

A silhouette of an excavator bucket dumping soil against a sunset sky. The excavator is on the left, and the bucket is on the right, dumping soil. The sky is a mix of orange, red, and blue.

GLOBAL CONSTRUCTION EQUIPMENT MARKETS

Chris Sleight
Managing Director
Off-Highway Research

October 2023

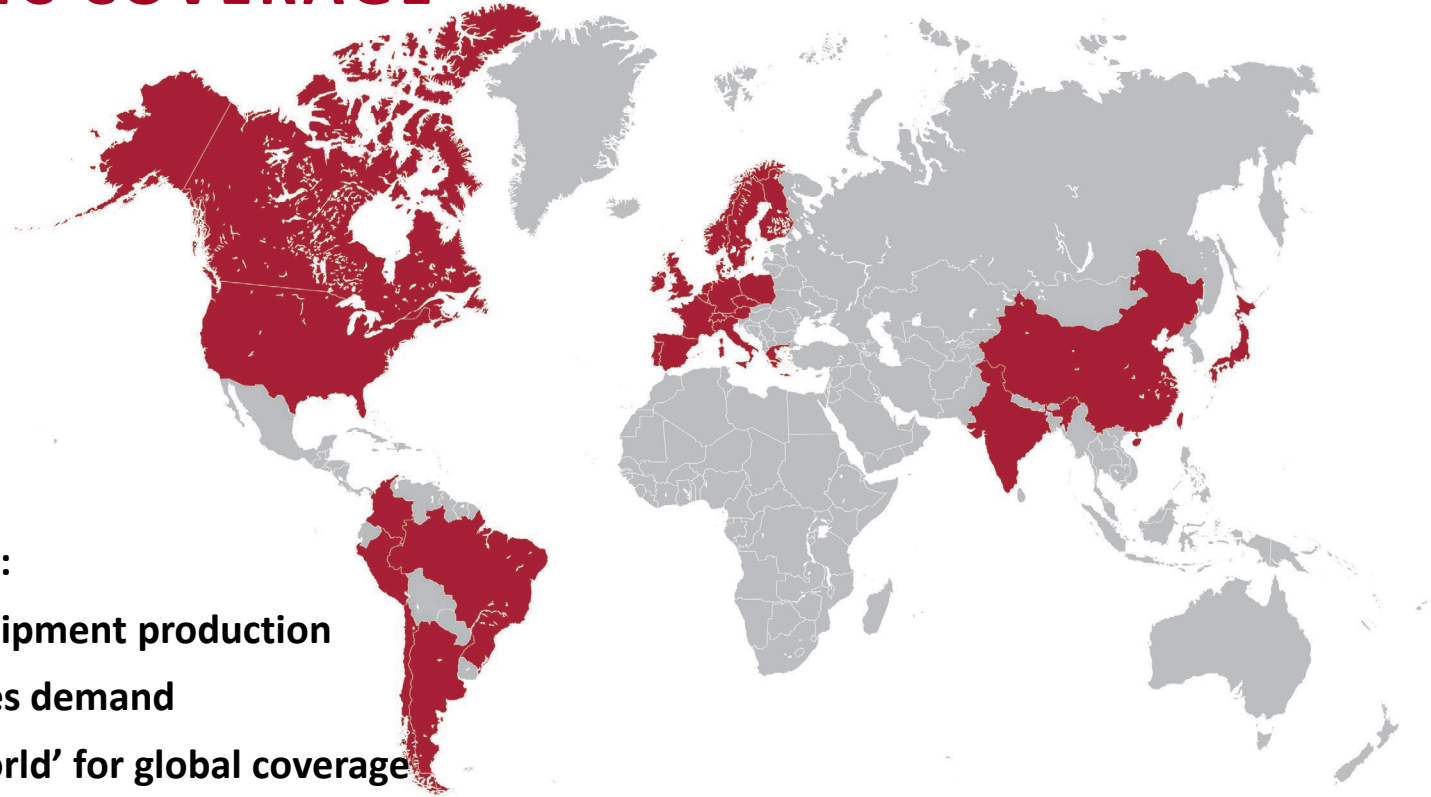
Off-Highway
RESEARCH

WHO WE ARE

- Specialists in the research and analysis of international construction equipment markets
- The largest consultancy of its kind in the world
- Formed in 1981 as part of the Economist Intelligence Unit
- Now owned by KHL Group
 - Leading media & events company in our industry
- Off-Highway Research offices in Chile, China, Germany, India, Japan, UK & USA
 - Further locations with wider KHL Group network



GEOGRAPHIC COVERAGE



27 named countries:

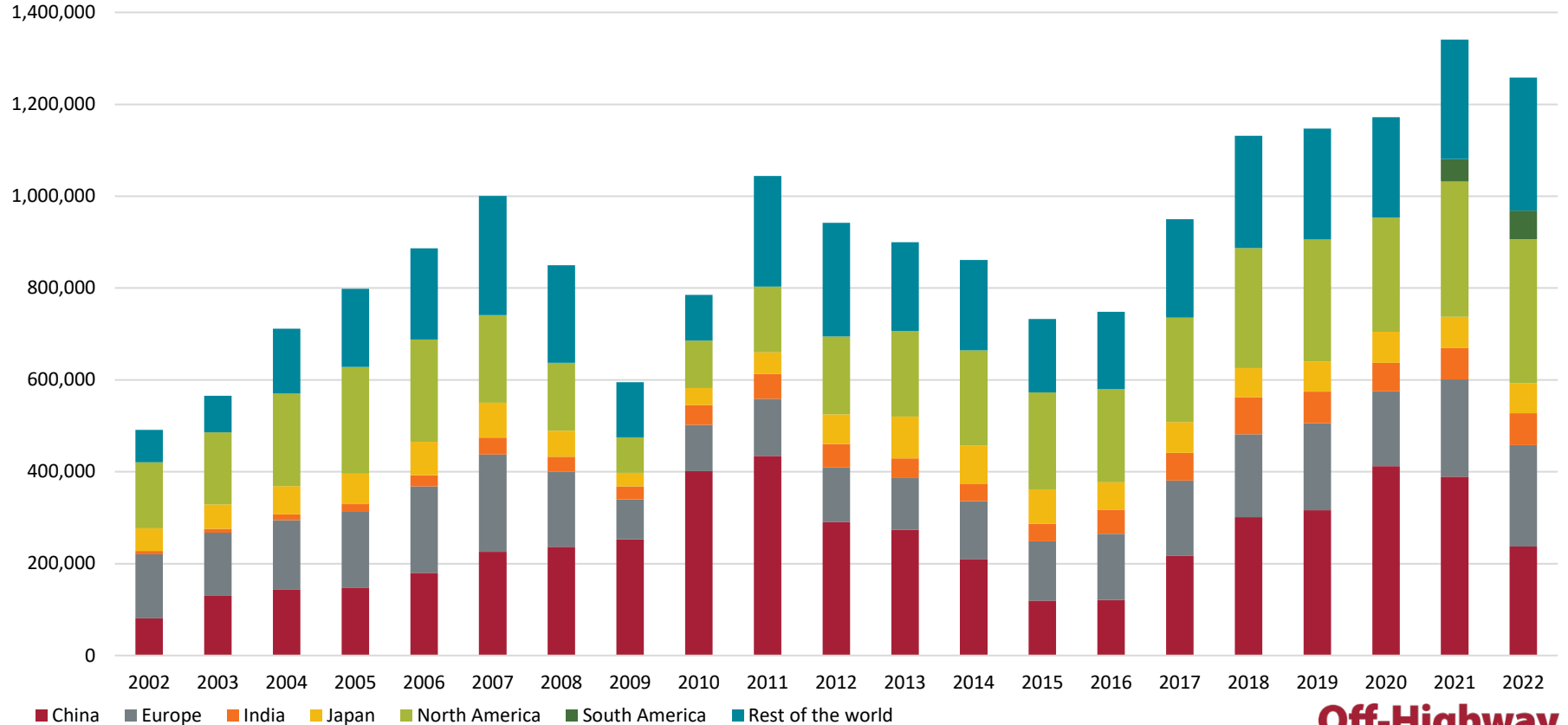
- **95%** of global equipment production
- **80%** of global sales demand

Plus 'Rest of the World' for global coverage

EQUIPMENT COVERAGE

- Articulated dump trucks
- Asphalt finishers
- Backhoe loaders (TLBs)
- Compact tracked loaders
- Crawler dozers
- Crawler excavators (6 tonnes+)
- Crawler loaders
- Mini excavators (<6 tonnes)
- Motor graders
- Rigid dump trucks
- RTLTs – masted
- RTLTs – telescopic (telehandlers)
- Skid-steer loaders
- Wheeled excavators
- Wheeled loaders
- Mobile cranes – China, India, North America and South America only
- Compaction equipment– China, India, and South America only

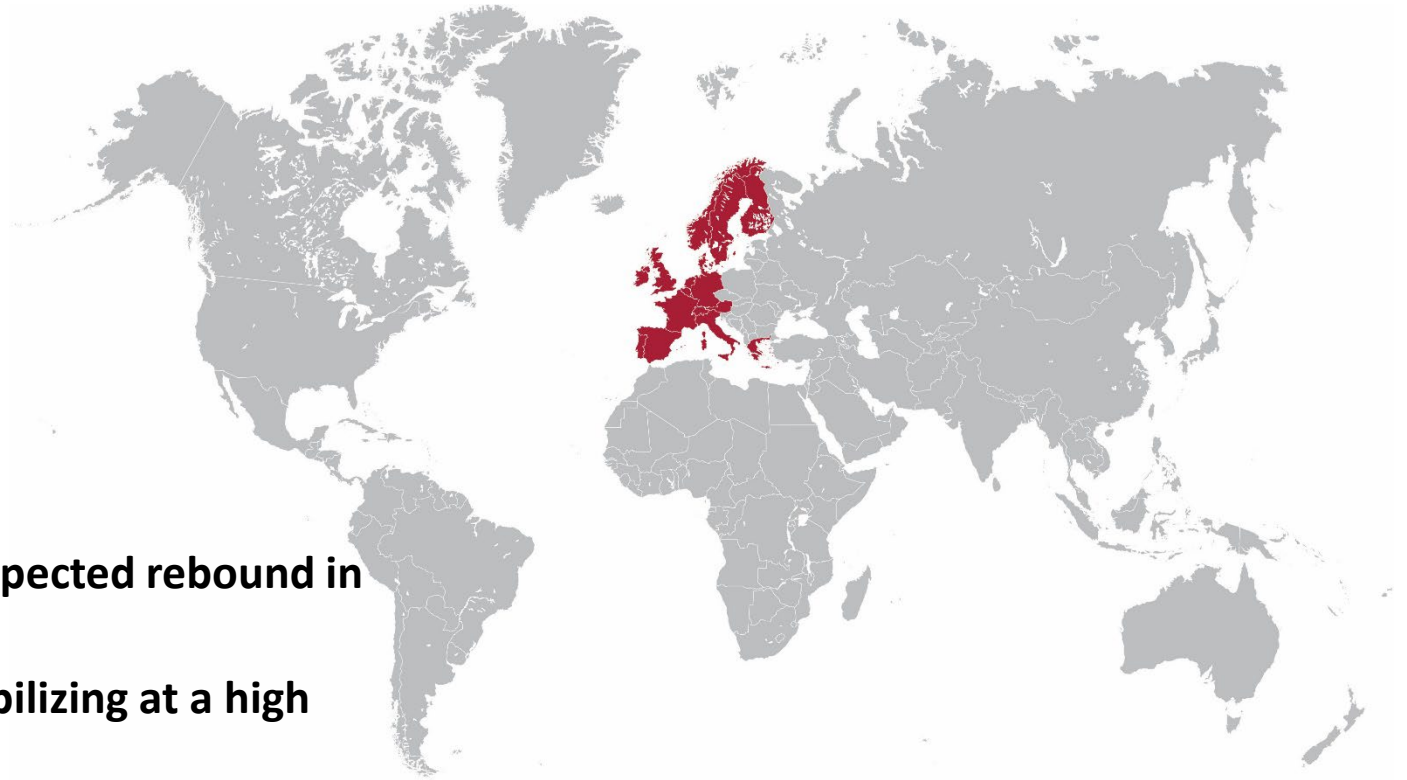
GLOBAL UNIT SALES



GLOBAL MARKET

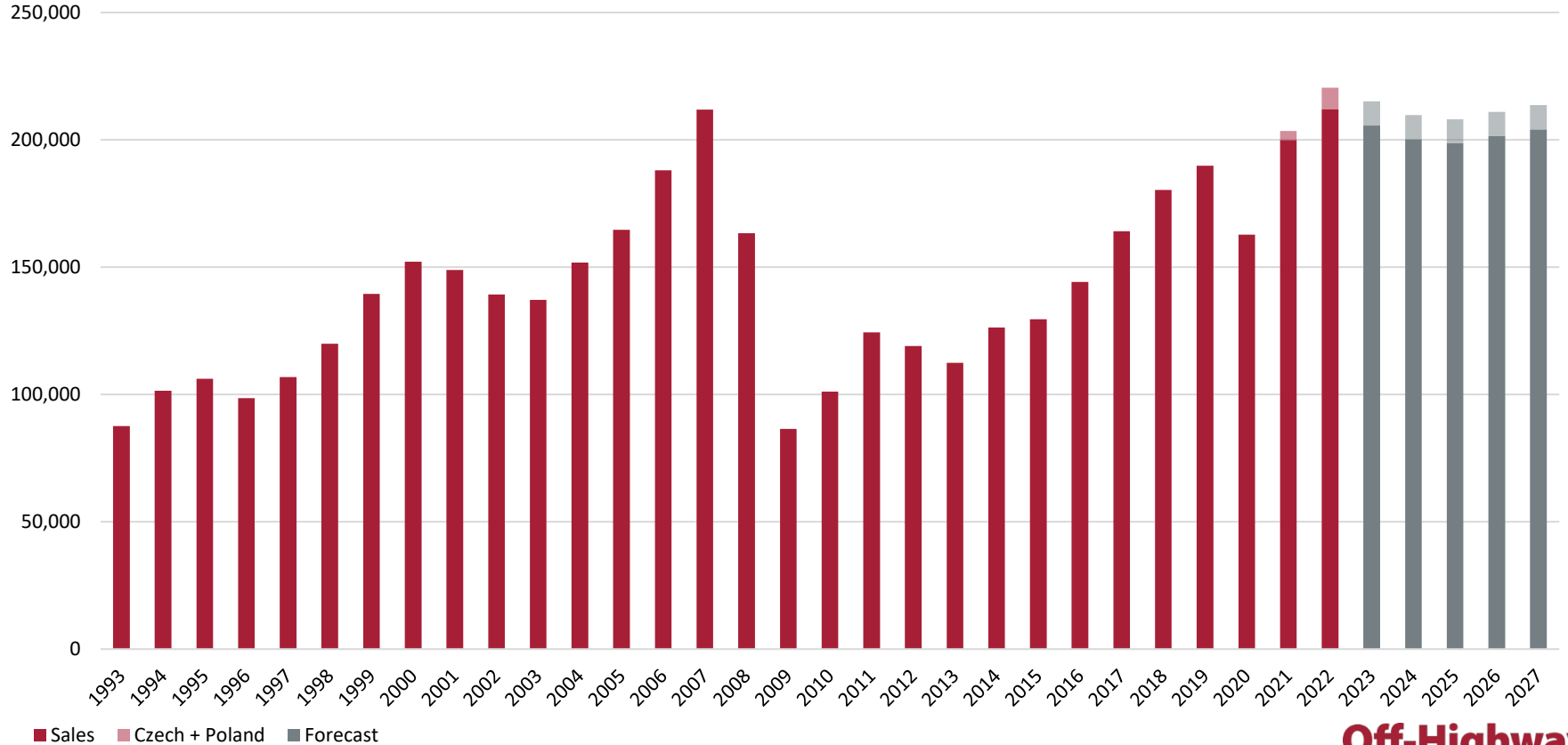
- Prior to Covid, 2020 was expected to see a cyclical downturn
- Expected global decline **REVERSED** by early stimulus in China (April 2020 onwards)
- Low interest rates & global stimulus **RECORD GLOBAL SALES in 2021 +10% vs. 2020**
- Chinese market started to decline in 2022
World excluding China grew +7%

EUROPE

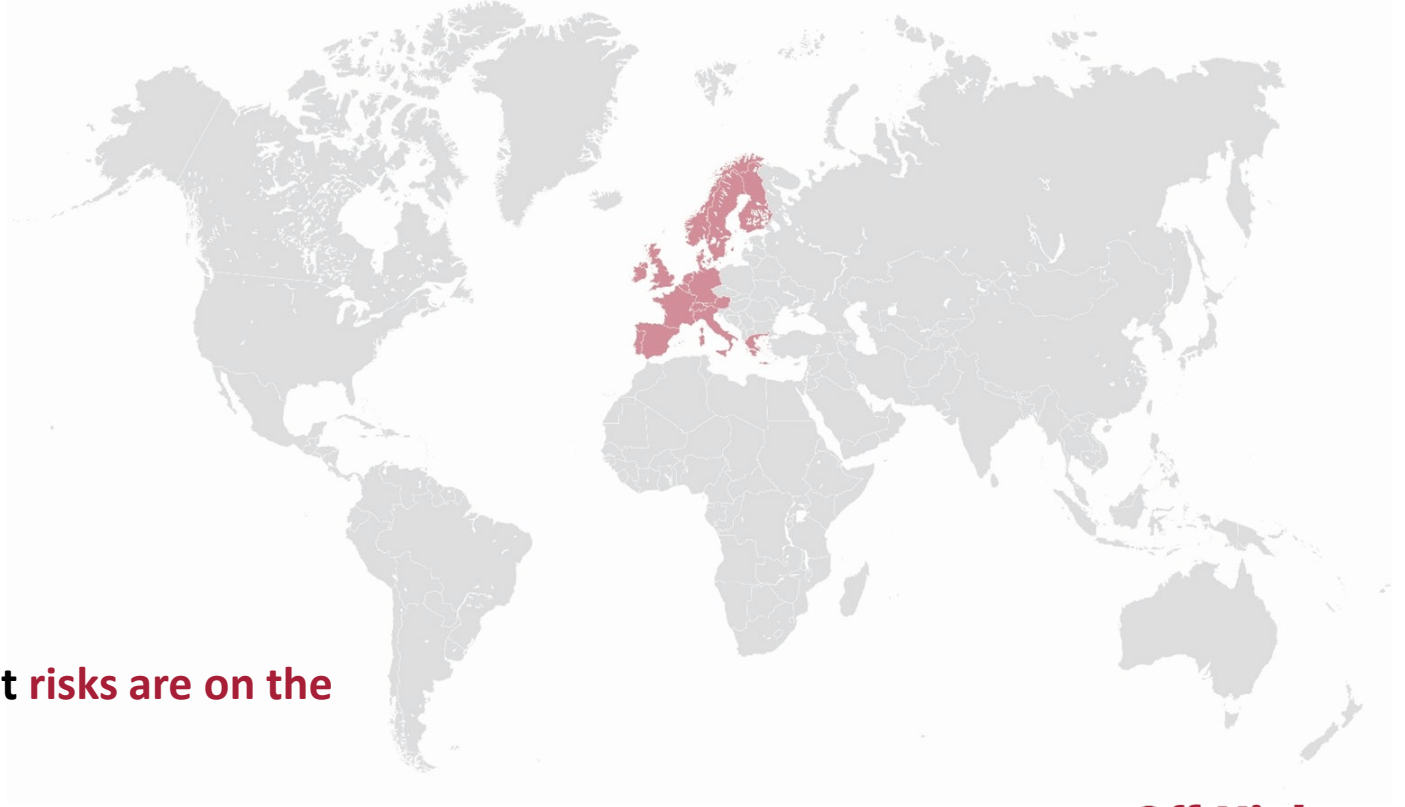


- Stronger than expected rebound in 2021/2022
- Market seen stabilizing at a high level

EUROPE: MARKET VOLUME (UNITS)

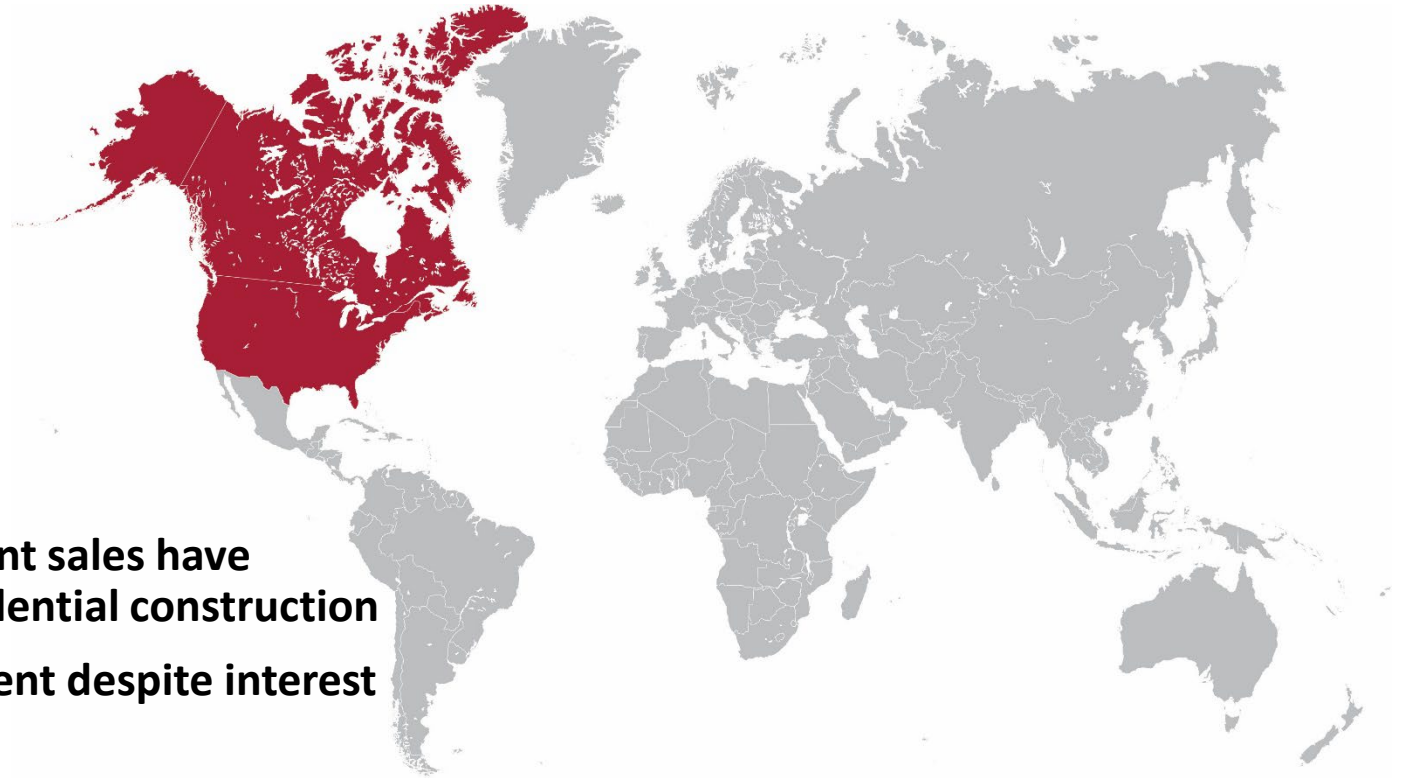


EUROPE: KEY TAKE-AWAYS



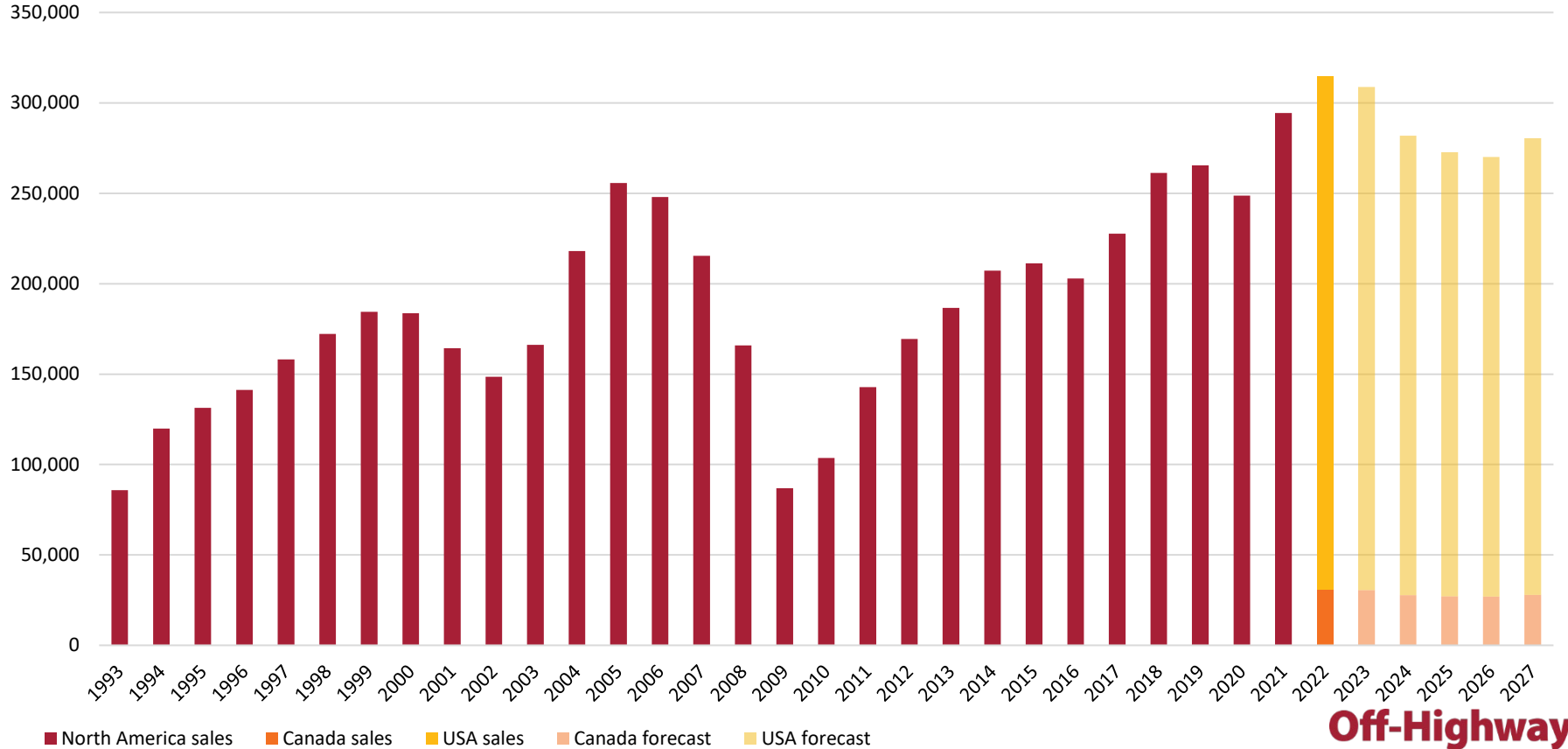
- **Stable market, but risks are on the downside**

NORTH AMERICA IN DEPTH

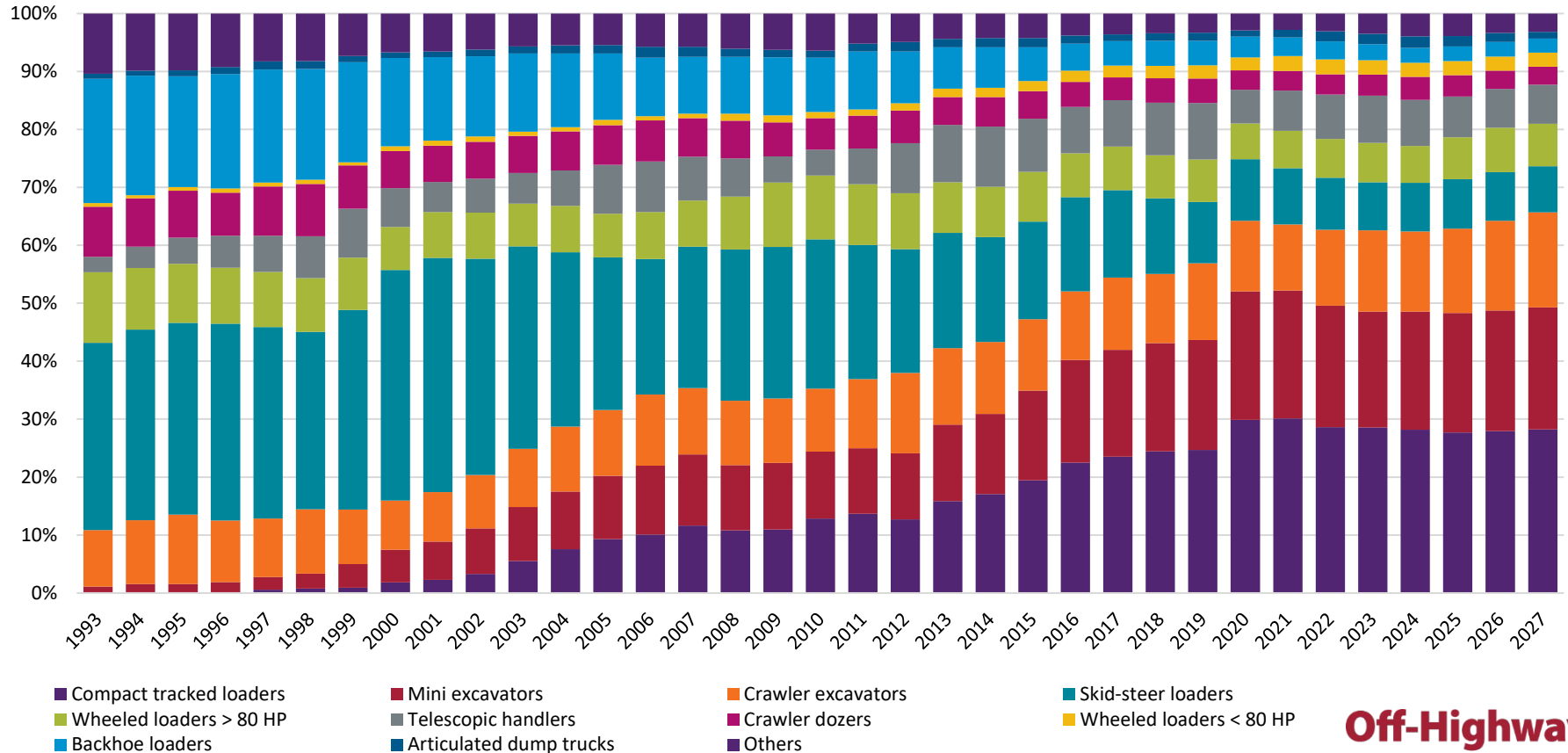


- **Compact equipment sales have boomed with residential construction**
- **Sales remain resilient despite interest rate rises**

NORTH AMERICA: MARKET VOLUME (UNITS)



NORTH AMERICA: MARKET STRUCTURE



NORTH AMERICA: KEY TAKE-AWAYS



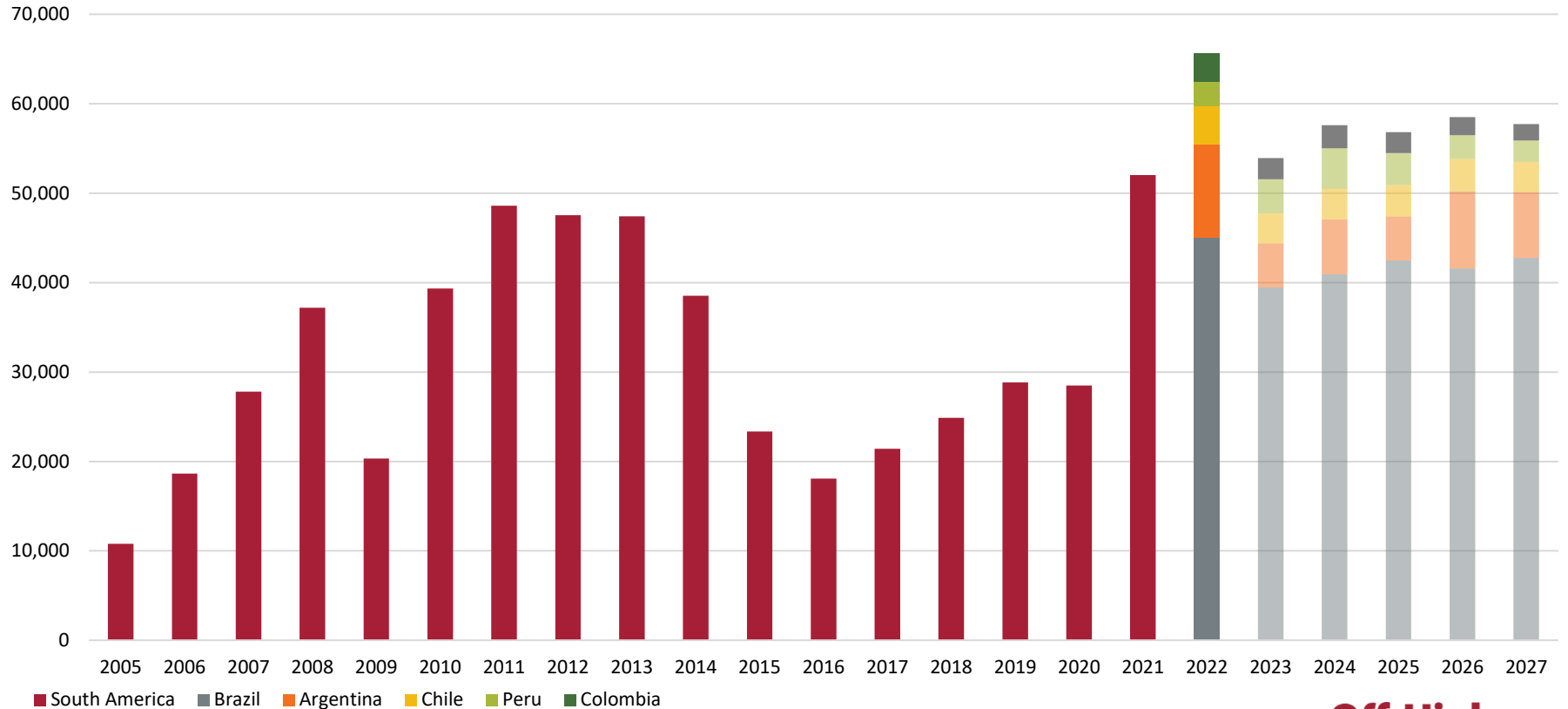
- **Compact equipment** is now 65% of the market
- Pivot to infrastructure - (lower volume) **heavy equipment**
- Stimulus spending will provide **stability** but not overall growth

SOUTH AMERICA IN DEPTH

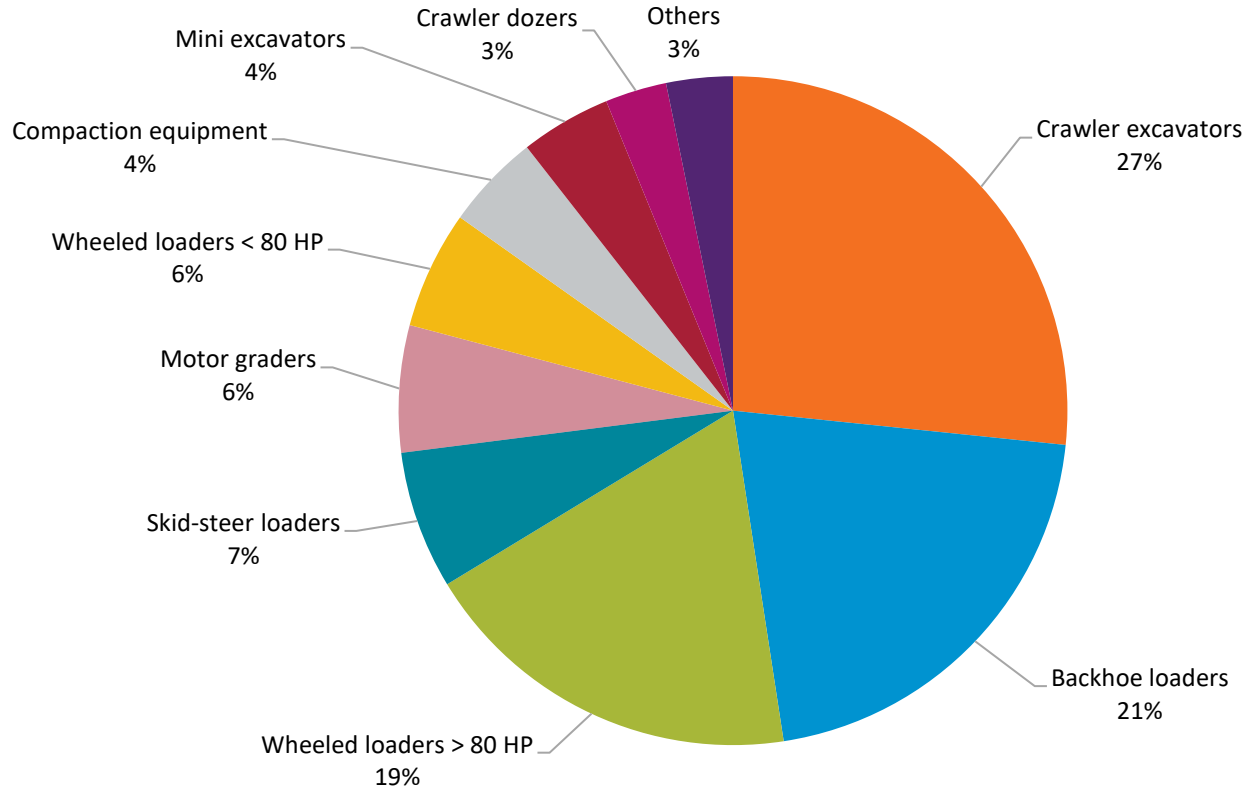


- **Return to health after difficult 2010s**
- **Brazil is the dominant market (70% of demand)**

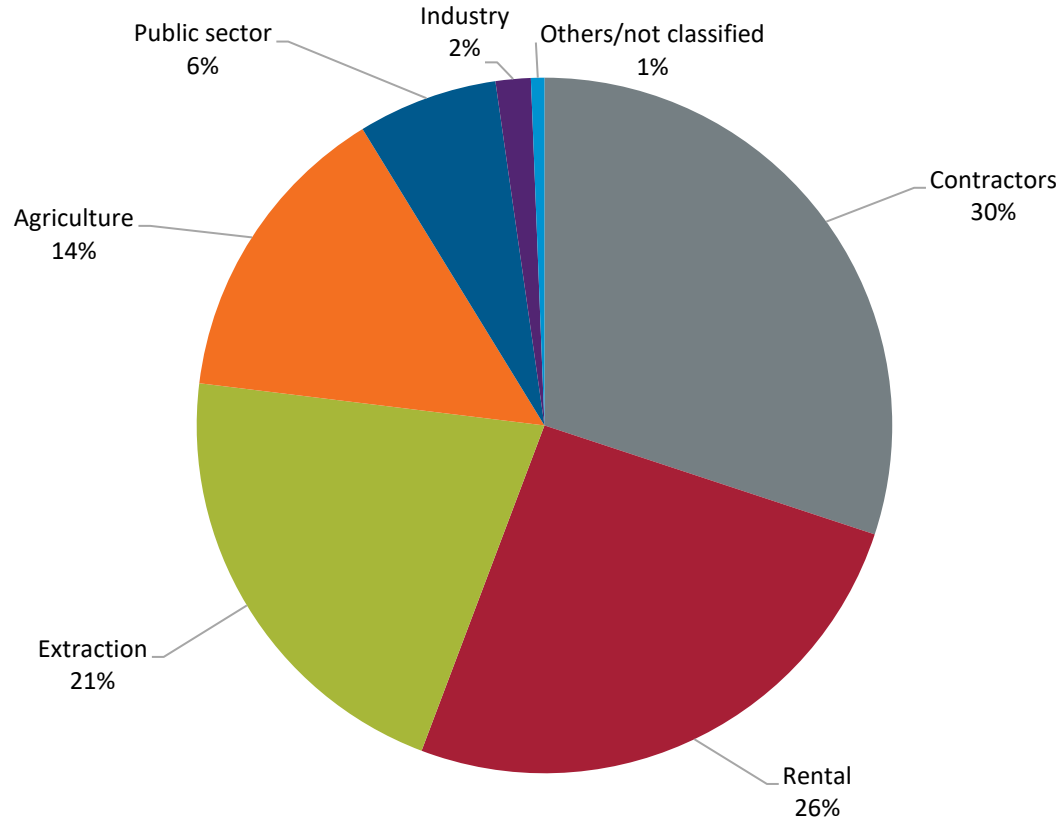
SOUTH AMERICA: MARKET VOLUME (UNITS)



SOUTH AMERICA: MARKET STRUCTURE



SOUTH AMERICA: SALES BY CUSTOMER TYPE (UNIT TERMS)



SOUTH AMERICA: KEY TAKE-AWAYS

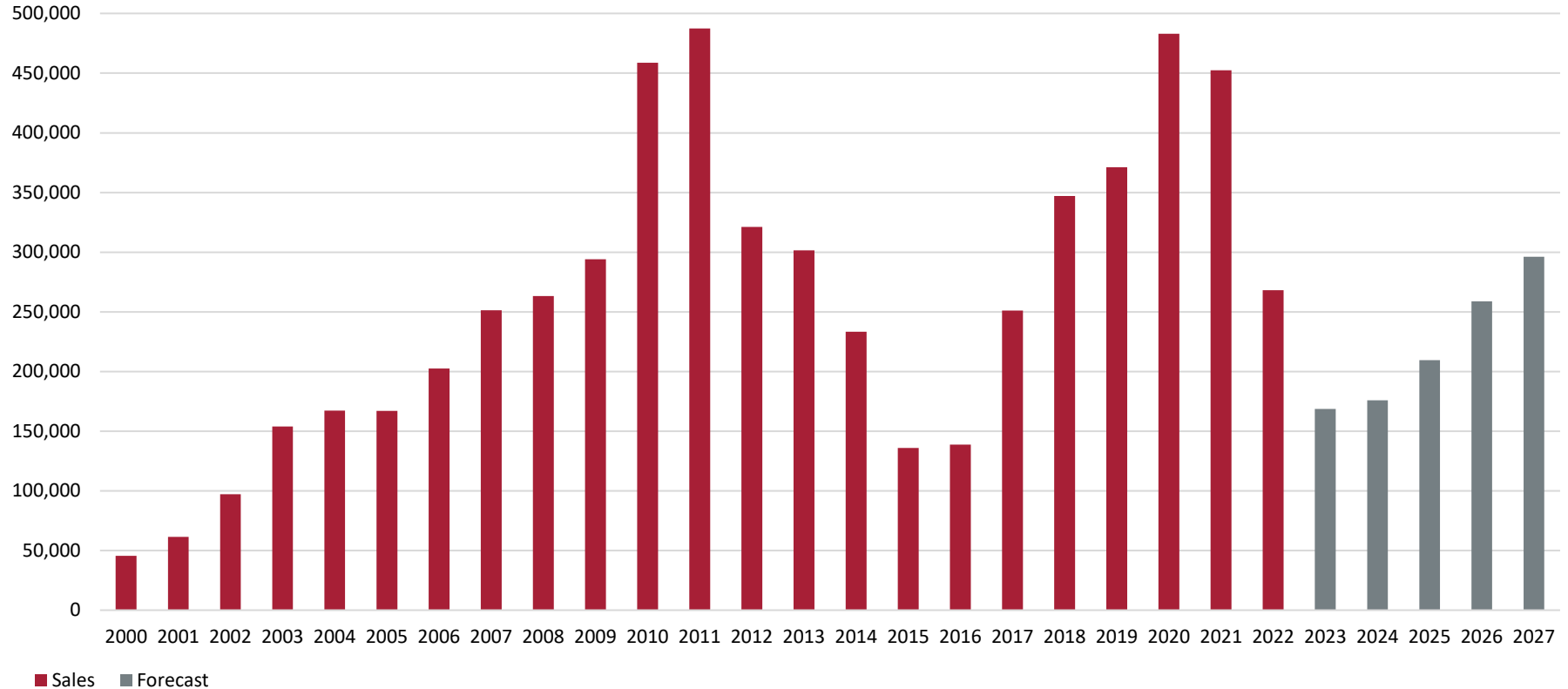
- 75% of sales are **excavators, backhoe loaders** or **wheeled loaders**
- **Good outlook**, but **political stability** is key
- **Compact equipment** very competitive due to **low-cost imports**
- **Rental** has matured and is now significant
- **Extraction** industries hugely important

CHINA IN DEPTH

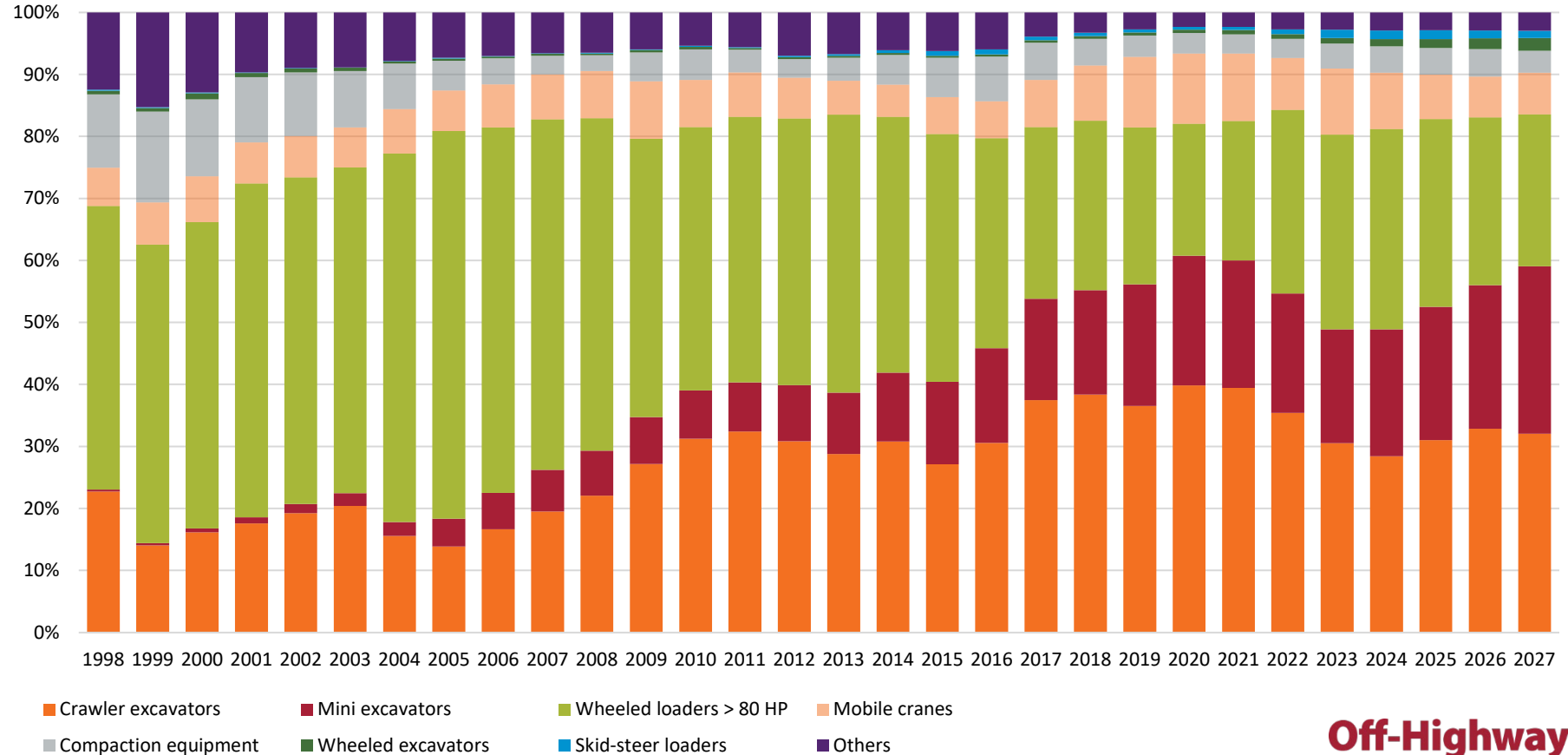


- **High volumes in 2020 & 2021 from stimulus spending**
- **Turmoil since then from real estate debt crisis, struggles with Covid and wider economic slowdown**

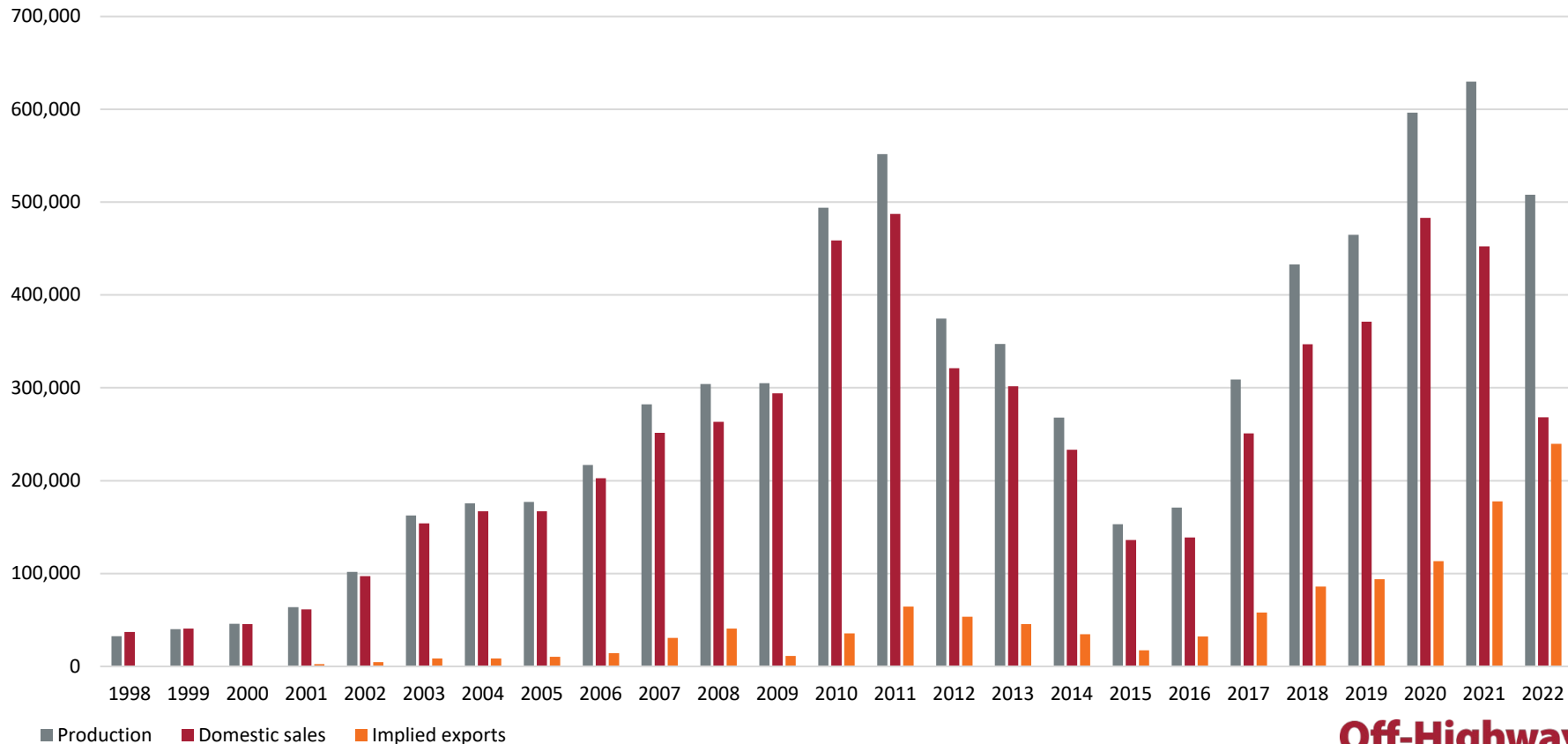
CHINA: MARKET VOLUME (UNITS)



CHINA: MARKET STRUCTURE



CHINA: PRODUCTION & EXPORTS (UNITS)



CHINA: KEY TAKE-AWAYS

- **60%** of domestic demand is for excavators
- There is a **rental** industry, but it **does not particularly focus on earthmoving equipment**
- Weak home market means **OEMs will have a focus on exports**
- **Exports in 2023 will be greater than domestic sales** for the first time
- **Highest volume of exports of any country** (moved ahead of Japan)

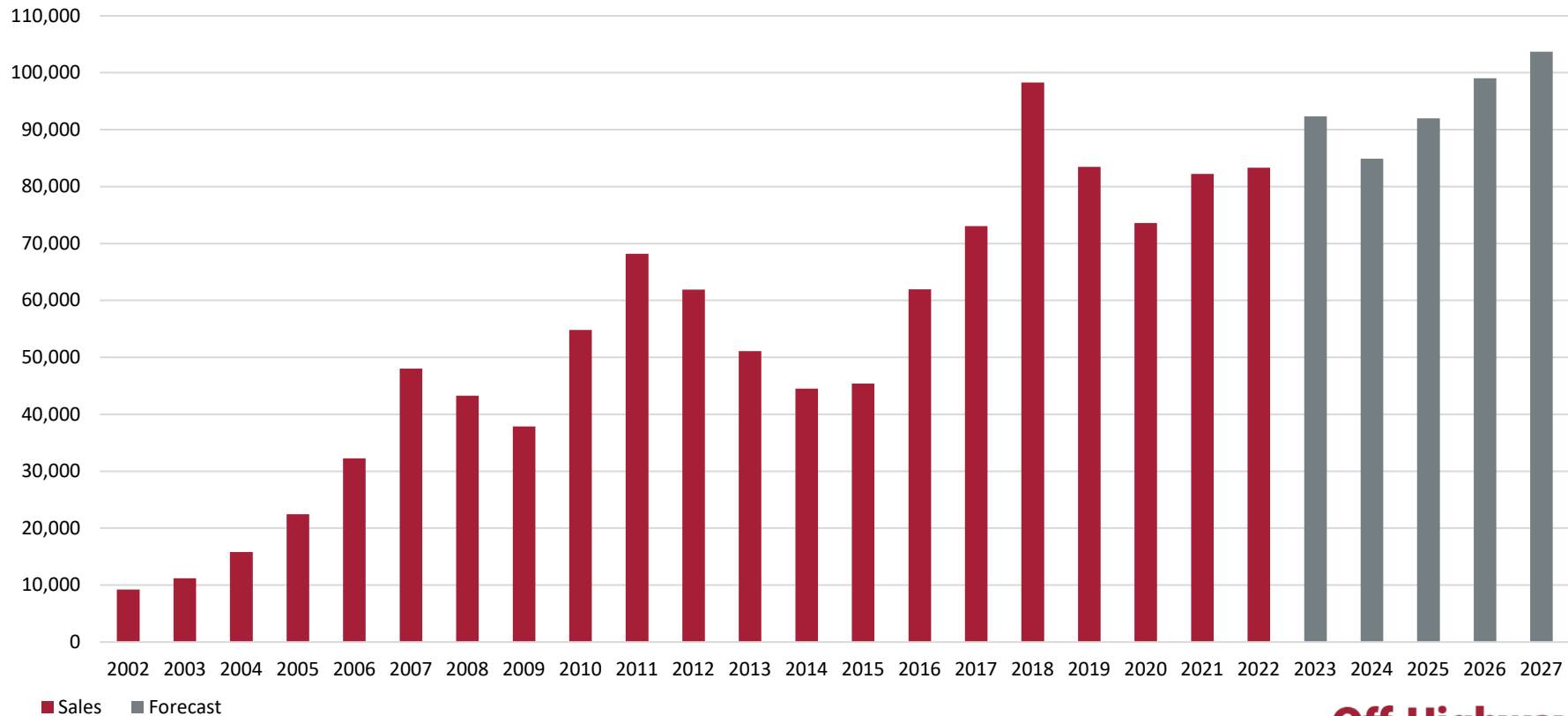


INDIA IN DEPTH

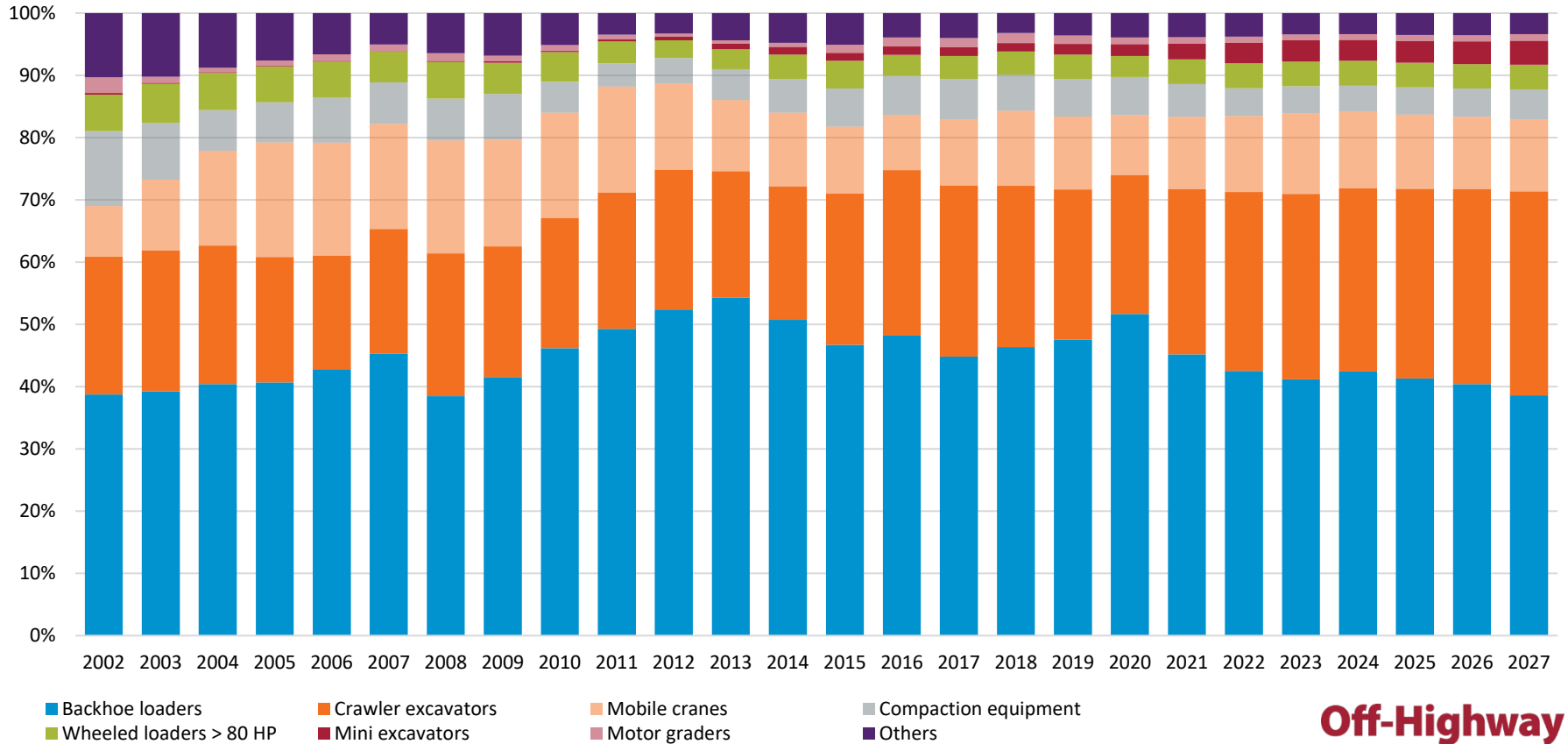


- Long disruption from 2019 General Election and Covid
- Market performing better in 2023

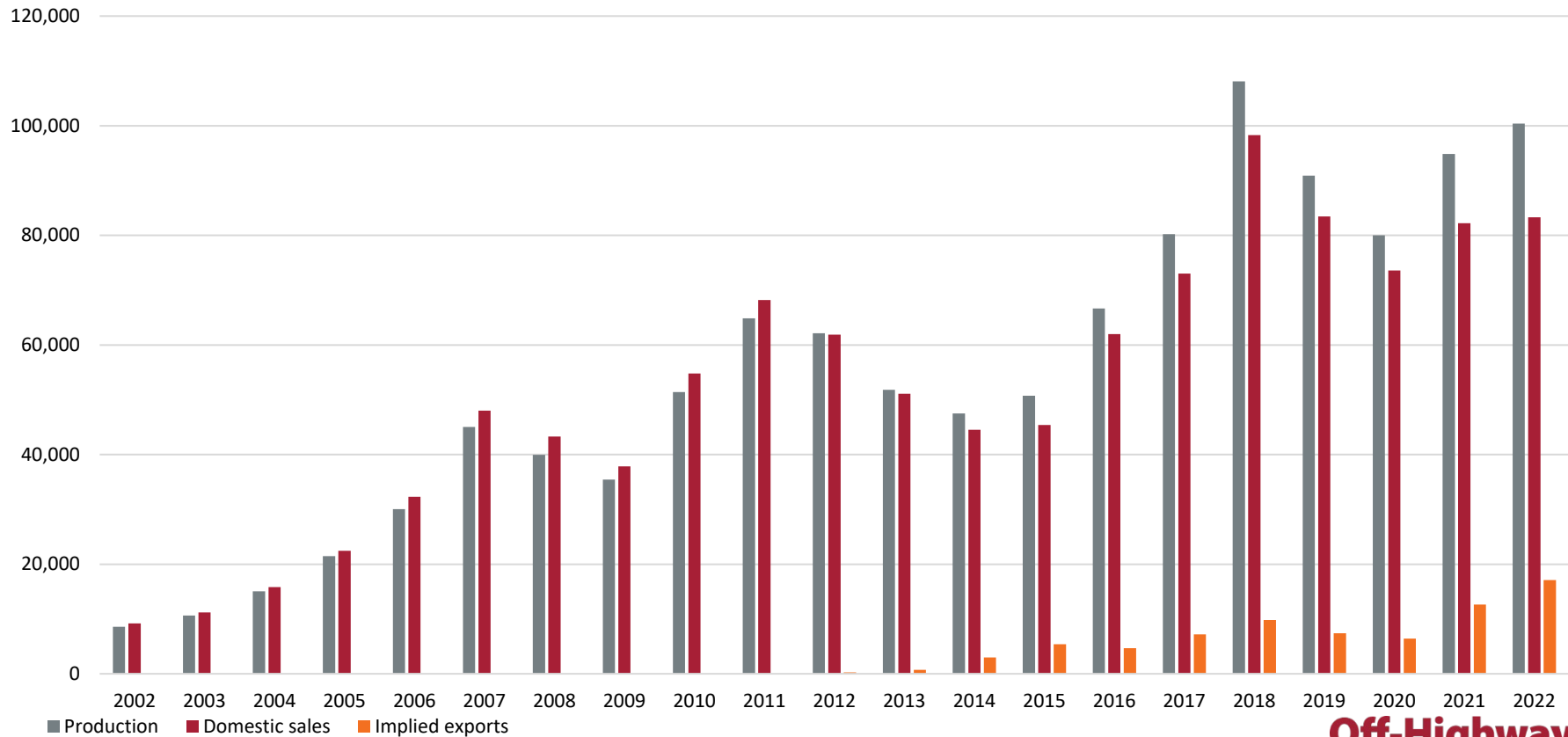
INDIAN EQUIPMENT SALES (UNITS)



INDIA: MARKET STRUCTURE



INDIA: PRODUCTION & EXPORTS (UNITS)



INDIA: KEY TAKE-AWAYS

- **Long-term outlook is good**
- **2024 General Election** will slow the market next year
- **Backhoe loader is king, but crawler excavators are the growth area**
- **Exports** have become significant

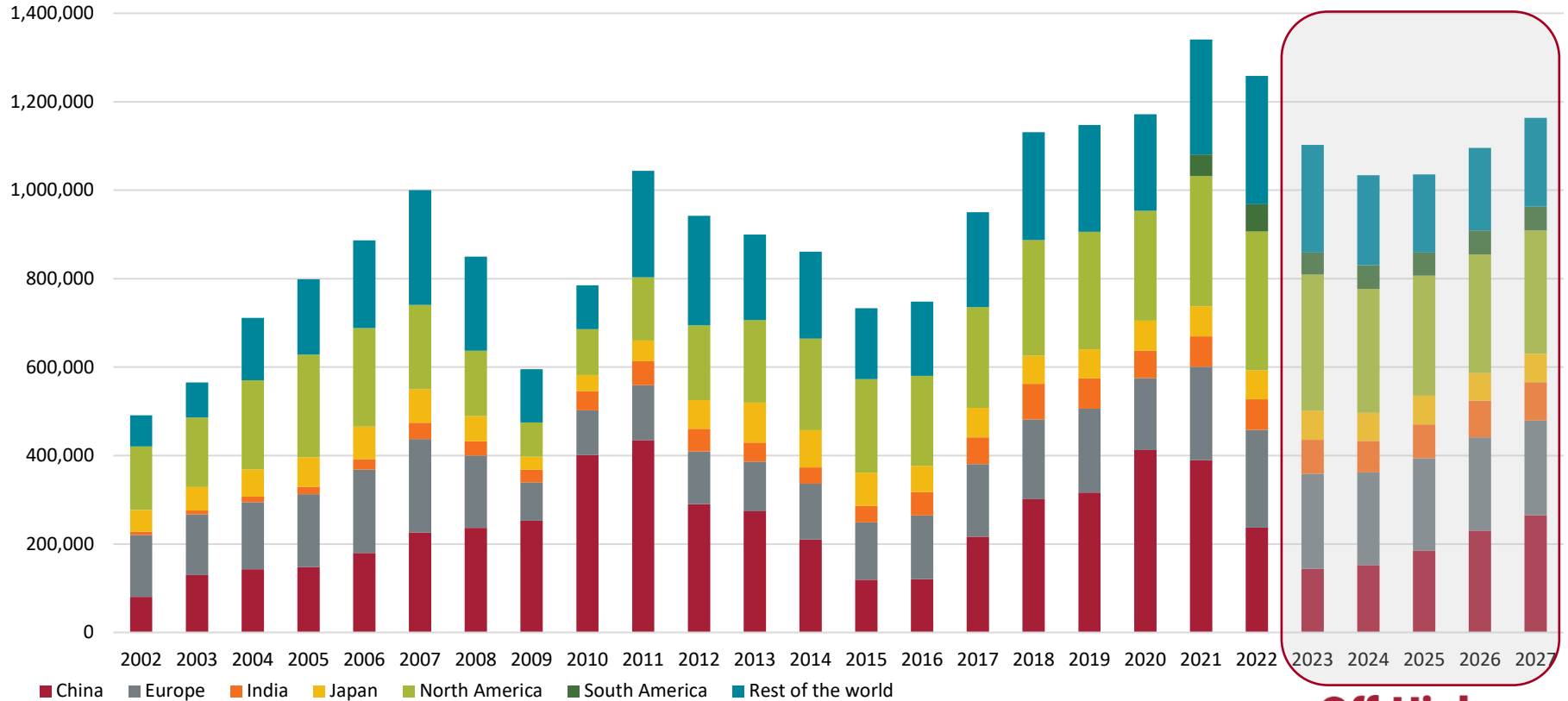


GLOBAL OUTLOOK



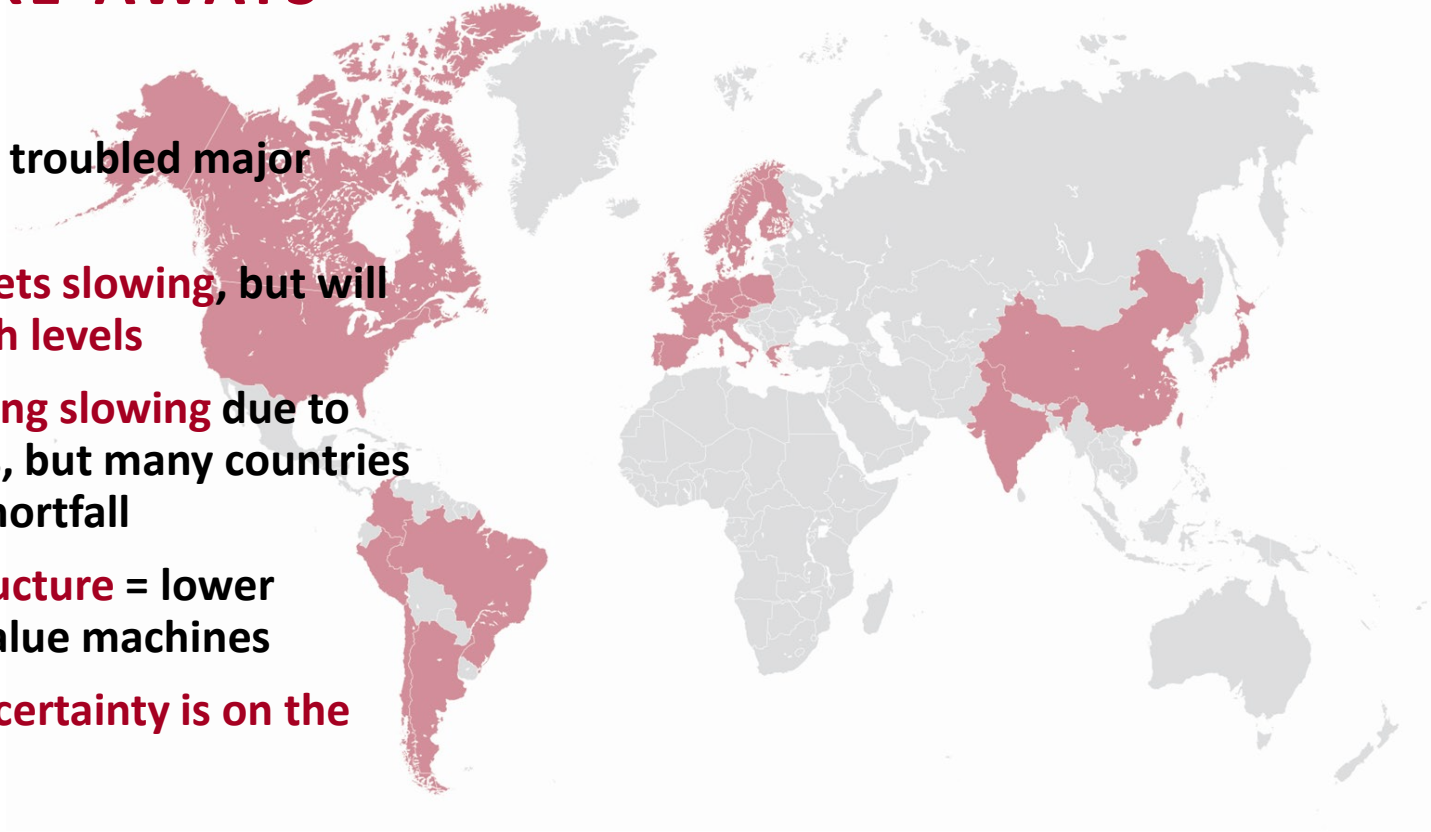
- Soft landing

GLOBAL OUTLOOK – UNIT SALES



GLOBAL TAKE-AWAYS

- **China** is the most troubled major market
- **Most other markets slowing, but will flatten-out at high levels**
- **Residential building slowing** due to interest rate rises, but many countries have a housing shortfall
- Focus on **infrastructure** = lower volume/higher value machines
- Most forecast **uncertainty is on the downside**



THANK YOU – QUESTIONS?

More information at www.offhighwayresearch.com

Follow us on LinkedIn: <https://www.linkedin.com/company/off-highway-research>

Chris Sleight

Managing Director

chris.sleight@offhighwayresearch.com

Tel: +44 (0)1892 786205