

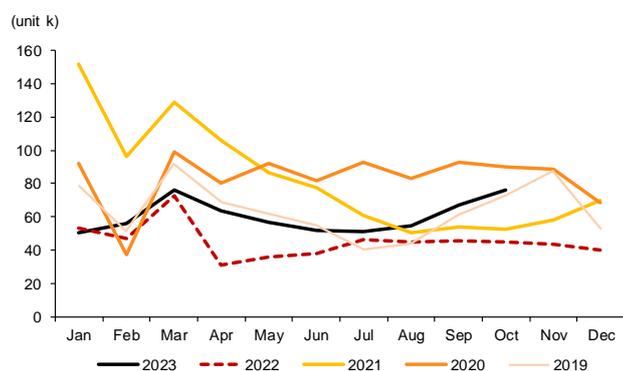
China Heavy Duty Truck

Weichai's multi-cylinder engine sales +71% YoY in Oct; Market share gain continues

According to CICEIA, **Weichai Power (2338 HK/000338 CH, BUY)** delivered 71% YoY growth of multi-cylinder diesel engine sales volume in Oct, the highest growth rate since Apr. The growth is also higher than the industry sales volume growth of multi-cylinder engine for commercial vehicles (+52% YoY). Based on our calculation, Weichai's market share in multi-cylinder diesel engine reached 22.1% in Oct, up from 19.3% in Sep and 16.1% in Oct 2022. The strong engine data, together with the HDT sales growth of 66% YoY reported earlier, reaffirm our conviction on Weichai's buy call.

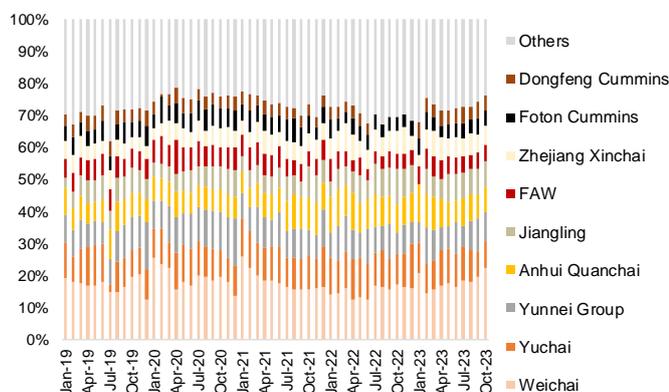
- Industry sales of multi-cylinder diesel engine +24% YoY to 345k units in Oct.** Of this, engines for commercial vehicles surged +52% YoY to 195k units, engines for construction machinery grew 8% YoY to 69k units, and engines for other applications dropped 5% YoY to 81k units. In 10M23, total multi-cylinder diesel engine sales grew 8% YoY to 3.4mn units (commercial vehicles +17% YoY; construction machinery +2.8% YoY).

Weichai's multi-cylinder engine monthly sales volume



Source: CICEIA, CMBIGM

China multi-cylinder engine monthly market share



Source: CICEIA, CMBIGM

OUTPERFORM
(Maintain)

China Capital Goods

Wayne Fung, CFA

(852) 3900 0826

waynefung@cmbi.com.hk

Katherine Ng

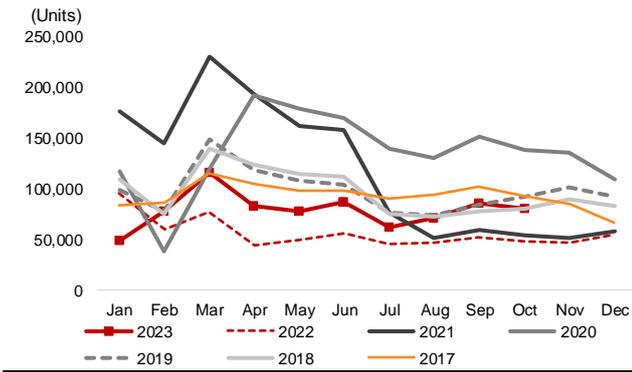
(852) 3761 8725

katherineng@cmbi.com.hk

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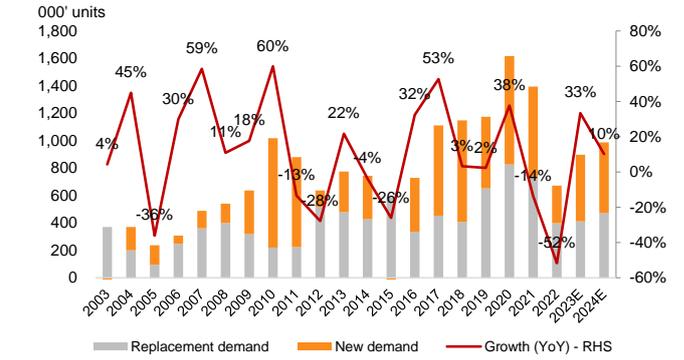
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Figure 1: China HDT monthly sales



Source: Cvworl, CMBIGM
Note: China's domestic sales + export

Figure 2: CMBIGM HDT sales projection



Source: Cvworl, Wind, CMBIGM estimates
Note: China's domestic sales + export

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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