



Doosan Corporation Quarterly Business Review 1Q 2015

2015. 4



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Financial data in this presentation is on a IFRS consolidated and IFRS parent basis.

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1Q Result (Parent)

- 1Q sales and OP grew YoY and QoQ remarkably on parent basis
 - In-house OP increased both YoY and QoQ thanks to the solid performance of E-Ms and Industrial Vehicle
 - E-Ms and Industrial vehicle should continue to grow in 2Q thanks to new product release by major client and sales increase in North America & emerging markets

(Unit : KRW bn, %)

	'14. 1Q	'14. 4Q	'15. 1Q	YoY	QoQ
Sales	504	460	513	+1.9%	+11.7%
OP (%)	80 (15.9%)	16 (3.4%)	85 (16.5%)	+5.7% (+0.6%P)	+440.8% (+13.1%P)
▪ In-house	29	27	39	+33.1%	+42.9%
▪ Dividend income, etc*	51	-11	46	-10.0%	-

* Dividend income, internal adjustment, and others

1Q15 Results (Consolidated)

- Despite strong performance of in-house business, consolidated sales and OP slightly declined due to lower earnings from subsidiaries
 - 1Q subsidiaries results fell due to sales decrease of Doosan Heavy as large-scale overseas EPC projects neared completion and one-off restructuring cost from Doosan Infracore
 - 2Q earnings to improve significantly from large-scale order recognition of Doosan Heavy, continuing sales expansion of Doosan Infracore, and resuming housing business of E&C

(unit : KRW bn, %)

	2014. 1Q	2014. 4Q	2015. 1Q	YoY	QoQ
▪ Sales	4,688	5,641	4,600	-1.9%	-18.5%
- In-house	449	453	455	+1.3%	+0.3%
- Subsidiaries	4,239	5,188	4,146	-2.2%	-20.1%
▪ OP (%)	241 (5.1%)	225 (4.0%)	187 (4.1%)	-22.5% (-1.1%P)	-16.9% (+0.1%P)
- In-house	29	27	39	+33.1%	+42.9%
- Subsidiaries	212	198	148	-30.2%	-25.2%

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2015 Business Plan (Parent)

- 2015 business plan for the parent company is
 - Sales to increase 6.3% YoY to KRW 2.15 tn
 - OP to grow 58.4% YoY to KRW 248 bn (excluding one-off dividend income from disposing KFC) due to 1) growing in-house business thanks to product mix improvement of E-Ms, 2) sales increase from domestic and North America markets for industrial vehicle divisions

(unit : KRW bn, %)

	2014*	2015(P)	YoY
Sales	1,895	2,015	+6.3%
OP (%)	156 (8.3%)	248 (12.3%)	+58.4% (+4.0%P)
▪ In-house	113	152	+35.0%
▪ Dividend, etc. *	44	95	+119.3%

* '14 Sales and OP are excluding one-off dividend income from disposing KFC

** Dividend, internal adjustment, and others

2015 Business Plan (Consolidated)

- 2015 consolidated business plan is
 - Sales to grow 2.8% to KRW 21 tn
 - OP to increase 22.0% to KRW 1.23 tn

Subsidiaries' OP to grow from 1) increase in new orders of Doosan Heavy, 2) continued growth of Infracore's North America business, 3) order increase of E&C's engineering business, and 4) growing new engine orders for LNG ship

(unit : KRW bn, %)

	2014	2015(P)	YoY
▪ Sales	20,434	21,015	+2.8%
- In-house	1,793	1,869	+4.3%
- Subsidiaries	18,641	19,146	+2.7%
▪ OP (%)	1,008 (4.9%)	1,230 (5.9%)	+22.0% (+1.0%P)
- In-house	113	152	+35.0%
- Subsidiaries	895	1,078	+20.4%

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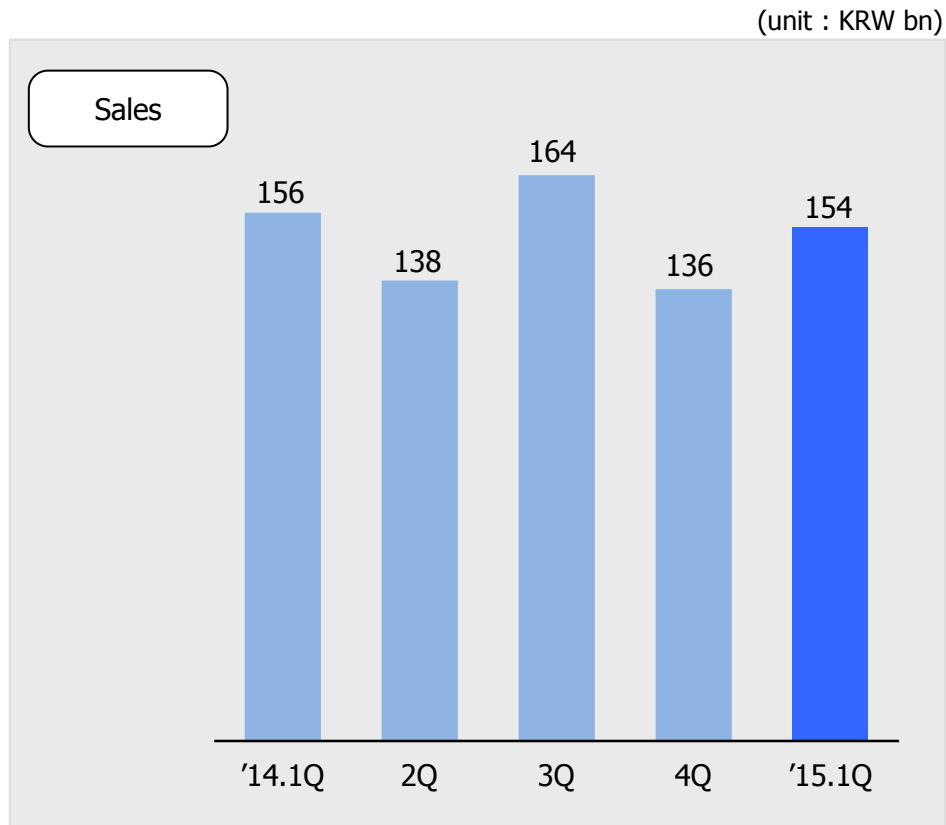
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E-Ms – 1Q Results (Parent)

- 1Q sales increased KRW 17bn to KRW 154 bn, and OP grew to KRW 13 bn on both YoY and QoQ basis
- OPM grew YoY on the back of increasing sales of high-end products thanks to new smart phone launches and client diversification

Quarterly sales and OP of E-Ms



1Q15 Highlights

1

Strengthened Overseas Business

- Enhanced profitability of China plant via expanding sales to Chinese clients
 - Sales to China: 1Q14 KRW 17 bn → 1Q15 KRW 30 bn (Increased 78.3% YoY)
- Stabilized Circuit Foil Luxembourg business by improving production yield
 - OP 1Q14 KRW -0.2bn → 1Q15 KRW 2.1 bn

2

Cost Structure Innovation

- Improved margin by streamlining the production process of low-end product and integrating production lines
- Reduced lines to increase productivity
- Saved cost via adjusting personnels

E-Ms – 2Q Outlook and Strategy

Continuing Growth

- Expand overseas business and increase M/S of High-end CCL¹⁾
 - FCCL: Maintain M/S of flagship models and expand business to low-end smart phone market
 - PKG : Expand M/S within mobile memory market (85%) and increase sales in non-memory market (AP, Camera Module)
 - Overseas: Diversify sales channel to Chinese set makers

Improving Profitability

- OP to grow from increasing sales of high-end products, especially PKG CCL
 - High-end CCL contribution : 45% in 2Q14 → 51% in 2Q15
- Reduce cost via local sourcing and improving production efficiency
 - Enhance production efficiency in domestic/China plants

Growth Driver

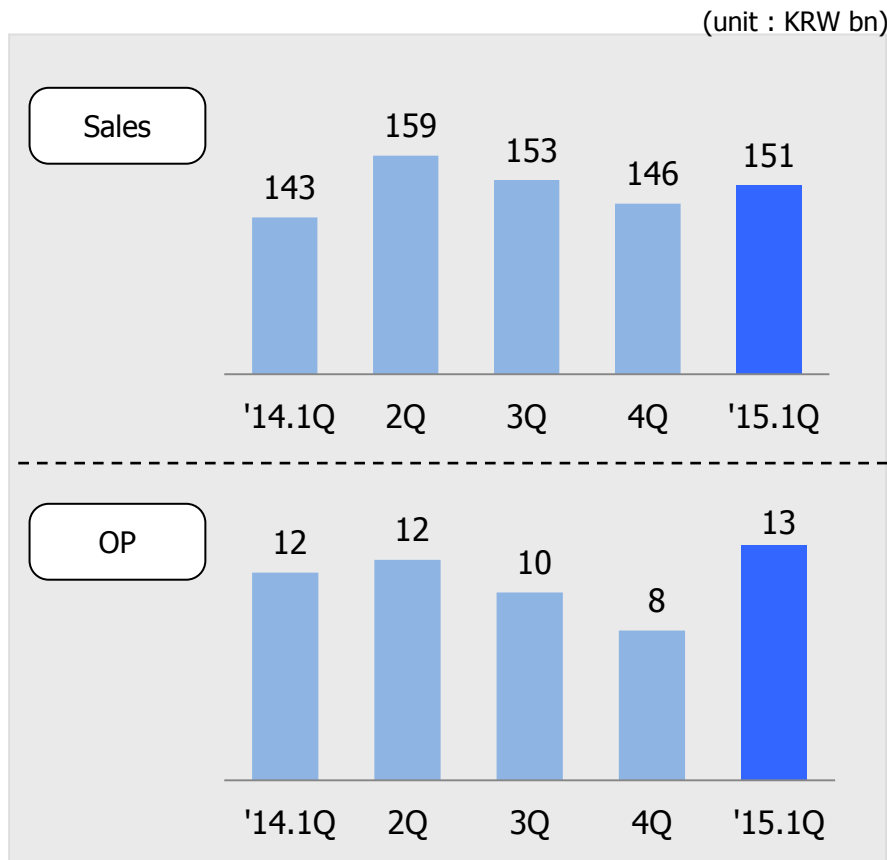
- Expand line-up to related industries
 - Automobile CCL and Mobile Film
- Developing new core technology to enter new business areas
 - Automobile, Energy, Infrastructure

¹⁾ FCCL, PKG CCL, Network Board CCL

Industrial Vehicle – 1Q Results(Parent)

- 1Q Sales and OP grew both YoY and QoQ basis thanks to sales increase in US and emerging market

Quarterly Sales & OP Trends



1Q Results

1

Strengthened Domestic Leadership

- Maintained domestic market shares 52%
- Secured additional growth driver
 - Prepared to launch Tier-4 model
 - Expanded Class III line-ups
- Continued to receive large sized fleet orders

2

Enhanced Overseas Market Position

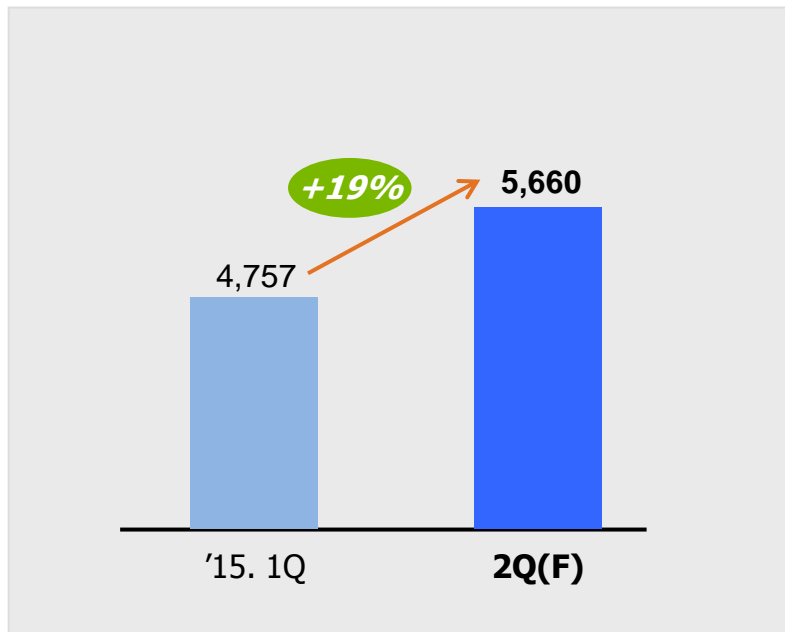
- Participated in Chicago ProMat 2015
- Official dealer meeting in North American dealers
- Increase sales to rental companies in US
- Received fleet orders from emerging markets

Industrial Vehicle – 2Q Outlook

- Expect sales to grow 17% as the US and European markets continue to grow
- As Tier-3 production will discontinue in 1H, sales volume from pre-order in the domestic market should grow in 2Q
- Accelerate growth in UK by acquiring a forklift rental company
- Secure new orders from emerging countries and diversify client base

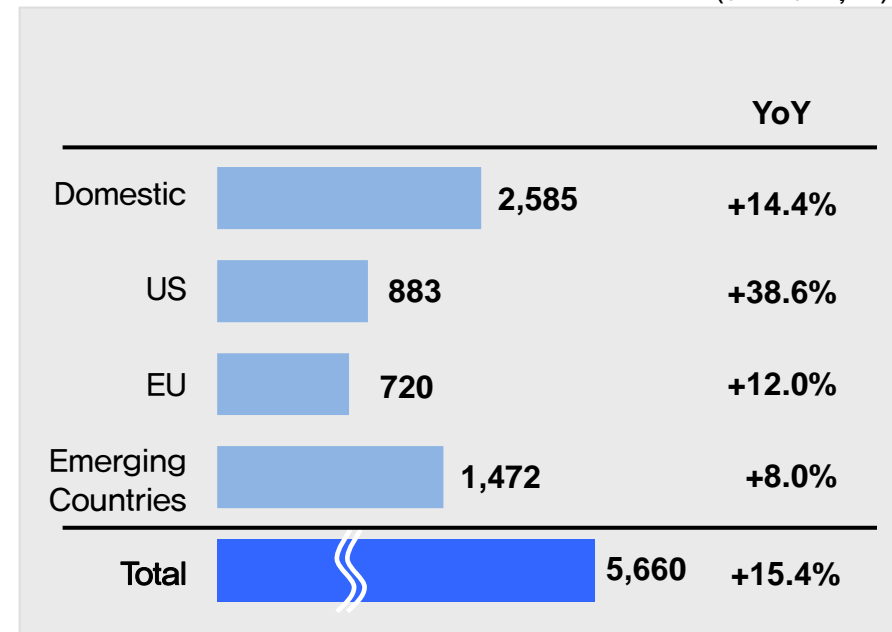
2Q Sales Outlook (Unit base)

(unit: unit)



2Q Sales breakdown

(unit: unit, %)



Industrial Vehicle – Rushlift acquisition

Back Ground

1 Overview

- Established in 1980 based in Wibtoft, UK
- Sales GBP 29.5M, EBIT 3.2M(10.9%) in 2013
- Owns 4,500 units of forklifts
- Sales network (5 branches in UK)

2 Purpose of M&A

- Expand to downstream business to improve profitability
- Secure top-tier competitiveness by expanding business portfolio (Finished goods + Downstream)

Synergy & Outlook

1 Additional Growth Momentum

- Nationwide network
(6 direct Offices/depots + 19 Regional dealers)
- Secure new national accounts in UK
- Increase sales of parts/service business

2 Downstream Business

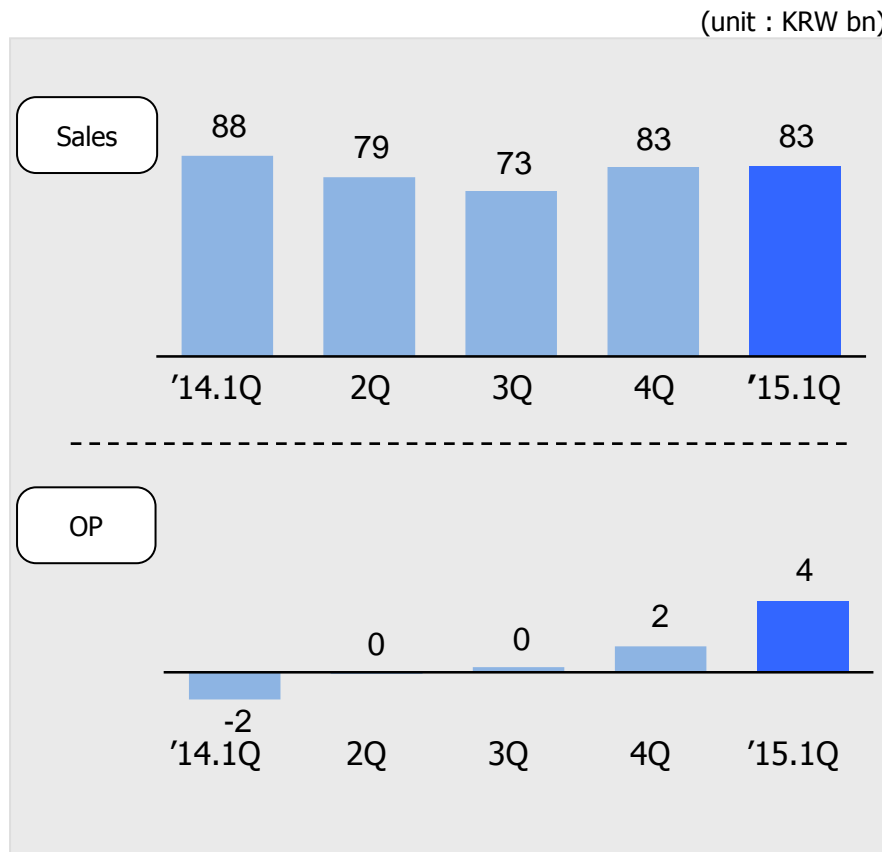
- Strengthen business capability through experiencing downstream businesses
- Business model enhancement
(finished goods sales, parts, Rental etc.)

* Company Owned Store

Mottrol – 1Q Results and 2Q Outlook (Parent)

- 1Q sales increased QoQ in spite of sluggish market in China while OP grew both YoY and QoQ thanks to cost reduction from restructuring

Quarterly Sales Trends



1Q Results & 2Q Outlook

1

1Q – Diversified Clients & product / Improved profitability

- Supplied travelling / swing/ pumps to Chinese local clients
 - 1Q M/S in China 17.6% (YoY 2.4%P ↑)
- Increased sales to advanced markets
 - Supplied Pilot model(travelling device) & began mass-production to advanced makers

2

2Q – Expansion of non-excavator components

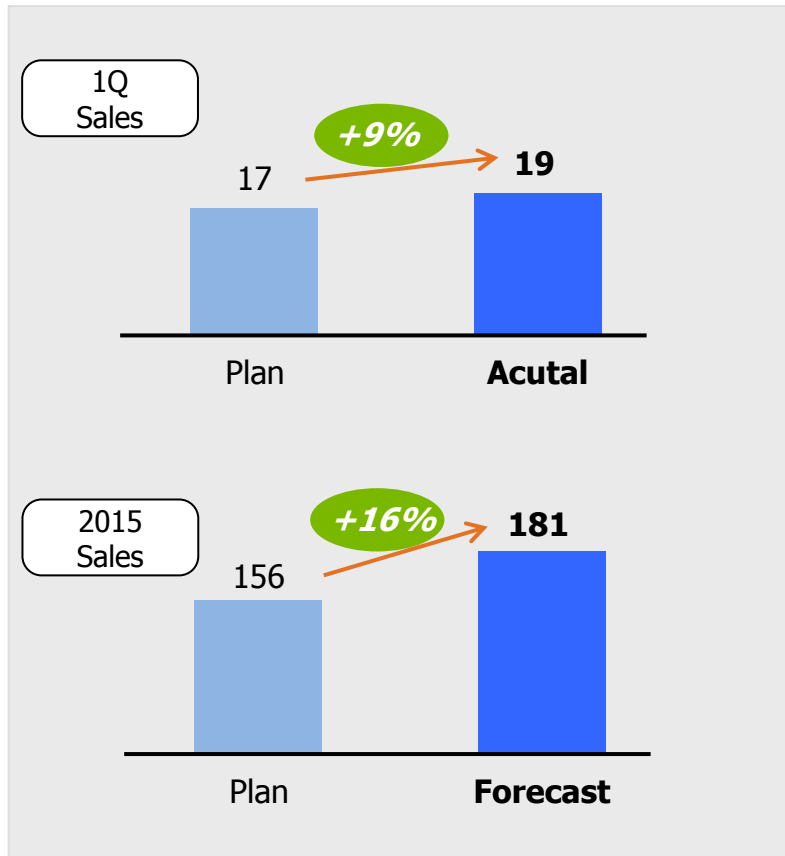
- Continue to expand sales to advanced makers
 - Supply mid-sized travelling device to advanced makers
 - Supply to Bobcat in 4Q with customized travelling device
- Enter non-excavator markets
 - Expand A/M business through developing popular model

Fuel Cell – 1Q Results & 2Q Outlook

- Normalized operation including SCM and secured order pool in domestic and the US markets
- Considering to build a plant in South Korea to strengthen competitiveness in domestic market

1Q and 2015 sales outlook

(unit : KRW bn)



1Q Results and 2Q Strategy

1

1Q – Normalize Operation

- Enhanced marketing in the US and Korea market
- Established global sourcing channels
- Normalized service operation in Korea
- Secured price competitiveness for M400 product
- Achieved 100% of M/S in domestic PEMFC market (excluding transportation FCs)

2

2Q – Expand Capacity / Enhance Sales

- Strengthen marketing to receive new orders
- Establish plan to improve quality and productivity
- Reorganize R&D divisions
- Review validity of establishing plant in Korea
- Expand production capacity of the US plant
- Target 80% of M/S in domestic PEMFC market

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Financial Summary

Financial Summary

(unit: KRW bn)

	Parent	
	'14. 4Q	'15. 1Q
Current Asset	640	755
Non-Current Asset	2,870	2,892
Total Assets	3,510	3,646
Current Liabilities	743	890
Non-Current Liabilities	656	655
Total Liabilities	1,399	1,545
Paid-in Capital	135	135
Total Equity	2,111	2,101
L/E Ratio	66%	74%

(unit: KRW bn)

	Consolidated	
	'14. 4Q	'15. 1Q
Current Asset	12,277	12,653
Non-Current Asset	19,092	18,696
Total Assets	31,369	31,349
Current Liabilities	12,648	13,447
Non-Current Liabilities	9,819	9,558
Total Liabilities	22,467	23,005
Paid-in Capital	2,889	2,737
Total Equity	8,902	8,344
L/E Ratio	252%	276%

Debt

(unit: KRW bn)

	Parent	
	'14. 4Q	'15. 1Q
Bank	348	465
Corp. Bonds	480	480
Others	53	30
Debt	881	948
Cash	102	101
Net Debt	779	847
Net D/E Ratio	37%	40%