

PPC reports good progress at Habesha

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Cement company PPC's investment in Habesha, the fledgling Ethiopian cement company, appears to be setting a solid foundation for future growth.



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PPC's just released annual report said construction at Habesha's 1.4-million tonnes a year plant was well under way with overall project progress estimated at 52%.

The plant will serve the Addis Ababa market, situated some 35km northwest of Ethiopia's capital.

PPC said civil construction at the plant was 45% complete and the mechanical erection of the plant had already started. About 90% of the equipment had been manufactured and 70% of this had been delivered to the site.

The construction of the Ethiopian cement plant was initially delayed by a lack of funding. But PPC CEO Darryll Castle said that after a thorough review of the project, the full costs were now expected to come in between \$170m and \$180m.

"We believe this capital cost is relatively low considering that, on the continent, companies can expect to pay \$300m for a 1-million tonnes per annum plant."

He said the costs would be funded from additional equity and debt. "We are completing our due diligence and business case, which will inform our participation in this capital raising."

Castle said construction activity in Ethiopia was brisk and the outlook for cement demand remained strong.

"The (Ethiopian) government's growth and transformation plan focuses on infrastructure development, industrialisation and housing to improve the country's economy and raise gross domestic product. This will underscore future cement demand."

Castle said the plant was expected to be commissioned in the second quarter of calendar 2017. Development plans included an opportunity to double production capacity.

PPC's African expansion strategy is built on targeting countries with high potential for infrastructure development, low per-capita cement consumption and cement shortages.

The company commissioned a 600,000 tonne per annum plant in Rwanda in August. Castle said this plant was performing as planned with the product being well received in the local market and neighbouring countries.

He said PPC's projects in the Democratic Republic of the Congo (DRC) and Zimbabwe were also on schedule. "We expect both to be commissioned towards the end of 2016."

Source: BDpro

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