



Doosan Infracore

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2012 3Q Investor Meeting

Oct 2012



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.

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3Q12 Results

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3Q12 Highlights

3Q12 results *

- Although sales growth at DII remained firm, total sales declined marginally YoY due to the slowing global economy and resultant weaknesses in China and Europe.
- EBIT declined sharply in line with the sluggish performance in high-margin markets such as China.
- Net profit improved on the back of F/X gains and impact from deferred tax assets.

Results

(Unit : KRW billion)

	3Q11	4Q11	1Q12	2Q12	3Q12	YoY	QoQ
Sales	1,947.0	2,040.5	2,190.3	2,332.7	1,859.4	-4.5%	-20.3%
EBIT**	150.3	93.9	175.4	155.8	31.4	-79.1%	-79.8%
EBIT margin (%)	7.7%	4.6%	8.0%	6.7%	1.7%	-6.0%p	-5.0%p
(Net Financial Cost)	88.7	87.5	87.2	95.1	91.3	+2.9%	-4.0%
(F/X gains/losses)	-66.9	-12.0	36.3	-54.8	62.3		
Income Tax***	-7.2	+2.3	+52.3	-197.9	-25.4		
Net Profit	5.2	-13.8	70.5	204.8	24.1	363.5%	-88.2%

* Figures are based on consolidated K-IFRS.

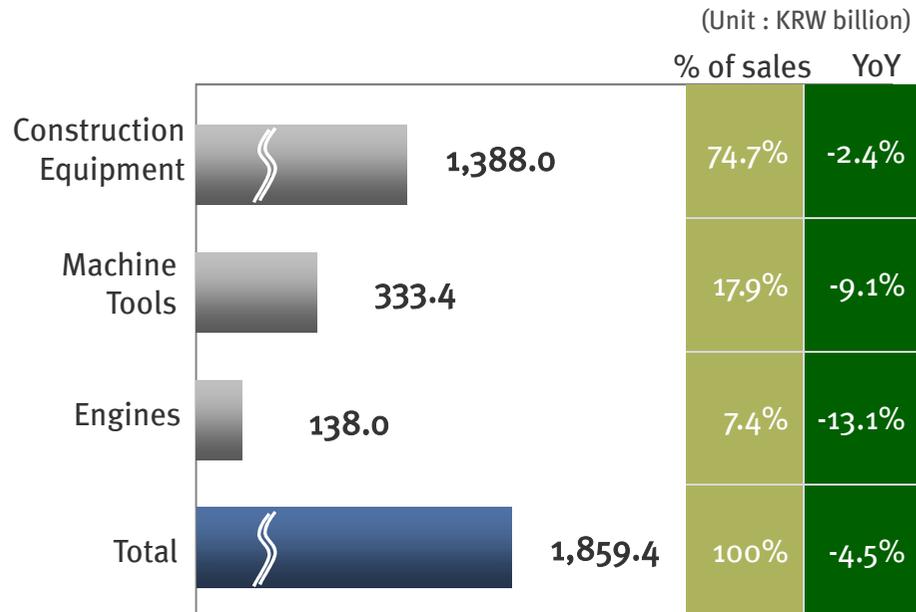
** 2012 EBIT is subject to change with the revision of K-IFRS by Financial Services Commission regarding the calculation policy for operating profit.

*** Impact from deferred tax asset refers to inclusion of the put option related interest expenses as deductible expenses.

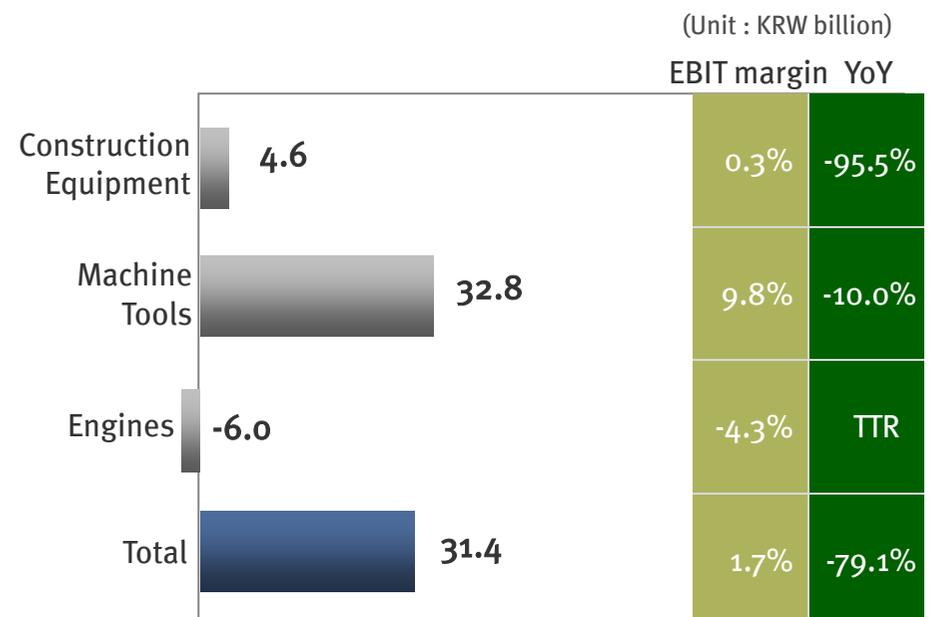
3Q12 divisional sales & EBIT *

- The weakness in construction equipment division results from slowing excavator sales in China, deterioration of the economy in Europe and a decrease in the number of working days due to DII's summer holidays.
- Sales and EBIT of the machine tools division fell 9.1% and 10.0% year-on-year, respectively, as purchasing decisions were delayed before the International Manufacturing Technology Show (IMTS) in Chicago.

Sales



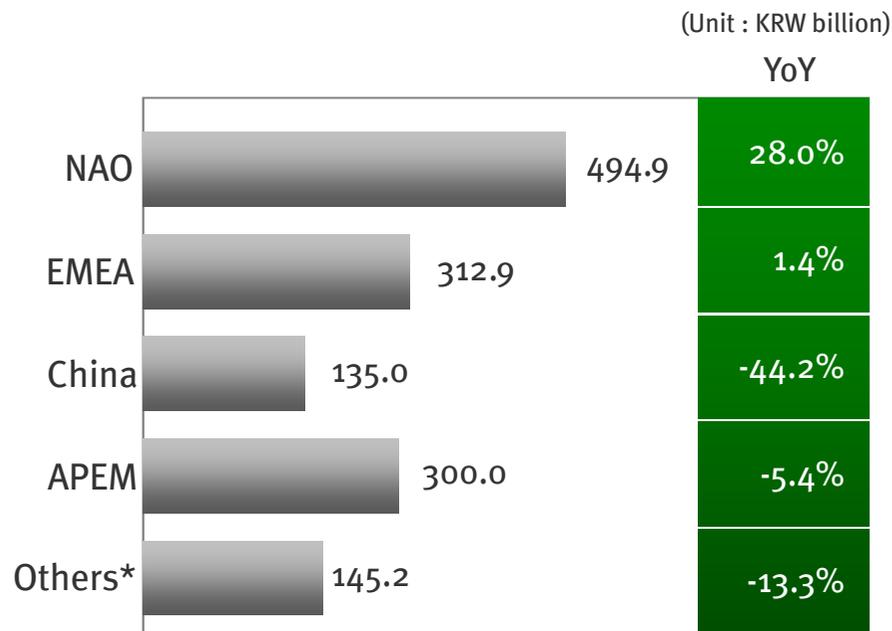
EBIT & Margin



3Q12 construction equipment BG details

- Business conditions deteriorated in most regions except for North America.
- EBIT at DII declined year-on-year due to the weak performance in EMEA. However, sales grew during the same timeframe thanks to favorable trends in North America.

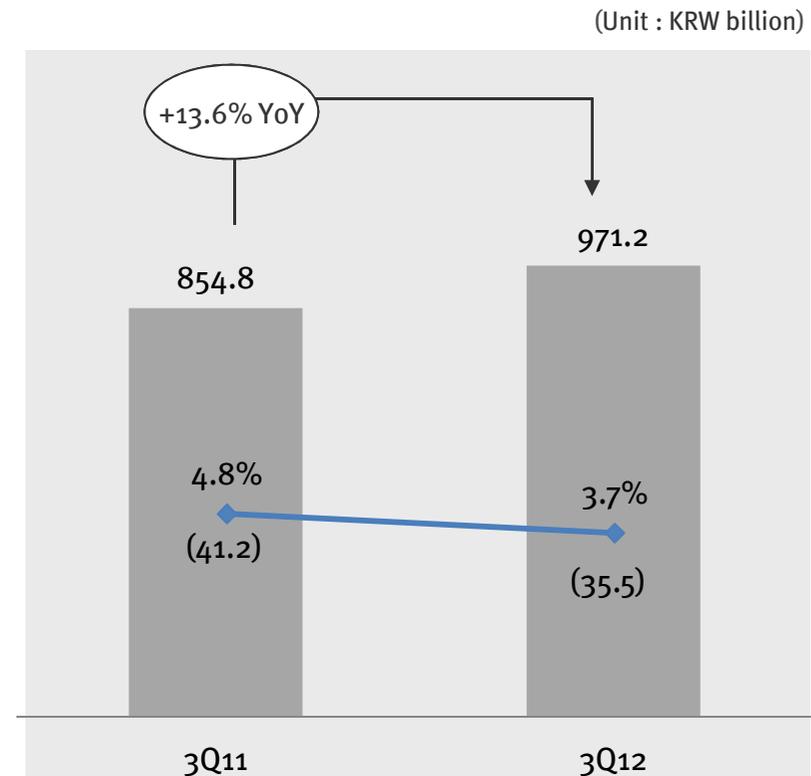
3Q12 Regional Breakdown



* DIPP, ADT, HQ sales

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

DII's 3Q12 Sales & EBIT



Financial structure *

- Debt-to-equity ratio is expected to decline from 376%(at end-3Q12) to 302% after the hybrid bond issuance.
- Net debt decreased relative to 2Q12 thanks to the Won's strength and resultant impact on foreign-currency denominated debts.
- We anticipate interest expense savings of around W6obn annually after the successful refinancing.

Balance Sheet

(Unit : KRW billion)

	2010	2011	2Q11	3Q12	YoY(amount)
Current Assets	3,855.7	4,232.5	4,573.7	4,442.9	-130.8
Fixed Assets	7,155.9	7,471.2	7,663.4	7,637.2	-26.2
Total Assets	11,011.6	11,703.7	12,237.1	12,080.1	-157.0
Total Liabilities	9,254.1	9,418.5	9,674.7	9,543.1	-131.6
- Net Debt	5,548.5	5,344.4	5,777.6	5,668.5	-109.1
Total Shareholders' Equity	1,757.5	2,285.2	2,562.4	2,537.0	-25.4
Liabilities/Equity Ratio	526.5%	412.2%	377.6%	376.2%	-1.4%p

* Figures are based on consolidated K-IFRS

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3Q12 Results

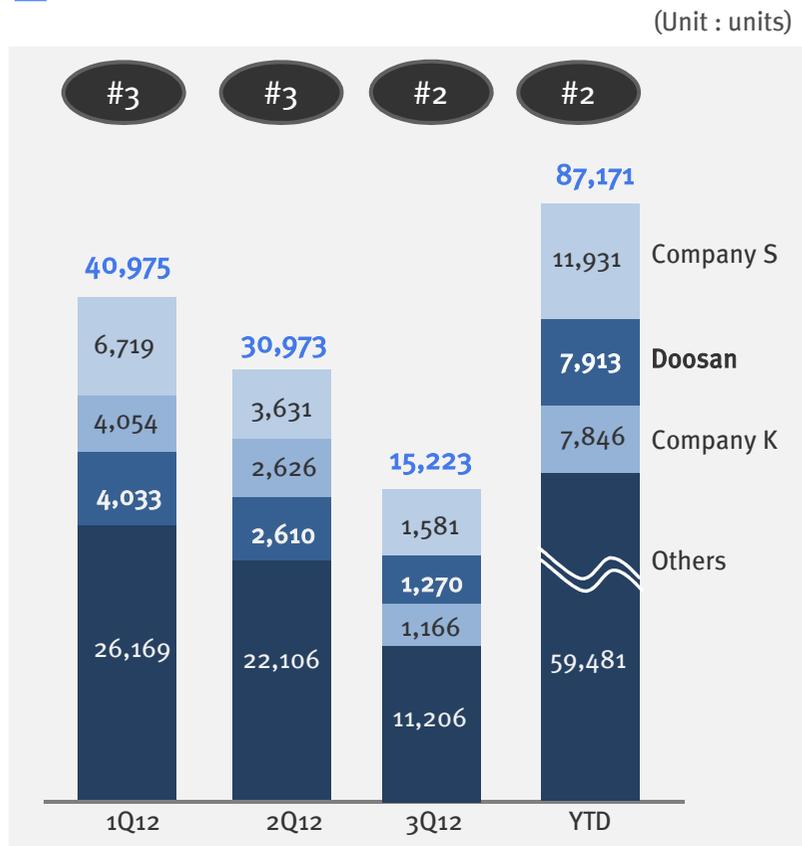
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3Q12 Highlights

Construction Equipment : Weak China but market share still no. 2

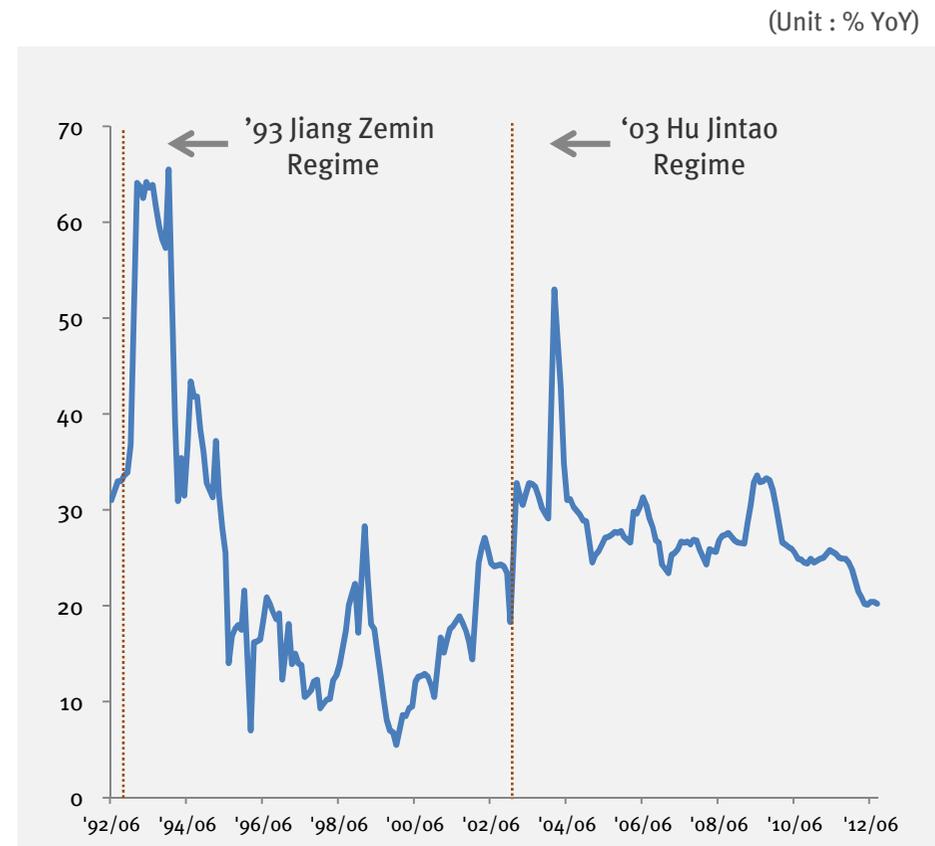
- Despite the seasonality and weak demand in China, we remained competitive with No. 2 market share.
- Although near-term recovery is not likely, we expect demand to recover once the change in government leads to full-fledged implementation of development policies.

Quarterly Sales Volume & Ranking



Source : CCMA

Fixed Asset Investment Trend in China



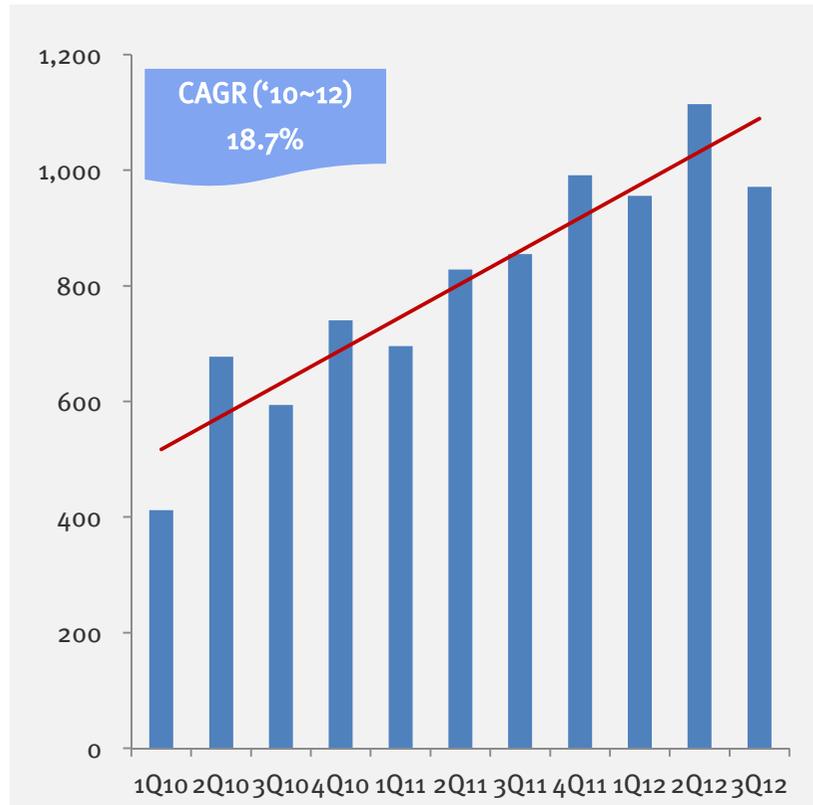
Source : Bloomberg

Construction Equipment : Continued growth in DII thanks to US

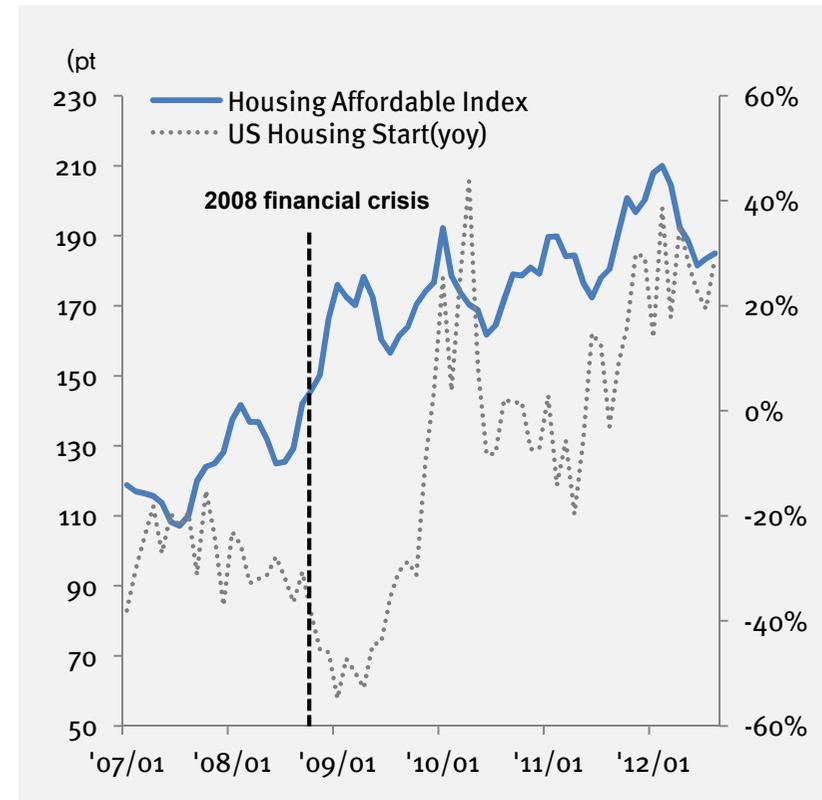
- Although Europe remained weak, DII's growth continued to be relatively stable on the back of the expansion of manufacturing facilities along with improvement in the construction environment in North America.

DII Sales & Annual Growth Rate

(Unit : KRW billion)



US Housing Purchasing & Housing Start

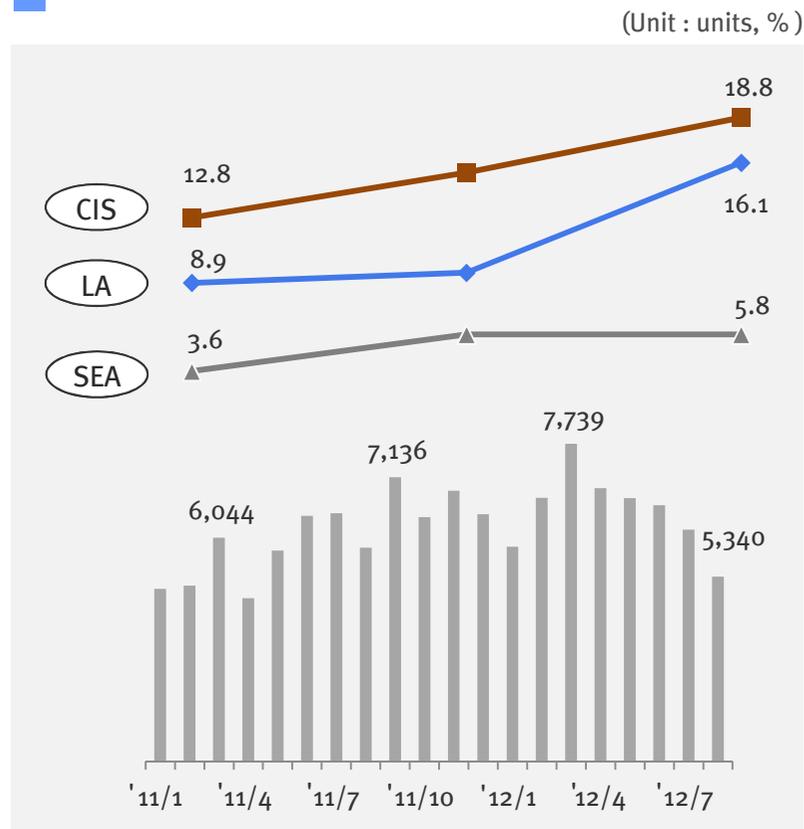


Source : Bloomberg

Construction Equipment : Competitiveness in emerging markets

- Growth slowed in emerging markets as the weak global demand led to the fall in commodity prices.
- Nonetheless, our market share continued to rise as we strategically focused on key markets such as Brazil.
- Going forward, we will strengthen our competitiveness with the completion of our Brazilian plant at end-2012.

Market Size* & Market Share** Trend



* Based on HEX, MEX, WLD, SSL market of Latin America, CIS, Southeast Asia
 ** Year-to-date market share data as of Aug 2012

Strategies to Enhance Fundamental Competitiveness

Impact from Brazilian plant

- Enhanced cost competitiveness stemming from savings on tariff and customs duty
 - As of Oct 2012, tariff increased to 25%.
- Competitiveness as FINAME* registered products
 - As registered products under FINAME, customers can benefit from low interest rate (2.5% p.a.) loans.
- Beneficiary of the 2014 Brazil World Cup

Enter new markets with locally specialized product

- Plan to launch new products in 2013 targeting industries with expected high demand in Indonesia

Foster strong dealers and strengthen product line-up

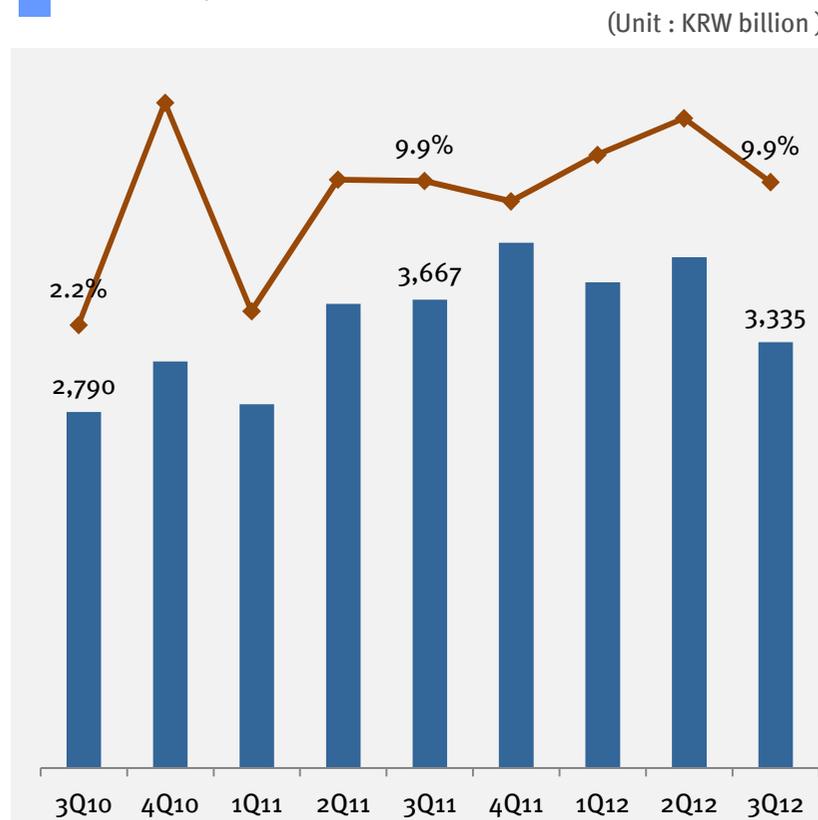
- Enter untapped markets by fostering excellent local dealers
- Expand product line-up from mid to small/large-sized equipment

*FINAME is a construction equipment financing program in Brazil. When purchasing a FINAME registered product, customers can take advantage of low interest rate financing.

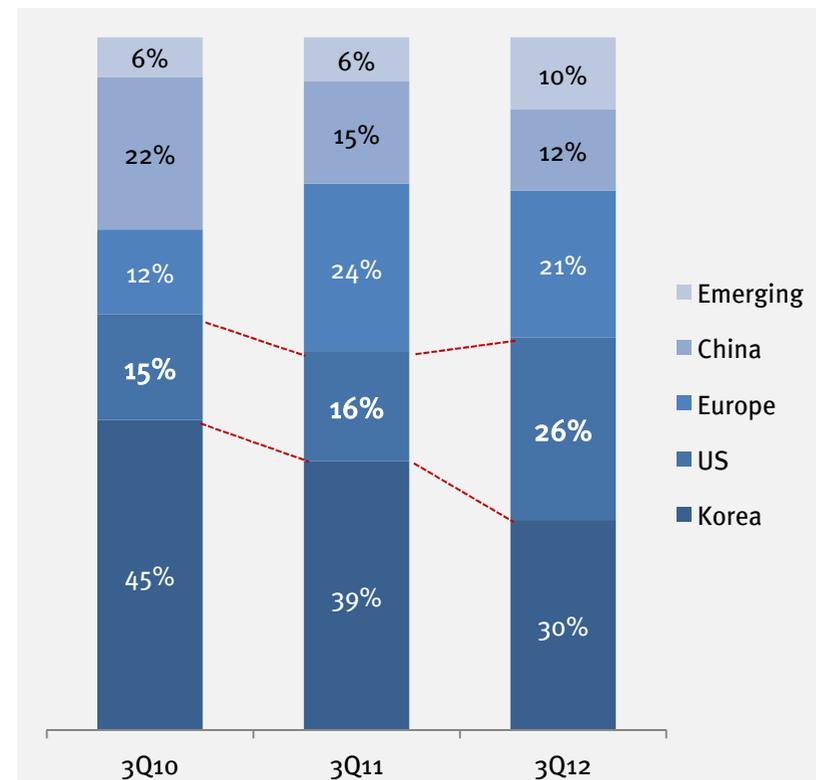
Machine Tools : Stable demand for high-end products in US

- Demand in Korea slowed down in 3Q12 due to reduced capital expenditure in the end-industries.
- Sales were temporarily weak as customers' purchasing decision was delayed before IMTS, however, brand awareness was enhanced in North America.
- We anticipate solid growth during a low-growth environment thanks to favorable demand from North America and growing sales contribution from high-end products.

Quarterly Sales & EBIT Trend



Sales Breakdown by Region



Better quality, cost & technology for stronger fundamentals

R&D Investment

Stronger fundamental competitiveness with advanced R&D capability and infrastructure

- Strategic investment to strengthen fundamental competitiveness during 2011~2012
 - R&D center, new product development such as the G2 engine, expansion and upgrading of production facilities, quality improvement
- R&D investment size on par with top-tier competitors
- Established long-term goal for quality and cost structure through tear down/benchmarking

Launch winning products with higher quality, efficiency and cost advantage

Maximize profitability via upgrade of existing products or launch of new products over the next 1~2 years

- Cost reduction for key products
 - Profit maximization on the volume driver 22-ton model through cost reduction
- Launch new products in 2012~2013
 - 19~24tons: Secure market dominance through diversification of product line-up
 - 33~40tons : Gain market share with better performance and quality
 - 40~50tons : New products with substantially better quality and durability (aimed at mining industries in emerging markets)

Long-term strategy based on enhanced technology

Secure the opportunity to make a quantum leap with new products well-prepared for emission control

- Plan to release 26 new Tier-4 models for North America and Europe in 2014
 - Quality on par with top-tier competitors, fuel-efficiency improved by 10% with new technology
- Plan to release 13 new Tier-3 models for China in 2014
 - Enhanced fuel-efficiency and higher quality, 30~50% better durability
- Apply the most advanced G2 engine for forklift trucks(end-2012) and Bobcat(2014)
 - Secure similar or better performance and fuel efficiency relative to current supplier
 - Negotiations underway with one of the global top-tier forklift truck manufacturers

