



Doosan Infracore

DOOSAN INFRACORE

2009 1H Investor Meeting

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DII 2Q09 Results & Highlights

2009 2Q results (Consolidated *)

Unit : KRW billion, %

- Consolidated sales on a steady recovery since 4Q08 despite the global recession
- Sizable improvement in EBIT due to preemptive efforts for inventory management and demand recovery

	2Q08	4Q08	1Q09	2Q09	QoQ	YoY
Sales	1,314.1	837.3	930.5	943.3	1.4%	-28.2%
EBIT	159.5	-40.5	-38.0	96.4	TB	-63.1
EBIT margin (%)	12.1%	-4.8%	-4.1%	10.2%	+14.3%p	-1.9%p
EBITDA	183.3	-20.3	7.6	100.6	+93.0	-82.7
(Financial cost)	23.2	35.1	42.2	46.6	+4.4	+23.4
Pretax profit	67.4	-186.2	-133.7	150.2	TB	+82.8

* Consolidated results exclude DII's performance

2009 2Q results

Unit : KRW billion, %

- EBIT on recovery for two consecutive quarters after bottoming out in 4Qo8
- Pretax profit turned positive due to better performance at overseas subsidiaries and asset disposal gains

	2Qo8 *	4Qo8 *	1Qo9	2Qo9	QoQ	YoY
Sales	1,010.0	568.6	651.6	626.1	-3.9%	-38.0%
EBIT	155.1	-32.9	44.1	37.1	-15.9%	-76.1%
EBIT margin (%)	15.4%	-5.8%	6.8%	5.9%	-0.9%p	-9.5%p
EBITDA	172.7	-15.9	66.0	53.8	-18.5%	-68.8%
(Financial cost)	12.9	21.2	31.3	37.4	+19.5%	190.0%
(Equity method)	-18.0	-353.0	-220.3	-56.1	-	-
(Asset disposal gains)				221.6	-	-
Pretax profit	56.6	-181.5	-127.2	141.8	-	150.5%

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

2009 2Q divisional sales & EBIT

Unit : KRW billion, %

- All divisions except for the seasonally weak construction equipment division improved QoQ

Sales

		QoQ	YoY
Construction Equipment	278.4	-15.1%	-32.0%
Machine Tools	107.5	+0.6%	-57.8%
Engines	104.2	+15.0%	-16.9%
Others	136.0	+7.8%	-38.3%
Total	626.1	-3.9%	-38.0%

EBIT

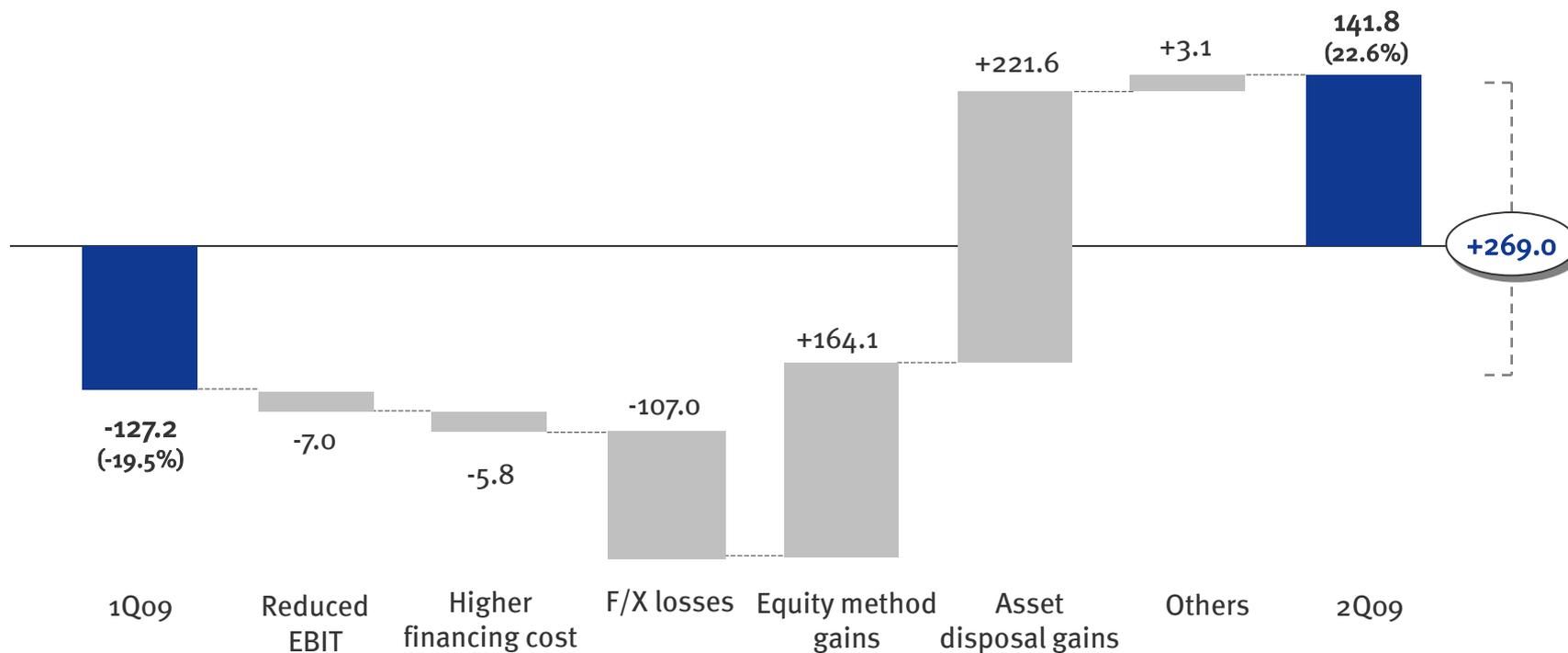
		QoQ	YoY
Construction Equipment	23.8 (8.6%)	-45.8%	-59.4%
Machine Tools	-7.8 (-7.2%)	(+5.1bn)	(-45.4bn)
Engines	10.8 (8.0%)	+35.3%	-51.4%
Others	10.2 (9.6%)	104.2%	-72.0%
Total	37.1 (5.9%)	-15.9%	-76.1%

2009 2Q pretax profit analysis

Unit : KRW billion, %

- Pretax profit turned positive by KRW 269 billion thanks to QoQ improvement in equity method accounting and asset disposal gains from sale of DST and KAI

QoQ comparison



2009 1H financials

Unit : KRW billion, %

- Total assets and liabilities declined after asset sales of KAI and DST
- With improved financial structure due to debt repayment, liabilities to equity ratio dropped to 241.3%

	07	08	1Q09	2Q09
Current Assets	1,288.4	1,995.8	2,598.2	1,588.9
Fixed Assets	1,918.9	2,929.8	2,939.5	3,274.8
Total Assets	3,207.3	4,925.6	5,537.7	4,863.7
Total Liabilities	2,098.0	3,379.9	4,104.0	3,438.7
- Debts	1,005.0	1,530.5	2,534.8	2,367.5
(% of long-term debt)	87.1%	66.2%	54.1%	64.3%
Total Shareholders' Equity	1,109.3	1,545.7	1,433.8	1,425.0
Liabilities/Equity Ratio	189.1%	218.7%	286.2%	241.3%

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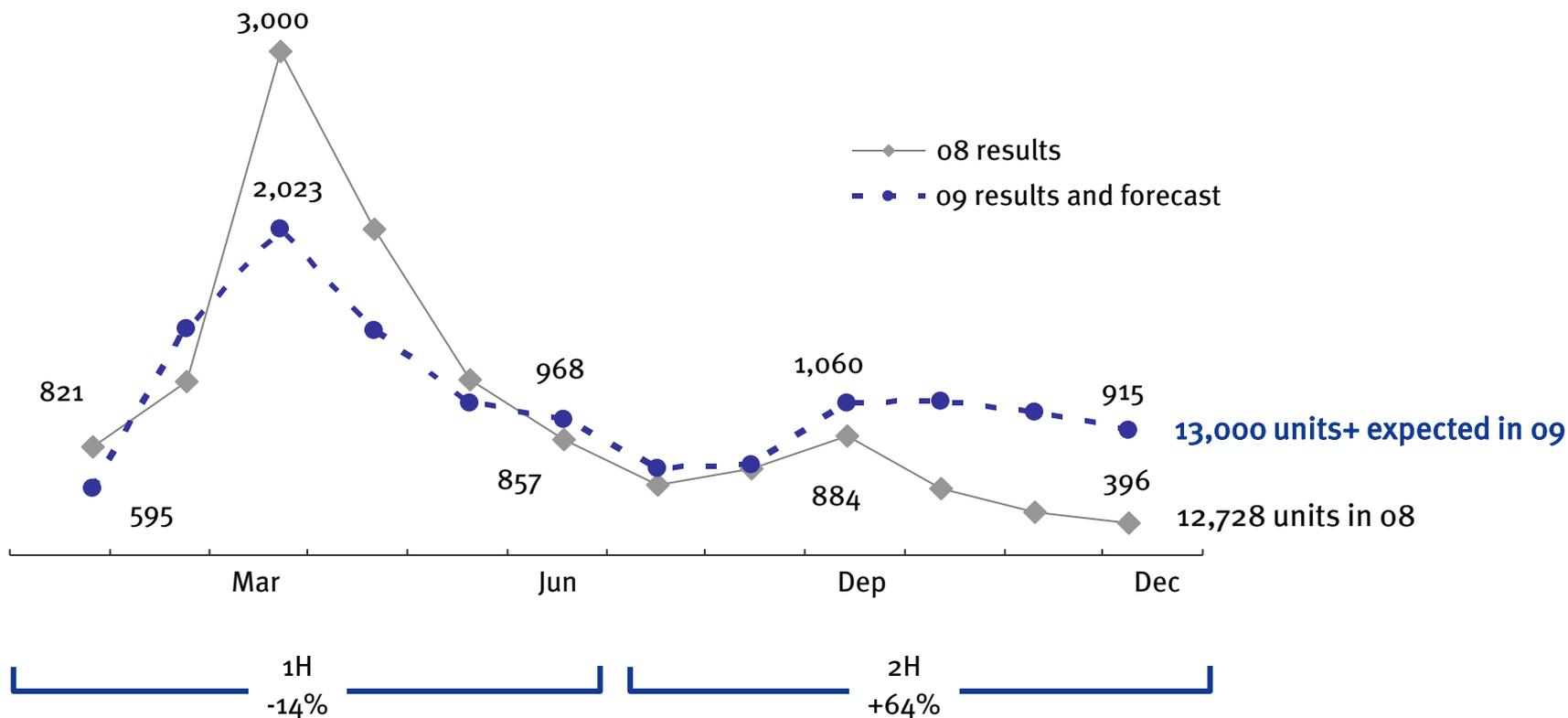
DII 2Q09 Results & Highlights

1-1 Construction equipment : Growing China

Unit : units, %

- Excavator sales volume turned positive YoY from June, despite a 14% YoY in 1H
- China's sizable economic stimulus package should help achieve sales volume growth of 64% YoY

Excavator sales forecast for 2009

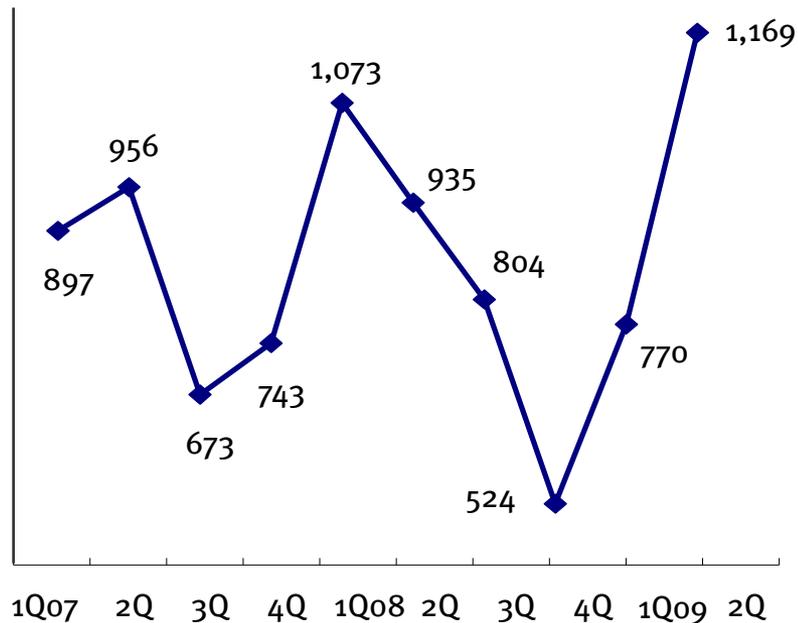


1-2 Construction equipment: Full-fledged growth in Korea

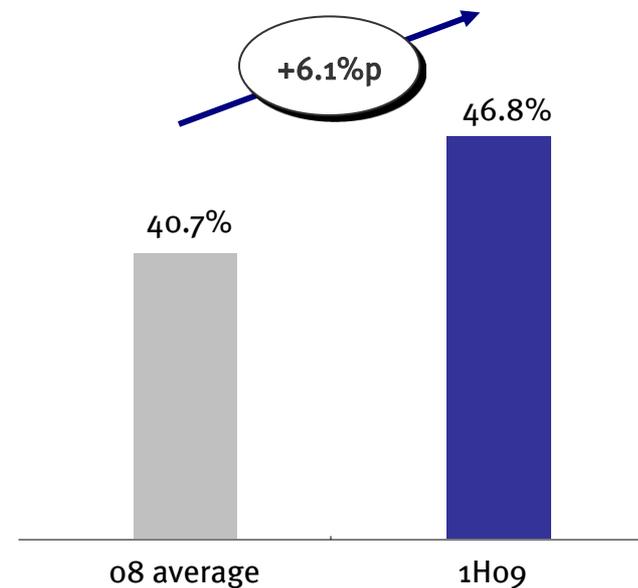
Unit : units, %

- Highest domestic sales volume since the Asian financial crisis with solid No. 1 market share in 2Q
- With Korea's stimulus package including the four rivers project, which is expected to trigger demand for larger equipments, we anticipate continued growth during 2H

Excavator sales trend in Korea



Market share in 1Q09 *



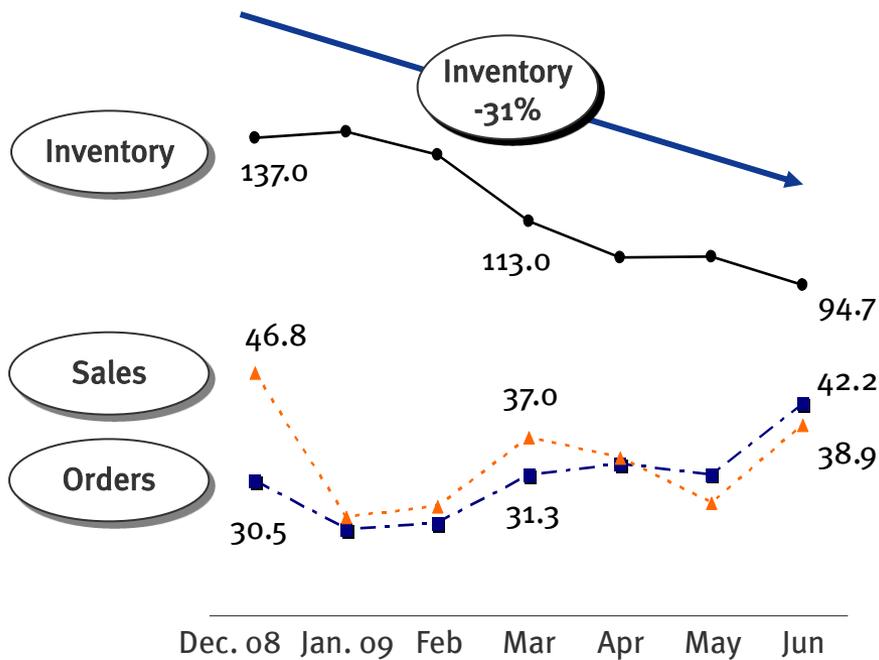
* Market share for excavators above 5 tons

2 Machine tools: Sales growth phase

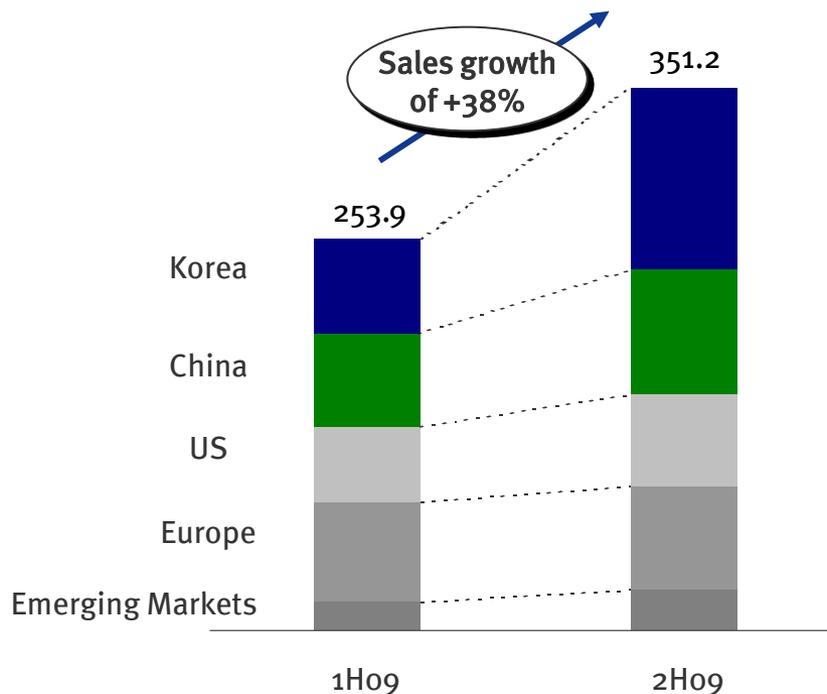
Unit : KRW billion, %

- Inventory dropped 31% in 1H (relative to end-o8), while orders continued to rise from January 09
- Sales in 2H should grow by 38% relative to 1H thanks to economic stimulus measures at home and abroad and greater corporate investments

Monthly results in 1H (Consolidated)



Sales forecast in 2H09 (Consolidated)

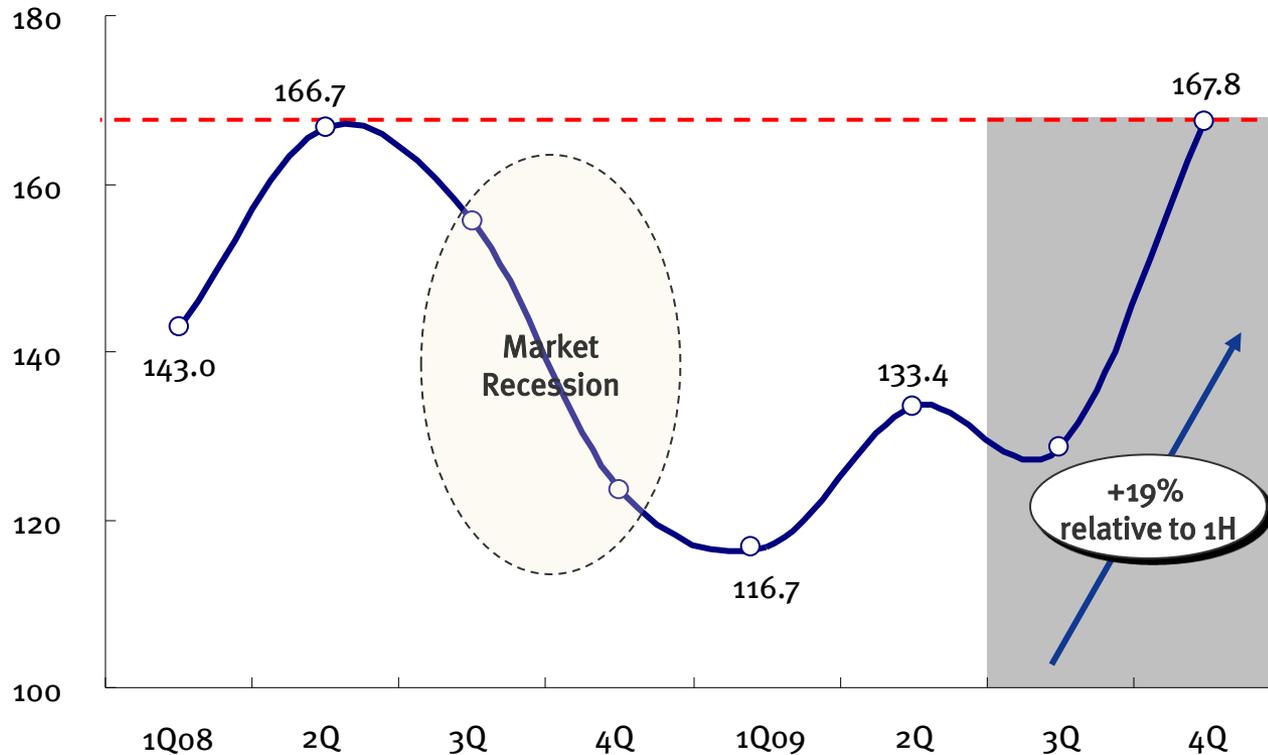


3 Engine: Sharp recovery from 2Q

Unit : KRW billion, %

- We expect 2H sales to grow by 19% (relative to 1H) in light of increased supply to captive and big account customers and continued development of new and sizable dealerships

Engine sales and forecast



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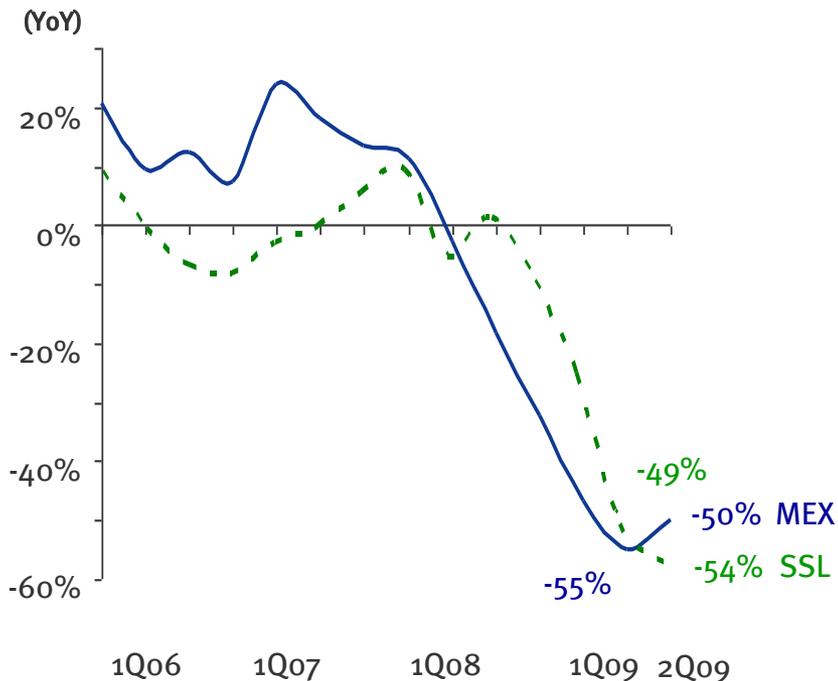
DII 2Q09 Results & Highlights

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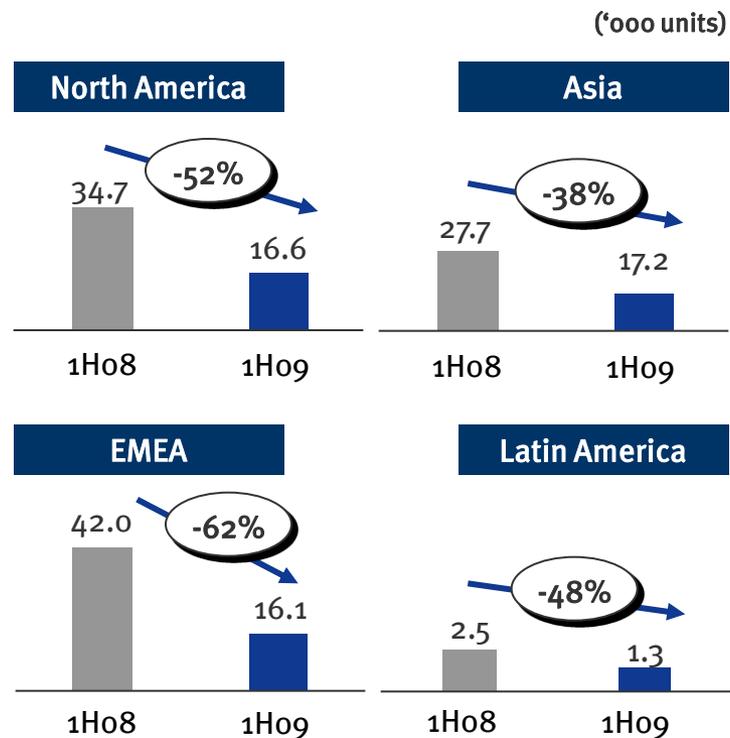
Global compact equipment market bottoming out

- Compact equipment market in North America plunged 52%, EMEA 62%, Asia 38% and Latin America 48%
- Skid steer loader market is bottoming out, while the mini excavator market has rebounded in 2Q

Global Market Growth by Product



Global Market Growth by Region



2009 2Q results

Unit : US\$ million, %

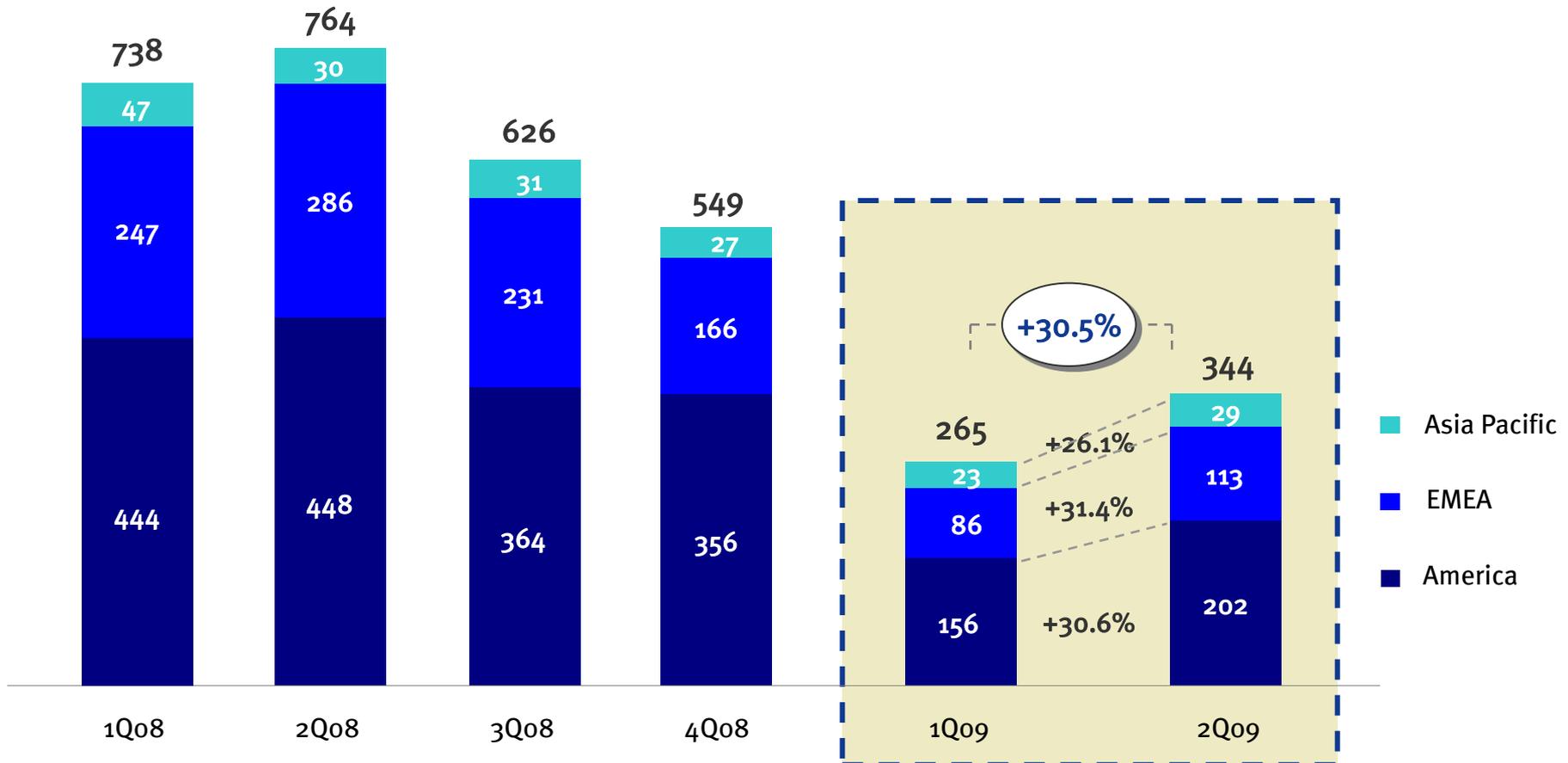
- 31% QoQ sales growth thanks to new model launch and market share gains
- EBITDA and net profit improved only marginally due to heightened competition during a recessionary period

	2Q08	1Q09	2Q09	QoQ	YoY
Sales	764.7	265.6	346.5	30.5%	-54.7%
EBIT	57.4	-111.3	-108.1	+3.2	-165.5
EBITDA	84.1	-81.6	-80.0	+1.6	-164.1
- Financing Cost	52.2	40.4	49.2	+8.8	-3.0
Pretax Profit	24.7	-163.4	-128.5	+34.9	-125.9
Net Profit	0.2	-159.9	-128.2	+31.7	-128.4

2009 2Q regional sales

Unit : US\$ million, %

- 31% QoQ improvement in sales as a result of market recovery and market share gains in North America and EMEA

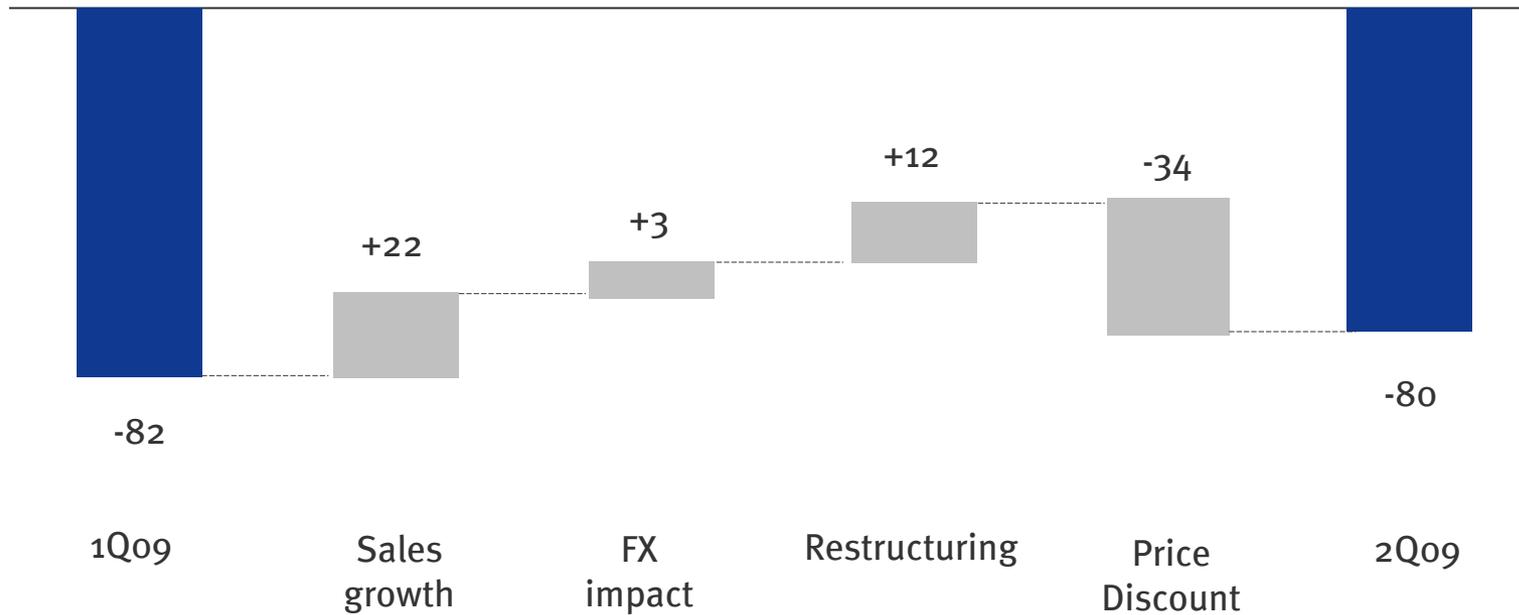


2009 2Q EBITDA analysis

■ Unit : US\$ million

- Marginal recovery in EBITDA as sales growth and restructuring efforts offset the impact of price discount

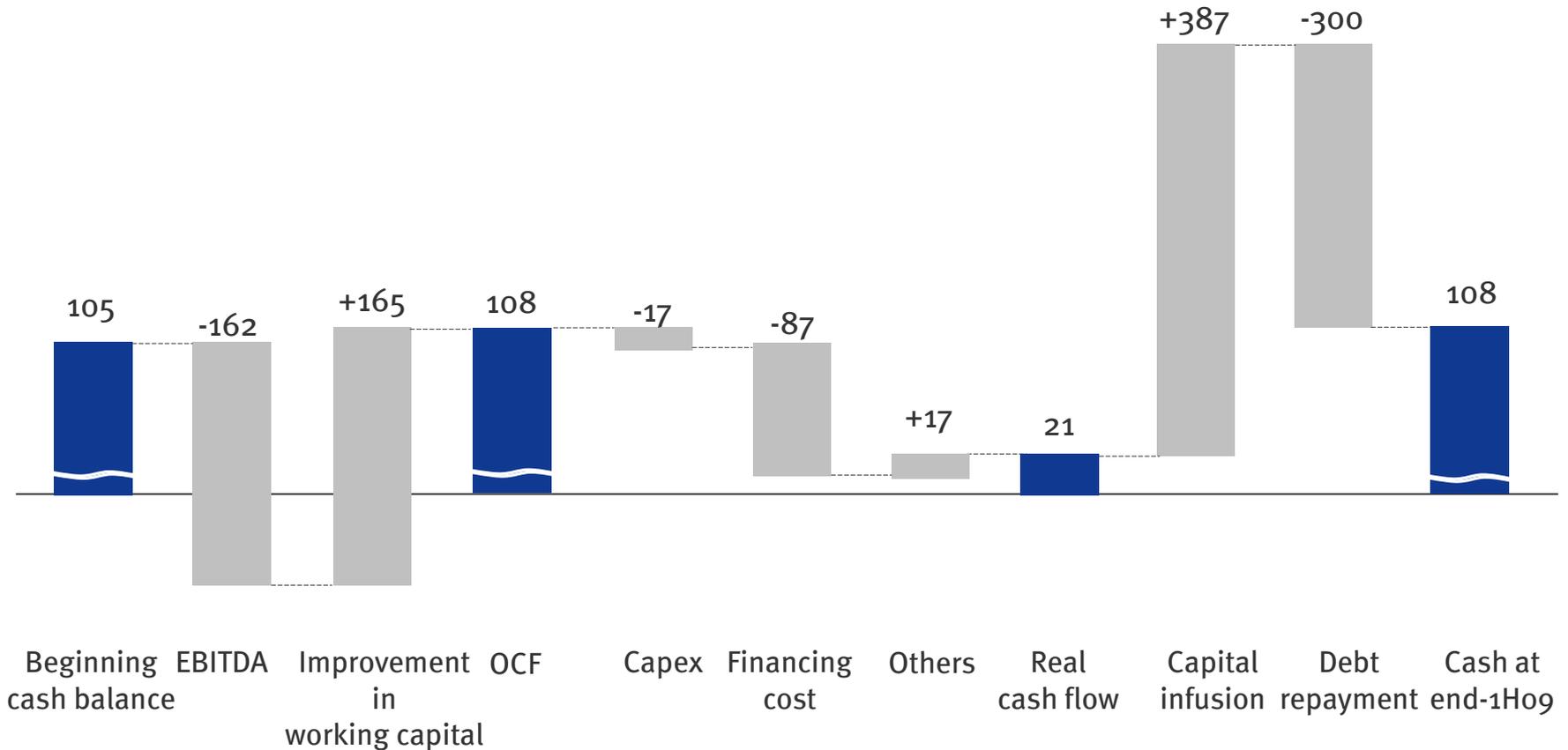
QoQ comparison



Cash flow remains positive

Unit : US\$ million

- Beginning cash balance and improvement in working capital offset the shortage in EBITDA and financing cost, while capital infusion was redirected towards early debt repayment



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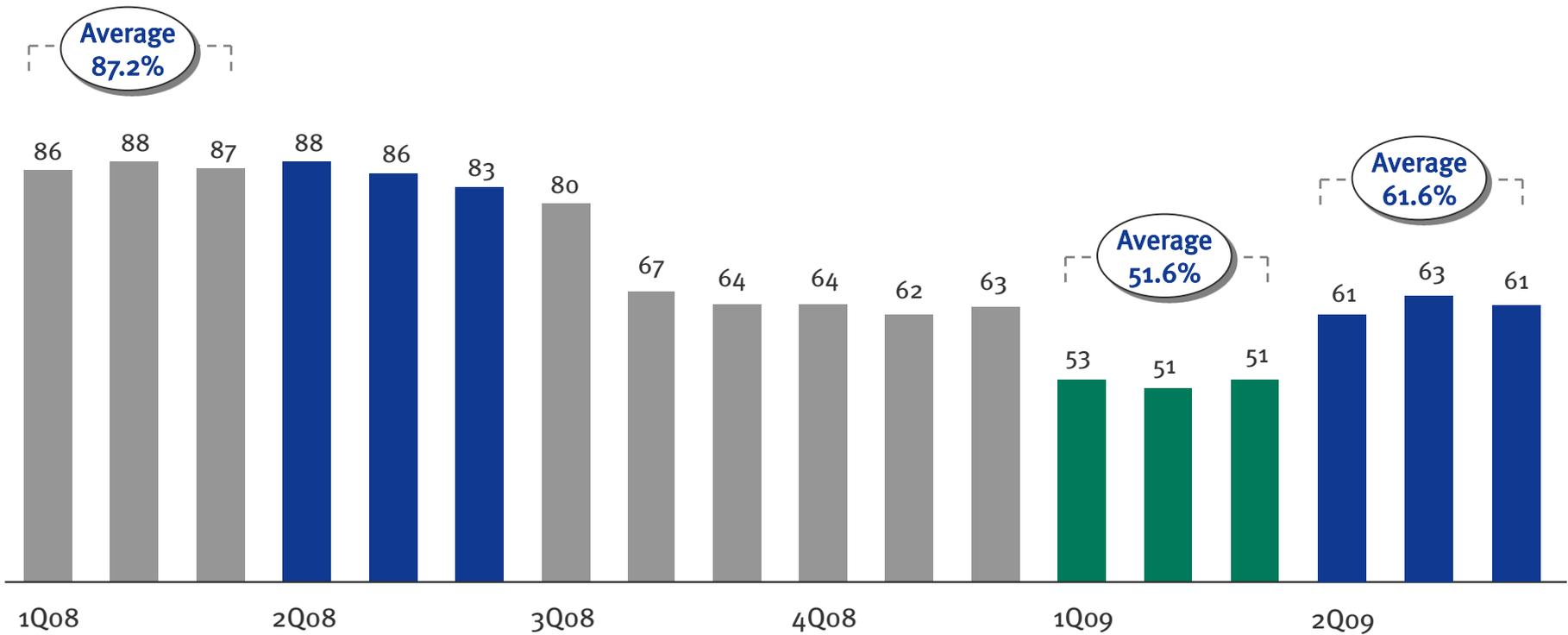
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**DII 2Q09 Results & Highlights
- Highlights**

1 Financial approval rates in US is recovery

Unit : %

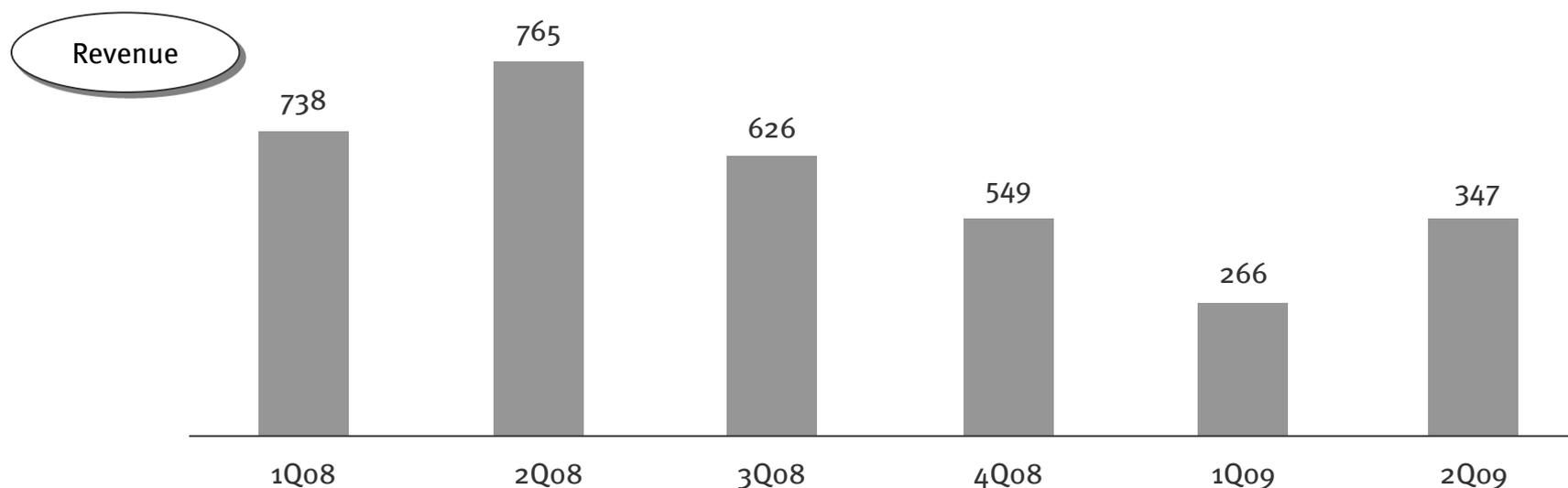
- Financial approval rates in the US, which plays a vital role in construction equipment purchase, is on a rebound after bottoming out in 1Q
- Such improvement is a clear and positive signal for future sales growth



2 Future growth potential via market share expansion

Unit : US\$ million, %

- Market share in 1Q declined due to dealer inventory management. However, DII started to show signs of market share recovery with the successful launch of new products, penetration into rental/key accounts and promotional activities.

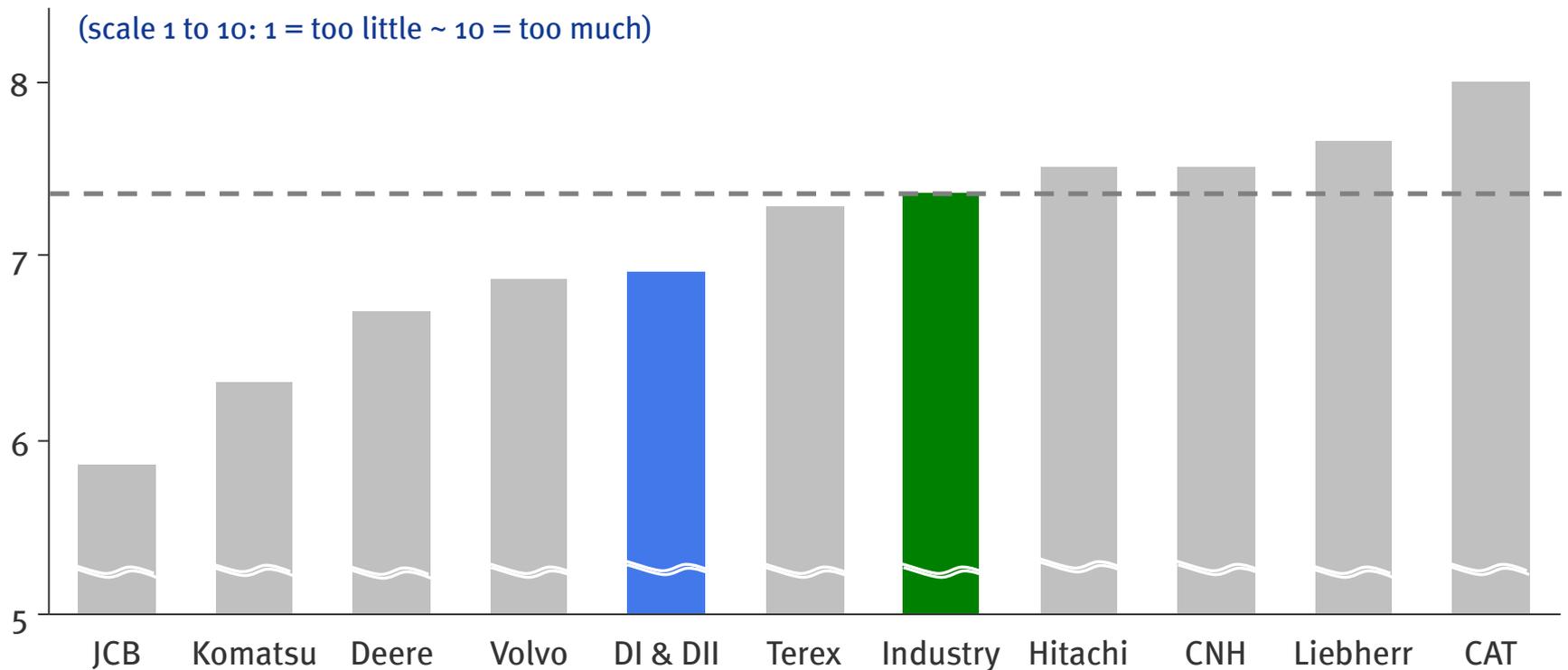


* Market share based on North America and EMEA skid steer loader and mini excavator sales volume

3 Dealer inventory lower than the industry average

- Thanks to preemptive destocking, DII's inventory level remains below the industry average
→ This will provide room for future sales growth

2Q basis



* Source: ISI (International Strategy & Investment Group Inc.)

4 Better cost structure to weather a downturn

Unit : US\$ million

- Once impact from past restructuring efforts becomes fully visible in 2010, we anticipate annual earnings improvement of more than US\$100 million
- Going forward, DII will have an enhanced cost structure and lower break-even point that could withstand any market recession

Impact from restructuring *

	One-time Cost		Saving		EBIT Impact	
	09	10	09	10	09	10
Bobcat	67.6	8.5	13.8	87.7	-53.8	79.2
DIPP	0.1	-	3.4	14.5	3.3	14.5
HQ	-	-	8.4	21.5	8.4	21.5
Total	67.7	8.5	25.6	123.7	-42.1	115.8

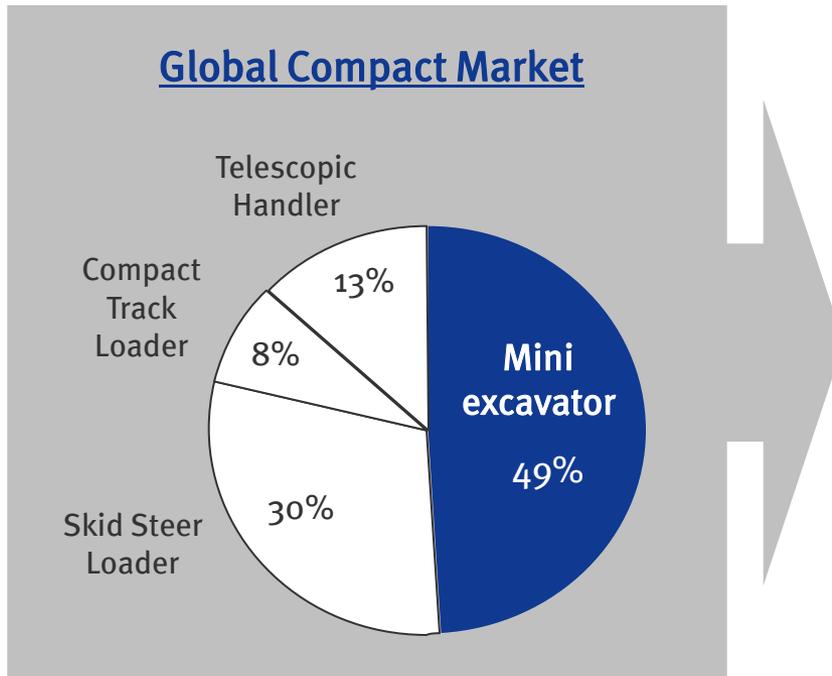
* Restructuring efforts : attachment business restructuring, disposal of company owned stores, efforts to lower transportation and other expenses

5 Successful launch of new mini excavators adds to growth

■ Unit : units, %

- Enhanced product line-up and cost competitiveness via introduction of mini excavator models, which account for 49% of the global compact market and have high growth potential
- Great customer feedbacks for excellent hydraulic performance and reduced noise for operator comfort

Global Compact Market



Sales trend for new mini excavators

Product	Volume	EMEA	NA	China
Dragon	161			0
MX331	123			0
Phoenix	152	0	0	0
E6oR	34	0	0	
E55W	16	0		
E8oR	9	0	0	
Total	495	0	0	0

6 Full-fledged synergy with DI

■ Unit : US\$ million

Annual impact for DI+DII

Synergy	Key results and description	Sales	EBIT
Brand/ Channel (Cross-selling)	<ul style="list-style-type: none"> Consolidating dealers & developing new dealers jointly Creating financial value of US21mn through cross-selling <ul style="list-style-type: none"> NA: 7 Bobcat dealers starting to sell DI products EMEA: Shared distribution (19 dealers & company owned stores) 	41	4
Global sourcing	<ul style="list-style-type: none"> Greatest synergy expected from the integrated global sourcing structure between DI and DII under the new Global CPO (Chief Purchasing Officer) 	N/A	22
Mini excavator global leadership	<ul style="list-style-type: none"> Large orders received for mini excavators Growing sales of the new 'Phoenix' and DI's E6oR/E8oR DICC's sales channel carrying Bobcat's mini excavators 	80	19
New business growth	<ul style="list-style-type: none"> Install Bobcat's attachment on Doosan excavators Montabert's advance into China breaker business 	11	1

Thank You