

# SORL Auto Parts, Inc.

## (NASDAQ: SORL)

June 2012



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.



**A Leading Manufacturer of Auto Brake System in China and the World**



**Growth Opportunities in China and Global Auto Market**



**Strong Relationships with Leading Chinese OEMs and Growing Aftermarket**



**Broadening International Sales Networks**



**Strong R&D Capability Creating Higher-Quality, Advanced Products**



**Experienced Management Team with Proven Execution Capabilities**



**Track Record of Financial Growth and Profitability**

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

## Vision

Gain global market share as the world's best value brand

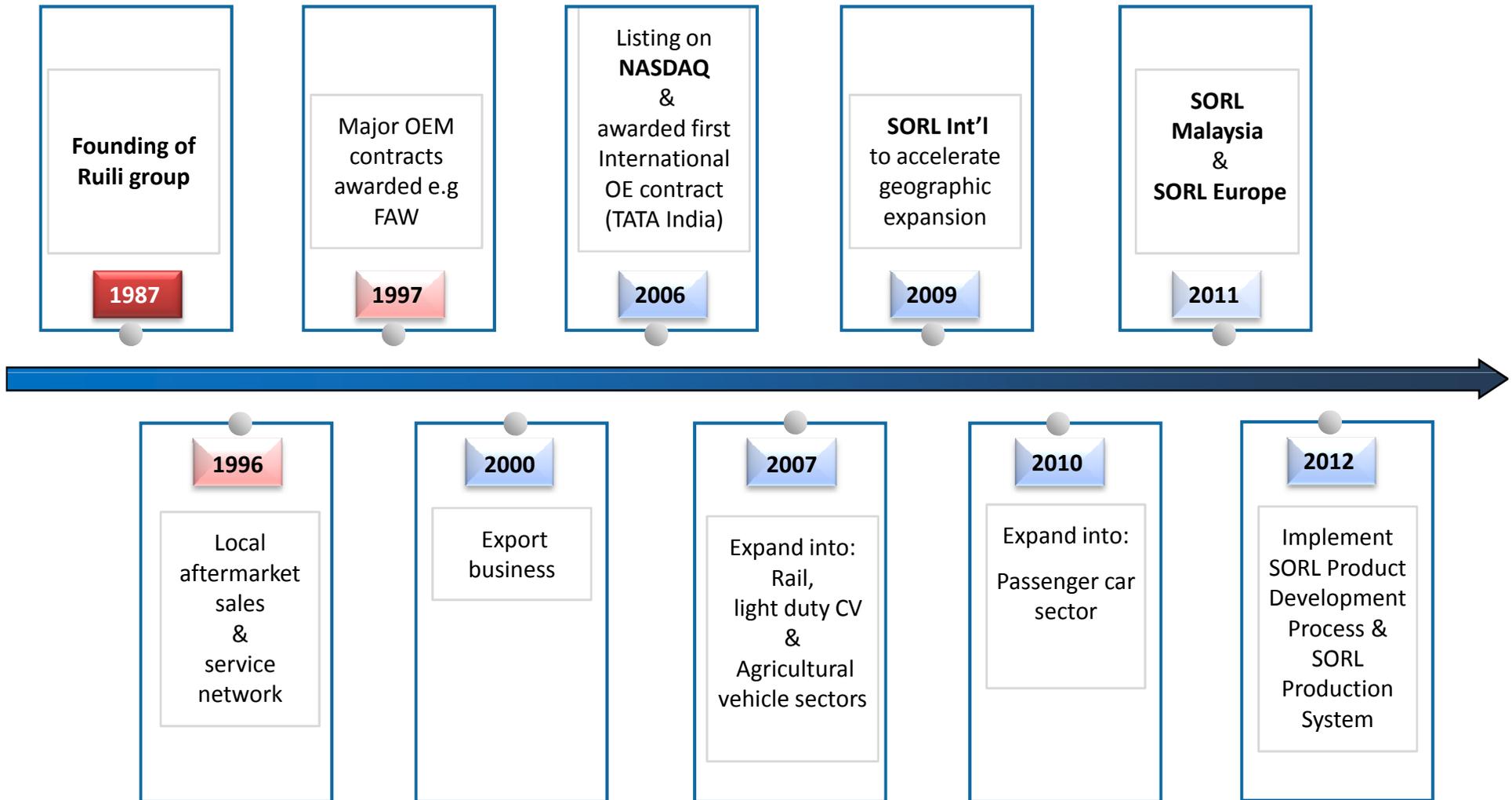
## Mission

- Increase safety on the road through advanced products
- Share value with customers
- Protect environment through sustainable development
- Create value for shareholders

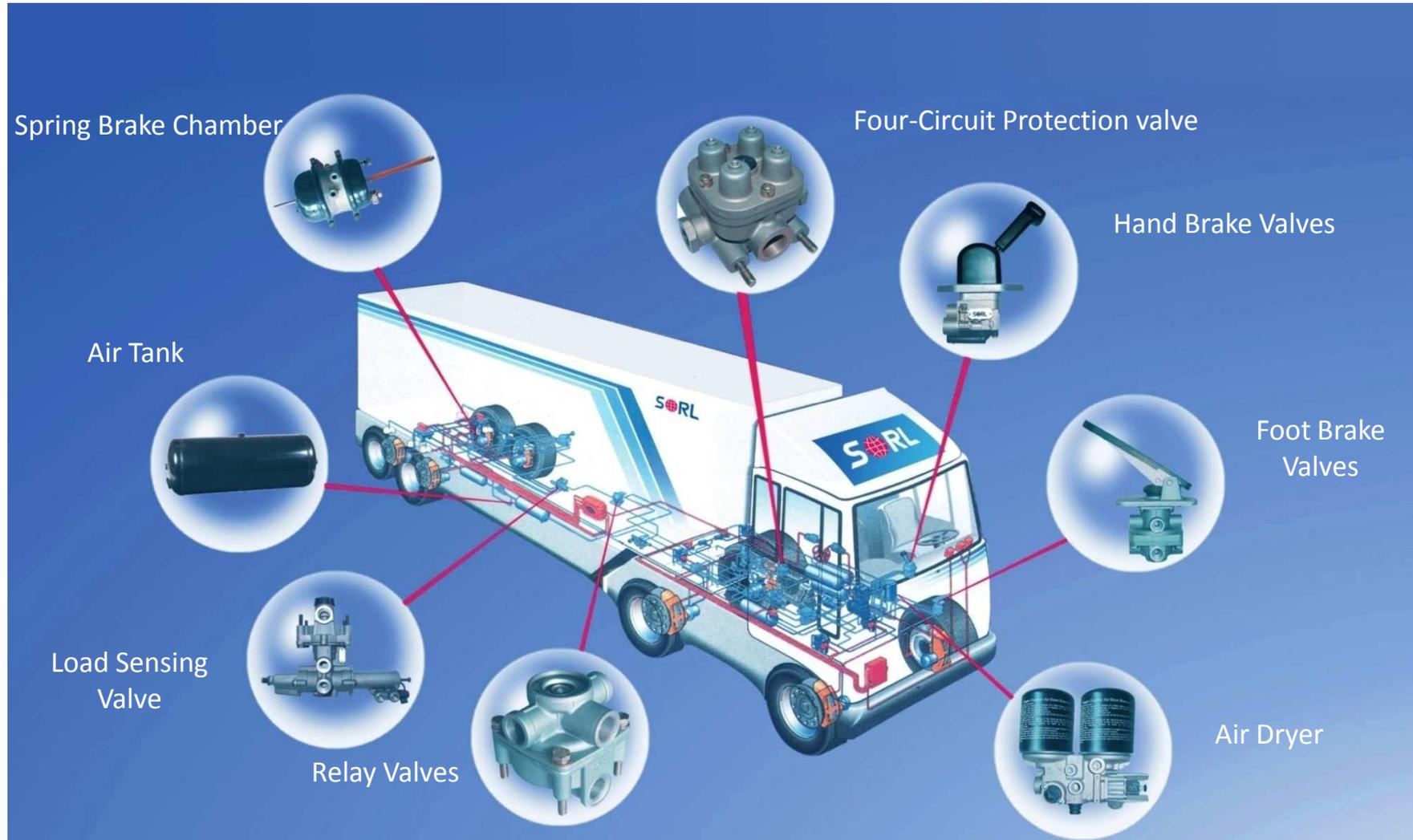
## Strategic highlights

- Leader in China CV Braking - Expanding Globally
- Focus on Innovation for increased safety and fuel saving
- Insure productivity, cost control and global quality
  - Deploy Six Sigma
  - Investing in advanced machinery and automation
  - Strengthen SORL Production System
- Deploy an effective management structure
- Deploy the new SORL Product Development Process

# Company Milestones

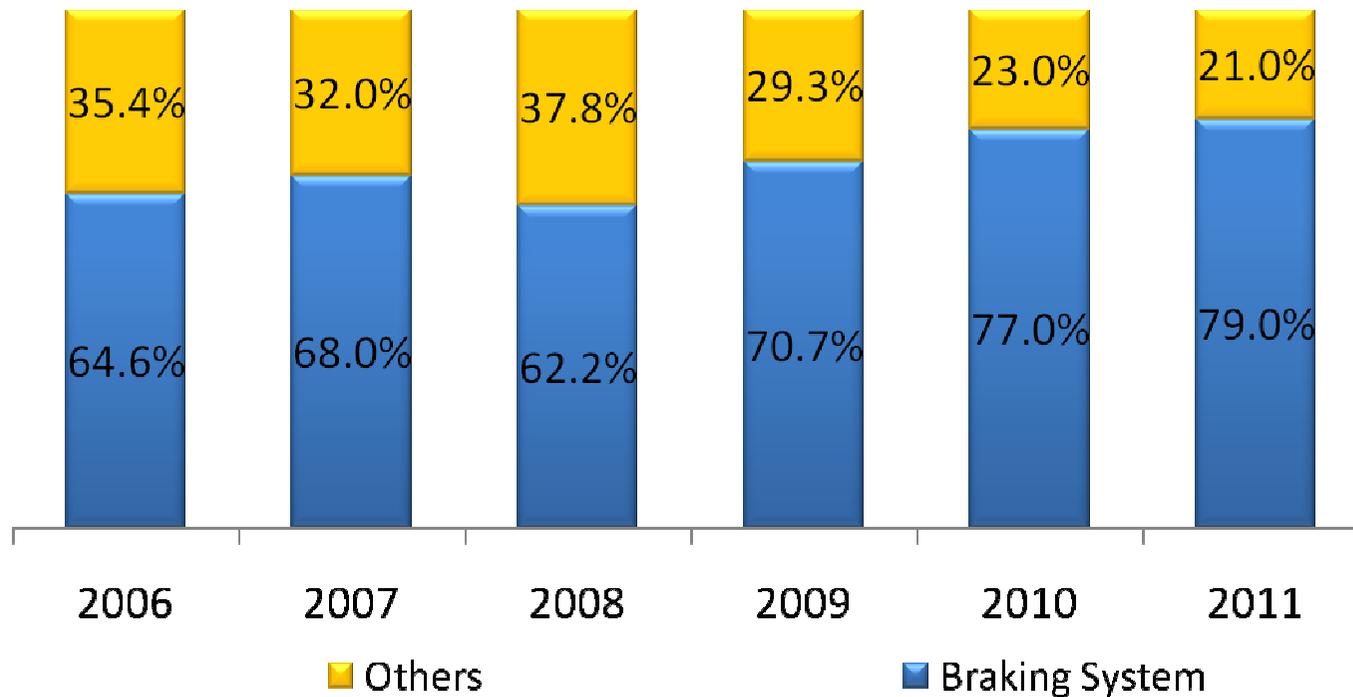


# Our Product Offerings



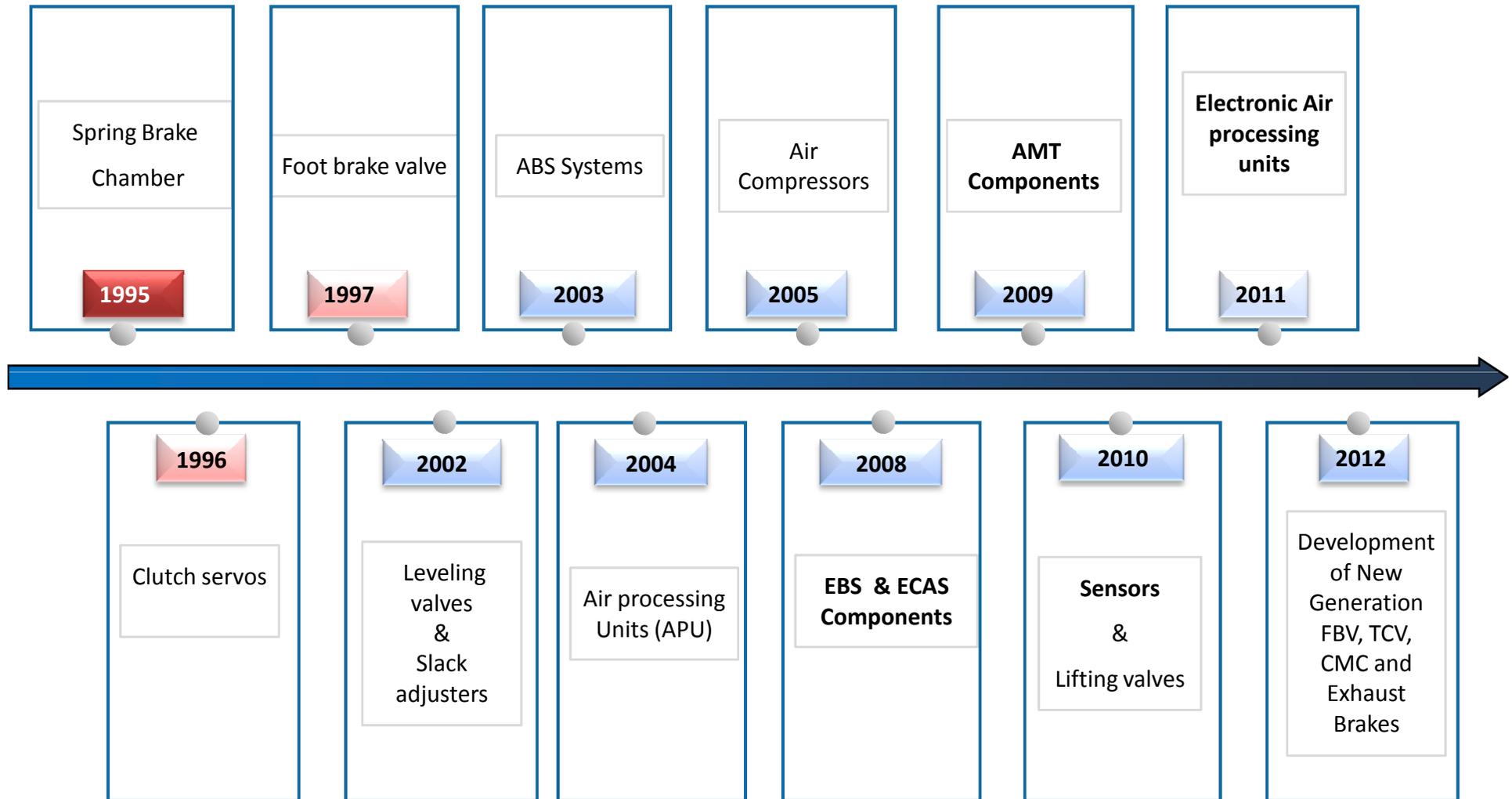
**Base / core range of brake components**

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.*

# Products Milestones



**Progress through introduction of new products**

## Highlights

*Safety – Comfort – Energy saving - Green*

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

## Dedicated R&D Center

- Technical staff of 203 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

- 26 R&D projects outsourced by large-scale OEM customers in 2011

Currently owns 121 patents with 57 patents pending

R&D investment approx. 3% to 4% of annual sales

European office 'attracting talent'....

## All major Chinese truck and bus manufacturers

**75 OEM customers supported by 16 branches around China with more than 100 application engineers**

## 45 Awards from China OEM Customers since 2008

- 2011, “Tier One Supplier” of Zoomlion;
- 2010, “Core Supplier” of FAW Group;
- 2009, “Excellent Supplier” of Foton;
- 2008, “Annual Qualified Supplier “of CNHTC;



Ranking	CV maker	CV SOM in 2011 <sup>(1)</sup>	SORL's avg. SOM with Each VM <sup>(2)</sup>
1	Dongfeng	16.06%	60%-70%
2	Beiqi Foton	15.66%	50%-60%
3	FAW	6.92%	55%-65%

(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



- Aftermarket - the birthplace of SORL !
- 26 national distributors **exclusively** representing SORL branded products; Servicing almost 2,000 sub-distributors.
- SORL's strong aftermarket position has supported SORL's OEM position
- SORL's service level provided by sales network & teams has set the standards in the market – **'China TOP brand 2006-2011'**

# Customers — China Competitive Edge

	<b>SORL</b>	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 relationships with big OEMs
- Lower cost structure with competitive product quality and 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 relationships with big OEMs
- Higher product quality with competitive costs
- Well-known brands with 10+ years experience
- Strong R&D capabilities
- Timely delivery and superior customer service



## 2011 International Results

- Over 104 countries and regions
- 26.4% of total revenues
- Sales grew 17.7% over 2010

SORL International Holding, Ltd. ("SIH") joint venture founded in 2009 with ex-WABCO marketing managers to expand international marketing and distribution

## Regional 'Hubs' being deployed

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



## Highly Efficient Manufacturing Process

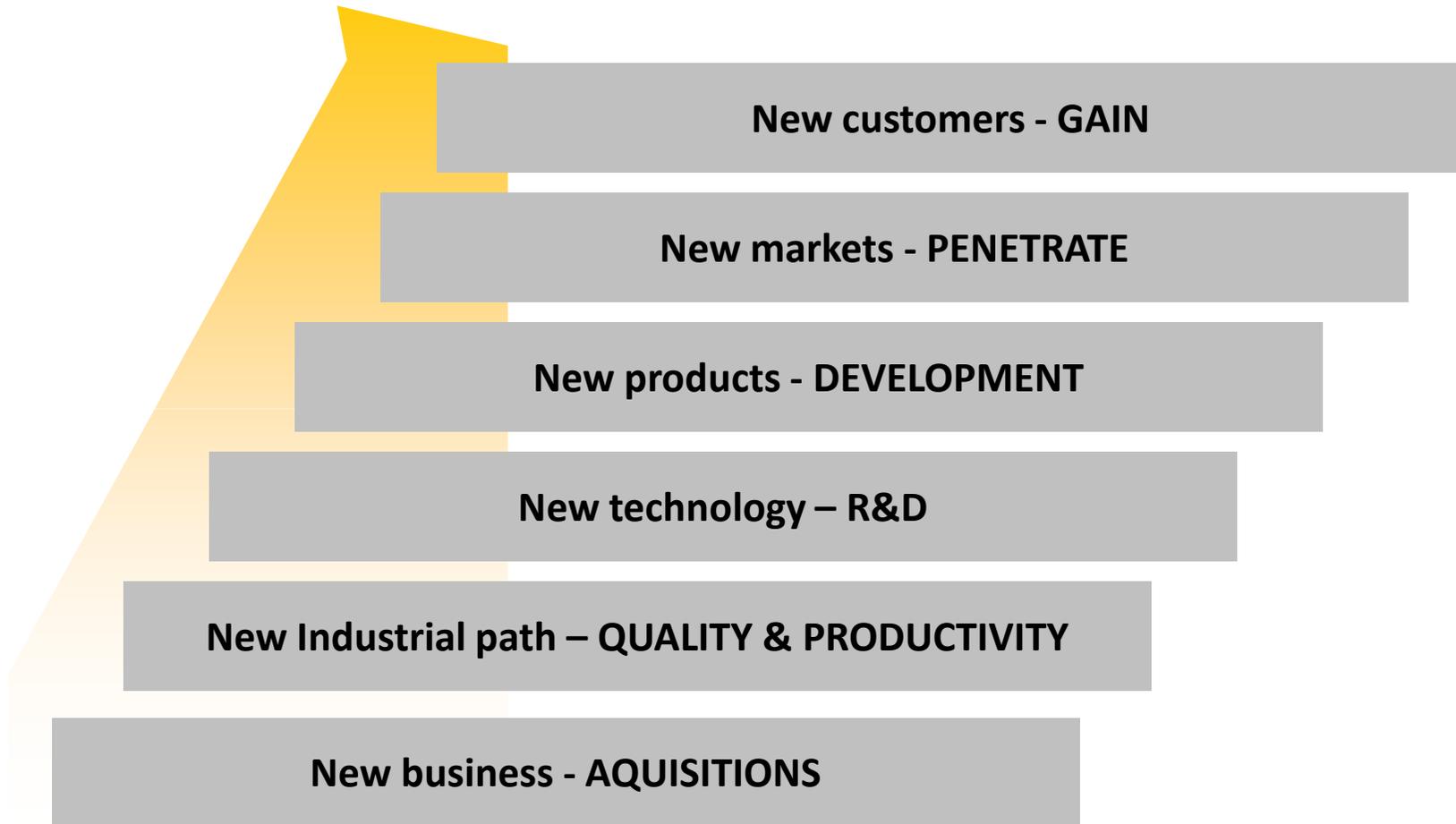
- Reorganize straight-line production lines to U-shape track
- Increasing automation of manufacturing processes
- Reduce cycle time to enable quick adjustments to production



## Quality (Certifications & Audit)

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

# 6s Business Development Plan



## Experienced Management Team

**Mr. Xiaoping Zhang**

*Chairman and CEO*

- Founder, CEO & Chairman of the Board since Company's inception in 1987
- Over 20 years of experience in the auto parts industry
- Vice President of China Federation of Industry and Commerce Auto & Motorbike Parts, which is the biggest association of auto parts industry in China
- President of the Wenzhou Auto Parts Association

**Ms. Jinrui Yu**

*COO*

- COO since March 2012
- Over 15 years of experience in the auto parts industry
- Served as the Company's Production and Export Vice President
- Served as International sales Manager of Ruili Group Co., Ltd, from 1999-2004

**Ms. Zongyun Zhou**

*CFO*

- CFO of the Company since 2004
- 2002-2004 worked as Financial Controller of Shanghai Huhao Auto Parts Manufacturing Company Limited
- 1996-2002 worked for the Auditing Department of Anhui Province, China, in charge of auditing state-owned companies in Anhui Province

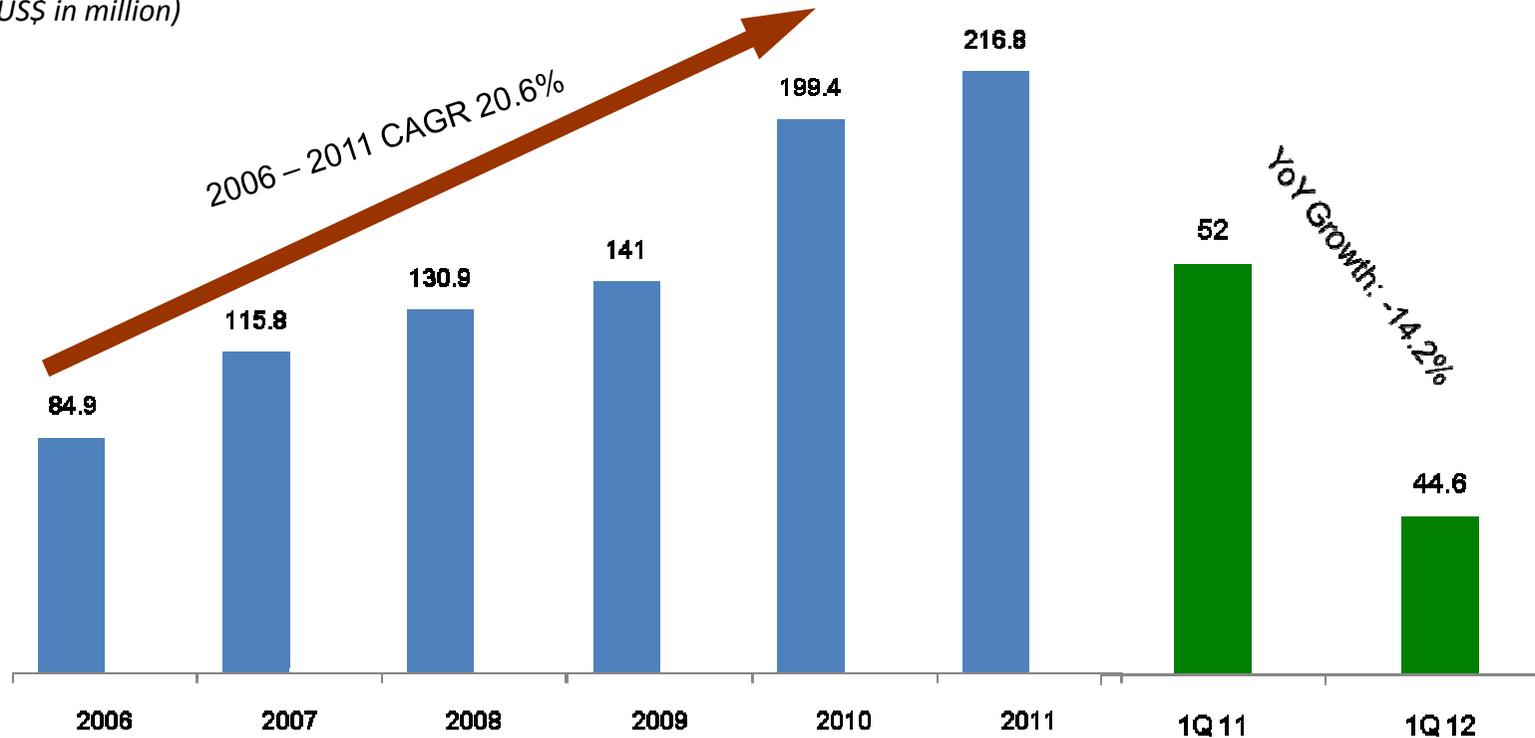
**Mr. Ben (Zili) Chen**

*VP Finance &  
Corporate Secretary*

- VP Finance and Corporate Secretary
- Former GM of Eastern Stone Import & Export Co.
- M.A. Management from Durham University (UK)

## Revenue (FY06-FY11)

(US\$ in million)

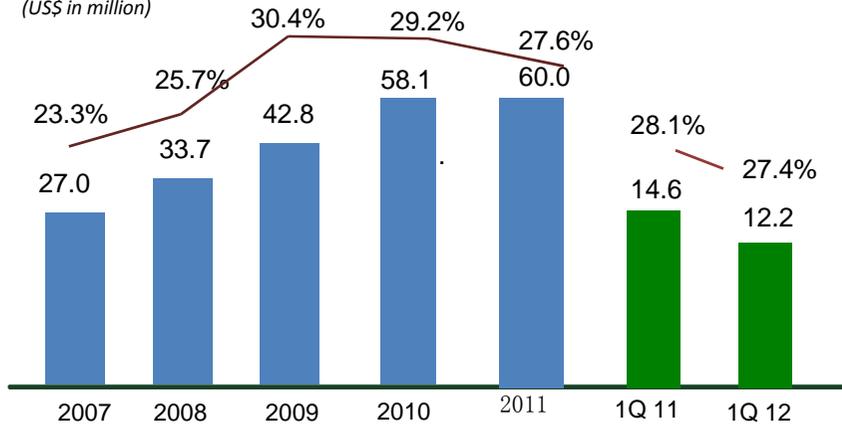


**Proven track record of revenue growth; CAGR of 20.6% from 2006 - 2011**

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.

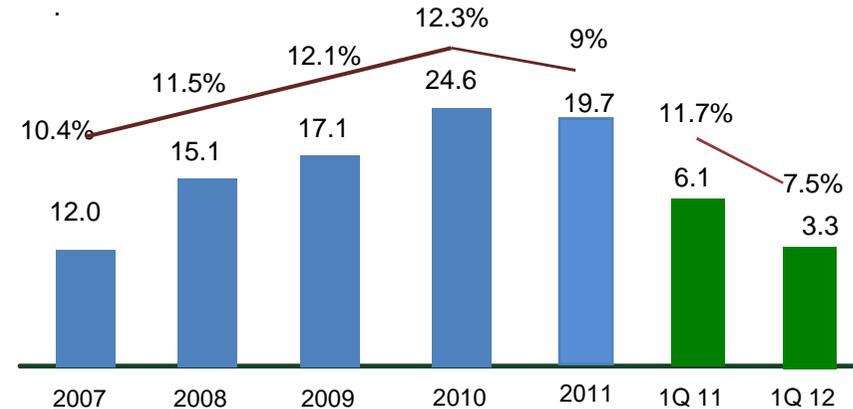
## Gross Profit / Margin

(US\$ in million)



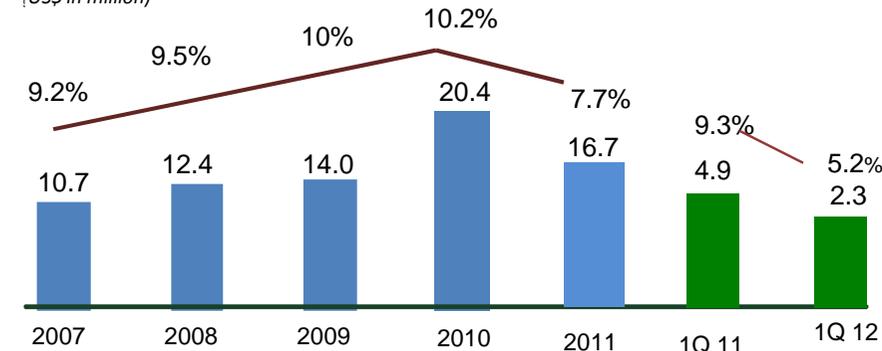
## Operating Profit / Margin

(US\$ in million)



## Net Profit / Margin

(US\$ in million)



## Sales for Three Markets

USD in millions	Three Months ended March 31, 2012	Percent of Total Sales
China OEM market	\$ 25.8	57.8 %
China Aftermarket	\$ 9.8	22.0 %
International market	\$ 9.0	20.2 %
<b>Total</b>	<b>\$ 44.6</b>	<b>100.0 %</b>

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.

(\$US, in millions)	March 31, 2012	December 31, 2011
Cash & Equiv.	\$15.7	\$17.1
Accounts Rec., Net	65.6	65.3
Bank Customer Notes	11.3	18.0
Total Current Assets	\$156.2	\$164.9
Total Current Liabilities	\$37.4	\$49.7
Non-Current Liabilities	10.1	10.7
Shareholders' Equity	\$176.9	\$174.1
Current Ratio	4.2 - 1	3.3 - 1
Working Capital	\$118.8	\$115.1
Free Cash Flow	\$3.9 (Quarter)	\$2.9 (Quarter)

*Free cash flow = net cash flow from operations - acquisition of property and equipment*

THANK YOU!



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