

## 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 power generation. The engines produced by GYMCL range from diesel to natural gas and hybrid engines. Engine sales were 375,731 units in 2018 and 367,097 units in 2017.

### Core Competence

- Its R&D centers are 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 and 10 Tier-4 engines introduced in 2018;
- Engine sales in the fourth quarter of 2018 increased 27.5% to 93,881 units from 73,610 units in the same quarter of 2017. Fourth quarter 2018 net revenue was RMB 4.5 billion (US\$660.4 million), compared with RMB 3.8 billion in the same quarter of 2017;
- Fourth quarter 2018 basic and diluted EPS was RMB4.69 (US\$0.68);
- 2018 annual sales were RMB 16.3 billion with basic and diluted EPS of RMB 17.02 (US\$ 2.48).

### R&D Leadership

#### Developed Engine Technology

- Self-developed National IV-, V- and VI-compliant on-road diesel engines;
- Self-developed off-road and IMO Tier 3- and 4-compliant off-road 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 and full electric power system were launched for public bus market;
- Yuchai K08 engine became the first Chinese diesel engine to pass the National VI-b certification.

### Strategic Joint Ventures

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

- 1. Y & C Engine Ltd.:** Production of heavy-duty YC6K diesel & natural gas engines.
- 2. Eberspaecher Yuchai Exhaust Technology Co. Ltd.:** Produce and sell exhaust emission control systems to meet the China National VI standards.
- 3. 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

- YCK08 engine passed certification for National VI-b emission testing;
- Three GYMCL projects received the National Science and Technology Award Second prize from National Office of Science and Technology for 2018;
- GYMCL won The China Patent Excellence Award for Outstanding Patented Invention from China's State Intellectual Property Office.

### Green Technology

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

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

Introduced full suite of Tier 4 off-road engines for industrial, construction and agricultural segments prior to implementation of Tier 4 emission standards.

#### Tier 4 Emission Standards

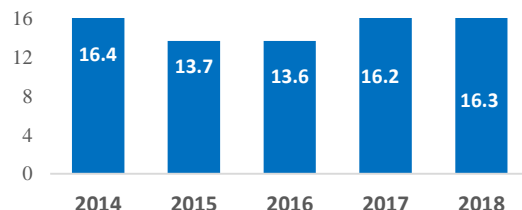
GYMCL's self-developed hybrid powertrains including diesel- & gas-electric plug-in hybrid systems for both truck and bus market.

#### Hybrid Diesel Power Train

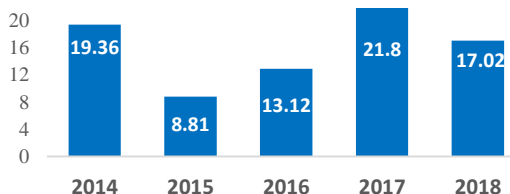
Sales of 15,865 gas engines in the 2018 year for both truck and bus applications.

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

### Annual Revenues (RMB Billion)



### Annual EPS (RMB/Share)



\* 2016 & 2017 numbers restated for IFRS 15 Revenue from Contracts with Customers; 2017 EPS numbers include one-time and extraordinary items; EPS adjusted for these items would have been RMB 20.28 in 2017

## 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

Ernst & Young LLP

## Investor Relations

Kevin Theiss  
 BlueFocus International  
 646-726-6511  
 cyd@bluefocus.com

## Corporate Headquarters

16 Raffles Quay,  
 #26-00 Hong Leong Building  
 Singapore 048581

## Heavy Duty YC6K Engine



## Natural Gas YC6J Engine



## Financial Highlights: Fourth Quarter Ended December 31<sup>st</sup>

(RMB in Millions, except EPS, IFRS )	(US\$ Million)		
	2017*	2018	2018
Revenue	3,786.4	4,532.2	660.4
Gross Profit	1,050.6	861.8	125.6
Gross Margin	27.7%	19.0%	19.0%
Net Profit Attributable to Equity Holders of the Parent	348.6	191.8	27.9
Basic EPS	8.54	4.69	0.68
Diluted EPS	8.52	4.69	0.68
	12/31/2017*	12/31/2018	12/31/2018
Cash and Bank Balances	6,029.2	6,128.5	893.0
Equity Attributable To Equity Holders of the Parent	8,334.3	8,395.9	1,223.3

\*2017 numbers restated for IFRS 15 Revenue from Contracts with Customers; 2017 EPS numbers include one-time and extraordinary items; EPS adjusted for these items would have been RMB 5.81 and RMB 5.79 respectively in 2017

## Outlook for 2019

- Chinese economy expected to slow in 2019;
- 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.

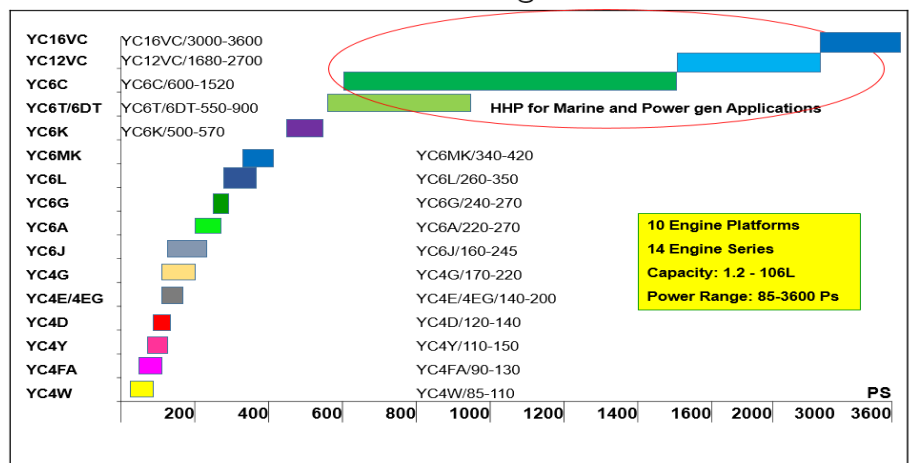
## Engine industry

- Truck market expected to slightly decline in 2019;
- Traditional bus market sales has been heavily affected by EV bus sales;
- Agriculture machinery sales are expected to grow in the bigger power machinery and tractor sectors;
- Engine demand for the construction market is growing but power generation market has slowed.

## Growth Strategies to Maximize Shareholder Value

- National VI- and Tier 4-emission compliant engines are available in 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.

## Diesel and Gas Engine Product



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