

NASDAQ Ticker: CHOP
Price (9/3/13): \$1.58
Revenues (ttm): \$208.70 million
Net Income (ttm): \$1.11 million
Diluted EPS (ttm): \$0.02
Market Cap: \$94.10 million

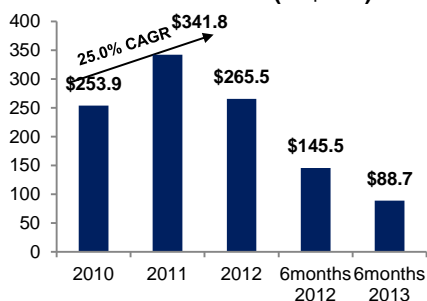
2013E P/E ⁽¹⁾: 5.1x
PEG Ratio ⁽²⁾: 0.16

⁽¹⁾ Based on analyst 2013E EPS of \$0.31 per share
⁽²⁾ Growth rate provided by analyst estimate of 32.3%

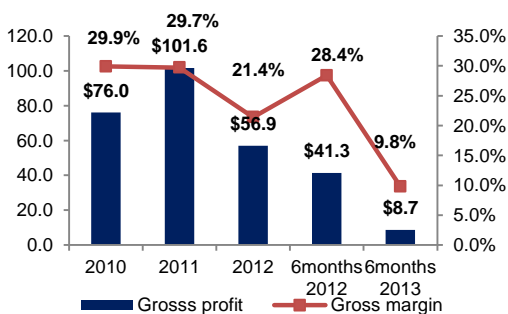


China Gerui Advanced Materials Group Limited
(NASDAQ: CHOP)

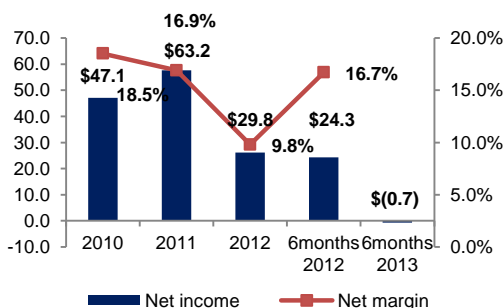
Total Revenue (in \$mm)



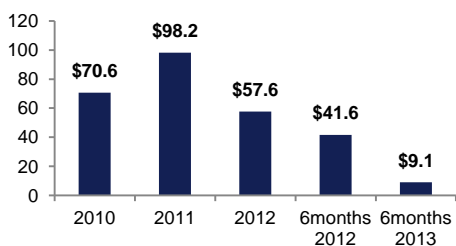
Gross Profit (in \$mm)



Adjusted Net Income/Loss (in \$mm)



Adjusted EBITDA (in \$mm)



Company Description - China Gerui Advanced Materials Group Limited is a leading niche and high value-added steel processing company that utilizes advanced technology to produce specialty steel products in China. The Company produces high-end, high-precision, ultra-thin, high-strength, cold-rolled steel products that are characterized by stringent performance and specification requirements that mandate a high degree of manufacturing and engineering expertise. Gerui's products are not standardized commodity products, but are tailored to customers' requirements and then incorporated into products they and end-users make for various applications. The Company sells its products to domestic Chinese customers in a diverse range of industries, including the food and industrial packaging, telecommunication, electrical appliance, and construction materials industries.

Investment Highlights

Market Leader in a Niche, Customized Product Market - With over 200 domestic Chinese customers, China Gerui is the largest manufacturer of high precision cold-rolled narrow strip steel in China with a market share of 12.5%. The top five manufacturers (including China Gerui) represent 36% of the market.

Premium, High-Quality Products - China Gerui converts hot-rolled steel manufactured by third parties into thin steel sheets and strips and is focused on high-end, value-added finished steel products. China Gerui is more cost efficient than its competitors and offers premium products that only a few manufacturers can produce, which allows the Company to better withstand steel price volatility and generate higher profit margins.

Growing Demand Driven By Rising Domestic Purchasing Power and Import Replacement - China Gerui's business is aligned toward markets that are driven by the growth of the economy and the surge in domestic consumption. China Gerui's customers in China are turning to its high-end precision steel products, because they are more competitively priced but of the same high quality as the premium priced imported products that these customers had historically relied on.

High Barriers to Entry - China Gerui's leading market position results from its technical knowledge, access to capital, local market knowledge and established relationships with suppliers and customers thereby creating a significant barrier for new market entrants. The Company is working to improve the quality, efficiency, and cost-effectiveness of its existing products and through its 20-person R&D team, is continuously developing new technologies.

Track Record of Strong Financial Performance - China Gerui's business enjoyed a 25.1% compound annual growth rate in revenues from 2007 through 2011 and a 45.1% compound annual growth rate in net income over that same time period. Even in the midst of a relatively weak overall steel industry and economy, the Company's business still grew albeit at a slower pace.

Diversification of Revenue Stream via New Technologies and Exports - China Gerui's continued focus on technological and product enhancements will lead to further specialization of its product offerings allowing it to expand its customer base. China Gerui is intent upon diversifying its revenue stream by proactively pursuing global market opportunities and penetrating the high-end cold-rolled steel sector worldwide. To this end, the Company has secured orders for its high end specialized steel products to customers located in Turkey, India and the US during the second quarter of 2012.

Fast Expansion in Capacity and Product Portfolio - China Gerui's Phase II expansion plan included the addition of 100,000 tons of cold-rolled steel production capacity during the first quarter of 2012. The Company's total production capacity now totals 500,000 tons of specialized wide- and narrow-strip cold-rolled steel, of which 400,000 tons are fully operational. The Company's chromium-plating production lines, which can accommodate a total of 250,000 tons of either narrow-strip or wide-strip specialized steel, are fully operational as of the second quarter of 2012.

Experienced Management Team - China Gerui's Chairman & CEO, Mr. Mingwang Lu, has over 20 years of experience in the steel industry and has been the CEO of the Company since 2000. Before that, he held various management positions at the government owned predecessor of China Gerui. Other members of the management team have an average of 15 years of experience in the steel business and a strong track record of product development and sales and marketing in China.

Selected Financial Data

For the Fiscal Year Ending In	3 months ending	3 months ending	12 months ending	12 months ending	12 months ending
	Jun-30-2013	Jun-30-2012	Dec-31-2012	Dec-31-2011	Dec-31-2010
Currency	USD'000	USD'000	USD'000	USD'000	USD'000
INCOME STATEMENT SUMMARY					
Revenue	43,079	76,784	265,486	341,778	253,866
Gross Profit	3,521	19,808	56,945	101,579	75,997
Operating Income	1,117	16,790	42,330	83,537	66,950
Net Income	(644)	10,275	26,133	57,621	47,083
MARGIN ANALYSIS					
Gross Margin	8.2%	25.8%	21.4%	29.7%	29.9%
Operating Margin	2.6%	21.9%	15.9%	26.1% (1)	26.4%
Net Income Margin	-	13.4%	9.8%	18.5% (1)	18.5%
EBITDA Margin	9.3%	25.6%	22.0%	28.7% (1)	27.7%
BALANCE SHEET SUMMARY					
	3 months ending		12 months	12 months	12 months
	Jun-30-2013		Dec-31-2012	Dec-31-2011	Dec-31-2010
Cash	203,573		228,861	246,601	119,477
Restricted Cash	169,845		145,414	118,130	66,530
Working Capital	130,971		151,738	142,538	66,723
Short-Term Debt	377,468		317,009	249,051	130,318
Shareholders' Equity	334,389		330,067	298,428	167,812

(1) Adding back the one-time warrant exercise expenses of \$5.7 million incurred in Q1 2011

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