

For Immediate Release

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Italian cement market remains under pressure; outlook stable through 2021

Greenwich (CT), USA, June 28, 2017 – According to [CW Research's 2017 Italy Cement Market Report update](#), both cement production and consumption decreased in 2016. Continuing its multi-year slide, Italy, Europe's second largest cement market after Germany, saw production and consumption fall seven and ten percent, respectively, coming into 2017.

Robert Madeira, CW Research Managing Director and Head of Research, observed: "The dramatic fall in cement demand in Italy followed the financial crisis in 2008. As many other developed markets, Italian construction activity – public works as well as private building – slowed sharply. The persistent subsequent weakness has been further exacerbated by a struggling banking sector that has seen multiple shocks in the past years. Furthermore, a slowdown in the broader economy, with the political gridlock and a potential euro-zone exit, has sapped energy out of an economic recovery."

Illustratively, in 2016, cement consumption fell slightly short of eighteen million tons, down from a pre-financial crisis peak of 47 million tons in 2006. Consequently, between 2010 and 2015 cement consumption fell at a ten percent per year on average.

With a "new normal" level of cement demand, the drastically lower consumption levels have caused financial distress for cement producers in the country. Industrial rationalization has progressed to address production overcapacity in an effort to balance supply and demand. As a result, multiple cement plants have been permanently shut down or idled. Cement pricing has faced significant headwinds as main demand segments, including notably ready-mix concrete, face their own challenges in securing projects.

Private consumption and public investment support moderate recovery

Cement consumption is expected to stabilize over the next five years, barring any macroeconomic shocks. Private consumption is expected to lead the recovery. At the same time, the country's road rehabilitation needs will support a modest demand expansion, which is projected at just under one percent per annum between 2016 and 2021.

Raluca Cercel, CW Research's Lead Analyst for the report, stresses that "over the past six years, the Italian cement market has undergone a painful transition and adapted to a new business environment and to lower levels of activity. This has led to a consolidation of the market, absorbing smaller players, increasing efficiency and improving synergies, setting the stage for a more sustainable cement sector in the coming years".

Representative of the market consolidation is the HeidelbergCement-Italcementi megamerger in 2016, creating a global giant in the cement sector. However, additional consolidation activities have taken place, including among Italian cement manufacturers, such as the incorporation of Sacci under Cementir, and the Buzzi Unicem strategic agreement with Wietersdorfer to improve costs and logistics.

As the consolidation works its way through and cement demand stabilizes, CW Research's update forecasts an environment supportive of a stronger cement price over the medium term.

Challenges no doubt remain for the Italian cement markets, to no small extent held hostage by an uncertain economic outlook for Italy. However, CW Research believes that the worst is behind the sector, as it has taken arduous steps to restructure and adjust to the present market reality.

For more information, placing an order, or interview inquiries, please contact Liviu Dinu, Market Services & Marketing Consultant, CW Group, by phone at +40-744-67-44-11, or e-mail at ld@cwgrp.com.

About the Report

CW Research's Cement Industry Country Report series meets the country-level cement market research needs of small and large businesses, analysts and governments. The reports cover cement volume trends in detail, analyzing trade flows, cement demand and production (historical and outlook), per capita consumption, and the competitive landscape, including company profiles, cement production facility details, including past and announced brownfield production increases and greenfield projects. Cement Industry Country Reports also cover demand drivers, including macro-economic and construction sector dynamics for the specific country. Industry reports are presented in an objective, easy-to-understand format, providing hard-to-find answers to top market research questions.

The comprehensive CW Research's Italy Cement Market Report provides an in-depth and data-oriented analysis of the cement market in Italy. This cement industry report provides a detailed review of the cement market in Italy, with regional perspectives, discussion of demand drivers as well as cement tonnage volume and price trends in the country with provides a national five-year demand forecast. More information about the report can be found here: <http://www.cwgrp.com/research/research-products/country-reports/product/209-italy-cement-country-report-2017>

About CW Group

The Greenwich (Conn.), USA headquartered CW Group is a leading advisory, research and business intelligence boutique with a global presence and a multi-industry orientation. CW Group is particularly recognized for its sector expertise in heavy-side building materials (cement), light-side building materials, traditional and renewable power & energy, petrochemicals, metals & mining, industrial minerals, industrial manufacturing, bulk cargo & shipping, among others. We have a strong functional capability, grounded in our methodical and quantitative philosophy, including due diligence, sourcing intelligence, feasibility studies and commodity forecasting. www.cwgrp.com