



Third Quarter 2013 Results October 23, 2013

# **Forward looking information**



This presentation contains certain forward-looking statements and information relating to CEMEX Latam Holdings, S.A. and its subsidiaries (collectively, "CLH") that are based on its knowledge of present facts, expectations and projections, circumstances and assumptions about future events. Many factors could cause the actual results, performance or achievements of CLH to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental, and business conditions globally and in the countries in which CLH and CEMEX, S.A.B. de C.V. and its subsidiaries ("CEMEX") operate, CLH ability to comply with the framework agreement signed with CEMEX, CEMEX's ability to comply with the terms and obligations of the facilities agreement entered into with major creditors and other debt agreements, CLH and CEMEX's ability to achieve anticipated cost savings, changes in interest rates, changes in inflation rates, changes in exchange rates, the cyclical activity of the construction sector generally, changes in cement demand and prices, CLH and CEMEX's ability to benefit from government economic stimulus plans, changes in raw material and energy prices, changes in business strategy, changes in the prevailing regulatory framework, natural disasters and other unforeseen events and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted. Forward-looking statements are made as of the date hereof, and CLH does not intend, nor is it obligated, to update these forward-looking statements, whether as a result of new information, future events or otherwise.

UNLESS OTHERWISE NOTED, ALL CONSOLIDATED AND COMBINED FIGURES ARE PRESENTED IN DOLLARS AND ARE BASED ON THE FINANCIAL STATEMENTS OF EACH COUNTRY PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS. FOR CONVENIENCE OF THE READER, SELECTED CONSOLIDATED AND COMBINED FINANCIAL INFORMATION FOR THE YEAR 2012 AND THE THIRD QUARTER OF 2012 HAS BEEN PREPARED ON A PRO FORMA BASIS.





		January – Se	ptember		Third Qu	ıarter
Millions of US dollars	2013	2012 Proforma	% var	2013	2012 Proforma	% var
Net sales	1,288	1,192	8%	474	400	18%
Gross profit	668	601	11%	238	197	21%
Operating earnings before other expenses, net	405	355	14%	145	112	29%
Operating EBITDA	474	408	16%	168	135	24%
Operating EBITDA margin	36.8%	34.2%	2.6pp	35.5%	33.8%	1.7рр
Controlling interest net income	238			96		
Free cash flow after maintenance capex	232			91		

- Operating EBITDA during the third quarter increased by 24%, with net sales growing by 18%, compared to the pro forma 3Q12
- Net sales growth in the quarter was driven by higher volumes in most markets and by our commercial initiatives
- Operating EBITDA margin expansion was supported by our ongoing optimization of our cost structure, lower maintenance costs and higher volumes



# **Cost of sales and operating expenses**

		January – Sep	otember		Third Qu	arter
Millions of US dollars	2013	2012 Proforma	% var	2013	2012 Proforma	% var
Cost of sales	620	591	5%	236	203	16%
as % net sales	48.2%	49.6%	(1.4pp)	49.8%	50.8%	(1.0pp)
Operating expenses	262	246	7%	93	85	10%
as % net sales	20.4%	20.6%	(0.2pp)	19.6%	21.1%	(1.5pp)

- Cost of sales as a percentage of net sales decreased by 1.0pp during the third quarter mainly due to lower maintenance and fuel costs
- Operating expenses as a percentage of net sales declined by 1.5pp during the third quarter driven primarily by lower distribution expenses and the effect on net sales of our housing projects
- During the third quarter we reached an alternative fuels substitution rate of 24% in our cement operations; we remain on track to reach our target of 40% substitution by 2015
- Our distribution expenses have declined by about US\$2 per ton of cement, during the first nine months of 2013, compared to the same period a year ago





		9M13 vs. 9M12	3Q13 vs. 3Q12	3Q13 vs. 2Q13
Domostic gray	Volume	1%	6%	(1%)
Domestic gray	Price (USD)	2%	(0%)	(1%)
cement	Price (I-t-I <sup>1</sup> )	6%	4%	0%
	Volume	5%	15%	10%
Ready mix	Price (USD)	6%	5%	(0%)
	Price (I-t-I <sup>1</sup> )	9%	9%	0%
	Volume	6%	15%	14%
Aggregates	Price (USD)	(1%)	(4%)	(2%)
	Price (l-t-l <sup>1</sup> )	2%	0%	(1%)

- During the third quarter, we reached record volumes in many of our operations driven by the strong level of construction activity in the region
- Significant sequential growth in our ready-mix and aggregates volumes in 3Q
- In local currency terms, our prices for cement and ready-mix in the third quarter remained stable compared to the second quarter of 2013

<sup>&</sup>lt;sup>1</sup> Like-to-like prices adjusted for foreign-exchange fluctuations

# **Housing Solutions**



- In Colombia, we are participating as developers in about 5,250 homes under the 100-thousand government-sponsored-freehome program, and 372 units with local governments in rural areas
- We are also participating in the construction of more than 400 homes with private developers
- Expect to complete the construction of these housing projects early 2014
- This initiative allow us to capture additional value along the entire construction process
- Our housing projects have high levels of return on capital employed





# **Infrastructure Solutions**



- We are working closely with local governments and municipalities to provide support on the design and development of new projects
- We are participating in the bidding process for several paving projects with the private sector
- In Nicaragua, we have been recently awarded the first section of the "Empalme-Nejapa-Puerto-Sandino" highway; this project will be built with ready-mix concrete
- In other countries in the region we have proposed several road infrastructure projects, as well as other large projects, that are currently being reviewed

# **Distribution Channel Solutions**



- Our Construrama network in Colombia has continued its expansion
- In Colombia, we recently reached 200 stores that have agreed to join the Construrama network, including more than 110 stores already in operation
- On consolidated basis, by 2015, we expect to reach about 500 stores throughout the region, including our existing network in Nicaragua and Costa Rica
- This initiative enhances customer loyalty, strengthens our distribution channel, and promotes formal employment in the sector













Third Quarter 2013 **Regional Highlights** 





Millions of
US dollars
Net Sales
Op. EBITDA
as % net sales

9M13	9M12 Proforma	% var	3Q13	3Q12 Proforma	% var
735	672	9%	287	230	25%
305	270	13%	115	94	22%
41.5%	40.2%	1.3pp	40.0%	40.9%	(0.9pp)

volume
Cement
Ready mix
Aggregates

Values a

9M13 vs.	3Q13 vs.	3Q13 vs.
9M12	3Q12	2Q13
(1%)	8%	1%
9%	15%	13%
5%	15%	20%

# Price (LC)

Cement
Ready mix
Aggregates

9M13 vs.	3Q13 vs.	3Q13 vs.
9M12	3Q12	2Q13
6%	3%	2%
9%	7%	1%
1%	(1%)	(1%)

- Strong volume dynamics during the quarter driven by the residential and industrial-and-commercial sectors
- The residential sector was supported by the construction of the 100-thousand free-home government program
- Operating EBITDA margin in 3Q incorporates results from our housing business, which has high returns but lower margins
- Adjusting for our housing business,
  EBITDA margin in 3Q13 increased
  significantly compared to last year and to 2Q13





Millions of
US dollars
Net Sales
Op. EBITDA
0/
as % net sales

9M13	9M12 Proforma	% var	3Q13	3Q12 Proforma	% var
238	221	7%	84	70	21%
114	98	16%	40	30	33%
47.9%	44.3%	3.6pp	47.1%	42.8%	4.3pp

Volume
Cement
Ready mix
Aggregates

9M13 vs.	3Q13 vs.	3Q13 vs.
9M12	3Q12	2Q13
4%	7%	2%
(1%)	19%	4%
6%	13%	(1%)

3Q13 vs.

3Q12

2%

16%

6%

3Q13 vs.

2Q13

(1%)

1%

0%

# Drico (LC)

Price (LC)	9M12
Cement	1%
Ready mix	10%
Aggregates	9%

9M13 vs.

- Significant operating EBITDA margin expansion of 4.3pp during 3Q13
- Strong volume growth in all three products
- Activity in infrastructure was driven by the canal expansion as well as other ongoing projects like Cinta Costera
- Residential sector in Panama continued its favorable trend





9M13	9M12 Proforma	% var	3Q13	3Q12 Proforma	% var
117	100	18%	40	34	19%
52	40	28%	17	13	29%
44.3%	40.6%	3.7рр	43.1%	39.9%	3.2pp

Volume
Cement
Ready mix
Aggregates

9	M13 vs.	3Q13 vs.	3Q13 vs.
	9M12	3Q12	2Q13
	4%	10%	2%
	(8%)	2%	3%
	(3%)	7%	7%

3013 vs

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Price (LC)	9M12	3Q12	2Q13
Cement	12%	11%	0%
Ready mix	16%	18%	3%
Aggregates	(4%)	(3%)	(9%)

9M13 vs. 3O13 vs.

- During 3Q13, significant improvement in operating EBITDA margin
- Cement volumes were supported by ongoing infrastructure projects, like the Northern Interamerican Highway
- Positive performance in ready-mix and aggregates was driven by the industrialand-commercial sector with several tourism projects, as well as office space and warehouse construction

# **Rest of CLH**



Millions of US dollars	9M13	9M12 Proforma	% var	3Q13	3Q12 Proforma	% var
Net Sales	211	206	2%	65	65	0%
Op. EBITDA	59	56	6%	18	16	14%
as % net sales	28.1%	27.2%	0.9рр	28.0%	24.7%	3.3рр

Volume	9M13 vs. 9M12	3Q13 vs. 3Q12	3Q13 vs. 2Q13
Cement	0%	0%	(9%)
Ready mix	2%	9%	(2%)
Aggregates	46%	35%	(10%)

Price (LC) <sup>1</sup>	9M13 vs. 9M12	3Q13 vs. 3Q12	3Q13 vs. 2Q13	
Cement	6%	4%	(1%)	
Ready mix	9%	8%	(3%)	
Aggregates	17%	10%	(8%)	

- Volume performance in 3Q was driven by positive dynamics in Nicaragua and Guatemala
- In Nicaragua, the infrastructure sector has continued its positive trend; we also continued with our paving solutions, participating in the road network improvement project "Calles para el Pueblo"
- In Guatemala, our cement volumes in 3Q were supported by infrastructure projects like the hydroelectric plant Renace II

<sup>&</sup>lt;sup>1</sup> Volume-weighted, local-currency average prices









Third Quarter 2013 **2013 Outlook** 





	Domestic gray cement	Ready mix	Aggregates
	Volumes	Volumes	Volumes
Consolidated	3%	9%	9%
Colombia	2%	12%	10%
Panama	3%	2%	3%
Costa Rica	7%	1%	2%

■ For 2013, total capital expenditures are expected to be US\$112 million, US\$44 million in maintenance capex and US\$68 million in strategic capex







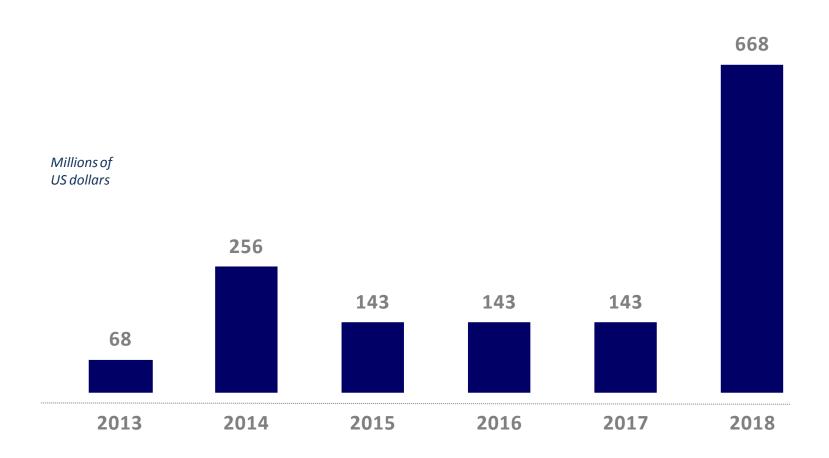


Third Quarter 2013 **Appendix** 





Total debt as of September 30, 2013 US\$ 1,424 million





# Additional information on debt

	Third Quarter	Third Quarter	Second Quarter
Millions of US dollars	2013	2012	2013
Total debt	1,424	2,613	1,479
Short-term	12%	59%	12%
Long-term	88%	41%	88%
Cash and cash equivalents	79	103	68
Net debt	1,345	2,510	1,411

	Third Quarter	Third Quarter
Currency Denomination	2013	2012
US Dollar	96%	100%
Colombian Peso	4%	0%
Interest rate		
Fixed	82%	0%
Variable	18%	100%

# 9M13 volume and price summary: Selected countries



	Domestic gray cement 9M13 vs. 9M12				Ready mix 9M13 vs. 9M12			Aggregates 9M13 vs. 9M12		
	Volumes	Prices (USD)	Prices (LC)	Volumes	Prices (USD)	Prices (LC)	Volumes	Prices (USD)	Prices (LC)	
Colombia	(1%)	2%	6%	9%	4%	9%	5%	(3%)	1%	
Panama	4%	1%	1%	(1%)	10%	10%	6%	9%	9%	
Costa Rica	4%	13%	12%	(8%)	16%	16%	(3%)	(3%)	(4%)	
Rest of CLH	0%	1%	6%	2%	6%	9%	46%	11%	17%	

# **3Q13** volume and price summary: Selected countries



	Domestic gray cement 3Q13 vs. 3Q12				Ready mix 3Q13 vs. 3Q12			Aggregates 3Q13 vs. 3Q12		
	Volumes	Prices (USD)	Prices (LC)	Volumes	Prices (USD)	Prices (LC)	Volumes	Prices (USD)	Prices (LC)	
Colombia	8%	(2%)	3%	15%	1%	7%	15%	(6%)	(1%)	
Panama	7%	2%	2%	19%	16%	16%	13%	6%	6%	
Costa Rica	10%	10%	11%	2%	17%	18%	7%	(4%)	(3%)	
Rest of CLH	(0%)	(1%)	4%	9%	6%	8%	35%	5%	10%	

#### **Definitions**



9M13 / 9M12: results for the first nine months of the years 2013 and 2012, respectively.

**Cement:** When providing cement volume variations, refers to domestic gray cement operations.

LC: Local currency.

**Like-to-like percentage variation (I-t-l % var):** Percentage variations adjusted for investments/divestments and currency fluctuations.

**Maintenance capital expenditures:** investments incurred for the purpose of ensuring the company's operational continuity. These include capital expenditures on projects required to replace obsolete assets or maintain current operational levels, and mandatory capital expenditures, which are projects required to comply with governmental regulations or company policies.

**Operating EBITDA:** Operating earnings before other expenses, net plus depreciation and operating amortization.

pp: percentage points.

Rest of CLH: includes Brazil, Guatemala, El Salvador and Nicaragua.

**Strategic capital expenditures:** investments incurred with the purpose of increasing the company's profitability. These include capital expenditures on projects designed to increase profitability by expanding capacity, and margin improvement capital expenditures, which are projects designed to increase profitability by reducing costs.





For convenience of the reader, and in order to present comprehensive comparative operating information for the three and nine-month periods ended September 30, 2013, CLH prepared pro forma selected consolidated income statement information for the three and nine-month periods ended September 30, 2012, intended in all cases and to the extent possible, to present the operating performance of CLH on a like-to-like basis.

**Pro forma year-to-date and third quarter 2012**: CLH selected consolidated income statement information for the three and nine-month periods ended September 30, 2012, was determined by reflecting the original results of the operating subsidiaries for the three and nine-month periods ended September 30, 2012. In addition, in connection with the 5% corporate charges and royalties agreement entered into by CLH with CEMEX and that was executed during the last quarter of 2012 with retroactive effects for full year 2012, the consolidated pro forma condensed income statement information of CLH for the three and nine-month periods ended September 30, 2012 was adjusted to reflect the 5% consolidated corporate charges and royalties.

# **Volumes and prices**

CLH changes in volumes and prices, presented for convenience of the reader, consider volumes and average prices on a pro forma basis for the three and nine-month periods ended Sep. 30, 2012.

# **Contact information**



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### **Stock Information**

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