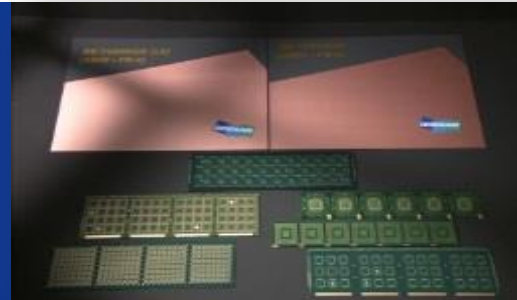




Doosan Corporation

# Quarterly Business Review 1Q 2016

2016. 4



# Disclaimer

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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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# Key Highlights

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## 1Q as the beginning of turn-around of consolidated earnings

- 1Q Consolidated OP is KRW 259 bn, 74.4% YoY growth.
- Earnings improvement came mainly from cost-cut effect of Infracore and E&C with last year's restructuring.
- Starting from 2Q, earnings improvement will be accelerated with sales increase and procurement cost reduction of Infracore.

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## Solid 1Q and promising 2Q for In-house business of Doosan Corp.

- E-Ms improved its profitability with higher sales portion of high-end products.
- Fuel Cell and Industrial Vehicle are expected to book more sales and order intake from 2Q.

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## Financial restructuring of Doosan Group – well on track

- Machine Tools division of Infracore, stakes in KAI and DST were disposed.

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# 1Q Result (Consolidated)

- Consolidated OP for 1Q grew 74.4% YoY to be KRW 259 bn.
  - Sales slightly decreased due to recent completion of big projects by DHI and sluggish recovery of emerging market for Infracore.
  - OPM grew 3.2%p YoY to be 6.7%, and net profit also turned to profit.

(in KRW bn, %)

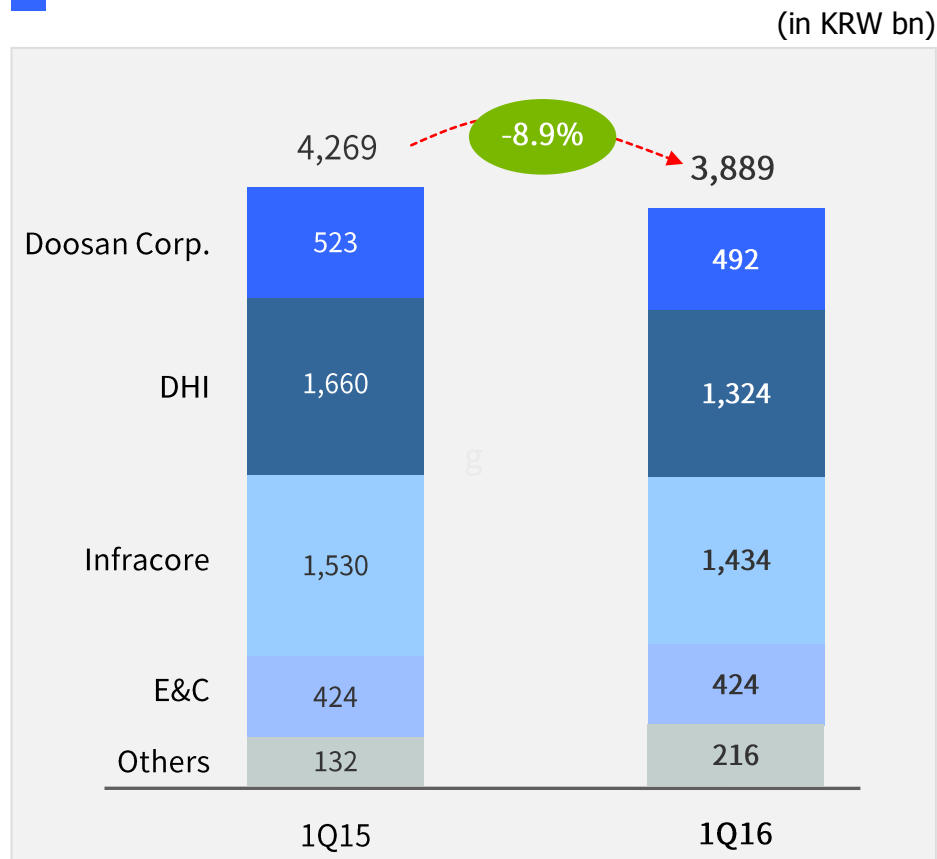
	1Q15	4Q15	1Q16	YoY	QoQ
Sales	4,269	4,659	3,889	-8.9%	-16.5%
OP	149	-340	259	+74.4%	Turn-to-Profit
OPM	3.5%	-	6.7%	+3.2%p	-
Net Profit	-88	-1,286	254	Turn-to-Profit	Turn-to-Profit

\* Excluding Sales and OP of Machine Tools division of Infracore

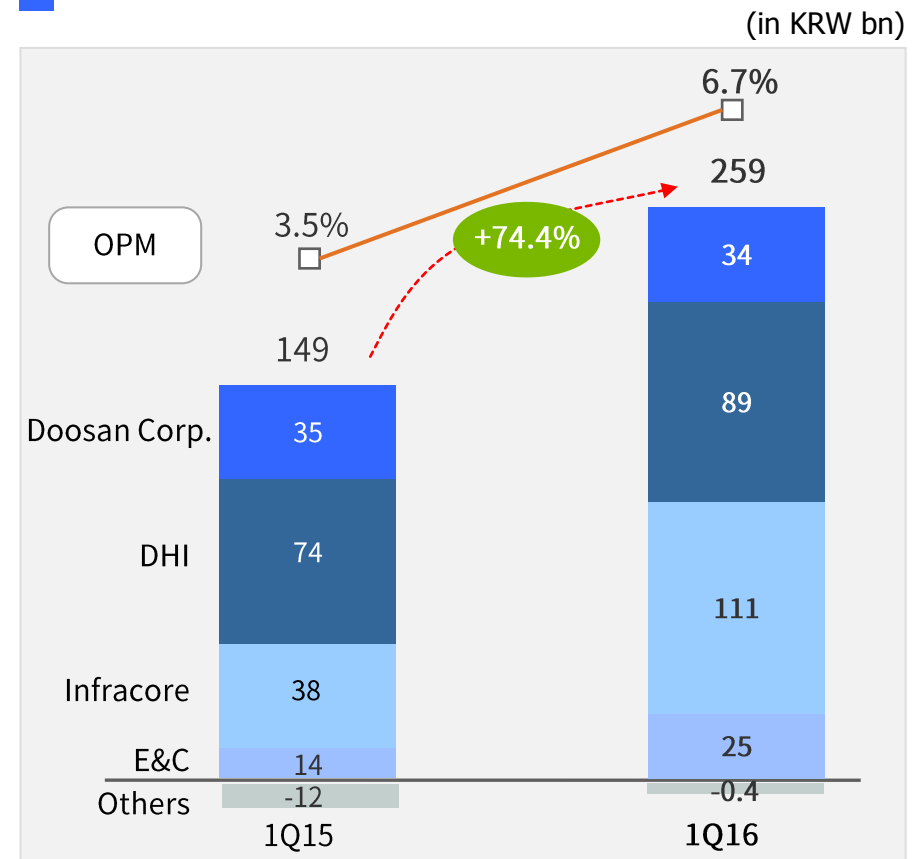
# 1Q Result (Consolidated)

- DHI : Sales decreased due to completion of big projects, but profitability improved due to cost-cuts.
- Infracore : OP turn-around was achieved by cost restructuring, and profitability improvement will be accelerated from 2Q with procurement cost reduction.
- E&C : OP increased 71% YoY with SG&A expense reduction (8.6%→6.1%). New order increased 255% YoY.

## 1Q Sales



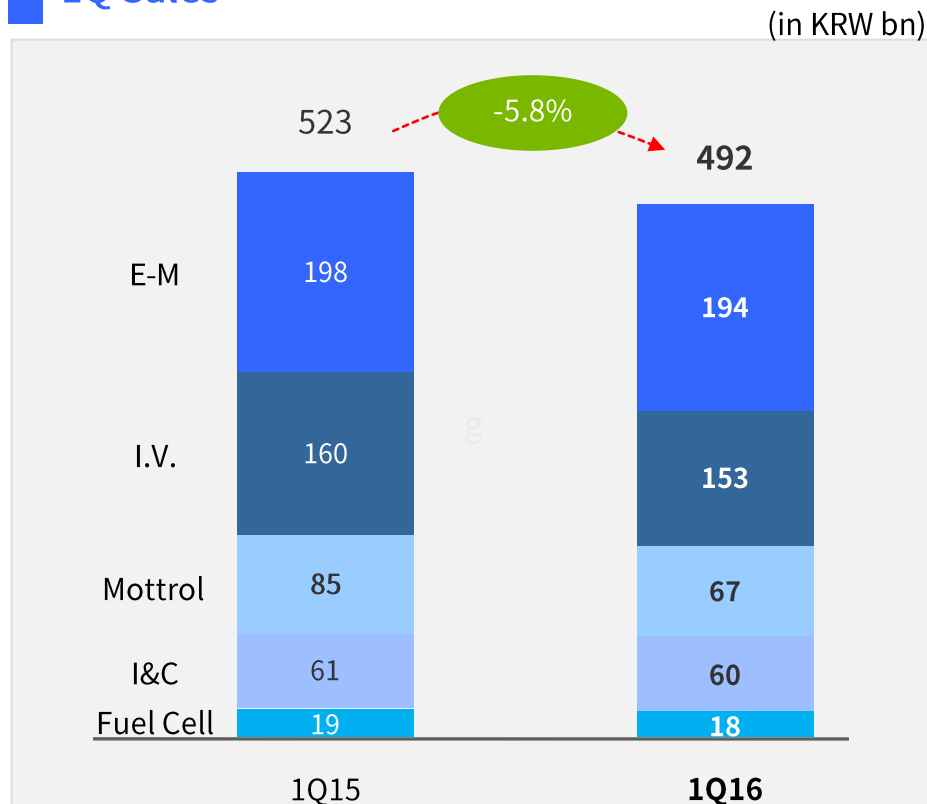
## 1Q OP



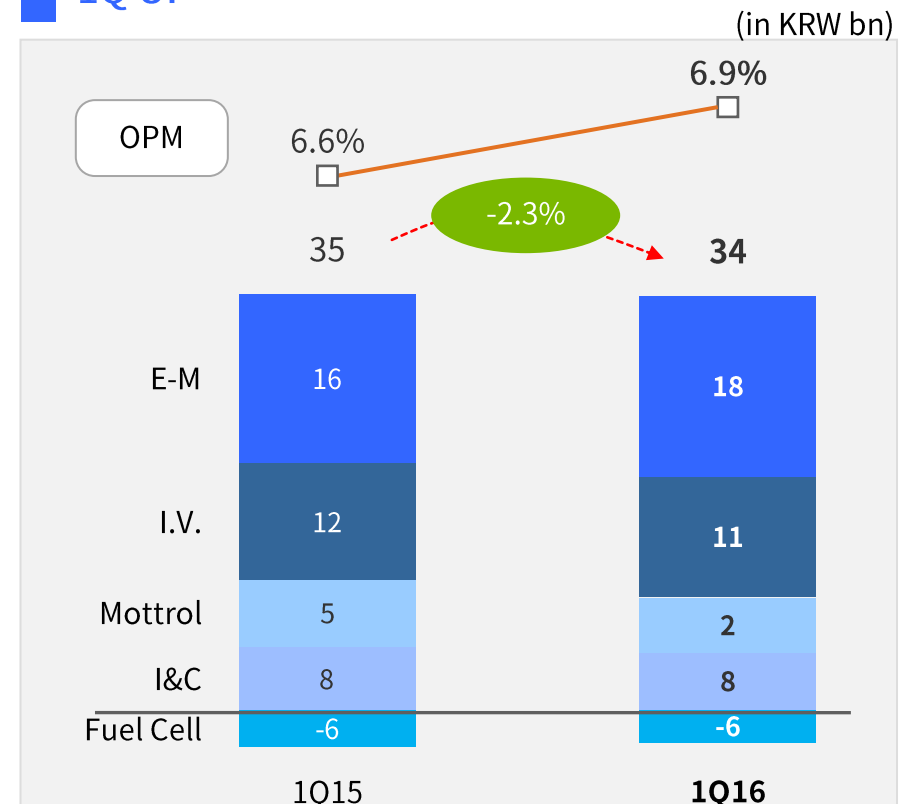
# 1Q Result (In-house Business)

- 1Q sales decreased due to production cut back of low-end products of E-Ms and temporary decline in domestic forklift market for I.V.
- Profitability improved as OP stayed flat on YoY basis even with sales decrease. (OPM growth)
- Earnings will continue to improve in 2Q with E-Ms' solid result, I.V. entering its peak-season and Fuel Cell starting to book sales from projects won (30MW from Green Energy Busan, 1.2MW from VFS Energy U.S.)

## 1Q Sales



## 1Q OP



# Financial Restructuring of Doosan Group – well on track

- KRW 1.8 tn of Liquidity is secured through KAI, DST and Infracore’s Machine Tools division.

	Amount	Detail
KAI Disposal	KRW 305 bn	✓ Disposed 5% stake in KAI (completed in Jan.)
DST Disposal	KRW 384 bn	✓ Agreed to dispose 50.91% stake in DST (in April) ✓ Received KRW 30.5 bn of dividend before divesture
Machine Tools Disposal	KRW 1.13 tn	✓ Agreed to dispose Machine Tools division of Infracore (in April)
<b>Total</b>	<b>KRW 1.82 tn</b>	

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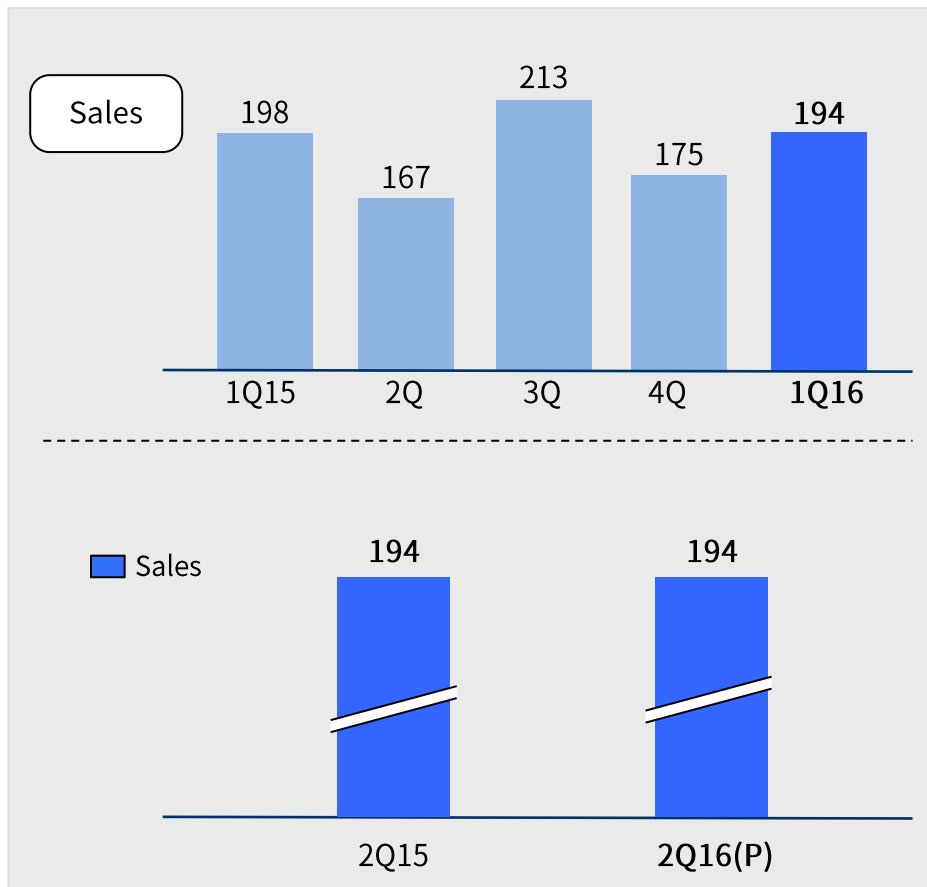
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# Electro-Materials – 1Q Result and 2Q Strategy

- 1Q sales slightly decreased YoY due to reduced sales portion of low-end products, but OP grew 12% thanks to higher sales portion of high-end products.
- 2Q sales is expected to show 16% YoY growth with new product launch and market growth.

## Quarterly Sales and OP

(in KRW bn)



## 1Q Result

- Higher sales portion of High-end CCL and OLED  
- 55% in 2015 → 57% in 2016, YoY 2%P ↑  
(188% sales growth from Network Board)
- Profitability improvement achieved by continuous cost-cuts and expansion of high-end products  
- OP and Net Profit increase for overseas branches

## 2Q Strategy

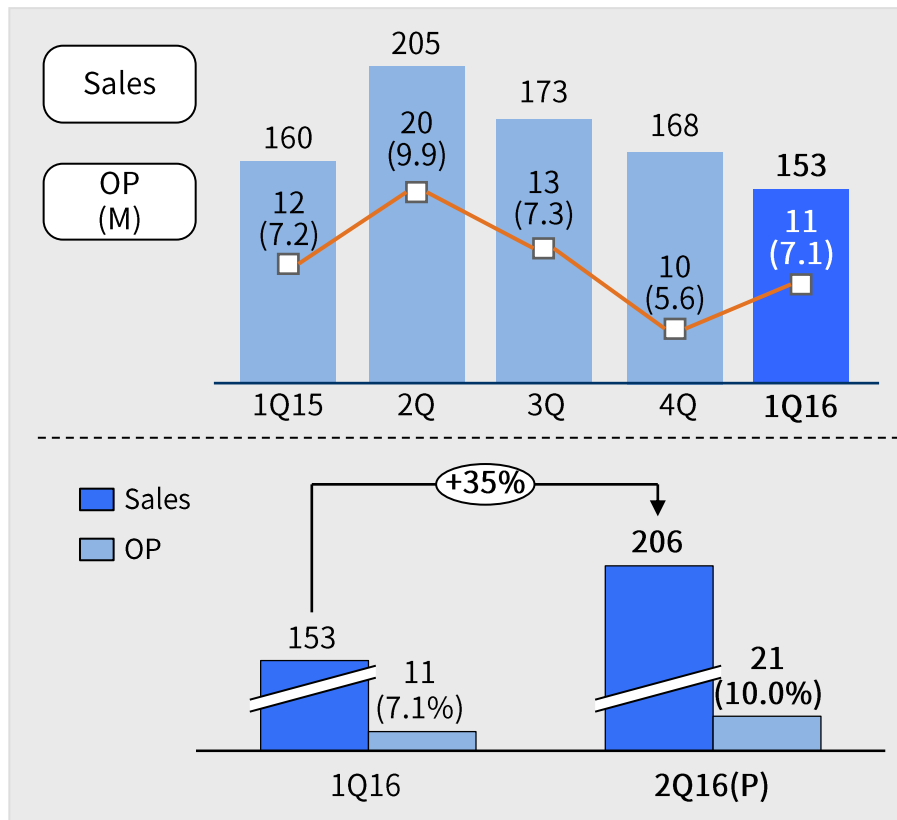
- Market expansion focusing on high-end products  
- Sales growth of network board in U.S. market  
- New product development for Apple's new iPhone
- OPM improvement with internal sourcing of copper foil

# Industrial Vehicles – 1Q Result and 2Q Strategy

- 1Q sales decreased YoY compared to 1Q15 with sell-off effect from model change, but OP was recorded approximately the same as 1Q15 with better profitability.
- I.V. is expected to improve next quarter, considering 2Q being peak-season and both domestic/U.S. market showing recovery in March.

## Quarterly Sales and OP

(in KRW bn)



## 1Q Result

- New electric-type product launch (January)
- Sales increase of 1-ton electric 7 series in Western Europe
- Sales expansion through strategic partnership with top-tier company (Australia)

## 2Q Strategy

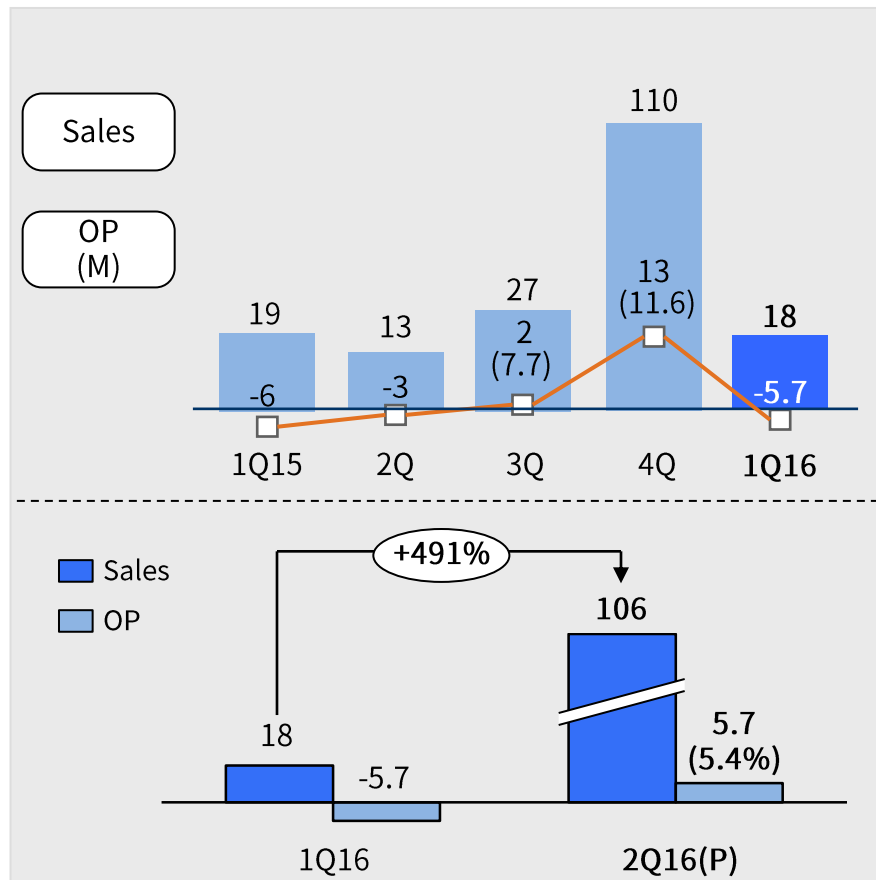
- New product launch
  - 2-ton electric 7 series - North America/Western Europe
  - Mid-size product with new engine - North America
- Sales expansion through strategic partnership with top-tier company (U.S., China, Asia)
- Targeting big national accounts

# Fuel Cell – 1Q Result and 2Q Strategy

- 1Q Sales decreased on QoQ basis because of project cycles. However, Fuel Cell expects to show stable growth with upcoming big scale projects.
- Sales and OP will improve with new order intake and beginning of product delivery from 2Q.

## Quarterly Sales and OP

(in KRW bn)



## 1Q Result

- 1Q Sales decreased QoQ because Fuel Cell focused on installation of delivered products and preparation for commercial operation.
- 1Q for PEMFC is a traditionally off-peak season because of governmental subsidy budget issue. (KRW 0.4bn)

## 2Q Strategy

- 2Q sales is expected to grow 474% QoQ (KRW 101bn) by new orders in global market and beginning of product delivery
- Pilot project development for European market
- Improvement of product value proposition for U.S. market penetration.
- Sales of PEMFC is expected to grow 1,175% on QoQ basis (KRW 5bn) with expanding subsidy market.

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# 1Q16 Result (Parent)

(in KRW bn, %)

	1Q15	4Q15	'16. 1Q	YoY
Sales	513	466	454	-11.6%
OP (%)	85 (16.5%)	65 (13.9%)	71 (15.7%)	-16.3% (-0.8%P)
▪ In-house Biz	38	20	35	-6.4%
▪ Others*	47	45	36	-24.1%

\* Including dividend income, common expenses, consolidated adjustment and etc

# Financial Summary

## Financial Summary

(in KRW bn)

	Parent	
	4Q15	1Q16
Current Asset	713	794
Non-Current Asset	2,765	2,863
<b>Total Assets</b>	<b>3,478</b>	<b>3,657</b>
Current Liabilities	870	1,140
Non-Current Liabilities	499	493
<b>Total Liabilities</b>	<b>1,369</b>	<b>1,633</b>
Paid-in Capital	135	135
<b>Total Equity</b>	<b>2,109</b>	<b>2,024</b>
<b>L/E Ratio</b>	<b>65%</b>	<b>81%</b>

(in KRW bn)

	Consolidated	
	4Q15	1Q16
Current Asset	12,324	12,693
Non-Current Asset	19,232	18,233
<b>Total Assets</b>	<b>31,556</b>	<b>30,926</b>
Current Liabilities	14,280	14,564
Non-Current Liabilities	8,883	8,170
<b>Total Liabilities</b>	<b>23,163</b>	<b>22,733</b>
Paid-in Capital	2,577	2,371
<b>Total Equity</b>	<b>8,393</b>	<b>8,192</b>
<b>L/E Ratio</b>	<b>276%</b>	<b>278%</b>

## Debt

(in KRW bn)

	Parent	
	4Q15	1Q16
Bank	530	696
Corp. Bonds	360	360
Others	0	0
<b>Debt</b>	<b>890</b>	<b>1,056</b>
Cash	166	108
<b>Net Debt</b>	<b>724</b>	<b>948</b>
<b>Net D/E Ratio</b>	<b>34%</b>	<b>47%</b>

**E O D**