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DAEWOO HEAVY INDUSTRIES & MACHINERY

November 2003



Our projections in this document are based on current economic conditions and DHIM's current management policy.

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I. Company Overview

- 1. Company Overview**
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- 3. Plants & Products**
- 4. Overseas Business Network**
- 5. Shareholders**

PLANT & OTHER FACILITIES



DOMESTIC

3 Plants (including Incheon)
2 Service Centers (including Ansan)
12 Retail branches
53 Dealers

OVERSEAS

2 Production subsidiaries (China & Belgium)
10 Sales subsidiaries
704 Dealers

KEY DATA

Restructuring date : October 23, 2000
Paid-in capital : W839 billion
CEO: Jae-shin Yang
Shares outstanding : 167,957,384

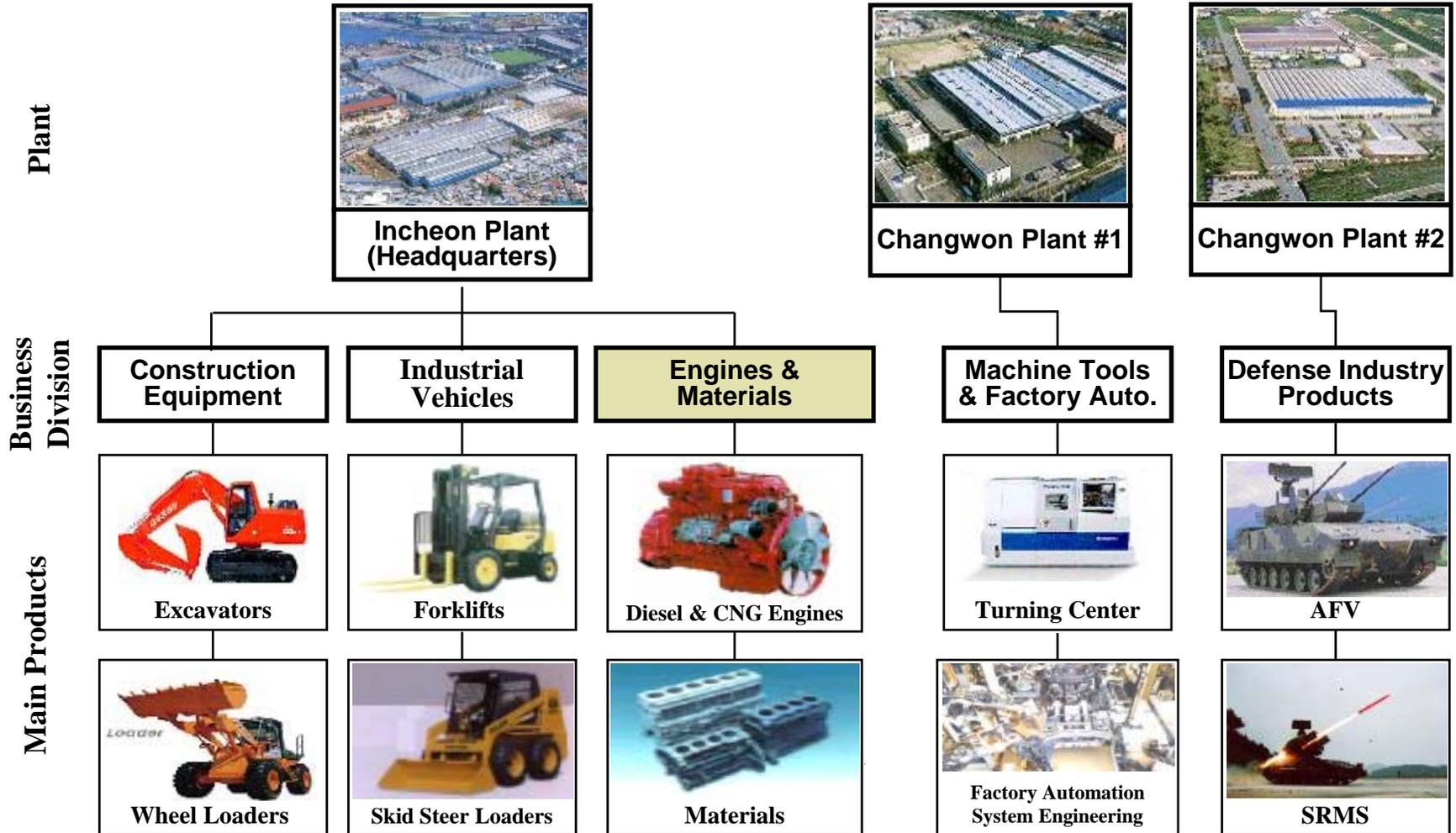
Domestic Employees (2003/09)

Sex	Total	Engineer & Staff	Production	Misc.
M	4,111	1,694	2,383	34
F	268	41	56	171
Total	4,379	1,735	2,439	205

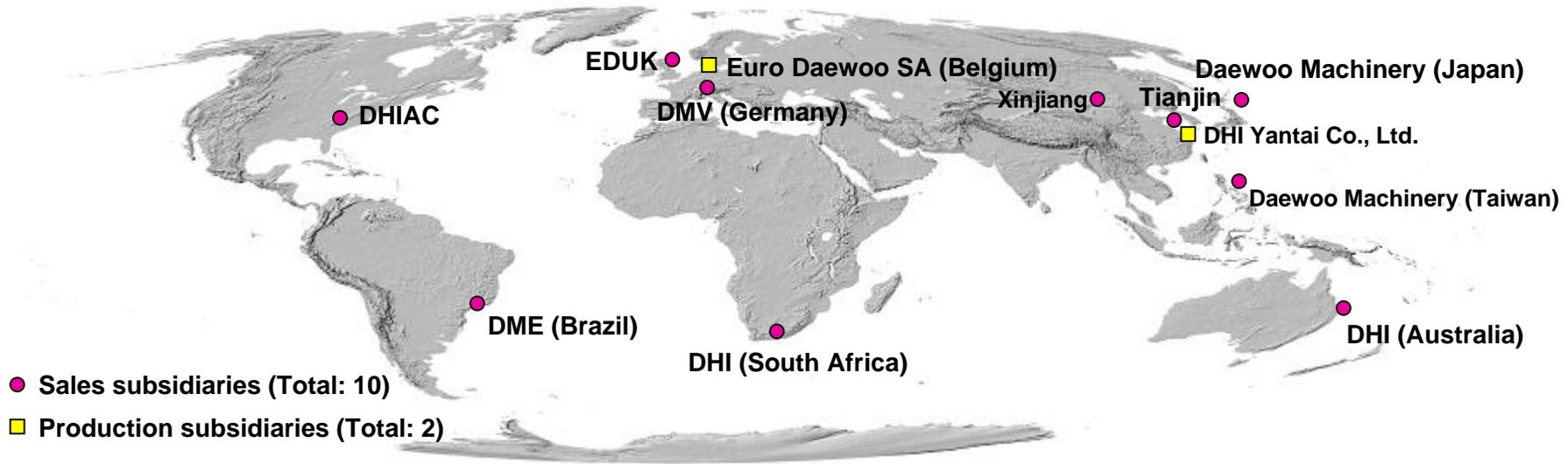
2. History

Date	Details
1937.06	Established as Choson Machine Works
1963.05	Renamed Hankook Machine Industry Co., Ltd.
1976.10	Renamed Daewoo Heavy Industries Ltd.
1994.10	Merged with Daewoo Shipbuilding
1999.08	Started workout program
2000.10	Renamed Daewoo Heavy Industries & Machinery Ltd.
2001.02	Listed on the Korea Stock Exchange
2001.11	Completed workout program

3. Plants & Products



4. Overseas Business Network



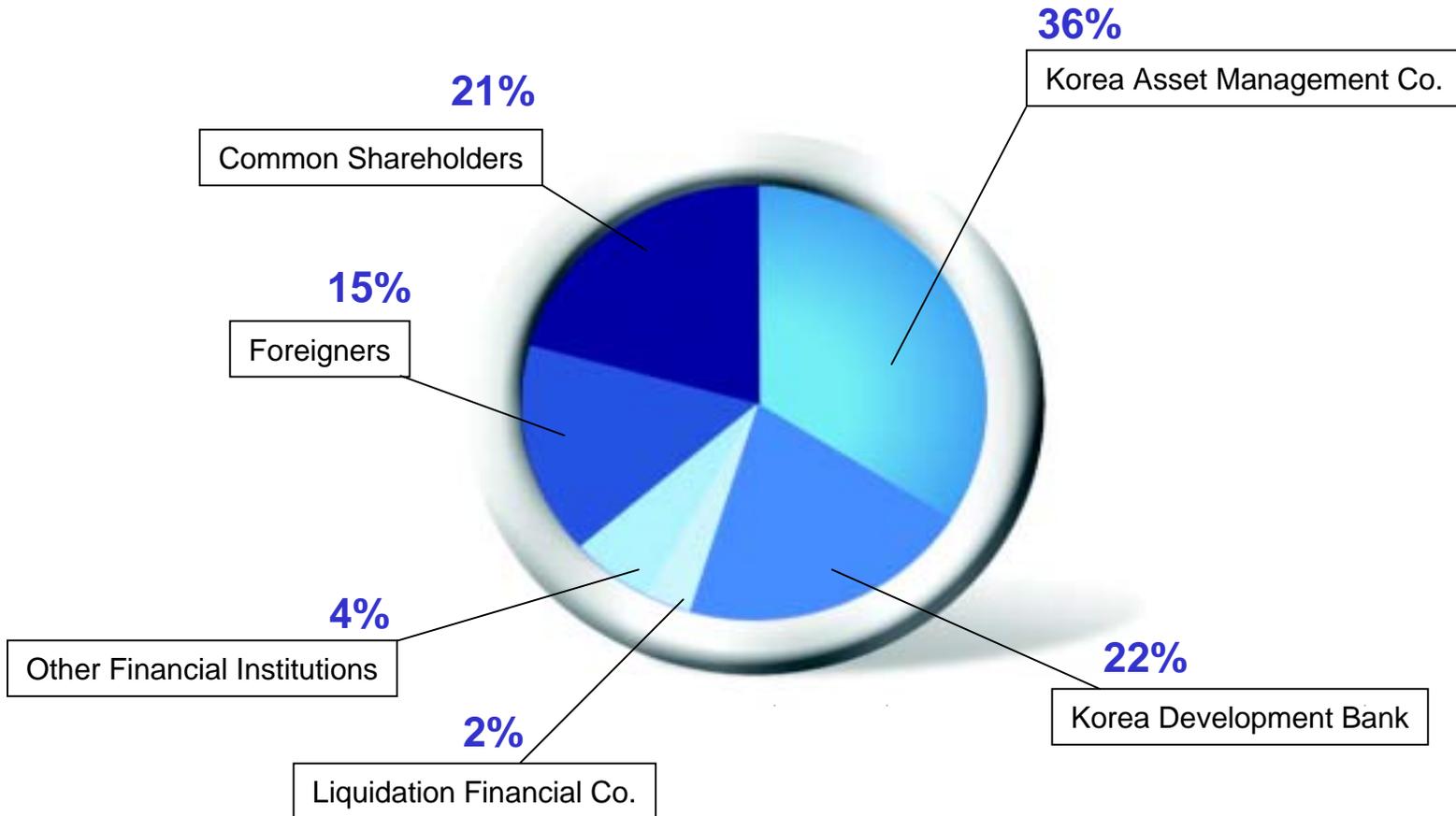
DEALERS (704)

Description	North America	Europe	Asia/Pacific	Central/South America	Middle-East/Asia/CIS	Total
Construction Equipment	60	18	27	18	16	139
Industrial Vehicles	220	140	60	16	26	462
Machine Tools	2	19	14	4	4	43
Diesel Engines	16	13	16	4	11	60
TOTAL	298	190	117	42	57	704

5. Shareholders

Shares outstanding: 167,957,384

Paid-in capital: W839.8 billion



II. Investment Highlights

- 1. Investment Highlights**
- 2. Market Position**
- 3. Financial Goals**

1. Investment Highlights

RANKED 1st IN DOMESTIC MACHINERY INDUSTRY

- Ranking in domestic sales: 1st
- Ranking in domestic market share: 1st (Excavators, Forklifts, Machine Tools)
- High brand image

COMPETITIVE EDGE

- Top quality products
- Price competitiveness
- Worldwide sales and A/S networks

SUCCESSFUL ENTRY INTO CHINESE MARKET

- Chinese excavator M/S ranking: 1st (2000 ~)
- Chinese machine tools M/S ranking: 1st (2001 ~)
- Acquired production plant in China (Excavators, Forklifts, Machine Tools)

STABLE FINANCIAL STRUCTURE

- Declining debt-to-equity ratio 171.1% (Sep 2003)
- Operating cash flow W167.4 billion (1H03)
- Interest coverage rate: 4.02x

MISCELLANEOUS

- Internationally-certified laboratory
- Top-tier R&D
- High transparency (4 external directors, 3 internal directors)

2. Market Position

Product	Domestic Market (2002)		Global Market (2002)	
	M/S (%)	Ranking	M/S (%)	Ranking
Excavator	44.0	1	8.8	4
Forklift	57.0	1	5.0	9
Machine Tools *	28.0	1	13.0 *	4

Note: * Based on turning & machining center totals

- **Overseas sources:** Off-Highway Research, International Trade Administration (ITA), Association of Manufacturing Technology (AMT) USA.
- **Domestic sources:** Korea Construction Equipment Manufacturers Association (KOCEMA), Company data

3. Financial Goals

(KRW bil)		2003	2008	Growth Rate (%)
Total Sales	Total	2,287	4,200	84 (CAGR 13)
	Domestic	1,241	2,050	65 (CAGR 11)
	Export	1,046	2,150	106 (CAGR 15)
Recurring Profit		222	600	170 (CAGR 22)
Debt ratio (%)		162	75	

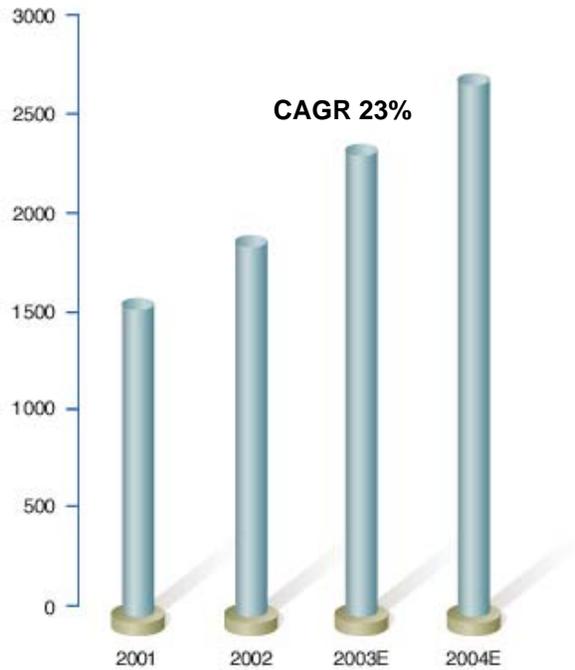
III. Business Review

1. Annual performance
2. Quarterly performance
3. Sales by Division (~3Q03)
4. Sales by Area (~3Q03)
5. Capacity

1. Annual Performance

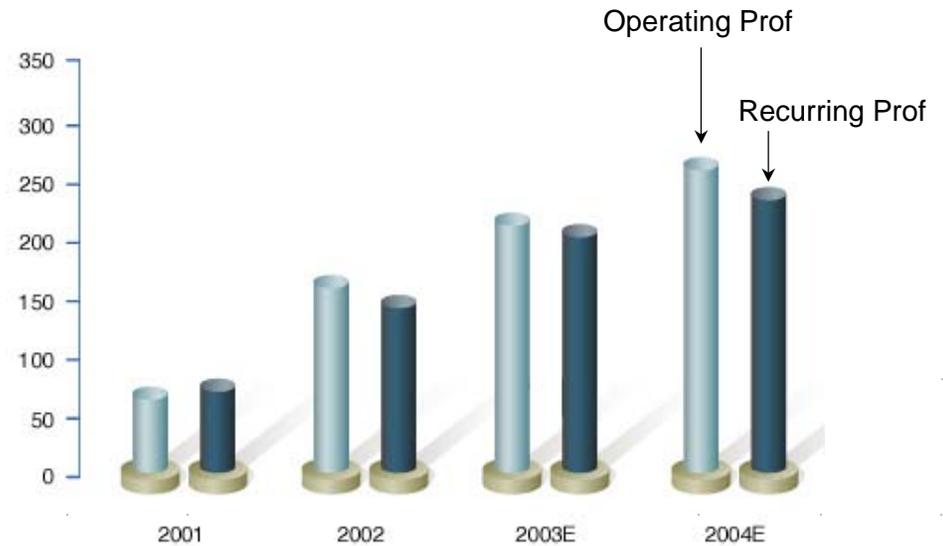
Sales

(KRW bil)



Operating & Recurring Profit

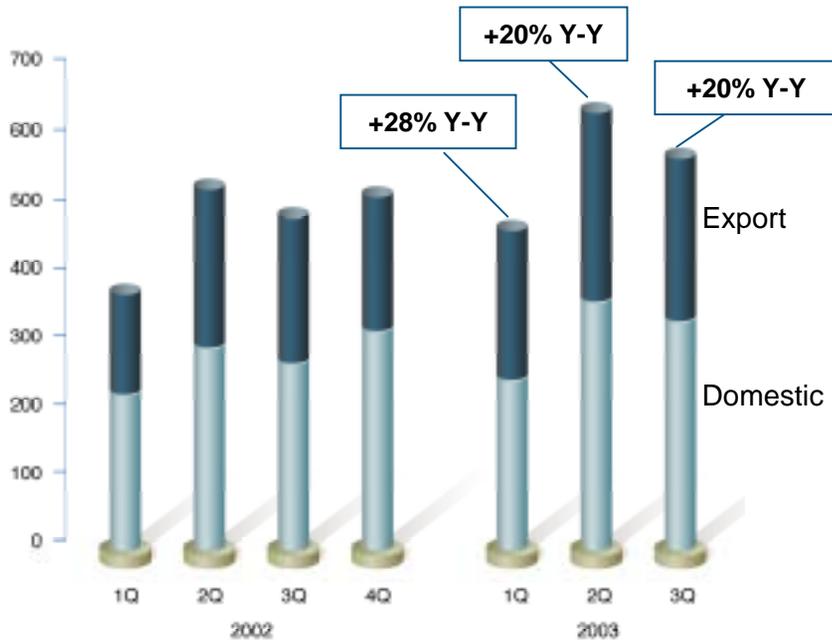
(KRW bil)



2. Quarterly Performance

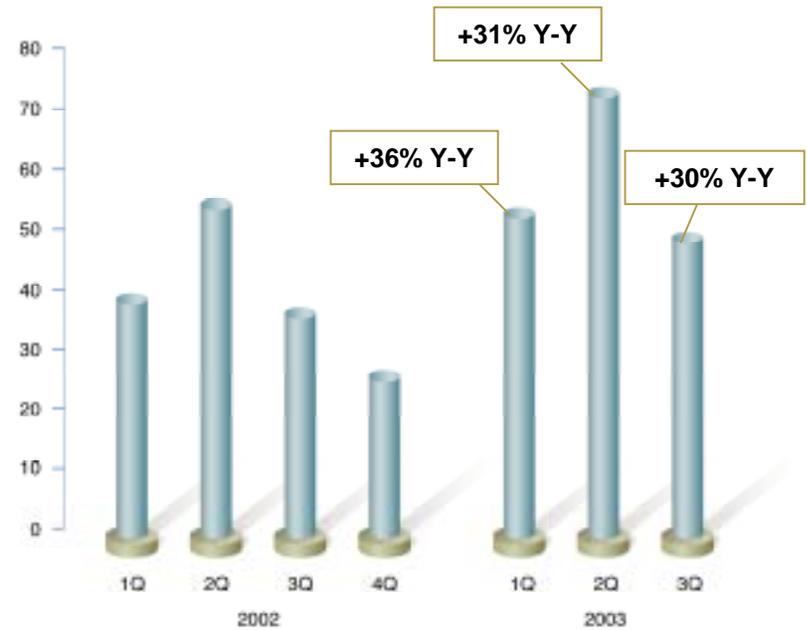
Sales

(KRW bil)



Operating Profit

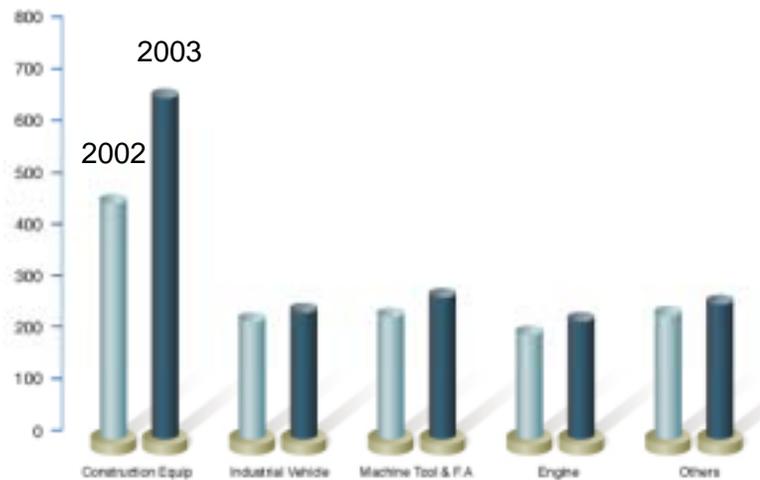
(KRW bil)



3. Performance by Division (~3Q03)

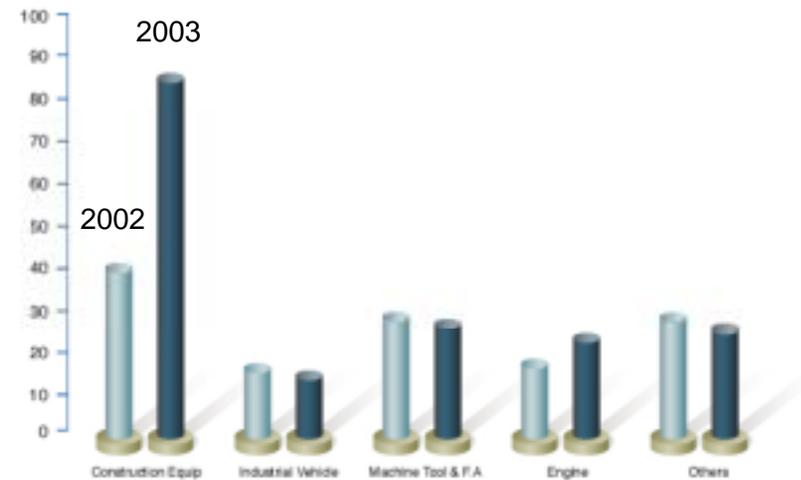
Sales

(KRW bil)



Operating Profit

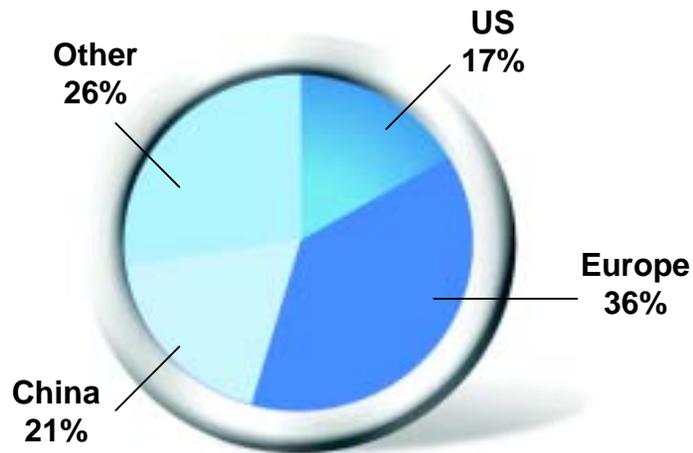
(KRW bil)



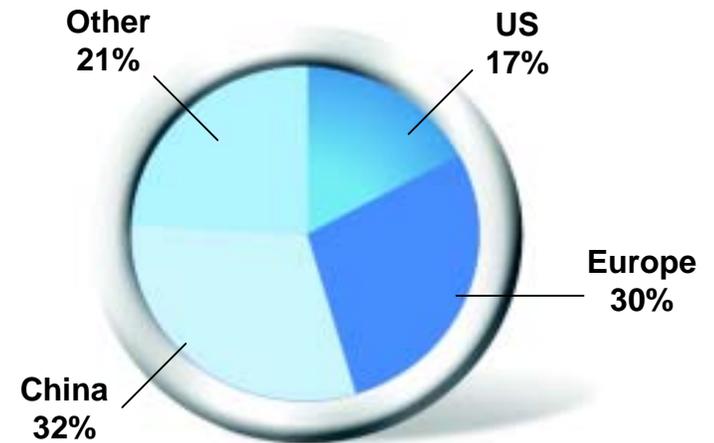
- **Increases in construction equipment sales and operating profit were due to rising exports to China**

4. Sales by Area (~3Q03)

2002



2003



- Chinese exports have increased due to growth in sales of excavators and machine tools

5. Capacity

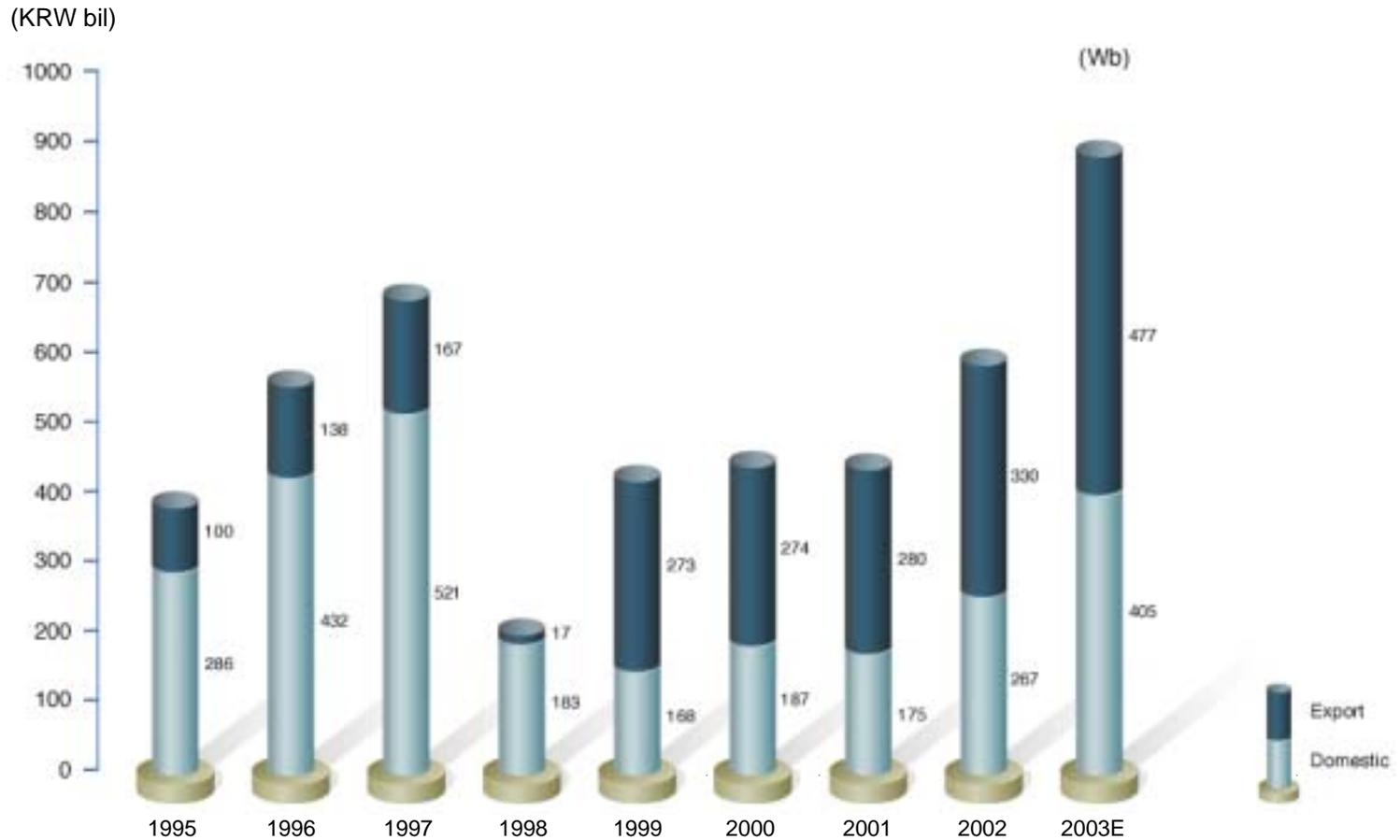
	Domestic Production	Overseas Production
Construction Equipment	Excavators: 8,500 units/year Wheel loaders: 1,200 units/year Concrete Pump Trucks: 50/year Other: 50 units/year	DHI Yantai Co. Ltd. (China): 6,000 excavators/year Euro Daewoo (Belgium): 700 excavators/year
Industrial Vehicles	Forklifts: 21,600 units/year	DHI Yantai Co., Ltd. (China): 2,000 units/year
Machine Tools & Factory Auto.	Machining Centers: 4,800 units/year Factory Automation: W75b/year	Chinese subsidiary established July 2003; currently expanding M/C facility - completion expected in 1H04 (Capacity: 1,000 units/year)
Diesel Engines	Diesel Engines: 37,000 units/year	

Note: Totals as of Sept 2003

IV. Business Status By Division

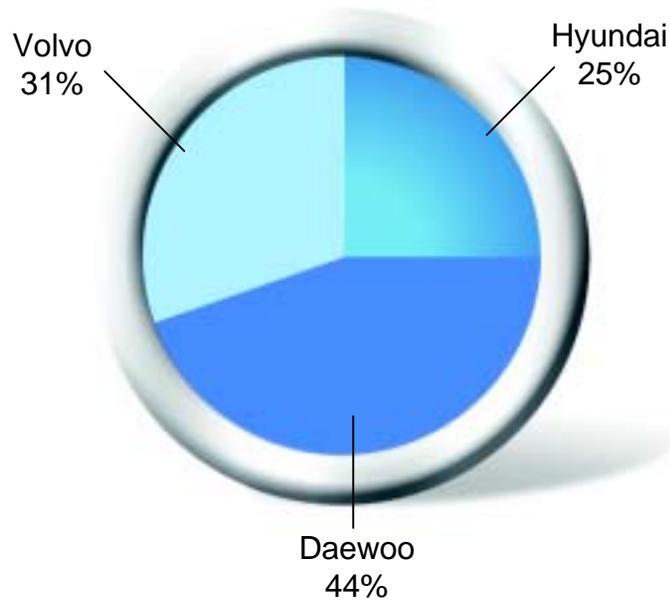
- 1. Construction Equipment**
- 2. Industrial Vehicles**
- 3. Machine Tools & Factory Automation**
- 4. Engines**
- 5. Defense Products**

1. Construction Equipment - Sales Trend



1. Construction Equipment - Excavator Market Share

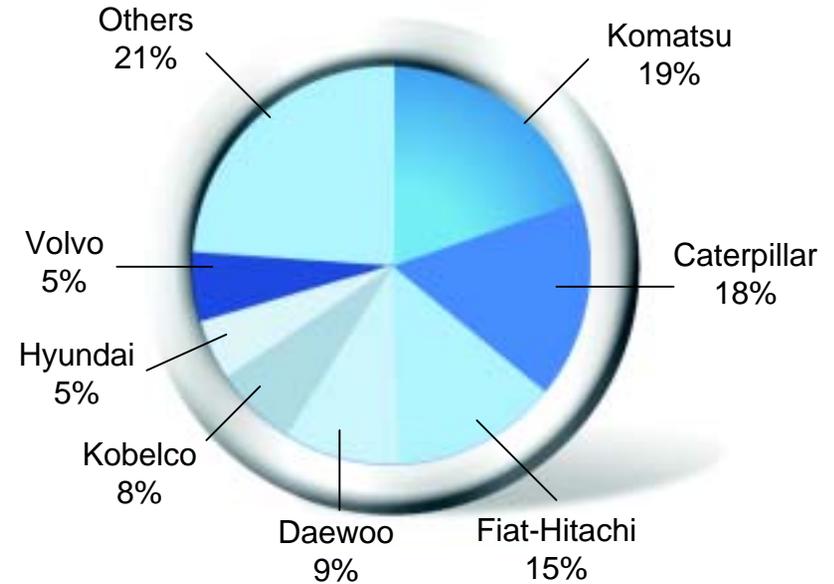
Domestic M/S



5,875 units

Source: Company data (2002)

Global M/S



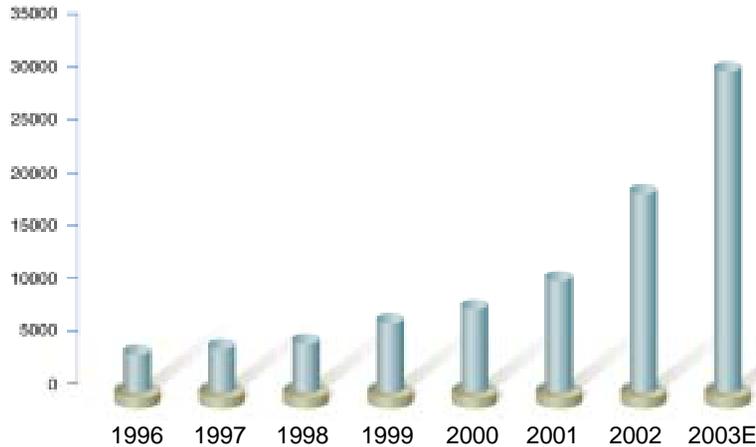
87,247 units

Note: Figures exclude equip below 5 tons (2002)
Source: Off-Highway Research, EMI 02 statistics

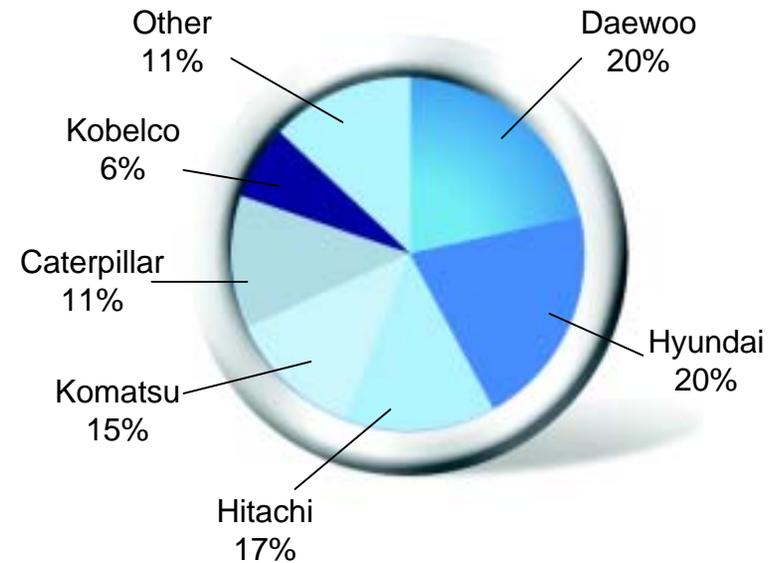
1. Construction Equipment - China Market

Excavator sales in China

(KRW bil)



M/S by Company



Sources: China Construction Machinery Industry Association (CCMIA), Company data

1. Construction Equipment - Chinese Operations

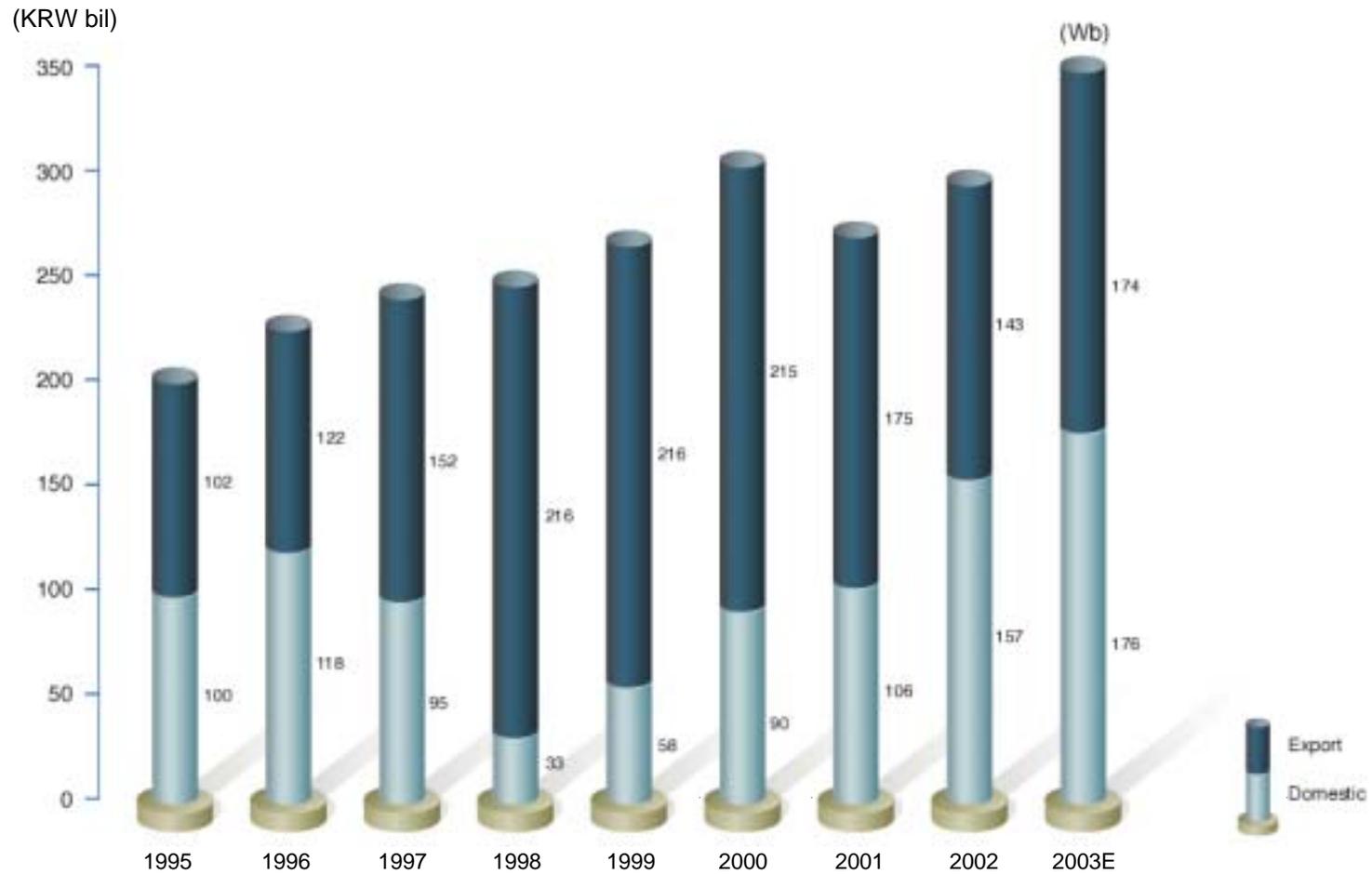
Results: DHI Yantai Co., Ltd. (Chinese subsidiary)

US\$m	1998	1999	2000	2001	2002	2003.1Q~3Q
Sales	37	82	111	145	233	341
Net Profit	1	5	10	22	22	unavailable
Sales (units)	443	1,084	1,425	2,173	3,832	4,733

Investments in China

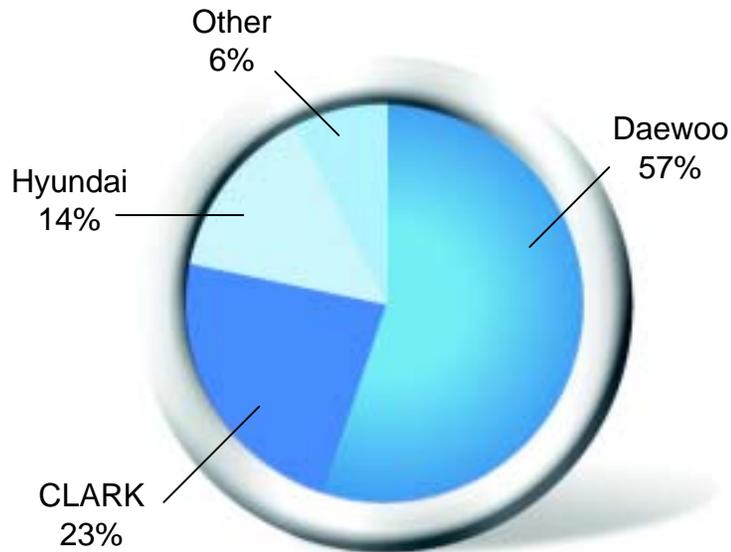
- Invested US\$60m in 1994 (production capacity: 200 excavators/month and 1,000 forklifts/year)
- Increased production capacity in 2003 (500 excavators/month and 2,000 forklifts/year)
- Ranked 7th in sales and 5th in profit in 2001 (based on Yantai region)
- Ranked 1st in taxes paid (awarded 5-year audit exemption by Yantai regional government)

2. Industrial Vehicles - Forklift Sales Trend



2. Industrial Vehicles - Forklift Market Share

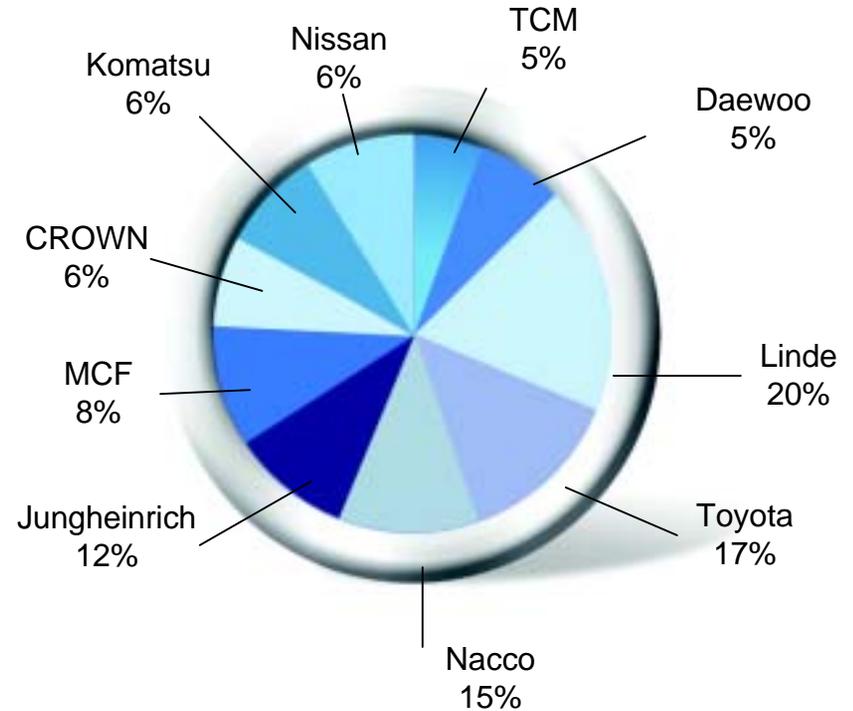
Domestic M/S



10,645 units

Source: Company data - 2002

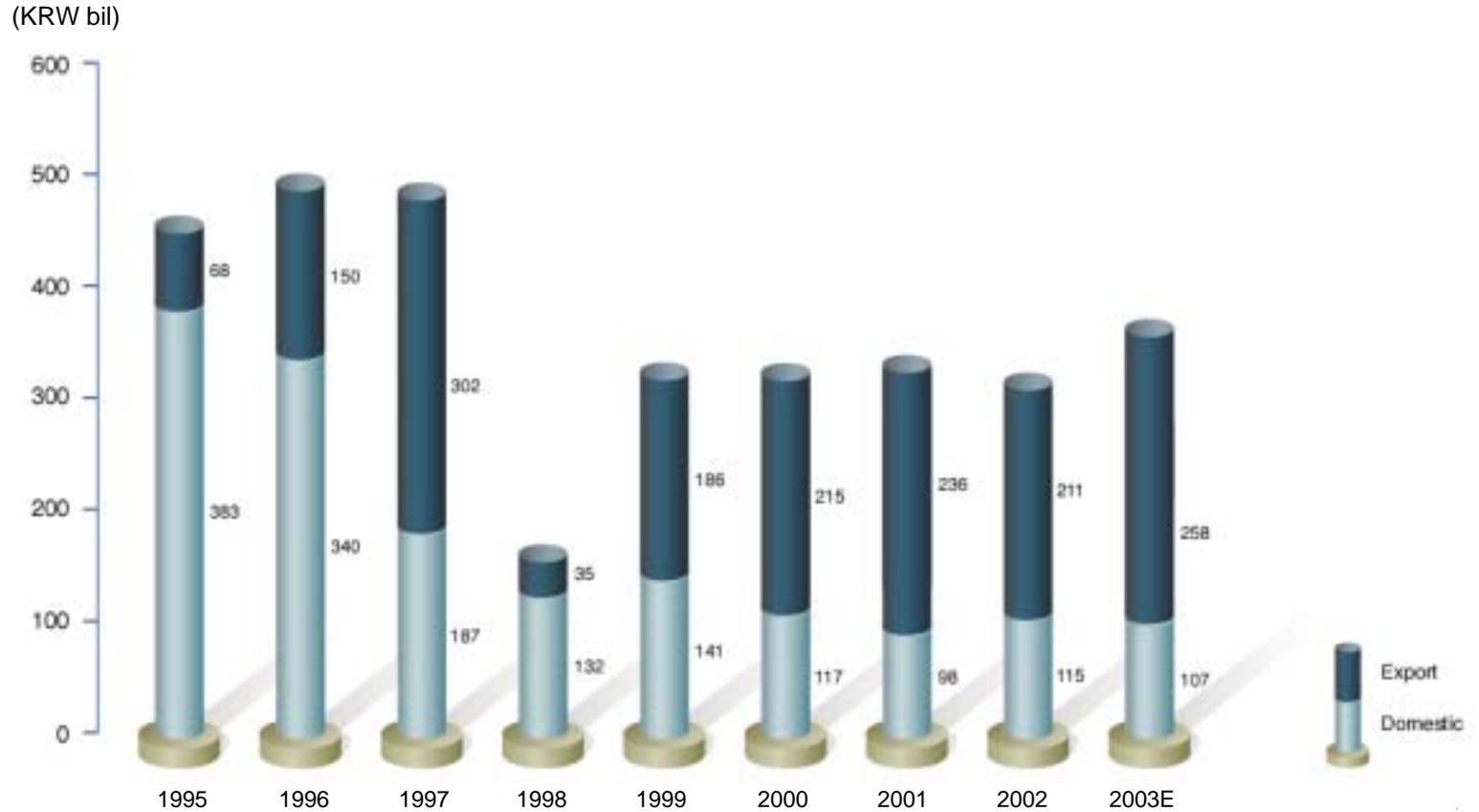
Global M/S



251,819 units

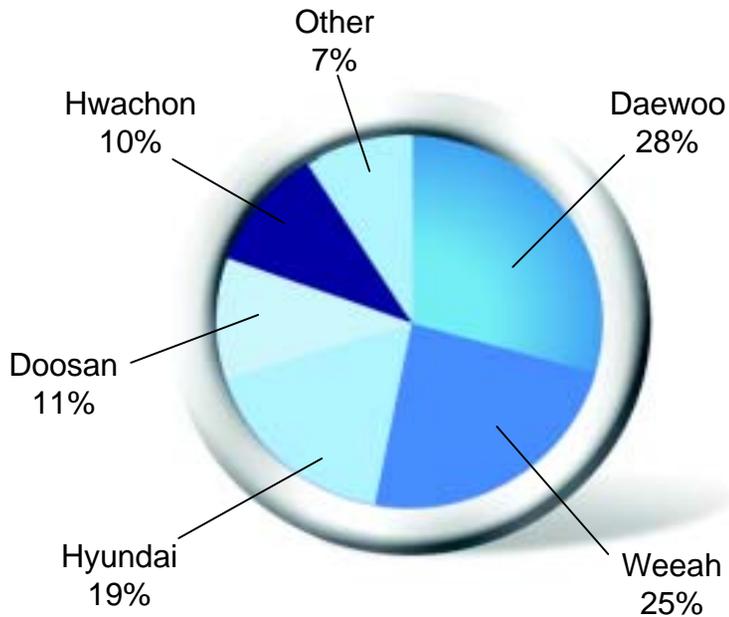
Source: ITA (US) - 2002

3. Machine Tools & Factory Automation - Sales



3. Machine Tools & Factory Automation - Market Share

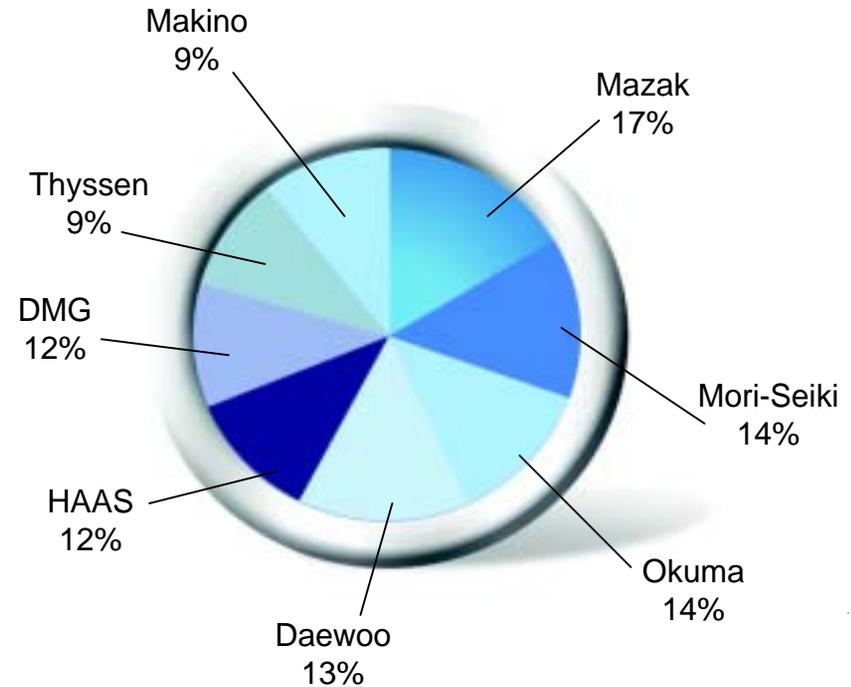
Domestic M/S



Source: Korea Machine Tool Manufacturers Association (KOMMA)

Note: Weeah was formerly Kia Heavy Industries

Global M/S

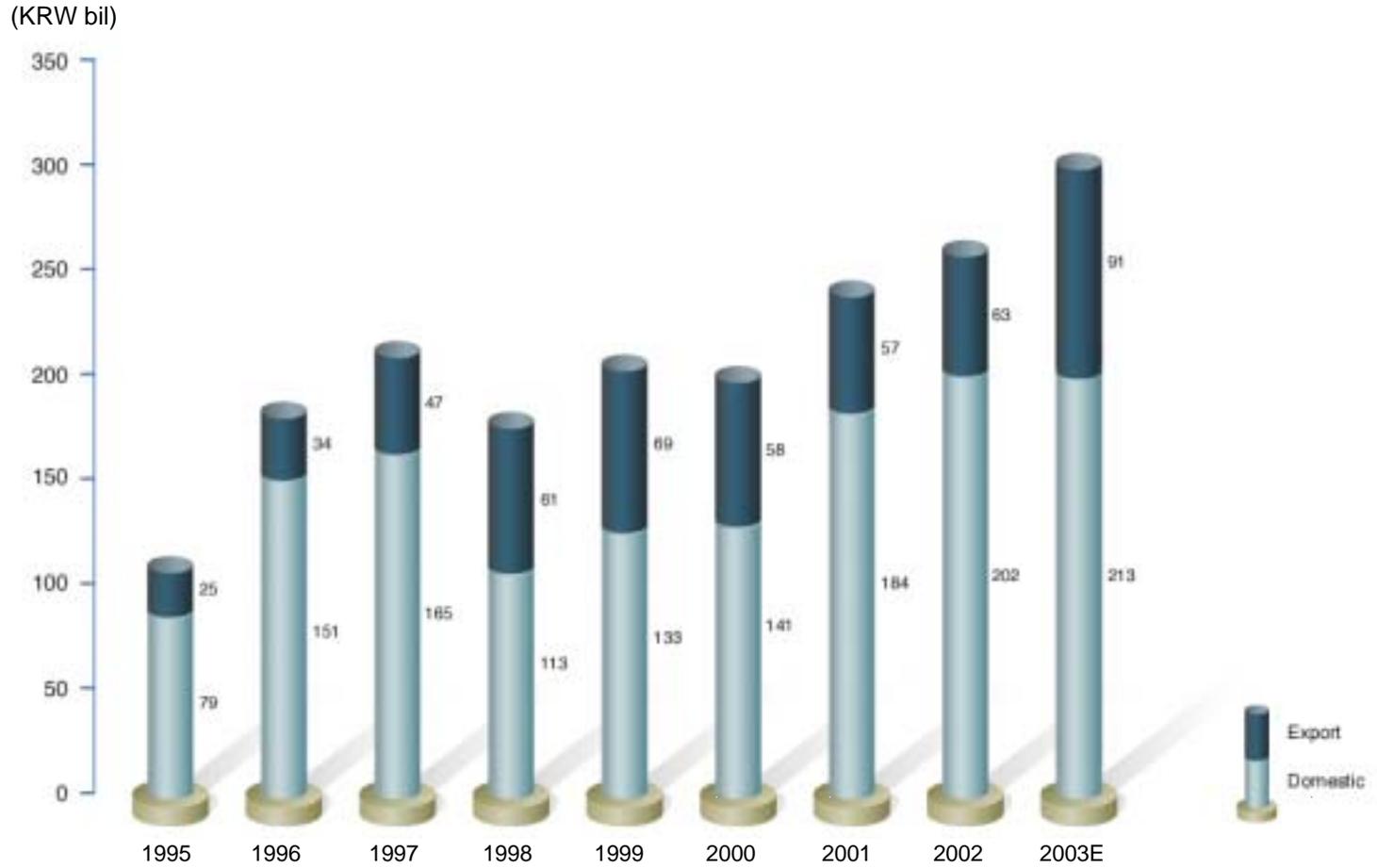


Sources: Contacts Metals & Welding Inc (CMW) Canada

Uniform Commercial Code (UCC), AMT (USA)

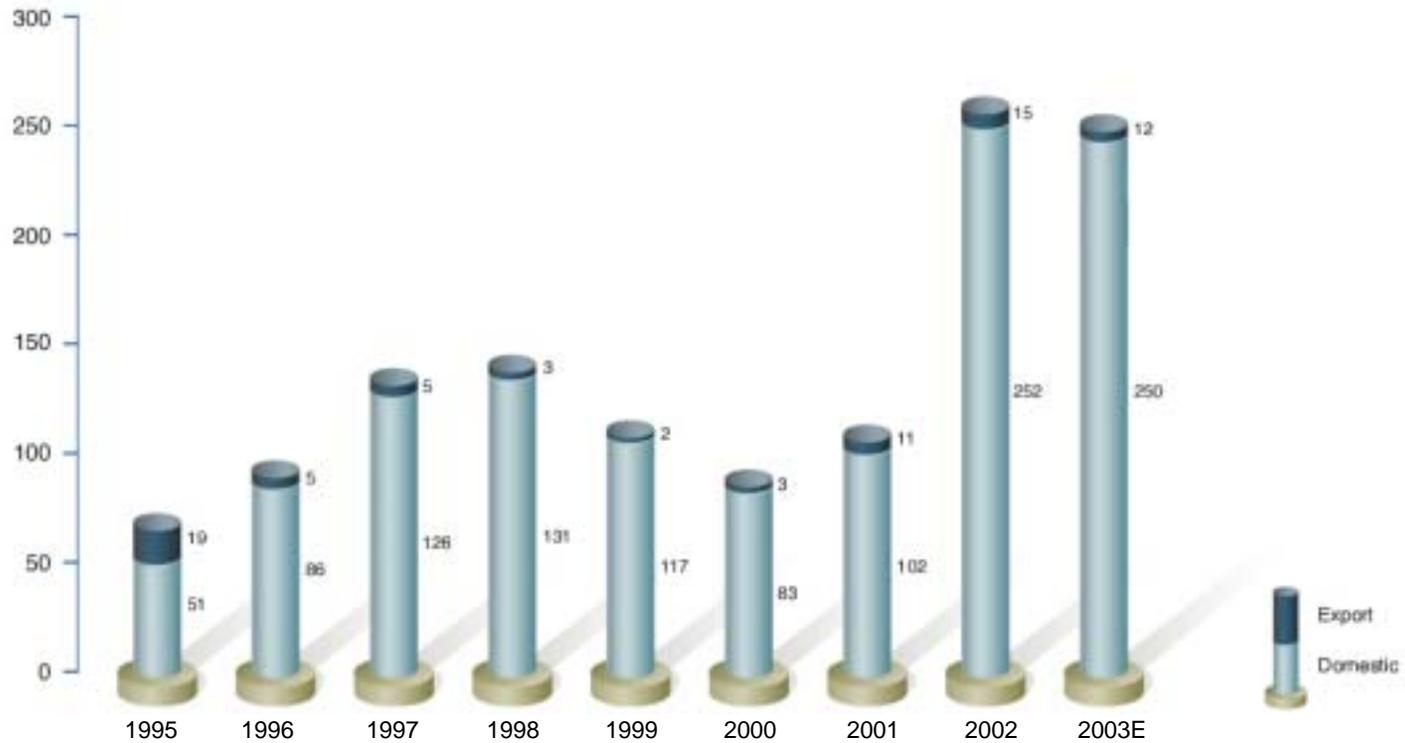
Note: Based on turning and machining center totals (2002)

4. Engines - Sales



5. Defense Products - Sales

(KRW bil)



Increased 2002 domestic sales were due to the 'Chonma' order from the Defense Ministry
Order backlog : W700b in 2002 ~ 2005 ('Chonma')
W304b in 2004 ~ 2007 ('Viho')

V. ISSUES

- 1. KAMCO and KDB to sell stakes in DHIM**
- 2. DHIM to sell stake in KAI**
- 3. Sale of unutilized real estate**