

3Q18 CLH SCRIPT

3Q18 - TALKING POINTS

SLIDE #1 – [TITLE PAGE] COVER PAGE

JAIME MUGUIRO:

Good morning, everyone. Thank you for your continued support of CLH and for joining us for our third quarter 2018 call and webcast.

As usual, our initial discussion of the results will be in English. These remarks as well as the results presentation are being transmitted live in our webcast at www.cemexlatam.com.

Afterwards, I will be more than happy to take your questions. For the benefit of the person asking, I will answer the question in the language in which it is asked, either English or Spanish.

And now let me discuss our results.

SLIDE #2 – [TITLE PAGE] LEGAL DISCLAIMER

SLIDE #3 – FINANCIAL RESULTS SUMMARY

- Our results during the quarter were mostly affected by a weak demand environment in Panama and Nicaragua. In the case of Panama, industry demand continued decreasing in the double digits after the strike, while in Nicaragua demand maintained the low levels observed during the second quarter.
- On the other hand, we are pleased by our results in Colombia with double-digit EBITDA growth and a 3.5-percentage-point margin expansion. Although it is still early to confirm an inflection point in the country's cement demand,

we are encouraged to observe cement demand stabilization on a year-over-year basis, and an acceleration on a sequential basis, during the quarter.

- Our consolidated net sales during the quarter declined by 8 percent, on a year-over-year basis, while EBITDA declined by 17 percent, or about 12 million dollars. Most of the EBITDA decline was due to lower results in Panama and Nicaragua, partially offset by improvements in Colombia.
- Our consolidated EBITDA margin during the quarter declined by 2.2 percentage points on a year-over-year basis, reaching 21.7 percent. Lower cement-maintenance costs in Colombia and higher consolidated cement prices, were more than offset by higher freight costs, lower consolidated volumes and higher variable costs.

SLIDE #4 – CONSOLIDATED VOLUMES AND PRICES

- Consolidated cement and ready-mix volumes during the quarter improved by 1 and 7 percent, respectively, on a sequential basis while aggregates remained flat. In the cement business, improved sequential volumes in Colombia after the elections and in Panama after the strike, were partially offset by lower volumes in Costa Rica and Rest of CLH.
- On a year-over-year basis, consolidated cement, ready-mix and aggregates volumes during the quarter decreased by 7, 9 and 8 percent, respectively.
- Consolidated-cement prices during the quarter, on a sequential basis, declined by 2 and 3 percent in local currency and in US-dollar terms, respectively. In our ready-mix business, sequential consolidated prices remained flat in local currency and declined by 2 percent in US-dollar terms.
- The US-dollar appreciated by 3 percent versus the Colombian peso and by about 1.5 percent against the currencies of Costa Rica, Nicaragua and Guatemala, during the quarter on a sequential basis.

- On a year-over-year basis, consolidated-cement prices increased by 3 and 2 percent in local-currency and in US-dollar terms, respectively, driven by higher prices in Colombia and Costa Rica. In Colombia, cement prices were about 6 dollars higher than those of the same quarter of last year.

SLIDE #5 – EBITDA VARIATION 9M18

- Our EBITDA during the first-nine months of the year declined by 54 million dollars, or 22 percent, mainly due to lower volumes. The impact of lower volumes on EBITDA in Colombia, Panama, and Nicaragua was 27, 22 and 11 million dollars, respectively.
- Higher pricing in this nine-month period increased our EBITDA by 4 million dollars. Improved prices in Colombia and Costa Rica were partially offset by a negative price-effect in Panama, mainly driven by lower ready-mix prices, as well as a product-mix effect, with a higher share of clinker sales relative to cement.

SLIDE #6 – NET DEBT VARIATION 9M18

- Despite the EBITDA reduction during the first-nine months of the year, we were able to significantly reduce our net debt in this period using free cash flow and proceeds from divestments. Our Free Cash Flow excluding the fine in Colombia, reached 59 million. We received 31 million dollars in proceeds related to the sale of Brazil, which more than offset the 25-million-dollar fine paid in Colombia.
- Our net debt was 811 million dollars at the end of the third quarter, a reduction of 71 million, or 8 percent, during the first nine months of the year.

SLIDE #7 – REGIONAL HIGHLIGHTS – [TITLE PAGE]

- Now, let me review the main operating and financial results in our markets.

SLIDE #8 – RESULTS HIGHLIGHTS COLOMBIA [TITLE PAGE]

SLIDE #9 – COLOMBIA – RESULTS HIGHLIGHTS

- In Colombia, we are very pleased with the 16-percent improvement in EBITDA and the 3.5 percentage points in EBITDA margin expansion during the quarter, as well as with the 7-percent-sequential improvement in our cement volumes.
- We estimate that national-cement demand in the country, including imports, was flat on a year-over-year basis and increased 5-percent sequentially, during the third quarter. We are encouraged by this sequential acceleration of national cement demand. However, national-cement demand year-to-date September is 2 percent lower compared to that of last year.
- During the quarter, our cement, ready-mix and aggregates volumes declined by 8, 11 and 12 percent, respectively, on a year-over-year basis and increased by 7, 4 and 4 percent, respectively, on a sequential basis.
- Regarding our cement volume performance, the year-over-year decline was due to a lower market position compared to that of the same period of last year, while the 7-percent sequential increase reflects the acceleration of industry demand after the elections. Please note that during the first half of this year, our market position temporarily declined because of our leadership in pricing. During the third quarter, our estimated market position improved slightly on a sequential basis, but it was still about 2 percentage points lower compared to that of the same quarter of last year.
- Our cement prices in local-currency terms during the quarter were 6 percent higher on a year-over-year basis and 1 percent lower sequentially. The slight sequential decline was due to commercial strategies we implemented in specific micro-markets.

- Regarding our financial results in Colombia, net sales during the quarter declined by 5 percent, on a year-over-year basis, due to lower volumes, partially offset by higher prices.
- During this period, our EBITDA improved by 4 million dollars, or 16 percent, while EBITDA margin increased by 3.5 percentage points reaching 19.4 percent. Our margin improved during the quarter due to higher prices, lower cement-maintenance costs, and one-off effects that negatively impacted our third-quarter-2017 results, partially offset by higher-freight costs and lower volumes. Regarding the lower cement-maintenance costs, during the third quarter of last year we performed major-maintenance works to line 2 at our Ibague cement plant, which accounted for 2.9 million dollars and which were not done this quarter.

SLIDE #10 – COLOMBIA – Residential Sector

- Regarding the residential sector, we estimate that national-cement dispatches to this sector declined in the low-single digits during the third quarter.
- Total home sales year-to-date August decreased by 9 percent. Regarding the different income segments, home sales for social, middle and high-income declined by 1, 17 and 24 percent, respectively. However, we are encouraged by the stabilization in home sales for the middle- and high-income segments seen in the most recent data.
- In the social-housing segment, construction permits grew in the double digits year-to-date August, along with healthy levels of home inventories. In contrast, the high-income segment may remain sluggish until available home stock declines.

- During this fourth quarter, we expect the residential sector to stabilize, supported by low interest rates, as well as by improvements in consumer confidence and in the intention-to-buy-a-home indicator.
- Additionally, the new government recently announced the pillars of their housing strategy in the next four years, with a home-construction-starts target of around 1 million units in this period, or about 250 thousand per year, a new rent-to-buy program and a new home-improvement program, among other initiatives.

SLIDE #11 – COLOMBIA – Infrastructure Sector

- The infrastructure sector continued its positive performance during the third quarter.
- Our volumes to this sector were supported by the *Salitre* water-treatment plant and the *CETIC* Hospital, both projects located in Bogotá. Additionally, we supplied to the new garage of the Cali BRT system and to a group of 210 schools across the country.
- We continued dispatching our products to several 4G projects, including *Autopista Mar 1*, *Autopista al Rio Magdalena 2*, *Bucaramanga-Barranca-Yondó* and *Bucaramanga-Pamplona*. Additionally, we recently started supplying *Pasto-Rumichaca* and *Vías del NUS* projects.
- Regarding our volumes to 4G projects, out of the 430 thousand cubic meters of ready-mix estimated in total for 2018, we already supplied 130 thousand, and we expect to supply around 30 thousand more during this fourth quarter.
- We expect the infrastructure sector to increase in the double-digits during the fourth quarter of this year. Our volumes should continue to be supported by projects under execution.
- During 2019, we believe activity in this sector should be reinforced by an increase of 62 percent in the transportation-investment budget approved in

Congress last week, by the regional and local elections to be held in October, as well as an increase in the budget of royalties from extraction activities, which is used in part for transportation projects.

Industrial and commercial (no slide)

- In the industrial-and-commercial sector, construction permits decreased by 4 percent year-to-date August but increased 1 percent in the June-to-August period. We are pleased to see an improvement in recent construction permits to this sector, with a strong growth in offices and a stabilization in commercial projects.
- During the fourth quarter of this year, we expect cement volumes in this sector to continue decreasing in the double digits and to stabilize in subsequent quarters.
- Considering all the above, we estimate our full year 2018 cement volumes in Colombia to decline by 8 percent.

SLIDE #12 – [TITLE SLIDE] PANAMA

SLIDE #13 – PANAMA RESULTS HIGHLIGHTS

- In Panama, our cement volumes improved by 10 percent during the third quarter on a sequential basis, mostly due to a low comparison base in the second quarter, which was affected by the construction-workers strike.
- However, our quarterly cement volumes on a year-over-year basis declined by 16 percent, mainly due to subdued market demand as well as a lower market-position compared to that of the same period of last year.
- We estimate that national-cement demand declined by around 10 percent in this period. Weakness in the residential sector was partially offset by

improvements in infrastructure activity. Please note that we observed no significant imports during the quarter.

- During the quarter, sequential cement prices declined by 1 percent, while ready-mix prices increased by 2 percent. Weakness in cement demand led to the slight sequential decline in cement prices.
- During the quarter, our net sales declined by 18 percent on a year-over-year basis, mainly due to lower cement volumes and lower ready-mix prices.
- EBITDA declined by 13 million dollars, out of which 8 million were due to lower volumes. EBITDA margin reached 28.5 percent, 13.6 percentage points lower on a year-over-year basis. From this decline, lower sales accounted for 4.5 percentage points, higher variable-costs—mainly electricity and higher clinker factor—accounted for 3, a non-recurrent inventory write-off effect for 1.5, and an inventory-drawdown effect for 1 percentage point.

SLIDE #14 – PANAMA – 2018 EXPECTATIONS

- Weakness in the residential and industrial-and-commercial sectors is expected to continue in upcoming months. In these sectors, there are no signs of improvement in sales, and inventories continues to be high in the middle- and high-end residential segments, as well as in offices.
- During the fourth quarter of this year, ongoing infrastructure projects should provide volume support, particularly the Panama-Northern Corridor, the *Transísmica*-Road rehabilitation, and the ITSE college.
- Please note that construction activity started to slow down in the country since the fourth quarter of 2017, so there is an easier year-over-year base of comparison for the fourth quarter of 2018.

- Considering all the above, we now expect our cement volume in the country to decline by 16 percent during 2018.
- For next year, the government recently awarded two very relevant infrastructure projects. First, the *Corredor de las Playas* highway, with an investment of 540 million dollars, which is expected to start during the first quarter of 2019. And second, the fourth bridge over the canal, with an investment of 1.4 billion dollars, and which should start construction during the fourth quarter of 2019. We also expect that the third line of the Panama City metro will be awarded during the first semester of 2019 and start construction during the first quarter of 2020.

SLIDE #15 – [TITLE PAGE] – COSTA RICA

SLIDE #16 – COSTA RICA – RESULTS HIGHLIGHTS

- Our national-cement-consumption estimates indicate that demand declined by around 9 percent in Costa Rica during the third quarter. About 2 percentage points of this decline was due to a state-workers strike that lowered activity for 21 days in the month of September.
- During the third quarter, our cement and ready-mix volumes declined by 4 and 6 percent, respectively. Our cement volumes outperformed the industry in this period due to an improvement in our estimated market position on a year-over-year basis. However, on a sequential basis, our estimated position declined due to a new competitor that commissioned a grinding mill in July and has been increasing volumes.
- Our volumes were supported by ongoing projects like the wholesale market in the North-Pacific region and the new building for the Parliament. Additionally, two relevant projects started consumption during the quarter: the new Central-Bank building and the new Coca-Cola plant.

- Regarding pricing for our products, quarterly cement prices declined by 1 percent while ready-mix prices improved by 3 percent, on a sequential basis. The slight decline in cement was due to a product-mix effect, while the improvement in ready-mix reflects a favorable project mix.
- During the quarter, our net sales decreased by 11 percent, mainly due to lower volumes. Our EBITDA decreased by 1.3 million dollars, or 11 percent while EBITDA margin declined by 0.3 percentage points. The slight decline in margin was due to a 17-percent increase in energy costs and lower volumes, partially offset by higher prices.

SLIDE #17 – COSTA RICA – 2018 EXPECTATIONS

- For the fourth quarter of 2018, demand for our products should be supported by projects currently under execution.
- Considering our project pipeline and the new competitor in the market, we expect our cement volumes to increase by 3 percent during 2018.
- We are glad to share with you that, last month, the new government announced a plan to reactivate the Costa Rican economy which includes infrastructure investment as one of its four pillars. This plan contains investments of 4.6 billion dollars in this sector, out of which 3 billion could be spent in the 2019-2022 period. The government is ready to deploy 350 million dollars of available credit from the Inter-American Development Bank in the short term to start road projects like *Ruta 32 Cruce a Río Frío- Limón* and *Ruta 1 Cañas Limonal*.

SLIDE #18 – [TITLE PAGE] REST OF CLH

SLIDE #19 – REST OF CLH – RESULTS HIGHLIGHTS

- In the Rest of CLH, cement and ready-mix volumes increased by 2 and 12 percent, respectively. Higher cement volumes in Guatemala and El Salvador more than offset lower volumes in Nicaragua.
- Cement prices in local-currency terms remained flat year-over-year and declined by 1 percent sequentially. Cement prices in US-dollar terms declined by 4 percent year-over-year and by 2 percent sequentially. The US-dollar appreciated by about 5 percent versus the Nicaraguan Córdoba and by 4 percent versus the Guatemalan Quetzal during the quarter on a year-over-year basis.
- During the third quarter, our net sales decreased by 2 percent and our EBITDA decreased by 21 percent, or 4 million dollars, mainly due to a reduction of our EBITDA in Nicaragua.
- The EBITDA margin declined by 6.5 percentage points, mainly due to lower volumes in Nicaragua, lower prices in US-dollar terms, higher energy costs in Nicaragua, as well as higher purchased-clinker costs in Guatemala, partially offset by lower fixed costs and operating expenses.

SLIDE #20 – NICARAGUA Highlights

- In Nicaragua, although violence in the country receded, consumer and business confidence has been severely damaged by the socio-political crisis, particularly affecting the tourism and construction sectors. In addition, commercial banks are restricting credit to consumers and businesses, and private investment remains paralyzed. Lower economic activity is pressuring government finances.
- As a result, our cement volumes during the quarter declined by 13 percent year-over-year and by 2 percent sequentially.
- During the quarter, our cement volumes were mainly supported by the continued activity in ongoing road projects from the government, such as the

United Nations - Bluefields, the Malacatoya - El Papayal, as well as Puerto Sandino - La Paz.

- Because of the continuous economic deterioration of the country, during the fourth quarter we expect our volumes to decrease in the high-single digits on a sequential basis.
- As we do not foresee the socio-political crisis improving in the short term, we reduced our operating expenses in the country by 45 percent.

SLIDE #21 – Guatemala Highlights

- In Guatemala, our cement and ready-mix volumes during the quarter increased by 14 and 19 percent, respectively. We estimate that national-cement demand increased in the low-single digits in this period.
- Our cement volumes outperformed the industry because we are directly reaching more retailers where we have distribution capabilities, while our ready-mix volumes benefited from improved service and client coverage in Guatemala City.
- The residential and industrial-and-commercial sectors were the main drivers of demand during the quarter, supported by vertical-housing projects and shopping malls in Guatemala City.
- Please note that Guatemala will have general elections for president, congress and mayors in June 2019. Increased construction activity in coming months should support demand for our products.
- Before discussing our free cash flow, I'm pleased to share with you an update of the implementation of CEMEX Go, our digital value proposition by which our customers can order, track and trace deliveries, make payments, as well as manage invoices and queries, digitally, quickly and seamlessly.

- We have onboarded 100 percent of our targeted customer base in Colombia, Panama, Costa Rica and El Salvador, and about 90 percent in Nicaragua, equivalent to a total of 3,300 customers. Additionally, this month we launched CEMEX GO in Guatemala.
- Currently, we are receiving about 50 percent of the purchase orders through our digital solution. We are encouraged by the positive reaction from our customers.
- We believe that CEMEX GO will give us a competitive advantage as we will be able to deliver a superior customer experience, while we find ways to reduce our cost to serve.

SLIDE #22 – [TITLE PAGE] –

Now I would like to discuss our free cash flow generation

SLIDE #23 – FCF GENERATION

- We are very pleased with our free cash flow generation and with the successful closure of the divestment of our business in Manaus, Brazil. Because of this, our net debt to EBITDA ratio during the quarter improved to 3.1 times, from 3.2 in the previous quarter despite lower EBITDA.
- Our free cash flow after strategic capex during the quarter reached 17 million dollars, 3 percent higher than that of the same period of 2017. Lower financial expenses, capex, taxes and working capital variation, more than offset the EBITDA decline.
- Additionally, we received about 31 million dollars during this period related to the gross proceeds from the sale of our cement-distribution business in Brazil.

- Financial expenses during the quarter were 14 million, about 700 thousand dollars lower than those of the same period of last year.
- During the quarter, our average working-capital balance was negative, and the average days were negative 6, compared to negative 7 days in the same period of last year.
- Taxes paid during the quarter were 15 million, about 4 million dollars lower than those of the same period of last year.
- Free cash flow and the proceeds from the Brazil divestment were mainly used to reduce debt during the quarter. Net debt decreased by 45 million dollars in this period, reaching 811 million. The net-debt-to-EBITDA ratio dropped to 3.1 times, despite the lower EBITDA.

SLIDE #24 –OTHER INCOME STATEMENT ITEMS

- During the quarter, we had a controlling interest net income of 20 million dollars, 8 million less than that of the same quarter of last year. The decline was primarily driven by lower gross profit, and a negative effect in discontinued operations, partially offset by a positive effect in other expenses, net, as well as lower financial expenses and taxes.
- Other expenses, net, were positive 5 million dollars, and include the positive impact from a reversal in a provision of about 12.5 million dollars related to the “Laserna” case in Colombia, which was resolved in our favor, partially offset by some other provisions made during the quarter.
- Income tax, was negative 9 million dollars, and includes a provision of around 6 million related to a tax litigation in Costa Rica from the income-tax year 2008.

- Discontinued operations resulted in a loss of 9 million dollars, mainly due to the completion of the Brazil divestment.

SLIDE #25 – GUIDANCE

- Now I would like to discuss our guidance for 2018.
- We now expect our consolidated cement, ready-mix and aggregates volumes to decline by 8, 10 and 9 percent, respectively, during 2018.
- We now estimate cash taxes for the full year to be 5 million dollars lower than those of our previous guidance, reaching about 70 million, a 30 million reduction compared to those of last year.
- Our total capital expenditures, including maintenance and strategic, are expected to reach 55 million dollars, 25 million dollars lower than those of 2017.
- On working capital, we expect to reverse the year-to-date investment of 10 million dollars during the fourth quarter, leveraging on the recovery of more than 10 million dollars in accounts receivable from social-housing projects in Colombia, among other things.

SLIDE #26 – Consolidated debt

- We expect to continue using our free cash flow to pay down debt. Regarding our debt, this upcoming December we have a maturity of 194 million dollars of intercompany debt with a CEMEX subsidiary. We will most likely roll-over this debt with CEMEX to 2020. We will announce additional details shortly.

[RETURN TO SLIDE #2]

[TITLE SLIDE] – LEGAL DISCLAIMER

Now, I would like to remind you that any forward-looking statements we make today are based on our current knowledge of the markets in which we operate and could change in the future due to a variety of factors beyond our control. Unless the context otherwise requires it, all references to prices means our prices for our products.

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[TITLE SLIDE – Q&A]

And now I will be happy to take your questions. As I mentioned earlier, for the benefit of the person making a question, I will be answering in the language asked, either English or Spanish.

Pasaremos ahora a la sesión de preguntas y respuestas. Para el beneficio de la persona que hace la pregunta, se responderá en el mismo idioma en que se plantee, ya sea en inglés o español.

Operator...

[Final comments after Q&A]

Thank you very much.

In closing, I would like to thank you all for your time and attention. We look forward to your continued participation in CEMEX Latam Holdings. Please feel free to contact us directly or visit our website www.cemexlatam.com at any time.