinker.

ADVANCES 2016

As you can see, in 2016 we made very significant progress, showing our daily focus on improving the profitability of our three core businesses, as well as the work of our entire organization to constantly look for innovative ways to create more value.

At the same time we are strengthening the culture of our organization - in such a way that we are all entirely focused on the satisfaction of our customers. We are putting our customers at the center of our decisions to ensure that we can generate a better buying experience with CEMEX.

This is of vital importance - because the future of our company will be determined not only by the quality of our products and our services - but more than anything by the quality of the experience our customers have when doing business with us.

In this regard, I want to talk in particular about the announcement we made last November, when we launched our new digital transformation strategy in order to substantially improve the way customers interact with us.



We have all witnessed the way in which technological advances and connectivity have impacted various industries in the last few years - such as taxis and lodging with applications such as Uber and Airbnb, to mention just a few known examples.

However, it is a fact that, for many reasons, the global construction materials and services industry had lagged behind.

I say it in the past tense, because with our digital transformation strategy we are going to put ourselves at the forefront to evolve it, and thus offer a superior experience for our customers.

We have done it before. To mention some examples, we were pioneers in the use proprietary telecommunications since the 80's, when we developed CEMEXNet; as well as in strategic partnerships to carry out operational functions such as "back-office" and other administrative ones.

Now, with a clear view - at the end of last year we established a new collaboration with IBM to develop a series of our own mobile applications.

These applications will radically change the way customers interact with CEMEX - because both they and us will make it easier for to supply the materials and services they require for their construction projects on time and in accordance to their requirements.

Among many other advantages, our customers will be able to consult on their mobile devices:

- The estimated time of arrival of each order;
- The quantity and type of product that the delivery unit carries and its real time location;
- Percentage of orders delivered, en route or pending;
- And the status of orders scheduled for the day, either finished, in the process of delivery or canceled.

These functionalities may seem relatively simple to develop - but to be able to do so with the care and scope required by technological evolution - we must also evolve in our way to work.

In addition, we have established a new area of analysis and development, which functions as a kind of think tank, which we have called CEMEX Ventures - in order to be able to detect innovative models and additional business opportunities that allow us to take full advantage of them long before the competition even has them on their radar.

All this we are doing without neglecting for an instant the fundamental aspects of our company.

In particular, by giving the highest priority to our staff's Health and Safety.



In 2016 we were able to reduce the number of incapacitating accidents by 16 percent - but we know that it is a task that demands constant attention, because in addition to affecting the good functioning of the business, a single fatality or a single incident is morally unacceptable.

At the same time, we continue to actively promote greater use of our products and services - through our global networks of executives, who focus their talent to get customers to know and appreciate the great advantages offered by cement and concrete as building material and for infrastructure projects.

Also, we remain focused on strengthening the sustainability of our business - because it is equally clear that it is key to our company's success in the medium and long term.

The growing worldwide awareness of the importance of achieving truly sustainable development - represents a very important opportunity for our company, and of course for the greater use of our products.

In the same way, at CEMEX we continue to promote sustainable practices within our industry - with a rate of use of alternative fuels to those of fossil origin that reaches 23.3 percent - which together with other initiatives allowed us to reduce our CO2 emissions in approximately 20 percent with respect to 1990, the base year, which equals to what would have been generated by 1.3 million cars per year.

On the other hand, Patrimonio Hoy and our other emblematic social programs have benefited a total of 12.6 million people, bringing us closer to our target of 15 million by 2020 - while we again received prestigious awards for our initiatives in favor of environmental conservation, including that given to us by the Wildlife Council - and which enhances our reputation as a socially responsible global company.

2017 OUTLOOK

This year, we anticipate maintaining the favorable trend for our products and services, despite the macroeconomic and political challenges.

For our part, we will continue to focus on strengthening a customer-focused culture within our entire organization, supported by our digital transformation - because we are convinced that if our clients succeed in their construction projects, we will also be successful.

To take full advantage of the conditions of each market where we are present, we will continue exploring all the options that will allow us to increase the profitability of the business - and for this 2017 we have set ourselves new objectives:

- We have increased our asset sales target since the beginning of last year to U.S.\$2.5 billion, which means additional asset sales for an amount of up to U.S.\$500 million by the end of this year.
- We have also increased the debt reduction target from the beginning of 2016 to between U.S.\$3.5 billion and U.S.\$4 billion - an additional reduction this year of between U.S.\$1.20 and U.S.\$1.7 billion.



The fulfillment of these goals will continue positioning CEMEX in the right way to recover investment grade.

Ladies and Gentlemen shareholders:

At CEMEX we are dedicated to our business:

To create lasting value for our shareholders, our customers, our employees and all our other stakeholders.

The circumstances of the global business environment are certainly complex - but the structural conditions that determine the demand for the products and services we offer are sound.

The advantages of cement and concrete, compared to other building materials, are increasingly evident - as are their sustainable qualities.

All of us at CEMEX are working to ensure that customers - both current and potential - have this very clearly, and to respond to their needs with the utmost professionalism and maximum efficiency within our industry.

We want to strengthen our position as the global company with the best materials and services for the construction industry, with the greatest capacity to innovate for the benefit of the client, and with an invariable commitment to the sustainability and well-being of our communities.

I am convinced that there is still enormous potential to create much more value within our industry - and I thank you again for your confidence in us to build a stronger CEMEX.

Thanks again for your attention.

Monterrey, N.L., March 30, 2017

Mr. Fernando Ángel González Olivieri
Chief Executive Officer