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INTERVIEW:

Bamburi Cement: How we clinched SGR supplies deal

Manufacturing: CEO reveals how agreement with Chinese contractor has boosted its market share

By **DOMINIC OMONDI**

Bamburi Cement has a tight grip on the country's cement market, and according to country CEO Bruno Pescheux, the firm is not about to relinquish its position as the country's largest producer.

This is part of the reason the company was willing to change its standards to secure a supplier deal with China Road and Bridge Corporation, the contractor for the standard gauge railway (SGR) project.

Mr Pescheux adds that his firm — a subsidiary of France's Lafarge, one of the world's largest suppliers of building materials — is secure enough in its investments to face off competition from Africa's richest man, Aliko Dangote, who has in the past announced plans to put up a cement plant in Kenya.

And while the CEO was willing to talk about plenty, he said he could not comment on whether Lafarge's stake in East African Portland Cement amounts to a conflict of interest.

How did you get the deal to supply cement for the SGR project?

The Chinese said, 'We know Bamburi, they produce cement of good quality and quantity'.

But they wanted products that would comply with Chinese standards. Bamburi also has its standards. We were, therefore, forced to change our standards. We did not want to lose the market to imports, so we adopted their standards.

How has the SGR project added to your bottom line or market share?

What we should not forget is that this project is supplied with Kenyan cement. This was not obvious at the very beginning, but at least now, the cement is manufactured and produced in Kenya.

This means that the taxes that I am paying are more now than before as I am selling more. It also means that I have employed more people for maintenance and repair — we cannot afford to leave the plant idle for a few days.

It has also had a positive effect on the company's financial performance, and we have in-

creased our size because we did not want to lose what is the core of our business, which is the customer base of the company. We could have lost market share if we had allowed the cement to be imported.

There are a lot of infrastructural projects coming up, with Vision 2030 largely premised on them. How prepared are you to take advantage of the opportunities?

I will not tell you exactly how we are prepared, but I will tell you what we are not prepared for — we are not prepared to become number two.

To manufacture cement, you need to produce clinker. Clinker is the semi-finished product in the process. Today, Kenya is in a situation of over-capacity in terms of cement production, but is under-capacity in terms of clinker production. This is the situation globally in the industry.

In the case of Bamburi, we are preparing not to be under-capacity for clinker and cement. And you will understand that I cannot tell you much more.

Does Lafarge having a stake in both Bamburi and East African Portland Cement (EAPC) amount to a conflict of interest?

There is not much I can say about that because as Bamburi, I am dealing with Bamburi and I already have plenty on my plate with my job.

For the sake of clarity, I am not involved at all in any matter related to EAPC. What I know about EAPC, I read about in the newspapers.

EAPC is a competitor like Simba Cement or Savannah Cement. It is extremely clear, and I don't know if we call that a firewall or China wall now, but I don't deal with any topic relating to EAPC.

Some companies that describe themselves as local businesses view Bamburi Cement as a foreign firm that is eating into their market share. Is Bamburi a foreign company?

The way I see it, Bamburi is a Kenyan company and is deeply rooted in the country's history. We celebrated 60 years in Kenya last year. We are part of the recent history of this country. We have



Bamburi Cement Country CEO Bruno Pescheux.

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been supplying cement for many monuments and buildings.

You see, I am the only expatriate in this company — my entire team is local, and I am now expatriating Kenyans to other countries. This is the advantage of being a local company, and at the same time having connections with a global company.

What we have been doing to get these projects for SGR is working with a lab in France, which has been helping us formulate the products that were ultimately accepted by the contractor.

Also, this company is called Bamburi Cement; we are not called Lafarge or anything like that. I will not tell you that I am 100 per cent Kenyan, but I am fighting for Kenya.

Nigeria's Aliko Dangote has in the past said he may be setting up in Kenya. Are you worried?

No, absolutely not. We are not afraid of competition, we just have to compete on a level playing field.

For me, this is the restriction I would bring: fair competition, which means equal treatment of players in terms of taxes and in terms of facilities. This way, the best will win, but some will suffer, and that is life. If you start to fear competition, it is because you have a problem.

You say you have differentiated yourselves in the cement market by having innovative products. What are these products?

You do not differentiate just because of the competition, but because of customer needs.

Customers now want more and

60 years

Length of time Bamburi has been producing cement in Kenya.

more customised products. If you are a road builder, you don't want the same product as someone who is manufacturing slippers for the railway; you want something specific. I can say that today, Bamburi has the widest product range in cement. We grow by at least one product a year. For example, we have a new soil stabiliser, which is an innovative product. We are also innovating in concrete, though we are just at the beginning of differentiation in this.

What should we expect from Bamburi in 2016?

That we will try and will succeed in getting closer to our customers to really meet their demands and be anticipative of their needs. Some needs have not yet been expressed, but we want to meet them.

We will be customer-focused, more innovative, more agile, prepared to adapt to the changes that are coming more rapidly than they were in the past. We also have a big role to play because of the visibility we enjoy. We must stay a reference point and grow in the industry, and also in terms of responsible corporate action.

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