



Doosan Bobcat Inc.  
3Q 2018 Earnings Release

Oct 2018



# Disclaimer

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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.

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**1** 3Q 2018 Results

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# 3Q 2018 Results – Income Statement

- Sales increased on the back of strong demand in Europe and North America
- EBIT expanded significantly due to higher sales and profitability improvement in Europe
- The increase in Net profit was a result of strong EBIT and lower interest expenses / corporate taxes

## Income Statement

(Unit: USD M)

	3Q17	2Q18	3Q18	YoY	QoQ
Sales	738	963	924	+25.1%	-4.1%
EBIT	75	129	110	+46.5%	-15.0%
EBIT Margin	10.1%	13.4%	11.9%	+1.7%p	-1.5%p
EBITDA	100	151	131	+30.8%	-13.3%
Net Financial Cost	14	12	7	-51.3%	-45.7%
Profit before Tax	65	106	100	+55.1%	-5.3%
Net Profit	49*	71	67	+37.7%	-5.5%
Net Profit Margin	6.6%	7.4%	7.3%	+0.7%p	-0.1%p

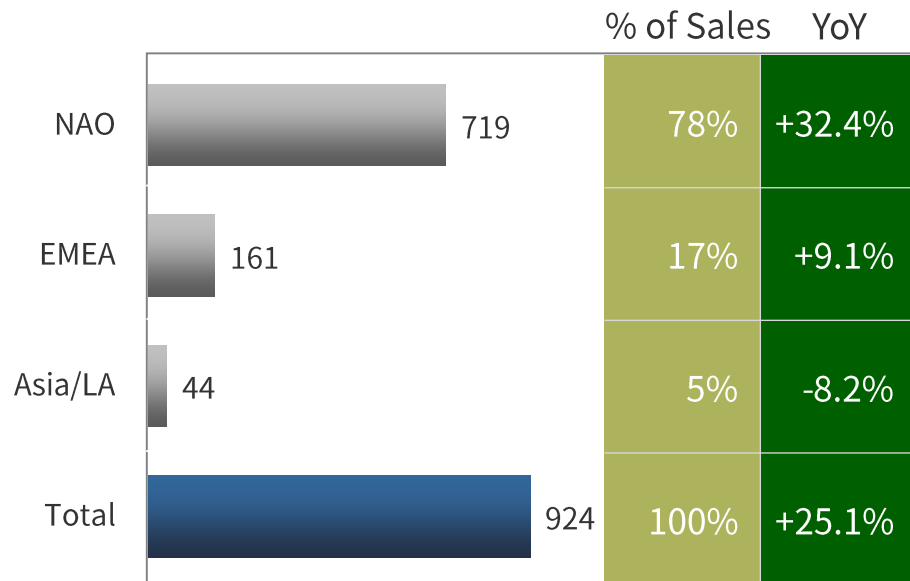
\* Includes \$10M profit from discontinued operations of Heavy business

# 3Q 2018 Results – By Region & Business

- Despite weak seasonality, sales were up driven by advanced market, with the most noticeable growth in NAO
  - NAO : Market continued to grow amid favorable construction industries, and we gained the market share
  - EMEA : Market grew steadily, and we continued to gain the market share on the back of strengthened distribution channel and products
  - Asia/LA : While China and Asia maintained favorably, sales fell slightly due to temporary demand contraction, stemming from India floods

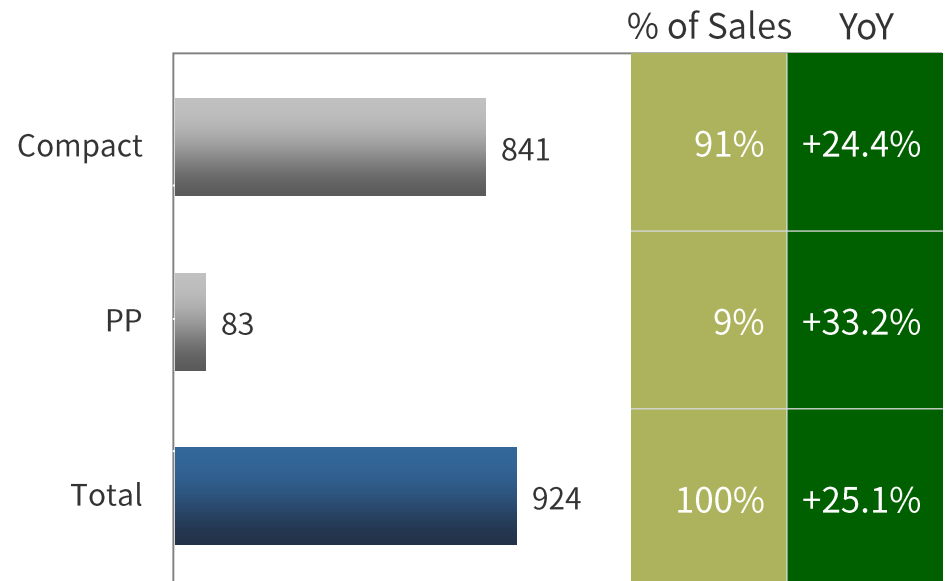
## Sales by Region

(Unit : USD M)



## Sales by Business

(Unit : USD M)



# 3Q 2018 Results – Balance Sheet

- \$250 million of early repayment in 2018 resulted in total debt below \$1 billion
- In addition, Liabilities/Equity ratio continuously improved thanks to lower debt along with increase in earnings

## Balance Sheet

	2016	2017	2Q18	3Q18	(Unit: USD M) (QoQ)
Total Asset	5,235	5,772	5,679	5,638	-41
Current Asset	1,265	1,541	1,383	1,351	-32
- Cash & Cash Equivalent	301	389	330	340	+10
Non-current Asset	3,970	4,231	4,297	4,287	-9
Total Liabilities	2,461	2,573	2,503	2,414	-89
Current Liabilities	611	797	778	821	+42
Non-current Liabilities	1,850	1,776	1,724	1,593	-131
Total Equity	2,774	3,199	3,177	3,224	+48
Net Debt	1,050	869	817	654	-163
Liabilities/Equity Ratio	88.7%	80.4%	78.8%	74.9%	-3.9%p

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**1** 3Q 2018 Results

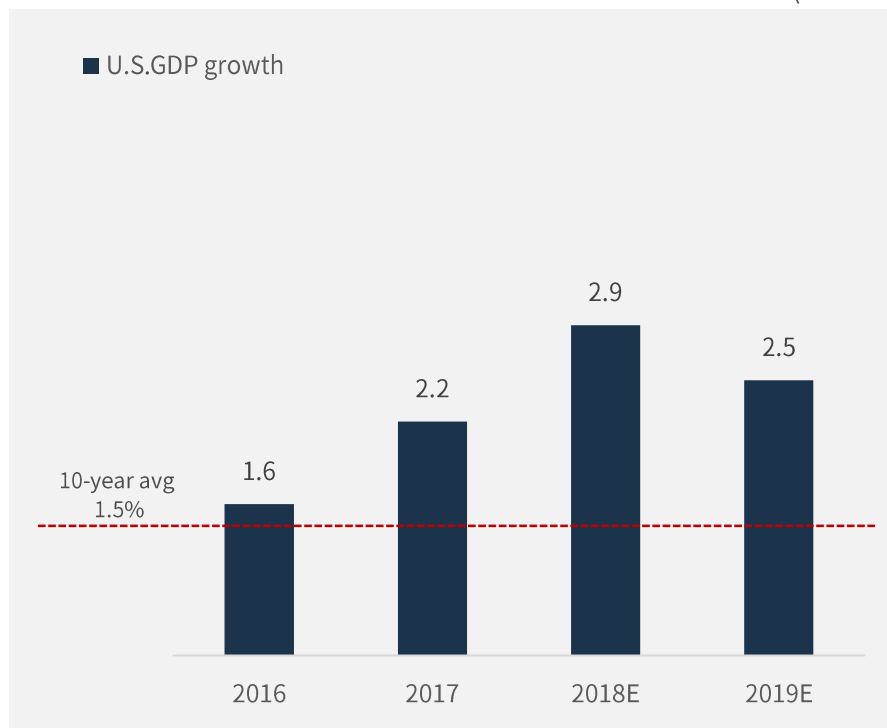
**2** 3Q 2018 Highlights

# U.S. – The strongest economies among DM

- The US economy is the strongest among developed markets and expected to continue steadily in the long run
- We believe that the benefit of the company would be greater than others given our greater US exposure

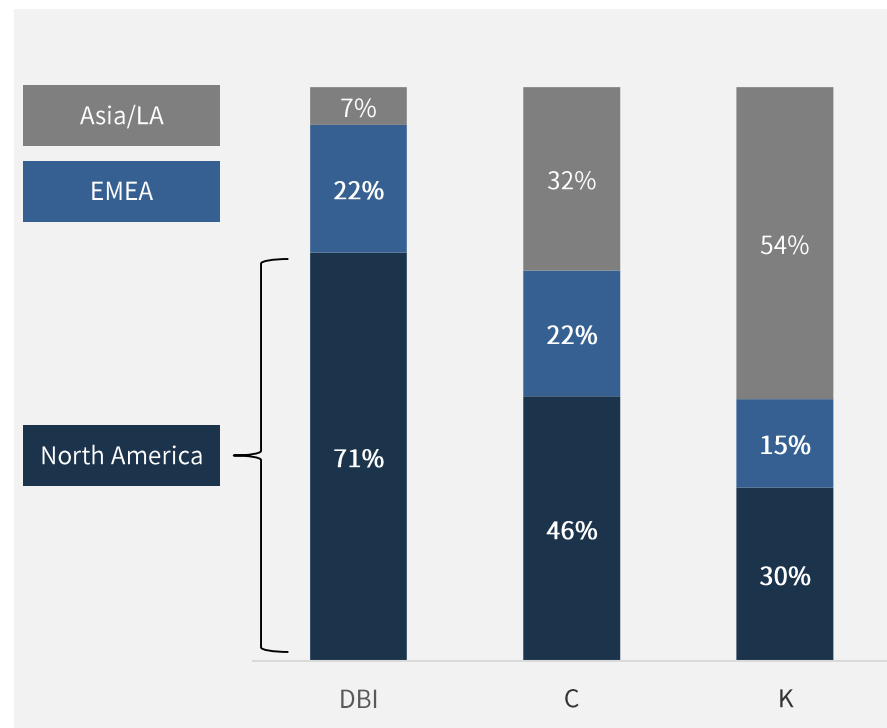
## U.S. GDP growth trend and outlook

(Unit: %)



\* Source: Bloomberg

## Regional sales breakdown comparison



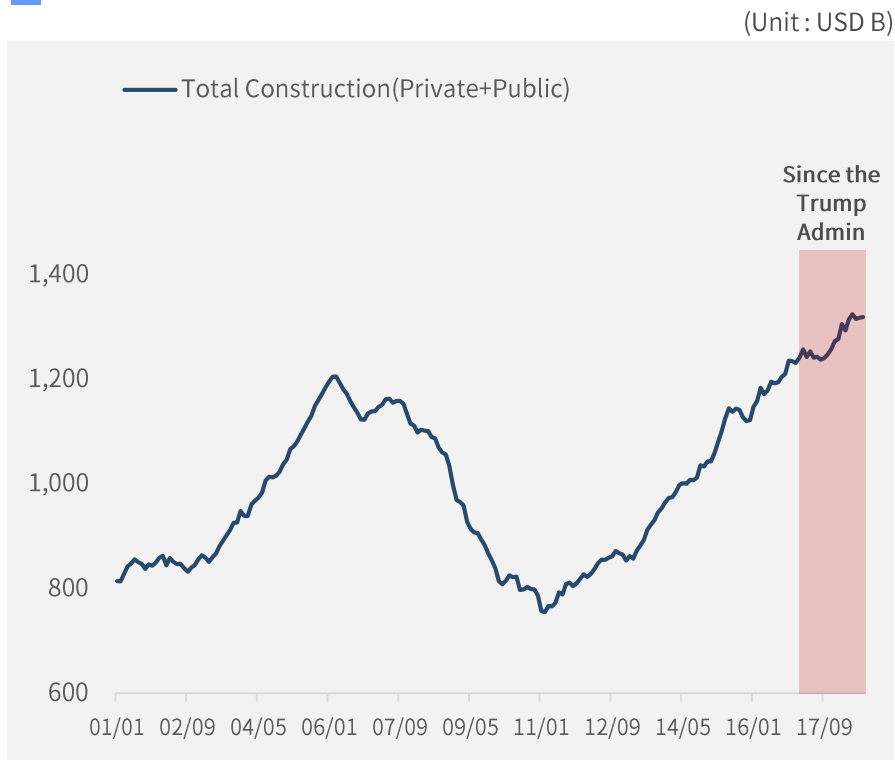
\* Source: Company data, as of 1H18  
North America includes Oceania as for DBI



# U.S. – Demand remained solid in construction industries

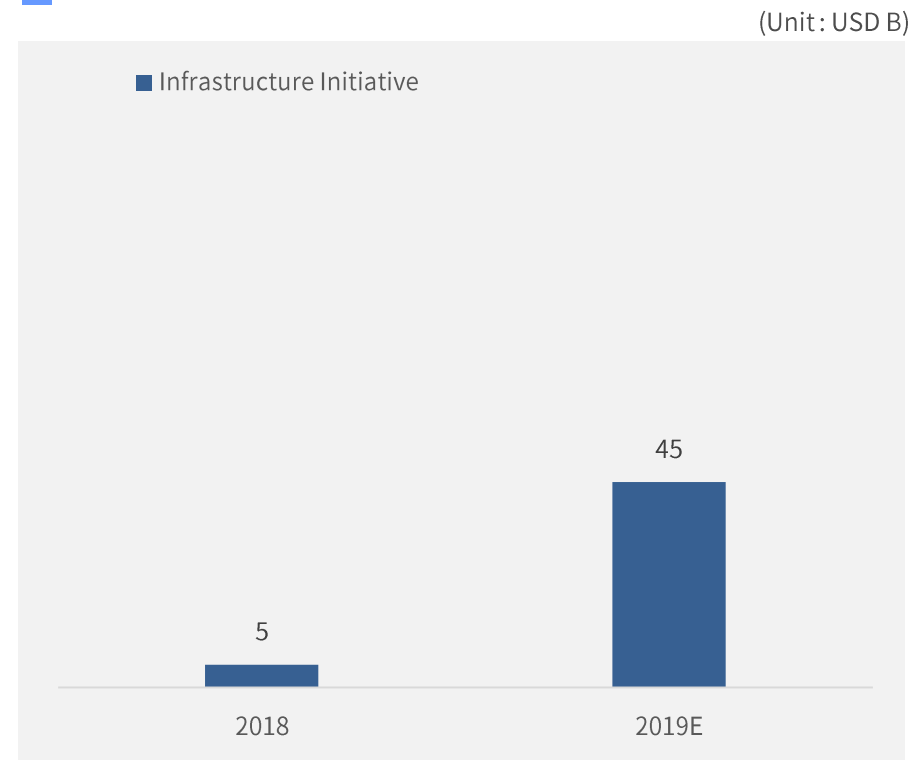
- Both residential and non-residential construction spending continue to rise and the public construction as well
- Additional demand and more opportunities are anticipated as \$45 billion was allocated in the FY2019 budget, which resulted in a high level of visibility

## Construction spending trend



\* Source: U.S. Census Bureau, as of August 2018

## The FY2019 infrastructure budget

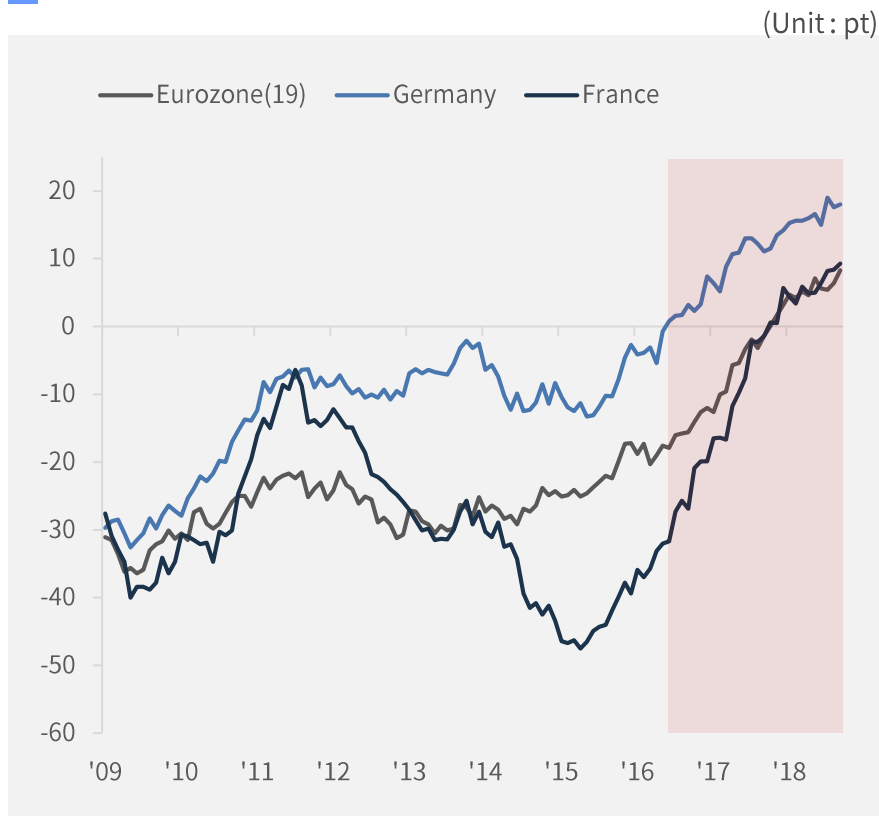


\* Source: Office of Management and Budget  
Figures in 2018 is the proposed amount which was submitted in the FY2018 budget

# Europe – Market continued to recover and our fundamentals become stronger

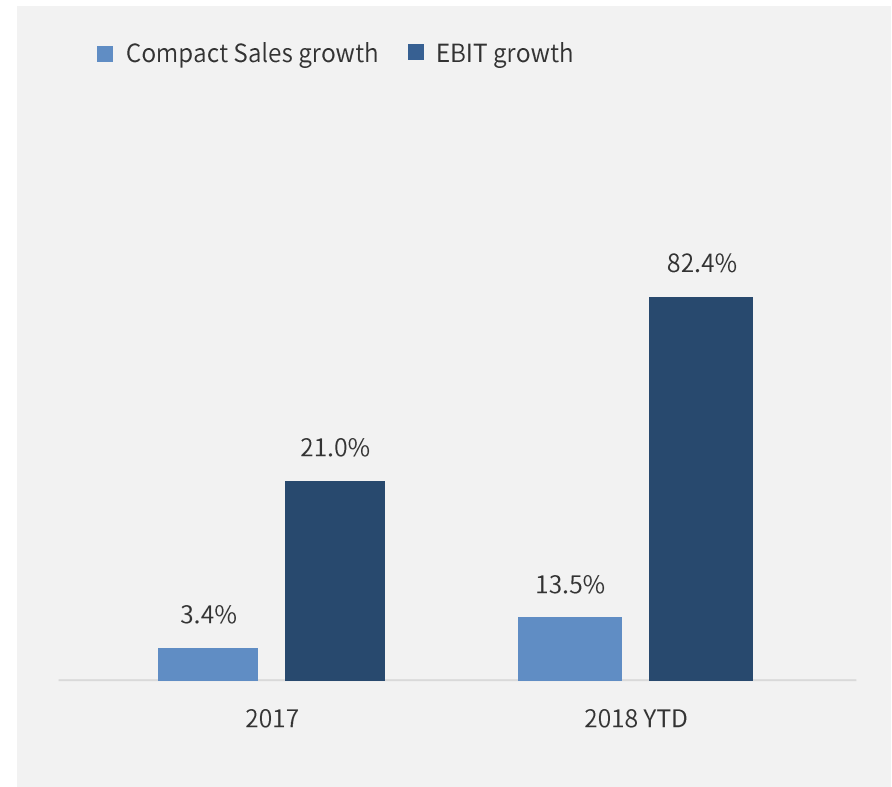
- In addition to key regions such as Germany, construction confidence in overall Eurozone rebounded meaningfully
- Not only sales rose due to stronger channels and new products, EBIT increased significantly on the back of enhanced cost structure in addition to higher sales

## Eurozone Construction Confidence Index\*



\* Source: Eurostat, as of September 2018. Poor<0<Good

## DBI Compact Sales\* and EBIT Growth



\* Source: Company data, based on EUR 3<sup>rd</sup> sales

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**THANK YOU**

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

- Sales and EBIT increased 23.9%, 45.4% respectively as weakening of USD resulted sales translated into fewer KRW

## Income Statement

(Unit: KRW billion, %)

	3Q17	2Q18	3Q18	YoY	QoQ
Sales	8,359	10,385	10,353	+23.9%	-0.3%
EBIT	845	1,389	1,229	+45.4%	-11.5%
EBIT Margin	10.1%	13.4%	11.9%	+1.8%p	-1.5%p
EBITDA	1,130	1,625	1,465	+29.6%	-9.9%
Net Financial Cost	155	132	77	-50.5%	-42.1%
Profit before Tax	732	1,142	1,123	+53.4%	-1.6%
Net Profit	553	767	753	+36.1%	-1.8%
Net Profit Margin	6.6%	7.4%	7.3%	+0.7%p	-0.1%p

\* F/X (KRW/USD)  
3Q17: 1,138.68, 3Q18: 1,090.88