



Doosan Infracore

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2014 3Q Investor Meeting

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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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3Q14 Highlights

3Q14 results *

- Sales and EBIT decreased slightly YoY due to fall in the exchange rate (KRW appreciation)
- Profitability improved YoY thanks to 1) increase in selling price 2) benefit from enhanced cost structure
- Net income increased YoY thanks to one-off income tax benefit**

Results

(Unit : KRW billion)

	3Q13	4Q13	1Q14	2Q14	3Q14	YoY	QoQ
Sales	1,879.5	1,886.5	1,808.8	2,113.3	1,791.0	-4.7%	-15.3%
EBIT	103.0	88.2	98.9	145.5	100.4	-2.5%	-31.0%
EBIT margin (%)	5.5%	4.7%	5.5%	6.9%	5.6%	+0.1%p	-1.3%p
(Net Financial Cost)	74.5	72.1	69.9	66.8	67.1	-9.9%	0.4%
(F/X gains/losses)	35.8	25.1	-5.3	9.4	-24.1		
Net Profit	20.8	-25.4	1.8	79.2	24.6	+18.3%	-68.9%

* Figures in this presentation material, unless otherwise noted, are based on consolidated K-IFRS

** Income tax benefit is 48.2KRW billion including tax benefit from DIBH split

3Q14 divisional sales & EBIT

- CE/MT: Although sales and EBIT fell slightly due to unfavorable exchange rate, maintained solid earning trend
- Engine: EBIT turned to black YoY thanks to increase in G2 engine shipment to Bobcat; resulted in profit for four consecutive quarters*

Sales

(Unit : KRW billion)
% of sales YoY

Division	Sales (KRW billion)	% of sales	YoY
Construction Equipment	1,318.1	73.6%	-5.3%
Machine Tools	321.1	17.9%	-5.1%
Engines	151.8	8.5%	+1.9%
Total	1,791.0	100%	-4.7%

EBIT & Margin

(Unit : KRW billion)
EBIT margin YoY

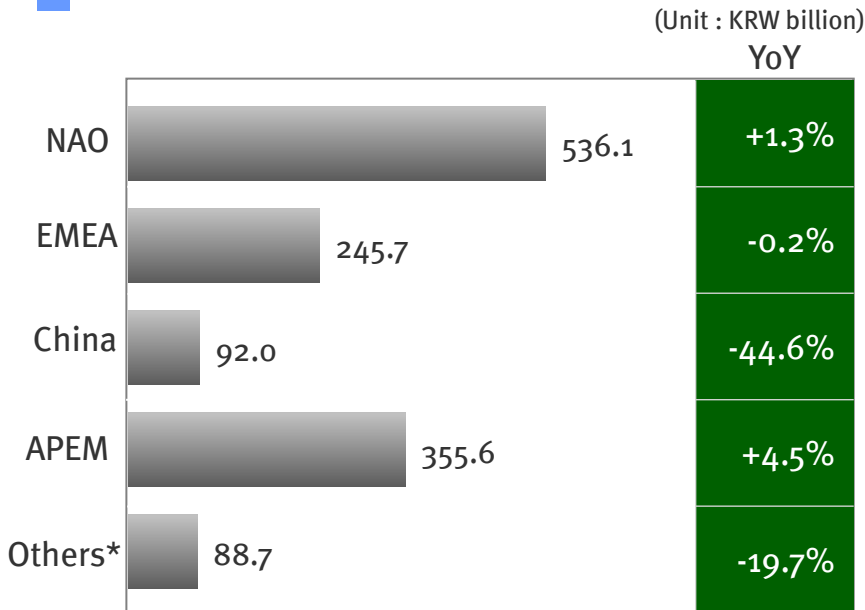
Division	EBIT (KRW billion)	EBIT margin	YoY
Construction Equipment	51.4	3.9%	-23.9%
Machine Tools	40.3	12.5%	-1.5%
Engines	8.7	5.7%	TB
Total	100.4	5.6%	-2.5%

* Engine BG's quarterly EBIT
3Q13: -5.5bil, 4Q13: 1.7bil, 1Q14: 2.4bil, 2Q14: 11.0bil

3Q14 construction equipment BG details

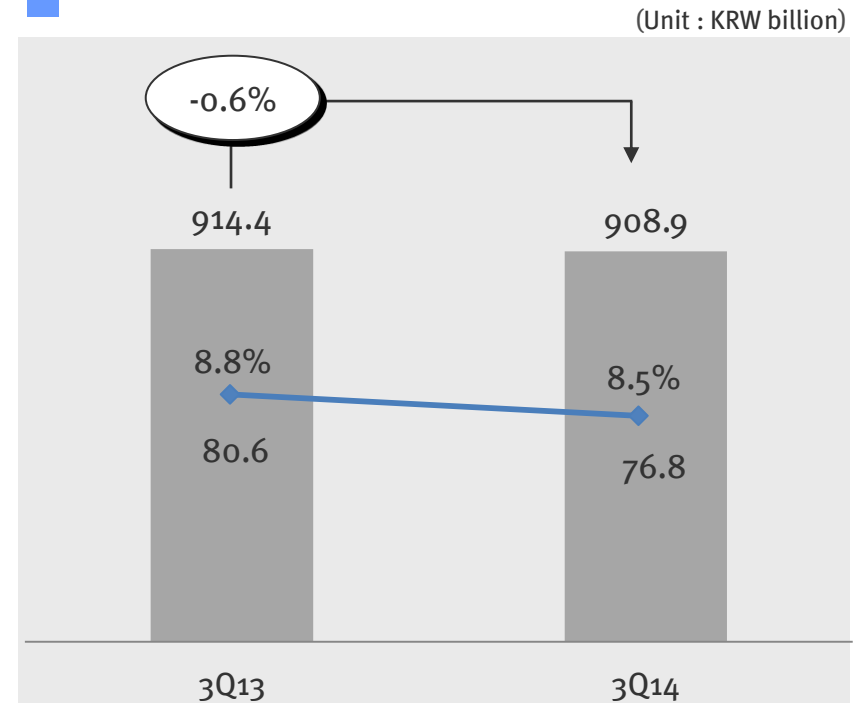
- NAO/EMEA: Despite the lower exchange rate, achieved as much as 3Q13 thanks to increase in selling price and volume growth in heavy products
- China: Sales declined due to 1) continued downturn in the market, and as we accordingly 2) executed profitability-oriented sales policy
- APEM: Outperformed the market as we increased in sales regardless of a continuous slow sales environment
- DIBH: Although sales and EBIT slightly fell due to the currency impact, favorable earning trend continued in terms of USD

CE regional breakdown



* Others include sales from DIPP, ADT and Headquarter

DIBH's sales and EBIT



** 3Q13 Avg. exchange rate: KRW 1,112/\$ 3Q14 Avg. exchange rate : KRW 1,026/\$
 3Q13 Sales: \$822mil, EBIT: \$73mil
 3Q14 Sales : \$886mil, EBIT : \$75mil

Financial structure

- The reporting currency depreciation resulted in foreign currency denominated assets and liabilities translated into larger KRW

Balance Sheet

(Unit : KRW billion)

	2013	1Q14	2Q14	3Q14	QoQ(amount)
Current Assets	3,706.2	4,276.2	4,263.3	4,331.3	+68.0
Fixed Assets	7,775.3	7,819.5	7,557.5	7,689.2	+131.7
Total Assets	11,481.5	12,095.7	11,820.8	12,020.5	+199.7
Total Liabilities	7,932.5	8,540.2	8,395.5	8,565.4	+169.9
- Net Debt	4,908.8	5,024.6	5,068.8	5,116.1	+47.3
Total Shareholders' Equity	3,549.0	3,555.5	3,425.4	3,455.2	+29.8
Liabilities/Equity Ratio	223.5%	240.2%	245.1%	247.9%	+2.8%p

* Quarterly ending exchange rate
 2Q14: KRW 1,014.4/\$, 3Q14: KRW 1,050.6/\$

Business segment information

• DIBH's quarterly results

(Unit : KRW billion)

	3Q13	4Q13	1Q14	2Q14	3Q14
Sales	914.4	879.9	820.5	1,013.7	908.9
EBIT	80.6	96.7	40.6	88.4	76.8
EBIT margin	8.8%	11.0%	5.0%	8.7%	8.5%

• China monthly unit sales and M/S

(Unit : unit)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2013	Market	4,324	5,521	20,784	15,467	10,834	7,715	5,725	5,706	6,384	6,929	7,569	7,909	104,867
	DI	321	460	1,691	1,328	838	540	485	436	482	513	570	554	8,218
	M/S	7.4%	8.3%	8.1%	8.6%	7.7%	7.0%	8.5%	7.6%	7.6%	7.4%	7.5%	7.0%	7.8%
2014	Market	4,096	9,017	19,277	12,471	7,392	5,752	4,209	4,000	4,137				70,351
	DI	358	839	1,803	1,002	577	398	270	216	259				5,722
	M/S	8.7%	9.3%	9.4%	8.0%	7.8%	6.9%	6.4%	5.4%	6.3%				8.1%

• Machine Tools division New order

(Unit : unit)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	852	892	1,078	1,029	1,063	905	845	871	850	860	892	960
2014	873	1,054	1,233	1,197	1,254	917	879	793	852			

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3Q14 Results

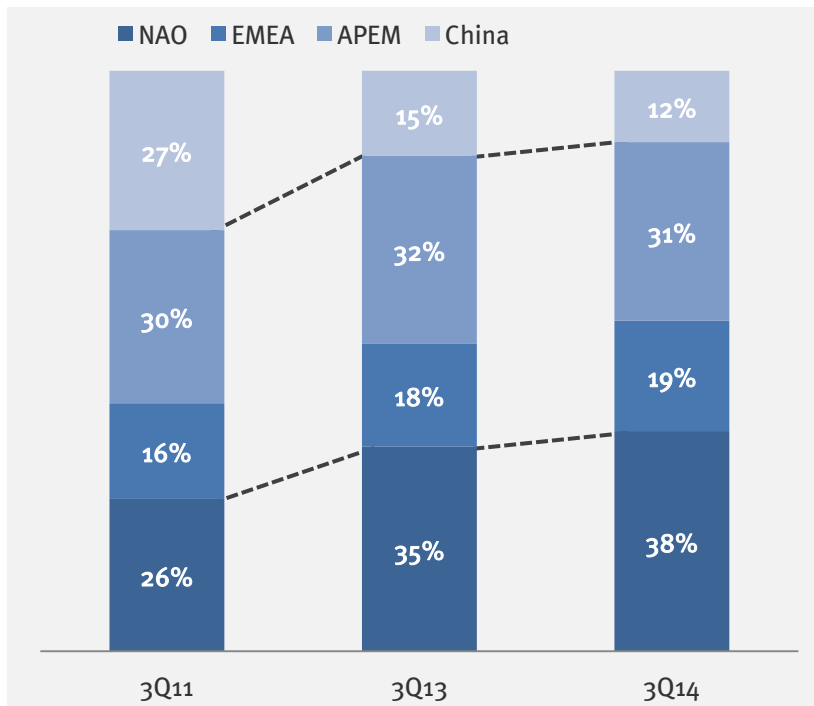
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3Q14 Highlights

NAO: Expect continuous growth on the back of increase in sales contribution and competitiveness for heavy products

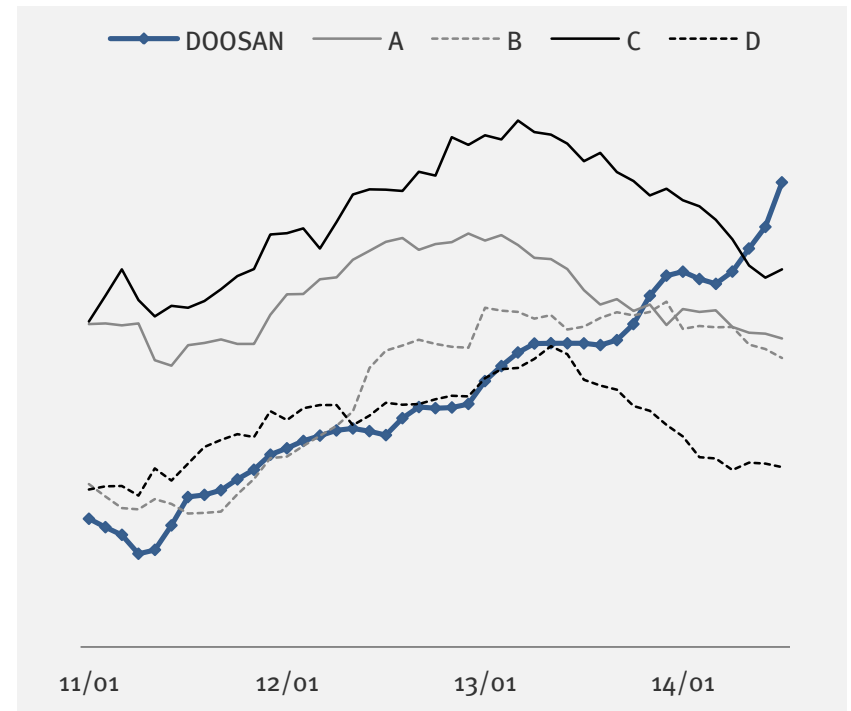
- As of 3Q14, the sales contribution of NAO is nearly 40%
- Excluding the Top4, only DI is gaining more share among competitors in heavy CE industry

Regional sales breakdown* trend



* Regional sales breakdown across all divisions, 3Q accumulated

Market share trend of Heavy products** in NAO



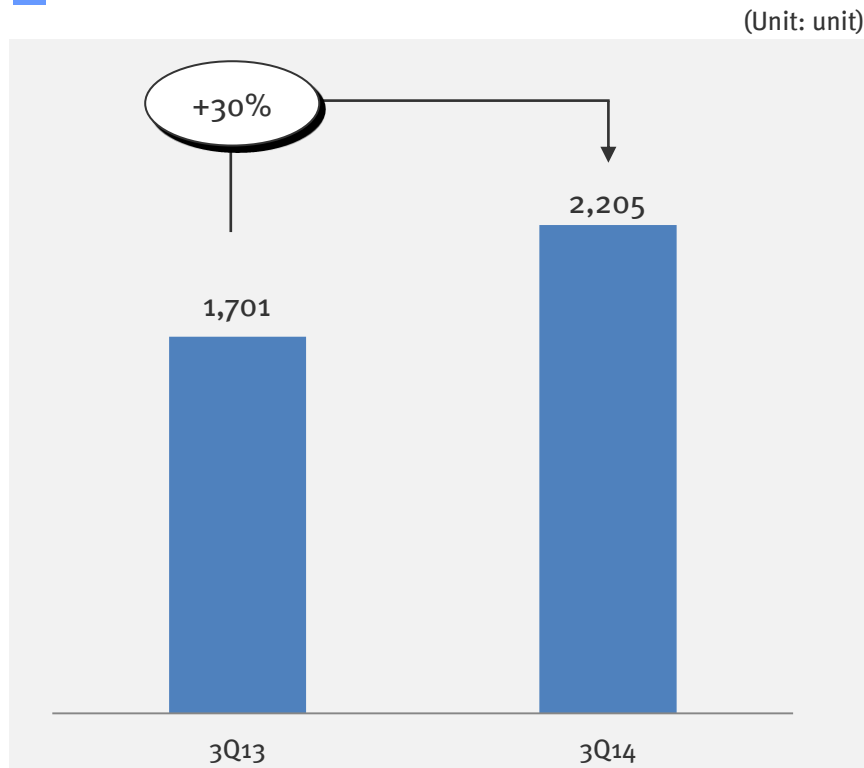
* Source: Company data

** Heavy products: Excavators, Wheel Loaders, Articulated dump trucks

EMEA: Recovery trend in sales. Expect a shift in demand to higher-margin products

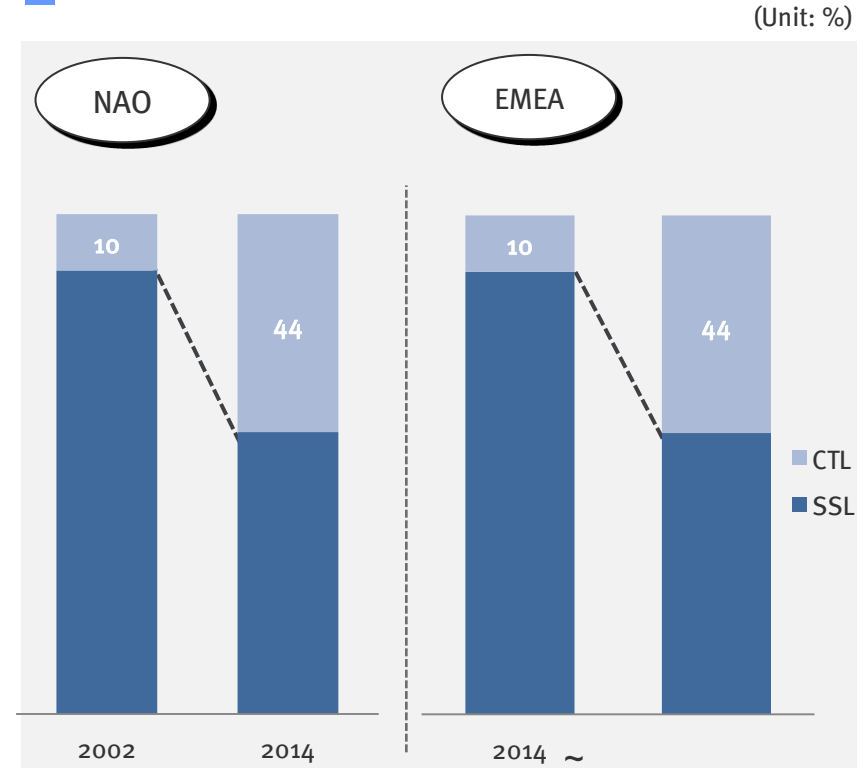
- In spite of concern in Europe, DI resulted an increase in sales driven by heavy products
- US CE market structure is becoming more profitable thanks to favorable product mix(higher growth in Compact Track Loader, CTL), and we anticipate Europe should follow the similar transition path

EMEA Heavy CE sales volume*



* 3Q accumulated

Product mix trend of Compact products

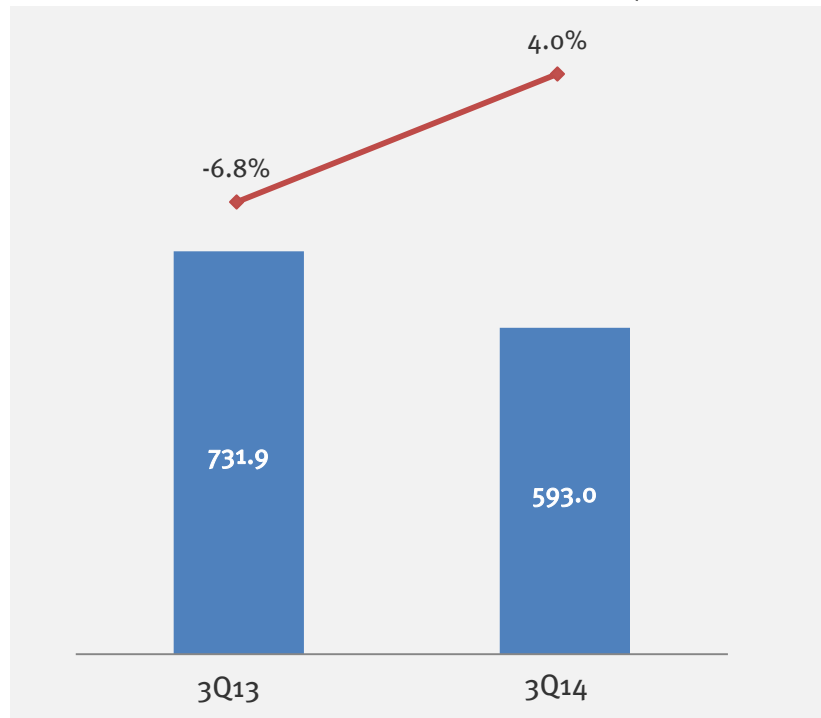


China/Emerging: Margin improvement in China & continuous market share gain in Emerging

- China: Despite sales declined, profitability improved thanks to enhanced cost structure and the restructuring
- EM: Continuously gaining market share as we have increased the number of covering markets and dealers

Sales* and EBIT margin in China

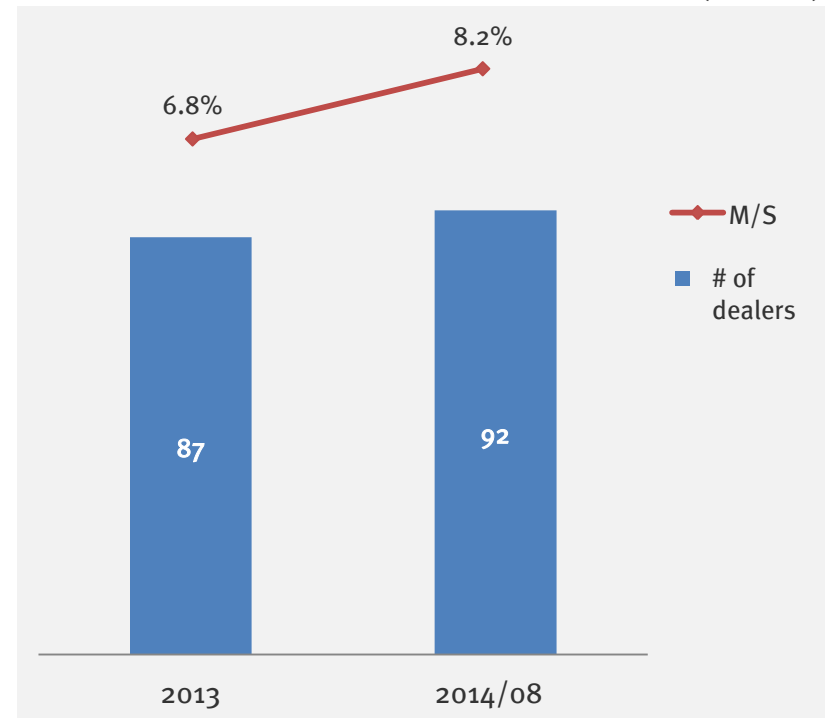
(Unit: KRW billion)



* 3Q accumulated

Increase in M/S trend and number of dealers** in EM

(Unit: unit)



** Including 2 newly entered countries, 5 new dealers are added as of Aug 2014 (Africa 1, South America 1, Asia 2, Russia 1)