

Construction Machinery

Strong sales of AWP & forklifts in Jan; Tower cranes the worst

China Construction Machinery Association (CCMA) released a full set of construction machinery sales data for Jan 2024. Most of the machines reported growth (YoY) largely due to the low base effect (Lunar New Year). Sales of forklifts and aerial work platforms (AWP) reported 90% YoY and 70% YoY growth, respectively, in Jan, driven by both domestic sales and exports. Both excavators and wheel loaders saw weakness in exports. Tower cranes (100% related to property construction) reported a 15% YoY decline despite the low base, the worst among all. We maintain our positive stance on **Zhejiang Dingli (603338 CH, BUY)** on the back of solid AWP growth story overseas. On the contrary, we remain cautious on **SANY Heavy (600031 CH, HOLD)** due to high exposure to excavators and slowing exports. We also hold a conservative view on **Zoomlion (1157 HK / 000157 CH, HOLD)**, as we are concerned that weaker-than-expected property-related machinery demand in China may offset the strong growth in exports.

- **Strong forklift and AWP sales:** Forklifts reported 90% YoY sales growth in Jan, extending the trend of growth acceleration since mid-2023. Sales of AWP's grew 70% YoY, driven by 90% export growth.
- **Concerns on exports of earth moving equipment:** While both excavators and wheel loaders saw >50% YoY growth in China sales (on a low base), weak exports remain a concern. We maintain our view that exports of earth moving machinery will be challenging given the rising competition.
- **Tower cranes the worst.** Despite the low base, tower crane sales still reported a 15% YoY decline due to the 21% decline in China demand. We expect the weakness in property investment will continue to weigh on the demand for tower cranes.

Major construction machinery sales in Jan 2024

	Sales volume (units)			Change (YoY)		
	Total	China	Export	Total	China	Export
Excavator	12,376	5,421	6,955	19%	58%	-1%
Wheel loader	7,802	3,744	4,058	23%	54%	-2%
Truck crane	1,614	853	761	33%	20%	47%
Crawler crane	199	66	133	14%	40%	4%
Tower crane	713	596	117	-15%	-21%	29%
Forklift	110,695	72,263	38,432	90%	110%	62%
Aerial work platform	16,752	6,847	9,905	70%	48%	90%

Source: CCMA, CMBIGM

Downstream applications of construction machinery in China

Type of machinery	Infrastructure	Property	Mining	Manufacturing
Excavator	High	Medium	Low	Low
Wheel loader	Medium	Low	High	Low
Truck crane	High	Low	n/a	Low
Tower crane	n/a	High	n/a	n/a
Concrete machinery	Medium	High	n/a	Low
Coal mining equipment	n/a	n/a	High	n/a
Mining transport truck	n/a	n/a	High	n/a
Aerial work platform	Medium	Low	na	High

Source: CMBIGM

OUTPERFORM
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China Capital Goods Sector

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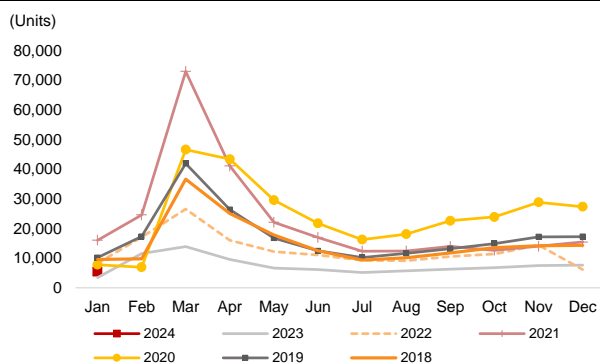
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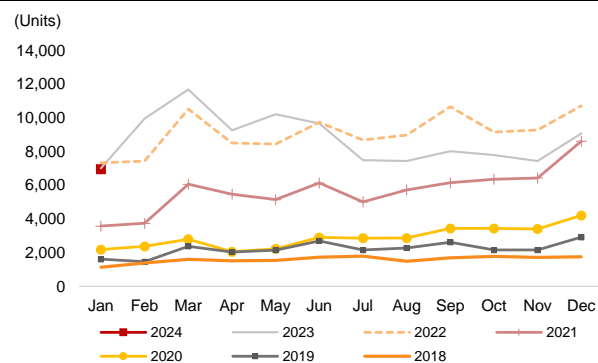
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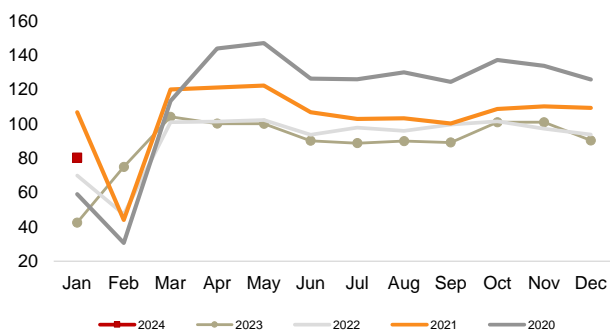
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Figure 1: Monthly excavator sales in China

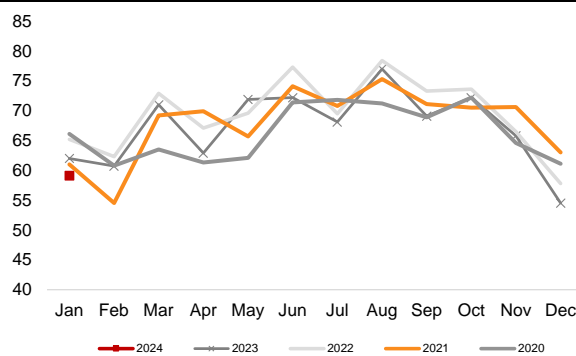
Source: CCMA, CMBIGM

Figure 2: Monthly excavator export volume

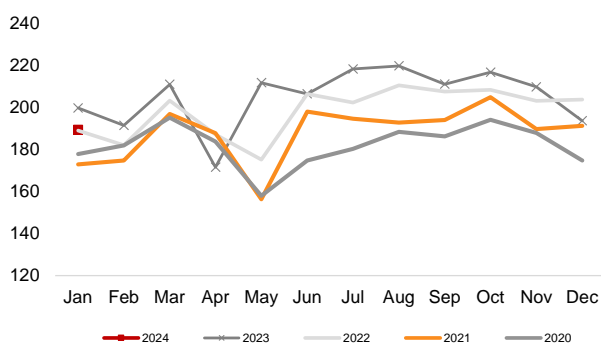
Source: CCMA, CMBIGM

Figure 3: Komatsu excavator monthly utilisation hours in China

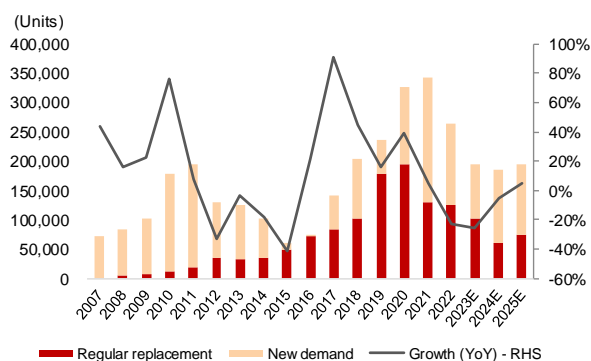
Source: Komatsu, CMBIGM

Figure 4: Komatsu excavator monthly utilisation hours in North America

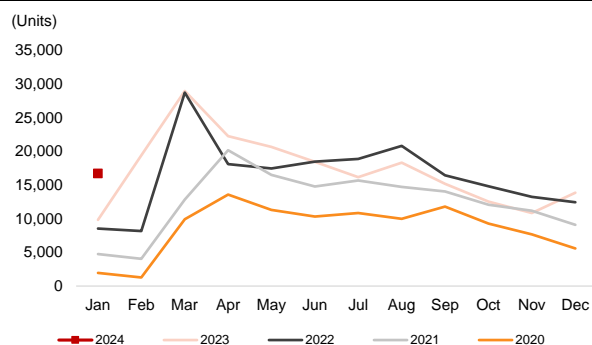
Source: Komatsu, CMBIGM

Figure 5: Komatsu excavator monthly utilisation hours in Indonesia

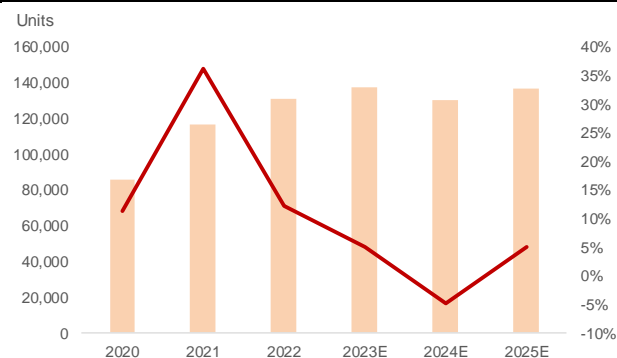
Source: Komatsu, CMBIGM

Figure 6: CMBIGM excavator sales projection

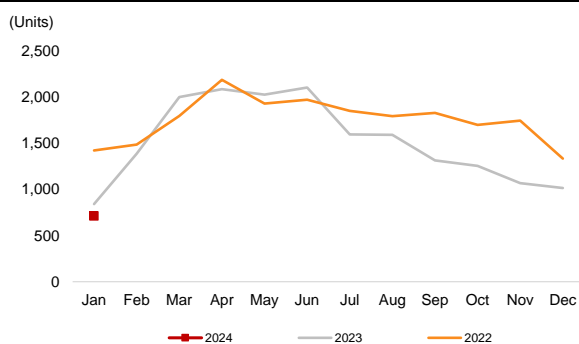
Source: CCMA, Wind, CMBIGM estimates

Figure 7: AWP monthly sales (domestic + exports)

Source: CCMA, CMBIGM

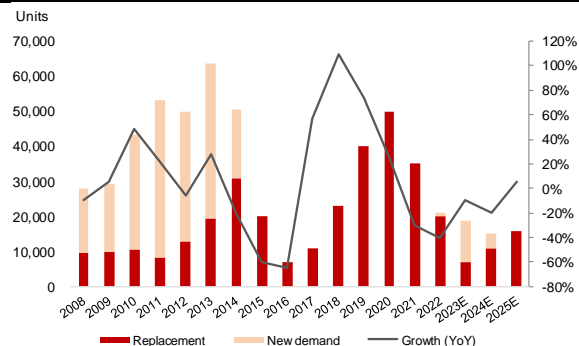
Figure 8: CMBIGM AWP sales projection (China only)

Source: CCMA, CMBIGM estimates

Figure 9: Tower crane monthly sales volume

Source: CCMA, CMBIGM

Note: Domestic sales + exports

Figure 10: CMBIGM tower crane sales projection

Source: CCMA, CMBIGM estimates

Note: Domestic sales + exports

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