



# AutoChina International Limited

(NASDAQ: AUTC)

## Conference Call Presentation First Quarter Financial Results – May 21, 2010



# Forward Looking Statement

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This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about the Company. Forward-looking statements are statements that are not historical facts. Such forward-looking statements, based upon the current beliefs and expectations of the Company's management, are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. The following factors, among others, could cause actual results to meaningfully differ from those set forth in the forward-looking statements:

- Continued compliance with government regulations
- Changing legislation or regulatory environments
- Requirements or changes affecting the businesses in which the Company is engaged
- Industry trends, including factors affecting supply and demand
- Labor and personnel relations
- Credit risks affecting the Company's revenue and profitability
- Changes in the “commercial vehicle” or “heavy truck” industry
- The Company’s ability to effectively manage its growth, including implementing effective controls and procedures and attracting and retaining key management and personnel
- Changing interpretations of generally accepted accounting principles
- Whether the transaction to sell the automobile dealership business is consummated
- General economic conditions
- Other relevant risks detailed in the Company’s filings with the Securities and Exchange Commission

The information set forth herein should be read in light of such risks. The Company does not assume any obligation to update the information contained in this presentation.

# Agenda for Today's Call

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Brief Business Overview

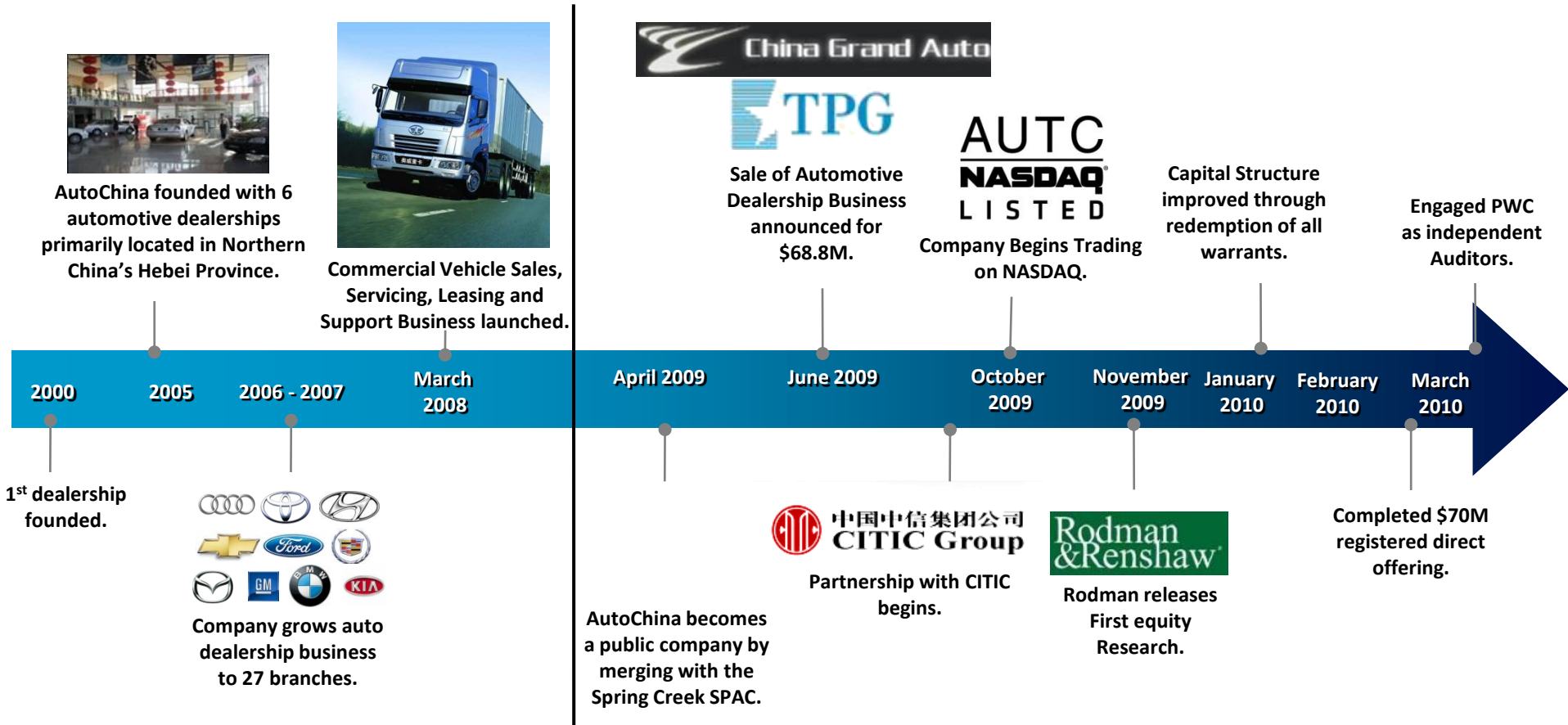
Market Discussion

Q1 Financial and Operational Highlights

Balance Sheet

Outlook for 2010

# The Transformation of AutoChina



# One-Stop Provider for Truck Owners and Owner-Operators

- AutoChina International Limited (AUTC) is China's largest one-stop commercial vehicle sales, service, leasing, and support network.
- As of today, the Company had 193 branches, and expects to have at least 275 by the end of 2010.
- The Company leased 7,564 commercial vehicles in 2009, and expects to lease around 12,000 vehicles in 2010.

## Financing Services

### Vehicle Financing



### Optional Value-Added Services

#### Tire Financing



#### Insurance Financing



#### Diesel Financing



## Administrative Services

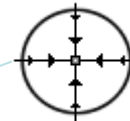


- Registration
- Licensing
- Permitting
- Insurance

## Store Support Network



## GPS Based Location Tracking



## Future Value Added Services



# AutoChina Store Locations

- Strong presence in Northern China
- 193 store locations in 17 provinces and province-level regions

## Map Legend:



AutoChina store presence



# Attractive Lease-to-Own Structure that Manages Risk



- Local store responsible for initial screening of new customers
  - If this screening is successful, formal application is made
- Corporate HQ must give final approval for all new customer
  - Approximately 50% of these formal applicants are rejected
- Minimum initial payment from first-time customers is 25% (historical overall avg. > 30%)
  - Customer has a significant vested interest
- Holds no inventory – trucks purchased only after deposits made
- 26-month lease-to-own structure
- Customers generally realize over 20% profit margin per vehicle
- Value-added services are bundled
- AutoChina is the legal owner of the vehicle during the lease. At the end of the lease, title transfers freely to the customer
- Should any problems arise, AutoChina owns the vehicle, so it can easily be taken back and sold

# Financial Results



# First Quarter Operational Highlights

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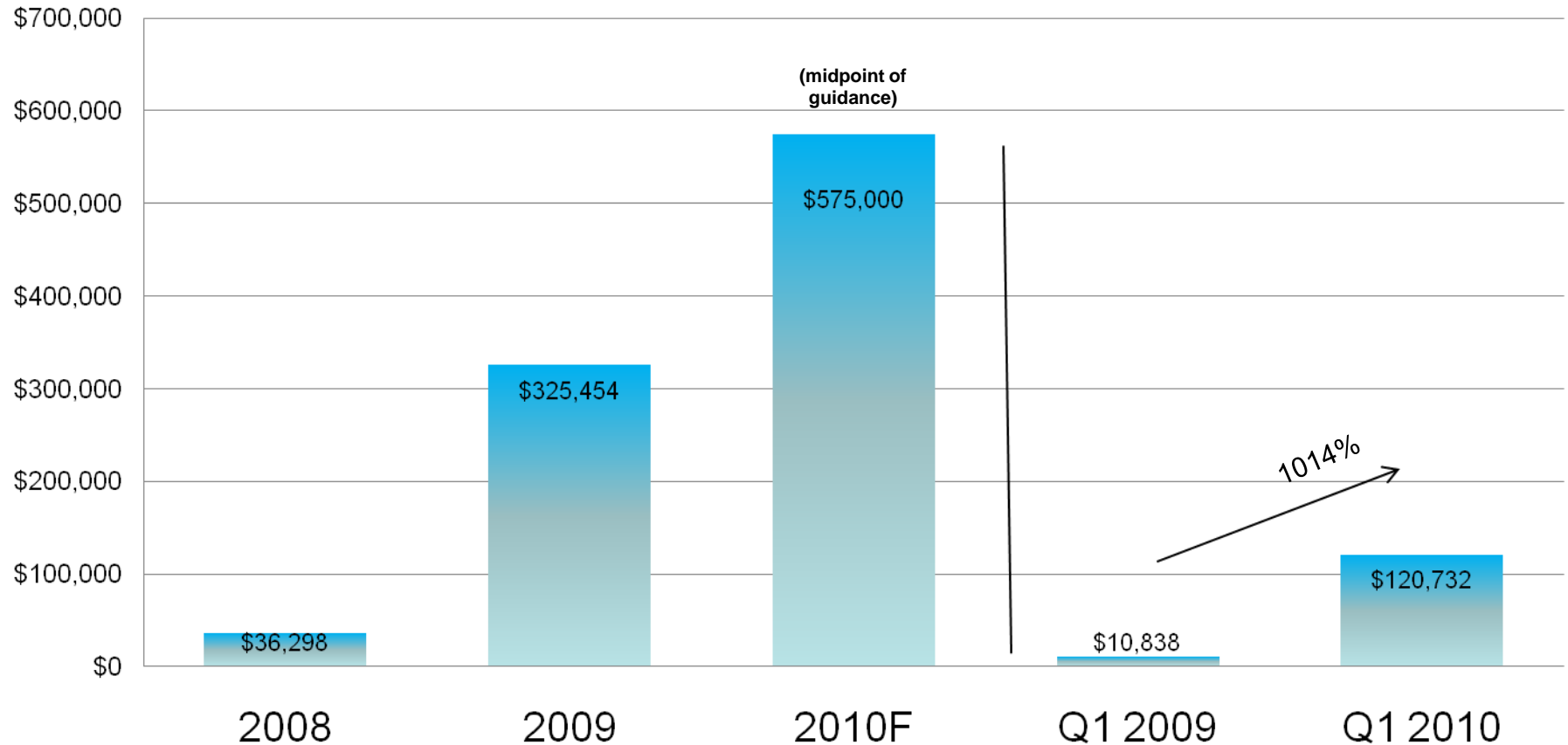
2,506 vehicles were financed in the first quarter of 2010 despite being the Company's slowest seasonal quarter, compared to 251 in the prior year period

Total number of commercial vehicle sales and leasing branches increased from 157 at December 31, 2009, to 180 at March 31, 2010 and 193 at May 21, 2010

# Revenue Breakdown

\$ in 000s

Revenue 2008-2010(F)

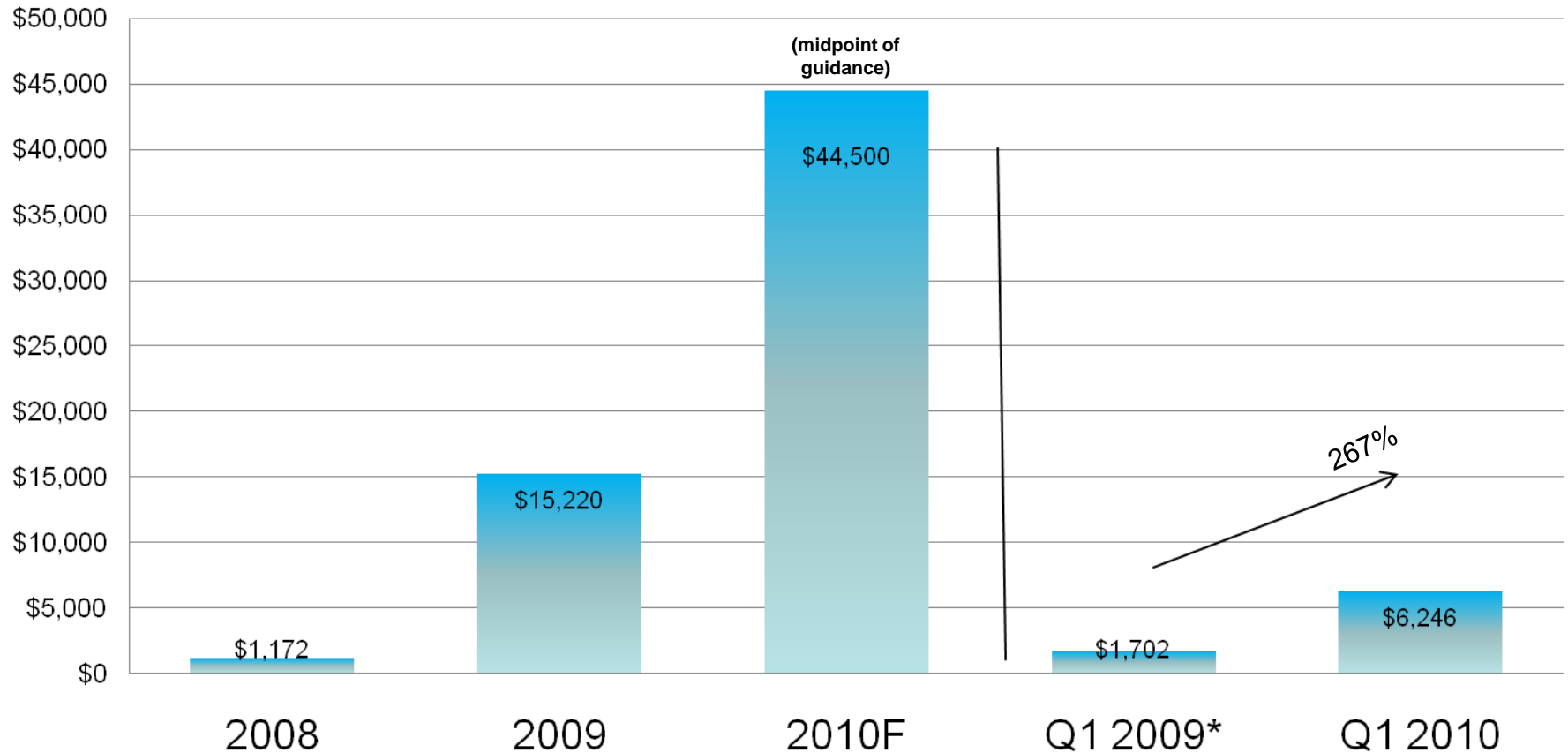


Source: Company data. 2010 based on the midpoint of issued guidance.

# Net Income Breakdown

\$ in 000s

Net Income 2008-2010(F)



Source: Company data. 2010 based on the midpoint of issued guidance.

\* Net income for the first quarter of 2009 included \$1.8 million in income from the Company's consumer automotive dealership business, which is now classified as a discontinued operation.

# Balance Sheet Discussion

(in thousands except share and per share data)

	March 31, 2010	December 31, 2009
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 95,170	\$ 36,768
Restricted cash	15,114	12,450
Notes receivable	1,340	220
Accounts receivable, net of provision for doubtful debts of \$504 and \$298, respectively	2,290	2,127
Inventories	583	118
Deposits for inventories	8,112	17,388
Prepaid expenses and other current assets	8,087	7,555
Current maturities of net investment in sales-type leases	154,775	123,413
Deferred income taxes	403	838
Total current assets	<u>285,874</u>	<u>200,877</u>
Property, equipment and leasehold improvements, net	2,207	2,103
Net investment in sales-type leases, net of current maturities	<u>116,633</u>	<u>93,164</u>
Total assets	<u>\$ 404,714</u>	<u>\$ 296,144</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Short-term bank loans	\$ 50,982	\$ 8,788
Trade notes payable	—	12,450
Accounts payable	2,649	3,610
Accounts payable, related parties	120,006	117,725
Other payables and accrued liabilities	3,509	2,968
Due to affiliates	28,767	38,246
Customer deposits	3,056	1,336
Income tax payable	1,844	2,023
Total current liabilities	<u>210,813</u>	<u>187,146</u>
Long term debt		
Deferred income taxes	<u>3,036</u>	<u>1,723</u>
Total liabilities	<u>213,849</u>	<u>188,869</u>
Shareholders' equity		
Preferred shares, \$0.001 par value authorized - 1,000,000 shares; issued - none	—	—
Ordinary shares - \$0.001 par value authorized - 50,000,000 shares; issued - 19,679,866 shares and 13,017,283 shares at March 31, 2010 and December 31, 2009, respectively; outstanding - 19,249,553 shares and 11,857,658 shares at March 31, 2010 and December 31, 2009, respectively	20	13
Additional paid-in capital	169,004	91,660
Retained earnings	21,175	14,929
Accumulated other comprehensive income	666	673
Total shareholders' equity	<u>190,865</u>	<u>107,275</u>
Total liabilities and shareholders' equity	<u>\$ 404,714</u>	<u>\$ 296,144</u>

# Outlook for the Year Ending December, 31 2010

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Company expects to lease over 12,000 vehicles in 2010

Operate at least 275 stores by the end of 2010

Revenue between \$550 million and \$600 million

Net income between \$42 million and \$47 million

# Thank You

**For More Information  
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