# Third Quarter 2013 Results

October 23, 2013

# Forward looking information

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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.

# 3Q13 results highlights

| *Millions of US dollars* | January – September 2013 | January – September 2012 Proforma | January – September % var | Third Quarter 2013 | Third Quarter 2012 Proforma | Third Quarter % 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% | 1.7pp |
| 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

| Millions of US dollars | January – September 2013 | 2012 Proforma | % var | Third Quarter 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

# Consolidated volumes and prices

| | | 9M13 vs. 9M12 | 3Q13 vs. 3Q12 | 3Q13 vs. 2Q13 |
|---|---|---|---|---|
| Domestic gray cement | Volume | 1% | 6% | (1%) |
| | Price (USD) | 2% | (0%) | (1%) |
| | Price (l-t-l[1]) | 6% | 4% | 0% |
| Ready mix | Volume | 5% | 15% | 10% |
| | Price (USD) | 6% | 5% | (0%) |
| | Price (l-t-l[1]) | 9% | 9% | 0% |
| Aggregates | Volume | 6% | 15% | 14% |
| | Price (USD) | (1%) | (4%) | (2%) |
| | Price (l-t-l[1]) | 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

[1] Like-to-like prices adjusted for foreign-exchange fluctuations

- In Colombia, we are participating as developers in about 5,250 homes under the 100-thousand government-sponsored-free-home 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



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# Regional Highlights

# Colombia

| *Millions of US dollars* | 9M13 | 9M12 Proforma | % var | 3Q13 | 3Q12 Proforma | % var |
|---|---|---|---|---|---|---|
| Net Sales | 735 | 672 | 9% | 287 | 230 | 25% |
| Op. EBITDA | 305 | 270 | 13% | 115 | 94 | 22% |
| as % net sales | 41.5% | 40.2% | 1.3pp | 40.0% | 40.9% | (0.9pp) |

| **Volume** | 9M13 vs. 9M12 | 3Q13 vs. 3Q12 | 3Q13 vs. 2Q13 |
|---|---|---|---|
| Cement | (1%) | 8% | 1% |
| Ready mix | 9% | 15% | 13% |
| Aggregates | 5% | 15% | 20% |

| **Price (LC)** | 9M13 vs. 9M12 | 3Q13 vs. 3Q12 | 3Q13 vs. 2Q13 |
|---|---|---|---|
| Cement | 6% | 3% | 2% |
| Ready mix | 9% | 7% | 1% |
| Aggregates | 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

# Panama

| *Millions of US dollars* | 9M13 | 9M12 Proforma | % var | 3Q13 | 3Q12 Proforma | % var |
|---|---|---|---|---|---|---|
| Net Sales | 238 | 221 | 7% | 84 | 70 | 21% |
| Op. EBITDA | 114 | 98 | 16% | 40 | 30 | 33% |
| as % net sales | 47.9% | 44.3% | 3.6pp | 47.1% | 42.8% | 4.3pp |

| **Volume** | 9M13 vs. 9M12 | 3Q13 vs. 3Q12 | 3Q13 vs. 2Q13 |
|---|---|---|---|
| Cement | 4% | 7% | 2% |
| Ready mix | (1%) | 19% | 4% |
| Aggregates | 6% | 13% | (1%) |

| **Price (LC)** | 9M13 vs. 9M12 | 3Q13 vs. 3Q12 | 3Q13 vs. 2Q13 |
|---|---|---|---|
| Cement | 1% | 2% | (1%) |
| Ready mix | 10% | 16% | 1% |
| Aggregates | 9% | 6% | 0% |

- 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

# Costa Rica

| *Millions of US dollars* | 9M13 | 9M12 Proforma | % var | 3Q13 | 3Q12 Proforma | % var |
|---|---|---|---|---|---|---|
| Net Sales | 117 | 100 | 18% | 40 | 34 | 19% |
| Op. EBITDA | 52 | 40 | 28% | 17 | 13 | 29% |
| as % net sales | 44.3% | 40.6% | 3.7pp | 43.1% | 39.9% | 3.2pp |

| **Volume** | 9M13 vs. 9M12 | 3Q13 vs. 3Q12 | 3Q13 vs. 2Q13 |
|---|---|---|---|
| Cement | 4% | 10% | 2% |
| Ready mix | (8%) | 2% | 3% |
| Aggregates | (3%) | 7% | 7% |

| **Price (LC)** | 9M13 vs. 9M12 | 3Q13 vs. 3Q12 | 3Q13 vs. 2Q13 |
|---|---|---|---|
| Cement | 12% | 11% | 0% |
| Ready mix | 16% | 18% | 3% |
| Aggregates | (4%) | (3%) | (9%) |

- 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 industrial-and-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% | 0.9pp | 28.0% | 24.7% | 3.3pp |

| **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)**[1] | 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*

[1] Volume-weighted, local-currency average prices

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## 2013 Outlook

# 2013 guidance

| | 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

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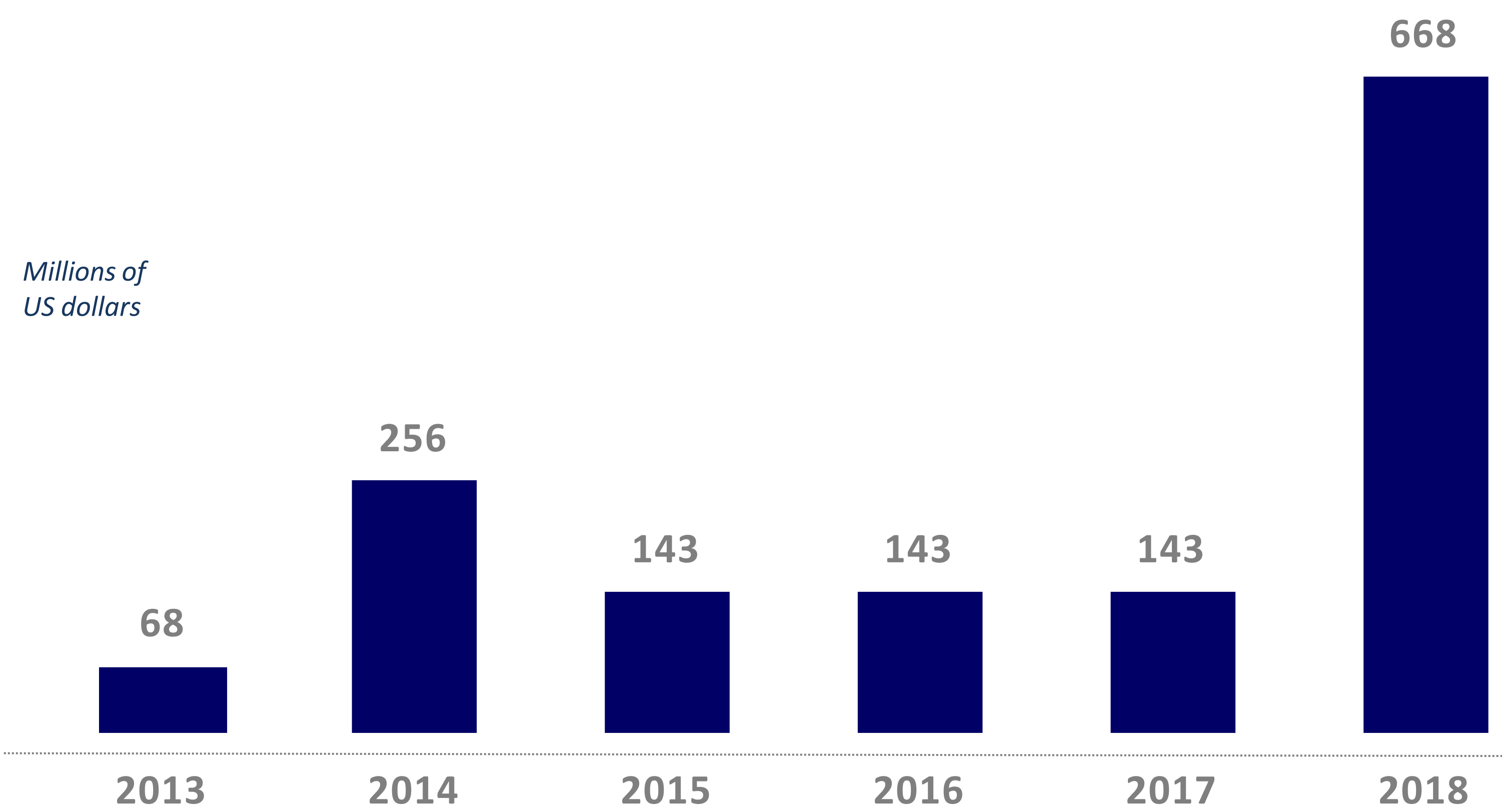
# Appendix

# Consolidated debt maturity profile

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




Includes CEMEX Colombia short-term leases

# Additional information on debt

| *Millions of US dollars* | Third Quarter 2013 | Third Quarter 2012 | Second Quarter 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 2013 | Third Quarter 2012 |
|---|---|---|
| Currency Denomination | | |
| US Dollar | 96% | 100% |
| Colombian Peso | 4% | 0% |
| Interest rate | | |
| Fixed | 82% | 90% |
| Variable | 18% | 10% |

# 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 (l-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.

# Presentation of pro forma financial information

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

- Colombian Stock Exchange: CLH