



Doosan Infracore

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2011 3Q Investor Meeting

November 2011



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Growth Strategy by Division

3Q11 Results *

- Sales grew 10% YoY thanks to global demand recovery and market share gains of the construction equipment and machine tools divisions.
- EBIT also grew 2% YoY on the back of strong profit improvement of the machine tools division and greater profit contribution from DII.
- Net profit remained positive, despite F/X valuation losses due to the weak Korean Won. We expect most of the negative impact to be reversed in the future once the Korean won strengthens.

Results

(Unit : KRW billion)

	3Q10	4Q10	1Q11	2Q11	3Q11	YoY
Sales	1,775.8	1,974.4	2,211.8	2,263.8	1,947.0	+9.6%
EBIT	147.9	170.5	228.9	235.4	150.3	+1.6%
EBIT margin (%)	8.3%	8.6%	10.3%	10.4%	7.7%	-0.6%P
(Net Financial Cost)	76.2	74.9	72.5	71.4	88.7	16.4%
(F/X gains/losses)	89.8	6.5	44.7	20.4	-66.9	-
Net Profit	107.6	57.6	148.6	170.8	5.2	-95.8%

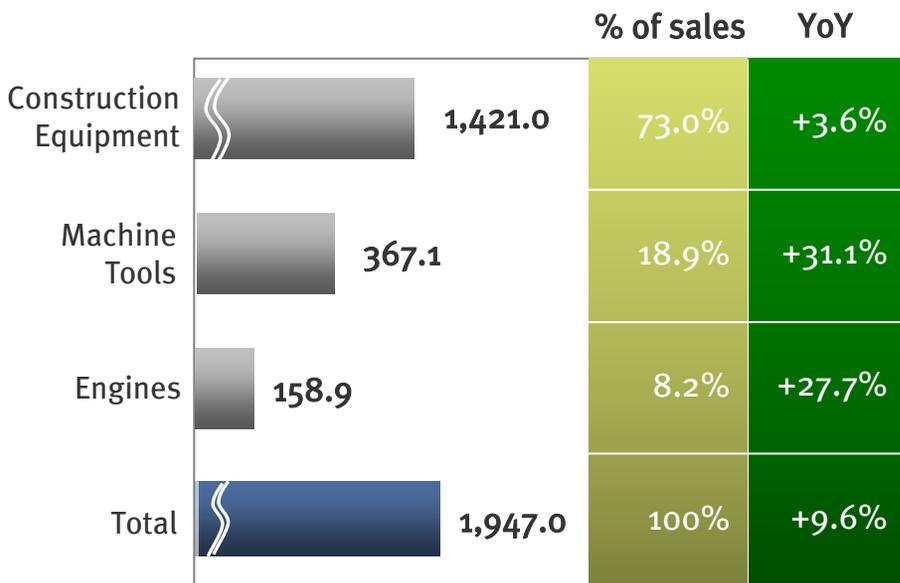
* Figures are based on consolidated K-IFRS.

3Q11 divisional sales & EBIT *

- Thanks to the remarkable turnaround of developed markets, the construction equipment division reported solid sales growth of 4% YoY despite the weakness in China.
- EBIT of the machine tools division surged 132% YoY to reflect the favorable sales trends in the profitable developed markets.

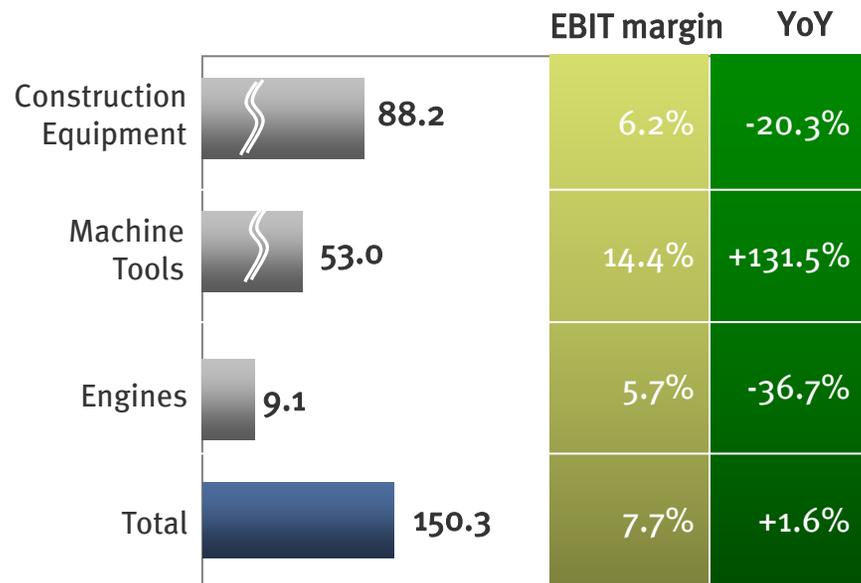
Sales

(Unit : KRW billion)



EBIT & Margin

(Unit : KRW billion)



* Figures are based on consolidated K-IFRS

Financials remain sound

- Due to Won's weakness at the end of 3Q11 and resultant change in F/X denominated assets and liabilities, total assets and total liabilities rose by KRW711.7bn and KRW541.3bn, respectively. (Of note, won/dollar rate changed from KRW1,078/US\$ at end-June → KRW1,180/US\$ at end-September.)
- Net debt increased due to currency translation. Once Won strengthens, we expect net debt to decline again.
- We remain financially sound based on our cash position of KRW1.3tr and 80% level of long-term debts.

Financials

(Unit : KRW billion)

	2009	2010	1Q11	2Q11	3Q11	QoQ
Current Assets	3,717.0	3,855.7	4,515.6	4,798.9	4,997.6	+198.7
Fixed Assets	7,323.4	7,155.9	7,085.2	6,923.6	7,436.6	+513.0
Total Assets	11,040.4	11,011.6	11,600.8	11,722.5	12,434.2	+711.7
Total Liabilities	9,379.7	9,254.1	9,694.4	9,348.6	9,889.9	+541.3
- Net Debt	5,905.8	5,548.5	5,751.6	5,125.5	5,717.9	+592.4
(% of long-term debt)	73.5%	80.2%	80.6%	82.8%	81.3%	-1.5%P
Total Shareholders' Equity	1,660.7	1,757.5	1,906.4	2,373.9	2,544.3	+170.4
Liabilities/Equity Ratio	564.8%	526.5%	508.5%	393.8%	388.7%	-5.1%P

* Figures are based on consolidated K-IFRS.

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3 Growth Strategy by Division

Continued earnings improvement at DII

- DII reported sales growth of 44% YoY thanks to 1) market recovery and 2) increase in demand from large rental companies.
- EBIT surged 119% YoY, however, net profit turned negative due to one-time F/X valuation losses.

DII result *

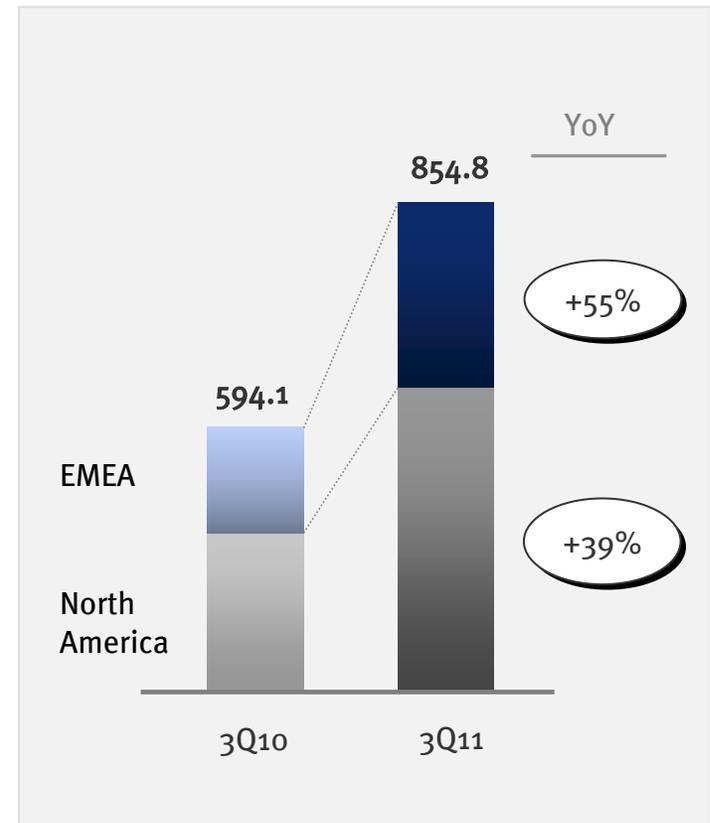
(Unit : KRW billion)

	3Q10	2Q11	3Q11	YoY
Sales	594.1	828.4	854.8	+43.9%
EBIT	18.8	46.6	41.2	+119.1%
EBIT margin	3.2%	5.6%	4.8%	+1.7%P
Pretax Profit	24.2	21.0	-4.1	-
Net Profit	25.3	16.5	-7.8	-

* Figures are based on consolidated K-IFRS

Regional sales

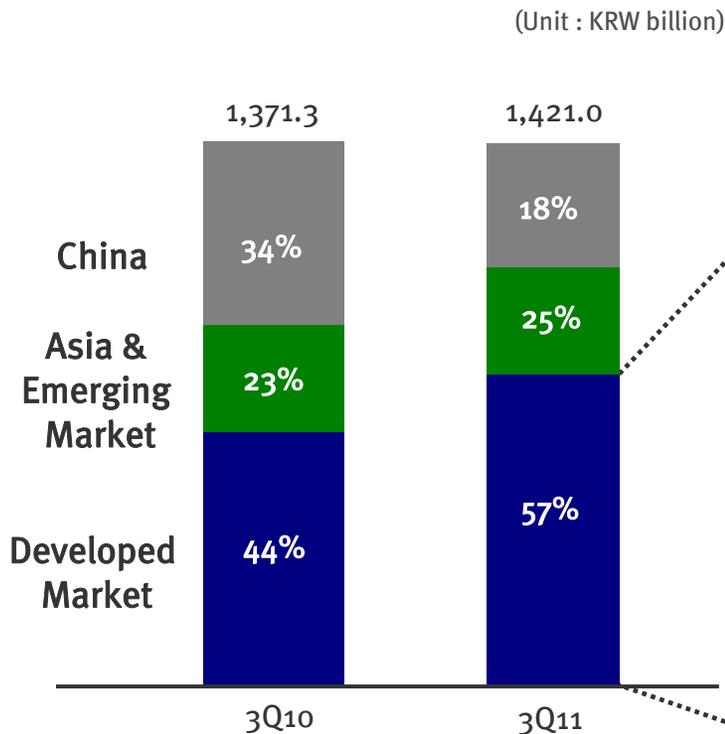
(Unit : KRW billion)



Visible synergies with DII

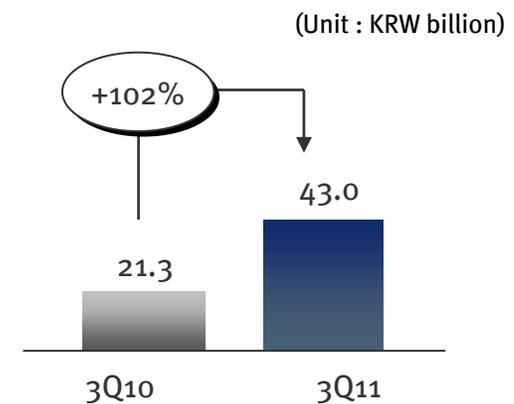
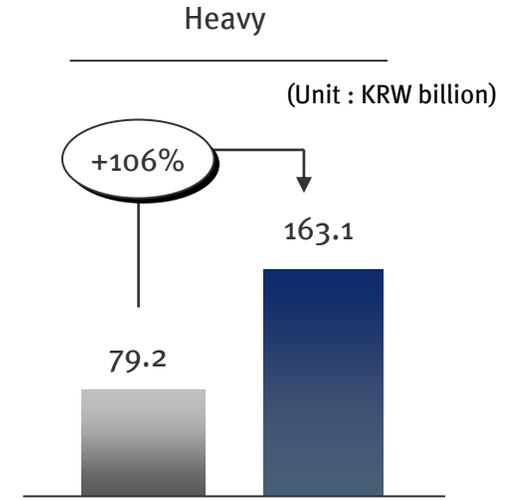
- Due to sales network integration between DI and DII, heavy equipment sales are showing remarkable growth within the developed markets.
- We expect to continuously create sales synergy for the mid/large excavators on the back of the outstanding competitiveness and sales network of DII.

Sales breakdown by region



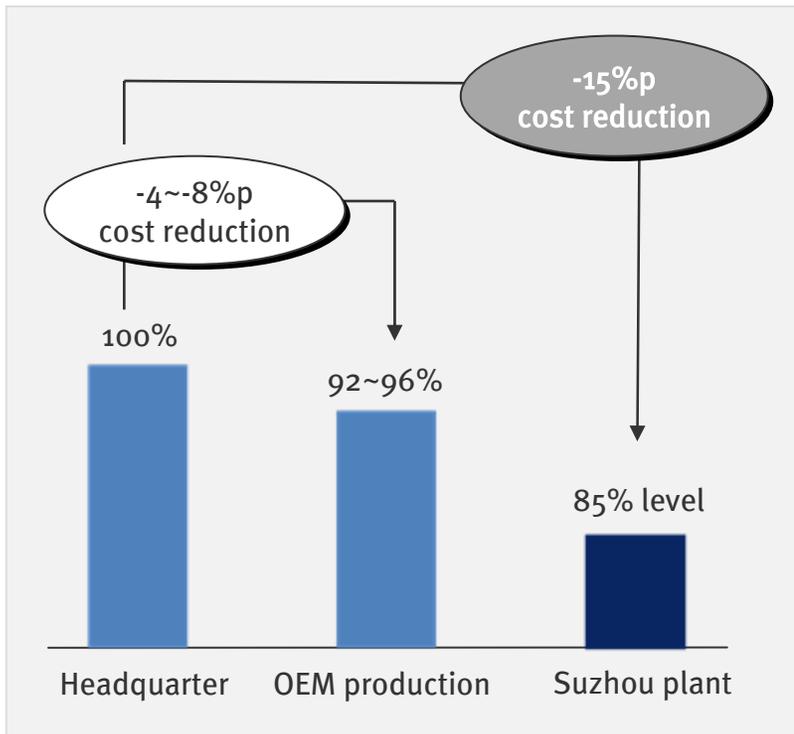
EUROPE

US

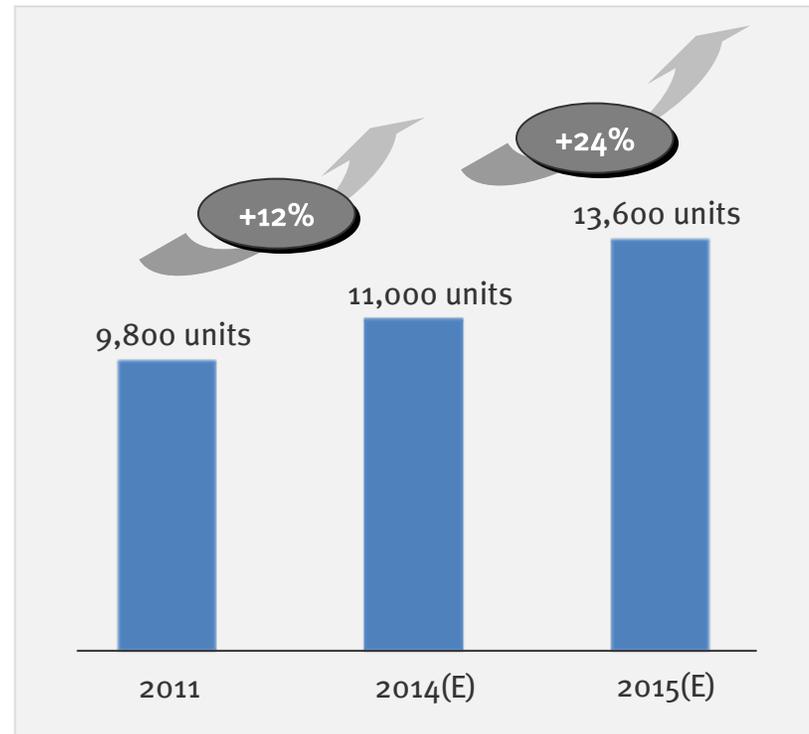


- Stronger cost competitiveness expected in the fast-growing small-sized excavator market with the completion of the Suzhou plant at end-October (9,800-unit capacity, small/mini excavator production)
- Fully prepared for future growth in China with capacity expansion of small excavators in the new Suzhou plant and mid/large excavators in the existing Yantai plant
- We will continue to launch new models more suitable for the Chinese market such as the mid-sized models launched in September and 2 large-sized models launched in October.

Cost competitiveness of the Suzhou plant



Capacity expansion plan (Suzhou plant)



Historic high level of EBIT margin achieved

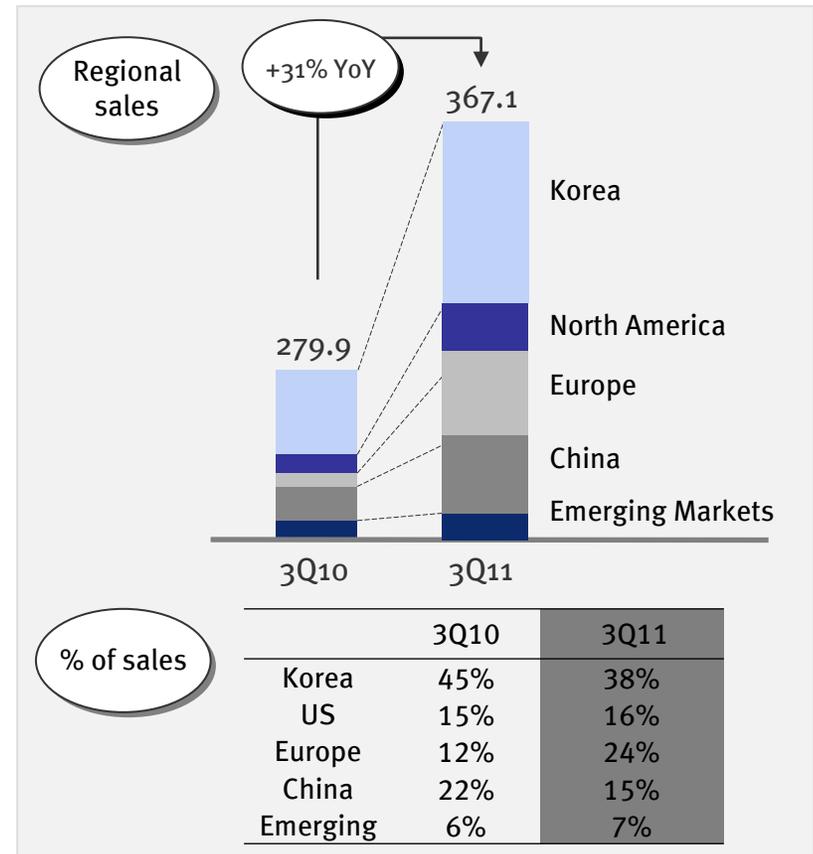
- The machine tools division continues to report earnings improvement with historic high level of EBIT margin of 14.4%.
 - Margin enhancement is due to greater sales contribution from profitable developed markets and our regional sales portfolio is becoming increasingly well-balanced.

EBIT & EBIT margin trend



Regional sales breakdown

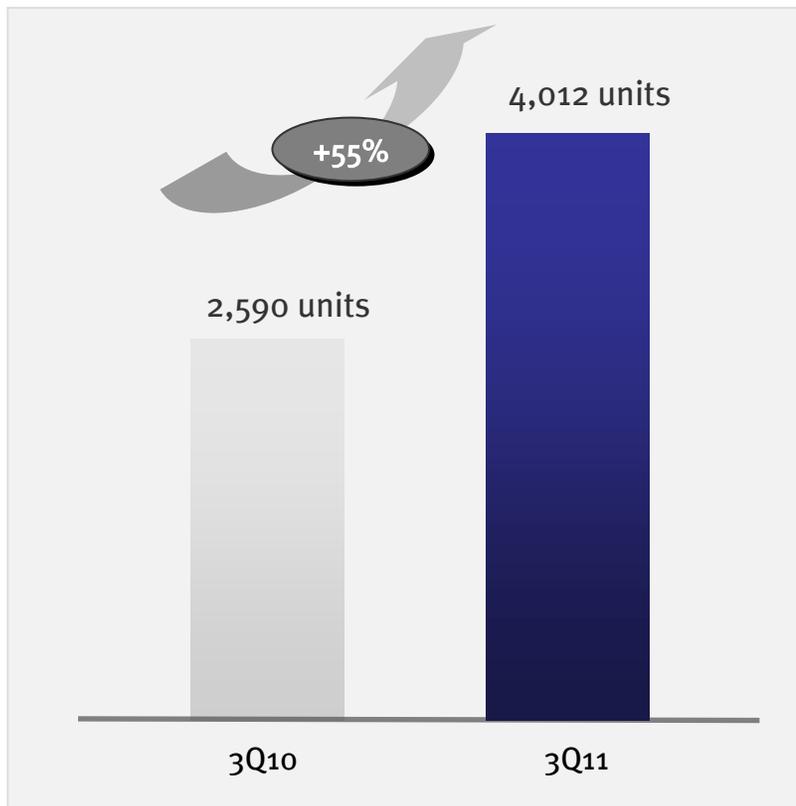
(Unit : KRW billion)



A surge in order backlog from developed markets

- In line with the increase in order backlog from developed markets such as the US and Europe, we expect profitability improvement to continue.
- Orders also recovered to above 1,000 units level in September thanks to solid order trends in Korea and developed markets.

Order backlog growth



% of order backlog by region

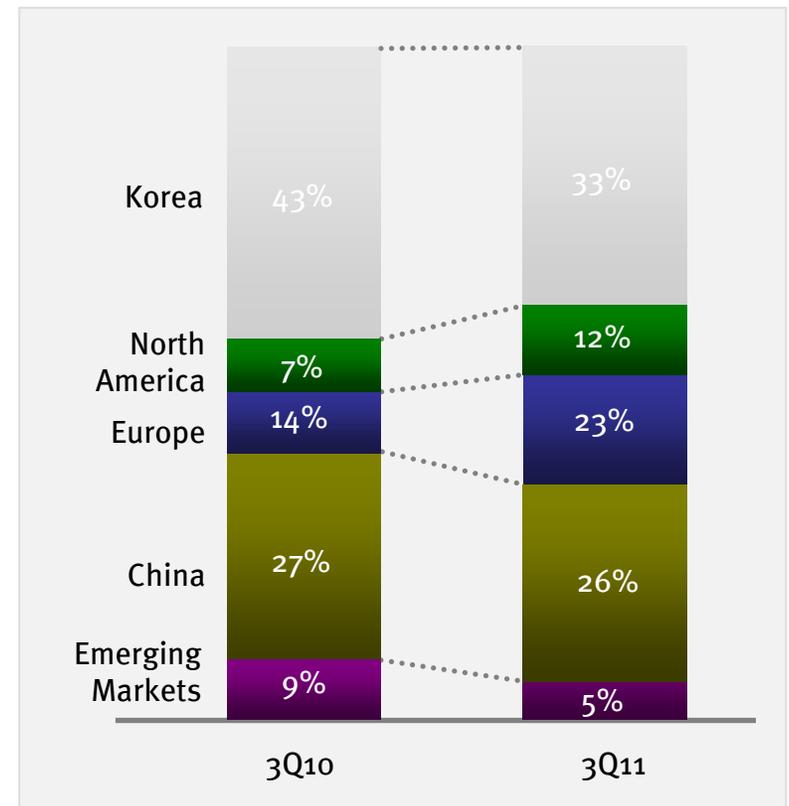


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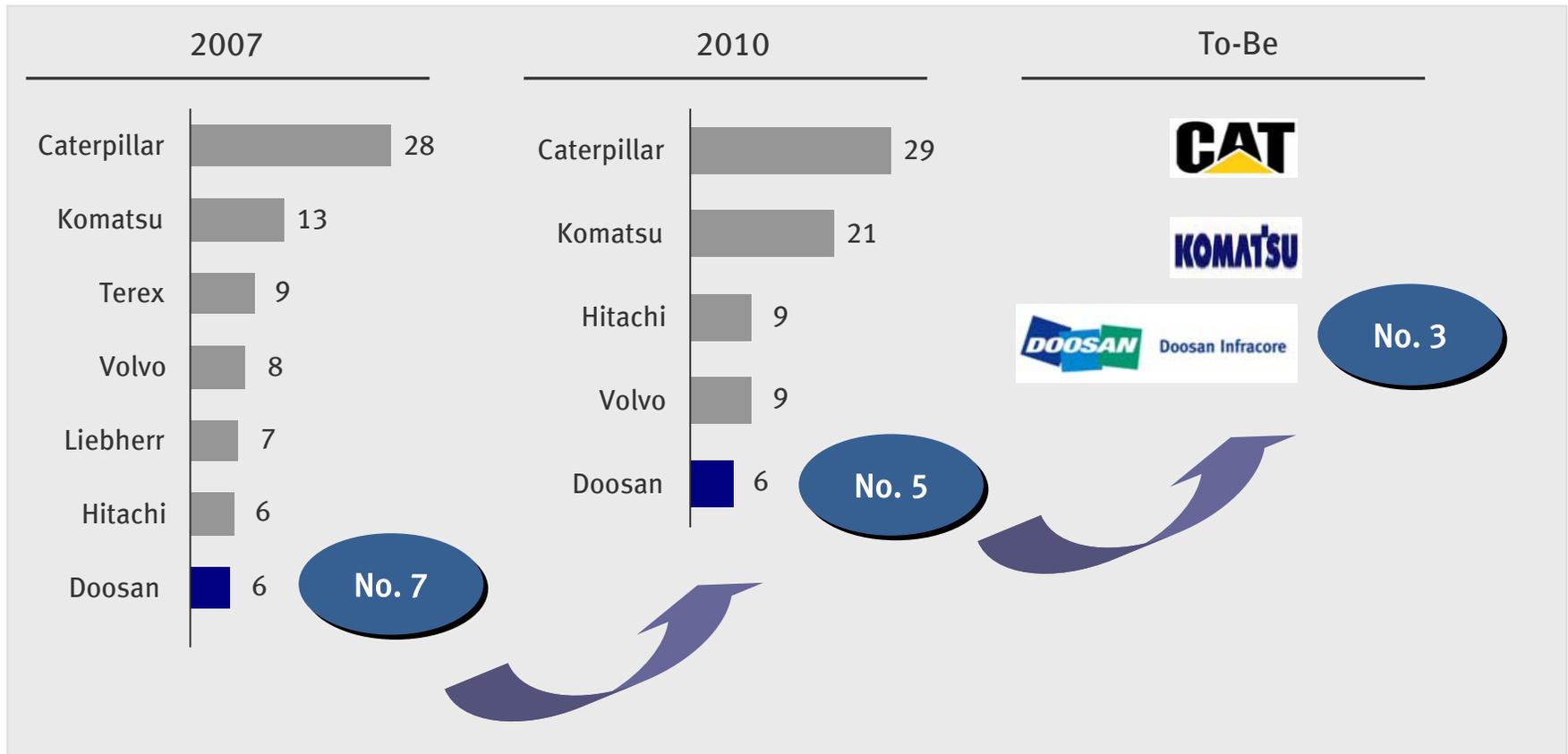
3 Growth Strategy by Division
- Construction Equipment

Vision : Global top 3 in construction equipments

- Stepped up from global No. 7 in 2007 to No. 5 in 2010 backed by strong performance in China and emerging markets.
- As we ① expect solid performance in developed markets due to synergies with DII and ② actively pursue the after market business, we plan to jump to the global No. 3 position in the future.

Global construction equipment market

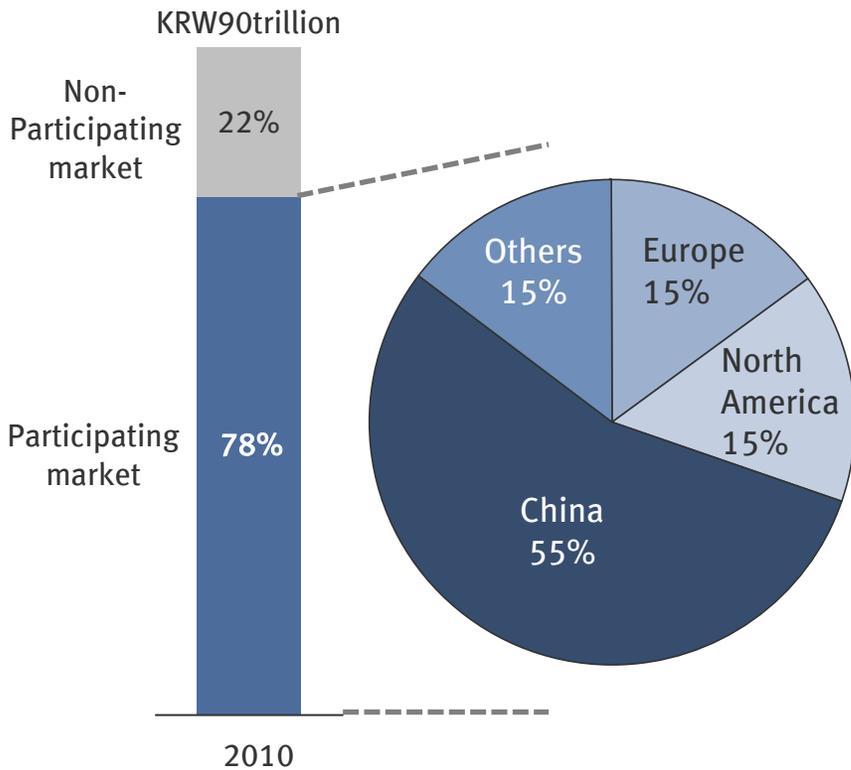
(Unit : KRW trillion)



Competitiveness via well-balanced regional portfolio

- Product portfolio covers 78% of the global construction equipment market.
- We also have a relatively well-balanced regional portfolio compared to our global peers.

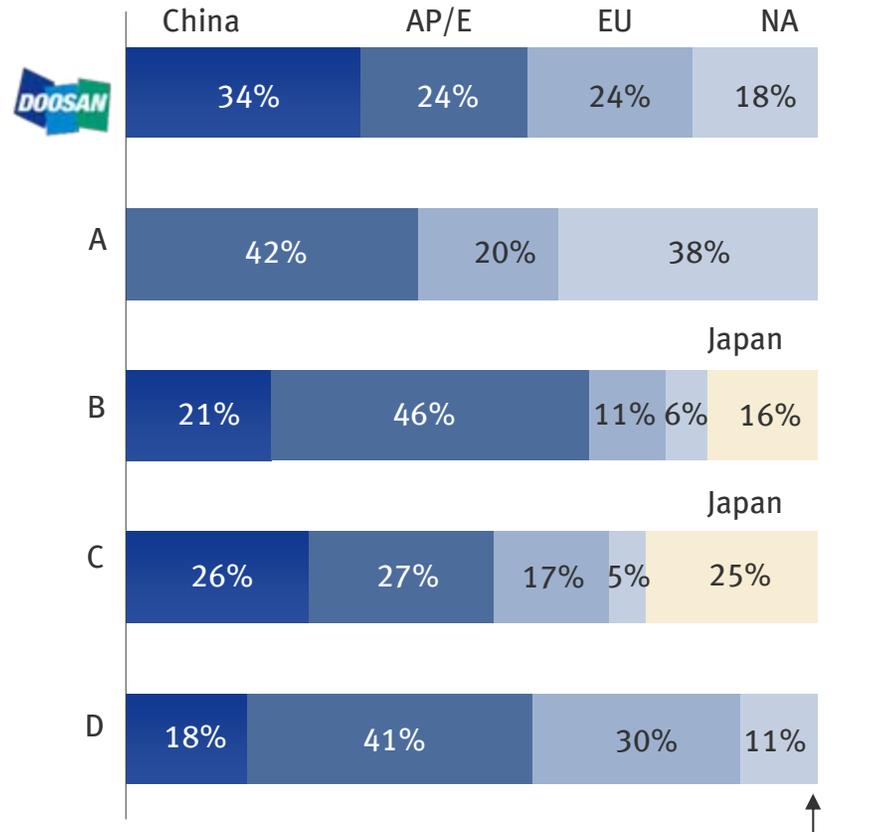
Construction equipment market breakdown



* Source: Off-highway

** Participating market: excavator, wheel loader, SSL, TLS, ADT

% of sales by peer/region

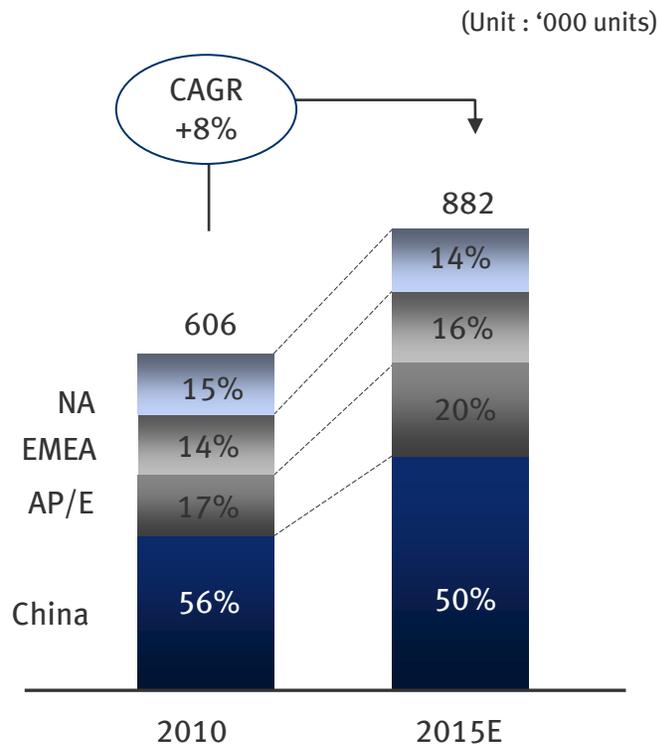


* Source: Bloomberg, Annual report, DI CE finance

China : Leading position in the biggest market

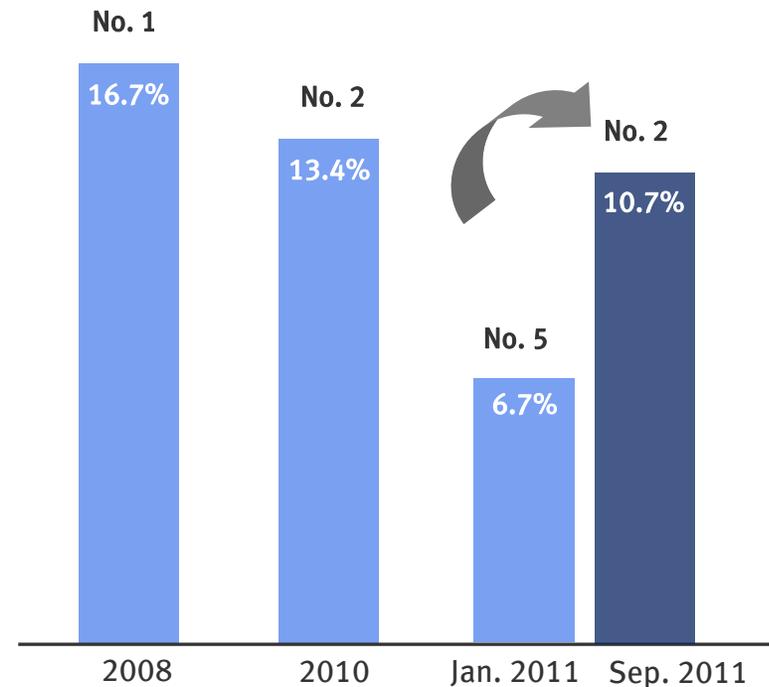
- We remain in the leading position based on differentiated product support and dealer capability in China, which is the largest construction equipment market in the world (accounts for 50% of the global market).
- In particular, we have quickly recovered to the No. 2 market share position, up from No. 5 earlier this year.

Market size & growth outlook by region



Source: Global Insight, Company estimates

Excavator market share trend in China

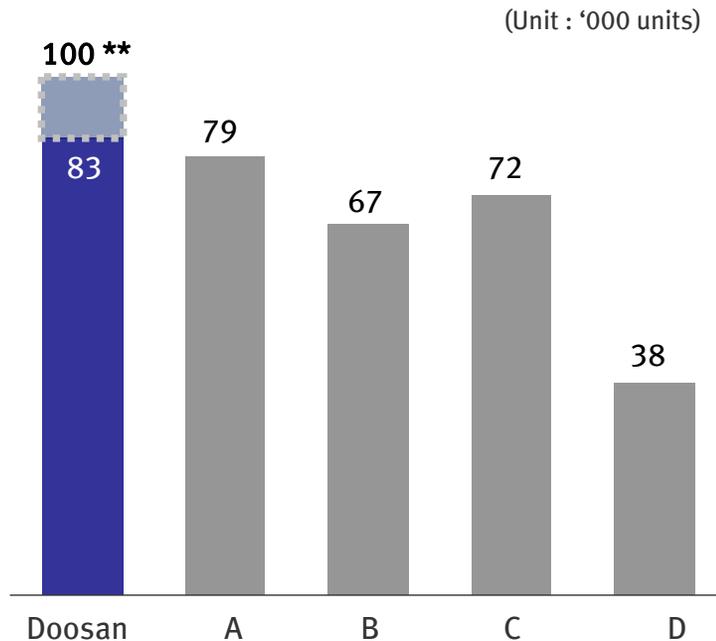


Source: CCMA(China Construction Machinery Association)

Stronger after market biz in China to boost profitability

- With the largest cumulative excavator sales in China (cumulative sales of more than 100,000 units), we plan to launch the after market business in full swing.
- To provide differentiated after service and develop the after market business, we will establish a comprehensive operating center with an integrated R&D function.
- As a result, we project sales contribution from after market business to rise from current 5% to 11% by 2015.

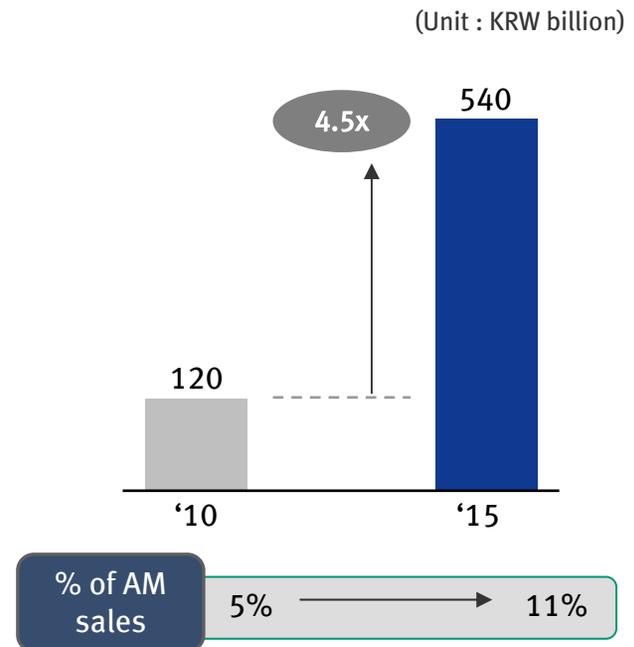
Cumulative excavator sales in China (2003-2010)



* Source: CCMA

** Based on cumulative data, Includes data before 2003

After market business outlook in 2015

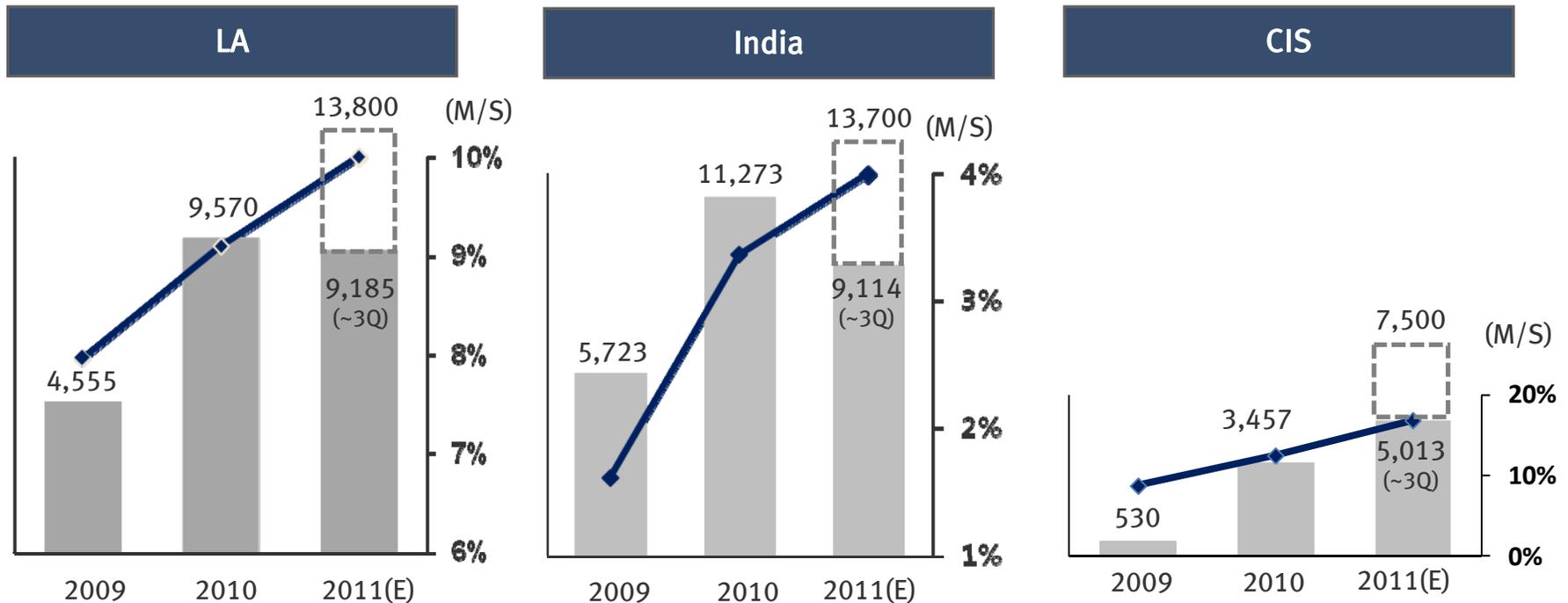


Emerging market : growth via local production

- Market share in key emerging markets such as Latin America, India and CIS is on the rise thanks to faster-than-market growth over the past 3 years.
- We plan to further penetrate into the emerging markets with construction of local production plants, our first initiative being the Brazilian plant construction.
- Impact from Brazil (1,500 units, completion in 2012) : cost reduction incl. 21% savings in tariff/customs duty, market share target of 20%

Enhanced positioning in excavator market in Asia Pacific/Emerging markets

(Unit : units)



Source: AEM, AP/E sales

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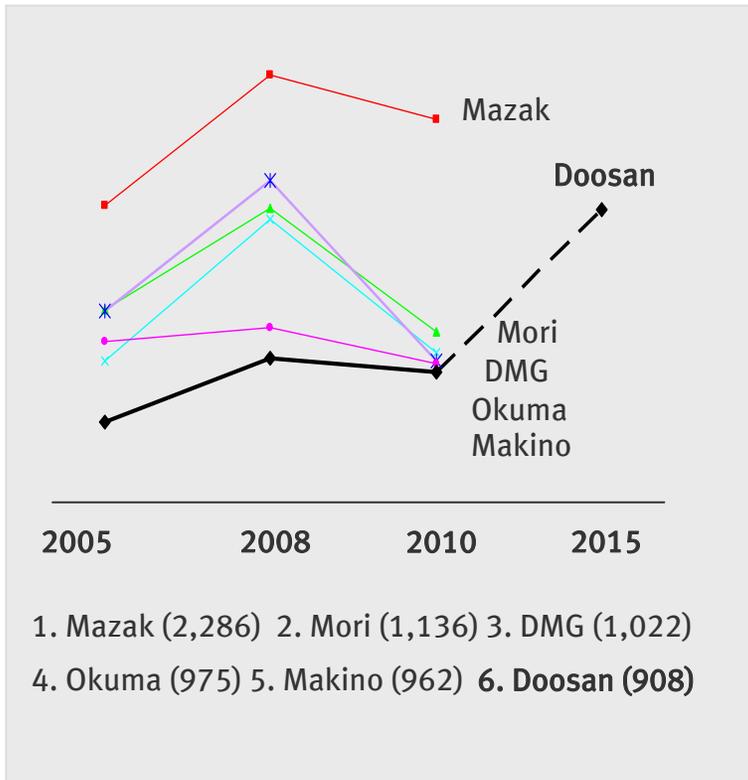
3 Growth Strategy by Division
- Machine Tools

Vision : Global top 3 in machine tools

- Machine tools division currently holds the global No. 6 position and continues to narrow the gap with leading players.
- We plan to become the No. 3 player going forward as we successfully execute our strategies to diversify our product line-up, further penetrate into high growth regions, enter new demand industries and strengthen our internal capabilities.

Global market trend

(Unit : US\$ million)



Global Top 3 in Machine tools

Key strategic direction and vision

Wider product offering

Stronger internal capabilities

Enter new demand industries

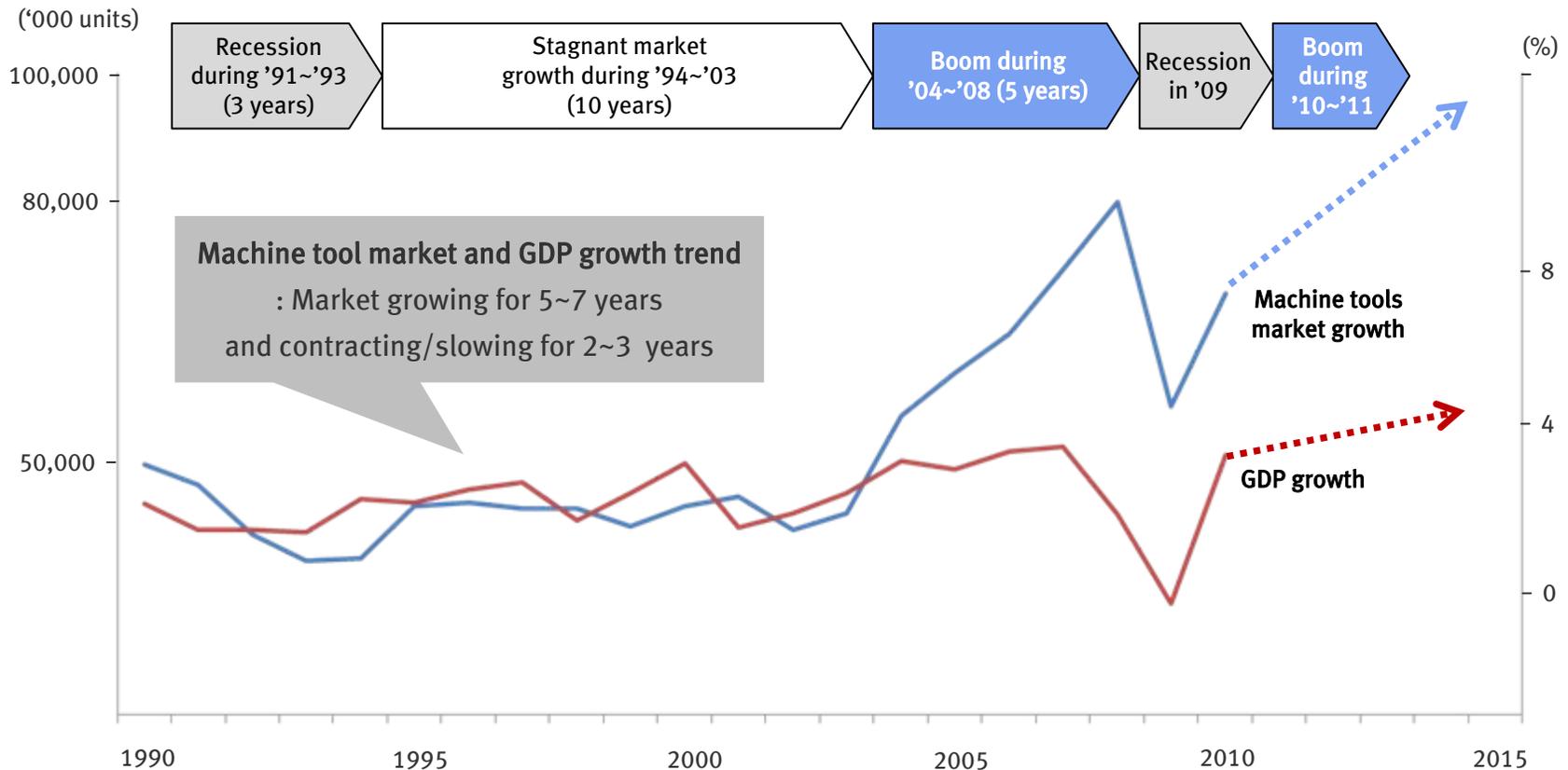
Enter high growth regions

- Continuously expand our product line-up
- Maximize sales by penetrating into high growth markets such as China and developed markets
- Expand into new demand industries (e.g. from automobile to aerospace/energy industries)

Global machine tool market outlook to beat GDP growth

- In the past, the machine tools market trended similar to the GDP growth.
- Going forward, we expect the machine tools market to exceed GDP growth, as China and emerging markets become the hub of global production.

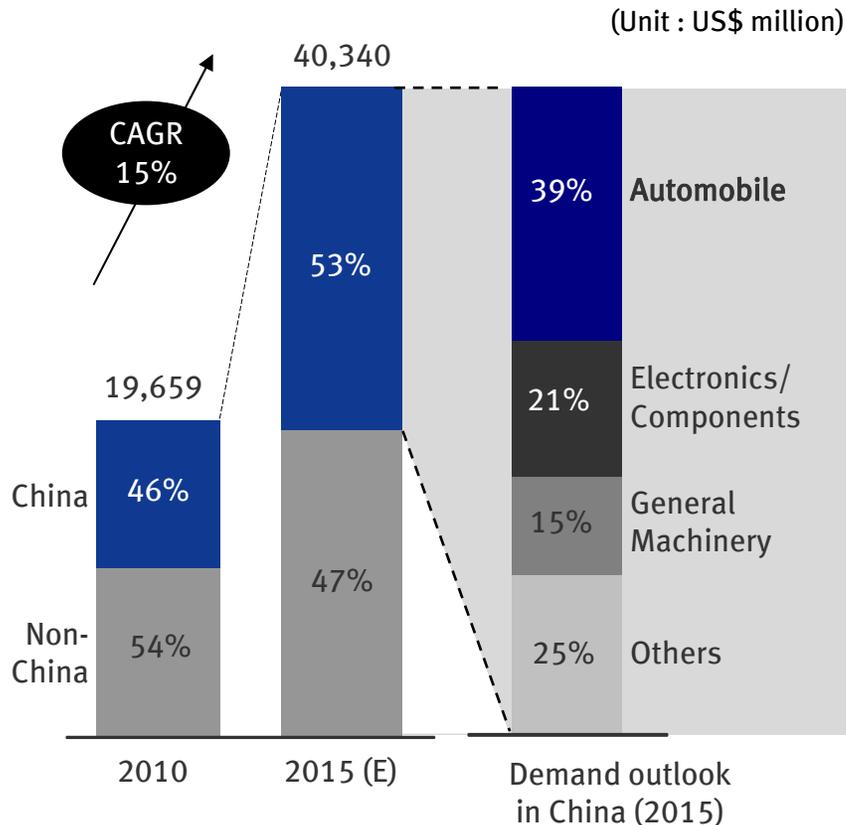
Machine tools market and GDP growth outlook



Capturing competitiveness in growth regions/industries

- China should account for 53% of the global market by 2015 and we expect our sales contribution from China to also quickly rise from the current 23%.
- Backed by our competitiveness in the largest demand industry – namely the automobile industry, we expect to exceed the machine tools market growth in the future.

Outlook for the global machine tools market



DI's breakdown by regional/industry

