



Doosan Infracore

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2011 2Q Investor Meeting

July 2011



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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1 **DI 2Q11 Results**

2 **DI 2Q11 Highlights**

2Q11 Results *

- Sales grew 9% YoY thanks to full-fledged global demand recovery for the construction equipment and machine tools divisions.
- EBIT also grew year-on-year on the back of strong profit improvement of the machine tools division and greater profit contribution from DII.

Results

(Unit : KRW billion)

	2Q10	3Q10	4Q10	1Q11	2Q11	YoY
Sales	2,070.9	1,775.8	1,974.4	2,211.8	2,263.8	+9.3%
EBIT	229.8	147.9	170.5	228.9	235.4	+2.4%
EBIT margin (%)	11.1%	8.3%	8.6%	10.3%	10.4%	-0.7%P
(Net Financial Cost)	82.5	76.2	74.9	72.5	71.4	-13.5%
Pretax Profit	-31.4	121.1	60.9	190.2	126.1	TB
Profit from Discontinued Operations	9.1	6.2	11.9	6.7	79.5	+773.6%
Net Profit	-33.0	107.6	57.6	148.6	170.8	TB

* Figures are based on consolidated K-IFRS. K-IFRS financial reporting standard requires profits from the Industrial Vehicle BG to be classified as profits from discontinued operations.

2Q11 divisional sales & EBIT *

- Despite the weakness in China, the construction equipment division reported solid sales growth of 3% YoY thanks to 1) remarkable turnaround of developed markets (includes DII) and 2) increased contribution from emerging markets.
- EBIT of the machine tools division surged 440% YoY to reflect 1) favorable sales trends in the profitable developed markets and 2) price hikes.
- The engine division reported sales growth of 28% YoY and EBIT growth of 65% YoY due to growing demand from captive customers such as Daewoo Bus and Tata Commercial Vehicle.

Sales

(Unit : KRW billion)

		% of sales	YoY
Construction Equipment	1,755.6	77.6%	+2.9%
Machine Tools	359.5	15.9%	+44.4%
Engines	148.7	6.6%	+27.7%
Total	2,263.8	100.0%	+9.3%

EBIT & Margin

(Unit : KRW billion)

		EBIT margin	YoY
Construction Equipment	169.7	9.7%	-19.4%
Machine Tools	48.9	13.6%	+439.8%
Engines	16.8	11.3%	+64.9%
Total	235.4	10.4%	+2.4%

* Figures are based on consolidated K-IFRS

Enhanced financial soundness

- With the business restructuring conducted in 2Q such as sale of the industrial vehicle division and 20% stake of DICCC, net debt declined by KRW 626.1 billion and % of long-term debts increased to 83%.

Financials

(Unit : KRW billion)

	2009	2010	1Q11	2Q11	QoQ
Current Assets	3,717.0	3,855.7	4,515.6	4,798.9	+283.3
Fixed Assets	7,323.4	7,155.9	7,085.2	6,923.6	-161.6
Total Assets	11,040.4	11,011.6	11,600.8	11,722.5	+121.7
Total Liabilities	9,379.7	9,254.1	9,694.4	9,348.6	-345.8
- Debts	5,905.8	5,548.5	5,751.6	5,125.5	-626.1
(% of long-term debt)	73.5%	80.2%	80.6%	82.8%	+2.2%P
Total Shareholders' Equity	1,660.7	1,757.5	1,906.4	2,373.9	+467.5
Liabilities/Equity Ratio	564.8%	526.5%	508.5%	393.8%	-114.7%P

* Figures are based on consolidated K-IFRS. K-IFRS financial reporting standard does not require restatement of past balance sheets.

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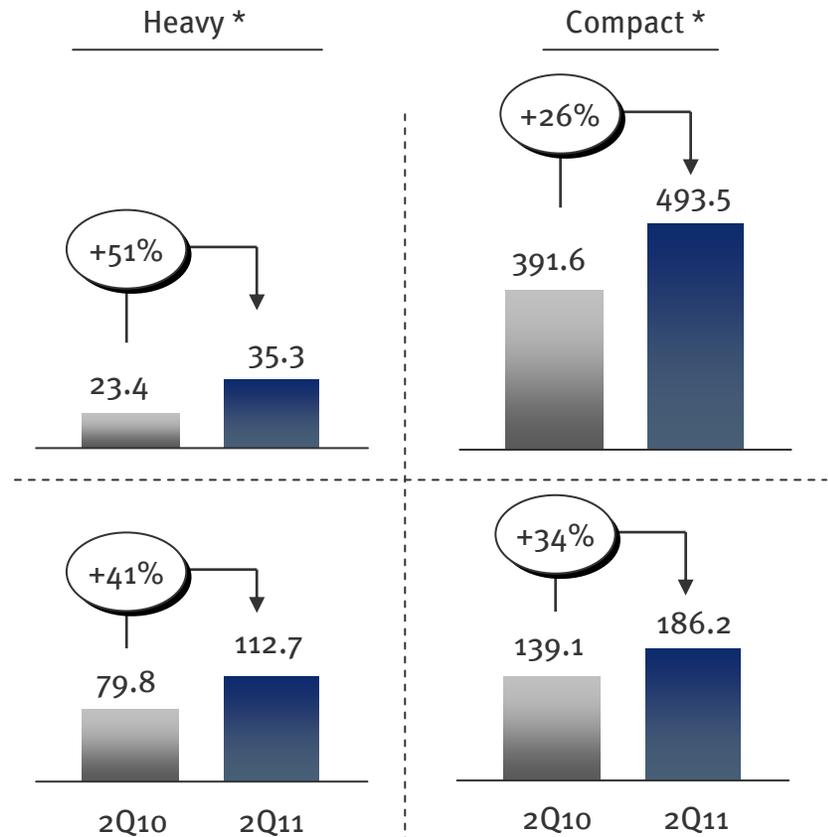
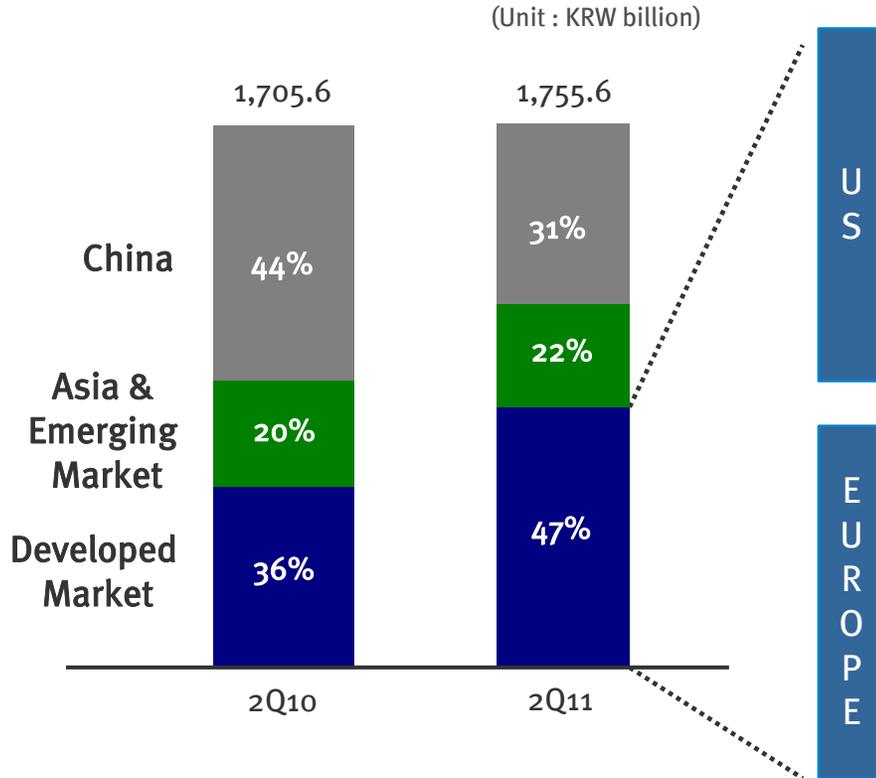
1 **DI 2Q11 Results**

2 **DI 2Q11 Highlights**

Full-fledged recovery from developed markets

- Sales contribution from developed markets continues to grow. With a more well-balanced regional portfolio within the construction equipment division, we expect to remain on the growth path and create synergies with DII.

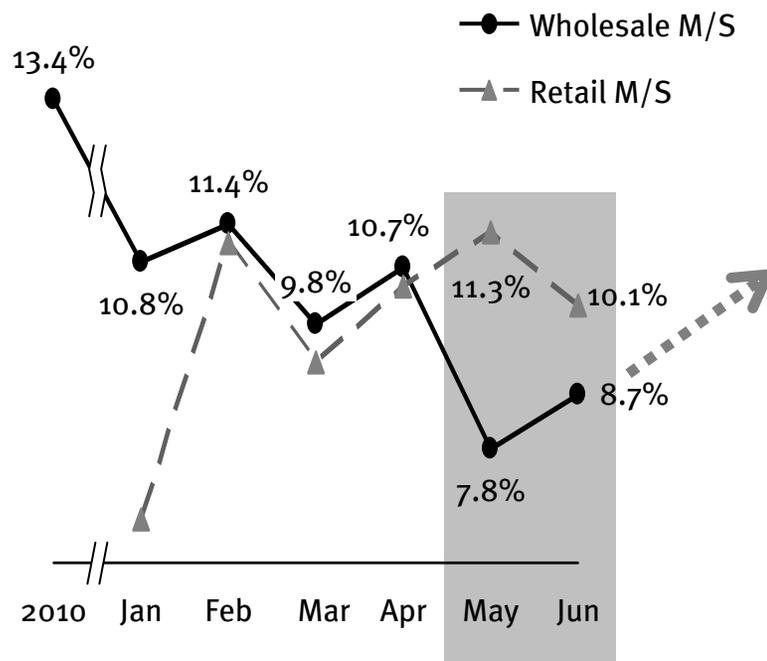
% of regional sales for construction equipment BG



* Heavy / Europe includes Moxy Engineering, while US / Compact includes DIPP

- Market share in China recovered from 7.8% in May to 8.7% in June thanks to recent marketing efforts such as offering special promotions and better financing terms.
- With launch of mid-sized excavator models in September, accelerated development of localized products, and enhanced sales and after-service network, we plan to further strengthen our fundamental competitiveness in China.

Market share trend of DICC



Stronger fundamental competitiveness

Market ing

- Active marketing
 - Promotions such as offering special prices and extended warranty period
 - Launch customer-specific financing products

Products

- Stronger product competitiveness with the launch of the new 22-ton model
 - More price competitive and fuel efficient model to target customers seeking 'value for price'
- Accelerate product development of localized models
 - To launch mini excavators from Suzhou plan (October)
 - Stronger product development function in China
 - Enhance R&D capability by setting up R&D center

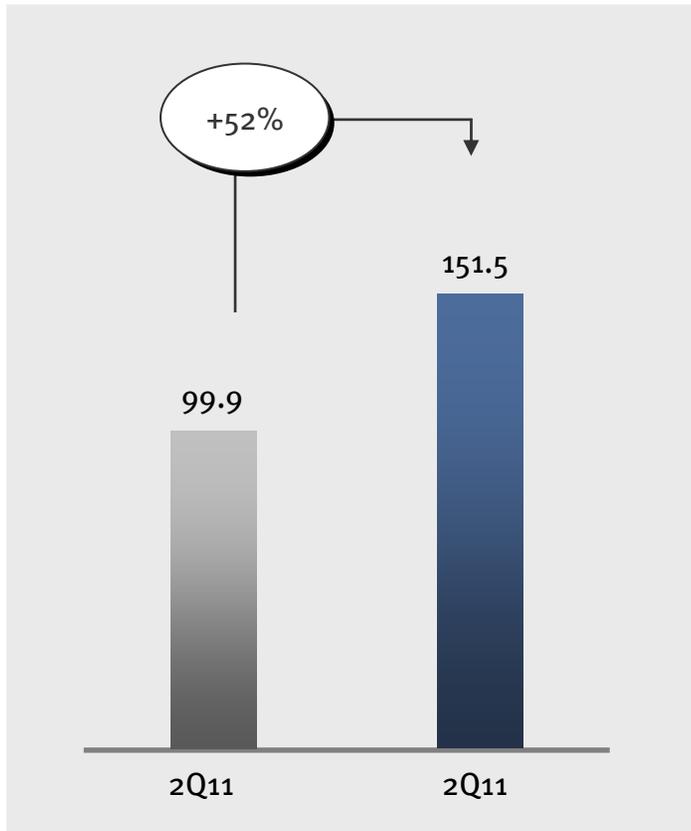
Sales/ Service

- Expanding sales and after-service network
 - Increase no. of dealers and improve the dealer management system
 - Increase no. of after service personnel and training hours

- Sales surged 52% YoY thanks to remarkable growths in markets such as CIS, Latin America and India.

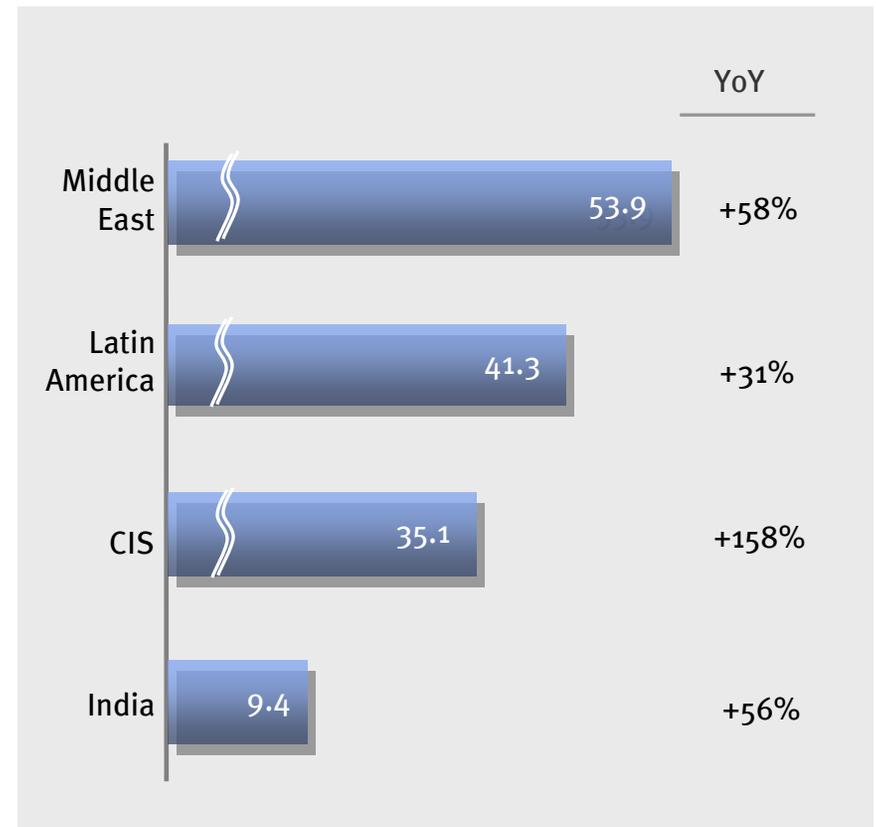
Emerging market sales in 2Q

(Unit : KRW billion)



Regional sales and YoY growth in 2Q

(Unit : KRW billion)



Full-fledged earnings improvement near past peak level

DII

- DII reported sales close to its past peak level thanks to 1) dealer restocking and 2) demand growth from large rental companies.
- EBIT surged 2017% YoY, while net profit remained in the black for two consecutive quarters.

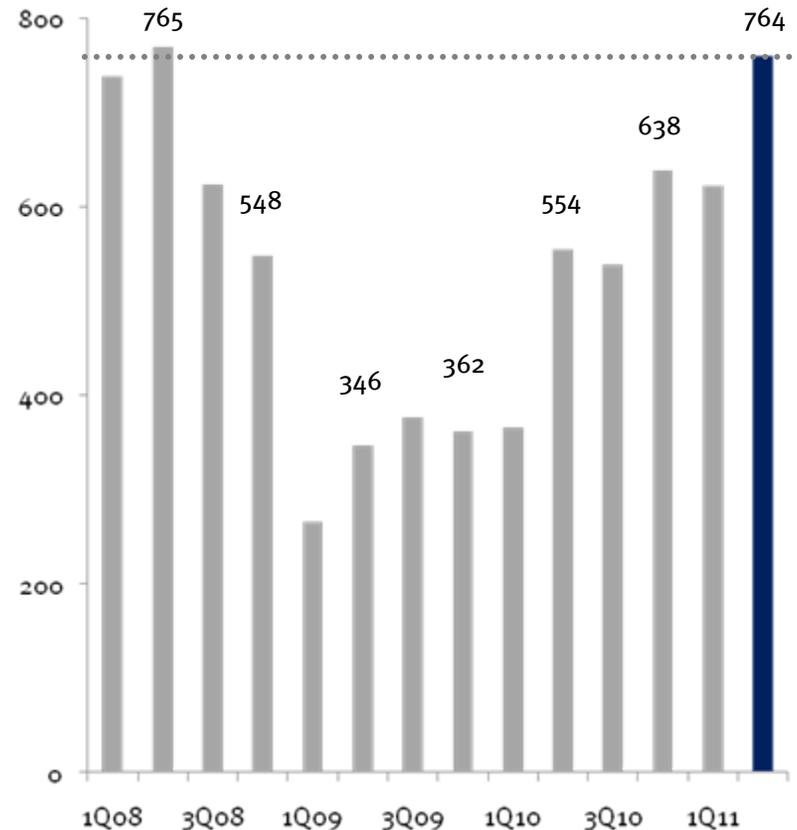
DII result

(Unit : KRW billion)

	2Q10	1Q11	2Q11	YoY	QoQ
Sales	677.3	696.0	828.4	+22.3%	+19.0%
EBIT	2.2	22.0	46.6	+2016.5%	+112.2%
EBIT margin	0.3%	3.2%	5.6%	+5.3%P	+2.4%P
Pretax Profit	(68.0)	9.5	21.0	TB	+122.3%
Net Profit	(66.5)	32.0	16.5	TB	-48.6%

Sales

(Unit : USD million)



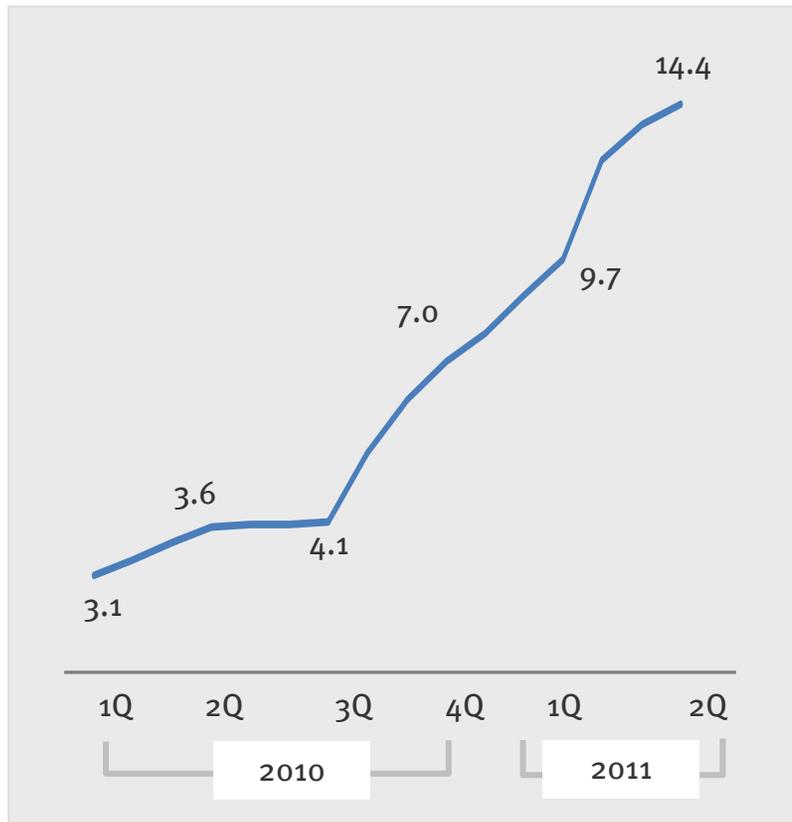
* Figures are based on consolidated K-IFRS

Sizable order backlog to fuel future growth

- Thanks to growing order backlog as a result of the market turnaround, we anticipate sales and profitability to improve at an accelerated pace in 2H.
- We anticipate fleet orders from rental companies to continue on the back of rising utilization rates along with rental rate hikes.

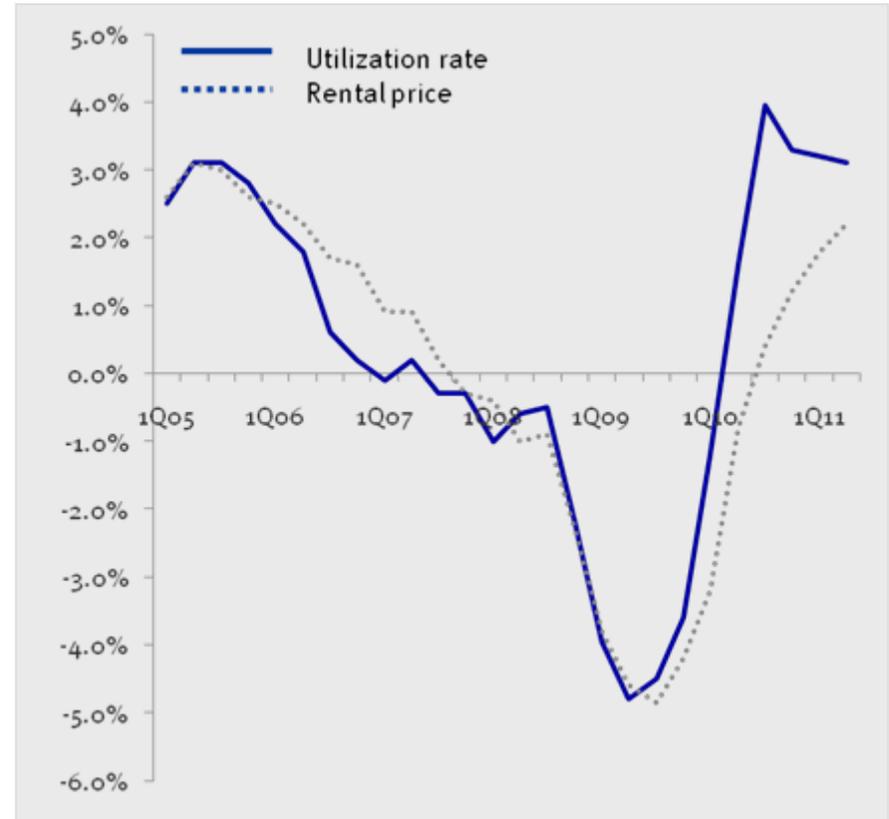
Order backlog trend

(Unit : '000 units)



North America rental utilization rate & price

(Unit : % YoY)

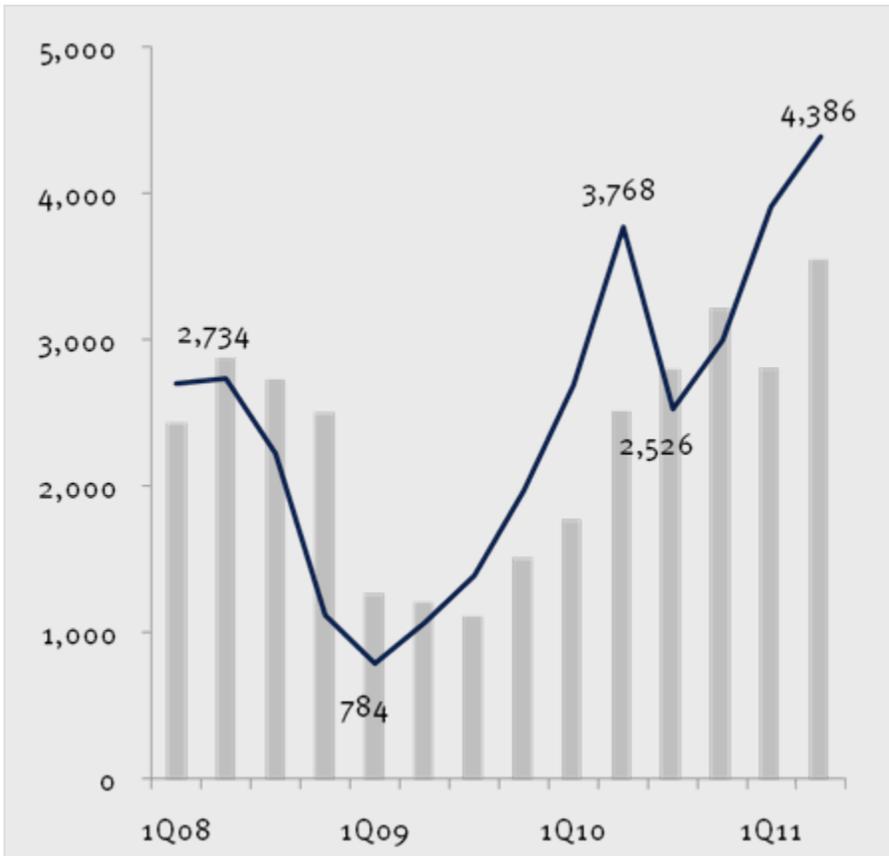


* Source : International Strategy & Investment Group

- Machine tools orders and sales are already significantly higher than the previous peak of 2008.
- Sales from North America and Europe are growing 2~3 times – showing clear signs of demand recovery.

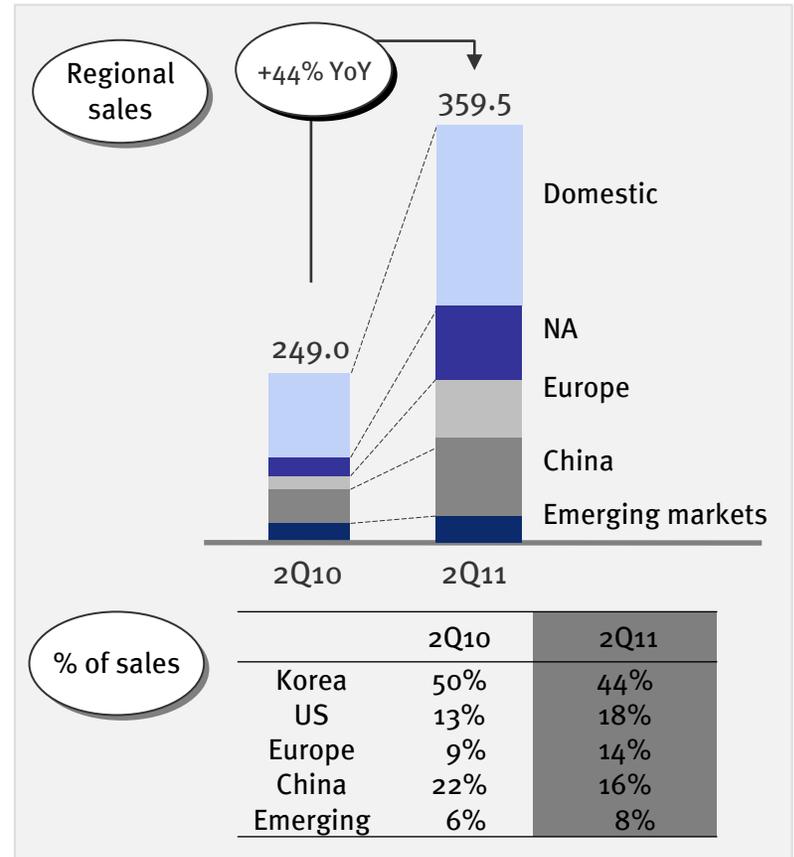
Quarterly sales and order trend

(Unit : units)



Regional sales breakdown

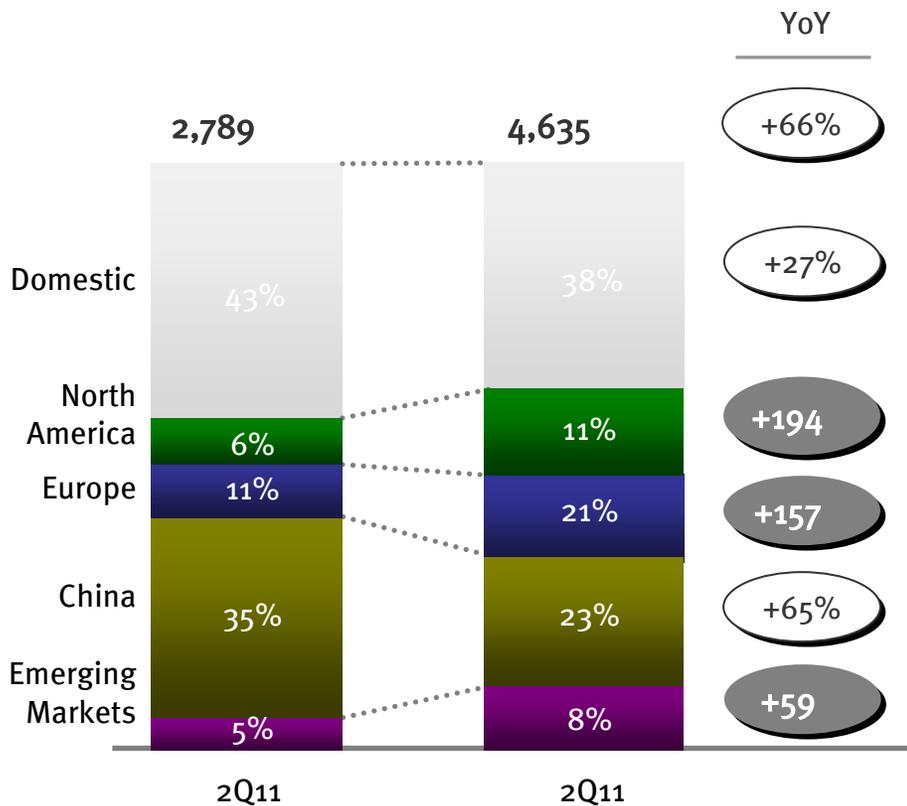
(Unit : KRW billion)



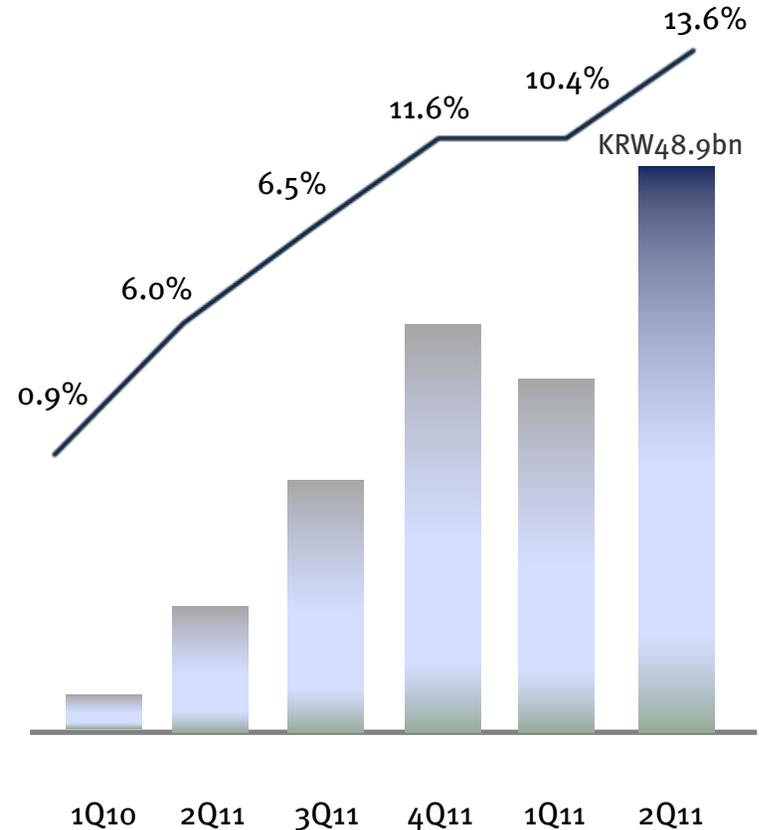
Developed market orders to lead to future profitability

- Order backlog rose 66% YoY on the back of 1) visible recovery in US and Europe and 2) stable demand from Korea.
- Profitability should also continue to improve thanks to remarkable demand recovery of profitable developed markets such as North America and Europe.

% of order backlog and sales growth by region



Quarterly EBIT and EBIT margin trend





Thank You