

## Summary

China Yuchai International Limited (“CYI”) is a Bermuda holding company with a controlling interest in its main subsidiary Guangxi Yuchai Machinery Company Limited (“GYMCL”). GYMCL engages in the manufacture, assembly, and sale of a wide variety of light-, medium- and heavy-duty engines for trucks, buses, passenger vehicles, construction equipment, marine and agriculture applications in China. GYMCL also produces engines for diesel power generators. The engines produced by GYMCL range from diesel to natural gas and hybrid engines. Engine sales were 364,567 units in 2015, and 320,424 units in 2016.

### Core Competence

- Its R&D centers located in Nanning & Yulin, with more than 700 engineers play a key role in ensuring the Company’s stays at the forefront of technology advances;
- A portfolio of HD, MD, and LD engines for on-/off-road applications complemented with natural gas and hybrid engines;
- Over 2,700 service stations and 33 sales centers nationwide provide customers with quick response;
- Total annual capacity of new foundries reached 1 million blocks/heads, making it one of the largest foundry and engine casting facilities in China. Total engine capacity exceeded 500,000 engines.

### Investment Highlights

- A leading engine manufacturer in China, the largest auto market globally;
- Highly regarded brand with proven record of strong sales and earnings;
- In 2015 - 2016, 14 new engines were launched for different markets;
- Engines sales in fourth quarter 2016 increased 26.1% to 75,849 units from 2015, sales revenue was RMB 3.7 billion (US\$538.5 million), compared with RMB 2.9 billion in the same period in 2015, an increase of 27.7%;
- Fourth quarter 2016 EPS was RMB 5.55 (US\$0.80); with positive cash flow from operations in the twelve months of 2016;
- 2016 annual sales were RMB 13.7 billion (US\$ 2.0 billion) with EPS of RMB 12.89 (US\$1.86).

### R&D Leadership

#### Developed Engine Technology

- Self-developed National 4, 5 and 6 compliant diesel engines;
- Self-developed off-road and IMO Tier 3-compliant marine engines;
- Complete gas engine platform for commercial vehicle applications;
- Self-developed V configuration engine V12T and V12C for marine and power generation applications;
- Plug-in hybrid engine launched for public bus market; first hybrid gas plug-in system for trucks in China;

### Strategic Joint Ventures

Strategic JVs help to access new technologies and penetrate new markets.

- Y & C Engine (CIMC):** Production of heavy-duty YC6K diesel and natural gas engines.
- YC Europe Co., Ltd. (Shentou):** A subsidiary to exclusively sell Yuchai engines, parts and services in off-road (except marine) markets in Europe.
- MTU Yuchai Power Company Limited (Rolls Royce Power Systems):** To produce T-3-compliant MTU 4000 series diesel engines for China off-road markets in 2018.

### Green Technology

Nat 6-compliant engines launched in 2015 & 2016

**National 6 Emissions Standard (Equivalent to Euro 6)**

YC6J-T30, YC4D-T30, YC4A-T30 engines launched in 2015 for off-road markets to broaden the portfolio

**Tier 3 Emissions Standard**

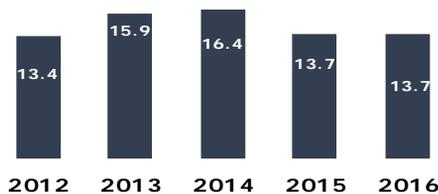
Over 4,000 hybrid systems in operation. GYMCL self-developed hybrid powertrains including China’s first gas-electric plug-in hybrid engine for the truck market launched in 2016.

**Hybrid Diesel Power Train**

Sales of over 17,200 gas engines in 2015. National 5 Gas Engines operating in both trucks and buses. Euro 6-compliant YC6JN-60 engine launched in 2016

**Natural Gas (CNG, LNG) and LPG engines**

### Annual Revenues (RMB Billion)



### Annual Diluted EPS (RMB/Share)



### Awards in 2015 /2016

- GYMCL won The China Patent Excellence Award for Outstanding Patented Invention from China’s State Intellectual Property Office;
- YC6K won Fuel Saving Champion Engine in the 6x4 Trailer class at the 8<sup>th</sup> China International Truck Fuel Saving Competition;
- GYMCL won The China Quality Award Nomination in 2016; and
- YC6MK engine won the “Golden Engine Award” at the Fifth Reliable Commercial Vehicle Engine Competition in 2016.

## Main Markets

- Automotive
  - Trucks
  - Buses
- Agricultural Machinery
- Marine
- Off-road Construction and Mining Equipment
- Power Generators

## Dividends (US\$, per share)

2012 - \$0.50

- \$0.40 (special)

2013 - \$0.40

- \$0.40 (special)

- \$0.10 (interim)

2014 - \$1.20\*

2015 - \$1.10\*

2016 - \$0.85\*

\* (cash or new shares at shareholders' election)

## Auditors

Ernst & Young LLP

## Investor Relations

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Singapore 048581

## Heavy Duty YC6K Engine



## Natural Gas YC6J Engine



## Financial Highlights: Fourth Quarter Ended December 31

(RMB in Million. except EPS, IFRS )	(US\$ Million)		
	2015*	2016	2016
Revenue	2,926.5	3,735.9	538.5
Gross Profit	692.1	1,018.7	146.9
Gross Margin	23.7%	27.3%	27.3%
Net Profit Attributable to Equity Holders of the Parent	59.0	226.0	32.6
EPS	1.50	5.55	0.80
Cash and Bank Balances	3,842.1	4,053.0	584.3
Equity Attributable To Equity Holders of the Parent	7,239.6	7,683.8	1,107.7

\* Audited

## Outlook for 2017

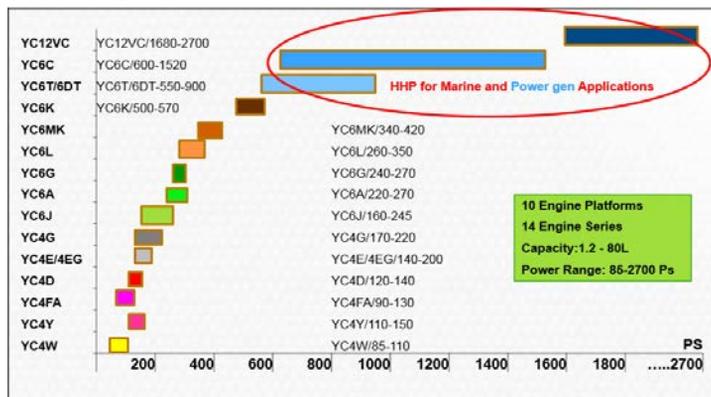
- Chinese economy expected to grow 6.5% year-over-year in 2017;
- Continued economic reforms will transition the economy towards more domestic consumption;
- New Government infrastructure projects will gradually improve CV demand;
- Reduction of EV incentives in 2017.

## Engine industry

- Truck market to grow in 1H of 2017 due to strict anti-overloading policy and vehicle replacement cycle;
- Diesel and gas bus market sales are expected to remain soft in 2017;
- Engine demand for agriculture machinery expected to increase due to completion of implementation of Tier 3 emission standards in the beginning in 2017;
- Construction market expected to remain weak due to macroeconomic uncertainty.

## Growth Strategies to Maximize Shareholder Value

- Expand heavy- and light-duty product lines, including natural gas engines, into construction, marine, and power generation markets;
- Introduce new HHP and hybrid products to reach new markets and support future profitable growth;
- Continue to be the engine leader in meeting current and future emission standards;
- Cultivate strategic alliances and develop more JV products, grow international business;
- Implement efficiency improvements and cost reductions through lean manufacturing.



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