



Doosan Infracore

DOOSAN INFRACORE

# 2011 1Q Investor Presentation

April 2011



# Disclaimer

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This presentation contains preliminary figures which may be materially different from the final figures.

The financial information in this document are consolidated earnings results based on K-IFRS. Previous earnings results have also been restated in compliance with K-IFRS.

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**DI 1Q11 Highlights**

# 1Q11 Results \*

- Sales grew 33% YoY thanks to full-fledged recovery of global demand for the key business division – the construction equipment and machine tools divisions.
- EBIT surged 69% YoY on the back of strong profit improvement of the machine tools division and noticeable profit contribution from DII.

## Results

(Unit : KRW billion)

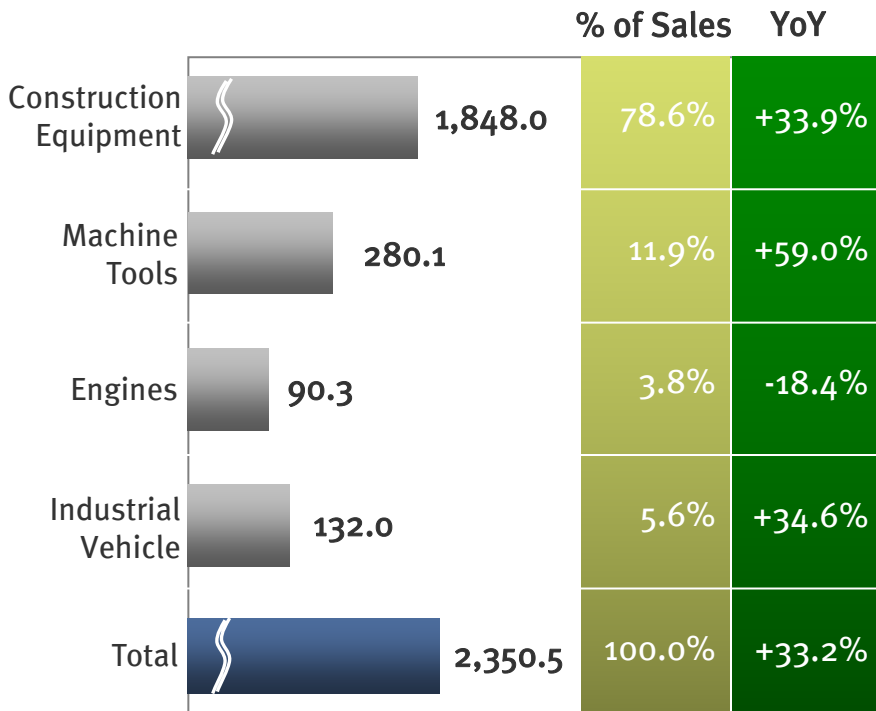
	1Q10	2Q10	3Q10	4Q10	1Q11	YoY
Sales	1,764.7	2,198.2	1,904.3	2,111.2	2,350.5	+33.2%
EBIT	140.6	241.9	157.7	180.6	238.0	+69.3%
EBIT margin (%)	8.0%	11.0%	8.3%	8.6%	10.1%	+2.1%P
(Net Financial Cost)	79.2	82.8	76.3	74.9	72.6	-8.3%
Pretax Profit	72.1	-19.0	128.6	67.7	199.4	+176.6%
Net Profit	25.6	-33.0	107.2	57.9	148.6	+480.5%

\* Figures are based on consolidated K-IFRS

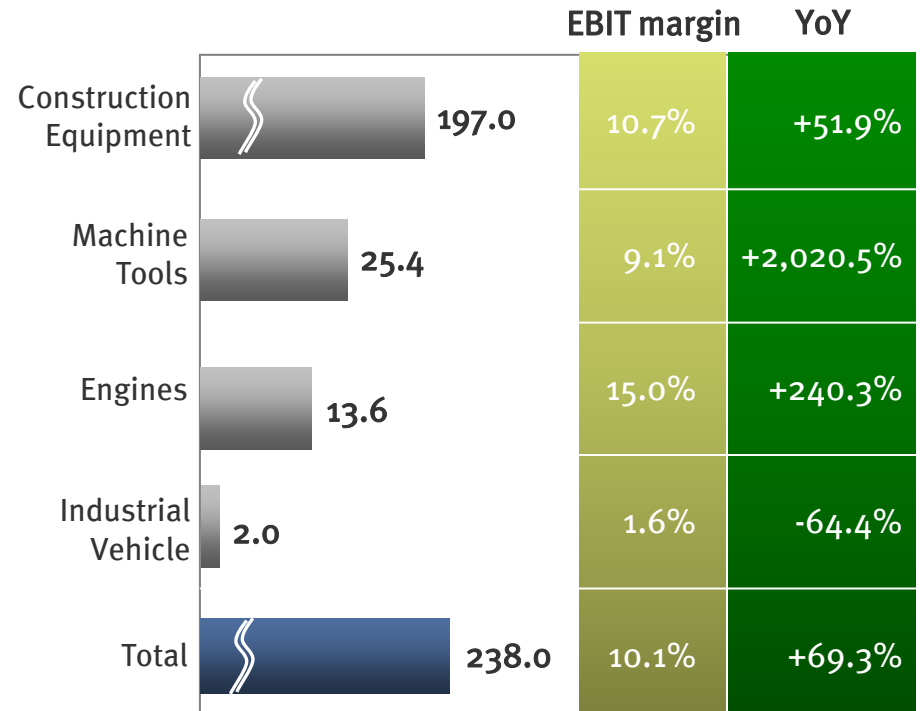
# 1Q11 divisional sales & EBIT \*

- The construction equipment division reported solid sales growth thanks to the remarkable turnaround of DII and historic high results of DICC \*\*.
- EBIT of the machine tools division surged 2,021% YoY to reflect favorable sales trends in developed markets.

## Sales (Unit : KRW billion)



## EBIT (Unit : KRW billion)

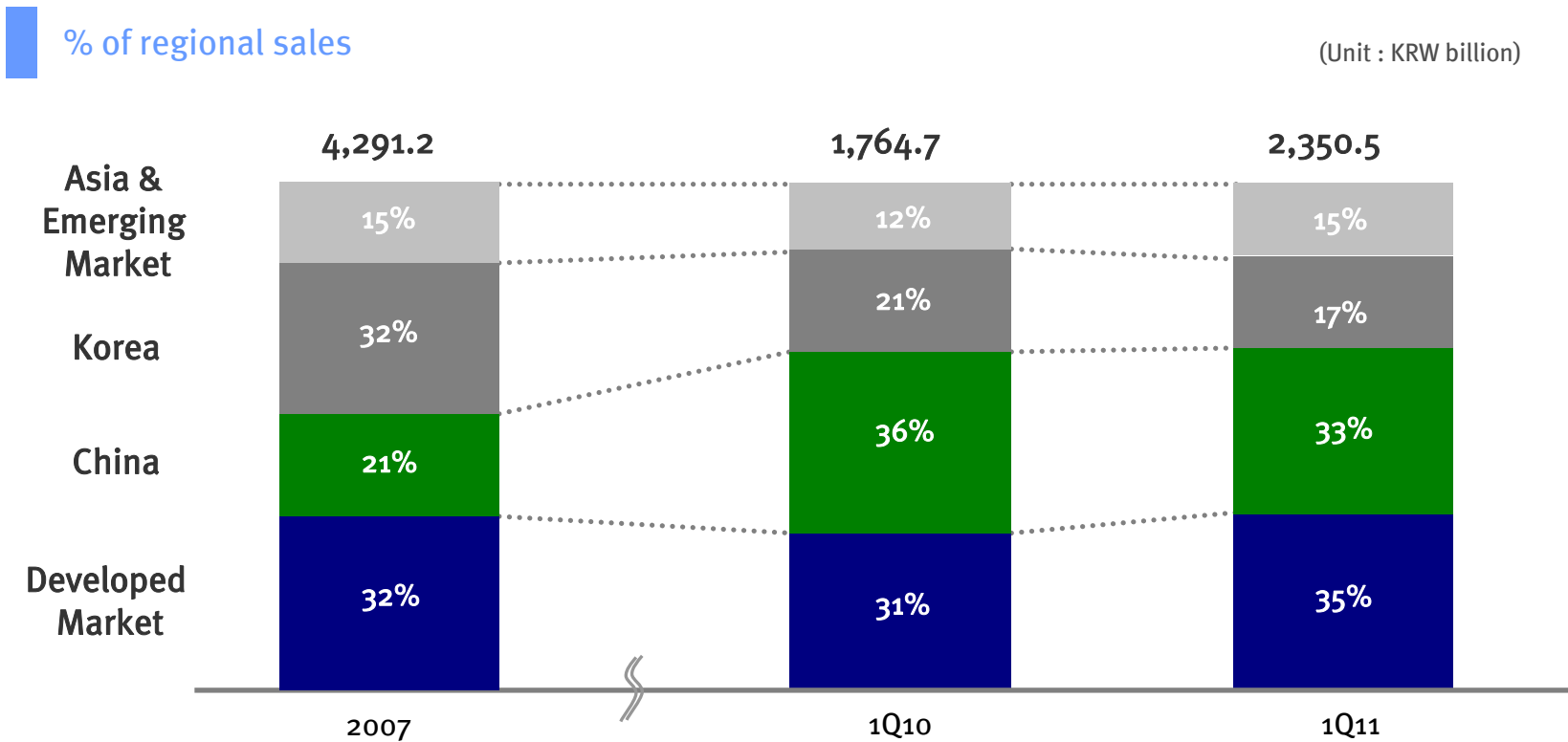


\* Figures are based on consolidated K-IFRS

\*\* DICC : Doosan Infracore China Co. Ltd.

# Going global with a well-balanced regional portfolio

- With the swift recovery of developed markets and stronger position in both China and emerging markets, we are attaining visible results from our globalization efforts.
- With achievements such as no. 1 market share in North America for skid steer loaders, 21% market share in CIS and 11% in Brazil for mid-to-large excavators, we are striving to replicate our success in China in other global markets.



# Biz. restructuring to facilitate investment and improve financials

- With sizable cash inflow from the sale of the industrial vehicle division and 20% stake of DICC, we intend to invest in our key divisions – construction equipment and machine tools – and proactively improve our financial structure.

## 1 Sale of industrial vehicle BG

- Sale of industrial vehicle BG to focus on key business divisions
- Proceed : KRW 245.0 billion

## 2 Sale of stake in DICC

- 20% stake sale of DICC
- Proceed : KRW 380.0 billion

## 3 Plans to list DICC

## Substantial improvement in financial structure

(Unit : KRW billion)

	1Q11		+	1, 2		2011E
	K-GAAP	K-IFRS		K-IFRS	K-IFRS	
Total Assets	11,115.5	11,600.8	▶	11,380.6	▶	10,748.3
Total Liabilities	8,510.9	9,694.4	▶	9,078.5	▶	8,131.1
Total Shareholders' Equity	2,604.6	1,906.4	▶	2,302.1	▶	2,617.2
<b>Liabilities/Equity Ratio</b>	<b>327%</b>	<b>509%</b>		<b>394%</b>		<b>311%</b>

\* 3 Possible to improve liabilities/equity ratio further by 90%p via DICC IPO

# Summarized DI's Separated Financial Statement \*

Reference

DI

(Unit : KRW billion)

	1Q10	2Q10	3Q10	4Q10	1Q11	YoY
Sales	933.4	1,120.2	1,094.3	1,172.8	<b>1,303.1</b>	+39.6%
EBIT	105.3	143.5	132.8	135.5	<b>164.8</b>	+56.5%
EBIT margin (%)	11.3%	12.8%	12.1%	11.6%	<b>12.6%</b>	+1.3%p
Pretax Profit	6.7	81.3	39.9	66.8	<b>115.5</b>	+1,623.9%
Net Profit	28.0	71.2	35.8	54.7	<b>74.2</b>	+165.0%

\* Figures are based on K-IFRS



# Contents

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**DI 1Q11 Results**

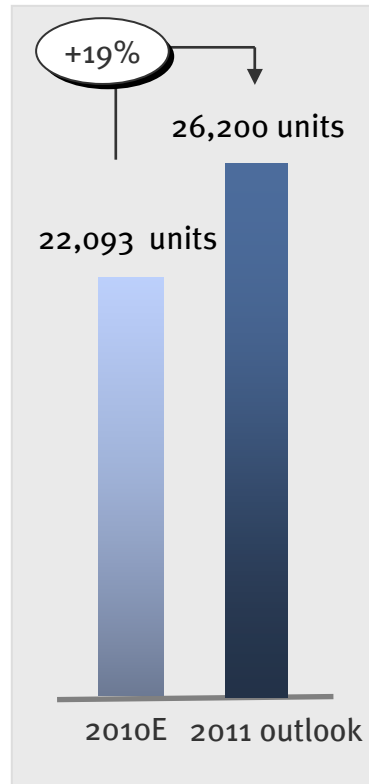
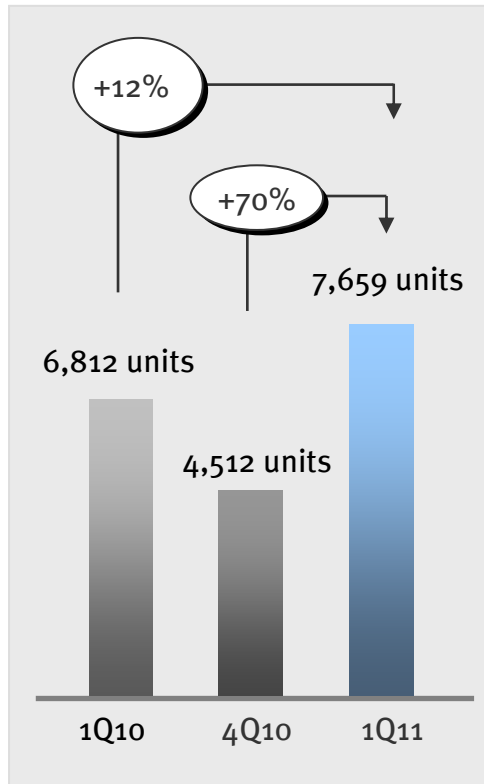
**2**

**DI 1Q11 Highlights**

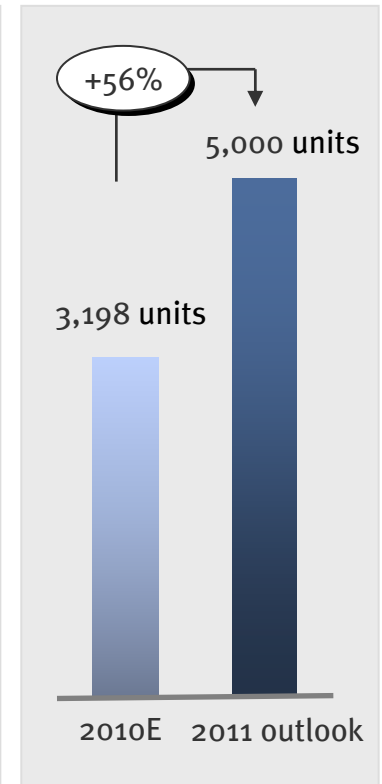
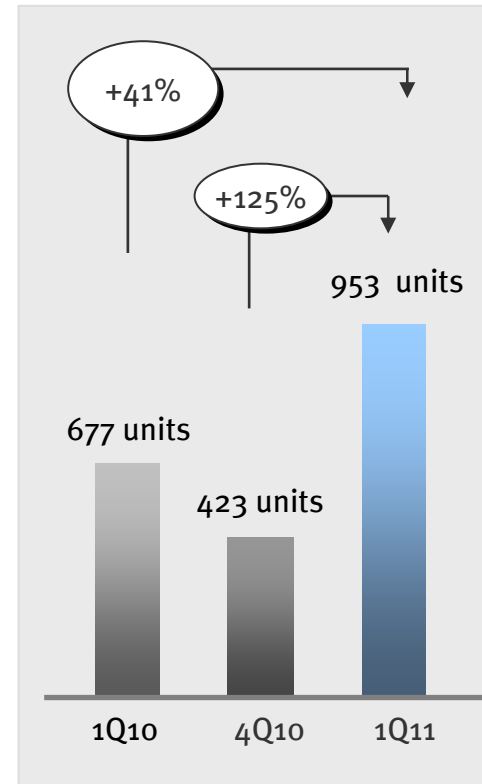
# Historic high sales volume recorded in China

- The construction equipment BG achieved historic high quarterly sales volume for excavators and wheel loaders in China in line with the market growth.
- We will endeavor to strengthen our market position by ① expanding our production capacity and ② enhancing our sales and A/S network.

## China excavator results and outlook



## China wheel loader results and outlook

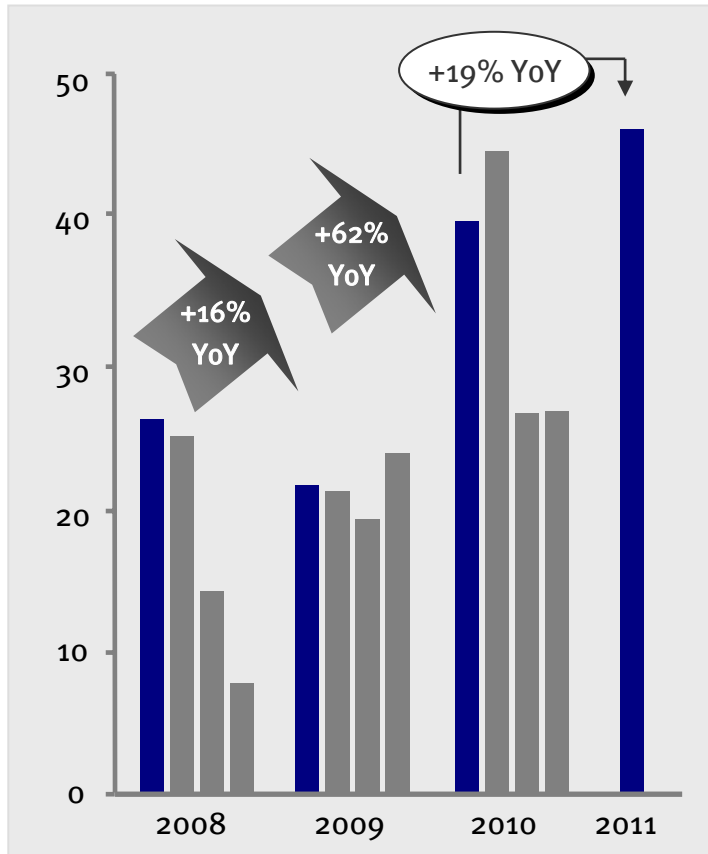


# After market biz in full swing based on China's past growth

- After-market business is in full swing backed by the achievement of being the first construction equipment maker in China to sell more than 100,000 units of excavators in China.

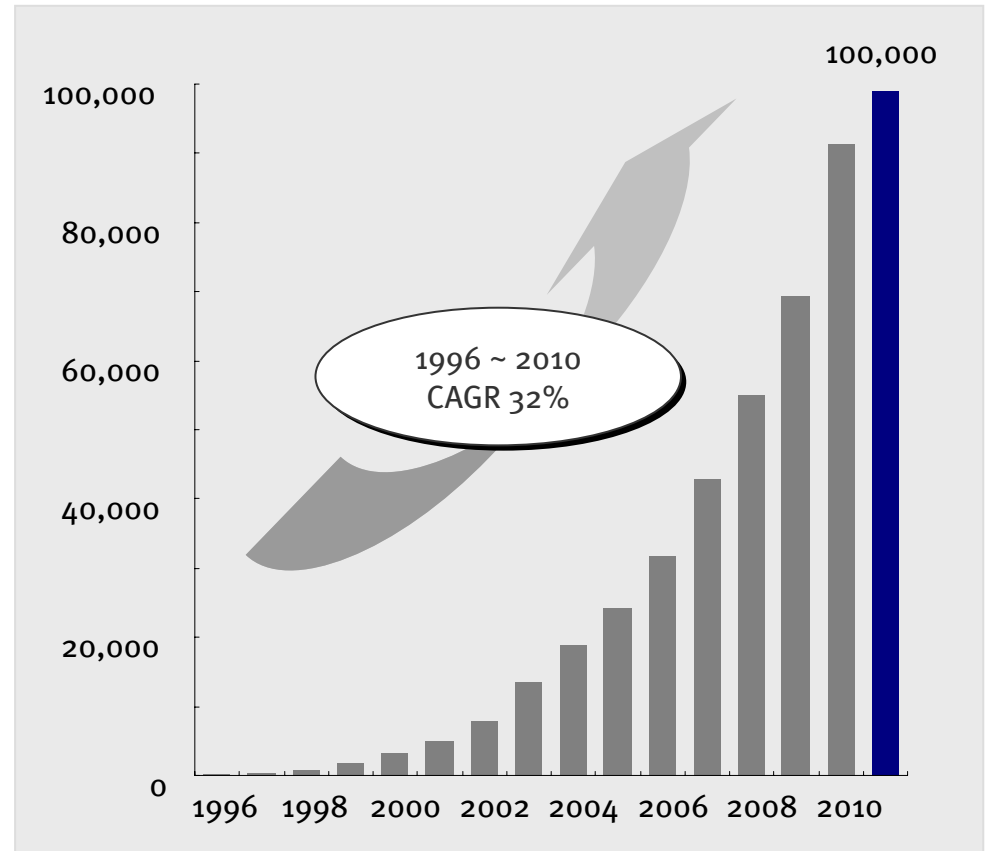
## DICC quarterly sales results

(Unit : RMB billion)



## DICC cumulative sales units

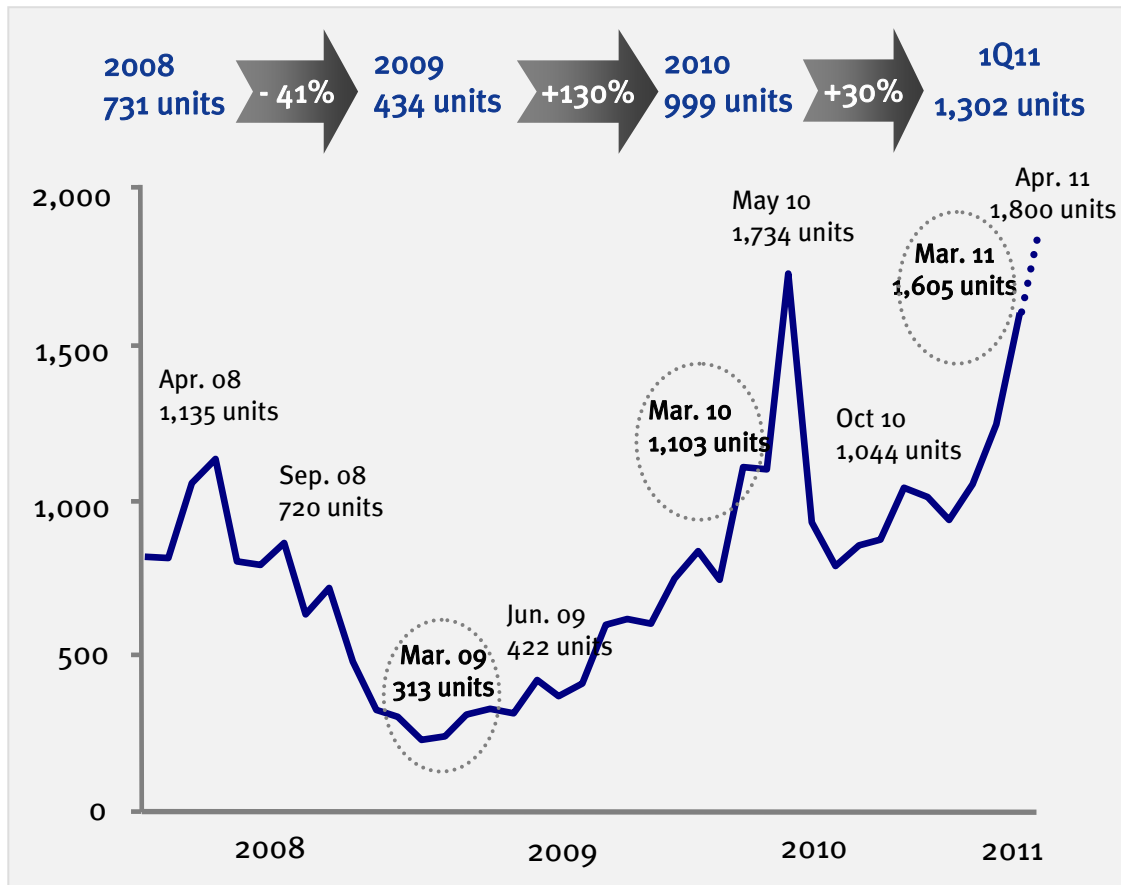
(Unit : units)



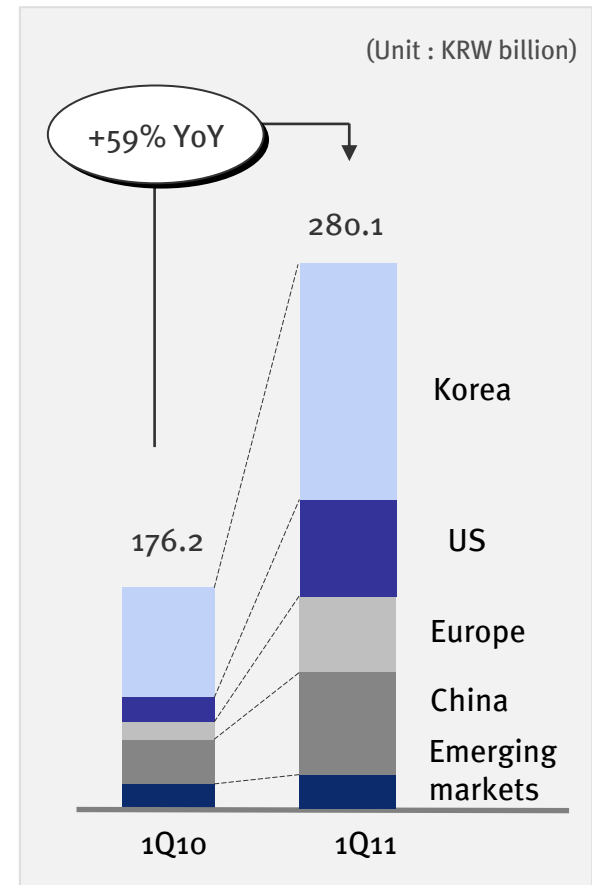
# Machine Tools BG is entering a stronger cycle

- Average monthly orders are already surpassing the level recorded during the prior peak of 2008.
- Profitability should also continue to improve on the back of the remarkable demand recovery of developed markets such as North America and Europe, which are already 2~3 times greater than a year ago.

## Order trend



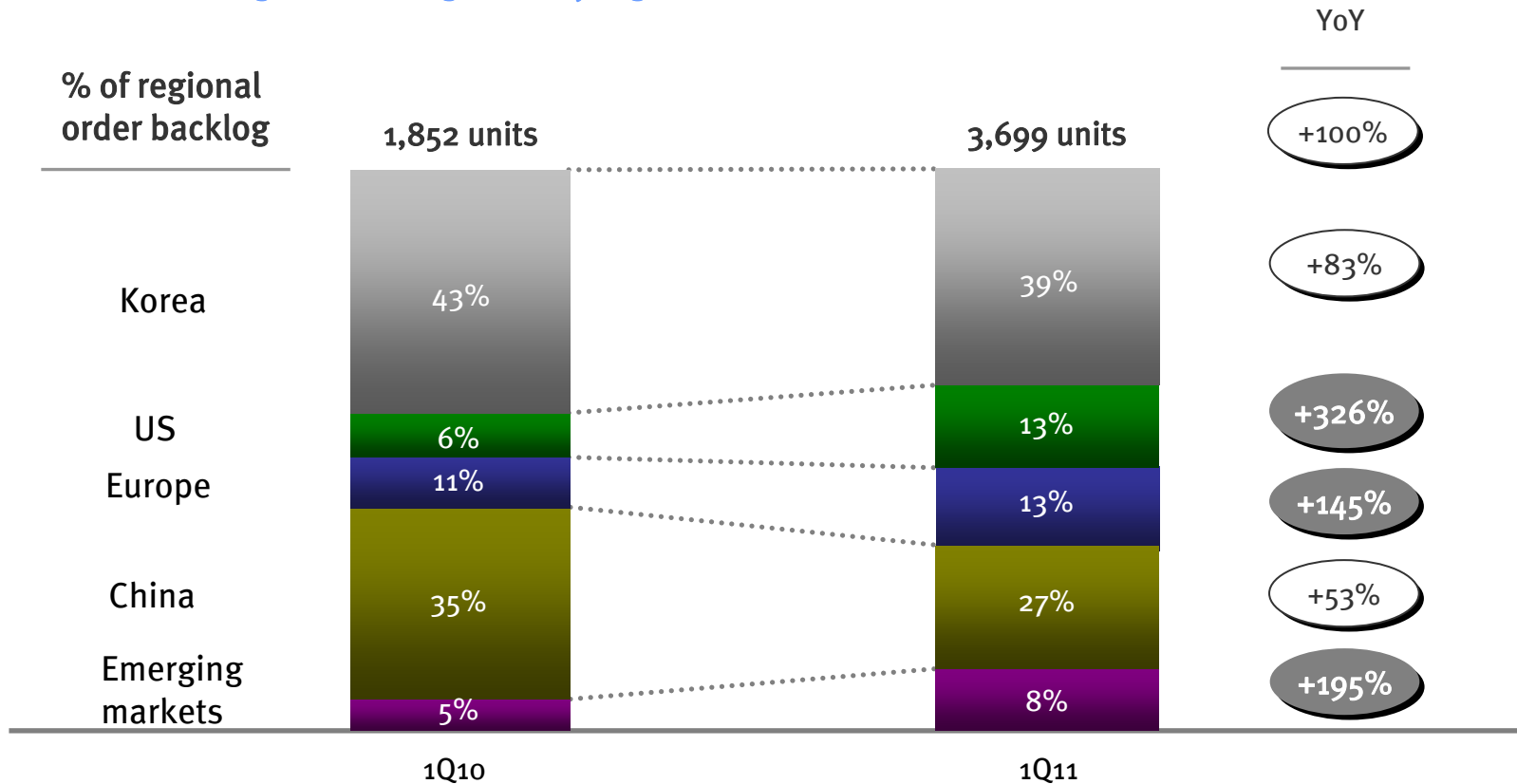
## Regional sales breakdown



# Growing order backlog from developed markets indicate better profitability

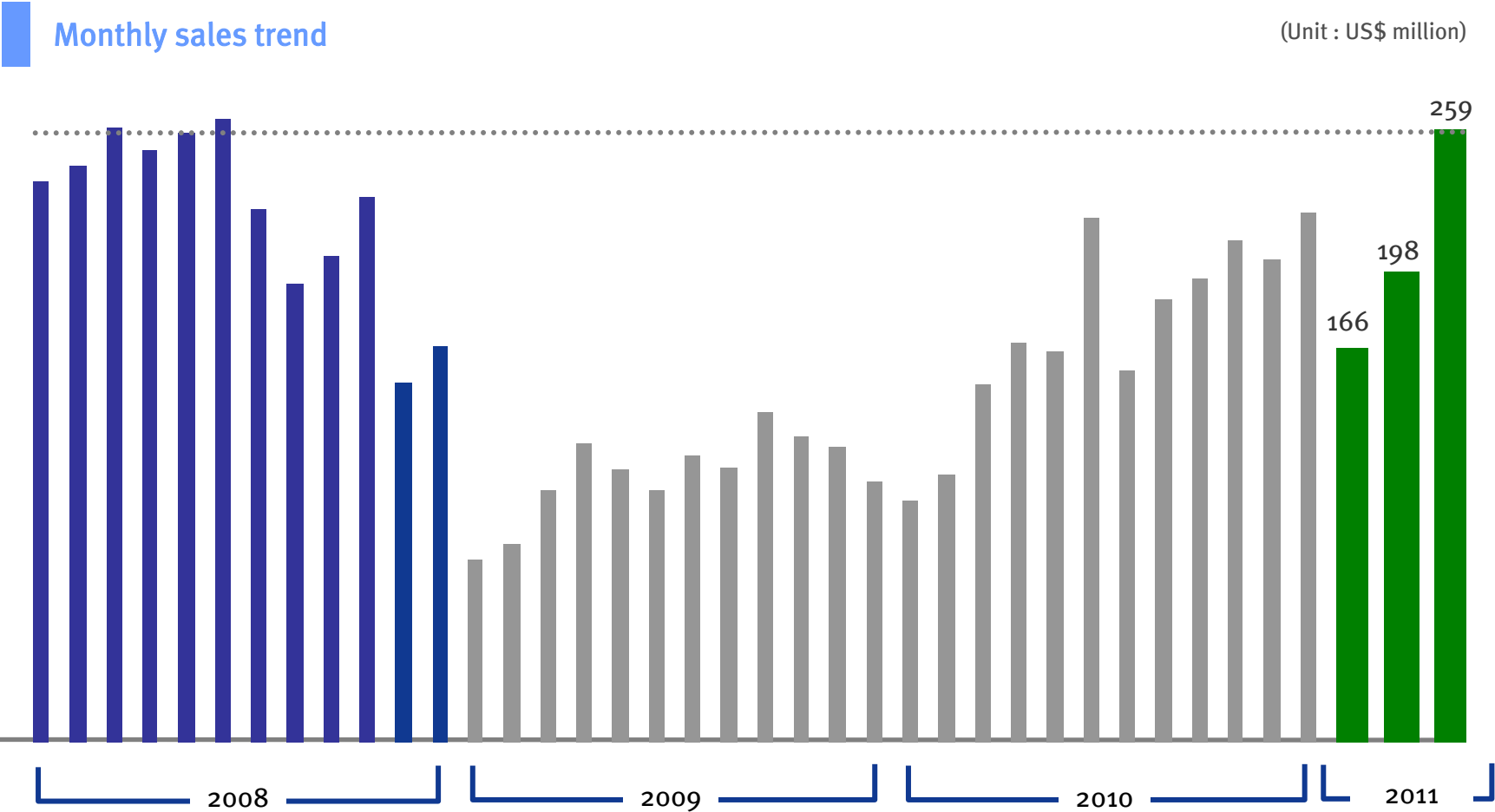
- Order backlog surged 100% YoY thanks to full-fledged recovery in North America and Europe, and stable demand in Korea.
- Growing sales contribution from profitable developed markets should lead to enhanced profitability going forward.

## % of order backlog and sales growth by region



# DII is nearing the level of monthly sales during the previous peak

- Sales in March is nearing the level of monthly sales reported back in the previous peak cycle due to the swift recovery in North America and EMEA regions.

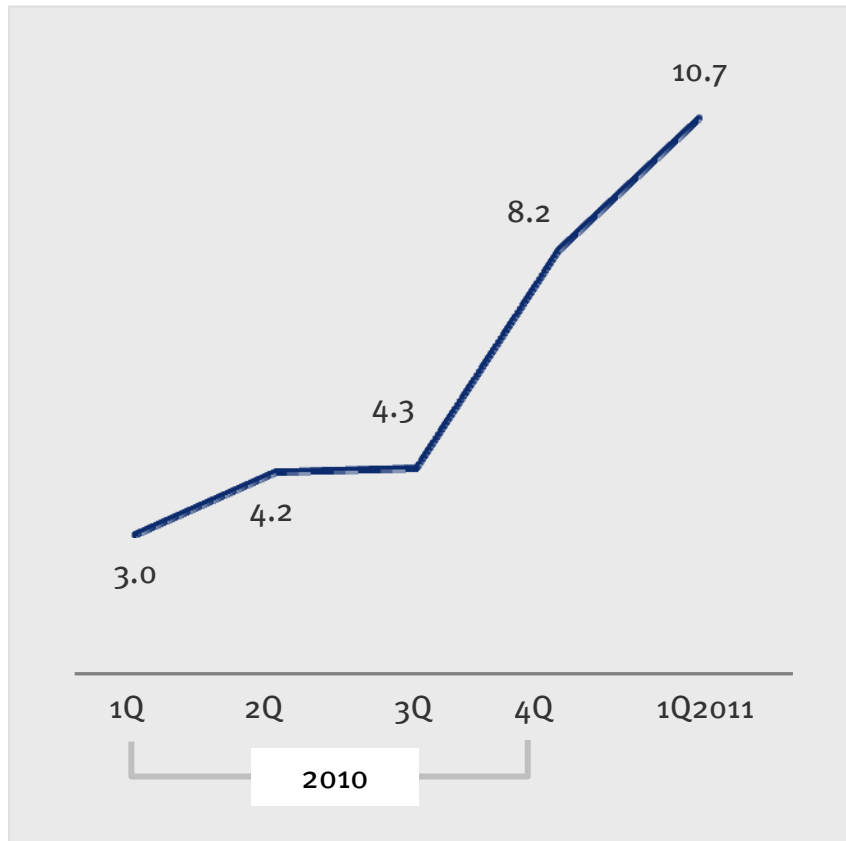


# Future growth guaranteed by DII's improved fundamental and order backlog

- Thanks to growing order backlog as a result of market turnaround, we anticipate sales and profitability to improve at an accelerated pace.
- Improved fundamentals at DII led to the remarkable sales growth of 69% YoY and turnaround in net profit.

## Order backlog trend

(Unit : '000 units)



## DII results \*

(Unit : KRW billion)

	1Q10	1Q11	YoY
Sales	411.6	696.0	69.1%
EBIT	-66.8	22.0	TB
EBIT Margin (%)	-16.2%	3.2%	+19.4%P
Net Profit	-125.8	32.0	TB

\* Figures are based on K-IFRS separated financials

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# Thank You