

DOOSAN

Doosan Enerbility Co., Ltd.

2023 1Q Earnings Release

DOOSAN



Disclaimer

Please note that this data is prepared for the convenience of investors, and some of the contents may change according to the results of external audits.

This material is prepared as reference material for investors to make investment decisions, and we do not provide any guarantees to investors or assume responsibility for the contents of this material. In addition, we trust that our investors' investments will be made based on their independent and independent judgment.

The financial information in this document is based on Managerial consolidated¹⁾, IFRS consolidated, and IFRS parent basis.

1) Managerial consolidated : IFRS parent + Overseas Subsidiaries results

Contents



1. 2023 1Q Results
2. 2023 1Q Highlights

2023 1Q Results Summary - Managerial Consolidation

- Achieved 50% of FY23 order target thanks to Shin-hanul #3/4 nuclear and Kazakhstan CCPP project
- Sales and EBIT improved YoY based on continuous increase of new orders and backlog
- Turnaround on net income achieved by improved profitability with no one-off loss impact
- Net Debt and L/E ratio increased slightly due to working capital and CAPEX from new order growth

Summary

(Unit: KRW Bn, %)

	'22.1Q	'22.4Q	'23.1Q	YoY	QoQ
Orders	8,53	2,793	4,305	+404.5%	+54.1%
Backlog	13,270	14,709	17,351	+30.8%	+18.0%
Sales	1,350	2,069	1,663	+23.2%	-19.6%
EBIT	72	18	85	+19.0%	+373.9%
(%)	5.3%	0.9%	5.1%	-0.2%p	+4.3%p
EBITDA	117	59	122	+4.3%	+107.7%
Net Profit	-21	-652	37	+58	+689
Net Debt	2,616	2,570	2,878	+2,618	+308
Liability/Equity	118.8%	118.6%	119.6%	+0.8%p	+1.0%p

2023 1Q Results Summary - Consolidation

- Sales increased by 35% YoY by sales growth of Doosan Enerbility and Bobcat
- EBIT increased by 91% YoY driven by margin improvement from Enerbility, Bobcat and FuelCell
- Turnaround achieved thanks to improved profitability with no one-off loss impact
- Maintaining stable financial position from FY22

Summary

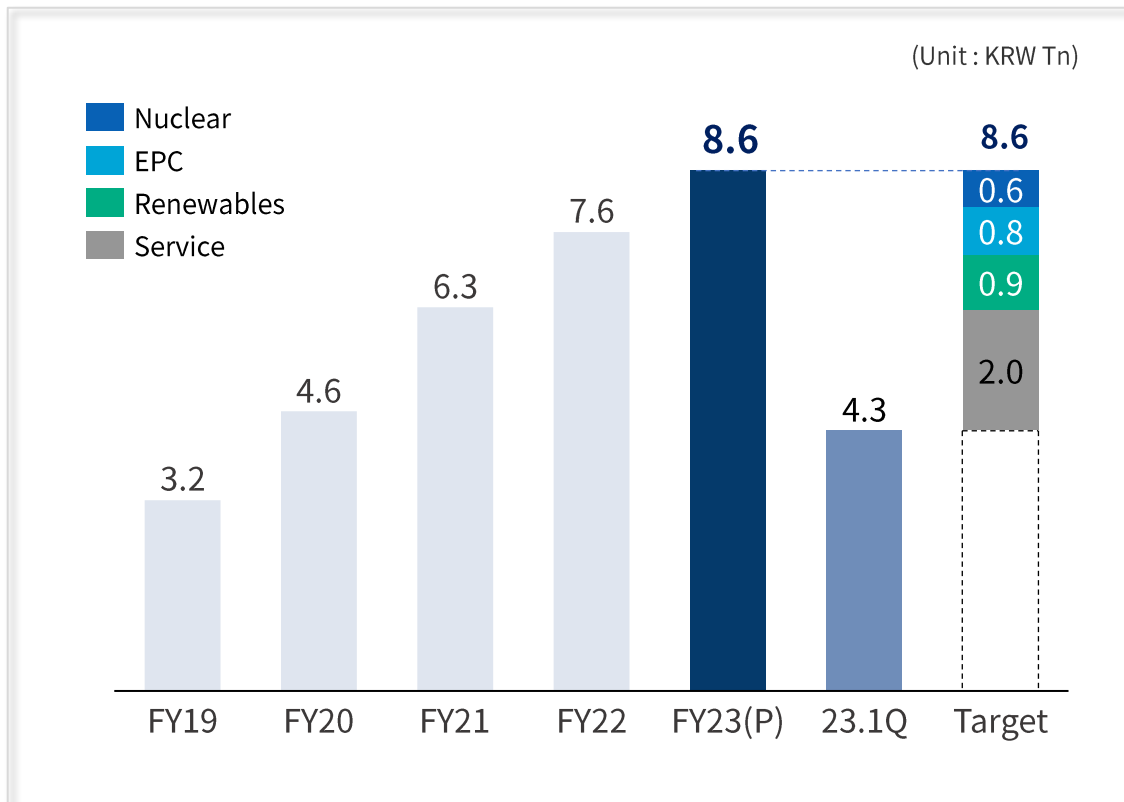
(Unit: KRW Bn, %)

	'22.1Q	'22.4Q	'23.1Q	YoY	QoQ
Sales	2,994	4,622	40,41	+35.0%	-12.6%
EBIT	191	272	365	+90.7%	+34.2%
(%)	6.4%	5.9%	9.0%	+2.6%p	+3.1%p
EBITDA	289	369	457	+58.0%	+23.8%
Net Profit	11	-484	171	+160	+655
Net Debt	3,648	3,405	3,484	-164	+79
Liability/Equity	134.2%	128.7%	128.6%	-5.6%p	-0.1%p

2023 1Q New Orders / Annual Target

- Achieved KRW 4.3Tn orders¹⁾ in 1Q, which is 50% of annual target
- Profit improvement expected as increasing new orders from high margin nuclear in backlog
- Expected to achieve the annual target(KRW 8.6 Tn) with target projects such as large GT demonstration, SMR, EPC, etc., and efforts to discover additional potential

1Q Orders / Annual Target



[Order Target]

(Unit : KRW Tn)

SMR	0.6
Asia/Middle East CCPP	0.8
Gas Turbine, Hydrogen/Renewable	0.9
Service/O&M, etc.	2.0

- Expand its focused market from Middle East to CIS countries for large CCPP
- Penetrating US market and expansion of domestic market with Gad Turbine
- Accelerate oversea Nuclear export with Korean Gov't Support

➔ **Improve order volume and profitability**

1) Shin Hanul #3/4 , Turkistan CCPP(Kazakhstan)

Contents



1. 2023 1Q Results
2. 2023 1Q Highlights

Project Summary

- Off-taker : Kazakhstan Electricity Grid Operating Company (KEGOC)
- Sponsor : Turkistan LLP²⁾
- Type : EPC (Public Order)
- Period : 41months
- Capacity : 1,000MW
- Doosan Role : EPC (On-shore + Off-shore)
- Equipment : Steam Turbine(Doosan)
Gas Turbine(Siemens)
- Contract Amt : KRW 1.1 Tn



The first CCPP in Kazakhstan, Karabatan Power Plant (310MW)
by Doosan Enerbility, completed in 2020

Impact of Turkistan Project

1 Order followed by successful previous project

- Successful completion of Karabatan CCPP (310MW) regardless of Covid-19 pandemic in 2020 led to a private contract of Turkistan (1,000MW)
- **Profitability improve through cultivate sales**
(a series of order expected to replace in the region)

2 Set foot-step for CIS market and strengthen CCPP business portfolio

- **Central Asian market penetration** on top of conventional middle east market in CCPP³⁾
- **New business opportunity** based on solid track records and competitiveness gained in Middle East private market (Saudi SPPC, Aramco, etc.)
- **Strengthen position as CCPP EPC contractor and GT supplier**

1) formerly known as 'Shymkent CCPP project'

2) A 100% subsidiary of Samruk Kazna (Kazakhstan Sovereign Wealth Fund) as the project owner in Turkistan

3) Kazakhstan Karabatan ('15, 310MW), Saudi Fadhili ('16, 1519MW), Guam Ukudu ('22, 198MW), Saudi Arabia Japura Cogeneration ('22, 320MW +314t/h), Kazakhstan Turkistan ('23, 1,000MW)

Successful on-going performance of Gimpo Cogen

GT Devel. Schedule

(July, '13)
Selected as national
PJT developer for heavy
duty GT for power

(Nov., '19)
Completed to
manufacture initial GT

(Nov., '21)
Completed engine test

(Mar., '22)
Shipped GT for Gimpo
Cogen project

(Mar., '23)
On-track progress for
GT's synchronization
& test operation

(July, 23)
Scheduled to operate
commercially

Status & Performance

- Succeeded GT's initial ignition on Mar. 4th and GT's synchronization on Mar. 15th
- Favorable performance record of vibration , noise, etc. in progress of initial ignition and test operation compared to other OEMs, and received client's good evaluation on GT's reliability

Implication

- Dispelled worries on Doosan's newly developed GT thanks to successful operation
- Arranged base to acquire PQ in Korea and overseas & accelerated to propel Korean standard gas CCPP demonstration units
- Possible to enter overseas market without IP issue hereafter due to ownly developed GT and by applying independently developed generator, control system, etc.

Business Plan

1 Accelerate Korean standard CCPP order

- Propel to award Shin Boryeong CCPP in 1H '23
- Award 1st commercial PJT after demonstrating national PJT
- Propel to award Bundang Cogen in 2H '23

2 Lead hydrogen turbine market

- Stated commercializing hydrogen power in Carbon Neutrality Green Growth & the 1st National Strategy Basic Plan(Apr., '23)
- Replace coal-fired power with dual fuel power technology development gradually & commercialize hydrogen power
- Propel for large-sized hydrogen dual fuel turbine contract backed by Gimpo Cogen track record in '24

3 Accelerate penetration into North American market

- Commercialize early to enter North American market
- Start LTSA business for stable profit (Establish foundation for high profit service business)
- Switch over GT's import business to export

Target Projects for Korean Nuclear Power Team

Team Korea actively engaging sales activities for nuclear power plant exports, focusing on the Czech Republic and Poland, and is expanding sales into many countries such as the UK and Turkiye

Czech

- Proposal submitted in '22
 - proposal of Korea-Czech jointly developed reactor (APR1000)
- Expected selection of preferred bidder in Mar '24

Poland

- Construction of New Nuclear Power Plant led by Team Korea – Poland PGE and ZE PAK, a private developer
- Joint SPV established to implement the project (Mar '23)
- Feasibility Study for Fontneuf Nuclear Power Plant Construction (Jul '23)



UK

- All-out efforts to win orders from the government and parliament at the Team Korea level
- Proposed MOU between KEPCO-UK GBN for cooperation in new nuclear power plant projects ('23.4)

UAE follow up

- After the completion of UAE Units 1~4, follow-up units are expected to be built

Turkiye

- Preliminary proposal submitted for 4 units of nuclear power plant (Jan '23)

Others

- Executing sales as Team Korea level for new nuclear project in Saudi, Slovenia, Vietnam, S. Africa, Kazakhstan, Belgium, Finland, the Netherlands, Philippines and others

“Korean APR1400, with global top-level price competitiveness”

Type	Country	Unit	Actual construction cost (USD/kWe)
AP 1000	China	Sanmen 1, 2	3 154
	United States	Vogtle 3, 4	8 600
APR 1400	Korea	Shin Kori 3, 4	2 410
EPR	Finland	Olkiluoto 3	>5 723
	France	Flamanville 3	8 620
	China	Taishan 1, 2	3 222
VVER 1200	Russia	Novovoronezh II-1 & 2	**

* Estimate. ** No data available.

Notes: MWe = megawatt electrical capacity. kWe

Source: NEA (2020).

SMR Foundry progress

SMR developers are actively negotiating to secure reliable manufacturers
Doosan secured supply rights for NuScale and X-energy and in discussion with further SMR developers

Why SMR Foundry ?

Most SMR developers are fabless companies without manufacturing capabilities, only a handful of companies in worldwide with manufacturing capability of SMRs in complex design and safety

Fabless developer



- Design/manufacturing
- Competitive price
- Localization needs
- Investment needs

Fabricator

DOOSAN

“Global No.1 SMR Foundry”

Strengthen NuScale business cooperation

Signed an MOU with Doosan Enerbility - NuScale Power - KEXIM for cooperation in SMR tech/finance/supply chain



Expansion of SMR business

Promote to secure supply rights for additional core SMR developers such as X-energy



Appendix. Financial Summary – Balance Sheet

B/S – Managerial Consolidation

(Unit: KRW Bn, %)

	'21	'22	'23.1Q	YoY
Current Asst	5,230	4,314	4,395	+81
CashEquivalents	1,418	748	596	-1,52
Non-Current Asst	11,047	10,562	10,809	+247
Total Asst	16,278	14,876	15,203	+327
Total Liabilities	10,284	8,071	8,279	+209
Net Debt	3,914	2,570	2,878	+308
Total Equity	5,994	6,806	6,924	+118
Liabilities/Equity	171.6%	118.9%	119.6%	+0.7%p

B/S - Consolidation

(Unit: KRW Bn, %)

	'21	'22	'23.1Q	YoY
Current Asst	8,418	8,099	8,606	+507
CashEquivalents	2,429	1,503	1,671	+168
Non-Current Asst	15,303	14,951	15,392	+441
Total Asst	23,721	23,050	23,998	+949
Total Liabilities	14,913	12,970	13,501	+532
Net Debt	4,776	3,405	3,484	+79
Total Equity	8,808	10,080	10,497	+417
Liabilities/Equity	169.3%	128.7%	128.6%	-0.1%p

Appendix. Financial Summary - Standalone

Summary – P/L

(Unit : KRW Bn, %)

	'22.1Q	'22.4Q	'23.1Q	YoY	QoQ
Orders	717	2,653	4,165	+480.8%	+57.0%
Backlog	11,031	13,104	15,878	+43.9%	+21.2%
Sales	1,126	1,604	1,391	+23.5%	-13.3%
EBIT	55	-34	93	+38	+127
(%)	4.9%	-2.1%	6.7%	+1.8%p	+8.8%p
EBITDA	91	-1	122	+31	+125
Net Profit	-13	-882	29	+43	+911

Summary – B/S

(Unit : KRW Bn, %)

	'21	'22	'23.1Q	YoY
Current Asst	3,684	3,538	3,624	+86
CashEquivalents	872	394	308	-85
Non-Current Asst	10,348	9,652	9,838	+186
Total Asst	14,032	13,190	13,462	+272
Total Liabilities	8,330	7,076	7,278	+202
Net Debt	3,836	2,851	3,059	+208
Total Equity	5,702	6,114	6,184	+71
Liabilities/Equity	146.1%	115.7%	117.7%	+2.0%p

