



Doosan Heavy Industries & Construction

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'18.Q1 Results



Tamra off-shore wind farm (source: KOEN)

2018.4.

Disclaimer

This presentation was prepared for the convenience of investors. The financial figures contained in this presentation are K-IFRS consolidation and DHI operation* basis.

Also, this presentation has been prepared in advance prior to the completion of external audit, only for the convenience of investors. Accordingly, it may be subject to change during the course of audit.

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* DHI Operation : DHIC Parent & Overseas Subsidiaries(DPS and etc.)

Table of Contents

- **DHIC (Doosan Heavy Industries & Construction)**
 - **Summary**
 - **New Orders**
 - **Sales/Operating Profit**
 - **Annual New Orders Forecast**
 - **Key Achievements**
 - **Balanced Sheet**
 - **DHIC Parent**
- Consolidated
- Affiliates

DHIC_Summary

In 1Q, orders recorded level of 0.7T. Sales and OP slightly decreased YoY, Net profit turned to loss due to F/X rate change.

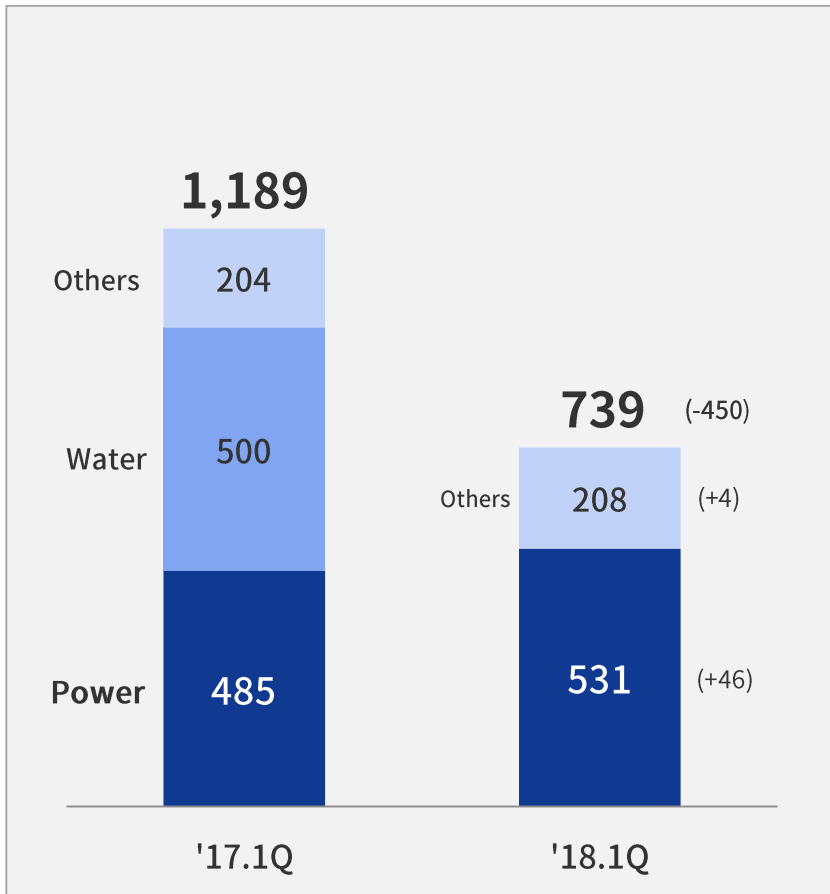
(Unit : KRW B., %)

	'17.1Q	'17.4Q	'18.1Q	YoY	QoQ
Orders	1,189	2,230	738	-451	-1,492
Backlog	18,319	17,809	17,282	-1,037	-527
Sales	1,372	1,580	1,265	-107	-315
OP	69	17	54	-15	+37
OPM(%)	5.1%	1.1%	4.3%	-0.8%p	+3.2%p
EBITDA	126	88	119	-7	+31
Non-OP	-49	-115	-93	-44	+22
Interest P/L	-43	-45	-48	-5	-3
FX	12	13	-20	-32	-33
Net P/L	7	-53	-44	-51	+9

DHIC_New Orders

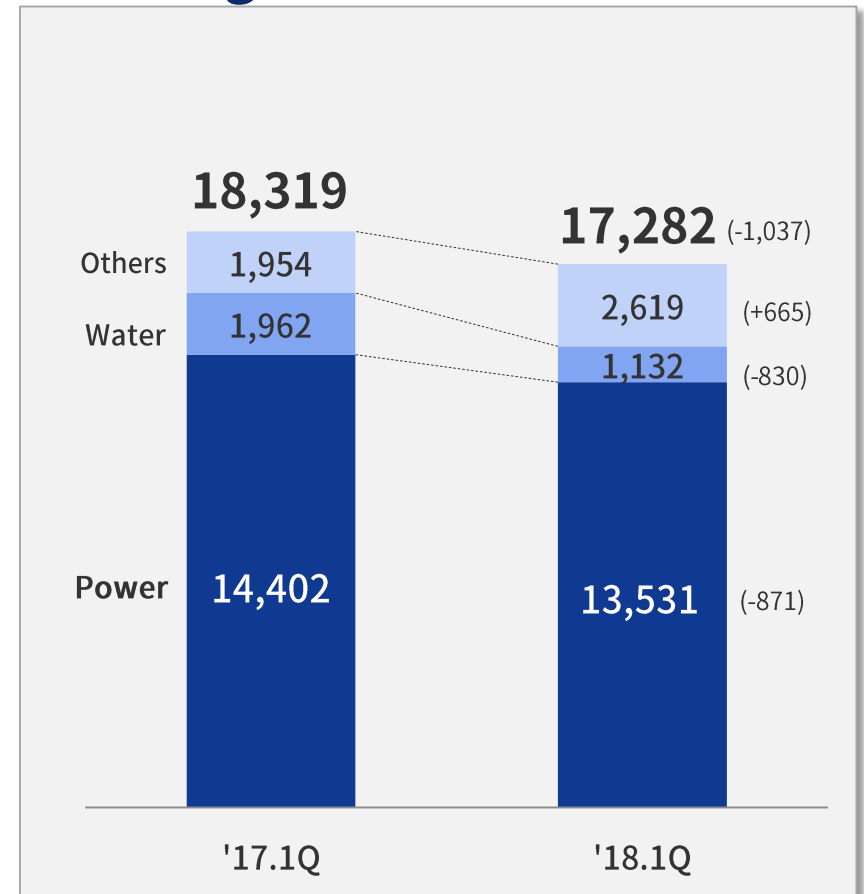
In 1Q, Orders recorded KRW 0.7T, with increase of 10% YoY in power business.
Backlogs maintained at approx. 3 times of annual sales forecast.

Orders



Backlogs

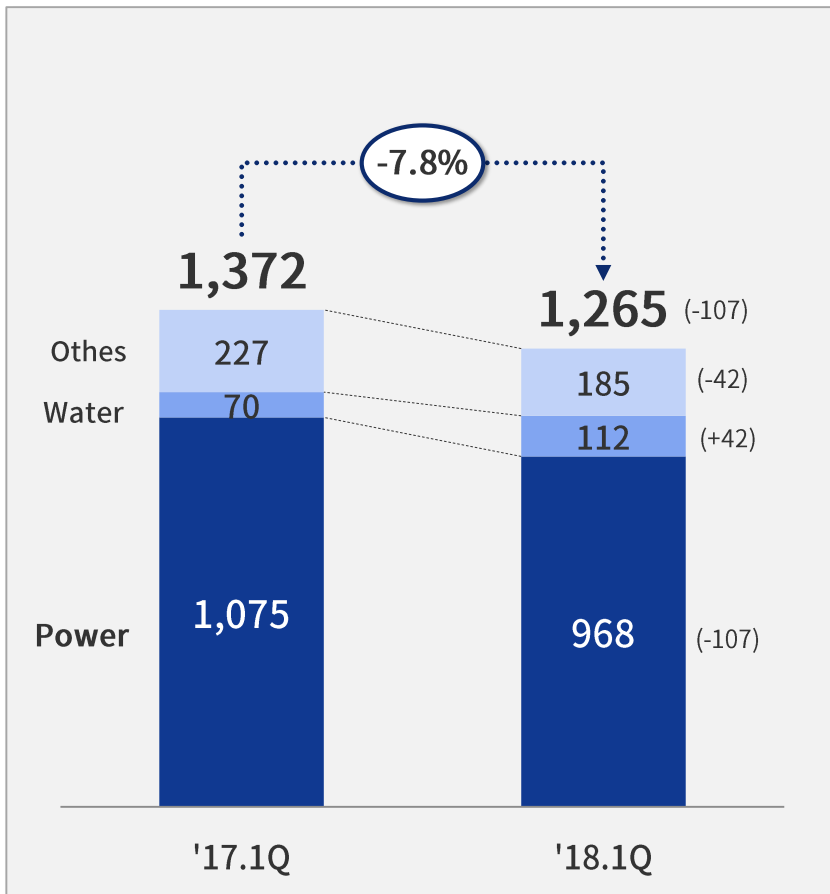
(Unit : KRW B.)



DHIC_Sales/OP(%)

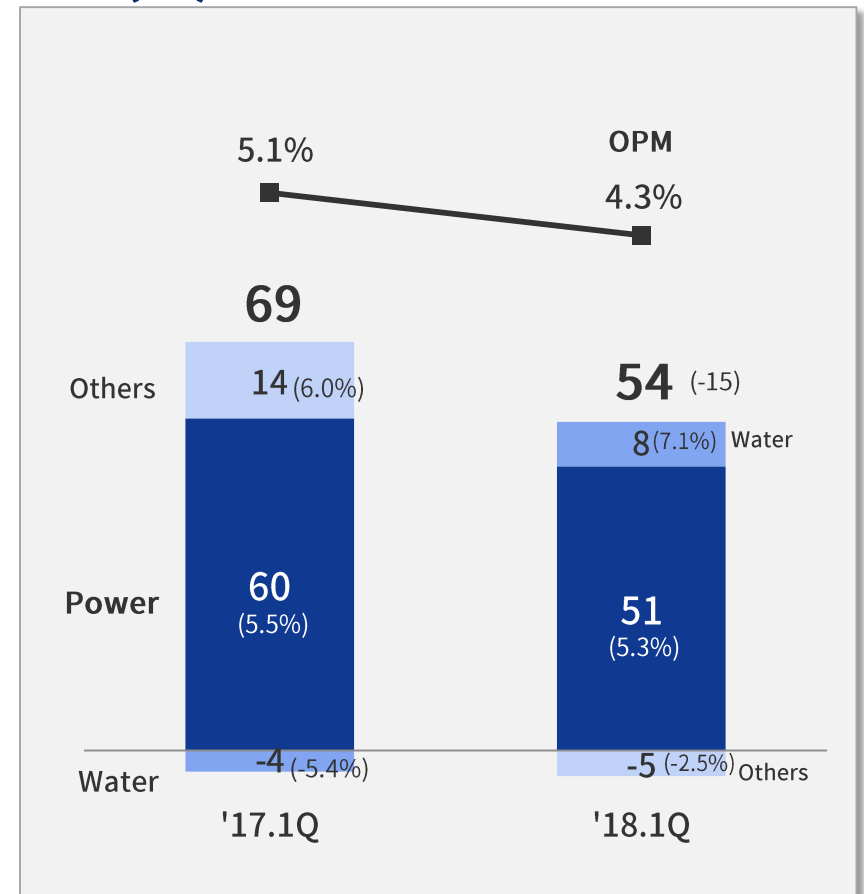
Sales decreased 8% YoY, and OP(%) also decreased slightly YoY. On the other hand, power division which is DHIC's core biz, maintained a solid OP margin of 5%.

Sales



OP(%)

(Unit : KRW B., %)

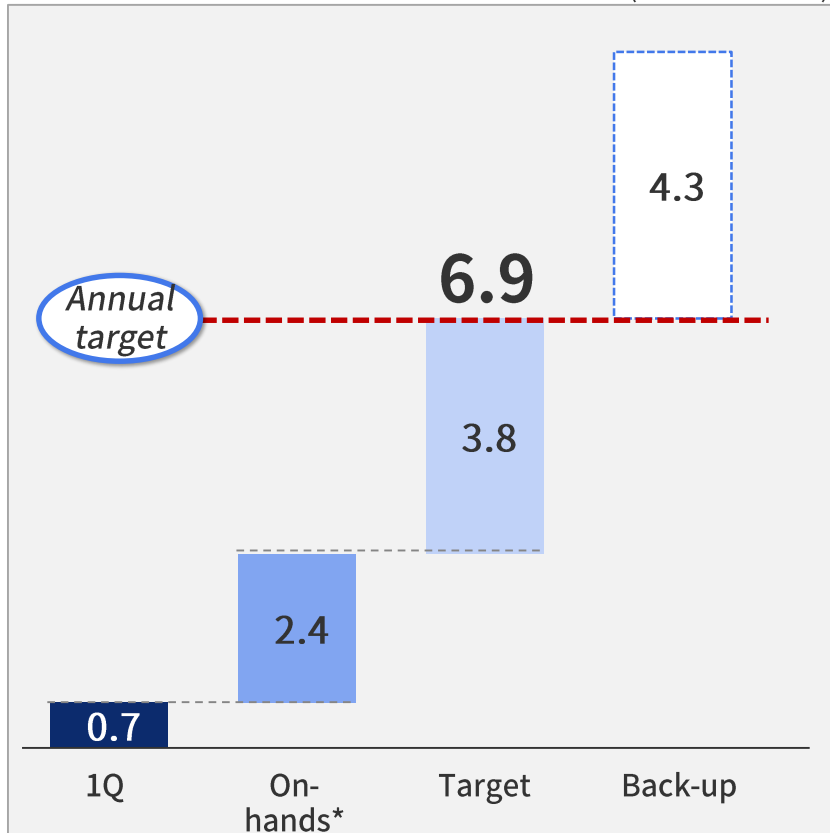


DHIC_Order Forecast

Regarding KRW 739B. of 1Q Order, 2.4T. of on-hands and 3.8T of target projects, 6.9T of annual order target is highly achievable.

Order Forecast

(Unit : KRW T %)



1Q Order was 739BN

- HanWul(domestic nuclear) Replacement of Reactor Vessel Head 128B
- ShinSeoCheon FGD** 69B and others

Order to accelerate from 2Q

- Domestic coal PP EPC and off-shore wind turbine projects are in progress
- New business item of domestic nuclear is also expected

Other projects are in progress

- Coal PP EPC(south-east Asia), Desalination(Middle east) and etc.
- Service, R&M and other new items are also in progress

* On-hands : projects with private contract or DHIC is sole bidder or lowest bidder's

** FGD : Flue-Gas Desulfurization

DHIC_Key Achievements

- Renewables** • Awarded ESS demo-projects from Consumers Energy, which is the biggest public utility company in Michigan(Mar, '18)
 - Following Beacon Solar PP ESS projects in '17, keep expanding North America ESS/Microgrid business
- Service/Environments** • Awarded domestic FGD project(Feb, '18, ShinSeoCheon Coal PP)¹⁾
 - 'Comprehensive Measures for Fine Dust Management' of GVMT will promote AQCS²⁾ market until '22 with 7.2T.won size
- Qualified as 'Nuclear Power General Maintenance Company(Jan,'18)
 - Enabled to expand equipment replacement and maintenance business for domestic nuclear PP
 - Awarded replacement contract of RVH³⁾ for HanWul #1,2 and others(Jan,'18)
- Overseas Nuclear** • DHIC consortium⁴⁾ was selected as a preliminary contractor for NuScale SMR⁵⁾ project of US.(Mar, '18)
- Coal PP** • Received LNTP for Vietnam Nghi-Son 2 project and finalized EPC contract(Apr, '18)

Note

- 1) Following project of ShinBoryeong R&M in '17, DHIC won both projects
- 2) Air Quality Control System
- 3) Reactor Vessel Head part
- 4) APB Global(DHIC, Hitachi, ARES, BESCO), BWXT(US)
- 5) Small Modular Reactor : 12 units of 50MWe/NPM is planned



DHIC_Key Achievements

Vietnam : Moved in wind turbine market / Enhancing coal PP business



- MOU signed for cooperation of Vietnam Wind Power business
 - Cooperate to develop 'off-shore wind farm + ESS' pilot project (DHIC-EVN-KOEN)
 - Cooperate to develop wind farm at southern part of VN
- MOU signed for long-term cooperation of coal PP technology
 - Develop new project to transfer coal technology from DHIC to VN, while DHIC secure new business opportunities in VN
- Certificate of appreciation was awarded for early completion of Vinh Tan 4 coal PP project

UAE : summit meeting between KOR-UAE to cooperate Nuclear and De-sal biz



- President of KOR and crown prince of UAE attended the completion ceremony of the 1st Barakah Nuclear PP
 - UAE confirmed that the country is supporting Korea's effort to win KSA nuclear project
- Crown prince of UAE requested cooperation in de-sal tech.
 - Co-work of new de-sal project to transfer technology and to develop new business opportunities in other countries

DHIC_Balanced Sheet

(Unit: KRW B., %)

Category	2017 end	2018 1Q	Difference
Current Assets	4,221	4,480	+259
Cash & Cash Equivalent	898	729	-169
Non-Current Assets	10,511	10,486	-25
Total Assets	14,732	14,965	+233
Total Liabilities	8,750	9,001	+251
Net-Debt	4,301	4,848	+547
Total Equity	5,982	5,964	-18
Total Liabilities and Equity	14,732	14,965	+233
Total L/E Ratio	146.3%	150.9%	+4.6%p

DHIC Parent_Summary

(Unit: KRW B., %)

Category	'17.1Q	'18.1Q	YoY
Sales	1,047	965	-82
OP	82	76	-6
OPM(%)	7.9%	7.9%	-
Non-OP	-35	-53	-18
Interest P/L	-34	-40	-6
FX	14	-3	-17
Others	-15	-10	+5
Net P/L	34	14	-20

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Consolidated_Summary

Sales increased 9.2% YoY and OP margin also improved by 140bps.
Net profit decreased YoY due to F/X loss and discontinued operation losses.

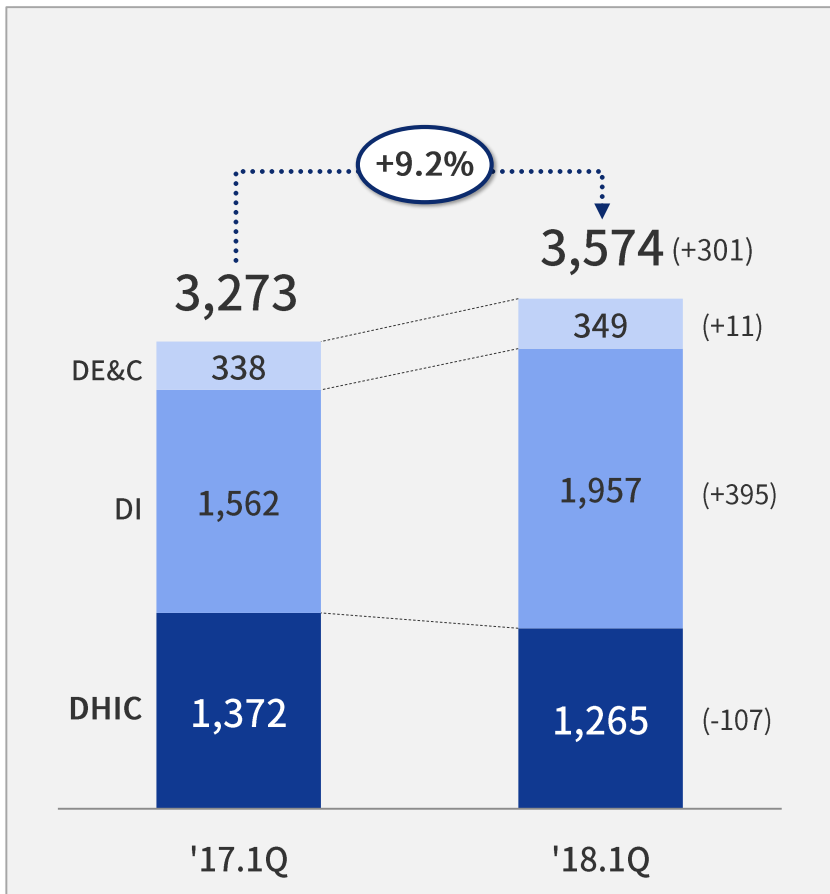
(Unit : KRW B, %)

	'17.1Q	'18.1Q	YoY
Sales	3,273	3,574	+301
OP	232	305	+73
OPM(%)	7.1%	8.5%	+1.4%p
EBITDA	355	438	+83
Non-OP	-114	-191	-77
Interest P/L	-106	-119	-13
FX	53	-15	-68
Others	-62	-58	+4
P/L before income tax	117	114	-3
Income tax expense	73	62	-11
P/L from discontinued operation	-7	-29	-22
Net P/L	37	23	-14

Consolidated_Sales/OP(%)

Sales and OP(%) increased YoY thanks to the growth of affiliates which is mainly driven by Infracore, while DHIC sales decreased slightly.

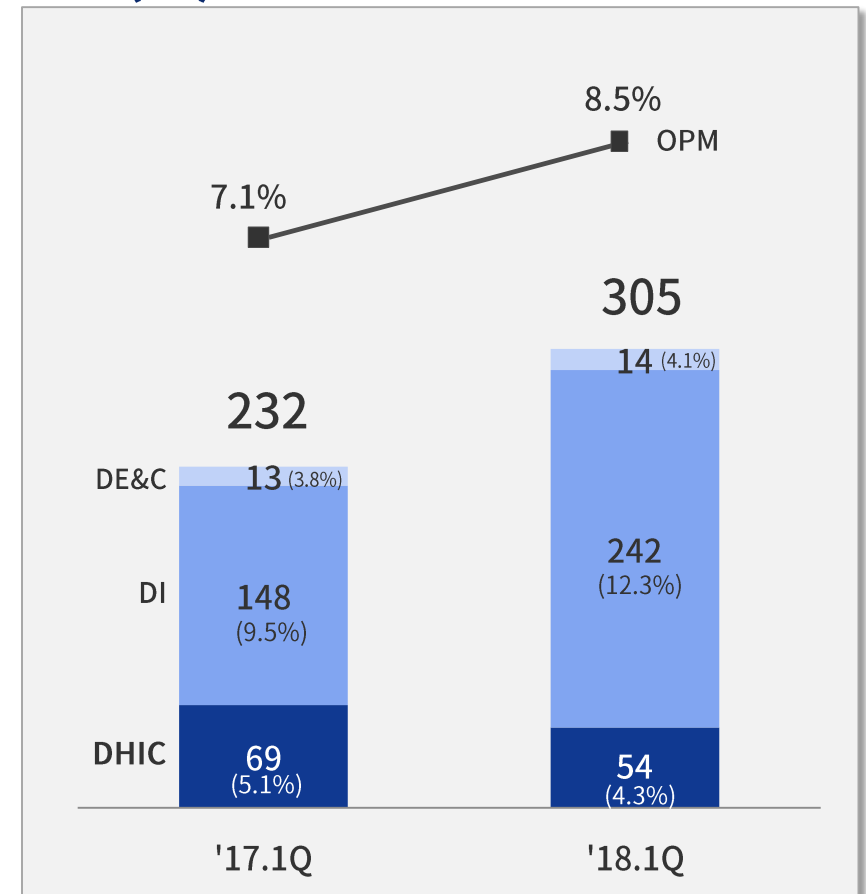
Sales



- Removed sales result from Doosan Engine's discontinued biz
: '17.1Q(-176b.), '18.1Q(-97b.)

OP(%)

(Unit : KRW B., %)



- Removed OP result from Doosan Engine's discontinued biz
: '17.1Q(-7b.), '18.1Q(-1b.)

Consolidated_Balanced Sheet

(Unit : KRW B, %)

Category	2017 end	2018 1Q	Difference
Current Assets	9,230	10,460	+1,230
Cash & Cash Equivalent	2,208	2,099	-109
Non-Current Assets	15,732	15,300	-432
Total Assets	24,962	25,759	+797
Total Liabilities	18,396	19,258	+862
Net-Debt	9,007	9,336	+329
Total Equity	6,566	6,501	-65
Total Liabilities and Equity	24,962	25,759	+797
Total L/E Ratio	280.2%	296.2%	+16.0%p

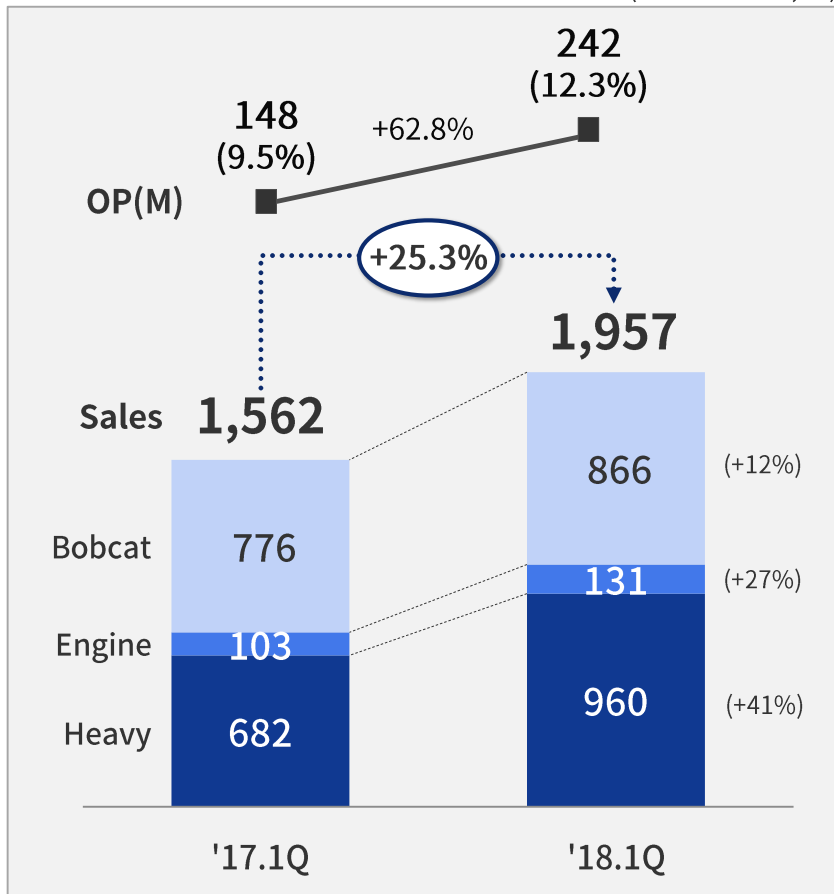
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Doosan Infracore

Sales and OP increased significantly due to high growth of heavy excavator sales and stable engine biz. China excavator sales continued its big growth.

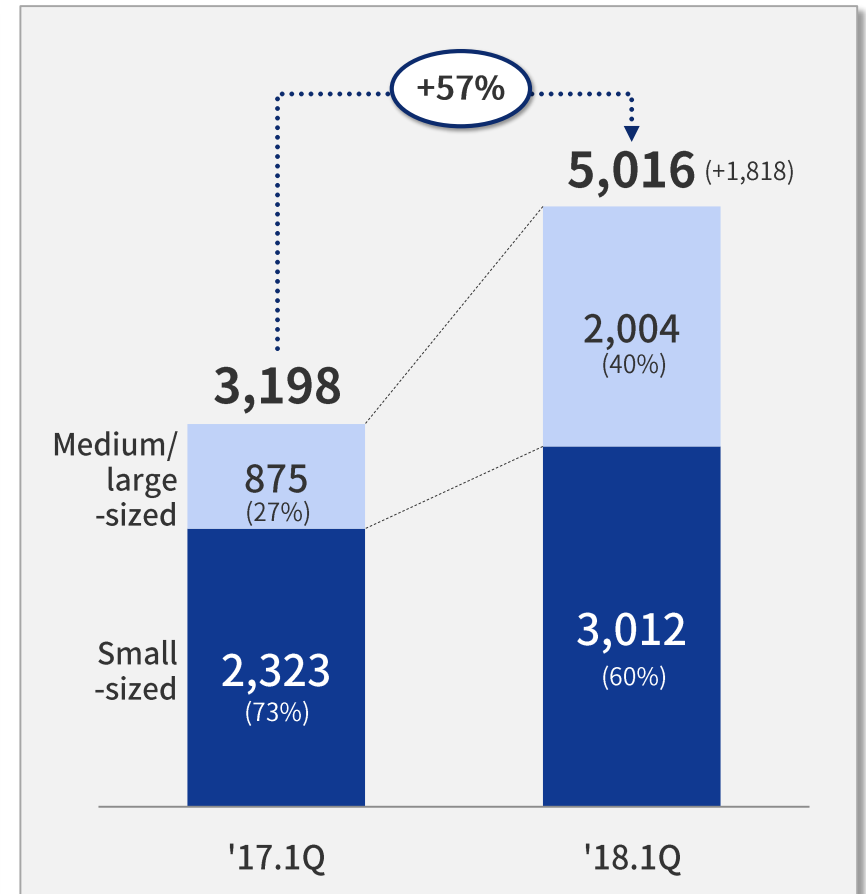
Sales/OP

(Unit : KRW B, %)



Excavator sales in China

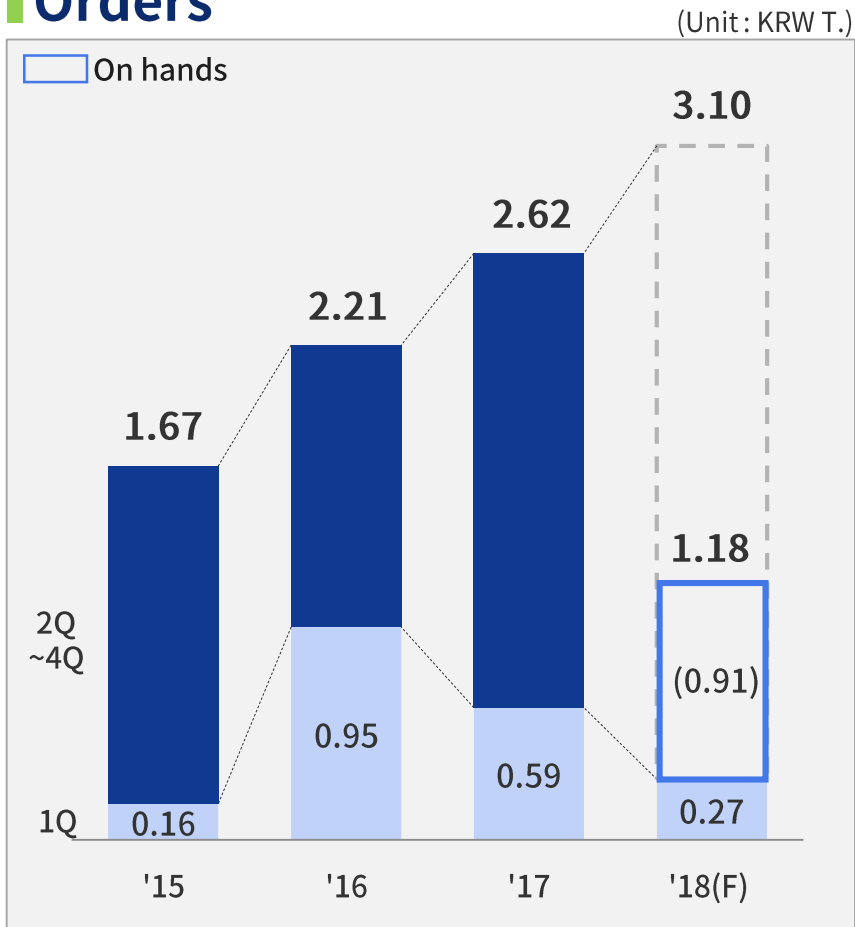
(Unit: each,%)



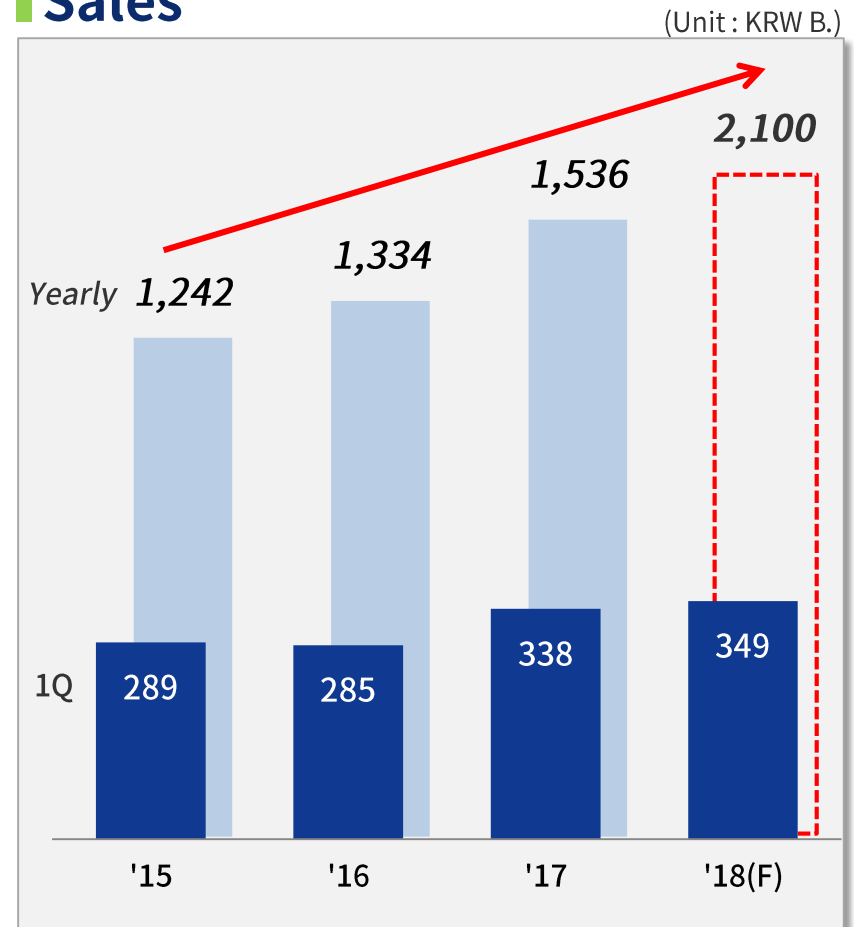
Doosan E&C

Secures 1.2T of good order flows including 0.9T of on-hands, which was delayed to Apr. Also, sales growth continued backed by order growth during last 3 yrs.

Orders



Sales





Q&A