



China Yuchai International Ltd.

[NYSE: CYD]

ISI Industrial Conference

March 2014



Safe Harbor Statement



This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words “believe,” “expect,” “anticipate,” “project,” “targets,” “optimistic,” “intend,” “aim,” “will” or similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact are statements that may be deemed forward-looking statements.

These forward-looking statements are based on current expectations or beliefs, including, but not limited to, statements concerning the Company’s operations, financial performance and condition. The Company cautions that these statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including those discussed in the Company’s reports filed with the Securities and Exchange Commission from time to time.

The Company specifically disclaims any obligation to maintain or update the forward-looking information, whether of the nature contained in this presentation or otherwise, in the future.

Investors should note that CYI has not yet finalized its consolidated financial results for fiscal year 2013. The financial information presented below for fiscal year 2013 is unaudited and may differ materially from the audited financial statements of the Company for fiscal year 2013 to be released when it is available.



China Yuchai International Ltd.



Truck and Bus engines applications



Off road and Agriculture applications



Marine engines applications

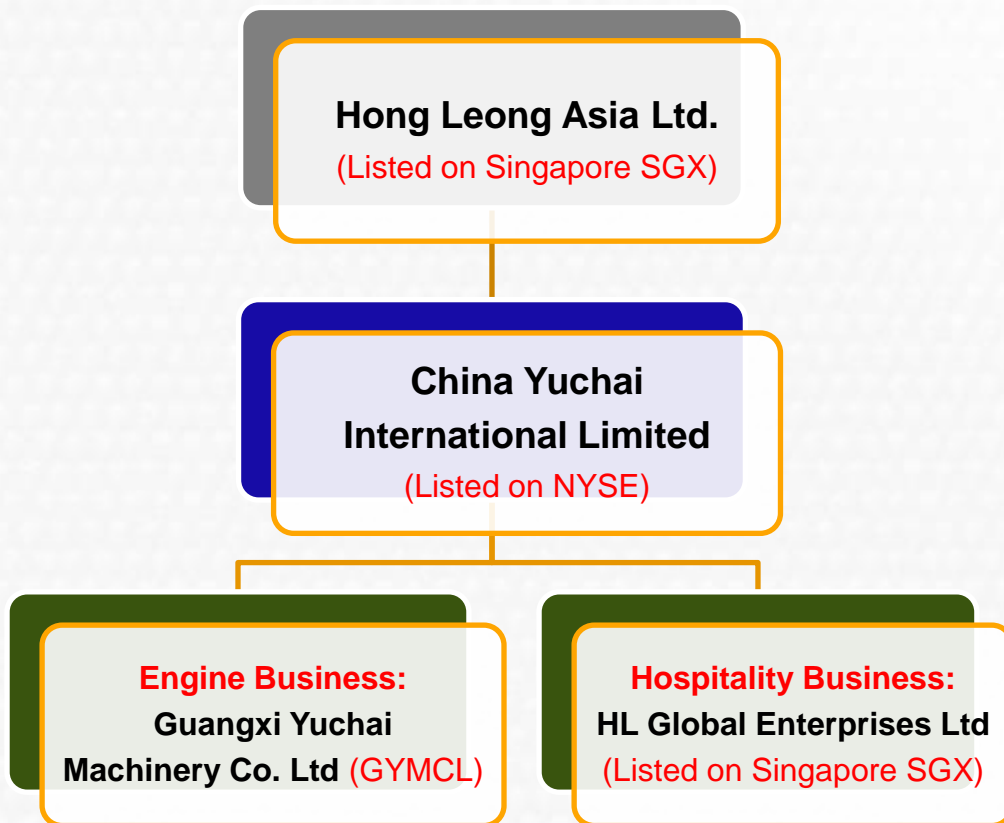




Company Structure



玉柴机器





Corporate Summary



- GYMCL was founded in 1951
- Leading manufacturer of a wide array of light-duty, medium-duty and heavy-duty diesel engines for various applications
- One of the top engine suppliers in annual unit sales as ranked by the China Association of Automobile Manufacturers
- Operates the largest single facility for the production of commercial automotive diesel engines in China
- Main production base is in Yulin, Guangxi province, with another facility in Xiamen. Capacity of 600,000 units per annum
- World-class R&D program with large patent portfolio
- Over 2,900 services stations and 32 regional sales offices throughout China*

* As of December 2013



China Economic Outlook

1. Chinese economy is slowing down but central government has announced growth rate of 7.5% for 2014
2. Restructuring of economy is proceeding with focus on increasing domestic consumption
3. Balanced monetary policy in 2014 with inflation rate to be maintained at 3.5%
4. An increase in government spending by more than 9% announced at recent annual NPC focusing on building more public housing

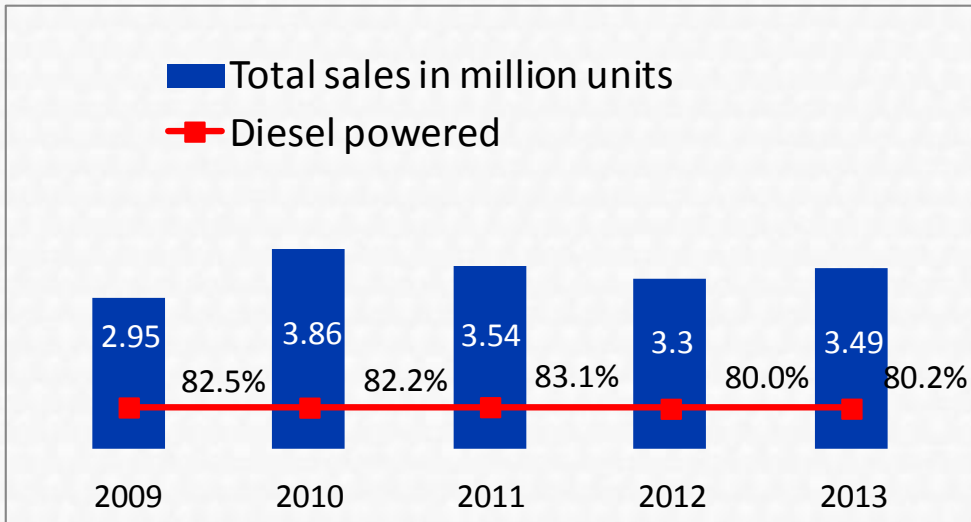
Engine Industry Outlook

1. Truck market expected to remain flat due to uncertainty over strict enforcement of National 4 emission standards
2. Coach & bus market will remain flat as in 2013
3. Gas engine market expected to grow in commercial vehicle segment
4. Construction engine market will remain sluggish in 2014 due to lack of new infrastructure projects but a slight recovery will be seen on resumption of high-speed railway construction
5. Demand for engines for agriculture applications is dependent on new government incentive schemes expected to be announced in 2014

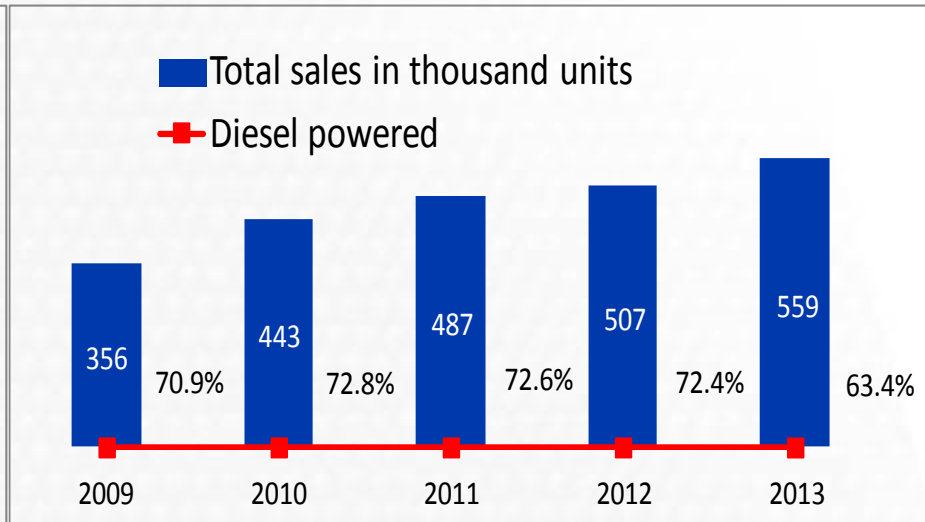


Market Overview: Commercial Vehicles

China Truck Market



China Bus Market



Truck Market Drivers

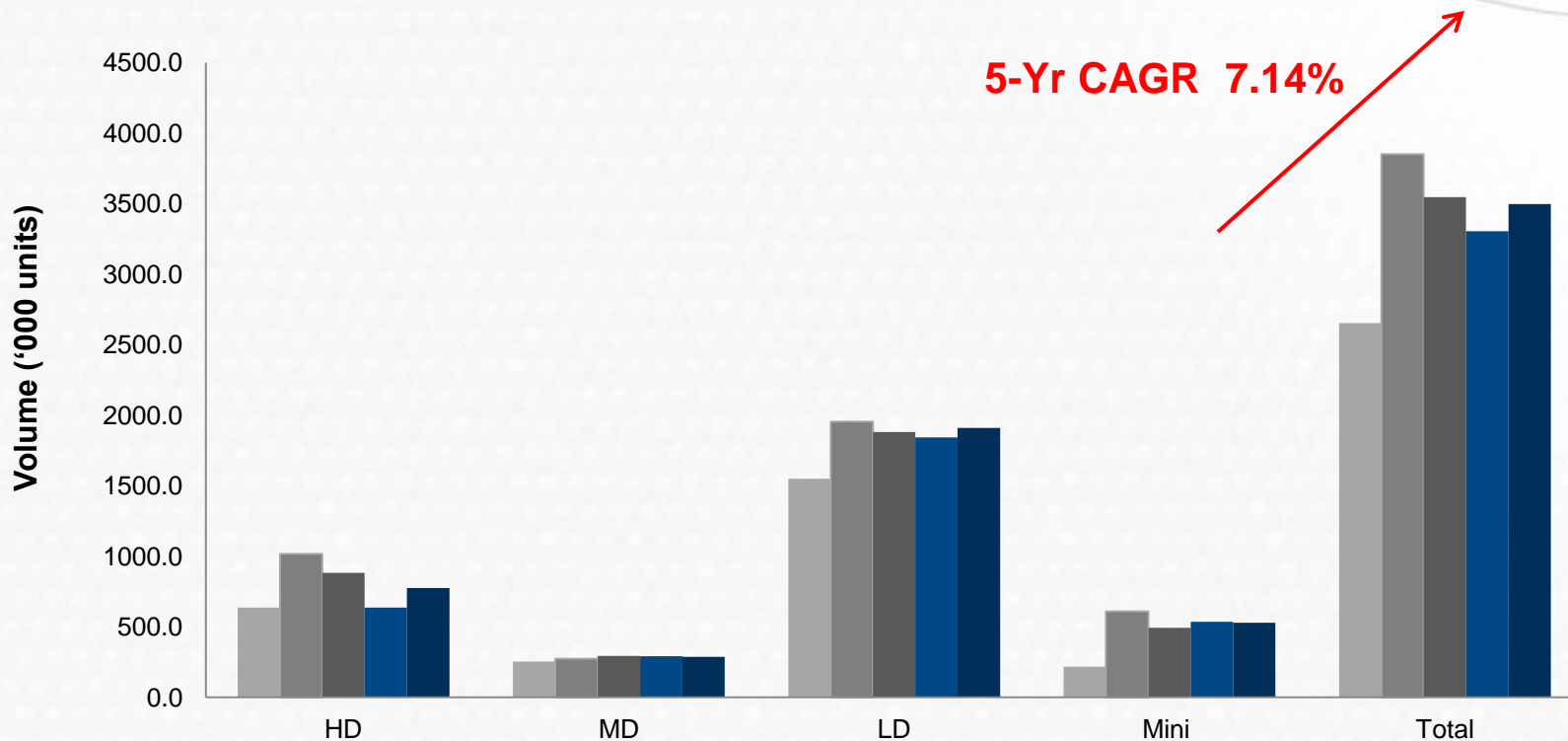
- China's economic growth
- Infrastructure projects
- Urbanization
- Logistics Networks
- Stringent emission standards

Bus Market Drivers

- Rapid expansion into rural areas
- Booming tourism
- Highway expansion
- Continued Urbanization



Truck Market Sales Breakout

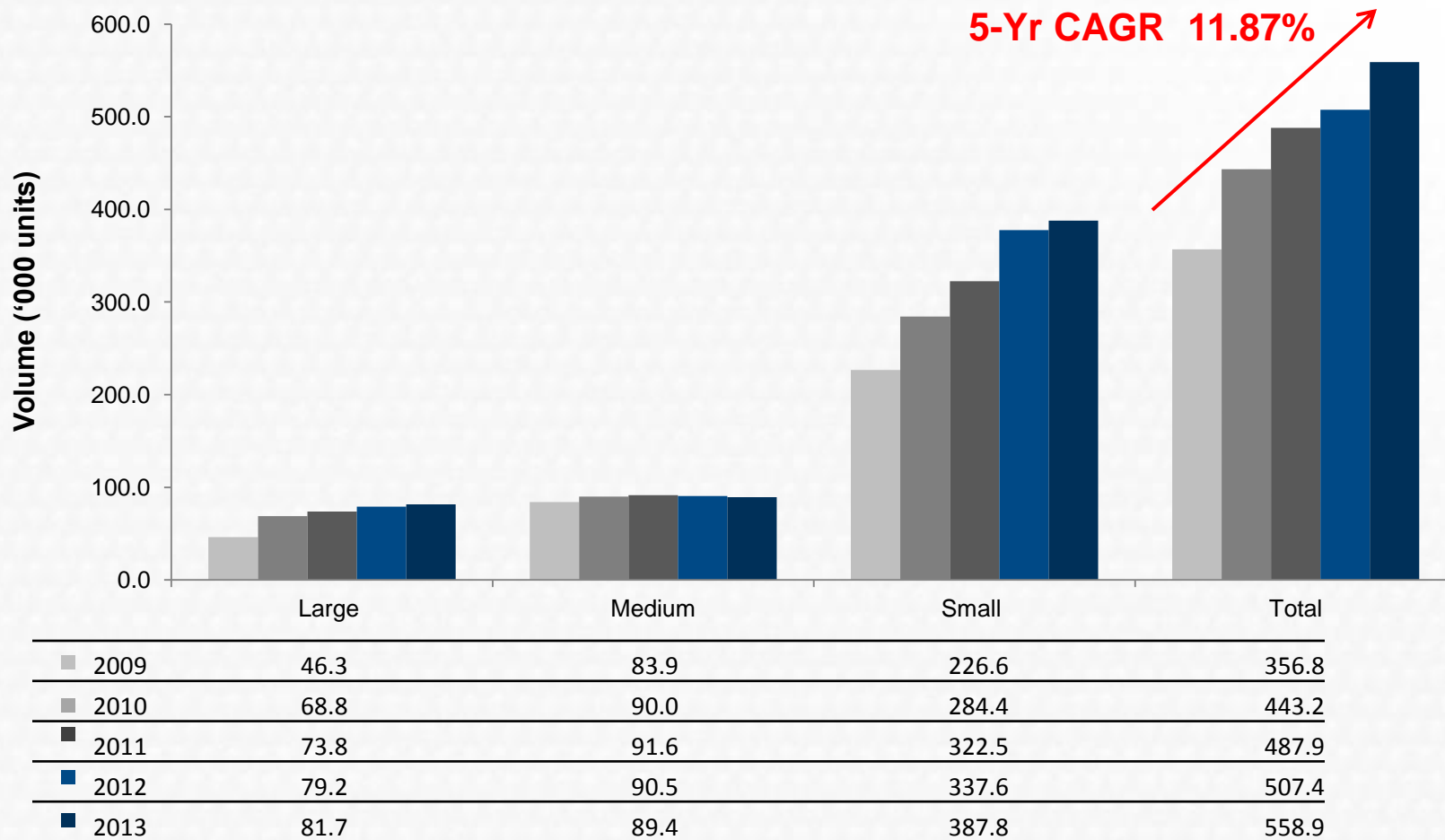


2009	635.6	253.2	1548.7	215.5	2653.0
2010	1015.0	272.7	1953.1	609.1	3849.9
2011	880.6	292.0	1880.1	492.2	3544.8
2012	636.0	290.2	1842.7	534.8	3303.8
2013	774.1	286.8	1908.3	527.0	3496.3

Source: China Automotive Industry Newsletter



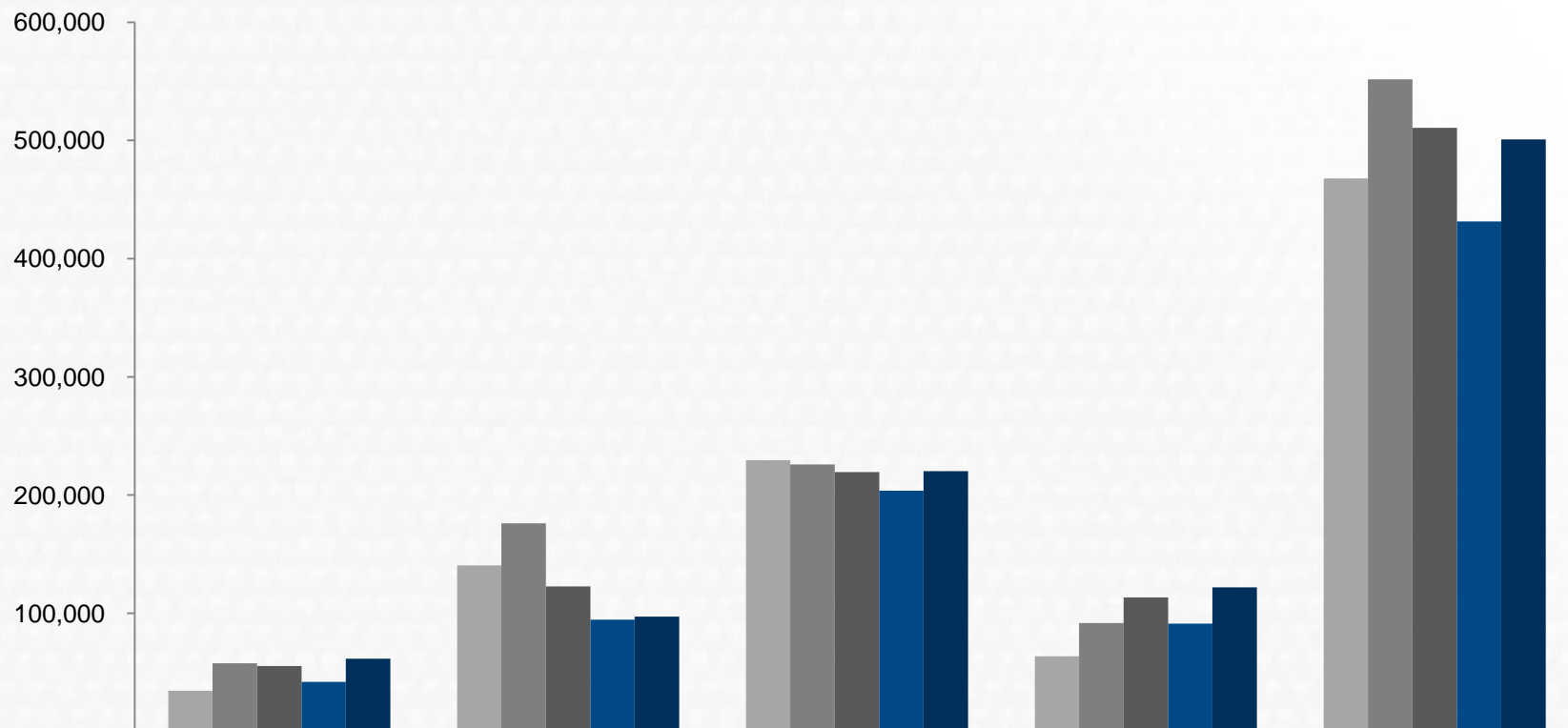
Bus Market Sales Breakout



Source: China Automotive Industry Newsletter



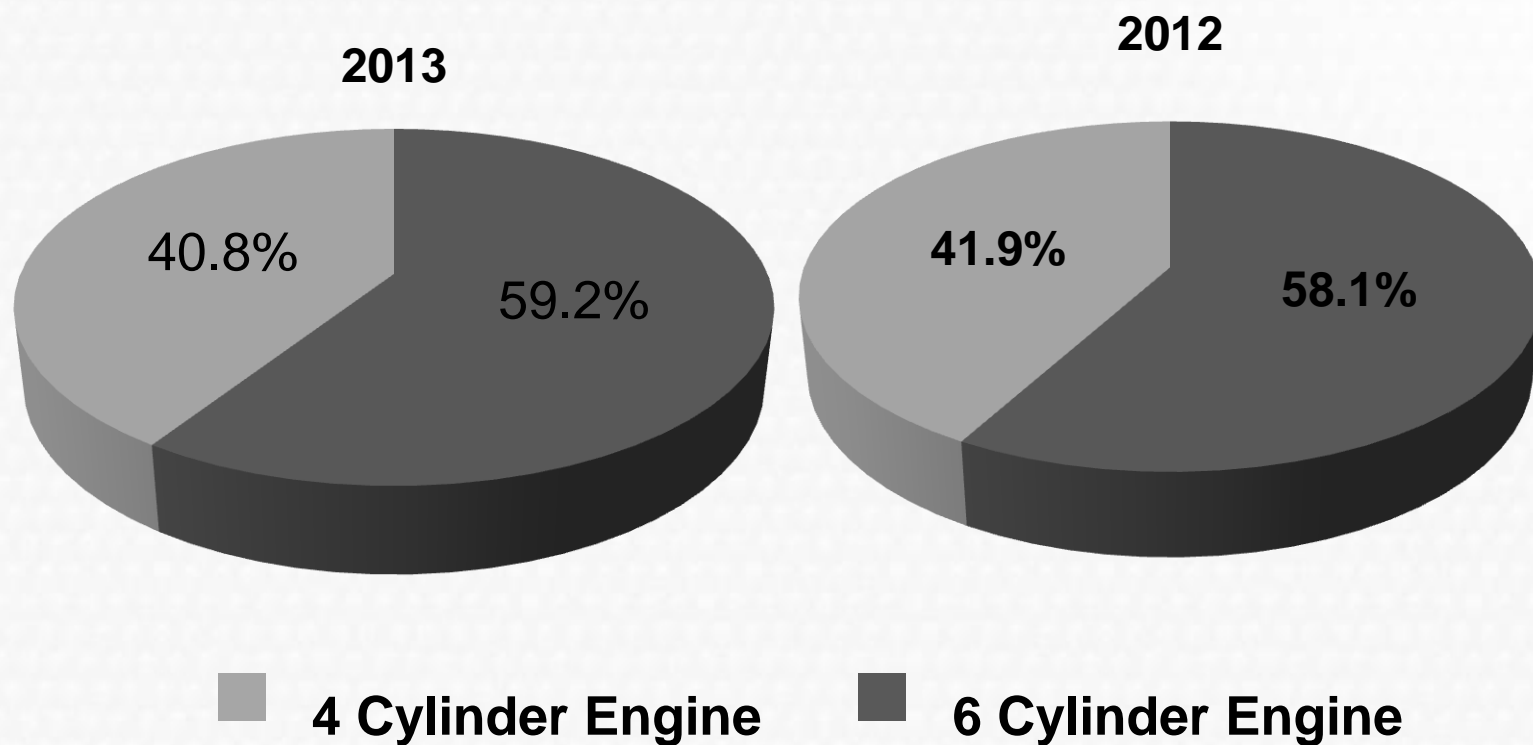
China Yuchai Unit Sales: 2009-2013



	HD Engine	MD Engine	LD Engine	Off Road Engine	Total
■ 2009	34,500	140,529	229,387	63,483	467,899
■ 2010	57,758	176,183	225,894	91,757	551,592
■ 2011	55,224	122,564	219,522	113,467	510,777
■ 2012	41,944	94,519	203,587	91,300	431,350
■ 2013	61,466	97,136	220,293	121,861	500,756



Sales Mix





GYMCL Strategic Locations



● Facilities & JVs



Yulin Facility



Engine Plant No.2 HD Engine Assembly Line

- Yulin facility is the primary manufacturing facility
- Independent R&D facilities for engine development and testing
- Production of diesel engines and natural gas engines
- Production of high horse power engines for off-road applications
- In-house machining plants for all major engine components



New Foundry



New Foundry Phase 1



Phase 2 Molding Line

- Phase 1 in full operation
- Phase 1 production of 220,000 blocks per annum
- Phase 2 was commissioned and production was ramped up to 2 shifts
- Total annual capacity of 1M engine heads/blocks in 3 phases
- One of the largest foundry and engine casting facilities in China



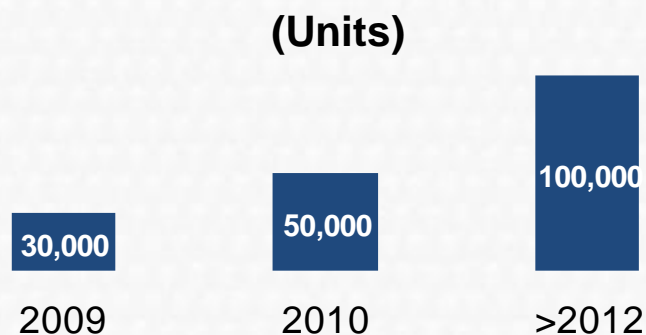
Xiamen Yuchai Facility



Xiamen Yuchai Factory and Assembly Line

Capacity in Xiamen

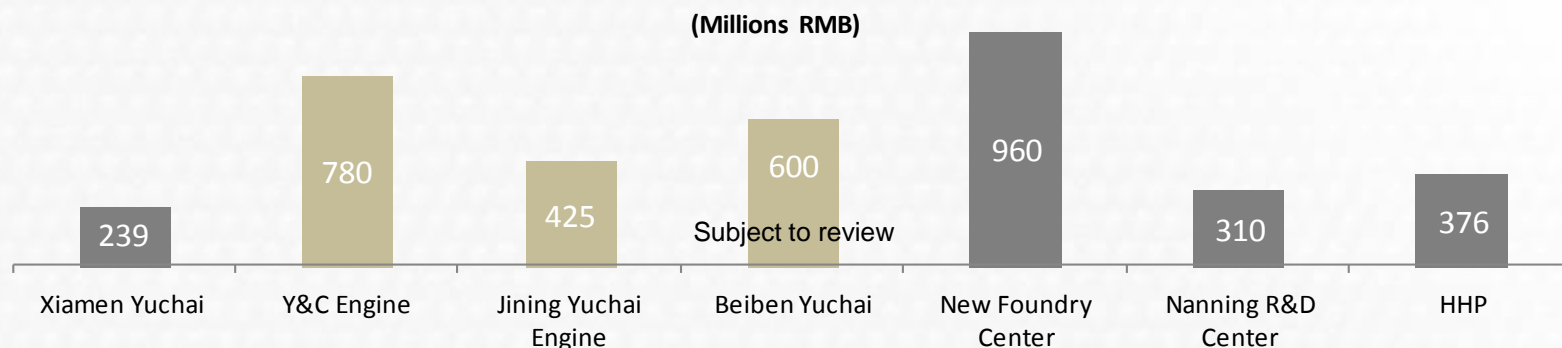
- Started in September 2009 in Xiamen
- Ramping up production to supply engines to customers in South-Central China
- Capacity to be maintained at 100K units beyond 2012





Strategic Partnerships

Major Projects Investment



	Y&C Engine Co Ltd	Jining Yuchai	JV with Baotou Beiben
JV Partner	CIMC-Chery	Geely	Norinco Beiben
Location	Wuhu City Anhui Province	Jining City Shandong Province	Baotou Industrial Park Inner Mongolia
Products	YC 6K, 12/13L 380-550PS HD	4D20, 2/3L 90 -140 PS LD	YC6K, YC6MK, YC6L HD vehicle engines
Production Date	Early 2011	Development stage	JV establishment
Ownership	45% GYMCL	70% GYMCL	40% GYMCL



Wuhu Y&C Power (Chery Trucks)



玉柴機器



Engine Assembly Line



Machining Center

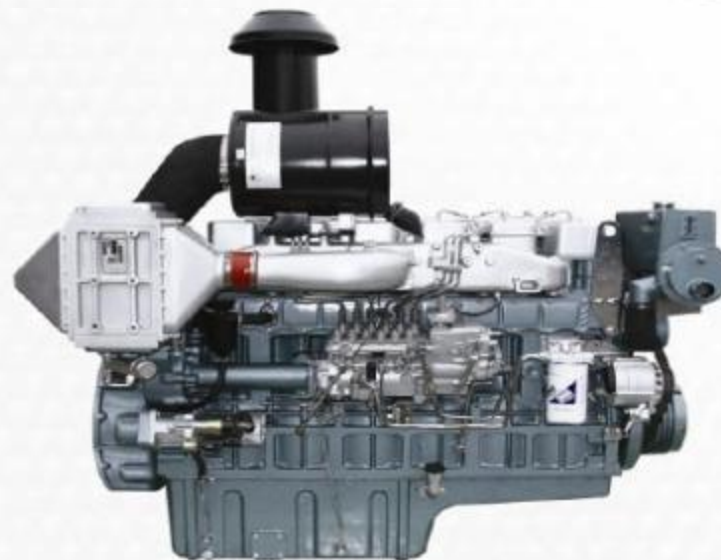
- Trial production started in 2011
- Production line has been fully commissioned
- Existing capacity 15,000 units per annum (single shift operation)
- Gas version of YC6K engine is now available for both on-road and off-road applications



Capacity Expansion HHP Marine and Power Gen Engines



YC6C

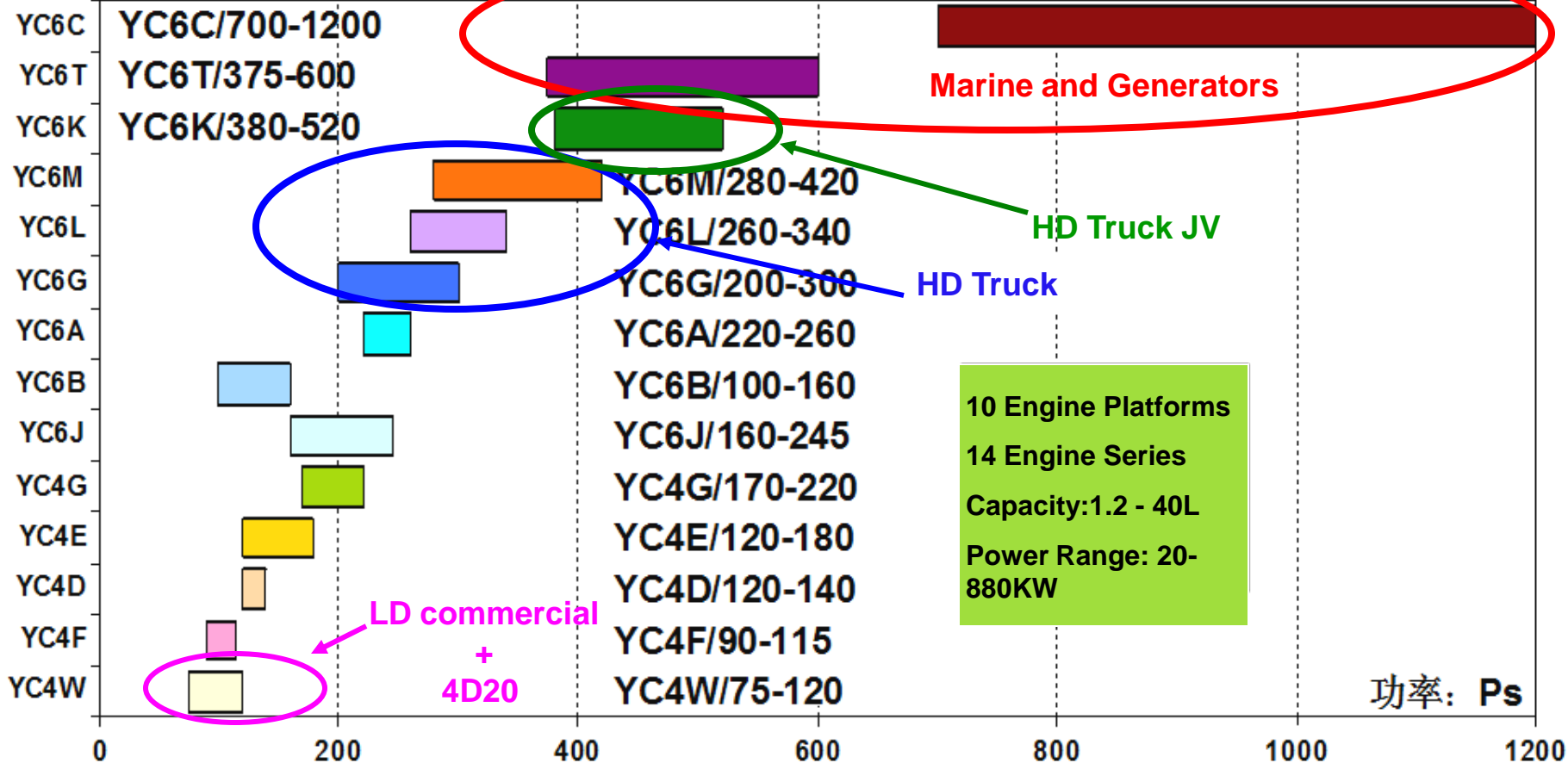


YC6T

- YC6T - 16L with 350 - 550 bps power rating, available for IMO/T2 standard
- YC6C/6CL – 40-54L with 600 - 1200 bps power rating, available at present
- YC12VT - 33L with 750 - 1,000 bps power rating, to be launched mid-2014
- YC12VC – 80L with 1200 – 1800 bps power rating, to be launched in 2015



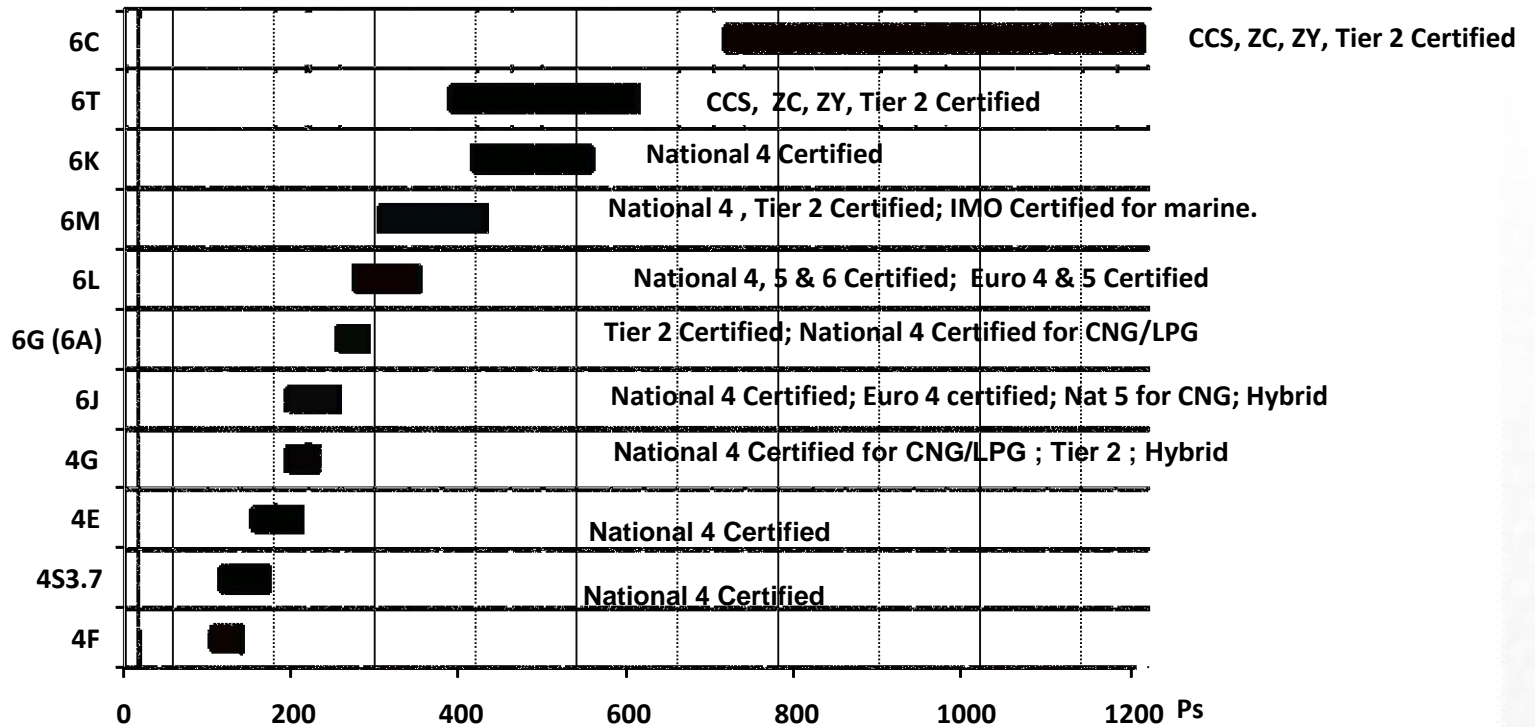
Products





Meeting Stringent Emissions Standards

Engine Series



- National 4 emission standard was implemented nationwide in China in July 2013
- Many tier 1 and 2 cities have already adopted National 4 emission standards.



China Distribution Network

- 2,900 services stations in China
- 32 regional sales center

* As of December 2013



International Offices



 GYMCL International Offices

Global Sales and Service Network

- 13 international offices
- Over 100 overseas service stations

* As of December 2013



Green Technology

- **National 6 Emission Standard (Equivalent to Euro IV)**
 - YC6L-60 National 6 Engine was launched in October 2011
- **National 5 Emissions (Equivalent to Euro V)**
 - National 5 Diesel Engine in operation in Public Transport Systems in major cities
 - National 5 Gas Engine in operation for both truck and bus.
- **Hybrid Diesel Power Train**
 - Over 2,000 hybrid systems in operation being used in Public Transport Systems, including GYMCL's self-developed Hybrid power train
- **Natural Gas (CNG, LNG) and LPG engines**
 - Delivered approximately 32,400 Gas Engines in 2013
 - New Gas Engine Development Centre in service since early 2013



Gas Engine



**GYMCL's YC4G
Gas Engine**



**GYMCL's YC6J
Gas Engine**



**GYMCL's YC6M
Gas Engine**

- Central Government promoting the use of Natural Gas in both truck and bus segments in the 12th 5-year plan.
- Gas pipeline infrastructure in place to support the nationwide gas distribution but refueling infrastructure is still under development.
- GYMCL launched 7 new gas engine models at the start of 2013, for both on-road and off-road applications.
- New Gas Engine Development Centre in operation since mid-2013, to develop and manufacture full portfolio of gas engines for all applications.
- GYMCL has sold approximately 20,000 and 32,400 gas engines in 2012 and 2013.



R&D Leadership

- Approximately 660 engineers including 28 PhDs and 103 Master Degree Holders in the R&D team, with
- Over a Thousand patents were registered since 2004
- New Nanning R&D Institute commenced operations from October 2013
- National 6 (Euro 6) compliant engine YC6J launched in late 2011
- Euro 5 engines YC6J commercially launched for Public Transport (PT) market in Oct 2010
- 1st hybrid power system launched in late 2010 for PT market, now 2,000+ in operation
- Leading factory for Euro 4 & 5 engine production in China
- Self-developed V configuration engine V12T and V12C for marine and power generation applications



Cost & Technology Improvement

Lean Manufacturing

- Promote lean manufacturing across all machining shops, engine assembly plants

Gas Engine Development

- Complete range of gas engines suitable for LNG, CNG and LPG gaseous fuels

V Configuration for HHP engines

- Developing the 12VT (33L) and 12VC (80L), 16VC(106L) engines to extend engine power range

New Foundry

- Rejection rate reduced to below 1.0%.
- Savings of 5% on material cost due to accurate molten iron measurement and placement



2013 Awards & Recognitions

- 2013 China Top 500 Enterprise - No. 249
- 2013 China Top 500 Manufacturing Enterprise - No. 17
- 2013 The Top 500 Best Brands in China – No. 105
- 2013 Guangxi Best Ten Enterprises Award
- 2013 YC6K was accredited the Euro E-mark certification
- 2013 YC6L wins the “Trustworthy Products for Public Transport Industry”
- 2013 YC6K12 wins the “Best Fuel Saving Engine” on 6x4 trailer class in the 6th China International Truck Competition



Moving Forward

- Maximize shareholders' value
- Launch new gas engines to address increasing gas application demand
- Expand into HD products, in construction, marine and power gen markets
- Continue to ensure all products meet stringent emission standards
- Grow international business
- Implement and cost reductions through Lean Six Sigma manufacturing
- Launch JVs' products to support future profitable growth
- 8 new engine models meeting the latest emission standards was launched in 2014



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Financial Overview



Financial Performance Review



	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013
Engines sold (units)	372,280	467,899	551,592	510,777	431,350	500,756
Revenue (RMB million)	10,405	13,176	16,208	15,444	13,449	15,902
EPS (USD per share)	\$0.94	\$2.47	\$4.57	\$3.49	\$2.43	\$3.05

Review of Business Activities

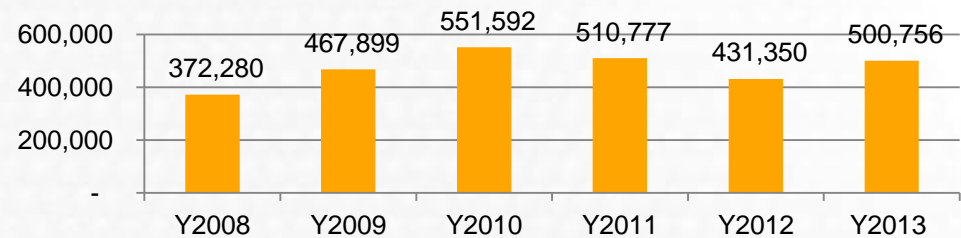
- Sales units: **CAGR at 6.1% ('08 -'13)**
- Sales units of 372K ('08) to 501K ('13)

- Revenue: CAGR at 8.9% ('08 -'13)**
- RMB 10.4b ('08) to RMB 15.9b ('13)

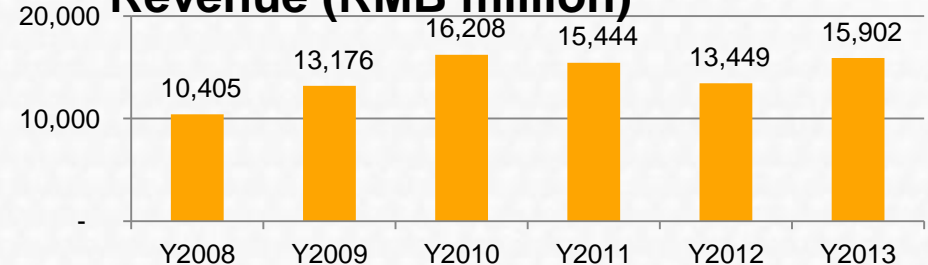
- Y2010: Chinese Government introduced major economic stimulus. Thereafter, correction in 2011 and 2012.
- Y2012: Likely to be the bottom point
- Y2013: Seeing an uptake

- Healthy growth and market presence**
- Consistent ranked as a top engine maker by “China Association of Automobile Manufacturers” .
- Maintain steady ASP

Engines sold (units)



Revenue (RMB million)





Financial Performance Review

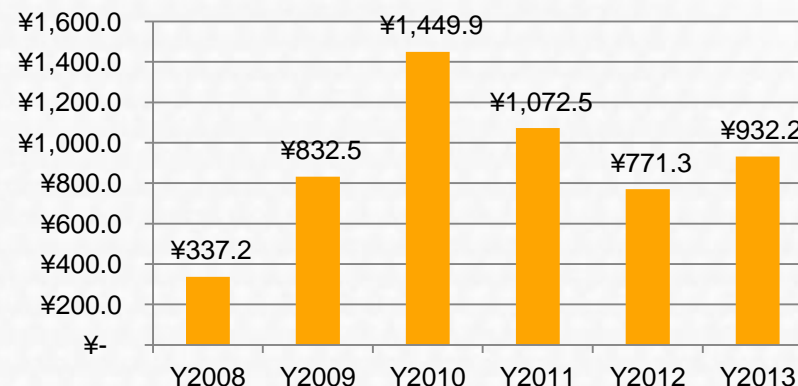


		Y2008	Y2009	Y2010	Y2011	Y2012	Y2013
Engines sold	Units	372,280	467,899	551,592	510,777	431,350	500,756
Revenue	RMB million	10,405	13,176	16,208	15,444	13,449	15,902
Gross Profit	RMB million	2,049	2,546	4,009	3,442	2,880	3,265
Operating Profit, EBIT	RMB million	616	854	1,950	1,535	1,163	1,395
PAT	RMB million	337	832	1,450	1,073	771	932
PATMI	RMB million	¥ 240.0	¥ 628.3	¥ 1,117.3	¥ 818.5	¥ 567.3	¥ 692.6
PATMI	US\$ million	\$ 35.1	\$ 92.0	\$ 170.4	\$ 129.9	\$ 90.5	\$ 113.6
EPS	US\$ per share	\$0.94	\$2.47	\$4.57	\$3.49	\$2.43	\$3.05
Return on Equity (%)	%	7.3%	15.4%	21.4%	14.6%	9.9%	11.1%

Review of Performance

- **PAT: CAGR at 22.5% ('08-'13)**
- PAT: RMB 337m ('08) to RMB 1.4b ('10).
- PAT bottom at RMB 771 m ('12)
- PATMI: US\$35m ('08) to US\$170m ('10).
- PATMI: bottom at US\$90m ('12)
- 2013 PAT: RMB 932m
- **EPS: US\$ 0.94 ('08) to US\$3.05 ('13)**
- **Return on Equity: 7.3% ('08) to 11.1% ('13)**
- Healthy growth corresponds to earnings growth
- Generates operating cash (Operating profit / EBIT) year on year.

PAT, RMB million





Financial Indicators Review

Currency: RMB million	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013
Operating Profit (EBIT)	615.7	854.3	1,949.7	1,535.1	1,163.5	1,394.6
Add: Depreciation and amortization	272.6	285.3	286.1	328.8	348.5	388.9
EBITDA	888.4	1,139.6	2,235.8	1,863.9	1,511.9	1,783.5

Gross Profit %	19.7%	19.3%	24.7%	22.3%	21.4%	20.5%
Operating Profit %	5.9%	6.5%	12.0%	9.9%	8.7%	8.8%
PAT %	3.2%	6.3%	8.9%	6.9%	5.7%	5.9%

Review of Profit Indicators

•GP margin:

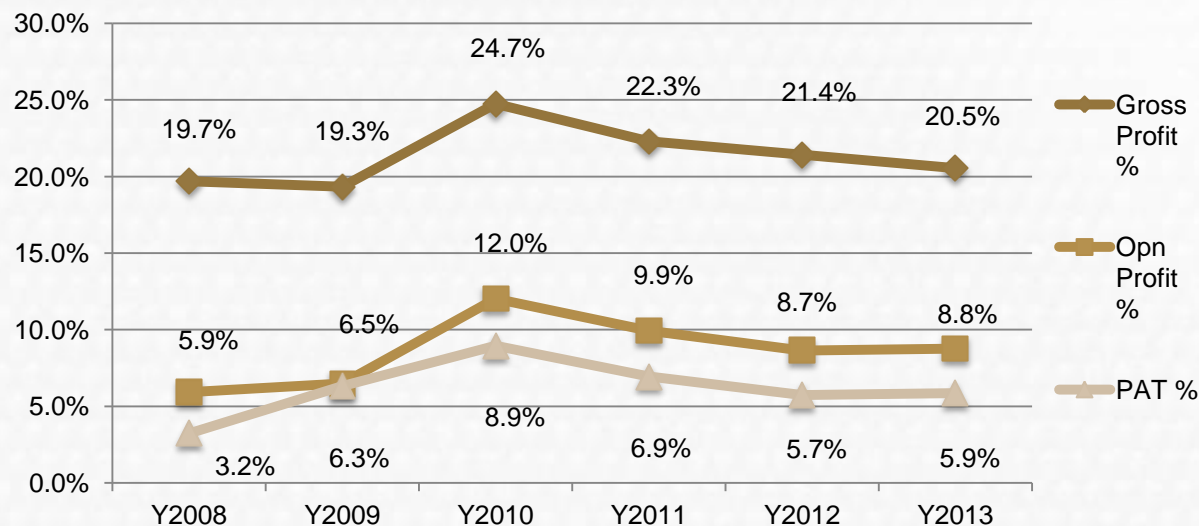
•19.7% ('08) to 20.5% ('13)

•Operating Profit:

•5.9% ('08) to 8.8% ('13)

•PAT %:

•3.2% ('08) to 5.9% ('13).





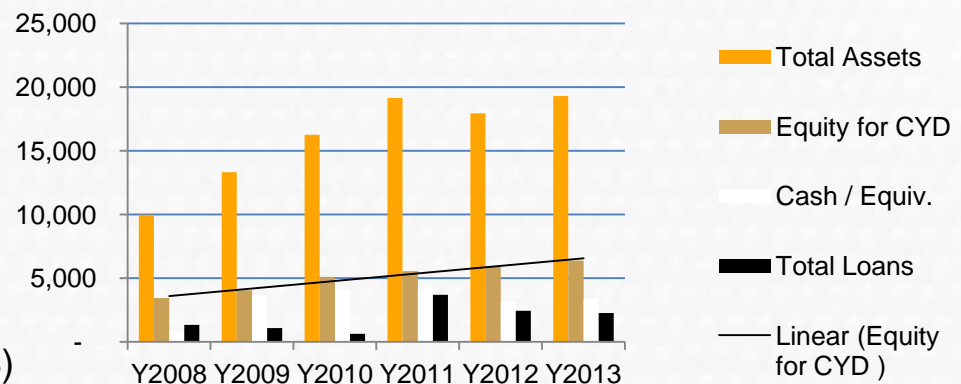
Balance Sheet Review

Currency: RMB million	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013
Total Assets	9,968	13,306	16,246	19,151	17,924	19,293
Equity for CYD	3,445	4,049	5,098	5,542	5,902	6,392
Cash / Equiv.	824	3,658	4,061	4,125	3,157	3,397
Total Loans	1,325	1,079	625	3,697	2,451	2,259

Gearing Ratio	0.38	0.27	0.12	0.67	0.42	0.35
Curent Ratio	1.19	1.28	1.28	1.24	1.30	1.49
Inventory Turnover days	98	73	79	73	69	67
AR Turnover days	89	69	95	158	179	171
AP Turnover days	114	163	171	146	158	147

- **Healthy building up of Balance Sheet.**

- Equity for CYD: Grew from RMB 3.4B ('08) to RMB 6.4B ('13)
- Equity for CYD grew at 13.2% (CAGR) after dividend
- Cash: Grew from RMB 0.8B ('08) to RMB 3.4B ('13)
- **Net cash Position since 2008.**
- Gearing (gross): 38% ('08) to 35% ('13)
- Current ratio: 119% ('08) to 151% ('13)

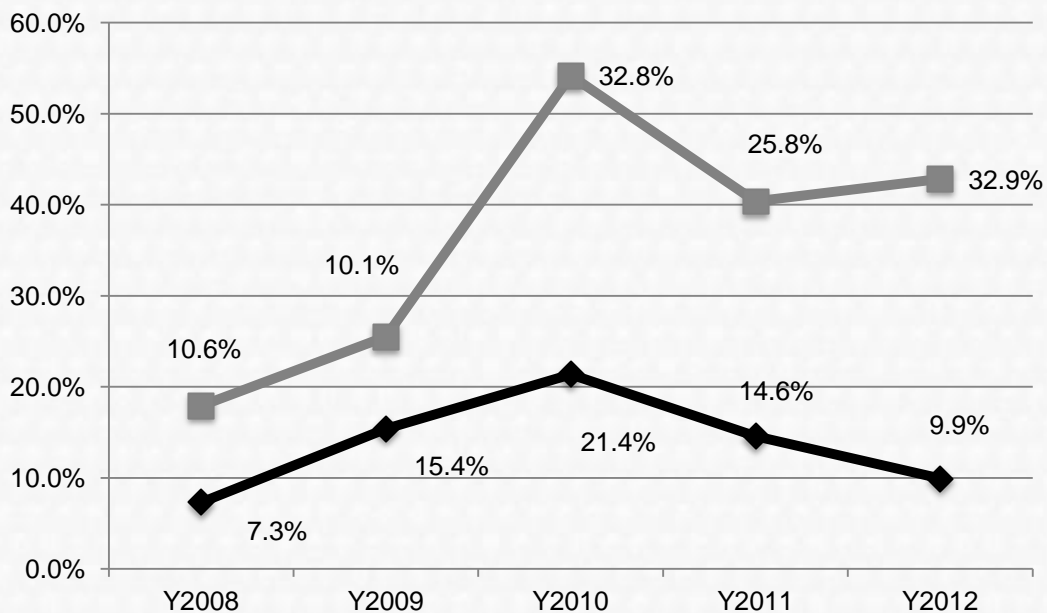




Financial Return Review

	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013
Return on Equity %	7.3%	15.4%	21.4%	14.6%	9.9%	11.1%
Dividend / EPS, Ratio	10.6%	10.1%	32.8%	25.8%	32.9%	Note (a)
EPS, US\$ per share	\$0.94	\$2.47	\$4.57	\$3.49	\$2.43	\$3.05
Dividend, US\$ per share	\$0.10	\$0.25	\$1.50	\$0.90	\$0.80	Note (a)

Note (a): Interim dividend of US\$ 0.10 per share was paid on August 26, 2013



ROE

7.3% ('08) to 11.1% ('13).

Dividend / EPS ratio

10.6% ('08) to 32.9% ('12)



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Thank You

