

**ResearchInChina**  
US269LCPHUPHUS

# **China Railway Transport Equipment Industry Report, 2009-2010**

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## 1. Overview of Railway Transport Equipment Industry

### 1.1 Production

**China Railway Transport Equipment Output, Dec. 2009**

Item	Output		YoY Growth Rate (%)	
	Accumulative Total	December	Accumulative Total	December
Locomotive	1753	354	37.17	178.74
Passenger Train	7107	1258	86.44	34.83
Goods Train	42774	3657	-28.08	-41.06

Source: National Bureau of Statistics of China; ResearchInChina

The locomotive output showed an upward trend in 2009, especially since September. Railway locomotive production in 2009 showed the trend of from low to high, especially in and after September, and the output increased by two times or more from \*\* in August to \*\* in December. The goods train output increased month by month, especially in the second half of the year, and the output increased by 4.5 times from \*\* in February to \*\* in November; the passenger train output showed a fall-rise trend, growing from \*\* in February to \*\* in May, then fell sharply, and began to rise in September and reached \*\* in December.

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## 1.2 Demand

### 1.2.1 Investment in Railway Construction

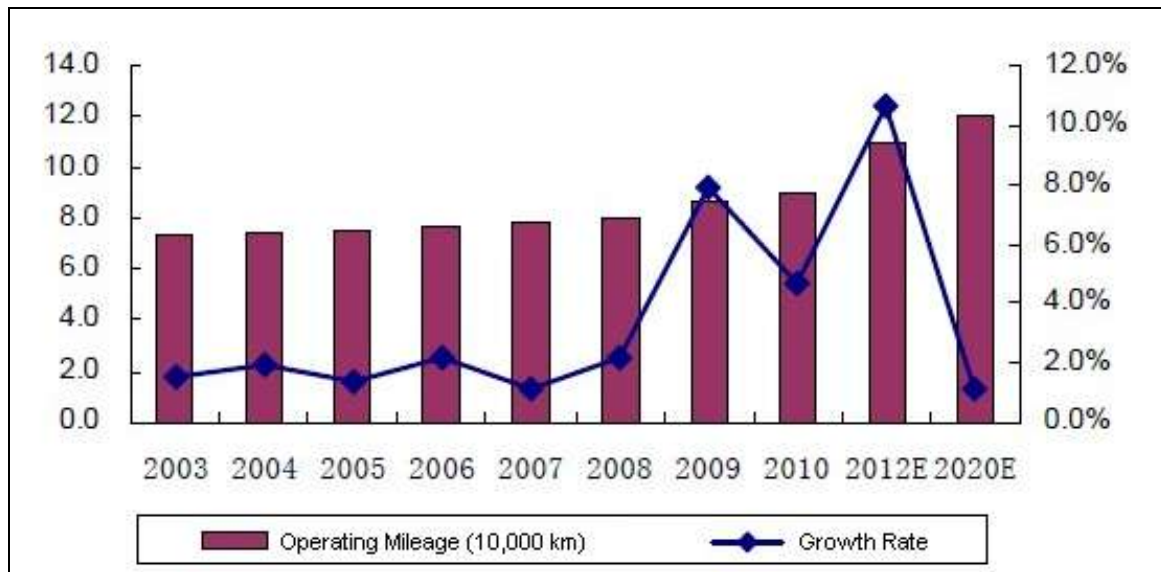
**Monthly Investment Growth of China Railway Transport, 2009 (RMB in Billion)**

	Monthly Fixed-Asset Investment	Monthly Infrastructure Construction Investment	Monthly Innovation Investment and Locomotive Purchase
Jan-09	18.56	15.27	3.29
Feb-09	23.61	20.07	3.54
Mar-09	33.27	28.78	4.49
Apr-09	42.59	39.30	3.29
May-09	50.93	45.67	5.26
Jun-09	62.99	52.37	10.63
Jul-09	49.74	46.04	3.71
Aug-09	50.73	46.63	4.10
Sep-09	55.48	46.11	9.37
Oct-09	54.91	50.37	4.54
Nov-09	64.46	58.65	5.80
Dec-09	194.03	151.30	42.73
Jan-10	32.18	23.38	8.81

Source: Ministry of Railways of China; ResearchInChina

Investment in railway construction has been maintaining a rapid growth momentum since March 2008. Besides the two months of November and December 2009, the investment in railway infrastructure in other months achieved a more than 100% growth since January 2009.

***Growth of China Railway Operating Mileage, 2003-2012E***



Source: Ministry of Railways of China; ResearchInChina

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### 1.2.2 Demand

Along with huge investment in railway infrastructure and rapidly growing railway transport, the railway network quality, railway network structure and modern management level all need to get improved and optimized while reaching a great-leap-forward development in some indicators like railway operating mileage. To achieve this, it needs to purchase high-technology and high-level railway equipments which will no doubt bring opportunities for railway transport equipment development and replacement. In addition, the package programs launched in 2008 was a driver for rapid growth of railway equipment industry which was expected to enter a development stage starting from the end of 2009 and then a development peak from 2010 as EMUs are delivered ahead of schedule.

***Market Capacity and Growth of China Railway Transport Equipment Industry, 2006-2020E***

***(Omitted)***

***Locomotive Acquisition Expense Growth of China-MOR, 2005-2012E***

***(Omitted)***

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## **2. Market Segments of Railway Transport Equipment**

### **2.1 EMU**

#### **2.1.1 Market Size**

##### ***Demands of China's EMU Market, 2005-2018E***

***(Omitted)***

##### ***Annual Demand for EMUs and Revenue Forecast in China after 2012***

***(Omitted)***

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#### **2.1.2 Key Enterprises**

In 2009, China EMU manufacturers include CSR's joint venture Qingdao BST, CSR Sifang Locomotive And Rolling Stock CO.Ltd, CNR Changchun Railway Vehicles Co., Ltd and CNR Tangshan Locomotive & Rolling Stock Works and these four companies introduce into matured 200km/h-above EMU technologies respectively from BST, KHI, Alstom and Siemens for production. Among the products, CNR's 200km/h CRH5, 350km/h CRH3, CSR's CRH1 (200-250km/h) and Qingdao Sifang's CRH2 (200-300km/h) have all been put into commercial operation.

##### ***Acceptance of the Bid for EMU over the Years***

***(Omitted)***

## 6. Key Enterprises

### 6.1 CNR

#### 6.1.1 Profile

China CNR Corporation Limited was reorganized from China Northern Locomotive and Rolling Stock Industry (Group) Corporation in June 2008. Approved by the State Council, it was jointly established by China Northern Locomotive and Rolling Stock Industry (Group) Corporation, Datong Qianjin Investment Co., Ltd, China ChengTong Holdings Group Limited and China Huarong Asset Management Corporation.

#### 6.1.2 Operation

**Main Business Revenue of CNR, 2009 (Unit: RMB in Millions)**

	Operating Income	Growth Rate
Locomotive	9045.37	12.43%
Coaches	7378.73	27.28%
Including: EMU	3553.79	-5.75%
Metro	2229.66	31.57%
Wagon	6709.74	-24.48%
Engineering Machinery and electromechanical Products (Including Components)	7776.75	47.12%
Others	7375.66	47.42%
Total	40515.92	16.72%

Source: Annual Report of CNR; ResearchInChina

CNR's income mostly sourced from rail transit equipment manufacturing in 2009. In recent years, the governments have continued to increase the investment in rail transit infrastructure, offering a sound opportunity for the company. In 2009, its operating income grew by 16.72 percent year on year to \*\* and operating profit by 2.76% to \*\*.

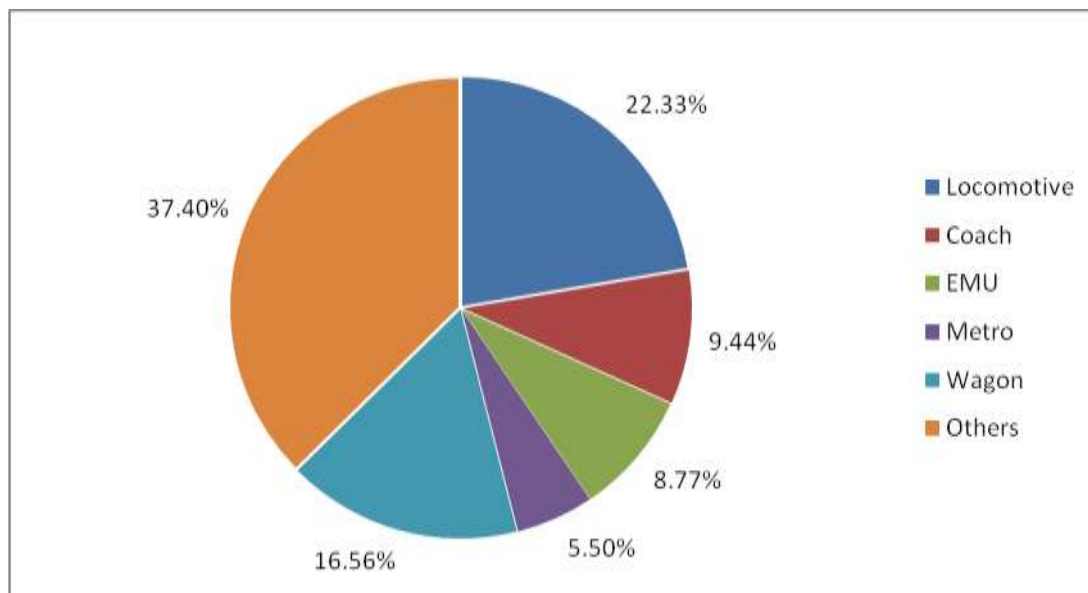
### ***Main Product Output and Forecast of CNR, 2009***

***(Omitted)***

In 2009, the CNR manufactured \*\* new locomotives, \*\*new coaches, \*\* new EMUs, \*\* new trains and \*\* new metro trains, up respectively by 7.86%, 204.96%, 21.21%, -24.78% and 38.95%.

#### **6.1.2.1 Operating Income**

### ***Main Business Revenue Ratios of CNR, 2009***



Source: CNR; ResearchInChina



CNR's operating income is mostly sourced from locomotives, coaches, EMUs, wagons, metro and others.

As compared with last year, its locomotive business witnessed a growth in operating income in 2009, due to high-speed and heavy-duty railway development, products upgrade and replacement, increasing market demand and improved production capacity of three electric locomotive manufacturing bases.

As compared with last year, its coach business also achieved a considerable growth in operating income, due to elimination to old passenger trains and increasing demand for 25G air conditioned passenger trains.



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