

Media Relations

Mariana Jaramillo Thomas
+57(1) 3112209347
mariana.jaramillo@cemex.com

Investor Relations

Pablo Gutiérrez
+57 (1) 603-9051
pabloantonio.gutierrez@cemex.com



BOGOTA, COLOMBIA. APRIL 12, 2019. CEMEX LATAM HOLDINGS, S.A. (CLH) (BVC: CLH) informs that today, its subsidiary CEMEX Colombia, S.A. (“CEMEX Colombia”) informed that a conciliatory agreement was reached before the Attorney General’s Office (*Procuraduría General de la Nación*), between the SOCIEDAD DE ACTIVOS ESPECIALES (“SAE”), CI CALIZAS Y MINERALES S.A. (“CI CALIZAS”), CEMEX COLOMBIA and CENTRAL DE MEZCLAS S.A (“CENTRAL DE MEZCLAS”), by means of which the signing of a mining operation, the provision of manufacturing and dispatch services, and leasing of real estate for cement production (the “Agreement”) was endorsed; agreement that will allow CEMEX Colombia to continue to make use of the assets, subject to domain extinction process, which include rights derived from a mining concession and from an environmental permit, the lands where the cement plant was built by CEMEX Colombia in the Municipality of Maceo (Antioquia) (the “Cement Plant”), and ZONA FRANCA ESPECIAL CEMENTERA DEL MAGDALENA MEDIO SAS’s (“ZOMAM”) assets, to operate the Cement Plant for a term of 21 years, automatically extendable for an additional 10 years, provided that the mining concession is obtained.

Therefore, CEMEX Colombia also informs that prior authorization from its Board of Directors, on this day it executed the Agreement between CEMEX Colombia, its subsidiary CENTRAL DE MEZCLAS, CORPORACION CEMENTERA LATINOAMERICANA, S.L. (“CCL”) (CEMEX Colombia’s affiliate), CI CALIZAS and the ZOMAM, with the corresponding authorization of the SAE as administrator of these last two companies.

In return, CEMEX Colombia and Central de Mezclas, shall pay CI CALIZAS and ZOMAM, upon execution of the Agreement, the following amounts:

- A lease fee for the use of the real estate property of CI CALIZAS for an annual amount of \$49 million Colombian pesos, equivalent to US\$15,735 (as of today’s exchange rate of \$3.113,9) which will be adjustable year by year in the variation percentage of the CPI.
- A retroactive payment for the lease fees starting from July 15, 2013 to this date, based on the currently agreed fee, deducting the lease payments made by CEMEX Colombia prior to execution of the Agreement.

- An additional payment of 1.000 million Colombian pesos equivalent to US\$321,141.00 (as of today's exchange rate of \$3.113,9), for the unpaid consideration during the negotiations regarding the execution of the Agreement.
- A retroactive payment for the volume of limestone extracted as of this date, equivalent to 50% of the UPME¹ value per ton extracted, for an approximate value of 3750 million Colombian pesos equivalent to US \$1.2 million (as of today's exchange rate of \$3.113,9), payable in two installments, the second installment paid a year from execution of the Agreement.

Once the Cement Plant starts operating, CEMEX Colombia and Central de Mezclas will make quarterly payments to CI CALIZAS and ZOMAM.

- To CI CALIZAS, the 0.9% of net cement sales produced by the Cement Plant, which shall compensate CI CALIZAS the right of CEMEX Colombia to extract and dispose of the minerals of the mining concession of CI CALIZAS.
- A payment to ZOMAM for services of manufacturing and dispatching of cement, in a percentage equivalent to 0.8% of the net cement sales that are produced in the Cement Plant, provided that ZOMAM maintains the Free Trade Zone benefit or 0.3% of the sales produced by the Cement Plant as equipment lease, in case that ZOMAM loses the benefits as a Free Trade Zone.

CEMEX Colombia clarifies that the executed Agreement will remain in full force and effect regardless of outcome of the domain extinction process that currently lies on the assets of CI CALIZAS including ZOMAM, except if the competent penal judge recognizes CEMEX Colombia and its subsidiary's the property right of the assets subject to domain extinction, in which case the Agreement will be early terminated given that CEMEX Colombia and its subsidiary would be the owners of those assets and the Agreement would no longer be required to operate and manage them.

It is expected that the Cement Plant begins operating when the applications and procedures, that are being processed with the competent authorities, are solved with a positive outcome, such as: (i) the partial removal of the Cement Plant from the Integrated Management District (*Distrito de Manejo Integrado*) of the Alicante River Canyon (*Cañón de Río Alicante*), (ii) the modification of the environmental license that allows the production of at least 950.000 metric tons of cement per year, (iii) the modification of the land usage allowing Industrial and Mining Use and (iv) obtaining permits to complete the construction of certain segments of the access road to the plant. Once these permits are obtained, it is expected that the road's construction will be concluded and will give access to the Cement Plant.

For CEMEX Colombia, execution of this agreement represents an important advance for the Cement Plant's start-up, which is expected to generate about 300 direct and indirect jobs. Cemex Colombia reaffirms its commitment to continue to contribute in the construction of a better future in Colombia, contributing in this case to the economic and social development of an area that has been historically hit by armed conflict, such as the municipality of Maceo.

¹ Reference factor defined by the Mining Energy Planning Unit (*Unidad de Planeación Minero Energética*) for the payment of royalties to the National Mining Agency (Agencia Nacional Minera or ANM) in Colombia.