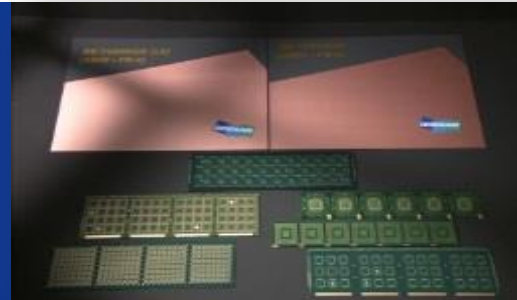




Doosan Corporation

Annual Business Review 2016

2017. 2



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.

Table of Contents

I. 2016 Results and 2017 Plan

II. In-house Business Results & Plan

III. Subsidiaries Business Results & Plan

IV. Appendix

2016 Results and 2017 Plan (Consolidated)

2016

- OP of all subsidiaries in the black : earnings turnaround led by restructuring effect and stronger business performance
- Improvement of financial structure : higher ICR through improved earnings and asset disposal (0.1 in '15 → 1.6 in '16)

2017

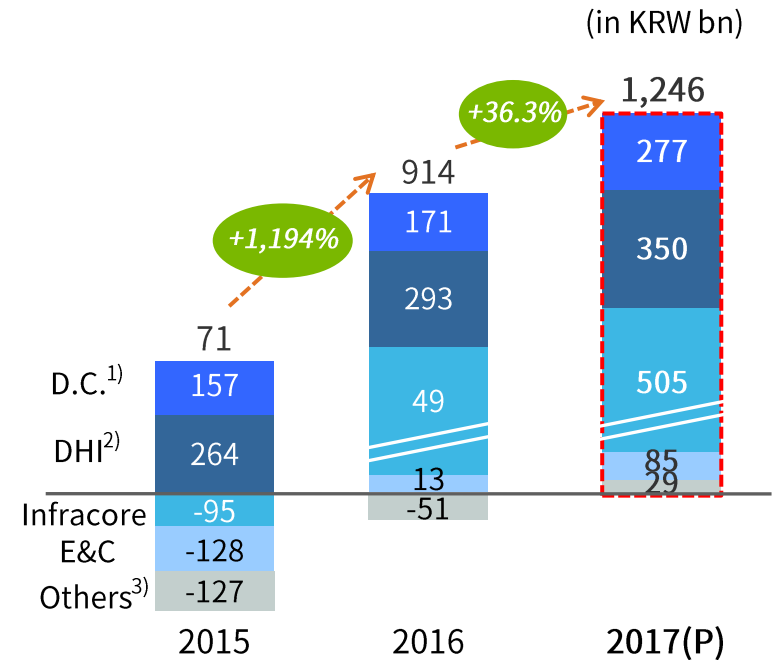
- Steady growth of order intake over the last 4 years will accelerate earnings improvement of DHI and E&C.
- Growth will be stable for Infracore with sales growth of HQ/China, and for Bobcat with higher profitability.

2016 Results and 2017 Plan

(in KRW bn, %)

	2015	2016	YoY	2017(P)	YoY
Sales	16,902	16,411	-2.9%	19,126	+16.5%
OP	71	917	+1,199.2%	1,246	+35.8%
(M)	0.4%	5.6%	+5.2%p	6.5%	+0.9%p
NI	-1,701	50	turn to profit	221	+337.5%
ICR(times)	0.1	1.6	+1.5	2.2	+0.6

Annual OP Trend



1) Including overseas business 2) DHI Consolidated

3) Including Doosan Engine, DFS and others

2016 Results and 2017 Plan (In-house Business)

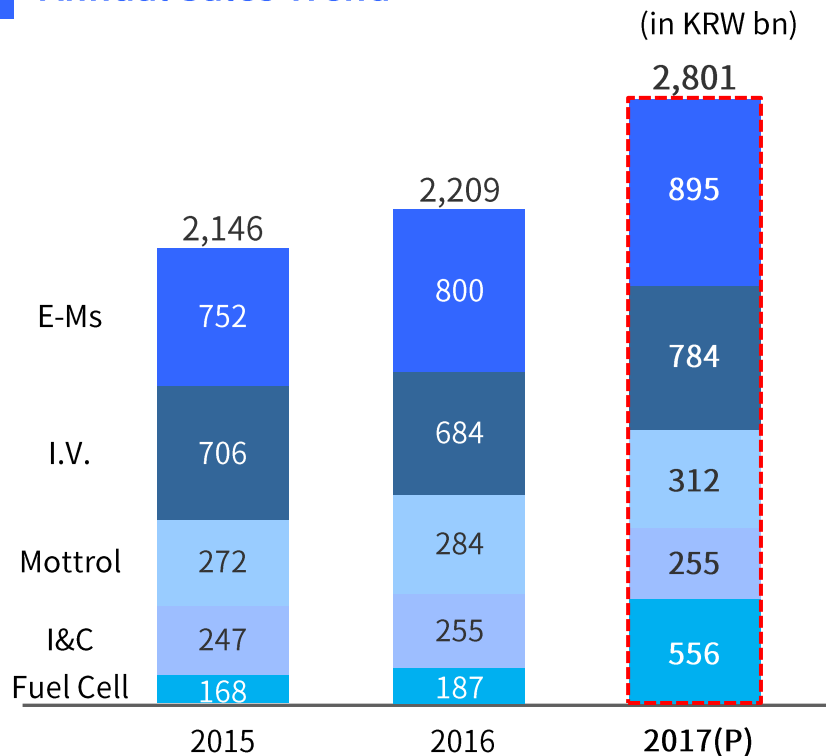
2016

- Sales grew by 2.9% YoY thanks to growth of in-house biz across the board (Cumulative order intake of Fuel Cell reached KRW 1 tn.)
- OP grew by 9.2% YoY thanks to high-end products of E-Ms and recovery of Chinese market for Mottrol.

2017

- E-Ms (growth of high-end products), I.V. (recovery of domestic market) and Fuel Cell (increased order intake) will lead continued sales growth.
- OP will improve thanks to sales growth, cost-cuts and increased portion of global sales.

Annual Sales Trend



Annual OP Trend

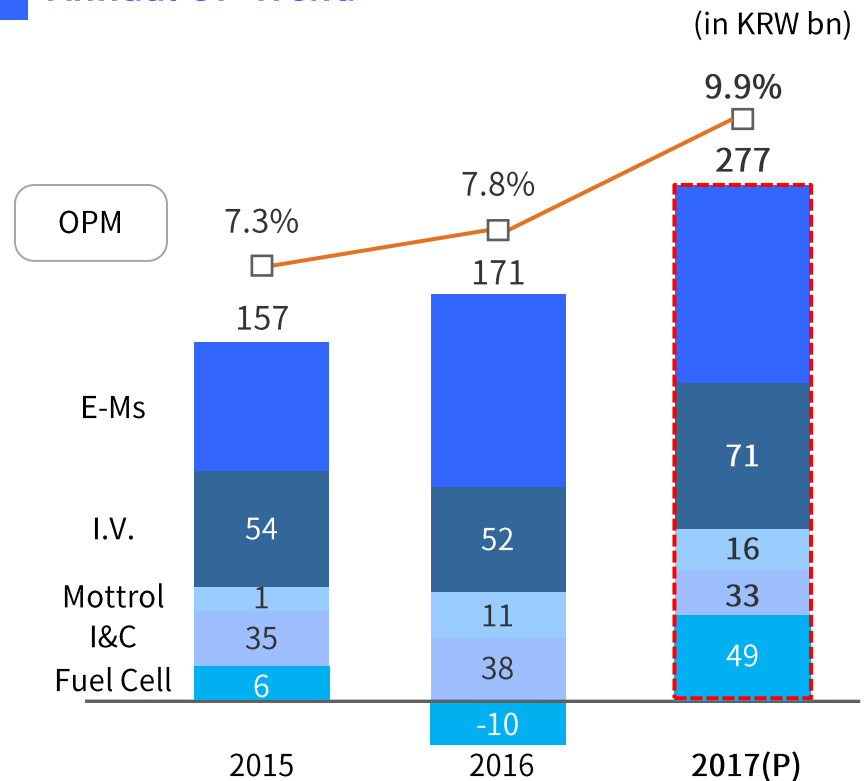


Table of Contents

I. 2016 Results and 2017 Plan

II. In-house Business Results & Plan

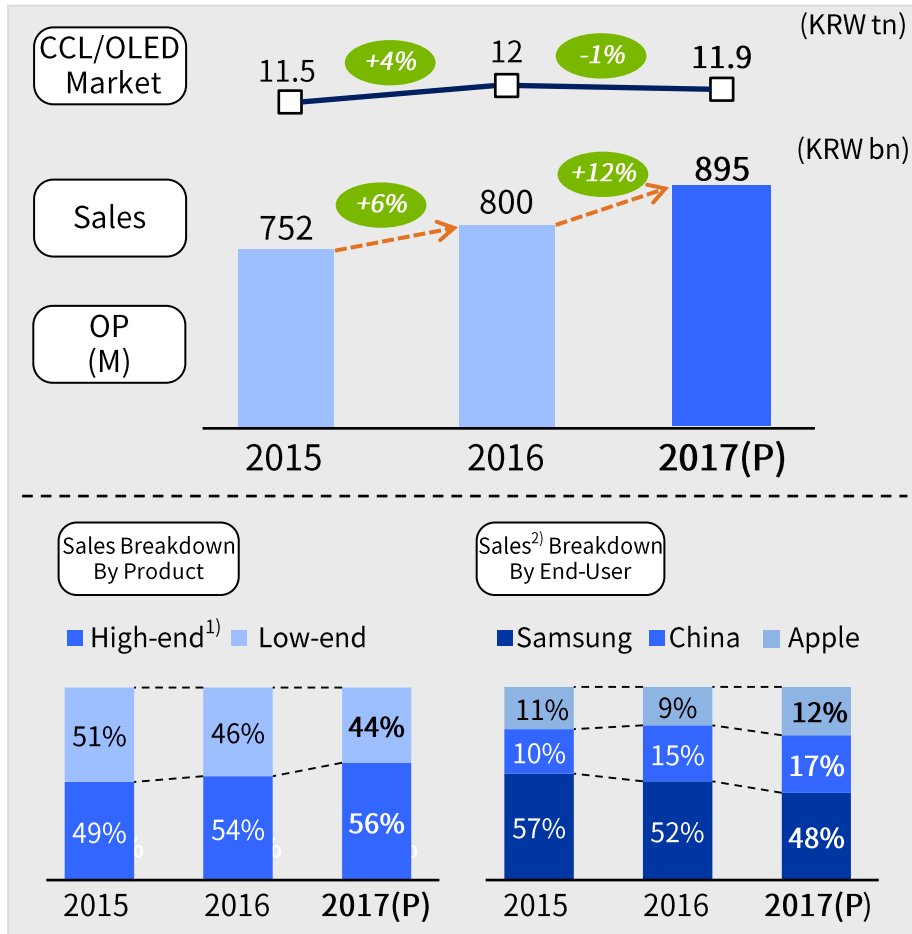
III. Subsidiaries Business Results & Plan

IV. Appendix

Electro-Materials – 2016 Results and 2017 Plan

- Sales growth of high-end products, mainly PKG CCL, Network Board CCL, and OLED, led YoY growth of E-Ms.
- Business growth will continue in 2017 thanks to high-end products and global customer diversification.

2016 Results and 2017 Plan



1) High-end: PKG/NWB/FCCL and OLED, 2) Sales of CCL and OLED

2016 Results

- Sales portion of high-end products rose by 5%p.
 - Sales of OLED and Network Board CCL led the growth.
- Customer diversification and overseas business expansion
 - Sales portion to Chinese players and Apple rose by 3%p.
 - overseas biz expansion in China and Luxembourg
- Business portfolio expansion (Electrodes for fuel cell)

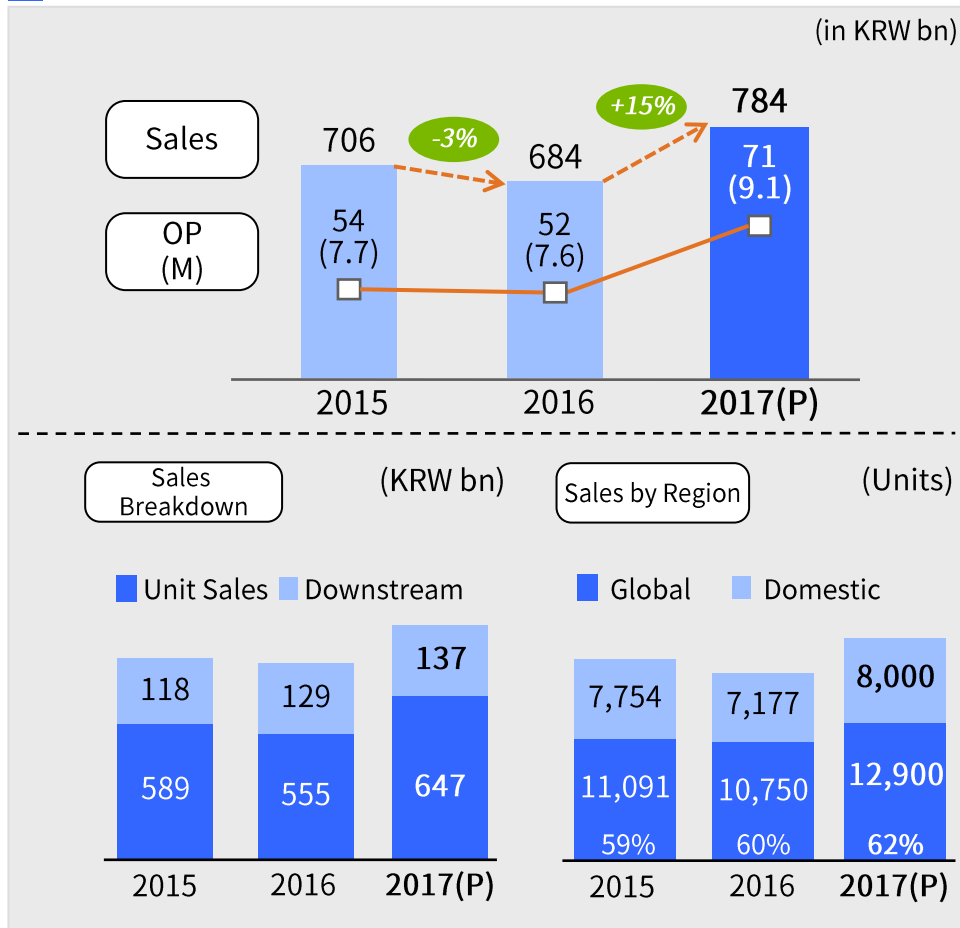
2017 Strategy

- Sales expansion of high-end products to be continued
 - PKG CCL : Non-memory / Chinese set makers
 - NWB CCL : High-speed telecommunication infra / server
 - OLED : Apple / Chinese set makers
- Sales to Chinese players and Apple to rise by 5%p
- Early stabilization of new business portfolio

Industrial Vehicle – 2016 Results and 2017 Plan

- Sales and OP slightly fell YoY due to sluggish domestic market. But, strong performance in global market by stronger sales network and business portfolio expansion laid foundation for growth in 2017.
- In 2017, sales will grow by 15%, OP by 35% with recovery of Korean market and stronger global sales network.

2016 Results and 2017 Plan



2016 Results

- **Domestic market shrank by 8% YoY.**
 - Market absorbed pre-demand for cheaper model in 2015 due to tier-change by stronger gas emission regulation.
- **Expanded sales network**
 - Sales growth in western Europe (+18% YoY)
 - Fleet order in Oceanic region (116 units, KRW 5 bn)
- **Expanded market presence with strategic partnership**
 - Oceanic, Asia, N.A. with a top-tier player
 - Rental biz and U.K. market with Rushlift

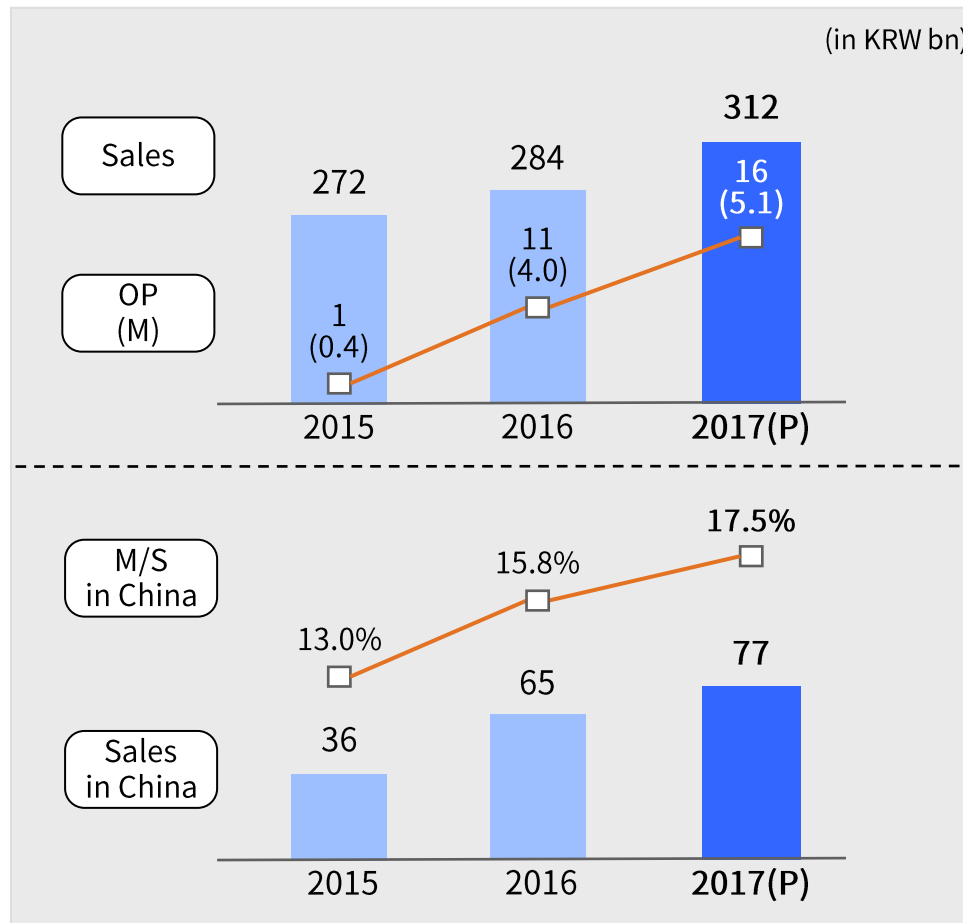
2017 Plan

- **Domestic market will grow by 10% YoY with normalized demand.**
 - Earnings will be positively affected as the leading player.
- **Strengthening global sales network**
 - Mainly targeting N.A. and emerging market
- **Business portfolio expansion**
 - Focusing more on downstream (rental, used, aftersales)
 - Adding warehouse products to the line-up

Mottrol – 2016 Results and 2017 Plan

- Recovery of Chinese excavator market and sales diversification by client/region led YoY growth in 2016.
- In 2017, business growth will be on course with higher M/S in China and expanding product lineup to non-excavator products along with continued sales diversification.

2016 Results and 2017 Plan



2016 Results

- **Sales growth in China**
 - KRW 36 bn in 15 → KRW 65 bn in 16 (77% ↑)
- **Increased sales to global leading players**
 - Product development for non-excavator and for Caterpillar in India
 - Developing 4-5 ton travelling device for Bobcat
- **New product development**
 - Motor and pump for vessels

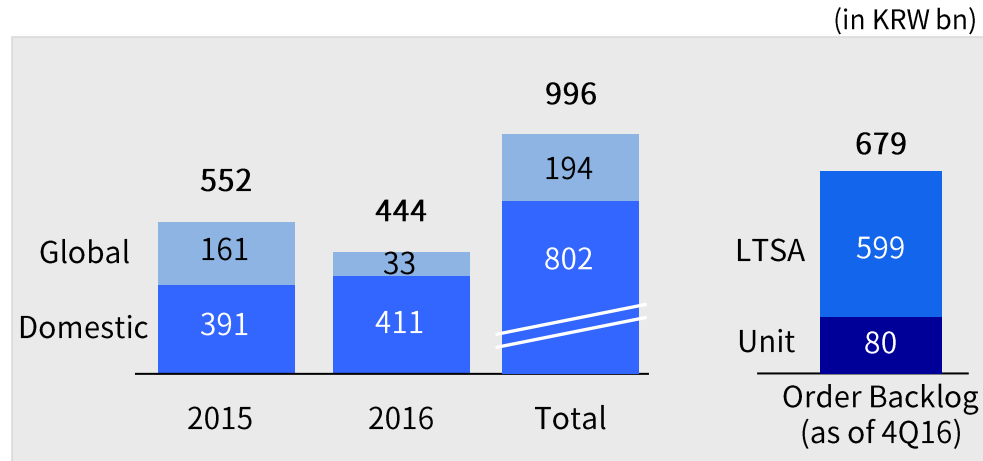
2017 Plan

- **M/S increase in China**
 - supplying pump and swing device to Sany and XCMG
 - supplying customized and cost competitive product
- **Stronger global competitiveness**
 - expanding market presence in Europe
 - new product development for Bobcat's compact excavators
- **Business portfolio expansion**
 - adding non-excavator products (vessels) to the line-up

Fuel Cell – 2016 Results

- Cumulative orders has reached KRW 1 tn in 2nd year of operation thanks to steady domestic order inflow.
- New domestic plants construction and delay in global projects caused one-time operating loss.

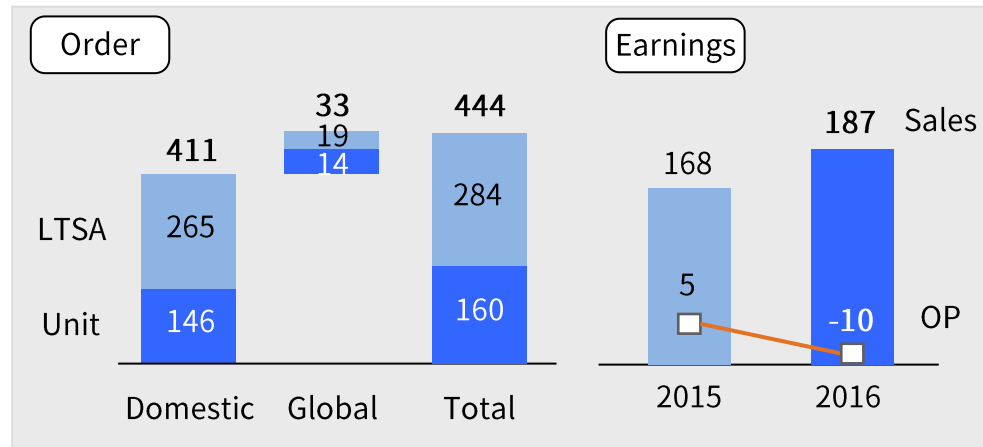
Cumulative Orders



2016 New Orders

- Domestic : SPC projects from private sector and direct orders from public generators were successfully won.
 - KOEN (22.4MW), KOMIPO (7.5MW), Baegot (6.2MW), Pocheon (0.4MW)
- Global
 - PPA model was set in motion in order to take action against clean energy policy shift in U.S.
 - First order outside of U.S. (U.K.) was won.

2016 Order Intake and Earnings



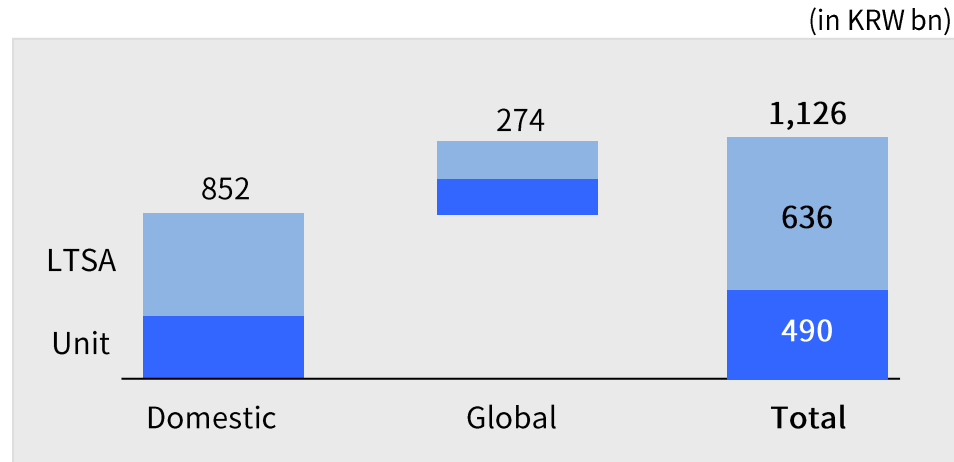
2016 Earnings

- Domestic
 - Initial cost for construction of domestic plant and additional personnel recruitment for domestic operation contributed to operating loss.
 - A new plant construction and facility set-up for mass production for PEMFC also hurt earnings.
- Global
 - Due to delay in schedule for primary global projects, earnings has slightly deteriorated.

Fuel Cell – 2017 Plan

- New order intake target is KRW 1.13 tn as new orders with PPA model in U.S. increase on top of strong order inflow from domestic market with continued eco-friendly policy driven by the government.

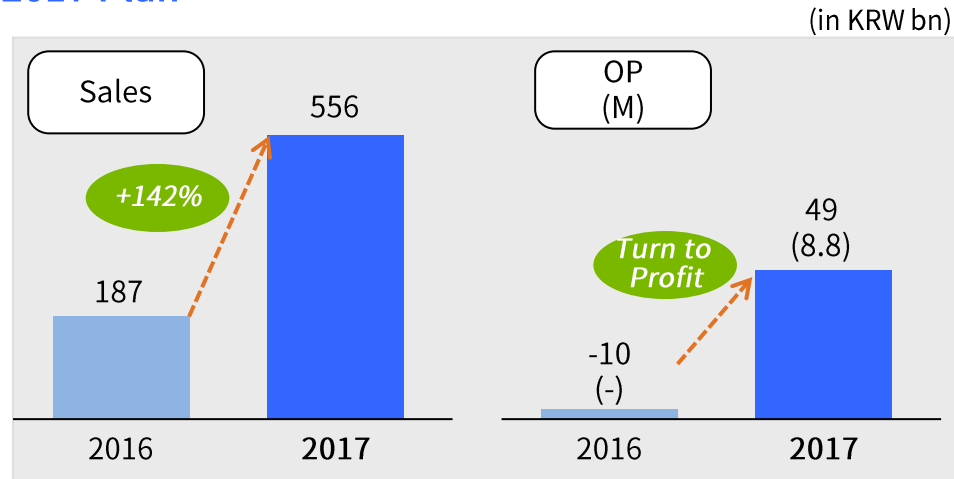
2017 New Order Target



2017 Market Outlook

- Domestic : Eco-friendly policy to continue
 - Tightening of RPS regulation will be accelerated (4.0% in '17→5.0% in '18).
 - Rapid hike in REC price will increase needs for renewable energy source generation.
- Global
 - U.S. : RPS policy and aid for new renewable energy by state governments to be continued (29 states, potential market of 420 units annually)
 - U.K. and others : market opportunity created by government driven eco-friendly policy

2017 Plan



2017 Strategy

- Domestic
 - New product development using byproduct hydrogen, LPG and pure hydrogen as energy source
 - Cost-cut achieved for products directly delivered in Korea with new domestic plant going on stream
- Global
 - Order won with PPA model from new customers
 - New cost-cut model development
 - Market penetration into other global markets

Table of Contents

I. 2016 Results and 2017 Plan

II. In-house Business Results & Plan

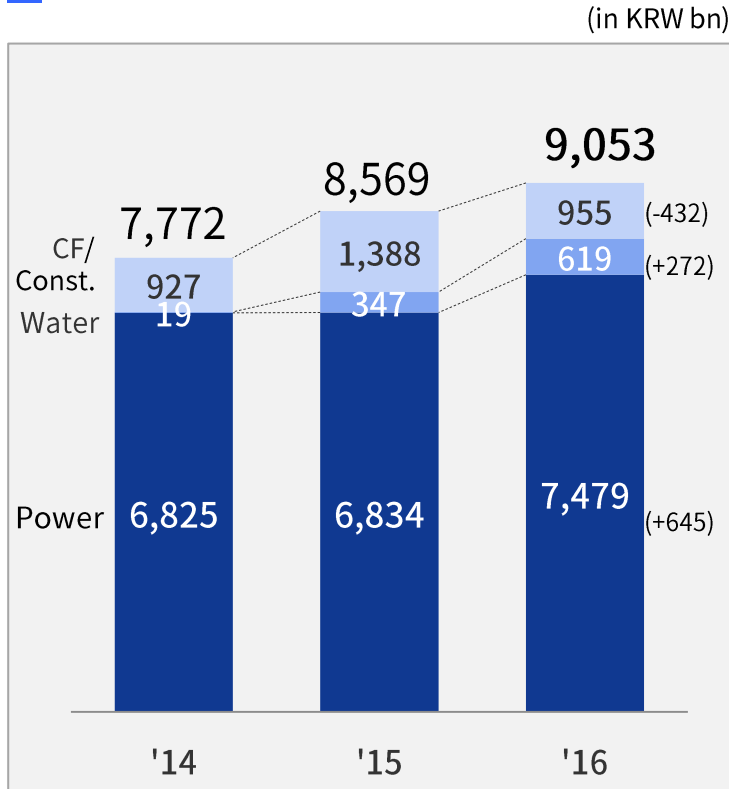
III. Subsidiaries Business Results & Plan

IV. Appendix

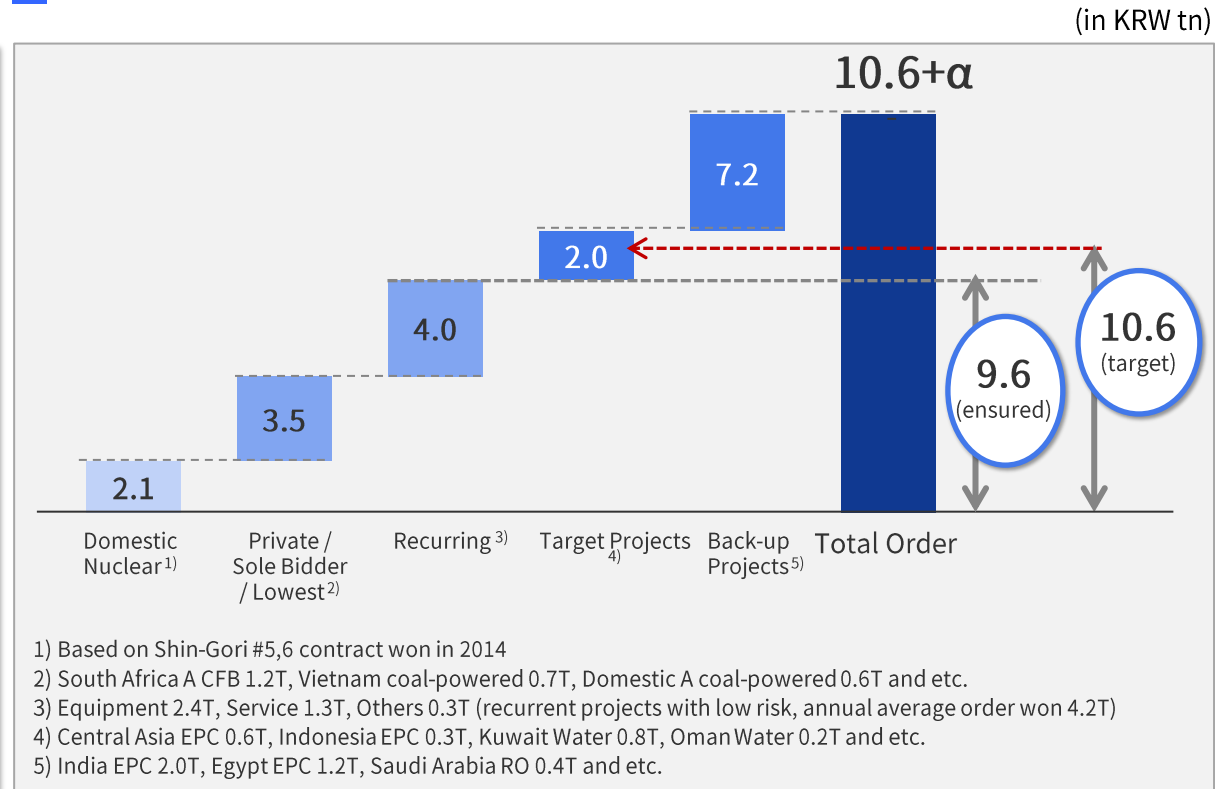
DHI – 2016 Results and 2017 Plan

- Even with delay in domestic nuclear plant projects, DHI won over KRW 9 tn of new orders with large-scale EPC orders in India and Saudi Arabia.
- In 2017, KRW 9.6 tn of order intake is ensured with domestic nuclear contracts, private contracts and recurring order, and KRW 10.6 tn is within sight with target projects from EPC and Water.

New Order Trends



2017 Order Plan

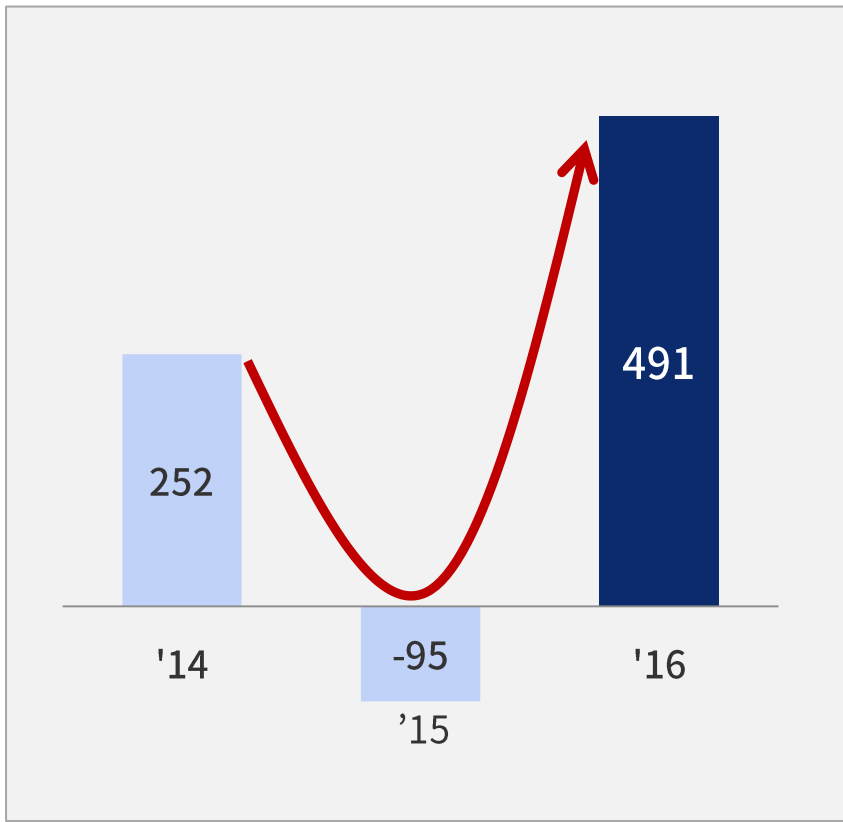


Infracore – 2016 Results and 2017 Plan

- OP increased thanks to restructuring effort of HQ and improved earnings of Bobcat. Also, net finance expense fell with lowered net debt level through asset divestiture.

OP

(in KRW bn)



Net Debt / Net Financial Expense

(in KRW bn)

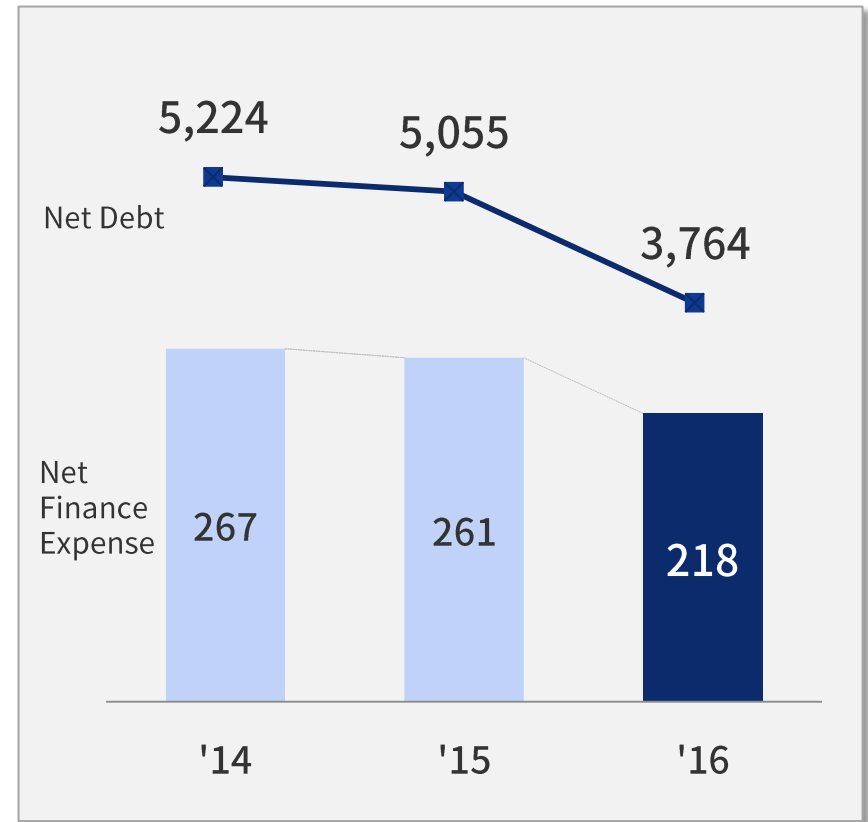


Table of Contents

I. 2016 Results and 2017 Plan

II. In-house Business Results & Plan

III. Subsidiaries Business Results & Plan

IV. Appendix

Appendix : 2016 Earnings and 2017 Plan(Parent)

(in KRW bn, %)

	2015	2016	2017	YoY
Sales	1,874	2,067	2,764	+33.7%
OP (%)	213 (11.4%)	225 (10.9%)	279 (10.1%)	+23.7% (-0.8%P)
▪ In-house Biz	130	135	206	+52.3%
▪ Others*	83	90	73	-19.0%

* Including dividend income, common expenses, consolidated adjustment, DFS business and etc.

Appendix : Financial Summary

Financial Summary

Debt

	(KRW bn)	
	Parent	
	3Q16	4Q16
Current Asset	745	811
Non-Current Asset	2,904	2,934
Total Assets	3,649	3,745
Current Liabilities	969	1,043
Non-Current Liabilities	546	589
Total Liabilities	1,515	1,632
Paid-in Capital	135	135
Total Equity	2,135	2,113
L/E Ratio	71%	77%

	(KRW bn)	
	Consolidated	
	3Q16	4Q16
Current Asset	10,380	10,769
Non-Current Asset	17,417	17,896
Total Assets	27,797	28,665
Current Liabilities	12,958	13,440
Non-Current Liabilities	7,174	7,324
Total Liabilities	20,132	20,764
Paid-in Capital	2,413	2,392
Total Equity	7,665	7,901
L/E Ratio	263%	263%

	(KRW bn)	
	Parent	
	3Q16	4Q16
Bank	689	749
Corp. Bonds	340	335
Others	0	0
Debt	1,029	1,084
Cash	58	156
Net Debt	971	929
Net D/E Ratio	45%	44%

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