



Doosan Infracore

Doosan Infracore

2017 1Q Investor Meeting

Apr 2017



Disclaimer

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.

While the statements in this presentation represent our current assumptions plans and expectations and we believe these judgments are reasonable they are not guarantees of future performance and involve known and unknown risks uncertainties such as FX & raw material costs and other factors that may cause actual results to differ materially from the results performance achievements or financial position expressed or implied in this presentation.

This presentation is provided only as a reference material. It does not constitute or form part of an offer, invitation or recommendation to purchase any securities. Doosan Infracore assumes no responsibility for investment decisions. We trust your decisions will be based on your own independent judgment.

Table of Contents

1

1Q17 Results

2

Highlights

1Q17 Results *

- Sales increased primarily due to volume growth of heavy division in China and APEM
- EBIT improved significantly on the back of increase in heavy division as well as continued margin improvement in Doosan Bobcat
- NP expanded in light of one-off gains** in the first quarter of the last year

Results

(Unit : KRW billion)

	1Q16	4Q16	1Q17	YoY	QoQ
Sales	1,433.6	1,375.5	1,561.6	+8.9%	+13.5%
EBIT	111.2	100.3	148.4	+33.5%	+48.0%
EBIT margin (%)	7.8%	7.3%	9.5%	+1.7%P	+2.2%P
(Net Financial Cost)	61.1	50.7	44.7	-26.8%	-11.8%
(F/X gains/losses)	17.5	-50.2	41.7		
Net Profit	79.6	-227.2	74.3	-6.7%	TB

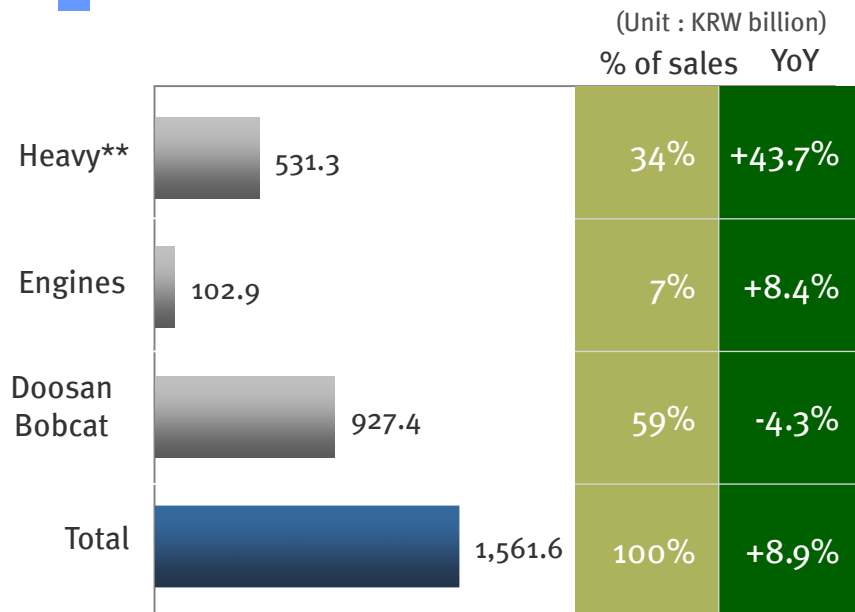
* Figures in this presentation, unless otherwise noted, are based on consolidated K-IFRS

** Including KRW 40.0bil of non-operating one-off gains(other non-operating income and income from discontinued operations)

1Q17 divisional sales* & EBIT*

- Heavy : EBIT improved substantially thanks to the surge in sales, and reliance on Doosan Bobcat has been eased
- Engines : Although sales were up primarily due to increase in 3rd party sales of G2 engine and vehicles, EBIT declined on the reflection of sales price cut of G2 engine
- Doosan Bobcat : Despite sales were down primarily due to unfavorable currency, EBIT increased along with continued margin improvement

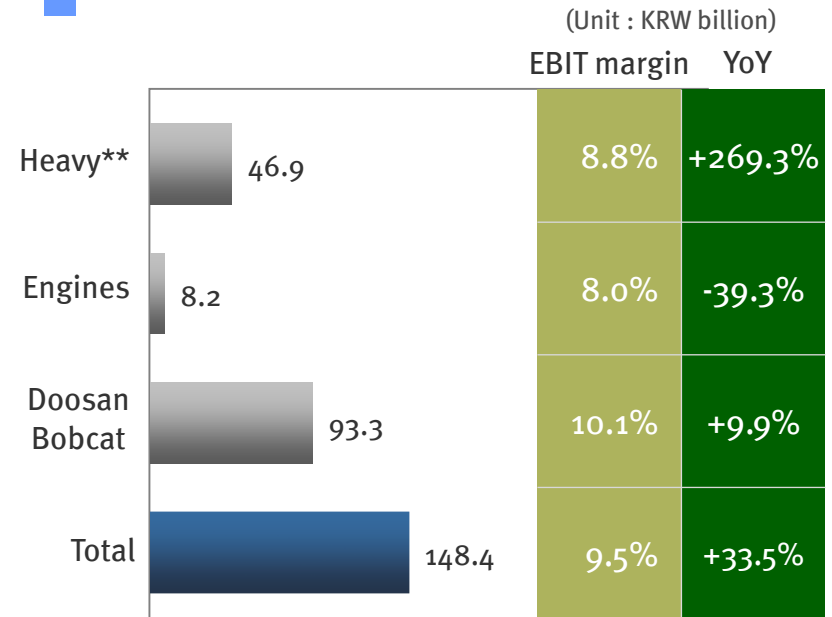
Sales



* Based on external sales

** Including APEM and China

EBIT & Margin

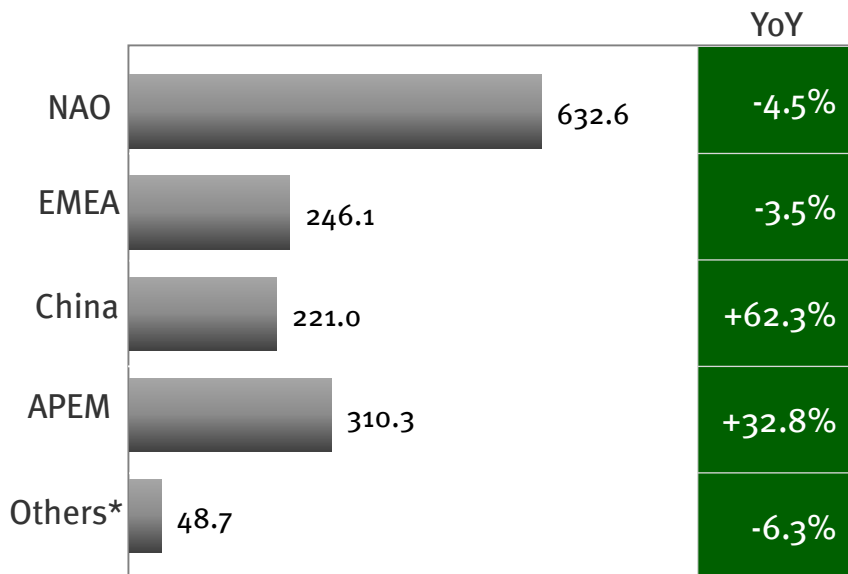


Construction equipment BG details

- NAO : Although sales volume was comparable to last year as uncertainties had been resolved, revenue fell slightly due to negative currency translation(strong KRW)
- EMEA : Though local currency-based sales increased, weakening of the Euro and USD resulted sales translated into fewer KRW
- China : Sales volume surged and revenue increased on the back of expanded fiscal policies and replacement demand
- APEM : Revenue started to increase since the 2H16 and the growth had been strengthened in the first quarter this year

CE regional breakdown(1Q17)

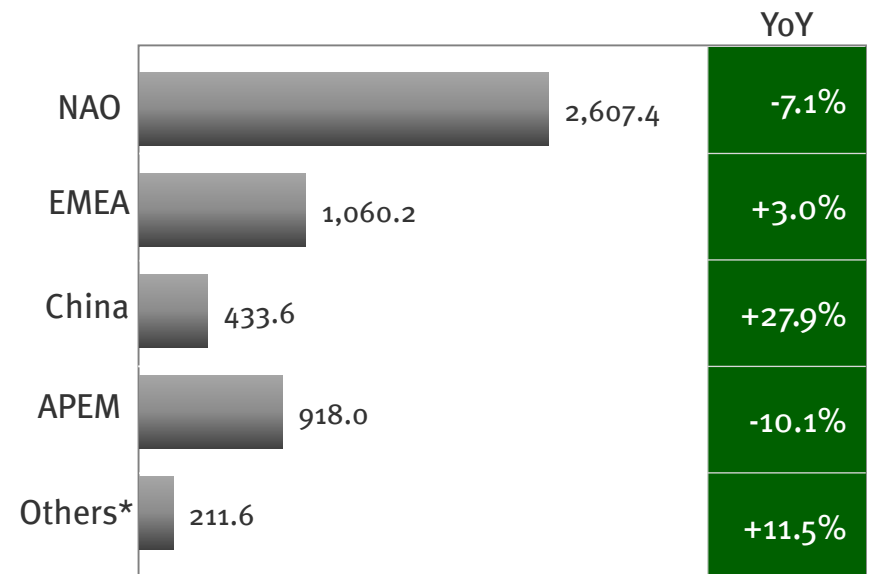
(Unit : KRW billion)



* Including Compact sales in Asia/LA

CE regional breakdown(2016)

(Unit : KRW billion)



* Including Compact sales in Asia/LA

Financial structure

- Net debt fell thanks to increase in cash from operations and favorable impacts from currency
- While total liabilities rose mainly due to seasonal increase in AP, total Equity decreased due to translation loss in spite of increase in Net income

Balance Sheet

	2015	2016	1Q17	(Unit : KRW billion) QoQ(amount)
Current Assets	3,876.0	3,049.6	3,344.6	+295.0
Fixed Assets	7,507.2	6,977.2	6,632.5	-344.7
Total Assets	11,383.2	10,026.8	9,977.1	-49.7
Total Liabilities	8,280.2	6,578.4	6,731.3	+152.9
- Net Debt	5,055.1	3,764.0	3,396.9	-367.1
Total Shareholders' Equity	3,103.0	3,448.4	3,245.8	-202.6
Liabilities/Equity Ratio	266.8%	190.8%	207.4%	+16.6%p

Table of Contents

1

1Q16 Results

2

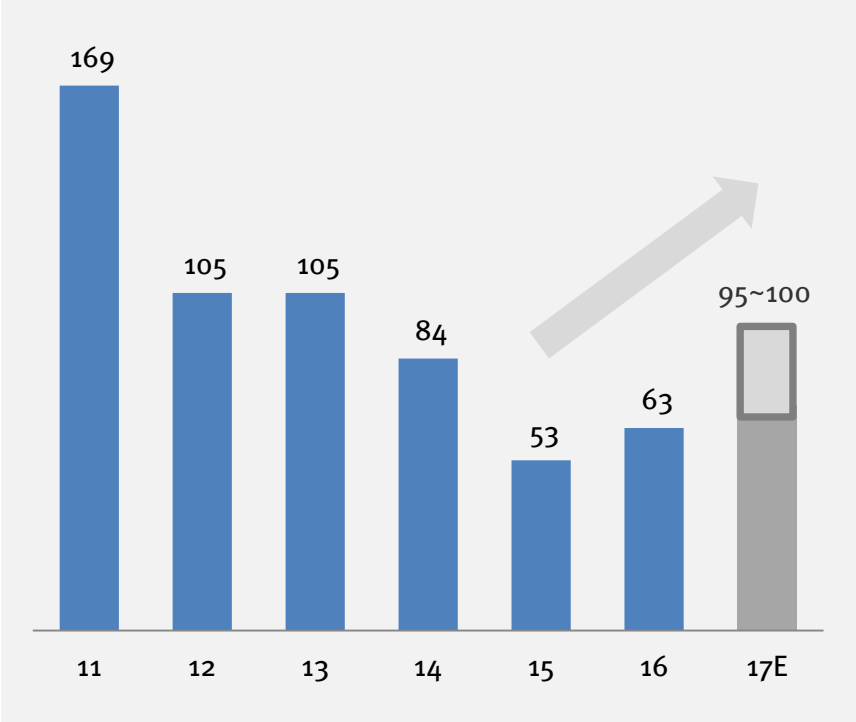
Highlights

Heavy (China)

- Given strong demand and sales volume, we anticipate the market should be around 95~100K, much larger than the previous forecast of 70K
- Strengthened channel and products enabled us to result sequential improvement in market share

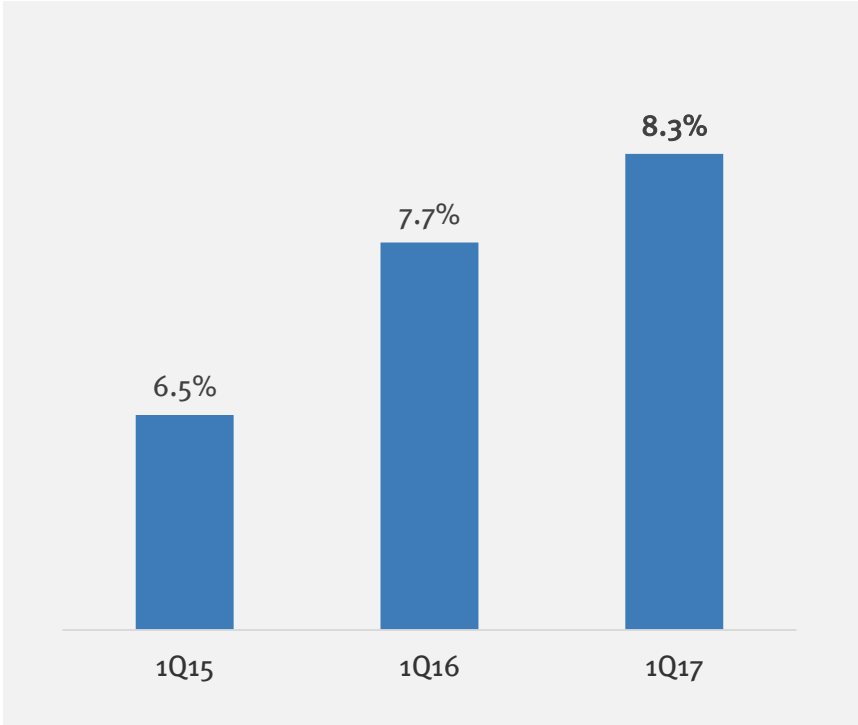
Excavator market in China

(Unit : '000 unit)



* Source: CCMA, Company data

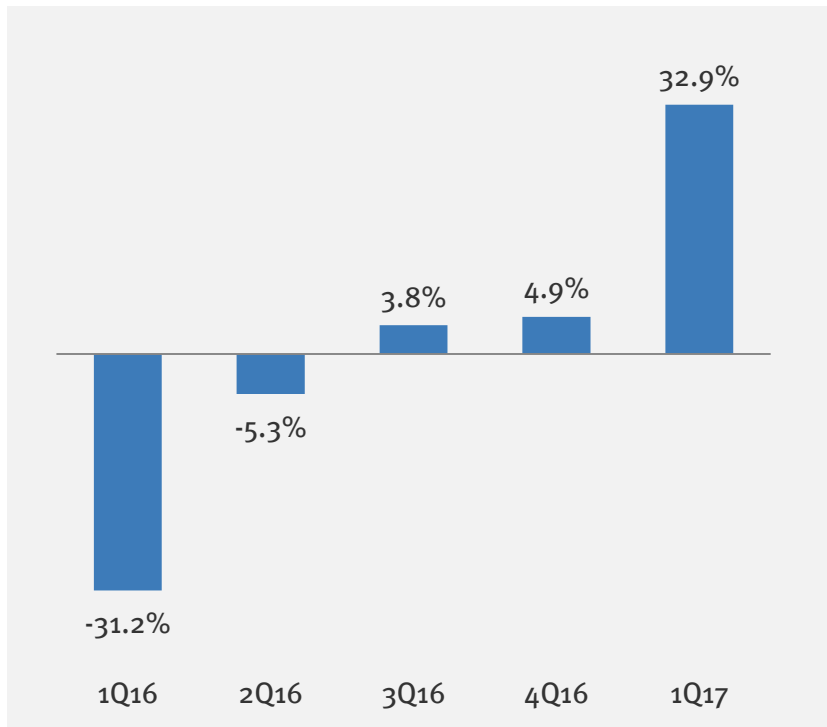
DI's Market Share trend



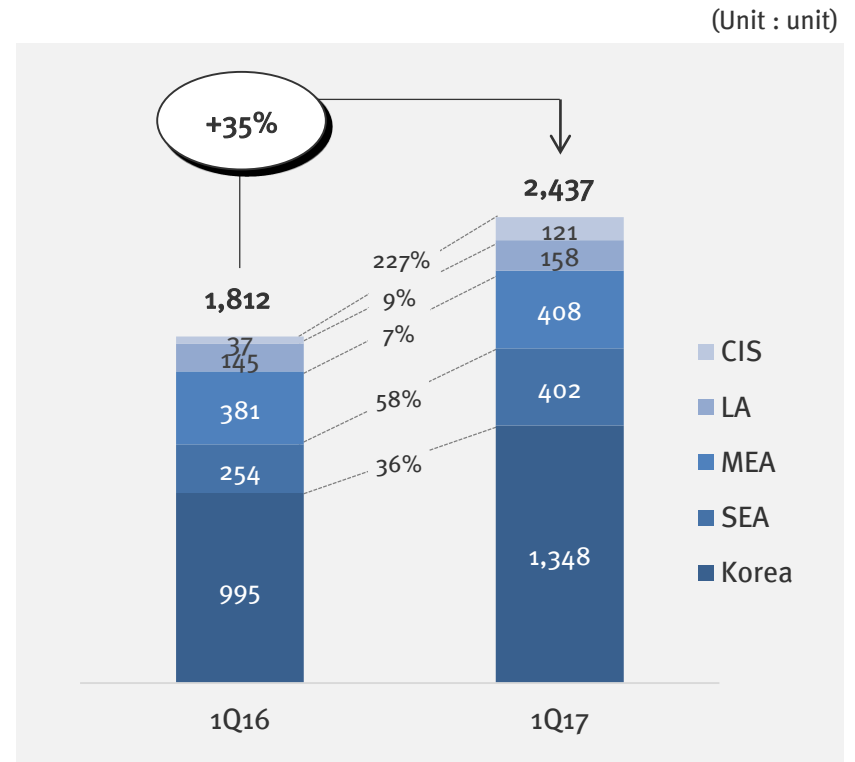
Heavy (APEM)

- Along with solid domestic and a recovery in commodity prices, sales in APEM turned to positive since 2H16 and strengthened the growth in the first quarter this year
- In the midst of most EMs that have grown, notable increase were seen in SEA/CIS/domestic

YoY sales growth trend



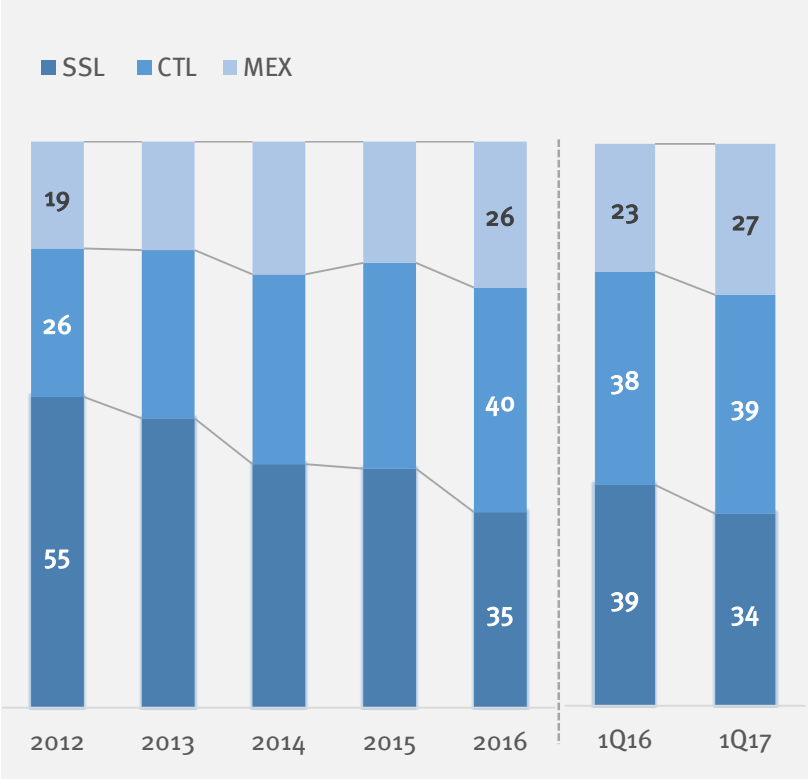
Sales volume by key regions



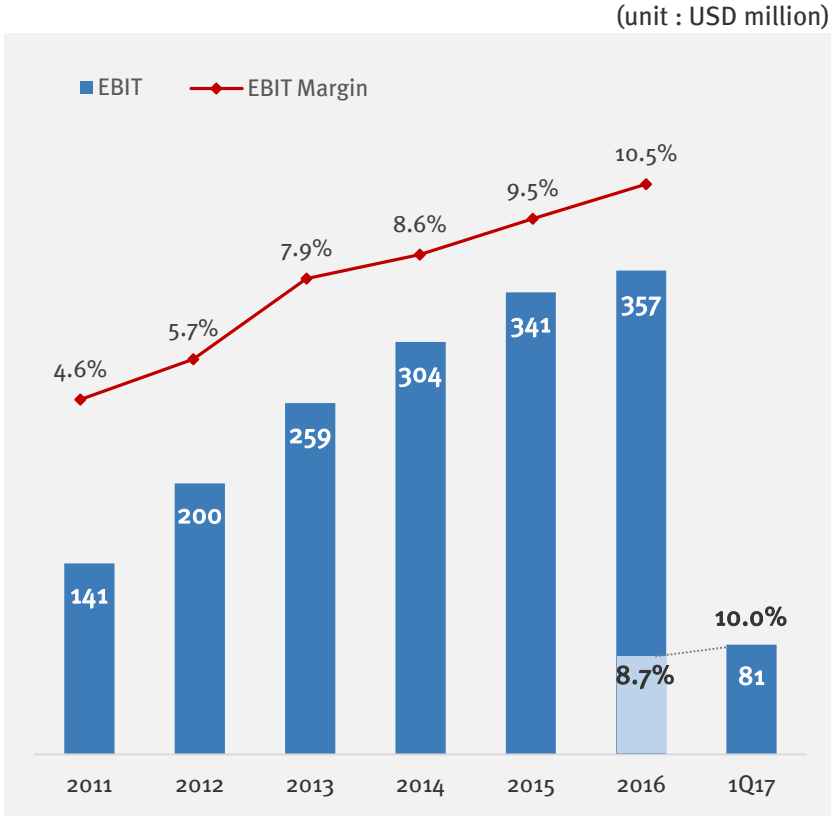
Doosan Bobcat

- Profitability has continued to improve with an accelerated rate of product mix changes into high-margin products

NAO product mix



EBIT and EBIT margin trend



Business segment information

• 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	3,437	2,417	11,995	8,837	5,120	3,555	2,600	2,529	2,689	2,987	3,249	3,460	52,875
	DI	179	153	828	613	360	250	165	163	198	191	191	235	3,526
	M/S	5.7%	6.6%	7.5%	6.9%	7.0%	7.0%	6.3%	6.4%	7.4%	6.4%	5.9%	6.8%	6.7%
2016	Market	2,483	3,199	13,096	6,462	4,778	3,651	3,093	3,859	4,856	5,344	5,934	6,158	62,913
	DI	167	278	1,001	517	387	233	230	261	343	398	449	385	4,649
	M/S	6.7%	8.7%	7.6%	8.0%	8.1%	6.4%	7.4%	6.8%	7.1%	7.4%	7.6%	6.3%	7.4%
2017	Market	3,946	13,908	20,588										38,442
	DI	295	1,202	1,701										3,198
	M/S	7.5%	8.6%	8.3%										8.3%

• CE regional breakdown

(Unit : KRW billion)

지역	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17
NAO	682.6	730.8	709.9	684.0	2,807.3	662.1	756.8	588.1	600.4	2,607.4	632.6
EMEA	224.3	292.9	252.7	259.5	1,029.4	254.9	306.7	243.7	254.9	1,060.2	246.1
China	98.5	114.4	64.4	61.8	339.0	136.2	115.8	72.3	109.4	433.6	221.0
APEM	339.5	275.7	221.7	184.3	1,021.2	233.6	261.0	230.1	193.3	918.0	310.3
Others *	35.0	54.5	51.4	48.9	189.8	52.0	50.9	47.5	61.1	211.6	48.7
TOTAL	1,379.8	1,468.3	1,300.1	1,238.5	5,386.7	1,338.7	1,491.3	1,181.7	1,219.1	5,230.9	1,458.7

* Including Compact sales in Asia/LA

[Appendix] Doosan Group Ownership Structure

[end of March 2017]

