As of December 31, 2019, we had $11,790 million (principal amount $11,864 million, excluding deferred issuance costs) of total debt plus other financial obligations in our statement of financial position, which does not include $443 million of Perpetual Debentures. Of our total debt plus other financial obligations, 12% was short-term (including current maturities of long-term debt) and 88% was long-term. As of December 31, 2019, 67% of our total debt plus other financial obligations was Dollar-denominated, 23% was Euro-denominated, 5% was Pound Sterling-denominated, 2% was Philippine Peso-denominated and immaterial amounts were denominated in other currencies. See notes 16.1, 16.2 and 20.4 to our 2019 audited consolidated financial statements included elsewhere in this annual report.

In 2018, we embarked on a strategic plan to build “A Stronger CEMEX.” This transformational plan is designed to fortify CEMEX’s position as a leading global heavy building materials company, accelerate our path to investment grade, enhance CEMEX, S.A.B. de C.V.’s total shareholder return and generate long-term value for all of our stakeholders. Specifically, we believe that through this strategic plan, we can rebalance and streamline our existing portfolio in order to better position ourselves to deliver higher growth and greater stakeholder value over the mid-to-long-term by divesting between $1.5 billion and $2 billion in assets by the end of 2020; achieve recurring operational improvements of $230 million by 2020; accelerate our path to investment grade by further deleveraging CEMEX by reducing our debt by $3.5 billion between the launch of the “A Stronger CEMEX” plan on July 1, 2018 and the end of 2020; and seek to return value to CEMEX, S.A.B. de C.V.’s shareholders. As of December 31, 2019, our asset sales, announced or closed, reached $1.6 billion, including the announced divestment of certain assets in the United Kingdom to Breedon Group plc (“Breedon”) for a total consideration of $235 million; we achieved operational improvements of $170 million; we achieved a debt reduction of $407 million; and we paid a cash dividend of $150 million and repurchased 157.7 million CPOs. See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations” and “Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement” for more information on how COVID-19 has impacted our “A Stronger CEMEX” plan, and also see note 26 to our 2019 audited consolidated financial statements included elsewhere in this annual report for a description about our ability to reach an agreement to amend the 2017 Credit Agreement which raises significant doubt about our ability to continue as a going concern.

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 U.S., Mexico, South America, Central America, the Caribbean (“SCA&C”), Europe, Asia, the Middle East and Africa.

As of December 31, 2019, our operations were mostly in Mexico, the U.S., certain countries in Europe, SCA&C, Asia, the Middle East and Africa (as described in “Item 4—Information on the Company—Business Overview”).

For a geographic breakdown of our revenues for the year ended December 31, 2019, see “Item 4—Information on the Company—Geographic Breakdown of Revenues for the Year Ended December 31, 2019.”

As of April 10, 2020, the main downside concern relates to the COVID-19 pandemic. The measures implemented by governmental authorities in an attempt 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 had a substantial negative impact on the world economy.

Although the pandemic has had a negative impact on both rich and poor countries, emerging markets and low-income nations, particularly across Africa, Latin America and Asia, are more vulnerable to its effects given their weaker health systems. These emerging markets and developing countries have densely populated cities and have been unable to implement social distancing measures. With fewer resources to begin with, they are dangerously exposed to the ongoing demand and supply shocks and drastic tightening in financial conditions, and some may face a high debt burden. The risk of portfolio outflows from emerging markets is very high. Commodity exporters are taking a double blow from the collapse in commodity prices and remittances are expected to dwindle.

Many governments have already undertaken fiscal stimulus measures, enacting substantial amounts of funds in fiscal measures as well as massive monetary measures. The speed and strength of the recovery will depend on large, timely and targeted fiscal and financial measures such as wage subsidies, tax deferrals, cash transfers, extensions of unemployment insurance and social assistance, temporary adjustment of loans terms and credit guarantees, and to reduce stress to the financial system and avoid contagion. These measures seek to prevent liquidity pressures from turning into solvency problems. As measures to stabilize the economy take hold and business starts to normalize, policymakers will need to move swiftly to boost demand.

The pandemic has already turned global economic growth sharply negative in the past few months, though the magnitude of the drop is still uncertain. Most forecasts assume that the pandemic will fade in the second half of 2020, permitting a gradual lifting of containment measures and the reopening of the economy. The degree to which COVID-19 affects our results and operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

As of December 31, 2019, according to the International Monetary Fund (the “IMF”), global growth was projected to rise from an estimated 2.9% in 2019 to 3.3% in 2020 and to 3.4% for 2021. This projection had been slightly lower than the IMF’s projections a few months earlier due to the sudden downturns in economic activity in a few emerging market economies, notably India, which led to a reassessment of growth prospects over the next two years. In a few cases, this reassessment also reflected the impact of increased social unrest. We believe, as of the date of this annual report, that in addition to the global spread of COVID-19 discussed above, the other possible main downside concerns include: an escalation of trade tensions (given that prospects for trade and technology tensions between the U.S. and China to be fully resolved remain elusive, despite sporadic favorable news regarding ongoing negotiations and, moreover, escalation of U.S.-Europe trade frictions could undermine the nascent bottoming out of global manufacturing and trade); potential renewed weakness in manufacturing that could eventually spread to services and lead to a broader slowdown; a sharper than expected slowdown in China (due to authorities unable to “manage” a soft landing in the context of high debt, corporate bond defaults and distress of small banks); rapid shifts in financial sentiment, portfolio reallocations toward so called “safe” assets, sharp market corrections and central banks running out of alternatives to stimulate economic activity, as well as a sudden reassessment of the outlook for monetary policy. A widespread tightening in financial conditions would expose the financial vulnerabilities built up over years from low interest rates and further curtail spending on machinery, equipment and household durables; a rapid increase in risk aversion could reduce investors’ risk appetite with regard to emerging markets or lead to capital flows from emerging markets (higher interest rates, exchange rate depreciations and risk of sudden stops). Concerns regarding fiscal challenges for highly indebted countries may reappear; intensifying social unrest across many countries (reflecting, in some cases, the erosion of trust in established institutions and a lack of representation in governance structures) could dampen economic growth and investment climate, as well as complicate future reform efforts; the risk of renewed uncertainty around Brexit (as defined below) (for more details, see “–Political and social events and possible changes in governmental 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”); rising geopolitical tensions, particularly between the U.S. and Iran, that could disrupt global oil supply, hurt sentiment, and weaken already tentative business investment; uncertainty from the upcoming U.S. presidential elections that could pose a risk for both the U.S. and the global economy amidst trade and geopolitical tensions which are affecting foreign policy; and increased frequency and intensity of weather-related disasters as a result of climate change that endangers human health and the global economy beyond the directly affected regions. The materialization of any of these concerns may 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 Effects of COVID-19 on Our Business and Operations” for more information on the IMF’s revised economic global growth outlook and other important information.

The U.S. was in an extended expansion in its current business cycle. Even though the probability of recession in the forecast horizon had diminished, it should not be fully dismissed, in particular in light of the COVID-19 pandemic. Accordingly, the likelihood of what could be viewed as a U.S. Federal Reserve “policy mistake” such as raising rates too soon, while not likely, is still possible. Given the political uncertainty as a result of an electoral year, the likelihood of finalizing a multi-year highway bill prior to the Fixing America’s Surface Transportation Act’s expiration in 2020 is low, forcing state and local governments to work under short-term funding extensions. The lack of long-term funding frameworks does not support the highway planning and spending process. Together, these uncertainties could have a material adverse impact not only on our financial condition, business and results of operations in the U.S., but also on our consolidated financial conditions, business and results of operations. See “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 U.S.

In China, tensions with the U.S. and the slowdown in demand have added pressure to an economy already in the midst of a structural slowdown and in need of regulatory strengthening to rein in high dependence on debt. If trade tensions fail to ease, economic activity may fall short of expectations. Furthermore, excessive stimulus to support near-term growth through a loosening of credit standards or a resurgence of shadow banking activity and off-budget infrastructure spending could heighten financial vulnerabilities, reduce the availability of monetary policy tools in the future and increase downside risk to medium-term growth. In addition, measures taken to limit the spread of COVID-19 will have a negative impact on short-term growth. If COVID-19 continues to spread globally or supply chain disruption persists, the economic damage could be greater. Together, these uncertainties, as well as weaker economic performance and increased policy uncertainty in China, could affect our financial condition, business, liquidity and results of operations. For more information, see “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations.”

Many emerging market economies have experienced periods of high economic volatility over the past few years. Some large commodity exporters and stressed economies also experienced substantial exchange rate movement. Many of these countries remain vulnerable to sudden shifts in global market sentiment. The risk of new episodes of market volatility, increased risk aversion and capital outflows from emerging markets continues, which could cause emerging markets’ currencies to further depreciate. The high level of Dollar-denominated corporate indebtedness in emerging markets provides an additional source of instability. Also, emerging markets would face higher global risk premiums and substantial capital outflows, putting particular pressure on economies with domestic debt imbalances. The risk of a contagion effect across emerging markets could be significant and have an adverse effect on our business and on our financial condition, liquidity and results of operations.

As a result of a general election in Mexico in 2018, a new federal government and Mexican National Congress led by the new president’s political party have taken office. The Mexican economy slowed down in the fiscal year 2019, and this slowdown is expected to continue in 2020. As is the case with most changes in administration, there still is uncertainty regarding the long-term impact of this new government’s economic and public policies and the impact any policies could have on the economy of Mexico, 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, which could affect our financial condition, business, liquidity and results of operations, particularly in Mexico.

The Mexican economy was largely held back by falling private investment, mainly caused by a decline in business confidence due to external and domestic uncertainties, stagnation of the manufacturing sector and a further slowdown of private consumption. In addition, the disbursement of the 2019 public budget was lower than expected resulting in low public investment, particularly in the construction sector.

The Mexican economy faces significant risks in the short-term including, but not limited to, aside from the impact of the COVID-19 pandemic: (i) further declines in oil production, which could affect the mining sector and tax revenues; (ii) the effects of the downgrade of Petróleos Mexicanos’s (“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 or controversial government decisions; (iv) private consumption faltering as a result of deteriorating labor market conditions and lower remittance inflows; (v) a further contraction of construction activity as a result of cuts in public investment or weak government spending and stagnation of private investment; (vi) further slowdown of U.S. manufacturing activity (which is strongly correlated with Mexico’s manufacturing sector); and (vii) aggressive tightening of monetary policy as a result of the renewal of inflationary pressures and/or high currency forex fluctuation. For more information, see “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations.”

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 adversely affect our business, financial condition, results of operations and prospects, in particular 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 property (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, in particular in Mexico.

In Colombia, prior to the impact of COVID-19, economic activity had continued to grow, supported by robust growth in fixed investment due to lower corporate taxes and healthy private consumption supported by a solid financial system, growing remittances and higher demand from Venezuelan migrants. However, increasing unemployment and social unrest could weigh on consumer and investor confidence. Public investment is expected to remain subdued. The fiscal deficit is being reduced at a slow pace and a new tax reform should be required in two years to achieve the fiscal deficit target (negative impact on growth). Furthermore, Colombia is vulnerable to large capital outflows and the current account deficit increased to above 4.0% of GDP in 2019. If these risks continue, they could have a material adverse effect on our business, financial condition, results of operations and prospects in Colombia.

In Nicaragua, persistent uncertainty arising from the ongoing political crisis will continue to weigh on the economy. The main risks include (i) a further deterioration of the political and social landscape; (ii) an escalation of punitive measures and specific regulations by the U.S. government on foreign investment in Nicaragua's businesses and other matters related to Nicaragua, such as the Nicaragua Human Rights and Anticorruption Act of 2018; and (iii) a further deterioration of fiscal and monetary imbalances which could result in a currency crisis. If these risks continue, they could have a material adverse effect on our business, financial condition, results of operations and prospects in Nicaragua.

The manufacturing recession and trade disputes have significantly affected the European economy, particularly the German economy, which is highly exposed to manufacturing activity and global trade. If trade tensions regain traction and/or the new carbon dioxide ("CO2") related regulations further affect the car industry, it will be more difficult for the German economy to recover. With regard to the building industry, shortages (mostly in the labor market) continue to pose a risk for production, not only in Germany but also in other European countries such as Poland or the Czech Republic, as well as in developed countries such as the U.S. In Spain, the current government's weakness is a source of concern. Regulatory and economic policy uncertainty remains high and is one of the main sources of instability, particularly in the automotive and residential sectors, as well as other sectors most exposed to contracts linked to the minimum wage. In France, public investment was a main driver for growth in past quarters; however, our sector could suffer public investment disruptions in the aftermath of the local elections in March 2020. In Poland, infrastructure outlays may not recover, weighing down on the industry throughout 2020 (cost increases have led companies to renegotiate government contracts leading to a sudden halt in infrastructure outlays in the third quarter of 2019); further, the housing market could suffer a sharp downward adjustment from the high levels observed.

Additionally, Central European countries might experience a reduction in the proceeds they receive from the European Union's (the "EU") structural funds over the coming years, 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.

The Governing Council of the European Central Bank reduced the interest rate on its deposit facility by 10 basis points to -0.50% in September 2019 and, as of November 1, 2019, the Eurosystem restarted net purchases under its asset purchase program. The environment of negative deposit rates is distorting financial markets and creating uncertain consequences for the banking sector. There is a risk that negative rates may erode bank profitability and curb lending across Eurozone borders, creating other systemic risks to European economies.

All these factors, coupled with the impact of the COVID-19 pandemic, could impact market confidence and could limit the benefit of monetary policy stimulus for Europe and possibly worldwide, which in turn could adversely affect our results of operations, business, liquidity and financial position, particularly in Europe.

In Israel, the U.S.' recognition of Jerusalem as Israel's capital contributed to further tensions between Israelis and Palestinians. Also, the overall situation in Syria could worsen, which would impact Israel, and the region in general. The political uncertainty arising from a third legislative election with no clear result in a year in March 2020 could affect our sector, as many public construction projects could be delayed. The uncertainty around housing policy could also continue to weigh down the industry. The high public deficit will eventually require fiscal tightening measures. If these risks continue or materialize, they could adversely affect our financial condition, business, liquidity and results of operations, particularly in Israel. See "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 other impacts to our operations in relation to COVID-19.

In the Philippines, weather-related supply disruptions, higher than expected global oil price hikes, natural disasters, business slowdowns due to government policy changes, foreign policy shifts, and a potential resurgence of security concerns in the southern region, could adversely affect the Philippine economy. The effect of COVID-19 spreading in Southeast Asia could also 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, particularly 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 of 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. This 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, in particular due to the COVID-19 pandemic, could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, we cannot assure you that growth in the gross domestic product 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 recent COVID-19 outbreak could materially adversely affect our financial condition and results of operations.

The impact of the novel strain of the coronavirus identified in China in late 2019 has grown throughout the world, including Mexico, the United States and in other countries in Asia, the Middle East, South and Central America, the Caribbean and Europe, and governmental authorities around the world have implemented numerous measures attempting to contain and mitigate the effects of the virus. These measures, and the effects of the COVID-19 pandemic, have generally resulted, or may 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, 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 construction, 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 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, including maintenance covenants under our 2017 Facilities Agreement.

These measures have adversely affected and may further 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, and restrictions on our access to our manufacturing facilities, on our operations or on our workforce, 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 future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

See "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations" and "Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement" for more information on how COVID-19 has impacted our financial performance and results of operations and see note 26 to our 2019 audited consolidated financial statements included elsewhere in this annual report for a description about further possible impacts to our business, financial condition, liquidity and results of operations.

Political and social events and possible changes in governmental 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.

In recent years, some of the governments in the countries where we operate, such as the U.S. and Mexico, have implemented and may continue to implement significant changes in laws, public policy or regulations that could affect the political, economic and social conditions in the U.S. and Mexico, in the other countries where we operate, as well as in other countries. Any such changes may have a material adverse effect on our business, financial condition, liquidity and results of operations.

Further, presidential, legislative, state and local elections have taken place, or are scheduled to take place in 2020 in several of the countries where we operate, including Israel, the U.S., Poland, the Dominican Republic, Puerto Rico, Trinidad and Tobago, Croatia and Egypt. A change in federal 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 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 result.

We cannot assure you that political or social developments in the countries where we operate or elsewhere, such as the election of new administrations, changes in laws, public policy or regulations, political disagreements, civil disturbances and the rise in violence and perception of violence, are not expected to have a material adverse effect on global financial markets, or on our business, financial condition, liquidity and results of operations.

The United Kingdom's withdrawal from the EU ("Brexit") and the future of the relationship between the United Kingdom and the EU could have a material adverse effect on our business, financial condition, liquidity and results of operations, particularly in the United Kingdom. The United Kingdom officially left the EU on January 31, 2020, after more than three years of controversial negotiations. Immediately after Brexit, the United Kingdom entered a transition period with the EU to define the terms of their future relationship, which is expected to extend until December 31, 2020. During this transition period, the United Kingdom will continue to fully abide by EU rules and its trading relationship with the EU will remain the same. The Conservative Party in the United Kingdom won a commanding majority in the British Parliament, diminishing the possibility of a "Hard-Brexit" scenario. Nonetheless, leaving the EU without a comprehensible trade agreement, renewed volatility and diminished confidence still pose major risks for the country and the global economy. The decline in our sector could be even higher if the commercial sector is affected. As a result, Brexit and the uncertainty surrounding the United Kingdom's future relationship with the EU will continue impacting the United Kingdom's economic activity and financial conditions, which may result in a decline in business investment, consumer confidence and economic growth, as well as in depreciation of the Pound Sterling. The overall economic impact of the process surrounding the United Kingdom's departure from the EU, including, if the United Kingdom leaves without a comprehensive deal, may also contribute to greater instability in global financial markets.

We have taken measures to look to continue to serve the United Kingdom market with minimal disruption to our operations. These measures include, but are not limited to, maintaining adequate inventory levels of raw materials, products and critical spare parts; engaging with suppliers and contractors to seek continuity in the products and services we contract from them; and assessing potential exposure to new import duties. As of the date of this annual report, we believe we are well prepared to mitigate any potential operational disruption caused by Brexit, however, the uncertainty surrounding the future relationship between the United Kingdom and the EU could result in decreased demand for our products and has the potential to have a material adverse effect on our financial condition, business, liquidity and results of operations, particularly in the United Kingdom.

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 may have or may 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 or result in operational restrictions or higher costs, which could materially and adversely affect our business, reputation, liquidity and results of operations.

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 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.

As a result of the April 2019 Facilities Agreement Amendments, among other things, we extended $1,062 million of maturities by three years and made certain adjustments to our consolidated financial leverage ratio, in connection with the implementation of IFRS 16 and to compensate for any potential effect from such adoption. In addition, we delayed the scheduled tightening of the consolidated financial leverage ratio limit by one year. Moreover, as a result of the November 2019 Facilities Agreement Amendments, among other things, we negotiated: (a) an additional basket of up to $500 million that can only be used for buy-backs of shares or securities that represent shares of CEMEX, S.A.B. de C.V.; (b) a new allowance for disposals of non-controlling interests in subsidiaries that are not obligors (as defined in the 2017 Facilities Agreement) under the 2017 Facilities Agreement of up to $100 million per calendar year; (c) amendments relating to the implementation of corporate reorganizations in Mexico, Europe and in the Trinidad Cement Group (as defined in the 2017 Facilities Agreement); and (d) modifications to the calculation and limits of the consolidated coverage ratio and the consolidated leverage ratio. See note 16.1 to our 2019 audited consolidated financial statements included elsewhere in this annual report for a detailed description of our financial covenants. See "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement" for more information.

The 2017 Facilities Agreement requires us to comply with a minimum consolidated coverage ratio of Operating EBITDA to interest expense (including interest accrued on Perpetual Debentures), for the following periods, measured quarterly, of not less than (i) 2.50:1 for each 12-month period ending on December 31, 2019 through September 30, 2022 and (ii) 2.75:1 for the 12-month period ending on December 31, 2022 and on each subsequent quarterly date. In addition, the 2017 Facilities Agreement requires us to comply with 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 fair value of derivative financial instruments, among others) to Operating EBITDA, plus other adjustments for the following periods, measured quarterly, not to exceed (i) 5.25:1 for each 12-month period ending December 31, 2019 up to and including the period ending on March 31, 2021;(ii) 5.00:1 for the 12-month periods ending June 30, 2021 and September 30, 2021; (iii) 4.75:1 for the 12-month period ending December 31, 2021 up to and including the period ending on September 30, 2022; (iv) 4.50:1 for the 12-month periods ending December 31, 2022 and March 31, 2023; and (v) 4.25:1 for the 12-month period ending June 30, 2023 and each subsequent Reference Period (as defined in the 2017 Facilities Agreement). For the period ended December 31, 2019, we reported to the lenders under the 2017 Facilities Agreement a consolidated coverage ratio of 3.86 and a consolidated leverage ratio of 4.17, each as calculated pursuant to the 2017 Facilities Agreement. See "Item 5—Operating and Financial Review and Prospects—Liquidity and Capital Resources—Our Indebtedness" and "Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement" for information regarding the proposed amendments to address any potential breach of the financial ratios in the 2017 Facilities Agreement.

Pursuant to the 2017 Facilities Agreement, we are restricted from making aggregate annual capital expenditures in excess of $1.5 billion in any financial year (excluding certain capital expenditures, joint venture investments and acquisitions to be made by each of CEMEX Latam Holdings, S.A. ("CLH") and/or CEMEX Holdings Philippines, Inc. ("CHP") and their respective subsidiaries, and those funded by Relevant Proceeds (as defined in the 2017 Facilities Agreement)), which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit of (i) $500 million (or its equivalent) for CLH and its subsidiaries and (ii) $500 million (or its equivalent) for CHP and its subsidiaries. In addition, in each case, the amounts which we and our subsidiaries are allowed to incur for permitted acquisitions and investments in joint ventures cannot exceed certain thresholds as set out in the 2017 Facilities Agreement. See "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement" for more information on potential new restrictions to our capital expenditures.

We are also subject to a number of negative covenants under the 2017 Facilities Agreement that, among other things, restrict or limit (subject to certain exceptions) our ability and the ability of each obligor (as defined in the 2017 Facilities Agreement) to: (i) create liens; (ii) incur additional debt; (iii) change our business or the business of any obligor (as defined in the 2017 Facilities

Agreement, taken as a whole); (iv) enter into mergers; (v) enter into agreements that restrict our subsidiaries’ ability to pay dividends or repay intercompany debt; (vi) acquire certain assets; (vii) enter into or invest in joint venture agreements; (viii) dispose of certain assets; (ix) grant additional guarantees or indemnities; (x) declare or pay cash dividends or make share redemptions; and (xi) enter into certain derivatives transactions. See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement” for more information on potential restrictions on dividend payments and share redemptions.

The 2017 Facilities Agreement also contains a number of affirmative covenants that, among other things, require us to provide periodic financial information to our creditors. Pursuant to the 2017 Facilities Agreement, a number of covenants and restrictions will, if CEMEX so elects, cease to apply (including the capital expenditure limitations mentioned above) or become less restrictive if (i) our consolidated leverage ratio for the two most recently completed quarterly testing periods is 3.75:1 or less; or, for the three most recently completed quarterly testing periods, our consolidated leverage ratio for the first and third of those quarterly testing periods is 3.75:1 or less and in the second quarterly testing period would have been 3.75:1 or less but for the proceeds of certain permitted financial indebtedness being included in the calculation of debt; and (ii) no default under the 2017 Facilities Agreement is continuing. At that point, the existing consolidated coverage ratio and consolidated leverage ratio tests will be replaced by a requirement that the consolidated leverage ratio must not exceed 4.25:1 and the consolidated coverage ratio must not be less than 2.75:1. However, we cannot assure you that we will be able to meet the conditions for these restrictions to cease to apply prior to the final maturity date under the 2017 Facilities Agreement. See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement” for more information.

The 2017 Facilities Agreement contains events of default, some of which may occur and are outside of our control. Such events of default include but are not limited to defaults (subject to certain exceptions) and grace periods, based on (i) non-payment; (ii) material inaccuracy of representations and warranties; (iii) breach of covenants; (iv) bankruptcy (*quiebra*) or insolvency (*concurso mercantil*) of CEMEX, S.A.B. de C.V., any other obligor under the 2017 Facilities Agreement or any other of our material subsidiaries (as defined in the 2017 Facilities Agreement); (v) inability to pay debts as they fall due or by reason of actual financial difficulties, suspension or threatened suspension of payments on debts exceeding $50 million or commencement of negotiations to reschedule debt exceeding $50 million; (vi) a cross-default in relation to financial indebtedness in excess of $50 million; (vii) certain changes to the ownership of any of the obligors under the 2017 Facilities Agreement; (viii) enforcement of any security against an obligor or material subsidiary; (ix) any attachment, distress or execution affects any asset of an obligor or material subsidiary which is reasonably likely to cause a material adverse effect; (x) expropriation and sequestration of assets of certain of our subsidiaries that cause a material adverse effect; (xi) the imposition of restrictions not in effect on July 19, 2017 that limit the ability of obligors to transfer foreign exchange for purposes of performing material obligations under the 2017 Facilities Agreement; (xii) any material adverse change arising in the financial condition of CEMEX, which creditors representing two thirds or more of the total commitments under the 2017 Facilities Agreement determine would result in our failure, taken as a whole, to perform payment obligations under the 2017 Facilities Agreement; and (xiii) it becomes unlawful for us to comply with our obligations under the 2017 Facilities Agreement where non-performance is reasonably likely to cause a material adverse effect. If an event of default occurs and is continuing, upon the authorization of creditors representing two thirds or more of the total commitments under the 2017 Facilities Agreement, the 2017 Facilities Agreement’s agent has the ability to accelerate all outstanding amounts due under the 2017 Facilities Agreement. Acceleration is automatic in the case of insolvency.

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, such as, for example, the senior unsecured Philippine Peso term loan facility entered into by CHP with BDO Unibank, Inc. on February 1, 2017 for a loan of up to the Philippine Peso equivalent of, as of December 31, 2019, $224 million, as amended or supplemented from time to time. 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. See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement” for more information.

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

In July 2017, the United Kingdom’s Financial Conduct Authority (“FCA”), a regulator of financial services firms and financial markets in the United Kingdom, stated that they will plan for a phase out of regulatory oversight of the London InterBank Offered Rate (“LIBOR”) interest rate indices. The FCA has indicated they will support the LIBOR 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. It is uncertain at this time whether LIBOR will change or cease to exist or the extent to which those entering into financial agreements will transition to any other particular benchmark. Other benchmarks may perform differently than LIBOR or have other consequences that cannot currently be anticipated. As of December 31, 2019, 22% of our foreign currency-denominated long-term debt bears floating rates at a weighted average interest rate of LIBOR plus 285 basis points. 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 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, 2019, the Collateral and all proceeds of such Collateral secured were (i) \$8,910 million (principal amount \$8,984 million) aggregate principal amount of debt under the 2017 Facilities Agreement, our Senior Secured Notes and other financing arrangements and (ii) \$443 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 which 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”). See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Other Recent Developments—Effectiveness of Mergers between CEMEX, S.A.B. de C.V. and certain direct and indirect subsidiaries in Mexico (the “Mexican Reorganization”)” for a description of circumstances whereby CEMEX México and Empresas Tolteca have ceased to guarantee our indebtedness to the extent they provided guarantees, and the shares of CEMEX México that were pledged or transferred to trustees under security trusts to benefit certain secured creditors of CEMEX and certain of its subsidiaries are no longer part of the collateral securing our indebtedness.

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, 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, 2019, our total debt plus other financial obligations were \$11,790 million (principal amount \$11,864 million), which does not include \$443 million, which represents the nominal amount of our Perpetual Debentures. Of such total debt plus other financial obligations, \$1,442 million (principal amount \$1,445 million) matures during 2020; \$895 million (principal amount \$895 million) matures during 2021; \$1,389 million (principal amount \$1,401 million) matures during 2022; \$780 million (principal amount \$780 million) matures during 2023; and \$7,284 million (principal amount \$7,343 million) matures after 2023. As a result of the April 2019 Facilities Agreement Amendments, \$531 million and \$531 million, payable under the 2017 Facilities Agreement in July 2020 and January 2021, respectively, will now mature in July 2023 and January 2024, respectively, and \$48 million and \$48 million remains payable under the 2017 Facilities Agreement in July 2020 and January 2021, respectively. See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Other Recent Developments—Effectiveness of Mergers between CEMEX, S.A.B. de C.V. and certain direct and indirect subsidiaries in Mexico (the “Mexican Reorganization”)” for a description of circumstances whereby CEMEX México and Empresas Tolteca de México, S.A. de C.V. have ceased to guarantee our indebtedness to the extent they provided guarantees, and the shares of CEMEX México that were pledged or transferred to trustees under security trusts to benefit certain secured creditors of CEMEX and certain of its subsidiaries are no longer part of the collateral securing our indebtedness.

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 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 assets 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 are disclosed in this annual report. 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 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement" for more information on compliance with the 2017 Facilities Agreement and "—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations" for more information on how COVID-19 has impacted out 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, 2019, we had $599 million funded under our securitization programs in Mexico, the U.S., 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 CLH and 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 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 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 and the debt of our subsidiaries.

As of December 31, 2019, there were $4,461 million and €1,450 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 will 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 important 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 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations” and “Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement” for more information on the impact of the COVID-19 pandemic on our business, including that CEMEX, S.A.B. de C.V. will not pay any dividends in 2020, and on the proposed amendments to the 2017 Facilities Agreement and the risk of an event of default under the 2017 Facilities Agreement.

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 restrict us from entering into any agreement or arrangement that limits 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. See “Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Effects of COVID-19 on Our Business and Operations” and “Recent Developments—Recent Developments Relating to Proposed Amendments to the 2017 Facilities Agreement” for more information on the impact of the COVID-19 pandemic on our business, including that CEMEX, S.A.B. de C.V. will not pay any dividends in 2020, and on the proposed amendments to the 2017 Facilities Agreement.

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.

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 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 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 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 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 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. 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. 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 significant other currencies within our operations).

A substantial portion of our total debt plus other financial obligations is denominated in Dollars. As of December 31, 2019, our debt plus other financial obligations denominated in Dollars represented 67% of our total debt plus other financial obligations, which does not include $371 million of Dollar-denominated Perpetual Debentures. Our Dollar-denominated debt must be serviced with funds generated mostly by CEMEX, S.A.B. de C.V.'s as well as its direct and indirect subsidiaries' operations in Mexico. Although we have substantial operations in the U.S., we continue to strongly rely on our non-U.S. assets to generate revenues to service our Dollar-denominated debt. Consequently, we have to use revenues generated in Mexican Pesos, Euros or other currencies to service our Dollar-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, Euro, Pound Sterling, Colombian Peso, Philippine Peso or any of the other currencies of the countries in which we operate, compared to the Dollar, could adversely affect our ability to service our Dollar-denominated debt. In 2019, our operations in Mexico, the United Kingdom, France, Germany, Spain, the Rest of Europe, Colombia, Panama, the Dominican Republic, Caribbean TCL (as defined below), Rest of South, Central America and the Caribbean, the Philippines, Israel and the Rest of Asia, Middle East and Africa, which are our main non-Dollar denominated operations, together generated 65% of our total revenues in Dollar terms (21%, 5%, 6%, 3%, 2%, 5%, 4%, 1%, 2%, 2%, 4%, 3%, 5% and 2%, respectively) before eliminations resulting from consolidation. In 2019, 27% of our revenues in Dollar terms were generated from our operations in the U.S. before eliminations resulting from consolidation.

During 2019, the Mexican Peso appreciated 3.7% against the Dollar, the Euro depreciated 2.1% against the Dollar and the Pound Sterling appreciated 3.9% against the Dollar. Currency hedges that we may be a party to or may enter 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 instruments has negatively affected, and any new derivative financial instruments could negatively affect, our operations, especially in volatile and uncertain markets.” See “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 COVID-19 on the Mexican Peso value against the Dollar.

In addition, as of December 31, 2019, our Euro-denominated total debt plus other financial obligations represented 23% of our total debt plus other financial obligations, which does not include the €64 million aggregate principal amount of our Euro-denominated Perpetual Debentures.

Our use of derivative financial instruments has negatively affected, and any new 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 currency, 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, 2019, 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. The fair value changes of our derivative financial instruments are reflected in our income statement, which could introduce volatility in our controlling interest net income and our related ratios. As of December 31, 2018 and 2019, the aggregate notional amount under our outstanding derivative financial instruments was $2,608 million ($1,249 million of net investment hedge, $1,126 million of interest rate swaps, $111 million of forwards on third-party shares and $122 million of fuel price hedging) and $2,324 million ($1,154 million of net investment hedge, $1,000 million of interest rate swaps, $74 million of forwards on third-party shares and $96 million of fuel price hedging), respectively, with a mark-to-market valuation representing a net liability of $18 million as of December 31, 2018 and a net liability of $100 million as of December 31, 2019. See note 16.4 to our 2019 audited consolidated financial statements included elsewhere in this annual report for a detailed description of our derivative financial instruments. For the majority of the last eleven years, CEMEX has significantly decreased its use of both currency and interest rate derivatives related to debt, 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, CEMEX assumes 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 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 U.S. 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 U.S., whether or not we operate and do business through a subsidiary located in Mexico or the U.S.

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 and social events and possible changes in governmental 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 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. 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 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 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 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.

Although we have not made any major acquisitions in recent years or entered into significant joint ventures in recent years, our ability to realize the expected benefits from any acquisitions or joint ventures 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 properly manage, together with any joint venture partner, any joint venture business. 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 and integrate such operations into our existing operations, and some of such acquisitions or joint ventures 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 or joint ventures, 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.

Electric energy and fuel costs represent an important part of our overall cost structure. The price and availability of electric 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 clean energy obligations or impose new excise taxes, 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 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to the Effects of the COVID-19 Pandemic on Oil Prices and Demand” 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 continue to 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, Lafarge, S.A. (“Lafarge”) and Holcim Ltd. (“Holcim”) merged in 2015, and Ireland’s CRH plc (“CRH”) acquired the vast majority of the assets disposed by Lafarge and Holcim pursuant to the requirements of regulators. Another example is HeidelbergCement AG’s (“Heidelberg”) acquisition of Italcementi S.p.A., which was completed in July 2016. In addition, as of the date of this annual report, some of our major competitors have announced they intend to divest assets in different parts of the world (Southeast Asia for example), which 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 if market or industry conditions deteriorate further, additional impairment charges may be recognized.

Our 2019 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. In specific circumstances, when, according to our experience, actual results for a given CGU do not fairly reflect historical performance and most external economic variables provide us with confidence that a reasonably determinable improvement in the mid-term is expected in their operating results, management uses cash flow projections over a period of up to ten years, to the point at which future expected average performance resembles the historical average performance and to the extent we have detailed, explicit and reliable financial forecasts. 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 last quarters of each of 2017, 2018 and 2019, we performed our annual goodwill impairment test. For the years ended December 31, 2018 and December 31, 2019, we did not determine any goodwill impairments. During 2017, uncertainty over the improvement of indicators affecting Spain’s construction industry (and consequently the expected consumption of cement, ready-mix concrete and aggregates), partially due to the country’s then complex prevailing political environment, resulted in limited expenditure in infrastructure projects, as well as uncertainty in the expected price recovery and the effects of increased competition and imports. As a result, our management determined that the net book value of our operating segment in Spain exceeded its value in use by $98 million. As a result, we recognized a goodwill impairment during 2017 in the aforementioned amount as part of “Other expenses, net” in the income statement against the related goodwill balance. See note 15.2 to our 2019 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 a federal securities class action, 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, 2019, we were subject to a number of significant legal proceedings, including, but not limited to, a federal securities class action alleging false and misleading statements in connection with alleged misconduct relating to the Maceo Project (as defined under “Regulatory Matters and Legal Proceedings—Other Legal Proceedings—Maceo, Colombia—Legal Proceedings in Colombia”) and the potential regulatory or criminal actions that might arise as a result, an SEC investigation concerning a new cement plant being built by CEMEX Colombia S.A. (“CEMEX Colombia”) in the Antioquia department of the Municipality of Maceo, Colombia, 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 U.S. 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 an example, in 2016 and 2017, our management concluded that our internal control over financial reporting was not operating effectively. As of December 31, 2018 and December 31, 2019, respectively, 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 additional 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, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental damage or contamination. These laws and regulations expose us to the risk of substantial environmental costs and liabilities, including fines and other sanctions, the payment of compensation to third parties, remediation costs 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 in pollution control equipment, which could result in a material decline in our profitability.

In late 2010, the U.S. 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. As of December 31, 2019, Portland Cement NESHAP compliance-related work continued to be conducted at several of our plants. 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 U.S. 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 contamination 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 installing equipment 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, 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 U.S. and in other countries. 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 price volatility, 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 COVID-19, that may materially affect our business, financial condition, liquidity and results of operations.

As of December 31, 2019, our operations were mostly in Mexico, the U.S., certain countries in Europe, SCA&C, Asia and the Middle East and Africa (as described in "Item 4—Information on the Company—Business Overview").

For a geographic breakdown of our revenues for the year ended December 31, 2019, see "Item 4—Information on the Company—Geographic Breakdown of Revenues for the Year Ended December 31, 2019."

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

In addition, the current COVID-19 pandemic and its impact on supply chains, global trade, people mobility, business continuity, lower demand and oil prices, among other things, has increased the risk of a deep global recession in 2020. Even though some governments and central banks have announced and implemented monetary and fiscal policies to curb the potential impact on the economies and financial markets, these measures may vary by country and may not be enough to deter material adverse economic and financial effects. 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, 2020, the wide spread of COVID-19 has impacted and may continue to impact our company’s 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 non-essential activities or lower production to comply with social distancing protocols, as well as by lower demand for our products. In Mexico, we are operating in accordance to 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, 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 has ended up in some temporary site closures. In the U.S., while all of our sites remain operational, the main impact has been a slowdown in demand particularly in California and the mid-south region. The fact that many states continue to put in place shelter in place orders will probably add complexity in terms of logistics and cause some additional delays in orders and site construction projects.

While the impact and duration of COVID-19 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 continues to escalate, it could potentially have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our operations in Egypt, the United Arab Emirates (“UAE”) and Israel have experienced instability as a result of, among other things, 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 Egypt, Iran, Iraq, Syria, Libya, Yemen and other countries in Africa, the Middle East and Asia will abate in the near future or that neighboring countries will not be drawn 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.”

Since 2011, our operations in Egypt have been exposed to political and social turmoil in the country. Throughout this time, CEMEX has continued with its cement production, dispatch and sales activities. Abdel Fattah el-Sisi has been the president of Egypt since 2014, and was reelected for a second term in March 2018 (2018-2022). The current government faced unrest in 2019, due to clashes between government forces and opposition protesters. Further mobilization and social turbulence cannot be discounted in the future. Egypt will hold parliamentary elections on December 31, 2020, which could lead to renewed waves of popular unrest. Additional risks to CEMEX’s operations in Egypt include a potential reduction in overall economic activity, exchange rate volatility, increased cost of energy, cement oversupply, changes in regulations, the threat of terrorist attacks, which could have a material adverse effect on our operations in the country.

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 U.S. and the United Nations) to reach an agreement. As of December 31, 2019, the parties continued to portray opposite views over the contested territory and neither side has shown intentions for making concessions. If the conflict escalates, it could have a negative impact on the geopolitics and economy in the region, which in turn could adversely affect our operations, financial condition, liquidity and results of operations.

Military activities in Ukraine and on its borders, including Russia effectively taking control of Crimea in 2014, as well as Russia’s intervention in Syria have made the country subject to international sanctions from different countries, including the U.S. and the EU. While not directly impacting territories in which we had operations as of December 31, 2019, the Ukrainian dispute could negatively affect the economies of the countries in which we operate and their access to Russian energy supplies. In addition, the dispute could negatively impact the global economy as a whole. Furthermore, potential responses by Russia to those sanctions could adversely affect European economic conditions, which could have a material adverse effect on our operations mainly in Europe. If conflicts with Russia escalate to military conflict, it could also have a material adverse effect on our business, financial condition, liquidity and results of operations.

In the Middle East, regional tensions have intensified since the U.S.’s withdrawal from the Joint Comprehensive Plan of Action (2018), commonly known as the Iran Nuclear Deal. The conflict escalated after General Qasem Soleimani, the Iranian Commander of the Quds Force, was killed in a U.S. drone strike, which was followed by Iranian retaliation. The Iran conflict poses a significant security and terrorism risk, mainly for the U.S. and Iran’s allies in the region. Increased tensions could lead to a risk of full military action, and could potentially have a material adverse effect on our business, financial condition, liquidity and results of operations, mainly in Israel and UAE. In addition, the ongoing Qatar-Gulf crisis and the civil war in Syria may have a negative economic impact on the region.

In Asia, there is geopolitical tension related to pro-democracy protests in Hong Kong, Taiwan's status in relation to China, South Korea's disputes with North Korea and disputes between the U.S. and North Korea. Similarly, mutually exclusive territorial disputes among several Southeast Asian countries in the South China Sea continue. A major outbreak of hostilities or political upheaval in China, Taiwan, North Korea, South Korea or Hong Kong 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, China was impacted by its trade war with the U.S., which have had major implications on global trade and supply chains. A potential sharp reduction of economic growth in China could affect the global economy to an extent that could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Numerous protests have erupted in Latin American countries, such as Colombia, Chile, Ecuador, Nicaragua, Puerto Rico among others. In addition, the region continues to be affected by the Venezuelan crisis, which has had a major impact on the regional economy and poses an important social and security risk.

There have been terrorist attacks and ongoing threats of future terrorist attacks in countries in which we maintain operations. We cannot assure you that there will not be other 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 or erection of material barriers to trade in any of our markets. An economic contraction in any of our major markets 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.

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 U.S. 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 will 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 or otherwise, will disrupt and adversely affect our operations. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity or any fire, flood, earthquake, volcanic eruption, landslide 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 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.

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, 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.

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, 2019, CEMEX Go has more than 36,300 users across the countries in which we do business, and through CEMEX Go we receive approximately 66% of our main product orders. As of December 31, 2019, 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.

As of December 31, 2019, our 13-month insurance program, which expires on June 25, 2020, 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.

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 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” in the 2018 Annual Report.

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, 2019 of $1,138 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, 2019. 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 18 to our 2019 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, 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 cyber-security, pandemics and/or epidemics (including COVID-19). 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 the efforts and strategic vision 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 for the last five years appointed new members to the board of directors (including to replace outgoing directors), we cannot assure you that one or more members on 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 additional qualified employees. For a variety of reasons, particularly with respect to the competitive environment and the 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 and 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, Colombia, Panama, Egypt, the Philippines, El Salvador, the Dominican Republic, Guatemala, Nicaragua, 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. 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, for such person's personal or business advantage.

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 of anti-bribery and anti-corruption 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 a federal securities class action, 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 2.13 and 19.4 to our 2019 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 the majority of our assets are, located outside the U.S. As a result, it may not be possible for you to effect service of process within the

U.S. 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 U.S. 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 non-controlling shareholders in Mexico are different from those in the U.S. and may be more difficult to enforce.

Under Mexican law, the protections afforded to non-controlling shareholders are different from those in the U.S. 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, our officers or CEMEX, S.A.B. de C.V.'s controlling shareholders, are less developed 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 U.S. As a result, in practice it may be more difficult for our non-controlling shareholders to initiate an action against us or our directors or controlling shareholders 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.

Selected Consolidated Financial Information

The financial data set forth below as of December 31, 2018 and 2019, and for each of the three years ended December 31, 2017, 2018 and 2019 have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, our 2019 audited consolidated financial statements included elsewhere in this annual report.

Our 2019 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 published by the IASB) to reconcile such financial statements to U.S. GAAP.

Presentation Currency

Beginning March 31, 2019, and for all subsequent periods, as permitted under IAS 21 under IFRS, we changed our presentation currency from the Mexican Peso to the Dollar. Our audited consolidated financial statements, including comparative amounts and the accompanying notes to the audited consolidated financial statements, are presented as if the new presentation currency had always been our presentation currency. All currency translation adjustments have been set to zero as of January 1, 2010, which was the date of our transition to IFRS. Translation adjustments and currency translation results of foreign subsidiaries recognized in other comprehensive income (loss) have been presented as if we had used Dollars as the presentation currency from that date. Comparative financial statements and their related notes were re-presented for the change in presentation currency by applying the methodology set out in IAS 21, using the year-end closing exchange rates for the consolidated statements of financial position and the closing exchange rates of each month within the respective periods for consolidated income statements, consolidated statements of comprehensive income and consolidated statements of cash flows. Historic equity transactions were translated at the foreign exchange rate on the date of the transactions and were subsequently carried at historical value.

The financial statements of foreign subsidiaries, as determined using their respective functional currency, are translated to Dollars at the year-end closing exchange rate for statement of financial position accounts and at the closing exchange rates of each month within the period for income statement accounts.

Adoption of IFRS 16

Moreover, beginning January 1, 2019, IFRS 16 superseded all existing guidance related to lease accounting including IAS 17, Leases, and introduced a single lessee accounting model that requires a lessee to recognize, for all leases, allowing exemptions in the case of leases with a term of less than 12 months or when the underlying asset is of low value, assets for the right-of-use of the underlying asset against a corresponding financial liability, representing the net present value of estimated lease payments under the contract. Under this model, the lessee recognizes in its income statement depreciation of the asset for right-of-use and interest on the lease liability. After concluding the inventory and measurement of our leases, we adopted IFRS 16 using the full retrospective approach by means of which we determined an opening cumulative effect in our statement of financial position as of January 1, 2017, that is at the beginning of the oldest comparative period and re-presented previously reported financial statements of comparative periods. Therefore, unless otherwise indicated, all comparative amounts from our comparative financial statements as of December 31, 2018 and for the years ended December 31, 2017 and 2018 have been re-presented to include the effects of adoption of IFRS 16. See note 2.1 to our 2019 audited consolidated financial statements included in elsewhere in this annual report for a detailed description of our adoption of IFRS 16.

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, 2017, 2018 and 2019 may not be comparable to that of prior periods.

As of December 31, 2019, through an affiliate in the United Kingdom, we were in negotiations with Breedon for the sale of certain assets in the United Kingdom for a total consideration of $235 million, including $31 million of debt. The assets held for sale mainly consist of 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 the potential divestiture, we will retain significant operations in the United Kingdom related to, among other things the production and sale of cement, ready-mix concrete, aggregates, asphalt and paving solutions. As of December 31, 2019, the assets and liabilities associated with this segment under negotiation in the United Kingdom are presented in the statement of financial position within the line items of "assets held for sale," including a proportional allocation of goodwill of $49 million, and "liabilities directly related to assets held for sale," respectively. Moreover, for purposes of the income statements for the years ended December 31, 2017, 2018 and 2019 the operations related to this segment are presented net of tax in the single line item "Discontinued operations." See "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Assets Divestiture Plans" for more information regarding this transaction.

On November 26, 2019, we announced that our U.S. affiliate Kosmos Cement Company ("Kosmos"), a partnership with a subsidiary of BUZZI Unicem S.p.A. in which CEMEX held a 75% interest, entered into a binding agreement for the sale of certain assets to Eagle Materials Inc. ("Eagle Materials") for $665 million. The divestment successfully closed on March 6, 2020. The share of proceeds to us from this transaction was $499 million, minus transaction costs. The assets that were divested consisted of the 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 the sale of the Kosmos cement plant in Louisville, Kentucky, and related assets in the U.S. are 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, for purposes of the income statements for the years ended December 31, 2017, 2018 and 2019 the operations related to this segment are presented net of income tax in the single line item "Discontinued operations." See "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Assets Divestiture Plans" for more information regarding this transaction.

On June 28, 2019, after obtaining customary authorizations, we closed with several counterparties the sale of our ready-mix and aggregates business in the central region of France for an aggregate price of €31.8 million ($36.2 million). Our operations of these disposed assets in France for the period from January 1 to June 28, 2019 and for the years ended December 31, 2017 and 2018 are reported in the income statements, net of income tax, in the single line item "Discontinued operations," including in 2019 a gain on sale of $17 million net of a proportional allocation of goodwill related to this reporting segment of $8 million.

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 €87 million ($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 and for the years ended December 31, 2017 and 2018 are reported in the income statements net of income tax in the single line item "Discontinued operations," including in 2019 a gain on sale of $59 million.

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 divested Baltic assets consisted of one cement production plant in Broceni with a production capacity of 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 divested assets also included our 37.8% indirect interest in one cement production plant in Akmene, Lithuania with a production capacity of 1.8 million tons, as well as the exports business in Estonia. The divested Nordic assets consisted of three import terminals in Finland, four import terminals in Norway and four import terminals in Sweden. Our operations of these disposed assets for the period from January 1 to March 29, 2019 and for the years ended December 31, 2017 and 2018 are reported in the income statements net of income tax in the single line item "Discontinued operations," including a gain on sale of $66 million in 2019.

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 U.S. for $180 million, including our Buñol cement plant in Spain and our white cement customers list. The closing of the transaction is subject to approval by Spanish authorities. As of the date of this annual report, we expect to close the transaction during the first half of 2020, but we are not able to assess if COVID-19 will delay the closing of this divestment or prevent us from closing. Our operations of these assets in Spain for the years ended December 31, 2017, 2018 and 2019 are reported in the income statements, 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 our Brazilian subsidiary Cimento Vencemos Do Amazonas Ltda., consisting of a fluvial cement distribution terminal located in Manaus, Amazonas province, as well as the operating license. The sale price was $31 million.

On June 30, 2017, we concluded the sale of our Pacific Northwest Materials Business (the "Pacific Northwest Materials Business") consisting of aggregate, asphalt and ready-mix concrete operations in Oregon and Washington to Cadman Materials, Inc. ("Cadman Materials"), a subsidiary of HeidelbergCement Group, for $150 million. We recorded a net gain on disposal of these assets of $22 million, which included a proportional allocation of goodwill of $73 million. The operations of our Pacific Northwest Materials Business for the six-month period ending June 30, 2017 are reported in the income statements, net of income tax, in the single line item "Discontinued operations."

On January 31, 2017, we concluded the sale of our Concrete Reinforced Pipe Manufacturing Business ("Concrete Pipe Business") in the U.S. to Quikrete Holdings, Inc. ("Quikrete") for $500 million plus a potential contingent consideration based on future performance of $40 million. We determined a net gain on disposal of these assets of $148 million which included a proportional allocation of goodwill of $260 million. The operations of the Concrete Pipe Business for the one-month period ending January 31, 2017 are reported in the income statements net of tax in the single line item "Discontinued operations."

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

	As of and for the Year Ended December 31,				
	2015 (14) (16)	2016(14) (16)	2017(14)	2018(14)	2019
	(in millions of Dollars, except ratios and share and per share amounts)				
Income Statement Information:					
Revenues	$ 13,726	$ 13,355	$ 12,926	$ 13,531	$ 13,130
Cost of sales(1)	(9,050)	(8,568)	(8,365)	(8,849)	(8,825)
Gross profit	4,676	4,787	4,561	4,682	4,305
Operating expenses	(2,996)	(2,882)	(2,826)	(2,979)	(2,972)
Operating earnings before other expenses, net(2)	1,680	1,905	1,735	1,703	1,333
Other expenses, net	(182)	(91)	(205)	(296)	(347)
Operating earnings(2)	1,498	1,814	1,530	1,407	986
Financial items(3)	(1,325)	(931)	(902)	(724)	(782)
Share of profit of equity accounted investees	44	37	33	34	49
Earnings before income tax	217	920	661	717	253
Discontinued operations(4)	62	38	222	77	88
Non-controlling interest net income	58	64	75	42	36
Controlling interest net income	58	726	792	528	143
Basic earnings per share(5)(6)	0.0015	0.0164	0.0174	0.0114	0.0031
Diluted earnings per share(5)(6)	0.0015	0.0164	0.0174	0.0114	0.0031
Basic earnings per share from continuing operations(5)(6)	0.0001	0.0155	0.0125	0.0098	0.0012
Diluted earnings per share from continuing operations(5)(6)	0.0001	0.0155	0.0125	0.0098	0.0012
Number of shares outstanding(5)(7)(8)	49,124	48,668	48,439	48,015	47,322
Statement of Financial Position Information:					
Cash and cash equivalents	887	561	699(15)	309	788
Assets held for sale(9)	313	1,015	70(15)	107	839
Property, machinery and equipment, net and assets for the right-of-use, net(13)	12,428	11,107	12,782(15)	12,454	11,850
Total assets	31,472	28,944	29,884(15)	29,181	29,363
Short-term debt	13	59	864(15)	45	62
Long-term debt	13,298	11,342	9,009(15)	9,266	9,303
Liabilities directly related to assets held for sale	39	39	—	16	37
Non-controlling interest and Perpetual Debentures(10)	1,178	1,397	1,571(15)	1,572	1,503
Total controlling interest	8,327	8,097	9,027(15)	9,481	9,321
Other Financial Information:					
Book value per share(5)(8)(11)	0.1695	0.1664	0.1864(15)	0.1975	0.1970
Operating margin before other expenses, net	12.3%	14.3%	13.4%	12.6%	10.2%
Operating EBITDA(12)	2,596	2,761	2,698	2,685	2,378
Capital expenditures	764	685	984	964	1,033
Depreciation and amortization of assets	916	856	963	982	1,045
Net cash flow provided by operating activities from continuing operations before financial expense, coupons on Perpetual Debentures and income taxes	2,719	3,278	2,859	2,383	2,144
Basic earnings per CPO from continuing operations(5)(6)	0.0003	0.0465	0.0375	0.0294	0.0036
Basic earnings per CPO(5)(6)	0.0045	0.0492	0.0522	0.0342	0.0093
Total debt plus other financial obligations(13)	15,566	13,218	12,626(15)	11,758	11,790

(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 income statements, 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 2.1 to our 2019 audited consolidated financial statements included elsewhere in this annual report. Under IFRS, while there are line items that are customarily included in the income statements, 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 income statements 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 7.1 and 7.2 to our 2019 audited consolidated financial statements included elsewhere in this annual report.

(4) Considering the disposal of entire reportable operating segments as well as the sale of significant businesses, CEMEX's income statements present in the single line item of "Discontinued operations" the results of: (a) the assets held for sale in the United Kingdom for the years 2017, 2018 and 2019; (b) Kosmos' assets held for sale in the United States for the years 2017, 2018 and 2019; (c) the white cement business held for sale in Spain for the years 2017, 2018 and 2019; (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 Baltic and Nordic 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 in the United States sold for the years 2015 and 2016 and for the six months ended June 30, 2017; (i) CEMEX's Concrete Pipe Business operations in the United States for the years 2015 and 2016 and for the one-month ended January 31, 2017; (j) CEMEX´s operations in Bangladesh and Thailand for the year 2015 and for the period from January 1 to May 26, 2016; and (k) CEMEX´s operations in Austria and Hungary sold for the period from January 1 to October 31, 2015. See note 4.2 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, 2019, 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 22 to our 2019 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 4.2 and 22 to our 2019 audited consolidated financial statements included elsewhere in this annual report, and in connection with our discontinued operations mentioned above, for the year ended December 31, 2015, "Basic earnings per share" and "Diluted earnings per share" include $0.0001 from "Continuing operations," for the year ended December 31, 2016, "Basic earnings per share" and "Diluted earnings per share" include $0.0155 from "Continuing operations," for the year ended December 31, 2017, "Basic earnings per share" and "Diluted earnings per share" include $0.0125 from "Continuing operations," for the year ended December 31, 2018, "Basic earnings per share" and "Diluted earnings per share" include $0.0098 from "Continuing operations," and for the year ended December 31, 2019, "Basic earnings per share" and "Diluted earnings per share" include $0.0012 from "Continuing operations." In addition, for the years ended December 31, 2015, 2016, 2017, 2018 and 2019, "Basic earnings per share" and "Diluted earnings per share" include $0.0014, $0.0009, $0.0049, $0.0016 and $0.0019, respectively, from "Discontinued operations." See note 22 to our 2019 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 year 2017. 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 2016 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 prorata basis. As a result, shares equivalent to 562 million CPOs were allocated to shareholders on a prorata basis in connection with the 2016 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 2017 and 2018 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 2019 annual general ordinary shareholders' meeting held on March 26, 2020.

(8) Represents the weighted average number of shares diluted included in note 22 to our 2019 audited consolidated financial statements included elsewhere in this annual report.

(9) In 2015, includes the assets held for sale of Andorra plant in Spain. 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.

(10) As of December 31, 2017, 2018 and 2019, non-controlling interest included $447 million, $444 million and $443 million, respectively, that represents the nominal amount 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 we believe that it is widely accepted 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 income statements 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 income statement 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 income statements, and to net 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 $25 million in 2017, $29 million in 2018 and $29 million in 2019, as described in note 20.4 to our 2019 audited consolidated financial statements included elsewhere in this annual report.

(13) From 2017 through 2019, other financial obligations include: (a) lease contracts as per IFRS 16; (b) liabilities secured with accounts receivable; and (c) the liability components associated with CEMEX's financial instruments convertible into CEMEX's CPOs. In 2015 and 2016, other financial obligations included capital leases according to former IAS 17. See notes 2.1, 14.2 and 16.2 to our 2019 audited consolidated financial statements included elsewhere in this annual report.

(14) The information for the years ended December 31, 2015 and 2016 does not include rights of use, as IFRS 16 requires. The information for the years ended December 31, 2017 and 2018 was re-presented after the adoption of IFRS 16 and discontinued operations. See note 2.1 to our 2019 audited consolidated financial statements included elsewhere in this annual report.

(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 which represent balances as of January 1, 2018 and not December 31, 2017.

(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. See note 2.1 to our 2019 audited consolidated financial statements included elsewhere in this annual report. The amounts for 2015 and 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 income statement.

	For the Year Ended December 31,				
	2015(1)	2016(1)	2017(2)	2018(2)	2019
	(in millions of Dollars)				
Reconciliation of Net cash flow provided by operating activities from continuing operations before financial expense, coupons on Perpetual Debentures and income taxes to Operating EBITDA					
Net cash flow provided by operating activities from continuing operations before financial expense, coupons on Perpetual Debentures and income taxes	$ 2,719	$ 3,278	$ 2,859	$ 2,383	$ 2,144
Plus/minus:					
Changes in working capital excluding income taxes	225	589	(431)	55	(98)
Depreciation and amortization of assets	(916)	(856)	(963)	(982)	(1,045)
Other items, net	(348)	(1,106)	270	247	332
Operating earnings before other expenses, net	1,680	1,905	1,735	1,703	1,333
Plus:					
Depreciation and amortization of assets	916	856	963	982	1,045
Operating EBITDA	$ 2,596	$ 2,761	$ 2,698	$ 2,685	$ 2,378

(1)The information for the years ended December 31, 2015 and 2016 was not re-presented for the effects of IFRS 16.
(2)As re-presented after the adoption of IFRS 16 and discontinued operations.

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.

Business Overview

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, with its principal executive offices located at Avenida Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León, 66265, Mexico. CEMEX, S.A.B. de C.V.’s main phone number is +52 81 8888-8888.

Our website is located at www.cemex.com. The information on our website is not, and is not intended to be, part of this annual report and is not incorporated into this annual report by reference.

CEMEX, S.A.B. de C.V. started doing business in 1906 and was registered with the Mercantile Section of the Public Registry of Property and Commerce in Monterrey, Nuevo León, Mexico, on June 11, 1920 for a period of 99 years. At CEMEX, S.A.B. de C.V.’s 2002 ordinary general shareholders’ meeting, this period was extended to the year 2100 and in 2015 this period changed to be indefinite. Beginning April 2006, CEMEX’s full legal and commercial name is CEMEX, Sociedad Anónima Bursátil de Capital Variable.

We are one of the largest cement companies in the world, based on annual installed cement production capacity. As of December 31, 2019, we had 93.1 million tons of annual installed cement production capacity and our cement sales volumes in 2019 were 62.8 million tons. We estimate we are one of the largest ready-mix concrete and aggregates companies in the world with annual sales volumes of 50.1 million cubic meters and 135.1 million tons, respectively, in each case, based on our annual sales volumes in 2019. We are also one of the world’s largest traders of cement and clinker, having traded 9.2 million tons of cement and clinker in 2019. This information does not include discontinued operations. See note 4.2 to our 2019 audited consolidated financial statements included elsewhere in this annual report. CEMEX, S.A.B. de C.V. is an operating and a holding company engaged, directly or indirectly, through its operating subsidiaries, primarily in the production, distribution, marketing and sale of cement, ready-mix concrete, aggregates, clinker and other construction materials throughout the world. We also provide related services and reliable construction-related services to customers and communities and maintain business relationships in more than 50 countries throughout the world.

We operate in different parts of the world, with operations in Mexico, the U.S., Europe, South America, Central America, the Caribbean (“SCA&C”), Asia, the Middle East and Africa. We had total assets of $29,363 million as of December 31, 2019, and an equity market capitalization of $3,032 million as of April 20, 2020.