



Doosan Bobcat Inc.
3Q 2017 Earnings Release

November 2017



Disclaimer

This presentation contains preliminary figures which may be materially different from the final figures.

The financial information in this document are consolidated earnings results based on K-IFRS. Previous earnings results have also been restated in compliance with K-IFRS.

While the statements in this presentation represent our current assumptions plans and expectations and we believe these judgments are reasonable they are not guarantees of future performance and involve known and unknown risks uncertainties such as FX & raw material costs and other factors that may cause actual results to differ materially from the results performance achievements or financial position expressed or implied in this presentation.

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3Q 2017 Results – Income Statement

- Sales increased significantly year-on-year as production gradually normalized in the midst of steadily growing market demand.
- EBIT margin declined due to additional promotion expenses incurred during 3Q to protect our market share. If excluded, EBIT margin would improve marginally YoY.
- Despite decrease in EBIT, net profit increased YoY due to lower interest expense.

Income Statement

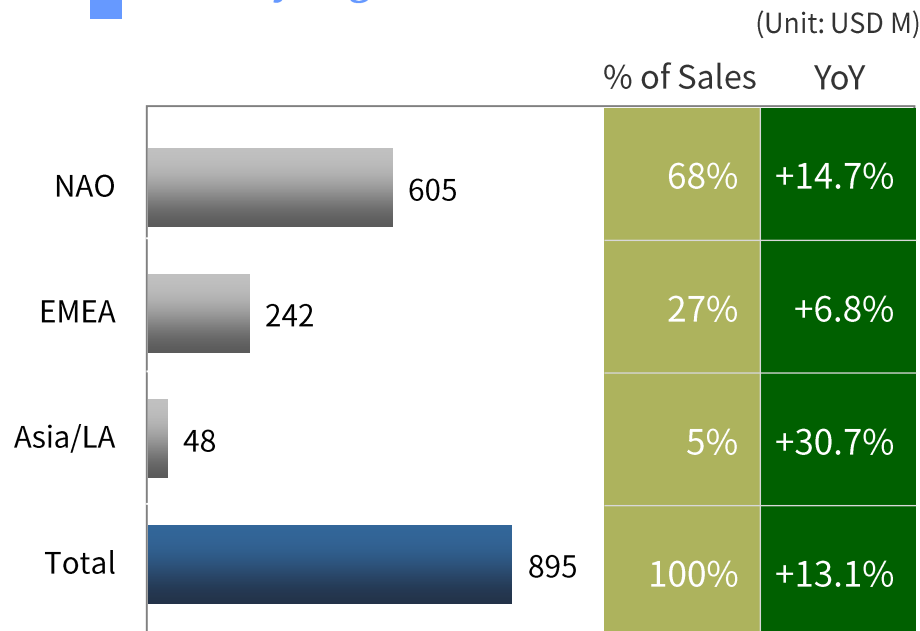
(Unit: USD M)

| | 3Q16 | 2Q17 | 3Q17 | YoY | QoQ |
|--------------------|-------|-------|-------|--------|--------|
| Sales | 791 | 950 | 895 | +13.1% | -5.8% |
| EBIT | 92 | 120 | 89 | -3.3% | -25.8% |
| (%) | 11.7% | 12.6% | 10.0% | -1.7%p | -2.6%p |
| EBITDA | 115 | 145 | 115 | 0.0% | -20.7% |
| Net Financial Cost | 19 | 15 | 14 | -26.3% | -6.7% |
| Profit before Tax | 74 | 85 | 78 | +5.4% | -8.2% |
| Net Profit | 43 | 43 | 49 | +14.0% | +14.0% |
| (%) | 5.4% | 4.6% | 5.5% | +0.1%p | +0.9%p |

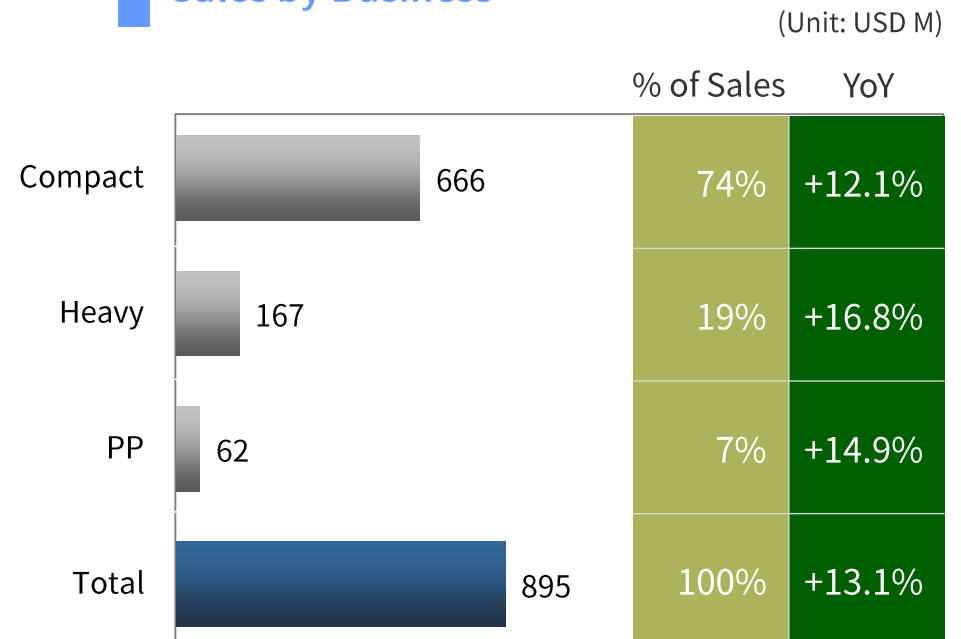
3Q 2017 Results – By Region & Business

- Sales improved in all regions and business segments in 3Q despite the weakness witnessed in 1H 2017.
 - NAO : Sales grew YoY, thanks to production normalization in Compact coupled with favorable sales growth in Heavy business.
 - EMEA : Compact and Heavy equipment markets have continued to recover in 2017 and growth in Compact sales have increased notably in 3Q.
 - Asia/LA : Sales increased further due to raw material price hike along with improving global economic conditions.

Sales by Region



Sales by Business



3Q 2017 Results – Balance Sheet

- Total equity increased due to improvement in net profit and impact from currency. Consequently, Liabilities/Equity Ratio improved as well.

Balance Sheet

(Unit: USD M)

| | 2015 | 2016 | 2Q17 | 3Q17 | QoQ |
|--------------------------|--------|-------|-------|-------|--------|
| Total Asset | 5,431 | 5,235 | 5,629 | 5,743 | +114 |
| Current Asset | 1,401 | 1,265 | 1,482 | 1,529 | +47 |
| - Cash & Cash Equivalent | 359 | 301 | 394 | 417 | +23 |
| Non-current Asset | 4,030 | 3,970 | 4,147 | 4,215 | +68 |
| Total Liabilities | 2,764 | 2,461 | 2,690 | 2,680 | -10 |
| Current Liabilities | 713 | 611 | 760 | 763 | +3 |
| Non-current Liabilities | 2,051 | 1,850 | 1,929 | 1,918 | -11 |
| Total Equity | 2,667 | 2,774 | 2,940 | 3,063 | +123 |
| Net Debt | 1,248 | 1,050 | 965 | 939 | -26 |
| Liabilities/Equity Ratio | 103.6% | 88.7% | 91.5% | 87.5% | -4.0%p |

Contents

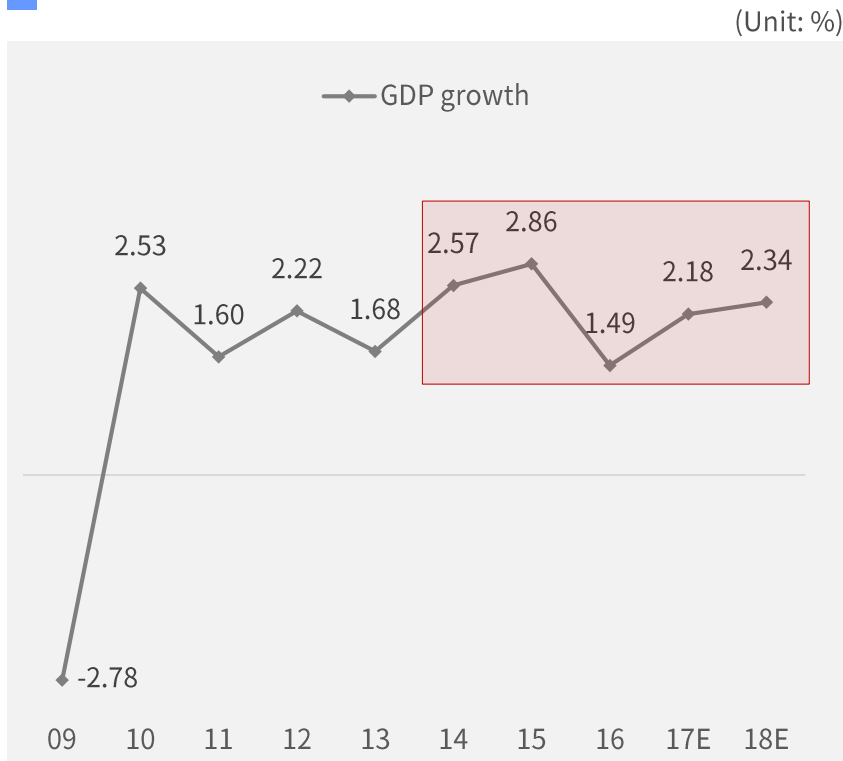
1 3Q 2017 Results

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Growth Momentum – North America

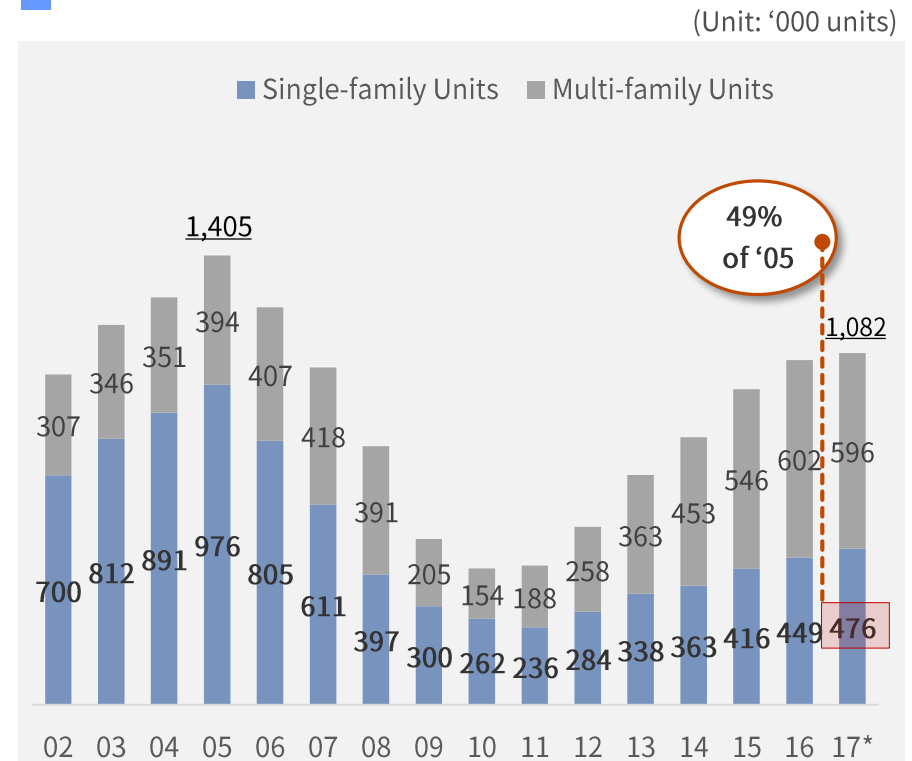
- U.S. economy has steadily improved after hitting its low point in 2009. IMF forecasts GDP growth to surpass 2% in 2018.
- U.S. Housing Index, which has been steadily recovering since 2012, is also expected to grow more than 6% YoY (Single-family Units).

U.S. GDP Growth Forecast



* Source: IMF

U.S. Housing Units under Construction** Trend



* Seasonally Adjusted Annual Rate as of September 2017

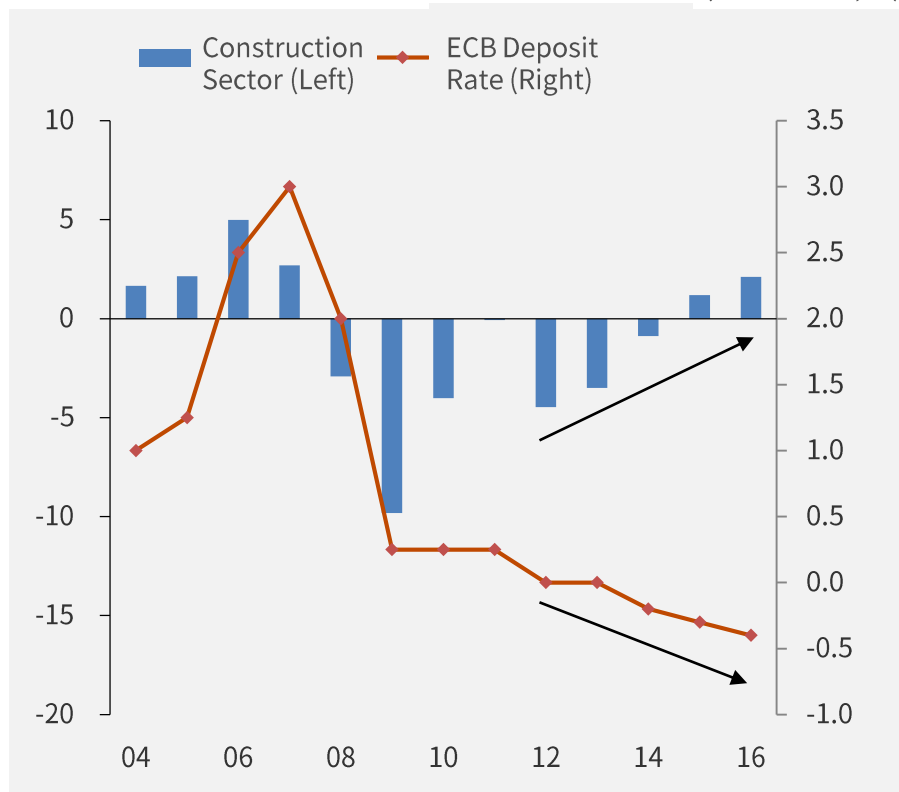
** Source: U.S. Census Bureau

Growth Momentum – Europe

- Construction sector investment in Eurozone, which began to recover in 2015, recorded its highest level since financial crisis back in 2011.
- Housing price index in key EU countries (Germany, France, UK) is also exhibiting steady growth.

Eurozone Interest Rate & Investment Growth Trend in Construction Sector

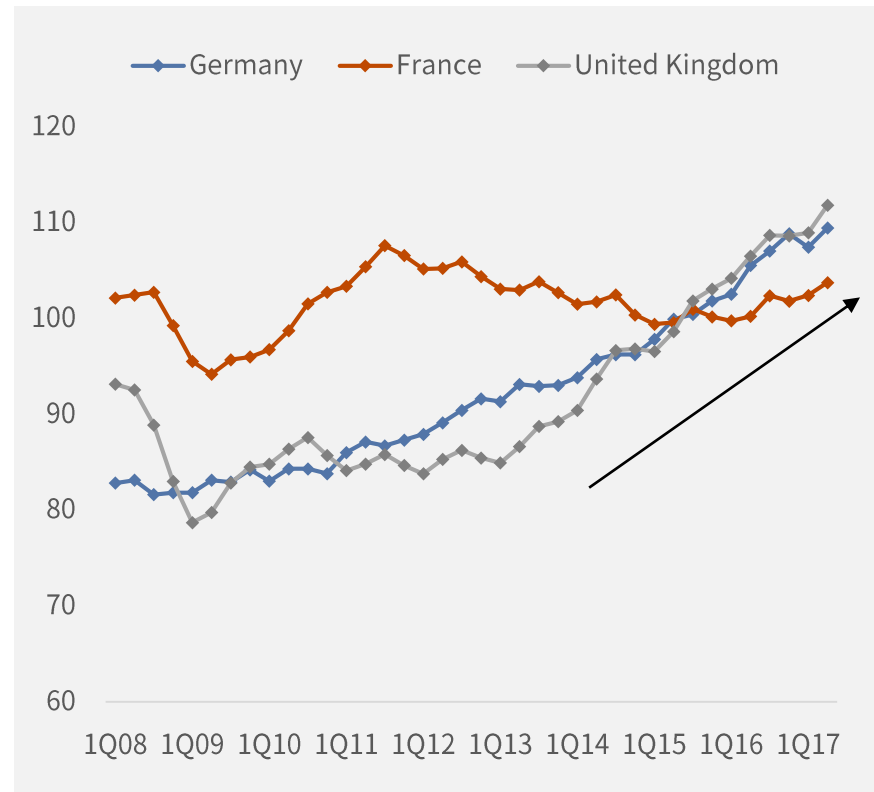
(Unit: YoY %, %)



* Source: Bloomberg, ECB

EU Housing Price Index Trend

(Unit: pt)



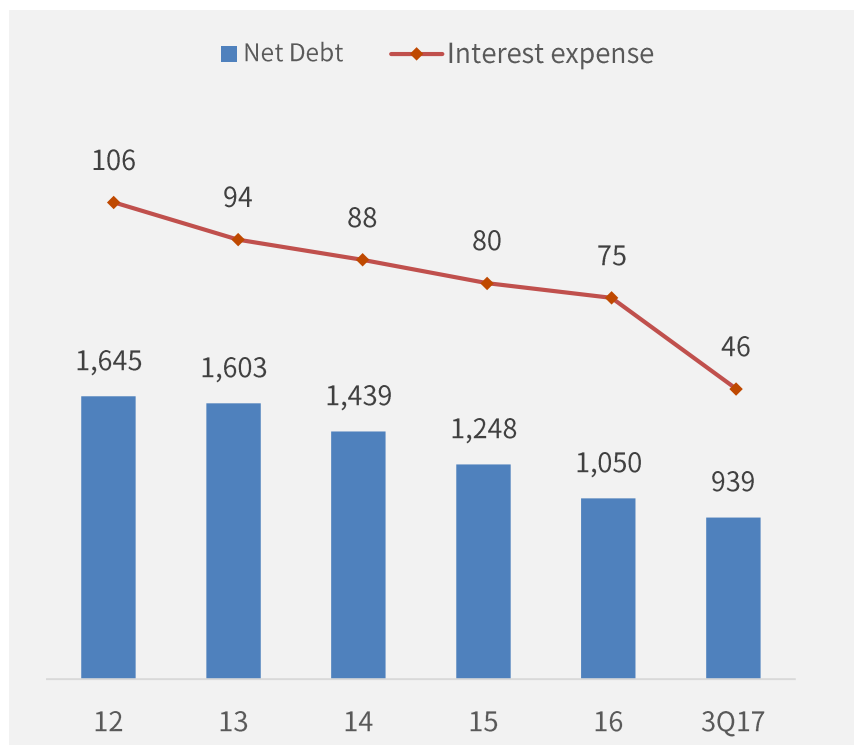
* Source: Eurostat

Solid Financial Condition – Foundation for Growth

- Net debt and interest expense have decreased significantly as a result of our efforts to improve profitability and financial structure.
- Based on our solid financial structure, we plan to actively pursue a growth strategy for Compact business in the future.

Net Debt and Interest Expense Trend*

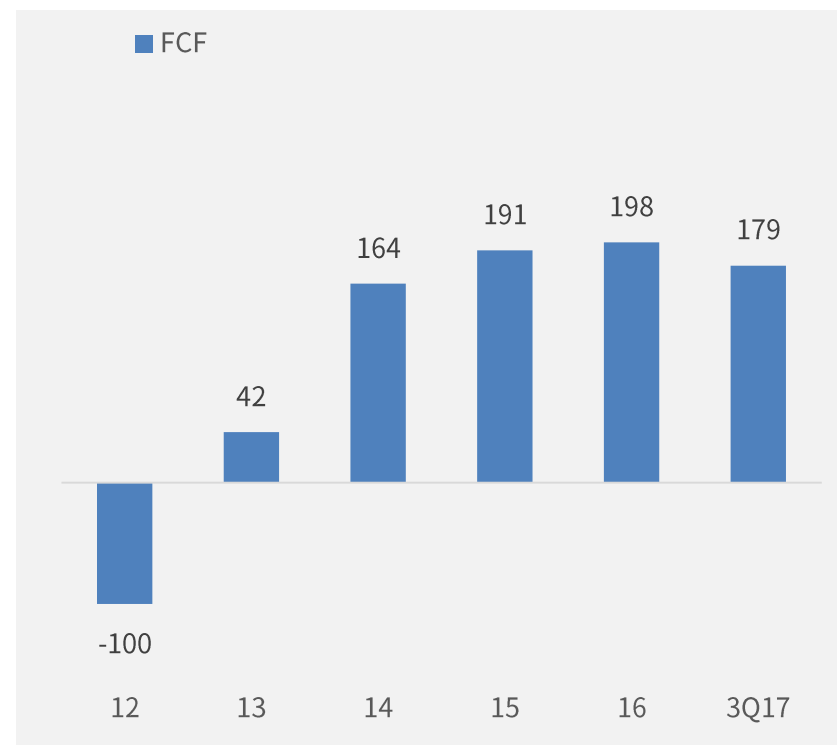
(Unit: USD M)



* Based on Consolidated Financial Statement

FCF Trend*

(Unit: USD M)



* Based on Consolidated Financial Statement before Dividend



THANK YOU

[Back Up] 3Q 2017 Results – Income Statement (KRW)

- Sales increased by 15% and EBIT decreased by 2% on YoY basis as KRW depreciated

Income Statement

(Unit: KRW billion, %)

| | 3Q16 | 2Q17 | 3Q17 | YoY | QoQ |
|--------------------|-------|---------|---------|--------|--------|
| Sales | 881.5 | 1,075.3 | 1,013.4 | +15.0% | -5.8% |
| EBIT | 103.1 | 136.0 | 101.0 | -2.0% | -25.7% |
| (%) | 11.7% | 12.6% | 10.0% | -1.7%p | -2.6%p |
| EBITDA | 128.7 | 163.9 | 129.8 | -0.9% | -21.5% |
| Net Financial Cost | 21.1 | 17.4 | 15.5 | -26.5% | -10.9% |
| Profit before Tax | 83.0 | 96.4 | 88.7 | +6.9% | -8.0% |
| Net Profit | 47.7 | 49.2 | 55.2 | +15.7% | +12.2% |
| (%) | 5.4% | 4.6% | 5.5% | 0.1%p | +0.9%p |

* F/X (KRW/USD)
3Q16: 1,114.22, 3Q17: 1,132.05