

## Summary

China Yuchai International Limited ("CYI") is a Bermuda holding company with a controlling interest in its main subsidiary, Guangxi Yuchai Machinery Company Limited ("GYMCL"). GYMCL engages in the manufacture, assembly, and sale of a wide variety of light-, medium- and heavy-duty engines for trucks, buses, passenger vehicles, construction equipment, marine and agriculture applications in China. GYMCL also produces engines for diesel power generators. The engines produced by GYMCL range from diesel to natural gas and hybrid engines. Engine sales were 320,424 units in 2016, and 367,097 units in 2017.

### Core Competence

- Its R&D centers located in Nanning & Yulin, with more than 700 engineers, play a key role in ensuring the Company stays at the forefront of technological advances;
- A large portfolio of diesel, natural gas and hybrid engines for on-/off-road HD, MD, LD applications;
- Over 2,800 service stations and 33 sales centers nationwide provide customers with quick response;
- Total annual capacity of new foundries reached 1 million blocks/heads, making it one of the largest foundry and engine casting facilities in China. Total engine capacity exceeds 500,000 engines.

### Investment Highlights

- A leading engine manufacturer in China, the largest auto market globally;
- Highly regarded brand with proven record of strong sales and earnings;
- Continuous investment in engine design and manufacturing, 14 new National VI-compliant engines introduced in early 2018;
- Engine sales in the second quarter of 2018 increased 11.1% to 100,675 units from 90,638 units in the same quarter of 2017. Second quarter 2018 net revenue was RMB 4.2 billion (US\$635.5 million), compared with RMB 4.1 billion in the same quarter of 2017, an increase of 3.2%;
- Second quarter 2018 basic and diluted EPS was RMB 3.23 (US\$0.49);
- 2017 annual sales were RMB 16.2 billion with basic and diluted EPS of RMB 23.40.

### R&D Leadership

#### Developed Engine Technology

- Self-developed National IV, V and VI compliant diesel engines;
- Self-developed off-road and IMO Tier 3-compliant marine engines;
- Complete gas engine platform for commercial vehicle ("CV") applications;
- Self-developed V configuration engine V12T, V12VC and V16VC for marine and power generation applications;
- Plug-in hybrid engine launched for public bus market; first hybrid gas plug-in system for trucks in China.

### Strategic Joint Ventures

Strategic JVs help to access new technologies and penetrate new markets.

- Y & C Engine Ltd.:** Production of heavy-duty YC6K diesel & natural gas engines.
- YC Europe Co., Ltd.:** Exclusively sell GYMCL's engines, parts and services in off-road markets in Europe.
- MTU Yuchai Power Company Ltd.:** Production of T-3-compliant MTU 4000 series diesel engines for China's off-road markets since mid-2018.

### Recent Awards

- YC4A series and YC6J series products won the Gold Award, Product of the Year, 2017 and the Market Performance Award, 2017, respectively;
- GYMCL was awarded the prestigious "China's Export Quality and Safety Demonstration Enterprise" title;
- GYMCL won The China Patent Excellence Award for Outstanding Patented Invention from China's State Intellectual Property Office;
- YC6MK engine won the "The Most Reliable Commercial Vehicle Engine Award" at the Sixth Reliable Commercial Vehicle Engine Competition in 2017.

### Green Technology

Newly developed National VI-compliant commercial vehicle engines were launched in early 2018, will be ready for commercial delivery in late 2019.

#### National VI Emission Standards (Equivalent to Euro 6)

Full suite of Tier 3 off-road engines was available for industrial and agricultural segments prior to implementation of Tier 3 emission standards.

#### Tier 3 Emission Standards

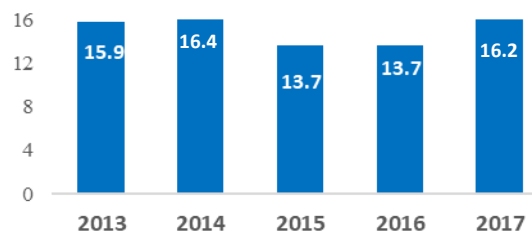
GYMCL's self-developed hybrid powertrains including diesel- & gas-electric plug-in hybrid systems for both truck and bus market.

#### Hybrid Diesel Power Train

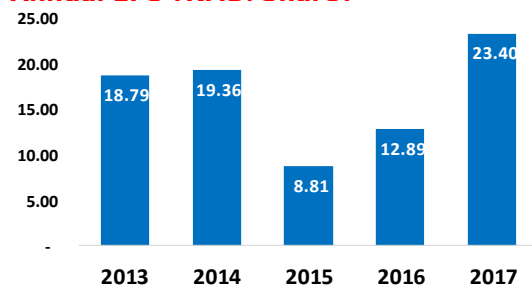
Sales of over 26,298 gas engines in the 2017 year for both truck and bus applications.

#### Natural Gas (CNG, LNG) and LPG engines

### Annual Revenues (RMB Billion)



### Annual EPS (RMB/Share)



## Main Markets

- Automotive
  - Trucks
  - Buses
- Agricultural Machinery
- Marine
- Off-road Construction and Mining Equipment
- Power Generators

## Dividends (US\$, per share)

- 2013 - \$0.40  
 - \$0.40 (special)  
 - \$0.10 (interim)
- 2014 - \$1.20\*
- 2015 - \$1.10\*
- 2016 - \$0.85\*
- 2017 - \$0.90\*
- 2018 - \$0.73  
 - \$1.48 (special)

\*cash or new shares at shareholders' election

## Auditors

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## Investor Relations

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## Heavy Duty YC6K Engine



## Natural Gas YC6J Engine



## Financial Highlights: Second Quarter Ended June 30<sup>th</sup>

(RMB in Millions, except EPS, IFRS )	(US\$ Million)		
	2017*	2018	2018
Revenue	4,072.6	4,204.6	635.5
Gross Profit	724.0	769.0	116.2
Gross Margin	17.8%	18.3%	18.3%
Net Profit Attributable to Equity Holders of the Parent	133.9	132.1	20.0
Basic EPS	3.29	3.23	0.49
Diluted EPS	3.29	3.23	0.49
	12/31/2017*	6/30/2018	6/30/2018
Cash and Bank Balances	6,029.2	6,499.9	982.4
Equity Attributable To Equity Holders of the Parent	8,334.3	8,071.2	1,219.8

\*2017 numbers restated for IFRS 15 Revenue from Contracts with Customers

## Outlook for 2018

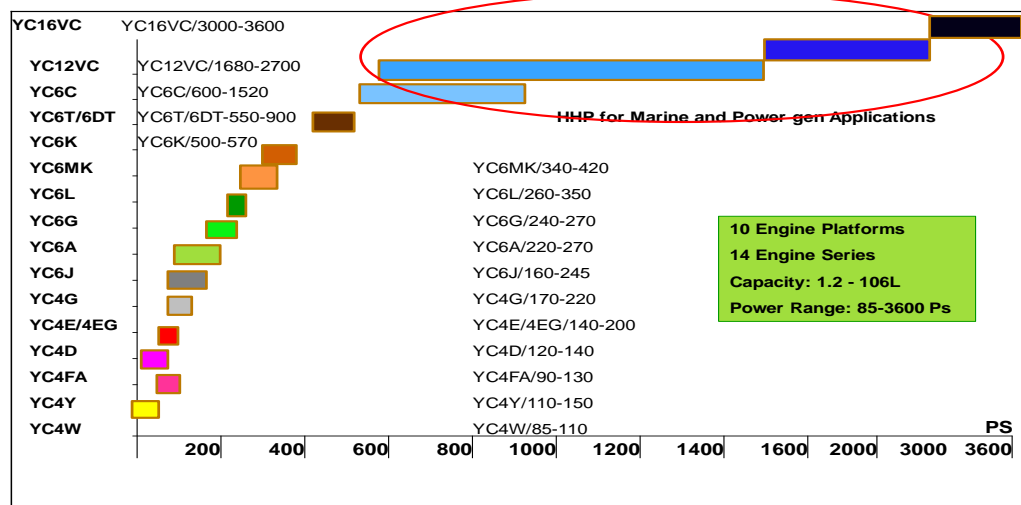
- Chinese economy expected to grow approximately 6.5% year-over-year in 2018;
- Continued economic reforms will transition the economy towards more domestic consumption;
- One Belt One Road development has improved both on-road and off-road machinery demand, for export market;
- Reduction of electric vehicle ("EV") incentives in 2018.

## Engine industry

- Truck market remained solid in second quarter of 2018, led by strong demand for HD trucks;
- Traditional bus market sales has been heavily affected by EV bus sales;
- Agriculture machinery sales demand has rebounded; sales expected to resume normal demand in the second half of 2018;
- Engine demand for the construction and power generation markets has improved.

## Growth Strategies to Maximize Shareholder Value

- National VI- and Tier 4-emission compliant engines will be available late 2019 for implementation of new emission requirements;
- Expand heavy- and light-duty product lines, including natural gas engines, into construction, marine, and power generation markets; new HHP products to support future profitable growth;
- Cultivate strategic alliances and develop more JV products, grow international business;
- Implement efficiency improvements and cost reductions through lean manufacturing.



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