



# Cemex bond rally delivers top '12 gain

## Company boosts sales in the US, pushes back loan maturities

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MEXICO CITY - A year after default speculation pummeled Cemex SAB in the bond market, the largest cement maker in the Americas is enriching investors who bet on its resurgence with Mexico's biggest rally.

Cemex's dollar notes due in 2018 have surged 28 cents to 108 cents on the dollar this year as the company boosted sales in the U.S. and pushed back loan maturities. Yields on the securities have tumbled 7.08 percentage points to 7.13 percent, better than any other Mexican company's dollar bonds and more than the 1.77 percentage point average decline for debt sold by Latin American industrial companies, according to data compiled by Bloomberg and Credit Suisse Group AG.

The company quelled concern it was sinking toward a default by extending maturities on \$6.7 billion of debt, raising \$960 million in an initial public offering of a unit and posting five quarters of sales gains from operations in the U.S., its biggest market outside Mexico. Cemex's yields soared to a record 22 percent in October 2011 as faltering U.S. growth cut revenue needed to meet a \$15 billion refinancing accord that helped the company avoid default in 2009.

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holdings since they first announced their intention" of extending maturities in June, Claudio Robertson, the head of fixed-income trading at Investment Placement Group, which manages \$500 million in emerging-market debt including Cemex bonds, said in a telephone interview from San Diego. "We got more excited with the IPO."

Cemex Chief Financial Officer Fernando González called 2012 "an exceptional year" and said 2013 would be "a second year of recovery."

The company will benefit from further comeback in the U.S., stability or moderate growth in Mexico and continued expansion in the rest of Latin America as well as Asia, while weathering "headaches" in Europe, he said.

"The situation right now is very different from a year ago," he said in an interview in New York. "The recovery of the U.S. market is evident. The refinancing already took place. Asset divestments already took place."

Cemex bonds due in 2018 yield 559 basis points, or 5.59 percentage points, more than similar-maturity Mexican government debt, versus 10.16 percentage points at the end of 2011, according to data compiled by Bloomberg.

The company is rated B- at Standard & Poor's, six levels lower than investment grade and seven steps below the Mexican government. S&P changed the outlook on Cemex's credit rating to positive on Dec. 7.

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