

Patrimonio Hoy

A perspective on it's evolution

Sep 07

- **2006 Annual Sales of US\$18.2 billion and EBITDA of US\$4.1 billion**
- **One of the top three cement manufacturers in the world**
- **The world's leading supplier of ready-mix concrete, and one of the largest producers of aggregates**
- **Presence in more than 50 countries across the Americas, Europe, Africa, the Middle East, and Asia**
- **Commercial relations with 100 nations**
- **One of the world's top traders of cement and clinker**
- **Over 50,000 employees worldwide**

CEMEX is a growing global building solutions company that provides consistent quality products and reliable services for customers and communities in more than 50 countries across four continents. CEMEX strives to improve their well-being based on its passion to do things better and its care for the future.

- ✓ Achieve benefits for:
 - Company
 - Community
 - Customers

- ✓ Combining:
 - **Social development and company's growth**

Where BOP fits our Business



Institutional CSR framework

Presence in different infrastructure and development segments

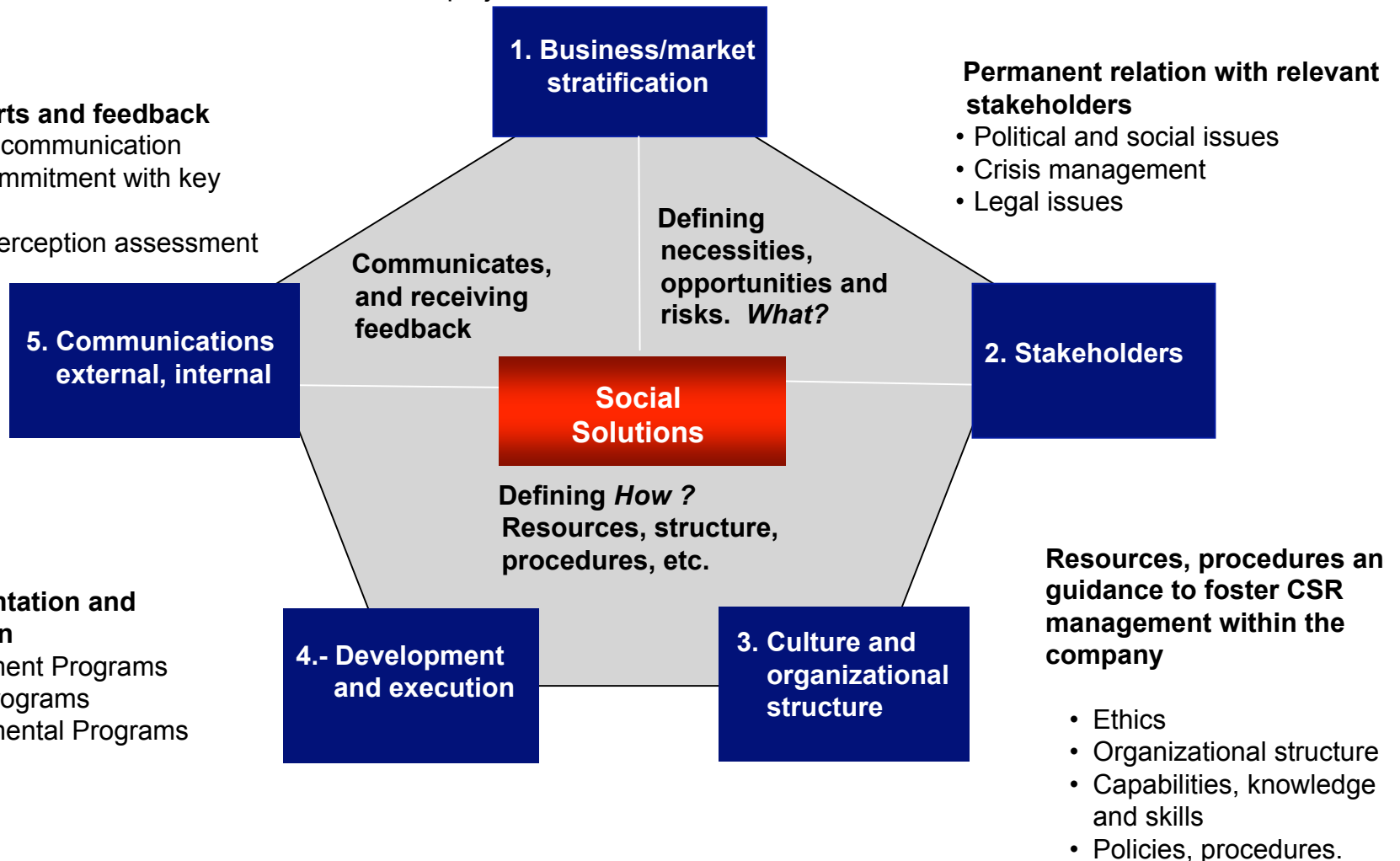
- By levels of income
- By size and dimensions of the infrastructure project

Positioning efforts and feedback

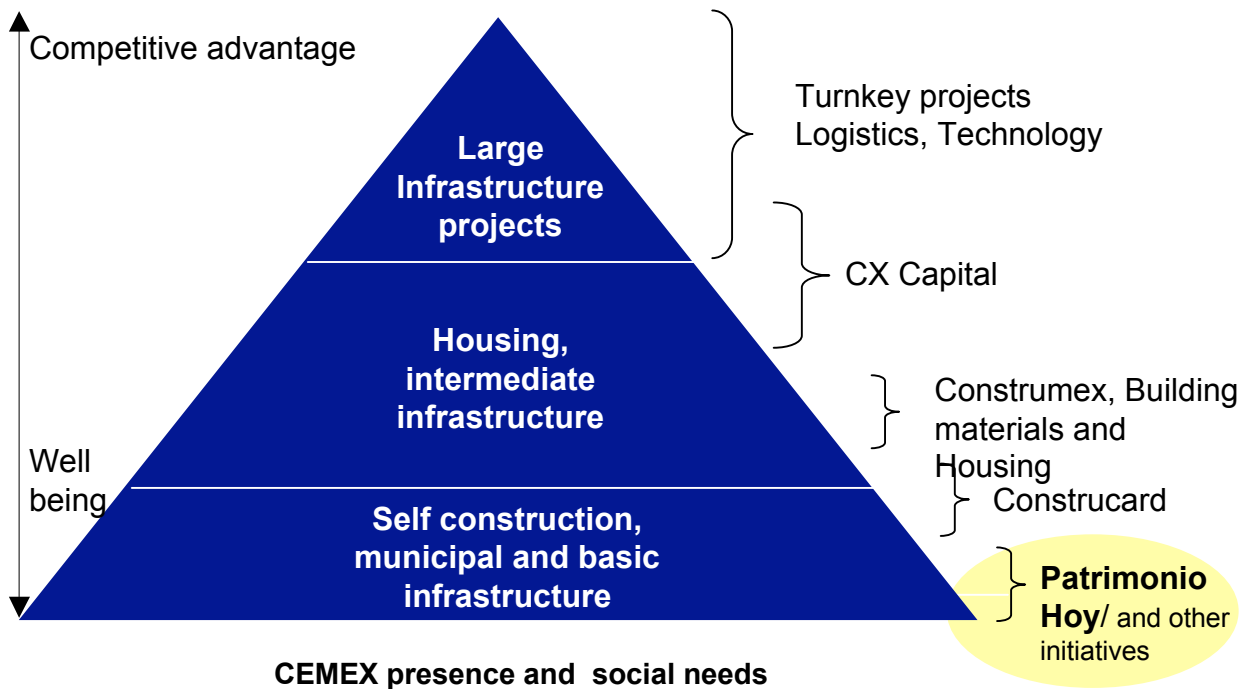
- Public relations, communication
- Dialogue and commitment with key audiences
- Feedback and perception assessment

Permanent relation with relevant stakeholders

- Political and social issues
- Crisis management
- Legal issues



Business/market stratification -- example



Patrimonio Hoy objective

To participate in the economic and social development of low income communities, through collaborative networks, microfinance and self employment initiatives, to facilitate basic infrastructure development: housing, streets and neighborhood image.

If living conditions at the BOP improve, our business grows.

Patrimonio Hoy is a micro financing program for low income families that wish to build or improve their homes



Micro-Credit

- CEMEX finances 80% of the cost of materials
- Commits groups of 3 participants

Building Materials*

- Supply and delivery
- Fixed prices during the project cycle
- Storage service

Technical Support


- Technical assistance and project

Fast and Safe

- Reduces time by 65% and costs by 35%
- Increases quality functionality

Accessible

- Weekly payments of US\$14.8, with service centers in their communities



By improving life conditions through housing, Patrimonio Hoy supports a healthier development and family integration.

* Cement, reinforcing steel, blocks, bricks, aggregates

Critical replication barriers in the model



Where we are after 6 yrs

- 175,000 families
- 86 offices
- 87,000 new 10 sq. meter rooms
- 75 USMD in loans

Key characteristics:

- Branch breakeven of 15 mo
- Internal treasury funding
- Promoter compensation model has become less competitive
- No massive advertisement
- Relatively low training budget

Where we want to be in 6 yrs

- 2 million families
- 1600 offices
- 542,000 new 10 sq. meter rooms
- 470 USMD in loans

- Branch breakeven of 12 mo
- Market funded
- Competitive promotion compensation model
- Massive advertisement
- Highly trained sales force

Critical variables

Business model

- Segmentation
- Product diversity
- Pricing
- Reputational risk?

Attraction

- Promotion model
- Training
- Advertising

Resources

- Budgeting and growth
- Loan funding
- What is a fair ROI?

Unfolding of new capacities

Corporations need to learn:

- To develop a close communication and deep understanding of the real needs and value perceptions of the community
- To match community demands with business strategy in a profitable – yet fair -- manner.
- To develop a new human resources culture that is sensible and close to the community

New practices and processes

- New capacities are not enough, a new management culture is required
- Mechanisms that facilitate new process incorporation to main business objectives and strategy

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Building the future™