

ARM Cement takes full control of Rwanda's Kigali Cement



Kenya's ARM Cement has continued its expansion in to the East African market by completing the acquisition of Rwanda's Kigali Cement. The acquisition gives the Kenyan company a stronger foothold in East Africa's fourth largest economy.

Since 2011, ARM cement held 35% stake in the only privately-owned cement company in Rwanda. This saw it take control of the company's board and management, but it still had to deal with a large non-controlling interest in the form of the co-investors who held the combined 65 per cent stake.

This year, ARM bought out the remaining 65% stake held by various shareholders to take complete control of the firm. This means ARM will now have unfettered strategic control over the subsidiary, booking its entire future earnings.

Kigali Cement had US\$1.9m in net assets in 2013, has a cement production capacity of 100,000 tons per annum, which is expected to increase with further ARM investments.

"We finally acquired a 100% equity stake and full control of our Rwanda grinding plant," said ARM's chairman, Rick Ashley. He added that ARM also plans to increase its capacity and market share using its flagship brand, Rhino Cement.

The value of the deal was not disclosed, but it is estimated to cost over US\$1.2m based on Kigali Cement's net asset value. The purchase will be financed by banks, according to Pradeep Paunrana, ARM's chief executive.

The move was a bit unexpected for some but it has been in ARM's agenda for some time. It falls in to place with the company seeking to grow its reach beyond Kenya's borders. ARM is expected to commission Tanzania's Tanga plant, which holds a production capacity of 1.2Mt/yr of cement, in the fourth quarter of 2014. It will also start construction of its US\$300m Kitui plant in Kenya in October 2014.