

Doosan Enerbility Co., Ltd.

# 2022 2Q Earnings Release



July 2022

# Disclaimer

This presentation was prepared for the convenience of investors. The financial figures contained in this presentation are K-IFRS consolidation and Doosan Enerbility managerial consolidation<sup>1)</sup> basis.

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1) Doosan Enerbility managerial consolidation : Doosan Enerbility separate + Overseas Subsidiaries

# Contents



## **1. 2022 1H Business Results**

## 2. Major Business Progress Status

# '22 1H Doosan Enerbility\_Business Results Summary

- Order achieved KRW 3.3T, increased 77.2% YoY, thanks to Saudi Aramco Casting and Forging Plant and Guam Ukudu CCPP
- Sales increased by 38.8% YoY driven by sales growth of large EPC PJTs, and sales recognition from new orders in '21
- EBIT and EBIT margin ratio decreased YoY due to global raw material price increase
- Net debt decreased by KRW 1.2T YoY, L/E ratio improved by 51.5%p thanks to continued financial structure improvement

## Summary

(Unit : KRW B, %)

	'21.1H	'22.1H	YoY	'22.1Q	'22.2Q	QoQ
Orders	1,840	3,262	+77.2%	853	2,408	+182.3%
Backlog	12,119	14,286	+17.9%	13,429	14,286	+6.4%
Sales	2,089	2,900	+38.8%	1,360	1,539	+13.2%
EBIT	137	109	-20.6%	72	37	-48.1%
%	6.6%	3.8%	-2.8%p	5.3%	2.4%	-2.9%p
EBITDA	228	198	-13.2%	116	81	-30.0%
Non-OP	87	-168	-255	-86	-82	+4
Interest Balance	-100	-75	+25	-49	-25	+24
Others	188	-93	-281	-37	-56	-19
Net Profit	163	-260	-423	-21	-238	-217
Net Debt*	3,914	2,698	-1,216	2,616	2,698	+82
Liability/Equity ratio*	171.6%	120.1%	-51.5%p	118.8%	120.1%	+1.3%p

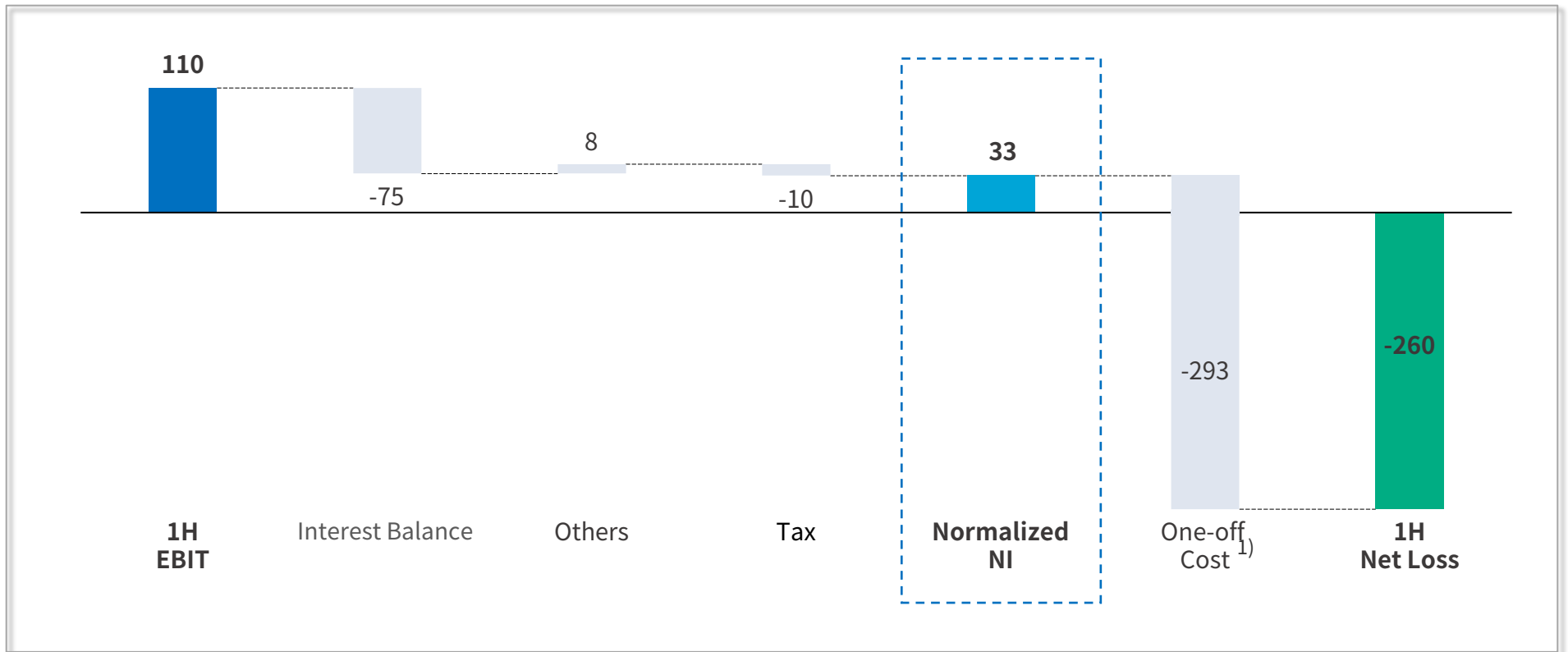
\* B/S : Compared to the end of '21

## '22 1H Net P/L

- Despite a decrease in borrowings and interest costs, 1H net loss recorded due to one-off costs consisting of Doosan Bobcat PRS loss and Doosan Mecatec's discontinued business loss
- The one-off costs are expenses that do not result in a cash outflow

### Net P/L

(Unit : KRW B)



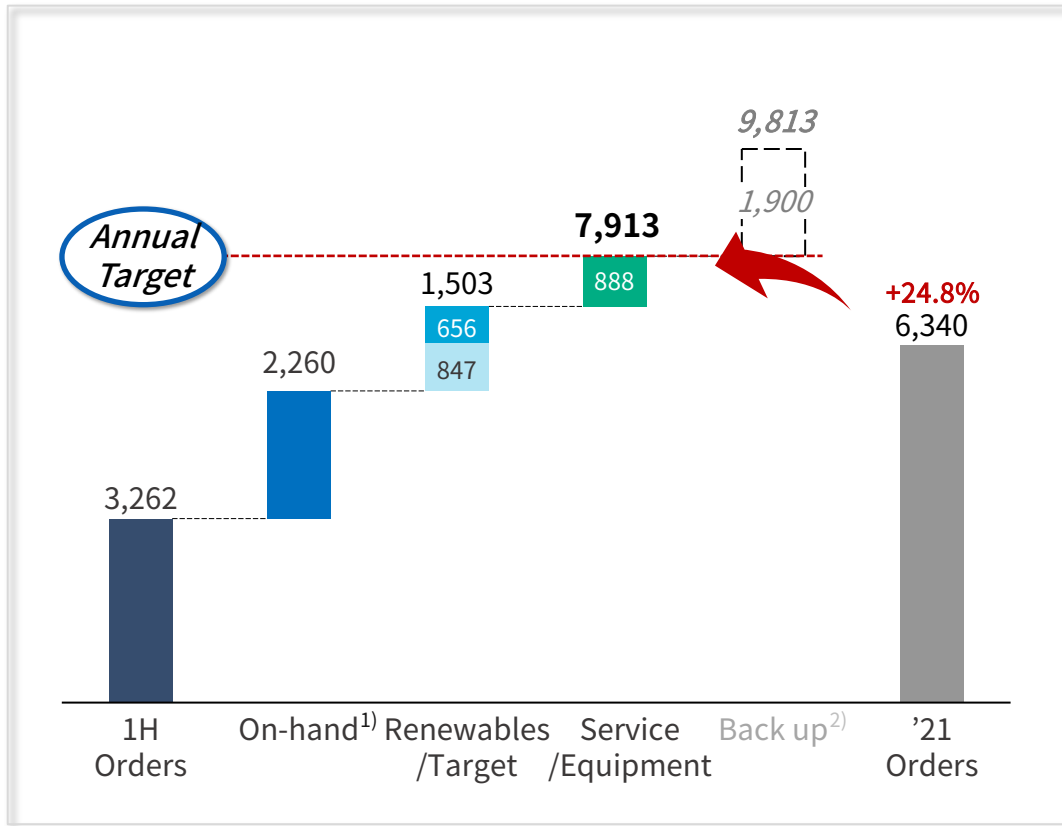
1) One-off cost : Doosan Bobcat PRS loss KRW -101B, Doosan Mecatec discontinued business loss KRW -191B and etc

# '22 1H New Orders / Annual Target

- 1H : Order achieved KRW 3.3T thanks to Saudi Aramco Casting and Forging Plant and Guam Ukudu CCPP
- Target KRW 7.9T of annual orders through realization of on-hand/target and potential back-up PJTs

## 1H Order / Annual Target

(Unit : KRW B)



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

2) Back-up : Potential PJTs in the bidding process

(Unit : KRW T)

### 1H orders and on-hand PJTs account for 70% of the annual target

Saudi Shuaibah 3	0.8
Egypt El Dabba Nuclear	0.6
Saudi CCPP	0.5
UAE BNPP Warranty extension	0.1

### Renewables and Target PJTs

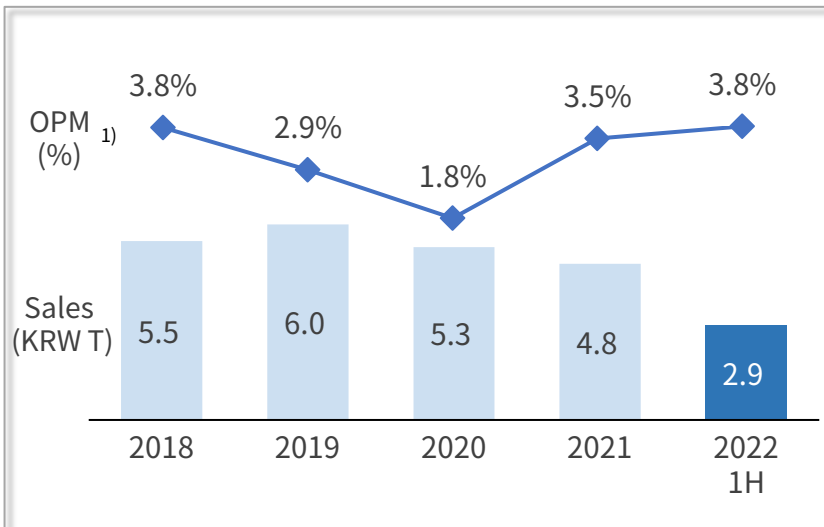
Renewables including offshore wind 0.5T	0.7
Domestic/overseas CCPP, Hydro power	0.7
SMR and etc	0.2

### Service/ Equipment/ Others

Nuclear service, O&M, and etc	0.2
Overseas subsidiaries, Civil & Architecture	0.7

# Mid-term profitability improvement

## Sales & OPM(%) trends



- OP margin of avg. 3.1% for the past 4 years
- The major reasons of low OP margin were
  - ① Decrease of profitable nuclear sales proportion ('21: 7.4%)
  - ② Preliminary recognition of the impact of raw material prices increase ('21~'22 : KRW 130B)
  - ③ Increase of unallocated overhead cost caused by sales decrease (Avg. KRW 120B)

## Mid-term profitability improvement forecast

### 1 New nuclear PJTs sales growth

- Shinhanul #3,4 resumption and promotion of nuclear orders in the Czech Republic and other countries
- NuScale Power SMR sales begin in earnest
- **Nuclear sales accounts for 16% of the total sales in '25, more than doubled compared to '21**

### 2 Preliminary recognition of the impact of raw material prices increase

- Most of impact of rising raw material prices reflected in '22
- Bidding for new PJTs is underway in consideration of raw material prices hikes
  - expect '22 new order margin YoY +3%p, and the sales will begin in earnest from '23

### 3 Unallocated overhead cost decrease driven by sales growth

- Sales from new growth business(Domestic/overseas nuclear, SMR/Gas Turbine/Wind) will be generated in earnest. ('23~'26, Avg. KRW 7.1T),
  - ➔ Expect to decrease unallocated overhead cost significantly ('22 : KRW 120B → '23~'26 : KRW 50B)

- Forecast OPM of at least 5% or more after 2024, driven by expansion of nuclear business, preliminary recognition of raw material prices hikes, and unallocated overhead cost reduction

1) Excluded one-off restructuring cost KRW 641B(in '20) and Shin Boryeong PJT reimbursement KRW 73B (in '21)

# '22 1H Consolidated Results Summary

- Sales increased by 45.6% YoY driven by Doosan Enerbility and Doosan Bobcat's sales growth
- EBIT increased by 11.3% YoY driven by Doosan Bobcat's EBIT growth despite the impact of raw material price hikes
- Net loss recorded due to Doosan Bobcat PRS revaluation loss and Doosan Mecatec's discontinued business loss

## Summary

(Unit : KRW B, %)

	'21.1H	'22.1H	YoY	'22.1Q	'22.2Q	QoQ
Sales	4,695	6,839	+45.6%	3,004	3,834	+27.6%
EBIT	466	519	+11.3%	191	328	+71.4%
%	9.9%	7.6%	-2.3%p	6.4%	8.6%	+2.2%p
EBITDA	624	713	+14.3%	289	424	+46.5%
Non-OP	11	-309	-320	-131	-177	-46
Interest Balance	-131	-113	+18	-66	-47	+19
Others	143	-195	-338	-65	-130	-65
Net Profit	450	-113	-563	11	-124	-135
Net Debt*	4,776	3,759	-1,017	3,647	3,759	+112
Liability/Equity ratio*	169.3%	130.7%	-38.6%p	134.2%	130.7%	-3.5%p

\* B/S : Compared to the end of '21



# Contents



1. 2022 1H Business Results

**2. Major Business Progress Status**

- SMR

- Wind Power (SGRE)

# SMR Business Progress Status

Doosan Enerbility propels to secure the primary SMR reactor types supply for realization of SMR foundry. Expect to begin NuScale's first reactor manufacturing in 2H22.

## NuScale

### “Agreed to manufacture SMR between Doosan Enerbility-NuScale”



- Announced to manufacture the first NuScale reactor, planned for construction in Idaho, US
  - Agreed to manufacture in Apr '22
  - Agreed to write documents for reactor manufacturing in Jun '22
- Expect to begin manufacturing large-sized casting & forging in full scale by contract in 2H22
  - Long Lead Material Contract including casting & forging materials
  - Steam generator prototype manufacturing contract

## X-Energy

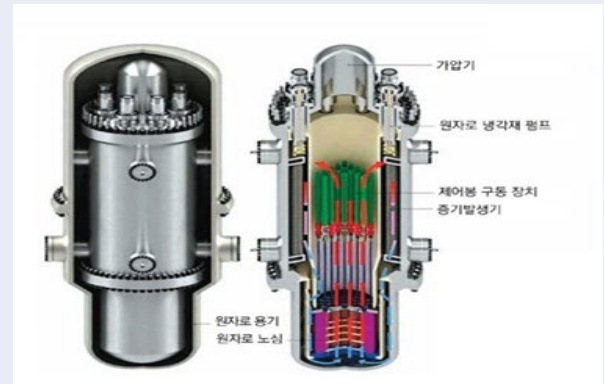
### “Agreed for X-Energy nuclear power plant construction in Ontario, Canada”



- Ontario Power Generation, Canadian power business company, signed on agreement for X-Energy's nuclear reactor construction
  - Plan for cooperation to review on X-Energy's nuclear reactor adoption for the purpose of industrial heat and power supply in Ontario and to distinguish for sites and potential customers in Canada
- Doosan Enerbility participates in reviewing for X-Energy's machinery design and manufacturing

## i-SMR

### “i-SMR Develop business passed the MEF's<sup>1</sup> feasibility test”

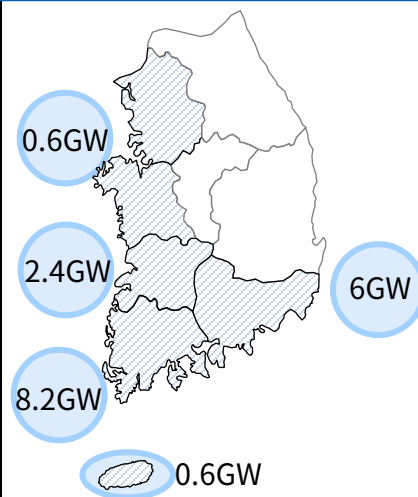


- Begin to develop differentiated Korean SMR, as SMR market expansion expected
  - Total Budget : KRW 399B (Gov. : KRW 275B., Private : KRW 124B)
  - Period : '23 ~ '28(6 yrs.)
  - Participants : KHNP(Supervisor), KAERI, KEPCO E&C, Doosan Enerbility, etc.
- Doosan Enerbility participates in reviewing for machinery design and manufacturing, as nuclear main equipment supplier

# Wind Power Business Status – SGRE(Siemens Gamesa Renewable Energy) Cooperation

## Korean Gov. Policy & Market Status

### New plan for off-shore wind power construction



- Approximately 17.8GW (KRW 30 Tr.), based on the announced plan, off-shore wind power Con. plan exist
- Korean Gov.'s supply target of 12GW (KRW 20 Tr.) until '30

- Korean Gov. announced<sup>1</sup> to maintain the carbon neutrality reduction target and change the reduction method reasonably in Jul. '22
  - Maintain new & re-newable energy supply and expansion
  - Target to optimized wind power technology through the industrial ecosystem promote and R&D support expansion

## Meaning of business cooperation

### Organized an off-shore wind power Dream team between Domestic No.1 and Global No.1 players

- MOU for off-shore wind power strategical cooperation (Jun. 22<sup>nd</sup>, '22)
- Active targeting for Korean off-shore wind power supply plan of 12GW until '30

- 1** Promote Korean wind power's industrial ecosystem
  - Propel to produce in Korea, discover component makers and promote jointly
- 2** Advance Korean off-shore wind power business competitiveness through the cooperation
  - Expand Korean off-shore wind power market
  - Cooperate for super large sized off-shore wind power's system, components, production, installation and O&M

### **➔** Synergy through the Win-win cooperation

**SIEMENS Gamesa**  
RENEWABLE ENERGY

- Global No.1 off-shore Wind Power
  - Supplied for total 19.4GW
  - Global No.1 Market share
  - Own models of 6~14MW

**DOOSAN Enerbility**

- Domestic 1<sup>st</sup> & largest supplier and the local off-shore wind power No.1
  - Supplied for Tamra PJT (Domestic 1<sup>st</sup>)
  - Supplied for Hanlim PJT (100MW, Domestic Largest)
  - Own models<sup>2</sup> of 5.5~8MW

1. Cabinet meeting decided 'The New Gov. Energy Policy' (Jul. 5<sup>th</sup>, '22)

2. Low wind speed/high efficiency model, optimized and developed for Korean wind condition (Average wind speed of 6.5~7m/s)

# Appendix



- 1. Summarized Balance Sheet**
  - Managerial consolidation
  - Consolidated
  - Separate
- 2. 1H Results Summary**
  - Separate

# Summarized Balance sheet \_ Managerial consolidation

	2020	2021	'22.1H	(Unit : KRW B, %) Compared to '21
Current Asset	4,298	5,230	5,355	+125
<i>cash equivalents</i>	741	1,417	720	-697
Non-Current Asset	9,472	11,047	10,891	-156
Total Asset	13,771	16,277	16,247	-30
Total Liabilities	9,715	10,284	8,865	-1,419
<i>Net Debt</i>	4,842	3,914	2,698	-1,216
Total Equity	4,055	5,993	7,382	+1,389
Total Liabilities and Equity	13,771	16,277	16,247	-30
Liability/Equity ratio	239.55%	171.59%	120.09%	-51.50%p

# Summarized Balance sheet \_ Consolidated

(Unit : KRW B, %)

	2020	2021	'22.1H	Compared to '21
Current Asset	9,946	8,417	8,759	+342
<i>cash equivalents</i>	2,653	2,429	1,246	-1,183
Non-Current Asset	15,620	15,302	15,512	+210
Total Asset	25,567	23,720	24,271	+551
Total Liabilities	18,460	14,912	13,752	-1,160
<i>Net Debt</i>	7,407	4,776	3,759	-1,017
Total Equity	7,106	8,807	10,518	+1,711
Total Liabilities and Equity	25,567	23,720	24,271	+551
Liability/Equity ratio	259.77%	169.32%	130.75%	-38.57%p

# Summarized Balance sheet \_ Separate

(Unit : KRW B, %)

	2020	2021	'22.1H	Compared to '21
Current Asset	2,970	3,684	4,025	+341
<i>cash equivalents</i>	397	872	391	-481
Non-Current Asset	8,177	10,347	10,192	-155
Total Asset	11,147	14,031	14,217	+186
Total Liabilities	7,686	8,330	7,185	-1,145
<i>Net Debt</i>	4,469	3,835	2,864	-971
Total Equity	3,460	5,701	7,031	+1,330
Total Liabilities and Equity	11,147	14,031	14,217	+186
Liability/Equity ratio	222.11%	146.10%	102.20%	-43.90%p

# '22 1H Results Summary \_ Separate

(Unit : KRW B, %)

	'21.1H	'22.1H	YoY	'22.1Q	'22.2Q	QoQ
Orders <sup>1)</sup>	1,502	2,991	+99.1%	717	2,274	+217.2%
Backlog	9,367	12,004	+28.2%	11,050	12,004	+8.6%
Sales	1,628	2,446	+50.2%	1,126	1,320	+17.2%
EBIT	121	76	-37.4%	55	20	-62.6%
%	7.5%	3.1%	-4.4%p	4.9%	1.6%	-3.3%p
EBITDA	195	145	-25.6%	90	54	-40.2%
Non-OP	122	-322	-444	-67	-254	-187
Interest Balance	-79	-61	+18	-35	-25	+10
Others	201	-261	-462	-32	-229	-197
Net Profit	186	-244	-430	-13	-231	-218
Net Debt <sup>2)</sup>	3,835	2,864	-971	2,753	2,864	+111
Liability/Equity ratio <sup>2)</sup>	146.1%	102.2%	-43.9%p	98.2%	102.2%	+4.0%p

1) '22.1H Orders included Guam Ukudu PJT's on-shore local contract(KRW 311B)

2) B/S : Compared to the end of '21



