

Turkish Cement Industry: Article 1



Probably the most influential cement industry
in the Mediterranean Rim and the western
hemisphere.

MACRO

Turkey is a transcontinental Eurasian country that benefits from a highly advantageous geographical location at the crossroads of the Middle East, Asia and Europe. The last two decades impressive growth has elevated Turkey to an upper-middle income level and positioned the country in the thirteenth place in world rankings for size. In the last ten years GDP grew at a CAGR of 6.4%.

CONSTRUCTION ACTIVITY

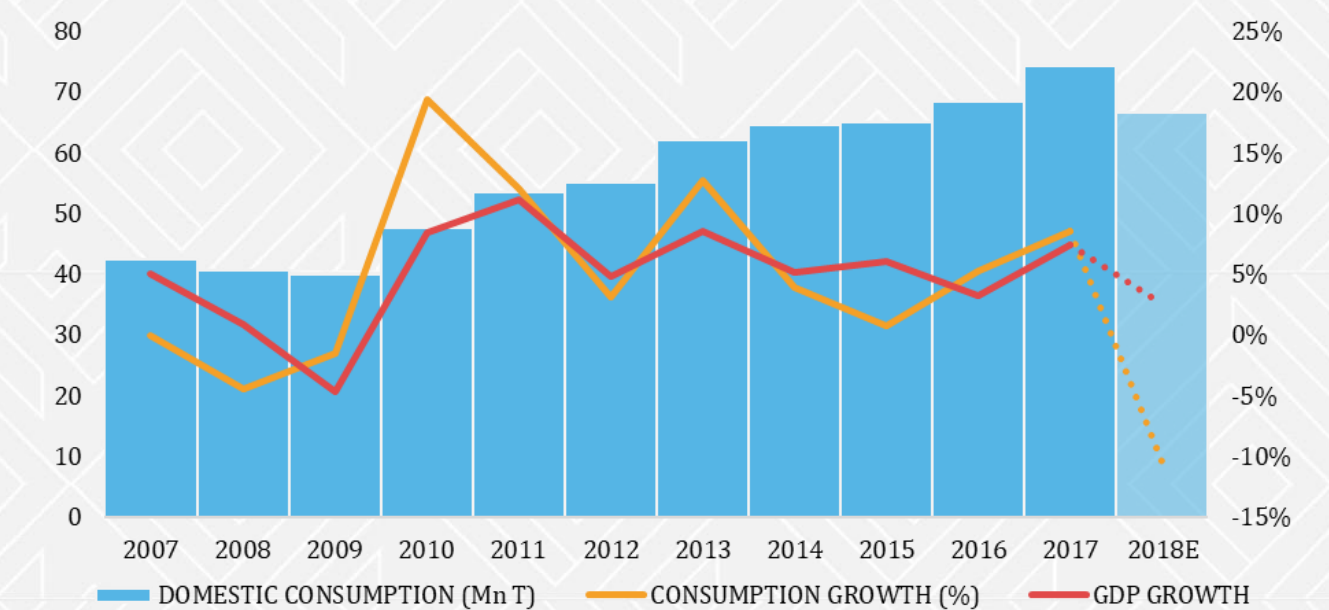
Construction activity in Turkey has followed GDP growth albeit exhibiting a more volatile growth profile. In the last ten years construction activity as a percentage of GDP hovered around the 7% mark. At the same time, the drivers of construction have contributed in a changing pattern.

INDICATOR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018E
HOUSING	42%	42%	40%	47%	45%	51%	50%	52%	49%	48%
INFRASTRUCTURE	39%	38%	39%	34%	37%	32%	35%	34%	36%	36%
PUBLIC	8%	6%	6%	6%	7%	6%	6%	7%	7%	8%
COMMERCIAL	12%	14%	14%	13%	11%	10%	9%	7%	8%	8%

There are several reasons for this changing pattern. Looking ahead, there are several aspects of the industry that might again affect the contribution of these drivers to the overall construction activity. A full explanation and analysis on this issue is provided in detail in the CemBR Turkey report.

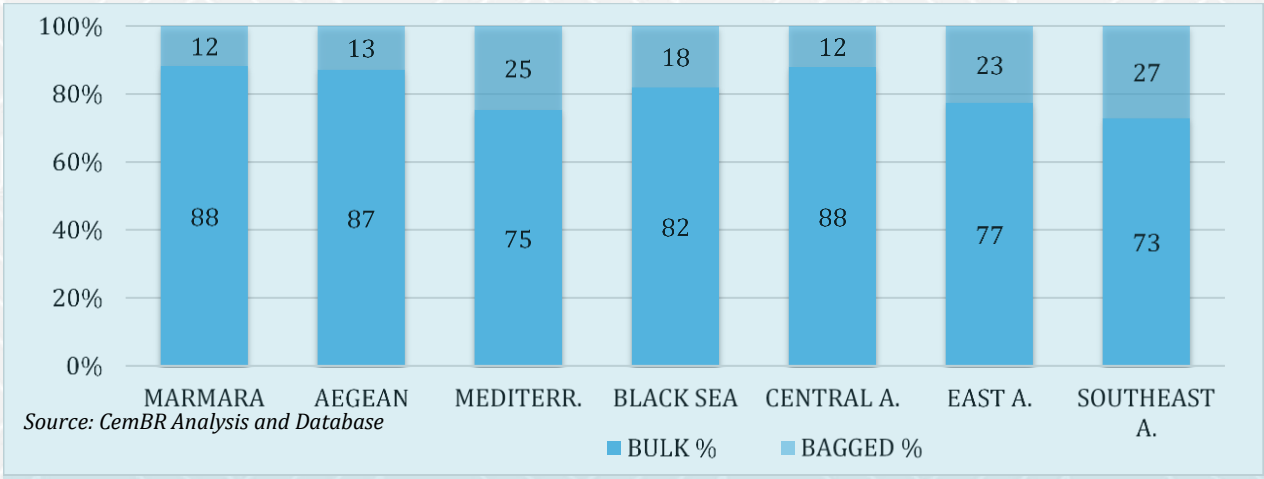
CEMENT MARKET – DEMAND

The cement consumption in Turkey grew from 40 million tonnes in 2009 to an estimated 66.6 million tonnes in 2018. This represents a CAGR of 5.8%. The growth pattern of cement consumption has been similar to GDP.



Cement demand reached its all-time peak in 2017 when the per capita consumption reached around 930 Kg. This consumption is not uniform across the country. Certain regions exhibit high per capita consumption whereas others are below the country average. There are several reasons behind this discrepancy fully explained and analysed in the CemBR Turkey report.

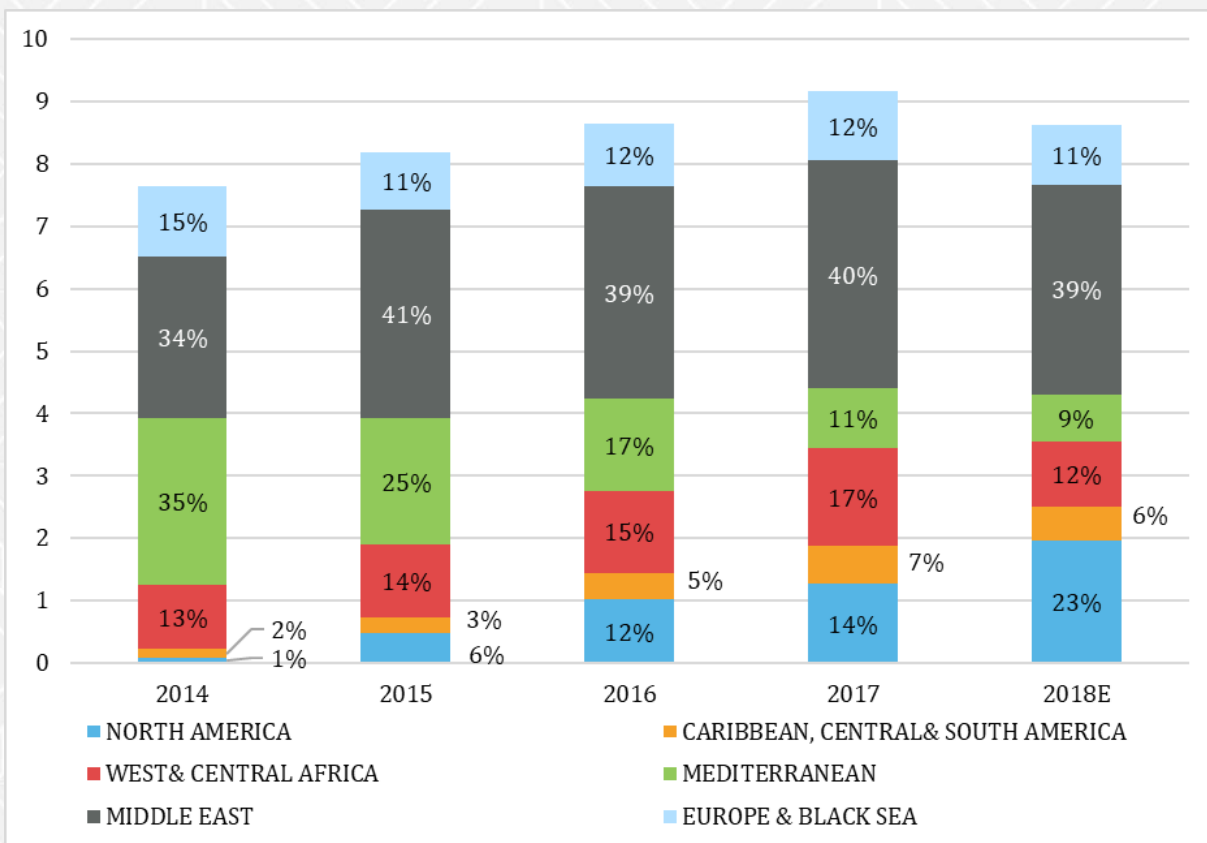
The types of cement sold in Turkey vary with CEM I predominant in five of the seven regions, whereas CEM II is prevalent in two of the seven regions of the country. Bags and bulk cement percentages are also diverse depending in the region.



TRADING

For the last four years, Turkey has been a leading exporter of cement and clinker. The location of the country facilitates relatively straight forward access to over 110 countries. At the same time, the composition of the destination markets and split between cement and clinker has also been changing.

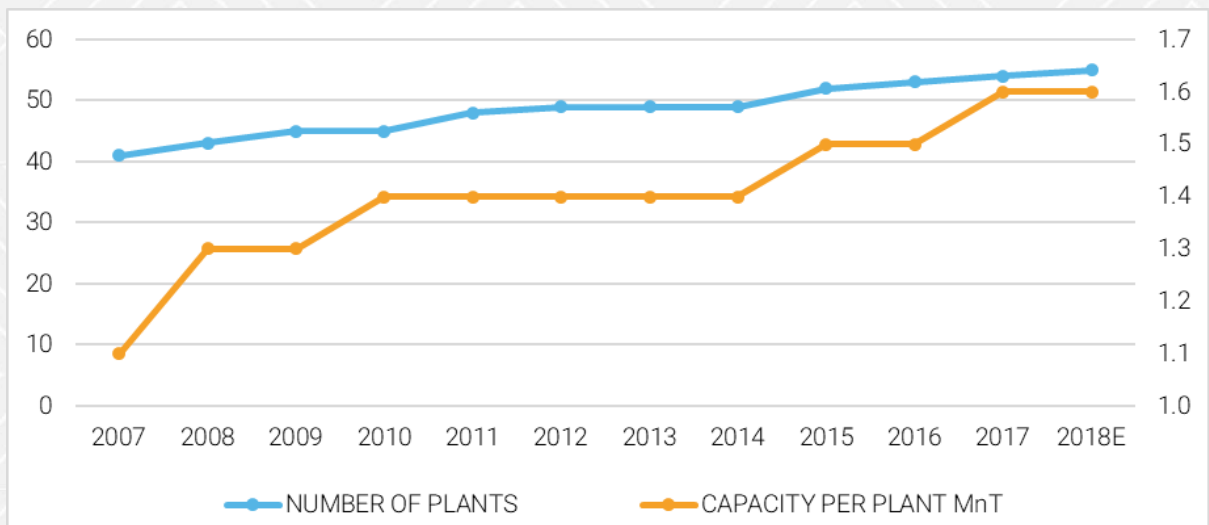




The CemBR report on Turkey examines the international trading position of Turkey and the associated issues in some detail.

SUPPLY

There are 78 operational kilns in Turkey currently. The largest part of those kilns is more than 1.0 million of capacity. This size increase has been a feature of the industry in the last ten years.



It is estimated that half of the clinker capacity was installed in the last decade. The cost structure of the industry is dominated by energy costs, which account for approximately 65% of total production costs.

The CemBR Turkey report has an in-depth analysis of all supply related aspects of the industry.

PROJECTIONS

There are several scenarios for cement demand going forward. All indications suggest that consumption in 2019 will drop further. Recovery is expected later in the forecasting period depending on the scenario. All scenarios and associated risks are fully analysed in the CemBR Turkey report.

There will be one more article based on CemBR's recently published report on Turkey.



Business Research and Insights into the global cement sector