

Capital Goods

Excavator demand slowed down in May; still positive on replacement cycle

China Construction Machinery Association (CCMA) released the sales data for earth-moving machinery in May. Domestic sales of excavators dropped 1% YoY, slightly weaker than our expectation. Given that this is just a single month's data following a strong growth trend since early 2024, we still maintain our view that excavator offers resilience with predictable growth driven largely by the replacement demand. We understand that **Jiangsu Hengli's (601100 CH, BUY)** production of hydraulic cylinders for excavators is still on a growth trend in Jun, suggesting solid downstream orders. On the other hand, domestic sales of wheel loaders grew 17% YoY in May, which was possibly driven by the relatively strong non-ferrous metal capex in China. We are staying positive on our **BUY-rated SANY Heavy (600031 CH), Jiangsu Hengli and Zoomlion (1157 HK / 000157 CH)**.

- **Excavator sales rose 2% YoY in May.** Domestic sales dropped 1% YoY to 8.4k units. Exports increased 5% YoY to 9.8k units. In 5M25, total excavator sales grew 17% YoY (domestic: +26%; exports: +8%).
- **Wheel loader sales lifted 7% YoY in May.** Domestic sales grew 17% YoY to 6k units. Exports dropped 3% YoY to 4.5k units. Electric wheel loader sales volume reached 2.8k units (+1.2x YoY, slowed from 2.1x in Apr as high base kicked-in), representing 26% of the total wheel loader sales, which marks another record high. In 5M25, total wheel loader sales grew 14% YoY (domestic: +25%; exports: +2%).

Major construction machinery sales in May 2025

	Sales volume (units)			Change (YoY)		
	Total	China	Export	Total	China	Export
Excavator	18,202	8,392	9,810	2%	-1%	5%
Wheel loader	10,535	6,037	4,498	7%	17%	-3%

Source: CCMA, CMBIGM

Note: The sales data for other construction machinery will be released by CCMA later this month

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

Wayne FUNG, CFA

(852) 3900 0826

waynefung@cmbi.com.hk

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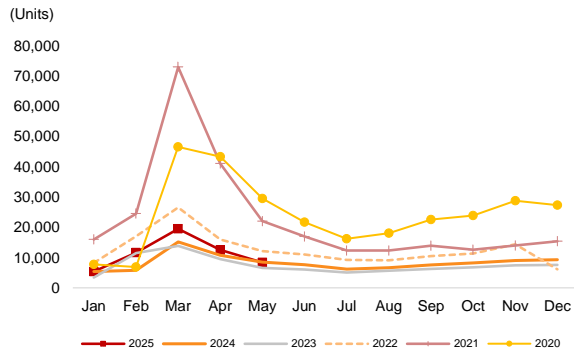
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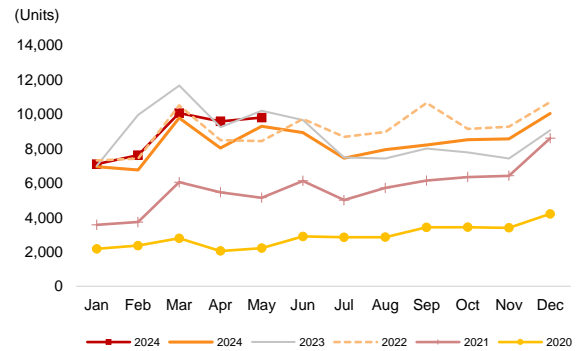
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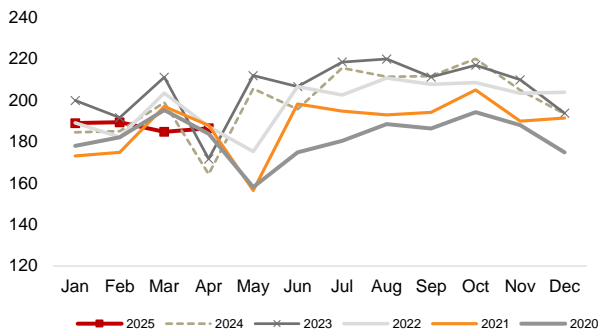
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Figure 1: Monthly excavator sales in China

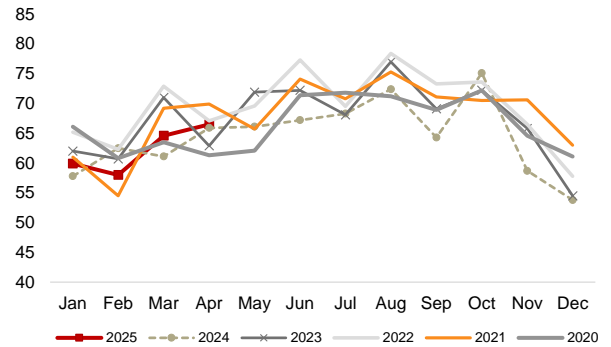
Source: CCMA, CMBIGM

Figure 2: Monthly excavator export volume

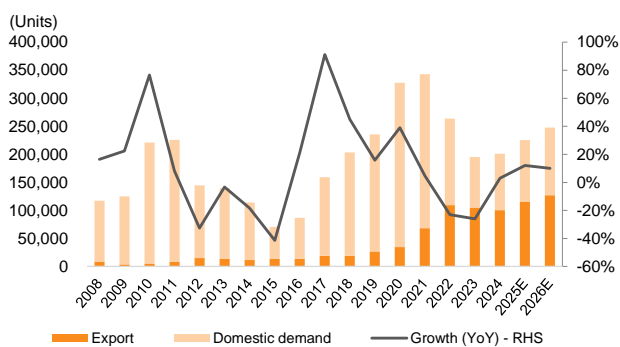
Source: CCMA, CMBIGM

Figure 3: Komatsu excavator monthly utilisation hours in Indonesia

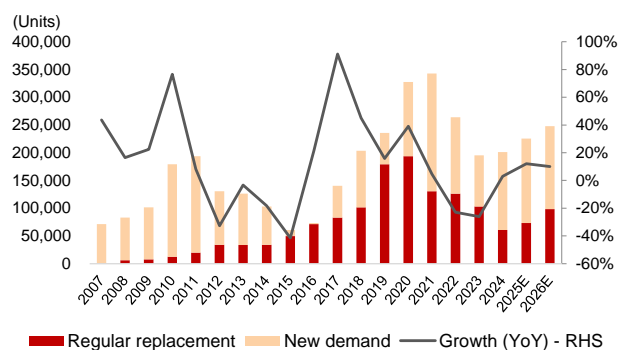
Source: Komatsu, CMBIGM

Figure 4: Komatsu excavator monthly utilisation hours in North America

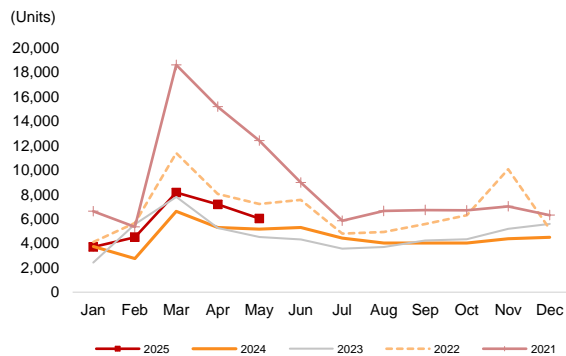
Source: Komatsu, CMBIGM

Figure 5: CMBI's excavator sales projection (breakdown by region)

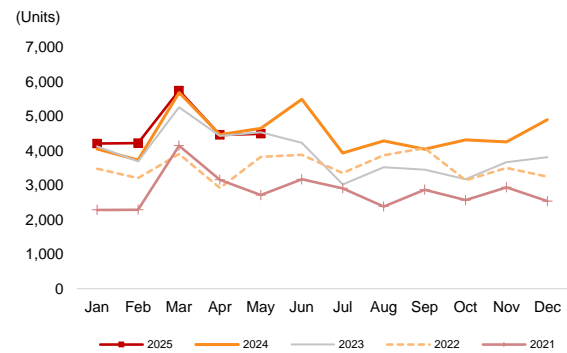
Source: CCMA, CMBIGM estimates

Figure 6: CMBIGM's excavator sales projection

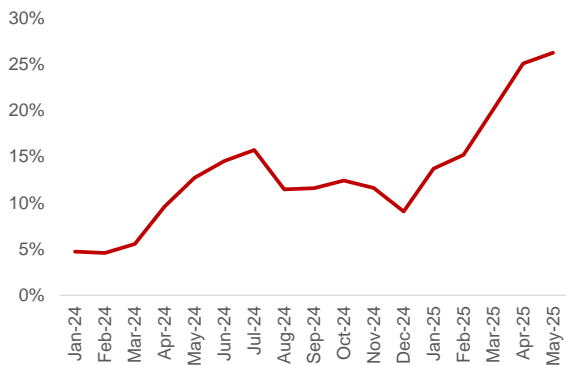
Source: CCMA, CMBIGM estimates

Figure 7: Monthly wheel loader sales in China

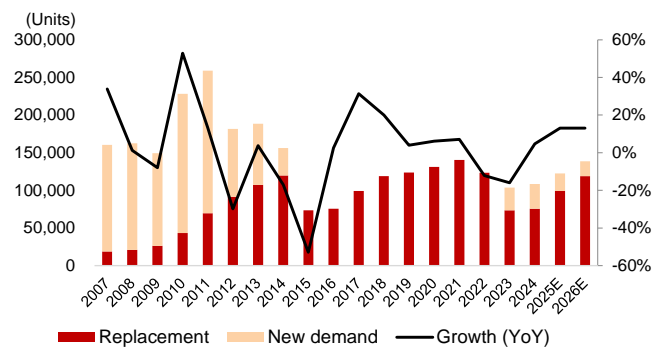
Source: CCMA, CMBIGM

Figure 8: Monthly wheel loader export volume

Source: CCMA, CMBIGM

Figure 9: Electric wheel loader sales as percentage of total wheel loader sales

Source: CCMA, CMBIGM

Figure 10: CMBIGM's wheel loader sales projection

Source: CCMA, CMBIGM estimates

Figure 11: Overseas revenue contribution for major Chinese manufacturers

Company	Ticker	% of overseas revenue		
		2022	2023	2024
Zhejiang Dingli	603338 CH	65%	64%	77%
SANY Heavy	600031 CH	47%	61%	64%
Zoomlion	1157 HK / 000157 CH	24%	38%	51%
XCMG	000425 CH	30%	40%	45%
Sinotruk	3808 HK	47%	36%	40%
SANY International	631 HK	27%	31%	37%
Jiangsu Hengli*	601100 CH	22%	22%	22%
Weichai Power**	2338 HK / 000338 CH	54%	53%	56%

Source: Company data, CMBIGM

Note: * Certain domestic sales will become final products for export.

** Weichai owns 46.5% interest in KION (KGX GR), the major source of overseas revenue. Adjusted for KION's revenue, together with Weichai's direct and indirect exports, we estimate Weichai's attributable overseas revenue accounted for 30-40% of total revenue.

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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