

Weichai Power 2017 Annual Results

2338.HK ; 000338.SZ



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**Financial
Review**

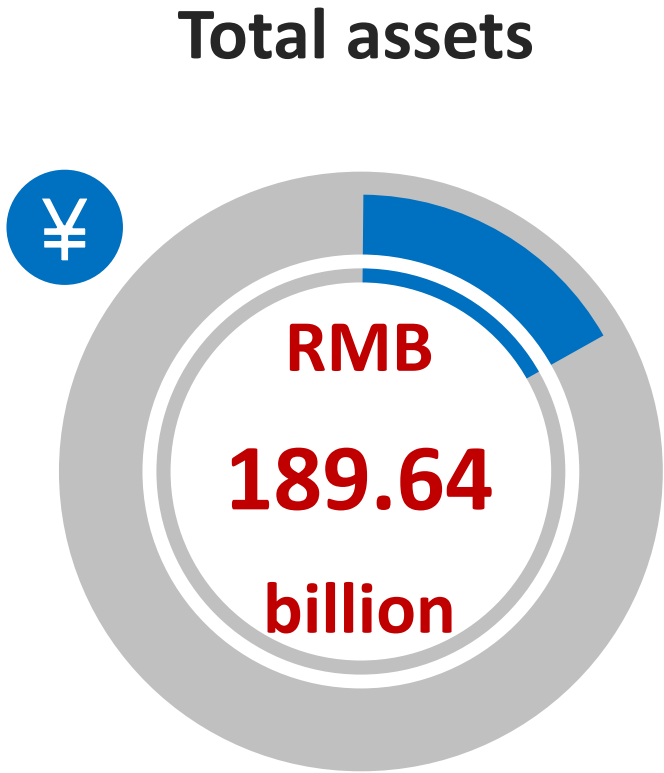


**Business
Review**

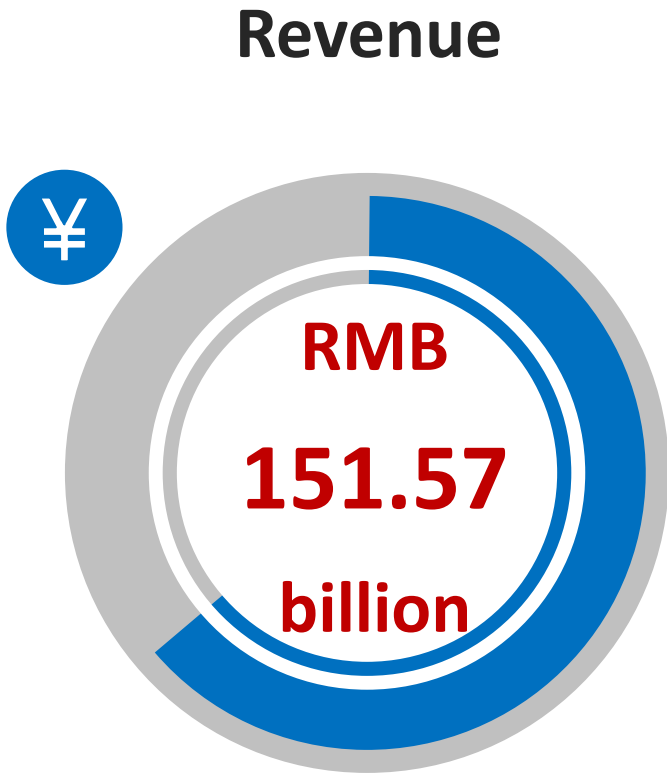


Financial Review

Overall Scale and Strength Ascends to a New Level

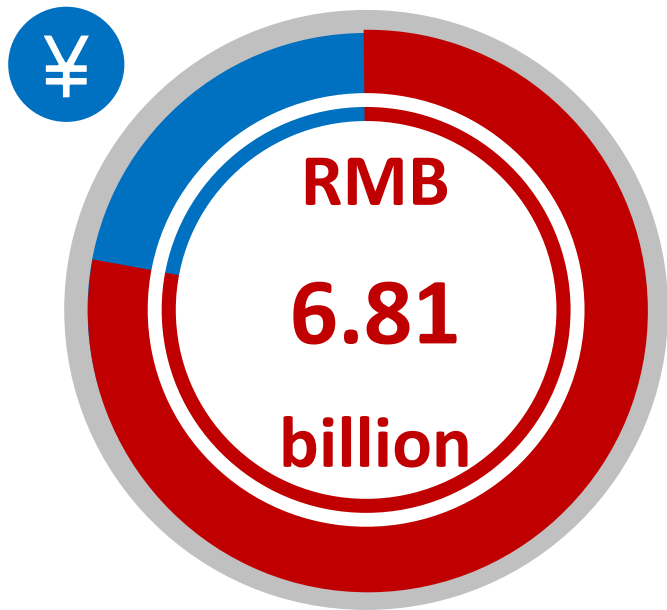


Up 16.0% YoY



Up 62.7% YoY

Net profit attributable to the parent

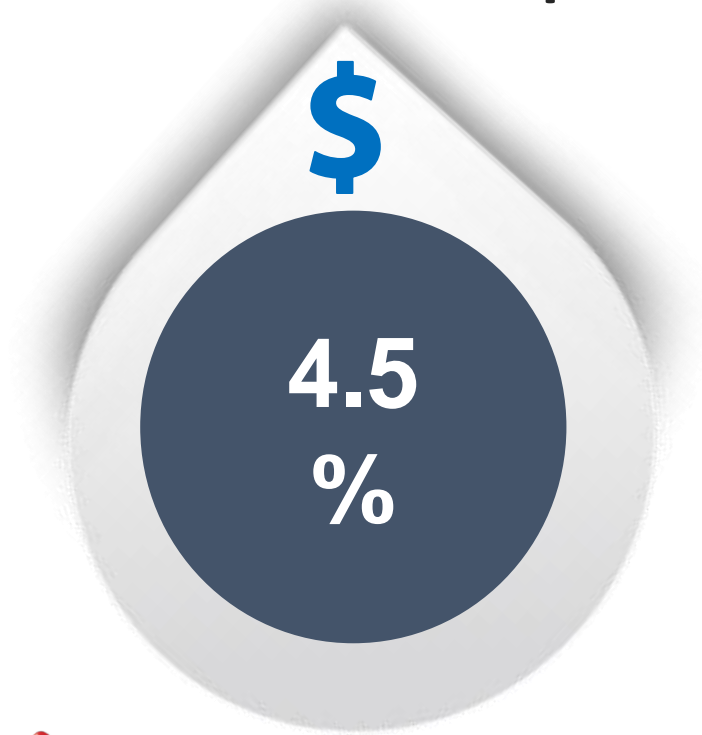
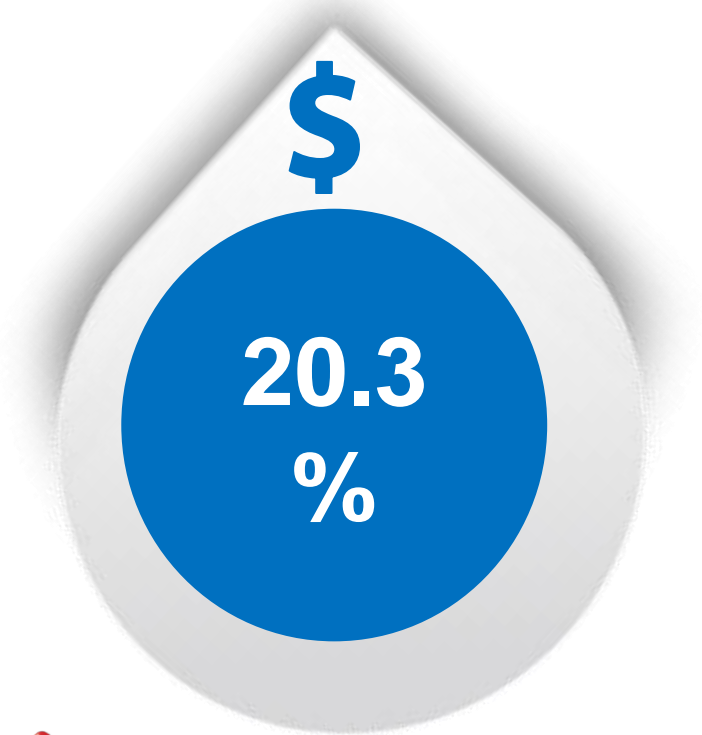


Up 178.9% YoY

ROE
(Weighted average)

Net profit margin
attributable to the parent

Basic EPS



Up 12.6 ppts YoY



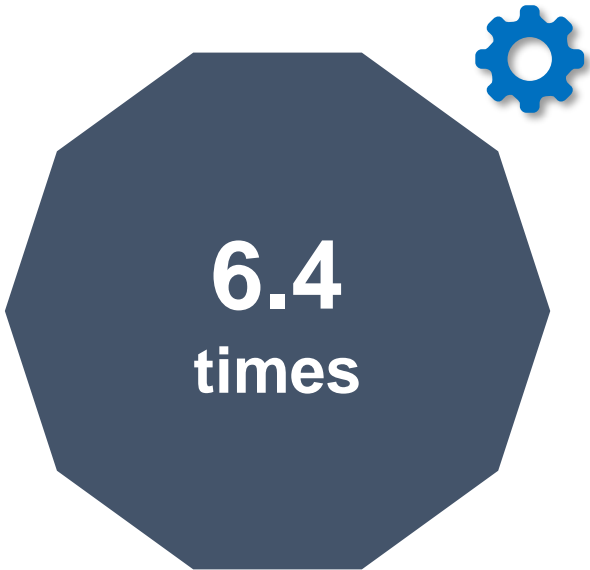
Up 1.9 ppts YoY



Up 178.9% YoY

Further Improved Ability of Operational Control

Inventory
turnover ratio



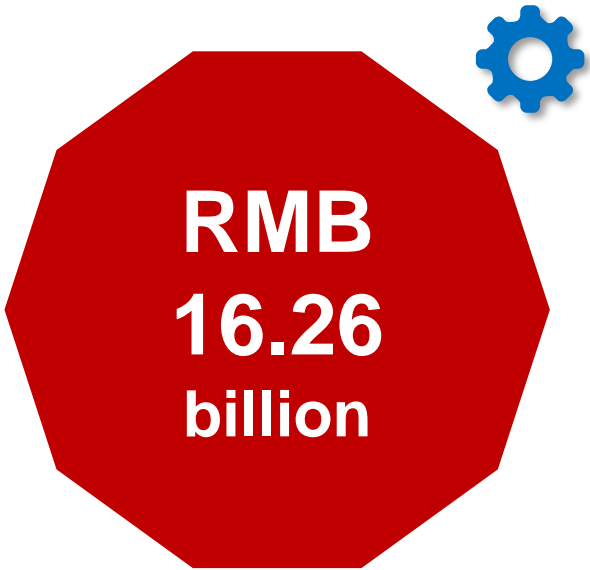
Up 27.9% YoY

Receivables
turnover ratio



Up 32.9% YoY

Operating cash flow



Up 97.1% YoY

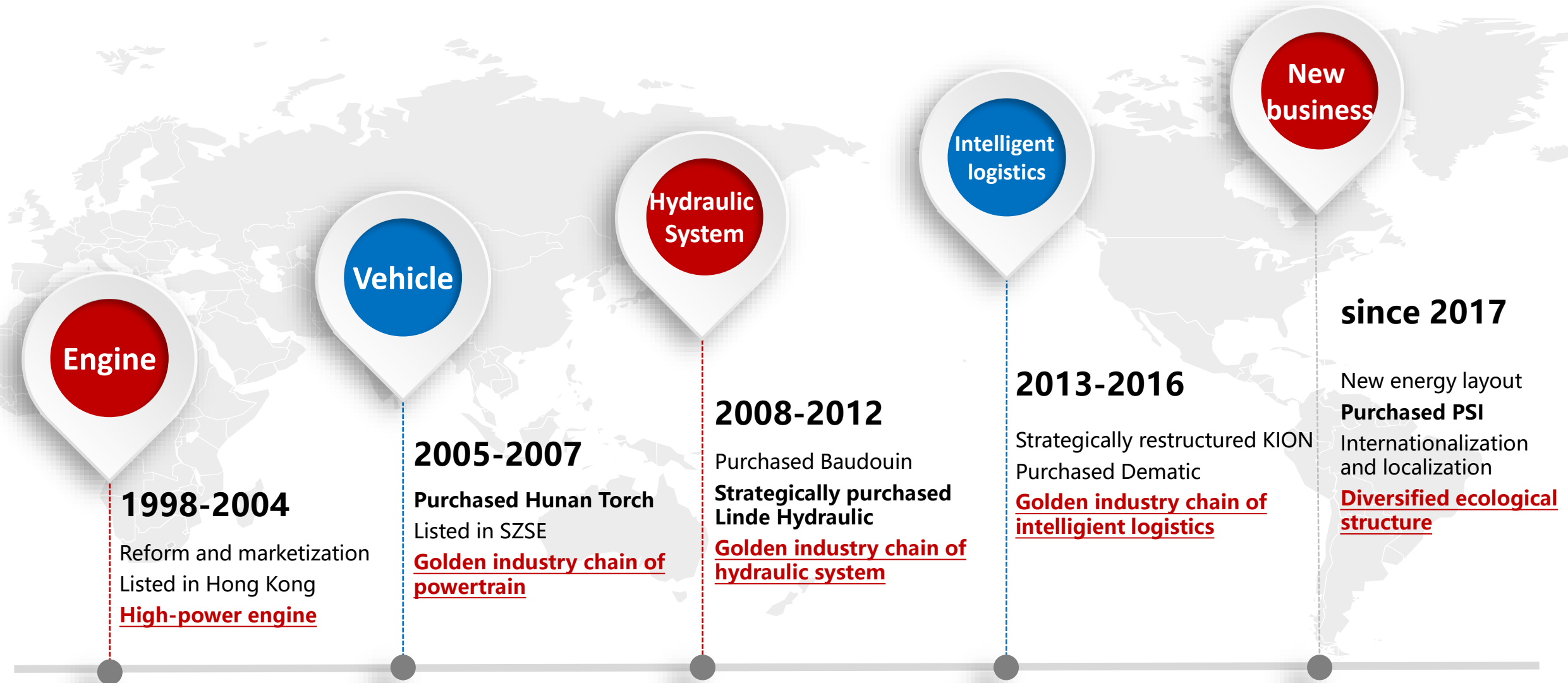


Business Review

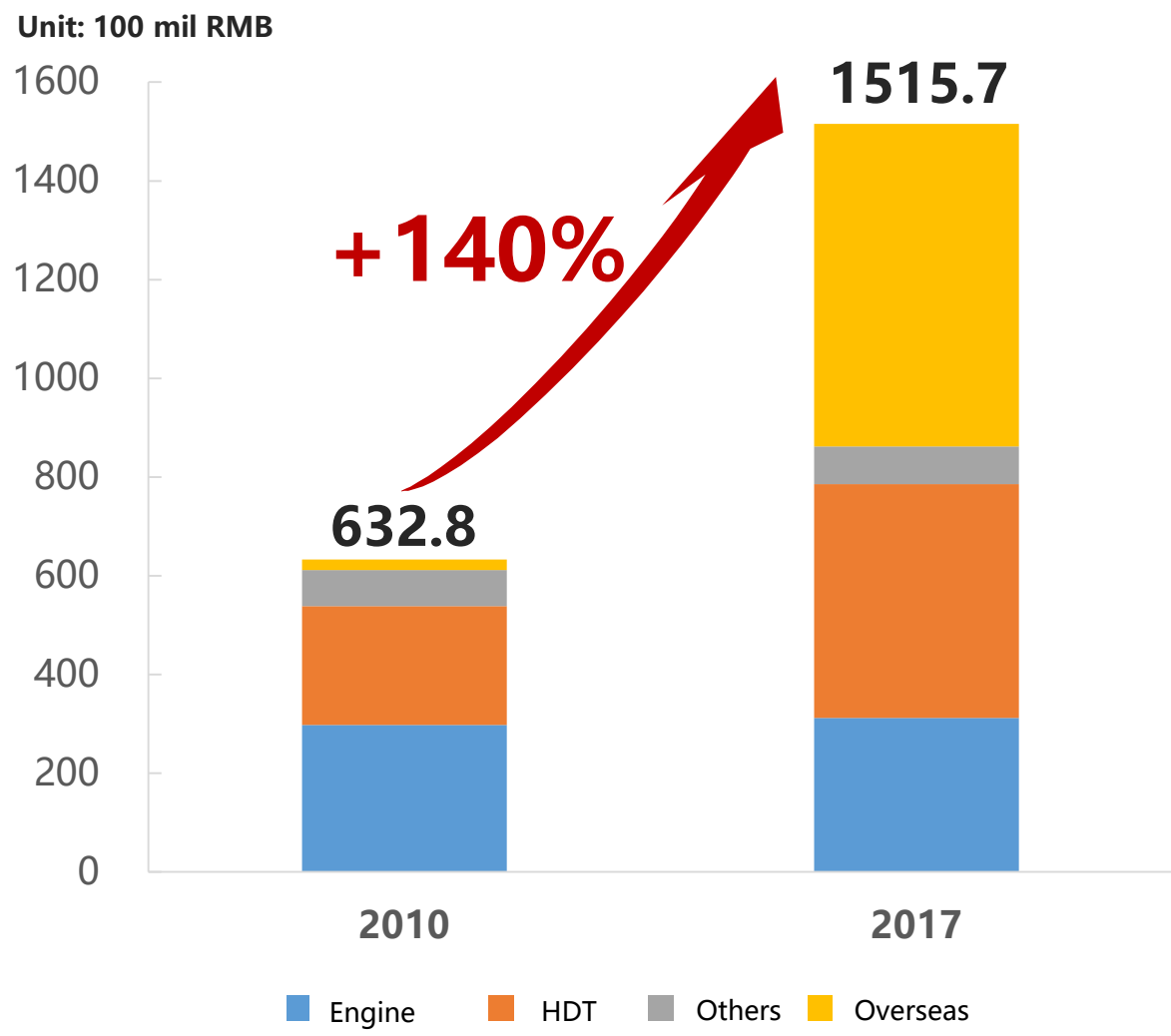
Strategic Transformation

– What We've Been Doing for the Past Decade

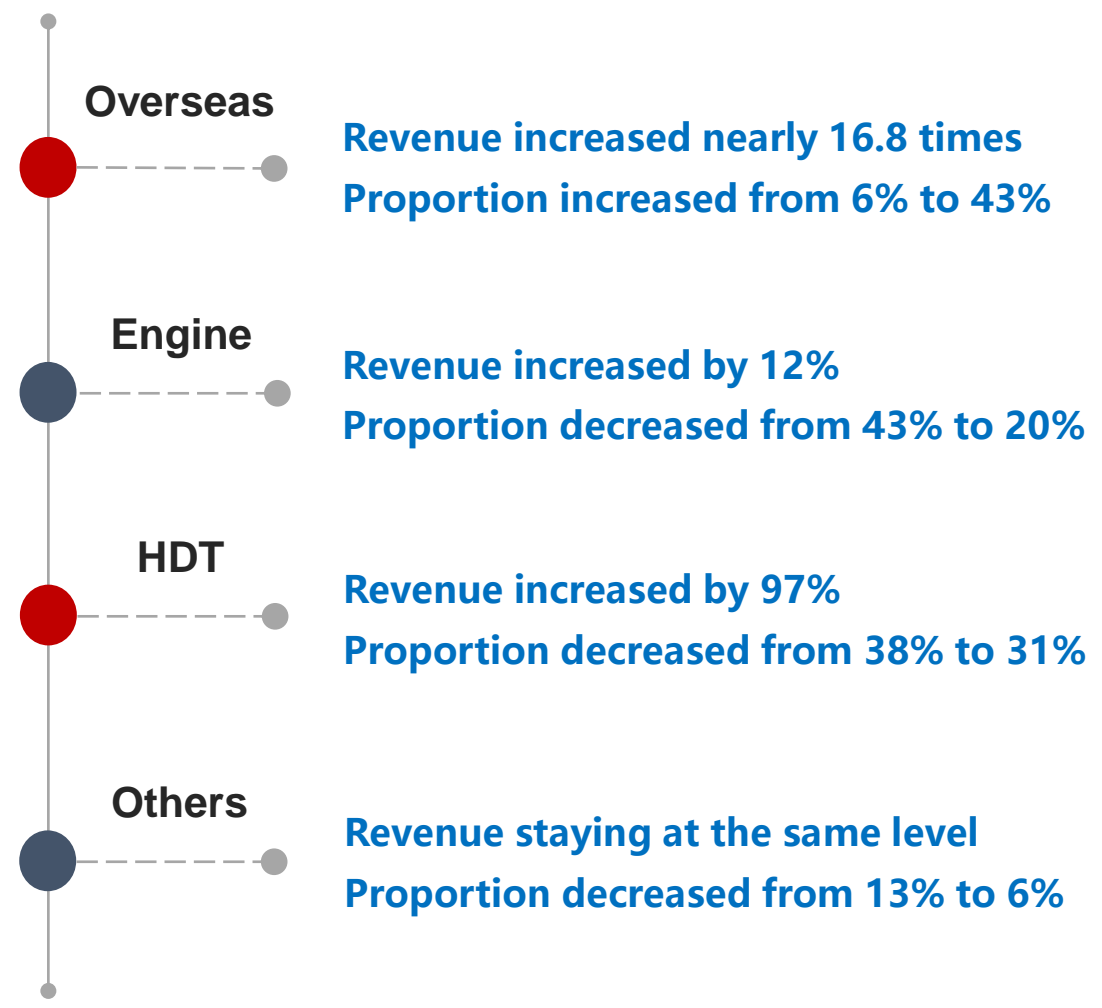
WEICHAI



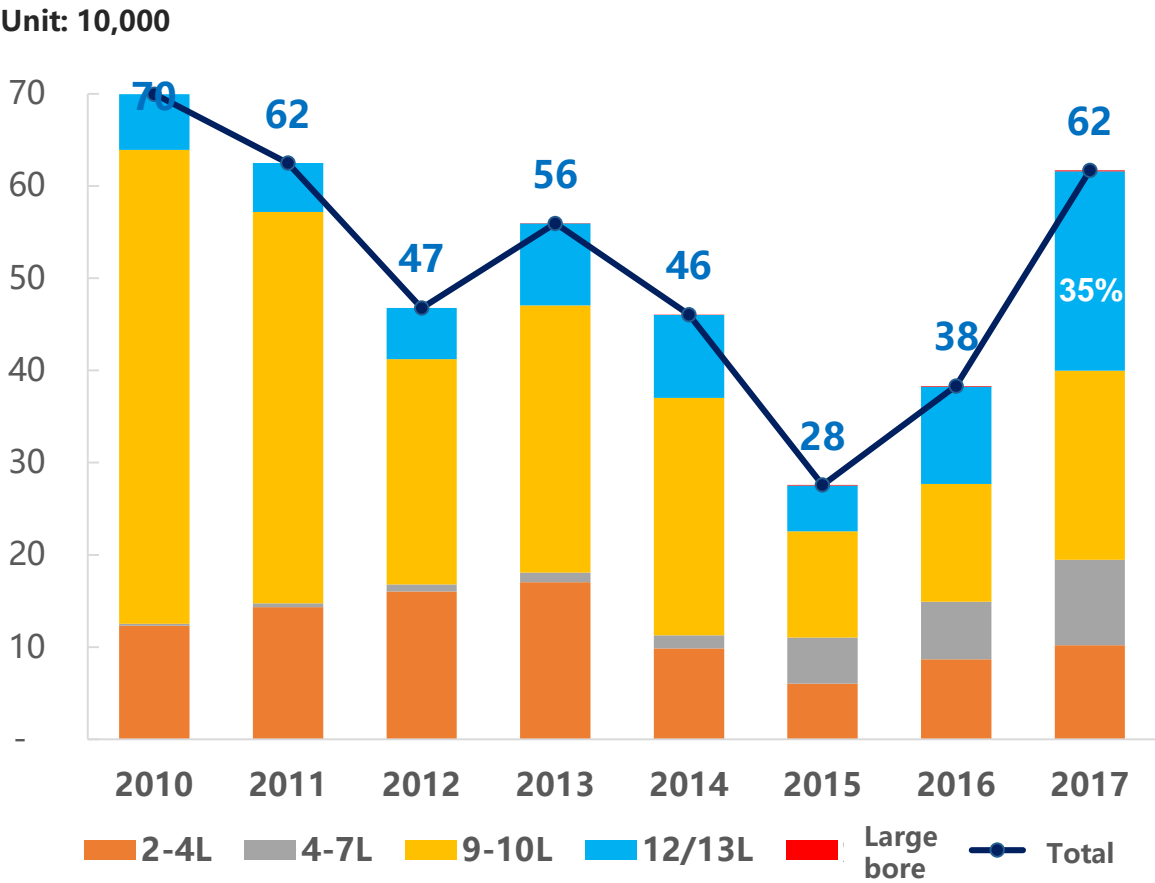
Revenue mix of 2010 and 2017



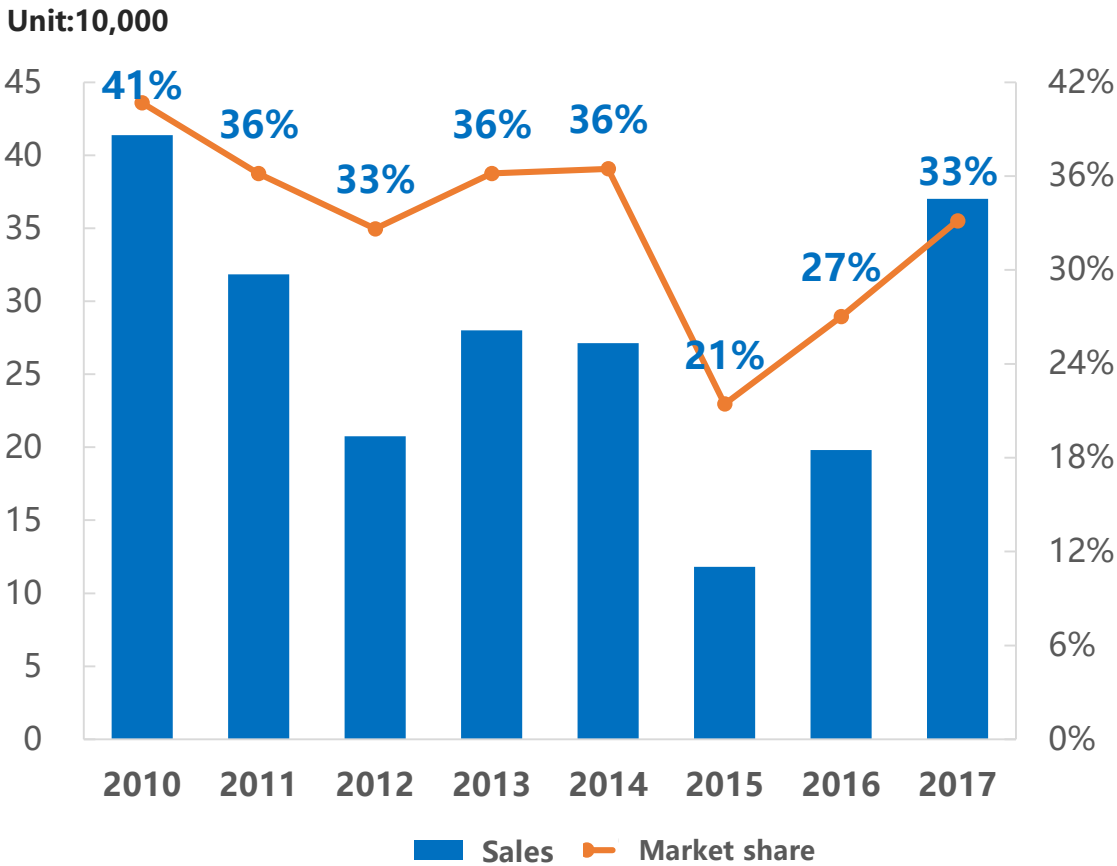
Revenue difference between 2010 and 2017



2010 - 2017 Engine Sales by Displacement



2010-2017 HDT Engine Sales and Market Share

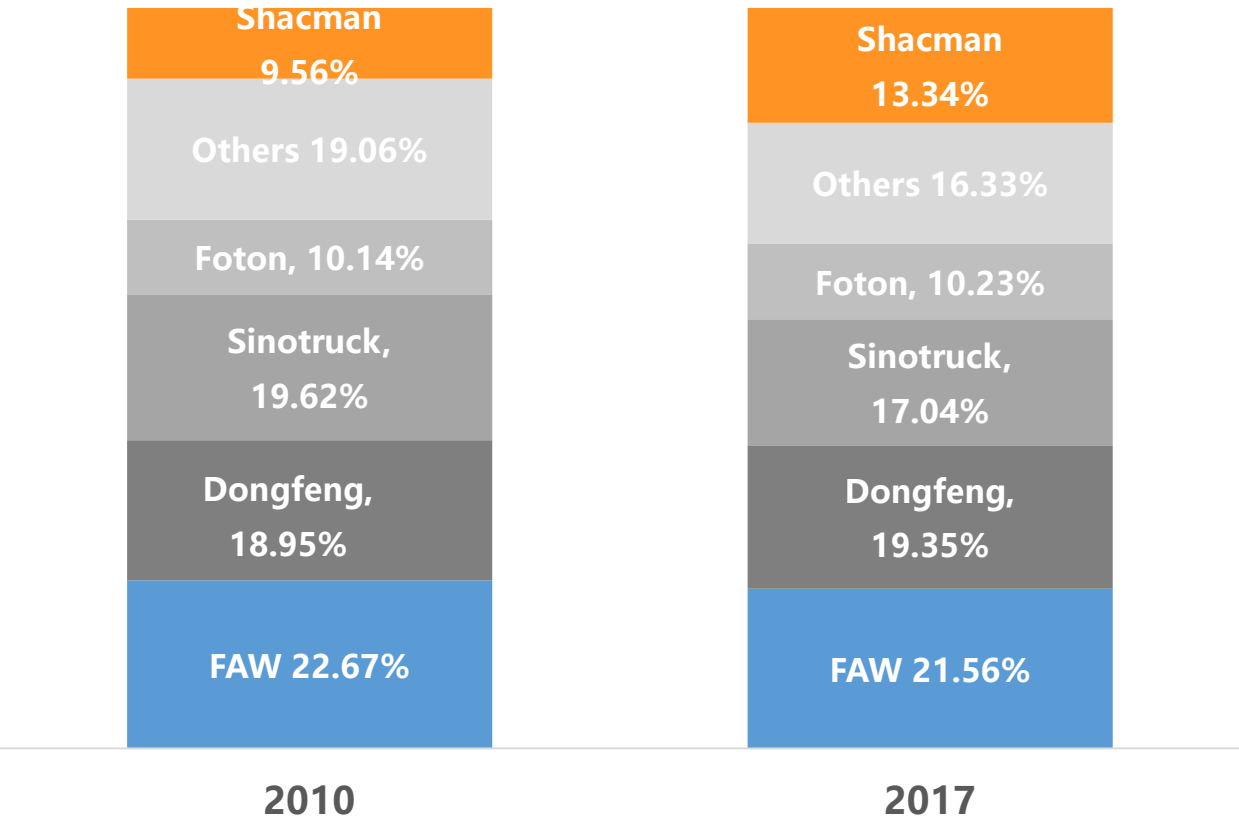


■ Product portfolio is more balanced, and the proportion of high value-added products increased; the market share of HDT engines increased for three consecutive years.

Vehicles are the Critical Factors

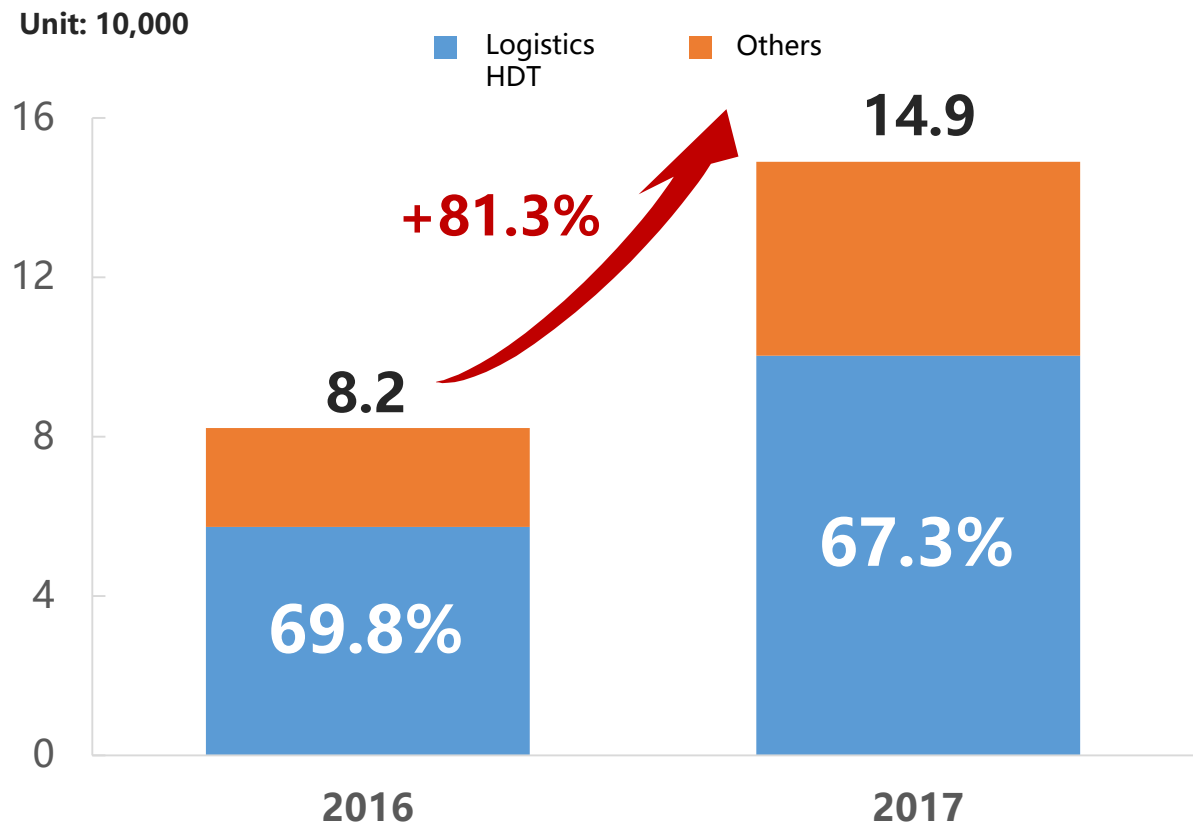


Market share of main HDT producers in 2010 and 2017



Resource : China Association of Automobile Manufacturers

Sales breakdown of Shacman in 2016 and 2017



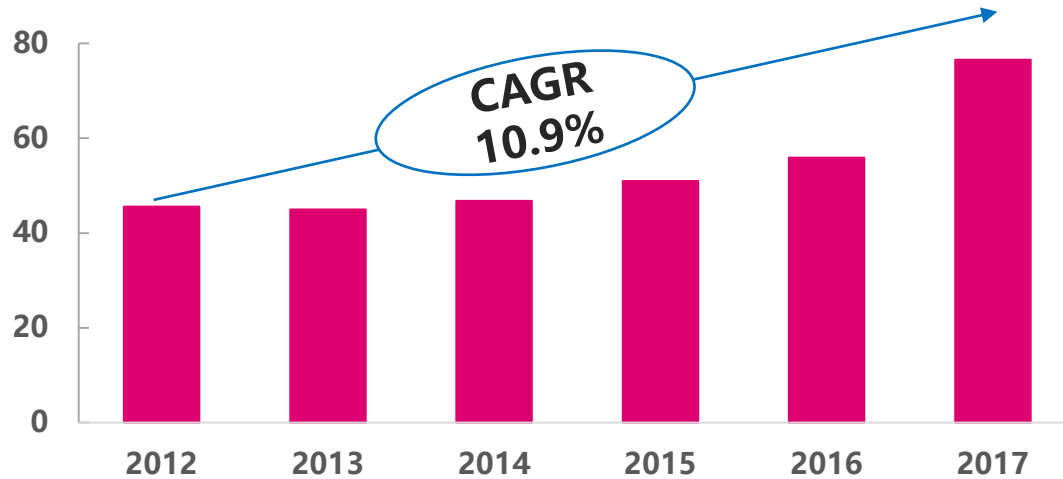
■ In recent years, Shacman has the largest increase in market share, and HDT competitiveness has increased significantly.

High Growth of Intelligent Logistics

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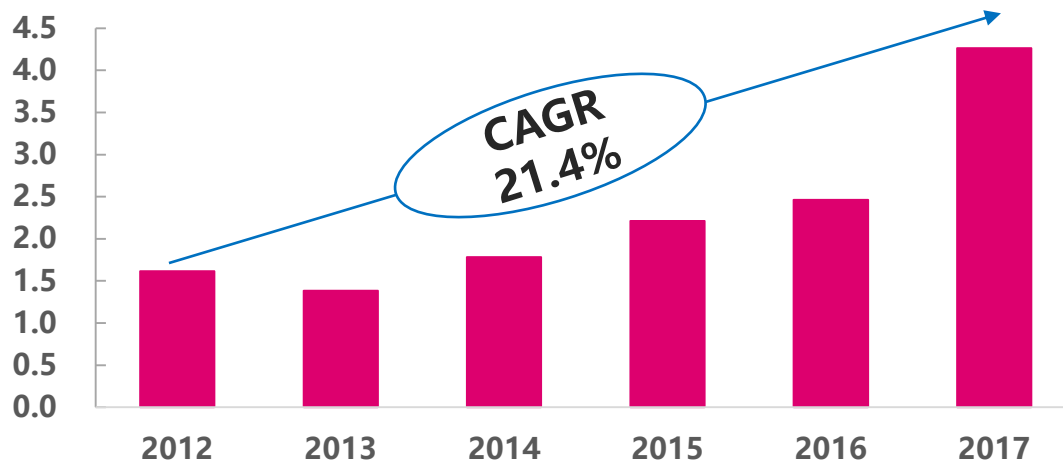
KION's revenue from 2012 to 2017

Unit: 100 mil euro

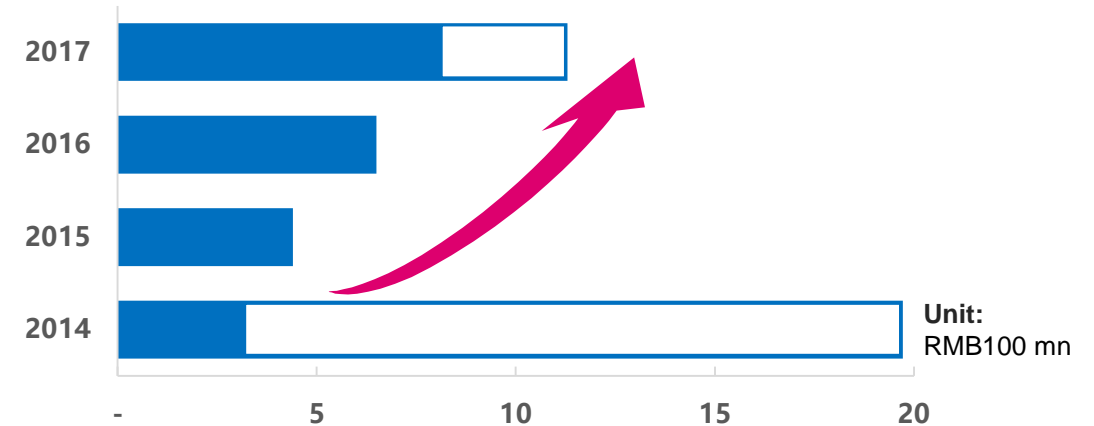


KION's net profit from 2012 to 2017

Unit: 100 mil euro



KION's contribution to Weichai's net profit✖



A global leader in the industry

KION
GROUP

1,300,000 forklifts

&

DEMATIC

More than 6,000 automatic logistics customers

- **Unique and complete:** The only one-stop intelligent logistics solution provider in the world
- **Reliable and stable:** Independently provide material handling hardware and integrated system software

Notes: KION was included in the consolidation in 2017. The re-appraisal of the former affiliated companies on the date of acquisition generated RMB1.62 billion of one-time gains.

The tax abatement of the United States in 2017 resulted in recalculation of the deferred income taxes generated from fair value apportionment in KION's acquisition of Dematic, and caused increase of income tax gains. Weichai registered RMB310 million of net profit attributable to the parent.

New Energy Business Layout Accelerated

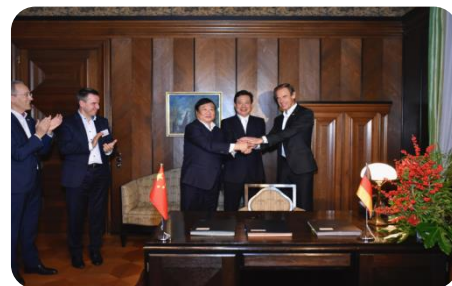
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1

November 19, 2017 Established a technology innovation center in Germany

- Focus on R&D of cutting-edge technologies
- Signed a cooperation agreement on joint development of a technology innovation center with AVL



2

November 21, 2017 Signed a framework agreement on the strategic partnership with Bosch

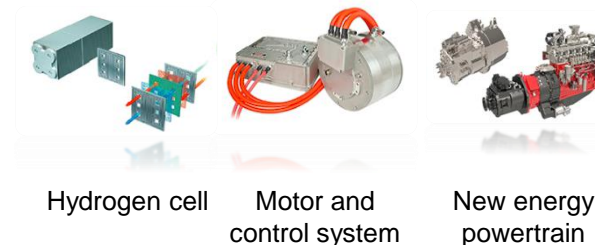
- To establish a fuel-cell-powered vehicle technology innovation chain and industry chain
- To build a digital demonstration plant



3

December 21, 2017 Signed a MoU on the strategic partnership with Westport

- To develop high-pressure HDI natural gas engines
- The thermal efficiency to rise to 42.5%



4

A major project of Shandong Province for transition to new driving force

- To establish Weichai New Energy Power Industrial Park to achieve the effect of industrial cluster and industry leader
- To bring the digital world to the enterprise and to accelerate the transformation towards intelligent, networked and digital enterprise

Hydraulic powertrains

- “Weichai Engine + Linde Hydraulics” powertrain provides integrated power solutions for construction machinery, agricultural equipment and other relevant industries;
- Supply pumps, motors, valves and other high-end high-pressure hydraulic products for domestic customers, breaking the monopoly of foreign companies.



System building of Linde Hydraulics (China)



- Linde Hydraulics (China) passed the certification of national high-tech enterprises
- It is responsible for the R&D, manufacturing and marketing in the APAC region, and has built up a variety of distribution channels. It taps the Indian market by using the Indian company of Shandong Heavy Industry Group as a platform.

Supplied to mainstream clients in batches

- In 2017, Linde Hydraulics (China) sales reached 12,400 units, up 104.3% YoY.
- The orders from four major clients, Shantui, XCMG, Zoomlion and SANY, contributed more than 50% of the total revenue.



山推工程机械股份有限公司
SHANTUI CONSTRUCTION MACHINERY CO., LTD.



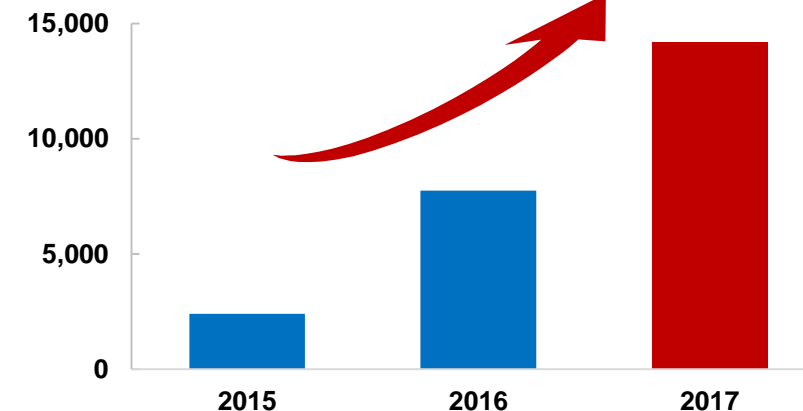
ZOOMLION



The revenue of Linde Hydraulics (China) doubled



Unit: RMB'0,000



Advance in Europe, America and Four Neighborhood Markets Altogether

WEICHAI

Markets along the Belt and Road Initiative



- A joint venture with MAZ was established in Belarus Sino-Belarus Industrial Park.

Local manufacturing

- Gearbox export volume rose 32.3% YoY; HDT export volume jumped 59.1% YoY.



General trade

Markets in the Western countries

- With the help of PSI's qualification, brand, sales channel and service networks, Weichai quickly entered the North American market.



International M&A

- Large-bore engines supported the urban passenger transport ships in New York City to expand international high-end market.

Four neighborhood markets

North Central Asia



Middle East and North Africa



Southeast Asia



South Asia



THANK YOU FOR YOUR ATTENTION