



European cement 2020-2025

Insights, forecasts, and major issues

7th December 2021



europaean Cement



The ultimate "intelligence" provider in the global cement sector
cembrgroup.com

Markets included in the presentation

CENTRAL - WEST

Austria
Belgium
Denmark
Finland
Germany
Ireland
Netherlands
Norway
Sweden
Switzerland
United Kingdom

EASTERN

Bulgaria
Czech Republic
Estonia
Hungary
Latvia
Lithuania
Poland
Romania
Slovakia

MED. RIM

Albania
Croatia
Cyprus
France
Greece
Italy
Portugal
Slovenia
Spain

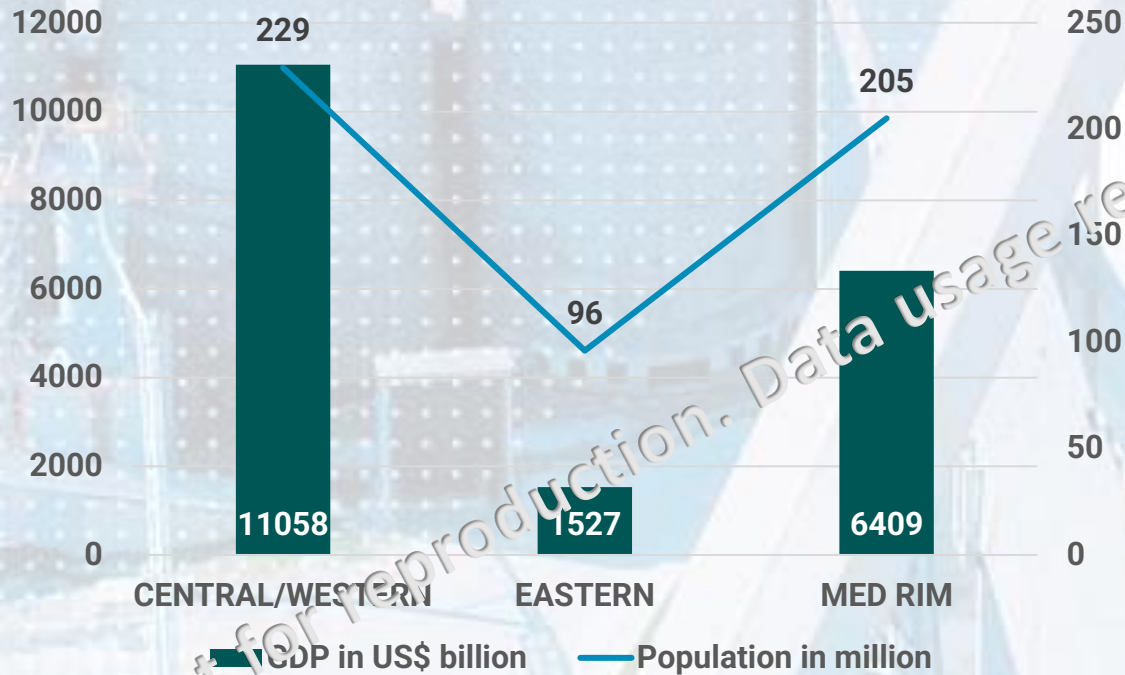


europ^ean
cement

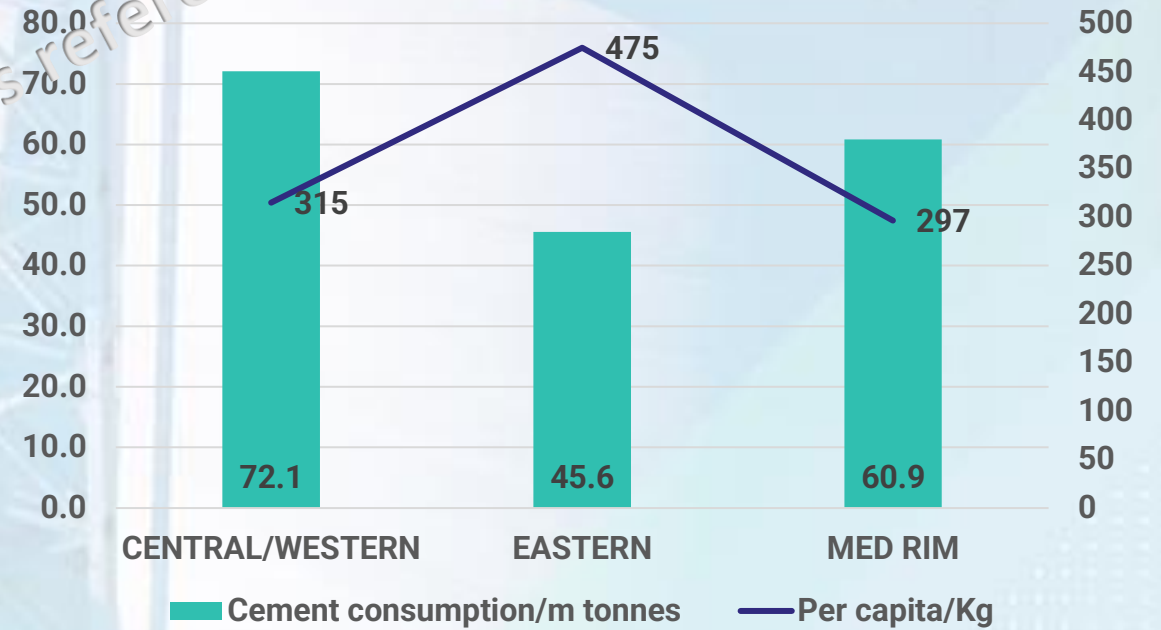


General macro and cement data – 2020

Macroeconomic data



Cement data

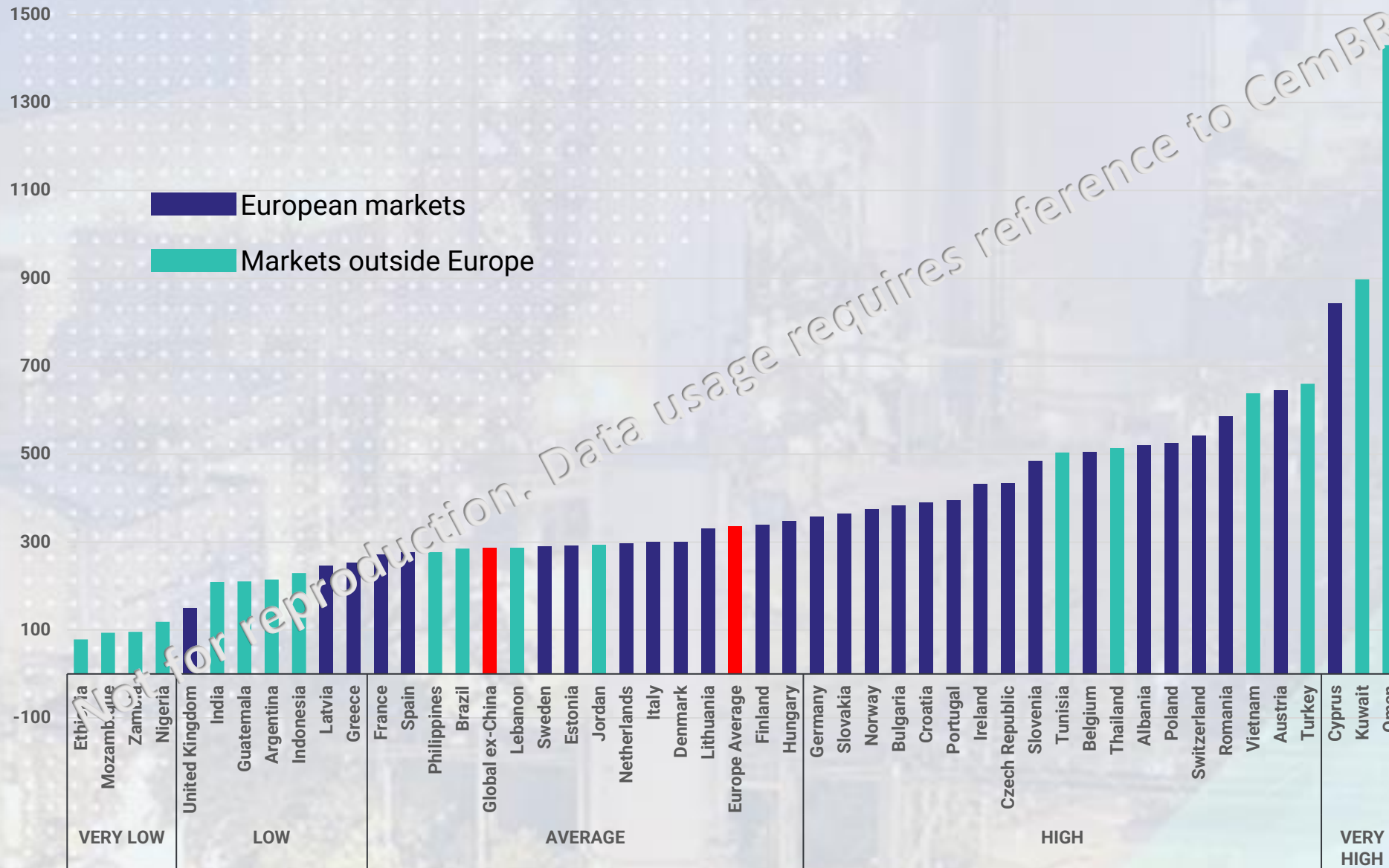


Europe average per capita: 335 Kg

Source:



Per capita comparisons – 2020 (Ex-China)



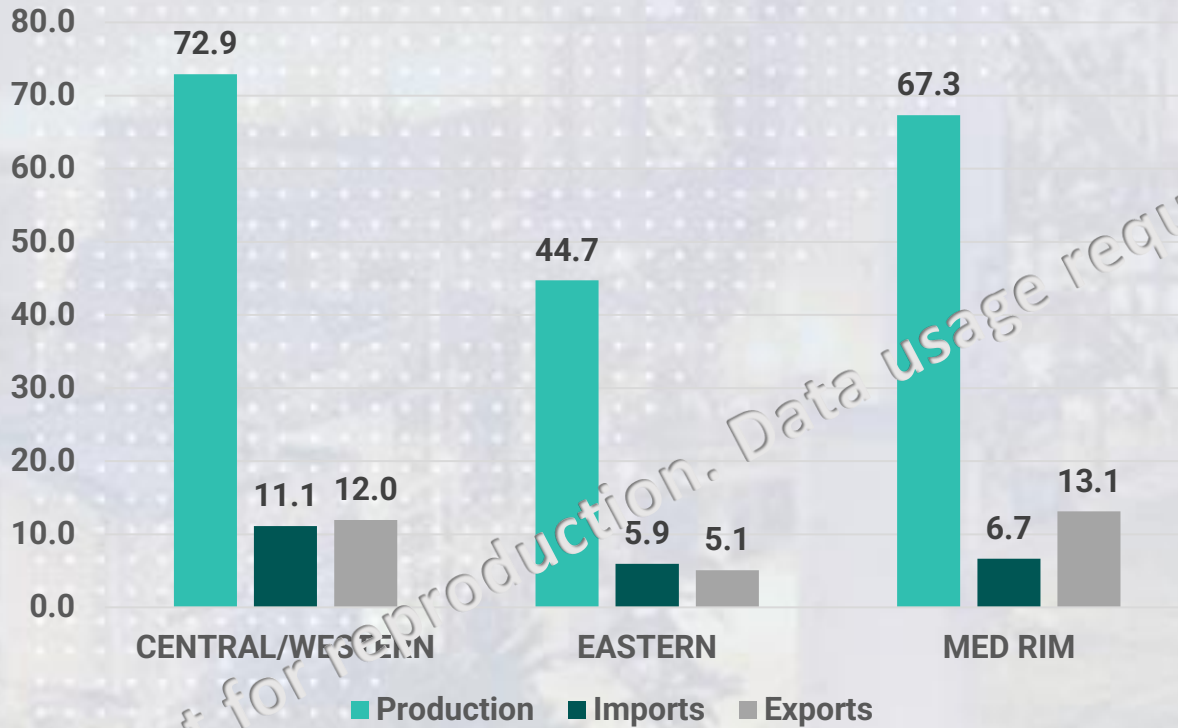
European average per capita consumption close to global ex-China average.

No European market falls in the very low or very high (except Cyprus) range of per capita consumption.

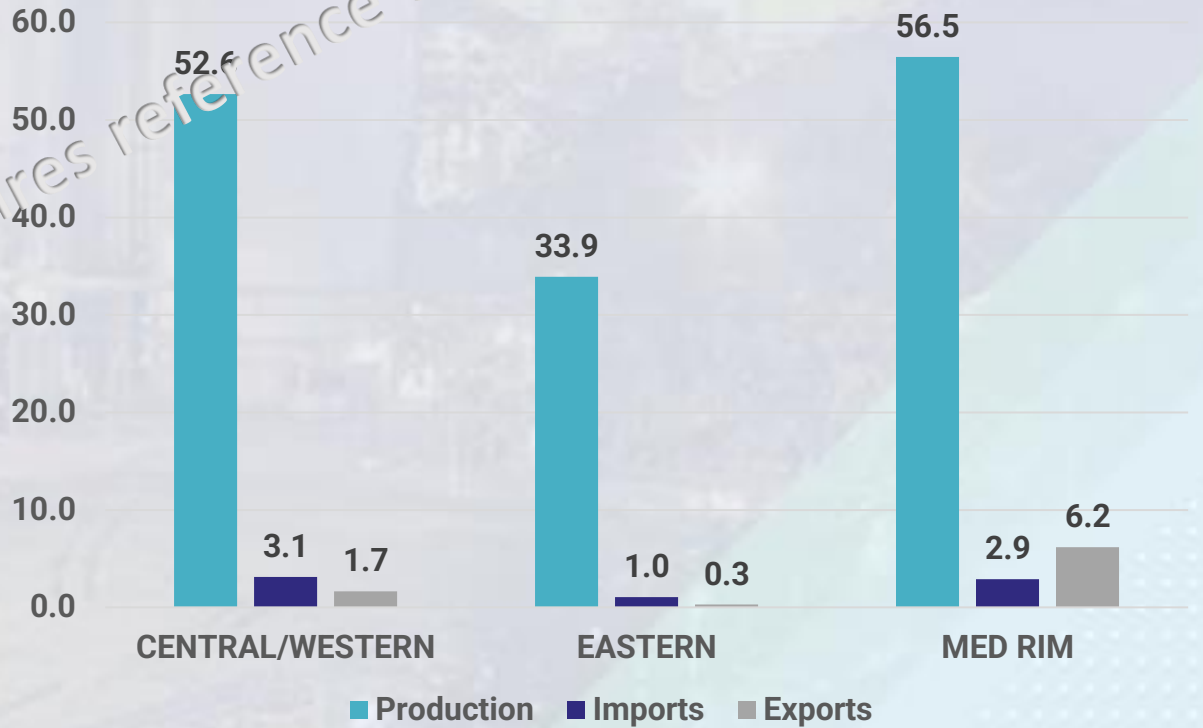
Most European markets are mature economies and thus significant per capita increases are unlikely in the next five years.

Cement and clinker production data & imports and exports – 2020

Cement production, imports, exports / MT

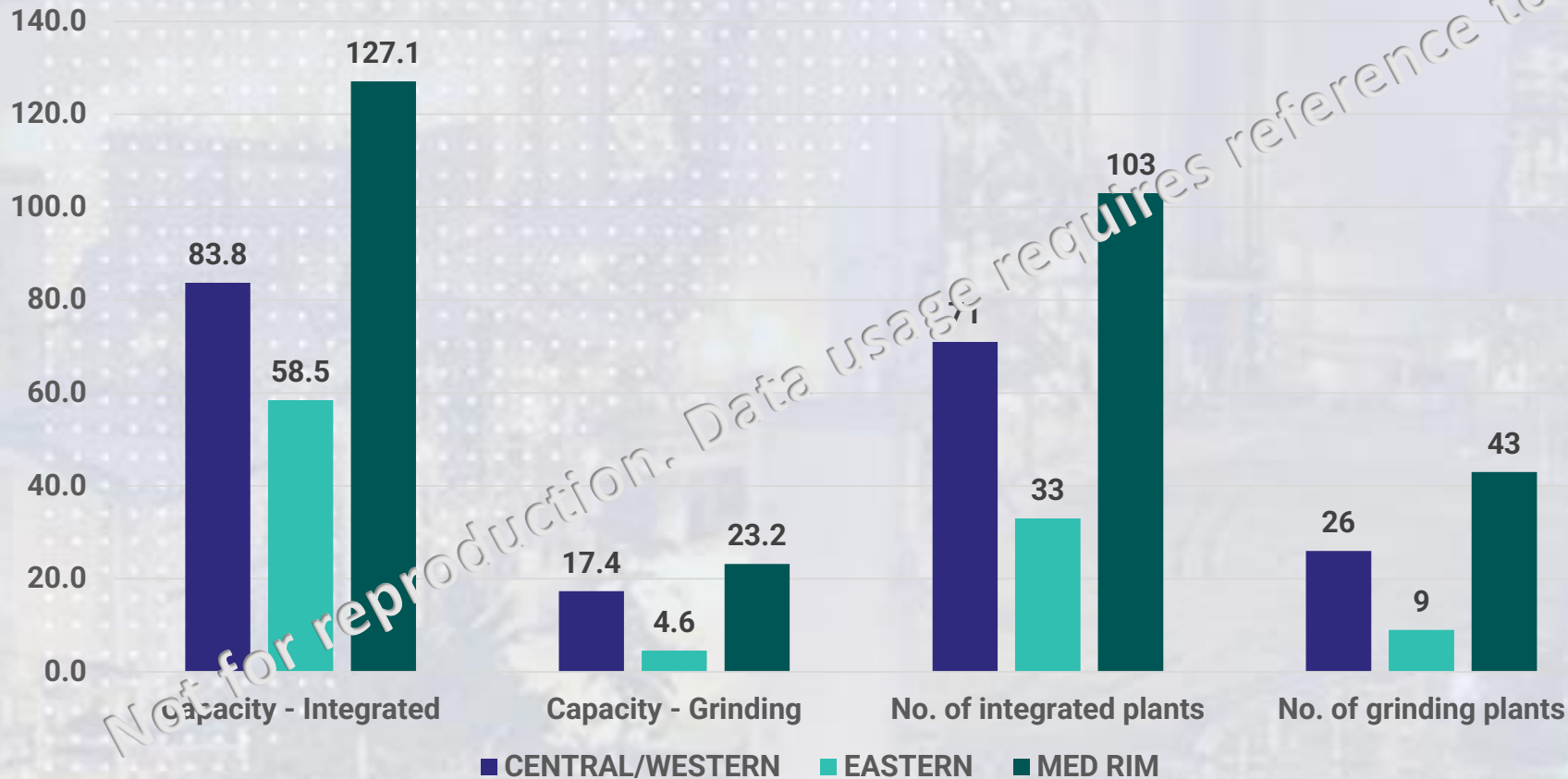


Clinker production, imports, exports / MT



Supply characteristics – current situation

Cement capacity in MT and number of plants



The Med. rim has the highest cement capacity both integrated and grinding.

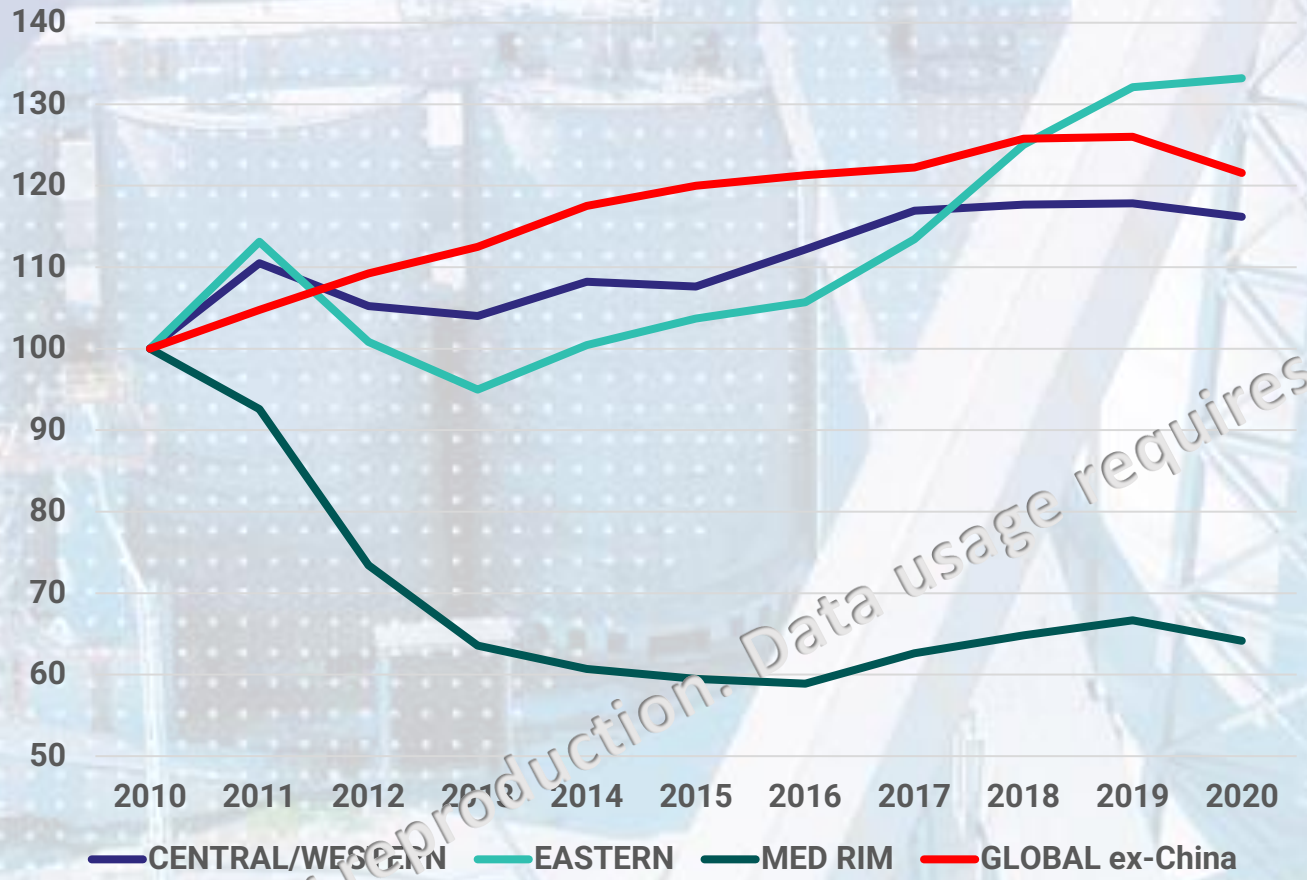
Eastern subregion has the lowest capacity, but the largest average integrated plant size.

Central/Western and Med. Rim has almost identical average plant sizes (both integrated and grinding).

Source:

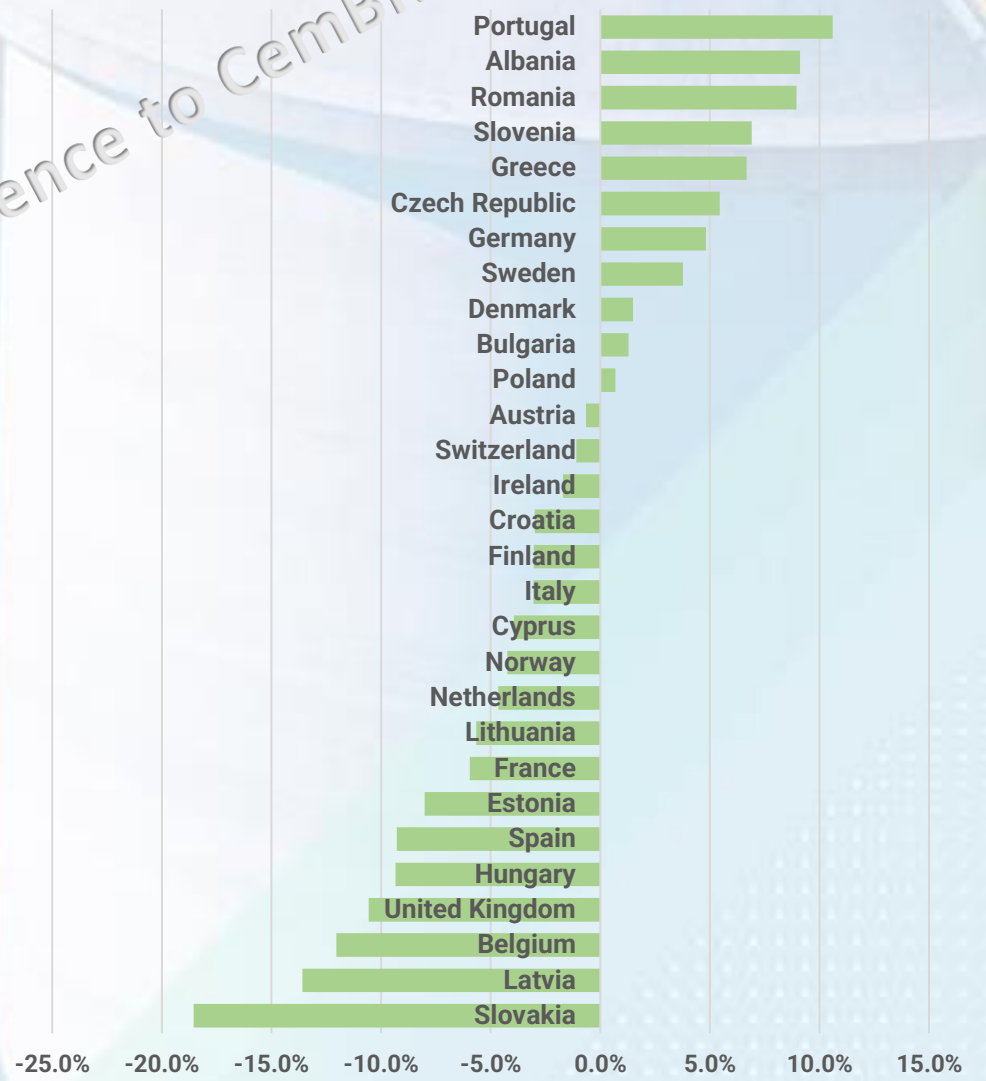


Market development and Consumption profile 2010-2020 & 2019-2020



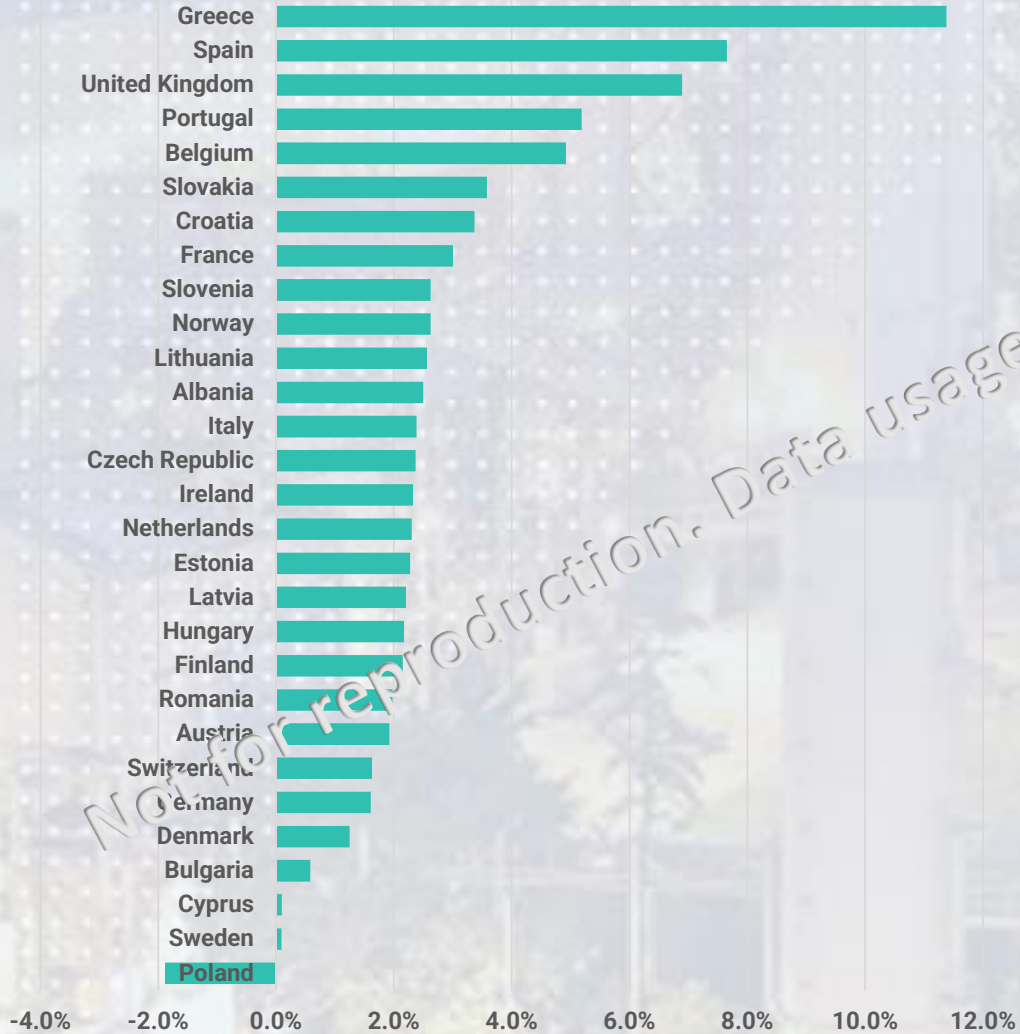
Region	2020 over 2019
Central/Western	-1.4%
Eastern	0.8%
Med. rim	-3.8%
Global ex-China	-3.5%

2020 over 2019 consumption growth

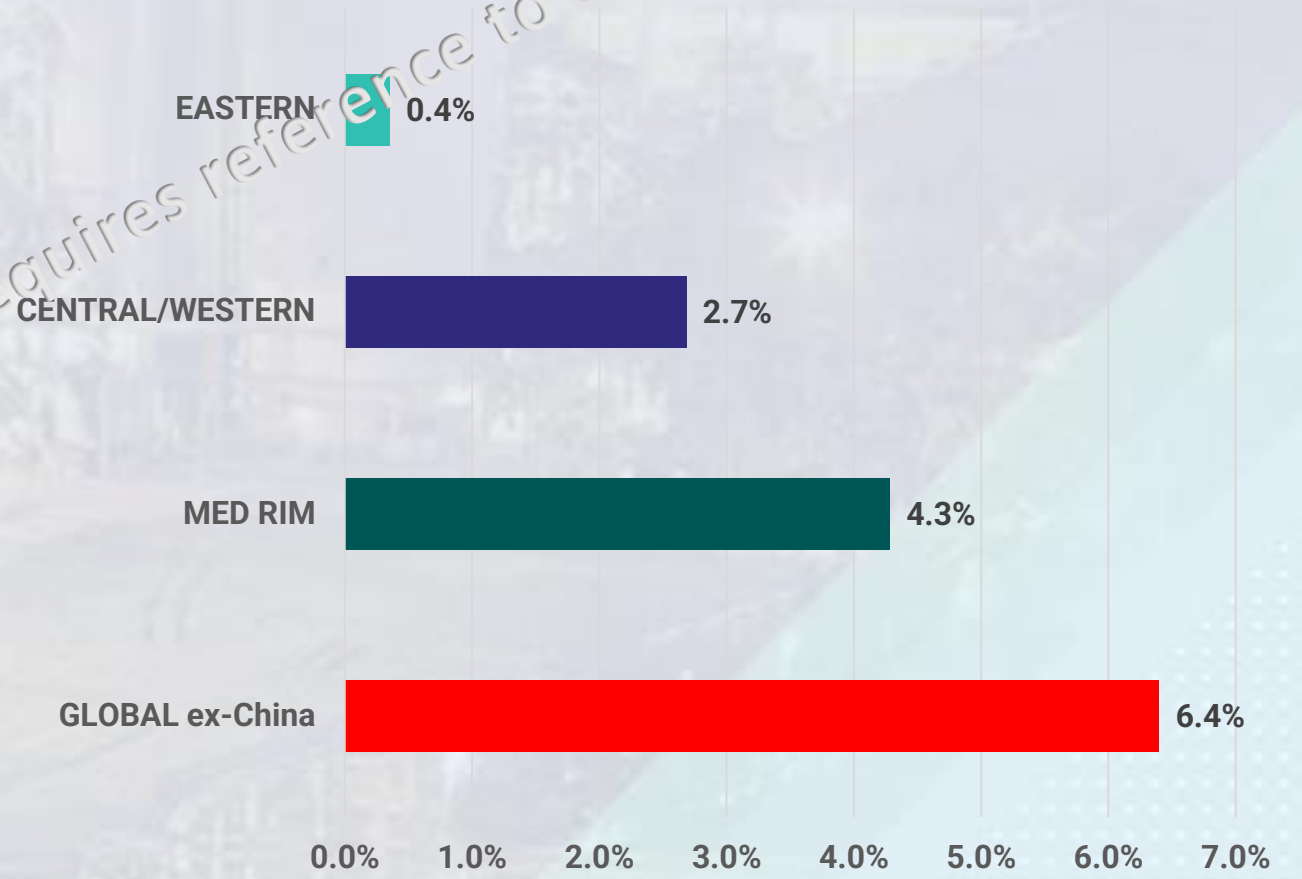


2021 Expectations for consumption

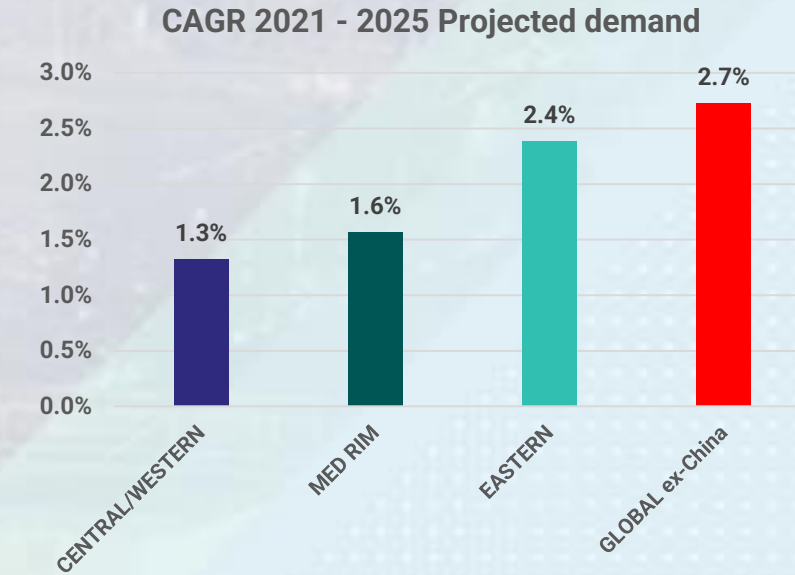
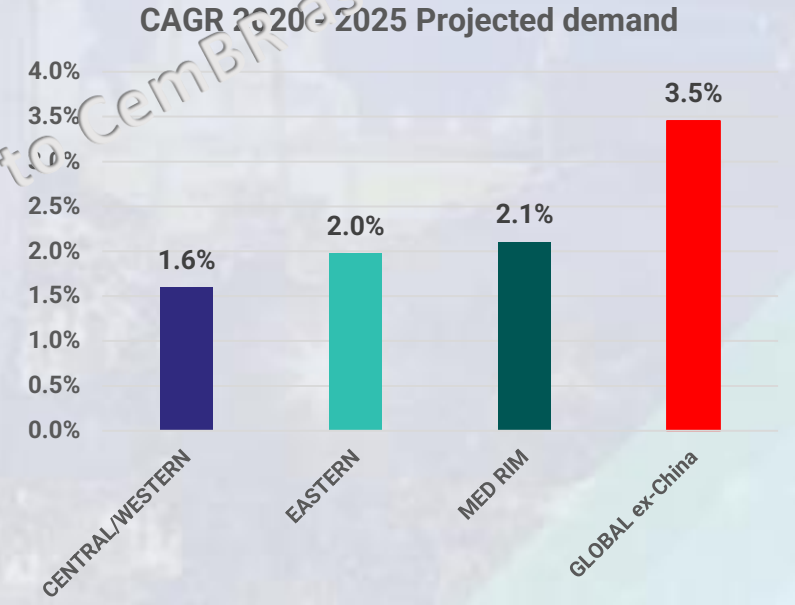
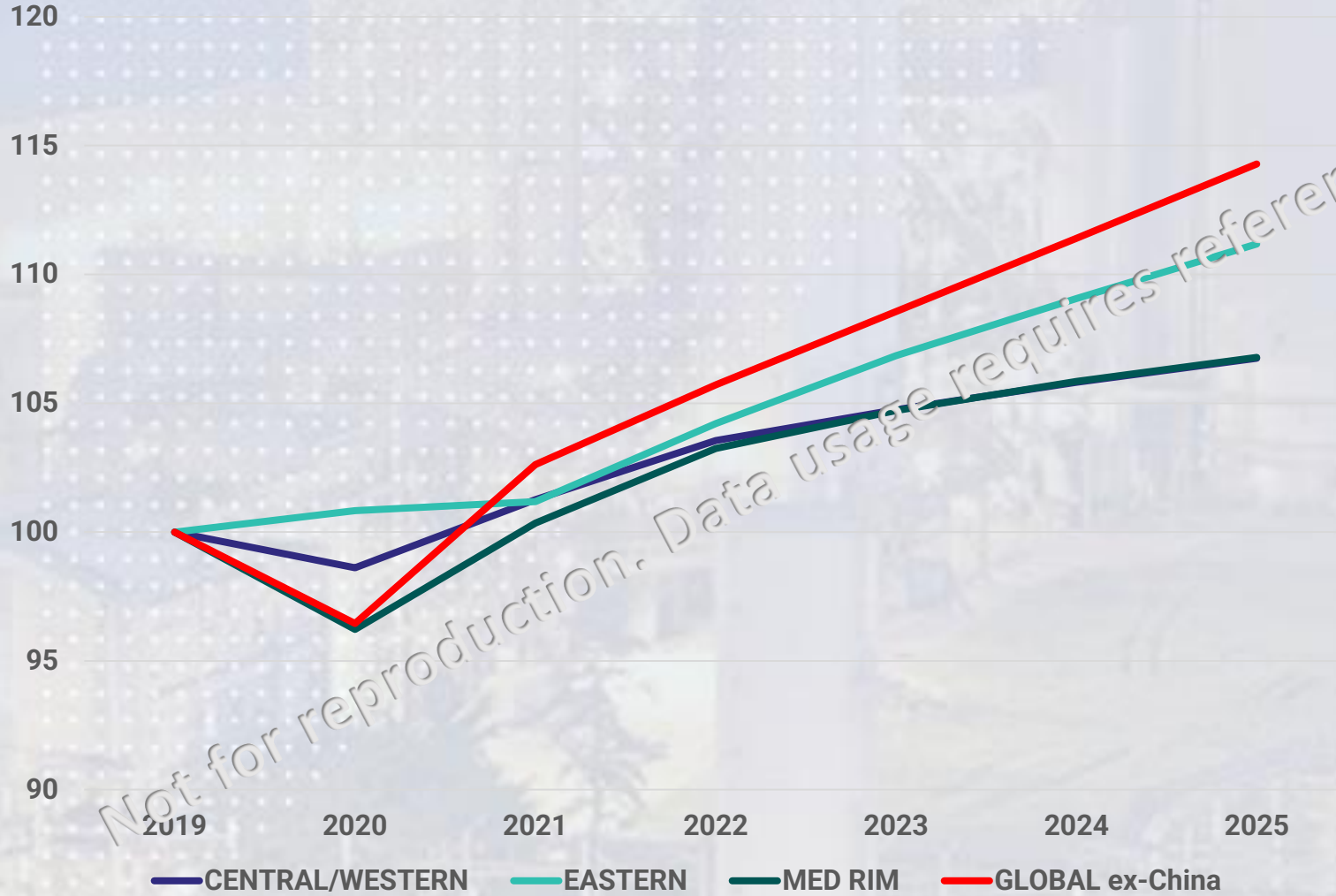
Expected 2021 over 2020 growth



Sub regional growth 2021 over 2020

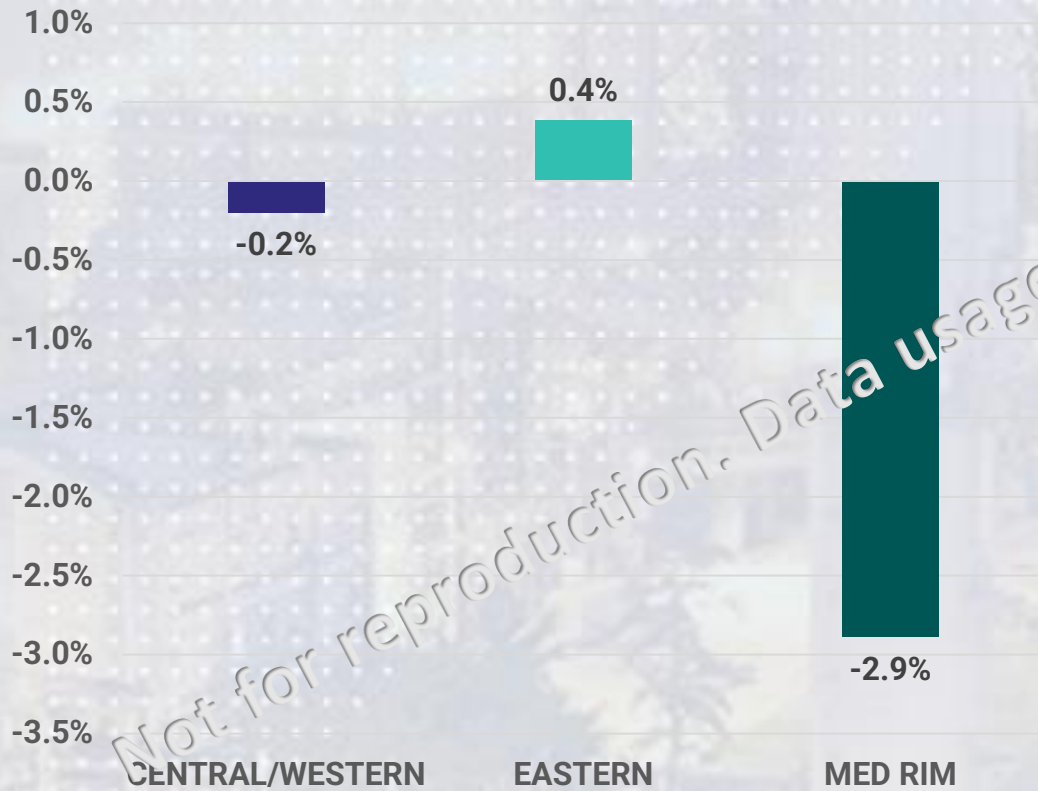


2019 – 2025 Demand scenario profile

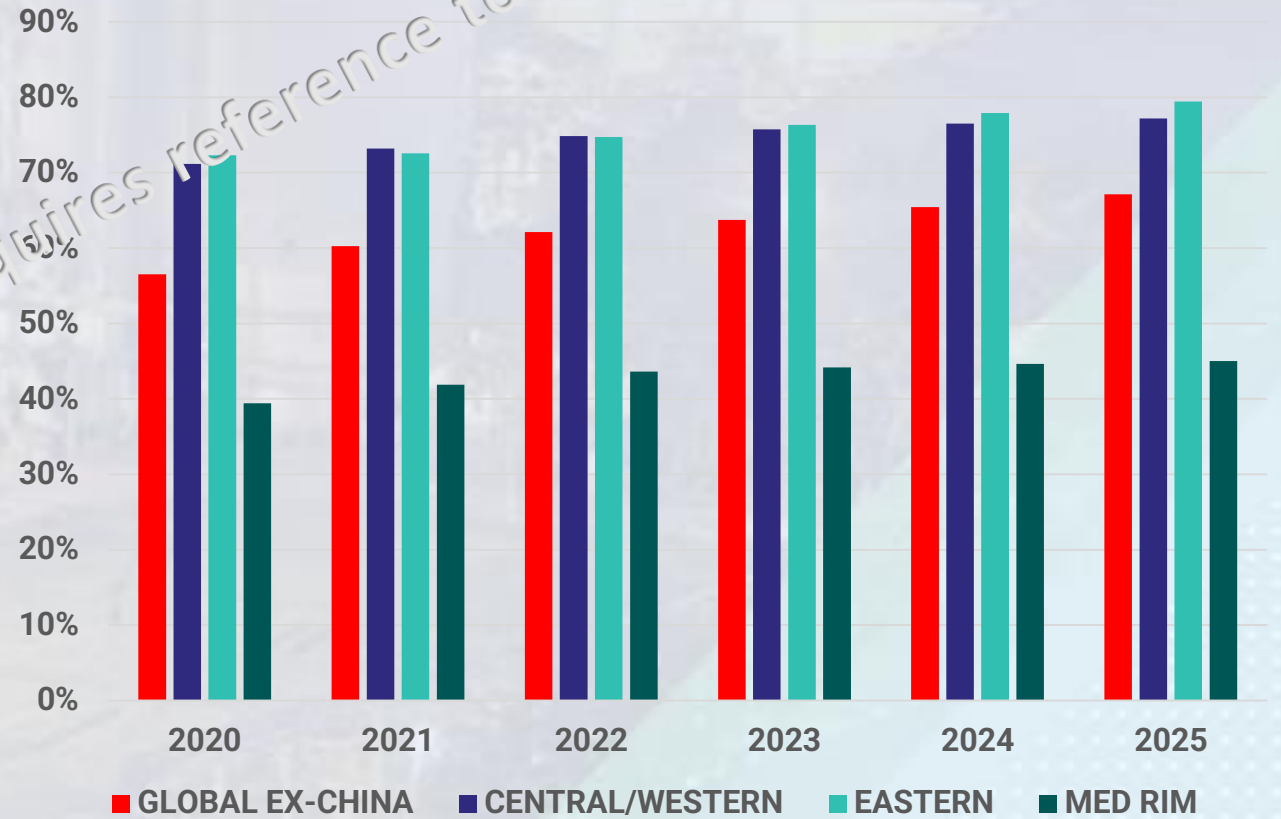


2020 – 2025 Supply – Demand balance

Capacity additions/deletions by 2025 as a percentage of 2020

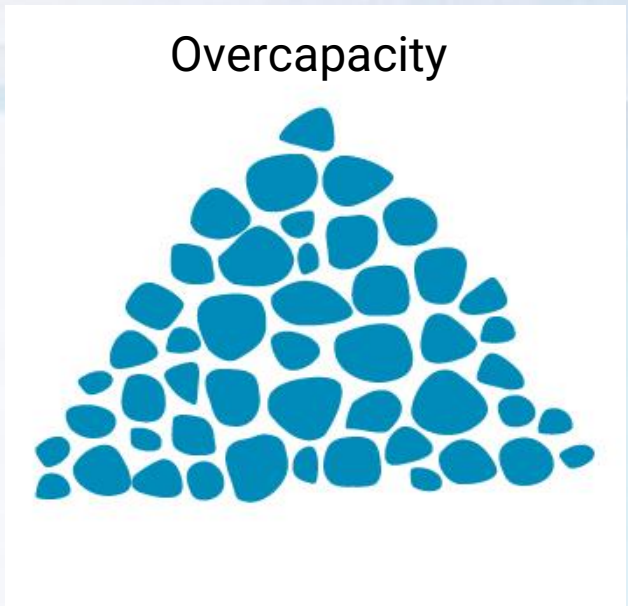
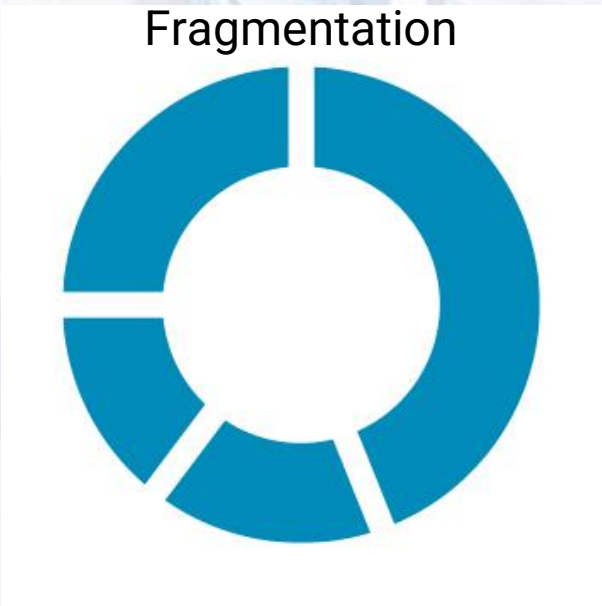


2020 – 2025 DCUF



Source:

Global cement – issues next five to ten years



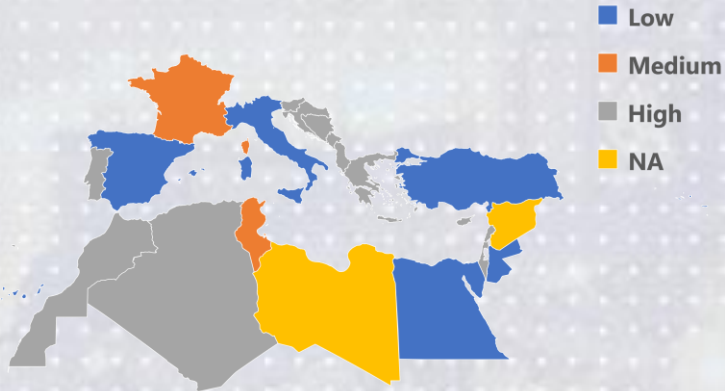
Low or no influence on fossil fuels cost



High CAPEX costs and investments

Fragmentation, excess capacity, and profitability

Consolidation Index



Source: CemBR monitoring project

High correlation. Intuitively makes sense...but numbers also prove it.

Effects of high fragmentation

Double whammy effect visible in some large industries

Other factors can influence profitability (subsidies, taxes on inputs, exports caps, exports subsidies etc.)

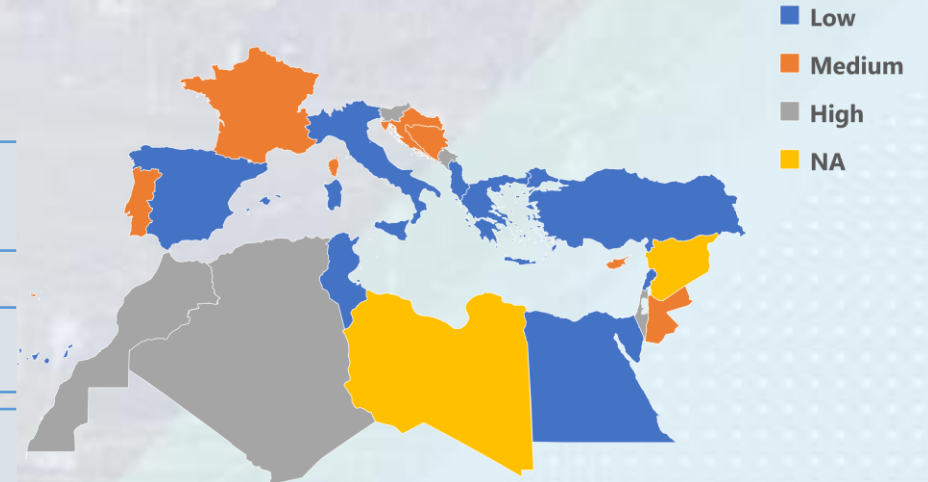
Excess capacity



Source: CemBR monitoring project

Medium to high correlation. Again, it should be intuitive.

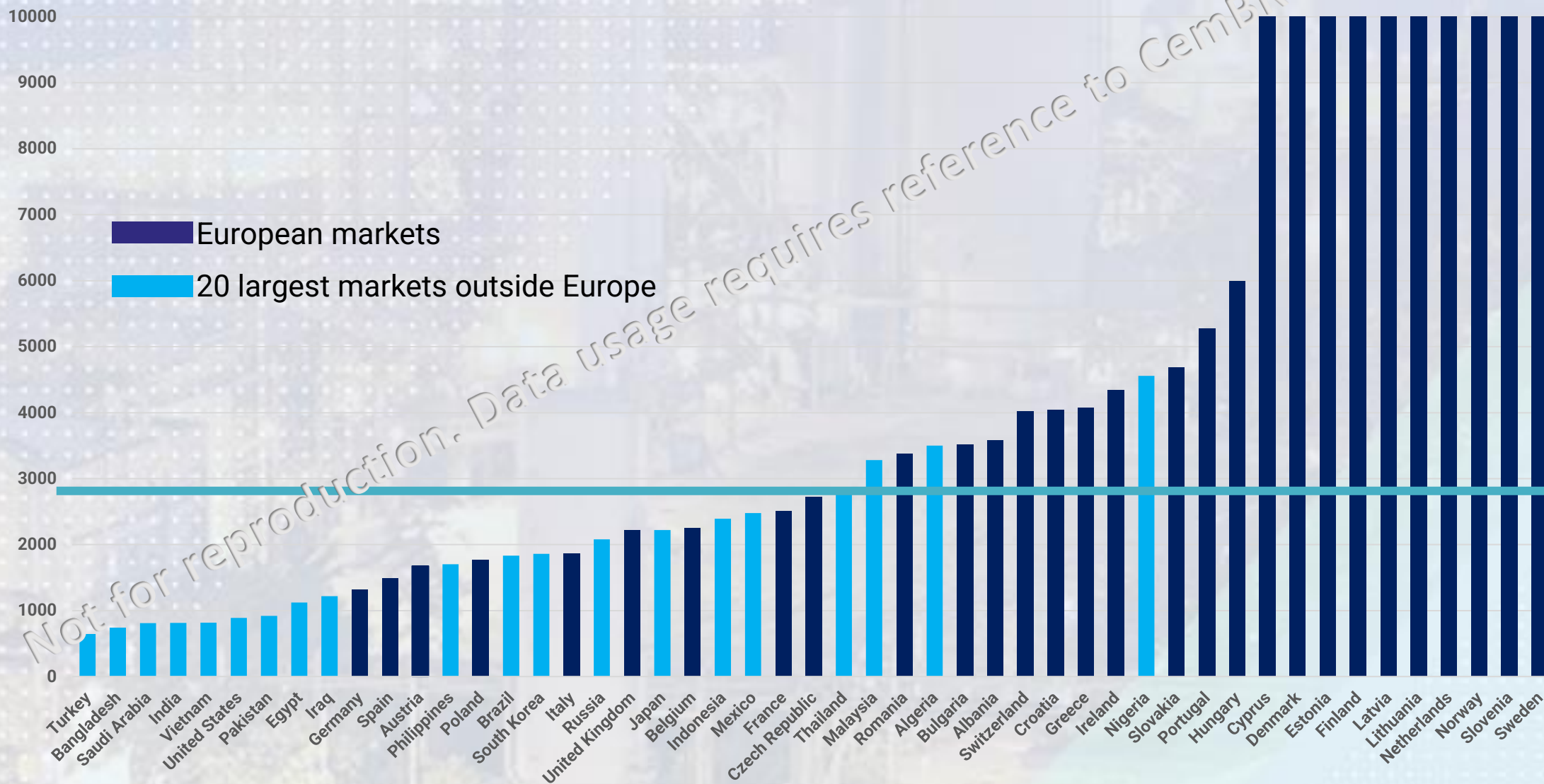
Profitability



Source: CemBR monitoring project

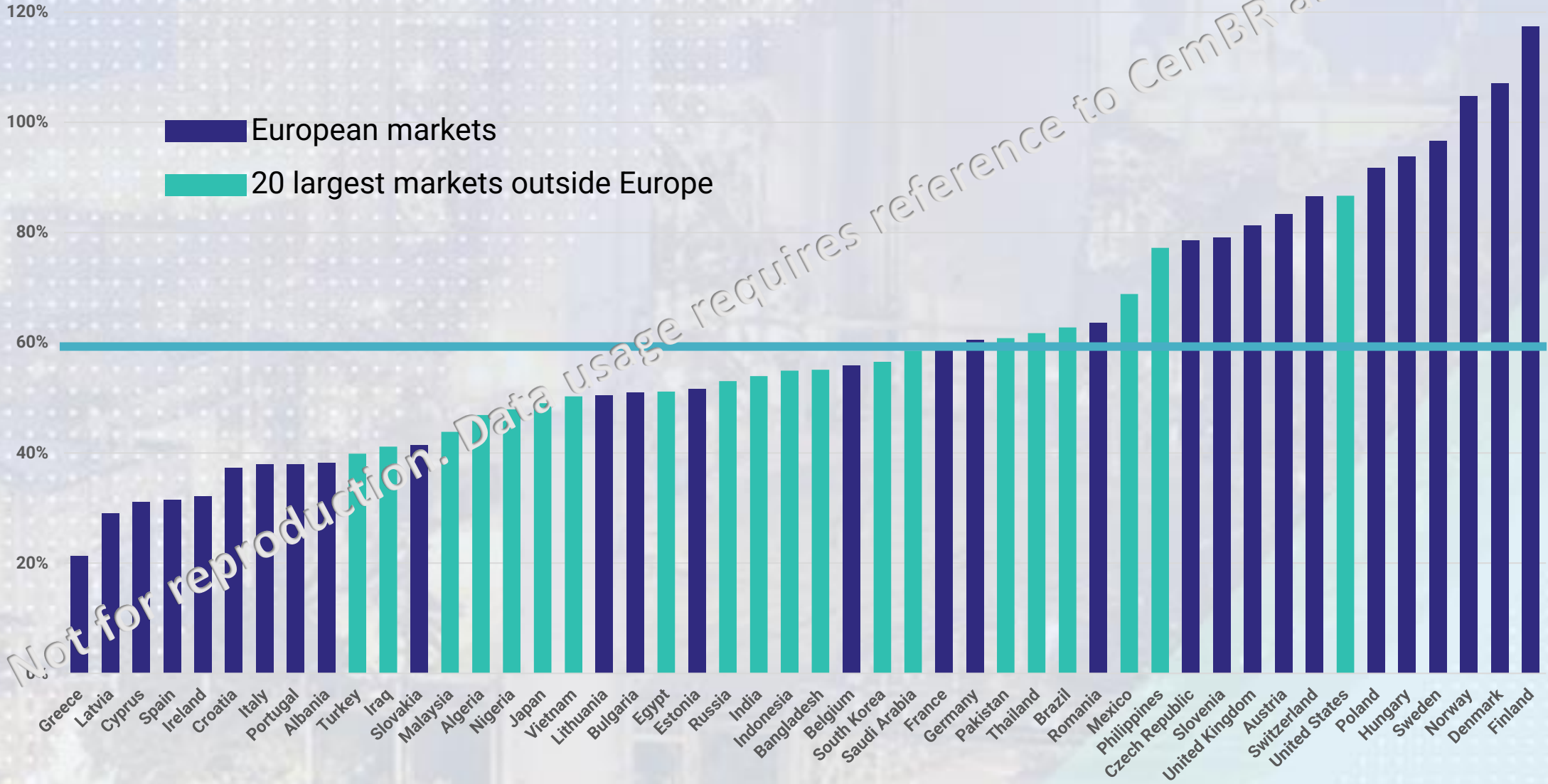
Not for reproduction. Data usage requires reference to CemBR as a source

European issues – Fragmentation (Consolidation Index)



Not for reproduction. Data usage requires reference to CEMBR as a source

European issues – 2020 Capacity Utilisation (DCUF)



Not for reproduction. Data usage requires reference to CEMBR as a source

Conclusions for European cement

5 – year prospects

Subdued but steady growth in consumption in the next five years

The only region in the world removing capacity during the forecasting period

Improving capacity utilisation rates – above global average

2020, 2021, and 2022 short term trends and pandemic impact

Unexpected supply squeezes, increasing energy costs, and carbon taxes are driving prices higher

...but is it enough?

The carbon reduction equation

EU ETS

Carbon pricing at over Euro 75 per tonne

Phase IV started January 2021

Lower allowances – CBAM is coming

Technological developments

Net zero promises need CCS. \$\$\$\$\$

Reduction of clinker – challenging

New “cements” may develop

Considerations of producers

Varying vulnerability of plants

Will there be plant closures?

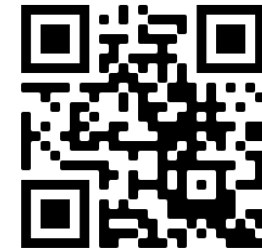
How this affects cement prices?



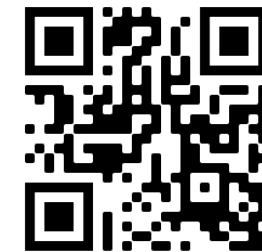
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More information:

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