



Doosan Infracore

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2020 2Q Earnings Release

July 2020



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.

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2Q20 Results

- Sales decreased 10% YoY due to global economic slowdown in the midst of COVID-19 pandemic.
 - Heavy : Revenue increased thanks to China, despite weakness in developed and emerging markets. Market share also improved in all regions.
 - Engine : Revenue decreased due to weaker sales volume in developed and emerging markets. Generator engine sales also declined in line with lower oil price.
- EBIT declined YoY due to sluggish trends in engine division and Bobcat.

Income Statement

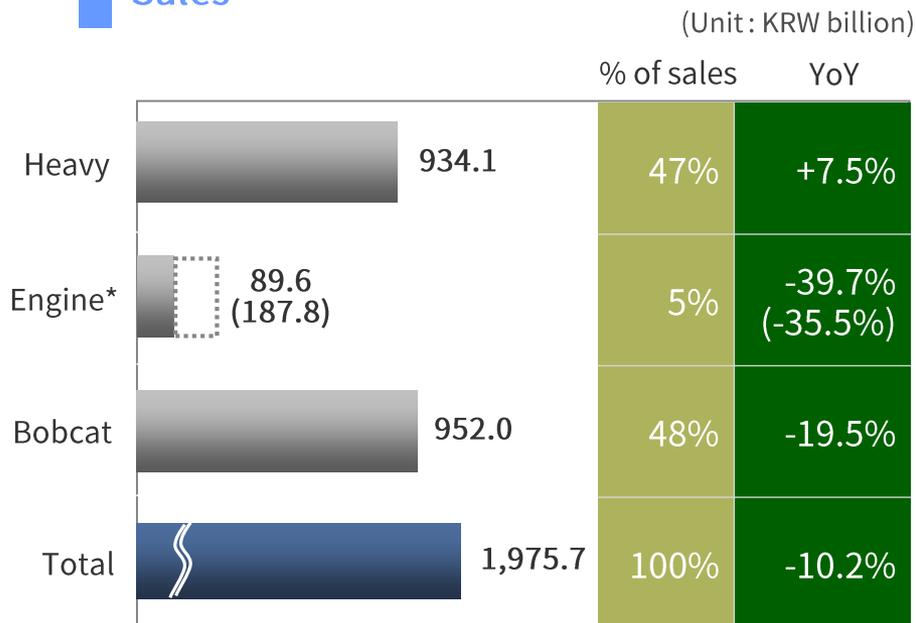
(Unit : KRW billion)

	2Q19	1Q20	2Q20	YoY	QoQ
Sales	2,200.0	2,009.3	1,975.7	-10.2%	-1.7%
EBIT	297.2	181.0	154.3	-48.1%	-14.8%
EBIT margin(%)	13.5%	9.0%	7.8%	-5.7%p	-1.2%p
(Net Financial Cost)	43.4	39.8	41.0	-5.5%	+3.1%
(F/X gains/losses)	0.5	3.0	-4.6	-	-
Pretax Profit	239.4	125.8	106.5	-55.5%	-15.4%
Net Profit	172.8	74.6	78.1	-54.8%	+4.6%

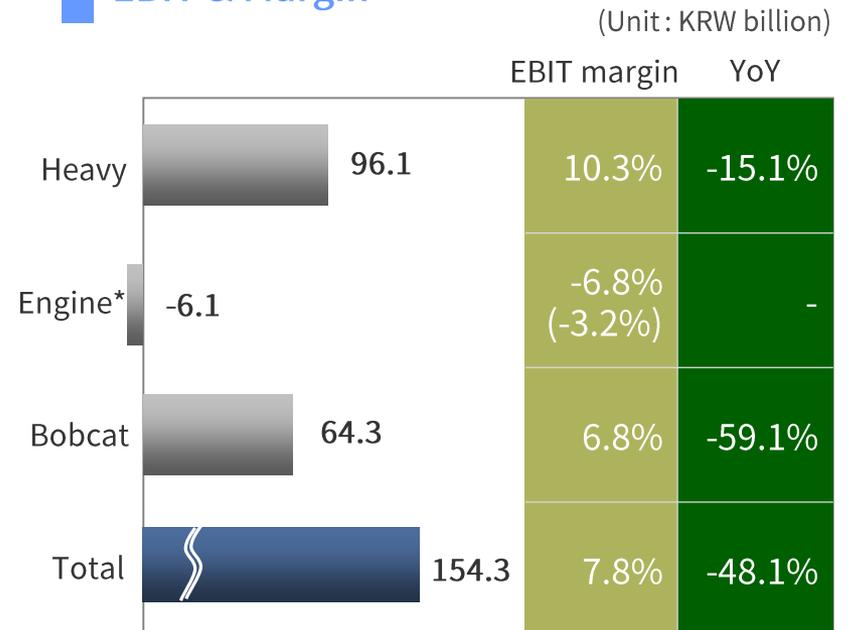
2Q20 Sales & EBIT by division

- Heavy : Developed and emerging markets were both affected by COVID-19 in 2Q20, however, sales increased thanks to strong market demand in China. Market presence was enhanced in both developed and emerging markets.
- Engine : Revenue and EBIT decreased YoY due to reduced sales volume from captive customers and generator engines, despite growing sales contribution from external G2 engine.
- Bobcat : Revenue decreased due to slow global demand, while EBIT declined due to lower sales and resultant fixed cost burden.

Sales



EBIT & Margin



* Numbers in parenthesis are based on total sales of engine business, which includes internal sales
 Note : Sales breakdown based on 3rd party revenue

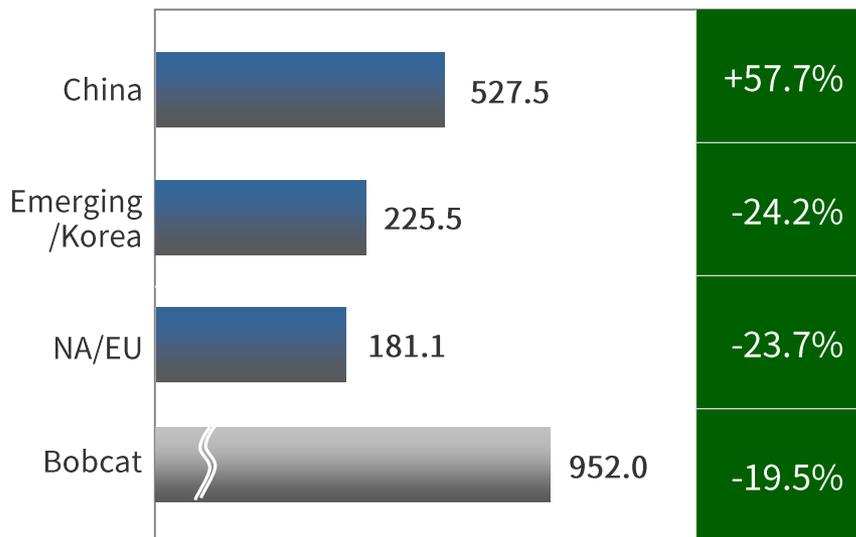
Regional breakdown (Construction equipment)

- China : Sales grew 58% YoY in 2Q thanks to China's infrastructure investment and seasonality.
- Emerging/Korea : Sales fell 24% YoY due to market slowdown following impact from COVID-19. We continued to focus our efforts on profitability and risk management.
- NA/EU : Demand in developed markets were also effected by COVID-19, however, we continued to increase market share in the region.

CE regional breakdown (2Q20)

(Unit : KRW billion)

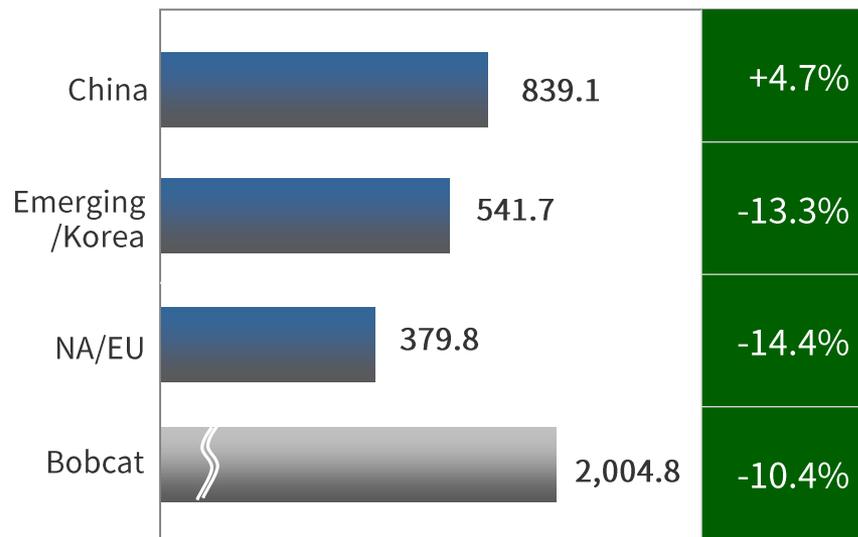
YoY



CE regional breakdown (1H20)

(Unit : KRW billion)

YoY



Financial structure

- Net debt increased by KRW236.5bn due to unfavorable impact from currency (KRW55.2bn) and increase in working capital during the high demand season.
- Liability/equity ratio deteriorated due to seasonality, despite improvement in net income and resultant increase in shareholders' equity.

Balance Sheet

(Unit : KRW billion)

	2018	2019	1Q20	2Q20	Compared to 2019
Current Assets	4,426.8	4,304.9	5,142.8	5,035.6	+730.7
Fixed Assets	6,602.3	7,033.7	7,312.9	7,299.4	+265.7
Total Assets	11,029.2	11,338.6	12,455.7	12,335.0	+996.4
Total liabilities	7,208.4	7,071	7,953	7,782.4	+711.4
- Net Debt	2,998.9	3,022.7	3,363.7	3,259.2	+236.5
Total shareholder's Equity	3,820.8	4,267.6	4,502.7	4,552.6	+285.0
Liabilities/Equity Ratio	188.7%	165.7%	176.6%	170.9%	+5.2%p
Net Debt/Equity Ratio	78.5%	70.8%	74.7%	71.6%	+0.8%p

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1 2Q20 Results

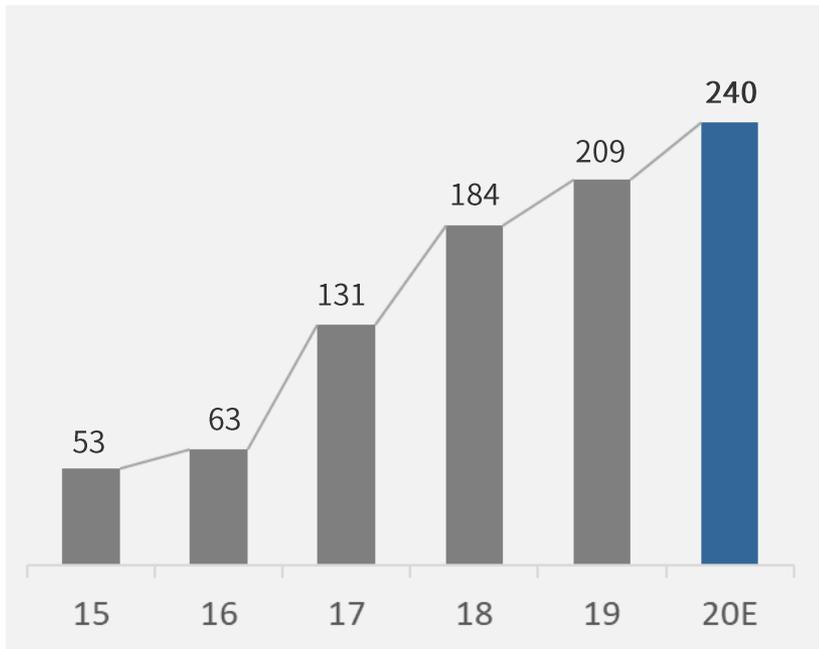
2 Highlights

Heavy (China) – Enhanced competitiveness amidst strong growth

- Despite impact from COVID-19, equipment utilization rebounded from March and market demand grew 71% YoY in 2Q20.
- China's excavator market is forecasted at 240K units in 2020 in view of stimulus measures. We continue to expect solid demand in 2021 with the upcoming tightening of environmental regulation.
- We have consistently gained market share amongst foreign brands, which mainly target financially sound customer base.

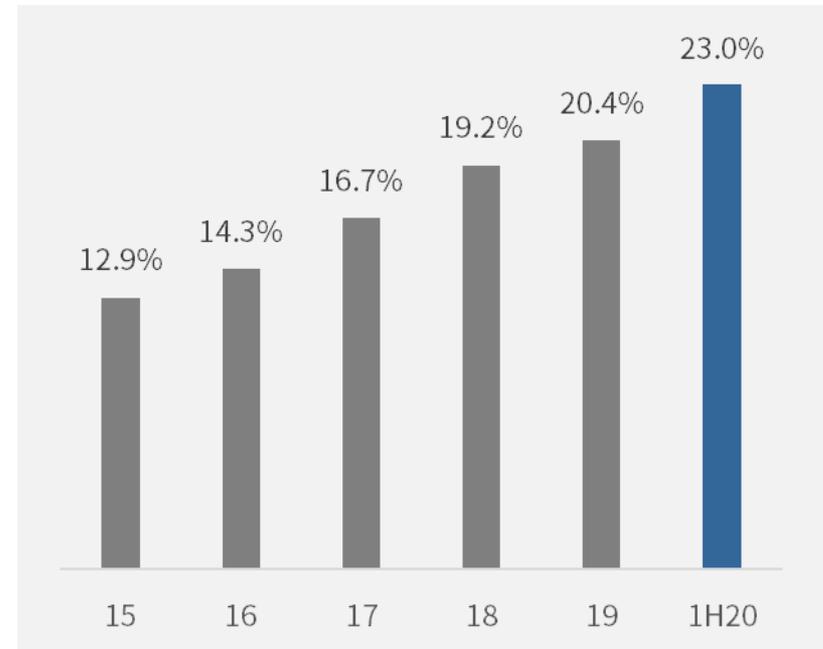
Revision of China's Outlook

(Unit: '000 units)



* Source: CCMA

DI's market share within foreign brands



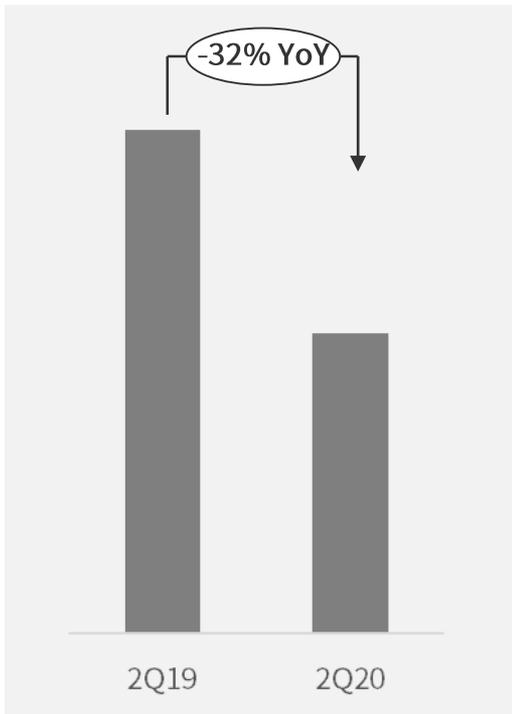
* Source: CCMA

Heavy (NA/EU) – Visible market share gains + Expected market recovery in 2H

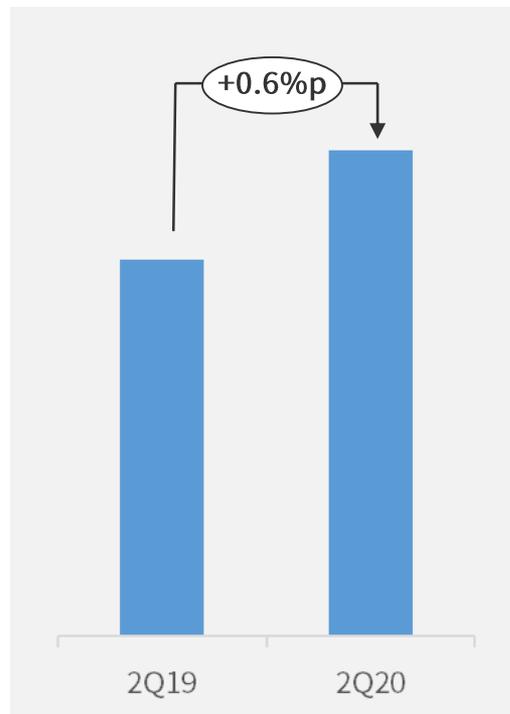
- NA/EU, which was impacted by COVID-19 in full swing from March, declined 32% YoY in 2Q20.
- We expect developed market to start recovery from 3Q, particularly in North America.
- We continued to make progress in our market share efforts via improvement in dealer network, volume growth in mini excavators and launch of new models in Europe.

NA/EU Market

(Unit: units)

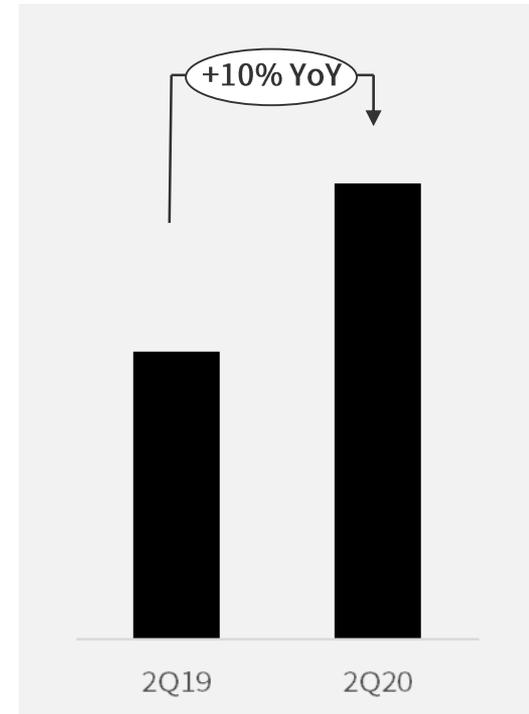


DI's market share



Sales volume of MEX*

(Unit: units)



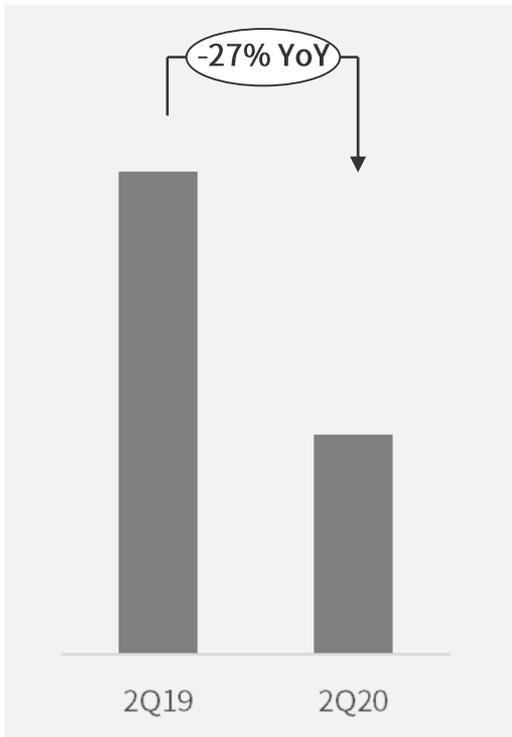
* MEX : Mini excavators below 8 tons

Heavy (Emerging/Korea) – Greater contribution in profitable size segment

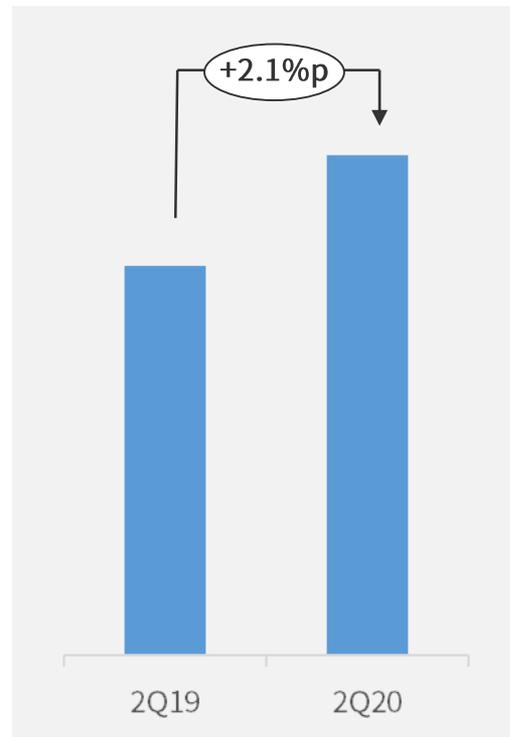
- Due to COVID-19, emerging and Korean markets declined 27% YoY in 2Q20.
- While we focus our efforts to manage receivable related risks in the midst of market volatility, we endeavored to increase sales contribution from large equipment and enhance our profitability.

Emerging/Korea Market

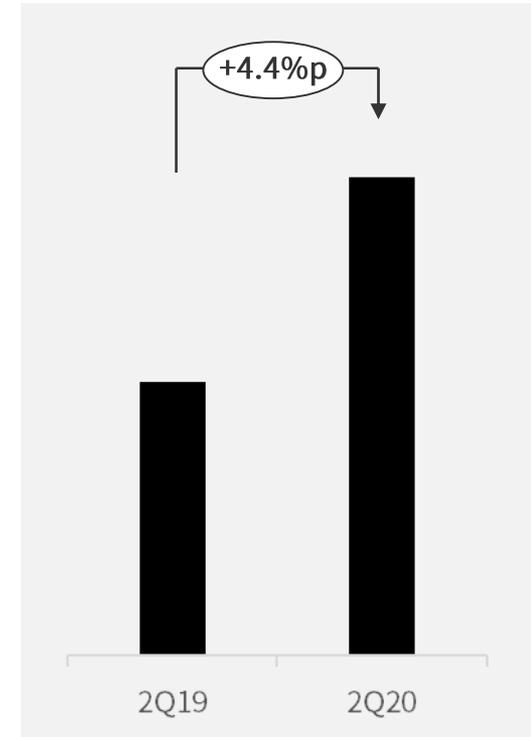
(Unit: units)



DI's market share



Sales contribution from large-sized excavators*



* Excluding Korea, Excavators above 34 tons



[Appendix] Business segment information

• China monthly sales volume & market share

(Unit : unit)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	Market	3,946	13,908	20,588	13,668	10,486	8,225	6,993	7,952	9,525	9,661	12,885	12,722	130,559
	DI	295	1,202	1,701	1,217	914	766	514	554	718	769	1,165	1,036	10,851
	M/S	7.5%	8.6%	8.3%	8.9%	8.7%	9.3%	7.4%	7.0%	7.5%	8.0%	9.0%	8.1%	8.3%
2018	Market	9,547	9,723	36,643	25,034	17,780	12,449	9,316	10,087	11,702	13,490	14,150	14,269	184,190
	DI	710	1,018	3,288	2,180	1,595	1,314	613	683	860	991	1,082	1,293	15,630
	M/S	7.4%	10.5%	9.0%	8.7%	9.0%	10.6%	6.6%	6.8%	7.3%	7.3%	7.6%	9.1%	8.5%
2019	Market	10,134	17,266	41,884	26,342	16,717	12,409	10,171	11,536	13,162	14,869	17,149	17,230	208,869
	DI	701	1,603	3,439	1,802	1,088	1,074	539	629	969	1,041	1,262	1,123	15,270
	M/S	6.9%	9.3%	8.2%	6.8%	6.5%	8.7%	5.3%	5.5%	7.4%	7.0%	7.4%	6.5%	7.3%
2020	Market	7,749	6,893	46,201	43,367	29,513	21,724							155,447
	DI	370	482	3,151	3,239	2,166	1,320							10,728
	M/S	4.8%	7.0%	6.8%	7.5%	7.3%	6.1%							6.9%

• Construction Equipment : Regional sales breakdown

(Unit : KRW billion)

	1Q19	2Q19	3Q19	4Q19	2019	YoY	1Q20	2Q20	YoY
China	467.1	334.5	199.2	252.7	1,253.6	-4.7%	311.5	527.5	+57.7%
Emerging/Korea	327.4	297.5	232.4	225.1	1,082.4	-8.3%	316.2	225.5	-24.2%
NA/EU	206.4	237.2	169.8	199.0	812.4	+6.9%	198.7	181.1	-23.7%
Bobcat	1,055.4	1,182.0	1,107.3	1,114.6	4,459.3	+13.1%	1,052.8	952.0	-19.5%
Total	2,056.2	2,051.3	1,708.7	1,791.4	7,607.7	+5.7%	1,879.3	1,886.1	-8.1%

[Appendix] Doosan Bobcat – 2Q20 Results

- Sales decreased due to sluggish global demand from the impact of COVID-19 and resultant shutdown of key production facilities.
- EBIT decline due to weakness in revenues and fixed cost burden.

Income Statement

(Unit : KRW bn)

	2Q19	1Q20	2Q20	YoY	QoQ
Sales	1,190.6	1,064.2	963.8	-19.1%	-9.4%
EBIT	157.1	86.8	64.3	-59.1%	-26.0%
EBIT Margin	13.2%	8.2%	6.7%	-6.5%p	-1.5%p
EBITDA	182.6	116.7	94.2	-48.4%	-18.9%
Net Financial Cost	11.4	8.0	10.4	-9.1%	+29.5%
Profit before Tax	135.9	65.3	55.1	-59.4%	-15.6%
Net Profit	95.3	33.5	41.2	-56.8%	+22.7%
Net Profit Margin	8.0%	3.2%	4.3%	-3.7%p	+1.1%p

* F/X (KRW/USD) - 2Q19: KRW1,165.35/USD, 1Q20: KRW1,193.60/USD, 2Q20: KRW1,207.10/USD