



Doosan Infracore

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# 2013 1Q Investor Meeting

May 2013



# Disclaimer

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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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**1Q13 Highlights**

# 1Q13 results \*

- Sales and EBIT declined YoY due to the peak seasons in China started later than last year and machine tools division was weak.
- EBIT turned to black QoQ thanks to 1) recovery in China has started from March 2) rise in U/R resulted operating leverage 3) decrease in bad debt expense and SG&A.
- Interest expense decreased due to financial enhancement activities such as successful refinancing in 2012.

## Results

(Unit : KRW billion)

	1Q12	2Q12	3Q12	4Q12	1Q13	YoY	QoQ
Sales	2,190.3	2,332.7	1,859.4	1,776.0	1,789.3	-18.3%	0.7%
EBIT	184.1	167.1	36.5	-25.3	57.2	-68.9%	TB
EBIT margin (%)	8.4%	7.2%	2.0%	-1.4%	3.2%	-5.2%p	+4.6%p
(Net Financial Cost)	87.2	95.1	91.3	86.9	73.1	-16.2%	-15.9%
(F/X gains/losses)	36.3	-54.8	62.3	35.7	-27.8	TR	TR
Income Tax**	52.3	-189.6	-25.2	-253.0	-7.9		
Net Profit	70.5	194.1	24.1	104.6	-77.0	TR	TR

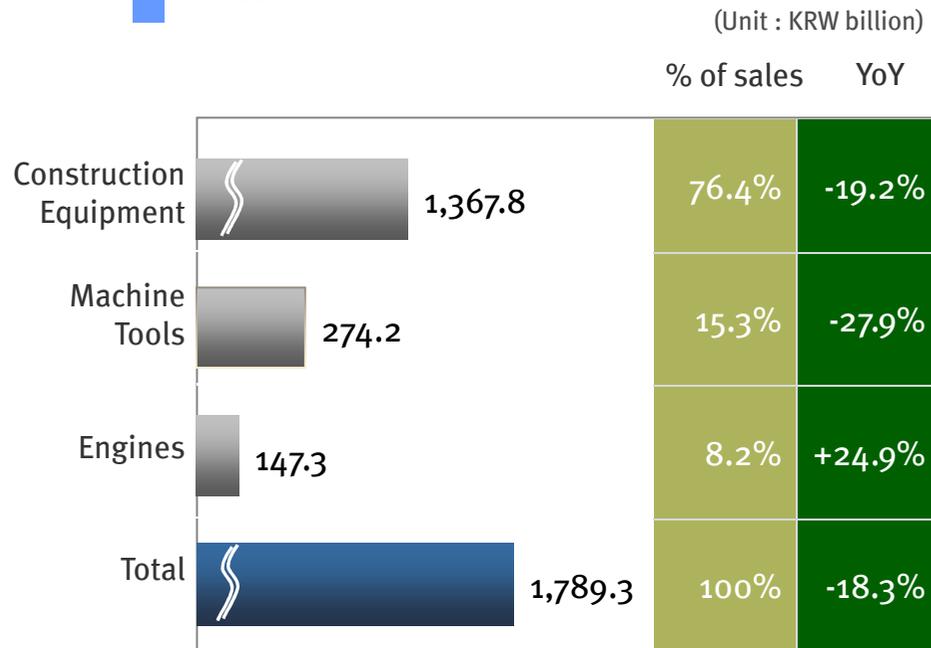
\*Figures are based on consolidated K-IFRS.

\*\* 2012 net profit includes tax profit of KRW395.6 billion from DII's deferred tax asset.(2Q: KRW204.5 billion, 4Q: KRW191.1 billion)

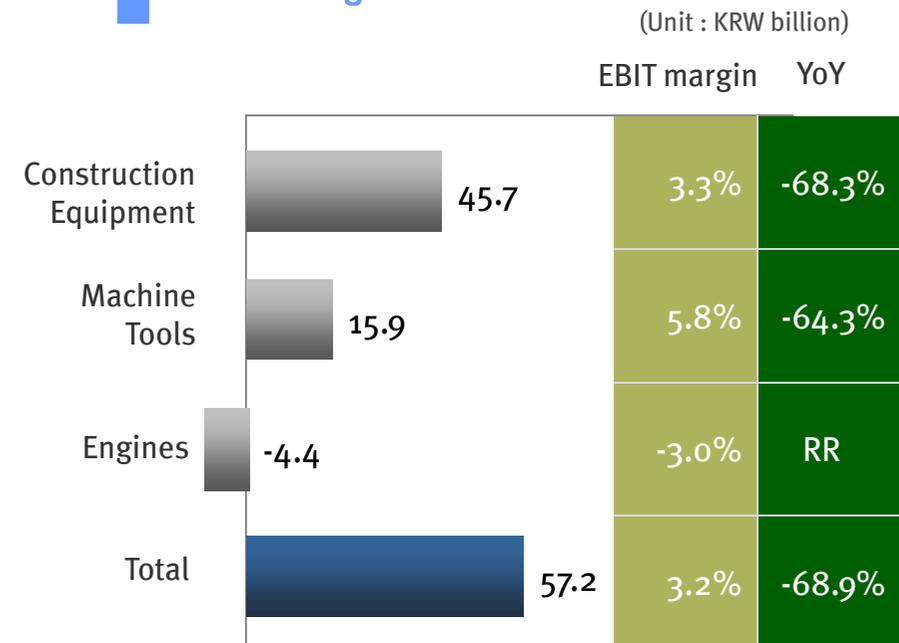
# 1Q13 divisional sales & EBIT \*

- Sales and EBIT of the construction equipment division decreased YoY due to 1) Chinese New Year effect 2) equipment replacement at DII before releasing new products 3) sluggish performance in EM.
- Sales and EBIT of machine tools division declined due to 1) light year-end backlog 2) slowdown in NOA early of the year 3) promotion driven by Japanese players before FY2012.

## Sales



## EBIT & Margin

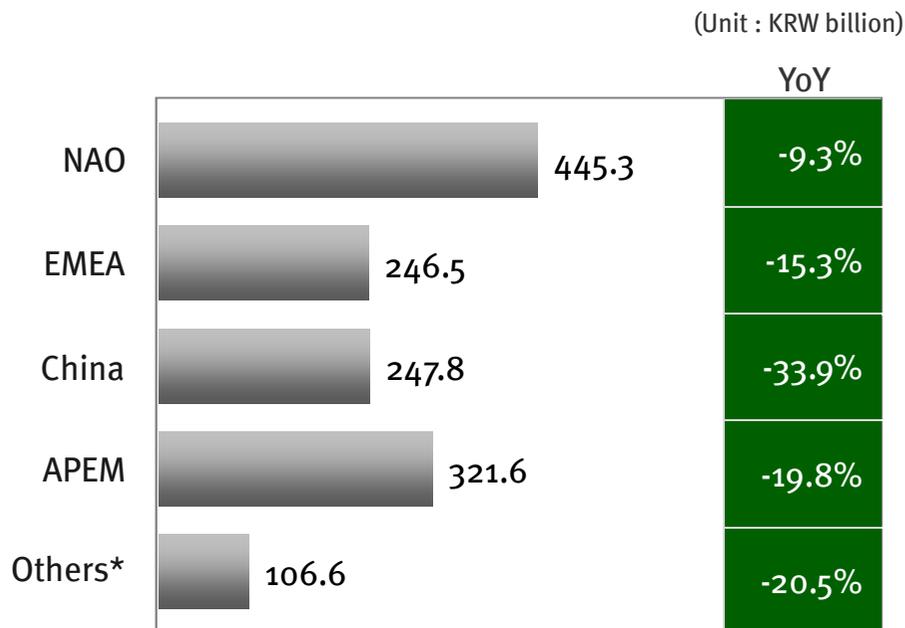


\* Figures are based on consolidated K-IFRS

# 1Q13 construction equipment BG details

- The temporarily weakness in NOA results from equipment replacement at DII before releasing new products. However, sales starts to recover from March.
- Sales in other regions declined due to sluggish performance in Europe, high level of inventory at EM and peak seasons in China started later than last year.

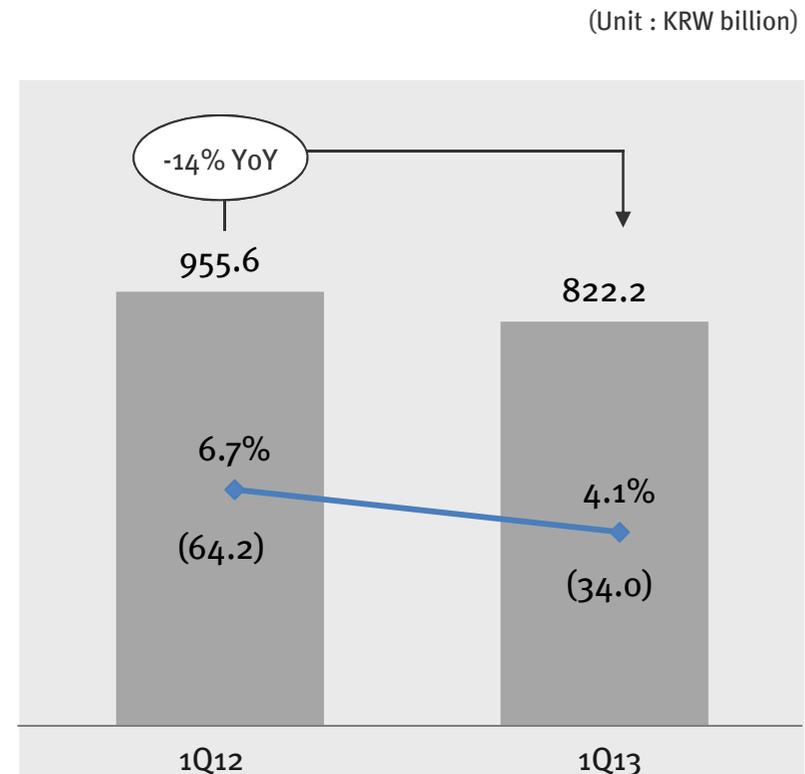
## 1Q13 Regional Breakdown



\* Others include sales from DIPP, ADT and Headquarter

\*\* APEM(Asia Pacific/Emerging Markets), NAO(North America/Oceania), EMEA(Europe/Middle East/Africa)

## DII's 1Q13 Sales & EBIT



# Financial structure \*

- Total Assets and Liabilities increased by KRW 498.0 and 519.4 billion respectively due to inventory and A/P increased in order to prepare peak season in 2Q.
- Net debt increased due to the Won's weak and resultant impact on foreign-currency denominated debts.

## Balance Sheet

(Unit : KRW billion)

	2011	2012	1Q13	YoY(amount)
Current Assets	4,232.5	3,862.0	4,170.2	308.2
Fixed Assets	7,471.2	7,683.0	7,872.8	189.8
<b>Total Assets</b>	<b>11,703.7</b>	<b>11,545.0</b>	<b>12,043.0</b>	<b>498.0</b>
<b>Total Liabilities</b>	<b>9,394.5</b>	<b>8,536.2</b>	<b>9,055.6</b>	<b>519.4</b>
- Net Debt	5,344.4	5,504.9	5,705.0	200.1
Total Shareholders' Equity	2,309.2	3,008.8	2,987.4	-21.4
<b>Liabilities/Equity Ratio</b>	<b>406.8%</b>	<b>283.7%</b>	<b>303.1%</b>	<b>+19.4%p</b>

\* Figures are based on consolidated K-IFRS

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**1Q13 Results**

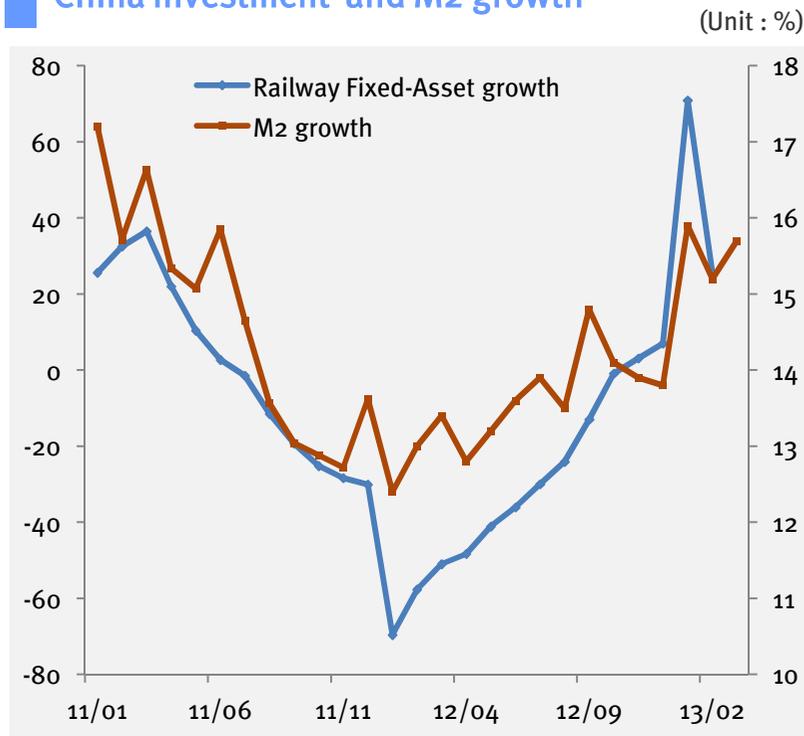
**2**

**1Q13 Highlights**

# CE : China is recovering, urbanization policies are expected

- We expect China to show meaningful recovery in 2Q13 thanks to 1) the rebound of excavator market 2) implementation of the infrastructure-related fiscal policy 3) impact from urbanization policies.
- Plans to enhance fundamental competitiveness
  - Launch mini/small products with better performance, large products with enhanced durability
  - Strengthen dealer quality

China investment and M2 growth



Source : The Ministry of Railways of China,  
National Bureau of Statistics of China

DI's quarterly sales unit in China



Source: DI

# CE : Stable growth in US market, Strengthen leading company position

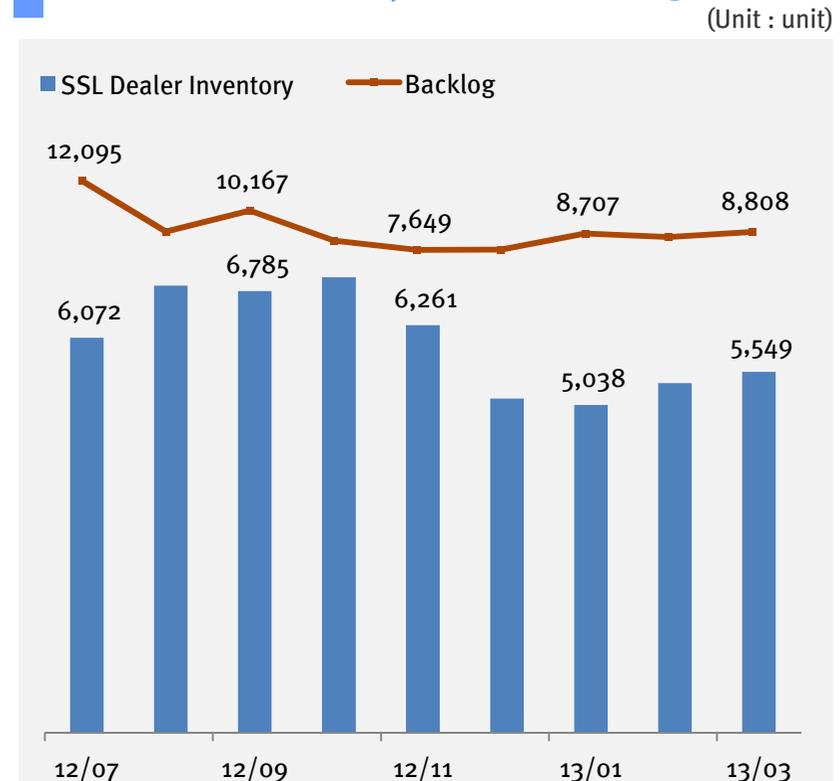
- The US housing market is likely to continue to improve going forward.
- Sound backlog at DII and dealer inventory level is reduced to below the prior quarter.
- We expect to strengthen our position as the market leader by releasing new products with enhanced quality and fuel-efficiency.
- Improve Bobcat's profitability by applying G2 engine.

### US New-home sales growth



Source : Bloomberg

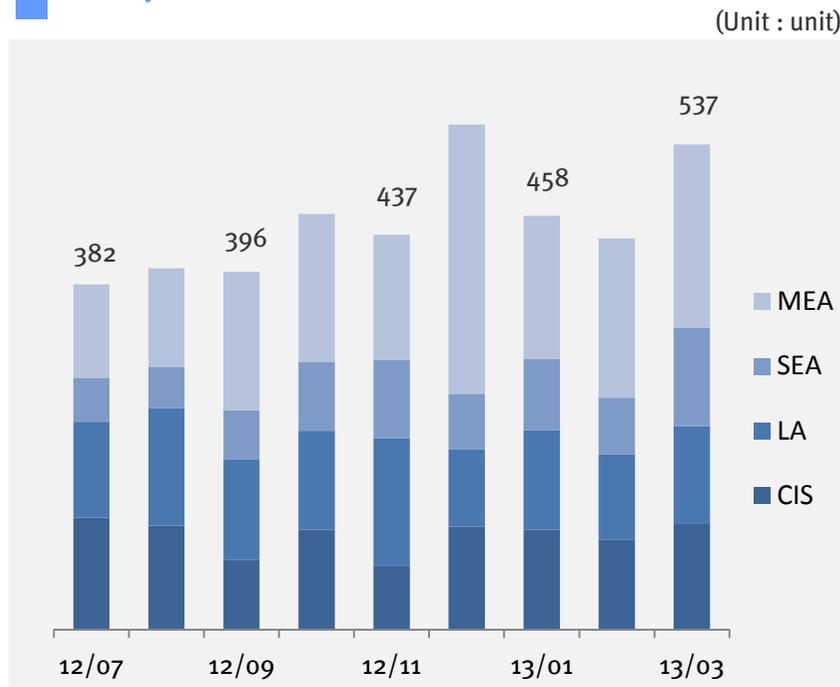
### NAO Dealer Inventory and DII's backlog



# CE: Focus on improving capability in emerging market

- By integrating heavy equipment business at EMA, CIS, LA, SEA, we expect to 1) increase in efficiency and 2) enhance coverage at untapped markets.
- Focus on short-term profitable regions and products since growth to be slowed in emerging market.
  - Plan to launch forest-specialized product in Indonesia, expand government-bidding opportunities by locally-manufactured equipment in Brazil, and enter untapped markets at MEA.

Heavy excavator sales trend at EM\*



\* Heavy equipment business in MEA is to be counted as APEM sales from 2Q13

Market Share trend at EM



MEA : Middle East & Africa, LA : Latin America, SEA : South East Asia

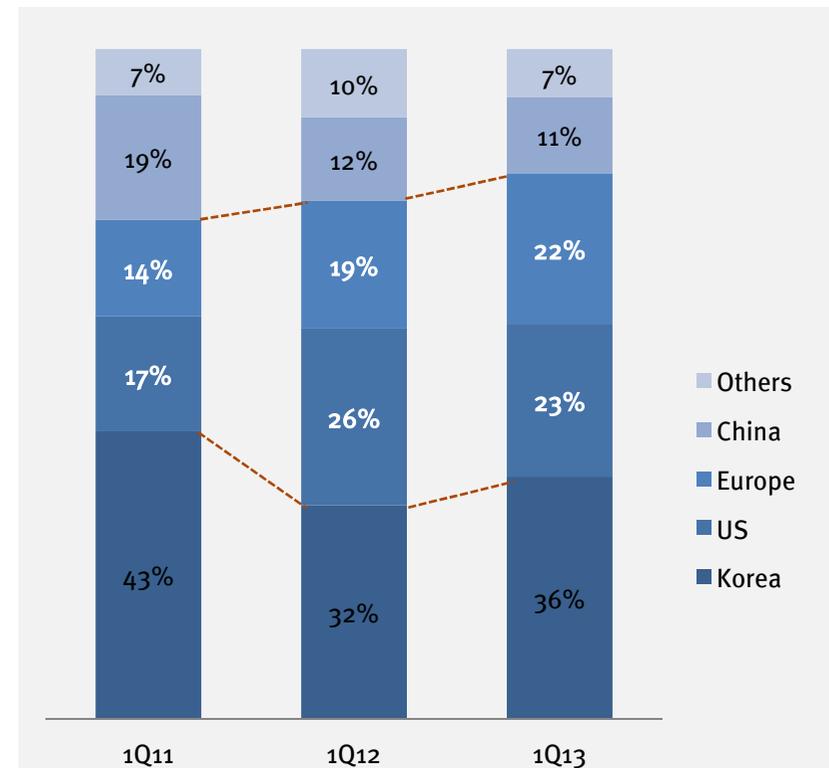
# Machine Tools : Weak 1Q, order flow is increasing in Europe/domestic

- Though slow down in 1Q, we anticipate improvement in 2Q thanks to growth of order flow in Europe and domestic.
- Focus on rising investment demand regions such as US and China backed by geographically-diversified portfolio.

## Monthly New order and backlog trend



## Sales breakdown by Region





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