



Doosan Infracore

Investor Relations

Highlights

Improving financial performance

- On apple-to-apple comparison, OP would have grown 20.7% during '04~05
- High export growth track of 27% p.a. over the past 3 years
- Stronger balance sheet : Net debt/equity ratio from 50% to 35%

Growth driven by stronger global presence

- Market Leader in China - No. 1 market share in excavator
- Stronger global market leadership : gaining share from major regions

Solid long term strategy

- Developed aspirational vision
- Formulated concrete mid-term strategy to realize vision
- Solid strategy implementation program in progress

Management capability

- Proven management capability during Doosan Group's remarkable turnaround
- Deploy internal top talents and hire global new talents
- Motivate people by aligning performance with strong incentive scheme



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- Disclaimer

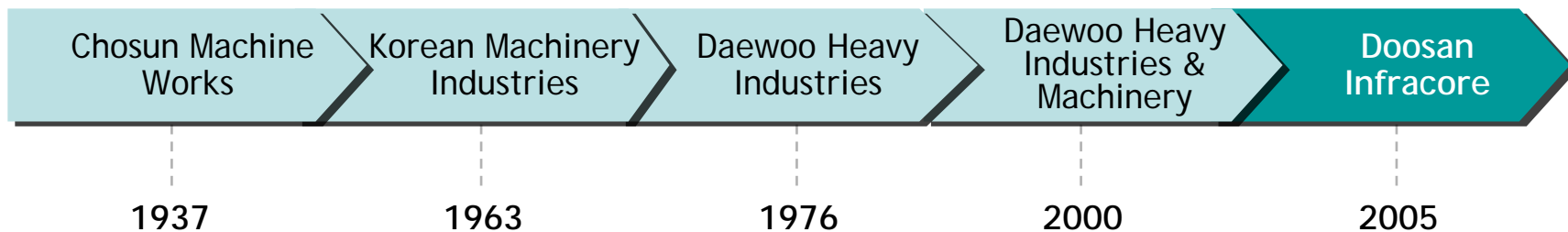
The financial numbers and statements included in the following presentation and related comments by management represent statements made before the resolution of the external review by independent public accountants for the fiscal year 2005 financial results release, and are presented here today solely for the purpose of offering the investor an understanding of the company.

Company Overview



Overview

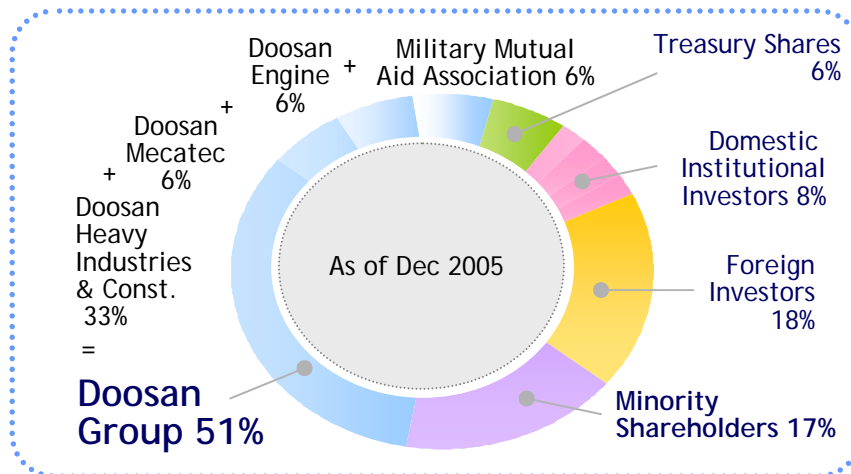
Doosan Infracore is the largest machinery company in Korea and also a leading ISB* company in the world that has guided the development of Korea's machinery industry since its establishment in 1937



Corporate Data

CEO	Choe, Sung-Chul
Paid-in Capital	KRW839.8 billion (As of Dec. 2005)
Outstanding Shares	167,957,384 shares
Market Capitalization	KRW3,034.0 billion (As of Mar. 31, 2006)
Employees	4,562 (As of Dec. 2005)

Shareholder Structure

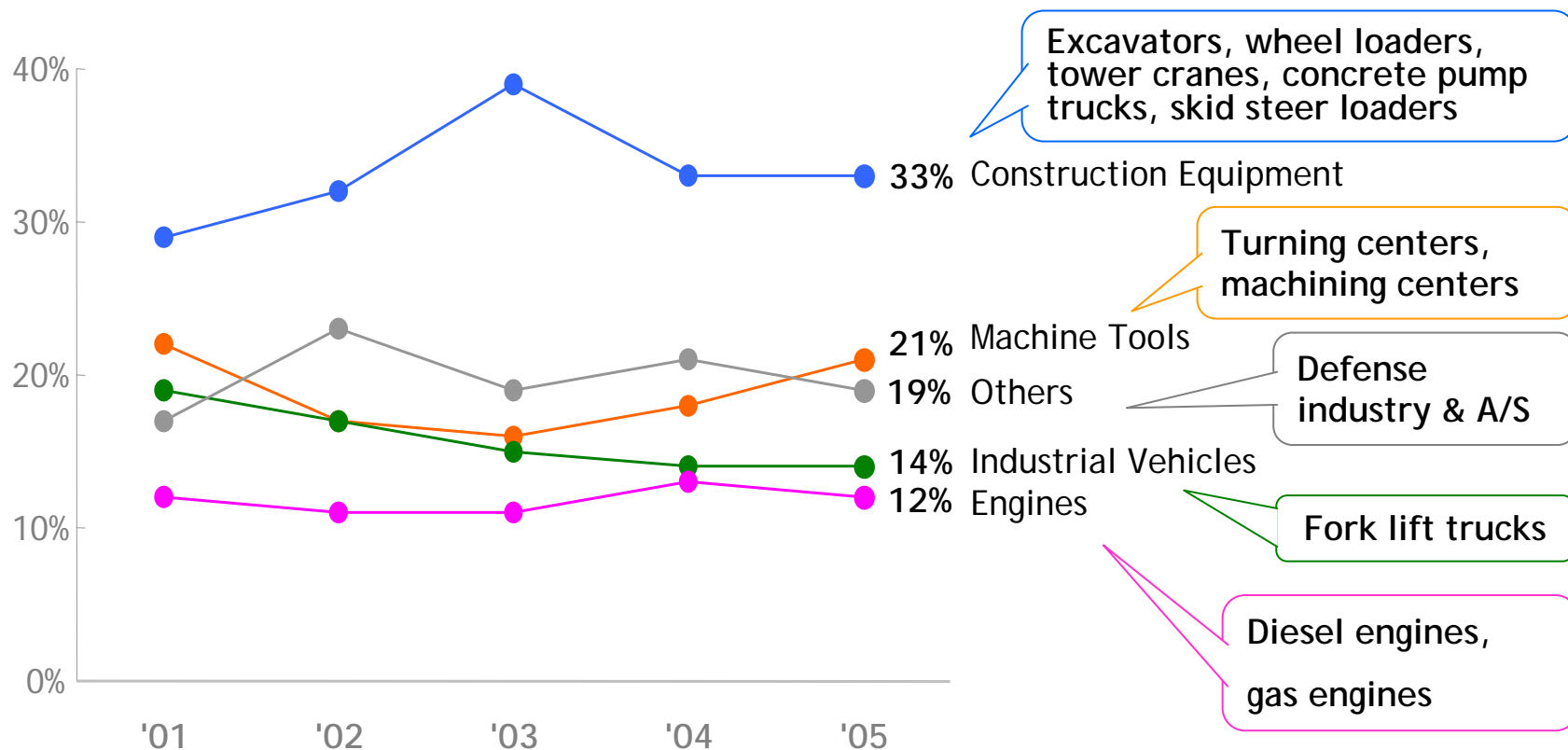


* ISB : Infra-structure Support Business

Business Area

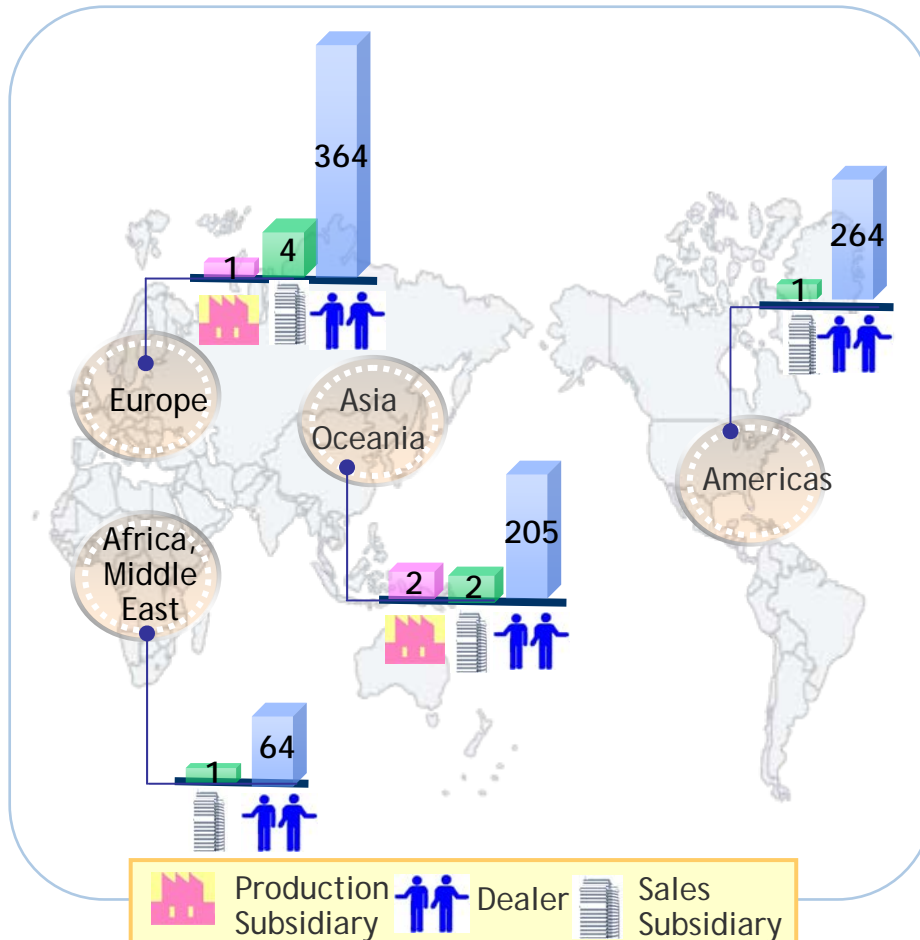
Diverse business portfolio including construction equipment, machine tools, industrial vehicles, engines and defense industry

Sales Breakdown (01~05)



Global Business Network

3 overseas production facilities and 8 sales subsidiaries & 897 dealership networks



Number of Dealers Per Annum

	2003	2004	2005
Construction Equipment	126	139	233
Machine Tools	128	134	145
Industrial Vehicles	371	376	401
Engines	84	99	118
Total	709	748	897

Production Capacity by BG in 2006

	Domestic Production	Overseas Production
Construction Equipment	Excavator : 10,000 units/year Wheel Loader : 1,500 units/year Concrete Pump Truck : 100 units/year Others : 100 units/year	DICC Excavator : 14,500 units/year Euro Doosan Infracore (Belgium) Excavator : 1,450 units/year
Industrial Vehicle	Fork Lift Truck : 30,000 units/year	DICC Fork Lift Truck : 3,600 units/year
Machine Tools	TC/MC : 7,200 units/year Automation System : KRW 80 billion/year	DIY TC/MC : 1,000 units/year
Diesel Engine	Diesel Engine & Others : 56,000 units/year	

What We're Doing Right



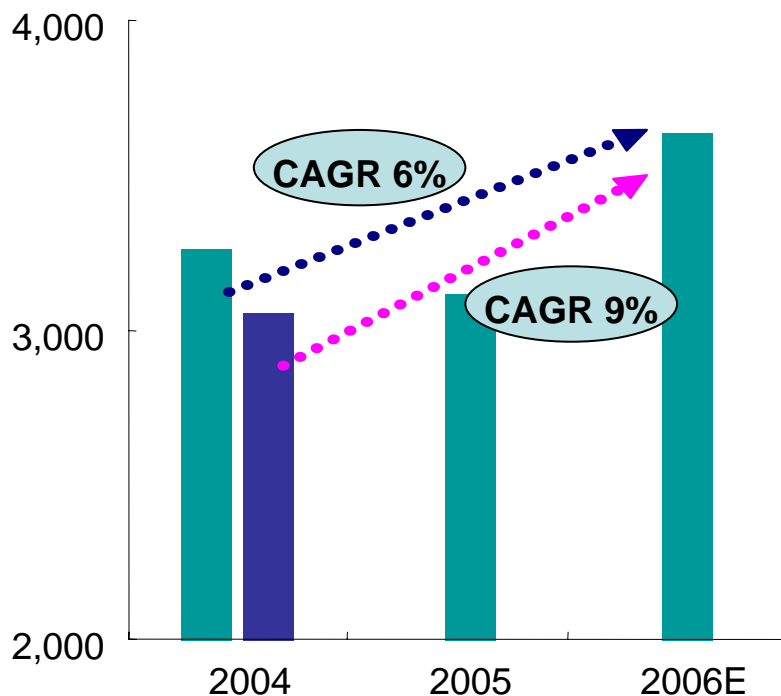
Greater Profitability (Parent + Subsidiaries)

Unit : KRW billion

Sales '04~'06

Exclusive of accounting policy change in 2004, sales growth would have been higher at CAGR 9%

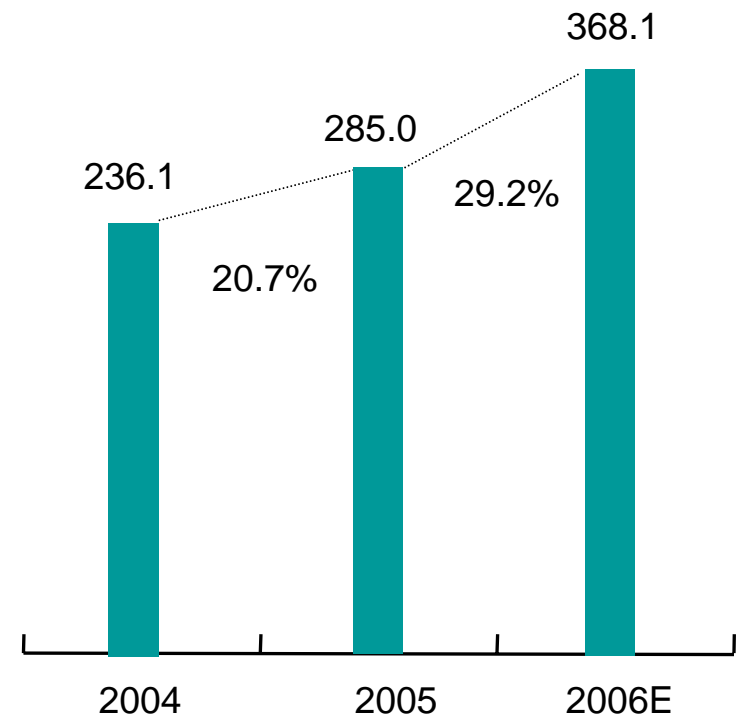
- Sales Reflective of Accounting Policy Change
- Sales Assuming No Change in Accounting Policy



Operating Profit '04~'06

Without the presence of PMI costs, operating profit would have been on a steady uptrend

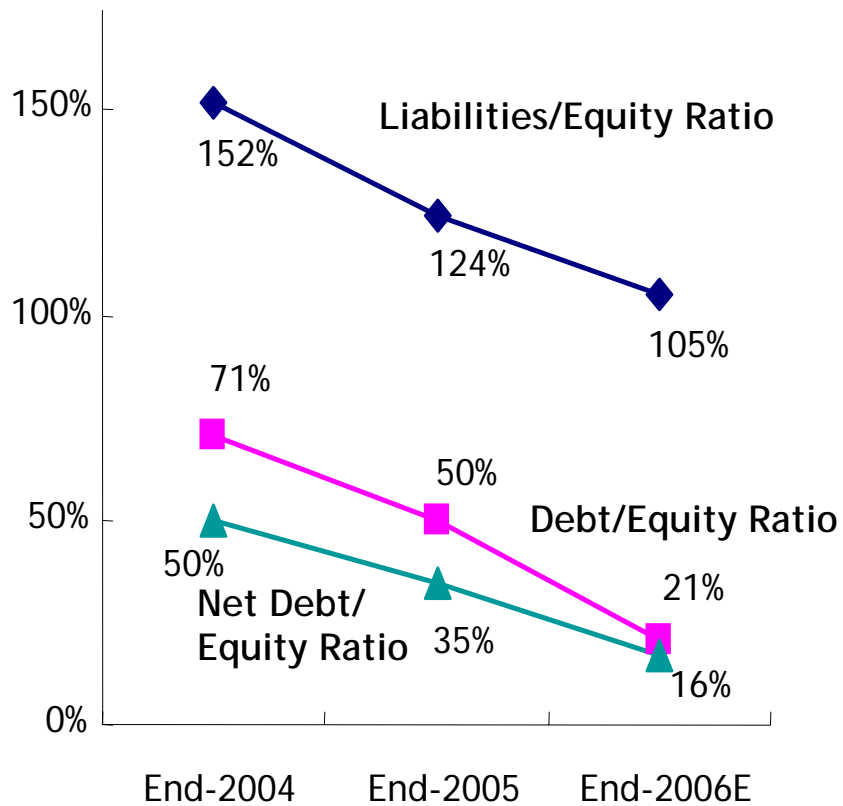
- Apple-to-apple comparison - OP inclusive of PMI costs



Improved Financials (Parent Basis)

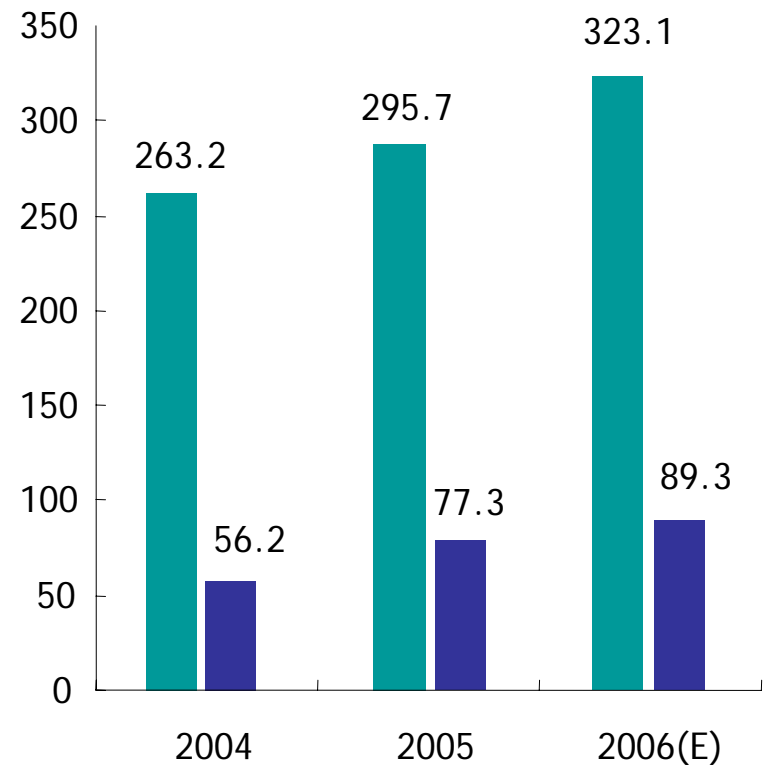
Unit : KRW billion

Net Debt Trend



Note : Not considering M&A activities

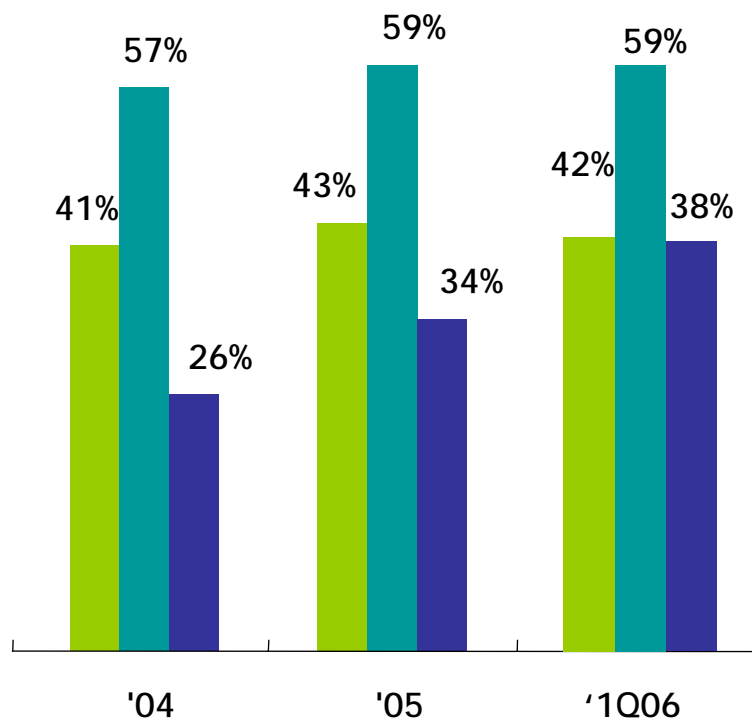
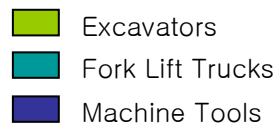
EBITDA & CAPEX Trend



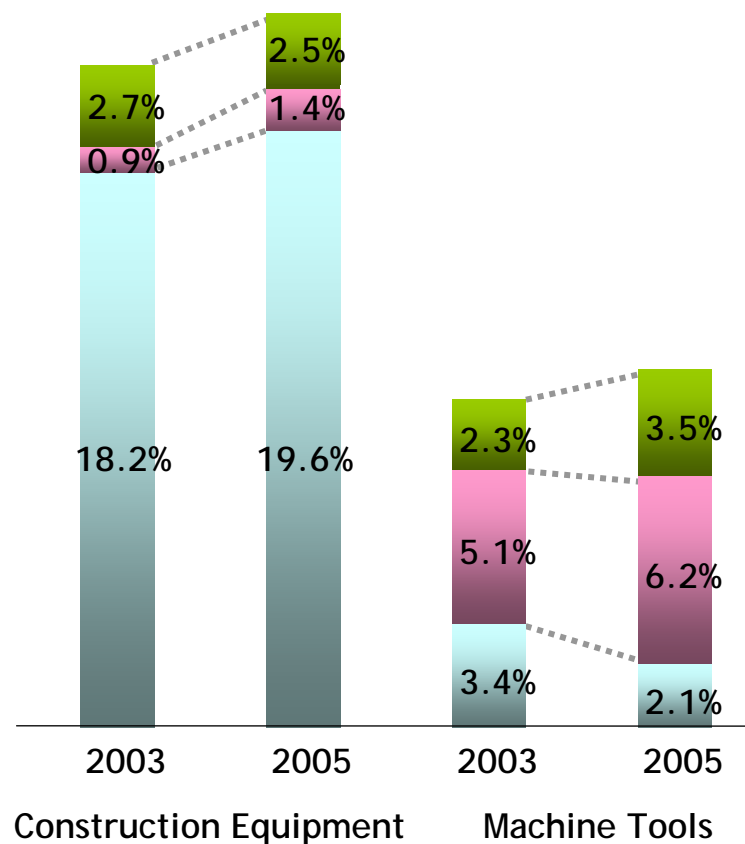
Note : Apple-to-apple comparison - EBITDA inclusive of PMI costs

Stronger Market Leader in All Business Areas

Domestic Market Share



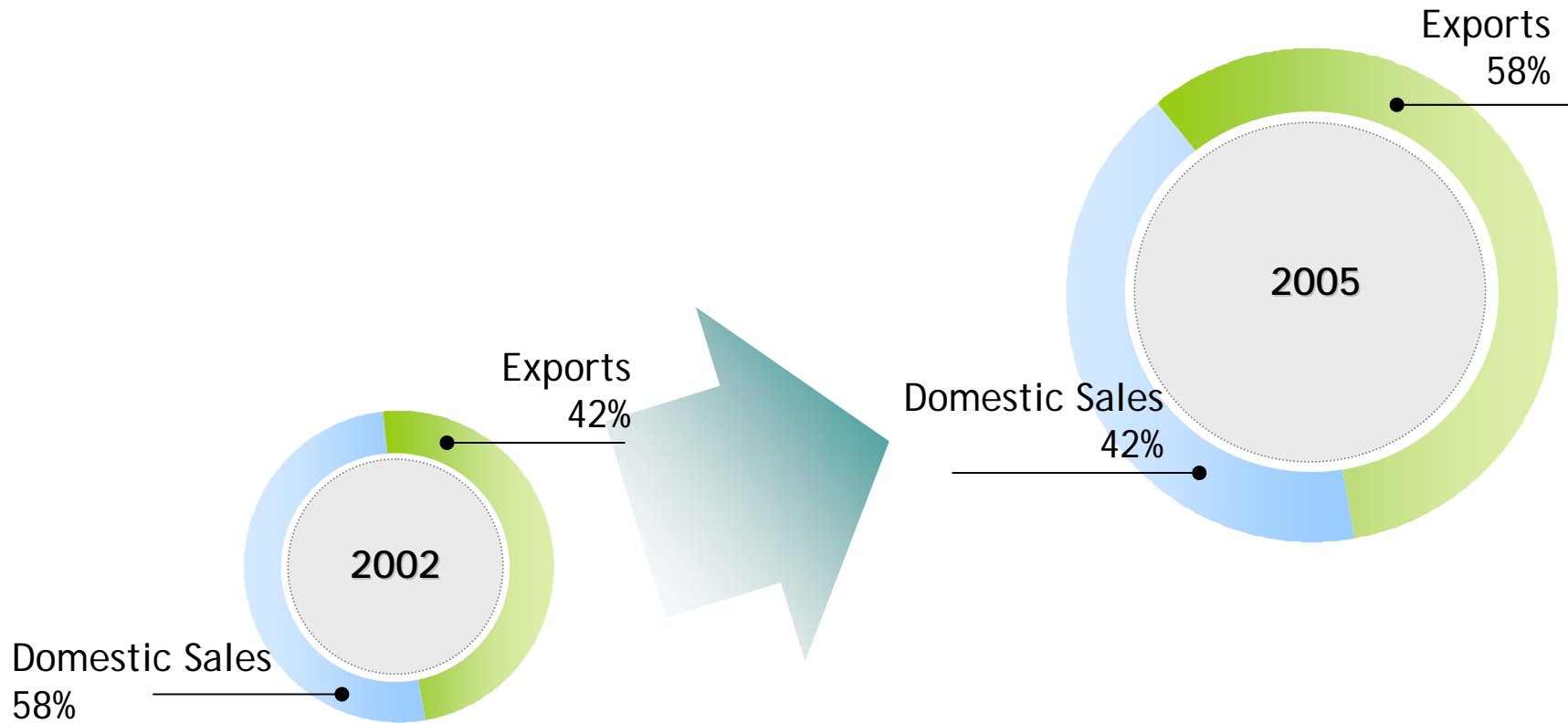
Overseas Market Share



Successful Global Business

Growing exports compensates for the limitation of the domestic market

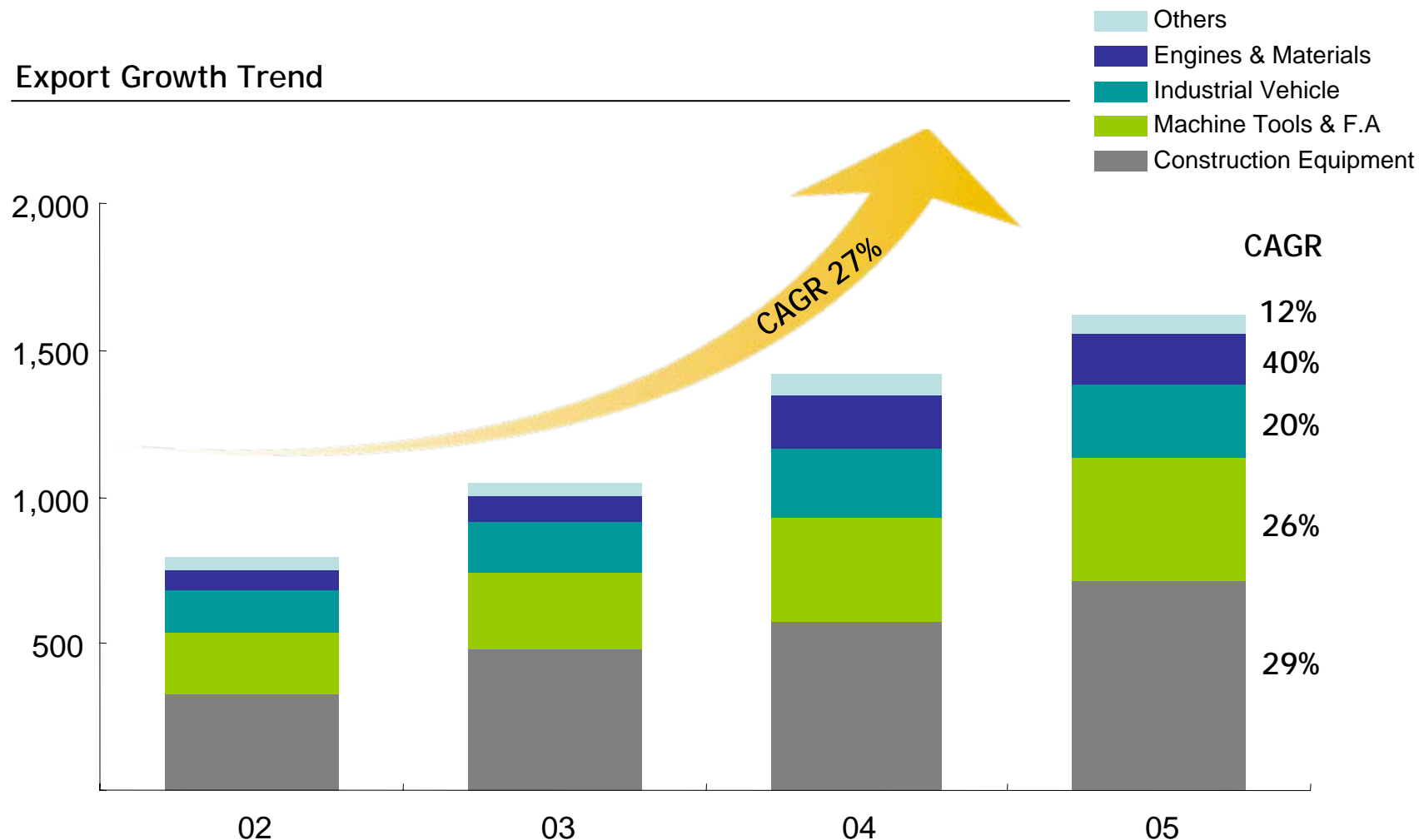
Change in Export Ratio



Successful Global Business

Unit : KRW billion

Export Growth Trend



* Export growth was even higher at CAGR 35% during 2002-2005 based on US dollar terms

Successful Global Business



Unit : KRW billion

Earnings improvement at overseas subsidiaries

Results of Overseas Subsidiaries

	Year	Sales	Operating Profit
China Subsidiary	2004	492.3	-2.8
	2005	389.3	8.7
	y-y	-21%	TB
Europe Subsidiary	2004	299.5	11.1
	2005	345.7	11.3
	y-y	15%	2%
North America Subsidiary	2004	343.4	19.0
	2005	368.2	20.6
	y-y	7%	8%
U.K. Subsidiary	2004	86.5	1.0
	2005	95.1	2.1
	y-y	10%	110%
Germany Subsidiary	2004	255.3	2.5
	2005	233.3	2.8
	y-y	-9%	12%
Total	2004	1,477.0	30.8
	2005	1,431.6	45.5
	y-y	-3%	48%

2005 Result Analysis & 2006 Outlook



Balance Sheet as of Dec. 2005

Unit : KRW billion

	2003	2004	2005	y-y
Current Assets	1,422.9	1,524.0	1,251.9	-18%
Fixed Assets	1,107.2	1,105.3	1,213.2	10%
Total Assets	2,530.1	2,629.3	2,465.1	-6%
Debts	759.4	738.9	552.9	-25%
Other Liabilities	848.7	846.9	813.8	-4%
Total Liabilities	1,608.1	1,585.8	1,366.7	-14%
Total Shareholders' Equity	922.0	1,043.5	1,098.4	5%
Total Liabilities + Total Shareholders' Equity	2,530.1	2,629.3	2,465.1	-6%

Summarized Income Statement

Unit : KRW billion

	2004	2005	% chg.
Sales	2,860.6	2,815.3	-2%
Domestic Sales	1,445.9	1,194.4	-17%
(as % of sales)	51%	42%	
Exports	1,414.7	1,620.8	15%
(as % of sales)	49%	58%	
(US\$ million)	123.4	158.3	28%
Gross Profit	559.9	579.1	3%
(GP Margin)	20%	21%	
Operating Profit	210.1	174.5	-17%
(OP Margin)	7%	6%	
Recurring Profit	162.8	179.2	10%
(RP Margin)	6%	6%	

Breakdown By Business Division

Unit : KRW billion

		Total			Construction Equipment			Industrial Vehicle			Machine Tools & F.A			Engines & Materials			Others		
		03	04	05	03	04	05	03	04	05	03	04	05	03	04	05	03	04	05
Sales		2,314.1	2,860.6	2,815.3	894.9	945.0	936.9	347.4	397.1	400.2	371.1	524.3	602.9	320.8	462.5	351.7	379.9	531.7	523.5
	y-y	23%	24%	-2%	50%	6%	-1%	10%	14%	1%	14%	41%	15%	52%	44%	-24%	-12%	40%	-2%
Domestic Sales		1,265.9	1,445.9	1,194.4	414.9	371.9	223.8	173.2	166.8	153.5	111.0	166.3	180.5	228.4	279.0	179.0	338.4	461.9	457.6
	y-y	17%	14%	-17%	57%	-10%	-40%	0%	-4%	-8%	-3%	50%	9%	40%	22%	-36%	-8%	37%	-1%
Exports		1,048.2	1,414.7	1,620.8	480.0	573.0	713.0	174.2	230.3	246.7	260.1	358.1	422.4	92.4	183.5	172.7	41.5	69.8	65.9
	y-y	32%	35%	15%	45%	19%	24%	22%	32%	7%	23%	38%	18%	93%	99%	-6%	-33%	68%	-6%
Operating Profit		205.1	204.1	174.5	97.9	83.6	57.1	17.5	13.2	10.8	30.3	44.6	60.6	28.4	26.7	7.7	31.0	36.0	38.4
OP Margin		8.9%	7.1%	6.2%	10.9%	8.8%	6.1%	5.0%	3.3%	2.7%	8.2%	8.5%	10.1%	8.9%	5.8%	2.2%	8.2%	6.8%	7.3%

Breakdown of Exports by Region

Unit : KRW billion

	Total		2004				2005			
	2004	2005	US	Europe	China	Others	US	Europe	China	Others
Construction Equipment (YoY)	573.0	713.0	89.9	172.4	183.3	127.4	136.6	230.2	166.3	179.9
		24%					52%	34%	-9%	41%
Industrial Vehicle (YoY)	230.3	246.7	73.6	81.4	15.1	60.2	91.7	84.0	9.2	61.8
		7%					25%	3%	-39%	3%
Machine Tools (YoY)	358.1	422.4	90.0	120.0	87.8	60.3	125.4	167.1	71.7	58.2
		18%					39%	39%	-18%	-3%
Engines (YoY)	183.5	172.7	11.5	19.5	79.3	73.2	7.3	24.0	44.3	97.1
		-6%					-37%	23%	-44%	33%
Others (YoY)	69.8	66.0	15.8	17.9	6.4	29.7	15.8	16.8	8.8	24.6
		-5%					0%	-6%	38%	-17%
Total (YoY)	1,414.7	1,620.8	280.8	411.2	371.9	350.8	376.8	522.1	300.3	421.6
		15%					34%	27%	-19%	20%

Key Operating Results (DI+Overseas Subsidiaries)

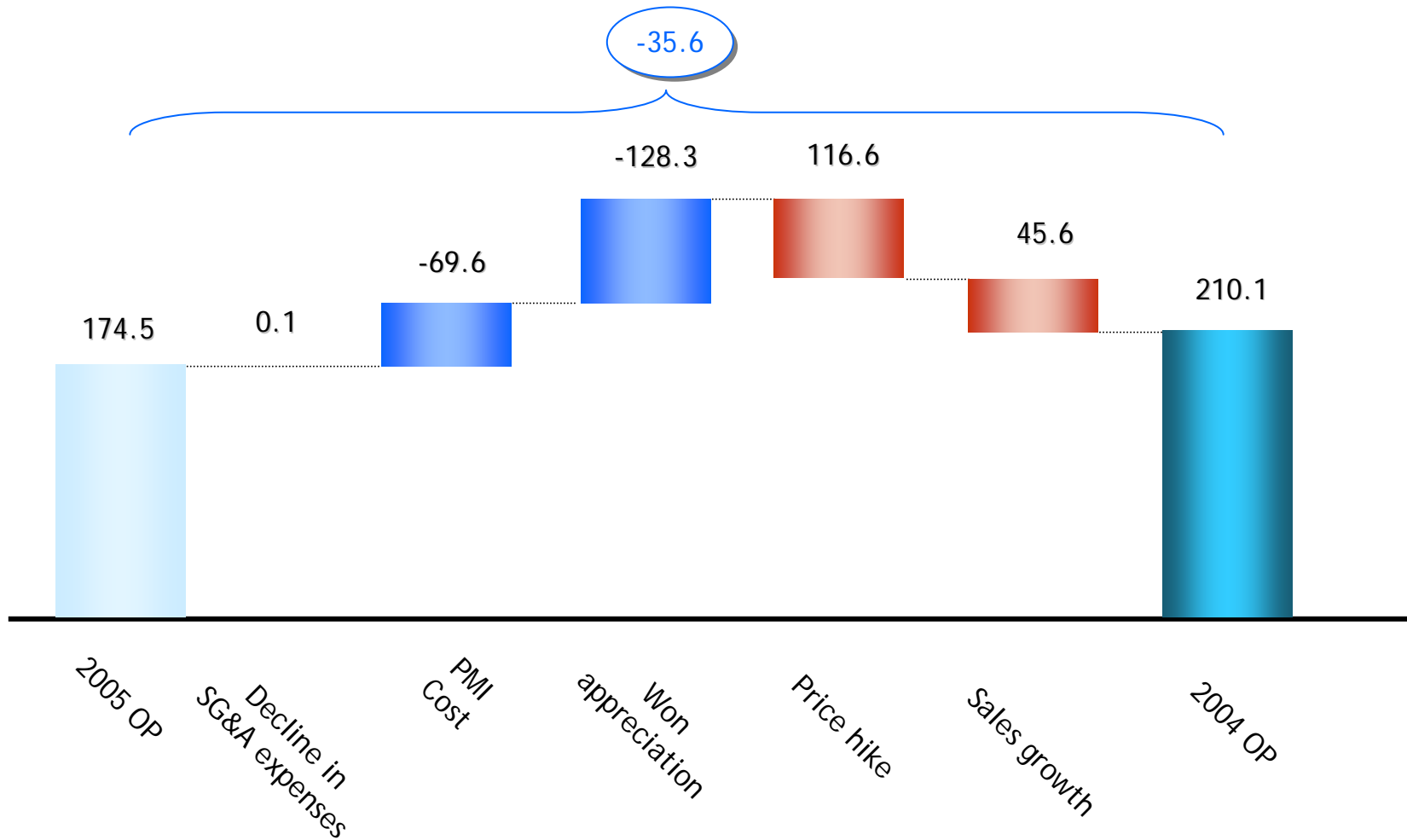
Unit : KRW billion

	Parent		Overseas Subsidiaries	Parent + Overseas Subsidiaries
	2005	% y-y	2005	2005
Sales	2,815.3	5.9%	1,285.6	3,112.5
COGS	79.4%	0.5%p	85.8%	75.8%
SG&A Expenses(%)	14.4%	1.2%p	10.7%	17.2%
Operating Profit	174.5	-35.6	45.8	217.1
OP Margin	6.2%	-1.7%p	3.6%	7.0%
Recurring Profit	179.2	16.4	49.0	192.2
Net Profit	135.6	12.6	32.3	131.9



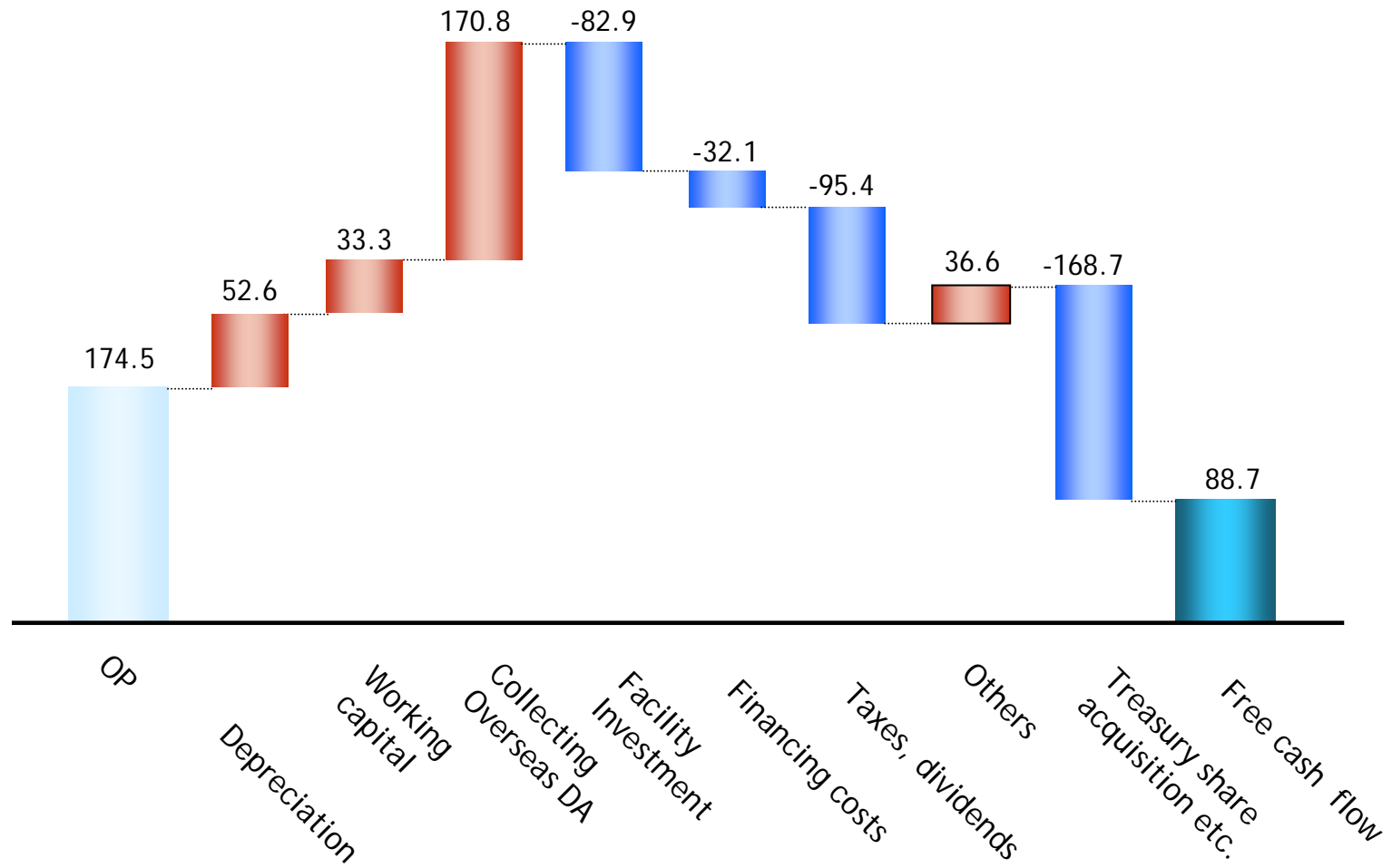
Operating Profit Analysis (Parent Basis)

Unit : KRW billion



Free Cash Flow Analysis (Parent Basis)

Unit : KRW billion



Outlook for 2006 (Parent Basis)

Unit : KRW billion

	'06E Sales	y-y	'06E OP	y-y	'06E OP Margin
Construction Equipment	1,106.1	18.1%	85.7	50.1%	7.7%
Industrial Vehicle	437.9	9.4%	18.8	74.0%	4.3%
Machine Tools & F.A	723.3	20.0%	92.4	52.6%	12.8%
Engines & Materials	393.1	11.8%	23.7	208.4%	6.0%
Others	571.2	9.1%	37.2	-3.1%	6.5%
Total	3,231.7	14.8%	257.8	47.7%	8.0%

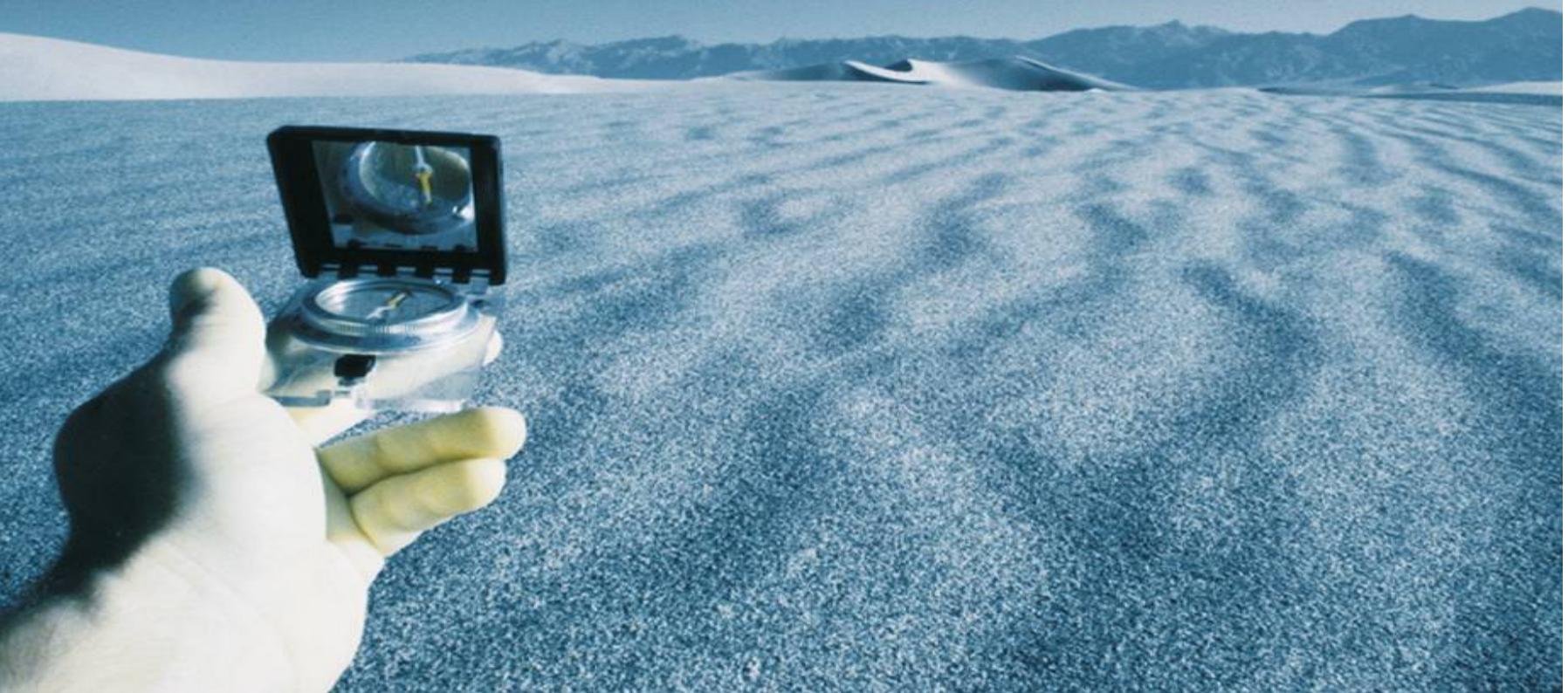
F/X Hedging

- ▶ F/X hedging status - US\$1,315mn (As of end-2005)
- ▶ 80% of 2006 net exposure hedged
- ▶ Plan to minimize risk by hedging 90~95% of sales forecast under Doosan Group's guideline

Impact from steel price

- ▶ Assumed no change in steel price in 2006 business plan

Long-term Business Plan



Context : Long Term Business Plan



Background

- Developing 5-year long term strategy aligned with Doosan's Strategy Session
 - Doosan's 2-G Strategy (Growth of Business, Growth of People)

Main Focus

- Source of growth in the future
- Where to focus : Markets and products
- Where to Investment : Money and People
- Potential risks identification and how to handle

Major Effects

- Formulate strategy to leverage the current growth momentum
- Create growth platform by selectively investing into the future
- Strengthen global competitiveness
- Motivate and attract the most talented people

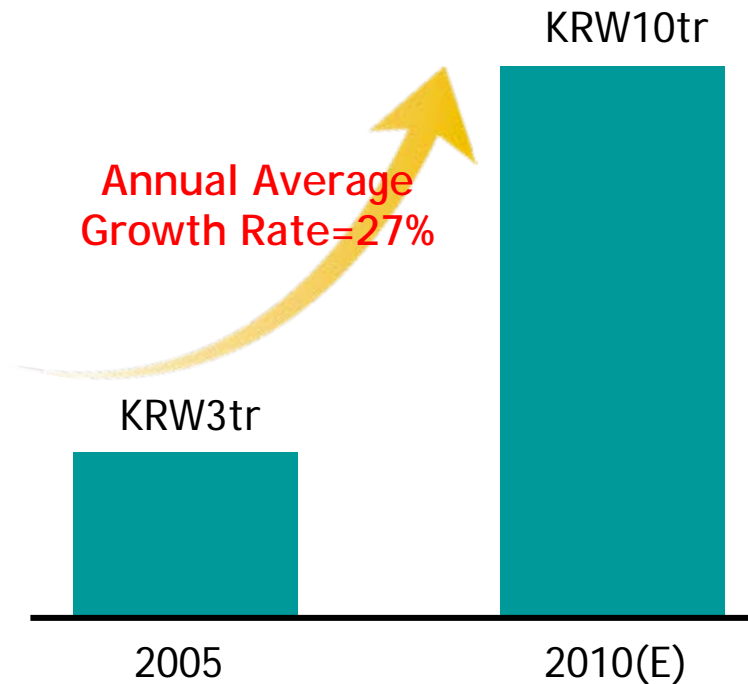
VISION : Global Top 5 ISB* Company



Leap from a leading Korean machinery company to a globally renowned ISB*
(Infrastructure Support Business) company

Growth Target

(Sales Basis)



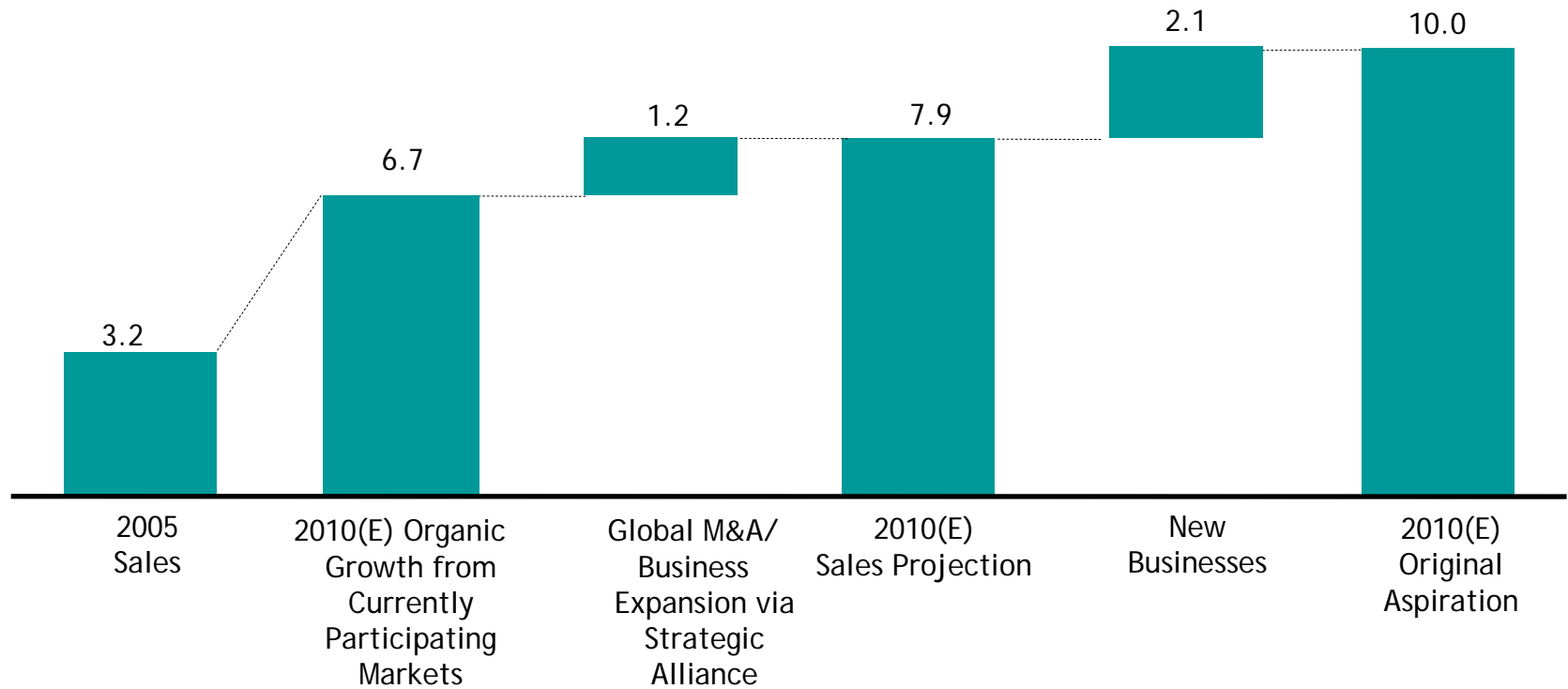
- Global Top 5 in ISB Industry
- 2010 Business Target of 10-10
 - KRW10tr sales & 10% OP margin

Growth Lever



1. Aggressive Organic Growth; 2. Global M&A and Strategic Alliance; 3. New Businesses

Unit : KRW trillion, Parent + Subsidiary basis



Key Components for Organic Growth

Growth of Market : 31.6%

Increase in Market Share : 51.2%

Product Mix Improvement : 11.9%

Price Hike : 5.3%

Total : 100% (≡ KRW3.5tr)

Mid-term Strategy Theme



Strategic Direction By Division I



Construction Equipment

Global Top 5 in Construction Equipment Business

- China to become the 2nd home market
- Diversified product line-up on par with global leaders : Necessary to secure key products such as zero tail swing excavators/wheel loaders
- Increase production capacity and maximize productivity
- Establish a quality standard equivalent to global leaders and secure quality control

Machine Tools

Global Standard Leader - World Best

- Product line-up expansion focusing on high-end products : High-end more than 40% (improvement from current 30%)
- Customer portfolio improvement : Increased penetration into aerospace, defense and medical segments
- Competitiveness by enhancing the product reliability
- China Strategy : Penetration into RMB market

Strategic Direction By Division II



Engines

Global Engine Maker

- Secure captive volume via strategic alliance in China and India markets
- Enhanced competitiveness of core parts for the construction equipment and industrial vehicle divisions

Industrial Vehicles

Global Counter Balanced Cost Leader for Forklift Trucks

- Cost leader through optimal design and operational efficiency
- Leading position in the high and mid-end segments in China

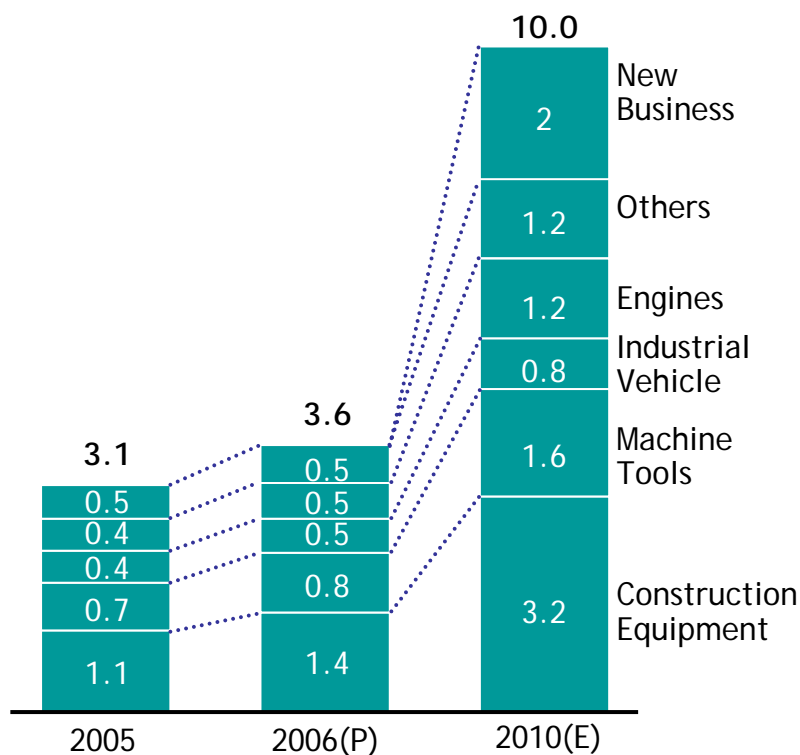
Long-term Outlook By Division



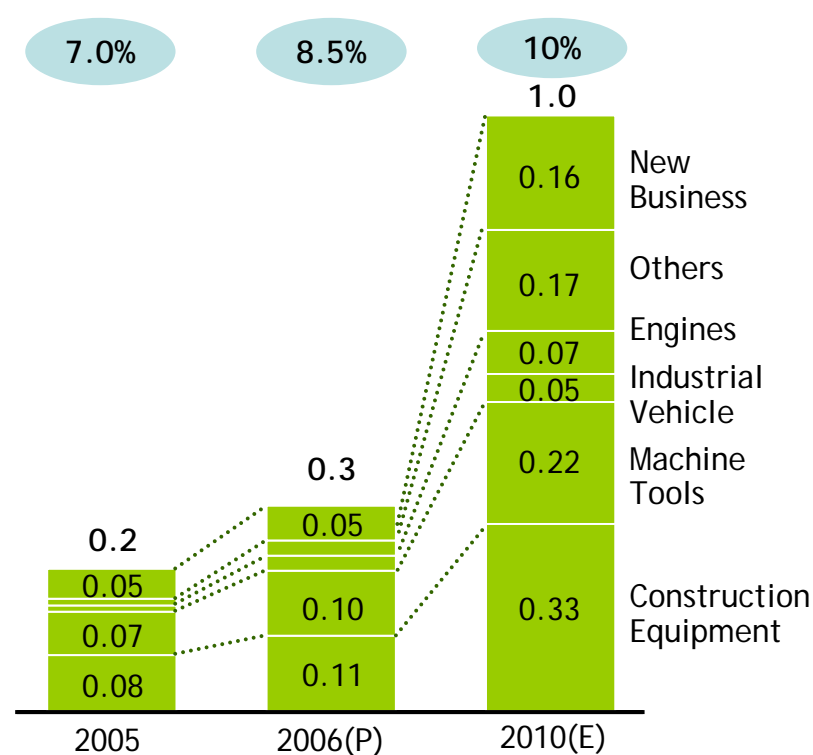
Growth driven by the construction equipment and machine tool divisions

Unit : KRW trillion

Sales



Operating Profit



Our Confidence in Realizing Our Vision



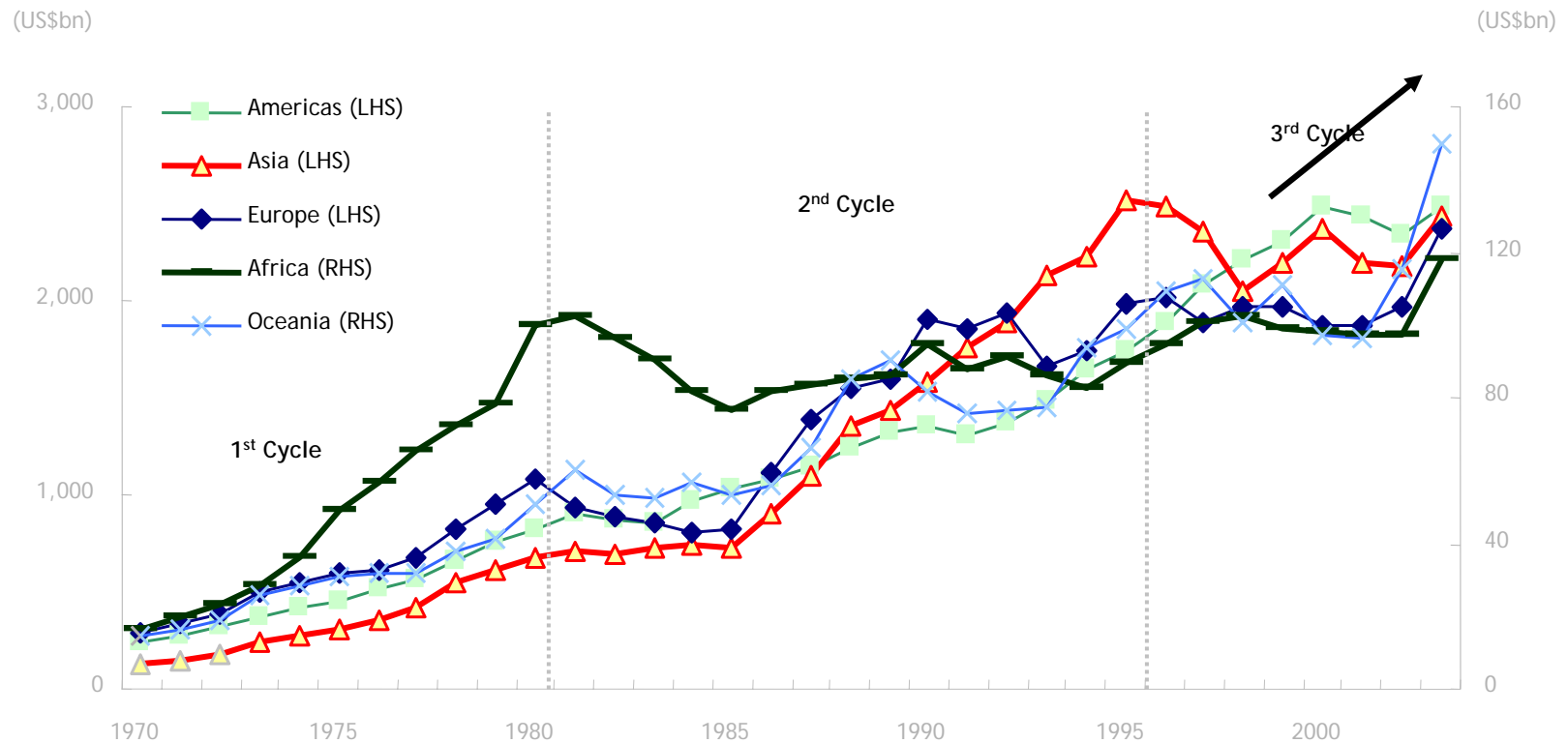
- 1 Attractive Market Trend
- 2 Solid Strategy Implementation Program
- 3 Symptoms of Early Success

1 Attractive Market Trend



Entered the 3rd long-term cycle since 2003, which is expected to persist until 2010

Global Gross Fixed Capital Formation Trend by Region

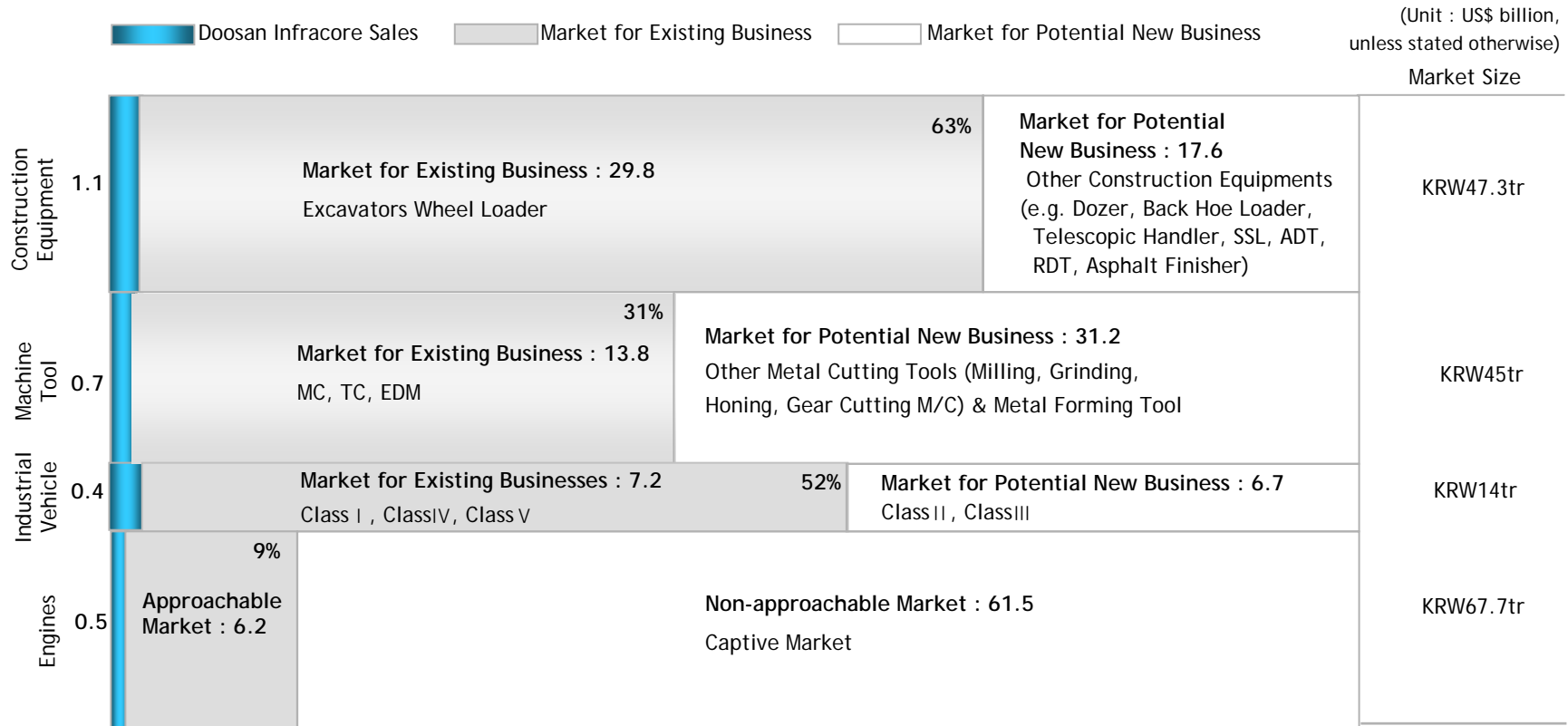


Source: International Monetary Fund

1 Attractive Market Trend



- Global market size as of 2004 estimated at KRW174 trillion
- Doosan Infracore participated in markets equivalent to 33% of the global market (or KRW57 trillion)



Total Market Size : KRW174tr

* Based on 2004 figures

* Defense BG was excluded

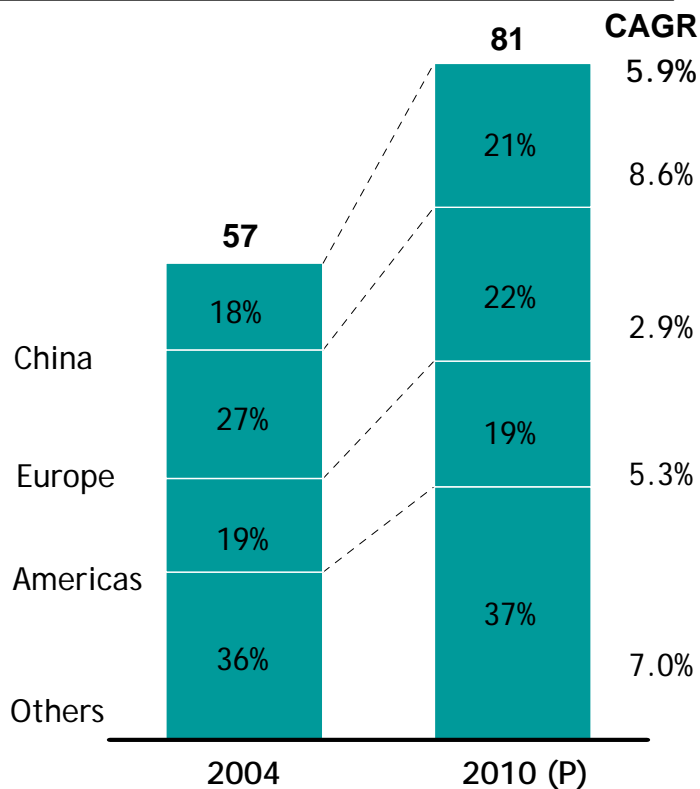
* Global markets were defined as follows: construction equipment market for the construction equipment BG, machine tool (cutting & forming) market for the machine tool & F.A. BG, Class I-V market for the industrial vehicle BG and mid/large-sized diesel engine market for the engine & materials BG

1 Attractive Market Trend



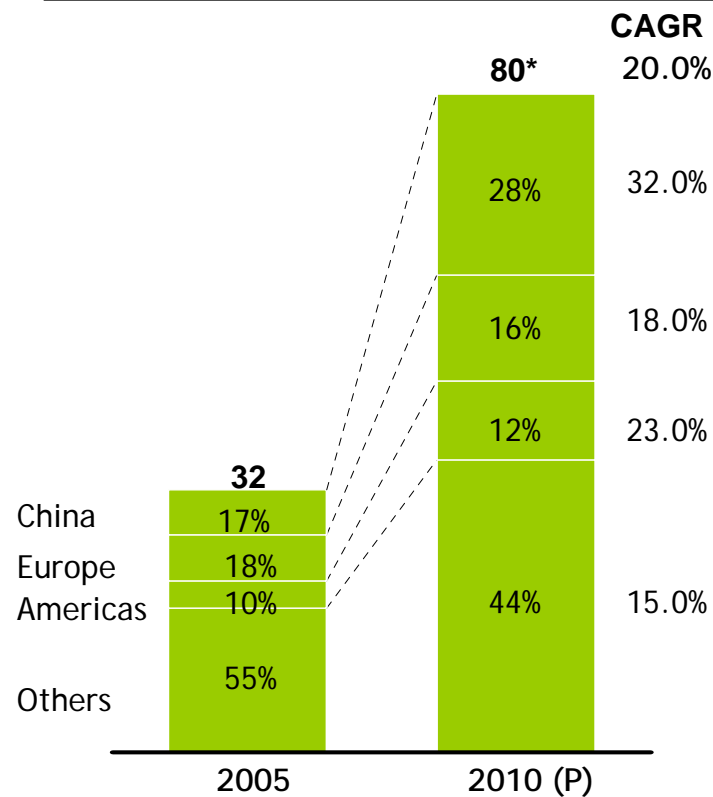
Unit : US\$ billion

Market size projection by region



Anticipating 6% of Steady growth

DI revenue projection by region



China as a main driver of DI growth

* Excluding new business

Source : Off-highway research, Yengst Associate, Korea Institute of Construction Technology, WITS, Moto Data, Generator Sets ABI Research, KAMA, The Association for Manufacturing Technology, A Garner Publication

2 Solid Strategy Implementation Program



Key Initiatives in Progress

- Implementing 30 key strategic initiatives
 - Formed ~15 Task force team with clear targets
 - Assigned 100+ employees including 20+ top talents to key strategic initiatives
- Aggressive execution on operational improvement program
 - Applying “lean manufacturing concept” to improve productivity
 - Cost reduction program : Purchasing cost reduction, design optimization, etc

Right Person in Right Place

- Deploying internal top talents in key positions
- Increasing talent pool to execute strategy
 - Hired 130+ employees in 2005 and plan to add 260 more
- Will hire global top talents in key positions
 - CTO, China specialist, Lean experts, etc

Measures to Motivate People

- Clear financial and strategic targets are aligned with individual MBO
- Aggressive incentive scheme aligned with performance to mobilize people

3 Symptoms of Early Success



Fundamental competitiveness

- Launching next generation products
 - 15 excavator/wheel loader
 - 8 forklift, 9 machine tool
- Developing regionally competitive products such as China
- Global M&A and strategic alliance in progress : visible achievements expected within 6 ~ 12 months

Cost Leadership

- 17 won billion cost reduction for MRO/Indirect purchasing cost
- Identified 10%+ cost reduction potential of forklift by applying optimal design concept

Mid-term Business Plan (Parent + Subsidiaries)



Unit : KRW billion

	2005	2006E	2007E	2008E	2009E	2010E	CAGR
Sales	3,112.5	3,641.9	4,265.0	5,180.9	6,422.0	7,865.3	20.4%
Construction Equipment	1,121.2	1,373.6	1,731.0	2,057.7	2,532.3	3,245.0	23.7%
Machine Tools	662.6	803.7	903.0	1,051.8	1,327.2	1,594.9	19.2%
Industrial Vehicle	425.4	466.7	542.0	601.0	674.0	776.0	12.8%
Engines	441.5	500.4	593.2	765.6	938.2	1,187.9	21.9%
Others	461.8	497.5	495.8	704.8	686.1	6,49.6	7.1%
Operating Profit	217.1	310.5	369.4	475.3	650.0	840.3	31.1%
Construction Equipment	84.6	114.0	143.0	185.4	241.3	325.5	30.9%
Machine Tools	65.5	100.0	106.4	125.0	172.1	215.1	26.8%
Industrial Vehicle	10.8	20.1	24.0	28.1	37.2	48.9	35.3%
Engines	7.5	23.7	33.0	39.7	53.5	74.0	58.1%
Others	48.7	52.7	63.0	97.1	145.9	176.8	29.4%
Operating Margin	7.0%	8.5%	8.7%	9.2%	10.1%	10.7%	
Construction Equipment	7.5%	8.3%	8.3%	9.0%	9.5%	10.0%	
Machine Tools	9.9%	12.4%	11.8%	11.9%	13.0%	13.5%	
Industrial Vehicle	2.5%	4.3%	4.4%	4.7%	5.5%	6.3%	
Engines	1.7%	4.7%	5.6%	5.2%	5.7%	6.2%	
Others	10.5%	10.6%	12.7%	13.8%	21.3%	27.2%	

Thank You



Doosan Infracore
Global Vision

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