



Doosan Infracore

Doosan Infracore
2007 1Q Investor Meeting

May 2007



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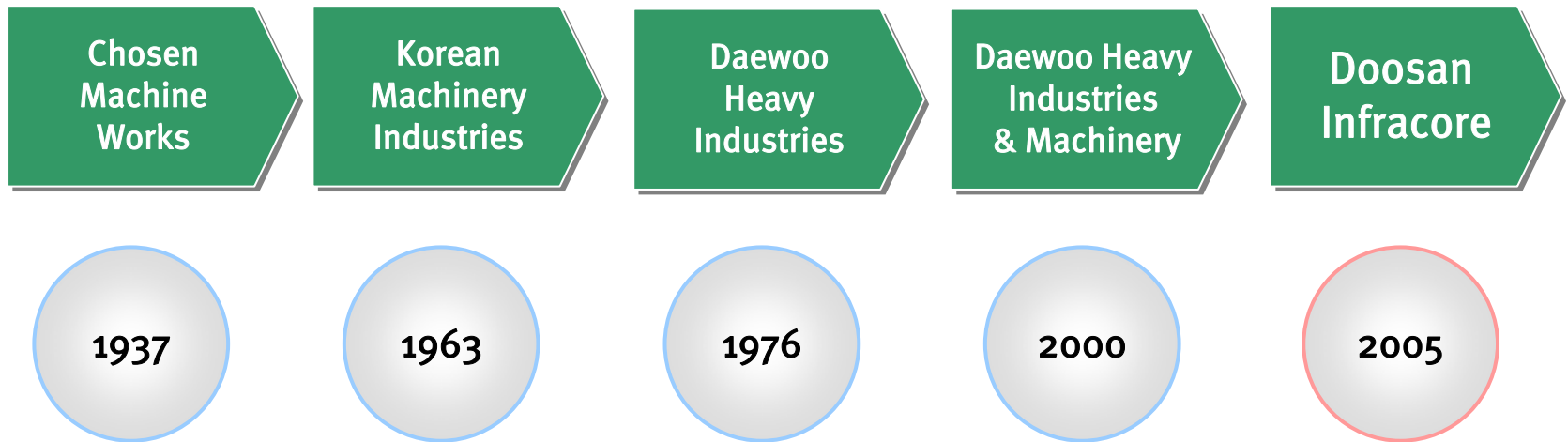
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Company Overview

Overview

Doosan Infracore is the largest machinery company in Korea and also a leading global infrastructure support business (ISB) company that has guided the development of Korea's machinery industry since its establishment in 1937



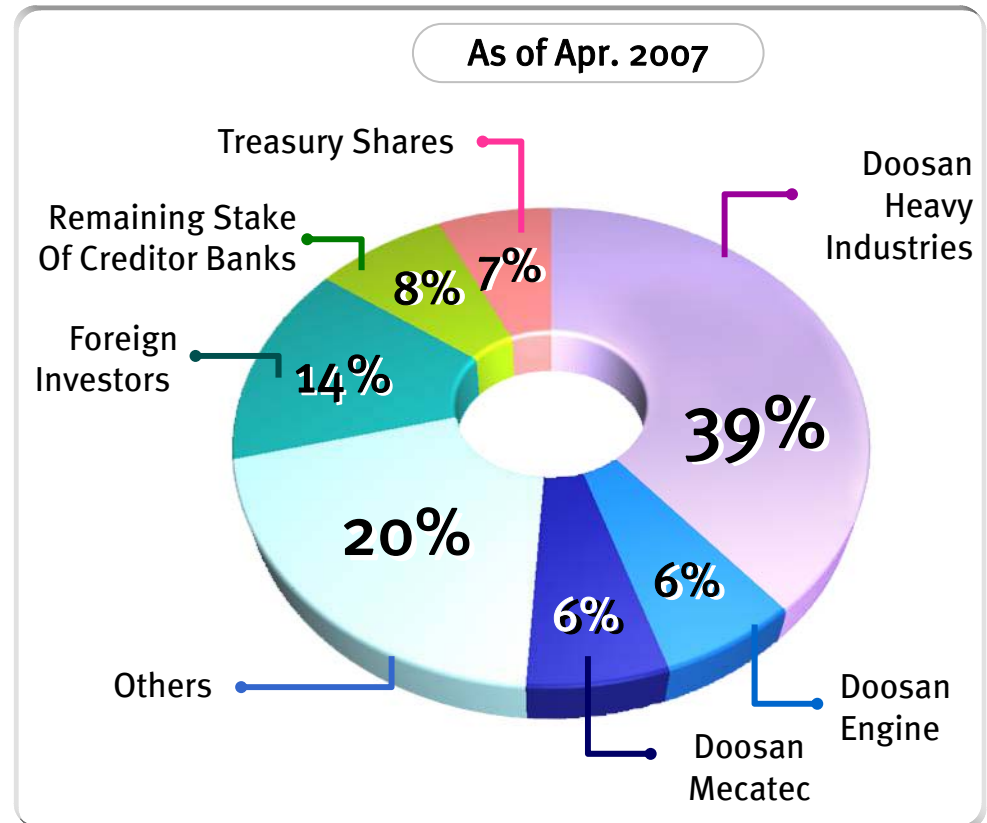
* ISB : Infrastructure Support Business

Overview

Corporate Data

CEO	Choi, Sung-Chul
Paid-in Capital	KRW840.8 billion (As of Apr. 2007)
Outstanding Shares	168,157,384 shares
Market Capitalization	KRW5,019.5 billion (As of Apr. 2007)
Employees	4,814 (As of Dec. 2006)

Shareholder Structure



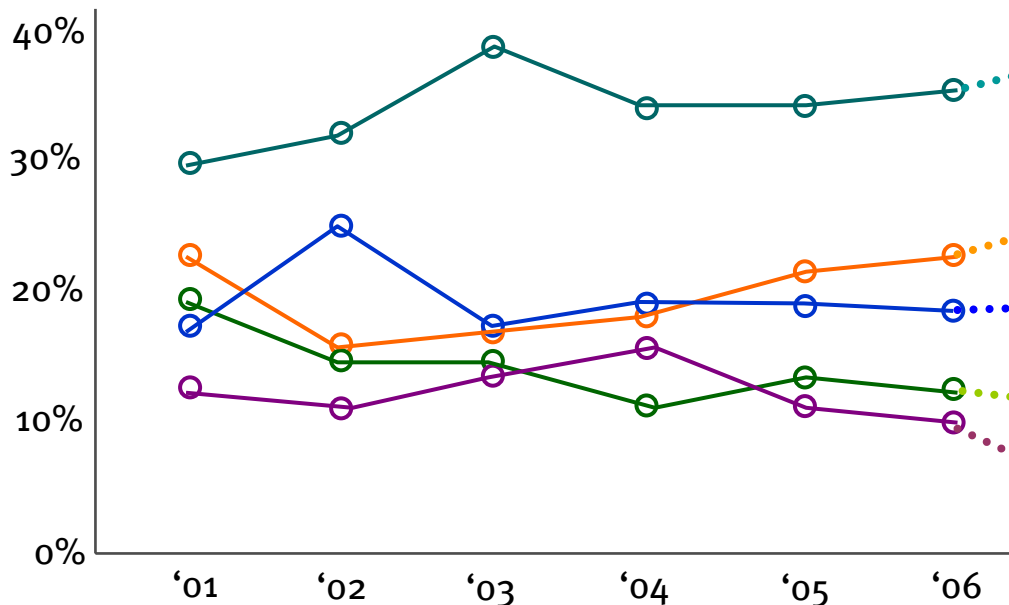
* Quarterly adjustments made for foreign investors and others only.

* Adjusted for change as of April 30, 2007 in ownership structure between Doosan Heavy Industries and Military Mutual Aid Association.

Business Area

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

Sales Breakdown (2001~2006)



35% Construction Equipment
Excavators, wheel loaders, tower cranes, concrete pump trucks, skid steer loaders

22% Machine Tools
Turning centers, machining centers

18% Others
Defense Products & A/S Parts

14% Industrial Vehicles
Fork lift trucks

11% Engines
Diesel engines, gas engines

2006 Breakdown By Division (Parent)

Unit : KRW billion

	Total			Construction Equipment			Machine Tools			Industrial Vehicle			Engines & Materials			Others		
	05	06	07	05	06	07	05	06	07	05	06	07	05	06	07	05	06	07
Sales	685.4	727.6	910.9	246.6	304.9	363.5	149.4	162.7	230.9	95.5	105.5	121.9	90.9	82.5	89.7	103.0	72.0	104.9
y-y	-3%	6%	25%	-17%	24%	19%	44%	9%	42%	1%	10%	16%	-20%	-9%	9%	4%	-30%	46%
Domestic Sales	291.4	265.2	320.5	75.2	70.2	71.5	45.4	56.0	66.5	35.9	40.5	46.9	44.7	42.1	50.5	90.2	56.4	85.1
y-y	-17%	-9%	21%	-37%	-7%	2%	8%	23%	19%	-22%	13%	16%	-37%	-6%	20%	21%	-37%	51%
Exports	394.0	462.4	590.4	171.4	234.7	292.0	104.0	106.7	164.4	59.6	65.0	75.0	46.2	40.4	39.2	12.8	15.6	19.8
y-y	11%	17%	28%	-4%	37%	24%	68%	3%	54%	23%	9%	15%	8%	-13%	-3%	-47%	22%	27%
Operating Profit	53.6	60.6	79.8	22.5	29.2	36.2	14.0	19.1	33.1	3.6	3.8	0.4	2.8	3.7	4.2	10.7	4.8	5.9
OP Margin	7.8%	8.3%	8.8%	9.1%	9.6%	10.0%	9.4%	11.7%	14.3%	3.8%	3.6%	0.3%	3.1%	4.5%	4.7%	10.4%	6.7%	5.6%

2006 Breakdown of Exports by Region (Parent)

Unit : KRW billion

	2006	2007	2006				2007			
			America	Europe	China	Other	America	Europe	China	Other
Total	462.4	590.4	110.3	138.2	97.5	116.4	134.3	187.8	149.1	119.2
(y-y)		28%					21.8%	35.9%	52.9%	2.4%
Construction Equipment	234.7	292.0	41.6	65.1	76.9	51.1	48.1	85.9	113.6	44.4
(y-y)		24%					15.6%	32.0%	47.7%	-13.1%
Machine Tools & F.A	106.7	164.4	37.2	40.9	11.9	16.7	54.1	69.4	22.4	18.5
(y-y)		54%					45.4%	69.7%	88.2%	10.8%
Industrial Vehicle	65.0	75.0	25.4	23.9	2.3	13.4	27.7	19.3	3.3	24.7
(y-y)		15%					9.1%	-19.2%	43.5%	84.3%
Engines & Materials	40.4	39.2	2.9	4.4	3.8	29.3	1.8	7.9	6.5	23.0
(y-y)		-3%					-37.9%	79.5%	71.1%	-21.5%
Others	15.6	19.8	3.2	3.9	2.6	5.9	2.6	5.3	3.3	8.6
(y-y)		27%					-18.8%	35.9%	26.9%	45.8%

Production Capacity by BG in 2007

	Domestic Production	Overseas Production
Construction Equipment	Excavator : 10,000 units/year Wheel Loader : 1,500 units/year Skid Steer Loader : 1,500 units/year Concrete Pump Truck : 300 units/year	Doosan Infracore China (China) Excavator : 17,300 units/year Euro Doosan Infracore (Belgium) Excavator : 1,500 units/year
Machine Tools	TC/MC : 13,080 units/year Automation System : KRW 80 billion/year	Doosan Infracore Yantai (China) TC/MC : 1,000 units/year
Industrial Vehicle	Fork Lift Truck : 30,000 units/year	Doosan Infracore China (OEM) Fork Lift Truck : 3,600 units/year
Diesel Engine	Diesel Engine & Others : 56,000 units/year	

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1Q 2007 Results

2007 1Q Key Results (Consolidated)

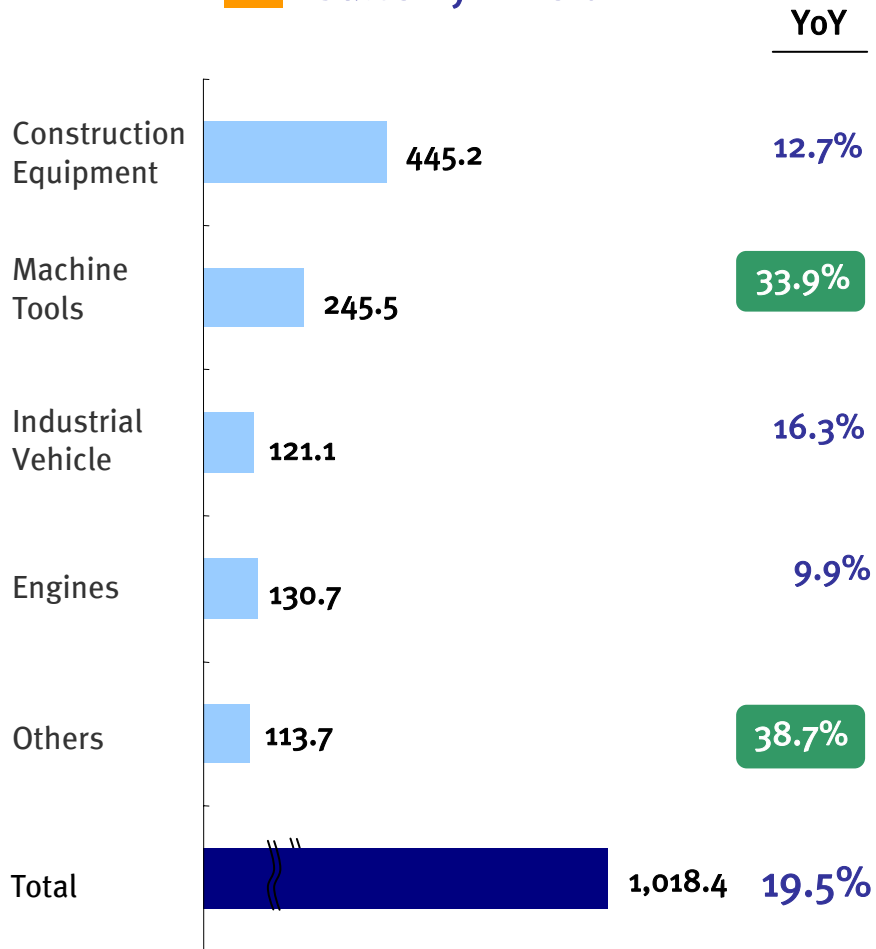
- Thanks to healthy export growth to Europe and China at the construction equipment and machine tool divisions, consolidated sales and operating profit grew 19.5% and 21.9% YoY, respectively.
- Consolidated recurring profit surged 37.9% YoY, higher than the operating profit growth.

Unit : KRW billion	Parent		Affiliates		Consolidated	
	Results	YoY	Results	YoY	Results	YoY
Sales	910.9	25.2%	518.6	22.8%	1,018.4	19.5%
Operating Profit	79.8	31.7%	26.5	96.3%	93.1	21.9%
Operating Margin	8.8%	0.5%p	5.1%	1.9%p	9.1%	0.1%p
Recurring Profit	75.4	30.9%	23.9	69.5%	83.7	37.9%

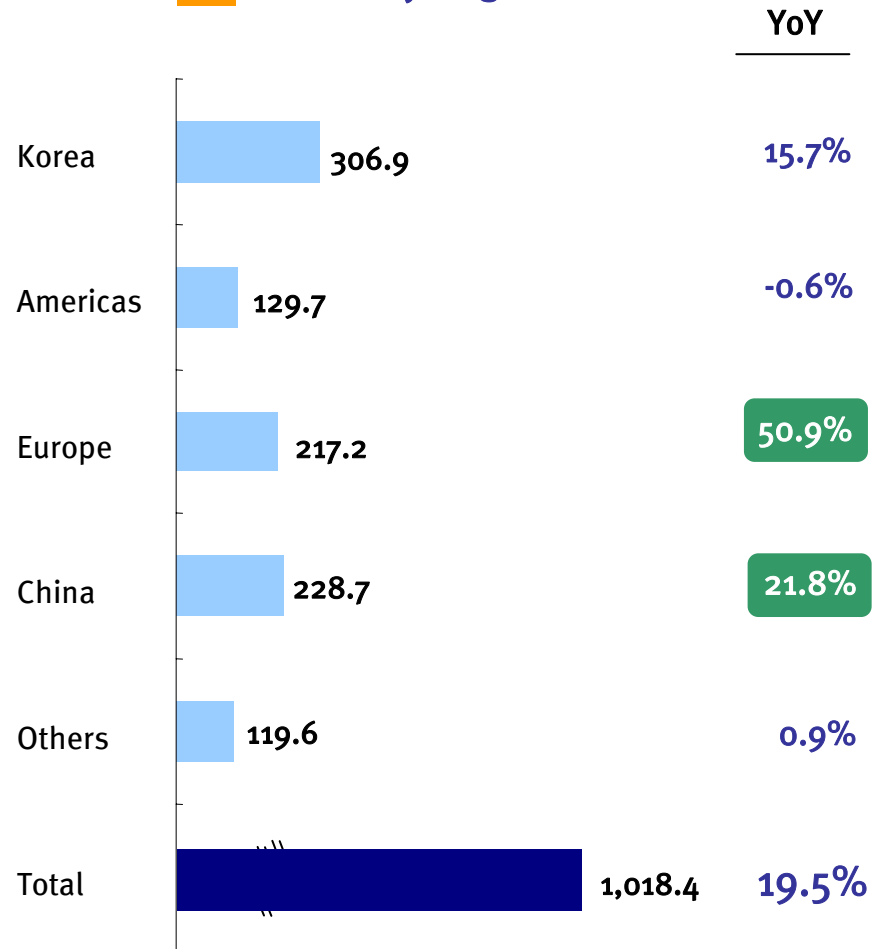
Sales By Division/Region (Consolidated)

Unit : KRW billion

Sales By Division



Sales By Region



* Note : Sales by division and region excludes in-house and CC sales

2007 1Q Summarized Income Statement (Parent)

- Thanks to strong growth at the construction equipment and machine tool divisions, sales surged 25.2% YoY in 1Q07.
- All divisions except for the industrial vehicle BG showed enhanced profitability and contributed to the 31.6% YoY improvement in operating profit.
- Even with the conservative accounting policy of removing unrealized profits at overseas affiliates and thus, lowering equity method gains, recurring profit grew 30.9% YoY, similar to the operating profit growth rate.

Unit : KRW billion

	1Q05	1Q06	1Q07	YoY
Sales	685.4	727.6	910.9	25.2%
Gross Profit	134.9	171.7	216.3	22.4%
(GP Margin)	19.7%	23.6%	23.7%	0.1%p
Operating Profit	53.6	60.6	79.8	31.6%
(OP Margin)	7.8%	8.3%	8.8%	0.4%p
Recurring Profit	62.2	57.6	75.4	30.9%
(RP Margin)	6.5%	6.0%	5.8%	-0.2%p

Balance Sheet as of Mar. 2007 (Parent)

- Solid financials with liabilities/equity and net debt/equity ratios of 161.1% and 45.8%.

Unit : KRW billion, %

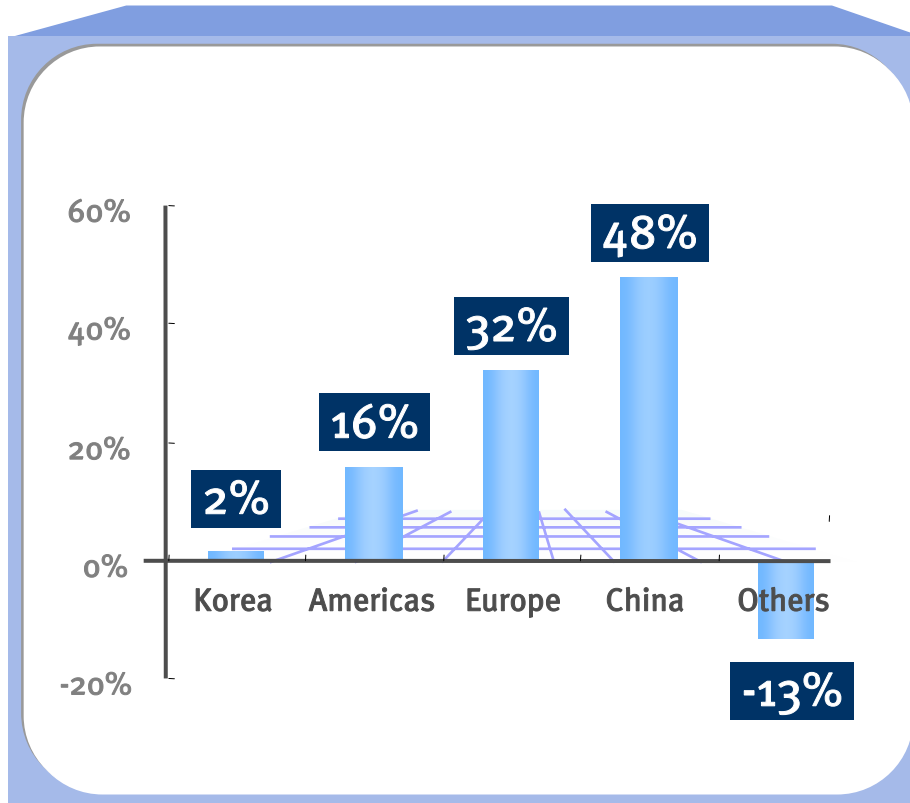
	1Q05	1Q06	1Q07	YoY
Current Assets	1,524.6	1,310.7	1,373.1	4.8%
Fixed Assets	1,112.9	1,204.8	1,258.3	4.4%
Total Assets	2,637.6	2,515.6	2,631.4	4.6%
Debts	710.7	537.6	505.4	-6.0%
Other Liabilities	874.1	942.5	1,118.1	18.6%
Total Liabilities	1,584.8	1,480.1	1,623.5	9.7%
Total Shareholders' Equity	1,052.8	1,035.4	1,007.9	-2.7%
Liabilities/Equity Ratio	150.5%	142.9%	161.1%	18.1%p
Net debt/Equity Ratio	67.5%	37.5%	45.8%	8.3%p

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Result By Division

Result – Construction Equipment (Parent)

Sales Growth By Region

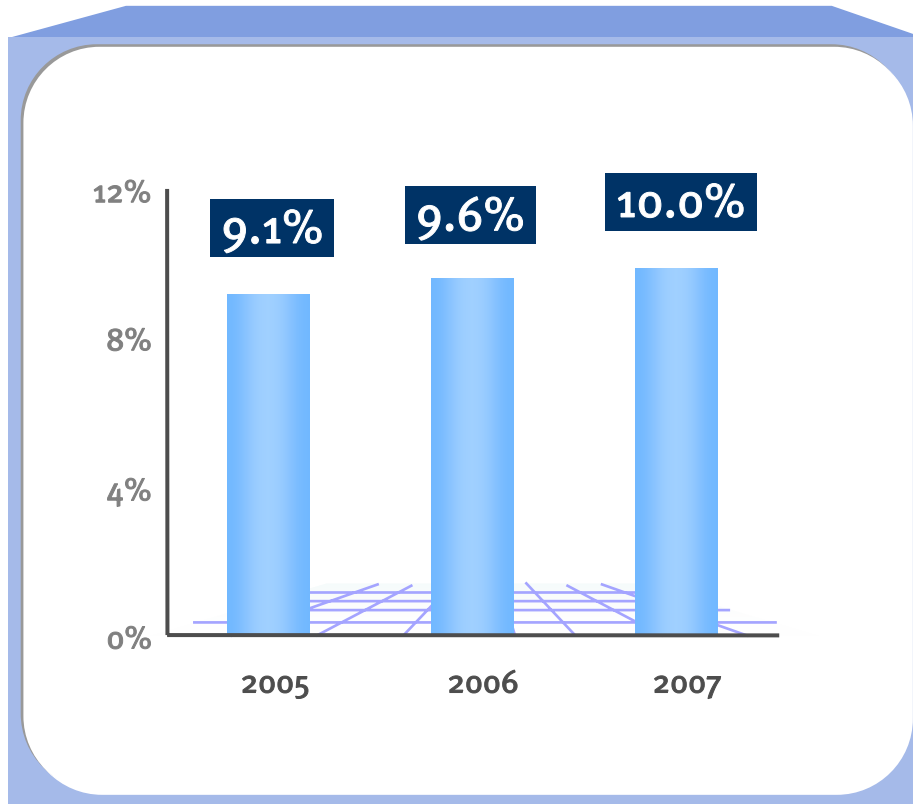


● Sales grew 19% YoY.

- Domestic sales turned around.
- Export grew in China, Europe and Americas.
- Market share rose across all regions in Korea, China, Europe and Americas.

Result – Construction Equipment (Parent)

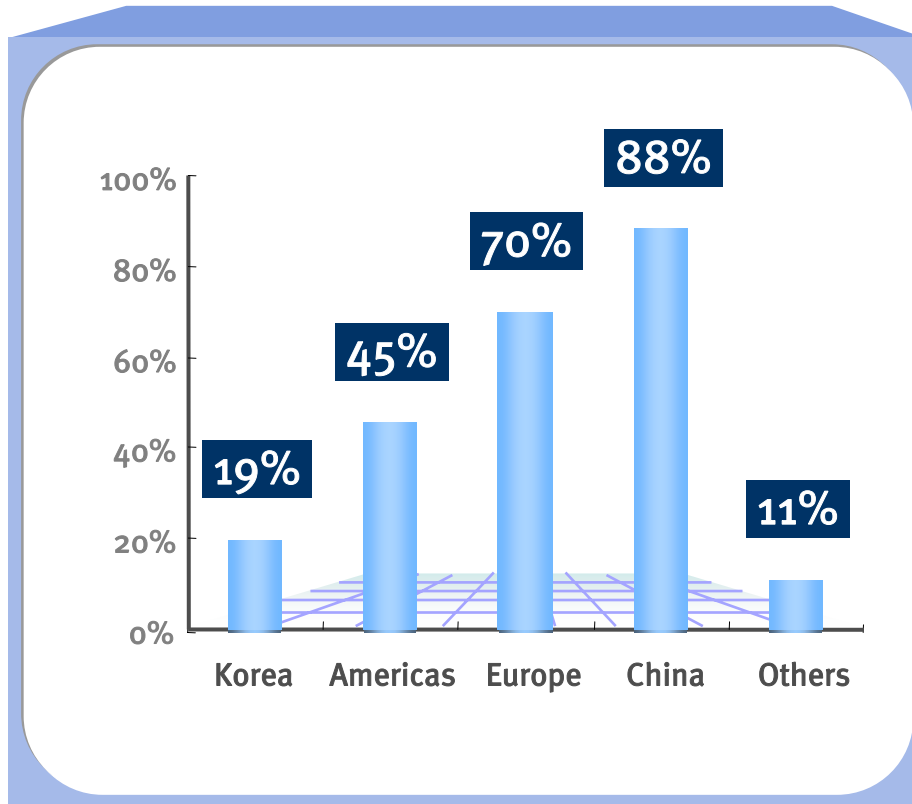
Operating Margin Trend



- Operating margin in 1Q07 stood at 10.0%, a 0.4%p improvement over 1Q06.
- This was largely due to better product mix with new product launches and greater contribution from the profitable China market.

Result – Machine Tools & F.A. (Parent)

Sales Growth By Region

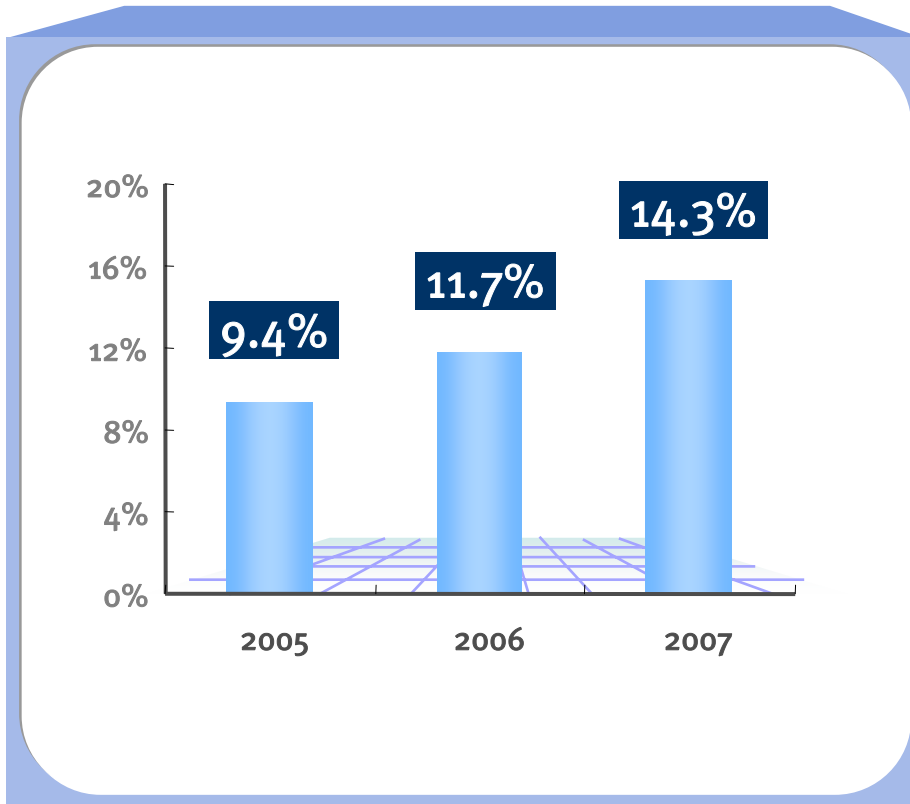


● Sales surged by 42% YoY.

- Sales grew in Korea as well as all export regions.
- Market share expanded and sales contribution increased for high-end products.
- Product line-up improved and sales to the oil and medical equipment industries, which tend to demand high-end products, increased.

Result – Machine Tools & F.A. (Parent)

Operating Margin Trend

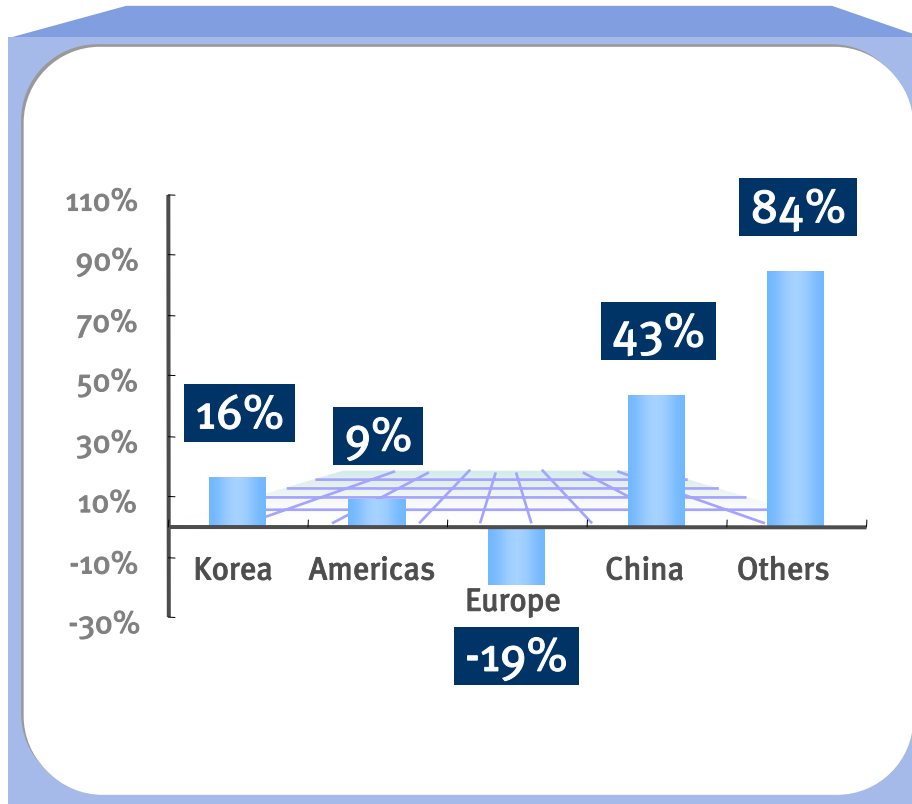


● Operating margin significantly rose by 2.6%p to 14.3%.

- Sales contribution of the more profitable high-end/large-sized machine tools increased, while efforts for cost reduction continued.

Result – Industrial Vehicle (Parent)

Sales Growth By Region

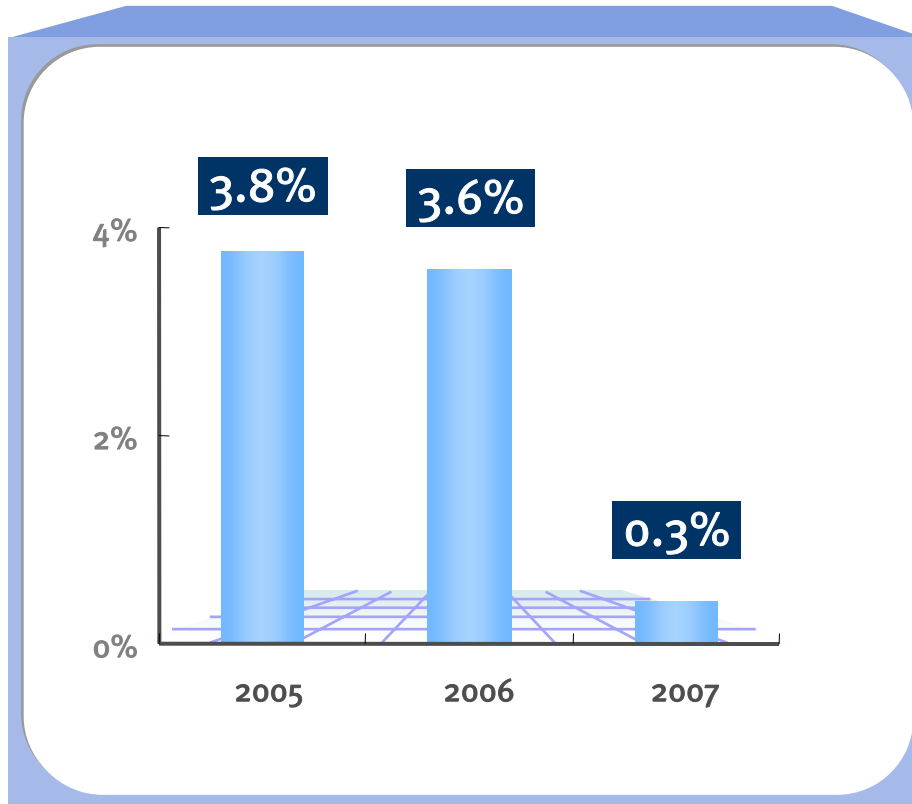


● Sales growth of 16% YoY.

- Market share in Korea and overseas markets as well as sales grew thanks to the new product.

Result – Industrial Vehicle (Parent)

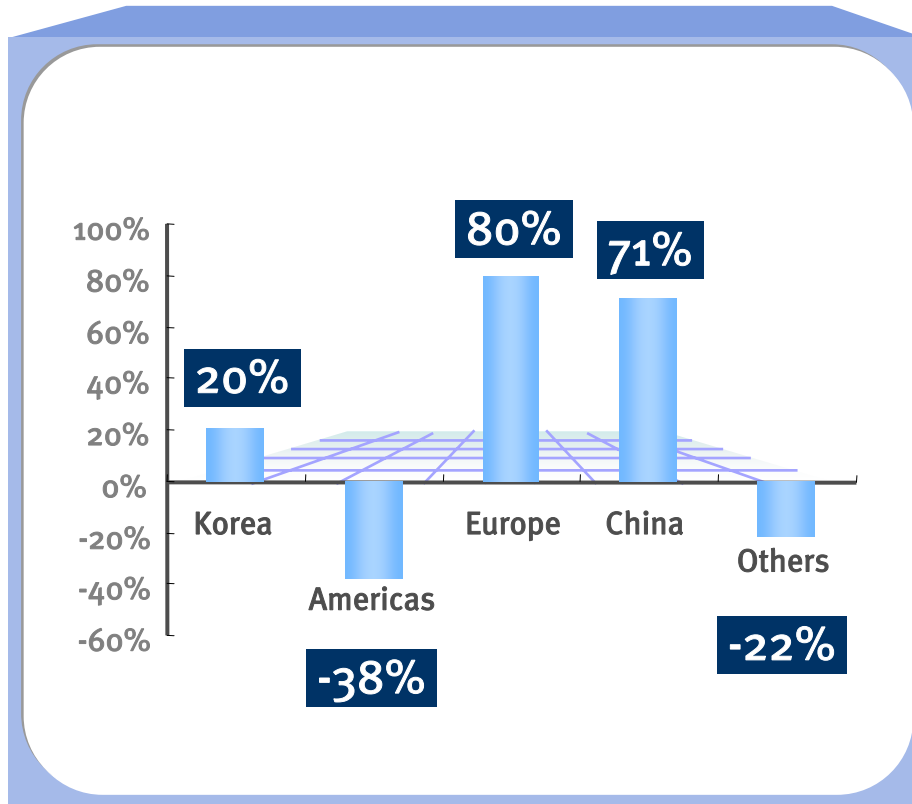
Operating Margin Trend



- Operating margin dropped 3.3%p to 0.3%.
- Despite sales growth due to the new product release, delayed impact of cost reduction efforts eroded profitability.

Result – Engines & Materials (Parent)

■ Sales Growth By Region

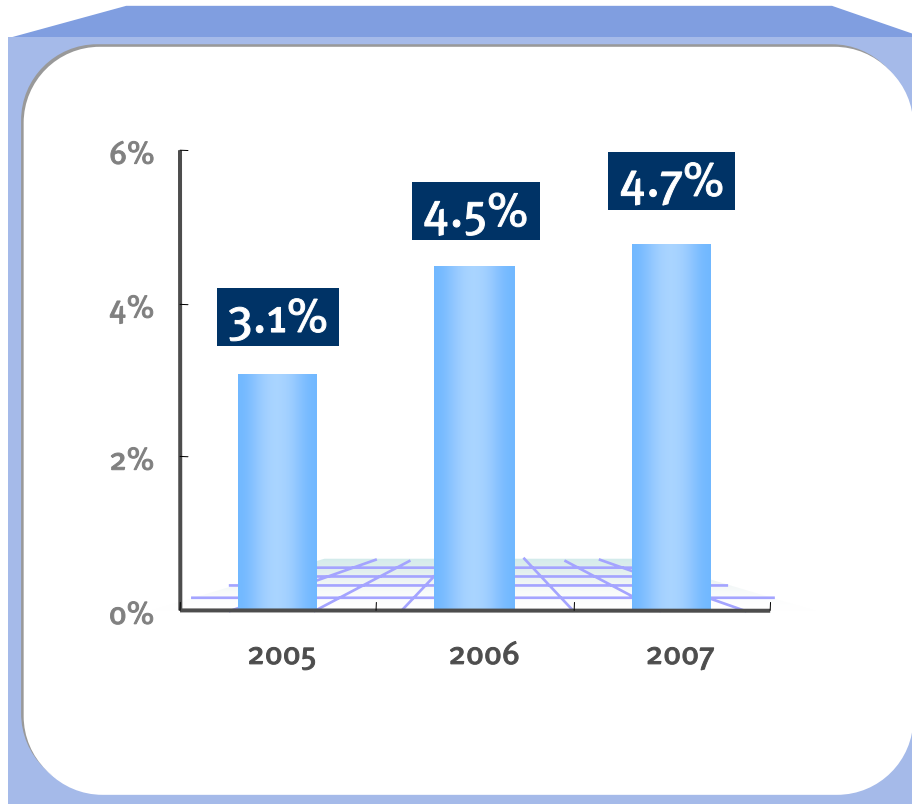


● Sales climbed 9% YoY.

- Supply of commercial vehicle engines for customers such as Daewoo Bus drove domestic sales, while exports to China and Europe remained strong.

Result – Engines & Materials (Parent)

Operating Margin Trend

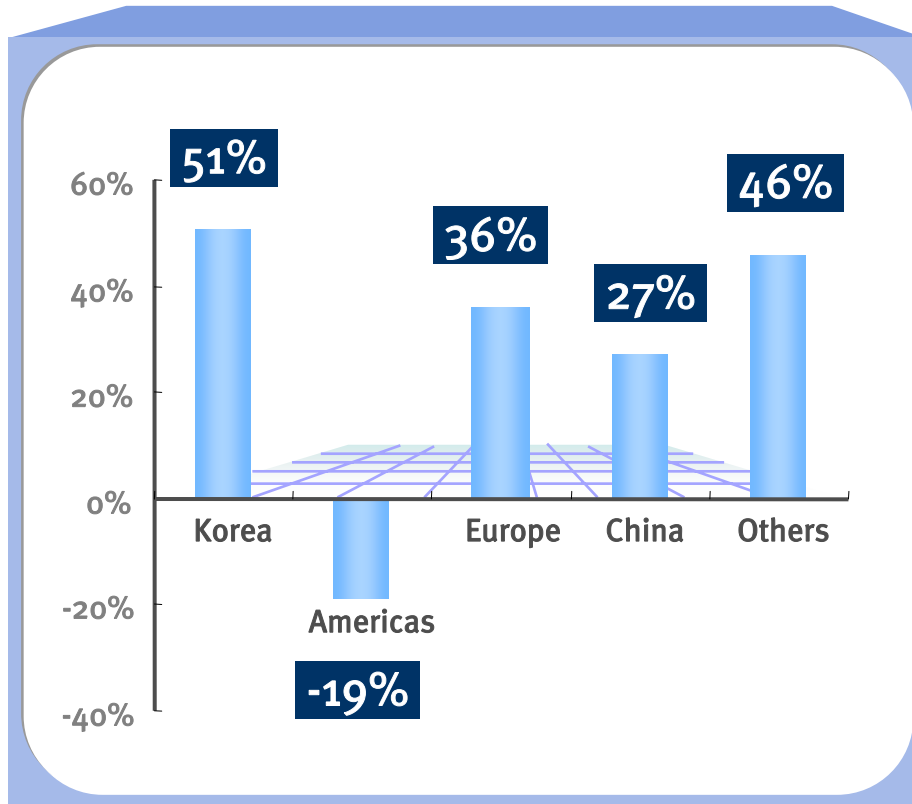


● Operating margin improved 0.2%p to 4.7%.

- Product mix improved in light of greater sales volume of profitable DICC and material sales.
- Impact from cost reduction efforts become visible.

Result – Others (Parent)

Sales Growth By Region

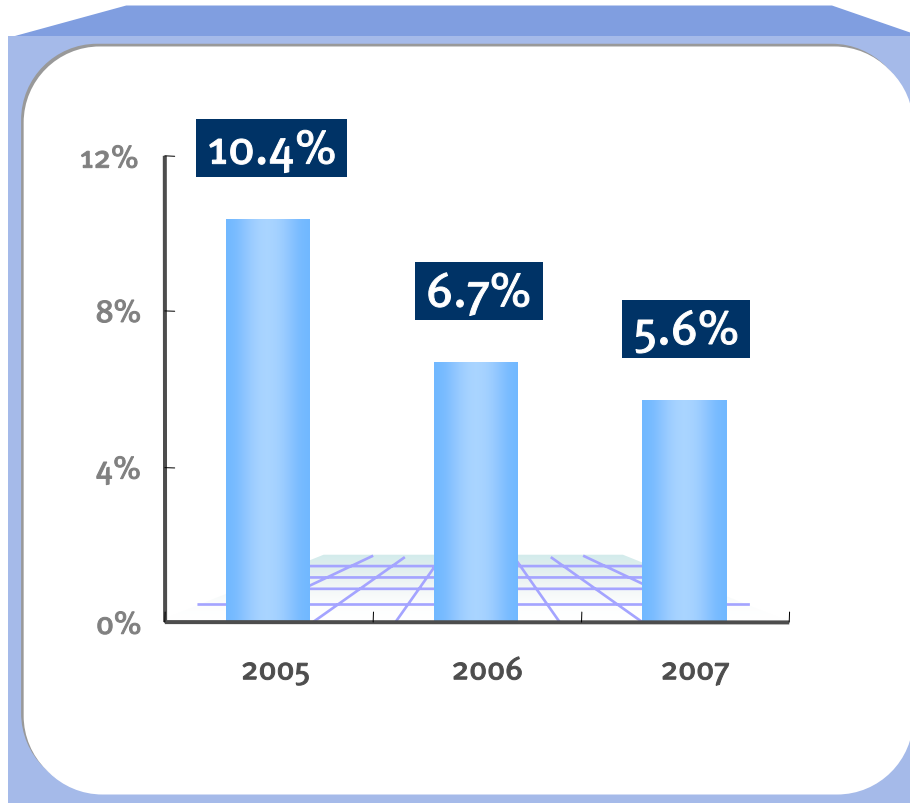


● Sales expanded by 46% YoY.

- Sales surged for defense products such as Chuma and Biho

Result – Others (Parent)

Operating Margin Trend



- Operating margin fell 1.1%p YoY to 5.6%

- This was due to the increased sales contribution from the less profitable defense product sales.



2007 Outlook

2007 Outlook

Unit : KRW billion

	Parent			Consolidated		
	'06	'07E	YoY	'06	'07E	YoY
Sales	3,282.8	3,688.7	12.4%	3,704.8	4,458.1	20.3%
OP (%)	255.4 (7.8%)	311.7 (8.5%)	22.0% 0.7%p	315.6 (8.5%)	385.5 (8.6%)	22.1% 0.1%p

F/X Assumption

- Internal F/X assumption : KRW900/US\$
- Hedged Rate : KRW950/US\$

Hedging Status

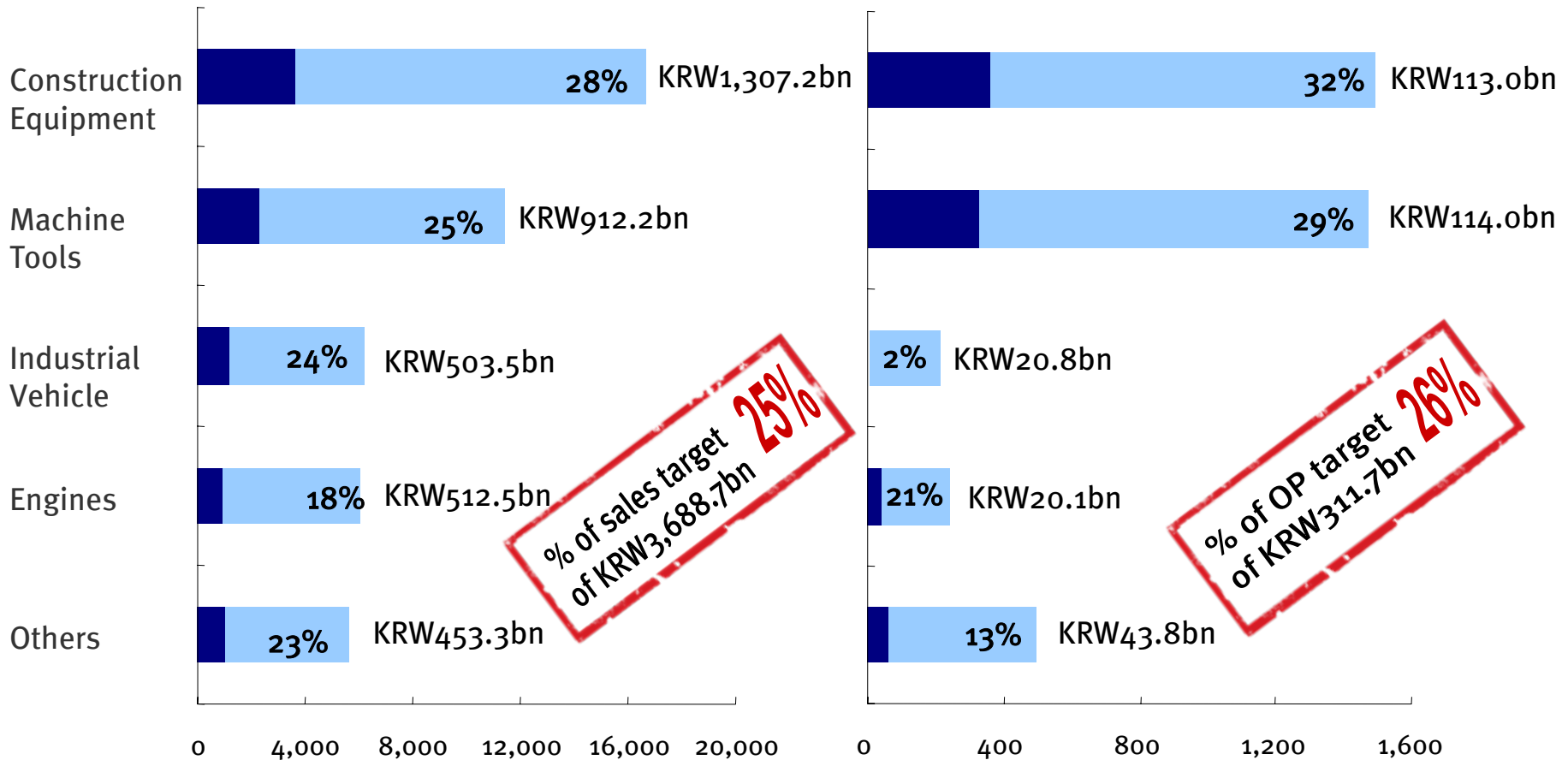
- Hedged 80% of net exposure for 2007, 60% for 2008 and 40% for 2009

- Other long-term measures such as increased global sourcing and building additional production sites in overseas markets also in place.

% of 2007 Target (Parent)

 Sales

 Operating Profit

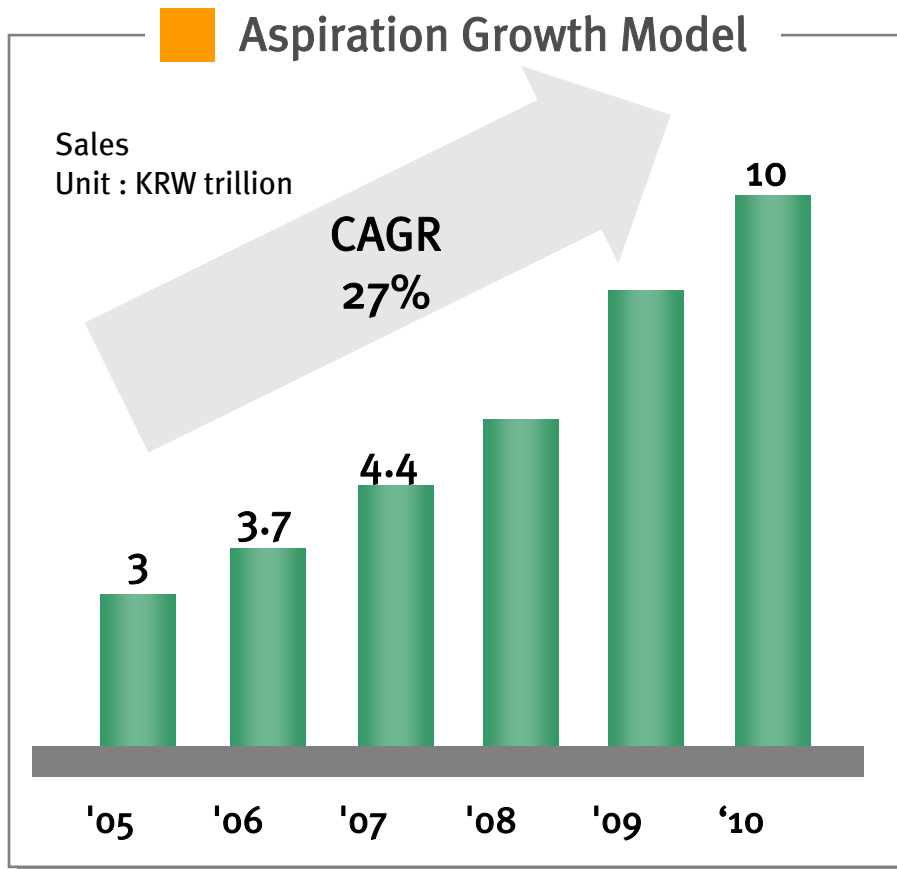




Appendix – Long-term Business Plan

Long-term Vision

- Vision to achieve sales of KRW10 trillion in 2010 and leap to the global top 5 position in the ISB (Infrastructure Support Business) industry



Vision

“ISB Industry Global Top 5”

- Construction Equipment : Global Top 5
- Machine Tools : Global Standard Leader
– World Best
- Industrial Vehicle : Global Top 5
- Engine : Global Engine Maker
- Defense : Best Arms Supplier in 21C

Long-term Strategic Theme

• Long-term strategies were set as below on the basis of the vision

- Achieve economies of scale on par with global top players
 - Construction equipment : Komatsu / CAT
 - Machine Tools : Mori-Seiki

- Attain better brand value via continued quality innovation activities



- Reach cost leadership
- Doosan Production System
 - The new plant in Kunsan to become the role model

Global Leadership

- Secure global talents
- Global standard in management system

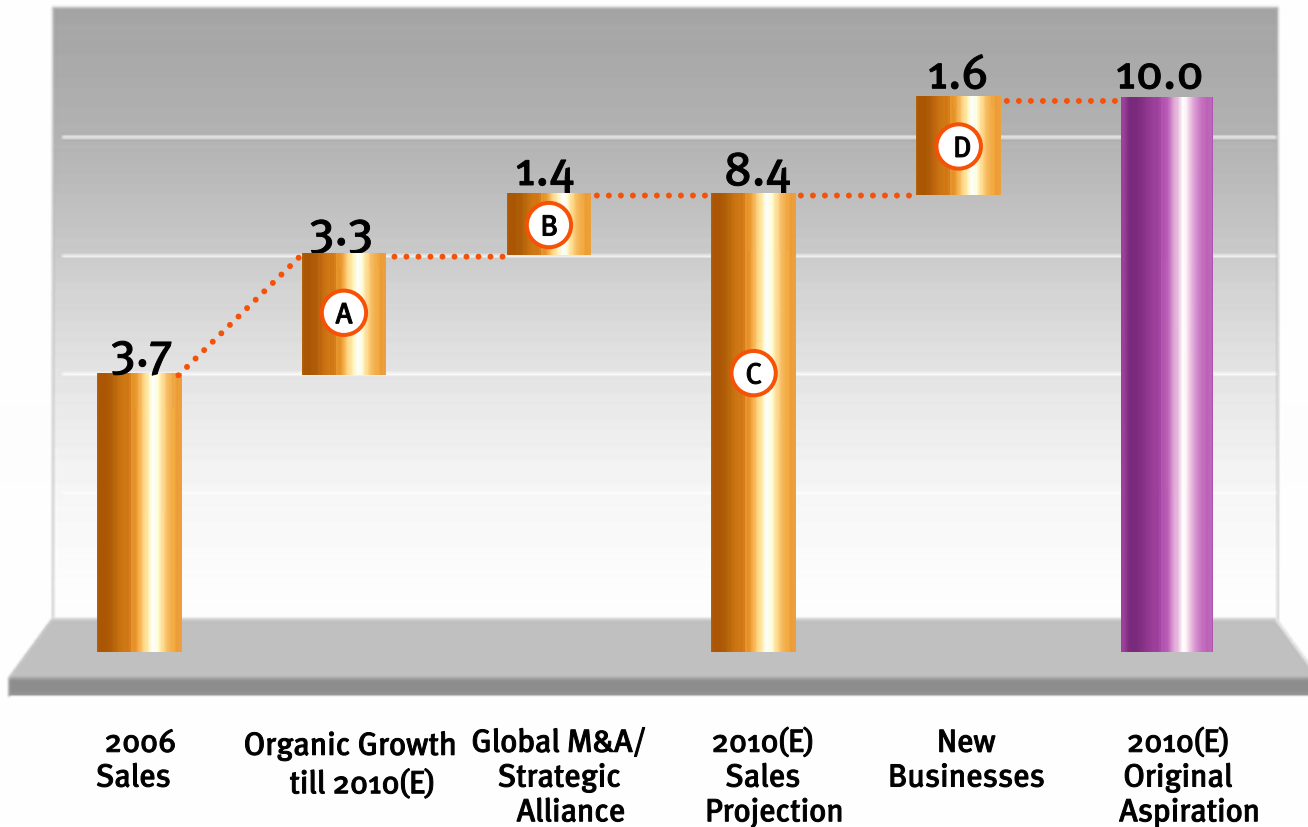
Growth Lever

1 Aggressive Organic Growth

2 Global M&A and Strategic Alliance

3 New Businesses

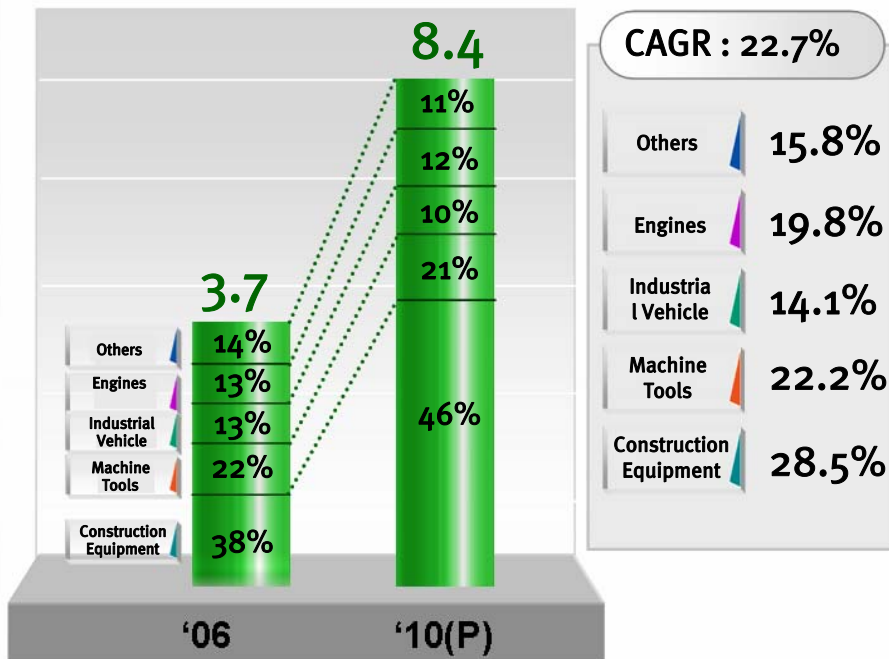
Unit : KRW trillion, Based on consolidated numbers



- A** Organic growth from existing businesses until 2010
- B** Seek global M&A/strategic alliance opportunities in China & other emerging markets
- C** Evenly distributed sales portfolio by region
 - US & Europe : KRW2.4tr
 - China & Others : KRW3tr
- D** Growth from new business developments KRW1.6tr

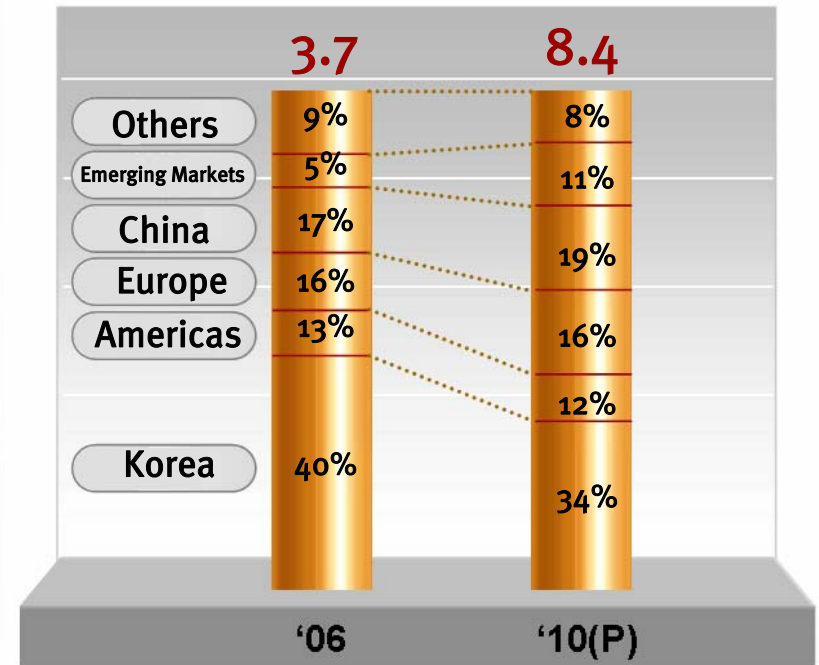
Strong Sales & Even Regional Sales Contribution

Revenue projection by division



Growth engines : construction equipment and machine tools divisions

Sales contribution by region



Increased sales contribution from China and emerging markets

Attractive Market Trend

Global market size as of 2004 estimated at KRW174 trillion

Doosan Infracore participated in markets equivalent to 33% of the global market (or KRW57 trillion)

Unit : US\$ billion



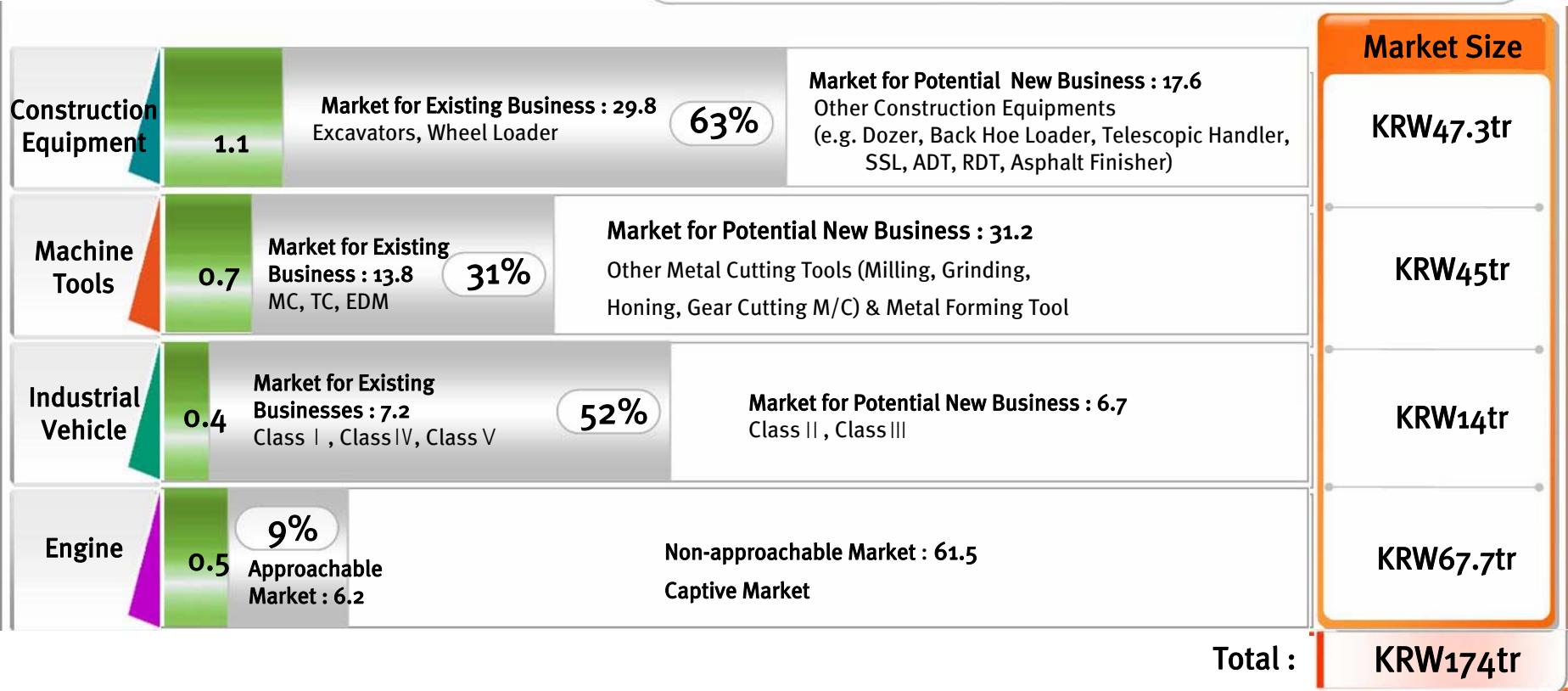
Doosan Infracore Sales



Market for Existing Business



Market for Potential New Business



Long-term Business Plan (Consolidated)

Unit : KRW billion

	'06	'07E	'08E	'09E	'10E	'11E	CAGR
Sales	3,706.7	4,458.1	5,704.1	7,044.3	8,419.4	9,643.5	21.1%
Construction Equipment	1,419.4	1,915.7	2,553.8	3,255.7	3,890.3	4,520.1	26.1%
Machine Tools & F.A	807.7	1,006.8	1,197.1	1,472.3	1,781.8	2,001.1	19.9%
Industrial Vehicle	475.9	537.1	591.5	683.1	804.2	980.4	15.6%
Engines & Materials	485.1	512.5	637.4	799.0	1,003.0	1,229.5	20.4%
Others	518.6	486.0	724.3	834.2	940.1	912.4	12.0%
Operating Profit	303.1	385.5	546.0	739.8	941.2	1,149.6	30.6%
Construction Equipment	108.3	155.5	223.2	316.5	394.4	488.9	35.2%
Machine Tools & F.A	102.8	125.1	154.8	192.1	232.7	270.0	21.3%
Industrial Vehicle	16.9	24.0	29.6	41.1	52.5	68.0	32.8%
Engines & Materials	18.0	20.1	44.5	59.4	101.8	138.3	50.4%
Others	57.1	60.8	93.9	130.7	159.8	184.4	26.4%
Operating Margin	8.2%	8.6%	9.6%	10.5%	11.2%	11.9%	
Construction Equipment	7.6%	8.1%	8.7%	9.7%	10.1%	10.8%	
Machine Tools & F.A	12.7%	12.4%	12.9%	13.0%	13.1%	13.5%	
Industrial Vehicle	3.6%	4.5%	5.0%	6.0%	6.5%	6.9%	
Engines & Materials	3.7%	3.9%	7.0%	7.4%	10.1%	11.2%	
Others	11.0%	12.5%	13.0%	15.7%	17.0%	20.2%	

THANK YOU

IR Team

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