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DAEWOO HEAVY INDUSTRIES & MACHINERY

February 2004

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I. Company Overview

1. Company Overview
2. History
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4. Overseas Business Network
5. Shareholders

1. Company Overview

PLANT & OTHER FACILITIES



DOMESTIC

3 Plants (including Incheon)
2 Service Centers (including Ansan)
12 Retail branches
53 Dealers

OVERSEAS

2 Production subsidiaries (China & Belgium)
10 Sales subsidiaries
704 Dealers

KEY DATA

Spin off date : October 23, 2000

Market Cap : W1,639 billion(12. 2003)

CEO: Jae-shin Yang

Shares outstanding : 167,957,384

Domestic Employees (2003/12)

Total	Engineer & Staff	Production
4,381	1,947	2,429

2. History

Date	Details
1937.06	Established as Choson Machine Works
1963.05	Renamed Hankook Machine Industry Co., Ltd.
1976.10	Renamed Daewoo Heavy Industries Ltd.
1994.10	Merged with Daewoo Shipbuilding
1999.08	Started workout program
2000.10	Spun off and Renamed Daewoo Heavy Industries & Machinery Ltd.
2001.02	Listed on the Korea Stock Exchange
2001.11	Emerged from workout program

3. Plants & Products

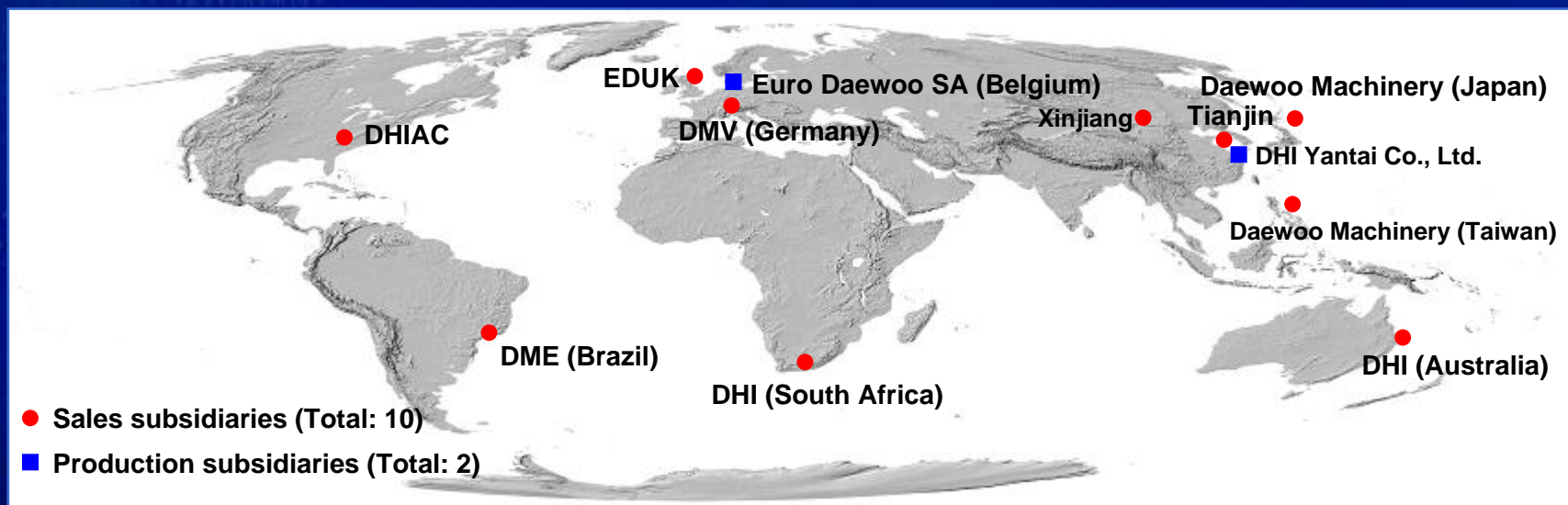


3. Sales Volume

(Unit: KRW bil,%)

Descriptions	2001	2002	Expect of 2003	Target of 2004	Contrast with Year 2003
Total (mil\$)	1,579.8 (612)	1,878.9 (638)	2,314.1 (880)	2,587.1 (1,148)	12% (30%)
Construction Equipment	453.5 (216)	595.3 (265)	894.9 (403)	957.2 (538)	7% (33%)
Industrial Vehicles	294.4 (135)	315.8 (115)	347.4 (146)	353.4 (164)	2% (12%)
Machine Tool & F.A.	334.2 (183)	326 (170)	371.1 (219)	417.6 (285)	13% (30%)
Engine & Materials	192.4 (44)	264.7 (51)	320.8 (77)	342.1 (112)	7% (45%)
Others	305.3 (34)	376.9 (37)	379.9 (35)	516.8 (47)	36% (34%)
mil\$ - Export			1,191.6/\$ 1,484.4/EUR	1,050/\$ 1,200/EUR	

4. Overseas Business Network



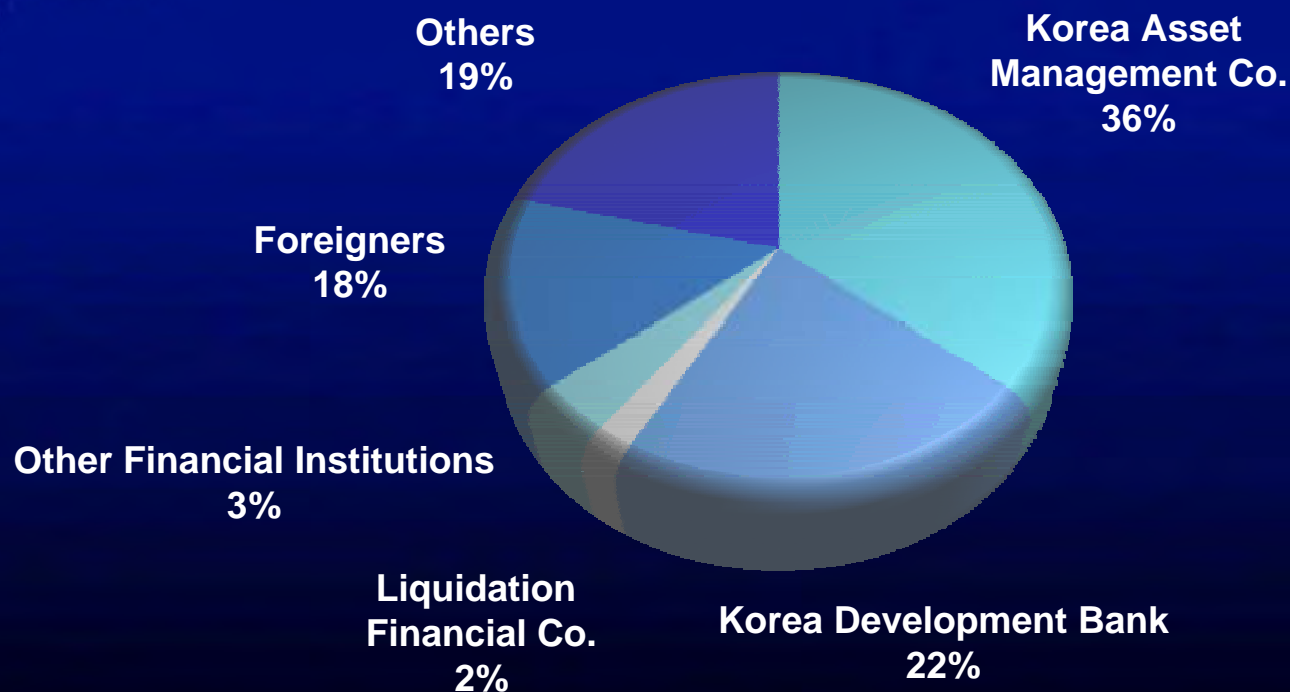
DEALERS (789)

Description	North America	Europe	Asia/Pacific	Central/South America	Middle-East/Asia/CIS	Total
Construction Equipment	60	18	112	18	16	224
Industrial Vehicles	220	140	60	16	26	462
Machine Tools	2	19	14	4	4	43
Diesel Engines	16	13	16	4	11	60
TOTAL	298	190	202	42	57	789

5. Shareholders

Shares outstanding: 167,957,384

Paid-in capital: W839.8 billion



II. Investment Highlights

1. Investment Highlights
2. Market Position
3. Financial Goals

1. Investment Highlights

RANKED 1st IN DOMESTIC MACHINERY INDUSTRY

- Ranking in domestic sales: 1st
- Ranking in domestic market share: 1st (Excavators, Forklifts, Machine Tools)
- High brand image

COMPETITIVE EDGE

- Top quality products
- Price competitiveness
- Worldwide sales and A/S networks

SUCCESSFUL ENTRY INTO CHINESE MARKET

- Chinese excavator M/S ranking: 1st (2000 ~)
- Chinese machine tools M/S ranking: 1st (2001 ~)
- Established production plant in China (Excavators, Forklifts, Machine Tools)

STABLE FINANCIAL STRUCTURE

- Declining debt-to-equity ratio 174.4 (Dec 2003)
- Operating cash flow W258 billion (03)
- Interest coverage rate: 3.66x

MISCELLANEOUS

- Internationally-certified laboratory
- Top-tier R&D
- High transparency (4 external directors, 3 internal directors)

2. Market Position

Product	Domestic Market (2002)		Global Market (2002)	
	M/S (%)	Ranking	M/S (%)	Ranking
Excavator	44.0	1	8.8	4
Forklift	57.0	1	5.0	9
Machine Tools	28.0	1	13.0*	4

Note: * Based on turning & machining center totals

- **Overseas sources:** Off-Highway Research, International Trade Administration (ITA), Association of Manufacturing Technology (AMT) USA.
- **Domestic sources:** Korea Construction Equipment Manufacturers Association (KOCEMA), Company data

3. Financial Goals

(KRW bil)		2003	2008	Growth Rate (%)
Total Sales	Total	2,314	4,142	13% CAGR
	Domestic	1,266	2,018	11% CAGR
	Export	1,048	2,124	15% CAGR
Recurring Profit		228	500	22% CAGR
Debt ratio (%)		174	75	

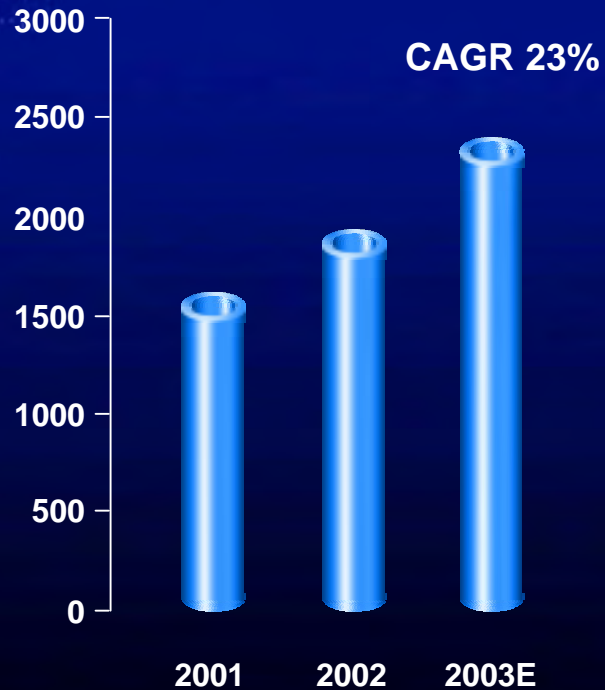
III. Business Review

1. Annual performance
2. Quarterly performance
3. Sales by Division
4. Sales by Area
5. Capacity

1. Annual Performance

Sales

(KRW bil)



Operating & Recurring Profit

(KRW bil)



2. Quarterly Performance

Sales

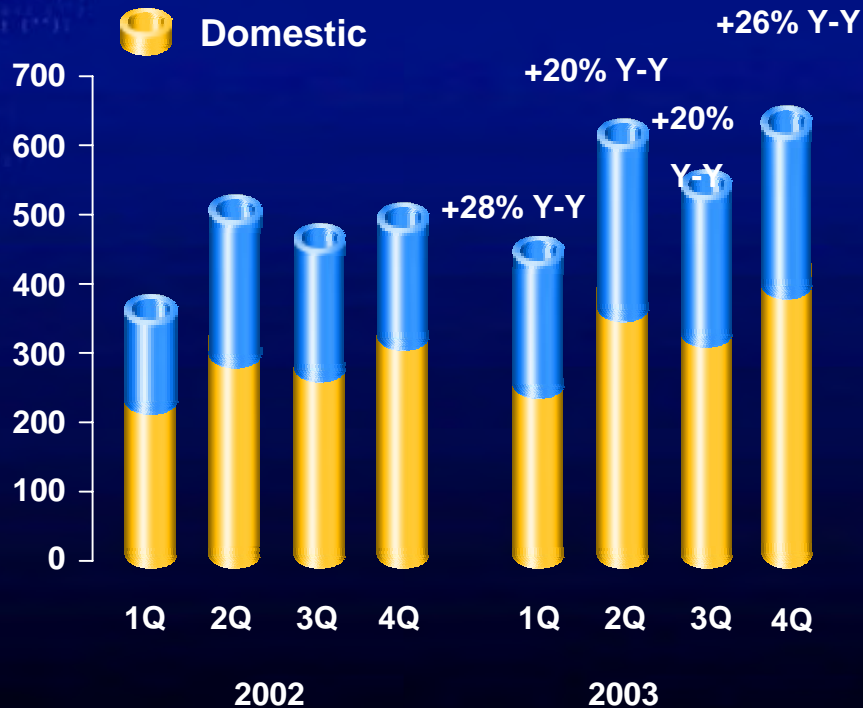
(KRW bil)



Export

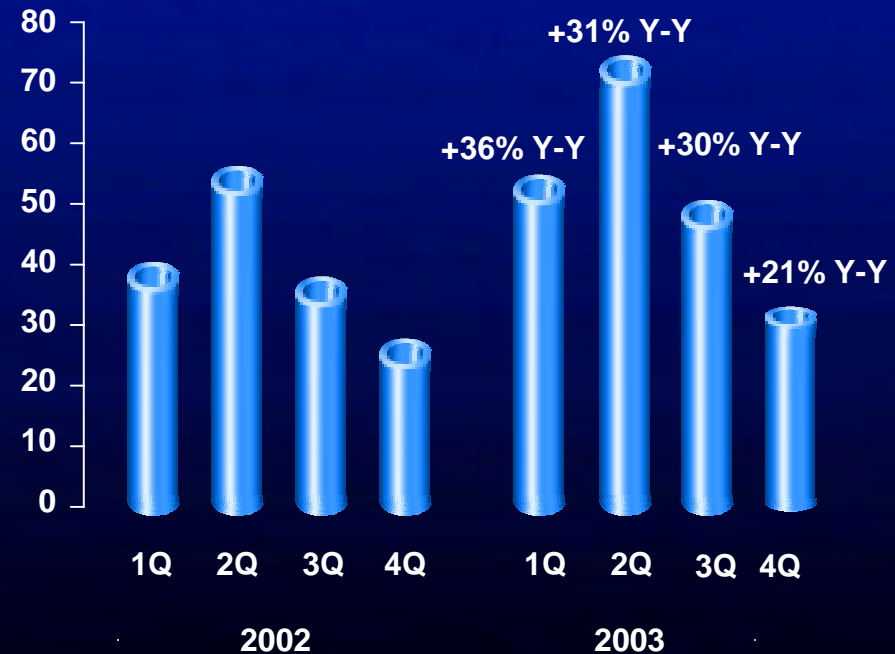


Domestic



Operating Profit

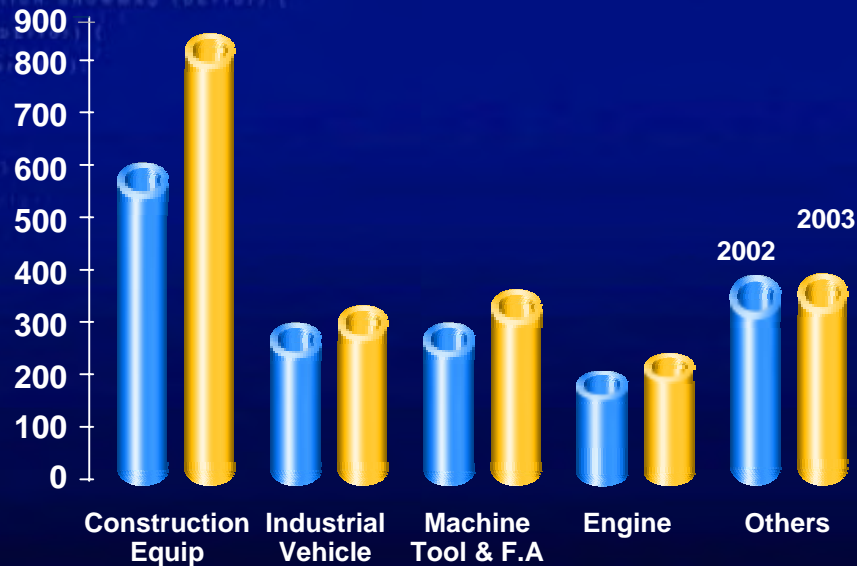
(KRW bil)



3. Performance by Division (03)

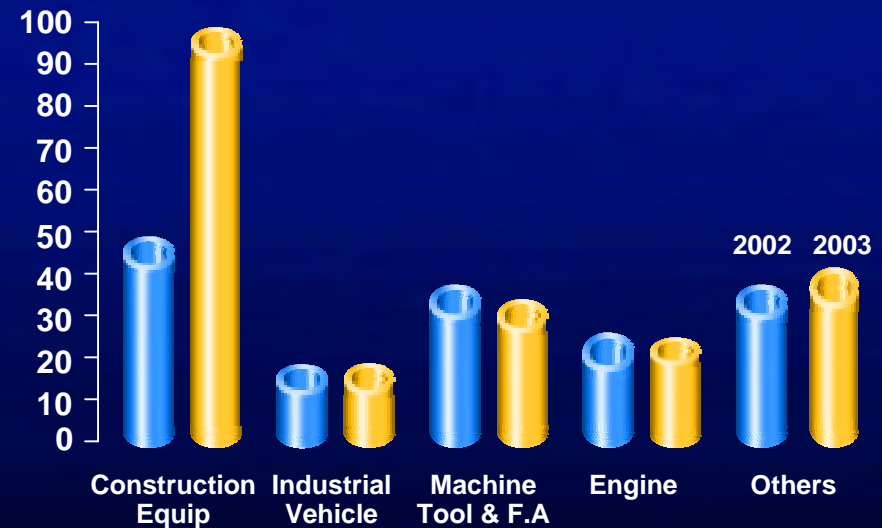
Sales

(KRW bil)



Operating Profit

(KRW bil)

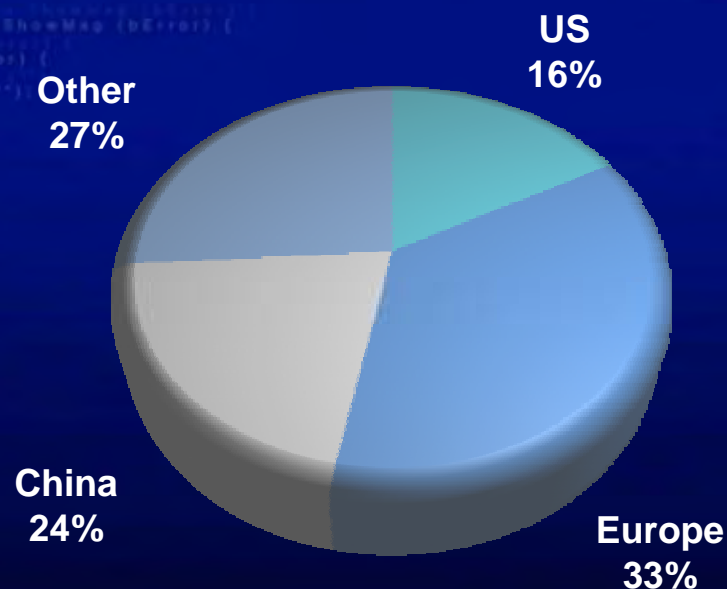


- Increases in construction equipment sales and operating profit were due to rising exports to China

4. Sales by Region (03)

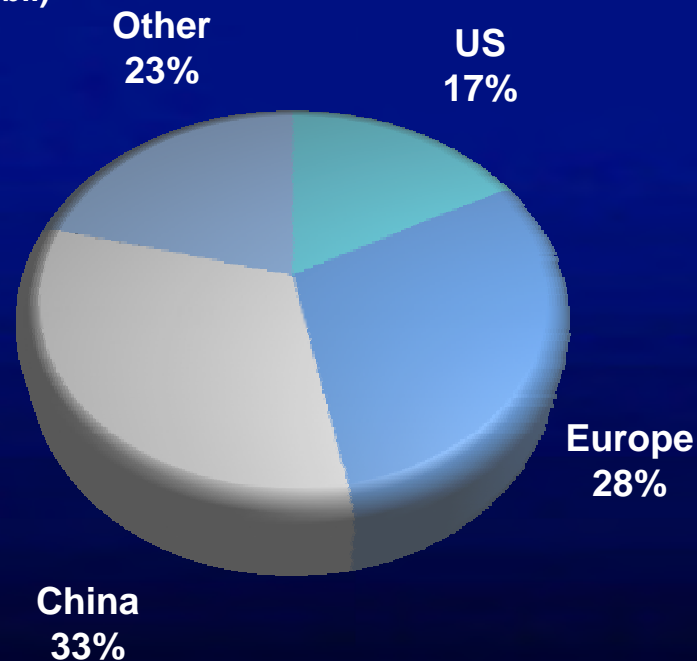
2002

(KRW bil)



2003

(KRW bil)



- Chinese exports have increased due to growth in sales of excavators and machine tools

5. Capacity

	Domestic Production	Overseas Production
Construction Equipment	Excavators: 8,500 units/year Wheel loaders: 1,200 units/year Concrete Pump Trucks: 50/year Other: 50 units/year	DHI Yantai Co. Ltd. (China): 12,000 excavators/year Euro Daewoo (Belgium): 700 excavators/year
Industrial Vehicles	Forklifts: 21,600 units/year	DHI Yantai Co., Ltd. (China): 2,000 units/year
Machine Tools & Factory Auto.	Machining Centers: 4,800units/year Factory Automation: W75b/year	Chinese subsidiary established July 2003; currently expanding M/C facility - completion expected in 1H04 (Capacity:1,000 units/year)
Diesel Engines	Diesel Engines: 37,000 units/year	

Note: Totals as of Dec 2003

IV. Business Status By Division

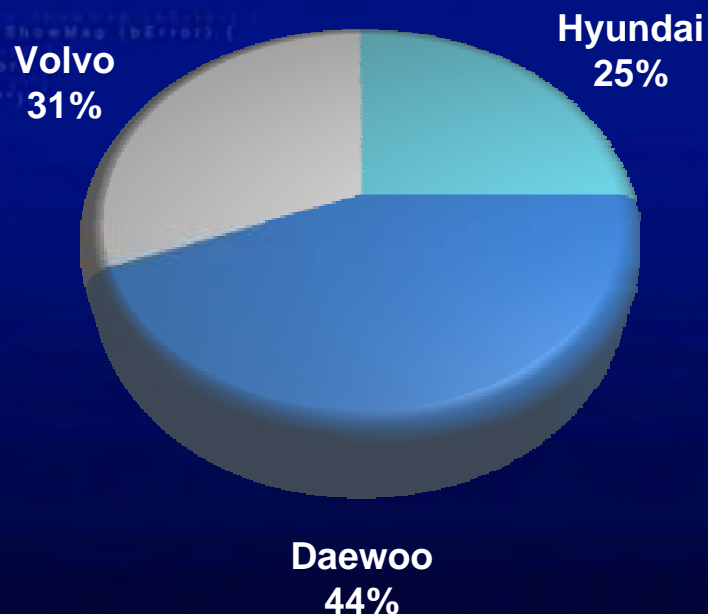
1. Construction Equipment
2. Industrial Vehicles
3. Machine Tools & Factory Automation
4. Engines
5. Defense Products

1. Construction Equipment - Sales Trend



1. Construction Equipment - Excavator Market Share

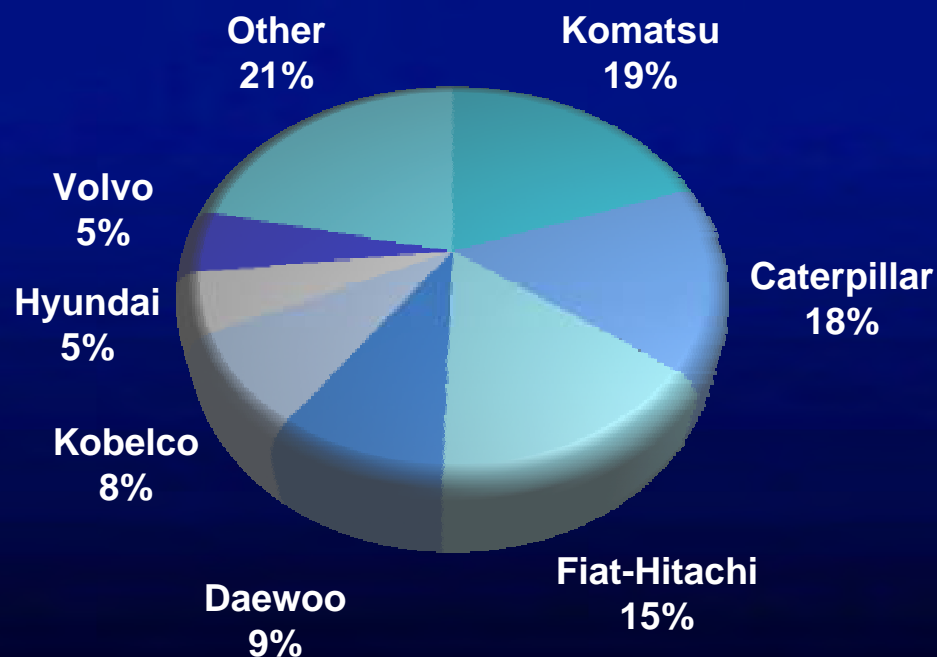
Domestic M/S



5,875 units

Source: Company data (2002)

Global M/S



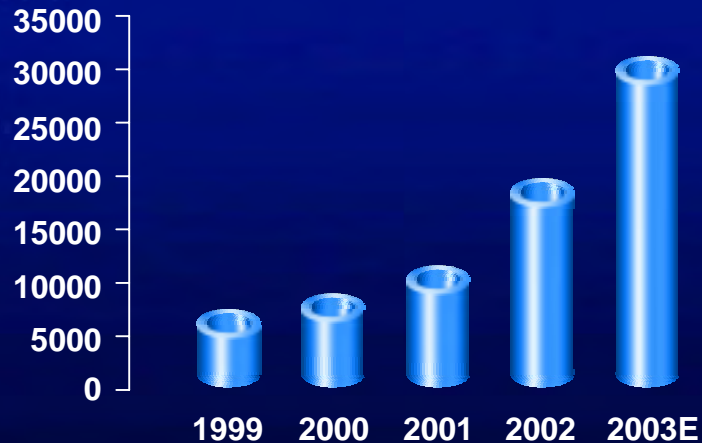
87,247 units

Note: Figures exclude equip below 5 tons (2002)
Source: Off-Highway Research, EMI 02 statistics

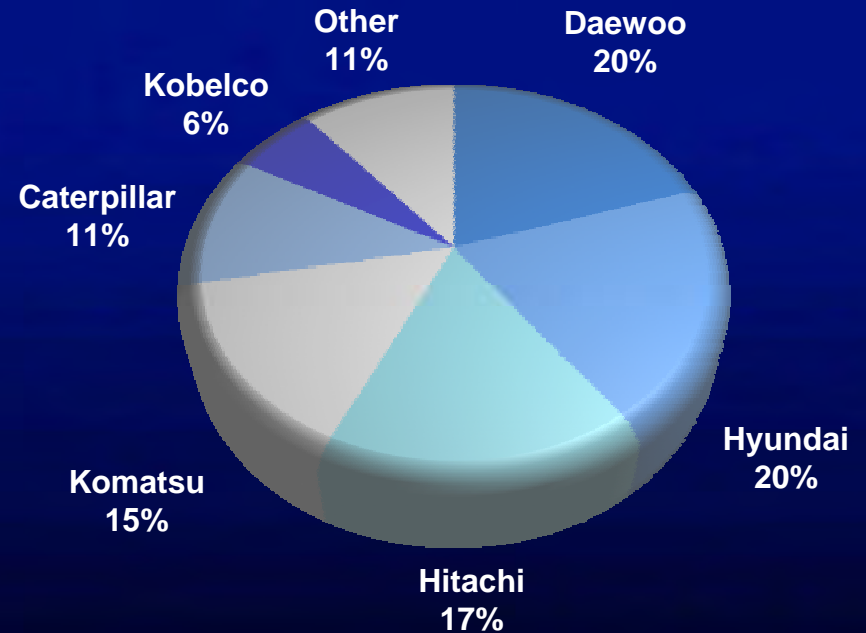
1. Construction Equipment - China Market

Excavator sales in China

(units)



M/S by Company



Sources: China Construction Machinery Industry Association (CCMIA), Company data

1. Construction Equipment - Chinese Operations

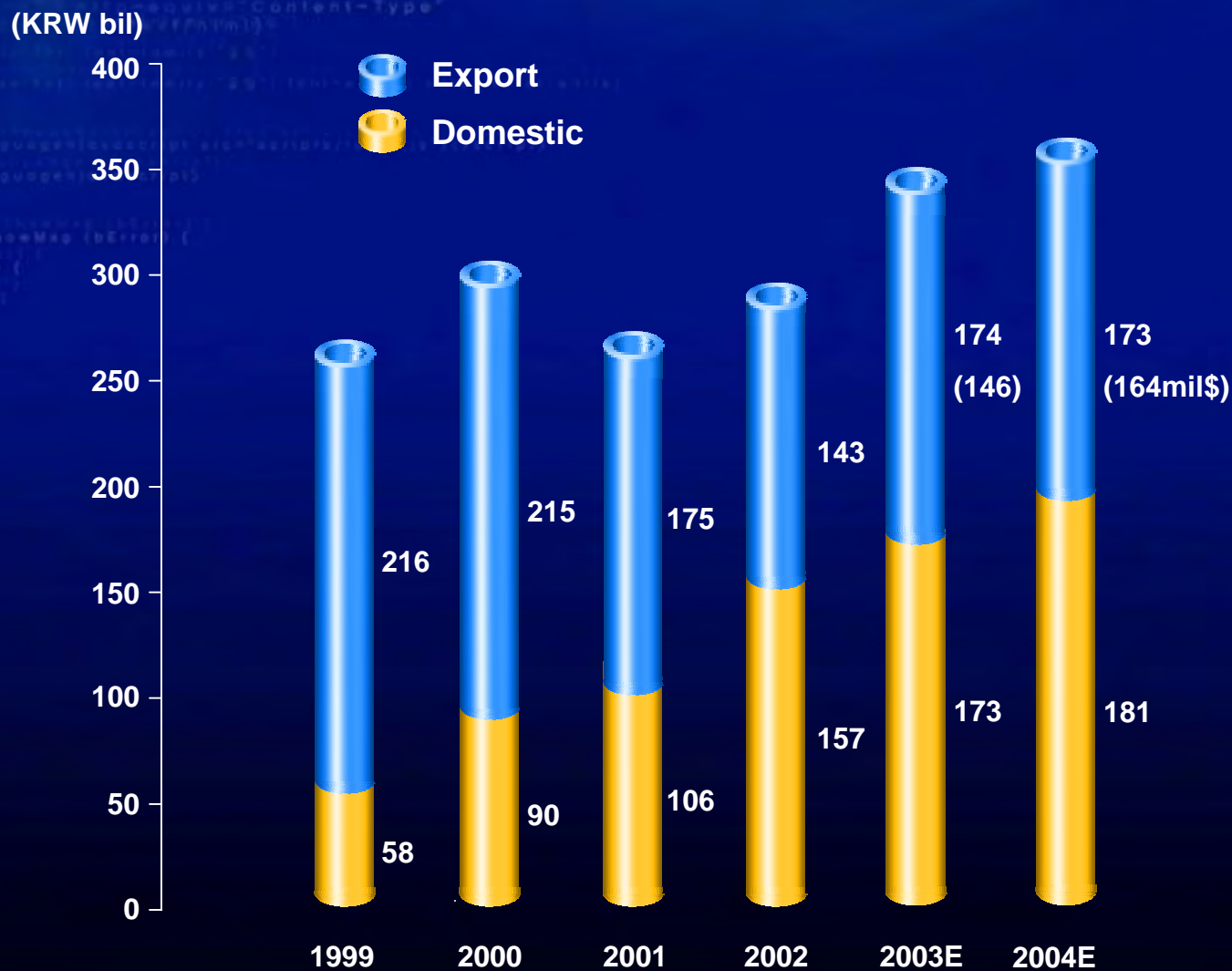
Results: DHI Yantai Co., Ltd. (Chinese subsidiary)

US\$m	1998	1999	2000	2001	2002	2003E
Sales	37	82	111	145	233	498
Net Profit	1	5	10	22	22	38
Sales (units)	443	1,084	1,425	2,173	3,832	6,000

Investments in China

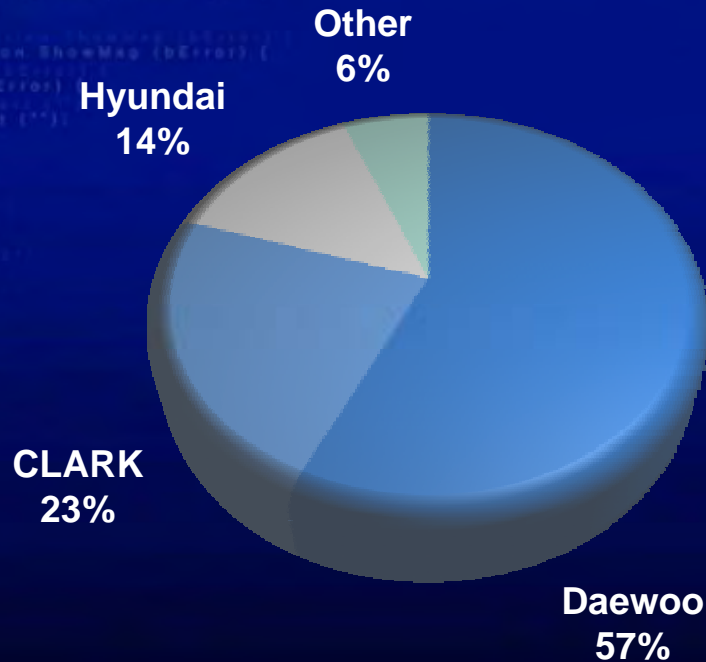
- Invested US\$60m in 1994 (production capacity: 200 excavators/month and 1,000 forklifts/year)
- Increased production capacity in 2003 (1,000 excavators/month and 2,000 forklifts/year)
- Ranked 7th in sales and 5th in profit in 2001 (based on Yantai region)
- Ranked 1st in taxes paid (awarded 5-year audit exemption by Yantai regional government)

2. Industrial Vehicles - Forklift Sales Trend



2. Industrial Vehicles - Forklift Market Share

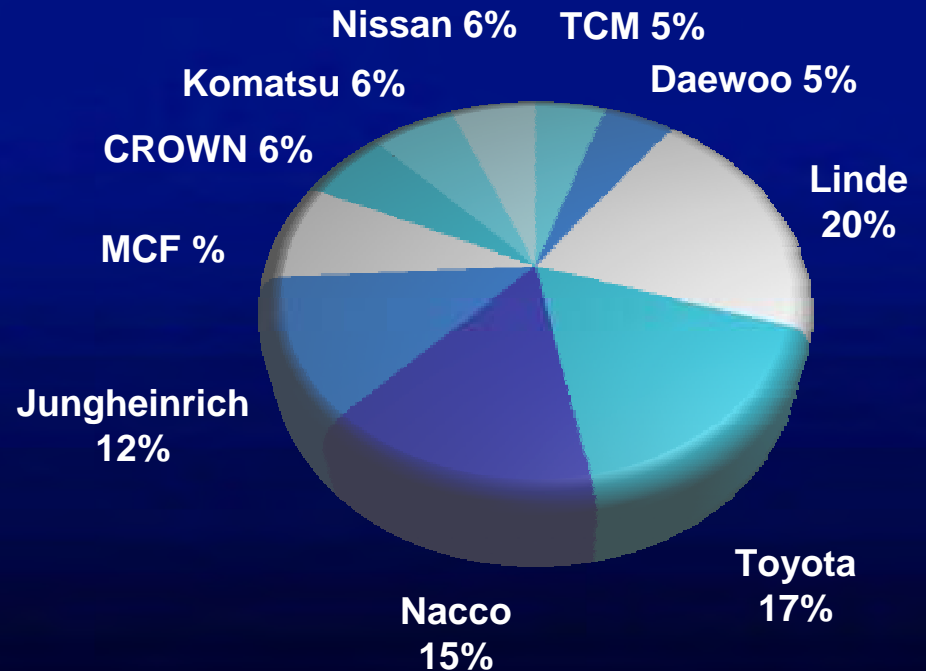
Domestic M/S



10,645 units

Source: Company data - 2002

Global M/S



251,819 units

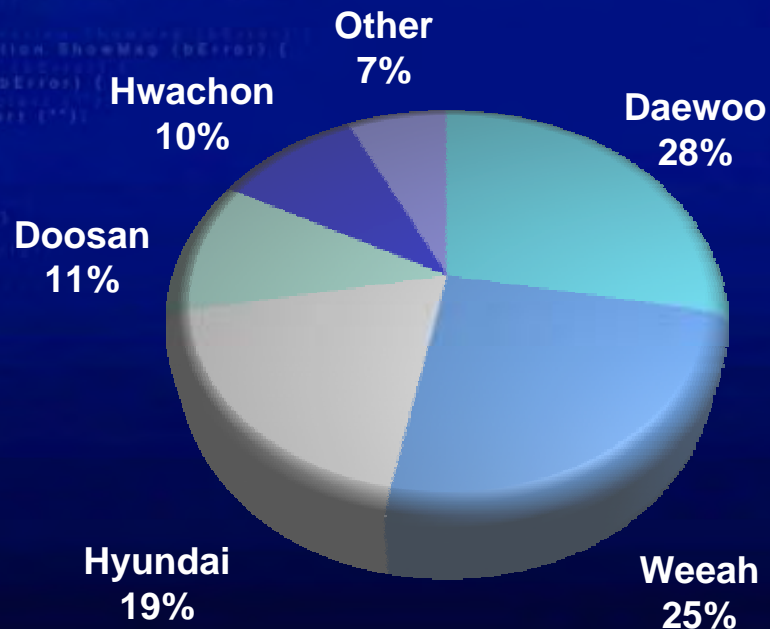
Source: ITA (US) - 2002

3. Machine Tools & Factory Automation - Sales



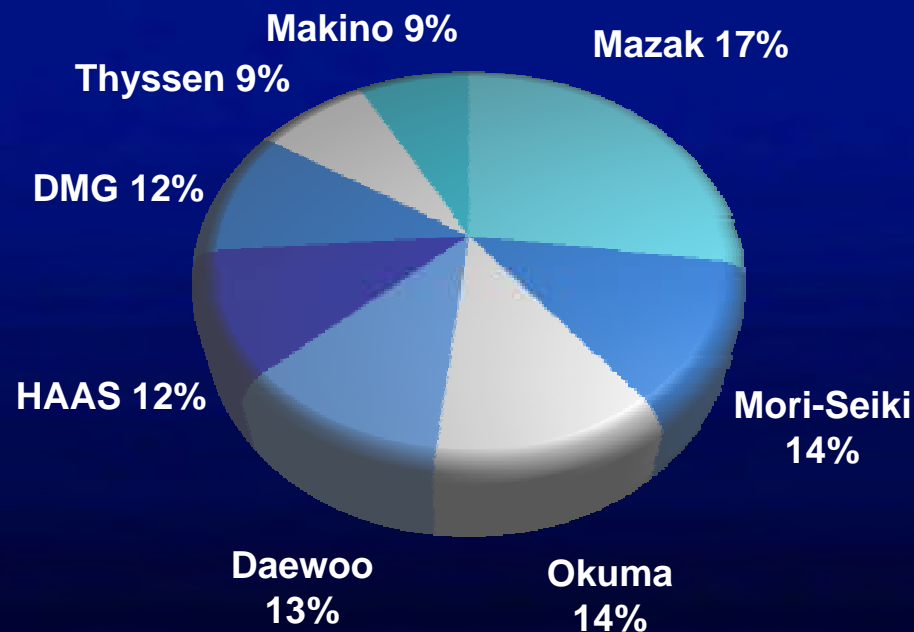
3. Machine Tools & Factory Automation - Market Share

Domestic M/S



Note: Weeah was formerly Kia Heavy Indus
Source: Korea Machine Tool Manufacturers Association (KOMMA)

Global M/S



Note: Based on turning and machining center totals (2002)

Sources: Contacts Metals & Welding Inc (CMW)
Canada Uniform Commercial Code (UCC),
AMT (USA)

4. Engines & Materials - Sales

(KRW bil)

350
300
250
200
150
100
50
0

Export
Domestic

1999

2000

2001

2002

2003E

2004E

133
69

141
58

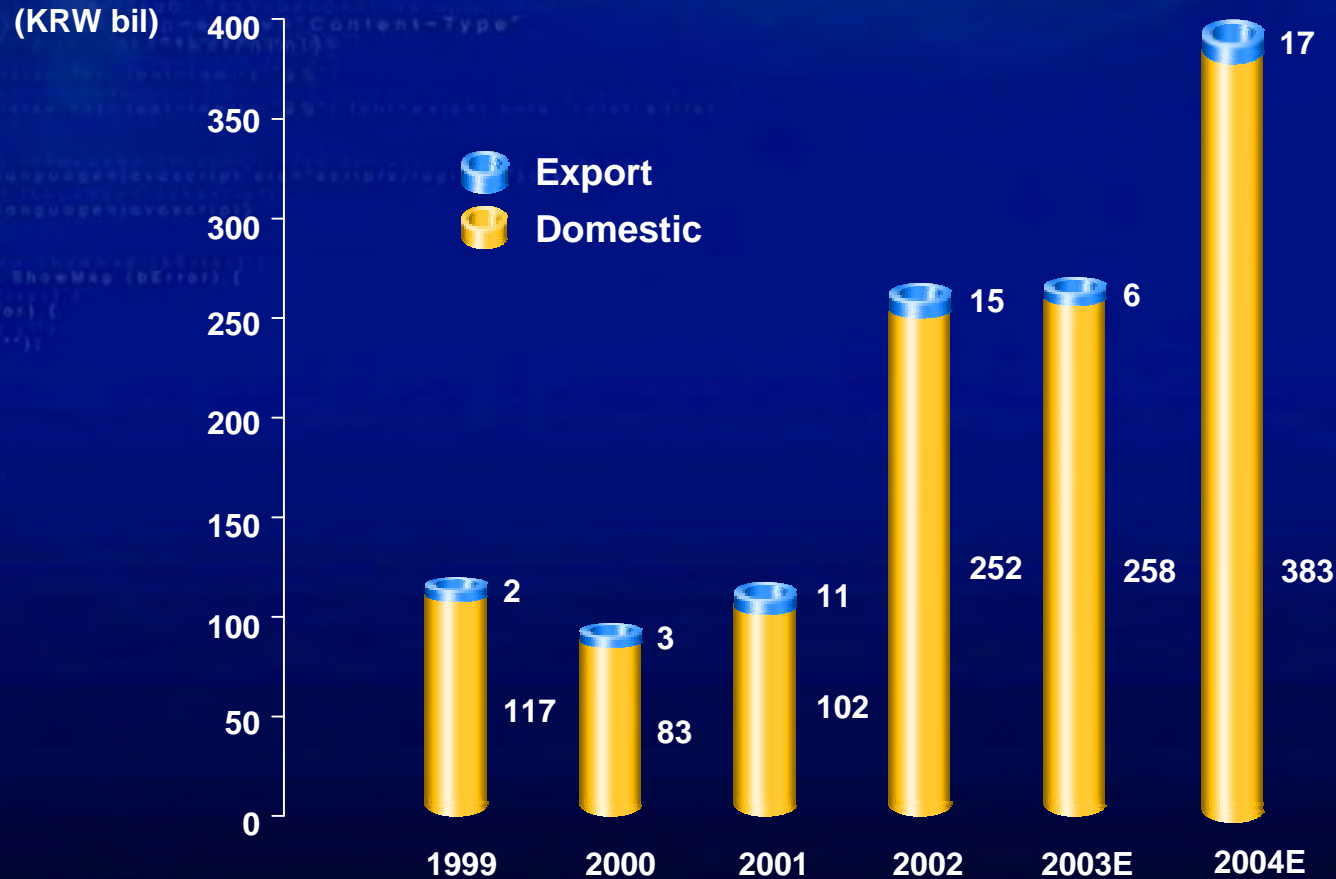
184
57

202
63

228
92
(77)

224
118
(112mil\$)

5. Defense Products - Sales



Increased 2002 domestic sales were due to the 'Chonma' order from the Defense Ministry

Order backlog : W700b in 2002 ~ 2005 ('Chonma')

W304b in 2004 ~ 2007 ('Viho')

W976b in 2003 ~ 2010 ('Chonma')

V. ISSUES

- 1. KAMCO and KDB to sell stakes in DHIM**
- 2. DHIM to sell stake in KAI**
- 3. Sale of unutilized real estate**

Thank you