



PRESS RELEASE

Equipment sales fall by 28.8% in the first six months of 2009

Expect to improve in the second half of the year.

The Australian construction and mining equipment market has declined by 28.8% in the first six months of 2009 compared to the same period in 2008 according to figures released by the Construction and Mining Equipment Industry Group (CMEIG) and ERG International (ERG).

The decline follows a rise of 15.7% in 2007 and a decline of 6.5% in 2008.

The market decline was expected due to the impact of the Global Financial Crisis (GFC) and the subsequent negative effect on business activity in Australia.

“Almost all product categories and market areas were affected with falls in market sales being widespread throughout both construction and mining markets” said John Reid, CEO of CMEIG.

“However the rate of decline in the markets has slowed somewhat in June, probably as a result of the impact of the revamped Government investment allowance initiatives.”

Reid said that the major impact of the investment allowance initiatives had been in the smaller machine types such as skidsteer loaders and backhoe loaders which were mainly purchased by small contractors.

“These small contractors benefit most from the investment allowance and they appear to have reacted positively towards these initiatives by purchasing new machines.”

According to Reid, the major factors which have influenced the market in 2009 are:

- Finance for new equipment has been more difficult to obtain from the traditional finance sources, particularly for smaller contractors
- The fall in demand for the major export commodities and the uncertainty in overseas markets have resulted in lower demand for mining equipment.

“However recent announcement by Federal and State governments of major increases in spending for infrastructure projects should have a positive effect on equipment markets and sales levels should improve in the second half of the year. Overall sales for 2009 are still expected to be around 20% lower than in 2008.”

Highlights of activities in the six months to June 2009 included:

- The largest volume of sales was recorded in Queensland which had 33.5% of national sales. NSW recorded 21.4% followed by Victoria with 18.2% of the market
- Hydraulic excavator sales fell by 30.3%, slightly above the market average of 28.8%. This market continued to be the largest market in terms of unit sales with sales volume accounting for around 38% of the total market
- Wheel loader sales declined by 34.5%
- Dozer sales fell by 31.5%, a major reversal of their 1.7% increase in 2008
- Motor grader sales had a 16.8% decline reflecting a stronger local government market

- Dump truck sales fell by 36.8% with a further major decline in the sales of articulated dump trucks due to the lack of infrastructure projects in Australian cities. Rigid dump trucks, which are used mainly in mining and quarrying, fell by 22.5%
- In the smaller machine markets, sales of backhoe loaders fell by only 16.9% while sales of skidsteer loaders decreased by 20%
- Road roller sales fell by 45.2%

Further information:

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