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We refer to the June 2018 U.S. Dollar Notes, October 2018 Floating Rate U.S. Dollar Notes, March 2019 U.S. Dollar Notes, April 2019 U.S. Dollar Notes, April 2019 Euro Notes, December 2019 U.S. Dollar Notes, January 2021 U.S. Dollar Notes, April 2021 Euro Notes, January 2022 Euro Notes, October 2022 U.S. Dollar Notes, March 2023 Euro Notes, April 2024 U.S. Dollar Notes, January 2025 U.S. Dollar Notes, May 2025 U.S. Dollar Notes and March 2026 U.S. Dollar Notes, collectively, as the "Senior Secured Notes." For a more detailed description of these transactions, see "Item 5—Operating and Financial Review and Prospects—Summary of Material Contractual Obligations and Commercial Commitments."

For the convenience of the reader, considering the impact of our recent capital markets transactions and debt related activities on our liquidity and financing obligations, we present amounts of debt and other financial obligations on an as adjusted basis to give effect to the following post-December 31, 2015 capital markets transactions and debt related activities: (i) the issuance of the March 2026 U.S. Dollar Notes (including the intended use of proceeds therefrom), (ii) the March 2016 Convertible Notes Repayment, (iii) the April 2019 U.S. Dollar and Euro Notes Redemption, and (iv) the 2016 Repurchases. We refer to these capital markets transactions and debt related activities, collectively, as the "Recent Financing Transactions." As of December 31, 2015, as adjusted to give effect to the Recent Financing Transactions, our total debt plus other financial obligations were Ps263,858 million (U.S.\$15,314 million) (principal amount Ps267,300 million (U.S.\$15,514 million)), which does not include approximately Ps7,581 million (U.S.\$440 million), which represents the nominal amount of Perpetual Debentures.

### **Risk Factors**

We are subject to various risks mainly resulting from changing economic, environmental, political, industry, business, financial and climate conditions. 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, results of operations or financial condition.

### **Risks Relating To Our Business**

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

Our results of operations are highly dependent on the results of our operating subsidiaries mainly in the United States, Mexico, South, Central America and the Caribbean ("SAC"), Western and Northern Europe, Asia and Africa. Accordingly, the economic condition in some of the countries where we operate has had and may continue to have a material adverse effect on our business, financial condition and results of operations throughout our operations worldwide.

The main sources of risks to our results of operations in the global economy are: (i) uncertainty regarding the monetary policy of the U.S. Federal Reserve System (the "Federal Reserve") and its impact on the global economy, including emerging markets, and on the volatility of foreign exchange markets, (ii) vulnerability of emerging market economies, (iii) China's overall economic deceleration and its economic policy, (iv) economic and political uncertainties in Europe, including the anticipated referendum in the United Kingdom to withdraw from the European Union ("EU"), the ongoing refugee crisis, financial uncertainty in Greece and a lack of confidence overall in the EU's banking system, and (v) geopolitical risk in the Middle East and other regions experiencing political turmoil.

The U.S. economy continues to grow at a moderate pace. In December 2015, the Federal Reserve announced that it would increase short-term interest rates. There is a risk that the announcement may have been premature, as demonstrated by the recent manufacturing slowdown that contributed to economic deceleration in December 2015. As a consequence of higher interest rates, the Dollar could strengthen against other currencies, which may undermine U.S. exports and economic growth. However, interest rate increases could result in accelerated inflation, which could lead to a recession.

Future episodes of market volatility could result in risk aversion and capital outflows from emerging markets, causing emerging markets currencies to further depreciate. The high level of indebtedness in U.S. Dollars by corporates in emerging markets constitutes an additional source of instability. In periods of uncertainty, emerging markets face higher global risk premiums and substantial capital outflows, imposing pressure on economies with domestic debt imbalances. The risk of contagion across emerging markets could be significant.

China's policymakers are working to: (i) transition the Chinese economy towards consumption-driven growth without significantly slowing other economic activity, and (ii) address rising financial and corporate sector vulnerabilities. A gradual growth slowdown is expected during this transition, but the weaker-than-expected economic indicators and exchange rate depreciation has raised concerns regarding corporate indebtedness and the overall health of Chinese banks. Although China has taken actions to offset the impact of economic shocks, official interventions have weakened market confidence. The consequences for emerging market economies of weaker economic performance and increased policy uncertainty in China could be significant. Further, softening Chinese demand for commodities and investment goods would undermine growth in emerging market economies, while a weaker Chinese exchange rate would affect such emerging market economies' external competitiveness. In general, global financial markets have become more sensitive to changes in China's economic and financial conditions and policies.

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The Mexican economy continues to grow despite a challenging global environment for emerging markets. Mexico's economic growth was 2.5% in 2015, which was supported by private sector consumption. In 2016, a forecasted improvement in Mexican manufacturing activity is expected to be driven by (i) recovery of the U.S. manufacturing industry and (ii) ongoing momentum of Mexican consumer consumption, particularly in the automobile sector. However, the persistence of U.S. manufacturing weakness is a significant source of risk to Mexico's economic growth. In addition, the increase of private consumption in Mexico may be inconsistent without sustained recovery in the industrial sector. An increase in interest rates and governmental spending cuts by 0.7% of GDP, may depress domestic consumption to a greater extent than is currently anticipated. It is possible that further tightening may be required due to renewed pressures on the Mexican Peso, new evidence of stress in global financial markets and the risk of lower oil production in Mexico. If oil prices decrease further, such decrease will negatively affect the Mexican fiscal accounts and will exert additional pressure on external accounts. Potential social unrest in Mexico could also negatively impact Mexico's economy. More generally, since Mexico is significantly dependent on the U.S. economy, any downturn in the economic outlook of the U.S. may hinder economic growth in Mexico.

Substantial recent volatility in global markets has significantly impacted foreign exchange markets and exacerbated depreciation of the Mexican Peso against the Dollar. The Mexican Peso depreciated against the Dollar by approximately 14% in 2015 and 11.0% in 2014. Between January 1, 2016 and April 15, 2016, the Mexican Peso further depreciated approximately 2% against the Dollar. See "Item 3—Key Information—Selected Consolidated Financial Information." Over the past year, Mexico's adjustment to global market forces has been orderly, with liquidity prevailing in market operations. However, the continued depreciation of the Mexican Peso could adversely affect Mexico's inflation dynamics and expectations, as well as Mexico's financial stability. Currently, Mexican Peso-denominated bonds held by nonresidents have remained stable. However, the risk of additional portfolio adjustments and further depreciation of the Mexican Peso remains. The Mexican economy may be adversely affected by strong portfolio outflows or a sharp increase in financial costs.

Colombia faces significant economic challenges, with few existing policies for a countercyclical response in the context of global economic concerns and declines in oil prices. The Colombian government is tightening monetary and fiscal policies to control inflation, cope with a decrease in public revenues and facilitate the adjustment of the troublesome account deficit, which accounted for 6.5% of Colombia's GDP in 2015. These policies could restrain domestic demand and negatively affect Colombia's economy. Furthermore, if constricted monetary and fiscal policies fail to achieve inflation expectations, rising inflation could eventually threaten the economy. Colombia, given its oil dependence and high external imbalance, is highly vulnerable to new episodes of market volatility. Therefore, Colombia's economy may contract in 2016.

Economic stability in the EU remains fragile. Renewed turmoil in the financial markets and the reduction of inflation expectations, largely associated with the decline in oil prices, in an already low-inflation environment creates difficulties for the European Central Bank's monetary policy management. The European Central Bank adopted new monetary relaxation measures, including negative deposit rates. New cuts in deposit rates are anticipated. An environment of negative deposit rates is distorting financial markets, and will create uncertain consequences for the banking sector. There is a risk that negative rates will erode bank profitability and curb lending across Eurozone borders, creating other systemic risks to European economies. In addition, new measures implemented by the European Central Bank may not positively affect inflation expectations. Uncertainty about the performance of European economies could negatively affect to our business.

Despite depreciation of the Euro, quantitative easing measures by the European Central Bank and low oil prices, economic improvement in the EU remains uncertain. Eurozone economic growth and European integration are challenged by a number of uncertainties, including: (i) delays in implementing structural reforms in some European countries, (ii) political uncertainty after certain elections at the end of 2015 in various member states, including general elections in Spain and Portugal and regional elections in France, (iii) unresolved political and financial risks associated with Greece, (iv) uncertainty regarding the profitability of the European banking system in general and the Italian banking sector in particular, (v) the United Kingdom's potential exit from the EU by referendum, and (vi) the ongoing refugee crisis. All these factors could impact market confidence and could limit the benefit of positive economic tailwinds and monetary policy stimulus. Regarding our operations in Europe, the threat of the United Kingdom's exit from the EU is already affecting financial markets and increasing foreign exchange volatility. A decision by the United Kingdom to exit the EU could (i) have a significant adverse effect on economic activity, (ii) result in substantial uncertainty weighing on investment and import costs, and (iii) constrain the EU's fiscal policy. This situation would negatively impact our business. In Poland, there is a risk that the populist measures of the new government could eventually restrain foreign investment and growth, which would negatively impact our operations in the region.

Significant trade links with Western Europe render some Eastern European countries susceptible to economic and political pressures in Western Europe. Additionally, in the coming years, Central European countries may experience a reduction in the proceeds they receive from the European Union Structural Funds, which could hinder infrastructure investment in such countries.

In the Middle East, political risk could moderate economic growth and adversely affect construction investments. In Egypt, the government has brought political stability to the country, but several economic challenges persist. Disorderly depreciation of the Egyptian Pound is a latent risk. In Israel, potential conflicts with Hamas in Gaza may negatively affect our operations.

Demand for our products 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 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 adversely affect the construction industry. Declines in the construction industry are correlated with declines in general economic conditions. As a result, deterioration in economic conditions in the countries where we operate could have a material adverse effect on our business, financial condition 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.

***Concerns regarding the European debt crisis and market perception concerning the instability of the Euro could affect our operating profits.***

We conduct business in many countries that currently use the Euro as their currency (the "Eurozone"). Although this risk appears to have declined, concerns persist regarding the debt burden of certain Eurozone countries, such as Greece, their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries and the possible exit of the United Kingdom from the EU.

These concerns could lead to the reintroduction of individual currencies in one or more Eurozone countries, or in more extreme circumstances, the possible dissolution of the Euro currency entirely. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of our Euro-denominated assets and obligations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse effect on the global capital markets, and more specifically on our ability, and the ability of our customers, suppliers and lenders to finance their respective businesses, to access liquidity at acceptable financing costs, if at all, and on the 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 and results of operations could be adversely affected. Possible consequences from macroeconomic global challenges such as the debt crisis in certain countries in the EU, could have an adverse effect on our business, financial condition and results of operations.

***The Credit 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 Credit Agreement requires us to comply with several financial ratios and tests, including a minimum consolidated coverage ratio of Operating EBITDA to interest expense (including interest accrued on Perpetual Debentures) and a maximum consolidated leverage ratio of total debt (including Perpetual Debentures and guarantees, excluding subordinated optional convertible securities and financial leases plus or minus the fair value of derivative financial instruments, among other adjustments) to Operating EBITDA, as described below. Our ability to comply with these ratios may be affected by economic conditions and volatility in foreign exchange rates, as well as by overall conditions in the financial and capital markets and the construction sector.

The Credit Agreement requires us to comply with a 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) 1.85:1 for the period ending December 31, 2015 up to and including the period ending March 31, 2017, (ii) 2:00:1 for the period ending on June 30, 2017 up to and including the period ending on September 30, 2017 and (iii) 2.25:1 for the period ending December 31, 2017 and each subsequent reference period. In addition, the Credit Agreement allows us a maximum consolidated leverage ratio of total debt (including Perpetual Debentures and guarantees, excluding subordinated optional convertible securities and financial leases plus or minus the fair value of derivative financial instruments, among other adjustments) to Operating EBITDA for each period of four consecutive fiscal quarters (measured quarterly) not to exceed (i) 6.00:1 for the period ending December 31, 2015 up to and including the period ending on March 31, 2017, (ii) 5.75:1 for the period ending June 30, 2017 up to and including the period ending September 30, 2017, (iii) 5.50:1 for the period ending December 31, 2017 up to and including the period ending March 31, 2018, (iv) 5.25:1 for the period ending June 30, 2018 up to and including the period ending September 30, 2018; (v) 5.00:1 for the period ending December 31, 2018 up to and including the period ending March 31, 2019; (vi) 4.50:1 for the period ending June 30, 2019 up to and including the period ending September 30, 2019; (vii) 4.25:1 for the period ending December 31, 2019 up to and including the period ending March 31, 2020; and (viii) 4.00:1 for the period ending June 30, 2020 and each subsequent reference period. For the period ended December 31, 2015, we reported to the lenders under the Credit Agreement a consolidated coverage ratio of 2.61 and a consolidated leverage ratio of 5.21, each as calculated pursuant to the Credit Agreement. See "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Indebtedness—The 2016 Credit Agreement Amendments."

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Pursuant to the Credit Agreement, we are prohibited from making aggregate annual capital expenditures in excess of U.S.\$1 billion (excluding certain capital expenditures, joint venture investments and acquisitions by each of CEMEX Latam and CEMEX Holdings Philippines, Inc. ("CHP") and their respective subsidiaries), which capital expenditures, joint venture investments and acquisitions at any time then incurred are subject to a separate aggregate limit of U.S.\$500 million (or its equivalent) for each of CEMEX Latam and its subsidiaries and CHP and its subsidiaries, in each case, the amounts of which allowed for permitted acquisitions and investments in joint ventures cannot exceed U.S.\$400 million per year.

We are also subject to a number of negative covenants under the Credit Agreement that, among other things, restrict or limit our ability to: (i) create liens; (ii) incur additional debt; (iii) change our business or the business of any obligor or material subsidiary (in each case, as defined in the Credit Agreement); (iv) enter into mergers; (v) enter into agreements that restrict our subsidiaries' ability to pay dividends or repay intercompany debt; (vi) acquire 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; (xi) enter into certain derivatives transactions; and (xii) exercise any call option in relation to any perpetual bonds we issue unless the exercise of the call options does not have a materially negative impact on our cash flow.

The Credit 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 Credit Agreement, however, a number of those covenants and restrictions will, if CEMEX so elects, automatically cease to apply or become less restrictive if (i) our consolidated leverage ratio for the two most recently completed quarterly testing periods is less than or equal to 4.00:1; and (ii) no default under the Credit Agreement is continuing, as applicable. At that point the leverage ratio must not exceed 4.25 times. Restrictions that will cease to apply when we satisfy such conditions include the capital expenditure limitations mentioned above and several negative covenants, including limitations on our ability to repay existing financial indebtedness, declare or pay cash dividends and distributions to shareholders; certain asset sale restrictions; certain mandatory prepayment provisions, and restrictions on exercising call options in relation to any perpetual bonds we issue and on the issuance of certain convertible and exchangeable obligations. At such time, several baskets and caps relating to negative covenants will also increase, including baskets or caps related to permitted financial indebtedness, permitted guarantees and limitations on liens. 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 Credit Agreement.

The Credit Agreement contains events of default, some of which may be outside our control. Such events of default include defaults, subject to certain exceptions, based on (i) non-payment of principal, interest, or fees when due; (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 Credit Agreement or any other of our material subsidiaries (as defined in the Credit 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 U.S.\$50 million or commencement of negotiations to reschedule debt exceeding U.S.\$50 million; (vi) a cross-default in relation to financial indebtedness in excess of U.S.\$50 million; (vii) a change of control with respect to CEMEX, S.A.B. de C.V.; (viii) certain changes to the ownership of any of our subsidiary obligors under the Credit Agreement, unless the proceeds of such disposal are used to prepay the Credit Agreement debt; (ix) enforcement of the share security; (x) final judgments or orders in excess of U.S.\$50 million that are neither discharged nor bonded in full within 60 days thereafter; (xi) restrictions not effected after September 29, 2014 that limit the ability of obligors to transfer foreign exchange for purposes of performing material obligations under the Credit Agreement; (xii) any material adverse change arising in the financial condition of CEMEX, which more than 66.67% of the Credit Agreement's creditors determine would result in our failure, taken as a whole, to perform payment obligations under the Credit Agreement; and (xiii) failure to comply with laws or our obligations under the Credit Agreement cease to be legal. If an event of default occurs and is continuing, upon the authorization of 66.67% of the Credit Agreement creditors, the creditors have the ability to accelerate all outstanding amounts due under the Credit Agreement. Acceleration is automatic in the case of insolvency.

We cannot assure you that we will be able to comply with the restrictive covenants and limitations contained in the Credit Agreement. 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 and results of operation.

***We pledged the capital stock of subsidiaries that represent substantially all of our business as collateral to secure our payment obligations under the Credit Agreement, the Senior Secured Notes and other financing arrangements.***

CEMEX, S.A.B. de C.V. and certain of its subsidiaries have pledged under pledge agreements or transferred to a trustee under a security trust substantially all the shares of CEMEX México, Cemex Operaciones México, CTH, New Sunward, and CEMEX España as Collateral and all proceeds of the Collateral to secure our payment obligations under the Credit Agreement, the 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 instruments requiring that their obligations be equally and ratably secured.

As of December 31, 2015, as adjusted to give effect to the Recent Financing Transactions, the Collateral and all proceeds of such Collateral secured (i) Ps226,979 million (U.S.\$13,173 million) (principal amount Ps229,065 million (U.S.\$13,295 million) of debt under the Credit Agreement, the Senior Secured Notes and other financing arrangements and (ii) Ps10,275 million (U.S.\$596 million) aggregate principal amount of Perpetual Debentures, which includes debt of ours held by us. These subsidiaries collectively own, directly or indirectly, substantially all of our operations worldwide. Provided that no default has occurred which is continuing under the Credit Agreement, the Collateral will be released automatically if we meet specified debt reduction and financial covenant targets.

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***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 making asset sales, and there is no assurance that we will be able to execute such sales on terms favorable to us or at all.***

As of December 31, 2015, as adjusted to give effect to the Recent Financing Transactions, our total debt plus other financial obligations were Ps263,858 million (U.S.\$15,314 million) (principal amount Ps267,300 million (U.S.\$15,514 million)), which does not include approximately Ps7,581 million (U.S.\$440 million), which represents the nominal amount of Perpetual Debentures. Of such total debt plus other financial obligations amount, approximately Ps9,798 million (U.S.\$569 million) (principal amount Ps9,803 million (U.S.\$569 million)) matures during 2016; Ps9,156 million (U.S.\$531 million) (principal amount Ps9,156 million (U.S.\$531 million)) matures during 2017; Ps42,586 million (U.S.\$2,472 million) (principal amount Ps43,689 million (U.S.\$2,536 million)) matures during 2018; Ps41,567 million (U.S.\$2,412 million) (principal amount Ps42,065 million (U.S.\$2,441 million)) matures during 2019; Ps25,306 million (U.S.\$1,469 million) (principal amount Ps25,988 million (U.S.\$1,508 million)) matures during 2020; and Ps135,445 million (U.S.\$7,861 million) (principal amount Ps136,599 million (U.S.\$7,929 million)) matures after 2020.

If we are unable to comply with our upcoming principal maturities under our indebtedness, or refinance or extend maturities of our indebtedness, our debt could be accelerated. Acceleration of our debt would have a material adverse effect on our business, financial condition and results of operations.

As a result of the restrictions under the Credit Agreement, the indentures that govern our Senior Secured Notes and other debt instruments, the current global economic environment and uncertain market conditions, we may not be able to 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 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.

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 lower leverage ratios and fewer contractual restrictions. There can also be no assurance that, because of our high leverage ratio and contractual restrictions, we will be able to maintain our operating margins and deliver financial results comparable to the results obtained in the past under similar economic conditions.

***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, 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, 2015, we had U.S.\$609 million funded under our securitization programs in Mexico, the United States, France and the United Kingdom. We cannot assure you that, going forward, we will be able to 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 common stock, CPOs and ADSs. If current economic pressures continue or worsen, we may be dependent on the issuance of equity as a source to repay our existing indebtedness. Although we have been able to raise debt, equity and equity-linked capital in the recent past, previous conditions in the capital markets in 2008 and 2009 were such that traditional sources of capital were not 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 or equity capital on terms that are favorable to us or at all.

The Credit Agreement restricts us from incurring additional debt, subject to several exceptions. The Credit Agreement requires proceeds from asset disposals, issuances of equity and incurrences of debt to be applied to the prepayment of indebtedness under the Credit Agreement, unless the proceeds are used to reinvest in our business and/or refinance existing indebtedness for proceeds from asset disposals and issuances of equity, and for cash replenishment or to refinance existing indebtedness for the prepayment of the indebtedness on the terms set forth in the Credit Agreement.



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We have sought and obtained waivers and amendments to several of our debt instruments relating to a number of financial ratios in the past. Our ability to comply with these ratios may be affected by current global economic conditions and volatility in foreign exchange rates and the financial and capital markets. We may need to seek waivers or amendments 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 instruments, and are unable to obtain a waiver or amendment, the indebtedness outstanding under such debt instruments could be accelerated. Acceleration of these debt instruments would have a material adverse effect on our business and financial condition.

If the global economic environment deteriorates and our operating results worsen significantly, if we were unable to complete debt or equity offerings or if our planned 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 upcoming principal payments under our indebtedness or refinance our indebtedness.

***The indentures governing the 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, 2015, as adjusted to give effect to the Recent Financing Transactions, there were U.S.\$8,702 million and €1,350 million aggregate principal amount of Senior Secured Notes outstanding under the indentures governing such notes, excluding those held by us. The indentures governing the 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; (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 in respect of 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 the 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 the Senior Secured Notes, holders of the 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 the 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 Credit Agreement, the indentures governing our Senior Secured Notes or other credit facilities 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 in full those amounts or to satisfy our other liabilities.

In addition, in connection with the entry into new financings or amendments to existing financing arrangements, 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 operating certain assets in Mexico, CEMEX, S.A.B. de C.V. is a holding company that owns the stock of its direct and 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 depends on the continued transfer to it of dividends and other income and funds from its wholly-owned and non-wholly-owned subsidiaries. Even though 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 it is limited by various regulatory, contractual and legal constraints. The Credit Agreement restricts CEMEX, S.A.B. de C.V.'s ability to declare or pay cash dividends. In addition, the indentures governing the Senior Secured Notes also limit CEMEX, S.A.B. de C.V.'s ability to pay dividends.

The ability of CEMEX, S.A.B. de C.V.'s 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.

CEMEX, S.A.B. de C.V. currently does not expect that existing regulatory, legal and economic restrictions on its 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 subsidiaries 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. 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.

***We are subject to restrictions due to non-controlling interests in our consolidated subsidiaries.***

We conduct our business through subsidiaries. In some cases, third-party shareholders hold non-controlling interests in these subsidiaries, such as in the case of CEMEX Latam. 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 and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively.

***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 Mexican Peso and other currencies.***

A substantial portion of our total debt plus other financial obligations is denominated in Dollars. As of December 31, 2015, as adjusted to give effect to the Recent Financing Transactions, our debt plus other financial obligations denominated in Dollars represented approximately 83% of our total debt plus other financial obligations, which does not include approximately U.S.\$371 million of Dollar-denominated Perpetual Debentures. Our Dollar-denominated debt must be serviced with funds generated by CEMEX, S.A.B. de C.V.'s subsidiaries. Although we have substantial operations in the U.S., we continue to 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—Qualitative and Quantitative 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, British Pound, Colombian 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 2015, our operations in Mexico, the United Kingdom, Germany, France, the Rest of Northern Europe region (as described in "Item 4—Information on the Company—Business Overview"), Spain, Egypt, the Rest of the Mediterranean region (as described in "Item 4—Information on the Company—Business Overview") and Colombia, which are our main non-Dollar-denominated operations, together generated approximately 55% of our total net sales in Mexican Peso terms (approximately 20%, 8%, 3%, 5%, 4%, 3%, 3%, 4% and 5%, respectively) before eliminations resulting from consolidation. In 2015, approximately 26% of our net sales in Mexican Peso terms were generated in the United States. During 2015, the Mexican Peso depreciated approximately 14% against the Dollar, the Euro depreciated approximately 10% against the Dollar and the British Pound depreciated approximately 5% against the Dollar. If we enter into currency hedges in the future, these 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 Mexican Peso and other currencies, as those fluctuations influence the amount of our indebtedness when translated into Mexican Pesos 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. The Credit Agreement and other debt instruments significantly restrict our ability to enter into derivative transactions. For a description of these restrictions, see "Item 3—Key Information—Risk Factors—Risks Relating To Our Business—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."

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In addition, as of December 31, 2015, as adjusted to give effect to the Recent Financing Transactions, our Euro-denominated total debt plus other financial obligations represented approximately 15% of our total debt plus other financial obligations, which does not include the approximately €64 million aggregate principal amount of 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 some of our financial 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. The Credit Agreement and other debt instruments significantly restrict our ability to enter into derivative transactions.

As of December 31, 2015, our derivative financial instruments consisted of equity forward contracts on third-party shares that were settled on January 2016 (see note 26 to our 2015 audited consolidated financial statements included elsewhere in this annual report), equity derivatives on shares of CEMEX, S.A.B. de C.V. (including the capped call transactions in connection with the March 2018 Optional Convertible Subordinated U.S. Dollar Notes), forward contracts and interest rate derivatives related to energy projects, which had an impact on our other financial income, net. The fair value changes of our derivative financial instruments are reflected in our statement of operations, which could introduce volatility in our controlling interest net loss and our related ratios. For the years ended December 31, 2014 and 2015, the recognition of changes in the fair value of derivative financial instruments during the applicable period represented net losses of approximately Ps679 million (U.S.\$46 million) and approximately Ps2,981 million (U.S.\$173 million), respectively.

CEMEX has significantly decreased its use of derivatives instruments related to debt, both currency and interest rate derivatives, thereby reducing the risk of cash margin calls. See notes 2F, 16D and 16E to our 2015 audited consolidated financial statements included elsewhere in this annual report. 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.

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

Our operations are subject to the laws and regulations of the countries where we operate and such laws and regulations, and/or governmental interpretations of such laws and regulations, may change. Any such change may have a material adverse effect on our business, financial condition and results of operations. Furthermore, changes in laws and regulations and/or governmental interpretations of such laws and regulations in the countries where we operate 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 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 and results of operations.

***We may fail to obtain or renew or may experience material delays in obtaining requisite governmental approvals, licenses and permits for the conduct of our business.***

We require various approvals, licenses, permits and certificates in the conduct of our business. We cannot assure you that we will not encounter significant problems in obtaining new or renewing existing approvals, licenses, permits and certificates required in the conduct of our business, or that we will continue to satisfy the conditions to which such approvals, licenses, permits and certificates are granted. There may also be delays on the part of regulatory and administrative bodies in reviewing our applications and granting approvals. If previously obtained approvals, licenses, permits and certificates are revoked and/or if we fail to obtain and/or maintain the necessary approvals, licenses, permits and certificates required for the conduct of our business, we may be required to incur substantial costs or temporarily suspend the operation of one or more of our production facilities or mineral extraction locations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.



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

We increasingly use in our business certain by-products of industrial processes produced by third parties, such as pet coke, fly-ash, slag and synthetic gypsum. While we are not dependent on our suppliers and while we try to secure the supply of the required materials through long-term renewable contracts and framework agreements, which ensure better management of supplies, short-term contracts are however entered into in certain countries where we operate. Should existing suppliers cease operations or reduce or eliminate production of these by-products, 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, results of operations and prospects. Additionally, scarcity 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 costs and results of operations.

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

Even though we have not made any major acquisitions in recent years, our ability to realize the expected benefits from acquisitions depends, in large part, on our ability to integrate acquired operations with our existing operations in a timely and effective manner. These efforts may not be successful. Although we are currently seeking to dispose assets to reduce our overall leverage, the Credit Agreement and other debt instruments restrict our ability to acquire assets, and we may in the future acquire new operations and integrate such operations into our existing operations, and some of such acquisitions may have a material impact on our business, financial condition and results of operations. We cannot assure you that we will be successful in identifying or acquiring suitable assets in the future. If we fail to achieve the anticipated cost savings from any acquisitions, our business, financial condition 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.***

Our operations consume significant amounts of power and fuel. Power and fuel prices generally reflect certain volatility, particularly in times of political turbulence in Iran, Iraq, Egypt and other countries in South America, the Middle East and Africa. Even though energy and fuel prices have recently decreased, we cannot assure you that our operations would not be materially adversely affected in the future if energy and fuel costs increase to levels that existed prior to the recent significant decreases in the price of oil and other fuels.

In addition, if our efforts to increase our use of alternative fuels are unsuccessful, 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 and results of operations.

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

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction as a substitute for cement, concrete or aggregates. In addition, other construction techniques, such as the use of dry wall, could decrease the demand for cement, concrete and/or aggregates. Further, research aimed at developing new construction techniques and modern materials may introduce new products in the future that reduce the demand for cement, concrete and/or aggregates. The use of substitutes for cement, concrete or aggregates could cause a significant reduction in the demand and prices for our products.

***We operate in highly competitive markets and if we do not compete effectively, our results of operations will be harmed.***

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. For example, CEMEX Colombia, S.A.'s ("CEMEX Colombia") results of operations have been negatively affected in the past by the pricing strategies of its competitors. Our ability to increase our net sales depends, in part, on our ability to compete effectively. We compete with different types of companies and 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 and value proposition. In the more fragmented market for aggregates, we generally compete based on capacity and price. 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 dispose of assets, which could lead to new market entrants that increase competition in our markets. For example, Lafarge, S.A. ("Lafarge") and Holcim Ltd. ("Holcim") finalized their merger in 2015, and Ireland's CRH plc ("CRH") acquired the vast majority of the assets disposed pursuant to the requirements of regulators. Another case is HeidelbergCement AG's ("Heidelberg") acquisition of Italcementi S.p.A. ("Italcementi") expected to be completed during 2016.

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If we are not able to compete effectively, we may lose substantial market share, our net sales could decline or grow at a slower rate and our business and results of operations would be harmed.

***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 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 when impairment indicators exist or at least once a year during the fourth quarter of each year, by determining the recoverable amount of the groups of cash-generating units to which goodwill balances have been allocated, which consists 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 cash-generating units 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 cash-generating units to which goodwill has been allocated within other expenses, net. We determine the discounted amount of estimated future cash flows over periods of 5 years. In specific circumstances, when, according to our experience, actual results for a given cash-generating unit 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 in which future expected average performance resembles the historical average performance and to the extent we have detailed, explicit and reliable financial forecasts and is confident and can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period. If the value in use of a group of cash-generating units 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 other market transactions, among others. Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of our products, trends in 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, among others. We use specific pre-tax discount rates for each group of cash-generating units 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. Likewise, the amounts of discounted future cash flows are significantly sensitive to the weight average cost of capital (discount rate) applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of cash-generating units obtained. Conversely, the higher the discount rate applied, the lower the amount of discounted estimated future cash flows by group of cash-generating units obtained. During the last quarter of 2013, 2014 and 2015, we performed our annual goodwill impairment test. Based on these analyses, we did not determine impairment losses of goodwill in any of the reported periods. See note 15C to our 2015 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 an eventual 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.

***We are subject to litigation proceedings, including antitrust proceedings that could harm our business if an unfavorable ruling were to occur.***

From time to time, we are and may become involved in litigation and other legal proceedings relating to claims arising from our operations in the normal course of business. As described in, but not limited to, "Item 4-Information on the Company-Regulatory Matters and Legal Proceedings," we are currently subject to a number of significant legal proceedings, including, but not limited to, those relating to tax matters in Mexico, as well as antitrust investigations in countries in which we operate. 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. Litigation is subject to inherent uncertainties, and unfavorable rulings may occur. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business in the manner that we expect or otherwise adversely affect us should an unfavorable ruling occur.

***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.

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In late 2010, the U.S. Environmental Protection Agency ("EPA") issued the final Portland Cement National Emission Standard ("Portland Cement NESHAP") for Hazardous Air Pollutants 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 the September 2015 compliance deadline, we required additional time and requested an additional 12 months to demonstrate compliance. Portland Cement NESHAP compliance related work continues in 2016 in several of our plants. Compliance could require us to utilize significant resources that could have a material adverse impact on our results of 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 more stringent emissions limits on certain pollutants that also are regulated under the Portland Cement NESHAP. The CISWI rule has been challenged by both industrial and environmental groups in federal court. We are unable to predict whether these challenges will ultimately result in the rule being remanded to EPA, or whether such a remand would result in more or less stringent CISWI standards. If the CISWI rule takes effect in its current form, and if kilns at or CEMEX plants 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. 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.

The cement manufacturing process requires the combustion of large amounts of fuel and creates carbon dioxide ("CO<sub>2</sub>") 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 United States and in other countries. For more information on the 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."

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 as regards the management of silica and its health effects. Nonetheless, under various laws we may be subject to future claims related to exposure to these or other substances.

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Other health and safety issues related to our business include: burns arising from contact with hot cement kiln dust or dust on preheater systems; air borne 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. While we actively seek to minimize the risk posed by these issues, personal injury claims may be made, and substantial damages awarded, against us. We may also be required to change our operational practices, involving material capital expenditure.

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.

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

We are dependent, in large part, on the economies of the countries in which we market our products. The economies of these countries are in different stages of socioeconomic development. Consequently, like many other companies with significant international operations, we are exposed to risks from changes in foreign currency exchange rates, interest rates, inflation, governmental spending, social instability and other political, economic or social developments that may materially affect our business, financial condition and results of operations.

As of December 31, 2015, we had operations in Mexico, the United States, the United Kingdom, Germany, France, the Rest of Northern Europe region, Egypt, Spain, the Rest of the Mediterranean region, the Rest of SAC region (as described in "Item 4–Information on the Company–Business Overview"), the Philippines and the Rest of Asia region (as described in "Item 4–Information on the Company–Business Overview").

For a geographic breakdown of our net sales for the year ended December 31, 2015, see "Item 4–Information on the Company–Geographic Breakdown of Net Sales for the Year Ended December 31, 2015."

Our operations in the SAC region are faced with several risks that are more significant than in other countries. These risks include political instability and economic volatility. For example, on August 18, 2008, Venezuelan officials took physical control of the facilities of CEMEX Venezuela, S.A.C.A. ("CEMEX Venezuela") following the issuance on May 27, 2008 of governmental decrees confirming the expropriation of all of CEMEX Venezuela's assets, shares and business.

Our operations in Egypt, the United Arab Emirates ("UAE") and Israel have experienced instability as a result of, among other things, civil unrest, extremism and the deterioration of general diplomatic relations in the region. We cannot assure you that political turbulence in Egypt, Libya and other countries in Africa and the Middle East will abate in the near future or that neighboring countries will not be drawn into conflicts or experience instability. In addition, our operations in Egypt are subject to political risks, such as confiscation, expropriation and/or nationalization. See "Item 4–Information on the Company–Regulatory Matters and Legal Proceedings–Other Legal Proceedings–Egypt Share Purchase Agreement."

In January 2011, protests and demonstrations demanding a regime change began taking place across Egypt, which resulted in former President Hosni Mubarak resigning from his post on February 11, 2011. Subsequently, Mr. Mubarak transferred government powers to the Egyptian Army. The Supreme Council of the Armed Forces of Egypt dissolved the Egyptian parliament, suspended the nation's constitution, and formed a committee to recommend constitutional changes to facilitate a political transition through democratic elections. Following some delays, elections for a new parliament took place between November 2011 and January 2012. Elections held in May and June of 2012 witnessed the victory of Mohamed Morsi as the fifth president of Egypt. Despite a return to civilian rule, demonstrations and protests continued to take place across Egypt following Mr. Morsi's election, culminating in large-scale anti-Morsi protests in June 2013. On July 3, 2013, the Egyptian military, led by General Abdel Fattah el-Sisi removed Mr. Morsi from office and suspended the Egyptian constitution. The Egyptian military then appointed Chief Justice Adly Mansour as the interim president of Egypt, and charged him with forming a transitional technocratic government. In May 2014, presidential elections took place, having elected General Abdel Fattah el-Sisi. In November and December 2015, parliamentary elections to the House of Representatives took place. Although CEMEX's operations in Egypt have not been immune from disruptions resulting from the turbulence in Egypt, CEMEX continues with its cement production, dispatch and sales activities as of the date of this annual report. Risks to CEMEX's operations in Egypt include a potential reduction in overall economic activity in Egypt and exchange rate volatility, which could have a material adverse effect on our operations in Egypt.

In recent years, concerns over global economic conditions, energy costs, geopolitical issues, political uncertainty, 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, military activities in Ukraine and on its borders, including Russia effectively taking control of Crimea (followed by Crimea's independence vote and absorption by Russia) have combined with Ukraine's very weak economic conditions to create great uncertainty in Ukraine and the global markets. In response to the annexation of the Crimean region of Ukraine by Russia, other nations, including the U.S., have imposed, and may continue imposing further, economic sanctions on Russia and Ukraine. Presently, concerns related to ongoing unrest in Ukraine have prompted calls for increasing levels of economic sanctions against Russia and Ukraine. Resolution of Ukraine's political and economic conditions may not occur for some time, and the situation could deteriorate into increased violence and/or economic collapse. While not directly impacting territories where we had operations as of December 31, 2015, this dispute could negatively affect the economies of the countries in which we operate, including through its impact on the surrounding region, the global economy and the impact it might have on the access to Russian energy supplies by the countries in which we operate. Further, potential responses by Russia to those sanctions could adversely affect European economic conditions, which could have a material adverse effect on our operations in Europe. Meanwhile, the continued political unrest in Venezuela, the continued hostilities in the Middle East and the occurrence or threat of terrorist attacks also could adversely affect the global economy.

There have been terrorist attacks and ongoing threats of future terrorist attacks in countries in which we maintain operations, most recently in France in November of 2015. We cannot assure you that there will not be other attacks or threats that will 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 cement and could have a material adverse effect on our operations.

***Our operations can be affected by adverse weather conditions.***

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. Consequently, demand for our products is significantly lower during the winter in temperate countries and during the rainy season in tropical countries. 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 can adversely affect our operations during these periods as well. Such adverse weather conditions can adversely affect our business, financial condition and results of operations if they occur with unusual intensity, during abnormal periods, or last longer than usual in our major markets, 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, industrial accidents, unavailability of raw materials such as energy, mechanical equipment failure, human error 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 or other natural calamities or communal unrest or acts of terrorism may disrupt our operations or damage our production facilities or inventories and could adversely affect our business, financial condition and results of operations.

We typically shut down our facilities to undertake maintenance and repair work at scheduled intervals. Although we schedule shut downs such that not all of our facilities are shut down at the same time, the unexpected shut down of any facility may nevertheless affect our business, financial condition and results of operations from one period to another.

***We are 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 rely on a variety of information technology and automated operating systems to manage or support our operations. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as of a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations, and could impose substantial demands on outage time. Our systems, as well as those provided by our third-party 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, viruses or malware, unauthorized access and cyber-attacks. Although we take actions to secure our systems and electronic information and also have disaster recovery plans in case of incidents that could cause major disruptions to our business, these measures may not be sufficient. As of December 31, 2015, our third-party service providers have not informed us of any event that has damaged, disrupted or resulted in an intrusion of our systems. Any significant information leakages or theft of information could affect our compliance with data privacy laws and damage our relationship with our employees, customers and suppliers, and also adversely impact our business, financial condition and results of operations. As of December 31, 2015, our insurance does not cover any risk associated with any cyber security risks. In addition, any significant disruption to our systems could adversely affect our business, financial condition and results of operations.



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

Our production facilities require individuals to work with chemicals, equipment and other materials that have the potential to cause harm and injury, or fatalities, when used without due care. An accident or injury that occurs at our facilities could result in disruptions to our business and have legal and regulatory consequences and we may be required to compensate such individuals or incur other costs and liabilities, any and all of which could adversely affect our reputation, business, financial condition, results of operations and prospects.

***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, results of operations and prospects. Although our operations have not been affected by any significant labor dispute in the past, we cannot assure you that we will not experience labor unrest, activism, disputes or actions in the future, some of which may be significant and could adversely affect our business, financial condition, results of operations and prospects. For a description of our most relevant collective bargaining agreements, see "Item 6—Directors, Senior Management and Employees—Employees."

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

We have obligations under defined benefit pension plans in certain countries in which we operate, mainly in North America and Northern Europe. Our actual funding obligations will depend on benefit plan changes, government regulations and other factors, including changes in longevity and mortality statistics, which are not updated every year and could result in our paying benefits over more years due to increased lifespans. 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, our net projected liability of approximately U.S.\$1,060 million as of December 31, 2015 and the future cash funding requirements for our defined benefit pension plans and other postemployment benefit plans could be significantly higher than the amounts estimated as of December 31, 2015. If so, these funding requirements, as well as our possible inability to properly fund 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, results of operations and prospects.

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

We face the risks of loss and damage to our products, property and machinery due to fire, theft and natural disasters such as floods, and also face risks related to cyber security risks. Such events may cause a disruption to or cessation of our operations. 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 cyber security risks. 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. In such circumstances, our financial results may be adversely affected.

***Our success depends on key members of our management.***

Our success depends largely on the efforts and strategic vision of our executive management team. The loss of the services of some or all of our executive management could have a material adverse effect on our business, financial condition and results of operations.

The execution of our business plan 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 and results of operations could be adversely affected.

***Certain tax matters may have an adverse effect on our cash flow, financial condition and net income.***

We are subject to certain tax matters, mainly in Mexico, Colombia and Spain, that may have an adverse effect on our cash flow, financial condition and net income. See notes 2M and 19D to our 2015 audited consolidated financial statements, "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings—Tax Matters—Mexico," "Regulatory Matters and Legal Proceedings—Tax Matters—Colombia," and "Regulatory Matters and Legal Proceedings—Tax Matters—Spain" for a description of the legal proceedings regarding these Mexican, Colombian and Spanish tax matters, all included elsewhere in this annual report.

***It may be difficult to enforce civil liabilities against us or our directors, executive officers and controlling persons.***

We are a publicly traded stock corporation with variable capital (sociedad anónima bursátil de capital variable) organized under the laws of Mexico. Substantially all of our directors and officers 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 United States. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our General Counsel, Ramiro Gerardo Villarreal Morales, 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 United States and may be more difficult to enforce.***

Under Mexican law, the protections afforded to non-controlling shareholders are different from those in the United States. In particular, the legal framework and case law pertaining to disputes between shareholders and us, our directors, our officers or our controlling shareholders, if any, are less developed under Mexican law than under U.S. law. Mexican law generally only permits shareholder derivative suits (i.e., suits for our benefit as opposed to the direct benefit of our shareholders) and there are different procedural requirements for bringing shareholder lawsuits, such as shareholder derivative suits, which differ from those you may be familiar with under U.S. and other laws. There is also a substantially less active plaintiffs' bar dedicated to the enforcement of shareholders' rights in Mexico than in the United States. As a result, in practice it may be more difficult for our non-controlling shareholders to enforce their rights against us or our directors or controlling shareholders 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.***

Under the terms of the ADSs and CEMEX, S.A.B. de C.V.'s by-laws, a holder of an ADS has the right to instruct the ADS depositary to exercise voting rights only with respect to Series B shares represented by the CPOs deposited with the depositary, but not with respect to the Series A shares 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 on 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. 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 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 A shares and the B shares represented by the CPOs at any meeting of holders of A shares or 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, A shares or 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.

**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.

**Mexican Peso Exchange Rates**

Mexico has had no exchange control system in place since the dual exchange control system was abolished in November 1991. The Mexican Peso has floated freely in foreign exchange markets since December 1994, when the Mexican Central Bank (Banco de México) abandoned its prior policy of having an official devaluation band. Since then, the Mexican Peso has been subject to substantial fluctuations in value. The Mexican Peso depreciated against the Dollar by approximately 11.5% in 2011, appreciated against the Dollar by approximately 9% in 2012 and depreciated against the Dollar by approximately 2% in 2013, 11% in 2014 and 14% in 2015. These percentages are based on the exchange rate that we use for accounting purposes (the "CEMEX accounting rate"). The CEMEX accounting rate on any given date is determined based on the closing exchange rate reported by certain sources, such as Reuters. For any given date, the CEMEX accounting rate may differ from the noon buying rate for Mexican Pesos in New York City published by the U.S. Federal Reserve Bank of New York.

The following table sets forth, for the periods and dates indicated, the end-of-period, average and high and low points of the CEMEX accounting rate as well as the noon buying rate for Mexican Pesos, expressed in Mexican Pesos per U.S.\$1.00.

Year Ended December 31,	CEMEX Accounting Rate				Noon Buying Rate			
	End of the period	Average(1)	High	Low	End of the period	Average(1)	High	Low
2011	13.96	12.45	14.21	11.50	13.95	12.43	14.25	11.51
2012	12.85	13.16	14.37	12.56	12.96	13.15	14.37	12.63
2013	13.05	12.85	13.39	11.98	13.10	12.76	13.43	11.98
2014	14.74	13.32	14.78	12.84	14.75	13.31	14.79	12.85
2015	17.23	15.98	17.23	14.95	17.20	15.87	17.36	14.56
<b>Monthly (2015)</b>								
September	16.91				16.90		17.01	16.56
October	16.51				16.53		16.89	16.38
November	16.58				16.60		16.85	16.37
December	17.23				17.20		17.36	16.53
<b>Monthly (2016)</b>								
January	18.11				18.21		18.59	17.36
February	18.15				18.07		19.19	18.02
March	17.28				17.21		17.94	17.21
April(2)	17.57				17.56		17.91	17.32

- (1) The average of the CEMEX accounting rate or the noon buying rate for Mexican Pesos, as applicable, on the last day of each full month during the relevant period.
- (2) April noon buying rates and CEMEX accounting rates are through April 15, 2016.

Between January 1, 2016 and April 15, 2016, the Mexican Peso depreciated by approximately 2% against the U.S. Dollar, based on the noon buying rate for Mexican Pesos.

For a discussion of the financial treatment of our operations conducted in other currencies, see "Item 3—Key Information—Selected Consolidated Financial Information" included elsewhere in this annual report.

**Selected Consolidated Financial Information**

The financial data set forth below as of and for each of the five years ended December 31, 2015 have been derived from our audited consolidated financial statements. The financial data set forth below as of December 31, 2014 and 2015 and for each of the three years ended December 31, 2013, 2014 and 2015 have been derived from, and should be read in conjunction with, and are

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qualified in their entirety by reference to, our 2015 audited consolidated financial statements included elsewhere in this annual report. Our audited consolidated financial statements prepared under IFRS for the year ended December 31, 2015 were approved by our shareholders at the annual general ordinary shareholders' meeting held on March 31, 2016. See "Item 5—Operating and Financial Review and Prospects—Recent Developments—Recent Developments Relating to Our Shareholders."

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, 2013, 2014, and 2015 may not be comparable to that of prior periods.

Our 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.

Non-Mexican Peso amounts included in the consolidated financial statements are first translated into Dollar amounts, in each case at a commercially available or an official government exchange rate for the relevant period or date, as applicable, and those Dollar amounts are then translated into Mexican Peso amounts at the CEMEX accounting rate, described under "—Mexican Peso Exchange Rates," as of the relevant period or date, as applicable.

The Dollar amounts provided below, unless otherwise indicated elsewhere in this annual report, are translations of Mexican Peso amounts at an exchange rate of Ps17.23 to U.S.\$1.00, the CEMEX accounting rate as of December 31, 2015. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding Mexican Peso amount that is presented in our consolidated financial statements. These translations have been prepared solely for the convenience of the reader and should not be construed as representations that the Mexican Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. The noon buying rate for Mexican Pesos on December 31, 2015 was Ps17.20 to U.S.\$1.00. Between January 1, 2016 and April 15, 2016, the Mexican Peso depreciated by approximately 2% against the Dollar, based on the noon buying rate for Mexican Pesos.

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

	As of and For the Year Ended December 31,				
	2011	2012	2013	2014	2015
	(in millions of Mexican Pesos, except ratios and share and per share amounts)				
Statement of Operations Information:					
Net sales	Ps 189,887	Ps 197,036	Ps 190,370	Ps 204,402	Ps 225,742
Cost of sales(1)	(136,181)	(138,706)	(130,686)	(138,456)	(150,369)
Gross profit	53,706	58,330	59,684	65,946	75,373
Administrative, selling and distribution expenses	(41,844)	(41,329)	(40,404)	(44,062)	(48,623)
Operating earnings before other expenses, net(2)	11,862	17,001	19,280	21,884	26,750
Other expense, net	(5,233)	(5,490)	(4,863)	(5,051)	(3,030)
Operating earnings(2)	6,629	11,511	14,417	16,833	23,720
Financial items(3)	(19,092)	(17,534)	(18,195)	(18,957)	(21,016)
Equity in income (loss) of associates	(334)	728	232	294	738
Earnings (loss) before income tax	(12,797)	(5,295)	(3,546)	(1,830)	3,442
Discontinued operations(4)	—	—	97	110	967
Non-controlling interest net income	21	662	1,223	1,103	932
Controlling interest net income (loss)	(24,953)	(12,000)	(10,834)	(6,783)	1,201
Basic earnings (loss) per share(5)(6)	(0.69)	(0.33)	(0.28)	(0.17)	0.03
Diluted earnings (loss) per share(5)(6)	(0.69)	(0.33)	(0.28)	(0.17)	0.03
Basic earnings (loss) per share of continuing operations(5)(6)	(0.69)	(0.33)	(0.29)	(0.17)	0.01
Diluted earnings (loss) per share of continuing operations(5)(6)	(0.69)	(0.33)	(0.29)	(0.17)	0.01
Number of shares outstanding(5)(7)(8)	31,410	32,808	34,270	37,370	40,403
Balance Sheet Information:					
Cash and cash equivalents	16,128	12,478	15,176	12,589	15,280
Assets from operations held for sale(4)	—	—	—	—	3,446
Property, machinery and equipment, net	234,342	213,075	205,717	202,928	214,133
Total assets	541,655	478,797	496,130	514,961	542,264
Short-term debt including current maturities of long-term debt	4,673	596	3,959	14,507	218
Long-term debt	203,798	177,539	187,021	191,327	229,125
Liabilities from operations held for sale	—	—	—	—	673
Non-controlling interest and Perpetual Debentures(9)	16,602	14,488	14,939	17,068	20,289
Total controlling interest	155,104	141,139	133,379	131,103	143,479
Other Financial Information:					
Net working capital(10)	23,690	19,667	20,754	20,757	16,781
Book value per share(5)(8)(11)	4.94	4.30	3.89	3.51	3.55
Operating margin before other expense, net	6.2%	8.6%	10.1%	10.7%	11.8%
Operating EBITDA(12)	29,710	34,506	33,447	36,051	42,126
Ratio of Operating EBITDA to interest expense(12)	1.8	1.9	1.7	1.7	2.1
Capital expenditures	8,540	10,465	8,409	9,486	12,467
Depreciation and amortization	17,848	17,505	14,167	14,167	15,376
Net cash flow provided by continued operating activities before interest, coupons on Perpetual Debentures and income taxes	23,942	30,222	26,400	35,941	43,956
Basic earnings (loss) per CPO of continuing operations(5)(6)	(2.07)	(0.99)	(0.87)	(0.51)	0.03
Basic earnings (loss) per CPO(5)(6)	(2.07)	(0.99)	(0.84)	(0.51)	0.09
Total debt plus other financial obligations	249,372	218,026	230,298	244,429	268,198



- (1) Cost of sales includes depreciation, amortization and depletion of assets involved in production, freight expenses of raw materials used in our producing plants, delivery expenses of our ready-mix concrete business and expenses related to storage in producing plants. 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, which are included as part of the line item titled "Administrative and selling expenses," 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 "Distribution expenses."
- (2) In the statements of operations, CEMEX includes the line item titled "Operating earnings before other expenses, net" considering that is a relevant measure for CEMEX's management as explained in note 4B to our 2015 audited consolidated financial statements included elsewhere in this annual report. Under IFRS, while there are line items that are customarily included in the statement of operations, such as net sales, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals such as "Operating earnings before other expenses, net" and the display of such statements of operations varies significantly by industry and company according to specific needs.
- (3) Financial items include financial expenses and our other financial (expense) income, net, which includes our financial income, results from financial instruments, net (derivatives, fixed-income investments and other securities), foreign exchange results and effects of net present value on assets and liabilities and others, net. See notes 7 and 16 to our 2015 audited consolidated financial statements included elsewhere in this annual report.
- (4) On August 12, 2015, we entered into an agreement with Duna-Dráva Cement for the sale of our operations in Croatia, including assets in Bosnia & Herzegovina, Montenegro and Serbia, for €231 million (approximately U.S.\$251 million or Ps4,322 million). As of the date of this annual report, we expect to finalize our divestment in Croatia during the first half of 2016 upon final approval by the relevant authorities. On October 31, 2015, after the conditions precedent were satisfied, we completed the sale of our operations in Austria and Hungary to the Rohrdorfer Group for approximately €165.1 million (U.S.\$179 million or Ps3,090 million) after final adjustments for changes in cash and working capital balances as of the transfer date. Our combined operations in Austria and Hungary consisted of 29 aggregates quarries and 68 ready-mix plants. As per IFRS, the balance sheet of CEMEX as of December 31, 2014 was not restated as a result of the sale of its operations in Austria and Hungary. See note 4A to our audited consolidated financial statements included elsewhere in this annual report. The information related to our Statements of Operations for the years ended December 31, 2011 and 2012 has not been reclassified to present the financial results of those years of our operations in Austria, Hungary and Croatia in a single line item as discontinued operations. The effects are not significant.
- (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, 2015, approximately 98.82% of CEMEX, S.A.B. de C.V.'s outstanding share capital was represented by CPOs. Each ADS represents ten CPOs.
- (6) Earnings (loss) per share is calculated based upon the weighted average number of shares outstanding during the year, as described in note 22 to our 2015 audited consolidated financial statements included elsewhere in this annual report. Basic loss per CPO is determined by multiplying the basic loss per share for each period by three (the number of shares underlying each CPO). Basic loss per CPO is presented solely for the convenience of the reader and does not represent a measure under IFRS. As shown in notes 4A and 22 to our consolidated financial statements included elsewhere in this annual report, and in connection with the sale of our operations in Croatia, Austria and Hungary, for the years ended December 31, 2013 and 2014, "Basic loss per share" includes Ps0.29 and Ps0.17, respectively, from "Continuing operations," and for the year ended December 31, 2015, "Basic earnings per share" includes Ps0.01 from "Continuing operations." In addition, the years ended December 31, 2013 and 2015 include Ps0.01 and Ps0.02, respectively, of "Basic earnings per share" from "Discontinued operations." Likewise, for the years ended December 31, 2013 and 2014, "Diluted loss per share" includes Ps0.29 and Ps0.17, respectively, from "Continuing operations," and for the year ended December 31, 2015, "Diluted earnings per share" includes Ps0.01 from "Continuing operations." In addition, the years ended December 31, 2013 and 2015 include Ps0.01 and Ps0.02 of "Basic earnings per share" from "Discontinued operations," respectively. See note 22 to our 2015 audited consolidated financial statements included elsewhere in this annual report.
- (7) CEMEX, S.A.B. de C.V. did not declare a dividend for fiscal years 2011, 2012, 2013, 2014 and 2015. At each of CEMEX, S.A.B. de C.V.'s 2011, 2012, 2013, 2014 and 2015 annual general ordinary shareholders' meetings, held on February 23, 2012, March 21, 2013, March 20, 2014, March 26, 2015 and March 31, 2016, respectively, CEMEX, S.A.B. de C.V.'s shareholders approved a recapitalization of retained earnings. New CPOs issued pursuant to each such recapitalization were allocated to shareholders on a pro-rata basis. As a result, shares equivalent to approximately 418.8 million CPOs, approximately 437.4 million CPOs, approximately 468 million CPOs, approximately 500 million CPOs and approximately 538 million CPOs were allocated to shareholders on a pro-rata basis in connection with the 2011, 2012, 2013, 2014 and 2015 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.
- (8) Based upon the total number of shares outstanding at the end of each period, expressed in millions of shares, and includes shares subject to financial derivative transactions, but does not include shares held by our subsidiaries.

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- (9) As of December 31, 2011, 2012, 2013, 2014 and 2015 non-controlling interest includes U.S.\$938 million (Ps13,089 million), U.S.\$473 million (Ps6,078 million), U.S.\$477 million (Ps6,223 million), U.S.\$466 million (Ps6,869 million) and U.S.\$440 million (Ps7,581 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.
- (10) Net working capital equals trade receivables, less allowance for doubtful accounts plus inventories, net, less trade payables.
- (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 amortization and depreciation 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, and the consolidated ratio of Operating EBITDA to interest expense is calculated and presented because it is used to measure our performance under certain of our financing agreements. Operating EBITDA and such ratio should not be considered as indicators of our financial performance, as alternatives to cash flow, as measures of liquidity or as being comparable to other similarly titled measures of other companies. Under IFRS, while there are line items that are customarily included in statements of operations prepared pursuant to IFRS, such as net sales, operating costs and expenses and financial revenues and expenses, among others, the inclusion of certain subtotals, such as operating earnings before other expenses, net, and the display of such statement of operations varies significantly by industry and company according to specific needs. Operating EBITDA is reconciled below to operating earnings before other expenses, net, as reported in the statements of operations, and to net cash flows provided by operating activities before interest and income taxes paid in cash, as reported in the statement of cash flows. Interest expense under IFRS does not include coupon payments of the Perpetual Debentures issued by consolidated entities of approximately Ps1,010 million in 2011, approximately Ps453 million in 2012, approximately Ps405 million in 2013, approximately Ps420 million in 2014 and approximately Ps432 million in 2015, as described in note 20D to our 2015 audited consolidated financial statements included elsewhere in this annual report.

	For the Year Ended December 31,				
	2011	2012	2013	2014	2015
	(in millions of Mexican Pesos)				
Reconciliation of Operating EBITDA to net cash flows provided by continuing operations activities before interest, coupons on Perpetual Debentures and income taxes					
Operating EBITDA	Ps 29,710	Ps 34,506	Ps 33,447	Ps 36,051	Ps 42,126
Less:					
Operating depreciation and amortization expense	17,848	17,505	14,167	14,167	15,376
Operating earnings before other expenses, net	11,862	17,001	19,280	21,884	26,750
Plus/minus:					
Changes in working capital excluding income taxes	(727)	(2,048)	(4,237)	1,475	3,541
Operating depreciation and amortization expense	17,848	17,505	14,167	14,167	15,376
Other items, net	(5,041)	(2,236)	(2,810)	(1,585)	(1,711)
Net cash flow provided by continuing operations activities before interest, coupons on Perpetual Debentures and income taxes					
	Ps 23,942	Ps 30,222	Ps 26,400	Ps 35,941	Ps 43,956

## 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 stock corporation with variable capital, or *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, México. Our main phone number is +52 81 8888-8888.