

Investor Relations 2020

Doosan Solus

3Q, 2020 Earnings Report

2020. 12



Disclaimer

The information herein is provided for your information purposes only and contains preliminary figures which may be materially different from the final figures.

Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables. We make no guarantees and assume no responsibility for the use of information provided. We trust your decisions will be based on your own independent judgment.

Financial data in this presentation is based on an IFRS-basis consolidated financial statements.

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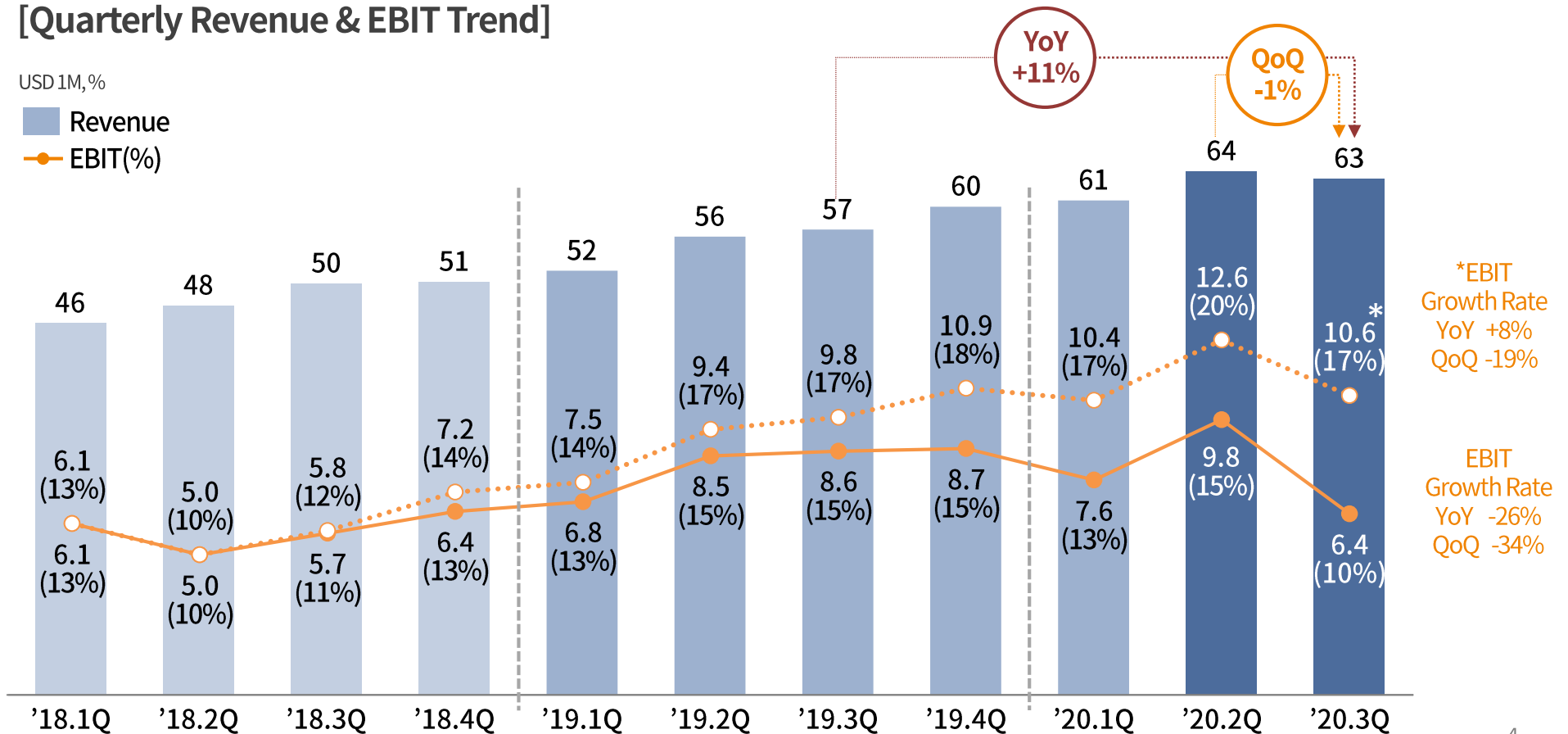
3Q20 Earnings

- Revenue : Quarterly revenue increased by 11%(YoY) but decreased by 1%(QoQ) due to unstable market situations in 3Q. Despite of the increased sales of OLED materials for mobile devices, copper foils sales decreased by Chinese government’s 5G infrastructure investment delays and the U.S. – China trade conflicts, which hamper customer demands.
- EBIT : Quarterly EBIT decreased by 26%(YoY) and decreased by 34%(QoQ) due to increased battery copper foils production-related costs, decreased sales of copper foils, and the modification of products mix. Quarterly EBIT, excluding battery copper foils related costs, increased by 8%(YoY) but decreased by 19%(QoQ).

[Quarterly Revenue & EBIT Trend]

USD 1M, %

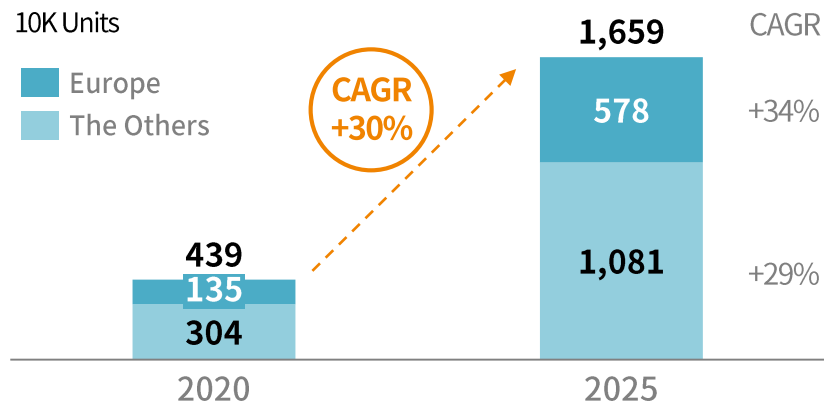
■ Revenue
● EBIT(%)



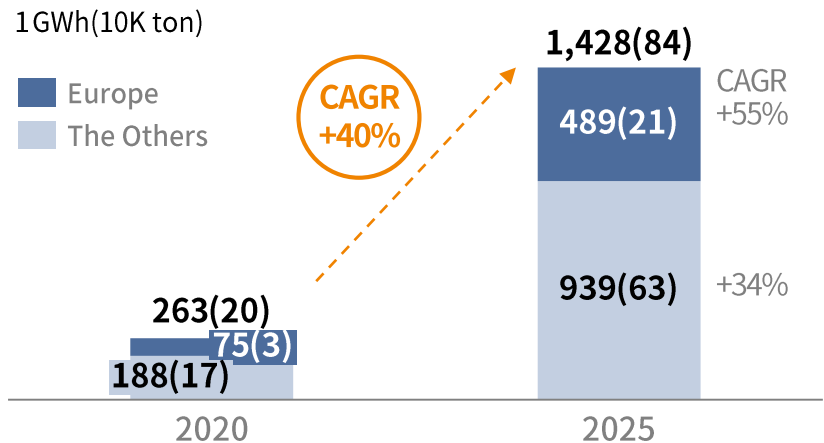
• Dotted line indicates EBIT and EBIT margin rate, which are measured by existing business-basis figures (Excluded battery copper foil business-related expenses)
 • FX Rate: Based on finally notified basic exchange rate of Hana Bank on 30 September 2020(KRW 1, 169.00/USD)

Battery Copper Foils_3Q20 Achievements & 4Q20 Plan

EV Sales Projections by Region



Battery(Battery Copper Foils) Market Forecast by Region



[3Q20 Achievements]

- **Line Set-up completion and preparation for mass-production**
 - Major clients finished Plant 1 audit process
 - Quality approval process from major clients is in progress
- **Ready to Construct 2nd Plant in Hungary**
 - Completed location selection and negotiation with Hungarian government
 - Hungarian government compromised full support of 2nd plant investment (Additional 15Kt Production Capa. Expansion)

[4Q20 Plan]

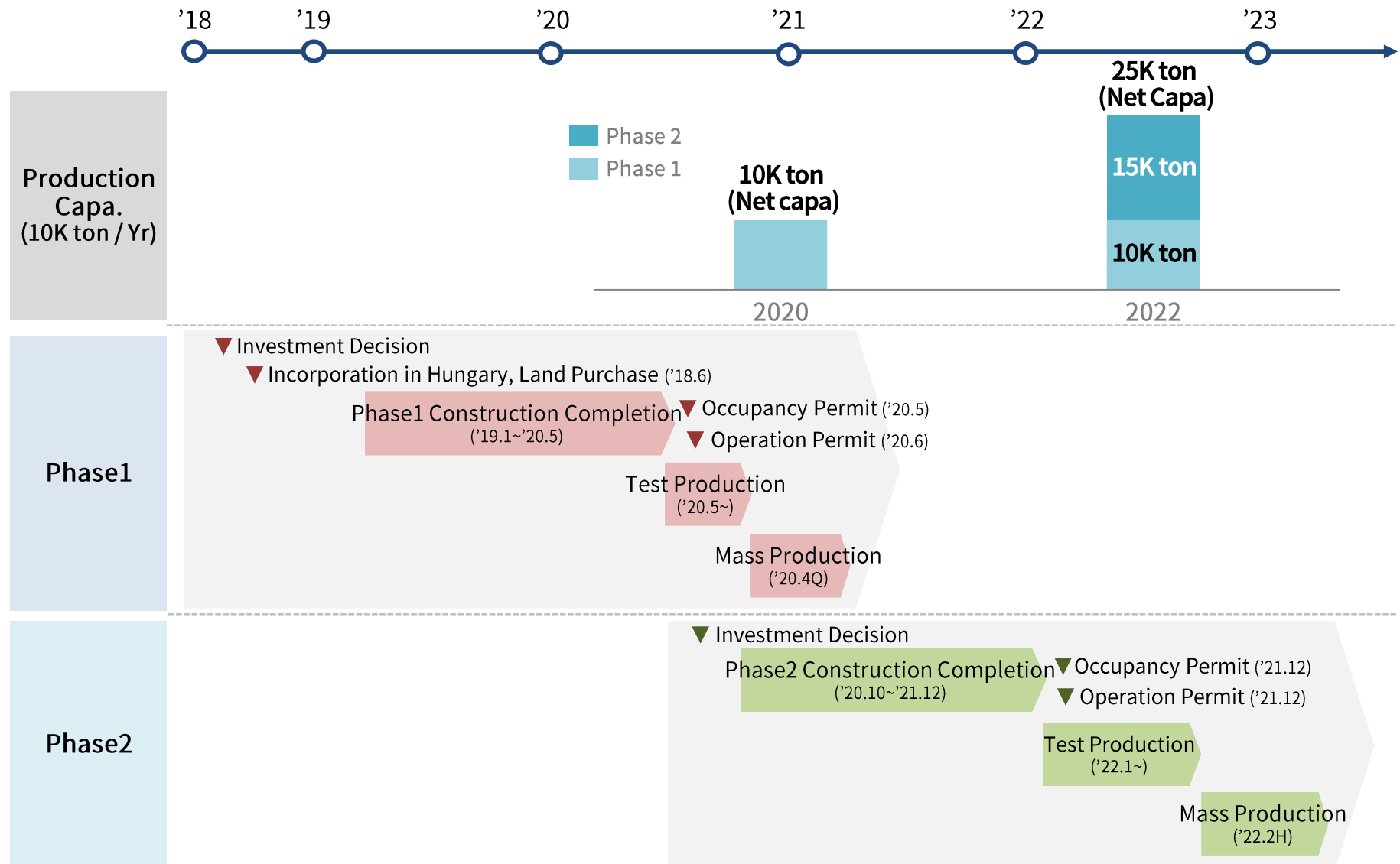
- **Initiation of Battery Copper Foils Mass-production**
 - Acquire quality approval from major clients
 - 1st Plant in Hungary will mass-produce and deliver battery copper foils products to clients in November
 - Additional supply contracts are in discussion
 - Major battery producers and global auto manufacturers
- **Initiation of 2nd Plant Construction in Hungary**
 - Completed construction design to start groundbreaking in November
 - Construction completion in 21 and mass-production in 2H22

- Source: SNE Research, Regional data is based on battery plants location
- battery copper foils(kg) loaded in each EV: 28~36kg/EV in 2020, 32~40kg/EV in 2025

Appendix : Hungary Plant



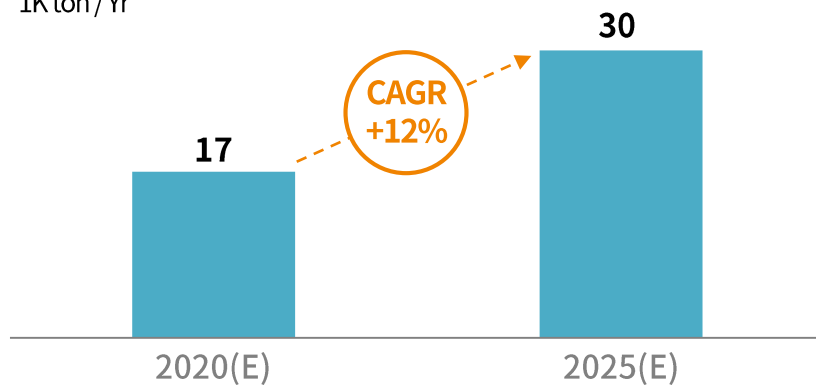
Appendix : Project Timeline of Hungary Plant



Copper Foils_3Q20 Achievements and 4Q20 Plan

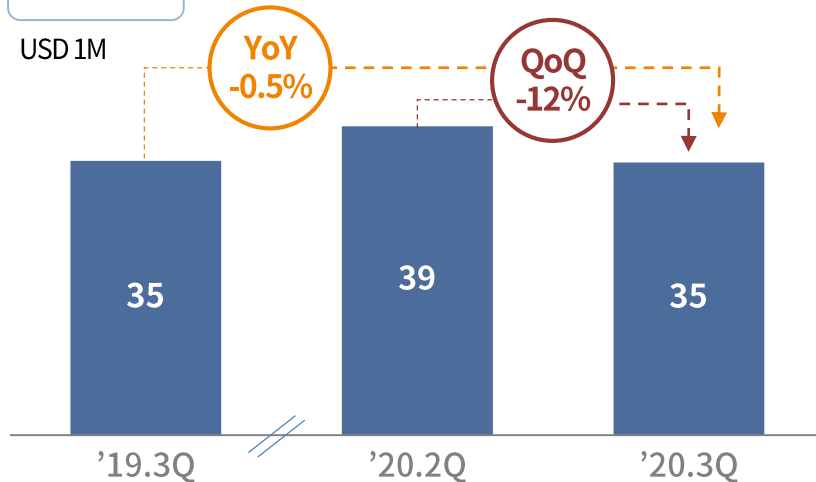
Market Prospects of Specialized Copper-foils for 5G and Semiconductors

1K ton /Yr



Sales

USD 1M



[3Q20 Achievements]

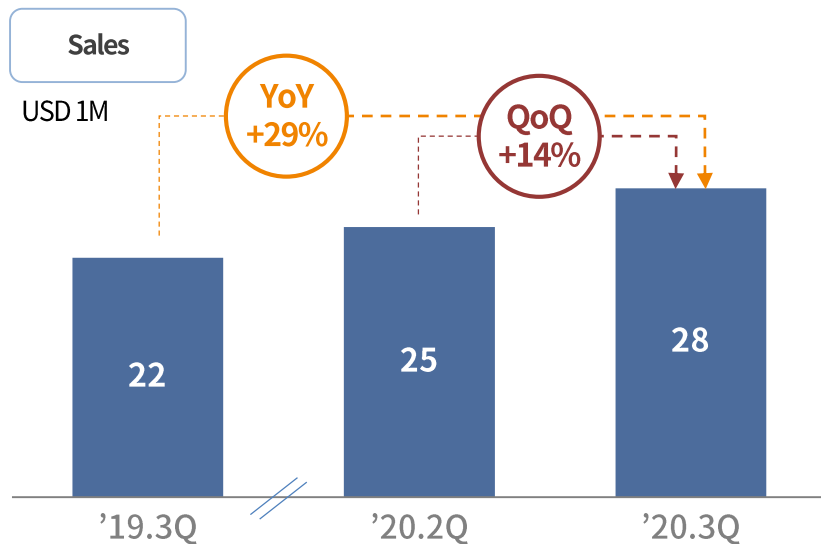
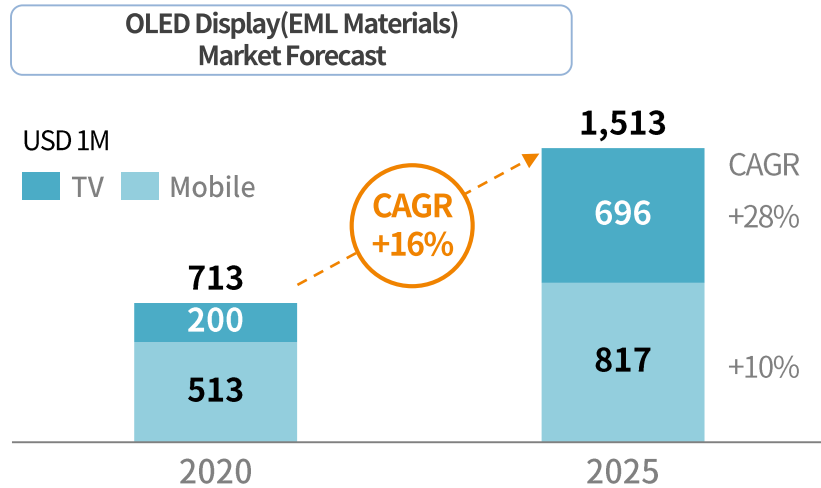
- Worsening market situation brought revenue decrease in 3Q
 - Chinese government delayed a Phase 2 5G infrastructure investment
 - The U.S.- China trade war hampered Huawei-oriented orders
- Became 1st Korean provider to successfully penetrate ultra-thin copper foils market for semi-conductors
 - World's 2nd company to provide the ultra-thin copper foils
 - Received 2µm ultra-thin copper foils orders
- Expanding production capa. to capture rising demands of High-end copper foils
 - Luxembourg Plant is under construction to increase additional 2.2K ton by the end of 21
(Based on Net Capacity, current capacity: 10K ton)

[4Q20 Plan]

- Global 5G investment recovery will increase demands
 - Products development and rapid qualification of next generation High-end copper-foils
- Secure ultra-thin copper foils market for semi-conductors
 - Client is in process to authorize ultra-thin copper foils
 - Development of 2nd generation ultra-thin copper foils to meet the rising demands of low-loss technical capabilities
 - Proactive sales promotion for new clients

• FX Rate: Based on finally notified basic exchange rate of Hana Bank on 30 September 2020(KRW 1,169.00/USD)

Advanced Materials(OLED, Bio)_3Q20 Achievements & 4Q20 Plan



[3Q20 Achievements]

• 14% Revenue Growth (YoY)

- OLED: Increased sales for mobile devices and development for TV-oriented products
 - Mobile: Increased sales of smartphone flagship models and application expansion of OLED displays for mid-to-low price models
 - TVs: Clients evaluation is finished and is in progress for some materials
- Bio: Supply for new global major clients and expect sustainable growth
 - Increased Supply for global No.1 Ceramide provider
 - Launched Ceramide-based cosmetics business

[4Q20 Plan]

• Expect market recovery and revenue growth

- OLED :supply new mobile-oriented materials and application expansion for TV-oriented materials
 - Rapid development of M12-oriented new materials
 - Clients authorization and products selection for OLED TV performance improvement
 - Start to establish Chinese local plant to meet the demands from major Chinese clients
- Bio: Value-chain expansion and product portfolio improvement
 - Secure more logistics channels for ceramide-based cosmetics and expand products line-up
 - Prepare new formula products for natural cosmetics and improve products portfolio

• FX Rate(Projection): Internal materials (2020(P), 2025(P)) :KRW 1,115.00/USD
 • FX Rate(Sales): Based on finally notified basic exchange rate of Hana Bank on 30 September 2020(KRW 1,169.00/USD)

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Summary Financial Statements

[Summary : Balance Sheet]

Items	USD 1M			
	'19. 12	'20. 03	'20. 06	'20. 09
Current Asset	197.3	168.0	154.7	159.0
Non-current Asset	225.5	276.8	300.2	306.3
Total Asset	422.8	444.8	454.8	465.4
Current Liabilities	157.4	144.0	138.5	120.2
Non-current Liabilities	145.1	169.9	182.9	212.3
Total Liabilities	302.5	313.9	321.4	332.5
Capital Stock	3.4	3.4	3.4	3.4
Total Equity	120.3	131.0	133.4	132.8
Debt-to-Equity Ratio	251%	240%	241%	250%
[Loan Payable]				
Loans Payable	157.1	181.2	212.1	219.2
Cash	80.9	46.9	56.8	45.3
Net Debt	76.2	134.3	155.3	173.8

[Summary : Comprehensive Income Statement]

Items	USD 1M				
	'19. 4Q	'20. 1Q	'20. 2Q	'20. 3Q	'20. 09
Revenue	59.9	60.7	64.2	63.3	188.2
COGS	39.7	40.4	41.3	42.5	124.2
Gross Profit	20.2	20.3	23.0	20.8	64.1
SG&A	11.5	12.7	13.2	14.4	40.3
EBIT	8.7	7.6	9.8	6.4	23.8
EBIT Margin(%)	15%	13%	15%	10%	13%
Interest Expense	0.8	0.8	0.9	1.6	3.3
Earnings before Taxes	5.9	7.3	6.5	(0.9)	12.9
Net Income	3.8	4.6	5.2	(2.0)	7.9

- Based on Unaudited financial statements
- FX Rate: Based on finally notified basic exchange rate of Hana Bank on 30 September 2020 (KRW 1,169.00/USD)

Appendix : Major Reasons of Net Loss

[Finance Profit and Loss Status]

USD 1M			
items	'20. 2Q	'20. 3Q	Chg.
Operating Profit	9.8	6.4	(3.3)
Other Profit and Loss	(0.6)	0.1	0.7
Finance Profit and Loss	(2.2)	(9.5)	(7.3)
Finance Income	4.0	7.3	3.3
Interest Income	0.3	0.3	0.1
Gain on Foreign Currency Transactions	2.3	4.3	2.0
Gain on Foreign Currency Translation	1.3	2.6	1.3
Gain on Valuation of Derivatives	0.3	0.2	(0.1)
Finance costs	6.2	16.8	10.5
Interest Expenses	1.6	3.2	1.6
Loss on Foreign Currency Transactions	1.6	4.5	3.0
Loss on Foreign Currency Translation	2.9	8.6	5.6
Warranty Cost	0.1	0.5	0.4
Earnings before Taxes	6.5	(0.9)	(7.4)
Income Tax Expense	1.2	1.2	0.0
Net Income	5.2	(2.0)	(7.2)

• Major reasons of chg. of Finance profit and loss (QoQ USD -7.4M)

- Interest Expenses -1.5M
- Gain and Loss on Foreign Currency Transactions -1.0M
- Gain and Loss on Foreign Currency Translation -4.5M
- Warranty Cost -0.4M

• Major reasons of worsening gain and loss on foreign currency translation

- Depreciation of EUR/USD : 1.12 → 1.17 (June vs Sep)
- Borrowings in EUR: 84.2M ('20.09) to incur loss on valuation in KRW 4.2M

EUR 1M	Borrowings		Loss on valuation of borrowings	
	'20.06 (USD 1M)	'20.09 (USD 1M)	USD 1M	KRW 1M
84.2	94.7	98.3	3.6	41.9

• FX Rate Trend

End of Period	'20.06	'20.09
EUR	1,350.19	1,369.42
USD	1,200.70	1,173.50
EUR/USD	1.12	1.17

- Based on Unaudited financial statements
- FX Rate: Based on finally notified basic exchange rate of Hana Bank on 30 September 2020 (KRW 1,169.00/USD)

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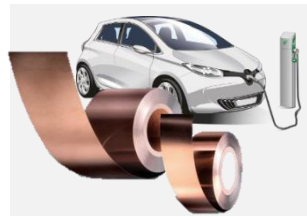




Company Profile & Business Introduction

[Company Profile]

<u>Name</u>	Doosan Solus
<u>C.E.O.</u>	Lee, Yun-Seok
<u>Establishment</u>	1 Oct. 2019
<u>Listing Date</u>	18 Oct. 2019(KSOPI)
<u>Asset Size</u>	USD 465M (As of Sep. 20)
<u>Employees</u>	795(As of Sep. 20)
<u>Location (HQ)</u>	Jeollabuk-do Iksan
- <u>BatteryCopperFoil</u>	Hungary ¹⁾
- <u>Copper Foil</u>	Luxembourg ¹⁾
- <u>OLED, Bio</u>	Yoing-in ²⁾ , Iksan ³⁾

- 1) Development/Production/Sales
- 2) Development
- 3) Production

[Business Introduction]

 Battery Copper Foil Division	Battery Copper Foil	Copper foil for EV batteries	
	Copper Foil	Copper foil for electronic devices (PCB)	
 Advanced Materials Division	OLED	OLED and display materials for smartphone, TV, laptop, etc.	
	Bio	Natural-based materials for cosmeceutical, pharmaceutical and nutraceutical	

Location of Major Sites

