



Doosan Infracore

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2016 4Q Investor Meeting

Feb 2017



Disclaimer

This presentation contains preliminary figures which may be materially different from the final figures.

The financial information in this document are consolidated earnings results based on K-IFRS. Previous earnings results have also been restated in compliance with K-IFRS.

While the statements in this presentation represent our current assumptions plans and expectations and we believe these judgments are reasonable they are not guarantees of future performance and involve known and unknown risks uncertainties such as FX & raw material costs and other factors that may cause actual results to differ materially from the results performance achievements or financial position expressed or implied in this presentation.

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2016 Results

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2017 Outlook

2016 Results *

2016

- Although sales were down, EBIT increased significantly on the back of enhanced cost structure and margin improvement in DBI
- NP turned to positive due to increase in EBIT and lower financial costs stemming from gains on asset disposal

4Q16

- Though sales were comparable to last year, EBIT turned to positive substantially as a result of the continued positive impact of cost reduction actions
- In spite of one-off costs**, NP reduced loss due to increase in EBIT and lower financial costs

Results

(Unit : KRW billion)

| | 2015 | 2016 | YoY | 4Q15 | 4Q16 | YoY |
|----------------------|---------|---------|---------|---------|---------|---------|
| Sales | 5,964.9 | 5,729.6 | -3.9% | 1,382.4 | 1,375.5 | -0.5% |
| EBIT | -95.1 | 490.8 | TB | -193.9 | 100.3 | TB |
| EBIT margin (%) | -1.6% | 8.6% | +10.2%P | -14.0% | 7.3% | +21.3%P |
| (Net Financial Cost) | 260.7 | 218.5 | -16.2% | 60.2 | 50.7 | -15.8% |
| (F/X gains/losses) | -76.2 | -19.5 | | 15.0 | -50.2 | |
| Net Profit | -859.5 | 116.0 | TB | -613.0 | -227.2 | RR |

* Figures in this presentation, unless otherwise noted, are based on consolidated K-IFRS

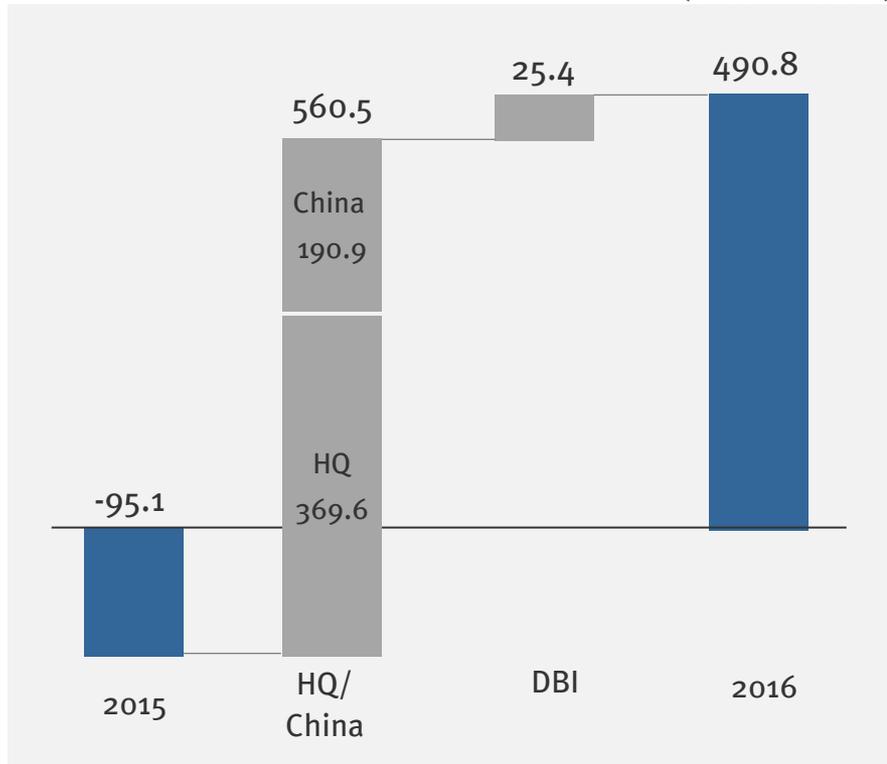
** Including IPO related costs of 108.0bil such as FI settlement and DBI EU restructuring costs of 34.4bil

Details of profitability improvement(2016)

- EBIT increased significantly due to ❶ improved cost structure and sales increase in China ❷ continued earnings improvement in DBI
- NP turned to positive on the back of EBIT increase and lower financial costs followed by gains on asset disposal

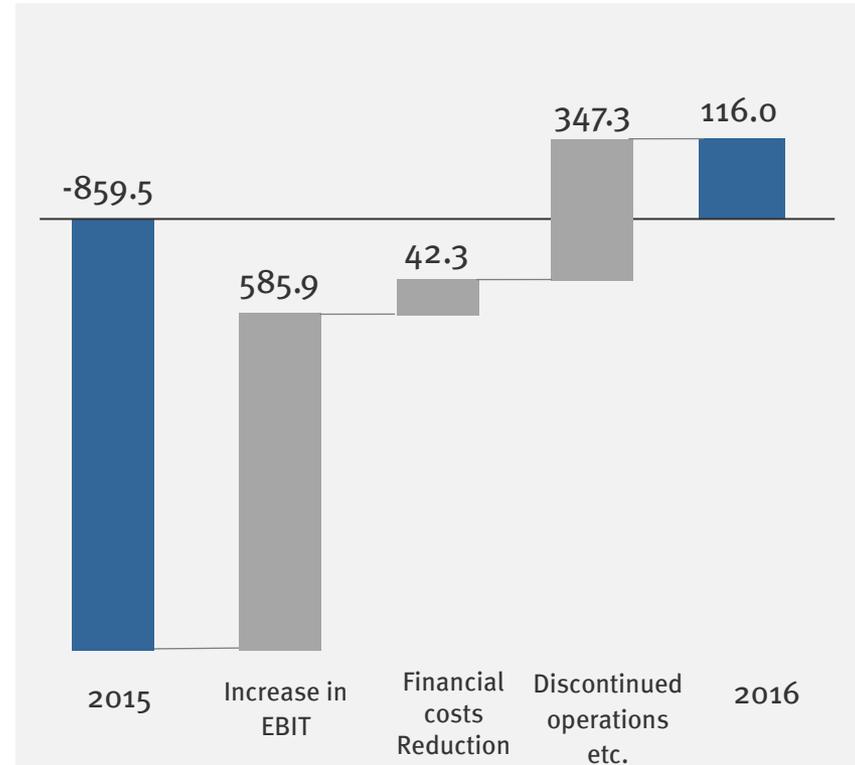
EBIT Improvement

(Unit : KRW billion)



Net Profit Improvement

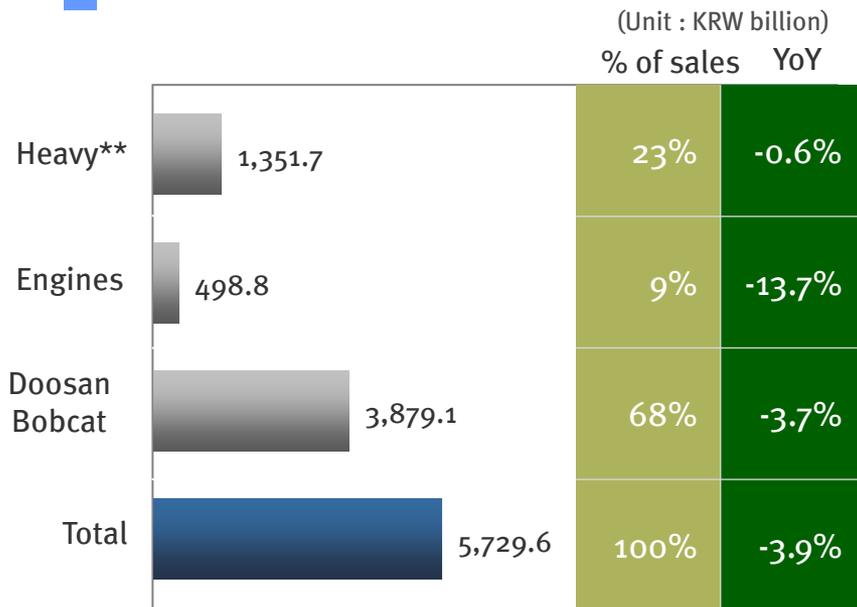
(Unit : KRW billion)



2016 divisional sales* & EBIT*

- Heavy : EBIT turned to black primarily due to improved cost structure and recovery in China
- Engines : While existing businesses such as generator engines, etc. were weak, EBIT rose due to improved cost structure and increase in internal sales
- Doosan Bobcat : Although sales were down due to broaden uncertainties including US presidential election, etc. EBIT increased thanks to continued favorable product mix in NAO and enhanced cost structure in EMEA

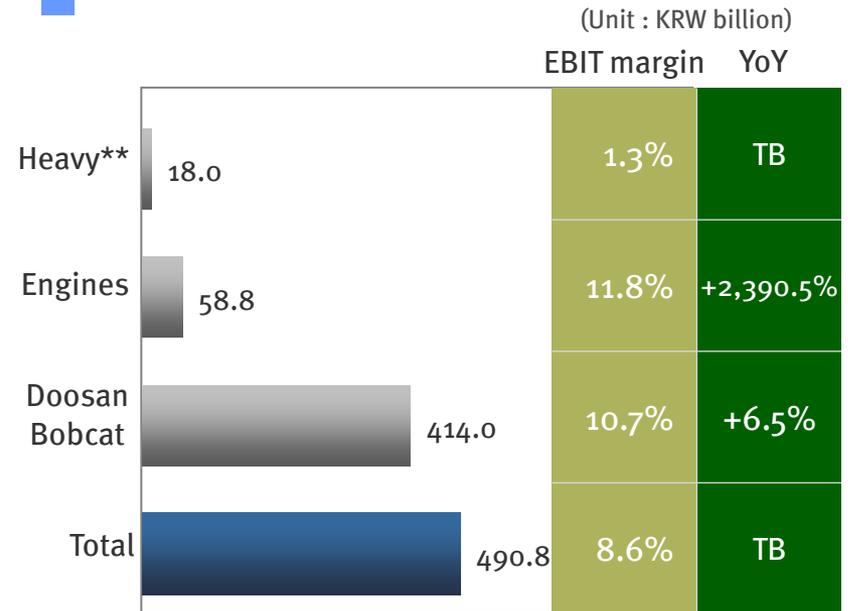
Sales



* Based on external sales

** Including APEM and China

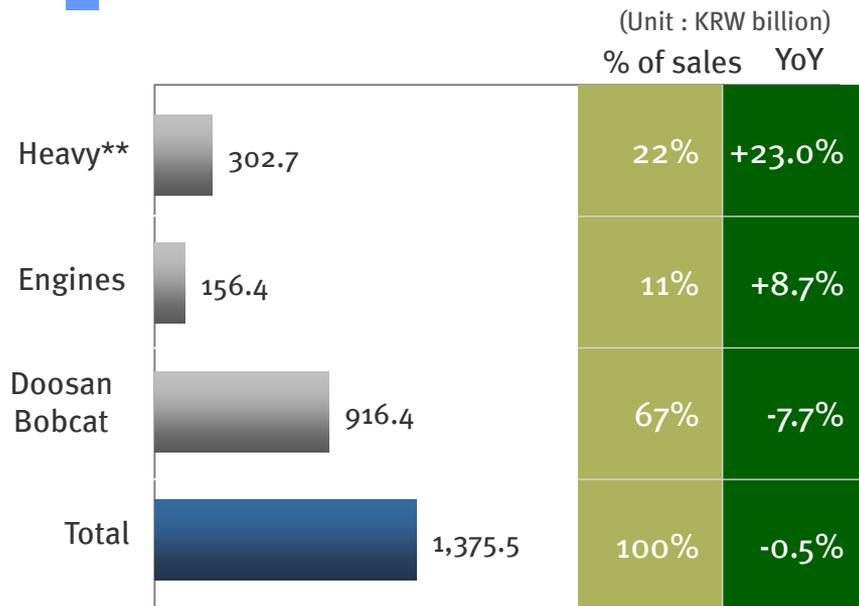
EBIT & Margin



4Q16 divisional sales* & EBIT*

- Heavy : Sales were up two consecutive quarters thanks to sales increase in China/Korea, continued recovery in EM, and EBIT turned to positive accordingly
- Engines : With the increase in sales on G2 for the 3rd party and defense industry products, EBIT improved significantly on due to continued favorable impact of enhanced cost structure
- Doosan Bobcat : While sales were down, EBIT increased due to continued favorable product mix in NAO

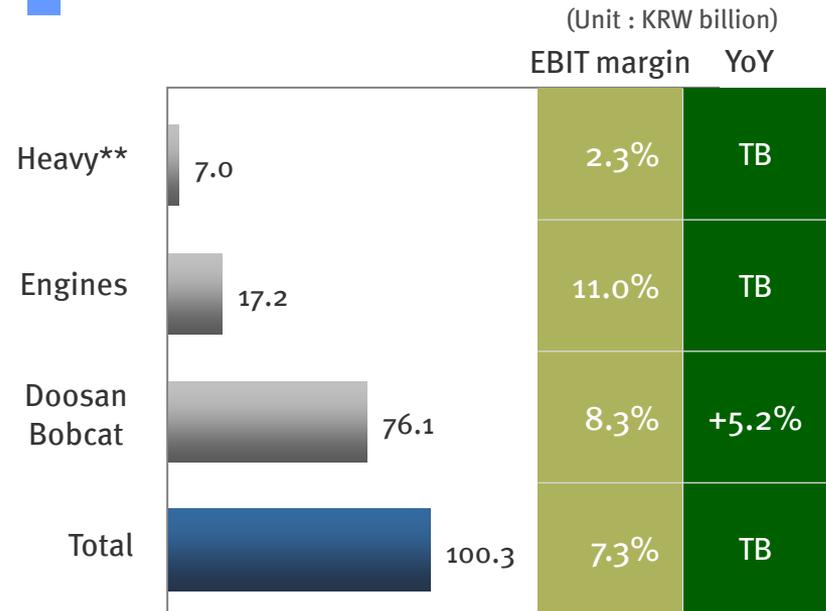
Sales



* Based on external sales

** Including APEM and China

EBIT & Margin

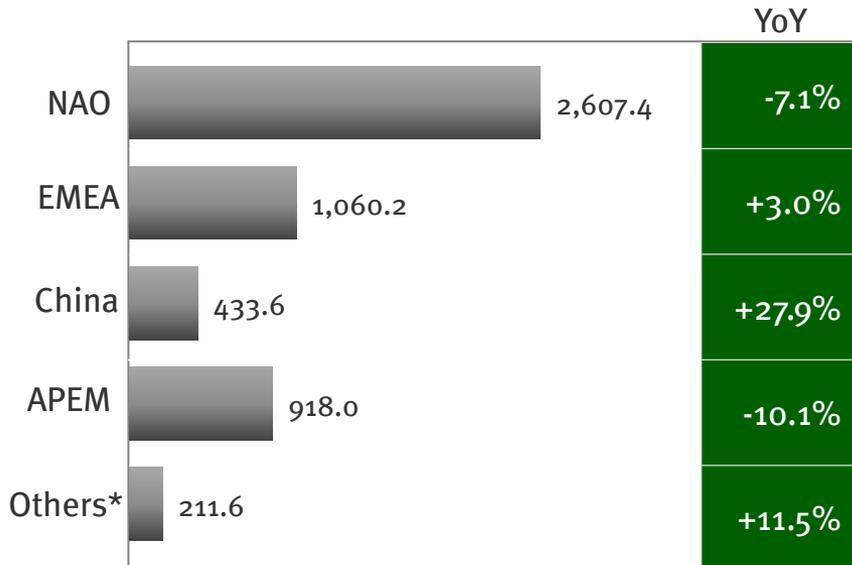


Construction equipment BG details

- NAO: Sales were up in 1H16 but down since 2H16 due to broaden uncertainties as US presidential election, etc.
- EMEA: Though varies according to regions, sales increased mainly due to Southern Europe and Heavy products
- China: Resulted a positive sales growth in five years followed by expanded volume growth in the second half
- APEM: Sales were deteriorated 1H16 but recovered in 2H16 thanks to increase in volume

CE regional breakdown(2016)

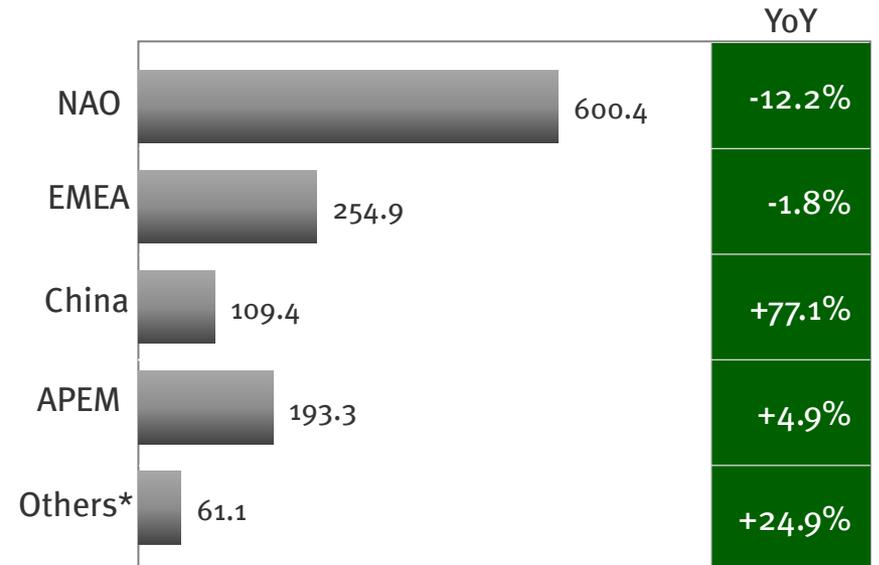
(Unit : KRW billion)



* Including sales from HQ and Compact sales from Asia/LA

CE regional breakdown(4Q16)

(Unit : KRW billion)



* Including sales from HQ and Compact sales from Asia/LA

Financial structure

- Despite the asset disposal(Machine Tool business) led to decrease in Total assets, leverage ratio improved lower than 200% stemming from reduction in debt
- Total equity rose due to increase in Net Profit and favorable currency translation

Balance Sheet

(Unit : KRW billion)

| | 2015 | 2016 | YoY(amount) |
|---------------------------------|-----------------|-----------------|-----------------|
| Current Assets | 3,876.0 | 3,049.6 | -826.4 |
| Fixed Assets | 7,507.2 | 6,977.2 | -530.0 |
| Total Assets | 11,383.2 | 10,026.8 | -1,356.4 |
| Total Liabilities | 8,280.2 | 6,578.4 | -1,701.8 |
| - Net Debt | 5,055.1 | 3,764.0 | -1,291.1 |
| Total Shareholders' Equity | 3,103.0 | 3,448.4 | +345.4 |
| Liabilities/Equity Ratio | 266.8% | 190.8% | -76.0%p |

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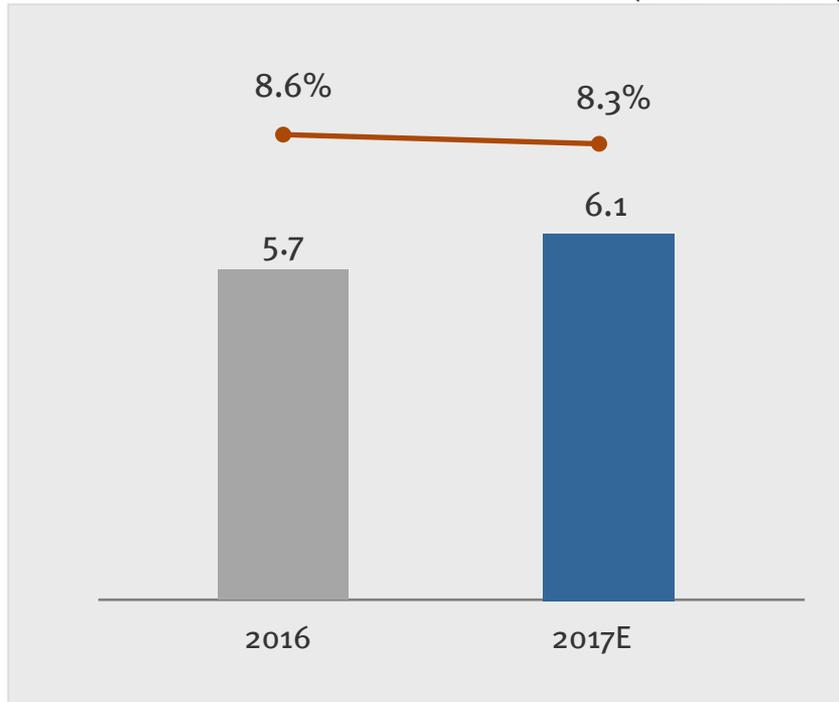
2017 Outlook

2017 outlook

- Given the growth in key regions, we forecast sales to be about KRW6.1tril, up 6% comparing the previous year
- EBIT is expected to be about KRW504.6bil, up 3% comparing the previous year, given the increase in costs such as labor costs, etc.

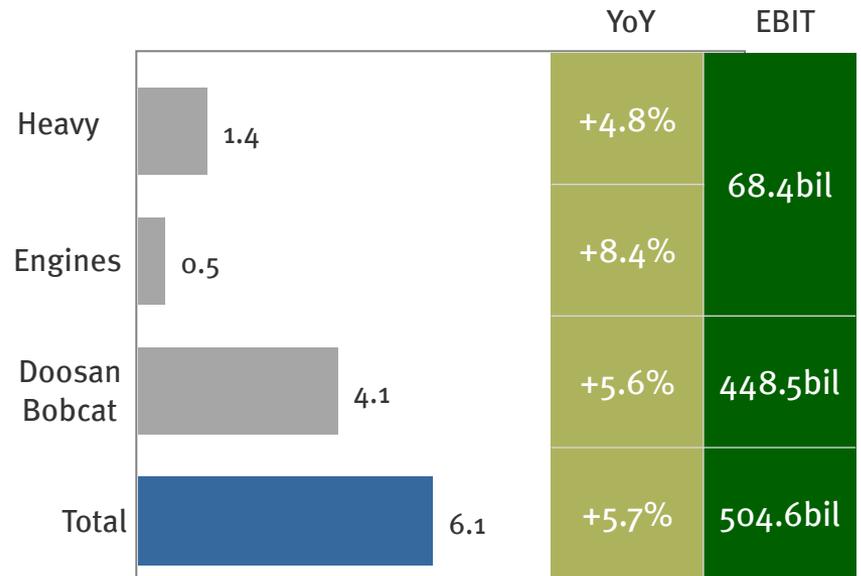
Sales and EBIT margin

(Unit : KRW trillion)



Sales and EBIT* outlook

(Unit : KRW trillion)

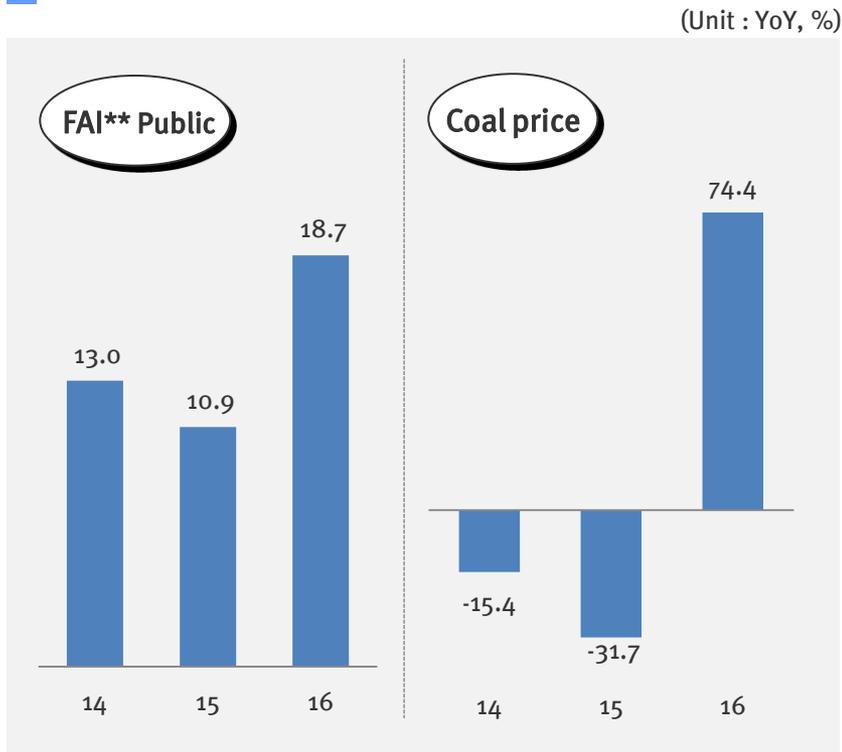


* EBIT before consolidated adjustment

Heavy (China)

- In spite of recovery in Fixed asset Investment and mining industry, the annual operation plan has been set conservatively, that is 70,000 units, up 11% comparing previous year

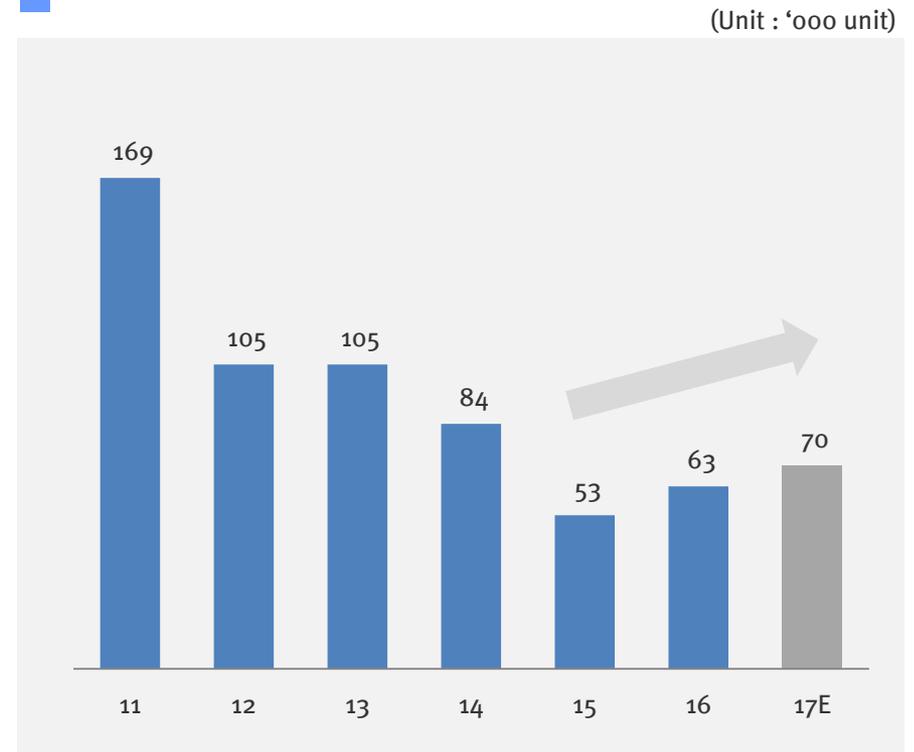
FAI & commodity price trend



* Source: Bloomberg, National Bureau of Statistics of China

** Fixed Asset Investment_ Public sector

Excavator market in China



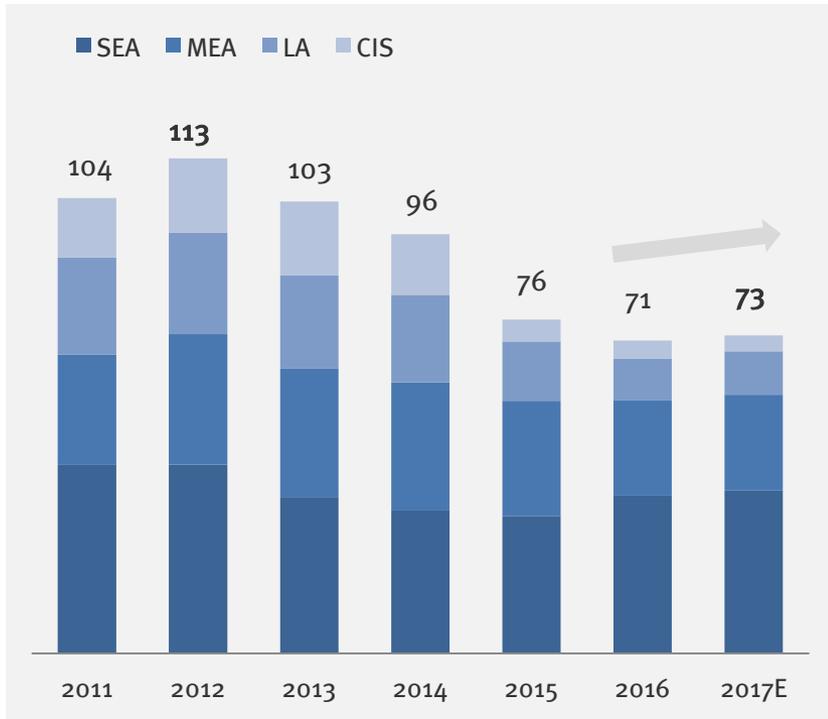
* Source: CCMA, Company data

Heavy (APEM)

- Although the global economic slowdown and declines in commodity prices resulted prolonged downturn, gradual recovery is anticipated from 2017
- As we strengthened our position by focusing on expanding coverage in untapped-emerging markets, we successfully penetrated the market with 93% coverage as of 2016

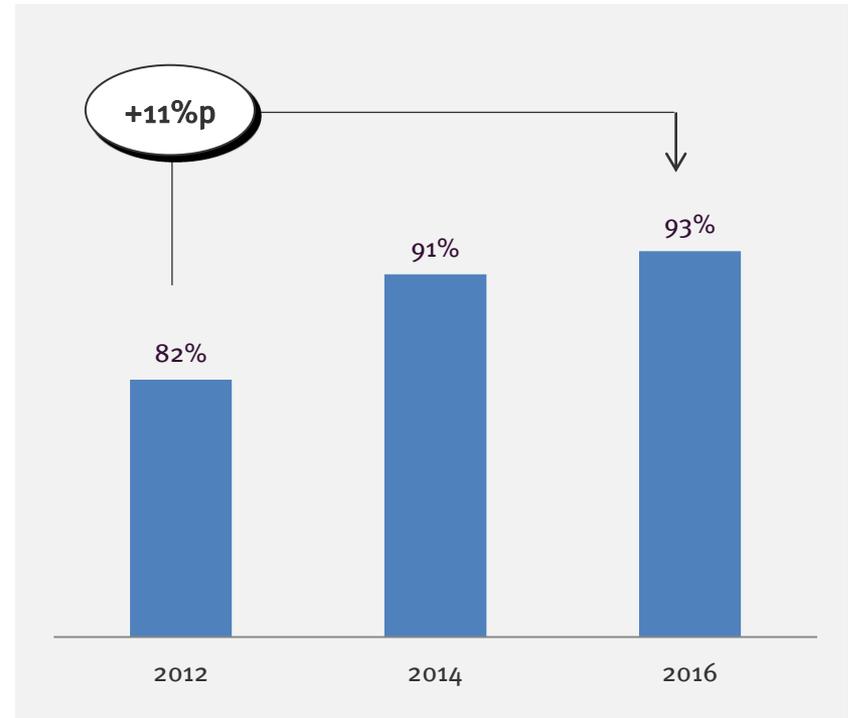
Emerging markets outlook

(Unit : '000 unit)



* Source: Company data

Coverage rate** in EM



* Source: Company data

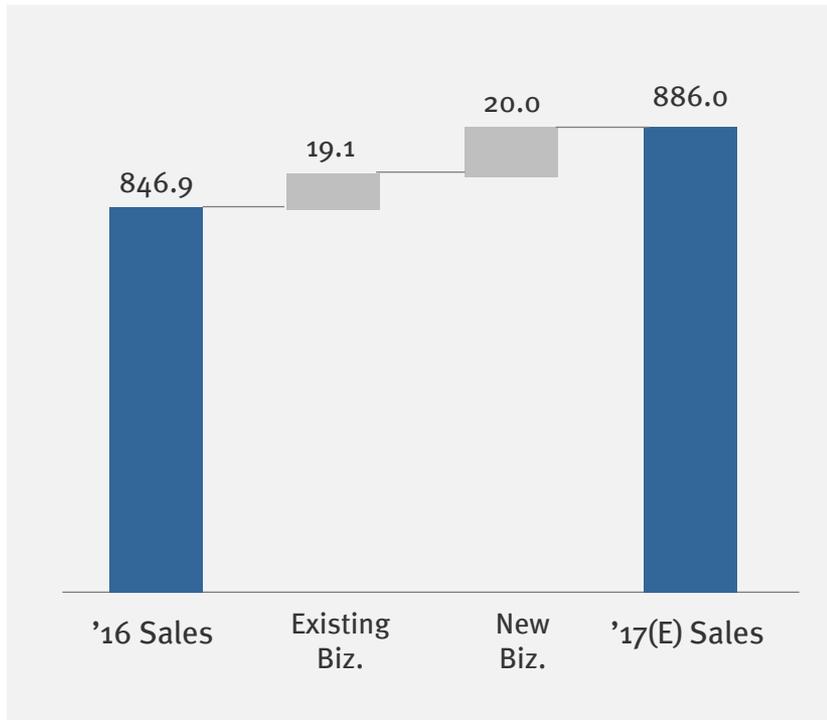
** # of countries with dealers/# of countries have more than 100 CE units

Engines

- We expect sales to be higher than the previous year as a result of increase in existing business such as captive sales in China/EM and commercial vehicles, as well as expansion of external sales of G2 engines and defense industry products
- We will secure future growth opportunity by taking preemptive marketing actions in the periods of the emission regulation shift

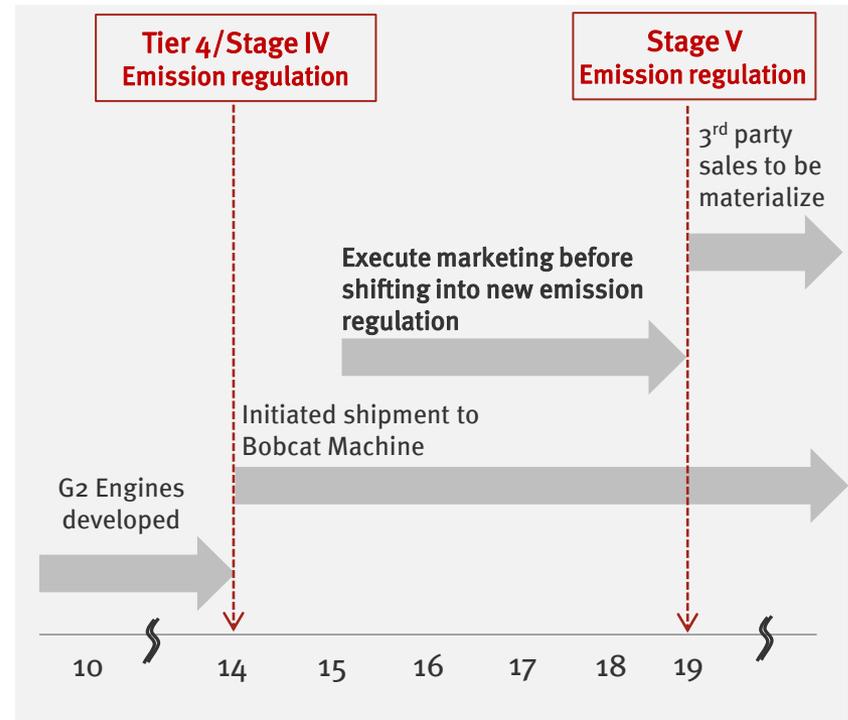
Sales outlook*

(Unit : KRW billion)



* Including internal sales

Business opportunity of G2 Engines

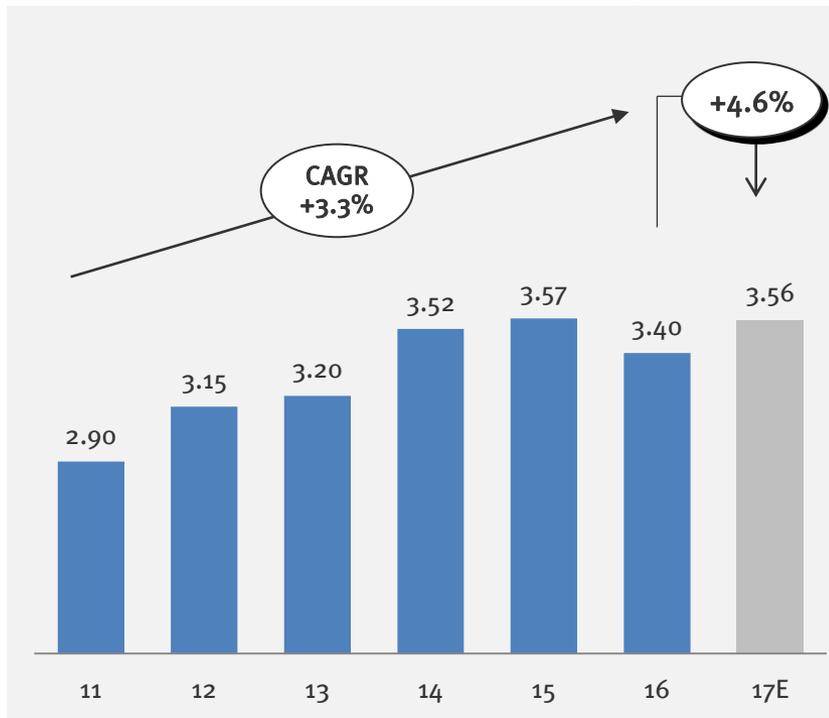


Doosan Bobcat

- Sales forecast to grow 5% year-on-year underpinned by ① market share gains and growth in emerging markets at a pace above North America and ② recovery in Heavy and Portable Power businesses
- EBIT expected to grow by 9% year-on-year as a result of continued product mix improvement in North America and positive impact from Europe's restructuring efforts

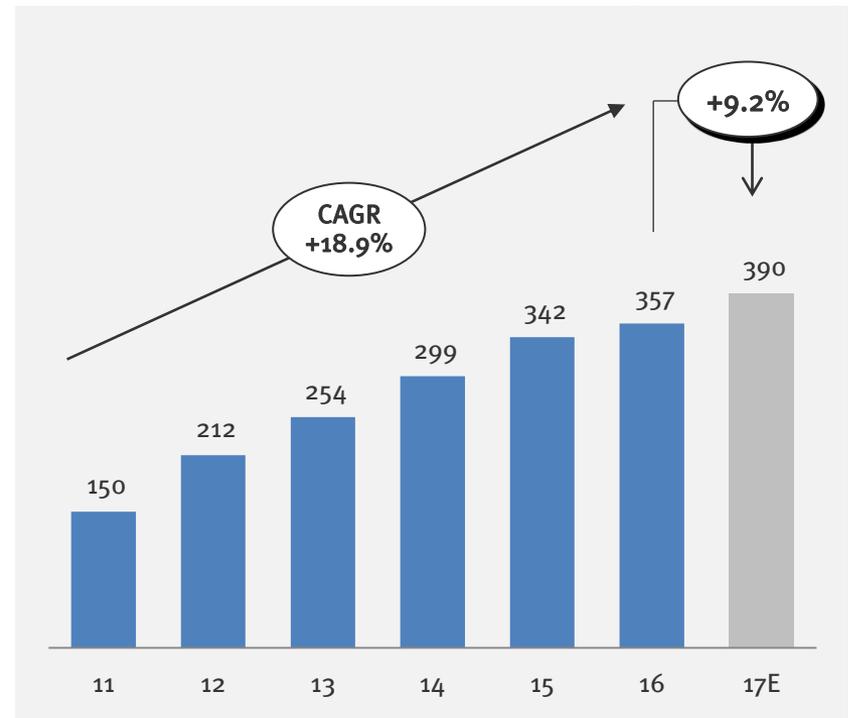
Sales outlook

(Unit : USD billion)



EBIT outlook

(Unit : USD million)



Business segment information

• China monthly sales volume and M/S

(Unit : unit)

| | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|------|--------|-------|-------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2014 | Market | 4,096 | 9,017 | 19,277 | 12,471 | 7,392 | 5,752 | 4,209 | 4,000 | 4,137 | 4,499 | 4,668 | 4,910 | 84,428 |
| | DI | 358 | 839 | 1,803 | 1,002 | 577 | 398 | 270 | 216 | 259 | 316 | 355 | 512 | 6,905 |
| | M/S | 8.7% | 9.3% | 9.4% | 8.0% | 7.8% | 6.9% | 6.4% | 5.4% | 6.3% | 7.0% | 7.6% | 10.4% | 8.2% |
| 2015 | Market | 3,437 | 2,417 | 11,995 | 8,837 | 5,120 | 3,555 | 2,600 | 2,529 | 2,689 | 2,987 | 3,249 | 3,460 | 52,875 |
| | DI | 179 | 153 | 828 | 613 | 360 | 250 | 165 | 163 | 198 | 191 | 191 | 235 | 3,526 |
| | M/S | 5.7% | 6.6% | 7.5% | 6.9% | 7.0% | 7.0% | 6.3% | 6.4% | 7.4% | 6.4% | 5.9% | 6.8% | 6.7% |
| 2016 | Market | 2,483 | 3,199 | 13,096 | 6,462 | 4,778 | 3,651 | 3,093 | 3,859 | 4,856 | 5,344 | 5,934 | 6,158 | 62,913 |
| | DI | 167 | 278 | 1,001 | 517 | 387 | 233 | 230 | 261 | 343 | 398 | 449 | 385 | 4,649 |
| | M/S | 6.7% | 8.7% | 7.6% | 8.0% | 8.1% | 6.4% | 7.4% | 6.8% | 7.1% | 7.4% | 7.6% | 6.3% | 7.4% |

• CE regional breakdown

(Unit : KRW billion)

| | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 2015 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 2016 |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| NAO | 682.6 | 730.8 | 709.9 | 684.0 | 2,807.3 | 662.1 | 756.8 | 588.1 | 600.4 | 2,607.4 |
| EMEA | 224.3 | 292.9 | 252.7 | 259.5 | 1,029.4 | 254.9 | 306.7 | 243.7 | 254.9 | 1,060.2 |
| China | 98.5 | 114.4 | 64.4 | 61.8 | 339.0 | 136.2 | 115.8 | 72.3 | 109.4 | 433.6 |
| APEM | 339.5 | 275.7 | 221.7 | 184.3 | 1,021.2 | 233.6 | 261.0 | 230.1 | 193.3 | 918.0 |
| Others * | 35.0 | 54.5 | 51.4 | 48.9 | 189.8 | 52.0 | 50.9 | 47.6 | 61.1 | 211.6 |
| TOTAL | 1,379.8 | 1,468.3 | 1,300.1 | 1,238.5 | 5,386.7 | 1,338.7 | 1,491.3 | 1,181.7 | 1,219.1 | 5,230.9 |

* Including sales from HQ and Compact sales from Asia/LA

[Appendix] Doosan Group Ownership Structure

[as of 2016]

