



Doosan Infracore

Doosan Infracore
2007 1H Investor Meeting

August 2007



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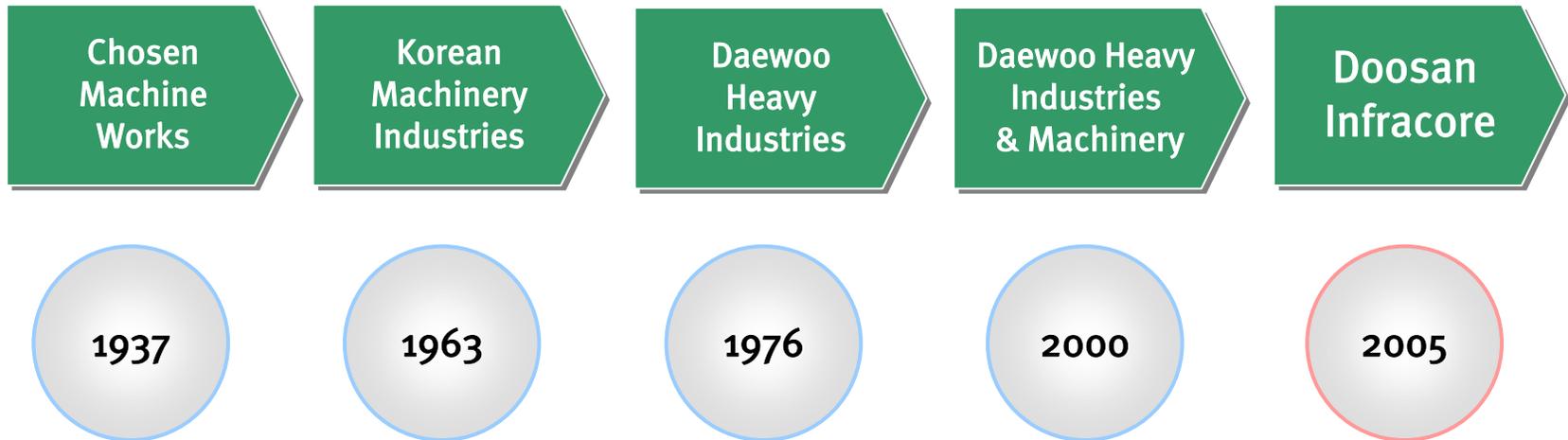
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Company Overview

Overview

Doosan Infracore is the largest machinery company in Korea and also a leading global infrastructure support business (ISB) company that has guided the development of Korea's machinery industry since its establishment in 1937



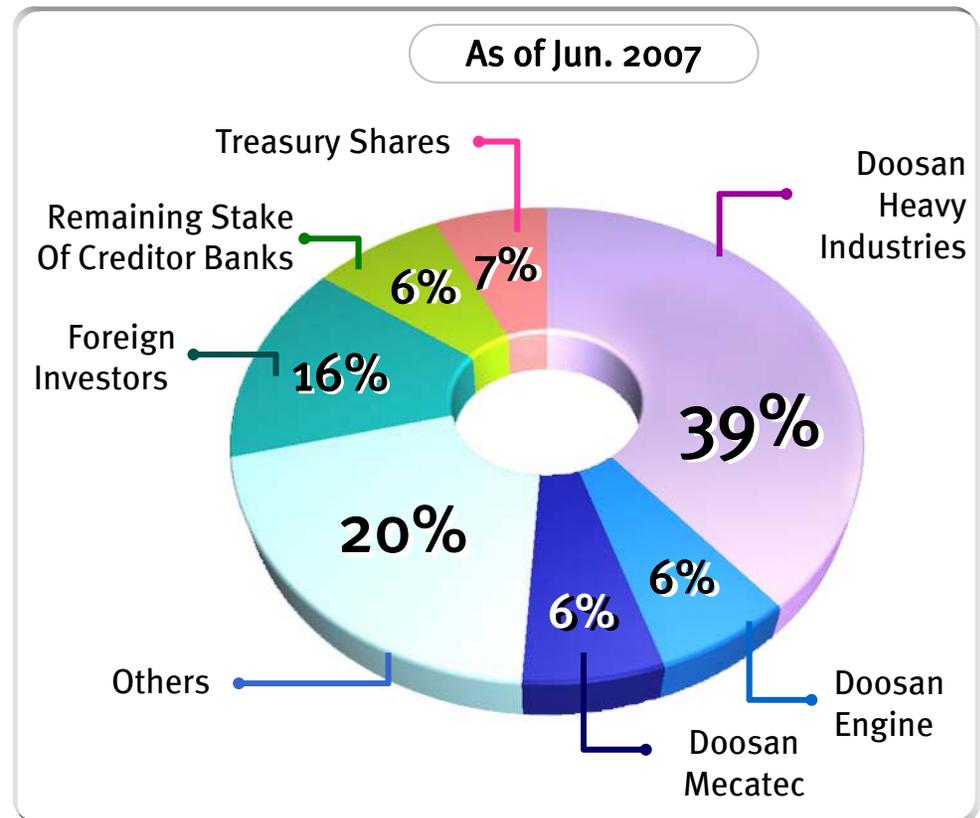
* ISB : Infrastructure Support Business

Overview

Corporate Data

CEO	Choi, Sung-Chul
Paid-in Capital	KRW840.8 billion (As of Jun. 2007)
Outstanding Shares	168,157,384 shares
Market Capitalization	KRW5,212.9 billion (As of Jun. 2007)
Employees	4,814 (As of Dec. 2006)

Shareholder Structure

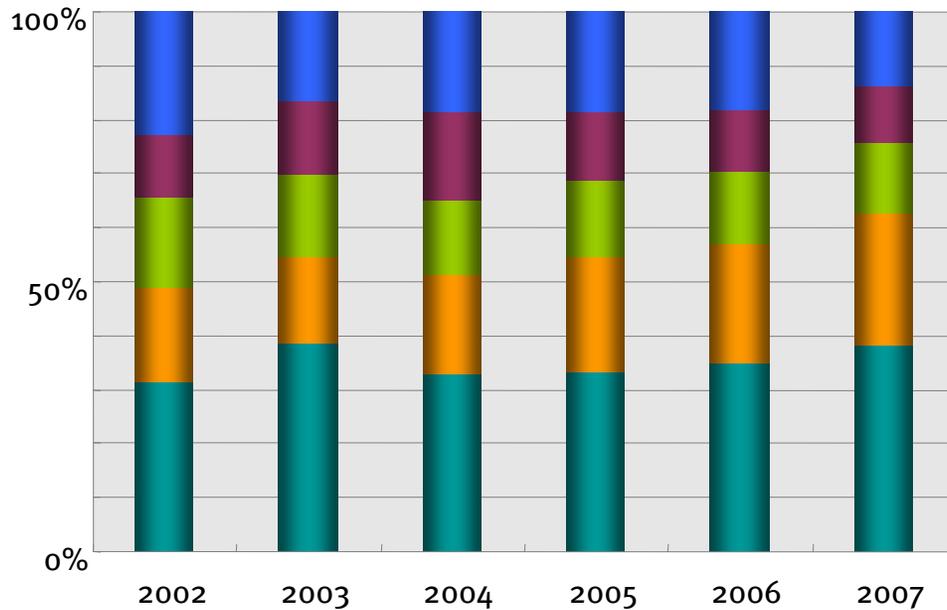


* Adjusted for change as of April 30, 2007 in ownership structure between Doosan Heavy Industries and Military Mutual Aid Association.

Business Area

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

Sales Breakdown (2002~2007)



14% - Others
Defense Products & A/S Parts

10% - Engines
Diesel engines, gas engines

13% - Industrial Vehicles
Fork lift trucks

24% - Machine Tools
Turning centers, machining centers

38% - Construction Equipment
Excavators, wheel loaders, skid steer loaders

Production Capacity by BG in 2007

	Domestic Production	Overseas Production
Construction Equipment	Excavator : 10,000 units/year Wheel Loader : 1,500 units/year Skid Steer Loader : 1,500 units/year	Doosan Infracore China (China) Excavator : 17,300 units/year Euro Doosan Infracore (Belgium) Excavator : 1,500 units/year
Machine Tools	TC/MC : 13,080 units/year Automation System : KRW 80 bn/year	Doosan Infracore Yantai (China) TC/MC : 1,000 units/year
Industrial Vehicle	Fork Lift Truck : 30,000 units/year	Doosan Infracore China (OEM) Fork Lift Truck : 3,600 units/year
Diesel Engine	Diesel Engine & Others : 56,000 units/year	

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1H 2007 Results

2007 1H Key Results (Consolidated)

- Thanks to healthy export growth to Europe and China at the construction equipment and machine tool divisions, consolidated sales and operating profit grew 23.7% and 16.8% YoY, respectively.
- Consolidated recurring profit surged 78.9% YoY, higher than the operating profit growth.

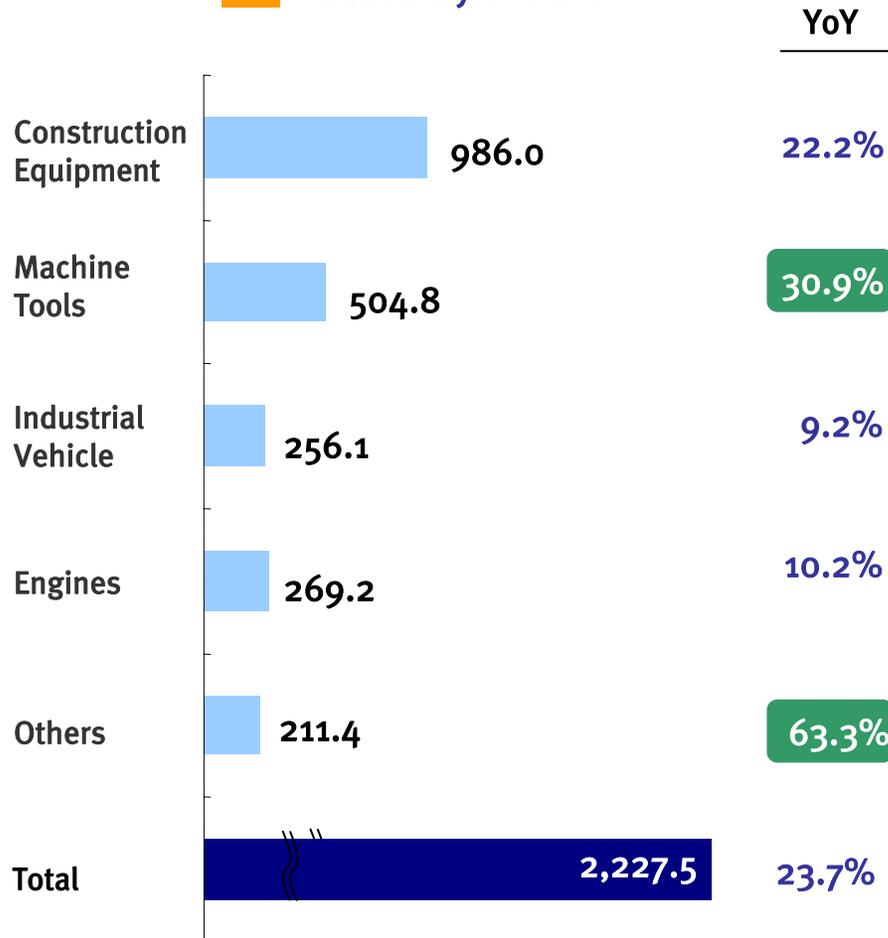
Unit : KRW billion

	Parent		Affiliates		Consolidated	
	Result	YoY	Result	YoY	Result	YoY
Sales	1,892.4	21.8%	1,149.8	31.2%	2,227.5	23.7%
Operating Profit	165.0	13.3%	58.4	42.1%	214.5	16.8%
Operating Margin	8.7%	-0.7%p	5.1%	0.4%p	9.7%	-0.5%p
Recurring Profit	205.5	76.2%	54.6	47.2%	223.4	78.9%

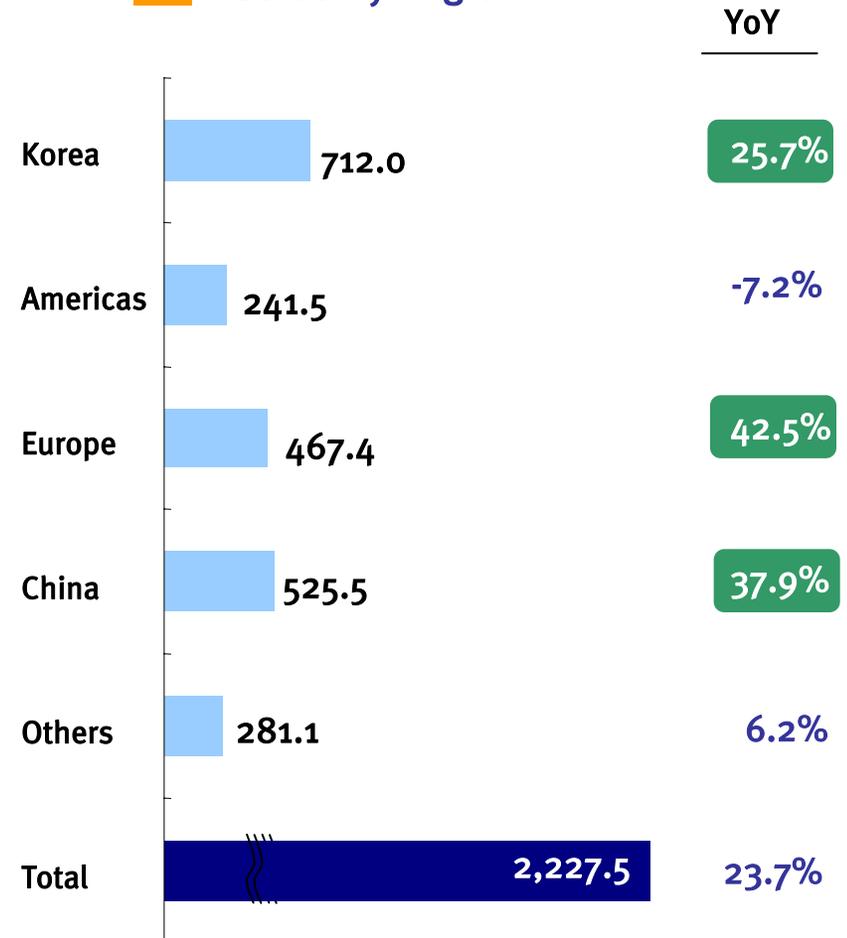
Sales By Division/Region (Consolidated)

Unit : KRW billion

Sales By Division



Sales By Region



2007 1H Summarized Income Statement (Subsidiaries)

- Sales of subsidiaries grew 31.2% YoY on the back of strong sales growth in China and Europe.
- Operating profit also surged by 42.1% YoY thanks to favorable performance in the two regions.

Unit : KRW billion

Subsidiaries			DICC		DIEU		DIA		Others	
	Result	YoY	Result	YoY	Result	YoY	Result	YoY	Result	YoY
Sales	1,149.8	31.2%	475.2	37.4%	240.7	33.9%	214.8	-4.2%	219.1	73.4%
Operating Profit	58.4	42.1%	34.7	72.6%	7.1	36.5%	4.9	-55.5%	11.7	139.6%
OP Margin	5.1%	0.4%p	7.3%	1.5%p	3.0%	0.0%p	2.3%	-2.6%p	5.2%	1.5%p
Recurring Profit	54.6	47.2%	36.8	82.2%	5.2	36.8%	2.4	-75.8%	10.2	203.1%

2007 1H Summarized Income Statement (Parent)

- Thanks to strong growth at the construction equipment and machine tool divisions, sales grew 21.8% YoY in 1H07.
- All divisions except for the industrial vehicle BG showed enhanced profitability and contributed to the 13.3% YoY improvement in operating profit.
- Meanwhile, recurring profit surged by 76.2% YoY thanks to non-operating items such as increase in equity method gains (KRW39.0 bn) and gains from stake sale of Doosan Corp. (KRW33.8 bn).

Unit : KRW billion

	1H05	1H06	1H07	YoY
Sales	1,408.8	1,553.3	1,892.4	21.8%
Gross Profit	282.5	368.9	442.1	19.8%
(GP Margin)	20.1%	23.7%	23.4%	-0.4%p
Operating Profit	109.2	145.6	165.0	13.3%
(OP Margin)	7.8%	9.4%	8.7%	-0.7%p
Recurring Profit	131.3	116.6	205.5	76.2%
(RP Margin)	9.3%	7.5%	10.9%	3.4%p

Balance Sheet as of Jun. 2007 (Parent)

- Solid financials with liabilities/equity and net debt/equity ratios of 143.3% and 43.4%.

Unit : KRW billion

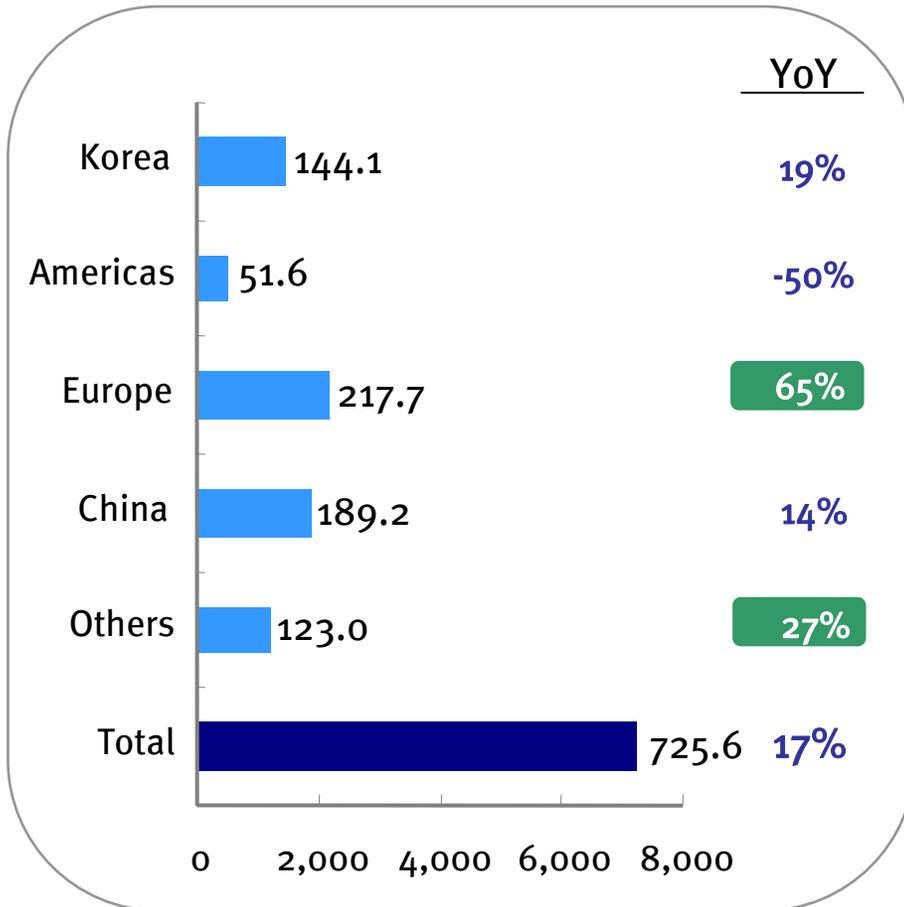
	1H05	1H06	1H07	YoY
Current Assets	1,518.6	1,326.3	1,413.9	6.6%
Fixed Assets	1,152.3	1,195.8	1,244.9	4.1%
Total Assets	2,670.8	2,522.0	2,655.8	5.4%
Debts	672.6	470.9	504.2	7.1%
Other Liabilities	888.3	1,005.7	1,061.7	5.6%
Total Liabilities	1,560.9	1,476.5	1,565.9	6.1%
Total Shareholders' Equity	1,109.9	1,045.5	1,092.9	4.5%
Liabilities/Equity Ratio	140.6%	141.2%	143.3%	2.1%p
Net debt/Equity Ratio	47.1%	39.9%	43.4%	3.6%p

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Result By Division

1H Result – Construction Equipment (Parent)

Sales Growth By Region

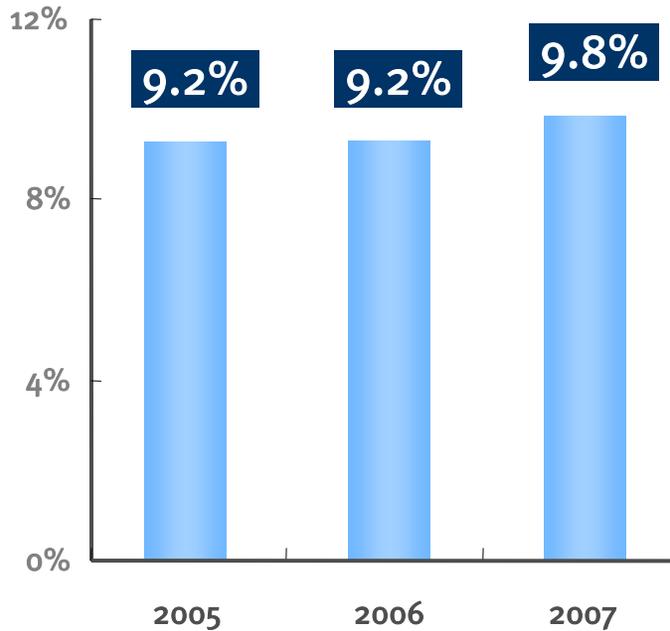


• Sales increased 17% YoY

- Strong turnaround in Korea
- Export growth in all regions except US
- Sure signs of market share gains
 - China : 20.6%(+1.2%p)
 - Korea : 41.4%(+1.5%p)
- Better line-up with development/ launch of 2 models of zero tail swing excavators

1H Result – Construction Equipment (Parent)

Operating Margin Trend

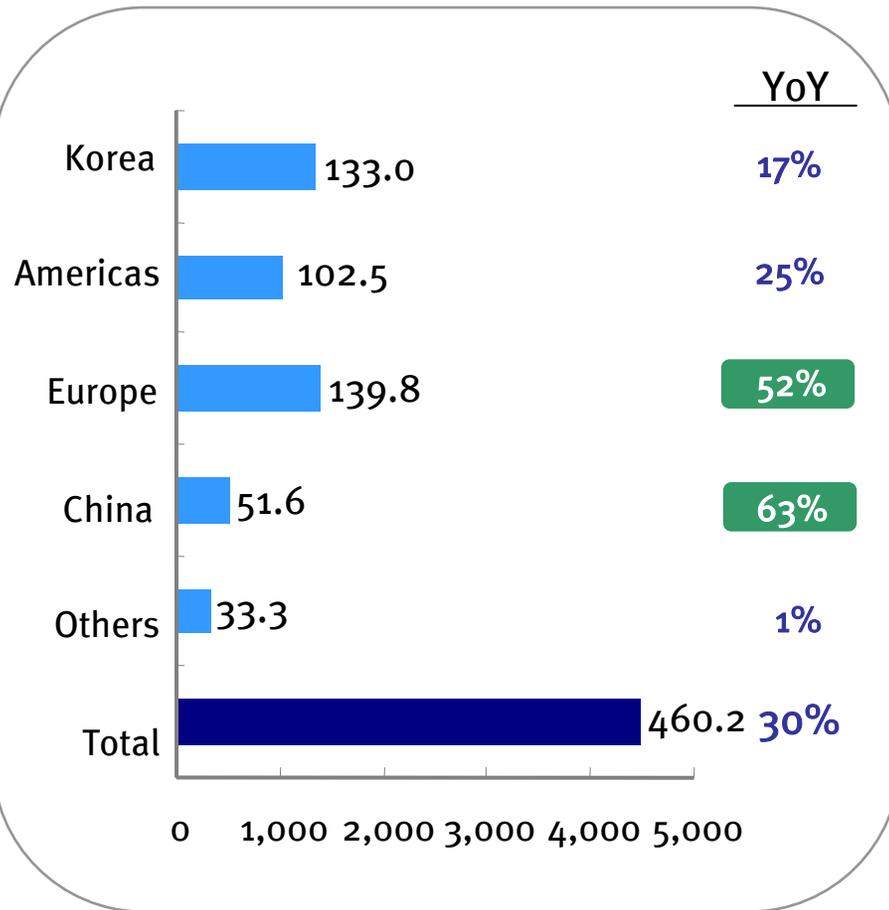


• Operating margin stood at 9.8%, a 0.6%p improvement over 1Ho6

- This was due to better product mix and greater contribution from the profitable Chinese and Korean markets

1H Result – Machine Tools & F.A. (Parent)

Sales Growth By Region

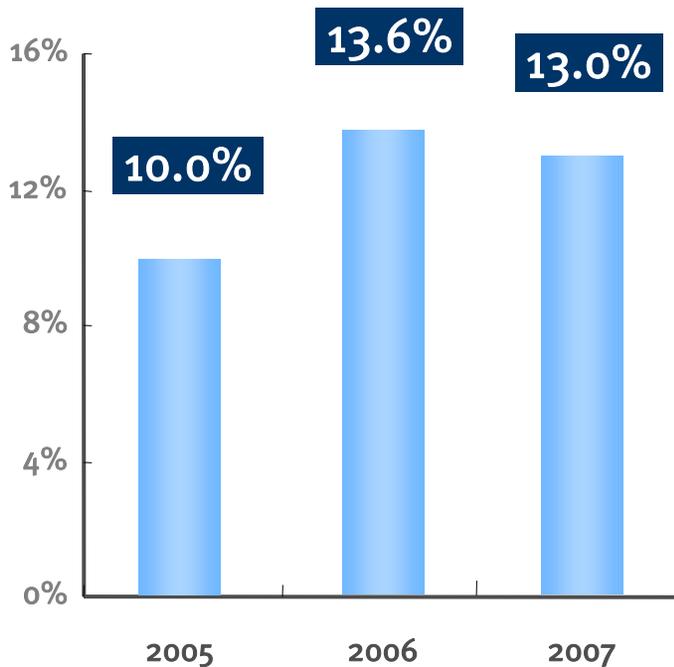


Remarkable sales growth of 30% YoY

- Sales grew in Korea as well as all export regions
- Market share expanded, while, sales increased for high-end products
- Product line-up improved and sales to oil and medical equipment industries, which tend to demand high-end products, increased
- Possible to focus on high-end products after securing additional 150 units/ month capacity with the acquisition of Doosan Mecatec's machine tools division

1H Result – Machine Tools & F.A. (Parent)

Operating Margin Trend

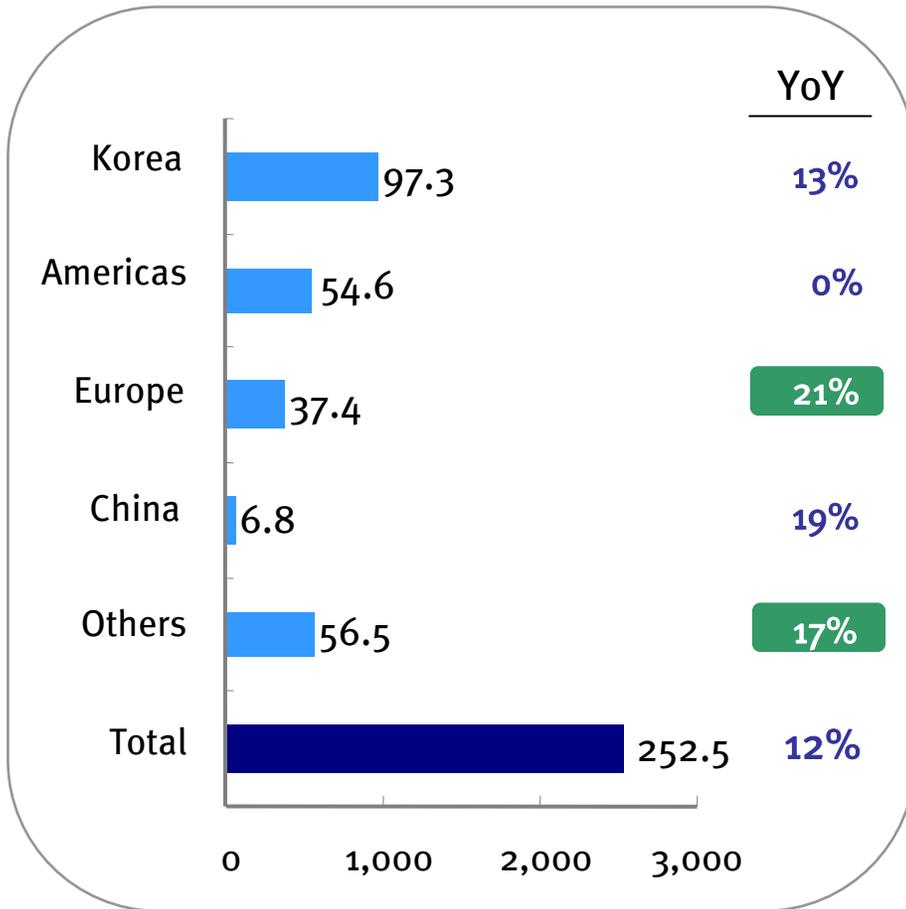


Operating margin declined by 0.6%p to 13.0%

- Sales contribution of the more profitable high-end/large-sized machine tools increased, while efforts for cost reduction continued
- If we exclude costs associated with the acquisition of Doosan Mecatec's machine tools division, operating profit would rise to 13.9%

1H Result – Industrial Vehicle (Parent)

Sales Growth By Region

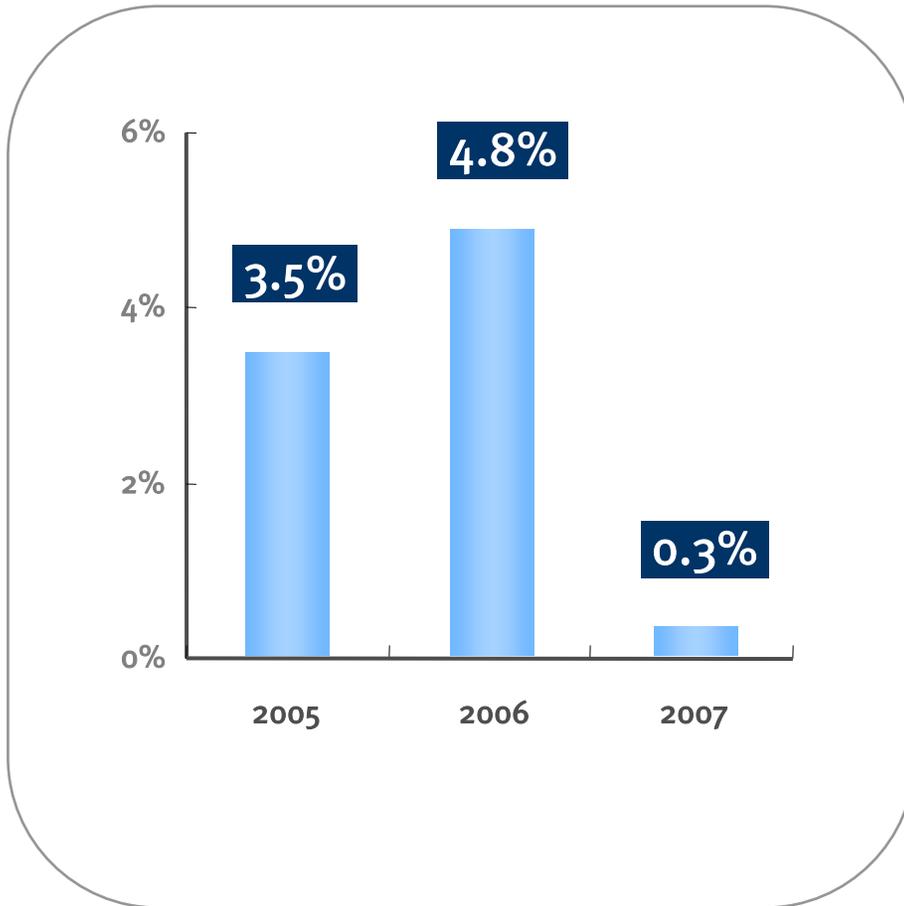


Sales rose by 12% YoY

- Market share expansion in Korea and overseas markets
- Particularly firm sales growth in 'others' regions including Eastern Europe and Middle East
- Better line-up with development/launch of 21 models of next generation forklift trucks

1H Result – Industrial Vehicle (Parent)

Operating Margin Trend

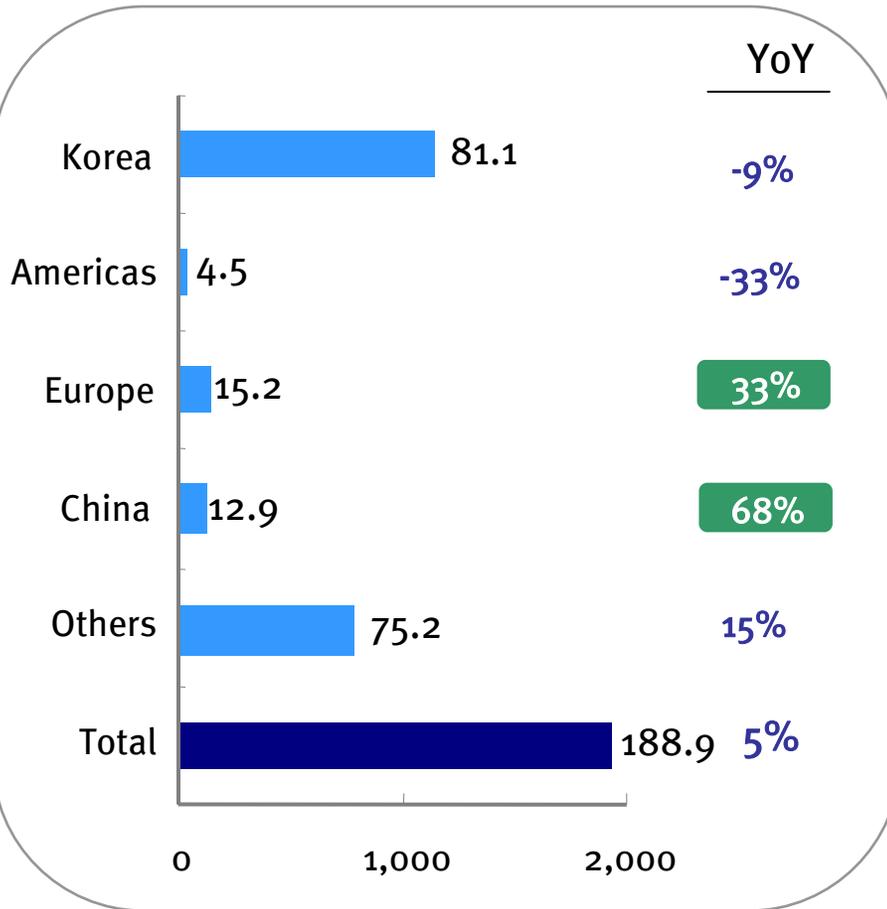


● Operating margin dropped 4.5%p to 0.3%

- Reduced profitability due to severe price competition, depletion of old models in inventory and delayed introduction of new models
- Possible to catch-up with full-year target by implementing measures such as 1) increasing sales of more profitable G-models (made in China) or raising OEM production and 2) internal cost reduction efforts such as increased parts sourcing from China

1H Result – Engines & Materials (Parent)

Sales Growth By Region

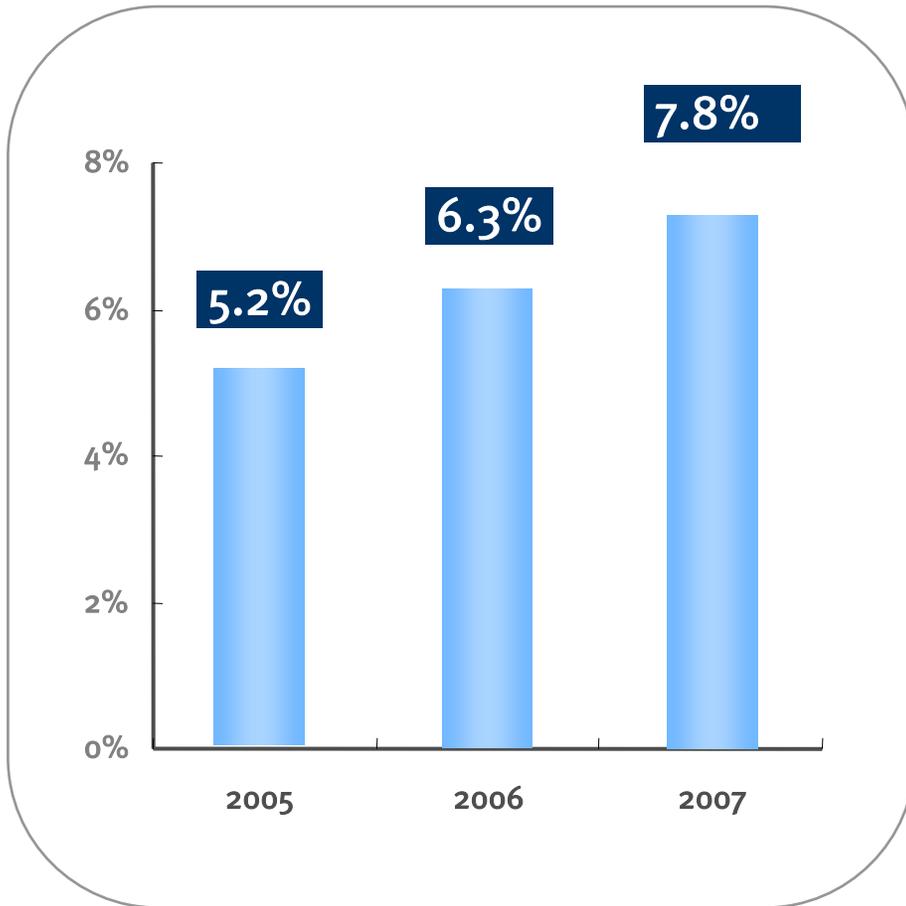


Sales climbed 5% YoY

- Supply of commercial vehicle engines for customers such as Daewoo Bus drove domestic sales
- Exports to China and Europe remained strong for ship engines and commercial vehicle engines, respectively
- Reduced ship and generator engine sales to less profitable regions such as Middle East or Africa

1H Result – Engines & Materials (Parent)

Operating Margin Trend

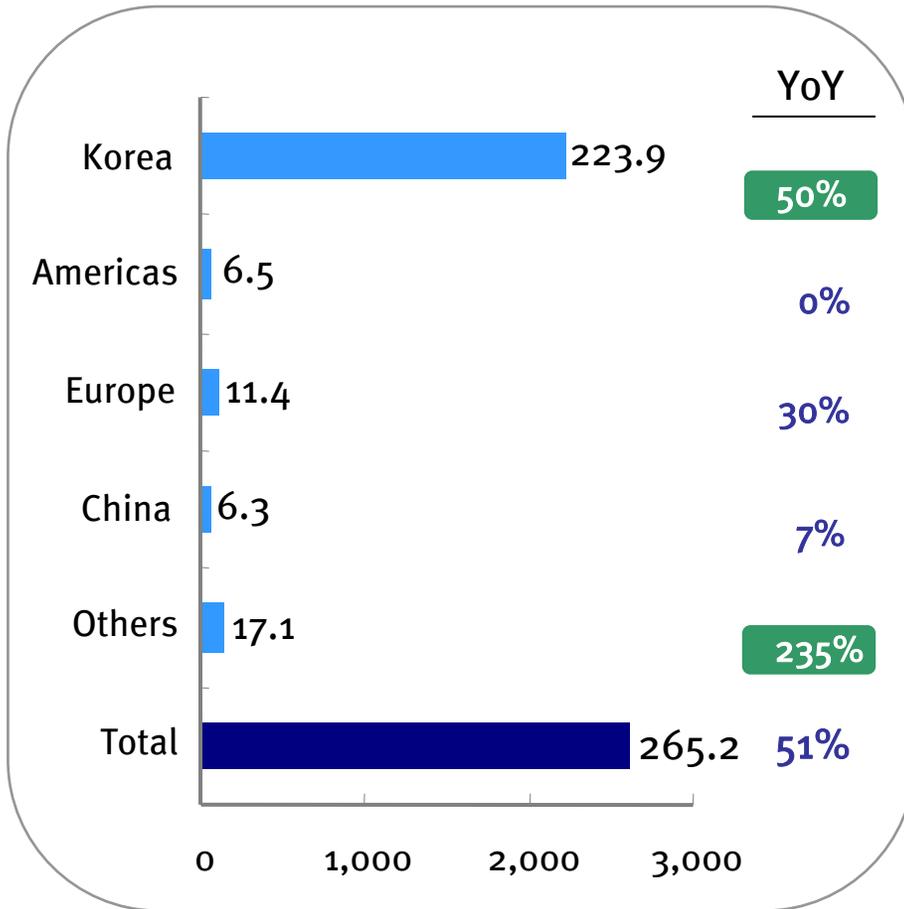


● Operating margin improved 1.5%p to 7.8%

- Substantial improvement in profitability following 1) better product quality, which lowered claim and defect rate and 2) cost reduction efforts to reduce raw material expenses

1H Result – Others (Parent)

Sales Growth By Region

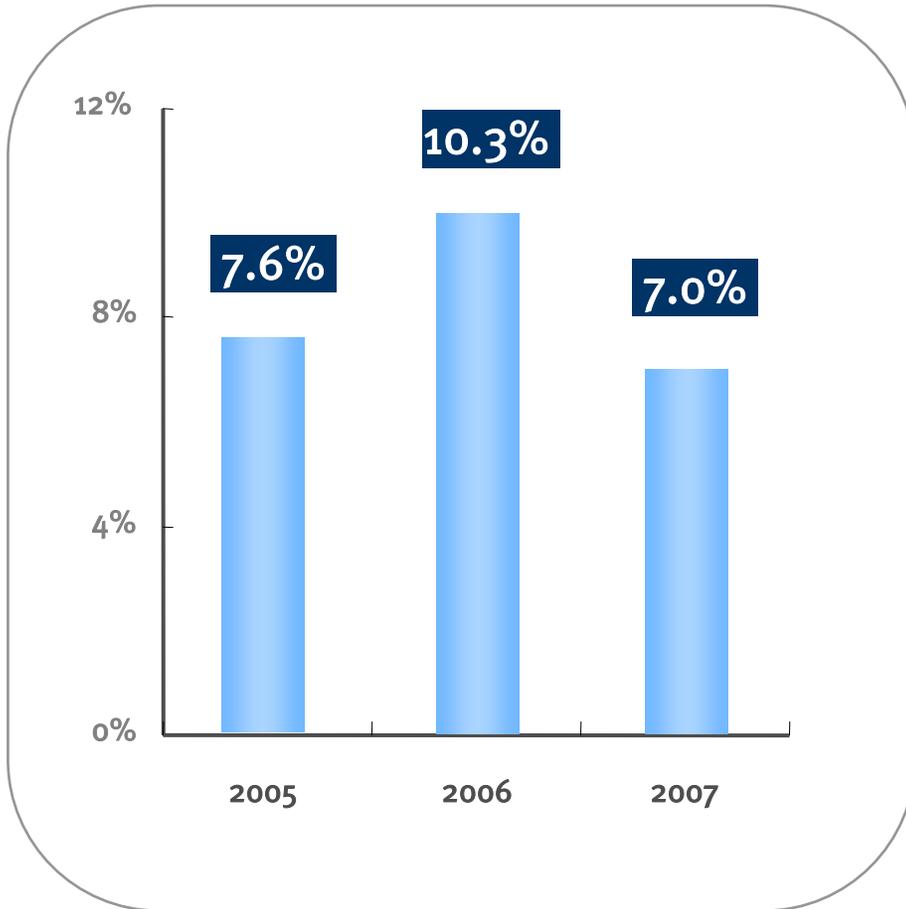


● Sales expanded by 51% YoY

- Sales surged for defense products such as Chuma and Biho
- A/S parts sales also remained steady

1H Result – Others (Parent)

Operating Margin Trend



- Operating margin fell 3.3%p YoY to 7.0%
- This was due to the increased sales contribution from less profitable defense product sales



2007 Outlook



2007 2H Sales Outlook (Consolidated)

- Consolidated sales accounted for 50% of target in 1H
- High growth expected in all divisions other than the defense division
- Visible improvements in regions such as Europe and China anticipated

Unit : KRW billion

	1H Result	2H Outlook	07 Annual Target	% of target
Construction Equipment	986.0	929.7	1,915.7	51%
Machine Tools & F.A	504.8	502.0	1,006.8	50%
Industrial Vehicle	256.1	281.0	537.1	48%
Engines & Materials	269.2	243.3	512.5	53%
Others	211.4	274.6	486.0	43%
Total	2,227.5	2,230.6	4,458.1	50%

2007 2H Operating Profit Outlook (Consolidated)

- Consolidated operating profit in 1H already reached 56% of target
- We expect to attain annual target via price hike, better product mix and positive impact from the new model launch of the industrial vehicle division

Unit : KRW billion

	1H Result	2H Outlook	07 Annual Target	YoY
Construction Equipment	99.0	56.5	155.5	64%
Machine Tools & F.A	72.6	52.5	125.1	58%
Industrial Vehicle	0.2	23.8	24.0	1%
Engines & Materials	14.9	5.2	20.1	75%
Others	27.8	33.0	60.8	46%
Total	214.5	171.0	385.5	56%



Appendix

2007 1H Breakdown By Division (Parent)

Unit : KRW billion

	Total			Construction Equipment			Machine Tools			Industrial Vehicle			Engines & Materials			Others		
	05	06	07	05	06	07	05	06	07	05	06	07	05	06	07	05	06	07
Sales	1,408.8	1,553.4	1,892.4	502.7	619.6	725.6	301.7	352.7	460.2	205.3	225.4	252.5	191.2	180.4	188.9	207.9	175.3	265.2
y-y	-5%	10%	22%	-12%	23%	17%	25%	17%	30%	2%	10%	12%	-19%	-6%	5%	-11%	-16%	51%
Domestic Sales	581.9	559.1	679.4	130.3	120.7	144.1	96.7	113.9	133.0	77.1	86.3	97.3	100.3	89.2	81.1	177.5	149.0	223.9
y-y	-23%	-4%	22%	-45%	-7%	19%	7%	18%	17%	-16%	12%	13%	-29%	-11%	-9%	-8%	-16%	50%
Exports	826.9	994.3	1,213.0	372.4	498.9	581.5	205.0	238.8	327.2	128.2	139.1	155.2	90.9	91.2	107.8	30.4	26.3	41.3
y-y	13%	20%	22%	11%	34%	17%	36%	16%	37%	18%	9%	12%	-3%	0%	18%	-27%	-13%	57%
Operating Profit	174.3	145.6	165.0	46.4	57.1	71.3	30.1	48.1	59.7	7.1	10.9	0.8	9.9	11.4	14.7	15.7	18.1	18.5
OP Margin	12.4%	9.4%	8.7%	9.2%	9.2%	9.8%	10.0%	13.6%	13.0%	3.5%	4.8%	0.3%	5.2%	6.3%	7.8%	7.6%	10.3%	7.0%

2007 1H Breakdown of Exports by Region (Parent)

Unit : KRW billion

	2006	2007	2006				2007			
			America	Europe	China	Other	America	Europe	China	Other
Total	994.3	1,213.0	253.1	274.8	217.5	248.9	219.7	421.5	266.8	305.1
(y-y)		22%					-13%	53%	23%	23%
Construction Equipment	498.9	581.5	103.5	131.8	166.5	97.1	51.6	217.7	189.2	123.0
(y-y)		17%					-50%	65%	14%	27%
Machine Tools & F.A	238.8	327.2	82.1	92.0	31.7	33.0	102.5	139.8	51.6	33.3
(y-y)		37%					25%	52%	63%	1%
Industrial Vehicle	139.1	155.2	54.3	30.8	5.7	48.3	54.6	37.4	6.8	56.5
(y-y)		12%					0%	21%	19%	17%
Engines & Materials	91.2	107.8	6.7	11.4	7.7	65.4	4.5	15.2	12.9	75.2
(y-y)		18%					-33%	33%	68%	15%
Others	26.3	41.3	6.5	8.8	5.9	5.1	6.5	11.4	6.3	17.1
(y-y)		57%					0%	30%	7%	235%

2007 1H Results (Subsidiaries)



Unit : KRW billion

		2005	2006	1H07
DICC	Sales	389.1	558.8	475.2
	Operating Profit	8.1	35.6	34.7
	Net Profit	10.3	27.1	31.4
DIEU	Sales	345.7	349.0	240.7
	Operating Profit	11.5	8.6	7.1
	Net Profit	5.9	4.4	4.1
DIA	Sales	368.2	434.2	214.8
	Operating Profit	19.5	10.7	4.9
	Net Profit	10.0	4.6	15
Others	Sales	369.7	268.9	219.1
	Operating Profit	5.5	9.6	11.7
	Net Profit	3.3	4.5	7.7
Total	Sales	1,472.7	1,610.9	1,149.8
	Operating Profit	44.6	64.5	58.4
	Net Profit	32.6	40.6	44.7

Long-term Business Plan (Consolidated)

Unit : KRW billion

	'06	'07E	'08E	'09E	'10E	'11E	CAGR
Sales	3,706.7	4,458.1	5,704.1	7,044.3	8,419.4	9,643.5	21.1%
Construction Equipment	1,419.4	1,915.7	2,553.8	3,255.7	3,890.3	4,520.1	26.1%
Machine Tools & F.A	807.7	1,006.8	1,197.1	1,472.3	1,781.8	2,001.1	19.9%
Industrial Vehicle	475.9	537.1	591.5	683.1	804.2	980.4	15.6%
Engines & Materials	485.1	512.5	637.4	799.0	1,003.0	1,229.5	20.4%
Others	518.6	486.0	724.3	834.2	940.1	912.4	12.0%
Operating Profit	303.1	385.5	546.0	739.8	941.2	1,149.6	30.6%
Construction Equipment	108.3	155.5	223.2	316.5	394.4	488.9	35.2%
Machine Tools & F.A	102.8	125.1	154.8	192.1	232.7	270.0	21.3%
Industrial Vehicle	16.9	24.0	29.6	41.1	52.5	68.0	32.8%
Engines & Materials	18.0	20.1	44.5	59.4	101.8	138.3	50.4%
Others	57.1	60.8	93.9	130.7	159.8	184.4	26.4%
Operating Margin	8.2%	8.6%	9.6%	10.5%	11.2%	11.9%	
Construction Equipment	7.6%	8.1%	8.7%	9.7%	10.1%	10.8%	
Machine Tools & F.A	12.7%	12.4%	12.9%	13.0%	13.1%	13.5%	
Industrial Vehicle	3.6%	4.5%	5.0%	6.0%	6.5%	6.9%	
Engines & Materials	3.7%	3.9%	7.0%	7.4%	10.1%	11.2%	
Others	11.0%	12.5%	13.0%	15.7%	17.0%	20.2%	

THANK YOU

IR Team

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