



China Yuchai International Ltd.

[NYSE: CYD]

**CitiBank Hong Kong & China
Corporate Day (Auto & Internet)**

December 3, 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.

The financial information presented below for the nine months ended September 30, 2014 is unaudited.



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 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
- 2,900 services stations and 35 regional sales offices throughout China*

* As of September 2014



China Economic Outlook

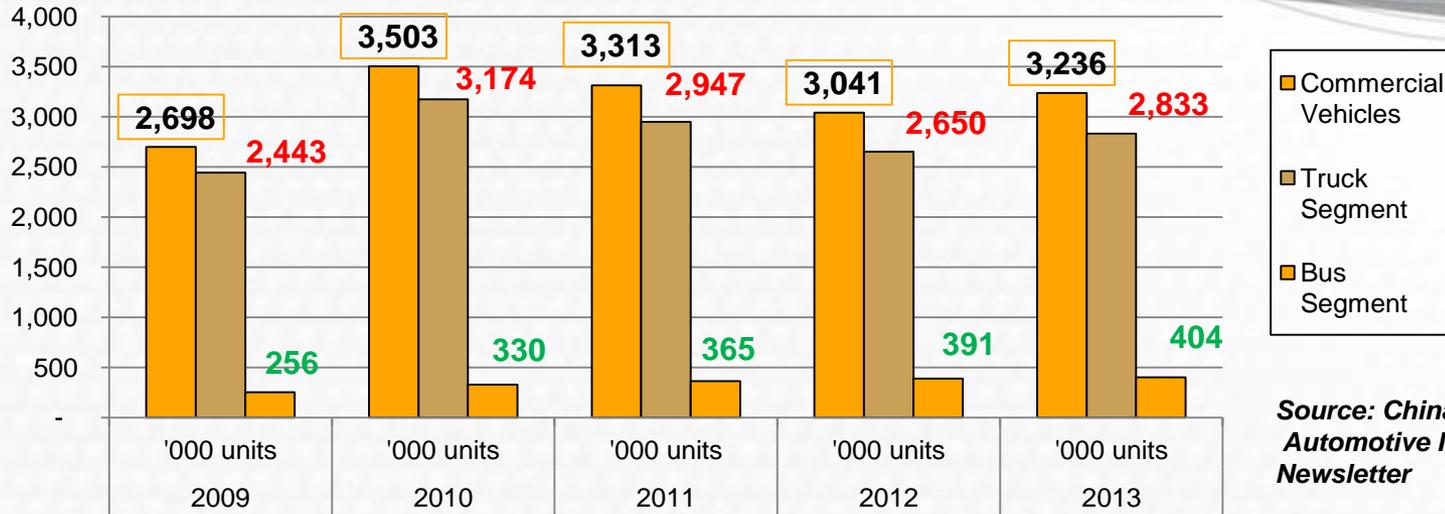
1. Chinese Government has announced growth rate of 7.5% for 2014.
 - There is indication that this target may not be achieved.
 - On 21 Nov 2014, PBOC cut one year bench mark lending rate by 0.4% to 5.6% pa (from 6.0% pa) to counter the continued economic slowdown
 - Property market is weakening and construction activity continues to fall
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%

Engine Industry Outlook

1. Truck market expected to slow down after the implementation of National 4 emission standards due to vehicle cost impact
2. Intra-city bus segment will continue to grow offset by a reduction in the inter-city bus segment due to the expansion of high speed rail in China.
3. Gas engine market expected to grow in commercial vehicle segment
4. Construction engine market will face headwind despite the rolling out of airport projects and high speed rail investments.
5. Demand for engines for agriculture applications will remain stable in 2015
6. Coastal and inland marine trade and commercial marine engines are expected to grow



Market Overview: Commercial Vehicles (Powered by Diesel and Others)



Source: China Automotive Industry Newsletter

China Commercial Market (2009-2013). CAGR +4.7%

- Grew to the heights of 3.5 million units (2010)
- Decline in 2011 (3.3 million units) and 2012 (3.0 million units)
- Rebounded in 2013 (3.2 million units)

China Truck Market. CAGR +3.8%

Truck Market Drivers

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

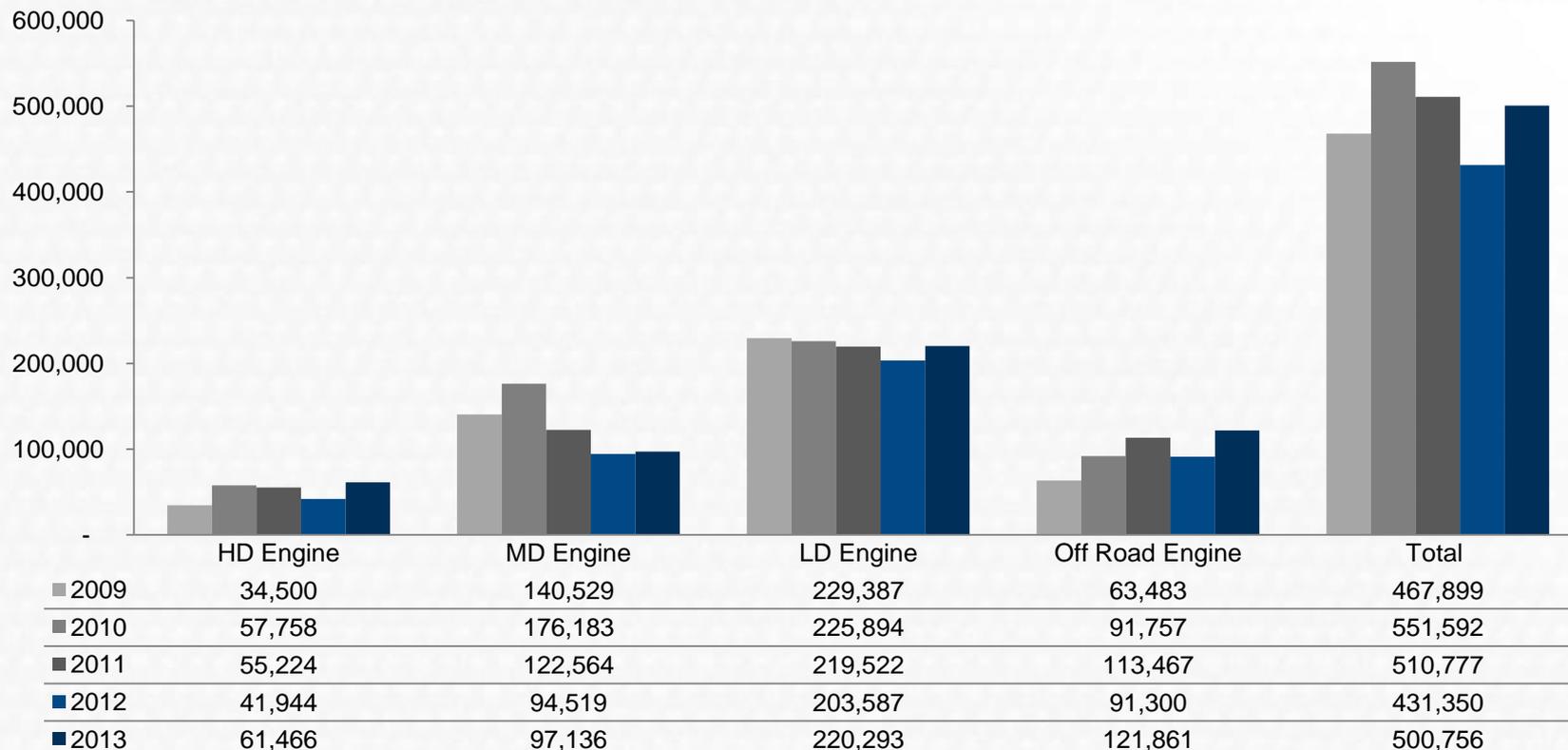
China Bus Market. CAGR +12.1%

Bus Market Drivers

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



China Yuchai Unit Sales: 2009-2013



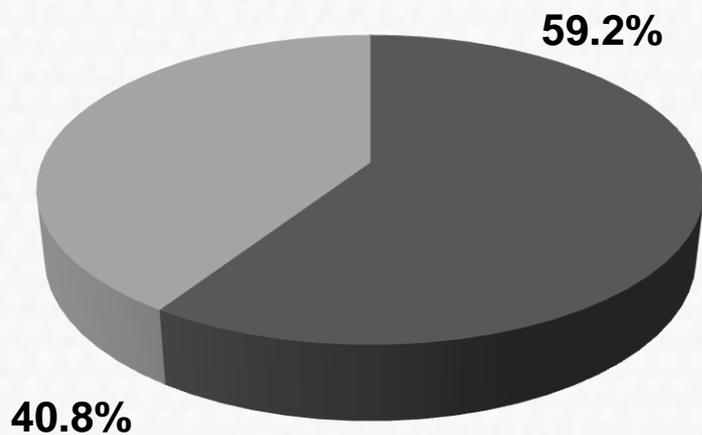
Sales from 2009 to 2013

- Grew to the height of 551.6K units (2010)
- Declined to 510.8K units (2011) and 431.4K units (2012)
- Rebounded to sales of 500.8K units (2013)

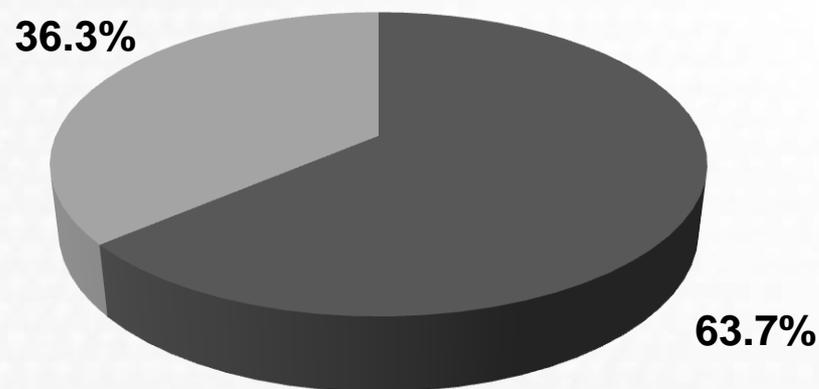


Sales Mix

2013 Full Year



2014 YTD Q3



■ 6 Cylinder Engine

■ 4 Cylinder Engine



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Operation Overview



GYMCL Strategic Locations



● Facilities & JVs



Yulin Facility



Engine Plant No.5 - HD Engine Assembly Line

- **Yulin facility is the primary manufacturing facility (2 million sq meters/21.5 million sq ft)**
- **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 is in full operation for the casting and production of 220,000 engine blocks per annum
- Phase 2 for cylinder head casting was commissioned and is fully operational
- Total annual capacity of 1 million engine cylinder blocks/heads
- One of the largest foundry and engine casting facilities in China



High Horse Power Engine Plant



Engine Assembly Line



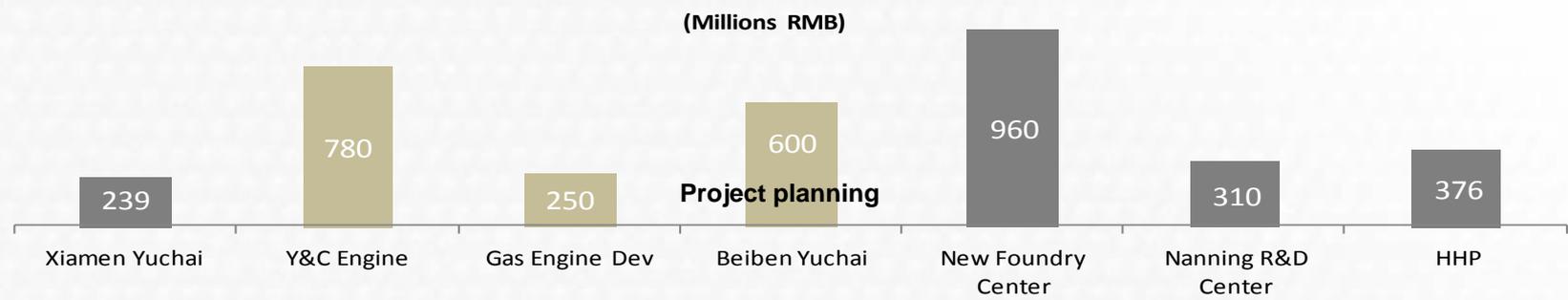
Gantry CNC milling center

- Design for HHP engine (40L 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 automation facilities to ensure top quality standard
- Individual automated engine painting line
- Individual engine testing stands for comprehensive performance tests



Strategic Partnerships

Major Projects Investment



	Y&C Engine Co Ltd	Baotou Beiben Engine Co Ltd
JV Partner	CIMC-Chery	Norinco Beiben
Location	Wuhu City Anhui Province	Baotou Industrial Park Inner Mongolia
Products	YC 6K, 12/13L 380-550PS HD	YC6K, YC6MK, YC6L HD vehicle engines
Production Date	Early 2011	JV establishment
Ownership	45% GYMCL	40% GYMCL



Wuhu Y&C Power (Chery Trucks)



Engine Assembly Line



Machining Center

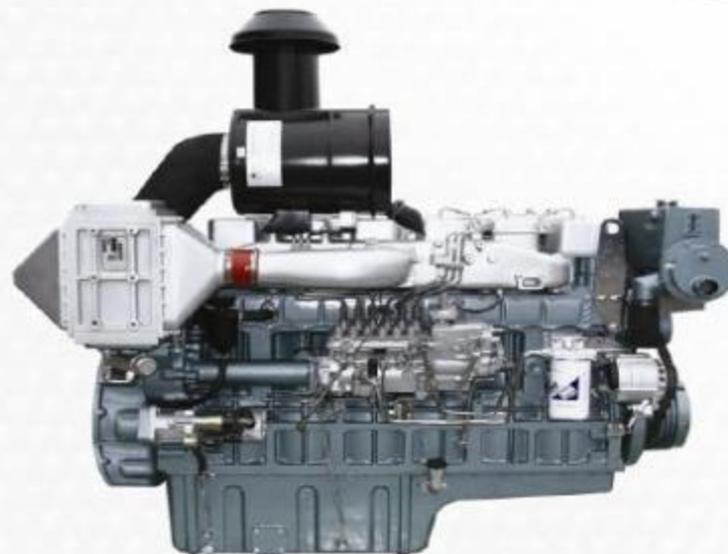
- Latest design YC6K engine complied with China National 4 and Euro 5 emission standards
- Production line and machining line are fully commissioned
- Existing capacity 15,000 units per annum (single shift operation)
- Gas version YC6K engine is available for both on-road and off-road applications
- Started commercial production for CIMC-Chery Container trucks



Capacity Expansion HHP Marine and Power Gen Engines



YC6C

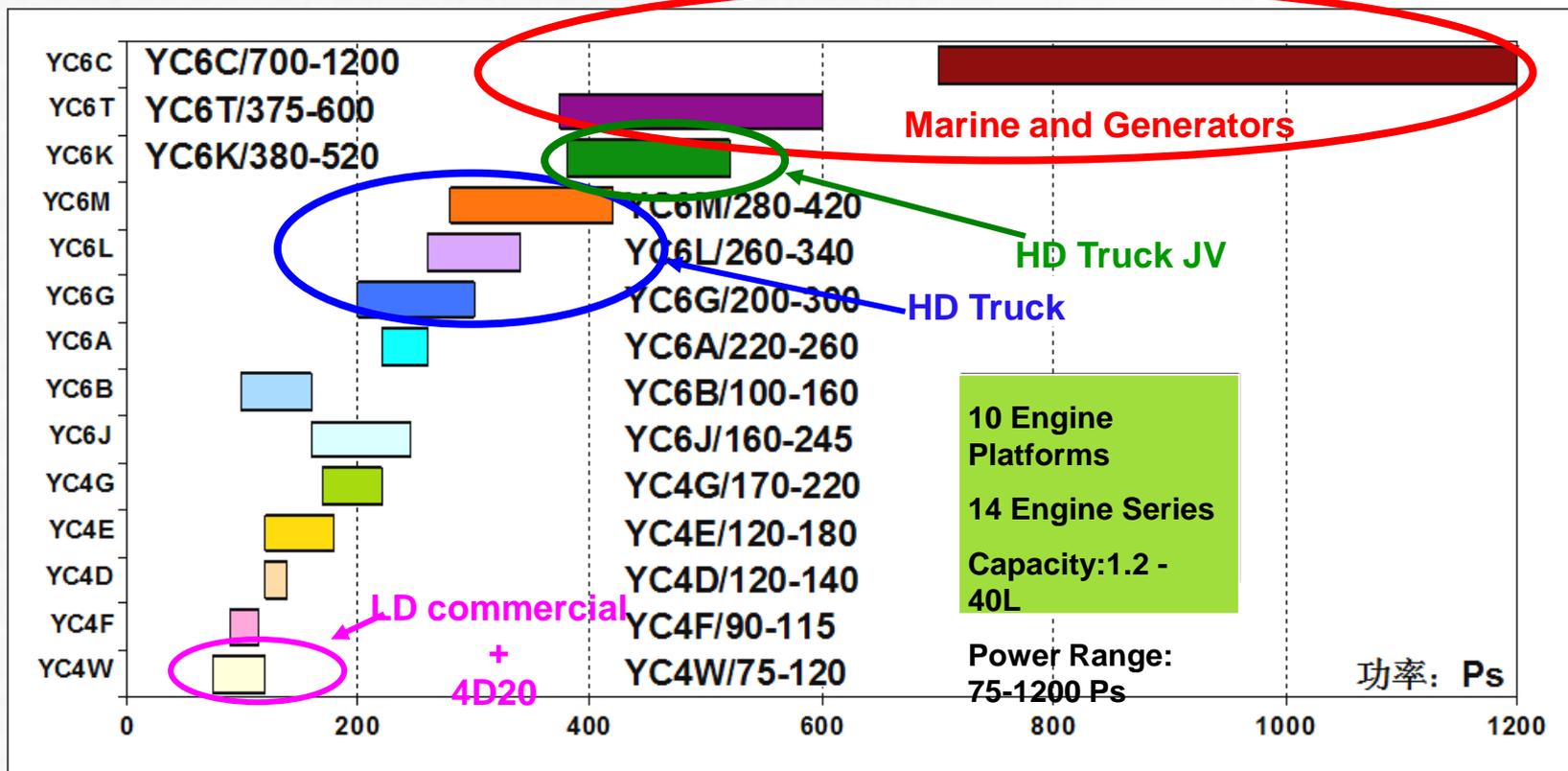


YC6T

- **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 2015**
- **YC12VC – 80L with 1200 – 1800 bps power rating, to be launched in 2015**



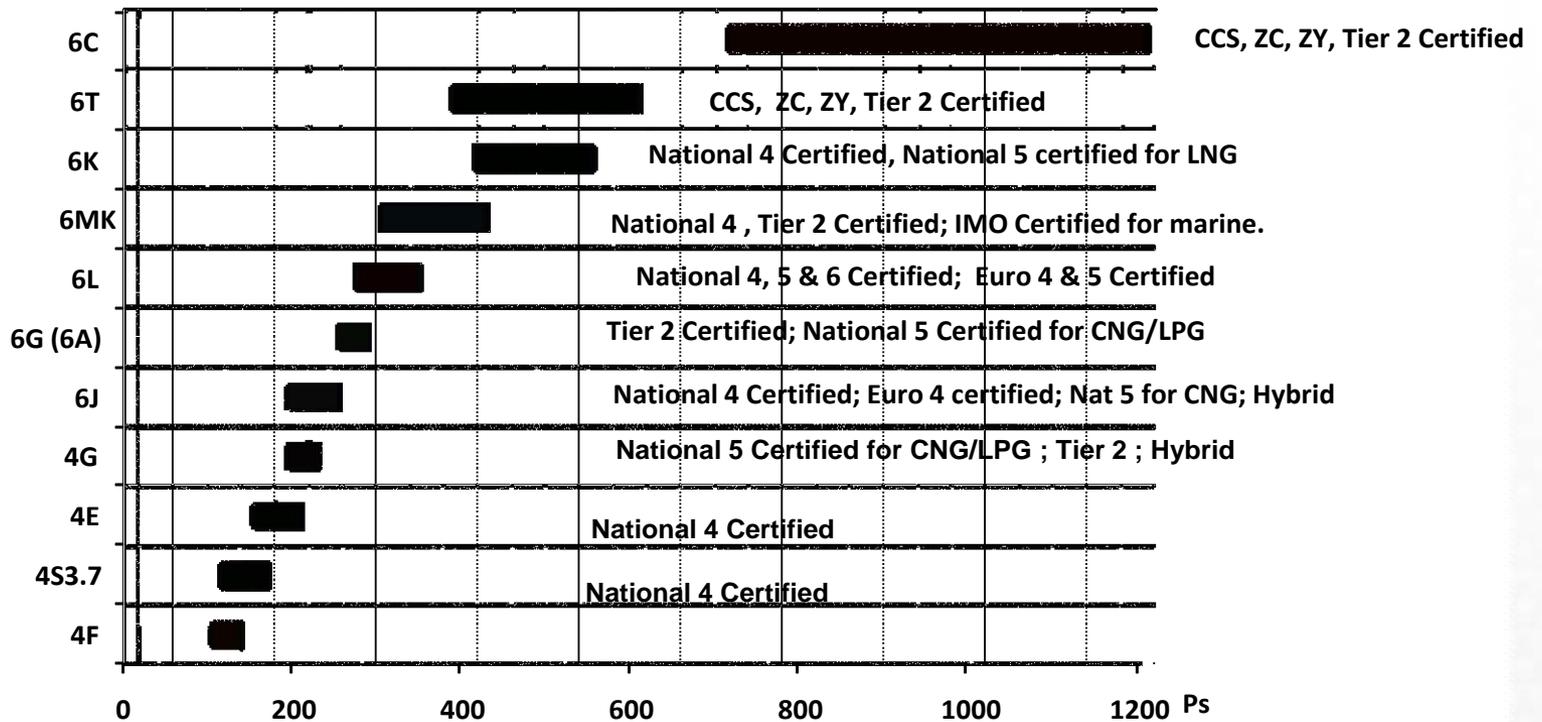
Products



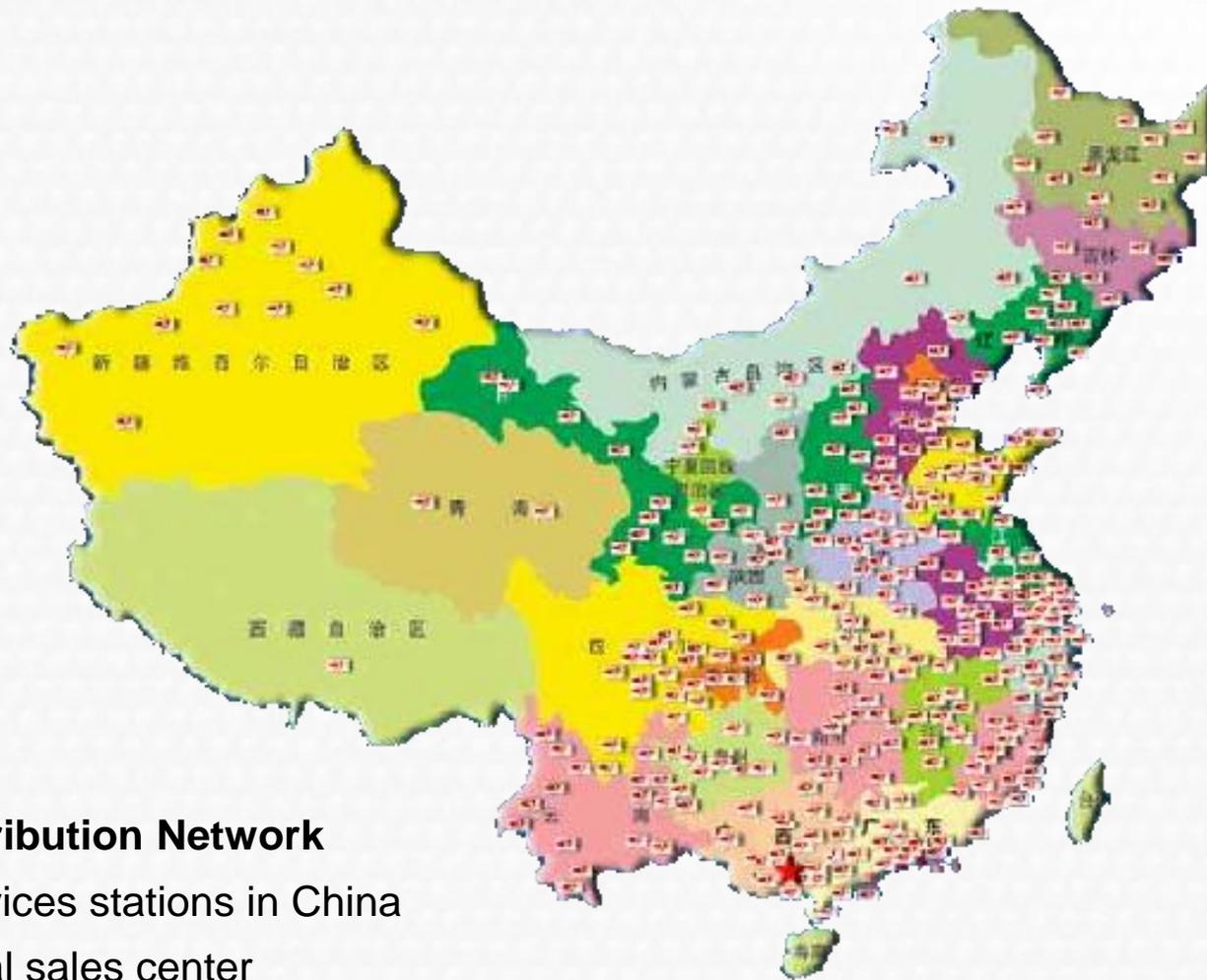


Meeting Stringent Emissions Standards

Engine Series



- National 4 emission standards will be enforced strictly nationwide in China on Jan 1st 2015



China Distribution Network

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

* As of September 2014



International Offices



Global Sales and Service Network

- 13 international offices
- 109 authorized overseas service stations

* As of September 2014



Green Technology

- **National 6 Emission Standards (Equivalent to Euro IV)**
 - YC6L-60 National 6 Prototype Engine was launched in October 2011
- **National 5 Emission Standards (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 applications
- **Hybrid Diesel Power Train**
 - Over 3,000 hybrid systems in operation being used in Public Transport Systems, including GYMCL's self-developed Hybrid power train
 - Gas engine plug-in hybrid was commercially launched in mid 2014
- **Natural Gas (CNG, LNG) and LPG engines**
 - Delivered approximately 26,000 Gas Engines as of September 30, 2014
 - New Gas Engine Development Centre in service since early 2013
 - New Gas Engine testing centre will be fully commissioned in late 2014



Gas Engine



**GYMCL's YC4G
Gas Engine**



**GYMCL's YC6J
Gas Engine**



**GYMCL's YC6MK
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 32,400 and 26,000 gas engines in 2013 and first nine months of 2014 respectively.



R&D Leadership

- **R&D capability**

- ❑ **Approximately 700 engineers including PhDs and Master Degree Holders in the R&D team**
- ❑ **Over one thousand patents have been registered since 2004**
- ❑ **New Nanning R&D Institute commenced operations from October 2013**

- **Engine innovations**

- ❑ **Oct 2010: Euro 5 engines YC6J commercially launched for Public Transport (PT) market**
- ❑ **Late 2010: 1st hybrid power system launched for PT market, now 3,000+ in operation**
- ❑ **Late 2011: National (Euro) 6 prototype engine YC6J launched**
- ❑ **Mid 2014: Gas engine plug-in hybrid launched mid 2014 for PT market**
- ❑ **Leading factory for National 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 and CNG 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



2014 Awards & Recognitions

- **2014 China Top 500 Enterprise - No. 278**
- **2014 China Top 500 Manufacturing Enterprise - No. 17**
- **2014 Guangxi Best Ten Enterprises Award**
- **2014 GYMCL launched Plug-in Hybrid system in bus market**
- **2014 GYMCL launched the Tier 3 emission compliant marine engine YC6TD600L-C30, the first Tier 3 marine engine from China**
- **2014 YC6MK wins The Best Environmental Technology Award**
- **2014 The National Advance Enterprise on Quality Inspection Award from China Association for Quality Inspection**



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Business and Finance Overview



Moving Forward

- 1. Maximize shareholders' value**
- 2. Product Strategy**
 - **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**
 - **8 new engine models meeting the latest emission standards was launched in 2014**
- 3. Business Strategy**
 - **Grow new markets with new products such as High Horse Power engines for marine and power gen segment**
 - **Nurture strategic alliances with OEM customers**
 - **Grow international business**
 - **Implement cost reductions through Lean Six Sigma manufacturing**
 - **Launch JV products to support future profitable growth**



Financial Performance Review

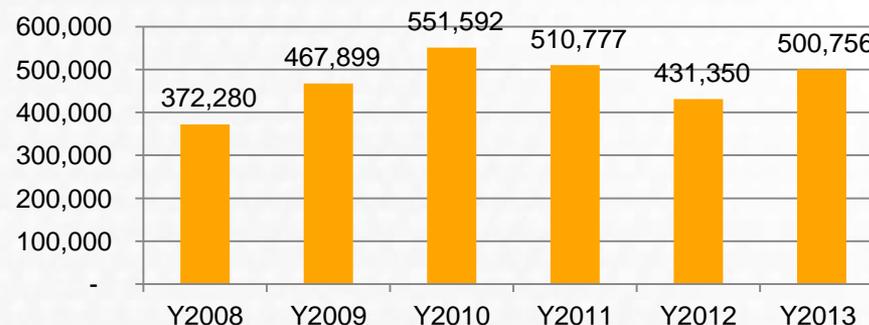


	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013	Y2014 9 months
Engines sold (units)	372,280	467,899	551,592	510,777	431,350	500,756	390,731
Revenue (RMB million)	10,405	13,176	16,208	15,444	13,449	15,902	12,515
EPS (USD per share)	\$ 0.94	\$ 2.47	\$ 4.57	\$ 3.49	\$ 2.43	\$ 3.07	\$ 2.12

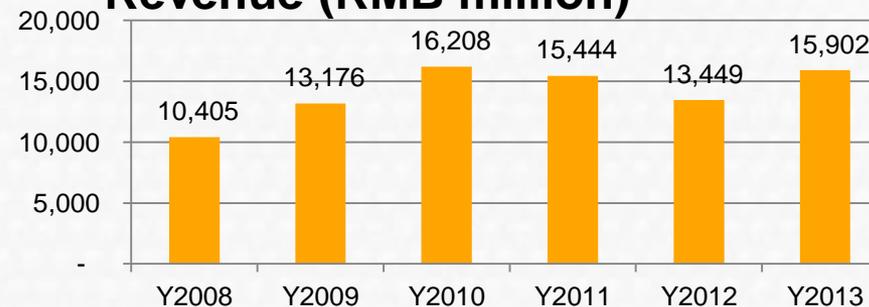
Review of Business Activities

- **Sales units: CAGR at 6.1% ('08 -'13)**
 - Sales units of 372K ('08) to 501K ('13)
 - Sales units of 391K ('14 9 months) vs 390K ('13 YTD Q3)
- **Revenue: CAGR at 8.9% ('08 -'13)**
 - RMB 10.4B ('08) to RMB 15.9B ('13)
 - RMB 12.5B ('14 9 months) vs RMB 11.7B ('13 YTD Q3)
- Y2010: Chinese Government introduced major economic stimulus. Thereafter, correction in 2011 and 2012.
- Y2013: Seeing an uptake from 2012
- **Healthy growth and market presence**
 - Consistently ranked as one of the top engine makers by "China Association of Automobile Manufacturers"
 - Maintain steady ASP

Engines sold (units)



Revenue (RMB million)





Financial Performance Review

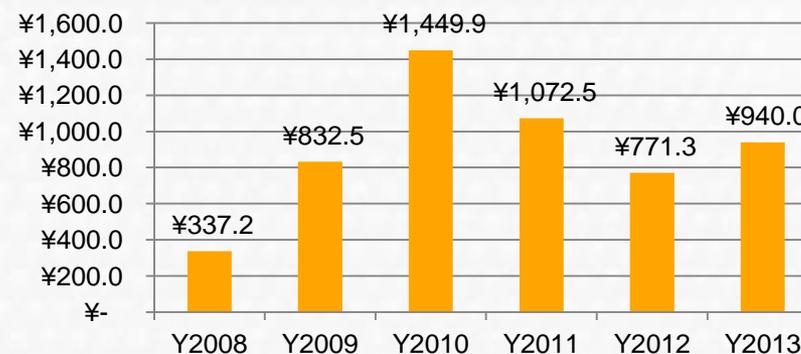


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Revenue	RMB million	10,405	13,176	16,208	15,444	13,449	15,902	12,515
Gross Profit	RMB million	2,049	2,546	4,009	3,442	2,880	3,265	2,321
Operating Profit, EBIT	RMB million	616	854	1,950	1,535	1,163	1,402	902
PAT	RMB million	337	832	1,450	1,073	771	940	697
PATMI	RMB million	¥ 240.0	¥ 628.3	¥ 1,117.3	¥ 818.5	¥ 567.3	¥ 700.4	¥ 489.1
PATMI	US\$ million	\$ 35.1	\$ 92.0	\$ 170.4	\$ 129.9	\$ 90.5	\$ 114.4	\$ 79.5
EPS	US\$ per share	\$0.94	\$2.47	\$4.57	\$3.49	\$2.43	\$3.07	\$2.12
Return on Equity (%)	%	7.3%	15.4%	21.4%	14.6%	9.9%	11.1%	10.5%

Review of Performance

- **PAT: CAGR at 22.8% ('08-'13)**
- PAT: RMB 337M ('08) to RMB 1.4B ('10).
- PAT 2013 at RMB 940M rebounded from RMB 771M (2012)
- 2014 9 months PAT: RMB 697M (vs 2013 9 months RMB 610M)
- PATMI: RMB 240.0M ('08) to RMB 1,117.3M ('10).
- PAMTI 2013 at RMB 700.4M rebounded from RMB 567.3M (2012)
- 2014 9 months PATMI: RMB489M (vs 2013 9 months RMB 446M)
- **EPS: US\$ 0.94 ('08) to US\$3.07 ('13); US\$ 2.12 (2014 YTD Q3)**
- **Return on Equity: 7.3% ('08) to 11.1% ('13); 10.5% (2014 YTD Q3)**
- Healthy growth corresponds to earnings growth
- Generates operating cash (Operating profit / EBIT)

PAT, RMB million





Financial Indicators Review

Currency: RMB million	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013	Y2014 9 months
Operating Profit (Ebit)	615.7	854.3	1,949.7	1,535.1	1,163.5	1,402.4	901.5
Add: Depreciation and amortization	272.6	285.3	286.1	328.8	348.5	388.9	308.9
EBITDA	888.4	1,139.6	2,235.8	1,863.9	1,511.9	1,791.4	1,210.4

Gross Profit %	19.7%	19.3%	24.7%	22.3%	21.4%	20.5%	18.5%
Operating Profit %	5.9%	6.5%	12.0%	9.9%	8.7%	8.8%	7.2%
PAT %	3.2%	6.3%	8.9%	6.9%	5.7%	5.9%	5.6%

Review of Profit Indicators

- **GP margin:**
 - 19.7% ('08) to 20.5% ('13)
 - 18.5% ('2014 9 months)
- **Operating Profit:**
 - 5.9% ('08) to 8.8% ('13)
 - 7.2% ('2014 9 months)
- **PAT %:**
 - 3.2% ('08) to 5.9% ('13)
 - 5.6% ('2014 9 months)





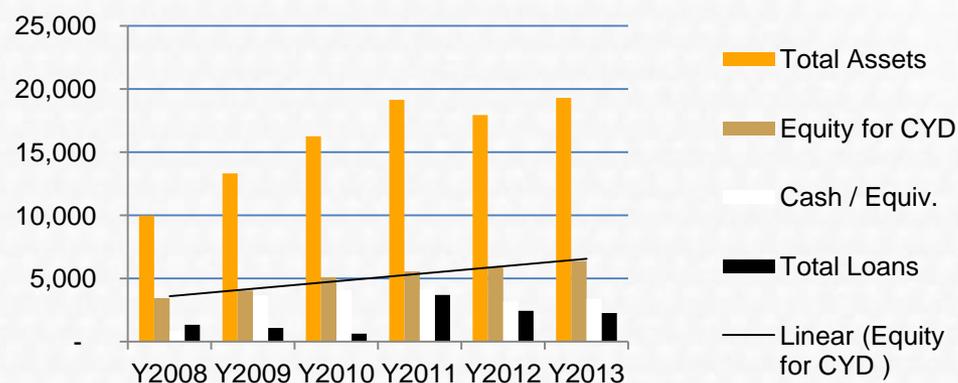
Balance Sheet Review

Currency: RMB million	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013	Y2014 Sept
Total Assets	9,968	13,306	16,246	19,151	17,924	19,293	19,849
Equity for CYD	3,445	4,049	5,098	5,542	5,902	6,392	6,737
Cash / Equiv.	824	3,658	4,061	4,125	3,128	2,597	2,864
Total Loans	1,325	1,079	625	3,697	2,451	2,259	2,693

Gearing Ratio	0.38	0.27	0.12	0.67	0.42	0.35	0.40
Curent Ratio	1.19	1.28	1.28	1.25	1.31	1.47	1.49
Inventory Turnover days	98	73	79	73	69	67	56
AR Turnover days	89	69	95	158	179	171	188
AP Turnover days	114	163	171	146	158	147	132

• Building Healthy Balance Sheet

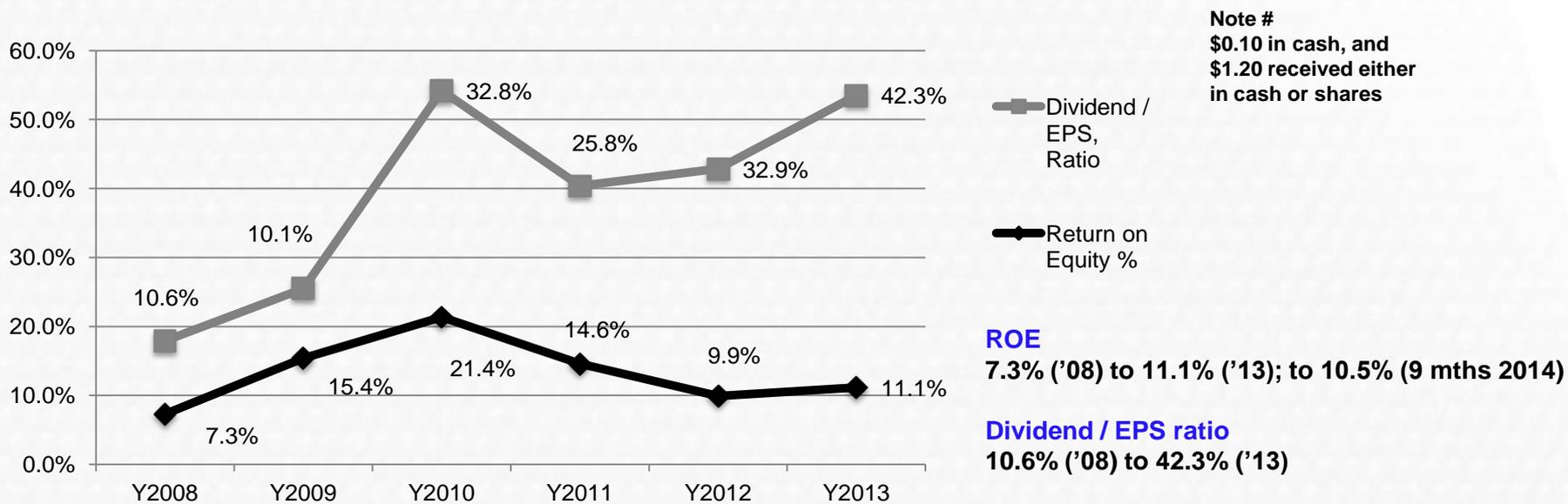
- Equity for CYD: Grew from RMB 3.4B ('08) to RMB 6.4B ('13); to RMB 6.7B ('14 Q3)
- Cash: Grew from RMB 0.8B ('08) to RMB 2.6B ('13); to RMB 2.9B ('14 Q3)
- **Net Cash Position since 2008**
- Gearing (gross): 38% ('08) to 35% ('13); to 40% ('14 Q3)
- Current ratio: 119% ('08) to 147% ('13); to 149% ('14 Q3)





Financial Return Review

	Y2008	Y2009	Y2010	Y2011	Y2012	Y2013	Y2014 9 months
Return on Equity %	7.3%	15.4%	21.4%	14.6%	9.9%	11.1%	10.5%
Dividend / EPS, Ratio	10.6%	10.1%	32.8%	25.8%	32.9%	42.3%	N/A
EPS, US\$ per share [Note a]	\$0.94	\$2.47	\$4.57	\$3.49	\$2.43	\$3.07	\$2.12
Dividend, US\$ per share	\$0.10	\$0.25	\$1.50	\$0.90	\$0.80	\$1.30 #	N/A





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Thank You

