



Doosan Infracore

DOOSAN INFRACORE

# 2010 1Q Investor Meeting

May 2010



# Disclaimer

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# 1Q10 results

■ Unit : KRW billion, %

- Sales and EBIT surged by 43% YoY and 139% YoY thanks to strong demand from China and Korea.
- Pretax profit turned black for the first time in seven quarters (excluding 2Q09 when one-time asset disposal gains were booked) in light of improved EBIT and equity method gains.

	1Q09	2Q09	3Q09	4Q09	1Q10	QoQ	YoY
Sales	651.6	626.1	653.6	731.9	933.4	27.5%	43.3%
EBIT	44.1	37.1	63.8	80.4	105.2	30.9%	138.8%
EBIT margin (%)	6.8%	5.9%	9.8%	11.0%	11.3%	0.3%p	4.5%p
EBITDA	66.0	53.7	78.9	98.4	127.4	29.5%	93.0%
(Financial cost)	31.3	37.4	38.4	39.4	39.1	-0.8%	24.9%
(Equity method)	-220.3	-56.1	-80.9	-78.7	-42.2	-	-
Pretax profit	-127.2	141.8	-193.4	-81.9	20.4	TB	TB

# 1Q10 divisional sales & EBIT

Unit : KRW billion, %

- Construction equipment division reported sharp growth thanks to greater sales contribution from profitable markets such as China and Korea.
- Machine tools division reported firm sales growth and a smaller EBIT loss due to solid demand from Korea.

## Sales

		QoQ	YoY
Construction Equipment	541.8	+39.5%	+65.1%
Machine Tools	152.2	+39.5%	+42.4%
Engines	102.2	-9.6%	+11.6%
Others	137.2	+13.0%	+9.7%
<b>Total</b>	<b>933.4</b>	<b>+27.5%</b>	<b>+43.3%</b>

## EBIT

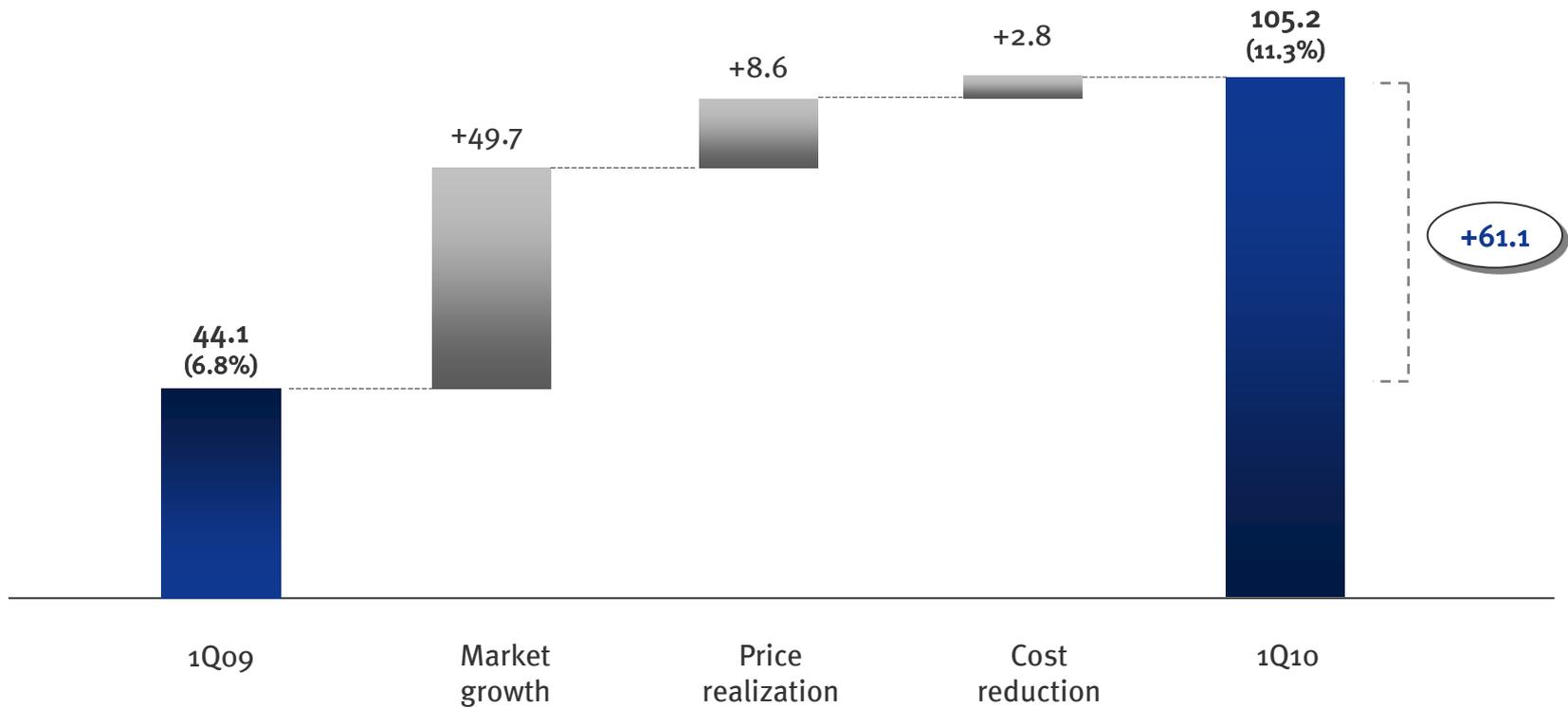
		QoQ	YoY
Construction Equipment	96.1 (17.7%)	+9.6%	+118.8%
Machine Tools	-5.1 (-3.4%)	-	-
Engines	6.1 (6.0%)	-59.3%	-27.0%
Others	8.1 (5.9%)	+142.3%	+76.6%
<b>Total</b>	<b>105.2 (11.3%)</b>	<b>+30.9%</b>	<b>+138.8%</b>

# 1Q10 EBIT analysis

Unit : KRW billion, %

- EBIT improved YoY by KRW61.1bn thanks to sales growth and price realization.

## YoY comparison



# 1Q10 financials

■ Unit : KRW billion, %

- Financial structure improved during 1Q as the company took proactive measures to reduce its debt and increase the percentage of long-term debts.

	07	08	09	1Q10	QoQ
Current Assets	1,288.4	1,995.8	1,528.7	1,671.9	9.4%
Fixed Assets	1,918.9	2,929.8	3,249.9	3,093.0	-4.8%
Total Assets	3,207.3	4,925.6	4,778.6	4,764.9	-0.3%
Total Liabilities	2,098.0	3,379.9	3,497.7	3,522.3	0.7%
- Debts	1,005.0	1,530.5	2,570.9	2,438.9	-5.1%
(% of long-term debt)	87.1%	66.2%	53.3%	60.8%	7.5%p
Total Shareholders' Equity	1,109.3	1,545.7	1,280.9	1,242.6	-3.0%

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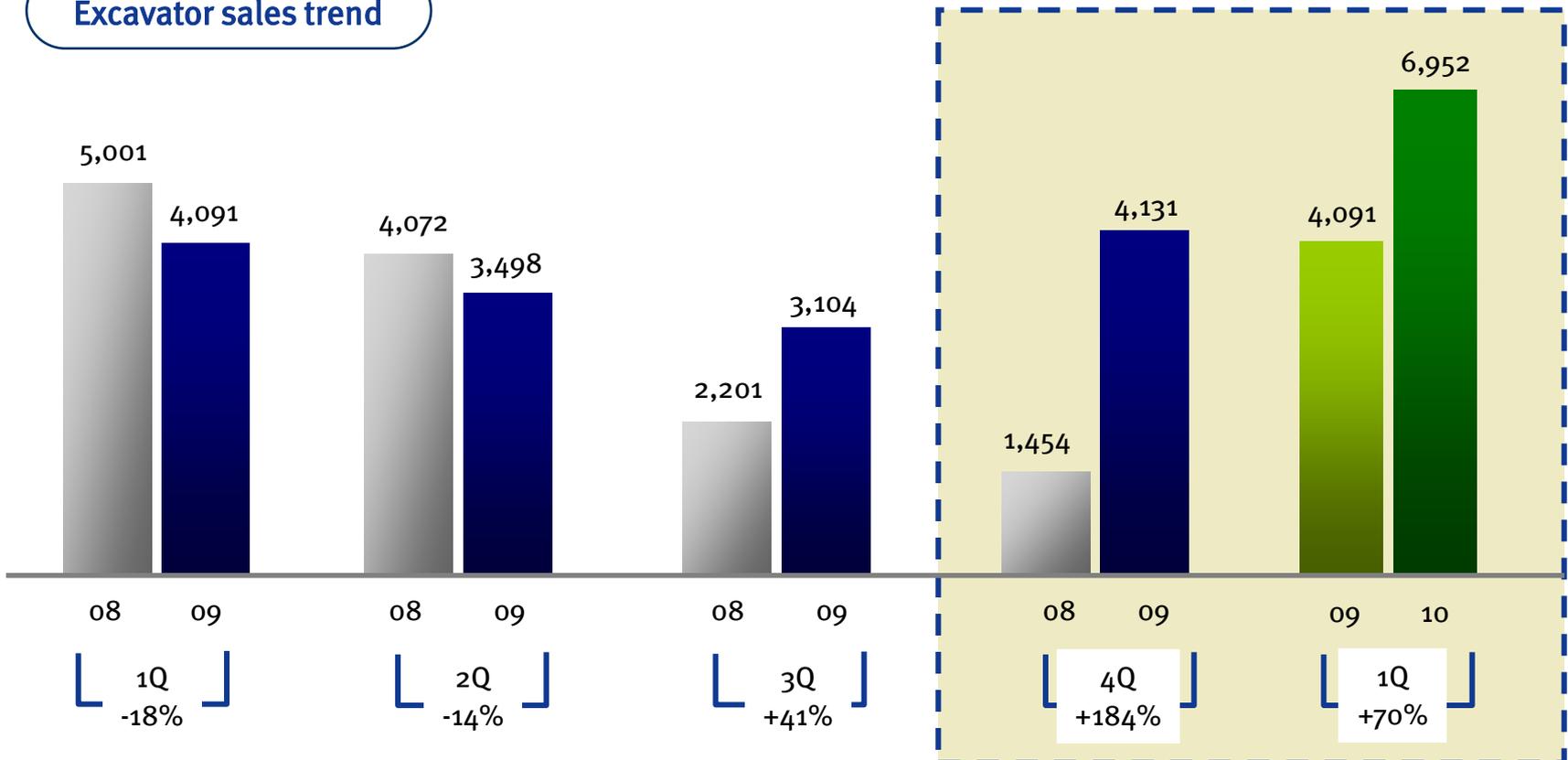
## 3 DI & DII 2010 outlook

# 1-1 Construction equipment : Historic-high quarterly sales in China

Unit : units, %

- Excavator sales volume in China surged 70% YoY in 1Q in line with the market growth and reached historic-high quarterly results (Monthly sales volume also reported a historic-high of 4,371 units in March).

## Excavator sales trend

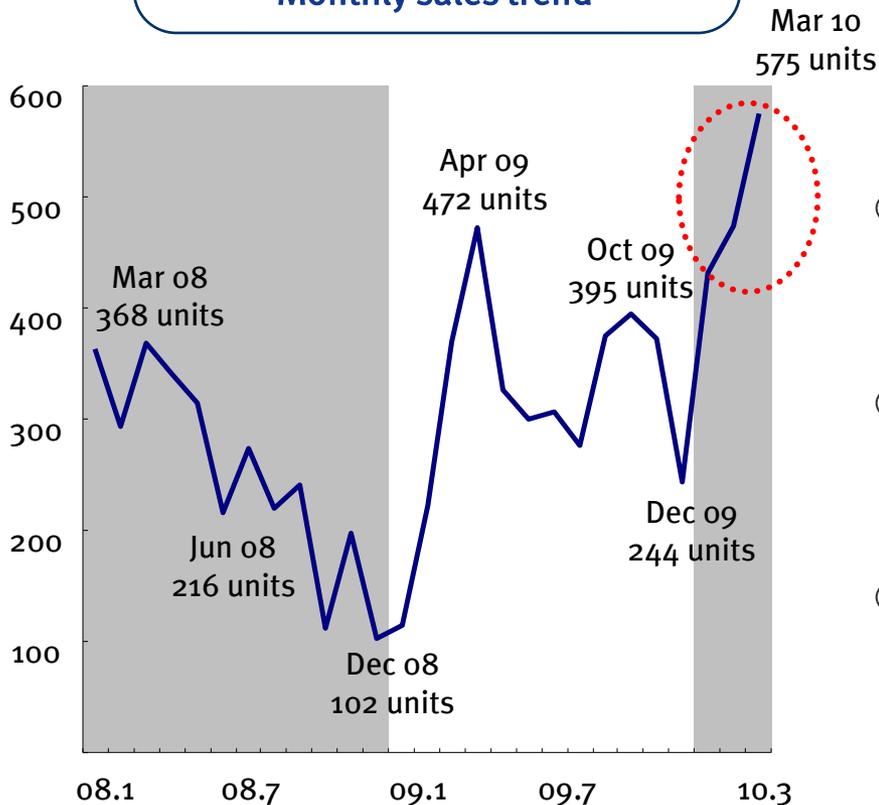


# 1-2 Construction equipment : Unprecedented growth in Korea

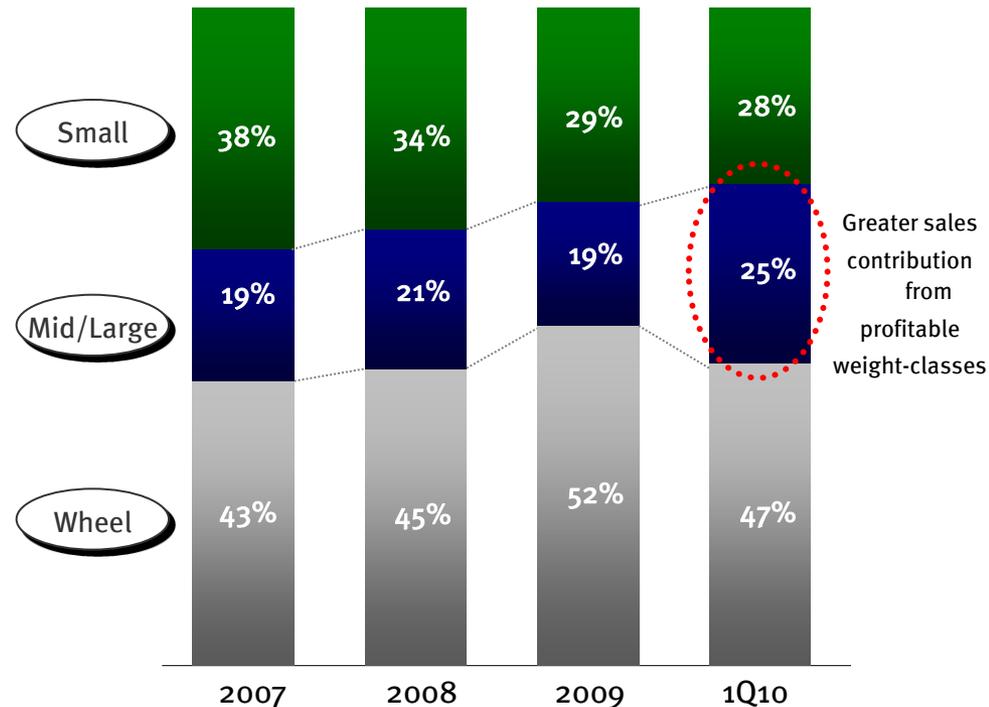
Unit : units, %

- Excavator demand in Korea also reached unprecedented levels in March in view of SOC investment related new demand (particularly for large-sized equipments) and full-fledged replacement demand. We project more than 20% YoY growth for 2010 in Korea.

Monthly sales trend



Sales by weight class

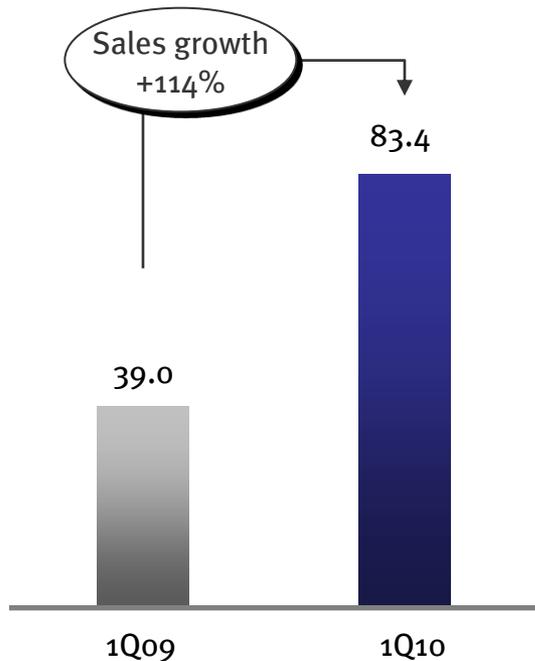


# 1-3 Construction equipment : Fast-growing emerging markets

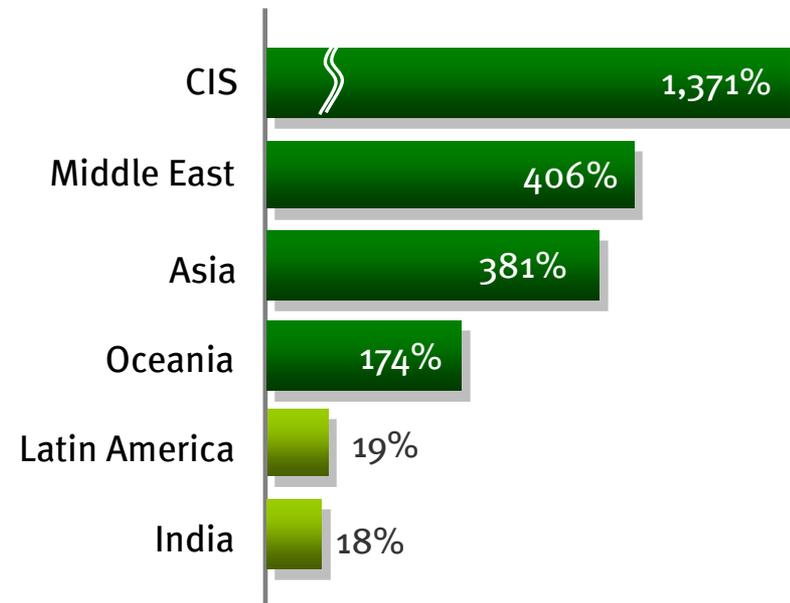
Unit : units, %

- Sales from emerging markets in 1Q grew remarkably by 114% YoY in line with firm growths from CIS and Middle Eastern markets.
  - Sales contribution from emerging markets rose 3%p from a year ago (12% in 1Q09 → 15% in 1Q10)

### Sales from emerging markets



### Sales growth by region (YoY)

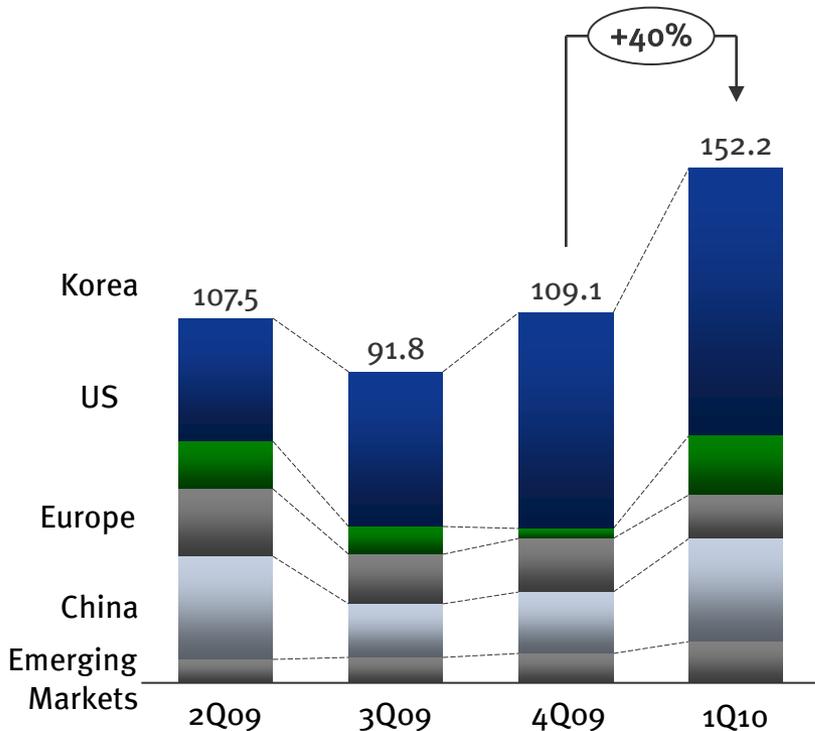


# 2 Machine tools : Already at peak order levels

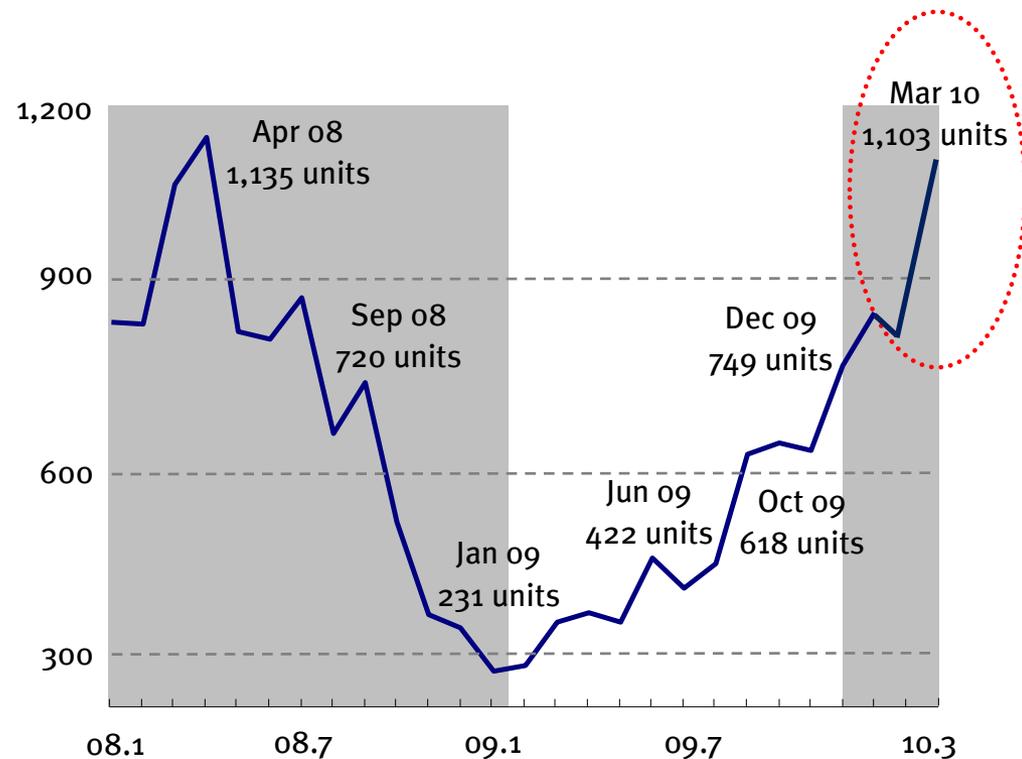
Unit : KRW billion, %

- Machine tools sales grew 40%QoQ thanks to solid demand from automobile and IT industries in Korea and China. We anticipate accelerated growth in light of the order trend during 1Q.

Quarterly sales



Order trend

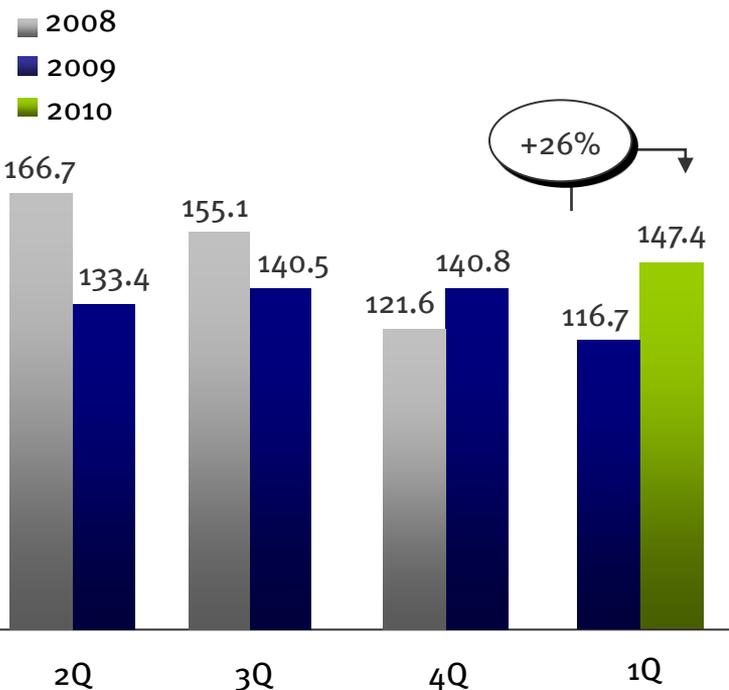


# 3 Engines : Securing platform for mid/long term growth

Unit : KRW billion, %

- Engine division attained a 26% YoY sales growth thanks to increasing demand from emerging markets and existing large accounts, as well as newly added clients.
- The Chinese local joint venture Xuzhou-Doosan will act as the secondary production base and pursue synergies with the existing businesses.

## Quarterly sales trend



\* Including internal sales.

**A**  
Mid/Long  
-term  
growth  
engine

### Construction of Xuzhou-Doosan engine plant

- Commencement ceremony for the construction of Xuzhou-Doosan's diesel engine plant on Apr. 16<sup>th</sup>.
- Plans to build 6~8L diesel engines for construction equipments from July 2011 and expand capacity to 100,000 units by 2018.
- Attain cost leadership and create synergies with existing biz by building our secondary production base in China.

### Expand CNG engine biz in North America

- Increase CNG engine supply in North America from Jul. '10.  
- 425 units in '10, 697 units in '11, 1,057 units in '12
- Expand to bus and waste collection vehicle OEM markets.

**B**  
Expand  
existing  
Biz.

### Stronger partnership with existing clients

- Increase long-term supply contracts with big accounts and continuously improve sales support  
- Expand A/S network and provide A/S training to dealers

### Expand global sales network

- 186 dealers at end-09 ⇒ 192 dealers as of March '10 (Target of 211 dealers by end-10)

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# 1Q10 results

■ Unit : US\$ million, %

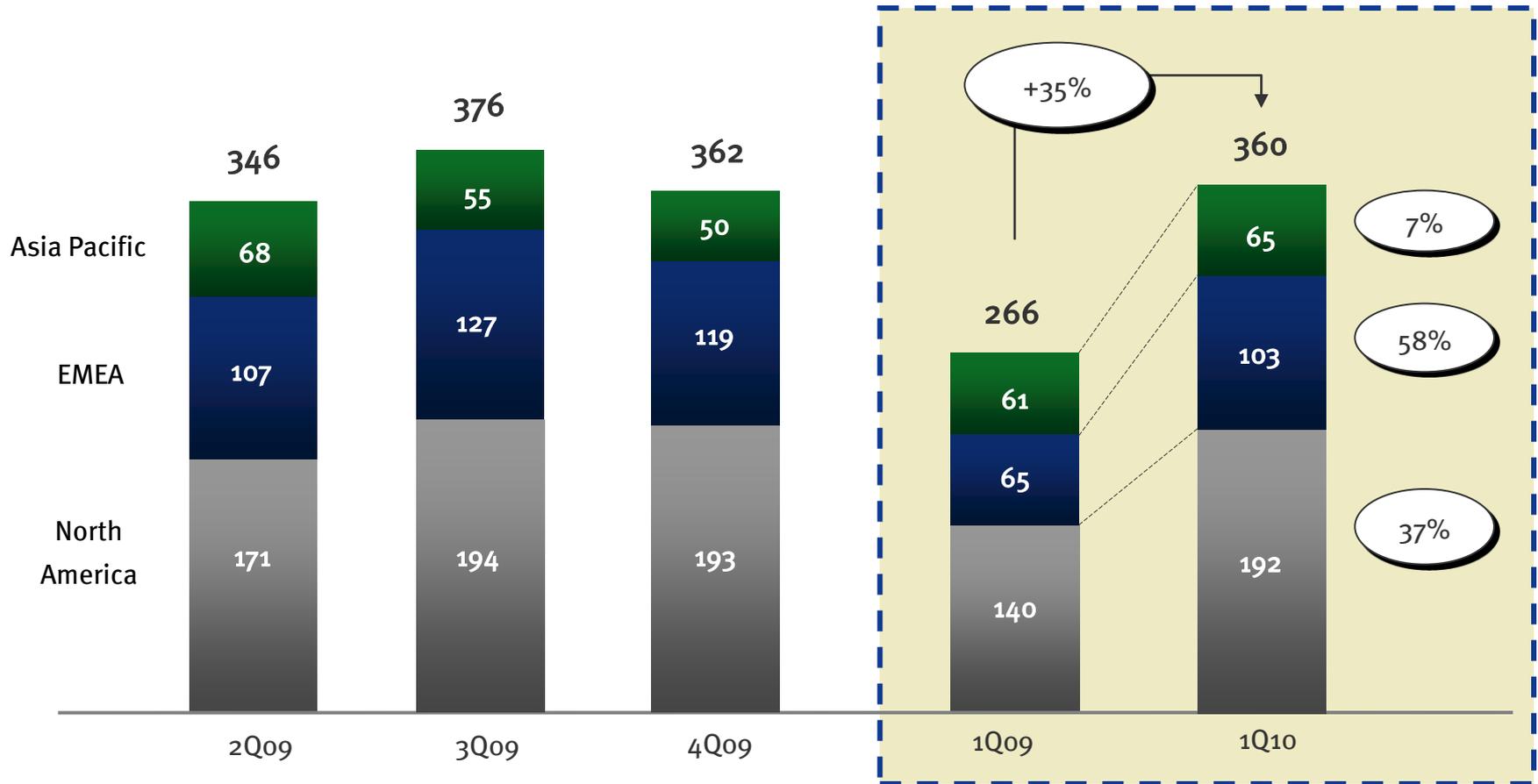
- Sales rose 35% YoY to US\$360mn in view of market growth and market share gains.

	1Q09	2Q09	3Q09	4Q09	1Q10	QoQ	YoY
Sales	266	346	376	362	360	-0.6%	+35.3%
EBIT	-111	-91	-81	-102	-67	+35	+44
EBITDA	-82	-63	-50	-71	-37	+34	+45
- Financing Cost	40	53	29	39	21	-18	-19
Net Profit	-160	-121	-98	-163	-117	+46	+43

# 1Q10 regional sales

Unit : US\$ million, %

- Sales grew 35% YoY thanks to market share gains and visible improvement in North America and EMEA.

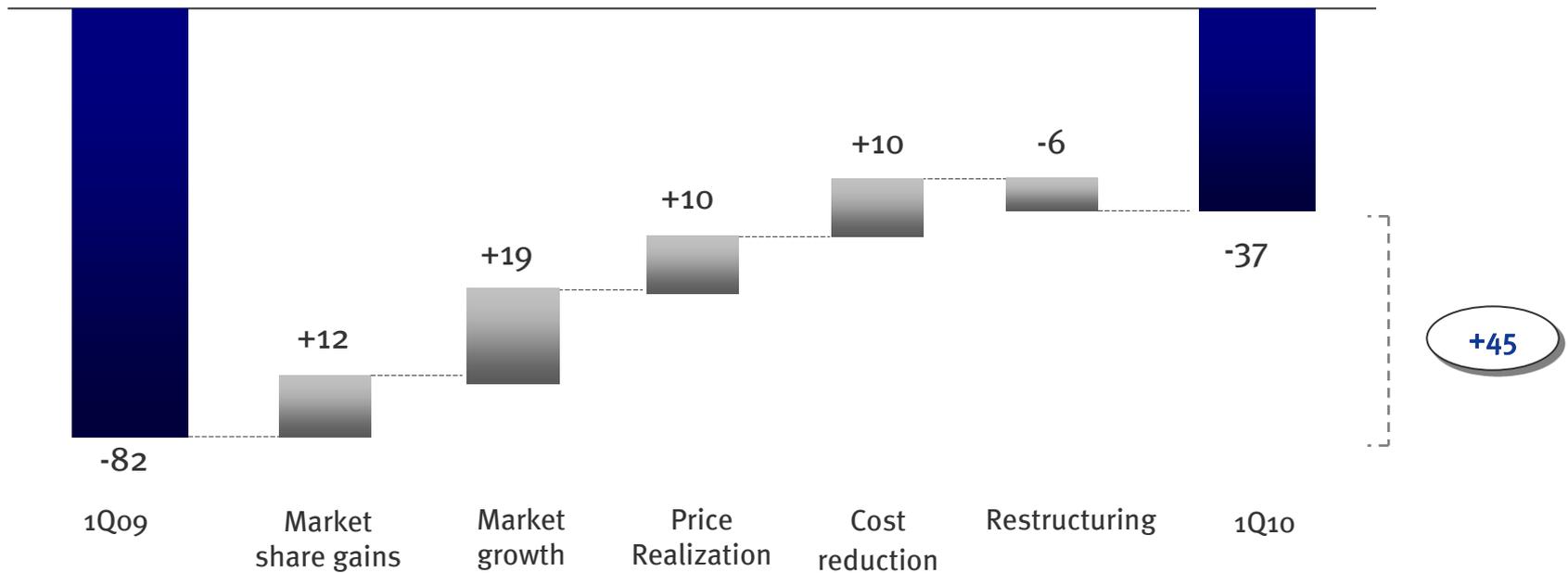


# 1Q10 EBITDA analysis

■ Unit : US\$ million

- EBITDA improved by US\$45mn YoY on the back of market growth, market share gains and price realization.

## YoY comparison



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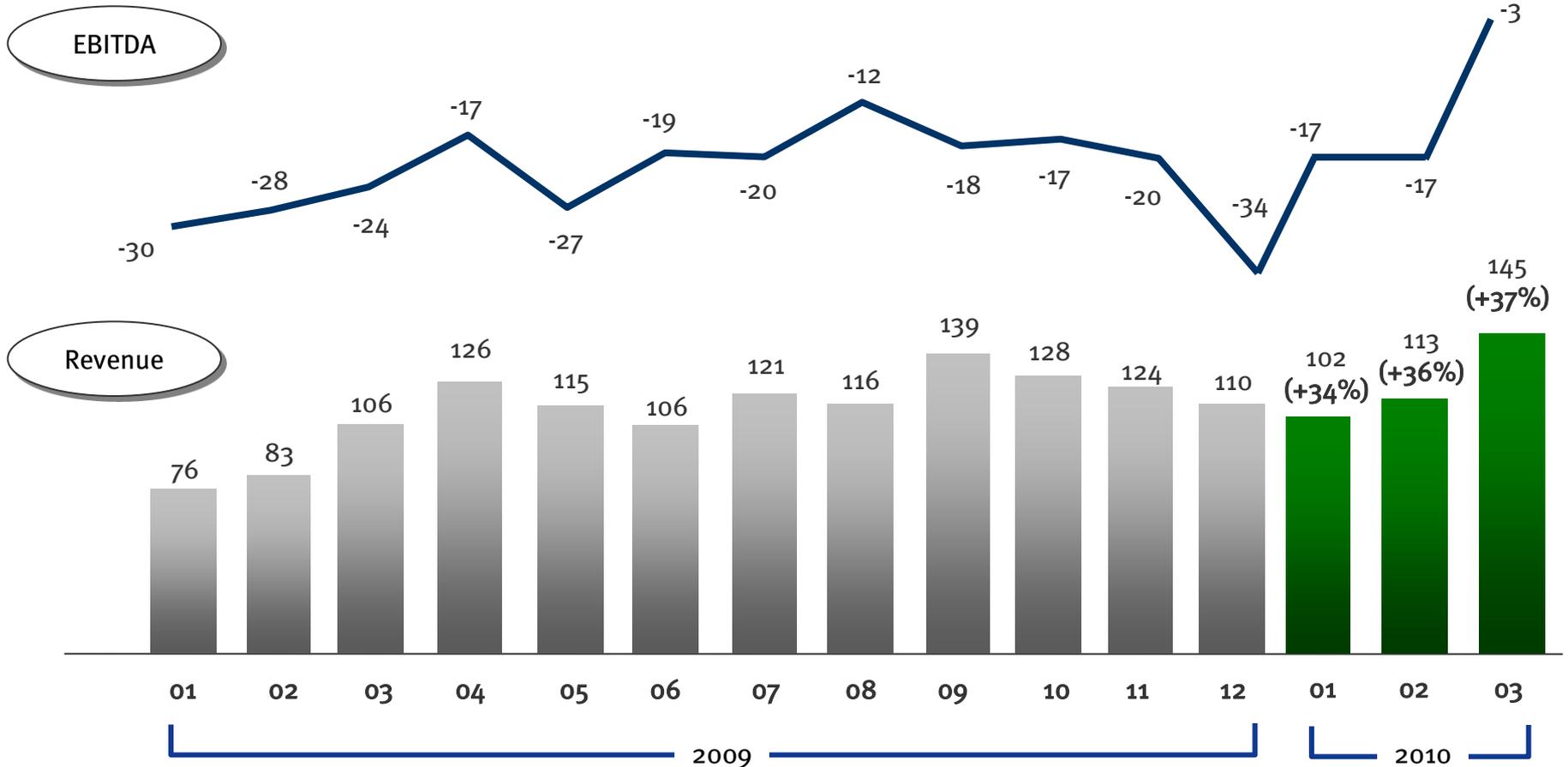
— 1Q10 Highlights

## 3 DI & DII 2010 outlook

## 2 EBITDA nearing breakeven

Unit : US\$ million

- Monthly EBITDA is nearing break even thanks to visible sales improvement and better cost structure after our restructuring efforts.

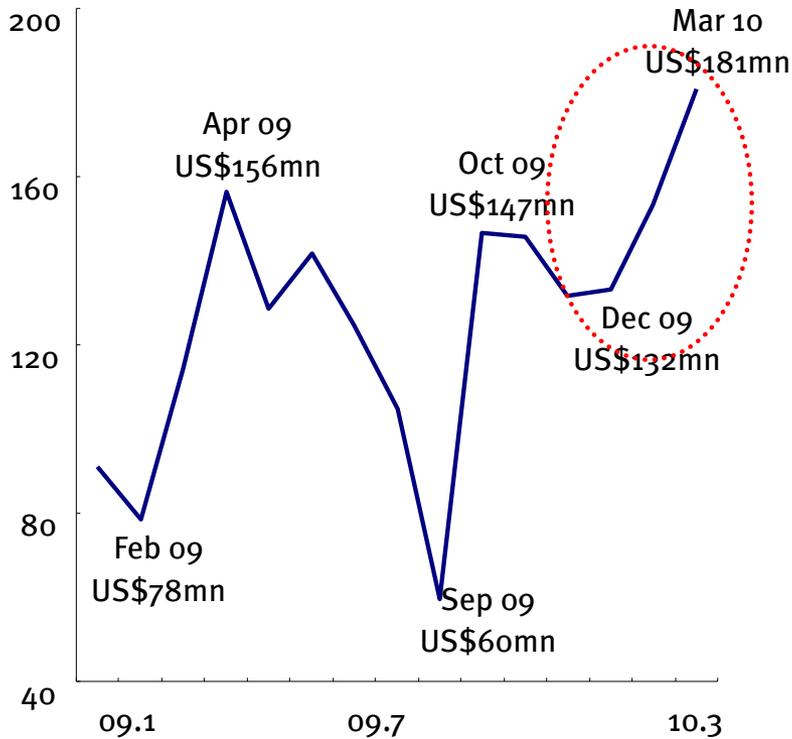


# 3 Imminent turnaround based on order growth and price realization

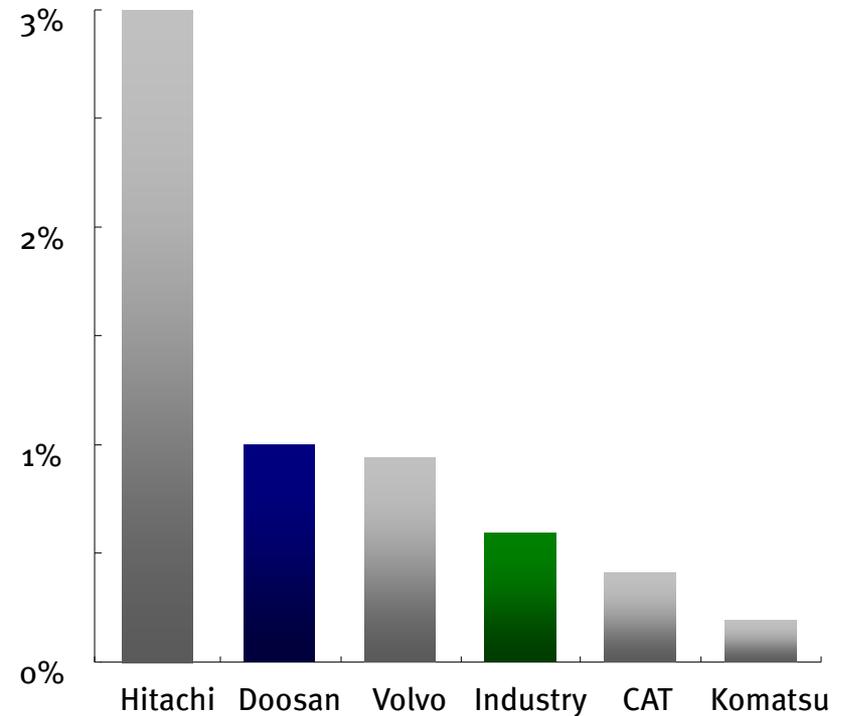
Unit : %

- DII obtained the greatest monthly orders in March since the financial crisis and was able to raise product prices that was depressed as a result of sluggish orders.

Order trend



Price trend (YoY comparison)



Source: ISI (International Strategy & Investment Group Inc.) Report in March, 2010

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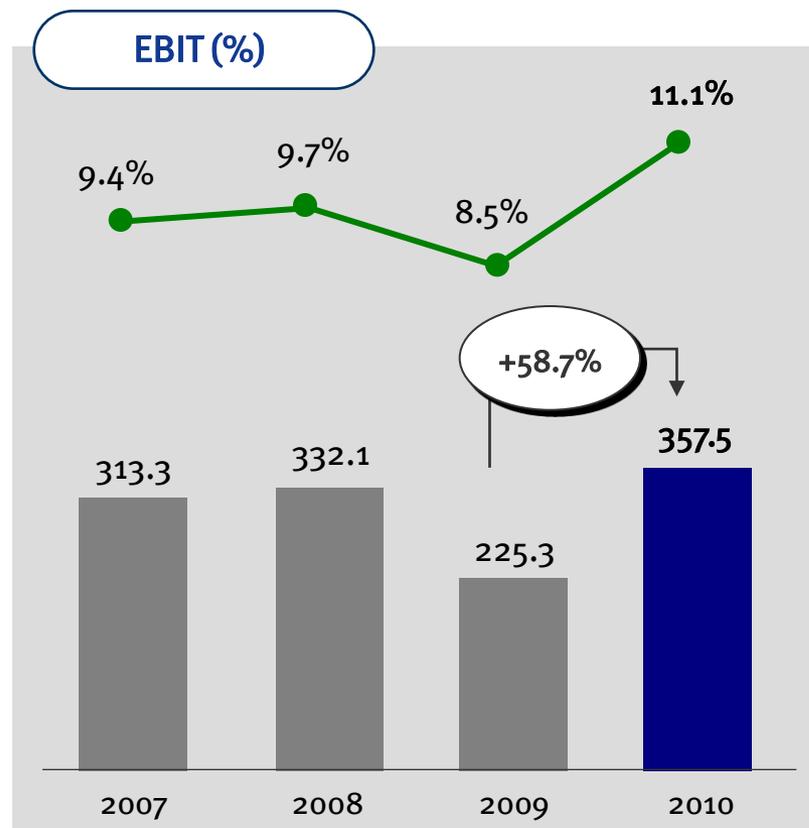
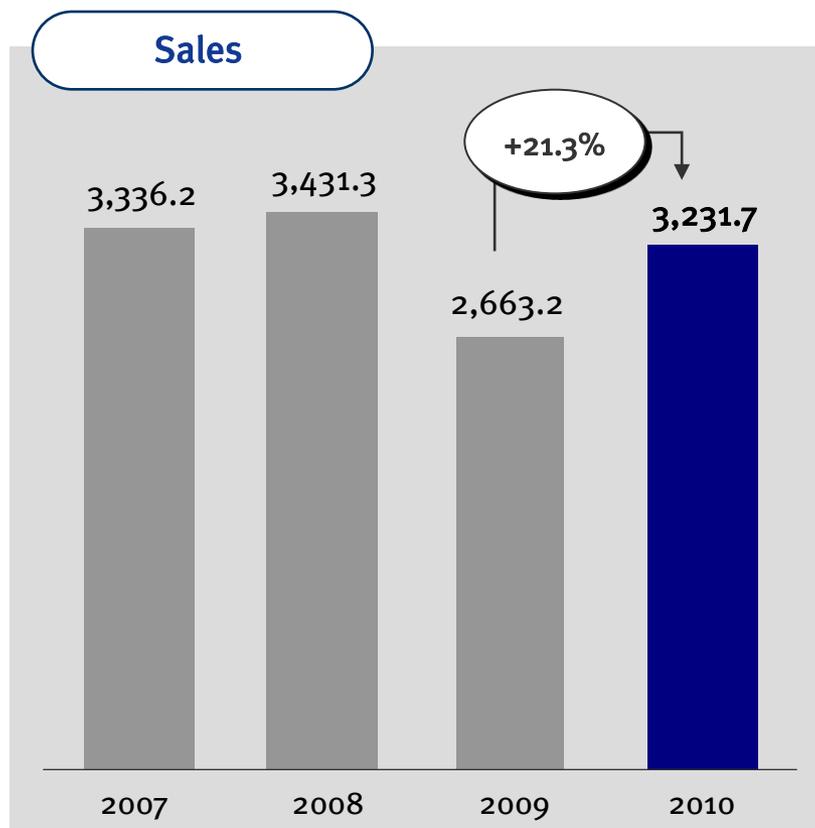
— 1Q10 Highlights

## 3 DI & DII 2010 outlook

# DI – 2010 outlook

Unit : KRW billion, %

- We expect sales and EBIT to grow by 21% and 59% in 2010.
- EBIT should reach a historic-high thanks to sales contribution from the profitable construction equipment division and turnaround of the machine tools division.



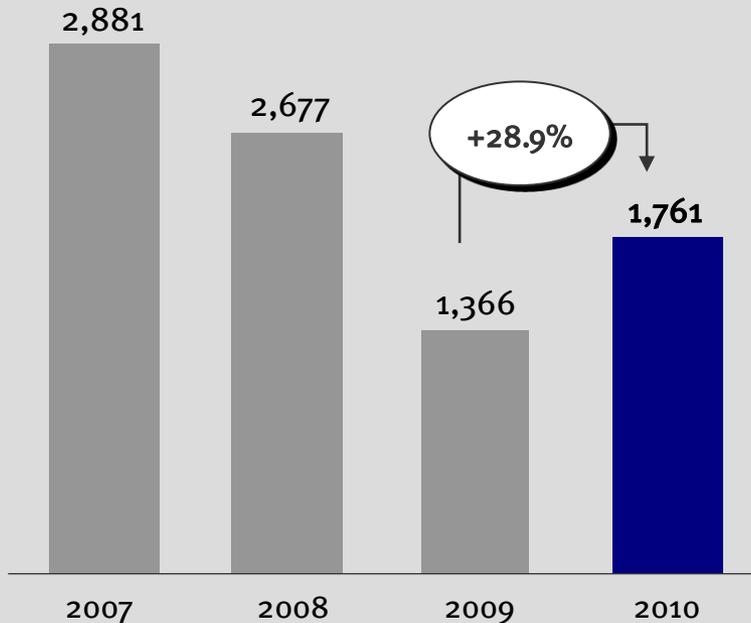
\* Excluded defense division sales and EBIT for apple-to-apple comparison

# DII – 2010 outlook

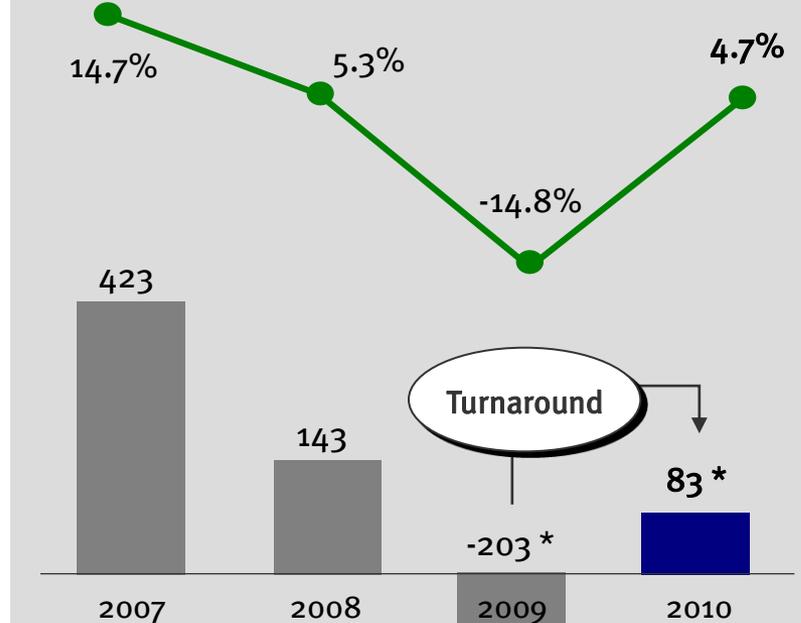
Unit : US\$ million

- We project sales to grow 29% YoY due to market recovery and price realization.
- EBITDA is expected to turn black in light of steady sales growth and positive impact from restructuring.

## Sales



## EBITDA (%)



\* Excluding restructuring costs

**Thank You**