



Doosan Infracore

Doosan Infracore  
**2007 3Q Investor Meeting**

November 2007



# Contents

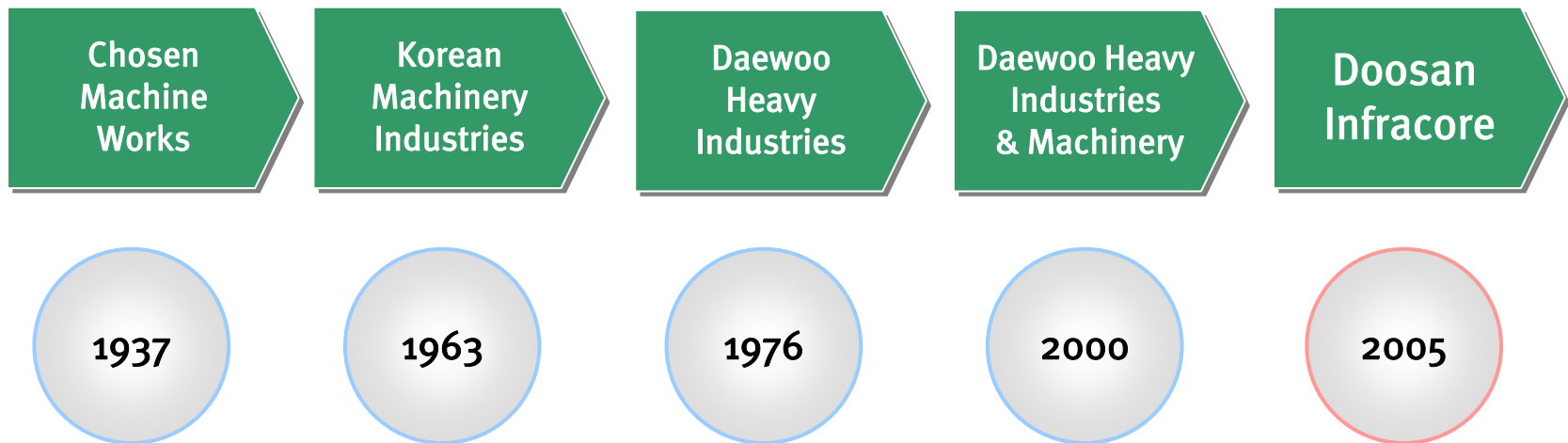
- 1** Company Overview
- 2** Cumulative 3Q 2007 Results
- 3** Result By Division
- 4** Appendix



# 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**



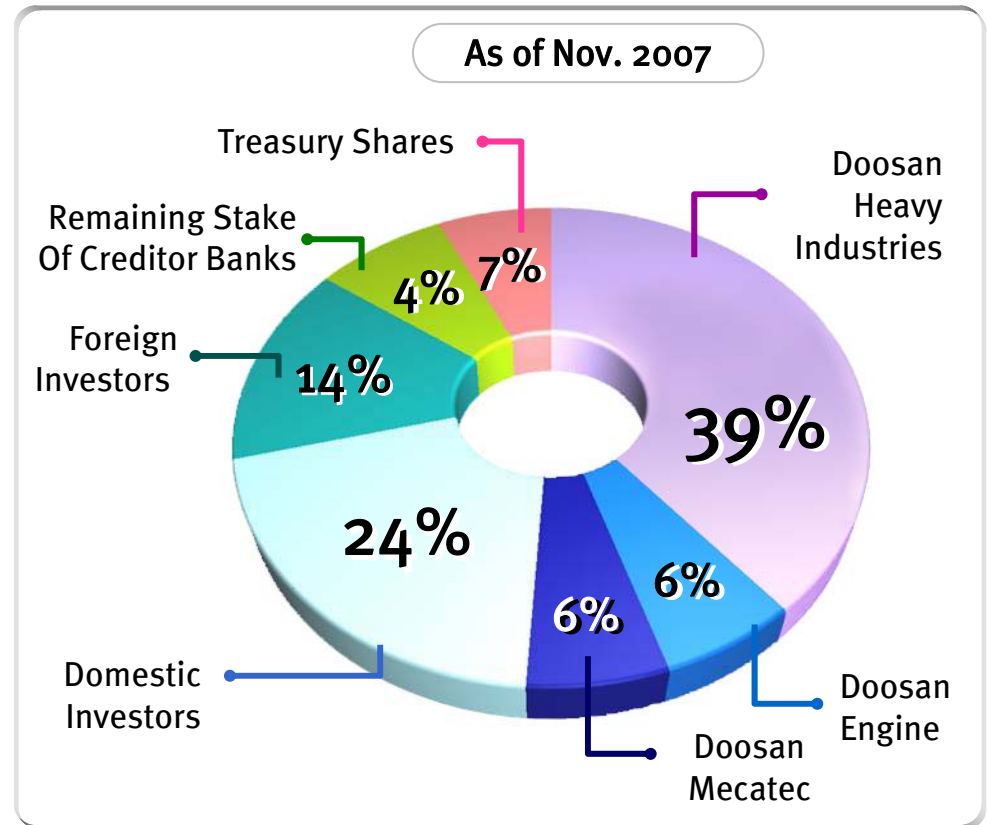
\* ISB : Infrastructure Support Business

# Overview

## Corporate Data

CEO	Choi, Sung-Chul
Paid-in Capital	KRW840.8 billion (As of Sep. 2007)
Outstanding Shares	168,157,384 shares
Market Capitalization	KRW5,978.0 billion (As of Sep. 2007)
Employees	5,016 (As of Jun. 2007)

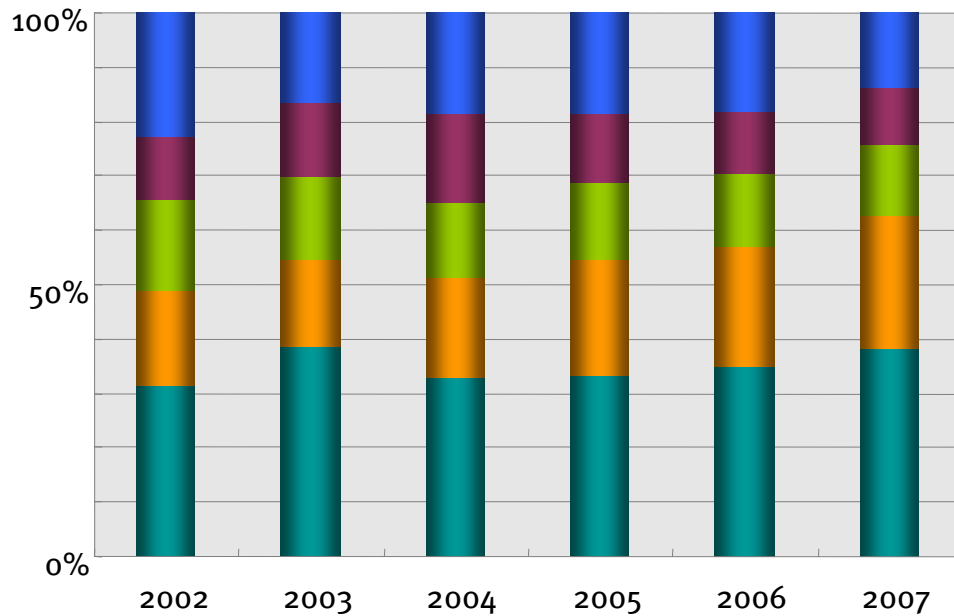
## Shareholder Structure



# Business Area

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

Sales Breakdown (2002~2007)



**14%** - Others  
Defense Products & A/S Parts

**10%** - Engines  
Diesel engines, gas engines

**14%** - Industrial Vehicles  
Fork lift trucks

**25%** - Machine Tools  
Turning centers, machining centers

**37%** - Construction Equipment  
Excavators, wheel loaders, skid steer loaders

# Production Capacity by BG in 2007

	Domestic Production	Overseas Production
<b>Construction Equipment</b>	<p>Excavator : 10,000 units/year            Wheel Loader : 1,500 units/year            Skid Steer Loader : 1,500 units/year</p> <p>* Gunsan Plant : Excavator &amp; Wheel Loader 4,000 units/year</p>	<p>Doosan Infracore China (China)            Excavator : 17,300 units/year            Euro Doosan Infracore (Belgium)            Excavator : 2,500 units/year</p>
<b>Machine Tools</b>	<p>TC/MC : 13,080 units/year            Automation System : KRW 80 bn/year</p>	<p>Doosan Infracore Yantai (China)            TC/MC : 1,000 units/year</p>
<b>Industrial Vehicle</b>	<p>Fork Lift Truck : 30,000 units/year</p>	<p>Doosan Infracore China (OEM)            Fork Lift Truck : 3,600 units/year</p>
<b>Diesel Engine</b>	<p>Diesel Engine &amp; Others :            56,000 units/year</p>	



**2**

## **Cumulative 3Q 2007 Results**



# Cumulative 3Qo7 Key Results (Consolidated)

- Global market share gains by the construction equipment and machine tool divisions propelled consolidated sales and operating profit growths of 24.5% and 23.3% YoY, respectively.
- Consolidated recurring profit surged 62.6% YoY, higher than the operating profit growth.

Unit : KRW billion

	Parent		Affiliates		Consolidated	
	Results	YoY	Results	YoY	Results	YoY
Sales	2,783.4	22.4%	1,627.1	33.1%	3,231.3	24.5%
Operating Profit	232.4	19.7%	78.1	38.0%	297.3	23.3%
Recurring Profit	8.3%	-0.2%p	4.8%	0.2%p	9.2%	-0.1%p
Net Profit	268.9	59.0%	72.7	48.1%	292.6	62.6%

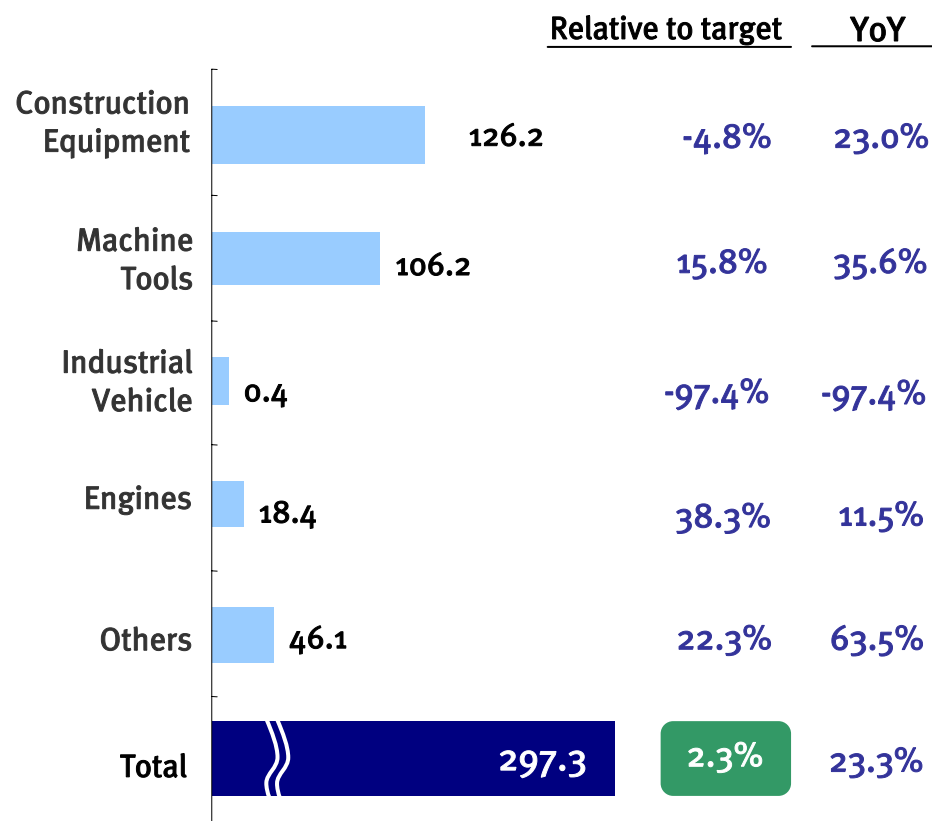
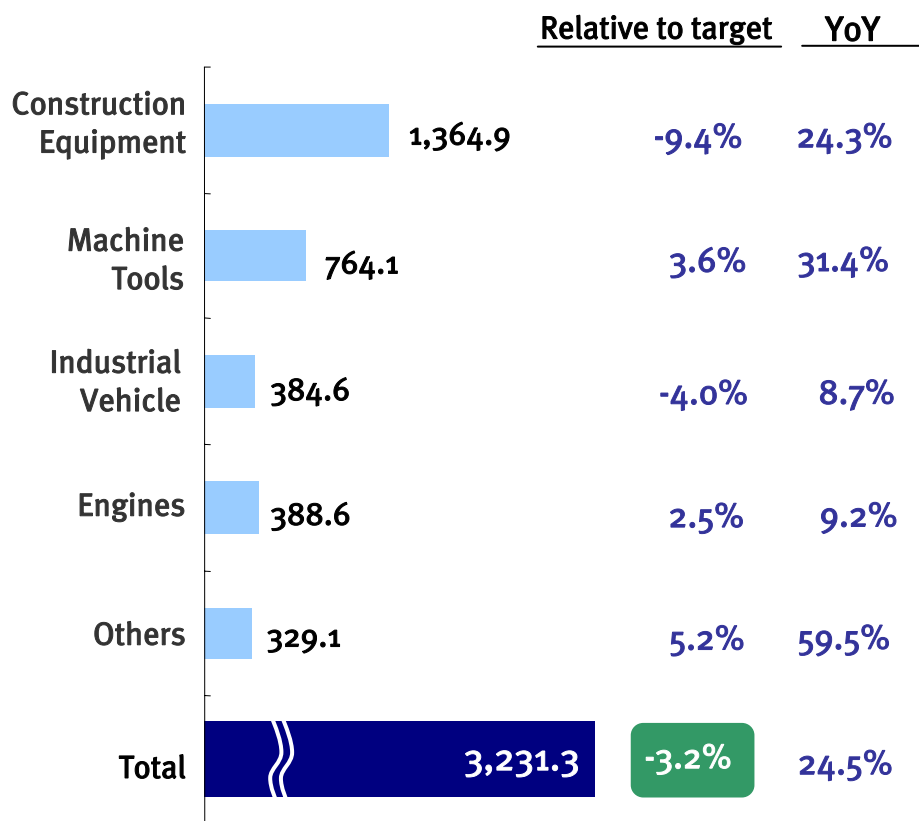
# Sales & Operating Profit By Division (Consolidated)

Cumulative 3Q sales fell below business plan, while operating profits surpassed projections.

Unit : KRW billion

## Divisional Sales

## Divisional Operating Profit

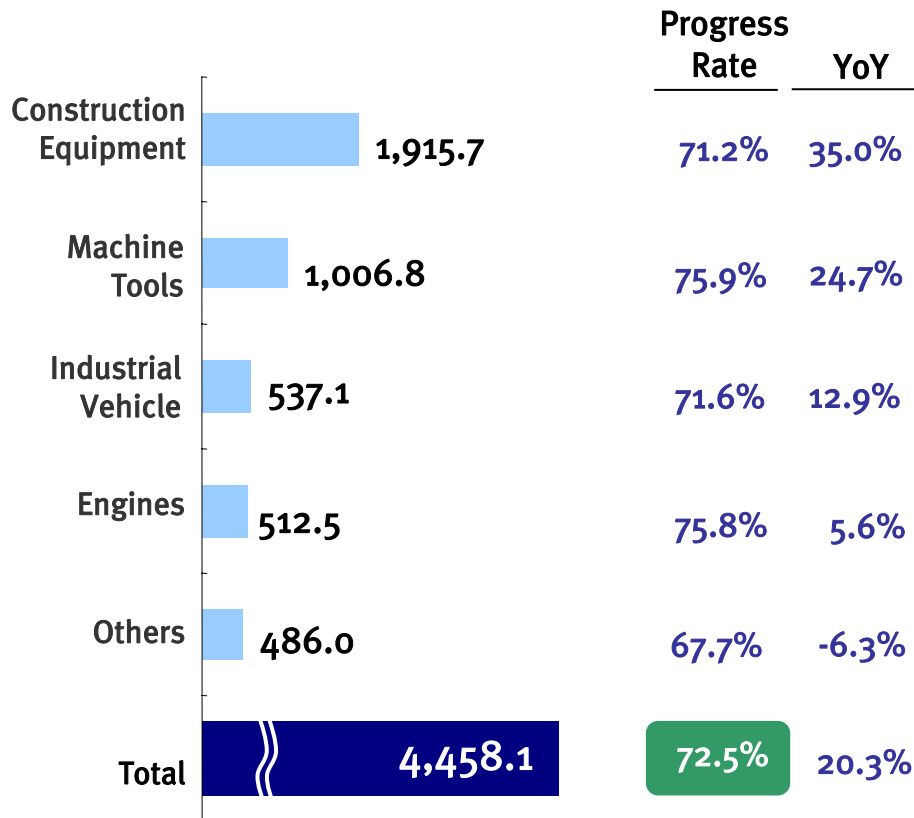


# Division Target & Progress Rate (Consolidated)

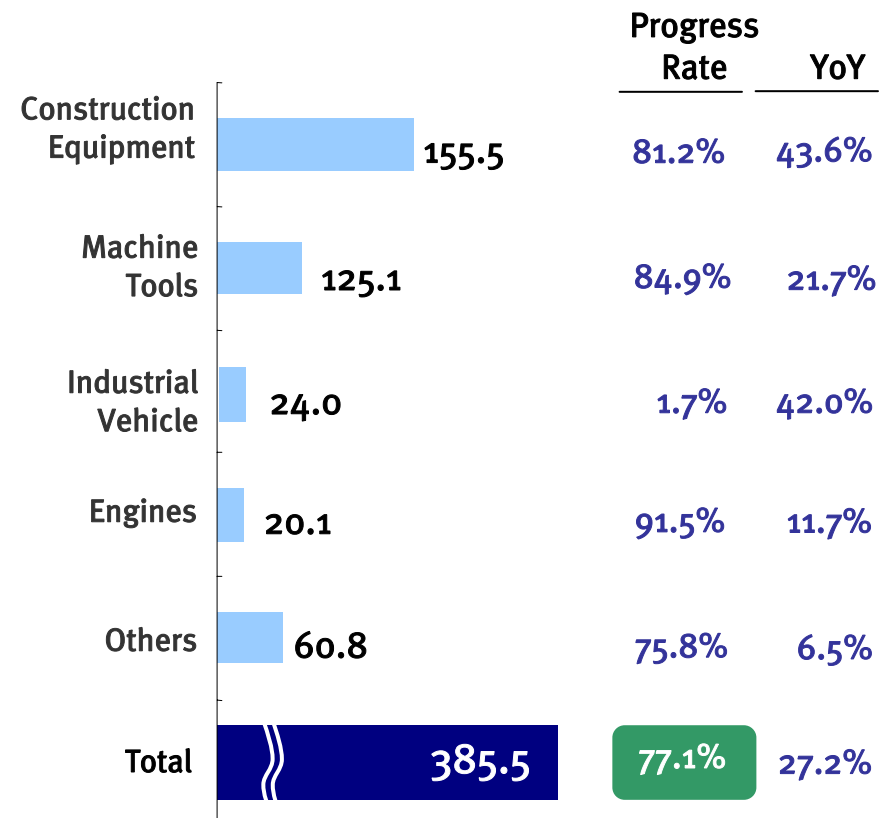
2007 business plan is attainable based on the progress rate until 3Q.

Unit : KRW billion

## Divisional Sales



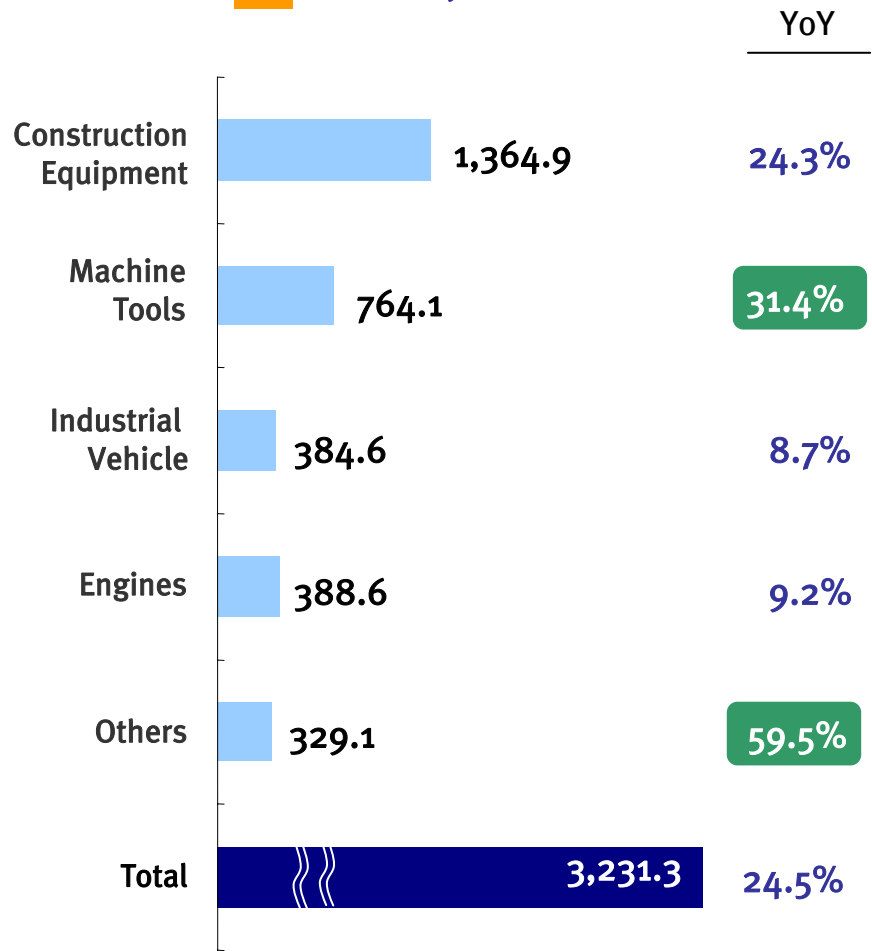
## Divisional Operating Profit



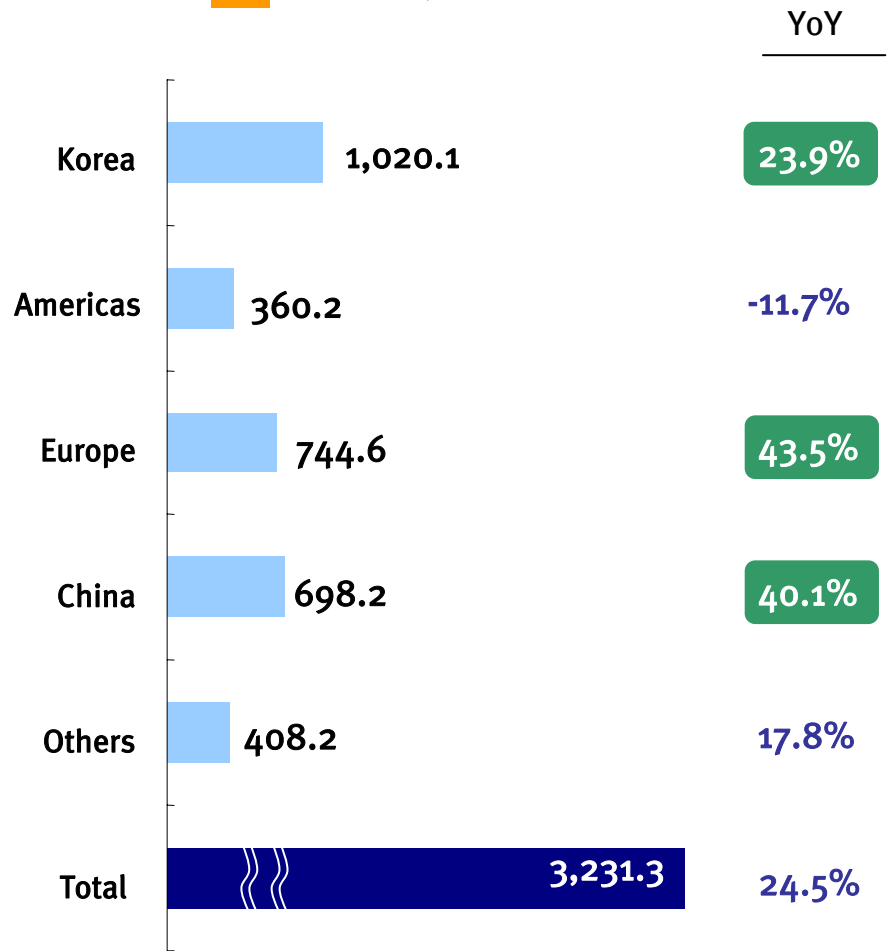
# Sales By Division/Region (Consolidated)

Unit : KRW billion

**Sales By Division**



**Sales By Region**



# Cumulative 3Q Summarized Income Statement (Subsidiaries)

- Sales of subsidiaries grew 33.1% YoY on the back of strong performance in China, Europe and other regions.
- Operating profit also surged 38.0% YoY thanks to better product mix and greater contribution from the more profitable Chinese and European markets.

Unit : KRW billion

Subsidiaries			DICC		DIEU		DIA		Others	
	Result	YoY	Result	YoY	Result	YoY	Result	YoY	Result	YoY
Sales	1,627.1	33.1%	634.5	43.6%	348.3	33.6%	314.7	-3.5%	329.7	69.9%
Operating Profit	78.1	38.0%	47.0	65.5%	7.1	-5.3%	6.8	-45.2%	17.2	107.1%
OP Margin	4.8%	0.2%p	7.4%	1.0%p	2.0%	-0.9%p	2.2%	-1.6%p	5.2%	0.9%p
Recurring Profit	72.7	48.1%	49.8	81.1%	3.7	-32.7%	3.4	-67.3%	15.9	178.4%

# Cumulative 3Q07 Summarized Income Statement (Parent)

- Thanks to strong growth at the construction equipment and machine tool divisions, sales grew 22.4% YoY until 3Q07.
- All divisions except for the industrial vehicle BG showed enhanced profitability and contributed to the 19.7% YoY improvement in operating profit.
- Recurring profit surged by 59.1% YoY thanks to non-operating items such as increase in equity method gains from KAI (KRW43.6bn) and gains from stake sale of Doosan Corp. (KRW33.8bn).

Unit : KRW billion

	3Q05	3Q06	3Q07	YoY
Sales	2,110.7	2,274.1	2,783.5	22.4%
Gross Profit	423.4	537.2	647.5	20.5%
(GP Margin)	20.1%	23.6%	23.3%	-0.4%p
Operating Profit	134.2	194.1	232.4	19.7%
(OP Margin)	6.4%	8.5%	8.3%	-0.2%p
Recurring Profit	159.1	169.0	268.9	59.1%
(RP Margin)	7.5%	7.4%	9.7%	2.2%p

# Balance Sheet as of Sep. 2007 (Parent)

- Solid financials with liabilities/equity and net debt/equity ratios of 134.5% and 35.9%.

■ Unit : KRW billion

	3Q05	3Q06	3Q07	YoY
Current Assets	1,471.7	1,295.0	1,420.7	9.7%
Fixed Assets	1,178.4	1,165.3	1,262.1	8.3%
<b>Total Assets</b>	<b>2,650.1</b>	<b>2,460.3</b>	<b>2,682.8</b>	<b>9.0%</b>
Debts	672.1	431.3	458.7	6.3%
Other Liabilities	841.1	930.9	1,079.8	16.0%
<b>Total Liabilities</b>	<b>1,513.1</b>	<b>1,362.2</b>	<b>1,538.5</b>	<b>12.9%</b>
<b>Total Shareholders' Equity</b>	<b>1,137.0</b>	<b>1,098.1</b>	<b>1,144.3</b>	<b>4.2%</b>
<b>Liabilities/Equity Ratio</b>	<b>133.1%</b>	<b>124.1%</b>	<b>134.5%</b>	<b>10.4%p</b>
<b>Net debt/Equity Ratio</b>	<b>42.2%</b>	<b>37.8%</b>	<b>35.9%</b>	<b>-2.0%p</b>

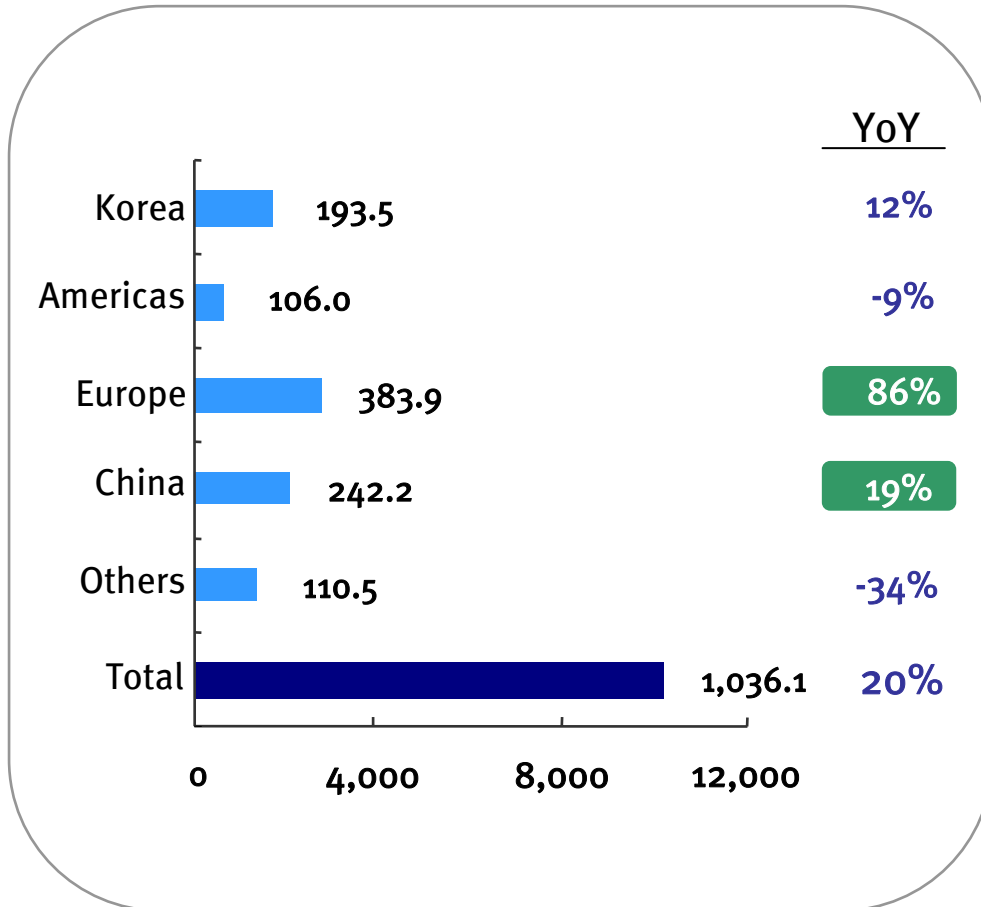


## Result By Division



# Construction Equipment (Parent)

## Sales Growth By Region

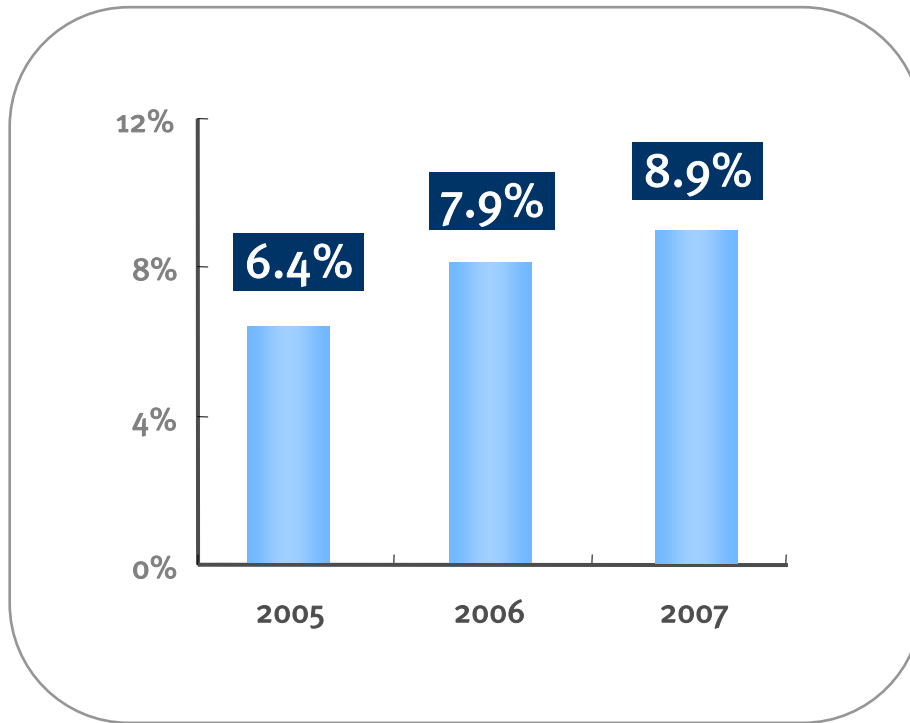


### Sales increased 20% YoY

- Strong turnaround in Korea
- Export growth in all regions except US
- Sure signs of market share gains
  - China : 20.2%(+0.8%p)
  - Korea : 41.0%(+1.1%p)
- Of note, sales for Americas now include Central and South America revenues

# Construction Equipment (Parent)

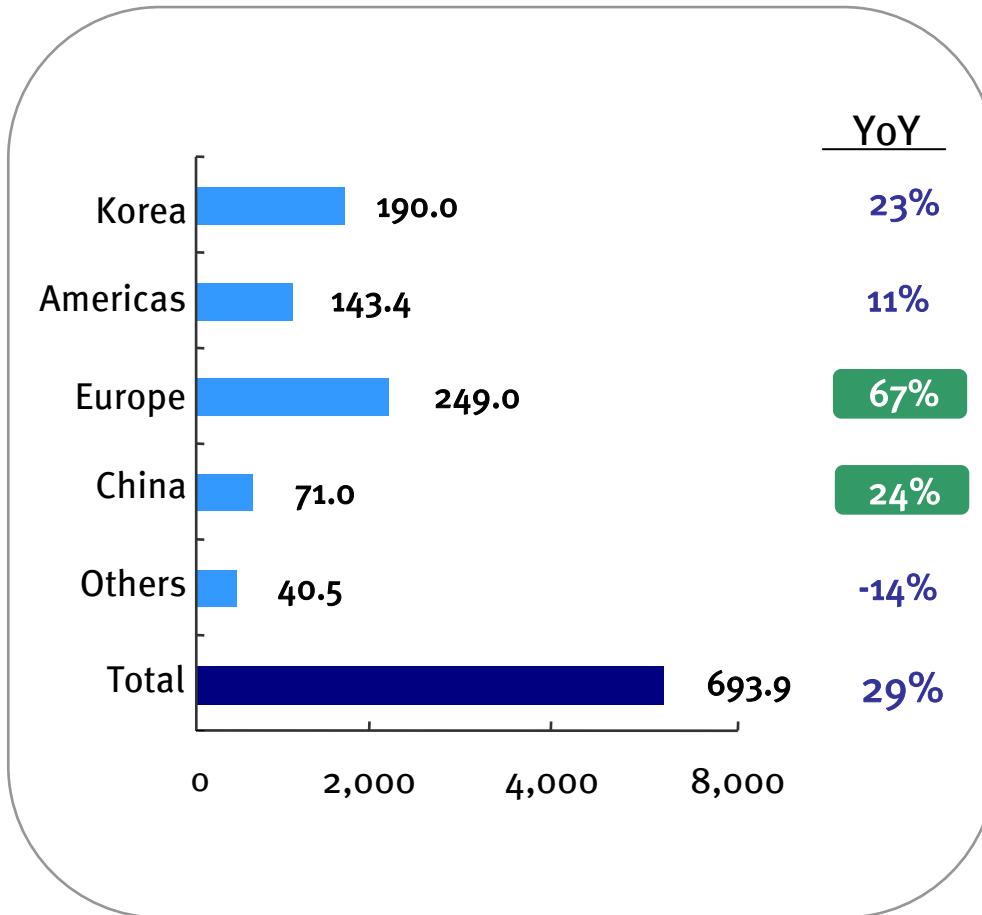
## Operating Margin Trend



- Operating margin stood at 8.9%, a 1.0%p improvement year-on-year
- This was due to better product mix and greater contribution from the profitable Chinese, European and Korean markets

# Machine Tools & F.A. (Parent)

## Sales Growth By Region

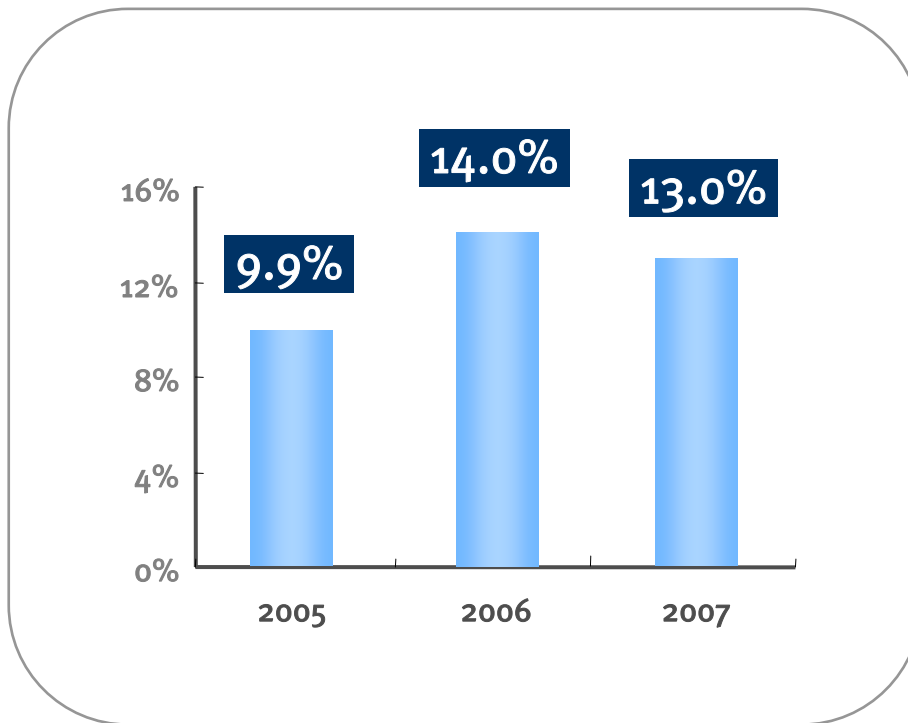


### Remarkable sales growth of 29% YoY

- Sales grew in Korea as well as all export regions
- Market share expanded, while, sales increased for high-end products
- Product line-up improved and sales to oil and medical equipment industries, which tend to demand high-end products, increased
- Focus on high-end products after securing additional 150 units/month capacity with the acquisition of Mecatec's machine tools division

# Machine Tools & F.A. (Parent)

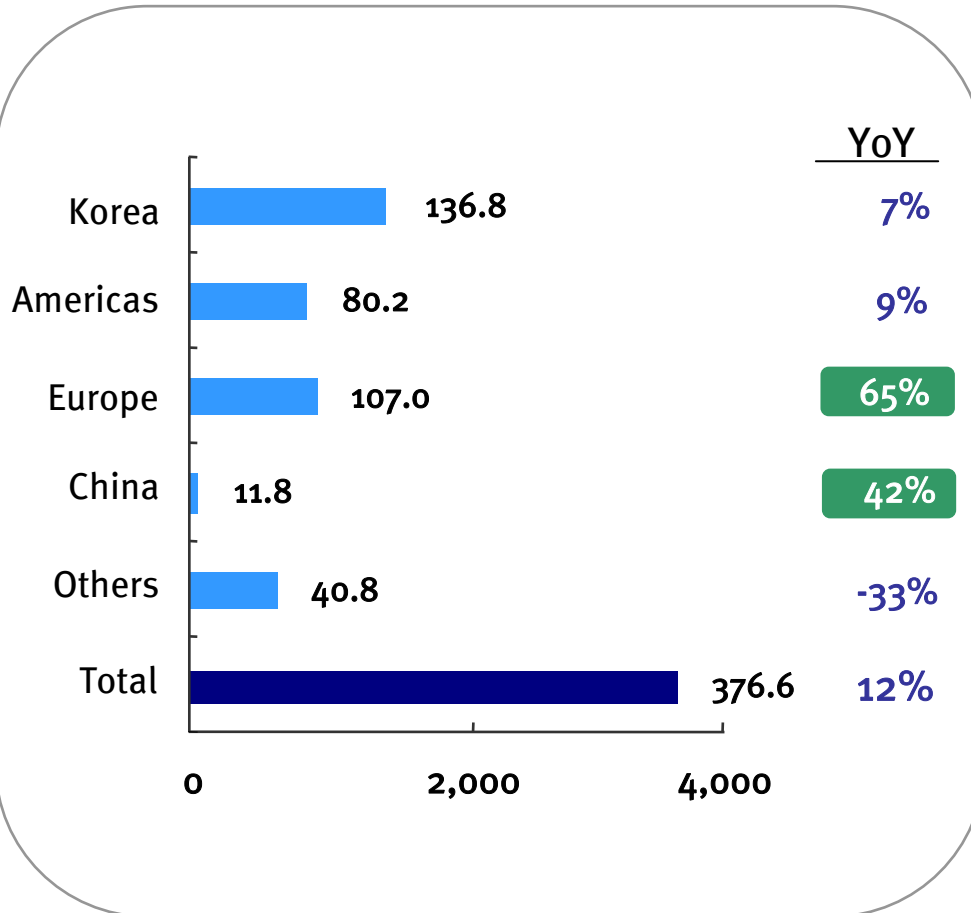
## Operating Margin Trend



- Operating margin declined by 1.0%p to 13.0%
- Sales contribution of the more profitable high-end/large-sized machine tools increased, while efforts for cost reduction continued
- If we exclude costs associated with the acquisition of Mecatec's machine tools division, operating profit would rise to 14% level

# Industrial Vehicle (Parent)

## Sales Growth By Region

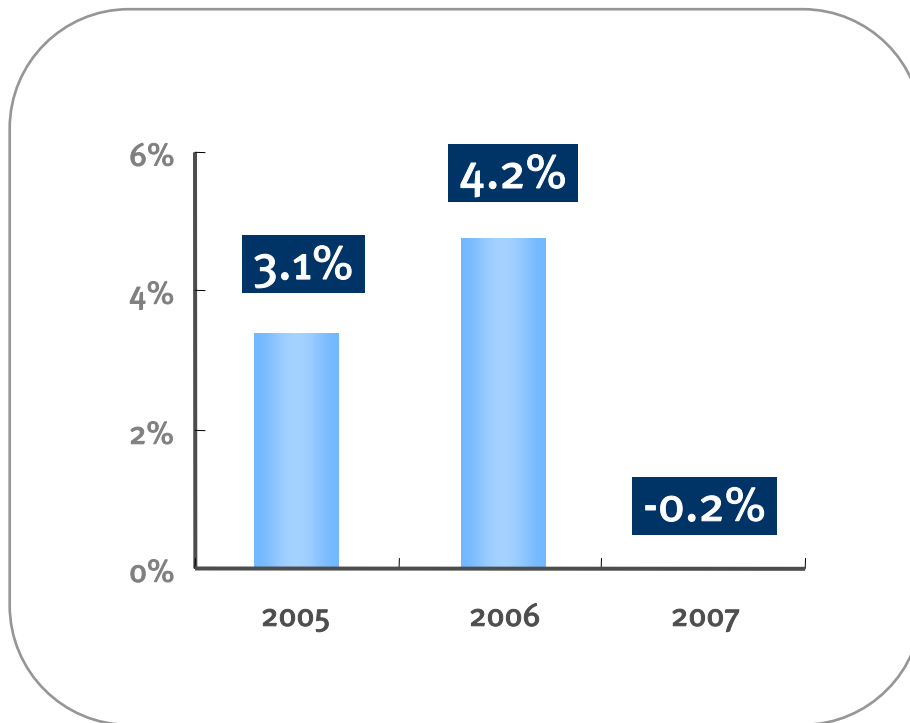


### Sales rose by 12% YoY

- Firm sales growth in export markets such as Europe (incl. Eastern Europe) and Middle East
- High sales volume growth regions :
  - Europe : 40% YoY
  - Central & South America : 99% YoY
  - Middle East : 19% YoY

# Industrial Vehicle (Parent)

## Operating Margin Trend

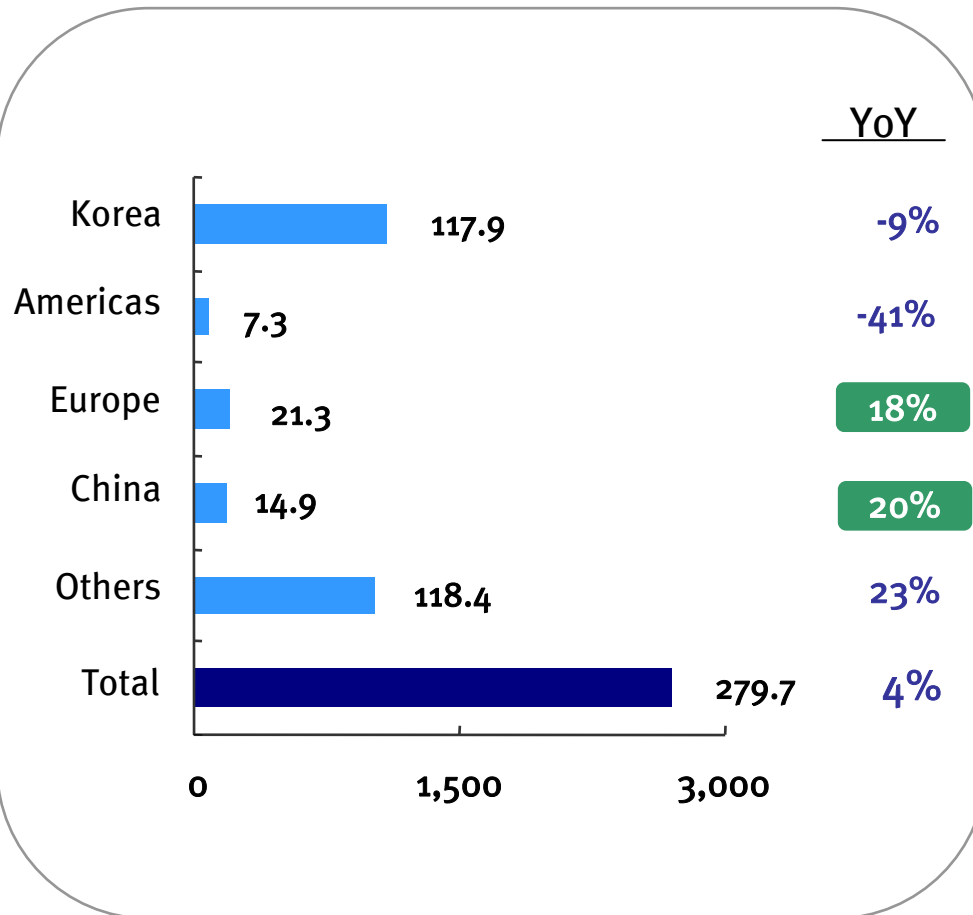


● Operating margin dropped 4.4%p to -0.2%

- Delayed price hike to deplete old models in inventory and won's strength adversely affected the margin
- Recovery expected in 4Q by implementing measures such as :
  - 1) increasing sales of more profitable G-models (made in China) or raising OEM production and
  - 2) internal cost reduction efforts such as increased parts sourcing from China

# Engines & Materials (Parent)

## Sales Growth By Region

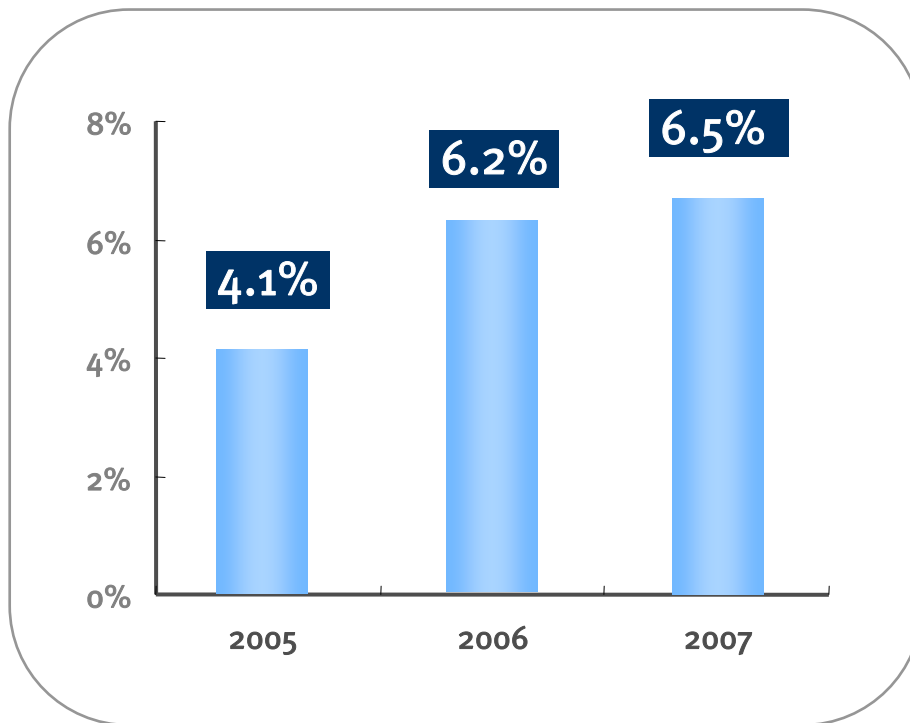


### Sales climbed 4% YoY

- Slower domestic sales following the sluggish cycle in related industries (such as construction) and resultant reduction in sales volume to domestic captive customers
- Favorable exports of vehicle and generator engines (to Europe, China, Central & South America and Asian regions) offset the weaker generator engine sales in US

# Engines & Materials (Parent)

## Operating Margin Trend



● Operating margin improved 0.3%p to 6.5%

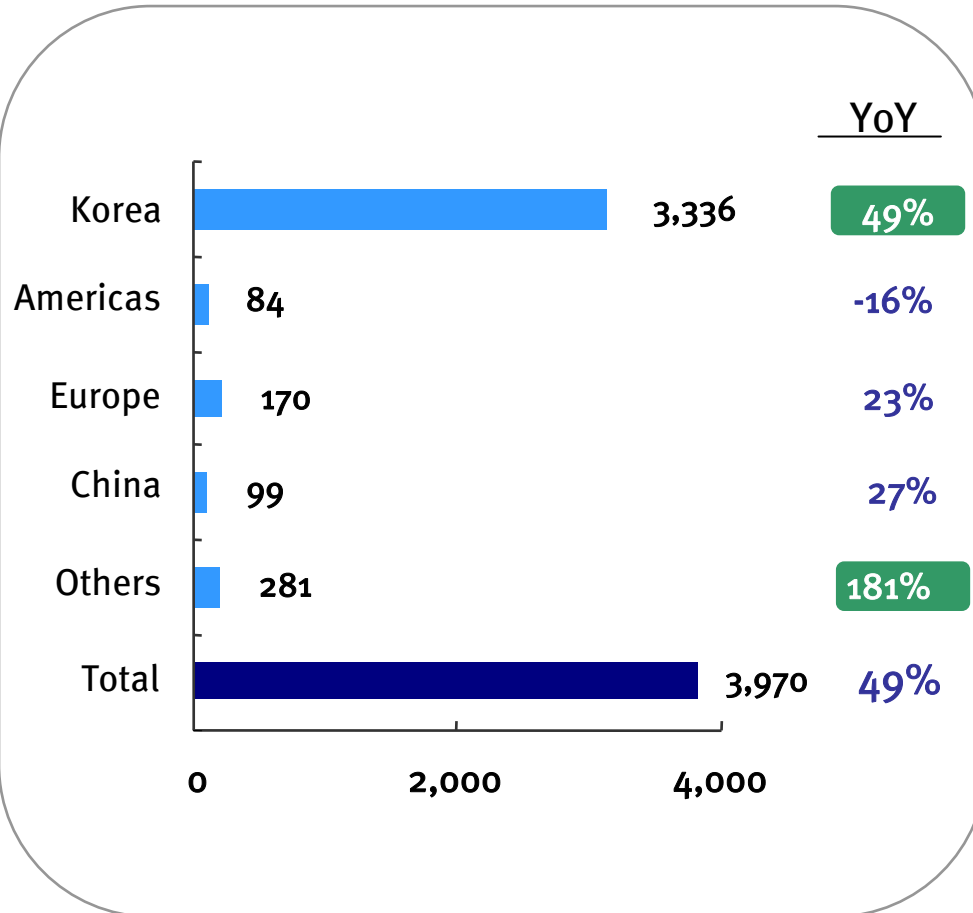
- Profitability improved on the back of volume growth and raw material cost reduction efforts

- Although 3Q operating profit was marginally depressed due to one-off charges, we anticipate a vast improvement in 4Q



# Others (Parent)

## Sales Growth By Region



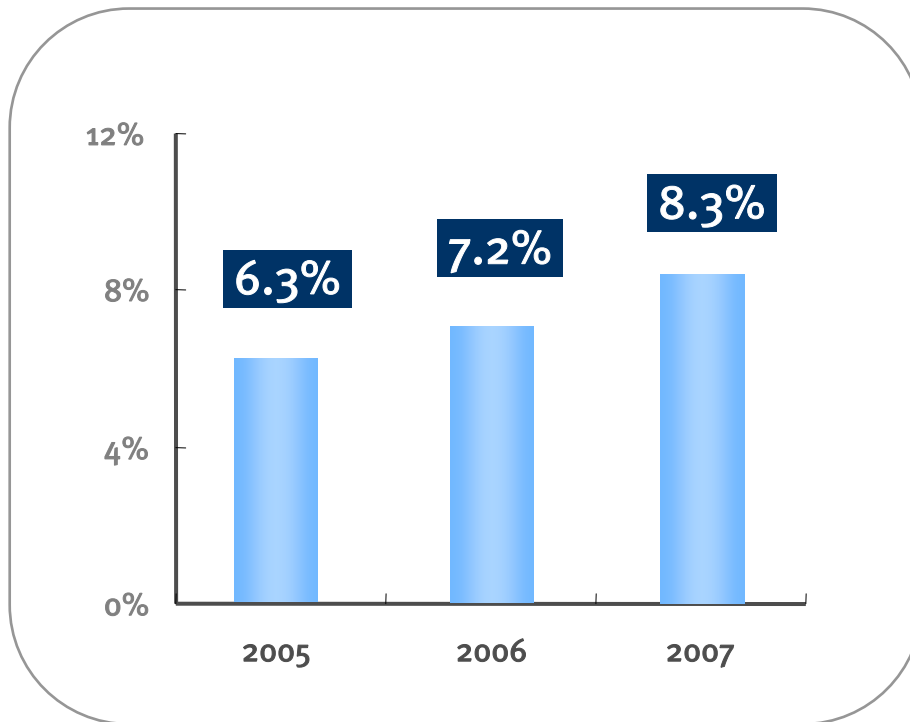
● Sales expanded by 49% YoY

- Sales surged for defense products such as Chuma and Biho

- A/S parts sales also remained steady

# Others (Parent)

## Operating Margin Trend



- Operating margin fell 1.1%p YoY to 8.3%
- This was due to increased sales contribution from less profitable defense product sales



## Appendix

# Cumulative 3Q07 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	2,110.7	2,274.1	2,783.4	721.9	866.5	1,036.1	448.4	537.6	693.9	305.2	335.3	376.6	273.0	267.9	188.9	362.2	266.7	397.0
y-y	-1%	8%	22%	-6%	20%	20%	18%	20%	29%	-1%	10%	12%	-14%	-2%	4%	0%	-26%	49%
Domestic Sales	890.3	808.8	971.7	181.9	172.4	193.5	135.0	154.6	190.0	115.7	128.1	136.8	142.8	129.5	117.9	314.9	224.2	333.6
y-y	-16%	-9%	20%	-44%	-5%	12%	5%	15%	23%	-13%	11%	7%	-19%	-9%	-9%	5%	-29%	49%
Exports	1,220.4	1,465.3	1,811.7	540.0	694.1	842.6	313.4	383.0	503.9	189.5	207.2	239.8	130.2	138.4	161.9	47.3	42.5	63.5
y-y	14%	20%	24%	21%	29%	21%	25%	22%	32%	9%	9%	16%	-8%	6%	17%	-24%	-10%	49%
Operating Profit	134.2	194.1	232.4	46.1	68.9	91.9	44.5	75.4	90.3	9.5	14.1	-0.9	11.1	16.6	18.3	23.0	19.1	32.8
OP Margin	6.4%	8.5%	8.4%	6.4%	7.9%	8.9%	9.9%	14.0%	13.0%	3.1%	4.2%	-0.2%	4.1%	6.2%	6.5%	6.3%	7.2%	8.3%

# Cumulative 3Q07 Breakdown of Exports by Region (Parent)

Unit : KRW billion

	2006	2007	2006				2007			
			America	Europe	China	Other	America	Europe	China	Other
<b>Total</b>	<b>1,465.3</b>	<b>1,811.7</b>	<b>341.9</b>	<b>451.7</b>	<b>289.4</b>	<b>382.3</b>	<b>345.3</b>	<b>778.3</b>	<b>349.8</b>	<b>338.3</b>
(y-y)		24%					1%	72%	21%	-12%
<b>Construction Equipment</b>	<b>694.1</b>	<b>842.6</b>	<b>116.3</b>	<b>205.9</b>	<b>203.8</b>	<b>168.2</b>	<b>106.0</b>	<b>383.9</b>	<b>242.2</b>	<b>110.5</b>
(y-y)		21%					-9%	86%	19%	-34%
<b>Machine Tools &amp; F.A</b>	<b>383.0</b>	<b>503.9</b>	<b>129.6</b>	<b>149.2</b>	<b>57.1</b>	<b>47.1</b>	<b>143.3</b>	<b>249.0</b>	<b>71.0</b>	<b>40.5</b>
(y-y)		32%					11%	67%	24%	-14%
<b>Industrial Vehicle</b>	<b>207.2</b>	<b>239.8</b>	<b>73.7</b>	<b>64.7</b>	<b>8.3</b>	<b>60.5</b>	<b>80.2</b>	<b>107.0</b>	<b>11.8</b>	<b>40.8</b>
(y-y)		16%					9%	65%	42%	-33%
<b>Engines &amp; Materials</b>	<b>139.3</b>	<b>161.9</b>	<b>12.4</b>	<b>18.0</b>	<b>12.4</b>	<b>96.5</b>	<b>7.3</b>	<b>21.3</b>	<b>14.9</b>	<b>118.4</b>
(y-y)		16%					-41%	18%	20%	23%
<b>Others</b>	<b>41.6</b>	<b>63.5</b>	<b>10.0</b>	<b>13.8</b>	<b>7.8</b>	<b>10.0</b>	<b>8.4</b>	<b>17.0</b>	<b>9.9</b>	<b>28.1</b>
(y-y)		52%					-16%	23%	27%	181%

# Cumulative 3Q07 Results (Subsidiaries)

Unit : KRW billion

		2005	2006	~3Q07
DICC	Sales	389.1	558.8	634.5
	Operating Profit	8.1	35.6	47.0
	Net Profit	10.3	27.1	42.5
DIEU	Sales	345.7	349.0	348.3
	Operating Profit	11.5	8.6	7.1
	Net Profit	5.9	4.4	2.4
DIA	Sales	368.2	434.2	314.7
	Operating Profit	19.5	10.7	6.8
	Net Profit	10.0	4.6	2.1
Others	Sales	369.7	268.9	329.7
	Operating Profit	5.5	9.6	17.2
	Net Profit	3.3	4.5	11.5
Total	Sales	1,472.7	1,610.9	1,627.1
	Operating Profit	44.6	64.5	78.1
	Net Profit	32.6	40.6	58.5

# Long-term Business Plan (Consolidated)

Unit : KRW billion

	'06	'07E	'08E	'09E	'10E	'11E	CAGR
<b>Sales</b>	3,706.7	4,458.1	5,704.1	7,044.3	8,419.4	9,643.5	21.1%
<b>Construction Equipment</b>	1,419.4	1,915.7	2,553.8	3,255.7	3,890.3	4,520.1	26.1%
<b>Machine Tools &amp; F.A</b>	807.7	1,006.8	1,197.1	1,472.3	1,781.8	2,001.1	19.9%
<b>Industrial Vehicle</b>	475.9	537.1	591.5	683.1	804.2	980.4	15.6%
<b>Engines &amp; Materials</b>	485.1	512.5	637.4	799.0	1,003.0	1,229.5	20.4%
<b>Others</b>	518.6	486.0	724.3	834.2	940.1	912.4	12.0%
<b>Operating Profit</b>	303.1	385.5	546.0	739.8	941.2	1,149.6	30.6%
<b>Construction Equipment</b>	108.3	155.5	223.2	316.5	394.4	488.9	35.2%
<b>Machine Tools &amp; F.A</b>	102.8	125.1	154.8	192.1	232.7	270.0	21.3%
<b>Industrial Vehicle</b>	16.9	24.0	29.6	41.1	52.5	68.0	32.1%
<b>Engines &amp; Materials</b>	18.0	20.1	44.5	59.4	101.8	138.3	50.4%
<b>Others</b>	57.1	60.8	93.9	130.7	159.8	184.4	26.4%
<b>Operating Margin</b>	8.2%	8.6%	9.6%	10.5%	11.2%	11.9%	
<b>Construction Equipment</b>	7.6%	8.1%	8.7%	9.7%	10.1%	10.8%	
<b>Machine Tools &amp; F.A</b>	12.7%	12.4%	12.9%	13.0%	13.1%	13.5%	
<b>Industrial Vehicle</b>	3.6%	4.5%	5.0%	6.0%	6.5%	6.9%	
<b>Engines &amp; Materials</b>	3.7%	3.9%	7.0%	7.4%	10.1%	11.2%	
<b>Others</b>	11.0%	12.5%	13.0%	15.7%	17.0%	20.2%	

# THANK YOU

## IR Team

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