



Doosan Infracore

DOOSAN INFRACORE

2009 4Q Investor Meeting

February 2010



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4Q09 results

Unit : KRW billion, %

- Sales grew remarkably by 12% QoQ and 29% YoY.
- EBIT margin improved due to greater sales contribution from profitable markets such as China and Korea.

	4Q08 *	1Q09	2Q09	3Q09	4Q09	QoQ	YoY
Sales	568.6	651.6	626.1	653.6	731.9	12.0%	28.7%
EBIT	-32.9	44.9	36.2	63.8	80.4	26.0%	TB
EBIT margin (%)	-5.8%	6.9%	5.8%	9.8%	11.0%	1.2%p	16.8%p
EBITDA	-15.9	66.9	52.8	78.9	98.4	24.7%	TB
(Financial cost)	17.8	31.3	37.4	38.4	39.4	2.6%	121.3%
(Equity method)	-353.0	-220.3	-56.1	-81.0	-78.6	-	-
(F/X related gains)	117.8	82.2	-45.2	-149.6	-31.2	-	TR
Pretax profit	-179.7	-127.2	141.8	-193.4	-81.9	-	-

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

4Q09 divisional sales & EBIT

Unit : KRW billion, %

- Construction equipment division reported sharp growth thanks to greater sales contribution from profitable markets such as China and Korea.
- Machine tools division sales rebounded on QoQ comparison due to solid demand from the Korean market.

Sales

		QoQ	YoY
Construction Equipment	388.3	+11.4%	+89.8%
Machine Tools	109.1	+18.8%	-37.5%
Engines	140.8	+0.2%	+14.9%
Others	93.7	+3.3%	+92.4%
Total	731.9	+12.0%	+28.7%

EBIT

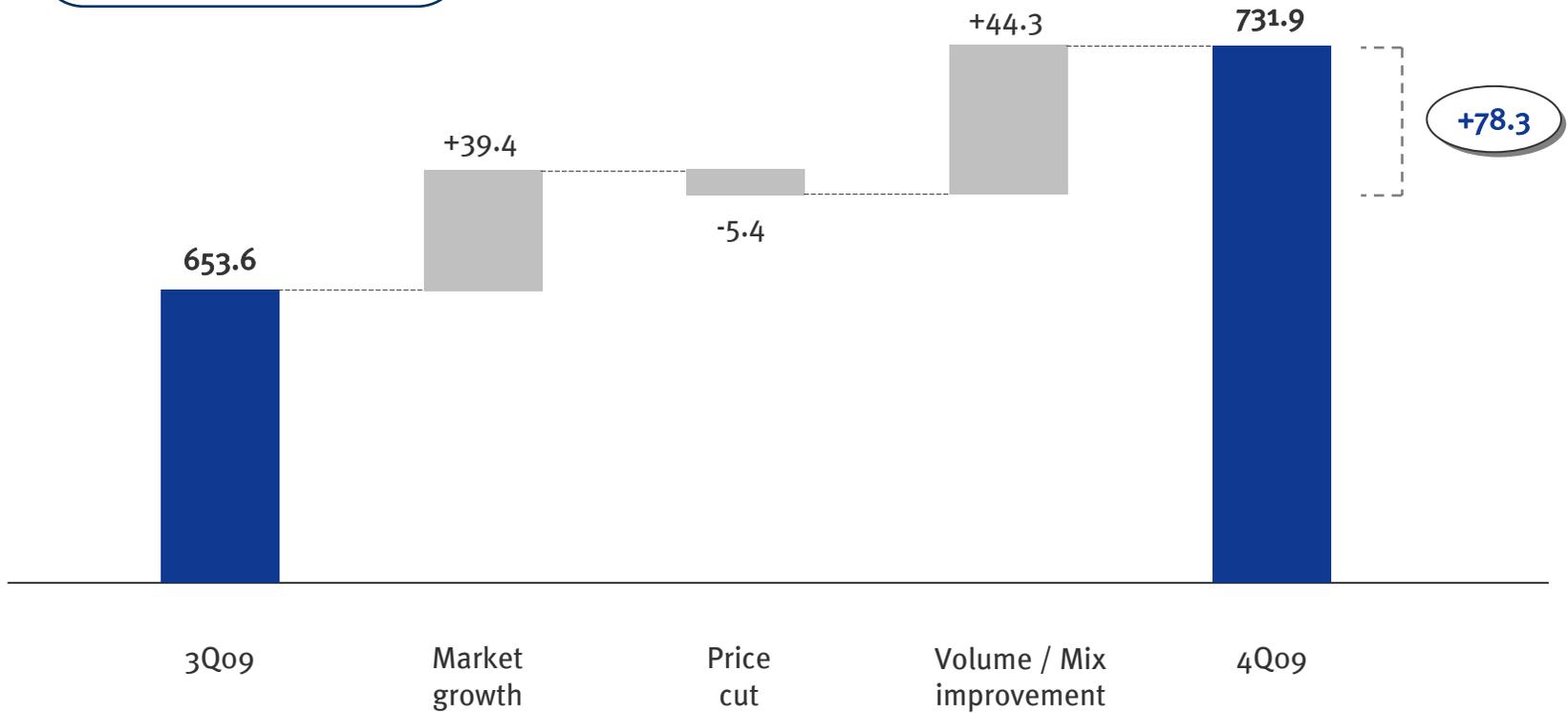
		QoQ	YoY
Construction Equipment	87.7 (22.6%)	+37.0%	TB
Machine Tools	-25.7 (-23.6%)	-	TR
Engines	14.5 (10.3%)	+12.4%	TB
Others	3.9 (4.2%)	-46.6%	TB
Total	80.4 (11.0%)	+26.0%	TB

4Q09 sales analysis

Unit : KRW billion, %

- Sales rose KRW78.3bn QoQ in light of volume growth and improved sales mix.

QoQ comparison

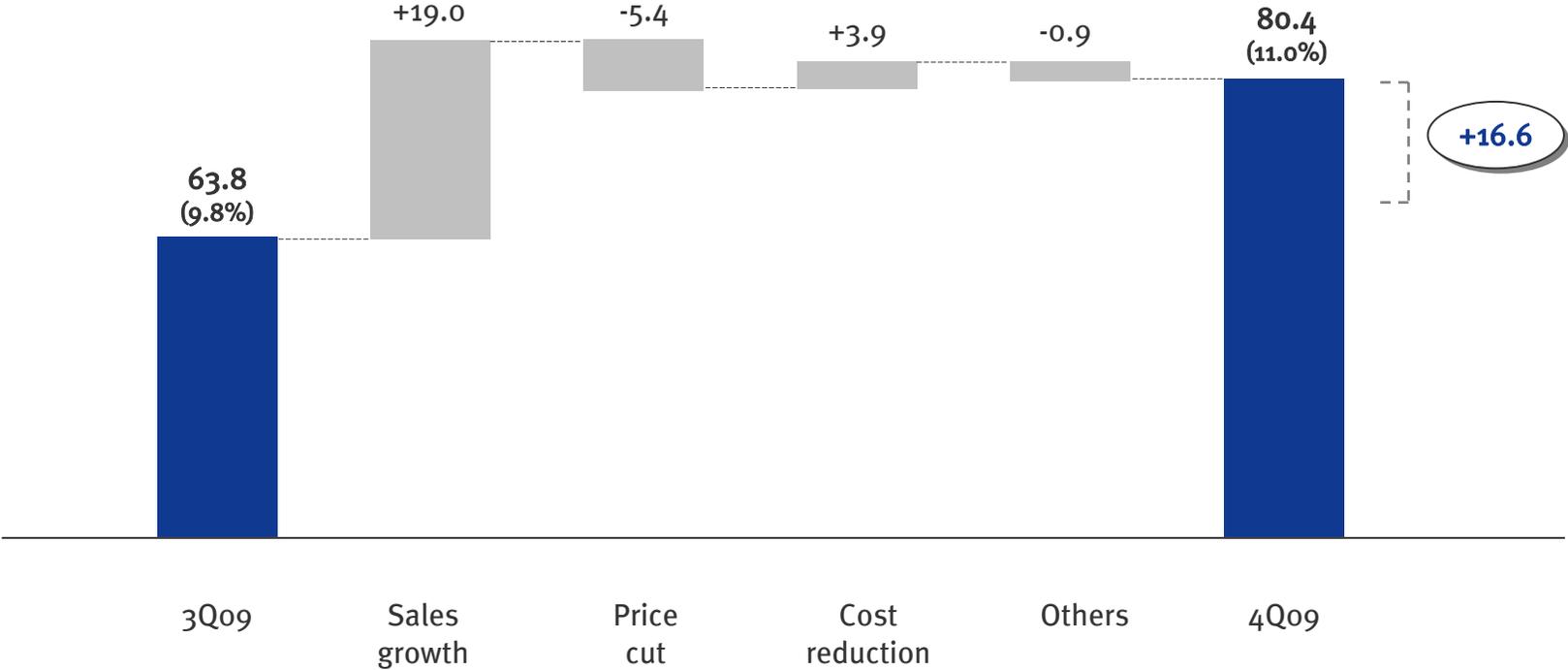


4Q09 EBIT analysis

Unit : KRW billion, %

• EBIT improved QoQ by KRW16.6bn thanks to sales growth and cost reduction.

QoQ comparison



4Q09 financials

Unit : KRW billion, %

- Total shareholders' equity increased despite equity method losses following treasury share disposal, while debt/equity ratio began to decline.
- Financial structure should continue to improve thanks to steady debt repayment and refinancing efforts to increase the proportion of long-term debts.

	07	08	3Q09	4Q09	QoQ
Current Assets	1,288.4	1,995.8	1,592.3	1,528.7	-63.6
Fixed Assets	1,918.9	2,929.8	3,036.1	3,249.9	+213.8
Total Assets	3,207.3	4,925.6	4,628.4	4,778.6	+150.2
Total Liabilities	2,098.0	3,379.9	3,412.5	3,497.7	+85.2
- Debts	1,005.0	1,530.5	2,379.6	2,570.9	+191.3
(% of long-term debt)	87.1%	66.2%	61.6%	53.3%	-8.3%p
Total Shareholders' Equity	1,109.3	1,545.7	1,215.9	1,280.9	+65.0
Liabilities/Equity Ratio	189.1%	218.7%	280.7%	273.1%	-7.6%p

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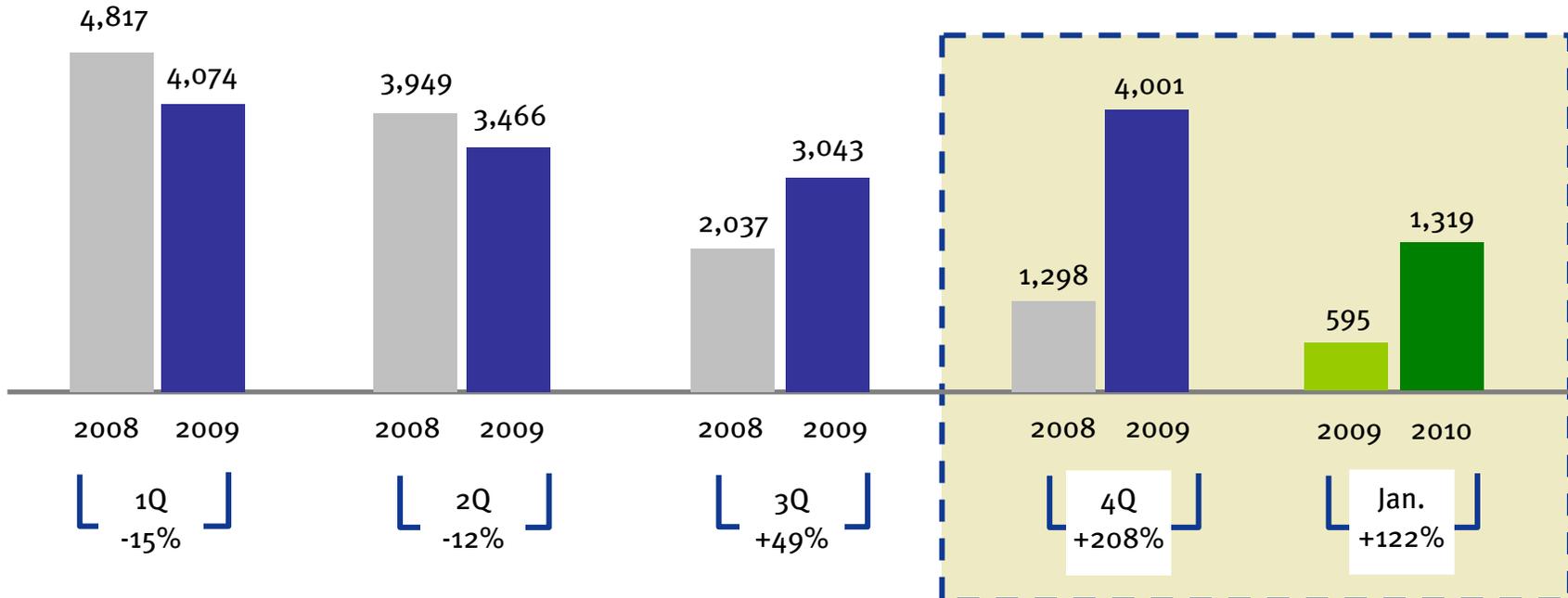
5 DII 2010 Outlook

1-1 Construction equipment : Accelerated growth in China

■ Unit : units, %

- Following the superb growth of 208% during 4Q, excavator sales in China maintained the remarkable trend and reported sales volume growth of 122% YoY in January.
- Although financing conditions may become tighter due to stronger loan restrictions in 2010, excavator demand should remain firm given the on-going infrastructure investment and increasing demand for raw materials – thus, we project volume growth of more than 50% YoY during 1H10.

Excavator sales trend

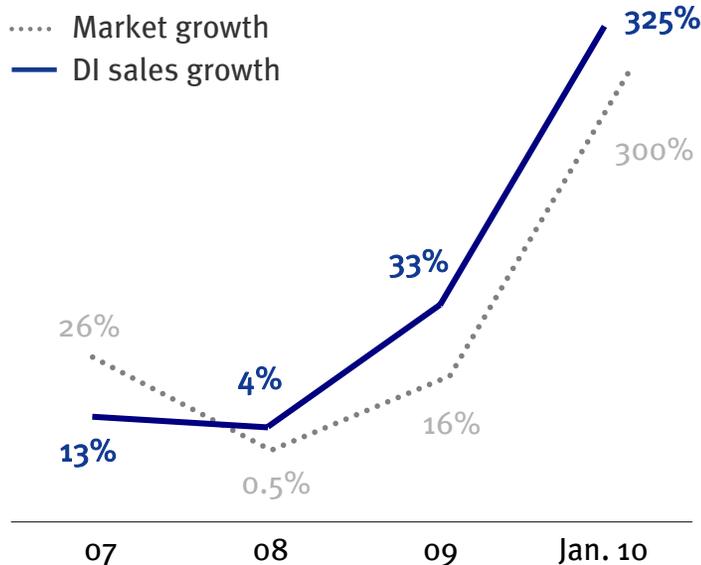


1-2 Construction equipment : Full-fledged growth in Korea

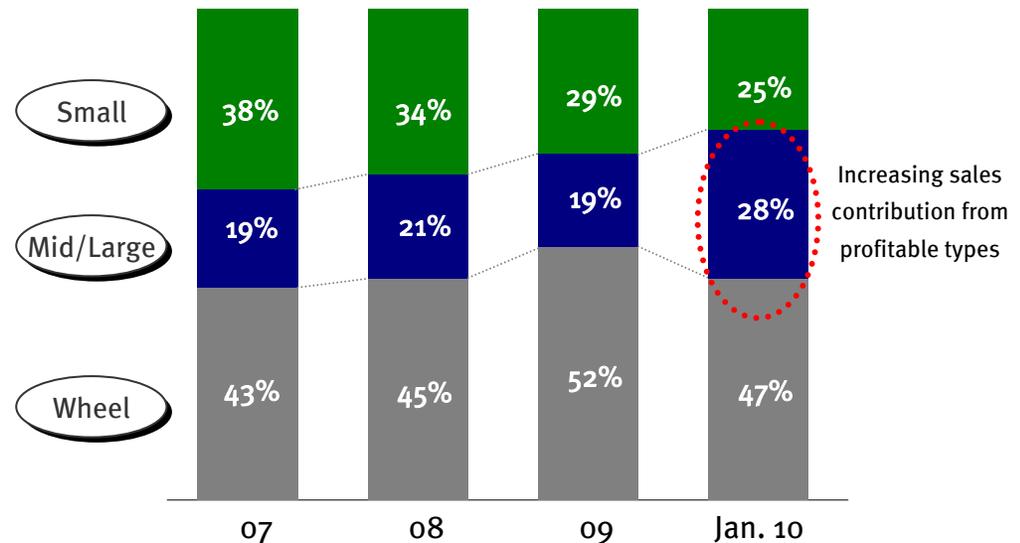
Unit : units, %

- Our sales in Korea surged 33% YoY, outperforming the market growth of 16% YoY during 2009.
- We forecast above 20% growth in 2010 on the back of continued government spending and construction activities related to the 'Four-River Redevelopment Project'. We also plan to maintain our market leadership by securing market share of above 43%.

Market and DI's sales growth trend



Sales by type

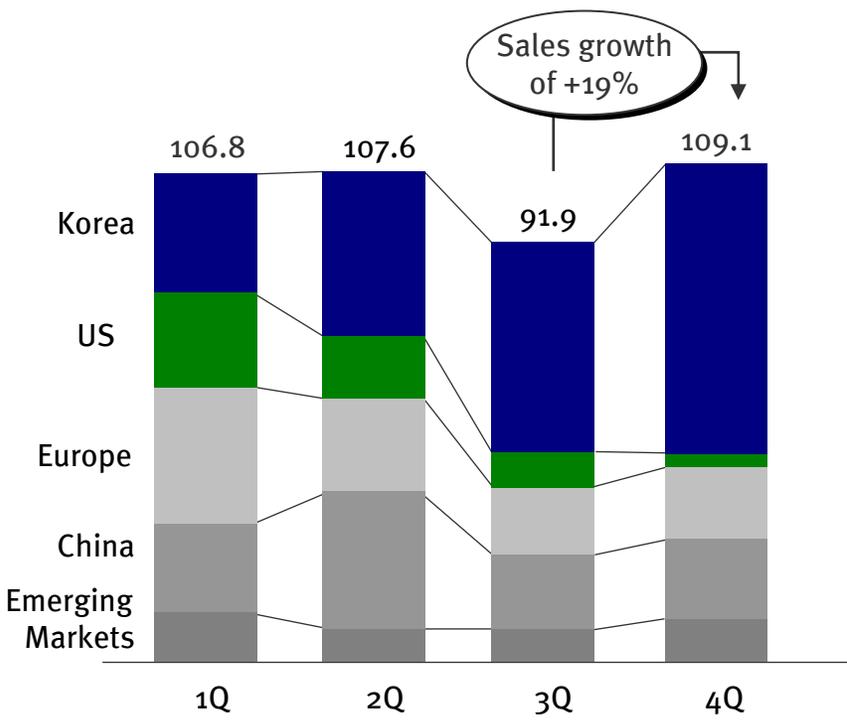


2 Machine tools : Entering growth phase

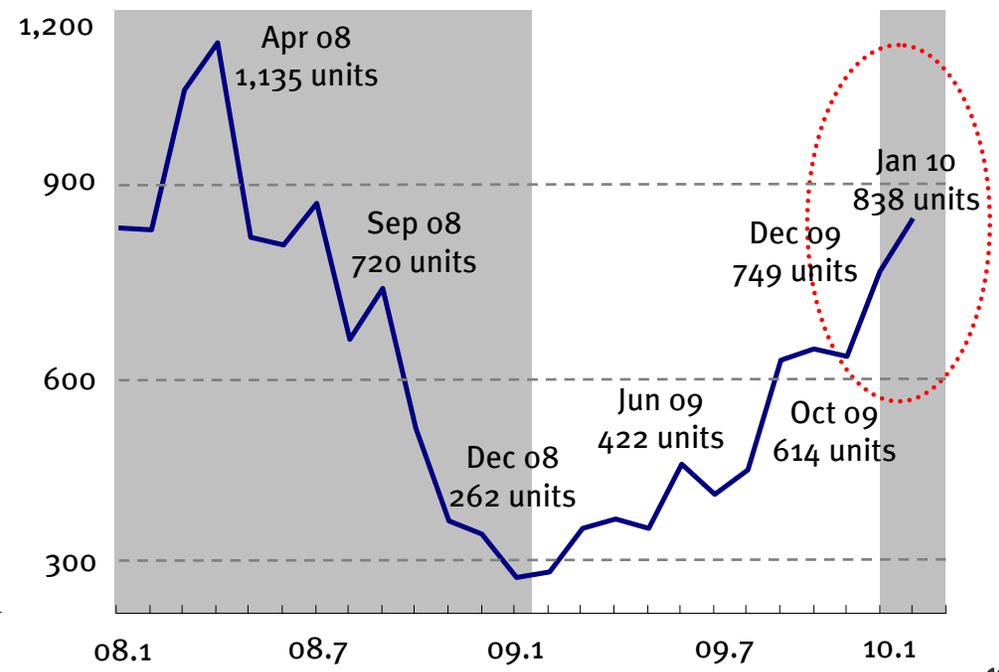
Unit : KRW billion, %

- In light of the economic recovery in Korea, deferred investments from last year has resumed in 2010 and we are now seeing visible signs of growth from all industries (particularly the automotive industry). In China, sales have already reached the level of March 2008 thanks to the auto parts industry.
- Sales in 4Q rose 19% QoQ due to accelerated order growth and market share gains.

Quarterly sales



Order trend (units)

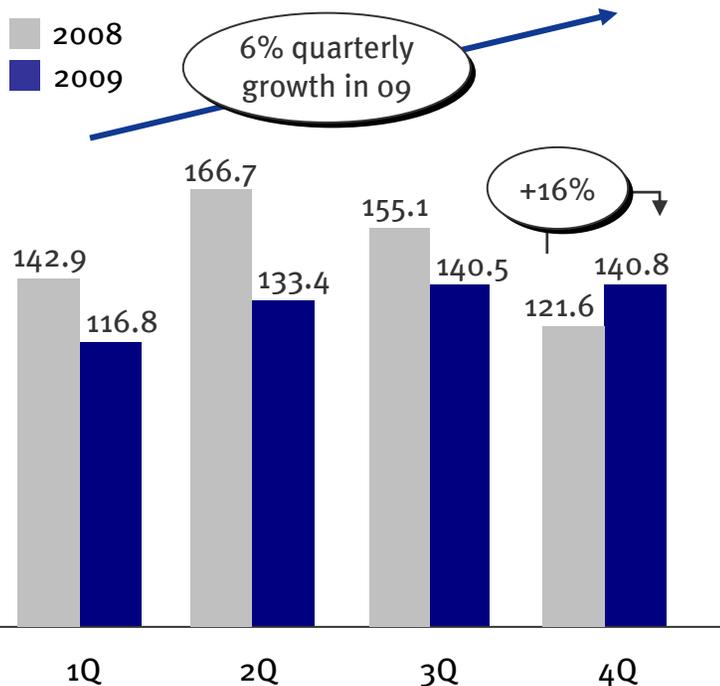


3 Engines : Securing platform for mid/long term growth

Unit : KRW billion, %

- Sales recorded YoY growth in 4Q as a result of increased engine supply to bus/truck companies in Korea and greater generator engine sales in overseas markets.
- Mid/long-term growth engine has been secured via 1) joint venture with Xuzhou Construction Machinery Group and 2) active participation in government contract bids in North America.

Quarterly sales trend



* Including internal sales

Mid/Long-term growth engine

A Xuzhou-Doosan

- Established in November 2009
- Plant construction progress
 - Production to commence July 2011 with capacity of 15,000 units
 - To increase capacity to 50,000 units in 2013
- Joint venture with Xuzhou Construction Machinery Group, which will provide production base and captive sales volume in China

B Awarded contract from Los Angeles Metro Transit Authority

- CNG engine sales of KRW9.6bn (or 132 units) expected until June 2011
- To expand into new bus or waste collection vehicle OEM markets

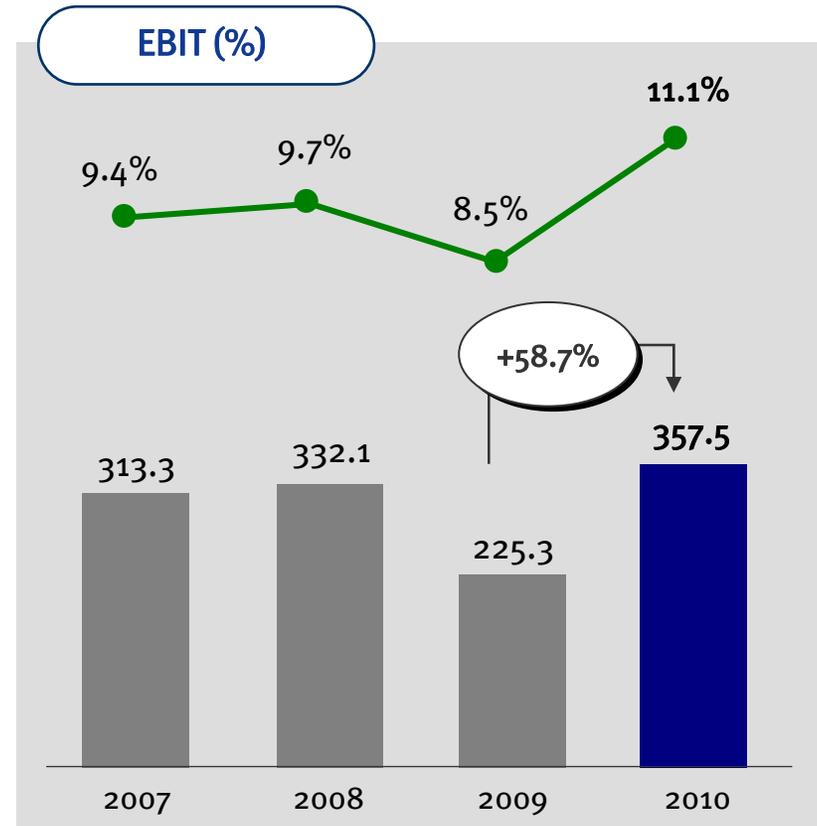
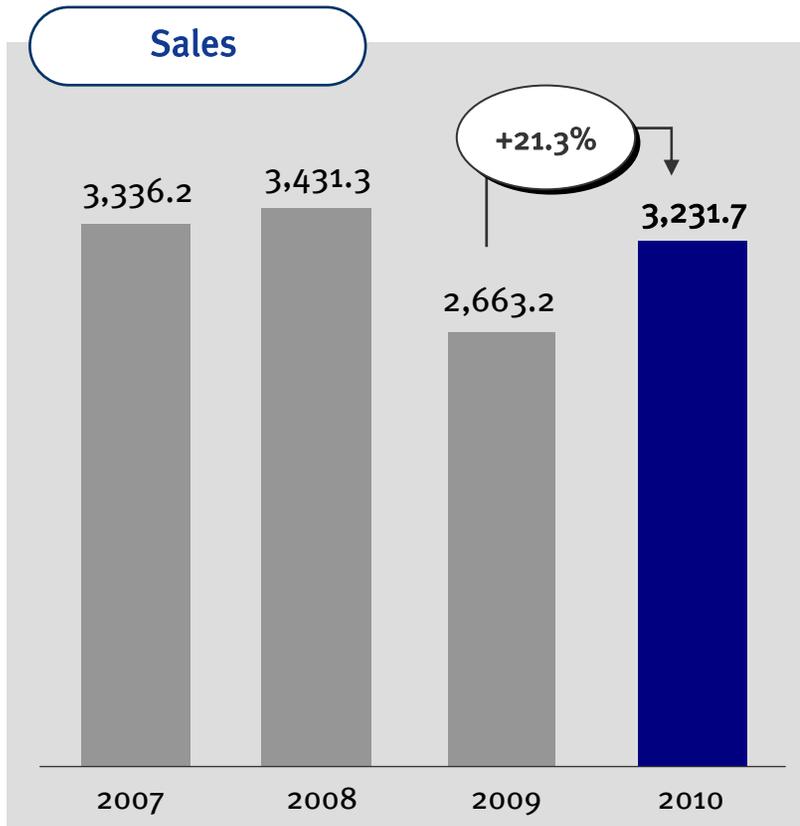
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2010 outlook

Unit : KRW billion, %

- We expect sales and EBIT to grow by 21.3% and 58.7% in 2010.
- EBIT should reach a historic-high thanks to sales contribution from the profitable construction equipment division and turnaround of the machine tools division.



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

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4Q09 results

Unit : US\$ million, %

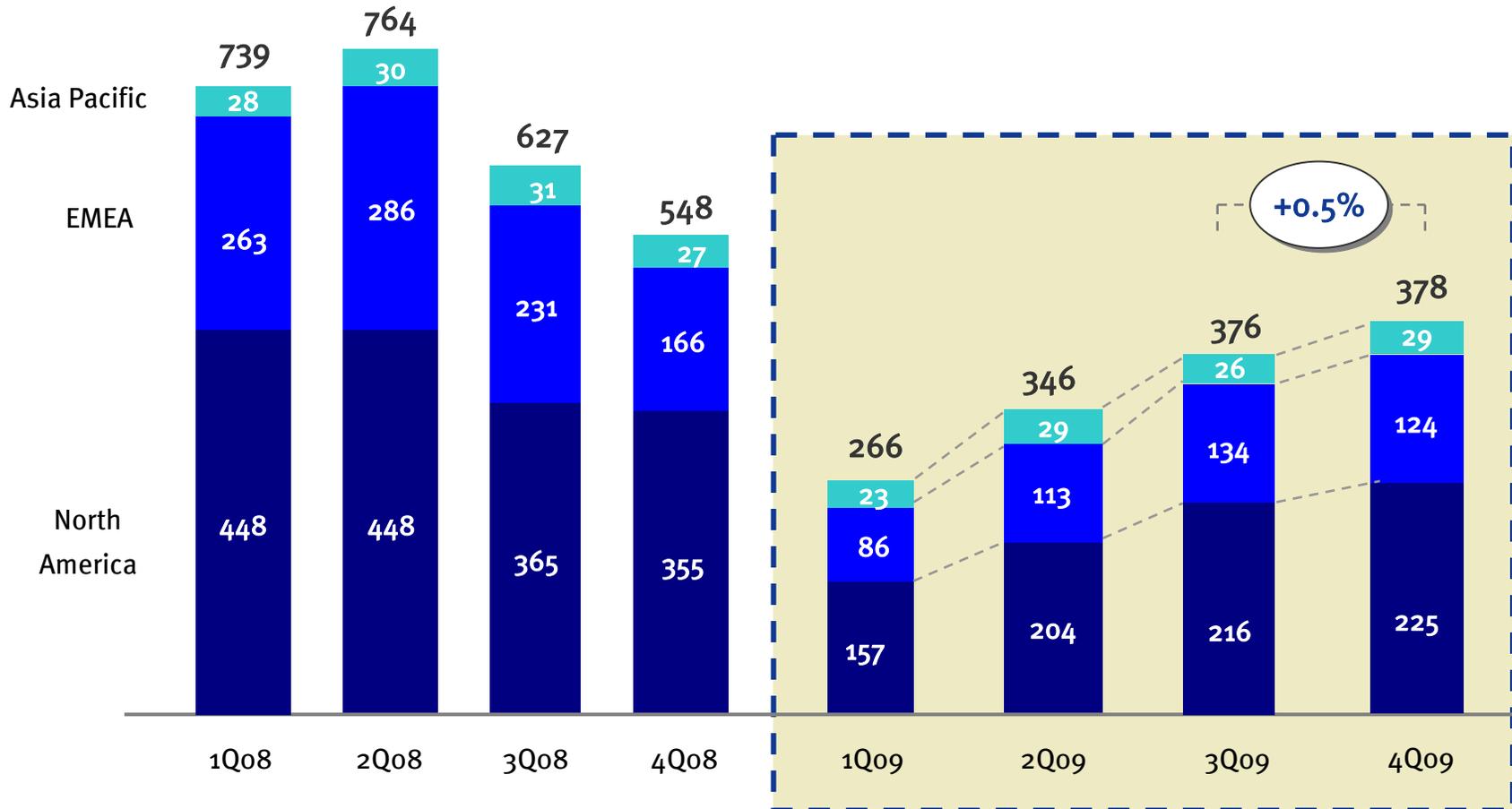
- Sales improved 0.5% QoQ to US\$378mn, rebounding steadily from 1Q09.
- EBITDA exclusive of restructuring costs showed signs of visible improvement.

	4Q08	1Q09	2Q09	3Q09	4Q09	QoQ	YoY
Sales	548	266	346	376	378	0.5%	-31.0%
EBIT	-100	-111	-91	-81	-101	-20	-1
EBITDA	-59	-82	-63	-50	-74	-24	-15
EBITDA (excl. restructuring costs)	-59	-79	-63	-35	-26	+9	+33
- Financing Cost	50	40	53	29	39	+10	-11
Net Profit	-143	-160	-121	-98	-129	-31	+14

4Q09 regional sales

Unit : US\$ million, %

- Despite weakened sales in EMEA region during 4Q, sales continued to rise by 0.5% QoQ thanks to market recovery in North America and increase in market share.

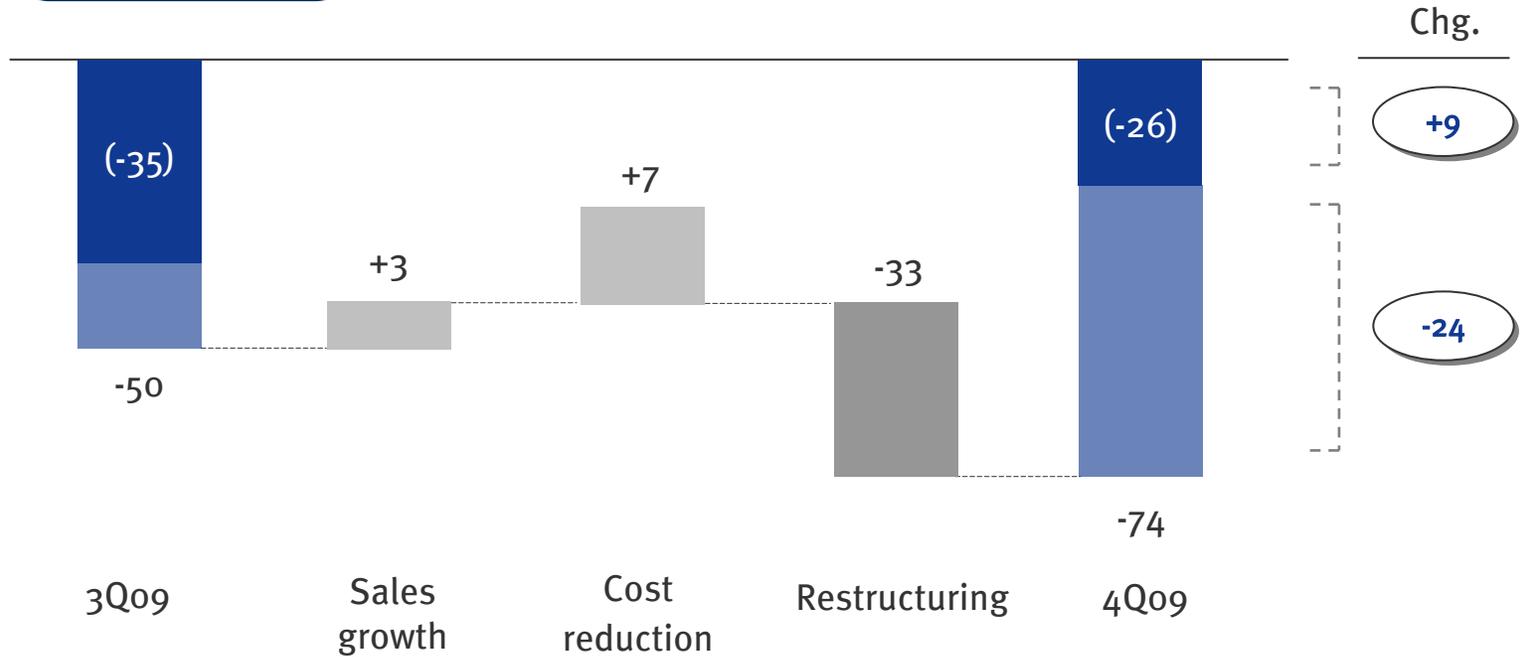


4Q09 EBITDA analysis

Unit : US\$ million

- EBITDA (excl. restructuring costs) improved US\$9mn in 4Q due to sales growth and cost reduction efforts.

QoQ comparison



* EBITDA excluding restructuring costs in ()

Better cost structure achieved through restructuring

Unit : US\$ million

- Once impact from past restructuring efforts becomes fully visible in 2010, we anticipate annual earnings improvement of at least US\$120mn per annum.
- Going forward, DII will have an enhanced cost structure and lower break-even point, which will allow the company to withstand any market recession.

Impact from restructuring

Restructuring Efforts

Labor restructuring	<ul style="list-style-type: none"> • 25% lower headcount at end-09 relative to Aug. 08 - from 6,070 in Aug. 08 → 4,529 at end-09
Business restructuring	<ul style="list-style-type: none"> • Shutdown of Bismarck plant and consolidation into the Gwinner plant
Company owned store disposal	11 company owned stores sold in North America
Other cost reduction efforts	Reduced transportation and marketing expenses

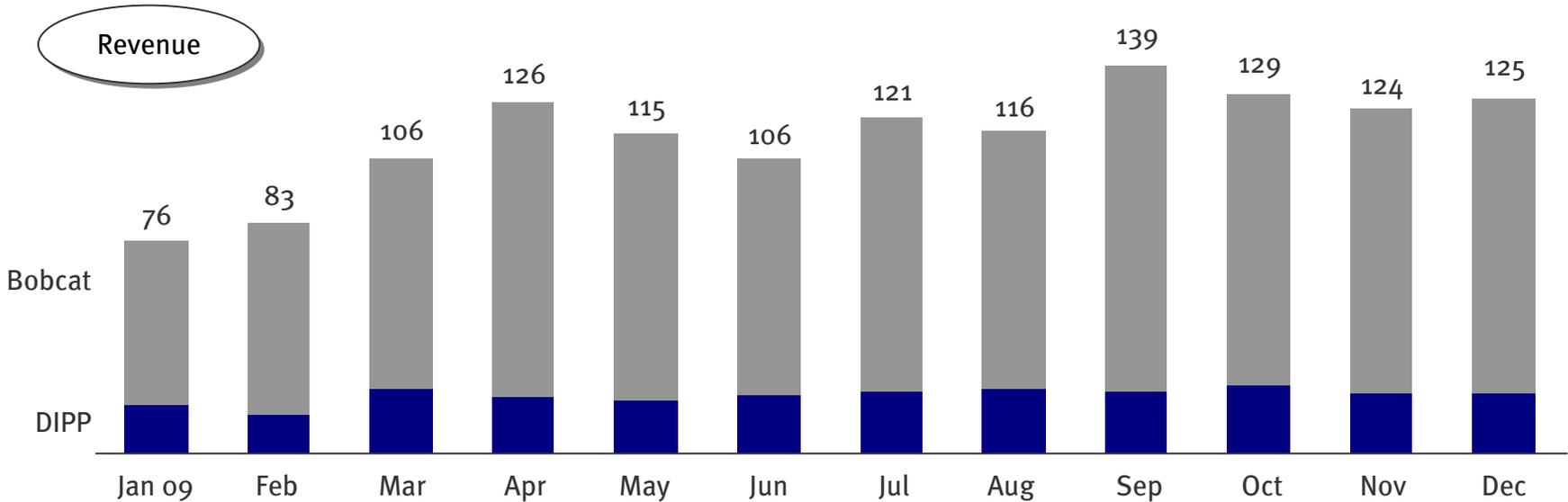
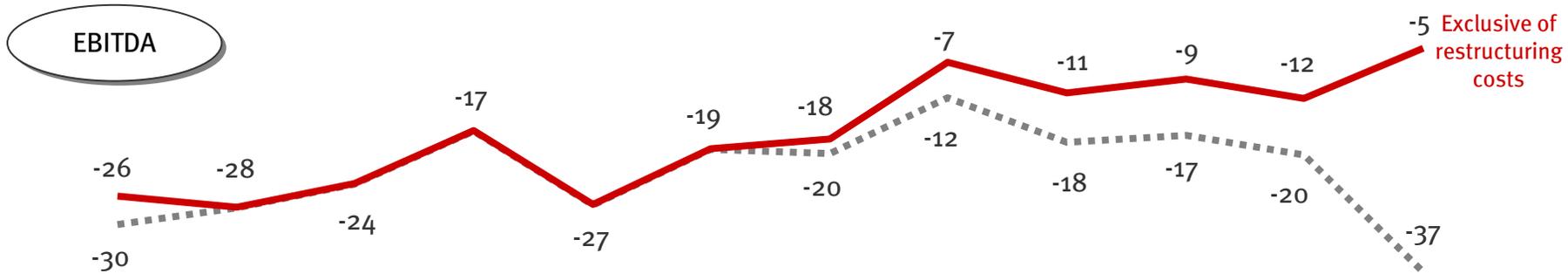
Annual Savings

2009	2010
+31	+119

Monthly sales & EBITDA trend in 2009

Unit : US\$ million

- Alongside sales improvement, monthly EBITDA (exclusive of restructuring costs) is nearing break even.

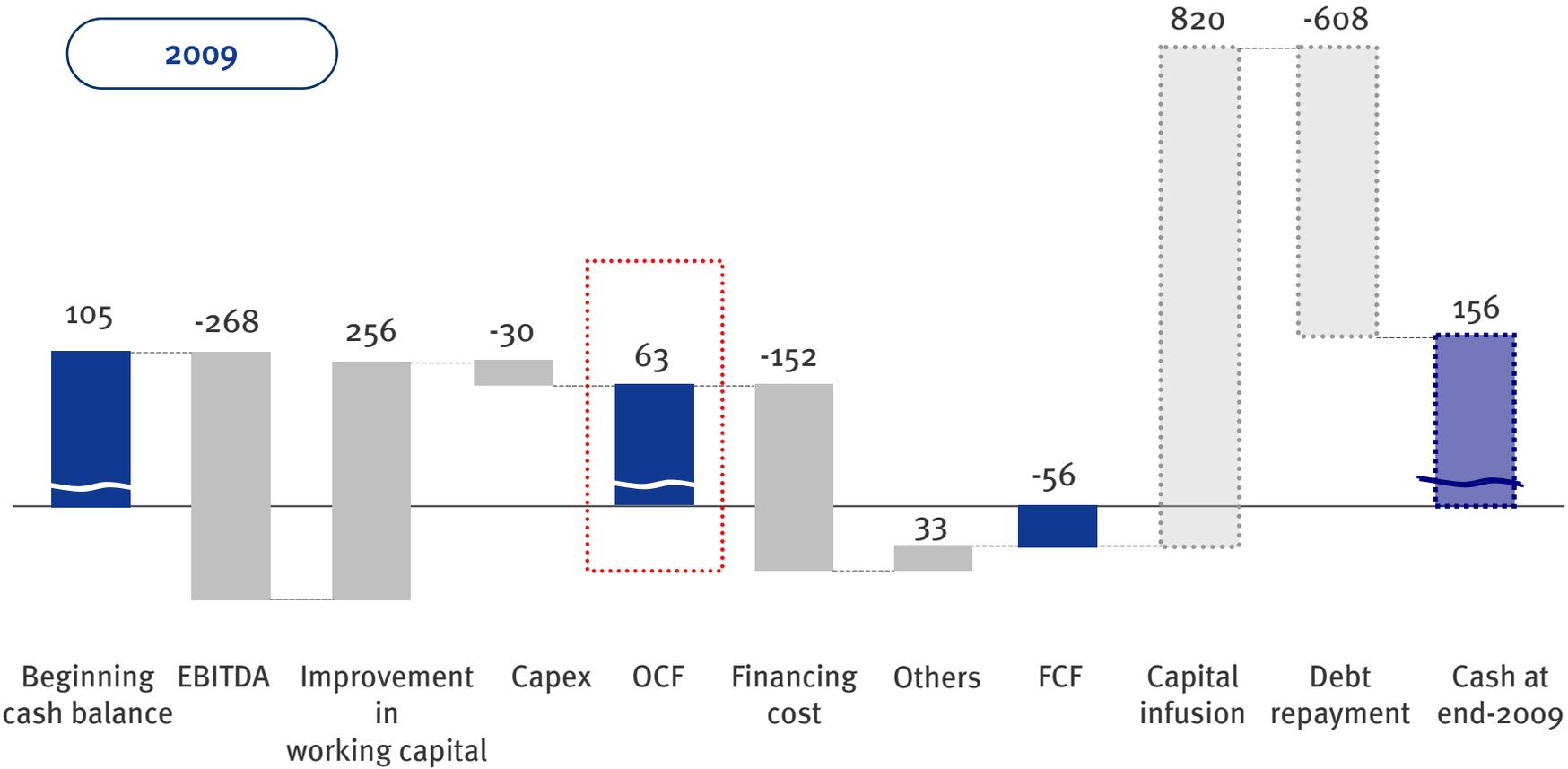


Cash flow remains positive

Unit : US\$ million

• Improvement in working capital offset the negative EBITDA, while capital infusion was used for financing cost and early debt repayment.

2009



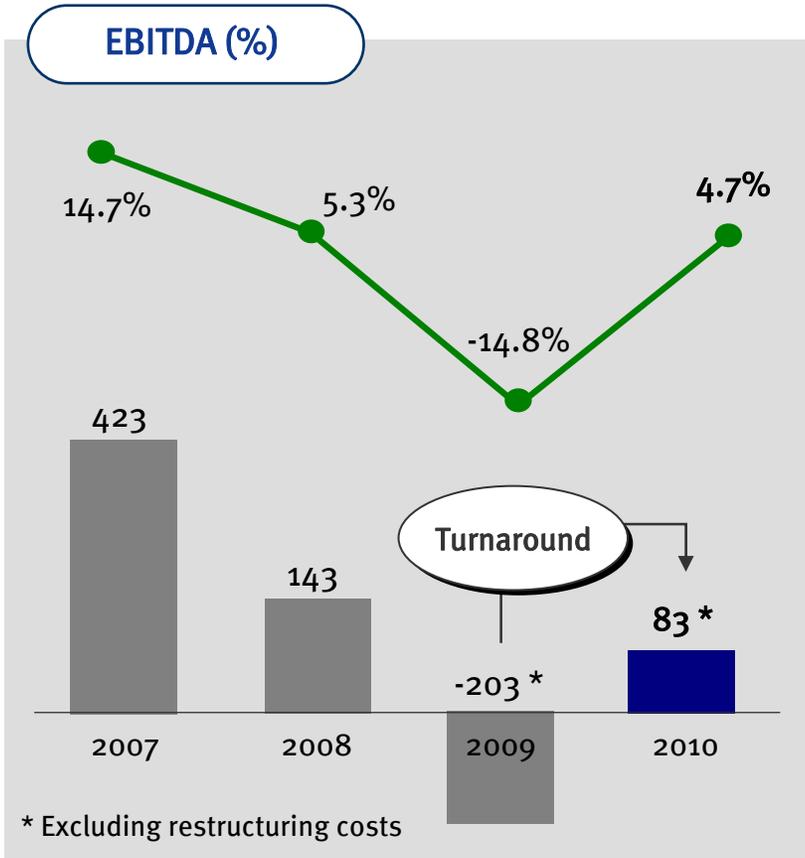
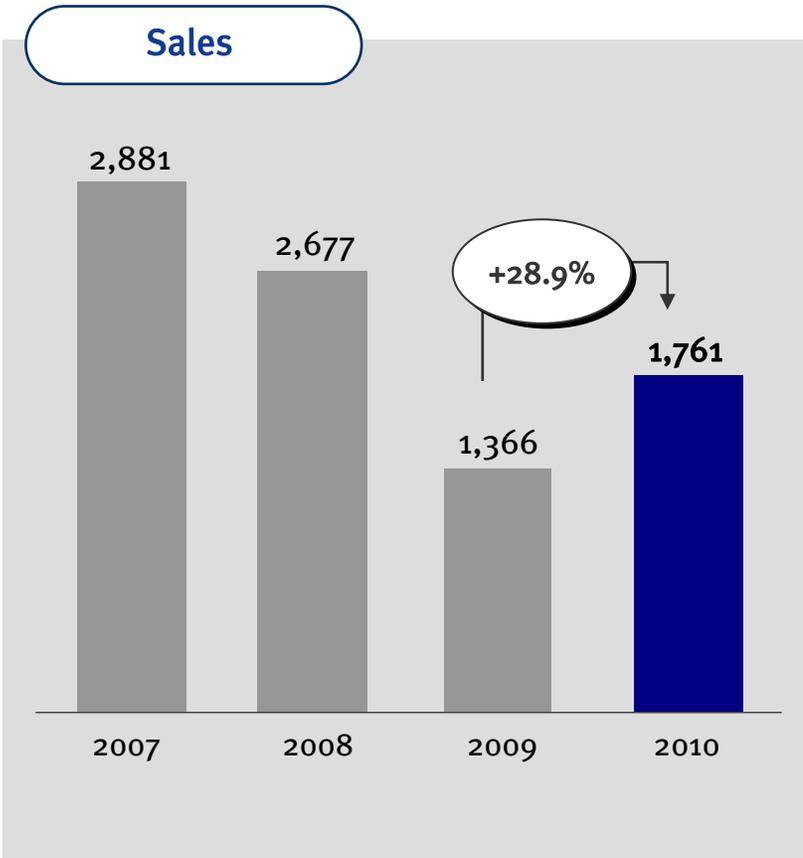
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2010 outlook

Unit : US\$ million

- We project sales to grow 29% YoY due to market recovery and price realization.
- EBITDA is expected to turn black in light of steady sales growth and positive impact from restructuring.



* Excluding restructuring costs

Thank You