

LORAIN

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Investor Presentation
June 2009

American Lorain Corporation



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Safe Harbor Statement

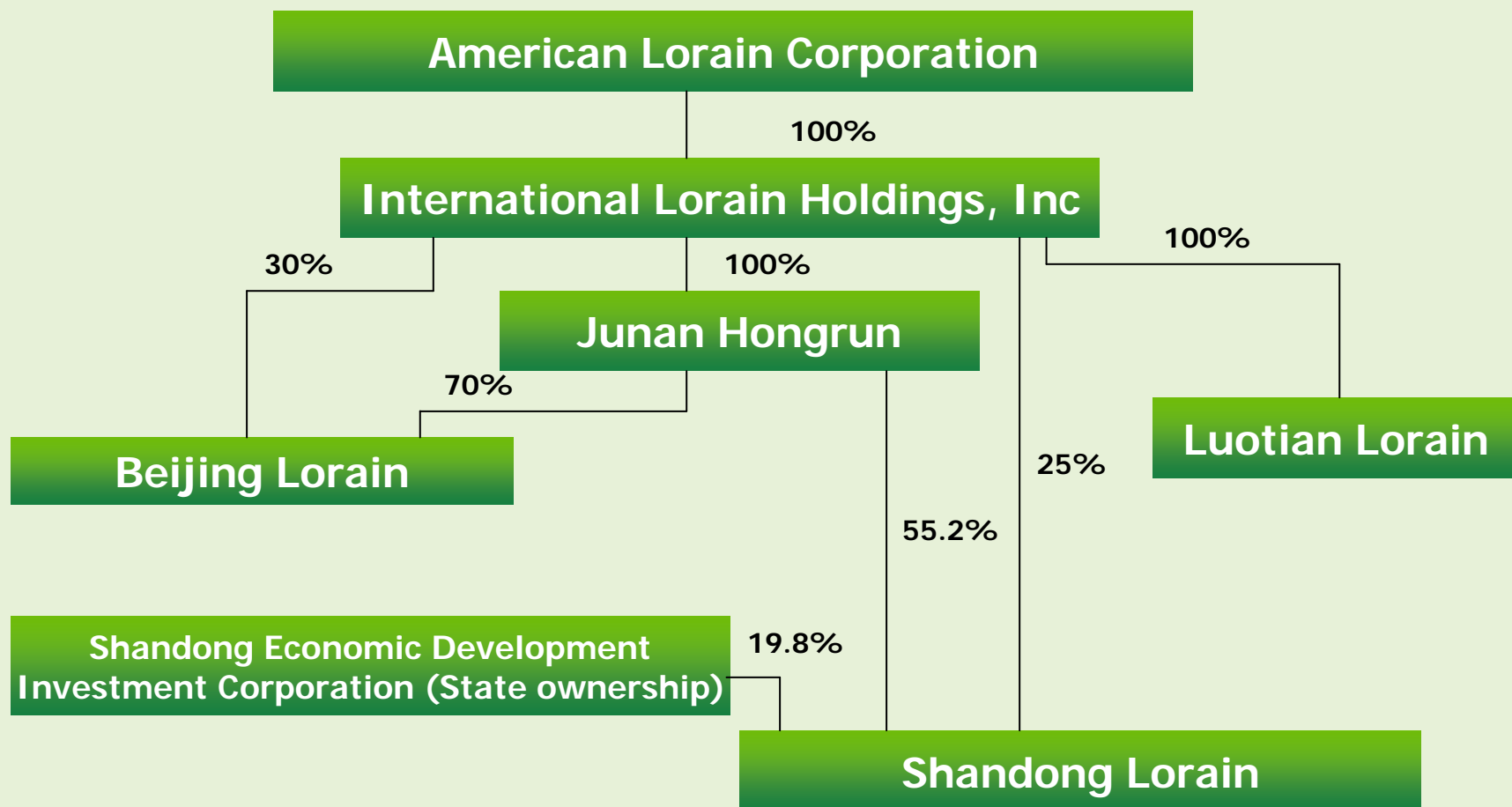
This presentation includes or incorporates by reference statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These statements include, but are not limited to, information or assumptions about revenues, gross profit, expenses, income, capital and other expenditures, financing plans, capital structure, cash flow, liquidity, management's plans, goals and objectives for future operations and growth. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, levels of activity, performance or achievements.

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Corporate Structure





Equity Snapshot

Ticker:	ALRC.OB
Price: (6/12/2009)	\$2.51
Market Cap:	\$63.2 mil
Revenues (ttm):	\$136.1 mil
Net Income (ttm):	\$14.7 mil
Shares Outstanding:	25.2 mil
EPS (ttm):	\$0.58
P/E (ttm):	4.3
P/S (ttm):	0.5
P/B (mrq):	0.9



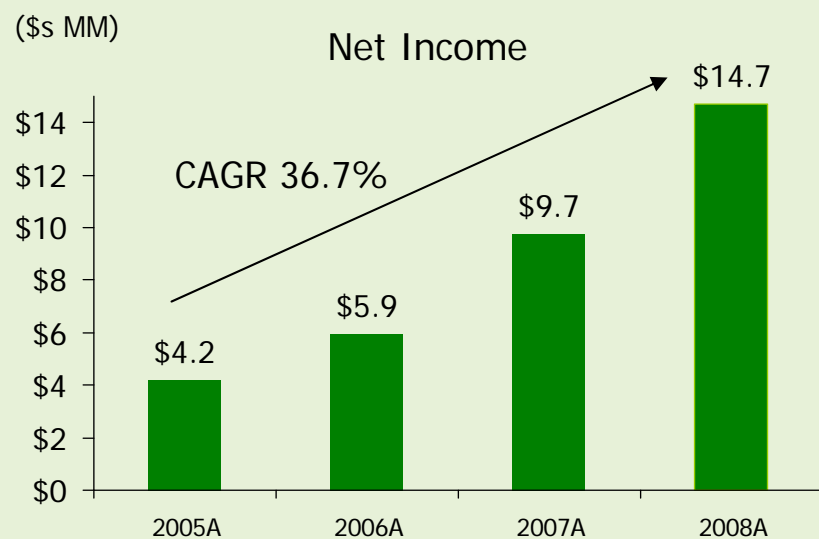
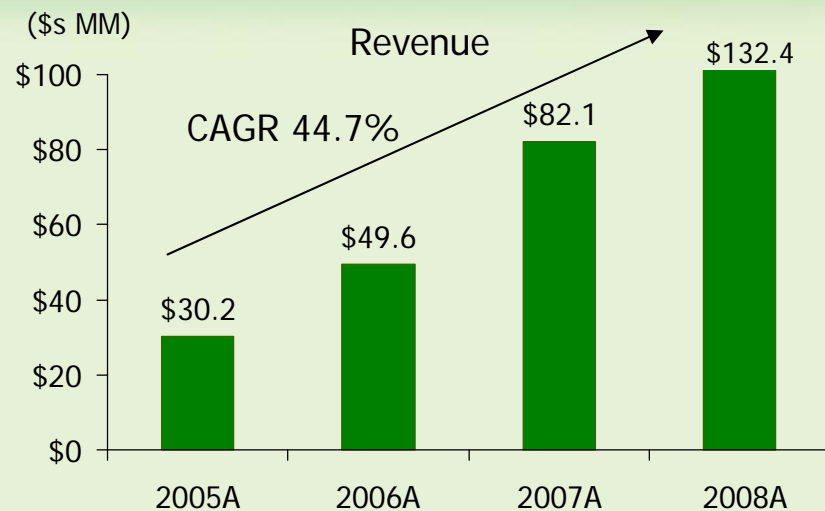
All calculations based on June 12, 2009 stock price; ttm, 3/31/2009;

EPS calculated using a weighted diluted share count of 25,177,640



Company Overview

- Leading international processed foods company in China with 15+ years of history in the industry
- Headquartered in Shandong with facilities in Shandong, Beijing, Hubei and Guangdong
- Product segments: chestnuts, convenience foods and frozen, canned & bulk foods
- Strict quality control with numerous certifications
- Strong brand equity: "Lorain", "Yimeng Lorain"



Industry Trends

Processed Foods

- Since 2000, China's per capita food consumption has increased with a CAGR of 8% (USDA)
- In China, processed food accounts for 30% of total food consumption compared to 60-80% in Western countries (JLJ Group)
- China's processed food market ~\$288 billion; CAGR 2001-2006 20% (JLJ Group)
- The Chinese packaged foods and meats market generated total revenues of \$119.9 billion in 2007, representing a CAGR of 8.6% for 2003-2007 (Datamonitor)
- China's 11th Five-Year plan (2006-2010) names food processing as an encouraged industry

Chestnut industry trends

- China is the world's largest chestnut producer, accounting for around 60% of output
- Main markets are China, Japan, Korea, and Europe, accounting for 90% of consumption in 2004

Demand driven by:

Established system for food credibility similar to U.S. FDA

Increasing disposable income in China increases affordability of processed foods;
Middle class is expected to reach 325 million by 2010 according to Merrill Lynch



Product Portfolio

Over 234 SKUs in three product segments
Introduces 10 to 20 new products per year

Chestnut products

- 63% of revenue in 2008
- Over 50 varieties of processed chestnut products

Frozen, canned & bulk foods

- 18% of revenue in 2008
- Frozen vegetables, frozen fruits, frozen fish and frozen meats

Convenience food

- 19% of revenue in 2008
- Ready to Cook (RTC) meals, Ready to Eat (RTE) meals, Meals Ready to Eat (MREs)





Chestnut Products

- China produces ~60% of the world's chestnuts
- Popular staple and snack food throughout Asia

American Lorain is the largest manufacturer of processed chestnut products in China:

- **Diversified portfolio:** Over 50 high value-added processed chestnut products
- **Competitive advantages:** Quality, Cost, Distribution and Product Innovation
- **Gross Margin:** 25-28%





Convenience Food Products

- Recognized Brand in China's Growing Convenience Food Market

- Convenience food is one of the fastest growing markets within China's food industry
- Lorain has produced convenience food since 2004
- Recognized brand and well-established distribution network
- A total of 113 high value-added products with gross margin of 21-24% in 2008
- Major contributor to sales revenue in the near future

- Product Categories

- **Ready to Eat (RTE):** Nitrogen-flushed convenience food, pickled vegetables, and smoked fish
- **Ready To Cook(RTC):** Semi-cooked food for further seasoning or heating, such as red bean paste and broth
- **Meals Ready to Eat (MRE):** Food equipped with self-heating devices and lunch boxes for the military and campers; includes meals such as stir fried rice and noodles





Revenue Mix

FY 2006

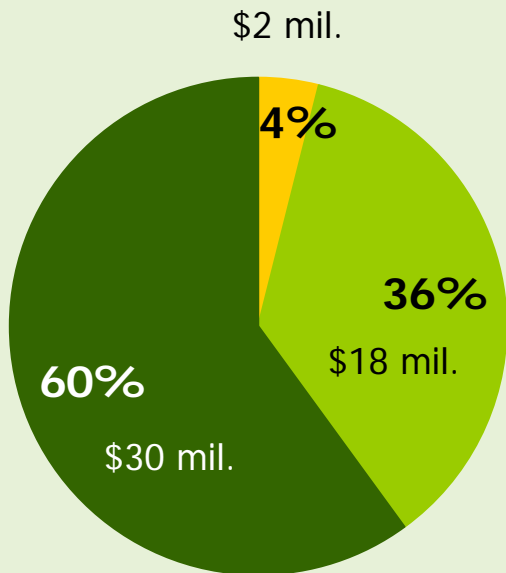
Total: \$50 million

FY 2007

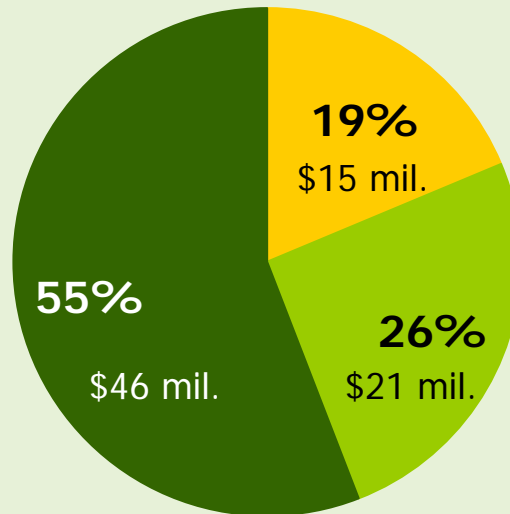
Total: \$82 million

FY 2008

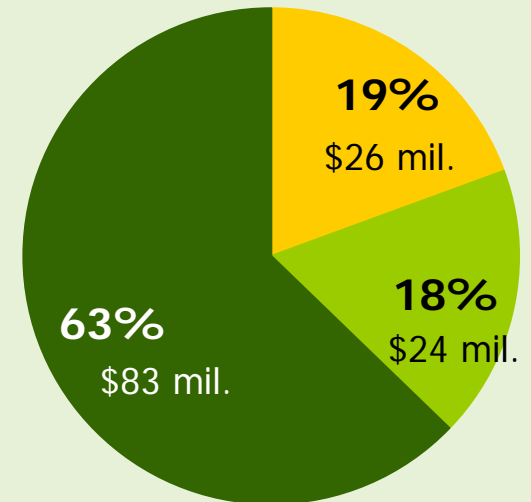
Total: \$132 million



■ Chestnuts



■ Frozen,
canned and
bulk food



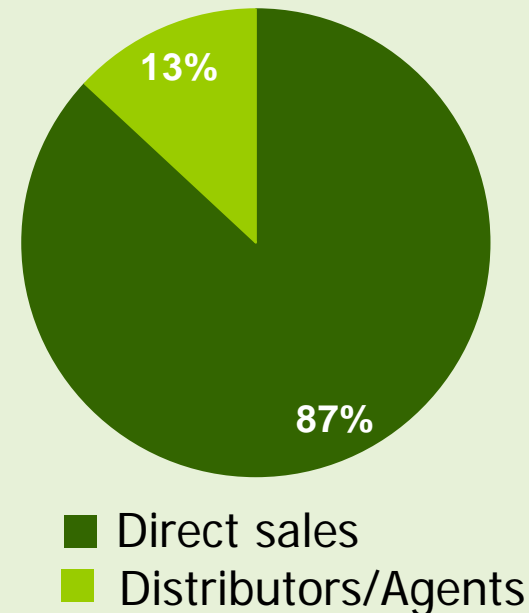
■ Convenience
food



Domestic Sales

- Domestic sales represented 67% of total sales in FY 2008
- Sales cover 26 provinces and administrative regions in China
- Distribution through large supermarket chains and wholesalers
- Continues to build brand equity and raise brand awareness through marketing campaigns and supermarket counters
- Strategic cooperation to distribute products for Yum! Brands China Division's subsidiaries KFC and Pizza Hut

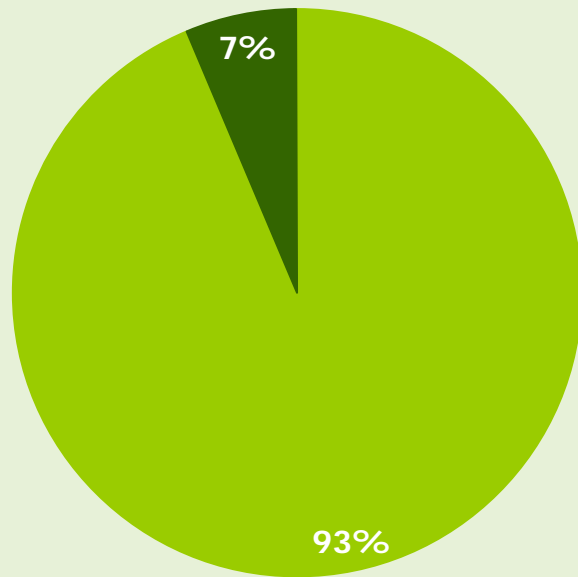
Distribution FY 2008



Plans to transfer more domestic sales to local sales agents



International Sales Mix in FY 2008



■ Asian regions ■ Europe

- **33%** of sales in FY 2008
- **Reach: 42** foreign countries
- **Distribution:** Sales Agents, Wholesalers, Food Processors, Mass merchandisers



Customers

- **Domestic:** Supermarkets, large wholesalers, sales agents
 - Numerous Wal-Mart, Metro, Carrefour, Trustmart, Linkshop, and KFC & Pizza Hut franchise stores

WAL*MART

多 好又多量販
TRUST-MART

Carrefour

Pizza Hut

KFC

- **International:** wholesalers, food processors, mass merchandisers
 - Shinsei Foods Co. Ltd., Yamato and Traders Co., Tokai Denpun Co.

2008 Largest Customers

<u>Customer</u>	<u>Value</u>	<u>Contribution</u>
Shandong Lvan Import & Export Co., Ltd.	\$15.9 million	12.0%
Shinsei Foods	\$8.1 million	6.1%
Other top 8 customers	\$14.8 million	11.2%



Operation & Production

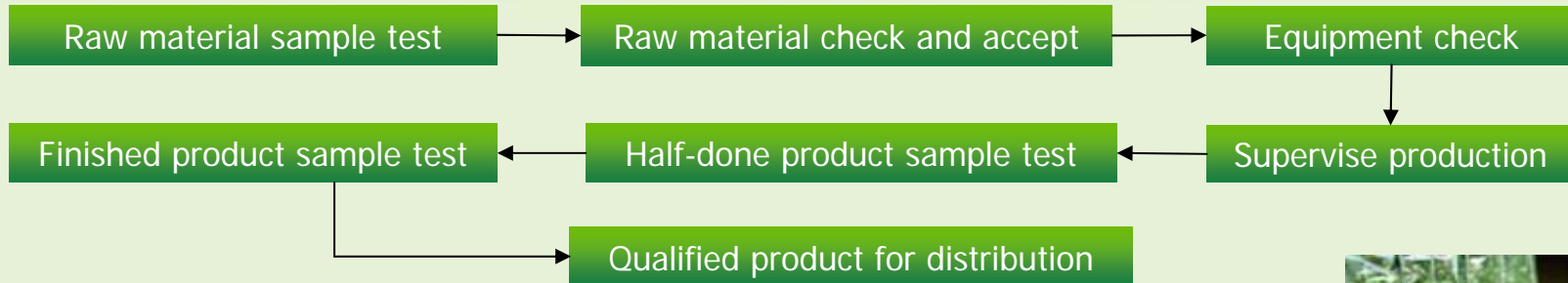
- Unparalleled advantage in production & preservation technology
- Production centers & facilities in Shandong, Beijing, Hubei, and Guangdong (lease)
 - Satisfies demands of the Japanese and Korean markets
 - Satisfies Wal-Mart's strict quality requirements
 - 21 multi-functional production lines to meet different production demands;
 - Low conversion cost between different production lines

Facilities	Production Lines	Product Portfolio
Shandong Lorain	1 Deep-freezing line 1 Convenience food line	Chestnut products, convenience foods, FCB
Junan Lorain	1 Deep-freezing line 4 Canning lines	Chestnut products, FCB
Beijing Lorain	6 Convenience food lines 1 Deep-freezing line	Chestnut products, FCB
Luotian Lorain	3 Convenience food lines 2 Deep-freezing lines	Chestnut products, convenience foods, FCB
Dongguan factory	2 Convenience food lines	Convenience food



Strict Quality Control

Quality Control Process



Certificates and Licenses

ISO 9000, 9001:2000, 14001:2004, 22000:2005

HACCP Certificate

BRC (British Retail Consortium) Certificate

EU Organic

JAS Organic

NOP Organic

OCIA International Organic

Quick-frozen Food Manufacturing License

Export Sanitary Registration from the State Administration for Entry & Exit Inspection and Quarantine (SAEIQ)



- **Strategic Adjustment of Product Portfolio**
 - Stable growth at chestnut product segment to maintain market leader position
 - Focus on development and sale of convenience food products and turn the segment into a major future profit growth point
 - Gradually shift focus from frozen, canned, and bulk food segment. Revenue contribution of this segment will be decreasing
- **Focus on Domestic Sales**
 - Establish aggressive marketing campaigns to increase brand awareness of chestnut products and convenience foods products. Further develop company's brands into national names from the current regional status
 - Leverage the extensive distribution network to reach more domestic customers



Growth Strategy (Continued)

- **Increase Production Capacity through Leasing and OEM**
 - Will use OEM model and lease additional production lines to expand capacity
- **Strengthen Distribution Channels and Improve Cash Flow Management**
 - Transfer domestic sales to third-party agent to grab more market share with efficiency
 - Agents normally do not pay on credit, which improves cash position
- **Estimated Annual Revenue Growth by Segment in the Next 3 Years**
 - Chestnut: 10-15%
 - Convenience foods: 50-60%
 - Frozen, canned & bulk foods: <5%



Summary Income Statement

(\$ million)	Three months ended March 31		FY ended December 31	
	2009	2008	2008	2007
Revenues	21.2	17.4	132.4	82.1
Gross Profit	5.2	3.9	31.1	20.2
Operating income	3.0	2.8	20.9	14.7
Net income	1.8	1.7	14.7	9.7
Gross Profit Margin	24.4%	22.7%	23.5%	24.6%
Operating Margin	14.2%	16.0%	15.8%	17.9%



Summary Balance Sheet

(\$ million)	March 31, 2009	December 31, 2008
Cash and Cash Equivalents	12.2	2.8
Current Assets	74.2	63.5
Total Assets	118.4	107.7
Current Liabilities	47.4	39.4
Total Liabilities	48.0	45.1
Total Stockholders' Equity	70.4	67.7

Peer Valuation

	Ticker	Stock Price (\$)	Market Cap (\$ MM)	P/E (ttm)	P/S (ttm)	P/B (mrq)
American Lorain	ALRC	2.51	63.2	4.3	0.5	0.9
China Biotics Inc	CHBT	11.80	201.5	10.6	3.9	3.4
Synutra International	SYUT	11.36	613.5	N/A	1.8	6.5
Zhongpin Inc	HOGS	12.45	343.7	10.9	0.6	1.7
HQ Sustainable Marine Industries Inc.	HQS	8.63	104.8	9.4	1.5	1.2
Overhill Farms	OFI	5.00	79.1	8.1	0.4	2.9
Armanino Foods	AMNF	0.38	14.9	18.7	0.7	2.6
Average (excludes ALRC)				11.5	1.5	3.1

Source: Thomson June 12, 2009

ALRC, HOGS, HQS ttm March 31, 2009

OFI & AMNF ttm March 29, 2009; CHBT & SYUT ttm December 31, 2008



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Experienced Management Team

Mr. Chen Si
*Founder, Chairman,
and CEO*

Mr. Chen founded Shandong Lorain in 1994 and is an expert in the food sector with more than 20 years of industry experience. Prior to founding the Company, he worked for the county government where he was responsible for local agricultural economic development.

Mr. Jin Yilun, CFA
CFO

Mr. Jin has ten years of experience in the finance industry, of which six years were spent on Wall Street. Prior to joining American Lorain, he worked for Citigroup managing post IPO-stage U.S. listings of Chinese companies and played a critical role in the success of these companies. Mr. Jin obtained his MBA from Thunderbird School of Global Management in the U.S. and is a CFA Charterholder.

Mr. Lu Yundong
COO and Director

Mr. Lu joined Lorain in 1994 and has since held various positions with the Company. From February to August 2008, he served as General Manager of the Lorain Group Companies. Mr. Lu earned his MBA from Shandong University.



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Investment Highlights

Stable business model

Higher-than-sector-average gross margin

Extensive distribution network

Advanced technology and strict quality control

Experienced management team



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Thank You

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