

China Yuchai International Ltd.

[NYSE: CYD]

March 2021

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”, “confident that”, “continue to”, “predict”, “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 including, but not limited to, statements concerning the Company’s operations, financial performance and condition are based on current expectations, beliefs and assumptions which are subject to change at any time. 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 such as government and stock exchange regulations, competition, political, economic and social conditions around the world and in China including those discussed in the Company’s Form 20-Fs under the headings “Risk Factors”, “Results of Operations” and “Business Overview” and other reports filed with the Securities and Exchange Commission from time to time. Among others, if the COVID-19 pandemic is not effectively and timely controlled, our business operations and financial condition may be materially and adversely affected due to a deteriorating market for automotive sales, an economic slowdown in China and abroad, a potential weakening of the financial condition of our customers, or other factors that we cannot foresee. All forward-looking statements are applicable only as of the date it is made and China Yuchai specifically disclaims any obligation to maintain or update the forward-looking information.

The financial information presented herein for the financial year ended December 31, 2019 is audited and 2020 financial information is unaudited.

Truck and Bus engines applications



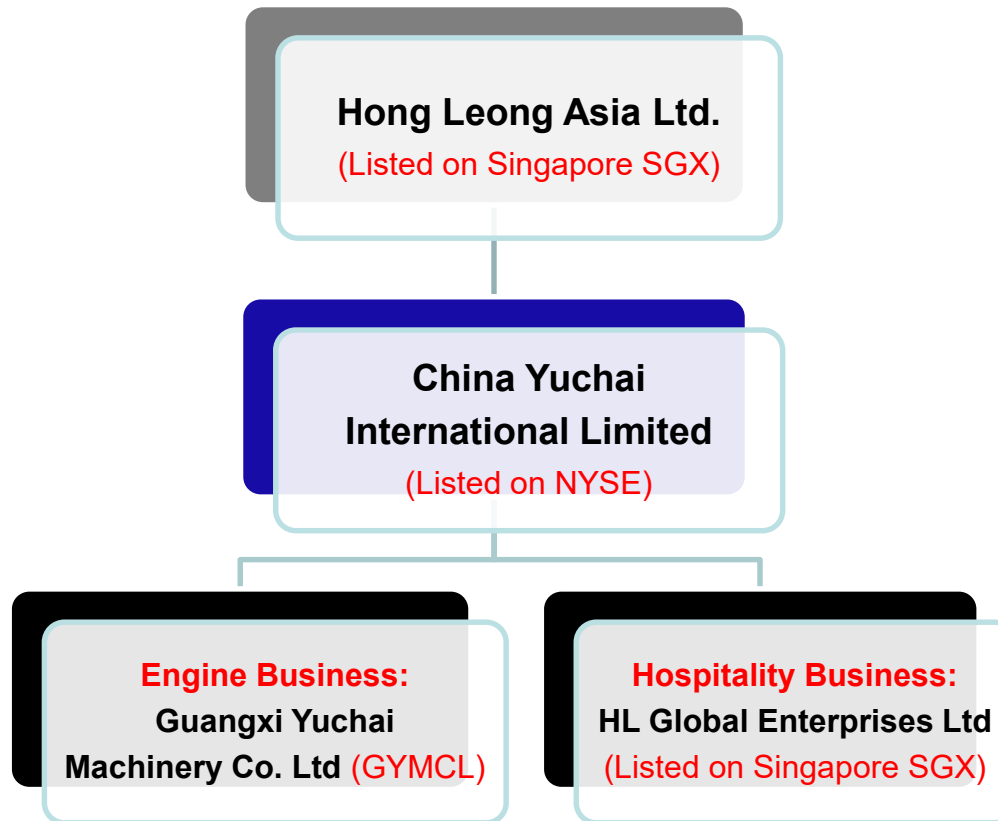
Off-road and Agriculture applications



Marine engines applications



Company Structure



- **GYMCL was founded in 1951**
- **Leading manufacturer of a wide array of light-duty, medium-duty and heavy-duty engines for various applications**
- **One of the top commercial engine suppliers in annual unit sales as ranked by the China Association of Automobile Manufacturers (“CAAM”)**
- **Operates the largest single facility for the production of commercial automotive and industrial engines in China**
- **Engine production facilities are based in both GYMCL and its subsidiaries, total capacity of 600,000 units per annum**
- **World-class R&D program with large patent portfolio**
- **Over 3,000 domestic services stations, and 28 vehicle engine sales, 12 off road engine sales and 10 marine & powergen engine sales offices throughout China***
- **13 Overseas sales office located across Asia, Europe and Latin America**

* As of 31 Dec 2020

Vehicle Engine OEMs

<p>卡车 Truck</p>	 东风柳汽	 东风汽车	 江淮汽车	 联合卡车 C&C TRUCKS	 福田汽车	 中国重汽 SINOTRUK	 陕汽重卡	 大运重卡	 一汽解放
<p>客车 Bus</p>	 宇通客车	 KING LONG 金龙客车	 HIGER 海格客车	 金旅客车	 FOTON 福田汽车	 申龙客车	 中通客车	 ANKE 安凯客车	 HENG TONG 恒通客车
<p>轻型车 Light truck</p>	 五菱汽车	 金杯	 KING LONG 金龙客车	 JIALING 嘉陵工业	 CHANGAN 长安汽车	 BAIC Group 北汽集团	 黄海汽车		

Off Road / Marine Engine OEMs

船舶发电



Vessel Electricity



工程机械



Construction Machinery



农业机械



Agricultural Machinery



Market Statistics

China's economy rebounded and increased 2.3% for the year after declining in the first quarter due to the lockdowns and travel restrictions from the Covid-19 infection in early 2020

According to CAAM, commercial vehicle unit sales (diesel & others):

1. CV industry grew by +23.8% (excluding EV)
2. Truck market – YoY change for HD (+38.2%), MD (+14.2%) and LD (+19.4%) segments
3. Bus market – YoY change for HD (-36.4%), MD (-35.5%) and LD (-0.2%) segments

Market review – On road

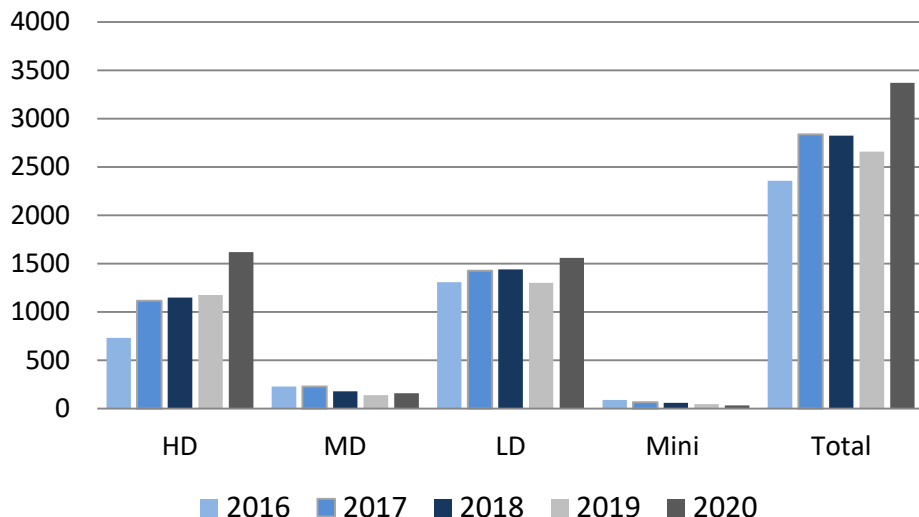
1. HD Truck segment sales exceeded 1.6 million units creating a new record high due to new replacement demand, anti-overloading policy, strong demand from logistics industry
2. The HD and MD bus segments were significantly weaker as most public transit buses purchased were electric powered. EV bus sales continued to grow but slowed due to declining government incentives

Market review – Off road

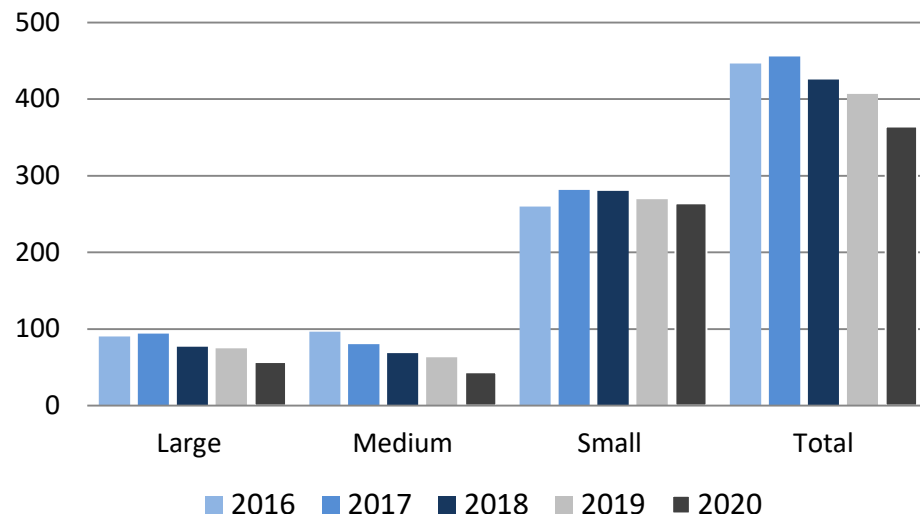
1. Agricultural machinery sales has increased due to extended government incentive scheme to promote farming activities during Covid-19 pandemic, a significant growth in sales of harvesting machineries and tractors
2. Engines for construction applications grew in segments such as loaders and excavators
3. Marine segment declined but demand for G-drive engine has increased due to export market growth

Market Overview: Commercial Vehicles 2016-2020

China Truck Market



China Bus Market



Source: China Automotive Industry Newsletter
(Powered by Diesel and Others)

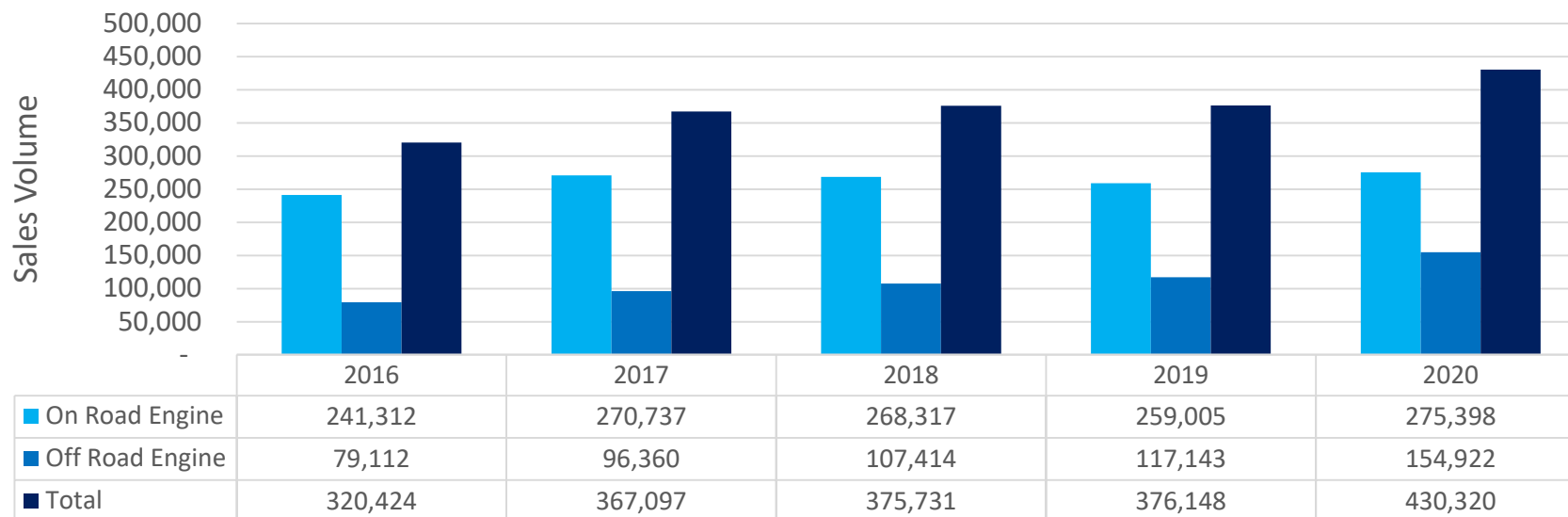
China Truck Market Drivers

- China's economic growth
- Anti-overloading policies
- Urbanization / logistics networks
- Stringent emission standards
- Covid-19 stimulus package

China Bus Market Drivers

- Rapid expansion into rural areas
- Booming tourism
- Continued urbanization
- Demand affected by EV and HSR

China Yuchai Unit Sales: 2016-2020



Emission standard in China

- National IV Emission Standard was fully enforced nationwide from 31st December 2014
- National V emission standard was fully implemented from 1st January 2018
- Full enforcement of off-road Tier 3 emission standards from December 2016
- National VIa emission standard for gas engine was implemented from 1st July 2019
- National VIa diesel engine emission regulation to be fully enforced from 1st July 2021
- Off-road machinery (below 560kW) Tier 4 emission standard implementation is scheduled on 1st December 2022
- National VIb emission standard for diesel engine is scheduled on 1st July 2023

1. Product Strategy

- **Ensure all products meet current stringent emission standards and be among the first engine manufacturers compliant with future emission standards**
- **Expand HD products into marine, power gen and construction markets**
- **Develop New Energy products for hybrid and fuel cell power systems**
- **Extend product applications**

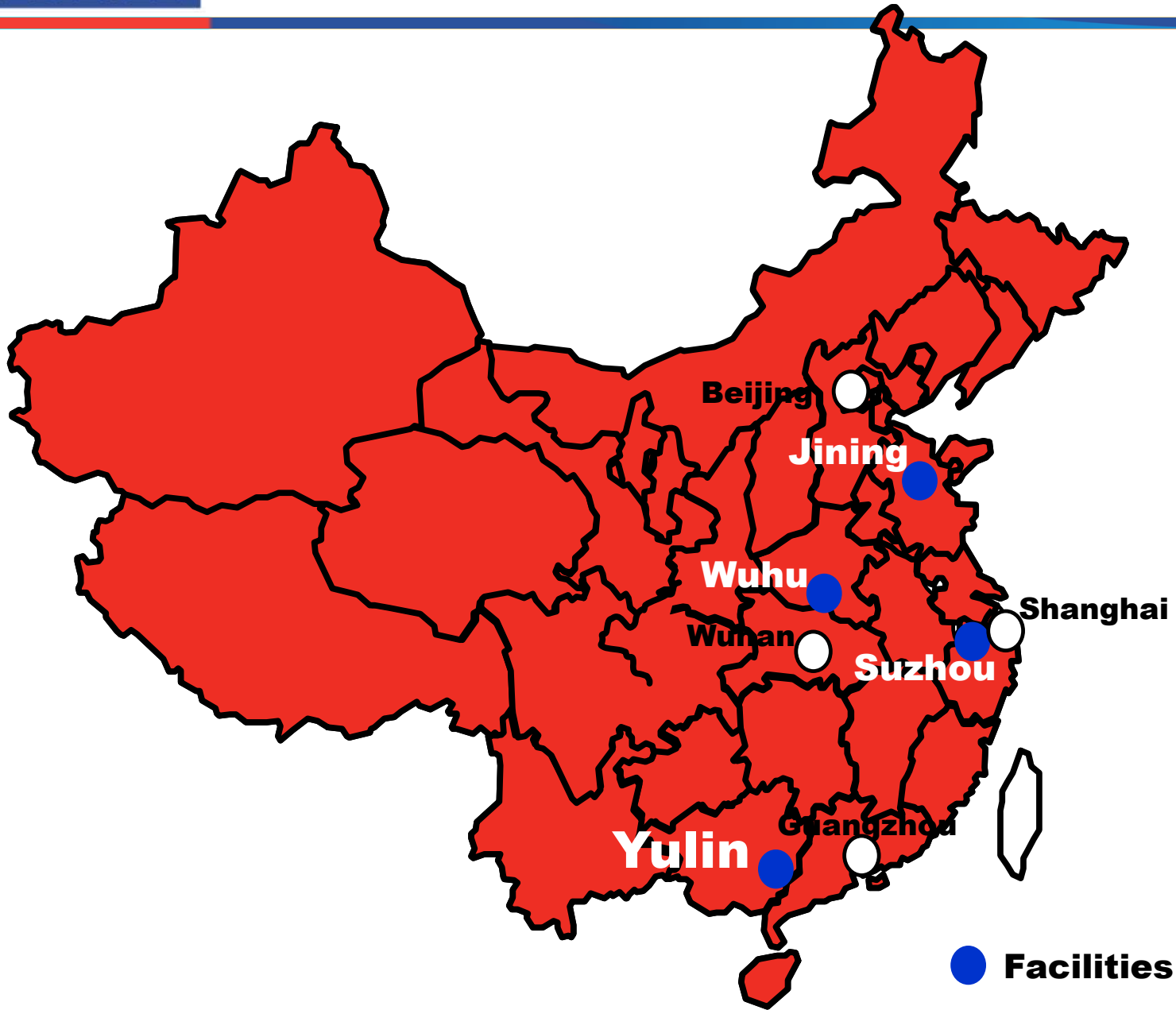
2. Business Strategy

- **Grow new markets with new products such as High Horsepower engines for marine and power generation segments**
- **Extend off-road engine platforms for agricultural, industrial, construction and mining machineries**
- **Nurture strategic alliances with OEM customers**
- **Grow international business**
- **Implement cost reductions through Supply Chain and Manufacturing Process improvement**
- **Explore launching more production and assembly facilities to sustain future growth**

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Operational Overview





Engine Plant No. 5 - HD Engine Assembly Line

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

Engine Assembly Plant



微正压、恒温、恒湿车间
Micro-positive pressure, constant temperature and humidity workshop.

Engine Component Machining Plants



Foundry Phase 1

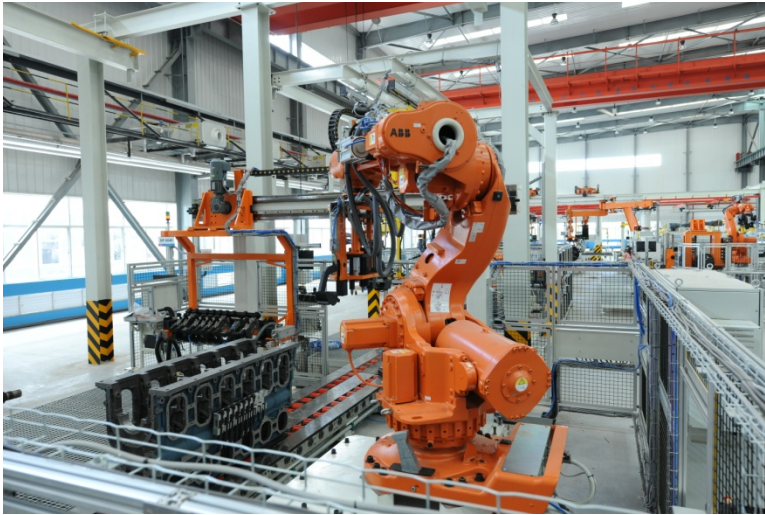


Foundry Phase 2



- Foundry Phase 1 and 2 are in full operation for the casting of engine blocks and heads for all engine models
- Large Casting Foundry is fully operational since early 2015, mainly producing the casting for HHP engines
- Total annual capacity over 1 million engine cylinder blocks and/or heads
- One of the largest foundry and engine casting facilities in China

Engine Assembly Line



Gantry CNC milling center



- **Designed for HHP engine (16 liter and above) machining and assembly**
- **HHP engines are mainly used for marine and power generation applications**
- **Installation of Gantry CNC milling centers for cylinder block and head machining**
- **New assembly line with robots and other automated processes ensure top quality standards**
- **Individual automated engine painting line**
- **Individual engine testing stands for comprehensive performance tests**



Engine Assembly Line



Machining Center

- **Latest designed engines (10L – 13L) comply with China National V and VI emission standards**
- **Production and machining lines are fully commissioned**
- **Existing capacity for 30,000 units per annum (single shift operation)**
- **Gas version YC6K engine is available for both on-road and off-road applications**
- **YC6K13 (13L) is available for HD truck market**



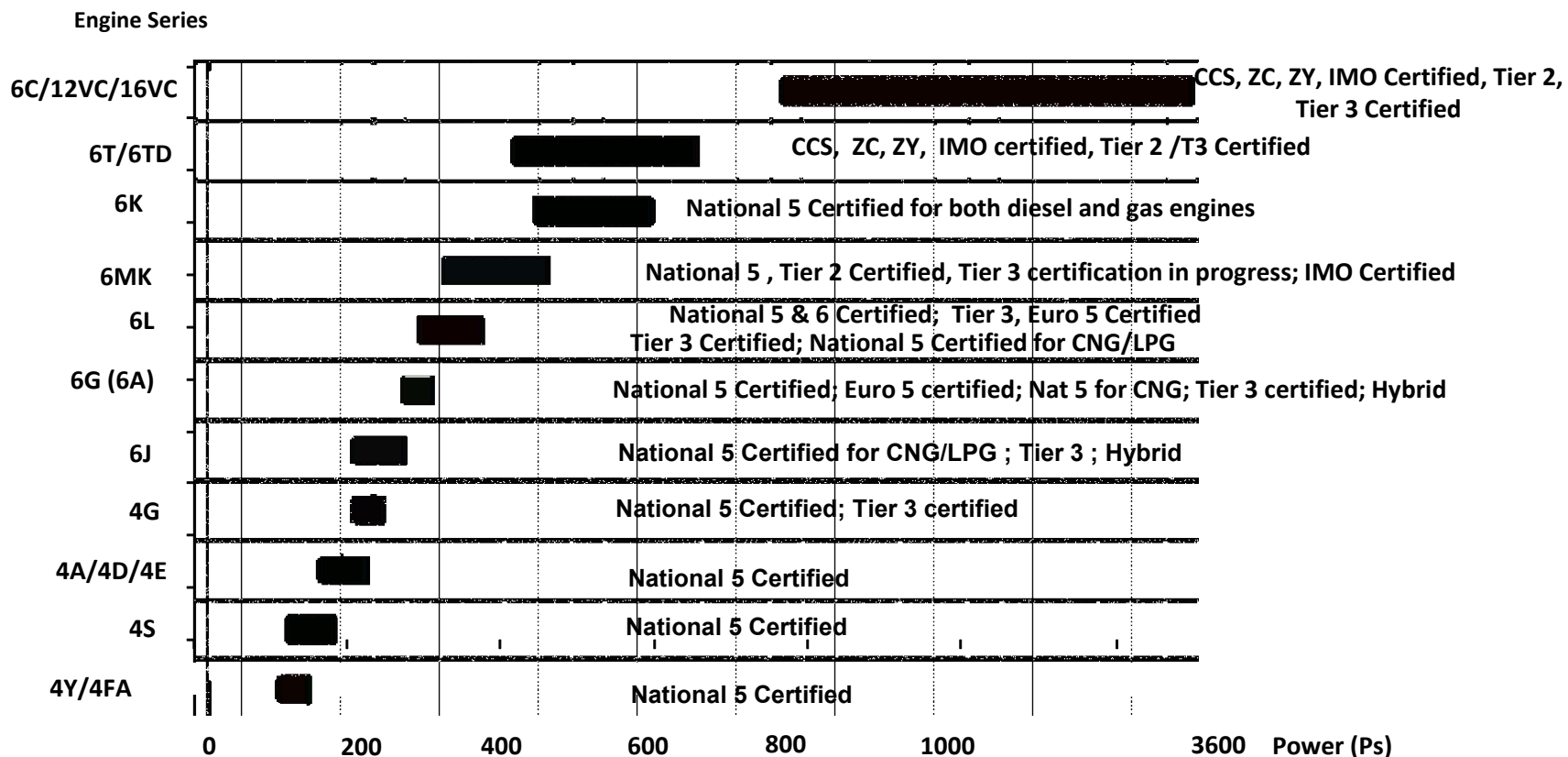
Our JV partner MTU

- ❑ A diesel engine manufacturer specializing in high-speed, large-rating diesel engines for power generation, oil & gas, railway, marine and mining applications
- ❑ MTU is a wholly owned subsidiary of Rolls-Royce Power Systems

The Joint Venture

- ❑ The Joint Venture ownership of 50:50 between MTU and GYMCL
- ❑ Main manufacturing site is located in Yulin within present GYMCL facilities
- ❑ JV company was incorporated in January 2017
- ❑ Total investment of RMB150M in phase 1
- ❑ In 2020, engine production of 215 units, total sales 251 units

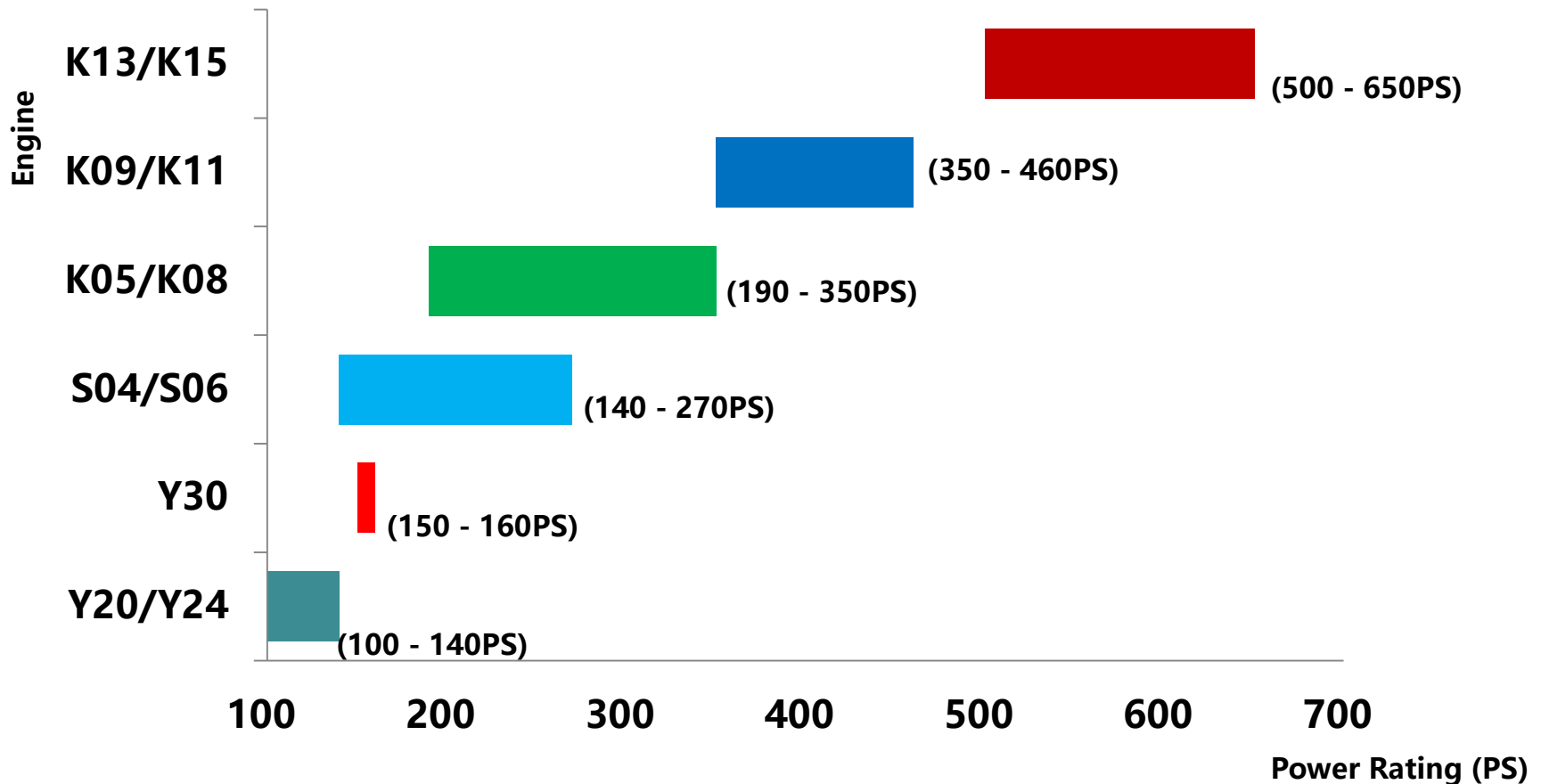
Existing Products Meeting Stringent Emissions Standard



- Implementation of National V emission standards nationwide in China starting from January 1, 2017 and fully implemented by January 1, 2018
- Implementation of China T3 emission standard for off-road construction market from April 2016 and agricultural market from December 2016

China National VI Emission Standard Compliant Engines

China National VI Emission Standard Compliant Engines

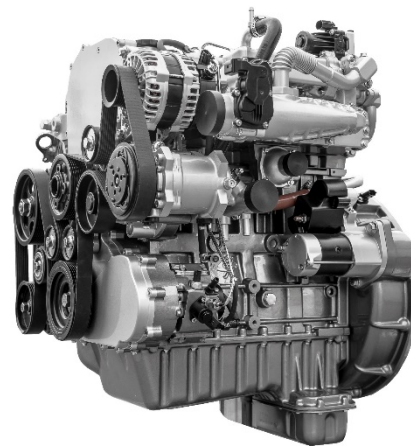


- Implementation of National VIa emission standards for gas engine starting from 1st July 2019
- Implementation of National VIa emission standards for diesel engine will start from 1st July 2020 and fully implemented by 1st July 2021

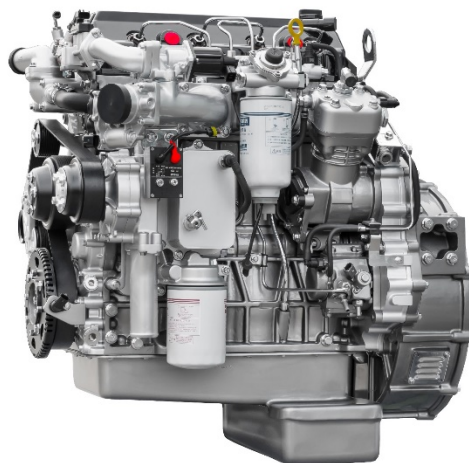
LD and MD National VI Engines



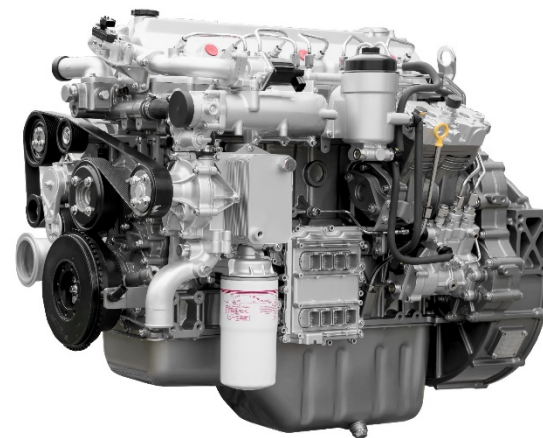
Y24 – 100-150 PS



Y30 – 130-180 PS



S04 – 140-200 PS

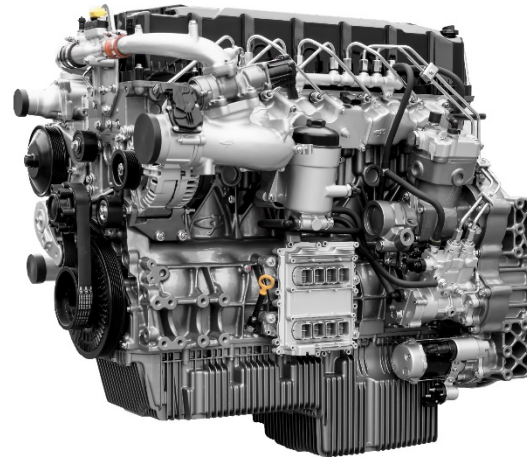


S06 – 200-270 PS

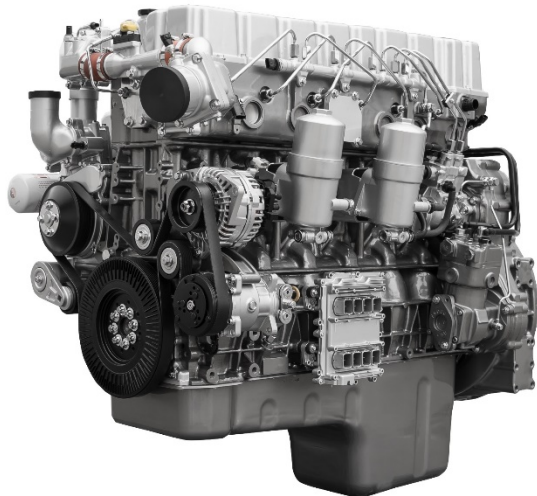
MD and HD National VI Engines



K05 – 190-240 PS

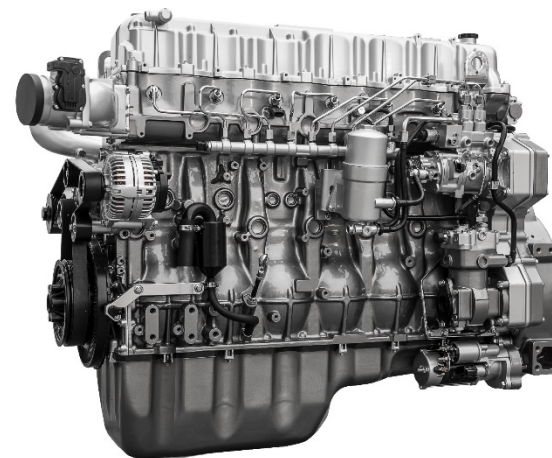


K08 – 300-350 PS



K09 – 360-400 PS

K11 – 430-500 PS

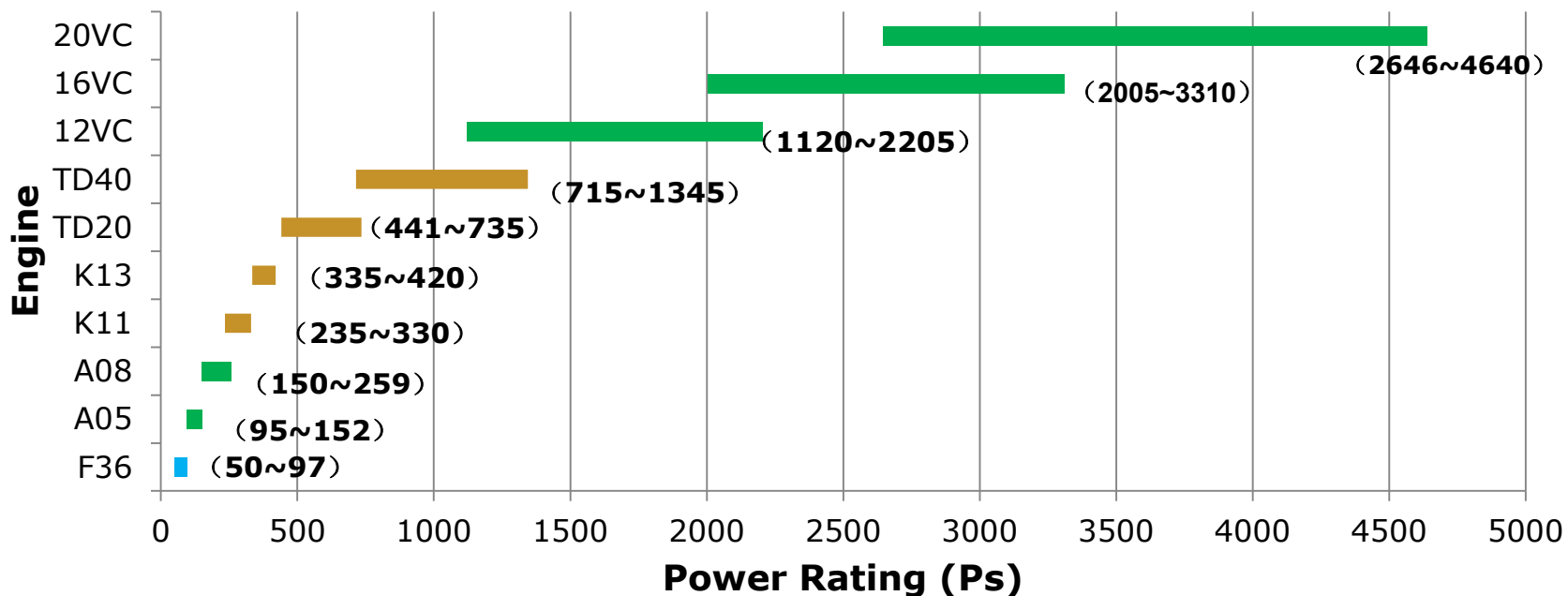


K13 – 530-600 PS

K15 – 600-650 PS

Marine and Powergen Engine

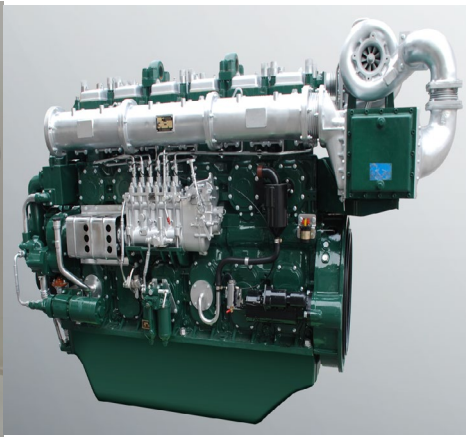
技术来源 Source	Ricardo	FEV	FEV	AVL	AVL	AVL	AVL	FEV	FEV	FEV
技术平台 Main Platform	F	A		K		TD		C		
产品平台 Product Platform	F36	A05	A08	K11	K13	TD20	TD40	12VC	16VC	20VC



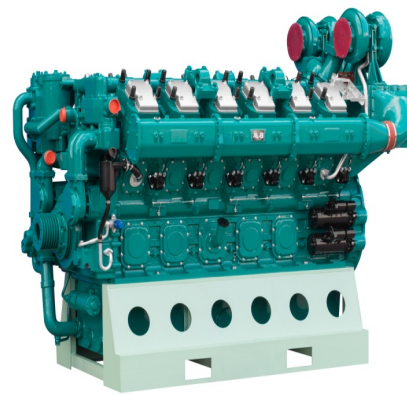
Note: Implementation of China Tier 4 emission regulation for off road machinery will start from 1st December 2022



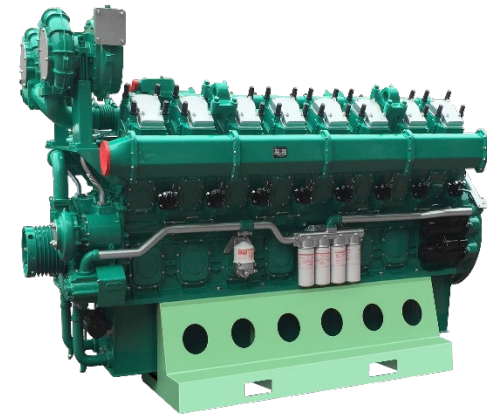
YC12VT



YC6C



YC12VC



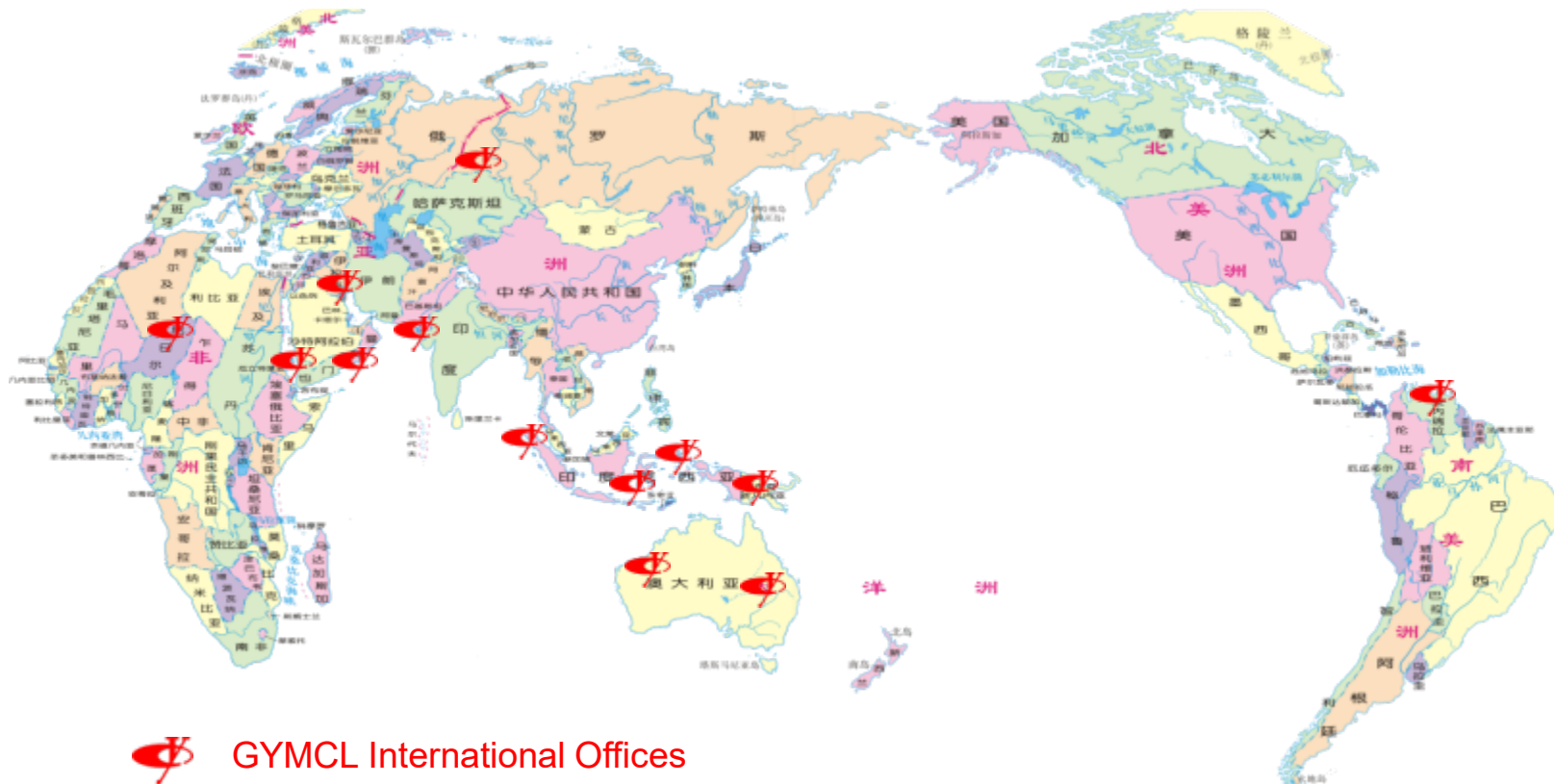
YC16VC

- YC6T/6TD - 16/19.5L with 550 - 900 Ps power rating, available for IMO and T2/T3 standard
- YC6C/6CL – 40-54L with 600 - 1520 Ps power rating, available for IMO and T2/T3 standard
- YC12VT – 12 cylinders, 33L, rated at 750 - 900 Ps, available for T2/T3 standard
- YC12VC – 12 cylinders, 79L, rated at 1680-2700 Ps, available for IMO and T2/T3 standard
- YC16VC - 16 cylinders, 106L, rated at 3000-3600 Ps, available for IMO and T2/T3 standard
- YC20VC – 20 cylinders, 132L, rated at 3750-4500 Ps, available for IMO and T3 standard



China Distribution Network

- 3,146 services stations in China
- Regional sales centers
 - 28 on road engine sales centers
 - 12 off road engine sales centers
 - 10 marine & power gen sales centers



Global Sales and Service Network

- 13 international offices
- 248 authorized overseas service stations

* As of 31 December 2019

- **National VI Emission Standards (Equivalent to Euro VI)**
 - Full suite National VI-compliant Diesel and Natural Gas Engines are available from beginning of 2019.
 - National VI-a emission standard for gas engine was implemented from 1st July 2019
 - National VI-a standard to be nationally mandated on 1st July 2021
 - National VI-b standard to be nationally mandated on 1st July 2023
- **National Tier 3 and 4 Emission Standards for off-road applications**
 - Off-road Tier 3 emission regulation was implemented from Dec 2016, Tier 3 engines are available for construction, agricultural and power generation markets
 - GYMCL has launched 10 model Tier 4 engine for light – medium – and heavy-duty off-road applications for agricultural, industrial, construction and power generation markets
 - Tier 4 emission regulation is expected nationally mandated by 1st December 2022
- **Hybrid Diesel and Gas Power Train**
 - Approx. 23k hybrid systems used in Public Transport Systems, including GYMCL's self-developed Hybrid power train
 - Second-generation Gas engine plug-in hybrid was commercially launched in mid-2014
- **Natural Gas (CNG, LNG)**
 - Gas Engine testing center in service since 2015
 - Complete range Gas Engine is available for both truck and bus application
 - Dual Fuel marine and power generation engine is available for specific requirement
 - Gas Engine Sales of 18k+ units in 2020

Lean Manufacturing

- Promote lean manufacturing across all machining shop and engine assembly plants
- Machining processes outsourcing to reduce capital investment

Supply Chain Improvement

- Reduce number of suppliers through stringent vendor selection policy and establish long-term partnership program to achieve cost saving
- Improve component sourcing standard through total quality commitment program, GYMCL has implemented new standard in 2017 at engine plants that component unpacking inspection and cleansing processes are removed prior to engine assembly

Intelligent Manufacturing

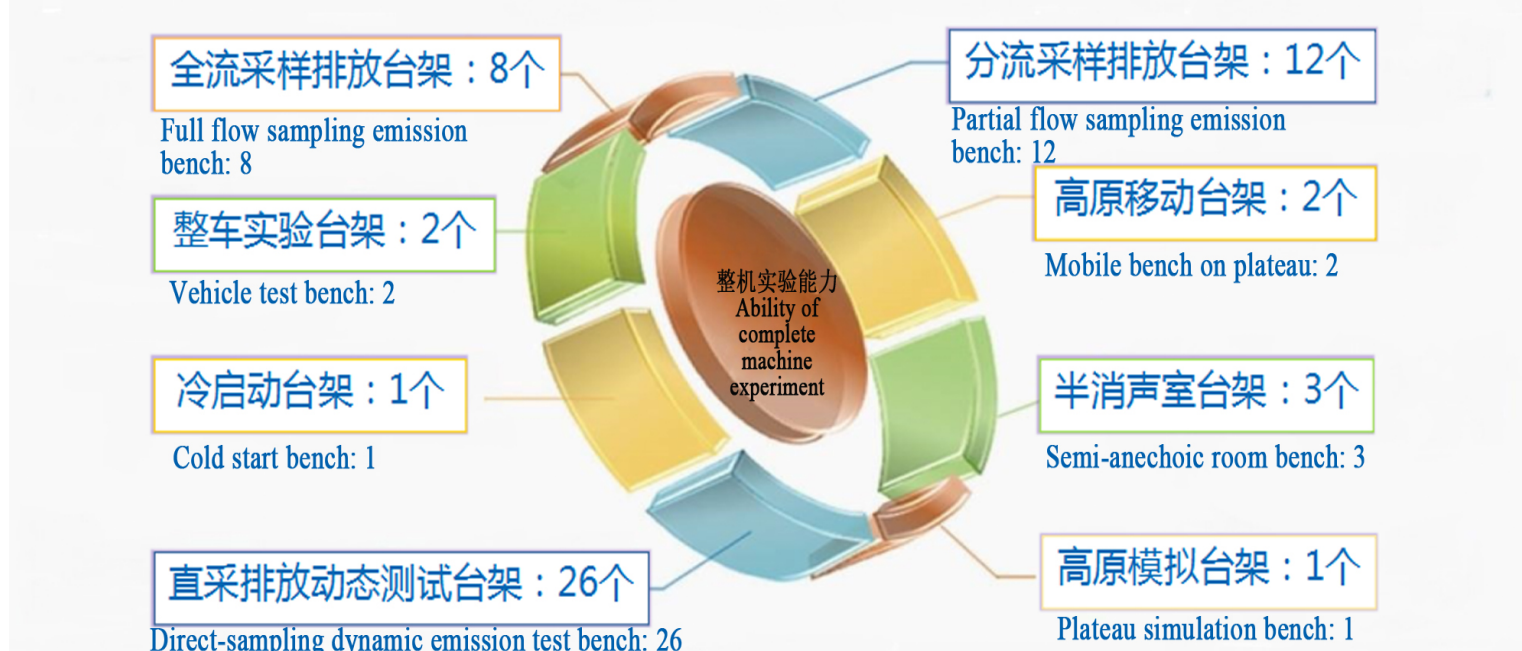
- Implemented Intelligent Manufacturing SAP projects throughout all factories, foundry and testing centre
- SAP system was implemented in finance, supply chain, logistics and R&D departments

V Configuration for HHP engines

- Developing the 12VT (33L), 12VC (79L), 16VC(106L) and 20VC(132L) engines to extend HHP engines power range

R&D Capability

- Self established the National Engineering Laboratory, an efficient, energy-saving and environment-friendly internal combustion engine testing laboratory in China, which is rated at top tier in Chinese Diesel Industry.
- Installation of 84 engine test benches and 16 parts & components test benches (the number ranks first in the industry).
- The measurement scope covers engines with displacement of 1~120L, and the overall R&D facilities reach the international advanced level.



R&D capability

- ❑ Approximately 700 engineers including PhDs and Master Degree holders in the R&D team
- ❑ Over 2,000 patents have been registered since 2004
- ❑ Nanning R&D Institute commenced operations from October 2013

Engine innovations

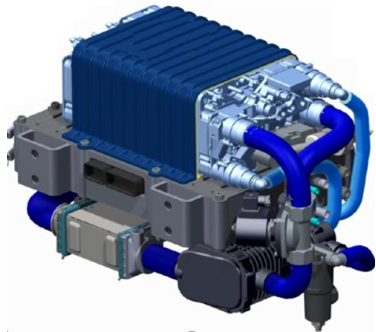
- ❑ 2017: Newly developed National VI and Tier 4 compliant engines are available for performance testing and OEM trial run
- ❑ Late 2017: YC20VC (over 4000 PS) prototype engine marked first ignition on test stand
- ❑ 2018: 24 prototype engines introduced compliant with National VI and Tier 4
- ❑ Late 2018: Model K08 engine became the first domestic diesel engine to pass the National VI-b
- ❑ Early 2019: Introduced the high-power marine engine for yacht class market
- ❑ Mid 2020: Commercial launch the 65kW and 100kW range extender power system for both truck and bus applications

New energy power



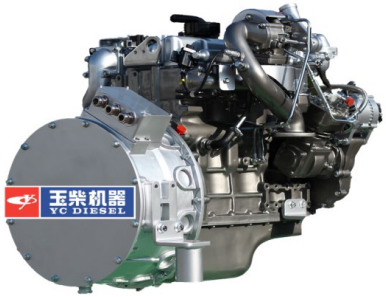
High-speed electric motor:

- High rotation speed: more than 15000 rpm.
- High power density, and high torque density.



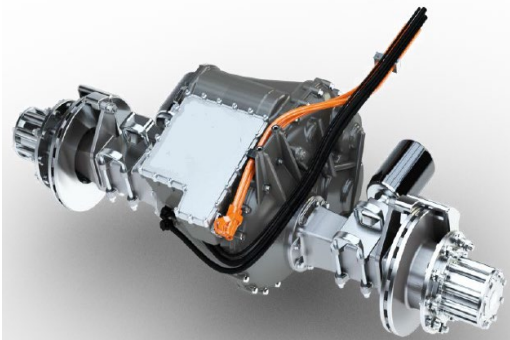
Fuel cell system

- High efficiency: maximum efficiency > 70%
- High integration, high power density, and ultra-low starting temperature.
- Wide application field



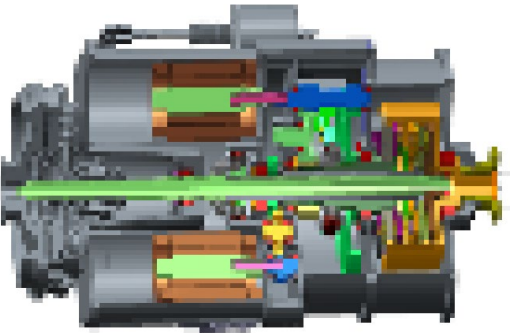
Integrated power generating engine power assembly system:

- The engine and motor are highly integrated, with compact structure.
- The flywheel integrated permanent magnet motor,



Integrated bridge system

- Highly integrated motor, motor controller, TCU, oil pump and sensor.
- Reduce the whole vehicle weight

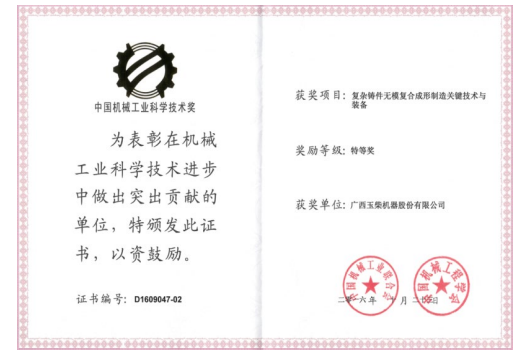
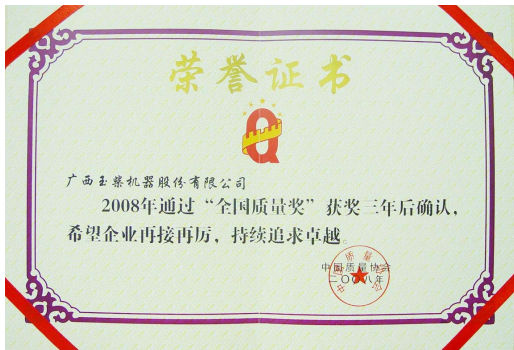


New generation hybrid power system:

- High saving rate of fuel consumption: the oil saving rate is over 65%.
- High integration, electromechanical coupling, and modular design.

- 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
- GYMCL enters in a new strategic alliance with Sany Truck. Sany Group is considered to be one the world’s largest concrete machinery manufacturers and the number one manufacturer of construction equipment in China
- GYMCL introduced the advanced high-powered marine engine for growing domestic marine yachts.

GYMCL Awards & Recognitions



China Yuchai International Ltd.

[NYSE: CYD]

Business and Finance Overview

Financial Performance Review

	Y2016	Y2017	Y2018	Y2019	Y2020 Un-Audited
Engines sold (units)	320,424	367,097	375,731	376,148	430,320
Revenue (RMB Million)	13,643	16,198	16,263	18,016	20,581
EPS (US\$ per share)	\$1.91	\$3.44	\$2.54	\$2.09	\$2.06

Sales units:

- **Y2016 @ 320.4K units.** Declined by 12.1% due to overall flat economy and slow down in the non-electric bus segment and agricultural segment of Tier-2 to Tier-3 transition – completed in December 2016.
- **Y2017 @ 367.1K units.** Increased by 14.6% due to high demand in HD truck engines – anti-overloading enforcement, fleet replacement and increase in logistics services.
- **Y2018 @ 375.7K units.** Increased by 2.4% due to high demand in MD truck engines and the off-road engines sales increased in 2018 compared with 2017.
- **Y2019 @ 376.1K units.** increased by 0.1% due to lower demand in bus engines – moving into EV buses, while off-setting by higher demand in off-road segment – growth in Industrial engines.
- **Y2020 @ 430.3K units.** Increased by 14.4% due to higher growth on Agricultural engines by 54.5% and the Trucks growth by 17.6% YoY compared with 2019.

Our product offerings

- Wide variety of engines
- Continual improvement of engines / emission standards
- Development of natural gas and hybrid engines
- Increasing sales to off-road markets - marine gen-set applications

We are a leading engine manufacturer.

- Consistently ranked as one of the top engine manufacturers by “China Association of Automobile Manufacturers”

Chart 1: Engine unit sales (Unit)

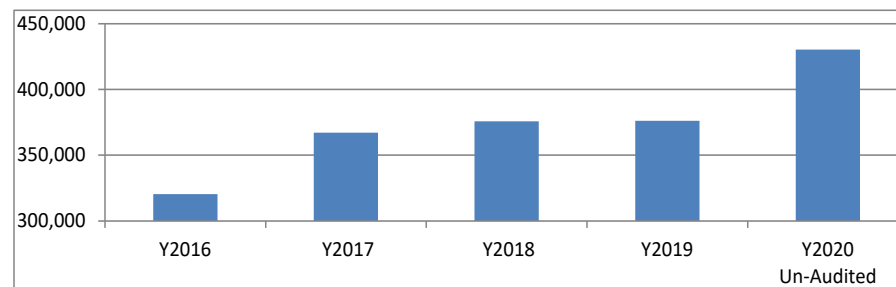


Chart 2: Sales Revenue (RMB million)

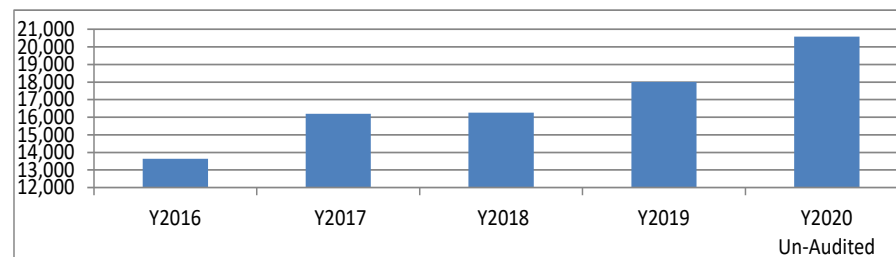
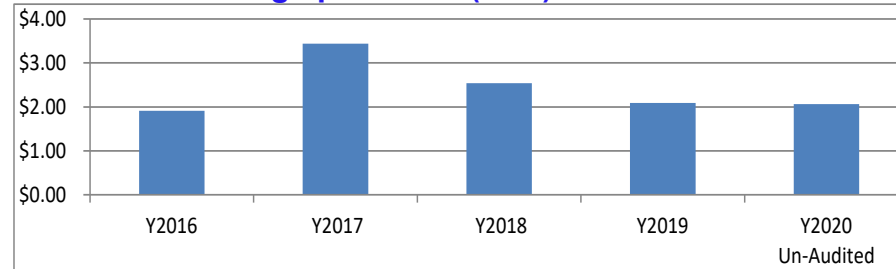


Chart 3: Earnings per share (US\$)



* 2017 EPS includes extraordinary and one-time events

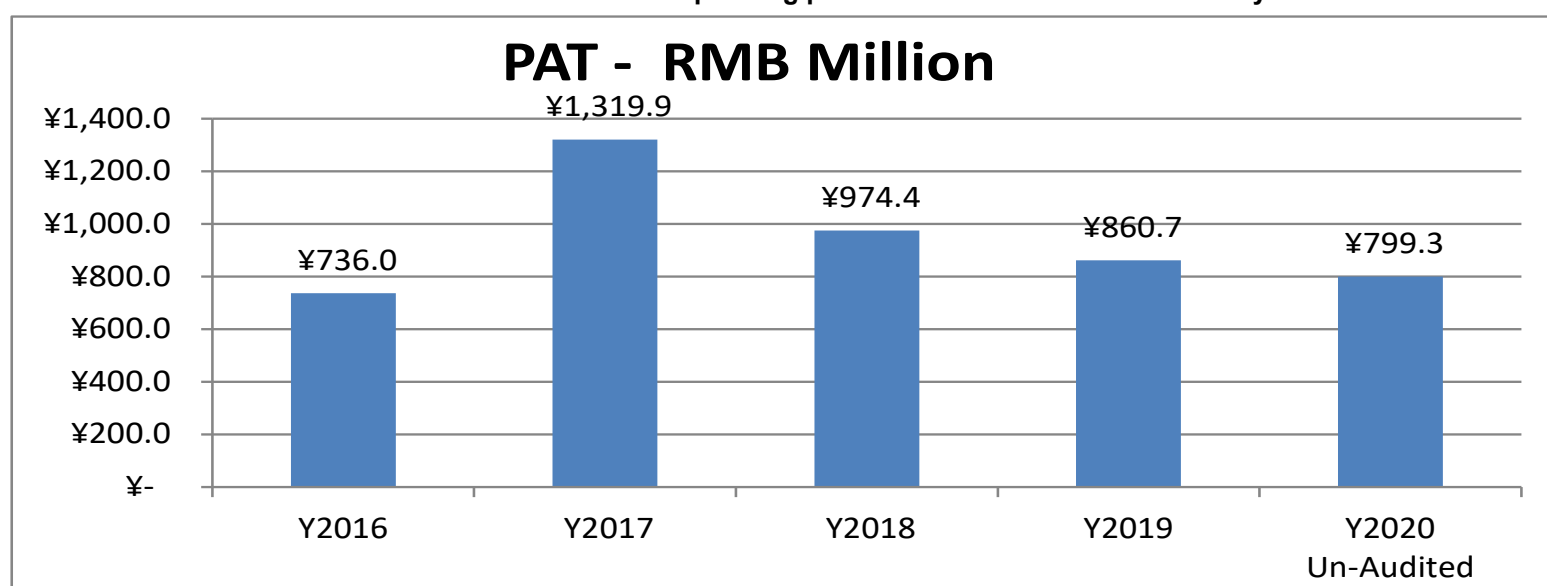
Financial Performance Review

		Y2016	Y2017	Y2018	Y2019	Y2020 Un-Audited
Engines sold	Units	320,424	367,097	375,731	376,148	430,320
Revenue	RMB Million	13,643	16,198	16,263	18,016	20,581
Gross Profit	RMB Million	2,972	3,356	3,092	3,106	3,190
Operating Profit	RMB Million	980	1,604	1,283	1,146	1,182
PAT	RMB Million	736.0	1,319.9	974.4	860.7	799.3
PATMI	RMB Million	525.2	888.8	695.3	604.9	548.9
PATMI	US\$ Million	\$76.4	\$140.4	\$103.9	\$85.4	\$84.1
EPS	US\$ per share	\$1.91	\$3.44	\$2.54	\$2.09	\$2.06
Return on Equity	%	7.3%	12.0%	8.7%	7.4%	6.8%

* 2017 Operating profit and PAT include extraordinary and one-time events

Review of Performance

- We consistently maintain profitability
- Consistent earnings reflect Company's capabilities and potential



Currency: RMB Million	Y2016	Y2017	Y2018	Y2019	Y2020 Un-Audited
Operating Profit	979.5	1,604.4	1,282.5	1,146.1	1,182.0
EBITDA	1,400.7	1,943.2	1,569.2	1,434.0	1,509.6
Gross Profit %	21.8%	20.7%	19.0%	17.2%	15.5%
Operating Profit %	7.2%	9.9%	7.9%	6.4%	5.7%
PAT %	5.4%	8.2%	6.0%	4.8%	3.8%

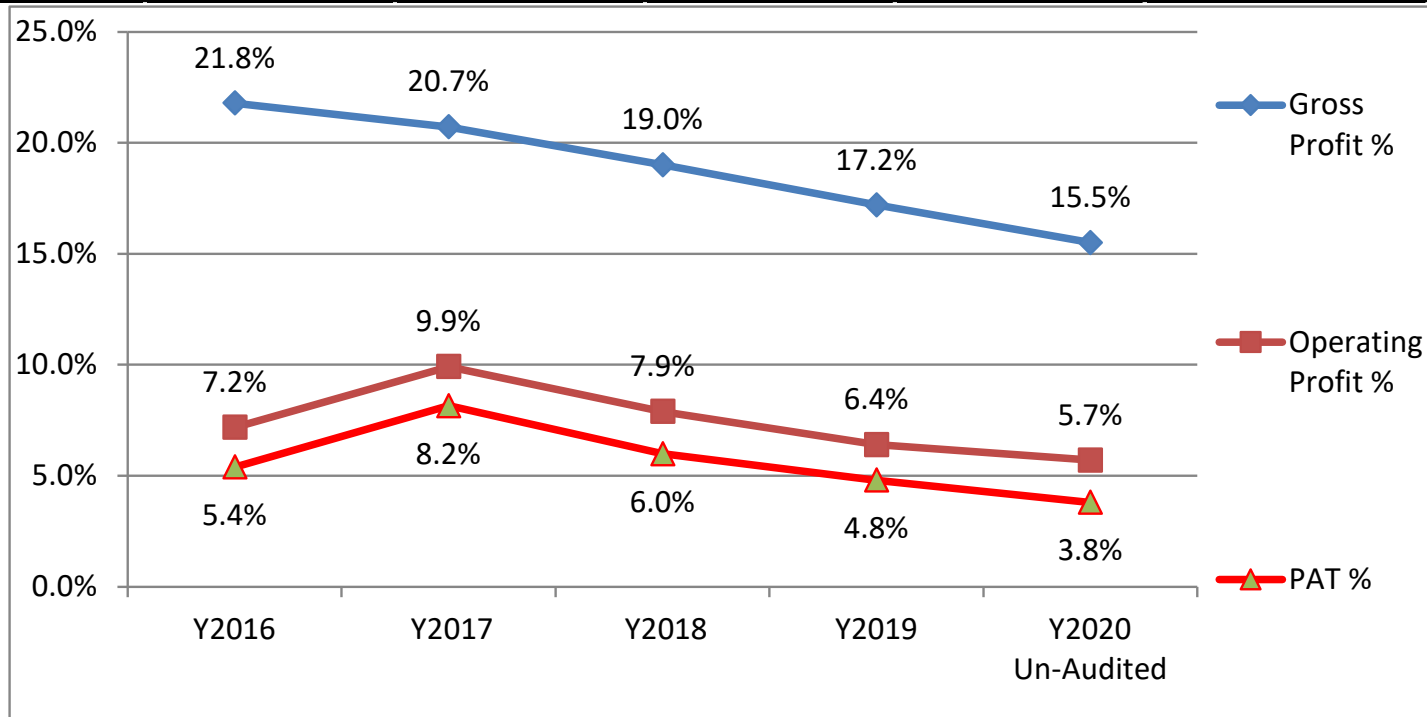
Cash flow:
Strong historical cash flow

EBITDA:

- RMB 1.5 Billion (2020)
- RMB 1.4 Billion (2019)
- RMB 1.6 Billion (2018)

Gross margin:

- GM% = 15.5% (2020)
- GM% = 17.2% (2019)
- GM% = 19.0% (2018)

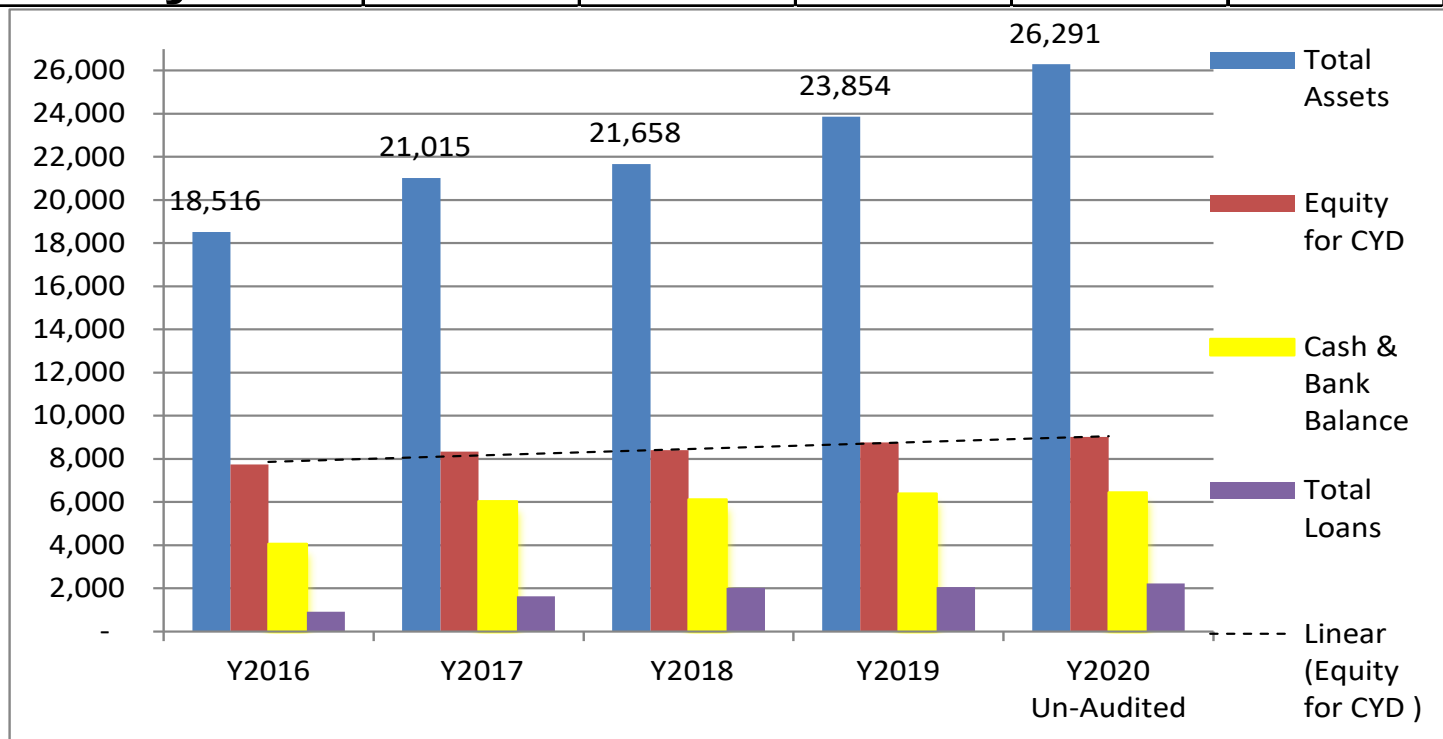


Balance Sheet Review

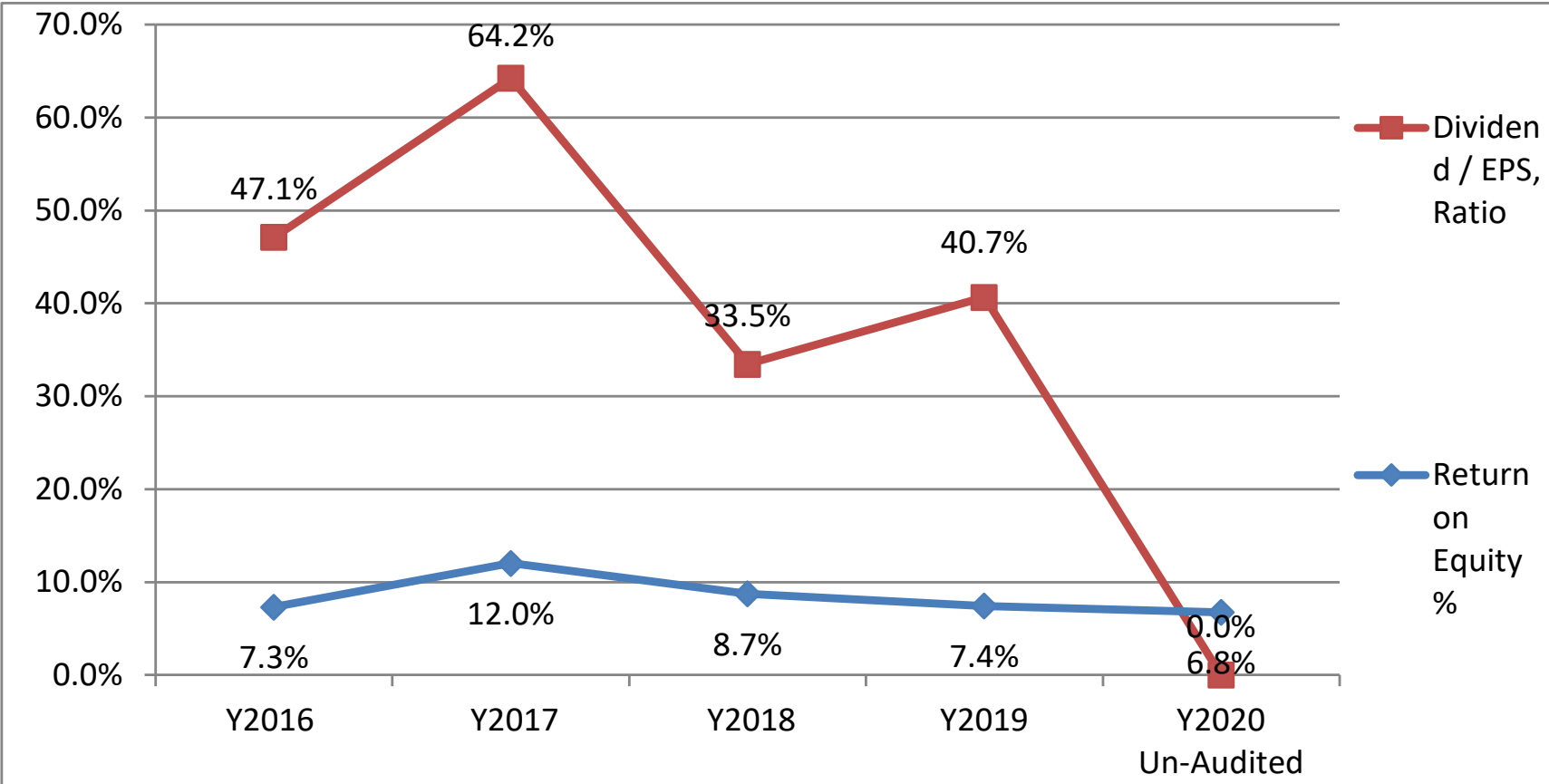
Currency: RMB Million	Y2016	Y2017	Y2018	Y2019	Y2020 Un-Audited
Total Assets	18,516	21,015	21,658	23,854	26,291
Equity for CYD	7,736	8,334	8,396	8,768	9,015
Cash & Bank Balance	4,053	6,029	6,129	6,391	6,448
Total Loans	910	1,626	2,016	2,055	2,230
Gearing Ratio [Total Loans / Total Equity]	9.1%	14.8%	18.1%	17.8%	18.8%
Current Ratio	1.70	1.71	1.72	1.55	1.48
Inventory Turnover days	57	73	70	69	94

Healthy Balance Sheet

- Strong cash position
- Positive net cash position
- Healthy Gearing at 18.8% (Y2020), 17.8% (Y2019), & 18.1% (Y2018)
- Healthy current ratio 1.48 (Y2020), 1.55 (Y2019), & 1.72 (Y2018)
- Equity for CYD grew to RMB 9.0Bn (Y2020), RMB 8.8BN (Y2019), & RMB 8.4Bn (Y2018)



	Y2016	Y2017	Y2018	Y2019	Y2020 Un-Audited
Return on Equity %	7.3%	12.0%	8.7%	7.4%	6.8%
Dividend / EPS, Ratio	47.1%	64.2%	33.5%	40.7%	NA
EPS, US\$ per share	\$1.91	\$3.44	\$2.54	\$2.09	\$2.06
Dividend, US\$ per share	\$0.90 #	\$2.21	\$0.85	\$0.85	NA



Note #
Shareholders
can elect to
receive
dividend in
cash or
shares

China Yuchai International [NYSE: CYD]

Thank You

