

international construction

A KHL Group publication

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Yellow Table

World's top 50 OEMs ranked **P21**

CONSTRUCTION AND COVID-19

TWO-PAGE NEWS SPREAD AND
FOUR-PAGE SPECIAL FEATURE INSIDE

INDUSTRY INTERVIEWS

Vermeer & Deutz

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World's top 50 revealed

Construction equipment sales have seen several years of good growth following on from 2013-2016 when the sales for the world's top 50 OEMs (Original Equipment Manufacturers) in the Yellow Table declined. Sales for the year 2019 continued this mini-trend, with more growth. However, with the world currently in the grip of the Covid-19 pandemic, next year's table is almost certain to see a decline in sales.

The headline figure from this year's table is that the combined sales of the 50 companies on the list is US\$202.7 billion. This is a record-high, and the first time in the history of the Yellow Table that sales have topped the US\$200 billion mark.

This figure of just under US\$203 billion is a 10% increase from the last table, when combined equipment sales for the top 50 OEMs in 2018 was US\$184 billion.

Even though this figure for 2019 is a record-high, it is worth highlighting that the percentage rate of growth is slowing. For example, the Yellow Table in 2017 saw growth of 25.5% compared to 2016; the Yellow Table in 2018 saw growth of 13.5% and for this year growth has slowed again to 10%.

The growth rate has been slowing and would have likely slowed again next year, if not contracted; and that was in a 'normal' world. With Covid-19, OEMs having to shut down or reduce production at factories and governments advising citizens to self-isolate it is a not a question of if sales reduce next year; rather it is by how much. Both Caterpillar and Volvo Construction Equipment (Volvo CE) have released results from their first quarters of 2020: Cat saw sales down 27%, Volvo CE saw a drop of 17%.

Returning to this year's list, and Caterpillar retain their position at the top of the table, with sales of US\$32.8 billion. A disclaimer: last year, in error, the mining equipment figures for Cat were not included and so their overall figure was underreported.

Number two on the list is Komatsu, with the company enjoying solid, if unspectacular growth. However, it is behind this historical top two of the Yellow Table where matters get really interesting.

Last year John Deere jumped from number nine to number three, a quite spectacular rise. Although Deere enjoyed good sales, the main reason for this was the acquisition of the highly successful Wirtgen Group. On this year's list John Deere retains its position at number three – but only just.

Deere is only marginally ahead of Chinese company XCMG, which has risen from number six last year to number four with sales of US\$11.1 billion. XCMG are followed on the list by another Chinese company, Sany, which also enjoys a rise in the rankings; this time from number seven last year to number five.

Construction equipment sales among the world's biggest OEMs increased to record-breaking levels in 2019, but the industry waits to see the full impact of Covid-19

A number of China-based OEMs have seen a remarkable rise up the table in the last few years. They have been helped by the country's Belt and Road Initiative but also by many of the companies recognising that to be successful in markets such as Europe and North America the service and aftercare they provide needs to be commensurate with their Western counterparts.

Volvo CE has dropped a place from number five to number six – the company is heavily investing

in compact electric equipment which could prove to be a shrewd move in the future. The second Japanese company in the top ten is Hitachi at number seven, with the firm dropping three places, followed by Liebherr which holds steady at number eight. The top ten is rounded off by Doosan at number nine before a new entry into the top ten by Chinese firm Zoomlion, which saw sales increase impressively from US\$4.3 billion to US\$6.2 billion.

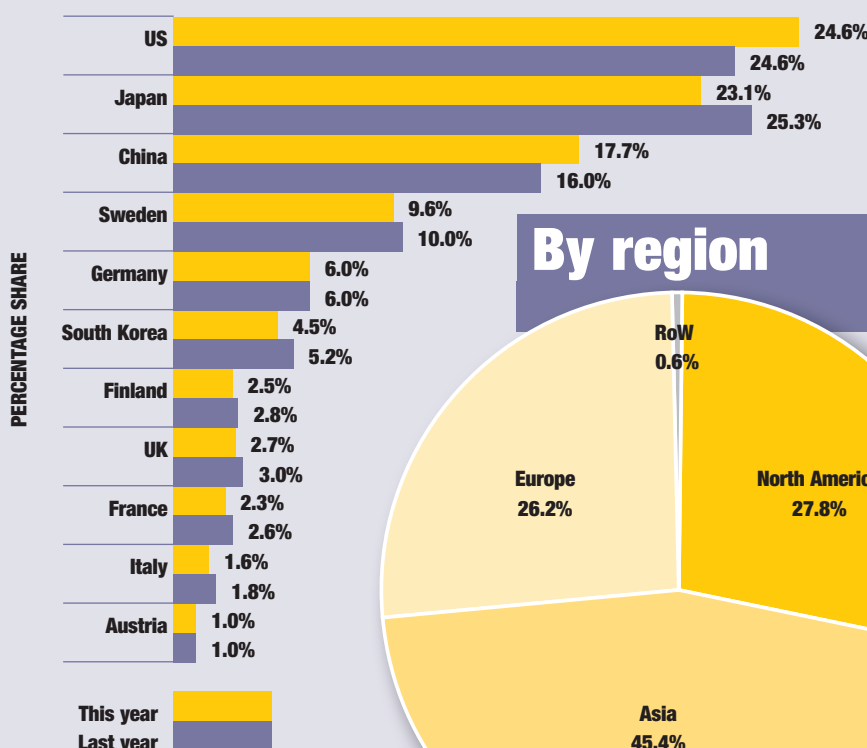
By country

Share of Yellow Table revenues

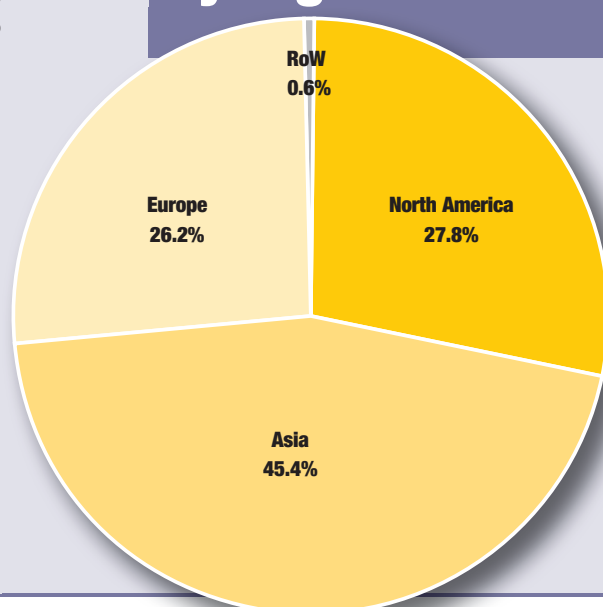
The information below indicates that revenues have decreased – slightly – in Asia from last year's 46.7% of the total amount generated to 45.4%. This is despite a strong rise in the table from some Chinese firms, in particular XCMG, Sany and Zoomlion who all saw their rankings increase.

North America sees a slight increase from 25% to 27.8%, helped by the strong showing of Caterpillar, the world's largest OEM by sales. Europe saw a marginal decline from last year's percentage of 27.8% to 26.2%. The Continent has two companies in the top ten: Volvo CE at six and Liebherr at eight.

Please note that these figures represent the revenues of the companies listed on the Yellow Table, and are therefore not representative of the revenues generated within the regions themselves or individual countries as a whole.



By region



2020 Yellow Table

2020	2019/ Change	Company	Country	Construction Equipment sales (US\$ million)	Share of total	Backhoe Loaders	Mini or midi Excavators (0 - 13 t)	Compact or skid- steer loaders	Powered Access	Telescopic Handlers	Cranes
1	1 ↗	Caterpillar	US	32,882	16.2%	✓	✓	✓		✓	
2	2 ↗	Komatsu	JP	23,298	11.5%	✓	✓	✓		✓	
3	3 ↗	John Deere	US	11,220	5.5%	✓	✓	✓			
4	6 ↗2	XCMG**	CN	11,162	5.5%	✓	✓	✓	✓	✓	✓
5	7 ↗2	Sany**	CN	10,956	5.4%	✓	✓				✓
6	5 ↘1	Volvo Construction Equipment	SE	9,381	4.6%		✓	✓			
7	4 ↘3	Hitachi Construction Machinery	JP	8,989	4.4%		✓	✓			✓
8	8 ↗	Liebherr	DE	8,565	4.2%					✓	✓
9	9 ↗	Doosan Infracore	KR	6,689	3.3%		✓	✓		✓	
10	13 ↗3	Zoomlion**	CN	6,270	3.1%		✓				✓
11	12 ↗1	Sandvik Mining and Rock Technology	SE	5,934	2.9%						
12	10 ↘2	JCB**	UK	5,500	2.7%	✓	✓	✓		✓	
13	11 ↘2	Terex	US	4,353	2.1%	✓	✓	✓	✓	✓	✓
14	14 ↗	Epiroc	SE	4,181	2.1%						
15	16 ↗1	Oshkosh Access Equipment (JLG)	US	4,079	2.0%				✓	✓	
16	15 ↘1	Metso	FIN	3,635	1.8%						
17	17 ↗	Kobelco Construction Machinery	JP	3,371	1.7%		✓				✓
18	22 ↗4	Kubota	JP	2,866	1.4%		✓				
19	21 ↗2	Liugong**	CN	2,820	1.4%	✓	✓	✓			✓
20	18 ↘2	CNH Industrial	IT	2,768	1.4%	✓	✓	✓		✓	
21	19 ↘2	Sumitomo Heavy Industries	JP	2,671	1.3%		✓				✓
22	20 ↘2	Hyundai Construction Equipment	KR	2,450	1.2%	✓	✓	✓			
23	23 ↗	Manitou	FR	2,346	1.2%				✓	✓	
24	28 ↗4	Wacker Neuson	DE	2,131	1.1%		✓	✓		✓	
25	25 ↗	Palfinger	AT	1,966	1.0%				✓		✓
26	29 ↗3	Tadano	JP	1,959	1.0%				✓		✓
27	27 ↗	Manitowoc	US	1,834	0.9%						✓
28	24 ↘4	Lonking**	CN	1,812	0.9%		✓	✓			
29	26 ↘3	Fayat Group	FR	1,726	0.9%						
30	30 ↗	Hiab	FIN	1,513	0.7%						✓
31	32 ↗1	Astec Industries	US	1,170	0.6%						
32	33 ↗1	Ammann**	CH	1,073	0.5%						
33	36 ↗3	Takeuchi	JP	1,020	0.5%		✓	✓			
34	31 ↘3	Shantui	CN	927	0.5%		✓				
35	34 ↘1	Sunward	CN	905	0.4%		✓	✓			
36	37 ↗1	Skyjack**	CA	834	0.4%				✓	✓	
37	39 ↗2	Bauer**	DE	796	0.4%						
38	35 ↘3	Kato Works**	JP	792	0.4%		✓	✓			✓
39	38 ↘1	Furukawa**	JP	714	0.4%						✓
40	40 ↗	Haulotte Group	FR	685	0.3%				✓	✓	
41	41 ↗	Foton Lovol**	CN	678	0.3%						
42	44 ↗2	Sennebogen**	DE	608	0.3%						✓
43	42 ↘1	Bell Equipment**	ZA	596	0.3%						
44	43 ↘1	Aichi	JP	573	0.3%				✓		
45	45 ↗	Yanmar**	JP	496	0.2%		✓				
46	47 ↗1	Merlo**	IT	397	0.2%				✓	✓	
47	50 ↗3	BEML*	IN	316	0.2%						
48	46 ↘2	XGMA	CN	288	0.1%		✓				
49	49 ↗	Boart Longyear	AUS	285	0.1%						
50	NEW	Hidromek**	TR	247	0.1%	✓					

* - fiscal year, ended March 31st 2018 ** - estimate

Concrete Equipment	Dozers/ crawler loaders	Compaction/ road building	Graders	Excavators (13t+)	Wheeled Loaders	ADTs	Rigid Haulers	Drilling/ foundations	Breakers & attach- ments	Crushing & Screening	Website
	✓	✓	✓	✓	✓	✓	✓	✓	✓		www.caterpillar.com
	✓		✓	✓	✓	✓	✓			✓	www.komatsu.com
	✓		✓	✓	✓	✓					www.deere.com
✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	www.xcmg.com
✓	✓	✓	✓	✓	✓			✓			www.sany.com.cn
		✓		✓	✓	✓	✓				www.volvo.com
				✓	✓	✓	✓			✓	www.hitachi-c-m.com
✓	✓			✓	✓	✓	✓	✓			www.liebherr.com
				✓	✓	✓			✓		www.doosaninfracore.co.kr
✓	✓			✓				✓			www.zoomlion.com
								✓	✓	✓	www.sandvik.com
		✓		✓	✓	✓					www.jcb.com
		✓		✓	✓					✓	www.terex.com
								✓	✓		www.epiroc.com
											www.jlg.com
										✓	www.metso.com
				✓							www.kobelco-kenki.co.jp
											www.kubota.co.jp
✓	✓	✓	✓	✓	✓		✓			✓	www.liugong.com
	✓	✓	✓	✓	✓	✓					www.cnh.com
		✓		✓							www.shi.co.jp
		✓		✓	✓						www.hyundai-ce.com
											www.manitou.fr
✓									✓		www.wackerneuson.com
											www.palfinger.com
											www.tadano.co.jp
											www.manitowoc.com
		✓	✓	✓	✓						www.lonkinggroup.com
✓		✓									www.fayat-group.com
		✓									www.hiab.com
		✓							✓	✓	www.astecindustries.com
✓		✓									www.ammann-group.ch
											www.takeuchi-mfg.co.jp
✓	✓	✓	✓	✓	✓			✓			www.shantui.com
				✓				✓	✓		www.sunward.cn
											www.skyjack.com
								✓			www.bauer.de
				✓							www.kato-works.co.jp
								✓	✓	✓	www.furukawakk.co.jp
											www.haulotte.com
											www.lovol.com
				✓							www.sennebogen.de
					✓	✓					www.bell.co.za
											www.aichi-corp.co.jp
											www.yanmar.co.jp
											www.merlo.com
	✓		✓	✓	✓		✓				www.bemlindia.com
✓	✓	✓	✓	✓	✓			✓			www.xiagong.com
								✓			www.boartlongyear.com
			✓	✓	✓						www.hidromek.com.tr

Note-worthy

One of the most note-worthy aspects of the Yellow Table has to be China. The country now has two companies in the top five of the list and three in the top ten; no country has a higher representation in the top ten.

Construction equipment sales in China increased in 2019 – although not at the same break-neck speed of previous years – and major OEMs from China have further intensified efforts to increase sales overseas. China-based companies on the list provided sales figures of just under US\$36 billion, which equates to 17.7% of the total. Last year Chinese companies contributed to 16% of the total.

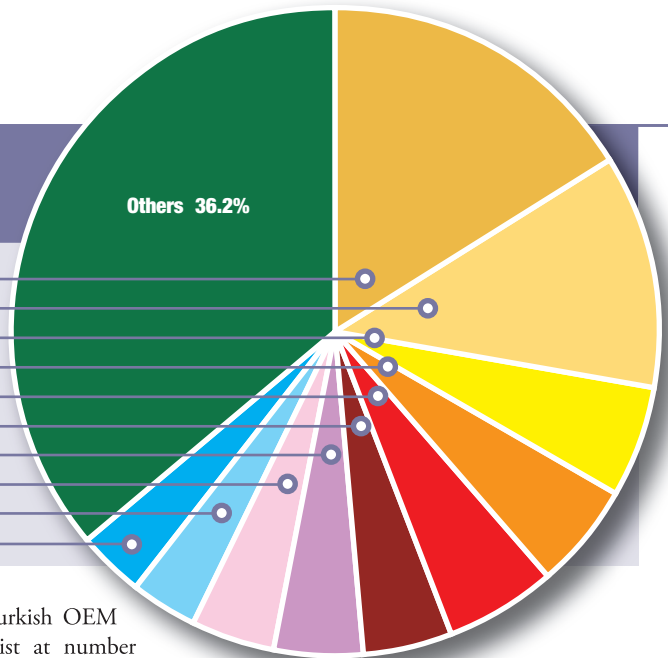
It is worth noting, of course, that China is still behind the two traditional heavyweights when it comes to construction equipment sales: the US and Japan. It will be interesting to see how this develops over the next few years and decades.

Looking at individual companies, and the biggest movement on the table was four places. Japan-based Kubota jumped from number 22 on last year's list to number 18, and German-based compact equipment specialist Wacker Neuson from 28 to 24. The biggest faller was China-based Lonking, manufacturers of roadbuilding and earthmoving equipment. The company fell from 24 to 28, effectively swapping places with Wacker.

There was only one new entry onto the Table

Top 10 Company shares

Caterpillar	16.2%
Komatsu	11.5%
John Deere	5.5%
XCMG	5.5%
Sany	5.4%
Volvo	4.6%
Hitachi	4.4%
Liebherr	4.2%
Doosan	3.3%
Zoomlion	3.1%



– more accurately, a re-entry. Turkish OEM Hidromek has re-entered the list at number 50 after dropping out last year following the economic turmoil that the country experienced and the plummeting value of the Turkish lira. The country has still not fully recovered economically, but the company has re-entered the Yellow Table.

Future outlook

Last year, when looking to the future, this section of analysis mentioned political uncertainties like Brexit and Donald Trump. How – relatively – trivial they now seem in the wake of Covid-19.

Even before Covid-19 it had been predicted that the peak of construction equipment sales had been reached and that 2020 would see a

‘softening’ of sales. The question now is, by how much are sales going to plummet? Covid-19 is a rapidly developing situation, and countries are at different stages in their battle with the pandemic.

In the last two quarters of 2020 it is hoped that life can return to some degree of normality. Whether there will be ‘pent up’ demand for construction equipment is up for debate and it could be that sales remain static even when life and businesses begin again. Much depends on government investment, as private financing is likely to be flat.

While the big infrastructure projects already approved or underway are unlikely to be cancelled, will governments around the world announce bold new infrastructure spending plans to boost their economies? The answer to that could well determine how large the decline is in the sales figures of next year's Yellow Table. **ic**

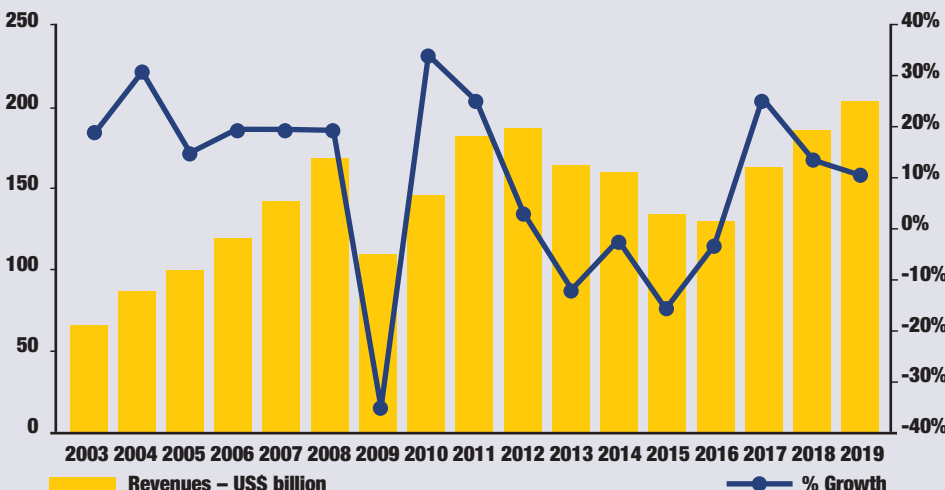
Steady growth

Rise in sales continues, but sharp fall expected next year

The peak of the current cycle of construction equipment sales was believed to have been in 2019 – this was before Covid-19. Sales of construction equipment among the world's top 50 OEMs have seen a remarkable rise over the last few years; partly the reason that 2019 was seen as the peak.

In 2016 sales were US\$130 billion – 2019 saw sales of US\$203 billion. Even for a famously cyclical industry, to see sales increase by over US\$70 billion in the space of three years is staggering. This rise is due to a number of factors: large-scale government infrastructure projects, the continued growth of the Chinese market and Chinese OEMs, equipment coming to the end of its natural life and needing replacing, the development of emerging markets and OEMs providing good equipment, service and aftercare.

As has already been mentioned, next year will see a sharp decline in construction equipment sales. The more interesting question is: what happens the year after that? And, if the market rebounds, by how much will it come back?



Methodology

Positions in the Yellow Table are based on sales in the 2019 calendar year in US Dollars. Currencies have been converted to Dollars based on the average exchange rate over the course of 2019 to try and ensure fairness. Data was gathered from a variety of sources including audited accounts, company statements and reputable third-party sources.

In Japan, India and certain other countries, the use of the fiscal year (ending 31 March) has made it impossible to establish calendar year information. In these cases, fiscal year results were used. In some cases International Construction has made an estimate of revenues based on historical data and industry trends. Where this has occurred, it has been clearly marked with two asterisks.

While every effort has been taken to ensure information in this report is accurate, International Construction does not accept any liability for errors or omissions. If you would like to comment on the Yellow Table, or feel your company should be included, please e-mail the editor at: andy.brown@khl.com