



CemBR's views on

Eastern Europe / Central Asia

2021 updates and trends for the
next five years - to 2026

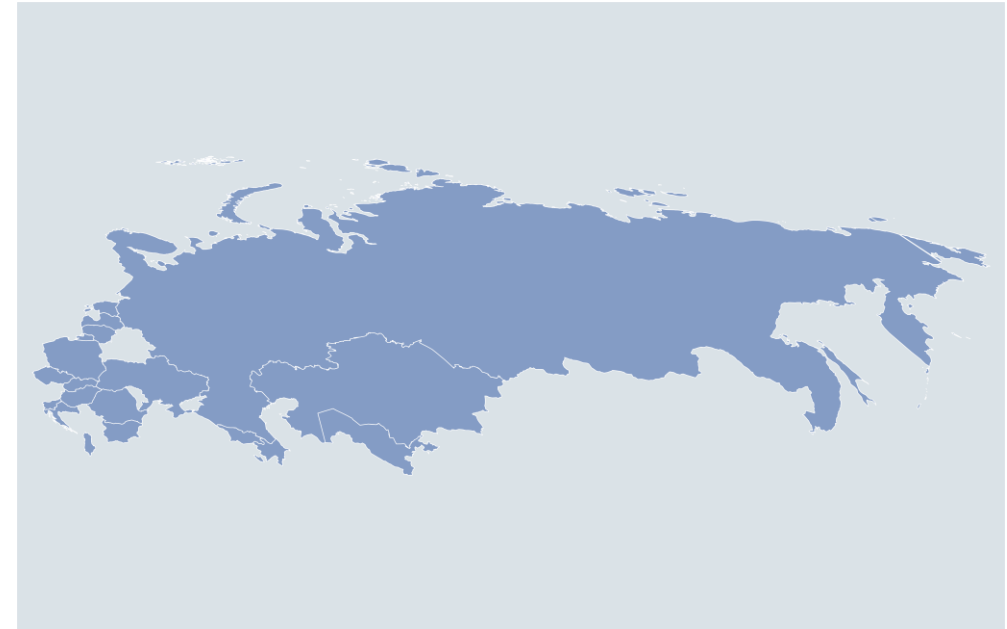
Based on:



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Eastern Europe/Central Asia region

Albania	Latvia
Azerbaijan	Lithuania
Bulgaria	Poland
Croatia	Romania
Czech Republic	Russia
Estonia	Slovakia
Georgia	Slovenia
Hungary	Uzbekistan
Kazakhstan	Ukraine



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Eastern Europe/Central Asia - 2021 quick update

Overall the region experienced a small decline in 2020 despite the pandemic. Nevertheless, 2021 was a strong year with overall consumption growing by almost 7%. Consumption level in 2021 was also close to 7% higher than 2019, the highest consumption year since 2010.

Supply of cement has increased in 2021 by around 2.2% over 2020. In the last two years (2020 and 2021) the region as a whole has added close to 10.0 million tonnes of milling capacity.

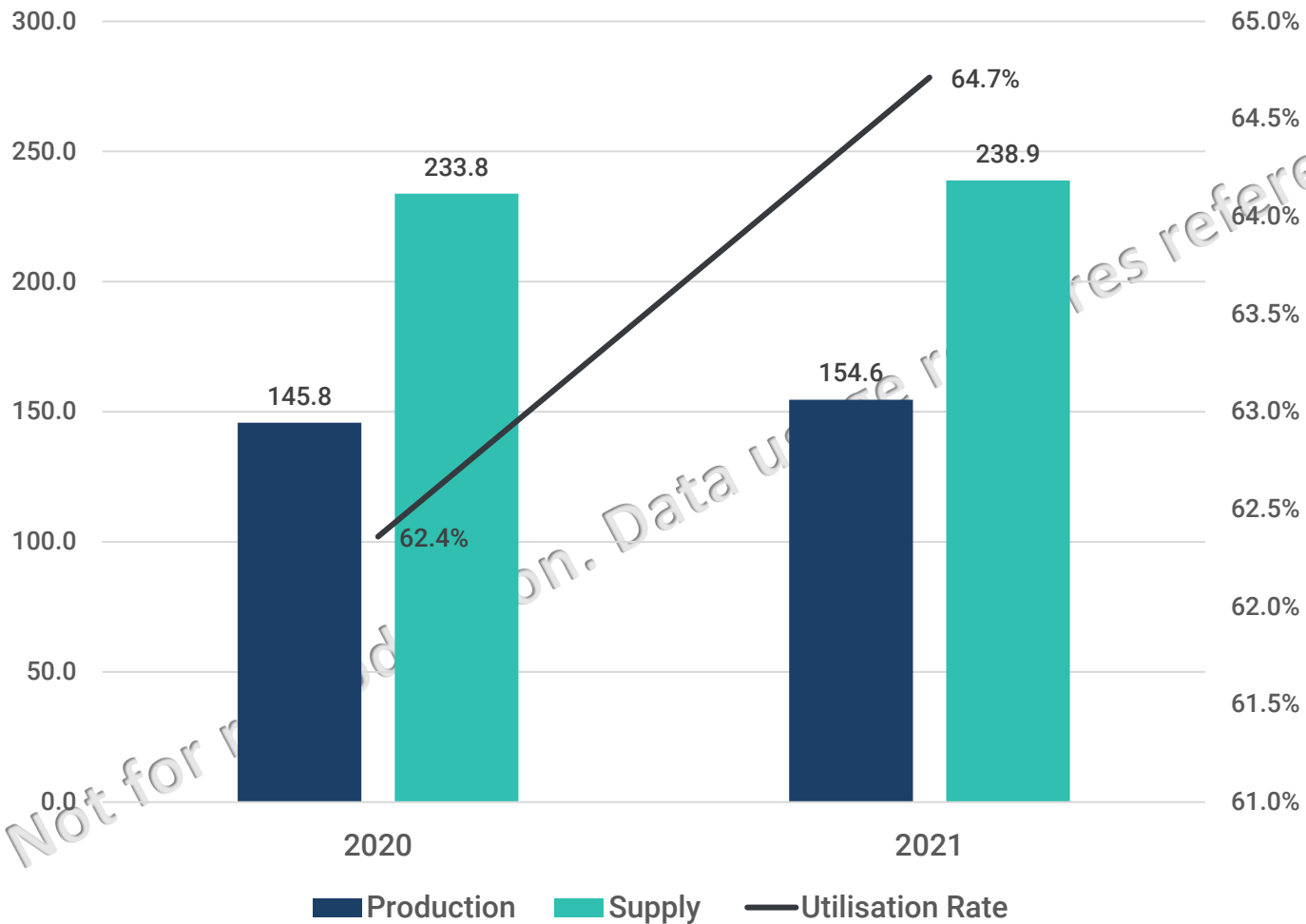
Imports grew by around 10% whereas exports only grew by around 2% in 2021. Nevertheless, the net trading position (exports – imports) is very balanced in the region. There is certainly an interregional trading and this may be the reason of this equilibrium.

The significant growth experienced in 2021 has also impacted cement utilisation rates. In 2021, utilisation rates rose by over two percentage points to 64.7%.

Source:

Eastern Europe/Central Asia - 2021 Update

2020 & 2021 industry data



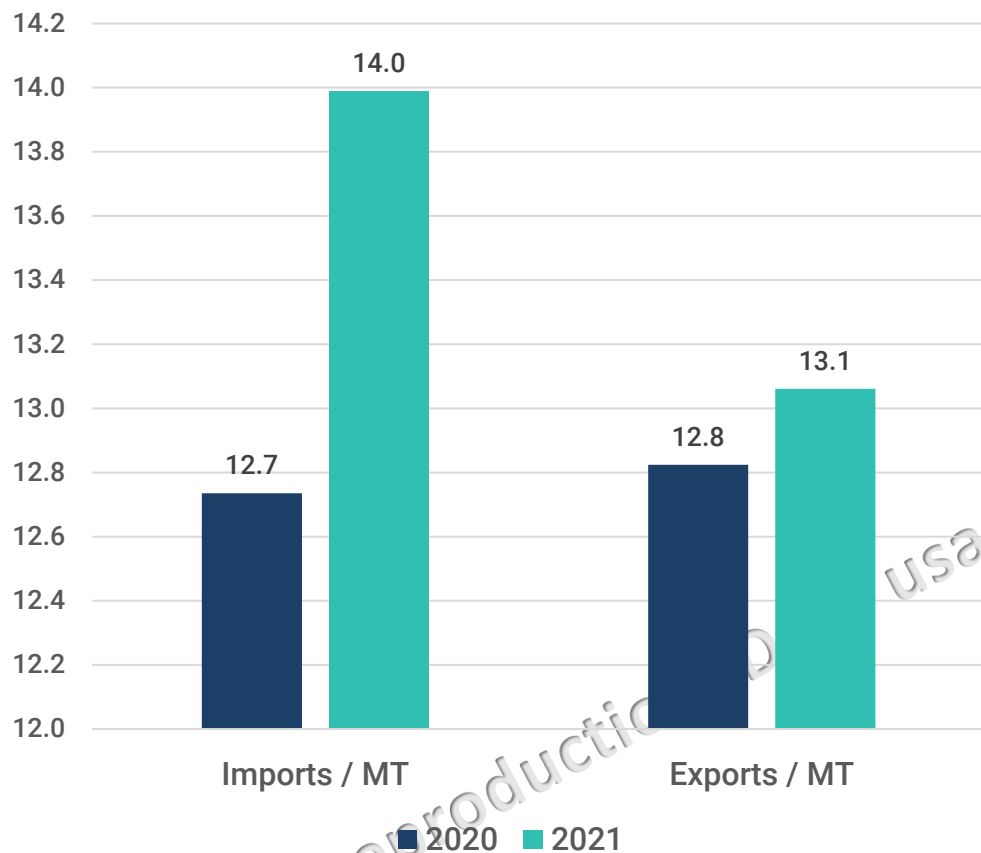
Comments

A strong regional cement consumption has led to an increased production to 154.6 million tonnes in 2021.

At the same time, capacity grew by around 2%

As a result, cement utilisation rates have improved from 62.4% in 2020 to 64.7% in 2021. This is the highest level since 2010.

Eastern Europe/Central Asia - 2021 Update



Comments

Both imported and exported volumes of cement reached their highest levels since 2010.

Growth 2021 over 2020



Comments

10 out of 18 countries showed growth in 2020. In 2021, only one country's cement demand declined. The rest experienced growth.

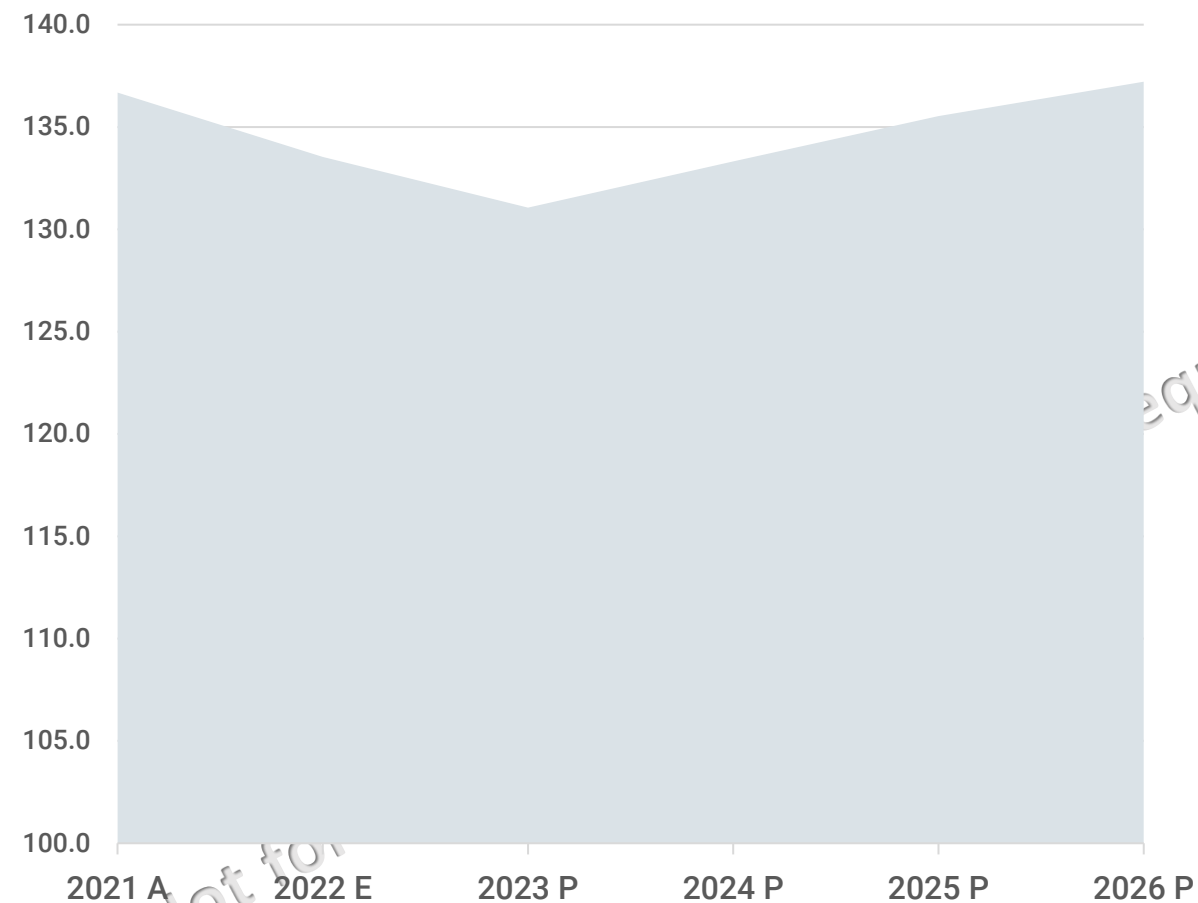
Slovakia is the only market that experienced a decline in demand in both 2020 and 2021.

The Baltic markets had a very strong demand profile in 2021.

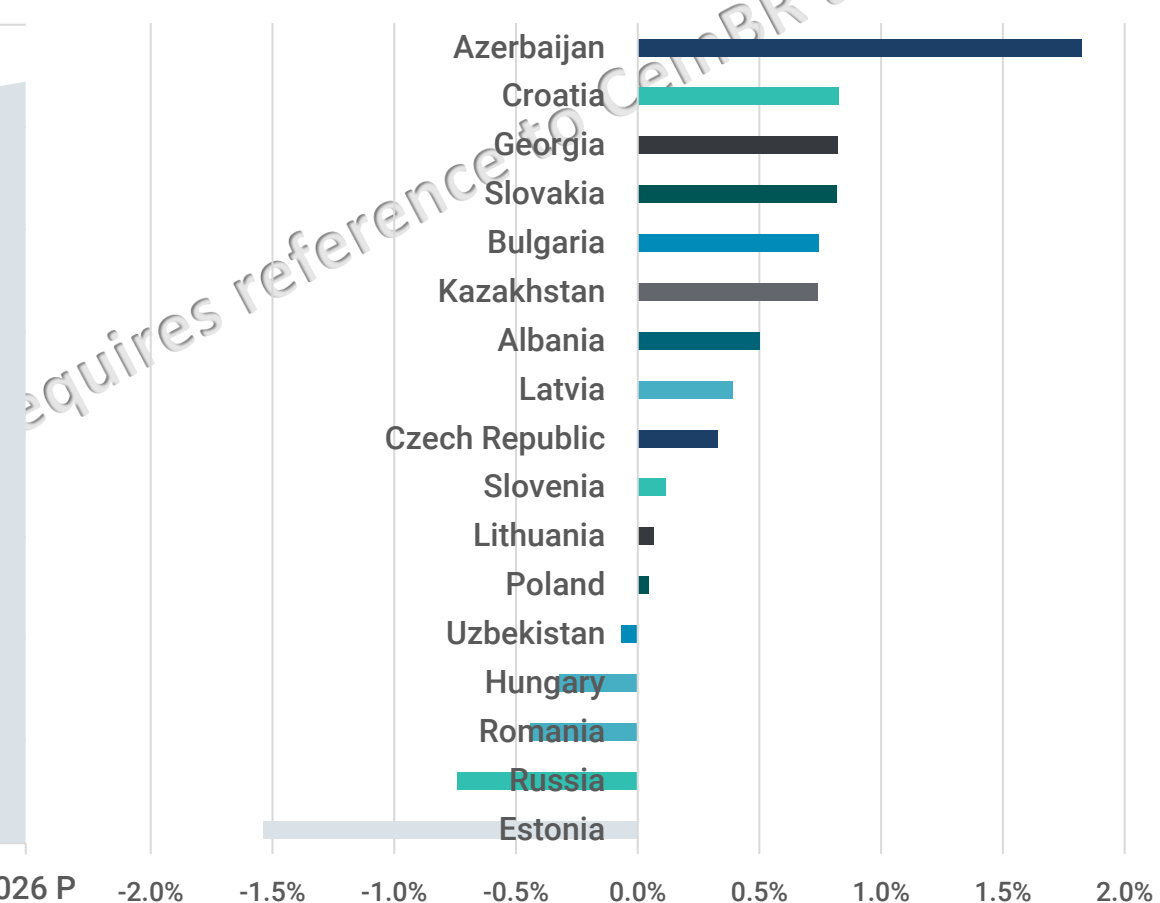
For most markets 2021 was the highest consumption year in the last decade.

Eastern Europe/Central Asia – Forecasts to 2026

Demand projections / MT



Countries - CAGR 2021 - 2026



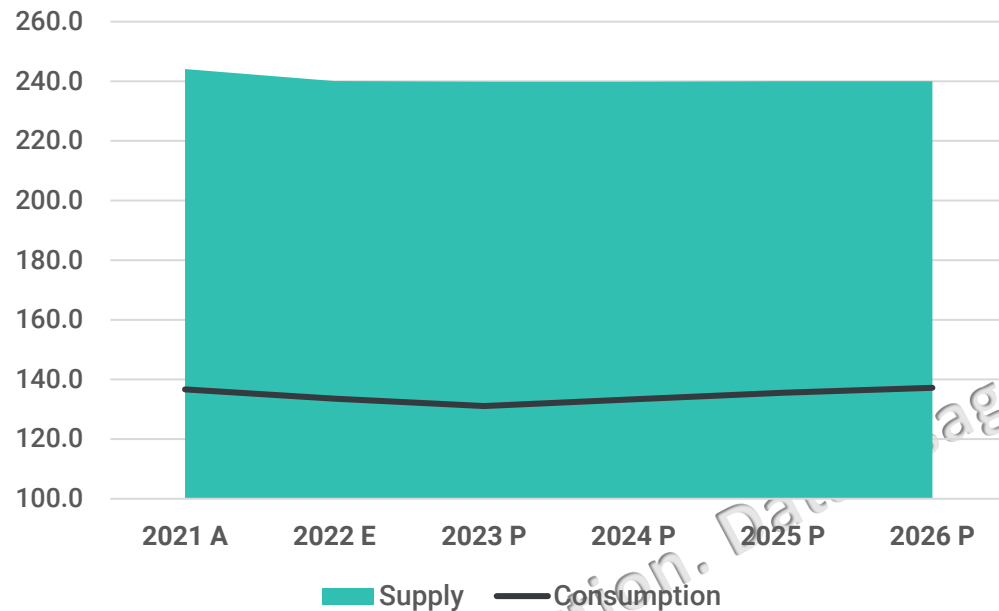
Excludes Ukraine

Comments

Both 2022 and 2023 are expected to be declining years for the region. Some subdued growth is expected thereafter.

Eastern Europe/Central Asia – Forecasts to 2026

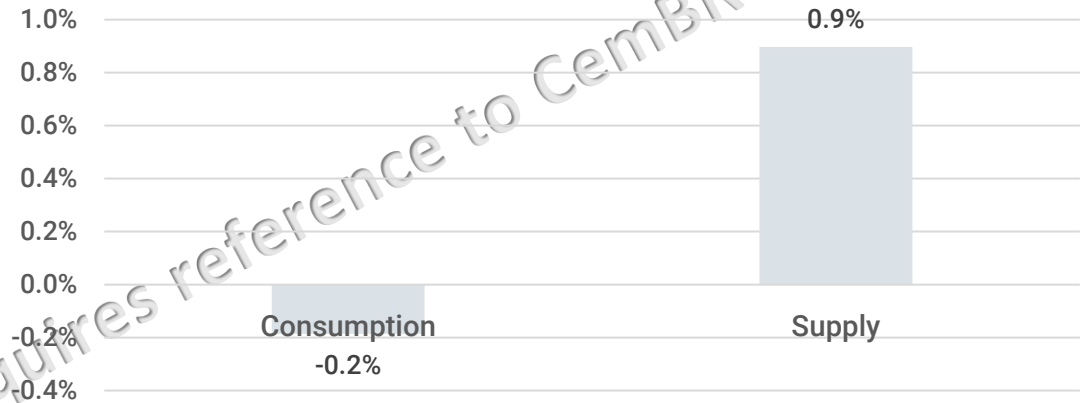
Supply - Demand / MT



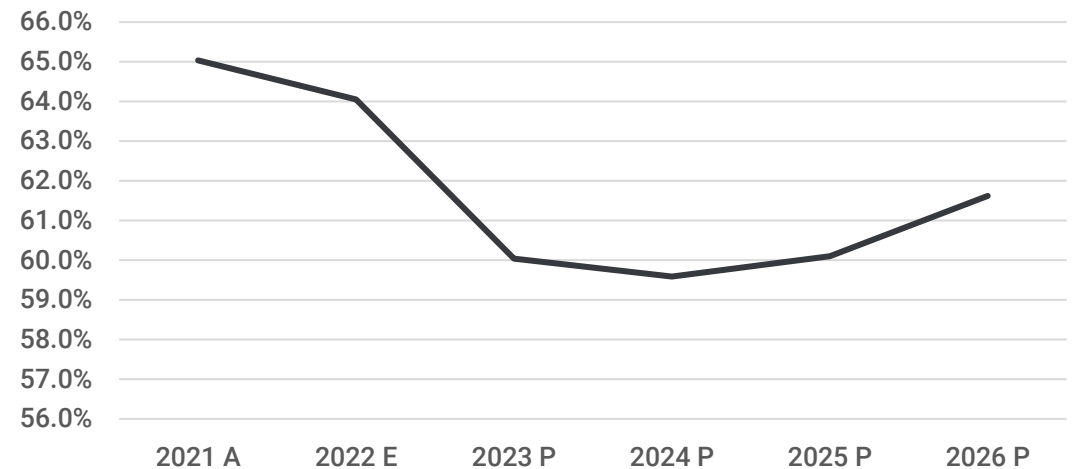
Comments

The overall small decline from 2021 to 2026 coupled with additional capacity will drive DCUFs down until 2024. thereafter, there is see some recovery, but are not expected to reach the 2021 levels during the forecasting period.

CAGR 2021 - 2026



DCUF

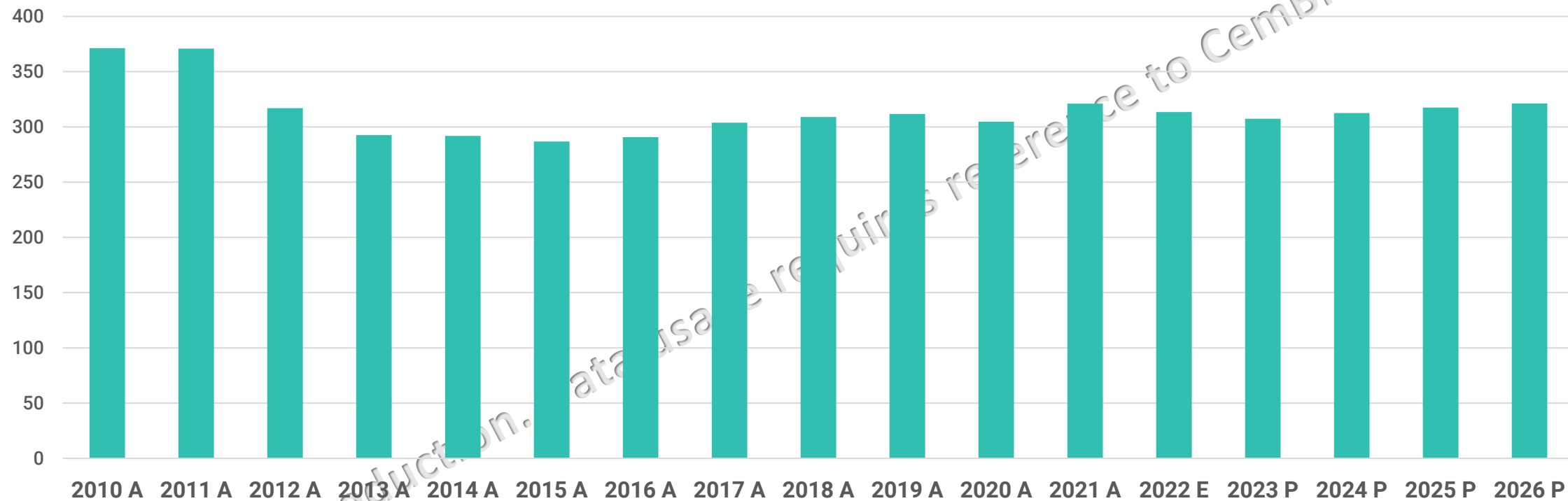


DCUF™: Domestic demand / domestic capacity

Excludes Ukraine

Eastern Europe/Central Asia – Forecasts to 2026

Per capita in KG per inhabitant



Excludes Ukraine

Comments

The region (excludes Ukraine) has seen a significant decline in per capita consumption in the aftermath of the financial crisis. Since then there has been steady recovery. However, looking ahead another downward trend of the per capita is expected as the current crisis drives demand to lower levels.

Eastern Europe/Central Asia – Forecasts to 2026

MAJOR ISSUES OF THE REGION:

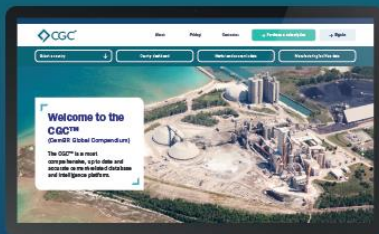
- The recent geopolitical events have introduced a tremendous level of uncertainty to the region. In particular, Ukraine and Russia as the direct combatants are affected the most.
- There is no way to predict the behaviour of cement consumption in Ukraine, and for this reason is excluded from these forecasts. However, many other countries within the region are also heavily affected by the onsetting energy crisis which might result in much lower cement consumption going forward. The risk in this region is heavily on the downside.
- Supply constraints of cement may also play a role in domestic demand in the next few years in some of the countries.
- Some of the countries in the region face both the current crisis and the impact of the EU ETS (in which they are members). However, closures of plants are not expected to occur with the same certainty as in Western Europe.

This presentation is just a small excerpt from the vast range of data and insights contained within the CemBR Forecasts report.

A 230 pages forward looking report covering global, regional, and country-by-country data and forecasts to 2026.

The CGC™ Intelligence Platform

The CGC™ (CemBR Global Compendium) is the most comprehensive cement related database and intelligence platform in the world



Country dashboard

A snapshot of the market with twelve cement related indicators. Downloadable in PDF.



Market and economic data

Macroeconomic and cement data in tabular and graphical form. Compare markets and download in Excel.



Manufacturing facilities data

Every cement manufacturing facility with detailed information and data. Interactive maps and tables.

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CemBR Global Compendium (CGC™) is a trading name of Cement Business Advisory Ltd (CBAL).



CemBR Forecasts



CemBR Clinker





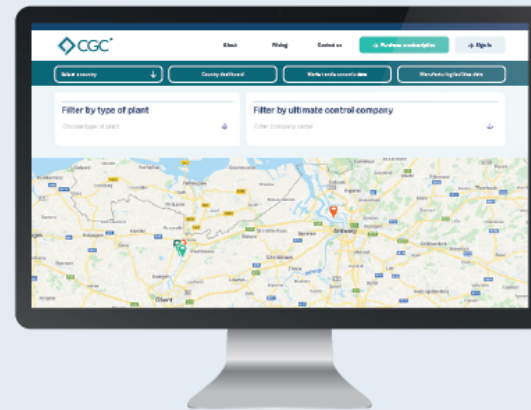
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CemBR Forecasts report

The CemBR Forecasts report is based on CemBR's extensive cement related databases, including the CGC™ the most comprehensive, up to date and accurate cement-related database and intelligence platform in the world. The database is monitored on a daily basis. The report is prepared by a team of cement related professionals with extensive experience in the sector.

The report covers

95%
of global cement consumption

The projections are based on several research and analysis tools employed by CemBR, and they incorporate the views of CemBR's extensive network of cement professionals. Projections are thus real-life point to point assessments for the first two years, clearly identifying market inflections (including declines). The last three years of projections are based on CemBR's rigorous trend-based model providing realistic outcomes for cement consumption.

Report contents

The CemBR Forecasts report contains two sections:

Global and regional section

Five year global and regional forecasts covering the 90 largest markets representing around 95% of global cement consumption. Indicators include demand, supply, utilisation rates, and growth rates.

Plus, several aggregated cement related indicators globally and regionally for the last ten years including:

- GDP, average GDP per capita and population
- Cement capacity and utilisation rates
- Cement consumption and average consumption per capita
- Number of cement plants
- Top 15 cement markets (by production, consumption, imports and exports)
- Heat maps showing several cement related indicators

Country section

Forward looking data, narrative and five-year projections on the:

60

largest cement markets in the world

Five-year forecasts on...

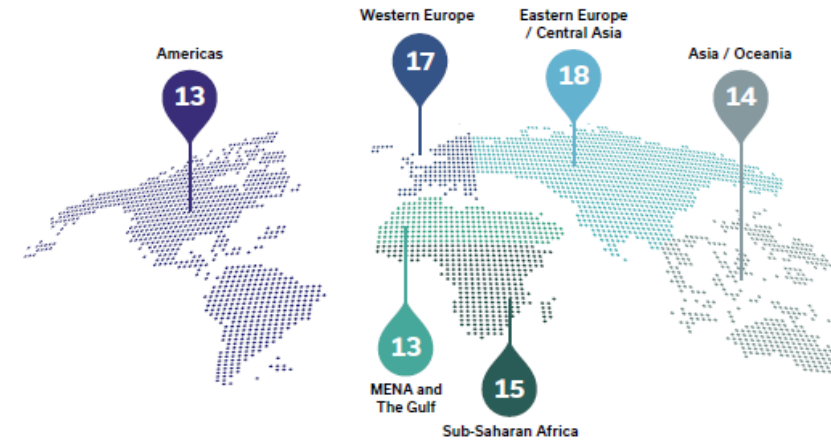
- Macroeconomic and construction indicators
- Cement capacity
- Cement consumption and consumption per capita
- Supply-demand balance, excess/deficit capacity

Data and insights on...

- Macroeconomic and construction activity insights - forward looking
- Current cement assets data (number of plants, cement capacity, cement utilisation rate)
- Narrative and insights on new supply, M&A activity
- Detailed historical data on trading and its impact on supply-demand balance. Insights of impact of trading going forward.
- The data, insights, and cement related indicators contained within the report are extensive, up to date, and accurate reflecting our team's cement expertise and experience.

Regions represented

Number of markets by region



The 90 countries included in the global and regional sections of this report provide a truly representative picture of the cement market, as they represent 95% of total global cement consumption. CemBR is adding more and more countries in our global database, with a view to include all meaningful cement markets in the world soon.

The country section includes the following markets

Americas	Western Europe	Eastern Europe / Central Asia	MENA and The Gulf	Sub-Saharan Africa	Asia/Oceania
Argentina	Austria	Croatia	Algeria	Angola	Australia
Bolivia	Belgium	Czech Republic	Egypt	Ethiopia	Bangladesh
Brazil	France	Hungary	Iraq	Ghana	India
Canada	Germany	Kazakhstan	Morocco	Kenya	Indonesia
Chile	Greece	Poland	Qatar	Mozambique	Japan
Colombia	Ireland	Romania	Saudi Arabia	Nigeria	Malaysia
Ecuador	Italy	Russia	Tunisia	Senegal	Pakistan
Mexico	Portugal	Ukraine	Turkey	South Africa	Philippines
Peru	Spain	Uzbekistan	United Arab Emirates	Tanzania	South Korea
USA	Switzerland			Uganda	Thailand
	UK				Vietnam

These 60 markets have been selected based on a) their size, b) on their characteristics making them interesting to a larger audience, and c) they represent the most important markets in their respective regions.

Colombia

General data 2020

	CemBR region
	Americas
	Area in square KM
	1,142,000
	Population
	50.9 million
	Comparative economy size
	44/193
	GDP per capita in US\$
	5,336

Cement market data 2020

Cement consumption (MT)	11.3
Consumption per capita (Kg)	222
Consumption growth rate (CAGR 10yr)	2.4%
Cement trading net (MT)	0.5
Cement production (MT)	11.8

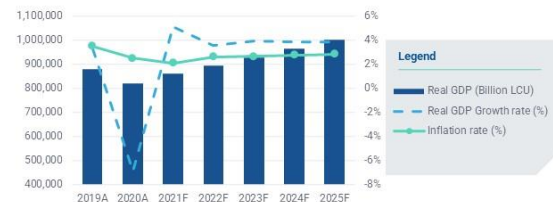
Recovery in 2021

Some downside risks for the economy given its dependence on commodity pricing. Cement consumption steady growth to the end of forecasting period.

Macroeconomic considerations

Colombia's economy contracted by 6.8% YoY in 2020. This was the largest recession on record. The economy relies on services and manufacturing sectors and on commodity exports, such as oil, coffee and coal. In 2021 it is expected to grow by 5.2% while recovery to 2019 levels is expected after 2022. For the period 2020 to 2025, growth is expected to average 4.1% p.a., higher than the realized 3.6% CAGR between 2010 and 2019. In the short run, the direction of the economy will depend on vaccination rates, with support from a fiscal package of COP 31 trillion. Lower interest rates are expected to boost consumption growth and encourage investments. A short-term risk for the economy is social unrest, which began earlier this year as protests to proposed tax reforms, but then escalated after alleged excessive use of force by the authorities. A medium-term risk is the dependence of the economy on commodity price fluctuations.

Real GDP and growth rate 2019A - 2025F



Construction

Between 2010 and 2020, nominal construction GVA increased by 5.7% CAGR. In 2020, construction GVA dropped by around 22.1% YoY. In 2021, construction GVA is expected to grow by around 17%. In the next five years, construction GVA is expected to rise to 7.1% of total GVA. Construction growth is expected to be driven by infrastructure investments and housing. Housing credits are expected to boost residential building construction. Concessions programmes and recovery funds of USD30bn are expected to spur investment in transportation, such as roads and airports, and in energy infrastructure. Public-private partnerships with international participation are an additional growth driver. Potential risks are project delays and inefficiencies in public sector works.

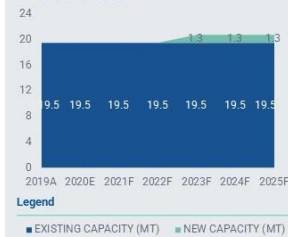
Construction % of GVA 2019A - 2025F



Manufacturing data 2020

Number of cement plants	20
Cement capacity (MT)	19.5
Cement capacity growth rate (CAGR 10yr)	1.9%
Cement utilisation rate (%)	61%
DCUF TM	58%

Grey cement projected supply 2019A - 2025F



Cement supply

There were twenty grey cement plants in Colombia in 2020, fourteen integrated and six grinding, operated by twelve companies or groups. There was also one white cement plant. Grey cement milling capacity was estimated at 19.5 million tonnes at the end of 2020. Around 80% of cement capacity was operated by international groups. Clinker capacity increased by 0.2% CAGR between 2010 and 2020 and was at 10.4 million tonnes at the end of 2020. Between 2020 and 2025, cement milling capacity is expected to increase by around 6.7%. An integrated grey cement plant, with estimated capacity of 1.3 million tonnes, is under construction in Maceo. The plant is expected to be commissioned in 2023.

Cement demand forecast and supply-demand considerations

Cement consumption dropped by around 10.8% YoY in 2020. In the first four months of 2021, domestic demand has increased by around 44% YoY to 4.3 million tonnes. For the full year it is estimated that demand will recover by around 8.8% YoY with a long-term trend of +4.5% CAGR between 2020 and 2025. Colombia's cement consumption per capita is considered low according to global comparisons. It is lower than both the regional and South American averages. As shown in the regional section, Colombia is below the trend line of the Cement Economic Curve (CEC) indicating that significant growth in cement consumption per capita in the current development phase of the economy is possible. The forecasts reflect this partly, as per capita consumption is expected to rise to its highest level since 2016 by 2025.

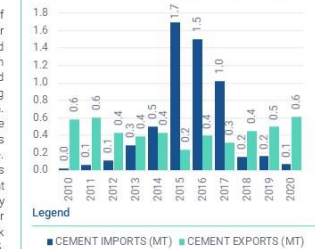
Indicator	2019A	2020A	2021E	2022F	2023F	2024F	2025F
Cement consumption (MT)	12.7	11.3	12.3	12.7	13.2	13.6	14.1
Consumption growth rate (%)	4.2%	-10.8%	8.8%	3.3%	3.6%	3.5%	3.5%
Consumption per capita (KG)	252	222	240	247	255	263	271
Cement supply (MT)	19.5	19.5	19.5	19.5	20.8	20.8	20.8
DCUF (%)	65.0%	58.0%	63.1%	65.2%	63.3%	65.5%	67.7%
Excess supply (MT)	6.8	8.2	7.2	6.8	7.6	7.2	6.7

The DCUF dropped significantly to around 58% in 2020, which is the lowest level since 2011. It is estimated that the cement market will overcome the effects of the COVID-19 pandemic by 2024. During the forecasting period, the DCUF is expected to rise to near 68%, with excess cement capacity dropping significantly.

Trade

Colombia turned from a net exporter of cement in the early 2010s to a net importer between 2014 and 2017. Imports increased significantly to a peak of 1.7 million tonnes in 2015. After 2018, imports dropped significantly and exports resumed, turning Colombia to a net exporter of cement again. In 2020, cement imports dropped to the lowest level since 2011, while exports increased to the highest level of the decade. Looking forward to 2025, with DCUF levels near 68% and significant excess cement capacity, Colombian cement companies may consider increasing cement exports further to raise utilisation rates to previous peak levels of 72%-75% achieved in 2014/2015. However, clinker availability may be an issue.

Cement imports and exports 2010 - 2020





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