



Doosan Infracore

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2015 2Q Investor Meeting

Jul 2015



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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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2Q15 Highlights

2Q15 results *

- Despite continued improvement in DIBH, sales and EBIT decreased YoY due to weakness in China and unfavorable business environment
- Net income decreased YoY due to high base of income tax benefit in 2Q14

Results

(Unit : KRW billion)

	2014	2Q14	1Q15	2Q15	YoY	Remarks
Sales	7,688.6	2,113.3	1,833.7	1,979.6	-6.3%	
EBIT	453.0	145.5	75.5	128.5	-11.7%	
EBIT margin (%)	5.9%	6.9%	4.1%	6.5%	-0.4%p	
(Net Financial Cost)	271.5	66.8	66.9	67.8	1.5%	
(F/X gains/losses)	-29.0	8.8	-20.2	-0.7		
Net Profit	24.0	79.2	-43.9	9.5	-88.0%	Income tax benefit in 2Q14: 36.0bil Income tax expense in 2Q15: 48.5bil (incl. tax investigation charge of 12.2bil)

* Figures in this presentation, unless otherwise noted, are based on consolidated K-IFRS

2Q15 divisional sales & EBIT

- CE: Although performance in NAO and Korea improved, sales/EBIT decreased due to weakness in other regions
- MT: Sales were flat YoY but EBIT fell due to increase in marketing expenses
- Engine: Besides G2 Engine, decrease in other captive sales and engine shipment for commercial vehicle resulted in decline in sales/EBIT

Sales

(Unit : KRW billion)
% of sales YoY

Division	Sales (KRW billion)	% of sales	YoY
Construction Equipment	1,467.9	74.1%	-7.6%
Machine Tools	357.6	18.1%	-0.7%
Engines	154.1	7.8%	-6.9%
Total	1,979.6	100%	-6.3%

EBIT & Margin

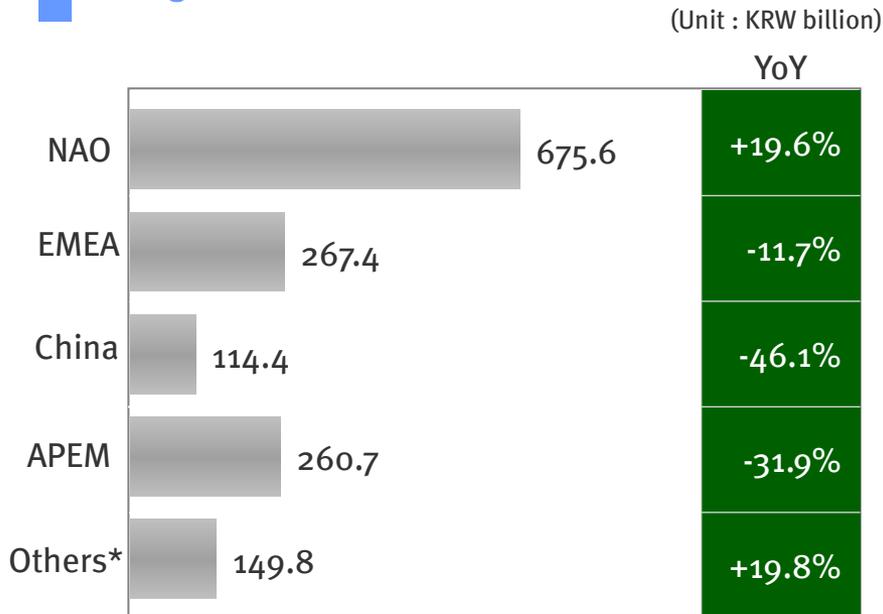
(Unit : KRW billion)
EBIT margin YoY

Division	EBIT (KRW billion)	EBIT margin	YoY
Construction Equipment	82.1	5.6%	-2.9%
Machine Tools	42.5	11.9%	-14.9%
Engines	3.9	2.5%	-64.7%
Total	128.5	6.5%	-11.7%

2Q15 construction equipment BG details

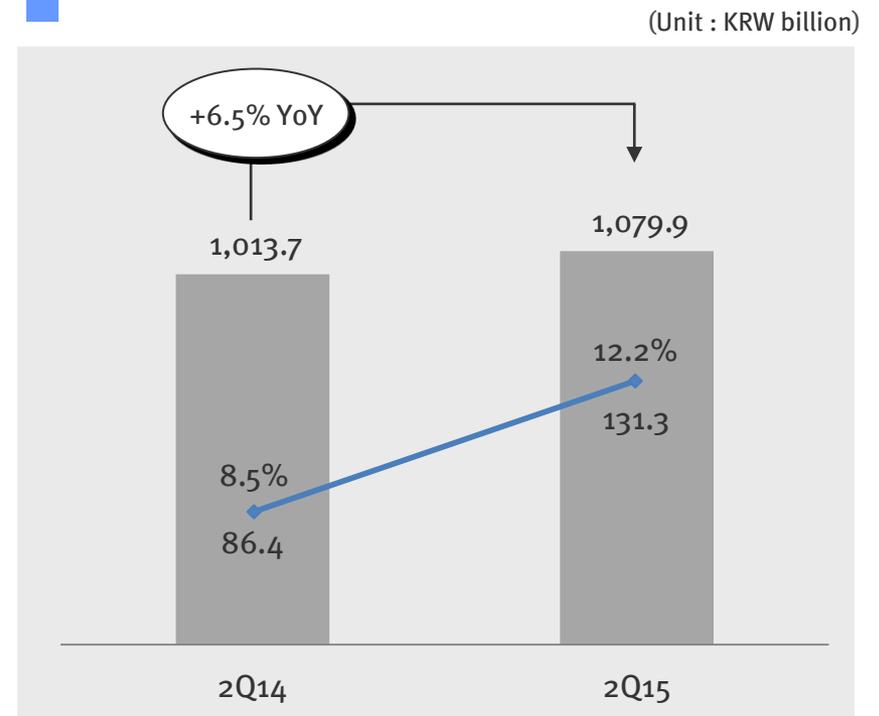
- NAO: Sales and EBIT improved significantly thanks to continued growth driven by CTL(Compact Track Loader)
- EMEA: Although sales volume was flat, weakening of the Euro resulted in fewer revenue
- China/APEM: Sales declined due to a continued downturn in markets

CE regional breakdown



* Others include sales from DIPP, ADT and Headquarter

DIBH's sales and EBIT



Financial structure

- Debt-to-Equity ratio fell due to increase in foreign currency translation and gain on disposal of Montabert

Balance Sheet

	2014	1Q15	2Q15	(Unit : KRW billion) QoQ(amount)
Current Assets	4,019.5	4,201.7	4,243.0	+41.3
Fixed Assets	7,937.9	7,619.5	7,676.8	+57.3
Total Assets	11,957.4	11,821.1	11,919.8	+98.7
Total Liabilities	8,669.1	8,812.7	8,787.1	-25.6
- Net Debt	5,224.3	5,327.2	5,363.4	+36.2
Total Shareholders' Equity	3,288.3	3,008.4	3,132.7	+124.3
Liabilities/Equity Ratio	263.6%	292.9%	280.5%	-12.4%p

Business segment information

• DIBH's quarterly results

(Unit : KRW billion)

	2Q14	3Q14	4Q14	1Q15	2Q15
Sales	1,013.7	908.9	995.7	941.1	1,079.9
EBIT	86.4	74.4	118.9	92.0	131.3
EBIT margin	8.5%	8.2%	11.9%	9.8%	12.2%

• China monthly sales volume and M/S

(Unit : unit)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	Market	4,096	9,017	19,277	12,471	7,392	5,752	4,209	4,000	4,137	4,499	4,668	4,910	84,428
	DI	358	839	1,803	1,002	577	398	270	216	259	316	355	512	6,905
	M/S	8.7%	9.3%	9.4%	8.0%	7.8%	6.9%	6.4%	5.4%	6.3%	7.0%	7.6%	10.4%	8.2%
2015	Market	3,160	2,262	11,070	8,043	4,876	3,555							32,966
	DI	179	150	828	613	360	250							2,380
	M/S	5.7%	6.6%	7.5%	7.6%	7.4%	7.0%							7.2%

• Machine Tools division New order

(Unit : unit)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	873	1,054	1,233	1,197	1,254	917	879	793	852	920	978	964
2015	914	991	1,092	1,046	1,069	891						

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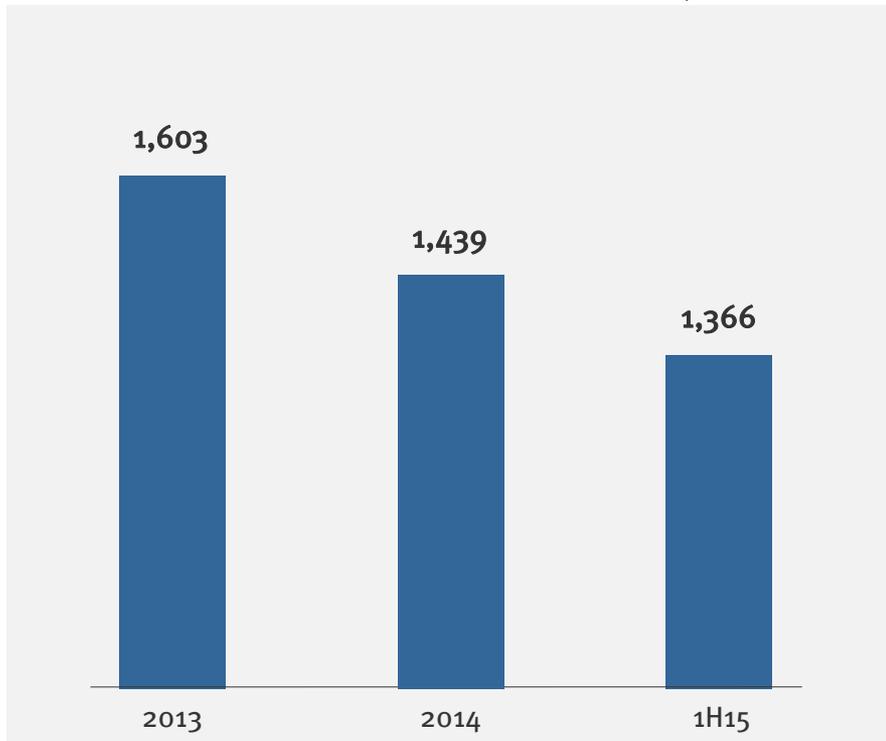
2Q15 Highlights

Enhanced financial structure is attainable

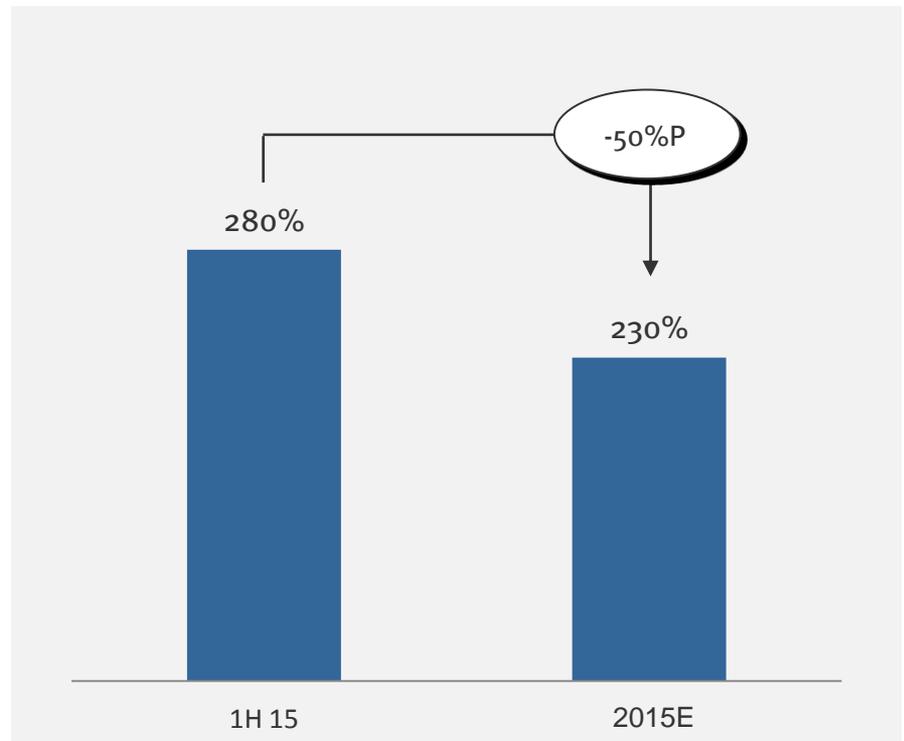
- Since last year, DIBH have initiated to pay down its debt with operating cash based on solid performance
- Deleveraging should be accelerated by redeeming a sizable amount of debt with continued operating cash at DIBH and proceeds from disposal of asset(Pre-IPO, Montabert)
- Pre-IPO is on track and expected to be completed during August

Expected net debt of DIBH

(Unit : USD million)



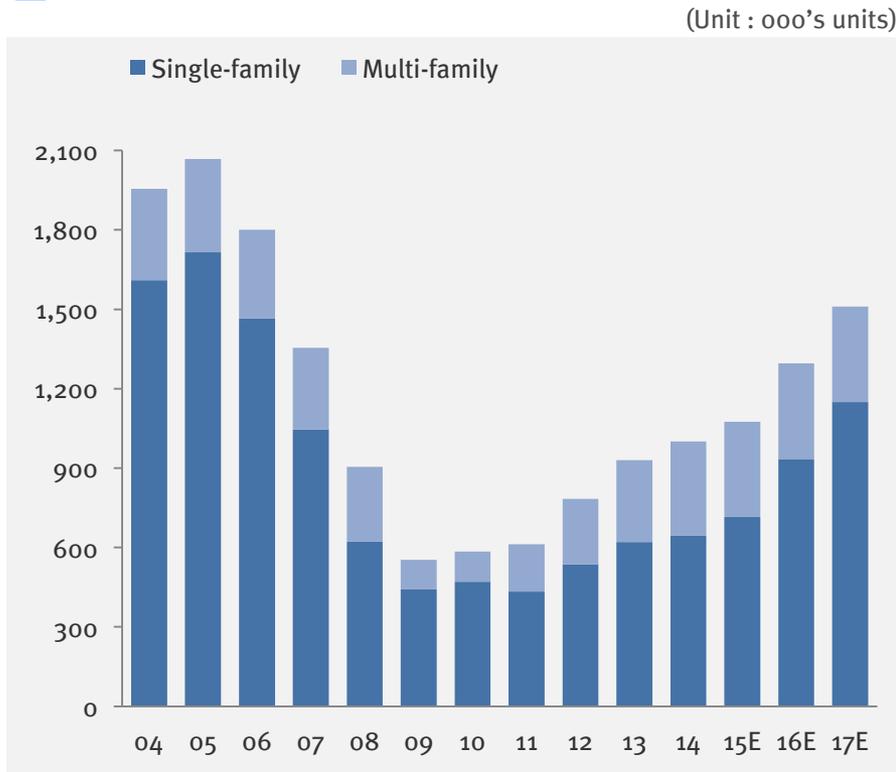
Consolidated leverage ratio(E)



Strong competitiveness of Bobcat

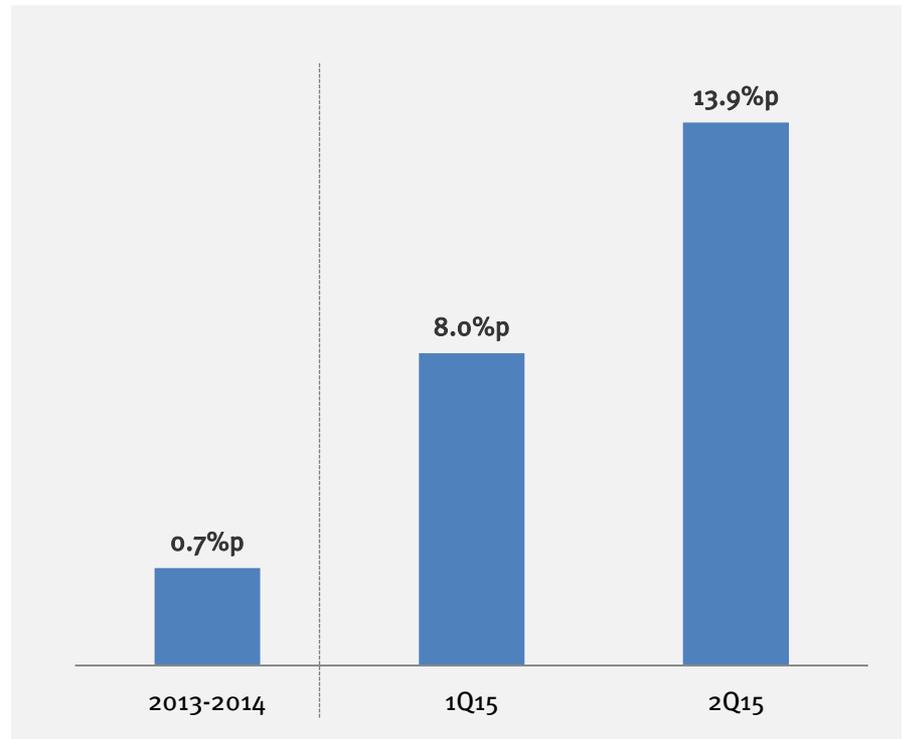
- Along with continued favorable Housing indices, stable growth for Bobcat is expected to continue in the future
- Bobcat has consistently outperformed the market in NAO on the back of its strong market dominance

US Housing indices



* Source: US Census Bureau

Outperform trend in US*



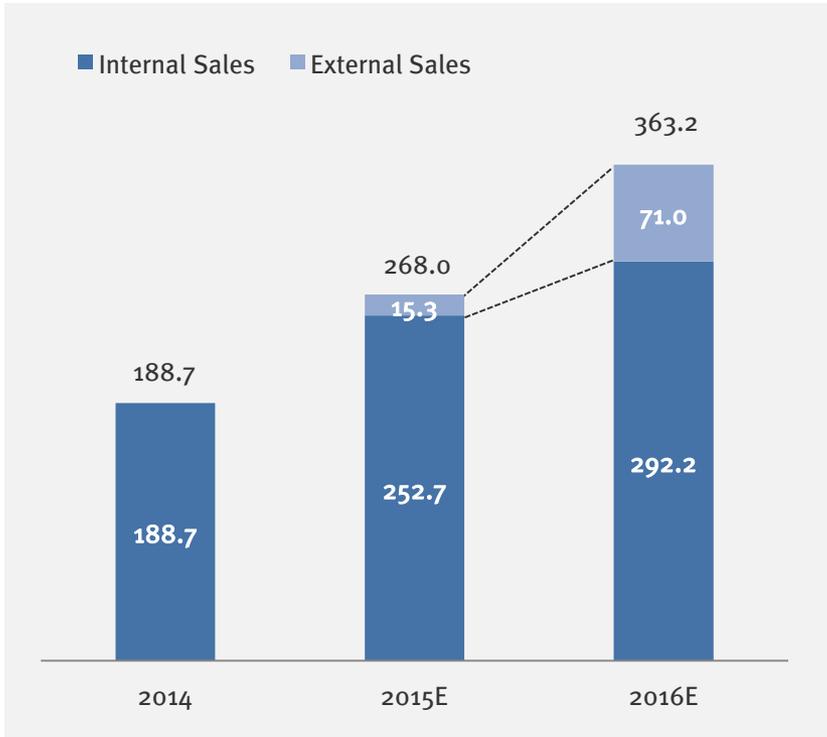
* Compact CE sales growth

Growth potential in Engine division / Gaining strong competitiveness for heavy products in EM

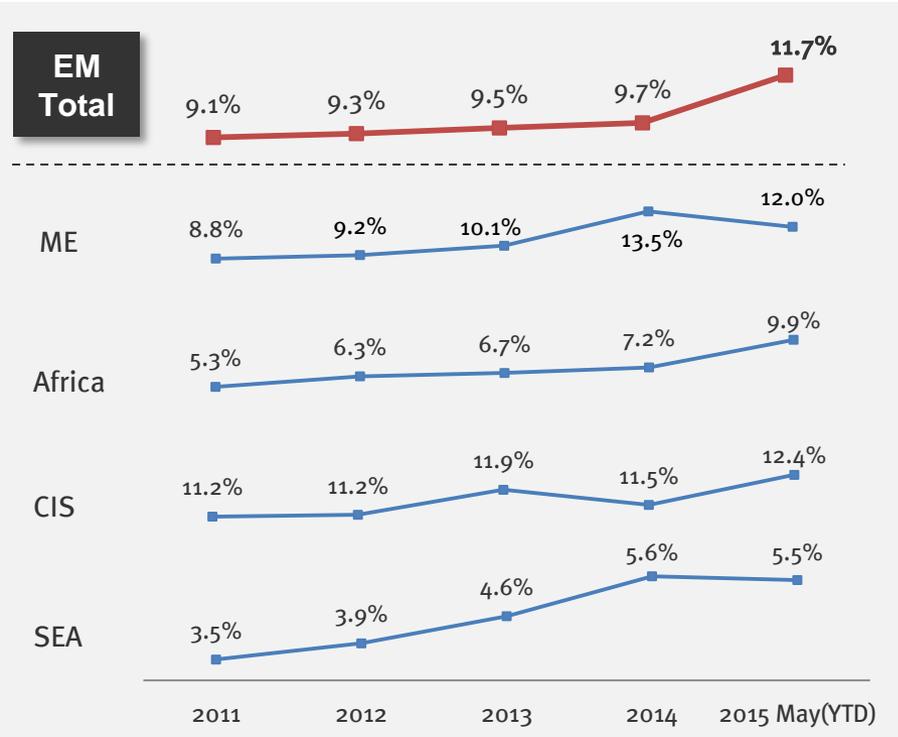
- We expect external sales of G2 Engine to domestic agricultural companies, starting from the end of 2015 and will expand volume sequentially
- In APEM, we are continuously gaining market share for heavy products by expanding coverage with increasing number of new dealers

G2 engine sales forecast

(Unit : KRW billion)



M/S trend for heavy products* in EM



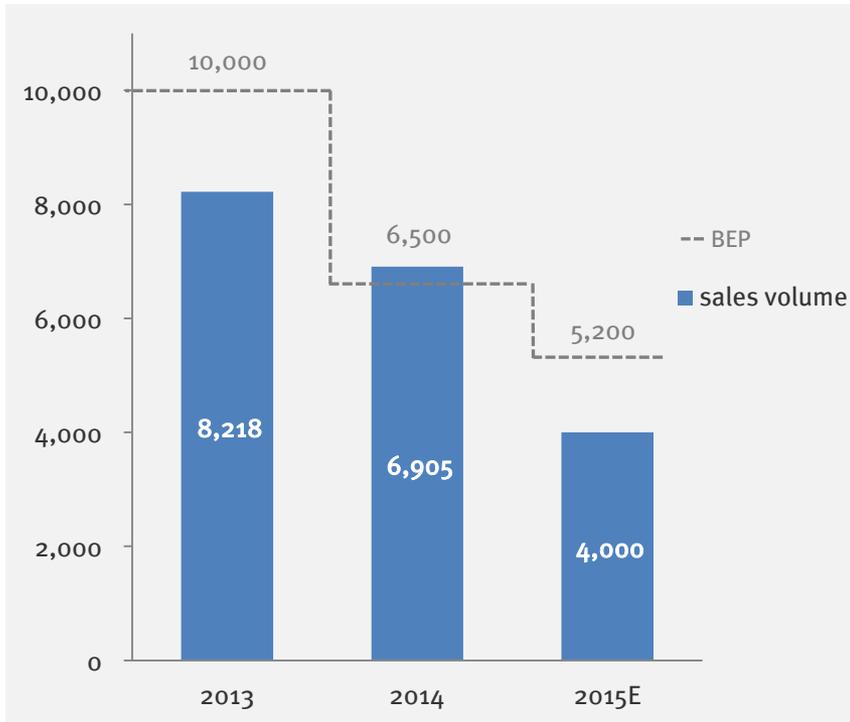
* Incl. Excavators and Wheel Loaders

Strategies with regard to continued downturn in China

- We strive for profitability improvement, innovative products and stronger channels in order to better cope with sluggish market since 2013

Expected excavator shipments in China

(Unit : Unit)



DI's strategies

Profitability Improvement

- Additional restructuring to be completed by July
- Impact from restructuring: -3bil in '15, +22bil in '16

M/S target

- M/S for 1H15 is 7.2%
- To secure 7.5% of M/S through enhanced products / channel

Competitiveness Enhancement

- Launching new products: Not only to meet Tier 3 emission regulation in '16 but also improve fuel efficiency by 15%, called C-Model
 - 5 models in '14, 8 models in '15, 3 models in '16
- Strengthen ability to respond to governmental policies: Enhance KAM(Key Account Management) organization to better prepare for major projects driven by government; such as One belt, One Road