

3rd Quarter 2023 Financial Review

Doosan Bobcat Inc.

DOOSAN



October 2023
Bobcat

Disclaimer

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

The 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 2023 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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2. 2023 3Q Highlights
3. Doosan Bobcat's Potential

2023 3Q Financial Results – Income Statement (Consolidated)

- Revenue was flat YoY due to prior year's high growth
- Operating margin declined slightly on higher marketing costs due to interest rates hike
- Net income grew 63% YoY thanks to foreign currency translation gain

(USD in million)

	3Q22	2Q23	3Q23	YoY	QoQ
Revenue	1,786	2,035	1,803	+1.0%	-11.4%
Operating Profit	238	356 ¹⁾	226	-5.0%	-36.4%
%	13.3%	17.5%	12.5%	-0.8%p	-4.9%p
EBITDA	275	394	265	-3.6%	-32.9%
Net Interest Expense	14	17	12	-13.6%	-30.4%
Profit before Tax	174 ²⁾	335	205 ²⁾³⁾	+17.7%	-38.9%
Net Profit	88 ⁴⁾	235	144	+63.1%	-38.9%
%	4.9%	11.6%	8.0%	+3.0%p	-3.6%p

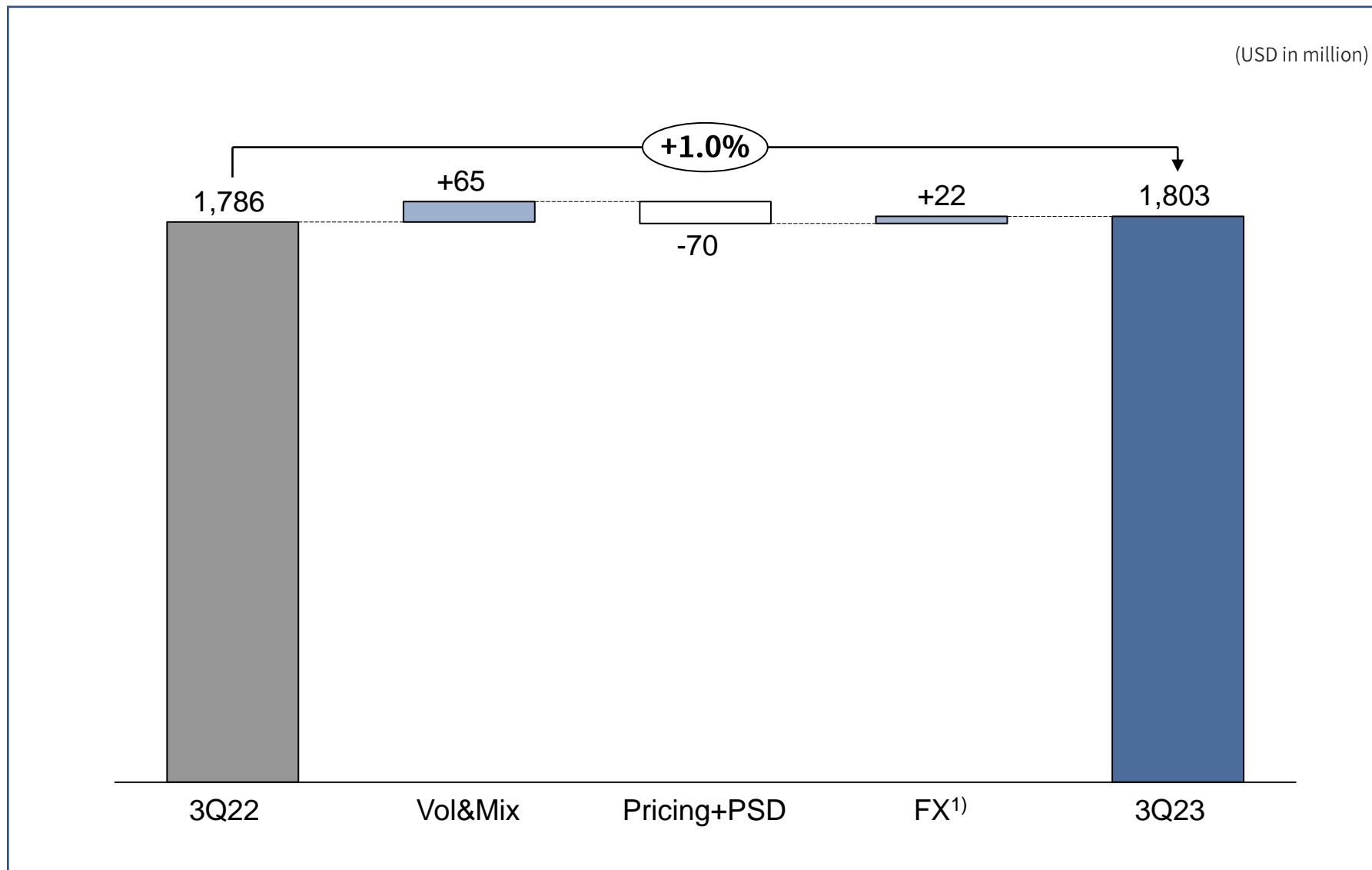
1) One-time gain related to OPEB plan changes in NA \$52M

2) F/X related loss 3Q22 \$50M vs 3Q23 \$3M

3) One-time loss of \$2M on early repayment of borrowings

4) Reimbursement of deferred tax assets \$10M

2023 3Q Financial Results – Revenue Comparison

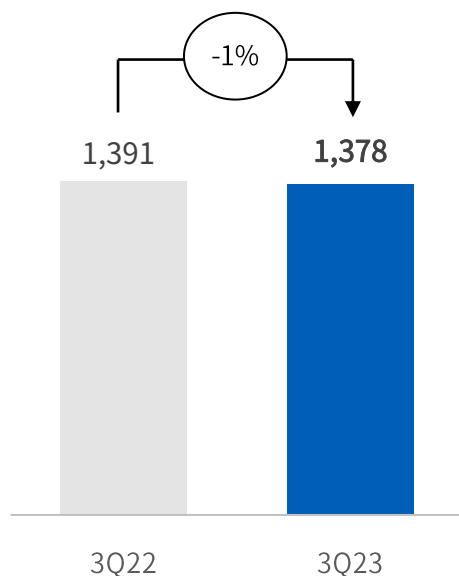


1) USD to EUR '22.3Q 1.01 → '23.3Q 1.09 (8.2% ↑)

2023 3Q Financial Results – Sales by Segment (Consolidated)

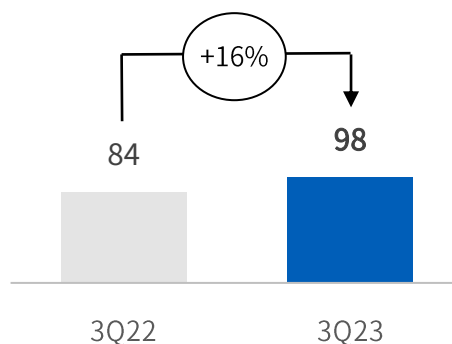
(USD in million)

Compact Equipment



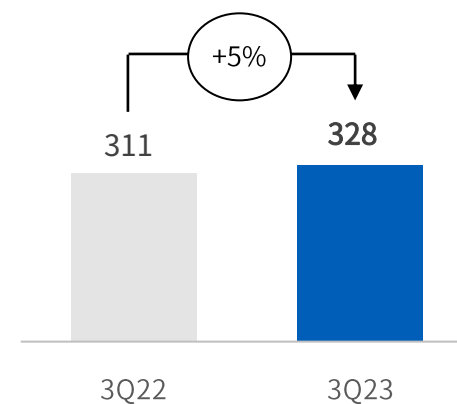
- Flat revenue YoY due to strong base effect
- 4Q outlook: similar revenue expected

Portable Power



- 16% growth thanks to demand in North America as oil price remained high
- 4Q outlook: expect continued demand in NA

Industrial Vehicle



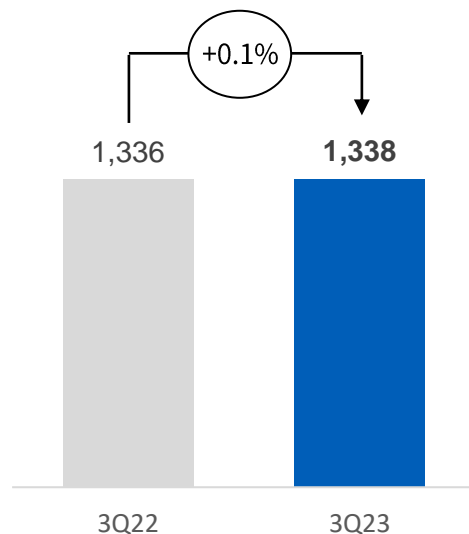
- Achieved 5% growth thanks to continued demand from national accounts
- 4Q outlook : expect slow demand as high interest rates persist

* WTI '22. 3Q 91.4 → '23. 3Q 82.2 (10% ↓)

2023 3Q Financial Results – Sales by Region (Consolidated)

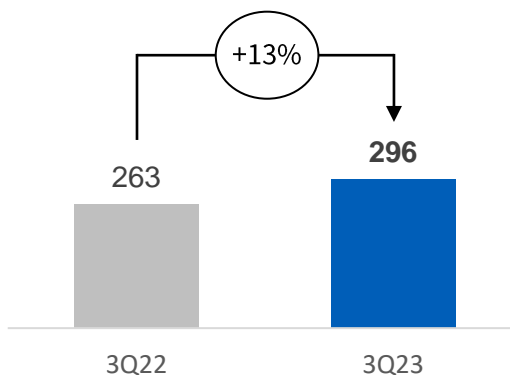
(USD in million)

North America



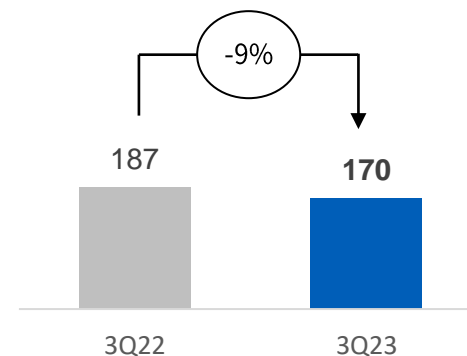
- Performed in line with prior year because of strong base effect
- 4Q outlook: modest growth expected due to impact from high interest rates

EMEA



- Grew 13% YoY thanks to strong demand in ME (+4% excl. currency)¹⁾
- 4Q outlook: uncertainties continue due to geopolitical risks, etc.

ALAO



- 9% decline due to strong USD
- 4Q outlook: expect demand to be deferred as strong USD and high interest rates persist

1) USD to EUR '22.3Q 1.01 → '23.3Q 1.09 (8.2% ↑)

2023 3Q Financial Results – Balance Sheet

- Financial structure turned net cash thanks to better operations
- Early repayment of \$100 million

Summarized Balance Sheet

(USD in million)

	2019	2020	2021	2022	2023 1Q	2023 2Q	2023 3Q	Variation (to 2022)
Total Asset	5,790	6,398	7,238	7,298	7,641	7,870	7,793	+496
Current Asset	1,313	1,711	2,232	2,432	2,761	2,980	2,936	+503
- Cash & Cash Equivalent	183	733	819	557	808	1,010	1,062	+505
Non-current Asset	4,478	4,686	5,006	4,865	4,880	4,889	4,858	-8
Total Liabilities	2,354	2,653	3,593	3,333	3,534	3,533	3,433	+100
Current Liabilities	984	930	1,264	1,620	1,794	1,810	1,855	+234
Non-current Liabilities	1,370	1,723	2,329	1,713	1,739	1,723	1,579	-134
Total Borrowings	674	958	1,583	1,077	1,083	1,077	966	-111
Total Equity	3,437	3,744	3,645	3,965	4,108	4,337	4,360	+396
Net Debt	491	225	764	520	275	67	-96	-616
Liability/Equity Ratio	68.5%	70.9%	98.6%	84.1%	86.0%	81.5%	78.7%	-5.3%p

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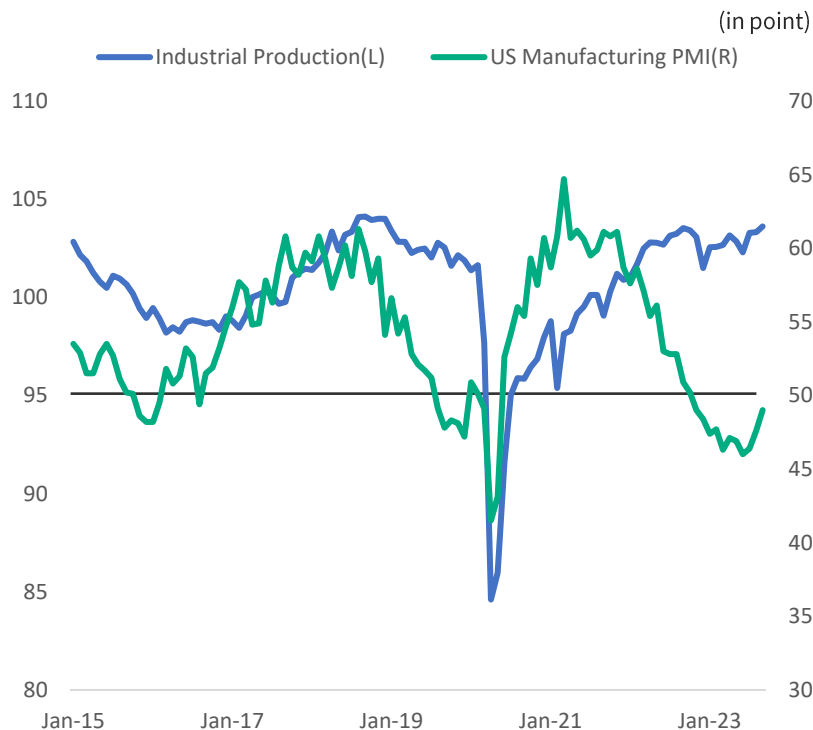


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North America – Despite slowing economy, construction spending continues to rise

- Industrial production maintains modest growth, manufacturing PMIs show signs of rebounding
- Con. spending remains high as continued gain in nonresi combined with a recovery in resi sector

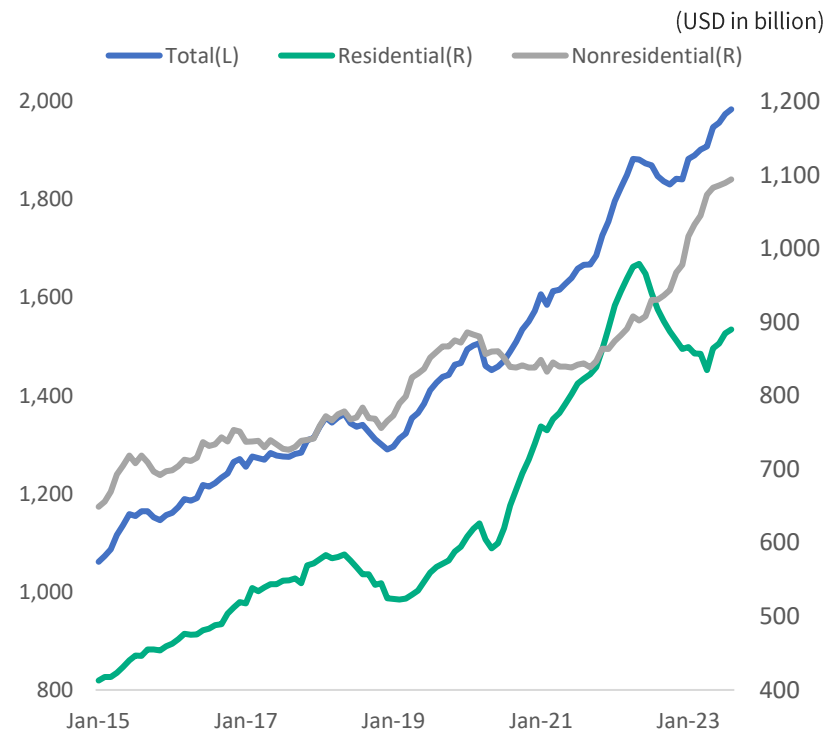
US Industrial Production and Manufacturing PMI



* Industrial Production: FRB, as of Sep. 2023, Index 2017=100

** PMI: ISM, as of Sep. 2023, benchmark=50

US Construction Spending

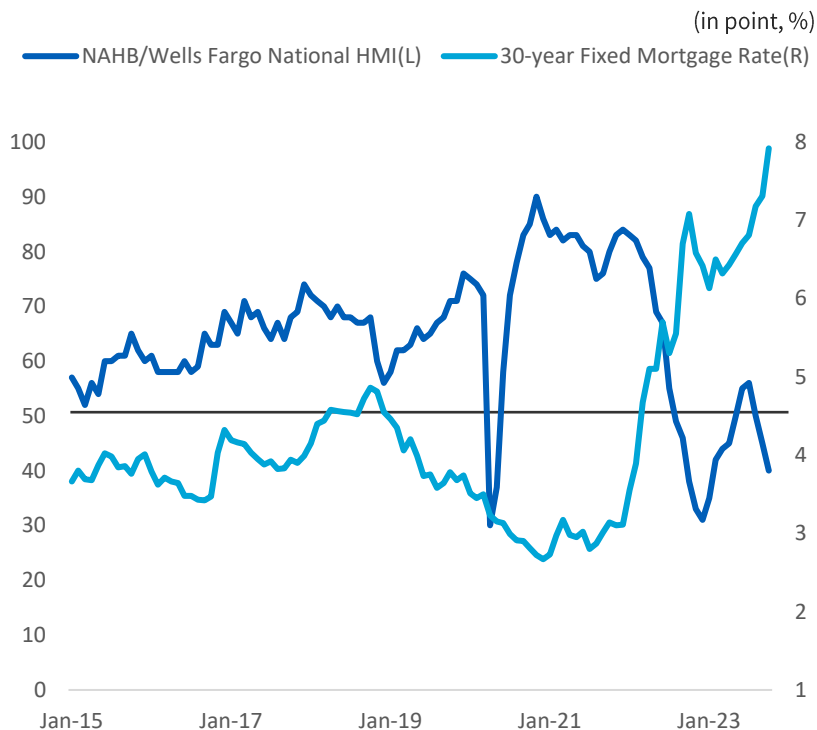


* U.S. Census Bureau, as of Aug. 2023

North America – U.S. housing market index slumps amid higher interest rates

- Housing market index falls below benchmark for second consecutive month as mortgage rates hit 8 %
- ‘New Housing Units Authorized, but not Started’ remains high, but new housing started fluctuates

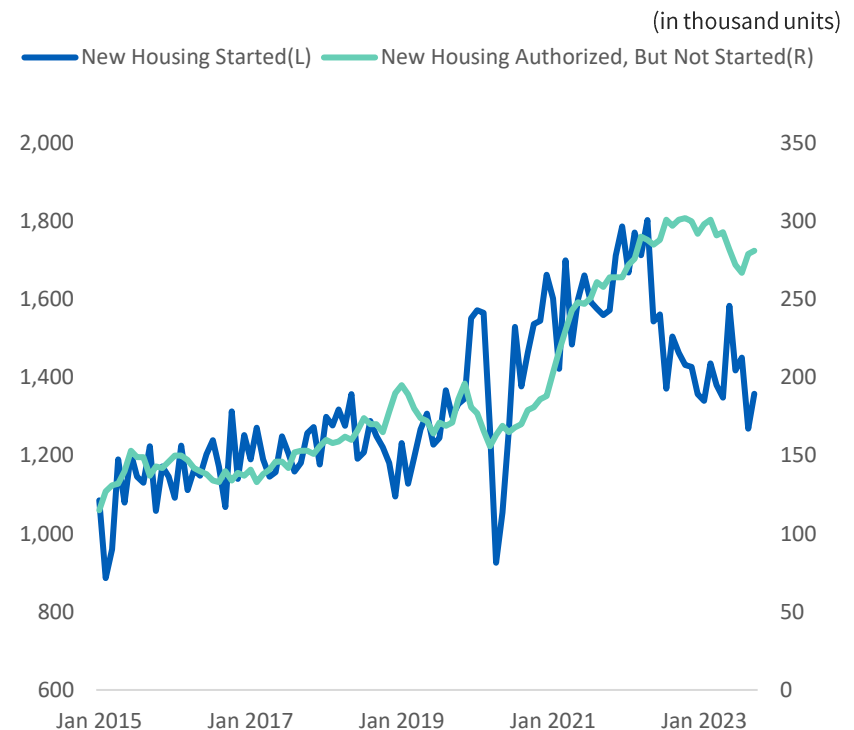
NAHB Housing Market Index and Mortgage Rate



* National Association of Home Builders, as of Oct. 2023, benchmark=50

** 30-yr fixed mortgage rate: Freddie Mac, as of Oct. 2023

US Housing Market Indicators

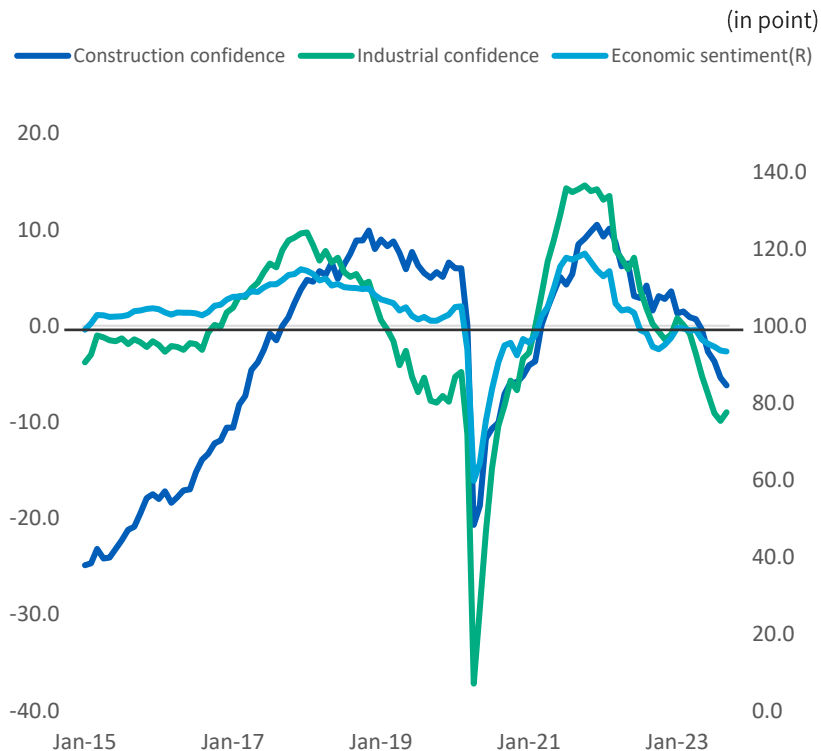


* U.S. Census Bureau, as of Sep. 2023

Europe – Recession concerns spread as market index weakens

- Eurozone's key sentiment indicators are all below benchmark, concerns of recession continues
- Production in construction is improving, but building permits are not signaling a rebound

Eurozone Sentiment



* European Commission, as of Sep. 2023

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

Eurozone Construction Indicators



* Eurostat, Index 2015=100

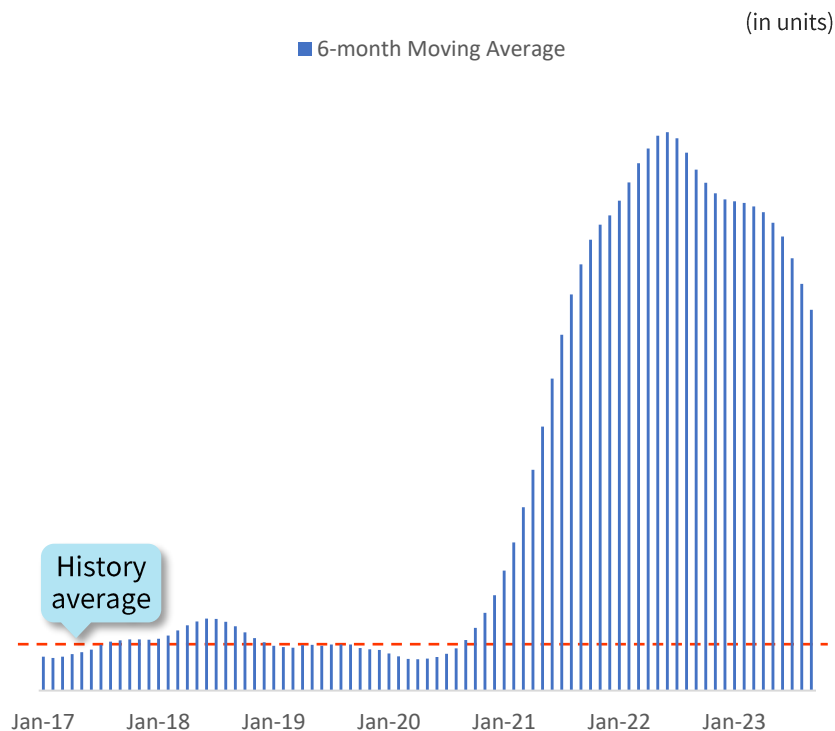
** Permits: number of dwellings, residential buildings, as of Jun. 2023

*** Production: as of Aug. 2023

North America – Solid demand for loaders & mini excavators

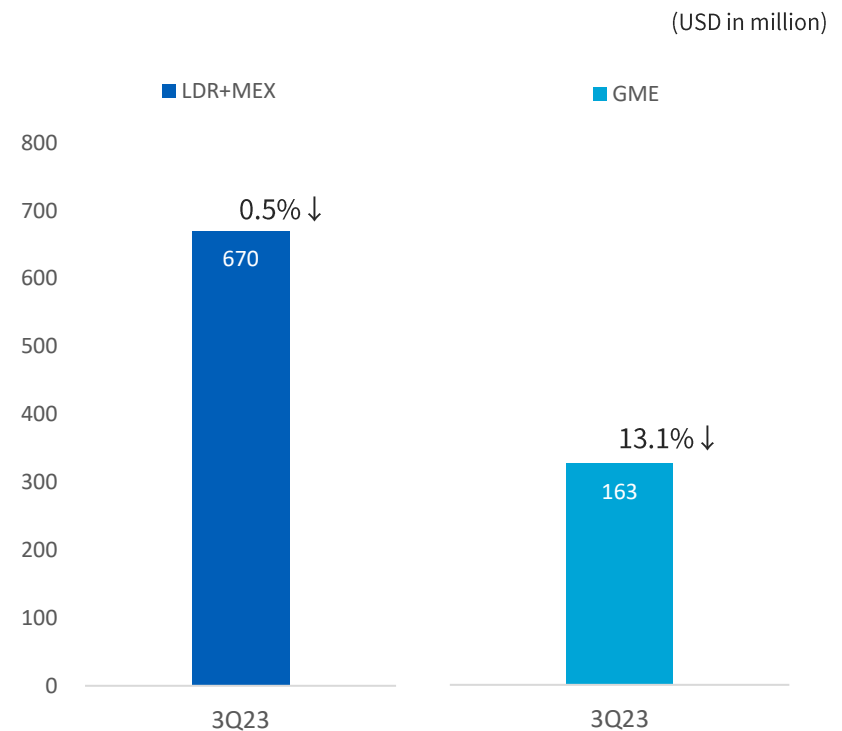
- Order backlog is being normalized as supply chain constraints ease
- Revenue of key products declined due to high base effect and slower GME demand

NA Order Backlog Trend



* Source: Company Data

NA Revenue by Product



* Source: Company Data

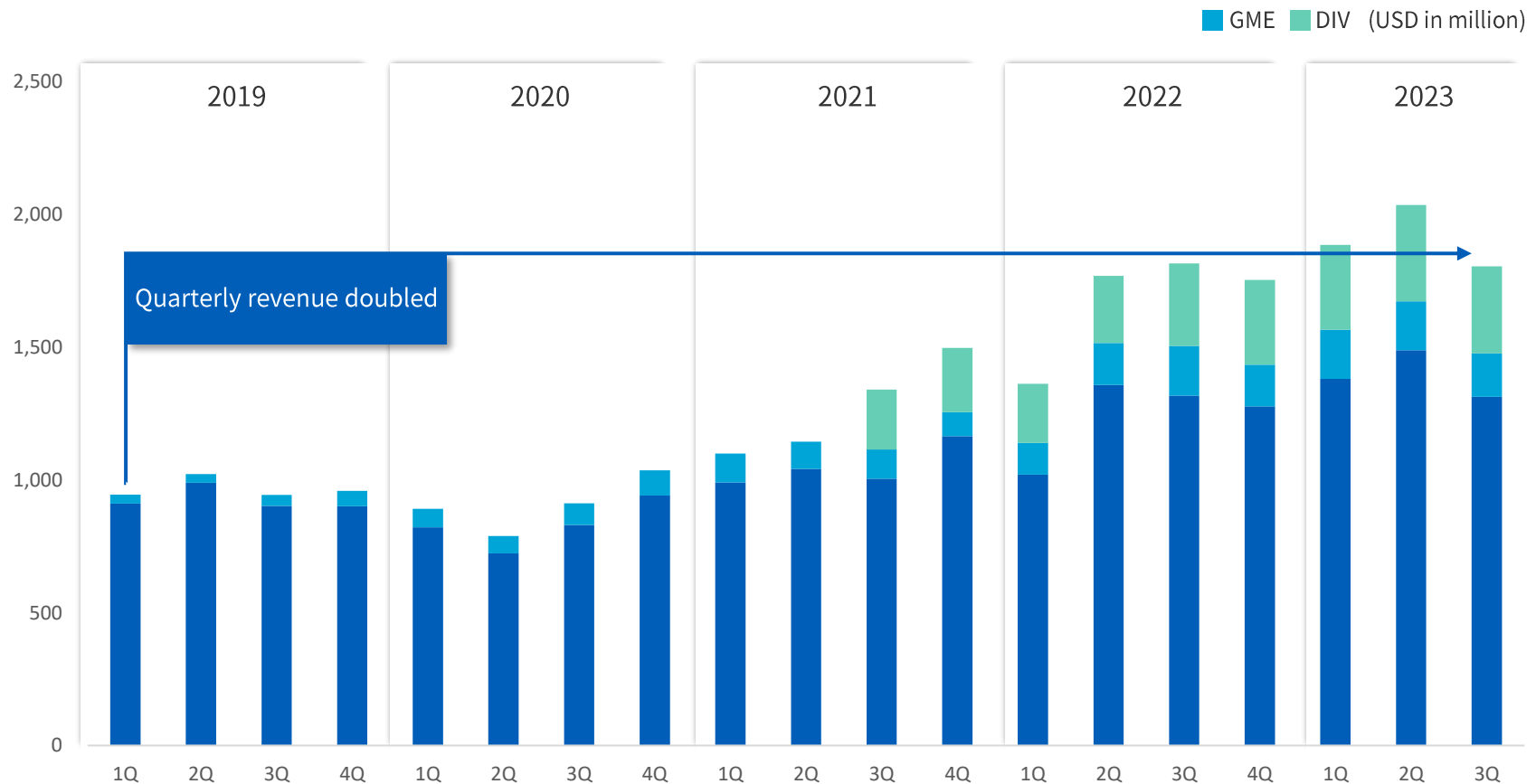
** LDR : Skid-steer Loader & Compact track loader,
MEX : Mini Excavator, GME : Grounds Maintenance Equipment

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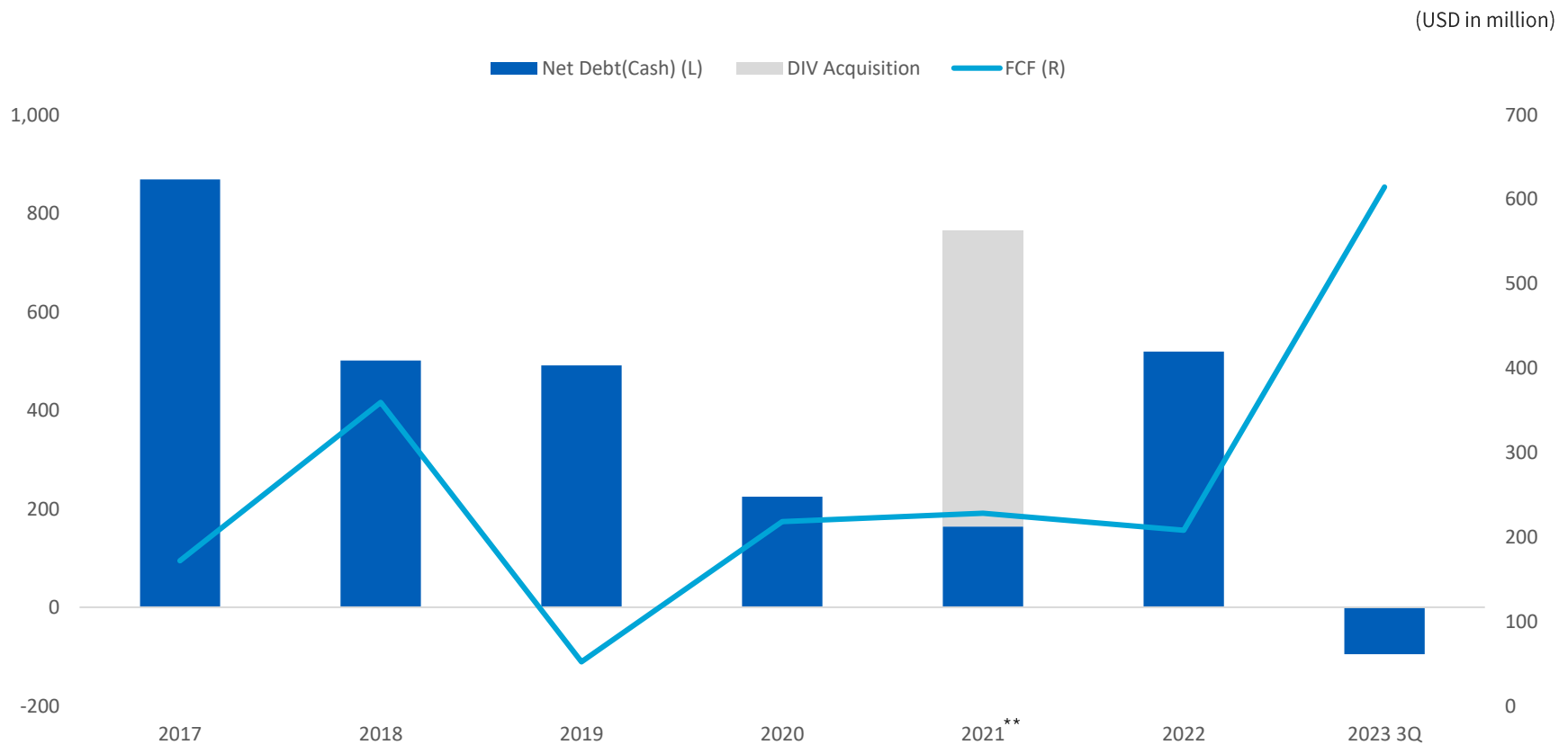


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- Sustained growth over the past 5 years through organic growth and acquisitions despite uncertainties e.g., peak fears, COVID-19



- Stable FCF generation, turned to net cash from net debt



* Free cash flow : changes in net debt

** 2021 FCF excludes DIV acquisition

[Back-up] 2023 3Q Income Statement in KRW

- Revenue and EBIT decreased by 0.5%, 6.1% respectively as weakening of USD resulted in fewer KRW

(KRW in billion)

	3Q22	2Q23	3Q23	YoY	QoQ
Revenue	2,378.9	2,672.1	2,366.0	-0.5%	-11.5%
EBIT	316.9	466.5	297.6	-6.1%	-36.2%
%	13.3%	17.5%	12.6%	-0.7%p	-4.9%p
EBITDA	366.0	517.2	348.1	-4.9%	-32.7%
Net financial cost	18.9	22.9	16.0	-15.6%	-30.4%
Profit before tax	231.2	438.2	269.1	+16.4%	-38.6%
Net profit	118.9	308.0	189.1	+59.0%	-38.6%
%	5.0%	11.5%	8.0%	+3.0%p	-3.5%p

*KRW-USD '22.3Q 1,337.98, '23.2Q 1,314.68, '23.3Q 1,310.95

THANK YOU