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## Housing Sector, Infrastructure Spending to Boost Cement Demand in 2010

Cement demand is expected to increase by 10-12% in 2010 due to a faster recovery than expected in the housing sector and a push for government spending on infrastructure.

This growth will come after cement demand declined by (-) 1% and (-) 11% in FY21.

**Rising demand and low interest rates are driving the real estate sector in a pandemic, and the government's commitment to high-value infrastructure projects is gaining momentum for growth in the highway sector," said rating agency Brickwork Ratings (BWR). rice field. ..**

"Improvements in these two sectors, one of the largest consumers of cement, show a strong recovery path for the cement sector."

According to the agency, the momentum of growth will continue, and production in FY2011 is expected to grow in the low double digits.

"Raw material prices such as limestone and petroleum coke are already on the rise, so a strong recovery in demand will support cement prices," he said.

"In addition, as electricity, freight, and logistics costs increase, BWRs expect overall cement prices to rise 6-8 percent year-over-year."

According to the agency, the price of limestone accounts for about 60 percent of the total raw material cost.

"As of August 2021, limestone prices rose 30-32% from 2009 levels to 2010. Apart from these overheads, rising fuel, electricity and fares also weighed on profit margins. bottom."

"Recent rises in diesel and pet coke and coal prices have had a significant impact on cement companies' interest, taxes, depreciation, and EBITDA margins."

In addition, BWR expects cement player EBITDA margins to shrink by 40-60bps in 2010 due to rising corporate input costs.

"Companies have also raised cement prices, but these price increases are not at the same rate as input costs. Therefore, companies are hitting margins to protect more quantities."