



Doosan Infracore

Doosan Infracore

2021 1Q Earnings Release

April 2021



Disclaimer

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.

While the statements in this presentation represent our current assumptions plans and expectations and we believe these judgments are reasonable they are not guarantees of future performance and involve known and unknown risks uncertainties such as FX & raw material costs and other factors that may cause actual results to differ materially from the results performance achievements or financial position expressed or implied in this presentation.

This presentation is provided only as a reference material. It does not constitute or form part of an offer, invitation or recommendation to purchase any securities. Doosan Infracore assumes no responsibility for investment decisions. We trust your decisions will be based on your own independent judgment.

Table of Contents

1 1Q21 Results

2 Highlights

1Q21 Results

- Despite the resurgence of COVID-19, sales increased +24% YoY as demand for construction equipment recovered thanks to global infrastructure investment and raw material price hike.
- EBIT improved +63% YoY due to sales growth in all regions, operating leverage stemming from volume growth, and price realization in certain markets.

Income Statement

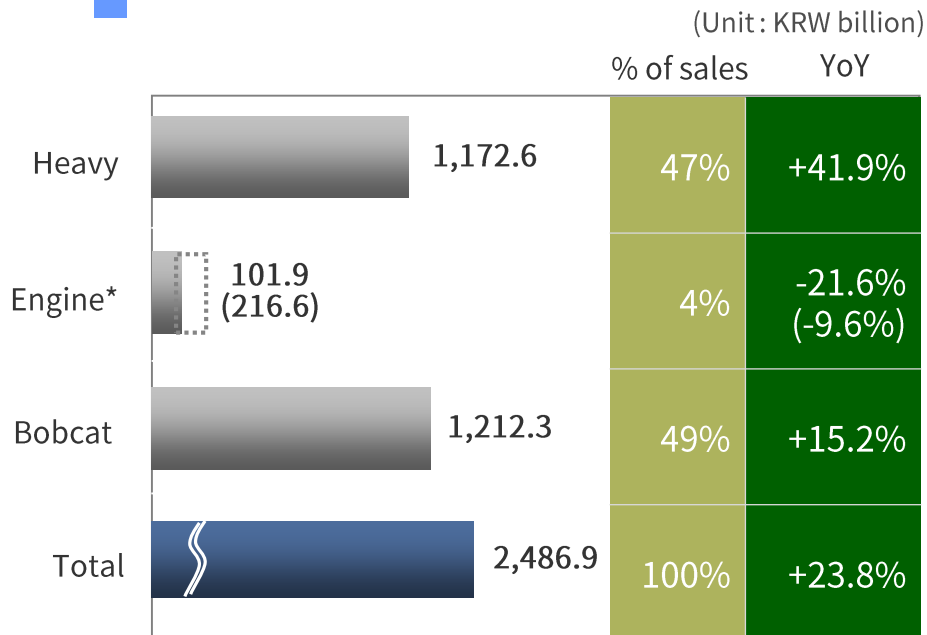
(Unit : KRW billion)

| | 1Q20 | 4Q20 | 1Q21 | YoY | QoQ |
|----------------------|---------|---------|---------|---------|---------|
| Sales | 2,009.3 | 2,020.8 | 2,486.9 | +23.8% | +23.1% |
| EBIT | 181.0 | 147.2 | 295.4 | +63.2% | +100.7% |
| EBIT margin(%) | 9.0% | 7.3% | 11.9% | +2.9%p | +4.6%p |
| (Net Financial Cost) | 39.8 | 36.3 | 36.1 | -9.2% | -0.5% |
| (F/X gains/losses) | 3.0 | -9.0 | 7.0 | +133.2% | - |
| Pretax Profit | 125.8 | 89.2 | 285.6 | +127.0% | +220.0% |
| Net Profit | 74.6 | 50.2 | 187.3 | +151.0% | +272.7% |

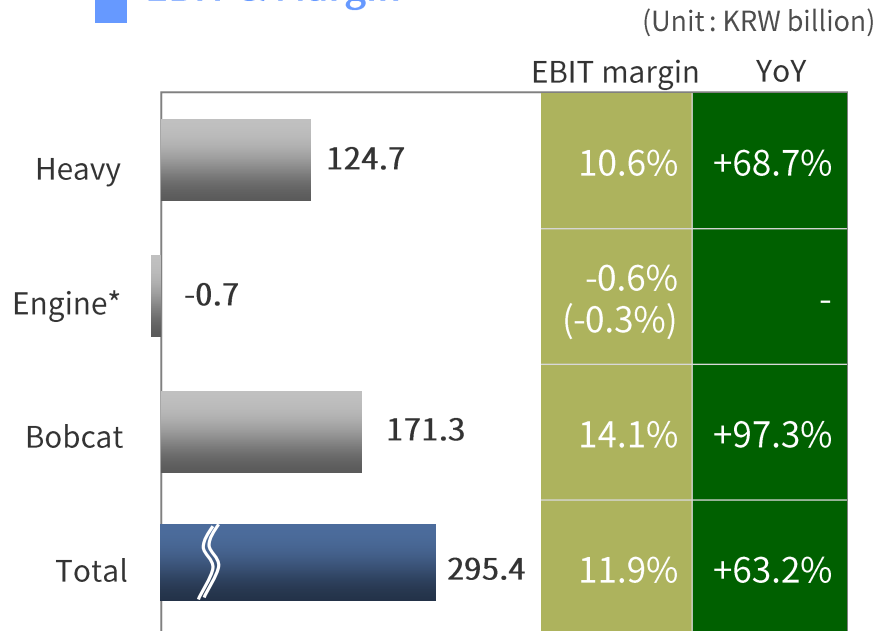
1Q21 Sales & EBIT by division

- Heavy : Sales and EBIT surged due to increased demand from infrastructure investment and raw material price recovery.
- Engine : Although demand for external engines such as generator and vehicle engines was slow to recover, we expect demand to pick up from 2Q thanks to 1) demand from Heavy business /Bobcat and 2) steady recovery in oil prices.
- Bobcat : Revenue and EBIT improved in line with global economic recovery.

Sales



EBIT & Margin



Note : Sales breakdown based on 3rd party revenue

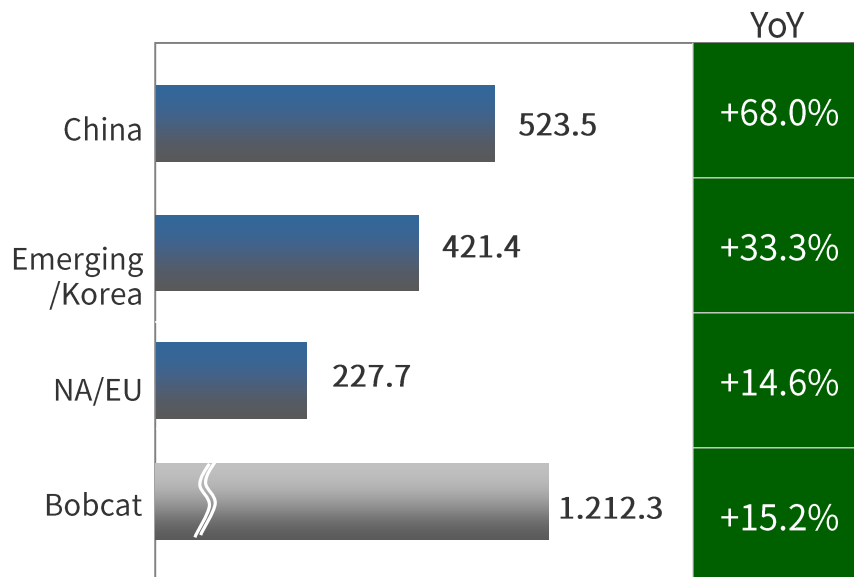
* Numbers in parenthesis are based on total sales of engine business, which includes internal sales

Regional breakdown (Construction equipment)

- China : Sales increased substantially in 1Q thanks to continued infrastructure investment and replacement demand.
- Emerging/Korea : Sales increased due to visible demand recovery in all regions, while profitability also improved as a result of price realization.
- NA/EU : Sales grew in line with demand growth, and we continued to enhance market presence via our efforts to strengthen channel competitiveness.

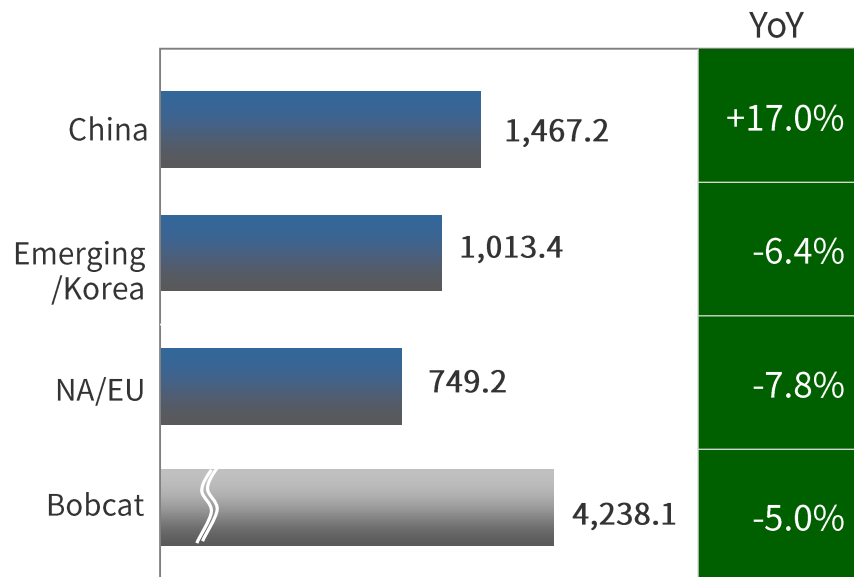
CE regional breakdown (1Q21)

(Unit : KRW billion)



CE regional breakdown (2020)

(Unit : KRW billion)



Financial structure

- Net debt decreased by KRW 274.5 bn compared to end-2020 thanks to increased profits. (Net debt to equity ratio improved by 9.5%p compared to end-2020).

Balance Sheet

(Unit : KRW billion)

| | 2019 | 2020 | 1Q21 | Compared to 2020 |
|----------------------------|----------|----------|----------|------------------|
| Current Assets | 4,304.9 | 5,049.6 | 6,001.1 | +951.5 |
| Fixed Assets | 7,033.7 | 6,977.3 | 7,175.5 | +198.2 |
| Total Assets | 11,338.6 | 12,026.9 | 13,176.6 | +1,149.7 |
| Total liabilities | 7,071.0 | 7,537.9 | 8,357.1 | +819.2 |
| - Net Debt | 3,022.7 | 2,505.5 | 2,231.0 | -274.5 |
| Total shareholder's Equity | 4,267.6 | 4,489.0 | 4,819.5 | +330.5 |
| Liabilities/Equity Ratio | 165.7% | 167.9% | 173.4% | +5.5%p |
| Net Debt/Equity Ratio | 70.8% | 55.8% | 46.3% | -9.5%p |

Table of Contents

1 1Q21 Results

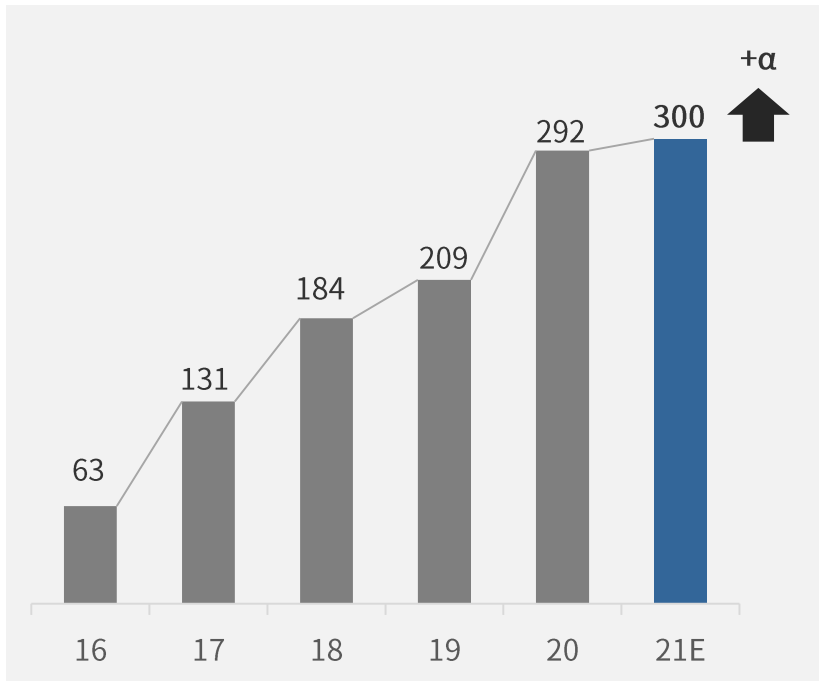
2 Highlights

Heavy (China)

- Market recorded historic-high sales volume in 1Q on the back of Chinese government's continued fiscal investment and replacement demand.
- Considering the raw material price trend and stronger environmental regulation slated for next year, we continue to expect solid demand in 2021.
- We have consistently gained market share amongst foreign brands, while endeavoring to minimize the risk of sales receivables and maintain stable cash flow.

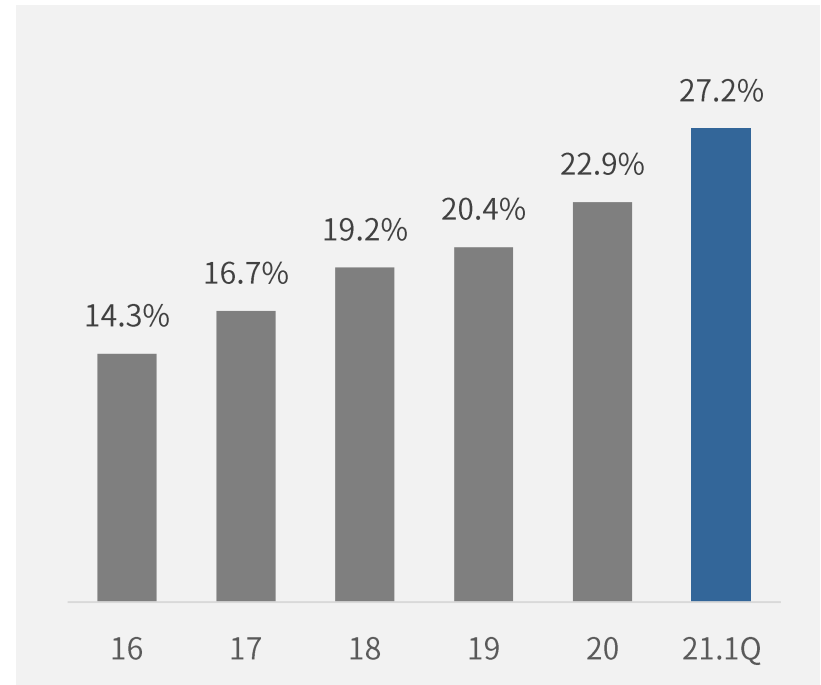
Market outlook for China

(Unit : 1000 units)



* Source: CCMA

DI's market share within foreign brands



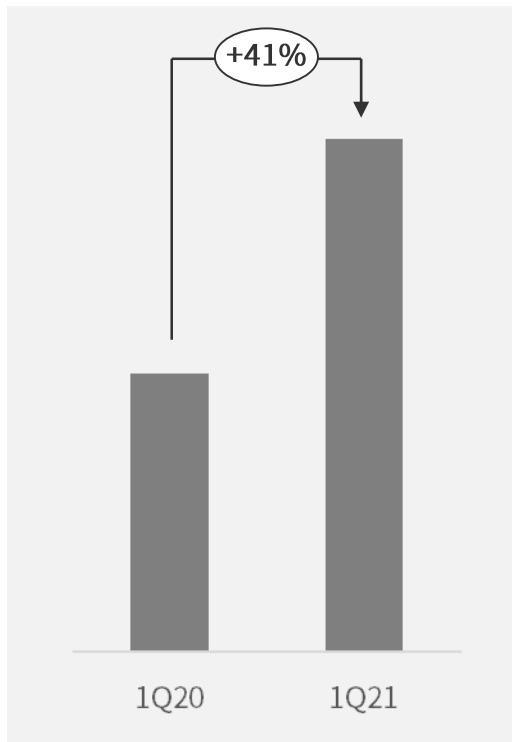
* Source: CCMA

Heavy (Emerging/Korea)

- Market is quickly making up for last year's loss in market volume experienced due to COVID-19. We continue to expect steady demand thanks to government-led infrastructure investment and increase in raw material prices after 2Q.
- DI captured demand in emerging markets through increased sales activities for fleet orders and efforts to enhance product competitiveness. Profitability is also improving substantially in line with volume growth and price realization.

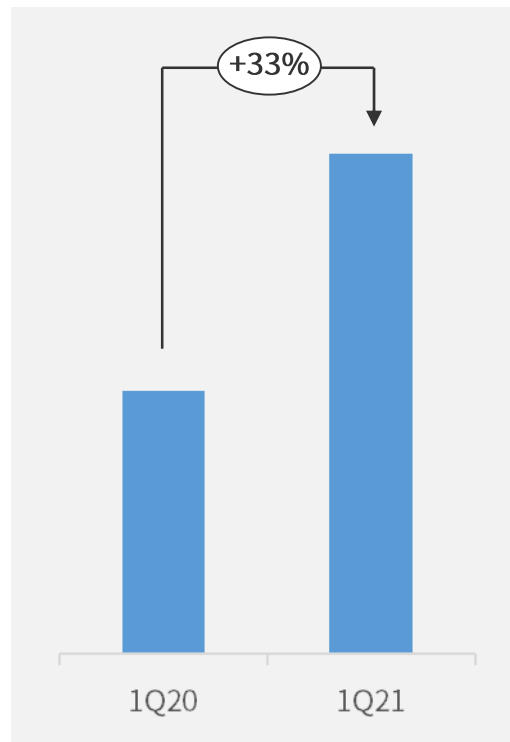
Market Trend

(Unit : units, YoY)

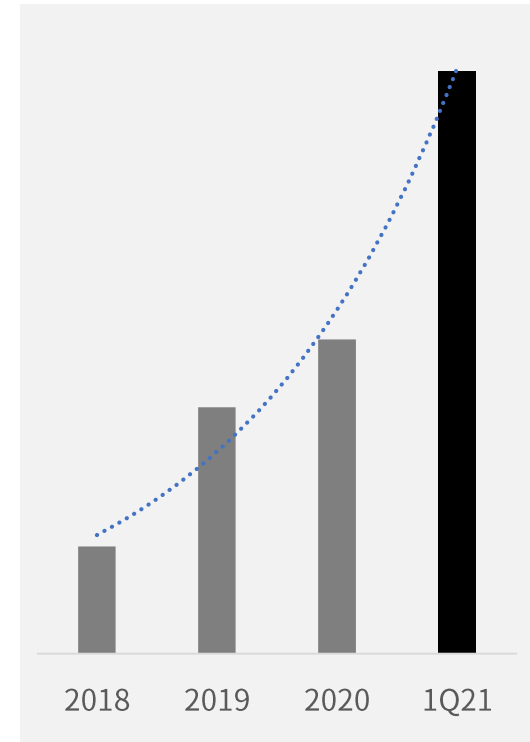


DI's sales

(YoY)



DI's profitability trend

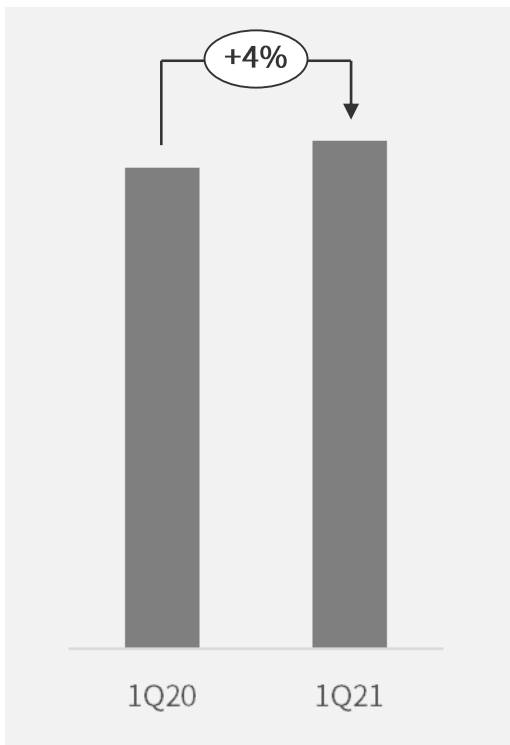


Heavy (Developed Markets)

- While recovery in EU was somewhat delayed, North America started its rebound as vaccination is becoming widely available and expectation exists for Biden's stimulus measures as well as recovery in construction cycle.
- We expanded our market share thanks to 1) enhanced channel competitiveness and 1) efforts to win key account orders. Going forward, we anticipate full-fledged market recovery from 2H.

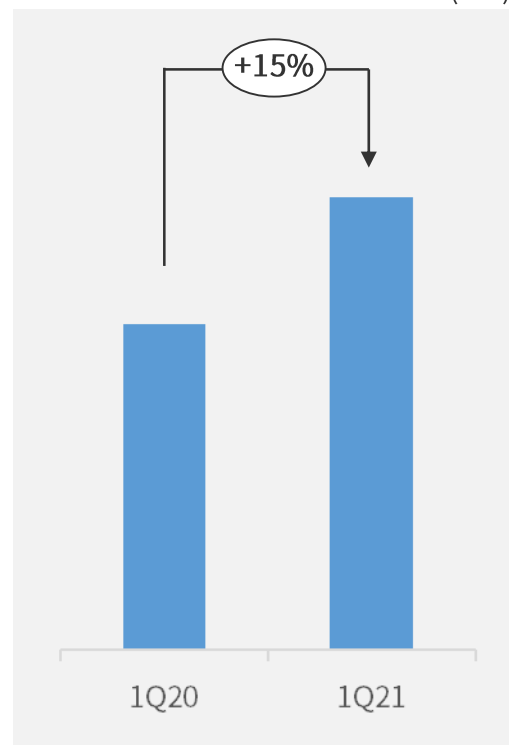
Market Trend

(Unit : units, YoY)

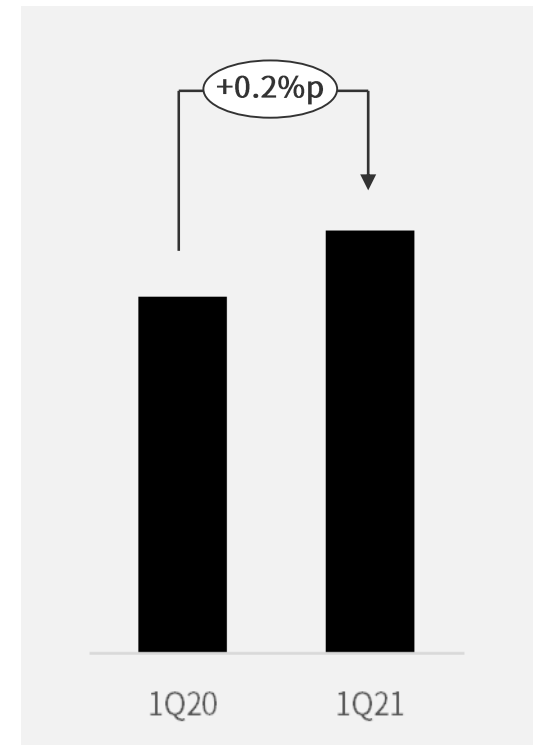


DI's sales

(YoY)



DI's market share





- What is a wheel loader with “transparent bucket”?

: Transparent bucket is a system that allows the driver of a wheel loader to see blind spots in front of the bucket through the monitor in the cockpit. The innovative system records images in front of the wheel loader with cameras installed at the top and bottom and shows the combined images in real time using a curved projection method.

: As a result, the driver can easily check the blind spot in front of the bucket to prevent safety accidents. It can also significantly improve work efficiency by allowing the driver to have the view in front of the bucket while loading/unloading work or carrying soil and sand.



- In line with the global trend in construction equipment, we are securing future growth technologies by developing solutions for electrification and digitalization such as Hybrid Powertrain and E-Powerpack.



E-Powerpack



Hybrid Powertrain

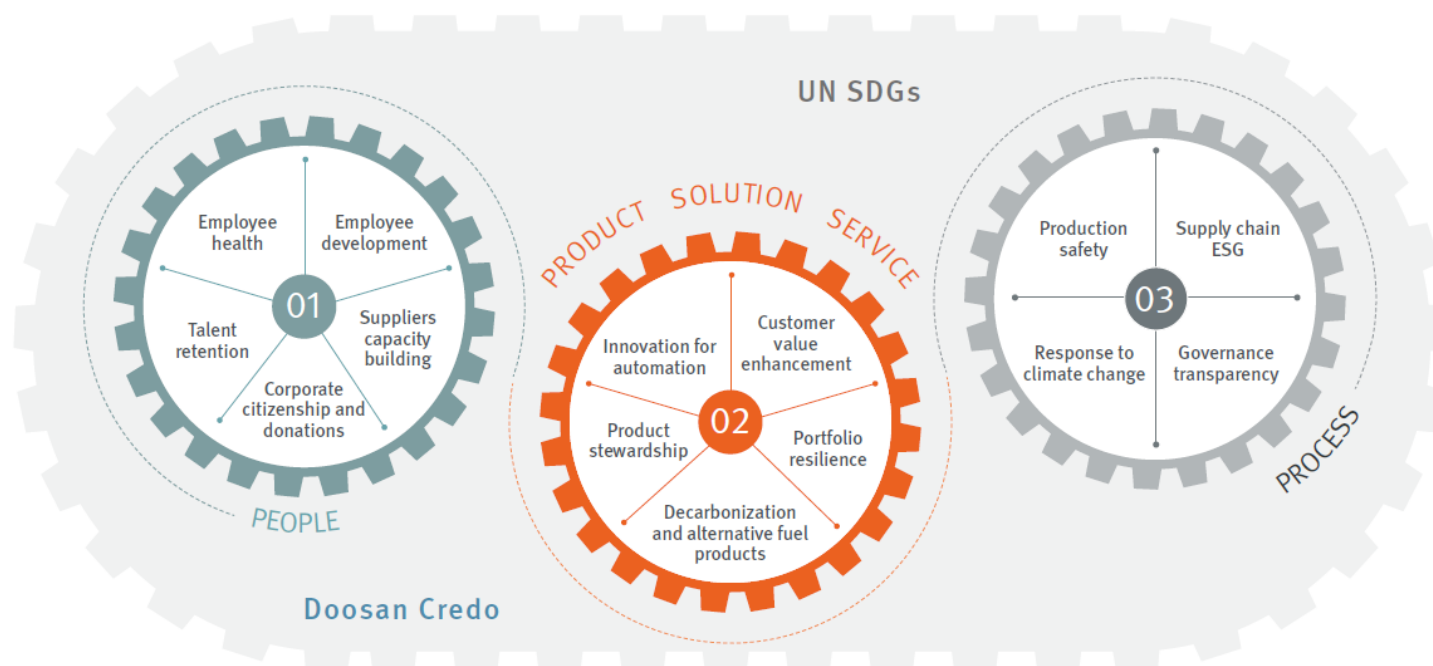
* Hybrid engine combines existing internal combustion engine with supporting motor, while E-Powerpack implies a system that excludes internal combustion engine and operates all its applications with only electricity.

* Stages of electrification : Internal combustion engines → Mild Hybrid → Full Hybrid → Full Electric Vehicle

* E-Powerpack consists of a motor to move the hydraulic motor(or pump), an inverter that controls the motor, and a battery pack that powers the motor.

- ✓ In conducting business, [Doosan Infracore](#) recognizes the importance of non-financial performance that impacts enterprise value and [pursues sustainable growth that generates not only financial but also social and environmental values](#).
- ✓ In recent years, disclosure of ESG information has become increasingly important. As such, Doosan Infracore plans to communicate ESG related activities with stakeholders not only through its Integrated Report but also through IR materials.
- ✓ Going forward, Doosan Infracore plans to disclose quantitative data on social as well as environmental targets and achievements.

- Doosan Infracore launched “Sustainable Value Framework,” describing its mid- to long-term ESG strategies and objectives, as a way to manage financial and non-financial performance in an integrated manner.
- We have derived a framework consisting of 3 areas (People, Product/Solution/ Service, Process) and 14 indices.
- Doosan Infracore will continue to disclose such performance results through 2025.



Details on Doosan Infracore’s Sustainable Value Framework are available on our website (www.doosaninfracore.com/en/integrated).



- Operates an ESG Committee
 - Chaired by the CEO and top management participates as committee members
 - Reports the progress and measures taken on ESG issues
- Listed in DJSI Korea for 11 consecutive years (machine and electric equipment category), Rated Class A in the ESG Evaluation by Korea Corporate Governance Service for 10 consecutive years, Rated Class A by Sustainvest



- Certification on Environment · Health
 - : Established integrated environment and health management system and earned international standards such as ISO 14001 and 45001
- Established integrated IoT-based monitoring system to reduce environmental risks
 - : Sensors within the production facility monitor environmental information in real-time and forecast the environmental impact through collection and analysis of big data
- Obtained Safety Zone Certification at Incheon plant for 3 consecutive times (first in the machine industry)



- Declared Human Rights Policy jointly with our labor union. We also conduct regular on-line education programs for management and employees on human rights.
- We nurture 'Leading Suppliers' based on DSEP(Doosan Supplier Excellence Program) to enhance our suppliers' competitiveness.
- Support local communities amidst COVID-19
 - : We provided facial masks for the underprivileged in local communities and continued untact-based volunteer activity as well as providing construction equipment/operators/ service teams to build a hospital in Wuhan (China)

- Headed by the CEO, our ESG Committee manages and monitors risks and opportunities related to ESG issues.
- **ESG Strategic Task Management**
 - : Pursues strategic tasks to enhance the overall quality of ESG issues
 - : We have undertaken 8 strategic initiatives on human rights, environment, supply chain, product quality and innovation in 2020, and currently operate 9 strategic initiatives in 2021.



¹⁾ HRM: Human Resource Management, ²⁾ HRD: Human Resource Development, ³⁾ EHS: Environment, Health & Safety

[Appendix] Business segment information

• China monthly sales volume & market share

(Unit : unit)

| | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 2018 | Market | 9,547 | 9,723 | 36,643 | 25,034 | 17,780 | 12,449 | 9,316 | 10,087 | 11,702 | 13,490 | 14,150 | 14,269 | 184,190 |
| | DI | 710 | 1,018 | 3,288 | 2,180 | 1,595 | 1,314 | 613 | 683 | 860 | 991 | 1,082 | 1,293 | 15,630 |
| | M/S | 7.4% | 10.5% | 9.0% | 8.7% | 9.0% | 10.6% | 6.6% | 6.8% | 7.3% | 7.3% | 7.6% | 9.1% | 8.5% |
| 2019 | Market | 10,134 | 17,266 | 41,884 | 26,342 | 16,717 | 12,409 | 10,171 | 11,536 | 13,162 | 14,869 | 17,149 | 17,230 | 208,869 |
| | DI | 701 | 1,603 | 3,439 | 1,802 | 1,088 | 1,074 | 539 | 629 | 969 | 1,041 | 1,262 | 1,123 | 15,270 |
| | M/S | 6.9% | 9.3% | 8.2% | 6.8% | 6.5% | 8.7% | 5.3% | 5.5% | 7.4% | 7.0% | 7.4% | 6.5% | 7.3% |
| 2020 | Market | 7,749 | 6,893 | 46,201 | 43,367 | 29,513 | 21,724 | 16,243 | 18,067 | 22,578 | 23,872 | 28,830 | 27,314 | 292,351 |
| | DI | 370 | 482 | 3,151 | 3,239 | 2,166 | 1,320 | 943 | 1,126 | 1,551 | 1,418 | 1,692 | 1,228 | 18,686 |
| | M/S | 4.8% | 7.0% | 6.8% | 7.5% | 7.3% | 6.1% | 5.8% | 6.2% | 6.9% | 5.9% | 5.9% | 4.5% | 6.4% |
| 2021 | Market | 16,019 | 24,547 | 72,977 | | | | | | | | | | 113,543 |
| | DI | 807 | 1,754 | 4,591 | | | | | | | | | | 7,152 |
| | M/S | 5.0% | 7.1% | 6.3% | | | | | | | | | | 6.3% |

• Construction Equipment : Regional sales breakdown

(Unit : KRW billion)

| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 2020 | YoY | 1Q21 | YoY |
|----------------|---------|---------|---------|---------|---------|--------|---------|--------|
| China | 311.5 | 527.5 | 308.9 | 319.2 | 1,467.2 | +17.0% | 523.5 | +68.0% |
| Emerging/Korea | 316.2 | 225.5 | 234.4 | 237.3 | 1,013.4 | -6.4% | 421.4 | +33.3% |
| NA/EU | 198.7 | 181.1 | 197.5 | 171.9 | 749.2 | -7.8% | 227.7 | +14.6% |
| Bobcat | 1,052.8 | 952.0 | 1,073.6 | 1,159.7 | 4,238.1 | -5.0% | 1,212.3 | +15.2% |
| Total | 1,879.3 | 1,886.1 | 1,814.4 | 1,888.1 | 7,467.9 | -1.8% | 2,384.9 | +26.9% |