

Capital Goods

Export volume growth across all machines in Dec

China Construction Machinery Association (CCMA) released a full set of construction machinery sales data for Dec 2024. Export volume growth remained strong across all types of machines, in particular truck cranes and tower cranes that surged 67% YoY and 95% YoY respectively. In China, overall demand saw little improvement, with excavator being the only product that saw growth in Dec. For stocks, we remain positive on **Zoomlion (1157 HK / 000157 CH, BUY)** for its penetration in emerging markets through a wide range of product offerings. Ongoing share buybacks (H-share) will continue to serve as a near-term catalyst. We like **SANY Heavy (600031 CH, BUY)** and **Jiangsu Hengli (601100 CH, BUY)** for their high exposure to excavators. We also like **Zhejiang Dingli (603338 CH, BUY)** given its high proportion of overseas AWP sales, while the risk of tariffs may be mitigated by the reduction of anti-dumping duties in the US.

- **Excavators: growth in both overseas and China markets.** Domestic sales, which were up 22% YoY in Dec, have maintained a decent growth trend since Mar driven largely by small-size excavators. We also note the continuous improvement of utilisation hours since mid-2024. Exports grew 11% YoY in Dec. Excavator remained the only product that saw growth in both domestic sales and exports in Dec.
- **Tower cranes: exports surged 95% in Dec.** Such growth rate is the highest in the year. In China, sales declined 63% YoY in Dec, slightly narrowed from -79%/-67% in Oct/Nov. Still, we expect the weakness to continue in 2025E given the decline in property construction.
- **Truck cranes: strong export growth trend.** Exports grew 67% YoY in Dec, sustaining the trend of growth for six consecutive months. In China, sales dropped 26% YoY in Dec, with rate of decline narrowing.
- **AWPs: export growth slowed in Dec due to high base.** Exports increased only 1% in Dec, after surging 88% in Nov. The slowdown was largely due to a high base in Dec 2023. In China, sales dropped 10% YoY in Dec but this is already the best month in 2024. We do not expect domestic sales to recover in the foreseeable future as major leasing companies have continued to reduce capex.

Major construction machinery sales in Dec 2024

	Sales volume (units)			Change (YoY)		
	Total	China	Export	Total	China	Export
Excavator	19,369	9,312	10,057	16%	22%	11%
Wheel loader	9,410	4,501	4,909	0%	-20%	29%
Truck crane	1,384	637	747	5%	-27%	67%
Crawler crane	229	67	162	10%	-13%	24%
Tower crane	571	335	236	-44%	-63%	95%
Forklift	111,329	67,283	44,046	12%	-6%	13%
Aerial work platform	13,288	5,524	7,764	-4%	-10%	1%

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

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China Capital Goods Sector

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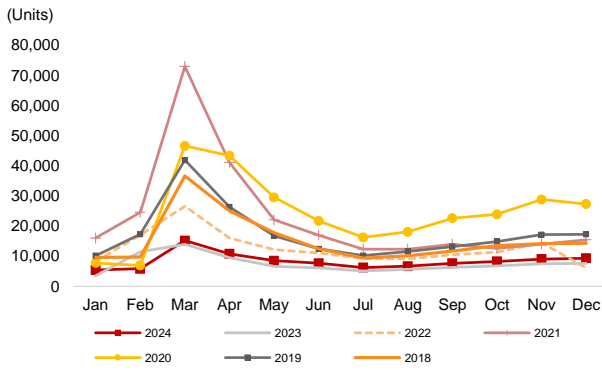
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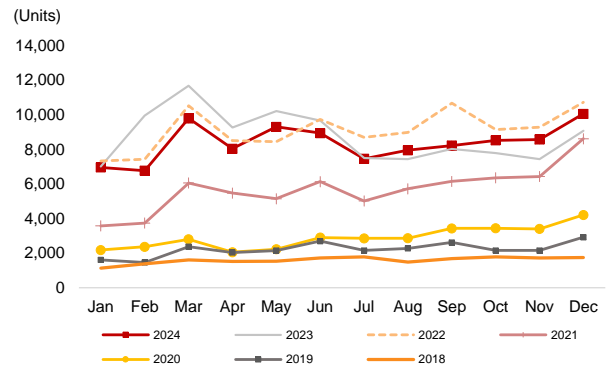
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Figure 1: Monthly excavator sales in China



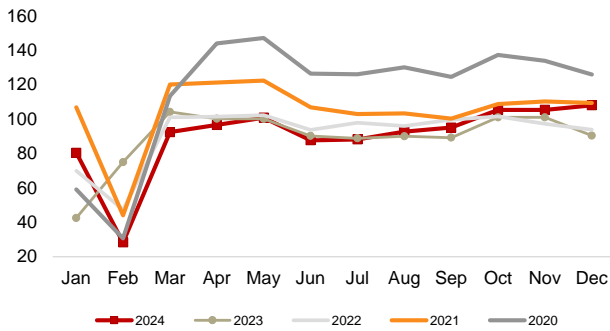
Source: CCMA, CMBIGM

Figure 2: Monthly excavator export volume



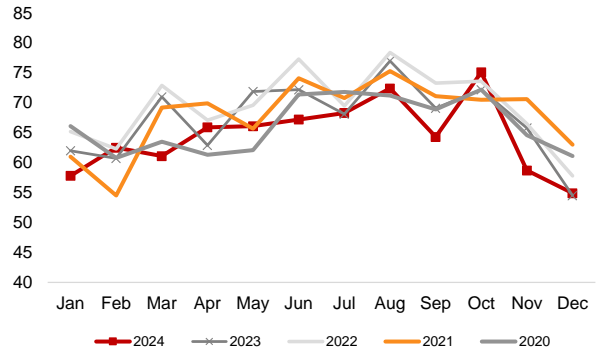
Source: CCMA, CMBIGM

Figure 3: Komatsu excavator monthly utilisation hours in China



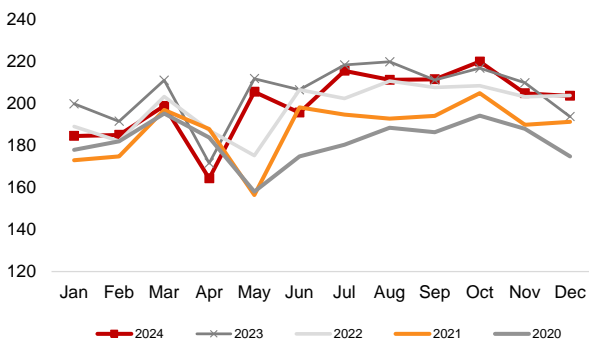
Source: Komatsu, CMBIGM

Figure 4: Komatsu excavator monthly utilisation hours in North America



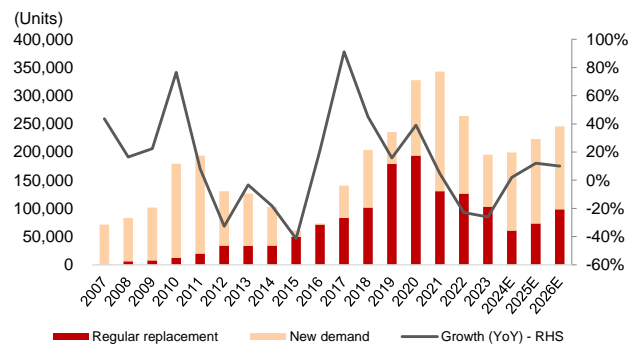
Source: Komatsu, CMBIGM

Figure 5: Komatsu excavator monthly utilisation hours in Indonesia



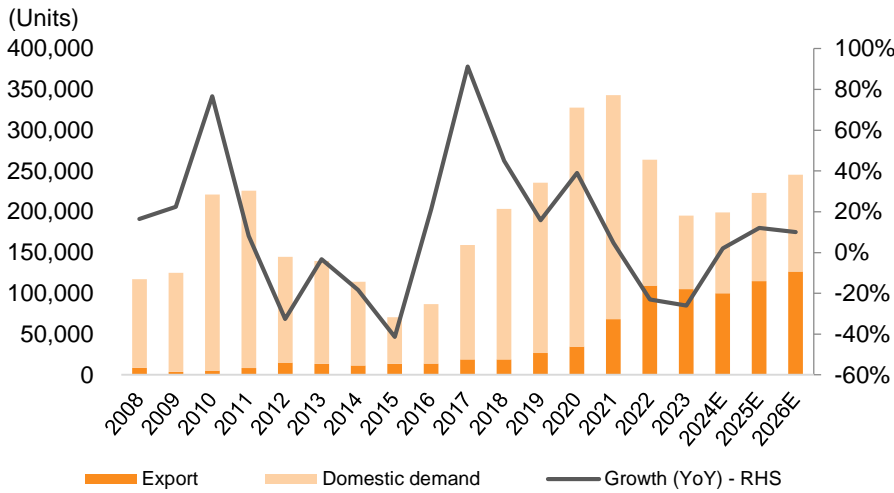
Source: Komatsu, CMBIGM

Figure 6: CMBIGM excavator sales projection



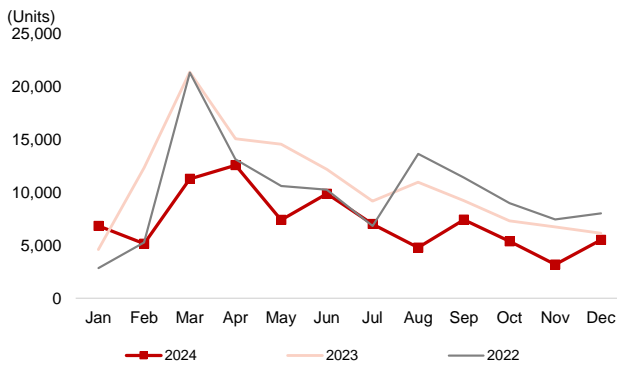
Source: CCMA, Wind, CMBIGM estimates

Figure 7: CMBI excavator sales projection (breakdown by region)



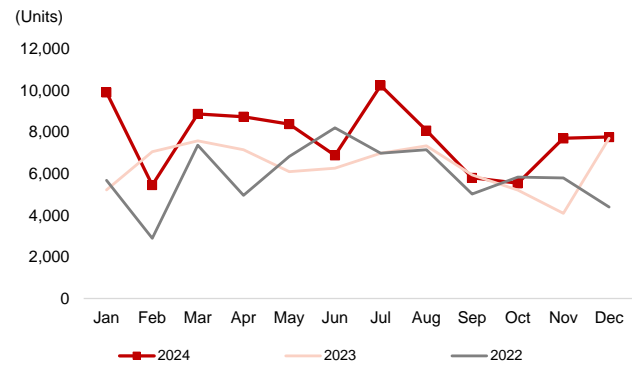
Source: CCMA, CMBIGM estimates

Figure 8: AWP monthly sales in China



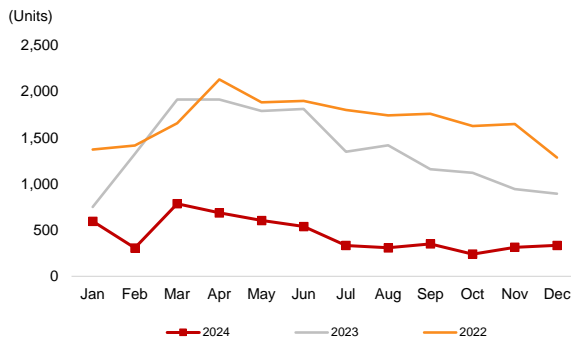
Source: CCMA, CMBIGM

Figure 9: AWP monthly export volume



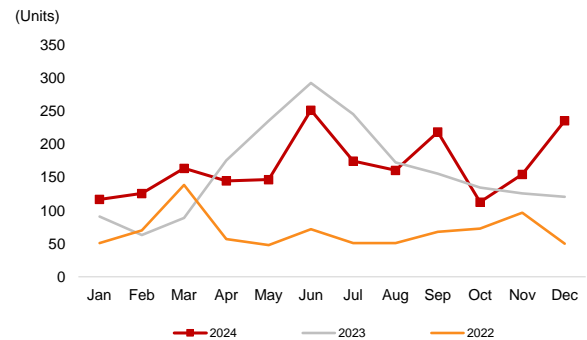
Source: CCMA, CMBIGM

Figure 10: Tower crane monthly sales in China



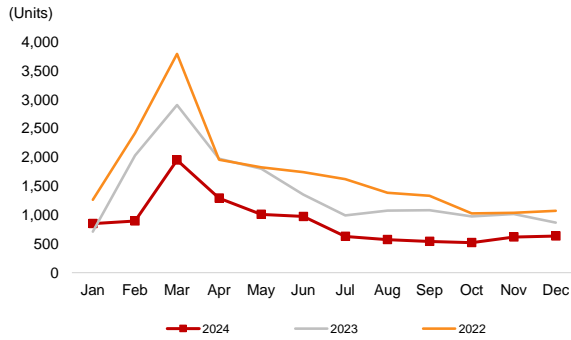
Source: CCMA, CMBIGM

Figure 11: Tower crane monthly export volume



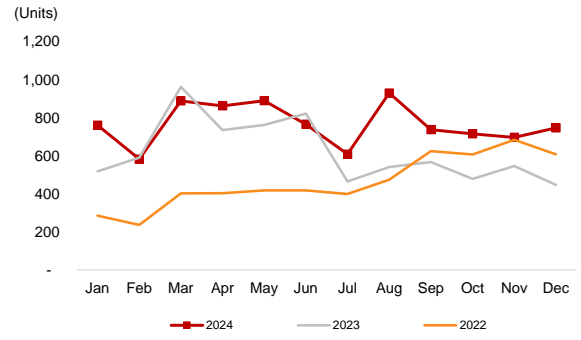
Source: CCMA, CMBIGM

Figure 12: Truck crane monthly sales in China



Source: CCMA, CMBIGM

Figure 13: Truck crane monthly export volume



Source: CCMA, CMBIGM

Figure 14: Overseas revenue contribution for major Chinese manufacturers

Company	Ticker	% of overseas revenue		
		2022	2023	1H24
Zhejiang Dingli	603338 CH	65%	64%	77%
SANY Heavy	600031 CH	47%	61%	62%
Zoomlion	1157 HK / 000157 CH	24%	38%	49%
Sinotruk	3808 HK	47%	36%	45%
XCMG	000425 CH	30%	40%	44%
SANY International	631 HK	27%	31%	36%
Jiangsu Hengli*	601100 CH	22%	22%	-
Weichai Power**	2338 HK / 000338 CH	54%	53%	52%

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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