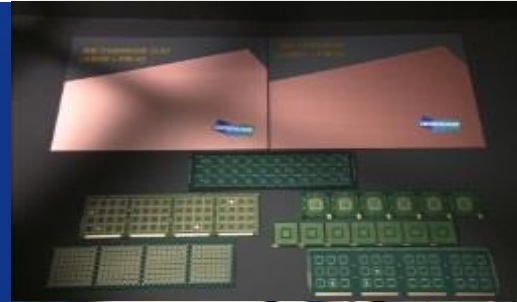




Doosan Corporation

Quarterly Business Review 2Q 2015

2015. 7



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. We trust your decisions will be based on your own independent judgment.

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

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2Q Result (Parent)

- 2Q Sales and OP grew YoY on parent basis
 - In-house OP increased both YoY and QoQ to KRW 41.5 bn thanks to product mix improvement of E-Ms and sales growth in domestic and North America markets
 - Dividend income and others also grew YoY and QoQ, if one-time dividend income realized in Q1 is excluded

(unit : KRW bn, %)

	'14. 2Q	'15. 1Q	'15. 2Q	YoY	QoQ
Sales	448	513	457	+2.0%	-11.0%
OP (%)	21 (4.6%)	85 (16.5%)	42 (9.1%)	+102.4% (+4.5%P)	-51.1% (-12.0%P)
▪ In-house ¹⁾	26	39	40	+53.9%	+1.8%
▪ Dividend Income, etc ²⁾	-5	46	2	-	-

1) In-house : E-Ms, Industrial Vehicle, Mottrol, Information & Communication, Fuel Cell, and others (FM, Glonet, Business Service)

2) Dividend Income, etc : Dividend Income (1Q : KRW 52 bn), internal adjustment, and others

2Q Result (Consolidated)

- Consolidated sales and OP of 2Q slightly decreased YoY, but increased QoQ
 - Sales and OP of subsidiaries grew QoQ due to strong seasonality and elimination of one time costs occurred in 1Q

(unit : KRW bn, %)

	'14. 2Q	'15. 1Q	'15. 2Q	YoY	QoQ
Sales	5,191	4,573	4,919	-5.2%	+7.6%
▪ In-house	439	455	447	+1.8%	-1.6%
▪ Subsidiaries	4,752	4,118	4,472	-5.9%	+8.6%
OP (%)	328 (6.3%)	186 (4.1%)	308 (6.3%)	-6.2% (0.0%P)	+65.1% (+2.2%P)
▪ In-house	26	39	40	+53.9%	+1.8%
▪ Subsidiaries	302	147	268	-11.3%	+81.9%

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I. '15. 2Q Results

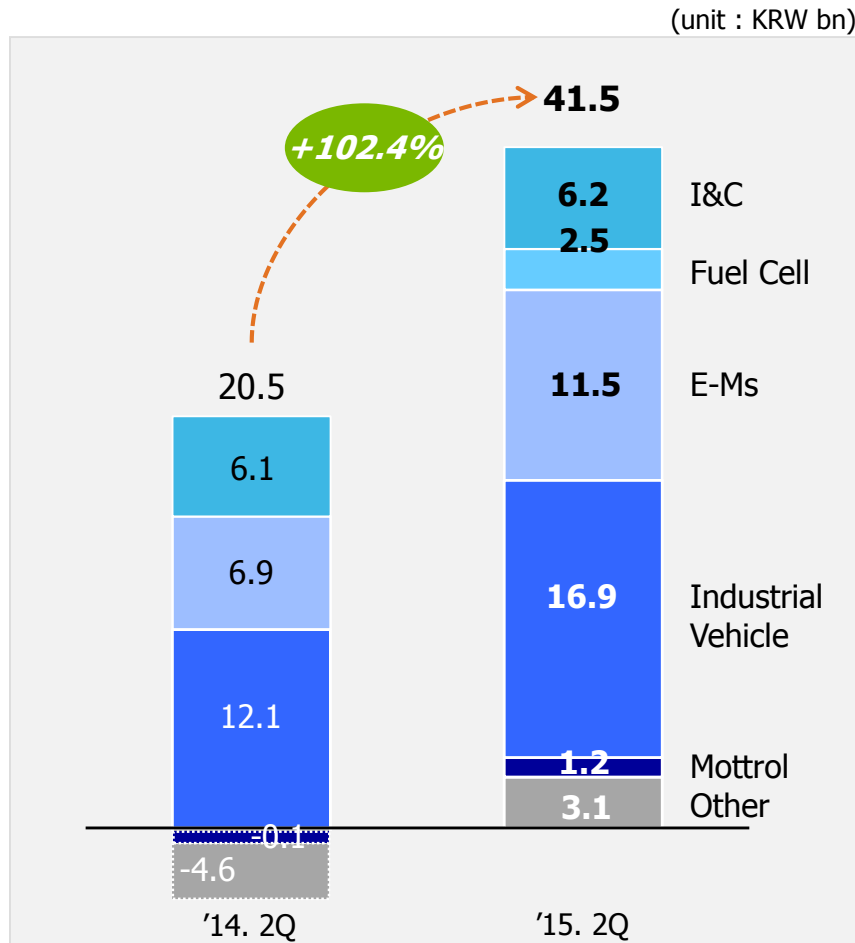
II. In-house Business Results & Outlook

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In-house Business : 2Q Highlights

- 2Q OP of KRW 41.5 bn is **the highest figure in recent 3 years (excluding dividend income)**
- Steady profitability is mainly from improved fundamentals of in-house business

Growing Operating Profit



Highlights from In-house business

1

Product-Mix Improvement

- Improved product mix of E-Ms
(E-Ms : PKG sales grew 18% YoY in 1H)
- Reduced defect rate via product quality improvement
(Industrial Vehicle : defect rate 13%)
- Expanded sales to overseas market
(Industrial Vehicle : increased M/S in N.A.
E-Ms : increased sales to Chinese set makers)

2

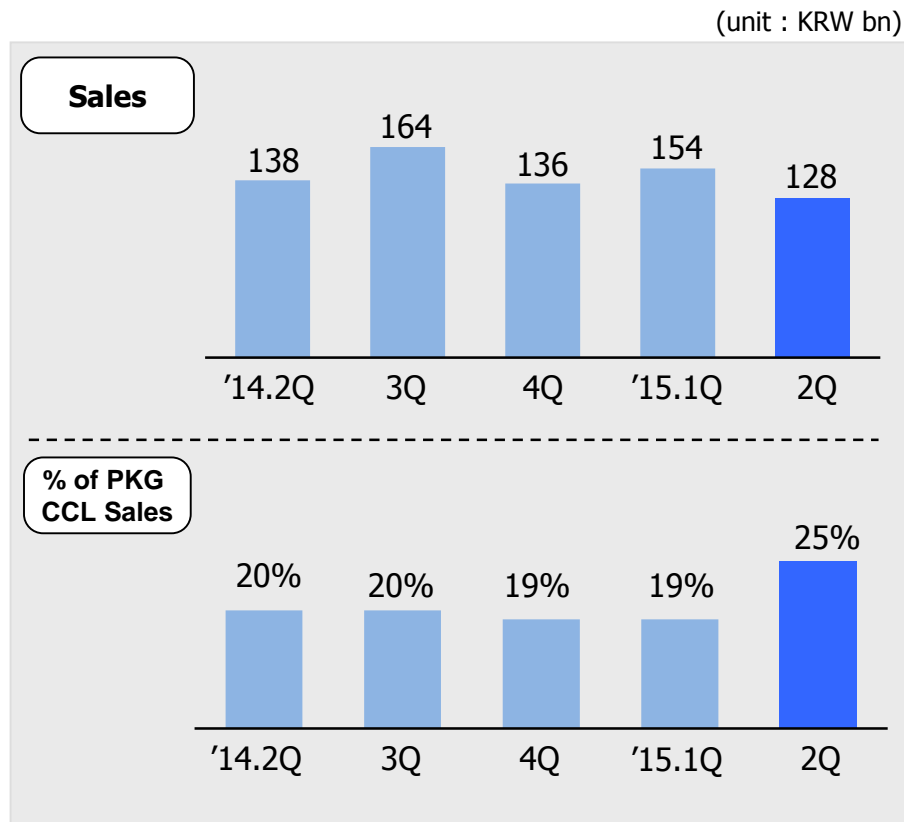
Enhanced Cost Competitiveness

- Integrated production line and relocated personnel to improve efficiency
- Lowered purchasing price and managed conversion cost
- Diversified raw material sourcing / Improved productivity through line speed-up
- Reduced claim from improving manufacturing process

E-Ms – 2Q Results (Parent) and 2H Outlook

- 2Q Sales decreased on both YoY and QoQ due to decreasing sales of low-end products. However, PKG CCL sales, the highest margin product, showed steady growth
- OPM improved in both YoY and QoQ thanks to improving operational efficiency and continuing sales growth of high-end products (OP increased 68% YoY; OPM was reported to be 9.1%, highest since 3Q14)

Quarterly Sales and PKG CCL Sales Portion



2Q Results and 2H Outlook

1

2Q – Revamp Business Structure

- Grew sales of PKG CCL (18% increase YoY)
- Streamlined low margin products and diversified sourcing
- Integrated production line and relocated personnel
- Expanded to Chinese market (58% sales increase YoY)

2

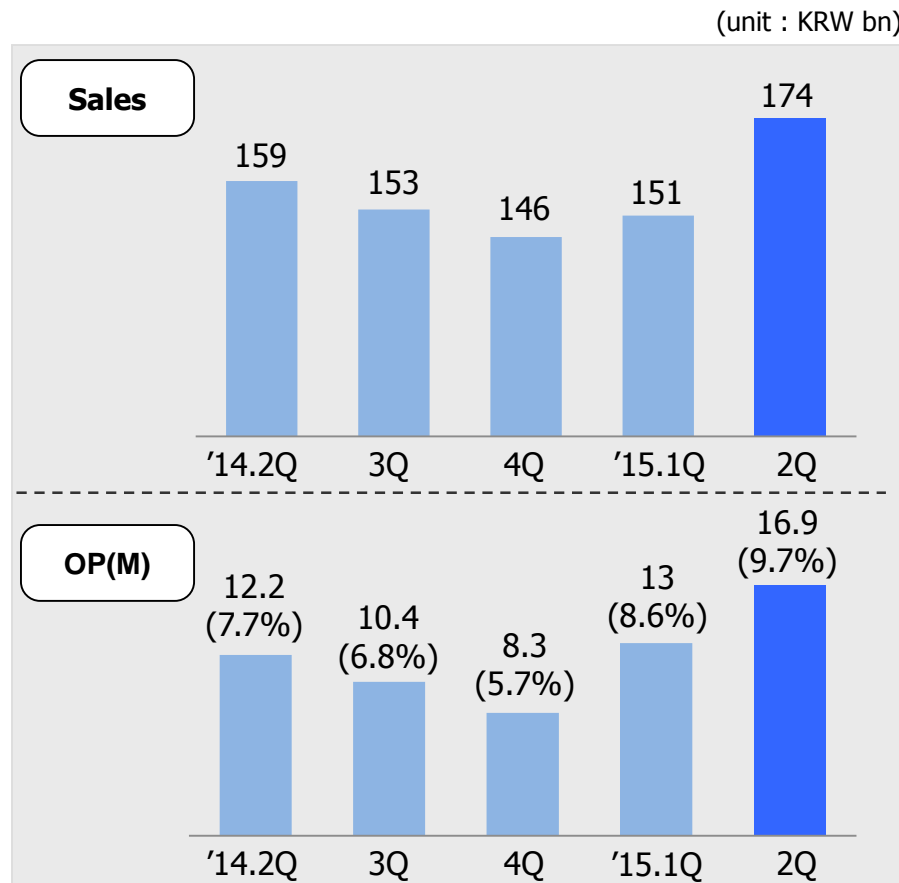
2H – Improve Profit

- Improve profitability with increasing sales of PKG CCL
- Increase productivity and continue diversify sourcing of raw materials
- Grow sales to Apple and Chinese set manufacturers

Industrial Vehicle – 2Q Results (Parent) and 2H Outlook

- Sales and OP in 2Q grew YoY to KRW 174 bn, KRW 17 bn respectively
- Tier-3 Sell-off sales increased in domestic market while national account sales in North America and sales in emerging markets grew as well

Quarterly Sales & OP Trends



2Q Results and 2H Outlook

1

2Q – Maintained Domestic Leadership

- Expanded market share with improving product quality and dealer service
- Launched New Tier-4 Model in June
- Continued to receive large-sized fleet deal orders from public sector and military
- Saved costs via strengthening supplier network

2

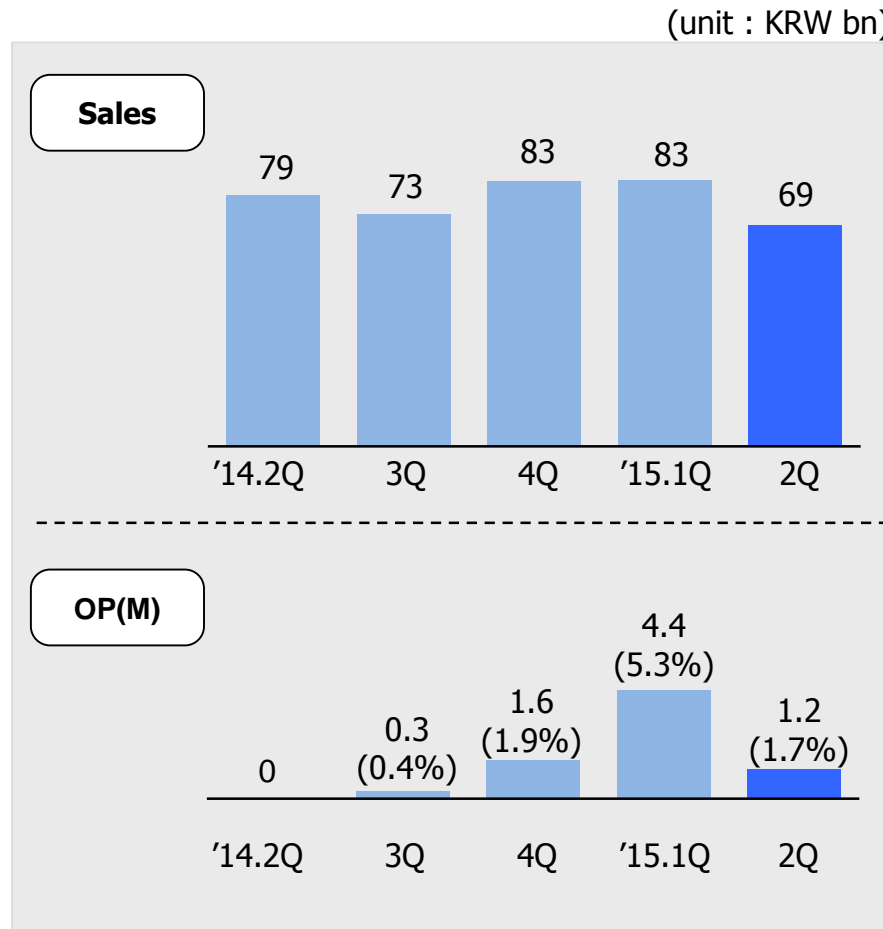
2H - Enhance Overseas Market Position

- Increase sales from launching Tier-4 models and strengthening promotion to clients
- Receive fleet deal orders from emerging markets including Saudi Arabia and Africa

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

- 2Q sales slightly decreased due to sluggish market condition in Chinese excavator market, however, OP increased YoY by reducing fixed cost

Quarterly Sales Trends



2Q Results & 2H Outlook

1

2Q – Diversified Clients & Products

- Supplied new products to major clients in China
- Expanded A/S business
 - Increased sales through expanding A/S agencies
 - Started to produce of Prototype for newly developed economic model
- Reduced fixed cost from restructuring

2

2H –Expand Parts Sales

- Supply new products to clients in China and advanced markets
- Continue to improve profitability
 - Develop low-cost model for travelling & pump
- Increase parts sales to non-excavator
 - Expand A/S business with low priced parts

Foundation for Long-term Growth Platform

Fuel Cell

- Expect KRW 180 bn of sales in '15 from successful PMI
- Expand sales through differentiated products with higher reliability and stability
 - Develop highly efficient products
 - Grow sales to other markets than Korea and U.S.
 - Add production capacity to meet increasing demand

➔ **Expect to reach annual sales of KRW 1.1 tn by 2019**

Industrial Vehicle

- Expand its business model from a forklift manufacturer to a total logistics provider
- Secure growth platform through acquiring U.K.-based rental company (Rushlift)
 - Provide logistics equipment rental service and airport/logistics operating business, receive large sized national account orders

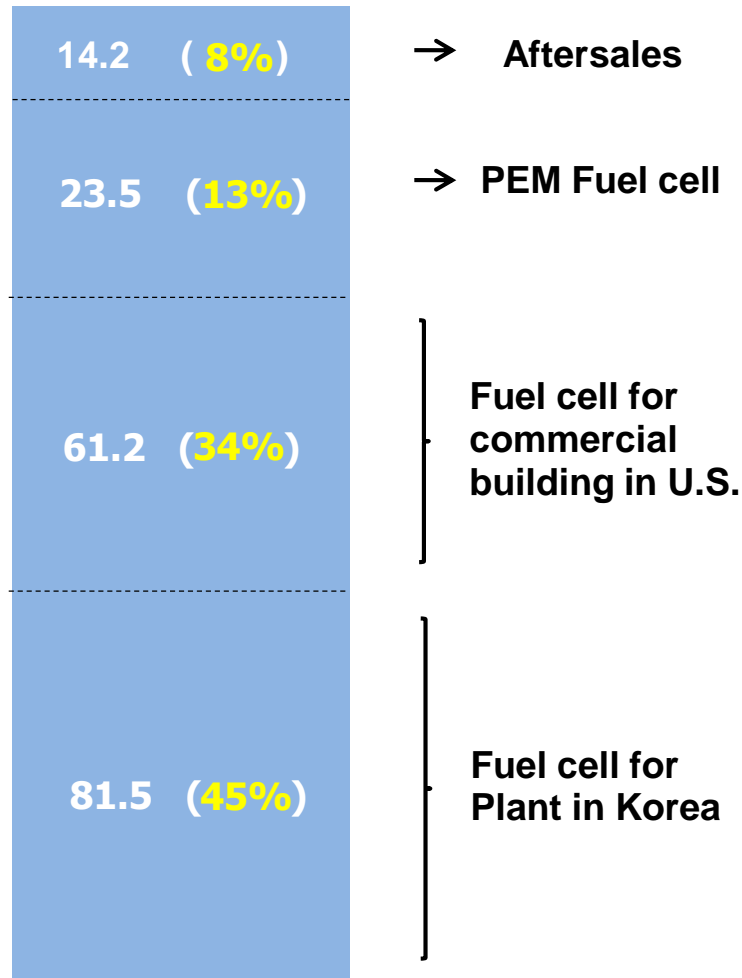
➔ **Expect to reach annual sales of KRW 1.2 tn by 2020**



Fuel Cell Growth Strategy

Fuel Cell – '15 sales "Well On Track"

Sales of KRW 181 bn in '15



Status

- Long-term service fee from existing customers (definitive)
- Incentive business for residential /small sized building
 - 40% to be realized in 1H
 - 60% to be realized in 2H
- Sales of KRW 11.1 bn (completed)
- Finalized order for KRW 27 bn
- Contract in progress for KRW 24.3 bn
- Finalized order for KRW 20 bn
- KRW 110bn worth of order to be finalized in near future (sales to be recognized in both '15 and '16)

Fuel Cell – Major Strategic Initiatives

- **15% of cost saving compared to 1Q**
- **Expect additional 20% of cost saving by 4Q**
 - additional 40% cost saving by 2019

Cost Saving

- **A product with higher efficiency to be launched**
 - Expect new order in 2H15 (Launch in 2H16)

Expand Product Line-up

Improve Production Process & Sales

- **Stabilize production in U.S. and add capacity**
 - 1Q 5 units/Month → 2Q 10 units/month
 - Increase capa to more than 12 units/Month to meet demand
 - Capacity of 16 units/month by 2Q16
- **Strengthen regional sales marketing**

Develop core technology

Improve Quality

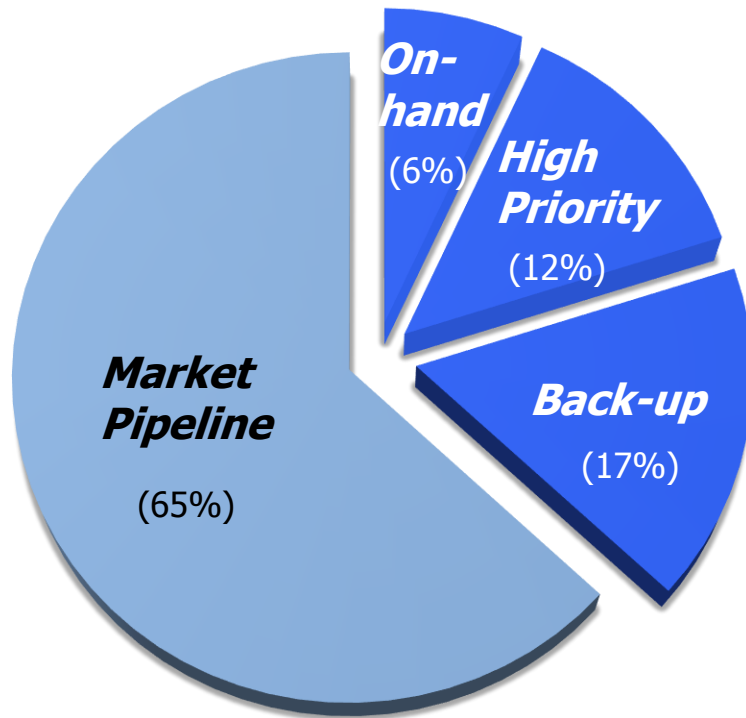
Diversify Line-up

Accelerate Growth from '15. 2H

Fuel Cell – Order Pool

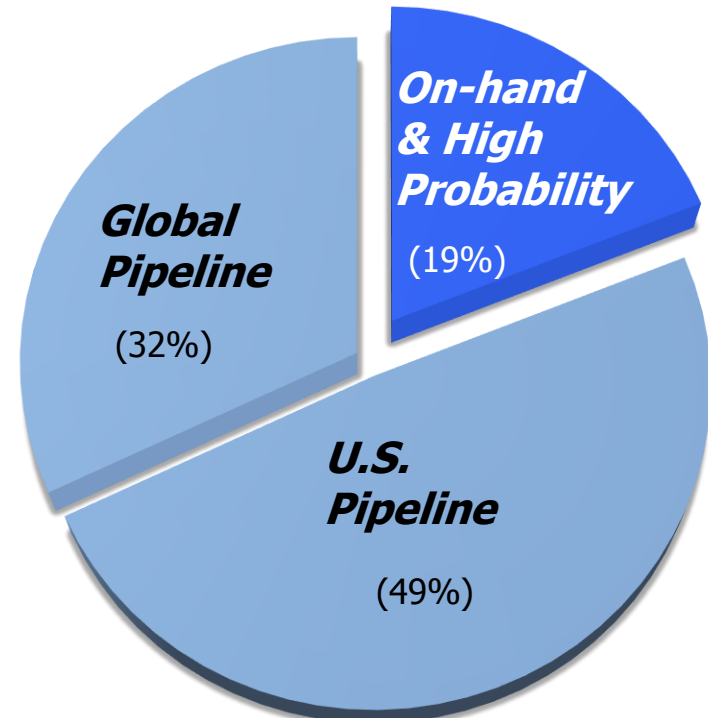
[Domestic]

100% = 495 MW (1,125 units)



[Overseas]

100% = 209 MW (523 units)



- Prioritize 90 MW (approx. 200 Units) from total domestic order pool of 495MW

- Prioritize 40 MW (approx. 100 units) from total global order pool of 209 MW, including North America

Fuel Cell – Long-term Strategy

Long-term Strategy

1

Product Differentiation

- Stable and reliable product (95% Fleets Availability)
- Total efficiency of 90%, suitable for steam and power generator

2

Technology Development

- Achieve cost saving of 40% until 2019
- Improve LCOE* with highly-efficient products

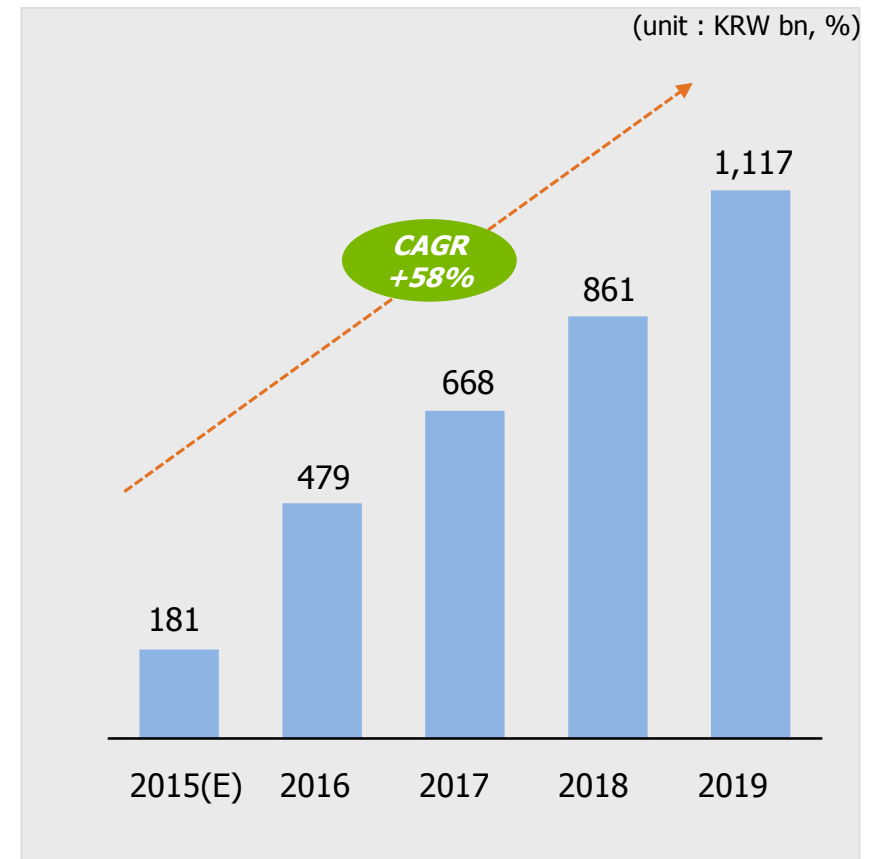
3

Market Diversification

- Expand product portfolio coping with market condition
- Increase sales to global markets
- Target specialized market with byproduct hydrogen, bio-gas

* LCOE (Levelized Cost of Energy)

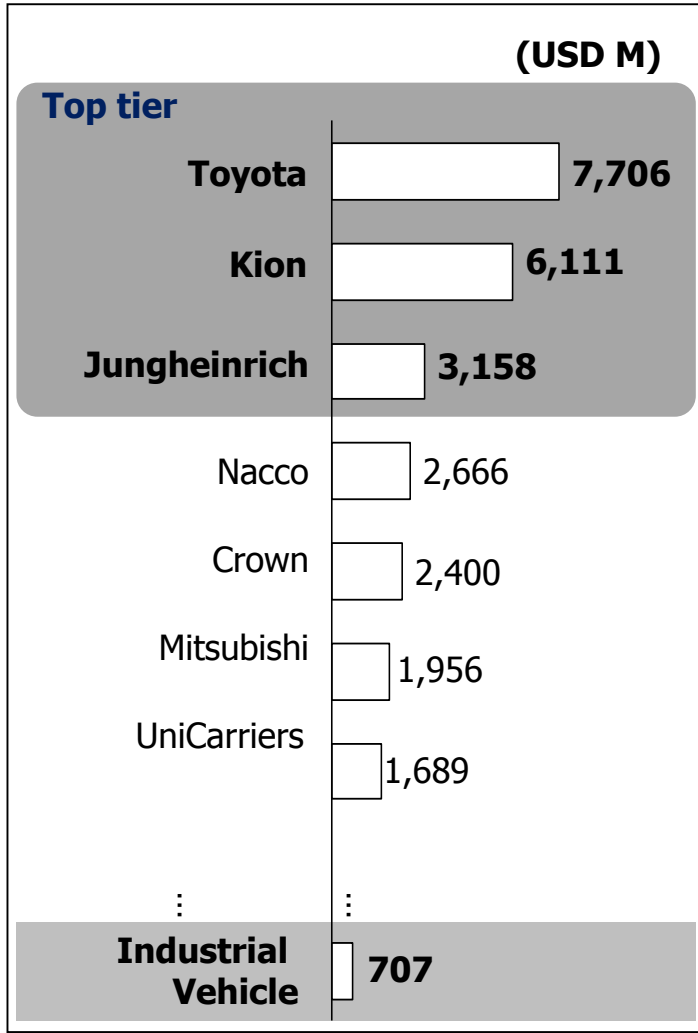
'15~'19 Sales Target



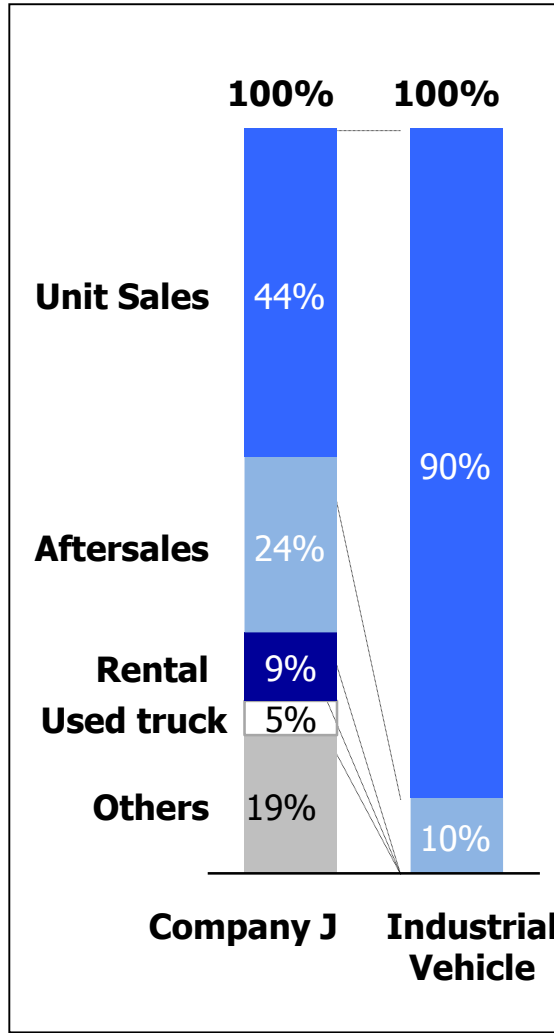
Industrial Vehicle Growth Strategy

Industrial Vehicle – Business Model Expansion

[Global Material Handling Ranking]



[Business model]



• Industrial Vehicle plans to transform its business model as a total logistics provider by expanding business platform, starting with acquisition of Rushlift

Industrial Vehicle – Expanding Platform by Rushlift Acquisition

Rushlift Acquisition

- Rushlift is a U.K. located rental company, with 4,500 units of logistics equipment, OPM of 11%
- Owns a big national account as its client (Saint-Gobain)
- Operates a airport logistics equipment rental business at Heathrow airport, London
- Expects to expand big-size national account sales based on its nationwide network

U.K. M/S
6% → 11% (2020)

U.K. Sales
KRW 40 bn → 120 bn

Roll-out plan

- 1 North America
- 2 EU
- 3 Emerging Markets

- Expands business model to rental operation, N/A management, and airport equipment operation
 - ✓ Systemize COS* in the US market and build strategic partnership with major dealers
 - ✓ Expand business network by acquiring dealers in major markets, such as Germany, France, Italy
 - ✓ Focus on Middle East and South Africa Area



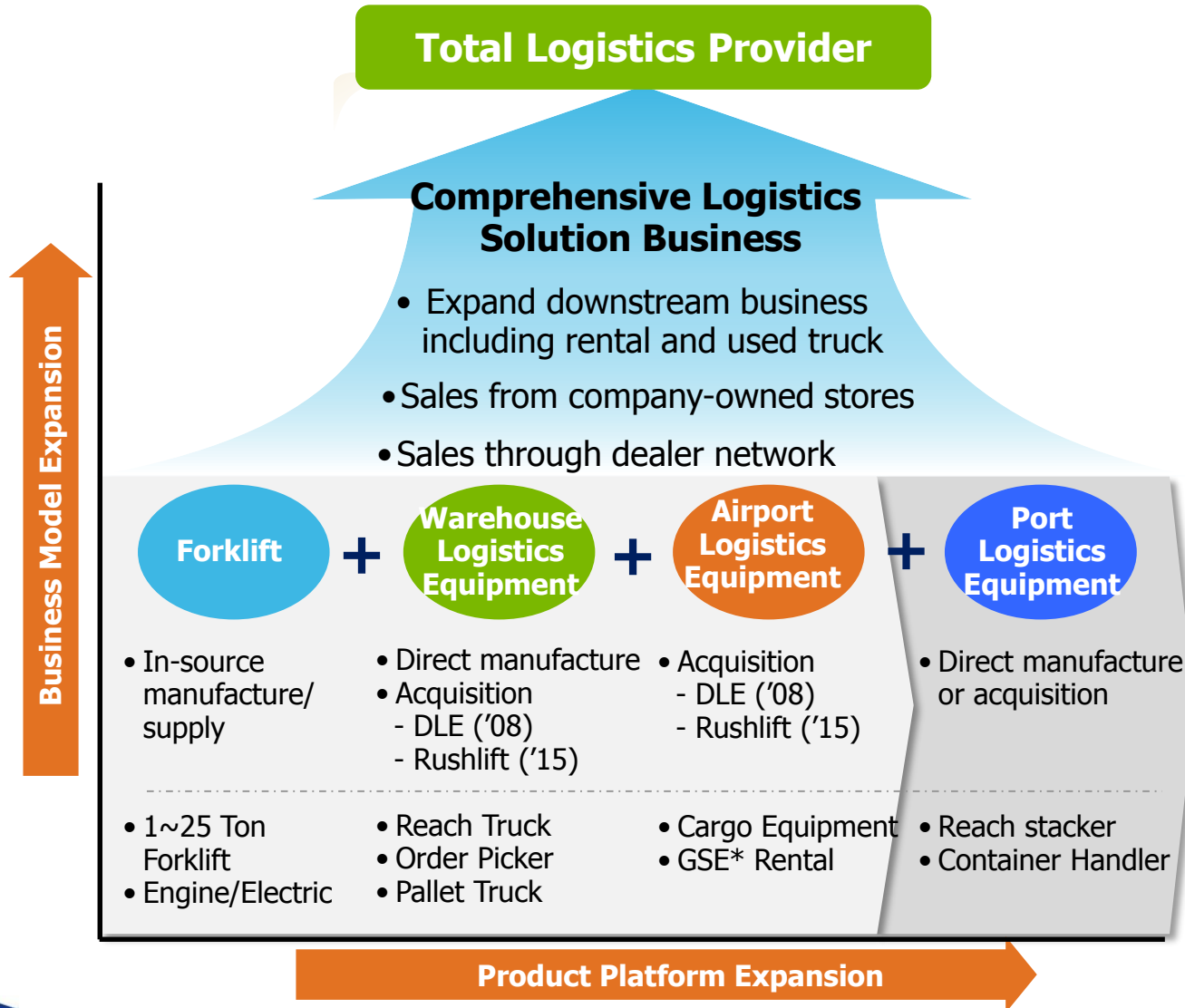
Transform into Global Top Tier Business Model

Global M/S
3~4% → 6~8%

* COS (Company Owned Store)

Industrial Vehicle – Business Growth Strategy

- Plan to become a total logistic provider and acquiring Rushlift was the first step

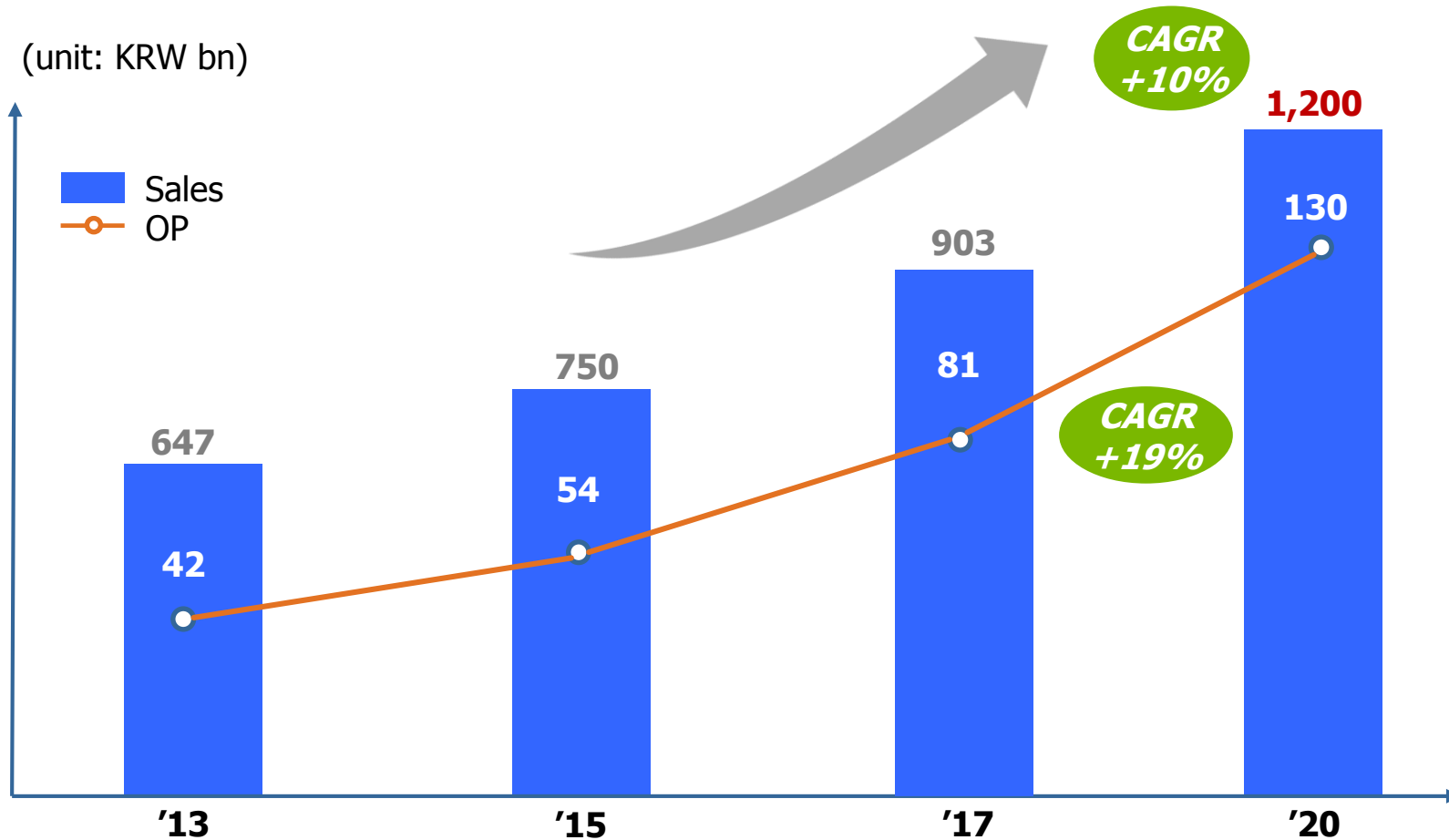


- Industrial Vehicle maintains stable profit structure via improved fundamentals based on cost saving and improving product quality
- Continue to expand platform/business model

Target sales of KRW 1.2 tn and EBIT 11% + α by 2020

Industrial Vehicle – Long-term Plan

- Target to reach sales of KRW 1.2 tn in 2020 and become one of global top-tier manufacturers via business model expansion



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Financial Summary

Financial Summary

(unit : KRW bn)

	Parent	
	'15. 1Q	'15. 2Q
Current Asset	755	788
Non-Current Asset	2,892	2,776
Total Assets	3,646	3,564
Current Liabilities	890	865
Non-Current Liabilities	655	607
Total Liabilities	1,545	1,472
Paid-in Capital	135	135
Total Equity	2,101	2,092
L/E Ratio	74%	70%

(unit : KRW bn)

	Consolidated	
	'15. 1Q	'15. 2Q
Current Asset	12,653	12,819
Non-Current Asset	18,696	18,815
Total Assets	31,349	31,634
Current Liabilities	13,447	13,647
Non-Current Liabilities	9,558	9,340
Total Liabilities	23,005	22,987
Paid-in Capital	2,737	2,901
Total Equity	8,344	8,647
L/E Ratio	276%	265%

Debt

(unit : KRW bn)

	Parent	
	'15. 1Q	'15. 2Q
Bank	465	532
Corp. Bonds	480	410
Others	3	1
Debt	948	943
Cash	101	102
Net Debt	847	840
Net D/E Ratio	40%	40%

E O D