Mining Equipment in China

Industry Study with Forecasts for 2013 & 2018

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Table of Contents

EXECUTIVE SUMMARY ................................................................. 3

MARKET ENVIRONMENT .............................................................. 4

MARKETS
General ........................................................................... 4
Coal Mining ..................................................................... 5
Coal Mining Outlook ......................................................... 8
Coal Mining Equipment Outlook ...................................... 8
Metal Mining ...................................................................... 9
Metal Mining Outlook ........................................................ 9
Metal Mining Equipment Outlook ...................................... 9
Mineral Mining .................................................................. 10
Mineral Mining Outlook ..................................................... 10
Mineral Mining Equipment Outlook .................................. 10

REGIONAL TRENDS
General ........................................................................... 99
Regional Demographic/Economic Trends 101
Regional Industrial Demographic Patterns 102
Regional Economic Outlook ............................................. 104
Regional Gross Fixed Capital Formation 105
Regional Construction Expenditures 107
Regional Mined Product Output ....................................... 109
Regional Mining Equipment Demand 111
Central-North ................................................................... 114
Overview ..................................................................... 114
Mining Equipment Demand .............................................. 116
Northeast ........................................................................ 118
Overview ..................................................................... 118
Mining Equipment Demand .............................................. 120
Central-East ................................................................. 122
Overview ..................................................................... 122
Mining Equipment Demand .............................................. 124
Central-South ................................................................. 126
Overview ..................................................................... 126
Mining Equipment Demand .............................................. 128
Southwest ................................................................. 130
Overview ..................................................................... 130
Mining Equipment Demand .............................................. 132
Northwest ....................................................................... 134
Overview ..................................................................... 134
Mining Equipment Demand .............................................. 135

PRODUCTS
General ........................................................................... 51
Underground Mining Machinery ....................................... 54
Extraction Equipment ......................................................... 57
Augers & Borers ................................................................ 59
Roadheading Equipment .................................................... 61
Vehicles & Loaders ........................................................... 63
Hoists & Other Equipment .................................................. 64
Surface Mining Machinery .................................................. 66
Mining Drills ..................................................................... 68
Crushing/Pulverizing/Screening Equipment .......................... 70
Crushing Equipment .......................................................... 73
Pulverizing Equipment ......................................................... 75
Screening Equipment .......................................................... 76
Mineral Processing Machinery ............................................ 78

INDUSTRY STRUCTURE
General ........................................................................... 138
Industry Composition ......................................................... 138
Market Share ................................................................... 142
Marketing ........................................................................ 147
Financial Issues ................................................................ 148
Cooperative Agreements ....................................................... 149

Mergers & Acquisitions ....................................................... 153
Foreign Participation in the Chinese Market ......................... 155
Legal & Regulatory Issues .................................................. 155
Joint Ventures .................................................................. 157
Wholly Owned Foreign Enterprises ...................................... 159
Representative Offices ......................................................... 160

COMPANY PROFILES
Atlas Copco AB ................................................................. 163
Bucyrus International Incorporated ..................................... 167
Caterpillar Incorporated ..................................................... 170
Changsha Zoomlion Heavy Industry ................................. 172
China Coal Energy ............................................................ 173
China First Heavy Industries ............................................. 175
China National Erzhong Group .......................................... 176
CITIC Group ................................................................. 177
Guangxi Liugong Machinery .............................................. 178
Hebei Jinma Mine Machinery ............................................ 179
Henan Songshan Heavy Industry ....................................... 180
Inner Mongolia North Heavy Industries ............................. 181
International Mining Machinery .......................................... 182
Jiangsu Pengfei Group ....................................................... 183
Joy Global ........................................................................ 184
Kobe Steel ....................................................................... 187
Komatsu Limited ............................................................. 189
Longking Holdings ........................................................... 191
Luoyang Baofeng Heavy Mining Machinery Manufacturing .... 192
Metso Corporation ............................................................. 193
Northern Heavy Industries ............................................... 196
Sandvik AB ....................................................................... 198
SANY Heavy Industry ......................................................... 200
Shandong Mining Machinery ............................................. 202
Shandong Shangkuang Machinery ...................................... 203
Shanghai Jianshe Luqiao Machinery .................................... 204
Shanghai Zhongxing Jiqi Chang .......................................... 205
Shantui Construction Machinery ......................................... 206
Shanxi Pingyang Industry Machinery ................................... 207
Taiyuan Heavy Machinery ................................................. 208
Tangshan Mining & Metallurgical ........................................ 209
Terex Corporation ............................................................. 210
Tiandi Science & Technology ............................................. 212
Xiamen XGMA Machinery ............................................... 213
Xuzhou Construction Machinery ........................................ 214
Zhejiang Kaishan ............................................................. 215
Zhengzhou Coal Mining Machinery .................................... 216
Other Companies Mentioned in Study ................................ 217

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List of Tables/Charts

EXECUTIVE SUMMARY
1 Summary Table .................................. 3

MARKET ENVIRONMENT
1 Gross Domestic Product of China .......... 12
2 Population of China .......................... 14
3 Households in China by Region ... 17
4 Gross Fixed Capital Formation in China .... 18
5 Manufacturing Value-Added in China ....... 21
6 Construction Expenditures in China ....... 24
7 Electricity Generation by Generator & Fuel Type in China .. 33
8 Mining Output in China ...................... 35
9 Mining Equipment Pricing & Deflators in China .......... 40
10 World Mining Equipment Demand 45
11 Chinese Foreign Trade in Mining Equipment .... 47

PRODUCTS
1 Mining Equipment Supply & Demand in China .... 53
2 Underground Mining Machinery Supply & Demand in China ...... 56
3 Extraction Equipment Supply & Demand in China ........ 59
4 Auger & Borer Supply & Demand in China .......... 61
5 Roadheading Equipment Supply & Demand in China .......... 62
6 Vehicle & Loader Supply & Demand in China .......... 64
7 Hoists & Other Equipment Supply & Demand in China .......... 65
8 Surface Mining Machinery Supply & Demand in China .......... 68
9 Mining Drill Supply & Demand in China ............. 70
10 Crushing/Pulverizing/Screening Equipment Supply & Demand in China .......... 72
11 Crushing Equipment Supply & Demand in China .......... 74
12 Pulverizing Equipment Supply & Demand in China .......... 76
13 Screening Equipment Supply & Demand in China .......... 77
14 Mineral Processing Machinery Supply & Demand in China ...... 80
15 Parts & Attachments Supply & Demand in China .......... 82

MARKETS
1 Mining Equipment Demand by Market in China .......... 84
2 Coal Production in China by Type 87
3 Coal Mining Market for Mining Equipment in China ...... 89
4 Metal Production in China by Type .................... 92
5 Metal Mining Market for Mining Equipment in China ...... 94
6 Mineral Production in China by Application ............. 96
7 Mineral Mining Market for Mining Equipment in China ...... 98
8 Revenue Data: Selected Mining Equipment Companies in China, 2008 .............. 141
9 Chh Mining Equipment Market Share in China by Company, 2008 ........ 143
10 Selected Cooperative Agreements ...................... 151
11 Selected Acquisitions & Divestitures .................. 154

REGIONAL TRENDS
1 Population of China by Region...103
2 Gross Domestic Product of China by Region .......... 105
3 Gross Fixed Capital Formation in China by Region .......... 106
4 Construction Expenditures in China by Region .......... 109
5 Mined Product Shipments in China by Region .......... 111
6 Mining Equipment Demand in China by Region .......... 113
7 Chh Mining Equipment Demand in China by Region, 2008 .... 114
8 Chh Central-North Region of China .... 116
9 Chh Central-East Region of China: Mining Equipment Demand .......... 118
10 Chh Northeast Region of China .... 120
11 Chh Southwest Region of China: Mining Equipment Demand .......... 122
12 Chh Central-South Region of China .... 126
13 Chh Central-North Region of China: Mining Equipment Demand .......... 128
14 Chh Central-South Region of China: Mining Equipment Demand .......... 130
15 Chh Southwest Region of China: Mining Equipment Demand .......... 132
16 Chh Northwest Region of China .......... 135
17 Chh Northwest Region of China: Mining Equipment Demand .......... 137

INDUSTRY STRUCTURE
1 Revenue Data: Selected Mining Equipment Companies in China, 2008 .............. 141
2 Selected Cooperative Agreements ...................... 151
3 Selected Acquisitions & Divestitures .................. 154
Demand in China to grow 7.1% yearly through 2013

Demand for mining equipment in China is projected to increase at a 7.1 percent annual rate through 2013 to ¥150.5 billion. Gains will be stimulated by growing demand for mined products from downstream industries such as steel, construction, agriculture, chemicals and -- most notably -- the coal-dependent electric utilities. Trends favoring increasing mechanization in Chinese mines will also spur new sales of mining equipment through the forecast period. In addition, the harsh work environment and limited lifespans of mining equipment will support sales of aftermarket parts and attachments, further fueling market gains.

Crushing, pulverizing, screening equipment to see most rapid increases

Sales of underground mining machinery are forecast to rise 6.4 percent annually to ¥44.9 billion in 2013, preserving its status as the largest mining equipment segment in China. However, crushing, pulverizing and screening equipment will see the strongest gains over the forecast period. Advances will be driven by robust increases in demand for preprocessed mined products and growing domestic consumption of key commodities such as coal, steel, clay and cement. Surface mining machinery will also achieve fast sales growth through 2013 due to expanding mineral and metal output.

Northwest China to post strongest gains by region

The resource-rich Central-North is the largest regional market for mining equipment, accounting for 33 percent of total national demand in 2008. Demand for mining equipment in the Central-North is forecast to grow 7.3 percent per year through 2013 to ¥51.0 billion, with gains boosted by further expansion of mining activity in the region. Demand for mining equipment in the Northwest is expected to increase 8.5 percent annually through 2013, posting the strongest gains in China. Advances will be spurred by strong growth in the exploitation of regional coal reserves over the forecast period.

Metal mining to be fastest growing market

Coal mining will remain the largest equipment market through 2013, benefitting from increasing demand for coal resources as raw feedstock for electricity generation and energy for heating and other industrial usages (e.g., steel production). However, demand for mining equipment used in metal mining settings will see the strongest gains over the forecast period. Advances will be stimulated by increasing metal mining activity spurred by rising demand from downstream industries such as steel and nonferrous metals.

Gains will be stimulated by growing demand for mined products from downstream industries such as steel, construction, agriculture, chemicals and the coal-dependent electric utilities.

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## PRODUCTS

### Crushing/Pulverizing/Screening Equipment

Demand for crushing, pulverizing and screening equipment in China is expected to rise at a 7.8 percent annual rate through 2013 to ¥21.8 billion, the fastest growth among all equipment types. Advancements will be stimulated by stronger mining output to keep pace with rising demand for key commodities such as coal, steel and cement. In addition, increasingly demanding requirements (e.g., higher levels of product purity) from downstream processors will also contribute to sales of related equipment going forward.

Crushing, pulverizing and screening equipment is widely used in coal, metal and mineral mines to smash, grind and sort mined ores, which is important for further processing. Shipments of crushing, pulverizing and screening equipment are projected to grow 7.6 percent per annum to ¥20.8 billion in 2013. China's trade deficit in these products will continue to widen, due to the increasing domestic demand for high-end equipment.

Crushing equipment is the largest type in this segment and is expected to remain so through 2013, with new sales fueled by its wide applications throughout the mining industry. However, demand for pulverizing equipment is expected to see the fastest gains going forward, an outcome of rapidly increasing consumption of mineral commodities (especially those used in producing building materials).

Leading domestic suppliers of crushing, pulverizing and screening equipment include China Coal Energy, China First Heavy Industries, Northern Heavy Industries Group, Shandong Mining Machinery Group, Shanghai Jianshe Luqiao Machinery and Tiandi Science & Technology. Other Chinese manufacturers of these products include CITIC Group, Hebei Jinma Mine Machinery Group, Henan Songshan Heavy Industry, Jiangsu Pengfei Group, Luoyang Baofeng Heavy Mining Machinery.
Sample Profile, Table & Forecast

COMPANY PROFILES

Shanghai Jianshe Luqiao Machinery Company Limited
480 Bansongyuan Rd
Shanghai, 200011
China
86-21-6313-9054
http://www.shanbao-china.com

Annual Sales: ¥1.6 billion (verified by company)
Employment: 1,200 (2008, verified by company)

Key Products: Hydraulic drill rigs, shearers, shield supports, crushers, pulverizers, feeders, vibrating screens, and conveyors

International Contact: Mr. Yongwen Weng, Foreign Trade Manager

Shanghai Jianshe Luqiao Machinery manufactures mining, metalurgy, construction, environmental protection, industrial and other equipment mainly sold under the SHANBAO brand name. The Company is a state-owned enterprise.

The Company participates in the Chinese mining equipment industry through the production of such mining machinery as hydraulic drill rigs; shearers; shield supports; crushers, including jaw, cone, impact, hammer and roller models; pulverizers; feeders; vibrating screens; and helix and belt conveyors. In particular, hydraulic drill rigs, shearers, shield supports and certain types of crushers are used mainly in coal mines.

Shanghai Jianshe Luqiao Machinery maintains a production complex in Shanghai, China. The Company serves customers throughout China and 50 other countries and regions in the Asia/Pacific region, North and Latin America, and Europe.

TABLE IV-5
METAL MINING MARKET FOR MINING EQUIPMENT IN CHINA (million yuan)

<table>
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<th>1998</th>
<th>2003</th>
<th>2008</th>
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