

## CEMEX (HOLD, PT2020 \$7.50)

### Flash: CEMEX launches offer to acquire shares of Cemex Latam

CEMEX announced that its indirect subsidiary, Cemex Spain, requested authorization from the Financial Superintendence of Colombia (SFC) to initiate a public offering to acquire all the ordinary and outstanding shares of Cemex Latam, also an indirect subsidiary of Cemex, registered in the National Registry of Securities and Issuers of Colombia and in the Colombian Stock Exchange. The projected acquisition price would be COP\$3,250 for each common share of Cemex Latam and it is expected that the offer revision will take between 2 and 4 weeks. It is worth mentioning that according to the regulation in Colombia, the CLH share will stop trading until one business day after the offer notice is published, which must be carried out within the following 5 days after the authorization of the SFC.

The company indicated that as of June 30, 2020, Cemex Latam's *float* is 26.85% (149,610,106 shares).

**Neutral implication:** The announcement of Cemex Spain's takeover bid for Cemex Latam shares is the result of the very low price at which the latter is trading, being COP\$2,805 per share (closing as of September 7, 2020), which represents -77% in relation to the price of the initial offer in 2012 of COP\$12,250. With the data mentioned in the statement, the offer would be around US\$130 million, which we consider is not a significant amount for CEMEX, since it represents 4.6% of the cash with which it closed as of 2Q20 (US\$2.8 billion). It is worth mentioning that the acquisition FV/EBITDA multiple is 6.9x, slightly below CEMEX's current multiple of 7.0x, thus we see a neutral implication for the stock.

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Document for distribution among public

## Certification of Analyst.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Tania Abdul Massih Jacobo, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentin 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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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.

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

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.

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## History of PT and Ratings

Stock	Date	Rating	PT
CEMEX CPO	07/27/2020	Hold	\$7.50
CEMEX CPO	04/30/2020	Under Review	Under Review
CEMEX CPO	10/24/2019	Hold	\$8.50

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