



Doosan Infracore

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2016 3Q Investor Meeting

Nov 2016



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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3Q16 Results

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Highlights

3Q16 Results *

- Sales declined primarily due to NAO was down although APEM and China increased
- EBIT turned to black on the back of the effects of the restructuring (HQ/China) and favorable operational performance at Bobcat
- NP also turned to positive despite the unfavorable seasonality due to EBIT improvement and less net financial cost

Results

(Unit : KRW billion)

	3Q15**	2Q16	3Q16	YoY	QoQ
Sales	1,430.1	1,618.3	1,302.1	-9.0%	-19.5%
EBIT	-15.5	173.5	105.8	TB	-39.0%
EBIT margin (%)	-1.1%	10.7%	8.1%	+9.2%P	-2.6%P
(Net Financial Cost)	69.1	58.8	47.8	-30.8%	-18.7%
(F/X gains/losses)	-68.2	-15.1	28.3		
Net Profit	-212.1	227.8***	35.7	TB	-84.3%

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

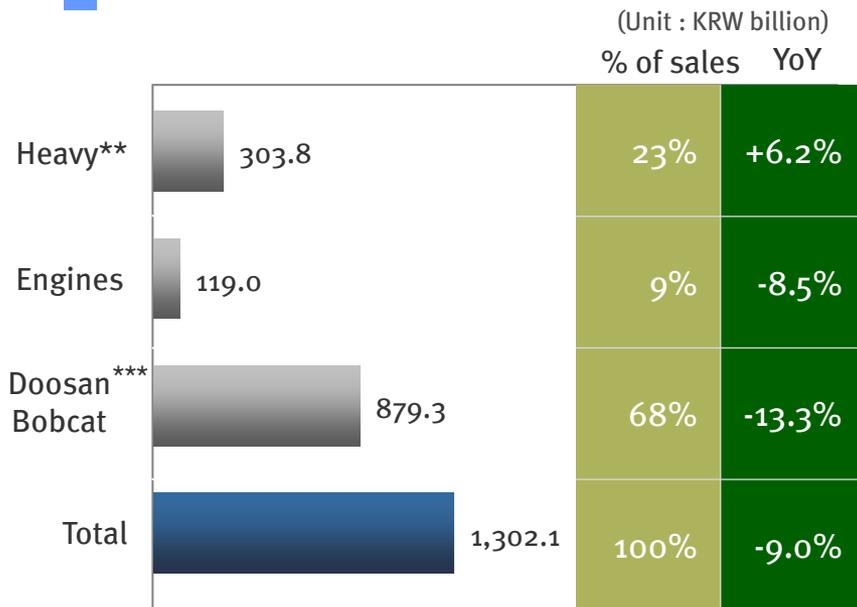
** Restated to reflect MT equity carve-out

*** Including gain of KRW 1,85.7bil on Machine Tools sale

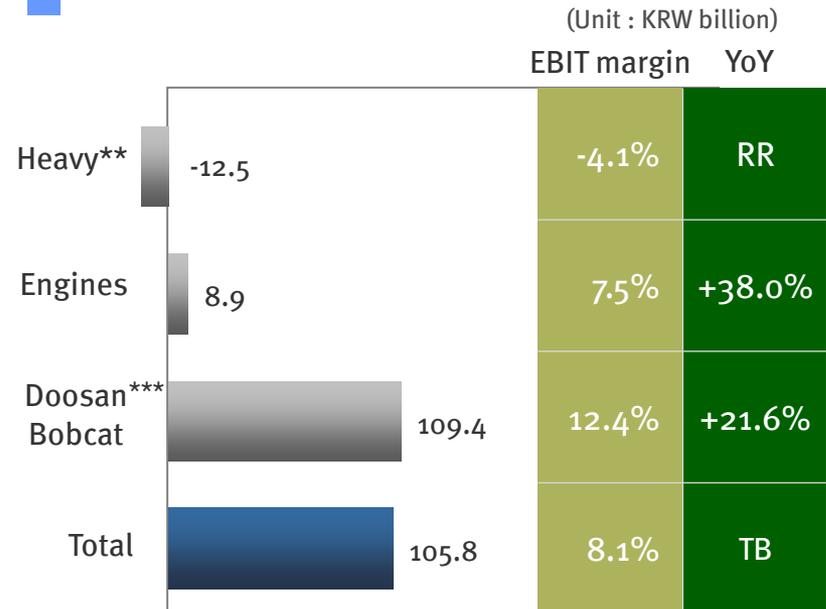
3Q16 divisional sales* & EBIT*

- Heavy : Sales improved thanks to volume increase in China/Korea and EBIT improved substantially by tightening the loss on the back of increase in sales and effects of the restructuring
- Engines : Though 3rd party sales were down, EBIT improved due to increase in higher margin products such as TF4
- Doosan Bobcat : Sales were down primarily due to weakness in Oil&Gas/mining industry and uncertainties risen, before the US presidential election but EBIT increased due to continued favorable product mix in NAO and margin improvement in EMEA

Sales



EBIT & Margin



* Based on external sales

** Including APEM and China

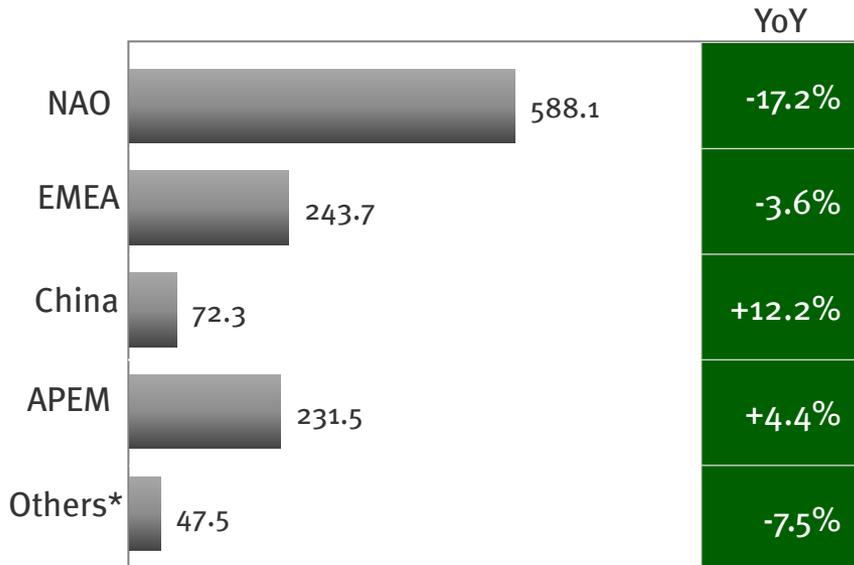
*** May differ from Doosan Bobcat's consolidated results

Construction equipment BG details

- Sales in advanced markets were down due to lower sales volume and negative currency translation(strong KRW)
- China continued to increase in sales volume and revenue
- APEM resulted a positive sales growth in five quarters due to increase in both sales volume and price in Korea

CE regional breakdown(3Q16)

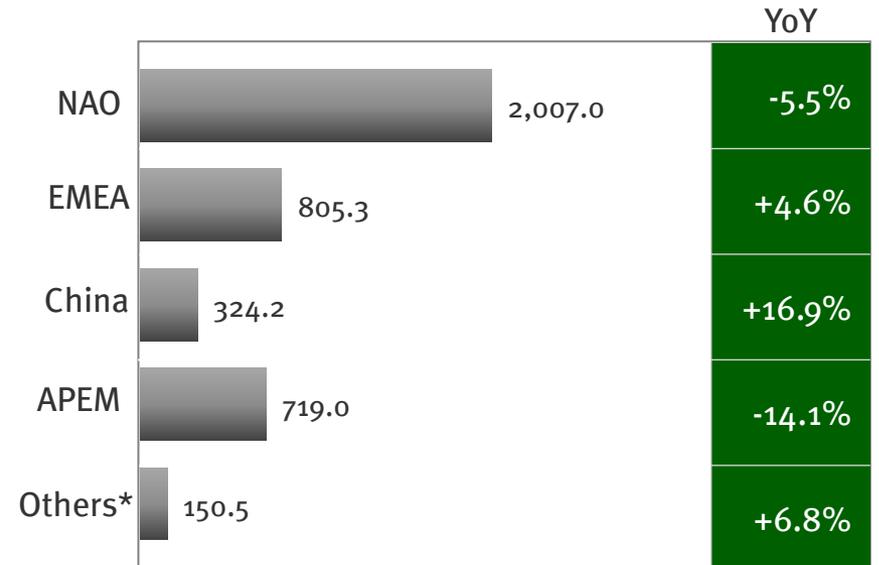
(Unit : KRW billion)



* Including sales from HQ and Compact sales from Asia/LA

CE regional breakdown(2016 YTD)

(Unit : KRW billion)



* Including sales from HQ and Compact sales from Asia/LA

Financial structure

- Net debt fell thanks to efficiently managed operating cash flow and working capital
- Debt to equity ratio improved from last year's 266% to 204%

Balance Sheet

	2015	2Q16	3Q16	(Unit : KRW billion) QoQ(amount)
Current Assets	3,876.0	3,412.2	2,966.7	-445.5
Fixed Assets	7,507.2	6,920.0	6,626.5	-293.5
Total Assets	11,383.2	10,332.2	9,593.2	-739.0
Total Liabilities	8,280.2	7,014.3	6,440.8	-573.5
- Net Debt	5,055.1	4,069.5	3,861.3	-208.2
Total Shareholders' Equity	3,103.0	3,317.9	3,152.4	-165.5
Liabilities/Equity Ratio	266.8%	211.4%	204.3%	-7.1%p

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3Q16 Results

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Highlights

China

- Property market has continuously recovered and led to increase in sales volume since the beginning of 2H16
- We strengthened our position by gaining market share through stronger channels, credit risk management of customers, and a benefit from deteriorated competitors

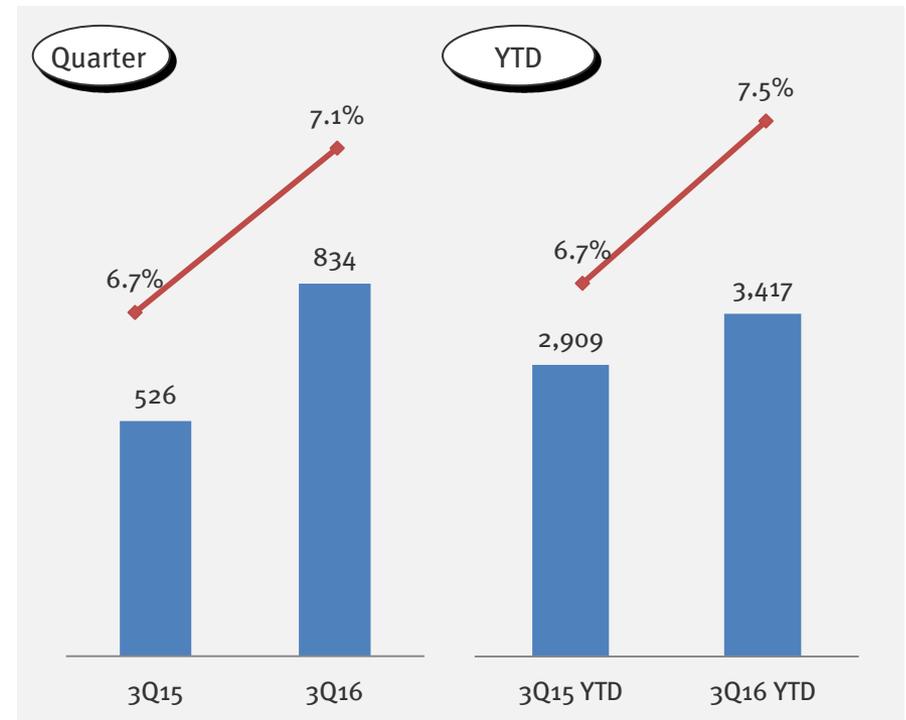
Excavator shipments & Property index trend



* 3MMA YoY

DI's shipments and Market Share trend

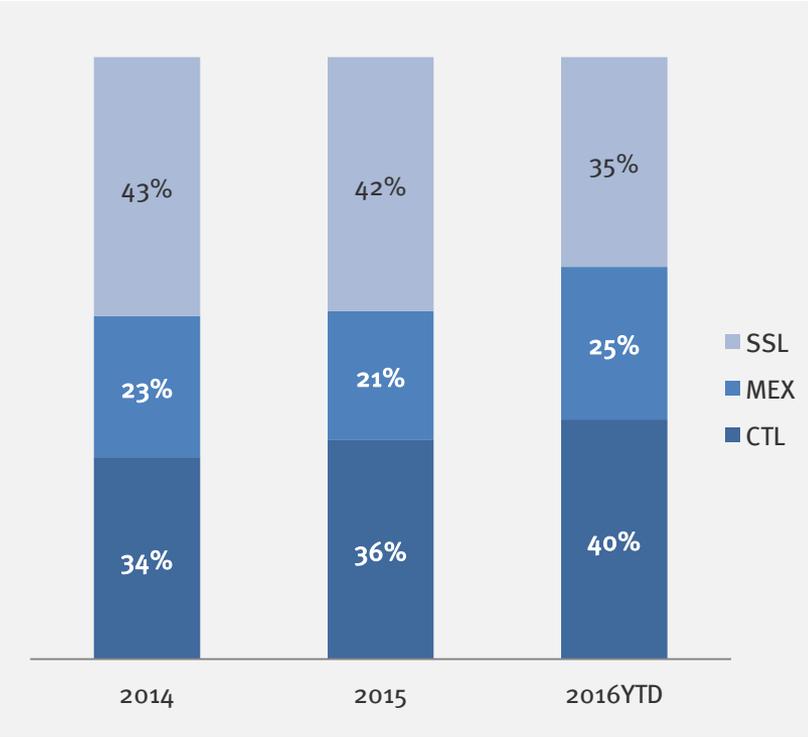
(Unit : unit)



Doosan Bobcat

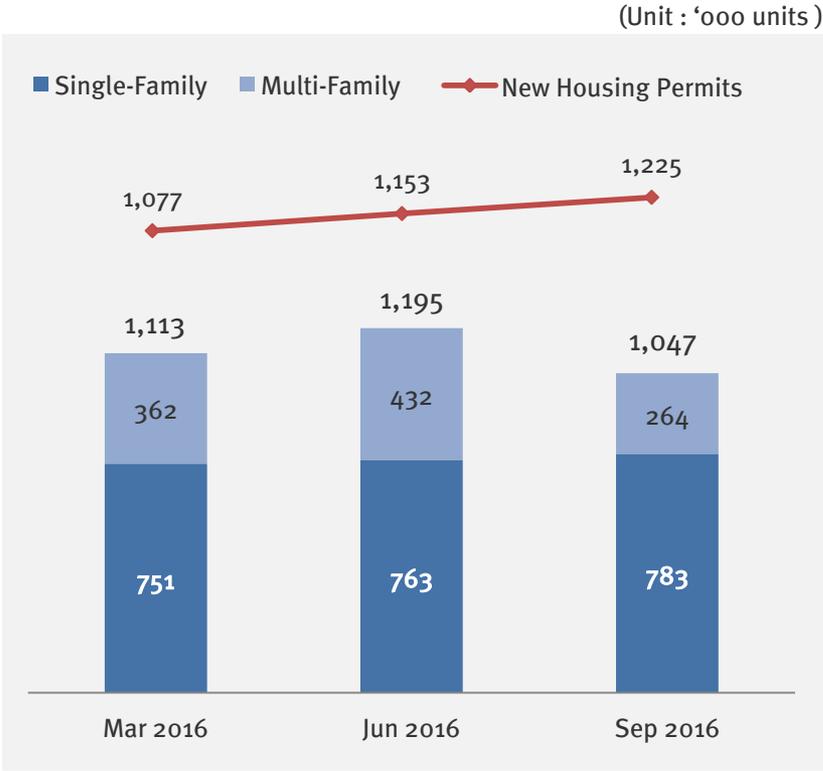
- Doosan Bobcat has resulted continued increase in operating profits stemming from better product mix in NAO and enhanced cost structure in Europe
- Although lower multi-family starts contributed to the decline in new housing starts, new permits continue to rise

NAO product* mix



* Compact(SSL, CTL, MEX)

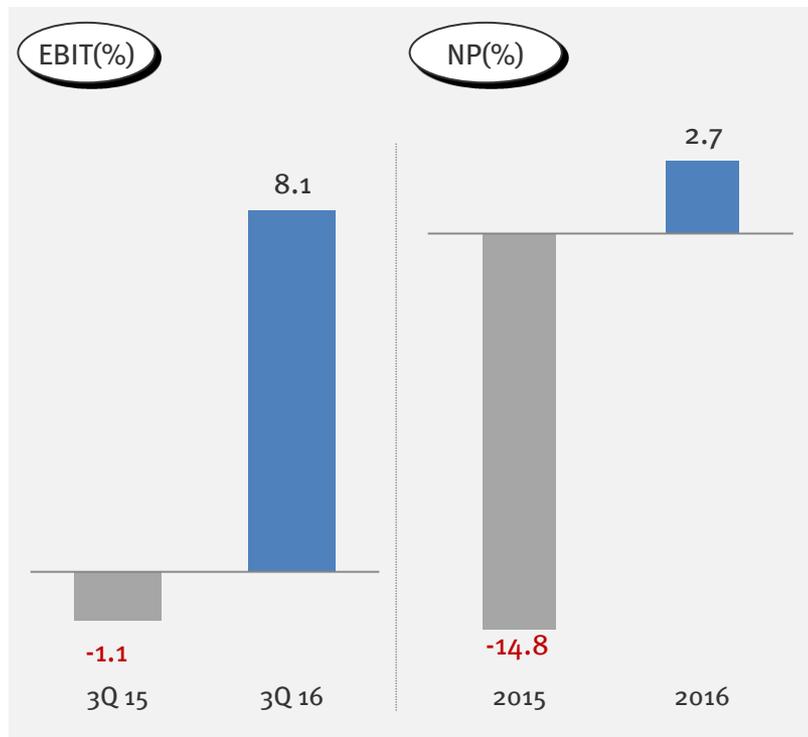
NA housing indices trend



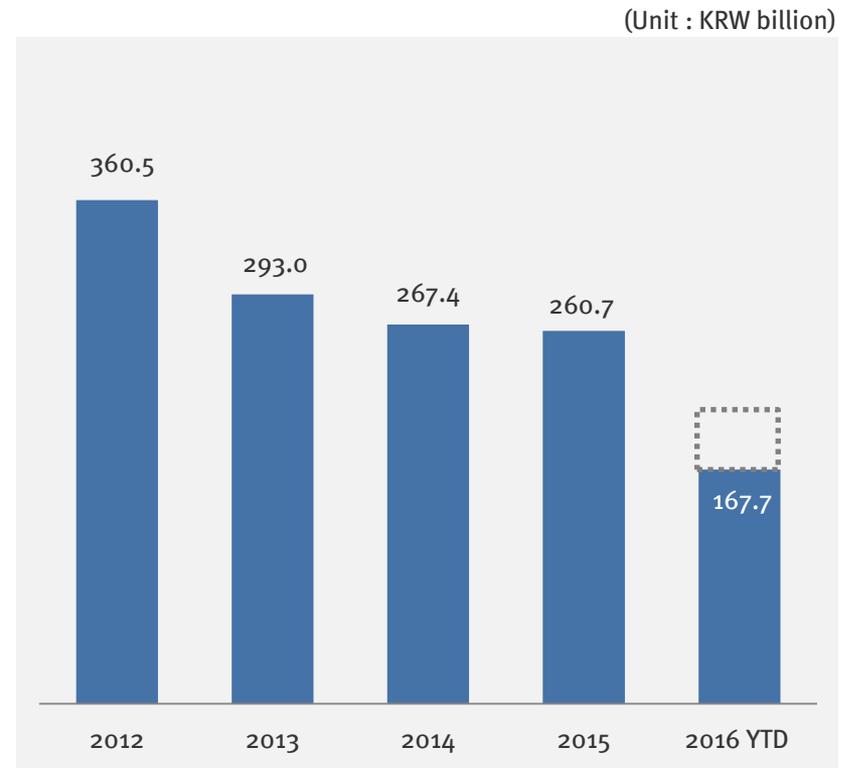
Consolidated results

- In spite of unfavorable seasonality, EBIT improved substantially driven by cost reduction as well as continued solid performance at Bobcat, and NP turned to positive thanks to improvement in EBIT and less net financial costs
- Net financial costs have been continuously down with the asset disposal and operating cash

Profitability



Net Interest expense trend



Debt maturity(HQ)

- We can manage to meet maturity public offering corporate bonds in 2017 with proceed from Doosan Bobcat IPO and FCF, and secured various financial flexibilities using remaining Doosan Bobcat shares

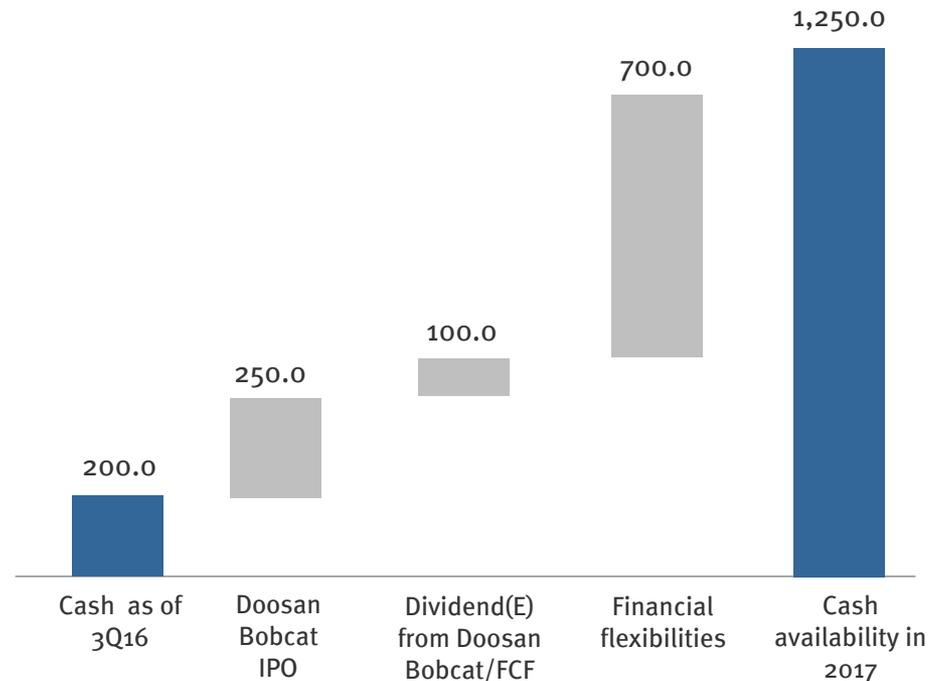
Debt maturities in 2017

(Unit : KRW billion)

Classification	1H	2H	Total
Corporate bonds	320.0	230.0	550.0
Hybrid bond		550.0	550.0
Total	320.0	780.0	1,100.0

* Refinancing of corporate bonds (\$350mil) should be completed on Nov 21st

Plans to meet the maturities



Business segment information

• 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	3,437	2,417	11,995	8,837	5,120	3,555	2,600	2,529	2,689	2,987	3,249	3,460	52,875
	DI	179	153	828	613	360	250	165	163	198	191	191	235	3,526
	M/S	5.7%	6.6%	7.5%	6.9%	7.0%	7.0%	6.3%	6.4%	7.4%	6.4%	5.9%	6.8%	6.7%
2016	Market	2,483	3,199	13,096	6,462	4,778	3,651	3,093	3,859	4,856				45,477
	DI	167	278	1,001	517	387	233	230	261	343				3,417
	M/S	6.7%	8.7%	7.6%	8.0%	8.1%	6.4%	7.4%	6.8%	7.1%				7.5%

• CE regional breakdown

(Unit : KRW billion)

	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16
NAO	682.6	730.8	709.9	684.0	2,807.3	663.1	755.8	588.1
EMEA	224.3	292.9	252.7	259.5	1,029.4	254.9	306.7	243.7
China	98.5	114.4	64.4	61.8	339.0	136.2	115.8	72.3
APEM	339.5	275.7	221.7	184.3	1,021.2	230.7	256.8	231.5
Others *	35.0	54.5	51.4	48.9	189.8	52.0	50.9	47.5
TOTAL	1,379.8	1,468.3	1,300.1	1,238.5	5,386.7	1,336.8	1,486.1	1,182.1

* Including sales from HQ and Compact sales from Asia/LA

[Appendix] Doosan Group Ownership Structure-post IPO

