

Investor Relations 2019

Doosan Solus

4Q19 Earnings Report

2020. 2



Contents

I. FY19 Earnings & FY20 Earnings Forecast

II. Summary Financial Statements

III. Appendix

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.

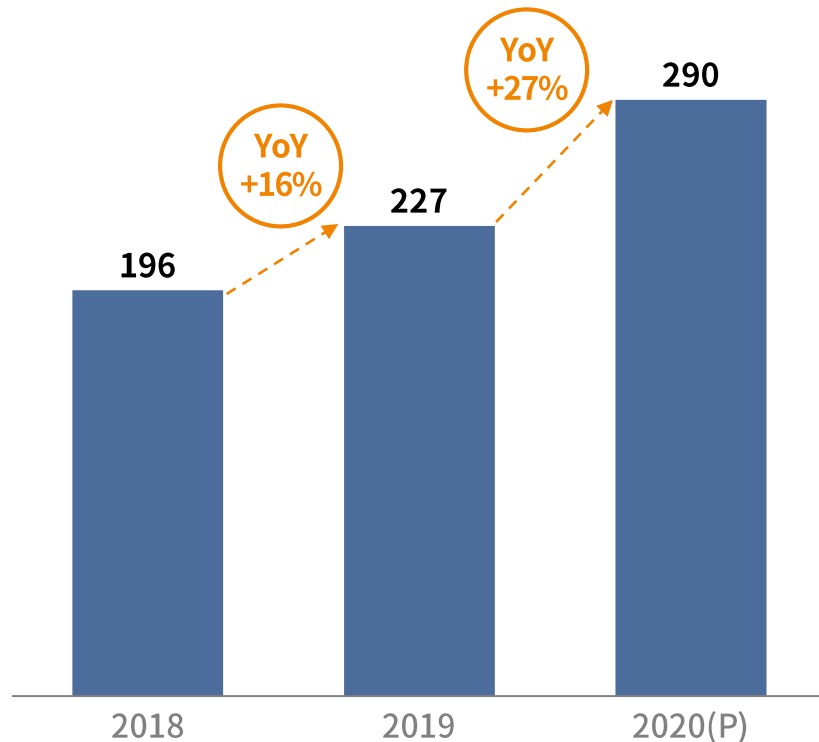
Financial data in this presentation is on a IFRS-basis consolidated financial statements.

FY19 Earnings & FY20 Earnings Forecast

- FY19 : Sales and EBIT have increased by 16% and 40% respectively compared to previous year with the growth of copper foil, OLED materials, and Bio materials businesses evenly
- FY20 : Projected revenue is expected to increase more than 25%(YoY) by increasing revenue from OLED materials, improving revenue proportion due to High-end copper foils, and initiating battery copper foils production. EBIT margin of existing businesses is expected to increase, however, the companywide EBIT margin is expected to be decreased by rising costs due to preparation for the initiation of battery copper foil business

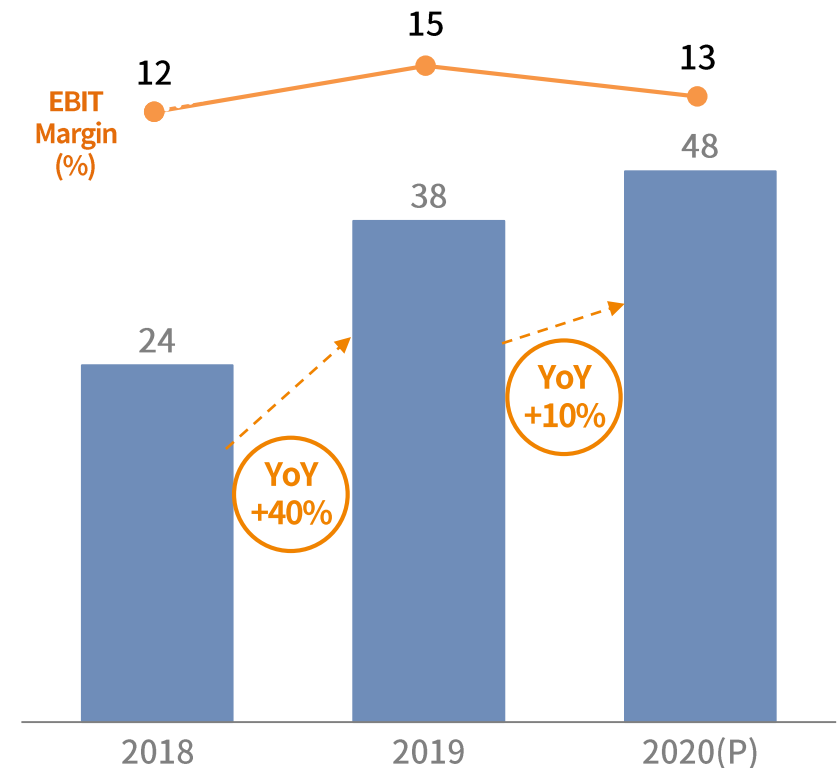
[Annual Revenue Trend]

USD 1M



[Annual EBIT Trend]

USD 1M



* FX Rate (2018, 2019) : Basic rate of exchange to be first notified by KEB Hanabank on 31, Dec, 2019 (KRW 1,157.80/USD)

* FX Rate (Projection) : Internal Materials (2020(P)) : KRW 1,150.00/USD

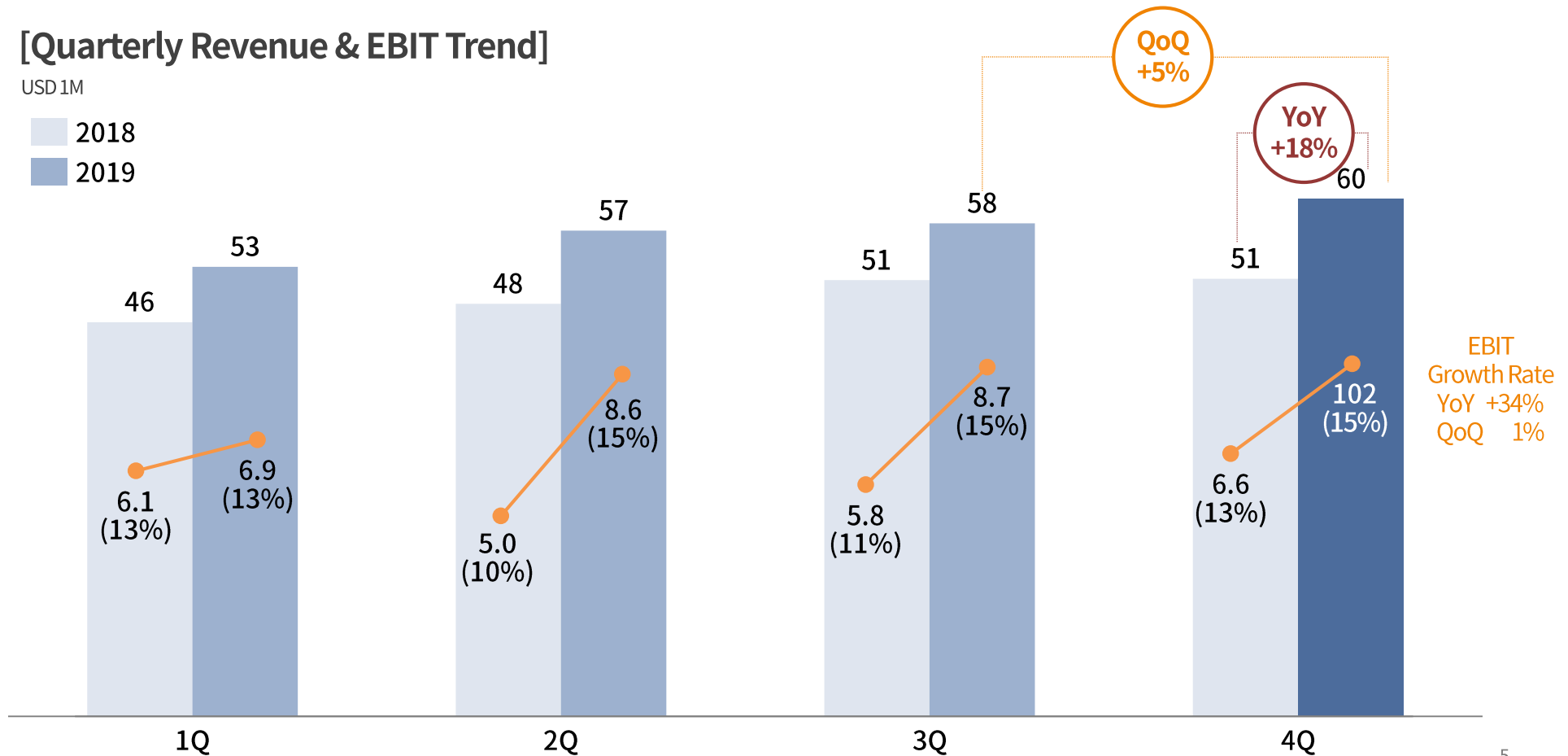
4Q19 Earnings

- Revenue : Revenue has been increased by 18%(YoY) and 5%(QoQ) due to increased application of OLED materials, improved revenue proportion with high-end copper foils for 5G products, and increased sales of natural cosmetics materials
- EBIT : EBIT of existing businesses has been increased by 10%(QoQ) with the increased overseas sales of OLED materials for mobile devices, continued demand expansion of High-end copper foils for 5G products. Companywide EBIT has been similar with the previous quarter's record due to the increased cost recognition of battery copper foil production-related expenses in Hungary

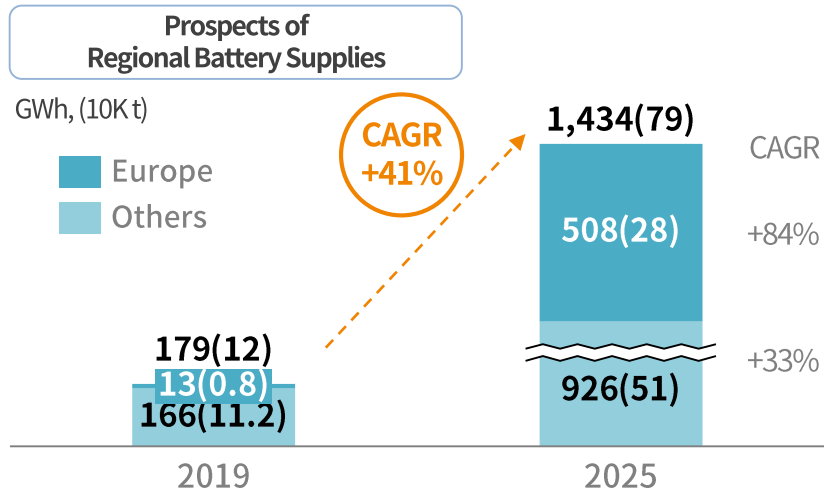
[Quarterly Revenue & EBIT Trend]

USD 1M

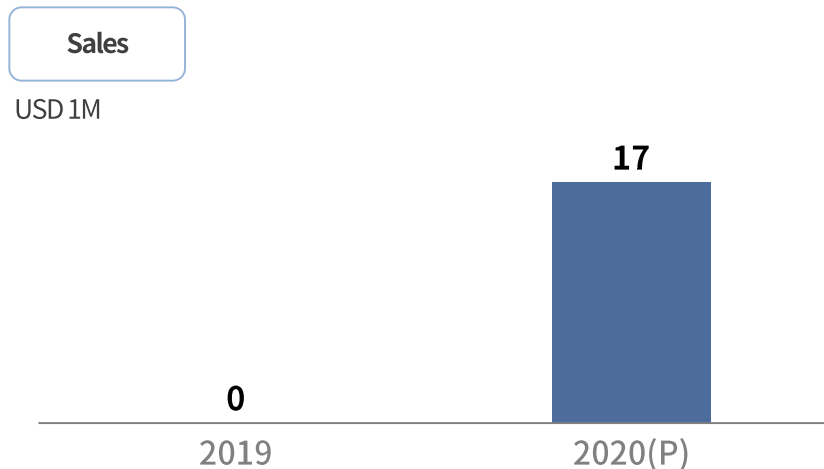
2018
2019



Battery Copper Foil_FY19 Earnings & FY20 Earnings Forecast



※ Source : SNE Research, Battery Plants Data(For Regional Data)
 ※ 2019: 670t/Gwh, 2025 553t/Gwh



[FY19 Achievements]

- 91% of the construction progress rate of battery copper foil plant in Hungary (Based on a 10K t-production capacity)
 - Expect to begin test production in March 2020
 - Obtaining factory-related permits and completing the construction are in progress
- Secured 70% of initial 10K t-production capacity: by entering a mid-to long-term supply agreement with major battery providers
 - Expected to start mass-production in August 2020
- CFL (Luxemburg) is currently providing 6um battery copper foil products featuring high-strength and high-endurability
 - The product is designed for global major batteries providers who manufacture in Europe

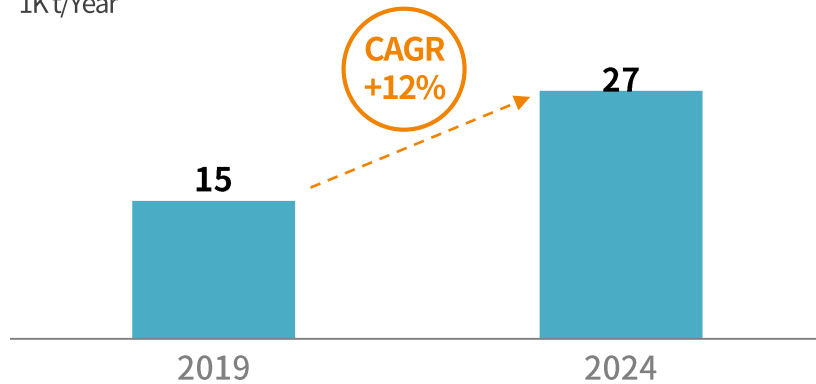
[FY20 Strategies]

- Plant in Hungary: Successful Completion of Mass-production set-up and establishment of supply chains to provide battery copper foil products to major clients with mid-to long-term supply agreements
 - Establishing a 10K t-production system
 - Pursuing to obtain the early approval on qualification process by major clients
 - Expanding customer base and Entering additional mid-to long-term supply agreements
- Pursuing to increase additional production capacity by 15K ton
 - Design is in progress, Construction will begin in 2H20

Copper Foil_FY19 Earnings & FY20 Earnings Forecast

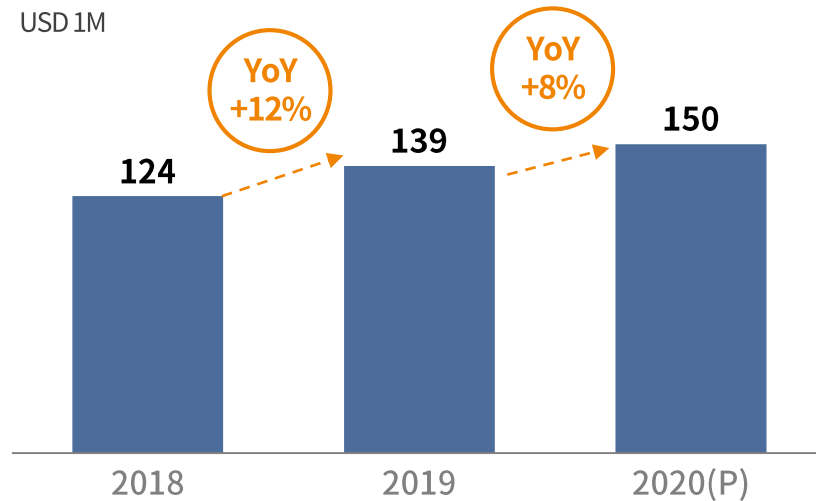
Prospects of Specialized Coper Foils for 5G & Semiconductors

1Kt/Year



Sales

USD 1M



[FY19 Achievements]

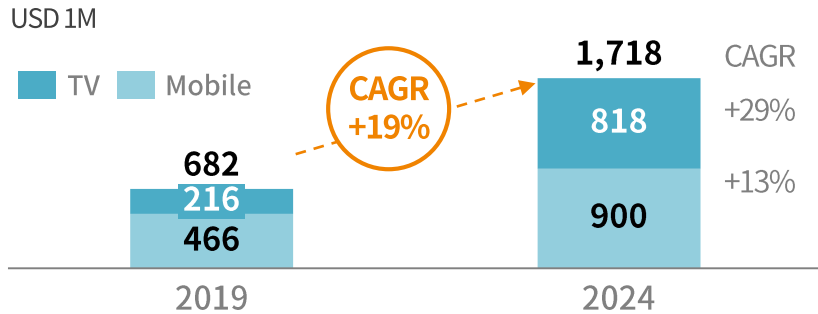
- Established an high-end products-focused portfolio
 - The number of Base Transceiver Station and Data centers increased with the bloom of 5G industry
 - The proportion of specific products, which are specialized in low-loss, high frequency, etc., has been increased
 - Ranked as No.1 in M/S for Global Network Equipment Providers such as company E, N, C, etc.
- Developed market-leading products and Improved yield rate
 - Developed and initiated the mass-production of ultra low-loss products
 - Developed ultra-thin products and is conducting product test with clients

[FY20 Strategies]

- Maximizing portfolio improvements by strengthening and focusing on high-end copper foils
 - Demands for high quality copper foil products, which are specialized in low loss and high frequency, have been drastically increased due to the bloom of 5G industry and increasing data volume
 - Entering Ultra-thin Products Market: it is expected to indicate higher growth trend, which results from the widespread of smart device usages, and the significant increase of data volume
- CFL is going to increase production capacity to meet the increasing demands of high-end copper foils
 - Expand Luxembourg Plant (Until 2021)

Advanced Materials(OLED, Bio)_FY19 Earnings & FY20 Earnings Forecast

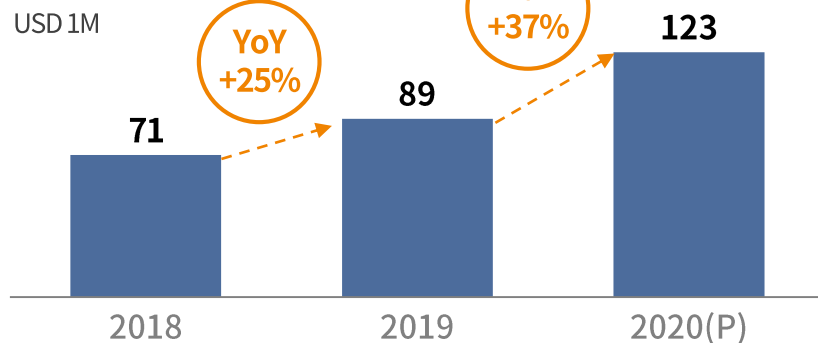
Prospects of OLED Display Market



Major Products of Bio Business



Sales



[FY19 Achievements]

- Sales have been increased by 25% due to increasing sales from Chinese clients and active responses to meet the increasing demands of natural materials
 - OLED : Continuous Increase of Mobile-oriented Sales & Preparation for entering TV-related OLED materials market
 - aETL was adopted in SDC’s New M10 panel
 - Provided to 4 Chinese display manufacturers and increased the revenue proportion of the 4 Chinese clients(116% YoY)
 - Obtained approval on R&D test for SDC’s OLED TV panel and Increased sample products sales for the TVs
 - Bio : Increased sales of natural cosmetics materials
 - Entered advanced nations’ market by capturing demands from new clients and Increased M/S in the market
 - Developed target products for China and increased M/S in the market

[FY20 Strategies]

- OLED : Increasing M/S and diversifying products
 - Mobile: Increasing adoption rate and overseas sales by developing novel blended materials
 - TV: Finalizing adoption for “S’s NEW OLED TV” and Increasing sales for TV of company of “L”
 - Plan to increase production capacity in China to deal with increasing demands (Until 2021)
- Bio: Strengthening competitive advantages of major businesses
 - Obtaining novel materials for natural cosmetics, strengthening Ceramide products portfolio by taking advantage of shaping capabilities and pursuing to expand value chain

※ Source (OLED Display Market) : Stone Partners, Yuanta Securities

Contents

I. FY19 Earnings & FY20 Earnings Forecast

II. Summary Financial Statements

III. Appendix

Summary Financial Statements

[Summary Balance Sheet]

Items	USD 1M	
	Consolidation	
	4Q19	
Current Asset	199	
Non-current Asset	211	
Total Asset	410	
Current Liabilities	128	
Non-current Liabilities	176	
Total Liabilities	304	
Capital Stock	3.5	
Total Equity	106	
Debt-to-Equity Ratio	287%	
[Loan Payable]		
Loans Payable	159	
Cash	82	
Net Debt	77	

※ Based on Unaudited Financial Statements

[Summary Income Statement]

Items	USD 1M	
	Consolidation	
	4Q19	
Revenue	60	
COGS	40	
Gross Profit	20	
SG&A	12	
EBIT	8.8	
EBIT Margin(%)	15%	
Interest Expense	0.8	
Earnings before Taxes	6.0	
Net Income*	2.3	

※ Based on Unaudited Financial Statements

※ Calculated by Reflecting Corporate Tax on Dividends

Contents

I. FY19 Earnings & FY20 Earnings Forecast

II. Summary Financial Statements


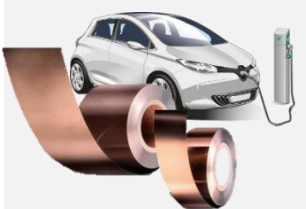




III. Appendix

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>Capital Stock</u>	USD 3.5M
<u>Employees</u>	720(As of Jan. 20)
<u>HQ Location</u>	Jeollabuk-do Iksan
- <u>BatteryCopperFoil</u>	Hungary ¹⁾
- <u>Copper Foil</u>	Luxembourg ¹⁾
- <u>OLED, Bio</u>	Yoing-in ²⁾ , Iksan ³⁾

[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	

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

Location for Major Sites

