



## **China Concrete Machinery Industry Report, 2008-2009**

June 2009



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## Definition of Concrete Machinery

Concrete machinery is a general term for the equipment in production, transport, paving and the related applications to concrete, including concrete mixer, concrete mix plant (tower), concrete pump, concrete mixing carrier, concrete sprayer, concrete vibrator, and steel processing machinery. In general, concrete machinery refers to "one plant, three vehicles", namely, concrete mix plant, concrete mixing carrier, and concrete pump & concrete pump truck. Concrete machinery, with a huge demand, is the key equipment for infrastructure construction, in particular widely utilized in industries, civil architecture and the engineering of national defense. After decades of development, concrete machinery has been a key integral (accounting now for 6%) of engineering machinery industry in China, having formed a mass-production capacity,

### *Sales of Engineering Machinery, 2007 vs. 2008*

Unit: Set	2008	2007
Excavator	77096	66507
Compact Machinery	18032	21250
Loader	165335	159363
Bulldozer	8669	7382
Grader	4120	3817
Crane	21500	19545
Concrete Machinery	18720	19899
Total	313472	297763
Concrete Machinery Sale to Total Sale	5.97%	6.68%
Note: concrete machinery here refers to concrete mix plant, concrete mixing carrier, and concrete pump & concrete pump truck		

Source: CCMA, www.okokok.com

## Application of Concrete Machinery

The concrete machinery is mainly applied for producing and transporting ready-mixed concrete. Considering energy saving and environmental protection, on-site mixing has begun to be prohibited in most of big cities in China, so concrete producers have set up concrete mixing station in suburban. The ready-mixed concrete mixing stations show the tendency of large size, which enables large-scale production, improve efficiency, decrease labor intensity, as well as reduce the waste of cement and sand. In addition, the process of manufacturing, transportation and pour is all closed for reducing the pollutants to the environment.

### *Part of Cities Prohibiting Sand Slurry On-site Mixing*

Batch	City	Starting Time
Batch I (10)	.....	Sep 1, 2007
Batch II (33)	.....	Jul 1, 2008
Batch III(84)	.....	Jul 1, 2009

Source: Notice on Restricting and Prohibiting Sand Slurry Field Mix in Some Cities; ResearchInChina

Although the notice demanded that 127 cities to prohibit sand slurry field mix all over China, and the number of cities had rose to over 300 at early 2009.

## Development Stages of Concrete Machinery Industry

Now, the key brands and channels of China's concrete machinery have been basically formed, and brand companies have been developing fast during product integration and extension. It is expected that China's concrete machinery industry will be in a period of polarization, concentration rise and product extension.

## Strong Domestic Demand

The strong domestic demand and increasingly growth in oversea markets have promoted the rapid progression of China's concrete machinery industry. The rapidly steady growth in urban fixed assets investment all over China in recent years has guaranteed the development of China's concrete machinery industry. In spite of global economic slowdown in 2008, both GDP and industrial added value had dropped sharply, while the fixed assets investment in China still maintained the rapid growth of 25.5%. Driven by economy stimulation measures in 1Q 2009, the growth margin of fixed assets investment was 28.6%. Therefore, it can be seen that the robust domestic demand is a guarantee for the progression of China's concrete machinery industry.

*China Urban Fixed Assets Investment, 2002-2009*

	2002	2003	2004	2005	2006	2007	2008	2009Q1
GDP (RMB100 mln)	120332.7	135822.8	159878.3	183868	210871	249530	300670	65745
Growth Rate	9.1	10	10.1	10.4	11.1	13	9	6.1
Industrial Added Value (RMB100 mln)	47432	54946	65210	77231	91311	110,535	129,112	—
Growth Rate	10	12.8	11.5	11.6	12.9	14.9	9.5	5.1
Total Volume of Retail Sales (RMB100 mln)	48135.9	52516.3	59501	67176.6	76410	89210	108488	29398
Growth Rate	11.8	9.1	13.3	12.9	13.7	16.8	21.6	15.0
Fixed Assets Investment (RMB100 mln)	43499.9	55566.6	70477.4	88773.6	109998	137239	172291	23562
Growth Rate	16.9	27.7	26.8	26.0	23.9	24.8	25.5	28.6

Source: National Bureau of Statistics of China, ResearchInChina

To expand business revenue and meet the requirements of buffering macro-control influence and maintain the competitiveness of original core operations, some leading concrete machinery companies have entered the other concrete machinery fields, which will provide the new profit growth source.

As for the demand, the domestic market is still the key sales market of Chinese concrete machinery companies, and the factors such as urbanization construction, real estate investment and large infrastructure construction have promoted the domestic consumption market.

### Concrete Machinery Export, 2006-2008

Total export value of concrete machinery including concrete pumps, concrete mixers and other mixer trucks rose 67.4% to US\$653 million in 2008, accounting 4.9% of total construction machinery export.

By product, concrete pump export grew 13.5% to 2,149 in volume but fell 24.1% to US\$102.9153 million in value; however, average export price was up. Concrete mixer export increased by 21.9% to 3,263 in volume and by 37.4% to US\$188.417 million in value, both maintaining an upward trend. Export of other mixer trucks increased by 44.0% to 569,342 in volume and by 112.8% to US\$362.1581 million, and average export price rose.

**Concrete Machinery Export, 2006-2008 (US\$ in Million)**

Product		2006		2007		2008	
		Volume	Value	Volume	Value	Volume	Value
Concrete Pump	Unit	1,149	45.6188	1,893	82.9349	2,149	102.9153
Concrete Mixer	Unit	603	31.4718	2,677	137.1857	3,263	188.417
Other Mixer Trucks	Unit	186,380	87.2583	395,498	170.1537	569,342	362.1581
Total	—	188,132	164.3489	400,068	390.2743	574,754	653.4904

Source: China Construction Machinery Association (CCMA)

## Shanghai Hold Machinery Co., Ltd

### Company Profile

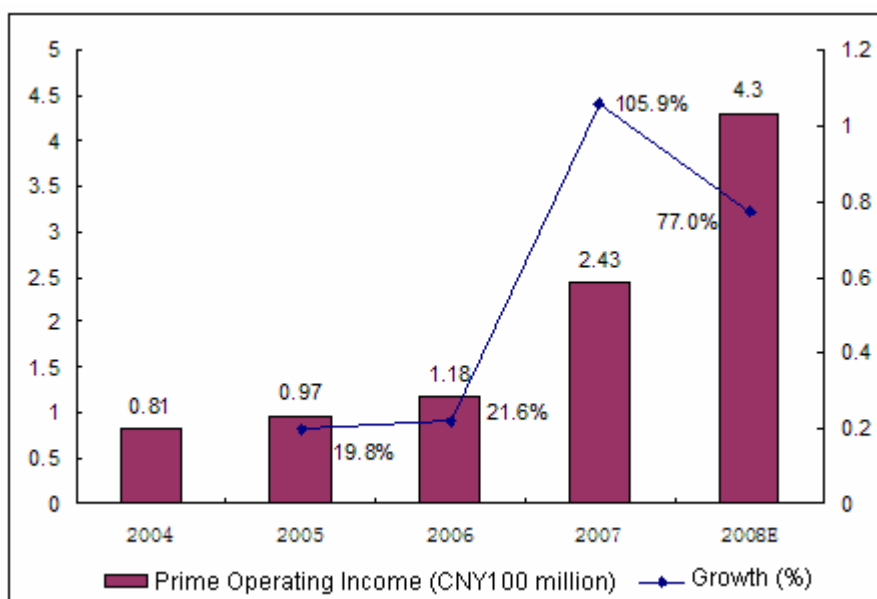
Founded in October 1993, Shanghai Hold Machinery Co., Ltd is now a private enterprise with registered capital of CNY8 million. The capital increased to CNY25 million after a capital increase in 2002.

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### Operating Performance

There has been a strong growth in prime operating revenue of two leading product series – construction machinery products and electrical machinery. In the three years from 2004 to 2006, the revenue of main products reached respectively CNY81 million, CNY97 million and CNY118 million. Particularly, the year 2007 witnessed an explosive growth with revenue up to CNY234 million. Spending on research and development in the three years from 2005-2007 was respectively CNY5.09 million, CNY6.58 million and CNY13.38 million, accounting for 5.3%, 5.6% and 5.7% of total sales revenue of the year.

***Prime Operating Income of Hold Machinery Co., Ltd, 2004-2008***



Source: Hold Machinery Co., Ltd

The company takes up a 10% market share in China's concrete pumping equipment and trailer pump market, and a 30% market share in domestic truck-mounted concrete pump market. Furthermore, the successful development and launch of boom pump, a high-value-added and high-technological-content product, has made the company become one of the eight companies that can independently make R&D and production. The boom pump is seeing a steady growth in market share.

At present, the company ranks third by market share in China's concrete pump market and is among the tier-one group in this industry.

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