



Doosan Infracore

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# 2016 2Q Investor Meeting

Jul 2016



# Disclaimer

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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.

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**Highlights**

# 2Q16 Results \*

- Sales were similar to last year as favorable results in NAO and EMEA were sufficient enough to cover weakness in APEM
- EBIT improved significantly due to effects of the restructuring (HQ/China) and increase in sales at Doosan Bobcat
- NP increased considerably as a result of in/decrease in EBIT and interest costs as well as gain on MT sale

## Results

(Unit : KRW billion)

	2Q15**	1Q16	2Q16	YoY	QoQ
Sales	1,622.3	1,433.6	1,618.3	-0.2%	12.9%
EBIT	76.5	111.2	173.5	+126.8%	+56.0%
EBIT margin (%)	4.7%	7.8%	10.7%	+6.0%P	+2.9%P
(Net Financial Cost)	65.8	61.1	58.8	-10.6%	-3.8%
(F/X gains/losses)	-3.6	17.5	-15.1		
Net Profit	9.5	79.6	227.8	+2,297.9%	+186.2%

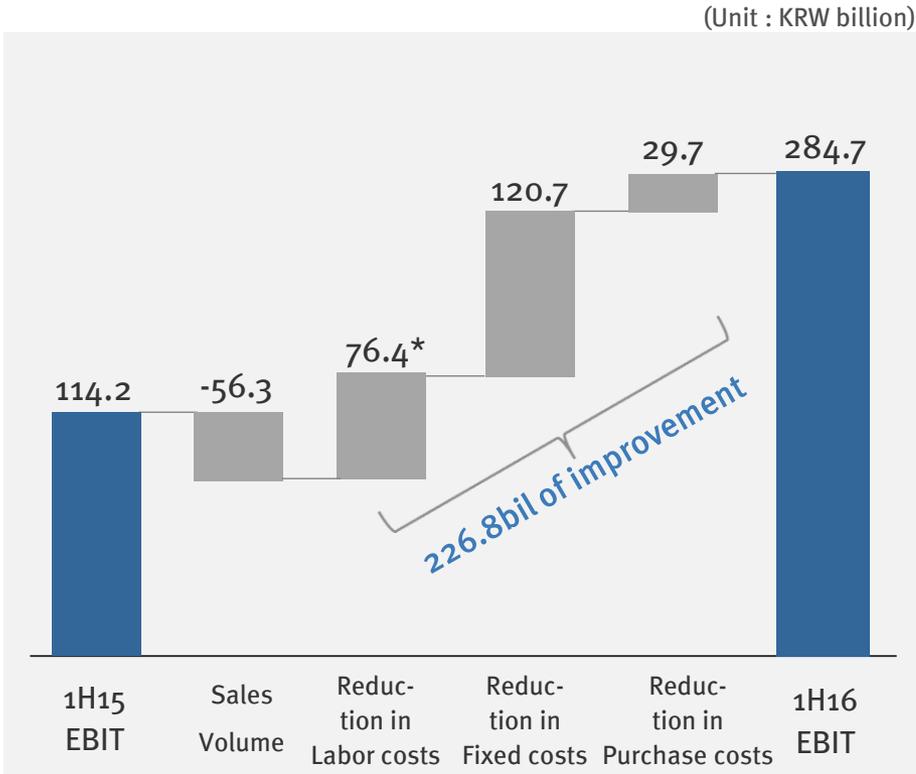
\* Figures in this presentation, unless otherwise noted, are based on consolidated K-IFRS

\*\* Restated to reflect MT equity carve-out

# Details in profitability improvement(1H16)

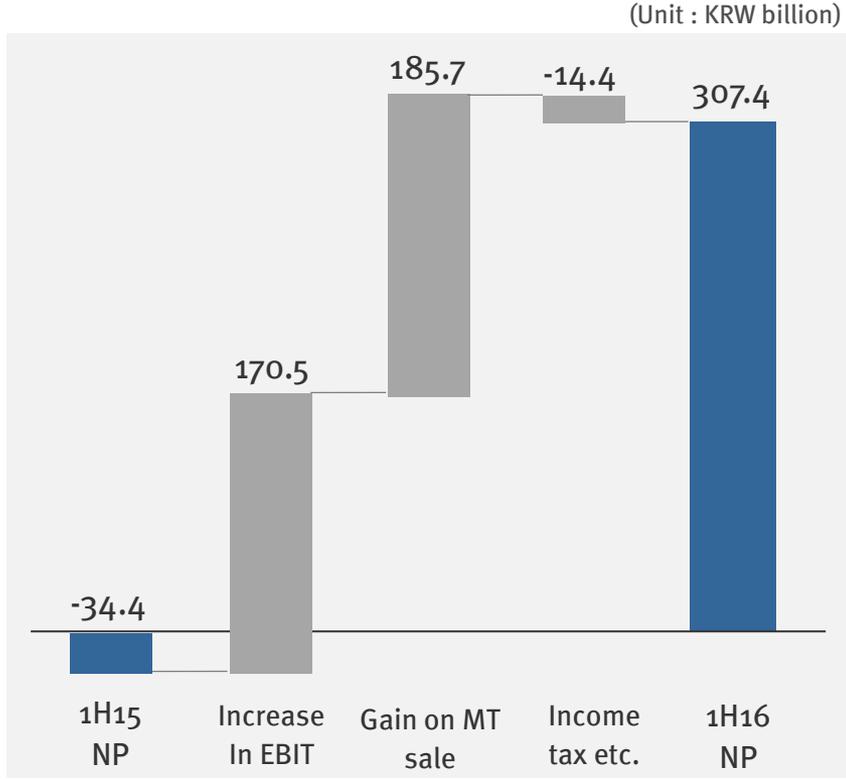
- EBIT improved significantly due to enhanced cost structure and cost savings from restructuring
- NP increased substantially as a result of increase in EBIT and gain on MT sale

## EBIT



\* Including one-time costs of 17.8bil, related to restructuring in 1Q15

## Net Profit

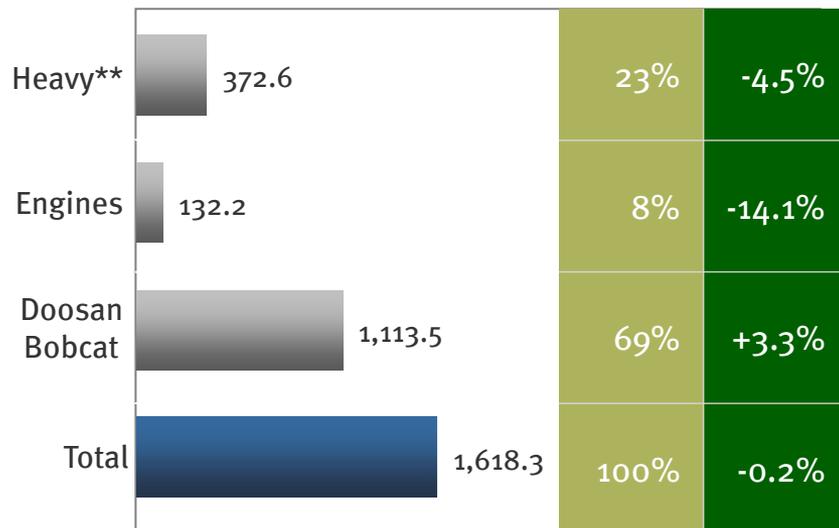


# 2Q16 divisional sales\* & EBIT\*

- Although sales in Heavy and Engine businesses fell, EBIT continued to improve substantially thanks to effects of the restructuring
  - Heavy: Sales decreased primarily due to continued weakness in emerging markets, but the degree of downturn has been alleviated
  - Engines: EBIT improved significantly due to increase in sales of G2 engines to Bobcat
- Doosan Bobcat maintained solid growth and improved in profitability on the back of expansion in higher margin products

## Sales

(Unit : KRW billion)  
% of sales YoY

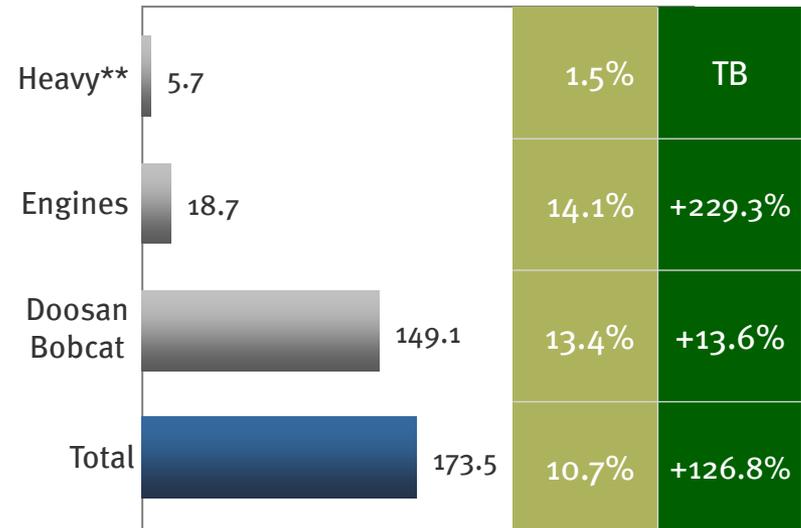


\* Based on external sales

\*\* Including APEM and China

## EBIT & Margin

(Unit : KRW billion)  
EBIT margin YoY

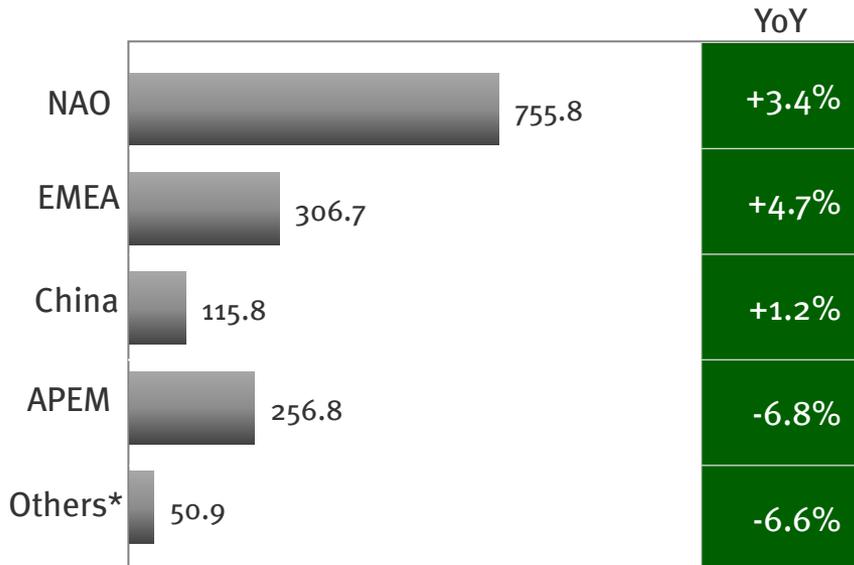


# Construction equipment BG details

- Sales in developed markets increase due to improvements in product mix and volume
- Despite the volumes were down in China, sales enhanced as a result of an increase in the price with T3 adaption
- Although APEM remained weak, the degree of downturn has been improved noticeably

## CE regional breakdown(2Q16)

(Unit : KRW billion)



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

## CE regional breakdown(1H16)

(Unit : KRW billion)



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

# Financial structure

- Debt to equity ratio is down to 211% primarily due to proceed from MT sale, which resulted substantial reduction in net debt

## Balance Sheet

(Unit : KRW billion)

	2015	1Q16	2Q16	QoQ(amount)
Current Assets	3,876.0	4,290.3	3,412.2	-878.1
Fixed Assets	7,507.2	6,975.9	6,920.0	-55.9
<b>Total Assets</b>	<b>11,383.2</b>	<b>11,266.3</b>	<b>10,332.2</b>	<b>-934.1</b>
<b>Total Liabilities</b>	<b>8,280.2</b>	<b>8,051.6</b>	<b>7,014.3</b>	<b>-1,037.3</b>
- Net Debt	5,055.1	4,971.6	4,069.5	-902.1
Total Shareholders' Equity	3,103.0	3,214.7	3,317.9	+103.2
<b>Liabilities/Equity Ratio</b>	<b>266.8%</b>	<b>250.5%</b>	<b>211.4%</b>	<b>-39.1%p</b>

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**2Q16 Results**

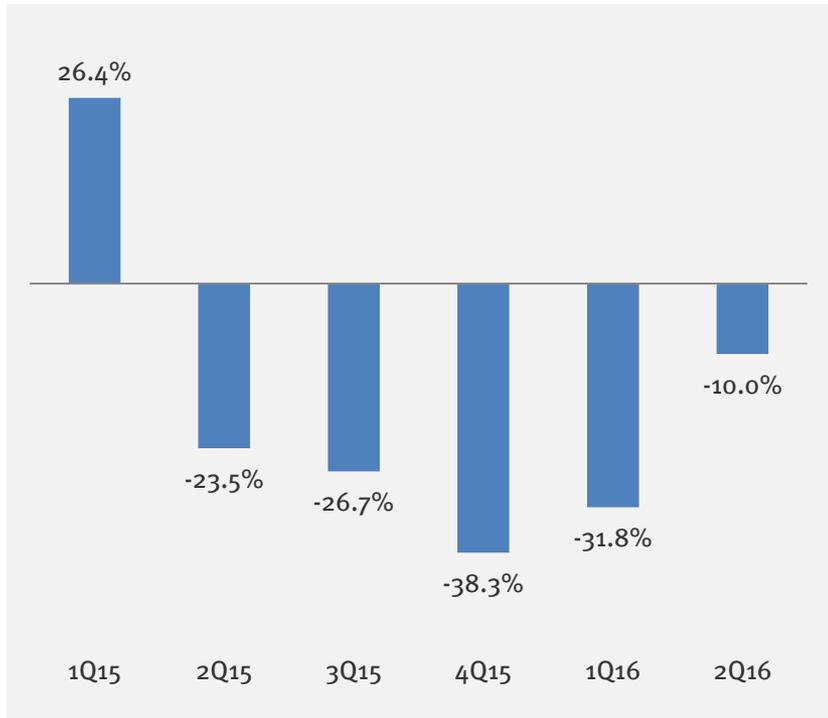
**2**

**Highlights**

# Heavy (APEM/China)

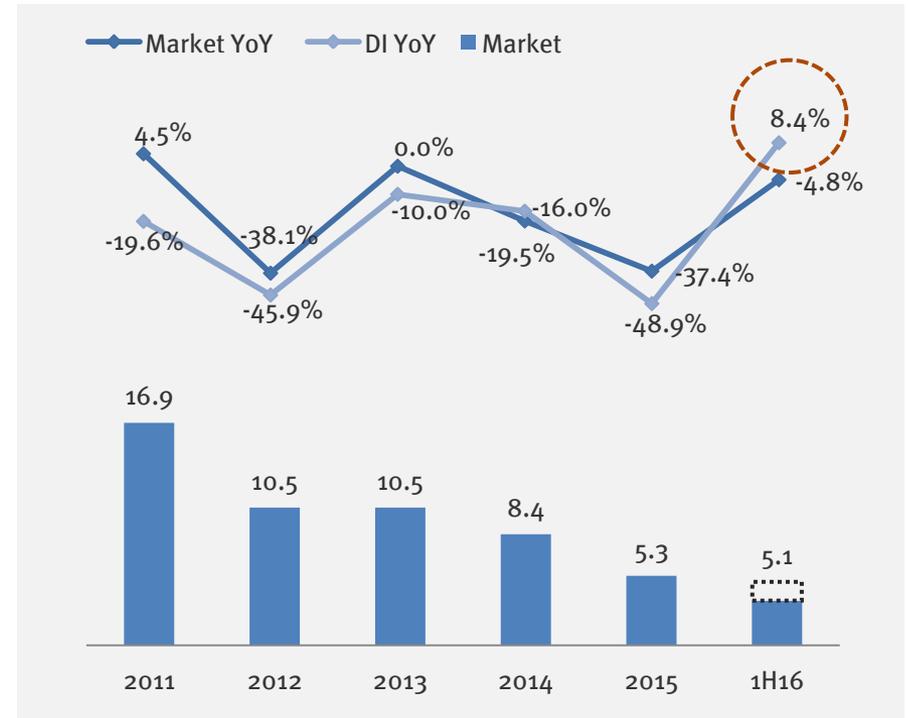
- The weakening oil prices had resulted a sharp decline in sales volume in APEM since 2H16, but the negative growth has lessened
- DI's excavator shipments in China showed positive growth in six years, and we outperformed the market by expanding market share

## APEM sales volume trend(YoY)



## Excavator shipments trend in China

(Unit : 10,000 units)

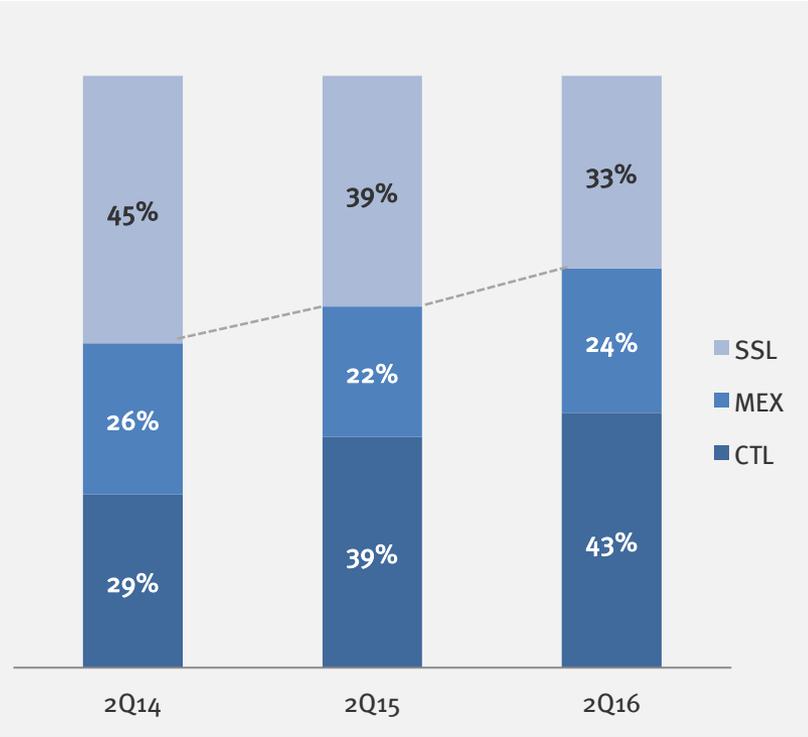


\* The total number of units in the market during 1H16: 33,669

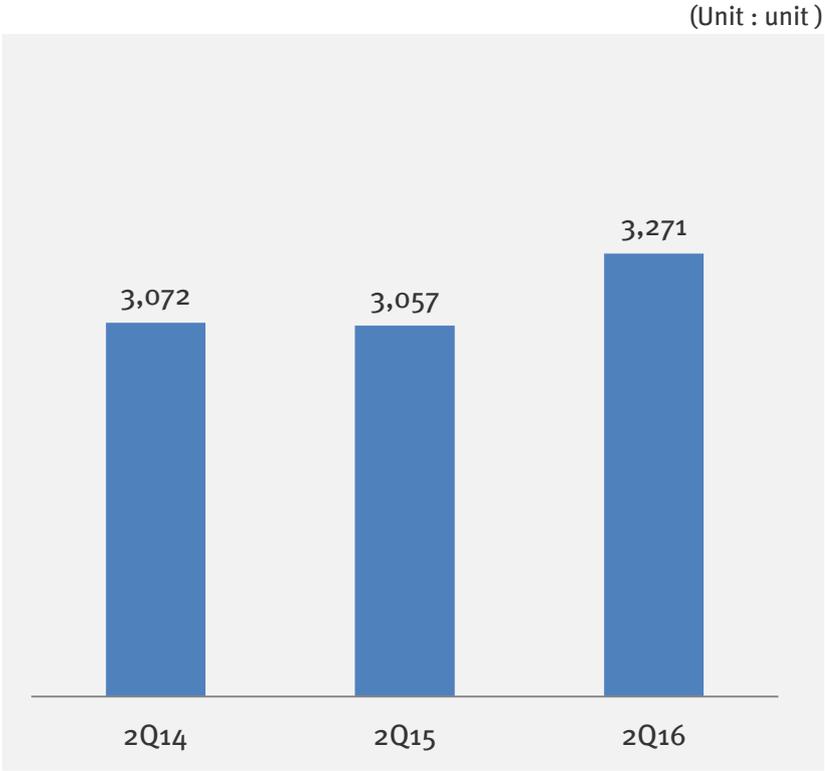
# Doosan Bobcat

- Doosan Bobcat maintained solid growth
  - NAO, primarily driven by expansion of product mix shift
  - EMEA, mainly due to enhanced cost structure and recovery in sales volume

NAO compact sales mix



EMEA compact sales trend

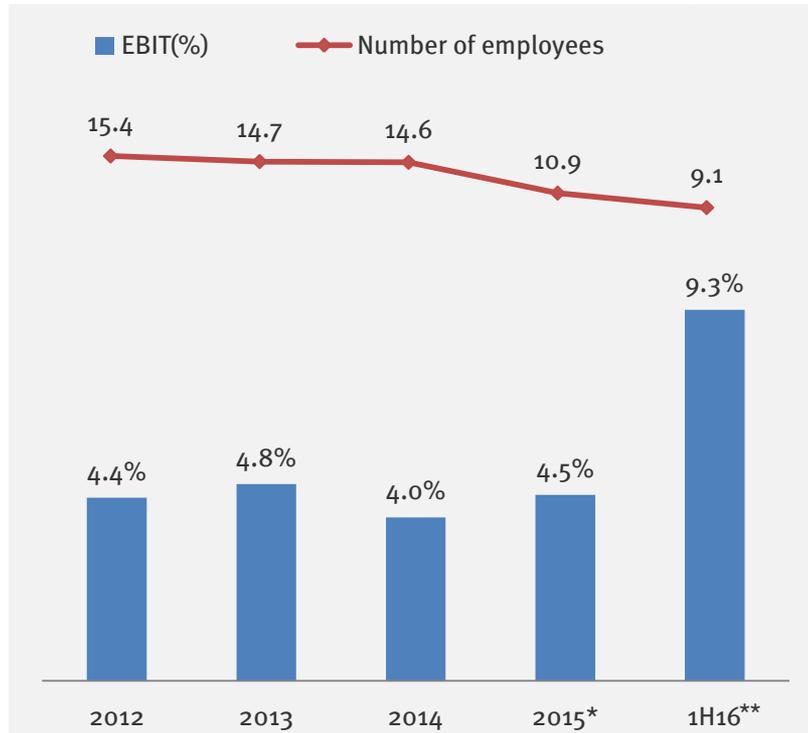


# Consolidated results

- The profitability improved significantly up to mid-9% on the back of enhanced cost structure from restructuring
- Decline in contribution of China has resulted less seasonality in financial results, and we anticipate comparable sales weight between 1H and 2H in 2016

## EBIT(%) and the workforce trend

(Unit : '000)

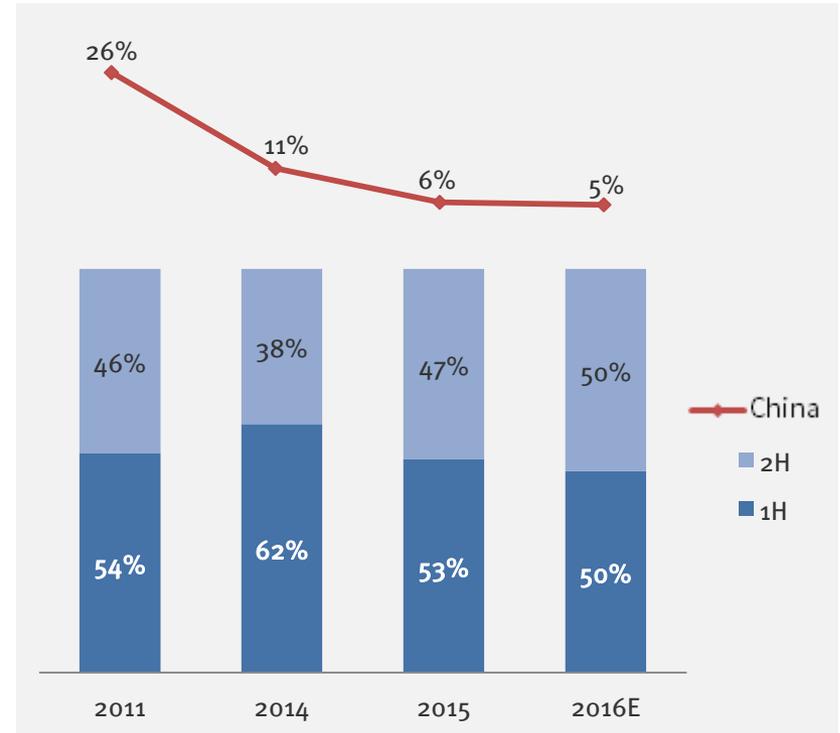


\* Normalized EBIT(%)

\*\* Excluding MT workforce

## Sales weight of 1H/2H and China contribution trend

(Unit : unit)



\* Excluding MT results

# 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							33,669
	DI	167	278	1,001	517	387	233							2,583
	M/S	6.7%	8.7%	7.6%	8.0%	8.1%	6.4%							7.7%

## • CE regional breakdown

(Unit : KRW billion)

	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16
NAO	682.6	730.8	709.9	684.0	2,807.3	663.1	755.8
EMEA	224.3	292.9	252.7	259.5	1,029.4	254.9	306.7
China	98.5	114.4	64.4	61.8	339.0	136.2	115.8
APEM	339.5	275.7	221.7	184.3	1,021.2	230.7	256.8
Others *	35.0	54.5	51.4	48.9	189.8	52.0	50.9
<b>TOTAL</b>	<b>1,379.8</b>	<b>1,468.3</b>	<b>1,300.1</b>	<b>1,238.5</b>	<b>5,386.7</b>	<b>1,336.8</b>	<b>1,486.1</b>

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

