

Capital Goods

Key themes in 2026: Focus on Mining equipment + Power for data centres + Replacement cycle

We believe mining machinery (in particular large-size excavators & trucks) will become a key growth area for Chinese machinery players in 2026E, given (1) the elevated miners' capex supported by the strong metal prices, declining ore grades and aging machinery fleets; (2) the rising Chinese investment in overseas mines to drive more Chinese machinery demand. We believe Zoomlion, SANY Heavy and SANYI are the key beneficiaries. In China, we expect the overall machinery replacement cycle will continue and expect tenders for the Yarlung Zangbo hydropower project will speed up in 2026E, which will serve as a driver for new demand. On the power side, we forecast the global backup power engines for data centres to surge 70% between 2025E and 2030E, offering excellent opportunities for Weichai Power to penetrate.

- **Penetration into large-size mining equipment segment.** The large-size mining excavator and mining truck market has long been dominated by players like Caterpillar and Komatsu, due to the long history of brand and world class engine technology. We note that Chinese brands, such as Zoomlion, SANY Heavy, SANYI and XCMG, are trying to close the gap through the increase of product offerings (electric, intelligent) and the expansion of after-sales network (as full-cycle machinery cost is the primary consideration for miners). Besides, we see aftermarket revenue as the next growth driver once the installed base is expanded, as service revenue for mining equipment typically accounts for >60% of total revenue (vs ~30% for construction machinery), according to Komatsu's data.
- **Africa and Brazil are key markets for Chinese mining machinery.** We analyze the import data of Brazil and Africa for the major types of mining machinery. We note that China's share has continued to outpace the US across different products over the past few years. Given the abundant mineral reserves and close economic ties with China, these regions will continue to offer huge potential room for the Chinese brands to explore.
- **Upcycle in China to continue, but with different stages of replacement.** We expect the replacement-driven upcycle for earth-moving machinery (excavators and wheel loaders) will continue. Truck cranes will likely see a clear upcycle in 2026E, driven by (1) the beginning of replacement cycle (generally later than earth-moving), and (2) demand growth from the power sector such as nuclear and wind power installation. For HDTs, we believe the growth to slow in 2026E due to the uncertainties over the extension of subsidies for truck renewal in China.
- **Backup power engines driven by data centre growth.** We expect a solid growth of data centres from now to 2030E will boost a corresponding growth of ICE generators for backup power. We estimate the market size of ICE generators to expand >70% from ~US\$4bn in 2025E to ~US\$6.8bn in 2030E. While the prime power and backup power engine sector is currently controlled by only limited players, with Caterpillar, Cummins and MTU (Rolls-Royce) the top three players, Weichai is emerging as a fast-growing player in the backup power segment.
- **Stock pick:** We revise up our earnings forecasts and TPs for Zoomlion, SANY Heavy and Weichai Power, with BUY ratings maintained. For details, please refer to our separate company notes published today.
 - **SANY Heavy (6031 HK/600031 CH)** - Clear target on mining excavator growth ([link](#))
 - **Zoomlion (1157 HK/000157 CH)** - Full range of products to expand globally ([link](#))
 - **Weichai Power (2338 HK/000338 CH)** - Expect HDT engines growth to slow in 2026E; Eyes on backup power for data centres ([link](#))

OUTPERFORM
(Maintain)

China Capital Goods Sector

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Valuation

Figure 1: Peers comparison

Ticker	Company	Rating	Price (local currency)	TP (local currency)	Upside/ (downside)	Market cap (US\$ mn)	PE (x)		PB (x)		Yield (%)
							FY25E	FY26E	FY25E	FY26E	FY25E
Hong Kong											
631 HK Equity	SANY INTERNATIONAL	BUY	7.50	8.90	19%	3,113	9.5	7.5	1.6	1.4	4.2
1157 HK Equity	ZOOMLION HEAVY-H	BUY	7.32	9.20	26%	9,572	11.7	10.3	1.0	0.9	5.7
6031 HK Equity	SANY HEAVY IND-H	BUY	20.64	29.50	43%	26,033	19.1	16.7	1.9	1.8	2.6
2338 HK Equity	WEICHAI POWER-H	BUY	19.55	21.90	12%	21,519	12.5	11.0	1.7	1.5	4.4
3808 HK Equity	SINOTRUK HK LTD	HOLD	28.30	20.40	-28%	10,038	11.9	11.2	1.6	1.5	4.6
564 HK Equity	ZHENGZHOU COAL-H	NR	21.72	-	-	5,919	8.6	7.6	1.6	1.3	5.5
	HK listed average						12.2	10.7	1.6	1.4	4.5
A share											
000338 CH Equity	WEICHAI POWER-A	BUY	17.37	22.30	28%	21,497	12.2	10.7	1.6	1.5	4.5
601100 CH Equity	JIANGSU HENGLI-A	BUY	103.80	105.00	1%	19,671	46.3	40.5	7.8	6.9	0.8
603338 CH Equity	ZHEJIANG DINGLI-A	HOLD	55.69	48.00	-14%	3,985	14.8	13.7	2.5	2.2	2.1
600031 CH Equity	SANY HEAVY-A	BUY	20.12	27.00	34%	26,008	20.5	17.9	2.1	1.9	2.4
000157 CH Equity	ZOOMLION HEAVY-A	BUY	8.08	12.00	49%	9,562	14.3	12.5	1.2	1.1	4.7
000425 CH Equity	XCMG-A	NR	10.17	-	-	16,894	15.6	12.2	1.9	1.7	2.4
000528 CH Equity	GUANGXI LIUGONG-A	NR	12.04	-	-	3,458	13.9	10.4	1.3	1.2	2.6
603638 CH Equity	YANTAI EDDIE P	NR	20.02	-	-	2,352	40.0	32.8	4.5	4.1	0.7
600761 CH Equity	ANHUI HELI CO-A	NR	19.44	-	-	2,447	12.1	10.9	1.5	1.4	2.6
603298 CH Equity	HANGCHA GROUP-A	NR	25.24	-	-	4,673	14.7	13.0	2.8	2.4	2.2
000951 CH Equity	CNHTC JINAN T-A	NR	16.81	-	-	2,791	11.6	9.9	1.2	1.1	4.3
301039 CH Equity	CIMC VEHICLES-A	NR	9.97	-	-	2,843	18.9	14.2	1.3	1.2	3.5
601717 CH Equity	ZHENGZHOU COAL-A	NR	24.02	-	-	5,914	10.5	9.3	1.9	1.6	4.5
600582 CH Equity	TIAN DI-A	NR	5.92	-	-	3,463	8.6	8.0	n/a	n/a	n/a
	A-share average						18.1	15.4	2.4	2.2	3.0
Overseas											
CAT US Equity	CATERPILLAR INC	NR	575.8	-	-	269,444	30.9	25.8	14.5	13.0	1.0
DE US Equity	DEERE & CO	NR	464.5	-	-	125,565	26.4	20.3	5.4	5.0	1.5
CMI US Equity	CUMMINS INC	NR	498.0	-	-	68,739	21.9	18.9	5.8	5.0	1.5
6305 JP Equity	HITACHI CONST	NR	4,629.0	-	-	6,370	13.0	11.0	1.2	1.1	3.8
6301 JP Equity	KOMATSU LTD	NR	5,111.0	-	-	31,090	12.9	11.9	1.4	1.3	3.7
042670 KS Equity	DOOSAN INFRACORE	NR	14,410.0	-	-	1,850	15.7	10.5	1.3	1.2	0.7
VOLVB SS Equity	VOLVO AB-B	NR	280.5	-	-	60,068	15.5	13.7	3.1	2.9	5.2
	Average						19.5	16.0	4.7	4.2	2.5
Hydraulic components											
PH US Equity	PARKER HANNIFIN	NR	861.7	-	-	108,735	28.4	26.0	7.4	6.5	0.8
7012 JP Equity	KAWASAKI HVY IND	NR	9,851.0	-	-	10,581	19.5	15.9	2.1	2.0	1.6
7242 JP Equity	KYB CORP	NR	4,450.0	-	-	1,437	9.5	9.0	n/a	n/a	3.1
6474 JP Equity	NACHI-FUJIKOSHI	NR	3,975.0	-	-	634	21.0	16.3	0.5	0.5	2.5
6268 JP Equity	NABTESCO CORP	NR	3,417.0	-	-	2,646	26.9	22.6	1.5	1.5	2.3
	Average						21.1	17.9	2.9	2.6	2.1
Aerial work platform											
TEX US Equity	TEREX CORP	NR	46.2	-	-	3,031	9.4	8.2	1.5	1.3	1.5
OSK US Equity	OSHKOSH CORP	NR	128.2	-	-	8,108	11.8	10.3	1.8	1.6	1.6
LNR CN Equity	LINAMAR CORP	NR	79.1	-	-	3,370	7.9	6.9	0.8	0.7	1.4
PIG FP Equity	HAULOTTE GROUP	NR	2.1	-	-	77	n/a	10.6	0.4	0.4	1.8
6345 JP Equity	AICHI CORP	NR	1,325.0	-	-	632	13.0	12.8	n/a	n/a	4.5
	Average						10.5	9.8	1.1	1.0	2.2

Source: Bloomberg, company data, CMBIGM estimates; data as of 1 Dec 2025

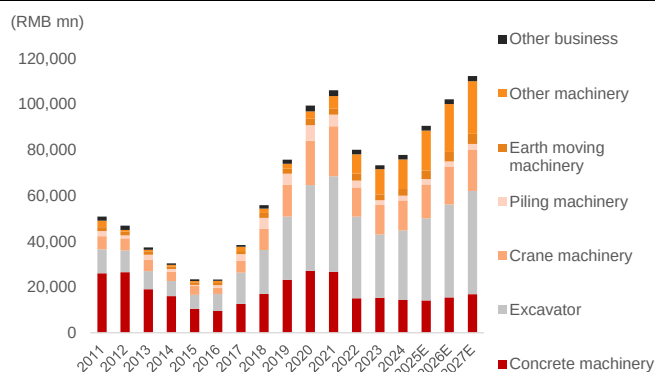
Figure 2: Overseas revenue contribution for major Chinese manufacturers

Company	Ticker	% of overseas revenue			
		2022	2023	2024	1H25
Zhejiang Dingli	603338 CH	65%	64%	77%	85%
SANY Heavy	600031 CH	47%	61%	64%	60%
Zoomlion	1157 HK / 000157 CH	24%	38%	51%	56%
XCMG	000425 CH	30%	40%	45%	47%
Sinotruk	3808 HK	47%	36%	40%	43%
SANY International	631 HK	27%	31%	37%	33%
Jiangsu Hengli*	601100 CH	22%	22%	22%	-
Weichai Power**	2338 HK / 000338 CH	54%	53%	56%	51%

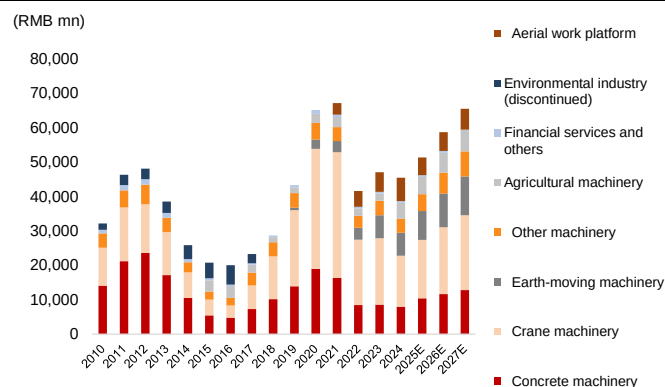
Source: Company data, CMBIGM

Note: * Certain domestic sales will become final products for export.

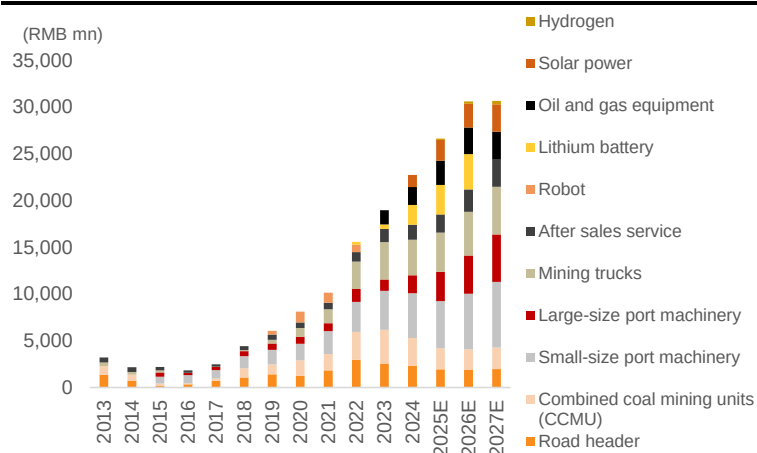
** Weichai owns 46.5% interest in KION (KGX GR), the major source of overseas revenue. Adjusted for KION's revenue, together with Weichai's direct and indirect export, we estimate Weichai's attributable overseas revenue accounted for 30-40% of total revenue.

Figure 3: SANY Heavy revenue breakdown

Source: Company data, CMBIGM estimates

Figure 4: Zoomlion revenue breakdown

Source: Company data, CMBIGM estimates

Figure 5: SANYI revenue breakdown

Source: Company data, CMBIGM estimates

Mining machinery a key potential market

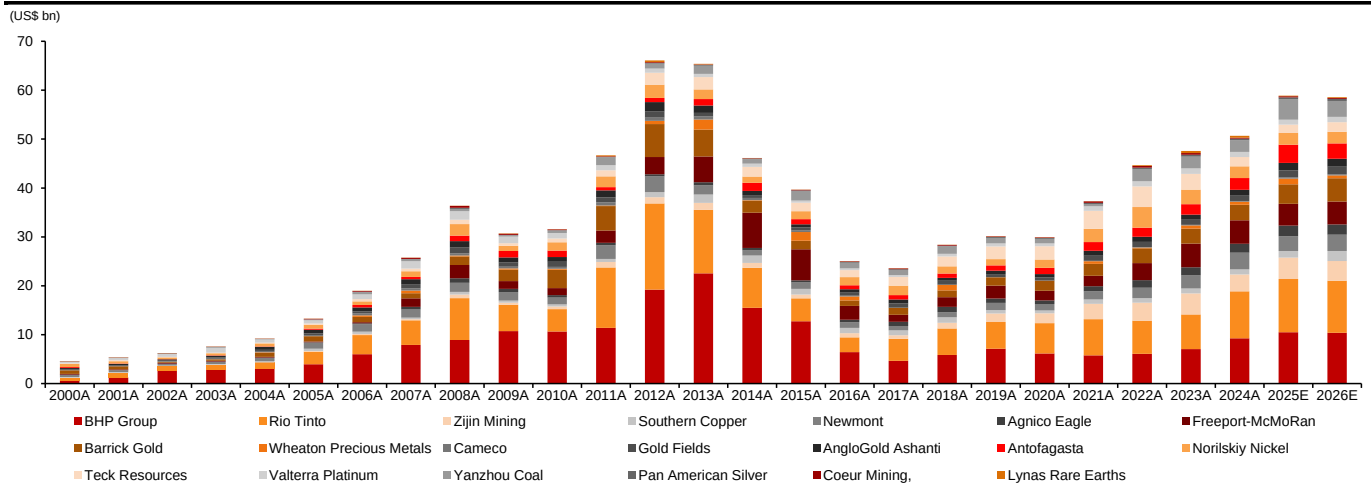
Global mining capex to stay high in 2026E

The global mining capex (based on our selected 20 major global miners) have maintained an upcycle since 2017, and reached US\$51.5bn in 2024. The global mining capex is expected to increase 16% YoY in 2025E and remain elevated in 2026E (based on the Bloomberg consensus). We expect the mining capex to be well-supported by rising demand for energy-related metals, declining ore grades and elevated metal prices, which will translate to solid demand for mining machinery, in particular mining trucks and large-size excavators.

In the Investor Day held in Nov 2025, Caterpillar forecast the global mining capex to grow 50% in 2030E (from 2024).

In addition, according to Caterpillar, a lot of miners have been stretching the lives of their machines beyond previous levels due to cost discipline. Many aging fleets are therefore entering a critical phase, which should result in a large potential replacement demand.

Figure 6: Major global miners' capex cycle



Source: Bloomberg, CMBIGM

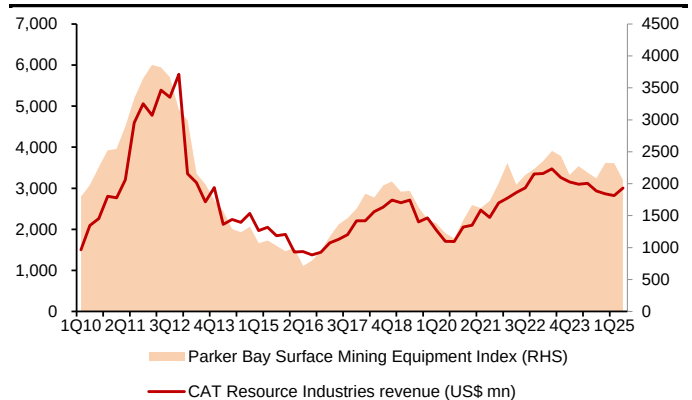
Note: based on 20 selected major miners

Figure 7: LMEX index

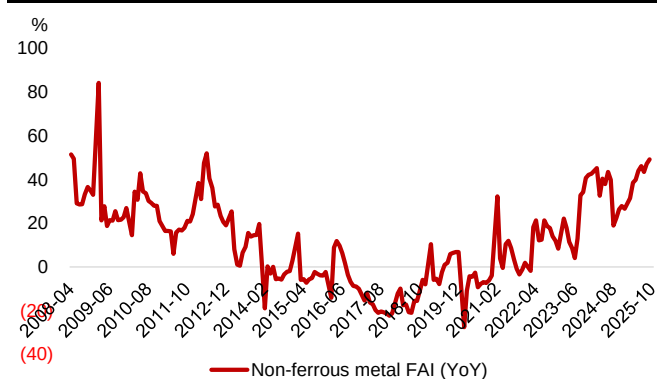


Source: London Metal Exchange, CMBIGM

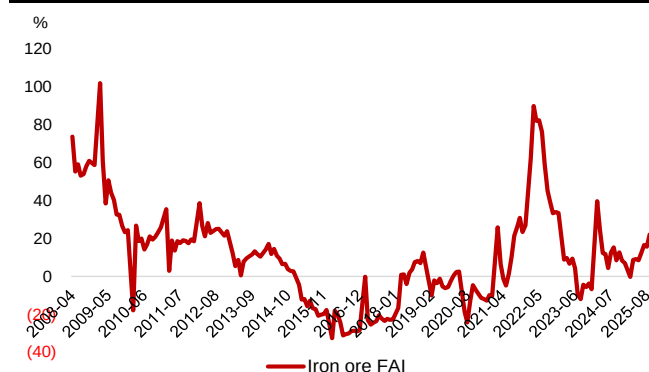
Figure 8: Mining equipment index vs CAT Resource Industries revenue



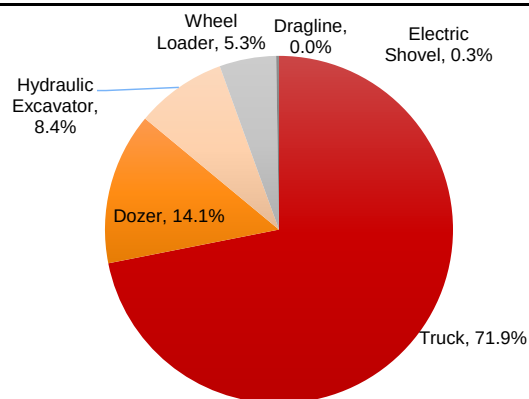
Source: Parker Bay, Bloomberg, CMBIGM

Figure 9: China non-ferrous metal FAI growth (YTD, YoY)

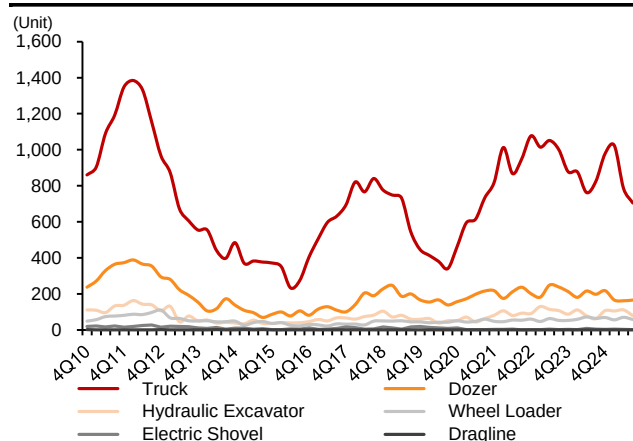
Source: Wind, CMBIGM

Figure 10: China iron ore FAI growth (YTD, YoY)

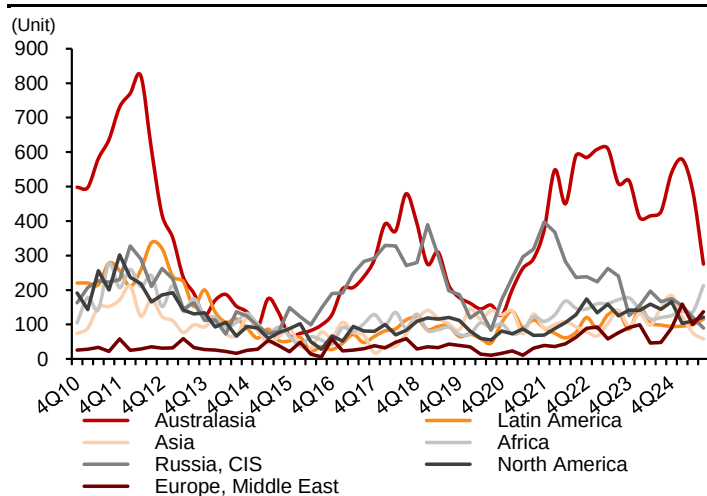
Source: Wind, CMBIGM

Figure 11: Global mining equipment sales volume breakdown in 9M25 (by type of machinery)

Source: Bloomberg, Parker Bay, CMBIGM

Figure 12: Global mining equipment sales volume

Source: Bloomberg, Parker Bay, CMBIGM

Figure 13: Global mining equipment sales volume (breakdown by region)

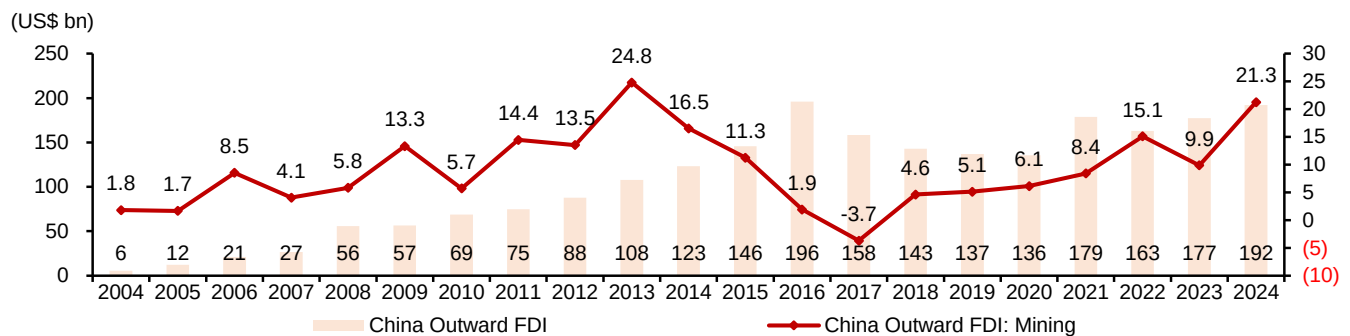
Source: Bloomberg, Parker Bay, CMBIGM

Riding the wave of Chinese miners' overseas expansion

In 2024, China's foreign direct investment (FDI) in mining sector reached US\$21.3bn (11% of total FDI), which is the highest in the last decade and second only to the peak of US\$24.8 bn in 2013.

We believe this ongoing expansion of Chinese miners will enable Chinese mining machinery manufacturers to grow their global market share, in particular in the ultra-class mining trucks and excavators, as Chinese miners are more likely to use Chinese machinery brands.

Figure 14: China outward FDI and FDI in mining sector



Source: Statistical Bulletin of China's Outward Foreign Direct Investment, CMBIGM

Upgrading to ultra-class models

Chinese machinery/truck producers have long been focusing on the small- and medium-size mining trucks and excavators. While challenges remain in engine technology, useful life and after-sales service support, Chinese players' strategic move towards large-size models has been underway by leveraging several strengths:

- The proven track record in smaller-size models;
- Advantages in new energy solutions (e.g., Zoomlion's 90t hybrid trucks achieved 20% lower fuel consumption than Caterpillar equivalents, while SANY plans aggressive marketing of its 90t 1000kWh electric trucks in 2026);
- Continuous investment in overseas channels that support aftermarket services for ultra-class models.

■ Ultra-class mining trucks

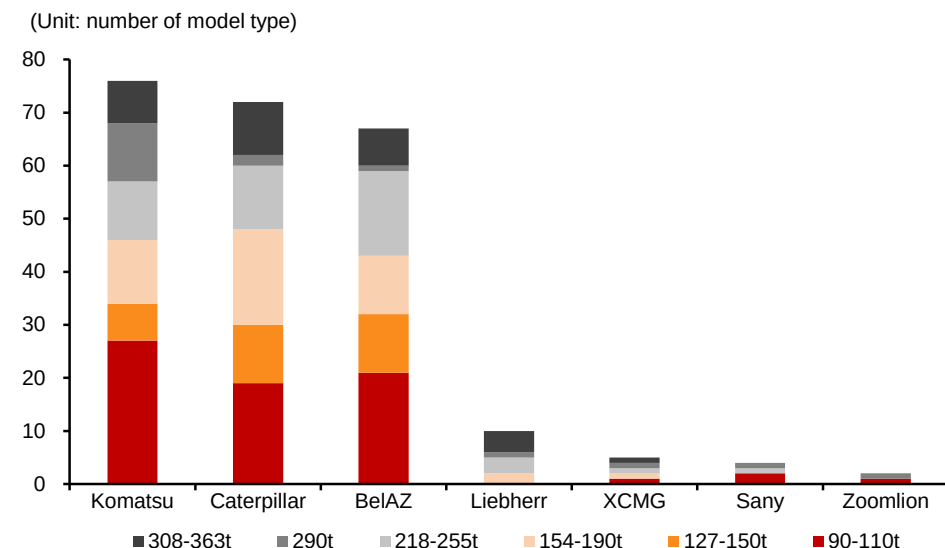
In contrast to the fierce competition in the wide-body truck market (small-size mining trucks) in both China and overseas, ultra-class trucks (payload >308t, per equipment consulting firm Parker Bay) are a promising market, due to their much higher technical barriers, higher unit value, and in particular the substantially larger aftermarket potential compared to small- and medium-sized trucks.

While the market has long been dominated by limited global players such as Caterpillar and Komatsu, leading Chinese manufacturers have gradually rolled out models to penetrate this market, through breakthroughs in product design as well as the expansion of after-sales services network:

- XCMG's launch and shipment of its 400t XDE440 to South America in 2023
- SANYI's introduction of its 300t SET320S in 2024 (currently in testing stage)
- Zoomlion's introduction of its hybrid-powered 300t ZET520 in 2025

SANYI also revealed its strategy to penetrate the high-end truck market (in 3Q25 earnings call), with a target to increase sales of large mining trucks (as % of total mining truck sales) from 22% in 2024 to 40%/55% in 2025E/26E.

Figure 15: Number of truck model type, by payload weight



Source: Parker Bay, CMBIGM

Figure 16: Comparison of mining truck specifications

Model	Payload (t)	Engine	Rated Power (kW)	Drive
Caterpillar				
798 AC	410	Cat C175-16	2,573	Electric Drive
797F	400	Cat C175-20	2,940	Mechanical Drive
796 AC	360	Cat C175-16	2,573	Electric Drive
794 AC	327	Cat C175-16	2,573	Electric Drive
Komatsu				
980E-5SE	400	Komatsu SDA16V190-1	3,234	Electric Drive
930E-5SE	320	Komatsu SSDA18V170	2,573	Electric Drive
980E-5	400	Komatsu SSDA18V170	2,573	Electric Drive
930E-5	320	Komatsu SSDA16V160	1,985	Electric Drive
Liebherr				
T284	363	MTU 20V4000	2,720	Electric Drive
T274	305	MTU 20V4000	2,720	Electric Drive
XCMG				
XDE440	400	MTU 20V4000	2,800	Electric Drive
XDE320	300	MTU 16V4000	2,014	Electric Drive
SANY				
SET320S	300	Not disclosed	Not disclosed	Electric Drive
Zoomlion				
ZTE520	300	Diesel + Hybrid Battery	n.m.	Electric Drive

Source: Company data, CMBIGM

■ Large-size mining excavators

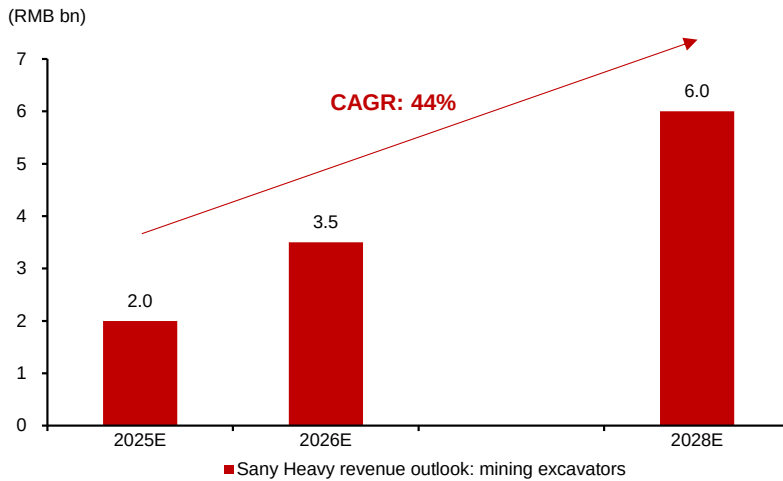
At present, Chinese brands still lag behind the global top-tier players in terms of payload capacity. That said, certain Chinese players such as SANY Heavy and XCMG are leveraging their advantage in electric technologies to outpace the global players.

Besides, given that mining excavators complement trucks in operation, the introduction of large models in both categories can generate synergies for customers. For instance, Zoomlion put the focus on large-size, electric, intelligent and integrated solutions, which has enabled it to achieve 58% YoY growth in mining machinery revenue growth (overseas +120% YoY) in 9M25. Besides, SANY Heavy revealed in the 3Q25 earnings call that it targets to boost the annual mining excavator sales from RMB2bn in 2025E to RMB6bn in 2028E.

Figure 17: Comparison of mining excavator specifications

Model	Output power (kW)	Bucket capacity (m3)	Operating weight (t)
Caterpillar			
6090 FS	3,360	37-55	1,000
6060	2,256	34	599
6050 FS	1,880	26	537
6040	1,550	22	405
6030	1,230	17	294
6020	776	12	230
6015	615	8	140
Komatsu			
PC8000-11	2 x 1800	42	830
PC7000-11	2 x 1250	38	680
PC5500-11	2 x 940	29	550
PC4000-11	1,400	22	390
PC3000-11	940	15-16	250
PC2000-11	780	12-13.7	200
XCMG			
XE7000	2 x 1193	36	672
XE5600	2 x 1193	35	570
XE4000E	6000V 1200kW	21-23	380
XE4000	1,491	20-22	384
XE3000	1,193	12-17	285
XE2800E	6000V 1200kW	12-17	280
XE2000E	610	8-12	192
XE2000	810	8-12	192
XE1150	567	5.8-8.2	115
Sany			
SY4000H	Not disclosed	Not disclosed	~400
SY2000H	Not disclosed	12	~200
SY1250H	567	8	120
SY2600E	6000V 900kW	Not disclosed	~300
SY1650E	6000V 630kW	10	~165
Zoomlion			
ZE4000G	1,491	22-24	~400
ZE2000G	Not disclosed	12-14	~200
ZE1650G	Not disclosed	10-12	~165
ZE1350G	Not disclosed	10	~135
ZE1250G	567	7.1-10	116

Source: Company data, CMBIGM

Figure 18: SANY Heavy's outlook of large mining excavator revenue

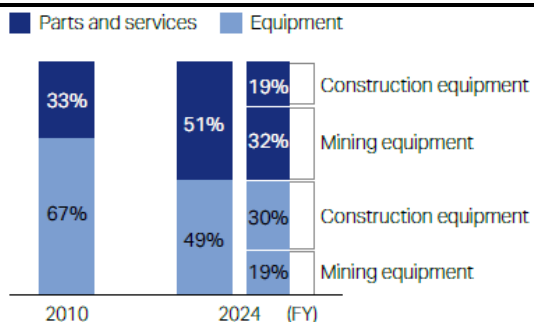
Source: Company data, CMBIGM

High potential for Chinese players in aftermarket services

For major machinery manufacturers, aftermarket service is a major source of sustainable revenue with high profit margin. This revenue normally grows alongside the installed base of machines. Taking Komatsu as reference, the construction and mining equipment aftermarket revenue ratio (as % of total revenue) increased from 33% in 2010 to 51% in 2024.

Compared with construction machinery, mining equipment aftermarket is bigger, given longer lifecycles (10-15 years) and customers' emphasis on durability. Taking Komatsu again as reference, in 2024, aftermarket accounted for 63% of its mining equipment revenue, while aftermarket only accounted for 39% of construction equipment revenue.

Compared to Caterpillar and Komatsu, the Chinese players have a much smaller installed base in overseas markets at present. Therefore, aftermarket sales generally still account for a small portion of total revenue (e.g. SANY Heavy aftermarket sales accounts for <10% of total excavator revenue in overseas markets). But given their fast-growing installed base overseas, aftermarket will serve as an important and sustainable source of growth in the next stage, in our view.

Figure 19: Komatsu aftermarket and equipment revenue

Source: Komatsu, CMBIGM

Figure 20: Comparison between automobile, construction and mining equipment

Source: Komatsu, CMBIGM

Brazil and Africa continue to be good potential markets for Chinese mining machinery

Africa and Brazil have become important destinations for Chinese mining machinery, due to abundant mineral reserves with strong demand for mine production, China's favorable diplomatic ties with these countries, and most importantly, the rising competitiveness of Chinese machines.

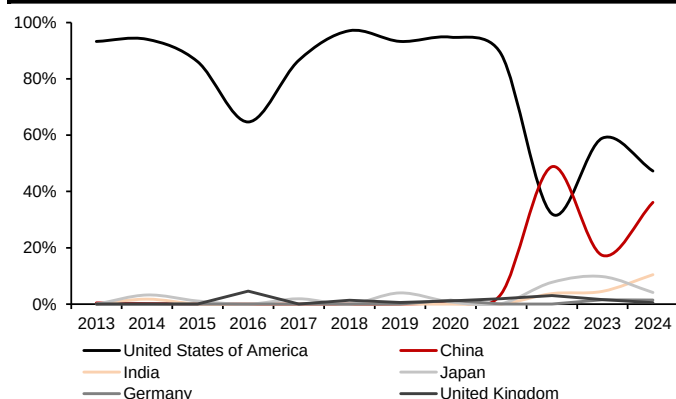
We analyze the import data of Brazil and Africa (based on TradeMap), for the major types of mining machinery. We note that China's share has continued to outpace the US, in particular over the past few years.

■ Brazil

We observe a clear trend of rising Chinese imports but declining US imports across off-highway dump trucks, earth-moving machines and parts.

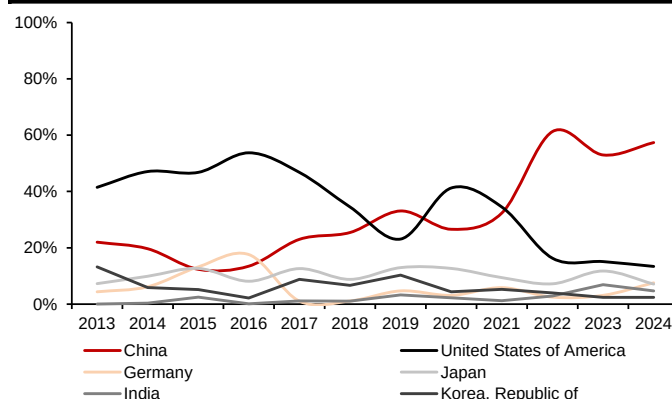
In particular, while Brazil historically sourced almost all of the off-highway dump trucks from the US, the imports from China surged from nil in 2021 to ~40% by 2024.

Figure 21: Brazil's imports of dump trucks for off-highway use, by region



Source: TradeMap, CMBIGM

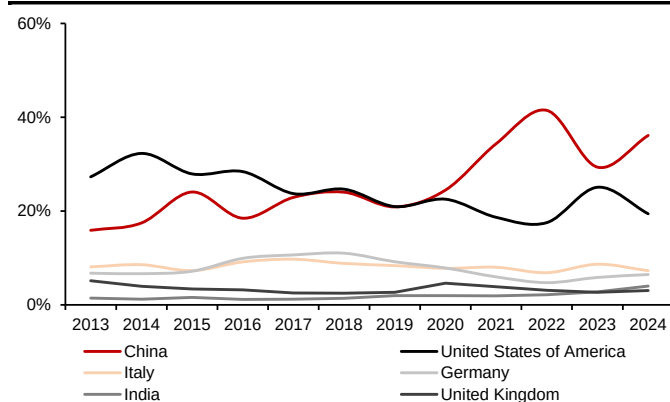
Figure 22: Brazil's imports of earth-moving machinery, by region



Source: TradeMap, CMBIGM

Note: Machines in this chart (category HS 8429) include self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers.

Figure 23: Brazil's imports of machinery parts, by region

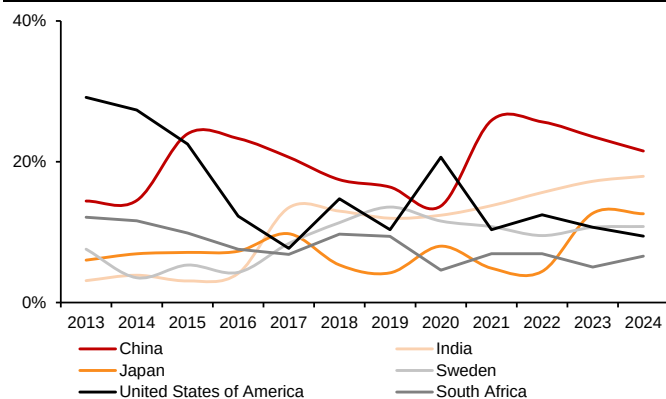


Source: TradeMap, CMBIGM

■ Africa

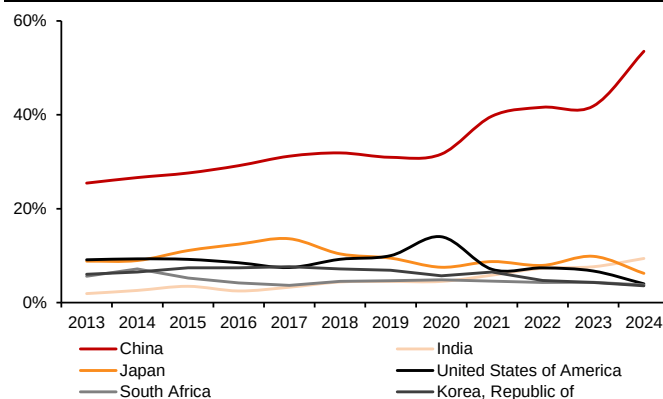
Imports from China have a high percentage in Africa's total imports of mining equipment across all construction and mining machinery, with robust growth in earth-moving machines, as well as parts.

Figure 24: African imports of dump trucks for off-highway use, by region



Source: TradeMap, CMBIGM

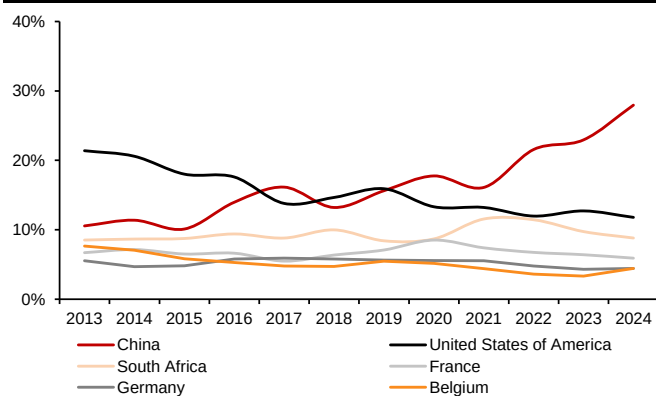
Figure 25: African imports of HS 8429, by region



Source: TradeMap, CMBIGM

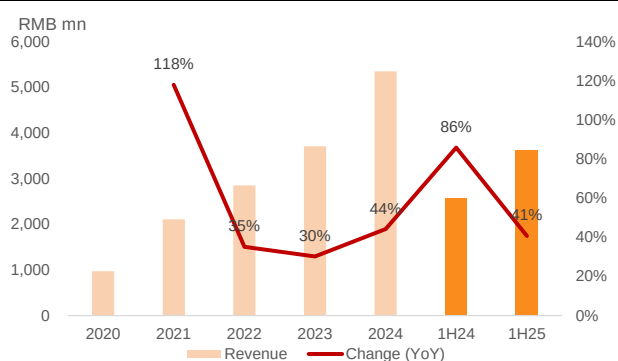
Note: HS 8429 includes self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers.

Figure 26: African imports of machinery parts, by region



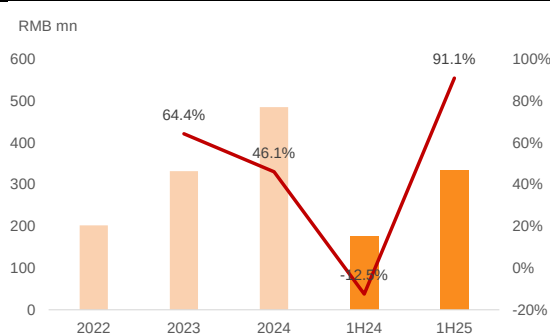
Source: TradeMap, CMBIGM

Figure 27: SANY Heavy's revenue from Africa



Source: Company data, CMBIGM

Figure 28: SANY International's revenue from Africa (mining equipment)



Source: Company data, CMBIGM

China: Yarlung Zangbo River hydropower project to boost new demand

We believe this mega hydropower project will serve as an important driver to boost the new demand for construction machinery. According to an official release ([link](#)), the project will involve a capex of ~RMB1.2tn. Assuming ~20% of the capex will be related to construction machinery with a total construction period of 10 years, the average annual spending will be ~RMB24bn.

Based on our understanding, the tender amount is insignificant in 2025, but will likely surge in 2026-27 to a level that will be enough to boost the machinery demand. At the early stage of construction, earth-moving machine, dump trucks and concrete machinery will likely be the beneficiaries.

Replacement cycle in China: Ongoing for earth-moving machines; Early stage for cranes

Excavator: Expect 13% growth in domestic sales + exports in 2026E

For earth-moving machinery, the replacement cycle has started since last year. Given the large volume of machinery sales in 2017-21, even if we assume ~30% of the volume will not be replaced (amidst the structural decline for property-related demand), we expect the upcycle to continue in 2026E.

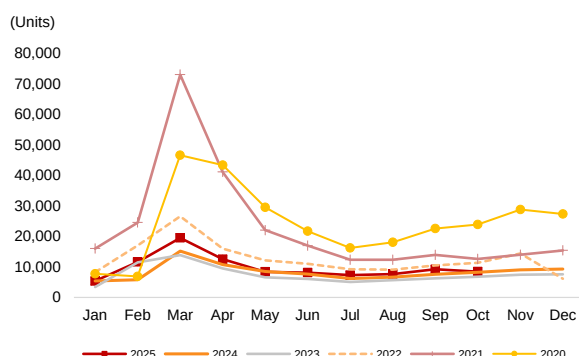
China's domestic sales of excavators have remained strong since 2025, and have maintained a strong growth trend since mid-2024, driven largely by the recovery of small-size models on the back of municipal projects and small infrastructure spending. In 10M25, sales in China grew 20% YoY to 98k units.

Exports of excavators from China have been resilient as Chinese OEMs continue to focus on the overseas markets. In 11M25, export volume grew 14% to 93.8k units, accounting for around half of the total excavator production in China.

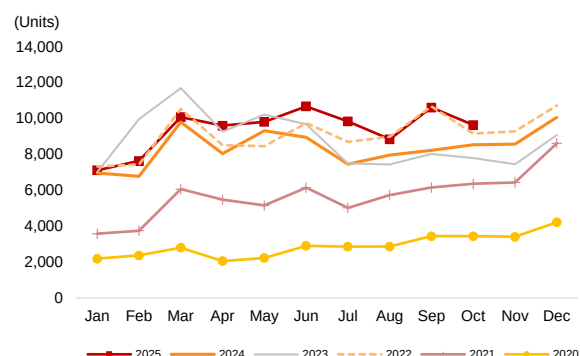
Our projection for 2026E:

We forecast excavator sales volume (domestic sales + exports) to grow 13% YoY in 2026E, based on the following assumptions:

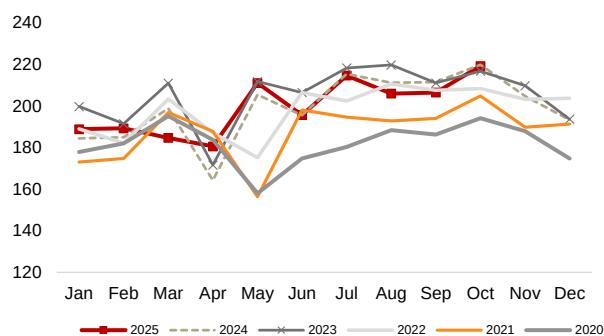
- **China market: To grow 11% YoY to 133k units in 2026E.** Our industry model suggests that the construction-related FAI (i.e. infrastructure + property + mining investment) per unit of operating excavator fell from the peak of ~RMB24mn in 2019 to RMB21.5mn in 2025E (Note: higher amount means tighter supply of the machinery). We assume the per-unit FAI of operating excavators to drop to slightly below RMB21mn in 2026E, given a slowdown of infrastructure spending.
- **Exports: To grow 15% YoY to 133k units in 2026E.** We expect emerging economies such as Africa, the Middle East, Latin America, and India, will continue to be the key markets for Chinese players. In particular, we expect good potential in the mining excavator segment (discussed in previous sections).

Figure 29: Monthly excavator sales in China

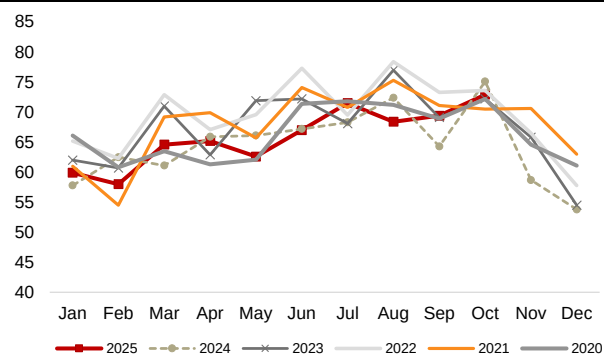
Source: CCMA, CMBIGM

Figure 30: Monthly excavator export volume

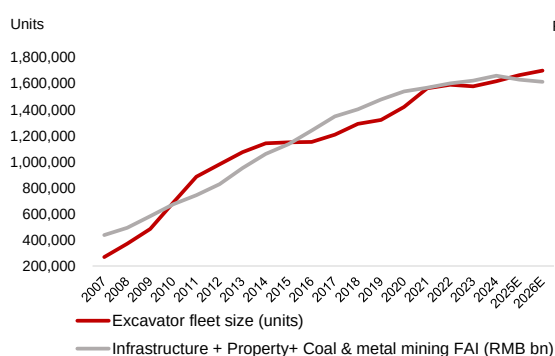
Source: CCMA, CMBIGM

Figure 31: Komatsu excavator monthly utilisation hours in Indonesia

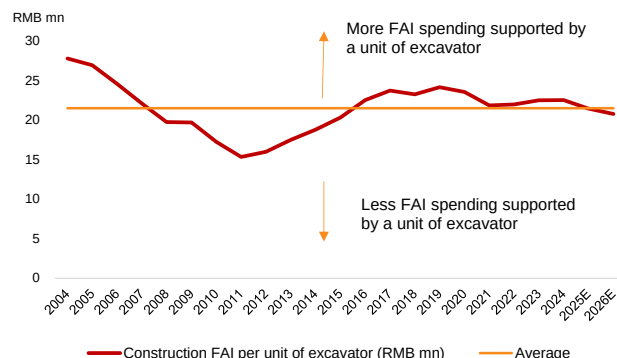
Source: Komatsu, CMBIGM

Figure 32: Komatsu excavator monthly utilisation hours in North America

Source: Komatsu, CMBIGM

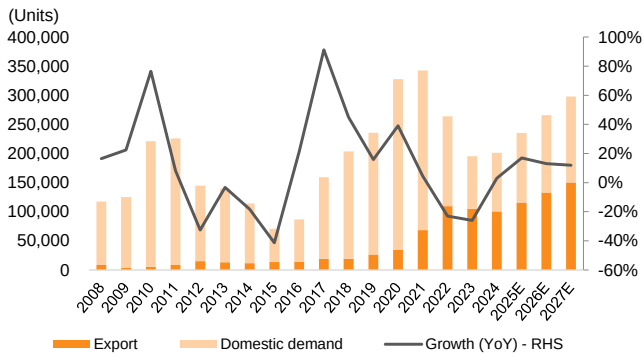
Figure 33: Excavator fleet size versus construction-related FAI

Source: CCMA, Wind, CMBIGM estimates

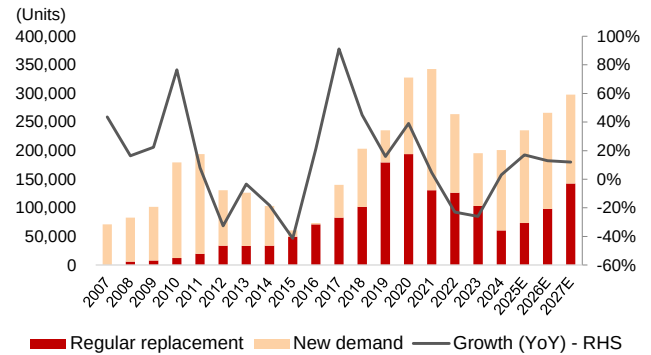
Figure 34: Construction FAI per unit of excavator in operation

Source: CCMA, Wind, CMBIGM estimates

Note: Construction FAI = infrastructure + property + mining

Figure 35: CMBIGM excavator sales projection (breakdown by region)


Source: Komatsu, CMBIGM estimates

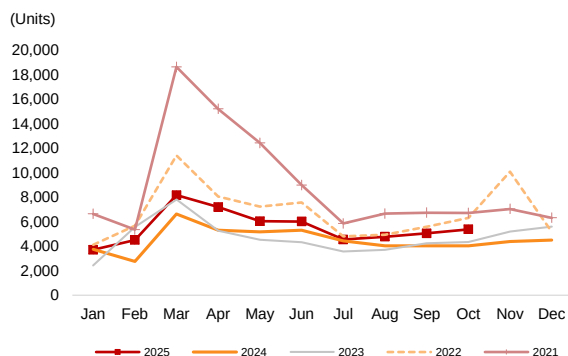
Figure 36: CMBIGM excavator sales projection


Source: CCMA, CMBIGM estimates

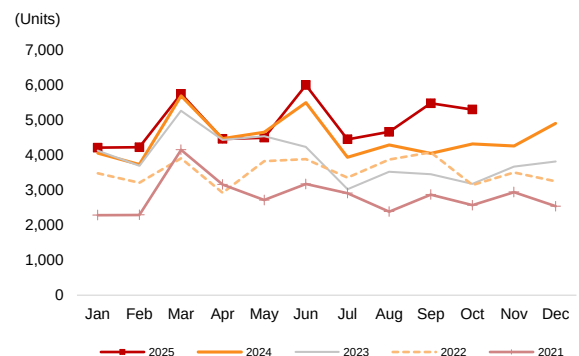
Wheel loader: Electric ratio is already high but expect exports to remain strong

China's domestic sales of wheel loaders grew 22% YoY 55k in 10M25, which is stronger than our expectations. The key driver is the electric model, which surged 158% YoY to 24k units in 10M25. This represented 44% of total domestic sales of wheel loaders, and 23% of total wheel loader sales (including exports).

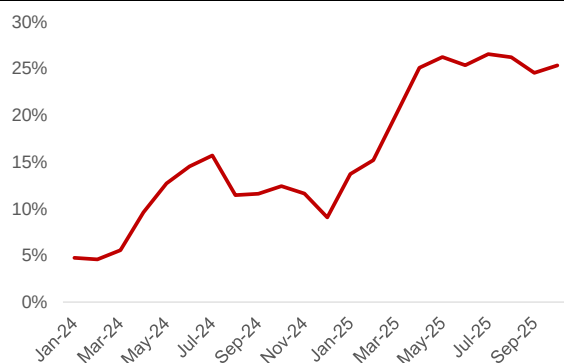
We expect the domestic sales in 2026E to grow 10% YoY, driven by the replacement cycle. We do not expect the electric ratio to further increase as it has remained largely stable at 25-26% since Apr 2025. For export, we forecast the growth in 2026E to reach 15% YoY, helped by the mining demand.

Figure 37: Monthly wheel loader sales in China


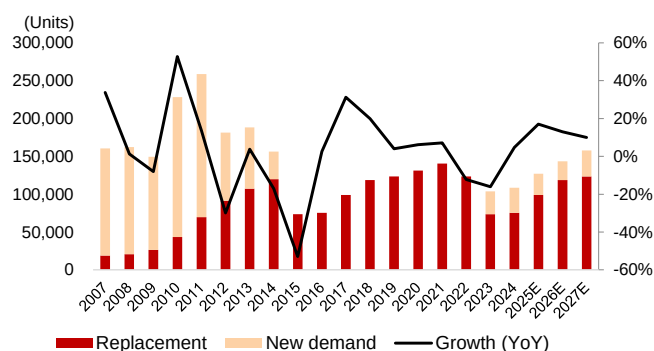
Source: CCMA, CMBIGM

Figure 38: Monthly wheel loader export volume


Source: CCMA, CMBIGM

Figure 39: Electric wheel loader sales as a percentage of total wheel loader sales


Source: CCMA, CMBIGM

Figure 40: CMBIGM wheel loader sales projection


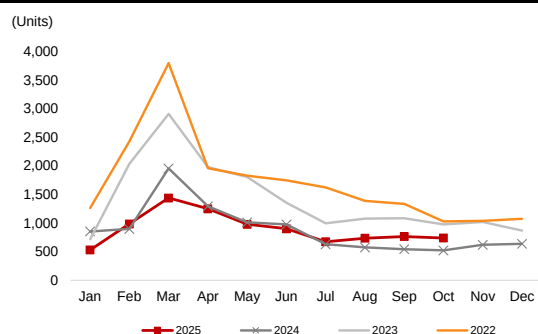
Source: CCMA, CMBIGM estimates

Truck cranes: Replacement cycle has just begun

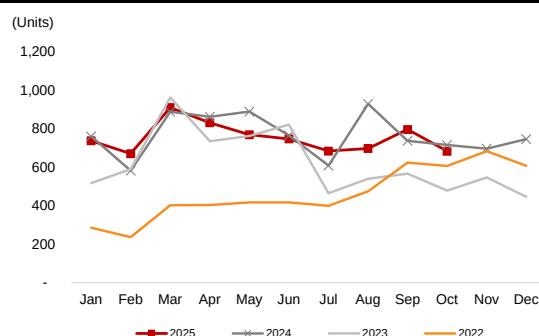
Both truck cranes and crawler cranes sales in China have not only turned positive (YoY) but also reported strong growth rates since mid-2025. We believe they were driven by (1) the beginning of replacement cycle, and (2) demand growth from the power sector such as nuclear and wind power installation.

Projection:

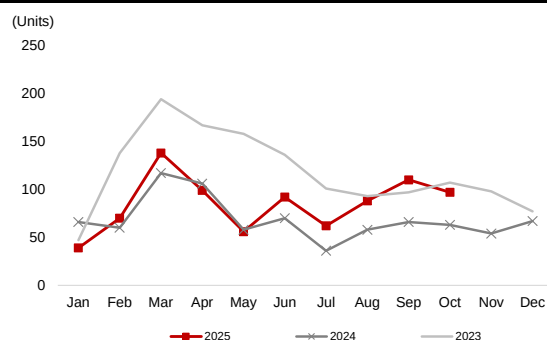
We forecast total sales volume (China sales + exports) to grow 10% YoY in 2026E. Given that the replacement has just started (one year behind earth-moving machinery), we expect the replacement volume will be even higher after 2026E.

Figure 41: Truck crane monthly sales in China


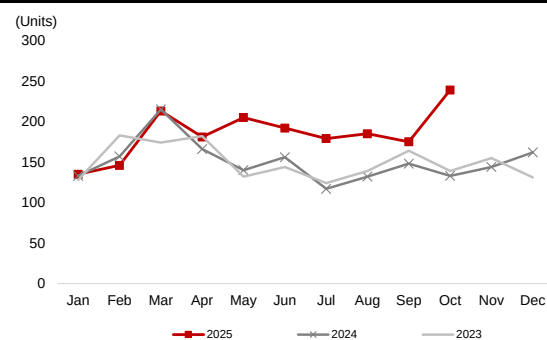
Source: CCMA, CMBIGM

Figure 42: Truck crane monthly export volume


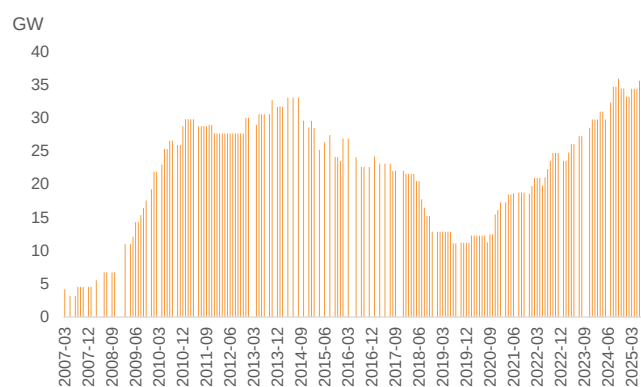
Source: CCMA, CMBIGM

Figure 43: Crawler crane monthly sales in China

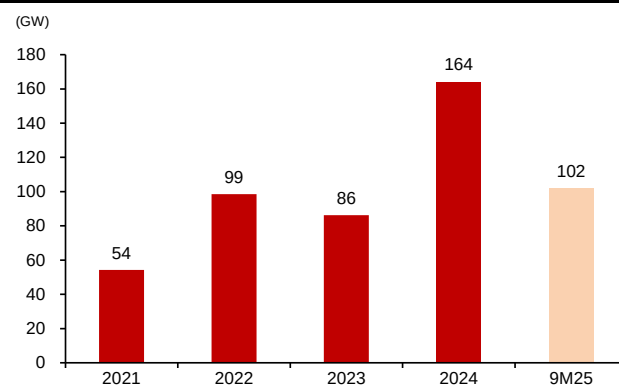
Source: CCMA, CMBIGM

Figure 44: Crawler crane monthly export volume

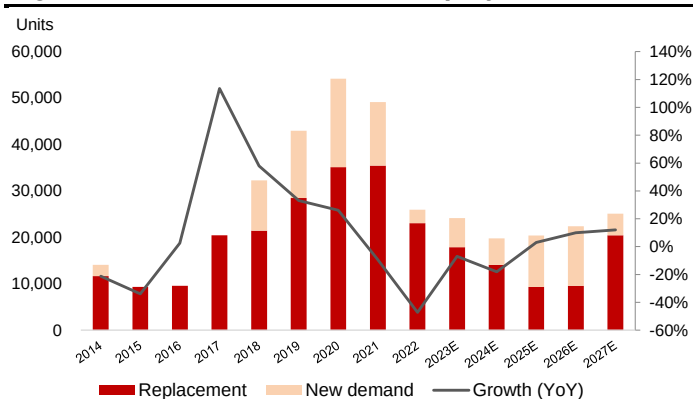
Source: CCMA, CMBIGM

Figure 45: China nuclear power capacity under construction

Source: Wind, CMBIGM

Figure 46: China wind power tender volume

Source: Goldwind, CMBIGM

Figure 47: CMBI truck crane sales projection

Source: CCMA, CMBIGM estimates

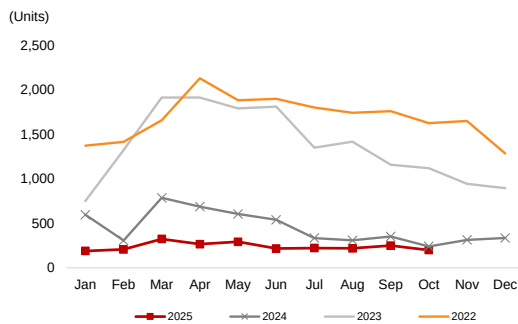
Tower cranes: Still dragged by domestic property weakness but export will help stabilize

For tower cranes, domestic sales have been weak among the major types of machinery due to the high exposure to property investment (almost 100%). That said, the rate of decline (YoY) has been narrowing since Oct. Meanwhile, exports of tower cranes grew 28% YoY in 10M25, accounted for 47% of total tower crane sales.

Projection:

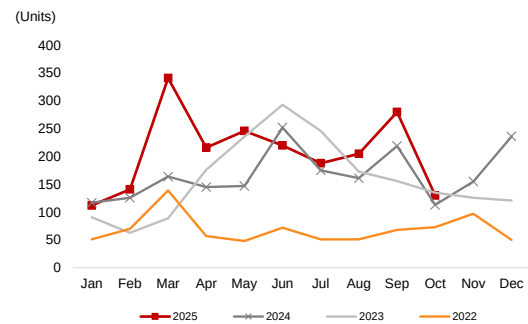
We expect a 5% YoY decline as the weakness in China will continue but will be partially offset by exports whose contribution has become a lot higher.

Figure 48: Tower crane monthly sales in China



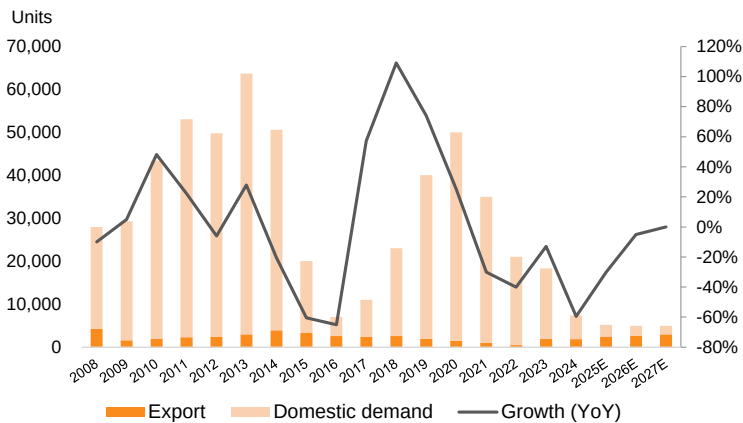
Source: CCMA, CMBIGM

Figure 49: Tower crane monthly export volume



Source: CCMA, CMBIGM

Figure 50: CMBI tower crane sales projection

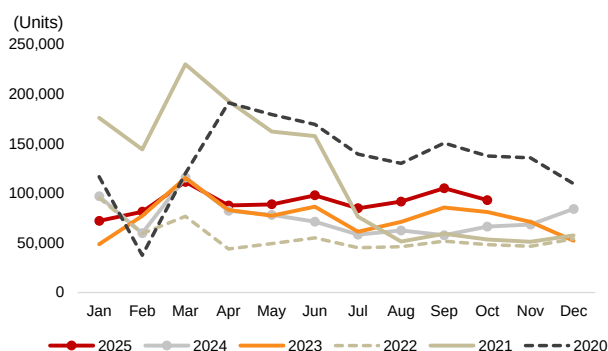


Source: CCMA, CMBIGM estimates

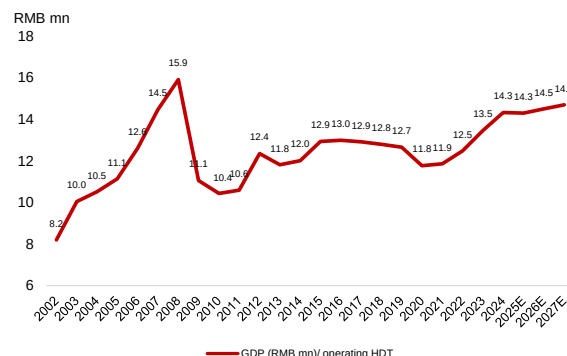
Heavy-duty trucks (HDTs) – Expect volume to stay high on replacement cycle, despite uncertainties over extension of subsidies

Helped by the truck renewal subsidies program launched in Mar 2025, China heavy-duty truck (HDT) wholesale volume (domestic sales + exports) has surged since mid-2025, with sales volume in 10M25 up 24% YoY to 928k units. A trend worth noting in 2025 is the significant increase in electric HDTs' penetration rate, which increased from 3.7% in 2024 to 19% in Oct 2025 (with a record high of 22.8% in Sep 2025), helped by improving product efficiency and renewal subsidies.

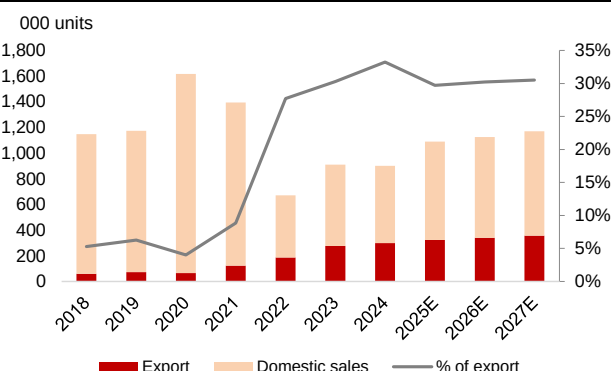
Looking forward, while our industry model shows that the GDP value supported by per unit of operating HDT is on a rising trend (in other words, it requires less HDT capacity to support the generation of a unit of GDP, possible due to change in economic structure), the large volume of old trucks for potential replacement (sales between 2017 and 2021 were a record high) will support the HDT demand to stay high. That said, given that 2025 is a high base year and the extension of renewal subsidies is uncertain at this stage, we only expect 3% YoY growth in HDT sales (China sales + exports) in 2026E.

Figure 51: China HDT monthly sales volume


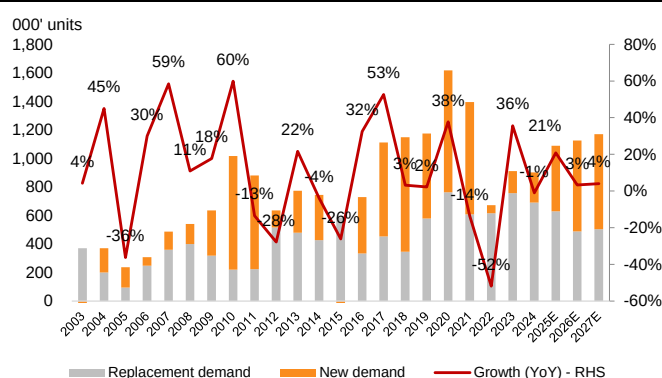
Source: Cvworl, Wind, CMBIGM
 Note: Domestic sales + exports

Figure 52: China GDP per unit of operating HDT


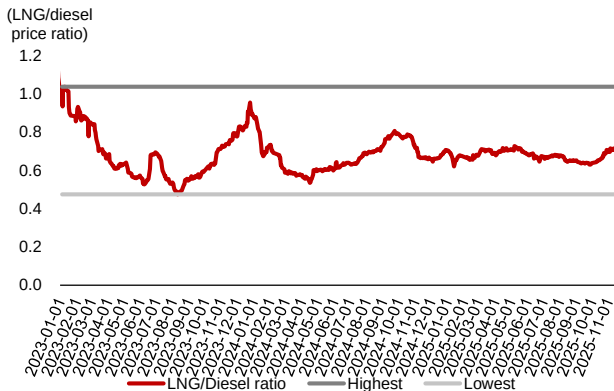
Source: Cvworl, Wind, CMBIGM estimates

Figure 53: Domestic sales and exports of HDTs


Source: Wind, CMBIGM estimates

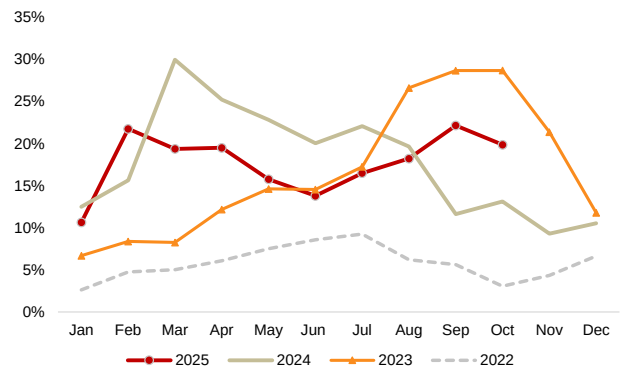
Figure 54: CMBIGM HDT sales projection


Source: Cvworl, Wind, CMBIGM estimates
 Note: China's domestic sales + exports

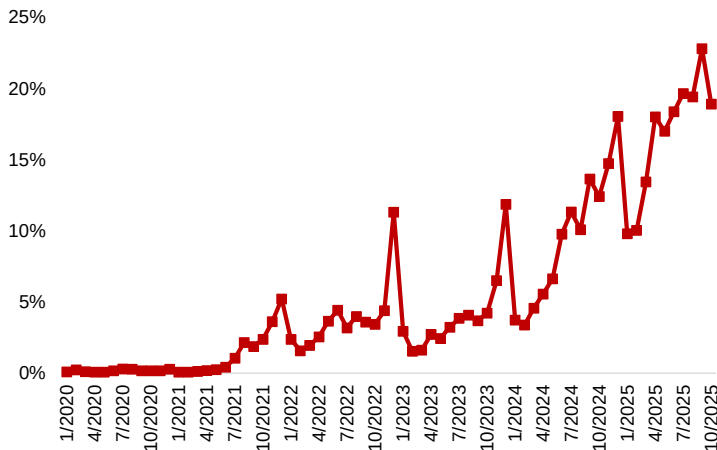
Figure 55: LNG/diesel price ratio

Source: Wind, Bloomberg, CMBIGM

Note: Based on Shadong diesel price and Shanghai LNG price

Figure 56: Natural gas HDTs as % of total HDTs sold

Source: Wind, Cwworld, CMBIGM

Figure 57: New energy HDTs as % of total HDTs sold

Source: Wind, Cwworld, CMBIGM

Backup power engines driven by data centre growth

An essential part of data centres

Backup power generators in data centers are engineered to bridge the gap between primary grid power and full restoration, in order to ensure zero downtime for servers, cooling systems, and networking equipment. The typical setup integrates multiple layers: uninterruptible power supplies (UPS) for immediate response, followed by generators for sustained outages:

- An automatic transfer switch (ATS) monitors for anomalies. Upon detecting a failure—such as a voltage sag or blackout—the ATS activates the UPS within milliseconds.
- UPS systems, often battery-based, provide 10-30 minutes of bridge power, preventing even brief interruptions that could corrupt data or trigger hardware shutdowns.
- Concurrently, the backup engine starts, typically achieving full load in 10-20 seconds.

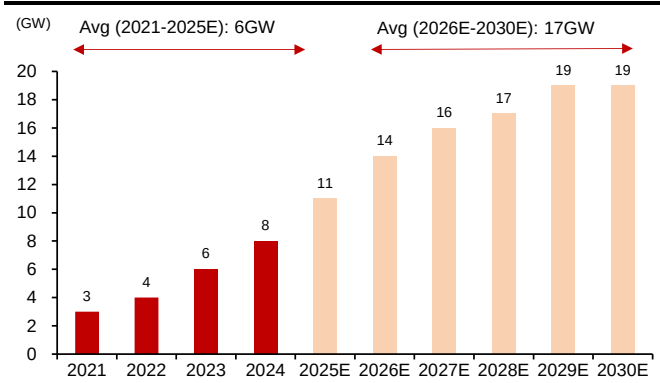
The reciprocating internal combustion engine is the core for backup power, which is commonly diesel or natural gas-powered. At present, diesel engines dominate due to their high energy density and self-contained fuel storage. Meanwhile, natural gas engines are gaining traction due to much lower emission.

Potential demand by 2030

Global data center capacity is forecast to nearly double to 163GW by 2030E, from ~78GW in 2025E (according to Bain & Company). Based on this forecast, the average annual data centre capacity addition will be ~17GW in 2026E-30E, far higher than an average of 6GW in 2021-25E.

We expect the solid growth of data centers will boost a corresponding growth of ICE generators for backup power. Assuming a typical 2.5 MW capacity per unit and 50% of data centre backup power to be supported by ICE, we estimate the market size of ICE generators for data centers to expand >70% from ~US\$4bn in 2025E to ~US\$6.8bn in 2030E.

Figure 58: Global data centers newly added capacity



Source: Bain & Company, CMBIGM estimates

Figure 59: Projection of global backup power generator demand (for data centers)

	2020	2025E	2030E
Data center capacity (GW)	46	78	163
Additional data center capacity (GW)	2	11	19
Backup power redundancy	20%	20%	20%
Backup power capacity (GW)	2	13	23
ICE backup power capacity (GW)	1	7	11
ICE generators as % of total backup power	50%	50%	50%
ICE generator ASP (US\$ mn/GW)	600	600	600
ICE generator market size (US\$ mn)	720	3,960	6,840

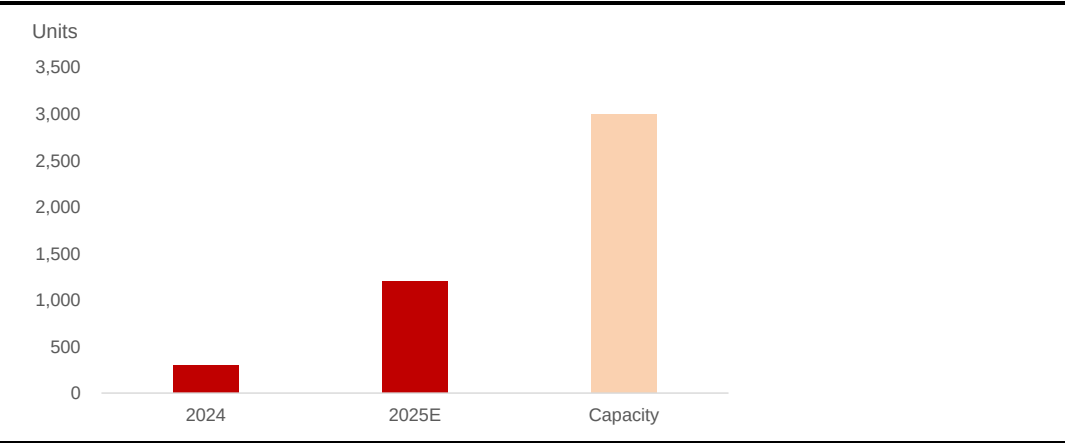
Source: Bain & Company, CMBIGM estimates

Major players are expanding capacity

The prime power and backup power engine sector is currently controlled by only limited players, with Caterpillar, Cummins and MTU (by Rolls-Royce) the top three players. Meanwhile, Weichai is emerging as a fast-growing player in the backup power segment.

- Caterpillar:** In the Investor Day held in Nov 2025, Caterpillar targets to double the power generation equipment sales by 2030 (vs 2024). On the capacity side, the natural gas turbine in 2030 will be 2.5x of that in 2024.
- Cummins:** Cummins revealed in 3Q25 post-results call that it's reaching the end of doubling its large engines capacity (mainly for backup power for data centers). Cummins is also exploring opportunities to offer engines for peak shaving, a way to solve the prime power challenge in data centers.
- Weichai:** We estimate Weichai to deliver 1.2k units of backup power engines (for data centers) in 2025E (+3x YoY). While Weichai has yet to set a target for 2026E, we see huge potential for Weichai to boost power engine sales in 2026E, given that 3k units of annual capacity is already in place.

Figure 60: Weichai’s sales volume and capacity of engines for data centres



Source: Company data, CMBIGM estimates

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