

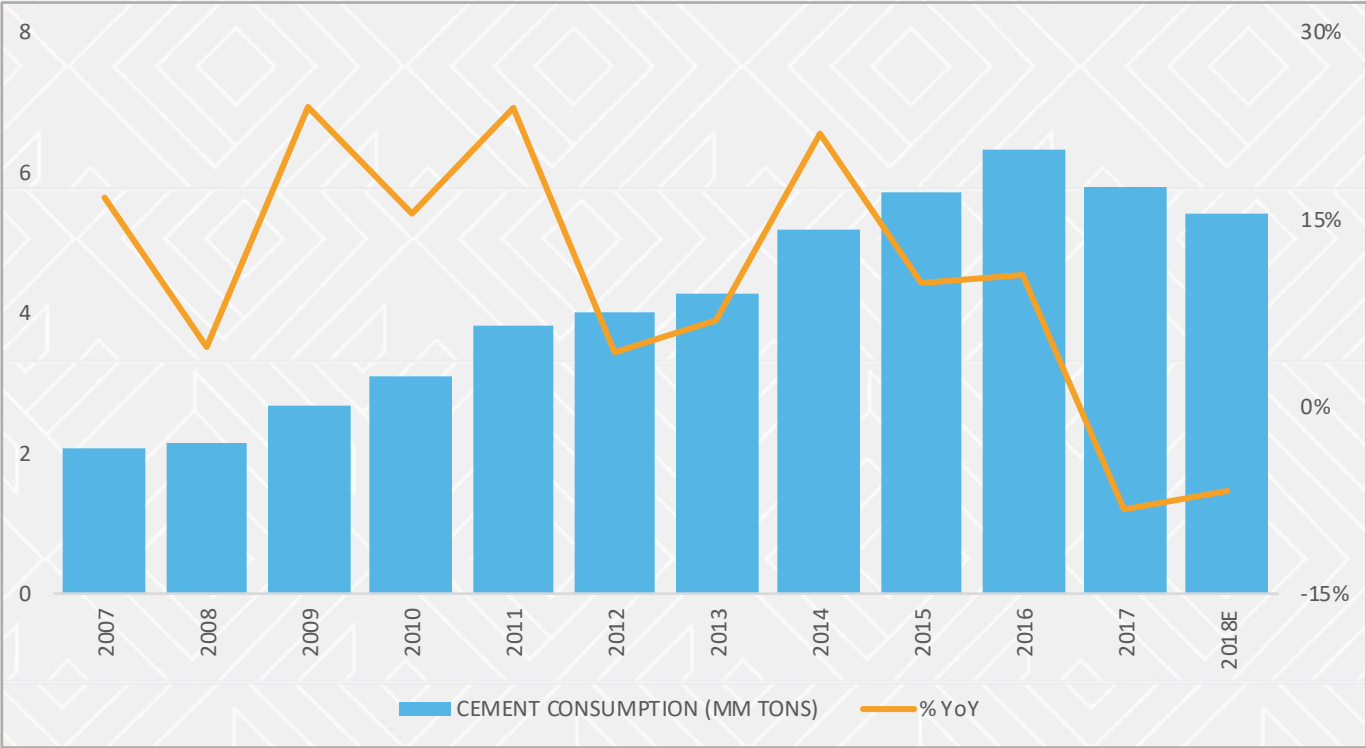
# Kenya Cement Market:



## **Two years of hardship – how will the first real cement crisis be managed?**

CemBR – Cement Business Research begins its extracts from the recently published East Africa Cement Report (Q4 2018) with Kenya. Kenya's cement sector grew by 11% CAGR in the last decade, with the country exceeding all regional peers from the perspective of cement consumption per capita. The growth of the market was driven by infrastructure projects and the real estate sector. However, after 17 years of continued growth, Kenya's cement industry closed 2017 with an 8.2% decline, sparked by the controversial presidential elections, the completion of major infrastructure projects, lack of financing for the private sector and the drought.

FIGURE: CONSUMPTION OF CEMENT (2007 – 2018E)



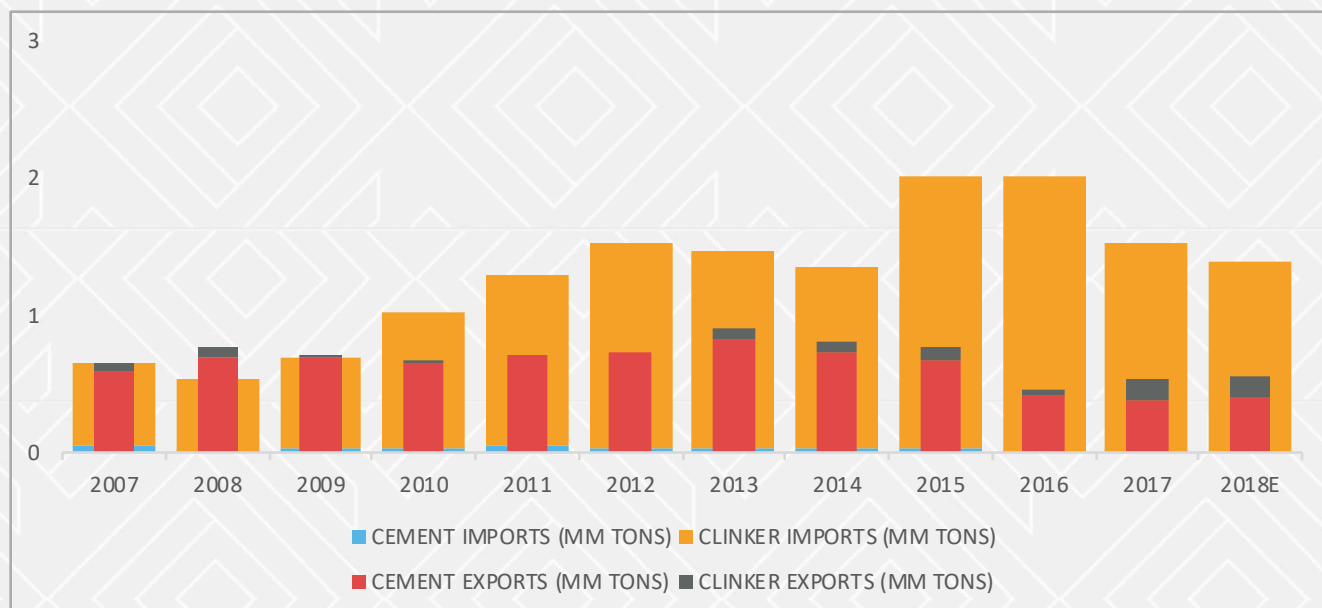
The depressed market coupled with significant cement capacity additions that will continue in the future will keep the supply – demand balance in a fragile state. The market will be over-supplied at least in terms of its cement milling capacity. The clinker capacity, although increased by the addition of a new unit, will remain severely under-supplied and partly affected by performance issues. Consequently, Kenya continues to remain a net importer of clinker.

The country imported more than 15 million tonnes of clinker between 2007 and 2018. Clinker is usually imported from China, the UAE and South-East Asian countries. A new partner emerged in 2017 – Egypt, which is grappling with low utilization rates and looking for exporting destinations.

When it comes to cement exports, Kenya’s volumes are predominantly destined to its neighbour, Uganda. More limited volumes are being shipped to South Sudan, the Democratic Republic of Congo and Rwanda.

There are no major concerns regarding license to operate. The Government has limited interference in the market with perhaps the most stressing issue for cement companies being the ability to secure limestone mining licenses that are long-term and in accordance with the country’s Mining Law.

FIGURE: CEMENT AND CLINKER MARKET IMPORTS – EXPORTS (2007 – 2018E)



Until the renewed growth is secured, Kenyan cement companies are passing through what can be regarded as their first major crisis, which has already severely affected the financials of most companies. The consecutive years of cement consumption decline and dwindling financials, among other reasons, diminished investors' interest for the market and some cement plant projects were delayed or even cancelled. Demand projections are also assigned with a moderate risk, which is driven by the potential delay of major projects because of climbing debt burden.

East Africa Cement Market Report (Q4 2018) is an essential tool for anyone interested in East Africa and includes Kenya, Tanzania, Uganda, Ethiopia and Mozambique. You can order the 217-page report directly from our website ([www.cementbusinessresearch.com](http://www.cementbusinessresearch.com)). Alternatively, please comment on the article for more information.