

China Yuchai International Ltd.

[NYSE: CYD]

February 2022

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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, 2020 audited and 2021 financial information is unaudited.

Truck and Bus engines applications



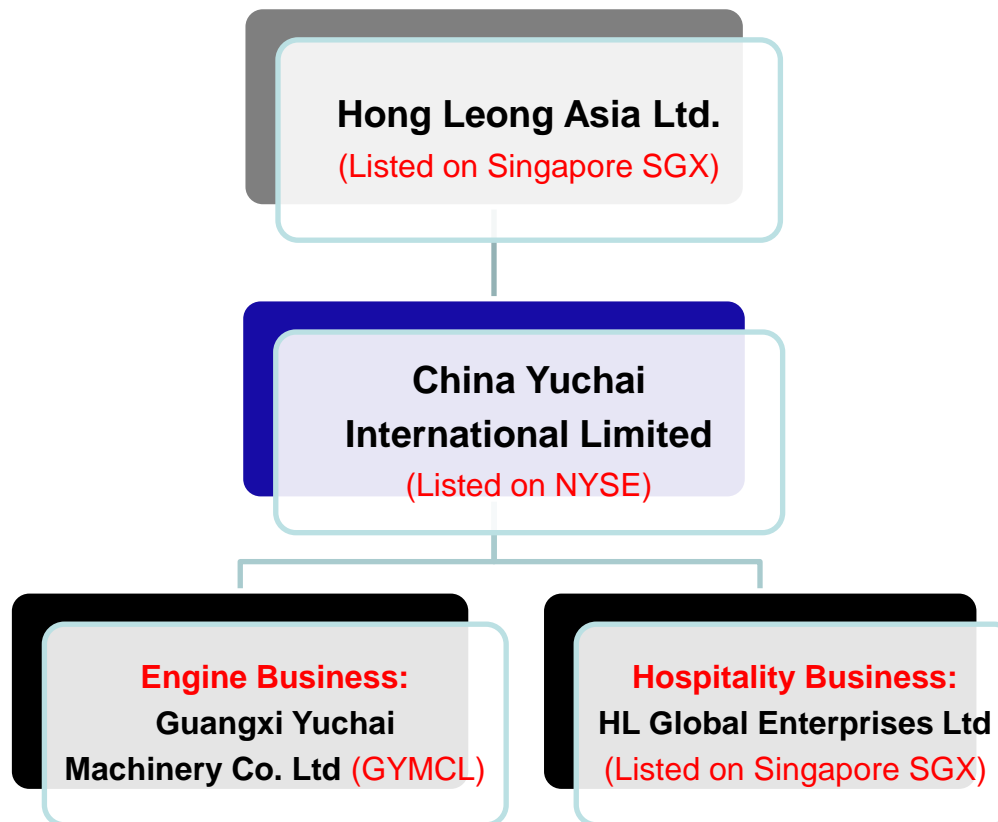
Off-road and Agriculture applications



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 5,000 domestic services stations, and 23 vehicle engine sales, 15 off road engine sales and 13 marine & powergen engine sales offices throughout China***
- **13 Overseas sales office located across Asia, Europe and Latin America**

* As of 31 Dec 2021

Vehicle Engine OEMs

卡车



Truck



客车



Bus



轻型车



Light truck

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 has reported a high growth of 8.1% for the year with quarterly performances of 18.3% , 7.9%, 4.9% and 4.0% between Q1 to Q4, the rapid increase in the first half of the year has reflected a strong rebound from the decline due to Covid-19 impact in early 2020

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

1. CV industry decreased by -5.2% (excluding EV)
2. Truck market – YoY change for HD (-13.8%), MD (+12.3%) and LD (-2.3%) segments
3. Bus market – YoY change for HD (-15.4%), MD (-3.9%) and LD (+21.6%) segments

Market review – On road

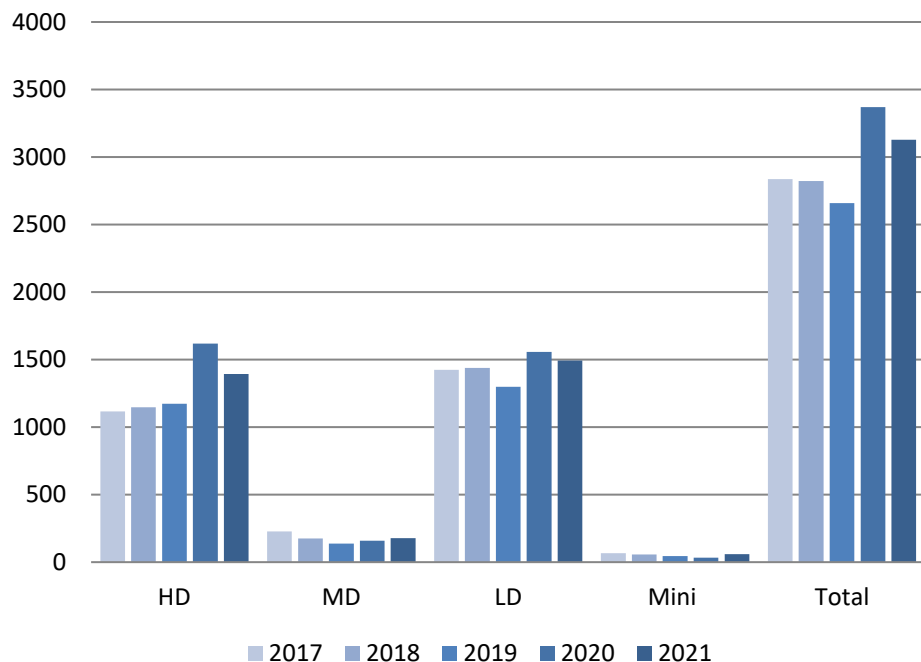
1. HD Truck segment sales was 1.395m, a drop of 13.8% from last year due to pre-buy effect prior to full implementation of Nat VI emission regulation. High distributor inventory level temporarily restrained new truck production
2. The HD and MD bus segments were significantly weaker as most public transit buses purchased were electric powered. EV bus sales continued to grow especially in LD market which reported a 113% growth in 2021

Market review – Off road

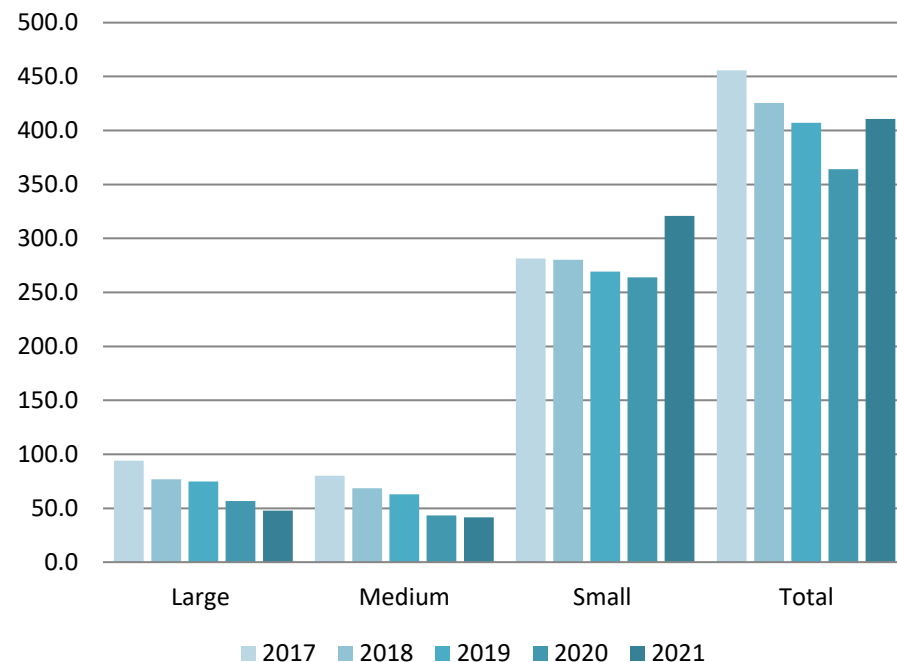
1. Agricultural machinery sales has increased due to continuing government incentives for large rating harvesting machinery and tractors
2. Demand for construction applications such as loader, excavator and mining truck had increased
3. Marine segment declined but demand for G-drive engine had increased due to shortage of utility power supply in second half of 2021

Market Overview: Commercial Vehicles 2017-2021

China Truck Market



China Bus Market



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

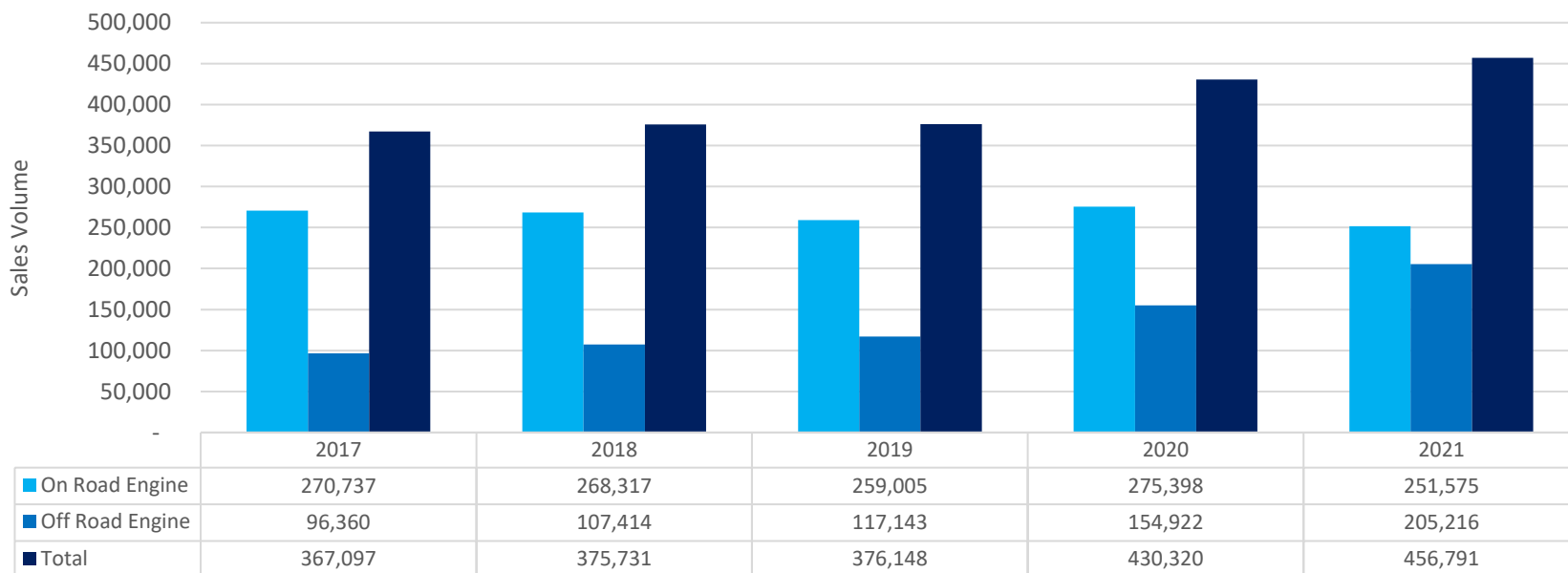
China Truck Market Drivers

- China's economic growth
- Stringent emission standards
- Anti-overloading policies
- Urbanization / logistics networks
- Vehicle / engine dry-weight

China Bus Market Drivers

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

China Yuchai Unit Sales: 2017-2021



Emission standard in China

- On road National V emission standard was fully implemented from 1st January 2018
- On road National VIa emission standard was fully implemented from 1st July 2021
- On road National VIb emission standard implementation is scheduled on 1st July 2023
- Off-road Tier 3 emission standards was fully implemented from December 2016
- Off-road machinery (below 560kW) Tier 4 emission standard implementation is scheduled on 1st December 2022

1. Product Strategy

- **Ensure all products meet current stringent emission standards and be among the first engine manufacturers compliant with future emission standards**
- **Extend HD products for construction and mining application**
- **Expand HHP products into marine and power generation markets**
- **Develop New Energy products for Hybrid, Range-extender, e-Axle and Fuel cell power systems**
- **Extend product applications**

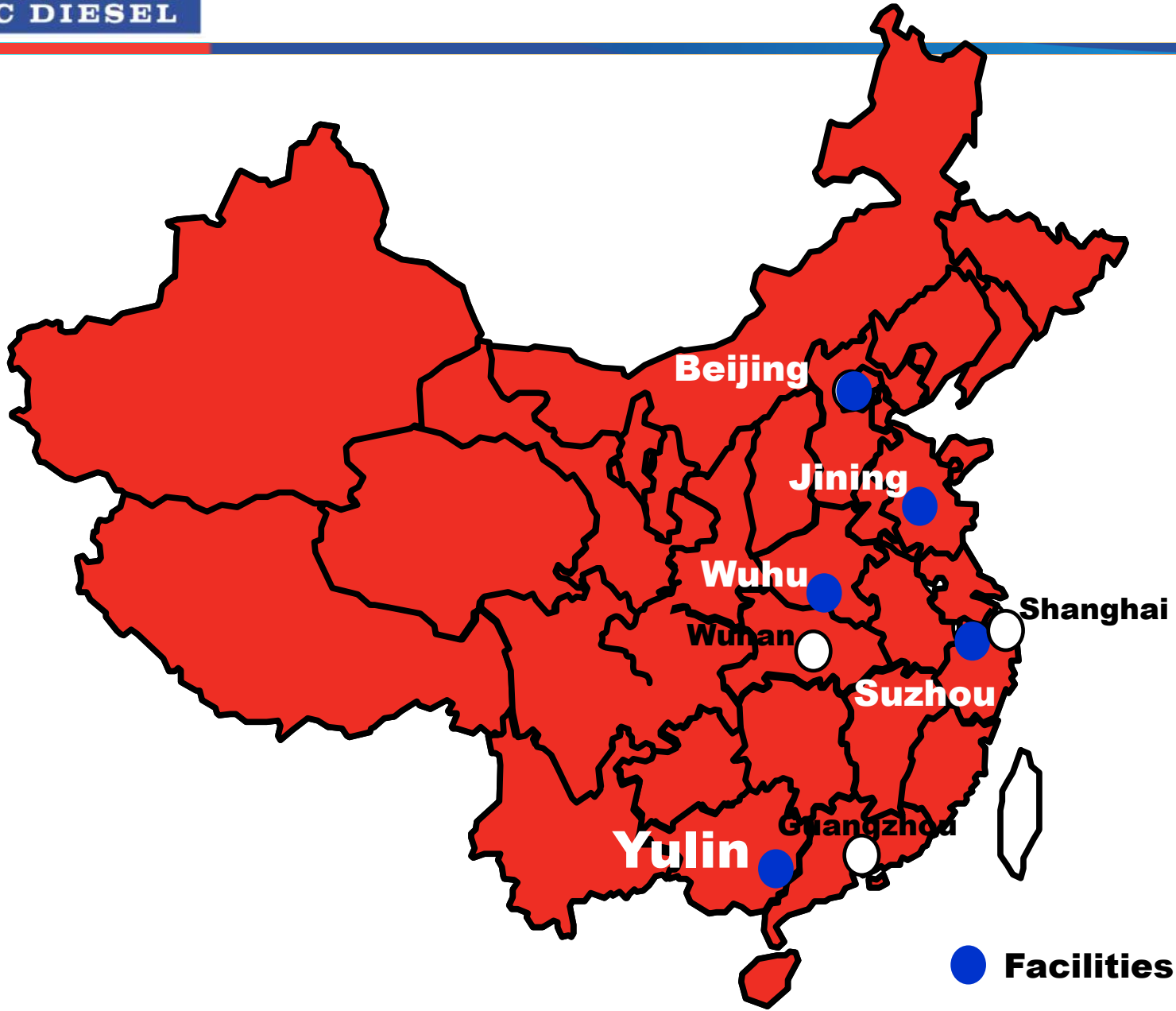
2. Business Strategy

- **Grow new markets with new products such as High Horsepower engines for marine and power generation segments**
- **Extend off-road engine platforms for industrial, construction and mining machines**
- **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 Assembly Plant



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

Engine Component Machining Plants





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 engines for various applications
- Production of high horsepower (HHP) engines for marine and power generation market
- In-house machining plants for all major engine components

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**

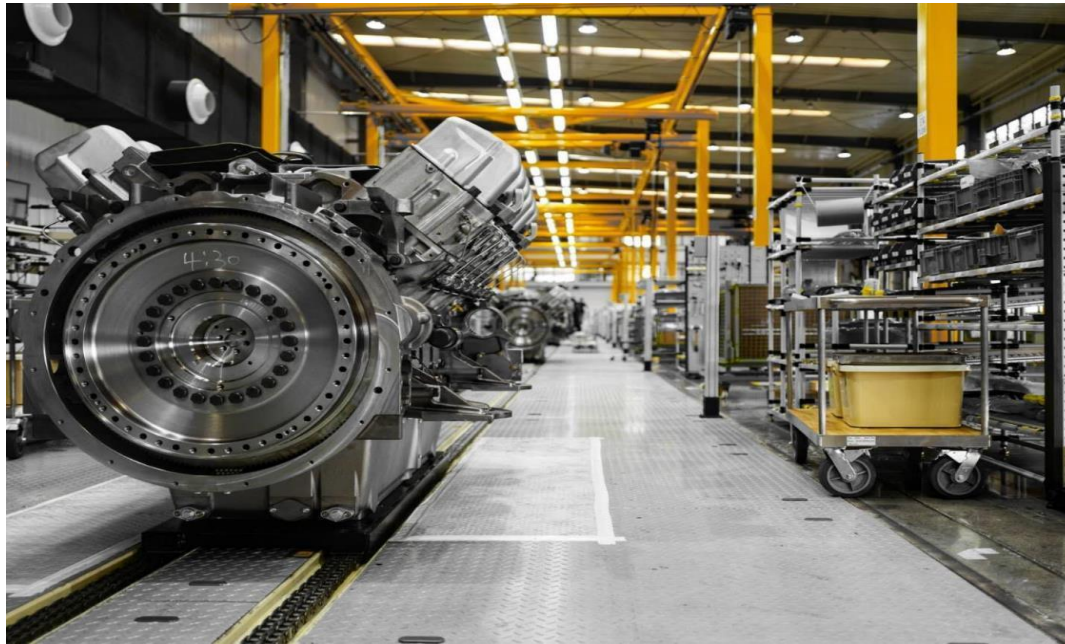


Engine Assembly Line



Machining Center

- **Latest designed engines (10L – 13L) comply with China National 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

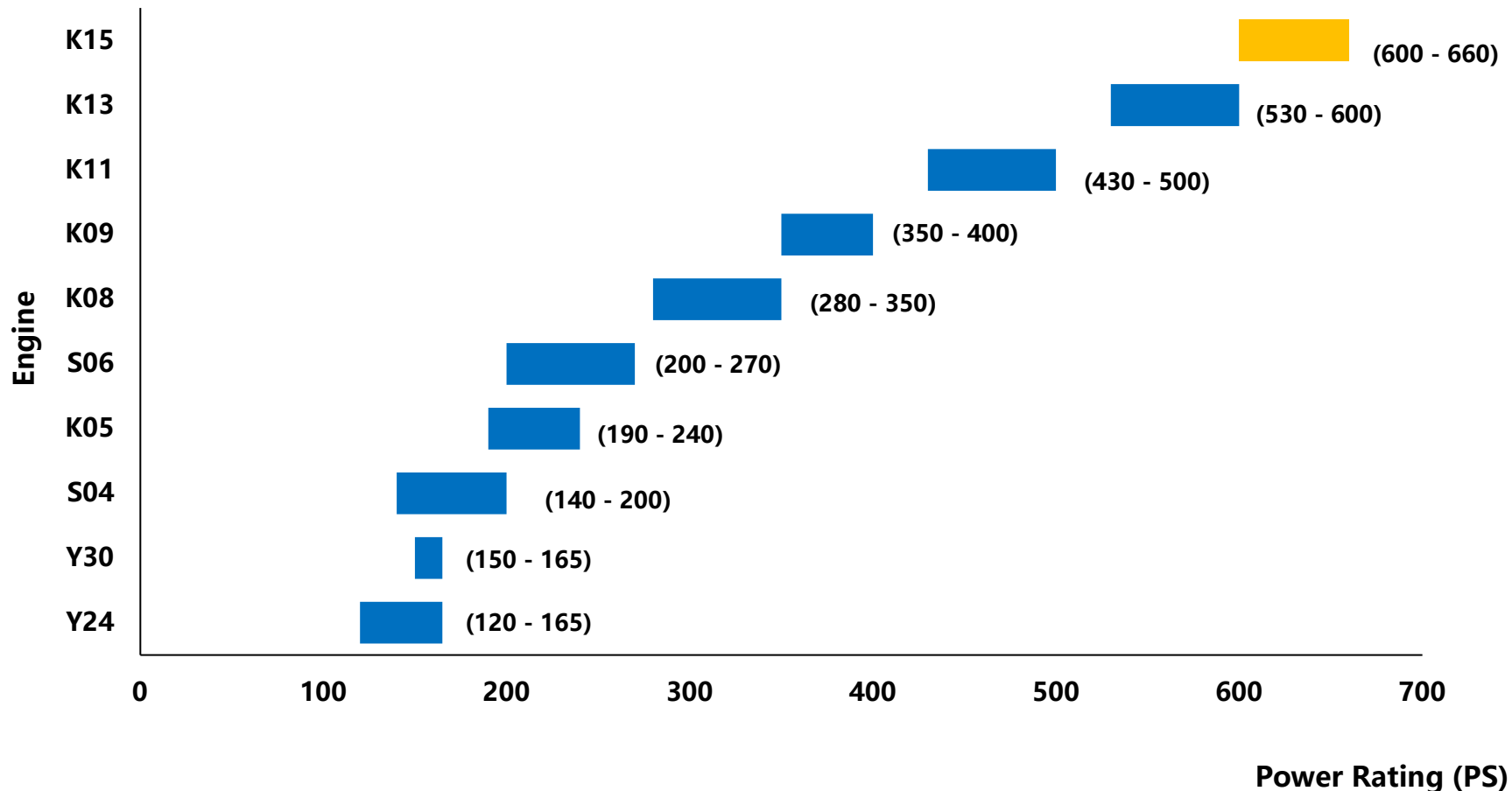
- ❑ A diesel engine manufacturer specializing in high-speed, large-rating diesel engines for power generation, oil & gas, railway, marine and mining applications
- ❑ MTU is a wholly owned subsidiary of Rolls-Royce Power Systems

The Joint Venture

- ❑ The Joint Venture ownership of 50:50 between MTU and GYMCL
- ❑ Main manufacturing facility is located inside GYMCL factory in Yulin
- ❑ JV company was incorporated in January 2017
- ❑ Total investment of RMB150M in phase 1
- ❑ In 2021, engine production of 458 units, total sales of 362 units

Yuchai National VI Emission Standard Compliant Engines

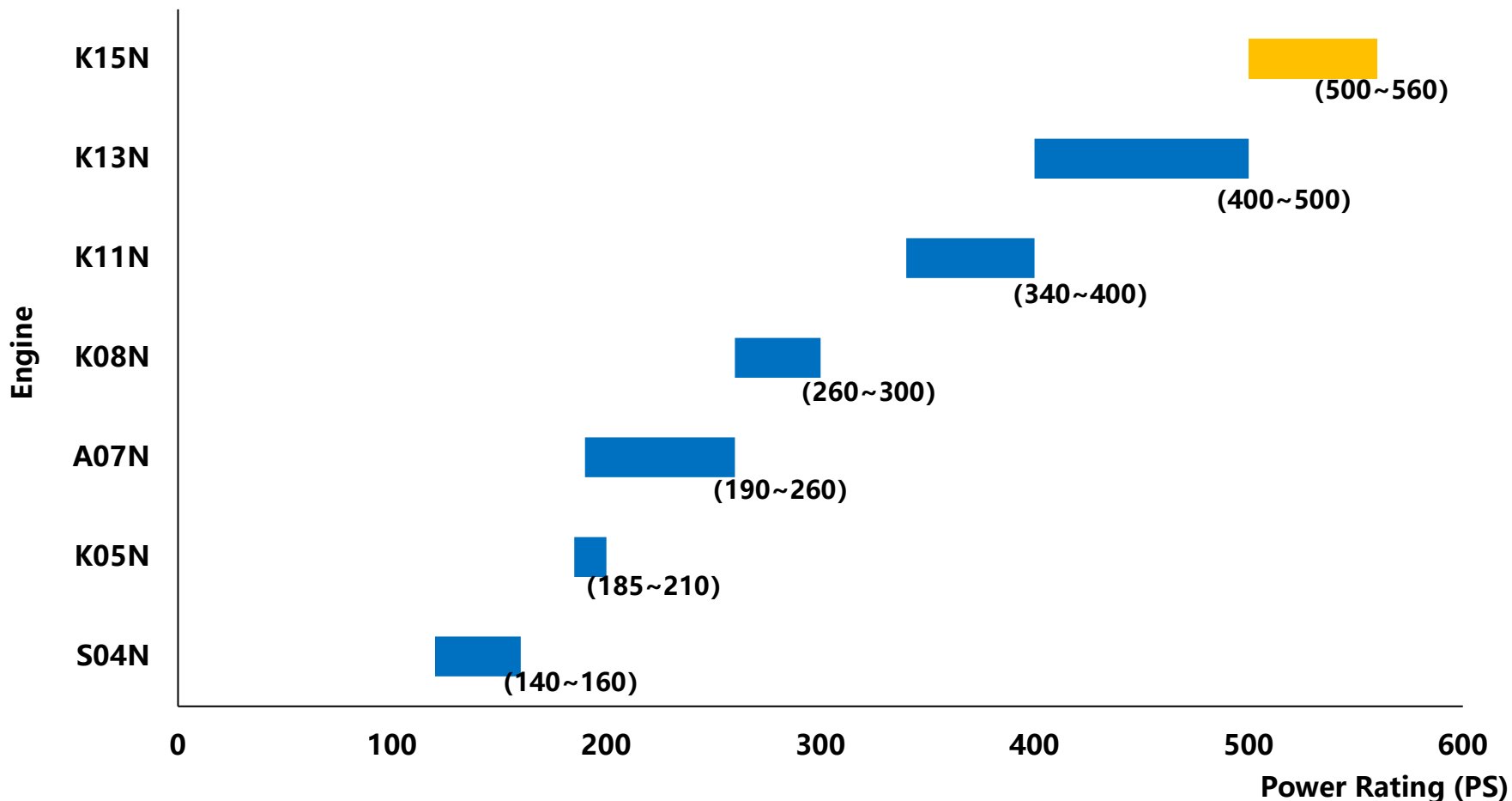
Yuchai National VI Emission Standard Compliant Engines



- Full implementation of National VIa emission standards starting from 1st July 2021
- Full implementation of National VIb emission standard will start from 1st July 2023

Yuchai National VI Emission Standard Compliant Gas Engines

Yuchai National VI Emission Standard Compliant Gas Engines

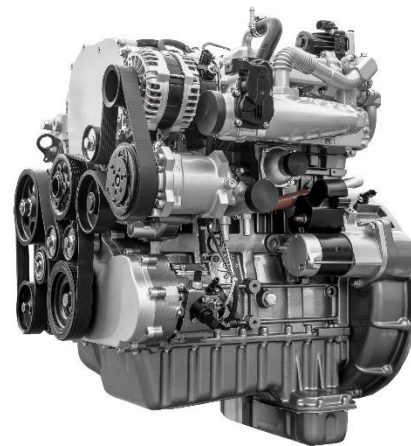


- Implementation of National VIa emission standards for gas engine starting from 1st July 2019
- Implementation of National VIb emission standards for gas engine starting from 1st Jan 2021

LD and MD National VI Engines



Y24 – 100-150 PS



Y30 – 130-180 PS



S04 – 140-200 PS



S06 – 200-270 PS

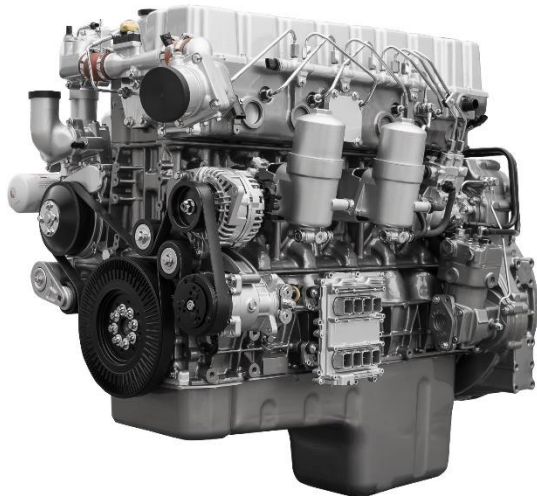
MD and HD National VI Engines



K05 – 190-240 PS

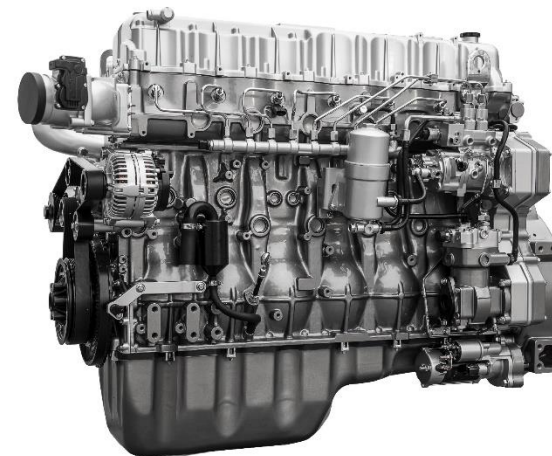


K08 – 300-350 PS



K09 – 360-400 PS

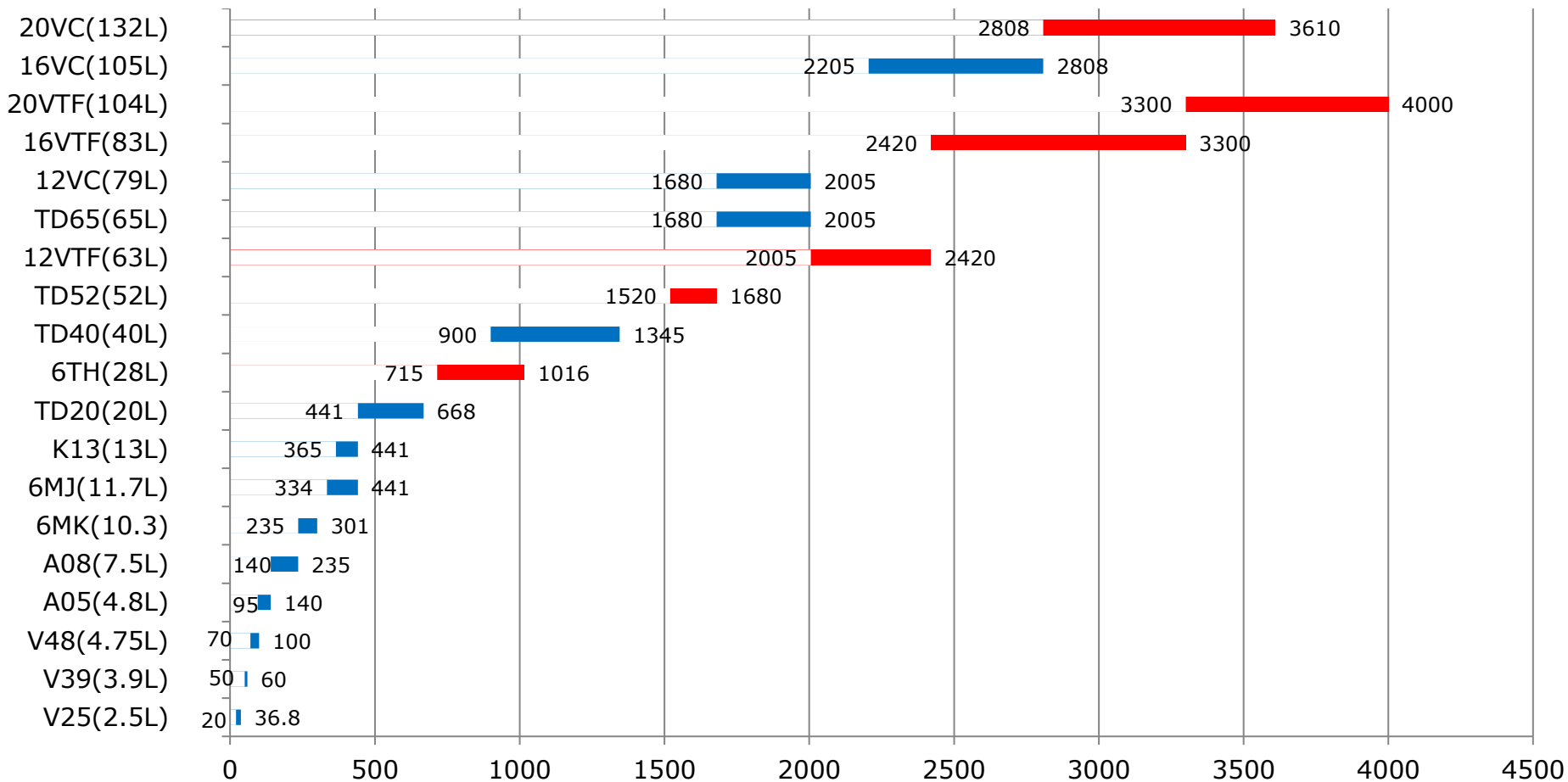
K11 – 430-500 PS



K13 – 530-600 PS

K15 – 600-650 PS

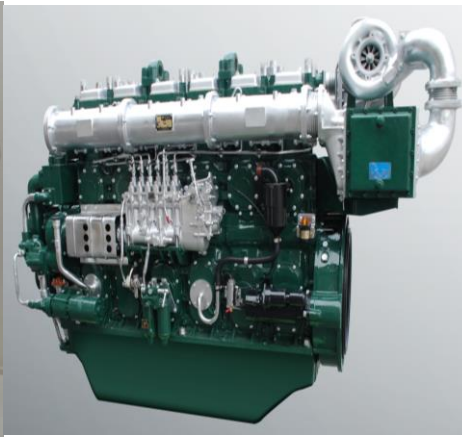
Marine and Power Generation Engine Platform (Tier 3 & 4)



功率/kW



YC12VT



YC6C



YC12VC



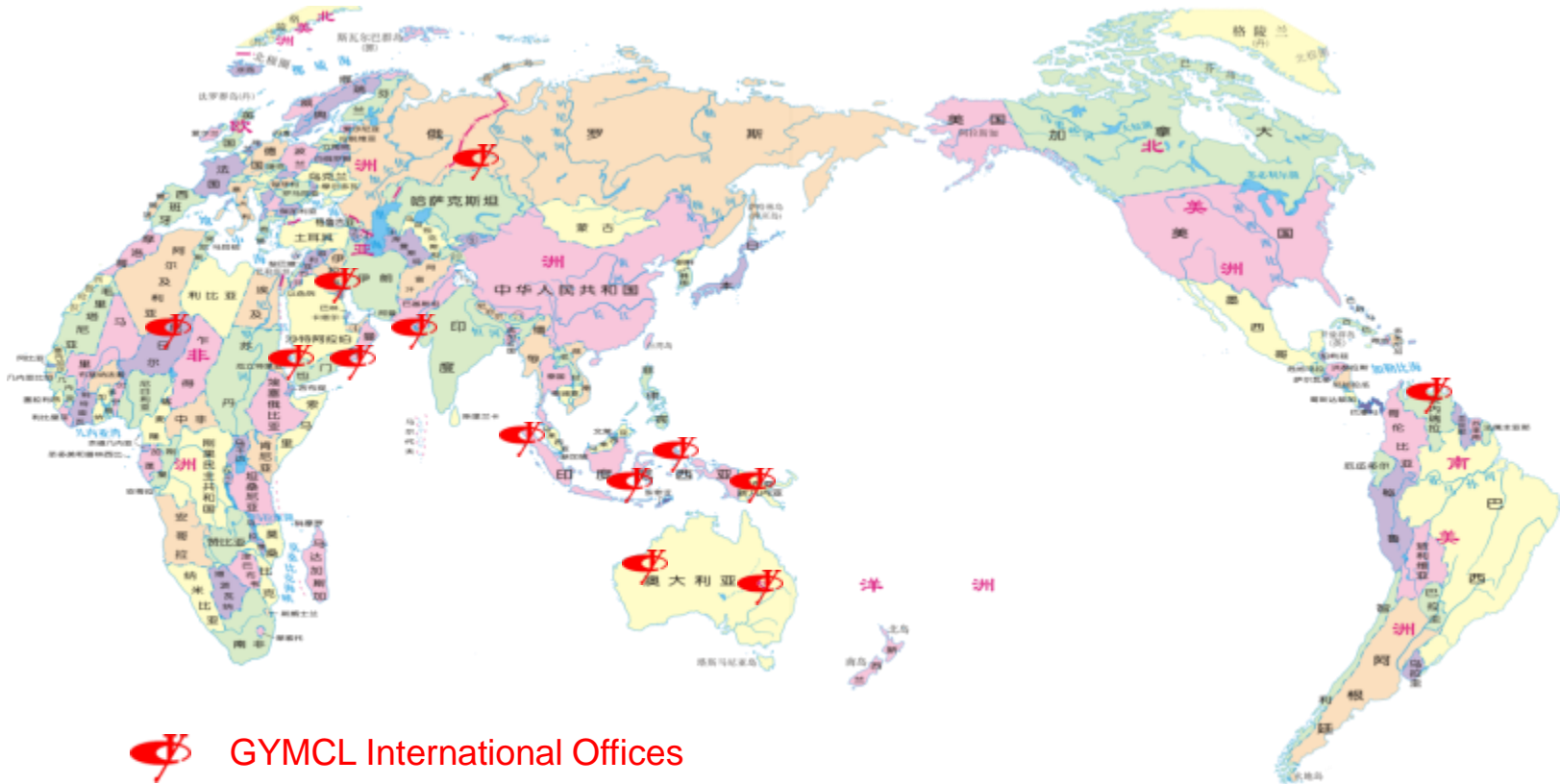
YC16VC

- 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

- 5,024 services stations in China
- Regional sales centers
 - 23 on road engine sales centers
 - 15 off road engine sales centers
 - 13 marine & power gen sales centers



Global Sales and Service Network

- 13 international offices
- 276 authorized overseas service stations

* As of 31 December 2021

- **National VI Emission Standards (Equivalent to Euro VI)**
 - National VI-a emission standard for gas engine was implemented from 1st July 2019
 - National VI-b emission standard for gas engine was implemented from 1st January 2021
 - National VI-a standard for all engines was implemented from 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
 - GYMLC has launched Tier 4 engines for light- medium- and heavy-duty off-road applications for agricultural, industrial, construction and power generation markets
 - Tier 4 emission regulation is expected to be nationally mandated by 1st December 2022
- **Hybrid and Range Extender Power Train**
 - Yuchai has introduced the new eCVT drivetrain on new generation hybrid systems, to achieve higher efficiency and fuel saving
 - 65kW and 100kW Range Extender Power systems are installed in both truck and bus applications, these systems contain a Yuchai Nat VI engine with a high-speed motor generator providing reliable green energy
- **Natural Gas (CNG, LNG)**
 - Gas engine testing center in service since 2015
 - Complete range of gas engines are available for both truck and bus applications
 - Dual fuel marine and power generation engines are available for specific requirements
 - Gas engine sales of 7,934 units in 2021

Lean Manufacturing

- Promote lean manufacturing across all machining shop and engine assembly plants
- Machining processes outsourced 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

Intelligent Manufacturing

- Implemented Intelligent Manufacturing SAP projects throughout all factories, foundry and testing centers
- 3D casting mould printing to reduce development lead time
- SAP system was implemented in finance, supply chain, logistics and R&D departments
- Engine remote monitoring through ECU data communication

V Configuration for HHP engines

- Developing the VTF series engine (in 12V, 16V and 20V configurations) power range from 2,000 to 4,000kW for both marine and power generation applications

- Self-established National Engineering Laboratory, an efficient, energy-saving and environmentally-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, comprising:
 - Full Flow Sampling Emission Bench
 - Direct Sampling Dynamic Emission Bench
 - Partial Flow Sampling Emission Bench
 - Cold Start Bench
 - Semi-anechoic Room Test Bench
 - Mobile Bench for Plateau Test
 - Plateau Simulation Bench
 - Vehicle Test Bench
 - Thermal Shock Test Bench
 - Deep Thermal Shock Test Bench
 - PTO Bench
 - Inclination Test Bench
- The measurement scope covers engines with displacement of 1~120L, and the overall R&D facilities reach the international advanced level.
- New Energy Development and Production facility including:
 - High Speed Motor Assembly
 - Range Extender System Assembly
 - eCVT Hybrid System Assembly
 - Fuel Cell System Assembly

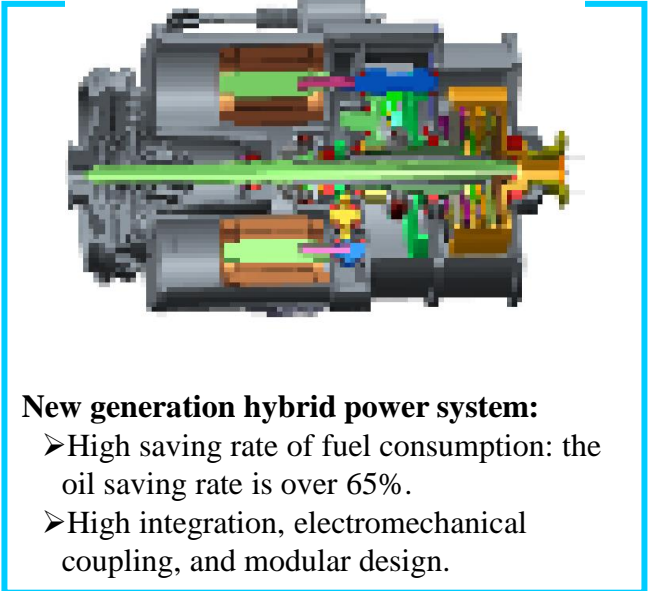
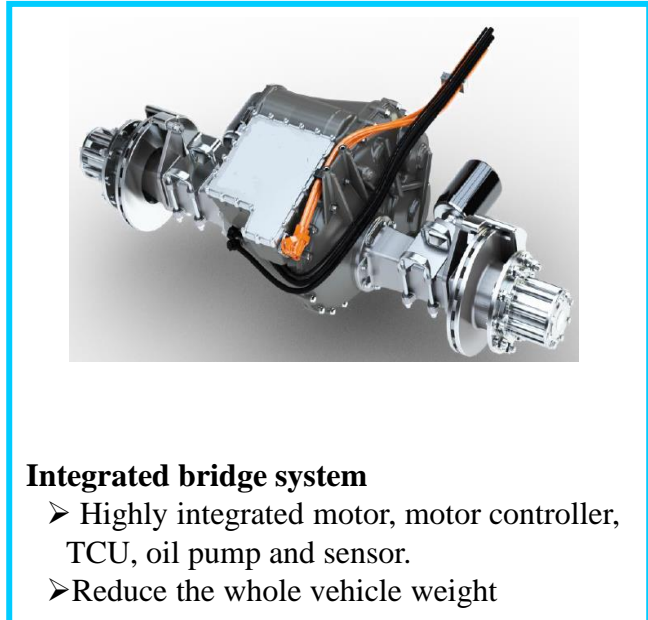
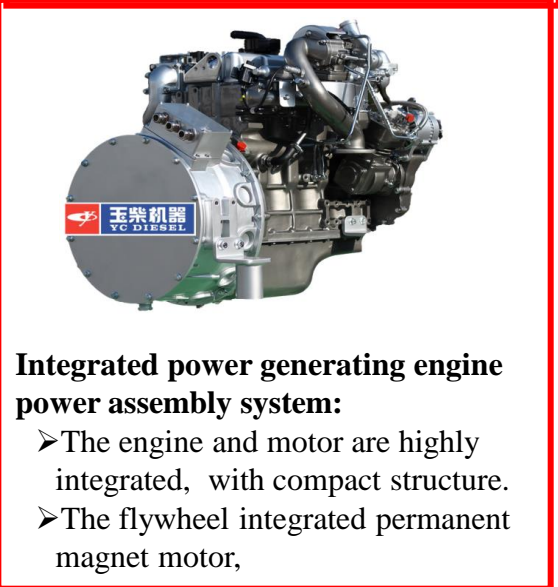
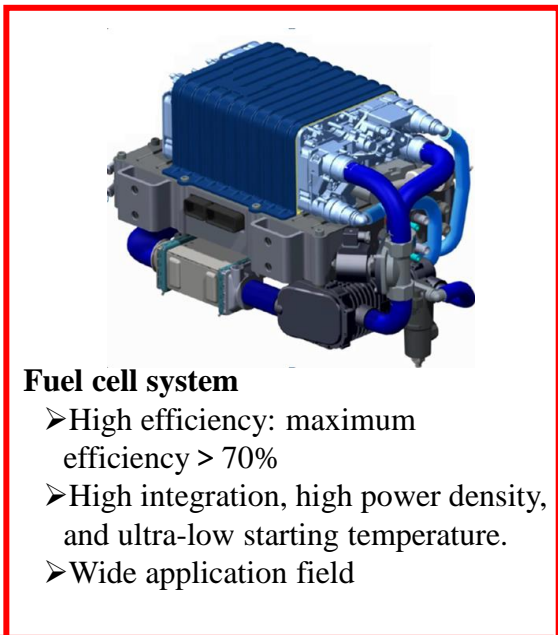
R&D capability

- ❑ Approximately 700 engineers including PhDs and Master Degree holders in the R&D team
- ❑ Over 2,000 patents have been registered since 2004
- ❑ New Energy R&D and Production facilities were set up in Nanning R&D center

Engine innovations

- ❑ Late 2018: Model K08 engine became the first domestic diesel engine to pass the National VI-b emission regulation
- ❑ Full suite China National VI (on road) compliant engines are available for commercial operations
- ❑ Newly developed China Tier 4 (off road) compliant engines have completed all required testing and ready for commercial operation by late 2022
- ❑ Mid-2020: Commercially launched the 65kW and 100kW range extender power systems for both truck and bus applications
- ❑ Mid-2021: Commercially launched the YCK16 engine for Mining Dump truck application
- ❑ Mid-2021: Commercially launched the 90kW fuel cell power system on buses
- ❑ Late-2021: First ignition of the YCK05 Hydrogen Combustion engine

New energy power





- GYMCL was named the “Benchmarking Enterprise” published by State-owned Assets Supervision and Administration Commission of the State Council
- GYMCL YCA05 and YCA08 engines passed certification for China Tier 4 emission testing
- GYMCL Engineering & Research Institute was selected as “New Sequential Management National Engineering Institute” by NDRC, the first published list has included 38 national institutes nationwide
- GYMCL entered into a new strategic alliance with Guangxi Sunlong Bus on new energy power system development and marketing in China
- GYMCL was ranked No.5 in National Enterprise Technology Centre Award, published by China NDRC
- GYMCL development project “High speed large rating low emission marine engine core technology and application” has received the First Prize at Guangxi Technology Innovation Award

GYMCL Awards & Recognitions



Chinese Premier's Li Keqiang visited GYMCL's Yulin facility in September 2021

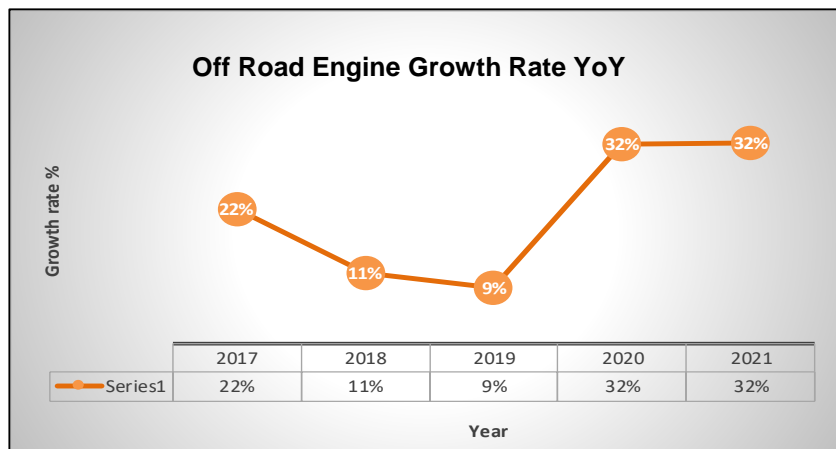
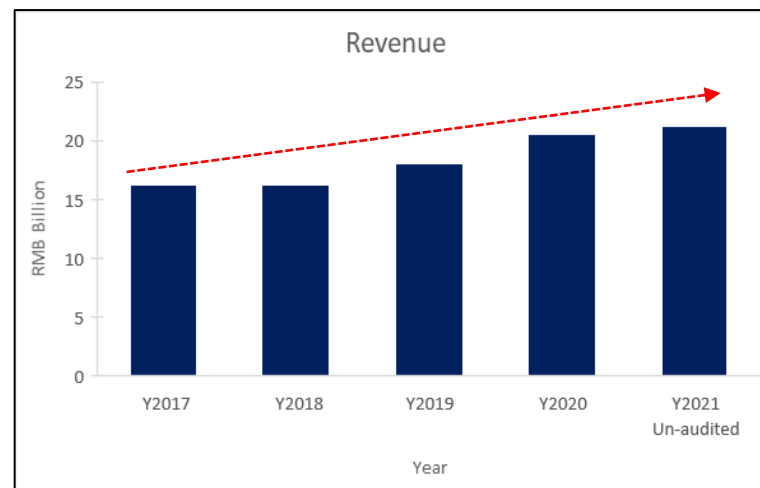
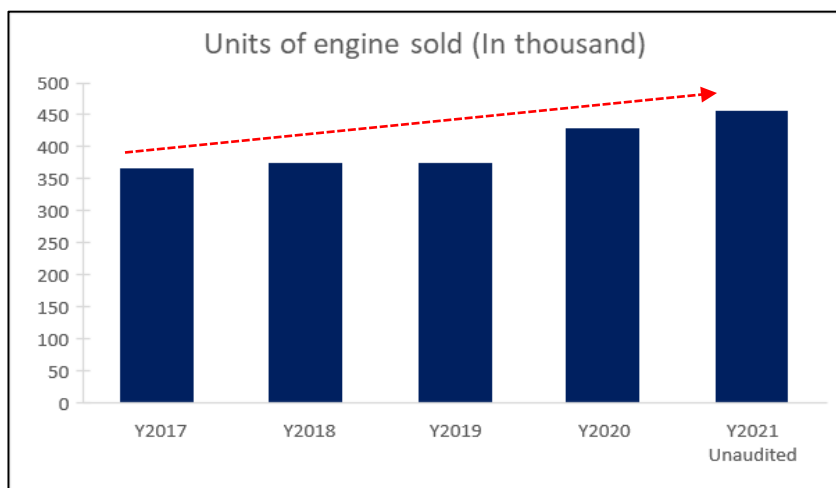


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Business and Finance Overview

	Y2017	Y2018	Y2019	Y2020	Y2021 Un-audited
Units of engine sold ('000)	367	376	376	430	457
Revenue (RMB Billion)	16.2	16.3	18.0	20.6	21.3



- Steady growth in the top line with revenue composition change by engine segments over the last 5 years.
- Strong growth rate in off-road engine segment since 2017 (refer to the growth rate year-over-year line chart on the left).
- Reduction in truck engine % of total revenue. Y2020: 60% vs. Y2021: 47%

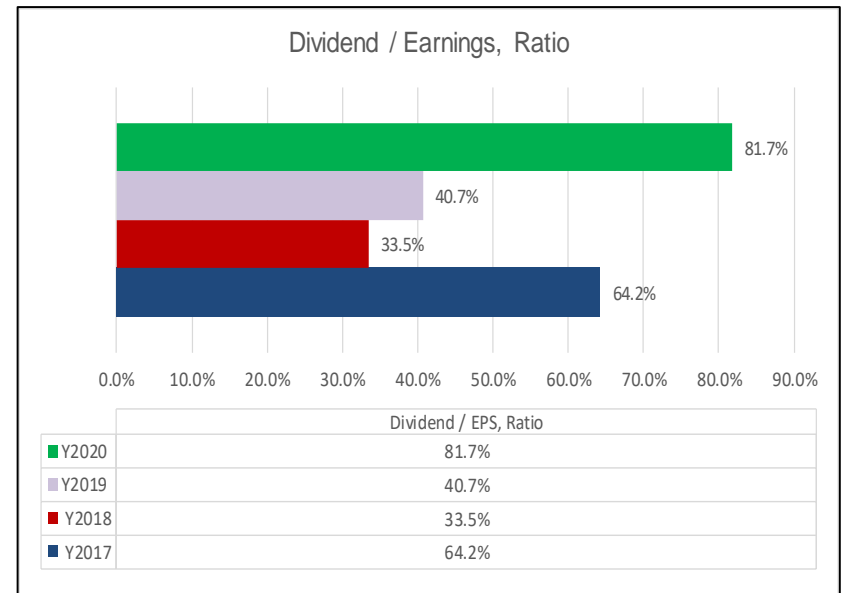
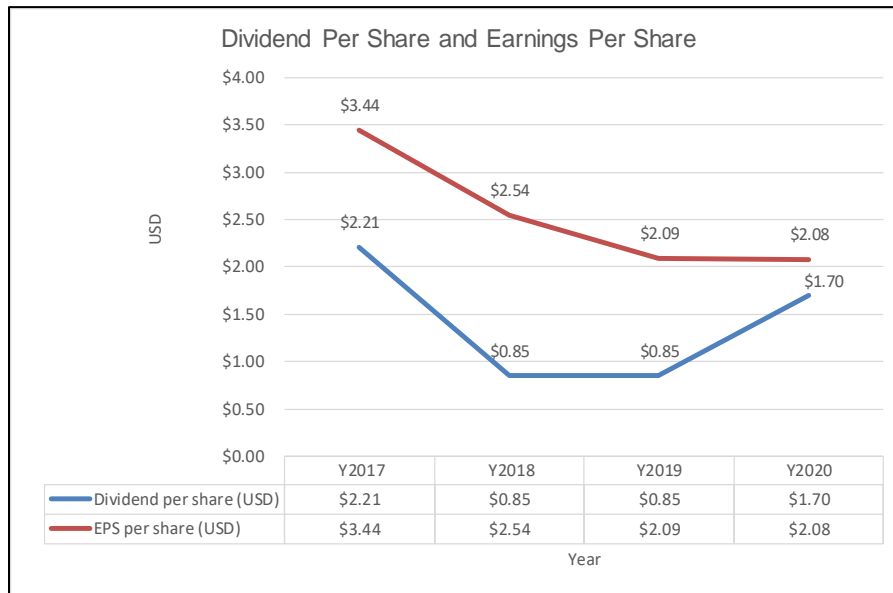
Profit Performance	Y2017	Y2018	Y2019	Y2020	Y2021 Un-audited
Gross Profit %	20.7%	19.0%	17.2%	15.5%	13.9%
Operating Profit %	9.9%	7.9%	6.4%	5.7%	3.1%
EBITDA (RMB Billion)	1.9	1.6	1.4	1.5	1.1
Profit After Tax %	8.2%	6.0%	4.8%	3.8%	1.9%
Profit After Tax (RMB Billion)	1.3	1.0	0.9	0.8	0.4

- Profitability discipline to cope with the increased R&D spending year-on-year as well as heavily invested capital assets for product diversifications.

Key Balance Sheet Items	Y2017	Y2018	Y2019	Y2020	Y2021 Un-audited
	RMB Billion	RMB Billion	RMB Billion	RMB Billion	RMB Billion
Cash & Bank Balance	6.0	6.1	6.4	6.4	5.3
Total Assets	21.0	21.7	23.9	26.3	25.1
Total Loans	1.6	2.0	2.1	2.2	2.2
Equity for CYD	8.3	8.4	8.8	9.0	8.9
Shareholders Equity	11.0	11.1	11.6	11.8	11.6

- Balance Sheet remains healthy and sound Operating Cash Flow.
- Total Assets increased due to Capital Investments and capitalized Research and Development cost.

	Y2017	Y2018	Y2019	Y2020	Y2021 Un-audited
Dividend per share (USD)	\$2.21	\$0.85	\$0.85	\$1.70	TBA
Earnings per share (USD)	\$3.44	\$2.54	\$2.09	\$2.08	\$1.05
Dividend / EPS, Ratio	64.2%	33.5%	40.7%	81.7%	TBA



- ✓ 2021 Dividend to be advised.
- ✓ 2017 Operating profit and PAT include extraordinary and one-time events

Key Financial Ratio	Y2017	Y2018	Y2019	Y2020	Y2021 Un-audited
Debt / Equity Ratio	14.8%	18.1%	17.8%	18.8%	19.0%
Current Ratio	1.71	1.72	1.55	1.48	1.42

- Financial Ratio remains strong
- Will turn the corner from the return on Capital deployed and extensive Research and Expenditures over the recent years,

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

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Thank You

