



China Yuchai International Ltd.

[NYSE: CYD]

Citi China Investor Conference

November 2013



China Yuchai International Ltd.



Truck and Bus engines applications



Off road and Agriculture applications

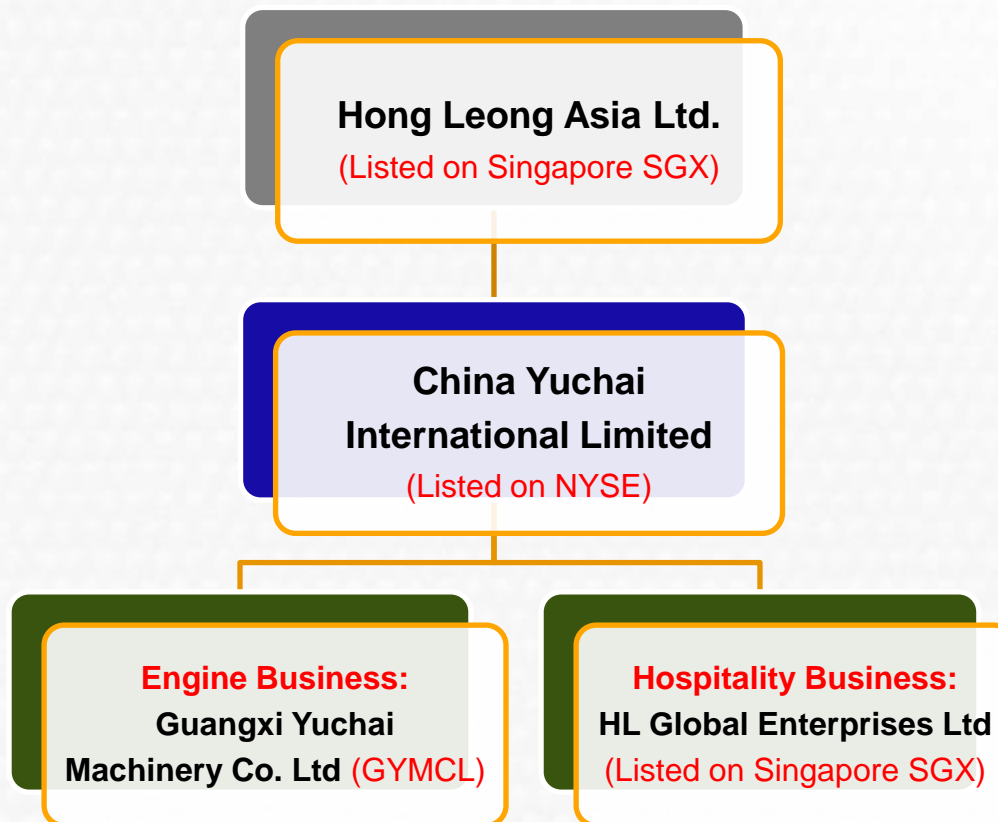


Marine engines applications





Company Structure





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 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 September 2013



China Economic Outlook

1. Chinese economy is slowing down but central government expects to maintain an average 7% annual growth rate
2. Expected restructuring of economy to focus on increasing domestic consumption
3. Tightening of monetary policy
4. New leadership is expected to announce economic reforms at the Third Plenum of the 18th CCP Congress in November 2013

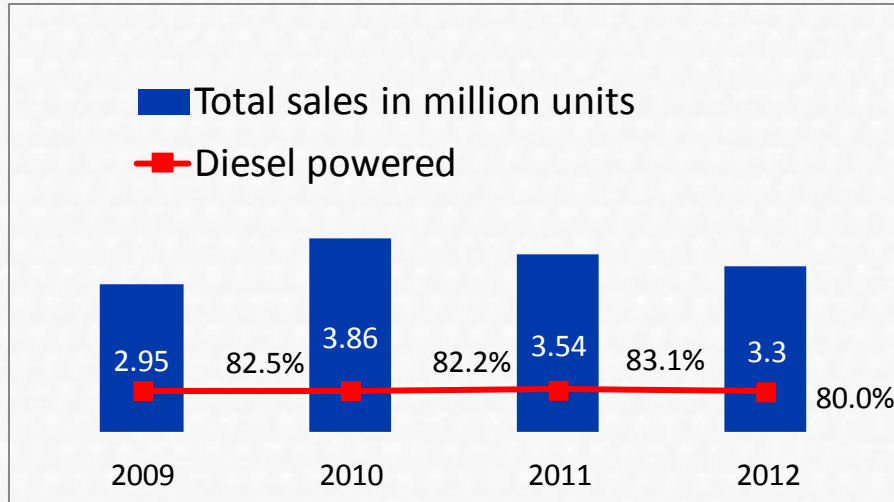
Engine Industry Outlook

1. Truck market expected to remain flat due to slow progress in National 4 implementation
2. A moderate growth in coach & bus market
3. Gas engine market expected to grow
4. Construction engine market may improve in 2014 due to resumption of high-speed railway construction
5. Demand for engines for agriculture applications expected to slow due to the ceasing of incentive schemes



Market Overview: Commercial Vehicles

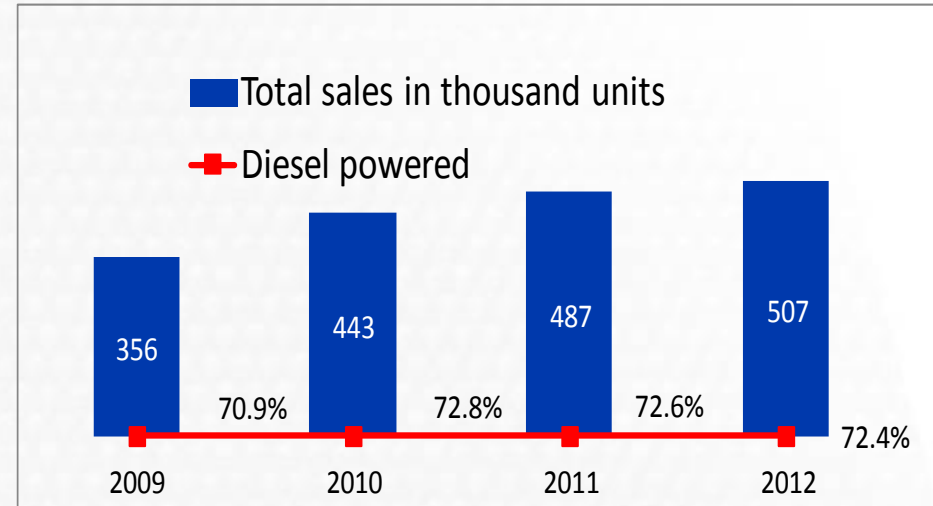
China Truck Market



Truck Market Drivers

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

China Bus Market

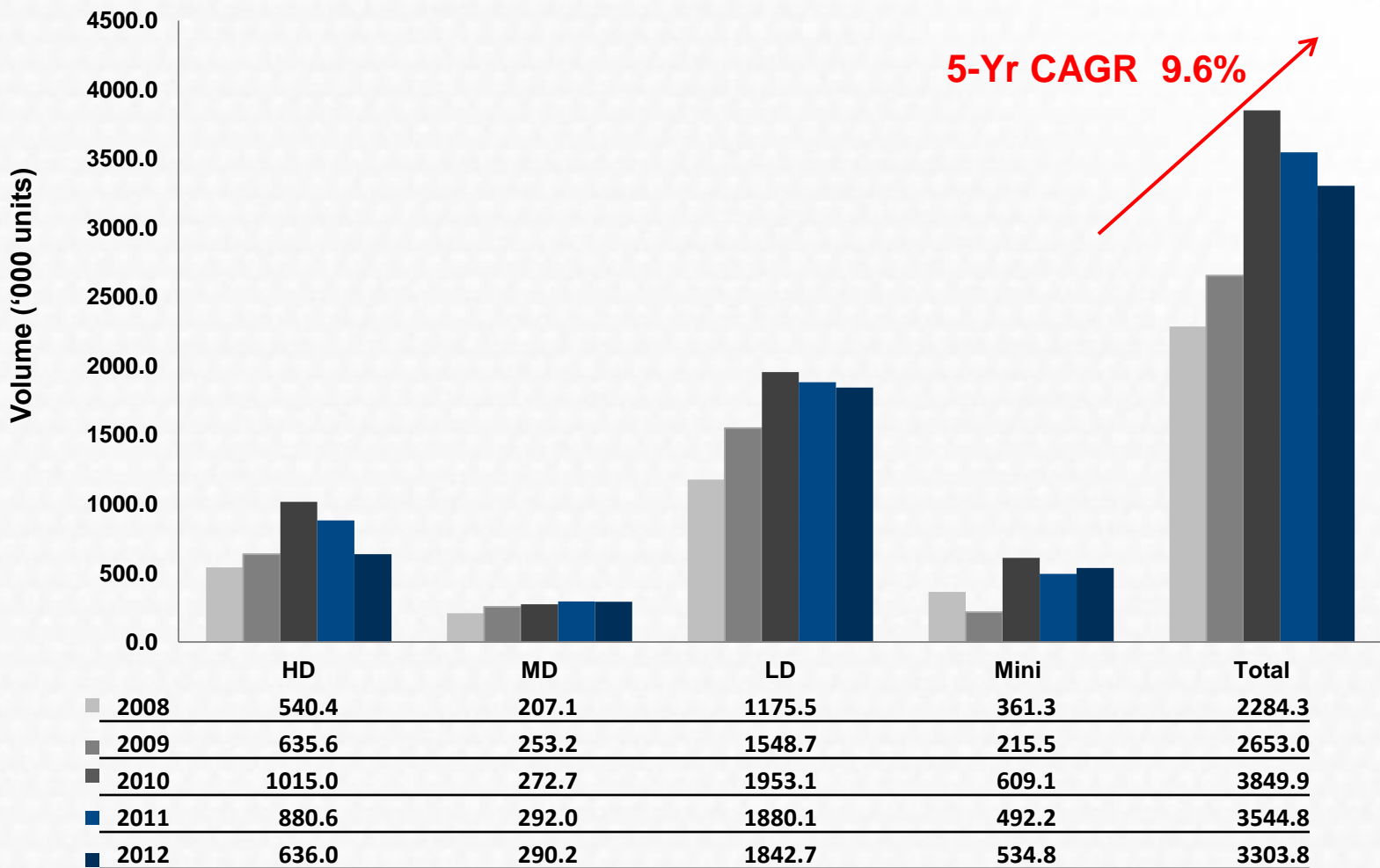


Bus Market Drivers

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



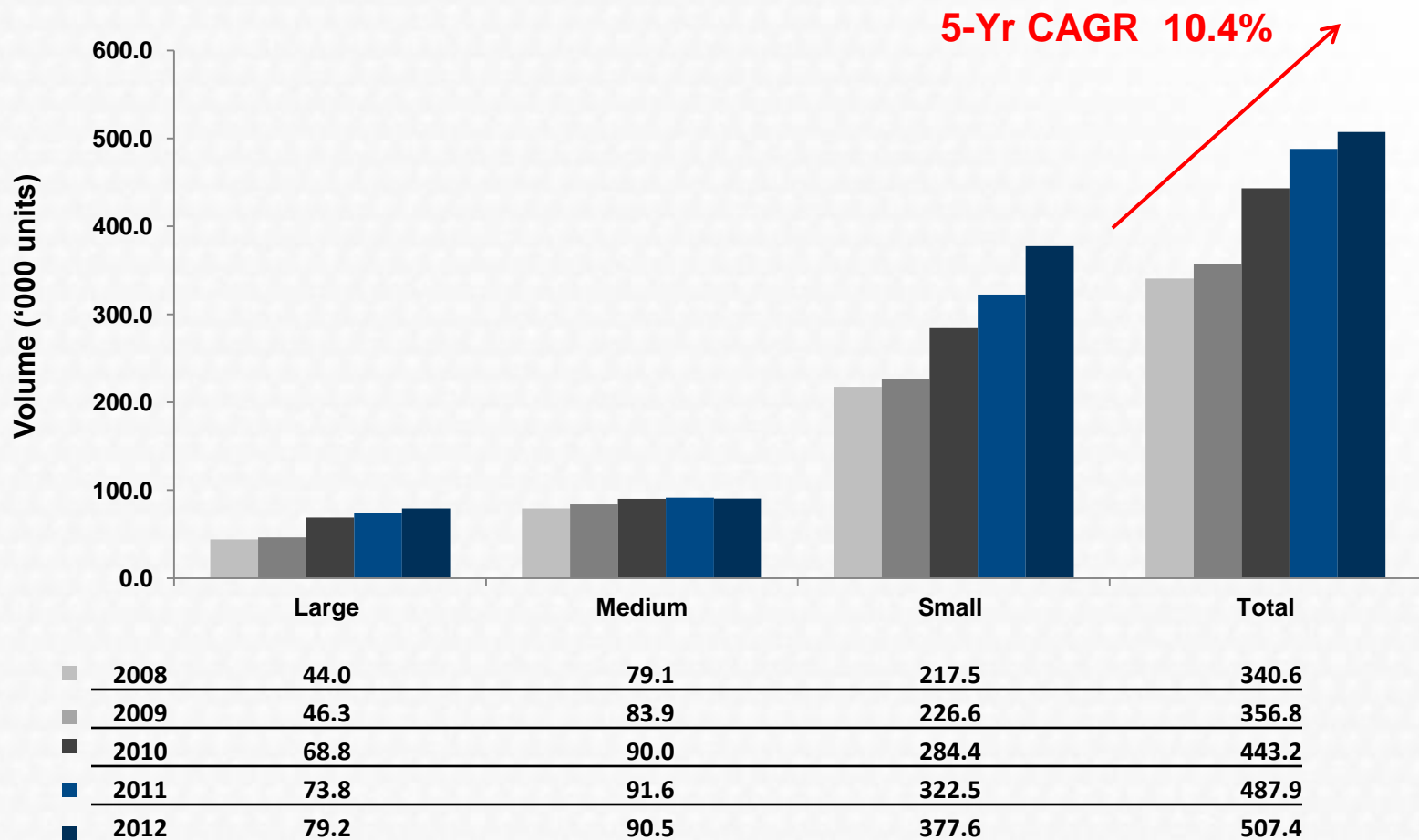
Truck Market Sales Breakout



Source: China Automotive Industry Newsletter



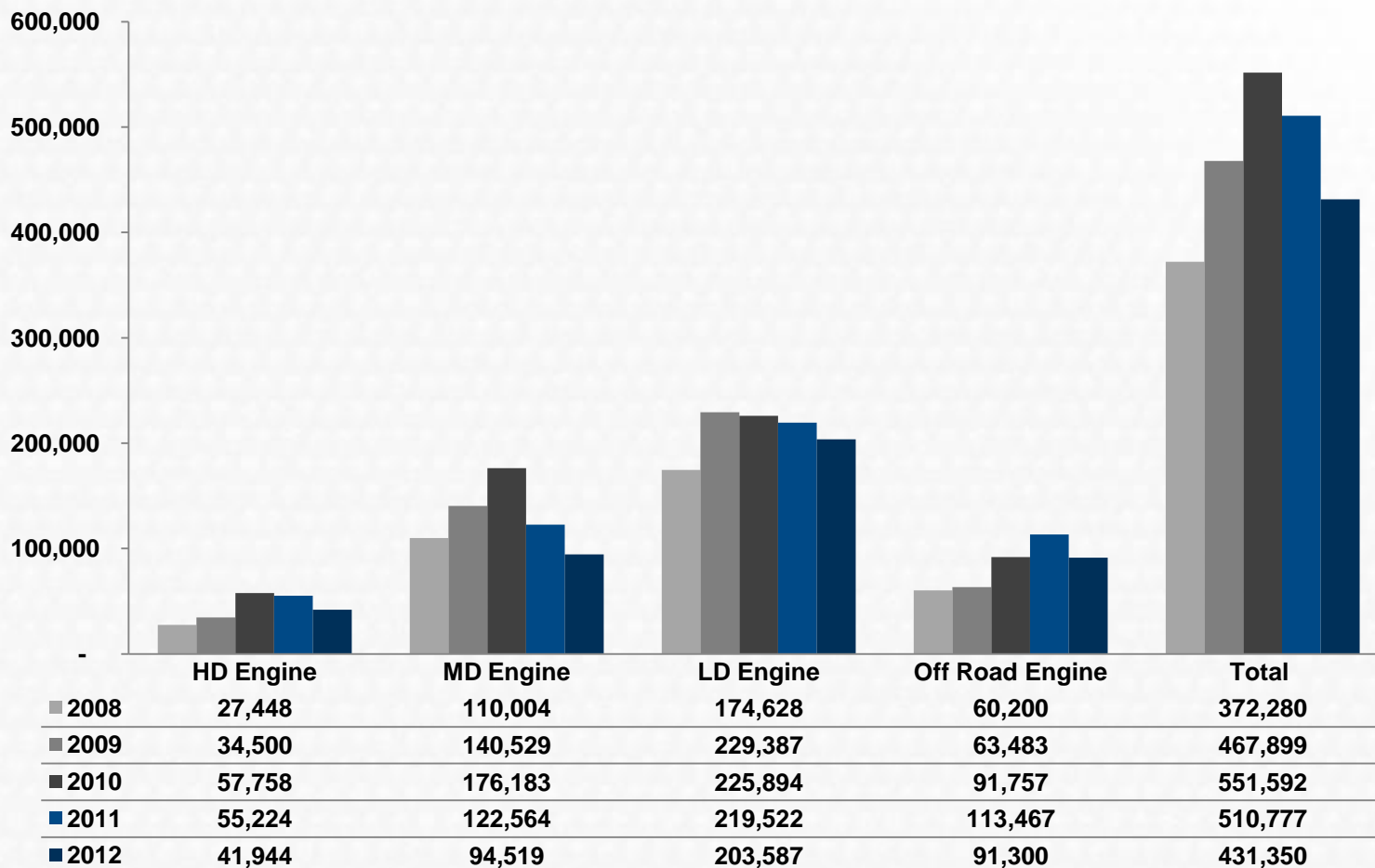
Bus Market Sales Breakout



Source: China Automotive Industry Newsletter

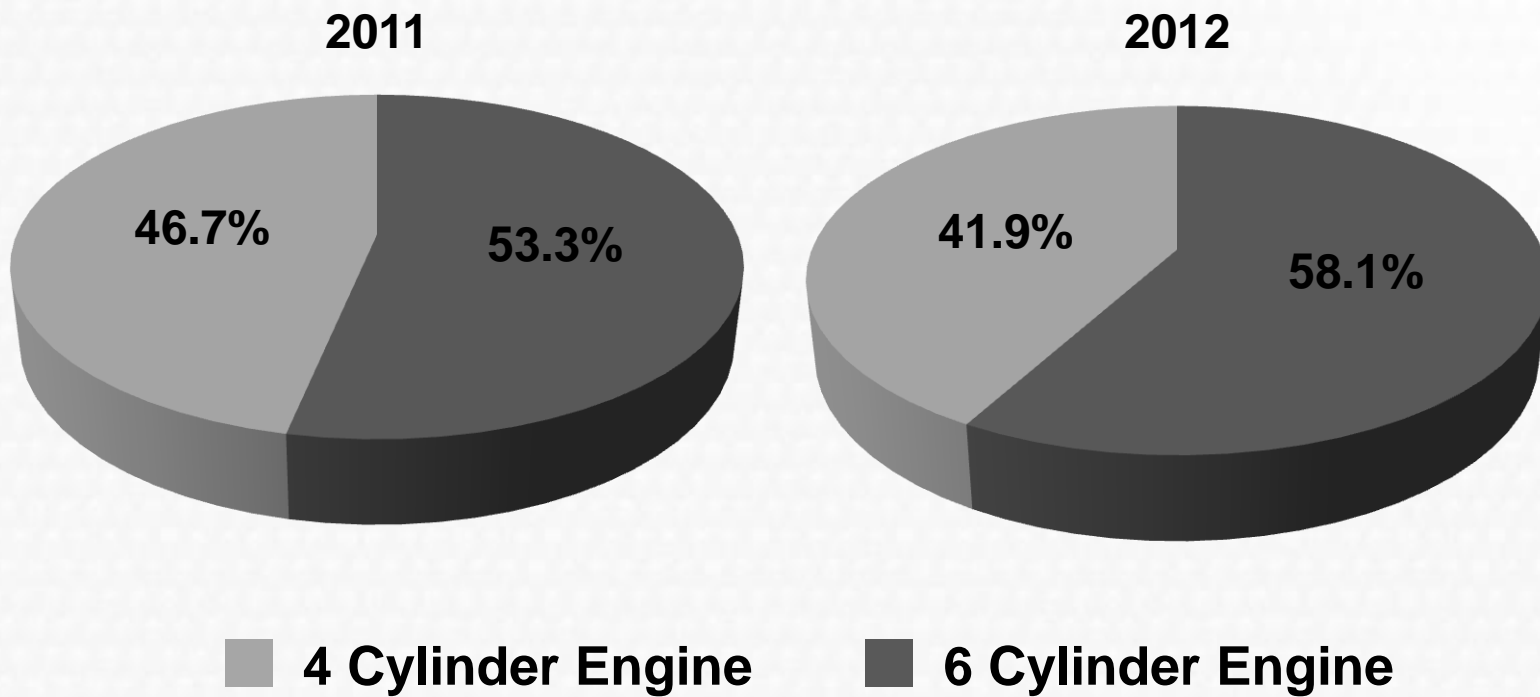


China Yuchai Unit Sales: 2008-2012





Sales Mix





GYMCL Strategic Locations



● Facilities & JVs



Yulin Facility



Engine Plant No.2 HD Engine Assembly Line

- Yulin facility is the primary manufacturing facility
- Production of diesel engines and natural gas engines
- Production of high horse power diesel engine
- Total in-house foundry capacity of 300,000 tonnes casting per annum
- 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 ramp up production 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

(Units)

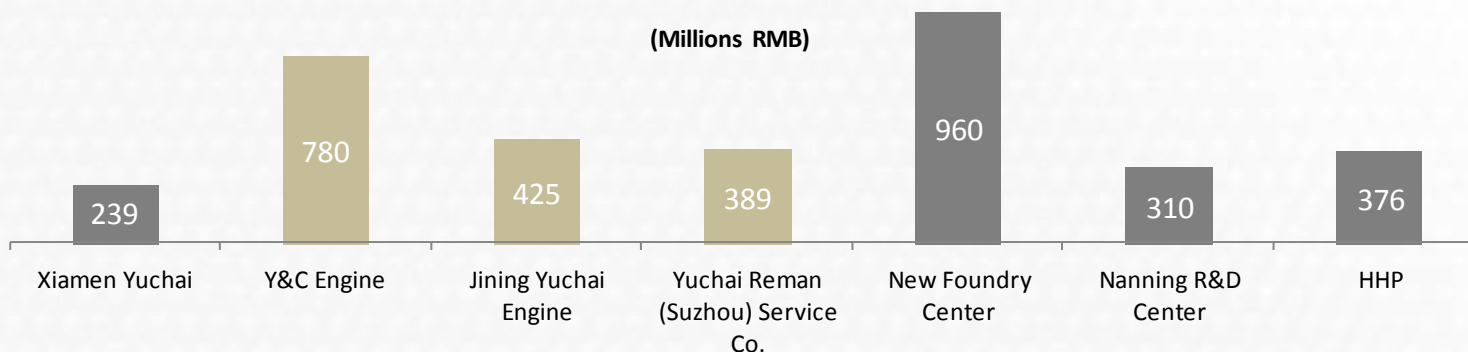
- Started in September 2009 at Xiamen
- Ramping up production to supply engines to customers in South-Central China
- Capacity to be maintained at 100K units beyond 2012





Strategic Partnerships

Major Projects Investment



	Y&C Engine Co Ltd	Jining Yuchai	Yuchai Caterpillar Remanufacturing JV
JV Partner	CIMC-Chery	Geely	Caterpillar China
Location	Wuhu City Anhui Province	Jining City Shandong Province	Suzhou Industrial Park Jiangsu Province
Products	YC 6K, 12/13L 380-550PS HD	4D20, 2/3L 90 -140 PS LD	Remanufacturing components / engines
Production Date	Early 2011	Development stage	July 2011
Ownership	45% GYMCL	70% GYMCL	51% GYMCL



Suzhou Remanufacturing (JV with Caterpillar)



玉柴机器



Engine Cleaning Line

Engine Assembly Line

- Trial production started from Q3 2011
- First remanufactured engine was delivered in Sept 2011
- New factory was completed and in full operation since July 2012
- Remanufacturing of complete and semi-built engines



Wuhu Y&C Power (Chery Trucks)



Engine Assembly Line



Machining Center

- Trial production started in 2011
- Production line was fully commissioned
- Existing capacity 15,000 units per annum (single shift operation)
- YC6K engines gas version is available for both on-road and off-road applications



Capacity Expansion HHP Marine and Power Gen Engines



YC6C

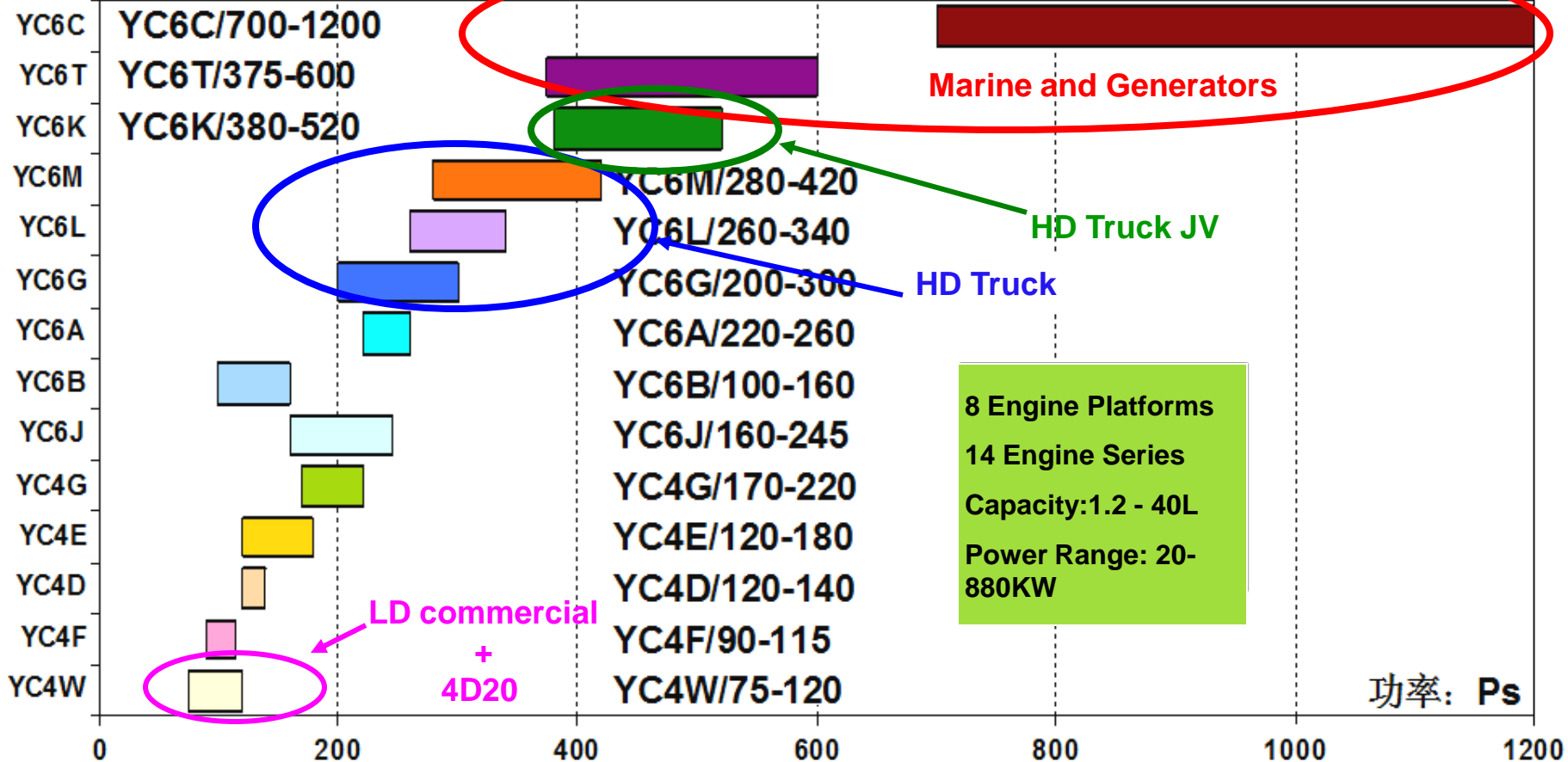


YC6T

- 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 in late 2013



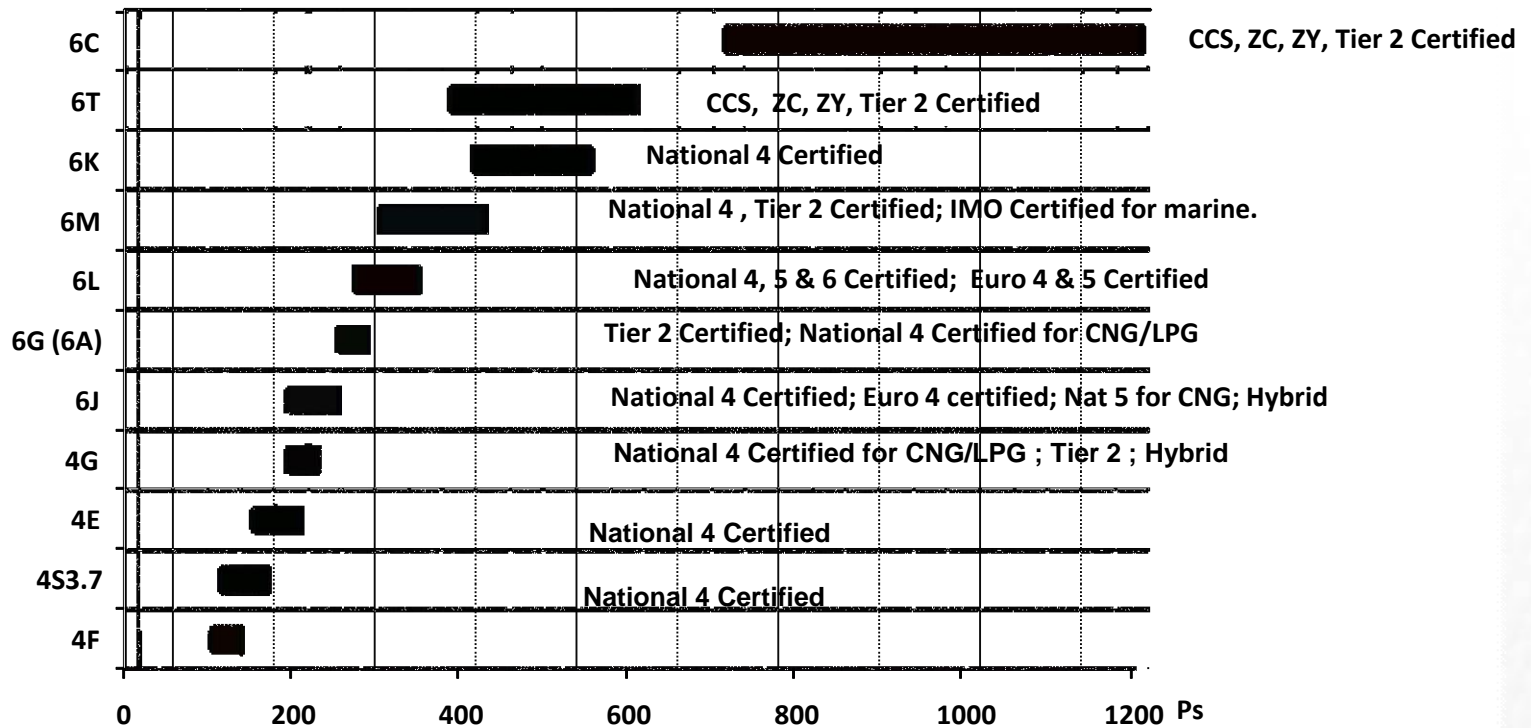
Products





Meeting Stringent Emissions Standards

Engine Series



- National 4 emission standard was implemented nationwide in China in July 2013
- Beijing, Shanghai, Guangzhou and Shenzhen have already adopted National 4 emissions standard.



China Distribution Network

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

* As of September 2013



International Offices



Global Sales and Service Network

- 13 international offices
- Over 100 overseas service stations

* As of September 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 20,000 Gas Engines in 2012, and target to sell approximately 30,000 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 has launched 7 new gas engine models in beginning 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 12,000 and 20,000 gas engines in 2011 and 2012, and targets to sell approximately 30,000 units in 2013.



R&D Leadership

- Approximately 660 engineers including 28 PhDs and 103 Master Degree Holders in the R&D team
- Over a Thousand patents were registered since 2004
- 135 research projects in 2013 for product and technical development
- 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 1,000+ in operation
- China Classification of Shipping (CCS) authorized product inspection and testing center
- New Nanning R&D Institute commenced operations from October 2013



R&D Leadership

- Developed China's first self-developed National 6 (Euro 6) diesel engine
- Developed YCECU (Engine control unit) with independent IP rights
- Leading factory for Euro 4 & 5 engine production in China
- Manufacturing China's first Euro 5 passenger vehicle diesel engine (YC4W)
- Developed first EGR+POC diesel engine (National 4) for passenger vehicle
- China's first 4-cylinder Integrated Starter/Generator (ISG) hybrid diesel bus engine
- China's first Regenerative Hybrid engine launched for public bus market in 2010
- 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 and 12VC engines to extend engine power range

New Foundry

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



2012/2013 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, brand equity value of 16.3 billion Yuan
- 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”
- 2012 YC6MK wins The Best Commercial Vehicle Engine Award



Moving Forward

- Maximize shareholders' value
- Launch new gas engines to address increasing gas application demand
- Expand into HD products, in construction, marine and power generator markets
- Continue to meet stringent emissions across all products
- Grow international business
- Implement improvements and cost reductions through Lean Six Sigma manufacturing
- Launch JVs' products to support future profitable growth



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Financial Overview



Financial Performance Review



	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013 Q3 YTD
Engines sold (units)	372,280	467,899	551,592	510,777	431,350	390,173
Revenue (RMB million)	10,405	13,176	16,208	15,444	13,449	11,838
EPS (USD per share)	\$ 0.94	\$ 2.47	\$ 4.57	\$ 3.49	\$ 2.43	\$ 1.95

Review of Business Activities

- Sales units: **CAGR at 3.8% ('08-'12)**

- Sales units of 372K ('08) to 431K ('12)

- Revenue: **CAGR at 6.6% ('08-'12)**

- RMB 10.4b ('08) to RMB 13.4b ('12)

- Y2010: Chinese Government introduced major economic stimulus. Thereafter, correction in 2011 and 2012.

- Y2012: Likely to be the bottom point

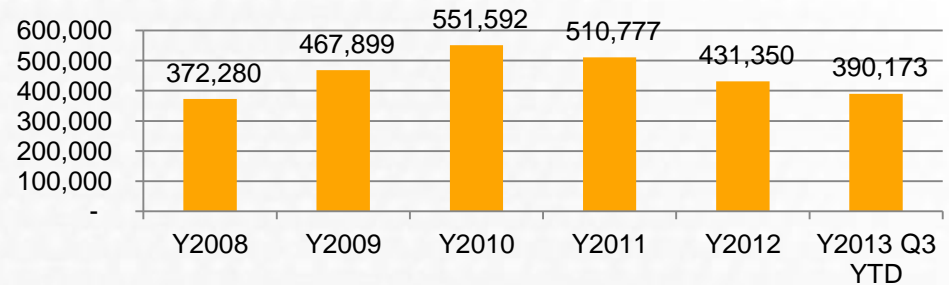
- Y2013: Seeing an uptake

- Healthy growth and market presence**

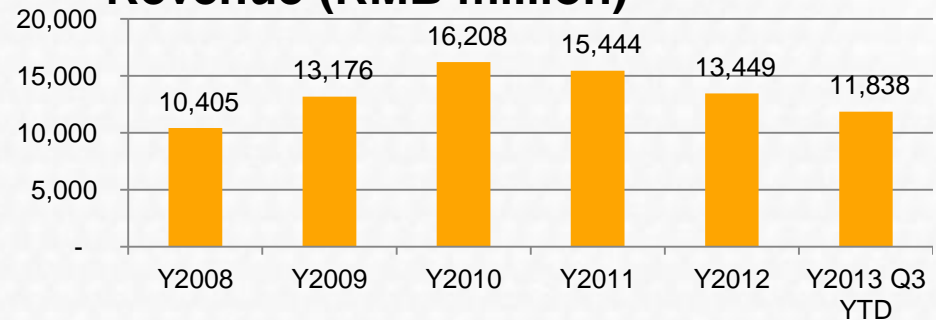
- Consistent ranked as a top engine maker by “China Association of Automobile Manufacturers” .

- Maintain steady ASP

Engines sold (units)



Revenue (RMB million)



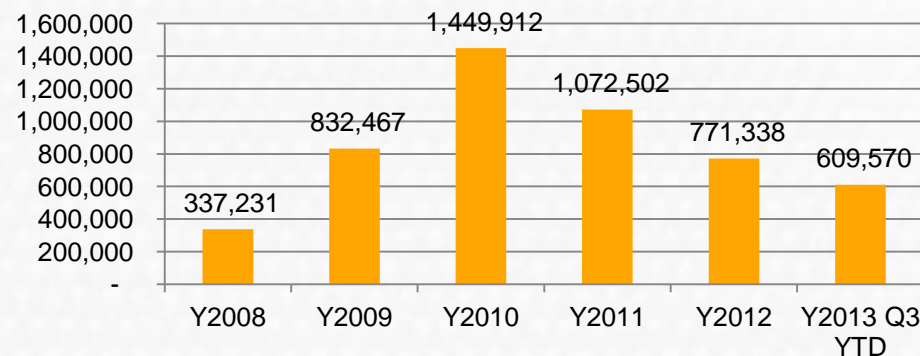


	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013 Q3 YTD
Engines sold (units)	372,280	467,899	551,592	510,777	431,350	390,173
Revenue (RMB '000)	10,404,788	13,175,903	16,208,184	15,444,428	13,449,489	11,837,895
Gross Profit (RMB '000)	2,049,136	2,545,818	4,008,931	3,442,279	2,879,884	2,413,957
Operating Profit, EBIT (RMB '000)	615,742	854,257	1,949,672	1,535,088	1,163,464	925,446
PAT (RMB '000)	337,231	832,467	1,449,912	1,072,502	771,338	609,570
PATMI (RMB '000)	240,036	628,331	1,117,297	818,532	567,333	446,302
PATMI (US\$ '000)	\$ 35,122	\$ 92,040	\$ 170,413	\$ 129,893	\$ 90,456	\$ 72,594
EPS (US\$ per share)	\$ 0.94	\$ 2.47	\$ 4.57	\$ 3.49	\$ 2.43	\$ 1.95
Return on Equity (%)	7.3%	15.4%	21.4%	14.6%	9.9%	7.5%

Review of Performance

- **PAT: CAGR at 23% ('08-'12)**
- 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 – Seeing likely uptake in profitability
- **EPS: US\$ 0.94 ('08) to US\$2.43 ('12)**
- **Return on Equity: 7.3% ('08) to 9.9% ('12)**
- Healthy growth corresponds to earnings growth
- Generates operating cash (Operating profit / EBIT) year on year.

PAT (RMB '000)





Financial Indicators Review

	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013 Q3 YTD
Operating Profit (Ebit), RMB '000	615,742	854,257	1,949,672	1,535,088	1,163,464	925,446
Add: Depreciation and amortization	272,628	285,314	286,140	328,843	348,485	278,122
EBITDA, RMB '000	888,370	1,139,571	2,235,812	1,863,931	1,511,949	1,203,568
Gross Profit %	19.7%	19.3%	24.7%	22.3%	21.4%	20.4%
Operating Profit %	5.9%	6.5%	12.0%	9.9%	8.7%	7.8%
PAT %	3.2%	6.3%	8.9%	6.9%	5.7%	5.1%

Review of Profit Indicators

•GP margin:

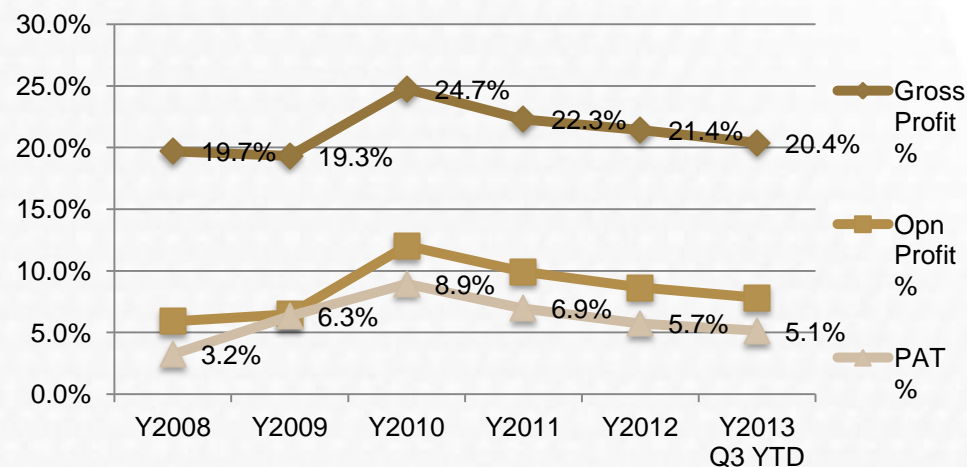
•19.7% ('08) to 21.4% ('12)

•Operating Profit:

•5.9% ('08) to 8.7% ('12)

•PAT %:

•3.2% ('08) to 5.7% ('12).





Balance Sheet Review

	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013 Q3 YTD
Total Assets	9,967,644	13,305,911	16,246,263	19,151,019	17,923,673	19,199,681
Equity for CYD	3,445,180	4,049,331	5,097,947	5,542,203	5,901,913	6,143,051
Cash / Equivalents	823,695	3,657,981	4,060,990	4,124,776	3,156,999	3,244,210
Total Loans	1,325,488	1,079,048	625,393	3,696,731	2,450,695	2,574,063

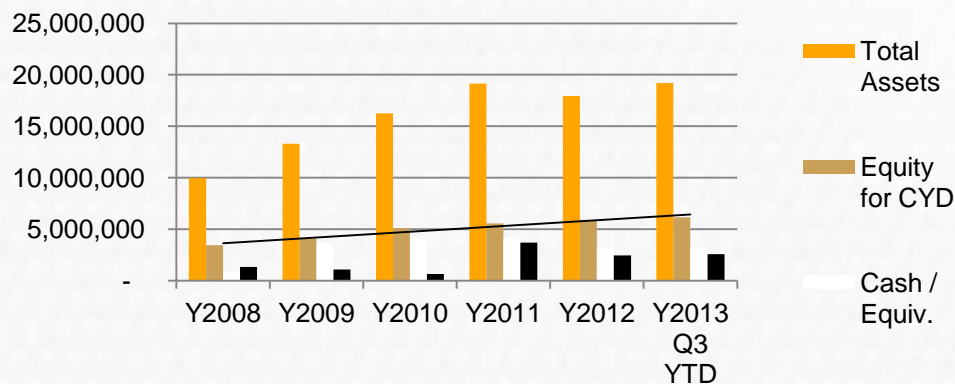
Gearing Ratio	0.38	0.27	0.12	0.67	0.42	0.42
Curent Ratio	1.19	1.28	1.28	1.24	1.30	1.43

- Healthy building up of Balance Sheet.**

- Equity for CYD: Grew from RMB 3.4B ('08) to RMB 5.9B ('12)
- Equity for CYD grew at 15.8% (CAGR) after dividend
- Cash: Grew from RMB 0.8B ('08) to RMB 3.2B ('12)

- Net cash Position since 2009.**

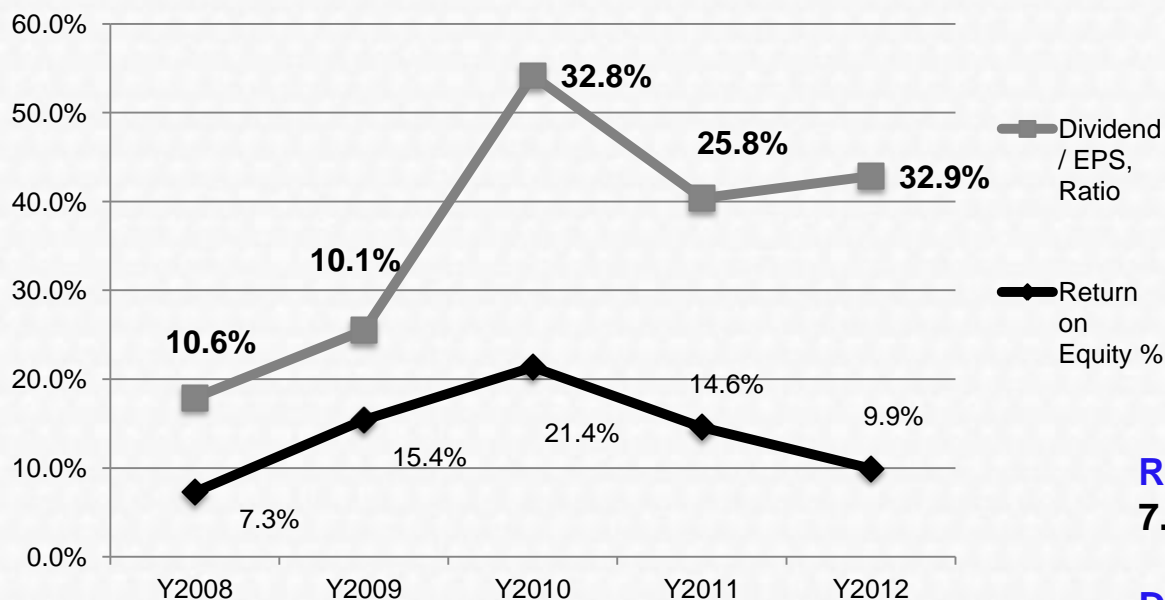
- Gearing (gross): 38% ('08) to 42% ('12)
- Current ratio: 119% ('08) to 130% ('12)





Financial Return Review

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



ROE

7.3% ('08) to 9.9% ('12) .

Dividend / EPS ratio

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



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.

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Thank You

