



China Gerui Advanced Materials Group Limited
(NASDAQ: CHOP)

Investor Presentation

April 2013



Safe Harbor



This presentation includes or incorporates by reference statements that constitute "forward-looking statements" within the meaning and protections of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, capital, ownership or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "plan," "point to," "project," "could," "intend," "target" and other similar words and expressions of the future. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 20-F for the year ended December 31, 2012 and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC's Internet website at <http://www.sec.gov>. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made.

Capital Markets Summary



Price (4/30/12):	\$1.68
Revenues (ttm):	\$265.5 million
Net Income (ttm):	\$26.1 million
EPS (ttm):	\$0.45
Market Capitalization:	\$98.4 million
Price/Book (ttm):	0.30x
2013E P/E ⁽¹⁾ :	5.4x
2013E PEG Ratio ⁽²⁾ :	0.17

ttm = trailing twelve months

⁽¹⁾ Analyst FY2013E EPS guidance of \$0.31 per share

⁽²⁾ Growth rate provided by Analyst estimate of 32.3%

Company Overview



The Leading High-Precision Steel Processing Company in China



China Gerui is a leading niche and high-value added metal processing company that utilizes advanced technology to produce specialty, cold-rolled steel products in China

- Headquartered in Zhengzhou, Henan Province, China
- Approximately 1,100 employees as of December 2012
- Annual capacity of 500K tons including 50% chromium plating capacity
- Serves over 200 customers in China in consumer spending and construction industries

Investment Highlights



1 Focus on **customized, high value-added, high-margin** steel production

2 **Leading** position in robust niche market in China

3 **Unique** business model with **defendable** barriers to entry

4 **Proven track record** of strong financial performance and profitability

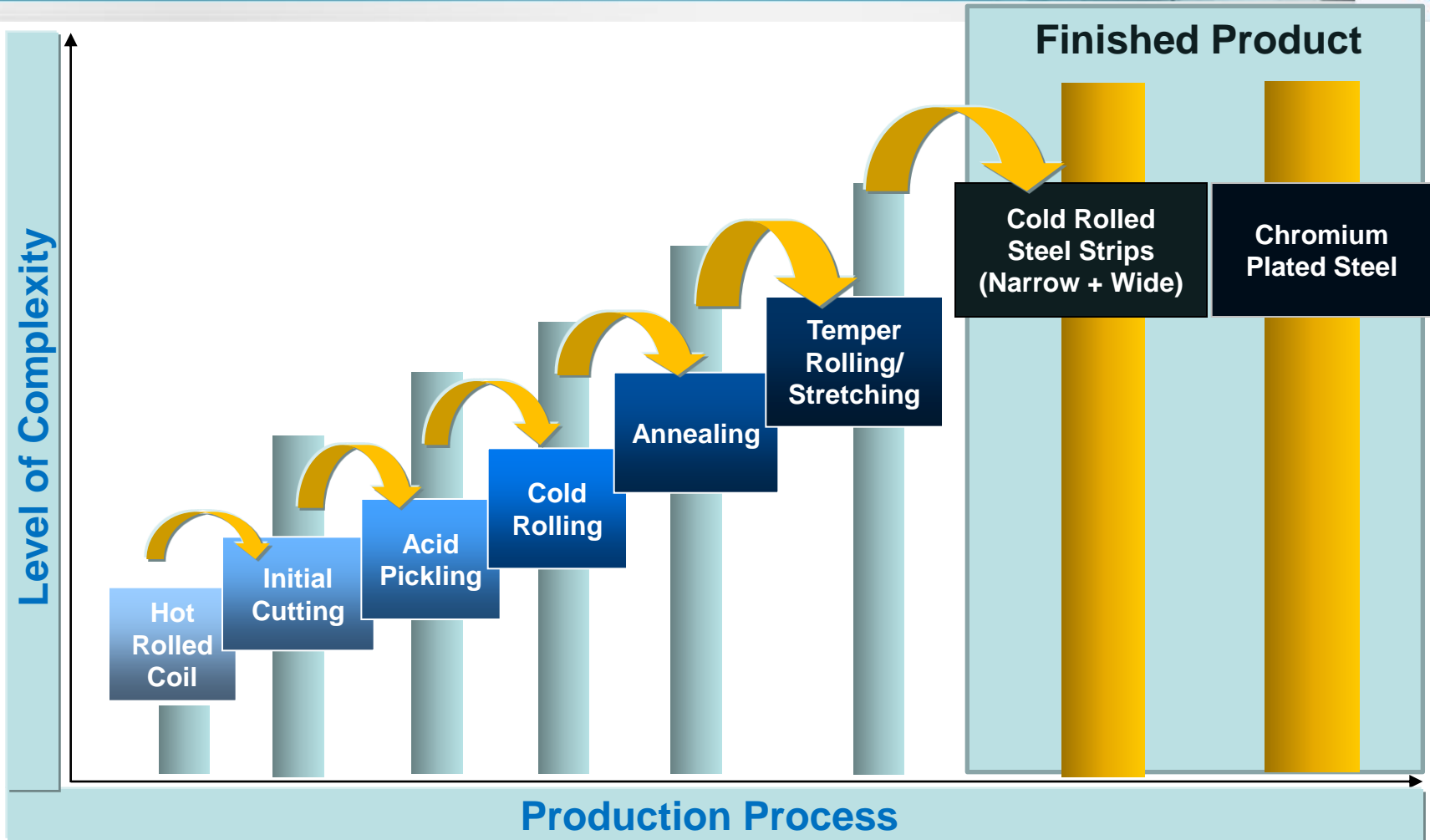
5 Defined long-term **growth** strategy

6 **Seasoned management** with local market knowledge

7 **Diversification** of revenue stream via new technologies and exports



In-House Value Chain



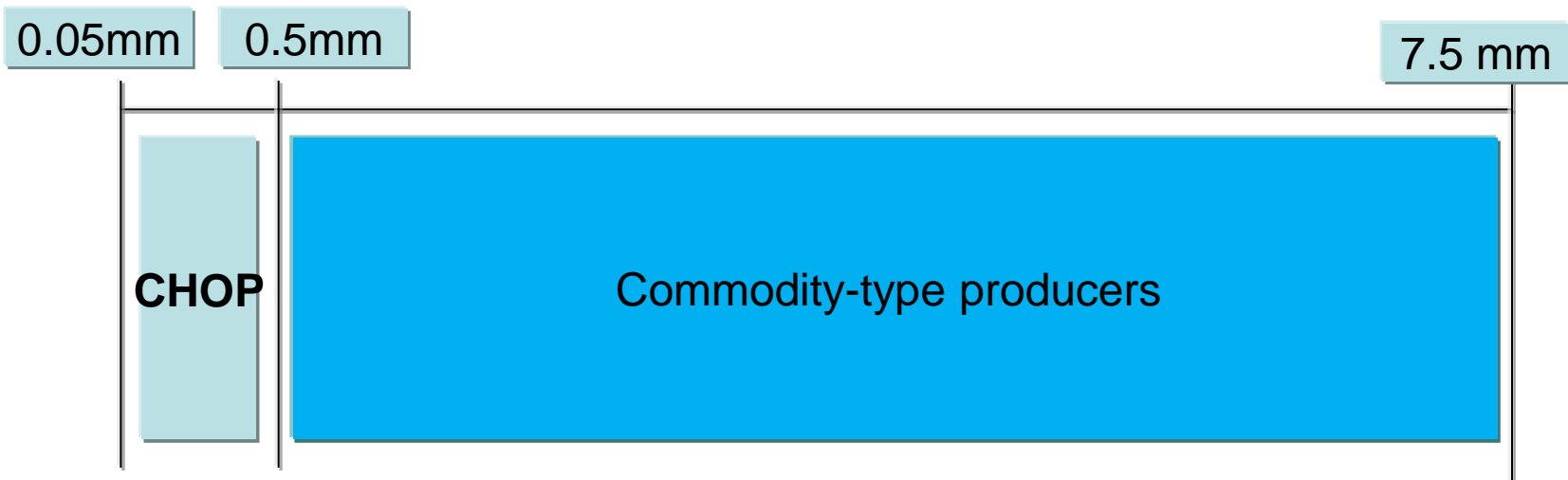
Input Factor

Value Creators

Defining Our Market



- For CRS products, the thickness can range between 0.05mm up to 7.5mm
- China Gerui specializes in ultra-thin, high-precision products with thicknesses mostly from 0.05mm to 0.5, widths up to 1200mm, tolerance +/- 0.003mm
- Typical thickness of CHOP raw material HRC: 3mm
- Five series and over twenty types of high-precision strip steel products



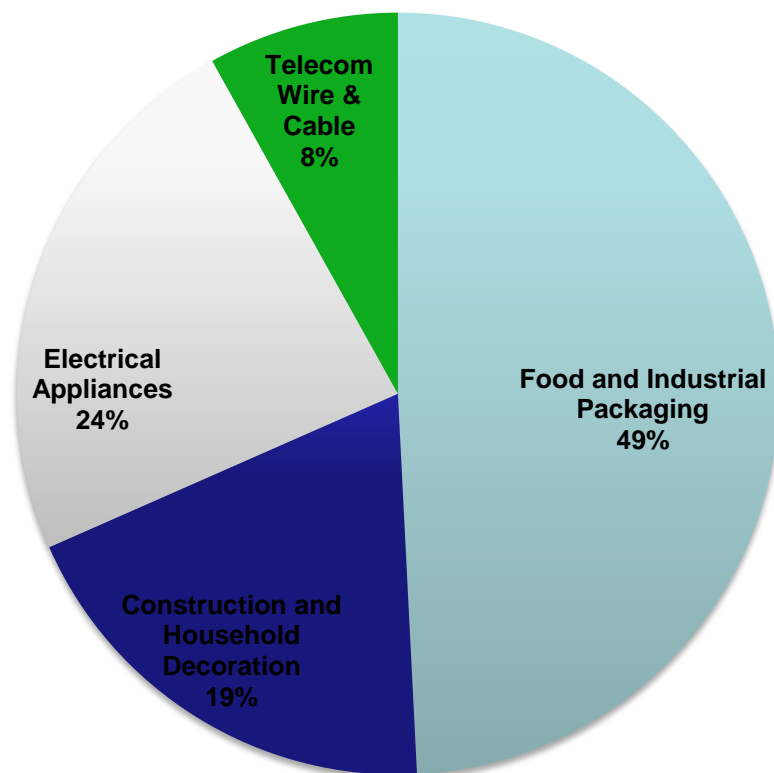


Revenue by Industry Application

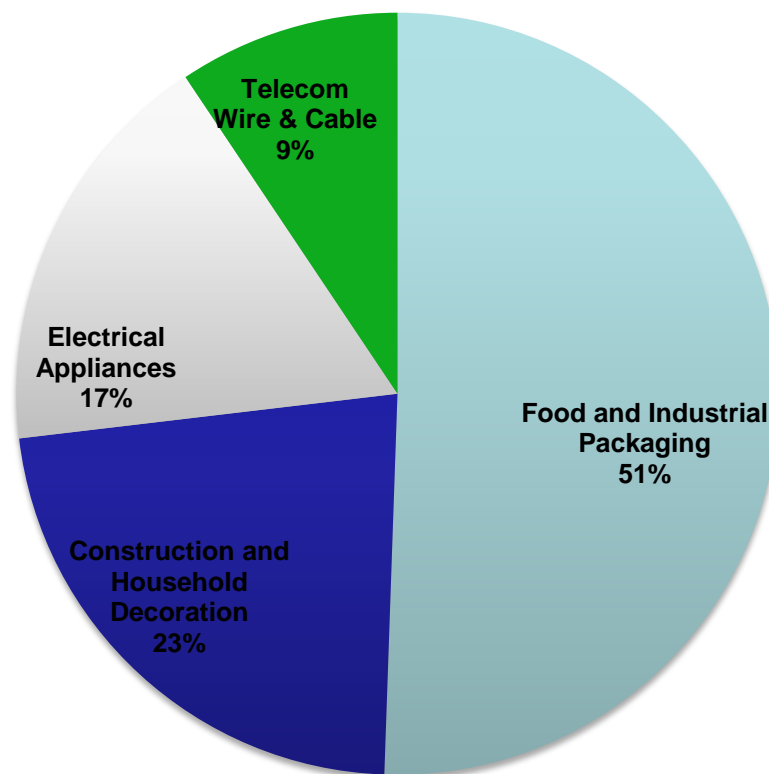


China Gerui produces high-precision steel products tailored to meet exact customer specifications

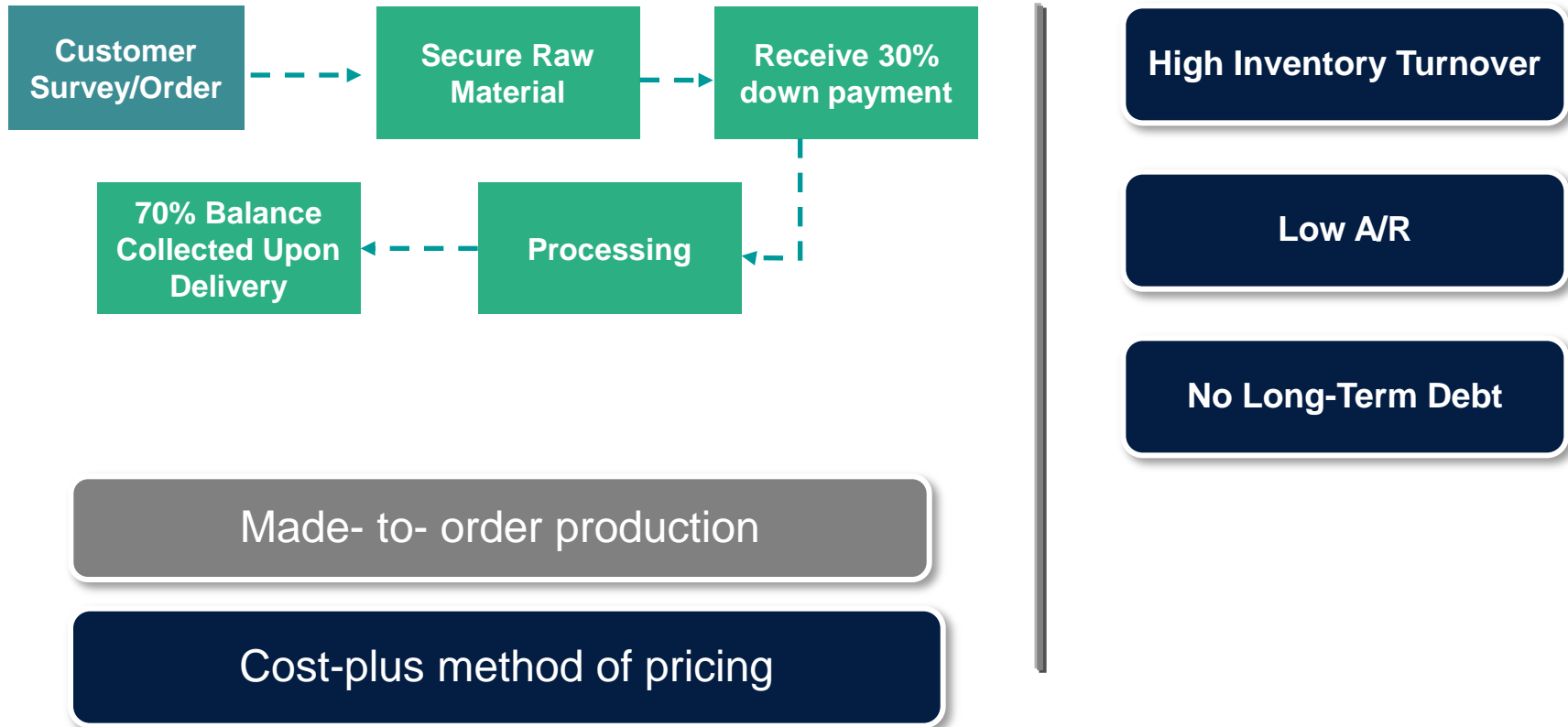
2011



2012



Economics of CHOP's Business Model



- **Not a commodity business: focused on customized high-margin steel production**
- **Products meet stringent performance and specification requirements**
- **Supplier of choice when our existing customers develop new products**

Outpacing the Competition



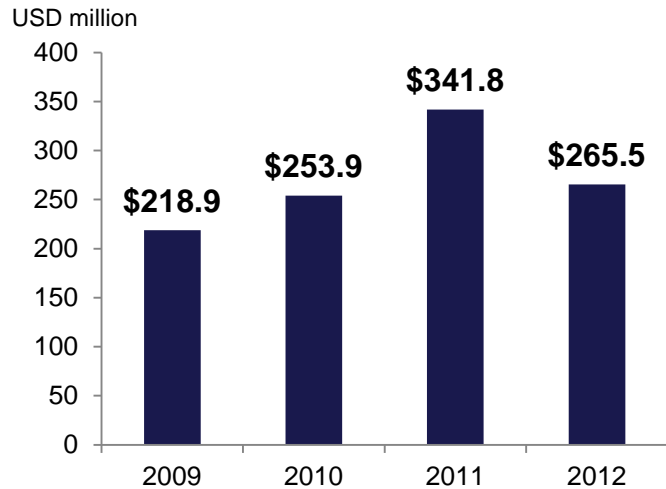
- Limited domestic supply because PRC manufacturers lack the equipment and expertise to produce high-end specialty cold rolled steel
- Steel industry is highly capital intensive: Capital requirements prevent newcomers or smaller players without sufficient funds from entering the market

	CHOP	International Companies	Domestic Companies
Strategic Focus	●	◐	◐
First Mover Advantage	●	◐	◐
Brand Recognition	●	◐	◐
Nationwide Distribution	●	◐	◐
Local Market Knowledge	●	◐	●
High Product Quality	●	●	◐
Financial Resources	◐	●	◐

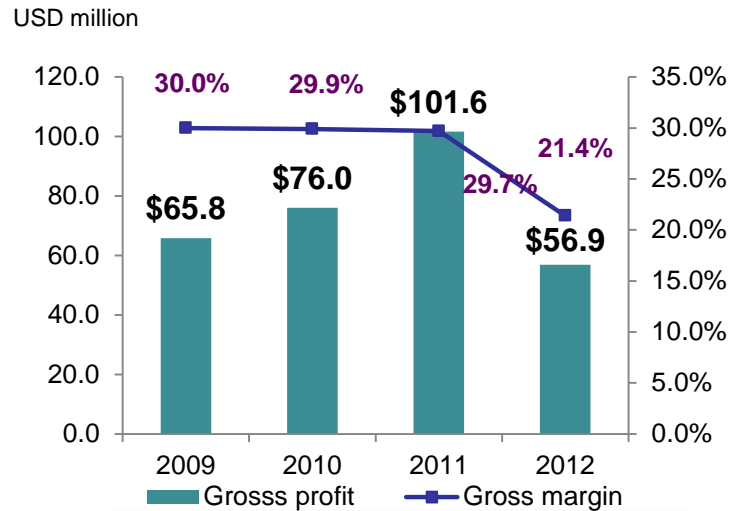
Strong Financial Performance



Total Revenue



Gross Profit

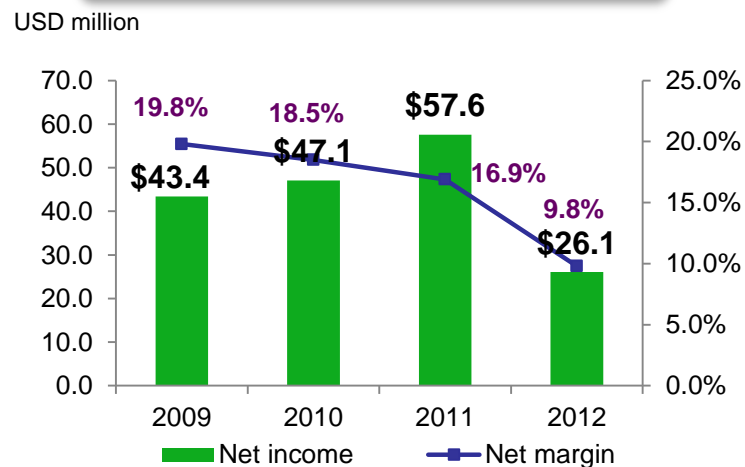


FYE 2013 Guidance

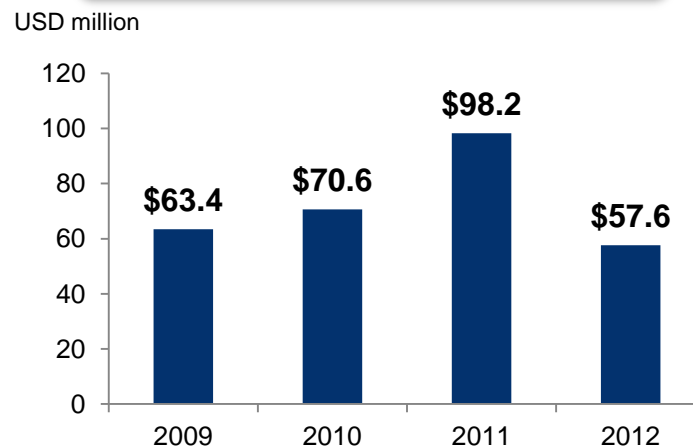
Revenue

\$280 MM to \$290 MM

Net Profit



Adjusted EBITDA



Note: EBITDA is adjusted for one-time warrant expenses of \$5.7mm in 2011 and \$3.7mm stock based compensation expense in 2012

Healthy Balance Sheet

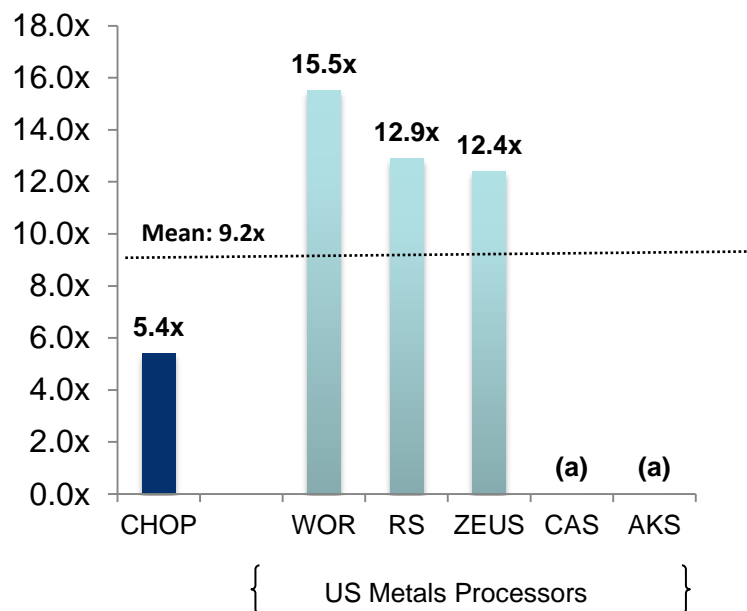


<u>Condensed Balance Sheet</u> (USD 000's)	<u>December-31-2012</u> (Unaudited)	<u>December-31-2011</u> (Audited)
Cash	\$228,861	\$246,601
Certificates of Deposit	16,372	-
Restricted cash	145,413	118,130
Accounts receivable	2,276	6,383
Inventories	22,763	24,463
Current assets	495,040	445,186
Total assets	673,370	601,076
Notes Payable	259,546	204,881
Term Loans	57,463	44,170
Current liabilities	343,302	302,648
Total liabilities	343,302	302,648
Total stockholders' equity	330,067	298,428
Working capital	151,738	142,538
Inventory turnover per year	8.8	6.7
Days sales outstanding	3.9	6.8

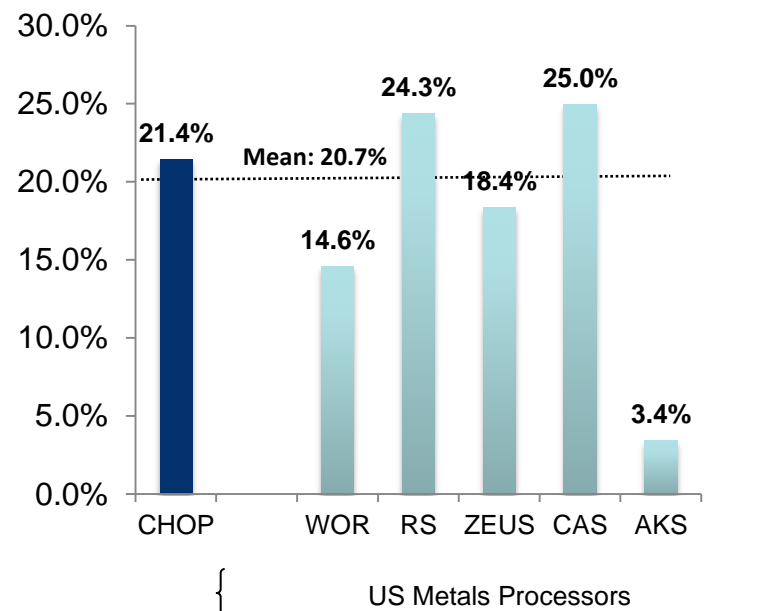
Attractive Valuation



2013E P/E



TTM Gross Margins



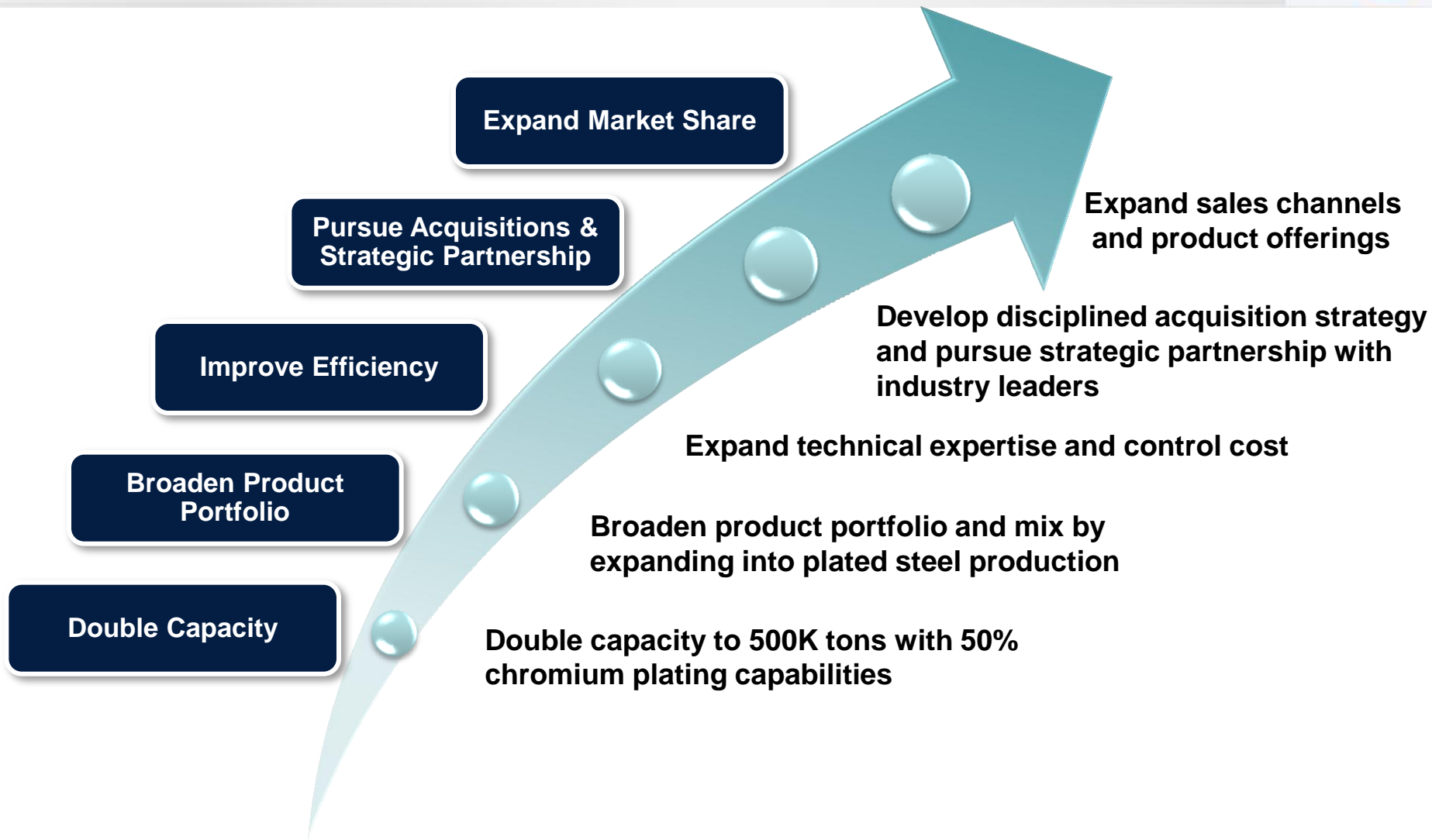
Notes: US Metals Processors consist of Worthington Industries, Metals USA Holdings, Reliance Steel & Aluminum, Olympic Steel, Castle and AK Steel. All pricing information is of 4/30/13; all financial information is as of 12/30/12 except for WOR which is 5/31/12.

(a) Negative EPS

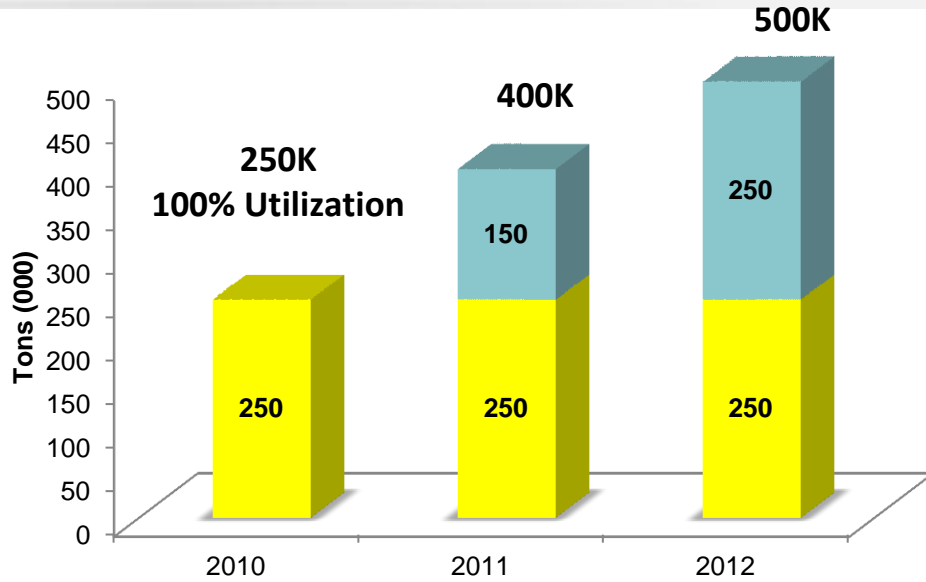
Source: Company Filings, Thomson One



Disciplined Growth Strategy

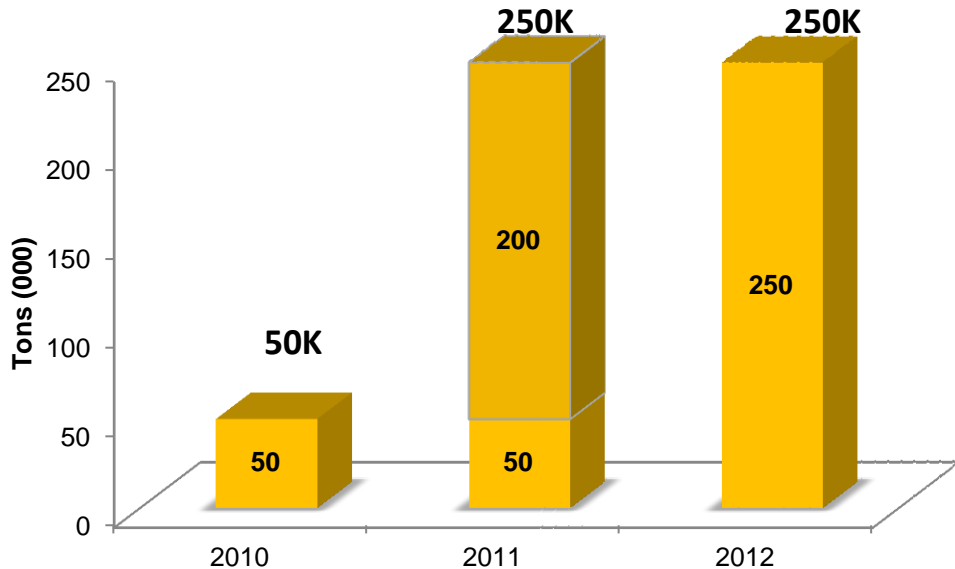


Production Capacity Doubled in 2012



Wide Strip

Narrow Strip



Chromium Plating Capacity

Increase of Chromium plating capacity from 50K tons to 250K tons or 50% of total capacity today

Seasoned Management Team



- **Mingwang Lu, Chairman of the Board and Chief Executive Officer**
 - Over 20 years of steel industry experience
 - CEO of the Company since 2000
 - Held various management positions at Zhengzhou No.2 Steel Plant from 1995 to 2000
 - Elected as a member of the 9th, 10th and 11th National People’s Congress in Henan Province
 - Awarded Excellent Director/Manager in Henan Province, National Excellent Township Entrepreneur and Expert in Steel Industry of Henan Province

- **Edward Meng, Chief Financial Officer**
 - Joined China Gerui in April 2009, residing in Zhengzhou, China
 - Former CFO/Director of the Board of a number of U.S.-listed companies
 - Former CFO of MNCs in China (Shell/Koch/Terex)
 - Georgetown University MBA, U.S. CPA, experienced in PRC & U.S. GAAP

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5 Defined long-term **growth** strategy

6 **Seasoned management** with local market knowledge

7 **Diversification** of revenue stream via new technologies and exports

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