Doosan Corp.

2012 2Q Results

2012. 7

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Highlights (1/2)

1 **2Q12 Results (Consolidated)**	❶ 2Q sales increased 11.4% QoQ and 9.6% YoY to KRW 1.05 trillion ❷ 2Q OP grew 38.1% QoQ and declined 36.8% YoY to KRW 119 billion ❸ OP growth in QoQ was from the earning improvement of business unit and increasing equity method gains - Business unit : OP increased 38.1% QoQ from sales growth of Industrial Vehicle, SRS, Oricom, and Doosan Bears - Equity Method : Equity method gain surged 66.2% QoQ on the back of improving earnings of Doosan heavy's plant business and Infracore's rising sales to the U.S ❹ In 3Q, addition to solid performance of subsidiaries, in-house business' earnings are expected to rebound thanks to increasing sales of E-Ms from serial new product launches of clients and improving market condition of Mottrol
2 **E-Ms**	❶ E-Ms sales declined in 2Q since it faced Inventory adjustment as new products launch of the clients neared, but expect a full recovery in 3Q ❷ Sales of high-margin products are expected to surge in 2H thanks to increasing demands for smartphone and Tablet PC and rising sales of OLED ❸ Expecting earning improvement to continue given the smartphone and tablet PC industries are fast growing and less cyclical industries

Highlights (2/2)

3 Mottrol	① Construction projects in China are expected to be resume in 1Q13 from political regime changes in 4Q12. Mottrol's earnings are expected to rebound in 2H since orders of part suppliers precede 2 to 3 months than orders of excavator makers ② Mottrol is prepared to take advantage of the future market recovery on the back of expanded M/S in China with the opening of new Chinese plant ③ Sales to rebound from sales diversification to developed markets and product line expansion
4 Glonet / I&C	① Glonet sales to continuously increase as logistics and rental businesses grow - Captive M/S for logistics is expected to increase to 90% in '15 from 23% in '11 ② I&C earnings to continuously improve in 3Q from increasing IT projects within the group
5 Improving Shareholder Value	① Stable dividend policy - Doosan has paid dividends continuously to improve shareholder's value. The average dividend yield for the past 3 years was 2.2%, which was relatively higher than its peers - Increased annual dividend to KRW 3,000 per a share in '11 (2.1% dividend yield) - Declared quarterly dividend of KRW 500 per share ② Treasury share cancellation and share purchase - Completed share buyback and cancellation in Jan '12 - Cancelled 16.4% of common shares and 6.5% of preferred shares in May '12 - Announced share purchase of KRW 50 bn in May '12

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2012 2Q Results – Consolidated

- 2Q sales increased 11.4% QoQ and 9.6% YoY to KRW 1.05 tn
  - QoQ : Rose 11.4% from growing sales of business unit and increasing equity method gains
  - YoY : Increased 9.6% thanks to remarkable sales growth of Industrial vehicles and SRS
- 2Q OP increased 38.1% QoQ and fell 36.8% to KRW 119 bn
  - Declined 22.4% YoY, excluding the base effect of selling KAI shares

2012 2Q Results

(Unit: bn KRW, %)

	'11.2Q	'12.1Q	'12.2Q	YoY	QoQ
Sales	958	942	**1,050**	+9.6%	+11.4%
Business unit	895	903	**985**	+10.0%	+9.0%
Equity method	63	39	**65**	+3.0%	+66.2%
OP	188	86	**119**	-36.8%	+38.1%
Business unit	90	47	**54**	-40.3%	+14.7%
Disposal benefit	35	-	**-**	-	-
Equity method	63	39	**65**	+3.0%	+66.2%

2012 2Q Operating Profits

1 Business Unit

- OP grew 14.7% QoQ thanks to greater profit contribution of I&C division from increasing group projects, and remarkable sales growth of Industrial Vehicle from sales force strengthening
- Expect strong 3Q earnings due to solid performance of subsidiaries and earnings improvement of E-Ms divisions on the back of increasing demand for smartphone and Tablet PC

2 Equity Method

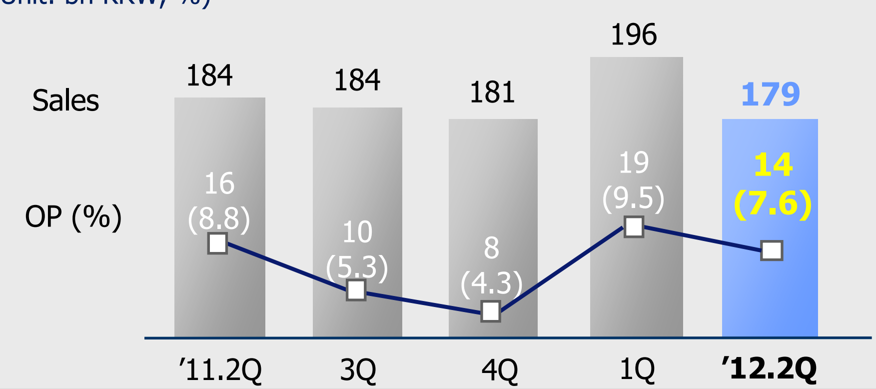
- Equity method gains surged 66.2% QoQ from improving earnings of Doosan heavy's plant business and Doosan Infracore's sales increase to the U.S

2012 2Q Results – Business Units

E-Ms

- Sales and OP decrease 3.0%, 15.9% YoY, respectively
- Sales fell from the Inventory adjustment as clients' new product launches neared

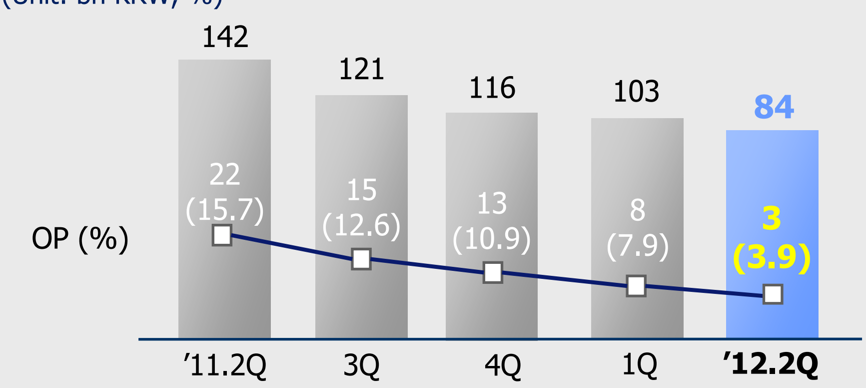
(Unit: bn KRW, %)



Mottrol

- Sales and OP fell 40.6%, 85.2%, respectively
- Sales and OP declined due to sluggish Chinese market

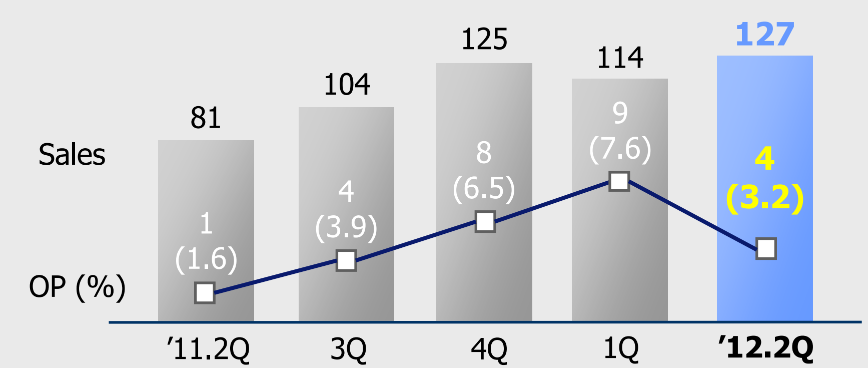
(Unit: bn KRW, %)



Glonet

- Sales and OP grew 56.7%, 207.7% YoY, respectively
- Earning improvement of rental business

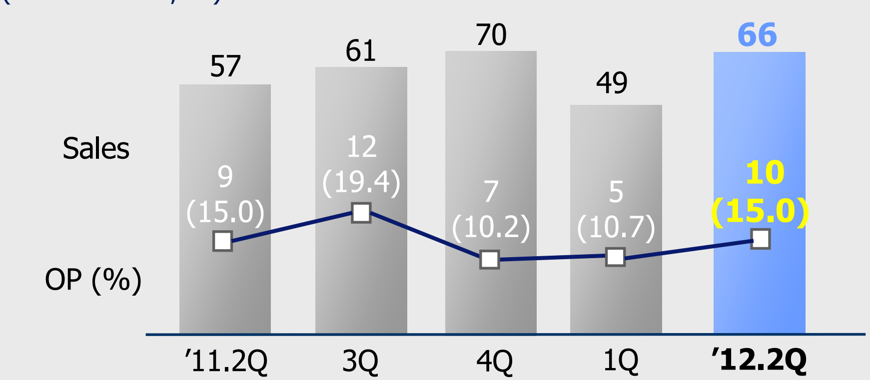
(Unit: bn KRW, %)



I&C

- Sales and OP grew 15.3%, 17.1% YoY, respectively
- Sales surged from Increasing group project

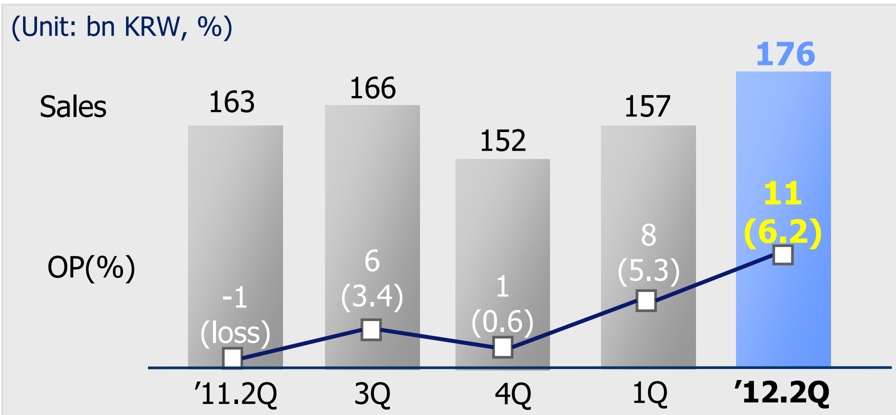
(Unit: bn KRW, %)



2012 2Q Results – Business Units

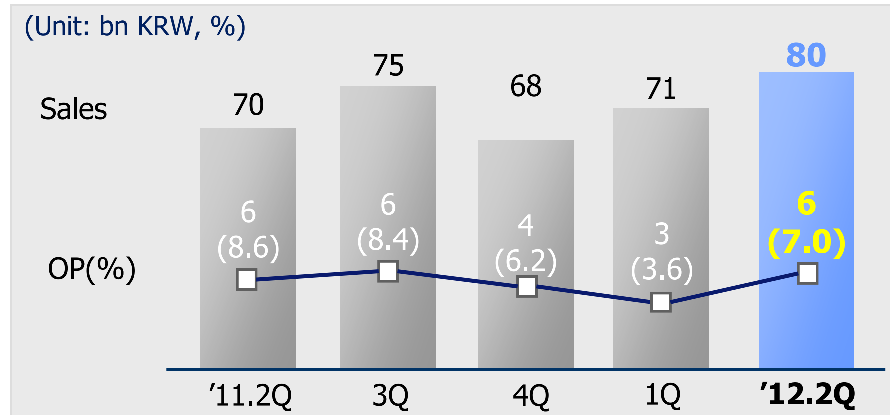
Industrial Vehicle

- Sales and OP increased 8.3% YoY, 15.9%, respectively
- Earning improvement from M/S expansion



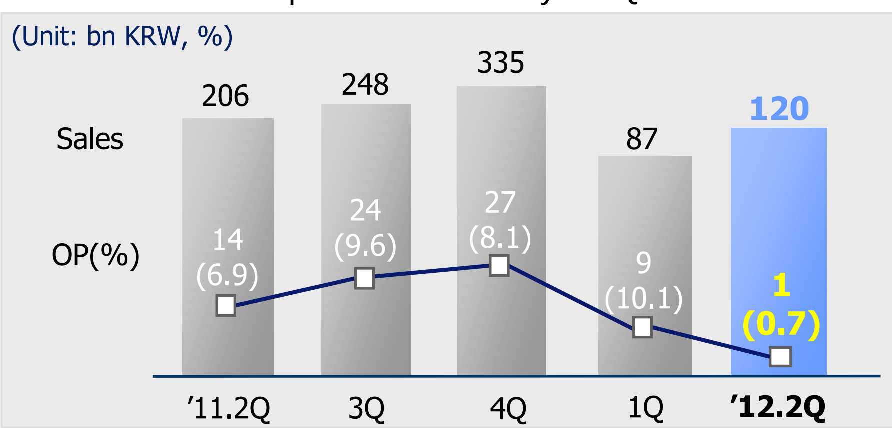
SRS

- Sales grew 14.3%, OP declined 6.2%
- Solid earnings from expanding product lines



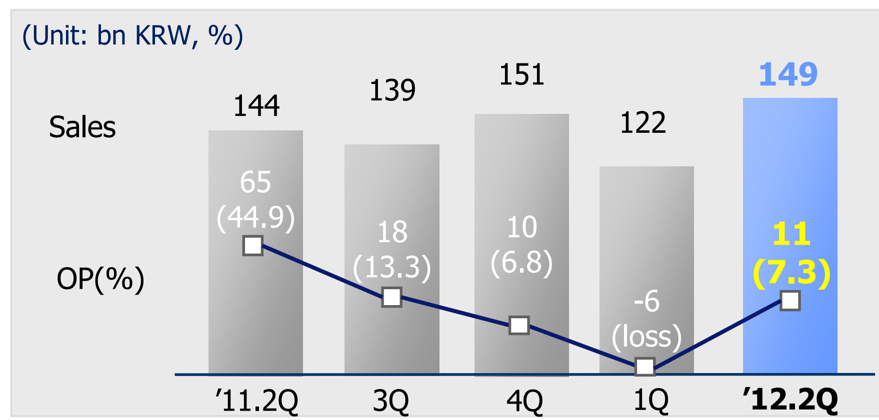
DST

- Sales fell 41.5% YoY, OP fell 94.4% YoY
- Non-operating one off cost took place in 2Q, expect a full recovery in 3Q



Others

- Sales grew 3.5% YoY, OP fell 82.8% YoY
- Declined from base effect of selling KAI's shares



Financial Status of Doosan Corp.

Summary - B/S

(Unit: bn KRW)

Items	B/S(Parent) 1Q'12	B/S(Parent) 2Q'12
Current Assets	754	**685**
Non-current Assets	2,500	**2,510**
Total Assets	3,254	**3,195**
Current Liabilities	627	**446**
Non-current Liabilities	664	**772**
Total Liabilities	1,291	**1,217**
Paid-in Capital	154	**132**
Equities	1,964	**1,977**
L/E Ratio	66%	**61%**

(Unit: bn KRW)

Items	B/S(Consolidated) 1Q'12	B/S(Consolidated) 2Q'12
Current Assets	1,815	**1,784**
Non-current Assets	4,535	**4,587**
Total Assets	6,350	**6,371**
Current Liabilities	1,626	**1,446**
Non-current Liabilities	1,272	**1,412**
Total Liabilities	2,898	**2,859**
Holdings Stake	3,167	**3,220**
Equities	3,452	**3,513**
L/E Ratio	84%	**81%**

Debt

(Unit: bn KRW)

Items	Parent 1Q'12	Parent 2Q'12
Bank	246	**341**
Corp. Bonds	467	**370**
Others	36	**23**
Total Debt	749	**734**
Cash	142	**119**
Net Debt	607	**615**
Net D/E Ratio	31%	**31%**

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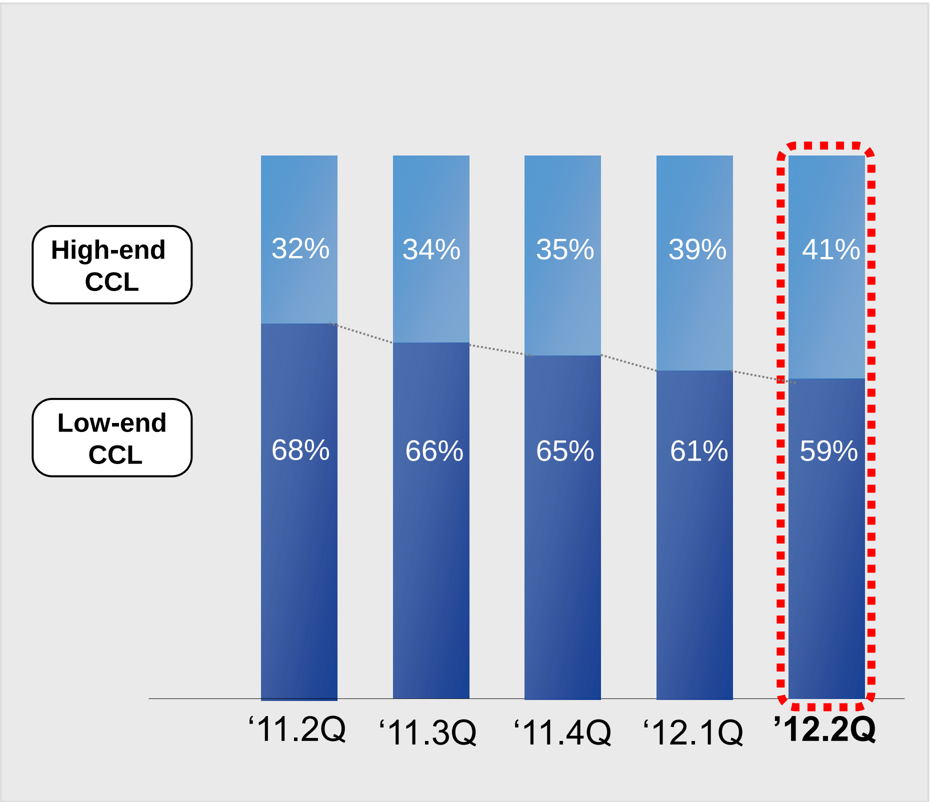
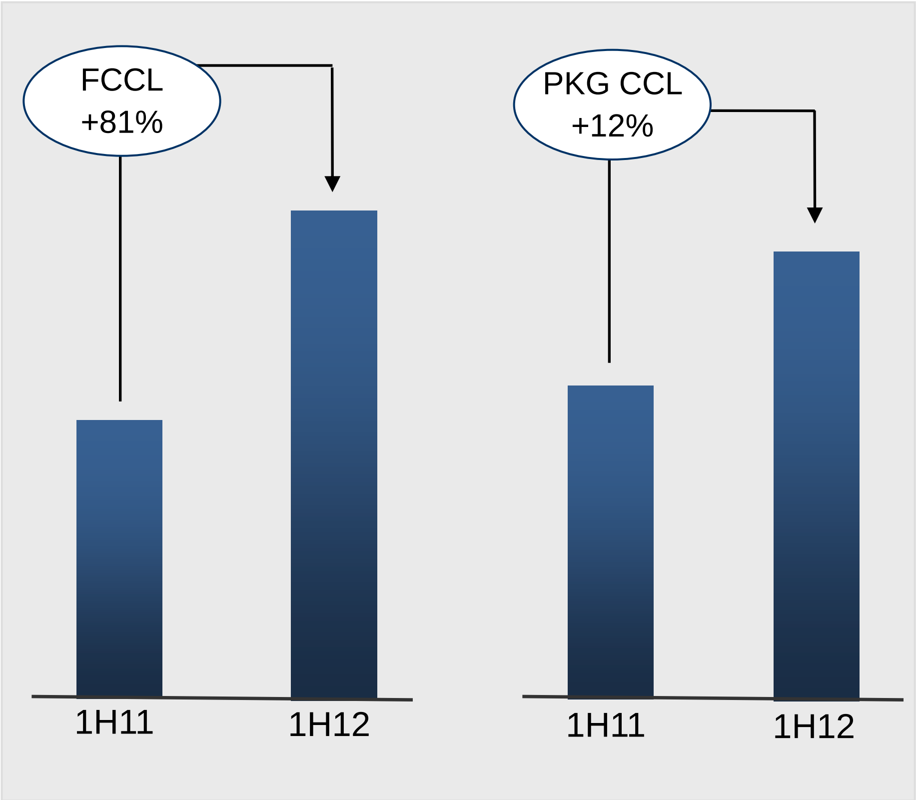
1. In-house business: E-Ms – ① Product Mix Improvement

- Expect margin to improve continuously from reducing sales of low margin CCL and expanding sales of high margin products as FCCL, PKG CCL, MCCL, OLED
- FCCL sales surged in 1H from increasing demand for smartphones and Tablet PCs
- Expect continuous sales growth of high margin products in 2H thanks to new smartphone releases and newly added FCCL production lines

E-Ms Sales Breakdown



Sales of FCCL & PKG CCL



1. In-house business: E-Ms – ② Increasing demand for smartphone

- Expect substantial sales growth on the back of major clients' new product launches
- Added new FCCL production line in 1H to meet increasing demand for smartphone and tablet PC
- Expect earning improvement trend to continue given the smartphone and tablet PC industries are fast growing and less cyclical industries

New Smartphone and Tablet PC products

Effect on E-Ms division

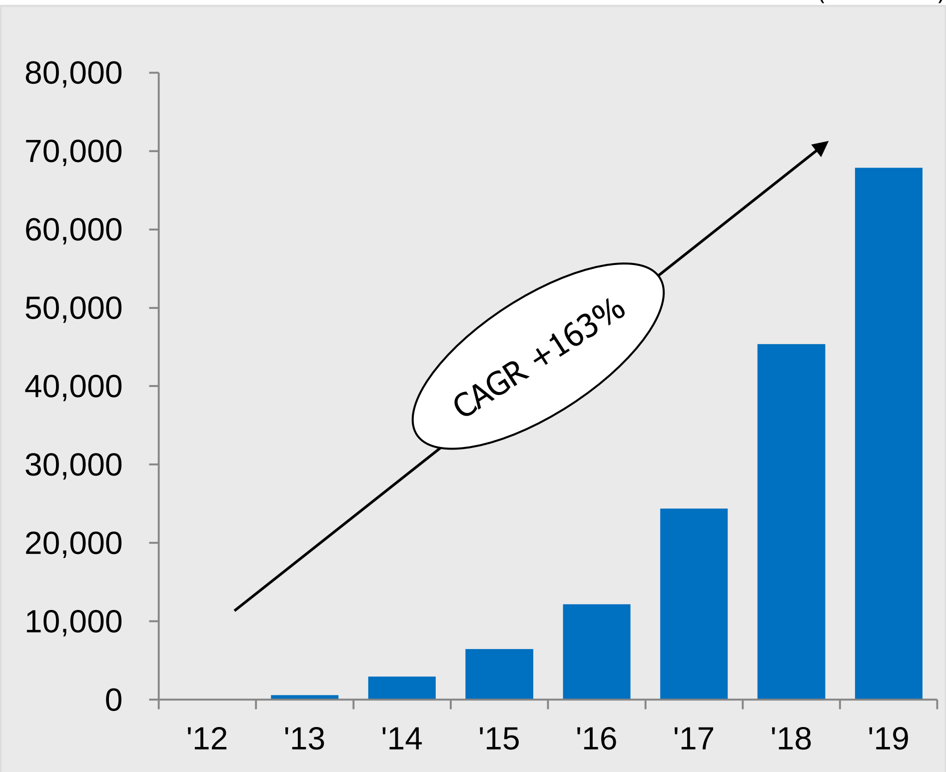
1. Expect sales growth of high margin product from major clients' new product launches that are scheduled for 2H
2. E-Ms division is closely related to smartphone and Tablet PC markets since sales to smartphone and Tablet PC account for 75% of total E-Ms OP
3. New FCCL production lines are expected to start operating from July(domestic) and August(Chinese)

1. In-house business: E-Ms – ③ Growing OLED markets

- Market leader in green fluorescence materials market
- Currently in process of developing phosphorescence materials
- Expect OLED sales to grow in 2H due to clients' mass production plan for OLED TV
- According to 'Displaysearch', OLED TV market growth is expected to be materialized from 2H12 and shipment is expected to increase CAGR of 163% by 2019

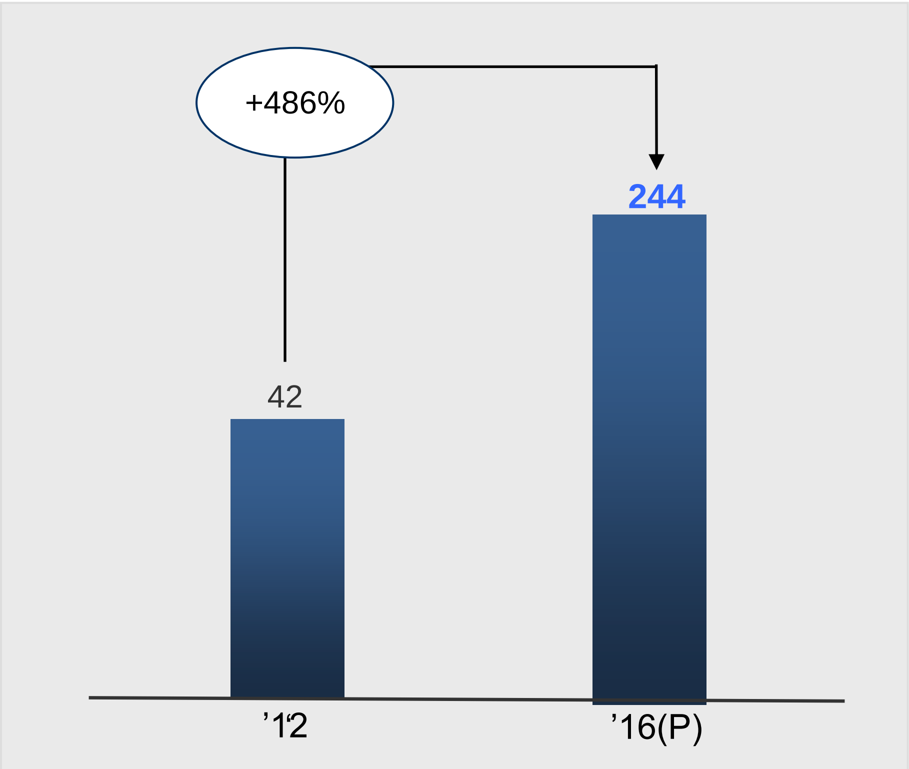
OLED TV shipment forecast

(Unit: '000)



E-Ms OLED sales forecast

(Unit: bn KRW



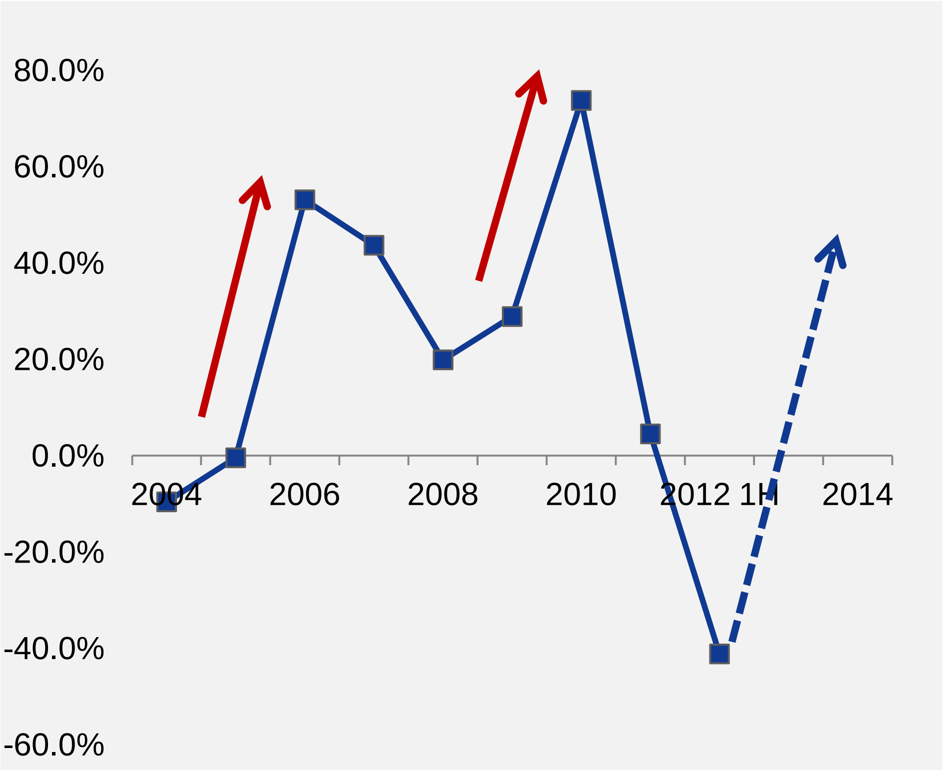
* 자료 : Displaysearch

2. In-house business: Mottrol – ① China market outlook

- Construction projects in China are expected to be resumed in 1Q13 from political regime changes in 4Q12
- Mottrol's earnings are expected to rebound in 2H given part supplier orders precede 2 to 3 months
- Expect monetary easing and market recovery in China from the resume of delayed project in 2H

Excavator sales growth in China

(Unit: YoY)



* Source: China Machine Tool & Tool Builders' Association

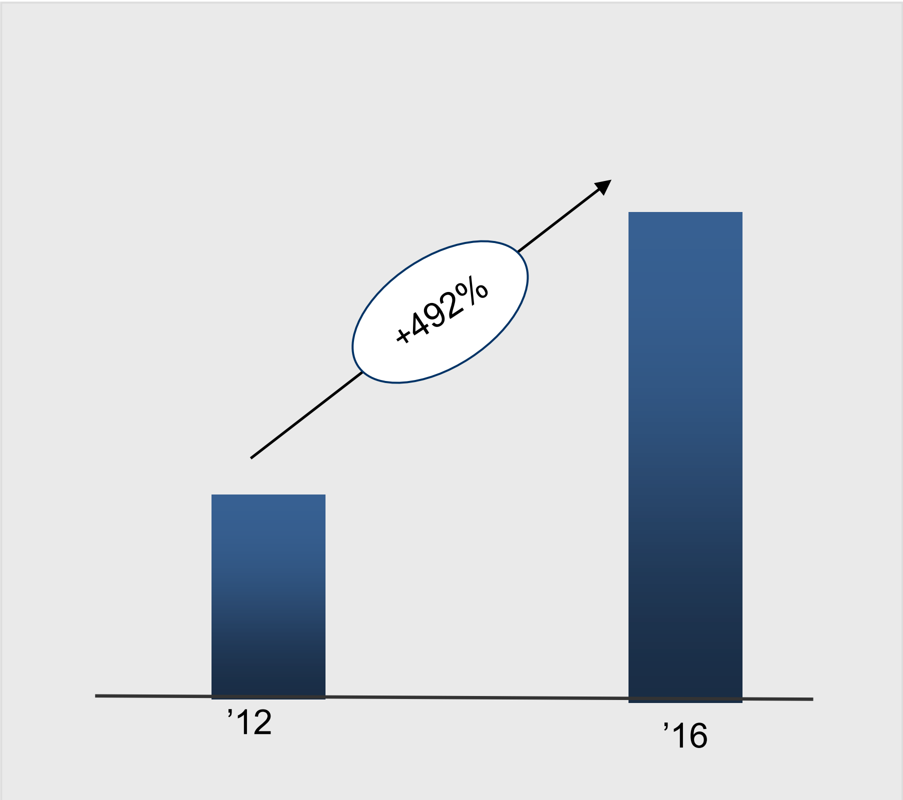
Positive signal for market recovery

- **Execute RMB 300 billion in 2H, out of total annual railroad investment fund of RMB 406 billion**
  → executed RMB 105 billion in 1H, and remaining RMB 301 billion will be executed in 2H
  → Plan to extend railroad length up to 120,000Km from 93,000Km
- **Expect stimulate economy policy from China government**
  → Resume public investment
  (Plant, Railroad, road, subway, etc.)
- **Change financial policy as a part of China monetary easing**
  → interest rate cut, loan expansion

2. In-house business: Mottrol –② Client and product diversification

- Enter developed markets by improving product quality and customer loyalty
- Secure new client base from developed and emerging markets as well as from non-excavator markets
- Strengthen existing client base in developed market by building customer loyalty

Sales growth to developed markets



Client Diversification

- Increase supply to developed market by stabilizing quality
- Expand product line for large-sized excavator
- Secure new client base from new markets other than China

Product Diversification

- Diversify product lines to attract potential clients and to secure full line up
- Develop low cost models
- Expand client base to mining equipment manufacturers

2. In-house business: Mottrol –③ Major Customers (1)

VOLVO

CATERPILLAR®

Bobcat®

DOOSAN

KOBELCO®

TEREX®

HYUNDAI HEAVY INDUSTRIES CO.,LTD.

JCB

WACKER NEUSON

JOHN DEERE

SANDVIK

2. In-house business: Mottrol –④ Major Customers (2)

SANY

YUCHAI

山东临工
SDLG 沃尔沃集团成员公司

LONKING 龙工

XCMG
徐工集团

LOVOL 福田雷沃重工

LIUGONG
柳工

厦工
XGMA

SUNWARD

LISHIDE 山东力士德机械有限公司
SHANDONG LISHIDE CONSTRUCTION MACHINERY

山东众友
JCM

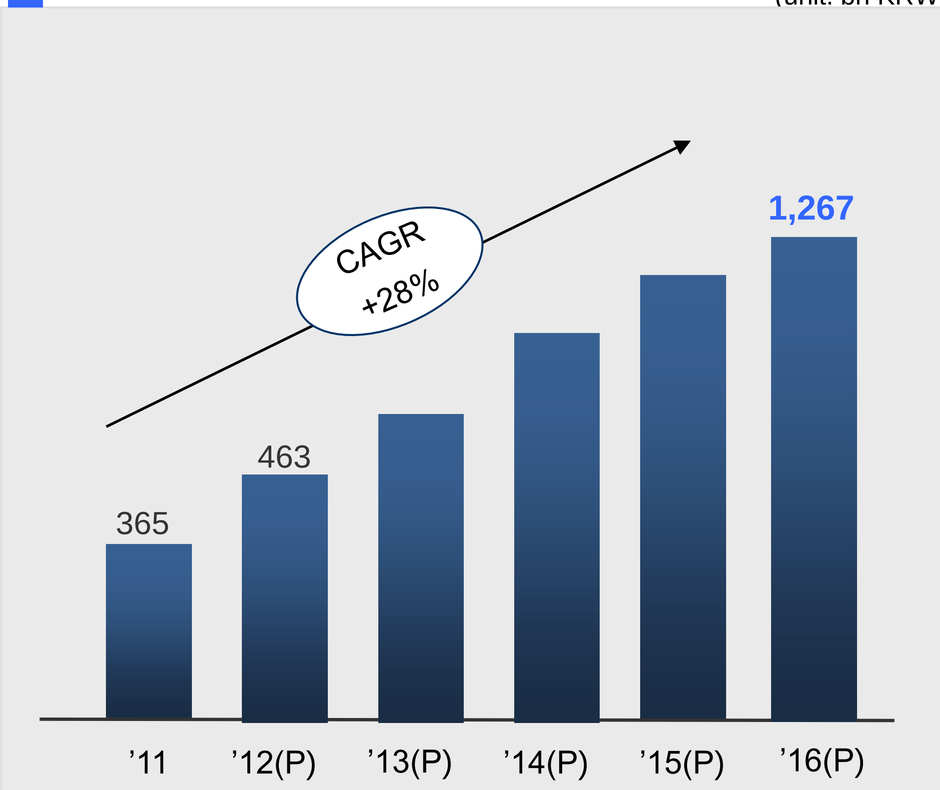
ZOOMLION

3. In-house business: Glonet – Expanding logistics and Rental businesses

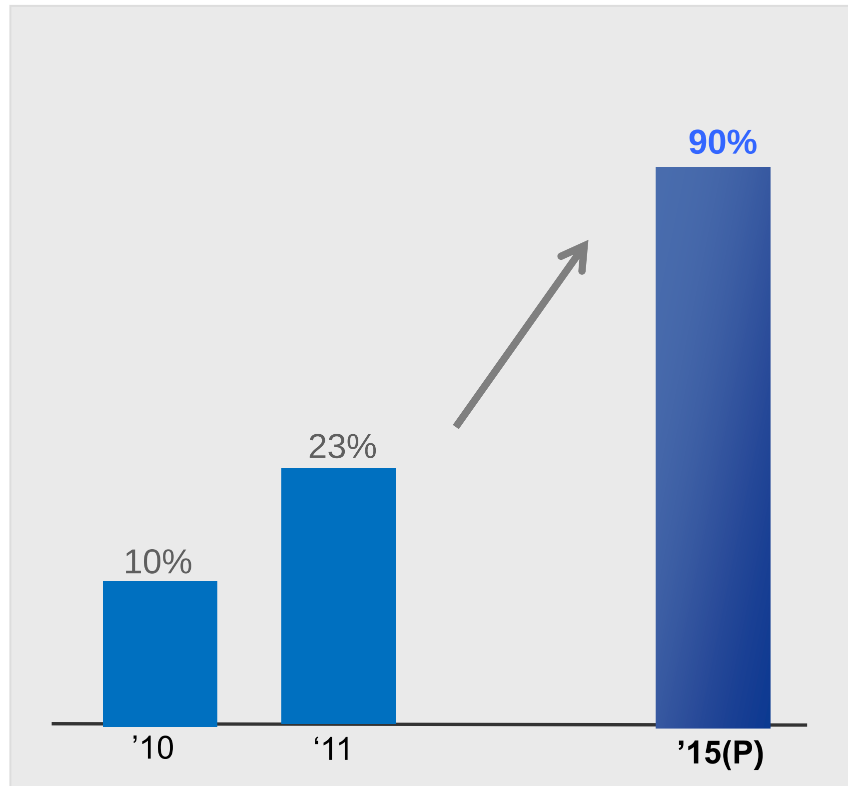
- Expect sales to grow continuously from expanding logistics and construction equipment rental businesses
- Captive M/S for logistics is expected to increase to 90% in '15 from 23% in '11
- Rental business will expand its operations to both captive and Non-captive markets

Glonet sales forecast

(unit: bn KRW)



Captive M/S for Glonet



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Appendix 1. Investment Companies

DST

- Defense system specialized company manufacturing armored vehicle, etc

Dong-A

- Educational publishing company publishing textbooks and reference books

Industrial Vehicle

- Industrial vehicle specialized in forklifts

Feed & Livestock

백두사료

- Stockbreeding specialized company producing assorted feed for animals

SRS

BURGER KING HAVE IT YOUR WAY

KFC so good

- Food–service company w/ franchisee of BURGERKING and KFC in Korea

KAI

- Aerospace company manufacturing aircrafts and components

Tower

- A massive, trendy shopping centre

Oricom

- Advertising agency
- Magazine publisher

E O D