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 23, 2023

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 2022, reminding that, as usual, all figures are expressed in comparable terms.

Health & Safety

Indeed, the strategic continuity that we have maintained within a disruptive context once again allowed us to demonstrate CEMEX's resilience.

Above all, this capacity is due to the highest priority we give to the Health & Safety of all of us who work at CEMEX.

In 2022 we maintained an outstanding performance, with an disabling event index of 0.5, one of the lowest rates in our industry, and with 96% of our operations without registering a single disabling event or fatality.

We have returned to operate under normal conditions, and we updated our Health Protocols based on the guidelines of the corresponding authorities to respond promptly to possible seasonal spikes in COVID-19 infections; simultaneously, we maintained our professional training and leadership development programs among our personnel — because, without a doubt, the most valuable asset CEMEX has is its people.

Sustainability

As noted, our results have been "anchored" around several strategic objectives— starting with sustainability.

We are dedicating great attention to everything related to climate action because, as a matter of fact, it represents the greatest challenge for humanity.

That is why CEMEX had a prominent role in the United Nations COP27; which, as mentioned earlier, coincided with the validation of our ambitious decarbonization goals for 2030 by the Science Based Targets initiative, aligned to the 1.5°C scenario; and I want to highlight that we are leading efforts within our industry by being on track to achieve the Scope 1 goal to reduce our CO_2 emissions to less than 430 kilos per ton of cementitious material.

Essential, Feasible, Profitable

We start from three basic premises.

First, that our construction products are essential for the development of humanity. Due to its unmatched advantages, concrete will continue to be the most used construction material in the world.

Building a better future

Housing will always be needed, and now necessarily with sustainable qualities that allow energy savings to reduce altogether its carbon footprint.

Sustainable office buildings, industrial facilities, touristic resorts, and infrastructure will always be needed — all built increasingly with low-carbon or, ideally, carbon-neutral cement, concrete, and aggregates.

The second premise is that the transition to decarbonization is feasible.

With current technology— such as the one we are already using today at CEMEX— it is feasible to significantly reduce emissions and carry out other processes to mitigate the negative effects of climate change.

Furthermore, technological development is advancing by leaps and bounds; and, for instance, solutions for carbon capture, utilization, and sequestration— which CEMEX is actively working on in various forms— are near to being developed.

The third premise is that all of this is profitable— and it can be even more so.

These are not just words. Last year, 41% of our cement and a third of our concrete were marketed under our Vertua brand of sustainable products.

Another example is the case of the circular economy, where the use of waste with a high energy content as an alternative fuel offers enormous advantages for companies like ours, as well as for governments, local communities and the efforts aimed at preserving biodiversity.

It is a win-win formula, because instead of continuing to resort to landfills that are difficult to manage and maintain— where the confined waste also generates enormous amounts of methane gas, which contributes in greater measure to CO_2 emissions and global warming— our ability to use waste as fuel represents an important saving in our energy costs.

For example, in our operations in Europe, close to 70% of our energy mix came from alternative fuels, which means that we process a greater amount of municipal waste than a city like Madrid generates per year.

For this and other reasons, at the beginning of the year we launched a new business line: *Regenera*, which concentrates everything related to waste management, offering an effective solution for the circular economy with CEMEX's high standards, simultaneously generating a significant reduction in our own energy costs.

For instance, we are helping to process 25% of the municipal waste generated in Mexico City, and we have agreements with various organizations and governments to manage waste in various geographies around the world. In short, globally we are helping to recover and process a total of municipal waste equivalent to that generated in Paris and Berlin together in one year.

Additionally, the prestigious global organization CDP recognized CEMEX with its highest rating for its transparency and good water management.

CEMEX is committed to continuing to drive decarbonization within our industry— because our products are essential to the societies we serve; because the transition is technologically feasible; and, additionally, because it is profitable.

In addition, as part of our ability to innovate, we continue to invest in technologies for the construction value chain through CEMEX Ventures, which are less capital intensive yet have great potential; and building what we can call an “ecosystem” of partnerships with hundreds of companies and organizations globally— to explore viable solutions to the many challenges that all of us in the construction field face.

Thus, based on our Future In Action program, in the last two years:

- Our CO_2 emissions decreased by close to 10%, equivalent to the annual emissions generated by approximately 700,000 gasoline cars. Previously we managed to reduce such figure within a decade;
- Our use of alternative fuels reached 35% of the total, an increase of almost 10 percentage points, including the highest level within our industry for fuels with a high biomass content;
- 43% of our cement plants used hydrogen to improve the combustion of the alternative fuels we use; and
- We expanded the processes to develop innovative cementitious materials, such as micronized pozzolan, among many others.

Flow and Margin

Regarding our second main objective, it is clear that the inflationary impact has been very significant, and even though our effective price increasing strategy for our products and services allowed us to largely offset inflation, it was not enough to preserve our margins, which were reduced by 2.5%. This contributed to a 3% reduction in our operating cash flow compared to the previous year.

And, as the Chairman of our Board highlighted, achieving higher margins is a priority for us, which is why we will continue to focus on recovering them.

Growth Portfolio

On the other hand, our free cash flow after investments in maintenance was 553 million U.S. dollars, which together with the divestment of assets that we carried out in 2022 for close to 600 million U.S. dollars, allowed us not only to continue reducing our net debt —figures that I will detail in a moment—, but also to expand our portfolio of projects to achieve greater growth, with an investment in strategic projects of approximately 474 million U.S. dollars during the year.

In fact, the accumulated number of strategic investments since 2020, when we decided to accelerate this activity to support our growth, and up to 2022 was 1.072 billion U.S. dollars. Thanks to these investments, and considering the projects already carried out, we estimate that last year our EBITDA had a total benefit of close to 238 million U.S. dollars, which we hope will continue to increase as we progress towards the completion of these projects.

These strategic investments have very attractive profitability levels; they are allowing us to increase our production capacity in key markets; help us achieve cost savings from operating efficiencies; they allow us to advance in our CO_2 reduction goals; and drive us in the development of our Urban Solutions business.

Digital

Likewise, in 2022 we continue to advance in the digitization of our business; both in terms of the relationship with customers through CEMEX Go— our end-to-end global platform leader within the industry—, as well as in our own operational, administrative, and technical support processes.

At the end of last year, more than 90% of our recurring clients made their commercial transactions through CEMEX Go; every day we work to have the most functional platform, particularly in the concrete business; and, at the same time, we make a daily effort to strengthen cybersecurity.

To mention one fact, since we launched our digital platform, customer satisfaction, measured by what is known as the Net Promoter Score, has increased from 44 points in 2018 to 66 last year.

GENERAL RESULTS

In this way, I inform you that in 2022 we achieved good results.

Although the annual volumes of grey cement had a decrease of 4%, those of concrete and aggregates registered respective increases of 2% and 2%.

Net sales increased 12%, for a total of 15.577 billion U.S. dollars, largely driven by average increases in the prices of our cement, concrete and aggregates of 17%, 13% and 13%, respectively.

These increases made it possible to largely offset the high inflationary impact, the disruptions in the supply chains and the need to maintain higher inventories, therefore, as mentioned earlier, our operating cash flow decreased by 3%, for a total of 2.681 billion of U.S. dollars. At the same time, the operating cash flow margin had a reduction of 2.5 percentage points, reaching 17.2%.

Likewise, we made divestments for a total of close to 600 million U.S. dollars.

Most of these resources were used to reduce our total debt, which decreased by 408 million U.S. dollars at the end of last year, for a total of 8.147 billion dollars; and the leverage ratio was reduced reaching 2.8x.

It is relevant to highlight that the main rating firms recognized our financial performance; in June of last year Fitch Ratings upgraded our rating to BB+; while in December Standard & Poor's also raised our global scale rating to BB+, positioning us just one step away from formally obtaining investment grade rating.

Thus, I am pleased to inform you that in 2022 a net profit of 858 million U.S. dollars was generated, an increase of 14% compared to the previous year, thereby demonstrating our ability to create value.

RESULTS BY COUNRY AND REGION

Mexico

Regarding the results of our operations summarized by region, in Mexico the volumes of cement decreased by 8%, while concrete and aggregates increased by 10% and 4%, respectively.

Net sales grew 9%, for a total of 3.842 million U.S. dollars; the operating flow is decreased by 5%, for a total of 1.133 million U.S. dollars.

On the other hand, our cement prices registered increases of 16%, those of concrete of 15% and those of aggregates of 19%.

Demand was driven to a greater extent by the recovery of the formal industrial, commercial and tourism construction sector. For 2023, we anticipate a similar trend in demand, associated with initiatives to relocate industrial and service operations as part of global nearshoring trends.

United States

In the United States, cement and aggregates volumes increased 1% and 3%, respectively, while concrete volumes remained unchanged.

Net sales increased by 16%, for a total of 5.038 billion U.S. dollars; the operating flow remained unchanged, for a total of 762 million U.S. dollars.

On the other hand, our prices of cement, concrete and aggregates had increases of 16%, 15% and 16%, respectively.

The main driver of demand during the first half of the year was the residential sector, while the industrial and commercial sector showed a solid performance, derived from the construction of manufacturing centers, industrial warehouses and projects related to improving and expanding energy infrastructure. The infrastructure sector grew slightly, but this year we expect it to gain greater relevance, due to the injection of resources linked to the infrastructure plan approved at the end of 2021.

EMEAA

In the Europe, Middle East, North Africa and Asia regions, cement and concrete volumes decreased 1% and 1%, respectively, while aggregates volumes remained unchanged.

Net sales increased 14%, for a total of 4.930 billion U.S. dollars; our operating cash flow also registered an 11% increase, reaching 670 million U.S. dollars.

Our cement, concrete and aggregates prices increased 23%, 13% and 10%, respectively. Europe is among the regions that had the highest growth in operating cash flow and prices within our portfolio.

In Europe, demand was impacted by the economic slowdown and the ramifications of the armed conflict in Eastern Europe; and in the Philippines due to the transition process of the new government. However, this was offset in relative terms by greater dynamism in the different construction sectors in Israel, Egypt, and the United Arab Emirates.

This year we anticipate that the demand in Europe will follow a similar trend, with rising energy costs, but at the same time with determined actions regarding our pricing strategy; but we have positive expectations due to the economic reactivation and fiscal stimulus programs, including the so-called "Renovation Wave", as well as the opportunities for the redefinition of supply chains in key sectors and the reconfiguration of energy infrastructure.

SCA&C

Regarding the South America, Central America and the Caribbean region, cement volumes decreased by 7%, while concrete and aggregates volumes increased by 11% and 5%. respectively.

Net sales increased 6%, for a total of 1.605 billion U.S. dollars; while the operating flow contracted 8%, to 382 million U.S. dollars.

The prices of our cement, concrete and aggregates had respective increases of 12%, 2% and 9%.

In Colombia, demand was largely driven by the reactivation of the formal construction sector, and likewise in the Dominican Republic. This year we expect a favorable evolution in this segment, as well as in infrastructure, the tourism sector, and the relocation of industrial and service operations related to adjustments to supply chains.

International Trading

Regarding our international marketing, in 2022 we carried out operations in 92 countries, with a total volume of approximately 16 million metric tons, of which close to 10 million corresponded to cement and clinker.

CUMULATIVE RESULTS

Finally, given the fact that in recent years we have maintained a consistent strategic orientation, it should be noted that between 2019 and 2022:

- Our sales increased 19%;
- Our operating cash flow increased 13%;
- Return on capital employed rose 2.3 percentage points; and
- Our leverage ratio decreased from 4.1x to 2.8x.

PROSPECTS

This year, in line with macroeconomic conditions, we anticipate challenging conditions in some of our markets, but as we have done before, we are prepared to continue positively facing them.

In several markets where we are present, governments are putting into practice various stimulus programs that were approved last year, which presents itself as an encouraging indicator.

For instance, in the United States we believe that the resources approved for a value of 1.2 trillion U.S. dollars to improve infrastructure will have a favorable impact on our sector starting this year. Additionally, we also believe funds of around 53 billion U.S. dollars to boost local semiconductor manufacturing and around 370 billion U.S. dollars for the development of clean energy projects, will boost demand.

As for Europe, investments have been identified for public and private projects for more than 2 trillion Euros, including, among others, the "Renovation Wave" mentioned earlier, for the potential renovation of up to 35 million buildings and thus reduce their carbon footprint by 2030.

With our cement production capacity increasing to approximately 10 million tons, our portfolio of projects geared for further growth, and a better financial balance for fresh investment resources — CEMEX is well positioned to take advantage of the business opportunities that will emerge in the following years.

The countries where CEMEX is present show demographic, socioeconomic and urban trends that give an essential character to our wide range of products, services, and comprehensive solutions.

On a feasible path to building a better world, with low-carbon conditions that help mitigate climate change, there are increasing possibilities to generate higher returns for you — our shareholders.

Thank you for your attention.

Monterrey, N.L. as of March 23, 2023

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Fernando Ángel González Olivieri
Chief Executive Officer