

Aastar Trading Pte Ltd
GLOBAL OUTLOOK
FOR THE CEMENT INDUSTRY
IN 2024

QUICK OVERVIEW OF AASTAR TRADING

In summary:

- **Trading arm of KPN CORP, in charge of imports and exports of all the group:**
 - Clinker/Cement/Cementitious Products & Solid Fuels
 - Palm Oil,
 - Biofuels/Biomass
- **Cement Division in numbers for 2023:**
 - ~4.25 Mio MT of Clinker exported out of Indonesian Integrated plant
 - ~1.75 Mio MT of Cement exported of Vietnamese Integrated plant



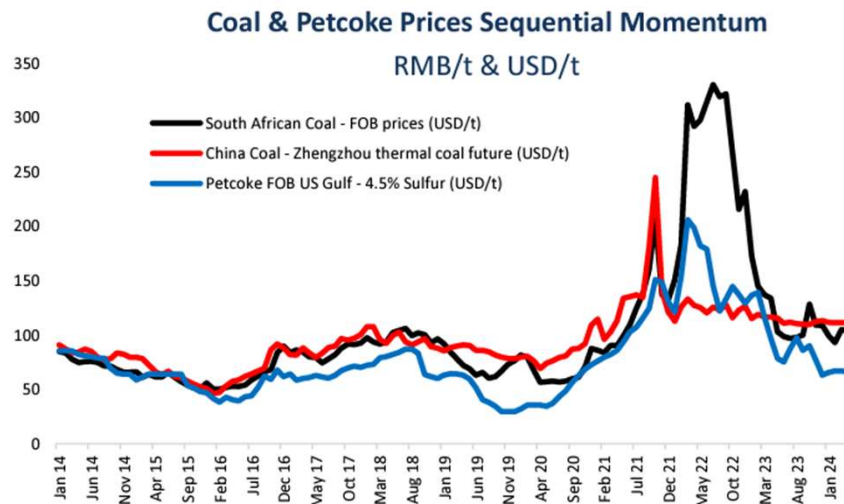
GLOBAL OUTLOOK FOR 2024:

- Seaborne trading flows largely disrupted due to ongoing armed conflicts in Eastern Europe and Middle-East
- IMF suggested a downward revision of the macroeconomic scenario and the ongoing decline in many construction leading indicators.
- Muted growth, strong US dollar and high interest rate may have an impact on Cement markets around the globe.
- Decline in cement and clinker export FOB prices in Q1 2024
 - Vietnam competing with China which has re-entered the export market
 - Turkish volumes affected by the export ban to Israel

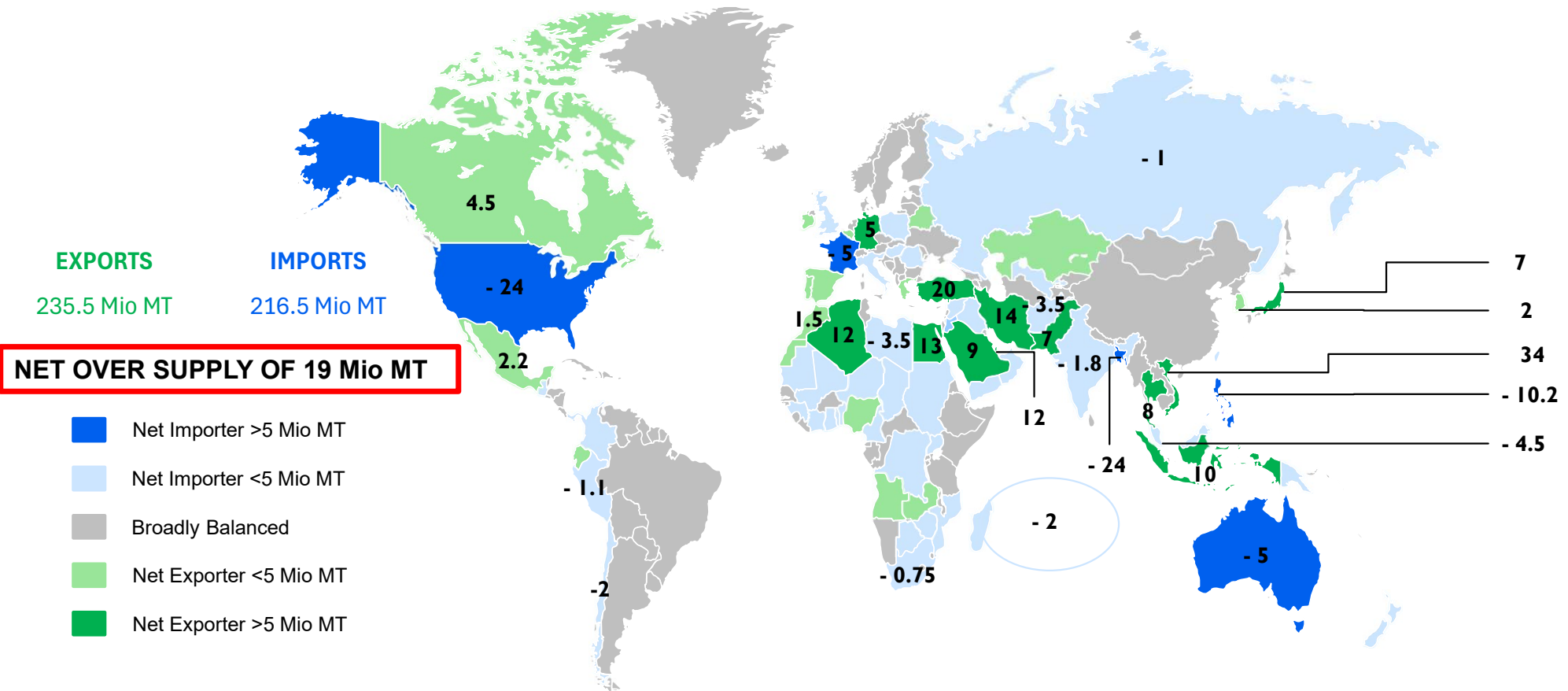


GLOBAL OUTLOOK FOR 2024 (CONT'D):

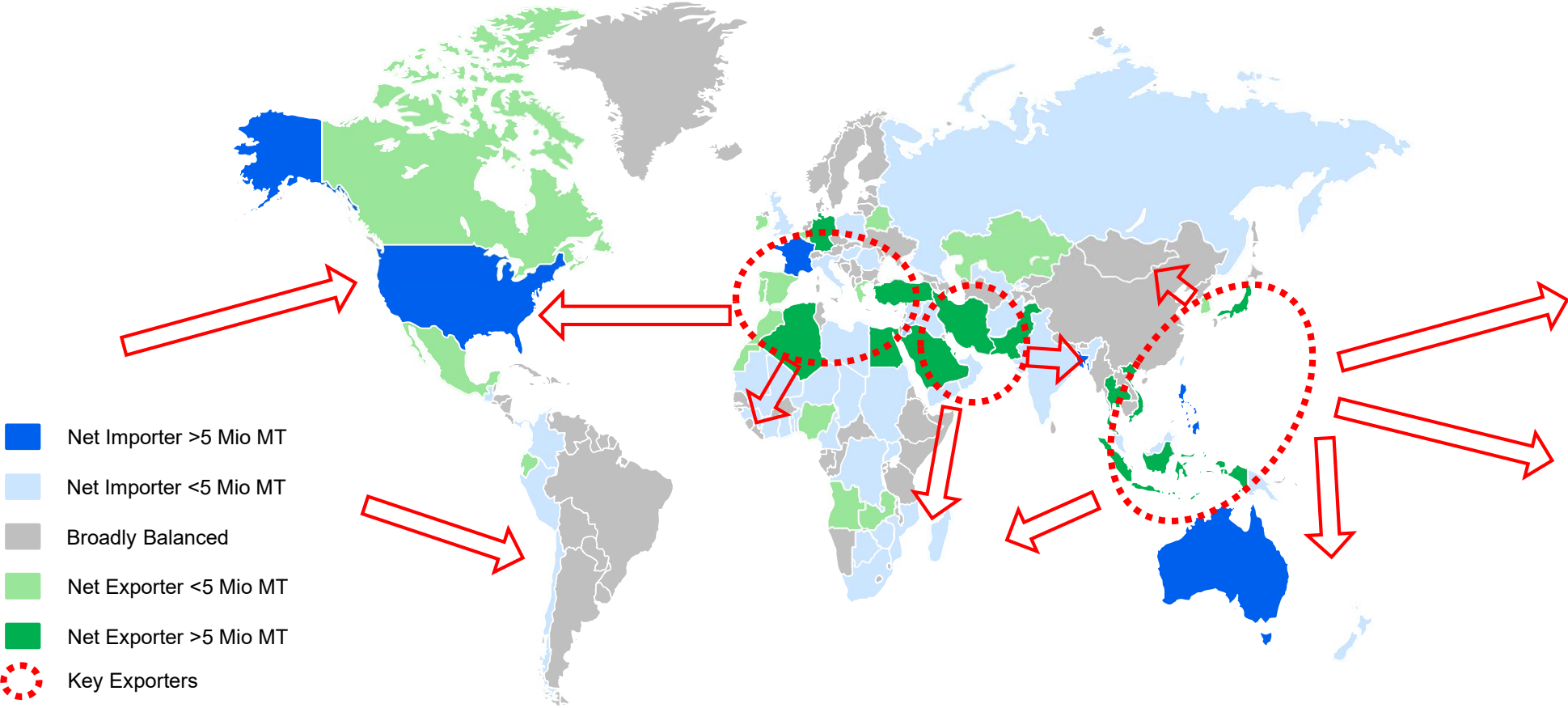
- Freight rates remain extremely volatile
- Coal prices are stable after sharp decrease in global prices post pandemic



IMPORTS/EXPORTS (FORECAST 2024)



FLOWS FROM SUPPLY TO DEMAND



WHAT ARE THE CHALLENGES?

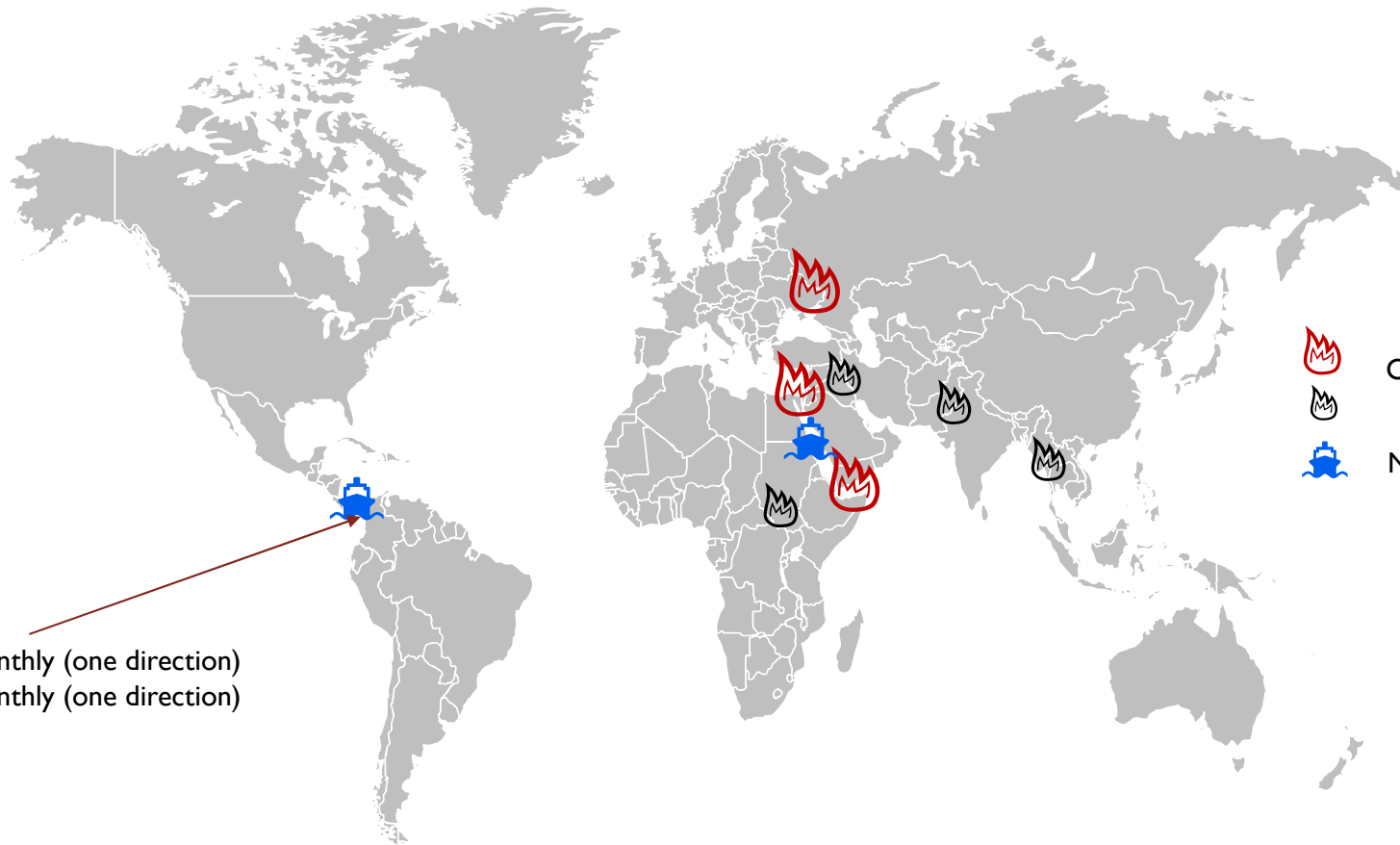
GLOBAL GEOPOLITICAL ENVIRONMENT






VOLATILE FREIGHT ENVIRONMENT



GEOPOLITICAL CHALLENGES

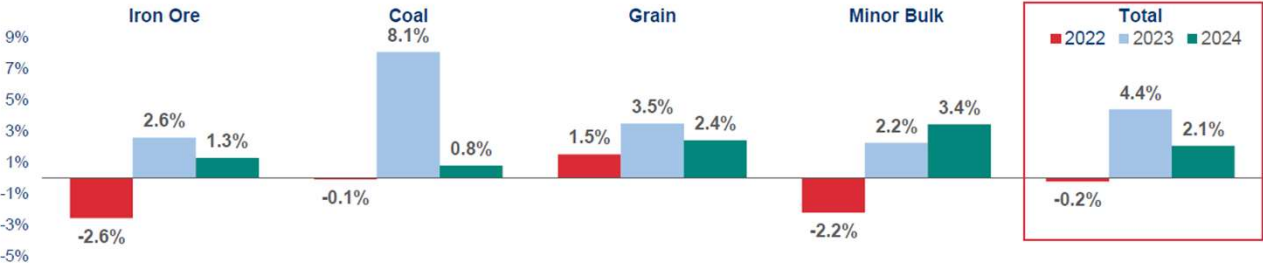


-  Ongoing Armed Conflicts
- 
-  Navigation Bottlenecks

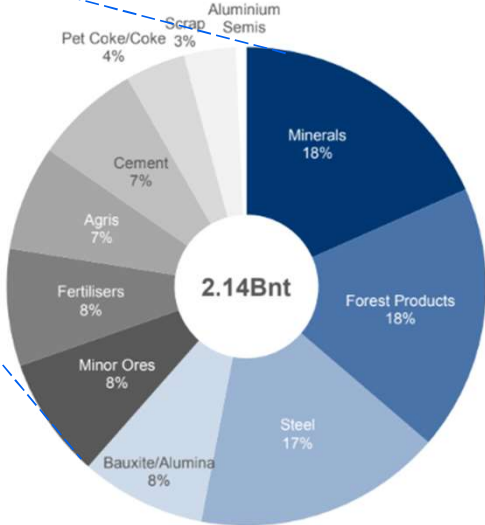
Q4 2023: ~90 transits monthly (one direction)
Q1 2024: <20 transits monthly (one direction)

FREIGHT: LOW SUPPLY OF SHIPS?

Total Trade: 6.7bt (+118mt)



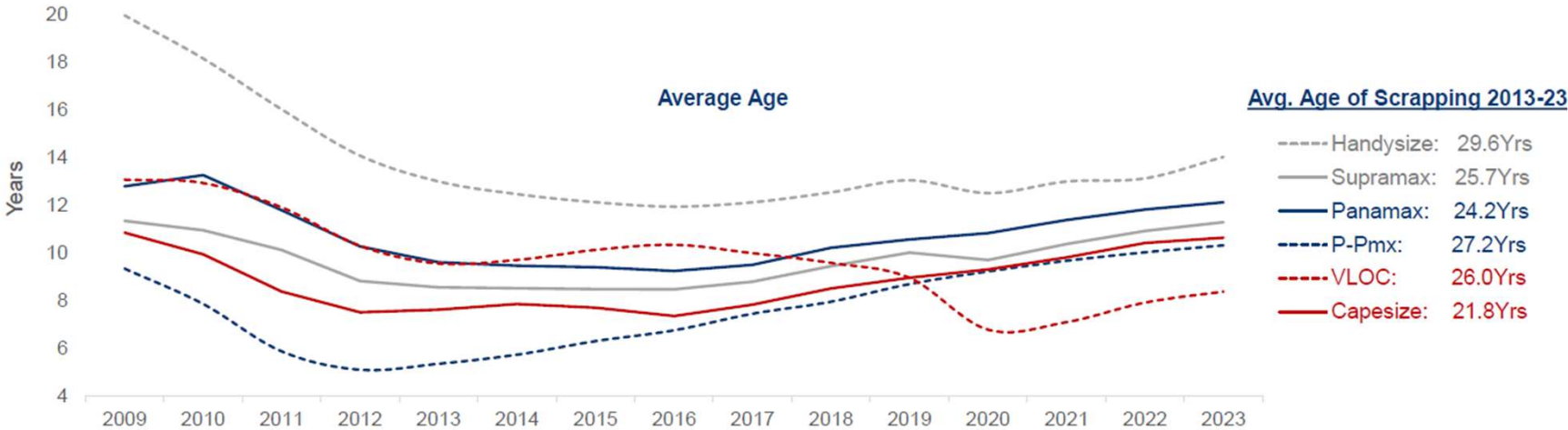
Minor Bulk Cargoes by Share



- Iron Ore, Coal, and grains are ~60% of volume (~4 bt)
- Minor Bulk (Steel/sugar/cement and clinker) compete for the remaining 40% of the fleet available.



FREIGHT: LOW SUPPLY OF SHIPS?



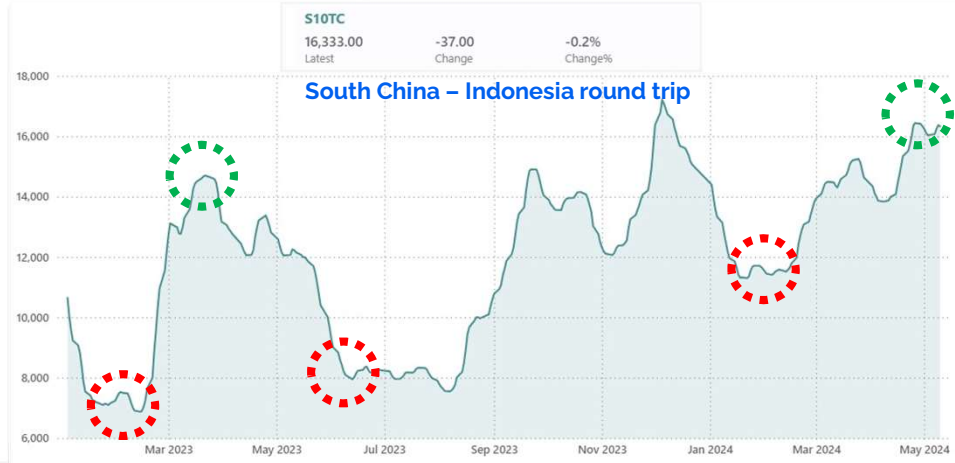
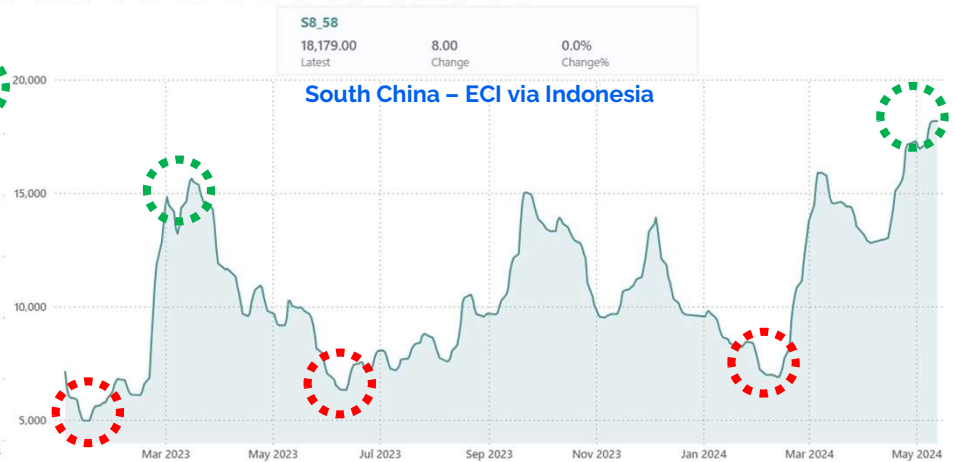
	Deliveries			Orderbook			Total
	2022	2023	2024 Jan	2024	2025	2026+	
<i>By No. of Vessels</i>							
VLOC	5	0	0	0	0	2	2
Capesize	43	52	10	34	39	24	97
Post Panamax	38	33	2	10	15	27	52
Panamax	80	88	13	77	73	54	204
Supramax	110	132	14	172	141	32	345
Handysize	76	136	7	203	120	39	362
Total	352	441	46	494	388	174	1,056

Vessels > 10,000dwt on the water as of January 2024: **13,851**

- Shortage in bulk carrier deliveries is observed as during Covid-19 era, container ships were more preferred by shipyards given the profitability.
- Ageing fleet of Handies (~35k MT)/ Supramaxes (~45k MT) will need to be replaced to meet new environmental restrictions.
- IMO's new climate strategy-GHG 2050



FREIGHT : VOLATILE ENVIRONMENT



CONCLUSION:

- FOB export prices under pressure post energy price declines
- Adding higher competition amongst sellers and some closing beyond their "Cash Cost"
- No substantial recovery in cement trading flows especially in Asia with the massive decline in Chinese imports while Bangladesh continues on a positive growth - impacts on LC financing remains high
- The war in Gaza is impacting demand in the region - especially with freight volatility
- Vietnamese exporters have aggressively sought alternative destinations (post China) such as US West Coast, Gulf of Mexico, Bangladesh
- Algeria and Egypt have also gained market shares in the Mediterranean Rim due to cost advantage over Turkey and Europe
- Turkey's domestic demand is also showing positive growth post-Earthquake
- A lot of focus has also been drawn towards Decarbonisation / Emissions adding increased value on Supplementary Cementitious Materials (SCMs)
 - New regulations for controlling CO2 emissions are being discussed around the globe (CBAM in EU, Carbon Leakage in Australia, CO2 rules in USA,...). New and more efficient technology is being developed: Carbon Capture, Utilization and Storage (CCUS), alternative Raw Materials, modernization of Kilns





THANK YOU!

