



PRESS RELEASE

Heavy equipment sales steady for first half of 2010; no growth expected for second half

The Australian construction and mining equipment market declined by 0.7% in the first six months of 2010 compared with the same period in 2009, according to figures released by the Construction and Mining Equipment Industry Group (CMEIG) and Datamotive Business Intelligence (DBI).

The results follow declines of 6.5% in 2008 and 27% in 2009.

“Market results were mixed with increases in hydraulic excavator and wheel loader sales, but most other product group sales declined,” said John Reid, CEO of CMEIG.

“While market sales started off the year in a positive manner, they have declined as the year has progressed in both construction and mining markets.”

“The lack of new infrastructure projects and the uncertainty generated by the Federal Government’s decisions on the Minerals Resource Rent Tax (MRRT) have resulted in lower sales in a wide variety of product groups,” he said.

Reid said that difficulties in obtaining finance for machine purchases, particularly for smaller contractors, was continuing to have a negative effect on the market and was affecting sales of smaller machines such as skidsteer loaders and backhoe loaders.

Highlights of activities in the six months to June included:

- The largest volume of sales was recorded in NSW with 26.2% of national sales; Queensland recorded 24.0% followed by Victoria with 19.7% and WA with 16.2% of national sales.
- Hydraulic excavator sales rose by 14.1%, well above the total market result; the major increase was in mini excavator sales with a 20.7% increase over last year.
- Wheel loader sales increased by 8.2%, a substantial turnaround from the 36% decline in this market in 2009.
- Dozer sales declined by 5.4%, reflecting the uncertainty in the mining market.
- Motor grader sales fell by 25%, an indication that local government in rural areas is still feeling the effects of the GFC.
- Rigid dump trucks declined 7.3%, an accurate reflection of the downturn in mining; in comparison, articulated dump truck sales rose by 18.9%, albeit on relatively low volume.
- In the smaller machine markets, skidsteer loader sales were 8.3% lower, while backhoe loader sales declined by 17.3%.
- Road roller sales fell by 31.7%.

“Without substantial government expenditure on new road and infrastructure projects, the market will probably continue at present levels at least until the end of 2010,” Reid said.

Copies of the DBI Annual report are available to selected companies.

Further information:

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