

Capital Goods

Overhang largely removed following EU's preliminary results of AD duties on AWP

Event:

The European Union (EU) announced this week the proposed anti-dumping (AD) duties on aerial work platforms (AWP) made in China. Sinoboom (not listed), **Dingli (603338 CH, BUY)**, Genie (brand owned by **Terex [TEX US, NR]**) and JLG (brand owned by **Oshkosh [OSK US, NR]**) are subject to 56.1%, 31.3%, 25.6% and 23.6% AD duties, respectively.

Besides, other major AWP manufacturers that cooperated with the investigation are subject to 32% of AD duties, including **Zoomlion (1157 HK / 000157 CH, BUY)**, **XCMG (000425 CH, NR)**, **Liugong (000528 CH, NR)**, **Hangcha (603298 CH, NR)**, Lingong (not listed), **Haulotte (PIG FP)** etc.

For companies that did not cooperated with the investigation, AD duties of 56.1% will be applied.

The actual duties will be subject to the final decision, but the timing of outcome is unsure at the moment.

- **Background:** Back in Nov 2023, the European Commission announced the initiation of anti-dumping investigation on the import of mobile access equipment (namely MAE or AWP) from China. For details, please refer to our note "Assessing the impact of the European Commission's anti-dumping investigation against China-made AWP" published on Nov 14, 2023 ([link](#)).
- **Implications:** The preliminary results show that the two US companies (for their products are made in the production bases in China) will be subject to lower duties than Chinese-based companies. Except for Sinoboom (56.1% duties), major Chinese-based manufacturers are subject to similar duties. We do not expect this will substantially change the overseas strategies for major players. We believe the preliminary results have largely removed the overhang.
- **Zhejiang Dingli (603338 CH, BUY, TP: RMB75)** – We estimate Dingli currently generates ~70% of revenue from overseas. Of the overseas revenue, Europe accounts for roughly 1/3. EU accounts for half of the revenue in Europe. We estimate EU accounts for slightly more than 10% of Dingli's total revenue. Based on our understanding, Dingli will make an appeal about the preliminary results. We think the overall impact to Dingli is manageable, given the gradual shift of focus to the US market (AD duties revised down) and other emerging markets.
- **Zoomlion (1157 HK, TP: HK\$7.50 / 000157 CH, TP: RMB11.6, BUY)** – We estimate AWP sales overseas accounted for a high single digit of Zoomlion's total revenue, and we estimate sales in the EU is not significant at present. On the back of global localisation strategy, Zoomlion will leverage its overseas production bases (e.g. Italy, Germany, Mexico) to build AWP capacity to avoid the duties in future.

OUTPERFORM
(Maintain)

China Capital Goods Sector

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