CEMEX SAB DE CV
Form 20-F
June 30, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

¨ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

¨ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

Commission file number 1-14946

CEMEX, S.A.B. de C.V.
(Exact name of Registrant as specified in its charter)

CEMEX PUBLICLY TRADED STOCK CORPORATION
(Translation of Registrant's name into English)

United Mexican States
(Jurisdiction of incorporation or organization)

Av. Ricardo Margáin Zozaya #325, Colonia Valle del Campestre, Garza García, Nuevo León, México 66265
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
American Depositary Shares, or ADSs, each ADS representing ten Ordinary Participation Certificates (Certificados de Participación Ordinarios), or CPOs, each CPO representing two Series A shares and one Series B share	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

7,840,254,236 CPOs
16,157,281,752 Series A shares (including Series A shares underlying CPOs)
8,078,640,876 Series B shares (including Series B shares underlying CPOs)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ü No
If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No ü
Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those sections.
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ü No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ü Accelerated filer Non-accelerated filer
Indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 Item 18 ü

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ___ No ü

TABLE OF CONTENTS

INTRODUCTION

CEMEX, S.A.B. de C.V. is incorporated as a publicly traded stock corporation with variable capital (sociedad anónima bursátil de capital variable) organized under the laws of the United Mexican States, or Mexico. Except as the context otherwise may require, references in this annual report to "CEMEX," "we," "us" or "our" refer to CEMEX, S.A.B. de C.V., its consolidated subsidiaries and, except for accounting purposes, its non-consolidated affiliates. For accounting purposes, references in this annual report to "CEMEX," "we," "us" or "our" refer solely to CEMEX, S.A.B. de C.V. and its consolidated subsidiaries. See note 1 to our consolidated financial statements included elsewhere in this annual report.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements included elsewhere in this annual report have been prepared in accordance with Mexican financial reporting standards, or Mexican FRS, which differ in significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. During the periods presented, we are required, pursuant to Mexican FRS, to present our financial statements in constant Pesos representing the same purchasing power for each period presented. Accordingly, unless otherwise indicated, all financial data presented in this annual report are stated in constant Pesos as of December 31, 2007. Beginning January 1, 2008, however, under Mexican FRS inflation accounting will be applied only in high inflation environments. See note 3X to our consolidated financial statements included elsewhere in this annual report. Also, see note 25 to our consolidated financial statements for a description of the principal differences between Mexican FRS and U.S. GAAP as they relate to us. Non-Peso amounts included in our 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. Those Dollar amounts are then translated into Peso amounts at the CEMEX accounting rate, described under Item 3 — "Key Information — Mexican Peso Exchange Rates," as of the relevant period or date, as applicable.

References in this annual report to "U.S.$" and "Dollars" are to U.S. Dollars, references to "€" are to Euros, references to " " and "Pounds" are to British Pounds, references to "¥" and "Yen" are to Japanese Yen, and, unless otherwise indicated, references to "Ps," "Mexican Pesos" and "Pesos" are to constant Mexican Pesos as of December 31, 2007. The Dollar amounts provided in this annual report and the financial statements included elsewhere in this annual report, unless otherwise indicated, are translations of constant Peso amounts, at an exchange rate of Ps10.92 to U.S.$1.00, the CEMEX accounting rate as of December 31, 2007. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding 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 Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. See Item 3 — "Key Information — Selected Consolidated Financial Information."

The noon buying rate for Pesos on December 30, 2007 was Ps10.92 to U.S.$1.00 and on May 30, 2008 was Ps10.33 to U.S.$1.00.

PART I

Item 1 - Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2 - Offer Statistics and Expected Timetable

Not applicable.

Item 3 - Key Information

Risk Factors

Many factors could have an effect on our financial condition, cash flows and results of operations. We are subject to various risks resulting from changing economic, environmental, political, industry, business, financial and climate conditions. The principal factors are described below.

We are continually analyzing possible acquisitions of new operations, some of which may have a material impact on our financial position, and we may not be able to realize the expected benefits from any such acquisitions, including our recent acquisition of Rinker.

A key element of our growth strategy is to acquire new operations and integrate such operations with our existing operations. Our ability to realize the expected benefits from these acquisitions depends, in large part, on our ability to integrate the new operations with existing operations and to apply our business practices in the new operations in a timely and effective manner. These efforts may not be successful. Furthermore, our growth strategy depends on our ability to identify and acquire suitable assets at desirable prices. We are continually analyzing possible acquisitions of assets which in some cases, such as the acquisition of Rinker Group Limited, or Rinker, described below, may have a material impact on our financial position. We cannot assure you that we will be successful in identifying or purchasing suitable assets in the future. If we fail to make further acquisitions, we may not be able to continue to grow in the long term at our historic rate.

On November 14, 2006, we launched an offer to purchase all outstanding shares of Rinker, a leading international producer and supplier of materials, products and services used primarily in the construction industry. On August 28, 2007, we completed the acquisition of 100% of the Rinker shares for a total consideration of approximately Ps.169.5 billion (approximately U.S.$15.5 billion) (including the assumption of approximately Ps.13.9 billion (approximately U.S.$1.3 billion) of Rinker's debt), and Rinker's results have been consolidated with our results of operations commencing July 1, 2007. Rinker, which was headquartered in Australia, had operating units primarily in the United

States and Australia. It also had limited operations in China. The acquisition of Rinker has substantially increased our exposure to the United States, which has been experiencing a sharp downturn in the housing and construction sectors, having adverse effects on Rinker's and our operations, making it more difficult for us to achieve our goal of decreasing our acquisition–related leverage. We also may not be able to achieve all the anticipated cost savings from the Rinker acquisition.

Our ability to pay dividends and repay debt depends on our subsidiaries' ability to transfer income and dividends to us.

We are a holding company with no significant assets other than the stock of our wholly-owned and non-wholly-owned subsidiaries and our holdings of cash and marketable securities. Our ability to pay dividends and repay debt depends on the continued transfer to us of dividends and other income from our wholly-owned and non-wholly-owned subsidiaries. The ability of our subsidiaries to pay dividends and make other transfers to us is limited by various regulatory, contractual and legal constraints.

We have incurred and will continue to incur debt, which could have an adverse effect on the price of our CPOs and ADSs, increase interest costs and limit our ability to distribute dividends, finance acquisitions and expansions and maintain flexibility in managing our business activities.

We have incurred and will continue to incur significant amounts of debt, particularly in connection with financing acquisitions, which could have an adverse effect on the price of our Ordinary Participation Certificates, or CPOs, and American Depositary Shares, or ADSs. Our indebtedness may have important consequences, including increased interest costs if we are unable to refinance existing indebtedness on satisfactory terms. Currently we do not have debt subject to pricing grids based on our debt ratings; however, our interest costs may be increased as we refinance our existing indebtedness as a result of a downgrade event affecting our debt and/or as a result of the current credit crisis or a deeper reduction in the availability of loans by banks and tightening in the debt markets for our securities. In addition, the debt instruments governing a substantial portion of our indebtedness contain various covenants that require us to maintain financial ratios, restrict asset sales and restrict our ability to use the proceeds from a sale of assets. Consequently, our ability to distribute dividends, finance acquisitions and expansions and maintain flexibility in managing our business activities could be limited. As of December 31, 2007, we had outstanding debt equal to Ps216,911 million (U.S.$19,864 million), not including approximately Ps33,470 million (U.S.$3,065 million) of perpetual debentures issued by special purpose vehicles, which are not accounted for as debt under Mexican FRS but are considered to be debt for purposes of U.S. GAAP.

In connection with our financing of the Rinker acquisition, we and our subsidiaries have sought and obtained waivers and amendments to several of our debt instruments relating to a number of financial ratios. We have requested and obtained waivers and/or amendments delaying the application of the financial ratio covenants through September 29, 2008, and we expect to have taken such actions as may be necessary to enable us to satisfy such financial covenants by such date. We believe that we and our subsidiaries have good relations with our lenders, and nothing has come to our attention that would lead us to believe that future waivers, if required, would not be forthcoming. However, we cannot assure you that future waivers, if requested, would be forthcoming. If we or our subsidiaries 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 financial condition.

We have to service our Dollar and Japanese Yen denominated obligations with revenues generated in Pesos or other currencies, as we do not generate sufficient revenue in Dollars from our operations to service all our Dollar denominated obligations or in Japanese Yen to service all our Japanese Yen denominated obligations. This could adversely affect our ability to service our obligations in the event of a devaluation or depreciation in the value of the Peso, or any of the other currencies of the countries in which we operate, compared to the Dollar or the Japanese Yen.

A substantial portion of our outstanding debt is denominated in Dollars. As of December 31, 2007, our Dollar denominated debt represented approximately 75% of our total debt (after giving effect to our currency-related derivatives as of such date). Our existing Dollar denominated debt, including the additional Dollar denominated debt we incurred to finance the acquisition of Rinker, however, must be serviced by funds generated from sales by our subsidiaries. Although the acquisition of Rinker has increased our U.S. assets substantially, we nonetheless will 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 Pesos, Euros or other currencies to service our Dollar denominated debt. 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 Peso, Euro 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 debt. During 2007, Mexico, Spain, the United Kingdom and the Rest of Europe region, our main non-Dollar-denominated operations, together generated approximately 53% of our total net sales in Peso terms (approximately 16%, 9%, 9% and 19%, respectively), before eliminations resulting from consolidation. In 2007, approximately 22% of our sales were generated in the United States, with the remaining 25% of our sales being generated in several countries, with a number of currencies having material appreciations against the Dollar. During 2007, the Peso depreciated approximately 1% against the Dollar, the Euro appreciated approximately 9% against the Dollar and the Pound Sterling appreciated approximately 1% against the Dollar. Although we have foreign exchange forward contracts and cross currency swap contracts in place to mitigate our currency-related risks and expect to enter into future currency hedges, they may not be effective in covering all our currency-related risks.

As of December 31, 2007, we did not have a significant amount of debt denominated in Yen. However, in connection with our dual currency perpetual debentures and related currency swap transactions, we have interest and currency swap obligations in Yen. As of the date of this annual report, we do not generate sufficient revenue in Yen from our operations to service all our Yen obligations. Consequently, we have to use revenues generated in Pesos, Dollars, Euros or other currencies to service our Yen obligations. A devaluation or depreciation in the value of the Peso, Dollar, Euro or any of the other currencies of the countries in which we operate, compared to the Yen, could adversely affect our ability to service our Yen obligations. During 2007, the Yen appreciated approximately 7% against the Peso, appreciated approximately 6% against the Dollar and depreciated approximately 4% against the Euro.

In addition, as of December 31, 2007, our Euro denominated debt represented approximately 25% of our total debt, not including the €730 million principal amount of perpetual debentures outstanding as of such date. Although we believe that our generation of revenues in Euros from our operations in Spain and the Rest of Europe region will be sufficient to service these obligations, we cannot guarantee it.

Our operations are subject to environmental laws and regulations.

Our operations are subject to laws and regulations relating to the protection of the environment in the various jurisdictions in which we operate, such as regulations regarding the release of cement into the air or emissions of greenhouse gases. Stricter laws and regulations, or stricter interpretation of existing laws or regulations, may impose new liabilities on us or result in the need for additional investments in pollution control equipment, either of which could result in a material decline in our profitability in the short term.

In addition, our operations in the United Kingdom, Spain and the Rest of Europe are subject to binding caps on carbon dioxide emissions imposed by Member States of the European Union as a result of the European Commission's directive implementing the Kyoto Protocol on climate change. Under this directive, companies receive from the relevant Member States allowances that set limitations on the levels of carbon dioxide emissions from their industrial facilities. These allowances are tradable so as to enable companies that manage to reduce their emissions to sell their excess allowances to companies that are not reaching their emissions objectives. Failure to meet the emissions caps is subject to significant penalties. For the allocation period comprising 2008 through 2012, the European Commission significantly reduced the overall availability of allowances. As a result of continuing uncertainty regarding final allowances, it is premature to draw conclusions regarding the aggregate position of all our European cement plants.

We believe we may be able to reduce the impact of any deficit by either reducing carbon dioxide emissions in our facilities or by implementing clean development mechanism projects, or CDM projects, in emerging markets. If we are not successful in implementing emission reductions in our facilities or obtaining credits from CDM projects, we may have to purchase a significant amount of allowances in the market, the cost of which may have an impact on our operating results. See "Item 4—Information on the Company—Regulatory Matters and Legal Proceedings."

In the United States, certain states, counties and cities have enacted or are in the process of enacting mandatory greenhouse gas emission restrictions, and regulations at the federal level may occur in the future which could affect our operations.

Permits relating to some of Rinker's largest quarries in Florida, which represent a significant part of Rinker's business, are being challenged. A loss of these permits could adversely affect our business. See Item 4 — "Information on the Company — Regulatory Matters and Legal Proceedings — Environmental Matters."

We are subject to restrictions due to minority interests in our consolidated subsidiaries.

We conduct our business through subsidiaries. In some cases, third-party shareholders hold minority interests in these subsidiaries. Various disadvantages may result from the participation of minority shareholders whose interests may not always coincide 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.

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

Our operations consume significant amounts of energy and fuel, the cost of which has significantly increased worldwide in recent years. To mitigate high energy and fuel costs and volatility, we have implemented the use of alternative fuels such as petcoke and tires, which has resulted in less vulnerability to price spikes. We have also implemented technical improvements in several facilities and entered into long term supply contracts of petcoke and electricity to mitigate price volatility. Despite these measures, we cannot assure you that our operations would not be materially adversely affected in the future if prevailing conditions remain for a long period of time or if energy and fuel costs continue to increase.

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 results of operations and profitability if they occur with unusual intensity, during abnormal periods, or last longer than usual in our major markets, especially during peak construction periods.

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 reduce our net income.

With the acquisition of RMC Group plc, or RMC, in 2005 and Rinker in 2007, our geographic diversity has significantly increased. As of December 31, 2007, we had operations in Mexico, the United States, the United Kingdom, Spain, the Rest of Europe region (including Germany and France), the South America, Central America and the Caribbean region (including Venezuela and Colombia), Africa and the Middle East, Australia and Asia. As of December 31, 2007, our Mexican operations represented approximately 11% of our total assets, our U.S. operations represented approximately 46% of our total assets, our Spanish operations represented approximately 8% of our total assets,our United Kingdom operations represented approximately 5% of our total assets, our Rest of Europe operations represented approximately 9% of our total assets, our South America, Central America and the Caribbean operations represented approximately 7% of our total assets, our Africa and the Middle East operations represented approximately 2% of our total assets, our Australian and Asia operations represented approximately 7% of our total assets and our other operations represented approximately 5% of our total assets. For the year ended December 31, 2007, before eliminations resulting from consolidation (with Rinker's net sales having been consolidated starting July 1, 2007), our Mexican operations represented approximately 16% of our net sales, our U.S. operations represented approximately 22% of our net sales, our Spanish operations represented approximately 9% of our net sales, our United Kingdom operations represented approximately 9% of our net sales, our Rest of Europe operations represented approximately 19% of our net sales, our South America, Central America and the Caribbean operations represented approximately 9% of our net sales, our Africa and the Middle East operations represented approximately 3% of our net sales, our Australian and Asia operations represented approximately 5% of our net sales and our other operations represented approximately 8% of our net sales. As a result of our acquisition of Rinker, we have substantially increased our U.S. operations and now have operations in Australia and China. Adverse economic conditions in any of these countries or regions may produce a negative impact on our net income. For a geographic breakdown of our net sales for the year ended December 31, 2007, please see "Item 4—Information on the Company—Geographic Breakdown of Our 2007 Net Sales."

The performance of the United States economy and its effect on U.S. construction activity may adversely affect our results of operations. The United States economy stalled in the fourth quarter of 2007 and the first quarter of 2008 losing approximately 260,000 jobs through April 2008, with the United States facing a full-fledged credit crunch as a result of the deep downturn in the residential sector and the massive losses in mortgage backed securities in the financial sector. A majority of economists currently believe the United States economy to be in recession. The residential construction sector suffered significant declines in housing starts in 2006 and 2007, and these declines are continuing in 2008. Consequently, we currently expect a further decline in cement sales volumes in the residential sector of about 25% in 2008. At present, it is difficult to determine how long it will take to work off the excess housing inventories and for the market to absorb the increase in foreclosures. We also expect the industrial and commercial sectors to soften in 2008 due to the weak economic environment and tight credit conditions. Although we expect the public sector to remain relatively stable in 2008, we cannot give any assurances that it will not be adversely affected by the declines elsewhere in the economy.

If the Mexican economy experiences a recession or if Mexican inflation and interest rates increase significantly, construction activity may decrease, which may lead to a decrease in sales of cement and ready-mix concrete and in net income from our Mexican operations. The Mexican government does not currently restrict the ability of Mexicans or others to convert Pesos to Dollars, or vice versa. The Mexican Central Bank has consistently made foreign currency available to Mexican private sector entities to meet their foreign currency obligations. Nevertheless, if shortages of foreign currency occur, the Mexican Central Bank may not continue its practice of making foreign currency available to private sector companies, and we may not be able to purchase the foreign currency we need to service our foreign currency obligations without substantial additional cost.

Although we have a diversification of revenue sources in Europe, a number of countries, particularly Germany and Italy, have experienced economic stagnation recently, while Spain, France and the United Kingdom have experienced slow economic growth. To the extent recovery from these economic conditions does not materialize or otherwise takes place over an extended period of time, our business, financial condition and results of operations may be adversely affected. In addition, the economic stagnation in Germany and Italy and slow economic growth in Spain, France and the United Kingdom may negatively impact the economic growth and integration of the ten new countries admitted into the European Union in May 2004, including Poland, the Czech Republic, Hungary, Latvia and Lithuania, in which we acquired operations in the RMC acquisition.

Our operations in South America, Central America and the Caribbean are faced with several risks that are more significant than in other countries. These risks include political instability and economic volatility. For example, in recent years, Venezuela has experienced volatility and depreciation of its currency, high interest rates, political instability, increased inflation, decreased gross domestic product and labor unrest, including a general strike. Venezuelan authorities have imposed foreign exchange and price controls on specified products, including cement. In furtherance of Venezuela's announced policy to nationalize certain sectors of the economy, on June 18, 2008, presidential decree No. 6,091 Decreto con Rango, Valor y Fuerza de Ley Orgánica de Ordenación de las Empresas Productoras de Cemento (the "Nationalization Decree") was promulgated, mandating that the cement production industry in Venezuela be reserved to the State and ordering the conversion of foreign-owned cement companies, including CEMEX Venezuela, into state-controlled companies with Venezuela holding an equity interest of at least 60%. The Nationalization Decree provides for the formation of a transition committee to be integrated with the board of directors of the relevant cement company to guaranty the transfer of control over all activities of the relevant cement company to Venezuela by December 31, 2008. The Nationalization Decree further establishes a deadline of August 17, 2008 for the shareholders of foreign-owned cement companies, including CEMEX Venezuela, to reach an agreement with the Government of Venezuela on the compensation for the nationalization of their assets. The Nationalization Decree also provides that this deadline may be extended by mutual agreement of the Government of Venezuela and the relevant shareholder. Pursuant to the Nationalization Decree, if an agreement is not reached, Venezuela shall assume exclusive operational control of the relevant cement company and the Venezuelan National Executive shall decree the expropriation of the relevant shares according to the Venezuelan expropriation law. No assurance can be given that an agreement with the Government of Venezuela will be reached. The Government of Venezuela has been advised by our subsidiaries in Spain and The Netherlands that are investors in CEMEX Venezuela that these subsidiaries reserve their rights to bring expropriation claims in arbitration under the Bilateral Investment Treaties Venezuela signed with those countries. Any significant political instability or political instability and economic volatility in the countries in South America, Central America and the Caribbean in which we have operations may have an impact on cement prices and demand for cement and ready-mix concrete, which may adversely affect our results of operations.

Our operations in Africa and the Middle East have faced instability as a result of, among other things, civil unrest, extremism, the continued deterioration of Israeli-Palestinian relations and the war in Iraq. There can be no assurance that political turbulence in the Middle East will abate in the near future or that neighboring countries, including Egypt and the United Arab Emirates, will not be drawn into the conflict or experience instability.

There have been terrorist attacks in the United States, Spain and the United Kingdom, countries in which we maintain operations, and ongoing threats of future terrorist attacks in the United States and abroad. Although it is not possible at this time to determine the long-term effect of these terrorist threats, there can be no assurance that

7

there will not be other attacks or threats in the United States or abroad that will lead to economic contraction in the United States or any other of our major markets. Economic contraction in the United States or any of our major markets could affect domestic demand for cement and have a material adverse effect on our operations.

You may be unable to enforce judgments against us.

You may be unable to enforce judgments against us. We are a publicly traded stock corporation with variable capital (sociedad anónima bursátil de capital variable), organized under the laws of Mexico. Substantially all our directors and officers and some of the experts named in this annual report 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 investors to effect service of process within the United States upon those persons or to enforce judgments against them or against us in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. We have been advised by Lic. Ramiro G. Villarreal, General Counsel of CEMEX, that it may not be possible to enforce, in original actions in Mexican courts, liabilities predicated solely on the U.S. federal securities laws and it may not be possible to enforce, in Mexican courts, judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

The Mexican Congress recently approved legislation that could increase our tax liabilities.

In September 2007, the Mexican Congress approved a new federal tax applicable to all Mexican corporations, known as the Impuesto Empresarial a Tasa Única (Single Rate Corporate Tax), or IETU, which is a form of alternative minimum tax and replaces the asset tax that has applied to corporations and other taxpayers in Mexico for several years. The IETU is a tax that will be imposed at a rate of 16.5% for calendar year 2008, 17% for calendar year 2009 and 17.5% for calendar year 2010 and thereafter. A Mexican corporation is required to pay the IETU if, as a result of the calculation of the IETU, the amount payable under the IETU exceeds the income tax payable by the corporation under the Mexican income tax law. In general terms, the IETU is determined by applying the rates specified above to the amount resulting from deducting from a corporation's gross income, among other items, goods acquired (consisting of raw materials and capital expenditures), services provided by independent contractors and lease payments required for the performance of the activities taxable under the IETU. Interest payments arising from financing transactions, tax loss carryforwards and other specified items are not deductible for purposes of determining the IETU. The legislation became effective in January 2008. Although we believe, given our current business assumptions and expectations, the IETU will not have a material adverse effect on us for at least two years, we cannot predict the impact of this legislation or quantify its effects on our tax liability for future years. If our regularly determined taxable income in Mexico in any given year yields an income tax that is below the amount of IETU determined for the same tax period, the IETU could materially increase our tax liabilities and cash tax payments, which could adversely affect our results of operations, cash flows and financial condition.

Preemptive rights may be unavailable to ADS holders.

ADS holders may be unable to exercise preemptive rights granted to our shareholders, in which case ADS holders could be substantially diluted. Under Mexican law, whenever we issue new shares for payment in cash or in kind, we are generally required to grant preemptive rights to our shareholders. However, ADS holders may not be able to exercise these preemptive rights to acquire new shares unless both the rights and the new shares are registered in the United States or an exemption from registration is available.

We cannot assure you that we would file a registration statement in the United States at the time of any rights offering. In addition, while the depositary is permitted, if lawful and feasible at that time, to sell those rights and distribute the proceeds of that sale to ADS holders who are entitled to those rights, current Mexican law does not permit sales of that kind.

Mexican Peso Exchange Rates

Mexico has had no exchange control system in place since the dual exchange control system was abolished on November 11, 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 Peso has been subject to substantial fluctuations in value. The Peso depreciated against the Dollar by approximately 8% in 2003, appreciated against the Dollar by approximately 1% and 5% in 2004 and 2005, respectively, depreciated against the Dollar by approximately 2% in 2006, and depreciated against the Dollar by approximately 1% in 2007. These percentages are based on the exchange rate that we use for accounting purposes, or the CEMEX accounting rate. The CEMEX accounting rate represents the average of three different exchange rates that are provided to us by Banco Nacional de México, S.A., or Banamex. For any given date, the CEMEX accounting rate may differ from the noon buying rate for 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 Pesos, expressed in Pesos per U.S.$1.00.

	CEMEX Accounting Rate				Noon Buying Rate			
Year ended December 31,	End of Period	Average(1)	High	Low	End of Period	Average(1)	High	Low
2003	11.24	10.84	11.39	10.10	11.24	10.85	11.41	10.11
2004	11.14	11.29	11.67	10.81	11.15	11.29	11.64	10.81
2005	10.62	10.85	11.38	10.42	10.63	10.89	11.41	10.41
2006	10.80	10.91	11.49	10.44	10.80	10.90	11.46	10.43
2007	10.92	10.93	11.07	10.66	10.92	10.93	11.27	10.67
Monthly (2007-2008)								
November	10.91	—	11.02	10.69	10.90	—	11.00	10.67
December	10.92	—	10.91	10.81	10.92	—	10.92	10.80
January	10.83	—	11.00	10.83	10.82	—	10.97	10.82
February	10.71	—	10.85	10.67	10.73	—	10.82	10.67
March	10.65	—	10.85	10.64	10.63	—	10.85	10.63
April	10.49	—	10.58	10.44	10.51	—	10.60	10.44
May	10.32	—	10.58	10.32	10.33	—	10.57	10.31

(1) The average of the CEMEX accounting rate or the noon buying rate for Pesos, as applicable, on the last day of each full month during the relevant period.

On May 30, 2008, the noon buying rate for Pesos was Ps10.33 to U.S.$1.00 and the CEMEX accounting rate was Ps10.32 to U.S.$1.00.

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

Selected Consolidated Financial Information

The financial data set forth below as of and for each of the five years ended December 31, 2007 have been derived from our audited consolidated financial statements. The financial data set forth below as of December 31, 2007 and 2006 and for each of the three years ended December 31, 2007, have been derived from, and should be read in conjunction with, and are qualified in their entirety by reference to, the consolidated financial statements and the notes thereto included elsewhere in this annual report. These financial statements were approved by our shareholders at the 2007 annual general meeting, which took place on April 24, 2008.

The audited consolidated financial statements for the year ended December 31, 2005 include RMC's results of operations for the ten-month period ended December 31, 2005, and the audited consolidated financial statements for the years ended December 31, 2007 and 2006 include RMC's results of operations for the entire years ended December 31, 2007 and 2006, while the audited consolidated financial statements for each of the two years ended December 31, 2004 do not include RMC's results of operations. As a result, the financial data for the years ended December 31, 2005, December 31, 2006 and December 31, 2007 are not comparable to the prior periods.

The audited consolidated financial statements for the year ended December 31, 2007 include Rinker's results of operations for the six-month period ended December 31, 2007, while the audited consolidated financial statements for each of the four years ended December 31, 2006 do not include Rinker's results of operations. As a result, the financial data for the year ended December 31, 2007 are not comparable to the prior periods.

Our consolidated financial statements included elsewhere in this annual report have been prepared in accordance with Mexican FRS, which differ in significant respects from U.S. GAAP. During the periods presented, we are required, pursuant to Mexican FRS, to present our financial statements in constant Pesos representing the same purchasing power for each period presented. Accordingly, unless otherwise indicated, all financial data presented below and elsewhere in this annual report are stated in constant Pesos as of December 31, 2007. Beginning January 1, 2008, however, under Mexican FRS inflation accounting will be applied only in high inflation environments. See note 3X to our consolidated financial statements included elsewhere in this annual report. Also, see note 25 to our consolidated financial statements for a description of the principal differences between Mexican FRS and U.S. GAAP as they relate to us.

Non-Peso amounts included in the 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 Peso amounts at the CEMEX accounting rate, described under Item 3 — "Key Information — Mexican Peso Exchange Rates," as of the relevant period or date, as applicable.

During the periods presented, under Mexican FRS, each time we reported results for the most recently completed period, the Pesos previously reported in prior periods were required to be adjusted to Pesos of constant purchasing power as of the most recent balance sheet by multiplying the previously reported Pesos by a weighted average inflation index. This index has been calculated based upon the inflation rates of the countries in which we operate and the changes in the exchange rates of each of these countries, weighted according to the proportion that our assets in each country represent of our total assets. The following table reflects the factors that have been used to restate the originally reported Pesos to Pesos of constant purchasing power as of December 31, 2007:

	Annual Weighted Average Factor	Cumulative Weighted Average Factor to December 31, 2007
2003	1.0624	1.2047
2004	0.9590	1.1339
2005	1.0902	1.1824
2006	1.0846	1.0846

The Dollar amounts provided below and, unless otherwise indicated, elsewhere in this annual report are translations of constant Peso amounts at an exchange rate of Ps10.92 to U.S.$1.00, the CEMEX accounting rate as of December 31, 2007. However, in the case of transactions conducted in Dollars, we have presented the Dollar amount of the transaction and the corresponding 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 Peso amounts actually represent those Dollar amounts or could be converted into Dollars at the rate indicated. The noon buying rate for Pesos on December 31, 2007 was Ps10.92 to U.S.$1.00 and on May 30, 2008 was Ps10.33 to U.S.$1.00. From December 31, 2007 through May 30, 2008, the Peso appreciated by approximately 5.4% against the Dollar, based on the noon buying rate for Pesos.

CEMEX, S.A.B. DE C.V. AND SUBSIDIARIES

Selected Consolidated Financial Information

	As of and for the year ended December 31,					
	2003	2004	2005	2006	2007	2007
		(in millions of constant Pesos as of December 31, 2007 and Dollars, except ratios and share and per share amounts)				Convenience Translation (2)
Income Statement Information:						