

# Austria

Geography	
Area	83,871km <sup>2</sup>
Capital	Vienna
Demography	
Population	8.9m
Density	106 inhab./km <sup>2</sup>
Urbanisation	59%
Official language	German
Economy	
GNI per capita	US\$56,720
Currency	euro (EUR)
Per capita cement consumption	665kg



**Austrian cement consumption continued to rise in the 2017-19 period with new buildings a strong driver of construction demand. Despite COVID-19, the outlook is of moderate optimism.**

The Austrian economy has performed well in recent years, but activity is slowing. GDP advanced by 2.4 per cent in 2018 but growth fell to 1.6 per cent in 2019 mainly due to a weaker external environment. Domestic demand remained robust. The fiscal balance moved into surplus in 2018-19, with public debt declining. During the initial COVID-19 outbreak, the Austrian authorities progressively tightened containment measures between mid-March and mid-April, and announced a €38bn fiscal package on 15 March. The IMF expects GDP growth to contract 6.7 per cent in 2020.

Austrian construction turnover rose 7.2 per cent YoY to over €298.3bn in 2018, slowing to 1.1 per cent YoY growth in 2019, according to Statistics Austria. In 2019 around 27,600 new buildings were approved, the highest number since 2010. Apart from 2012 and 2018, residential building permit activity has consistently shown annual increases of between 4-14 per cent since 2010. With over 77,800 permits in 2019, it is the second-highest number after the 2017 peak and reverses the drop seen in 2018.

## Consumption

Austrian cement demand has contin-

ued to grow, rising by 7.2 per cent YoY in 2018 to 5.7Mt. In 2019 demand advanced by a further 1.5 per cent to reach 5.9Mt, the first shy of the 2008 pre-crisis level of 6.9Mt. Around 40 per cent of cement is used for residential buildings, 30 per cent for other buildings (eg, offices and public buildings), around 25 per cent for infrastructure (civil engineering and other), and approximately five per cent by the repair and maintenance segment.

A total of 94 per cent of cement is sold in bulk form and the remainder is bagged. Almost 98 per cent of cement

reaches the local market by road and less than 5 per cent by rail.

Due to the low clinker factor of ~69.5 per cent, cement extenders play an important role in production. They are usually added by cement producers and, in some cases, by end-users.

## Production

Austria is home to nine integrated cement plants and two dedicated grinding units. In 2019 the domestic cement industry recorded a slight decrease in production to 5.23Mt, according to the Austrian Cement Industry Association (VÖZ). The 1H20 proved turbulent for the domestic cement industry as COVID-19 halted construction activity.

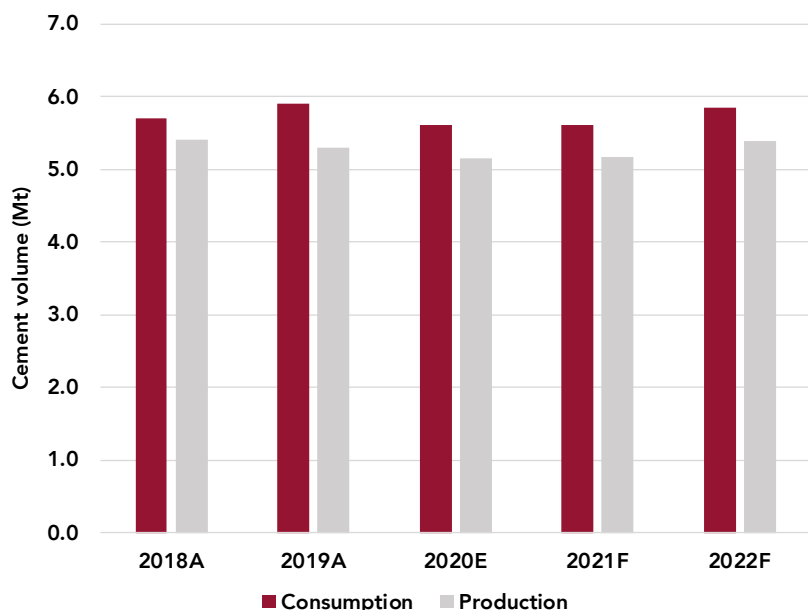
With 2Mta of capacity, Lafarge Zementwerke is the largest domestic

### Austria's cement production base

Company	Capacity (Mta)	Plants (No.)
Lafarge Zementwerke	2.00	2
w&p Zement	1.16	2
Zementwerk Leube	0.70	1
Schretter & Cie	0.69	2
SPZ Zementwerk Eiberg	0.60	1
Zement Hatschek	0.58	1
Kirchdorfer Zementwerk Hofmann	0.55	1
Wopfinger Baustoffindustrie	0.27	1

Source: Industry sources

Cement demand in 2019 nears pre-financial crisis levels



	2018A	2019A	2020E	2021F	2022F
Consumption (Mt)	5.700	5.900	5.605	5.610	5.850
Change (%)	+7.1	+3.5	-5.0	+0.1	+3.3
Production (Mt)	5.400	5.230	5.091	5.100	5.370
Exports (Mt)	0.662	0.502	0.510	0.515	0.599
Imports (Mt)	1.282	1.392	1.264	1.270	1.363

Source: ICR Research, Vereinigung der Österreichischen Zementindustrie

producer. The 1.3Mta Mannersdorf plant in Lower Austria is the biggest while the smaller 0.65Mta Retznei plant is situated in Styria. In 2020 LafargeHolcim Austria, OMV Group, VERBUND and Borealis signed a MoU for the 'Carbon Product' (C2PAT) project where the objective is to capture 700,000t of CO<sub>2</sub> at the Mannersdorf plant and process it into synthetic fuels, high-quality plastic or other chemicals by 2030.

Lafarge Zementwerke also holds a 50 per cent stake in Kirchdorfer Zementwerk Hofmann, which runs a 0.55Mta integrated works in Kirchdorf. The other 50 per cent is held by Kirchdorfer Industries GmbH. The plant has been trialling a solar panel test system saving around 600kg of CO<sub>2</sub> emissions in the test phase.

w&p Zement GmbH, a subsidiary of Wietersdorfer Industrie Beteiligungs GmbH, operates two integrated plants – one located in Wietersdorf (0.85Mta) and another in Peggau (0.31Mta). w&p Zement has invested more than €16m in a number of environmental projects,

including decommissioning and installing an XMercury emission reduction system, replacing baghouse filters, installing an SCR system, optimising its SNCR system and a CO<sub>2</sub> reduction programme. A further €9m has been earmarked to expand hydro power facilities to meet up to 25 per cent of its energy needs.

Zementwerk Leube GmbH, part of the Leube Baustoffe Group, has a 0.7Mta integrated works near the German border. In 2019 it produced 0.599Mt of cement and binders, down from 0.623Mt in 2018.

Zementwerk Hatschek GmbH, part of the Rohrdorfer Group, runs a 0.58Mta integrated plant in Gmunden. In 2019 the plant completed a €50m investment in raw material and energy efficiency as well as air pollution control.

Also part of Rohrdorfer is SPZ Zementwerk Eiberg GmbH & Co KG, which operates a 0.6Mta grinding works.

Schretter & Cie GmbH & Co KG has two plants – a 0.41Mta integrated works in Vils, Tyrol, and a 0.28Mta grinding

unit in Kirchbichl, Tyrol. The company is undertaking a 0.5Mta grinding expansion project at Vils. In the 3Q20 the project was reported to be "nearing completion".

Wopfinger Baustoffindustrie, part of the Baumit group, has a 0.27Mta unit in Waldegg, Wopfing. Baumit is a third-generation family-owned company and a subsidiary of Schmid Industrie Holding.

Austria is the world leader in alternative fuel (AF) utilisation, with a thermal substitution rate of 78.4 per cent in 2019. AFs include plastic waste, used tyres, solvents, waste oil, paper fibre waste material, sewage sludge, animal meal, agricultural residues and sawdust.

Exports

Exports in 2019 totalled 0.502Mt, of which 0.482Mt was cement. Both cement and clinker exports showed YoY declines. Exports during 2019 were primarily destined for the Czech Republic, Croatia, Germany, Hungary, Italy, Slovakia, Slovenia and Switzerland.

Imports

Imports increased to 1.39Mt in 2019 as cement imports rose. The main sources are the Czech Republic, Germany, Hungary, Italy, Slovakia, Slovenia and Switzerland.

Outlook

In 2021 and 2022 Austria's GDP is expected to improve by 4.6 and 2.1 per cent, respectively. Despite the initial coronavirus lockdown in spring 2020 the outlook for cement demand in the short-term is of moderate optimism. However, mid-term prospects concerning trade, commerce and industry and their investments in the building sector remain unclear. There might be a delay in the start of new projects especially in 2021 due to a lag concerning permission processes. In the longer-term the public sector plans to increase investments in the infrastructure and residential building sectors. ■

IN SUMMARY

11 plants  
6.6Mta cement capacity

- New buildings strong demand driver
- World leader in AF usage
- Continued investments in industry decarbonisation.