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1997 Third Quarter Results

Favorable dollar prices in Mexico and Venezuela and strong domestic volumes in most subsidiaries leads to 45% increase in net income

- Cemex's net sales increased 11% in *real terms* (see explanation on page 9) to Ps. 7.799 billion during the third quarter of 1997 compared with the same period in 1996. In dollar terms, net sales increased 18% to US$1.002 billion.
- In Mexico during the third quarter, Cemex's domestic cement sales volumes increased 13% compared with the same period of 1996, while ready-mix sales volumes increased 47%.
- Operating margin for the Group in the third quarter was 23.9% compared with 24.0% during the same period a year ago.
- Cash earnings (EBITD less net financial expenses) in the third quarter grew 50% in real terms, to Ps. 1.585 billion (US$204 million) versus the same period in 1996. Cash flow (EBITD) increased 9% in real terms, to Ps. 2.489 billion (US$320 million).
- Net income was Ps. 1.903 billion (including monetary gains of Ps. 1.039 billion), or US$245 million, during the third quarter of 1997. Net income for the third quarter of 1996 was Ps. 1.308 billion (including monetary gains of Ps. 1.843 billion), or US$158 million. Net income per ADR (ratio 2:1) was Ps. 3.08 (US$0.40) based on an average of 1,234,179,807 shares outstanding during the quarter (excluding shares held in trust for equity swaps).
- Interest coverage in the third quarter was 2.55 times, and 2.03 times for the trailing twelve months. When measured using cash flow before lease payments and cost restatements for inflation, interest coverage was 2.63 times in the third quarter and 2.09 times for the trailing twelve months. Financial expenses decreased 22% to US$126 million in the third quarter of 1997.
- The debt to total capitalization ratio at the end of the quarter was 49.9% versus 52.7% at the end of the third quarter 1996.
- Net debt (on- plus off-balance sheet debt minus cash and cash equivalents) was US$4.845 billion, US$54 million, or 1%, lower than the second quarter of 1997, and was flat over the third quarter of 1996.
- During the third quarter, a total of 7,273,119 shares were bought back at an average price of Ps. 40.88 per share as part of the share repurchase program. In addition, forward contracts ensure the purchase of 1,800,000 B share ADRs, at US$11.16 per ADR, at future dates. Since inception of the share repurchase program on June 1, 1997, 10,530,119 shares have been bought back at an average price of Ps. 38.06 per share, and the purchase of 5,797,500 Cemex B share ADRs has been assured though forward contracts at a price of US$9.64 per ADR.
- On October 17, Cemex announced the acquisition of a 30% minority stake in Philippine company Rizal Cement Inc. for US$91 million and signed an agreement in which Cemex will provide technical and consulting services to Rizal. The total cement production capacity of Rizal is 2.8 million tons per year.

Consolidated Results (in real terms)

Monterrey, N.L., Mexico October 24, 1997 Cemex, S.A. de C.V. (OTC: CMXBY) today announced third quarter results:

Net sales increased 11% in real terms versus the same period a year ago to Ps. 7.799 billion. This increase is attributable to higher volumes, and the consolidation of Samper beginning in 1997 which contributed 5 percentage points of the increase. In dollar terms, net sales grew at a faster pace to US$1.002 billion, or 18%, resulting from the relative strength of the peso versus the dollar.

Mexico represented 43% of the net sales for the third quarter, Spain 18%, the United States 12%, Venezuela 11%, Colombia 10% and the Caribbean and Panama 6%.

Gross margin fell to 38.4% from 39.6% in the third quarter of 1996 as higher dollar production costs in most subsidiaries offset improving volumes and dollar prices.

Operating margin in the quarter decreased to 23.9% from 24.0% in 1996, as an improvement in SG&A expense as a percentage of sales nearly offset the decline in gross margin.

Operating income increased 10% in real terms to Ps. 1.866 billion for the quarter and increased 18% in dollar terms to US$240 million.

Cash flow (EBITD) in the quarter was Ps. 2.489 billion, an increase of 9% in real terms over the third quarter of 1996 due to improvement in the Mexican, Venezuelan and US operations and the full consolidation of Samper, which represented 4 percentage points of the increase. In dollar terms, cash flow increased 17% as compared to the same period a year earlier to US$320 million. Cash flow margin was 31.9% versus 32.4% in the third quarter of 1996.

Cash flow before lease payments and cost restatements for inflation increased 11% to Ps. 2.582 billion, or US$331 million. The interest component on these leases has always been registered in financial expenses, therefore Cemex believes it is more accurate to measure operating cash flow before lease payments, particularly when calculating interest coverage.

Cash earnings (EBITD less net financial expenses) were Ps. 1.585 billion in the quarter, 50% higher in real terms. This increase was due mainly to a significant reduction in financial expenses year over year (down 27% in real terms). In dollar terms, cash earnings increased 60% to US$204 million from the third quarter of 1996.

In the third quarter, Mexico represented 48% of the total cash flow, Spain 18%, Venezuela 14%, Colombia 11%, the Caribbean and Panama 5%, and the United States 4%.

Third quarter **financial expenses** were Ps. 976 million, a 27% decrease over the same period in 1996 in real terms. In dollars, financial expenses were US$126 million, a 22% decrease. This decrease was achieved mainly as a result of a reduction of Mexican and Colombian peso denominated debt and lower interest rates in all currencies in which Cemex has debt. In addition fees related to acquisitions and financings have been reduced substantially this quarter. We expect this level of quarterly financial expense, which is almost identical to that of the first and second quarters, to be similar throughout the remainder of the year.

Total on-balance sheet debt, in billions of real peso and billions of dollars, as of September 30, 1997:

	Sept. 30, 1997	June 30, 1997	Sept. 30, 1996	Var. June-Sept.	Var. Sept.-Sept.
Pesos (real terms)	35.850	37.486	38.587	(4)%	(7)%
Dollars	4.608	4.735	4.648	(3)%	(1)%

Net debt, or on-balance sheet debt plus off-balance sheet financings minus cash, was flat at US$4.845 billion when compared to the third quarter of 1996, as a 1% decrease in on-balance sheet debt was offset by a 12% decrease in cash and cash equivalents.

Between the second and third quarters of 1997, **net debt** fell 1% in dollar terms as off-balance sheet financings increased 15% due to the refinancing of the Societe Generale equity swap, offsetting a 2% increase in cash and 3% reduction in on-balance sheet debt.

Leverage (total debt / total capitalization) at the end of the quarter was 49.9%, lower than the 52.7% at September 1996 and the 51.7% level at June 1997. The calculation of total debt includes balance sheet debt plus the SRUs. The SRUs, and the associated contingent liability of US$90 million, will expire on October 28, 1997. Cemex expects to report an extraordinary gain of approximately US$30 million at maturity.

Long-term: 84% or Ps. 29.960 billion (US$3.850 billion) Short-term: 16% or Ps. 5.890 billion (US$757 million)

Denomination	Dollars	Pesetas	Mex. Pesos	Bolivares	Col. Pesos
1997	94%	5%	-	1%	-
1996	86%	8%	3%	1%	2%

Average Cost	Dollars	Pesetas	Mex. Pesos	Bolivares	Col. Pesos
1997	8.1%	6.0%	-	18.7%	-
1996	8.5%	7.9%	32%	30%	-

During the quarter there were two changes in off-balance sheet financings, the refinancing of the Societe Generale/Valenciana equity swap and the retirement of the exchangable note used in the purchase of the Dominican Republic subsidiary. At the end of the quarter, off-balance sheet transactions totaled approximately US$640 million.

To actively manage interest rate and currency exposure arising from its ordinary business, Cemex has entered into financial arrangements in the derivatives and swaps markets. At the end of the second quarter these transactions had an aggregate notional amount of US$500 million and involved interest rate swaps. The mark-to-market value of these transactions at September 30 was a net amount of approximately US$784 thousand in favor of Cemex.

Net Exchange Gain (Loss) in the third quarter was a gain of Ps. 84 million versus a loss of Ps. 183 million a year earlier. A large portion of foreign exchange gain in the third quarter of 1997 was due to the 0.17 pesos per dollar appreciation of the Mexican peso.

During the third quarter, the peso appreciated 3% (in peso terms) with respect to the dollar, as measured by the interbank exchange rate. The appreciation for Cemex totaled 3% as the company uses an average exchange rate based on the following rates: (i) bank transfer, (ii) cash, and (iii) bank document.

Exchange rates used by the Company at September 30, 1996 and September 30, 1997 were Ps. 7.55 and Ps. 7.78 per dollar, respectively.

A **net monetary position gain** of Ps. 1.039 billion was recognized during the quarter, a decrease of 44% in real terms versus a year earlier due to lower inflation in Mexico as well as the implementation of a new subsidiary-weighted inflation conversion method which is being implemented in 1997. The weighted average inflation factor used in the third quarter of 1997 was 2.97%. By comparison, the factor used to calculate the monetary position gain in the third quarter of 1996 was based on Mexican inflation of 4.41%. (Please refer the Changes to Mexican Accounting Principles section on page 9 of this report).

Other Expenses and Income were an expense of Ps. 140 million, a 60% decrease in real terms over the third quarter of 1996 due to the cancellation of tax provisions which were registered in 1996. Amortization of goodwill, anti-dumping duties and a provision for severance payments comprise the majority of these expenses. Actual cash expense was Ps. 135 million.

The **total effective tax** rate was 1% in the quarter, comprised of ISR (0.7%) and PTU (0.3%). In anticipation of the Company's annual cash tax payments, approximately Ps. 62 million were paid during the third quarter against the provision accumulated in the first nine months of 1997.

Minority interest increased 38% in the quarter in real terms due to the consolidation of Samper and higher net income at the subsidiary level. The increase was partially offset by the elimination of minority interest related to the

Valenciana equity swap on beginning on August 1, 1997. Cemex retains the right to repurchase the shares committed to this equity swap at specified times and prices over the next two years, and retains the economic rights to these shares. As such, the consideration of this equity swap in the calculation of minority interest was unnecessary.

The average number of shares outstanding during the period (not including shares held in trust for equity swaps) was 1,234,179,807 (A shares: 495,341,321; B shares: 391,078,361; CPO shares: 347,760,125). Transactions related to shares that were put into trust for equity swaps comprised an aggregate of 23,606,558 Cemex CPO shares and 33,450,568 Cemex B shares.

Mexico (Constant Pesos)

In the following section we analyze the results of our businesses in Mexico on a proforma basis, but only the operational aspects as a business unit rather than an independent company. For this reason we won't analyze the remaining items in the financial statements, and these figures are not included in the tables.

Net sales during the third quarter were Ps. 3.548 billion, an increase of 2% compared with the equivalent period in 1996 as volume increases more than offset lower prices in constant peso terms. In dollar terms, net sales increased 18% to US$456 million.

The breakdown of total sales in Mexico during the third quarter was as follows: 69% from domestic cement sales, 17% from ready-mix sales, 8% from exports and 6% from tourism and others.

Domestic grey cement volume grew 13% in the third quarter of 1997 versus 1996, while the sales volume of **ready-mix** increased 47% on increased private sector construction.

Increases in both cement and ready-mix volumes year over year were driven by the continuing recovery of the Mexican cement market and slight market share gains in certain regions resulting from an increase in the number of points of sale versus a year ago and other marketing initiatives. All sectors showed improvement, especially housing and private sector building construction. Both of these sectors are benefiting from lower interest rates, with housing construction also supported by higher employment and real wage increases. Going forward, housing construction should remain strong due to currently low interest rates, a continued housing shortage and the allocation of funds for housing construction as part of the government's new retirement savings plan (AFORE).

Government public works spending and formal sector construction are slowly recuperating as evidenced by the strong growth in ready-mix during the quarter. The toll-road restructuring is not expected to have an immediate impact, but should help clear the way for an increase in highway spending beginning around the end of 1997.

Cemex-Mexico's total **export volume** declined 23% during the quarter compared with the third quarter of 1996 as an increase in higher-value exports to Latin America were not sufficient to offset a decline in exports to Southeast Asia. Exports during the quarter were distributed as follows:

The Far East: 39% Central and South America: 31% United States: 12% The Caribbean: 15% Africa: 3%

Cemex's **average realized cement price** (invoice) in Mexico increased 10% versus the second quarter of 1997, but decreased 12% from the third quarter of 1996 in constant peso terms. In dollar terms, prices rose 16% versus the previous quarter and 2% versus the same period a year ago.

The **average ready-mix price** decreased 5% in constant peso terms and increased 11% in dollar terms year-over-year.

The average **cash cost** of goods sold per ton decreased 9% in real terms versus the third quarter of 1996 primarily due to a 5% reduction in variable costs. Fuel oil costs decreased 6% in real terms when comparing the third quarter of 1997 to that of 1996 due in part to an increased use of petcoke, while electricity costs increased 6% in the same period. Labor costs decreased 15% in real terms versus the third quarter of 1996. In dollar terms, costs increased 13%.

Gross margin was 44.1% in both the third quarter of 1997 and 1996.

Operating margin in Mexico increased to 31.8% during the period from 31.3% in 1996. **Operating income** was Ps. 1.129 billion, 4% higher than in 1996.

Cash from operations (EBITD) in Mexico, after charges of Ps. 15.890 million associated with operating leases, increased 4% to Ps. 1.402 billion in the third quarter, due to the above mentioned factors. In dollar terms cash from operations (after leases) grew 20% to US$180 million. EBITD margin was 39.5% in the third quarter versus 39.0% a year ago.

Spain (Pesetas)

For analysis purposes, Spanish results are presented in pesetas. When consolidated into Cemex's results, these figures are converted into dollars and then into pesos under Mexican GAAP.

The Spanish operations reported **net sales** of Ptas. 28.436 billion during the third quarter, a 23% increase compared with the same period in 1996. This increase was due to substantial volume growth and the inclusion of Cementos Especiales de las Islas, SA. Excluding Islas, sales grew 15%.

Domestic cement volume increased 29%, and **ready-mix volume** 19% during the quarter as growth in the housing construction sector was strong enough to offset reduced public works spending by the government. The housing sector's strength is due to a general improvement in the Spanish economy, particularly decreasing interest rates and increasing employment levels, and an overall lack of new housing. Non-residential construction is continuing to improve as well, primarily in commercial centers and new office space. Going forward, growth should be driven by continued strength in the housing and commercial building sectors, as well as increasing public spending.

Imports into Spain during the quarter fell 21% compared to the third quarter of 1996 due to the weak peseta. This decrease has had a positive impact on Valenciana´s market share as imports which would have otherwise been sold in Valenciana´s coastal markets have been replaced by Valenciana and other Spanish producers.

Exports decreased 32% in the third quarter, distributed as follows:

United States: 83% Africa: 16% Europe & the Middle East: 1%

The average **domestic sales price for cement** declined 4% in peseta terms, when compared with the same period of the previous year, and decreased 20% in dollar terms due to the devaluation of the peseta during 1997. The **average price for ready-mix** during the period decreased 1% in peseta terms and 17% in dollar terms.

The average **cash cost** of goods sold per ton increased 3%, in peseta terms, in the third quarter of 1997 versus 1996. Fuel costs increased 11% in the period due in large part to the devaluation of the peseta against the dollar during 1997 as fuel costs are based in dollars. This increase was partially offset by a reduction in electricity costs, labor and raw materials purchased from third parties. In dollar terms the cash cost decreased 12%.

Gross margin decreased to 34.5% in the third quarter, from 37.5% in the previous year due to lower prices in peseta terms, higher costs and non-cash charges, including a 84% increase in depreciation expense resulting from new fiscal accounting laws in Spain.

Selling and administrative expenses increased 11% in the quarter on an absolute basis, due primarily to the increased depreciation, a non-cash item, and the consolidation of Islas. However, SG&A as a percentage of sales declined year-over-year and now represents 12% of sales versus 13% in the third quarter of 1996.

Operating margin in the third quarter fell to 22.6% from 24.4% in 1996, due mainly to the increase in depreciation. **Operating income** was Ptas. 6.435 billion, 14% higher than in 1996.

Cash from operations (EBITD) increased 33% year over year to Ptas. 10.415 billion. In dollar terms, cash from operations grew 15% to US$70 million. EBITD margin was 36.6% in the third quarter versus 33.7% a year earlier.

The United States (Dollars)

For analysis purposes, Cemex USA's figures are presented in dollars. In the consolidation process, Cemex USA's figures are converted into pesos and to Mexican GAAP.

Net sales in the United States during the third quarter were US$121 million, a 12% increase over the same period a year ago as prices and volumes for both cement and ready-mix were higher.

Cement sales volume increased by 5% during the third quarter of 1997 as compared to the same period in 1996. **Ready-mix volumes** increased 13% during the quarter, while **aggregates volumes** increased 4% over the same period a year ago.

Volume increases are currently being driven by non-residential construction (offices, malls, commercial buildings, etc.) in Texas, residential and highway construction in Arizona, and growth in all sectors in California. Going forward, residential construction in Texas is expected to soften, but should be compensated by continuing strength in non-residential construction. Overall public construction in Arizona may begin to decline, but highway and residential construction should remain steady. All sectors, especially highway construction, are expected to continue to improve in California.

Average realized **cement prices** increased 4% in the third quarter versus the same period in 1996 as local cement producers are operating at capacity. **Average ready-mix prices** increased 1% from a year ago, while the average **price of aggregates** increased 2%.

Cement and aggregate volumes and prices have been converted from short tons to metric tons using 1.102311 short tons per metric ton, and ready-mix volumes from cubic yards to cubic meters using 1.3079 cubic yards per cubic meter.

Gross margin increased to 14.6% in the quarter from 13.3% in 1996 as a result of higher prices. A lower margin petcoke trading operation was consolidated in the third quarter of 1996 and the current quarter is the first quarter in which results are directly comparable.

Operating margin increased to 7.9% in the third quarter from 6.2% in 1996 due to a higher gross margin and lower operating costs as a percentage of sales. The operating margin for the core businesses was 9.5% vs 8.7% a year ago.

Operating income was 43% higher than the third quarter of 1996 and **cash from operations** (EBITD), after charges of US$3 million associated with operating leases, increased 25% to US$14 million. EBITD margin was 11.4% in the third quarter versus 10.2% a year ago.

Venezuela (Constant bolivares)

For analysis purposes, Vencemos' figures are presented in constant bolivares considering Venezuelan inflation. When consolidated into Cemex's results, these figures are converted into dollars and then into pesos and Mexican GAAP.

During the third quarter of 1997, **net sales** in Venezuela were Bs. 56.354 billion, a 10% increase in constant bolivar terms over the same period in 1996. In dollar terms, net sales increased 46% to US$113 million due to the improved volume and strong dollar prices resulting from the stable bolivar.

Domestic cement volume increased 37% compared to the third quarter of 1996 and ready-mix volume increased 45%. Cement demand has been increasing across all sectors recently due to the improved economic situation, and increased confidence by foreign investors in the government's commitment to continued economic reforms and privatizations. Housing construction is recovering due to the government's recent reforms of labor laws and recent growth in wage levels. In addition, a new government guarantee placed on mortgage lending has had the effect of significantly increasing the availability of mortgage financing. Concession-related spending is also increasing rapidly, with highway and railroad construction projects currently underway and the potential for hydroelectric and other infrastructure projects in the future.

Resulting from the ongoing privatization of the oil industry, private investment has been flowing into the country in order to modernize the sector and establish the necessary infrastructure in eastern Venezuela. The full impact of this impending investment, however, is not expected to be felt until 1998.

The **volume of exports** from Venezuela fell 17% as compared to a year ago and currently comprise 45% of total sales volumes versus 57% a year ago. Vencemos currently operates at near full capacity, therefore, exports are expected to continue to decrease as production is shifted to the growing domestic market. Exports during the quarter were distributed as follows:

United States: 68% The Caribbean & Central America: 26% South America: 5% Africa: 1%

Domestic cement prices declined by 1%, while **ready-mix prices** increased by 1%, in constant bolivar terms, when compared with the third quarter of 1996. In dollar terms, cement and ready-mix prices increased 32% and 34%, respectively, as inflation between September 1996 and September 1997 was approximately 39%, while the bolivar devalued only 5% during the period.

The average **cash cost** of goods sold per ton increased 8% in constant bolivar terms in the third quarter of 1997 compared to the third quarter of 1996. Fixed costs decreased 2%, but were offset by a 24% increase in variable costs due primarily to an increase in the cost of purchased raw materials and to a lesser extent, energy costs. Increased labor costs, however, were offset by a decrease in replacement part usage and other fixed costs. In dollars, the cash cost per ton increased 43%.

Gross margin increased to 44.5% in the third quarter from 41.1% in 1996 as sales grew 10% but costs of goods sold only increased 4%.

Selling and administrative expenses remained flat in the quarter, and now represent 7.7% of sales versus 8.5% in 1996.

As a result of the increase in gross margin, **operating margin** increased to 36.9% in the third quarter from 32.6% in the prior year, on **operating income** of Bs. 20.777 billion, 25% higher in real terms than a year ago.

Cash from operations (EBITD), after charges of Bs. 1.395 billion associated with cost restatements for inflation, was Bs. 25.579 billion for the quarter, a 13% increase over the same period in 1996. In dollar terms, operating cash flow increased 49% to US$51 million. The EBITD margin was 45.4% in the third quarter of this year versus 44.4% in 1996.

Colombia (Colombian pesos)

For analysis purposes, Diamante's figures are presented in constant Colombian pesos. When consolidated into Cemex's results, these figures are converted into dollars and then into Mexican pesos and Mexican GAAP.

Note: *The results of Cemex's Colombian operations in 1996 included only Cementos Diamante. In the third quarter of 1997 the Colombian subsidiary includes Diamante and Samper for the full three months. In this analysis, for comparison purposes only, we are presenting a proforma Diamante (which includes Diamante and Samper) for the full third quarter of 1996.*

Net sales in Cementos Diamante, in constant colombian pesos, were CPs. 122.209 billion (US$98 million), higher than the CPs. 109 billion proforma net sales from the third quarter of 1996.

The cement industry in Colombia continues to be affected by the current recession of the economy, and as a result industry demand fell by 5.8% versus the third quarter of 1996, and 1.5% versus the second quarter this year according to the ICPC .

Gross margin was 35.7% for the quarter versus 35.0% in the third quarter 1996.

Selling and administrative expenses declined 12% from the third quarter of 1996, and now represent 13% of sales versus 17% in the year ago period. These expenses should decline further in coming quarters as savings are realized from continued integration and optimization of the operations.

Operating margin was 22.3% in the quarter on **operating income** of CPs. 27.281 billion (US$22 million) This compares to an operating margin of 18% and operating income of CPs. 19.598 billion, in constant terms, in the third quarter of 1996 (proforma).

Cash from operations (EBITD), after charges of CPs. 1.474 billion associated with operating leases, was CPs. 44.896 billion (US$36 million) in the quarter, with a margin of 36.7%.

The Dominican Republic and Panama

Net sales in the Dominican Republic were US$32 million in the third quarter, up 28% year over year.

The **operating margin** in the Dominican Republic was 29%, versus 35% a year ago, on **operating income** of US$9 million. The **operating cash flow** was US$10 million, an increase of 2%. EBITD margin was 31.8%, down from 39.9% in the same period a year ago.

Net sales in Panama were US$14 million in the quarter, 54% higher than the third quarter of 1996.

The **operating margin** in Panama was 25.7%, versus 15.6% a year ago, on **operating income** of US$4 million. The **operating cash flow** was US$6 million with a margin of 46.6%.

Financing Activities and Strategy

The following is a summary of the transactions carried out during the third quarter:

Philippine Acquisition

On October 17, Cemex announced the acquisition of a 30% minority stake in Philippine company Rizal Cement Inc., for US$91 million and signed an agreement in which Cemex will provide technical and consulting services to Rizal. The transaction was realized through Cemex's Spanish subsidiary, Valenciana de Cementos.

Cemex has formed a new subsidiary, Cemex Investment Holdings Asia Pte. Ltd., through which this acquisition and others in the region will be made. The capital of Cemex Investment Holdings Asia will initially be provided by Cemex, with a maximum of 75% of its committed capital coming from institutional investors in coming months.

Renegotiation of Societe General Equity Swap

Cemex renegotiated its existing peseta equity swap transaction with Societe Generale during the quarter. It was replaced with a US dollar equity swap of a similar structure but at a lower financial cost and a longer average life. The US$320 million total amount renegotiated corresponds to the same original dollar amount of the previous peseta transaction.

The equity swap, which was syndicated by Societe Generale among fourteen banks, is denominated in dollars at a cost of LIBOR plus 70 basis points, matures in July 2000, has a two-year grace period and maintains the same structure as the original instrument.

Syndication of Two-year U.S. Commercial Paper Program

The syndication of a two-year US$300 million U.S. Commercial Paper Program was concluded during the third quarter. This is the first time the program is being renewed for a two year period, extending its original maturity of one year. The structure of the program, which is backed by a letter of credit from CS First Boston, allows Cemex paper to obtain an investment grade of A1/P1. The company will use the proceeds of the commercial paper issuance to refinance its short-term obligations. Bank of America acts as arranger and administrative agent on the transaction, which was syndicated among 22 international banks.

Equity Related Information

The change in the number of shares outstanding during the third quarter of 1997 is explained as follows:

Number of shares outstanding as of June 30, 1997	**1,238,877,463**
Change in the number of total shares subscribed and paid between periods resulting from the exercise of stock options *(not including Share Repurchase Program activity)*	403,246
Share Repurchase Program activity *(July 1 - September 30)*	(7,273,119)
Cemex operations at subsidiaries *(including change in number of shares held in trust for equity swaps)*	(14,682)
Number of shares outstanding as of September 30, 1997	**1,231,992,908**

Share Repurchase Program

As part of Cemex's share repurchase program, with a minimum amount of Ps. 920 million (US$115 million) and maximum of up to Ps. 1.6 billion (US$200 million), the Company repurchased in the third quarter 4,780,000 Cemex A shares at an average price of Ps. 39.26 per share, and 2,493,119 Cemex B shares at an average price of Ps. 43.99 per share. In addition, forward contracts were acquired during the quarter which guarantee the purchase of 1,800,000 Cemex B share ADRs, at US$ 11.16 per ADR, at future dates. In total the Company has now repurchased a total of 7,987,000 A shares at an average price of Ps. 36.25 per share, and 2,543,119 B shares at Ps. 43.77 per share. The purchase of 5,797,500 Cemex B share ADRs has been assured though forward contracts at a price of US$9.64 per ADR.

Employee Stock Options

In 1995, the Company adopted a stock option plan under which the Company is authorized to grant, to directors, officers and other employees, options to acquire up to 72,100,000 Cemex B shares. As of September 30, 1997 options to acquire a total of 19,772,885 Cemex B shares had been granted as follows: 5,345,789 granted in 1995 with an exercise price of Ps. 20.00 per share; 8,493,710 granted in 1996 with an exercise price of Ps. 29.60 per share; 5,933,386 granted in 1997 with an exercise price of Ps. 33.13 per share. Each of the outstanding options vests at a rate of 25% per year on each of the first four anniversaries of the date of its grant and expires on the tenth anniversary of such date or when the employee ceases to be employed by Cemex. Under this type of program, the company is not required to register a liability for the options.

Changes to Mexican Accounting Principles

Beginning January 1, 1997, the following changes were adopted in the consolidated financial information of Cemex:

In 1997, the restatement of the consolidated financial statements from the prior period to "real terms" will be calculated using a weighted average of the inflation from each country in which we operate and the change in exchange rate of each country, in place of using an inflation factor based only on Mexican inflation. The September 1996 to September 1997 inflation factor based on inflation in Mexico is 1.1883, while the weighted average factor used by Cemex in the consolidated financial statements is 1.0996.

In the same manner, the calculation of consolidated Monetary Position Gain or Loss will be determined using the inflation from the country of origin for each of the operations of the Cemex Group (in accordance with bulletin B-15, which will be implemented January 1, 1998, with the recomendation that these changes be retroactive to January 1, 1997); through 1996 Mexican inflation was used in this calculation (in accordance with bulletin B-10). In the third quarter of 1997, inflation in Mexico was 3.09% while the weighted average used by Cemex was 2.97%. The effect of this change in methodology during the third quarter of 1997 is a reduction in the Monetary Position Gain of $40 million pesos.

With the implementation of the Fifth Amendment to Bulletin B-10 (5° Documento de Adecuaciones al Boletín B-10), the practice of using independent appraisers to determine the factor by which fixed assets are to be revalued has been eliminated, and the revaluation of the assets in each country of operation will be calculated according to the inflation in the assets country of origin and converted using the end of period exchange rate.

At September 30, 1997, Mexico represented 43.1% of the total assets, Spain 26.1%, Colombia 12.2%, Venezuela 10.1%, the United States 5.2%, and the Caribbean and Panama 3.3%.

CEMEX, S.A. DE C.V. AND SUBSIDIARIES
Consolidated Figures
(Thousands of Pesos in Real Terms as of Sept. 1997)(*)

	January - September		%	Quarters		%
INCOME STATEMENT	**1997**	**1996**	**Var.**	**III 1997**	**III 1996**	**Var.**
Net Sales	21,707,157	20,372,465	7%	7,799,360	7,038,621	11%
Cost of Sales	(13,391,829)	(12,315,454)	9%	(4,805,845)	(4,251,497)	13%
Gross Profit	8,315,328	8,057,011	3%	2,993,515	2,787,124	7%
Selling, General and Administrative Expenses	(3,209,744)	(3,052,358)	5%	(1,127,313)	(1,098,198)	3%
Operating Income	5,105,584	5,004,653	2%	1,866,202	1,688,926	10%
Financial Expenses	(2,969,954)	(3,986,094)	(25%)	(976,404)	(1,337,278)	(27%)
Financial Income	193,958	346,428	(44%)	71,758	114,336	(37%)
Exchange Gain (Loss), Net	35,146	(648,900)	(105%)	84,352	(183,003)	(146%)
Monetary Position Gain (Loss)	3,493,268	7,604,951	(54%)	1,038,800	1,843,427	(44%)
Total Comprehensive Financing (Cost) Income	752,418	3,316,385	(77%)	218,505	437,483	(50%)
Gain or (Loss) on Marketable Securities	222,129	185,440	20%	114,945	5,250	2089%
Other Expenses, Net	(620,812)	(928,866)	(33%)	(140,056)	(349,984)	(60%)
Other Income (Expense)	(398,683)	(743,426)	(46%)	(25,111)	(344,734)	(93%)
Net Income Before Income Taxes	5,459,319	7,577,612	(28%)	2,059,596	1,781,675	16%
Income Tax	(328,763)	(644,226)	(49%)	(14,000)	(342,780)	(96%)
Employees' Statutory Profit Sharing	(70,903)	(119,204)	(41%)	(6,750)	(34,654)	(81%)
Total Income Tax & Profit Sharing	(399,666)	(763,430)	(48%)	(20,750)	(377,434)	(95%)
Net Income Before Participation of Uncons. Subs. and Ext. Items	5,059,654	6,814,182	(26%)	2,038,846	1,404,241	45%
Participation in Unconsolidated Subsidiaries	121,682	145,692	(16%)	70,784	53,250	33%
Consolidated Net Income	5,181,336	6,959,873	(26%)	2,109,630	1,457,492	45%
Net Income Attributable to Min. Interest	699,499	790,545	(12%)	206,320	149,362	38%
NET INCOME AFTER MINORITY INTEREST	4,481,837	6,169,328	(27%)	1,903,310	1,308,130	45%
EBITD (Op. Inc. + Depreciation)	6,866,537	6,788,550	1%	2,489,286	2,279,637	9%
EBITD + Leases + Cost Actualization	7,085,096	6,987,916	1%	2,581,809	2,335,297	11%

	January - September		%
BALANCE SHEET	**1997**	**1996**	**Var.**
Total Assets	79,508,255	81,249,454	(2%)
Cash and Temporary Investments	3,132,119	3,790,441	(17%)
Trade Accounts Receivables	3,680,326	3,681,504	(0%)
Other Receivables	1,545,574	1,155,366	34%
Inventories	3,516,208	3,637,911	(3%)
Other Current Assets	710,041	1,018,399	(30%)
Current Assets	12,584,268	13,283,621	(5%)
Fixed Assets	46,773,632	46,717,610	0%
Other Assets	20,150,355	21,248,223	(5%)
Total Liabilities	42,774,321	45,722,947	(6%)
Current Liabilities	10,219,775	13,826,159	(26%)
Long-Term Liabilities	29,959,685	29,533,011	1%
Other Liabilities	2,594,861	2,363,777	10%
Consolidated Stockholders' Equity	27,446,533	27,669,006	(1%)
Stockholders' Equity Attributable to Minority Interest	9,287,401	7,857,501	18%
Stockholders' Equity Attributable to Majority Interest	36,733,934	35,526,507	3%

CEMEX, S.A. DE C.V. AND SUBSIDIARIES
Consolidated Figures
Financial and Operating Indicators
(Thousands of Pesos in Real Terms as of Sept. 1997)(*)

FINANCIAL INDICATORS	January - September 1997	1996	% Var.	Quarters III 1997	III 1996	% Var.
Operating Margin	23.5%	24.6%	(4%)	23.9 %	24.0%	(0%)
Current Ratio						
(Current Assets / Current Liabilities)	1.23	0.96	28%			
Debt / Total Capitalization	49.9%	52.7%	(5.3%)			
Debt Coverage (EBITD/Int. Exp.) (1)	2.03	1.58	28%	2.55	1.70	50%
Debt Coverage (EBITD+ Leases/Int. Exp.) (1)	2.09	1.61	30%	2.63	1.75	50%
Return on Equity (Con. Net Income / Con. Sh. Eq	20.0%	24.7%	(19%)	7.7%	5.3%	46%
Return on Assets (Con. Net Income / Total Asset:	9.0%	11.0%	(18%)	2.7%	1.8%	48%
Earnings per Share (2)	3.61	5.06	(29%)	1.54	1.05	47%
Cash Flow per Share(2)	5.54	5.57	(1%)	2.02	1.83	10%
Cash Earnings per Share(2)	3.30	2.58	28%	1.28	0.85	51%

VOLUMES Variation in volumes	January - September 1997 - 1996	Quarters III 1997 - III 1996	Quarters III 1997 - II 1997
MEXICO	7%	3%	(6%)
Domestic (Met. Tons, Gray Cement)	17%	13%	(6%)
Exports (Met. Tons)	(20%)	(23%)	(8%)
Ready-mix (m3)	35%	47%	12%
U.S.A.			
Cement (Met. Tons)	(5%)	5%	8%
Ready-Mix(m3)	0%	13%	4%
Aggregates (Met. Tons)	(1%)	4%	(5%)
SPAIN	11%	10%	(9%)
Domestic (Met. Tons)	18%	29%	(2%)
Exports (Met. Tons)	(6%)	32%	(30%)
Ready-Mix (m3)	17%	19%	(4%)
VENEZUELA	4%	6%	6%
Domestic (Met. Tons)	13%	37%	4%
Exports (Met. Tons)	(3%)	(17%)	(22%)
Ready-Mix (m3)	38%	45%	11%
PANAMA			
Domestic (Met. Tons)	30%	38%	(17%)
Ready-Mix (m3)	157%	163%	38%
COLOMBIA			
Domestic (Met. Tons)	N/A	N/A	(4%)
Ready-Mix (m3)	N/A	N/A	25%

(*) Figures can be converted to dollars by using constant pesos of 1997 and dividing them by 7.78; and using constant pesos o and deflating them using 1.0996 as the weighted average inflation rate for Cemex and dividing them by 7.55

(1) Trailing twelve months.

(2) Considering 1,234,180 thousand average shares for III 1997, 1,245,126 thousand average shares for III 1996 1,240,398 thousand average shares for 1997 and 1,219,707 thousand average shares for 1996

CEMEX, S.A. DE C.V. AND SUBSIDIARIES
Consolidated Figures
(Convenience translation in thousands of dollars) (*)

INCOME STATEMENT	January - September 1997	1996	% Var.	Quarters III 1997	III 1996	% Var.
Net Sales	2,790,123	2,453,928	14%	1,002,488	847,824	18%
Cost of Sales	(1,721,315)	(1,483,436)	16%	(617,718)	(512,106)	21%
Gross Profit	1,068,808	970,493	10%	384,771	335,718	15%
Selling, General and Administrative Expenses	(412,563)	(367,666)	12%	(144,899)	(132,281)	10%
Operating Income	656,245	602,826	9%	239,872	203,437	18%
Financial Expenses	(381,742)	(480,138)	(20%)	(125,502)	(161,079)	(22%)
Financial Income	24,930	41,728	(40%)	9,223	13,772	(33%)
Exchange Gain (Loss), Net	4,518	(78,162)	(106%)	10,842	(22,043)	(149%)
Monetary Position Gain (Loss)	449,006	916,041	(51%)	133,522	222,047	(40%)
Total Comprehensive Financing (Cost)Income	96,712	399,469	(76%)	28,086	52,696	(47%)
Gain or (Loss) on Marketable Securities	28,551	22,337	28%	14,774	632	2236%
Other Expenses, Net	(79,796)	(111,885)	(29%)	(18,002)	(42,157)	(57%)
Other Income (Expense)	(51,245)	(89,548)	(43%)	(3,228)	(41,524)	(92%)
Net Income Before Income Taxes	701,712	912,748	(23%)	264,730	214,608	23%
Income Tax	(42,257)	(77,599)	(46%)	(1,799)	(41,289)	(96%)
Employees' Statutory Profit Sharing	(9,113)	(14,359)	(37%)	(868)	(4,174)	(79%)
Total Income Tax & Profit Sharing	(51,371)	(91,958)	(44%)	(2,667)	(45,463)	(94%)
Net Income Before Participation of of Uncons. Subs. and Ext. Items	650,341	820,790	(21%)	262,062	169,145	55%
Participation of Unconsolidated Subsidiaries	15,640	17,549	(11%)	9,098	6,414	42%
Consolidated Net Income	665,981	838,339	(21%)	271,161	175,560	54%
Net Income Attributable to Min. Interest	89,910	95,224	(6%)	26,519	17,991	47%
NET INCOME AFTER MINORITY INTEREST	576,072	743,115	(22%)	244,641	157,568	55%
EBITD (Op. Inc. + Depreciation)	882,588	817,702	8%	319,960	274,590	17%
EBITD + Leases + Cost Actualization	910,681	841,717	8%	331,852	281,294	18%

BALANCE SHEET	January - September 1997	1996	% Var.
Total Assets	10,219,570	9,786,756	4%
Cash and Temporary Investments	402,586	456,571	(12%)
Trade Accounts Receivables	473,050	443,449	7%
Other Receivables	198,660	139,168	43%
Inventories	451,955	438,198	3%
Other Current Assets	91,265	122,669	(26%)
Current Assets	1,617,515	1,600,055	1%
Fixed Assets	6,012,035	5,627,285	7%
Other Assets	2,590,020	2,559,416	1%
Total Liabilities	5,497,985	5,507,475	(0%)
Current Liabilities	1,313,596	1,665,405	(21%)
Long-Term Liabilities	3,850,859	3,557,345	8%
Other Liabilities	333,530	284,725	17%
Consolidated Stockholders' Equity	3,527,832	3,332,820	6%
Stockholders' Equity Attributable to Minority Interest	1,193,753	946,461	26%
Stockholders' Equity Attributable to Majority Interest	4,721,585	4,279,281	10%

CEMEX, S.A. DE C.V. AND SUBSIDIARIES
Consolidated Figures
(Convenience translation in thousands of dollars) (*)

FINANCIAL INDICATORS	January - September 1997	1996	% Var.	Quarters III 1997	III 1996	% Var.
Operating Margin	23.5%	24.6%	(4%)	23.9%	24.0%	(0%)
Current Ratio						
(Current Assets / Current Liabilities)	1.23	0.96	28%			
Debt / Total Capitalization	49.9%	52.7%	(5.3%)			
Debt Coverage (EBITD/Int. Exp.) (1)	2.03	1.58	28%	2.55	1.70	50%
Debt Coverage (EBITD+ Leases/Int. Exp.) (1)	2.09	1.61	30%	2.63	1.75	50%
Return on Equity (Con. Net Income / Con. Sh. Eq	20.0%	24.7%	(19%)	7.7%	5.3%	46%
Return on Assets (Con. Net Income / Total Asset	9.0%	11.0%	(18%)	2.7%	1.8%	48%
Earnings per Share (2)	0.46	0.60	(22%)	0.20	0.13	57%
Cash Flow per Share(2)	0.71	0.66	8%	0.26	0.22	18%
Cash Earnings per Share(2)	0.42	0.31	36%	0.17	0.10	61%

VOLUMES Variation in volume	January - September 1997 - 1996	Quarters III 1997 - III 1996	Quarters III 1997 - II 1997
MEXICO	7%	3%	(6%)
Domestic (Met. Tons, Gray Cement)	17%	13%	(6%)
Exports (Met. Tons)	(20%)	(23%)	(8%)
Ready-mix (m3)	35%	47%	12%
U.S.A.			
Cement (Met. Tons)	(5%)	5%	8%
Ready-Mix(m3)	0%	13%	4%
Aggregates (Met. Tons)	(1%)	4%	(5%)
SPAIN	11%	10%	(9%)
Domestic (Met. Tons)	18%	29%	(2%)
Exports (Met. Tons)	(6%)	32%	(30%)
Ready-Mix (m3)	17%	19%	(4%)
VENEZUELA	4%	6%	6%
Domestic (Met. Tons)	13%	37%	4%
Exports (Met. Tons)	(3%)	(17%)	(22%)
Ready-Mix (m3)	38%	45%	11%
PANAMA			
Domestic (Met. Tons)	30%	38%	(17%)
Ready-Mix (m3)	157%	163%	38%
COLOMBIA			
Domestic (Met. Tons)	N/A	N/A	(4%)
Ready-Mix (m3)	N/A	N/A	25%

(*) Figures were converted to dollars by using constant pesos of 1997 and dividing them by 7.78; and using constant pesos of 1
and deflating them using 1.0996 as the weighted average inflation rate for Cemex and dividing them by 7.55

(1) Trailing twelve months.

(2) Considering 1,234,180 thousand average shares for , 1,245,126 thousand average shares for III 1997 - II 1997
1,240,398 thousand average shares for 1997 and 1,219,707 thousand average shares for 1996

Mexico

(Thousands of Constant Pesos as of Sept. 1997)(1)

INCOME STATEMENT	January - September 1997	1996	% Var.	Quarters III 1997	III 1996	% Var.
Net Sales	9,804,996	9,618,356	2%	3,547,751	3,467,449	2%
Cost of Sales	(5,851,040)	(5,341,111)	10%	(1,984,467)	(1,939,508)	2%
Gross Profit	3,953,956	4,277,245	(8%)	1,563,284	1,527,941	2%
Selling, General and Administrative Expense:	(1,216,273)	(1,246,562)	(2%)	(434,476)	(441,835)	(2%)
Operating Income	2,737,683	3,030,682	(10%)	1,128,808	1,086,106	4%
EBITD (Op. Inc. + Depreciation)	3,574,278	3,883,831	(8%)	1,402,073	1,351,674	4%
Operating Margin	27.9%	31.5%	(11%)	31.8%	31.3%	2%

Spain

(Thousands of Pesetas)(2)

INCOME STATEMENT	January - September 1997	1996	% Var.	Quarters III 1997	III 1996	% Var.
Net Sales	82,197,079	69,964,871	17%	28,436,028	23,178,351	23%
Cost of Sales	(54,399,503)	(44,060,687)	23%	(18,627,116)	(14,492,185)	29%
Gross Profit	27,797,576	25,904,184	7%	9,808,912	8,686,166	13%
Selling, General and Administrative Expense:	(9,743,160)	(8,547,067)	14%	(3,373,522)	(3,040,283)	11%
Operating Income	18,054,416	17,357,117	4%	6,435,390	5,645,883	14%
EBITD (Op. Inc. + Depreciation)	28,520,493	23,878,319	19%	10,414,910	7,807,784	33%
Operating Margin	22.0%	24.8%	(11%)	22.6%	24.4%	(7%)

Venezuela (Vencemos)

(Thousands of Constant Bolivares as of Sept. 1997)(3)

INCOME STATEMENT	January - September 1997	1996	% Var.	Quarters III 1997	III 1996	% Var.
Net Sales	159,583,916	155,997,998	2%	56,353,728	51,071,222	10%
Cost of Sales	(90,920,689)	(84,402,891)	8%	(31,261,322)	(30,089,081)	4%
Gross Profit	68,663,228	71,595,107	(4%)	25,092,406	20,982,141	20%
Selling, General and Administrative Expense:	(12,379,693)	(13,657,170)	(9%)	(4,315,675)	(4,325,773)	(0%)
Operating Income	56,283,535	57,937,937	(3%)	20,776,731	16,656,369	25%
EBITD (Op. Inc. + Depreciation)	71,220,645	75,660,705	(6%)	25,579,231	22,675,156	13%
Operating Margin	35.3%	37.1%	(5%)	36.9%	32.6%	13%

(1) Peso figures can be converted to dollars by using constant pesos of 1997 and dividing them by 7.78; and using constant pesos of 1996 and deflating them using 1.188 as inflation rate in Mexico and dividing them by 7.55.

(2) Peseta figures can be converted to dollars using the following exchange rates: 149.23 per dollar for 1997 and 128.46 per dollar for 1996.

(3) Bolivar figures can be converted to dollars by using constant bolivars of 1997 and dividing them by 498 and those for 1996 using constant bolivars of 1996 and deflating them using 1.391 as inflation rate in Venezuela and dividing them by 473.

DETAILED INFORMATION AVAILABLE UPON REQUEST

The United States (Cemex USA Inc.)

(Thousands of Dollars)

INCOME STATEMENT	January - September 1997	January - September 1996	% Var.	Quarters III 1997	Quarters III 1996	% Var.
Net Sales	326,543	305,393	7%	121,184	107,940	12%
Cost of Sales	(281,796)	(256,501)	10%	(103,524)	(93,625)	11%
Gross Profit	44,748	48,891	(8%)	17,660	14,315	23%
Selling, General and Administrative Expense:	(23,288)	(22,582)	3%	(8,103)	(7,646)	6%
Operating Income	21,460	26,309	(18%)	9,557	6,669	43%
EBITD (Op. Inc. + Depreciation)	34,284	39,109	(12%)	13,757	10,988	25%
Operating Margin	6.6%	8.6%	(24%)	7.9%	6.2%	28%

Colombia(4)

(Thousands of Colombian Pesos as of Sept. 1997)(5)

INCOME STATEMENT	January - September 1997	January - September 1996	% Var.	Quarters III 1997	Quarters III 1996	% Var.
Net Sales	338,839,960	120,820,212	N/A	122,209,005	74,200,281	N/A
Cost of Sales	(212,382,176)	(72,107,097)	N/A	(78,548,114)	(44,800,717)	N/A
Gross Profit	126,457,784	48,713,114	N/A	43,660,891	29,399,564	N/A
Selling, General and Administrative Expense:	(48,427,946)	(16,827,337)	N/A	(16,379,664)	(9,190,345)	N/A
Operating Income	78,029,838	31,885,777	N/A	27,281,227	20,209,219	N/A
EBITD (Op. Inc. + Depreciation)	123,702,431	38,499,098	N/A	44,896,054	23,660,503	N/A
Operating Margin	23.0%	26.4%	N/A	22.3%	27.2%	N/A

(4) The cumulative results through September 1996 and those for the third quarter of 1996 only Diamante´s results. Beginning in the first quarter of 1997, the results of both Diamante and Samper are fully consolidated.

(5) Figures for 1997 can be converted to dollars by using constant Colombian pesos of 1997 and dividing them by 1,246.27 and those for 1996 using constant Colombian pesos of 1996 and deflating them using 1.174 as inflation rate in Colombia and dividing them by 1025.

DETAILED INFORMATION AVAILABLE UPON REQUEST