

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 375,731 units in 2018 and 367,097 units in 2017.

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;
- A large portfolio of diesel, natural gas and hybrid engines for on- and off-road HD, MD, LD applications;
- Over 2,600 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 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 second quarter of 2019 increased by 9.3% to 110,059 units from 100,675 units in the same quarter of 2018. Second quarter 2019 net revenue was RMB 4.9 billion (US\$707.2 million), compared with RMB 4.2 billion in the same quarter of 2018;
- Second quarter 2019 basic and diluted EPS was RMB3.60 (US\$0.52);
- 2018 annual sales were RMB 16.3 billion with basic and diluted EPS of RMB 17.02.

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.

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 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

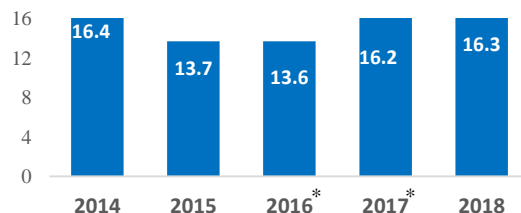
GYMCL's self-developed hybrid powertrains including diesel- & gas-electric plug-in hybrid systems for both truck and bus market.

Hybrid Diesel Power Train

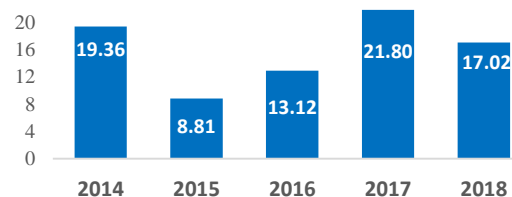
Sales of 12,355 gas engines in the first 6 months of 2019 for both truck and bus applications.

Natural Gas (CNG, LNG) and LPG engines

Annual Revenue (RMB Billion)



Annual EPS (RMB/Share)



* 2016 & 2017 numbers have been restated due to the impact of retrospective application of IFRS 15 Revenue from Contracts with Customers; 2017 EPS numbers included one-time and extraordinary items; Adjusted EPS, excluding 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)
- 2019 - \$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)		
	2018	2019	2019
Revenue	4,204.6	4,861.7	707.2
Gross Profit	769.0	712.9	103.7
Gross Margin	18.3%	14.7%	14.7%
Net Profit Attributable to Equity Holders of the Parent	132.1	147.0	21.4
Basic EPS	3.23	3.60	0.52
Diluted EPS	3.23	3.60	0.52
	12/31/2018	6/30/2019	6/30/2019
Cash and Bank Balances	6,128.5	6,695.7	974.0
Equity Attributable To Equity Holders of the Parent	8,395.8	8,536.1	1,241.7

Outlook for 2H 2019

- Chinese economy expected to continue to slow in second half of 2019, trade issues with U.S. have already impacted the economy in China;
- Continued economic reforms will transition the economy towards more domestic consumption;
- The advance implementation of Nat 6 emission regulation in provincial capitals and Tier-1 cities from July 2019, may have a pre-buy effect towards the end of 2019 / early of 2020 when OEMs launch the Nat VI-vehicles;
- One Belt One Road development has improved both on- and off-road machinery demand, for export market.

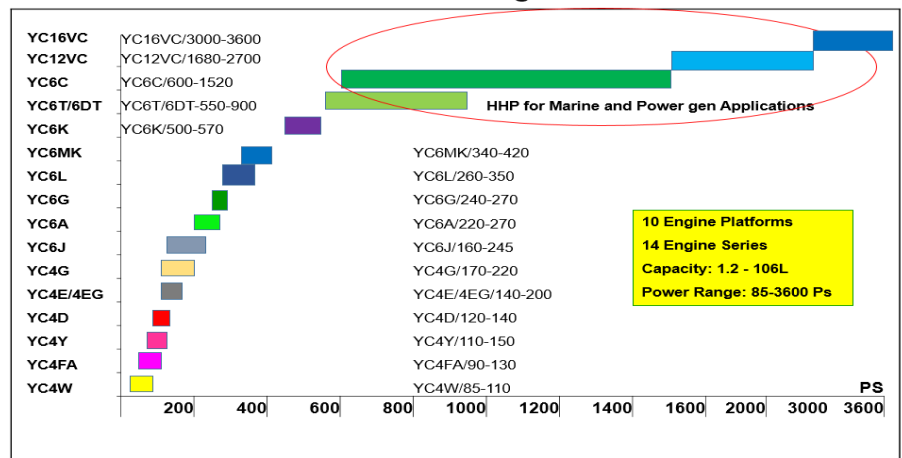
Engine industry

- Truck market expected to slightly decline in the second half of 2019;
- Traditional bus market sales continue to be affected by EV bus sales, but expected to stabilize in second half of 2019;
- Agricultural machinery sales are expected to improve and GYMCL is gaining market share;
- Engine demand for the industrial and power generation market has improved.

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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