

Doosan Heavy Industries Co., Ltd.

2021 Earnings Release



February 2022

Disclaimer

This presentation was prepared for the convenience of investors. The financial figures contained in this presentation are K-IFRS consolidation and DHIC¹⁾ managerial consolidation²⁾ basis.

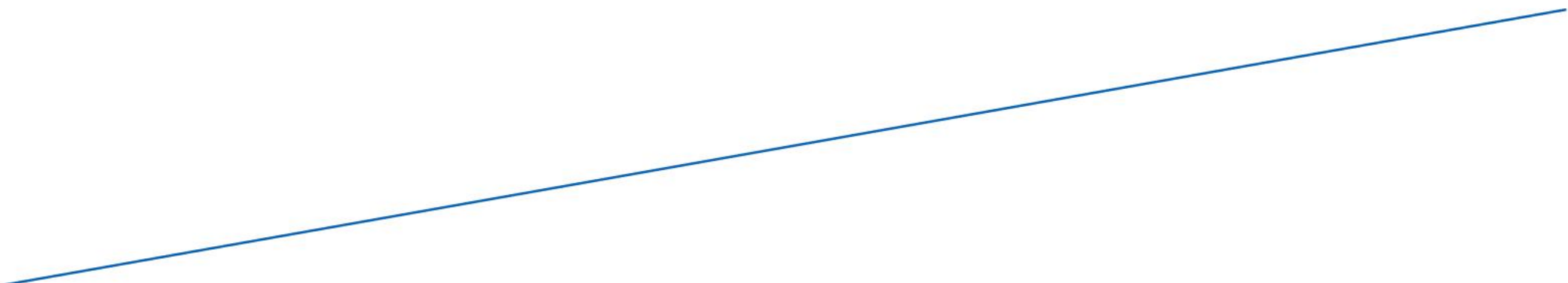
Also, this presentation has been prepared prior to the completion of external audit, only for the convenience of investors. Accordingly, it may be subject to change during the final audit process.

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1) DHIC : Doosan Heavy Industries & Constructions

2) DHIC managerial consolidation : DHIC separate + Overseas Subsidiaries + Doosan Mecatec

Contents



1. 2021 Business Results

- '21 Result

- Financial Structure Improvement

2. 2022 Plan

- '22 Plan

- Growth Business Plan (Mid/Long term)

'21 DHIC Business Results Summary

- Orders achieved KRW 7.3T increased by 33% YoY despite of order delays
- Sales increased by 5.9% YoY driven by order growth and exceeding target progress in domestic/overseas large EPC PJTs
- EBIT turned around and exceeded annual target (KRW 221B) thanks to robust sales growth, cost improvement and restructuring
- Net Profit turned around driven by EBIT growth and Doosan Bobcat PRS revaluation profit

Summary (DHIC managerial consolidation)

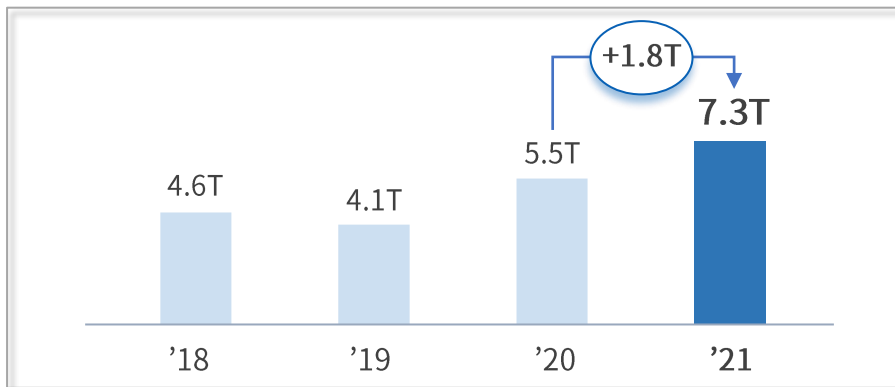
(Unit : KRW B, %)

	'20	'21	YoY	'20. 4Q	'21.4Q	YoY
Orders	5,508	7,324	+33.0%	2,941	3,603	+22.5%
Backlog	13,805	15,529	+12.5%	13,805	15,529	+12.5%
Sales	5,291	5,600	+5.85%	1,476	1,721	+16.6%
EBIT	-545	262	Turnaround	-182	36	Turnaround
%	-10.3%	4.7%	Turnaround	-12.3%	2.1%	Turnaround
EBITDA	-323	463	Turnaround	-129	91	Turnaround
Non-OP	-1,304	-129		-687	-107	
Interest Balance	-220	-202		-56	-47	
Others	-1,083	74		-631	-60	
Net Profit	-1,638	288	Turnaround	-572	138	Turnaround
Net Debt	4,842	3,953	-18.4%	4,842	3,953	-18.4%
Liability/Equity ratio	239.5%	171.6%	-67.9%p	239.5%	171.6%	-67.9%p

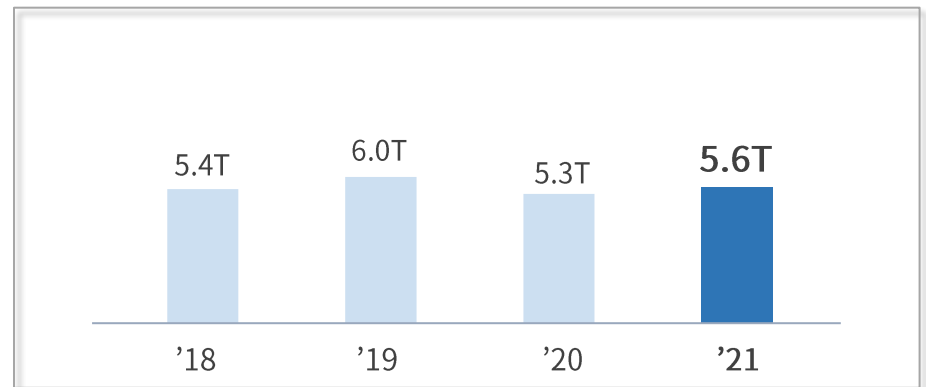
'21 DHIC Results _ Summary

- Orders grew +33% YoY achieved by Saudi Yanbu4 Desalination, Dangjin LNG tank, and Vietnam Vung Ang2
- Backlogs spiked KRW 15.5T(+13% YoY), about 2.8 years of annual sales
- EBIT turnaround accomplished and EBIT margin(%) recovered by +15% thanks to a sharp rise in sales coupled with cost saving and restructuring

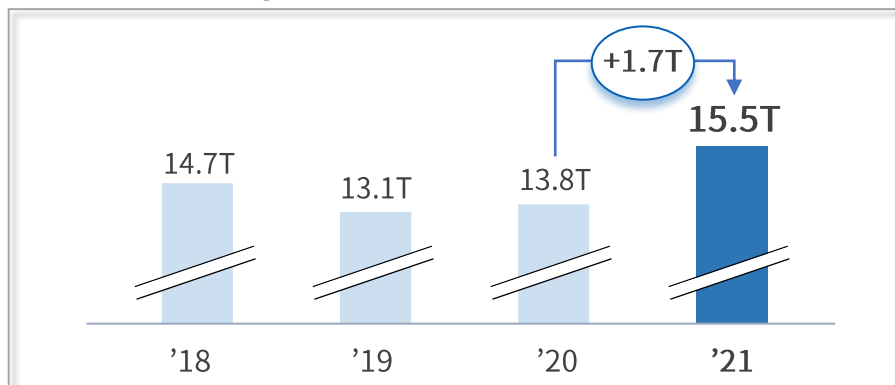
Orders



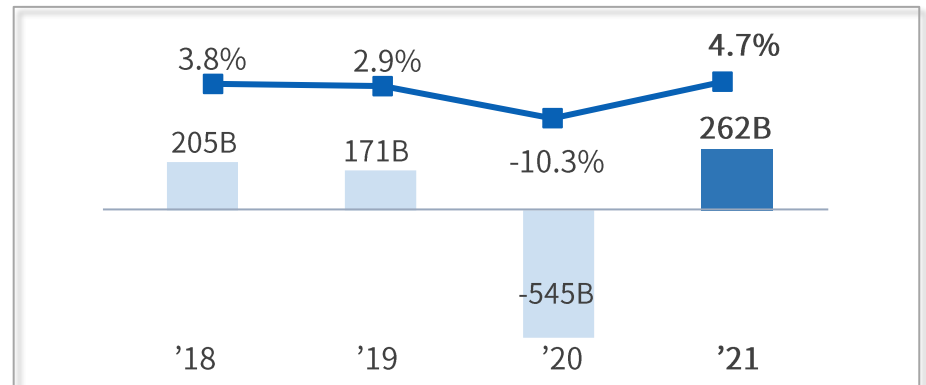
Sales



Order Backlogs



EBIT

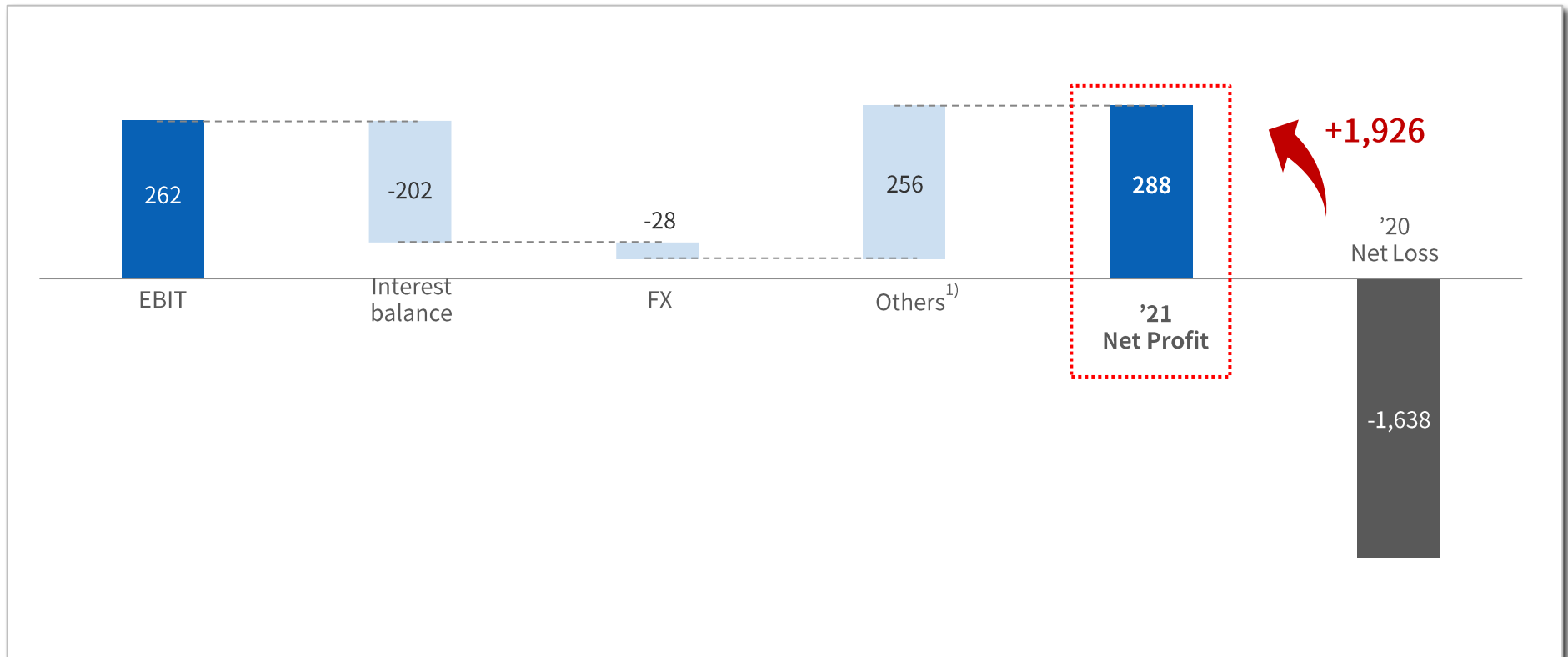


'21 DHIC Results _ Net Profit

- Net Profit increased by KRW 1.9T YoY driven by EBIT exceeding interest balance, FX loss and Doosan Bobcat PRS revaluation profit

Net Profit

(Unit : KRW B)

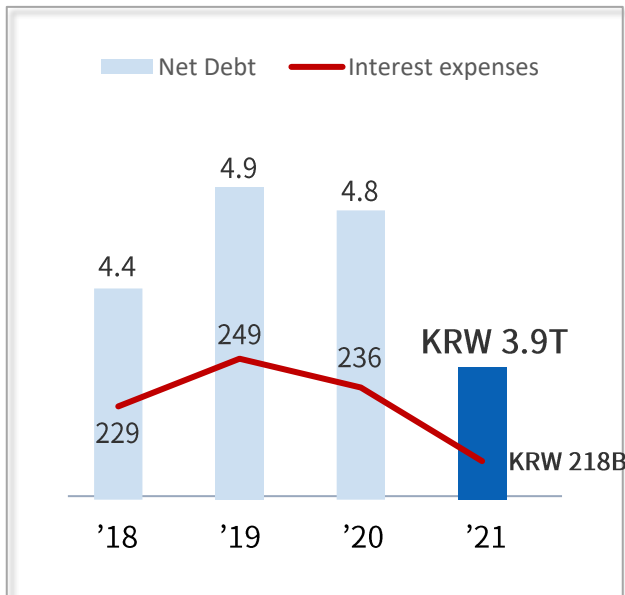


1) Doosan Bobcat PRS(Price Return Swap) revaluation profit KRW 114B, DI BW revaluation profit KRW 56B, Doosan Infracore sale profit KRW 60B and etc.

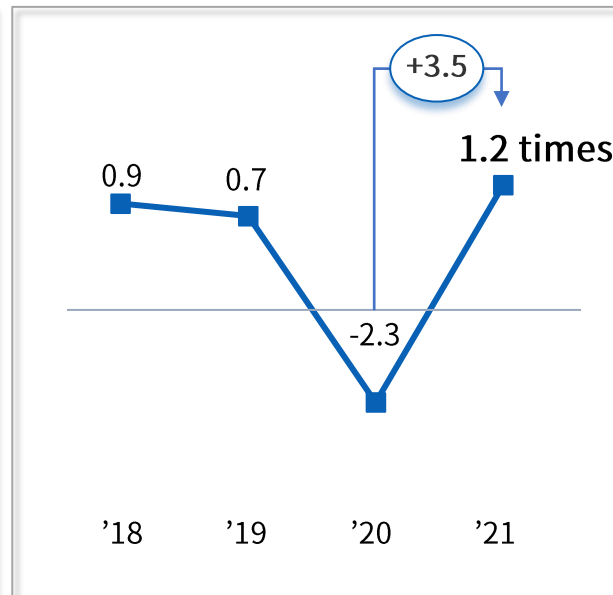
'21 Financial Restructuring Results

- Net-Debt decreased by KRW 1T and interest expenses decreased by KRW 31B(12%) compared to the end of '19
- ICR recorded 1.2 × thanks to improved financial structure and EBIT growth
- Liability/Equity ratio decreased to 170% via investment in-kind, capital raise and financial structure improvement

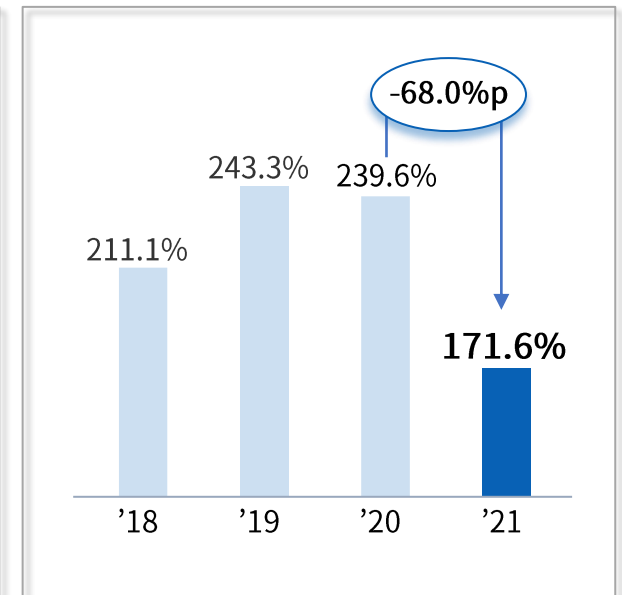
Net-Debt/ Interest expenses



ICR(Interest Coverage Ratio)



Liability/Equity ratio



Additional Financial Restructuring by Capital raise

Financial Restructuring Activities

▪ Restructuring ✓ ~'20 Dec	Profitability improvement
▪ Sales of non-core assets ✓ Club Mow CC ('20 May) ✓ Infracore shares ('21 Aug)	Financial structure improvement
▪ Doosan Fuel Cell contribution in kind ✓ share bestowal by owner family ('20 Nov) ✓ contributed in-kind by Doosan Corp. ('21 Apr)	Financial structure improvement
▪ Capital raise ✓ '20 Dec (KRW 1.2T)	Financial structure improvement

Financial Effect of Capital raise

- ❖ Improve the financial structure through self-rescue efforts to normalize business
- ❖ Additional decrease of Liability/Equity ratio and Debt dependance by financial structure improvement and securing liquidity

Financial structure improvement / Securing investment fund

- Liability/Equity ratio : 171.6% ➔ 135.6%
- Debt dependence : 33.2% ➔ 28.6%

- **CAPEX for New Growth Business Portfolio**
(New growth business : Large GT /Hydrogen turbine, next generation wind power model, SMR(Small Modular Reactors , Fuel Cell, 3DP/Hydro/Solar, etc.)

'21 Consolidated Results Summary

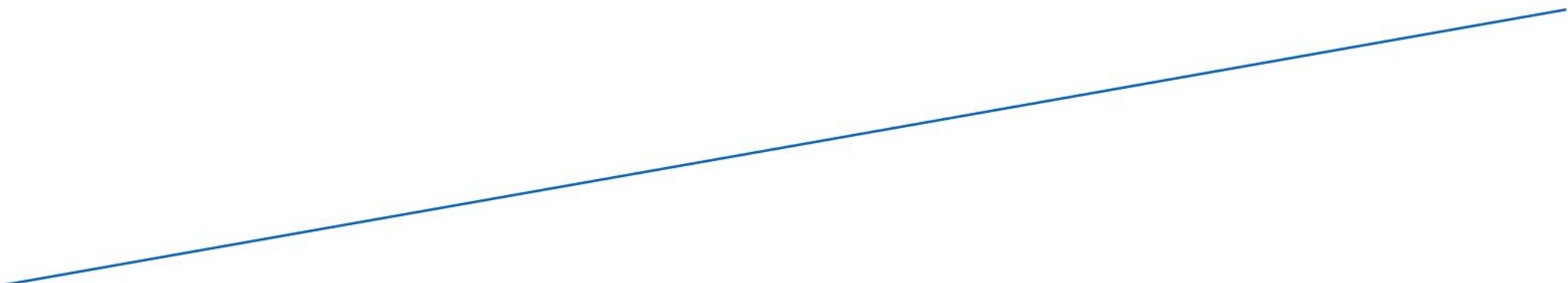
- Sales grew +23% YoY thanks to DHIC and Doosan Bobcat's sales growth
- EBIT turnaround achieved by DHIC and Doosan Bobcat's EBIT growth
- NP turnaround YoY driven by sales & EBIT growth

Summary

(Unit : KRW B, %)

	'20	'21	YoY
Sales	9,636	11,808	+22.5%
EBIT	-137	891	Turnaround
%	-1.4%	7.5%	Turnaround
EBITDA	222	1,261	+468.1%
Non-OP	-647	-309	
Interest Balance	-280	-268	
Others	-367	-41	
Net Profit	-838	646	Turnaround
Net Debt	7,407	4,815	-35.0%
Liability/Equity ratio	259.8%	169.3%	-90.5%p

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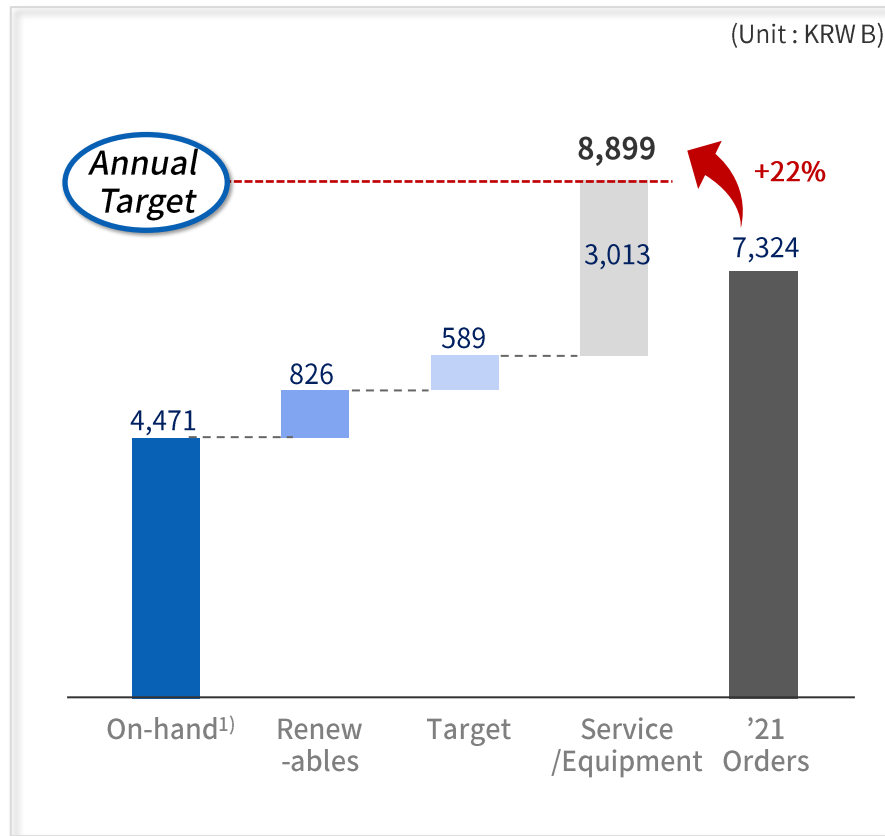


1. 2021 Business Results
 - '21 Result
 - Financial Structure Improvement
- 2. 2022 Plan**
 - '22 Plan**
 - Growth Business Plan (Mid/Long term)**

'22 Plan_Orders

- Target KRW 8.9T of new orders through realization of on-hand projects and target projects.

'22 Orders plan



1) On-hand : Projects that are likely to recognize orders by acquiring a Preferred Bidder or equivalent status

(Unit : KRW T)

Secured 4.5 trillion won On-hand, 50% of annual target

Saudi Aramco Casting/Forging	1.0
Egypt El Dabba Nuclear	0.6
Guam Ukudu CCPP	0.6
Domestic Fuel Cell (Changwon)	0.5
Domestic offshore wind (Jeju Hanlim)	0.3
Shuaibah 3	0.3

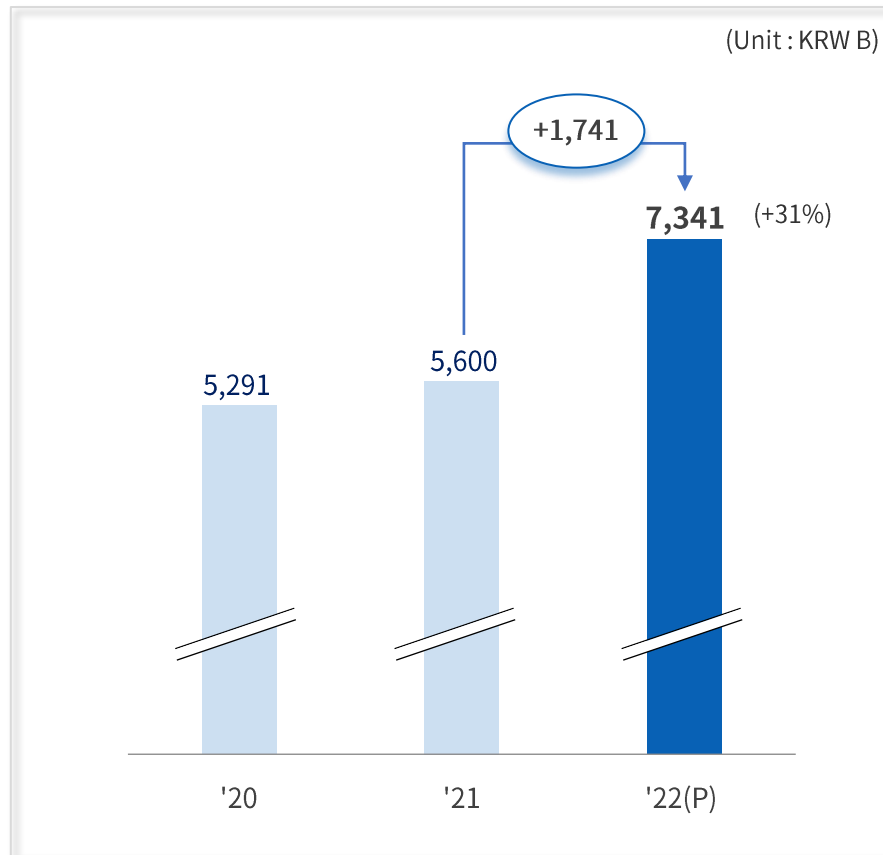
Renewables and Target PJTs

Renewables including offshore wind 0.5T	0.8
Domestic CCPP	0.3
SMR	0.2

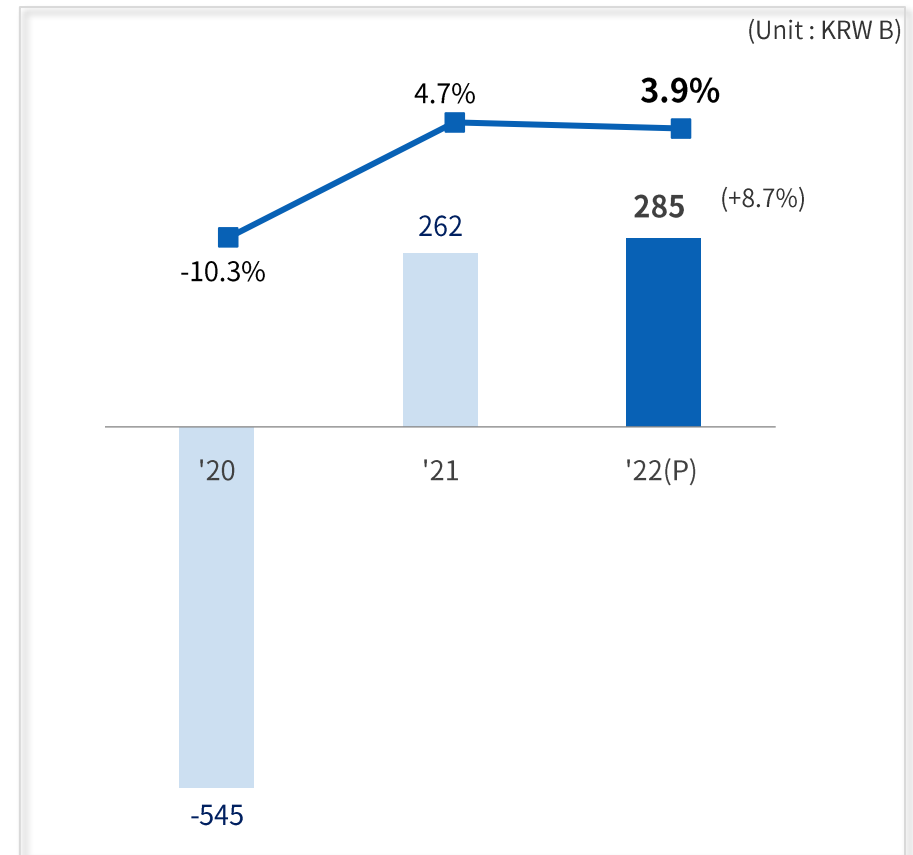
'22 Plan _ Sales/EBIT

- Sales of KRW 7.3T, 31% increased YoY from backlog and new order increase
- EBIT of KRW 285B reflecting the large EPC progress recognition and cost reduction

'22 Sales



'22 EBIT(%)

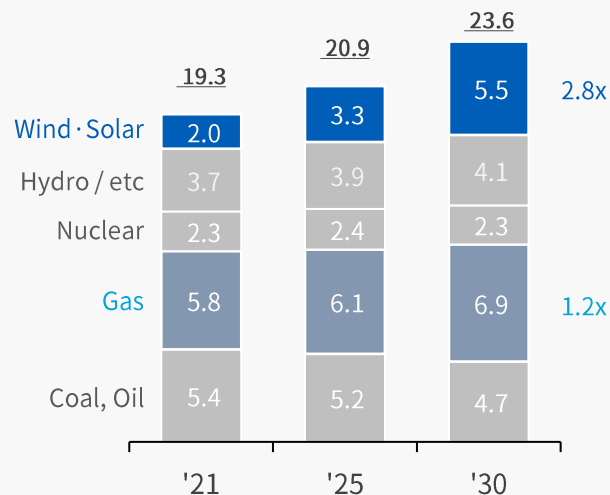


Mid/ Long-term Market Perspectives

Renewables · Gas Expansion

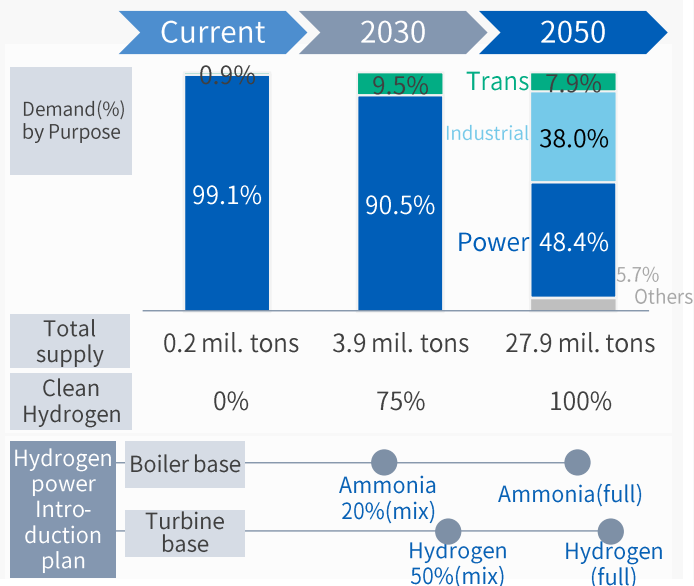
IHS Markit Global Energy Scenarios (July '21)

[Unit : 1,000TWh/ China excluded]



Domestic Hydrogen Economy in Full Swing

Hydrogen Economy Implement Plan (Nov '21)



Eyes back on Nuclear



Source: WSJ



Source: EU Commission Website

- Continuing growth of power demand
 - Electrification¹ of Final Energy Use
- Continuing growth of renewable energy
- Recognizing roles of gas power generation
 - Replacement of coal power to reduce emissions
 - Flexible power supply to mitigate renewable intermittency

- Power/ industrial use as major hydrogen demand
 - More than 85% of hydrogen demand thru. 2050
- Faster adoption in power than in industrial
 - Hydrogen power generation available by existing turbine/ boiler technology modifications
- Focus on Clean Hydrogen/ Ammonia
 - Transition from grey to clean hydrogen for emission reduction
 - Considering Ammonia as a method for import²

- Nuclear included in EU Taxonomy final draft
- Major countries investing in nuclear
 - UK to build 16 SMRs (~'50)
 - France to invest KRW 1.4 T to SMR and etc (~'30)
 - USA to invest of KRW 3.6 T over 7 years for next-generation nuclear reactor technology and SMR development
- More countries considering nuclear for clean hydrogen production³

1. Such as growth of electric vehicles

2. Due to the difficulty of hydrogen transportation, ammonia, produced from clean hydrogen, is considered a promising option for import/ export.

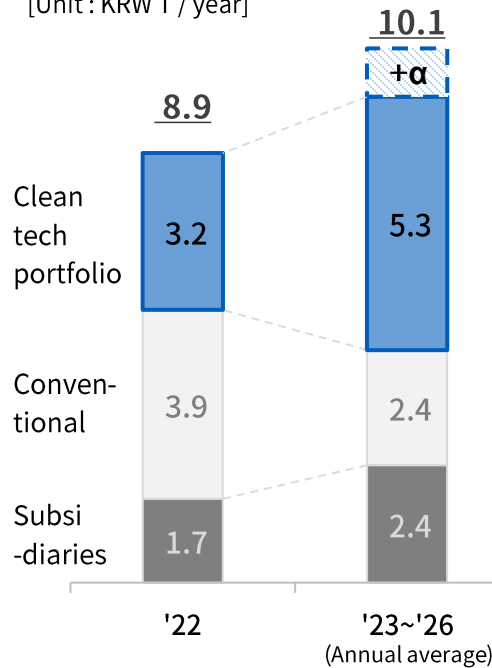
3. USA, France, Saudi Arabia, UAE, Canada, Ukraine, Russia, etc

Business plan for clean tech portfolio

- Confident in obtaining orders of KRW 5.3T as a mid-term average and expecting additional orders from the next generation nuclear power as the market expands.

Business plan(new orders)

[Unit : KRW T / year]



“Expansion of clean tech portfolio
(36% → 52%)”

Focus on new order items

Order enablers

Gas Turbine (KRW 1.8T)

- Domestic new GT equip /Service
– New CCPP / Replacement of old thermal power facilities
- Domestic/Overseas CCPP EPC

- High-efficiency Gas Turbine model development
– Target to domestic(22GW¹)and overseas market
- Hydrogen-ready turbine development

Hydrogen (KRW 0.6T)

- FOAK² Hydrogen power plant
– Hydrogen Turbine, Ammonia mix
- Fuel Cell power plant/ Hydrogen liquefaction plant

- Hydrogen power generation tech development
– Leveraging turbine/boiler OEM capabilities
- Entering power generation (hydrogen fuel) and hydrogen production businesses

Renewables (KRW 2.1T)

- Domestic large-scale wind power PJTs
- ESS business in Australia and US
- Utility scale PV EPC

- Launch of 8MW wind power model, optimized for Korean domestic market, and development of next-generation models
- Strengthening renewable EPC business with global EPC experience and S/W capabilities

Advanced NPP (KRW 0.8T)⁴

- NuScale^{1ST} PJT (UAMPS³) equipment / subsequent PJTs
- X-energy SMR design work and equipment manufacturing

- Global SMR Foundry
– Global-leading manufacturing technology
– Manufacturing capability for various types of SMR



Upside Potential (+α)

- Potentially additional NuScale PJTs / Other SMR types

1. Gross capacity addition (up to 2034) based on the 9th Basic plan for Electricity Supply and Demand

2. First-Of-A-Kind

3. Utah Associated Municipal Power Systems

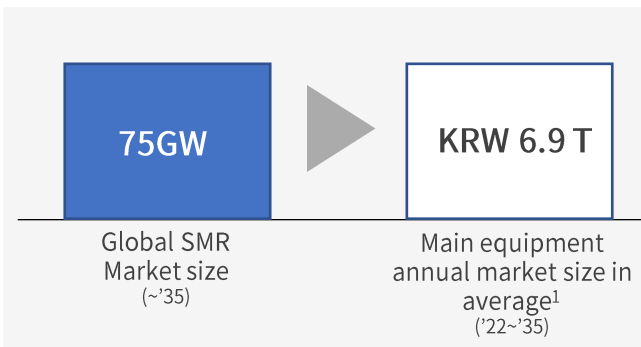
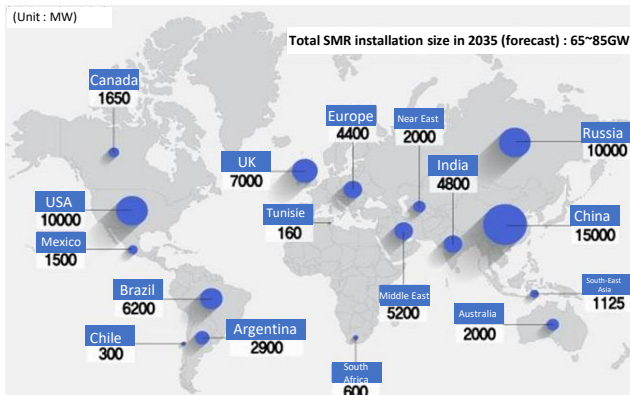
4. Advanced NPP (Nuclear Power Plant) orders Including SMR (Small Modular Reactor), Nuclear Decommissioning and CASK (Storage container for used nuclear fuel)

Preparing for additional SMR market potential

- Securing advanced manufacturing technology and strengthening strategic partnership will be the key

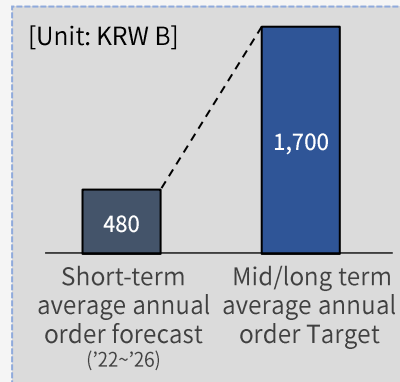
Global SMR Construction Demand

Based on demand forecast until 2035,
KRW 7 trillion of annual market for
Main Equipment expected



1. Equipment market size based on National Nuclear Laboratory (UK) SMR forecast

- 1 Order forecast : KRW 480B per year
– Highly-viable PJTs only
- 2 Considering>NNL market forecast,
KRW 1.7T potential expected
- 3 Targeting 25% of market share
– More SMR orders from NuScale and others



Business Expansion Plan

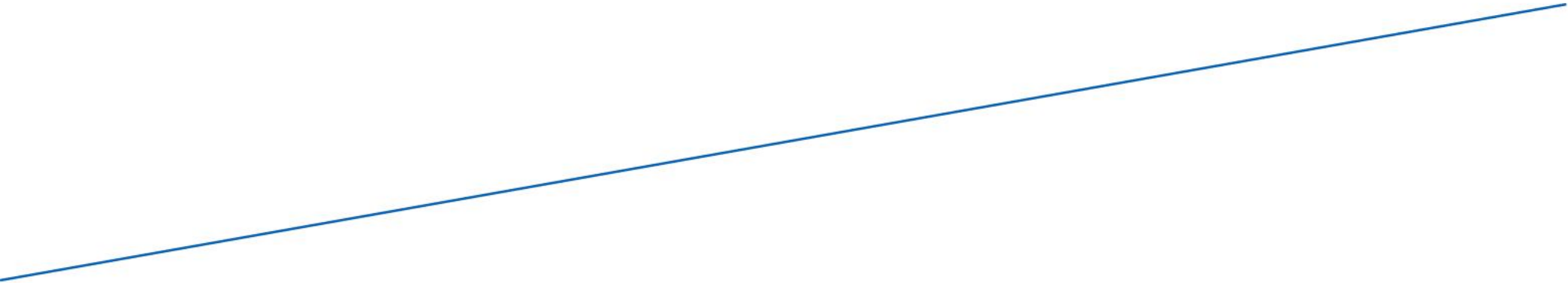
Securing advanced technology

- Advanced manufacturing technology for faster delivery
– Advanced metallurgy, Electron beam welding, Robots, etc.

Strategic partnership

- Strengthen strategic cooperation with potential partners
– Investment considered in additional SMR design and PJT

APPENDIX



1. Summarized Balance sheet
 - DHIC managerial consolidation
 - Consolidated
 - Separate
2. '21 Results Summary _ Separate

Summarized Balance sheet _ DHIC managerial consolidation

(Unit : KRW B, %)

	End of '20	'21.3Q	End of '21	YoY
Current Asset	4,298	5,377	5,125	827
<i>cash equivalents</i>	569	886	930	361
Non-Current Asset	9,473	10,826	11,152	1,679
Total Asset	13,771	16,203	16,277	2,506
Total Liabilities	9,716	10,549	10,284	568
<i>Net Debt</i>	4,842	4,673	3,953	-889
Total Equity	4,056	5,654	5,993	1,938
Total Liabilities and Equity	13,771	16,203	16,277	2,506
Liability/Equity ratio	239.55%	186.58%	171.59%	-68.0%p

Summarized Balance sheet _ Consolidated

(Unit : KRW B, %)

	End of '20	'21.3Q	End of '21	YoY
Current Asset	9,947	9,197	8,311	-1,635
<i>cash equivalents</i>	2,337	1,804	1,921	-415
Non-Current Asset	15,620	15,461	15,407	-212
Total Asset	25,567	24,658	23,719	-1,848
Total Liabilities	18,460	16,404	14,911	-3,549
<i>Net Debt</i>	7,407	5,824	4,814	-2,592
Total Equity	7,106	8,254	8,807	1,701
Total Liabilities and Equity	25,567	24,658	23,719	-1,848
Liability/Equity ratio	259.77%	198.74%	169.30%	-90.5%p

Summarized Balance sheet _ Separate

(Unit : KRW B, %)

	End of '20	'21.3Q	End of '21	YoY
Current Asset	2,970	3,836	3,684	713
<i>cash equivalents</i>	281	470	423	142
Non-Current Asset	8,177	10,190	10,347	2,170
Total Asset	11,147	14,026	14,031	2,884
Total Liabilities	7,686	8,405	8,330	643
<i>Net Debt</i>	4,469	4,373	3,835	-634
Total Equity	3,460	5,620	5,701	2,240
Total Liabilities and Equity	11,147	14,026	14,031	2,884
Liability/Equity ratio	222.11%	149.55%	146.10%	-76.0%p

'21 Results Summary _ Separate

(Unit : KRW B, %)

	'20	'21	YoY	'20. 4Q	'21.4Q	YoY
Orders	3,600	5,559	+54.4%	2,012	3,100	+54.1%
Backlog	9,567	11,533	+20.6%	9,567	11,533	+20.6%
Sales	3,451	3,593	+4.1%	907	1,054	+16.1%
EBIT	-473	135	Turnaround	-319	-30	
%	-13.7%	3.8%	Turnaround	-35.2%	-2.8%	
EBITDA	-311	282	Turnaround	-281	8	Turnaround
Non-OP	-1,633	-270		-711	-282	
Interest Balance	-177	-167		-46	-40	
Others	-1,457	-103		-664	-241	
Net Profit	-1,880	27	Turnaround	-725	-101	
Net Debt	4,470	3,836	-14.2%	4,470	3,836	-14.2%
Liability/Equity ratio	222.1%	146.1%	-76.0%p	222.1%	146.1%	-76.0%p