

AmySaunders, Global Cement Magazine

Top 75 global cement companies



To coincide with the release of the *Global Cement Directory 2014*, *Global Cement Magazine* has taken a closer look at cement companies around the world, comparing capacities to analyse the development of the global cement market. Through this analysis we have identified the top 75 global cement companies. We comment on their place in the cement industry in different world regions and outlooks for the future.

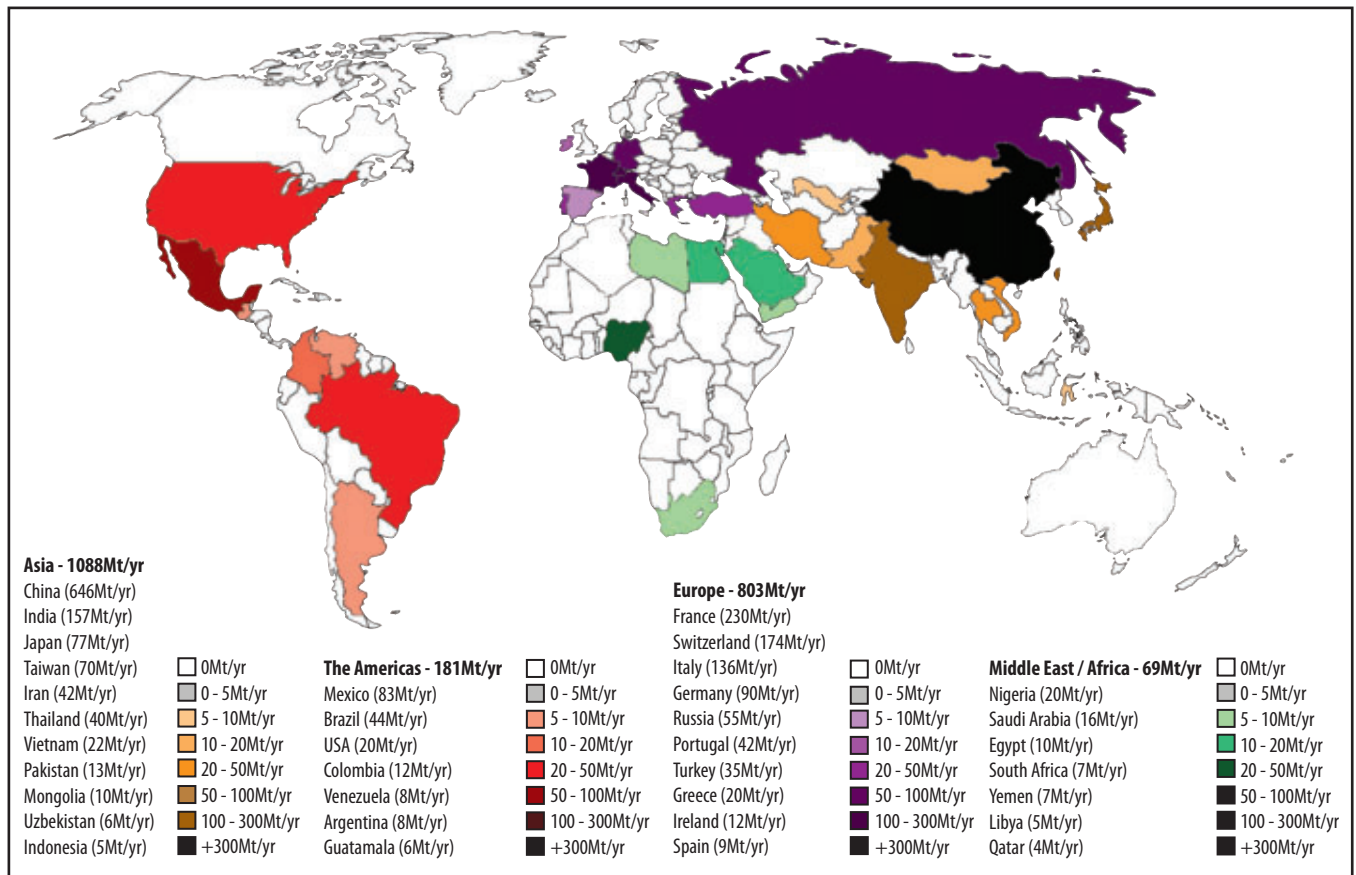
The close relationship between cement consumption and per-capita income means that a country's cement consumption is an excellent indicator of its growth and progress. Regional development depends upon several factors, which include demand, raw material reserves, market access and economic conditions. As such, the global cement industry has undergone major changes in recent years, particularly since the start of the economic crisis in 2008. Emerging markets such as India and China now represent

approximately 90% of the world-wide cement market. Economically-advanced nations such as Europe and the Americas account for most of the remainder, despite on-going financial difficulties.

Global Cement Magazine has compiled the top 75 global cement producers, ranked according to installed production capacity, with data collected from the *Global Cement Directory 2013* and individual company websites (where available). The two sets of data are presented in separate tables due to the differences between sources; for example, Italcementi claims a cement production capacity of 68Mt/yr on its website,

Below - Figure 1: Cement production capacities of the top 75 cement companies of 2013, colour coded by capacity and country. **Source:** *Global Cement Directory 2013*.

approximately 90% of the world-wide cement market. Economically-advanced nations such as Europe and the Americas account for most of the remainder, despite on-going financial difficulties. *Global Cement Magazine* has compiled the top 75 global cement producers, ranked according to installed production capacity, with data collected from the *Global Cement Directory 2013* and individual company websites (where available). The two sets of data are presented in separate tables due to the differences between sources; for example, Italcementi claims a cement production capacity of 68Mt/yr on its website,



while research collected for publication of the *Global Cement Directory 2014* states a production capacity of 80Mt/yr.

Such significant differences can be attributed to variations in counting methods. For the *Top 75 global cement companies of 2013*, we have counted Ordinary Portland Cement (OPC) capacity, not clinker capacity. We have also counted the number of individual cement plants, not individual kiln lines. The cement production capacity of shared-ownership plants have been attributed to the majority shareholding company, rather than individually accounting for each company's share. Our counting methods may differ significantly from many companies when assessing their own capacities, and may also be different from that employed in *The Top 20 Global Cement Companies of 2012*.¹ It should also be noted that several companies have not updated their websites with the latest information regarding production capacity or plant information for several years. Language barriers also produced significant challenges and in some cases completely prevented the collection of production capacity and plant numbers from individual websites. Finally, due to the current unsettled global economy, many companies have been rapidly buying and selling new plants and subsidiaries, producing significant changes in their production capacities and plant numbers over short periods of time. These alterations take time to be reflected in the current version of the *Global Cement Directory* and / or the individual company websites.

Chinese producers

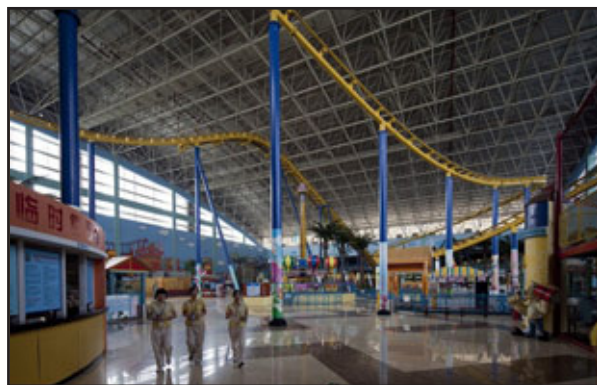
Many of the largest cement producers in the world are Chinese. The difficulty with assessing these producers is that much of the information supplied by

the companies cannot be independently verified. As such, the data regarding cement plant numbers, locations and production capacities in China is necessarily incomplete.

As reported in *China: First in cement (Global Cement Magazine, July-August 2013)*, China claimed a total cement production of 2.2Bnt in 2012. For comparison, total global cement production in 2012 was 3.7Bnt (according to the *USGS Mineral Programme Report 2013*), which means that China accounted for approximately 60% of global cement production. Given that China exported 16.6Mt (0.8% of its claimed production volume) of cement in 2012, China has an apparent cement consumption rate of approximately 1650kg/capita/yr, which is significantly higher than the standard of 1000kg/capita/yr for rapidly developing countries.

As such it is difficult to believe in the cement consumption rates and production capacities that China claims. It seems likely that Chinese cement production volumes and capacities are over-reported by Chinese authorities and that China also continues to promote construction projects that lack genuine demand. Examples include the infamous New South China Mall, Dongguan and Thames Town, Shanghai.

Overcapacity in China is such a major concern that in May 2013 the central government announced that the resolution of the overcapacity problem in the cement industry (amongst others) as one of the key economic initiatives for 2013. The National Development and Reform Commission (NDRC) and the Ministry of Industry and Information Technology (MIIT) jointly issued the 'Determination to Suppress Unchecked Expansion of Industries with Severe Excess Capacity' plan, which requires the cement industry to firmly curb unchecked expansion, prohibits any approval of new capacity projects and stops any project under construction if a suitable license has not been obtained.



Left - Picture 1: New South China Mall, Dongguan.



Left - Picture 2: Thames Town, Shanghai.

The top 10 cement companies 2013

According to data gathered from the *Global Cement Directory 2013*, the top five cement companies by installed capacity were Anhui Conch (217Mt/yr), Lafarge (205Mt/yr), Holcim (174Mt/yr), CNBM (128Mt/yr) and HeidelbergCement (90Mt/yr), all of which possess capacities in excess of 90Mt/yr. With the exception of Anhui Conch all are multi-national companies with significant export volumes.

Anhui Conch Cement Co Ltd, the number one global cement producing company of 2013, has a production capacity of 217Mt/yr according to the *Global Cement Directory 2013* and 209Mt/yr (at the end of 2012) reported on its website. Both are significant increases on the 180Mt/yr capacity described in the *Top 20 global cement companies of 2012* article. Cement and clinker sales for the first six months of 2013 saw a year-on-year volume increase of 28.3% to 103Mt. Net profits of US\$502m were announced, an

increase of 16.7% over the first half of 2012. Anhui Conch is continuing to expand operations during 2013 with the addition of 11 new cement grinding units under subsidiaries Huainan Conch Cement and Xiangshan Conch Cement, with a total additional production capacity of 12.1Mt/yr. Anhui Conch is also venturing into the international market, with construction on-going at its first overseas site in South Kalimantan, Indonesia.

Lafarge is the second largest global cement company of 2013 by cement production capacity. The *Global Cement Directory 2013* reported a capacity of 205Mt/yr in 2013, compared with 225Mt/yr for 2012 reported in the *Top 20 global cement companies of 2012* and 224Mt/yr claimed on its website. Lafarge reported a productive 2012 with sales totalling Euro15.8bn (a 3.5% increase on 2011), which included cement sales of 141Mt (down from 145Mt in 2011). However, the first quarter of 2013 saw a 6% reduction of sales (down to Euro3.13bn) due to particularly harsh weather conditions and temporary production limitations in Algeria and Egypt. Although the second quarter was somewhat improved, sales remained below expected levels, down 3% to Euro4.11bn.

Holcim, the third largest global cement producer of 2013, self-reported a cement production capacity of 218Mt/yr via its website, compared with 174Mt/yr from the *Global Cement Directory 2013*, and

217Mt/yr in the *Top 20 global cement companies of 2012*. The Swiss cement company experienced disappointing results for 2012, including a year-on-year reduction in cement sales volumes of 5.0% (down to 32.1Mt) for the first quarter of 2013 and a reduction of 2.5% (down to 36.5Mt) for the second quarter of 2013. Particularly poor sales were noted in North America and Africa and the Middle East.

China's **CNBM** is the fourth largest global cement producer (128Mt/yr) according to the *Global Cement Directory 2013* and the second largest according to its website (221Mt/yr). By comparison, in the *Top 20 global cement companies of 2012* CNBM was reported as the third largest global cement producing company with a cement production capacity of 200Mt/yr. The massive disparity in production capacity may well be attributed to inconsistent counting methods as CNBM owns 560 subsidiary companies, many of which are involved in the cement industry. The Chinese producers reported that cement demand continued to increase in China in 2013, although the continual over-production (an increase of 9.7% to 1096Mt during the first six months of 2013) reduced sales prices.

HeidelbergCement is ranked at number five of the global cement producers for 2013 with a production capacity of 90Mt/yr according to research conducted towards production of the *Global Cement Directory 2014* and 122Mt/yr stated by its website (updated April

Below left - Table 1: Global cement companies 1-25 ranked by capacity. **Source:** The *Global Cement Directory 2013* and work conducted towards publication of the *Global Cement Directory 2014*.

Below right - Table 2: Global cement companies 1-25 ranked by capacity. **Source:** Annual reports of respective companies and their websites.

Rank	Company/Group	Country	Capacity (Mt/yr)	No. of plants
1	Anhui Conch	China	217	26
2	Lafarge	France	205	134
3	Holcim	Switzerland	174	117
4	CNBM	China	128	80
5	HeidelbergCement	Germany	90	100
6	Italcementi	Italy	80	60
7	Cemex	Mexico	76	55
8	Taiwan Cement Corp	Taiwan	64	6
9	China Resources	China	59	17
10	Sinoma	China	53	4
11	UltraTech	India	49	23
12	Taiheiyo	Japan	43	11
13	Tianrui	China	42	11
14	Eurocement	Russia	40	30
15	Jidong Development	China	37	9
16	Shanshui	China	36	21
17	Buzzi	Italy	36	32
18	Cimpor	Portugal	35	36
19	Votorantim	Brazil	35	25
20	Siam	Thailand	31	6
21	Jiangsu Jinfeng	China	31	7
22	Jaypee	India	27	17
23	Vicat	France	25	15
24	Yatai Group	China	22	6
25	VICEM	Vietnam	22	9

Rank	Company/Group	Country	Capacity (Mt/yr)	No. of plants
1	Lafarge	France	224	161
2	CNBM	China	221	-
3	Holcim	Switzerland	218	147
4	Anhui Conch	China	209	-
5	Jidong Development	China	130	43
6	HeidelbergCement	Germany	122	103
7	Sinoma	China	100	-
8	Cemex	Mexico	95	57
9	Shanshui	China	93	-
10	China Resources	China	74	17
11	Taiwan Cement Corp	Taiwan	71	-
12	Italcementi	Italy	68	53
13	Votorantim	Brazil	57	22
14	UltraTech	India	51	22
15	Buzzi	Italy	45	39
16	Tianrui	China	43	42
17	Eurocement	Russia	40	16
18	Cimpor	Portugal	38	39
19	Inter cement	Brazil	38	39
20	Jaypee	India	33	12
21	Vicat	France	30	17
22	PT Semen Indonesia	Indonesia	28.5	13
23	Titan	Greece	25	13
24	Siam	Thailand	24	4
25	Asia Cement Corp (ACC)	Taiwan	24	-

Right - Picture 3: HeidelbergCement plant in Caucasus Region, Georgia.

2013). The rapidly-evolving nature of HeidelbergCement's business in recent years makes its production capacity of 122Mt/yr likely. HeidelbergCement's company profile (updated end of 2012) claims ownership of four plants in the Chinese provinces of Guangdong, Shaanxi and Liaoning in joint ventures with China Century Cement and Jidong Development Group. The year 2012 was very successful for the Germany-based producers and featured the commission of many new cement mills and plants. During the first six months of 2013 HeidelbergCement reported earnings before interest and income taxes (EBIT) of Euro548m, increased from Euro467m for the first six months of 2012. Relatively flat cement and clinker sales in January-June (42.4Mt in 2013 and 42.7Mt in 2012) were moderated by cement price increases.

Italcementi, the sixth largest cement producing company of 2013, has a cement production capacity of 80Mt/yr according to the *Global Cement Directory 2013* and 68Mt/yr quoted from its website (dated end of 2012). In 2012, the *Top 20 global cement companies of 2012* reported a production capacity of 74Mt/yr. Upon investigation it seems that Italcementi's reports do not state the results of its subsidiaries (of which there are many), which may account for the drastically different reported capacities. Italcementi initiated a streamlining programme in accordance with its '2015 Italy Plan' in 2012, with the sale of its Pontassieve plant in Tuscany and the closure of the Vibo Valentia and Porto Empedocle plants in Calabria and Sicily, which reduced production capacity by 1.85Mt/yr. Cement and clinker sales dropped by 6.6% from 49.1Mt in 2011 to 45.9Mt in 2012 and did not significantly improve over the first six months of 2013 when a cement and clinker sales volumes of 21.8Mt were announced. Sales were notably reduced across Europe, North Africa and the Middle East, while small increases in sales volumes were reported for North America and Asia. Italcementi posted EBITDA of Euro615m for 2012, down from EBITDA of Euro742m in 2011. Results have not improved during the first six months of 2013, with EBITDA of Euro294m announced, a 16.0% reduction on the first half of 2012 (EBITDA for the January-June 2012 was Euro349m).

Cemex is the seventh largest global cement producer in 2013 with a cement production capacity of 76Mt/yr (from the *Global Cement Directory 2013*). It claims a production capacity of 95Mt/yr on its website. An excellent 2012 was reported by Cemex to feature a 10% year-on-year increase in operating EBITDA to US\$2.6bn in spite of a 2% reduction in net sales (down to US\$15.0bn). This was attributed to efficiency

increases and improved sales prices. Cemex continued to improve upon its environmental initiatives, increasing alternative fuel use to 27% (of total fuels used) and to develop new products such as Fortium ICF, which promises



substantial long-term customer savings by reducing energy costs and increasing air quality. However, cement sales volumes in the first nine months of 2013 were disappointing (48.7Mt compared to 50.1Mt for the same period in 2012) and operating EBITDA was reduced by 2% from US\$2.01bn in 2012 to US\$2.00bn in 2013. Particularly poor sales were noted in Mexico (a year-on-year reduction of 10%), although modest growth of cement sales was reported across all other regions.

Taiwan Cement Corp is ranked the number eight global cement producer of 2013. Its production capacity is reported as 64Mt/yr in the *Global Cement Directory 2013*, compared with the 71Mt/yr claimed on its website and 70Mt/yr quoted from *Top 20 global cement companies of 2012*. Cement sales volumes have increased year-on-year from 29.5Mt in 2009 to 49.0Mt in 2012.

China Resources is ranked number nine on the 2013 global cement producers list, with a cement production capacity of 59Mt/yr from the *Global Cement Directory 2013* and 74Mt/yr from its website (announced in June 2013, inclusive of subsidiaries). In 2012, the China-based company reported a cement production capacity increase of 5.2Mt/yr which resulted from the construction of six cement grinding lines. Through continued acquisition and construction it expects to reach a cement production capacity of 76.5Mt/yr by the end of 2013. The first six months of 2013 were extremely lucrative for China Resources, with a reported 80.4% year-on-year increase in unaudited consolidated profit to US\$148m. It has also continued to expand through China, with the commencement of construction of two new cement and clinker plants in Anshun City and Jinsha County.

Sinoma is the number 10 global cement producer for 2013 with a cement production capacity of 53Mt/yr (from the *Global Cement Directory 2013*) and a capacity of 100Mt/yr claimed on its website (dated end of 2012). Comparably, the *Top 20 global cement companies of 2012* report claimed a cement production capacity of 87Mt/yr. In contrast with the other Chinese companies, 2012 was a poor year for Sinoma. In its 2012 annual report it announced a 60.5% year-on-year decrease in profit of US\$257m compared to US\$651m in 2011. This was partially attributed to the plunge in cement prices, as cement sales volumes actually increased by 28.4% to 63.0Mt in 2012 (up from 49.1Mt in 2011). No interim reports for 2013 could be located for Sinoma, however various news reports show that it has

Below - Picture 4: House built with Cemex's Fortium ICF.



continued to expand and diversify through 2013 with the purchase of a new cement mill in Iraq and multiple subsidiary investments (59% stake in Hazemag & EPR, 55% of Wuhai Xishui Cement, LNV Technology Pvt Ltd).

Selected companies in the top 75

Taiheiyu Cement Corp, number 13 the global cement company of 2013, has a cement production capacity of 43Mt/yr (*Global Cement Directory 2013*). This information could not be verified via its website or annual reports. A modest year-on-year net profit increase of 2.7% was reported for Taiheiyu Cement in fiscal 2013 (1 April 2012–31 March 2013), up to US\$7.57bn from US\$7.37bn in fiscal 2012. Domestic cement sales accounted for the bulk of sales and totalled US\$6.35bn in fiscal 2013, reflecting the current growth of the Japanese construction industry. Fiscal 2014 is so far shaping up to be a good year for Taiheiyu Cement, with net sales of US\$1.89bn reported for quarter one (1 April 2013–30 June 2013), a 12.3% increase on the same period of fiscal 2013 (US\$1.69bn).

Jidong Development Group is ranked at number 15 of the global cement companies in 2013, with a cement production capacity of 37Mt/yr according to the *Global Cement Directory 2013*. This is an extremely

large difference from the production capacity of 130Mt/yr that Jidong claims on its website. The China-based cement company does not provide annual reports or similar on its website and as such no further analysis could be performed. A press statement said that in 2012 Jidong reported a net profit of US\$29.1m, an 88.2% year-on-year reduction from 2011.

Shanshui Cement is the number 16 global cement producer of 2013, with a production capacity of 36Mt/yr according to the *Global Cement Directory 2013* and 93Mt/yr claimed by its website (as of June 2013). Cement sales volumes in 2012 were very slightly reduced from 47.9Mt in 2011 to 47.8Mt in 2012, while net profit for the year dropped to US\$263m for 2012 from US\$380m in 2011. The results reported for the first six months of 2013 were also poor, with net profits of US\$59.2m announced, a massive year-on-year reduction from 2012 (US\$125m). Cement sales volumes increased from 21.0Mt for January-June of 2012 to 22.9Mt for the same period in 2013, but due to overcapacity, pricing remained unfavourable. Shanshui continues to expand, with the addition of 3.0Mt/yr of cement production capacity so far in 2013 by installation of new cement lines within its subsidiaries Shule Shanshui Cement and Jincheng Shanshui Heju Cement.

Below left - Table 3: Global cement companies 26-50 ranked by capacity. **Source:** The *Global Cement Directory 2013* and work conducted towards publication of the *Global Cement Directory 2014*.

Below right - Table 4: Global cement companies 26-50 ranked by capacity. **Source:** Annual reports of respective companies and their websites.

Rank	Company/Group	Country	Capacity (Mt/yr)	No. of plants	Rank	Company/Group	Country	Capacity (Mt/yr)	No. of plants
26	BBMG Corp	China	21	18	26	Dalmia Bharat	India	22	-
27	Dangote	Nigeria	20	4	27	VICEM	Vietnam	21	7
28	Titan	Greece	20	13	28	Dangote	Nigeria	21	6
29	Fars and Khuzestan Cement Co	Iran	18	10	29	Oyak Cement	Turkey	18	5
30	India Cements Ltd	India	15	9	30	India Cements Ltd	India	16	9
31	Oyak Cement	Turkey	15	5	31	Cementos Argos	Colombia	16	17
32	Madras Cement Ltd	India	14	8	32	Yatai Group	China	15	6
33	JK Cement	India	14	8	33	Cementir Holding	Italy	15	14
34	Shree Cement	India	14	6	34	Shree Cement	India	14	-
35	Southern Province Cement	Saudi Arabia	12	3	35	Madras Cement Ltd	India	12	8
36	Mitsubishi Materials	Japan	12	5	36	Mitsubishi Materials	Japan	12	-
37	Sumitomo Osaka	Japan	12	4	37	TPI Polene	Thailand	12	4
38	Cementos Argos	Colombia	12	15	38	Limak Group	Turkey	12	11
39	CRH	Ireland	12	12	39	Saudi Cement Co	Saudi Arabia	12	10
40	Cementir Holding	Italy	12	10	40	Cementos Portland Valderrivas	Spain	11	8
41	Dalmia Bharat	India	11	4	41	CRH	Ireland	11	-
42	Tehran Cement Co	Iran	10	6	42	Birla Corporation Inc	India	9.3	7
43	Mengxi Cement Co	Mongolia	10	6	43	Ash Grove	USA	9	8
44	Arabian Cement Co	Egypt	10	9	44	JK Cement	India	8	42
45	Ghadir Investment	Iran	10	5	45	PPC	South Africa	8	8
46	UBE Industries	Japan	10	5	46	Lucky Cement Ltd	Pakistan	7.8	2
47	InterCement	Brazil	9	6	47	SECIL	Portugal	7.7	7
48	TPI Polene	Thailand	9	1	48	Penna Cement	India	7	4
49	Cementos Portland Valderrivas	Spain	8.7	5	49	Cementos Moctezuma SA de CV	Mexico	6.4	3
50	Limak Group	Turkey	8	9	50	Texas Industries Inc	USA	5.4	6

Buzzi Unicem is the 17th largest cement company world-wide in 2013, with a cement production capacity of 36Mt/yr (data from research conducted towards production of the *Global Cement Directory 2014*) and 45Mt/yr reported on its website (as of the end of 2012). Cement sales volumes of 27.3Mt were reported for 2012, a 3.4% contraction from 28.2Mt in 2011. The first half of 2013 has not produced better results for Buzzi. A 5.8% year-on-year reduction in cement sales volumes was reported for the first six months of 2013, down to 12.3Mt, with particularly poor sales to Europe and Mexico observed. Net sales of Euro1.27bn were reported for the first six months of 2013, down 5.7% from Euro1.35bn for the same period in 2012. High production prices due to increased fuel costs reportedly reduced operating profitability.

Brazil's **Votorantim** can be found at number 19 on the global cement companies of 2013 list. Research

conducted for production of the *The Global Cement Directory 2014* reports a production capacity of 35Mt/yr, which is much smaller than that stated on its website, 57Mt/yr. Steady results were reported in 2012, with a net income of US\$10.8bn compared with US\$10.3bn in 2011, and improvement has continued so far through 2013. Cement sales volumes of 8.56Mt during the first quarter of 2013 were substantially higher than for the same period in 2012 (6.30Mt), and continued to improve into the second quarter of 2013, reaching 9.79Mt (7.05Mt of cement sales were reported during the same period of 2012). Strong domestic sales were attributed to a 31.7% increase in housing credit and a disposable income growth of 4.9% in Brazil.

CRH is ranked at number 39 in the global cement producers 2013 list and has a cement production capacity of 12Mt/yr according to *Global Cement Directory 2014* research, while its website claims 11Mt/yr. These

Below left - Table 5: Global cement companies 51-75 ranked by capacity. **Source:** The *Global Cement Directory 2013* and work conducted towards publication of the *Global Cement Directory 2014*.

Below right - Table 6: Global cement companies 51-56 ranked by capacity. Where no data is available (-) companies are placed in order according to the *Global Cement Directory 2013*.

Source: Annual reports of respective companies and their websites.

Rank	Company/Group	Country	Capacity (Mt/yr)	No. of plants
51	Colacem	Italy	8	8
52	FNC Venezuela	Venezuela	8	6
53	Çimsa	Turkey	8	7
54	Loma Negra	Argentina	8	7
55	Ash Grove	USA	8	9
56	Lucky Cement Ltd	Pakistan	7.5	2
57	SECIL	Portugal	7.4	7
58	Penna Cement	India	7	4
59	Yemen Corporation of Marketing and Industry	Yemen	6.9	5
60	Texas Industries Inc	USA	6.9	4
61	PPC	South Africa	6.8	9
62	Cementos Moctezuma SA de CV	Mexico	6.7	8
63	Birla Corporation Inc	India	6.5	4
64	Bestway Cement	Pakistan	5.8	3
65	Asia Cement Corp (ACC)	Taiwan	5.8	2
66	Uzqurillishmateriallari	Uzbekistan	5.7	5
67	Cementos Progreso	Guatamala	5.7	3
68	Eagle Materials	USA	5.5	6
69	Sibirskiy Cement Holding	Russia	5.3	4
70	Ahlia Cement Co	Libya	5.3	4
71	PT Semen Indonesia	Indonesia	4.8	3
72	Nuh Çimento Sanayi AŞ	Turkey	4.4	1
73	Bank Mellî Iran Investment Co (CIDCO)	Iran	4.3	4
74	Qatar National Cement Co	Qatar	4.2	4
75	Saudi Cement Co	Saudi Arabia	4.2	2

Rank	Company/Group	Country	Capacity (Mt/yr)	No. of plants
51	Bestway Cement	Pakistan	5.4	4
52	Southern Province Cement	Saudi Arabia	5.25	3
53	Arabian Cement Co	Egypt	5	-
54	Eagle Materials	USA	4.45	6
55	Nuh Çimento Sanayi AŞ	Turkey	4.4	1
56	Yemen Corporation of Marketing and Industry	Yemen	0.95	3
	Taiheiyo	Japan	-	19
	Jiangsu Jinfeng	China	-	-
-	BBMG Corp	China	-	-
-	Fars and Khuzestan Cement Co	Iran	-	-
-	Sumitomo Osaka	Japan	-	5
-	Tehran Cement Co	Iran	-	-
-	Mengxi Cement Co	Mongolia	-	-
-	Ghadir Investment	Iran	-	-
-	UBE Industries	Japan	-	-
	Colacem	Italy	-	8
-	FNC Venezuela	Venezuela	-	-
-	Çimsa	Turkey	-	5
-	Loma Negra	Argentina	-	-
-	Uzqurillishmateriallari	Russia	-	-
-	Cementos Progreso	Guatamala	-	-
-	Sibirskiy Cement Holding	Russia	-	-
-	Ahlia Cement Co	Libya	-	-
-	Bank Mellî Iran Investment Co (CIDCO)	Iran	-	-
-	Qatar National Cement Co	Qatar	-	-

values differ radically from the capacity of 56Mt/yr quoted in the *Top 20 global cement companies of 2012*, which was calculated from clinker capacity assuming a clinker factor of 95%. While on the surface CRH appears to be a relatively small company, it is heavily invested in countless subsidiaries including Uniland (Spain), Mashav (Israel) and Yatai Building Materials (China) and owns many more outright. The cement production capacities of these (and other) subsidiaries are not explicitly listed in CRH's annual reports. In 2012 CRH reported EBITDA of Euro1.64bn, down 1% from the 2011 EBITDA of Euro1.66bn. CRH reported EBITDA of Euro397m during the first six months of 2013, down 24% from Euro523m for the same period in 2012.

The companies that are ranked at 47-70 have installed cement production capacities of less than 10Mt/yr, dropping to less than 5Mt/yr for companies 71-75. The position of these companies on the global cement producers 2013 list is necessarily fluid, given that a relatively small capacity addition could jump a given producer up several positions.

Global trends

The global cement industry was severely disrupted by the 2008 financial crisis. The *USGS Mineral Programme Reports of 2007-2013* show that while global cement production (2.60Bnt in 2007 and 3.70Bnt in 2012) has continued to grow in the time since, this trend can be attributed primarily to the massive expansion of the Chinese market, with an increase of 800Mt cement production since 2007. Modest cement production growth rates have been experienced by Brazil, Egypt, India, Iran, Saudi Arabia, and Vietnam, while production volumes have either flat-lined or dropped drastically for the US, Japan and Western Europe since

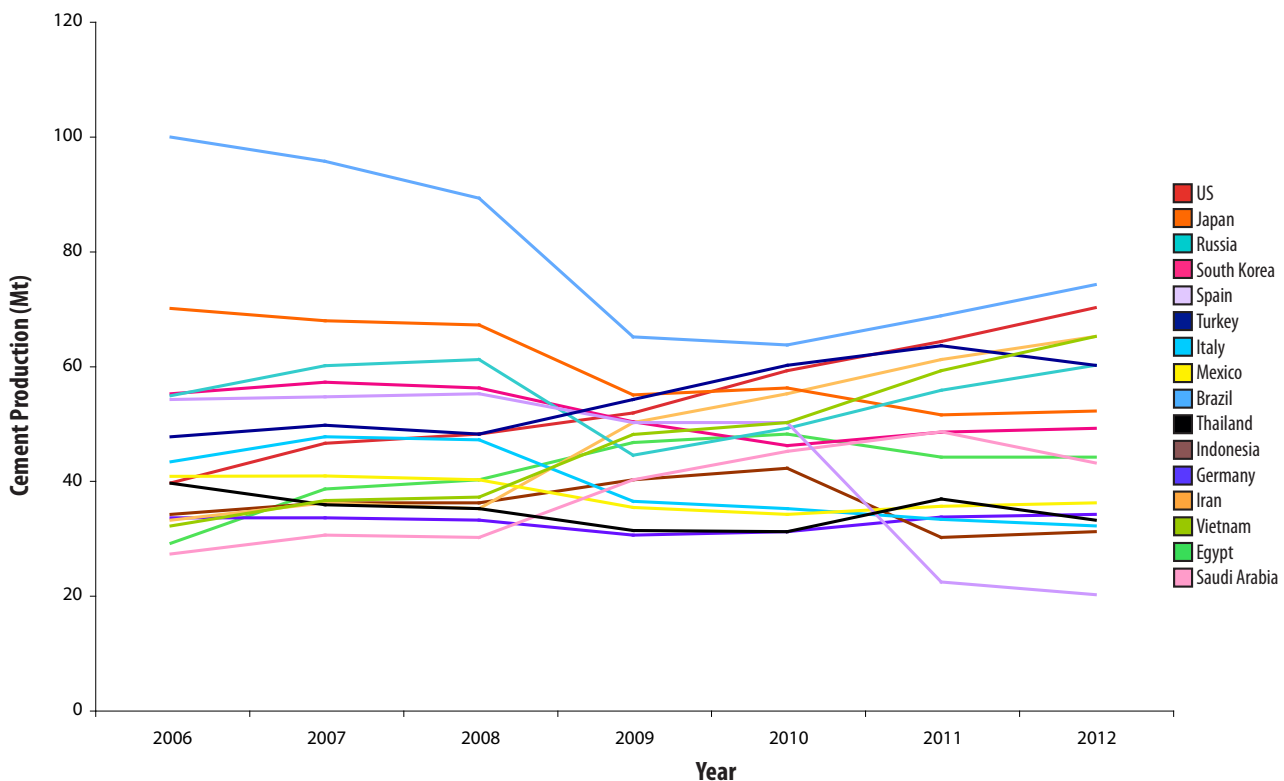
Rank	Country	2011 Cement production (Mt)	2012 Cement production (Mt)
1	China	2100	2150
2	India	240	250
3	USA (inc. Puerto Rico)	68.6	74.0
4	Brazil	64.1	70.0
5	Iran	61.0	65.0
6	Vietnam	59.0	65.0
7	Turkey	63.4	60.0
8	Russia	55.6	60.0
9	Japan	51.3	52.0
10	Saudi Arabia	48.4	43.0

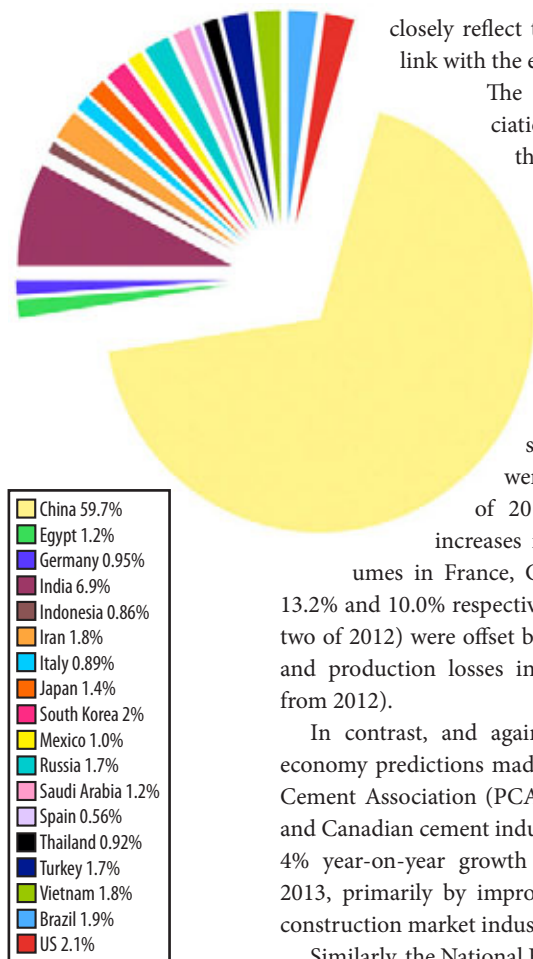
their peaks in 2007. The only European countries to show signs of recovery to date are Russia and Turkey. Spain is perhaps the most dramatic example shown in Figure 2; like many European countries, it initially took some time for the impact of the 2008 recession to hit, but when it did the effects on many industries, including construction, were catastrophic.

The global economy grew by 3.2% in 2012 according to the IMF, down from 3.7% in 2011 and 5.2% in 2010. As in 2011, the growth of advanced (1.6% in 2011, 1.2% in 2012) and emerging and developing (6.4% in 2011, 5.1% in 2012) economies remain in stark contrast with each other. Interestingly, the Eurozone and the United States possess markedly different growth rates; increased private demand in the US afforded growth of 2.2% in 2012, while European nations contracted by 0.6% in the same time period. The *World Economic Outlook Database April 2013* predicted a continuation of these trends for 2013, with steady growth in the US (1.9%), negative growth in the Eurozone (-0.3%) and strong growth (5.3%) in emerging and developing economies. The cement industry would be expected to

Above - Table 7: Top 10 cement producing countries in 2011 and 2012 ranked by production. **Source:** USGS Mineral Programme Reports 2012 and 2013.

Below - Figure 2: Cement production (Mt) by year. **Source:** USGS Mineral Programme Reports 2007 - 2013.





Above - Figure 3: Global cement production (Mt) in 2012. **Source:** USGS Mineral Programme Report 2013.

closely reflect these trends given its close link with the economy overall.

The European cement association CEMBUREAU announced that the situation was worse than expected in Europe for the first quarter of 2013. “The latest actual annual GDP data revealed the weakest macroeconomic picture in the EU since the onset of the economic crisis in 2008,” it said. Minor improvements were reported for quarter two of 2013; dramatic year-on-year increases in cement production volumes in France, Germany and Italy (14.3%, 13.2% and 10.0% respectively, compared with quarter two of 2012) were offset by flat production elsewhere and production losses in Spain (a 2.0% reduction from 2012).

In contrast, and again in line with the global economy predictions made by the IMF, the Portland Cement Association (PCA) states that the American and Canadian cement industries are on target to reach 4% year-on-year growth in cement production in 2013, primarily by improvements in the residential construction market industry.

Similarly, the National Bureau of Statistics of China reported that steady development (including a year-on-year GDP growth rate of 7.6%) was maintained for the first six months of 2013. In line with the ‘Determination to Suppress Unchecked Expansion of Industries with Severe Excess Capacity’ plan, the latest phase-out list (which details out-dated, non energy-efficient and environmentally damaging cement plants, of which 527 were named in 2013) published by the Ministry of Industry and Technology (MIIT) includes cement capacity of 92.8Mt/yr at plants that were due to be closed by the end of 2013.

IMF predictions on the global economy have so far in 2013 been reflected in the global cement industry. Reports by the major multinational cement producing companies reflect the same trends of growth in cement sales being limited to emerging markets in Asia and the Middle East. Sales to mature markets (Europe, North America) have remained flat or declined due to the poor global economy and increasing prices of raw materials and fuels.

Future outlook


The future of the cement industry looks very bright for emerging and developing economies. In the *World Economic Outlook Database April 2013* the IMF predicted strong economic growth rates for advanced and emerging economies (5.3% and 5.7% for 2013 and 2014 respec-

tively), which were revised slightly downwards in the *World Economic Outlook Database October 2013* to 4.5% (in 2013) and 5.1% (in 2014). Nonetheless, significant economic growth in this region will no doubt be reflected in the continued expansion throughout the construction industry.

The story for advanced economies is quite different; economic growth rates of 1.2% (for 2013) and 2.2% (for 2014) were predicted in *World Economic Outlook Database April 2013*, which were also revised downwards to 2.0% for 2014 in the latest *World Economic Outlook Database October 2013* report. This is consistent with continued slow recovery from the 2008 financial crisis. The disparity in growth rates between the United States and Eurozone is forecast to reduce slightly by 2014 from a peak difference of 2.8% in 2011, to a difference of 1.6% in 2014.

Environmental initiatives such as CO₂ emission and air pollution (dust and heavy metals) reductions and the use of green fuels will continue to be at the forefront of the cement industry. The Cement Sustainability Initiative (CSI) reports the successful decoupling of CO₂ emissions with cement production volumes for the 24 participating companies. CO₂ emissions from cement production by these companies have fallen from 17% from 756kg/t in 1990 to 629kg/t in 2011 (a data delay is employed by the CSI to ensure company privacy). The European cement association CEMBUREAU has launched a roadmap towards an 80% reduction in CO₂ emissions from the cement sector by 2050. Advances in green developments, including carbon capture and storage technologies, waste heat power generation and low-carbon cement products, will continue to be hot topics in years to come.

The large multinational corporations have mixed expectations for the future. Lafarge and HeidelbergCement both remain confident of continued growth, while others, including Holcim, Lafarge and Cemex have reined in expectations due to the reduction in cement volume sales in the first half of 2013. Growth in sales volumes are expected to be limited to Asia, North America and Latin America. Wisely, many cement companies are using the time afforded by slower demand to increase their focus on cost-cutting initiatives and implement environmental policies that will be essential in future.

It is more important than ever that global cement producers continue to develop for an ever-changing global market. This may be easier for the large multinationals companies, who when faced with falling demand in advanced economies can increase their exports. However, for smaller cement producers situated in economically advanced countries who typically sell most of their cement on the domestic market, 2014 may be the year to begin scaling up exports. 

References

1. Lechtenberg, M., ‘Top 20 global cement companies’, *Global Cement Magazine* December 2012, PRO Publications International Ltd, Epsom, UK.

Below - Table 8: Economical growth by region (%). **Source:** IMF World Economic Outlook Databases.

Region	2011	2012	2013	2014
Global	3.2	3.7	2.9	3.6
Emerging and developing	6.4	5.1	4.5	5.1
Advanced	1.6	1.2	1.2	2.0
United States	1.8	2.2	1.6	2.6
Eurozone	1.4	-0.6	-0.4	1.0