



DEYU AGRICULTURE

DEYU AGRICULTURE CORPORATION

DEYU AGRICULTURE CORP.
INVESTOR PRESENTATION
May, 2013



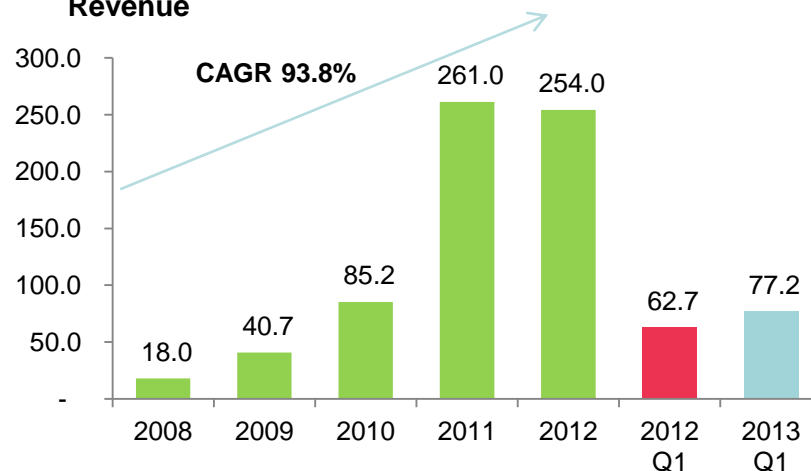
Safe Harbor Statements

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, the company's ability to complete additional acquisitions 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.

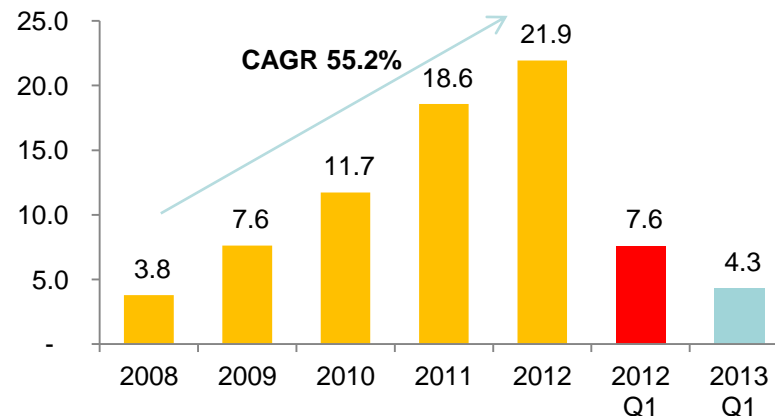
Financial Highlights

- Vertically integrated producer, processor, marketer and distributor of organic & other agricultural products made from corn & grains
- Headquartered in Beijing, with operations in Jinzhong City & Quwo County of Shanxi province
- We have a nationwide sales network covering manufacturers, grain traders, wholesalers, distributors, institutional clients and retail stores.
- A leading corn processor & distributor in Shanxi province with storage capacity of over 100,000 tons and an annual turnover of 700,000 tons
- Exclusive access to over 109,000 acres of farmland, including 17,000 acres owned by **Deyu**
- 490 fulltime employees plus a part-time/seasonal working force of varying number of additional employees

USD' million
Revenue

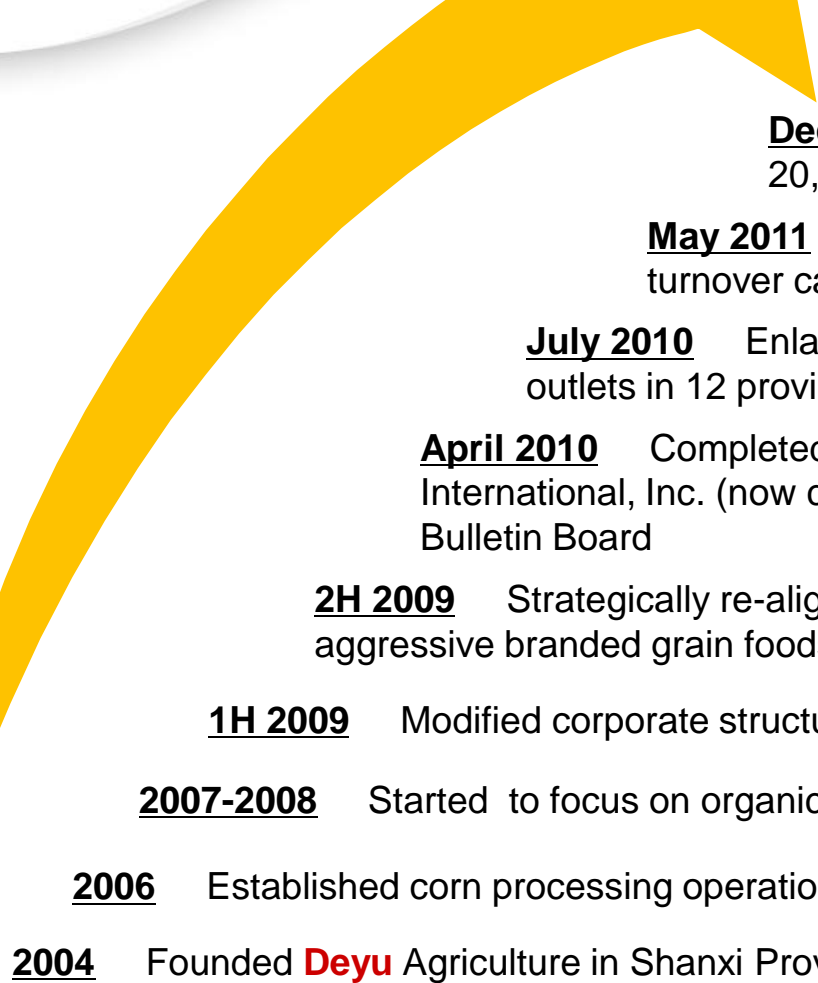
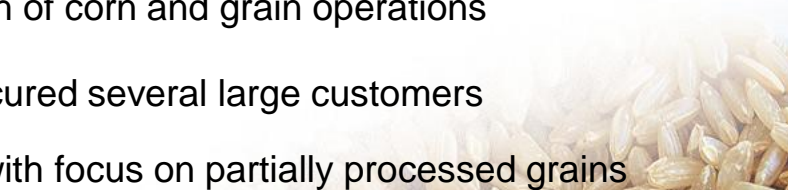


USD' million
EBITDA





History and Milestones

- 
- Feb 2012** Acquired Taizihu Group, an operation in deep processed foods and export sales
- Dec 2011** Enlarged sales network to include over 20,000 retail outlets in 29 provinces of China
- May 2011** Storage capacity expansion: now 100,000 tons with turnover capacity of 700,000 tons per year
- July 2010** Enlarged sales network to include over 10,000 retail outlets in 12 provinces of China
- April 2010** Completed a share-exchange transaction with Eco Building International, Inc. (now called **Deyu** Agriculture Corp.); quoted on the OTC Bulletin Board
- 2H 2009** Strategically re-aligned business focus to processed grain foods and aggressive branded grain foods marketing
- 1H 2009** Modified corporate structure as required for U.S. public listing
- 2007-2008** Started to focus on organic growth of corn and grain operations
- 2006** Established corn processing operations; secured several large customers
- 2004** Founded **Deyu** Agriculture in Shanxi Province with focus on partially processed grains
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Investment Highlights



Experienced Management Team

- 10+ Years of experience working in the agricultural industry
- Technical support & cooperation from academic faculties and research institutes

Well Established Cultivation Base in a Strategic Geographic Region

- 109,000 acres of fertile farmland
- Cooperation with 60,000 farmers

Scalable Production Base

- Automated facilities in Shanxi Province
- Capacity of 700,000+ tons for corn and 100,000+ tons for grain processing

Growing Brand Presence

- Marketing branded grain & other food products
- Brand names of “Deyu”, “Shi-Tie”, “Huichun” & “Taizihu”
- Products recognized in China as green, ecological, organic foods

Large & Flexible Storage Facilities

- Six self-owned warehouses
- Storage capacity of over 100,000 tons

Logistic Advantages

- Close proximity to railway & the transportation hub
- Exclusive lease agreements with three major railway lines

Diversified Product Portfolio & Extensive Marketing Network

- Diversified organic & non-organic products
- Nationwide sales network covering manufacturers, grain traders, wholesalers, distributors, institutional clients and retail stores. Exports to Germany, Japan & other countries





Equity Snapshot

Ticker Symbol	DEYU.OB
Recent Price (May 17, 2013)	\$0.60
Weighted Average Common Shares Outstanding (03/31/2013)	10.6 million
Weighted Average Fully Diluted Shares Outstanding (03/31/2013)	12.7 million
Market Capitalization (Fully Diluted) (03/31/2013)	\$7.0 million
Revenue (Q1 2013)	\$77.2 million
Net Income (Q1 2013)*	\$3.1 million
Diluted EPS (Q1 2013)	\$0.25
P/E (2012)	X0.46

Financial Results for the First Quarter Ended March 31, 2013

	Q1 2013	Q1 2012	CHANGE
Revenue	\$77.2 million	\$62.7 million	23.0%
Gross profit	\$8.8 million	\$12.4 million	-29.1%
Net Income*	\$3.1 million	\$6.2 million	-50.0%
EPS (Diluted)	\$0.25	\$0.50	-50.0%

Financial Results for the Fiscal Year ended December 31, 2012

	FY 2012	FY2011	CHANGE
Revenue	\$254.0 million	\$261.6 million	-2.9%
Gross profit	\$44.7 million	\$43.1 million	+3.7%
Net Income*	\$16.0 million	\$17.3 million	-7.5%
EPS (Diluted)	\$1.30	\$1.42	-8.5%

* Net Income represents Net income available to common stockholders.

Growth Strategies:

- Extend **Deyu**'s operation to the other producing areas such as Jilin provinces
- Develop and deliver more value added services through **Deyu**'s platform to enlarge farmers cooperation base
- Align with more well-established and branded companies as our customers
- Utilize available global resources and organic certifications to expand exporting to the US & other countries

Current Distribution of Deyu's Products

- Bulk sales to diversified customers in across China. Customers include:
 - Livestock feed companies & food manufacturers
 - Corn oil/ corn starch manufacturing companies
 - Governmental procurement agencies
 - Grain trading companies & wholesalers
- Contracts with distributors, institutional clients and retail stores
- Exports to Germany, Japan & other countries





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Business Model & Cultivation Base



Farmland Access

- Agricultural cooperative agreements signed with the governments at both county and village levels in the Jinzhong region
- 20-year exclusive farming rights to access approximately 109,000 acres of farmland, established as **Deyu's** core agriculture base in Shanxi province
- **Deyu** also owns 17,000 acres of farmland in the same region

Cooperation with Farmers

- **Deyu** provides seeds, cultivation technology & other support & training to farmers
- **Deyu** offers above-market purchasing prices to farmers as added incentives to ensure the delivery of contracted volumes & quality
- **Deyu** works closely with over 60,000 farmers & 200 farmer agents to ensure production efficiency & quality
- A partner for local government & the UN farming development project

➤ Vertical value chain from farmland to end market

➤ **Unique partnership with farmers on shared farmland to deliver strategic industrial and market advantages**

➤ **To enter a market demanding highly integrated multiple commercial and community based resources**

➤ **High entry barriers for new competitors:** agricultural expertise; crop access; logistics advantages; sales network

➤ **Vision:** to be a global leader in vertical agriculture value chain to provide diversified product lines delivered to commercial and consumer markets

- **Privilege to government issued licenses for farming cooperatives, land use, etc.**
- **Farmland expansion by entering more local cooperative agreements**
- **Strategic move to setup operations in Shanxi, Jilin, Hebei and other key provinces**



Agricultural Base in Jinzhong Region

Ideal ecological environment for grain cultivation



- Located in the Jinzhong region of Shanxi province, next to Taihang Mountain at an altitude of between 5,000 to 8,000 feet above sea level
- Ideal climate & soil condition for organic grain cultivation
- Approximately 10 degree day & night temperature variation
- About 158 days of bright sunshine with no frost annually
- 135+ days long annual growing season, one of the longest in China
- Grains, being highly drought resistant, require little irrigation & no chemical fertilizers & pesticides
- Grains are rich in nutrients, especially in the contents of minerals, protein, cellulose, amino acids, chlorophyll, lecithin & linoleic acid





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The background of the slide is a vibrant photograph of a field. In the foreground, several white daisies with bright yellow centers are in full bloom. Behind them, a dense field of tall, golden-brown grain stalks, likely wheat or barley, reaches towards the sky. The sky is a clear, bright blue with scattered white clouds. The overall scene is bright and sunny, conveying a sense of natural growth and harvest.

Product Lines & Market Highlights

Product Development Strategies

- Develop multi-level food product lines & offer series of products to meet the needs of different consumer groups
- Enhance quality control, preserve grain products nutrient values, promote green & organic concepts, & develop top domestic brands for grain products
- Develop an integrated agriculture value chain to extend product lines (by adding varieties of staple foods, including high-quality rice, flour, edible oil, etc.) to a full range staple grain food products portfolio to meet the Chinese market's ever-increasing need for healthy & quality foods.

During the past several years, **Deyu** has developed the following diversified product lines based on **corn & grain**:

Staple Foods Pure Bean-Based Products Fruit Beverage Coarse Grain as Food Materials Raw Corn and Other Raw Grains	"Deyu" Refined Rice	Branded Foods <i>Retail Sales to Customer Market</i> <i>Commercial Sales to Institutional Clients</i> <i>Export to Germany, Japan and Other countries</i> Processed Products Sold to Other Companies Raw Materials Purchased from Farmers
	"Deyu" Flours	
	"Deyu" Noodles	
	"Huichun" Vegetarian Foods	
	"Huichun" Instant Noodles Made of Pure Beans	
	Corn Wheat (1) Beans (2) Rice (3) Potatoes (4)	
(1)The category of Wheat includes Wheat, Oat, Buckwheat, Sorghum, etc. (2)The category of Bean includes Soy bean, Mung bean, Red bean, Kidney bean, Black bean, etc. (3)The category of Rice includes Rice, Millet, Black rice, Sticky rice and Buckwheat rice, etc. (4)The category of Potato includes potatoes, sweet potatoes, taro, yams.		

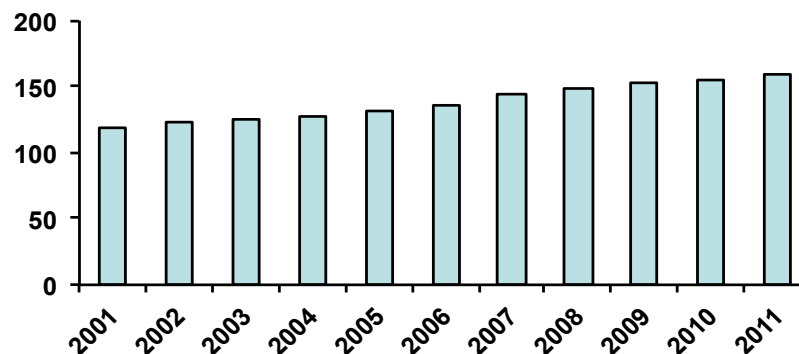


Corn products:

- Partially processed – cleaned, husked, sifted & dried
- Sold in bulk to major food companies & livestock feed producers
- **Deyu's** corn is among the very best in China due to its high germ protein & germ oil contents, rich resources of 10 types of fatty acids, more than 50% of which are rich in vitamins A & E
- A difficult market to enter as China no longer issues new licenses to new corn processors in Shanxi province

Corn Consumption in China

Million tons



Source: USDA



China's Corn Market:

- The world's second-leading consumer & producer (after the US)
- Accounts for over 20% of the world's corn consumption
- 7% annual market demand growth for corn

Source: USDA

End Product Usages:

- Cooking oil, corn starch
- Corn-based sweeteners
- Livestock feed
- Fermentation products
- Petroleum substitutes, ethanol fuels

Deyu Grain Products:

- Value-added processing, including peeling, cleaning, grinding & packaging, etc.
- Organic & non-organic deep-processed products
- Sold directly to consumers in supermarkets & convenience stores throughout China
- High levels of vitamin B1, dietary fiber & trace elements
- Coarse grains are beneficial to diabetic or high blood pressure conditions*

*Source: The Chinese Nutrition Society

Broad Product Offerings:

- **Beans** – soybeans, mung beans, bean-based products
- **Wheat** – buckwheat, bitter buckwheat
- **Rice** – millet, black rice, purple rice
- **Potatoes** – sweet potatoes, taro, yams



Fine Millet



Whole Wheat Flour

China's Grain Market Dynamics

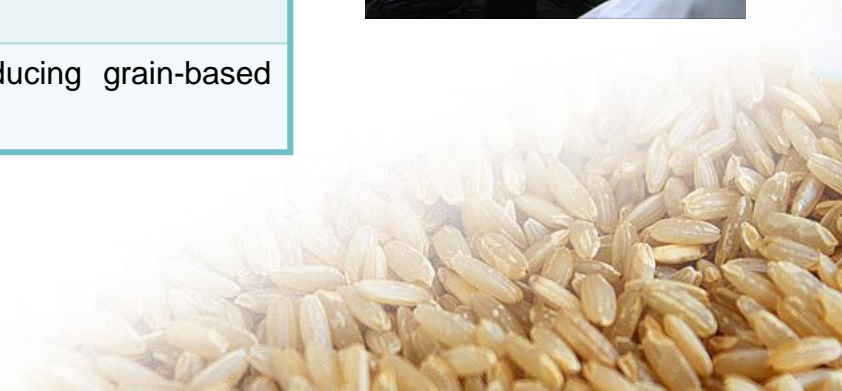
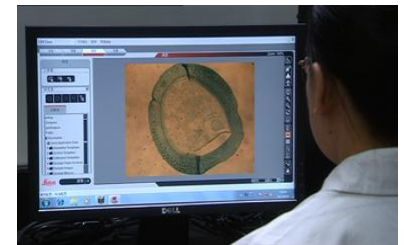
- Highly competitive yet fragmented with no major national brands
- Chinese consumers increasingly becoming health & nutrition conscious
- Fast-growing market demands for packaged & unpackaged grain products

China's Potential Market Size

Processed grain food	250-400 g / day *
Coarse grain and whole grain food	50-100 g / day *
Bean or bean-based products	30-50 g / day *
Number of urban residents	691 million
Potential market size	>\$100 billion/year

* Based on dietary guidelines 2011 by the Chinese Nutrition Society, which recommends that adults consume 250-400 grams per day of processed grain foods, 50-100 grams per day of coarse grains & whole grain foods, 30- 50 grams per day of bean or bean-based products

Seed Breeding	<ul style="list-style-type: none"> ➤ Crop seeds (non-transgenic) developed in cooperation with Chinese Academy of Agricultural Sciences & other leading academic institutions ➤ Hybridization leads to increased output as well as pest & drought resistance
Cultivation	<ul style="list-style-type: none"> ➤ Developed soil & irrigation upgrades that have boosted yields, quality & acreage
Processing	<ul style="list-style-type: none"> ➤ Modern equipment, processes & technology ➤ Preservation of nutritional content throughout production ➤ Preservation of products' natural flavor & organic qualities
Storage	<ul style="list-style-type: none"> ➤ Advanced quality control system ➤ Professional storage management, in full compliance with China's strict food storage rules to ensure food safety
Product Development	<ul style="list-style-type: none"> ➤ 10+ years of experience in producing grain-based foods





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Financial Overview & Outlook

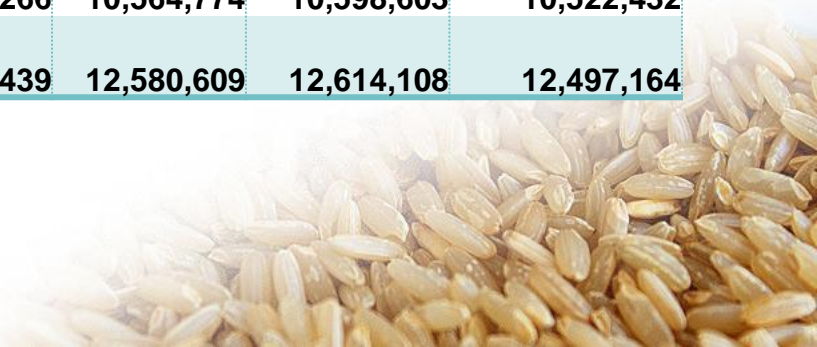




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Summary Income Statement

	Q1 2013	Q1 2012	2012 FY	2011 FY
Net revenue	\$77,167,714	\$62,739,469	\$254,046,098	\$261,576,666
Gross Profit	8,804,174	12,419,801	44,720,653	43,096,657
Operating expenses	(5,081,462)	(6,017,146)	(25,772,132)	(21,453,276)
Operating income	3,722,712	6,402,655	18,948,521	21,643,381
Net income	3,215,488	6,296,701	16,408,819	16,623,431
Preferred Stock Dividends	(116,055)	(110,075)	(446,748)	(427,917)
EBITDA	4,331,040	7,577,809	21,948,719	18,592,713
Net Income available to Common Stockholders	3,103,052	6,208,060	16,008,670	17,335,442
Net income per share - basic	\$0.29	0.59	\$1.51	\$1.64
Net income per share - diluted	\$0.25	0.50	\$1.30	\$1.42
Weighted average number of shares outstanding - basic	10,646,266	10,564,774	10,598,603	10,522,432
Weighted average number of shares outstanding - diluted	12,738,439	12,580,609	12,614,108	12,497,164





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Summary Balance Sheet

	As of March 31, 2013	As of December 31, 2012
Cash and cash equivalents	\$9,495,592	\$5,752,627
Accounts receivable, net	26,570,650	33,991,288
Inventory	24,871,764	30,322,191
Other current assets	<u>17,285,622</u>	<u>8,336,694</u>
Total current assets	78,223,628	78,402,800
Property, plant, and equipment, net	19,777,755	19,442,599
Intangible assets, net	13,327,286	13,389,075
Other assets	1,964,000	2,672,917
Total Assets	<u>\$113,292,669</u>	<u>\$113,907,391</u>
Short-term loan	\$8,768,114	\$8,323,623
Other liabilities	14,848,973	19,125,375
Total Liabilities	<u>23,617,087</u>	<u>27,448,998</u>
Total Equity	89,675,582	86,458,393
Total Liabilities and Stockholders' Equity	<u>\$113,292,669</u>	<u>\$113,907,391</u>



Mr. Greg Chen

Chief Executive Officer

- 15+ years of international business strategy, development and management
- Former Chief Executive Officer of the pMedia Group
- Former Director of Capital Market Services Inc,
- Masters of Science degree in EE/Control-Theory

Ms. Amy He

Chief Financial Officer

- 7+ years of experience in accounting, finance & manufacturing operations management
- Former Audit Manager, Deloitte Touche Tohmatsu CPA Ltd, former Financial Controller of Deyu
- Masters Degree, CPA of China & CGA of Canada

Mr. Jan Poulsen,

President

- 20+ years of experience within the food & beverage industry
- M&A advisor for H.T. Capital, Former Chief Financial Officer, Former Finance Manager & Business Development Manager for Arla Foods Inc.
- Master of Science in Business Administration & Auditing degree from Aarhus School of Business in Aarhus, Denmark



Mr. Jianbin Zhou

Chief Operating Officer

- 20+ years of experience in business operations
- Former VP, Dongsheng International (Beijing) Investment Co., Ltd., former GM, Antai Global (Beijing) Risk Management Co., Ltd.

Mr. Junde Zhang

Vice President of the Grain Division

- 10+ years of experience in grain breeding, cultivation, processing, marketing and management
- Production Director & GM of our Grain Division since April 2004, a member of the Yuci People's Congress

Mr. Yongqing Ren

Vice President of the Corn Division

- Well experienced in corn breeding, cultivation, processing, marketing & management
- Vice President & General Manager of our Corn Division since April 2004
- To be conferred the honorable title of Industrial Restructuring Leader

Mr. Yunlin Ding

Vice President

- 10+ years of experience in strategy management & finance
- Former credit manager for the Industrial and Commerce Bank of China, former senior project manager of Beida Qingniao Group, & vice GM of investment department of Beida Qingniao Group, Masters Degree in Economics

Mr. Jianming Hao *Chairman of the Board of Directors*

- 10+ years of experience in corporate management
- Former Manager-in-charge, Finance Dep. with China Merchants Group in HK (publicly listed)
- Master's degree in Finance, CPA of China

Mr. Timothy C. Stevens, *Independent Director & Chairman of the Audit Committee*

- 30+ years executive leadership, management & client services experience leading law, public accounting, & consulting firms
- Chief Operating Officer of an international law firm, Former Executive Director of Saul Ewing LLP, a Philadelphia law firm, Former Officer with Baker & McKenzie's Hong Kong/China Practice, Former Finance and Administrative partner with PricewaterhouseCoopers
- Graduated from Clifton College & Bristol University, United Kingdom
- ACA from the UK Chartered Accountants' Qualification Program, Licensed CPA in Massachusetts and a Hong Kong FCPA

Mr. Al Carmona, *Independent Director & Member of Audit Committee*

- 25+ years of experience in cost and supply chain optimization, brand strategy & competitive analysis
- Executive VP & Senior Advisor of Mars & Co, a high-end international strategy consulting firm
- Well-versed in cost & supply chain optimization, brand strategy, competitive analysis & acquisitions, & divestiture analysis
- Bachelor of Science in Chemical Engineering, Princeton University, MBA from the Wharton Business School, University of Pennsylvania

Mr. Hong Wang, *Director*

- 10+ years of experience in corporate management; agricultural business expert
- Former Vice President of Detian Yu, Former GM of Shanxi Dongsheng Guarantee Company Limited
- Bachelor's degree in Agriculture

Mr. Longjiang Yuan, *Director*

- An acknowledged expert in agricultural technology
- Vice Director of the Science & Technology Bureau of the Chinese Academy of Agricultural Sciences (CAAS),
- Former senior executive of the R&D team at the Institute of Crop Science of the CAAS
- Former independent director of the board of Shanxi Tunyu Seed Industry Co.
- Master in Plant Genetic Breeding & Bachelor Degree in Genetic Breeding Technology



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