**1Q19 - 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 first quarter 2019 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**

- As we commented in our last conference call, we are operating under market conditions that are putting further pressure to our EBITDA. The improved national cement demand in Colombia is, so far, not enough to offset headwinds in the rest of our markets.
    - In Costa Rica, weak national cement demand with a new player during the whole year
    - In Panama, lower cement demand with more difficult competitive dynamics due to imports

- In Nicaragua, lower volumes due to the well-known socio-political unrest
- And in Guatemala, higher purchased-clinker costs due to increasing import-parity prices

- Additionally, the U.S.-dollar appreciated during the quarter versus the Colombian peso and the Costa Rican Colon by 11 and 7 percent, respectively, and by 5 percent versus the currencies of both Nicaragua and Guatemala, on a year-over-year basis.

- With this context, our consolidated net sales in U.S.-dollar and local-currency terms declined by 12 and 4 percent, respectively, during the quarter. In local-currency terms, increased sales in Colombia, Guatemala and El Salvador, were more than offset by lower sales in Panama, Costa Rica and Nicaragua.

- Our EBITDA during the quarter in U.S. dollar and local-currency terms declined by 19 and 14 percent, respectively.

- Please note that our first quarter 2019 financial information—as well as comparable first quarter 2018 figures—now reflects the introduction of IFRS16, under which there is a single accounting treatment for all leases. I will explain later during the call the effect of this change on our debt and EBITDA.

**SLIDE #4 – CONSOLIDATED VOLUMES AND PRICES**

- During the quarter, our consolidated cement, ready-mix and aggregates volumes declined by 1, 4 and 11 percent, respectively, on a year-over-year basis. In our cement and ready-mix businesses, improved volumes in Colombia, Guatemala and El Salvador were more than offset by lower volumes in Panama, Costa Rica and Nicaragua.

- Consolidated cement and ready-mix prices during the quarter declined by 1 and 2 percent, respectively, while aggregates prices increased by 3 percent, in local-currency terms on a year-over-year basis.

- In our cement business, improved prices in local-currency terms in Colombia, Costa Rica and Rest of CLH, were more than offset by lower prices in Panama, on a year-over-year basis.

**SLIDE #5 – EBITDA VARIATION 3M19**

- Our EBITDA during the quarter declined by 13 million dollars, mainly due to lower volumes, increased energy and distribution costs, as well as the U.S. dollar appreciation.

- The EBITDA impact of lower volumes in Panama, Costa Rica and Nicaragua was 7, 4 and 4 million dollars, respectively, which were partially offset by a 6 million dollars improvement in Colombia.

- Regarding operating costs, lower maintenance expenses in Panama and Costa Rica were more than offset by increased fuel costs mainly in Colombia, higher purchased clinker costs in Guatemala, as well as by increased clinker purchases in Colombia.

- Most of the negative foreign-exchange effect was due to the 11-percent appreciation of the U.S. dollar versus the Colombian peso during the quarter, on a year-over-year basis.

- Our consolidated EBITDA margin during the quarter declined by 2 percentage points on a year-over-year basis, to 21.2 percent. This margin decline was mainly due to an 8-percent increase in our kiln fuel and electricity bill, on a per-ton-of-cement-produced basis; lower volumes; increased freight costs; higher purchased clinker costs in Guatemala, as well as purchased clinker in Colombia. These effects were partially offset by lower maintenance expenses in Panama and Costa Rica, as well as by savings related to the Stronger CEMEX initiatives.

- In this regard, we have identified recurring savings for 10 million dollars, to be mostly achieved during 2019.

- The main components of the savings are:
    - About half is related to an initiative we called “Low Cost Sourcing”, that is helping us reduce the cost of spare parts and other components sourced from low-cost producers
    - Around 3 million dollars relate to lower SG&A, that will be achieved with a leaner organization and by reducing discretionary expenses
    - The rest relates to supply chain and other operational savings

- During the first quarter, we already realized 3 million dollars of these savings.

**SLIDE #6 – REGIONAL HIGHLIGHTS**

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

**SLIDE #7 – COLOMBIA SECTION**

**SLIDE #8 – COLOMBIA – RESULTS HIGHLIGHTS**

- The positive trend in Colombian national cement demand observed since August of last year, continued during the first quarter of 2019. We estimate that national cement demand during the quarter increased by 3 percent, or by 2 percent adjusting for an additional working day.

- We are pleased with our cement volume and price performance during the quarter. Our volumes on a year-over-year basis increased by 8 percent, or by 7 percent adjusting for one additional working day, while our cement prices in local-currency terms increased by 2 and 3 percent on a year-over-year and sequential basis, respectively.

- Our cement prices as of March compared with those of December of last year were 4 percent higher in local-currency terms, and 7 percent higher in U.S.-dollar terms, reflecting the successful price increase implemented in January of this year.

- Despite this price increase, our estimated market position during the quarter remained relatively stable compared to that of the fourth quarter of 2018 and improved versus that of the same period of last year. After a decline last year because of our pricing leadership, we regained our market position during the fourth quarter of 2018.

- Regarding our financial results in Colombia, net sales during the quarter declined by 6 percent in U.S.-dollar terms but increased by 4 percent in local-currency terms. The improvement in local-currency terms during the quarter was due to higher cement and ready-mix volumes, as well as higher cement and aggregates prices.

- Our EBITDA during the quarter declined in U.S.-dollar and local-currency terms by 13 and 4 percent, respectively. EBITDA margin declined by 1.4 percentage points, to 17.1 percent, during the quarter.

- Regarding the margin decline, higher volumes and prices, as well as lower fixed costs and SG&A, which in total accounted for an improvement of 3 percentage points, were more than offset by increased variable costs, which accounted for 4.5 percentage points of margin erosion.

- In this regard, our variable costs during the quarter were mainly impacted by a 9 percent increase in energy, as well as by purchased clinker. With regards to the latter, please note that due to the increased level of cement sales, and in order to prepare for the major shutdowns in our 3 kilns planned for the second and third quarter of this year, we are temporarily operating our grinding-mill plant in Clemencia using third-party clinker.

**SLIDE #9 – COLOMBIA – Residential Sector**

- Regarding the residential sector, we estimate that national-cement dispatches remained relatively stable during the quarter on a year-over-year basis. Improved demand to the informal and social housing segments was offset by lower volumes to the mid-to-high-income segment.

- Informal housing volumes during the quarter were driven by the economic recovery and improved consumer confidence, which as of March returned to positive after 6 consecutive months in negative territory.

- The social-housing segment showed a mild recovery during the quarter. Housing starts improved during the last twelve months by 2 percent and year-to-date February by 6 percent. During the last twelve months, sales increased by 3 percent. Home inventory in this segment is healthy, at about 6 months of sales. The continuation of the “Mi Casa Ya” subsidy program for new-home acquisition is supporting volumes to this sector.

- The mid- to high income housing segment continued to adjust during the quarter. Housing starts, sales and permits declined in the double digits during the last twelve months and year-to-date February. Home inventory in this segment continues to be high at about 16 months of sales.

- For the full year 2019, we expect industry cement volumes to the residential sector to increase in the low-single digits, supported by the self-construction and social-housing segments.

**SLIDE #10 – COLOMBIA – Infrastructure Sector**

- The infrastructure sector continued its positive performance during the quarter. We estimate that industry volumes to this sector increased by double digits during this period.

- Our volumes to this sector were supported by projects in Bogotá like the *Salitre* water-treatment plant, the *CETIC* Hospital, and new community centers. Additionally, we supplied our products to the school-construction program sponsored by the government, the Picacho cable-car project in Medellin, as well as to other projects across the country.

- 4G projects continue advancing at good pace. Last month, the project "Autopista al Mar 1", which we are supplying, obtained its financial closing. For 2019, we estimate total ready-mix volumes for 4G projects to reach 610 thousand cubic meters, 38% more versus 2018 volumes, and we expect to supply around 230 thousand cubic meters, 48% more compared to those of the previous year.

- Regarding the project pipeline in Bogotá, projects worth close to 500 million dollars were awarded in recent months and are about to begin construction. These projects include the Alsacia-Tintal Avenue, the Rincon avenue from Boyacá to Carrera 91, community centers and the initial stage of a water treatment plant.

- Additionally, the Bogotá Metro should be awarded in September and might start construction during next year. The 550-million-dollar cement-intensive Carrera-Séptima-BRT project, which was about to be awarded next month, was recently put on hold due to technical matters.

- During 2019, we expect industry cement volumes to the infrastructure sector to increase in the mid-single digits. We believe activity in this sector should be reinforced by a higher transportation-investment budget, 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, we estimate that industry volumes to this sector declined in the double digits during the quarter. However, we expect better dynamics in this sector in upcoming months supported by the improvement in construction permits observed since the second half of last year, particularly for offices and industrial projects.

- We expect cement volumes to this sector to stabilize in 2019, supported by increased permits, lower corporate taxes, oil sector investments, as well as improved business confidence.

- Because of all of this, we believe that national-cement consumption in 2019 might increase up to 3 percent in Colombia. Considering our pricing strategy and the expected entrance of a new competitor in the market during the second half of the year, we estimate our full year 2019 cement volumes in Colombia to be from flat to increasing by 1 percent.

**SLIDE #11 – MACEO**

- Now, I would like to give you an update of our Maceo cement-plant project. As already disclosed, two weeks ago we reached a new agreement with the government agency "Sociedad de Activos Especiales" that will allow us to continue using the assets that are subject to domain extinction process for at least 21 years.

- The economic terms of the agreement are:
  - An annual lease fee of the equivalent to 16,000 dollars for the use of the real state;
  - A retroactive payment of the equivalent to 85,000 dollars for the difference between the current lease fee and the previously agreed fee paid since 2013, which we paid already
  - A one-time payment of the equivalent to 320,000 dollars, for the unpaid consideration during the negotiations regarding the execution of the agreement, which was also already paid

    - A retroactive payment of the equivalent to 1.2 million dollars for the consumption of the limestone previously extracted; 600,000 dollars already paid, and the rest will be paid in 2020 and,
    - Once the plant starts commercial operations, a fee of 1.7 percent of Maceo sales, or 1.2 percent of sales in case the tax-free zone status is not maintained. For example, assuming a cement CIF average price of 100 dollars per ton and, an annual production of 1.2 million tons equivalent to a 90% plant utilization, the payment would be in a range of 1.4 to 2 million dollars per year.
    - In summary, during this month of April we paid around 1 million dollars that will be registered in our other expenses line, below EBITDA.

- This agreement is a relevant milestone and should support our efforts to obtain the pending permits required to operate the plant. We are doing everything under our control to get these permits and are optimistic that we may obtain them by the end of this year. Once the permits are granted, we will be able to start building the remaining sections of the access road to the plant.

- Operating Maceo will allow us to optimize our costs and grow profitably at improved levels of demand.

- In this regard, let me give you some examples on how Maceo should impact our profitability at different scenarios of cement dispatches:
    - At the 2018 cement dispatches level, that is 3.3 million tons, Maceo will allow us to concentrate most of our cement production in two plants, reducing overall costs by at least 3 dollars per ton or by 10 million dollars per year
    - However, if cement dispatches grow above 3.4 million tons, we would need to import or purchase clinker from third parties. As a result, for every incremental 100,000 tons of cement dispatches, operating Maceo would avoid incremental costs of close to 2 million dollars per year

- In addition, please note that we will continue executing our price leadership in all the different scenarios that include operating Maceo.

**SLIDE #12 – PANAMA SECTION**

**SLIDE #13 – PANAMA RESULTS HIGHLIGHTS**

- In Panama, national-cement demand remained very weak during the quarter. We estimate that industry demand declined by 12 percent, or by 13 percent adjusting for one additional working day.

- Lower cement demand was due to high levels of inventory in apartments and offices, as well as to project delays in the infrastructure sector. We are optimistic in the infrastructure sector going forward, as relevant projects are expected to begin in coming months.

- Cement imports reached an estimated 9-percent participation during the quarter, compared with 2 and 8 percent during the first and fourth quarters of 2018, respectively.

- Our cement volumes during the first quarter declined by 14 percent, or by 15 percent adjusting for one additional working day, compared with those of the same period of 2018. In addition, our cement prices declined by 3 percent on a sequential basis.

- Our sales and EBITDA during the quarter declined by 18 and 33 percent, respectively. During the quarter, our EBITDA margin declined by 5.9 percentage points. Lower sales and higher freight costs, which accounted for 6 and 1 percentage points, respectively, were partially offset by lower maintenance costs related to the major shutdown of kiln 1 done during the first quarter of 2018, not performed this year.

**SLIDE #14 – PANAMA – 2019 EXPECTATIONS**

- In 2019, we expect the infrastructure sector to be the main driver of demand. Already awarded projects worth more than 2.1 billion dollars should start construction during the next 6 months. These are:
    - The fourth bridge over the canal, the *Corredor de las Playas* highway, the second phase of the urban renovation of Colon City, as well as the connection of the metro's second line to the airport, which represent an investment of 1.4 billion, 540, 100 and 88 million dollars, respectively.

- Additionally, the expected investment related to the project pipeline for 2020 increases to 3.9 billion dollars. Among the most relevant projects are the 2.6 billion-dollar third line of the metro, the 500-million water-discharge structure for the canal, and a 300 million transmission line.

- For the full year 2019, we expect national cement demand to bottom out and decline in the mid-single digits. The second quarter has an easier base of comparison because of the construction-workers strike which took place during April and May of last year.

- Considering all of the above, we now expect our Panama cement volumes to decline from 4 to 7 percent.

**SLIDE #15 – COSTA RICA SECTION**

**SLIDE #16 – COSTA RICA – RESULTS HIGHLIGHTS**

- In Costa Rica, we estimate that national cement demand during the quarter declined by 9 percent, or by 12 percent adjusting for two additional working days.

- Uncertainty around the fiscal reform and increasing government financing needs affected consumer and business confidence, particularly impacting volumes to the industrial-and-commercial and residential sectors.

- In addition to lower industry demand, our cement volume performance reflects a high base of comparison in the same period of last year, as the new competitor commissioned its grinding mill in May 2018, and relevant projects ramped-up volumes during the first quarter of 2018.

- During the quarter, our volumes were supported by increased activity in the infrastructure sector in projects like *Circunvalación Norte*, *Ruta 32: Rio Frio–Limon* and *Ruta 160: Paquera-Playa Naranjo*. Additionally, ongoing projects that also supported our volumes are the Parliament building, the Coca-Cola plant and the Central-Bank building.

- Regarding pricing, our quarterly cement and ready-mix prices in local-currency terms improved by 2 and 9 percent, respectively, on a year-over-year basis. The improvement in ready-mix prices reflects a favorable project-mix, as well as the positive impact of incremental services and surcharges.

- Our net sales during the quarter declined by 22 and 17 percent in U.S. dollar and local-currency terms, respectively. The decline in local-currency terms was due to lower volumes, partially offset by higher prices.

- Our EBITDA during the quarter increased by 3 and 10 percent in U.S. dollar and local-currency terms, respectively. The EBITDA margin during the quarter improved by 8.8 percentage points.

- Regarding this margin improvement, 7.8 percentage points relate to the kiln maintenance performed during the first quarter of 2018, which will be done during the second quarter of this year. In addition, a total of 4 percentage points relates to higher prices, a bad-debt provision made last year, and lower fixed costs. These improvements were partially offset by lower volumes and higher freight costs, which accounted for 2.3 and 1.8 percentage points, respectively.

**SLIDE #17 – COSTA RICA – 2019 EXPECTATIONS**

- For the rest of 2019, we expect that the main driver of demand will be the infrastructure sector. Volume ramp-up from ongoing projects, as well as projects about to start like *Ruta 1: Cañas-Limonal* and *Limonal-San Gerardo*, should provide volume support. Most of these projects are financed by multilateral development banks.

- However, improved infrastructure volumes might not be enough to offset the weakness in the other two sectors. Considering this, as well as the slow start of the year, we now expect that national cement demand will decline in the mid-single digits during 2019.

- Regarding our volumes, considering the lower industry demand expectation, as well as the presence of the new competitor for the full year, we now expect our volumes to decline from 8 to 12 percent during 2019.

**SLIDE #18 – REST OF CLH SECTION**

**SLIDE #19 – REST OF CLH – RESULTS HIGHLIGHTS**

- In the Rest of CLH, our cement volumes decreased by 5 percent during the quarter. Higher cement volumes in Guatemala and El Salvador were more than offset by lower volumes in Nicaragua.

- Quarterly cement prices in local-currency terms increased by 1 percent, both on a year-over-year and on a sequential basis. Cement prices in U.S.-dollar terms declined by 3 percent on a year-over-year basis.

- Net sales during the first quarter in U.S. dollar and local-currency terms declined by 10 and 6 percent, respectively. Improved sales in local-currency terms in Guatemala and El Salvador were more than offset by lower sales in Nicaragua.

- EBITDA during the quarter declined by 22 percent, mainly due to lower sales in Nicaragua and increased purchased clinker costs in Guatemala.

- During the quarter, our EBITDA margin declined by 4.9 percentage points, mainly due to higher purchased-clinker costs in Guatemala. In Nicaragua, the margin remained relatively stable as the unfavorable volume impact was mostly offset by lower operating costs.

**SLIDE #20 – NICARAGUA Highlights**

- In Nicaragua, the socio-political crisis remains unresolved one year after its initiation and continues to take a toll in economic activity and cement demand.

- Our cement volumes during the quarter declined by 19 percent year-over-year and by 4 percent sequentially.

- For 2019, we expect national-cement demand to decline by 10 to 20 percent. Government-sponsored projects funded by multilateral banks should continue during the second quarter, but there is no visibility afterwards. The self-construction sector should continue supporting cement consumption in the country.

- Due to the ongoing uncertainty, we expect our volumes in Nicaragua to decline in line with the industry. Our EBITDA might bottom out to around 20 million dollars in 2019, from 39 in 2017 and 28 million in 2018.

**SLIDE #21 – Guatemala Highlights**

- In Guatemala, our cement volumes during the quarter increased by 4 percent and our ready-mix volumes declined by 21 percent. The decline in ready-mix volumes was due to a high base of comparison in the same period of last year, when some relevant projects were heavily consuming.

- We estimate that national-cement demand increased in the mid- to high-single digits during the quarter, supported by improved construction activity related to the general elections which will take place in June, as well as higher volumes to the residential sector.

- Considering all of this, we expect our cement volumes in Guatemala to increase in the low-single digits in 2019.

- Before discussing our free cash flow, I'm pleased to share with you an update of the implementation of CEMEX Go.

- During 2018 we onboarded more than 4,000 customers, equivalent to 100 percent of our targeted customer base. This year we are focusing efforts on supporting our clients to increase their adoption levels of all our digital services.

- As of April, we are receiving about 73 percent of the total cement purchase orders and 49 percent of the total orders for all our products through CEMEX Go. In the industrial customer segment, 82 percent of total orders are done digitally. Services like the invoice administration and the electronic proof of delivery or EPOD, reached adoption levels of 76 and 43 percent, respectively.

- We are convinced that as we increase the adoption levels of our digital services and our customers digitalize their processes, we will be able to deliver a superior customer experience while reducing 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 during the quarter. Our free cash flow improved by 45 million dollars, from negative 28 million during the first quarter of 2018, to 17 million dollars during this quarter. The improvement in free cash flow was mainly due to a lower working capital investment, and the effect of the 25-million-dollar fine paid in Colombia during the first quarter of 2018, both of which more than offset lower EBITDA.

- Financial expenses during the quarter were 1.3 million dollars lower than those of the same period of last year, reaching 14 million dollars. This interest expense reduction was achieved due to the reduction in debt made during the last twelve months.

- We are pleased with our working capital management. Our average working capital days during the quarter were reduced to negative 15, from negative 10 during the same period of last year. Most of the achievement relates to lower account receivables in Colombia, Costa Rica and Nicaragua.

- Taxes paid during the quarter were 13 million dollars, compared with 12 million dollars during the same period of 2018.

**SLIDE #24 – INCOME STATEMENT ITEMS**

- Our controlling interest net income reached 16 million dollars during the quarter, compared to 30 million dollars during the same period of 2018. The lower net income was due to lower operating earnings before other expenses, net, and lower other income, net, partially offset by lower financial expenses and income taxes.

- Other income and expenses, net, was positive 3 million dollars during the quarter, compared to positive 19 million dollars during the same period of last year. In both cases, the positive effect is mainly due to the U.S.-dollar depreciation against the Colombian peso that happened from December closing to March of both periods.

**SLIDE #25 – DEBT PROFILE**

- With regards to our debt, with the introduction of IFRS16:
    - Our total debt reflects 24 million dollars of additional debt related to the new accounting treatment for all operating leases, and
    - the pro-forma adjustment to our full year 2018 EBITDA is an increase of 6 million dollars, from 243 to 248 million. Rental payments of operating leases are now treated as financial expenses.

- During the quarter, our free cash flow was mainly used to pay debt. Our total debt was reduced by 29 million dollars during this period, from 864 million as of December, to 835 million as of March. The December total debt figure is proforma including operating leases.

- The net-debt-to-EBITDA ratio increased to 3.4 times, from 3.3 during the fourth quarter of 2018, mainly due to lower EBITDA.

**SLIDE #26 – GUIDANCE**

- Now, I would like to discuss our guidance.

- We expect our consolidated cement volumes to decline by 2 to 4 percent during 2019.

- We estimate to pay 66 million dollars in cash taxes for the full year.

- Our total capital expenditures, including maintenance and strategic, are expected to reach 42 million dollars.

- Regarding working capital, we don't expect to have any significant variation in working capital investment during 2019.

- We anticipate receiving proceeds of around 9 million dollars this year from non-operating fixed-assets sales in Colombia.

- We expect our kiln-fuel and electricity bill, on a per-ton-of-cement-produced basis, to increase by about 3 to 4 percent during 2019.

- With respect to our cement operations, major maintenances are due for most of our kilns. We have budgeted maintenance-related-operational expenses for 16.1 million dollars, 11.4 during the second quarter and 4.7 million during the third quarter. The incremental expense for 2019 is 6.1 million dollars.

- As I mentioned at the beginning of my remarks, we will continue to focus on the variables we control under this challenging environment.

**[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.

**[RETURN TO SLIDE #1 - COVER PAGE]**

**[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 you 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.