



Weichai Power

2016 Annual Results

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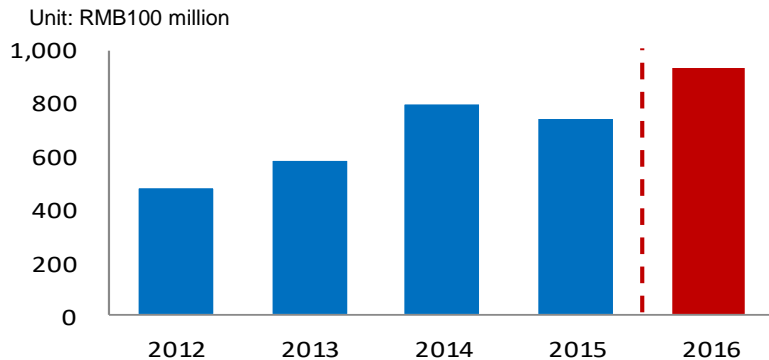
Outlook and Strategies

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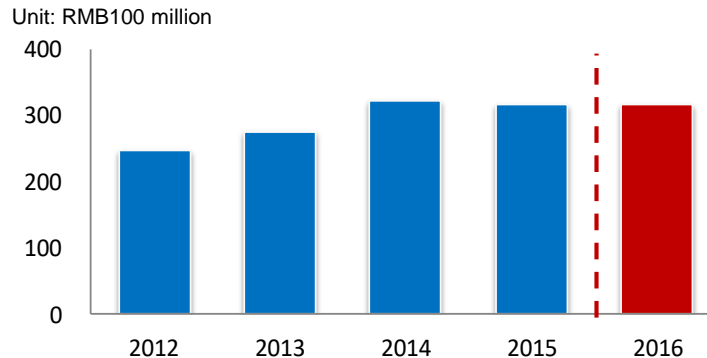
Enriched Strength in Scale



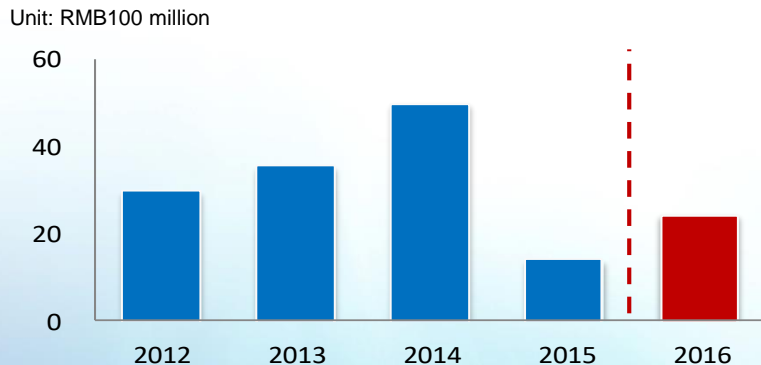
Sales Revenue



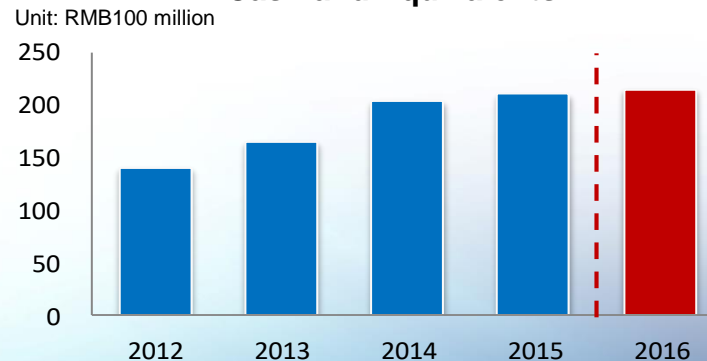
Net Assets Attributable to the Parent



Net Profit Attributable to the Parent



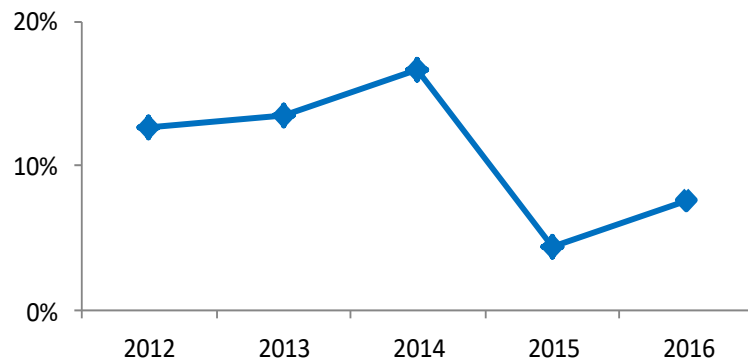
Cash and Equivalents



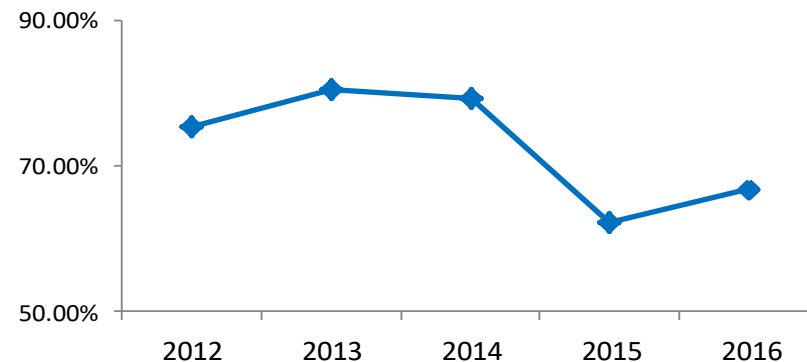
Substantial Improvement in Operating Performance



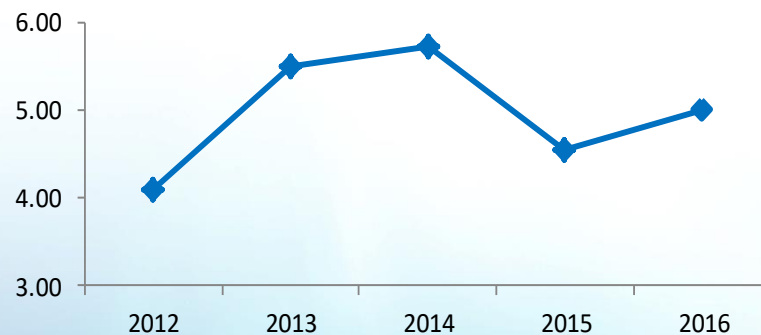
Return on Equity



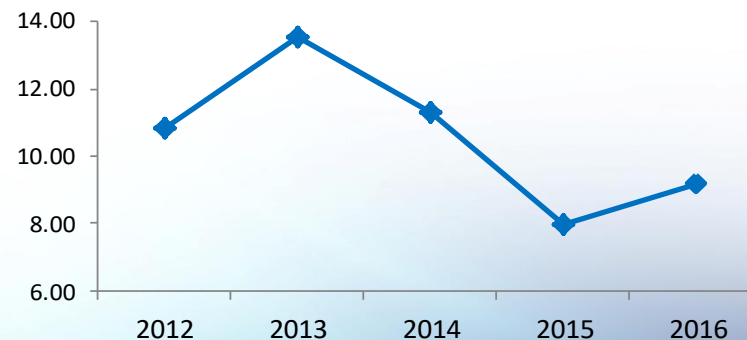
Total Asset Turnover Ratio



Inventory Turnover Ratio



Receivables Turnover Ratio



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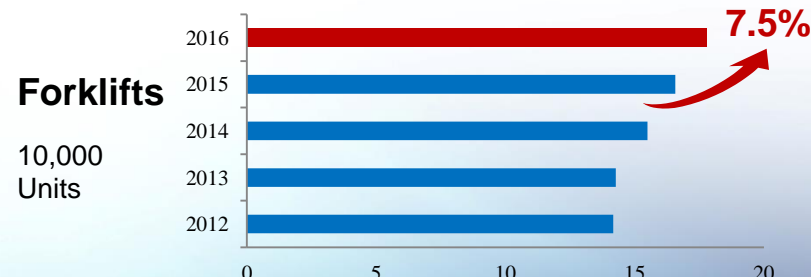
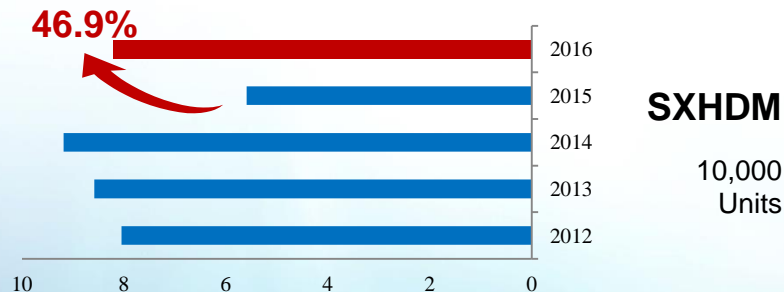
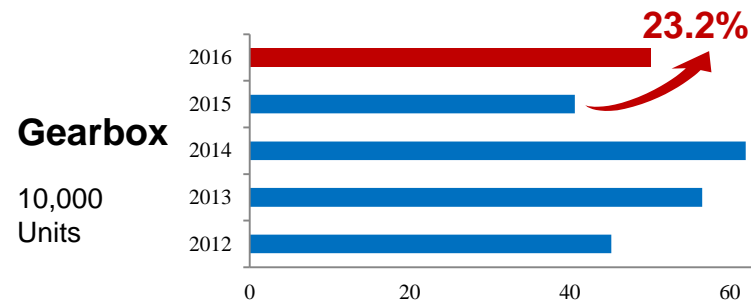
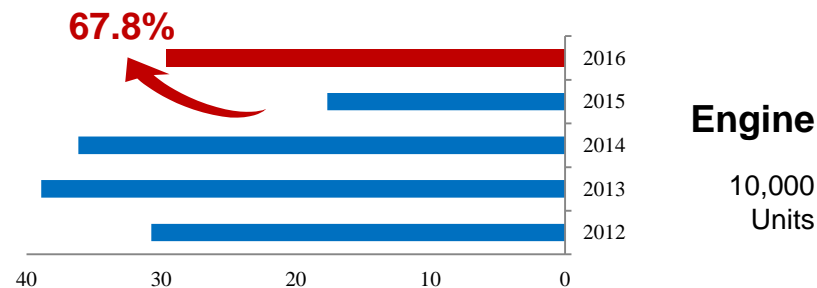
Outlook and Strategies

Core Business

– Strong Rebound in Sales Volume and Market Positioning



- 297,000* units of high power engines were sold: 198,000 units of HDT engines, up 67.8% year-on-year and accounting for a 27% market share, representing an increase of 5.6 ppt compared with 2015; 32,000 units of engines for wheel loaders with a load capacity of 5 tones, accounting for over 76.2% of market share, and 21,500 units of medium- and large-sized passenger vehicle engines, accounting for 11.3% market share
- 501,000 units of Fast gearboxes were sold, up 23.2% y-o-y; HDT engines' market share reached 65.1%
- Shaanxi Heavy-duty Motor ("SHXHDM") sold 82,000 units of HDT, up 46.9% y-o-y, ranking fourth in the industry
- Sold 178,000 forklifts worldwide, up 7.5% year-on-year, ranking second in the world and first in Europe



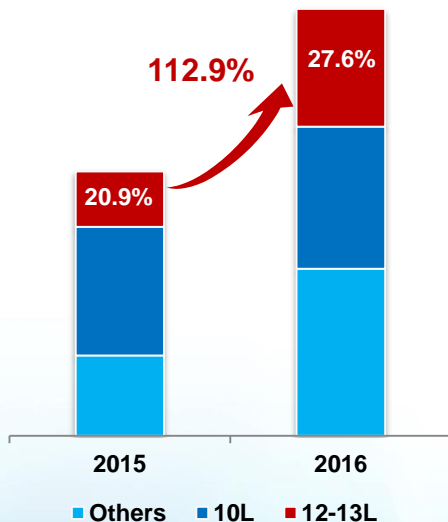
*NOTE: The Company accomplished the equity transfer of Weichai (Weifang) Middle-size Diesel Engine Co., Ltd. in October 2016, which contributed 50,700 units of high power engines of 4/6L engines

Flagship Products to Grasp Explosive Growth Opportunities



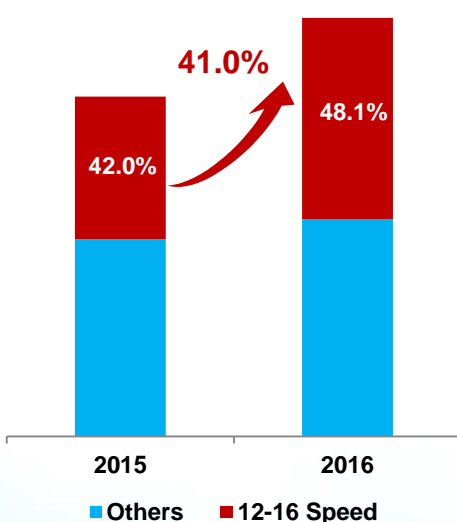
- Leveraging our strong R&D capability and market judgment, we prepared ourselves in advance, adjusted our product structure and grasped market opportunities. We promoted high-capacity engines and high-speed standard-loading heavy duty trucks and electric/warehouse forklifts, significantly lifted proportion and sales volume of trendy products

12/13L Engines



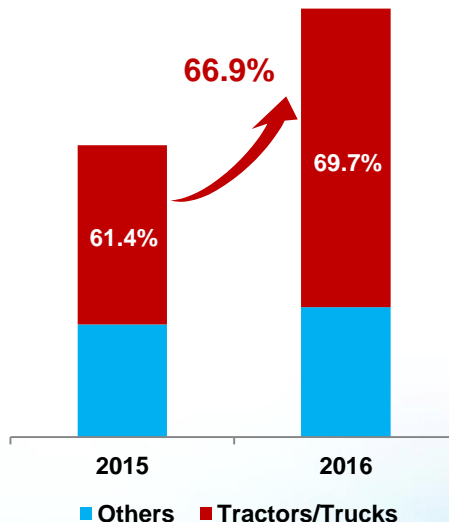
- Sales volume up 112.9% y-o-y, sales volume proportion lifted to 27.6%, leading a high-capacity trend in the industry

12-16-Speed Gearboxes



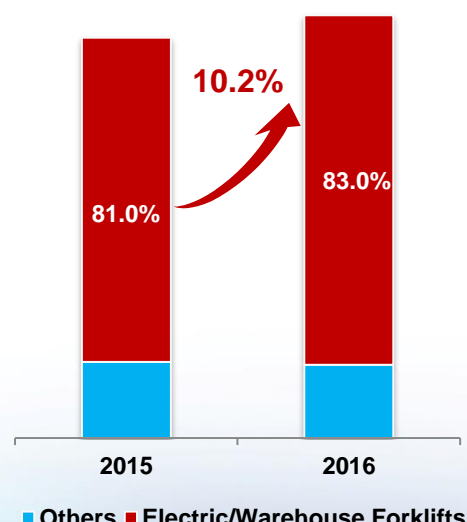
- Sales volume up 41.0% y-o-y, sales proportion lifted to 48.1%, leading a multiple gear development in industry

Tractors/Trucks



- Sales volume up 66.9% y-o-y, sales proportion lifted to 69.7%, transforming into a logistics expert from engineering expert

Electric/Warehouse forklifts



- Sales volume up 10.2% y-o-y, sales proportion lifted to 83.0%, highlighted edges in smart warehousing further

Moved to High-end, Strengthened Foundation and Established New Benchmarks



- Upgraded traditional businesses, explored emerging strategic products and markets, extended vertically to the whole industry chain, established new industry benchmarks

HDT

- Sold 36,000 units of M3000, up 50% y-o-y; launched the lighter M3000 6x4 model in response to policy adjustments
- Sold 23,000 units of X3000, up 3.8 times y-o-y, developed a golden version of X3000 to pair with WP13 engine for high-efficiency transport logistics

Gearbox

- “Energy-saving HDT Gearbox smart manufacturing pilot showcase” enlisted as a smart manufacturing pilot showcase product for 2016 by Ministry of Industry and Information Technology
- Wheel-side reducer, 12-speed aluminum gearbox, gear box for passenger cars and light-duty trucks became new growth drivers

Brand-new Platform

- **Heavy H platform**: Launched WP10H/9H engines and established standard for longest-serving heavy-duty engines made in China, realized bulk manufacturing support
- **WP17**: Brand-new self-developed V8 diesel engine for use in HDTs, coal-mine vehicles, railed trucks and large-scale traction trucks, etc.

Light-duty Engines

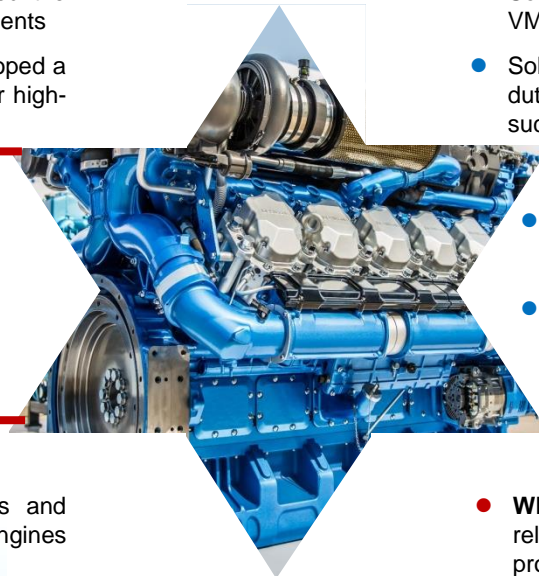
- Sold 87,000 light-duty engines, up 44% y-o-y, of which 19,000 VM engines were sold, up 73% y-o-y
- Sold 10,000 National V diesel engines WP4.1, proportion in light-duty engines boosted to 21%; WP3 4-valve diesel engine successfully ignited, established foundation for National VI

Engines for Agricultural Equipment

- Struck breakthroughs for a brand-new series of engines for agricultural equipment, satisfied the Stage III off-road standards, sold 16,100 units, up 3 times y-o-y
- “Development of new energy-saving environment-friendly engine for agricultural use” named a key “smart agricultural engine equipment” project of the Ministry of Science and Technology and received RMB14.75 million in subsidies.

High-end heavy-duty Engines

- **WP13**: sold 15,500 units, up 11.5 times y-o-y; featuring high reliability and durability, strong power and energy efficient properties
- **Baudouin Engines**: sold 730 units, up 61% y-o-y, featuring high reliability, highly efficient combustion, highly efficient SCR and received emission accreditation from EPA of the US



Stepped Up R&D, Innovation-driven Self-development

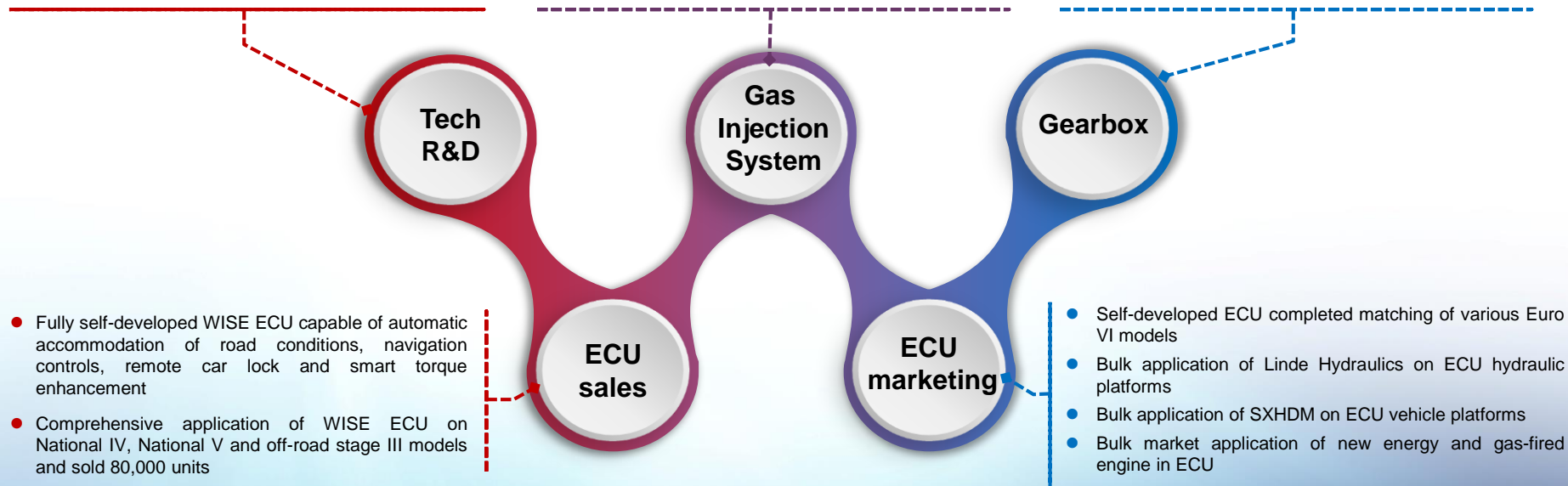


- Persistently stepped up R&D investments, constructed key national laboratory for internal combustion engine reliability, continued to struck key technology breakthroughs, products moved to high end, responded swiftly to market changes

- Completed development and economic optimization of 2-17L full-range National V and City National V Engines
- Integrated SCR design modules to realize standardization of axle distances for SCR of different emission standards and different models

- Application of locally-made fuel system on WP4.1/6/10 off-road Stage III engines, gas injection pumps and common rails received market accreditation
- Struck major breakthroughs in high-pressure common rail gas injection critical technologies and integrated system applications

- Series S gearboxes fully complied with international standards as a key strategic product tapping the international market
- Successfully applied in high-end vehicle models by mainstream manufacturers China, sold to the US, the Netherlands, Austria, Belarus and other regions



Smart Manufacturing – Set the Industry Benchmark and Created Smart Industry Chain



- Progressed “Made in China 2025” and met personalized requirements with the full-range smart transformation, won support from national subsidies, established the Weichai Smart Manufacturing model, enhanced “low-cost, high-efficiency and high-quality” swift manufacturing capabilities



Smart coverage on
3 Major
segments

**Full product life-cycle
management**

- Global R&D collaboration
- Smart factories/production
- After-sale service platform



Received policy subsidies
RMB47.94 mn

**Establishing national smart
Manufacturing benchmark**

- Ministry of Industry and Information - High-end diesel engine smart plant based on smart equipment and industry big data
- Ministry of Science and Technology- R&D of craftsmanship software and knowledge base for smart and high-speed production of heavy-duty diesel engines



Intralogistics
4.0

**Global leader
of integrated solutions**

- Unique and comprehensive portfolio of products ranging from forklift trucks to cutting-edge fully automated material handling solutions
- Automated logistics system solutions
- Advanced integrated software and automation technologies

Expanded Foothold in Environment-Friendly Products



- Sped up development and support of new energy products, invested in the new energy area, nurtured technology strengths for future development



Sales volume

2991 units, up 5-fold yoy

Support Coverage

Full coverage

Parallel system, hybrid system, pure electric system, extended range system

Core products

WE52 parallel system new energy system
WE62 hybrid system new energy system
WE20 pure electric power system

New energy power systems



The only laboratory for new energy power system integrated engineering in Shandong

National internal combustion engine standardized technology commission hybrid power system working group

Shandong commercial vehicle and engineering machinery new energy power system industry standardization and innovation base

R&D Capability



Invested in Foresight Energy

Listed on NEEQ, Foresight (stock code: 834626) is a high-tech enterprise engaging in fuel cell technology and products and applications

The company aims at investing early in fuel-cell technologies and strengthen its layout in new energy, paving the way for future technology development and product upgrades

Fuel cell technology

Linde Hydraulics – On Track for Taking Off



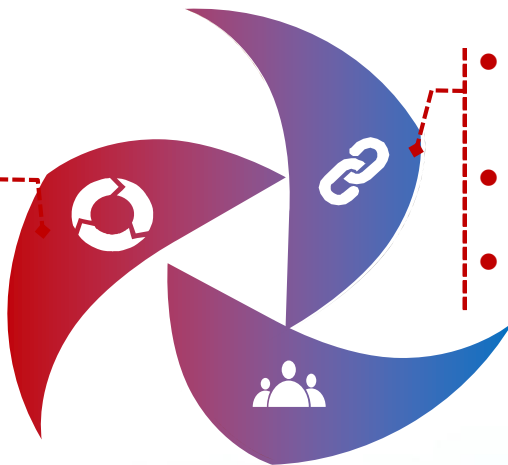
- Exploited the “European quality + China cost” model advantage and achieved improving underlying business fundamentals and on track for rapid growth and growing profit contribution

Capacity Preparation

- Production commencement for the second motor assembly line, with **6 models of motors** in production passed German accreditation
- Ready for production of equipment for washing machines, mills, honing machines, thermal burr removal products
- Appointed by Germany's SOP to produce **12 items**

Product R&D

- **97** newly developed application items, including loaders, agricultural machinery, excavators, cement machine.
- Paring engines and hydraulics in high drive electronic control hydrostatic bulldozers
- Applied **WISE 40** hydraulic control in bulldozers, loaders, agricultural machineries and excavators



Localization

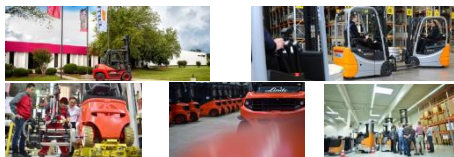
- Sold more than 6,000 pumps and motors, **up 230% y-o-y**
- Achieved RMB73 mn in revenue, **up 124% y-o-y**

KION + Dematic - Creating a unique and complete offering for intelligent warehouses



- “KION materials handling equipment and services + Dematic automation and supply chain optimization technology”, creating a unique and complete offering for intelligent warehouses, a transformation from a technology-leading equipment manufacturer to an integrated solutions service provider

KION forklifts



The world's second largest and Europe's largest forklift manufacturing and provider of supply chain solutions and related services , commanding a 45% share in the after-sale service market

- LMH EMEA
- STILL EMEA
- KION APAC
- KION Americas

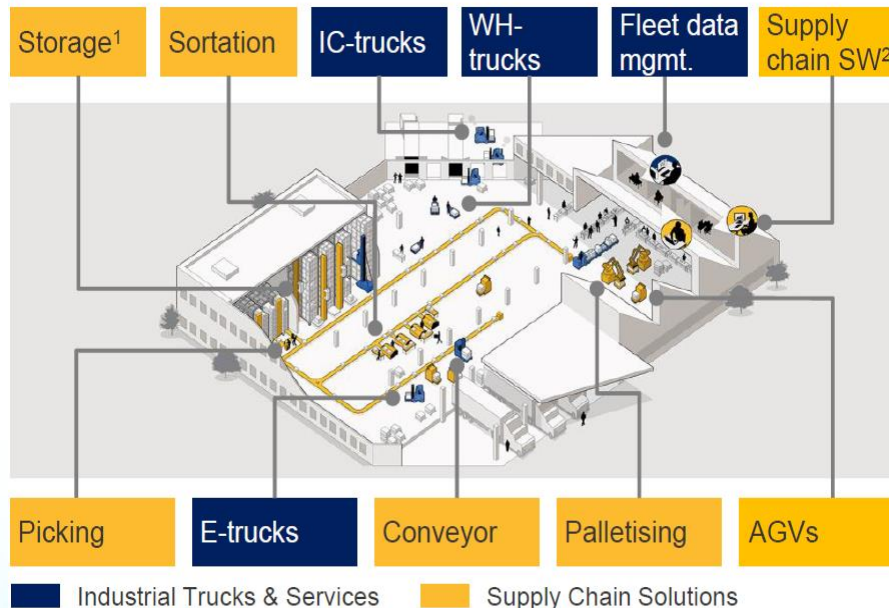
Dematic



The world's third largest, among top 3 in Europe and leading in North America Automated logistics system solutions provider

- Dematic
- Egemin
- Retrotech

Material handling solutions for every part of the warehouse



International Market – Full Expansion Rollout



- Tapped the international market through many means: international M&A, overseas joint ventures, local production, trade and exports, efforts that yielded results

Overseas subsidiary - Kion

- Revenue €5.59 bn, up 9.6% y-o-y, net profit €250 mn, up 11.3% y-o-y
- RMB650 mn profit attributable to the parent from the 43.26% interest

Overseas JV – MAZ project

- Set up JV with MAZ Group of Belarus to tap the CIS and European markets

Int'l acquisition - Dematic

- In Nov 2016, KION completed the acquisition of Dematic, a leading specialist for automation and supply chain optimization
- Complement one another with strong market positions and regional presence, generate both topline and cost synergies.

Local production– Indian Company

- Made by and sell to the local community, enlarging the foothold for development in India

Export - Vietnam

- Matched 3,000 passenger vehicles , up 135%, 90% market share for 12L sleeping vehicles, 60% market share for 5L coaches

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Impacts from Industry Policies



Tightening Policies

- National V emissions standards will be fully implemented for manufactured, imported, sold and registered HDT since 1 Jul 2017
- National V emissions standards will be fully implemented for manufactured, imported, sold and registered light-duty diesel vehicles since 1 January 2018
- GB1589-2016 and new regulations on management of vehicle overloading and over-limit vehicles



One Belt, One Road

- Related infrastructure projects will be accelerated
- Overcapacity problems in China's HDT and construction machinery sectors will be mitigated if overseas infrastructure projects are carried out



National Urbanization Plan (2014-2020)

- Improve inter-city transportation network
- Improve connectivity of major highways and transportation hubs between small and medium cities and small towns, thereby accelerating the upgrade of national and provincial highways
- HDT and construction machinery sectors will benefit from improved logistics infrastructure and growth in investments



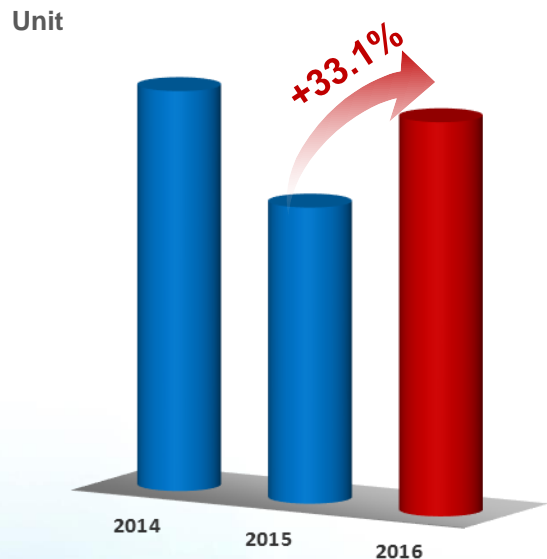
Made in China 2025

- Promote migration to smart manufacturing, deepen the Internet application in the manufacturing field
- Vigorously advance key breakthrough development areas of robotics, energy-saving and new energy vehicles, agricultural equipment, etc.
- Speed up the structural adjustment of manufacturing industry; pursue upgrading of traditional industries to the high-end
- Support overseas mergers and acquisitions and equity investments; enhance cross-border management capability

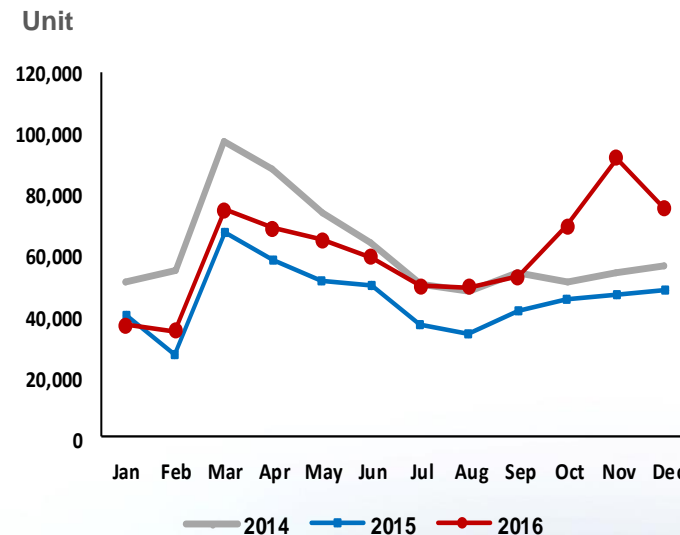
HDT Industry – Substantially Recovered



HDT Industry – Yearly Sales Trend



HDT Industry – Monthly Sales Trend



Source: China Association of Automobile Manufacturers

- Due to the factors including rapid development of the logistics industry, the implementation of National Standard GB1589-2016 and the new anti-overloading policies and fostering of PPP projects, the domestic HDT Industry achieved a substantial growth
- In 2016, the sales volume of HDT reached approximately 733,000 units, up 33.1% y-o-y

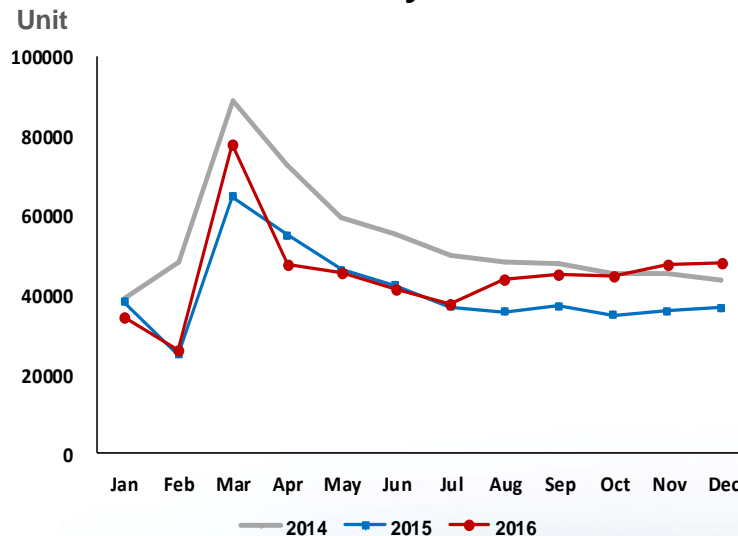
Construction Machinery Industry – Bottomed Out and Began to Rise



Construction Machinery Industry – Yearly Sales Trend



Construction Machinery Industry – Monthly Sales Trend



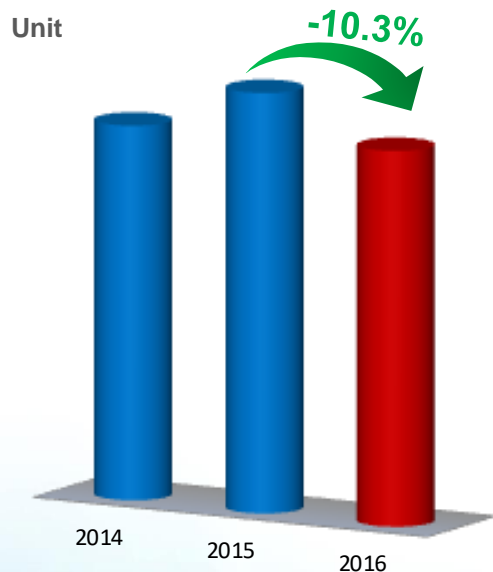
Source: China Association of Automobile Manufacturers

- Reaping benefits from infrastructure construction by the Chinese Government and investments in property development, the construction machinery industry bottomed out and began to rise
- In 2016, the sales volume of major products in the construction machinery industry reached approximately 539,000 units, up 10.5% y-o-y

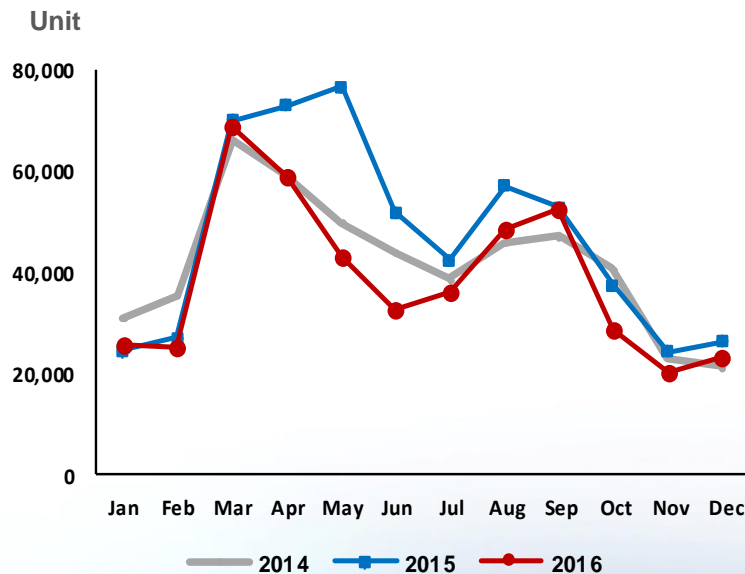
Agricultural Machinery Industry — Hovering at High Levels



Agricultural Machinery Industry — Yearly Sales Trend



Agricultural Machinery Industry — Monthly Sales Trend



- Due to low grain prices and decrease in subsidies to a single machine, demand in the agricultural machinery industry weakened but was still at high levels
- In 2016, the sales volume of major products in the agricultural machinery industry reached approximately 503,000 units, down 10.3% y-o-y

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Global Economy—— Continue sluggish growth with a weak recovery

- The “America First” policy of the Trump Administration raised expectations of the growth of the US economy, but has brought about uncertainties to the global economic recovery
- Due to political uncertainties, including Brexit, the referendum in Italy, elections in France and Germany, economic recovery within the European Union is subject to escalating challenges
- After many years of adjustment, the emerging economies have seen increasing momentum in their domestic demand, with more stable prospects, slating for accelerating growth
- **Overall speaking, the global economy is expected to grow at approximately 3.4%**



Chinese Economy—— Sustain steady overall growth

- The Chinese Government settled on the economic policy framework of adapting to the “new normal”, guided by the five development visions with supply-side reforms as the centerpiece, taking the approach of making progress while maintaining stability. The Chinese Government will thoroughly implement the policy of removing excessive capacities, eliminating excessive inventories, deleveraging, cost-cutting and mitigating underlying shortcomings
- Speeding up the fundamental and key reforms in areas such as state-owned enterprises, taxation, finance and social security, massively revitalizing the real economy
- **Overall speaking, China will see its GDP grow at approximately 6.4% for the year**

Industry Outlook for 2017



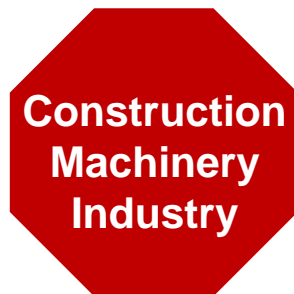
- In 2017, it is expected that Chinese HDT market will achieve a sales volume of 800,000 units, up 9.2% y-o-y; buoyed by factors such as the investments in infrastructure and newly-commenced construction projects and stable replacement demand, the construction machinery industry will sustain recovery; consumption upgrade and the migration to smart manufacturing will continue to drive rapid growth of the smart warehousing industry



Driven by projects: The prompt implementation of PPP projects and “mega infrastructure” project worth RMB4.7 trillion, has increased market demand, hence the engineering vehicles market is expected to recover steadily;

Policies and regulations: The clean-up of the hazardous chemical market, tightened management over-limit and overloading of trucks and weighting of trucks in the licensing process accelerated replacement of vehicles

Highly efficiency logistics: Highly efficient logistics and transportation services are going high-end. The sales volume of high-speed, standardized models will gradually increase, while demand for high-emission, high-powered vehicles is on the rise



Project investment: Improved likelihood of the implementation of PPP projects; investments in the fields of transportation infrastructure, ranging from railway systems to urban rail transits, are expected to step up; the mining industry is expected to realize rebound

Demand for replacement vehicles: will remain stable, but difficult missions of eliminating excessive capacities and inventories lie ahead

At the export Level: The “One Belt and One Road” policy is proceeding steadily; As demand for high-end products in economies in Europe and the US keeps growing, there is room for recovery in overseas demand



Driven by e-commerce and express delivery: e-commerce and express delivery become the key drivers of the industry, organic demand for upgrading of logistics automation increases substantially

Abundant capital: market leaders go public, raised abundant capital to upgrading of their automatic logistics equipment

Driven by smart manufacturing: “Made in China 2025” promotes deep integration of smart migration and informatization of the companies, creating relatively higher demand from smart manufacturing

Business Outlook for 2017



- The Company will adhere to its development goal of “going high-end and seeking to become the best in the world”, develop a vehicles- and machines-oriented diversified business structure, accelerate its global business deployment and integration of its global resources, continue to improve the quality and profitability of its international operations to promote the implement of going high-end strategy.



Powertrains

Engine: develop the advantage of cost differentiation, accelerate development of high-end and new strategic products to promote the implement of going high-end strategy

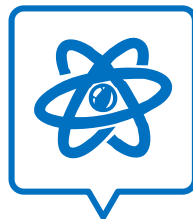
Gearbox: build smart, new energy, and diversified platform; develop the scope of application of products primarily based on gear transmission technology



Vehicles and Machines

Domestic market: proactively seize opportunities arising from the development of high efficiency logistics, with a focus on increasing the market share of this particular market segment, to enlarge its market share

Overseas market: Expand its business network with an emphasis on Africa and the Asia-Pacific region, target major Chinese corporate clients



Smart Warehousing

Industrial Trucks and Services: pushing the Strategy 2020 to implement, stabilize and consolidate the leading position in Europe, vigorously explore the markets of Asia-Pacific, and North America

Supply Chain Solutions: Further expand on strong growth in E-Commerce, continue to build global position in automation, leverage synergies with KION



Internationalization

WOS: Build an global operation management system, continue to improve quality and profitability of its international operations

Coordination of global resources: Speed up consolidation of resources and the coordination of business operations, increase the profitability of overseas subsidiaries.

A globe with a grid pattern, showing the Americas, resting on a track of blue and red streaks. The background is a gradient of light blue and white.

Thank you!