



Doosan Infracore

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2013 2Q Investor Meeting

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Disclaimer

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2Q13 Results

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Highlights

2Q13 results *

- Sales and EBIT declined YoY due to slowing global economy and resultant weaknesses in business environment.
- Nevertheless, sales and EBIT improved QoQ thanks to 1) recovery at DII and machine tools division 2) engine division turned to black and 3) in efforts to reduce cost .

Results

(Unit : KRW billion)

	2Q12	3Q12	4Q12	1Q12	2Q13	YoY	QoQ
Sales	2,332.7	1,859.4	1,776.0	1,789.3	2,181.6	-6.5%	+21.9%
EBIT	167.1	36.5	-25.3	57.2	121.2	-27.5%	+112.8%
EBIT margin (%)	7.2%	2.0%	-1.4%	3.2%	5.6%	-1.6%p	+2.4%p
(Net Financial Cost)	95.1	91.3	86.9	73.1	73.3	-22.9%	+0.3%
(F/X gains/losses)	-54.8	62.3	35.7	-27.8	-18.2	Reduced loss	Reduced loss
Income Tax**	-189.6	-25.2	-253.0	-7.9	29.7		
Net Profit	194.1	24.1	104.6	-77.0	-19.4	Turned to red	Reduced loss

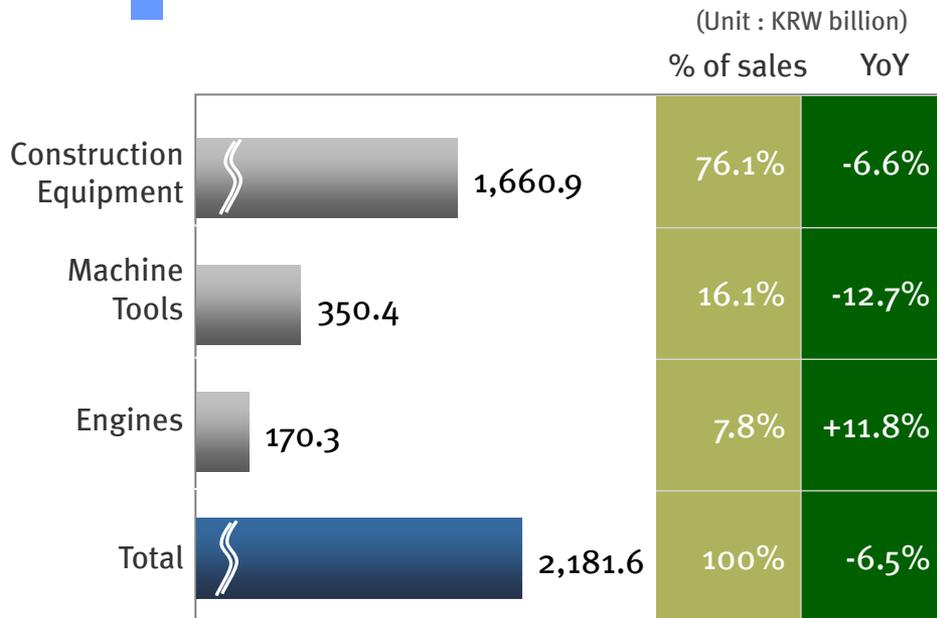
*Figures are based on consolidated K-IFRS.

** 2012 net profit includes tax profit of KRW395.6 billion from DII's deferred tax asset.(2Q: KRW204.5 billion, 4Q: KRW191.1 billion)

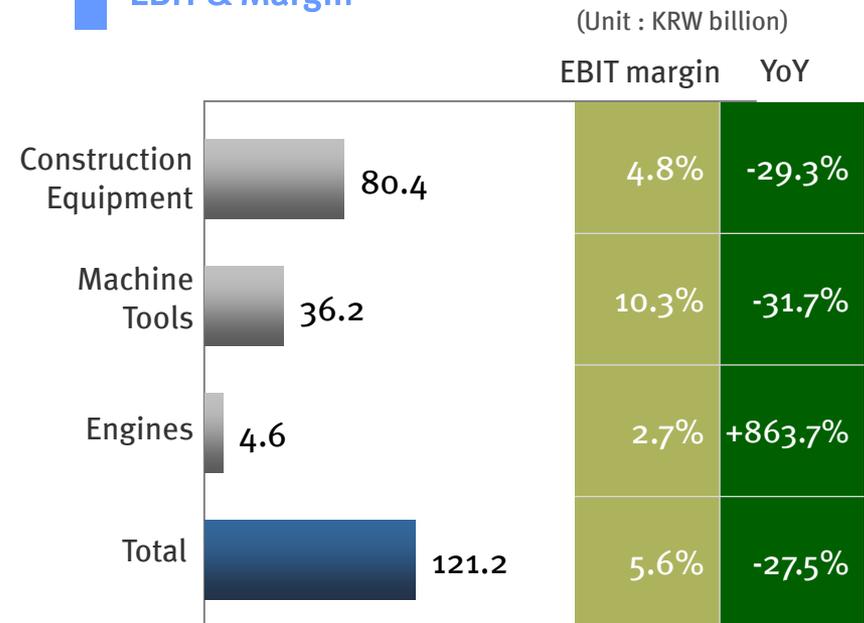
2Q13 divisional sales & EBIT *

- Although sales and EBIT of the construction equipment division decreased YoY due to representative regions were down, improved QoQ because,
 - Construction Equipment: recovery of production capability in NOA
 - Machine tools : increase in new orders and cost benefit from a weak Yen
- EBIT of engine division turned to black in five quarters thanks to increase sales in large generator engine.

Sales



EBIT & Margin

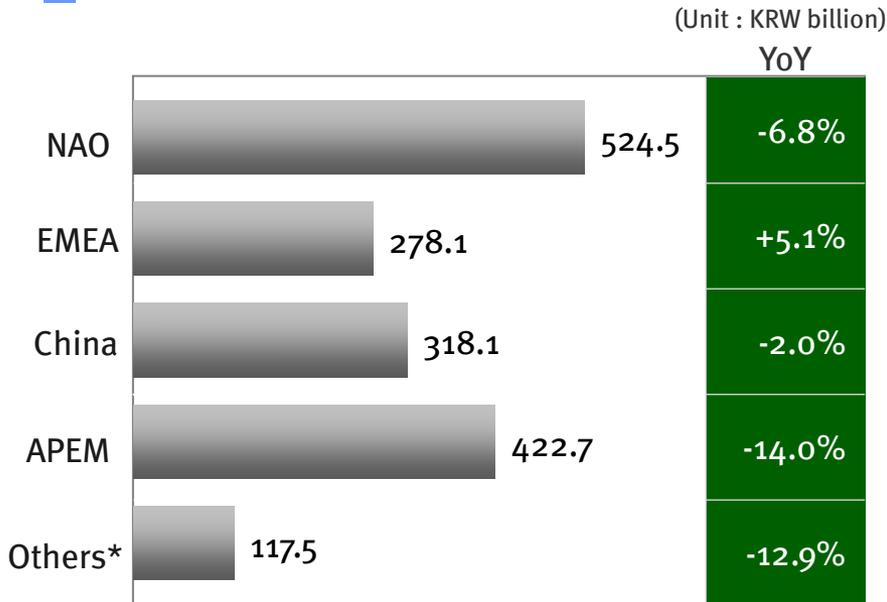


* Figures are based on consolidated K-IFRS

2Q13 construction equipment BG details

- Sales in NOA were down YoY but EMEA grew thanks to increase sales in large excavator.
- Although the number of units sold in China increased, sales were about the same YoY because the growth was mostly driven by mini/small-sized equipment.
- Sales in EM decreased due to the sluggish market condition.
- Performance at DII recorded a slight fall under the EMEA Restatement.

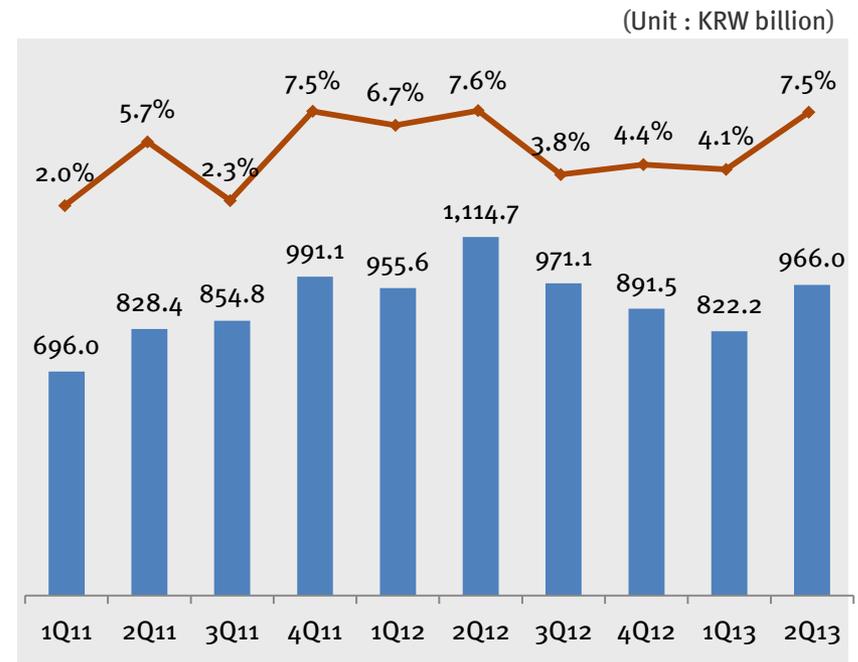
2Q13 Regional Breakdown



* Others include sales from DIPP, ADT and Headquarter

** APEM(Asia Pacific/Emerging Markets),
NAO(North America/Oceania),
EMEA(Europe/Middle East/Africa)

Quarterly sales and EBIT margin at DII



*2Q13 is under the restatement, whereas figures in past are under pre-restatement (EMEA Restatement: counting heavy equipment business in MEA to be in APEM sales)

** Net impact of Territory Transfer (- MEA Heavy / +CIS Compact) for 2Q12 is about -100.5 KRW billion

Financial structure *

- Total Assets and Liabilities increased by KRW 418.1 and 336.0 billion respectively due to
1) A/R increased and 2) net debt increased because of Won's weak and resultant impact on foreign-currency denominated debts.

Balance Sheet

(Unit : KRW billion)

	2011	2012	1Q13	2Q13	YoY(amount)
Current Assets	4,232.5	3,862.0	4,170.2	4,333.4	+163.2
Fixed Assets	7,471.2	7,683.0	7,872.8	8,127.7	+254.9
Total Assets	11,703.7	11,545.0	12,043.0	12,461.1	+418.1
Total Liabilities	9,394.5	8,536.2	9,055.6	9,391.6	+336.0
- Net Debt	5,344.4	5,504.9	5,705.0	5,870.9	+165.9
Total Shareholders' Equity	2,309.2	3,008.8	2,987.4	3,069.5	+82.1
Liabilities/Equity Ratio	406.8%	283.7%	303.1%	306.0%	+2.9%p

* Figures are based on consolidated K-IFRS

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Highlights

CE : Slowdown in China, strengthen countermeasures

- We expect China market to be equivalent to last year; 1H13 was down by 10%, 2H13 to be up by more than 20%.
- Anticipating the slow growth in China, we will utilize countermeasures to strengthen profitability by
 - 1) restructuring dealers and 2) enhancing productive efficiency.

DI's quarterly sales unit in China



Key initiatives for securing profitability and improving competitiveness

Efficient Channel

- Reorganize channel by restructuring dealers
- Strengthen dealer capability by promoting participation rate at markets and expanding regional coverage

Mgt. Efficiency

- Scale down operation to decreased demand
- Achieve efficiency by managing production/personnel at manufacturing plant for small-sized excavator

Portfolio Diversification

- Sales diversification on the back of expansion in AM and wheel loader business
- Greater after market sales by improving the after service (more than warranty benefit)
 - : make the best use of accumulated units sold in China (approximately 110,000)
- Expand exports of wheel loaders manufactured in China to EM such as CIS, MEA
 - : construct new and exclusive sales team and channel

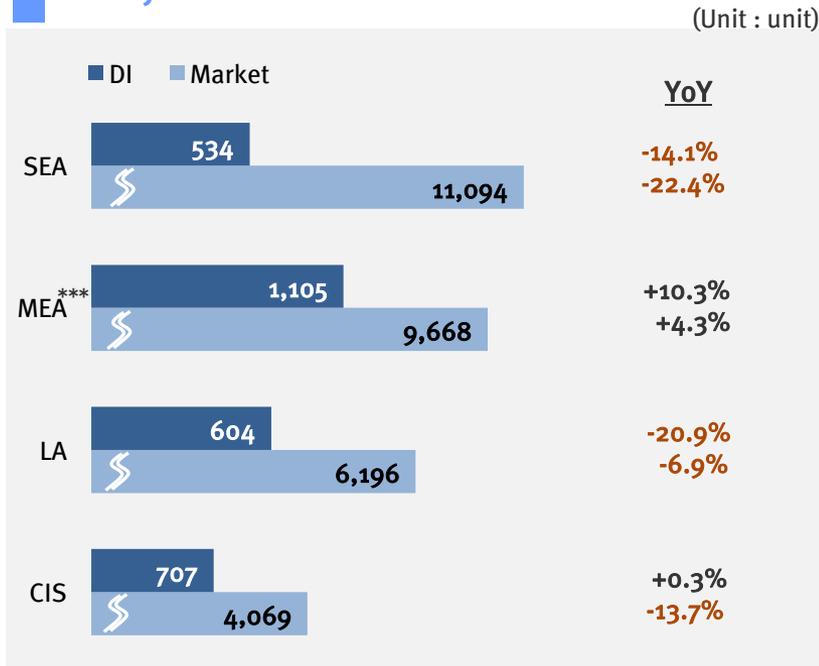
Products

- Launch 2 new large products in China (42, 48 tons)
- Gain awareness with successful launching show

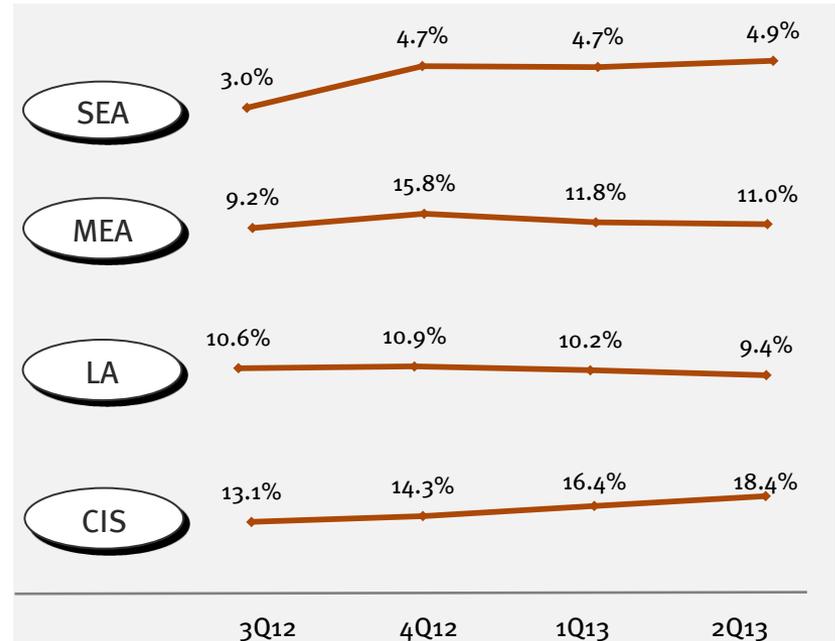
CE: Expect stronger competitiveness in emerging market

- We anticipate growth at MEA with the development plan and potential in mining industry in West Africa as well as forestry market at SEA.
- Key factors enable us to strengthen competitiveness in main regions in 2H13.
 - MEA: strengthen penetration by enhanced sales organization and additional dealer networks, greater AM sales by transferring AM center to according region.
 - Brazil: Build local business platform by completion of the plant, secure new clients followed by approval of FINAME*.
 - Indonesia: Launched forestry-specialized product(22tons) to penetrate untapped market.

Heavy excavator sales trend at EM**



Market Share trend at EM



*FINAME is a construction equipment financing program in Brazil. When purchasing a FINAME registered product, customers can take advantage of low interest rate financing

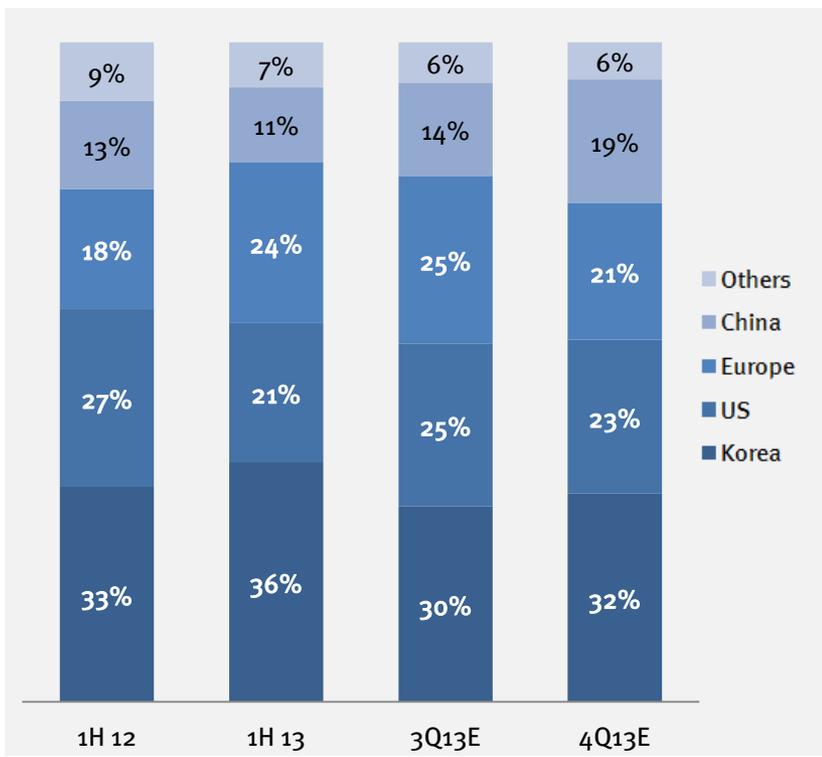
** SEA : Southeast Asia, MEA : Middle East & Africa, LA : Latin America

*** Heavy equipment business in MEA is to be counted as APEM sales from 2Q13

Machine Tools : order flow is constantly increasing with better outlook in 2H13

- Parts purchase price fell due to a weak Yen, We will continue to drive customized promotion according to regional investment trend.
- Bottomed out in 2H12, order flow is increasing and we expect better business environment in 2H13.

Sales breakdown by Region



New order trend and outlook



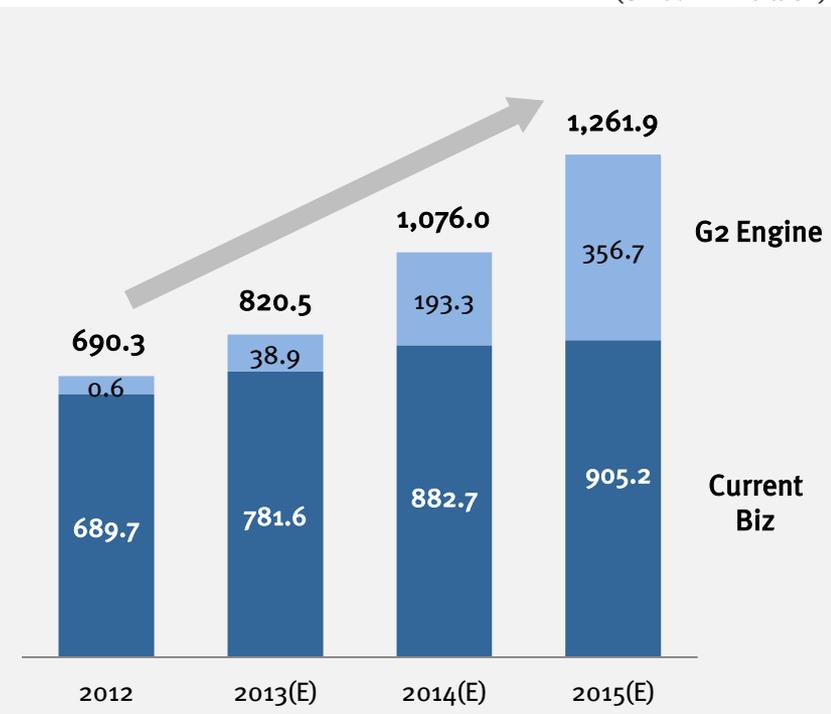
- Korea** With expectation of government stimulus in 2Q, PMI was above 50. Therefore, showed favorable investment trend in 1H.
- US** Due to the slowdown industrial production trend in 1H, 2013 US market is likely to decline YoY. but, we expect recovery in 2H considering positive auto/housing market, employment index.
- EU** Although German, the largest market in Europe is expected to be flat YoY, Hannover Deutsche Messe will bring positive impact in 2H.
- China** Due to the negative economic outlook, investment trend shrunk in 1H. However, we have better outlook in 2H than 1H on the back of recovery in auto industry from 2Q.

Engines : future growth driver, the new engine is about to start mass-producing

- EBIT of engine division turned to black in five quarters thanks to 1) increase sales in large generator engine and 2) most of the investment for G2 engine is finished. we expect generator industry to continually show favorable trend in 2H this year.
- We expect engine division to grow as a cash cow business with a full-fledged mass production of G2 engine which meets emission regulations for advanced market, Korea's first case.

Sales growth outlook of Engine BG*

(Unit : KRW billion)



* Includes inter-division transactions

Strategies by business

- Current Business**
 - Increase in sales from large generator engine biz.
 - Plan to expand large engine production facility (1,000 unit/per month → 1,200 unit /per month)
 - Maximize profitability and improve competitiveness by launching new models(output upgrade) in '14 .
- G2**
 - Short-term : Plan to supply to in-house equipments
 - Bobcat loader, Doosan forklift and mini-excavator & DIPP Air Compressor
 - Ensure stable business platform
 - Long-term : expand business opportunities, seeking external sales
 - agricultural machinery, forklift, generator
 - Creating extra revenue by volume increase
 - develop & supply engine to small industrial vehicles

