CEMEX SAB DE CV
Form 20-F
April 30, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to

Commission file number 1-14946

CEMEX, S.A.B. de C.V.

(Exact name of Registrant as specified in its charter)

CEMEX PUBLICLY TRADED STOCK CORPORATION WITH VARIABLE CAPITAL

(Translation of Registrant s name into English)

United Mexican States

(Jurisdiction of incorporation or organization)

Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García,

Nuevo León, 66265, México

(Address of principal executive offices)

Roger Saldaña Madero,

+52 81 8888-8888, +52 81 8888-4399,

Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García,

Nuevo León, 66265, México

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Ordinary Participation Certificates (*Certificados de Participación Ordinarios*), or CPOs, each CPO representing two Series A shares and one Series B share, traded in the form of American Depositary	**New York Stock Exchange**

Shares, or ADSs, each ADS representing ten CPOs.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

15,085,567,391 CPOs

30,214,469,912 Series A shares (including Series A shares underlying CPOs)

15,107,234,956 Series B shares (including Series B shares underlying CPOs)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act (check one).

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	International Financial Reporting Standards as issued by the International Accounting Standards Board	Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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INTRODUCTION

CEMEX, S.A.B. de C.V. is incorporated as a publicly traded stock corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of the United Mexican States (Mexico). Except as the context otherwise may require, references in this annual report to CEMEX, we, us or our refer to CEMEX, S.A.B. de C.V. and its consolidated entities. See note 1 to our 2017 audited consolidated financial statements included elsewhere in this annual report.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements included elsewhere in this annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The regulations of the United States Securities and Exchange Commission (the SEC), do not require foreign private issuers that prepare their financial statements based on IFRS (as published by the IASB) to reconcile such financial statements to U.S. Generally Accepted Accounting Principles (U.S. GAAP).

References in this annual report to U.S.$ and Dollars are to U.S. Dollars, references to are to Euros, references to £ and Pounds are to British Pounds, and, unless otherwise indicated, references to Ps, Mexican Pesos and Pesos are to Mexican Pesos. References to billion mean one thousand million. References in this annual report to CPOs are to CEMEX, S.A.B. de C.V. s *Certificados de Participación Ordinarios*. The Dollar amounts provided below, unless otherwise indicated elsewhere in this annual report, are translations of Peso amounts at an exchange rate of Ps19.65 to U.S.$1.00, the CEMEX accounting rate (as defined herein) as of December 31, 2017. However, in the case of transactions conducted in Dollars, we have presented the U.S. Dollar amount of the transaction and in most cases, when such amounts are presented in our consolidated financial statements, the corresponding Peso amount is presented in our consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Mexican Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. Between January 1, 2018 and April 20, 2018, the Mexican Peso appreciated by approximately 6% against the U.S. Dollar, based on the noon buying rate for Pesos. See Item 3 Key Information Selected Consolidated Financial Information.

The noon buying rate for Mexican Pesos on December 31, 2017 was Ps19.64 to U.S.$1.00 and on April 20, 2018, was Ps18.61 to U.S.$1.00.

References in this annual report to total debt plus other financial obligations (which include debt under the 2017 Credit Agreement (as defined herein)) do not include debt and other financial obligations of ours held by us. See notes 2.6 and 16.2 to our 2017 audited consolidated financial statements included elsewhere in this annual report for a detailed description of our other financial obligations. Total debt plus other financial obligations differs from the calculation of debt under the 2017 Credit Agreement.

We also refer in various places within this annual report to non-IFRS measures, including Operating EBITDA. Operating EBITDA equals operating earnings before other expenses, net, plus amortization and depreciation expenses, as more fully explained in Item 3 Key Information Selected Consolidated Financial Information. The presentation of these non-IFRS measures is not meant to be considered in isolation or as a substitute for our 2017 audited consolidated financial results prepared in accordance with IFRS as issued by the IASB.

We have approximated certain numbers in this annual report to their closest round numbers or a given number of decimal places. Due to rounding, figures shown as totals in tables may not be arithmetic aggregations of the figures preceding them.

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CERTAIN TECHNICAL TERMS

When used herein, the terms set forth below mean the following:

Aggregates are sand and gravel, which are mined from quarries. They give ready-mix concrete its necessary volume and add to its overall strength. Under normal circumstances, one cubic meter of fresh concrete contains two metric tons of gravel and sand.

Clinker is an intermediate cement product made by sintering limestone, clay, and iron oxide in a kiln at around 1,450 degrees Celsius. One metric ton of clinker is used to make approximately 1.1 metric tons of gray portland cement.

Gray portland cement, used for construction purposes, is a hydraulic binding agent with a composition by weight of at least approximately 95% clinker and up to 5% of a minor component (usually calcium sulfate) which, when mixed with sand, stone or other aggregates and water, produces either concrete or mortar.

Petroleum coke (pet coke) is a by-product of the oil refining coking process.

Ready-mix concrete is a mixture of cement, aggregates, and water.

Tons means metric tons. One metric ton equals 1.102 short tons.

White cement is a specialty cement used primarily for decorative purposes.

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PART I

Item 1 Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2 Offer Statistics and Expected Timetable

Not applicable.

Item 3 Key Information

Summary of Most Important Transactions since the 2009 Refinancing

On August 14, 2009, CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into a financing agreement (the 2009 Financing Agreement), which extended the final maturities of U.S.$15 billion in syndicated and bilateral loans and private placement notes to February 14, 2014. On July 5, 2012, CEMEX, S.A.B. de C.V. and certain of its subsidiaries launched an exchange offer and consent request (the 2012 Exchange Offer and Consent Request), to eligible creditors under the 2009 Financing Agreement pursuant to which eligible creditors were requested to consent to certain amendments to the 2009 Financing Agreement (together, the 2012 Amendment Consents). In addition, CEMEX, S.A.B. de C.V. and certain of its subsidiaries offered to exchange the indebtedness owed to such creditors under the 2009 Financing Agreement that were eligible to participate in the 2012 Exchange Offer and Consent Request (the Participating Creditors) for (i) new loans (or, in the case of the private placement notes, new private placement notes) or (ii) up to U.S.$500 million of CEMEX, S.A.B. de C.V. s 9.50% Senior Secured Notes due 2018 issued on September 17, 2012 (the June 2018 U.S. Dollar Notes), in each case, in transactions exempt from registration under the Securities Act of 1933, as amended (the Securities Act).

On September 17, 2012, CEMEX, S.A.B. de C.V. and certain of its subsidiaries successfully completed the refinancing transactions contemplated by the 2012 Exchange Offer and Consent Request (collectively, the 2012 Refinancing Transaction), and CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into (a) an amendment and restatement agreement, dated September 17, 2012 (the 2012 Amendment and Restatement Agreement), pursuant to which the 2012 Amendment Consents with respect to the 2009 Financing Agreement were given effect, and (b) a facilities agreement, dated September 17, 2012 (as amended from time to time, the 2012 Facilities Agreement), pursuant to which CEMEX, S.A.B. de C.V. and certain of its subsidiaries were deemed to borrow loans from those Participating Creditors participating in the 2012 Exchange Offer and Consent Request in principal amounts equal to the principal amounts of indebtedness subject to the 2009 Financing Agreement that was extinguished by such Participating Creditors. As a result of the 2012 Refinancing Transaction, Participating Creditors received (i) U.S.$6,155 million in aggregate principal amount of new loans and new private placement notes and (ii) U.S.$500 million aggregate principal amount of the June 2018 U.S. Dollar Notes. In addition, U.S.$525 million aggregate principal amount of loans and private placement notes, which had remained outstanding under the 2009 Financing Agreement as of September 17, 2012, were subsequently repaid in full, as a result of prepayments made in accordance with the 2012 Facilities Agreement.

On September 29, 2014, CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into a facilities agreement, as amended and restated (the 2014 Credit Agreement) for U.S.$1.35 billion with nine of the main lending banks from its 2012 Facilities Agreement. On November 3, 2014, five additional banks joined the 2014 Credit Agreement as lenders with aggregate commitments of U.S.$515 million, increasing the total amount of the 2014 Credit Agreement from U.S.$1.35 billion to U.S.$1.87 billion (increasing the revolving tranche of the 2014 Credit Agreement proportionally to U.S.$746 million).

On July 30, 2015, CEMEX, S.A.B. de C.V. repaid in full the total amount outstanding of U.S.$1.94 billion under the 2012 Facilities Agreement with new funds from 17 financial institutions, which joined new tranches under the 2014 Credit Agreement.

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In February 2016, CEMEX, S.A.B. de C.V. and certain of its subsidiaries launched a consent request to lenders under the 2014 Credit Agreement, pursuant to which lenders were requested to consent to certain amendments to the 2014 Credit Agreement, including certain amendments in relation to the implementation of CEMEX s plan to divest certain assets in the Philippines, certain amendments to financial covenants, and other related technical amendments (together, the 2016 Credit Agreement Amendments). On March 7, 2016, CEMEX, S.A.B. de C.V. and certain of its subsidiaries obtained the requisite consents from lenders under the 2014 Credit Agreement to make the 2016 Credit Agreement Amendments. The 2016 Credit Agreement Amendments became effective when certain customary conditions precedent were fulfilled on March 17, 2016.

On November 30, 2016, CEMEX, S.A.B. de C.V. prepaid U.S.$373 million outstanding under the 2014 Credit Agreement and corresponding to the September 2017 amortization thereunder. In addition to this prepayment, and as part of an agreement reached with a group of lenders under the 2014 Credit Agreement, U.S.$664 million (Ps13,758 million) of funded commitments under the 2014 Credit Agreement maturing in 2018 were exchanged into a revolving facility, maintaining their original amortization schedule and the same terms and conditions.

On July 19, 2017, CEMEX, S.A.B. de C.V. and certain of its subsidiaries entered into a facilities agreement (the 2017 Credit Agreement) for an amount in different currencies equivalent to U.S.$4.1 billion (in aggregate), the proceeds of which were used to refinance in full the indebtedness incurred under the 2014 Credit Agreement and other debt repayment obligations. As of December 31, 2017, the outstanding indebtedness incurred under the 2017 Credit Agreement was U.S.$2.5 billion. The indebtedness incurred under the 2017 Credit Agreement ranks equally in right of payment with certain of our other existing and future indebtedness, pursuant to the terms of the intercreditor agreement, dated September 17, 2012 among CEMEX, S.A.B. de C.V. and certain of its subsidiaries named therein, Citibank Europe PLC, UK Branch (formerly Citibank International plc), as facility agent, the financial institutions, noteholders and other entities named therein and Wilmington Trust (London) Limited, as security agent, as amended by an amendment agreement, dated October 31, 2014, and as amended and restated by an amendment and restatement agreement dated on or about July 23, 2015 and an amendment and restatement agreement dated July 19, 2017 (the Intercreditor Agreement). As of July 19, 2017, total commitments initially available under the 2017 Credit Agreement included (i) 741 million, (ii) £344 million and (iii) U.S.$2,746 million, out of which U.S.$1,135 million were in the revolving credit facility tranche of the 2017 Credit Agreement. As of December 31, 2017, the 2017 Credit Agreement had an amortization profile, considering all commitments of U.S.$4.1 billion under the 2017 Credit Agreement, of U.S.$583 million in 2020, U.S.$1,166 million in 2021 and U.S.$2,301 million in 2022. See note 16.1 to our 2017 audited consolidated financial statements included elsewhere in this annual report.

CEMEX, S.A.B. de C.V. and certain of its subsidiaries have pledged under pledge agreements or transferred to trustees under a security trust, substantially all the shares of CEMEX México, S.A. de C.V. (CEMEX México), Cemex Operaciones México, S.A. de C.V. (Cemex Operaciones México), CEMEX TRADEMARKS HOLDING Ltd. (CTH), New Sunward Holding B.V. (New Sunward) and CEMEX España, S.A. (CEMEX España), as collateral (together, the Collateral), and all proceeds of such Collateral, to secure our obligations under the 2017 Credit Agreement, the Senior Secured Notes (as defined herein) and under a number of other financing arrangements for the benefit of the creditors and holders of debt and other obligations that benefit from provisions in their agreements or instruments requiring that their obligations be equally and ratably secured. These subsidiaries whose shares were pledged or transferred as part of the Collateral collectively own, directly or indirectly, substantially all our operations worldwide. See Item 3 Key Information Risk Factors Risks Relating to Our Business We pledged the capital stock of subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the 2017 Credit Agreement, the Senior Secured Notes and other financing arrangements.

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Since 2012, CEMEX, S.A.B. de C.V. and certain of its subsidiaries have completed a number of capital markets transactions, the majority of the proceeds of which have been used to repay indebtedness, to improve our liquidity position and for general corporate purposes. The most relevant capital markets transactions we completed consisted of:

in March 2012, the issuance by CEMEX España, acting through its Luxembourg branch, of U.S.$703,861,000 aggregate principal amount of its 9.875% U.S. Dollar-Denominated Senior Secured Notes Due 2019 (the April 2019 U.S. Dollar Notes) and 179,219,000 aggregate principal amount of its 9.875% Euro-Denominated Senior Secured Notes Due 2019 (together with the April 2019 U.S. Dollar Notes, the April 2019 U.S. Dollar and Euro Notes), in exchange for certain Perpetual Debentures (as defined in Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Perpetual Debentures) and 4.75% Notes due 2014 (the Eurobonds) issued by CEMEX Finance Europe B.V. pursuant to separate private placement exchange offers directed to the holders of Perpetual Debentures and Eurobonds;

in September 2012, the issuance by CEMEX, S.A.B. de C.V. of U.S.$500 million aggregate principal amount of the June 2018 U.S. Dollar Notes;

in October 2012, the issuance by CEMEX Finance LLC (CEMEX Finance) of U.S.$1.5 billion aggregate principal amount of its 9.375% Senior Secured Notes due 2022 (the October 2022 U.S. Dollar Notes);

in November 2012, CEMEX Latam Holdings, S.A. (CEMEX Latam), a then wholly-owned subsidiary of CEMEX España, completed the sale of newly issued common shares in a concurrent public offering to investors in Colombia and a private placement to eligible investors outside of Colombia (together, the CEMEX Latam Offering), representing 26.65% of CEMEX Latam s outstanding common shares. CEMEX Latam s common shares are listed on the Colombian Stock Exchange (*Bolsa de Valores de Colombia S.A.*) under the ticker CLH . The net proceeds to CEMEX Latam from its public offering were U.S.$960 million after deducting estimated underwriting discounts and commissions, and other estimated offering expenses payable by CEMEX Latam. CEMEX Latam used the net proceeds from the offering to repay a portion of the indebtedness owed to us, which we used for general corporate purposes, including the repayment of indebtedness. As of the date of this annual report, CEMEX Latam is the holding company for CEMEX s most significant operations in Brazil, Colombia, Costa Rica, Guatemala, Nicaragua, Panama and El Salvador. As of December 31, 2017, CEMEX España owned 73.25% of CEMEX Latam s outstanding common shares, excluding shares held in treasury;

in March 2013, the issuance by CEMEX, S.A.B. de C.V. of U.S.$600 million aggregate principal amount of its 5.875% Senior Secured Notes due 2019 (the March 2019 U.S. Dollar Notes);

in August 2013, the issuance by CEMEX, S.A.B. de C.V. of U.S.$1.0 billion aggregate principal amount of its 6.5% Senior Secured Notes due 2019 (the December 2019 U.S. Dollar Notes);

in October 2013, the issuance by CEMEX, S.A.B. de C.V. of U.S.$1.0 billion aggregate principal amount of its 7.25% Senior Secured Notes due 2021 (the January 2021 U.S. Dollar Notes) and U.S.$500 million aggregate amount of its Floating Rate Senior Secured Notes due 2018 (the October 2018 U.S. Dollar Notes and, together with the January 2021 U.S. Dollar Notes, the January 2021 and October 2018 U.S. Dollar Notes);

in April 2014, CEMEX Finance issued U.S.$1.0 billion aggregate principal amount of its 6.000% U.S. Dollar-Denominated Senior Secured Notes due 2024 (the April 2024 U.S. Dollar Notes) and 400 million aggregate principal amount of its 5.250% Euro-Denominated Senior Secured Notes due 2021 (the April 2021 Euro Notes);

in September 2014, the issuance by CEMEX, S.A.B. de C.V. of U.S.$1.1 billion aggregate principal amount of its 5.7% Senior Secured Notes due 2025 (the January 2025 U.S. Dollar Notes) and 400 million aggregate principal amount of its 4.750% Senior Secured Notes due 2022 (the January 2022

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Euro Notes and, together with the January 2025 U.S. Dollar Notes, the January 2025 U.S. Dollar and January 2022 Euro Notes);

in October 2014, the private offering by CEMEX, S.A.B. de C.V. of 200,000 Contingent Convertible Units (CCUs), each with a stated amount of U.S.$1,000. The proceeds of the CCUs were applied to subscribe for the First March 2020 Optional Convertible Subordinated U.S. Dollar Notes (as defined below), the proceeds of which, in turn, were used to finance payment of U.S.$200 million of the principal amount of its 4.875% Convertible Subordinated Notes due 2015 issued in March 2010 that matured without conversion;

in March 2015, the issuance by CEMEX, S.A.B. de C.V. of U.S.$750 million aggregate principal amount of its 6.125% Senior Secured Notes due 2025 (the May 2025 U.S. Dollar Notes) and 550 million aggregate amount of its 4.375% Senior Secured Notes due 2023 (the March 2023 Euro Notes and, together with the May 2025 U.S. Dollar Notes, the May 2025 U.S. Dollar and March 2023 Euro Notes);

in March 2015, the issuance by CEMEX, S.A.B. de C.V. of U.S.$200 million aggregate principal amount of its 3.72% Convertible Subordinated Notes due March 2020 (the First March 2020 Optional Convertible Subordinated U.S. Dollar Notes) subscribed with the proceeds of the CCUs;

in May 2015, a series of private exchange transactions by CEMEX, S.A.B. de C.V. in respect of U.S.$626 million aggregate principal amount of its 3.250% Convertible Subordinated Notes due 2016 issued in March 2011 (the March 2016 Optional Convertible Subordinated U.S. Dollar Notes) held by certain institutional investors for (i) U.S.$321 million aggregate principal amount of its 3.72% Convertible Subordinated Notes due March 2020 (the Second March 2020 Optional Convertible Subordinated U.S. Dollar Notes) and, together with the First March 2020 Optional Convertible Subordinated U.S. Dollar Notes, the March 2020 Optional Convertible Subordinated U.S. Dollar Notes) and (ii) approximately 42 million American Depositary Shares of CEMEX, S.A.B. de C.V. (ADSs);

in March 2016, the repayment of the full outstanding amount (U.S.$352 million) of the March 2016 Optional Convertible Subordinated U.S. Dollar Notes;

in March 2016, the issuance by CEMEX, S.A.B. de C.V. of U.S.$1.0 billion aggregate principal amount of its 7.75% Senior Secured Notes due 2026 (the April 2026 U.S. Dollar Notes). A portion of the net proceeds from the offering of the April 2026 U.S. Dollar Notes of U.S.$830 million were used to fund the redemption of the remaining April 2019 U.S. Dollar and Euro Notes, and the remaining net proceeds from the issuance of the April 2026 U.S. Dollar Notes were used to fund the redemption of the remaining June 2018 U.S. Dollar Notes (the June 2018 U.S. Dollar Notes Redemption);

in April 2016, CEMEX España, acting through its Luxembourg branch, redeemed the remaining U.S.$603.7 million aggregate principal amount of the April 2019 U.S. Dollar Notes;

in April 2016, the cancelation of U.S.$217.3 million aggregate principal amount of Perpetual Debentures;

in May 2016, the cancelation of U.S.$7.8 million and 6.1 million aggregate principal amount of Perpetual Debentures;

in May 2016, the purchase of U.S.$178.5 million aggregate principal amount of the October 2018 U.S. Dollar Notes and U.S.$218.9 million aggregate principal amount of the December 2019 U.S. Dollar Notes through a cash tender offer (the May 2016 Tender Offer);

in June 2016, the issuance by CEMEX Finance of 400 million of 4.625% Senior Secured Notes due 2024 denominated in Euros (the June 2024 Euro Notes);

in June 2016, the June 2018 U.S. Dollar Notes Redemption;

in July 2016, the purchase of U.S.$355.3 million aggregate principal amount of the October 2022 U.S. Dollar Notes through a cash tender offer;

in July 2016, CEMEX Holdings Philippines, Inc. (CHP) closed its initial public offering of 45% of its common shares in the Philippines, and 100% of CHP s common shares started trading on the Philippine Stock Exchange under the ticker CHP. As of December 31, 2017, CEMEX Asian South East Corporation (CASE), an indirect subsidiary of CEMEX, S.A.B. de C.V., directly owned 55% of CHP s outstanding common shares. The net proceeds to CHP from its initial public offering were U.S.$507 million after deducting estimated underwriting discounts and commissions, and other estimated offering expenses payable by CHP. CHP used the net proceeds from the initial public offering to repay existing indebtedness owed to BDO Unibank, Inc. (BDO Unibank) and to an indirect subsidiary of CEMEX, S.A.B. de C.V.;

in August 2016, the redemption of the remaining March 2019 U.S. Dollar Notes;

in October 2016, the purchase of U.S.$241.9 million aggregate principal amount of the January 2021 U.S. Dollar Notes through a cash tender offer (the October 2016 Tender Offer);

in December 2016, Sierra Trading (Sierra), one of CEMEX, S.A.B. de C.V. s indirect subsidiaries, presented an offer and takeover bid (as amended and revised, the Offer) to all shareholders of Trinidad Cement Limited (TCL), a company then publicly listed in Trinidad and Tobago, Jamaica and Barbados, to acquire up to 132,616,942 ordinary shares in TCL, pursuant to which Sierra offered 5.07 Trinidad and Tobago Dollars (TT$) in cash per TCL share (the Offer Price) payable, at the option of shareholders of TCL except for shareholders of TCL in Barbados, in either TT$ or U.S.$ in Trinidad, and Jamaican Dollars or U.S.$ in Jamaica. The Offer Price represented a premium of 50% over the December 1, 2016 closing price of TCL s shares on the Trinidad and Tobago Stock Exchange. The total number of TCL shares tendered and accepted in response to the Offer was 113,629,723 which, together with Sierra s pre-existing shareholding in TCL (147,994,188 shares), represent 69.83% of the outstanding TCL shares. The total cash payment by Sierra for the tendered shares was U.S.$86 million. CEMEX started consolidating TCL for financial reporting purposes on February 1, 2017. In March 2017, TCL de-listed from the Jamaica and Barbados stock exchanges. TCL s subsidiaries include, but are not limited to, Caribbean Cement Company Limited (CCCL), a publicly listed company in Jamaica, and Arawak Cement Company Limited (Arawak), which as of December 31, 2017, owned cement plants in Jamaica and Barbados, respectively;

in 2016, the repurchase of U.S.$198.5 million aggregate principal amount of Senior Secured Notes (as defined herein) on the open market (all of which as of the date of this annual report have been canceled);

in February 2017, CHP announced that it had entered into a senior unsecured Peso term loan facility agreement (the Facility Agreement) with BDO Unibank for an amount of up to the Philippine Peso denominated amount equal to U.S.$280 million, to refinance a majority of CHP s outstanding long-term loan with New Sunward. The term loan provided by BDO Unibank has a tenor of seven years and consists of a fixed rate tranche and a floating rate tranche. CHP drew the full amount of the term loan during the first quarter of 2017 to repay a portion of its then existing indebtedness as described below;

in February 2017, CEMEX, S.A.B. de C.V. sold 45,000,000 shares of common stock of Grupo Cementos de Chihuahua, S.A.B. de C.V. (GCC), representing 13.53% of the equity capital of GCC, at a price of Ps95 per share in a public offering to investors in Mexico and in a concurrent private placement to eligible investors outside of Mexico. Prior to the GCC shares offerings, CEMEX, S.A.B. de C.V. owned a 23% direct interest in GCC and a minority interest in CAMCEM, S.A. de C.V. (CAMCEM), an entity which owns a majority interest in GCC. After the GCC offerings, CEMEX, S.A.B. de C.V. owned a 9.47% direct interest in GCC and a minority interest in CAMCEM. Proceeds from the sale were Ps4,094 million (U.S.$210 million). We used the proceeds of the GCC shares offerings for general corporate purposes;

in March 2017, the purchase of U.S.$89.9 million aggregate principal amount of the December 2019 U.S. Dollar Notes and U.S.$385.1 million aggregate principal amount of the January 2021 U.S. Dollar Notes through a cash tender offer (the March 2017 Tender Offer);

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on May 31, 2017, the redemption of the remaining 400 million aggregate principal amount of the April 2021 Euro Notes;

on June 19, 2017, the conversion of U.S.$325 million aggregate principal amount of the 3.750% Convertible Subordinated Notes due 2018 issued by CEMEX, S.A.B. de C.V. in March 2011 (the March 2018 Optional Convertible Subordinated U.S. Dollar Notes) in exchange for 43 million ADSs;

on September 25, 2017, the purchase of U.S.$700.6 million aggregate principal amount of the October 2022 U.S. Dollar Notes through a cash tender offer (the September 2017 Tender Offer);

on September 28, 2017, CEMEX, S.A.B. de C.V. sold its then remaining direct interest in GCC, consisting of 31,483,332 shares of common stock of GCC, which represented the remaining 9.47% of the equity capital of GCC previously held by CEMEX, S.A.B. de C.V. Proceeds from the sale were U.S.$168 million (Ps3,012 million), which we used for debt reduction and general corporate purposes;

on October 12, 2017, the redemption of the remaining U.S.$343.5 million aggregate principal of the October 2022 U.S. Dollar Notes;

on December 5, 2017, the issuance by CEMEX, S.A.B. de C.V of 650 million of its 2.750% Euro-Denominated Senior Secured Notes due 2024 (the December 2024 Euro Notes). A portion of the net proceeds from the offering of the December 2024 Euro Notes was used to fund the redemption of the remaining U.S.$611 million aggregate principal amount of the December 2019 U.S. Dollar Notes on December 10, 2017 (the December 2019 U.S. Dollar Notes Redemption), and the remaining net proceeds from the issuance of the December 2024 Euro Notes were used to fund the redemption of the remaining 400 million aggregate principal amount of the January 2022 Euro Notes on January 10, 2018 (the January 2022 Euro Notes Redemption) and for general corporate purposes;

on December 10, 2017, the December 2019 U.S. Dollar Notes Redemption; and

during 2017, we repurchased U.S.$35.4 million aggregate principal amount of the Senior Secured Notes (as defined herein) on the open market (all of which as of the date of this annual report have been canceled).

As of December 31, 2017, our reported total debt plus other financial obligations in our statement of financial position were Ps226,216 million (U.S.$11,512 million) (principal amount Ps231,621 million (U.S.$11,787 million), excluding deferred issuance costs), which does not include Ps8,784 million (U.S.$447 million), which represents the nominal amount of outstanding Perpetual Debentures.

Since the beginning of 2018, we have engaged in the following significant capital markets transactions and debt related activities, which are not reflected in our 2017 audited consolidated financial statements included elsewhere in this annual report:

on January 10, 2018, the January 2022 Euro Notes Redemption;

on February 14, 2018, the drawdown of U.S.$377 million aggregate principal amount under the previously undrawn term loan tranche of the 2017 Credit Agreement;

on February 14, 2018, we agreed, through one of our subsidiaries in the United States, to increase our ownership interest in Lehigh White Cement Company from 24.5% to 36.75%. On March 29, 2018, we closed the acquisition and paid a total of U.S.$34 million.

on March 15, 2018, the redemption of the full outstanding amount (U.S.$365 million) of the March 2018 Optional Convertible Subordinated U.S. Dollar Notes;

on March 15, 2018, the redemption of the remaining U.S.$341 million aggregate principal amount of the January 2021 U.S. Dollar Notes;

during the first quarter of 2018, we conducted drawdowns and repayments under the revolving tranche of the 2017 Credit Agreement, resulting in a principal outstanding amount under the revolving tranche the 2017 Credit Agreement of Ps12,817 million (U.S.$700 million) as of March 31, 2018. In addition, as of March 31, 2018, we had an aggregate amount of Ps7,965 million (U.S.$435 million) available under the revolving tranche of the 2017 Credit Agreement.

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We refer to the October 2018 U.S. Dollar Notes, January 2021 U.S. Dollar Notes, March 2023 Euro Notes, April 2024 U.S. Dollar Notes, June 2024 Euro Notes, January 2025 U.S. Dollar Notes, May 2025 U.S. Dollar Notes, April 2026 U.S. Dollar Notes and December 2024 Euro Notes collectively, as the Senior Secured Notes. For a more detailed description of these transactions, see Item 5 Operating and Financial Review and Prospects Summary of Material Contractual Obligations and Commercial Commitments Senior Secured Notes.

As of March 31, 2018, our total debt plus other financial obligations were Ps210,527 million (U.S.$11,498 million) (principal amount Ps215,726 million (U.S.$11,782 million)), which does not include Ps8,232 million (U.S.$450 million), which represents the nominal amount of Perpetual Debentures.

Risk Factors

We are subject to various risks mainly resulting from changing economic, environmental, political, industry, business, regulatory, financial and climate conditions, as well as risks related to ongoing legal proceedings and investigations. The following risk factors are not the only risks we face, and any of the risk factors described below could significantly and adversely affect our business, results of operations or financial condition.

Risks Relating To Our Business

Economic conditions in some of the countries where we operate and in other regions or countries may adversely affect our business, financial condition and results of operations.

The economic conditions in some of the countries where we operate have had and may continue to have a material adverse effect on our business, financial condition and results of operations throughout our operations worldwide. Our results of operations are highly dependent on the results of our operating subsidiaries mainly in the United States, Mexico, South, Central America and the Caribbean, Europe, Asia, Middle East and Africa. Accordingly, the economic conditions in some of the countries where we operate have had and may continue to have a material adverse effect on our business, financial condition and results of operations throughout our operations worldwide.

While upside and downside risks to the short-term global economic growth outlook seem to be broadly balanced, we believe the scenario is not risk free. We believe that as of the date of this annual report, the possible main downside concerns include risks of a shift toward protectionist policies in a context of growing trade tensions among the U.S. and China; a possibly sharp tightening of financial conditions and its impact on the global economy, emerging markets, risk aversion, foreign exchange markets, volatility and financial markets; economic vulnerability of emerging market economies; elections in in some Latin American countries, in particular in Mexico; economic and political uncertainties in Europe; China´s economic performance; and geopolitical risks in the Middle East, and other regions experiencing political turmoil, including the current situation in Syria. The materialization of any of these concerns may have and may continue to have a material adverse effect on our business, financial condition and results of operations.

A worsening of trade tensions and the imposition of broader barriers to cross-border trade could not only take a direct toll on economic activity but could also weaken confidence. The recent escalating cycle of trade restrictions and retaliation among the U.S. and China could have negative consequences to the global economy, including the countries in which we operate.

The equity market correction in March 2018 following the U.S. tariff announcement on steel and aluminum and a range of Chinese products, as well as the announcement by China of retaliatory tariffs on imports from the U.S., are examples showing that asset prices can correct rapidly and trigger potentially disruptive portfolio adjustments.

Financial conditions that exist of the date of this annual report could tighten sharply and expose vulnerabilities that have accumulated over the years, with potential adverse repercussions for economic growth. High asset valuations, both in emerging and advance economies, and very compressed term premiums raise the possibility of a financial market correction, which could dampen growth and confidence.

The U.S. Federal Reserve System has increased short-term interest rates at a measured pace since December 2015. There is a risk that further interest rate hikes could cause Dollar appreciation, a manufacturing slowdown and economic deceleration on the back of a slower housing investment. However, a slower than warranted pace of increase in interest rates could result in inflation acceleration and the disanchoring of inflation expectations, possibly leading to swift monetary policy tightening and a potential recession in the U.S. The recently legislated tax code overhaul and bipartisan agreement on the federal budget in the U.S. could further add to rising fiscal deficits and unsustainable debt dynamics over the next five years. Also, the current account deficit could increase given the projected impact of the fiscal stimulus on domestic demand in the U.S. High fiscal and current account deficits could affect both economic activity and exchange rates. The U.S. housing sector supply constraints, associated in part with labor shortages, could result in a slower pace of growth in housing starts in the U.S.

In the U.S., continuing federal budget disputes, including delays in passing the 2019 fiscal year budget, could lead to lesser than Fast Act-authorization spending levels in highways and streets. The global market volatility and consumer spending retrenchment in the U.S. trade (North American Free Trade Agreement (NAFTA), China tariffs, Trans-Pacific Partnership, etc.), immigration (Deferred Action for Childhood Arrivals, the U.S.-Mexico border wall initiative, etc.) policy uncertainty and geopolitical concerns (heightened tensions between the U.S. with Russia and Iran), could undermine consumer confidence and investment prospects in the U.S. In all, these uncertainties can have a material adverse impact not only to our financial condition, business and results of operations in the U.S., but also worldwide.

Many emerging market economies have gone through bouts of financial volatility over the past few years. Some large commodity exporters and other stressed economies weathered also substantial exchange rate movements. Though it proved short lived for most countries, many countries in this group remain vulnerable to sudden shifts in global market sentiment. There is a risk of new episodes of market volatility, increased risk aversion and capital outflows from emerging markets, which could cause emerging markets currencies to further depreciate. The high level of U.S. Dollar denominated corporate indebtedness in emerging markets constitutes an additional source of instability. Emerging markets would face higher global risk premiums and substantial capital outflows, putting particular pressure on economies with domestic debt imbalances. The risk of contagion effect across emerging markets could be significant and have an adverse effect to our business.

Domestic demand in Mexico is gradually softening and may continue to soften. Any deterioration in the growth perspectives of the U.S. or in the global financial conditions and risk perception could negatively affect Mexico. Regarding NAFTA, an agreement in principle is expected to be reached during 2018, though we cannot rule out a scenario where the NAFTA renegotiation finally do not take place, which could negatively affect investment, foreign exchange rates and confidence in Mexico. Other risks that could negatively affect Mexico are if inflation fails to continue decelerating towards the central banks of Mexico s target range; oil production in Mexico continues strongly declining, dragging mining production in Mexico; manufacturing production does not positively react to a global manufacturing boost; and there is higher than expected domestic demand deceleration.

As of the date of this annual report, Mexico faces a high level of uncertainty with regard to its national presidential elections scheduled to occur in the summer of 2018. The uncertainty about what type of president the candidate that wins the elections would be is a short-term risk that might influence foreign exchange depreciation, capital outflows, and lower levels of investment in Mexico.

In China, the reliance on stimulus measures to maintain high rates of growth continues. Regulators in China have taken important measures to reduce shadow banking and bring financial activity back onto bank balance sheets. However, total credit growth remains high. External triggers, such as a shift toward protectionism in advanced economies or domestic shocks, could lead to a broader tightening of financial conditions in China, possibly exacerbated by capital outflow pressures, with an adverse impact on demand and output. The consequences for emerging market economies of weaker economic performance and increased policy uncertainty in China could be significant.

In Colombia, the correction of macroeconomic imbalances, such as inflation, is making progress, but still needs to advance further. While consumer and producer expectations are gradually recovering, domestic demand remains weak. Activity is expected to improve slightly from the low levels seen in recent years supported by the recovery of external demand, higher oil prices, the effect of lower interest rates and civil works investment. But any deterioration in external demand, global financial conditions or oil prices would negatively affect Colombian activity. Civil works investment, mainly with private financing, could be lower than anticipated and coming presidential elections may generate some uncertainty. The new government would probably face the need of another fiscal reform (to increase revenues).

In Europe, the environment of negative deposit rates is distorting financial markets and creates uncertain consequences for the banking sector. There is a risk that negative rates would erode bank profitability and curb lending across Eurozone borders, creating other systemic risks to European economies. The economic activity in the Eurozone last year outperformed and inflation expectations had recovered, but was still below European Central Bank s (the ECB) objective. There is a risk that the ECB finish its easing policy too early. Uncertainty about the Euro s performance remains, which could affect our operations in European Union member states.

The Eurozone s economic growth and European integration are challenged by a number of uncertainties, including but not limited to delays in implementing the needed structural reforms in some European countries; unresolved political and financial risks associated with Greece; uncertainty regarding the profitability of the European banking system in general and the Italian banking sector in particular; the process of United Kingdom s exit from the EU; and the ongoing refugee crisis. Also, the renewed popularity of nationalistic policies in Europe is another aftereffect of the financial crisis and its prolonged aftermath. All these factors could impact market confidence and could limit the benefit of the economic tailwinds and monetary policy stimulus for Europe and possibly worldwide.

Regarding our operations in Europe, the United Kingdom s expected exit from the European Union is already affecting financial markets and increasing foreign exchange volatility. The United Kingdom s exit from the European Union is having an adverse impact on its economic activity. The substantial uncertainty about post-Brexit arrangements is weighing on investment and import cost. This situation could impact our business and results of operations in the United Kingdom.

In Spain, the Catalan region conflict has resulted in social unrest, and although it seems to have a transitory impact in the local economy, an escalation of the conflict could affect to the Spanish economy and to the construction sector performance. On the other hand, given that the Spanish national government seems to lack legislative support, early elections cannot be ruled out. These factors could adversely affect our operations and result of operations in Spain.

Significant trade links with western Europe render some of the eastern European countries susceptible to economic and political pressures from western Europe. Additionally, central European countries might experience a reduction in the proceeds they receive from the European Union s structural funds over the coming years, which could hinder infrastructure investment in such countries, and adversely affect our European operations and results of operations.

In the Middle East, political risk could moderate economic growth and adversely affect construction investments. The U.S. recognition of Jerusalem as Israel s capital early this year has increased the tension among Israelis and Palestinians. The conflict between Israel and Palestine continues to generate instability and the overall situation in Syria could worsen. Any escalation of these conflict or social unrest in this region may affect our operations and it cannot be ruled out.

In Egypt, we cannot be certain if the new government that was elected in 2018 will continue to successfully implemented the reforms needed to bring political and economic stability to the country. Any premature easing of monetary policy before inflation expectations are fully anchored, or opposition to reforms by vested interests, could undermine stabilization efforts in Egypt. External risks relate to a worsening of the security situation that could slow the recovery of tourism, a sustained rise of global oil prices, lower growth in Egypt s main trading partners, or any unexpected tightening of global financial conditions cannot be ruled out. If they materialize, all of this factors could adversely affect our operations in Egypt.

In the Philippines, there are some factors, such as delays on infrastructure projects, local currency weakness, the country s central bank not implementing its policies at a sufficient pace, and investors fatigue, that could adversely affect the country s economy. The current government s foreign policy and the potential change in the constitution towards federalism could have a negative political effect to the country, which could jeopardize the development of the country s infrastructure plan and eventually affect its economic growth, and adversely affect our business in the country.

In general, demand for our products and services is strongly related to construction levels and depends, in large part, on residential and commercial construction activity, as well as private and public infrastructure spending, in almost all of the countries where we operate. Public and private infrastructure spending in countries dependent on revenue generated by the energy sector is exposed to decreases in energy prices. Therefore, decreases in energy prices could affect public and private infrastructure spending which, in turn, could affect the construction industry. Declines in the construction industry are usually correlated with declines in general economic conditions. As a result, deterioration in economic conditions in the countries where we operate could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that growth in the gross domestic product of the countries where we operate will translate into a correlated increase in demand for our products.

We are subject to the effects of general global economic and market conditions that are beyond our control. If these conditions remain challenging or deteriorate, our business, financial condition and results of operations could be adversely affected. Possible consequences from macroeconomic global challenges could have an adverse impact on our business, financial condition and results of operations.

Political and social events and possible changes in governmental policies in some of the countries where we operate could have a material adverse effect on our business, financial condition and results of operations.

In recent years, some of the governments in the countries where we operate, such as in the United States, have implemented and may continue to implement significant changes in laws, public policy or regulations that could affect the political, economic and social conditions in the countries where we operate, as well as in other countries. Any such changes may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, national presidential and legislative, as well as state and local, elections have taken place or are scheduled to take place in 2018 in several of the countries where we operate, including Mexico, Colombia, Brazil, and certain countries in Europe, as well as mid-term elections in the United States. In Mexico, national presidential and legislative elections are scheduled to take place in July 2018, with the elected presidential candidate assuming his duties in December 2018, and a presidential election will take place in Colombia in May 2018, with the elected candidate entering office in August 2018. For these countries, as is mostly the case when there is a change in governments, a change in federal government and the political party in control of the legislature in such countries could result in sharp changes to such countries economic, political or social conditions, and in changes in laws, regulations and public policies, which may contribute to economic uncertainty in some of the countries in which we operate and could also materially impact our business, financial condition and results of operations. Similarly, if no political party wins a clear majority in the legislative bodies of these countries, legislative gridlock and political and economic uncertainty may occur.

We cannot assure you that political or social developments in the countries where we operate or elsewhere, such as the election of new administrations, changes in laws, public policy or regulations, political disagreements, civil disturbances and the rise in violence and perception of violence, will not have a corresponding material adverse effect on the countries in which we operate, on global financial markets, or on our business, financial condition, results of operations.

The 2017 Credit Agreement contains several restrictions and covenants. Our failure to comply with such restrictions and covenants could have a material adverse effect on our business and financial conditions.

The 2017 Credit Agreement requires us to comply with several financial ratios and tests, including (i) a minimum consolidated coverage ratio of EBITDA to interest expense (including interest accrued on Perpetual Debentures and cash payments on preferred stock) and (ii) a maximum consolidated leverage ratio of total debt (including Perpetual Debentures and guarantees, excluding convertible/exchangeable obligations, the principal amount of subordinated optional convertible securities and finance leases and plus or minus the fair value of derivative financial instruments, among other adjustments) to EBITDA (in each case, as described in the 2017 Credit Agreement). The calculation and formulation of EBITDA, interest expense, total debt, the consolidated coverage ratio and the consolidated leverage ratio are set out in the 2017 Credit Agreement and may differ from the calculation and/or formulation of analogous terms in this annual report. Our ability to comply with these ratios may be affected by economic conditions and volatility in foreign exchange rates, by overall conditions in the financial and capital markets and the construction sector, and by any monetary penalties or fines we may have to pay as a result of any administrative or legal proceedings to which we may be exposed to. See Item 4 Information on the Company Regulatory Matters and Legal Proceedings, for more information on our regulatory matters and legal proceedings. The 2017 Credit Agreement requires us to comply with a minimum consolidated coverage ratio of EBITDA to interest expense (including interest accrued on Perpetual Debentures and cash payments on preferred stock), for the following periods, measured quarterly, of not less than (i) 2.50:1 for each 12-month period ending on December 31, 2017, March 31, 2018, June 30, 2018, September 30, 2018, December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020 and (ii) 2.75:1 for the 12-month period ending on June 30, 2020 and on each subsequent quarterly date. In addition, the 2017 Credit Agreement requires us to comply with a maximum consolidated leverage ratio of total debt (including Perpetual Debentures and guarantees, excluding convertible / exchangeable obligations, the principal amount of subordinated optional convertible securities and finance leases and plus or minus the fair value of derivative financial instruments, among other adjustments) to EBITDA for the following periods, measured quarterly, not to exceed (i) 5.25:1 for the 12-month period ending December 31, 2017 and the 12-month period ending on March 31, 2018, (ii) 5.00:1 for the 12-month period ending June 30, 2018 and the 12-month period ending September 30, 2018, (iii) 4.75:1 for the 12-month period ending December 31, 2018 and the 12-month period ending March 31, 2019, (iv) 4.50:1 for each 12-month period ending June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020 and (v) 4.25:1 for the 12-month period ending June 30, 2020 and on each subsequent quarterly date. For the period ended December 31, 2017, we reported to the lenders under the 2017 Credit Agreement a consolidated coverage ratio of 3.46 and a consolidated leverage ratio of 3.85, each as calculated pursuant to the 2017 Credit Agreement. See Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources Our Indebtedness.

Pursuant to the 2017 Credit Agreement, we are limited in relation to making aggregate annual capital expenditures in excess of U.S.$1 billion in any financial year (excluding certain capital expenditures, joint venture investments and acquisitions to be made by each of CEMEX Latam and/or CHP and their respective subsidiaries, and those funded by Relevant Proceeds (as defined in the 2017 Credit Agreement)), which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit of (a) U.S.$500 million (or its equivalent) for each of CEMEX Latam and its subsidiaries and (b) U.S. $500 million (or its equivalent) for each of CHP and its subsidiaries. In addition, in each case, the amounts of which we and our subsidiaries are allowed for permitted acquisitions and investments in joint ventures cannot exceed certain thresholds as set out in the 2017 Credit Agreement.

We are also subject to a number of negative covenants under the 2017 Credit Agreement that, among other things, restrict or limit (subject to certain exceptions) our ability and the ability of each obligor (as defined in the

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2017 Credit Agreement) to: (i) create liens, (ii) incur additional debt, (iii) change our business or the business of any obligor (as defined in the 2017 Credit Agreement, taken as a whole), (iv) enter into mergers, (v) enter into agreements that restrict our subsidiaries ability to pay dividends or repay intercompany debt, (vi) acquire assets, (vii) enter into or invest in joint venture agreements, (viii) dispose of certain assets, (ix) grant additional guarantees or indemnities, (x) declare or pay cash dividends or make share redemptions, and (xi) enter into certain derivatives transactions.

The 2017 Credit Agreement also contains a number of affirmative covenants that, among other things, require us to provide periodic financial information to our creditors. Pursuant to the 2017 Credit Agreement, a number of covenants and restrictions will, if CEMEX so elects, cease to apply (including the capital expenditure limitations mentioned above) or become less restrictive if (i) our consolidated leverage ratio for the two most recently completed quarterly testing periods is less than 3.75:1; or, for the three most recently completed quarterly testing periods, our consolidated leverage ratio for the first and third of those quarterly testing periods is 3.75:1 or less and in the second quarterly testing period would have been 3.75:1 or less but for the proceeds of certain permitted financial indebtedness being included in the calculation of debt and (ii) no default under the 2017 Credit Agreement is continuing. At that point, the existing consolidated coverage ratio and consolidated leverage ratio tests will be replaced by a requirement that the consolidated leverage ratio must not exceed 4.25:1 and consolidated coverage ratio must not be less than 2.75:1. However, we cannot assure you that we will be able to meet the conditions for these restrictions to cease to apply prior to the final maturity date under the 2017 Credit Agreement.

The 2017 Credit Agreement contains events of default, some of which may occur and are outside of our control. Such events of default include defaults (subject to certain exceptions) and grace periods, based on (i) non-payment, (ii) material inaccuracy of representations and warranties, (iii) breach of covenants, (iv) bankruptcy (*quiebra*) or insolvency (*concurso mercantil*) of CEMEX, S.A.B. de C.V., any other obligor under the 2017 Credit Agreement or any other of our material subsidiaries (as defined in the 2017 Credit Agreement), (v) inability to pay debts as they fall due or by reason of actual financial difficulties, suspension or threatened suspension of payments on debts exceeding U.S.$50 million or commencement of negotiations to reschedule debt exceeding U.S.$50 million, (vi) a cross-default in relation to financial indebtedness in excess of U.S.$50 million, (vii) certain changes to the ownership of any of the obligors under the 2017 Credit Agreement, (viii) enforcement of any security against an obligor or material subsidiary, (ix) any attachment, distress or execution affects any asset of an obligor or material subsidiary, (x) restrictions not in effect on July 19, 2017 are imposed that limit the ability of obligors to transfer foreign exchange for purposes of performing material obligations under the 2017 Credit Agreement, (xi) any material adverse change arising in the financial condition of CEMEX, which creditors representing two thirds or more of the total commitments under the 2017 Credit Agreement determine would result in our failure, taken as a whole, to perform payment obligations under the 2017 Credit Agreement, and (xii) it becomes unlawful for us to comply with its laws or our obligations under the 2017 Credit Agreement. If an event of default occurs and is continuing, upon the authorization of creditors representing two thirds or more of the total commitments under the 2017 Credit Agreement, the agent has the ability to accelerate all outstanding amounts due under the 2017 Credit Agreement. Acceleration is automatic in the case of insolvency.

We cannot assure you that in the future we will be able to comply with the restrictive covenants and limitations contained in the 2017 Credit Agreement. Our failure to comply with such covenants and limitations could result in an event of default, which could materially and adversely affect our business, financial condition and results of operation.

We pledged the capital stock of some of our subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the 2017 Credit Agreement, the indentures governing our outstanding Senior Secured Notes and other financing arrangements.

In connection with the 2017 Credit Agreement, we pledged under pledge agreements or transferred to trustees under a security trust, the Collateral and all proceeds of the Collateral, to secure our obligations under the

2017 Credit Agreement, our Senior Secured Notes (as defined herein) and under a number of other financing arrangements for the benefit of the creditors and holders of debt and other obligations that benefit from provisions in their agreements or instruments requiring that their obligations be equally and ratably secured.

As of December 31, 2017, the Collateral and all proceeds of such Collateral secured (i) Ps184,226 million (U.S.$9,377 million) (principal amount Ps185,969 million (U.S.$9,464 million)) aggregate principal amount of debt under the 2017 Credit Agreement, our Senior Secured Notes and other financing arrangements and (ii) Ps8,784 million (U.S.$447 million) aggregate principal amount of Perpetual Debentures. These subsidiaries whose shares are part of the Collateral collectively own, directly or indirectly, substantially all of our operations worldwide. Provided that no default has occurred which is continuing under the 2017 Credit Agreement, the Collateral will be released automatically if we meet specified financial covenant targets in accordance with the terms of the Intercreditor Agreement.

We have a substantial amount of debt and other financial obligations maturing in the next several years. If we are unable to secure refinancing on favorable terms or at all, we may not be able to comply with our upcoming payment obligations. Our ability to comply with our principal maturities and financial covenants may depend on us implementing certain initiatives, which may include making asset sales, and there is no assurance that we will be able to implement any such initiatives or execute such sales, if needed, on terms favorable to us or at all.

As of December 31, 2017, our total debt plus other financial obligations were Ps226,216 million (U.S.$11,512 million) (principal amount Ps231,621 million (U.S.$11,787 million)), which does not include Ps8,784 million (U.S.$447 million), which represents the nominal amount of Perpetual Debentures. Of such total debt plus other financial obligations amount, Ps36,335 million (U.S.$1,849 million) (principal amount Ps36,061 million (U.S.$1,835 million)) matures during 2018; Ps1,118 million (U.S.$57 million) (principal amount Ps4,874 million (U.S.$248 million)) matures during 2019; Ps21,002 million (U.S.$1,069 million) (principal amount Ps21,256 million (U.S.$1,082 million)) matures during 2020; Ps27,550 million (U.S.$1,402 million) (principal amount Ps27,638 million (U.S.$1,407 million)) matures during 2021; and Ps140,212 million (U.S.$7,135 million) (principal amount Ps141,792 million (U.S.$7,216 million)) matures after 2021.

If we are unable to comply with our principal maturities under certain of our indebtedness, or refinance or extend maturities of certain of our indebtedness, our debt could be accelerated. Acceleration of our debt would have a material adverse effect on our business, financial condition and results of operations. As a result of the restrictions under the 2017 Credit Agreement, the indentures that govern our outstanding Senior Secured Notes and other debt instruments, the current global economic environment and uncertain market conditions, we may not be able to, if we need to do so to repay our indebtedness, complete asset sales on terms that we find economically attractive or at all. Volatility in the credit and capital markets could significantly affect us due to its effect on the availability of funds to potential acquiring parties, including industry peers. In addition, high levels of consolidation in our industry in some jurisdictions may further limit potential assets sales to interested parties due to antitrust considerations. If we need to sell assets to repay our indebtedness but are unable to complete asset sales and our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with financial covenants and payment obligations under our indebtedness.

In addition, our levels of debt, contractual restrictions and our need to deleverage may limit our planning flexibility and our ability to react to changes in our business and the industry, and may place us at a competitive disadvantage compared to competitors who may have no need to deleverage or who may have lower leverage ratios and fewer contractual restrictions. There can also be no assurance that, because of our leverage ratio and contractual restrictions, we will be able to maintain our operating margins and deliver financial results comparable to the results obtained in the past under similar economic conditions. Also, there can be no assurance that we will be able to implement our business strategy and improve our results and sales, which could affect our ability to comply with our payment obligations under our debt agreements and instruments.

We may not be able to generate sufficient cash to service all of our indebtedness or satisfy our short-term liquidity needs, and we may be forced to take other actions to satisfy our obligations under our indebtedness and our short-term liquidity needs, which may not be successful.

Historically, we have addressed our liquidity needs, including funds required to make scheduled principal and interest payments, refinance debt, and fund working capital and planned capital expenditures, with operating cash flow, borrowings under credit facilities and receivables and inventory financing facilities, proceeds of debt and equity offerings and proceeds from asset sales.

As of December 31, 2017, we had U.S.$576 million funded under our securitization programs in Mexico, the United States, France and the United Kingdom. We cannot assure you that, going forward, we will be able to, if needed, roll over or renew these programs, which could adversely affect our liquidity.

The weakness of the global economic environment and its adverse effects on our operating results may negatively affect our credit rating and the market value of CEMEX, S.A.B. de C.V. s CPOs and ADSs. If current economic pressures continue or worsen, we may be dependent on the issuance of equity as a source to repay our existing indebtedness. Although we have been able to raise debt, equity and equity-linked capital in the recent past, conditions in the capital markets could be such that traditional sources of capital may not be available to us on reasonable terms or at all. As a result, we cannot assure you that we will be able to successfully raise additional debt and/or equity capital on terms that are favorable to us or at all.

We have historically, when needed, sought and obtained waivers and amendments to several of our debt instruments relating to a number of financial ratios. Our ability to comply with these ratios could be affected by global economic conditions and volatility in foreign exchange rates and the financial and capital markets, among other factors. If necessary, we may need to seek waivers or amendments to one or more of our debt agreement or debt instruments in the future. However, we cannot assure you that any future waivers or amendments, if requested, will be obtained. If we are unable to comply with the provisions of our debt agreements or debt instruments, and are unable to obtain a waiver or amendment, the indebtedness outstanding under such debt agreement and/or instruments could be accelerated. Acceleration of these debt agreements and/or instruments would have a material adverse effect on our business and financial condition.

If the global economic environment deteriorates and our operating results worsen significantly, if we are unable to complete debt or equity offerings or, if needed, any divestitures and/or our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with our principal payments under our indebtedness or refinance our indebtedness.

The indentures governing our outstanding Senior Secured Notes and the terms of our other indebtedness impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and may impede our ability to refinance our debt and the debt of our subsidiaries.

As of March 31, 2018, there were U.S.$4,124 million and 1,600 million aggregate principal amount of then-outstanding Senior Secured Notes outstanding under the indentures governing such notes. Mostly all of the indentures governing our outstanding Senior Secured Notes and the other instruments governing our consolidated indebtedness impose significant operating and financial restrictions on us. These restrictions will limit our ability, among other things, to: (i) incur debt; (ii) pay dividends on stock; (iii) redeem stock or redeem subordinated debt; (iv) make investments; (v) sell assets, including capital stock of subsidiaries; (vi) guarantee indebtedness; (vii) enter into agreements that restrict dividends or other distributions from restricted subsidiaries; (viii) enter into transactions with affiliates; (ix) create or assume liens; (x) engage in mergers or consolidations; and (xi) enter into a sale of all or substantially all of our assets.

These restrictions could limit our ability to seize attractive growth opportunities for our businesses that are currently unforeseeable, particularly if we are unable to incur financing or make investments to take advantage of these opportunities.

These restrictions may significantly impede our ability to develop and implement refinancing plans in respect of our debt.

Most of the covenants are subject to a number of important exceptions and qualifications. The breach of any of these covenants could result in a default under the indentures governing our outstanding Senior Secured Notes, as well as certain other existing debt obligations, as a result of the cross-default provisions contained in the instruments governing such debt obligations. In the event of a default under any of the indentures governing our outstanding Senior Secured Notes, holders of our outstanding Senior Secured Notes could seek to declare all amounts outstanding under such Senior Secured Notes, together with accrued and unpaid interest, if any, to be immediately due and payable. If the indebtedness under our outstanding Senior Secured Notes, or certain other existing debt obligations were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full such accelerated indebtedness or our other indebtedness.

Furthermore, upon the occurrence of any event of default under the 2017 Credit Agreement, the indentures governing our outstanding Senior Secured Notes or any of our other debt, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. If the lenders accelerate payment of those amounts, we cannot assure you that our assets would be sufficient to repay in full those amounts or to satisfy our other liabilities.

In addition, in connection with the entry into new financings or amendments to existing financing arrangements and while our debt rating remains below investment grade, our financial and operational flexibility may be further reduced as a result of more restrictive covenants, requirements for security and other terms that are often imposed on sub-investment grade entities.

CEMEX, S.A.B. de C.V. s ability to repay debt and pay dividends depends on our subsidiaries ability to transfer income and dividends to us.

Aside from operating certain assets in Mexico, CEMEX, S.A.B. de C.V. is a holding company that owns the stock of its direct subsidiaries and is the beneficial owner of the equity interests of its indirect subsidiaries and has holdings of cash and marketable securities. In general, CEMEX, S.A.B. de C.V. s ability to repay debt and pay dividends, as well as to generally make other payments, depends on the continued transfer to it of dividends and other income and funds from its wholly-owned and non-wholly-owned subsidiaries. Even though our debt agreements and instruments restrict us from entering into any agreement or arrangement that limits the ability of any subsidiary of CEMEX, S.A.B. de C.V. to declare or pay dividends or repay or capitalize intercompany indebtedness, the ability of CEMEX, S.A.B. de C.V. s subsidiaries to pay dividends and make other transfers to it is subject to various regulatory, contractual and legal constraints of the countries in which we operate. The 2017 Credit Agreement restricts CEMEX, S.A.B. de C.V. s ability to declare or pay cash dividends. In addition, the indentures governing our outstanding Senior Secured Notes also limit CEMEX, S.A.B. de C.V. s ability to pay dividends.

The ability of CEMEX, S.A.B. de C.V. s direct and indirect subsidiaries to pay dividends, and make loans and other transfers to it is generally subject to various regulatory, legal and economic limitations. Depending on the jurisdiction of organization of the relevant subsidiary, such limitations may include solvency and legal reserve requirements, dividend payment restrictions based on interim financial results or minimum net worth and withholding taxes on loan interest payments. For example, our subsidiaries in Mexico are subject to Mexican legal requirements, which provide that a corporation may declare and pay dividends only out of the profits reflected in the year-end financial statements that are or have been approved by its stockholders. In addition, such payment can be approved by a subsidiary s stockholders only after the creation of a required legal reserve (equal to one fifth of the relevant company s capital) and compensation or absorption of losses, if any, incurred by such subsidiary in previous fiscal years.

CEMEX, S.A.B. de C.V. may also be subject to exchange controls on remittances by its subsidiaries from time to time in a number of jurisdictions. In addition, CEMEX, S.A.B. de C.V. s ability to receive funds from

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these subsidiaries may be restricted by covenants in the debt instruments and other contractual obligations of those entities.

CEMEX, S.A.B. de C.V. currently does not expect that existing regulatory, legal and economic restrictions on its current direct and indirect subsidiaries ability to pay dividends and make loans and other transfers to it will negatively affect its ability to meet its cash obligations. However, the jurisdictions of organization of CEMEX, S.A.B. de C.V. s current direct or indirect subsidiaries, or of any future subsidiary, may impose additional and more restrictive regulatory, legal and/or economic limitations. In addition, CEMEX, S.A.B. de C.V. s subsidiaries may not be able to generate sufficient income to pay dividends or make loans or other transfers to it in the future, or may not have access to Dollars in their respective countries, which, as of the date of this annual report, would be the preferred currency to be received by CEMEX, S.A.B. de C.V. to service the majority of its debt payments. Any material additional future limitations on our subsidiaries could adversely affect CEMEX, S.A.B. de C.V. s ability to service our debt and meet its other cash obligations.

We are subject to restrictions due to non-controlling interests in our consolidated subsidiaries.

We conduct our business through subsidiaries. In some cases, third-party shareholders hold non-controlling interests in these subsidiaries, such as in the case of CEMEX Latam, CHP, TCL and CCCL. Various disadvantages may result from the participation of non-controlling shareholders whose interests may not always be aligned with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively.

We have to service our debt and other financial obligations denominated in Dollars with revenues generated in Mexican Pesos or other currencies, as we do not generate sufficient revenue in Dollars from our operations to service all our debt and other financial obligations denominated in Dollars. This could adversely affect our ability to service our obligations in the event of a devaluation or depreciation in the value of the Mexican Peso, or any of the other currencies of the countries in which we operate, compared to the U.S. Dollar. In addition, our consolidated reported results and outstanding indebtedness are significantly affected by fluctuations in exchange rates between the Mexican Peso and other currencies.

A substantial portion of our total debt plus other financial obligations is denominated in Dollars. As of March 31, 2018, our debt plus other financial obligations denominated in Dollars represented 65% of our total debt plus other financial obligations, which does not include U.S.$371 million of Dollar-denominated Perpetual Debentures. Our Dollar-denominated debt must be serviced with funds generated by CEMEX, S.A.B. de C.V. s direct and indirect subsidiaries. Although we have substantial operations in the U.S., we continue to strongly rely on our non-U.S. assets to generate revenues to service our Dollar-denominated debt. Consequently, we have to use revenues generated in Mexican Pesos, Euros or other currencies to service our Dollar-denominated obligations. See Item 5 Operating and Financial Review and Prospects Quantitative and Qualitative Market Disclosure Interest Rate Risk, Foreign Currency Risk and Equity Risk Foreign Currency Risk. A devaluation or depreciation in the value of the Mexican Peso, Euro, British Pound, Colombian Peso, Philippine Peso or any of the other currencies of the countries in which we operate, compared to the U.S. Dollar, could adversely affect our ability to service our Dollar-denominated debt. In 2017, our operations in Mexico, the United Kingdom, France, Germany, Spain, Poland, the Rest of Europe (as described in Item 4 Information on the Company Business Overview), Colombia, Costa Rica, Caribbean TCL, the Philippines, Egypt, the Rest of Asia, Middle East and Africa (as described in Item 4 Information on the Company Business Overview), which are our main non-Dollar-denominated operations, together generated 61% of our total net sales in Mexican Peso terms (21%, 7%, 6%, 4%, 2%, 2%, 3%, 4%, 1%, 2%, 3%, 1% and 5%, respectively) before eliminations resulting from consolidation. In 2017, 24% of our net sales in Mexican Peso terms were generated in the United States. During 2017, the Mexican Peso appreciated 5% against the U.S. Dollar, the Euro appreciated 12% against the U.S. Dollar and the

British Pound appreciated 9% against the U.S. Dollar. Currency hedges that we may be a party to or may enter in the future may not be effective in covering all our currency-related risks. Our consolidated reported results for any period and our outstanding indebtedness as of any date are significantly affected by fluctuations in exchange rates between the Mexican Peso and other currencies, as those fluctuations influence the amount of our indebtedness when translated into Mexican Pesos and also result in foreign exchange gains and losses as well as gains and losses on derivative contracts, including those entered into to hedge our exchange rate exposure. For a description of these restrictions, see Item 3 Key Information Risk Factors Risks Relating to Our Business Our use of derivative instruments has negatively affected, and any new derivative financial instruments could negatively affect, our operations, especially in volatile and uncertain markets.

In addition, as of March 31, 2018, our Euro-denominated total debt plus other financial obligations represented 25% of our total debt plus other financial obligations, which does not include the 64 million aggregate principal amount of Euro-denominated Perpetual Debentures.

Our use of derivative financial instruments has negatively affected, and any new derivative financial instruments could negatively affect, our operations, especially in volatile and uncertain markets.

We have used, and may continue to use, derivative financial instruments to manage the risk profile associated with interest rates and currency exposure of our debt, to reduce our financing costs, to access alternative sources of financing and to hedge some of our financial and operating risks. However, we cannot assure you that our use of such instruments will allow us to achieve these objectives due to the inherent risks in any derivatives transaction.

As of December 31, 2017, our derivative financial instruments consisted of equity forwards on third party shares, foreign exchange forward contracts, interest rate derivatives related to energy projects and fuel price hedging, which had an impact on our financial position. The fair value changes of our derivative financial instruments are reflected in our income statement, which could introduce volatility in our controlling interest net income and our related ratios. For the years ended December 31, 2016 and 2017, the recognition of changes in the fair value of derivative financial instruments during the applicable period represented net gains of Ps317 million (U.S.$17 million) and net gains of Ps161 million (U.S.$9 million), respectively.

For the majority of the last ten years, CEMEX has significantly decreased its use of derivatives instruments related to debt, both currency and interest rate derivatives, thereby reducing the risk of cash margin calls. However, with respect to our existing financial derivatives, we may incur net losses and be subject to margin calls that do not require a substantial amount of cash to cover such margin calls. If we enter into new derivative financial instruments, we may incur net losses and be subject to margin calls in which the cash required to cover margin calls may be substantial and may reduce the funds available to us for our operations or other capital needs. In addition, as with any derivative position, CEMEX assumes the creditworthiness risk of the counterparty, including the risk that the counterparty may not honor its obligations to us.

We are subject to the laws and regulations of the countries where we operate and any material changes in such laws and regulations and/or any significant delays in our assessing the impact and/or adapting to such changes may have an adverse effect on our business, financial condition and results of operations.

Our operations are subject to the laws and regulations of the countries where we operate and such laws and regulations, and/or governmental interpretations of such laws and regulations, may change. Any such change may have a material adverse effect on our business, financial condition and results of operations. Furthermore, changes in laws and regulations and/or governmental interpretations of such laws and regulations in the countries where we operate may require us to devote a significant amount of time and resources to assess and, if required, to adjust our operations to any such changes, which could have a material adverse effect on our business, financial condition and results of operations. In addition, any significant delays in assessing the impact and/or, if required, in adapting to changes in laws and regulations and/or governmental interpretations of such laws and regulations may also have a material adverse effect on our business, financial condition and results of operations.

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We may fail to obtain or renew or may experience material delays in obtaining requisite governmental or other approvals, licenses and permits for the conduct of our business.

We require various approvals, licenses, permits and certificates in the conduct of our business. We cannot assure you that we will not encounter significant problems in obtaining new or renewing existing approvals, licenses, permits and certificates required in the conduct of our business, or that we will continue to satisfy the conditions to which such approvals, licenses, permits and certificates that we currently have or may be granted in the future. There may also be delays on the part of regulatory and administrative bodies in reviewing our applications and granting approvals. If previously obtained approvals, licenses, permits and certificates are revoked and/or if we fail to obtain and/or maintain the necessary approvals, licenses, permits and certificates required for the conduct of our business, we may be required to incur substantial costs or temporarily suspend or alter the operation of one or more of our operating units, production facilities, mineral extraction locations or of any relevant component of them, which could affect the general production of these units, facilities or locations, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may fail to secure certain materials required to run our business.

We increasingly use in most of our business certain by-products of industrial processes produced by third parties, such as pet coke, fly-ash, slag and synthetic gypsum. While we are not dependent on our suppliers and while we try to secure the supply of the required materials through long-term renewable contracts and framework agreements, which ensure better management of supplies, short-term contracts are however entered into in certain countries where we operate. Should existing suppliers cease operations or reduce or eliminate production of these by-products, or should laws and/or regulations in any region or country limit the access to these materials, sourcing costs for these materials could increase significantly or require us to find alternative sources for these materials, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Additionally, scarcity and quality of natural resources (such as water and aggregates reserves) in some of the countries where we operate could have a material adverse effect on our costs and results of operations.

We may not be able to realize the expected benefits from acquisitions, some of which may have a material impact on our business, financial condition and results of operations.

Even though we have not made any major acquisitions in recent years, our ability to realize the expected benefits from acquisitions depends, in large part, on our ability to integrate acquired operations with our existing operations in a timely and effective manner. These efforts may not be successful. Although we have had disposed of assets in the past through our recently concluded divestment program to reduce our overall leverage, the 2017 Credit Agreement and other debt instruments restrict our ability to acquire assets, and we may in the future acquire new operations and integrate such operations into our existing operations, and some of such acquisitions may have a material impact on our business, financial condition and results of operations. We cannot assure you that we will be successful in identifying or acquiring suitable assets in the future, or that the terms under which we may acquire any assets in the future would be favorable to us. If we fail to achieve the anticipated cost savings from any acquisitions, our business, financial condition and results of operations could be materially and adversely affected.

High energy and fuel costs may have a material adverse effect on our operating results.

Electric energy and fuel costs represent an important part of our overall cost structure. The price and availability of electric energy and fuel are generally subject to market volatility and, therefore, may have an adverse impact on our costs and operating results. Furthermore, if third party suppliers fail to provide to us the required amounts of energy or fuel under existing agreements, we may need to acquire energy or fuel at an increased cost from other suppliers to fulfill certain contractual commitments. In addition, governments in several of the countries where we operate are working to reduce energy subsidies, introduce clean energy obligations or impose new excise taxes, which could further increase energy costs, which could adversely affect us.

Furthermore, if our efforts to increase our use of alternative fuels are unsuccessful, due to their limited availability, price volatility or otherwise, we would be required to use traditional fuels, which may increase our energy and fuel costs and could have a material adverse effect on our business, financial condition and results of operations.

The introduction of substitutes for cement, concrete or aggregates into the market and the development of new construction techniques and technologies could have a material adverse effect on our business, financial condition and results of operations.

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction as a substitute for cement, concrete or aggregates. In addition, other construction techniques, such as the use of dry wall, and the integration of new technologies in the construction industry, such as 3-D printing, mini-mills and mobile plants, and changes in housing preferences could adversely impact the demand and price for cement, concrete and/or aggregates. Further, research aimed at developing new construction techniques and modern materials and digitalizing the construction industry may introduce new products and technologies in the future that could reduce the demand and prices for our products.

We operate in highly competitive markets and if we do not compete effectively, our results of operations will be harmed.

The markets in which we operate are highly competitive and are served by a variety of established companies with recognized brand names, as well as new market entrants and increasing imports. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain market share. Our ability to increase our net sales depends, in part, on our ability to compete effectively. We compete with different types of companies and based on different factors in each market. For example, in the relatively consolidated cement and ready-mix concrete industries, we generally compete based on quality and value proposition available to our clients. In the more fragmented market for aggregates, we generally compete based on capacity and our price for our products. In certain areas of the markets in which we compete, some of our competitors may be more established, benefit from greater brand recognition or have greater manufacturing and distribution channels and other resources than we do. In addition, if our competitors were to combine, they may be able to compete more effectively with us and they may dispose of assets, which could lead to new market entrants that increase competition in our markets. For example, Lafarge, S.A. (Lafarge) and Holcim Ltd. (Holcim) finalized their merger in 2015, and Ireland s CRH plc (CRH) acquired the vast majority of the assets disposed by Lafarge and Holcim pursuant to the requirements of regulators. Another example is HeidelbergCement AG s (Heidelberg) acquisition of Italcementi S.p.A. (Italcementi), which was completed in July 2016.

If we are not able to compete effectively, we may lose substantial market share, our net sales could decline or grow at a slower rate and our business and results of operations would be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

A substantial amount of our total assets consists of intangible assets, including goodwill. We have recognized charges for goodwill impairment in the past, and if market or industry conditions deteriorate further, additional impairment charges may be recognized.

Our 2017 audited consolidated financial statements included elsewhere in this annual report, have been prepared in accordance with IFRS as issued by the IASB, under which goodwill is not amortized and is tested for impairment when impairment indicators exist or at least once a year during the fourth quarter of each year, by determining the recoverable amount of the groups of cash-generating units to which goodwill balances have been allocated, which consists of the higher of such groups of cash-generating units fair value, less cost to sell, and their corresponding value in use, represented by the discounted amount of estimated future cash flows expected to be generated by such groups of cash-generating units to which goodwill has been allocated. An impairment loss is recognized under IFRS if the recoverable amount is lower than the net book value of the groups of cash-generating units to which goodwill has been allocated within other expenses, net. We determine the discounted amount of estimated future cash flows over periods of five years. In specific circumstances, when, according to our experience, actual results for a given cash-generating unit do not fairly reflect historical performance and most external economic variables provide us with confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to ten years, to the point in which future expected average performance resembles the historical average performance and to the extent we have detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. If the value in use of a group of cash-generating units to which goodwill has been allocated is lower than its corresponding carrying amount, we determine its corresponding fair value using methodologies generally accepted in the markets to determine the value of entities, such as multiples of Operating EBITDA and/or by reference to other market transactions, among others. Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of our products, trends in operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied, among others. We use specific pre-tax discount rates for each group of cash-generating units to which goodwill is allocated, which are applied to pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rates in perpetuity applied. Likewise, the amounts of discounted future cash flows are significantly sensitive to the weight average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of cash-generating units obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows by group of cash-generating units obtained. During the last quarters of each of 2015, 2016 and 2017, we performed our annual goodwill impairment test. For the years ended as of December 31, 2015 and 2016, we did not determine any goodwill impairments. During 2017, in connection with our operating segment in Spain and considering the uncertainty over the improvement indicators affecting the country s construction industry (and consequently the expected consumption of cement, ready-mix concrete and aggregates), partially a result of the country s complex prevailing political environment, which results in limited expenditure in infrastructure projects, as well as the uncertainty in the expected price recovery and the effects of increased competition and imports, our management considered a future reduction of the related cash flows projections from 10 to five years and determined that the net book value of our operating segment in Spain exceeded the amount of the net present value of projected cash flows by Ps1,920 million (U.S.$98 million). As a result, we recognized a goodwill impairment in the aforementioned amount as part of Other expenses, net in the income statement against the related goodwill balance. See note 15.2 to our 2017 audited consolidated financial statements included elsewhere in this annual report.

Considering the important role that economic factors play in testing goodwill for impairment, we cannot assure that an eventual downturn in the economies where we operate will not necessitate further impairment tests and a possible downward readjustment of our goodwill for impairment under IFRS. Such an impairment test could result in impairment charges which could be material to our financial statements, which could have a material adverse effect on our financial condition.

We are subject to litigation proceedings, including government investigations relating to corruption related matters and antitrust proceedings, that could harm our business if an unfavorable ruling were to occur.

From time to time, we are and may become involved in litigation and other legal or administrative proceedings relating to claims arising from our operations, either in the normal course of business or not. As described in, but not limited to, Item 4 Information on the Company Regulatory Matters and Legal Proceedings, we are currently subject to a number of significant legal proceedings, including, but not limited to,

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those relating to an SEC investigation concerning a new cement plant being built by CEMEX Colombia, S.A. (CEMEX Colombia) in the Antioquia department of the Municipality of Maceo, Colombia, as well as an investigation from the U.S. Department of Justice (the DOJ) mainly relating to our operations in Colombia and other jurisdictions, and antitrust investigations in countries in which we operate. In addition, our main operating subsidiary in Egypt, Assiut Cement Company (ACC), is involved in certain Egyptian legal proceedings relating to the acquisition of ACC. Investigations and litigation, and in general any legal or administrative proceeding, are subject to inherent uncertainties, and unfavorable rulings may occur. We cannot assure you that these or any of our other regulatory matters and legal proceedings will not materially affect our ability to conduct our business in the manner that we expect or otherwise materially adversely affect us should an unfavorable ruling occur, which could have a material adverse effect on our business, financial condition and results of operations.

We have concluded that our internal control over financial reporting was not effective as of December 31, 2017, and our remediation efforts are ongoing. As a result, our ability to report our results of operations accurately, including our ability to make required filings with government authorities, may be adversely affected if our remediation efforts are not adequate. In addition, the trading price of our securities may be adversely affected by a related negative market reaction.

We have identified a material weakness in our internal control over financial reporting. Our management, including CEMEX, S.A.B. de C.V. s Chief Executive Officer and Executive Vice President of Finance and Chief Financial Officer, has concluded that our disclosure controls and procedures were not effective as of December 31, 2017 to achieve their intended objectives. We have identified the following material weakness in our internal control over financial reporting: our risk assessment process did not operate effectively to implement controls that would prevent, or detect and correct, misstatements resulting from apparent collusion or management override of controls in relation to significant unusual transactions. In addition, we did not design and operate effective monitoring controls to detect non-compliance with our policies related to the financial reporting of significant unusual transactions. This material weakness relates, in part, to the previously disclosed irregular payments to a non-governmental individual made in connection with the construction by CEMEX Colombia of a new integrated cement plant in the Antioquia department near the municipality of Maceo, Colombia (the Maceo Project). As of December 31, 2017, the implementation of our remediation plan to address this material weakness was not far enough advanced to provide a sufficient level of assurance that such circumvention or override of controls and misuse of funds by management would be prevented. For more information, see Item 15 Controls and Procedures. As of the date of this annual report, the process of designing, implementing and validating remedial measures related to the material weakness is ongoing. If our efforts to remediate this material weakness are not successful, we may be unable to report our results of operations accurately and make our required filings with government authorities, including the SEC. Furthermore, our business and operating results and the price of our securities may be adversely affected by related negative market reactions. We cannot be certain that in the future additional material weaknesses will not exist or otherwise be discovered.

Our operations are subject to environmental laws and regulations.

Our operations are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which we operate. These laws and regulations impose stringent environmental protection standards regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental damage or contamination. These laws and regulations expose us to the risk of substantial environmental costs and liabilities, including fines and other sanctions, the payment of compensation to third parties, remediation costs and damage to reputation. Moreover, the enactment of stricter laws and regulations, stricter interpretation of existing laws or regulations, or new enforcement initiatives, may impose new risks or costs on us or result in the need for additional investments in pollution control equipment, which could result in a material decline in our profitability.

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In late 2010, the U.S. Environmental Protection Agency (EPA) issued the final Portland Cement National Emission Standard (Portland Cement NESHAP) for Hazardous Air Pollutants under the federal Clean Air Act (CAA). This rule required Portland cement plants to limit mercury emissions, total hydrocarbons, hydrochloric acid and particulate matter by September 2013. The rule was challenged in federal court, and in December 2011, the D.C. Circuit Court of Appeals remanded the Portland Cement NESHAP to EPA and directed the agency to recompute the standards. In February 2013, EPA issued a revised final Portland Cement NESHAP rule that relaxed emissions limits for particulate matter and moved the compliance deadline to September 2015. In April 2013, environmental groups again challenged the revised Portland Cement NESHAP rule in federal court. In April 2014, the D.C. Circuit issued a ruling upholding both the revised particulate matter emission limits and the September 2015 compliance deadline. Portland Cement NESHAP compliance-related work continues in 2018 in several of our plants, for which we have received extensions to the compliance deadline. Compliance could require us to utilize significant resources, which could have a material adverse impact on our results of operations, liquidity and financial condition; however, we expect that such impact would be consistent with the impact on the cement industry as a whole.

In February 2013, EPA issued revised final emissions standards under the CAA for commercial and industrial solid waste incinerators (CISWI). Under the CISWI rule, if a material being used in a cement kiln as an alternative fuel is classified as a solid waste, the plant must comply with CISWI standards. The CISWI rule covers nine pollutants, and imposes more stringent emissions limits on certain pollutants that also are regulated under the Portland Cement NESHAP. The CISWI rule was challenged by both industrial and environmental groups in federal court. In July 2016, the D.C. Circuit issued a ruling upholding portions of the rule and remanding other portions to EPA for further consideration. In December 2016, the D.C. Circuit rejected the motions for reconsideration. If the CISWI rule takes effect in its current form, and if kilns at CEMEX plants are determined to be CISWI kilns due to the use of certain alternative fuels, the emissions standards imposed by the CISWI rule could have a material impact on our business operations.

Under certain environmental laws and regulations, liability associated with investigation or remediation of hazardous substances can arise at a broad range of properties, including properties currently or formerly owned or operated by CEMEX, as well as facilities to which we sent hazardous substances or wastes for treatment, storage or disposal, or any areas affected while we transported any hazardous substances or wastes. Such laws and regulations may apply without regard to causation or knowledge of contamination. We occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities (or ongoing operational or construction activities) may lead to hazardous substance releases or discoveries of historical contamination that must be remediated, and closures of facilities may trigger compliance requirements that are not applicable to operating facilities. While compliance with these laws and regulations has not materially adversely affected our operations in the past, we cannot assure you that these requirements will not change and that compliance will not adversely affect our operations in the future. Furthermore, we cannot assure you that existing or future circumstances or developments with respect to contamination will not require us to make significant remediation or restoration expenditures, which could have a material adverse effect on our business, financial condition and results of operations.

The cement manufacturing process requires the combustion of large amounts of fuel and creates carbon dioxide (CO_2) as a by-product of the calcination process. Therefore, efforts to address climate change through federal, state, regional, EU and international laws and regulations requiring reductions in emissions of greenhouse gases (GHGs) can create economic risks and uncertainties for our business. Such risks could include the cost of purchasing allowances or credits to meet GHG emission caps, the cost of installing equipment to reduce emissions to comply with GHG limits or required technological standards, decreased profits or losses arising from decreased demand for our goods and higher production costs resulting directly or indirectly from the imposition of legislative or regulatory controls. To the extent that financial markets view climate change and GHG emissions as a financial risk, this could have a material adverse effect on our cost of and access to capital. Given the uncertain nature of the actual or potential statutory and regulatory requirements for GHG emissions at the federal, state, regional, EU and international levels, we cannot predict the impact on our operations or financial condition or make a reasonable estimate of the potential costs to us that may result from such requirements. However, the impact of any such requirements, whether individually or cumulatively, could have a material economic impact on our operations in the United States and in other countries. For more information on certain laws and regulations addressing climate change that we are, or could become, subject to, and the impacts to our operations arising therefrom, see Item 4 Information on the Company Regulatory Matters and Legal Proceedings Environmental Matters.

Cement production raises a number of health and safety issues. As is the case with other companies in our industry, some of our aggregate products contain varying amounts of crystalline silica, a common mineral. Also, some of our construction and material processing operations release, as dust, crystalline silica that is in the materials being handled. Excessive, prolonged inhalation of very small-sized particles of crystalline silica has allegedly been associated with respiratory disease (including silicosis). As part of our annual due diligence, we work with our stakeholders to verify that certain health and safety protocols are in place as regards the management of silica and its health effects, as well as in relations to other substances and products. Nonetheless, under various laws we may be subject to future claims related to exposure to these or other substances or products.

Other health and safety issues related to our business include: burns arising from contact with hot cement kiln dust or dust on preheater systems; air borne hazards related to our aggregates mining activities; noise, including from chutes and hoppers, milling plants, exhaust fans and blowers; the potential for dioxin formation if chlorine-containing alternative fuels are introduced into kilns; plant cleaning and maintenance activities involving working at height or in confined or other awkward locations, and the storage and handling of coal, pet coke and certain alternative fuels, which, in their finely ground state, can pose a risk of fire or explosion; and health hazards associated with operating ready-mix concrete trucks. While we actively seek to minimize the risk posed by these issues, personal injury claims may be made, and substantial damages awarded, against us. We may also be required to change our operational practices, involving material capital expenditure.

As part of our insurance-risk governance approach, from time to time we evaluate the need to address the financial consequences of environmental laws and regulations through the purchase of insurance. As a result, we do arrange certain types of environmental impairment insurance policies for both site-specific, as well as multi-site locations. We also organize non-specific environmental impairment insurance as part of the provision of a broader corporate insurance strategy. These latter insurance policies are designed to offer some assistance to our financial flexibility to the extent that the specifics of an environmental incident could give rise to a financial liability. However, we cannot assure you that a given environmental incident will be covered by the environmental insurance we have in place, or that the amount of such insurance will be sufficient to offset the liability arising from the incident. Any such liability may be deemed to be material to us, and could have a material adverse effect on our business, financial condition and results of operations.

We are an international company and are exposed to risks in the countries in which we have operations or interests.

We are dependent, in large part, on the economies of the countries in which we market our products and services. The economies of these countries are in different stages of socioeconomic and political development. Consequently, like many other companies with significant international operations, we are exposed to risks from changes in economic growth, foreign currency exchange rates, interest rates, inflation, trade policy, government spending, regulatory framework, social instability and other political, economic or social developments that may materially affect our business, financial condition and results of operations.

As of December 31, 2017, we mostly had operations in Mexico, the United States, the United Kingdom, France, Germany, Spain, the Rest of Europe, Colombia, Panama, Costa Rica, Caribbean TCL, the Rest of South, Central America and the Caribbean, the Philippines, Egypt, and the Rest of Asia, Middle East and Africa (as described in Item 4 Information on the Company Business Overview).

For a geographic breakdown of our net sales for the year ended December 31, 2017, see Item 4 Information on the Company Geographic Breakdown of Net Sales for the Year Ended December 31, 2017.

In recent years, concerns over global economic conditions, protectionist trade policies, energy costs, geopolitical issues, political uncertainty, the availability and cost of credit and the international financial markets have contributed to economic uncertainty and reduced expectations for the global economy.

Our operations in Egypt, the United Arab Emirates (UAE) and Israel have experienced instability as a result of, among other things, civil unrest, terrorism, extremism, deterioration of general diplomatic relations and changes in the geopolitical dynamics in the region. There can be no assurances that political turbulence in Egypt, Iran, Iraq, Syria, Libya, Yemen and other countries in Africa, the Middle East and Asia will abate in the near future or that neighboring countries will not be drawn into conflict or experience instability. In addition, some of our operations are or may be subject to political risks, such as confiscation, expropriation and/or nationalization, as for example was the case of our past operations in Venezuela and is currently the case in Egypt. See Item 4 Information on the Company Regulatory Matters and Legal Proceedings Other Legal Proceedings Egypt Share Purchase Agreement.

Our operations in Egypt have since 2011 been exposed political and social turmoil in the country. In March 2018, Egypt held a new presidential election and President Abdel Fattah el-Sisi was re-elected for a second term (2018 2022). CEMEX s operations in Egypt have been adversely affected by the turbulence in Egypt and CEMEX continues with its cement production, dispatch and sales activities as of the date of this annual report. We cannot assure you that the reelected regime will be able to avoid further political and social turbulence. Risks to CEMEX s operations in Egypt include a potential reduction in overall economic activity, exchange rate volatility, increased cost of energy, cement oversupply and threat of terrorist attacks which could have a material adverse effect on our operations in the country.

Our operations are also exposed to the Israeli-Palestinian conflict. Confrontations between Israeli Defense Force and Palestinians in the Gaza have continued generating sporadic events of violence in the region. Progress on peace is stalled, as neither side has shown intentions for making concessions. If the conflicts escalate, it could have a negative impact on the geopolitics and economy in the region, which in turn could adversely affect our operations, financial condition and results of operations.

Military activities in Ukraine and on its borders, including Russia effectively taking control of Crimea, followed by Crimea s independence vote and absorption by Russia, have combined with Ukraine s weak economic conditions to create uncertainty in Ukraine and the global markets. In response to the annexation of the Crimean region of Ukraine by Russia and also related to Russia s intervention in the conflicts in Syria, other nations, including the U.S., have imposed and may continue to impose economic sanctions on Russia. While not directly impacting territories in which we had operations as of December 31, 2017, this dispute could negatively affect the economies of the countries in which we operate and their access to Russian energy supplies, and could negatively impact the global economy. Further, potential responses by Russia to those sanctions could adversely affect European economic conditions, which could have a material adverse effect on our operations mainly in Europe, and if conflicts with Russia escalate to military conflict, it could also have a material adverse effect on our business, financial condition and results of operations.

In the Middle East region, during 2017, the Gulf Cooperation Council split in a way not seen since its foundation in 1981, after Saudi Arabia, the UAE and Bahrain launched a boycott of Qatar in June 2017, alleging Qatar s support to Islamist groups. The end of the conflict does not appear to be imminent, as Qatar refuses to accept demands from Gulf Cooperation Council countries. The Qatar-Gulf crisis may have a negative economic impact on the region. Additionally, as previously mentioned, the civil war in Syria could escalate tensions between the U.S. and Russia, Israel and Iran, and their corresponding allies. Increased tensions among these countries could lead to a risk of a military action that could have the potential to have a material adverse effect on our business, financial condition and results of operations.

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In Asia, there is considerable political instability in Taiwan related to its disputes with China and in South Korea related to its disputes with North Korea, which also include the disputes between the U.S. and North Korea. Similarly, mutually exclusive territorial disputes among several Southeast Asian countries in the South China Sea amplify the potential for an outbreak of hostilities. A major outbreak of hostilities or other political upheaval in China, Taiwan, North Korea or South Korea could adversely affect the global economy, which could have a material adverse effect on our business, financial condition or results of operations. A potential sharp and unexpected reduction of economic growth in China, or an economic contraction of this country, could affect the global economy to an extent that have a material adverse effect on our business, financial condition and results of operations.

Other regions are also exposed to political turmoil, including the continued political unrest in Venezuela, which may similarly affect the results of our operations in those regions.

Further, there have been terrorist attacks and ongoing threats of future terrorist attacks in countries in which we maintain operations. We cannot assure you that there will not be other attacks or threats that will cause any damage to our operating units and facilities or locations, or harm any of our employees, including members of CEMEX, S.A.B de C.V. s board of directors or senior management, or lead to an economic contraction or erection of material barriers to trade in any of our markets. An economic contraction in any of our major markets could affect domestic demand for cement and, which could have a material adverse effect on our business, financial condition and results of operations.

Our operations can be affected by adverse weather conditions and natural disasters.

Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, when it snows or when heavy or sustained rainfalls occur, or in general any rainy and snowy weather. Consequently, demand for our products is significantly lower during the winter or raining and snowing seasons in temperate countries and during the rainy season in tropical countries. Generally, winter weather in our European and North American operations significantly reduces our first quarter sales volumes, and to a lesser extent our fourth quarter sales volumes. Sales volumes in these and similar markets generally increase during the second and third quarters because of normally better weather conditions. However, high levels of rainfall and/or snow can adversely affect our operations during these periods as well, such as was the case in 2017 for our operations in the Philippines. Natural disasters, like the earthquake in Mexico and Hurricanes Harvey and Irma in the United States in 2017, could also have a negative impact on our sales volumes, which could also be material. This decrease in sales volumes is usually compensated by the increase in the demand of our products during the reconstruction phase, unless any of our operating units or facilities are impacted because of the natural disaster. Such adverse weather conditions and natural disasters can have a material adverse effect on our business, financial condition and results of operations if they occur with unusual intensity, during abnormal periods, or last longer than usual in our major markets, especially during peak construction periods.

We will be adversely affected by any significant or prolonged disruption to our production facilities.

Any prolonged and/or significant disruption to our production facilities, whether due to repair, maintenance or servicing, governmental actions, regulatory issues, industrial accidents, unavailability of raw materials such as energy, mechanical equipment failure, human error, natural disaster or otherwise, will disrupt and adversely affect our operations. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity or any fire, flood or other natural calamities or communal unrest or acts of terrorism may disrupt our operations or damage our production facilities or inventories and could have a material adverse effect on our business, financial condition and results of operations.

We typically shut down our facilities to undertake maintenance and repair work at scheduled intervals. Although we schedule shut downs such that not all our facilities are shut down at the same time, the unexpected shut down or closure of any facility may nevertheless materially affect our business, financial condition and results of operations from one period to another.

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We are increasingly dependent on information technology and our systems and infrastructure, as well as those provided by third-party service providers; face certain risks, including cyber security risks.

We increasingly rely on a variety of information technology and automated operating systems to manage and support our operations, as well as to offer our products to our customers. The proper functioning of this technology and these systems is critical to the efficient operation and management of our business, as well as for the sales generated by our business. In addition, these systems and technologies may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations, and could impose substantial demands on our systems and increase system outage time. Our systems and technology, as well as those provided by our third-party service providers, may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access and cyber-attacks. For example, our development and implementation of digital solutions to improve sales, customer experience, enhance our operations and increase our business efficiencies could be impeded by such damages, disruptions or intrusions. Although we take actions to secure our systems and electronic information and also have disaster recovery plans in case of incidents that could cause major disruptions to our business, these measures may not be sufficient, and our systems have in the past been subject to certain minor intrusions. As of December 31, 2017, we have not detected, and our third-party service providers have not informed us of, any relevant event that has materially damaged, disrupted or resulted in an intrusion of our systems. Any significant information leakages or theft of information could affect our compliance with data privacy laws and damage our relationship with our employees, customers and suppliers, and also have a material adverse impact on our business, financial condition and results of operations. As of December 31, 2017, our insurance does not cover any risk associated with cyber security risks. In addition, any significant disruption to our systems could have a material adverse effect on our business, financial condition and results of operations.

Activities in our business can be hazardous and can cause injury to people or damage to property in certain circumstances.

Most of our production facilities and units, as well as mineral extractions locations, require individuals to work with chemicals, equipment and other materials that have the potential to cause harm and injury, or fatalities, when used without due care. An accident or injury that occurs at our facilities could result in disruptions to our business and operations and have legal and regulatory consequences and we may be required to compensate such individuals or incur other costs and liabilities, any and all of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects.

Labor activism and unrest, or failure to maintain satisfactory labor relations, could adversely affect our results of operations.

Labor activism and unrest may adversely affect our operations and thereby adversely affect our business, financial condition, results of operations and prospects. Although most of our significant operations have not been affected by any significant labor dispute in the past, we cannot assure you that we will not experience labor unrest, activism, disputes or actions in the future, some of which may be significant and could adversely affect our business, financial condition, results of operations and prospects. For a description of our most relevant collective bargaining agreements, see Item 6 Directors, Senior Management and Employees Employees.

Increases in liabilities related to our pension plans could adversely affect our results of operations.

We have obligations under defined benefit pension and other benefit plans in certain countries in which we operate, mainly in North America and Europe. Our actual funding obligations will depend on benefit plan changes, government regulations and other factors, including changes in longevity and mortality statistics. Due to the large number of variables and assumptions that determine pension liabilities and funding requirements, which are difficult to predict because they change continuously as demographics evolve despite the fact that we support our projections with studies by external actuaries, our net projected liability recognized in the statement of financial position of Ps23,653 million (U.S.$1,204 million) as of December 31, 2017 and the future cash funding requirements for our defined benefit pension plans and other postemployment benefit plans could significantly differ from the amounts estimated as of December 31, 2017. If so, these funding requirements, as well as our possible inability to properly fund such pension plans if we are unable to deliver the cash or equivalent funding requirements, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our insurance coverage may not cover all the risks to which we may be exposed.

We face the risks of loss and damage to our products, property and machinery due to, among others, fire, theft and natural disasters such as floods, and also face risks related to cyber security related matters. Such events may cause a disruption to or cessation of our operations and business. While we believe that we have adequate and sufficient coverage, in line with industry practices, in some instances our insurance coverage may not be sufficient to cover all of our potential unforeseen losses and liabilities. In addition, our insurance coverage may not cover all the risks to which we may be exposed, such as cyber security risks. If our losses exceed our insurance coverage, or if we are not covered by the insurance policies we have taken up, we may be liable to cover any shortfall or losses. Our insurance premiums may also increase substantially because of such claims. In such circumstances, our financial results may be materially adversely affected.

Our success depends on the leadership of CEMEX, S.A.B. de C.V. s board of directors and on key members of our management.

Our success depends largely on the efforts and strategic vision of CEMEX, S.A.B. de C.V. s board of directors and of our executive management team. The loss of the services of some or all of the members of CEMEX, S.A.B. de C.V.s board of directors or our executive management could have a material adverse effect on our business, financial condition and results of operations.

The execution of our business strategy also depends on our ongoing ability to attract and retain additional qualified employees. For a variety of reasons, particularly with respect to the competitive environment and the availability of skilled labor, we may not be successful in attracting and retaining the personnel we require. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to successfully operate our business or capitalize on growth opportunities and, as a result, our business, financial condition and results of operations could be adversely affected.

We are subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in the countries in which we operate. Any violation of any such laws or regulations could have a material adverse impact on our reputation and results of operations and financial condition.

We are subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of the countries in which we operate. In addition, we are subject to regulations on economic sanctions that restrict our dealings with certain sanctioned countries, individuals and entities. Given the large number of contracts that we are a party to around the world, the geographic distribution of our operations and the great variety of actors that we interact within the course of business, we are subject to the risk that our affiliates, employees, directors, officers, partners, agents and service providers may misappropriate our assets, manipulate our assets or information, make improper payments or engage in corruption, bribery, money laundering or other illegal activity, for such person s personal or business advantage.

There can be no assurance that our internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our affiliates, employees, directors, officers, partners, agents

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and service providers or that any such persons will not take actions in violation of our policies and procedures. If we fail to fully comply with applicable laws and regulations, the relevant government authorities of the countries where we operate have the power and authority to impose fines and other penalties. Any violations by us of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on our business, reputation, results of operations and financial condition.

For further information regarding our ongoing proceedings with respect to anti-corruption laws, see Item 3 Key Information Risk Factors Risks Relating to Our Business We are subject to litigation proceedings, including antitrust proceedings, that could harm our business if an unfavorable ruling were to occur and Item 4 Information on the Company Regulatory Matters and Legal Proceedings.

Certain tax matters may have an adverse effect on our cash flow, financial condition and net income.

We are subject to certain tax matters, mainly in Mexico, Colombia and Spain, that, if adversely resolved, may have a material adverse effect on our cash flow, financial condition and net income. See notes 2.13 and 19.4 to our 2017 audited consolidated financial statements, Item 4 Information on the Company Regulatory Matters and Legal Proceedings Tax Matters Mexico, Regulatory Matters and Legal Proceedings Tax Matters Colombia, and Regulato Matters and Legal Proceedings Tax Matters Spain for a description of the legal proceedings regarding these Mexican, Colombian and Spanish tax matters, all included elsewhere in this annual report.

It may be difficult to enforce civil liabilities against us or the members of CEMEX, S.A.B. de C.V. s board of directors, our executive officers and controlling persons.

CEMEX, S.A.B. de C.V. is a publicly traded stock corporation with variable capital (sociedad anónima bursátil de capital variable) organized under the laws of Mexico. Substantially all members of CEMEX, S.A.B. de C.V. s board of directors and the majority of the members of our senior management reside in Mexico, and all or a significant portion of the assets of those persons may be, and the majority of our assets are, located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our General Counsel, Roger Saldaña Madero, that there is doubt as to the enforceability in Mexico, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

The protections afforded to non-controlling shareholders in Mexico are different from those in the United States and may be more difficult to enforce.

Under Mexican law, the protections afforded to non-controlling shareholders are different from those in the United States. In particular, the legal framework and case law pertaining to disputes between shareholders and us, the members of CEMEX, S.A.B. de C.V. s board of directors, our officers or CEMEX, S.A.B. de C.V. s controlling shareholders, if any, are less developed under Mexican law than under U.S. law. Mexican law generally only permits shareholder derivative suits (i.e., suits for our benefit as opposed to the direct benefit of our shareholders) and there are different procedural requirements for bringing shareholder lawsuits, such as shareholder derivative suits, which differ from those you may be familiar with under U.S. and other laws. There is also a substantially less active plaintiffs bar dedicated to the enforcement of shareholders rights in Mexico than in the United States. As a result, in practice it may be more difficult for our non-controlling shareholders to enforce their rights against us or our directors or controlling shareholders than it would be for shareholders of a U.S. company.

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ADS holders may only vote the Series B shares represented by the CPOs deposited with the ADS depositary through the ADS depositary and are not entitled to vote the Series A shares represented by the CPOs deposited with the ADS depositary or to attend shareholders meetings.

Under the terms of the ADSs, the corresponding deposit agreement pursuant to which CEMEX, S.A.B. de C.V. s ADSs are issued (the Deposit Agreement), and CEMEX, S.A.B. de C.V. s by-laws, a holder of an ADS has the right to instruct the ADS depositary to exercise voting rights only with respect to Series B shares represented by the CPOs deposited with the depositary, but not with respect to the Series A shares represented by the CPOs deposited with the depositary. ADS holders will not be able to directly exercise their right to vote unless they withdraw the CPOs underlying their ADSs (and, in the case of non-Mexican holders, even if they do so, they may not vote the Series A shares represented by the CPOs) and may not receive voting materials on time to ensure that they are able to instruct the depositary to vote the CPOs underlying their ADSs or receive sufficient notice of a shareholders meeting to permit them to withdraw their CPOs to allow them to cast their vote with respect to any specific matter. Holders of ADSs will not have the right to instruct the ADS depositary as to the exercise of voting rights in respect of Series A shares underlying CPOs held in the CPO Trust (as defined in the Deposit Agreement). Under the terms of the CPO Trust, Series A shares underlying CPOs held by non-Mexican nationals, including all Series A shares underlying CPOs represented by ADSs, will be voted by the Trustee (as defined in the Deposit Agreement), according to the majority of all Series A shares held by Mexican nationals and Series B shares voted at the meeting. In addition, the depositary and its agents may not be able to send out voting instructions on time or carry them out in the manner an ADS holder has instructed. As a result, ADS holders may not be able to exercise their right to vote and they may lack recourse if the CPOs underlying their ADSs are not voted as they requested. In addition, ADS holders are not entitled to attend shareholders meetings. ADS holders will also not be permitted to vote the CPOs underlying the ADSs directly at a shareholders meeting or to appoint a proxy to do so without withdrawing the CPOs. If the ADS depositary does not receive voting instructions from a holder of ADSs in a timely manner such holder will nevertheless be treated as having instructed the ADS depositary to give a proxy to a person we designate, or at our request, the corresponding CPO trust s technical committee designates, to vote the Series B shares underlying the CPOs represented by the ADSs in his/her discretion. The ADS depositary or the custodian for the CPOs on deposit may represent the CPOs at any meeting of holders of CPOs even if no voting instructions have been received. The CPO trustee may represent the Series A shares and the Series B shares represented by the CPOs at any meeting of holders of Series A shares or Series B shares even if no voting instructions have been received. By so attending, the ADS depositary, the custodian or the CPO trustee, as applicable, may contribute to the establishment of a quorum at a meeting of holders of CPOs, Series A shares or Series B shares, as appropriate.

Non-Mexicans may not hold CEMEX, S.A.B. de C.V. s Series A shares directly and must have them held in a trust at all times.

Non-Mexican investors in CEMEX, S.A.B. de C.V. s CPOs or ADSs may not directly hold the underlying Series A shares, but may hold them indirectly through CEMEX, S.A.B. de C.V. s CPO trust. Upon the early termination or expiration of the term of CEMEX, S.A.B. de C.V. s CPO trust on September 6, 2029, the Series A shares underlying CEMEX, S.A.B. de C.V. s CPOs held by non-Mexican investors must be placed into a new trust similar to the current CPO trust for non-Mexican investors to continue to hold an economic interest in such shares. We cannot assure you that a new trust similar to the CPO trust will be created or that the relevant authorization for the creation of the new trust or the transfer of our Series A shares to such new trust will be obtained. In that event, since non-Mexican holders currently cannot hold Series A shares directly, they may be required to sell all of their Series A shares to a Mexican individual or corporation.

Preemptive rights may be unavailable to ADS holders.

ADS holders may be unable to exercise preemptive rights granted to CEMEX, S.A.B. de C.V. s shareholders, in which case ADS holders could be substantially diluted following future equity or equity-linked offerings. Under Mexican law, whenever CEMEX, S.A.B. de C.V. issues new shares for payment in cash or in kind, CEMEX, S.A.B. de C.V. is generally required to grant preemptive rights to CEMEX, S.A.B. de C.V. s shareholders, except if the shares are issued in respect of a public offering or if the relevant shares underlie convertible securities. However, ADS holders may not be able to exercise these preemptive rights to acquire new shares unless both the rights and the new shares are registered in the United States or an exemption from registration is available. We cannot assure you that we would file a registration statement in the United States at the time of any rights offering.

Mexican Peso Exchange Rates

Mexico has had no exchange control system in place since the dual exchange control system was abolished in November 1991. The Mexican Peso has floated freely in foreign exchange markets since December 1994, when the Mexican Central Bank (*Banco de México*) abandoned its prior policy of having an official devaluation band. Since then, the Mexican Peso has been subject to substantial fluctuations in value. The Mexican Peso depreciated against the U.S. Dollar by approximately 2% in 2013, 11% in 2014, 14% in 2015 and 20% in 2016, and appreciated against the U.S. Dollar by approximately 5% in 2017. These percentages are based on the exchange rate that we use for accounting purposes (the CEMEX accounting rate). The CEMEX accounting rate on any given date is determined based on the closing exchange rate reported by certain sources, such as Reuters. For any given date, the CEMEX accounting rate may differ from the noon buying rate for Mexican Pesos in New York City published by the U.S. Federal Reserve Bank of New York.

The following table sets forth, for the periods and dates indicated, the end-of-period, average and high and low points of the CEMEX accounting rate as well as the noon buying rate for Mexican Pesos, expressed in Mexican Pesos per U.S.$1.00.

	CEMEX Accounting Rate				**Noon Buying Rate**			
Year Ended December 31,	**End of the period**	**Average(1)**	**High**	**Low**	**End of the period**	**Average(1)**	**High**	**Low**
2013	13.05	12.85	13.39	11.98	13.10	12.76	13.43	11.98
2014	14.74	13.37	14.78	12.84	14.75	13.31	14.79	12.85
2015	17.23	15.98	17.23	14.95	17.20	15.87	17.36	14.56
2016	20.72	18.72	20.72	17.18	20.62	18.66	20.84	17.19
2017	19.65	18.88	20.83	17.81	19.64	18.89	21.89	17.48
Monthly (2017)								
September	18.25				18.15		18.24	17.65
October	19.16				19.13		19.18	18.21
November	18.60				18.63		19.26	18.51
December	19.65				19.64		19.73	18.62
Monthly (2018)								
January	18.58				18.62		19.48	18.49
February	18.84				18.84		18.90	18.36
March	18.31				18.17		18.86	18.17
April(2)	18.53				18.61		18.61	17.97

(1) The average of the CEMEX accounting rate or the noon buying rate for Mexican Pesos, as applicable, on the last day of each full month during the relevant period.

(2) April noon buying rates and CEMEX accounting rates are through April 20, 2018.
Between January 1, 2018 and April 20, 2018, the Mexican Peso appreciated by approximately 6% against the U.S. Dollar, based on the noon buying rate for Mexican Pesos.

For a discussion of the financial treatment of our operations conducted in other currencies, see Item 3 Key Information Selected Consolidated Financial Information included elsewhere in this annual report.

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Selected Consolidated Financial Information

The financial data set forth below as of and for each of the five years ended December 31, 2017, have been derived from our 2017 audited consolidated financial statements. The financial data set forth below as of December 31, 2016 and 2017 and for each of the three years ended December 31, 2015, 2016 and 2017 have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, our 2017 audited consolidated financial statements included elsewhere in this annual report. Our 2017 audited consolidated financial statements prepared under IFRS for the year ended December 31, 2017, were approved by our shareholders at the annual general ordinary shareholders meeting held on April 5, 2018. See Item 5 Operating and Financial Review and Prospects Recent Developments Recent Developments Relating to Our Shareholders.

The operating results of newly acquired businesses are consolidated in our financial statements beginning on the acquisition date. Therefore, all periods presented do not include operating results corresponding to newly acquired businesses before we assumed control. As a result, the financial data for the years ended December 31, 2015, 2016, and 2017 may not be comparable to that of prior periods.

Our 2017 audited consolidated financial statements included elsewhere in this annual report, have been prepared in accordance with IFRS, which differ in significant respects from U.S. GAAP. The regulations of the SEC do not require foreign private issuers that prepare their financial statements on the basis of IFRS (as published by the IASB) to reconcile such financial statements to U.S. GAAP.

Non-Mexican Peso amounts included in the consolidated financial statements are first translated into Dollar amounts, in each case at a commercially available or an official government exchange rate for the relevant period or date, as applicable, and those Dollar amounts are then translated into Mexican Peso amounts at the CEMEX accounting rate, described under Mexican Peso Exchange Rates, as of the relevant period or date, as applicable.

The Dollar amounts provided below, unless otherwise indicated elsewhere in this annual report, are translations of Mexican Peso amounts at an exchange rate of Ps19.65 to U.S.$1.00, the CEMEX accounting rate as of December 31, 2017. However, in the case of transactions conducted in Dollars, we have presented the U.S. Dollar amount of the transaction and the corresponding Mexican Peso amount that is presented in our 2017 audited consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Mexican Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. The noon buying rate for Mexican Pesos on December 31, 2017 was Ps19.64 to U.S.$1.00. Between January 1, 2018 and April 20, 2018, the Mexican Peso appreciated by approximately 6% against the U.S. Dollar, based on the noon buying rate for Mexican Pesos.

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CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES

Selected Consolidated Financial Information

	As of and For the Year Ended December 31,				
	2013	2014	2015	2016	2017
	(in millions of Mexican Pesos, except ratios and share and per share amounts)				
Income Statement Information:					
Net sales	Ps 190,370	Ps 199,942	Ps 219,299	Ps 249,945	Ps 258,131
Cost of sales(1)	(130,686)	(134,742)	(144,513)	(160,433)	(169,534)
Gross profit	59,684	65,200	74,786	89,512	88,597
Operating expenses	(40,404)	(43,347)	(47,910)	(53,969)	(56,026)
Operating earnings before other expenses, net(2)	19,280	21,853	26,876	35,543	32,571
Other expense, net	(4,863)	(5,045)	(3,032)	(1,670)	(3,815)
Operating earnings(2)	14,417	16,808	23,844	33,873	28,756
Financial items(3)	(18,195)	(18,952)	(21,117)	(16,998)	(15,685)
Share of profit of equity accounted investees	232	294	737	688	588
Earnings (loss) before income tax	(3,546)	(1,850)	3,464	17,563	13,659
Discontinued operations(4)(5)	97	90	1,028	768	3,499
Non-controlling interest net income	1,223	1,103	923	1,173	1,417
Controlling interest net income (loss)	(10,834)	(6,783)	1,201	14,033	15,221
Basic earnings (loss) per share(6)(7)	(0.28)	(0.16)	0.03	0.32	0.34
Diluted earnings (loss) per share(6)(7)	(0.28)	(0.16)	0.03	0.32	0.34
Basic earnings (loss) per share from continuing operations(6)(7)	(0.29)	(0.16)	0.01	0.30	0.26
Diluted earnings (loss) per share from continuing operations(6)(7)	(0.29)	(0.16)	0.01	0.30	0.26
Number of shares outstanding(6)(8)(9)	34,270	37,370	49,124	48,668	48,439
Statement of Financial Position Information:					
Cash and cash equivalents	15,176	12,589	15,322	11,616	13,741
Assets from discontinued operations held for sale(4)(5)			1,945	21,029	1,378
Property, machinery and equipment, net	205,717	202,928	216,694	230,134	232,160
Total assets	496,130	514,961	542,264	599,728	567,581
Short-term debt including current maturities of long-term debt	3,959	14,507	223	1,222	16,973
Long-term debt	187,021	191,327	229,125	235,016	177,022
Liabilities from operations held for sale				815	

Non-controlling interest and perpetual debentures(10)	14,939	17,068	20,289	28,951	30,879
Total controlling interest	133,379	131,103	143,479	167,774	179,539
Other Financial Information:					
Net working capital(11)	20,754	20,757	16,806	7,920	2,902
Book value per share(6)(9)(12)	3.89	3.51	2.92	3.45	3.71
Operating margin before other expense, net	10.1%	10.9%	12.3%	14.2%	12.6%
Operating EBITDA from continuing operations(13)	33,447	35,556	41,534	51,534	48,563
Ratio of Operating EBITDA to interest expense(13)	1.7	1.7	2.1	2.4	2.5
Capital expenditures	8,409	9,486	12,313	13,279	12,419
Depreciation and amortization	14,167	13,703	14,658	15,991	15,992
Net cash flow provided by operating activities from continuing operations before financial expense, coupons on perpetual debentures and income taxes	26,400	35,445	43,441	61,267	51,389
Basic earnings (loss) per CPO of continuing operations(6)(7)	(0.87)	(0.48)	0.03	0.90	0.78
Basic earnings (loss) per CPO(6)(7)	(0.84)	(0.48)	0.09	0.96	1.02
Total debt plus other financial obligations	230,298	244,429	268,203	273,868	226,216

(1) Cost of sales includes depreciation, amortization and depletion of assets involved in production, expenses related to storage in production plants, freight expenses of raw materials in plants and delivery expenses of our ready-mix concrete business. Our cost of sales excludes (i) expenses related to personnel and equipment comprising our selling network and those expenses related to warehousing at the points of sale and (ii) freight expenses of finished products from our producing plants to our points of sale and from our points of sale to our customers locations, which are all included as part of the line item titled Operating expenses.

(2) In the income statements, CEMEX includes the line item titled Operating earnings before other expenses, net considering that is a relevant measure for CEMEX s management as explained in note 2.1 to our 2017 audited

consolidated financial statements included elsewhere in this annual report. Under IFRS, while there are line items that are customarily included in the income statements, such as net sales, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals such as Operating earnings before other expenses, net and the display of such income statements varies significantly by industry and company according to specific needs.

(3) Financial items include financial expenses and our financial income (expense) and other items, net, which includes our results in the sale of associates and remeasurement of previously held interest before change in control of associates, financial income, results from financial instruments, net (derivatives, fixed-income investments and other securities), foreign exchange results and effects of net present value on assets and liabilities and others, net. See notes 7 and 16 to our 2017 audited consolidated financial statements included elsewhere in this annual report.

(4) On October 31, 2015, after all agreed upon conditions precedent were satisfied, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for 165 million (U.S.$179 million or Ps3,090 million) after final adjustments for changes in cash and working capital balances as of the transfer date. Our combined operations in Austria and Hungary consisted of 29 aggregates quarries and 68 ready-mix plants. The operations in Austria and Hungary for the ten-month period ended October 31, 2015, included in our consolidated income statements, were reclassified to the single line item Discontinued operations. As per IFRS, our statement of financial position as of December 31, 2014 was not restated as a result of the sale of our operations in Austria and Hungary. On May 26, 2016, we closed the sale of our operations in Bangladesh and Thailand to Siam City Cement Public Company Ltd. (SIAM Cement) for U.S.$70 million. As per IFRS, our statement of financial position as of December 31, 2015 was not restated as a result of the sale of our operations in Thailand and Bangladesh. The operations in Bangladesh and Thailand for the period from January 1, 2016 to May 26, 2016 and the year 2015, included in our consolidated statement of operations, were reclassified to the single line item Discontinued operations . In addition, as of December 31, 2016, the Concrete Pipe Business was reclassified to assets held for sale and directly related liabilities on our consolidated statement of financial position, including U.S.$260 million (Ps5,369 million) of goodwill associated with the reporting segment in the United States that was proportionally allocated to these net assets based on their relative fair values. On January 31, 2017, one of CEMEX, S.A.B. de C.V. s subsidiaries in the U.S. closed the sale of our U.S. Reinforced Concrete Pipe Manufacturing Business (the Concrete Pipe Business) to Quikrete Holdings, Inc. (Quikrete) for U.S.$500 million plus an additional U.S.$40 million contingent consideration based on future performance. Considering that we disposed of our entire concrete pipe division, the operations of the Concrete Pipe Business, as included in our consolidated income statements for the years ended December 31, 2015 and 2016 and for the one-month period ended January 31, 2017, were reclassified to the single line item Discontinued Operations. On June 30, 2017, one of our subsidiaries in the U.S. closed the divestment of its Pacific Northwest Materials Business (the Pacific Northwest Materials Business), consisting of aggregates, asphalt and ready mix concrete operations in Oregon and Washington, to Cadman Materials, Inc. (Cadman Materials), a Lehigh Hanson Inc. company and a subsidiary of HeidelbergCement Group, for U.S.$150 million. Considering the disposal of our Pacific Northwest Materials Business, these operations, as included in our consolidated income statements for the years ended December 31, 2015, 2016 and 2017, were reclassified to the single line item Discontinued Operations. The information related to our consolidated income statement for the year ended December 31, 2013 has not been reclassified to present the financial results of that year of our operations in Bangladesh and Thailand, the Concrete Pipe Business and the Pacific Northwest Materials Business in a single line item as discontinued operations. Also, the information related to our consolidated income statement for the year ended December 31, 2014 has not been reclassified to present the financial results of that year of our operations from the Pacific Northwest Materials Business in a single line item as discontinued operations. See Item 4 Information on the Company Business Overview and note 4.2 to our 2017 audited consolidated financial statements included elsewhere in this annual report.

(5) On August 12, 2015, we entered into an agreement for the sale of our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia, to Duna-Dráva Cement Kft. for 231 million (U.S.$243 million or Ps5,032 million). Those operations mainly consist of three cement plants with aggregate annual production

capacity of approximately 2.4 million tons of cement, two aggregates quarries and seven ready-mix plants. On April 5, 2017, we announced that the European Commission issued a decision that restricted completion of the sale. Therefore, the sale of our operations in Croatia did not close, and we maintained our operations in Croatia, including assets in Bosnia and Herzegovina, Montenegro and Serbia (our Croatian Operations). As of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, the Croatian Operations are consolidated line-by-line in the financial statements. The information related to our consolidated financial statements for the years ended December 31, 2014 and 2013 in which we previously reported the Croatian Operations as Discontinued Operations and Assets held for sale , has not been reclassified to present the Croatian Operations as part of continuing operations in our consolidated income statements or line-by-line in our consolidated statements of financial position. We believe that the effects are not significant. See note 4.2 to our 2017 audited consolidated financial statements included elsewhere in this annual report.

(6) CEMEX, S.A.B. de C.V. s capital stock consists of Series A shares and Series B shares. Each CPO represents two Series A shares and one Series B share. As of December 31, 2017, approximately 99.86% of CEMEX, S.A.B. de C.V. s outstanding share capital was represented by CPOs. Each ADS represents ten CPOs.

(7) Earnings (loss) per share is calculated based upon the weighted average number of shares outstanding during the year, as described in note 22 to our 2017 audited consolidated financial statements included elsewhere in this annual report. Basic loss per CPO is determined by multiplying the basic loss per share for each period by three (the number of shares

underlying each CPO). Basic loss per CPO is presented solely for the convenience of the reader and does not represent a measure under IFRS. As shown in notes 4.2 and 22 to our 2017 audited consolidated financial statements included elsewhere in this annual report, and in connection with the sale of our operations in Austria, Hungary, Thailand, Bangladesh and the sales of Concrete Pipe Business and Pacific Northwest Materials Business, for the year ended December 31, 2015, Basic earnings per share includes Ps0.01 from Continuing operations, for the year ended December 31, 2016, Basic earnings per share includes Ps0.30 from Continuing operations, and for the year ended December 31, 2017, Basic earnings per share includes Ps0.26 from Continuing operations. In addition, for the years ended December 31, 2015, 2016 and 2017, Basic earnings per share includes Ps0.02, Ps0.02 and Ps0.08, respectively, from Discontinued operations. Likewise, for the year ended December 31, 2015, Diluted earnings per share includes Ps0.01 from Continuing operations , for the year ended December 31, 2016, Diluted earnings per share includes Ps0.30 from Continuing operations and for the year ended December 31, 2017, Diluted earnings per share includes Ps0.26 from Continuing operations. In addition, for the years ended December 31, 2015, 2016 and 2017, Diluted earnings per share includes Ps0.02, Ps0.02 and Ps0.08, respectively, from Discontinued operations. See note 22 to our 2017 audited consolidated financial statements included elsewhere in this annual report.

(8) CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal years 2013, 2014, 2015, 2016 and 2017. At each of CEMEX, S.A.B. de C.V. s 2013, 2014, 2015 and 2016 annual general ordinary shareholders meetings, held on March 20, 2014, March 26, 2015, March 31, 2016 and March 30, 2017, respectively, CEMEX, S.A.B. de C.V. s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to each such recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 468 million CPOs, approximately 500 million CPOs, approximately 539 million CPOs and approximately 562 million CPOs were allocated to shareholders on a pro-rata basis in connection with the 2013, 2014, 2015 and 2016 recapitalizations, respectively. In each case, CPO holders received one new CPO for each 25 CPOs held and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares. No recapitalization of retained earnings was approved at CEMEX, S.A.B. de C.V. s 2017 annual general ordinary shareholders meeting held on April 5, 2018.

(9) Based upon the total number of shares outstanding at the end of each period, expressed in millions of shares, and includes shares subject to financial derivative transactions, but does not include shares held by our subsidiaries.

(10) As of December 31, 2013, 2014, 2015, 2016 and 2017 non-controlling interest includes U.S.$477 million (Ps6,223 million), U.S.$466 million (Ps6,869 million), U.S.$440 million (Ps7,581 million), U.S.$438 million (Ps9,075 million) and U.S.$447 million (Ps8,784 million), respectively, that represents the nominal amount of Perpetual Debentures, denominated in Dollars and Euros, issued by consolidated entities. In accordance with IFRS, these securities qualify as equity due to their perpetual nature and the option to defer the coupons.

(11) Net working capital equals trade receivables, less allowance for doubtful accounts plus inventories, net, less trade payables.

(12) Book value per share is calculated by dividing the total controlling interest by the number of shares outstanding.

(13) Operating EBITDA equals operating earnings before other expenses, net, plus amortization and depreciation expenses. Operating EBITDA is calculated and presented because we believe that it is widely accepted as a financial indicator of our ability to internally fund capital expenditures and service or incur debt, and the consolidated ratio of Operating EBITDA to interest expense is calculated and presented because it is used to measure our performance under certain of our financing agreements. Operating EBITDA and such ratio are non-IFRS measures and should not be considered as indicators of our financial performance as alternatives to cash flow, as measures of liquidity or as being comparable to other similarly titled measures of other companies. Under IFRS, while there are line items that are customarily included in income statements prepared pursuant to IFRS, such as net sales, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals, such as operating earnings before other expenses, net, and the display of such income statement varies significantly by industry and company according to specific needs. Our Operating EBITDA may not be comparable to similarly titled measures reported by other companies due to potential

differences in the method of calculation. Operating EBITDA is reconciled below to operating earnings before other expenses, net, as reported in the income statements, and to net cash flows provided by operating activities before financial expense, coupons on perpetual debentures and income taxes, as reported in the statement of cash flows. Financial expense under IFRS does not include coupon payments of the Perpetual Debentures issued by consolidated entities of Ps405 million in 2013, Ps420 million in 2014, Ps432 million in 2015, Ps507 million in 2016 and Ps482 million in 2017, as described in note 20.4 to our 2017 audited consolidated financial statements included elsewhere in this annual report.

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	2013	2014	2015	2016	2017
	For the Year Ended December 31, (in millions of Mexican Pesos)				
Reconciliation of Operating EBITDA to net cash flows provided by operations activities from continuing operations before financial expense, coupons on perpetual debentures and income taxes					
Operating EBITDA	Ps 33,447	Ps 35,556	Ps 41,534	Ps 51,534	Ps 48,563
Less:					
Depreciation and amortization expense	14,167	13,703	14,658	15,991	15,992
Operating earnings before other expenses, net	19,280	21,853	26,876	35,543	32,571
Plus/minus:					
Changes in working capital excluding income taxes	(4,237)	1,475	3,596	11,017	8,040
Depreciation and amortization expense	14,167	13,703	14,658	15,991	15,992
Other items, net	(2,810)	(1,586)	(1,689)	(1,284)	(5,214)
Net cash flow provided by operations activities from continuing operations before financial expense, coupons on perpetual debentures and income taxes	Ps 26,400	Ps 35,445	Ps 43,441	Ps 61,267	Ps 51,389

Item 4 Information on the Company

Unless otherwise indicated, references in this annual report to our sales and assets, including percentages, for a country or region are calculated before eliminations resulting from consolidation, and thus include intercompany balances between countries and regions. These intercompany balances are eliminated when calculated on a consolidated basis.

Business Overview

CEMEX, S.A.B. de C.V. is a publicly traded stock corporation with variable capital, or *sociedad anónima bursátil de capital variable*, organized under the laws of Mexico, with its principal executive offices located at Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León, 66265, Mexico. Our main phone number is +52 81 8888-8888.

CEMEX, S.A.B. de C.V. was founded in 1906 and was registered with the Mercantile Section of the Public Registry of Property and Commerce in Monterrey, Nuevo León, Mexico, on June 11, 1920 for a period of 99 years. At CEMEX, S.A.B. de C.V. s 2002 ordinary general shareholders meeting, this period was extended to the year 2100 and in 2015 this period changed to be indefinite. Beginning April 2006, CEMEX s full legal and commercial name is CEMEX, *Sociedad Anónima Bursátil de Capital Variable*.

CEMEX is one of the largest cement companies in the world, based on annual installed cement production capacity and sales volumes as of December 31, 2017, of approximately 92.4 million tons and 68.5 million tons, respectively. After the merger of Holcim with Lafarge during 2015, which resulted in the company LafargeHolcim Ltd. (LafargeHolcim), we are the next largest ready-mix concrete company in the world with annual sales volumes of approximately 51.7 million cubic meters and one of the largest aggregates companies in the world with annual sales volumes of approximately 147.4 million tons, in each case, based on our annual sales volumes in 2017. We are also one of the world s largest traders of cement and clinker, having traded approximately 10 million tons of cement and clinker in 2017. This information does not include discontinued operations. See note 4.2 to our 2017 audited consolidated financial statements included elsewhere in this annual report. CEMEX, S.A.B. de C.V. is an operating and holding company engaged, directly or indirectly, through its operating subsidiaries, primarily in the production, distribution, marketing and sale of cement, ready-mix

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concrete, aggregates, clinker and other construction materials throughout the world, and that provides reliable construction-related services to customers and communities in more than 50 countries throughout the world, and maintains business relationships in over 100 countries worldwide.

We operate globally, with operations in Mexico, the United States, Europe, South America, Central America, the Caribbean, Asia, the Middle East and Africa. We had total assets of Ps567,581 million (U.S.$28,885 million) as of December 31, 2017, and an equity market capitalization of approximately Ps193,367 million (U.S.$10,435 million) as of April 20, 2018.

As of December 31, 2017, our cement production facilities were located in Mexico, the United States, the United Kingdom, Germany, Spain, Poland, Latvia, Czech Republic, Croatia, Colombia, Panama, Costa Rica, the Dominican Republic, Puerto Rico, Nicaragua, Trinidad and Tobago, Jamaica, Barbados, Egypt, and the Philippines. As of December 31, 2017, our assets (after eliminations), cement plants and installed capacity, on an unconsolidated basis by region, were as set forth below. Installed capacity, which refers to theoretical annual production capacity, represents gray portland cement and white cement equivalent capacity, which counts each ton of white cement capacity as approximately two tons of gray portland cement capacity, and includes installed capacity of cement plants that have been temporarily closed.

	As of December 31, 2017		
	Assets After Eliminations (in Billions of Mexican Pesos)	**Number of Cement Plants**	**Installed Cement Production Capacity (Millions of Tons Per Annum)**
Mexico(1)	Ps 72	15	29.5
United States(2)	268	11	15.2
Europe			
United Kingdom	35	2	2.4
France	20		
Germany	9	1	2.4
Spain	26	7	10.4