

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): May 16, 2019

Power Solutions International, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35944
(Commission
File Number)

33-0963637
(IRS Employer
Identification No.)

201 Mittel Drive, Wood Dale, Illinois 60191
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (630) 350-9400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	—	—

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On May 16, 2019, Power Solutions International, Inc. (the “Company”) issued a press release announcing preliminary unaudited financial results for 2018 and the filing of restated and delinquent audited financial statements for the fiscal years 2014 through 2017, as well as specified quarterly financial information. The Company will make available on its website a corporate overview presentation containing business, market and financial information.

In accordance with General Instruction B.2. of Form 8-K, the information contained under Item 2.02 in this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and will not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Press Release of Power Solutions International, Inc., dated May 16, 2019.</u>
99.2	<u>Corporate Overview Presentation of Power Solutions International, Inc., dated May 16, 2019.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

POWER SOLUTIONS INTERNATIONAL, INC.

By: /s/ Charles F. Avery, Jr.
Charles F. Avery, Jr.
Chief Financial Officer

Dated: May 16, 2019



Power Solutions International, Inc.

201 Mittel Dr.
Wood Dale, IL 60191
www.psiengines.com

Power Solutions International Files 10-K for 2017 and Provides Preliminary Financial Results for 2018

2017 10-K Includes Audited Results for 2016 and 2017 and Restated Results for 2014 and 2015

Company Expects 2018 Financial Statements to be Filed by the End of the Third Quarter of 2019

WOOD DALE, Ill., May 16, 2019 — Power Solutions International, Inc. (“the Company”) (OTC Pink: PSIX), a leader in the design, engineering and manufacture of emissions-certified, alternative-fuel power systems, announced that it has filed its Annual Report on Form 10-K for the year ended December 31, 2017 with the U.S. Securities and Exchange Commission (“SEC”). The filing includes audited financial statements for the fiscal years ended December 31, 2016 and December 31, 2017, as well as quarterly financial results for quarters within those years, and restated financial statements for the fiscal years ended December 31, 2014 and December 31, 2015, and the quarter ended March 31, 2016.

In August 2016, the Company disclosed an internal review of certain accounting matters. Since that time, management and the Audit Committee of the Board, along with the assistance of outside advisors, have been working diligently to identify and undertake meaningful changes to remedy deficient operational and accounting controls and are working to become current with the Company’s financial reporting requirements. The filing of the 2017 Form 10-K is a significant step forward in that process.

Anticipated Timing for 2018 and 2019 Filings

The Company plans to file its Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2018, and its Form 10-K for the period ended December 31, 2018, by the end of the third quarter of 2019. In addition to these filings, the Company is working to become current with its 2019 filings. When the Company is current with all of its filings, it will seek to relist its common stock on a national exchange and expects to host an investor conference call to discuss its results and outlook.

Preliminary Unaudited Financial Results for 2018

The Company's sales for the full year 2018 are estimated to be approximately \$500 million, an increase of approximately 20 percent compared to 2017. An associated improvement in gross profit and gross margin is also anticipated; however, the positive impact of the increased gross profit on operating income is anticipated to be more than offset by significant increases in operating expenses, largely the result of increased selling, general and administrative expenses principally due to higher restatement related costs, and higher research, development and engineering expenses for product development activities in support of the Company's long-term growth objectives. The aforementioned financial data is preliminary and is subject to potential changes as a result of the finalization of the audit.

At the end of 2018, the Company's total debt was approximately \$110 million, which compares to approximately \$107 million as of September 30, 2018.

Management Comments

John Miller, chief executive officer, commented, "With the filing of the restatement and our financial results through 2017, the focus of our finance and accounting team shifts towards the completion of our remaining outstanding filings and becoming current with our filing requirements for 2019. At that time, we plan to seek a listing of our common stock on a national exchange. We have made numerous improvements across the organization to enhance and improve our internal controls over the past several years and are confident we have the right team and processes in place to complete the work necessary to become current. Additionally, over the next few months, in concert with Weichai, our strategic investor and collaboration partner, we will be exploring opportunities to refinance our debt."

Miller added, "We appreciate the patience and support that we've received from our employees, customers, shareholders, lenders and other stakeholders during a challenging period for the Company. While the restatement process and related costs significantly impacted profitability, our business experienced positive momentum in 2017 and 2018. We recognize that a lot of work remains in order to return our business to appropriate levels of profitability but we are confident we are on the right path."

"We have initiated a comprehensive set of business objectives aimed at improving our profitability, streamlining processes, and strengthening our business, while simultaneously focusing on achieving growth in higher return product lines. We are conducting a thorough review of our customer and product portfolio which has already resulted in strategic price increases in certain areas of our business, along with product redesign and the re-sourcing of certain components, to support improved margins. This program is a multi-year effort, and will entail a strategic assessment of certain areas where profitability does not meet our established thresholds. We have also initiated programs to improve both our manufacturing and working capital efficiency."

"In addition to driving improved margins through pricing and business mix, we are focused on streamlining our business through the implementation of a program to review and identify cost reductions throughout the organization. At the same time, we are working to optimize our business systems and technology to support the remediation of internal controls, improve our

processes, drive greater operational efficiencies and provide us with better and timelier decision making across the organization. These improvements, which entail the reimplementing of our ERP system, will be critical as we strive to grow our business in the future.”

“Lastly, our plan focuses on growing the business in those areas where we can drive the highest return on investment. Accordingly, we have invested heavily in the recruitment of key management, sales and operations staff to support the development and sales of higher margin, heavy-duty engines that serve the energy and industrial markets. Our highly accomplished team is intent on expanding our range of customers, particularly in the datacenter, healthcare and demand response markets, while growing business with existing PSI customers through the marketing of the Company’s expanding product portfolio and the utilization of our customized engineering capabilities. Notably, since the inception of our relationship with Weichai, we’ve obtained EPA approval for 32L and 40L gas models and have development and launch plans for a 53L gas model, as well as diesels in the future. Through the addition of these and other engines, we believe that the addressable market for our products in the power generation space expands to \$3 to \$4 billion dollars by 2023, compared to less than \$1 billion in 2018.”

Miller concluded, “As we look to the future, we believe that we are well-positioned to deliver long-term shareholder value through the execution of our business objectives and our ability to capitalize on the numerous favorable market trends, such as the shift from diesel to alternatives. Through the adoption of our strategy, we believe that we can create a more sustainable and profitable organization.”

About Power Solutions International, Inc.

Power Solutions International, Inc. (PSI or the Company) is a leader in the design, engineering and manufacture of emissions-certified, alternative-fuel power systems. PSI provides integrated turnkey solutions to leading global original equipment manufacturers in the industrial and on-road markets. The Company’s unique in-house design, prototyping, engineering and testing capacities allow PSI to customize clean, high-performance engines that run on a wide variety of fuels, including natural gas, propane, biogas, gasoline and diesel.

PSI develops and delivers powertrains purpose built for the Class 3 through Class 7 medium duty trucks and buses for the North American and Asian markets, which includes work trucks, school and transit buses, terminal tractors, and various other vocational vehicles. In addition, PSI develops and delivers complete industrial power systems that are used worldwide in stationary and mobile power generation applications supporting standby, prime, distributed generation, demand response, and co-generation power (CHP) applications; and mobile industrial applications that include forklifts, aerial lifts, industrial sweepers, aircraft ground support, arbor, agricultural and construction equipment. For more information on PSI, visit www.psiengines.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements regarding the current expectations of the Company about its prospects and opportunities. These forward-looking statements are entitled to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934. The Company has tried to identify these forward-looking statements by using words such as “anticipate,”

“believe,” “budgeted,” “contemplate,” “estimate,” “expect,” “forecast,” “guidance,” “may,” “outlook,” “plan,” “projection,” “should,” “target,” “will,” “would,” or similar expressions, but these words are not the exclusive means for identifying such statements. These forward-looking statements include statements regarding the Company’s sales expectations and potential profitability, future business strategies and market opportunities, improvements in its business, remediation of internal controls, improvement of product margins, product market conditions and trends, a debt refinancing and a potential listing on a national exchange. These statements are subject to a number of risks, uncertainties, and assumptions that may cause actual results, performance or achievements to be materially different from those expressed in, or implied by, such statements.

The Company cautions that the risks, uncertainties and other factors that could cause its actual results to differ materially from those expressed in, or implied by, the forward-looking statements, include, without limitation: management’s ability to successfully implement the Audit Committee’s remedial recommendations; the time and effort required to complete its delinquent financial statements and prepare the related Form 10-K and Form 10-Q filings, particularly within the current anticipated timeline; the timing of completion of necessary interim reviews and audits by the Company’s independent registered public accounting firm; the timing of completion of steps to address, and the inability to address and remedy, material weaknesses; the identification of additional material weaknesses or significant deficiencies; variances in non-recurring expenses; risks relating to the substantial costs and diversion of personnel’s attention and resources deployed to address the financial reporting and internal control matters and related class action litigation; the ability of the Company to accurately budget for and forecast sales, and the extent to which sales result in recorded revenues; the impact of the investigations being conducted by United States Securities and Exchange Commission (“SEC”), and the criminal division of the United States Attorney’s Office for the Northern District of Illinois (“USAO”) and any related or additional governmental investigative or enforcement proceedings; any delays and challenges in recruiting key employees consistent with the Company’s plans; any negative impacts from delisting of the Company’s Common Stock from the NASDAQ Stock Market and any delays and challenges in obtaining a re-listing on a stock exchange; and the risks and uncertainties described in reports filed by the Company with the SEC, including without limitation its Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

The Company’s forward-looking statements are presented as of the date hereof. Except as required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contact:

Power Solutions International, Inc.

Philip Kranz

Director of Investor Relations

+1 (630) 451-5402

Philip.Kranz@psiengines.com



CORPORATE OVERVIEW

MAY 16, 2019

SAFE HARBOR & OTHER CAUTIONARY NOTES

This presentation has been prepared by Power Solutions International, Inc. (PSI) for investors, solely for informational purposes. The information contained in this presentation does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire. All of the financial information and other information regarding PSI contained in this presentation (including any oral statements transmitted to the recipients of this presentation) is qualified in its entirety by PSI's filings with the Securities and Exchange Commission (SEC), including the financial statements and other financial disclosure contained in those filings. PSI makes no representation or warranty as to the accuracy or completeness of the information contained in this presentation (including any oral statements transmitted to the recipients of this presentation).

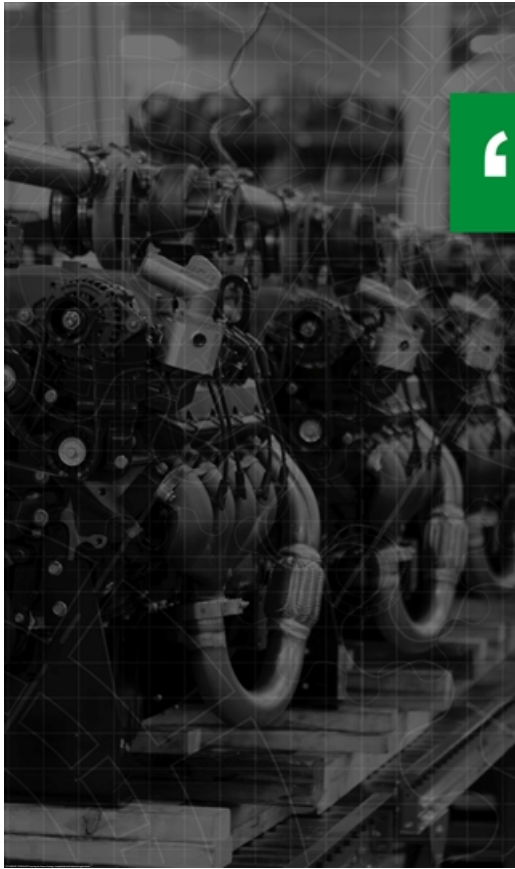
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The Company's forward-looking statements are presented as of the date hereof. Except as required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.



ABOUT PSI



POWERING FORWARD

Powering the future of energy, transportation and industrial applications

POWERING LEADING EQUIPMENT MANUFACTURERS GLOBALLY



KOHLER



NAVISTAR



PSI INDUSTRIAL



PSI ENERGY



PSI TRANSPORTATION

OVERVIEW

Approximately 1,000 Employees

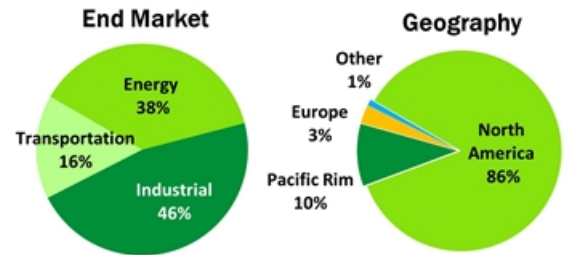
Leading Worldwide Manufacturer of Engines

- Produced 1,000,000 engines historically
- Wide range of engines: 27 different displacements ranging from .97L to 53L
- Approximately 1,000,000 sq. ft. manufacturing footprint, with headquarters in Wood Dale, IL

OTC Pink: PSIX

- Founded in 1985
- Public listing in 2011

2017 SALES



SALES



ADVANCED FACILITIES

- Dedicated R&D & Engineering Facility
- Automotive Grade High-Volume Production Lines
- State-of-the-Art Machining Center
- Advanced Testing Laboratory
- Approximately 1,000,000 sq. ft.



PSI Corp. HQ & Engine Dress Facility
201 Mittel Dr.
Wood Dale, IL
261,000 sq. ft.



PSI Machining & Engine Build Facility
101 Mittel Dr.
Wood Dale, IL
105,000 sq. ft.



PSI R+D, Engineering & HD Assembly Facility
1465 Hamilton Pkwy.
Itasca, IL
198,000 sq. ft.



PSI R+D, Vehicle Integration Facility
32505 Industrial Dr.
Madison Heights, MI
40,000 sq. ft.



PSI Energy Packaging Facility
448 W. Madison St.
Darien, WI
200,000 sq. ft.



PSI Engine Development Center
7850 S. Grant St.
Burr Ridge, IL
22,400 sq. ft.



PSI Materials & Warehousing
6450 Muirfield Dr.
Hanover Park, IL
160,400 sq. ft.

NEW ENGINE DEVELOPMENT CENTER

- Acquired in 2018
- Located near Illinois headquarters
- Increase speed to market response
- Industry leading engine testing
- In-house EPA & CARB certified test cell operation



TECHNOLOGIES & TALENT



Innovative Technologies

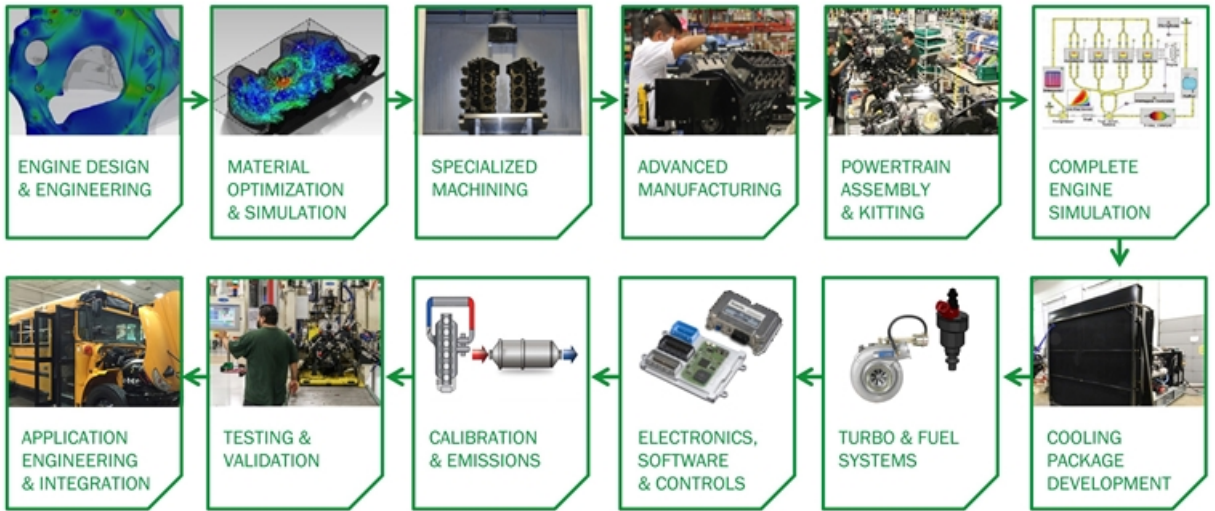
- PSI Proprietary Engines & Controls
- Certified, Low-Emission Solutions (EPA, CARB Certifications)
- Fuel-Flexible Systems: Natural Gas, Propane, Gasoline, Diesel



Leading Talent

- Advanced Engineering Disciplines
- Industry-Leading Application Knowledge
- Strategic Partnerships
- Approximately 1,000 Employees

ENGINE CAPABILITIES



EXPANSIVE PRODUCT LINE

Powering Global Transportation, Energy & Industrial OEMs



TRANSPORTATION



3 Engine Displacements
3.4L, 6.0L, 8.8L

Fuel Types
Propane, Natural Gas,
Gasoline

Integration
Transmissions & Tanks

Horsepower Range
208 hp – 345 hp

Torque Range
295 lb-ft – 565 lb-ft



ENERGY



19 Engine Displacements
Ranging from 2.0L to 53L

Fuel Types
Propane, Natural Gas,
Wellhead Gas, Diesel

Electrical Power Range
20 kWe – 1650 kWe

Mechanical Power Range
26 kWm – 1850 kWm



INDUSTRIAL



21 Engine Displacements
Ranging from 0.97L to 53L

Fuel Types
Propane, Natural Gas,
Gasoline, Diesel

Horsepower Range
28 hp – 245 hp

Torque Range
43 lb-ft – 503 lb-ft

Mechanical Power Range
19 kWm – 1850 kWm

TECHNOLOGY

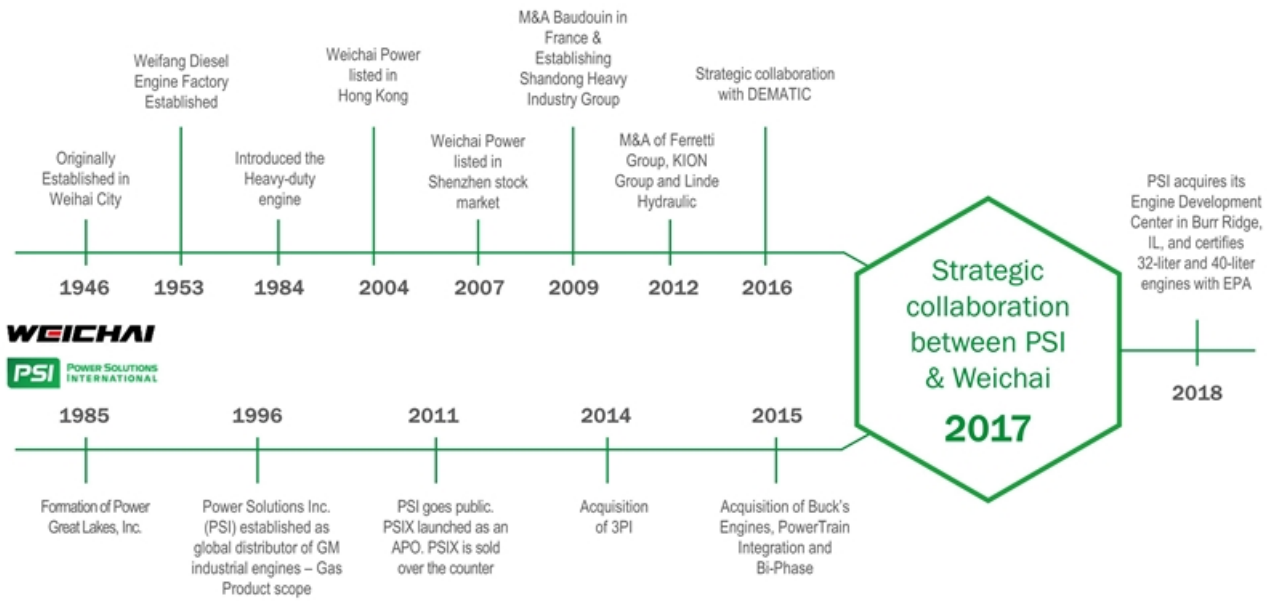




WEICHAI COLLABORATION

A Global Partner

PSI & WEICHAI HISTORY & MILESTONES



WEICHAI AT A GLANCE



77,000
Employees Worldwide



\$23 Billion*
Revenue in 2018



670,000
Engines Sold in 2018



20,000+
Global R&D Personnel

*Conversion in USD as of May 2019

EXPANDED GLOBAL BUSINESS FOOTPRINT

Weichai has operations in 55 Countries with 500 Authorized Service Centers Worldwide

Major Facility Snapshot:

- **Shanghai** – Engine Matching R&D
- **Weifang** – High-Speed Engine & Vehicle Matching R&D
- **Chongqing** – Medium/ High-Speed Engine & MVP R&D
- **Xi'an** – HD Truck & HD Transmission Box R&D
- **Wiesbaden, Germany** – Forklift & Hydraulics R&D
- **Forli, Italy** – Luxury Yachts R&D
- **Marseilles, France** – Marine Engine R&D
- **Chicago, IL** – Natural Gas Technology R&D
- **Yangzhou** – Bus & Low-Power Engine R&D



PRODUCT SYNERGIES

Our collective product portfolio offers the most competitive and complete engine and power range available across all applications



Energy/Power Generation

- 32L and 40L base engines EPA certified in 2018 for North American market
- 53L in development and 65L planned for North America
- 4.5L, 6.7L, 10L, 13L, 17L and 20L diesel engines are in development for North American market
- The new engines expand our addressable market for power generation products from less than \$1 billion to between \$3 billion and \$4 billion by 2023

Transportation

- 3.4L, 4.3L, 6.0L and 8.8L gas engines being introduced into the Chinese and Asian transportation markets
- Weichai has a large market share in Asia, for which it develops and manufactures thousands of commercial vehicle engines annually
- PSI can access more than 1 million square feet of manufacturing space in Asia

Industrial

- 2.0L/2.4L, 3.0L and 4.3L gas engines being introduced by Weichai into the Asian material handling market

A STRONGER FOUNDATION



R&D



PRODUCT



FINANCE



SUPPLY CHAIN



SERVICE NETWORK

Expanded China Service Network (On-Highway/Industrial)

- Weichai service network consists of 5,000 special maintenance service centers in Asia
- 243 overseas service stations

Weichai Can Assist with Certification of Engines in China

- Weichai testing and certification laboratory (1 of 3 National Certified Test labs for all Chinese regulations for Gas & Diesel)
- 20,000+ Global R&D personnel

Cost Reduction Opportunities

- State-of-the-art foundries and machining facilities
- Resourcing of block and head machining for PSI's 8.8L
- Potential manufacturing and global supply chain opportunities



MARKET INDICATORS

DETAILED END MARKET INDICATORS & PROJECTIONS

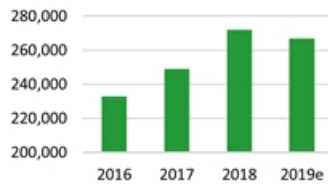
FORKLIFT

Forklift Orders (WITS*)



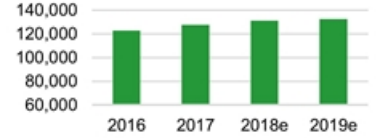
MD TRUCK (CLASS 5-7)

Class 5-7 Production (N.A.)



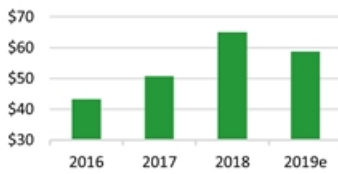
GENERATORS

U.S. Genset Production (18-500 kW)

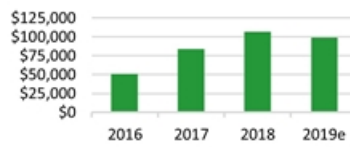


OIL & GAS

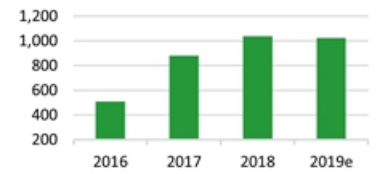
WTI Crude Oil Price (Avg.)



U.S. Land Drilling & Completion Spending (in \$m)



U.S. Rig Counts (Avg.)



Sources: Hyster-Yale investor presentation (Q4 2018); MD Truck (class 5-7): Baird research, ACT/Baird projections (4/11/19); U.S. genset production: Power Systems Research via Diesel Progress - April 2018; WTI Crude prices: EIA.gov (4/9/19); U.S. Land Drilling & Completion Spending: Wells Fargo (4/12/19); U.S. Rig Count Projections (4/12/19); Simmons/Piper Jaffray research



ENERGY

Powering the Future

ENERGY MARKETS & CUSTOMERS

Markets



Oil & Gas



Telecommunications



Data Centers



Medical



Office & Commercial



Utility & Water Treatment

Our Customers/End Users



KOHLER



CAT



ExxonMobil

JPMORGAN
CHASE & CO.



IBM

MARKET GROWTH OPPORTUNITIES



Data Centers

- In 2017, U.S. data centers used 90,000 GW of electricity. This will double by 2021 and every four years.
- The number of hyperscale (large) data centers will increase from 338 (2016) to 628 in 2021, and represent 55 percent of total traffic.
- Market drivers include streaming video, artificial intelligence and Internet-connected devices (the Internet of Things (IoT). IoT is projected to reach 20 billion devices by 2020, up from 10 billion in 2017.



Automotive

- Electric and hybrid vehicles will account for 59 percent of all vehicle sales by 2030, up from 1 percent in 2015.
- Market drivers include federal and state tax rebates, an increase in the number of public charging stations, an increase in the number of models, competitive pricing and emissions standards.
- The global power demand from EVs will reach approximately 350,000 GW by 2035.



Telecommunications

- Global telecom network providers are expected to install nearly 113.5 GW of new distributed generation and energy storage capacity between 2018 and 2027.
 - The primary driver for this growth is emerging markets that have a high proportion of off-grid and bad grid mobile tower sites. These include Asia Pacific, Latin America, the Middle East and Africa.



Commercial

- Commercial building power use will exceed 2,930 GW by 2050



Medical

- An average U.S. hospital uses 31 kilowatt-hours of electricity annually. Hospitals are the second largest consumers of energy per square foot, behind food service facilities.
- In 2019, there were 6,210 hospitals in the U.S.
- Increased regulations requiring nursing homes and senior living centers to have alternative power sources, such as generators (e.g. Florida HB 7099/SPB 7028)

Source: Forbes (12/15/17), Cisco (11/19/18), Navigant Research (9/25/18), EIA.gov (2019), J.P. Morgan (10/10/18), Wood McKenzie (12/14/17), ouc.bizenergyadvisor.com, The National Law Review (9/14/18)

APPLICATION/MARKET GROWTH OPPORTUNITIES

The growth of intermittent sources of energy, such as wind and solar, is driving increased demand for generators, microgrids and demand response equipment



Combined Heat & Power (CHP)

- Global CHP installed capacity (GW) expected to grow by 10% annually (2015-2024)
- U.S. combined heat and power market is predicted to cross 800 MW by 2024 up from 500 MW in 2016



Demand Response

- Global demand response capacity is expected to grow from nearly 39 GW in 2016 to 144 GW in 2025.



Microgrids

- The global microgrid market was worth \$17 Billion in 2017. The market is further projected to cross \$33 Billion by 2023, at a CAGR of around 11.5% during 2018-2023.

STANDBY / EMERGENCY STANDBY	MICROGRIDS	DEMAND RESPONSE / PEAK SHAVING	OIL & GAS POWER COMPRESSION
<i>Prime/Continuous Operation - Main Source of Power, Designed to Run Continuously or Extended Periods of Time</i>			
Back up power when utility electricity is unavailable	A scaled electrical grid that can work on or off utility grid	Economically driven use of an alternative electrical source other than the utility grid	Compression technologies are at the heart of many critical processes in the oil, gas and power industries

Diesel Generator Market Size

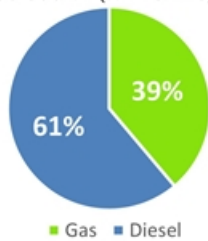
- The global diesel generator market was valued at \$12.7 billion in 2014 and is projected to reach \$21.4 billion by 2022, a CAGR of 6.8%.

Sources: Grandview Research (July 2018), Global Market Insights (5/8/17), Navigant Research (6/22/16), Imarc Group

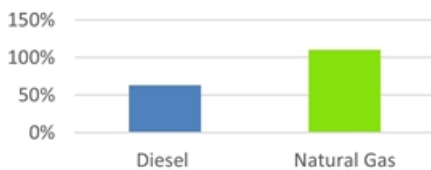
NATURAL GAS ENERGY GROWTH

"The market is also evolving as natural gas gensets are gaining market share" - Navigant Consulting

2017 U.S. GEN-SET PRODUCTION
TOTAL: 67,366
50-500KW (% IN UNITS)



WORLDWIDE GENERATOR MARKET
PROJECTED SALES GROWTH RATES
(2015-2024)



Natural Gas Energy Market Size

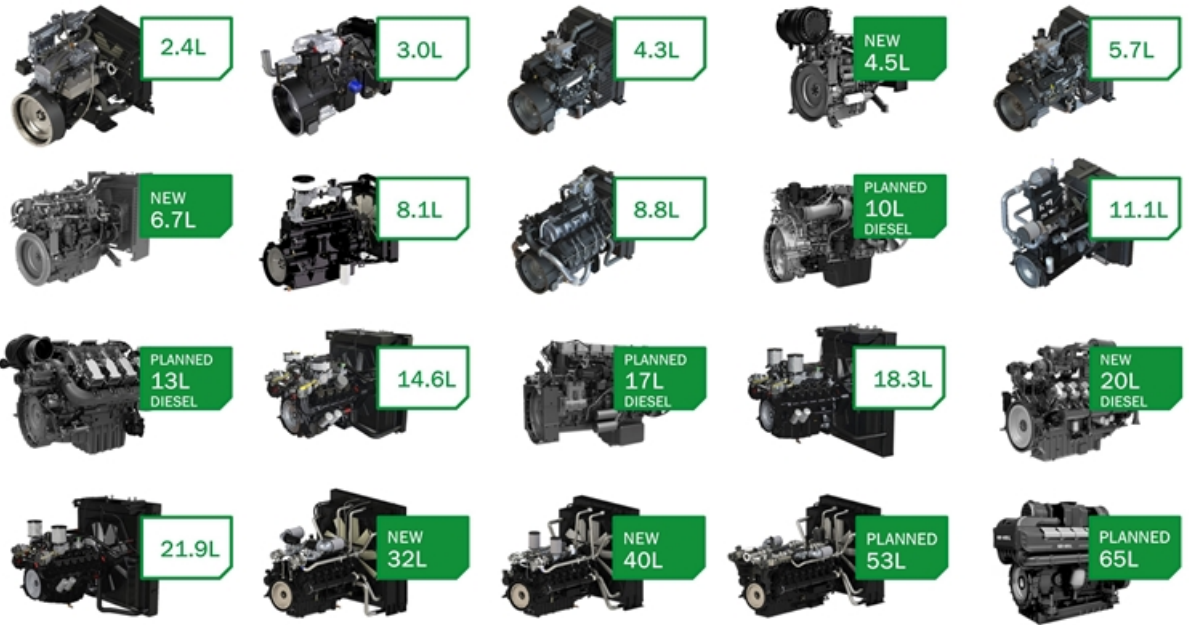
- As of 2018, the natural gas stationary generator market was valued at \$3 billion in North America and \$16 billion globally.
- As of January 2019, the U.S. generating capacity at natural gas-fired combined-cycle (NGCC) plants totaled 264 GW, compared with 243 GW at coal-fired power plants.
- More than 1,500 GW of new gas-fired generation capacity is expected to be added to global power networks by 2040. This will be a total installed electric capacity of 12,480 GW – 22 percent of which will be supplied by natural gas, the most of any single fuel source.
- Natural gas production is anticipated to reach 160 billion cubic feet per day by 2050, up from 30 billion cubic feet per day in 2018.

Why Natural Gas?

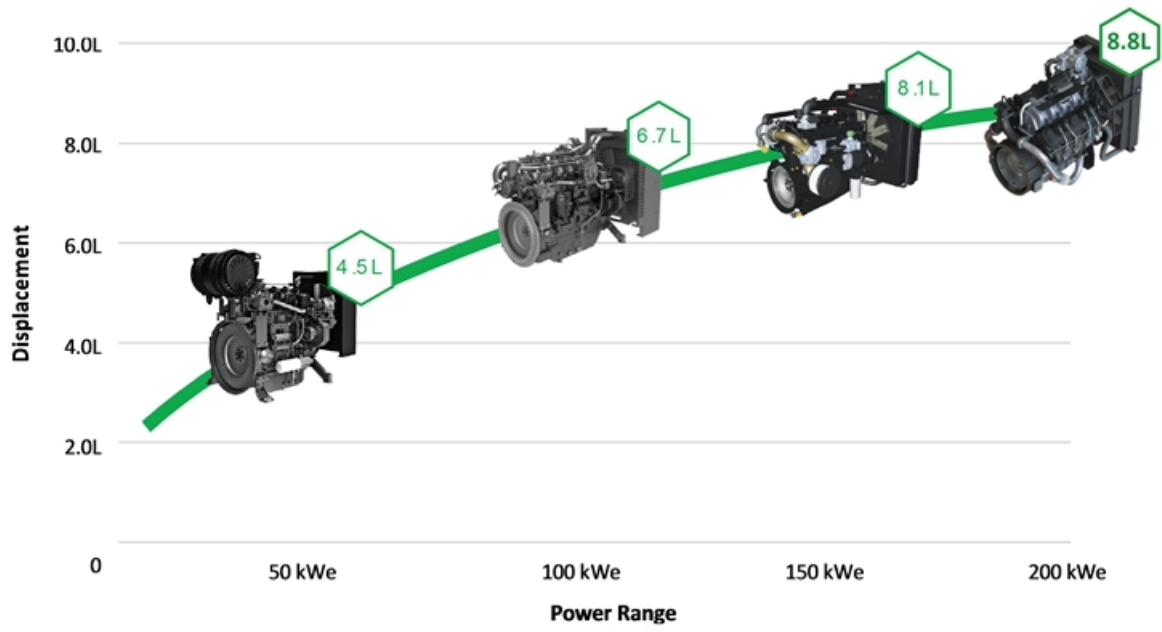
- Abundant supply as the U.S. EIA estimates that as of 1/1/17 the United States has enough dry natural gas to last about 80 years.
- Gas plants are able to adjust quickly to accommodate fluctuations in demand and variable renewable energy supply.
- Gas is the most clean-burning fossil fuel – releasing 50 percent less CO₂ than coal.
- The upfront capital investment for a gas plant is roughly \$825/kw, compared to \$1,100/kw for utility-scale solar, \$1,350 for onshore wind and \$3,025 for offshore wind.

Sources: GE Power (12/5/18), Frost and Sullivan (Sept. 2018), EIA.gov (4/10/2019), Power Systems Research, Annual Energy Outlook 2019

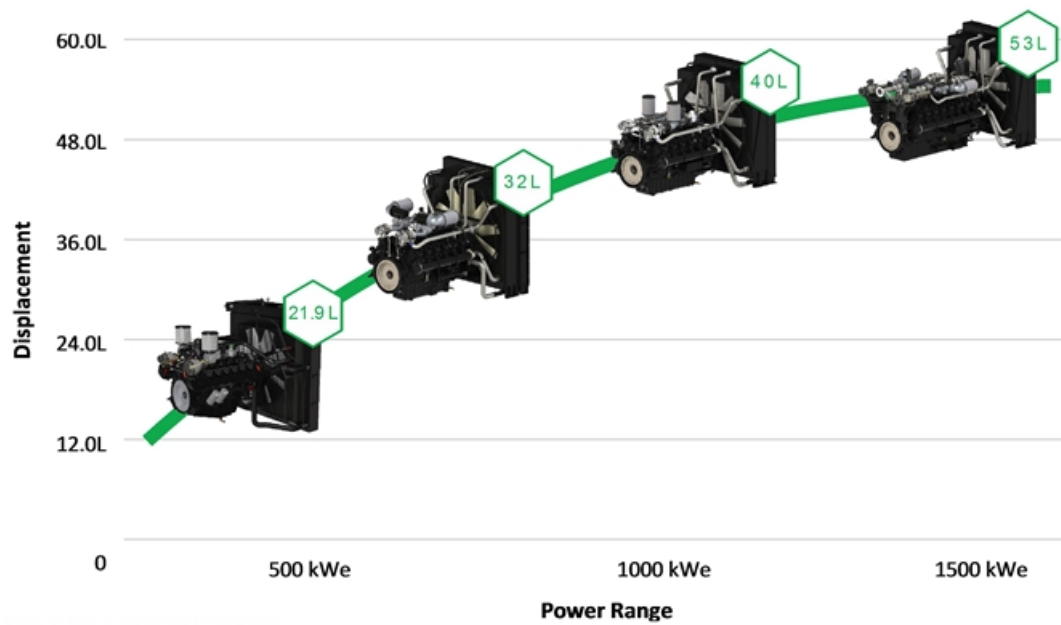
ENERGY ENGINE PORTFOLIO



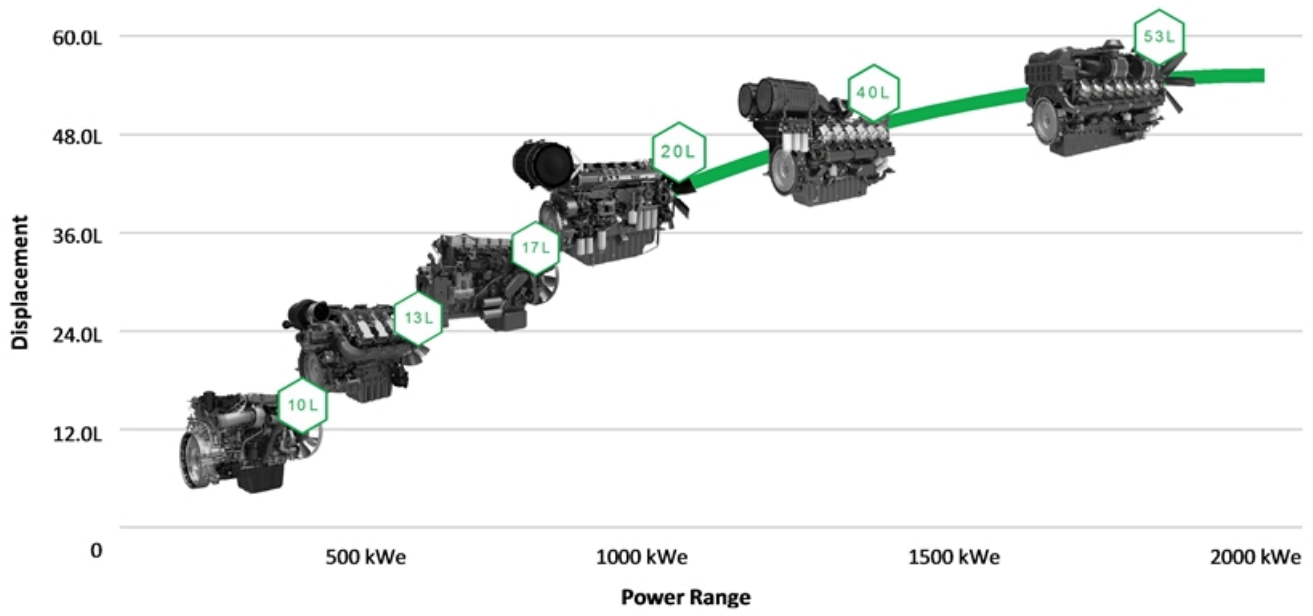
GAS PRODUCT EXPANSION <150kWe



GAS PRODUCT EXPANSION >500kWe



DIESEL PRODUCTS ADDITION

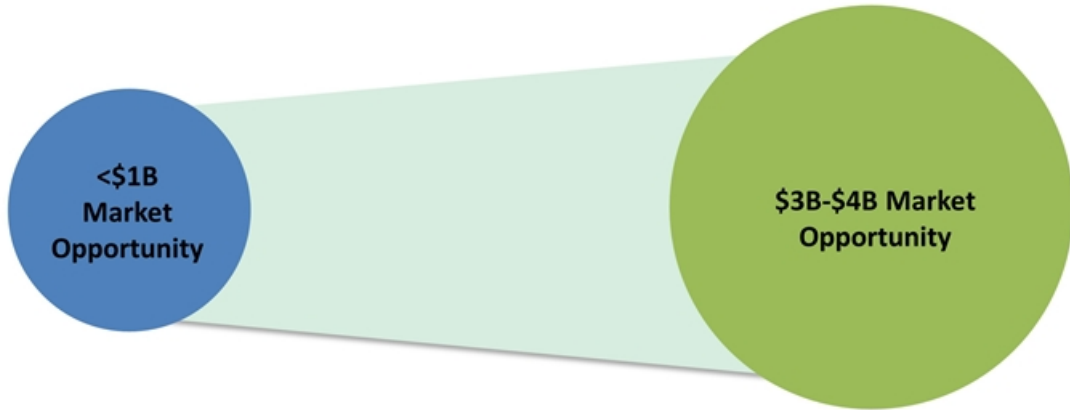


POWER GENERATION OPPORTUNITY TODAY & FUTURE

Weichai Gas & Diesel Engine Platforms Open Power Generation Market Significantly

**2018 PSI POWER GEN
ADDRESSABLE MARKET
NG Engines 2.4L-22L**

**ESTIMATED 2023 PSI POWER GEN
ADDRESSABLE MARKET
NG Engines 2.4L-65L, Diesel Engines 10L-65L**



*Power generation market opportunity projections are based on internal estimates and data from Power Systems Research



TRANSPORTATION

Powering the Road Ahead

PSI TRANSPORTATION MARKETS & CUSTOMERS

CURRENT EXPERIENCE

NAVISTAR
Propane & Gasoline



Thomas
SCHOOL BUSES



GM Fleet & Commercial



FREIGHTLINER
Custom Chassis **ups**



FREIGHTLINER

Custom Chassis



TICO



KING LONG **YUTONG** **AVIC**



GM **ISUZU** **COLLINS**
FUSO BUS CORPORATION



FUTURE OPPORTUNITIES



EUROVAN & TRANSIT



CHASSIS & OEM

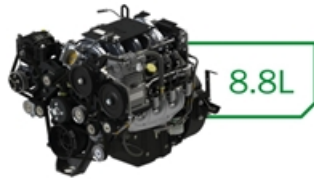


UTILITY



RV

TRANSPORTATION CLASS 2-7 ENGINE PORTFOLIO



TRANSPORTATION MARKET

U.S./North America Market

SCHOOL BUS   **44,381**

CLASS 5-7 TRUCK   **272,000**
(Class 6-7: 135,454)

CLASS 2-4 TRUCK/VAN   **2,561,422**
(Class 3-4: 321,260)

China Market

MEDIUM-DUTY TRUCK   **177,772**

BUS   **340,156**

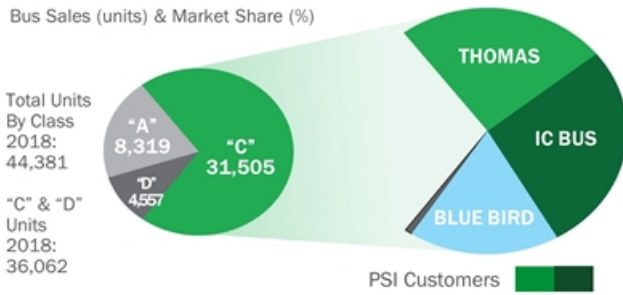
Source: Wards Intelligence (Jan. 2019), carsalesbase.com (2018), School Bus Fleet North America (2018), China Association of Automobile Manufacturers (Jan. 2019),
PiperJaffray (1/24/19), Baird Auto Book (4/11/19), internal estimate

SCHOOL BUS MARKET

Strong Gasoline & Propane Growth, Industry-Leading Customers, Significant Engine Market Opportunity

NORTH AMERICA

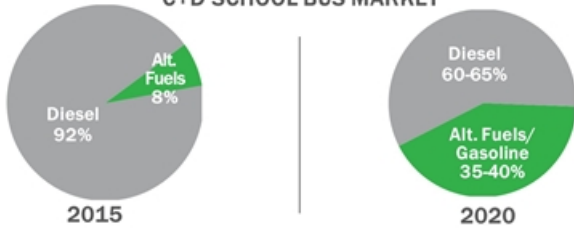
Bus Sales (units) & Market Share (%)



PSI is the Exclusive Supplier of Alternative Fuels to IC Bus

- **HEALTH.** Diesel particulate matter is carcinogenic, and buses often idle.
- **NOISE.** Propane vehicles are 50% quieter.
- **COST.** Diesel fuel is 45% more per mile than propane. Diesel maintenance is 67+% per mile more costly than propane.
- **ENVIRONMENT.** Propane vehicles can reduce lifecycle GHG emissions by up to 15%.
- **INCENTIVES.** Current LP fuel cost: \$1.11/gal; 50¢/gal. LP fuel credit makes net LP cost 77¢/gal.

C+D SCHOOL BUS MARKET



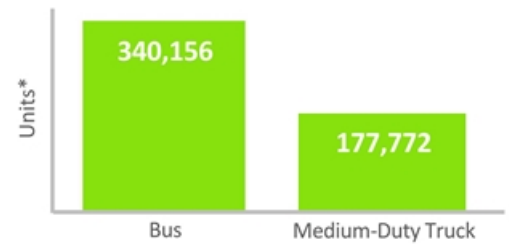
Sources: School Bus Fleet (2018), Internal estimates, WHO; DOE/Clean Cities; U.S. Energy Information Administration, Clean Fuel USA, Market Share Data based on registrations from RL Polk

BUS & MEDIUM DUTY TRUCK – CHINA

Gasoline is a New Alternative Representing a Shift Away from Diesel

- Increasingly stringent standards = higher costs and complexities for diesel
- Experience with 4 top gasoline bus and truck OEMs
- First non-automotive engine manufacturer from outside China to be listed as “manufacturer of record” for a heavy duty gasoline on-road engine (4.8L engine; MIIT vehicle engine catalogue)

Engine Market Volume (2018)



Source: *China Association of Automobile Manufacturers (Jan. 2019), PiperJaffray (1/24/19), internal estimates

Yutong T7 Features
the PSI 6.0L Engine

FILLING THE GAP



<2L Engines	AUTOMOTIVE ENGINE GAP		+10L Engines
Class 1 – 2 Passenger Vehicles	Class 2 – 4 Light Duty Truck & Bus	Class 4- 7 Medium Duty Truck & Bus	Class 8 Heavy Duty Truck & Bus

AUTOMOTIVE ENGINE DOWNSIZE OR ELIMINATION DUE TO HYBRIDIZATION OR ELECTRIFICATION

- Major Automotive OEMs including General Motors, Ford, Mitsubishi and others are moving into electrification and hybridization which eliminates completely or utilizes smaller combustion engines
 - Emission regulations like the current standard, the Corporate Average Fuel (CAFÉ) standard, for passenger cars and light trucks will increase to 40.3 to 41.0 MPG by model year 2021, and Greenhouse Gas emission (GHG) will require 163 grams/mile of CO2 in model year 2025. (Source: Transportation.gov)
- Newer automotive engines utilize lighter aluminum block, direct injection technologies that are not nearly as commercially viable as current engines and lack the power required for certain applications
- This shift leaves a potential gap in the market of 80,000 to 100,000 engines annually
- PSI's mature product line that includes 3.4L, 6.0L and 8.8L engines can address portions of the transportation, energy and industrial product markets that require these engines since they will no longer be served by the major OEMs



INDUSTRIAL

Powering Productivity

INDUSTRIAL MARKETS & CUSTOMERS



FORKLIFT



AERIAL WORK PLATFORM



ARBOR CARE



OIL & GAS COMPRESSION/
OIL LIFTS



UTILITY VEHICLE



SWEEPERS /SCRUBBER

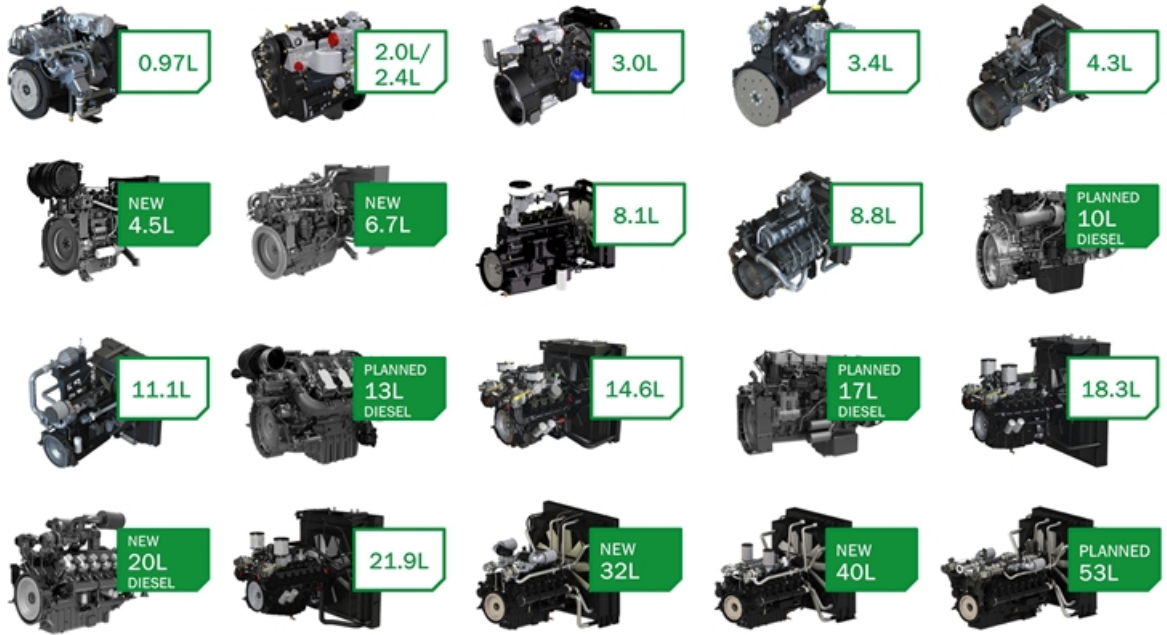


ICE RESURFACING



GROUND SUPPORT

INDUSTRIAL ENGINE PORTFOLIO





**FINANCIAL UPDATE
NEXT STEPS
BUSINESS OBJECTIVES**

CAPITAL STRUCTURE OVERVIEW

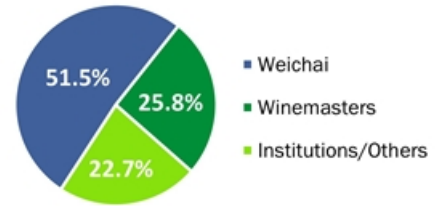
Weichai America Investment

- Investment of \$60 million of equity in PSI on 3/31/17
- Warrant exercise on 4/23/19 for approximate proceeds of \$1.6 million

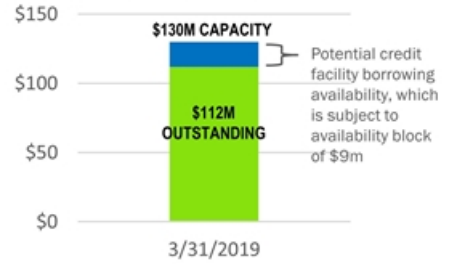
Debt Overview

- PSI is working in concert with Weichai to refinance its debt
- \$75 million Credit Facility with Wells Fargo
 - Maturity of 3/31/21, or 60 days prior to expiration of Senior Notes
 - LIBOR + 2.75% - 3.25%; Prime + .25% margin + 1.25% - 1.75%
 - Approximately \$6 million of availability as of March 31, 2019
- \$55 million Senior Notes
 - Maturity of 1/1/20
 - Interest rate of 8.5% (Subject to 100 basis point decrease upon filing 2017 financials)

PSI Stock Ownership*



Total Debt Capacity (\$mm)



*Based on 22,807,623 shares outstanding as of 5/3/19 and information contained in the Company's Form 10-K.

UPDATE - NEXT STEPS

Filed Form 10-K on 5/16/19: Covers restated financials for the full years of 2014 and 2015, and Q1 of 2016, in addition to the audited financial statements for 2016 and 2017

Numerous changes and improvements have been made across the organization during the restatement process

- New management team and key hires: CEO; CFO; VP, Internal Audit; Corporate Controller; Director of Accounting
- 6 of 7 new board members, including new audit committee
- Updated policies and the implementation of a comprehensive internal control program

Accounting and finance focus

- Remediation of internal controls
- Intend to file form 10-Q's and 10-K for 2018 by the end of Q3 2019
- Work to become current with filings
- Upon completion and becoming current, plan to seek relisting on national exchange

Work on debt refinancing in concert with Weichai, our strategic investor and collaboration partner

UPDATE - FINANCIAL RESULTS



Preliminary sales for 2018 reflects growth across all end markets

- Transportation and Energy end markets comprise a majority of the increase

2018 gross profit and gross margin anticipated to improve; however, the positive impact of the increased gross profit on operating income is anticipated to be more than offset by significant increases in operating expenses (Higher SG&A principally due to increased restatement related costs and higher R&D for product development activities to support long-term growth objectives)

Restatement related costs to moderate with the completion of the restatement

Company focused on improved profitability through multiple programs

BUSINESS OBJECTIVES

Improve Profitability

- Plan focused on review of customer and product portfolio (multi-year effort)
 - Strategic price increases
 - Product redesign
 - Re-sourcing of certain components
 - Strategic assessment of certain areas where profitability does not meet established thresholds
- Improve manufacturing efficiency
- Enhance working capital efficiency
 - Opportunities to increase inventory focus

Streamlining of Business Processes

- Review and identify cost reductions throughout the organization
 - Enhanced controls and monitors across major spend areas

BUSINESS OBJECTIVES CONT.

Grow the Business in the Highest Return on Investment Areas

- Invested heavily in the recruitment of key management, sales and operations staff to support development and sales of higher margin, heavy-duty engines for the energy and industrial markets
 - Leverages relationship with Weichai
 - Obtained EPA approval for 32L and 40L gas engines; Development and launch plans for 53L gas model as well as diesels and other engines
 - Total addressable market within power generation expands from less than \$1 billion in 2018 to \$3-\$4 billion by 2023
 - Allows us to serve a greater portion of the demand response, microgrid, combined heat and power (CHP) and oil and gas markets, while supporting the expansion of the range of customers, particularly in the datacenter, healthcare and demand response markets

Strengthen Business through Optimization of Business Systems and Technology

- Reimplementation of ERP system
- Supports efforts to remediate internal controls, improve processes, drive greater operational efficiencies and provide better and timelier decision making across the organization



THANK YOU.

201 Mittel Drive, Wood Dale, IL 60191
630.350.9400 • www.psiengines.com