

# SORL Auto Parts, Inc.

## (Nasdaq: SORL)

June 2011



This presentation contains "forward-looking statements" within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, and other factors. Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking information contained in this presentation.

**SORL is a Global Brake and Control System Tier One Supplier to the Commercial Vehicle Industry**

## Vision

The best value brand in the world

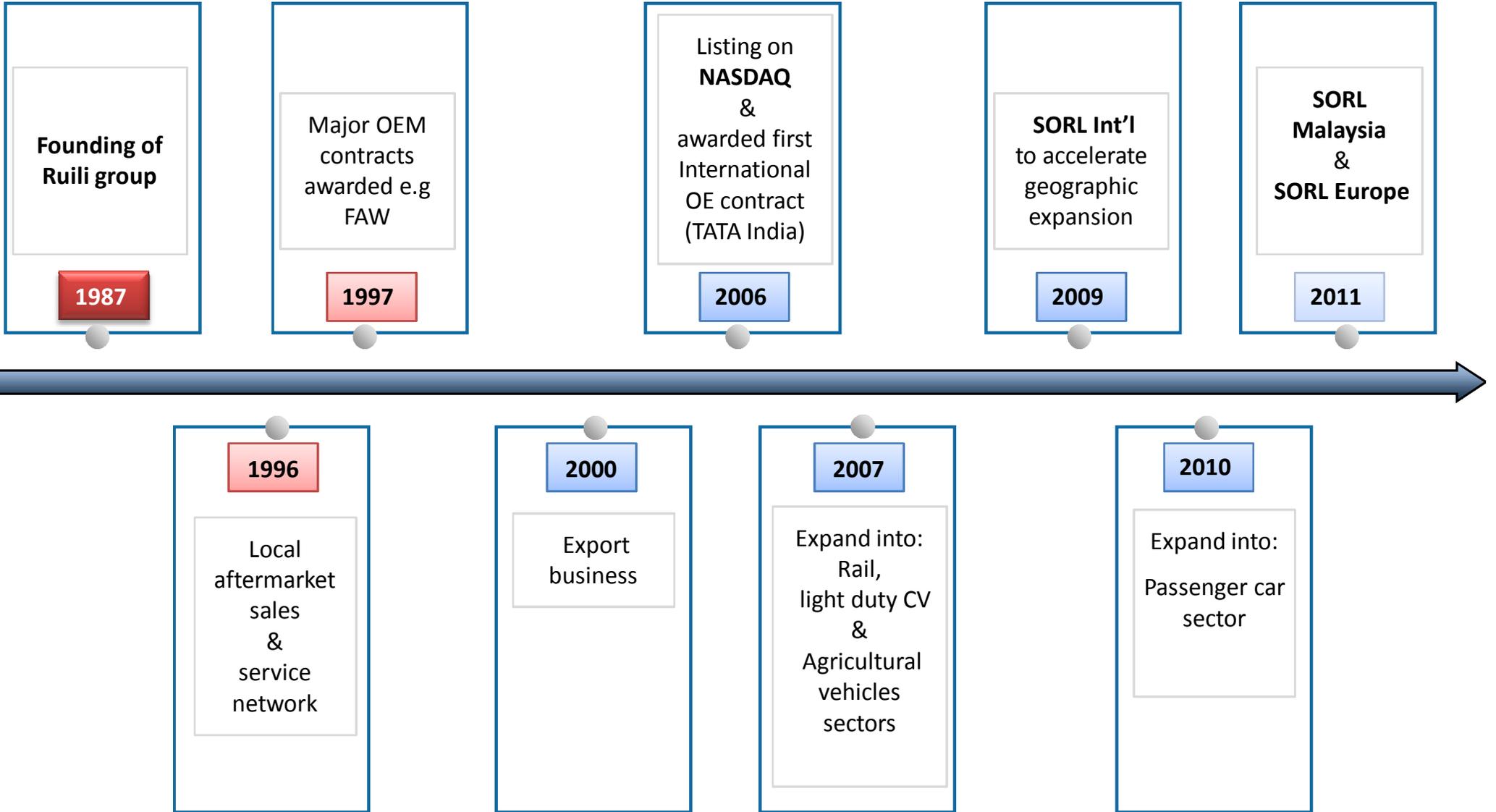
## Mission

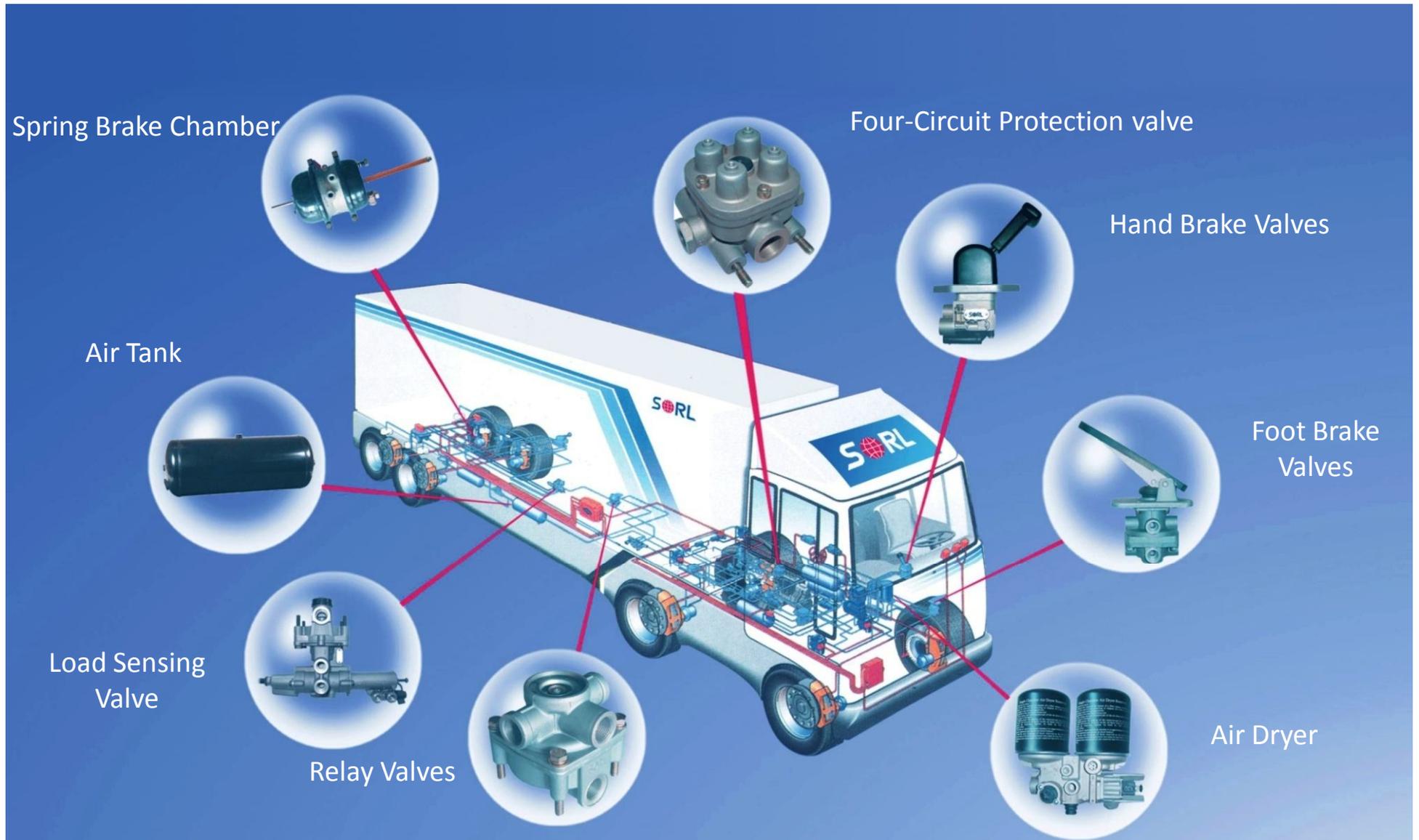
- Increase safety on the road
- Share the value with the customers
- Protect the environment through sustainable development
- Create Value for the Shareholder

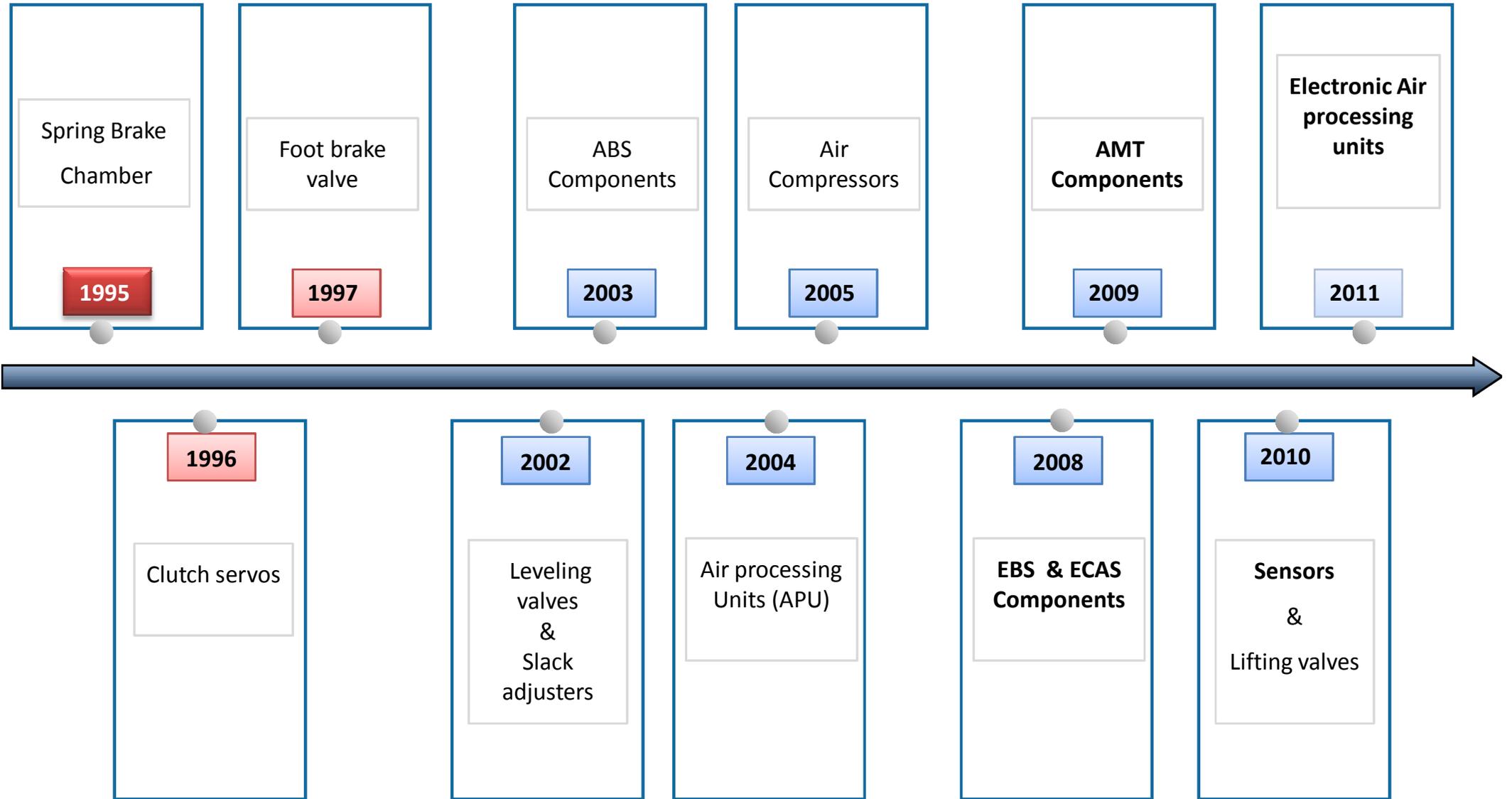
## Strategic highlights

- Expand Globally
- Focus on Innovation for increased safety and fuel saving
- Insure productivity, cost control and stable quality
  - Deploy Six Sigma
  - Invest in the right machines and robots
- Deploy the right organization

# Products Milestones







## Highlights

Safety – Comfort – Energy saving - Green

- **Range of electronic systems to fulfill OEM requirements**
  - Conventional brake system products
  - Electronic brake components
  - Railway Braking products
- **Product innovation to increase safety and fuel saving**
  - New energy automotive brake products
  - EBS System
  - Suspension System (ECAS)
  - Clutch transmission system (AMT)
- **Environment friendly manufacturing process**
  - 5S (SEIRI,SEITON,SEISO,SETKETSU,SHITSUKE )
  - ISO14001 Environmental management System
  - REACH Compliance

## Dedicated R&D Center

- Technical staff of 193 people, including 75 engineers or senior engineers

## Collaboration with Leading Universities

- Cooperate with leading universities in China



Tsinghua University



Tongji University



Zhejiang University



Harbin Institute of Technology

## R&D Projects Outsourced by OEM Customers

- 11 R&D projects outsourced by large-scale OEM customers in 2010

Currently own 64 patents with 29 patents pending

R&D investment approx. 3.5% to 4% of sales

Europe office 'attracting talent'....

## 69 OEM customers in China

(all major truck and bus manufacturers)

## 26 Awards from China OEM Customers since 2008

- 2011, "Tier one Supplier" of Dongfeng Dana Axle;
- 2010, "Core Supplier" of FAW Group;
- 2009, "Excellent Supplier" of Foton;
- 2008, "Annual Qualified Supplier" of CNHTC;



Ranking	CV maker	CV SOM in 2010 <sup>(1)</sup>	SORL's avg. SOM with Each VM <sup>(2)</sup>
1	Beiqi Foton	15.62%	75%
2	Dongfeng	15.04%	50%
3	FAW	9.11%	45%

(1) Source: China Association of Automobile Manufacturers (CAAM)); market share data is defined as % of total units of commercial vehicles sold in China

(2) Source: Company's statistics



		International Competitors	Chinese Competitors
Relationship with Big Local OEMs			
Nationwide Sales Network			
Cost Competitiveness			
Brand Recognition			
R&D Capability			
Delivery and Aftermarket Services			

### Advantages over International Competitors in China

- Nationwide sales network and close relationship with big OEMs
- Lower cost structure with competitive product performance
- China-based R&D efforts, closer to end market
- Timely delivery and superior customer service

### Advantages over Chinese Competitors

- Nationwide sales network and close relationship with big OEMs
- Higher product quality with competitive cost structure
- Well-known brands with 10+ years experience
- Strong R&D capabilities
- Timely delivery and superior customer service

## Regional 'Hubs' being deployed

- Europe - Belgium (est. Q3 2011)
- South East Asia - Malaysia (est. Q2 2011)
- India (2010)
- USA – Chicago (2009)
- Hong Kong – est. Q4 2009
- USA - Los Angeles (est. 2005)
- Middle East - Dubai (est. 2001)



Hub: Local legal entity responsible for building Aftermarket network and & Original Equipment contracts

Revenue outside China in 2010 approx. 49M USD (+49% vs PY).



## Highly Efficient Manufacturing Process

- Reorganize production lines straight-line to U-shape track
- Increased automation of manufacturing process
- Shortened cycle time to enable quick adjustments to production

Increased output per person by **40%** over the last 4 years – based on revenue per employee



## Quality (Certifications & Audit)

- ISO/TS16949 Quality Management System, OHSAS18001 System, and ISO14001 Environmental management System
- Lean, 6Sigma Deployment
- CSR (Corporate Social Responsibility)

**New customers - GAIN**

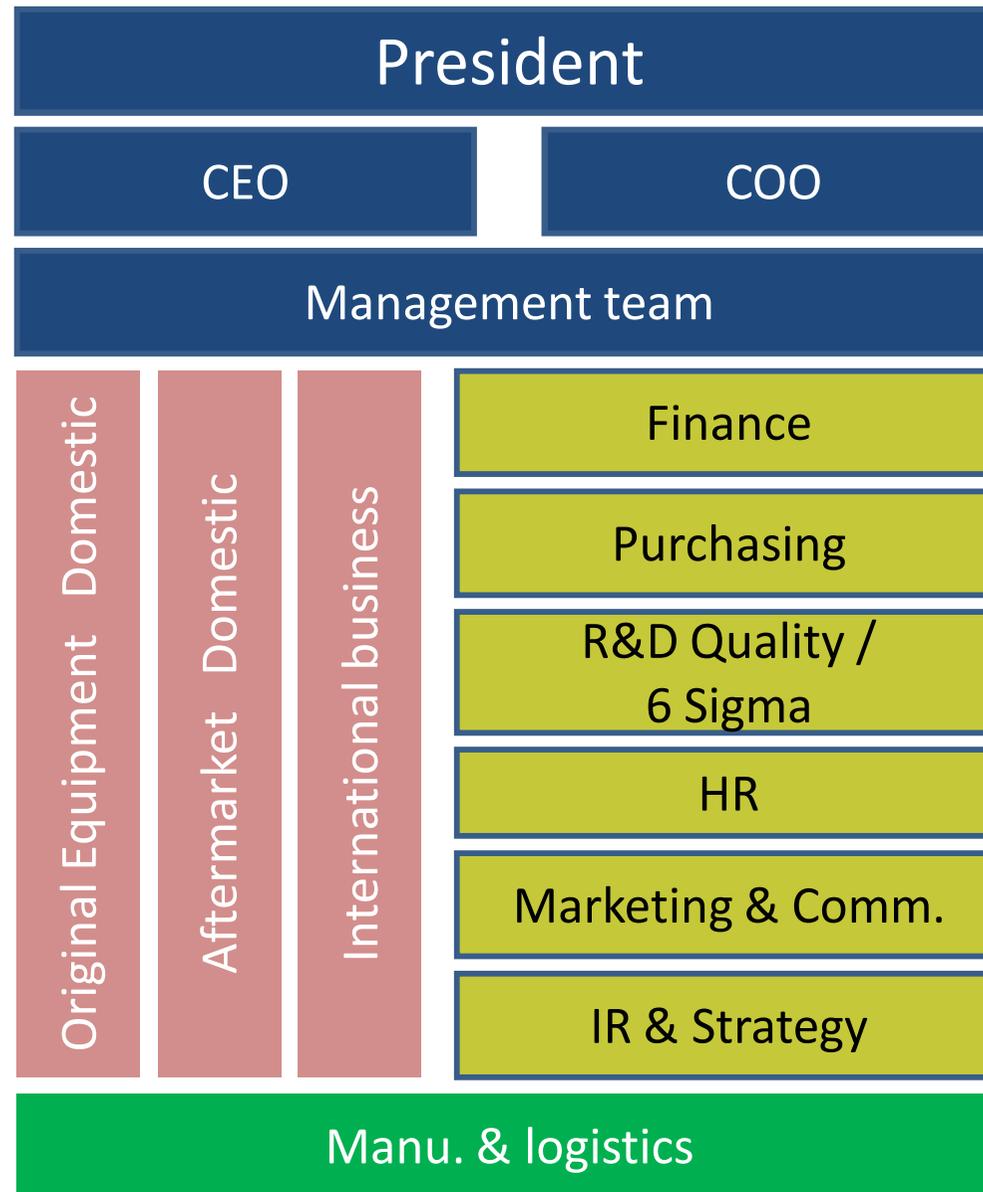
**New markets - PENETRATE**

**New products - DEVELOPMENT**

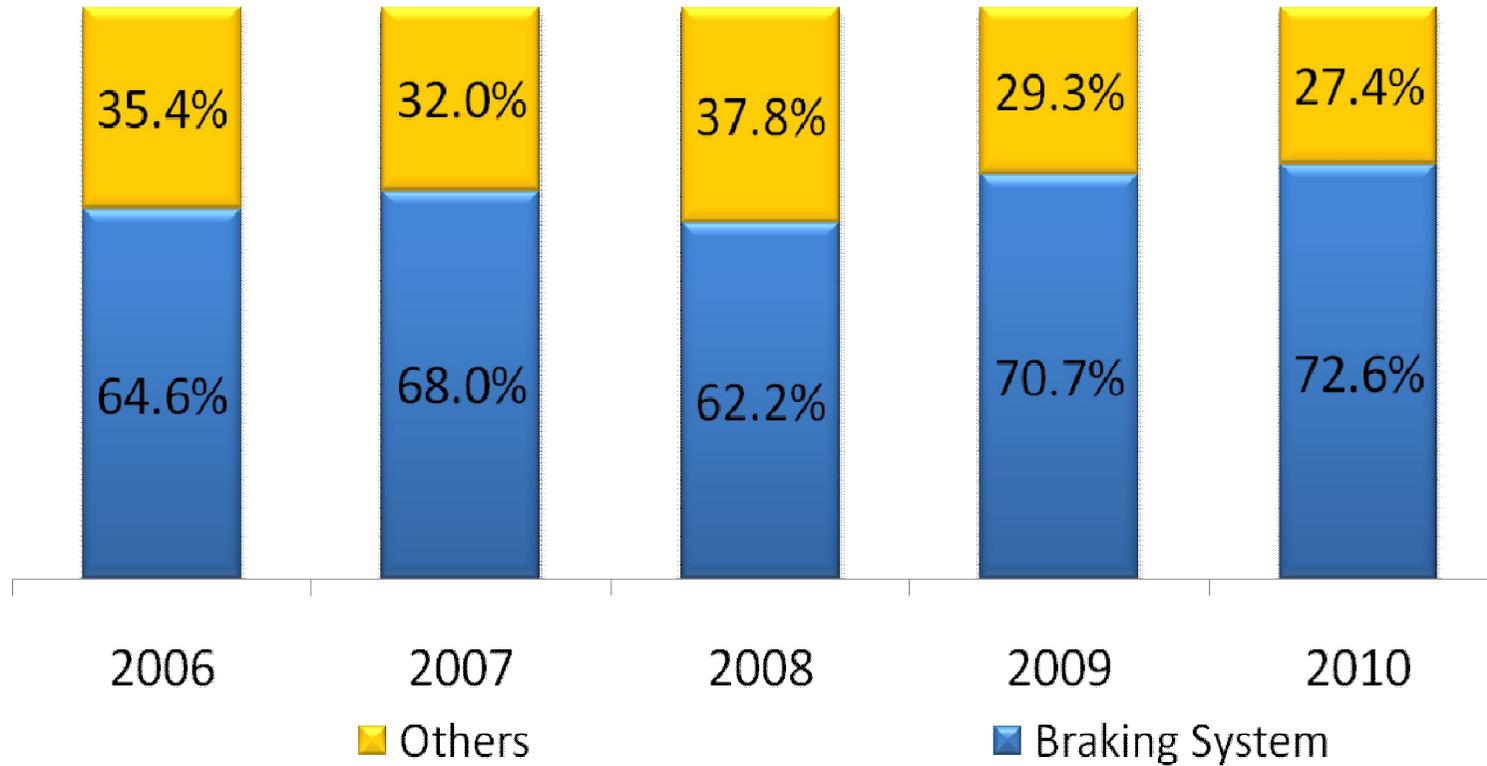
**New technology – R&D**

**New Industrial path – QUALITY & PRODUCTIVITY**

**New business - AQUISITION**



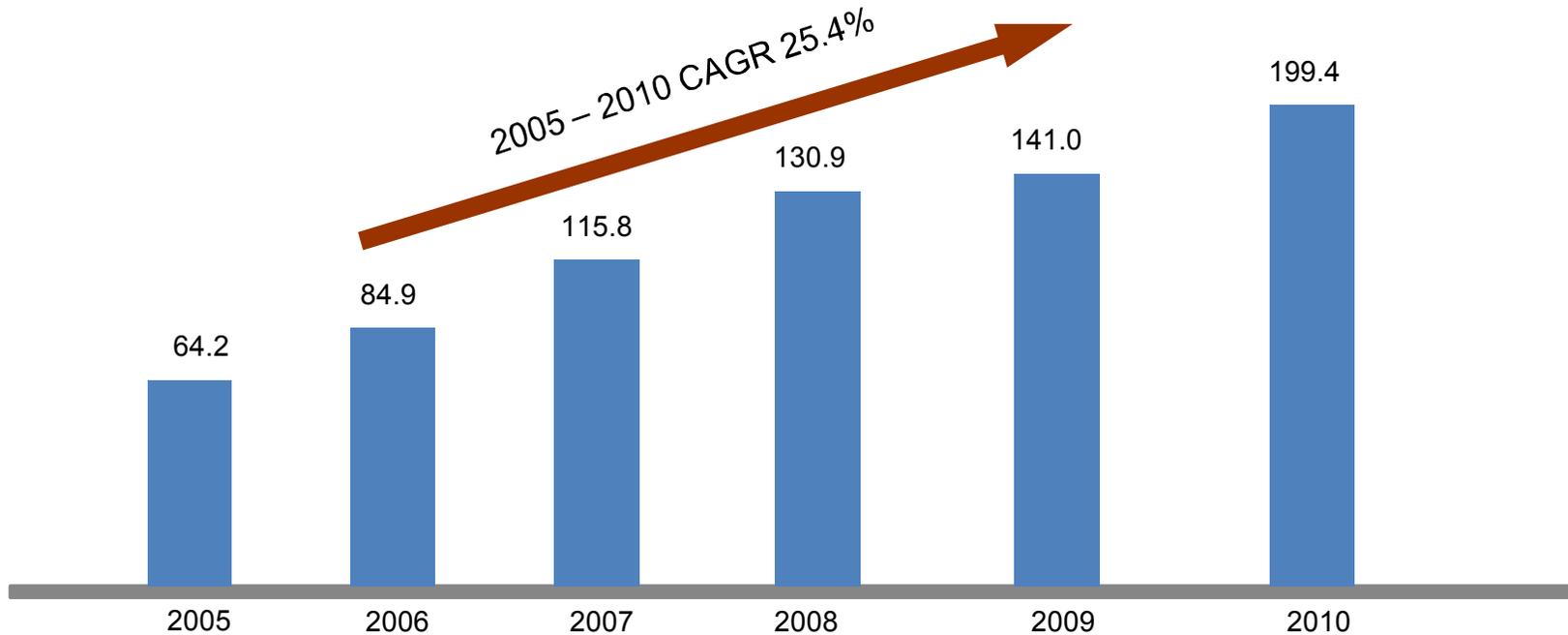
Percentage of Sales



*Note: Braking system includes air braking systems and hydraulic brake  
Others include air controlling systems, power steering and automotive electrical products etc.*

## Revenue (FY05-FY10)

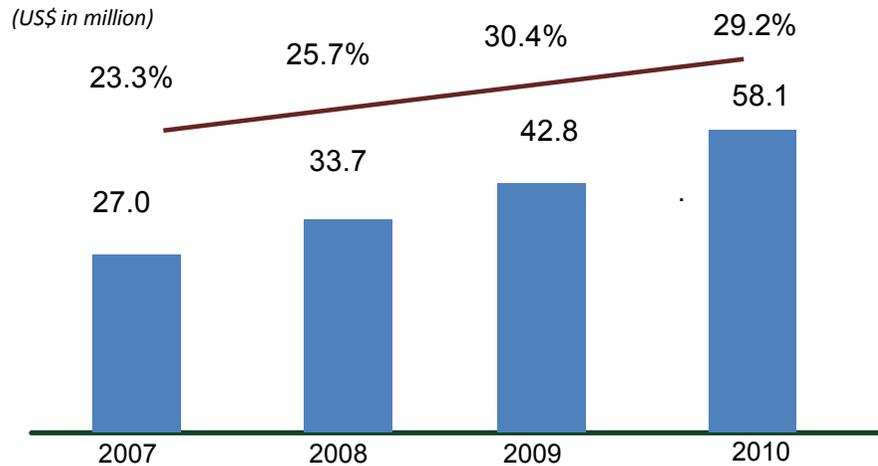
(US\$ in million)



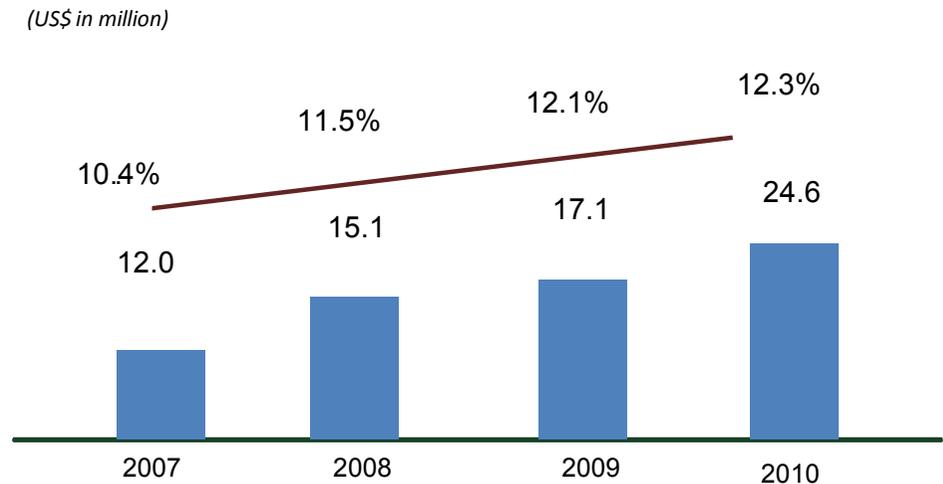
**We have a proven track record of historical revenue growth, with a CAGR of 25.4% from 2005 - 2010**

*Note: (1) SORL's consolidated annual financial statements for 2010 and 2009 include the acquired segments of the Ruili Group's business as if the acquisition had taken place on January 1, 2009.*

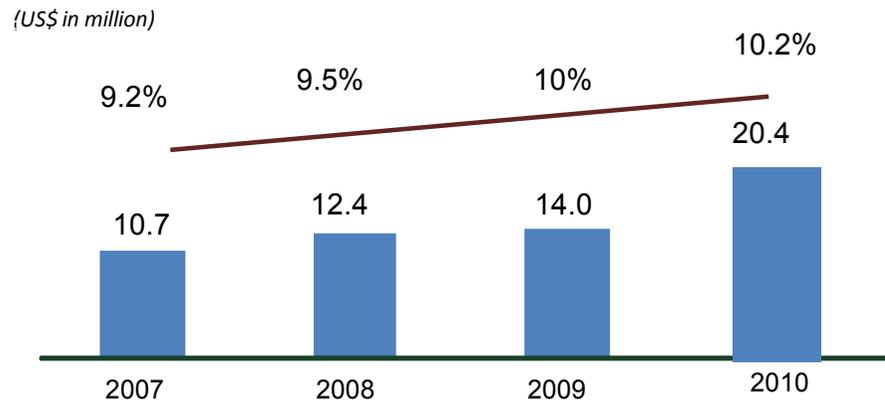
## Gross Profit / Margin



## Operating Profit / Margin



## Net Profit / Margin



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THANK YOU!



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