

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 and new energy powertrains. The engines produced by GYMCL range from diesel to natural gas and hybrid engines as well as new energy powertrain systems. Engine sales were 376,148 in 2019 and 375,731 units in 2018.

Core Competence

- 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 – over 2,000 patents registered in China;
- A large portfolio of diesel, natural gas and hybrid engines for on- and off-road HD, MD, LD applications;
- Over 2,300 service stations and 28 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 quality, sales and earnings;
- Continuous investment in engine design and manufacturing, 14 new National VI-compliant and 10 Tier-4 engines introduced in 2018, National VI-compliant gas engines were successfully launched in early 2019;
- Engine sales in the second quarter of 2020 rose by 32.0% to 145,278 units from 110,059 units in 2019. Second quarter 2020 net revenue increased 34.7% to RMB 6.5 billion (US\$925.2 million), compared with RMB 4.9 billion in the same quarter of 2019;
- Second quarter of 2020 basic and diluted EPS was RMB5.99 (US\$0.85);
- 2019 annual sales were RMB 18.0 billion (US\$ 2.5 billion) with basic and diluted EPS of RMB 14.81 (US\$ 2.09).

R&D Leadership

Developed Engine Technology

- Self-developed National IV-, V- and VI-compliant on-road diesel engines;
- Self-developed off-road Tier-3&4 and IMO Tier-2&3 compliant engines;
- Complete gas engine platform for commercial vehicle 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;
- Self-developed Integrated eMotor-Generation Power System for New Energy vehicle application.

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.
- Eberspaecher Yuchai Exhaust Technology Co. Ltd.:** Produce and sell exhaust emission control systems to meet the China National VI standards.
- MTU Yuchai Power Company Ltd.:** Production of Tier-3-compliant MTU 4000 series diesel engines for China's off-road markets since mid-2018.
- Shaanqi & Foton:** Strategic partnerships with leading commercial vehicle manufacturers.
- Sany Truck:** Yuchai to become an OEM engine supplier in 2021.

Recent Awards

- GYMCL National VI engine family (up to 13L) has passed certification for National VI-b emission testing.
- GYMCL YCK13 diesel engine won the First prize in "2020 China International Truck Fuel Saving Competition".
- GYMCL was ranked No. 5 in National Enterprise Technology Centre Award, published by China NDRC.
- Yuchai YCA05 engine has passed the European E-mark certification for Off-road Machinery Stage V emission regulation.

Green Technology

Newly developed National VI-compliant diesel and natural gas commercial vehicle engines were launched 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

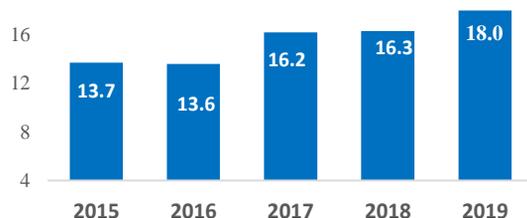
GYMCL's self-developed hybrid powertrains including diesel- & gas-electric plug-in hybrid systems for both truck and bus market.

Hybrid Diesel Power Train

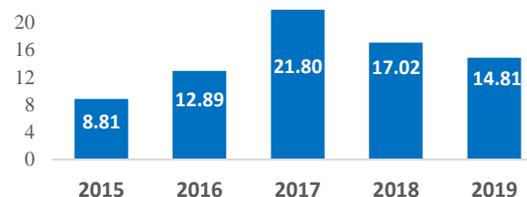
Sales of 22,695 gas engines in 2019 for both truck and bus applications.

Natural Gas (CNG, LNG) and LPG engines

Annual Revenue (RMB Billion)



Annual EPS (RMB/Share)



Main Markets

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

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)
- 2019 - \$0.85
- 2020 - \$0.85

*cash or new shares at shareholders' election

Auditor

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Heavy Duty YC6K Engine



Natural Gas YC6J Engine



Financial Highlights: Second Quarter Ended June 30th

(RMB in Millions, except EPS, IFRS)	(US\$ Million)		
	2019	2020	2020
Revenue	4,861.7	6,549.6	925.2
Gross Profit	712.9	948.1	133.9
Gross Margin	14.7%	14.5%	14.5%
Net Profit Attributable to Equity Holders of the Parent	147.0	244.7	34.6
Basic EPS	3.60	5.99	0.85
Diluted EPS	3.60	5.99	0.85
	12/31/2019	6/30/2020	6/30/2020
Cash and Bank Balances	6,390.9	6,594.4	931.5
Equity Attributable To Equity Holders of the Parent	8,767.5	8,865.8	1,252.3

Outlook for 2H 2020

- Chinese economy is expected to slowly rebound from the impact of COVID-19;
- Economic reforms will continue to transition the economy towards more domestic consumption;
- Further implementation of the National VI-emission regulations across China;
- One Belt One Road development has improved both on- and off-road machinery demand, for export market.

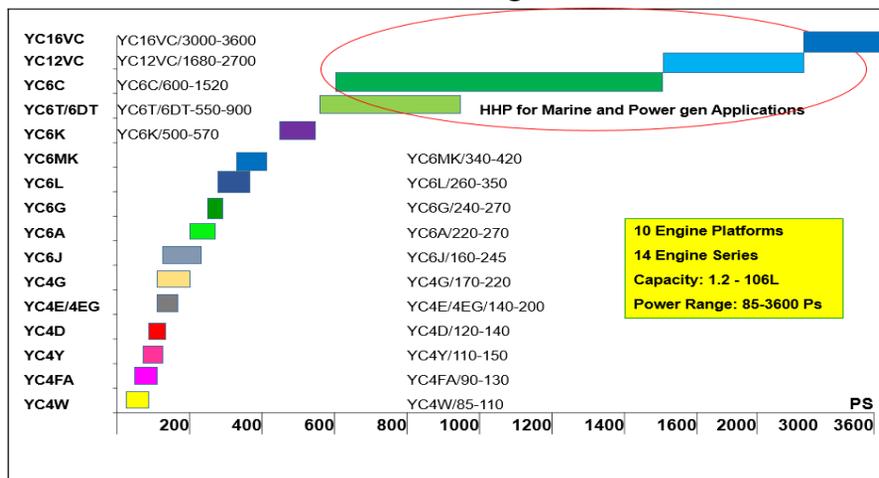
Engine industry

- Second half of 2020 will improve over the same period last year;
- Truck engine market is expected to continue to be strong in the second half of 2020, demand for natural gas engines remains strong after implementation of National VI emission standard;
- HD and LD truck engine sales will be solid in 2H20 to support the Chinese logistics industry;
- Traditional bus market sales expected to be flat in the second half of 2020;
- Agricultural machinery market is uncertain due to strong first half of 2020;
- Engine demand for the industrial and power generation market will remain strong as economy recovers and new infrastructure projects begin.

Growth Strategies to Maximize Shareholder Value

- National VI- and Tier 4-emission compliant engines are available in 2020 for implementation of new emissions 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 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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