

Weichai Power 2019 Interim Results

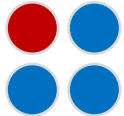
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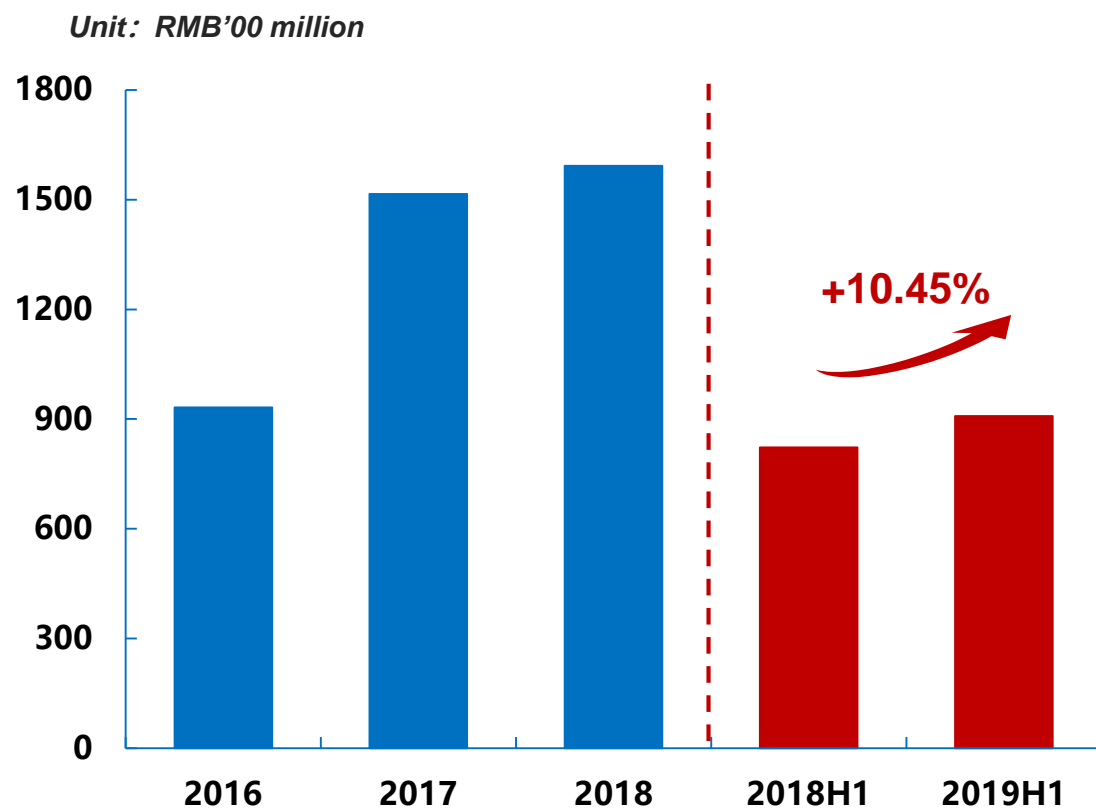
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-  **Business Review**
-  **Industry Review**
-  **Outlook and Strategies**

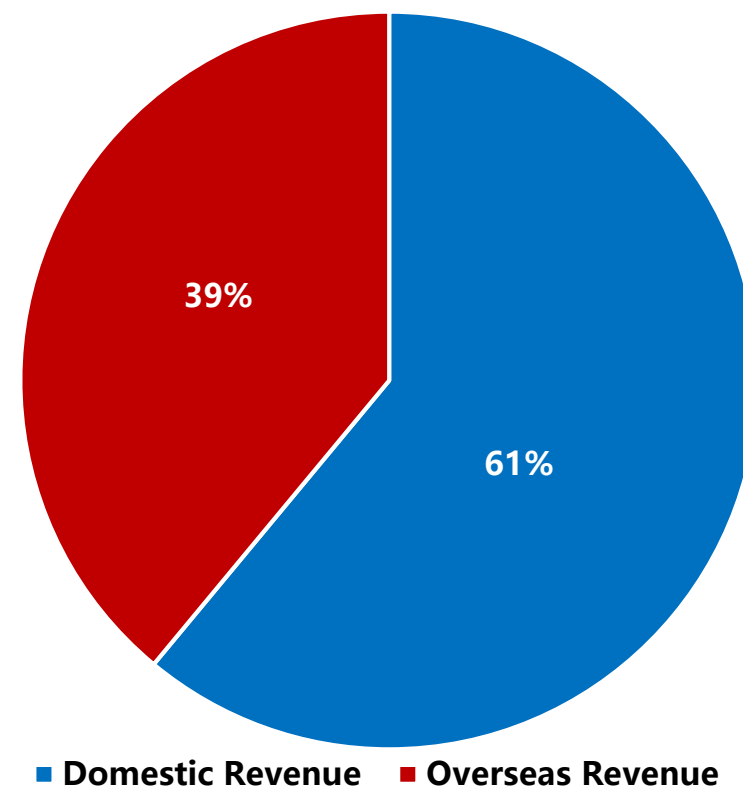


Consistent Revenue Growth

Sales Revenue

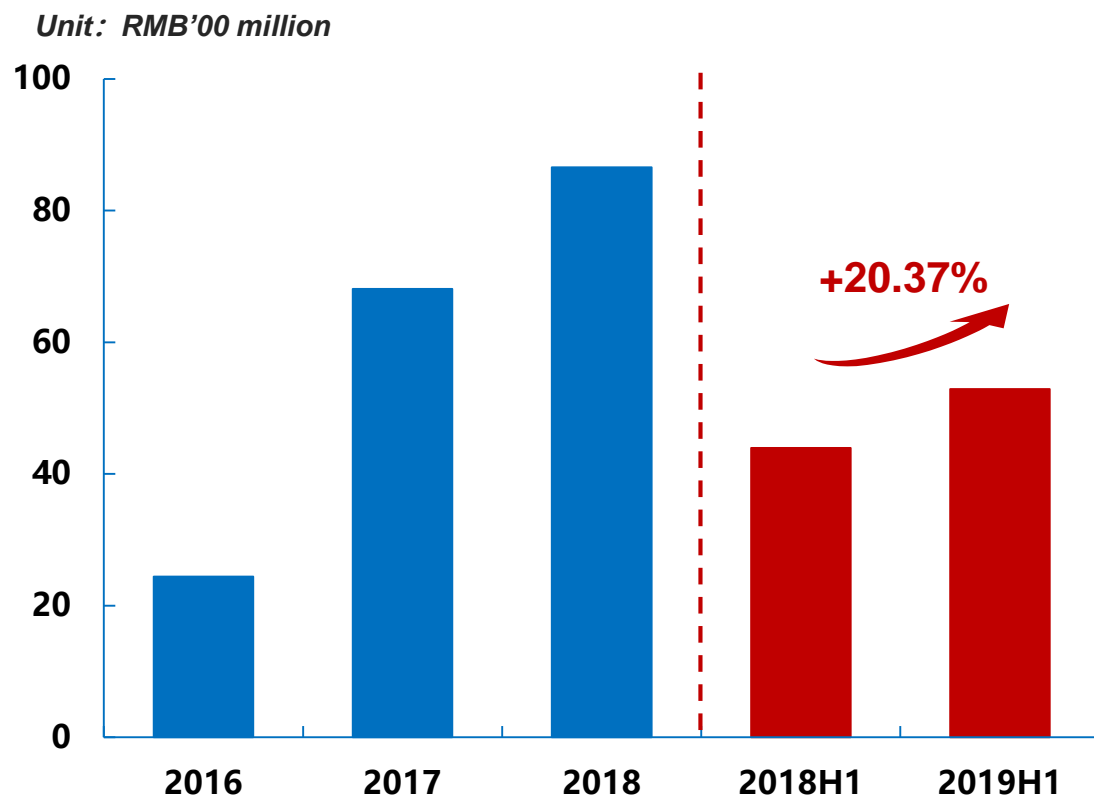


Revenue by Region in 2019H1

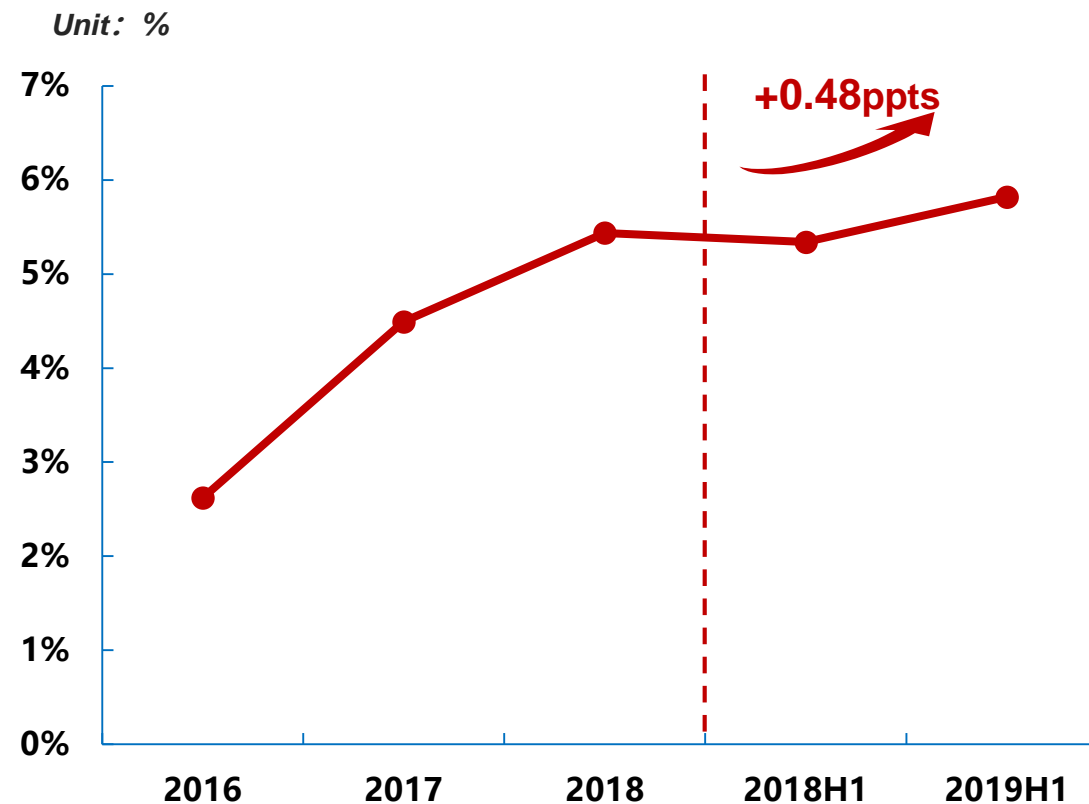


Continued to Improve Profitability

Net Profit Attributable to Shareholders of the Parent

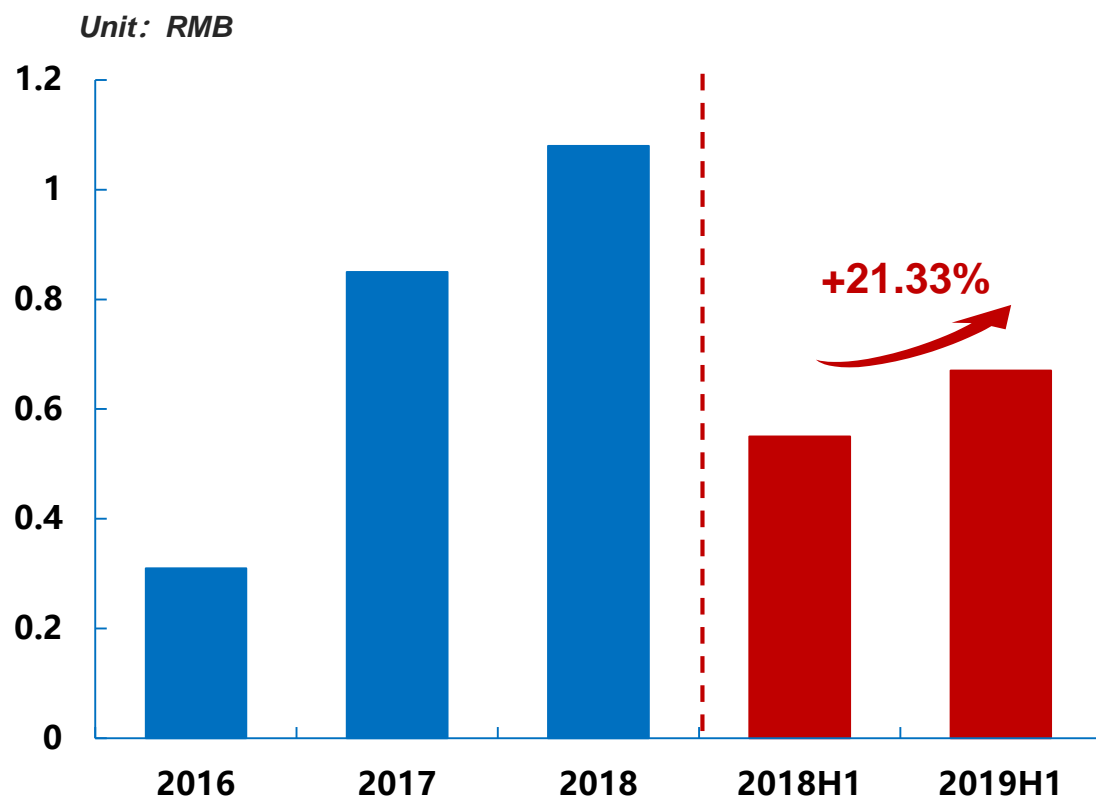


Net Profit Margin Attributable to Shareholders of the Parent

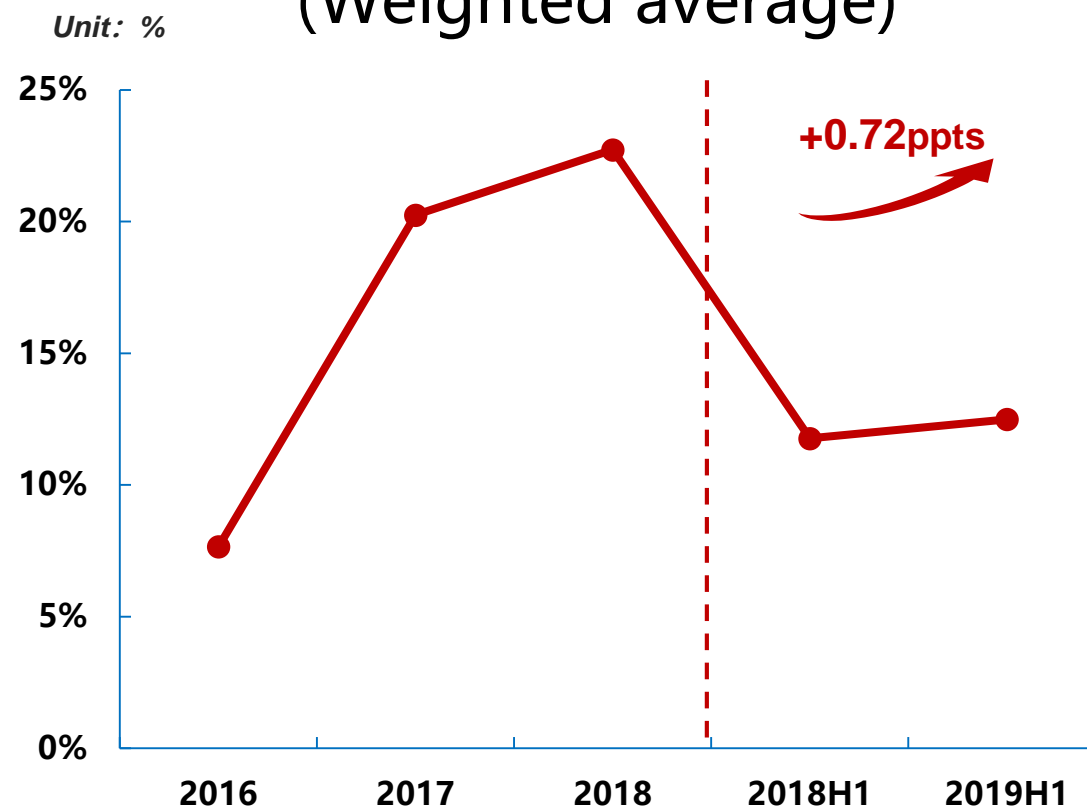


Continuous Creation of Shareholder Returns

EPS

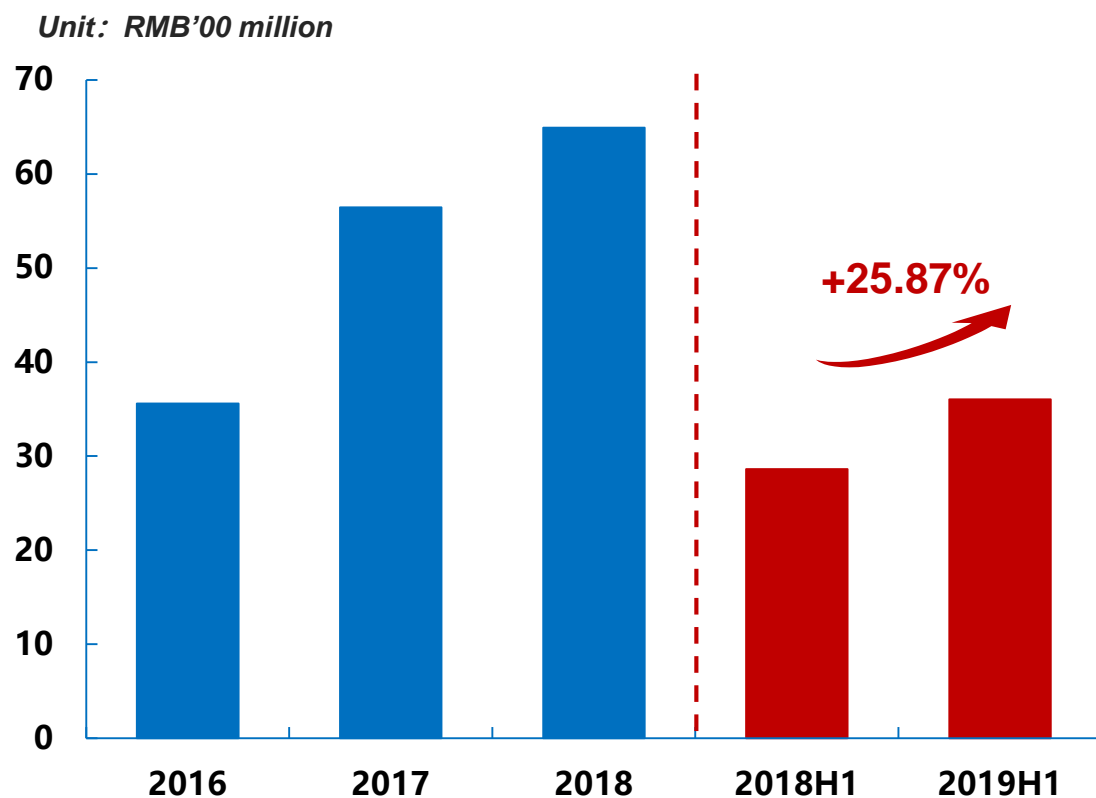


Return on Equity (Weighted average)

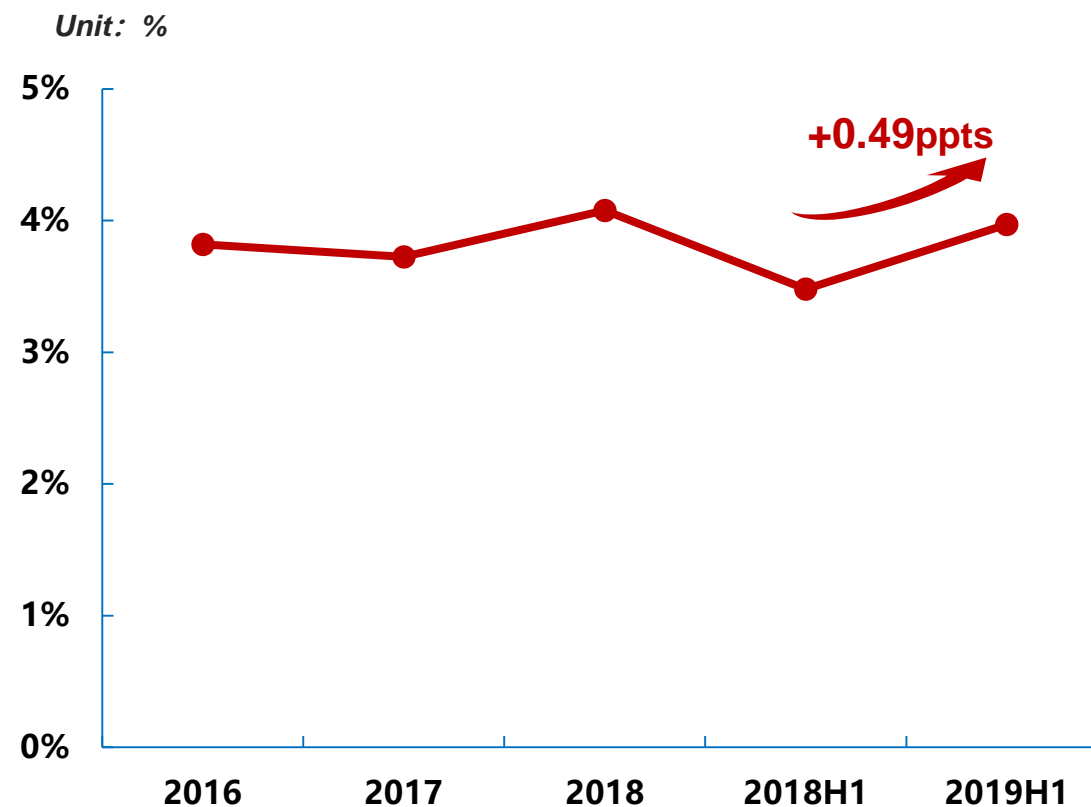


Continue to Increase Investment in R&D

Total R&D Spending



R&D Spending as % of Revenue

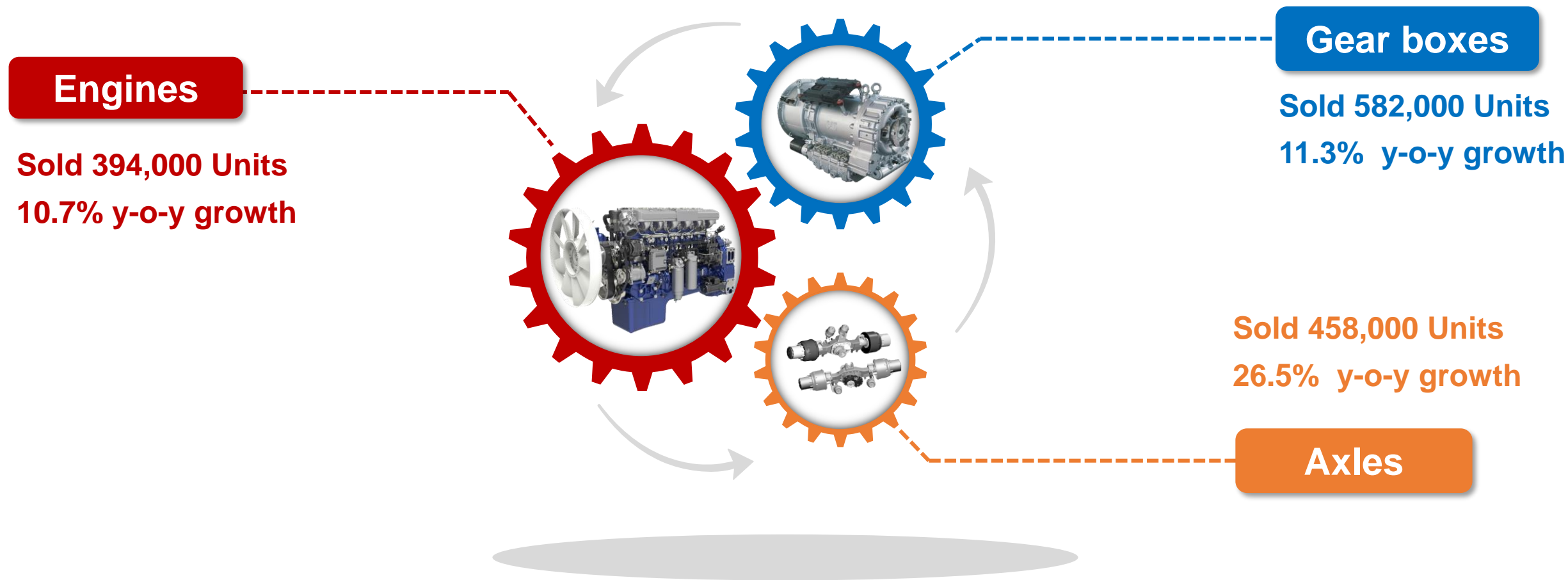


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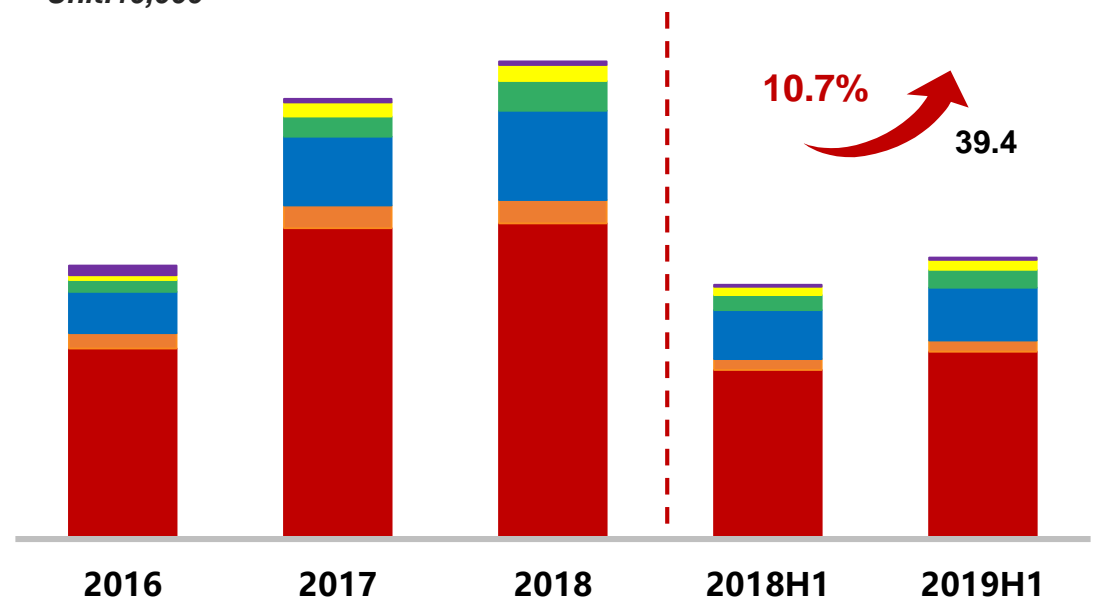
Prominent Powertrain Advantages



Engines—More Reasonable Product Structure

Engine Product Structure by Usage

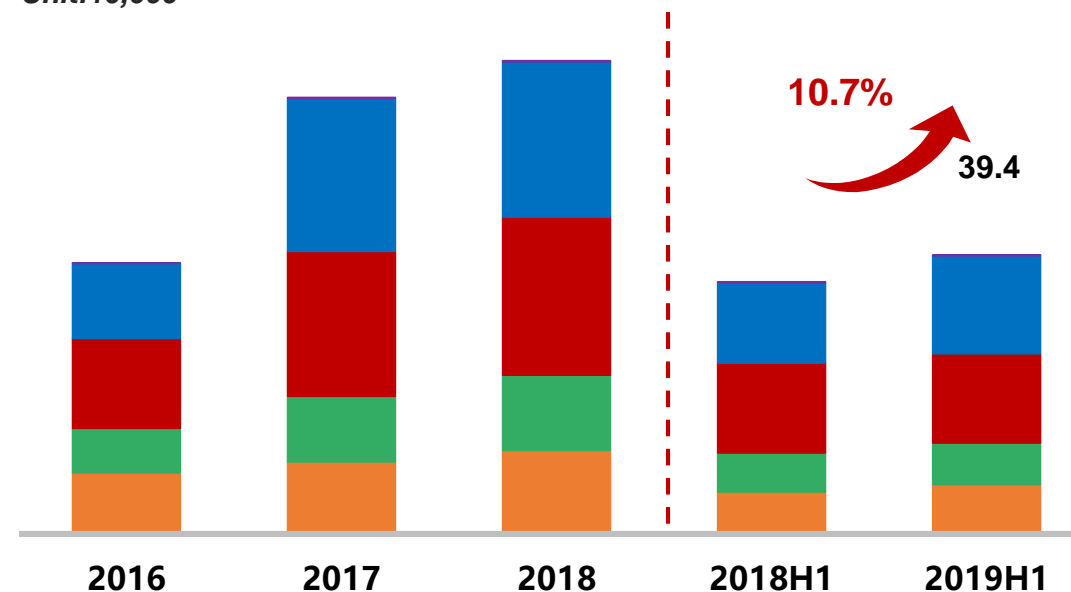
Unit:10,000



- **Heavy-duty truck engines:** sold 218,000 units, up 10.5% y-o-y; market share grew 3.9ppts y-o-y to 33.2%;
- **Non-road engines:** sold 116,000 units, up 11.9% y-o-y; accounted for 29.4%;
- **Natural gas engines:** sold 40,000 units, up 486.9% y-o-y.

Engine Product Structure by Displacement

Unit:10,000

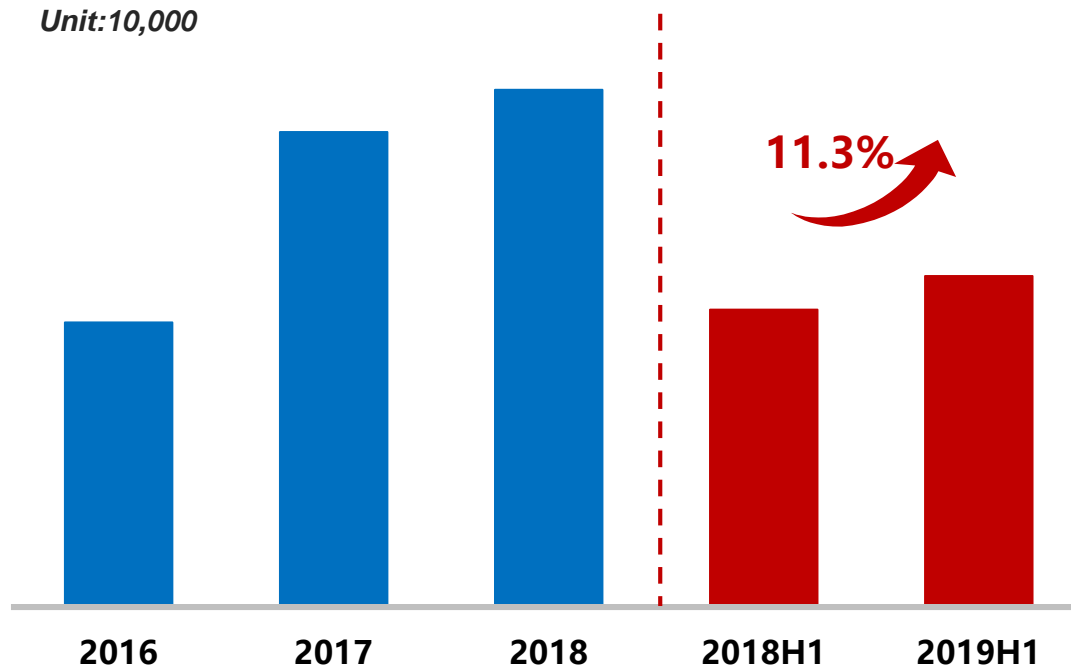


- **12/13L:** sold 138,000 units, up 21.6% y-o-y; accounted for 35.1%, an increase of 3.2ppts y-o-y ;
- **H-platform engines:** sold 41,000 units, up 35.8% y-o-y; the launch of 10.5H products further complete the series.

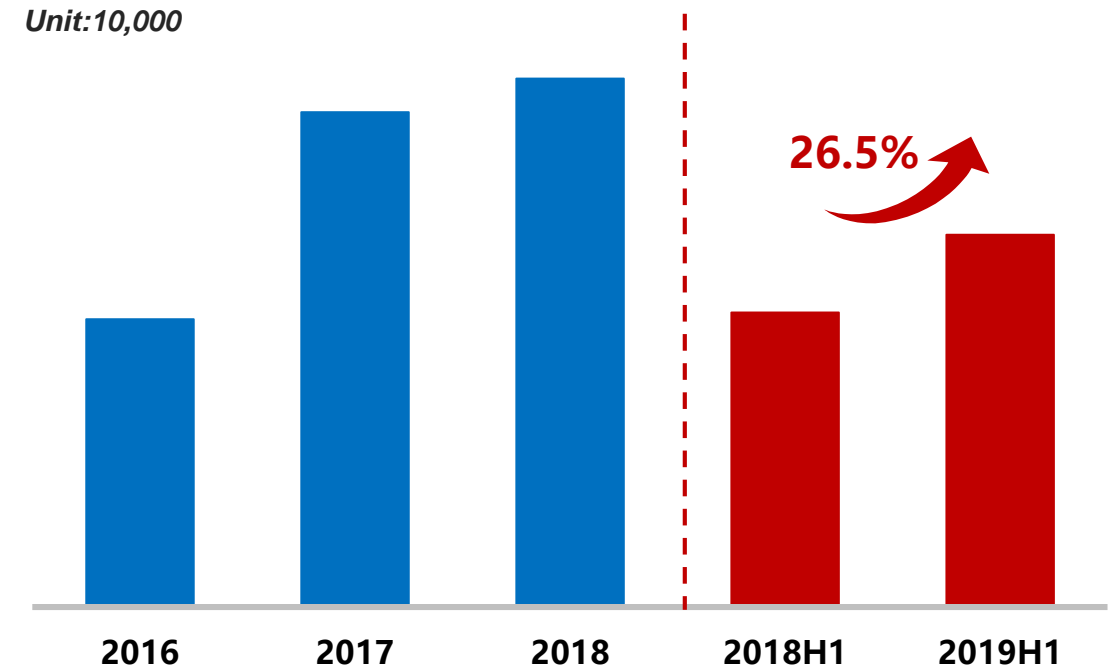
Gear Boxes & Axles—Notable Leadership Advantages



Sales of Gear boxes



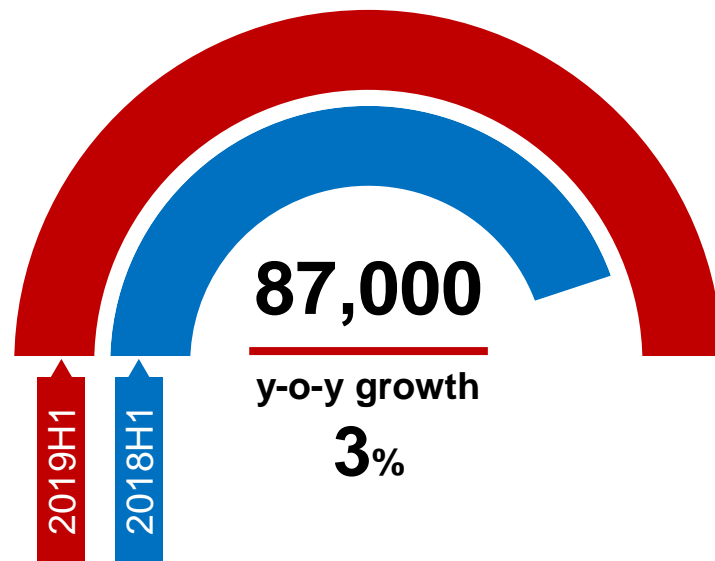
Sales of Axles



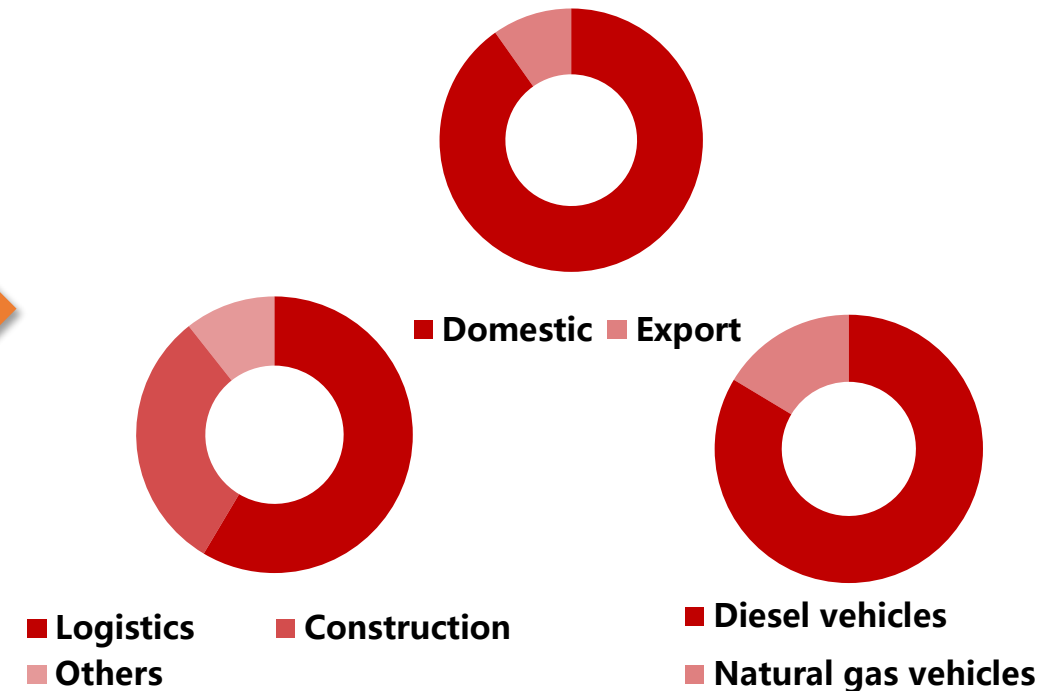
- **HDT Gear boxes:** sold 528,000 units, up 8.8% y-o-y; market share increased by 8.2ppts to 80.5%;
- **Other Gear boxes:** sold 54,000 units, up 42.7% y-o-y, accounting for 9.2% of total sales, an increase of 2.0ppts y-o-y;
- **Hydraulic Speed Reducers:** sold 10,000 units, up 70.6% y-o-y.

Heavy-Duty Trucks— Strengthened Competitiveness

Sales of Heavy-Duty Trucks



Sales Structure



- **Heavy-Duty Trucks:** sold 87,000 units, up 3.1% y-o-y; market share grew 0.7ppts y-o-y to 13.2%;
- **Other Highlights:** sold 8,000 units overseas, up 98.3% y-o-y; LNG HDT sold 14,000 units, up 149.8% y-o-y.

Intelligent Logistics—Continuous Growth

Industrial Trucks & Services



EBIT
(Adjusted)



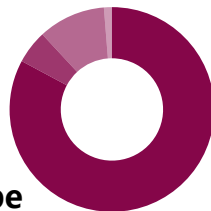
Revenue

Revenue by product



- New business
- Service business

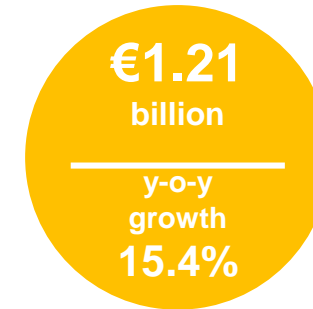
Revenue by region



- Europe
- Americas
- Asia Pacific
- Middle East & Africa



Supply Chain Solutions

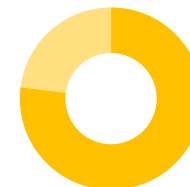


Revenue



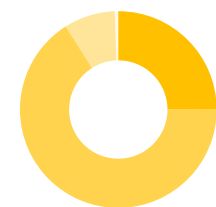
EBIT
(Adjusted)

Revenue by product



- Business solutions
- Service business

Revenue by region

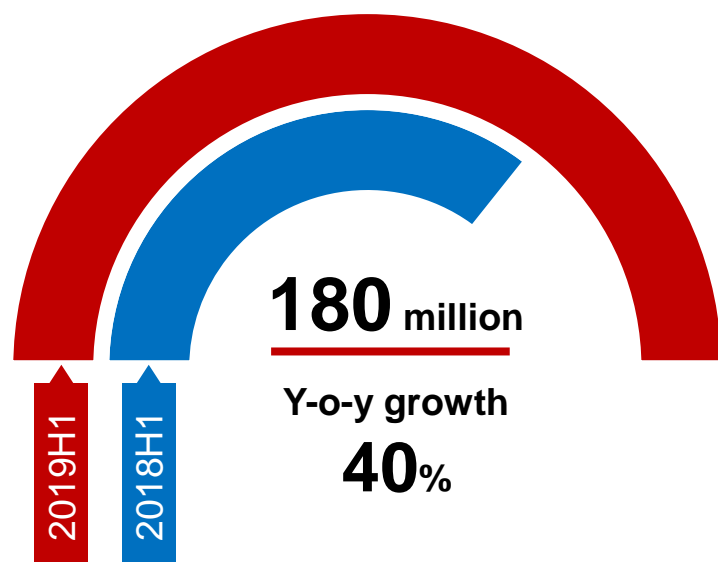


- Europe
- Americas
- Asia Pacific
- Middle East & Africa

Linde Hydraulics——Huge Growth Potential Ahead



Revenue of Linde Hydraulics (China) Linde Hydraulics (China) Key Market Segments



Revenue from Cranes
y-o-y growth **352%**



Revenue from Oil & Gas Equipment
y-o-y growth **472%**



Revenue from Agricultural Equipment
y-o-y growth **191%**



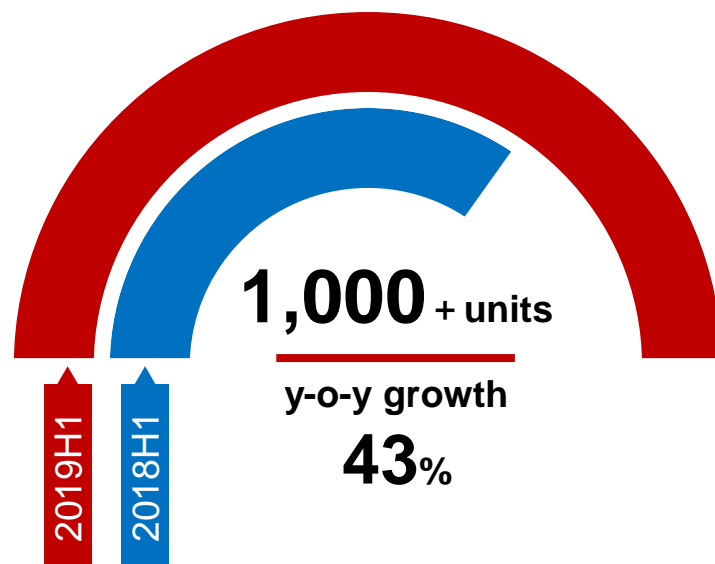
Revenue from Bulldozers
y-o-y growth **67%**

- In 2019H1, the revenue of Linde Hydraulics(China) was RMB 180 million, up 40% y-o-y;
- Accelerate localization, realizing the sale of hydraulic components to Germany; Beginning of new industrial park relocation will substantially increase production capacity and shorten delivery cycle;
- To build the "Weichai Engine + Linde Hydraulics" powertrain, which has been promoted and applied in bulldozers, road rollers, harvesting machinery, etc.;
- Established Hydraulic Transmission Research Institute to further enhance localization research and development capabilities.

New Business—Underpins Future Growth

The company actively develops strategic emerging businesses such as large-bore engines and new energy and increases investment in research and development. Construction of the new plant is well underway and is expected to be completed later this year to lay a foundation for stronger production capacity.

Baudouin (Weifang)



- 2019H1: sold over 1,000 units, up 43% y-o-y.

New Energy



- Buses powered by Weichai's hydrogen-fueled cell engines are being operated in Weifang and nearby areas.

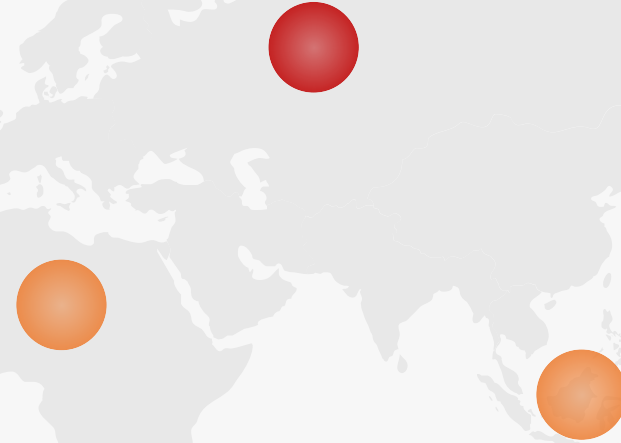
Step Up Overseas Market Expansion



Made a significant move to develop the Russian market by establishing a joint venture with Russia Kamaz Co., Ltd. to collaborate in the field of large bore engines.



Worked intensively on the “Belt and Road” initiative by setting up exhibition halls in Indonesia, Vietnam, the Philippines, Turkey, Algeria, etc, to strengthen brand presence and influence.



Technology Setting New Sector Standards

Won the First Prize of National Science and Technology Progress Award

- Won the first prize of National Science and Technology Progress Award with the "Key Technologies and Application Projects for Heavy Commercial Vehicle Powertrains";
- The project employs internationally advanced technology, with the variable slope pedal control technology of the powertrain at world leading level.



Further EPA Accreditations

- Achieved 6 Environmental Protection Agency's ("EPA") accreditations covering road use, non-road use engines of 5-50L
- Instrumental to accelerating the development in North American market.

Develop agricultural machinery CVT Powertrain

- Completed the assembly test of the first tractor CVT equipped with "Linde Hydraulics + Weichai" powertrain;
- Being the first mover in advanced agricultural equipment CVT market in China, fostering the industry towards technological advancement.

China-VI series products launched

- Dump trucks equipped with China-VI series model WP12 engines were launched in Beijing;
- Trucks equipped with China-VI series model N engines were launched in Shenzhen.

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Infrastructure and real estate construction continue to boom

- In 2019H1, fixed asset investment grew steadily, with private investment growth stabilising and picking up; investments in infrastructure and people's livelihood grew steadily, and new kinetic energy investments such as manufacturing transformation and upgrading investment and advanced technology continued to develop;
- In 2019H1, infrastructure and real estate investments grew 4.1% and 10.9% respectively y-o-y . Infrastructure construction continues to be booming.



Increasingly stringent emission standards

- On 27 June, 2018, the State Council issued a document requesting key regions, the Pearl River Delta region, and Chengdu-Chongqing region to implement the China-VI emission standards in advance, and promote the early phase-out of diesel trucks operating in the China-III and lower emission standards;
- From 1 January 2019, the China-VI emission standards applies to vehicle gasoline and diesel;
- From 1 July 2019, the China-VI emission standards apply to heavy-duty gas vehicles;
- Beijing, Sichuan, Shaanxi and other provinces and cities stipulate that from 1 July 2019, heavy-duty urban vehicles will apply the China-VI emission standards.

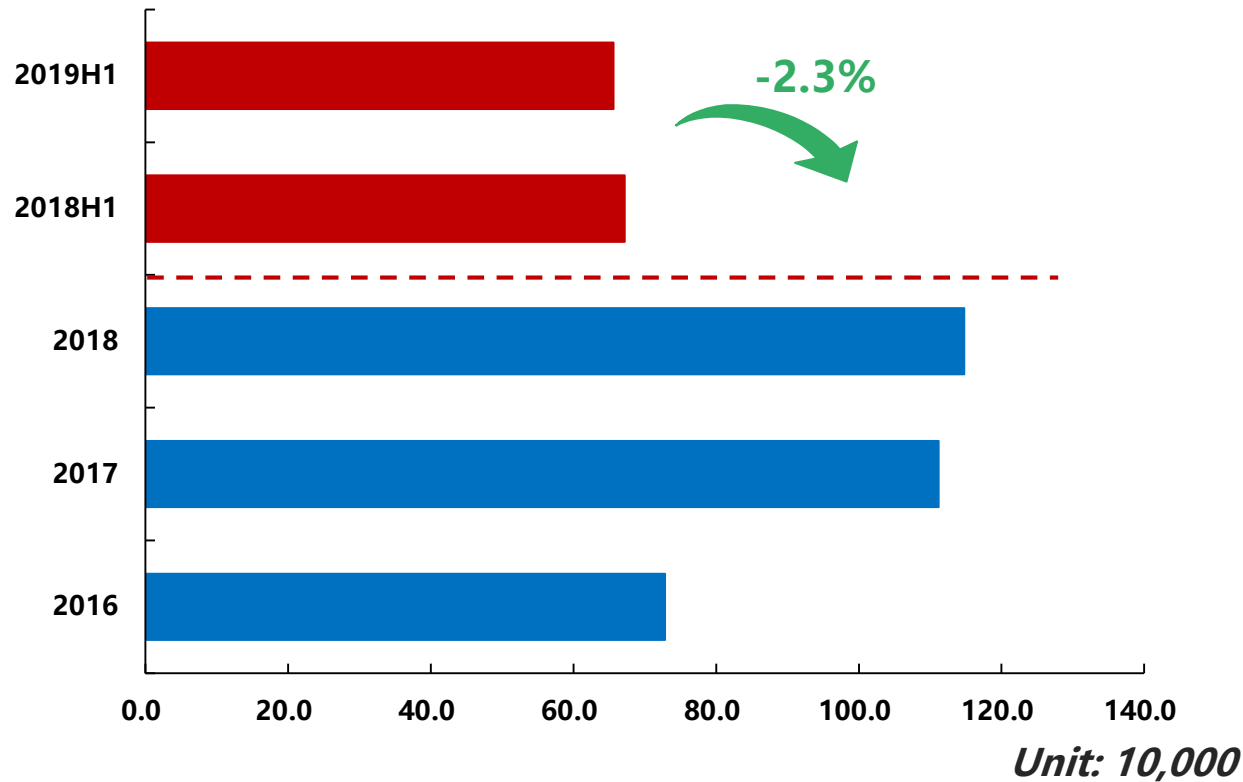


Business environment deteriorates and exports are under pressure

- Affected by US unilateralism and trade protectionism, Sino-US trade frictions have intensified and the international trade environment has deteriorated;
- In 2019H1, China's import and export totaled RMB8.8 trillion, growing 5.5% y-o-y. Import and export of major trading partners such as the EU, ASEAN and Japan increased, but total value of imports and exports to the United States dropped 9% y-o-y to RMB1.8 trillion.

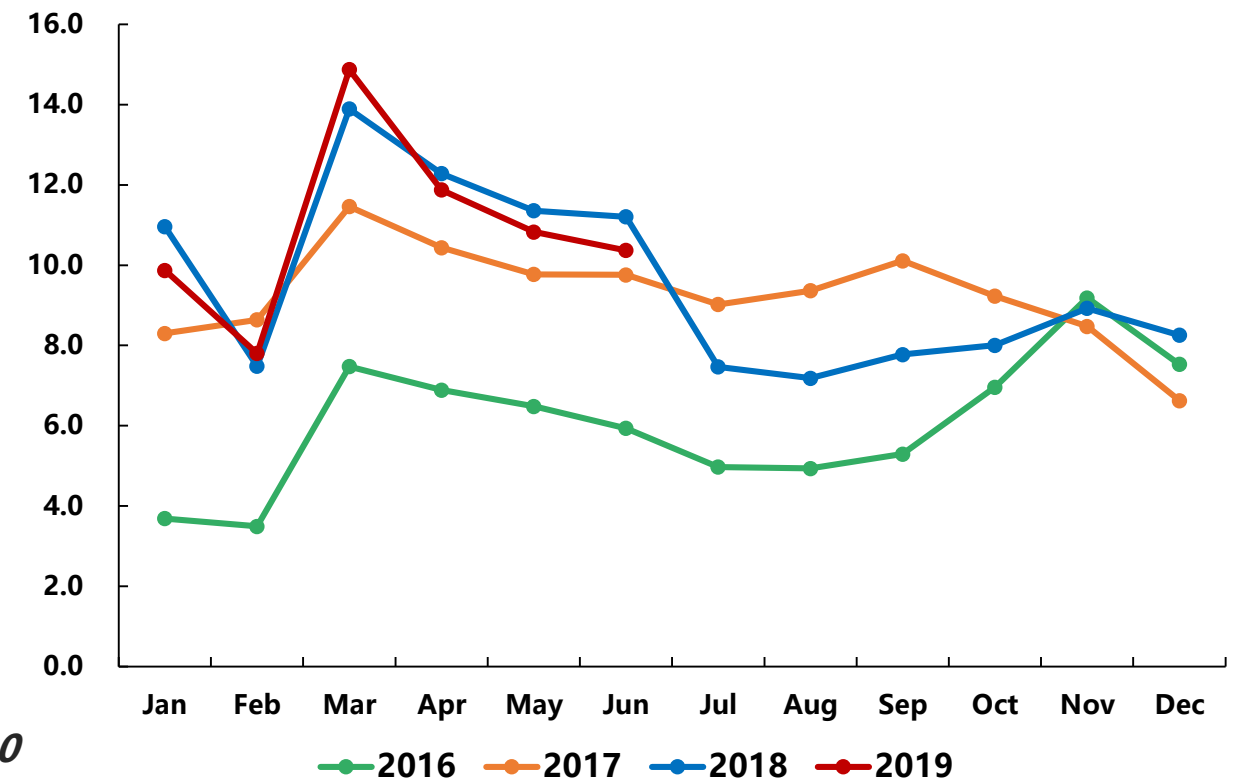
HDT Industry - Remained Promising

HDT Industry – Yearly Sales Trend



HDT Industry - Monthly Sales Trend

Unit: 10,000

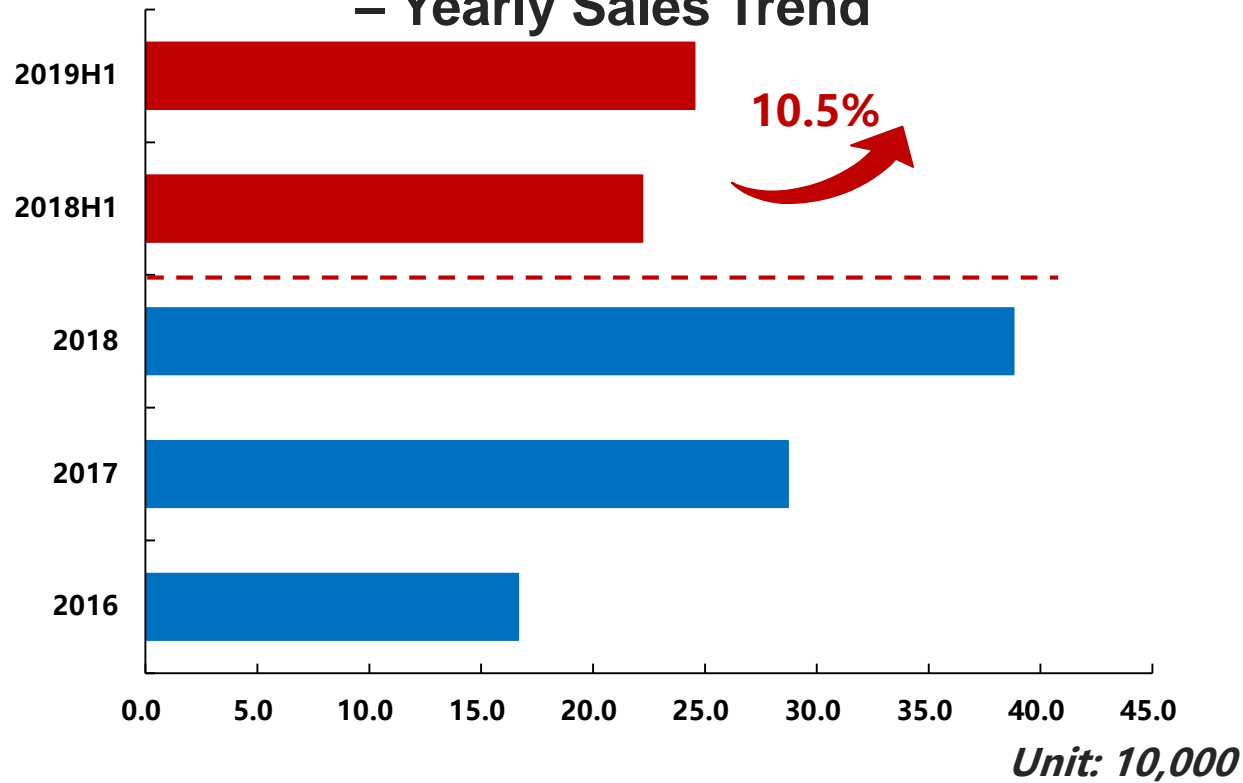


Data Source: China Association of Automobile Manufacturers

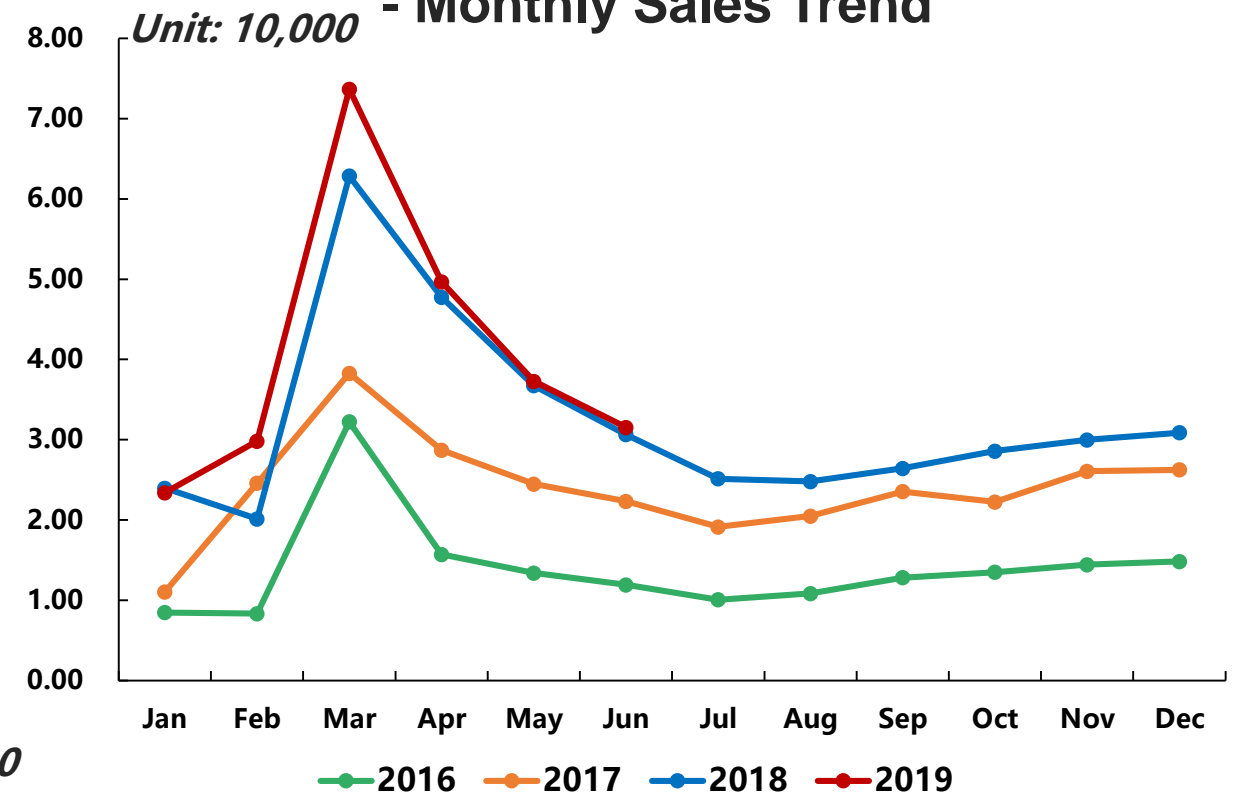
- Growth of domestic logistics and transportation as well as infrastructure and real estate construction continued to underpin the HDT industry;
- However, in 2019H1, China's heavy-duty truck industry recorded sales of 656,000 units, a decrease of 2.3% y-o-y.

Construction Machinery Industry—Scaled New Heights **WEICHAI** 潍柴

Construction Machinery Industry – Yearly Sales Trend



Construction Machinery Industry - Monthly Sales Trend



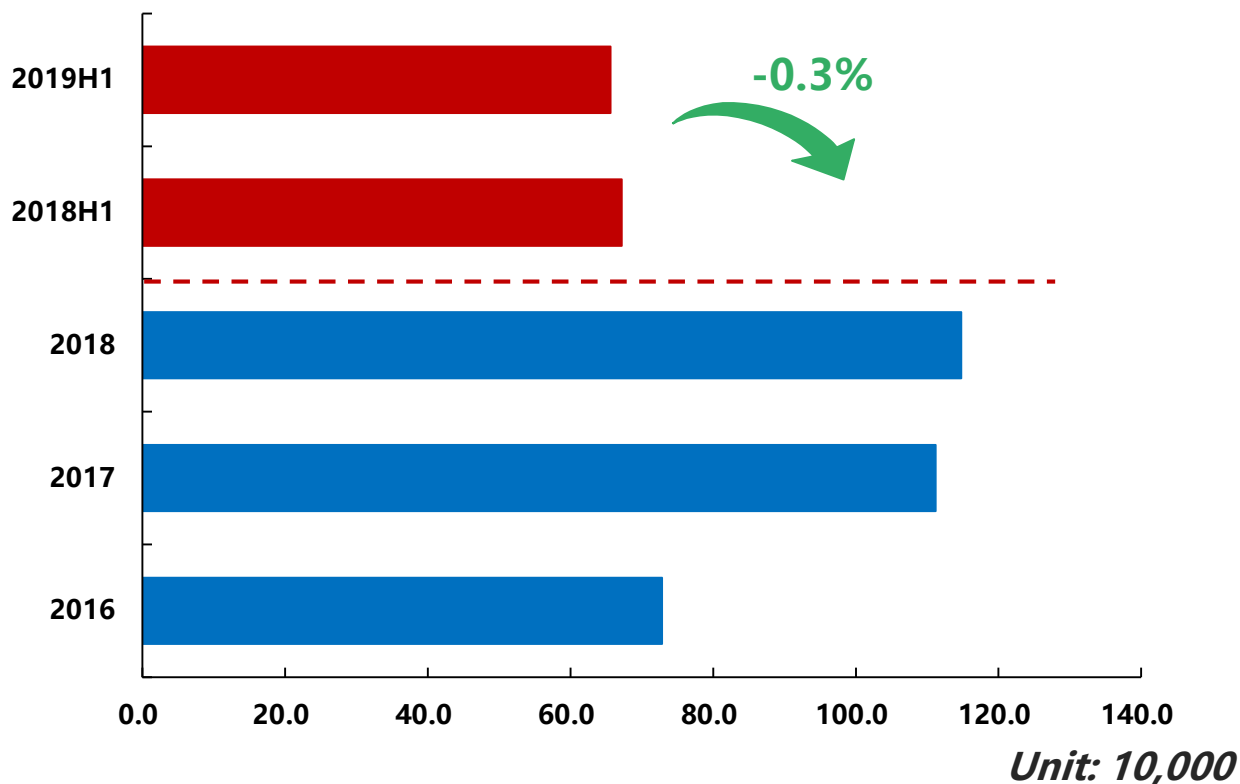
Data Source: China Construction Machinery Industry Association

- Sales in the construction machinery industry continued to grow on the back of remarkable growth in investment in infrastructure and real estate construction;
- In 2019H1, China's construction machinery industry recorded sales of 245,000 units, a y-o-y increase of 10.5%.

Note: Industry data includes crawler cranes, graders, truck cranes, bulldozers, excavators, loaders

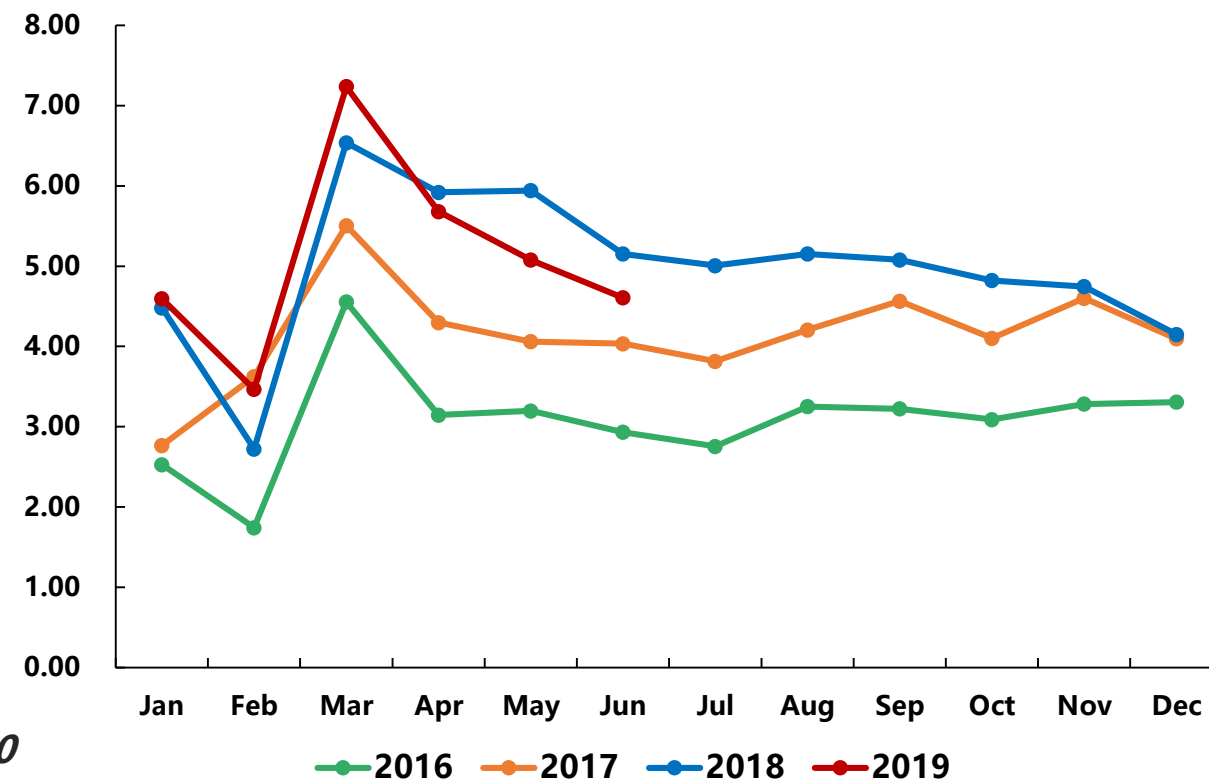
Forklift Truck Industry- Remained Steady

Forklift Truck Industry – Yearly Sales Trend



Forklift Truck Industry – Monthly Sales Trend

Unit: 10,000



Data Source: China Construction Machinery Industry Association Industrial Vehicles Branch

- Overall performance of the industry declined as international trade environment deteriorated despite an improving domestic market underpinned by the rapid development of e-commerce logistics;
- In 2019H1, China's forklift truck industry recorded sales of 307,000 units, a decrease of 0.3% y-o-y.

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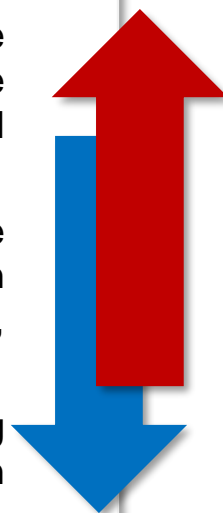
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Global Economy—— Momentum Remains Weak

- The global economy will face more uncertain risks due to rising international unilateralism and trade protectionism, Brexit progress uncertainty and regional tensions;
- The US economic growth has slowed noticeably while the manufacturing PMI in European countries has been below the glory line for many consecutive months, approaching the level of the European debt crisis;
- Production and investment indicators in emerging economies are generally weak, but economic growth in developing countries are expected to be around 5%, providing strong support for global economic growth;
- **Overall, the global economy is under downward pressure, and annual economic growth is estimated to be around 3.2%.**



China's Economy—— Quality Growth Continues

- The Chinese economy is expected to remain steady and sound on the back of a series of countercyclical adjustment policies such as “Six Stability”. The structural reform of the supply side has accelerated and deepened, and the transformation of new and old kinetic energy has been continuously fostered;
- China's manufacturing PMI fluctuated around 50% for several consecutive months;
- The global trading environment continues to deteriorate with greater barriers for import and export. However, the “Belt and Road” initiative continues to advance and is expected to offer room for export growth;
- **Overall, the Chinese economy is highly resilient and will continue with quality development. It is expected that the annual GDP will remain at approx. 6.2%.**

HDT Industry

- The tightening of HDT emission standards is a significant measure to air pollution control. It is expected that more provincial and municipal governments will implement the China-VI emission standards in advance, and impose more restrictions to China-III vehicles and phase-out subsidies;
- China's economy is resilient as indicated by the strong demand for HDT as well as the sector's stable and healthy growth.

Construction Machinery Industry

- Sales of construction machinery will be well supported as infrastructure and real estate construction investment maintained a satisfactory growth rate;
- The Ministry of Ecology and Environment indicated an accelerated licensing process for construction machinery industry and more stringent standards for non-road-going mobile machinery emission will lead to demand for renewals;
- The "Belt and Road" initiative will continue to accelerate overseas expansion of construction machinery.

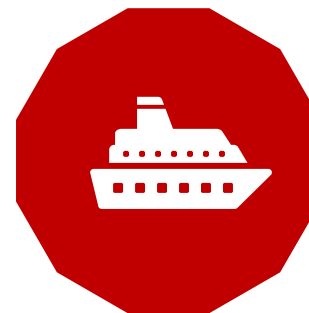
Smart Logistics Industry

- Forklift truck industry, in particular, the sales of electrical forklift trucks, will be affected negatively due to shrinking export of China subsequent to deteriorating international trade environment;
- In the long run, AI and automation will remain the trends in warehousing and logistics where manual process will be replaced by forklift trucks and automated driving, and the replacement of internal combustion engines by new energy sources will effectively stimulate the industry demand.

Growth Strategies for 2019H2

Customer-oriented:

Give full play to product portfolio advantages from all sectors, adjust strategies when needed, and strive to exceed 2019 sales targets.



Digital Transformation:

Continue to enhance intelligent manufacturing, and strategize for the applications of big data, smart vehicle, and Internet of Vehicles.

Key Technology Advancement:

Establish a mechanism for innovation led by “Autonomous Innovation + Open Innovation + Craftsmanship + Basic Research”.

The “Belt and Road” initiative:

Promote localized manufacturing and export, enhance global brand image, and expand into overseas markets .

Thanks

