



Doosan Infracore

Doosan Infracore

2014 4Q Investor Meeting

Feb 2015



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2015 Outlook

2014 results *

2014

- In spite of environmental uncertainties, sales maintained similar level of 2013 thanks to favorable performance of Doosan Infracore Bobcat Holdings, DIBH
- EBIT improved on the back of 1) ongoing growth at DIBH 2) Engine division turnaround 3) continuous restructuring activities in all divisions
- Net profit turned to black thanks to 1) EBIT improvement 2) reduction in financial cost 3) one-off income tax benefit

4Q14

- Sales and EBIT increased YoY thanks to earnings improved in CE and EG division
- Net profit remained red due to 1) restructuring costs and 2) China related non-operating expenses

Results

(Unit : KRW billion)

	2013	2014	YoY	4Q13	4Q14	YoY
Sales	7,736.8	7,688.6	-0.6%	1,886.5	1,975.5	+4.7%
EBIT	369.5	453.0	+22.6%	88.2	108.3	+22.8%
EBIT margin (%)	4.8%	5.9%	+1.1%p	4.7%	5.5%	+0.8%p
(Net Financial Cost)	293.0	271.5	-7.3%	72.1	67.7	-6.1%
(F/X gains/losses)	14.9	-40.6	TR	25.1	-20.6	TR
Net Profit**	-100.9	24.0	TB	-25.4	-81.6	RR

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

** Income tax benefit of 92.2KRW billion including tax benefit from DIBH split

2014 divisional sales & EBIT

- CE/MT

- Although sales decreased slightly, maintained similar level of 2013 given the reporting currency appreciation
- EBIT improved in all divisions

- Engine: EBIT improved significantly thanks to increase in G2 engine shipment to Bobcat

Sales

(Unit : KRW billion)
% of sales YoY

Division	Sales (KRW billion)	% of sales	YoY
Construction Equipment	5,705.9	74.2%	-0.9%
Machine Tools	1,324.3	17.2%	-1.6%
Engines	658.4	8.6%	+4.0%
Total	7,688.6	100%	-0.6%

EBIT & Margin

(Unit : KRW billion)
EBIT margin YoY

Division	EBIT (KRW billion)	EBIT margin	YoY
Construction Equipment	250.5	4.4%	+9.1%
Machine Tools	157.1	11.9%	+7.9%
Engines	45.4	6.9%	TB
Total	453.0	5.9%	+22.6%

* Average exchange rate (KRW/\$)
2013: 1,095.0
2014: 1,053.2 (YoY -3.8%)

4Q14 divisional sales & EBIT

- CE: Sales and EBIT improved thanks to favorable compact market conditions in NAO
- MT: Although year-end backlog was higher compared to previous year, sales fell due to short-term orders declined
- EG: Sales and EBIT improved substantially due to 1) sales volume in generator engines 2) increase in G2 engine shipment to Bobcat

Sales

(Unit : KRW billion)
% of sales YoY

Division	Sales (KRW billion)	% of sales	YoY
Construction Equipment	1,423.1	72.0%	+6.8%
Machine Tools	368.4	18.7%	-4.1%
Engines	184.0	9.3%	+8.1%
Total	1,975.5	100%	+4.7%

EBIT & Margin

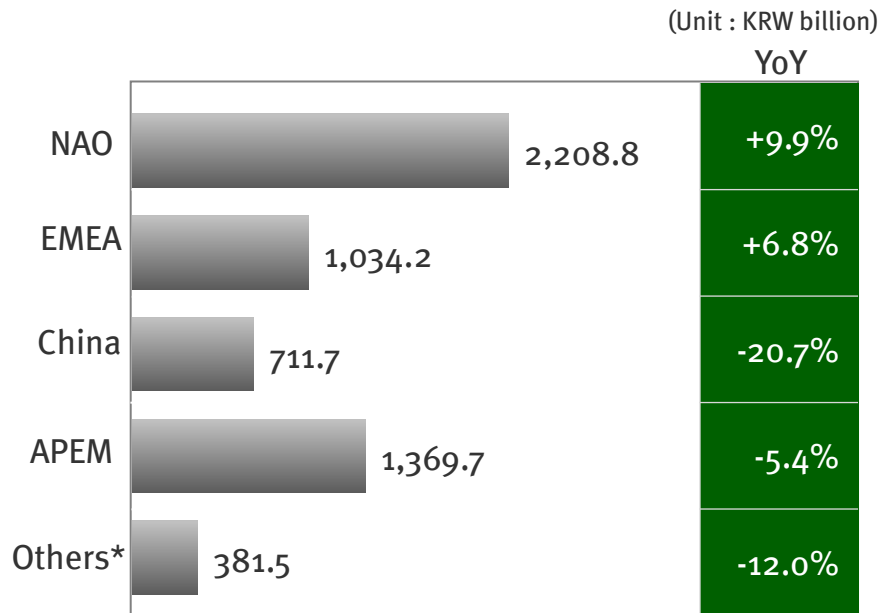
(Unit : KRW billion)
EBIT margin YoY

Division	EBIT (KRW billion)	EBIT margin	YoY
Construction Equipment	41.6	2.9%	+15.7%
Machine Tools	43.4	11.8%	-14.1%
Engines	23.3	12.7%	+1,265%
Total	108.3	5.5%	+22.8%

2014 construction equipment BG details

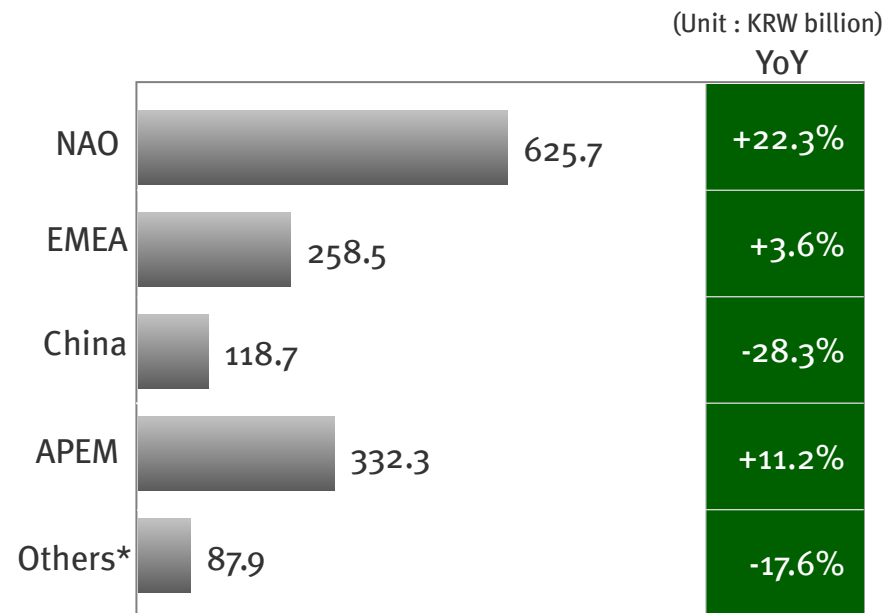
- NAO: Sales increased thanks to 1) increase in selling price of compact and 2) sales volume in heavy products
In addition, sales in compact products increased significantly in 4Q14
- EMEA: Despite uncertainties of the economy, revenue increased due to sales volume in heavy products
- China: Sales declined due to continued downturn in the market
- APEM: In spite of sluggish market condition, revenue increased thanks to sales expansion in MEA/SEA

2014 sales



* Others include sales from DIPP, ADT and Headquarter

4Q14 sales



* Others include sales from DIPP, ADT and Headquarter

2014 DIBH results

2014

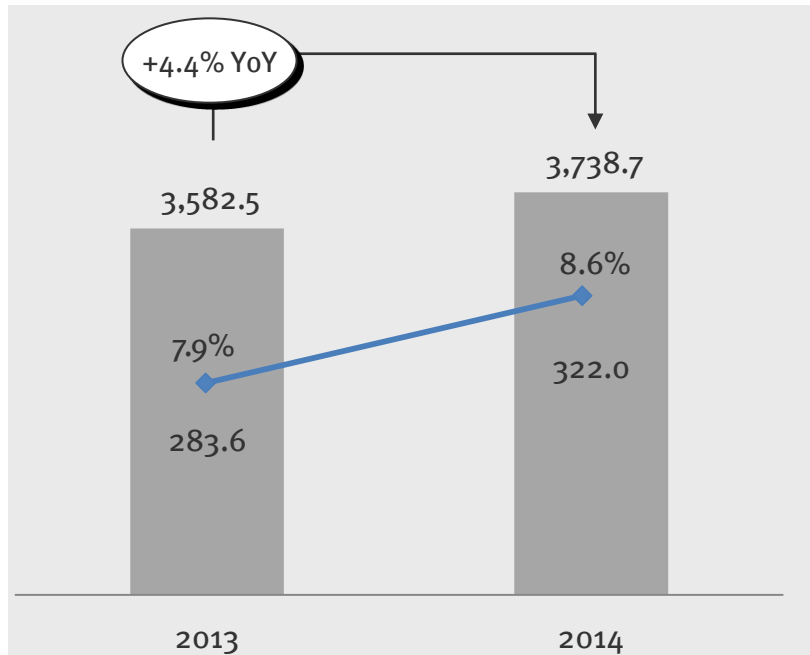
- Sales and EBIT improved YoY thanks to 1) sales volume in heavy products 2) increase in selling price of compact products
- Sales in heavy products increased on the back of 1) expansion of market coverage and 2) efficient channel management

4Q14

- Sales increased YoY due to significant sales volume of CTL and MEX, along with growing demand trend in NAO
- EBIT increased YoY backed by sales increase and favorable product mix

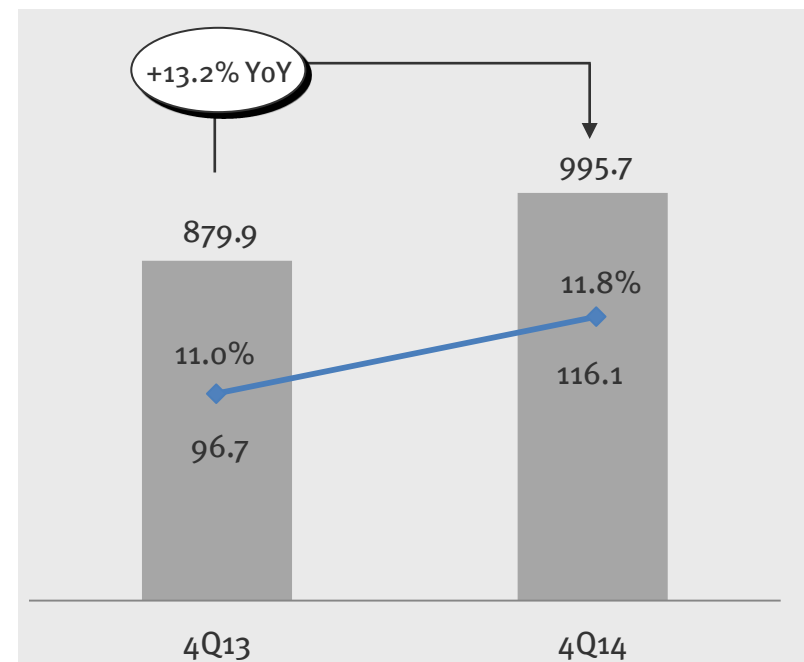
DIBH's 2014 Sales & EBIT

(Unit : KRW billion)



DIBH's 4Q14 Sales & EBIT

(Unit : KRW billion)



Financial structure

- The reporting currency depreciation and strategic increase in inventory resulted in Liabilities to Equity ratio increase QoQ

Balance Sheet

(Unit : KRW billion)

	2013	3Q14	2014	QoQ(amount)
Current Assets	3,706.2	4,331.3	4,019.5	-311.8
Fixed Assets	7,775.3	7,689.2	7,937.9	+248.7
Total Assets	11,481.5	12,020.5	11,957.4	-63.1
Total Liabilities	7,932.5	8,565.4	8,669.1	+103.7
- Net Debt	4,908.8	5,116.1	5,224.3	+108.2
Total Shareholders' Equity	3,549.0	3,455.2	3,288.3	-166.9
Liabilities/Equity Ratio	223.5%	247.9%	263.6%	+15.7%p

* Quarterly ending exchange rate(KRW/\$)
 2013: 1,055.3, 3Q14: 1,050.6, 4Q14: 1,099.2

Business segment information

• DIBH's quarterly results

(Unit : KRW billion)

	4Q13	1Q14	2Q14	3Q14	4Q14
Sales	879.9	820.5	1,013.7	908.9	995.7
EBIT	96.7	40.6	88.4	76.8	116.1
EBIT margin	11.0%	5.0%	8.7%	8.5%	11.8%

• 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	4,499	4,668	4,910	84,428
	DI	358	839	1,803	1,002	577	398	270	216	259	316	355	512	6,905
	M/S	8.7%	9.3%	9.4%	8.0%	7.8%	6.9%	6.4%	5.4%	6.3%	7.0%	7.6%	10.4%	8.2%

• 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	920	978	964

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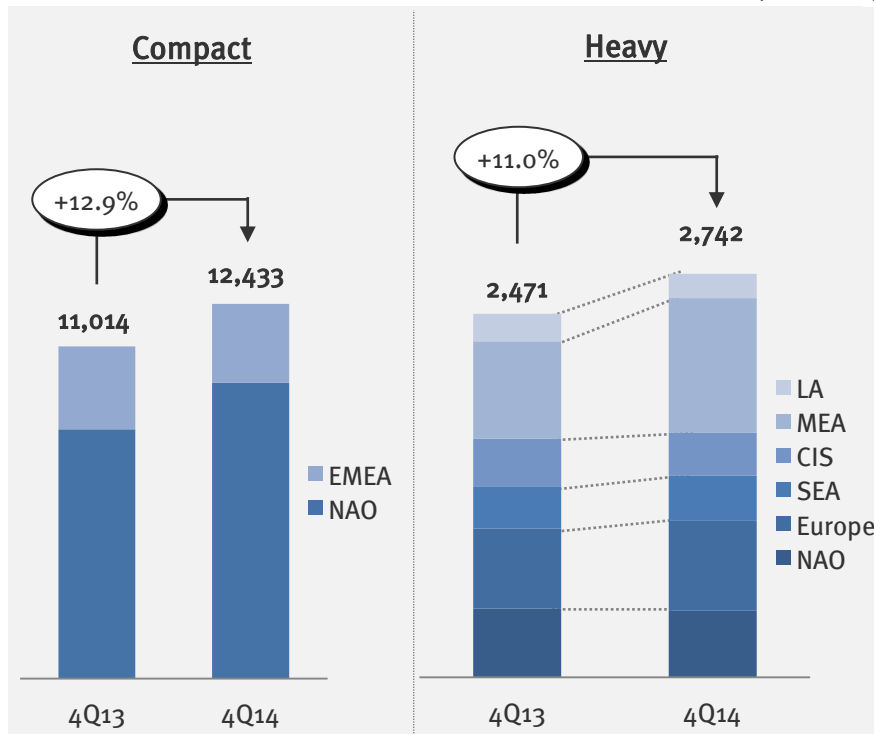
3 2015 Outlook

Impacts from the recent sharp drop in the oil price to CE business

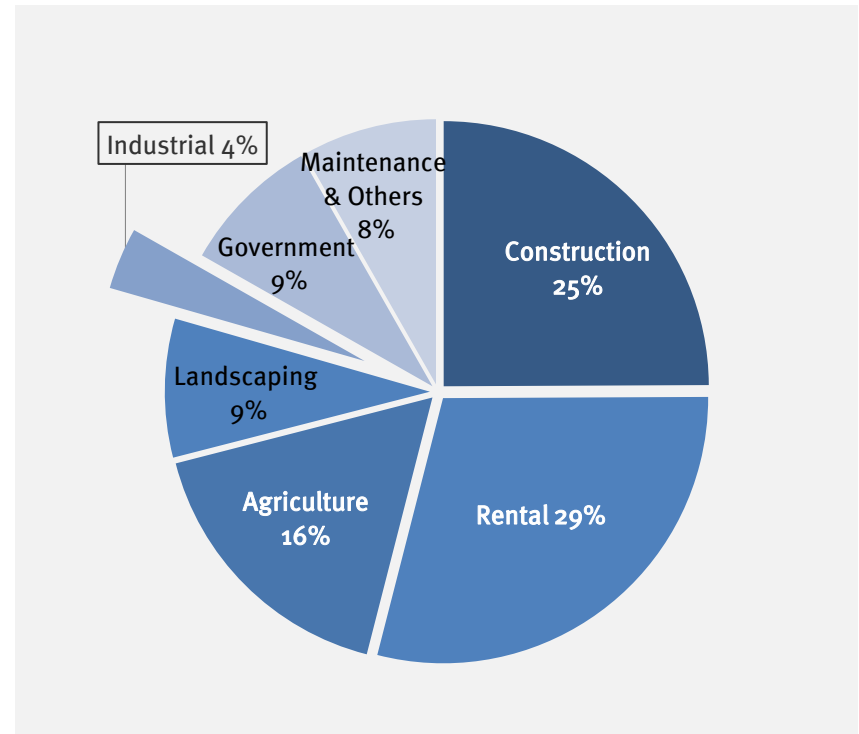
- The impacts from lower oil price were not significant given increase in overall sales volume during 4Q14
 - Compact : Although sales in EMEA slightly fell due to the economy, NAO continued to grow by favorable demand
 - Heavy : Sales increased in most regions except CIS and LA. Especially, MEA showed the substantial growth
- End-user demands for Bobcat products are well diversified including Residential/Construction/Agriculture, and therefore resulting in relatively less exposure to the industrial sector

Sales Volume by product/Region

(Unit : unit)



Bobcat Sales breakdown by demand industry

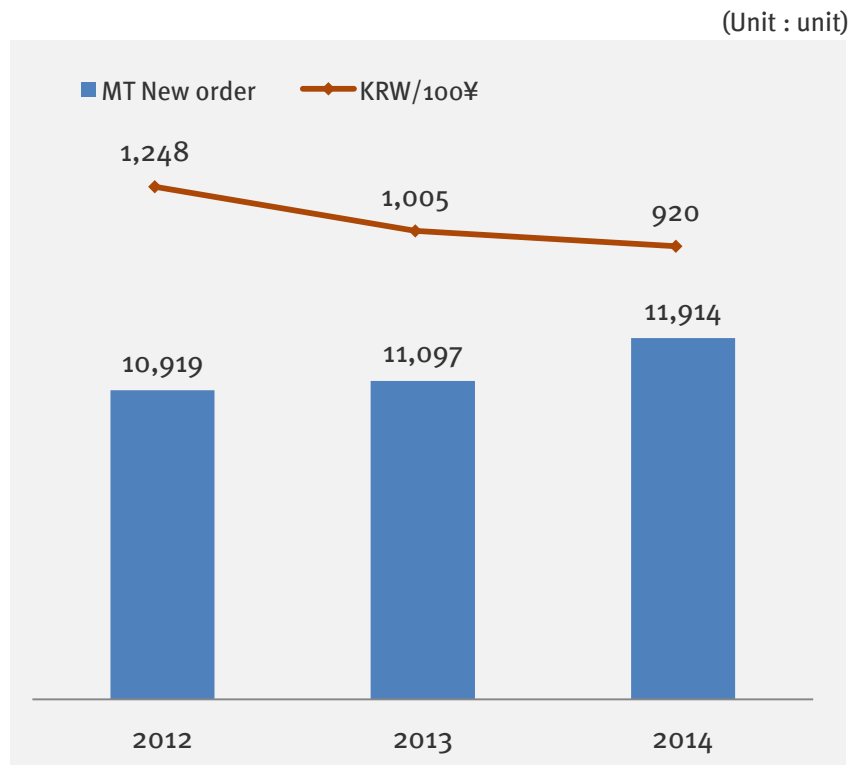


* NAO : North America/Oceania, EMEA : Europe/Middle East/Africa
SEA : South East Asia, LA : Latin America

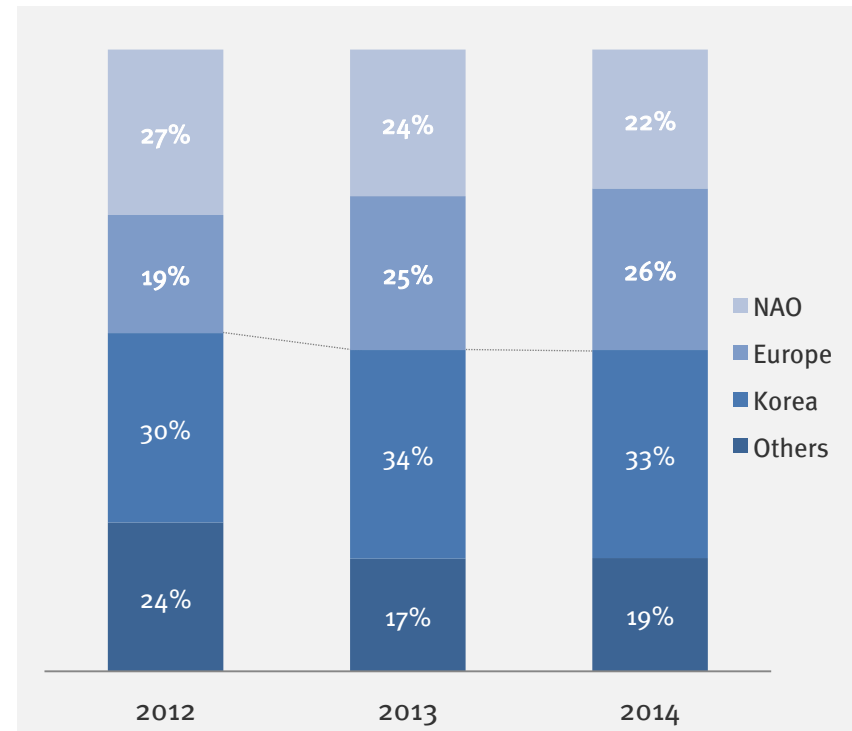
Impacts from weakening of the Japanese yen on Machine Tool BG

- New order in Machine tool BG has continuously increased for the last 2 years in spite of Yen depreciation
- Despite the sales weight of North America decreased, the total sales weight of advanced markets maintained due to sales increase in Europe

New Order & Currency movement



Sales breakdown by region



* Yearly depreciation of the Japanese Yen against the KRW
2012: 16.0%, 2013: 19.5%, 2014: 8.4%

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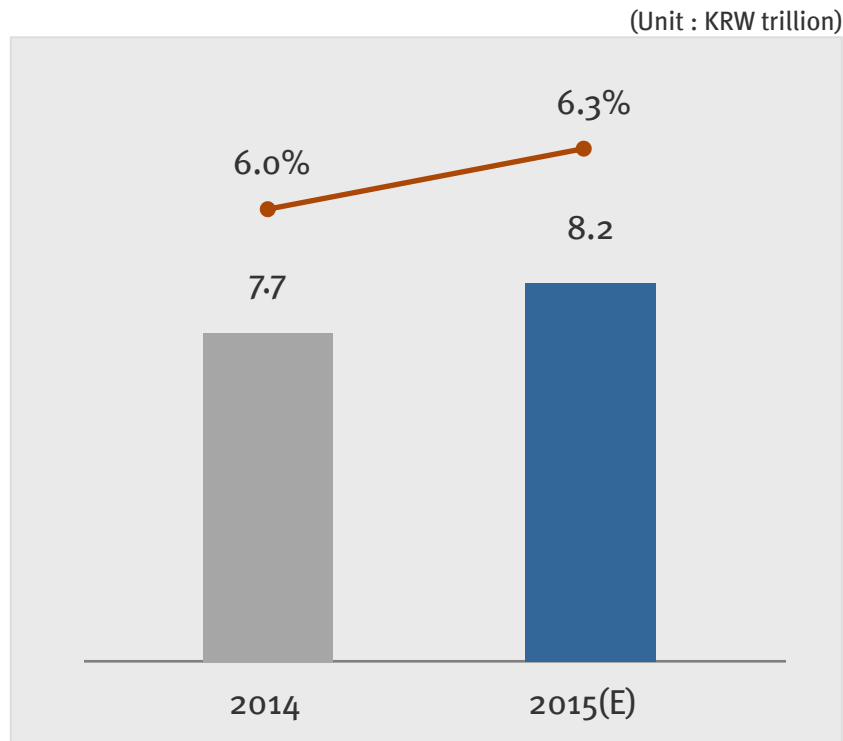
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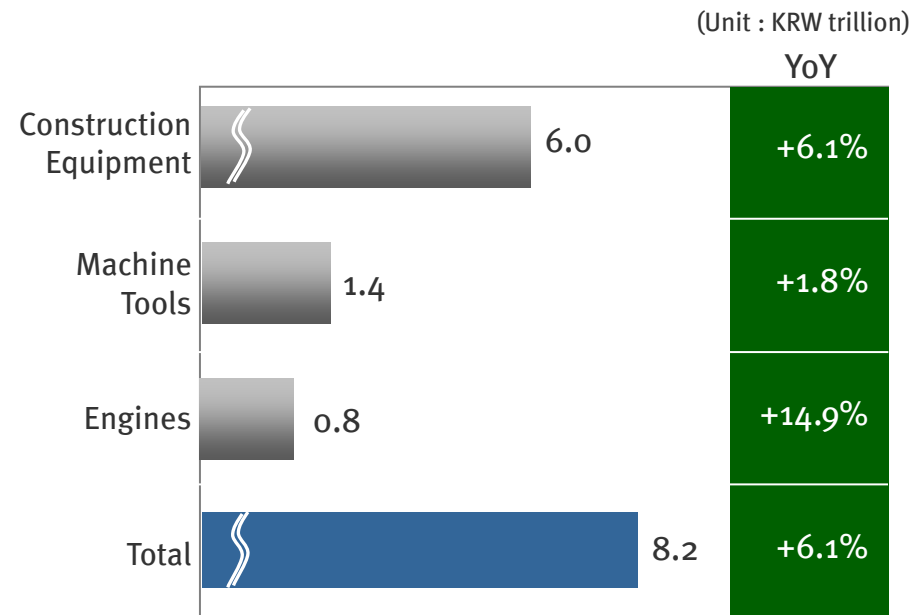
2015 outlook *

- Sales to increase 6.1% YoY to KRW8.2 trillion primarily due to economic recovery in US
- EBIT to grow 13.5% YoY to KRW514 billion thanks to expected increase in sales as well as continued profitability enhancing activities and earnings increase in Engine division

Sales and EBIT margin



Sales outlook by division



* Figures are based on consolidated K-IFRS

