



Doosan Infracore

DOOSAN INFRACORE

2008 2nd Investor Meeting

May 2008



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DII : Long-term Vision & Synergy

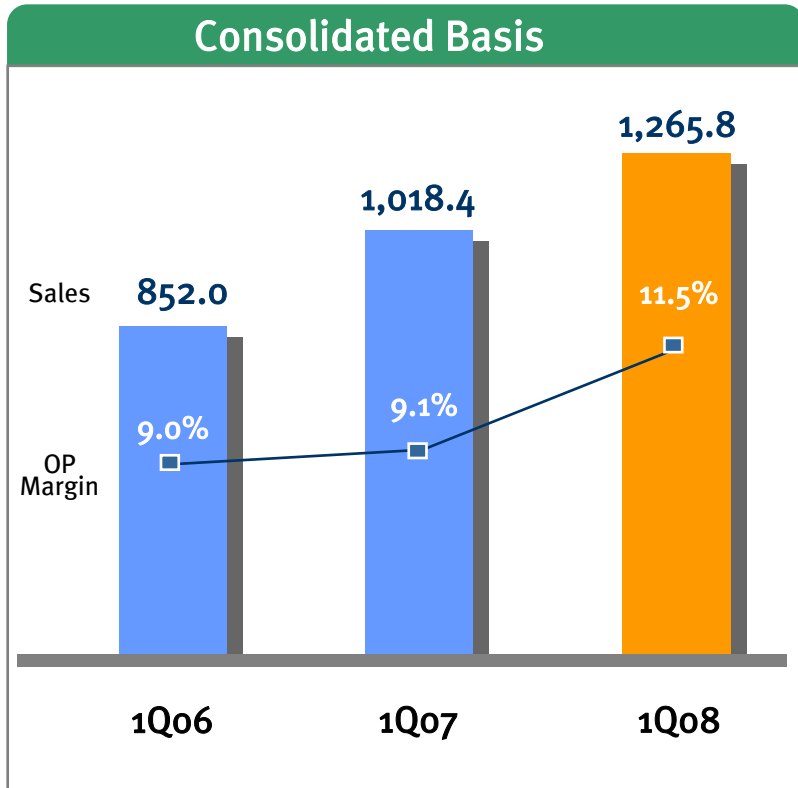
Disclaimer

The financial numbers and statements included in the following presentation and related comments by management represent statements made before the external review by independent public accountants for the fiscal year 1Qo8 financial results release, and are presented here today solely for the purpose of offering the investor an understanding of the company.

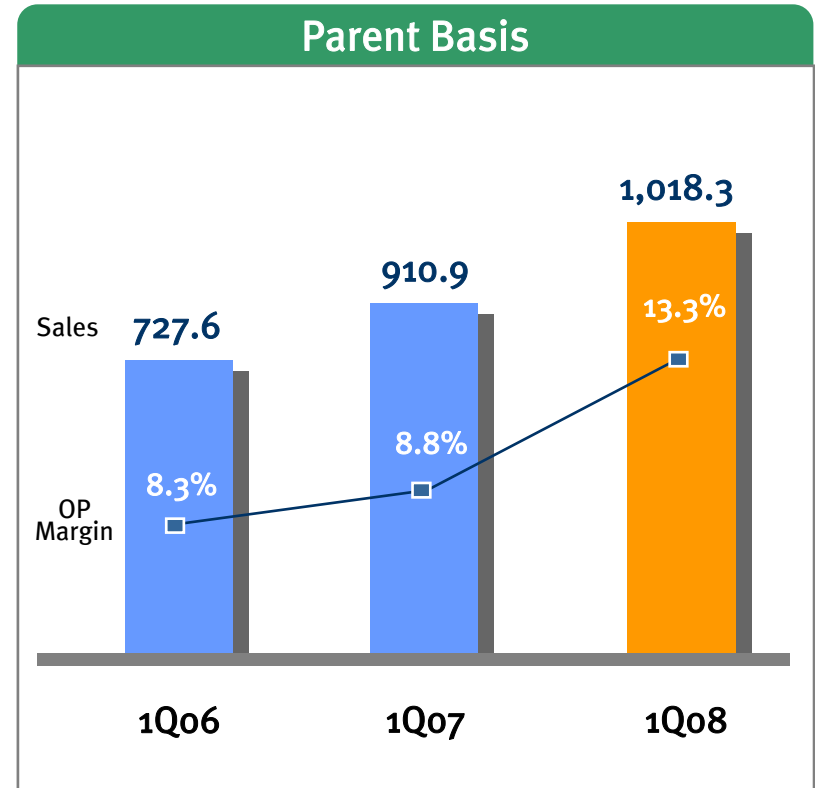
Statements on 2008 outlook and long-term business plan represent our current judgment on what the future may hold, and while we believe these judgments are reasonable, actual results may differ materially due to numerous external and internal factors.

Historic high 1Q 2008 performance

Unit : KRW billion, %



	1Q06	1Q07	1Q08	YoY
Sales	852.0	1,018.4	1,265.8	24.3%
Operating Profit	76.4	93.1	145.3	56.0%
Recurring Profit	60.7	83.7	95.3	13.9%



	1Q06	1Q07	1Q08	YoY
Sales	727.6	910.9	1,018.3	11.8%
Operating Profit	60.6	79.8	135.8	70.3%
Recurring Profit	57.6	75.4	92.4	22.6%

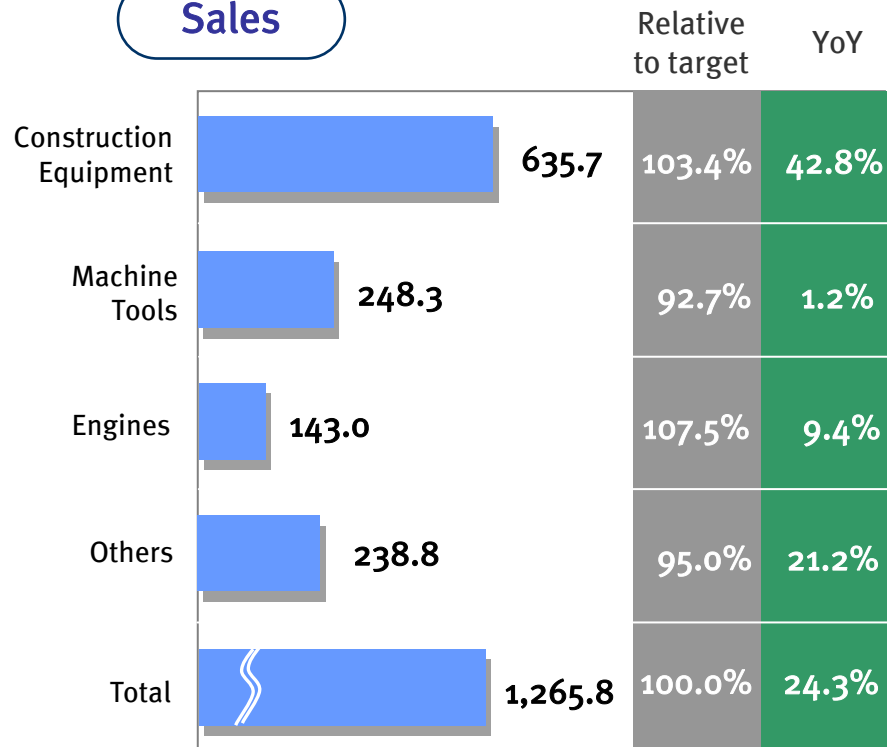
* DII sales are not reflected in consolidated results, but as equity method gains/losses at the parent level

1Q 2008 divisional sales & EBIT (Consolidated)

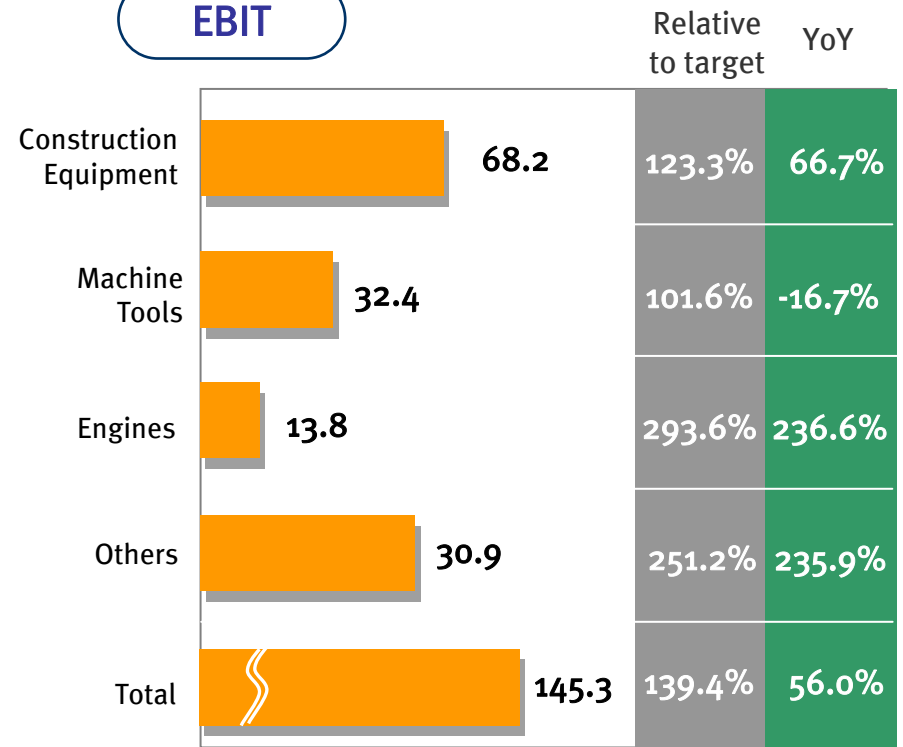
Unit : KRW billion, %

1Q results surpassed our annual target

Sales



EBIT



* DII sales are not reflected in consolidated results, but as equity method gains/losses at the parent level

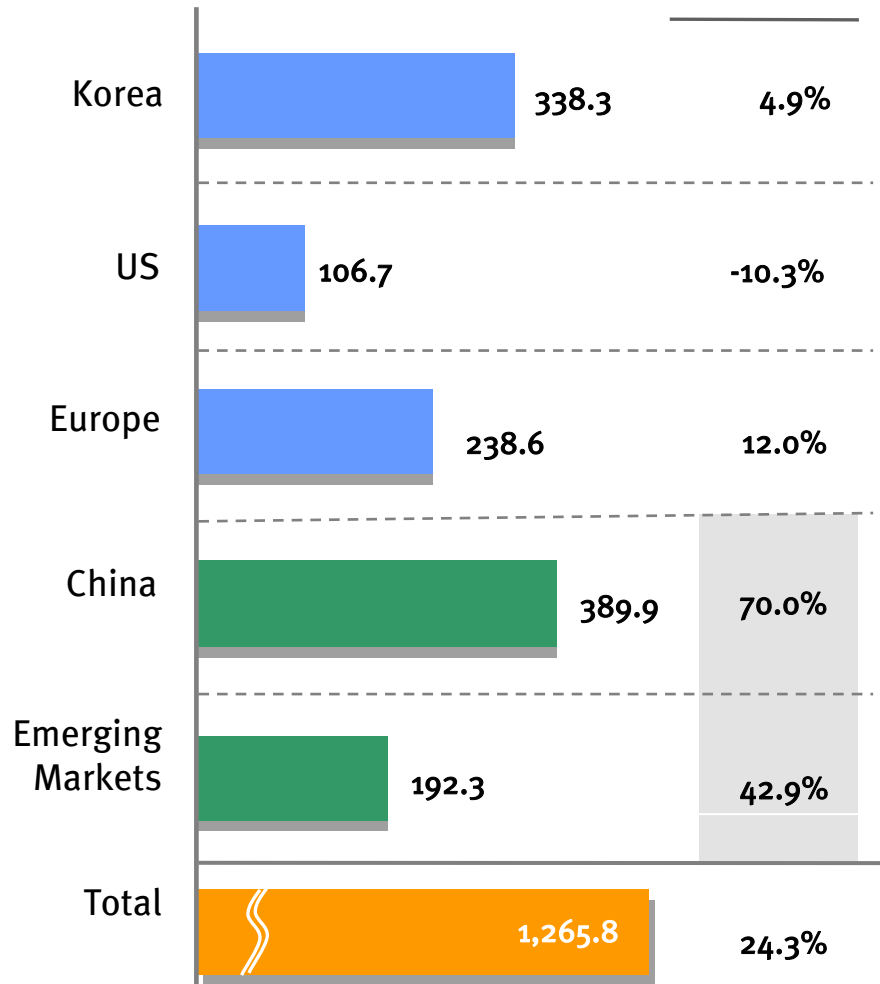
1Q 2008 regional sales (Consolidated)

Unit : KRW billion, %

1Q 2008 sales

YoY

Highlights

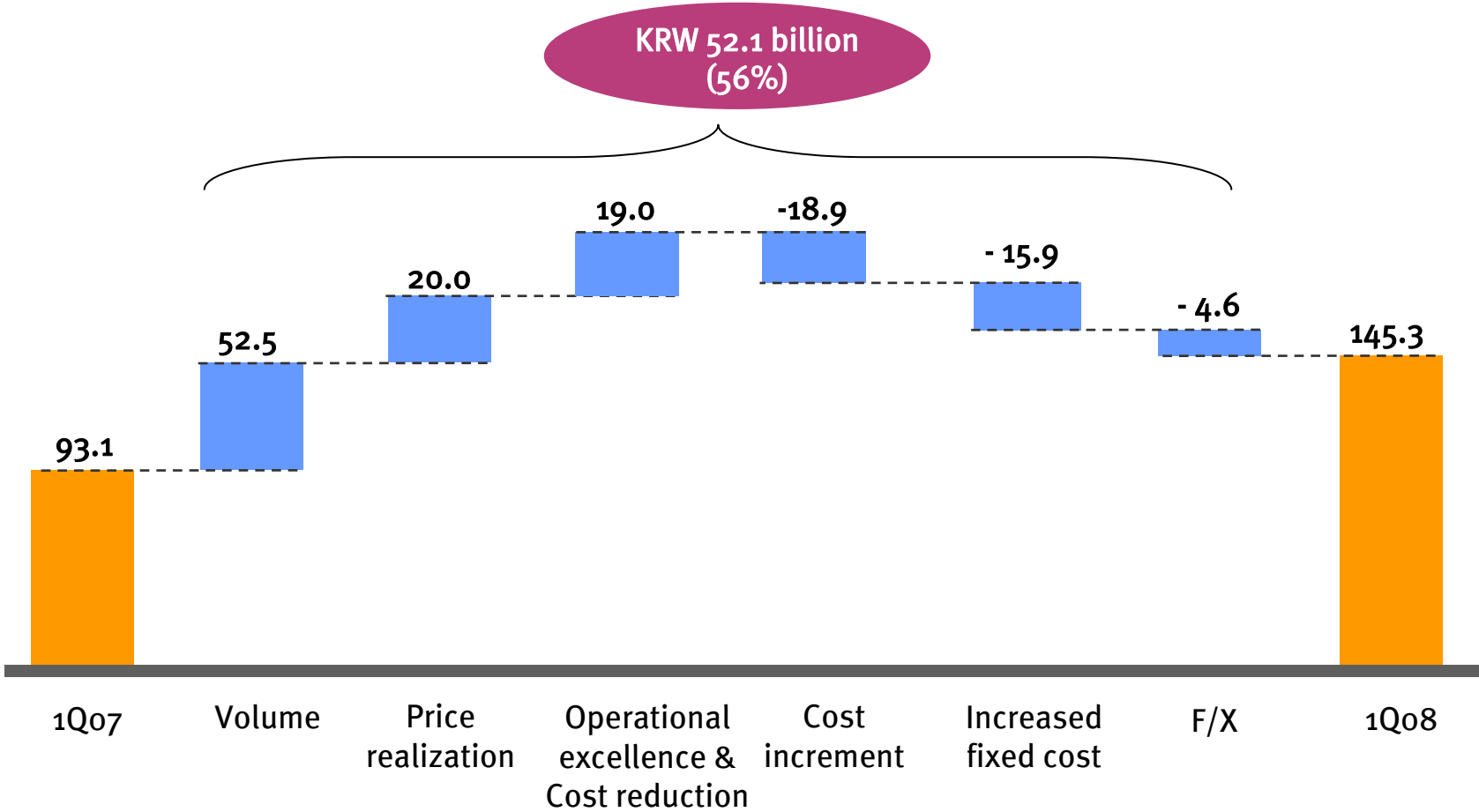


- Construction equipment sales grew 23% YoY thanks to the upturn in construction cycle and impact from the product price increase
- Machine tools sales increased only 3% due to delayed facility investment to 2Q
- Sluggish US construction equipment market lowered sales by 23% YoY
- HCNG engine and large generator engine orders lifted engine sales by 78% YoY
- Minimal impact from slower US economy given the low dependency on the US market
- Construction equipment sales rose 15% YoY due to price realization and market share gain
- Selective sales growth strategy based on profitability maintained
- Construction equipment sales surged by 71% YoY thanks to enhanced product line-up and greater market share
- Machine tools sales grew 37% YoY given increased capacity of DIY and market share gains
- Construction equipment sales increased by 27% YoY in the Middle East, 172% YoY in Latin America and 236% YoY in India
- Sales surged on the back of growing demand for generator engines and market diversification strategy of the industrial vehicle division

1Q 2008 EBIT waterfall chart

Unit : KRW billion

Significant improvement in profitability thanks to volume growth, cost reduction and price realization, despite adverse factors such as raw material price hikes



1Q 2008 highlight

1

China : “Outstanding Performance”

2

Emerging markets : “Visible full-fledged growth”

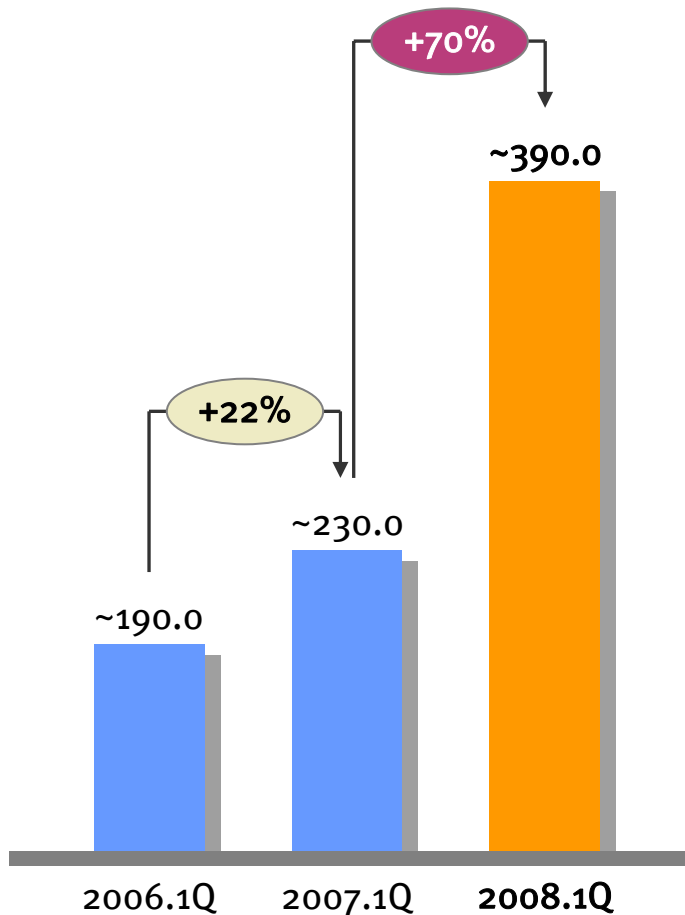
3

Engine BG : “Emerging as key to profitable growth”

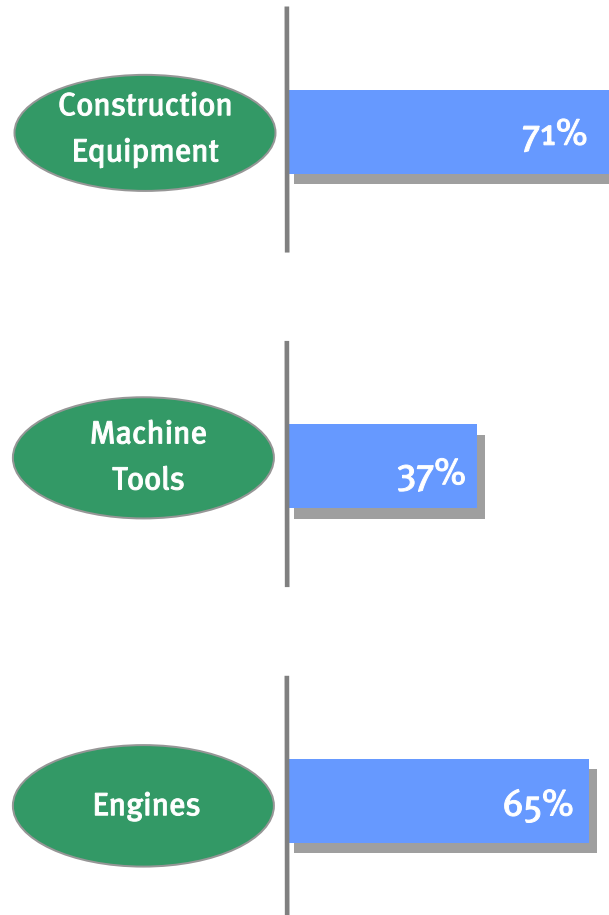
1 China : “Outstanding Performance”

1Q sales trend in China

Unit : KRW billion



Year-on-year comparison



- Surge in excavator sales in China
- Stronger line-up for the Chinese market
- Greater sales in the RMB * market following the launch of China-specific models
- Completion of capacity expansion in China
- Growing sales of diesel generator engines (Market growth and more efficient delivery period)

* RMB market is a fast growing segment of the machine tools industry in China. Products are locally produced and competes against imported machine tools

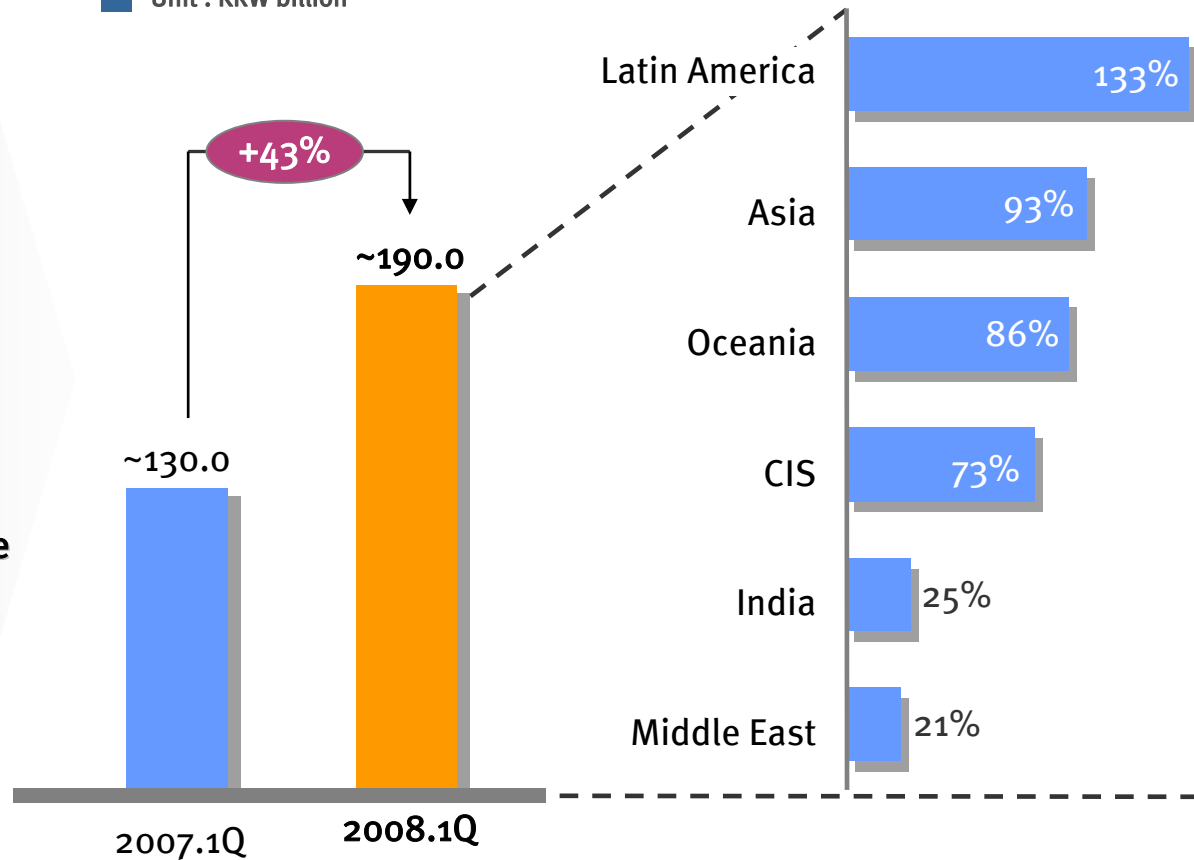
2 Emerging markets : “Visible full-fledged growth”

Enhanced sales & service capability in emerging markets

- Sales office established
- Technical center* established
- Active moving offices
- Launch of localized products (e.g. Sales of excavators made specifically for India)

Emerging market sales

Unit : KRW billion



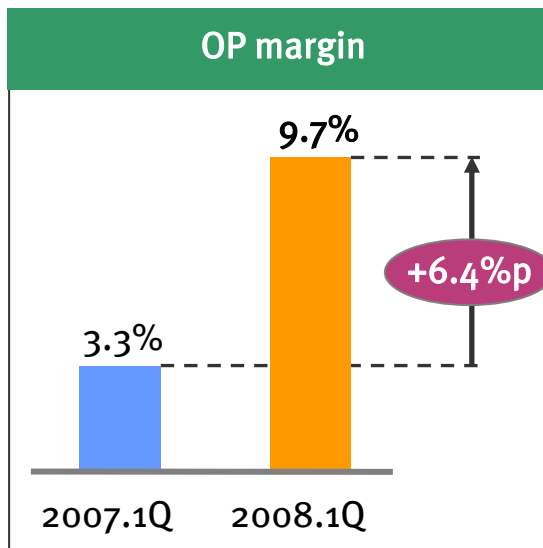
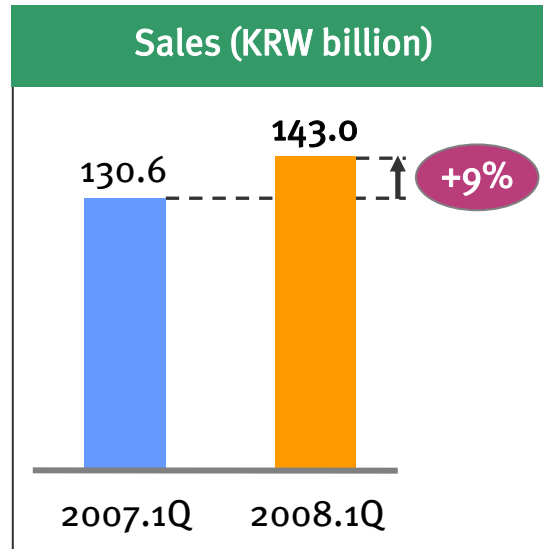
- Full-fledged sales growth and visible improvement in profitability (OP margin enhanced by 2~3%p)

* Engineering support post for machine tools division

3 Engine BG : “Emerging as key to profitable growth”

Structural improvement in the engine division

- “Solved the quality issue, which was the key hurdle to sales growth”
- “Successful development of the Euro-4 engine substantially enhanced competitiveness”
: +10% better fuel efficiency relative to peers
- “Better product mix and enhanced utilization has substantially improved profitability”



Full-fledged and profitable growth in the future

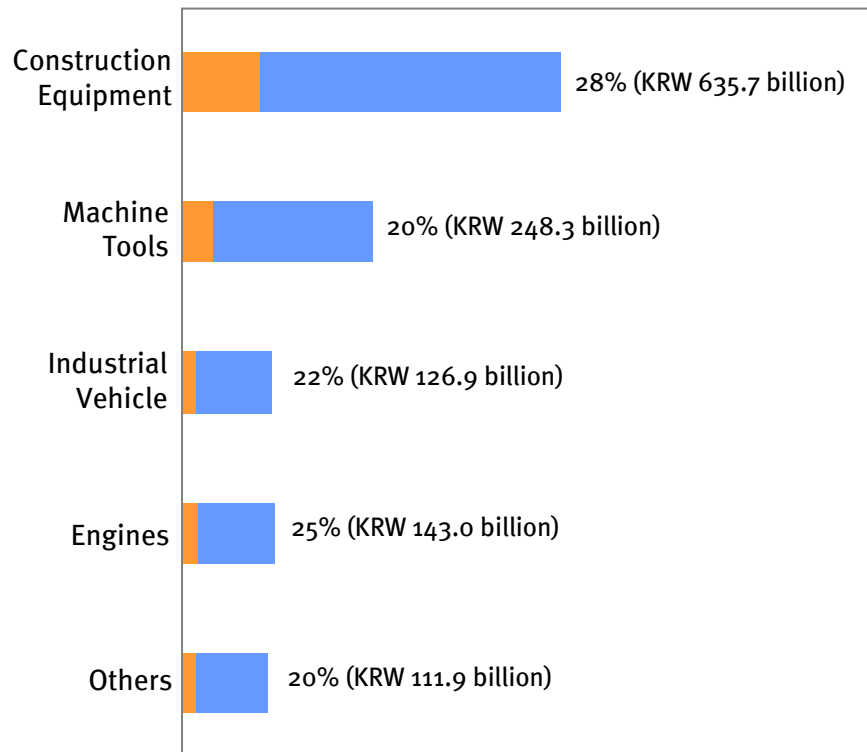
- Sales growth expected from Euro-4 sales starting 2Q and sizable sales of large generator engines secured in 2007
- CNG engine sales should act as the next growth engine for the engine division (North America plant construction in progress)
- Plans to supply generator engines of DIPP
- Based on order receipt in 1H, we expect to operate on full-capacity

Progress rate relative to annual target (Consolidated)

Unit : KRW billion

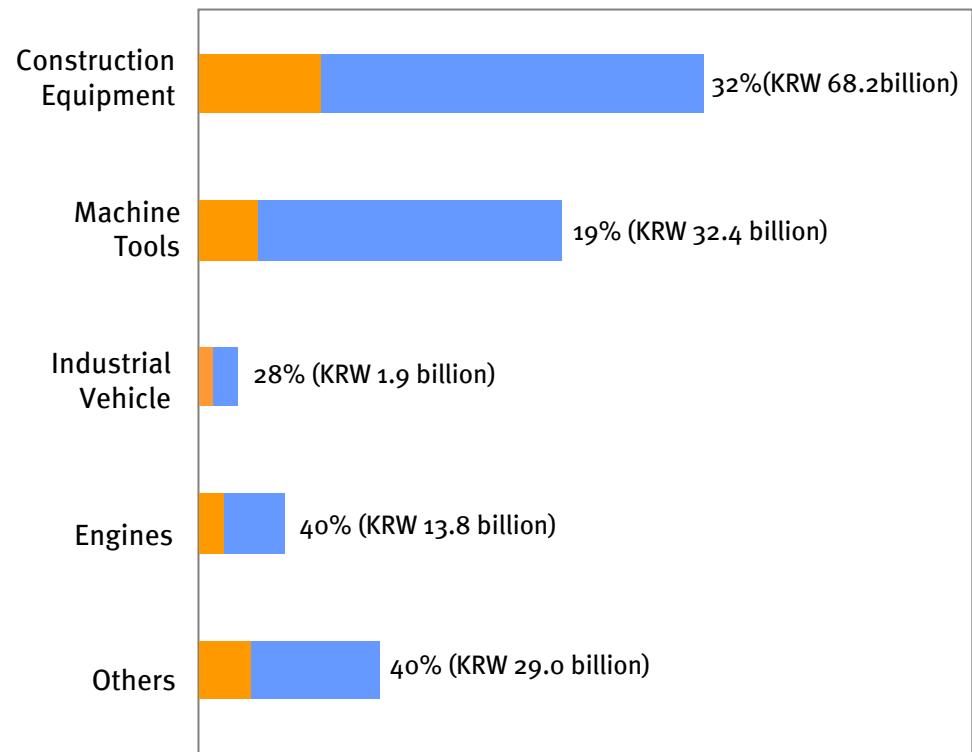
Sales relative to target

24% of annual target of KRW 5,186.1 billion



OP relative to target

29% of annual target of KRW 500.9 billion



Financial soundness (Parent)

Unit : KRW billion

● Solid financials despite the US\$700 million increase in debts after the acquisition of DII

	1Qo6	1Qo7	1Qo8	YoY
Current Assets	1,310.7	1,373.1	1,424.5	3.7%
Fixed Assets	1,204.8	1,258.3	1,977.1	57.1%
Total Assets	2,515.6	2,631.4	3,401.6	29.3%
Debts	537.6	505.4	1,034.1	104.6%
Other Liabilities	942.5	1,118.1	1,273.2	13.9%
Total Liabilities	1,480.1	1,623.5	2,307.3	42.1%
Total Shareholders' Equity	1,035.4	1,007.9	1,094.3	8.6%
Debt/Equity Ratio	51.9%	50.1%	94.5%	44.4%p

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1Q 2008 performance

Unit : US\$ million, %

	1Q07	1Q08	YoY
Sales	708.7	738.5	4.2%
EBITDA	101.5	84.2	-17.0%
(EBITDA Margin)	14.3%	11.4%	-2.9%p
EBITDA *	101.5	103.2	1.7%
(EBITDA Margin)	14.3%	14.0%	-0.3%p

* EBITDA exclusive of one-off items for apple-to-apple comparison

	1Q08
Pretax Profit	24.7
(Interest Expenses)	(55.7)

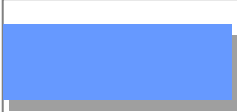



Overview

- Sales growth of 4% YoY achieved on the back of greater contribution from emerging markets such as Eastern Europe and Russia, offsetting the impact of weaker NA/EMEA demand
 - NA market : Loader -20%, MX -33%
- EBITDA fell 17% YoY due to temporary increase in costs by US\$ 19 million, which was incurred since the merger and change in business structure. However, if we exclude such one-off items, apple-to-apple EBITDA grew 2%.

1Q 2008 performance by BU

Unit : US\$ million, %

Sales

			% of sales	YoY
Bobcat		558.1	75.6%	5.6%
DIPP		128.5	17.4%	-2.0%
Attach		51.9	7.0%	5.2%
Total		738.5	100%	4.2%

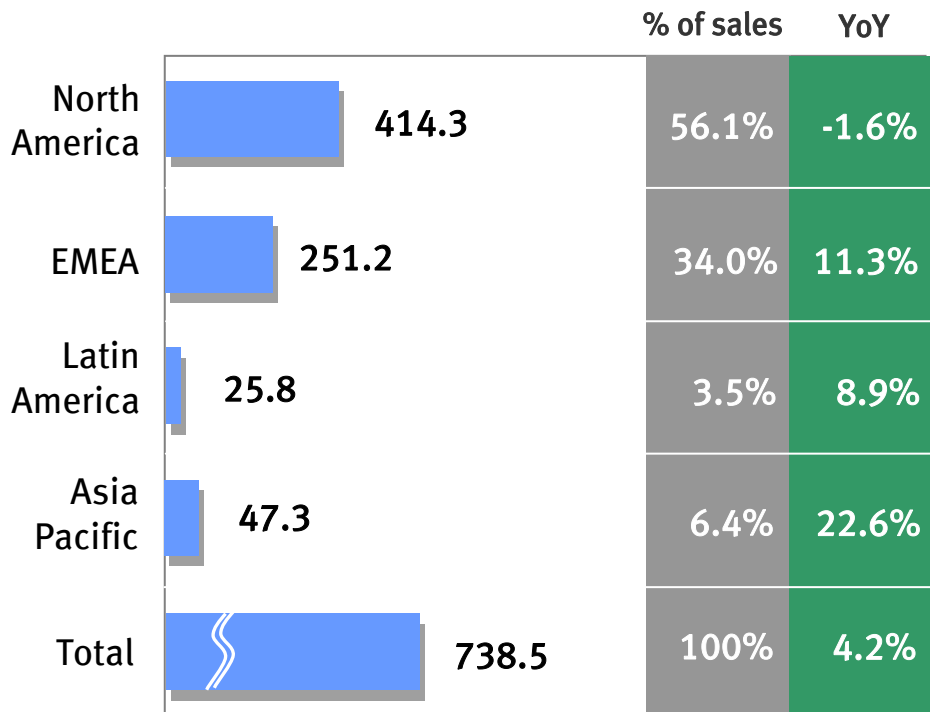
Reason

- Despite the sluggish North American market, sales grew by 4% YoY thanks to strong demand in Europe, Asia and Latin America
- **Bobcat**: Sales grew 6% YoY from solid demand from Europe and emerging market, which offset the impact from sluggish North American mini excavator sales (Drop in MX sales by -16% YoY, while the market for MX shrank -33% YoY)
- **DIPP**: Sales declined as a result of disposal of 20 company owned store in April 2007 to Volvo (7% growth on apple-to-apple comparison)
- **Attach**: Although demand for heavy attachments fell due to the weakness in real estate market, sales expanded by 5% YoY thanks to sustained demand for hydraulic demolition attachments

1Q 2008 performance by region

Unit : US\$ million, %

Sales



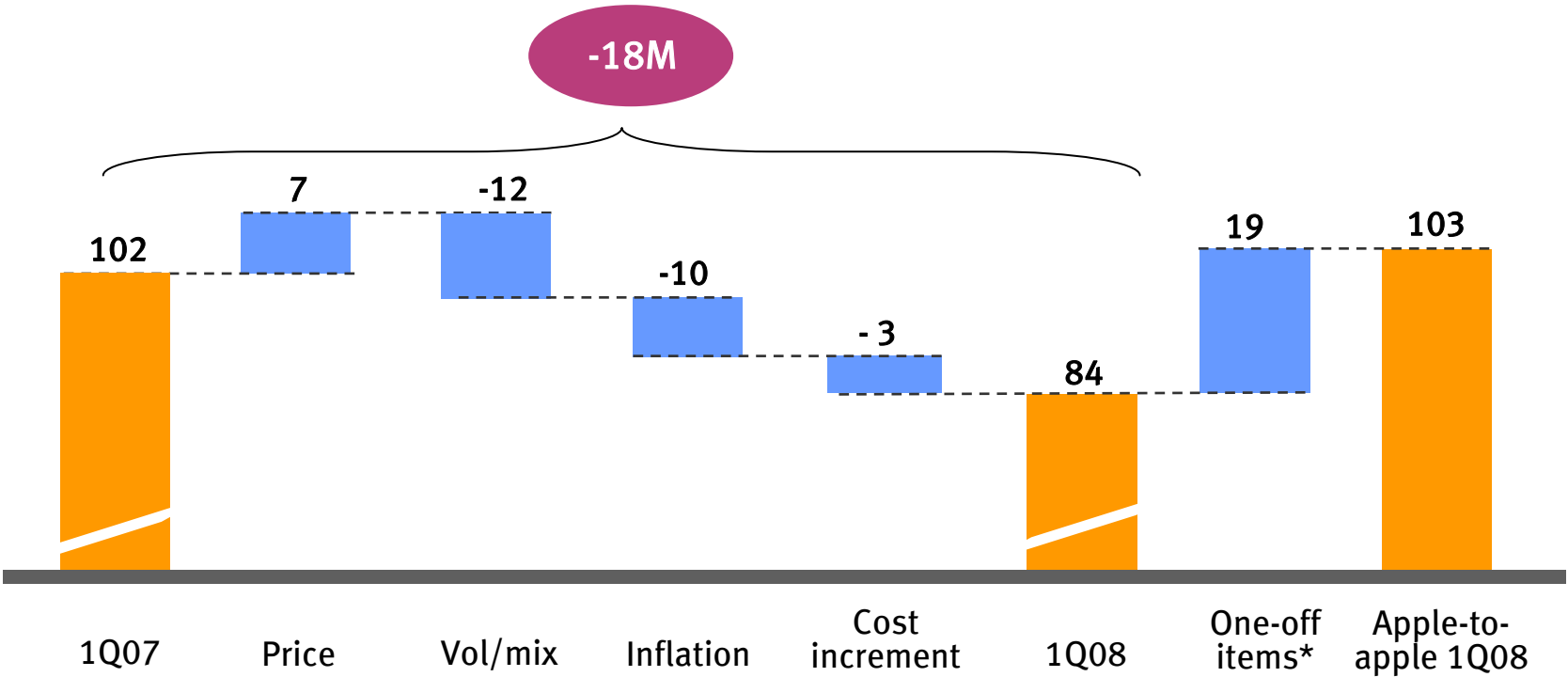
Reason

- Sales in North America declined year-on-year following the weakness in housing market. However, if we consider the US\$11 million negative impact on sales due to the disposal of 20 company owned store to Volvo in 2007, market remained favorable.
- Weakness in the North American market was offset by sales growth in EMEA, Latin America and Asia Pacific regions

1Q 2008 EBITDA waterfall chart

Unit : US\$ million

● Apple-to-Apple EBITDA increased despite negative factors such as weaker demand



* Includes sales of company owned store and PMI costs (Bobcat US\$ 5 million, DIPP US\$ 4 million, Attach US\$ 2 million, HQ Cost US\$ 8 million)

Financial soundness

Unit : US\$ million, %

Financial structure

	2007	1Q08
Total Assets	5,950	6,110
Total Liabilities	3,783	3,917
Debts	2,904	2,906
Total Shareholders' Equity	2,167	2,193
Liabilities/Equity Ratio	174.6%	178.6%

* Base on US GAAP

Financial soundness

	2007	2008E	Based on lowered interest rate *	Impact
Interest Rate (6M LIBOR)	7.6% (4.9%)	7.6% (4.9%)	5.7% (3.0%)	-1.9%P (-1.9%P)
Financial Burden	-22	-224	-200	-24



- Reflective of the recent decline in LIBOR, financial cost should drop by US\$57mn per year (Given that interest rate will be adjusted every 6 months, the actual impact in 2008 should be US\$24mn)
- Accordingly, interest coverage ratio should remain above 2x
- Annual debt repayment should lower liabilities / equity ratio

2008 forecast

Unit : US\$ million, %

	2008	
	Forecast	YoY
Sales	3,365	14%
- Bobcat	2,521.6	14%
- DIPP	618.3	16%
- Attachment	225.5	8%
EBITDA	468	9%
Margin (%)	13.9%	-0.6%p
Pretax Profit	177.3	-

Reason

- We expect sales to grow by 14% YoY to US\$ 3,365 million thanks to increasing sales contribution from emerging markets such as Asia Pacific, Russia, Eastern Europe and Middle East. This should more than offset the weakness in North America, which should show signs of full-fledged recover from 2009.
- EBITDA should climb 9% YoY to US\$468 million. However, if we exclude the US\$ 65 million cost increment related to the acquisition, actual EBITDA growth would have been 25% YoY.

Initiatives to attain 2008 forecast

Unit : US\$ million

Initiatives to offset the market downturn

Product Leadership

- Development of new next generation products
- Development of large compressors

Emerging Market & Channel

- Focus on China, Eastern Europe and Middle East
- Expand rental client base
- Stronger channel in UK and Germany

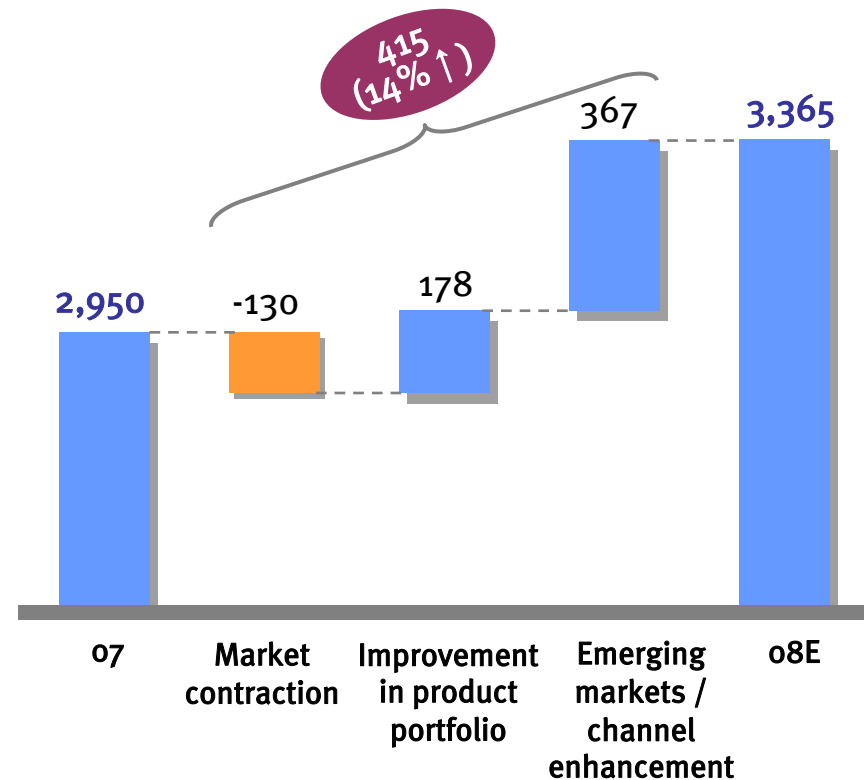
Cost Improvement

- Low cost country sourcing
- Lean Six Sigma
- Reduction in overhead costs

Manufacturing Network

- Enhanced local production
- Review of production base

Sales forecast based on initiatives



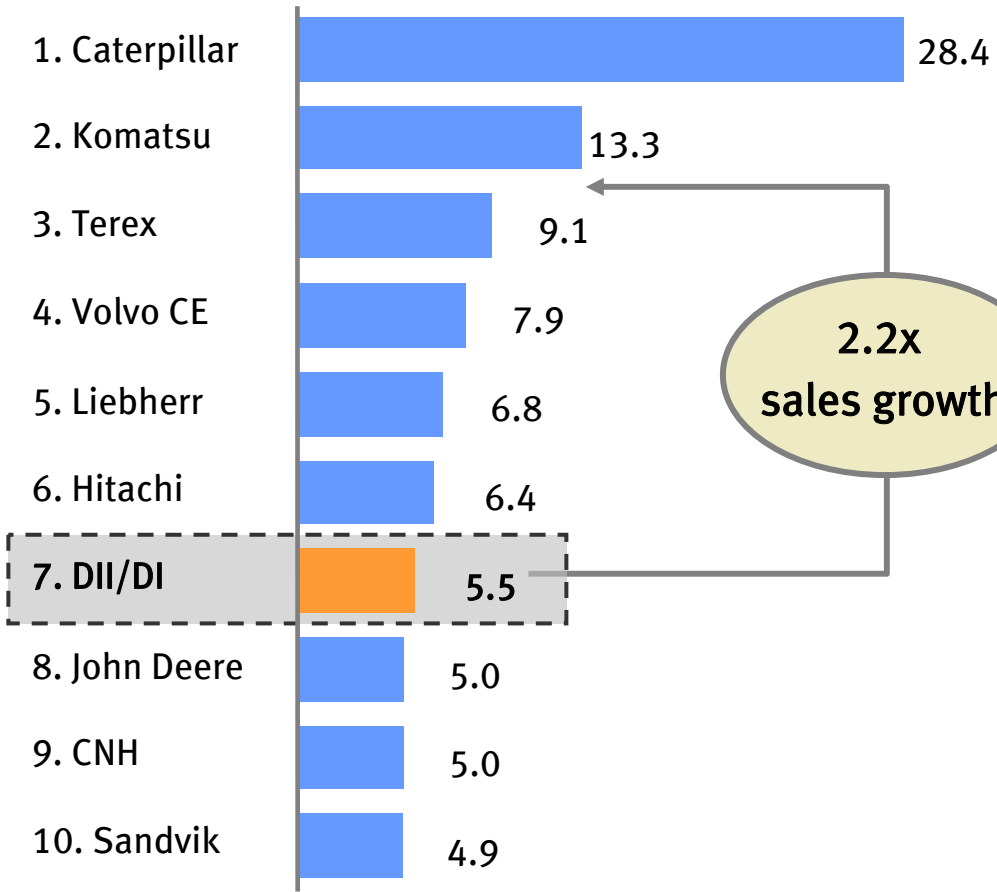
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2012 Joint vision of DI & DII

Unit : 2007 sales, US\$ billion

Ranking of global construction equipment players (Based on revenue)



2.2x sales growth

Joint vision between DI's construction equipment division and DII

“Global top 3 construction equipment player in 2012”

- Sales target in 2012 : US\$ 12 billion
- Primary partner with globally competitive market position and brand value to support dealers and customers

Note: Based on construction equipment sales
 DI includes construction equipment and industrial vehicle divisions revenue only
 Source: International Construction, Apr 2008

Strategic themes to attain the vision

- 4 strategic themes and synergy tasks were derived to attain our vision

Global top 3 CE leader by 2012

2012 sales : US\$ 12 billion

Vision/
aspiration

Strategic themes

**Customer-driven
local market
leadership**

- Local production of customer-driven products and wider range of products
- Localization of production

**End-to-end support
over product
lifecycle**

- Customer service over the product life cycle
- After sales management

**Best-in-class
operational
excellence**

- Global sourcing
- Production excellence
- Excellence in R&D and technology
- Quality improvement

**New growth
opportunities**

- Innovation
- Leadership in emerging markets
- Leadership in core parts technology
- Seek new business opportunities

Organizational
enablers

- Global leadership development

- Global management infrastructure

- Value structure and corporate culture based on performance

- Attacker spirit

Progress of synergies between DI & DII (1/3)

	Approach	Progress to date
Global Sourcing	DI/DII joint project team to maximize the financial impact	Select commodity items which could be purchased by DI and DII together and calculate the cost reduction potential
	Comprehensive ideas with cost synergies as a priority <ul style="list-style-type: none">– Joint purchasing– Sharing of low cost vendors– Integration of the sourcing process	Bobcat has already placed sample orders of some components to DI's vendors
Technology / Product Development	Form an engineering alignment committee	Identify joint development projects <ul style="list-style-type: none">– Identify items, which require joint development under the current product development roadmap– Select core parts for joint development
	Technology upgrade via shared advance technology and innovation / cost reduction of product development process <ul style="list-style-type: none">– Joint development / support for next generation products– Joint development of core parts– Sharing of core technology	Workforce interaction / process innovation to strengthen engineering capability <ul style="list-style-type: none">– Dispatch a DI engineer to Bismarck to support the development of Bobcat's next generation products– Systemize the technology sharing process

Progress of synergies between DI & DII (2/3)

	Approach	Progress to date
Channel /Account Leverage	Form a DI/DII joint project team	Selling DI products through DII channels <ul style="list-style-type: none">– Selling DI excavators in company owned stores in North America and Germany
	Establish channel / brand policy to maximize the financial impact	Selling DII products through DI channels <ul style="list-style-type: none">– Selling DII attachment products via DI dealers– Establishing sales strategy to sell DII equipment through DI's Chinese dealers
	Identify products for cross selling and take immediate actions (April 2008 ~)	Sharing dealers <ul style="list-style-type: none">– DI dealers selling Bobcat equipments in 6 countries– DI North American dealers, with no conflict in territory, selling DIPP's air compressor and generator products– DI bringing in DII dealers
		Supplying DI engines for DIPP air compressors (Pilot program)

Progress of synergies between DI & DII (3/3)

New growth Opportunity

Approach

Joint effort to penetrate emerging markets, which are expected to show remarkable growth without legacy / conflicts and diversify source of income

- Establishment of joint production base
- Joint development of dealer / service network

Leverage on the existing competitiveness and advance capability to derive a new growth engine

- Aftermarket capability of Bobcat
- Dominant market position of DI in China

Progress to date

Reviewing the combined manufacturing footprint

- Feasibility study of a joint production base in emerging markets

Joint market development in the case of India

- Integration of DI/DII operation (Cost reduction as a result of sharing workforce and secure local talents earlier than scheduled)
- Bring in DII's Indian dealers as DI's mid/large sized excavator dealers

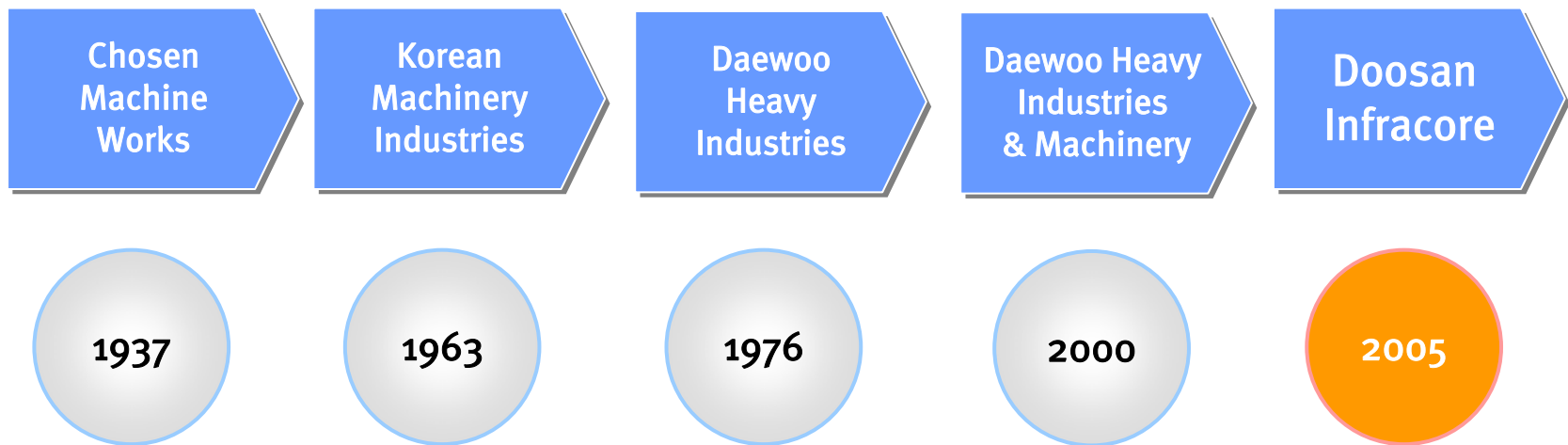
Benchmarking / Sharing of workforce between DI and DII

- Transfer of Bobcat's aftermarket capability
- *Component sales as a percentage of total sales : Bobcat is twice the size of DI*

Appendix

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



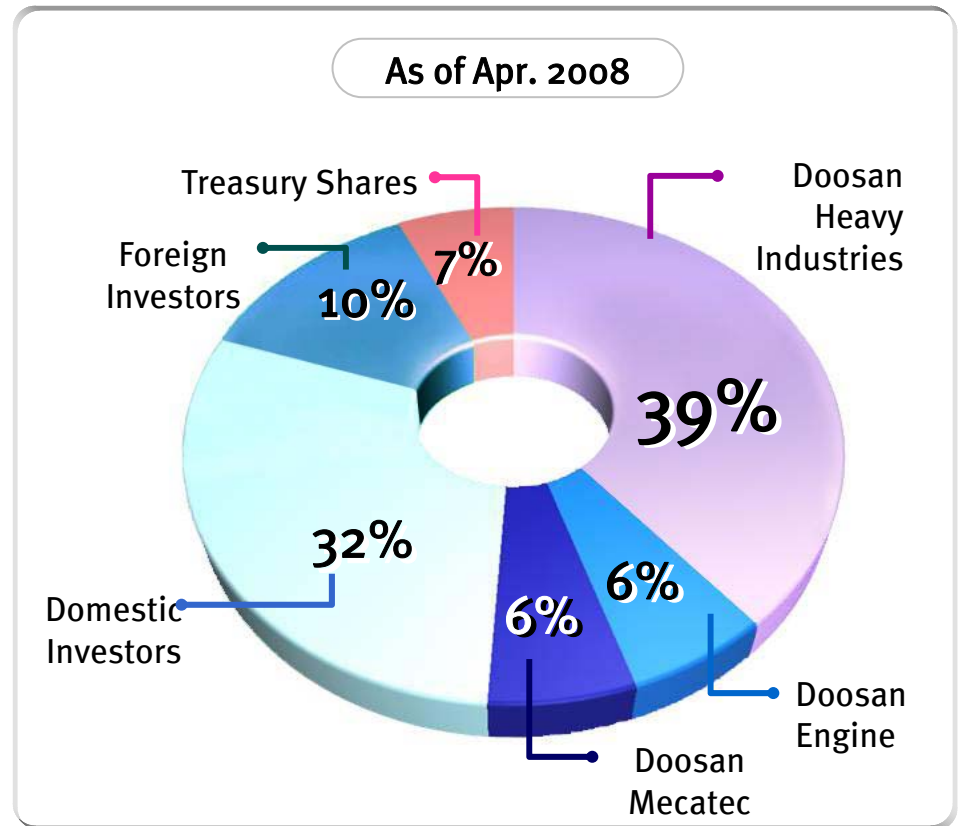
* ISB : Infra-structure Support Business

Overview

Corporate Data

CEO	Yong Sung KIM
Paid-in Capital	KRW 840.8 billion (As of Apr. 2008)
Outstanding Shares	168,157,384 shares
Market Capitalization	KRW 5,465.1 billion (As of Apr. 2008)
Employees	5,144 (As of Mar. 2008)

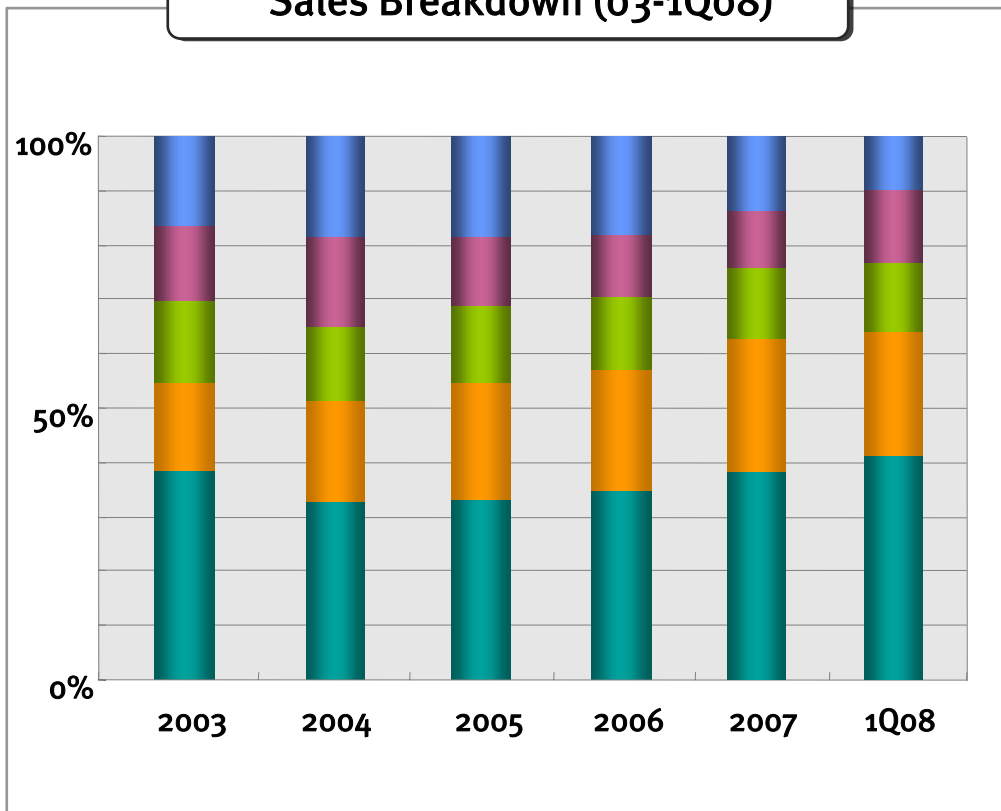
Shareholder Structure



Business area

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

Sales Breakdown (03-1Q08)



13% - Others
Defense Products & A/S Parts

10% - Engines
Diesel engines, gas engines

12% - Industrial Vehicles
Fork lift trucks

22% - Machine Tools
Turning centers, machining centers

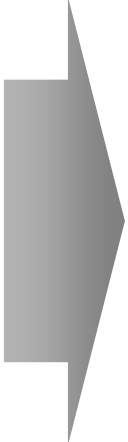
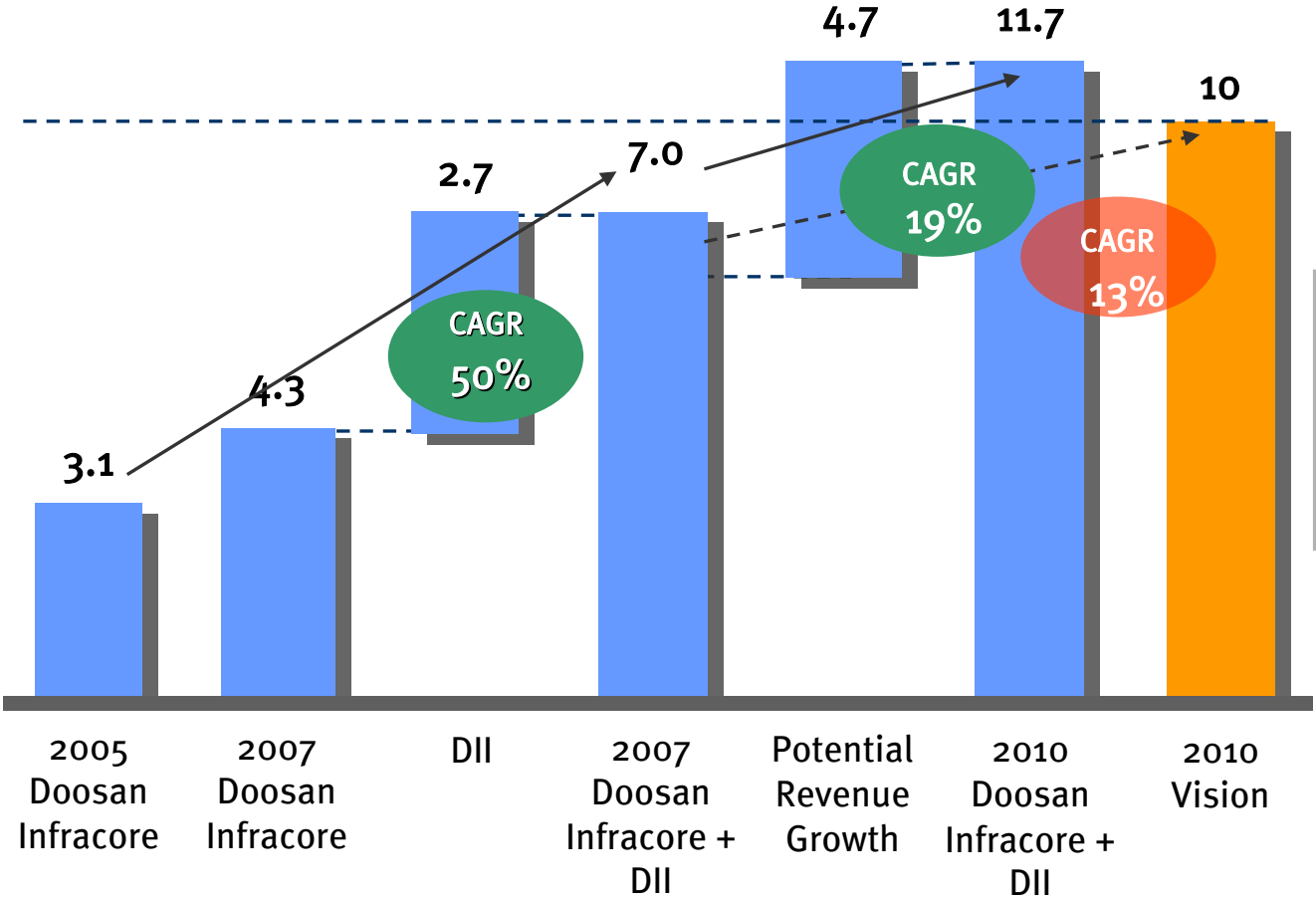
42% - Construction Equipment
Excavators, wheel loaders, skid steer loaders

Production Capacity by BG in 2008

	Domestic Production	Overseas Production
Construction Equipment	<p>Excavator : 10,000 units/year Wheel Loader : 1,500 units/year Skid Steer Loader : 1,500 units/year</p> <p>* Gunsan Plant : Excavator & 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>
Machine Tools	<p>TC/MC : 13,080 units/year Automation System : KRW 80 bn/year</p>	<p>Doosan Infracore Yantai (China) TC/MC : 2,000 units/year</p>
Industrial Vehicle	<p>Fork Lift Truck : 29,160 units/year</p>	<p>Doosan Infracore China (China) Fork Lift Truck : 7,000 units/year</p>
Diesel Engine	<p>Diesel Engine & Others : 56,000 units/year</p>	

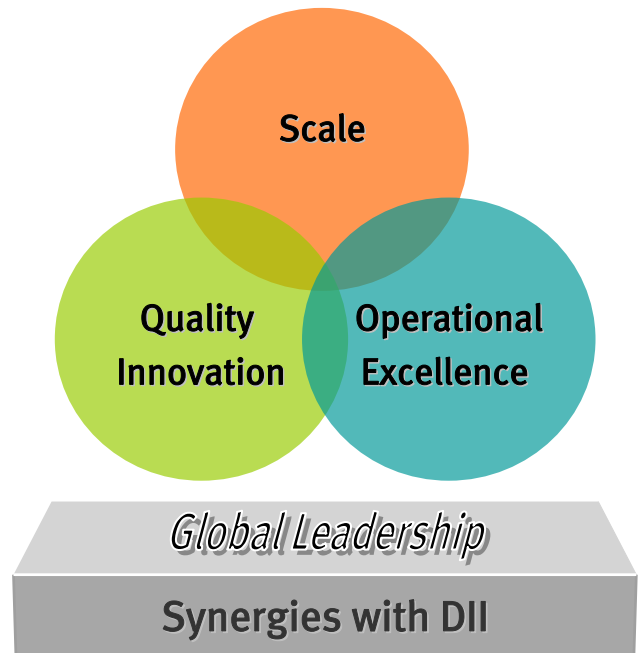
On track to attain our 2010 vision of KRW10tr sales

Unit : KRW trillion



Expected to surpass 2010 revenue target of KRW10 trillion on the back of synergies between DI and DII

On track to achieve our mid-term target by pursuing consistent strategies, and global capability gained from Bobcat should further advance our schedule



Scale

- Establishing China as our secondary home market
- Early entrance into emerging market
- Better positioning in developed markets such as US/Europe

Quality Innovation & Operational Excellence

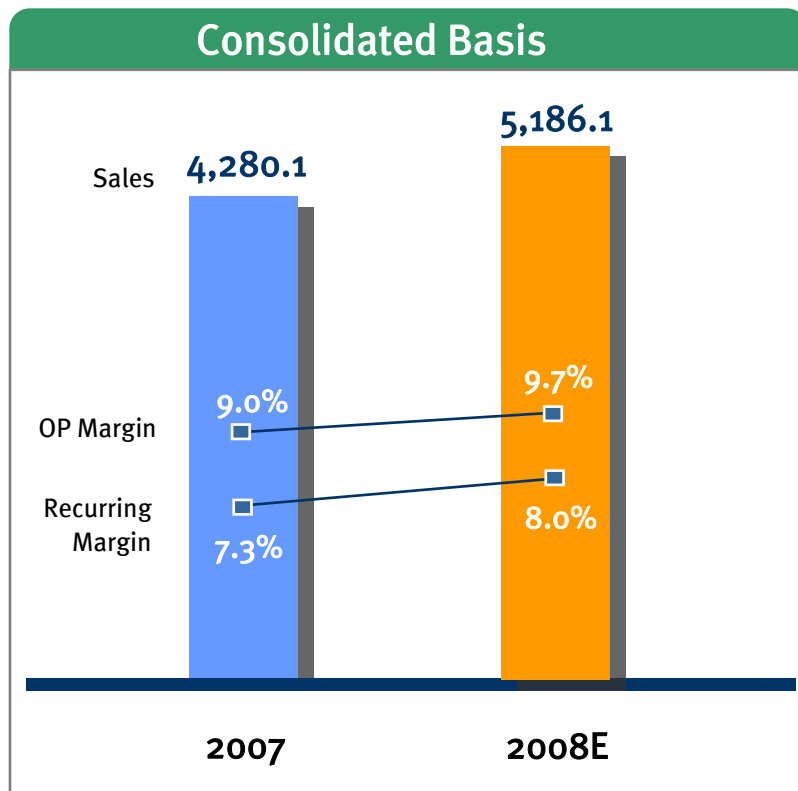
- Launch of competitive new products
- Cost reduction from purchasing, design and production
- Secure price premium on the back of enhanced brand equity

Global leadership

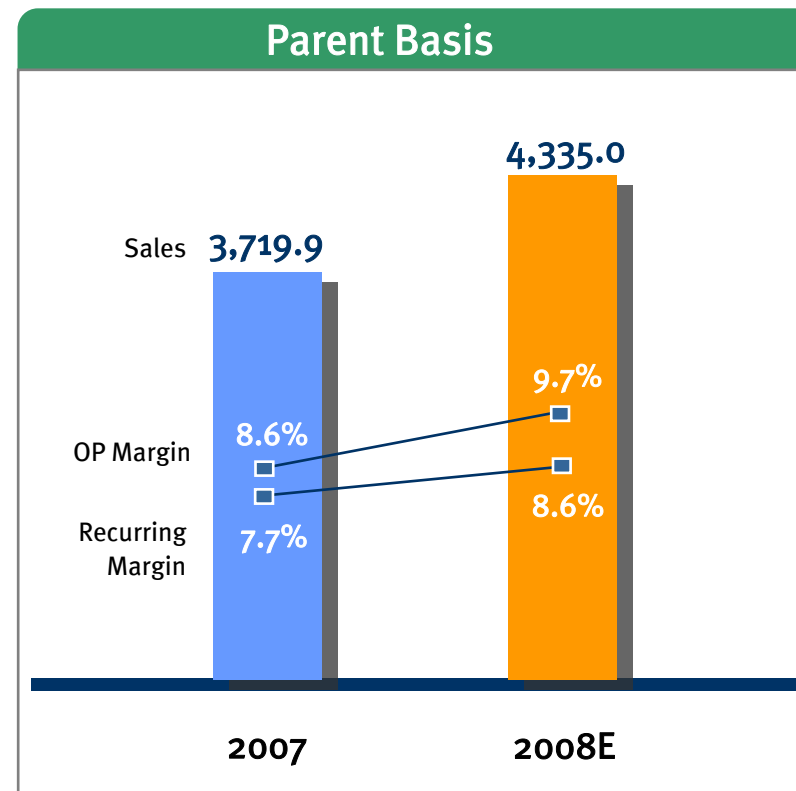
- Utilize global talents of DII
- Continuous effort to secure more global talents

2008 forecast

Unit : KRW billion



	2007	2008E	YoY
Sales	4,280.1	5,186.1	21.2%
Operating Profit	385.5	500.9	29.9%
Recurring Profit	314.4	417.4	32.8%



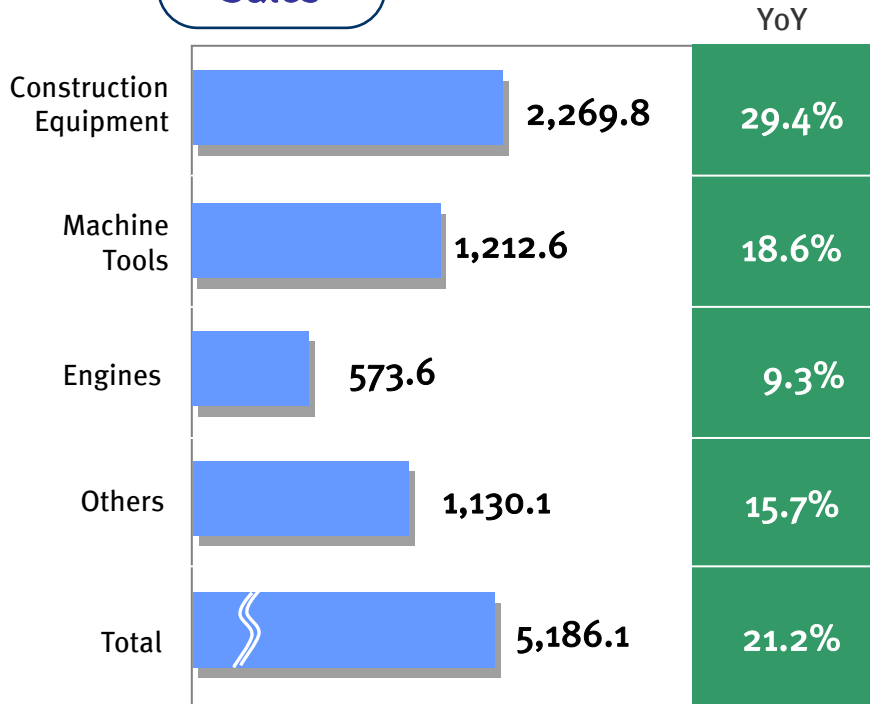
	2007	2008E	YoY
Sales	3,719.9	4,335.0	16.5%
Operating Profit	321.3	422.4	31.5%
Recurring Profit	285.8	373.8	30.8%

* Sales and profits of DII are not reflected in 2008 projections

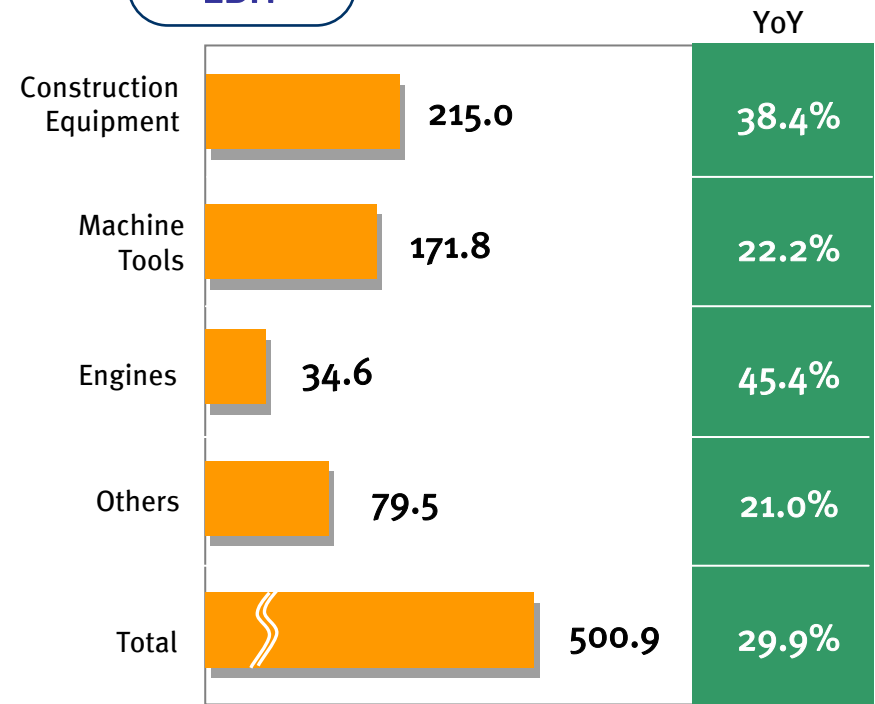
Divisional sales forecast in 2008 (Consolidated)

Unit : KRW billion

Sales



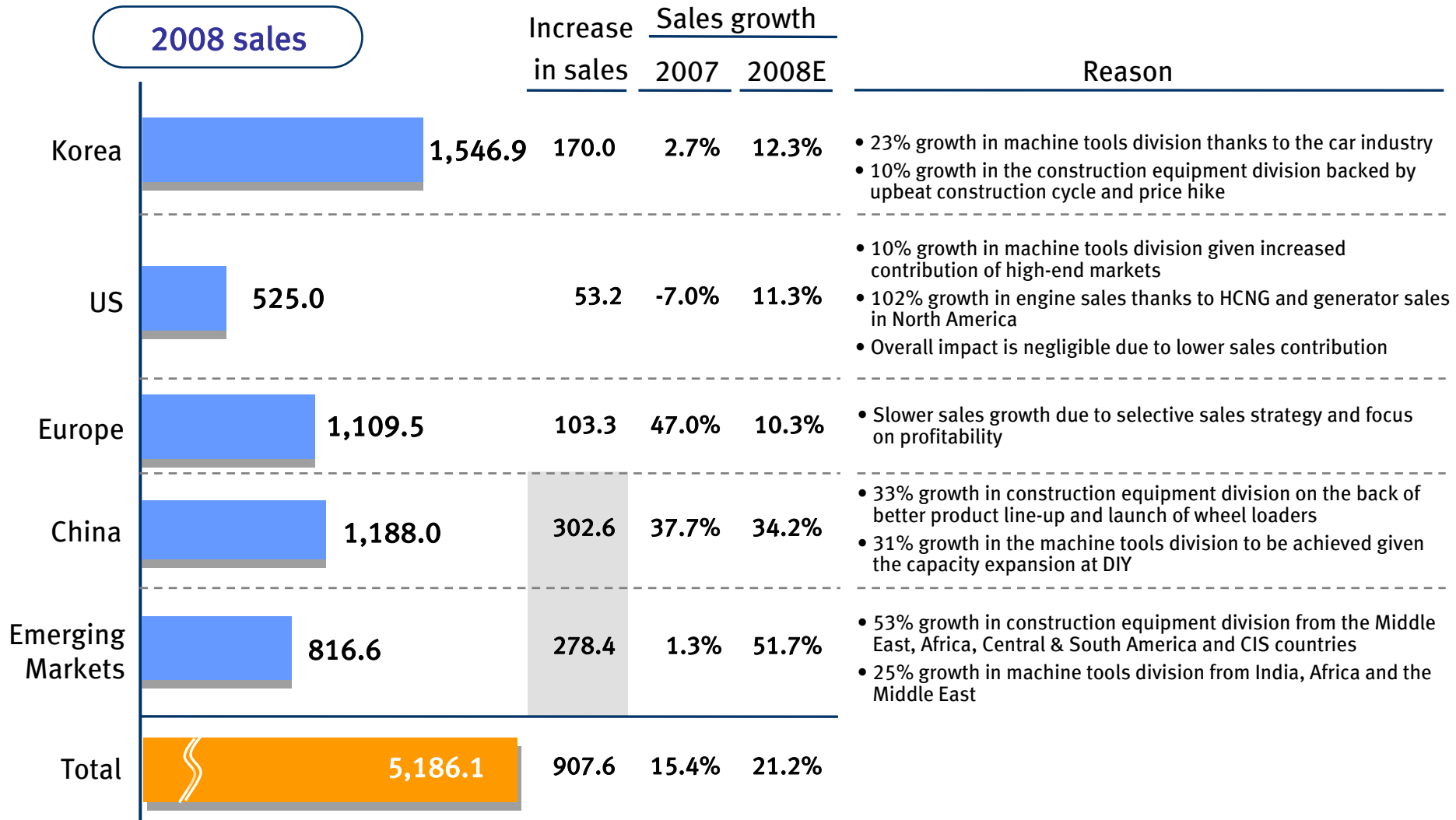
EBIT



* Sales and profits of DII are not reflected in 2008 projections

64% of incremental sales to be secured from China and other emerging markets

Unit : KRW billion, %



1Q 2008 Breakdown By Division (Parent)

Unit : KRW billion

	Total			Construction Equipment BG			Machine Tools BG			Industrial Vehicles BG			Engines BG			Others		
	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08	06	07	08
Sales	727.6	910.9	1,018.3	304.9	363.5	427.4	162.7	230.9	228.2	105.5	121.9	127.2	82.5	92.8	101.2	72.0	101.8	134.2
YoY	6%	25%	12%	24%	19%	18%	9%	42%	-1%	10%	16%	4%	-9%	12%	9%	-30%	41%	32%
Domestic Sales	265.2	323.0	327.8	70.2	71.4	86.6	56.0	66.5	68.2	40.5	46.9	47.6	42.1	53.9	37.8	56.4	84.3	87.5
YoY	-9%	22%	1%	-7%	2%	21%	23%	19%	3%	13%	16%	2%	-6%	28%	-30%	-37%	50%	4%
Exports	462.4	588.0	690.5	234.7	292.1	340.8	106.7	164.4	160.0	65.0	75.1	79.6	40.4	38.9	63.5	15.6	17.5	46.7
YoY	17%	27%	17%	37%	24%	17%	3%	54%	-3%	9%	15%	6%	-13%	-4%	63%	22%	12%	167%
Operating Profit	60.6	79.8	135.8	29.2	36.2	60.9	19.1	33.1	30.0	3.8	0.4	5.8	3.7	4.2	13.4	4.8	5.9	25.6
OP Margin	8.3%	8.8%	13.3%	9.6%	10.0%	14.2%	11.7%	14.3%	13.1%	3.6%	0.3%	4.6%	4.5%	4.5%	13.3%	6.7%	5.8%	19.1%

Financial structure

- Maintained sound financial structure despite increased debt burden following the acquisition of Bobcat in 2007
- Marked improvement in liabilities/equity ratio and Debt/EBITDA in 2008

Parent basis

	2005	2006	2007	2008E
Liabilities/equity ratio	124.4%	132.7%	190.7%	128.3%
Debt/EBITDA	2.5x	1.2x	2.6x	1.9x
ROE	12.3%	12.8%	16.5%	18.6%

* Also sound financial structure at Doosan Engine of Debt/EBITDA ratio of 0.76x, which is the joint investor of DII

Long-term Business Plan (Consolidated)

Unit : KRW billion

	2007	2008E	2009E	2010E	2011E	2012E	CAGR
Sales	4,280.1	5,186.1	6,509.5	7,961.5	8,878.9	10,252.6	19.1%
Construction Equipment	1,756.0	2,269.8	2,957.9	3,508.1	4,135.8	4,647.6	21.5%
Machine Tools	1,022.1	1,212.6	1,441.2	1,793.5	2,013.9	2,202.3	16.6%
Industrial Vehicles	523.1	578.8	628.2	673.6	762.4	850.5	10.2%
Engines	524.8	573.6	737.8	834.6	995.2	1,443.6	22.4%
Others	453.5	551.3	744.4	1,151.7	971.6	1,108.6	19.6%
Operating Profit	385.5	500.9	689.1	901.6	1,079.1	1,321.6	27.9%
Construction Equipment	155.5	215.0	311.0	381.4	476.1	568.4	29.6%
Machine Tools	140.7	171.8	204.8	256.8	291.4	321.2	17.9%
Industrial Vehicles	2.0	6.7	21.1	31.6	49.1	62.1	98.8%
Engines	23.8	34.6	54.1	76.3	106.9	173.9	48.8%
Others	63.5	72.8	98.1	155.5	155.6	196.0	25.3%
Operating Margin	9.0%	9.7%	10.6%	11.3%	12.2%	12.9%	
Construction Equipment	8.9%	9.5%	10.5%	10.9%	11.5%	12.2%	
Machine Tools	13.8%	14.2%	14.2%	14.3%	14.5%	14.6%	
Industrial Vehicles	0.4%	1.2%	3.4%	4.7%	6.4%	7.3%	
Engines	4.5%	6.0%	7.3%	9.1%	10.7%	12.0%	
Others	14.0%	13.2%	13.2%	13.5%	16.0%	17.7%	

* Sales and profits of DII are not reflected in 2008 projections (Exclusive of 2007)

Thank You

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