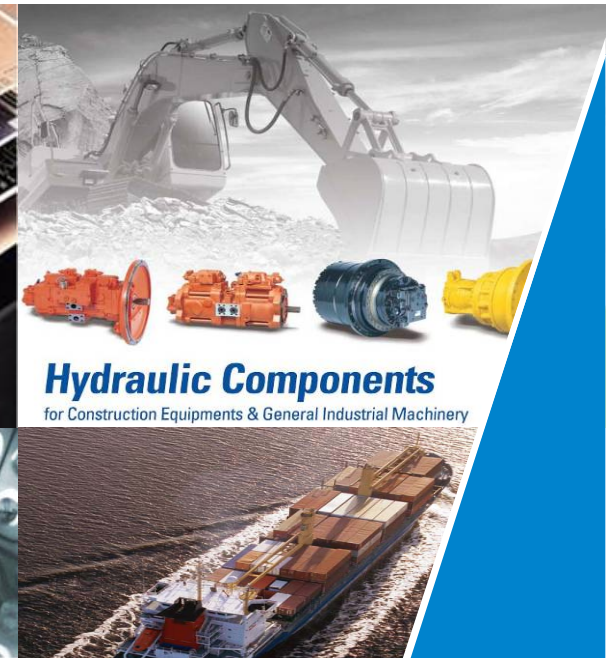
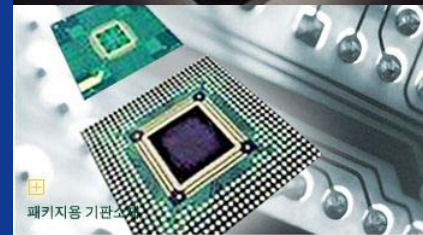
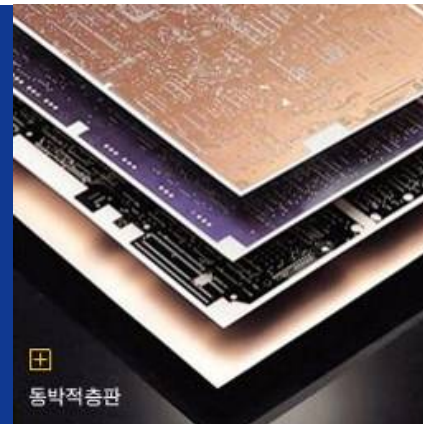




Doosan Corporation

# 2011 2Q Business Review Investor Relations



2011. 7.

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## Disclaimer

The information herein is provided for your information purposes only and contains preliminary figures which may be materially different from the final figures. Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables. We make no guarantees and assume no responsibility for the use of information provided. Please do not base your investment decision on the information contained in this material

# 2Q11 Highlights

1

## Strong Performance Continued in Operating Biz

- Mottrol recorded historical highest quarterly performance backed by strong demand from chinese local makers (Sales 142.1bn, OP 22.4bn in 2Q11)
- E-Ms' operating profit has been increased for 2 consecutive quarters
  - Prospect increasing OP trend backed by securing new customers of package CCL afterwards

2

## DIP Holdings: Selling part of stake in KAI

- DIP Holdings secured KRW 66bn from selling part of its stake in KAI
  - Secured investment returns of 44% from selling 4.3 million shares of KAI following KAI's IPO
  - Remaining 4.9 million stakes valued over KRW 130bn

3

## Credit rating Upgrade

- Credit rating has risen for 2 consecutive years ('A-' in 2009 → 'Ao' in 2010 → 'A+' in 2011)
  - OCF increase through strong performance of self-operating business
  - Stable financial structure
  - Affiliates' credit risk reduced such as Capital increase of Doosan E&C and Turnaround of Bobcat

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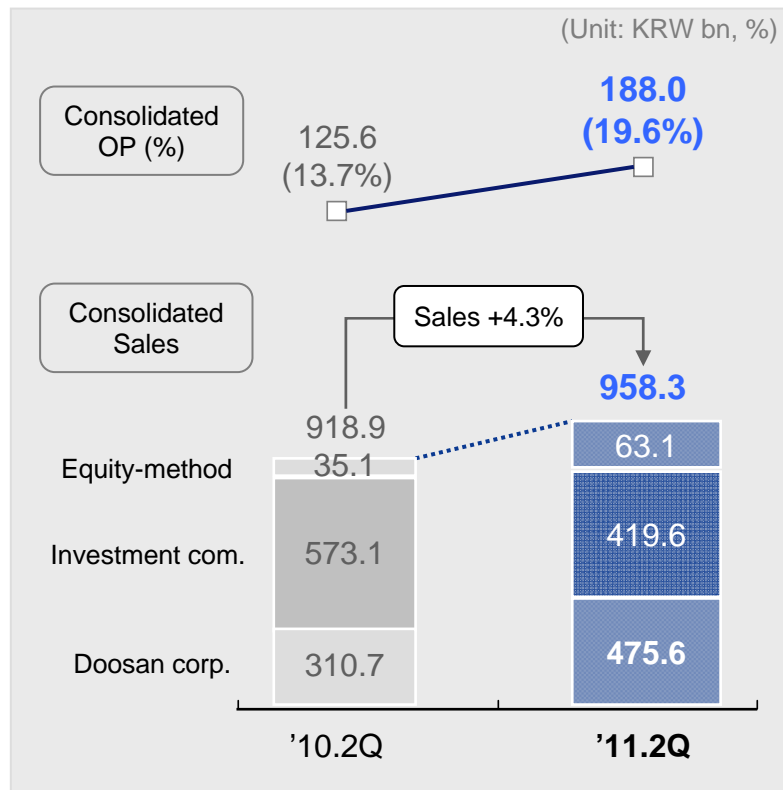
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## 2Q11 Performance – Doosan corp. (based on Consolidated F/S under IFRS)

- Sales increased +4.3% YoY to KRW 958.3bn & OP increased by KRW 62.4bn YoY to KRW 188.0bn
  - Doosan corp. KRW 475.6bn, Investment companies KRW 419.6bn, Equity-method Gain KRW 63.1bn

### Sales & OP



Sales	2Q10	1Q11	2Q11	QoQ	YoY
Doosan corp.	310.7	418.2	<b>475.6</b>	+13.7%	+53.1%
Investment Co.	573.1	297.2	<b>419.6</b>	+41.1%	-26.8%
Equity-method	35.1	68.3	<b>63.1</b>	-7.6%	+79.8%
<b>Total</b>	<b>918.9</b>	<b>783.7</b>	<b>958.3</b>	<b>+22.3%</b>	<b>+4.3%</b>

OP	2Q10	1Q11	2Q11	QoQ	YoY
Doosan corp.	35.0	28.0	<b>41.1</b>	+46.8%	+17.4%
Investment Co.	55.5	23.5	<b>83.8</b>	+256.6%	+51.0%
Equity-method	35.1	68.3	<b>63.1</b>	-7.6%	+79.8%
<b>Total</b>	<b>125.6</b>	<b>119.8</b>	<b>188.0</b>	<b>+48.9%</b>	<b>+49.7%</b>

1) Mottrol's sales of KRW 99.1 bn in 2Q10 was included in Investment com.

## 2Q11 Performance – Doosan corp. (based on Separate F/S under IFRS)

- Self-Operating revenue rose +53.1% YoY to KRW 475.6bn
- Operating income grew +46.8% QoQ, +9.0% YoY to KRW 41.1bn

### Income statement

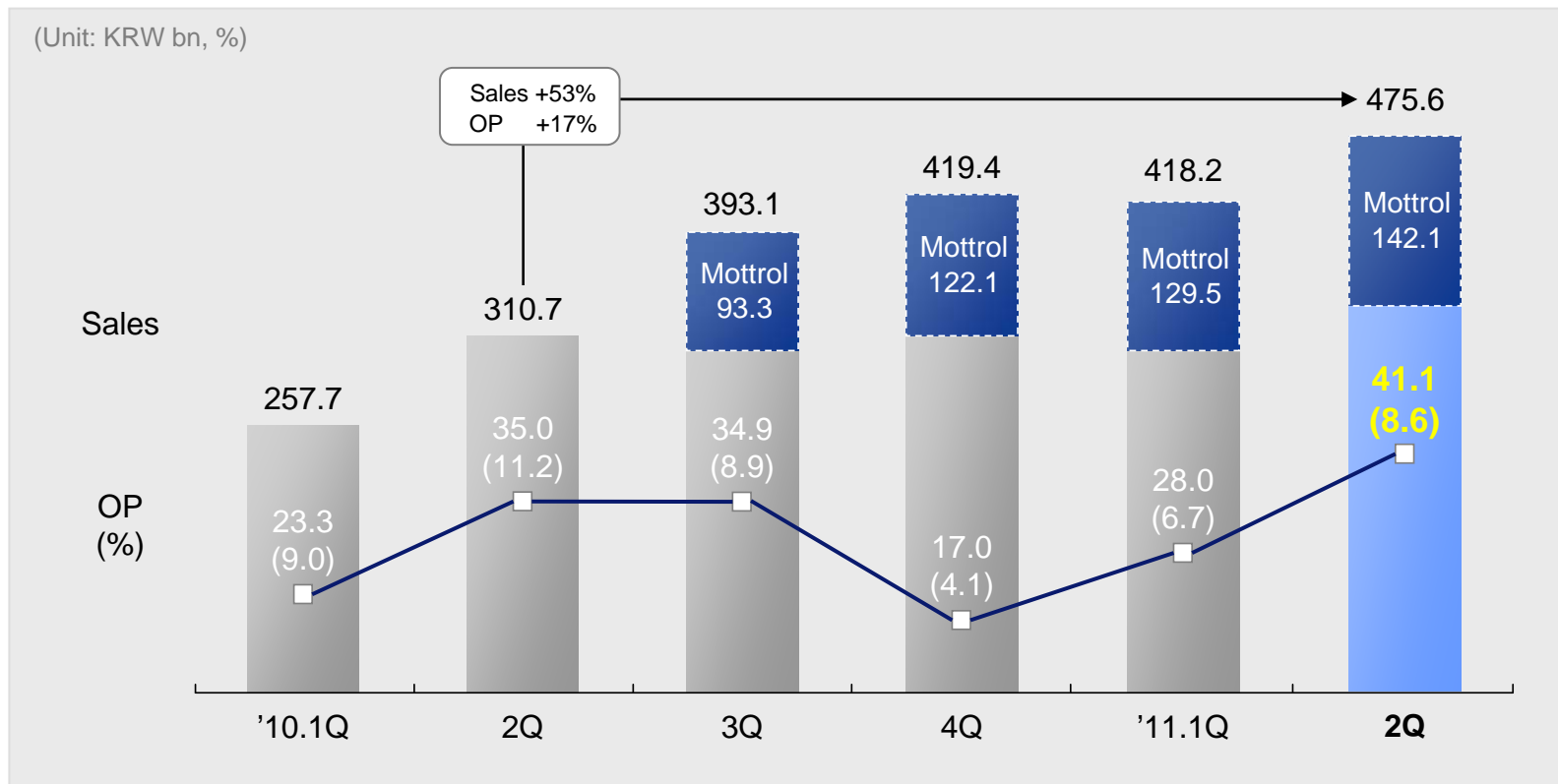
(Unit: KRW bn, %)

구분	'10.2Q	'11.1Q	'11.2Q	QoQ	YoY	'11.1H	YoY
Self-Operating Sales	310.7	418.2	✓ 475.6	+13.7%	+53.1%	893.8	+57.2%
Dividend Income	-	69.8	-	-	-	69.8	+184.9%
COGS/SG&A	277.0	388.2	432.5	+11.4%	+57.6%	820.7	+61.0%
Other Operating Loss	1.3	-2.0	✓ -2.0	-	TR	-4.0	TR
Self-Operating EBIT	35.0	28.0	41.1	+46.8%	+9.0%	69.1	+13.3%
- Dividend included	35.0	97.8	41.1	-58.0%	+9.0%	138.9	+62.5%

# 2Q11 Performance – Operating Business (based on Separate F/S under IFRS)

- In 2Q, Sales grew +53% YoY to KRW 475.6bn
- Operating profit rose +17% YoY to KRW 41.1bn

## Quarterly Sales & OP Trend



- Sales and OP from Mottrol are added since 3Q 2010 after merging it on July 2010
- For apple to apple comparison, Fashion BG's Sales and OP were excluded from 1Q to 4Q in 2010

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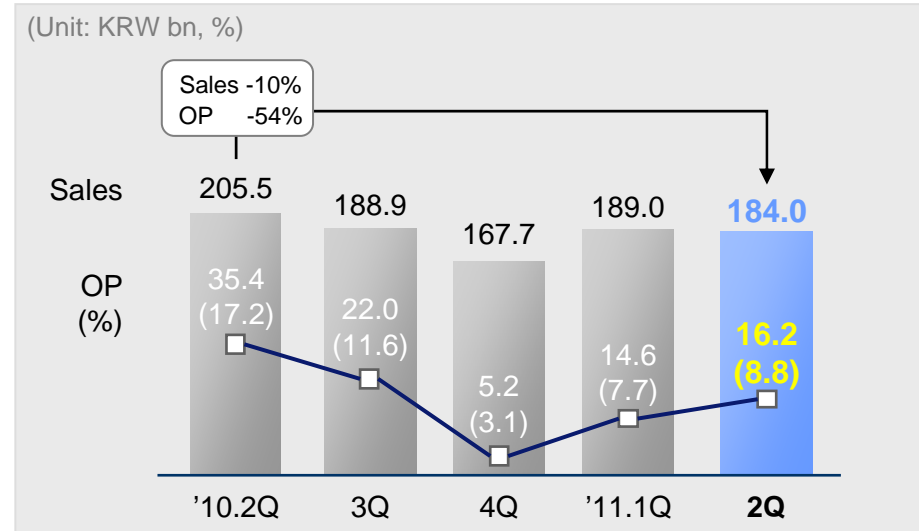
1	Highlights
2	2Q11 Results – Doosan Corp.
<b>3</b>	<b>2Q11 Results – Divisional Sales &amp; OP</b>
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# Divisional Sales & OP – Electro-materials, Mottrol

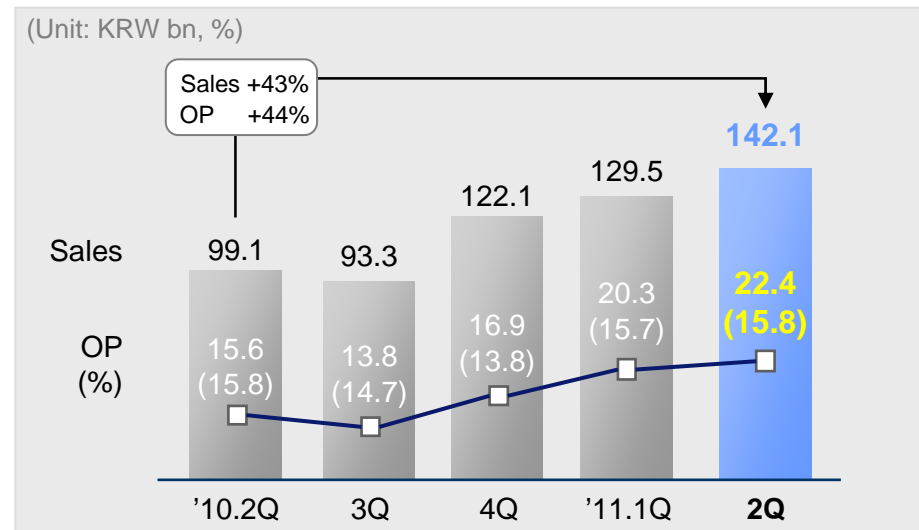
## 전자

- OP in 2Q11 continued to grow to 16.2bn since 4Q10 (OP Margin 8.8%)
- Prospect increasing OP trend afterwards
  - securing new customers of package CCL & scaling down of commodity CCL



## 모트롤

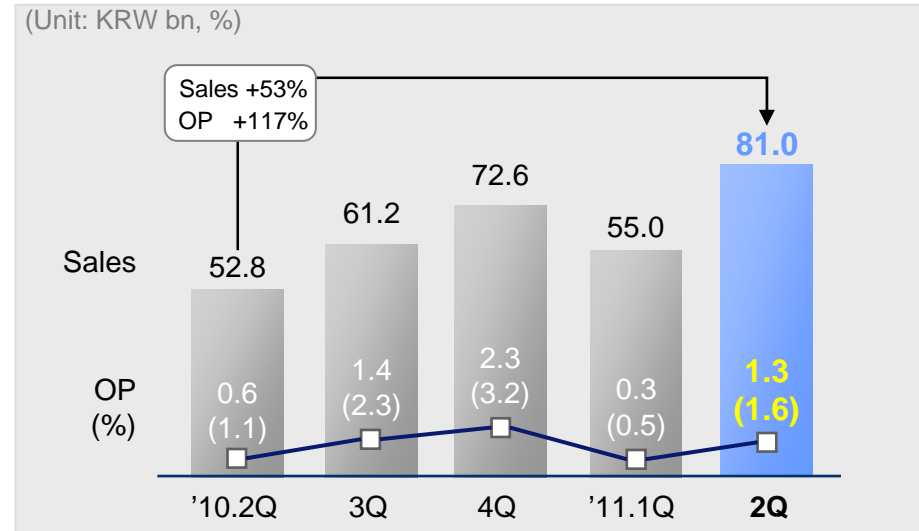
- Sales in 2Q11 surged +43% YoY
- OP in 2Q11 also grew +44% YoY
  - Due to continuous demand increase from chinese excavator customers



# Divisional Sales & OP – Glonet, I&C

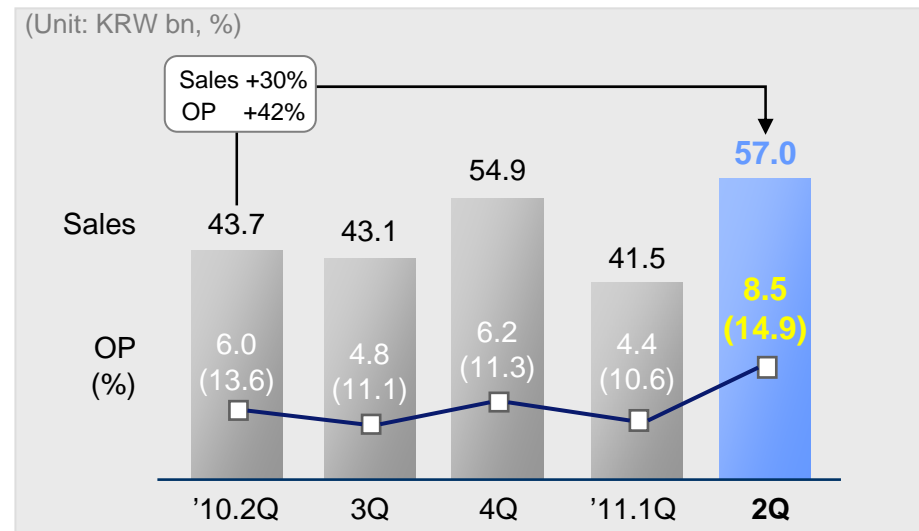
## 글로넷

- Sales & OP increased by expanding logistic services to Doosan affiliates from 2Q in earnest
  - w/ DI on March, 2011 (3 yr contract KRW 385.0bn)
  - w/ DHI on May, 2011 (3 yr contract KRW 128.2bn)



## 정보통신

- Sales in 2Q11 grew +30% YoY
- OP in 2Q11 rose +42% YoY
  - Make a stable growth by supplying more services to the affiliates in Doosan Group



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# Appendix 1. Financial Status

## Summary – Balance Sheet

(Unit: KRW bn, %)

	2010		June 2011
	K-GAPP	IFRS (Seperate)	IFRS (Seperate)
Current Assets	745.1	768.9	<b>798.4</b>
Non-current Assets	2,442.5	4,646.4	<b>4,734.9</b>
<b>Assets</b>	<b>3,187.6</b>	<b>5,415.3</b>	<b>5,533.3</b>
Current Liabilities	620.0	692.2	<b>798.8</b>
Non-current Liabilities	522.7	274.9	<b>357.2</b>
<b>Liabilities</b>	<b>1,142.7</b>	<b>967.1</b>	<b>1,156.0</b>
Paid-in Capital	154.1	154.1	<b>154.3</b>
<b>Equities</b>	<b>2,044.9</b>	<b>4,448.2</b>	<b>4,377.3</b>
<b>L/E Ratio</b>	<b>56%</b>	<b>22%</b>	<b>26%</b>

## Debt & D/E Ratio

(Unit: KRW bn, %)

	2010		June 2011
	K-GAPP	IFRS (Seperate)	IFRS (Seperate)
Bank	131.1	187.8	<b>221.5</b>
Debentures	347.0	347.0	<b>442.0</b>
Others	2.9	2.9	<b>8.8</b>
<b>Total Debt</b>	<b>481.0</b>	<b>537.7</b>	<b>672.3</b>
Cash	214.1	215.0	<b>132.4</b>
<b>Net Debt</b>	<b>266.9</b>	<b>322.7</b>	<b>539.9</b>
<b>Net D/E Ratio</b>	<b>13%</b>	<b>7%</b>	<b>12%</b>

## Appendix 2. Affiliates' Performance in 2Q11

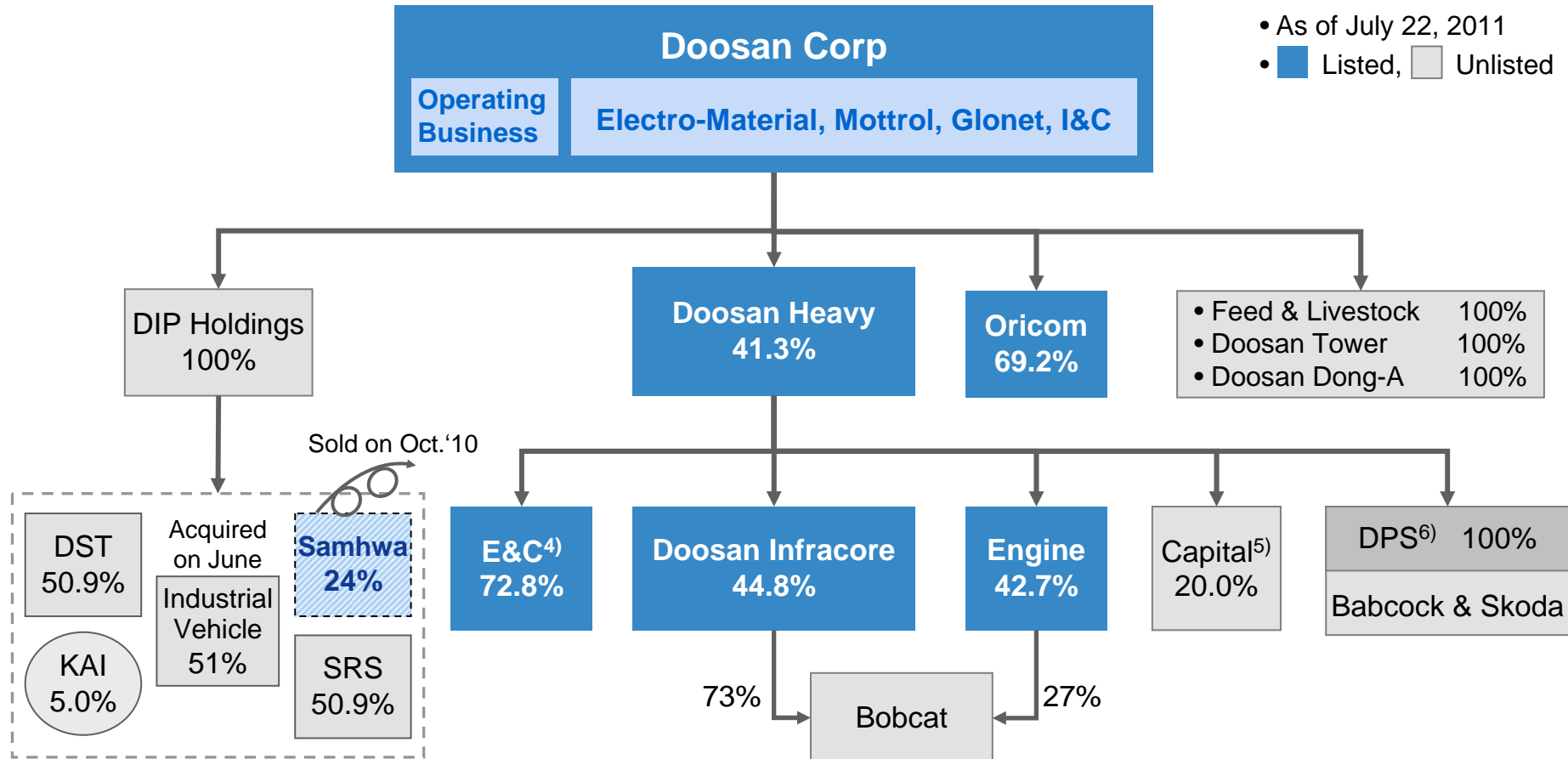
### Summary – Affiliates' Performance

(Unit: KRW bn, %)

Affiliates	2010						1Q11			2Q11		
	Sales	YoY	OP	YoY	NI	YoY	Sales	OP	NI	Sales	OP	NI
DHI	6,178.3	-1.6%	446.8	+10.6%	111.2	TB	1,212.1	77.5	44.4	1,646.7	120.3	53.6
DIP Holdings	-	-	58.3	-	55.5	-	33.7	33.6	30.0	-	41.5*	31.2
• Doosan DST	971.0	+37.5%	109.8	+81.8%	87.1	+81.5%	123.1	11.1	9.4	205.4	14.5	11.2
• SRS	261.5	+5.8%	21.1	+7.7%	14.4	-11.1%	63.9	3.9	3.2	69.8	6.0	4.7
• KAI	1,266.7	+16.6%	121.0	+139.9%	78.8	-12.6%	294.4	3.9	2.7	Not disclosed		
Doosan Donga	232.0	+2.2%	12.5	+28.9%	1.4	TB	55.2	4.1	2.5	57.9	5.2	3.6
Doosan F&L	124.2	-1.8%	5.1	-12.1%	5.0	0%	27.3	-0.8	-0.2	30.4	0.6	0.8
Oricom	86.1	+12.8%	5.9	+63.9%	4.3	+87.0%	17.9	0.1	0.2	28.0	3.6	2.6
Doosan Tower	57.5	+11.2%	23.0	+59.7%	8.1	+636.4%	15.8	7.4	2.3	16.1	7.3	3.0
NeoPlux	27.2	-7.5%	6.2	+14.8%	5.1	+15.9%	7.1	2.9	3.7	12.1	6.8	5.3

\* Valuation gains on the unsold shares of KAI is included in OP of DIP Holdings (room for manoeuvre)

# Appendix 3. Shareholding Structure of Doosan Group



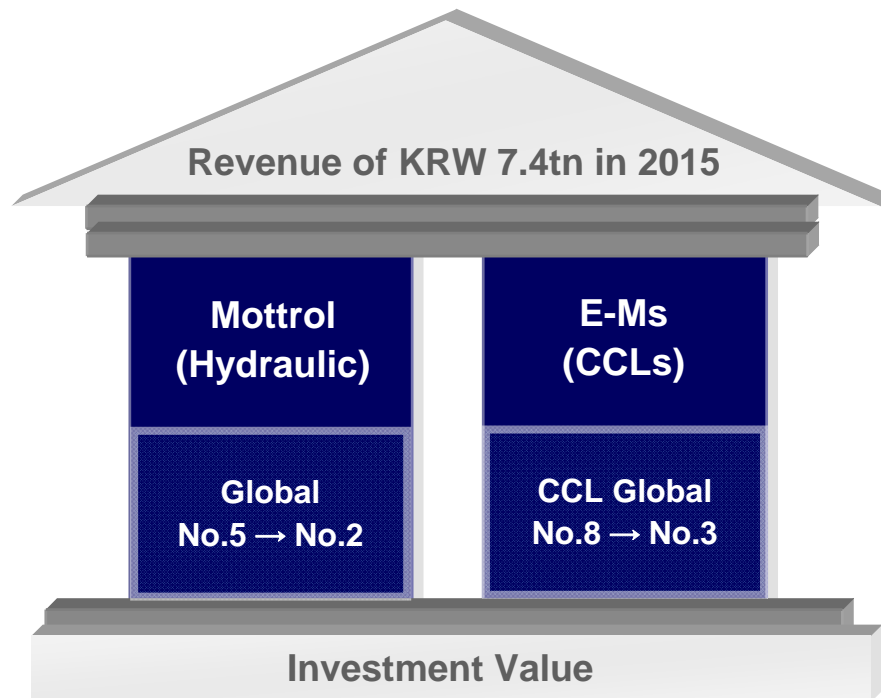
1) DST : Defense System & Technology  
 2) SRS : System Restaurant Service (KFC & Burger King)  
 3) KAI : Korea Aerospace Industries  
 ※ Minority shares held by affiliates not displayed

4) E&C : Merged Mecatec on Nov. 1, 2010  
 5) Capital : Infracore owns 14.3% shares beside Doosan Heavy  
 6) DPS : Doosan Power Systems

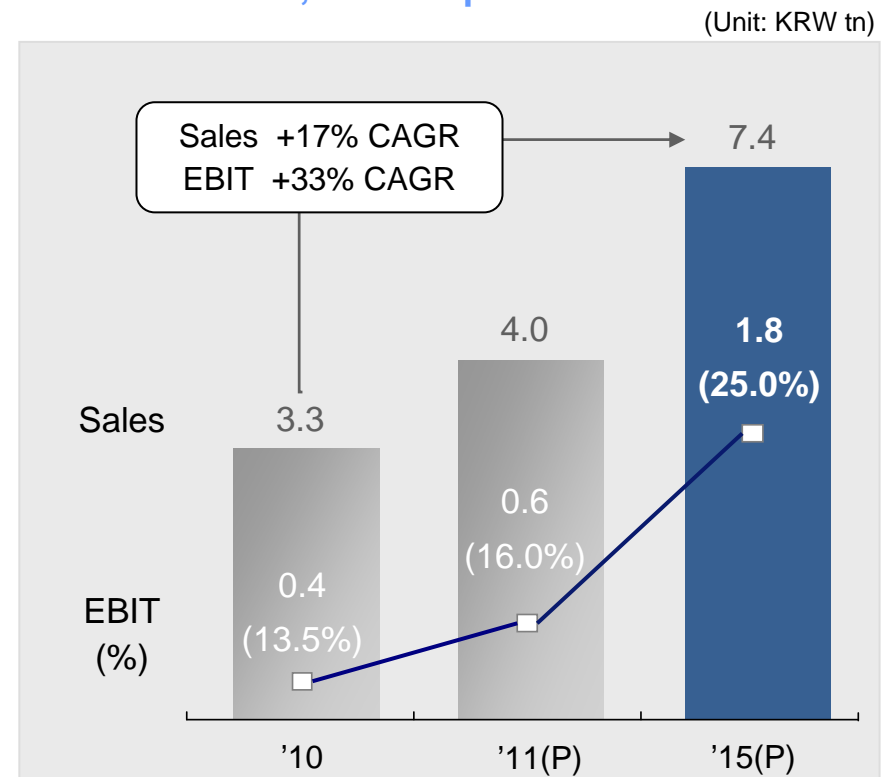
## Appendix 4. Doosan corp.'s vision

- Sales: KRW3.3tn in 2010 → KRW7.4tn in 2015 (CAGR 17%)
- EBIT: KRW0.4tn in 2010 → KRW1.8tn in 2015 (CAGR 33%)
- Main growth driver: Hydraulic parts biz of Mottrol & CCLs biz of Electro-materials
  - Mottrol : 'Global No.5 → No.2' (Sales: KRW0.4tn in '10 → KRW1.5tn in '15)
  - Electro-materials : 'Global No.8 → No.3' (Sales: KRW0.7tn in '10 → KRW1.4tn in '15)

### Vision



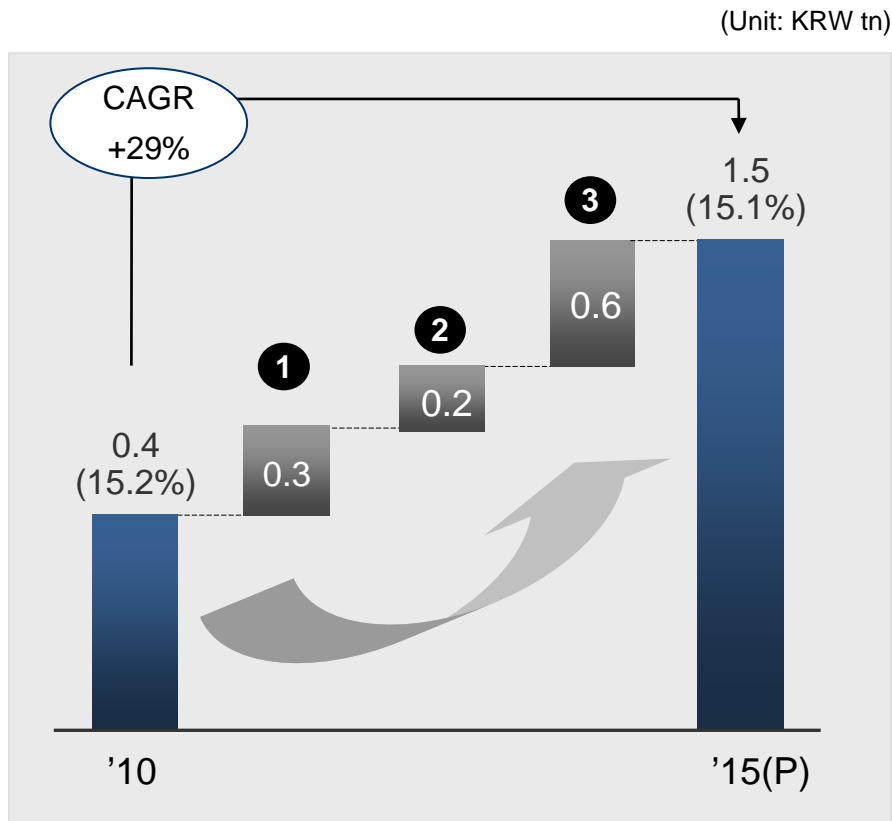
### Mid-term Sales , EBIT Aspiration



# Appendix 5. Mottrol's Growth strategy – Extend market & new growth engine

- Growth target : Sales of KRW 1.5tn & EBIT margin of 15.1% in 2015
- Achieve with Mottrol's core competencies such as competitive price, high quality and quick delivery system.

## Sales and EBIT



## Strategy

### 1 Global Top Tier Comprehensive components company

- Increase hi value-added products such as MCV
- Supplying to advanced CE companies. (ex. CAT)

### 2 Localization to extend China market

- In China, MS No.4 → No. 2 until 2015
- Expand capacity by establish new factory in China.

### 3 Secured captive market

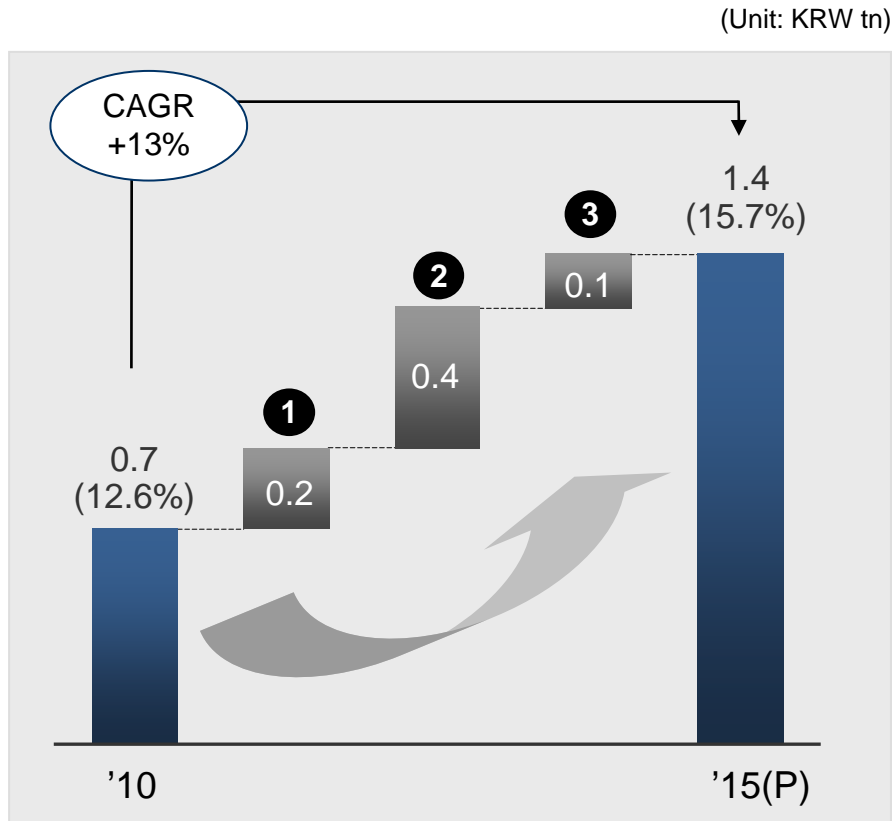
- Easier to develop core technologies
- Expand into adjacent parts business based on core technology



# Appendix 6. E-Ms' Growth Strategy – Extend Market & Enhance profitability

- Global Top Player in Hi-end CCL : Global No.8 → Global No.3
- Growth target : Sales of KRW 1.4tn & EBIT Margin of 15.7% in 2015

## Sales & EBIT



## Strategy

### 1 Enhance profitability by Increasing M/S of Hi-end CCL

- Hi-end CCL : 8% in '08 → 24% in '10 → 42% in '15

### 2 Entering china market → Growth momentum

- Build a platform to be a Global No.3 maker

### 3 Improve OP Margin of commodity CCL & Grow OLED biz for new growth

## Appendix 7. Financial Structure Outlook for 2015

- Liability/equity ratio of 40% and net cash position in 2015 on the back of solid operating cash flow, dividend income and business restructuring.

