

Third Quarter 2022 Financial Review

DOOSAN

Doosan Bobcat Inc.



October 2022
Bobcat

Disclaimer

Please be noted that this document contains preliminary figures and are provided to investors or potential investors solely as reference materials in their investment decisions.

Financial information presented herein are based on consolidated earning which were reported in accordance with K-IFRS. Historical figures were adjusted as well to ensure their compliance with K-IFRS.

The statements within the presentation future estimates including profit and loss forecasting of 2022 and years after. Although they are deemed reasonable, readers are strongly cautioned that known and unknown risks and uncertainties such as currency exchange or raw material costs may have a strong influence on the forward-looking statements and result in material variance between actual business performance and financial positions expressed or implied here.

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1. 2022 3Q Results
2. 2022 3Q Highlights

3Q 2022 Financial Results – Income Statement (Consolidated)

- Revenue increased by 33% YoY backed by easing of parts shortages and continued price increase
- Operating profit margin reached 13.3% thanks to pricing and less promotional expenses
- Net profit increased by 114% YoY excluding one-off¹⁾ expenses

(USD in million)

	3Q21	2Q22	3Q22	YoY	QoQ
Revenue	1,341	1,768	1,786	+33.2%	+1.0%
Bobcat	1,115	1,515	1,476	+32.4%	-2.7%
DIV ²⁾	226	253	311	+37.5%	+22.9%
Operating Profit	111	247	238	+113.9%	-3.7%
%	8.3%	14.0%	13.3%	+5.0%p	-0.7%p
EBITDA	148	286	275	+85.9%	-4.0%
Net Interest Expense	14	16	14	+0.8%	-14.1%
Profit before Tax	68	175	174³⁾	+156.1%	-0.9%
Net Profit	46	112	88	+92.1%	-21.4%
%	3.4%	6.3%	4.9%	+1.5%p	-1.4%p

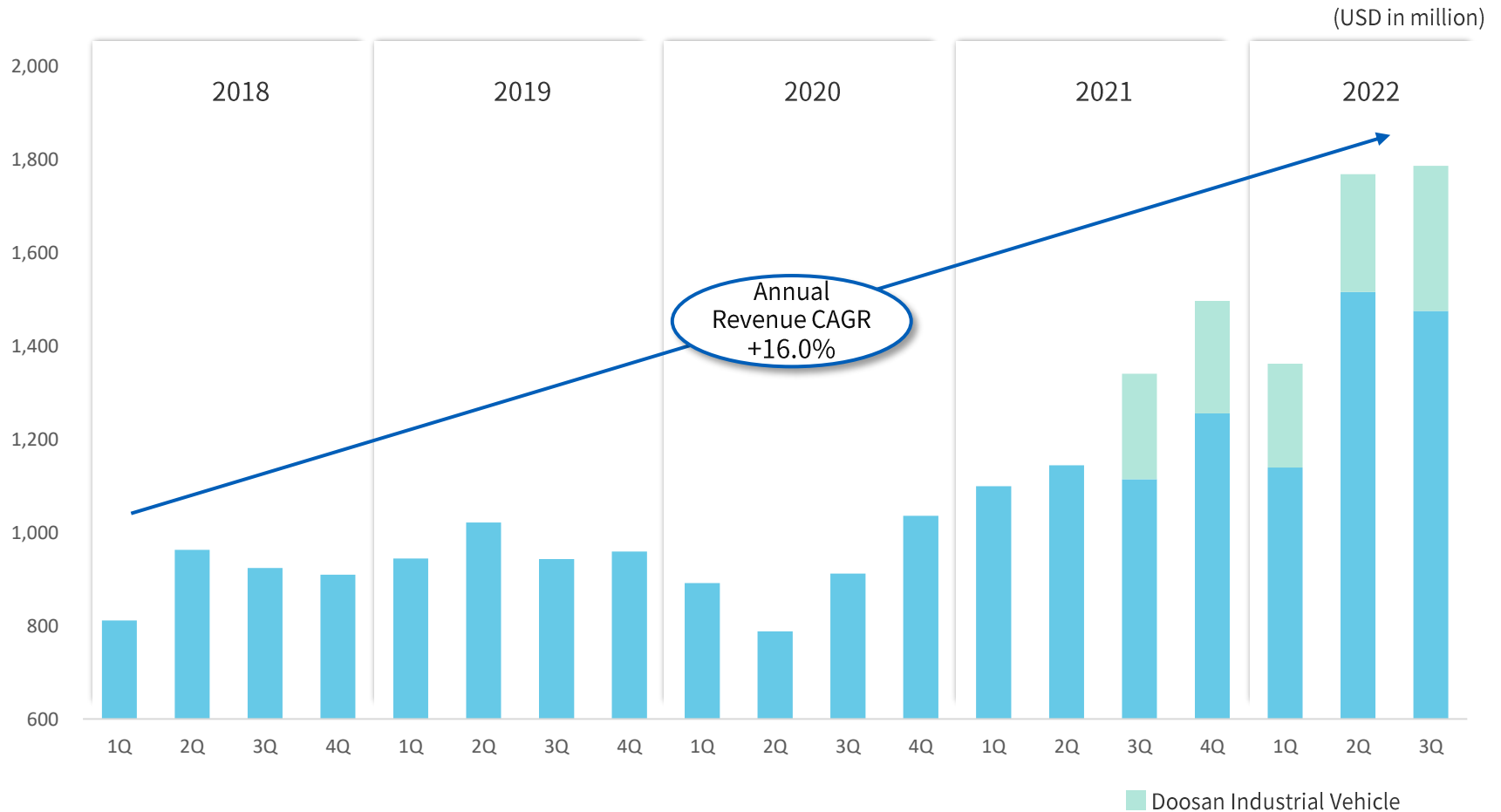
1) Reimbursement of deferred tax assets \$10M

2) Doosan Industrial Vehicle

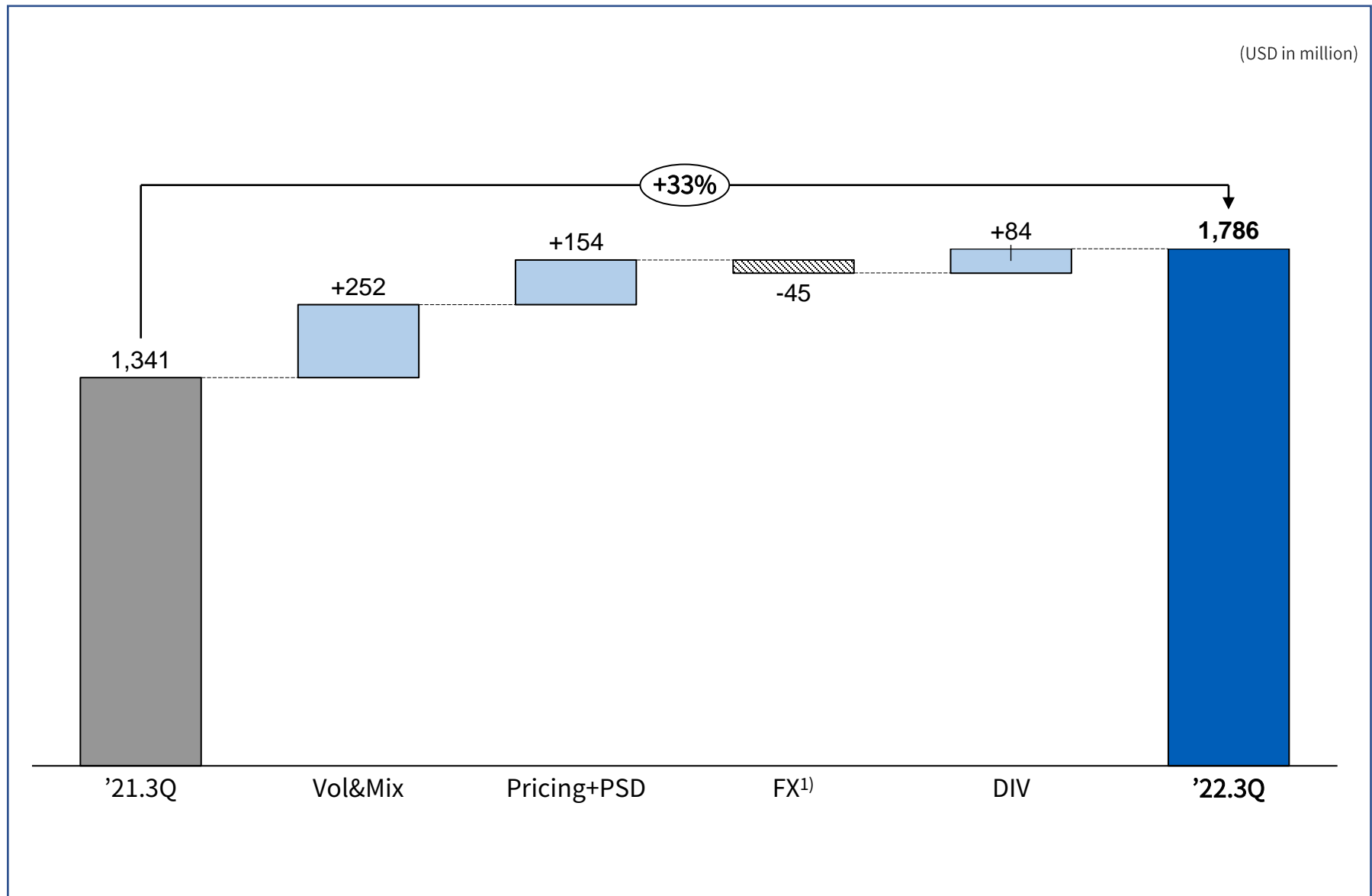
3) F/X related loss \$57M(USD F/X +11%, '22.06 1,292.90 → '22.09 1,434.80)

Revenue Trend

- Revenue continues to grow for the past five years despite concerns over a peak in the industry and uncertainties such as COVID-19



3Q 2022 Financial Results – Revenue Waterfall Chart

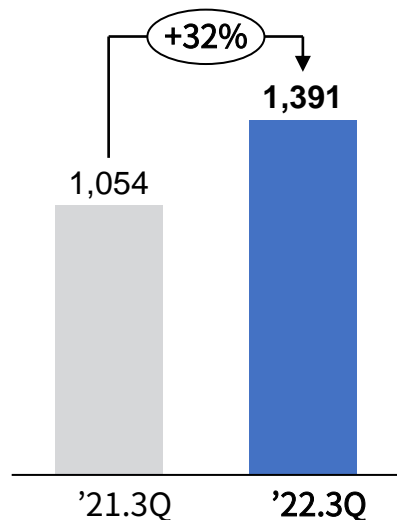


1) USD/EUR FX '21.3Q 1.18 → '22.3Q 1.01 (14.6% ↓)

3Q 2022 Financial Results – Sales by Segment (Consolidated)

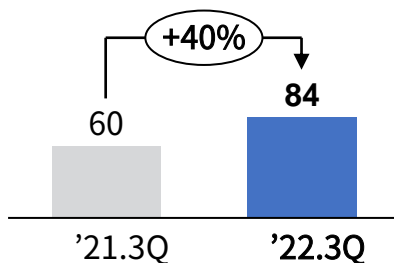
(USD in million)

Compact Equipment



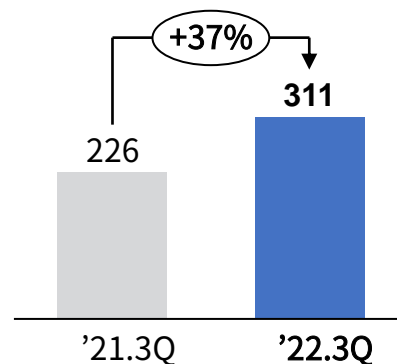
- 32% growth YoY due to increased volume in NA and aggressive pricing policy
- 4Q Outlook : Considering high backlog and low dealers' inventory, sales growth expected to continue

Portable Power



- 40% growth YoY as oil price remained high¹⁾ despite parts shortages
- 4Q Outlook : Maintaining solid demand as oil price is expected to remain high due to geopolitical issues

Industrial Vehicle



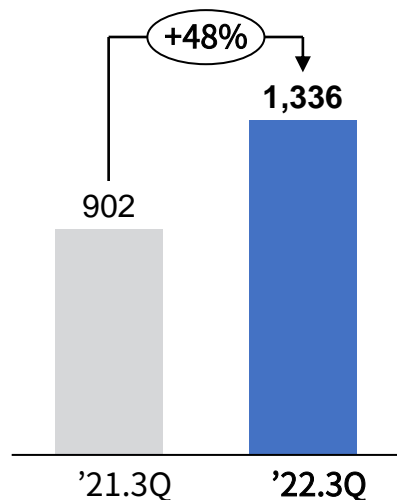
- Growth of 37% YoY thanks to favorable NA market and partial ease of part shortages
- 4Q Outlook : NA market is expected to remain robust thanks to the solid manufacturing industry

1) Oil price YoY +30% (WTI '21.3Q 70.5 → '22.3Q 91.4)

3Q 2022 Financial Results – Sales by Region (Consolidated)

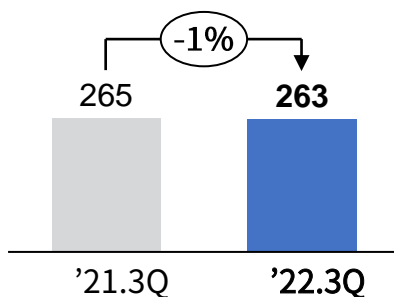
(USD in million)

North America



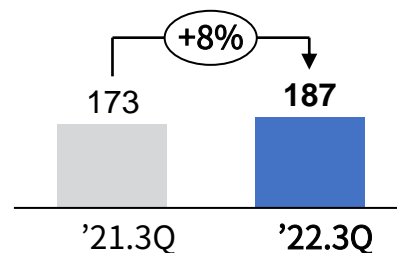
- 48% growth YoY thanks to the increase in demand and the effect of price increases
- 4Q Outlook : Considering solid demand and low dealers' inventory, sales growth expected to continue

EMEA



- 1% decrease YoY backed by ease of parts shortages despite the weak euro (+14% excl. F/X effects)
- 4Q Outlook: Annual sales are expected to be similar YoY due to solid demand of MEX

ALAO



- Growth of 8% YoY thanks to government stimulus programs in Latin America and Oceania(+20% excl. F/X effects)²⁾
- 4Q Outlook: Expected to continue with the deliveries to Indian government and stimulus program in Latin America

1) USD-EUR FX '21.3Q 1.18 → '22.3Q 1.01 (14.6% ↓), 2) KRW-USD FX '21.3Q 1,157.35 → '22.3Q 1,337.98 (15.6% ↑)

3Q 2022 Financial Results – Balance Sheet

- Reduced net debt by US\$100 million due to improved borrowing structure and strong performance

(USD in million)

	2018	2019	2020	2021	March 2022	June 2022	September 2022	Variation
Total Asset	5,765	5,790	6,398	7,238	7,485	7,072	7,000	-238
Current Asset	1,506	1,313	1,711	2,232	2,482	2,258	2,330	+98
- Cash & Cash Equivalent	489	183	733	819	718	387	458	-362
Non-current Asset	4,260	4,478	4,686	5,006	5,003	4,814	4,689	-336
Total Liabilities	2,421	2,354	2,653	3,593	3,845	3,461	3,443	-150
Current Liabilities	862	984	930	1,264	1,490	1,466	1,537	+271
Non-current Liabilities	1,559	1,370	1,723	2,329	2,355	1,995	1,906	-421
Total Borrowings	991	674	958	1,583	1,614	1,201	1,122	-461
Total Equity	3,345	3,437	3,744	3,645	3,640	3,612	3,557	-88
Net Debt	501	491	225	764	896	813	664	-99
Liability/Equity Ratio	72.4%	68.5%	70.9%	98.6%	105.6%	95.8%	96.8%	-1.8%p

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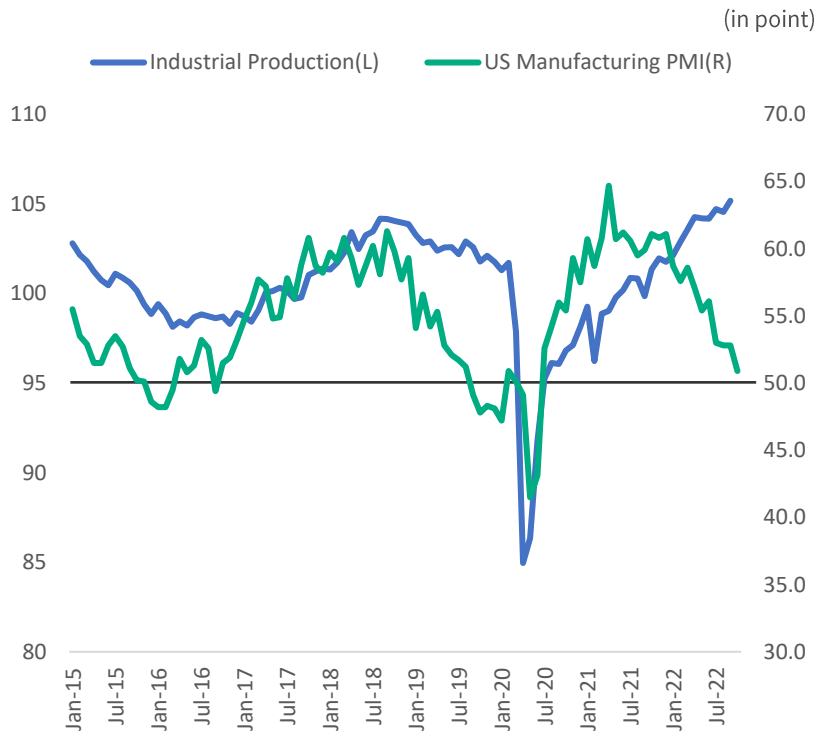


1. 2022 3Q Results
2. 2022 3Q Highlights

North America – Concerns Grow about Recession

- Industrial production stays stable, but uncertainty rises due to the declining PMI
- US Construction Spending on residential is slowing down while nonresidential stays solid

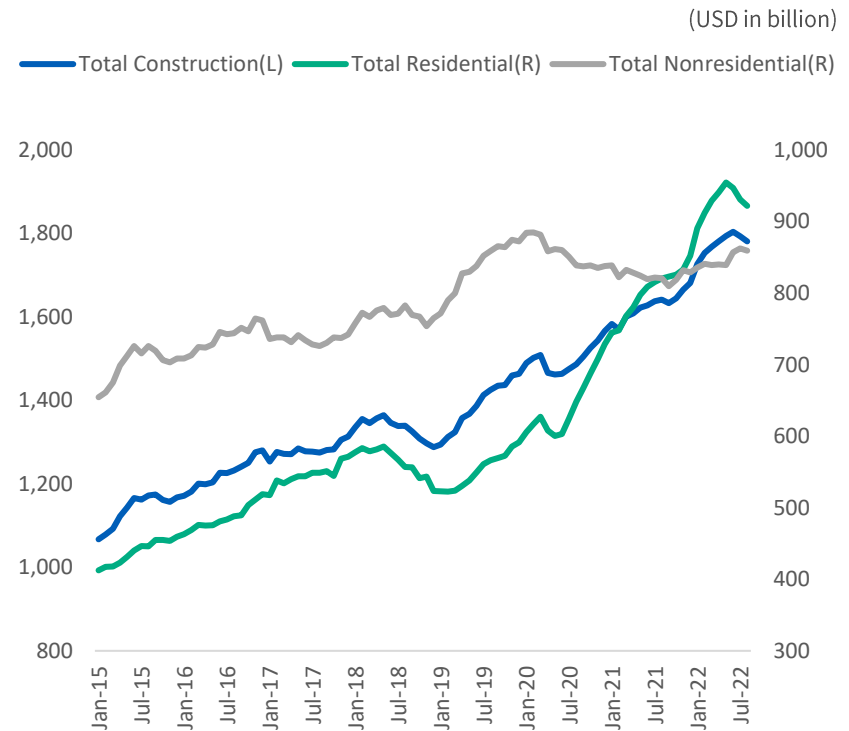
US Industrial Production and Manufacturing PMI



* Industrial Production – source: FRB, as of Sep 2022, 2017=100

** PMI – source: ISM, as of Oct 2022, baseline=50

US Construction Spending



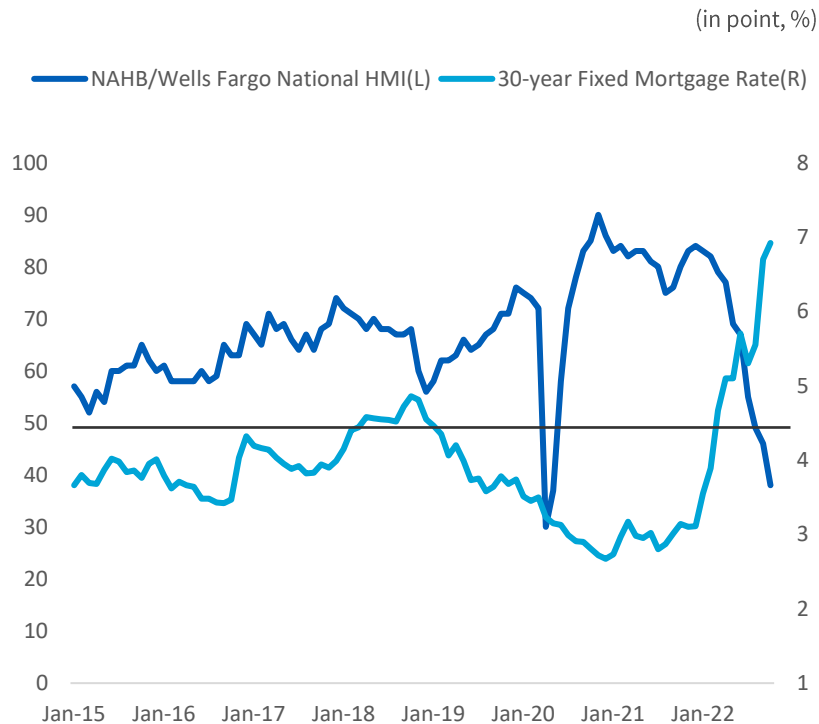
* Source: U.S. Census Bureau

** as of Aug 2022

US Housing Market – Slowing down due to costs

- NAHB Housing Market Index slows down as cost is increasing
- However, housing supply is still insufficient, and the number of ‘New Housing Units Authorized, but not Started’ remains increasing

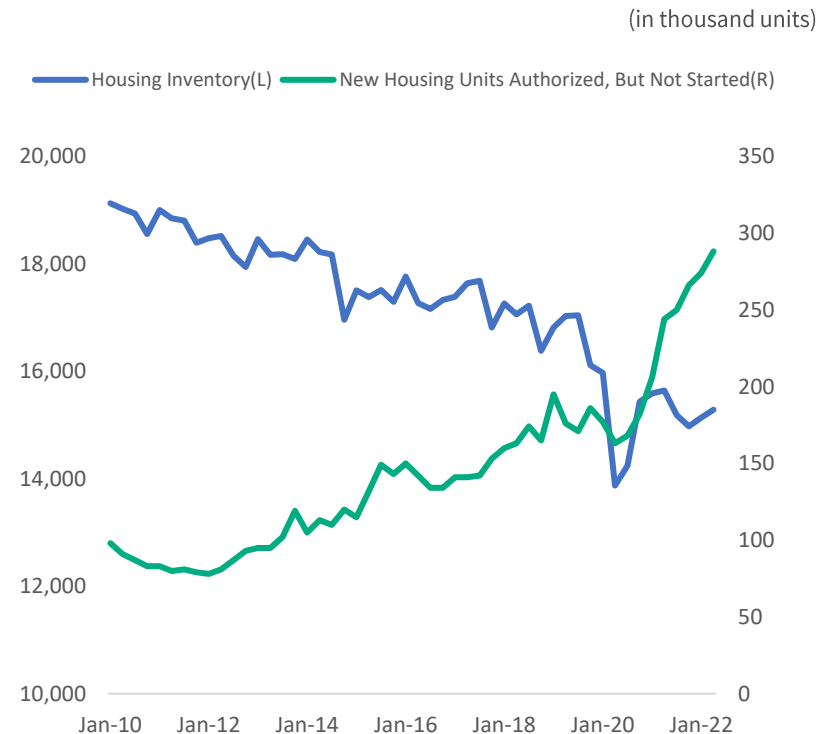
NAHB Housing Market Index and Mortgage Rate



* National Association of Home Builders, baseline=50 / Freddie Mac

** as of Oct 2022

US Housing Market Indicators



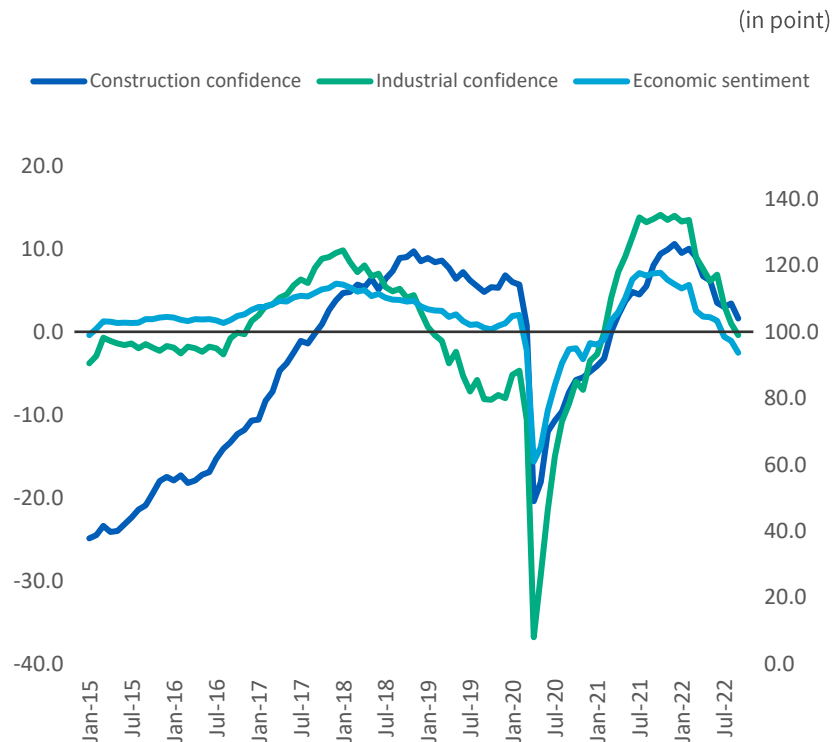
* Source: U.S. Census Bureau

** as of 2Q 2022

Europe – Economic and Construction Indicators Weaken

- Sentiment Indicators of Eurozone get close to or below the baseline, raising concerns about recession
- Construction indicators also decelerated

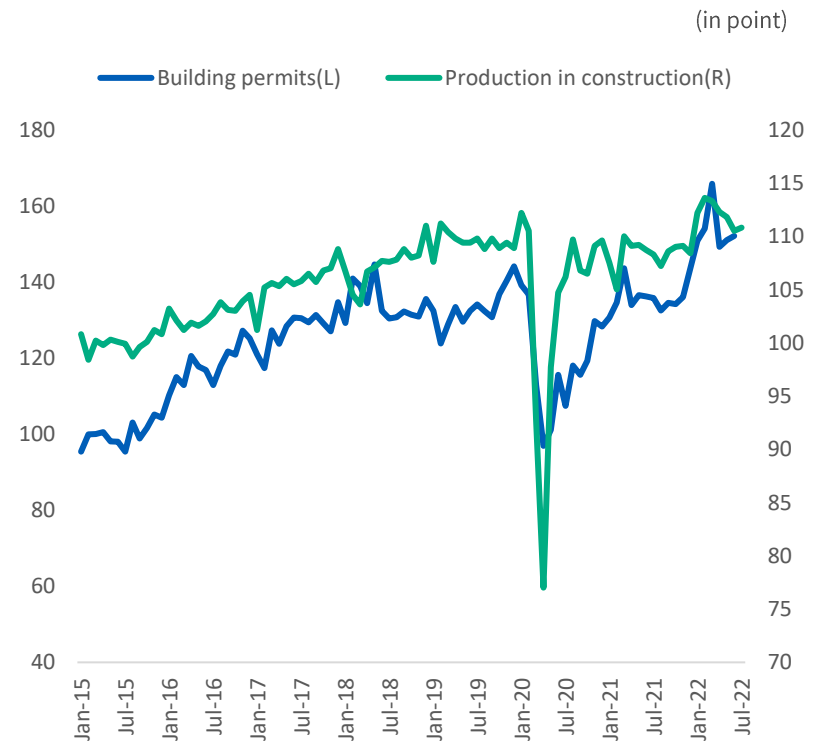
Eurozone Sentiment



* Source: European Commission, as of September 2022

** Baseline: Economic Sentiment= 100, Others =0

Eurozone Construction Indicators



* Source: Eurostat

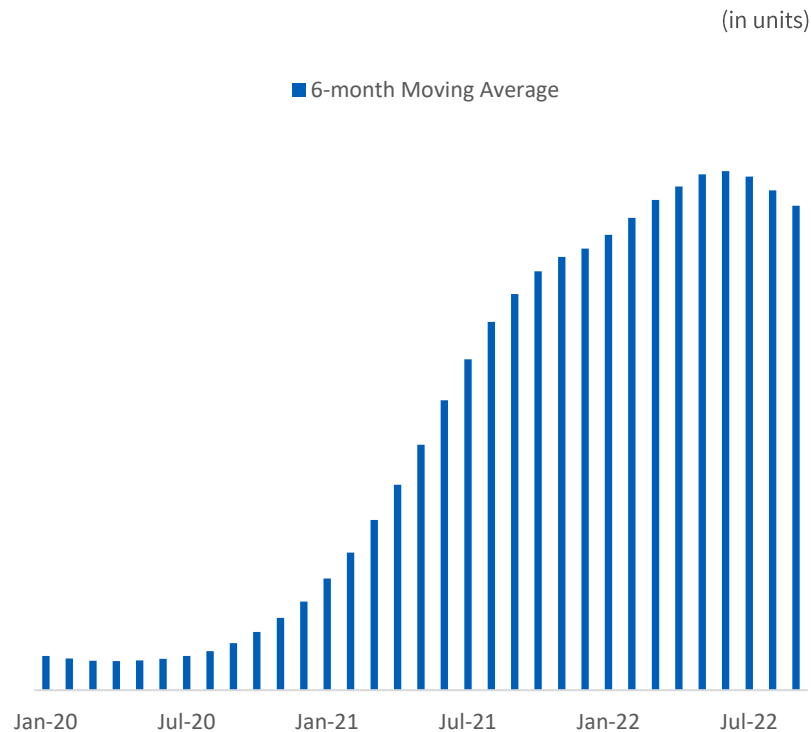
** Index 2015=100, Permits as of June, Production as of July 2022

*** Permit: Residential buildings, except residences for communities

NA Business – Solid Demand

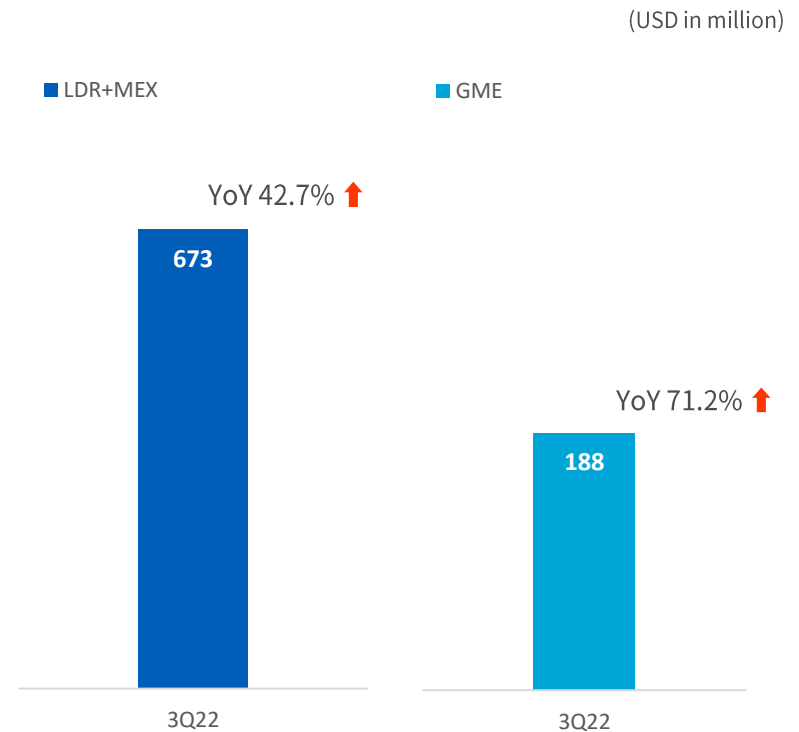
- Backlog remains high as demand continues to outstrip supply
- Sales showed high growth across all product segments

NA Order Backlog Trend



* Source: Company Data

NA Sales by Segment



* Source: Company Data

** LDR : Skid-Steer Loader, Compact Track Loader, MEX : Mini Excavator, UV: Utility Vehicle, MTL: Mini Track Loader, TC : Toolcat, CT: Compact Tractor, SAL: Small Articulated Loader, ZTR: Zero-Turn Mower

[Back-up] 2022 3Q Financial Results in KRW

- Revenues and EBIT increased even greater due to the weak KRW against the USD

■ Summarized Income Statement

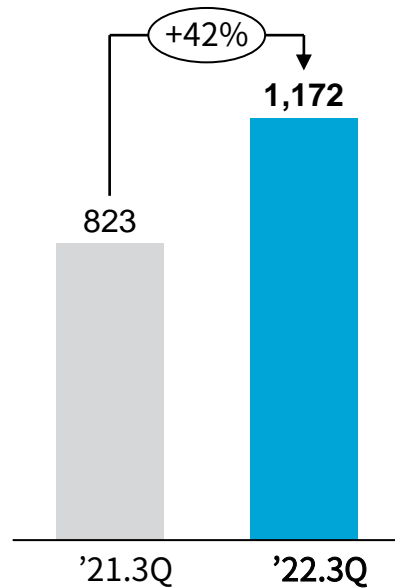
(KRW in billion)					
	3Q21	2Q22	3Q22	YoY	QoQ
Sales	1,546.3	2,218.4	2,378.9	+53.8%	+7.2%
EBIT	129.6	309.5	316.9	+144.4%	+2.4%
EBIT Margin	8.4%	14.0%	13.3%	+4.9%p	-0.6%p
EBITDA	171.5	358.2	365.9	+113.3%	+2.1%
Net Financial Cost	16.0	20.5	18.9	+18.2%	-8.0%
Profit before Tax	80.2	219.7	231.2	+188.3%	+5.3%
Net Profit	54.4	140.6	118.9	+118.6%	-15.5%
Net Profit Margin	3.5%	6.3%	5.0%	+1.5%p	-1.3%p

* F/X(KRW-USD) 3Q21: 1,157.35, 2Q22: 1,259.57, 3Q22: 1,337.98

[Back-up] 3Q 2022 Financial Results – Sales by Region (excl. DIV)

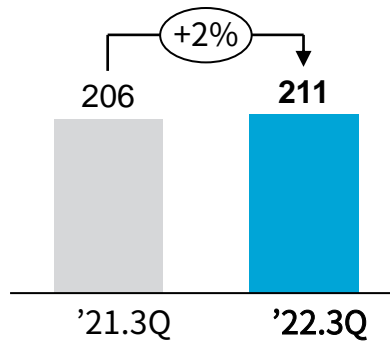
(USD in million)

North America



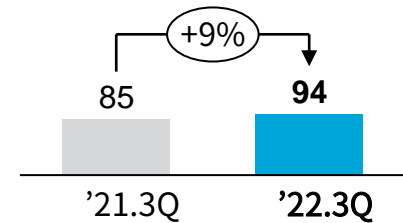
- 42% growth YoY thanks to robust sales across all segment
- Revenue of GME was \$188M (YoY +71%)

EMEA



- Growth of 2% YoY backed by ease of parts shortages despite the slowdown in the construction and the war
- 17% of growth excl. F/X¹⁾

ALAO



- 9% growth YoY thanks to increase in sales of BHL and MEX supported by government stimulus program

1) USD-EUR FX '21.3Q 1.18 → '22.3Q 1.01 (14.6% ↓)

THANK YOU

Appendix. Manufacturing Plant Expansion in Statesville, NC

- The expansion of the Statesville plant, a GME production base, was completed in October
- GME products including compact tractors and mowers will be introduced to EMEA market



Summary

- $0.5\text{M ft}^2 \rightarrow 1.1\text{M ft}^2$
- CT in-house production targets to start in April 2023 (currently assembling SKD)
- Capacity : CT 10K, MTL 8K, SAL 3K (units per year)

Products



Compact Tractor



Generator



Light Tower



Air Compressor



Mini Track Loader



Small Articulated Loader

Appendix. Innovations at Bobcat

Eco-friendly Products

2022



- E10e (2019)
- 1t electric MEX



- T7X
- All-electric CTL



- Fuel-cell Forklift
- in Development



- E19e
- 2t electric MEX



- ZT6000e
- Electric mower
- Target: late 2023

Innovations and Technologies



- Autonomous Mower
- Demoed at Equip Expo in Oct 2022
- Ride-and-Repeat, Object Detect/Mobile App Control
- Target launch in late 2023



- Quad-track Skid Steer
- Demoed at Bauma in Oct (Innovation Award Finalist)
- Convertible: Wheels ↔ Quad-tracks
- 1st in the industry to adapt tracks on skid-steering