

China Power Transmission and Distribution Equipment Industry Report, 2008

February 2009

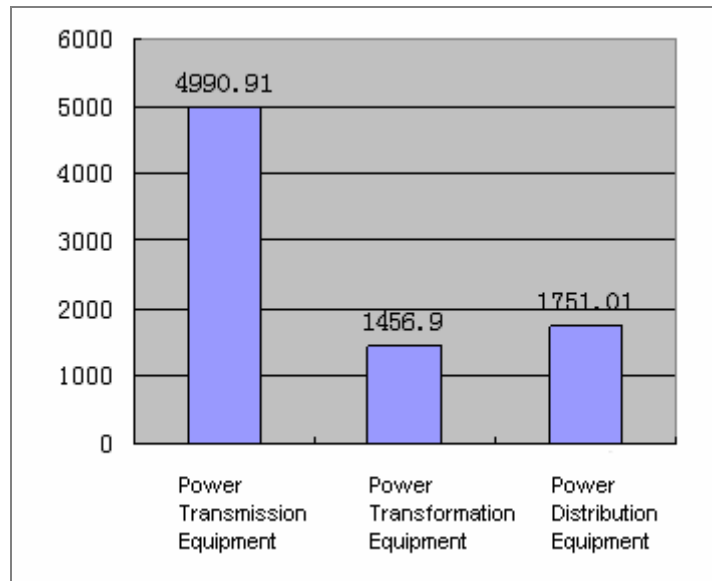
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Overview of China's Power Transmission & Distribution Industry

China's power transmission & distribution industry has developed rapidly in recent years, and its market size also has expanded gradually.

Sales Revenue of Power Transmission & Distribution Equipment by Sub-industry, 2007

Unit: CNY100 million



China's power transmission and distribution equipment industry has maintained the rapid development. The year of 2007 witnessed a growth rate of 30% each for the revenue and profit of its sub-industries including power transmission, power transformation, and power distribution.

Distribution of Top 100 Electric Companies in China, 2007

Classification	Number of Companies	Product Sales Revenue (CNY1,000)	Total Profit (CNY1,000)	Revenue Growth (%)	Profit Margin (%)	Profit Growth Margin (%)
Switch & Components	46	63685124	7522082	24.49	11.81	20.67
Self-control & Instrument	14	16543179	1781081	13.83	10.77	-8.24
Transformer & Capacitor	23	32314614	2357564	37.49	7.30	39.30
Wire & Cable	6	10782382	569565	45.77	5.28	56.14
Electric & Transmission	11	12137504	947535	31.12	7.81	45.22
Total	100	135462801	13177827	27.98	9.73	21.07

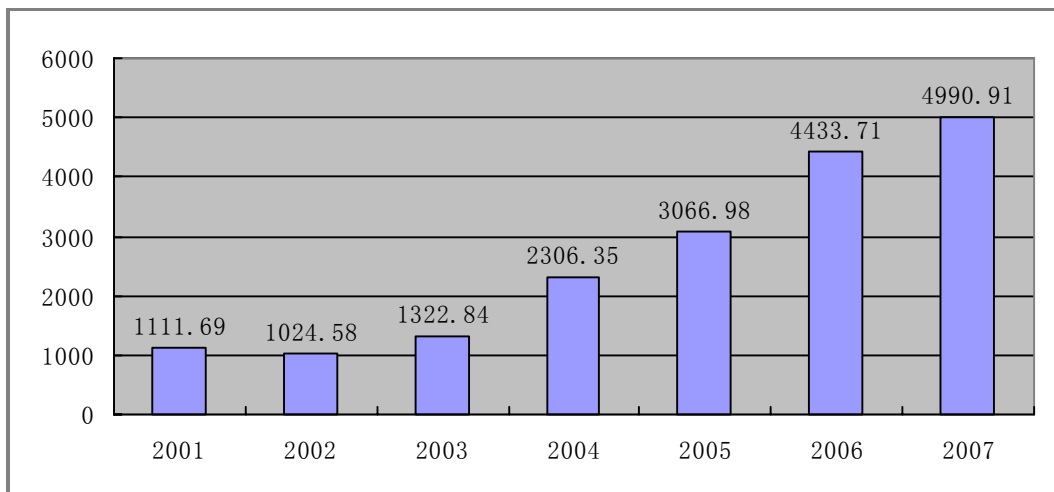
Source: Web of Power Transmission, Transformation and Distribution

Power Transmission Equipment

The sales revenue of China's wire & cable manufacturing industry amounted to CNY499.1 billion in 2007, up 12.6% year-on-year; and it was CNY443.37 billion in 2006, rising 44.6% year-on-year.

Sales Value of Wire & Cable Manufacturing Industry, 2001-2007

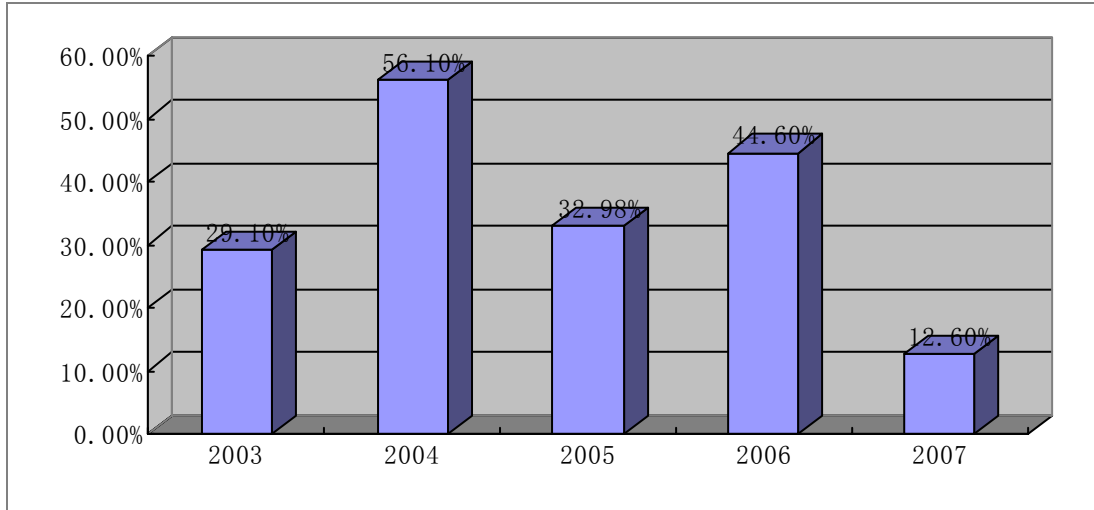
(Unit: CNY100 million)



Source: China Economy Statistics Analysis and Decision Supporting System

The gross growth margin of China's wire & cable sales was above 30%.

Change of Growth Margin of Wire & Cable Sales Revenue, 2003-2007



Source: <http://data.acmr.com.cn/>

There are a great number of small wire and cable companies in China, and the industry concentration is quite low. The whole industry can be divided into three tiers, the first tier includes the leading foreign manufacturers and leaders of China's wire & cable industry; the second tier are composed of leading companies in wire & cable industry, having the certain competition advantages in some products or some regions, but still a gap to the leaders; and the third tier consists of the companies with common features and competitiveness.

Power Transformation Equipment

The sales revenue of transformers, rectifier and inductor manufacturing industry amounted to CNY145.69 billion in 2007, up 24.6% year-on-year; and the total profit hit CNY8.58 billion, rising 37.4% year-on-year.

Operation of Transformer, Rectifier and Inductor Manufacturing Industry, 2005-2007

(Unit: CNY100 million)

Year	Sales Revenue	Growth Rate of Revenue	Total Profit	Growth Rate of Profit	Profit Margin of Sales
2005	821.9	28.6%	43.73	25%	5.32%
2006	1168.99	42.2%	62.41	42.7%	5.34%
2007	1456.9	24.6%	85.77	37.4%	5.9%

Source: China Economy Statistics Analysis and Decision Supporting System

Currently, the transformer industry has two development trends, one is the ultra-large ultra high-voltage, and the voltage will develop to 750KV and 1000KV from 220Kv, 330KV and 500KV. The transformers are generally used for the large power station and power transmission, and its reliability is of great importance, requiring taking measures to improve the performance and distribution of electricity, magnesium, heat and power. The other is to develop towards energy efficiency, small-size, low-noise, high-resistance and anti-explosion, and the products are led by the medium and small size. The transformer will still be oriented to energy-efficiency, low-noise, anti-explosion and high-performance in the future.

Power Distribution Equipment

The sales revenue of China's power distribution switch control equipment amounted to CNY175.1 billion in 2007, up 18.12% year-on-year; the total profit reached CNY14.2 billion, more than doubled than the figure in the same period of previous year; and the sales profit margin was 8.11%.

Operation of Power Distribution Switch Control Equipment Manufacturing Industry, 2005-2007

(Unit: CNY100 million)

Year	Sales Revenue	Growth Rate of Sales	Total Profit	Growth Rate of Profit	Profit Margin of Sales
2005	1148.65	21.33%	95.04	15.87%	8.27%
2006	1482.55	29.07%	62.41	-34.33%	8.62%
2007	1751.01	18.12%	142.03	127.57%	8.11%

Source: China Economy Statistics Analysis and Decision Supporting System

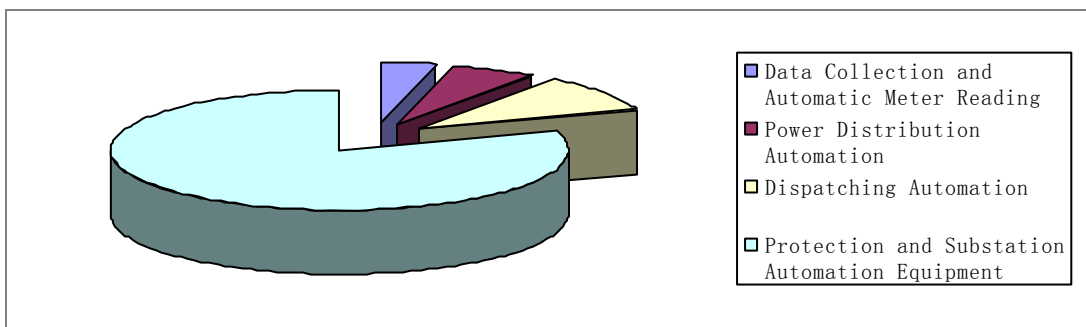
Seen from the bidding results after the central bidding in 2006, Tebian Electric accounted for 27% and 14% respectively in 330KV-above transformer and reactor market; Tianwei Baobian accounted for 18% and 5% in 330KV-above transformer and mutual inductor respectively; and Pinggao Electric (including Pinggao Toshiba) has the rising market shares in the combined electric equipment and disconnecting switch market, occupying 32% and 12% respectively; and Siyuan Electric took up 18% and 8% respectively in the disconnecting switch and mutual inductor market.

In the following decades, the power transmission and distribution equipment inclines to such technologies as large-capacity, high-voltage, intelligence, small-size, oil-free and remote trouble diagnosis.

Electric Power Automation Equipment

Judging from demand and supply of electric power automation equipment during the 10th Five-Year Period and the 11th Five-Year Period, the demand for protection and substation automation equipment has dropped sharply, and its market share has fallen to 42% from 80%. In addition, the demand share of data collection and automatic meter reading equipment will double, rising to 8% from 4%. Meanwhile, the demand for dispatching automation products grows steady, maintaining the market share of 10%.

Demand Share of Power Automation Product Market during the 10th Five-Year Period



Source: China Economy Information Web

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Address: 1102-1105, Tower B, Cai zhi International Building, Zhongguancun East Road No.18, Haidian District, Beijing, Post:100083
Tel: 0086-10-82600828, 82600893
Fax: 0086-10-82600829
Mail: report@researchinchina.com