



Doosan Infracore ***Investor Relations***



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- Disclaimer

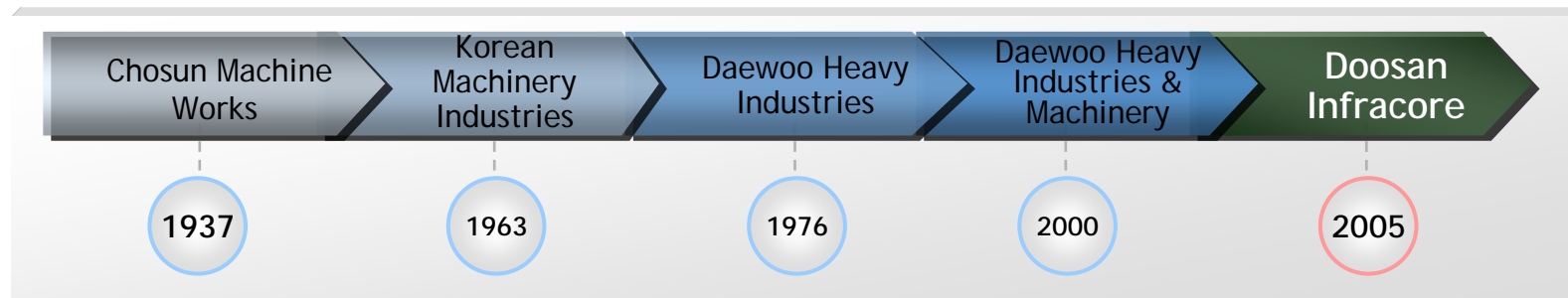
The financial numbers and statements included in the following presentation and related comments by management represent statements made before the resolution of the external review by independent public accountants for the fiscal year 2005 financial results release, and are presented here today solely for the purpose of offering the investor an understanding of the company.

Company Overview



Overview

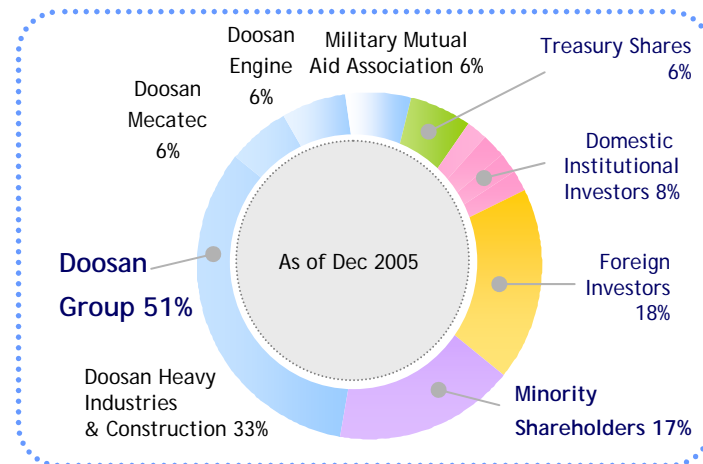
Doosan Infracore is the largest machinery company in Korea and also a leading ISB* company in the world that has guided the development of Korea's machinery industry since its establishment in 1937



Corporate Data

CEO	Choe, Sung-Chul
Paid-in Capital	KRW839.8 billion (As of Dec. 2005)
Outstanding Shares	167,957,384 shares
Market Capitalization	KRW3,034.0 billion (As of Mar. 31, 2006)
Employees	4,562 (As of Dec. 2005)

Shareholder Structure

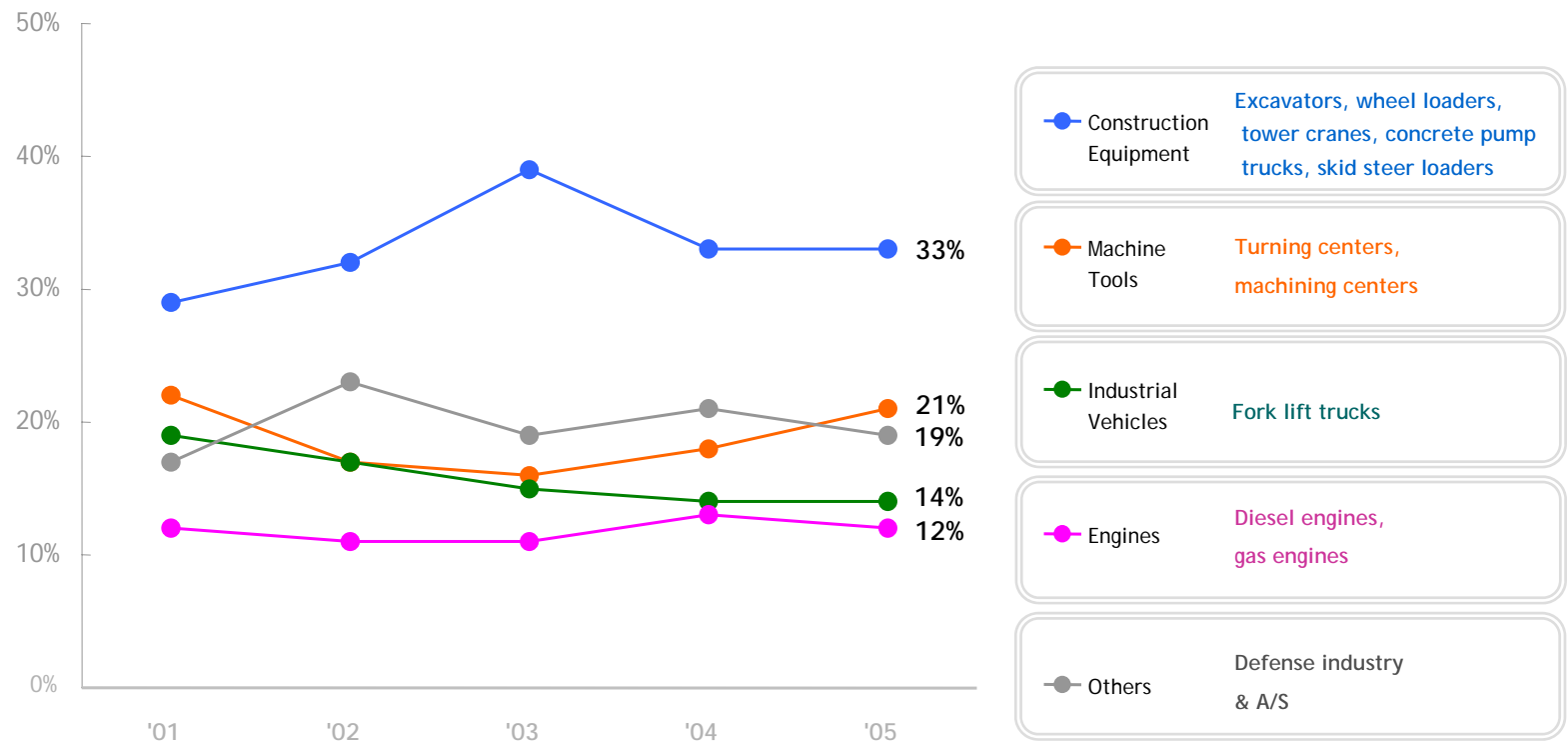


Business Area



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

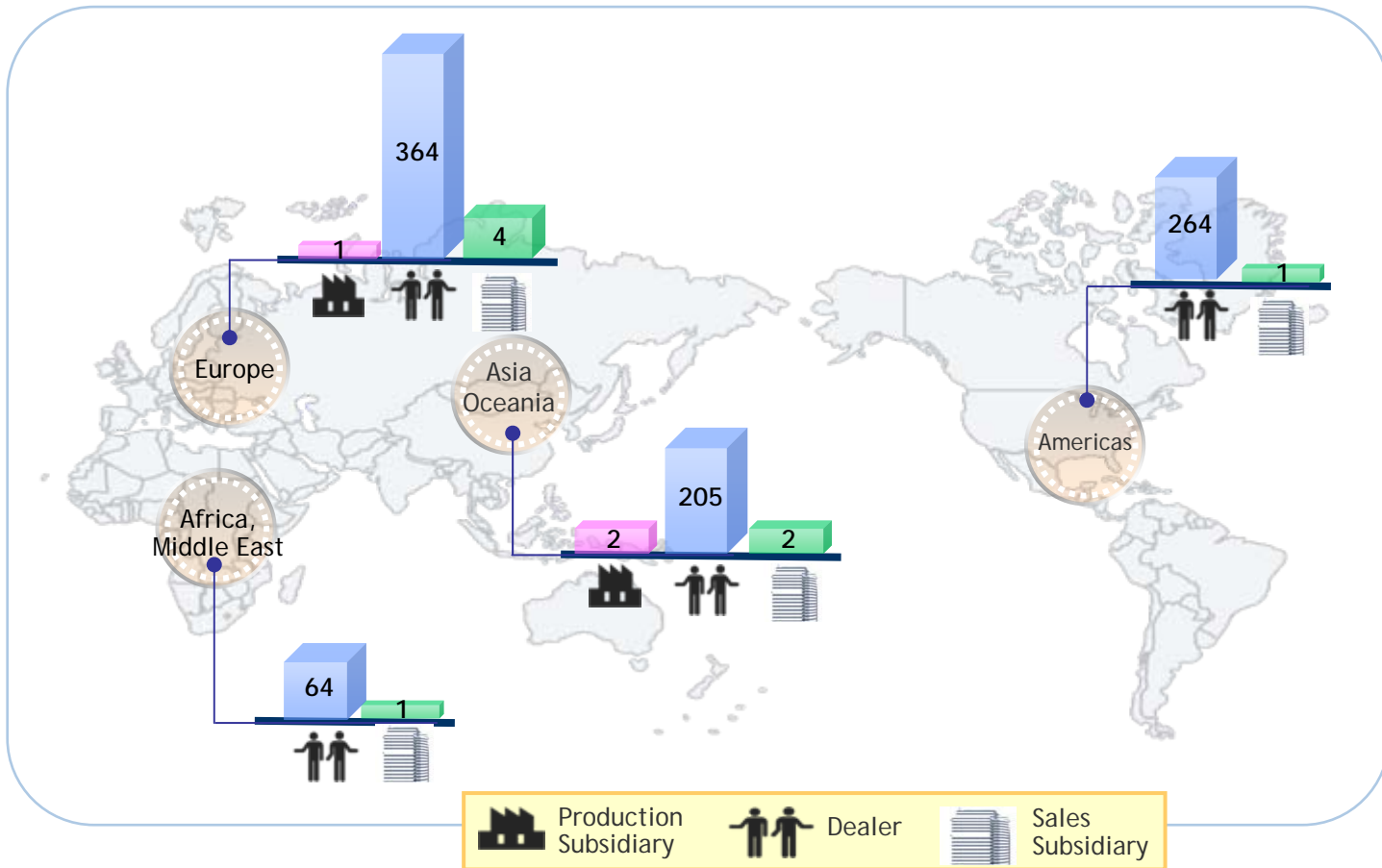
●●● Sales Breakdown (01~05)



Global Business Network



3 overseas production facilities and 8 sales subsidiaries & 897 dealership networks



Global Business Network



●●● Number of Dealers as of 2005 (897)

	Europe	North/Latin Americas	Asia/Oceania	Africa/Middle East	Total
Construction Equipment	76	79	60	18	233
Machine Tools	45	31	65	4	145
Industrial Vehicles	210	135	33	23	401
Engines	33	19	47	19	118
Total	364	264	205	64	897

●●● Annual Change in the Number of Dealers

	2003	2004	2005
Construction Equipment	126	139	233
Machine Tools	128	134	145
Industrial Vehicles	371	376	401
Engines	84	99	118
Total	709	748	897



1Q06 Results

Summary of 1Q06 Results



Sales

- 1Q06 sales grew 11% y-y (parent + overseas subsidiaries basis) and 6.2% y-y (parent basis) on the back of rising demand from US and China and increase in market share worldwide.
Such export growth offset the impact from reduced domestic demand stemming from the slow Korean economy and won's strength.

Sales by Division

- ① Construction Equipment
 - Surge in exports thanks to demand recovery in China and market share expansion in US
- ② Machine Tools & F.A.
 - Strong domestic demand in view of facility expansion of the IT and auto parts sectors and export growth as a result of increased market share in US
 - However, won's strength adversely affected exports to Europe and greater parts sourcing within China lowered parts exports at the parent basis
- ③ Industrial Vehicle
 - Sustained export growth and turnaround in domestic sales thanks to a price hike
- ④ Engines & Materials
 - Diversified customer base attributed to export growth in US
 - However, domestic sales declined due to sluggish construction cycle and demand for electricity generating engines in China and Europe contracted during 1Q
- ⑤ Others
 - Sales from the defense division, which is dependent on the government's spending, is concentrated on 2H06

Summary of 1Q06 Results (cont.)



Operating Profit

- Operating profit rose 13.0% y-y to KRW60.6 billion
 - ① Gross profit surged 28% y-y due to the combined result of sales growth, price hike and cost reduction efforts
 - ② But won's strength and PMI cost (M&A related expenses were not booked in 1Q05) depressed the operating profit growth rate
(Excluding PMI costs, operating profit would have grown 41% y-y)

Recurring Profit

- Recurring profit fell 7.5% y-y to KRW57.6 billion
 - ① This was mainly attributable to KRW16.1 billion in equity method losses related to advanced recognition of losses for the plant relocation of Korea Aerospace Industries
 - ② Interest expenses were reduced as high-interest bearing debts were converted into lower interest rates and gains on derivative products were booked for currency forward contracts used for hedging purposes

1Q06 Key Results (Parent + Overseas Subsidiaries)

	Parent			Overseas Subsidiaries		Parent + Overseas Subsidiaries		
(Unit : KRW billion)	Result	Relative To Target	y-y	Result	Relative To Target	Result	Relative To Target	y-y
Sales	727.6	0.2%	6.2%	422.2	3.1%	852.0	2.1%	11%
COGS Ratio (%)	76.4%	0.4%p	-3.9%p	86.9%	0.0%p	73.3%	0.4%p	-2.4%p
SG&A Expenses /Sales (%)	15.3%	-0.6%p	3.4%p	9.9%	0.4%p	17.7%	-0.6%p	3.0%p
Operating Profit	60.6	1.6	7.0	13.5	-1.1	76.4	2.8	2.5
OP Margin (%)	8.3%	0.2%p	0.5%p	3.2%	-0.4%p	9.0%	0.2%p	-0.6%p
Recurring Profit	57.6	13.1	-4.6	14.1	3.0	60.7	12.0	-3.7

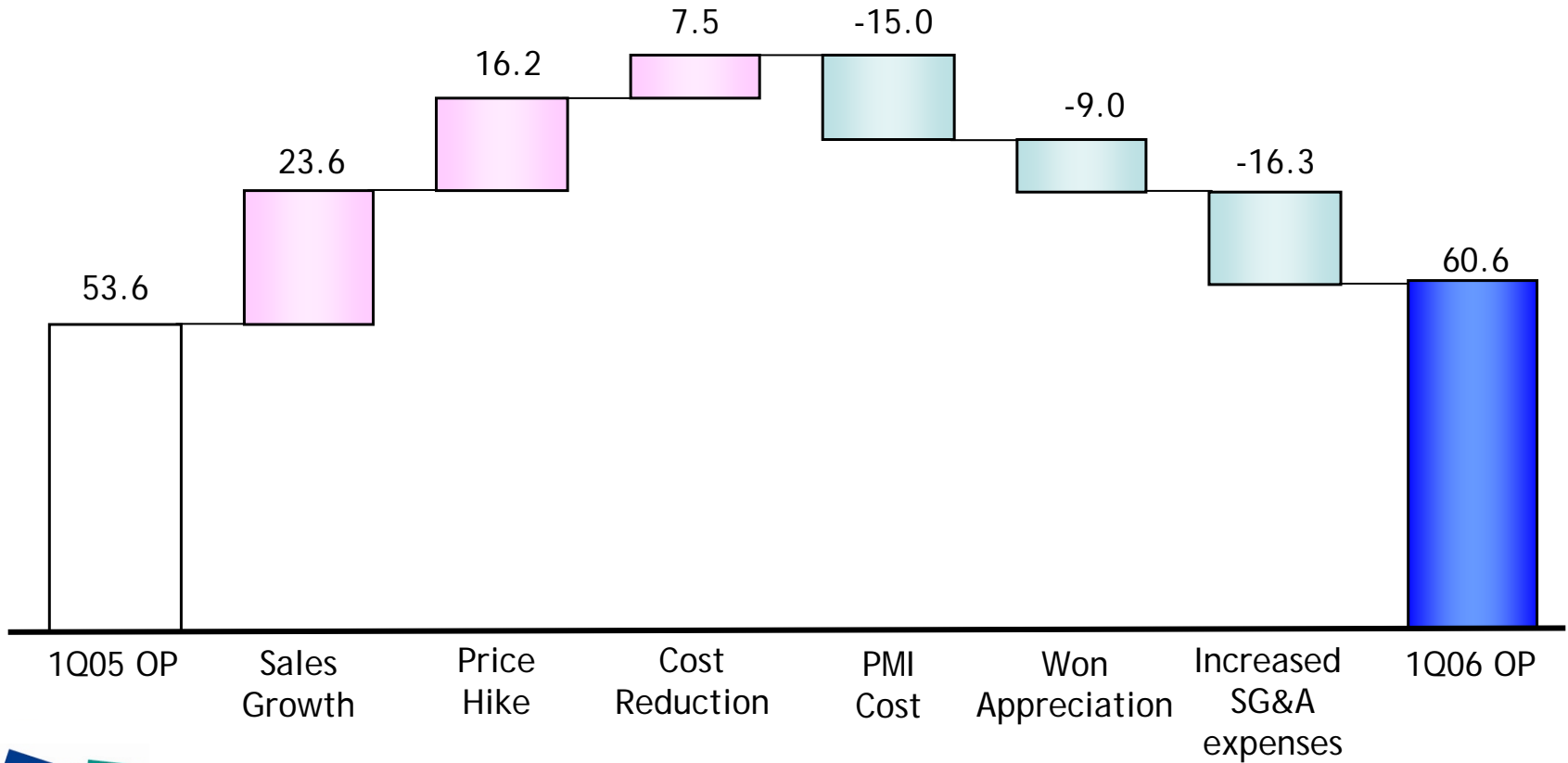
1Q06 Income Statement (Parent)



(Unit : KRW billion)	2004		2005			2006	% change	
	1Q	1Q~4Q	1Q	4Q	1Q~4Q	1Q	q-q	y-y
Sales	708.7	2,860.6	685.4	704.6	2,815.3	727.6	3%	6%
Domestic Sales	352.4	1,445.9	291.4	305.2	1,194.4	265.2	-13%	-9%
(as % of sales)	50%	51%	43%	43%	42%	36%		
Exports	356.3	1,414.7	394.0	399.4	1,620.8	462.4	16%	17%
(as % of sales)	50%	49%	57%	57%	58%	64%		
(US\$ million)	30.4	123.4	38.5	38.5	158.3	45.9	19%	19%
Gross Profit	155.9	559.9	134.9	155.7	579.1	171.7	10%	27%
(GP Margin)	22%	20%	20%	22%	21%	24%		
Operating Profit	79.7	210.1	53.6	40.3	174.5	60.6	50%	13%
(OP Margin)	11%	7%	8%	6%	6%	8%		
Recurring Profit	98.3	162.8	62.2	20.0	179.2	57.6	188%	-7%
(RP Margin)	14%	6%	9%	3%	6%	8%		

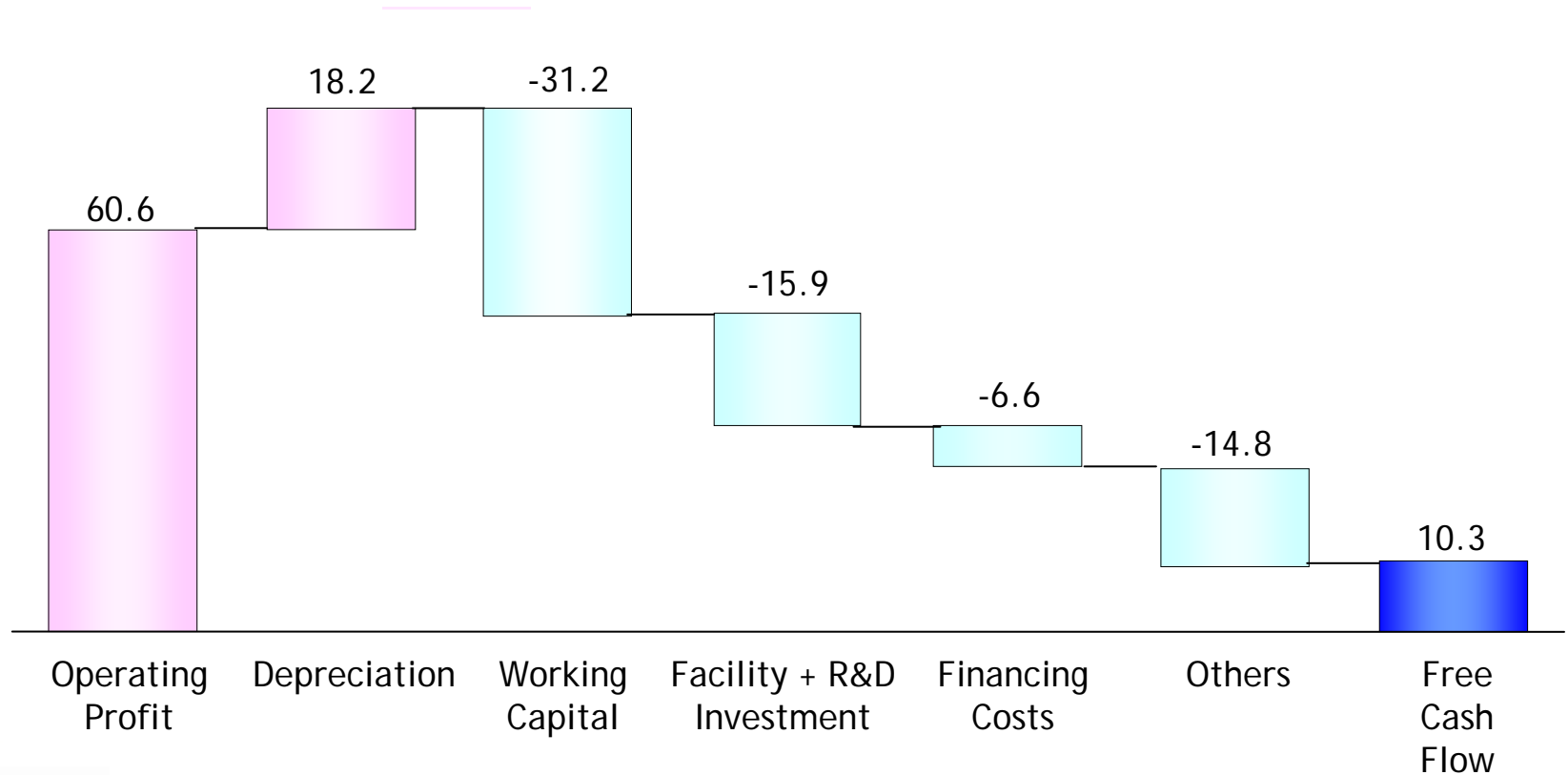
1Q06 Operating Profit Analysis (Parent)

(Unit : KRW billion)



1Q06 Cash Flow Analysis (Parent)

(Unit : KRW billion)



1Q06 Breakdown By Division (Parent)



(Unit : KRW billion)	Total			Construction Equipment			Machine Tools & F.A			Industrial Vehicle			Engines & Materials			Others		
	04	05	06	04	05	06	04	05	06	04	05	06	04	05	06	04	05	06
Sales	708.7	685.4	727.6	298.6	246.6	304.9	103.9	149.4	162.7	94.1	95.5	105.5	113.2	90.9	82.5	98.9	103.0	72.0
y-y	50%	-3%	6%	45%	-17%	24%	39%	44%	9%	11%	1%	10%	112%	-20%	-9%	84%	4%	-30%
Domestic Sales	352.4	291.4	265.2	119.3	75.2	70.2	41.9	45.4	56.0	45.8	35.9	40.5	70.6	44.7	42.1	74.8	90.2	56.4
y-y	42%	-17%	-9%	26%	-37%	-7%	48%	8%	23%	4%	-22%	13%	76%	-37%	-6%	85%	21%	-37%
Exports	356.3	394.0	462.4	179.3	171.4	234.7	62.0	104.0	106.7	48.3	59.6	65.0	42.6	46.2	40.4	24.1	12.8	15.6
y-y	58%	11%	17%	60%	-4%	37%	34%	68%	3%	20%	23%	9%	220%	8%	-13%	81%	-47%	22%
Operating Profit	79.7	53.6	60.6	46.8	22.5	29.2	10.2	14.0	19.1	3.7	3.6	3.8	9.3	2.8	3.7	9.7	10.7	4.8
OP Margin (%)	11.2%	7.8%	8.1%	15.7%	9.1%	9.6%	9.8%	9.4%	11.7%	3.9%	3.8%	3.6%	8.2%	3.1%	4.5%	9.8%	10.4%	4.7%

1Q06 Breakdown of Exports by Region (Parent)

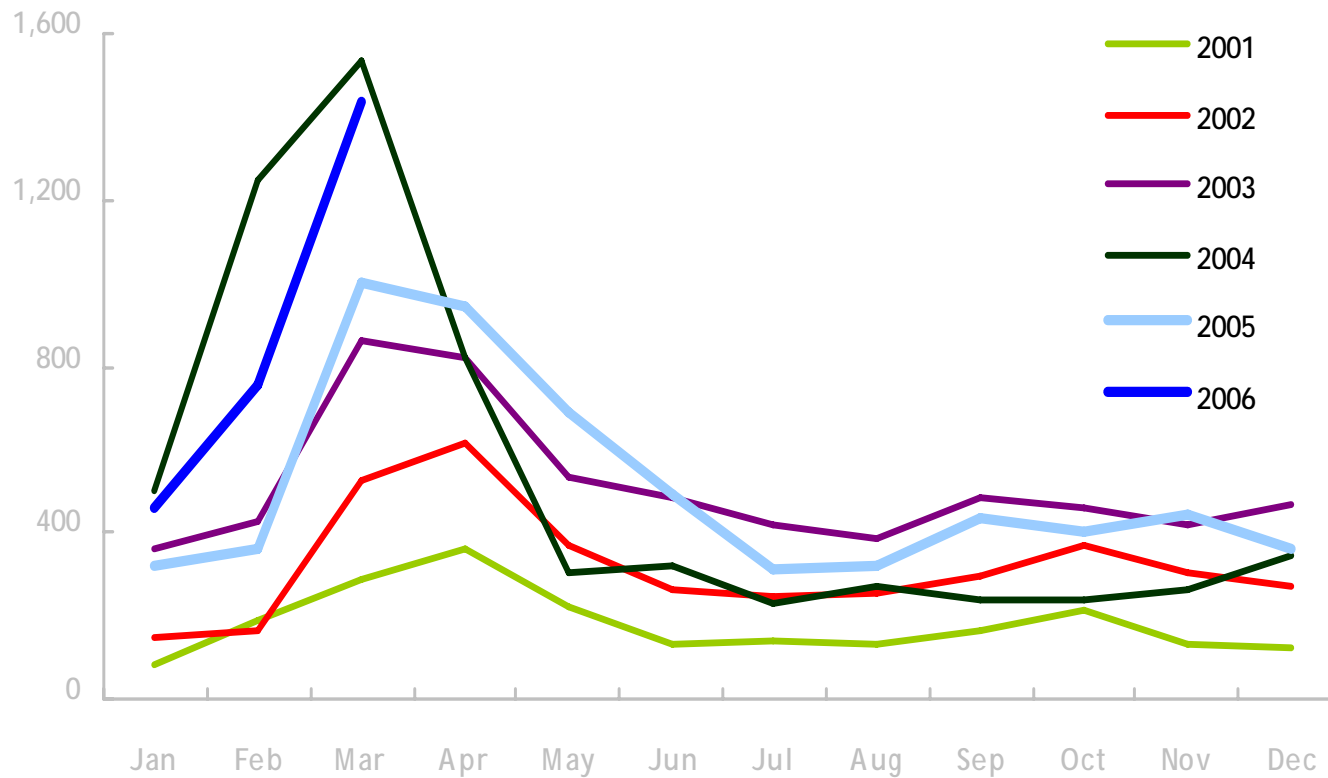
(Unit : KRW billion)	2005	2006	2005				2006			
			America	Europe	China	Others	America	Europe	China	Others
Total	394.0	462.4	87.0	140.4	61.3	105.3	110.3	134.8	95.1	122.2
(y-y)		17%					27%	-4%	55%	16%
Construction Equipment	171.4	234.7	29.2	63.3	28.8	50.1	41.6	65.1	76.9	51.1
(y-y)		37%					42%	3%	167%	2%
Industrial Vehicle	59.6	65.0	23.0	21.6	2.4	12.6	25.4	23.9	2.3	13.4
(y-y)		9%					10%	11%	-4%	6%
Machine Tools & F.A	104.0	106.7	30.8	44.8	14.2	14.2	37.2	40.9	11.9	16.7
(y-y)		3%					21%	-9%	-16%	18%
Engines & Materials	46.2	40.4	1.8	6.9	13.7	23.8	2.9	4.4	3.8	29.3
(y-y)		-13%					61%	-36%	-72%	23%
Others	12.8	15.6	2.2	3.8	2.2	4.6	3.2	3.9	2.6	5.9
(y-y)		22%					45%	3%	18%	28%

Balance Sheet as of Mar. 2006 (Parent)

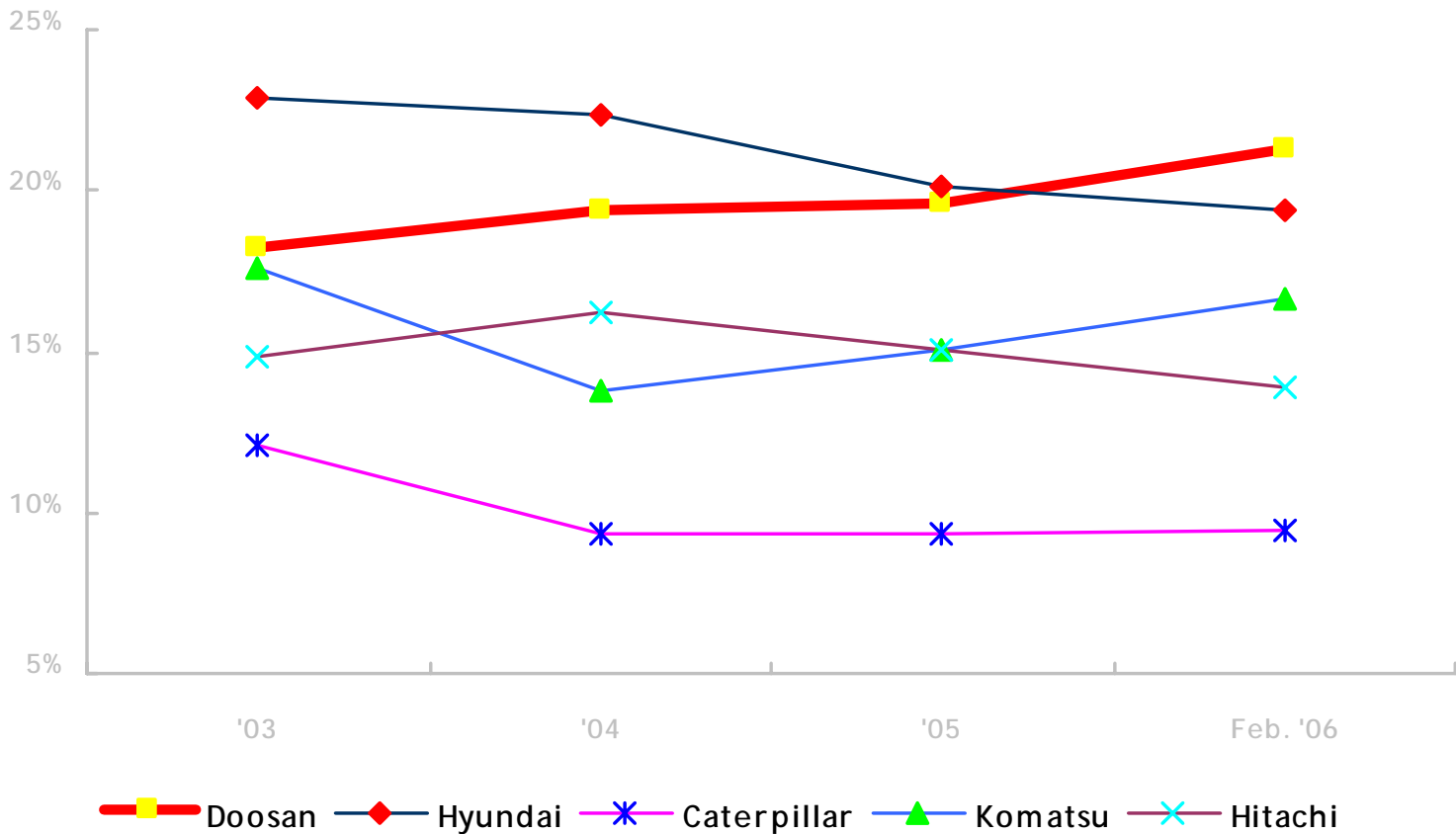


(Unit : KRW billion)	2003	2004	2005		1Q06	
				y-y		Chg. From 2005
Current Assets	1,422.9	1,524.0	1,251.9	-18%	1,310.7	5%
Fixed Assets	1,107.2	1,105.3	1,213.2	10%	1,204.8	-1%
Total Assets	2,530.1	2,629.3	2,465.1	-6%	2,515.6	2%
Debts	759.4	738.9	547.9	-26%	537.6	-2%
Other Liabilities	848.7	846.9	818.8	-3%	942.5	15%
Total Liabilities	1,608.1	1,585.8	1,366.7	-14%	1,480.1	8%
Total Shareholders' Equity	922.0	1,043.5	1,098.4	5%	1,035.4	-6%
Total Liabilities + Total Shareholders' Equity	2,530.1	2,629.3	2,465.1	-6%	2,515.6	2%
Liabilities / Equity Ratio	174%	152%	124%	-28%p	143%	19%p
Debt / Equity Ratio	82%	71%	50%	-21%p	52%	2%p

Excavator Sales Volume at DICC



Excavator Market Share of DICC



Earnings Forecast



2006 Earnings Forecast

(Unit : KRW billion)	'05 Sales	'06E Sales	y-y	'05 OP	'06E OP	y-y	'06E OP Margin
Construction Equipment	936.9	1106.1	18.1%	57.1	85.7	50.1%	7.7%
Machine Tools & F.A	602.9	723.3	20.0%	60.6	92.4	52.6%	12.8%
Industrial Vehicle	400.2	437.9	9.4%	10.8	18.8	74.0%	4.3%
Engines & Materials	351.7	393.1	11.8%	7.7	23.7	208.4%	6.0%
Others	523.5	571.2	9.1%	38.4	37.2	-3.1%	6.5%
Total	2,815.3	3,231.7	14.8%	174.5	257.8	47.7%	8.0%

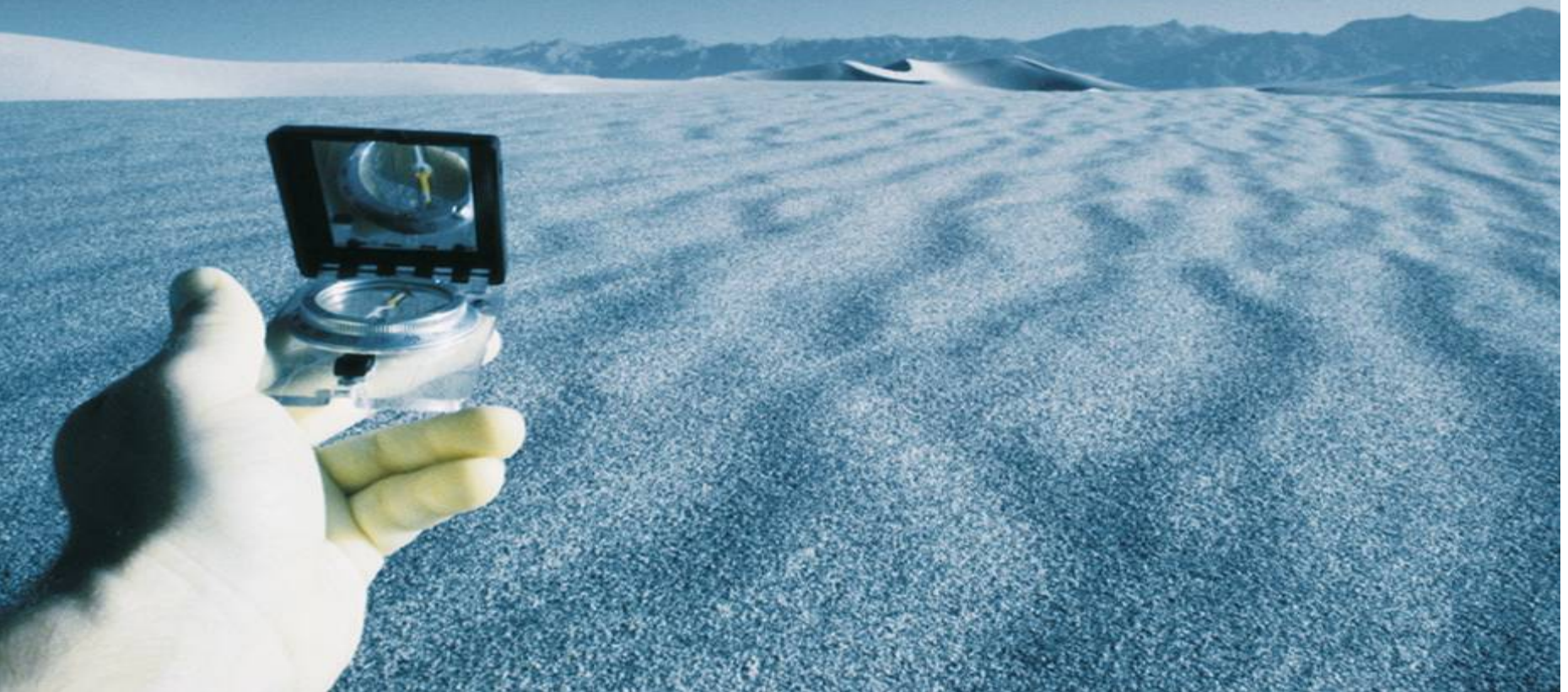
F/X Hedging

- F/X hedging status - US\$1,315mn (As of end-2005)
- 80% of 2006 net exposure hedged
- Plan to minimize risk by hedging 90~95% of sales forecast under Doosan Group's guideline

Impact from steel price

- Assumed no change in steel price in 2006 business plan

Long-term Business Plan



Vision : KRW10tr Sales in 2010



Sales of KRW10tr in 2010 by strengthening global competitiveness in all participating industries

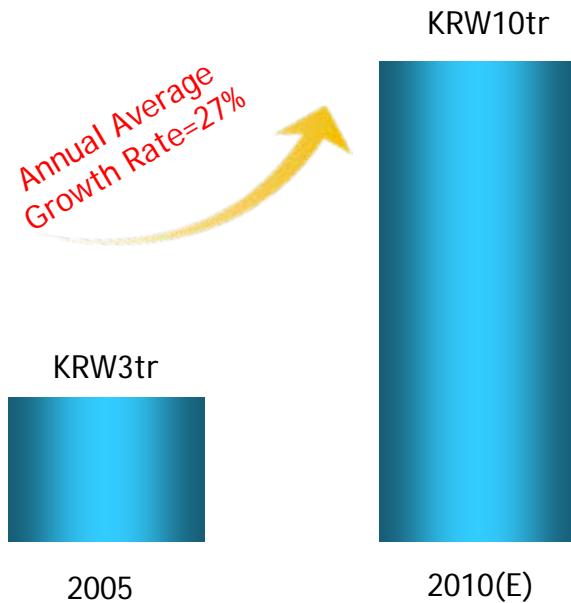
Progressive Sales Target of KRW10tr = Organic Growth *KRW6.7tr*

+Global M&A/Strategic Alliance *KRW1.2tr*

+New Business Development *KRW2.1tr*

Progressive Growth Model

(Sales Basis)



Construction Equipment :

To become a global top 5 construction equipment maker

Industrial Vehicle :

To attain No. 1 cost competitiveness in forklift trucks

Machine Tool :

World best machine tool maker

Engines :

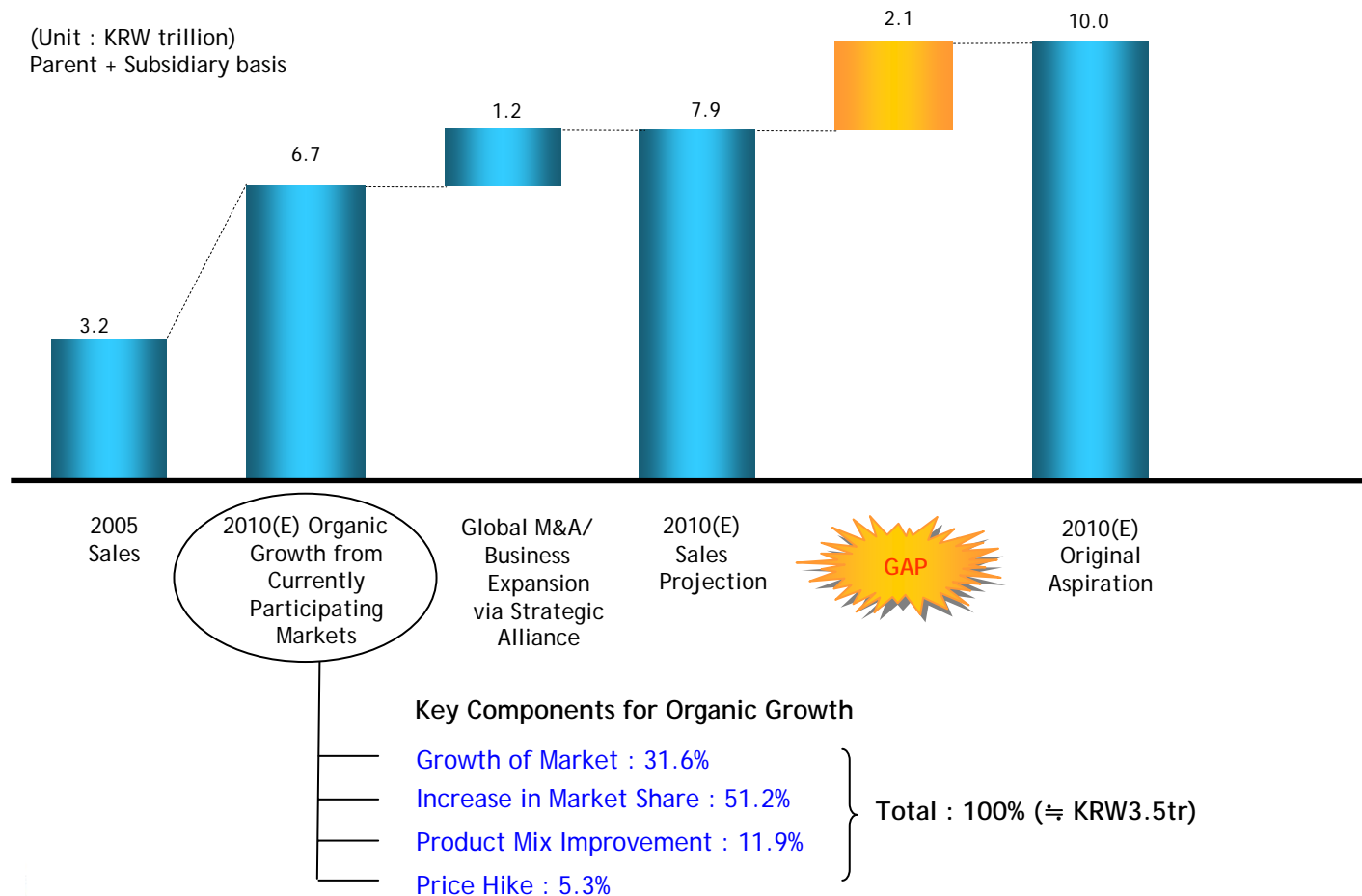
To become a globally renowned engine maker

Defense :

Best defense contractor in the 21st century

Sales Growth Via Increased M/S & New Businesses

- CAGR 16% sales growth through organic growth in currently participating markets
- Searching for additional growth engines for key divisions, construction equipment and machine tool



Mid-term Business Plan (Parent + Subsidiaries)

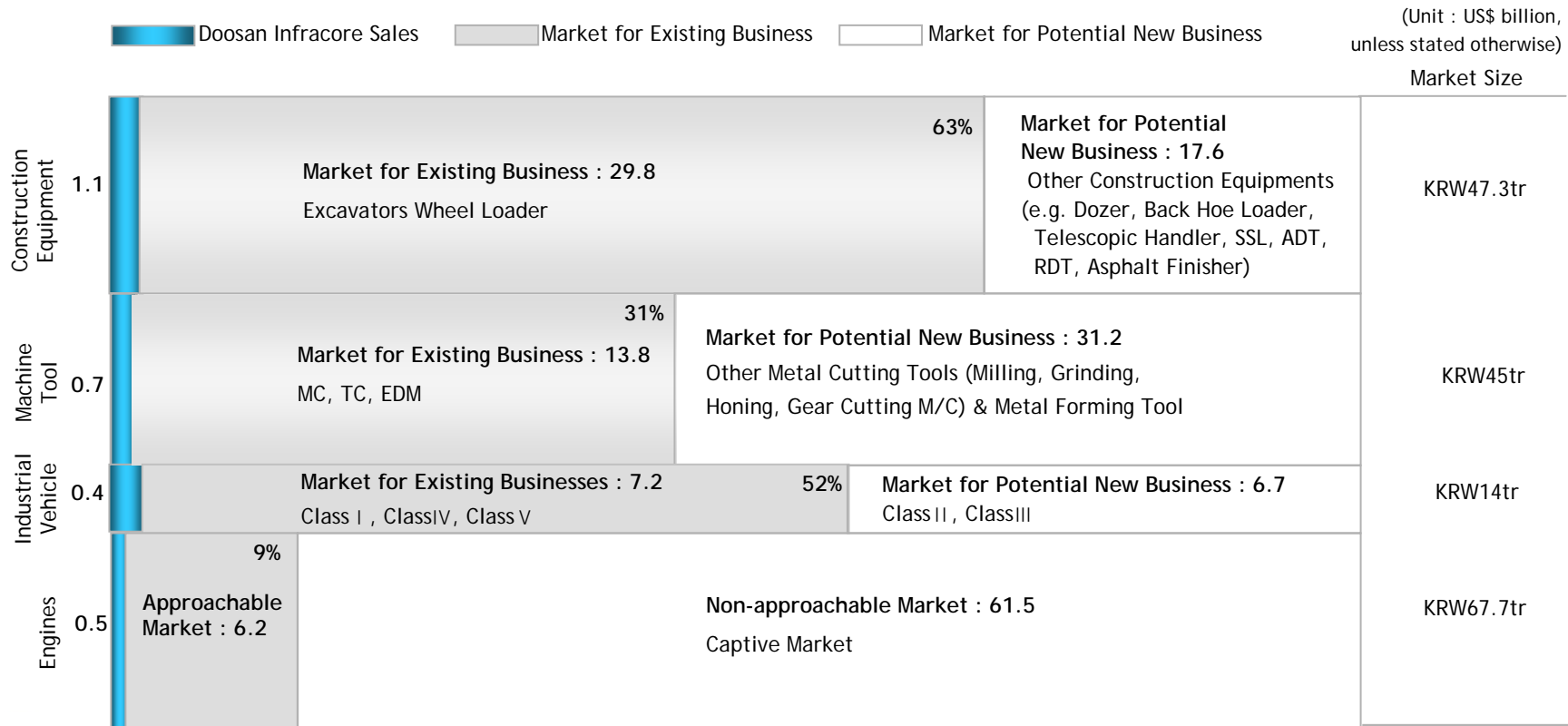


(Unit : KRW billion)	2005	2006E	2007E	2008E	2009E	2010E	CAGR
Sales	3,112.5	3,641.9	4,265.0	5,180.9	6,422.0	7,865.3	20.4%
Construction Equipment	1,121.2	1,373.6	1,731.0	2,057.7	2,532.3	3,245.0	23.7%
Machine Tools	662.6	803.7	903.0	1,051.8	1,327.2	1,594.9	19.2%
Industrial Vehicle	425.4	466.7	542.0	601.0	674.0	776.0	12.8%
Engines	441.5	500.4	593.2	765.6	938.2	1,187.9	21.9%
Others	461.8	497.5	495.8	704.8	686.1	6,49.6	7.1%
Operating Profit	217.1	310.5	369.4	475.3	650.0	840.3	31.1%
Construction Equipment	84.6	114.0	143.0	185.4	241.3	325.5	30.9%
Machine Tools	65.5	100.0	106.4	125.0	172.1	215.1	26.8%
Industrial Vehicle	10.8	20.1	24.0	28.1	37.2	48.9	35.3%
Engines	7.5	23.7	33.0	39.7	53.5	74.0	58.1%
Others	48.7	52.7	63.0	97.1	145.9	176.8	29.4%
Operating Margin	7.0%	8.5%	8.7%	9.2%	10.1%	10.7%	
Construction Equipment	7.5%	8.3%	8.3%	9.0%	9.5%	10.0%	
Machine Tools	9.9%	12.4%	11.8%	11.9%	13.0%	13.5%	
Industrial Vehicle	2.5%	4.3%	4.4%	4.7%	5.5%	6.3%	
Engines	1.7%	4.7%	5.6%	5.2%	5.7%	6.2%	
Others	10.5%	10.6%	12.7%	13.8%	21.3%	27.2%	

Global Market Size (2004 basis)

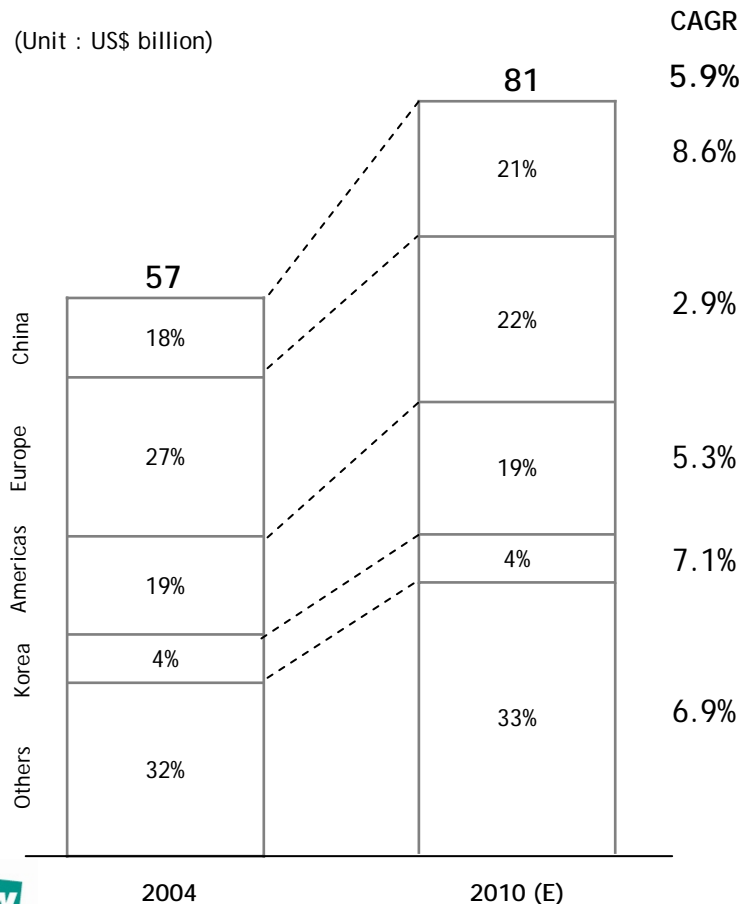


- Global market size as of 2004 estimated at KRW174 trillion, while Doosan Infracore participated in markets equivalent to 33% of the global market (or KRW57 trillion)
- Possible to increase shares in markets for existing businesses or consider limited entrance in new areas



Regional Growth Trend in Participating Markets

- Based on the markets currently participating, China should continue to grow rapidly at 8.6% p.a., however, to reach the aspiration target, it is necessary solidify our presence in the larger and more advanced markets



Implication

- In the markets that currently Doosan Infracore is participating in, we anticipate a moderate 5.9% growth
- China should see the fastest growth
 - Should continue to expand 8.6% p.a. and should become a bigger market than Americas in 2010
- The more advanced Americas and Europe markets should continue to account for more than 40% of the global market

Construction Equipment BG



Reality



"Slower growth and stronger competition"

- After several years of reporting 18% level growth, we expect the rate to slow to 6% going forward
- Intense competition among Doosan, Hyundai and Volvo



"Growth in the largest market worldwide and change in competition environment"

- To become the largest market worldwide until 2010 (volume basis) and construction equipment division's sales should account for 40~60%



"Head-to-head competition with global leading companies"

- Although projecting only 3% growth, US accounts for 32% of the construction equipment market - the single largest market worldwide
- Leading market with intense competition with global giants such as Caterpillar and Komatsu, which have 75% market share



"Sizable but low growth market with leasing companies as clients"

- Low growth market of 1~2% growth p.a. but the market accounts for 23% of the global construction equipment market
- Leasing companies, which value "total customer life time value", in key nations such as the UK and France account for 60% of sales and such trend is spreading to Spain, Portugal and Italy



"Markets with varying characteristics and uncertain growth"

- Accounts for merely 8% of the global construction equipment market, which could growth rapidly, but full of uncertainties as of yet
- Possible to apply Doosan's value proposition in the ROW market

Measure

"Remain strong in the home market"

- Provide differentiated products relative to competitors (e.g. entering the after sales market)

"Nurture into the next home market"

- Re-establish the value proposition and differentiate products from competitions of DICC's excavators
- Improve price competitiveness
- Minimize risk from financing (A/R)

"Solidifying presence within the market"

- Achieve better product quality (or perception of quality) according to the needs of advanced nations' customers
- Expand and improve the dealer network
- Better A/S parts & warranty service

"Upgrade position in the market"

- Achieve better product quality according to the needs of advanced nations' customers
- Better distribution channel (dealer network or sizable clients)
- Enhanced A/S parts & warranty/field service

"Penetration of markets based on a differentiated and prudent approach to secure profitability"

- Improve cost/price competitiveness
- Rational pricing policy to guarantee profitability

Machine Tool & F.A. BG



Aspiration Target

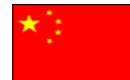
- I To triple sales in the next five years and secure economies of scale in terms of cost/technology/parts/sales network
- II Improve customer value to the level of global leading companies and provide differentiated value proposition to all target customers
- III Innovation of the value chain and boosting core strengths
- IV Nurture globally competitive workforce with engineering capability and build up a global management system

Measures

"Global Standard Leader - World Best !"



Providing support to dealer and thus, increase Market share
- Establishing an operating center in Europe



Dual product policy based on "value for price" strategy and maximization of sales volume via newly established dealer network



Launch of products with price competitiveness and establishing a business close in contact with customers



Added penetration into auto related industries in Korea



Secure large accounts by improving the brand image on the back of better line-up of high-end products and enhanced reliability

Industrial Vehicle BG



Aspiration Target

- I Maximize organic growth through cost competitiveness
- II Secure operating base
 - Expand presence in the domestic market
 - Obtain competitive edge in design/purchase/production
 - Build up operation/sales network based on relatively competitive products in overseas markets and strengthen brand awareness
 - Cost reduction via operation process innovation
- III Organic growth
 - Remain strong in the domestic market
 - Maintain successful models in export markets
 - Enhance brand image and customer awareness
 - Greater efforts towards marketing and distribution

Measures

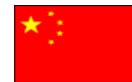
" Global Standard Leader - World Best !"



- Aggressive pricing policy based on cost competitiveness and maximizing sales volume by dealer promotion



- Improve sales network and service quality, which should boost the awareness for Doosan products and promote growth



- Secure leading position in the high-end market based on price competitiveness and offer differentiated customer value



- Remain the market leader in the domestic market by entering the after service market and providing total service

Engine BG



Aspiration Target

Achieve economies of scale to boost profitability

Maximize customer value using "Value for Price" strategy and provide support for the construction equipment division's competitiveness

Active cost reduction efforts and efficient project management to enhance profitability

Nurture globally competitive workforce, which will execute the strategic tasks

Measures

- Reach economies of scale by securing sufficient volume
- Maintain/Increase volume to key customers Daewoo Bus and Tata Commercial Vehicle
- Secure capture customers in newly growing markets to promote globalization
- Pursue profit-oriented growth

- Enhance product competitiveness
- Boost value proposition for greater competitiveness
 - Providing support to meet the required needs of the construction equipment division
 - Find the needs of key customers and provide greater value compared to competitors
- Strengthen sales and after service network

- Cost reduction via global sourcing/restructuring of suppliers/ localization/operating process innovation
- Establish project management system

- Nurture and secure the workforce necessary to execute the global business and strategic tasks