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European Capital Goods
26 April 2026

Capital Goods - Chart of the week #118

Gold Mining & Electrification - the two fastest-growth end markets

Electrification & Gold Mining are standout end markets from 1Q26 results, with 40%+ org. order growth y/y, & limited risk from geopolitical tensions. We see SAND (DD upside to cons. EBITA, low-20s PE) as the most attractive opportunity, but ENR and ABB (both EW) fully reflecting end-market strength.

Mining equipment – Gold is the primary driver: Gold capex growth of c25% across large listed peers (growth for juniors and explorers is likely higher) is several times higher compared with spending rates across industrial metals. This was once again evidenced by 1Q26 results: gold-exposed Sandvik (OW, c40% of orders coming from gold) reported >40% OE organic order growth, while Metso (UW, c15% gold exposure) was only able to deliver MSD organic growth.

Grid and Electrification – Orders remain robust: ABB (EW) continued to deliver strong organic order growth in Electrification, which exceeded 40% in 1Q, benefitting from pre-ordering from datacenters and a robust spending outlook for Grid. ENR's (EW) high-voltage business also saw order growth acceleration, potentially benefitting from large HVDC projects.

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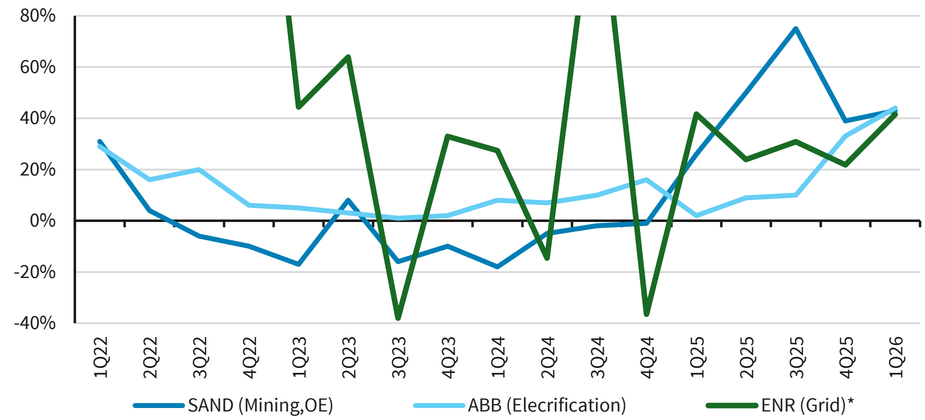
Completed: 24-Apr-26, 11:42 GMT Released: 26-Apr-26, 11:30 GMT Restricted - External

FIGURE 1. Organic order growth, y/y: Gold Mining and Grid/Electrification are the fastest-growing sectors across CapGoods



Source: Company data, Barclays Research