



Doosan Infracore
Investor Relations



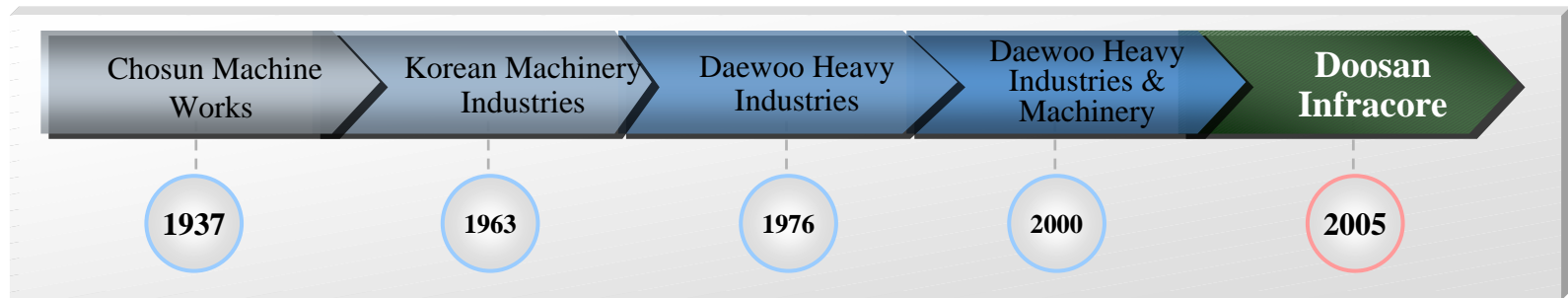
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Company Overview

Doosan Infracore Overview

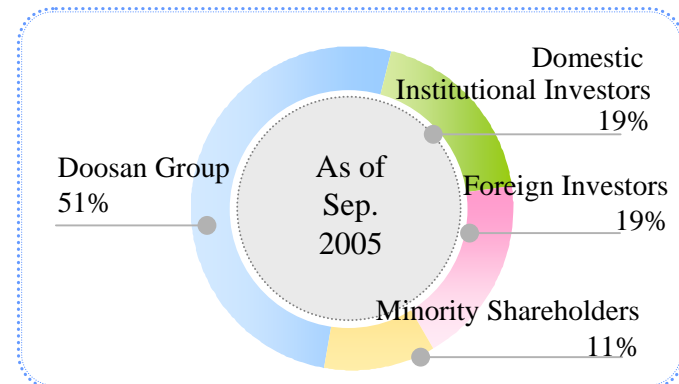
World's leading ISB* company and Korea's largest machinery firm that has guided the development of the machinery industry in Korea since its foundation in 1937



Corporate Data

CEO	Choe, Sung-Chul
Paid-in Capital	KRW839.8 billion (As of Sep. 2005)
Outstanding Shares	167,957,384 shares
Market Capitalization	KRW2,007.1 billion (As of Oct. 21, 2005)
Employees	4,449 (As of Sep. 2005)

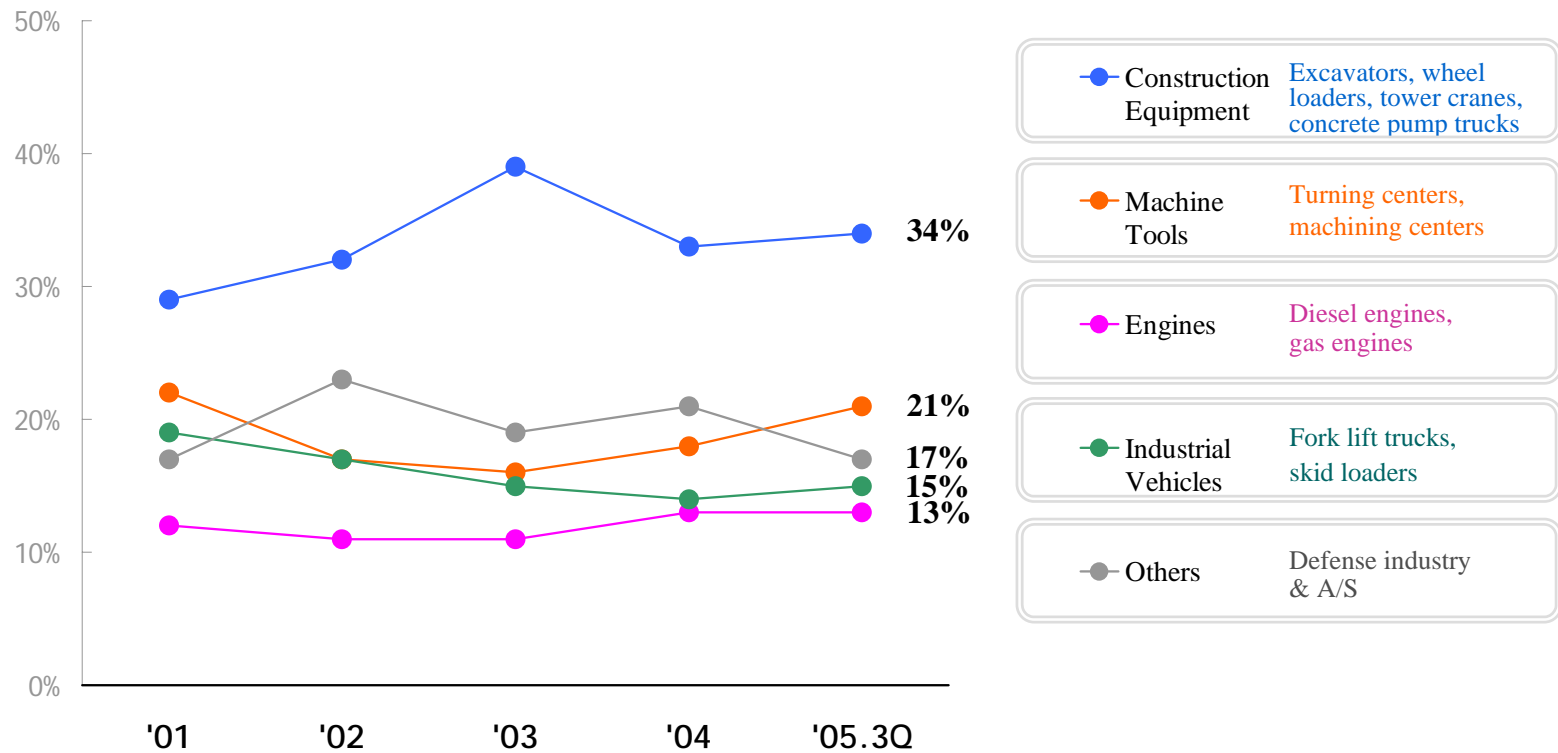
Shareholders



Areas of Business

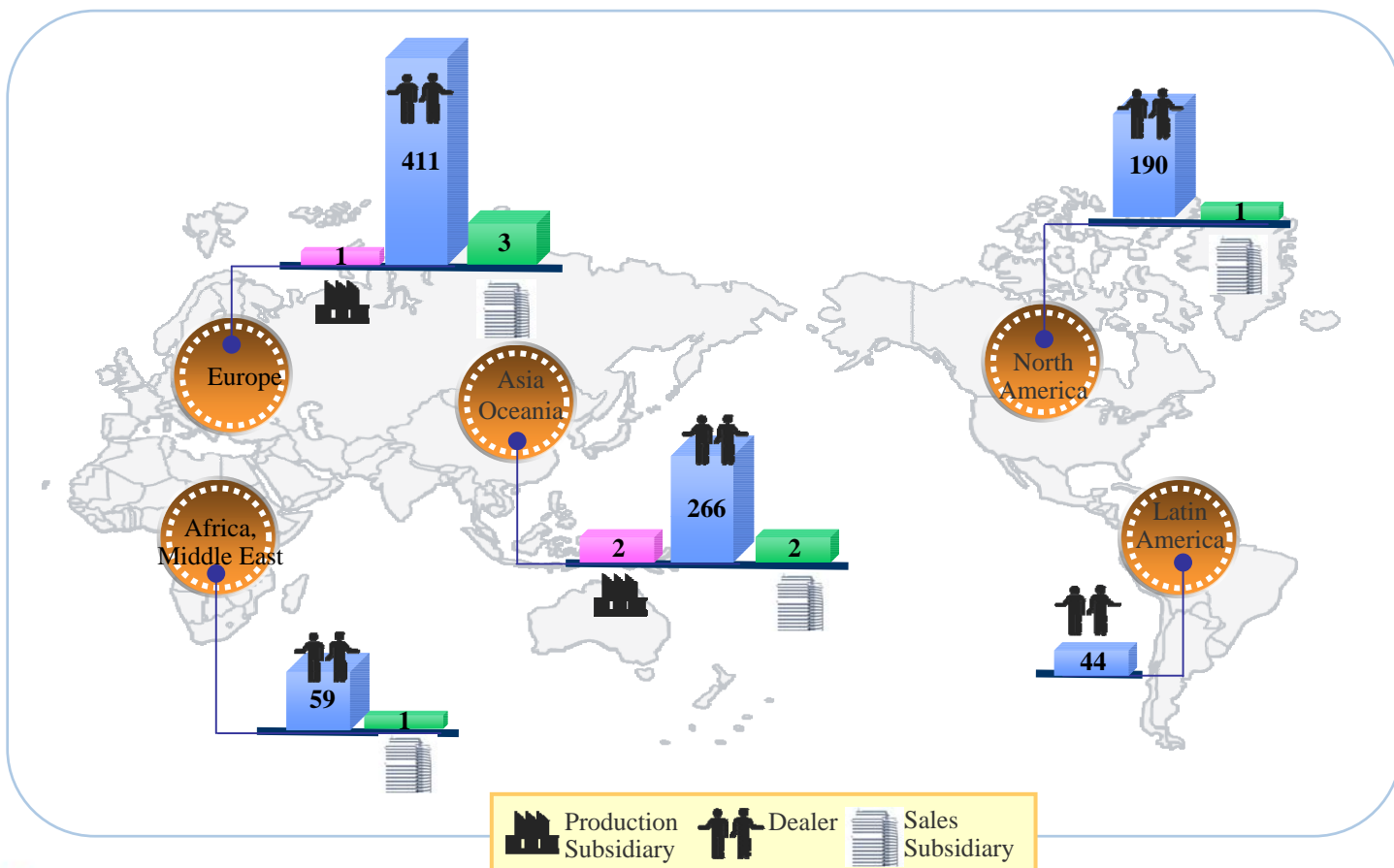
Diverse business portfolio including construction equipment, machine tools, industrial vehicles, engines and defense industry

●●● Sales Percentage by Business Group (2001~2005 3Q)



Global Business Network

Securing of 3 large-scale overseas production facilities and 7 sales subsidiaries & 970 dealership networks as a global firm

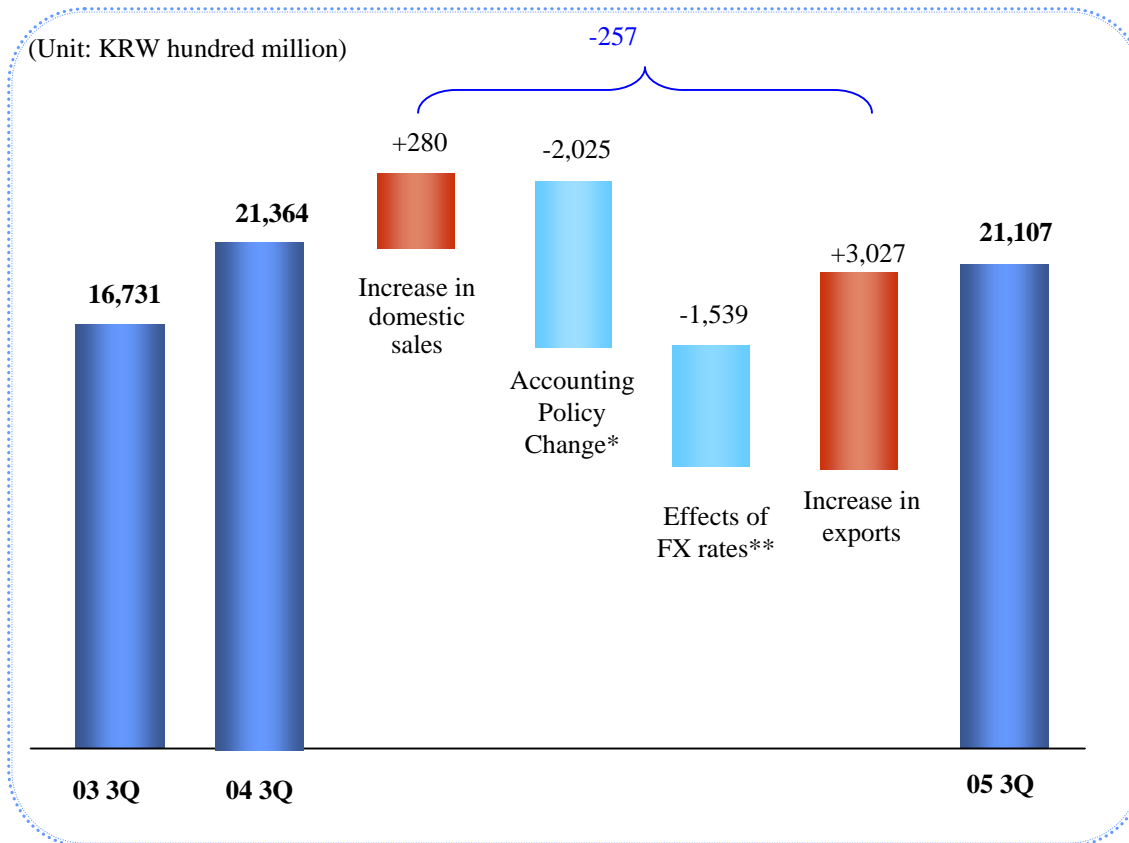




Quarterly Business Performance & Outlook

Sales Analysis

●●● Sales & Change Factors (2005 3Q Cumulative Figures)

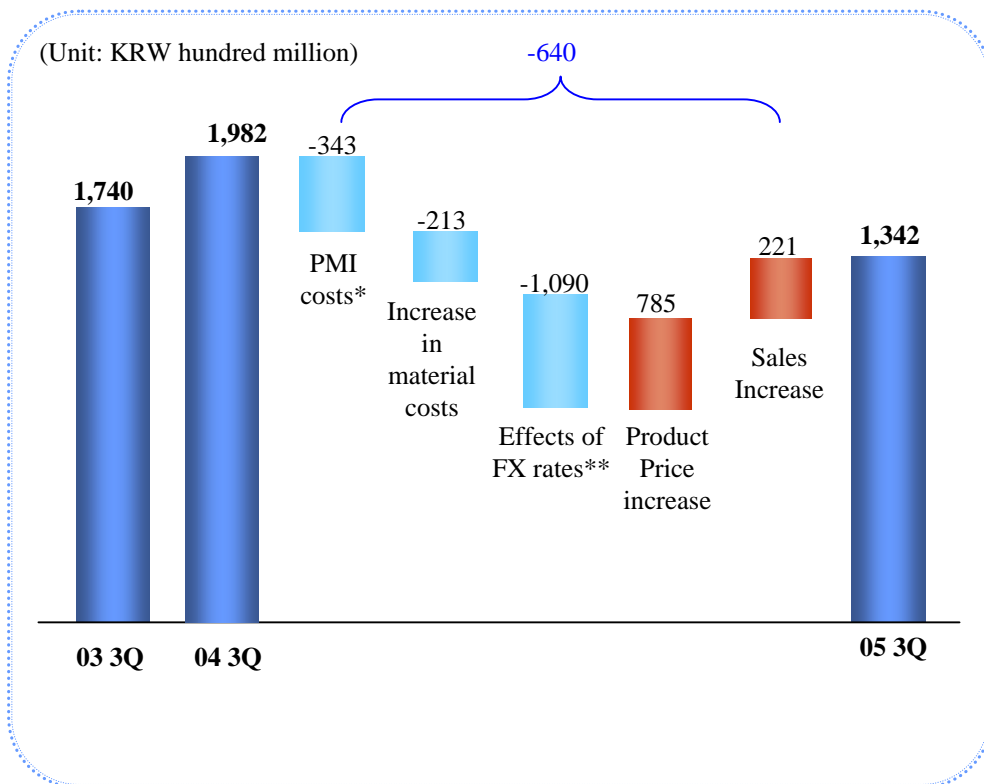


Sales Change Factors

- Domestic sales increase (KRW28.0 billion)
- Export increase (KRW302.7 billion)
- KRW153.9 billion decrease from exchange rate effects
- 9.2% increase YoY when considering the setoff from the change in subcontract related accounting policy

Operating Income Analysis

●●● Operating Income & Change Factors (2005 3Q Cumulative Figures)



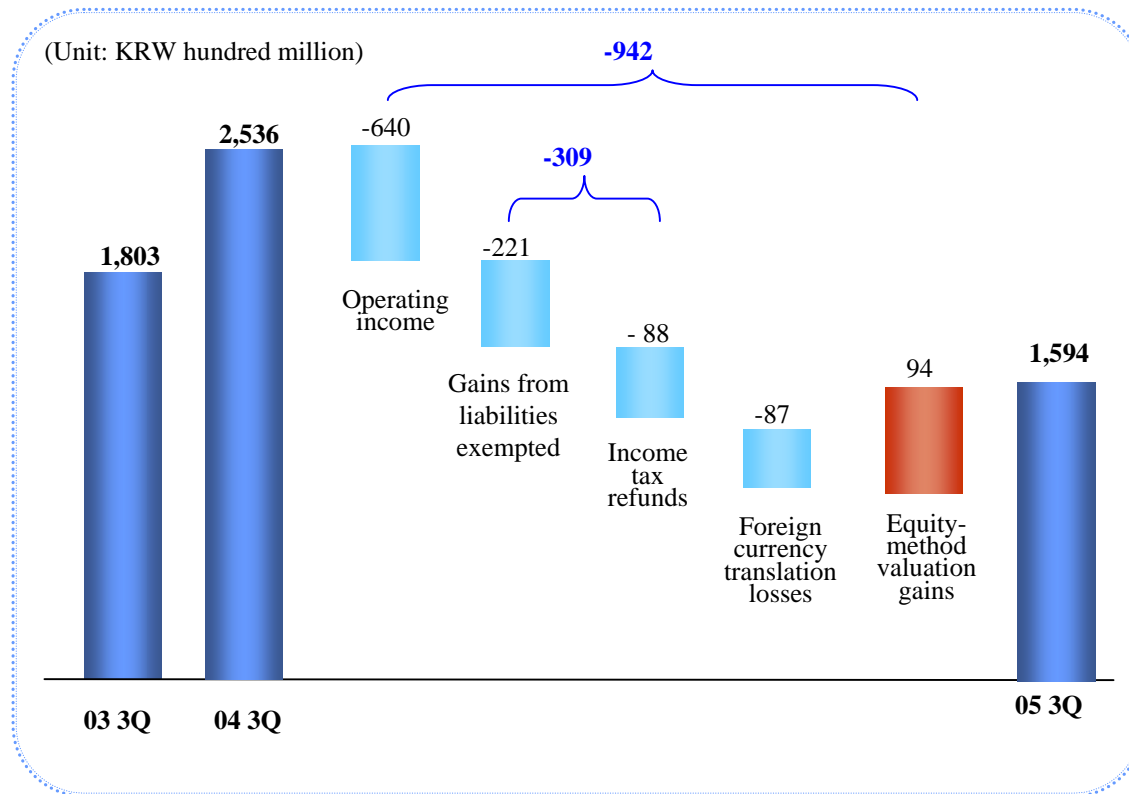
Operating Income Change Factors

- Effects of foreign exchange rates and increase in material costs exceeding sales and price increases

2005 3Q cumulative operating income of KRW168.5 billion when excluding one-time PMI costs

Ordinary Income Analysis

●●● Ordinary Income and Change Factors (2005 3Q Cumulative Figures)



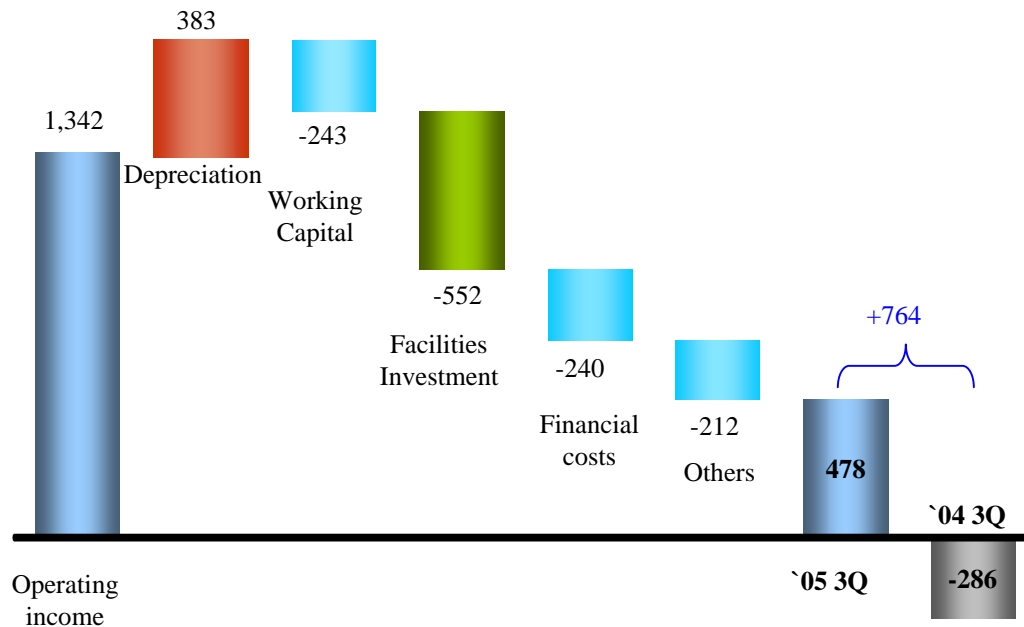
Ordinary Income Change Factors

- Decrease of KRW29.0 billion YoY when considering one-time PMI costs of KRW34.3 billion and one-time income (gains from liabilities exempted and income tax refunds) of KRW30.9 billion
- Increase in equity-method valuation gains (KRW9.4 billion) from favorable business performance of overseas subsidiaries

Free Cash Flow Analysis

●●● Free Cash Flow and Change Factors (2005 3Q Cumulative Figures)

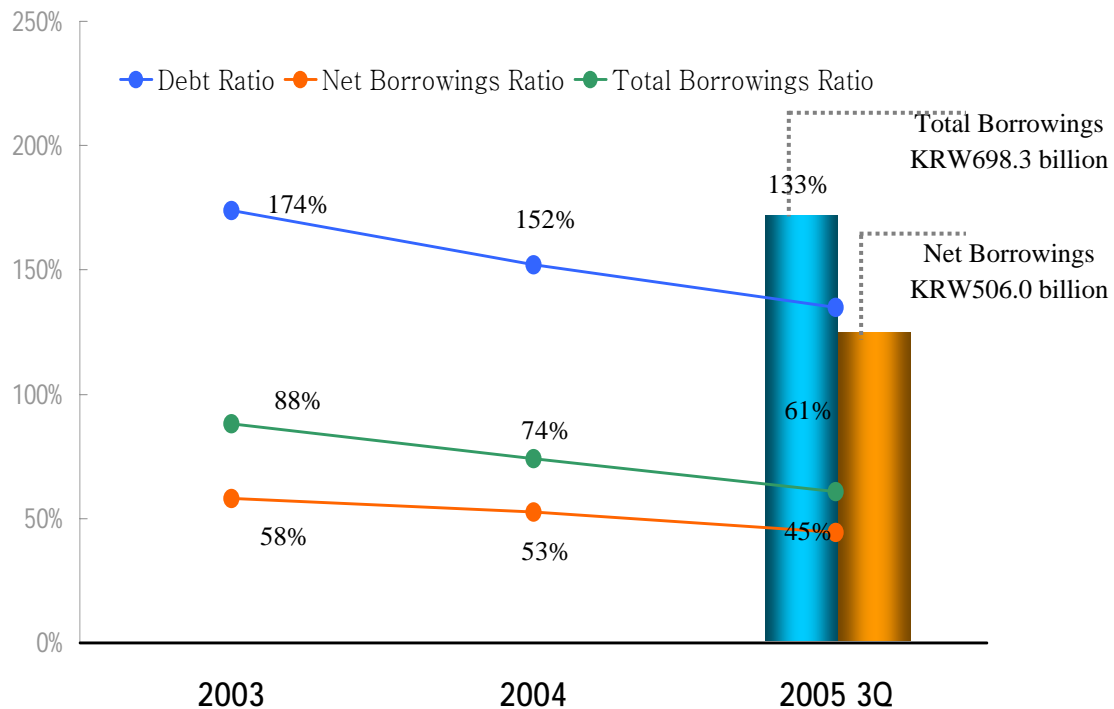
(Unit: KRW hundred million)



Free Cash Flow Change Factors

- Profit turnaround from loss of KRW28.6 billion in 2004 3Q to profit of KRW47.8 billion

Financial Condition



Financial Structure Change Factors

- Significant improvement of financial structure
- Net borrowings ratio Improvement from 53% at the end of 2004 to 45%

Annual Business Performance Outlook

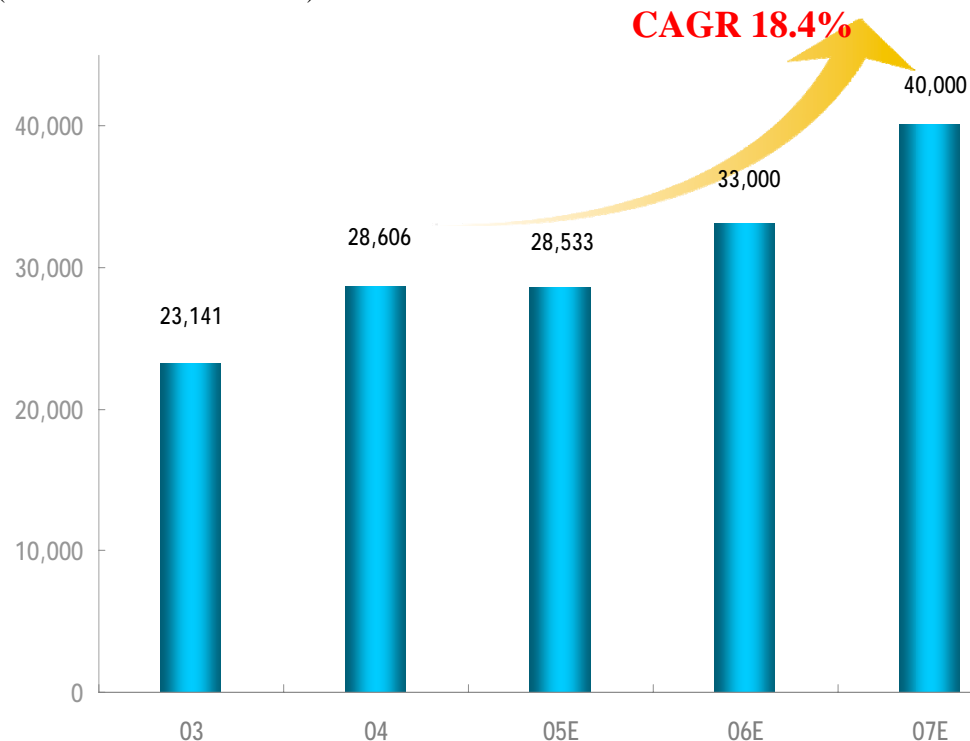


Annual Outlook



Income Statement (*pro forma*) - Sales

(Unit: KRW hundred million)



Annual Sales Outlook

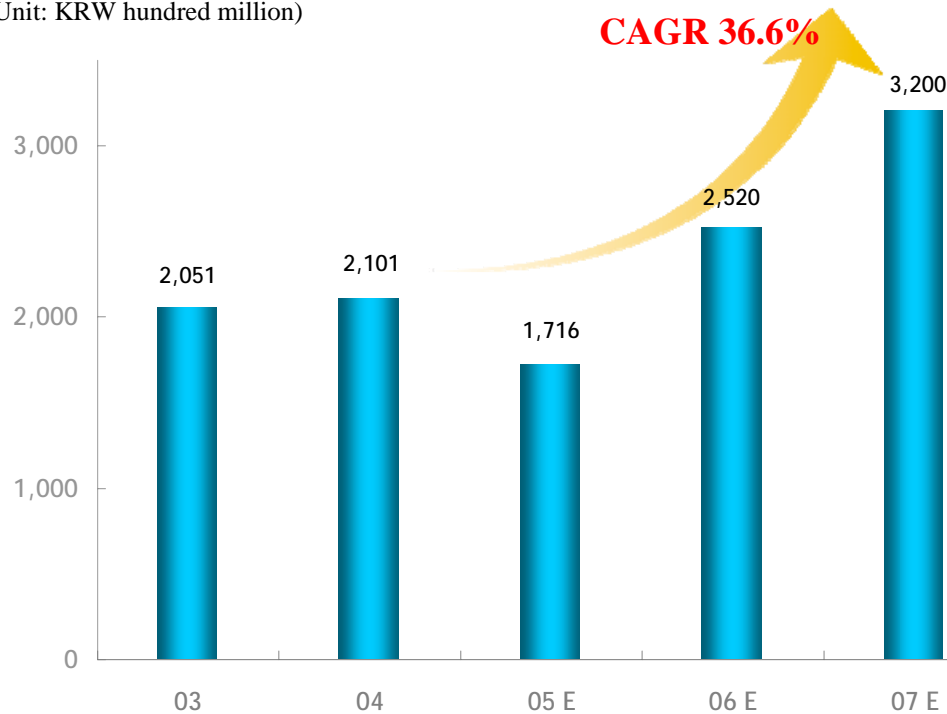
- Sales CAGR of 18.4% during 2005~7
- Construction equipment: Recovery in CKD exports to China, continued high growth in exports to North America and Middle East
- Machine tools: Recovery in facilities investments of manufacturing industry, continued high growth due to market share expansion in the U.S. and Europe
- Industrial vehicles: Introduction of next generation fork lift truck (Oct. 2005)
- Engines: Effects of new products (EURO-III engine, etc.) and recovery of exports to China

Outlook for 2005 & 2006



Income Statement (*pro forma*) – Operating income

(Unit: KRW hundred million)



Annual Operating Income Outlook

- Operating income CAGR of 36.6% during 2005~7
 - Fall in share of material costs due to cost reduction efforts such as PSM* and stabilization of raw material prices
 - Reduction in operating income fluctuations due to reinforced foreign exchange risk hedging
 - Decrease in one-time expenses including PMI costs

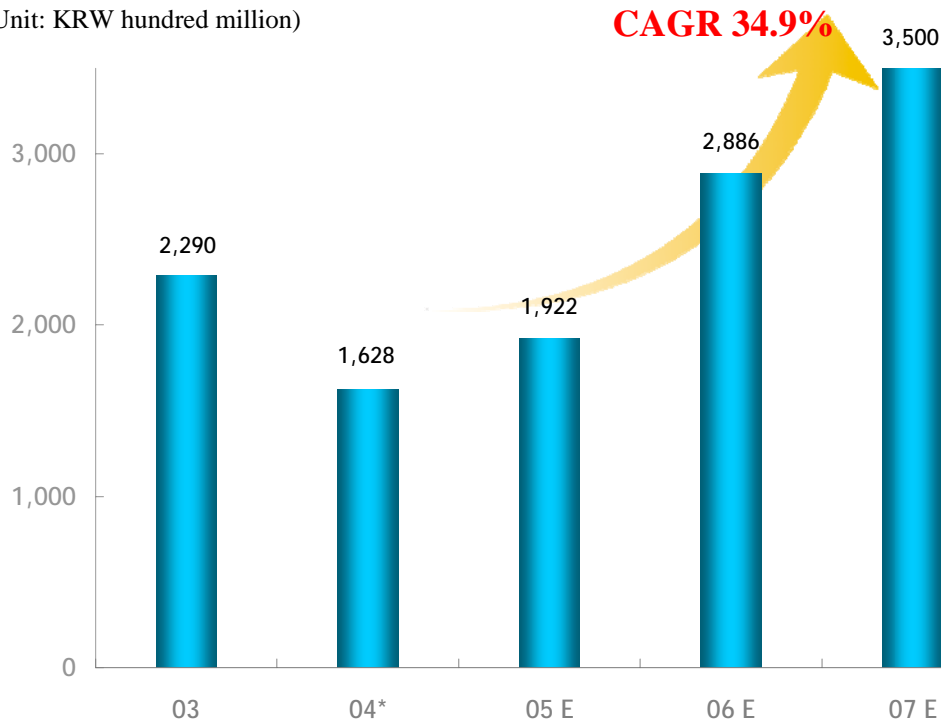
* PSM : Purchase & Supply Management

Outlook for 2005 & 2006



Income Statement (*pro forma*) – Ordinary income

(Unit: KRW hundred million)



Annual Ordinary Income Outlook

- Ordinary income CAGR of 34.9% during 2005~7
 - Effects from operational innovation activities such as PSM, LM**, DTC***
 - Decrease in financial costs from continued reduction of borrowings

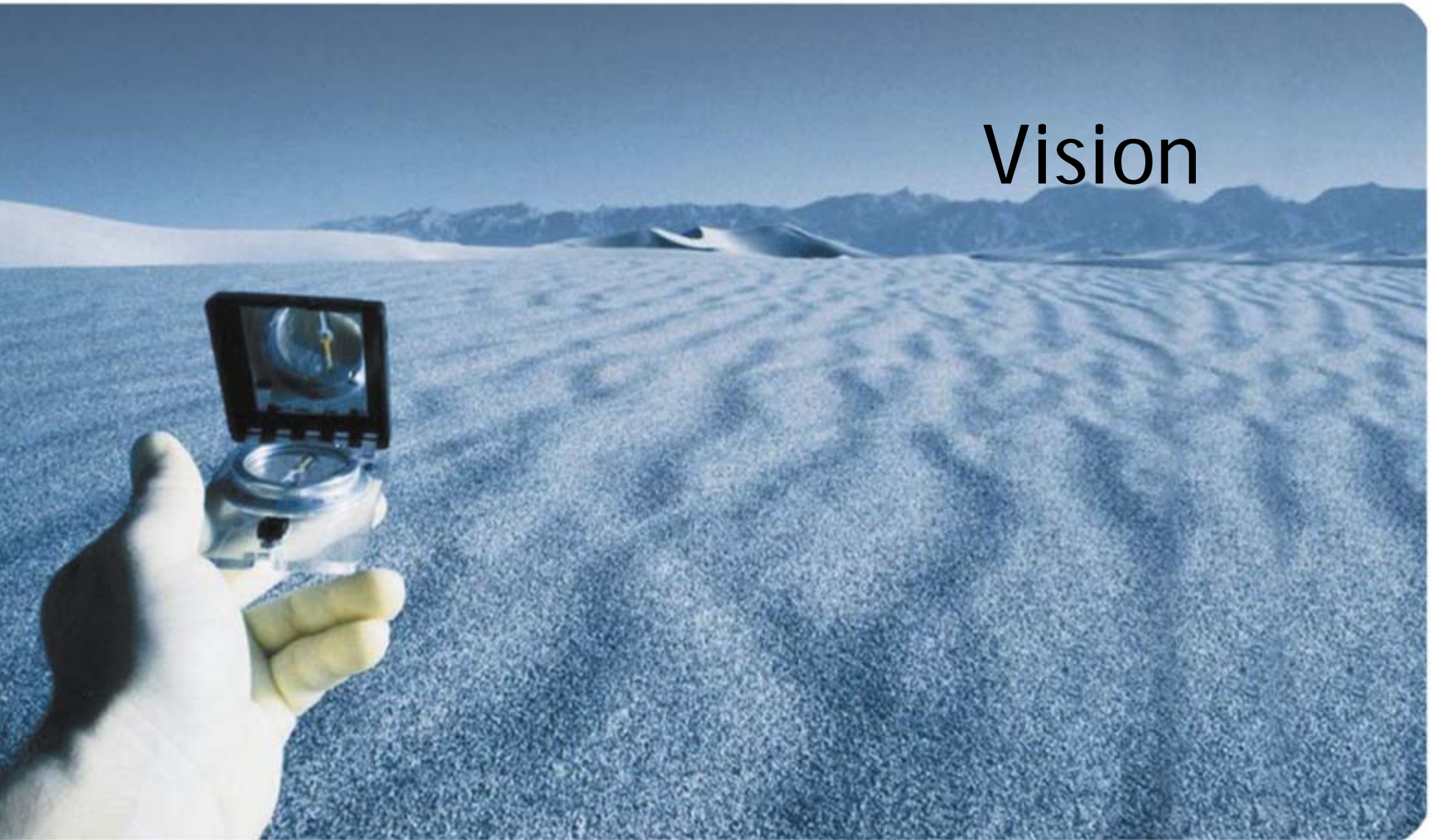
Outlook for 2005 & 2006



●●● 2005 Balance Sheet (*pro forma*)

(KRW hundred million)	2004	2005(E)	2006(E)
Assets	26,293	25,390	27,483
Current Assets	15,240	13,349	14,878
Fixed Assets	11,053	12,041	12,605
Total Liabilities	15,858	14,179	14,499
Total Borrowings	7,714	6,176	3,979
Total Shareholders' Equity	10,435	11,211	12,984
Net Borrowings	5,538	3,732	1,479
Net Borrowings Ratio	53.1%	33.3%	11.4%

Vision



Vision – Emergence into World Leading Company in the ISB Industry

●●● Vision & Financial Goal

Global Leader in ISB*
**Sales of KRW50 trillion and operating
income margin of 10% in 2015**

Expansion of global scale and establishment of leadership
based on core ISB markets in Korea and growing economies

●●● Focus Areas

Focus on Newly
Emerging Markets

Establishment of
Product Competitiveness

Establishment of global top level systems and reinforcement
of compliance for supporting inorganic growth

●●● Core Capacities Required

Development of
Global Human Resources

Optimization of
Global Systems

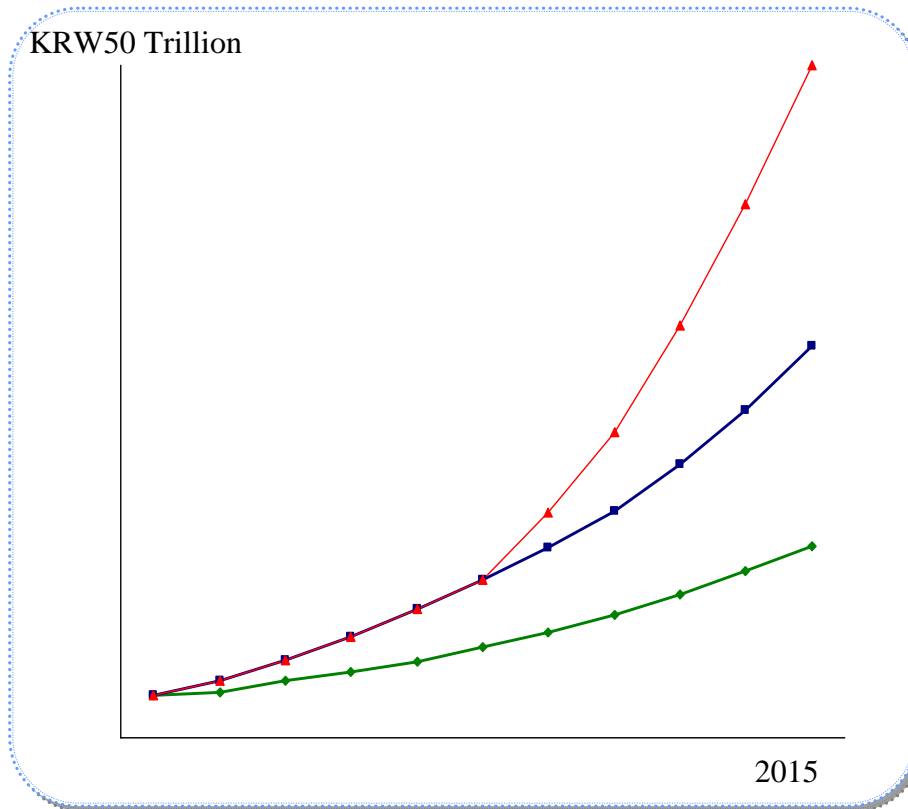
Market-oriented
Perspectives

Technological
Innovation

Systematic Growth
Management

Improvement of
Operational Efficiencies

Growth Model Scenario



Aggressive Inorganic Growth

- Active entry into new business domains
- Focus on global markets
- M&A centering on new business domains

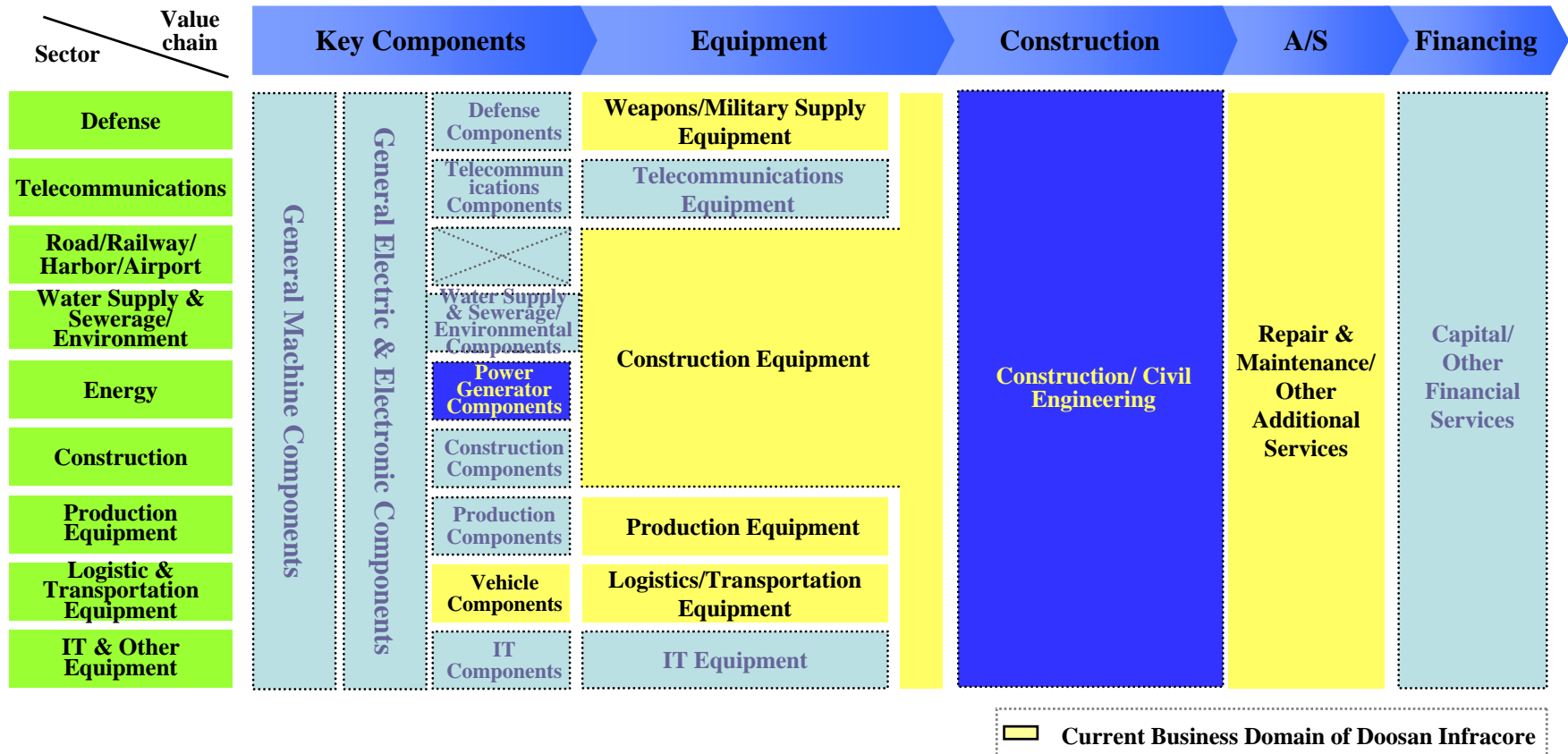
Inorganic Growth

- Expansion into areas related to existing business domains
- Focus on global markets
- M&A centering on existing business domains

Organic Growth

- Expansion of products within existing business domains
- Focus on limited regional markets
- Limited M&A

Infrastructure Support Business (ISB) Domain





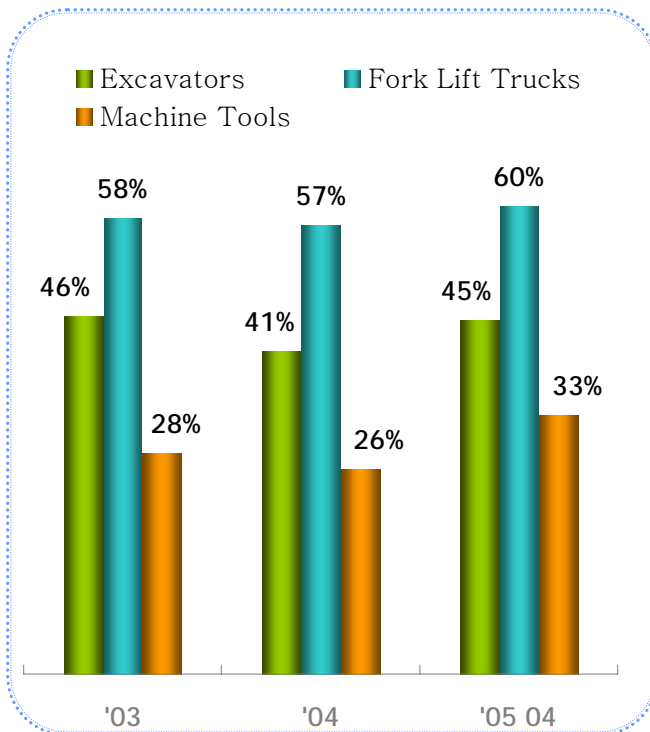
Investment Points

- **Market Leading Position in All Business Areas**
- **Successful Global Business**
- **Diversification of Growth Engines**

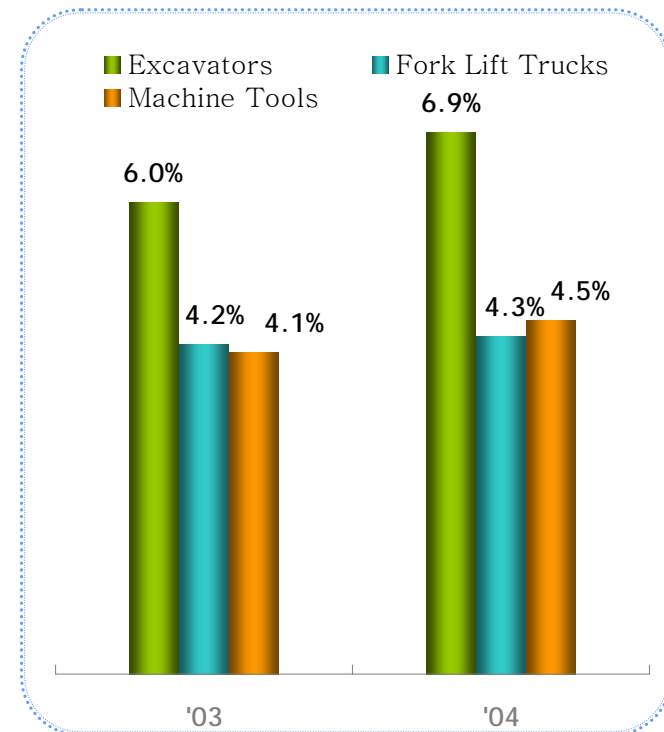
Market Leading Position in All Business Areas

Excavator market share of 45%, fork lift truck market share of 60%, machine tool market share of 33 % (on the basis of 2005 Korean markets) / Top 3 share of overseas markets in Asia

Domestic M/S



Overseas M/S



Source : Intercontinental Statistic Committee (ISC)

Market Leading Position in All Business Areas

Competitive Advantage Factors

Construction Equipment

- Equipment with superior operation power
- Convenient network for maintenance
- Price competitiveness oversea
- Superior in-house design personnel

Engines

- Domestic: Fuel economy, service, brand image
- Overseas: Price, fuel economy
- In-house engine development abilities

Machine Tools

- Full line-up of machine tools
- Superior price competitiveness compared to product performance and good sales references in various industries (automobile, airplane and IT industries)
- Global sales network & product support system
- Superior in-house design personnel

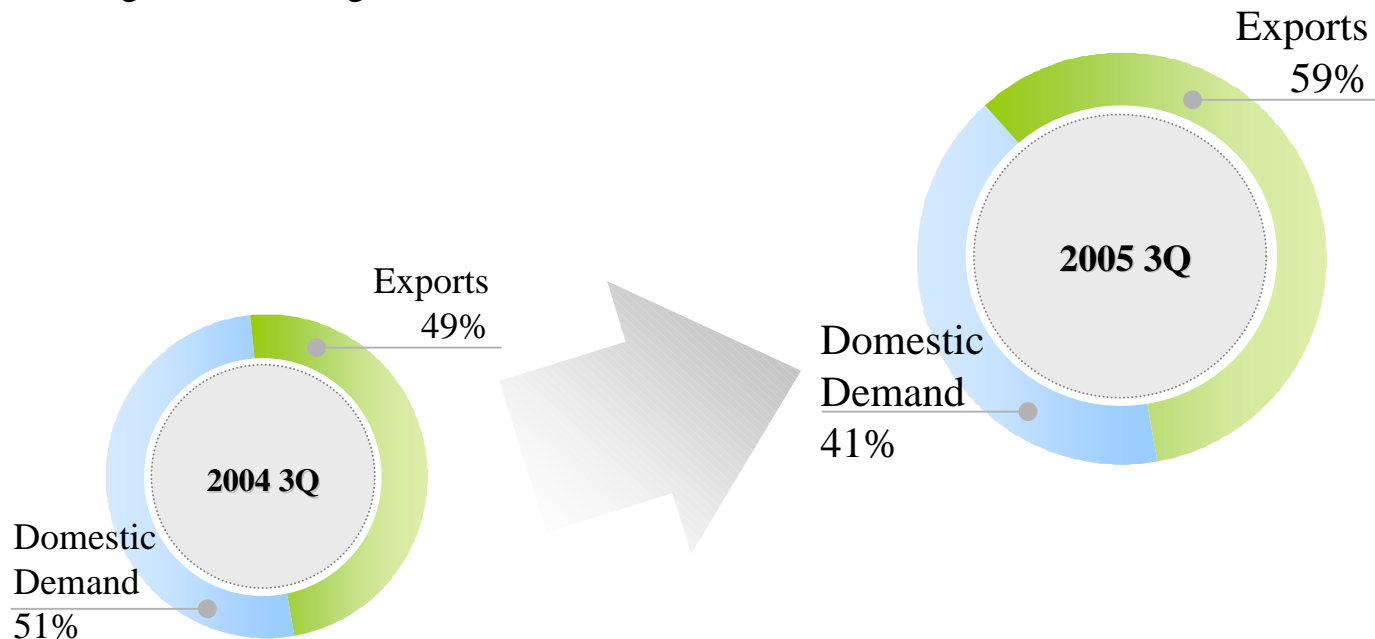
Industrial Vehicles

- Competitiveness in product delivery
- Competitive advantage in after services
- Superior credibility evaluation system
- Labor force with vast product production experience

Establishment of Successful Global Business

- Conversion into export company to overcome limits of domestic demand market
- Diversification of exporting regions
- Successful entry into China market and favorable overseas subsidiary business performances

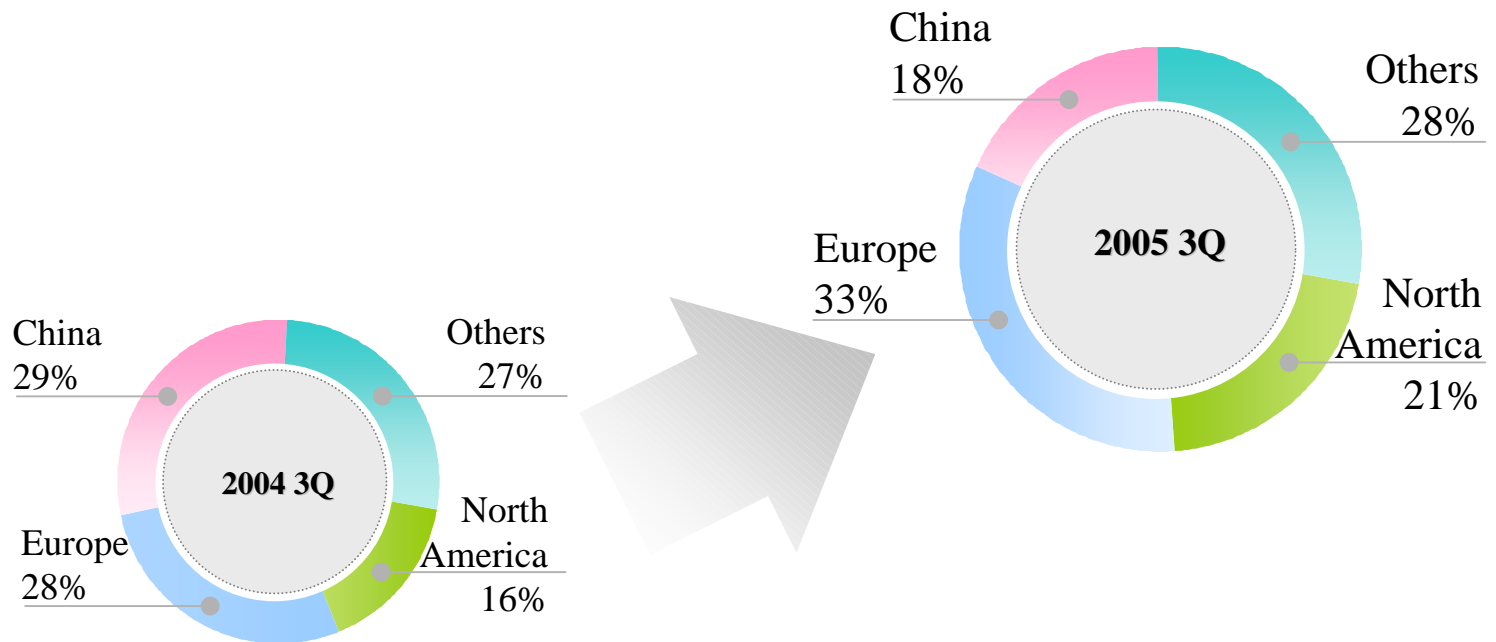
●●● Changes in Percentage of Domestic Demand & Sales



Establishment of Successful Global Business

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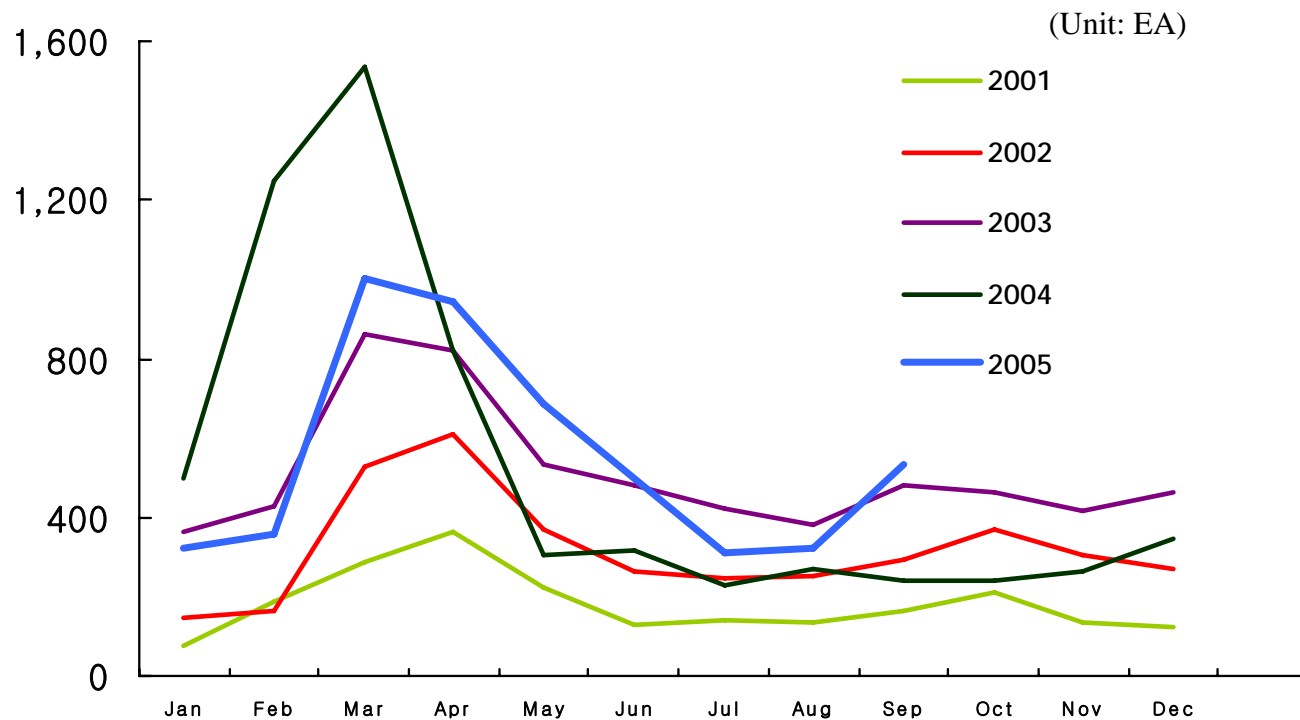
●●● Changes in Percentage of Overseas Regional Exports



Establishment of Successful Global Business – China Market

- Leader in excavator sales in China (2000~)
- Leader in machine tools import market sales in China (2001~)
- Leader in engine market sales in China (2004 1Q~)

●●● Excavator Sales of China Subsidiary



Establishment of Successful Global Business – Overseas Subsidiary Business Performance



Improvement of overseas subsidiary business performance

●●● Business Performance by Subsidiary

(Unit: KRW hundred million)

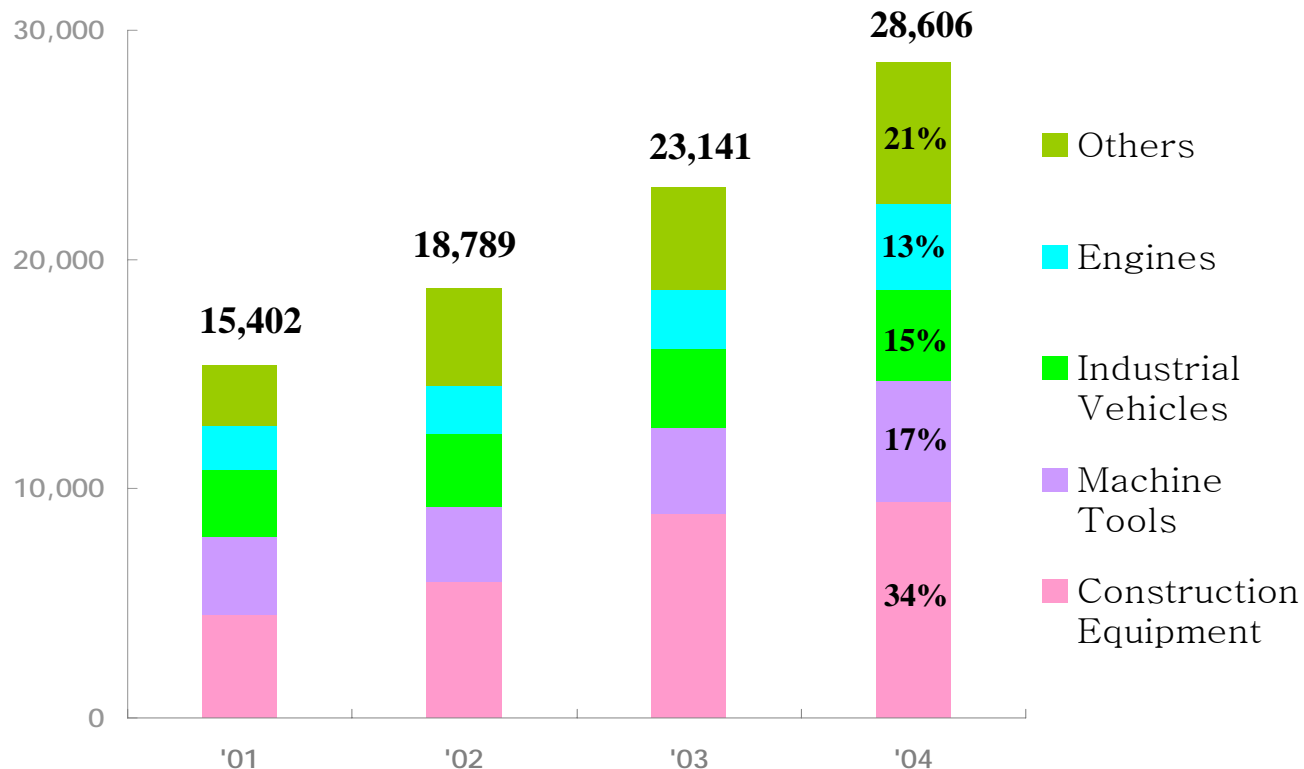
Subsidiary	Period	Sales	Operating Income
China Subsidiary	2004	4,923	-28
	2005 3Q	3,549	96
Europe Subsidiary	2004	2,995	111
	2005 3Q	2,642	127
North America Subsidiary	2004	3,434	190
	2005 3Q	3,405	218
U.K. Subsidiary	2004	865	10
	2005 3Q	736	13
Germany Subsidiary	2004	2,553	25
	2005 3Q	1,702	21
Total	2004	14,770	308
	2005 3Q	12,034	475

Diversification of Growth Engines – Sales

- Newly emerging market penetration strategy
 - Improvement of growth centering on construction equipment in the past to machine tools and engines
 - Expansion of exports through penetration of newly emerging markets along with increase in share of North America and Europe markets

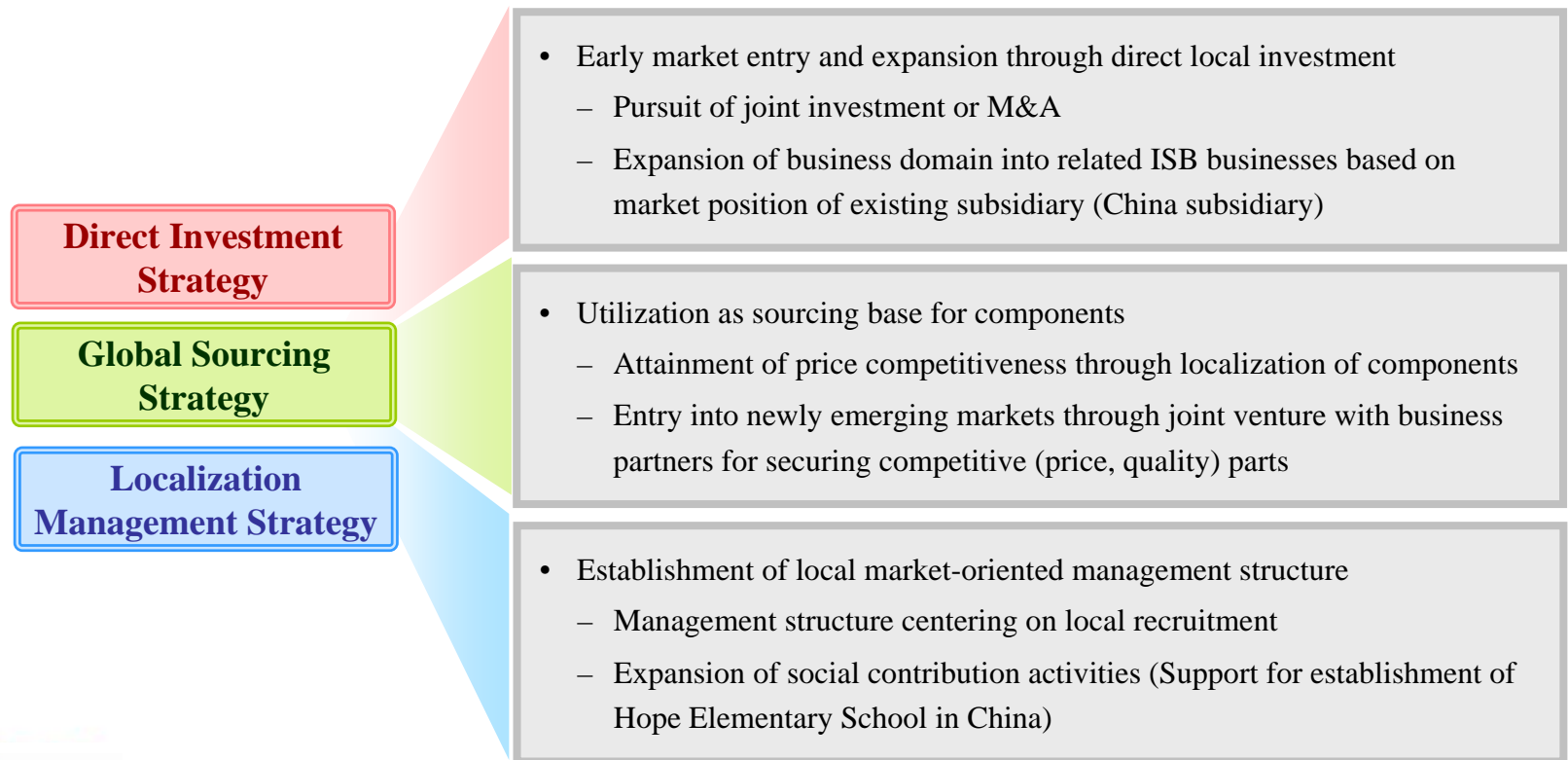
●●● Sales

(Unit: KRW hundred million)



Diversification of Growth Engines – Strategy

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Issues



Foreign Exchange Risk Hedging

Current Foreign
Exchange Risk
Hedging Activities

Total of US\$880 million (as of Oct. 2005)

Foreign Exchange
Risk Hedging
Strategy

Establishment and operation of adequate hedging limits
using VaR techniques for securing stable operating income
from foreign exchange fluctuation risk

Shareholder-oriented Management

●●● Active IR Activities

- Reinforcement of IR organization operations: Establishment of dedicated team
- Reinforcement of overseas IR activities including overseas road shows
- Quarterly business performance presentations
- Distribution of monthly IR reports planned
- One-on-One meetings
- Continued cyber IR activities

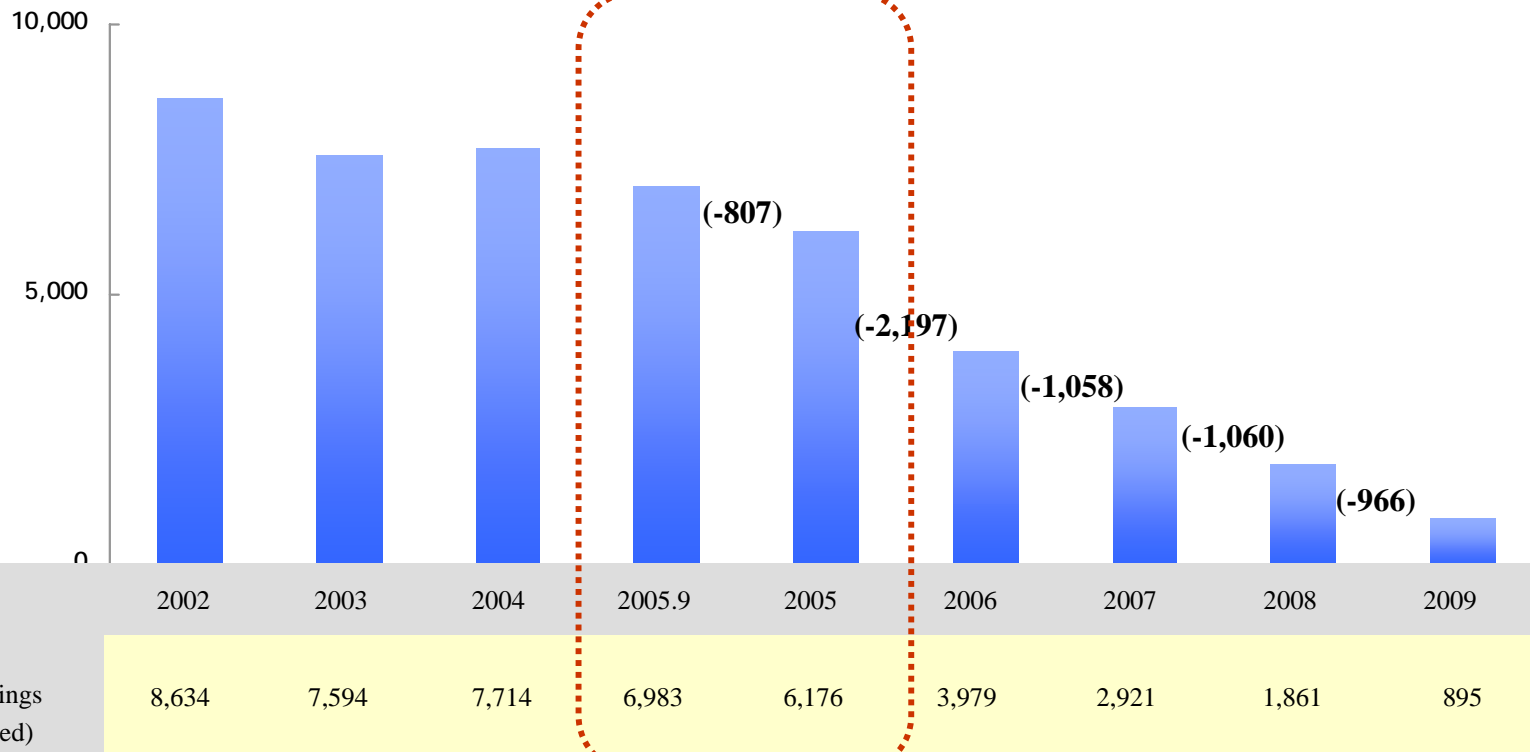
●●● Expansion of Cash Dividends & Shareholder Profits

- Cash dividends in 2004 (5% or KRW250 for common stocks)
- Cash dividends planned in 2005
- Enhancement of shareholder value through increased dividend income

- KRW50.0 billion in treasury stock purchases planned through subscription in specified money trust
(Refer to company disclosure of October 20, 2005)

Current Borrowings & Repayment Plan

(Unit: KRW hundred million)



* Accounts only for the repayment of long-term borrowings

Synergy Effects with Doosan Group

Global Network Sharing

Sharing of mutually complementary overseas sales network
- Utilization of Middle East/Southeast Asia sales network of Doosan Heavy Industries & Construction

R&D Synergy

Sharing of Doosan Heavy Industries & Construction's world-class original materials technology
Reduction of costs and reinforcement of technological know-how through joint R&D

Machine Tools Business Synergy

Strategic synergies between Machine Tool Business Group and Doosan Mecatec
- Synergies expected to be created in procurement, R&D and production

Business Stabilization Through Portfolio Expansion

Reinforcement of response measures to business cycle discrepancies among industries through business portfolio expansion

Thank You!!!



Doosan Infracore
Global Vision

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