

# INTERCEM Asia 2025

## Cement Market Dynamics in Southeast Asia: Key Insights

May 2025

These materials are intended to supplement a discussion with L.E.K. Consulting. These perspectives will, therefore, only be meaningful to those in attendance. The contents of the materials are confidential and subject to obligations of non-disclosure. Your attention is drawn to the full disclaimer contained in this document.



L.E.K. Consulting is a trusted advisor to cement, concrete and aggregate clients across different areas of their business needs

Our capabilities

Corporate Strategy

Network Strategy

Operating Model

Product Strategy

M&A

Cost reduction

Growth Strategy

Pricing

Market Entry

Digital

Go-To-Market Strategy

Decarbonization / ESG strategy

Vertical Integration

Government Submissions



Specialists in corporate strategy, M&A, and performance improvement



Established in 1983 with ~25 global offices and ~225 Partners



Industrials makes up ~1/3 of the global business and we have deep experience in cement

## L.E.K. recap: What has unfolded since we last shared our views?



### Singapore 2023: SEA Cement Market Review

- **‘Wait and see’ situation** following COVID although most markets expected robust recovery
- **Prices will likely see downward pressure** due to oversupply risk and lower input costs
- **Decarb journey is underway** with some govt. policies in place but **slower than mature markets**



*Developments to  
be discussed  
today*



### Hanoi 2024: Cement outlook in China

- Cement **demand remained low**, unsupported by fundamental needs
- **Situation expected to persist** with declining real estate activity and limited govt. support
- Producers **encouraged to re-visit ambitions and look to foreign markets**



*Demand has been on  
a decline – producers  
have started going  
abroad – closure of  
“unruly” capacity*

## Today's agenda



### ASEAN outlook & trajectory

**What is the market outlook for  
ASEAN cement?**

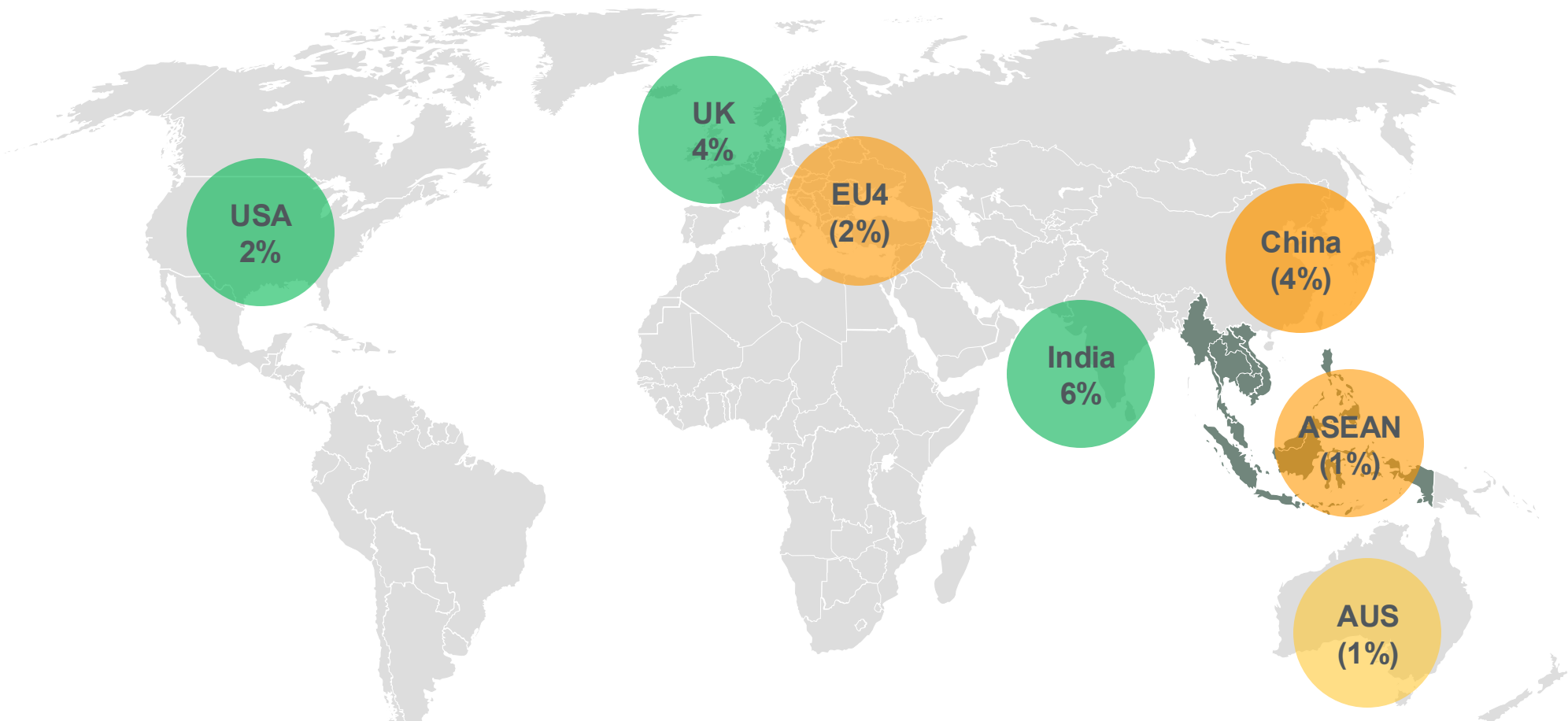


### Geopolitical impact

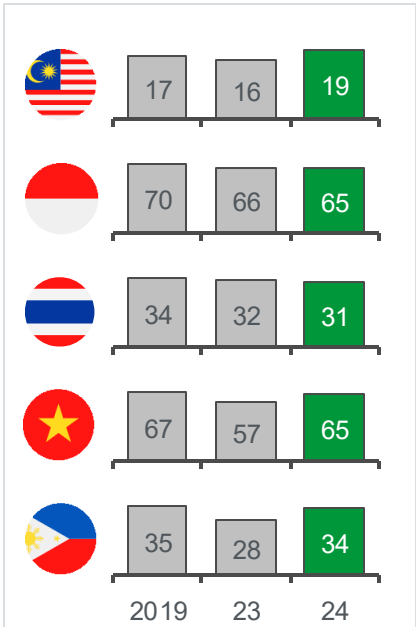
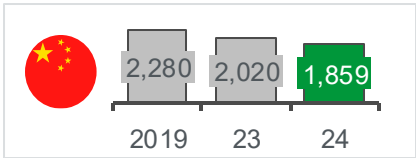
**How might tariffs and trade  
uncertainty affect the market?**

ASEAN demand has been depressed across the region as countries recovered from COVID. China has seen its demand continue to fall

Cement demand growth in key markets (2019-24)  
CAGR%



Demand, in million tonnes (MT)



Source: Cemnet; Global Cement Market Outlook, ICR Research; L.E.K. interviews; research and analysis

## ASEAN cement will echo three key themes in the near-term

### Macro Fundamentals Turnaround (GDP growth, construction spend)



- Favourable demand outlook

### Pricing Pressure



- Persistent oversupply with stronger inclination to export, varying cost impacts, tariffs

### Continued Decarb Ambitions



- Lower emissions, commitment to net zero

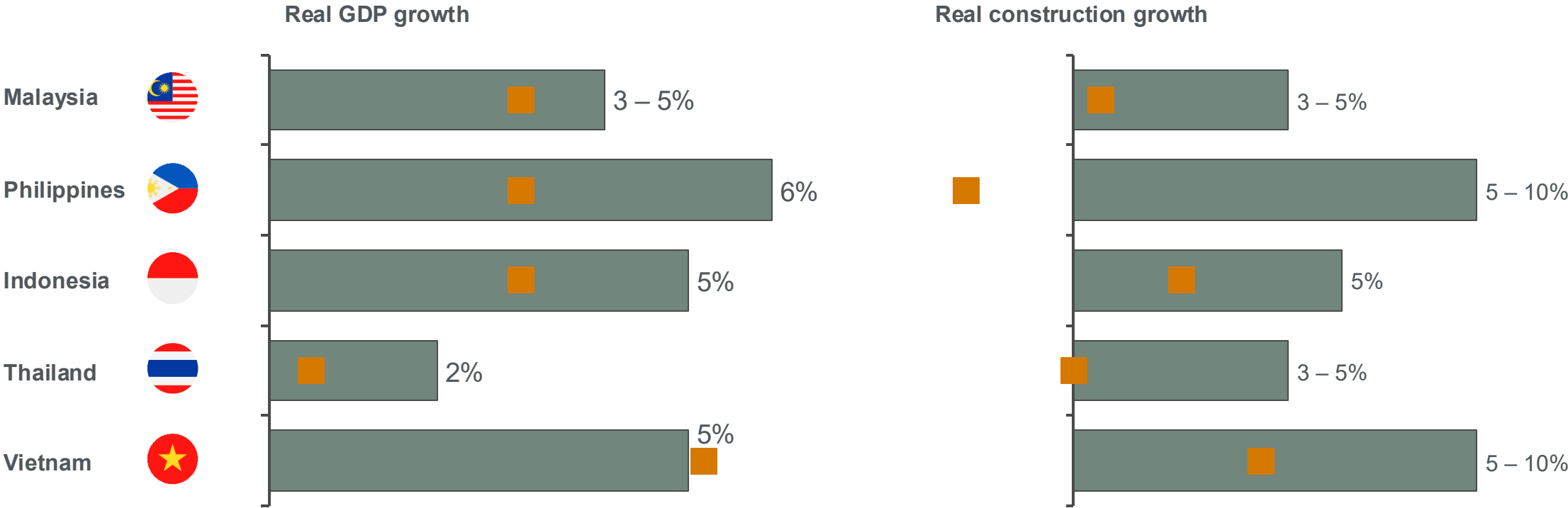


# The regional outlook is positive across key macro fundamentals...

## Macro fundamentals turnaround

ASEAN-5 macro fundamentals  
CAGR% (2019 – 29F)

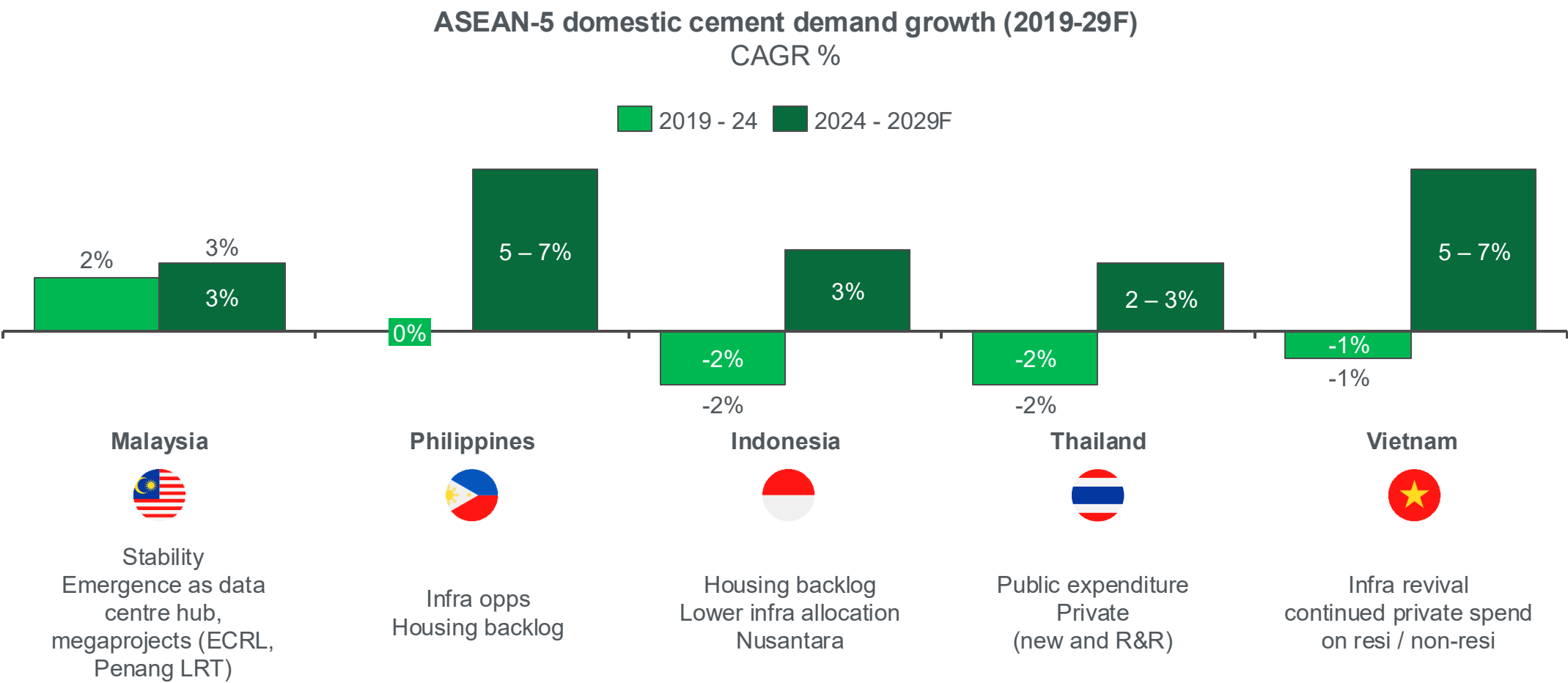
2019 - 24 2024 - 29F



Note: \* 2024 – 29F forecasts are last updated March 2025  
Source: BMI; IMF; L.E.K. interviews; research and analysis

... which underpin an improved forecast for cement demand

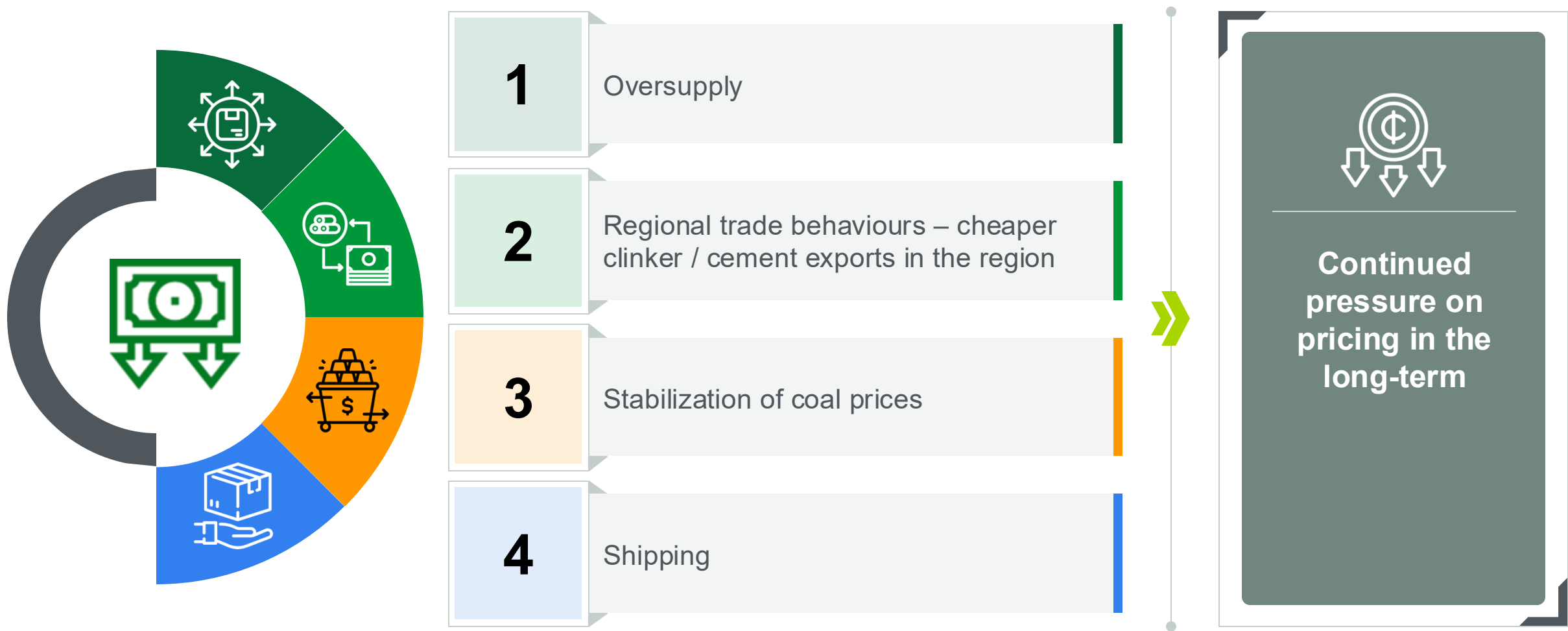
Macro fundamentals turnaround



Source: Analyst reports; Trade press; L.E.K. interviews and analysis



Prices will likely continue to face continued pressure due to oversupply, active regional import-export behaviours, and lower input costs



## Last time we presented emissions reduction initiatives in the region across seven dimensions

	Waste heat recovery	AFR	SCM	New SCMs	Regs / Policies	CCUS	Alternative power generation
EU	WHRS have been operational in EU since 1999	~51% fossil fuel use (81% global average)	European countries lead the field on reduced-clinker cement using SCMs	Innovation in developing new SCMs	Developing a carbon border adjustment mechanism	Under development w/ gov. investment, e.g. Heidelberg cement CCUS online in 2024	Technology in development for electrified and hydrogen fuelled plants
USA	26% investment tax credit for "Waste Energy Recovery Property"	>70% of US plants use some type of AF, but overall substitution rate is ~15%	Well established but declining with coal plant closure and EAF conversion	New SCMS such as calcinated clay (following EU) are being investigated	No national carbon pricing mechanism but some state-level mechanisms	Under development, with US government subsidizing CCUS research	Implemented by some market leaders (e.g. onsite wind); hydrogen in development
ANZ	Minimal WHRS implementation in the region	~18% AF usage (incl. wood waste, used oils and solvents, carbon powders)	Aus mills use 3.3Mt/year of GGBFS; significant stockpiled fly ash exists	Some innovation and development of new SCMs	Proposed safeguard mechanism reform (Aus) mandates 4.9% reduction p.a	Demonstration plants under development	Implemented by some market leaders
TH	All cement manufacturers have WHR	Advanced AFR implementation and targets	Fly ash is most common SCM; some minimal slag usage	-	Plans to impose a carbon tax	SCG will begin testing new CCUS tech in 2024 (in partnership w/ Nippon Steel)	Implemented by market leaders (e.g. SCG investing \$2.89bn in renewable power)
PH	Mainly implemented by larger plants with foreign operator (e.g., CRH-Republic, Holcim)		Fly ash is main SCM; mainly sourced from local power plants	-	No carbon tax or implementation plans	Exploration phase	-
MY	Moderate WHRS implementation (primarily in newer / central plants)	Implementation in some plants	Fly ash is the more common SCM used	-	Carbon tax to be implemented	Exploration phase	■
ID	Implemented by market leaders (Semen Indonesia and Indocement) and some smaller producers		Fly ash is common SCM but not widely implemented	-	Carbon tax implementation delayed	-	Implemented by market leaders (e.g., solar panels)
VN	Implementation in larger / established plants	Implementation in larger / established plants (e.g., industrial / municipal waste)	Gov. encourages producers to increase use of SCM due to rising stockpiles	-	Potential carbon tax implemented	-	-

Source: L.E.K. research and analysis; company reports and presentations

We see some exciting examples of progress from corporates in this region in the last year or so



**Philippines**  
Alternative Fuel project  
Holcim



In 2024, Holcim Philippines announced a **\$6.5M USD investment** to upgrade its La Union plant and increase the **use of alternative fuels & raw materials to 40%**



**Thailand**  
Carbon capture research  
SCG & Nippon Steel



In 2023, SCG announced a partnership with Nippon Steel to **study carbon capture from cement plants**, with the aim of promoting **Japanese CCUS technology**



**Vietnam**  
Low carbon product use  
SCG



In 2024, SCG announced it is expanding **its Low Carbon cement product** in southern Vietnam, with a focus on supplying **local green-procurement projects**



**Australia**  
Calcined clay SCM product  
Boral



In 2024, Boral began developing a **lower carbon concrete product using Australian calcined clay**, in partnership with Calix and other organisations

## Progress finally appears to be coming in enabling policies

	Decarbonization goals	Carbon Policies
	<b>Thailand</b> <i>Industry goal for reducing emissions to 17.5m tonnes of CO2 by 2030 from 31.8m under BAU (roadmap goal of Thailand Cement Manufacturers Association)</i>	<i>Cabinet approval for implementation of carbon tax (2025)</i>
	<b>Philippines</b> <i>National goals for 75% greenhouse gas (GHG) emission reduction and avoidance by 2030</i>	<i>Discussions and modelling of carbon tax, Carbon emission pricing framework developed</i>
	<b>Malaysia</b> <i>National goal for 45% reduction by 2030 and Net Zero by 2050</i>	<i>Heavy industry carbon price to be implemented in 2026 Broad national energy transition plans</i>
	<b>Indonesia</b> <i>Industry goal for 26% CO2 reduction by 2030 (Indonesia Cement Association)</i>	<i>Sector identified for future regulation</i>
	<b>Vietnam</b> <i>Industry goal for Net Zero by 2050 (Vietnamese National Cement Association) 15% AFR by 2030, 30% post-2030</i>	<i>Domestic carbon credit market launching, June 2025</i>

Source: L.E.K. research and analysis; company reports and presentations

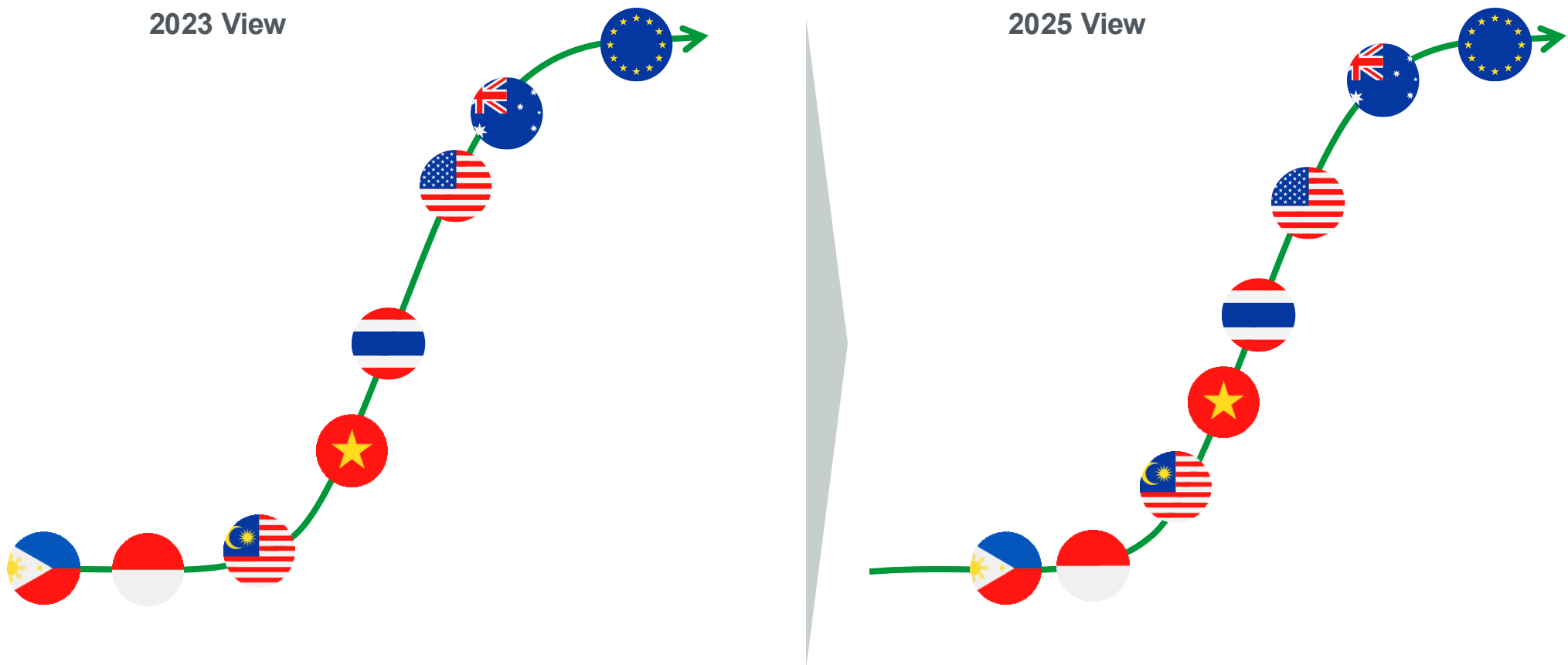
# The region is moving ahead

Decarb journey

Implementation of carbon regulations

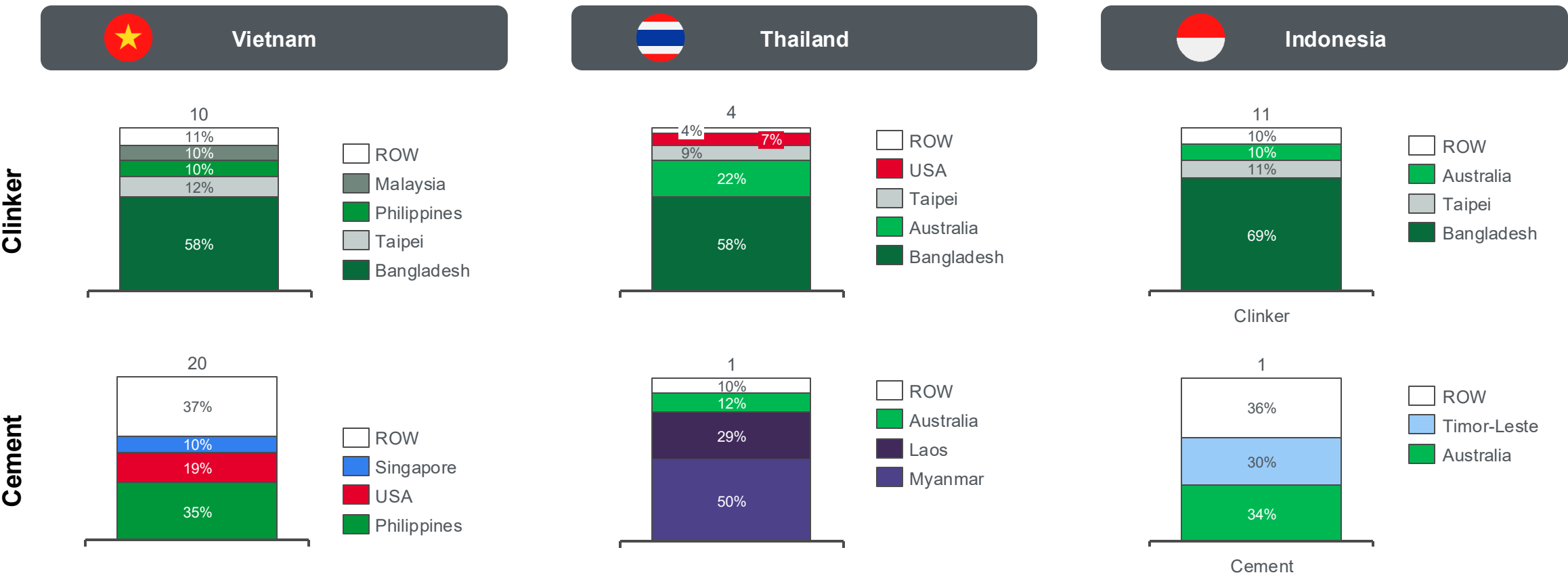
2023 View

2025 View



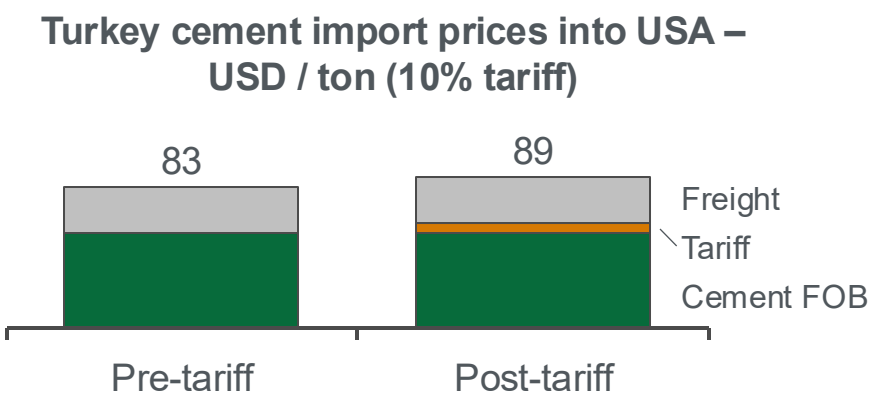
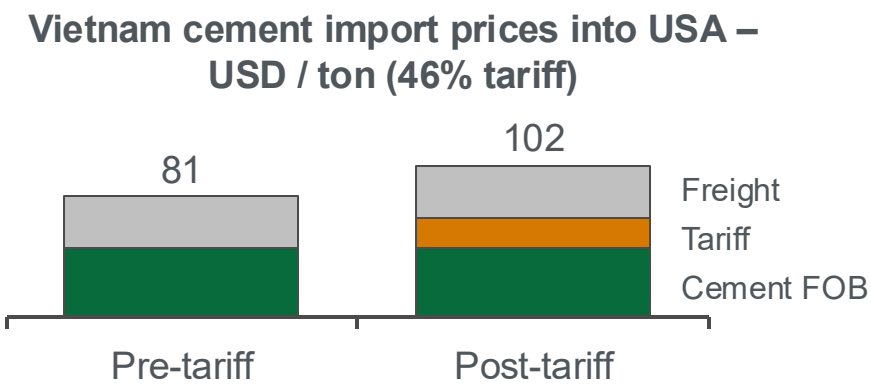
What about the US Tariffs? ASEAN cement exports are not heavily dependent on the US ....

Exports of key ASEAN exporting markets (2024)  
Million tonnes

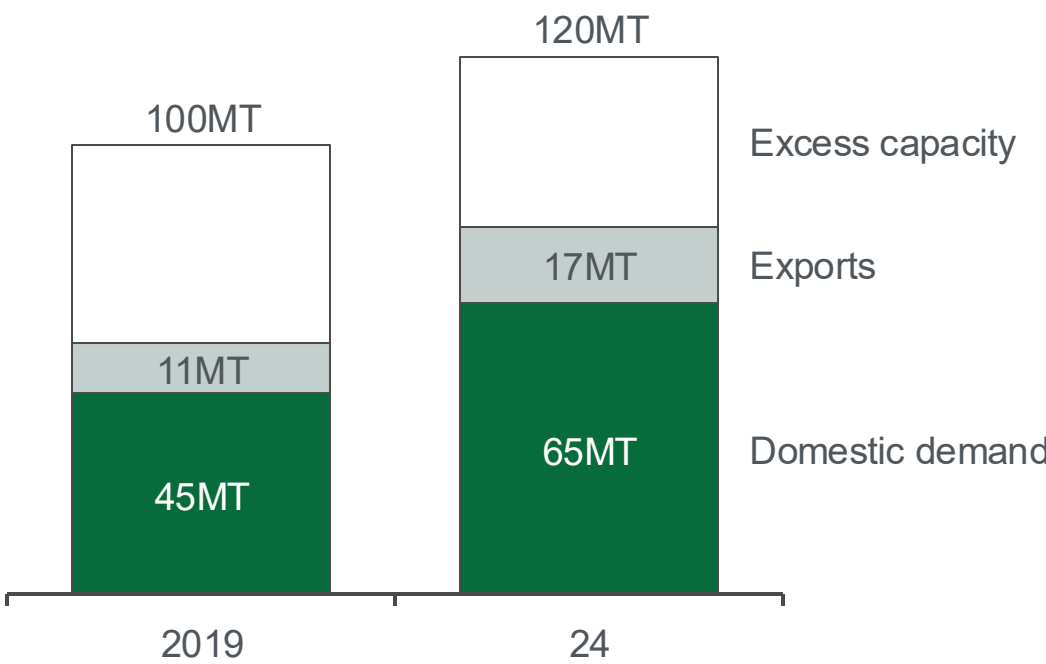


Note: \* Cement exports include Portland cement and exclude white cement, whether or not artificially coloured  
Source: ITC; L.E.K. research and analysis

However, tariffs will hurt Vietnamese competitiveness vs Turkiye , exacerbating regional oversupply



Turkiye has available capacity catering to domestic demand growth as well as its export ambitions, including to USA

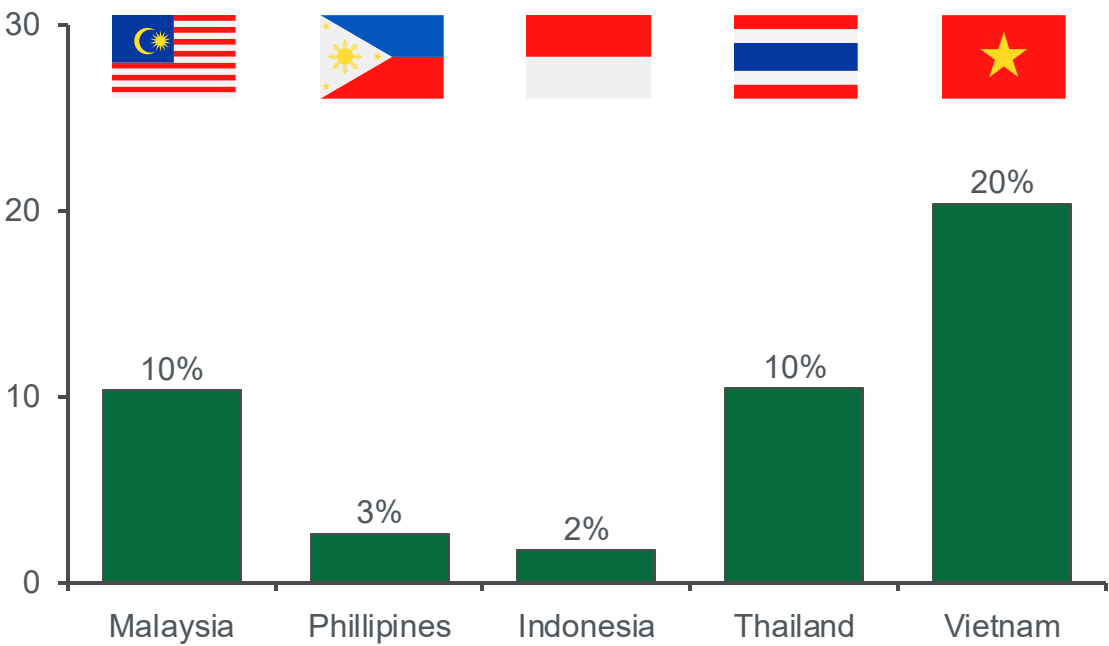


Source: INTERCEM Shipping; Turkcimento; CIMSA; Limak Cemento; Cemnet; L.E.K. analysis



# Broader tariffs are forecast to have the greatest impact for cement-exporting Vietnam

Exports to the US as a percentage of GDP – ASEAN countries (2024)  
Percent



24%	17%	32%	36%	46%	Tariff%
-0.6%	-0.6%	-0.4%	-1.1%	-0.9%	GDP growth impact%

Note: \* Differential between pre-tariff forecasted GDP growth and post-tariff forecasted GDP growth  
Source: Trading Economics; IMF; Country level economic reporting websites

## Tariff impacts

Export competitiveness

Supply chain disruption

Macroeconomic uncertainty

Overall, we expect tariffs to add to oversupply and pricing pressure

Economic impact on ASEAN

Reduced trade competitiveness  
(especially Vietnam)

Capital risk and investor caution

Surplus redirected into regional markets

Knock-on effects on cement

Slower FDI  
Delay to industrial and infrastructure projects

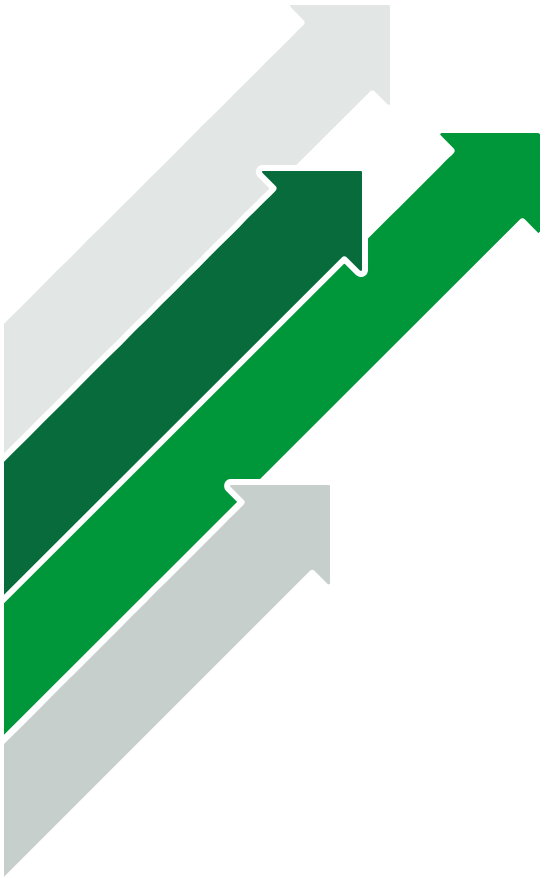
Megaproject delays  
Lower public and commercial cement demand

Clinker diverted into ASEAN, worsening oversupply



## Key takeaways

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**Most ASEAN markets have recovered – forward-looking demand fundamentals show a positive outlook for cement demand**

**Pricing will remain a challenge in the long-term, due to oversupply and costs**

**Producers in the region will continue to pursue decarb ambitions, and regulations are starting to get traction**

**Tariff impacts are secondary, but likely to exacerbate oversupply and short term pricing pressure**

## Anonymous Rapid Fire Reflections – scan the QR Code



What is the cement demand trajectory that you foresee in ASEAN in the next 3-5 years?

How do you foresee the impact of the USA tariffs on cement in ASEAN?

How concerned are you about Chinese overcapacity in the next five years?  
Do you think they will start exporting?

What's the most significant enabler you see for decarbonising the industry in the region?

What are the greatest opportunities for the industry?

Alternatively, go to [www.menti.com](https://www.menti.com) and enter code 6171 2585

**Thank you**

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