

# CEMEX

## Quarterly Report

### Profitability surprises and rises guide 2021

- CEMEX's 1Q21 results exceeded expectations, as higher volumes and lower expenses –[Operation Resiliency strategy](#)– led to a solid profitability increase
- The above, together with a more favorable outlook, led to raising EBITDA guidance for 2021 to >US\$2.9 billion (vs. US\$2.7 billion previously), moving closer to the goal of regaining investment grade
- We raise PT to MXN 19.50 vs MXN 14.50 –FV/EBITDA 2021e 8.8x (sector average) –. We reiterate the stock as one of [our top picks](#) due to higher expected growth and an attractive valuation

**Strong growth supported by improved demand and operational efficiencies.** In 1Q21, the strong performance in Mexico (supported by self-construction) and in the US was driven by a more dynamic residential sector. On a consolidated basis, cement volumes increased 9% y/y, while ready-mix and aggregates volumes were flat. In addition, higher average prices, both in local currency and dollar terms, led to a 10.9% y/y jump in revenues. It is worth mentioning that the company received income (~US\$550 million) from the sale of carbon credits, which favored operating income and cash flow. Likewise, lower costs and expenses, as a result of the Operation Resilience strategy, boosted EBITDA by 28.4% y/y, with an improvement in its respective margin of 2.7pp to 20.1%, better than expected. On the other hand, free cash flow was less negative, and the leverage ratio decreased to 3.6x from 4.1x in 4Q20, supported by the aforementioned extraordinary income. When incorporating the quarterly figures, the multiple lowered from 9.4x to 8.6x, below the sector's 9.4x. Thus, the industry's improved outlook, together with the implemented strategy of the cement company, will translate into higher growth, which we are incorporating in our new estimates.

May 4, 2021

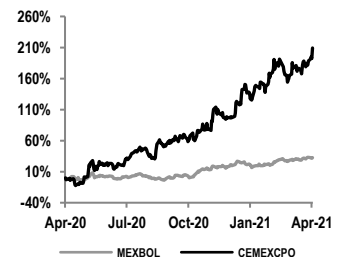
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#### BUY

Current Price	\$16.14
PT	<b>\$19.50</b>
Upside Potential	20.8%
ADR Price	US\$8.07
PT2020 ADR	US\$9.65
Shares per ADR	10
Max – Min LTM (\$)	16.54 – 3.98
Market Cap (US\$m)	11,838.92
Shares Outstanding (m)	14,708
Float	90%
Daily Turnover (\$m)	479.4
<b>Valuation metrics LTM</b>	
FV/EBITDA	8.6x
P/E	-14.0x
<b>MSCI ESG Rating*</b>	<b>BBB</b>

#### Relative Performance to MEXBOL LTM



#### Financial Statements

USD, million	2019	2020	2021E	2022E
Revenues	13,130	12,970	14,323	14,729
Operating Income	986	-436	2,099	1,606
EBITDA	2,378	2,460	2,857	2,974
EBITDA Margin	18.1%	19.0%	19.9%	20.2%
Net Income	143	-1,467	1,082	593
Net Margin	1.1%	-11.3%	7.6%	4.0%
Total Assets	29,362	27,425	27,852	28,842
Cash	788	950	889	909
Total Liabilities	18,539	18,474	17,815	18,150
Debt	11,213	10,598	9,864	9,864
Common Equity	10,823	8,952	10,038	10,692

Source: Banorte.

#### Valuation and financial metrics

	2019	2020	2021E	2022E
FV/EBITDA	10.4x	9.4x	7.8x	7.3x
P/E	85.1x	-8.1x	10.9x	20.0x
P/BV	1.3x	1.5x	1.3x	1.2x
ROE	1.5%	-18.2%	12.2%	6.3%
ROA	0.5%	-5.1%	3.9%	2.1%
EBITDA/ Interes exp	3.4x	3.4x	4.1x	4.2x
Net Deb/EBITDA	4.3x	4.1x	3.1x	2.8x
Deb/Equity	1.0x	1.1x	0.9x	0.8x

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Document for distribution among public

## CEMEX – Results 1Q21

USD, million

Concept	1Q20	1Q21	Var %	1Q21e	Diff % vs Estim.
Revenue	3,076	3,411	10.9%	3,257	4.7%
Operating Income	217	976	349.5%	809	20.6%
Ebitda	533	684	28.4%	592	15.5%
Net Income	42	665	>500%	451	47.2%
<b>Margins</b>					
Operating Margin	7.1%	28.6%	21.6pp	24.8%	3.8pp
Ebitda Margin	17.3%	20.1%	2.7pp	18.2%	1.9pp
Net Margin	1.4%	19.5%	18.1pp	13.9%	5.6pp
EPS	\$0.00	\$0.05	>500%	\$0.03	47.2%

### Income Statement

Year	2020	2020	2021	Change	Variation
Quarter	1	4	1	% y/y	% q/q
<b>Net Revenue</b>	<b>3,075.9</b>	<b>3,537.5</b>	<b>3,411.0</b>	<b>10.9%</b>	<b>-3.6%</b>
Cost of goods sold	2,111.6	2,432.4	2,302.0	9.0%	-5.4%
Gross profit	964.3	1,105.1	1,109.1	15.0%	0.4%
General expenses	747.2	784.3	133.2	-82.2%	-83.0%
<b>Operating Income</b>	<b>217.1</b>	<b>320.8</b>	<b>975.9</b>	<b>349.5%</b>	<b>204.2%</b>
<b>Operating Margin</b>	<b>7.1%</b>	<b>9.1%</b>	<b>28.6%</b>	<b>21.6pp</b>	<b>19.5pp</b>
Depreciation	273.1	292.4	278.3	1.9%	-4.9%
<b>EBITDA</b>	<b>532.9</b>	<b>643.9</b>	<b>684.3</b>	<b>28.4%</b>	<b>6.3%</b>
<b>EBITDA Margin</b>	<b>17.3%</b>	<b>18.2%</b>	<b>20.1%</b>	<b>2.7pp</b>	<b>1.9pp</b>
<b>Interes income (expense) net</b>	<b>(155.5)</b>	<b>(268.7)</b>	<b>(264.0)</b>	<b>69.8%</b>	<b>-1.7%</b>
Interest expense	170.2	177.9	244.5	43.6%	37.4%
Interest income	4.9	8.4	3.2	-34.4%	-61.5%
Other income (expenses)	(41.9)	(75.9)	(16.2)	-61.4%	-78.7%
Exchange Income (loss)	51.7	(23.3)	(6.6)	N.A.	-71.7%
Unconsolidated subsidiaries	4.9	18.1	3.3	-31.9%	-81.5%
<b>Income before taxes</b>	<b>66.5</b>	<b>70.1</b>	<b>715.2</b>	<b>&gt;500%</b>	<b>&gt;500%</b>
Income taxes	50.0	(18.1)	74.7	49.4%	N.A.
Discontinued operations	30.8	(15.1)	32.0	3.9%	N.A.
<b>Consolidated Net Income</b>	<b>47.2</b>	<b>73.2</b>	<b>672.4</b>	<b>&gt;500%</b>	<b>&gt;500%</b>
Minorities	5.1	3.5	7.9	55.3%	125.7%
<b>Net Income</b>	<b>42.2</b>	<b>69.7</b>	<b>664.5</b>	<b>&gt;500%</b>	<b>&gt;500%</b>
<b>Net margin</b>	<b>1.4%</b>	<b>2.0%</b>	<b>19.5%</b>	<b>18.1pp</b>	<b>17.5pp</b>
<b>EPS</b>	<b>0.003</b>	<b>0.005</b>	<b>0.045</b>	<b>&gt;500%</b>	<b>&gt;500%</b>

### Balance Sheet (Million pesos)

	2020	2020	2021	Change	Variation
				% y/y	% q/q
<b>Total Current Assets</b>	<b>4,777.0</b>	<b>4,234.6</b>	<b>4,707.8</b>	<b>-1.4%</b>	<b>11.2%</b>
Cash & Short Term Investments	1,386.6	950.4	1,308.7	-5.6%	37.7%
<b>Long Term Assets</b>	<b>23,820.9</b>	<b>23,190.9</b>	<b>22,854.6</b>	<b>-4.1%</b>	<b>-1.5%</b>
Property, Plant & Equipment (Net)	11,071.1	11,412.7	11,160.9	0.8%	-2.2%
Intangible Assets (Net)	11,434.4	10,253.0	10,208.4	-10.7%	-0.4%
<b>Total Assets</b>	<b>28,597.9</b>	<b>27,425.5</b>	<b>27,562.4</b>	<b>-3.6%</b>	<b>0.5%</b>
<b>Current Liabilities</b>	<b>4,589.4</b>	<b>5,352.9</b>	<b>5,417.9</b>	<b>18.1%</b>	<b>1.2%</b>
Short Term Debt	468.0	423.9	833.0	78.0%	96.5%
Accounts Payable	2,205.4	2,565.7	2,485.0	12.7%	-3.1%
<b>Long Term Liabilities</b>	<b>13,833.9</b>	<b>13,121.0</b>	<b>12,569.9</b>	<b>-9.1%</b>	<b>-4.2%</b>
Long Term Debt	11,233.0	10,174.1	9,580.0	-14.7%	-5.8%
<b>Total Liabilities</b>	<b>18,423.3</b>	<b>18,473.9</b>	<b>17,987.7</b>	<b>-2.4%</b>	<b>-2.6%</b>
Common Stock	10,174.7	8,951.6	9,574.6	-5.9%	7.0%
Preferred Stock	1,391.0	877.0	889.2	-36.1%	1.4%
<b>Total Equity</b>	<b>8,783.7</b>	<b>8,074.6</b>	<b>8,685.4</b>	<b>-1.1%</b>	<b>7.6%</b>
<b>Liabilities &amp; Equity</b>	<b>28,597.9</b>	<b>27,425.5</b>	<b>27,562.4</b>	<b>-3.6%</b>	<b>0.5%</b>
<b>Net Debt</b>	<b>10,314.4</b>	<b>9,647.6</b>	<b>9,104.3</b>	<b>-11.7%</b>	<b>-5.6%</b>

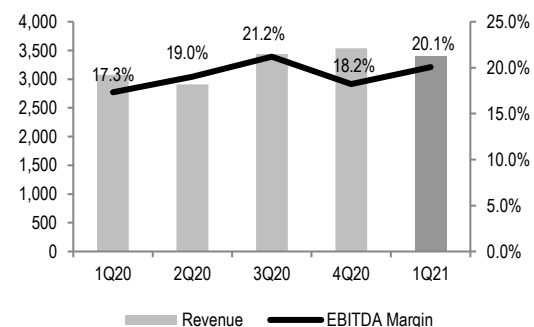
### Cash Flow (Million pesos)

	2020	2020	2021
Cash Flow from Operating Activities	115.5	1,046.4	892.8
Cash Flow from Investing Activities	289.8	(302.9)	451.9
Cash Flow from Financing Activities	(107.6)	(22.6)	(707.6)
FX effect on cash	0.0	0.0	0.0
<b>Change in Cash Balance</b>	<b>598.7</b>	<b>(2,502.8)</b>	<b>358.4</b>

Source: Banorte, MSE.

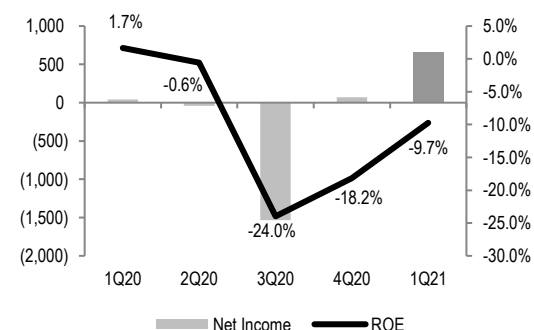
## Revenue & EBITDA Margin

USD, million



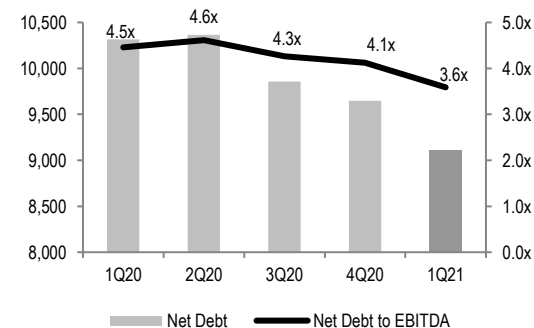
## Net Income & ROE

USD, million



## Net Debt & Net debt to EBITDA ratio

USD, million



### Per-country volume summary for 1Q21

Percentage – Change y/y

Region	Cement	Ready-Mix	Aggregates
Mexico	13.0%	-12.0%	-3.0%
USA	9.0%	3.0%	0.0%
Europe, Asia, Middle East and Africa	-3.0%	3.0%	2.0%
South America and Caribbean	16.0%	-10.0%	-6.0%
<b>Consolidated</b>	<b>9.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: Cemex.

### CEMEX 1Q21 – Per region Revenue, EBITDA and EBITDA Margin

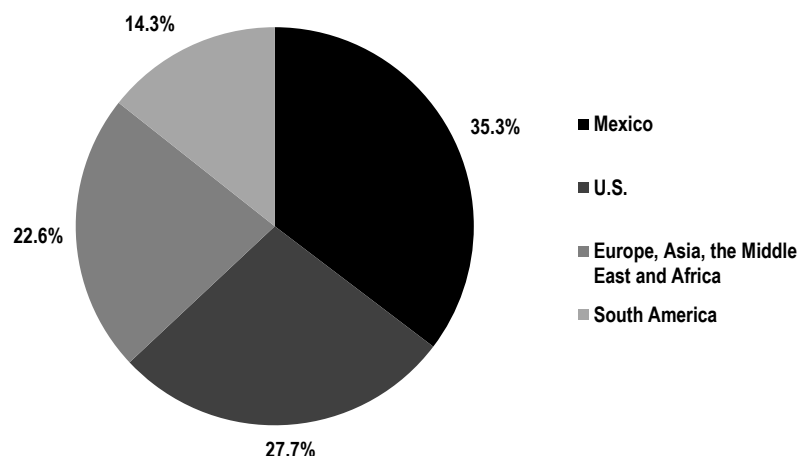
USD, million

Region	Net Sales	Var y/y	EBITDA	Var y/y	EBITDA Margin	Var y/y
Mexico	821,642	20.0%	298,743	28.0%	36.4%	2.4pp
USA	1,013,157	5.0%	196,464	21.0%	19.4%	2.5pp
Europe, Asia, Middle East and Africa	1,087,071	9.0%	112,517	9.0%	10.4%	0.0pp
South America and Caribbean	424,252	14.0%	123,370	36.0%	29.1%	4.8pp
Other and interco. eliminations	64,907	9.0%	-46,770	17.0%		
<b>Consolidated</b>	<b>3,411,030</b>	<b>11.0%</b>	<b>684,322</b>	<b>28.0%</b>	<b>20.1%</b>	<b>2.7pp</b>

Source: Cemex.

### EBITDA LTM by region

Percentage



Source: Cemex, Banorte.

\* Ebitda LTM before Others and intercompany eliminations.

## Estimates update 2021

**We raise our projections for CEMEX, due to more favorable sector expectations and an upward adjustment to 2021e guidance.** The outlook for the building materials industry has strengthened significantly as a result of higher expected economic growth, driven by additional monetary stimulus implemented globally (mainly in developed markets), which in turn will boost sectors that are intensive in the use of these products, such as construction and infrastructure. Particularly noteworthy is the US fiscal plan, a region where good growth is expected for the company, not to mention the country's promising infrastructure plan, which would benefit the sector in the long term. Meanwhile, the better performance in emerging markets is expected to continue, underpinned by solid demand for bagged cement. In the meantime,

the increased market dynamism, coupled with expectations of tight supply in some countries (e.g. the US), would be reflected in higher product prices.

Given the strong 1Q21 results and a more favorable environment, **CEMEX updated its 2021e guidance**, which now incorporates EBITDA of >\$2.9 billion (+7.4% vs. previous guidance of US\$2.7 billion), annual growth in consolidated cement volumes of 3%-5%, ready-mix of 2%-4%, and aggregates of 1%-3%. It also estimates a ~10% increase in energy cost per ton of cement produced, capital expenditures of ~US\$1.3 billion, working capital expenditures of US\$100-US\$150 million, taxes paid of ~US\$250 million, and a debt cost reduction of ~US\$120 million.

Considering the above, for 2021 we project consolidated cement volumes to grow 5.2% annually in cement, 4.1% in ready-mix, and 3.2% in aggregates. In addition, given the improved market conditions, we anticipate higher prices in local currency terms for its products and, taking into account the relevant FX fluctuations, we also estimate a mid-single-digit (+6.0%) average annual increase in prices in dollar terms for the regions. As such, we anticipate a 10.4% y/y increase in sales to US\$14.3 billion (+7.9% vs. our previous estimate). We expect that the cement company will continue to focus on achieving additional savings through its "Operation Resilience" strategy, which together with higher operating leverage, would reflect a higher EBITDA growth of 16.0% y/y to US\$2.9 billion (+8.2% vs. previous estimate), with EBITDA margin expansion of 0.9pp to 19.9% (vs. 19.2%e previous). It is worth noting that the profitability improvement would be mitigated by higher energy costs, a less favorable sales mix due to the recovery in concrete and aggregates, as well as maintenance expenses that were postponed in 2020 to mitigate the tough environment. As a result, our expectation is that in 1H22 the company will reach its EBITDA margin target of  $\geq 20\%$ , which was set for 2023.

**Breaking down by region...** For **Mexico's** operations, we expect continued strong demand for bagged cement, supported by government spending on social programs, high levels of [remittances](#), and a recovery in the formal sector (both in residential and from the acceleration of infrastructure projects). As a result, we forecast an average annual increase in volumes of more than 10%. EBITDA could grow more than 20% y/y to US\$1.1 billion and the margin would show a 0.5pp increase to 33.6%. Regarding the **US**, we foresee a good performance due to the strong dynamism of the residential sector and the extension of FAST Act (Fixing America's Surface Transportation) infrastructure spending. As such, we project a 3% y/y rise in volumes on average, and operating results improvements (+8% in EBITDA to US\$804 million) with higher profitability (+0.6% to 19.3%). We reiterate that the infrastructure plan would support higher demand for building materials in the medium term.

Regarding **Europe, Asia, the Middle East and Africa**, we expect a mixed performance, although mostly positive in the countries of the region, where we believe that monetary and fiscal stimulus would be benefiting demand in Europe. Thus, for the year we estimate a 2% y/y average increase in volumes and a 5% y/y increase in EBITDA to US\$665 million. Finally, in **South America and the Caribbean**, we anticipate that self-construction and a higher

number of projects will support our results. In that regard, we project y/y increases in volumes of more than 11% on average and in EBITDA of more than 20% to US\$451 million, also taking into account a lower comparative base.

**Achieving an investment-grade capital structure continues to be CEMEX's primary objective.** In addition to operating and cash-flow efficiencies, which would translate into higher cash generation, the cement company is constantly seeking to optimize its portfolio to achieve greater vertical integration of its products and services in attractive cities, mainly in developed markets: the US and Europe. The company is also focused on making the business more sustainable, with long-term decarbonization goals and greater use of alternative fuels, which also translates into savings. Additionally, it should be mentioned that the company has been very active in implementing strategies that allow it to have greater financial flexibility. In that sense, it has a solid maturity profile with an average pro forma maturity of more than 6 years and the first important maturity until July 2023 (US\$872 million, which represents ~9% of total debt). Regarding the leverage indicator, our estimates point to the cement company closing 2021 with a Net Debt/EBITDA ratio of 3.1x (vs. 4.1x 2020), very close to the target set for 2023 ( $\leq 3.0x$ ). Thus, it seems increasingly likely –and in a shorter period of time– that the company will be able to obtain an investment grade rating.

#### **Valuation and PT 2021E of MXN 19.50. We recommend BUY**

We used a multiples valuation methodology to determine CEMEX's theoretical value. Importantly, the improved outlook for the sector, due to higher expected economic growth, as well as additional support that could come from demand for the infrastructure plan in the US, has resulted in a significant rally in the industry's shares.

Thus, considering the solid growth estimates for CEMEX and the greater dynamism of the building materials market for 2021, assuming a target FV/EBITDA 2021e multiple of 8.8x, we **obtain a PT2021 of MXN 19.50 per CPO**, which represents a 20.8% estimated yield. This multiple is the average of comparable companies 2021e, as we can see in the table below. It is worth noting that the favorable market expectations, coupled with the strategy in place that lays the groundwork for future growth and an attractive valuation, confirm our positive view for the stock, and as such, it remains one of our favorite issuers for the year. We therefore **reiterate our Buy**.

**Relative Valuation**

ISSUER	PRICE	Market Cap. (US\$MM)	EV (US\$MM)	EBITDA Margin	P/B	P/E	P/E 2021E	P/E 2021E	FV/EBITDA	FV/EBITDA 2021E	FV/EBITDA 2022E
<b>MEXICO</b>											
GCC *	MXN 143.62	2,382	2,468	33.4%	2.0x	18.5x	15.5x	14.7x	7.9x	7.0x	6.5x
CORP MOCTEZUMA-SER *	MXN 62.50	2,759	2,610	42.1%	5.2x	13.1x			8.1x		
<b>US</b>											
EAGLE MATERIALS INC	USD 142.73	5,995	6,903	33.1%	4.7x	21.0x	20.9x	18.2x	13.1x	12.7x	11.6x
VULCAN MATERIALS CO	USD 181.68	33,601	37,124	27.8%	4.0x	39.3x	35.8x	30.5x	19.7x	19.2x	17.3x
MARTIN MARIETTA MATERIALS	USD 359.07	31,216	35,265	29.6%	3.8x	33.8x	31.7x	27.7x	17.1x	18.1x	16.4x
<b>LATAM</b>											
CEMENTOS ARGOS SA	COP 5,230.00	1,839	3,934	17.9%	1.0x	77.0x	23.1x	17.1x	9.1x	8.1x	7.3x
UNION ANDINA DE CEMENTOS SAA	PEN 1.43	687	1,771	24.6%	0.6x	31.3x	11.9x	7.7x	7.5x	6.2x	5.6x
<b>EUROPE</b>											
LAFARGEHOLCIM LTD-REG	CHF 56.62	38,365	50,596	23.5%	1.3x	20.5x	14.8x	13.1x	8.5x	7.2x	6.8x
VICAT	EUR 42.00	2,286	4,035	19.8%	0.9x	12.1x	10.2x	9.1x	6.0x	5.9x	5.5x
HEIDELBERGCEMENTAG	EUR 77.20	18,565	28,489	18.7%	1.2x		10.4x	9.7x	7.2x	6.2x	6.0x
BUZZI UNICEM SPA	EUR 22.37	5,223	5,336	24.1%	1.3x	8.2x	10.5x	9.7x	5.7x	5.9x	5.7x
<b>AFRICA, ASIA AND OCEANIA</b>											
TAIHEIYO CEMENT CORP	JPY 2,742.00	3,200	5,255	13.7%	0.7x	7.2x	7.4x	7.1x	4.8x	4.8x	4.7x
CHINA NATIONAL BUILDING MA-H	CNY 11.46	14,935	46,052	19.3%	1.1x	6.4x	5.3x	4.8x	6.1x	5.5x	5.1x
AKCANSA CIMENTO	TRY 18.11	422	427	15.2%	2.9x	30.1x	22.5x		11.7x	9.3x	
DANGOTE CEMENT PLC	NGN 220.00	9,143	10,052	46.1%	4.3x	13.6x	12.9x	11.5x	8.7x	7.6x	6.8x
	<i>Average</i>	11,374	16,021	25.9%	2.3x	23.7x	16.6x	13.9x	9.4x	8.8x	8.1x
	<i>Median</i>	5,223	5,336	24.1%	1.3x	19.5x	13.8x	11.5x	8.1x	7.1x	6.5x
<b>CEMEX CPO</b>	<b>MXN 16.16</b>	<b>11,839</b>	<b>22,043</b>	<b>19.6%</b>	<b>1.4x</b>	<b>-14.0x</b>	<b>10.9x</b>	<b>20.0x</b>	<b>8.6x</b>	<b>7.8x</b>	<b>7.3x</b>
Premium (Discount) vs average									-8.4%	-11.5%	-9.7%

Fuente: Bloomberg (04/29/21).

## Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega and Juan Barbier Arizmendi, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

## Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte Ixe and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

**Grupo Financiero Banorte S.A.B. de C.V.**, through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

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The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

	<b>Reference</b>
<b>BUY</b>	When the share expected performance is greater than the MEXBOL estimated performance.
<b>HOLD</b>	When the share expected performance is similar to the MEXBOL estimated performance.
<b>SELL</b>	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

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## History of PT and ratings

Stock	Date	Recommendation	PT
CEMEX CPO	04/29/2021	Buy	\$19.50
CEMEX CPO	01/12/2021	Buy	\$14.50
CEMEX CPO	07/27/2020	Hold	\$ 7.50
CEMEX CPO	10/24/2019	Hold	\$ 8.50

## MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD			AVERAGE		LEADER	

\*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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