



Doosan Infracore

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2020 4Q Earnings Release

February 2021



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1 2020 Results

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2020 Results

4Q20

- Sales increased +4% YoY on the back of growth in Heavy/Bobcat businesses.
- Despite sluggish trends in engine division, EBIT grew +6% YoY thanks to Bobcat and recovery in Heavy business.

2020

- While sales declined sharply in 1H due to the COVID-19 pandemic, sales decreased only by -3% YoY thanks to strong market recovery in China and gradual recovery in overall global demand.
- EBIT decreased as demand weakened due to COVID-19 pandemic and lower oil price.

Income Statement

(Unit : KRW billion)

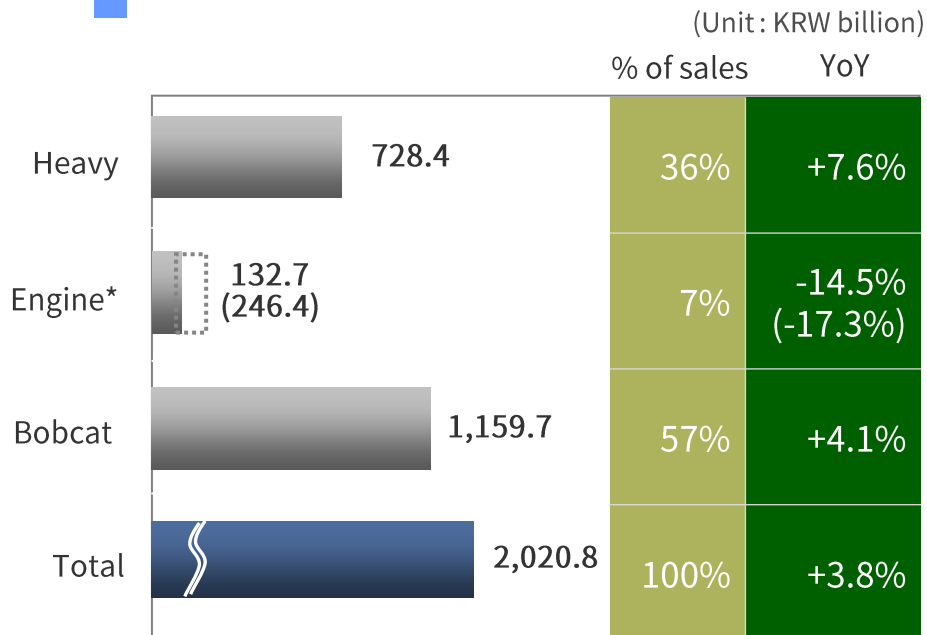
	4Q19	4Q20	YoY	2019	2020	YoY
Sales	1,946.6	2,020.8	+3.8%	8,185.8	7,934.1	-3.1%
EBIT	138.6	147.2*	+6.2%	840.4	658.6	-21.6%
EBIT margin(%)	7.1%	7.3%	+0.2%p	10.3%	8.3%	-2.0%p
Net Financial Cost	42.5	36.3	-14.5%	172.2	155.2	-9.8%
F/X gains/losses	-16.8	-9.0	-	-9.4	4.3	-
Net profit	38.9	50.2	+29.3%	395.7	285.1	-28.0%

* Reflective of KRW19.9bn one-time incentive payment related to corporate restructuring

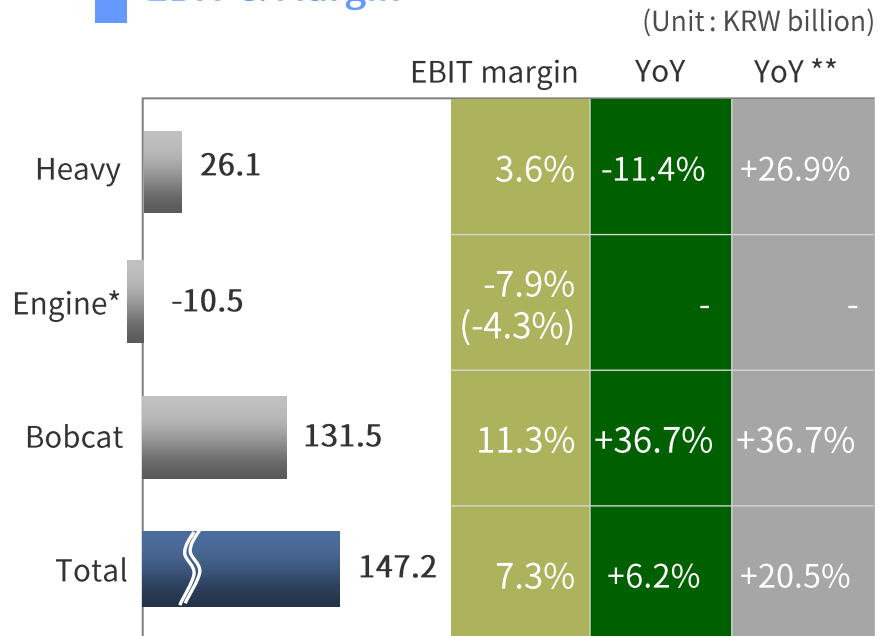
4Q20 Sales & EBIT by division

- Heavy : Sales grew thanks to favorable trends in China and emerging markets. However, EBIT decreased due to promotion amid intensive competition in China.
- Engine : Revenue and EBIT decreased YoY due to sluggish global demand following the COVID-19 pandemic and weak demand for profitable generator engines.
- Bobcat : Revenue increased as a result of recovery in all regions, while EBIT grew +37% YoY thanks to cost reduction efforts.

Sales



EBIT & Margin



Note : Sales breakdown based on 3rd party revenue

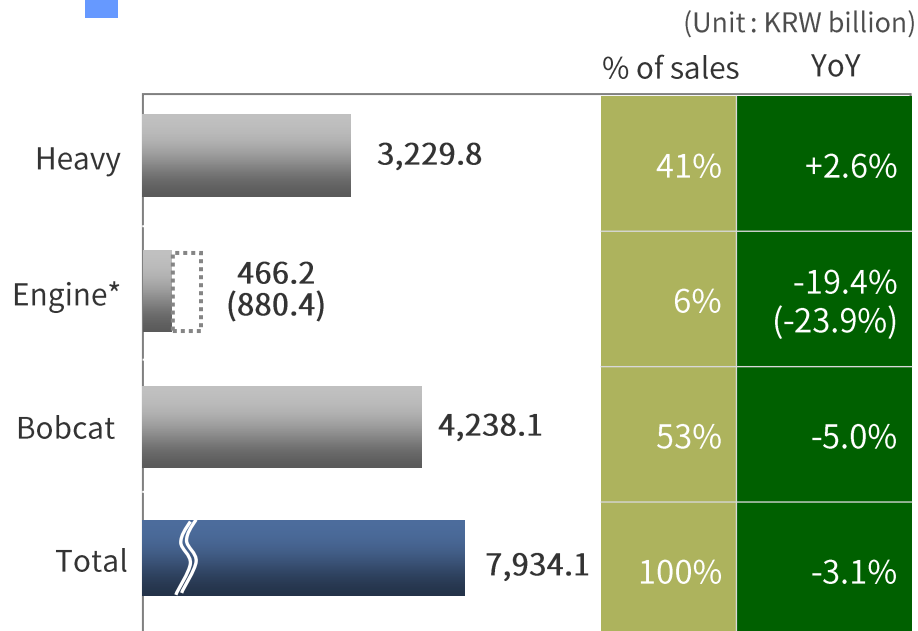
* Numbers in parenthesis are based on total sales of engine business, which includes internal sales

** YoY growth excluding KRW19.9bn one-time incentive payment related to corporate restructuring

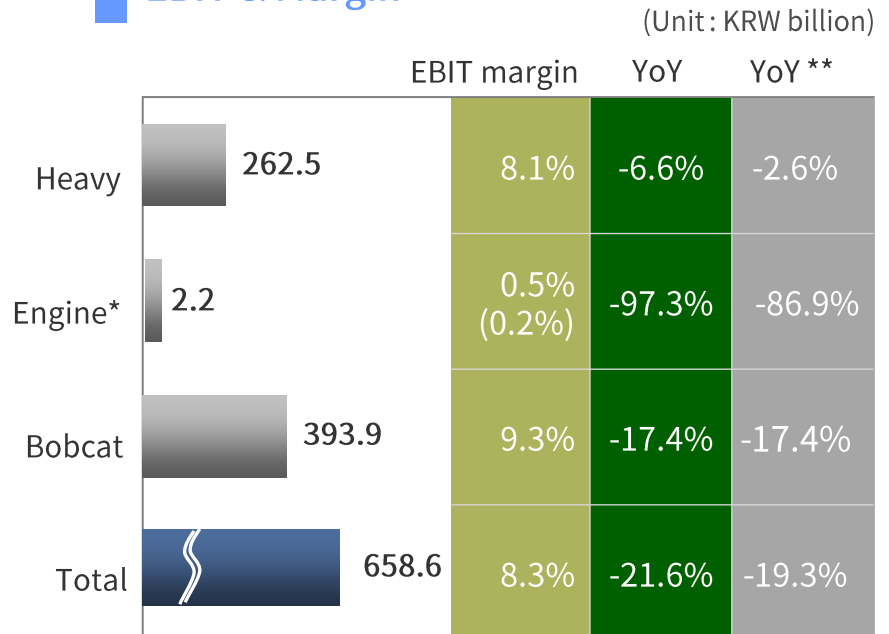
2020 Sales & EBIT by division

- Heavy : Despite weak demand in global markets, revenue grew +3% YoY thanks to increased sales in China and Korea. Also, we ranked in the top 6 players in China despite intensifying competition.
- Engine : Revenue and EBIT decreased YoY due to weak market demand. Generator engine sales also declined in line with lower oil price.
- Bobcat : Despite shutdown of major factories in 1H, impact from COVID-19 on sales and EBIT was minimized following the strong recovery in 2H.

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

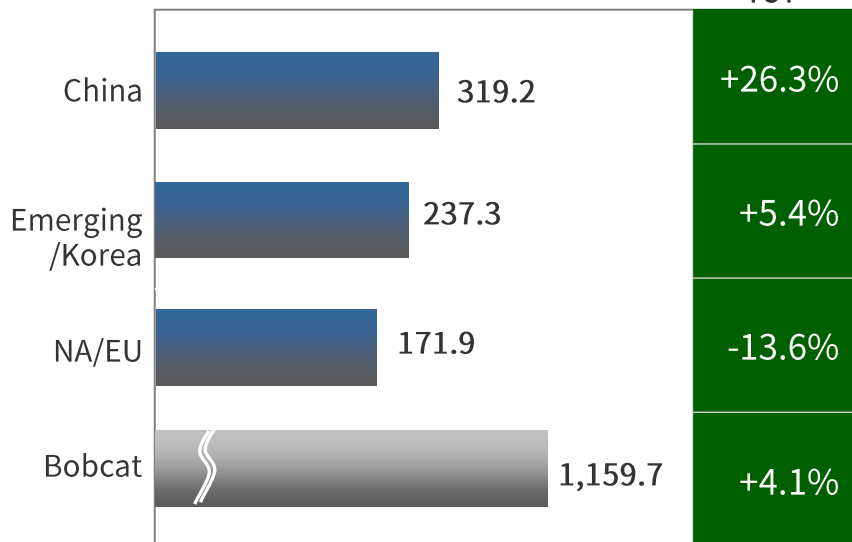
** YoY growth excluding KRW19.9bn one-time incentive payment related to corporate restructuring

Regional breakdown (Construction equipment)

- China : Market grew to historic high levels following increased government's infrastructure investment and continued demand for replacement. Although competitive intensified, we continued to focus our efforts to enhance profitability and minimize risks of sales receivables by targeting financially sound customers.
- Emerging/Korea : Although demand was weak during 2020 except for Korea, markets began to show clear signs of recovery in 2H. We focused on sales of mid/large equipment and endeavored to enhance profitability in the region.
- NA/EU : Although revenue decreased due to sluggish demand in developed market, we made progress in our market share efforts via improvement in dealer network.

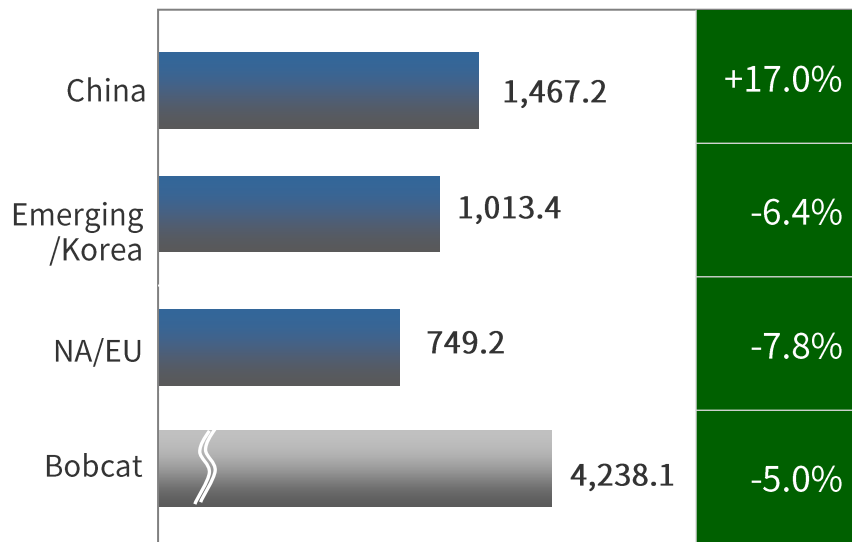
CE regional breakdown (4Q20)

(Unit : KRW billion)
YoY



CE regional breakdown (2020)

(Unit : KRW billion)
YoY



Financial structure

- Net Debt decreased by KRW 517.2bn thanks to improvement in working capital and debt reduction at Bobcat. Net debt to equity ratio also declined by 15%p.

Balance Sheet

(Unit : KRW billion)

	2018	2019	2020	Compared to 2019
Current Assets	4,426.8	4,304.9	5,049.6	+744.7
Fixed Assets	6,602.3	7,033.7	6,977.3	-56.4
Total Assets	11,029.2	11,338.6	12,026.9	+688.3
Total liabilities	7,208.4	7,071.0	7,537.9	+466.9
- Net Debt	2,998.9	3,022.7	2,505.5	-517.2
Total shareholder's Equity	3,820.8	4,267.6	4,489.0	+221.4
Liabilities/Equity Ratio	188.7%	165.7%	167.9%	+2.2%p
Net Debt/Equity Ratio	78.5%	70.8%	55.8%	-15.0%p

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1 2020 Results

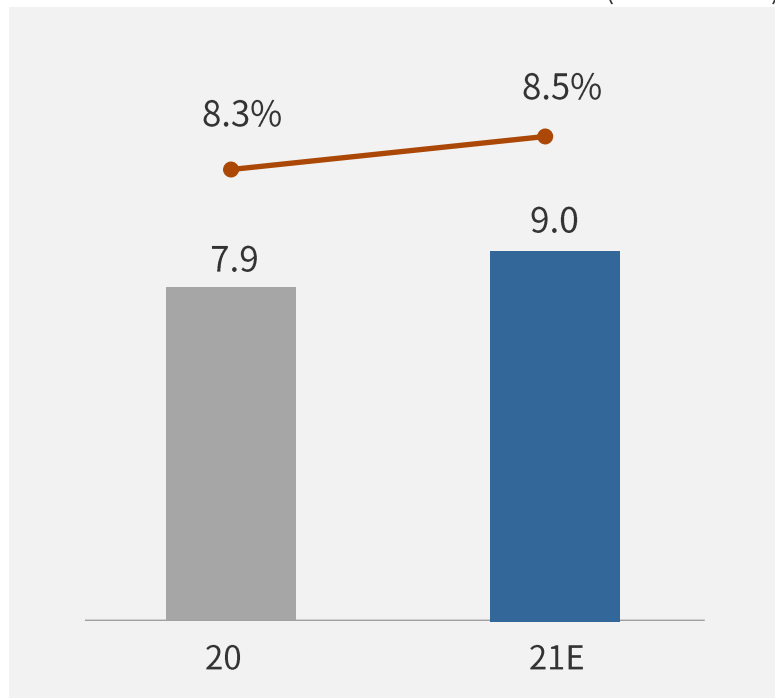
2 2021 Outlook

2021 Outlook

- Sales is forecasted to grow by 14% to KRW 9tr thanks to growth in all businesses.
- EBIT is expected to grow +16% YoY to KRW 762.4bn, based on expected demand recovery following the implementation of global economic stimulus measures post COVID-19.

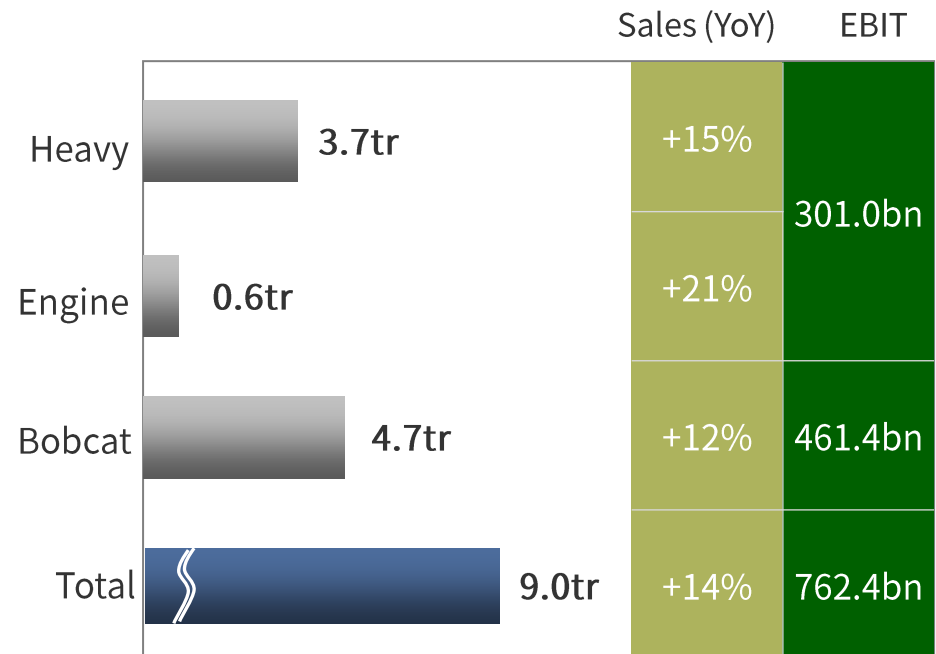
Sales and EBIT Margin

(Unit : KRW tr)



Sales and EBIT by Business

(Unit : KRW)

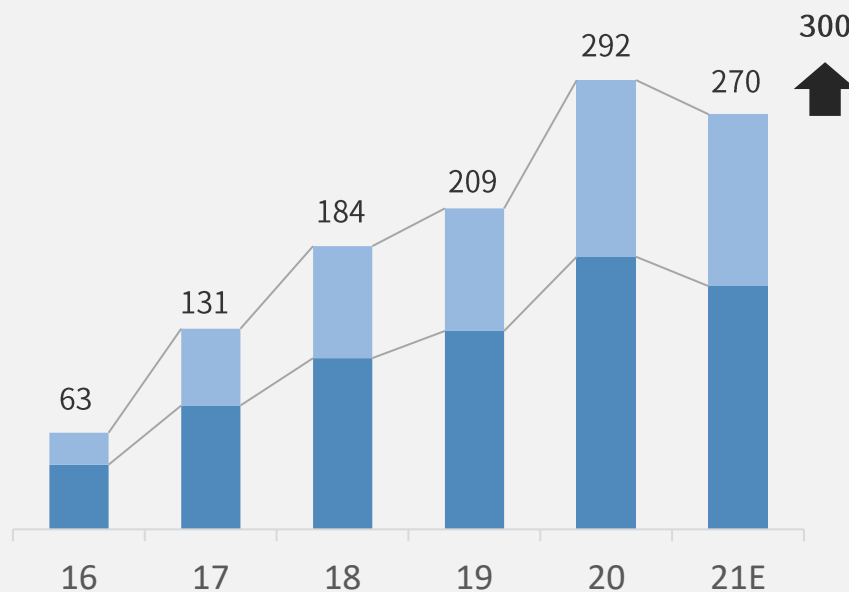


Heavy (China)

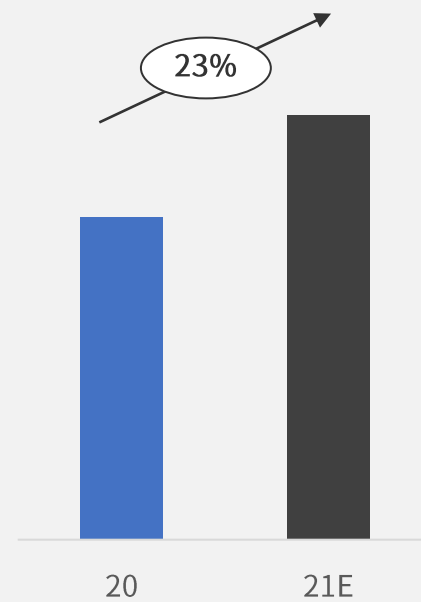
- In view of explosive growth in sales of new equipment since 2016, we expect market to decline marginally in 2021.
- However, there could be further upside potential if active economic stimulus measure takes place as this year is the 100th anniversary of the founding of the Communist Party of China.
- Sales should grow +23% YoY thanks to 1) enhanced sales of large and wheel-typed models, 2) launch of new products and special equipment models, and 3) stronger channel competitiveness by creating online business opportunities.

Market Outlook for China

(Unit : 1000 units)



DI's Sales Outlook - China

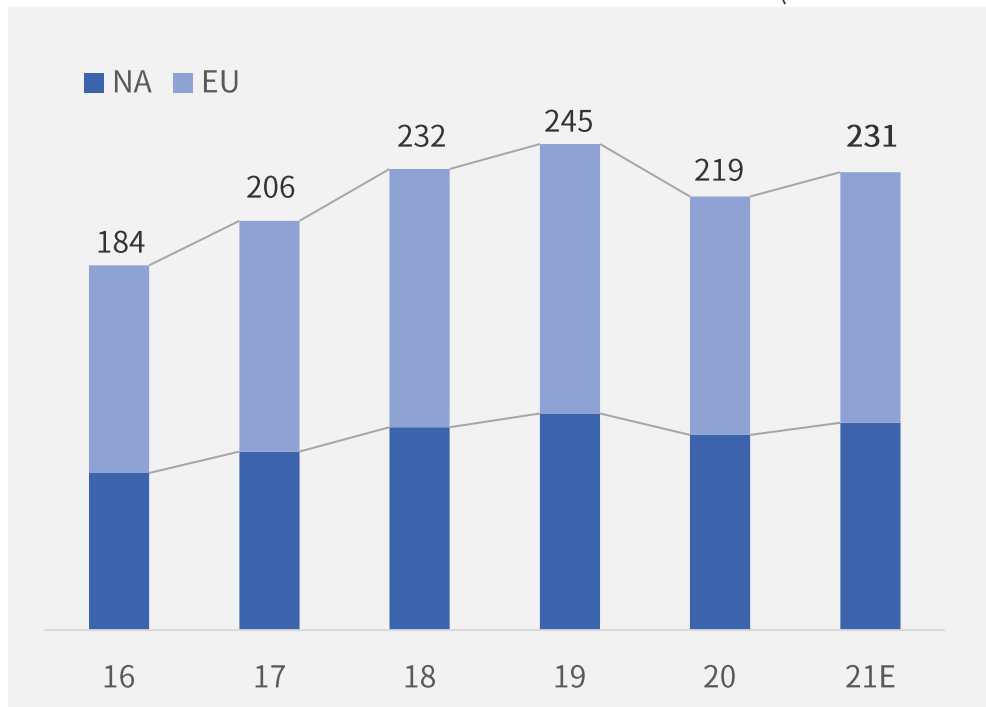


Heavy (Developed Markets)

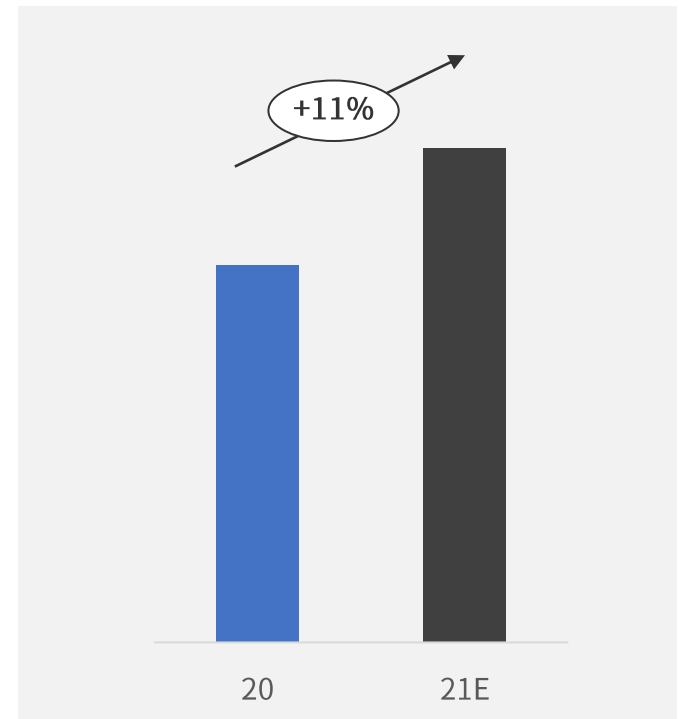
- Developed markets should grow thanks to the resumptions of existing construction projects, increase in housing demand due to low interest rates and infrastructure investment led by economic stimulus measures.
- Sales in developed markets are expected to grow +11% YoY thanks to increasing number of high-capacity dealers in North America, strengthened channel competitiveness by new dealers, full-fledged sales of European wheel loaders, and efforts to win key accounts.

Market Outlook for Developed Markets (DM)

(Unit : 1000 units)



DI's Sales Outlook - DM

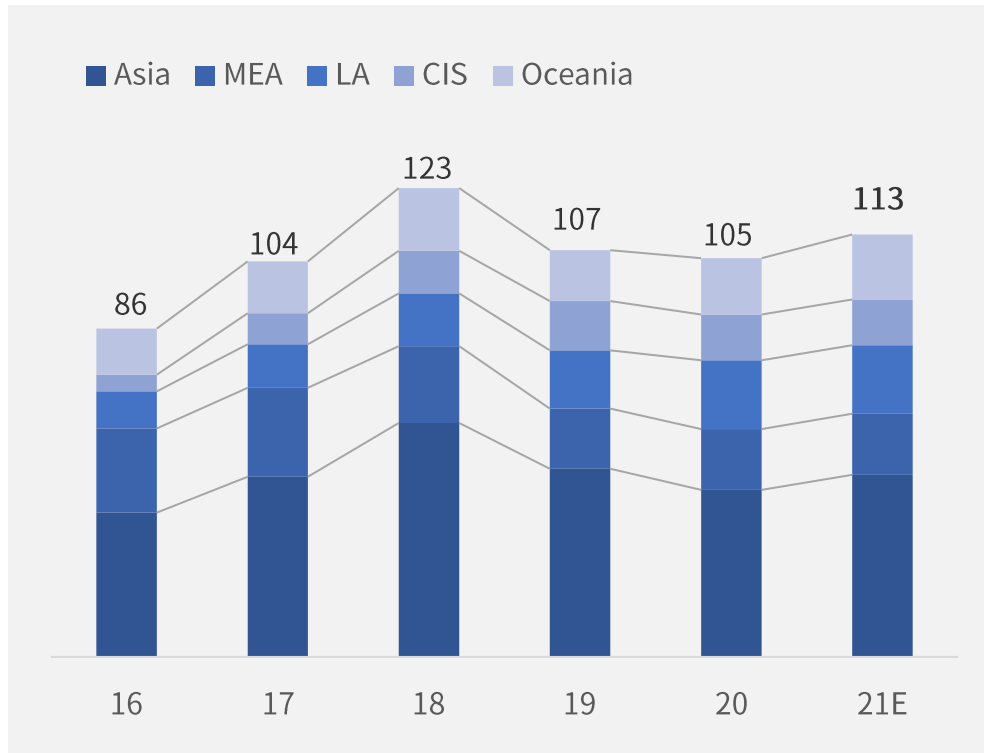


Heavy (Emerging Markets)

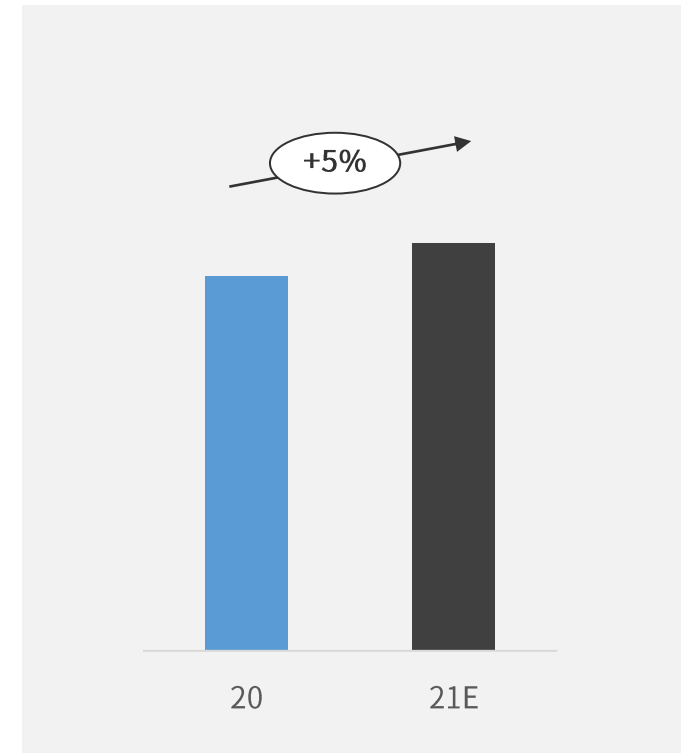
- Emerging markets are projected to grow year on year in line with infrastructure investment and recovery of raw material prices.
- Sales in emerging markets should grow +5% YoY thanks to recovery in demand as well as sales strategy aimed to diversify customer base by providing both mechanical and electronic models.

Market Outlook for Emerging Markets (EM)

(Unit : 1000 units)



DI's Sales Outlook – Korea/EM

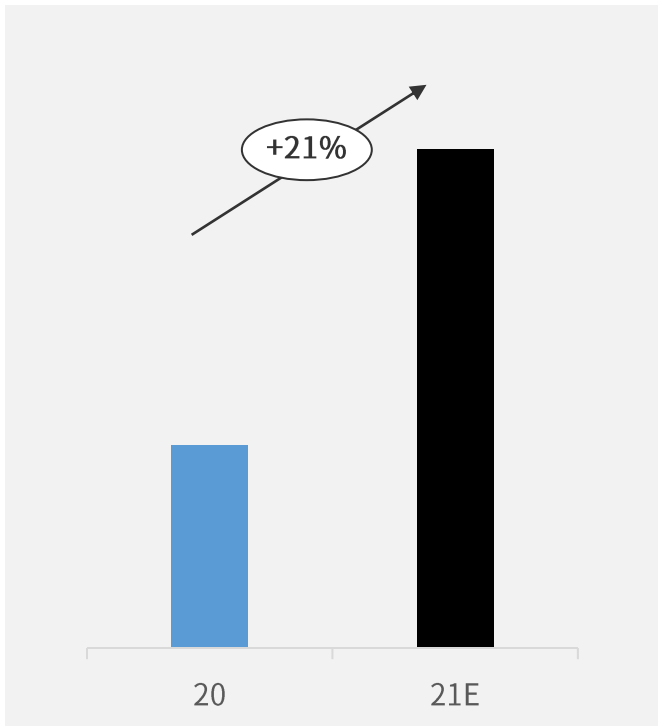


* Source: Company data, Excluding Korea

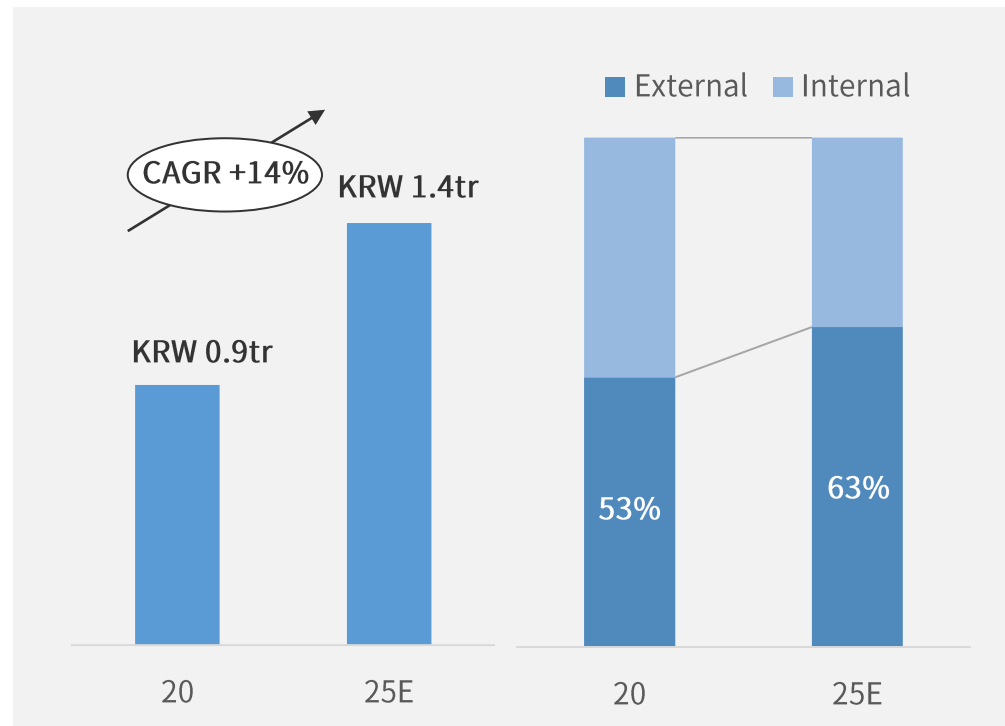
Engine

- Engine sales should grow +21% YoY in light of our efforts to expand product line-up, discover new dealers/OEMs and entering previously untapped markets.
- Amid risks such currency, oil-prices and delays in emission regulation, we anticipate sustainable growth through 1) efforts to increase 3rd party and after-market sales, 2) diversifying markets and products, and 3) seeking new business opportunities.

DI's Sales Outlook - Engine



Mid-term Sales Outlook & Change in Sales Mix



* Figures based on total sales



[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
2017	Market	3,946	13,908	20,588	13,668	10,486	8,225	6,993	7,952	9,525	9,661	12,885	12,722	130,559
	DI	295	1,202	1,701	1,217	914	766	514	554	718	769	1,165	1,036	10,851
	M/S	7.5%	8.6%	8.3%	8.9%	8.7%	9.3%	7.4%	7.0%	7.5%	8.0%	9.0%	8.1%	8.3%
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%

• Construction Equipment : Regional sales breakdown

(Unit : KRW billion)

	1Q19	2Q19	3Q19	4Q19	2019	YoY	1Q20	2Q20	3Q20	4Q20	2020	YoY
China	467.1	334.5	199.2	252.7	1,253.6	-4.7%	311.5	527.5	308.9	319.2	1,467.2	+17.0%
Emerging/ Korea	327.4	297.5	232.4	225.1	1,082.4	-8.3%	316.2	225.5	234.4	237.3	1,013.4	-6.4%
NA/EU	206.4	237.2	169.8	199.0	812.4	+6.9%	198.7	181.1	197.5	171.9	749.2	-7.8%
Bobcat	1,055.4	1,182.0	1,107.3	1,114.6	4,459.3	+13.1%	1,052.8	952.0	1,073.6	1,159.7	4,238.1	-5.0%
Total	2,056.2	2,051.3	1,708.7	1,791.4	7,607.7	+5.7%	1,879.3	1,886.1	1,814.4	1,888.1	7,467.9	-1.8%

[Appendix] Doosan Bobcat – 2020 Results

2020

- Strong GME¹⁾ sales minimized the adverse impact on sales from COVID-19.
- EBIT margin stood at 9.2% despite temporary shut-down of major factories in April.
- Net profit decreased only marginally thanks to F/X translation gains and less corporate taxes ²⁾.

4Q20

- Sales increased by 4% YoY thanks to recovery in all regions.
- EBIT margin remained above 10% for two consecutive quarters due to efficient cost management.
- Net profit increased significantly due to reduced corporate taxes.

Income Statement

(Unit : KRW billion)

	2019	2020	YoY	4Q19	4Q20	YoY
Sales	4,509.6	4,282.1	-5.0%	1,128.5	1,169.1	+3.6%
EBIT	477.0	393.9	-17.4%	96.2	131.5	+36.7%
EBIT Margin	10.6%	9.2%	-1.4%	8.5%	11.1%	+2.7%p
EBITDA	574.3	508.5	-11.5%	120.3	158.7	+32.0%
Net Financial Cost	39.3	39.0	-0.9%	7.9	9.8	+23.9%
Profit before Tax	404.9	355.8	-12.1%	75.4	129.6	+71.8%
Net Profit	272.1	247.5	-9.1%	41.6	103.8	+149.3%
Net Profit Margin	6.0%	5.8%	-0.3%p	3.7%	8.9%	+5.2%p

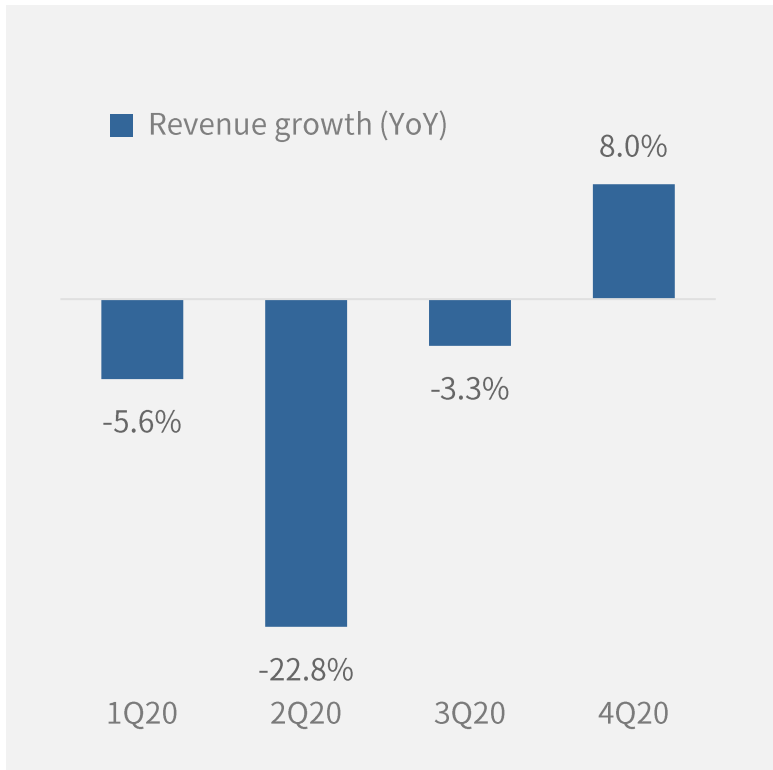
1) GME : Grounds Maintenance Equipment

2) Impact on corporate taxes of US\$ 14.6M including R&D tax credits(US\$ 8.8M) and reversal of tax provision(US\$ 4.5M)

[Appendix] Doosan Bobcat – 2021 Outlook

- Sales should report double-digit growth year-on-year in 2021 as demand started to make a V-shaped recovery since the COVID-19 pandemic negatively affected demand from 2Q20.
- EBIT is expected to increase significantly driven by sales growth and improved cost structure despite increases in cost related to new product launches and R&D expense.

Quarterly Changes in Sales



2021 Guidance

