As a further measure to enhance our liquidity during 2020, we suspended the CEMEX, S.A.B. de C.V. share repurchase program for 2020 and CEMEX, S.A.B. de C.V. did not pay dividends during 2020.

Lastly, starting on May 1, 2020, for a 90-day period, subject to all applicable laws and regulations, CEMEX, S.A.B. de C.V.’s Chairman of the Board of Directors, Chief Executive Officer and the members of our Executive Committee forgave 25% of their salaries; the members of the Board of Directors of CEMEX, S.A.B. de C.V. forgave 25% of their remuneration (including with respect to the meeting held in April 2020); and certain senior executives voluntarily forgave 15% of their monthly salaries. All of our executives that agreed to forgo part of their monthly salaries to mitigate the effects of the COVID-19 pandemic, including the members of CEMEX, S.A.B. de C.V.’s board of directors who each forgave 25% of their remuneration, were subsequently compensated in full during the fourth quarter of 2020. In addition, certain employees voluntarily deferred 10% of their monthly salary, which were subsequently paid in full during November 2020. We also worked to mitigate the impact on our hourly employees affected by the COVID-19 pandemic.

While the measures we took in 2020 helped us to meet all liquidity needs and to operate and manage our business and serve our customers, there can be no assurance that the measures we have already taken or may take in the future will fully offset the adverse impact of the COVID-19 pandemic, but since some of these measures were adopted we believe that they have assisted to partially offset the adverse impact of COVID-19.

The degree to which COVID-19 further affects our results and operations will depend on future developments which are highly uncertain and cannot be predicted, including, but not limited to: the potential identification of new variants of COVID-19 and the severity of those variants; any new waves of COVID-19 as well as the severity and duration of such waves; the duration, severity and spread of the COVID-19 pandemic; the actions taken to contain COVID-19 or treat its impact; how effective the recently authorized COVID-19 vaccines will be and how widely and quickly the vaccines will be distributed and used; how quickly and to what extent pre-COVID-19 pandemic economic and operating conditions can resume; and how many and how effective any stimulus initiatives are implemented by governments. See “Item 3—Key Information—Risk Factors—Risks Relating to Our Business—The COVID-19 outbreak could materially adversely affect our financial condition and results of operations” and “Item 3—Key Information—Our Operation Resilience” for a discussion of other strategies we believe should help us further mitigate the effects of the COVID-19 pandemic.

Risk Factors

We are subject to various risks mainly resulting from changing economic, environmental, political, industry, business, regulatory, financial and climate conditions, as well as risks related to ongoing legal proceedings and investigations. The following risk factors are not the only risks we face, and any of the risk factors described below could significantly and adversely affect our business, liquidity, results of operations or financial condition, as well as, in certain instances, our reputation.

Risks Relating to Our Business

Economic conditions in some of the countries where we operate and in other regions or countries may adversely affect our business, financial condition, liquidity and results of operations.

The economic conditions in some of the countries where we operate have had and may continue to have a material adverse effect on our business, financial condition, liquidity and results of operations worldwide. Our results of operations are highly dependent on the results of our operating subsidiaries worldwide, including those in the United States, Mexico, Europe, the Middle East, Africa and Asia (“EMEAA”) and South America, Central America, the Caribbean (“SCA&C”) (as described in “Item 4—Information on the Company—Business Overview”).

For a geographic breakdown of our revenues for the year ended December 31, 2020, see “Item 4—Information on the Company—Geographic Breakdown of Revenues by Reporting Segment for the Year Ended December 31, 2020.”

As of the date of this annual report, the main downside risk to the global economy relates to the COVID-19 pandemic. Despite progress in vaccine development and rollout, uncertainties which could keep consumer confidence low for an extended period remain, delaying economic recovery even further. The COVID-19 pandemic, coupled with the measures implemented by governmental authorities to contain and mitigate the effects of COVID-19, including shutdowns of non-essential infrastructure businesses, stricter border controls, stringent quarantines and social distancing, have triggered what we believe is the worst downturn since the Great Depression in the 1930s. The negative effects of the pandemic on, among other things, supply chains, global trade, mobility of persons, business continuity, employment and demand for goods and services have been sizable.

According to the latest World Economic Outlook of the IMF, published in April 2021, global growth, after contracting 3.3% in 2020, is expected to rebound by 6.0% in 2021. As a result, according to the IMF, the level of global gross domestic product (“GDP”) in 2021 is expected to be 2.5% above that of 2019. The global economy is climbing out of the depths of the crisis, but the ascent to pre-COVID-19 pandemic levels will likely be long, uneven and uncertain. The IMF recognized that there is a higher than usual degree of uncertainty around this forecast, as the baseline projection rests on key assumptions about the fallout from the COVID-19 pandemic.

The magnitude and persistence of the adverse economic shock will continue to depend on several uncertain factors, such as (i) the duration of the pandemic, the speed of vaccination and required restrictions to contain the virus; (ii) voluntary social distancing, which affects spending; (iii) displaced workers’ ability to secure employment in other sectors; (iv) the potential damage to supply due to firm closures and unemployed workers exiting the workforce; (v) the impact on business costs in connection with the required changes to strengthen workplace safety; (vi) the effects on productivity of global supply chain reconfigurations; (vii) the extent of cross-border spillovers from weaker external demand; and (viii) funding shortfalls and the resolution in connection with the current disconnection between asset valuations and prospects for economic activity.

Although recent vaccine approvals and rollout have raised hopes of a turnaround in the COVID-19 pandemic later this year, renewed waves and new variants pose concerns for the outlook. Growth may be stymied if virus surges (including from new variants) prove difficult to contain, infections and deaths mount rapidly before vaccines are widely available, and social distancing or lockdowns are more stringent than anticipated. Slower-than-anticipated progress on medical interventions could dampen hopes of a relatively quick exit from the COVID-19 pandemic and weaken confidence. Specifically, vaccine rollout could suffer delays or be uneven, widespread hesitancy could hamper vaccine take-up, vaccines could deliver shorter-lived immunity than anticipated and advances on therapies could be limited. Intensifying social unrest, including due to higher inequality and unequal access to vaccines and therapies, could further complicate the recovery. Moreover, if policy support is withdrawn before full economic recovery, bankruptcies of viable but illiquid companies could mount, leading to further employment and income losses. The ensuing tighter financial conditions could increase rollover risks for vulnerable borrowers, add to the already large number of economies in debt distress, and increase insolvencies among corporations and households.

Beyond the COVID-19 pandemic-related downside risks, escalating tensions between the United States and China on multiple fronts, frayed relationships among the Organization of the Petroleum Exporting Countries coalition of oil producers and widespread social unrest generate additional challenges for the global economy. Moreover, in a context of high liquidity and extremely high debt (particularly in advanced economies), inflationary pressure could pose a risk. Financial overvaluations of stocks, corporate and sovereign bonds, and EMs assets, among others, continue to be a major concern and further episodes of high volatility cannot be ruled out, putting additional stress on vulnerable countries which could have an adverse effect on our business and on our financial condition, liquidity and results of operations. Finally, natural disasters related to climate change represent a source of risk to the global economy.

In the United States, given the widespread impact of the COVID-19 pandemic, substantial governmental support is still required and the recently passed American Rescue Plan may be insufficient for long-term economic sustainability should there be a protracted recovery. Furthermore, investors fleeing the Dollar could elevate inflation expectations and interest rates. Additionally, high unemployment could lead to mortgage and rental defaults adding losses to the commercial banking industry, resulting in higher loan-loss provision, tighter lending standards and lending curtailment. If the impacts of the COVID-19 pandemic are materially prolonged, it could result in a cascade of additional corporate filings for bankruptcies, further eroding market confidence and increasing unemployment rates. Together, these uncertainties and risks could have a material adverse impact not only on our financial condition, business and results of operations in the United States, but also on our consolidated financial conditions, business and results of operations. See “Item 3—Key Information—COVID-19 Outbreak “ and “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations” for more information regarding the impact of COVID-19 on our industry in the United States.

As a result of the general election in Mexico in 2018, a new federal government and Mexican National Congress led by the president’s political party took office. As is usually the case with any changes in administration, there has been an impact on the economy resulting from the current government’s economic and public policies, including on interest rates and exchange rates, in attracting or maintaining foreign investment in Mexico and in the regulatory and institutional framework of the country, and any further changes in policy could further affect our financial condition, business, liquidity and results of operations, particularly in Mexico.

The Mexican economy entered into recession in 2019 and the COVID-19 pandemic-related uncertainty, policies and events aggravated the decline in 2020, when economic activity posted its worse historical decline as a result of the domestic demand plunge. The Mexican economy is expected to partially recover in 2021, mainly driven by favorable external conditions. However, as of the date of this annual report, 2021 GDP is expected to remain well below 2019 levels. Beyond the aforementioned pandemic-related risks, the Mexican economy faces other risks in the short-term including, but not limited to: (i) further declines in oil production, which could affect the mining sector and tax revenues; (ii) the effects of the downgrade of Petróleos Mexicanos’ (“PEMEX”) debt rating or a requirement to restructure PEMEX, which could undermine fiscal stability and Mexico’s sovereign debt rating; (iii) failure to revive private investment due to uncertainty in government policies, as well as the lack of sufficient fiscal stimulus support; (iv) the negative effects derived from the potential approval of controversial law initiatives; (v) a further contraction of construction activity as a result of cuts in public investment or weak government spending and stagnation of private investment; and (vi) aggressive tightening of monetary policy as a result of the renewal of inflationary pressures and/or high currency forex fluctuation. Together, these uncertainties and risks could have a material adverse impact on our financial condition, business and results of operations, particularly in Mexico. See “Item 3—Key Information—COVID-19 Outbreak” for more information regarding the impact of COVID-19 on our industry in Mexico.

The laws and regulations in Mexico to which we are subject, and interpretations thereof, may change, sometimes substantially, as a result of a variety of factors beyond our control, including political, economic, regulatory or social events. As a result of amendments in May 2019 to the Mexican Federal Labor Law (*Ley Federal del Trabajo*) and other related regulations, among other things, new labor authorities and courts were created, new bargaining procedures were implemented and provisions related to employees’ freedom of association and organization, collective bargaining agreements, and rules against labor discrimination were issued or amended. We cannot assure you that these changes will not lead to an increase in litigation, labor activism or increasingly contentious labor relations, which in turn may adversely affect our business, financial condition, results of operations and prospects, particularly in Mexico. Additionally, in August 2019, the new Mexican Law for the Termination of Ownership (*Ley Nacional de Extinción de Dominio*) was enacted. This new law grants the authority to the Mexican federal government to terminate the ownership of real estate property in Mexico if illicit activities are performed on such real estate properties. Therefore, if any illicit activities are performed on our real estate properties (even without our knowledge or control), we could be deprived of our ownership rights and would not be compensated for such loss, which could have a material adverse impact on our business, financial condition, results of operations and prospects, particularly in Mexico. Also in Mexico, several laws, policies and regulations issued since the beginning of the current administration, as well as certain legislative proposals, differ substantially from those in effect in previous administrations. Furthermore, certain changes in the laws and regulations governing the energy, electricity and hydrocarbons sectors have been enacted, are being considered for approval or are undergoing constitutional challenges. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Environmental Matters—Mexico” and “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Regulatory Matters and Legal Proceedings—Environmental Matters—Mexico” for a description of such changes in the laws and regulations governing the energy, electricity and hydrocarbons sectors which have been enacted or are undergoing constitutional challenges. We are not certain if such laws and regulations undergoing constitutional challenges will prevail. These and any other policies, laws and regulations which are further adopted could result in a deterioration of investment sentiment, political and economic uncertainty, and increased costs for our business, which may in turn have a material adverse effect on our business, financial condition, liquidity and results of operations. See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Regulatory Matters and Legal Proceedings—Recent Developments Relating to The Integral Reform in Outsourcing in Mexico” for more information regarding the impact of legislative reforms in Mexico.

At the beginning of the COVID-19 pandemic, Colombia was in a strong position, both in terms of its institutional framework, as well as its macroeconomic performance. However, unemployment was high, and a tax reform was needed to improve fiscal sustainability. The impact of the COVID-19 pandemic in fiscal accounts has accentuated the need for fiscal reform. Apart from the pandemic-related risks, some of the most prominent risks facing the Colombian economy are those related to the fiscal situation, such as a risk of sovereign ratings downgrade and the possible economic impact of the coming tax reform, as well as the risk of political polarization. Moreover, Colombia remains vulnerable to large capital outflows given its large external financial needs (the current account deficit was 3.3% of GDP in 2020) and to potential downward pressures on oil prices. If these risks materialize, they could have a material adverse effect on our business, financial condition, results of operations and prospects in Colombia. See “Item 3—Key Information—COVID-19 Outbreak” for more information regarding the impact of COVID-19 on our operations in Colombia.

In Europe, most countries have been pushed into recession as a result of the COVID-19 pandemic, but the impact on output has been heterogeneous. Similarly, countries have emerged from the COVID-19 pandemic in an asymmetric way, reflecting the different timing at which containment and social distancing measures were implemented and lifted; the structure of the economy, particularly the importance of tourism and leisure activities; as well as the magnitude and effectiveness of the policy response. As in the rest of the world, the most important economic concern is the impact of the COVID-19 pandemic, which depends on its scale and duration, the reaction of consumers and corporations, as well as the ability of the policy response to prevent more permanent layoffs, corporate bankruptcies and a sharp reassessment of financial risks, further market volatility and negative feedback effects. The vaccine rollout process has been and continues to be slow in Europe, with some exceptions, preventing confidence from recovering. In fact, the recovery in Europe could still suffer from insufficiently coordinated national policy responses and a lack of coordinated response from the European Union (the “EU”). Besides, further delays in the disbursements assumed in the EU Recovery Fund pose a risk for investment and construction.

Even though a deal has been reached regarding the relationship between the EU and the United Kingdom following the United Kingdom’s withdrawal from the EU (“Brexit”), the practical execution of such a deal represents a considerable risk. Together, these risks and uncertainties could have a material adverse impact on our financial condition, business and results of operations, particularly in Europe. See “Item 3—Key Information—COVID-19 Outbreak” and “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations” for more information regarding the impact of COVID-19 on our industry in Europe.

Additionally, Central European countries might experience a reduction in the proceeds they receive from the EU’s structural funds in the future, which could hinder infrastructure investment in such countries and adversely affect our financial condition, business, liquidity and results of operations, particularly with regard to our operations in Europe.

In the Philippines, slow progress on vaccinations and infection control and persistently elevated public contagion fears could delay economic recovery. In addition, weather-related supply disruptions, fluctuations in global oil prices, natural disasters, business slowdowns due to government policy changes, domestic security concerns, and increased domestic political and geopolitical tensions could adversely affect the Philippine economy. Fiscal constraints and lack of social safety nets could also delay the recovery from the effects of the COVID-19 pandemic-driven economic disruptions and impact different sectors of the country. These risks could jeopardize the country’s infrastructure development plan, dampen investment and curb economic growth. If any of these risks materialize, they could adversely affect our financial condition, business, liquidity and results of operations in the Philippines. See “Item 3—Key Information—COVID-19 Outbreak” for more information regarding the impact of COVID-19 on our operations in the Philippines.

In general, demand for our products and services is strongly related to construction levels and depends, in large part, on residential and commercial construction activity, as well as private and public infrastructure spending in almost all the countries where we operate. Public and private infrastructure spending in countries dependent on revenue generated by the energy sector is exposed to decreases in energy prices. Therefore, decreases in energy prices could affect public and private infrastructure spending which, in turn, could affect the construction industry. These could ultimately affect our financial condition, business, liquidity and results of operations.

Declines in the construction industry are usually correlated with declines in general economic conditions. As a result, deterioration of economic conditions in the countries where we operate, particularly due to the COVID-19 pandemic, could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, there is no assurance that growth in the GDP of the countries where we operate will translate into a correlated increase in demand for our products.

We are subject to the effects of general global economic and market conditions that are beyond our control. If these conditions remain challenging or deteriorate, our business, financial condition, liquidity and results of operations could be adversely affected. Possible consequences from macroeconomic global challenges could have an adverse impact on our business, financial condition, liquidity and results of operations.

The COVID-19 outbreak could materially adversely affect our financial condition and results of operations.

The impact of the COVID-19 pandemic and new strains of coronavirus that have been recently identified has grown and continues to grow throughout the world, including in Mexico, the United States, Asia, the Middle East, South and Central America, the Caribbean and Europe. Governments and health authorities around the world have implemented and may continue to implement numerous measures attempting to contain and mitigate the further spread and effects of the virus. These measures, and the effects of the COVID-19 pandemic, have generally resulted, and may continue to result, in: (i) temporary restrictions on, or suspended access to, or shutdown, or suspension or the halt of, our manufacturing facilities, including our cement plants and grinding mills; (ii) staffing shortages at any level, production slowdowns or stoppages and disruptions in our delivery systems; (iii) disruptions or delays in our supply chains, including shortages of materials, products and services on which we and our businesses depend; (iv) reduced availability of land and sea transport, including labor shortages, logistics constraints and increased border controls or closures; (v) increased cost of materials, products and services on which we and our businesses depend; (vi) reduced investor confidence and consumer spending in the regions where we operate, as well as globally; (vii) a general slowdown in economic activity, including in some or all sectors of the construction industry, and a decrease in demand for our products and services and industry demand generally; (viii) constraints on the availability of financing in the financial markets, if available at all, including on access to credit lines and working capital facilities from financial institutions; (ix) not being able to satisfy any liquidity needs if our operating cash flow and funds received under our receivables and inventory financing facilities decrease, respectively, or if we are not able to obtain borrowings under credit facilities, proceeds of debt and equity offerings and/or proceeds from asset sales; (x) our inability to, if required, refinance our existing indebtedness on desired terms, if at all; or (xi) our inability to comply with, or receive waivers with respect to, restrictions and covenants under the agreements governing our existing indebtedness and financial obligations, including, but not limited to, maintenance covenants under our 2017 Facilities Agreement.

These measures have adversely affected and may continue to adversely affect our workforce and operations and the operations of our customers, distributors, suppliers and contractors, and may adversely affect our financial condition and results of operations. There is significant uncertainty regarding such measures and potential future measures. Restrictions on our access to our manufacturing facilities, operations and/or workplaces, or similar limitations for our distributors and suppliers, could limit customer demand and/or our capacity to meet customer demand, any of which could have a material adverse effect on our financial condition and results of operations. The degree to which COVID-19 affects our results and operations will depend on the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, the vaccine development and rollout in the countries where we operate and how quickly and to what extent pre-COVID-19 economic and operating conditions can resume, among other things. See "Item 3—Key Information—COVID-19 Outbreak" and "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations" for more information on how COVID-19 has impacted our financial performance and results of operations.

The consequences of the COVID-19 pandemic have considerably affected us in certain countries. During the third quarter of 2020, due to the lack of visibility and high uncertainty resulting from the negative economic effects of the COVID-19 pandemic and considering the impairment indicators in certain countries, we recognized a non-cash aggregate impairment charge of $1.5 billion comprised of $1.02 billion of impairment from goodwill related to our business in the United States, as well as $473 million of impairment from idle assets and from other assets in several countries, mainly cement assets in the United States, as well as in Europe, South, Central America and the Caribbean, among other non-material adjustments in CEMEX's concrete ready-mix and aggregates businesses.

We consider that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future mainly in connection with: (i) impairment of long-lived assets including goodwill; (ii) foreign exchange losses related to our obligations denominated in foreign currency; (iii) increases in estimated credit losses on trade accounts receivable; and (iv) further disruption in supply chains. We also consider that the lack of clarity on virus variants, the effectiveness of any COVID-19 vaccines and/or treatments and on the effective and equitable distribution of these vaccines, could also contribute to short-term effects while the vaccines become more effective and their distribution is more properly defined.

The weakness of the global economic environment and its adverse effects on our operating results may negatively affect our credit rating and the market value of CEMEX, S.A.B. de C.V.'s CPOs and ADSs, or that of our publicly listed subsidiaries. If current economic pressures continue or worsen, we may be dependent on the issuance of equity as a source to repay our existing or future indebtedness. Although we have been able to raise debt, equity and equity-linked capital in the recent past, conditions in the capital markets could be such that traditional sources of capital may not be available to us on reasonable terms or at all. As a result, we cannot assure you that we will be able to successfully raise additional debt and/or equity capital on terms that are favorable to us or at all.

The 2017 Facilities Agreement contains several restrictions and covenants. Our failure to comply with such restrictions and covenants could have a material adverse effect on our business and financial conditions.

The 2017 Facilities Agreement requires us to comply with several financial ratios and tests, including (i) a minimum consolidated coverage ratio of Operating EBITDA (as defined below) to interest expense (including interest accrued on Perpetual Debentures) and (ii) a maximum consolidated leverage ratio of net debt (including Perpetual Debentures, guarantees and capitalized leases under IFRS 16, excluding convertible/exchangeable obligations, the principal amount of subordinated optional convertible securities and plus or minus the mark-to-market amount of derivative financial instruments, among other adjustments) to Operating EBITDA (in each case, as described in the 2017 Facilities Agreement). The calculation and formulation of Operating EBITDA, interest expense, net debt, the consolidated coverage ratio and the consolidated leverage ratio are set out in the 2017 Facilities Agreement and may differ from the calculation and/or formulation of analogous terms in this annual report. Our ability to comply with these ratios may be affected by our results of operations, economic conditions and volatility in foreign exchange rates, by overall conditions in the financial and capital markets and the construction sector, and by any monetary penalties or fines we may have to pay as a result of any administrative or legal proceedings to which we may be exposed to. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings” for more information.

We cannot assure you that in the future we will be able to comply with the restrictive covenants and limitations contained in the 2017 Facilities Agreement or that we will be in compliance with other agreements which constitute financial indebtedness in excess of $50 million in which any non-compliance would trigger a cross-default. Our failure to comply with such covenants and limitations could result in an event of default, which could materially and adversely affect our business, financial condition, liquidity and results of operations.

Difficulties in relationships with local communities may adversely affect our business continuity, reputation, liquidity, and results of operations.

Although we make significant efforts to maintain good long-term relationships and continuous communication with local and neighboring communities where we operate, there can be no assurance that such communities will not have or will not develop interests or objectives which are different from, or even in conflict with, our objectives, which could result in legal or administrative proceedings, civil unrest, protests, negative media coverage, direct action or campaigns, including, but not limited to, requests for the government to revoke or deny our concessions, licenses or other permits to operate. Any such events could cause delays or disruptions in our operations, result in operational restrictions or higher costs, or cause reputational damage, which could materially and adversely affect our business, reputation, liquidity and results of operations.

Changes to, or replacement of, the LIBOR Benchmark Interest Rate, could adversely affect our business, financial condition, liquidity and results of operations.

The United Kingdom’s Financial Conduct Authority (“FCA”), a regulator of financial services firms and financial markets in the United Kingdom, has indicated that they will support the London Inter-Bank Offered Rate (“LIBOR”) interest rate indices through 2021 to allow for an orderly transition to an alternative reference rate. LIBOR indices, in particular the Dollar LIBOR, are commonly used as a benchmark for our financing agreements, financial obligations and derivatives, including our 2017 Facilities Agreement, which systematically catalogue relevant LIBOR provisions, including uniform trigger provisions intended to identify a test for when LIBOR no longer governs the agreement and/or uniform fallback provisions intended to identify an alternative reference rate, or there may be vast, or slight, differences in those provisions. As part of the October 2020 Facilities Agreement, understanding that LIBOR is expected to cease to be calculated from January 1, 2022, a clause was included providing that CEMEX and the Agent (acting on the instructions of the Majority Lenders) shall enter into negotiations in good faith with a view to agreeing the use of a Replacement Benchmark (as defined in the Facilities Agreement) in relation to the corresponding currency in place of the LIBOR benchmark interest rate from and including a date no later than December 30, 2021. On the other hand, the indentures governing the dual-currency notes that underlie the Perpetual Debentures don’t include any provisions addressing transition from or replacement of an applicable LIBOR rate; therefore, in order to address this issue with respect to any dual-currency notes that underlie the Perpetual Debentures which would remain outstanding after December 31, 2021, we would need to seek consent from the corresponding holders to agree to an alternative benchmark rate. Other benchmarks may perform differently than LIBOR or have other consequences that cannot currently be anticipated. As of December 31, 2020, 17% of our foreign currency-denominated non-current debt bears floating rates at a weighted average interest rate of LIBOR plus 294 basis points. Additionally, as of December 31, 2020, 21% of our foreign currency-denominated non-current debt with a maturity beyond December 31, 2021 is referenced to LIBOR. A transition away from and/or changes to the LIBOR benchmark interest rate could adversely affect our business, financial condition, liquidity and results of operations.

We have a substantial amount of debt and other financial obligations maturing in the next several years. If we are unable to secure refinancing on favorable terms or at all, we may not be able to comply with our upcoming payment obligations. Our ability to comply with our principal maturities and financial covenants may depend on us implementing certain initiatives, including, but not limited to, "Operation Resilience," which may include making asset sales, and there is no assurance that we will be able to implement any such initiatives or execute such sales, if needed, on terms favorable to us or at all.

As of December 31, 2020, our total debt, plus other financial obligations, was $11,185 million (principal amount $11,248 million, excluding deferred issuance costs), which does not include $449 million, which represents the nominal amount of our Perpetual Debentures. Of such total debt plus other financial obligations, $1,058 million (principal amount $1,057 million) matures during 2021; $385 million (principal amount $385 million) matures during 2022; $934 million (principal amount $934 million) matures during 2023; $1,526 million (principal amount $1,530 million) matures during 2024; and $7,282 million (principal amount $7,342 million) matures after 2024.

If we are unable to comply with our principal maturities under certain of our indebtedness, or refinance or extend maturities of certain of our indebtedness, substantially all of our debt could be accelerated. Acceleration of our debt would have a material adverse effect on our business, financial condition, liquidity and results of operations. As a result of the restrictions under the 2017 Facilities Agreement, the indentures that govern our outstanding Senior Secured Notes (as defined below) and other debt instruments, the current global economic environment and uncertain market conditions, we may not be able to, if we need to do so to repay our indebtedness, complete asset sales on terms that we find economically attractive or at all. Volatility in the credit and capital markets could significantly affect us due to its effect on the availability of funds to potential acquiring parties, including industry peers. In addition, high levels of consolidation in our industry in some jurisdictions may further limit potential asset sales to interested parties due to antitrust considerations. If we need to sell assets to repay our indebtedness but are unable to complete asset sales and our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with financial covenants and payment obligations under our indebtedness, which would have a material adverse effect on our business, financial condition, liquidity and results of operations.

In addition, our levels of debt, contractual restrictions and our need to deleverage may limit our planning flexibility and our ability to react to changes in our business and the industry and may place us at a competitive disadvantage compared to competitors who may have no need to deleverage or who may have lower leverage ratios and fewer contractual restrictions, or that have no restrictions at all. There can also be no assurance that, because of our leverage ratio and contractual restrictions, we will be able to improve or maintain our operating margins and deliver financial results comparable to the results obtained in the past under similar economic conditions, or that we will be able to execute the capital expenditures that we have disclosed. Also, there can be no assurance that we will be able to implement our business strategy and initiatives and improve our results and revenues, which could affect our ability to comply with our payment obligations under our debt agreements and instruments. See "Item 3—Key Information—COVID-19 Outbreak" for more information on the impact of COVID-19 on our debt and cash levels.

We may not be able to generate sufficient cash to service all of our indebtedness or satisfy our short-term liquidity needs, and we may be forced to take other actions to satisfy our obligations under our indebtedness and our short-term liquidity needs, which may not be successful.

Historically, we have addressed our liquidity needs, including funds required to make scheduled principal and interest payments, refinance debt, and fund working capital and planned capital expenditures, mostly with operating cash flow, borrowings under credit facilities and receivables and inventory financing facilities, proceeds of debt and equity offerings and proceeds from asset sales.

As of December 31, 2020, we had $586 million funded under our securitization programs in Mexico, the United States, France and the United Kingdom. We cannot assure you that, going forward, we will be able to, if needed, roll over or renew these programs, which could adversely affect our liquidity.

The weakness of the global economic environment and its adverse effects on our operating results may negatively affect our credit rating and the market value of CEMEX, S.A.B. de C.V.'s CPOs and ADSs, or that of our publicly listed subsidiaries, mainly CEMEX Latam Holdings, S.A. ("CLH") and Cemex Holdings Philippines, Inc. ("CHP"). If current economic pressures continue or worsen, we may be dependent on the issuance of equity as a source to repay our existing or future indebtedness. Although we have been able to raise debt, equity and equity-linked capital in the recent past, conditions in the capital markets could be such that traditional sources of capital may not be available to us on reasonable terms or at all. As a result, we cannot assure you that we will be able to successfully raise additional debt and/or equity capital on terms that are favorable to us or at all.

We have historically, when needed, sought and obtained waivers and amendments to several of our debt instruments relating to a number of financial ratios. Our ability to comply with these ratios could be affected by global economic conditions and volatility in foreign exchange rates and the financial and capital markets, among other factors. If necessary, we may need to seek waivers or amendments to one or more of our debt agreements or debt instruments in the future. However, we cannot assure you that any future waivers or amendments, if requested, will be obtained. If we are unable to comply with the provisions of our debt agreements or debt instruments, and are unable to obtain a waiver or amendment, the indebtedness outstanding under such debt agreements and/or instruments could be accelerated. Acceleration of these debt agreements and/or instruments would have a material adverse effect on our business, liquidity and financial condition.

If the global economic environment deteriorates and our operating results worsen significantly, if we are unable to complete debt or equity offerings or, if needed, any divestitures, and/or our cash flow or capital resources prove inadequate, we could face liquidity problems and may not be able to comply with our principal payments under our indebtedness or refinance our indebtedness. See "Item 3—Key Information—COVID-19 Outbreak" for more information on the impact of COVID-19 on our liquidity.

The indentures governing our outstanding Senior Secured Notes and the terms of our other indebtedness impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and may impede our ability to refinance our debt.

As of December 31, 2020, there were $5,071 million and €1,050 million aggregate principal amount of then-outstanding Senior Secured Notes under the indentures governing such notes. Mostly all of the indentures governing our outstanding Senior Secured Notes and the other instruments governing our consolidated indebtedness impose significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to: (i) incur debt, including restrictions on incurring debt at our subsidiaries, which are not parties to the indentures governing the Senior Secured Notes; (ii) pay dividends on stock; (iii) redeem stock or redeem subordinated debt; (iv) make investments; (v) sell assets, including capital stock of subsidiaries; (vi) guarantee indebtedness; (vii) enter into agreements that restrict dividends or other distributions from restricted subsidiaries; (viii) enter into transactions with affiliates; (ix) create or assume liens; (x) engage in mergers or consolidations; and (xi) enter into a sale of all or substantially all of our assets.

These restrictions could limit our ability to seize attractive growth opportunities for our businesses that are currently unforeseeable, particularly if we are unable to incur financing or make investments to take advantage of these opportunities.

These restrictions may significantly impede our ability to develop and implement refinancing plans with respect to our debt.

Most of the covenants are subject to a number of exceptions and qualifications. The breach of any of these covenants could result in a default under the indentures governing our outstanding Senior Secured Notes, as well as certain other existing debt obligations, as a result of the cross-default provisions contained in the instruments governing such debt obligations. In the event of a default under any of the indentures governing our outstanding Senior Secured Notes, holders of our outstanding Senior Secured Notes could seek to declare all amounts outstanding under such Senior Secured Notes, together with accrued and unpaid interest, if any, to be immediately due and payable. If the indebtedness under our outstanding Senior Secured Notes, or certain other existing debt obligations were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full such accelerated indebtedness or our other indebtedness.

Furthermore, upon the occurrence of any event of default under the 2017 Facilities Agreement, the indentures governing our outstanding Senior Secured Notes or any of our other debt, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. If the lenders accelerate payment of those amounts, we cannot assure you that our assets would be sufficient to repay those amounts in full or to satisfy our other liabilities. See “Item 3—Key Information—COVID-19 Outbreak” and “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations” for more information on the impact of the COVID-19 pandemic on our business.

In addition, in connection with the entry into new financings or amendments to existing financing arrangements while our debt rating remains below investment grade, our financial and operational flexibility may be further reduced as a result of more restrictive covenants, requirements for security and other terms that are often imposed on sub-investment grade entities.

CEMEX, S.A.B. de C.V.’s ability to repay debt and pay dividends depends on our subsidiaries’ ability to transfer income and dividends to us.

Aside from its significant operations in Mexico, CEMEX, S.A.B. de C.V. is a holding company that owns the stock of its direct subsidiaries and is the beneficial owner of the equity interests of its indirect subsidiaries and has holdings of cash and marketable securities. In general, CEMEX, S.A.B. de C.V.’s ability to repay debt and pay dividends, as well as to generally make other payments, partially depends on the continued transfer to it of dividends and other income and funds from its wholly-owned and non-wholly-owned subsidiaries. Although our debt agreements and instruments generally restrict us from entering into agreements or arrangements that limit the ability of any subsidiary of CEMEX, S.A.B. de C.V. to declare or pay dividends or repay or capitalize intercompany indebtedness, the ability of CEMEX, S.A.B. de C.V.’s subsidiaries to pay dividends and make other transfers to CEMEX, S.A.B. de C.V. is subject to various regulatory, contractual and legal constraints of the countries in which we operate, including the need to create legal reserves prior to transferring funds. The 2017 Facilities Agreement restricts CEMEX, S.A.B. de C.V.’s and its subsidiaries’ ability to declare or pay cash dividends above the permitted amounts (subject to certain exceptions). In addition, the indentures governing our outstanding Senior Secured Notes also limit CEMEX, S.A.B. de C.V.’s and its subsidiaries’ ability to pay dividends. Furthermore, even though our subsidiaries whose shares have been pledged or transferred as part of the Collateral have generally retained the right to declare dividends, such right would be limited under certain circumstances (mainly the occurrence of an enforcement event) pursuant to the terms and conditions of the corresponding pledge or trust agreements under which the Collateral is granted. See “Item 3—Key Information—COVID-19 Outbreak” and “Item 5—Operating and Financial Review and Prospects—Recent Developments—

Recent Developments Relating to Effects of COVID-19 on Our Business and Operations” for more information on the impact of the COVID-19 pandemic on our business.

The ability of CEMEX, S.A.B. de C.V.’s direct and indirect subsidiaries to pay dividends and make loans and other transfers to it is generally subject to various regulatory, legal and economic limitations. Depending on the jurisdiction of organization of the relevant subsidiary, such limitations may include solvency and legal reserve requirements, dividend payment restrictions based on interim financial results or minimum net worth and withholding taxes on loan interest payments. For example, our subsidiaries in Mexico are subject to Mexican legal requirements, which provide that a corporation may declare and pay dividends only out of the profits reflected in the year-end financial statements that are or have been approved by its stockholders. In addition, such payment can be approved by a subsidiary’s stockholders only after the creation of a required legal reserve (equal to one fifth of the relevant company’s capital) and compensation or absorption of losses, if any, incurred by such subsidiary in previous fiscal years. Our subsidiaries in Spain are subject to Spanish legal requirements, pursuant to which they may only distribute dividends if, as a result of the distribution, the net worth value of the company will not be less than such company’s share capital during the applicable fiscal year. Due to the foregoing, before distributing any dividends, the company shall employ profits to compensate for the reduction of its net worth value during such fiscal year. Dividends may also not be distributed until the amount of available reserves reaches, at least, the amount of the research and development expenses recorded in the balance sheet of the company. A reserve of 10% of the profits of a given year, until reaching at least 20% of the company’s share capital, shall be procured, and any surplus may be distributed amongst shareholders. Our subsidiaries in France are subject to French legal requirements, which provide that a company may declare and pay dividends only out of the net profits reflected in the year-end financial statements that are or have been approved by its stockholders. In addition, such payment can be approved by the subsidiary’s stockholders only after the creation of a required legal reserve equal to 10% of the relevant company’s share capital.

CEMEX, S.A.B. de C.V. may also be subject to exchange controls on remittances by its subsidiaries from time to time in a number of jurisdictions. In addition, CEMEX, S.A.B. de C.V.’s ability to receive funds from these subsidiaries may be restricted by covenants in the debt instruments and other contractual obligations of those entities.

As of the date of this annual report, CEMEX, S.A.B. de C.V. does not expect that existing regulatory, legal and economic restrictions on its existing direct and indirect subsidiaries’ ability to pay dividends and make loans and other transfers to it will materially and negatively affect its ability to meet its cash obligations. However, the jurisdictions of organization of CEMEX, S.A.B. de C.V.’s current direct or indirect subsidiaries, or of any future subsidiary, may impose additional and more restrictive regulatory, legal and/or economic limitations. In addition, CEMEX, S.A.B. de C.V.’s subsidiaries may not be able to generate sufficient income to pay dividends or make loans or other transfers to it in the future, or may not have access to Dollars in their respective countries, which, as of the date of this annual report, would be the preferred currency to be received by CEMEX, S.A.B. de C.V. to service the majority of its debt payments. Also, because not all of CEMEX, S.A.B. de C.V.’s subsidiaries are wholly-owned, any decision to have any of CEMEX, S.A.B. de C.V.’s subsidiaries declare and pay dividends or make loans or other transfers to us is subject to any minority rights that non-controlling shareholders may have in the CEMEX, S.A.B. de C.V. subsidiary that is not wholly-owned. Any material additional future limitations on our subsidiaries could adversely affect CEMEX, S.A.B. de C.V.’s ability to service our debt and meet its other cash obligations. See “Item 3—Key Information—COVID-19 Outbreak” for more information on the impact of COVID-19 on our operating subsidiaries and the possibility of less income being generated by our operating subsidiaries.

We are subject to restrictions and reputational risks resulting from non-controlling interests held by third parties in our consolidated subsidiaries.

We conduct our business mostly through subsidiaries. In some cases, third-party shareholders hold non-controlling interests in these subsidiaries, including CLH, CHP, Trinidad Cement Limited (“TCL”) and

Caribbean Cement Company Limited (“CCCL”), among others. Various disadvantages may result from the participation of non-controlling shareholders whose interests may not always be aligned with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies, divest or acquire assets and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively. In addition, we are also exposed to third-party shareholders initiating different actions or proceedings against us as controlling shareholders on corporate and corporate governance related matters, which could also harm our reputation and have an adverse effect on our business, liquidity, financial condition and results of operations.

We have to service our debt and other financial obligations denominated in Dollars and Euros with revenues generated in Mexican Pesos or other currencies, as we do not generate sufficient revenue in Dollars from our operations to service all our debt and other financial obligations denominated in Dollars and Euros. This could adversely affect our ability to service our obligations in the event of a devaluation or depreciation in the value of the Mexican Peso, or any of the other currencies of the countries in which we operate, compared to the Dollar and Euro. In addition, our consolidated reported results and outstanding indebtedness are significantly affected by fluctuations in exchange rates between the Dollar (our reporting currency) vis-à-vis the Mexican Peso and other significant currencies within our operations.

A substantial portion of our total debt plus other financial obligations is denominated in Dollars and Euros. As of December 31, 2020, our debt plus other financial obligations denominated in Dollars and Euros represented 64% and 22% of our total debt plus other financial obligations, respectively, which does not include $371 million of Dollar-denominated and €64 million of our Euro-denominated Perpetual Debentures. Our Dollar-denominated and Euro-denominated debt must be serviced with funds generated mostly by our direct and indirect subsidiaries’ operations outside the United States and Europe. Although we have substantial operations in the United States and Europe, we continue to strongly rely on our non-U.S. assets and non-European assets to generate revenues to service our Dollar-denominated and Euro-denominated debt. Consequently, we have to use revenues generated in Mexican Pesos or other currencies to service our Dollar-denominated and Euro-denominated obligations. See “Item 5—Operating and Financial Review and Prospects—Quantitative and Qualitative Market Disclosure—Interest Rate Risk, Foreign Currency Risk and Equity Risk—Foreign Currency Risk.” A devaluation or depreciation in the value of the Mexican Peso, Pound Sterling, Colombian Peso, Philippine Peso or any of the other currencies of the countries in which we operate, compared to the Dollar and Euro, could adversely affect our ability to service our Dollar-denominated and Euro-denominated debt. In 2020, our operations in Mexico, the United Kingdom, France, Germany, Spain, the Philippines, Israel, the Rest of EMEAA segment, Colombia, Caribbean TCL (as defined below), the Dominican Republic and the Rest of SCA&C segment, which are our main non-Dollar denominated operations, together generated 64% of our total revenues in Dollar terms (21%, 5%, 6%, 4%, 2%, 3%, 5%, 7%, 3%, 2%, 2% and 4%, respectively) before eliminations resulting from consolidation. In 2020, 29% of our revenues in Dollar terms were generated from our operations in the United States before eliminations resulting from consolidation.

During 2020, the Mexican Peso depreciated 5.1% against the Dollar, the Euro appreciated 9.0% against the Dollar and the Pound Sterling appreciated 3.2% against the Dollar. Currency hedges that we may be a party to or may enter into in the future may not be effective in covering all our currency-related risks. Our consolidated reported results for any period and our outstanding indebtedness as of any date are significantly affected by fluctuations in exchange rates between the Dollar and other currencies, as those fluctuations influence the amount of our non-Dollar indebtedness when translated into Dollars and also result in foreign exchange gains and losses as well as gains and losses on derivative contracts, including those entered into to hedge our exchange rate exposure. For a description of these impacts, see “—Our use of derivative financial instruments could negatively affect our operation, especially in volatile and uncertain markets.” See “Item 3—Key Information—COVID-19 Outbreak” for more information on the impact of COVID-19 on the value of the Mexican Peso against the Dollar.

Our use of derivative financial instruments could negatively affect our operations, especially in volatile and uncertain markets.

We have used, and may continue to use, derivative financial instruments to manage the risk profile associated with interest rates and currency exposure of our debt, to reduce our financing costs, to access alternative sources of financing and to hedge our net assets in certain currencies, as well as some of our financial and operating risks. However, we cannot assure you that our use of such instruments will allow us to achieve these objectives due to the inherent risks in any derivatives transaction or the risk that we will not continue to have access to such instruments at reasonable costs, or at all.

As of December 31, 2020, our derivative financial instruments consisted of foreign exchange forward contracts under a net investment hedge program, interest rate swap instruments related to bank loans, equity forwards on third-party shares, as well as fuel price hedging derivatives, which had an impact on our financial position. Changes in the fair value of our derivative financial instruments, not specifically designated as hedges, are reflected in our statement of operations, which could introduce volatility in our controlling interest net income and other related ratios. As of December 31, 2019 and 2020, the aggregate notional amount under our outstanding derivative financial instruments was $2,324 million ($1,154 million of net investment hedge, $1,000 million of interest rate swaps, $74 million of equity forwards on third-party shares and $96 million of fuel price hedging) and $2,230 million ($741 million of net investment hedge, $1,334 million of interest rate swaps, $27 million of equity forwards on third-party shares and $128 million of fuel price hedging), respectively, with a mark-to-market valuation representing net liabilities of $100 million as of December 31, 2019 and $81 million as of December 31, 2020. See note 17.4 to our 2020 audited consolidated financial statements included elsewhere in this annual report for a detailed description of our derivative financial instruments. Since 2008, CEMEX has significantly decreased its use of derivative financial instruments, thereby reducing the risk of cash margin calls. However, with respect to our existing financial derivatives, we may incur net losses and be subject to margin calls that do not require a substantial amount of cash to cover such margin calls. If we enter into new derivative financial instruments, we may incur net losses and be subject to margin calls in which the cash required to cover margin calls may be substantial and may reduce the funds available to us for our operations or other capital needs. In addition, as with any derivative position, we assume the creditworthiness risk of the counterparty, including the risk that the counterparty may not honor its obligations to us. In addition, entering into new derivative financial instruments incurs costs, and we cannot assure you that any new derivative financial instrument that we enter into will be done so at reasonable costs, or, if our credit risk worsens, will be available to us at all.

We pledged the capital stock of some of our subsidiaries that represent substantially all of our business as Collateral to secure our payment obligations under the 2017 Facilities Agreement, the indentures governing our outstanding Senior Secured Notes and other financing arrangements.

In connection with the 2017 Facilities Agreement, we pledged or transferred to trustees under certain security trusts the Collateral and all proceeds of the Collateral, to secure our obligations under the 2017 Facilities Agreement, our Senior Secured Notes and under a number of other financing arrangements for the benefit of the creditors and holders of debt and other obligations that benefit from provisions in their agreements or instruments requiring that their obligations be equally and ratably secured.

As of December 31, 2020, the Collateral and all proceeds of such Collateral secured (i) $8,710 million (principal amount $8,774 million) aggregate principal amount of debt under the 2017 Facilities Agreement, our then-outstanding Senior Secured Notes and other financing arrangements and (ii) $449 million aggregate principal amount of the dual-currency notes underlying our Perpetual Debentures. The subsidiaries whose shares are part of the Collateral collectively own, directly or indirectly, substantially all of our operations worldwide. Provided that no default has occurred, and is continuing, under the 2017 Facilities Agreement, the Collateral will be released automatically if we meet specified financial covenant targets in accordance with the terms of the Intercreditor Agreement (as defined under "Item 5— Operating and Financial Review and Prospects—Liquidity and Capital Resources—Our Indebtedness").

Political, social and geopolitical events and possible changes in public policies in some of the countries where we operate could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Political, geopolitical or social developments in the countries where we operate or elsewhere, such as elections, new governments, changes in public policy, laws and/or regulations, political disagreements, civil disturbances and a rise in violence or the perception of violence, could have a material adverse effect in the countries where we operate or on the global financial markets, and in turn on our business, financial condition, liquidity and results of operations.

Presidential, legislative, state and local elections took place in 2020 in several of the countries where we operate, including Israel, the United States, Poland, Croatia, the Dominican Republic, Trinidad and Tobago, Jamaica, Puerto Rico, Guyana, and Egypt. In 2021, elections have been held or are scheduled to be held in Mexico, Israel, El Salvador, Peru, Nicaragua, Haiti, Germany and the Czech Republic, as well as special elections for the U.S. Senate. In addition, potential future snap elections in other countries resulting from social or political pressure cannot be discarded. A change in federal or national government and the political party in control of the legislature in any of these countries could result in sharp changes to the countries' economic, political or social conditions, and in changes to laws, regulations and public policies, which may contribute to economic uncertainty or adverse business conditions and could also materially impact our business, financial condition, liquidity and results of operations. Similarly, if no political party wins a clear majority in the legislative bodies of these countries, legislative gridlock and political and economic uncertainty may continue or result.

Political events and social unrest have impacted the business and economic environment in the United States and beyond. Chiefly among them, the 2020 U.S. presidential and senatorial election, which resulted in the election of President Joe Biden and the Democratic Party assuming control of Congress, was followed by protests, security threats and other politically motivated turmoil. Other events, such as riots and mass protests that occurred throughout 2020 and continue to occur in 2021, have negatively affected and could continue to affect business continuity and political stability. We cannot assure that these challenges, which have caused and may continue to cause disruptions to our operations, our business, financial condition, liquidity, and results of operations, will not continue in the future. Furthermore, the new administration could impose regulations and/or taxes reaching further than those currently in effect. We are not certain if any such regulations and/or taxes will be imposed or not; and, in the event they are imposed, if costs and expenses which may be incurred in order to comply with such regulations and/or taxes would have a material adverse effect on our business, financial condition, liquidity and results of operations.

In Mexico, several laws, policies and regulations issued since the beginning of the current administration, as well as certain legislative proposals, differ substantially from those in effect in previous administrations. Furthermore, certain changes in the laws and regulations governing the energy, electricity and hydrocarbons sectors have been enacted or are under consideration for approval or undergoing constitutional challenges. See "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Environmental Matters—Mexico" and "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Regulatory Matters and Legal Proceedings—Environmental Matters—Mexico" for a description of such changes in the laws and regulations governing the energy, electricity and hydrocarbons sectors which have been enacted or are undergoing constitutional challenges. We are not certain if such laws and regulations undergoing constitutional challenges will prevail. These and any other policies, laws and regulations which are further adopted could result in a deterioration of investment sentiment, political and economic uncertainty, and increased costs for our business, which may in turn have a material adverse effect on our business, financial condition, liquidity and results of operations.

In Europe, though Brexit has already materialized, there continues to be uncertainty regarding the United Kingdom's future relationship with the EU and other key partners around the world. This uncertainty could still have a material adverse effect on our business, financial condition, liquidity and results of operations, particularly in the United Kingdom. To mitigate any such risk, a "Brexit taskforce" has been implemented and continues to operate with the following objectives: (i) monitoring and sharing relevant public information, (ii) identifying ongoing and evolving risks and opportunities, (iii) assessing potential impacts and action plan to minimize them, (iv) following-up with affected areas, and (v) preparing an effective communication for different audiences. In addition, the upcoming general election in Germany, to be held on September 26, 2021, will mark the end of Angela Merkel's 16-year tenure and could bring important political and policy changes for the country and the EU. It is not certain what impact this election will have on Germany or any of the EU countries in which we operate, but the consequences of this election could materially impact our business, financial condition, liquidity and results of operations, in Germany and the EU.

Further geopolitical challenges, such as the conflict between the United States and China, could cause important disruptions in the global economic, financial markets and trade dynamics which could impact the markets in which we operate and materially and adversely affect our business, financial condition, liquidity and results of operations.

Potential social unrest in Latin America due to increasing inequality, poverty and discontent with the political class could impact our operations, as could political tensions and security concerns in the Middle East and Asia, including the high-end confrontations between Israel and Iran and the persistent political stalemate in Israel. These and other political and geopolitical issues have the potential to materially and adversely impact the global economy, financial markets and the overall stability of the countries and regions in which we operate and, in turn, our business, financial condition, liquidity and results of operations.

We are increasingly dependent on information technology and our systems and infrastructure, as well as those provided by third-party service providers, face certain risks, including cyber-security risks.

We increasingly rely on a variety of information technology and cloud services, on a fully digital customer integration platform, such as CEMEX Go, and on automated operating systems to manage and support our operations, as well as to offer our products to our customers. The proper functioning of this technology and these systems is critical to the efficient operation and management of our business, as well as for the sales generated by our business. Our systems and technologies may require modifications or upgrades as a result of technological changes, growth in our business and to enhance our business security. These changes may be costly and disruptive to our operations and could impose substantial demands on our systems and increase system outage time. Our systems and technology, as well as those provided by our third-party service providers, such as International Business Machines Corporation ("IBM") and Microsoft, two of our main information technology and service providers, may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, security breaches, computer viruses and cyber-attacks, including malicious codes, worms, ransomware, phishing, denial of service attacks and unauthorized access. For example, our digital solutions to improve sales, customer experience, enhance our operations and increase our business efficiencies could be impeded by such damages, disruptions or intrusions. To try to minimize such risks, we safeguard our systems and electronic information through a set of cyber-security controls, processes and a proactive monitoring service to attend to potential breaches. In addition, we also have disaster recovery plans in case of incidents that could cause major disruptions to our business. However, these measures may not be sufficient, and our systems have in the past been subject to certain minor intrusions. Although we are certified under and compliant with International Organization for Standardization ("ISO") 27001:2013 standards for information security management systems to preserve the confidentiality, integrity and availability of data and also are certified on the Payment Card Industry security standard which provides a trustful e-commerce mechanism for customers, and that certain of our cement plants received the ISO 27001 certification, we cannot assure that we will always be able to retain or renew this certification or that our systems will not be subject to certain intrusions.

During 2020, there was a global trend of an increase on security threats related to COVID-19, including, but not limited to, phishing and malware/ransomware campaigns, exploitation of video collaboration vulnerabilities, among other things. Furthermore, the increase in employees working from home in response to the COVID-19 pandemic increased cyber risk due to inadequate security configurations of domestic (home) networks and use of non-corporate devices. As of the date of this annual report, we have implemented additional cybersecurity controls designed to reduce such risks and mitigate the impact of such risks.

In relation to our overall operations, particularly due to our digital transformation initiatives and the implementation of CEMEX Go, our audit committee is informed of the cyber-security threats we face and is involved in approving general steps to try to mitigate any such cyber-security threats. As of December 31, 2020, CEMEX Go has more than 42,000 users across the countries in which we do business, and through CEMEX Go we receive approximately 53% of our main product orders and process 61% of our total global sales. As of December 31, 2020, we have not detected, and our third-party service providers have not informed us of, any relevant event that has materially damaged, disrupted or resulted in an intrusion of our systems. Any significant information leakages or theft of information, or any unlawful processing of personal data, could affect our compliance with data privacy laws and make us subject to regulatory action, including substantial fines and private litigation with potentially large costs, and could damage our relationship with our employees, customers and suppliers, which could have a material adverse impact on our business, financial condition, liquidity, results of operations and prospects.

Furthermore, on June 25, 2020, our insurance program was renewed for 12 additional months. This program includes insurance coverage that, subject to its terms and conditions, is intended to address certain costs associated with cyber incidents, network failures and data privacy-related concerns. Nevertheless, this insurance coverage may not, depending on the specific facts and circumstances surrounding an incident, cover all losses or types of claims that may arise from an incident or the damage to our reputation or brands that may result from an incident. However, any significant disruption to our systems could have a material adverse effect on our business, financial condition, liquidity and results of operations, and could also harm our reputation.

We are subject to the laws and regulations of the countries where we operate and do business and any material changes in such laws and regulations and/or any significant delays in assessing the impact and/or adapting to such changes may have an adverse effect on our business, financial condition, liquidity and results of operations.

Our operations are subject to the laws and regulations of the countries where we operate and do business, and such laws and regulations, and/or governmental interpretations of such laws and regulations, may change. Because CEMEX, S.A.B. de C.V. is organized under Mexican laws, and because of the considerable size of CEMEX, S.A.B. de C.V.’s operations in the United States and the fact that CEMEX, S.A.B. de C.V.’s ADSs trade on the New York Stock Exchange (the “NYSE”), we have to comply with the laws and regulations, and/or governmental interpretations of such laws and regulations, of Mexico and the United States, whether or not we operate and do business through a subsidiary located in Mexico or the United States.

Any change in such laws and regulations, and/or governmental interpretations of such laws and regulations, may have a material adverse effect on our business, financial condition, liquidity and results of operations. Furthermore, changes in laws and regulations, and/or governmental interpretations of such laws and regulations, may require us to devote a significant amount of time and resources to assess and, if required, to adjust our operations to any such changes, which could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, any significant delays in assessing the impact and/or, if required, in adapting to changes in laws and regulations and/or governmental interpretations of such laws and regulations may also have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. For more information, see “—Economic conditions in some of the countries where we operate and in other regions or countries may adversely affect our business, financial condition, liquidity and results of operations,” “—Political, social and geopolitical events and possible changes in public policies in some of the countries where we operate could have a material adverse effect on our business, financial condition, liquidity and results of operations” and “—Our operations are subject to environmental laws and regulations.”

We or our third-party providers may fail to maintain, obtain or renew or may experience material delays in obtaining requisite governmental or other approvals, licenses and permits for the conduct of our business.

We and our third-party providers of goods and services, as applicable, require various approvals, licenses, permits, concessions and certificates in the conduct of our business. We cannot assure you that we, or our third- party providers of goods and services, will not encounter significant problems in obtaining new or renewing existing approvals, licenses, permits, concessions and certificates required in the conduct of our business, or that we, or our third-party providers of good and services, will continue to satisfy the current or new conditions to such approvals, licenses, permits, concessions and certificates that we currently have or may be granted in the future. There may also be delays on the part of regulatory and administrative bodies in reviewing our applications and granting approvals, which have become increasingly common since the beginning of the COVID-19 pandemic due to closures and/or reduced operations of public offices. The implementation of new laws and regulations on environmental-related matters in the countries in which we operate or in the countries from which our third-party providers of goods and services source their deliverables to us, may create stricter requirements to comply with. This could delay our ability to obtain the related approvals, licenses, permits, concessions and certificates, or could result in us not being able to obtain them at all. If previously obtained approvals, licenses, permits and certificates are revoked and/or if we, or our third-party providers of goods and services, fail to obtain and/or maintain the necessary approvals, licenses, permits, concessions and certificates required for the conduct of our business, we may be required to incur substantial costs or temporarily suspend or alter the operation of one or more of our operating units, production facilities, mineral extraction locations or of any relevant component of them, which could affect the general production of these units, facilities or locations, which in turn could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. See “Item 3—Key Information—COVID-19 Outbreak” and “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations” for more information on the impact of certain measures being taken by the governments of the countries in which we operate regarding temporary closures of our operating facilities to stop the spread of COVID-19.

We may fail to secure certain materials required to run our business.

We increasingly use in most of our business certain by-products of industrial processes produced by third parties, such as pet coke, fly ash, slag and synthetic gypsum, among others, as well as natural resources such as water. While we are not dependent on our suppliers and we try to secure the supply of the required materials, products or resources through long-term renewable contracts and framework agreements, which allow us to better manage supplies. Short-term contracts are entered into in certain countries where we operate. Should existing suppliers cease operations or reduce or eliminate production of these by-products, or should for any reason any suppliers not be able to deliver to us the contractual quantities, or should laws and/or regulations in any region or country limit the access to these materials, products or resources, sourcing costs for these materials could increase significantly or require us to find alternative sources for these materials, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. In particular, scarcity and quality of natural resources (such as water and aggregates reserves) in some of the countries where we operate could have a material adverse effect on our operations, costs and results of operations. See “Item 3—Key Information—COVID-19 Outbreak” for more information on the impact of COVID-19 on supply chains.

We may not be able to realize the expected benefits from any acquisitions or joint ventures, some of which may have a material impact on our business, financial condition, liquidity and results of operations.

Our ability to realize the expected benefits from any acquisitions, joint ventures, investments or partnerships depends, in large part, on our ability to integrate acquired operations with our existing operations in a timely and effective manner or on our ability to impact financial results or operations of or properly manage, together with any partners, any joint venture business, partnership or other business where we hold an investment. These efforts may not be successful. Although we have disposed of assets in the past and may continue to do so to reduce our overall leverage and rebalance our portfolio, the 2017 Facilities Agreement and other debt instruments restrict our ability to acquire assets and enter into joint ventures. We may in the future acquire new operations or enter into joint ventures or investments and integrate such operations or assets into our existing operations, and some of such acquisitions, joint ventures or investments may have a material impact on our business, financial condition, liquidity and results of operations. We cannot assure you that we will be successful in identifying or acquiring suitable assets in the future, or that the terms under which we may acquire any assets or enter into joint ventures in the future would be favorable to us or that we will be able to find suitable partners for our joint ventures at all. If we fail to achieve any anticipated cost savings from any acquisitions, joint ventures or investments, our business, financial condition, liquidity and results of operations could be materially and adversely affected.

High energy and fuel costs may have a material adverse effect on our operating results.

Energy and fuel costs represent an important part of our overall cost structure. The price and availability of energy and fuel are generally subject to market volatility and, therefore, may have an adverse impact on our costs and operating results. Furthermore, if third-party suppliers fail to provide to us the required amounts of energy or fuel under existing agreements, we may need to acquire energy or fuel at an increased cost from other suppliers, without being reimbursed for the increased costs by the committed supplier, to fulfill certain contractual commitments with third parties or for use in our operations. In addition, governments in several of the countries in which we operate are working to reduce energy subsidies, introduce or tighten clean energy obligations or impose new excise taxes and carbon emission caps, which could further increase energy costs and have a material adverse effect on our business, financial condition, liquidity and results of operations.

Furthermore, if our efforts to increase our use of alternative fuels are unsuccessful, due to their limited availability, price volatility or otherwise, we would be required to use traditional fuels, which may increase our energy and fuel costs and could have a material adverse effect on our business, financial condition, liquidity and results of operations. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Environmental Matters—Mexico” and “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Regulatory Matters and Legal Proceedings—Environmental Matters—Mexico” for a description of certain changes in the laws and regulations governing the energy, electricity and hydrocarbons sectors which have been enacted or are undergoing constitutional challenges, and which may result in increased costs for our business, which may in turn have a material adverse effect on our business, financial condition, liquidity and results of operations.

See “Item 3—Key Information—COVID-19 Outbreak” for more information on the impact of COVID-19 on energy and fuel costs, in particular the decrease in the price of oil.

The introduction of substitutes for cement, ready-mix concrete or aggregates into the market and the development of new construction techniques and technologies could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction as a substitute for cement, ready-mix concrete or aggregates. In addition, other construction techniques, such as the use of dry wall, and the integration of new technologies in the construction industry, such as 3-D printing, mini-mills and mobile plants, and changes in housing preferences could adversely impact the demand and price for our cement, ready-mix concrete and/or aggregates. Furthermore, research aimed at developing new construction techniques and modern materials and digitalizing the construction industry may introduce new products and technologies in the future that could reduce the demand for and prices of our products.

We operate in highly competitive markets with numerous players employing different competitive strategies and if we do not compete effectively, our revenues, market share and results of operations may be affected.

The markets in which we operate are highly competitive and are served by a variety of established companies with recognized brand names, as well as new market entrants and increasing imports. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain market share. We compete with different types of companies based on different factors in each market. For example, in the relatively consolidated cement and ready-mix concrete industries, we generally compete based on quality, client segmentation, value proposition, and superior customer experience. In the more fragmented market for aggregates, we generally compete based on capacity and price for our products and our customer centric culture. In certain areas of the markets in which we compete, some of our competitors may be more established, benefit from greater brand recognition or have greater manufacturing and distribution channels and other resources than we do. In addition, if our competitors were to combine, they may be able to compete more effectively with us, and they may also dispose of assets, which could lead to new market entrants, increasing competition in our markets. For example, Ireland’s CRH plc (“CRH”) has made a variety of acquisitions in North America in the past few years, the most important of which was the acquisition of Ash Grove Cement Company in 2018. These transactions have given CRH a considerably more prominent position in the North America cement market and, according to CRH, has allowed for greater vertical integration with their existing aggregates, asphalt and ready-mix concrete businesses. In Mexico, one of our key markets, competitors have focused mainly on organic growth. For example, Elementia (*Cementos Fortaleza*) expanded its installed cement production capacity at its plant in Tula, Hidalgo by 1.5 million tons per year in 2017 and in 2020, inaugurated a plant in Yucatán with a production capacity of up to 250,000 tons of cement per year. More recently in 2021, LafargeHolcim closed its acquisition of Firestone Building Products, which could result in an increase in the number of products and solutions competing with our Urbanization Solutions core business in certain markets. In addition, if any of our major competitors divest assets in different parts of the world, this may lead to increased competition in the markets in which we operate. It is unclear how competitors that could potentially acquire those assets will compete in the markets in which we operate. Some may use aggressive competitive strategies based on imports and pricing that could be damaging to our industry’s profitability and, as a consequence, our results of operations. In addition, asset optimization by buyers of the disposed assets could result in an operational cost advantage.

As a result, if we are not able to compete effectively, we may continue to lose market share, potentially substantially, in the countries in which we operate, and our revenues could decline or grow at a slower rate and our business and results of operations would be harmed, which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

A substantial amount of our total assets consists of intangible assets, including goodwill. We have recognized charges for goodwill impairment in the past and in 2020, and if market or industry conditions deteriorate further, additional impairment charges may be recognized.

Our 2020 audited consolidated financial statements, included elsewhere in this annual report, have been prepared in accordance with IFRS as issued by the IASB, under which goodwill is not amortized and is tested for impairment. Tests for impairment are carried out when indicators exist or at least once a year during the fourth quarter of each year and are performed by determining the recoverable amount of the groups of cash-generating units (“CGUs”) to which goodwill balances have been allocated. The recoverable amount of CGUs consist of the higher of such groups of cash-generating units’ fair value, less cost to sell, and their corresponding value in use, represented by the discounted amount of estimated future cash flows expected to be generated by such groups of CGUs to which goodwill has been allocated. An impairment loss is recognized under IFRS if the recoverable amount is lower than the net book value of the groups of CGUs to which goodwill has been allocated within other expenses, net. We determine the discounted amount of estimated future cash flows over periods of five years. If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, we determine its corresponding fair value using methodologies generally accepted in the markets to determine the value of entities, such as multiples of Operating EBITDA and/or by reference to market transactions.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of our products, in the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, we use, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following experience. However, such operating expenses are also reviewed considering external information sources in respect of inputs that behave according to international prices, such as oil and gas. We use specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to pre-tax cash flows. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rates in perpetuity applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Moreover, the amounts of discounted future cash flows are significantly sensitive to the weighted average cost of capital (discount rate) applied. The higher the discount rate applied, the lower the amount of discounted estimated future cash flows by group of CGUs obtained.

During the third quarter of 2020, due to the lack of visibility and high uncertainty resulting from the negative economic effects of the COVID-19 pandemic and considering the consolidation of impairment indicators in certain countries, we performed an impairment test of goodwill in the countries in which we operated that either held significant balances or had been most affected by the COVID-19 pandemic using the best information available to us, including updated discount rates, long-term growth rates, and revised cash flow projections for those countries falling within the aforementioned criteria. We recognized a non-cash impairment charge of $1,020 million from goodwill related to our business in the United States. We consider that, as the effects and duration of such pandemic may extend, there could be significant adverse effects in the future in connection with impairment of long-lived assets including goodwill. For the years ended December 31, 2018 and 2019, we did not determine any goodwill impairments. See notes 7 and 16.2 to our 2020 audited consolidated financial statements included elsewhere in this annual report.

Considering the important role that economic factors play in testing goodwill for impairment, we cannot assure that any downturn in the economies where we operate will not necessitate further impairment tests and a possible downward readjustment of our goodwill for impairment under IFRS. Such an impairment test could result in impairment charges which could be material to our financial statements, which could have a material adverse effect on our financial condition.

We are subject to litigation proceedings, including government investigations relating to corruption and antitrust proceedings, that could harm our business and our reputation.

From time to time, we are and may become involved in litigation, investigations and other legal or administrative proceedings relating to claims arising from our operations, either in the normal course of business or not, or arising from violations or alleged violations of laws, regulations or acts. As described in, but not limited to, “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings,” as of December 31, 2020, we were subject to a number of significant legal proceedings, including, but not limited to, an SEC investigation concerning a new cement plant being built by CEMEX Colombia S.A. (“CEMEX Colombia”) in the Municipality of Maceo in the department of Antioquia, Colombia (the “Maceo Plant”), as well as an investigation from the United States Department of Justice (the “DOJ”) mainly relating to our operations in Colombia and other jurisdictions, and antitrust investigations in countries in which we operate, including by the DOJ in the territorial United States. In addition, our main operating subsidiary in Egypt, Assiut Cement Company (“ACC”), is involved in certain Egyptian legal proceedings relating to the acquisition of ACC. Investigations and litigation, and in general any legal or administrative proceedings, are subject to inherent uncertainties and unfavorable rulings may occur. We cannot assure you that these or any of our other regulatory matters and legal proceedings, including any that may arise in the future, will not harm our reputation or materially affect our ability to conduct our business in the manner that we expect or otherwise materially adversely affect us should an unfavorable ruling occur, which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Failure to maintain effective internal control over financial reporting could result in material misstatements in our financial statements which could negatively impact the market price of our stock.

We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that our internal control over financial reporting was effective. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Internal control over financial reporting refers to a process designed by, or under the supervision of, the Chief Executive Officer (the “CEO”) and Executive Vice President of Finance and Administration/Chief Financial Officer (the “CFO”) and effected by CEMEX, S.A.B. de C.V.’s board of directors and our management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. As of December 31, 2018, 2019 and 2020, our management and our independent registered public accounting firm concluded that our internal controls over financial reporting were operating effectively. However, we cannot assure you that material weaknesses will not be identified in the future, which could result in material misstatements in our financial statements or a failure to meet our reporting obligations. This, in turn, could negatively impact our business and operating results, access to capital markets, the market price of our shares and our ability to remain listed on the NYSE.

Our operations are subject to environmental laws and regulations.

Our operations are subject to a broad range of environmental laws and regulations in each of the jurisdictions in which we operate. These laws and regulations impose stringent environmental protection standards regarding, among other things, air emissions, land use and biodiversity, use of alternative fuels, water availability, wastewater discharges, the use and handling of hazardous waste or materials, waste management practices and the remediation of environmental impact of our operations. These laws and regulations expose us to the risk of substantial environmental costs and liabilities, including taxes, higher investment in equipment and technology, fines and other sanctions, the payment of compensation to third parties, remediation costs, business disruption and damage to reputation. Moreover, the enactment of stricter laws and regulations, stricter interpretation of existing laws or regulations or new enforcement initiatives, may impose new risks or costs on us or result in the need for additional investments, which could result in a material decline in our profitability. Such may be the case, for example, if policy derived from Executive Order 14008, Tackling the Climate Crisis at Home and Abroad, signed by U.S. President Joe Biden on January 27, 2021, results in new regulatory or legislative initiatives relating to climate change, the application of regulatory criteria in relation to environmental matters stricter than that currently being applied, or in preferential treatment regarding pricing, contracting, the granting of operational permits or other economic activities being given to entities which may have environmental standards that are stricter than ours.

In late 2010, the United States Environmental Protection Agency (“EPA”) issued the final Portland Cement National Emission Standard for Hazardous Air Pollutants (“Portland Cement NESHAP”) under the federal Clean Air Act (“CAA”). This rule required Portland cement plants to limit mercury emissions, total hydrocarbons, hydrochloric acid and particulate matter by September 2013. The rule was challenged in federal court, and in December 2011, the D.C. Circuit Court of Appeals remanded the Portland Cement NESHAP to EPA and directed the agency to recompute the standards. In February 2013, EPA issued a revised final Portland Cement NESHAP rule that relaxed emissions limits for particulate matter and moved the compliance deadline to September 2015. In April 2013, environmental groups again challenged the revised Portland Cement NESHAP rule in federal court. In April 2014, the D.C. Circuit issued a ruling upholding both the revised particulate matter emission limits and the September 2015 compliance deadline. While we expect to meet all emissions standards imposed by the Portland Cement NESHAP, failure to do so could have a material adverse impact on our business operations, liquidity and financial condition; however, we expect that such impact would be consistent with the impact on the cement industry as a whole.

In February 2013, EPA issued revised final emissions standards under the CAA for commercial and industrial solid waste incinerators (“CISWI”). Under the CISWI rule, if a material being used in a cement kiln as an alternative fuel is classified as a solid waste, the plant must comply with CISWI standards. The CISWI rule covers nine pollutants and imposes potentially more stringent emissions limits on certain pollutants that also are regulated under the Portland Cement NESHAP. EPA received petitions to further reconsider certain provisions of the 2013 CISWI rule. EPA granted reconsideration on four specific issues and finalized the reconsideration of the CISWI rule in June 2016. The 2013 CISWI rule was also challenged by both industrial and environmental groups in federal court. In July 2016, the D.C. Circuit issued a ruling upholding most of the rule and remanding several portions to EPA for further consideration. EPA has not issued a revised final rule after remand, but the portions of the rule upheld on appeal are final and in effect. The final CISWI rule established a compliance date of February 2018, which was not impacted by the appeal. If kilns at CEMEX plants in the United States are determined to be CISWI kilns due to the use of certain alternative fuels, the emissions standards imposed by the CISWI rule could have a material impact on our business operations.

Under certain environmental laws and regulations, liability associated with investigation or remediation of hazardous substances can arise at a broad range of properties, including properties currently or formerly owned or operated by CEMEX, as well as facilities to which we sent hazardous substances or wastes for treatment, storage or disposal, or any areas affected while we transported any hazardous substances or wastes. Such laws and regulations may apply without regard to causation or knowledge of contamination. We occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities (or ongoing operational or construction activities) may lead to hazardous substance releases or discoveries of historical contamination that must be remediated, and closures of facilities may trigger compliance requirements that are not applicable to operating facilities. While compliance with these laws and regulations has not materially adversely affected our operations in the past, we cannot assure you that these requirements will not change, and that compliance will not adversely affect our operations in the future. Furthermore, we cannot assure you that existing or future circumstances or developments with respect to the impact of our operations will not require us to make significant remediation or restoration expenditures, which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

The cement manufacturing process requires the combustion of large amounts of fuel and creates CO_2 as a by-product of the calcination process. Therefore, efforts to address climate change through federal, state, regional, EU and international laws and regulations requiring reductions in emissions of greenhouse gases (“GHGs”) can create economic risks and uncertainties for our business. Such risks could include the cost of purchasing allowances or credits to meet GHG emission caps, the cost of paying higher energy costs or new CO_2-related taxes, the cost of installing equipment, adopting new technologies and employing non-clinker cementitious materials and other processes to reduce emissions to comply with GHG limits or required technological standards, decreased profits or losses arising from decreased demand for our goods and higher production costs resulting directly or indirectly from the imposition of legislative or regulatory controls. To the extent that financial markets view climate change and GHG emissions as a financial risk or that certain laws and regulations limit our access to the financial markets or financial products due to environmental considerations, this could have a material adverse effect on our cost of and access to capital. Given the uncertain nature of the actual or potential statutory and regulatory requirements for GHG emissions at the federal, state, regional, EU and international levels, we cannot predict the impact on our operations or financial condition or make a reasonable estimate of the potential costs to us that may result from such requirements. However, the impact of any such requirements, whether individually or cumulatively, could have a material economic impact on our operations in the United States and in other countries where we operate. For more information on certain laws and regulations addressing climate change that we are, or could become, subject to, and the impacts to our operations arising therefrom, see “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Environmental Matters.”

As part of our insurance-risk governance approach, from time to time we evaluate the need to address the financial consequences of environmental laws and regulations through the purchase of insurance. As a result, we do arrange certain types of environmental impairment insurance policies for both site-specific, as well as multi-site locations. We also organize non-specific environmental impairment insurance as part of the provision of a broader corporate insurance strategy. These latter insurance policies are designed to offer some assistance to our financial flexibility to the extent that the specifics of an environmental incident could give rise to a financial liability. However, we cannot assure you that a given environmental incident will be covered by the environmental insurance we have in place, or that the amount of such insurance will be sufficient to offset the liability arising from the incident. Any such liability may be deemed to be material to us and could have a material adverse effect on our business, financial condition, liquidity, results of operations and reputation.

We are an international company and are exposed to risks in the countries in which we have operations or interests.

We are dependent, in large part, on the economies of the countries in which we market our products and services. The economies of these countries are in different stages of socioeconomic and political development. Consequently, like many other companies with significant international operations, we are exposed to risks from, among other things, changes in economic growth, foreign currency exchange rates, interest rates, inflation, oil prices, trade policy, government policies, regulatory framework, social instability and other political, economic or social developments, including the outbreak of disease or similar public threats, such as the COVID-19 pandemic, that may materially affect our business, financial condition, liquidity and results of operations.

As of December 31, 2020, our operations were mostly in Mexico, the United States, certain countries in the EMEAA region and the SCA&C region (as described in “Item 4—Information on the Company—Business Overview”).

For a geographic breakdown of our revenues for the year ended December 31, 2020, see “Item 4—Information on the Company—Geographic Breakdown of Revenues by Reporting Segment for the Year Ended December 31, 2020.”

In recent years, concerns over global economic conditions, protectionist trade policies, oil prices, energy costs, climate change, geopolitical issues, political uncertainty, social instability, the availability and cost of credit, the COVID-19 pandemic and the international financial markets have contributed to economic uncertainty and reduced expectations for the global economy.

Political events and social unrest have impacted the business and economic environment in the United States and beyond. Chiefly among them, the 2020 U.S. presidential and senatorial election, which resulted in the election of President Joe Biden and the Democratic Party assuming control of Congress, was followed by protests, security threats and other politically motivated turmoil. Other events, such as riots and mass protests that occurred throughout 2020 and continue to occur in 2021, have negatively affected and could continue to affect business continuity and political stability. We cannot assure that these challenges, which have caused and may continue to cause disruptions to our operations, our business, financial condition, liquidity and results of operations, will not continue in the future. Furthermore, the new administration could impose regulations and/or taxes reaching further than those currently in effect. We are not certain if any such regulations and/or taxes will be imposed or not; and, in the event they are imposed, if costs and expenses which may be incurred in order to comply with such regulations and/or taxes would have a material adverse effect on our business, financial condition, liquidity and results of operations.

In Mexico, several policies and regulations issued since the beginning of the current administration, as well as certain legislative proposals, differ substantially from those in effect in previous administrations. Furthermore, certain changes in the laws and regulations governing the energy, electricity and hydrocarbons sectors have been enacted or are under consideration for approval or undergoing constitutional challenges. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Environmental Matters—Mexico” and “Item 5—Operating and Financial Review and Prospects —Recent Developments—Recent Developments Relating to Our Regulatory Matters and Legal Proceedings—Environmental Matters—Mexico” for a description of such changes in the laws and regulations governing the energy, electricity and hydrocarbons sectors which have been enacted or are undergoing constitutional challenges. We are not certain if such laws and regulations undergoing constitutional challenges will prevail. These and any other policies, laws and regulations which are further adopted could result in a deterioration of investment sentiment, political and economic uncertainty, and increased costs for our business, which may in turn have a material adverse effect on our business, financial condition, liquidity and results of operations.

Any political or commercial uncertainty in the United Kingdom which may arise from Brexit and the resulting changes in its relationship with the EU or other key partners, including the United States, with which the United Kingdom must renegotiate trade or other agreements, could have a material adverse effect on our business, financial condition, liquidity and results of operations, particularly in the United Kingdom. In addition, the upcoming general election in Germany, to be held on September 26, 2021, will mark the end of Angela Merkel’s 16-year tenure and could bring important political and policy changes for the country and the EU. It is not certain what impact this election will have on Germany or any of the EU countries in which we operate, but the consequences of this election could materially impact our business, financial condition, liquidity and results of operations, in Germany and the EU.

Our operations in Egypt, the United Arab Emirates (“UAE”) and Israel have experienced instability as a result of, among other things, political instability, civil unrest, terrorism, extremism, deterioration of general diplomatic relations and changes in the geopolitical dynamics in the region. There can be no assurances that political turbulence in Israel, Egypt, Iran, Iraq, Syria, Libya, Yemen and other countries in Africa, the Middle East and Asia will abate in the future or that neighboring countries (e.g. the United Arab Emirates) will not be drawn further into conflict or experience instability. In addition, some of our operations are or may be subject to political risks, such as confiscation, expropriation and/or nationalization, as for example was the case of our past operations in Venezuela and is currently the case in Egypt. See “Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Other Legal Proceedings—Egypt Share Purchase Agreement.”

Our operations are also exposed to the Israeli-Palestinian conflict. Confrontations between the Israeli Defense Force and Palestinians in the Gaza Strip have continued generating sporadic events of violence in the region. Progress on peace continues to be stalled, despite efforts from third parties (including the United States and the United Nations) to reach an agreement. As of the date of this annual report, the parties continued to portray opposite views over the contested territory and neither side is expected to make concessions in the near future. If the conflict escalates, it could have a negative impact on the geopolitics and economy of the region, which in turn could adversely affect our operations, financial condition, liquidity and results of operations. Furthermore, Israel has been immersed in a domestic political crisis which led the country to hold its fourth general election in two years in March 2021. The election resulted in another inconclusive parliament, which could complicate the formation of a stable government and limit policy making. The political instability in the country could have an adverse effect on our business, financial condition, liquidity, and results of operations.

In the Middle East, Iran’s nuclear capabilities and political stance pose a significant security and terrorism risk, mainly for Israel and other allies of the United States in the region. The new U.S. administration is expected to seek to renew negotiations with Iran to restore the Joint Comprehensive Plan of Action (commonly known as the Iran Nuclear Deal) and limit Iran’s nuclear capabilities. In addition, the ongoing civil war in Syria could continue to have a negative economic and security impact in the region. Also, Qatar has been in conflict with its neighbors and fellow members of the Gulf Cooperation Council (“GuCC”) (consisting of the UAE, Saudi Arabia, Bahrain and Egypt) due to Qatar's foreign policy supporting the Muslim Brotherhood of Egypt and Hamas in Palestine. Such tensions resulted in GuCC members cutting diplomatic ties with and imposing an economic blockade on Qatar beginning in 2017. On December 2020, an agreement was reached to end the blockade and pave the way for Qatar to formally rejoin the GuCC. Despite the steps taken to resolve the conflict, further tensions among members of the GuCC cannot be discounted. Increased tensions in the Middle East could pose the risk of full military action and could have a material adverse effect on our business, financial condition, liquidity and results of operations, most importantly in Israel and the UAE.

In Asia, pro-democracy protests and demands, mainly in Hong Kong, ongoing disputes between North and South Korea, as well as territorial disputes among several Southeast Asian countries and China in the South China Sea continue to be a cause for social, economic and political uncertainty and instability in the region. A major outbreak of hostilities or political upheaval in China, Taiwan, North Korea, South Korea, Hong Kong or any other Asian nation could adversely affect the global economy, which could have a material adverse effect on our business, financial condition, liquidity or results of operations. In addition, global trade and supply chain dynamics have been impacted by the U.S.-China trade conflict. The trade conflict between the world's two largest economies has the potential to affect the global economy and financial markets to an extent that could have a material adverse effect on our business, financial condition, liquidity and results of operations.

In Latin America, discontent with politicians, corruption, poverty, and inequality have been cause for numerous protests and general social unrest. Despite COVID-19 pandemic lockdowns, protests have sparked throughout the region in countries such as Haiti, Colombia, Guatemala, Costa Rica, Peru and others. In addition, the region continues to be affected by Venezuela's economic and political crisis, which has had a major impact on the regional economy and poses an important economic, social and security risk.

There have been terrorist attacks and ongoing threats of future terrorist attacks in countries in which we operate. We cannot assure you that there will not be new attacks or threats that will cause any damage to our operating units and facilities or locations, or harm any of our employees, including members of CEMEX, S.A.B. de C.V.'s board of directors or senior management, or lead to an economic contraction, financial markets volatility or erection of material barriers to trade in any of our markets. An economic contraction in any of the markets where we operate could affect domestic demand for our products, which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

As part of our risk governance approach, from time to time we evaluate the need to address the financial consequences of political or social risk through the purchase of insurance. As a result, we purchase certain types of political risk insurance policies for selected countries where we operate and which are exposed to political turmoil, geopolitical issues or political uncertainty. These insurance policies are designed to offer some assistance to our financial flexibility to the extent that the specifics of a political incident could give rise to a financial liability. However, we cannot assure you that a given social or political event and possible changes in government policies will be covered by the political risk insurance policies we have in place, or that the amount of such insurance will be sufficient to offset the liability arising from such applicable events. Any such liability could have a material adverse effect on our business, financial condition, liquidity and results of operations.

In addition, the COVID-19 pandemic and its impact on supply chains, global trade, people mobility, business continuity, demand for products and services and oil prices, among other things, caused a deep global recession in 2020 and continues causing uncertainty regarding future economic growth. Even though some governments and central banks have announced and implemented monetary and fiscal policies to curb the potential impact of the COVID-19 pandemic on the economies and financial markets, these measures vary by country and may not be enough to deter material adverse economic and financial effects. Economic recovery is dependent on, among other factors, the availability and rollout of vaccines and other cures or treatments, their efficacy against COVID-19 and new virus mutations, and how quickly countries are able to bring the COVID-19 pandemic under control. Fears about the magnitude of the economic downturn have had and may continue to have a negative impact on financial markets and emerging market currencies, which in turn have impacted and may continue to impact our results of operations and financial condition.

As of the date of this annual report, the wide-spread of the COVID-19 pandemic has impacted and may continue to impact our business in some of the markets where we operate. Many of our operations have been and may continue to be impacted by governments' decisions to suspend or restrict certain activities which may or may not include those carried out by us or to impose social distancing protocols which may cause lower production in our facilities, as well as by lower demand for our products. In Mexico, we are operating in accordance with technical guidelines defined by the Mexican government. In the South and Central America and the Caribbean region, with the exception of Costa Rica, Nicaragua and Haiti, our operations have been temporarily affected. In Europe, the Middle East, Africa and Asia, the main impacts have been felt in Spain and the Philippines, where our operations are running on a limited basis. Other countries have taken a toll on the market side, with drops in demand which have ended up in some temporary site closures. In the United States, except for a few ready-mix concrete plants in the San Francisco area that were temporarily shut down, other than sites that have been idled for operational reasons, all sites that were operating before the COVID-19 pandemic are active.

While the impact and duration of the COVID-19 pandemic are highly uncertain and remain unclear, we have undertaken several measures to maximize the protection and health of our employees, communities, third parties and other stakeholders while reinforcing our business strength and financial resilience across our markets. However, if the COVID-19 pandemic is not contained or continues to escalate, it could potentially have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our operations and ability to source products and materials can be affected by adverse weather conditions and natural disasters.

Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, when it snows or when heavy or sustained rainfalls occur, or generally, in any rainy and snowy weather. Consequently, demand for our products is significantly lower during the winter or raining and snowing seasons in the countries in which we operate and do business. Generally, winter weather in our European and North American operations significantly reduces our first quarter sales volumes, and to a lesser extent our fourth quarter sales volumes. Sales volumes in these and similar markets generally increase during the second and third quarters because of normally better weather conditions. However, high levels of rainfall and/or snow can also adversely affect our operations during these periods, as well as our access to products and materials used in our operations (as was the case in 2018 with regard to our operations in the Philippines, which was exacerbated by a natural landslide that affected our operations in the country). Natural disasters such as the earthquake in Mexico and Hurricanes Harvey and Irma in the United States in 2017 could have a negative impact on our sales volumes, which could also have a material adverse effect on our results of operations. Our operations in Florida and Texas, the Caribbean and certain parts of the Gulf of Mexico are particularly exposed to hurricanes and similar weather events. This decrease in sales volumes is usually counterbalanced by the increase in the demand for our products during the reconstruction phase, unless any of our operating units or facilities are impacted by the natural disaster. Such adverse weather conditions and natural disasters can have a material adverse effect on our business, financial condition, liquidity and results of operations if they occur with unusual intensity, during abnormal periods, or last longer than usual in our major markets, or if they cause scarcity and increases in the cost of the products we need to run our business, especially during peak construction periods.

We could be adversely affected by any significant or prolonged disruption to our production facilities.

Any prolonged and/or significant disruption to our production facilities, whether due to repair, maintenance or servicing, governmental or administrative actions, regulatory issues, civil unrest, industrial accidents, unavailability or excessively high cost of raw materials such as energy to the point of making it inefficient to run our production facilities, mechanical equipment failure, human error, natural disaster, cyberattack to our systems, public health threat or otherwise, could disrupt and adversely affect our operations. Additionally, any major or sustained disruptions in the supply of utilities such as water, gas or electricity or any fire, flood, earthquake, hurricane, volcanic eruption, landslide, blizzard or other natural calamities or communal unrest or acts of terrorism may disrupt our operations or damage our production facilities or inventories and could have a material adverse effect on our business, financial condition, liquidity and results of operations.

We typically shut down our facilities to undertake maintenance and repair work at scheduled intervals. Although we schedule shutdowns such that not all our facilities are shut down at the same time, the unexpected shutdown or closure of any facility may nevertheless materially affect our business, financial condition, liquidity and results of operations from one period to another. See "Item 3—Key Information—COVID-19 Outbreak" and "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations" for more information on government measures to temporarily suspend some of our operations to stop the spread of COVID-19.

Activities in our business can be hazardous and can cause injury to people or damage to property in certain circumstances.

Most of our production facilities and units, as well as mineral extraction locations, require individuals to work with chemicals, equipment and other materials that have the potential to cause fatalities, harm and injury when used without due care. An accident or injury that occurs at our facilities could result in disruptions to our business and operations and could have legal and regulatory, as well as reputational, consequences. As a result, we may be required to compensate such individuals or incur other costs and liabilities, any and all of which could have a material adverse impact on our reputation, business, financial condition, liquidity, results of operations and prospects.

Additionally, cement production raises a number of health and safety issues. As is the case with other companies in our industry, some of our aggregate products contain varying amounts of crystalline silica, a common mineral. Also, some of our construction and material processing operations release, as dust, crystalline silica that is in the materials being handled. Excessive, prolonged inhalation of very small-sized particles of crystalline silica has allegedly been associated with respiratory disease (including silicosis). As part of our annual due diligence, we work with our stakeholders to verify that certain health and safety protocols are in place with regards to the management of silica and its health effects, as well as in relation to other substances and products. Nonetheless, any health issues related to cement and aggregates production can result in future claims related to exposure to these products or substances, which could have a material adverse impact on our reputation, business, financial condition, liquidity, results of operations and prospects.

Other health and safety issues related to our business include: burns arising from contact with hot cement kiln dust or dust on preheater systems; airborne hazards related to our aggregates mining activities; noise, including from chutes and hoppers, milling plants, exhaust fans and blowers; the potential for dioxin formation if chlorine-containing alternative fuels are introduced into kilns; plant cleaning and maintenance activities involving working at height or in confined or other awkward locations, and the storage and handling of coal, pet coke and certain alternative fuels, which, in their finely ground state, can pose a risk of fire or explosion; and health hazards associated with operating ready-mix concrete trucks. We may also be exposed to liability resulting from injuries or fatalities involving third-party service providers, such as drivers for our suppliers when delivering products or services to us. While we actively seek to minimize the risk posed by these issues, personal injury claims may be made, and substantial damages awarded, against us, which could have a material adverse impact on our reputation, business, financial condition, liquidity and results of operations. Additionally, we may also be required to change our operational practices, involving material capital expenditure.

Labor activism and unrest, or failure to maintain satisfactory labor relations, could adversely affect our results of operations.

Labor activism and unrest may adversely affect our operations and thereby adversely affect our business, financial condition, liquidity, results of operations and prospects. Although most of our significant operations have not been affected by any significant labor disputes in the past, we cannot assure you that we will not experience labor unrest, activism, disputes or actions in the future, including as a result of labor laws and regulations that have recently been enacted or that could come into effect in the future, some of which may be significant and could adversely affect our business, financial condition, liquidity, results of operations and prospects. For example, the activity of labor unions in Mexico is expected to increase, as a result of a law that permits unions to actively seek sponsorship of collective bargaining agreements. For a description of our most relevant collective bargaining agreements, see “Item 6—Directors, Senior Management and Employees—Employees.”

Increases in liabilities related to our pension plans could adversely affect our results of operations.

We have obligations under defined benefit pension and other benefit plans in certain countries in which we operate, mainly in North America and Europe. Our actual funding obligations will depend on benefit plan changes, government regulations and other factors, including changes in longevity and mortality statistics. Due to the large number of variables and assumptions that determine pension liabilities and funding requirements, which are difficult to predict because they change continuously as demographics evolve, despite the fact that we support our projections with studies by external actuaries. We have a net projected liability recognized in our statement of financial position as of December 31, 2020 of $1,339 million. The future cash funding requirements for our defined benefit pension plans and other post-employment benefit plans could significantly differ from the amounts estimated as of December 31, 2020. If so, these funding requirements, as well as our possible inability to properly fund, and/or provide sufficient guarantees for, such pension plans if we are unable to deliver the cash or equivalent funding requirements, could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. See note 19 to our 2020 audited consolidated financial statements included elsewhere in this annual report for a detailed description of our pension obligations.

Our insurance coverage may not cover all the risks to which we may be exposed.

Among others, we face the risks of fatalities and injury of our employees and contractors, loss and damage to our products, property and machinery due to, among other things, public health threats, fire, theft and natural disasters such as floods, and also face risks related to cyber-security related matters. Such events may cause a disruption to, or cessation of, our operations and business. While we believe that we have adequate and sufficient coverage, in line with industry practices, in some instances our insurance coverage may not be sufficient to cover all of our potential unforeseen losses and liabilities. In addition, our insurance coverage may not cover all the risks to which we may be exposed, such as all risks related to pandemics and/or epidemics (including COVID-19), and political risk. If our losses exceed our insurance coverage, or if we are not covered by the insurance policies we have taken up, we may be liable to cover any shortfall or losses. Our insurance premiums may also increase substantially because of such claims. Such circumstances could have a material adverse effect on our business, liquidity, financial condition and results of operations.

Our success depends on the leadership of CEMEX, S.A.B. de C.V.’s board of directors and on key members of our executive management team.

Our success depends largely on strategic vision and actions of CEMEX, S.A.B. de C.V.’s board of directors and on key members of our executive management team. The loss of some or all of CEMEX, S.A.B. de C.V.’s directors or our senior management could have a material adverse effect on our business, financial condition, liquidity and results of operations, as well as on our reputation. Although we have appointed new members to the board of directors in recent years (including to replace outgoing directors), we cannot assure you that one or more members of our board of directors will continue to change each year.

The execution of our business strategy also depends on our ongoing ability to attract and retain highly skilled employees. For a variety of reasons, particularly due to the competitive environment and the limited availability of skilled labor, we may not be successful in attracting and retaining the personnel we require. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to successfully operate our business or capitalize on growth opportunities and, as a result, our business, financial condition, liquidity and results of operations could be materially and adversely affected.

We are subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in the countries in which we operate, some of which are considered high-risk countries. Any violation of any such laws or regulations could have a material adverse impact on our reputation, results of operations and financial condition.

We are subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of the countries in which we operate, some of which, including Mexico, Jamaica, Trinidad and Tobago, Guyana, Colombia, Panama, Egypt, the Philippines, El Salvador, the Dominican Republic, Guatemala, Nicaragua, Croatia and Haiti, are considered high-risk countries with regard to corruption-related matters. In addition, we are subject to regulations on economic sanctions that restrict dealings with certain sanctioned countries, individuals and entities, including regulations administered by the United States of America, the United Kingdom, and the European Union, including export control regulations, economic sanctions and trade embargoes. Given the large number of contracts that we are a party to around the world, the geographic distribution of our operations and the great variety of actors that we interact with in the course of business, we are subject to the risk that our affiliates, employees, directors, officers, partners, agents and service providers may misappropriate our assets, manipulate our assets or information, make improper payments or engage in corruption, bribery, money laundering or other illegal activity; and, as a consequence, we may be held liable for such misconduct, even if we do not authorize such activities.

Although we have implemented policies and procedures, which includes training certain groups of our employees, seeking to ensure compliance with anti-corruption and related laws, there can be no assurance that our internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our affiliates, employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of our policies and procedures. If we fail to fully comply with applicable laws and sanction regulations, the relevant government authorities of the countries where we operate have the power and authority to investigate us and, if it is the case, impose fines, penalties and remedies, which could cause us to lose clients, suppliers and access to debt and capital markets. Any violations by us, or the third parties we transact with, of anti-bribery, anti-corruption, anti-money laundering and antitrust laws or regulations could have a material adverse effect on our business, liquidity, reputation, results of operations and financial condition.

For further information regarding our ongoing proceedings with respect to anti-corruption laws, see "Item 3—Key Information—Risk Factors—Risks Relating to Our Business—We are subject to litigation proceedings, including government investigations relating to corruption and antitrust proceedings, that could harm our business and our reputation" and "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings."

Certain tax matters may have a material adverse effect on our cash flow, financial condition and net income, as well as on our reputation.

We are subject to certain tax matters, mainly in Colombia and Spain, that, if adversely resolved, may have a material adverse effect on our operating results, liquidity and financial position, as well as on our reputation. See notes 3.13 and 20.4 to our 2020 audited consolidated financial statements included elsewhere in this annual report, "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Tax Matters—Colombia," and "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Tax Matters—Spain" for a description of the legal proceedings regarding these Colombian and Spanish tax matters, all included elsewhere in this annual report.

It may be difficult to enforce civil liabilities against us or the members of CEMEX, S.A.B. de C.V.'s board of directors, our senior management and controlling persons.

CEMEX, S.A.B. de C.V. is a publicly traded variable stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico. Substantially all members of CEMEX, S.A.B. de C.V.'s board of directors and the majority of the members of our senior management reside in Mexico, and all or a significant portion of the assets of those persons may be, and a substantial part of our assets are, located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our General Counsel, Roger Saldaña Madero, that there is doubt as to the enforceability in Mexico, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

The protections afforded to shareholders in Mexico are different from those in the United States and may be more difficult to enforce.

Under Mexican law, the protections afforded to shareholders are different from those in the United States and countries in continental Europe. In particular, the legal framework and case law pertaining to directors' duties and disputes between shareholders and us, the members of CEMEX, S.A.B. de C.V.'s board of directors or our officers are less protective of shareholders under Mexican law than under U.S. and continental European law. Mexican law only permits shareholder derivative suits (i.e., suits for our benefit as opposed to the direct benefit of our shareholders) and there are procedural requirements for bringing shareholder derivative lawsuits, such as minimum holdings, which differ from those in effect in other jurisdictions. There is also a substantially less active plaintiffs' bar dedicated to the enforcement of shareholders' rights in Mexico than in the United States or Europe. As a result, in practice it may be more difficult for our shareholders to initiate an action against us or our directors or obtain direct remedies than it would be for shareholders of a U.S. company.

ADS holders may only vote the Series B shares represented by the CPOs deposited with the ADS depositary through the ADS depositary and are not entitled to vote the Series A shares represented by the CPOs deposited with the ADS depositary or to attend shareholders' meetings.

Any person acquiring CEMEX, S.A.B. de C.V.'s ADSs should be aware of the terms of the ADSs, the corresponding deposit agreement pursuant to which CEMEX, S.A.B. de C.V.'s ADSs are issued (the "Deposit Agreement"), the CPO Trust (as defined in the Deposit Agreement) and CEMEX, S.A.B. de C.V.'s by-laws. Under such terms, a holder of an ADS has the right to instruct the ADS depositary to exercise voting rights only with respect to Series B shares (as defined below) represented by the CPOs deposited with the depositary, but not with respect to the Series A shares (as defined below) represented by the CPOs deposited with the depositary. ADS holders will not be able to directly exercise their right to vote unless they withdraw the CPOs underlying their ADSs (and, in the case of non-Mexican holders, even if they do so, they may not vote the Series A shares represented by the CPOs) and may not receive voting materials in time to ensure that they are able to instruct the depositary to vote the CPOs underlying their ADSs or receive sufficient notice of a shareholders' meeting to permit them to withdraw their CPOs to allow them to cast their vote with respect to any specific matter. Holders of ADSs will not have the right to instruct the ADS depositary as to the exercise of voting rights in respect of Series A shares underlying CPOs held in the CPO Trust. Under the terms of the CPO Trust, Series A shares underlying CPOs held by non-Mexican nationals, including all Series A shares underlying CPOs represented by ADSs, will be voted by the Trustee (as defined in the Deposit Agreement), according to the majority of all Series A shares held by Mexican nationals and Series B shares voted at the meeting. In addition, the depositary and its agents may not be able to send out voting instructions on time or carry them out in the manner an ADS holder has instructed. As a result, ADS holders may not be able to exercise their right to vote and they may lack recourse if the CPOs underlying their ADSs are not voted as they requested. In addition, ADS holders are not entitled to attend shareholders' meetings. ADS holders will also not be permitted to vote the CPOs underlying the

ADSs directly at a shareholders' meeting or to appoint a proxy to do so without withdrawing the CPOs. If the ADS depositary does not receive voting instructions from a holder of ADSs in a timely manner such holder will nevertheless be treated as having instructed the ADS depositary to give a proxy to a person we designate, or at our request, the corresponding CPO trust's technical committee designates, to vote the Series B shares underlying the CPOs represented by the ADSs in his/her discretion. The ADS depositary or the custodian for the CPOs on deposit may represent the CPOs at any meeting of holders of CPOs even if no voting instructions have been received. The CPO trustee may represent the Series A shares and the Series B shares represented by the CPOs at any meeting of holders of Series A shares or Series B shares even if no voting instructions have been received. By so attending, the ADS depositary, the custodian or the CPO trustee, as applicable, may contribute to the establishment of a quorum at a meeting of holders of CPOs, Series A shares or Series B shares, as appropriate.

Non-Mexicans may not hold CEMEX, S.A.B. de C.V.'s Series A shares directly and must have them held in a trust at all times.

Non-Mexican investors in CEMEX, S.A.B. de C.V.'s CPOs or ADSs may not directly hold the underlying Series A shares, but may hold them indirectly through CEMEX, S.A.B. de C.V.'s CPO trust. Upon the early termination or expiration of the term of CEMEX, S.A.B. de C.V.'s CPO trust on September 6, 2029, the Series A shares underlying CEMEX, S.A.B. de C.V.'s CPOs held by non-Mexican investors must be placed into a new trust similar to the current CPO trust for non-Mexican investors to continue to hold an economic interest in such shares. We cannot assure you that a new trust similar to the CPO trust will be created or that the relevant authorization for the creation of the new trust or the transfer of our Series A shares to such new trust will be obtained. In that event, since non-Mexican holders currently cannot hold Series A shares directly, they may be required to sell all of their Series A shares to a Mexican individual or corporation, which could expose shareholders to a loss in the sale of the corresponding Series A shares and which may cause the price of CEMEX, S.A.B. de C.V.'s CPOs and ADSs to decrease.

Preemptive rights may be unavailable to ADS holders.

ADS holders may be unable to exercise preemptive rights granted to CEMEX, S.A.B. de C.V.'s shareholders, in which case ADS holders could be substantially diluted following future equity or equity-linked offerings. Under Mexican law, whenever CEMEX, S.A.B. de C.V. issues new shares for payment in cash or in kind, CEMEX, S.A.B. de C.V. is generally required to grant preemptive rights to CEMEX, S.A.B. de C.V.'s shareholders, except if the shares are issued in respect of a public offering or if the relevant shares underlie convertible securities. However, ADS holders may not be able to exercise these preemptive rights to acquire new shares unless both the rights and the new shares are registered in the United States or an exemption from registration is available. We cannot assure you that we would file a registration statement in the United States at the time of any rights offering. In addition, under Mexican Law currently in effect, the sale by an ADS depositary of preemptive rights and the distribution of proceeds from such sales to the holders of ADSs is not possible.

Selected Consolidated Financial Information

The financial data set forth below as of December 31, 2019 and 2020, and for each of the three years ended December 31, 2018, 2019 and 2020 have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, our 2020 audited consolidated financial statements included elsewhere in this annual report.

Our 2020 audited consolidated financial statements included elsewhere in this annual report have been prepared in accordance with IFRS, which differ in significant respects from U.S. GAAP. The regulations of the SEC do not require foreign private issuers that prepare their financial statements on the basis of IFRS (as issued by the IASB) to reconcile such financial statements to U.S. GAAP.

Acquisitions and discontinued operations

The operating results of newly acquired businesses are consolidated in our financial statements beginning on the acquisition date. Therefore, all periods presented do not include operating results corresponding to newly acquired businesses before we assumed control. As a result, the financial data for the years ended December 31, 2018, 2019 and 2020 may not be comparable to that of prior periods.

On August 3, 2020, through an affiliate in the United Kingdom, we closed the sale of certain assets to Breedon Group plc (“Breedon”) for an amount of $230 million, including $30 million of debt. The assets included 49 ready-mix plants, 28 aggregate quarries, four depots, one cement terminal, 14 asphalt plants, four concrete products operations, as well as a portion of our paving solutions business in the United Kingdom. After completion of this divestiture, we maintain a significant footprint in key operating geographies in the United Kingdom related with the production and sale of cement, ready-mix concrete, aggregates, asphalt and paving solutions, among others. As of December 31, 2019, the assets and liabilities associated with this segment in the United Kingdom were presented in the statement of financial position within the line items of “Assets held for sale,” including a proportional allocation of goodwill of $47 million, and “Liabilities directly related to assets held for sale,” respectively. Moreover, the operations related to this segment for the period from January 1 to August 3, 2020, which includes a loss on sale of $57 million net of the proportional allocation of goodwill mentioned above, and for the years ended December 31, 2017, 2018 and 2019 are presented in our statements of operations net of tax in the single line item “Discontinued operations.”

On March 6, 2020, we concluded the sale of our U.S. affiliate Kosmos Cement Company (“Kosmos”), a partnership with a subsidiary of Buzzi Unicem S.p.A. in which we held a 75% interest, to Eagle Materials Inc. for $665 million. The share of proceeds to us from this transaction was $499 million before transactional and other costs and expenses. The assets that were divested consisted of Kosmos’ cement plant in Louisville, Kentucky, as well as related assets which include seven distribution terminals and raw material reserves. As of December 31, 2019, the assets and liabilities associated with this sale in the United States were presented in the statement of financial position within the line items of “Assets held for sale,” including a proportional allocation of goodwill of $291 million, and “Liabilities directly related to assets held for sale,” respectively. Moreover, the operations related to this segment from January 1 to March 6, 2020, which includes a gain on sale of $14 million, net of the proportional allocation of goodwill mentioned above, and for the years ended December 31, 2017, 2018 and 2019 are presented in our statements of operations net of income tax in the single line item “Discontinued operations.”

In January 2020, one of our subsidiaries in Israel acquired a ready-mix concrete products business (“Netivei Noy”) from Ashtrom Industries for an amount in Shekels equivalent to $33 million. As of December 31, 2020, based on the preliminary valuation of the fair values of the assets acquired and liabilities assumed, the net assets of Netivei Noy amounted to $33 million and goodwill was determined in the amount of $2 million.

On June 28, 2019, after obtaining customary authorizations, we concluded with several counterparties the sale of our ready-mix and aggregates business in the central region of France for an aggregate price in Euro equivalent to $36 million. Our operations of these disposed assets in France for the period from January 1 to June 28, 2019, which includes a gain on sale of $17 million net of a proportional allocation of goodwill related to this reporting segment of $8 million, and for the years ended December 31, 2017 and 2018 are presented in the statements of operations net of income tax in the single line item “Discontinued operations.”

On May 31, 2019, we concluded the sale of our aggregates and ready-mix assets in the North and North-West regions of Germany to GP Günter Papenburg AG for a price in Euro equivalent to $97 million. The assets divested in Germany consisted of four aggregates quarries and four ready-mix facilities in North Germany, and nine aggregates quarries and 14 ready-mix facilities in North-West Germany. Our operations of these disposed assets for the period from January 1 to May 31, 2019 which includes a gain on sale of $59 million, and for the year ended December 31, 2017 and 2018 are presented in the statements of operations net of income tax in the single line item “Discontinued operations.”

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On March 29, 2019, we closed the sale of our businesses in the Baltics and Nordics to the German building materials group Schwenk Zement KG (“Schwenk”) for a price in Euro equivalent to $387 million. The Baltic assets divested consisted of one cement production plant in Broceni, Latvia with a production capacity of approximately 1.7 million tons, four aggregates quarries, two cement quarries, six ready-mix plants, one marine terminal and one land distribution terminal in Latvia. The assets divested also included our 37.8% indirect interest in one cement production plant in Akmene, Lithuania with a production capacity of approximately 1.8 million tons, as well as the exports business to Estonia. The Nordic assets divested consisted of three import terminals in Finland, four import terminals in Norway and four import terminals in Sweden. Our operations of these disposed businesses for the period from January 1 to March 29, 2019, which includes a gain on sale of $66 million, and for the years ended December 31, 2017 and 2018 are presented in the statements of operations, net of income tax, in the single line item “Discontinued operations.”

On March 29, 2019, we entered into a binding agreement with Çimsa Çimento Sanayi Ve Ticaret A.Ş. to divest our white cement business outside of Mexico and the United States for an initial price of $180 million, including our Buñol cement plant in Spain and our white cement customers list. The closing of the transaction is subject to certain closing conditions, including requirements set by regulators. As of the date of this annual report, we expect to close the transaction during the second half of 2021, but we are not able to assess if the COVID-19 pandemic or if other conditions will further delay the closing of this divestment or prevent us from closing the transaction with the terms initially disclosed or at all. Our operations of these assets in Spain for the years ended December 31, 2017, 2018, 2019 and 2020 are presented in the statements of operations, net of income tax, in the single line item “Discontinued operations.”

On September 27, 2018, we concluded the sale of our construction materials operations in Brazil (the “Brazilian Operations”) through the sale to Votorantim Cimentos N/NE S.A. of all the shares of CEMEX’s Brazilian subsidiary Cimento Vencemos Do Amazonas Ltda., consisting of a fluvial cement distribution terminal located in Manaus, Amazonas province, as well as the related operation license for a price of $31 million. Our Brazilian Operations for the period from January 1 to September 27, 2018, which include a gain on sale of $12 million, and for the year ended December 31, 2017 are presented in the statements of operations, net of income tax, in the single line item “Discontinued operations.”

In August 2018, one of our subsidiaries in the United Kingdom acquired all the shares of the ready-mix concrete producer Procon Readymix Ltd (“Procon”) for an amount in Pounds Sterling equivalent to $22 million. Based on the valuation of the fair values of the assets acquired and liabilities assumed, the net assets of Procon amounted to $10 million and goodwill was determined in the amount of $12 million. See note 5.1 to our 2020 audited consolidated financial statements included elsewhere in this annual report.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES
Selected Consolidated Financial Information

	As of and for the Year Ended December 31,				
	2016[14][16]	2017[15]	2018	2019	2020
	(in millions of Dollars, except ratios and share and per share amounts)				
Statement of Operations Information:					
Revenues	$ 13,355	$12,926	$13,531	$13,130	$ 12,970
Cost of sales(1)	(8,568)	(8,365)	(8,849)	(8,825)	(8,791)
Gross profit	4,787	4,561	4,682	4,305	4,179
Operating expenses	(2,882)	(2,826)	(2,979)	(2,972)	(2,836)
Operating earnings before other expenses, net(2)	1,905	1,735	1,703	1,333	1,343
Other expenses, net	(91)	(205)	(296)	(347)	(1,779)
Operating earnings (loss)(2)	1,814	1,530	1,407	986	(436)
Financial items(3)	(931)	(902)	(724)	(782)	(887)
Share of profit of equity accounted investees	37	33	34	49	49
Earnings (loss) before income tax	920	661	717	253	(1,274)
Discontinued operations(4)	38	222	77	88	(120)
Non-controlling interest net income	64	75	42	36	21
Controlling interest net income (loss)	726	792	528	143	(1,467)
Basic earnings (loss) per share(5)(6)	0.0164	0.0174	0.0114	0.0031	(0.0332)
Diluted earnings (loss) per share(5)(6)	0.0164	0.0174	0.0114	0.0031	(0.0332)
Basic earnings (loss) per share from continuing operations(5)(6)	0.0155	0.0125	0.0098	0.0012	(0.0305)
Diluted earnings (loss) per share from continuing operations(5)(6)	0.0155	0.0125	0.0098	0.0012	(0.0305)
Number of shares outstanding(5)(7)(8)	48,668	48,439	48,015	47,322	44,870
Statement of Financial Position Information:					
Cash and cash equivalents	561	699(15)	309	788	950
Assets held for sale(9)	1,015	70(15)	107	839	187
Property, machinery and equipment, net and assets for the right-of-use, net(13)	11,107	12,782(15)	12,454	11,850	11,413
Total assets	28,944	29,884(15)	29,181	29,363	27,425
Current debt	59	864(15)	45	62	179
Non-current debt	11,342	9,009(15)	9,266	9,303	9,160
Liabilities directly related to assets held for sale	39	—	16	37	6
Non-controlling interest and Perpetual Debentures(10)	1,397	1,571(15)	1,572	1,503	877
Total controlling interest	8,097	9,027(15)	9,481	9,321	8,075
Other Financial Information:					
Book value per share(5)(8)(11)	0.1664	0.1864(15)	0.2050	0.1970	0.1800
Operating margin before other expenses, net	14.3%	13.4%	12.6%	10.2%	10.4%
Operating EBITDA(12)	2,761	2,698	2,685	2,378	2,460
Capital expenditures	685	984	964	1,033	795
Depreciation and amortization of assets	856	963	982	1,045	1,117
Cash flow provided by operating activities from continuing operations	3,278	2,859	2,383	2,144	2,394
Basic earnings (loss) per CPO from continuing operations(5)(6)	0.0465	0.0375	0.0294	0.0036	(0.0915)
Basic earnings (loss) per CPO(5)(6)	0.0492	0.0522	0.0342	0.0093	(0.0996)
Total debt plus other financial obligations(13)	13,218	12,626(15)	11,758	11,790	11,185

(1) Cost of sales includes depreciation, amortization and depletion of assets involved in production, expenses related to storage in production plants, freight expenses of raw materials in plants and delivery expenses of our ready-mix concrete business. Our cost of sales excludes (i) expenses related to personnel and equipment comprising our selling network and those expenses related to warehousing at the points of sale and (ii) freight expenses of finished products from our producing plants to our points of sale and from our points of sale to our customers’ locations, which are all included as part of the line item titled “Operating expenses.”

(2) In the statements of operations, we include the line item titled “Operating earnings before other expenses, net” considering that is a relevant measure for our management as explained in note 3.1 to our 2020 audited consolidated financial statements included elsewhere in this annual report. Under IFRS, while there are line items that are customarily included in the statements of operations, such as revenues, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals such as “Operating earnings before other expenses, net” and the display of such statements of operations varies significantly by industry and company according to specific needs.

(3) Financial items include our financial expense and our financial income and other items, net, which includes our results in the sale of associates and remeasurement of previously held interest before change in control of associates, financial income, results from financial instruments, net (derivatives, fixed-income investments and other securities), foreign exchange results and effects of amortized cost on assets and liabilities and others, net. See notes 8.1 and 8.2 to our 2020 audited consolidated financial statements included elsewhere in this annual report.

(4) Considering the disposal of entire reporting segments as well as the sale of significant businesses, our statements of operations present in the single line item of “Discontinued operations” the results of: (a) the assets sold in the United Kingdom for the years 2017, 2018 and 2019 and for the period from January 1 to August 3, 2020; (b) Kosmos’ assets sold in the United States for the years 2017, 2018 and 2019 and for the period from January 1 to March 6, 2020; (c) the white cement business held for sale in Spain for the years 2017, 2018, 2019 and 2020; (d) the French assets sold for the years 2017 and 2018 and for the period from January 1 to June 28, 2019; (e) the German assets sold for the years 2017 and 2018 and for the period from January 1 to May 31, 2019; (f) the Baltics and Nordics businesses sold for the years 2017 and 2018 and for the period from January 1 to March 29, 2019; (g) the operating segment in Brazil sold for the years 2016 and 2017 and for the period from January 1 to September 27, 2018; (h) CEMEX’s Pacific Northwest Materials Business operations sold in the United States for the year 2016 and for the six months ended June 30, 2017; (i) CEMEX’s Concrete Pipe Business operations sold in the United States for the year 2016 and for the one-month ended January 31, 2017; and (j) CEMEX´s operations in Bangladesh and Thailand for the period from January 1 to May 26, 2016. See note 5.2 in our consolidated financial statements included elsewhere in this annual report.

(5) CEMEX, S.A.B. de C.V.’s capital stock consists of Series A shares and Series B shares. Each CPO represents two Series A shares and one Series B share. As of December 31, 2020, 99.88% of CEMEX, S.A.B. de C.V.’s outstanding share capital was represented by CPOs. Each ADS represents ten CPOs.

(6) Earnings per share is calculated based upon the weighted-average number of shares outstanding during the year, as described in note 23 to our 2020 audited consolidated financial statements included elsewhere in this annual report. Basic earnings per CPO is determined by multiplying the basic earnings per share for each period by three (the number of shares underlying each CPO). Basic earnings per CPO is presented solely for the convenience of the reader and does not represent a measure under IFRS. As shown in notes 5.2 and 23 to our 2020 audited consolidated financial statements included elsewhere in this annual report, and in connection with our discontinued operations mentioned above, for the years ended December 31, 2016, 2017, 2018 and 2019, “Basic earnings per share” and “Diluted earnings per share” include $0.0155, $0.0125, $0.0098 and $0.0012, respectively from “Continuing operations” and for the year ended December 31, 2020, “Basic loss per share” and “Diluted loss per share” include $0.0305 from “Continuing operations.” In addition, for the years ended December 31, 2016, 2017, 2018 and 2019, “Basic earnings per share” and “Diluted earnings per share” include $0.0009, $0.0049, $0.0016 and $0.0019, respectively from “Discontinued operations” and for the year ended December 31, 2020, “Basic loss per share” and “Diluted loss per share” include $0.0027, from “Discontinued operations.” See note 23 to our 2020 audited consolidated financial statements included elsewhere in this annual report.

(7) CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal years 2017, 2019 and 2020. For fiscal year 2018, CEMEX, S.A.B. de C.V. declared a cash dividend in the amount of $150 million, payable in Mexican Pesos in two equal installments, in June 2019 and December 2019. At CEMEX, S.A.B. de C.V.’s annual general ordinary shareholders’ meeting held on March 30, 2017, CEMEX, S.A.B. de C.V.’s shareholders approved a capitalization of retained earnings. New CPOs issued pursuant to such recapitalization were allocated to shareholders on a pro rata basis. As a result, shares equivalent to 562 million CPOs were allocated to shareholders on a pro rata basis in connection with the recapitalizations, respectively. In each case, CPO holders received one new CPO for each 25 CPOs held and ADS holders received one new ADS for each 25 ADSs held. There was no cash distribution and no entitlement to fractional shares. No recapitalization of retained earnings was approved at CEMEX, S.A.B. de C.V.’s annual general ordinary shareholders’ meetings held on April 5, 2018 and March 28, 2019, respectively. No recapitalization of retained earnings or cash dividend was proposed for CEMEX, S.A.B. de C.V.’s annual general ordinary shareholders’ meeting held on March 26, 2020 and March 25, 2021.

(8) Represents the weighted average number of shares diluted included in note 23 to our 2020 audited consolidated financial statements included elsewhere in this annual report.

(9) In 2016, includes the assets held for sale of Fairborn cement plant and the Concrete Pipe Business in the United States, the ready-mix pumping equipment in Mexico and the assets of Andorra plant in Spain. In 2017, includes the assets held for sale of Andorra plant in Spain. In 2018, includes the assets held for sale in the central region of France. In 2019, includes assets held for sale in the United Kingdom, Kosmos’ assets in the United States and the white cement assets in Spain. In 2020, includes assets held for sale in connection with the white cement assets in Spain.

(10) As of December 31, 2016, 2017, 2018, 2019 and 2020, the line item of Non-controlling interest and perpetual debentures included $438 million, $447 million, $444 million, $443 million and $449 million, respectively, that represents the nominal amounts of Perpetual Debentures, denominated in Dollars and Euros, issued by consolidated entities. In accordance with IFRS, these securities qualify as equity due to their perpetual nature and the option to defer the coupons.

(11) Book value per share is calculated by dividing the total controlling interest by the number of shares outstanding.

(12) “Operating EBITDA” equals operating earnings before other expenses, net, plus depreciation and amortization expenses. Operating EBITDA is calculated and presented because it is an indicator used by our management for decision-making purposes and it is included in our Facilities Agreement as a financial indicator of our ability to internally fund capital

expenditures and service or incur debt. Operating EBITDA is a non-IFRS measure and should not be considered an indicator of our financial performance as an alternative to cash flow, as measures of liquidity or as being comparable to other similarly titled measures of other companies. Under IFRS, while there are line items that are customarily included in statements of operations prepared pursuant to IFRS, such as revenues, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals, such as operating earnings before other expenses, net, and the display of such statement of operations varies significantly by industry and company according to specific needs. Our Operating EBITDA may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation. Operating EBITDA is reconciled below to operating earnings before other expenses, net, as reported in the statements of operations, and to cash flows provided by operating activities from continuing operations before financial expense, coupons on Perpetual Debentures and income taxes, as reported in the statement of cash flows. Financial expense under IFRS does not include coupon payments of the Perpetual Debentures issued by consolidated entities of $27 million in 2016, $25 million in 2017, $29 million in 2018, $29 million in 2019, and $24 million in 2020, as described in note 21.4 to our 2020 audited consolidated financial statements included elsewhere in this annual report.

(13) From 2017 through 2020, other financial obligations include: (a) lease contracts as per IFRS 16; (b) liabilities secured with accounts receivable; and (c) from 2016 through 2019, the liability components associated with our financial instruments convertible into CEMEX's CPOs. In 2016, other financial obligations included capital leases according to former IAS 17. See notes 15.2 and 17.2 to our 2020 audited consolidated financial statements included elsewhere in this annual report.

(14) The information for the year ended December 31, 2016 does not include assets for the right of use, as required by IFRS 16.

(15) The amounts that correspond to "Statement of Financial Position Information" presented in the 2017-year column, as well as the information derived from such financial statement, are amounts as of January 1, 2018, after the adoption of IFRS 16.

(16) In 2019, CEMEX changed its presentation currency from the Mexican Peso to the Dollar and adopted IFRS 16, both with retrospective effect for 2017 and 2018. The amounts for 2016 were translated into Dollars using the exchange rates at the reporting date for the balance sheet and the exchange rates at the end of each month for the statement of operations.

	For the Year Ended December 31,				
	2016(1)	**2017**	**2018**	**2019**	**2020**
	(in millions of Dollars)				
Reconciliation of cash flows provided by operating activities from continuing operations to Operating EBITDA					
Cash flow provided by operating activities from continuing operations	$ 3,278	$2,859	$2,383	$ 2,144	$ 2,394
Plus/minus:					
Changes in working capital excluding income taxes	589	(431)	55	(98)	(197)
Depreciation and amortization of assets	(856)	(963)	(982)	(1,045)	(1,117)
Other items, net	(1,106)	270	247	332	263
Operating earnings before other expenses, net	1,905	1,735	1,703	1,333	1,343
Plus:					
Depreciation and amortization of assets	856	963	982	1,045	1,117
Operating EBITDA	$ 2,761	$2,698	$2,685	$ 2,378	$ 2,460

(1) The information for the year ended December 31, 2016 was not re-presented for the effects of IFRS 16.

Item 4—Information on the Company

Unless otherwise indicated, references in this annual report to our sales and assets, including percentages, for a country or region are calculated before eliminations resulting from consolidation, and thus include intercompany balances between countries and regions. These intercompany balances are eliminated when calculated on a consolidated basis.