Volvo CE net sales up

Volvo Construction Equipment (CE) posted record revenue and profitability in the first financial quarter of 2019, driven by growth in most major markets.

During the first three months of 2019, the construction equipment manufacturer saw net sales jump by 15% to SEK24,155m (€2,300m), compared to SEK20,914m (€1,991m) in Q1 2018. Those higher sales, plus improved prices and production, helped to positively impact operating income, which rose to SEK1,547m (€147m), up by 26% compared to SEK1,208m (€117m) in Q1 2018. This was reflected in strong earnings, which saw operating margin improve at 5.5%, compared to 13.5% in the same period the year before.

Sales increased by 5% to 23,518 machines in Q1, compared to 22,350 machines in Q1 2018. Volvo CE says that the major global construction equipment markets of Europe and North America saw growth during Q1, expanding by 3% and 4%, respectively in the first two months of the year.

It adds that the European market was driven by good demand from Germany, the UK and Italy, while growth in North America was boosted by growing demand for large road and rail equipment and articulated loaders. A recovering Brazil helped demand in South America to rise by 7% during Q1, while sales in Asia (not including China) dipped 4%, compared to the same period last year. China delivered stronger growth than expected, rising 23% compared to the first quarter of 2018.

Record for construction machine sales

Sales of earthmoving machinery were strong across the globe in 2018, jumping 23% over 2017. In total, 225,000 earthmoving machines were sold in 2018, while 2019 saw sales jump to more than one million units. These figures have been revealed in a report compiled by Prometeia for Off-Highway Research (OHR) 2019. Prometeia’s data also shows that the three-year period from 2016 to 2018 was one of positive growth for the earthmoving equipment industry worldwide. Sales were boosted by investment in earthmoving equipment, as well as increased demand from sectors such as mining and mining, improving 35km of the shape of loans from eight banks in Colombia. This was the highest that Chinese sales of construction equipment have ever been. The report shows that China’s construction equipment sales hit a new historical peak in 2018, jumping 23% over 2017. This, OHR said, followed on from the 81% surge seen in 2017, and took the market to 345,617 units. This was the highest that Chinese construction equipment sales have been since 2012, and established the country as the largest market in the world.

Outlook 2019 for construction machine sales

The report says that the record result for 2018 was driven by a combination of several factors: sales were boosted by increased demand from construction projects in a global scale in excess of €715 billion (11.6% of total global GDP). The report says that in most parts of the world, the market posted two-digit growth, exceeding historical peaks in the US (+50%), China (+35%) and the rest of the world (+36%). Meanwhile, North America and Europe were behind growth in most major markets. In the face of growing uncertainty, the propensity to invest in earthmoving machinery is expected to remain stable, overall, record a moderate decline. And the outlook for coming years is for demand to start at good levels, according to OHR. It also cautioned that the bright outlook could be threatened by negative weather conditions and unexpected political and economic events.

Colombia highway connection

Construction work in well underway for Colombia’s Autopista Mar 1 motorway project.

The route is due for completion in 2022, connecting the country’s Caribbean and Pacific coasts through Medellin. The project includes a construction of the Túnel de Occidente. A finance package worth US$1.1 billion in the shape of loans from eight banks in helping fund the project. Work is also ongoing for the Conexión Vélez route linking Barquisimeto with Caracas. The project should be completed by 2023.

Meanwhile, the Via del Hierro project connecting Medellin with Alto de Dolores should be ready for traffic by the end of 2020. So far, current progress is maintained. The project includes building two tunnels, improving 54km of the route and upgrading 24km to dual carriageway status. The work is expected to cost US$1.4 billion, but the complete funding package has yet to be secured.

Financing has also been secured for the Autopista Magdalena project linking Alto de Dolores with Puerto Berrio. This 124km route includes building a 3.4km bridge spanning the Magdalena River.

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