



Doosan Infracore

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2015 3Q Investor Meeting

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Disclaimer

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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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3Q15 Highlights

3Q15 results *

- In spite of continued weakness in China/APEM, sales fell slightly thanks to favorable performance at DIBH
- EBIT declined YoY with sales down and restructuring costs
- Net income decreased due to EBIT down, impact of currency and tax expense

Results

(Unit : KRW billion)

	2014	3Q14	2Q15	3Q15	YoY	Remarks
Sales	7,688.6	1,791.0	1,979.6	1,729.8	-3.4%	
EBIT	453.0	100.4	128.5	20.0	-80.1%	
EBIT margin (%)	5.9%	5.6%	6.5%	1.2%	-4.4%p	
(Net Financial Cost)	271.5	67.1	67.8	70.7	5.4%	
(F/X gains/losses)	-29.0	-17.0	-0.7	-66.9	-49.9bil	End. F/X rate on Jun.(KRW/\$): 1,124.1 End. F/X rate on Sep.(KRW/\$): 1,194.5
Net Profit	24.0	24.6	9.5	-212.1	TR	Income tax benefit in 3Q14: 48.2bil Income tax expense in 3Q15: 25.0bil

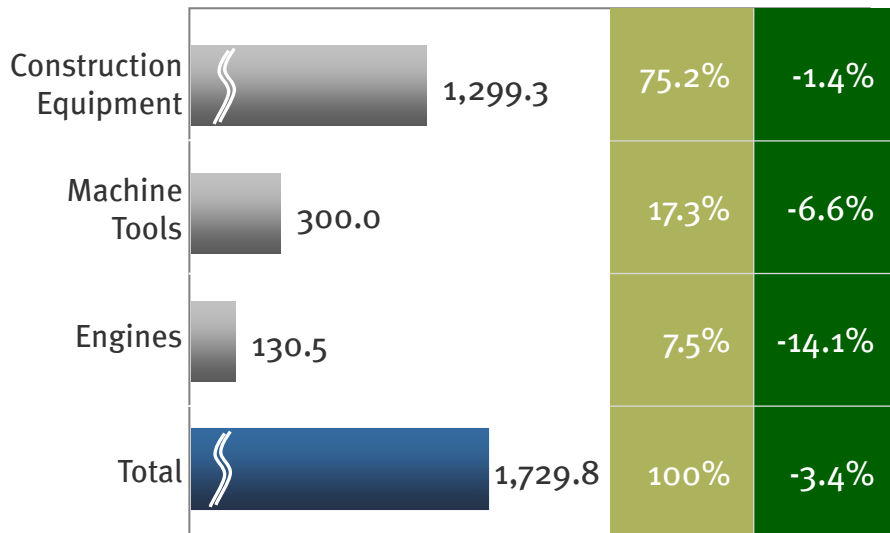
* Figures in this presentation, unless otherwise noted, are based on consolidated K-IFRS

3Q15 divisional sales & EBIT

- CE: While sales were similar YoY thanks to NAO, EBIT decreased due to a slowdown in China/APEM
- MT: EBIT fell with sales down and increase in marketing expenses
- Engine: Although sales for CV(Commercial Vehicle) and captive were down, EBIT improved due to increase in G2 engine shipment

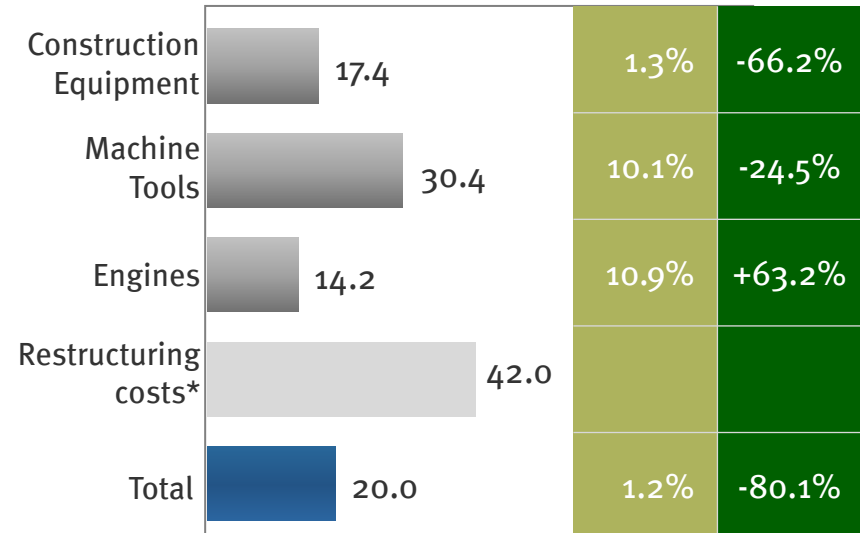
Sales

(Unit : KRW billion)
% of sales YoY



EBIT & Margin

(Unit : KRW billion)
EBIT margin YoY

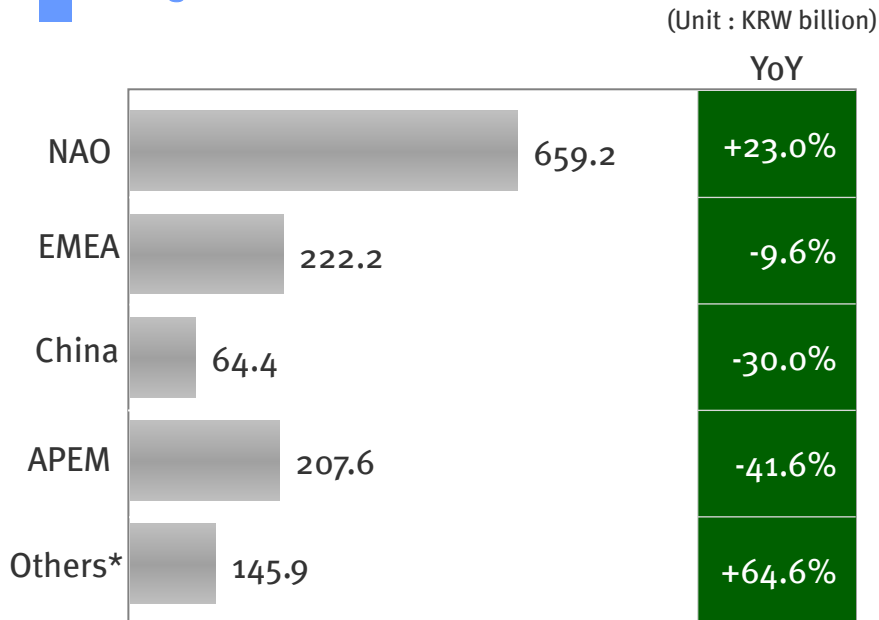


*Restructuring costs: CE 24.1bil. MT 10.5bil. Engine 7.4bil.

3Q15 construction equipment BG details

- NAO: Sales increased due to volume growth of compact products and continued strengthening of the U.S. dollar
- EMEA: Although volume increased, the disposal of Montabert** and weakening of the Euro resulted in fewer revenue
- China/APEM: Sales declined due to a continued downturn in markets
- DIBH: Sales and EBIT increased steadily on the back of favorable housing market conditions in NA

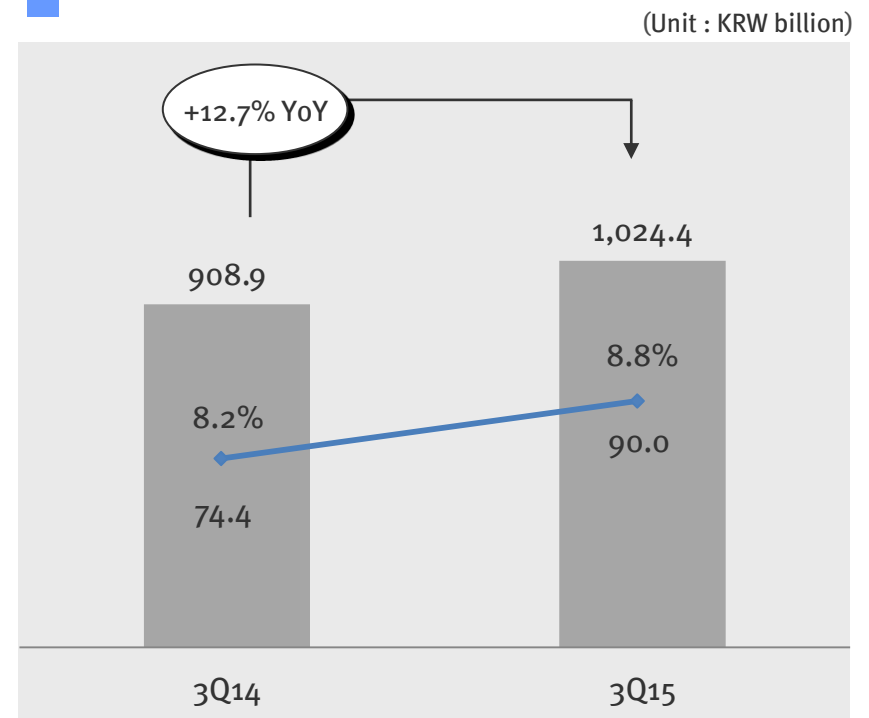
CE regional breakdown



* Including sales from DIPP, ADT, HQ and Compact sales from China/APEM

** The YoY growth when Excl. revenue of Montabert (3Q14) is -1.4%

DIBH's sales and EBIT



Financial structure – consol.

- In spite of the negative impact of currency and inclusion of DCFL*, debt-to-equity ratio decreased as DIBH Pre-IPO completed

Balance Sheet(Incl. DCFL)

	2014	2Q15	3Q15	(Unit : KRW billion) QoQ(amount)
Current Assets	4,019.5	4,243.0	4,424.2	+181.2
Fixed Assets	7,937.9	7,676.8	7,914.4	+237.6
Total Assets	11,957.4	11,919.8	12,338.6	+418.8
Total Liabilities	8,669.1	8,787.1	8,565.7	-221.4
- Net Debt	5,224.3	5,363.4	5,288.8	-74.6
Total Shareholders' Equity	3,288.3	3,132.7	3,772.9	+640.2
Liabilities/Equity Ratio	263.6%	280.5%	227.0%	-53.5%p

* Financial statements of DCFL(Doosan (China) Financial Leasing Corp) are to be consolidated from 3Q15

Financial structure – Excl. DCFL

- In spite of the negative impact of currency, debt-to-equity ratio decreased as DIBH Pre-IPO completed

Balance Sheet(Excl. DCFL)

	2014	2Q15	3Q15	(Unit : KRW billion) QoQ(amount)
Current Assets	4,019.5	4,243.0	4,225.7	-17.3
Fixed Assets	7,937.9	7,676.8	8,006.3	+329.5
Total Assets	11,957.4	11,919.8	12,232.0	+312.2
Total Liabilities	8,669.1	8,787.1	8,460.8	-326.3
- Net Debt	5,224.3	5,363.4	4,980.2	-383.2
Total Shareholders' Equity	3,288.3	3,132.7	3,771.2	+638.5
Liabilities/Equity Ratio	263.6%	280.5%	224.4%	-56.1%p

Business segment information

• DIBH's quarterly results

(Unit : KRW billion)

	3Q14	4Q14	1Q15	2Q15	3Q15
Sales	908.9	995.7	941.1	1,079.9	1,024.4
EBIT	74.4	118.9	92.0	131.3	90.0
EBIT margin	8.2%	11.9%	9.8%	12.2%	8.8%

• China monthly sales volume and M/S

(Unit : unit)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
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%
2015	Market	3,159	2,263	11,069	8,044	4,876	3,247	2,451	2,322	2,455				39,886
	DI	179	150	828	613	360	250	165	163	198				2,906
	M/S	5.7%	6.6%	7.5%	7.6%	7.4%	7.7%	6.7%	7.0%	8.1%				7.3%

• Machine Tools division New order

(Unit : unit)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	873	1,054	1,233	1,197	1,254	917	879	793	852	920	978	964
2015	914	991	1,092	1,046	1,069	891	740	823	845			

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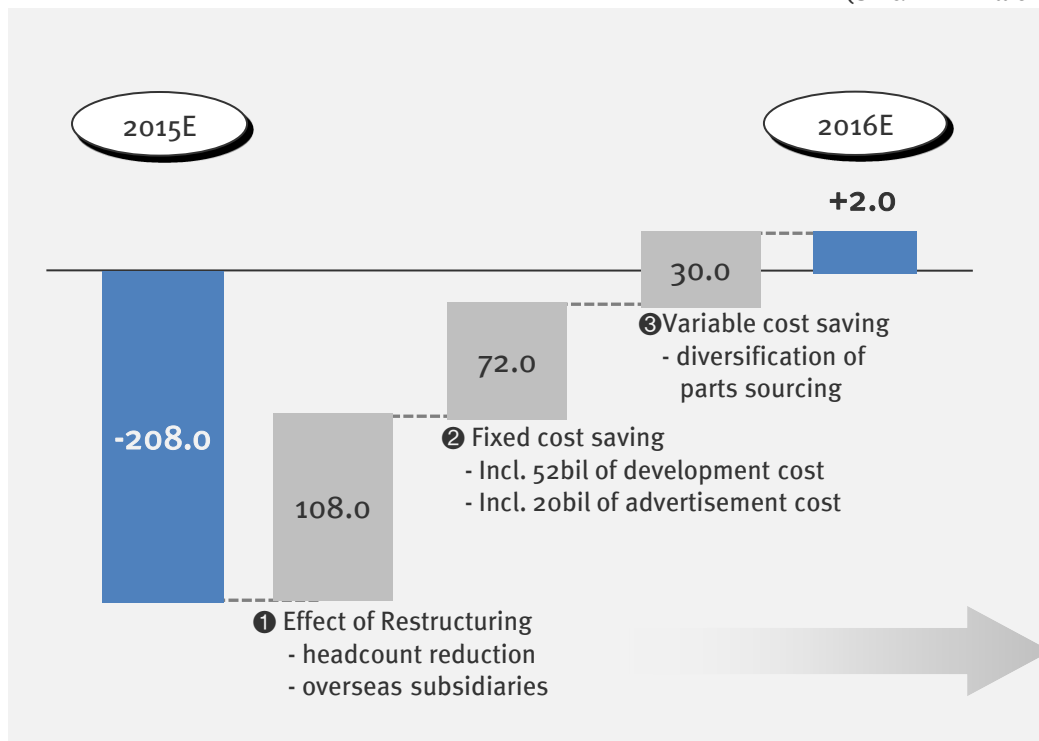
3Q15 Highlights

Restructuring for heavy business(China/APEM) turnaround

- As a result of restructuring and reduction in one-off cost, turnaround of heavy business is expected

Heavy business Turnaround

(Unit: KRW Billion)



Restructuring in 2015 for heavy business Turnaround

Details

- Reduction in headcount and capacity in China

Costs

- app. 75.0 KRW billion

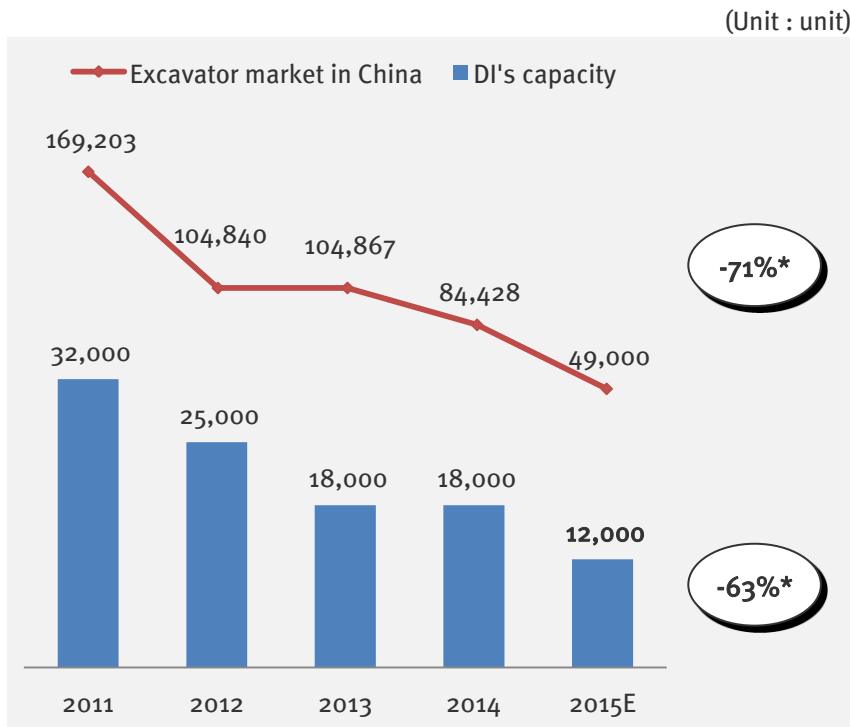
Impacts

- Labor cost saving : app. 84.0 KRW billion
- Restructuring overseas subsidiaries : app. 24.0 KRW billion

Lower capacity and BEP level; relieved fixed cost burden

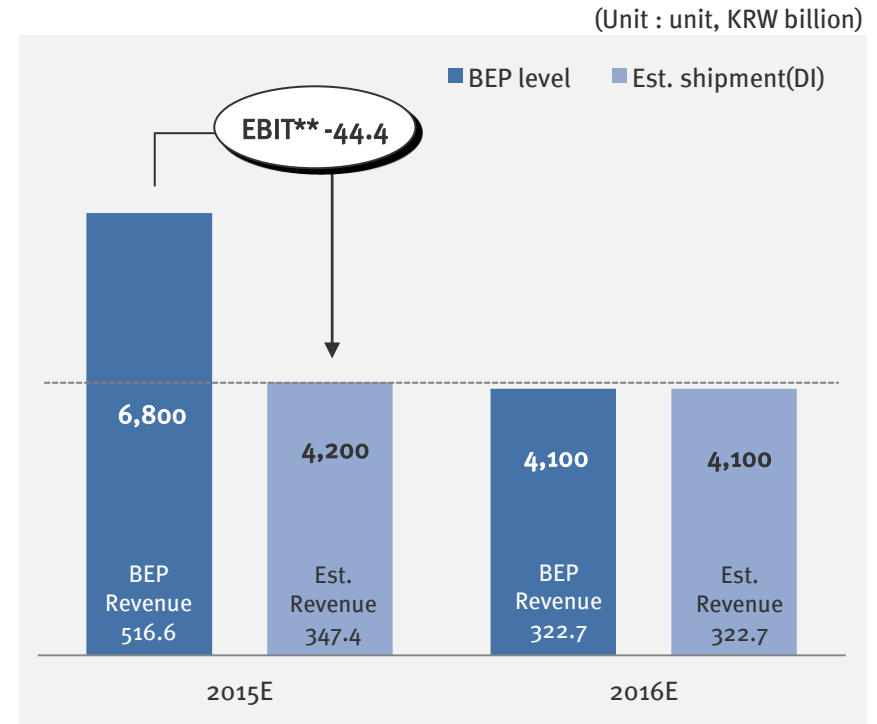
- We have continuously reduced over-capacity in response to downturn in the CE industry in China
- Assuming similar environment, structural earnings turnaround is likely thanks to lower BEP level with additional restructuring

Total volume for excavator in China and DI's capacity



* Declined by 71%, 63% respectively, compared to 2011

DI's BEP level and expected shipment* in China



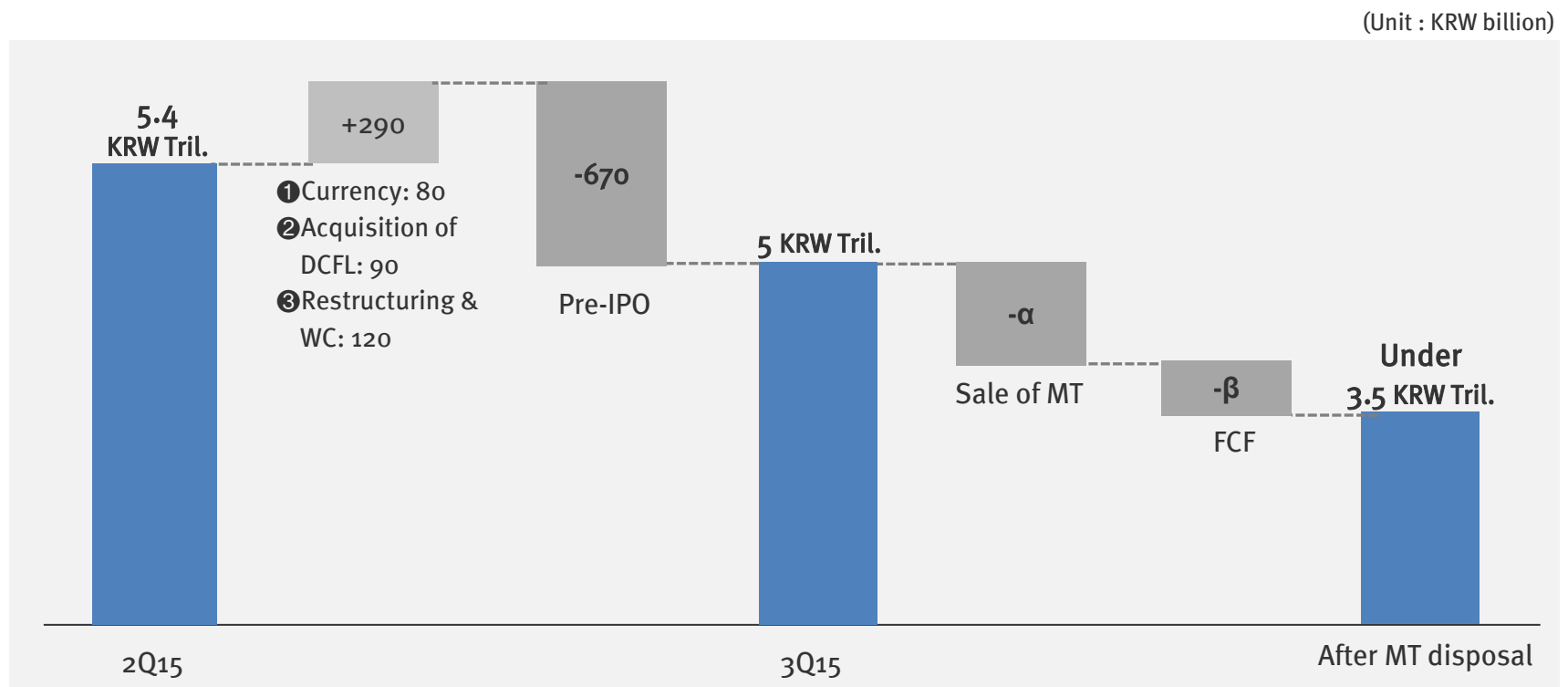
* Including excavator and wheel loader

** Normalized EBIT excluding one-time cost: (Revenue-FC) X Margin(26~33%)

Deleveraging plan – consol.

- In spite of challenging operating environment and unfavorable impact of currency, we have reduced net debt with proceed from DIBH Pre-IPO
- Further deleveraging up to less than 3.5 KRW trillion of net debt can be accelerated with a sale of MT division

Expected net debt*

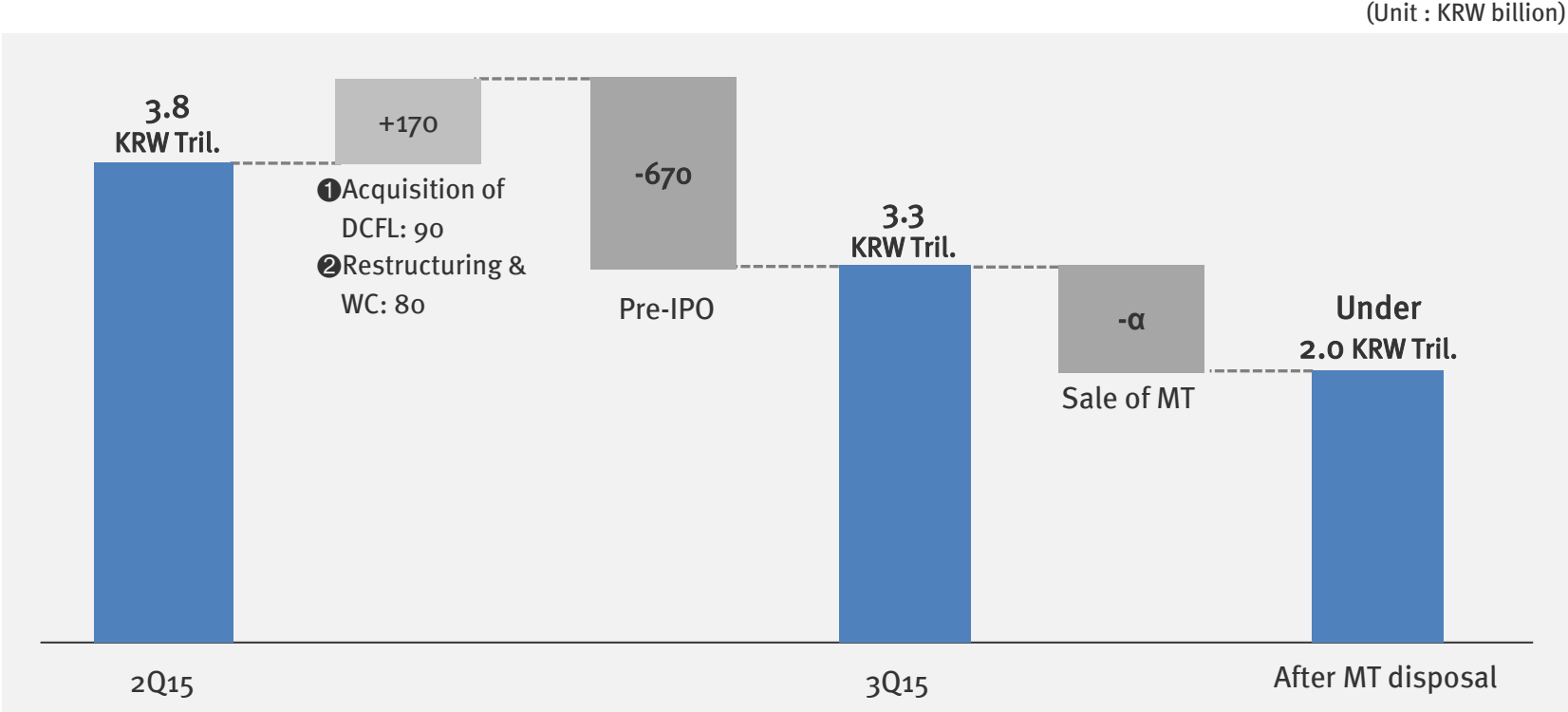


*Excluding net debt as much as 310 KRW billion of DFCL, our captive finance company

Deleveraging plan – DI stand alone

- We have reduced net debt with proceed from DIBH Pre-IPO and expect to achieve further deleveraging up to less than 2.0 KRW trillion of net debt with a sale of MT division

Expected net debt*

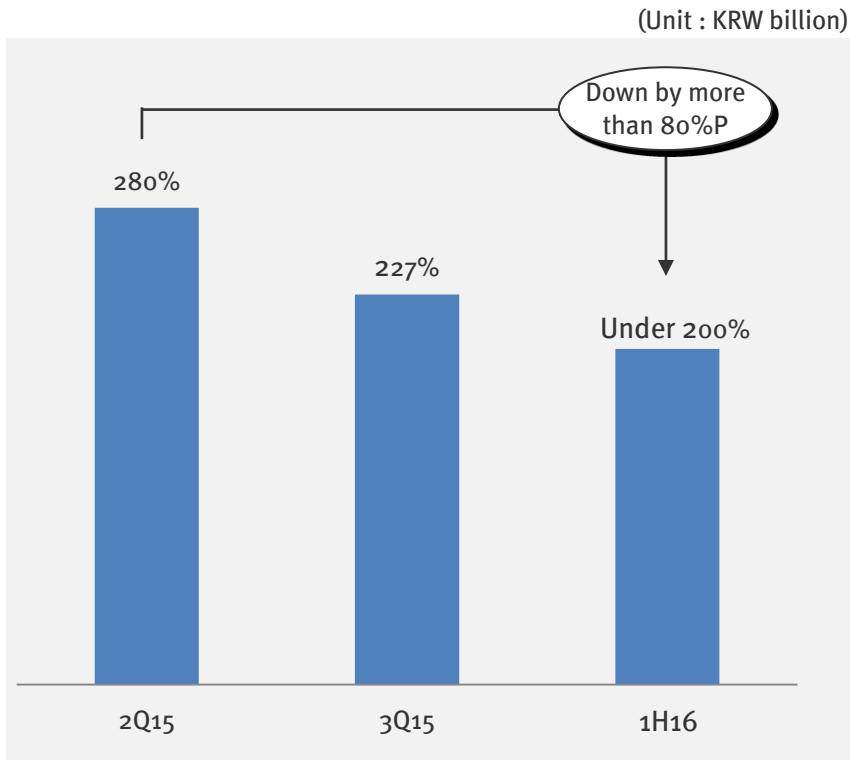


* Excluding DIBH and DCFL

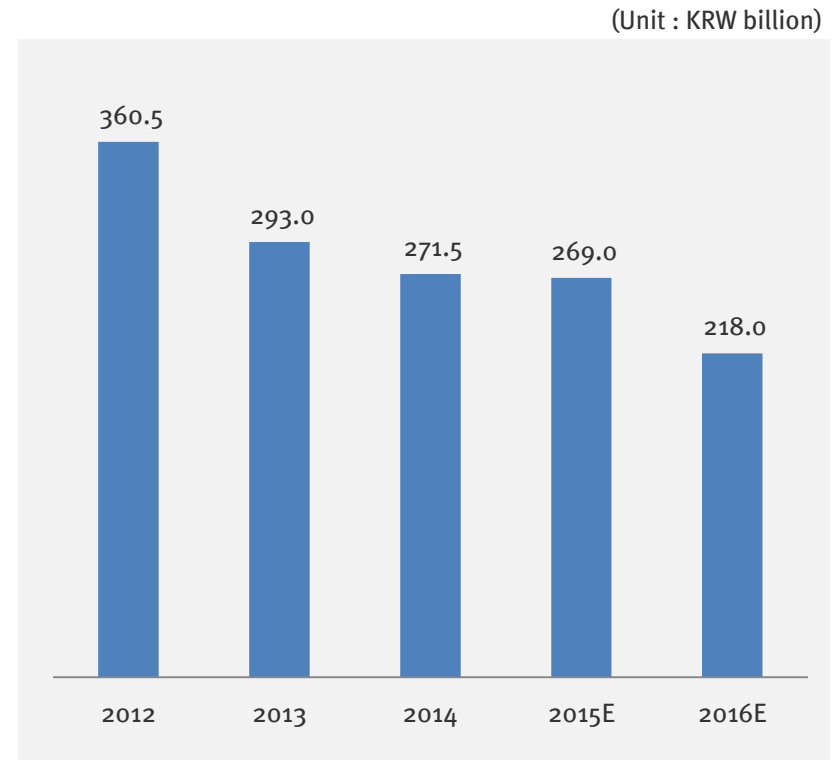
Expected balance sheet improvement

- We anticipate debt-to-equity ratio to be under 200% by end of 1H16 with asset disposal and operating cash
- Along with debt reduction, notable decrease in interest expenses is expected after 2016

Expected debt-to-equity ratio



Expected interest expense

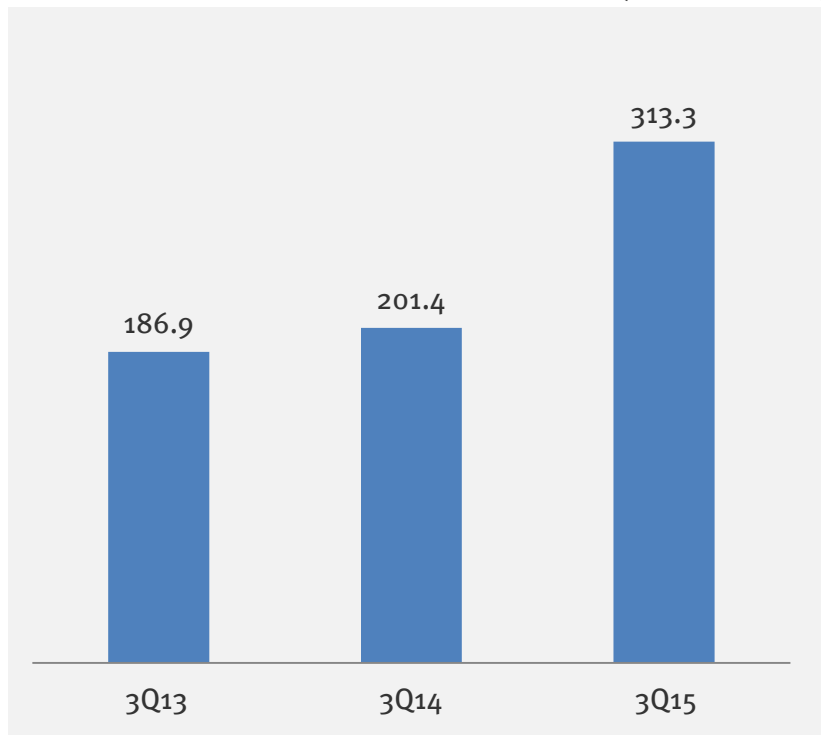


DIBH – Continued solid performance in NA and recovery trend in Europe

- Along with favorable market conditions in NA, sales and EBIT of DIBH continued to increase thanks to improved cost structure and product mix
- DIBH Europe started to recover sales volume followed by gradual industrial recovery in Europe

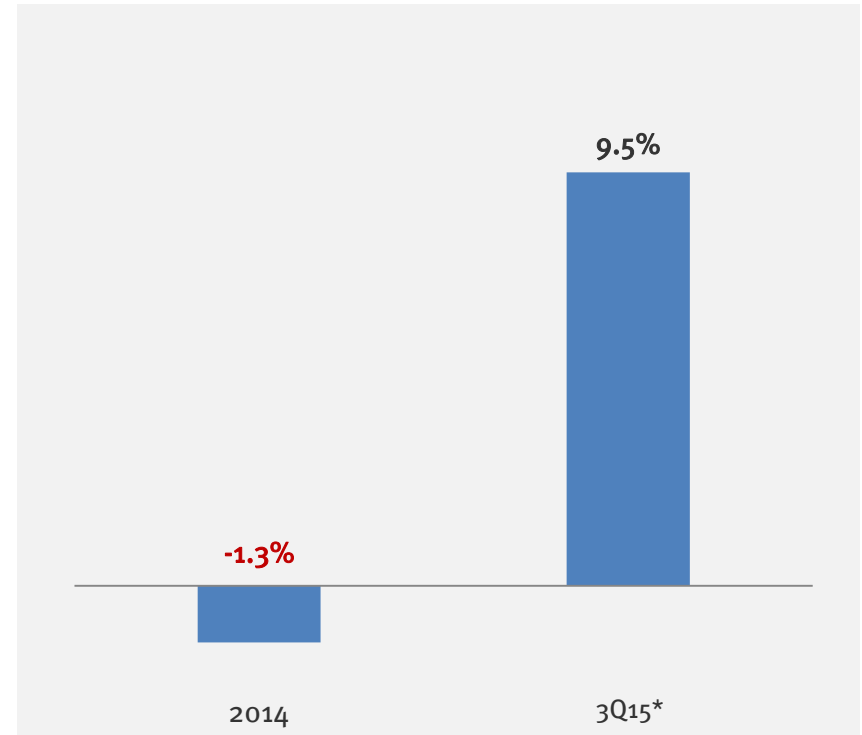
DIBH EBIT* Trend

(Unit : KRW billion)



* In the first nine months

Compact product sales growth* in Europe

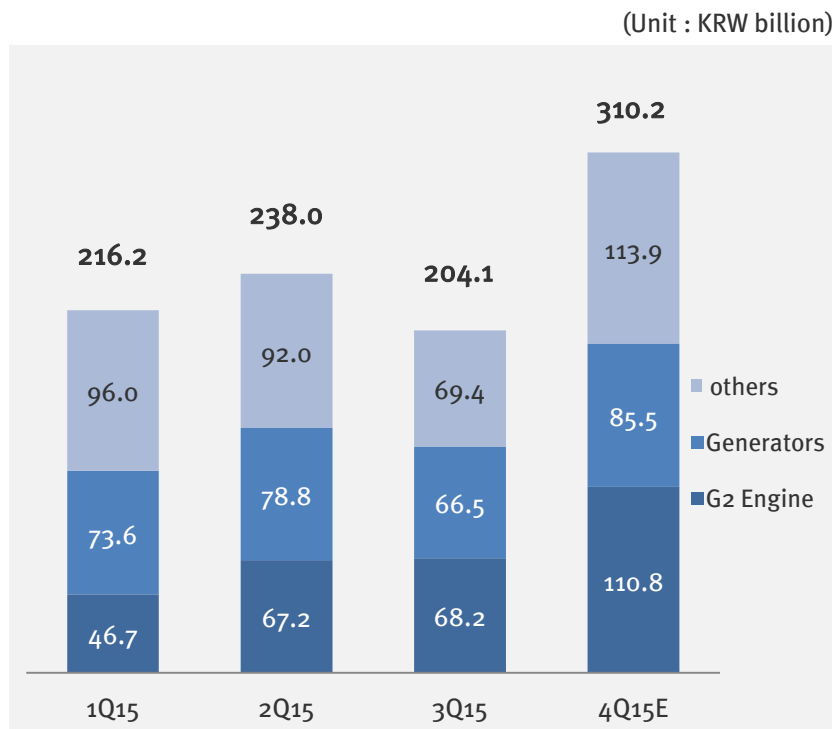


* In the first nine months

Engine Division – Outlook for 2015 and mid/long-term plans

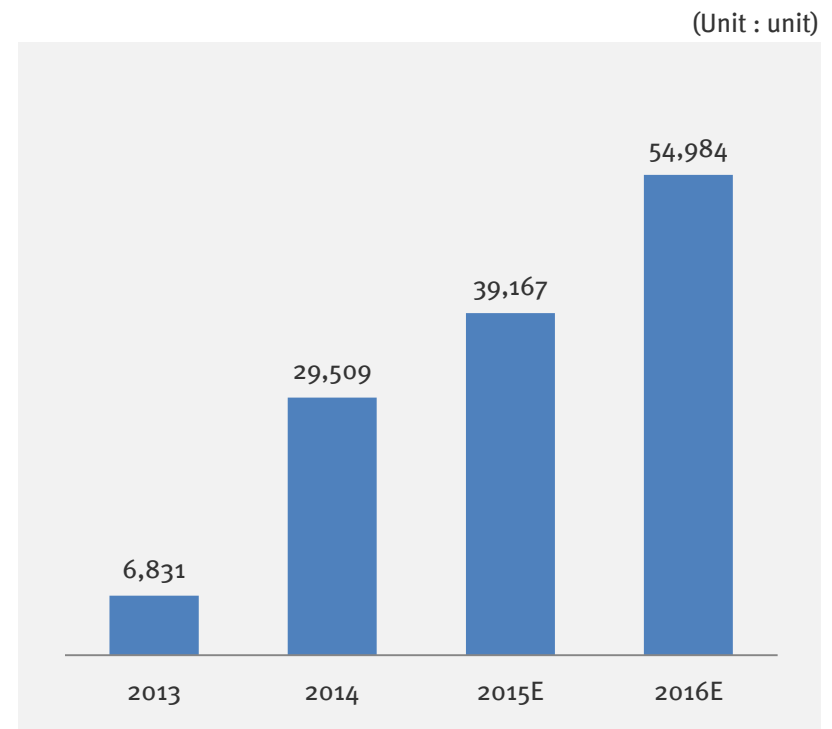
- We expect Engine division to improve in earnings in 4Q15 thanks to increase in G2 Engine shipment and engines for generators and small ships
- In addition to increase in captive sales, we initiated external sales of G2 Engine to domestic agricultural companies and plan to expand volume sequentially

Quarterly sales* trend in Engine Division



* Including internal sales

G2 Engine sales volume* forecast



* Including external sales